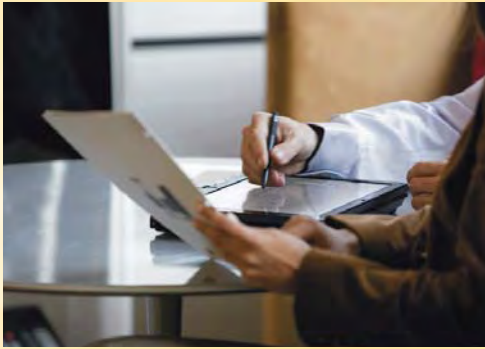


# MEETING BANK EXAMINER EXPECTATIONS



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# REGULATORY RELATIONS



T. Gschwender & Associates, Inc. (TGA) can assist you in meeting bank examiner expectations.

We have experienced professionals with extensive banking and regulatory background that can guide your team in addressing examiner concerns. When one considers the effort spent by bank management and the Board on addressing these issues, engaging professionals that are experienced in this area can *save the bank both time and money*. In addition, we can bring an “outside” perspective on how other institutions

are handling similar situations, resulting in “industry best” practices being implemented at your institution.

Our services include:

- Conducting a comprehensive Pre-Exam Review to help prepare an institution for an upcoming regulatory examination.
- Assisting management prepare responses to regulatory enforcement actions (to include implementing new procedures).
- Facilitating management’s response to request for information; and,
- Acting as liaison with examiners, thereby streamlining the review process.

Our consultants include both former bank presidents and individuals with regulatory experience. We have extensive experience addressing regulatory concerns. Rather than go at it alone, contact TGA to assist you in facilitating this process.

## **Capital Red Flags (Highlighted Items: Possible Concerns by Examiners)**

- Ratios below “well-capitalized” or those required by order or agreement.
- Capital growth rate is less than total asset growth rate.
- Ratios significantly different from peer ratios.
- Declining capital levels or ratios.
- Dividend payout ratio is significantly higher than peer ratio.
- Concentration in nontraditional activities.
- Significant growth in off-balance-sheet activities.

# PRE-EXAM REVIEW

The purpose of the Pre-Exam Review is to provide Senior Management and the Board of Directors an independent evaluation of safety and soundness issues normally reviewed by regulatory agencies so the Bank can pro-actively prepare for their upcoming examination.

TGA will review pertinent material relevant to each CAMELS component (Capital, Asset Quality, Management, Earnings, Liquidity, and Sensitivity to Market Risk) and identify potential regulatory concerns within each area. Once a concern is identified, TGA will discuss each item with Senior Management and advise them on action they should take to prepare for the regulatory examination. For each CAMELS component, TGA will:

- Review previous examiner comments to ensure their recommendations have been adequately addressed by management;
- Review **key ratios** normally reviewed by examiners in determining possible concerns;
- Review **red flags** associated with each CAMELS component to assess if potential concerns exist;
- Provide management and the Board of Directors a report similar in nature to the examination reporting detailing findings (including “Most Likely” and “Worst Case” ratings); and
- Conducting any follow-up reviews as requested by the Board of Directors.

