

ENSIGHTCRC GROUP, LLC

Providing *Credit Risk Consulting* Services to the Banking Community



Enight CRC Group offers an independent professional loan review service that effectively provides an analytical financial assessment of loan quality both at origination and throughout the loan term - a necessary contribution for good corporate governance. The focus of our service is the lending processes and loan portfolio, and this alone.

Enight CRC Group possesses the competencies to fully perform loan review on an outsourced basis and to provide, as required, recommendations on credit underwriting, loan structure, and credit risk management, including internal controls, loan servicing, and criticized loan reporting. These services will be performed by more qualified and experienced professionals at costs considerably less than can be performed internally by the Bank.

Loan Review Services

Enight CRC Group primarily provides loan review and loan due-diligence services, as well as other consulting services, to community banks in the Southeastern US from Florida to Virginia utilizing a proprietary electronic loan review program.

Enight is a proprietary licensed Java-based electronic loan review program that guides the reviewer through the review for the Loan Detail section, Collateral Detail section, Borrower/Co-Borrower Financial Analysis section, Guarantor(s) Financial Analysis section, and the Summary Analysis of Loan Repayment, Underwriting, and Structure section with the templates provided for completion based upon the type of loan, borrower and guarantor in order to achieve a consistency in the loan review process, findings, and conclusions. The bank is provided a complete summary presentation of all findings in the loan review report for each loan reviewed.

The loan information for each loan is stored in a database by Borrower Name and Loan Number and is retrieved as a starting point for any future review. Information for subsequent modifications and renewals of the loan are arranged sequentially with prior period information on the Loan Detail and Collateral sections that are fully presented in the loan review report. The financial analysis and analytical ratios for the Borrower/Co-Borrower and Guarantor(s) is entered and calculated on templates that are specifically designed for the varying type of entities. Information for the Borrower/Co-Borrower and Guarantor is stored by Name and SSN/EIN. If there is a Borrower, Co-Borrower or Guarantor match of the Name and the SSN/EIN, the latest financial analysis is retrieved as a starting point for any subsequent or related review.

The Summary Analysis of Loan Repayment, Underwriting, and Structure section includes a summary of the sources and adequacy of repayment; identified legal document, financial, and policy exceptions; loan covenants; an assessment of the loan presentation and credit analysis in the loan underwriting memorandum; an overall evaluation of the perceived level of credit risk in the loan structure; and an evaluation of the bank's risk grade and, if appropriate, recommended actions.

Enight CRC Group will provide the bank MIS department with specifications for the loan information to be downloaded in the loan trial balance report, some of which will be used to pre-fill required input for the review templates and all of which will be stored in the database to be utilized for robust statistical analysis for each loan review and for the entire reviewed commercial portfolio that over time should represent in excess of 75% of the outstanding balances and loan exposure for the commercial loan portfolio. The data and statistical analysis will provide support for “bottom-up” analysis of credit risk and concentrations for report presentation.

The goal for our loan review is not to simply identify loan deficiencies and credit issues but to also provide value-added contributions and recommendations for the Bank's credit underwriting and loan administration processes.

Additional information & exhibits for **Loan Review Services**:

- Benefits of Enight CRC Group Loan Review
- Typical Loan Review Sampling Criteria
- Content Outline for the Loan Review Summary Report
- Samples of Individual Loan Summaries
- Brochure PDF File for printing

Due-Diligence Review Services

Our experienced loan professionals can provide due-diligence review for open-market and assisted-transaction bank acquisitions, capital investment, and valuation of loan portfolios for purchase or sale. The scope of the independent review or loan portfolio appraisal will be tailored to the objectives dictated by the client and nature of the transaction, as affected by current economic and market conditions.

Typically, an “open-market” bank acquisition due-diligence review will address:

- A loan-specific review of roughly 65-80% of the dollar amount of the loan portfolio.
- A loan-specific review of all significant cited assets and OREO.
- 3-year bank Risk Grade Migration Analysis and a comparison of Due Diligence Risk Grades versus current bank Risk Grades
- A review and trend analysis of the quarter-end Past-Due Loan and NSF/Overdraft reports for prior periods.
- All Reg. O loans
- Review of policies and procedures for loan underwriting, approval and closing, credit administration, loan administration and loan servicing.
- A review of the adequacy of loan processes and internal controls.
- A stringent review of loan grading, identification of TDR & Impaired loans and a deficiency analysis, levels of specific reserves and charge-offs, and the adequacy of the ALLL account to confirm the realistic book value for the loan portfolio of the target bank.

