

Breakout II: Growth & Returns in a Turbulent Market: Strategies for Optimizing Your Bank's Loan Portfolio

#A0BA23

Bryan Monteith

Blue Ridge Bank, N.A.

Tee Shipmon

The Bancorp

Danny Skarda

Interstate Bank

Moderated by:

Garrett Smith

Community Capital Technology Inc.

GROWTH & RETURNS IN A TURBULENT MARKET

Strategies for Optimizing Your Bank's Loan Portfolio

January 31 | 10:00 – 10:40 AM | Breakout Session II

Sponsored by:



Bank Director **AOBA**
2023

SESSION SUMMARY

Managing loan portfolio risk and return in the today's credit market environment poses considerable challenges for financial institutions.

Three experienced lenders from different segments of the banking industry discuss their individual market insights, and how they are each evolving their loan portfolio management strategies by utilizing a mix of tried-and-true approaches alongside new tools and techniques to optimize their balance sheets.



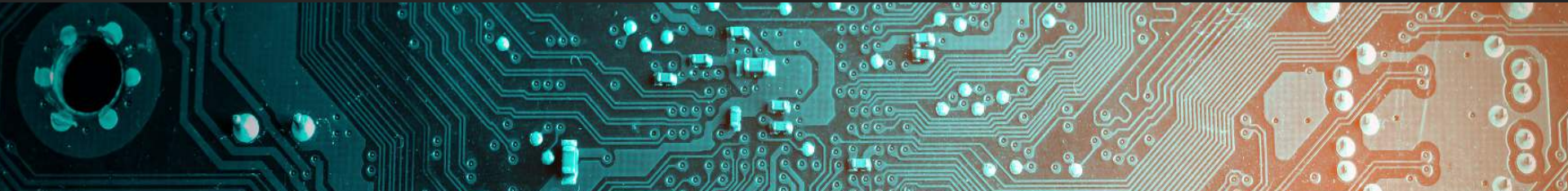
**UNIQUE MARKET INSIGHTS
FROM THE FRONT LINES**



**BALANCE BETWEEN
OLD & NEW METHODS**



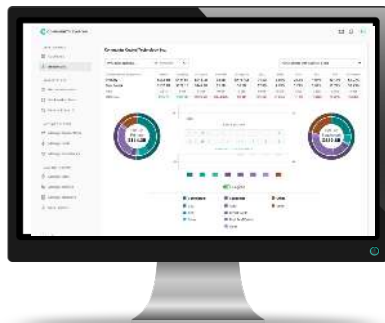
**OPPORTUNITIES FOR
OPTIMIZING RISK, RETURN**



MODERATOR | COMMUNITY CAPITAL



Technology driving simpler, more transparent and data-driven loan transactions



HEADQUARTERS

New York, NY

CLIENTS

>1100 Banks, CUs

OFFICES

5 (NY, MA, CA, TX, OH)

TICKER

Privately Held



GARRETT SMITH

FOUNDER & CEO

COMMUNITY CAPITAL

New York, NY

- Founded CCT to empower community banks with the technology tools, market intelligence and access to enable more efficient balance sheet management
- Fintech entrepreneur specializing in tech-enabled marketplaces

