

Managing Your Concentration Risk Concentration Risk Analysis

Segment Your Loan Portfolio to Analyze Your Risk Now and Over Time



Use the tool to break your loan portfolio to view at a glance your credit union's risk in the following areas:

- C, D and E paper credit reports
- Number of loans delinquent over 60 days
- Balance of delinquent loans
- Delinquent balance as a percentage of total portfolio value

The Loan Concentration Risk Analysis is accessed via Tool #592 Portfolio Analysis - Concentration Risk.

The Concentration Risk Analysis is a powerful tool that will assist you in defending and managing your lending practices, as well as staying informed about the concentration risk associated with different segments at your credit union.

Session 0 CU*BASE GOLD Edition - Loan Risk Score Analysis Summary

File Edit Tools Help

Loan Risk Score Analysis Summary

INDIRECT

Concentration risk	73.35 %	Net worth	4,300,000
# Loans	204	Total current balance	3,154,399
# Members	201	CU owned	3,154,399 100.0%
Individual	201	Investor owned	0 .0%
Organization		# Collateral	204
Loans/members ratio	1.0	Collateral	3,854,894
		Avg LTV %	81.8%

	Average	High	Low	
Credit score	662	839	463	
Balance	15,462	45,127	1,452	
Rates	6.856%	18.000%	1.850%	Weighted average 6.449%
Payment amount	311	964	75	
Maturity months	56	74	6	
Participation term				

i All zeros are excluded. Credit scores 900 and above are excluded.

100% CU owned	204	100.0%	Balance	3,154,399	100.0%
Delinquent loans	3	1.5%	Balance	26,505	.8%

i Delinquent loans are defined as being at least 60 days delinquent.

Save Segment Data Member View Collateral View Product View

Navigation icons: back, forward, home, stop, refresh, print, search, help, @

(4591) 9/11/13

Define Your Segments

On the *Risk Analysis Selection* screen, begin the process of selecting what to analyze. Create segments by who owns the loan, by dealer, by loan category, or by purpose code, among a host of other options.

If you are just starting out, you might group loans together by G/L code. You might also want to group your segments in the same way that Historical Loss Ratios are calculated.

Enter the Analysis Screens to Review Your Segment Data

On the *Loan Risk Score Analysis Summary*, view at a glance the riskiness of the portfolio and the potential problems in the group.

This screen shows you how many of the loans are outstanding and gives you insight as to how many actual dollars are at risk at any one time.

You also have the ability to gather information on such things as the average balance due, average credit score, and loan maturity.

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Review Three Additional Analysis Screens

From the entry analysis screen, proceed to the *Membership Breakdown* to view the breakdown of the loans by credit score, number, balance, or percentage of net worth. Additional collateral and product-analysis dashboards are also available.

Session 0 CU*BASE GOLD Edition - COLLATERAL BREAKDOWN

Net worth 4,300,000

Collateral	Total Loan Balance	# Loans	# Loans w/ Collat > 0	Collateral Value	Value/Bal %	Portfolio %	% Net Worth	LTV %
AUTO COLLATERAL	3,154,399	204	204	3,854,894	122.2	100.0	73.3	81.82

Session 0 CU*BASE GOLD Edition - PRODUCT VIEW

% of loans with variable rates 0.0
% of loans with balloons 0.0
Average products per member 1.0

Loan Category	Total	% Total	% Net Worth
INDIRECT LOAN	3,154,399	100.0	73.4

Loan Purpose	Total	% Total	% Net Worth
USED AUTO	3,014,593	95.6	70.1
NEW AUTO	139,806	4.4	3.3

Session 4 CU*BASE GOLD Edition - DELTA COUNTY CREDIT UNION

Membership Breakdown Segment: *None

Concentration risk 505.32% Net worth 25,000,000

	Segment Total	Member Total	Average	High	Low
Loan balances	126,331,298	127,168,380	23,536	291,972	0
Savings balances		16,435,258	1,818	393,940	523-
Members	3,505	3,505			
Age			46	114	1
Current length of membership			13	41	0