For an “assisted-transaction” bank acquisition, the scope of the due-diligence review should be similar to the “open-market” review with an additional assessment of “fair market valuations” for the loans in the loan

portfolio.

In a valuation of a commercial loan portfolio for purchase or sale, all of the loans would be reviewed with a fair market value determined for each loan, as well as the pool of loans.

The review parameters listed above are provided as an example of the scope of a due-diligence review; the actual scope of the due-diligence review will be determined based on the actual transaction and the client's specifications.

Our years of experience in problem asset management and loan asset sales, as well as in credit underwriting, lending, and loan review make us a valuable due-diligence resource for the evaluation of the realistic market value for a bank loan portfolio.

Concentration and Stress Testing Analytical Services

Ensign CRC Group can provide Concentrations and Stress Testing Analysis beginning with a "top-down" analysis of loan trial balance data fields to identify regulatory and "sensitive" loan portfolio concentrations and followed by "bottom-up" stress testing utilizing Ensign program financial and valuation information to provide a "forward-looking" credit quality and capital adequacy assessment.

Because a concentration of credit tends to perform like a single large exposure, the entire concentration pool of loans is potentially sensitive to the same economic and financial conditions and thereby can potentially pose a risk to earnings and capital. Long ago regulatory guidance addressed the more obvious concentration of Loans to One Borrower. More recently in 2006, regulatory guidance specifically identified Construction and A&D loans representing 100% of risk-based capital and CRE loans representing 300% of risk-based capital as a credit concentration. In 2011 the Comptroller's Handbook identified any category of loans with like characteristics representing 25% of risk-based capital as a concentration of credit, with the understanding that not all of these concentrations represent the same level of risk or required supervision. Regulatory guidance suggests that the bank should further identify concentrations for analysis of "sensitive" pools of loans even below the 25% of risk-based capital threshold.

Initially, a "top-down" approach for identifying concentrations can be accomplished by an analysis of Call Report data fields, such as product code, collateral code, NAICS code, etc. OCC supervisory guidance for Community Banks released in 2012 suggests that a simple stressed loss-rate analysis of concentrations identified by the Call Report data may be appropriate as a foundation for determining if additional analysis is required. For further analysis the Bank may stress test a representative small sample of loans to be reviewed to develop a stressed loss rate for the entire concentration or a segment of the concentration.

Because the bank does not maintain a database related to specific loan financial analysis, a robust "bottom-up" approach for stress testing is not feasible. However, the Ensign relational database over time will facilitate specific loan stress testing for in excess of 75% of the dollar exposure for any identified loan concentration.

Ensign CRC Group can provide a concentration and stress test analytical report on an annual basis to satisfy the integrity requirement for the bank's reporting on the supervision of loan concentrations.

Problem Loan Services

In most cases, it is neither efficient nor effective for a community bank loan officer or a senior officer of the community bank to resolve a problem loan. Not only is the assigned bank officer typically inexperienced in such matters and to some extent compromised by his existing business and personal relationship with the borrower, he is also badly distracted from his much more productive role as a producer of profitable banking relationships.

Even in those banks of sufficient size to hire a small staff of Special Assets officers, it is often more efficient and effective to utilize outsourcing of the Special Assets function for the bank's problem loans. It is believed the knowledge, talents and experience of our staff in work-out negotiations and litigation will typically far exceed that of the employees the community bank

may be able to attract to these positions. Additionally, the expenses related to an internal Special Assets staff are fixed and non-controllable; whereas, the expense of outsourcing the Special Assets function is a variable and controllable expense.

There are a number of additional more subtle reasons to outsource the resolution of problem loans. Because *Ensign CRC Group* is an outside contractor, there is never any role confusion in the resolution of a problem loan. Furthermore, *Ensign CRC Group*, as an outside-contractor, has greater latitude in the avoidance of Lender Liability and can work more closely and at an earlier stage in the deterioration of the credit with the borrower in the resolution and possible migration of the problem loan situation.

Ensign CRC Group recognizes that there are sensitive concerns for any bank utilizing an outside contractor in the resolution of its problem loans. Foremost, *Ensign CRC Group* realizes that all of its loan resolution actions will reflect on the business and community image of the bank and will take the utmost care in representing the bank in a courteous and professional manner. *Ensign CRC Group* also recognizes the potential for legal liability for the bank in the event of its improper actions and will always maintain a professional approach, fully utilizing attorney consultation and employment when appropriate.