PANELIST | INTERSTATE BANK



HEADQUARTERS

Amarillo, TX

ASSETS

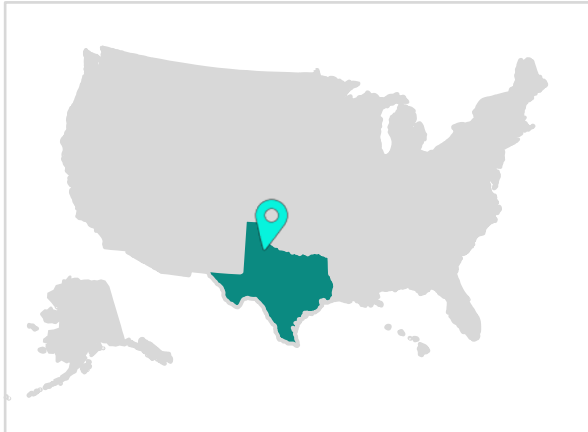
\$ 275 MM

BRANCHES / EMPLOYEES

2 / 35

TICKER

Privately Held



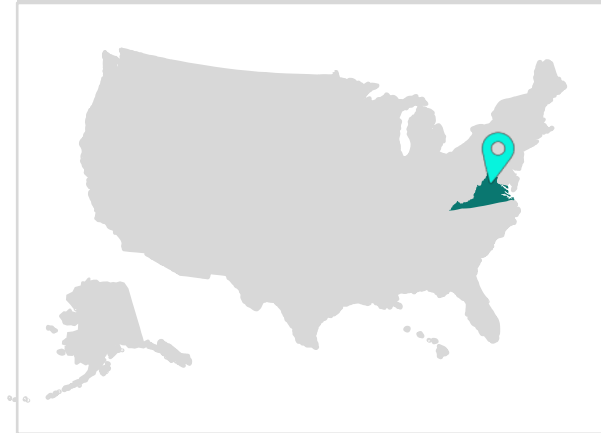
DANNY SKARDA

*CHAIRMAN & CEO,
CHIEF CREDIT OFFICER*

INTERSTATE BANK, SSB
Amarillo, TX

- 46+ years as a Community Bank CEO
- Managed banks in New Mexico (25 yrs), Montana (10 yrs), Texas (11 yrs)
- Worked for 2 publicly traded, multi-bank holding companies, 2 family-owned banks, and a bank inherited from his father which was sold in 1995

PANELIST | BLUE RIDGE BANK



HEADQUARTERS

Luray, VA

ASSETS

\$ 2.7 BN

BRANCHES / EMPLOYEES

32 / 556

TICKER

BRBS



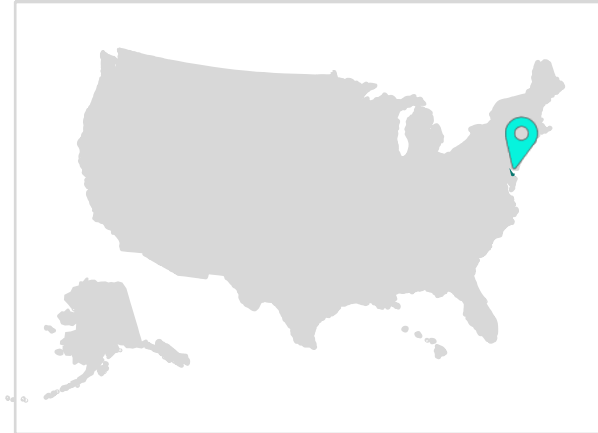
BRYAN MONTEITH

EXECUTIVE VP
GOVT GUARANTEED LENDING

BLUE RIDGE BANK, N.A.
Chapel Hill, NC

- 25+ years of Commercial Lending experience
- Manages bank's nationwide SBA, USDA, and FSA lending programs
- Previously worked in commercial lending roles at: West Town Bank & Trust, Sound Bank, First South Bank, SunTrust Bank, Fidelity Bank, Bank of America, Wachovia

PANELIST | THE BANCORP BANK, N.A.



HEADQUARTERS

Wilmington, DE

ASSETS

\$ 7 BN

OFFICES

11

TICKER

TBBK



TEE SHIPMON

DIRECTOR

Wholesale Markets

THE BANCORP BANK

Memphis, TN

- 30+ years of Financial Services experience
- Manages purchase of loan/lease assets for the Bank's Commercial Lending Business
- Previously SVP of Specialty Lending, Paragon Bank; Board Member of First Alliance Bank prior to its acquisition

Where
are we now?