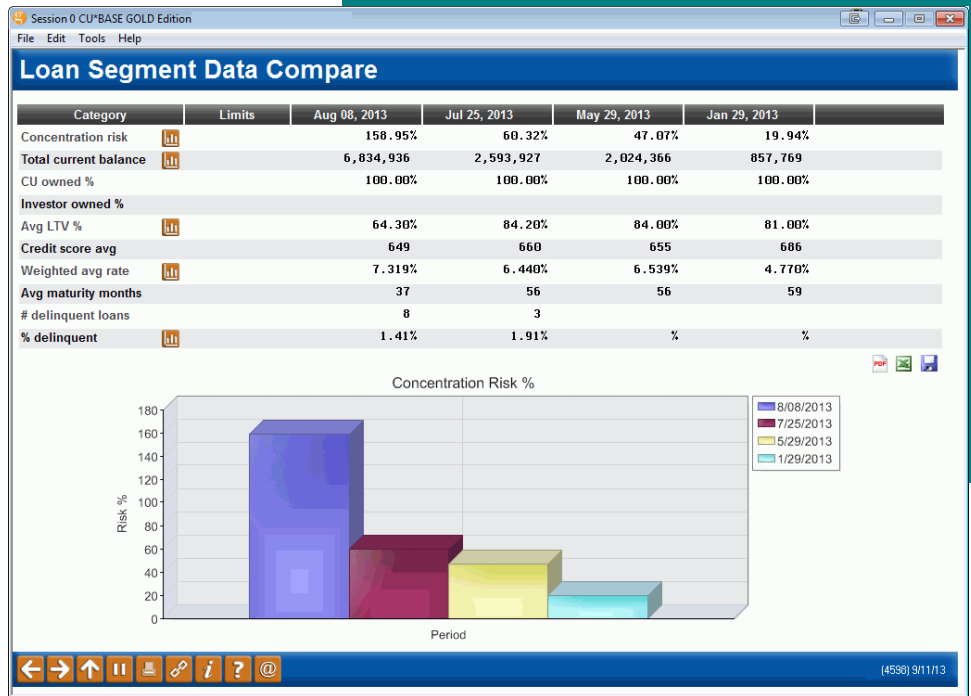
New Loans	Count	Total Current Ln Balance	Credit Scores	# Loans	% Loans	Balance	% Ln Bal	% Net Worth
Current quarter			Invalid: 900+					
Apr-Jun 15	910	11,084,982	776 to 899	1,085	20.2	38,998,453	30.9	156.0
Jan-Mar 15	479	7,062,790	740 to 769	481	8.9	15,795,451	12.5	63.2
Oct-Dec 14	522	8,756,854	675 to 739	1,219	22.7	30,437,828	24.1	121.8
Jul-Sep 14	474	6,691,795	620 to 674	1,027	19.1	19,155,764	15.2	76.6
Total	2,385		0 to 619	1,565	29.1	21,943,799	17.4	87.8

Mos Delq	Total #	% Loans	% Delq	Total Delq Bal	% Loans	% Delq	Tiered Svc Level	# Mbrs	Balance	% Loans
2 to 6	54	1.0	83.1	870,072	0.7	92.2	BRONZE	381	3,232,647	2.6
6 to 12	11	0.2	16.9	73,550	0.1	7.8	SILVER	692	6,899,336	5.5
Over 12							GOLD	994	19,318,890	15.3
Total	65	1.2	100.0	943,622	0.7	100.0	PLATINUM	1,438	96,880,423	76.7

From the *Membership Breakdown* screen, you can analyze your portfolio by credit score. For example, you might find you have a large percentage tied up in D and E paper both as a number of loans and as a percentage of net worth.

Once you have done this analysis, you will have a very good idea of how much risk your institution has undertaken.

Create a Snap Shot of Your Data to Compare Progress Toward Goals



The real power of this dashboard, however, is that it is also a trending tool. The *Loan Segment Data Compare Screen* allows you to do trend analysis on any portfolio segment or other risk group. You can easily track the size of the portfolio and its maturity, delinquency, and weighted average yield. The weighted average yield score is especially important as it determines whether your credit union is adequately compensated for taking on risk.

Other Publications

Check out the other brochures in the “Managing Your Concentration Risk” series, found under “O” and “P” on the CU*BASE Reference page.

Managing Your Concentration Risk

Packaging Loans For Sale

RISK-MANAGEMENT IN FOUR EASY STEPS

- 1 Filter you loans by several selection, including credit score and loan size limit.
- 2 Select from the resulting loans to create your package offering.
- 3 Select the part of the loans to participate. View calculation of your income from these loans.
- 4 Create the package and return the Package Summary including average credit score.

More Than Just a Selling Tool

This tool is more than just a feature credit unions can use when considering if they would like to participate or sell a portion of their loan portfolio, this feature also allows management to assign a portion of a loan portfolio for concentration risk analysis, including viewing average income and yield analysis.

Managing Your Concentration Risk

Analyze Outstanding Loans

CU*BASE Dashboards Evaluate Your Risk

Outstanding Loan Recap and Dashboard

The Outstanding Loan Recap (Action Code) (CU) All Open (Active) Loans For Which The Borrower is Responsible is your one-stop shop for viewing the lending relationships you have with a member (checked for SBA), viewing your member's loan balance (including related accounts which the member co-owns). It includes outstanding liability, credit score, collateral information, services income, and more!

The Outstanding Loan Recap Dashboard (screened via PD Analysis) that lets you analyze the member's lending relationship, you can different analysis, providing detailed breakdown of the member's credit score (with gap/ing), contingent liability/limits, delinquency information and other information.



6000 28th Street, SE, Grand Rapids, Michigan 49546
<http://www.cuanswers.com>