An overview of the terms and conditions for outsourcing the Special Assets function should include the following:

- All loan assets to be handled on an outsourced basis should meet some agreed-upon minimum threshold size.
- There should be a pre-assignment meeting between the Senior Credit Officer and the Account Officer of the Bank, and the Special Assets representative from *Ensign CRC Group* to fully discuss the loan history, current situation, and alternative resolution strategies.
- A formal, written resolution plan, including the resolution and/or litigation strategy, estimated resolution timeline, resolution budget, and service fee structure, will be presented by *Ensign CRC Group* and approved by senior management of the bank.
- The approved resolution plan will provide for all delegated responsibility, as well as the process for any required approval of actions and settlements.
- If there is a significant recommended change in strategy, a revised new resolution plan will be submitted for approval.
- Written summary progress reports are to be provided no less than bi-weekly, with significant events for specific loans to be reported in writing no less than weekly. All important developments will be communicated on the same day as realized.
- The fee structure will be influenced by the size of the loan, the complexity of the problem, and the expected time required for resolution.

Professionals

Ensign CRC Group utilizes both the services of its staff and consulting professionals. These professionals have the benefit of extensive experience with banks and regulatory agencies within the financial industry. A profile of our professionals and their qualifications and background follows.

Robert B. Dunlap, *President*

bdunlap@ensightcrgroup.com

Bob Dunlap has been performing loan review for over 10 years previously as the organizer and president of Ewing Loan Advisors, Inc. (affiliated with Allen C. Ewing & Co.) and now with *Ensign CRC Group*. Previously, he has more than 20 years of experience in credit underwriting and loan origination and administration with thrifts and national banks, as well as mortgage banking firms. His latest banking position was Senior Vice President of First Union National Bank of Florida during the 1990's, where he was a senior credit officer for the Special Assets Division. In this position, he worked closely with the Loan Review Department and bank management in reviewing the Special Assets loan portfolio, specific reserves, charge-off's and in establishing loan loss projections. He was directly responsible for the sale of over 4000 notes and \$500 million in whole loans during his tenure at First Union National Bank. In 2002, Bob was engaged by the FDIC as the Asset Manager for the extraordinarily successful receivership and liquidation of the \$1.25B Hamilton Bank in

Miami, FL.

Bob is a graduate of Florida State University (BS) and the University of North Florida (MBA, MACC); he holds inactive CPA, Real Estate Broker, and Building Contractor licenses, as well.

Robert B. Dunlap, II, *IT/MIS Director* *rdunlapii@ensightcrcgroup.com*

Robert Dunlap spent 8 years with CSX in Operations Planning performing capacity analysis and management of the mainline network. He also performed in-depth network and operation studies to evaluate potential improvement projects and submit final recommendations along with ROI and cost benefit analysis to the executive team for approval. In addition, he developed in-house software tools used during the capacity analysis/network studies and he was the point of contact for all hardware and specialized software purchase recommendations and requests for the department.

During 2017-18 he developed the proprietary *Ensign* program licensed to *Ensign* CRC Group for use in its loan review service.

Robert is a graduate of the University of North Florida (BS) with a major in Computer Science and minor in Business Administration. At the 2003 AITP National Programming Competition held at Purdue University, he was awarded Honorable Mention for COBOL. Also, he is A+ and Network+ certified.

Donald Price, *Lead Reviewer* *dprice@ensightcrcgroup.com*

Don has over 25 years of commercial lending and banking experience with private non-bank lenders and community banks in Virginia. Don has been associated with Ewing Loan Advisors and Ensign CRC Group for the past 5 years as a senior reviewer for banks in North Carolina and Virginia. During 1987-2004, he was Vice President /Senior Vice President in bank and non-bank commercial lending in the Mid-Atlantic with Centit Bank, AT&T Capital Corp, and Commercial Capital Corp. During 2004-2008, he was Vice President – Business Finance Division, LEHMAN BROTHERS BANK in NY /CA / VA, managing the wholesale purchase of commercial real estate, business and SBA loans for secondary market pooling and resale. During the period of 2009 – 2011, he was Senior Vice President / Lending Team Leader at Bank of the Commonwealth in Norfolk (\$1.1B bank) managing a \$100MM+ loan portfolio and subsequently was the Chief Credit Officer following the development of a Special Assets Group working directly with consultants and the Regulators in addressing critical credit issues under a MOU and WA.

Don is a graduate of Old Dominion University (BS) with a major in Business Administration, Finance and Real Estate. He has also completed numerous ABA & RMA continuing education courses in Small Business and Commercial Lending, Credit and Financial Analysis, and Banking.