CREDIT CYCLE

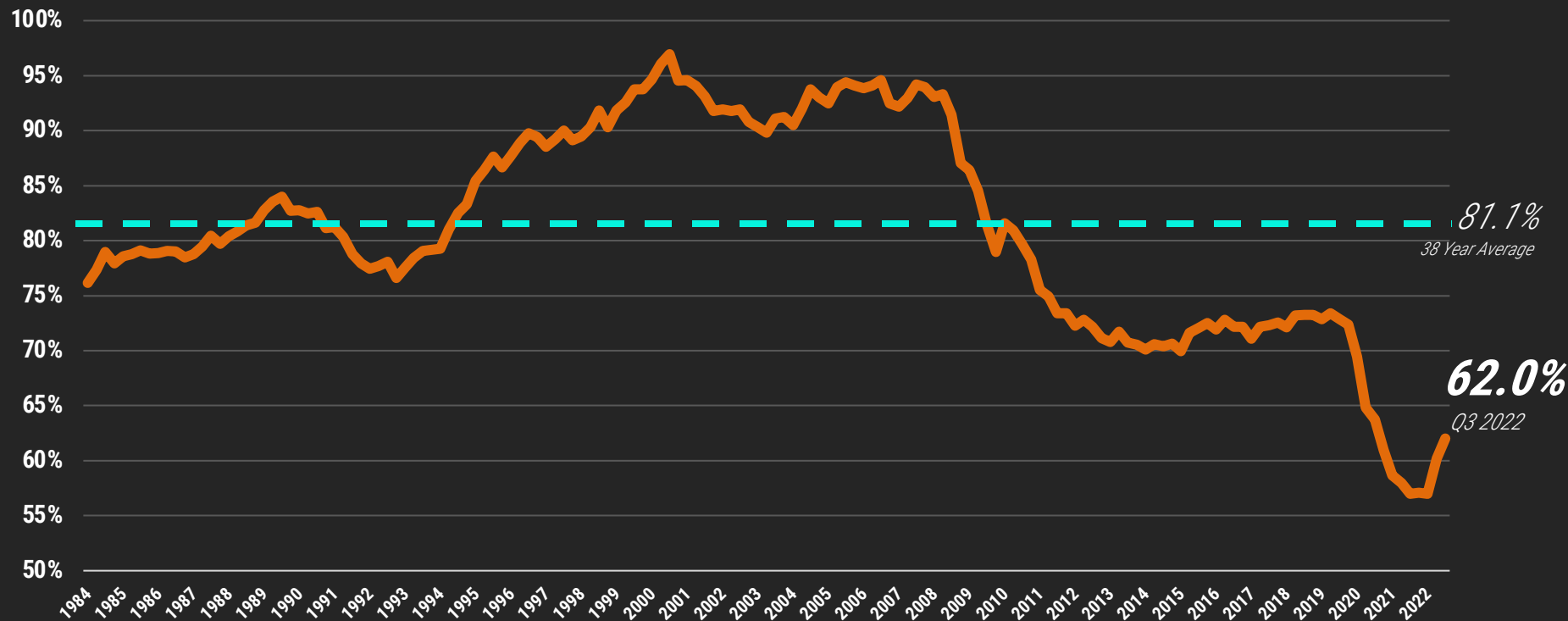
	Expansion to Late Cycle	Downturn	Credit Repair	Recovery
Central Bank Policy	Tightening	Easing	Easy	Starting to Tighten
Inflation Pressure	High, Rising	Moderate, Falling	Low, Stabilizing	Moderate, Rising
Liquidity	Declining	Low	Improving, High	High
Credit Growth	High	Falling	Weak	Accelerating
Volatility	Below Average, Rising	Above Average, Rising	Above Average, Falling	Below Average, Stable

BANK LOAN-TO-DEPOSITS

Loan to Deposit Ratio

1984 - 2022 (Q3)

All FDIC Banks, Quarterly Consolidated

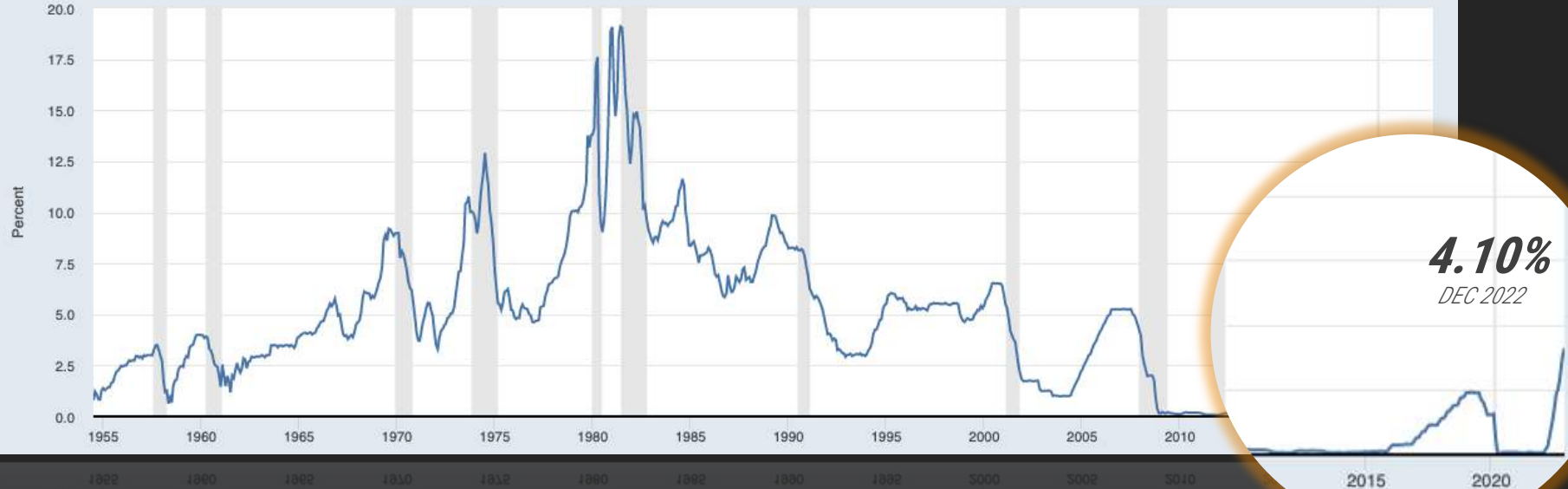


SOURCE(S): FDIC | Quarterly Assets & Liabilities of FDIC-Insured Commercial Banks and Savings Institutions: Q1 1984 - Q3 2022

