

Agenda

8:00 – 8:30 **Registration & Full Breakfast Buffet**

8:30 – 9:30

Session I: Identifying and Assigning Loan and Borrower Risk

Summary: Session I focuses upon some of the key weaknesses identified by the NCUA in recent safety and soundness exams pertaining to risk rating methodology, depth of underwriting, and post-closing follow-up. Repeated observations are evident surrounding adequate Risk Rating matrix utilization that is sufficient relative to the complexity and types of loans. In addition, Credit Unions that are purchasing participation loans are not consistently displaying sound management oversight as expected by § 723.3.

9:30 – 10:30

Session II: Management Matters – Ongoing Monitoring Expectations

Summary: Session II looks at the NCUA findings regarding the shortfalls of commercial portfolio management practices. The underlying theme is that quality of analysis and diligence of management matters, and we see the NCUA consistently applying expectations as defined within OCC publications. In fact, we observe the NCUA is providing Credit Unions with copies of OCC publications as a guide for elements such as risk rating review, CRE portfolio management, concentration management and other risk management practices. Portfolio analysis, migration assessment, emerging concentrations, covenant monitoring and ticklers are highlighted in this discussion.

10:30 – 11:30

**Sessions III: Board Oversight – Commercial Portfolio Quality -
Board Reporting 723.3(a)(3)**

Summary: Session III takes a bird's eye approach at NCUA expectations of the Board of Directors in managing growing and emerging risk elements. Portfolio composition increases and shifts over time, so the portfolio you have today, is far different than the one you had 5 or 10 years ago. With these changes come the unknown. Historical loss rates are also likely less relevant, so qualitative factors become more important. What risks are present or growing in the portfolio that may need to be account for within the ACL? The discussion explores elements that management should compile, analyze, compile and sufficient concentration analysis reports for the Board to make timely strategic and policy level decisions.

11:30 – 12:30

**Session IV: Board Oversight – Commercial Portfolio Reporting
Board Reporting 723.3(a)(3)**

Summary: Session IV is a continuation of the Board Level expectations of the Board of Directors in managing commercial portfolio risk elements. However, rather than portfolio growth and complexity as discussed in Session III, this section focuses upon portfolio quality measurements and trends. Risk rating migration trends, troubled loans and borrower trends, Loan Policy Exception Lending, and resource allocation.