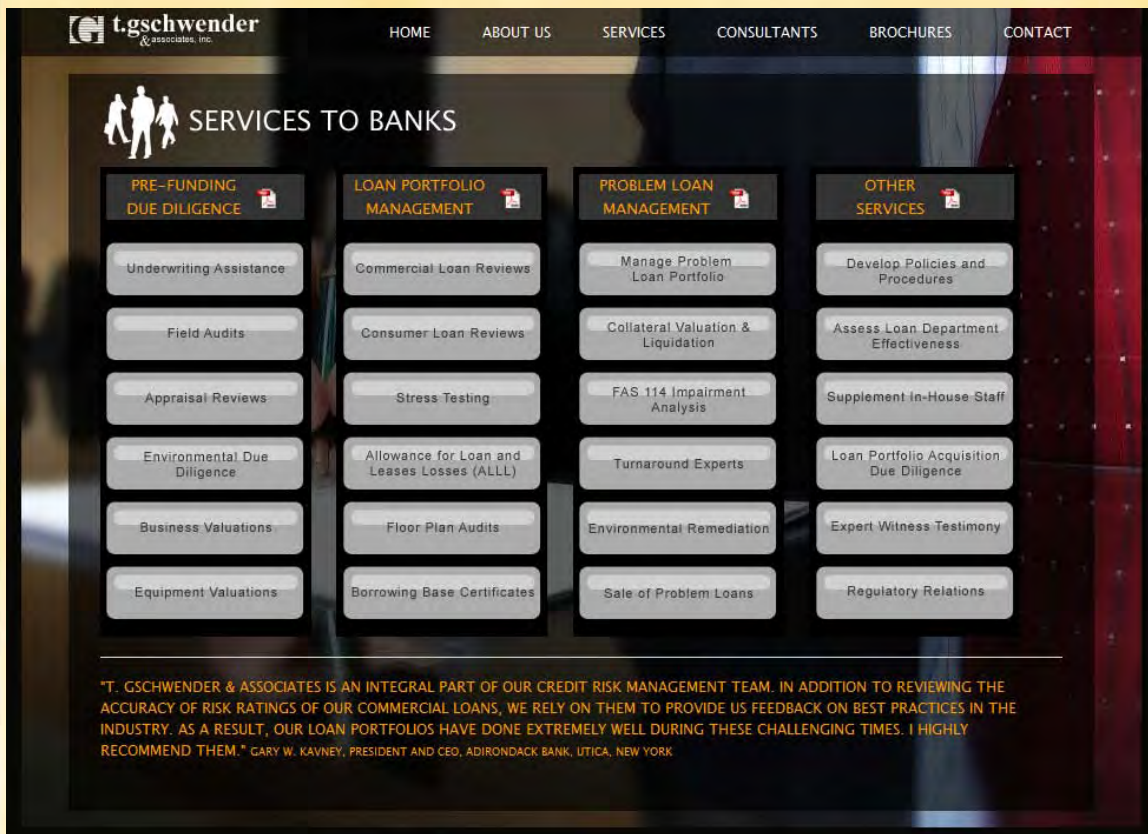


## CAMELS RATINGS

	MOST LIKELY	WORST CASE	FDIC 03/31/09	STATE 03/31/08	FDIC 03/31/07
<b>Composite</b>	2	3	2	2	2
<b>Capital</b>	2	2	1	1	1
<b>Asset Quality</b>	3	3	2	1	1
<b>Management</b>	2	3	2	2	2
<b>Earnings</b>	3	3	2	2	2
<b>Liquidity</b>	2	2	2	2	2
<b>Sensitivity to Market Risk</b>	2	2	1	2	2

# ADD OUR PROFESSIONALS TO YOUR TEAM

“We are large enough to serve you...small enough to care.”



The screenshot shows the website for t.gschwender & associates, inc. The navigation bar includes links for HOME, ABOUT US, SERVICES, CONSULTANTS, BROCHURES, and CONTACT. The main content area is titled "SERVICES TO BANKS" and is organized into four columns of service categories, each with a list of specific services in button format:

- PRE-FUNDING DUE DILIGENCE**
  - Underwriting Assistance
  - Field Audits
  - Appraisal Reviews
  - Environmental Due Diligence
  - Business Valuations
  - Equipment Valuations
- LOAN PORTFOLIO MANAGEMENT**
  - Commercial Loan Reviews
  - Consumer Loan Reviews
  - Stress-Testing
  - Allowance for Loan and Leases Losses (ALLL)
  - Floor Plan Audits
  - Borrowing Base Certificates
- PROBLEM LOAN MANAGEMENT**
  - Manage Problem Loan Portfolio
  - Collateral Valuation & Liquidation
  - FAS 114 Impairment Analysis
  - Turnaround Experts
  - Environmental Remediation
  - Sale of Problem Loans
- OTHER SERVICES**
  - Develop Policies and Procedures
  - Assess Loan Department Effectiveness
  - Supplement In-House Staff
  - Loan Portfolio Acquisition Due Diligence
  - Expert Witness Testimony
  - Regulatory Relations

Below the service lists is a testimonial:

"T. GSCHWENDER & ASSOCIATES IS AN INTEGRAL PART OF OUR CREDIT RISK MANAGEMENT TEAM. IN ADDITION TO REVIEWING THE ACCURACY OF RISK RATINGS OF OUR COMMERCIAL LOANS, WE RELY ON THEM TO PROVIDE US FEEDBACK ON BEST PRACTICES IN THE INDUSTRY. AS A RESULT, OUR LOAN PORTFOLIOS HAVE DONE EXTREMELY WELL DURING THESE CHALLENGING TIMES. I HIGHLY RECOMMEND THEM." GARY W. KAVNEY, PRESIDENT AND CEO, ADIRONDACK BANK, UTICA, NEW YORK

[WWW.TGSCHWENDER-ASSOC.COM](http://WWW.TGSCHWENDER-ASSOC.COM)