FED FUNDS EFFECTIVE RATE

FRED — Federal Funds Effective Rate

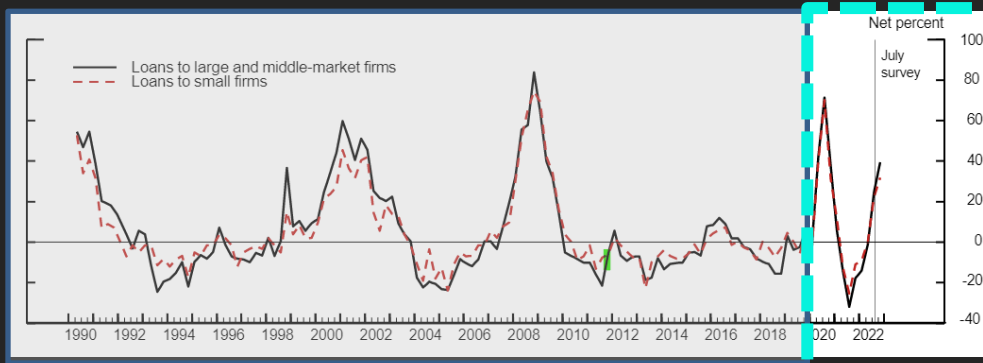
*Shaded areas indicate a recession



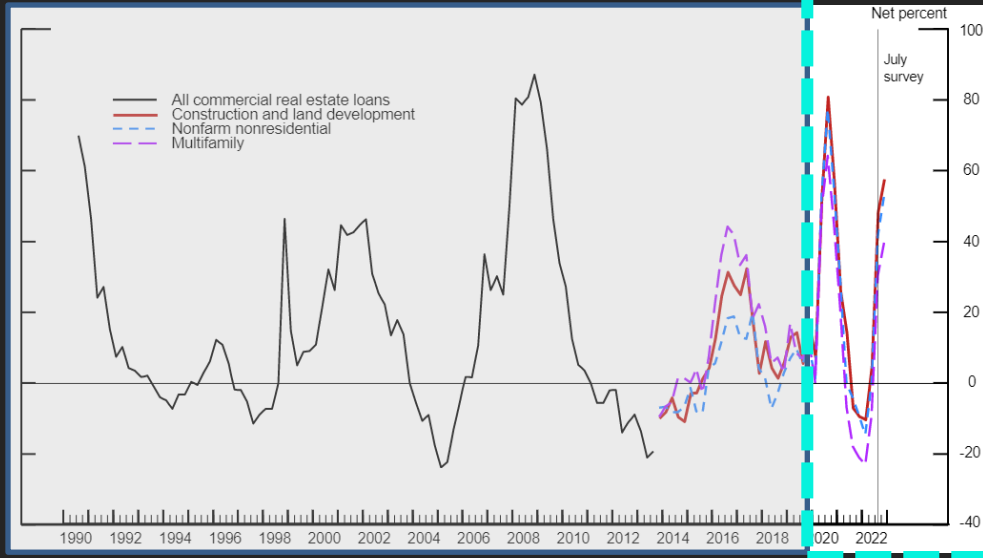
SOURCE(S): Board of Governors of the Federal Reserve System (US), fred.stlouisfed.org

UNDERWRITING STANDARDS

Net Percent of Domestic
Respondents *Tightening*
Standards for **C&I Loans**



Net Percent of Domestic
Respondents *Tightening*
Standards for **CRE Loans**



SBA & USDA LOAN PROGRAMS

SBA 2022
\$ LOAN VOLUME

\$25.7 BN

\$9.2 BN

SBA 7(A)

SBA 504

U.S. Small Business Administration
loan programs grew at record levels
in 2022, providing nearly \$43BN

USDA 2022
\$ LOAN VOLUME

\$5.8 BN

USDA

U.S. Farm Service Agency,
Farm Loans Programs, Total
Obligations FY 2022

*SOURCE(S): U.S. Small Business Administration (www.sba.gov) &
U.S. Department of Agriculture (www.usda.gov)*

QUESTIONS

Open Discussion



- How are you thinking about growth & returns for your portfolios in 2023?
- How has the market for CRE and C&I lending changed in the last 12-24 months, and what is your outlook for 2023?
- Understanding the challenges and limitations of the current market, where are the opportunities... and how are you accessing them?

A complex, glowing blue molecular structure composed of interconnected hexagons and pentagons, resembling a network or a chemical compound, set against a dark blue background.

THANK YOU.