Contact

If you would like more information or to discuss any aspect of the loan consulting services offered by our firm, please contact **Bob Dunlap** at:

***Ensign* CRC Group, LLC**
3753 Harbor Acres Lane
Jacksonville, FL 32257
Phone: (904) 707-4639
Fax: (904) 731-4314
e-mail: bdunlap@ensightcrcgroup.com

ENSIGHT CRC GROUP, LLC

Providing *Credit Risk Consulting* Services to the Banking Community



THE BENEFITS OF CRC GROUP LOAN REVIEW

Loan review by CRC Group will be recorded electronically on a proprietary loan review program that will provide the following benefits to the bank:

- STRUCTURED ANALYSIS AND CONSISTENT REPORTING FOR EACH LOAN REVIEWED
- THE REPORT WILL PRESENT A SEPARATE DETAILED SUMMARY REPORT FOR EACH LOAN REVIEWED
- REAL TIME TRANSMISSION OF LOAN EXCEPTIONS TO BANK MANAGEMENT THAT WILL FACILITATE AN EXPEDITED RESOLUTION OF EXCEPTIONS & ISSUES DURING THE REVIEW
- THE LOAN DATA FIELDS RECORDED IN THE PROGRAM DATABASE WILL ENABLE ANALYSIS OF BOTH QUANTITATIVE AND QUALITATIVE INFORMATION TO PROVIDE REPORTING TO MANAGEMENT AND THE BOARD OF DIRECTORS ON LOAN PORTFOLIO CREDIT RISKS SUCH AS RISK GRADE MIGRATION, CONCENTRATIONS, DOCUMENT EXCEPTIONS, LOAN POLICY AND UNDERWRITING EXCEPTIONS, UTILIZATION & EFFECTIVENESS OF FINANCIAL LOAN COVENANTS, AND LOAN UNDERWRITING RISK TRENDS
- A ROBUST DATABASE OF CREDIT INFORMATION FOR REVIEWED ACTIVE LOANS THAT OVER TIME SHOULD REPRESENT MORE THAN 80% OF THE COMMERCIAL LOAN BALANCES OUTSTANDING
- THE DATABASE FIELDS WILL ACCOMMODATE “BOTTOM-UP” STRESS TESTING WHICH WILL BE FAR MORE VALUABLE TO MANAGEMENT AND THE BOARD OF DIRECTORS THAN MACRO “TOP-DOWN” STRESS TESTING.

ENSIGHT CRC GROUP, LLC

Providing *Credit Risk Consulting* Services to the Banking Community



TYPICAL LOAN REVIEW SAMPLING CRITERIA

Based on our experience the criteria for loan review sampling presented below will achieve a comprehensive and regulatory-acceptable annual review of most bank loan portfolios, including loan underwriting, credit administration, and portfolio management. Of course, the sampling needs to also accommodate all requirements desired by Bank Management and the Board of Directors.

- New, Renewed & Modified Commercial Loans
 - All loans above an appropriate threshold amount
 - Selected sample of loans below the threshold amount
- BLOC/GLOC review of all facilities \$1MM & Over -
 - No individual loan document review, but will include a review of:
 - ❖ Advance limits - types and terms
 - ❖ Current loans outstanding & annual activity
 - ❖ Credit analysis of Borrower & Guarantor(s)
- Term loans \$750M & Over (subject to loan policy servicing guidelines) at a minimum of once per year to ensure that portfolio servicing and any covenant testing requirements are being satisfactorily performed.
- Selected sensitive loans for review to ensure risk satisfactory mitigation
- Watch List Loans - New, Renewed & Modified Loans > \$50M
 All other Watch List Loans > \$100M *
- Past Due Loans - All loans past due over 30 days > \$100M*

* (No individual loan reports for the review of these loans.)

Credit Processes that will be evaluated as a component of Loan Review:

- ❖ Loan Policy, Loan Underwriting & Loan Structure
- ❖ Risk Monitoring & Management Information Systems
- ❖ Internal Loan Controls

ENSIGHT CRC GROUP, LLC

Providing *Credit Risk Consulting* Services to the Banking Community



CONTENT OUTLINE FOR THE LOAN REVIEW SUMMARY REPORT

Discussion of Loan Review Program & Loan Summaries

- Loan Review Program Design
- Loan Summaries Content

Loan Review Scope & Coverage

- Defined Scope for the Review Sample
- Narrative summary of the nature of the loan review and coverage metrics followed by the review sample penetration below:

LOAN REVIEW PORTFOLIO PENETRATION SUMMARY		
	Current Balances	Loan Exposure
Total Commercial Loans	\$ 165,000,000	\$ 187,000,000
CRC Group Sample	\$ 105,000,000	\$ 127,000,000
Segment Penetration	63.6%	67.9%
Total Consumer Loans		
Total Consumer Loans	\$ 65,500,000	\$ 92,500,000
CRC Group Sample	\$ 4,750,000	\$ 5,000,000
Segment Penetration	7.3%	5.4%
Total Cited Loans		
Total Cited Loans	\$ 1,375,000	\$ 1,400,000
CRC Group Sample	\$ 985,000	\$ 1,005,000
Segment Penetration	71.6%	71.8%
Total Portfolio Loans		
Total Portfolio Loans	\$ 231,875,000	\$ 280,900,000
CRC Group Sample	\$ 110,735,000	\$ 133,005,000
Portfolio Penetration	47.8%	47.3%

- Defined Purpose for the Loan Review
- Executive Summary of the Findings

Loan Document Exceptions

- Discussion of the number of Legal/Loan Document Exceptions followed by an exhibit of the percentage and level of concern as shown below:

Loan Document Exceptions				
	Exceptions	Mitigated %	Un-mitigated %	Critical %
(as % of Loans Reviewed)	17.5%	4.0%	12.0%	1.5%
(as % of Exposure Reviewed)	18.5%	5.5%	11.0%	2.0%

- Discussion of Identified Issues & Recommendations, if any

Financial Document Exceptions

- Discussion of the number of Financial Document Exceptions followed by an exhibit of the percentage and level of concern as shown below:

Financial Document Exceptions				
	Exceptions	Mitigated %	Un-mitigated %	Critical %
(as % of Loans Reviewed)	27.5%	3.5%	22.5%	1.5%
(as % of Exposure Reviewed)	24.0%	3.8%	17.4%	2.8%

- Discussion of any Identified Issues & Recommendations

Horizontal Review of Loan Policy & Underwriting and Loan Structure

- Loan Policy Overview & Evaluation
- Discussion of the number and mitigation of Policy Exceptions, followed by an exhibit indicating the perceived degree of mitigation as shown below:

Loan Policy Exceptions & Mitigation (based on # of loans)					
Total Exceptions	Approved	Mitigation Not Provided	Mitigation Provided		
			Justified	Questionable	Not Justified
30.0%	27.5%	5.0%	20.0%	2.5%	2.5%
					25.0%

- Discussion of any Identified Issues & Recommendations
- Evaluation of Loan Underwriting Memorandum content, followed by an exhibit indicating the relative quality of the credit presentation as shown below:

Quality of Credit Presentation (based on # of loans)			
Thorough	Complete	Acceptable	Unsatisfactory
10.0%	25.0%	45.0%	15.0%

- Discussion of any Identified Issues & Recommendations

- Evaluation of the Loan Underwriting Financial Analysis, followed by three exhibits indicating the relative quality of the financial analysis as shown below:

Quality of Financial Analysis (based on # of loans)			
Thorough	Acceptable	Weak	Unsatisfactory
28.0%	62.5%	7.5%	2.0%

- Discussion of any Identified Issues & Recommendations

Global Cash Flow Analysis Performed (based on # of loans)		
Yes	No	Not Applicable
60.0%	15.0%	25.0%

- Discussion of any Identified Issues & Recommendations

Loan Level Stress Testing (based on # of loans)			
Yes - Single Factor	Yes - Multiple Factor	None	N/A
40.0%	30.0%	15.0%	15.0%

- Discussion of any Identified Issues & Recommendations

- Evaluation of the Adequacy of Financial Loan Covenants, followed by an exhibit indicating the relative adequacy as shown below:

Adequacy of Financial Loan Covenants (based on # of loans with financial covenants)				
Appropriate	Too Few	Excessive Headroom	Too Few & Excessive Headroom	No Covenant When There Should Be
96.0%	0.0%	2.0%	0.0%	2.0%

- Discussion of any Identified Issues & Recommendations

- Evaluation of the Loan Structure Adequacy, followed by an exhibit indicating the relative adequacy overall loan structural support as shown below:

Overall Loan Underwriting Structural Support (based on # of loans)				
Conservative	Moderate/Conservative	Moderate	Moderate/Liberal	Liberal
10.0%	25.0%	45.0%	15.0%	5.0%

- Discussion of any Significant Loan Structural Issues & Recommendations

Term Loan Servicing Analysis

- Term Loan Servicing Summary & Evaluation, followed by an exhibit indicating the adequacy of the term loan servicing as shown below:

Term Loan Servicing Review Analysis							
# of Loans	Current Financial Information	Current Annual Servicing Memo	Satisfactory Financial Review	Risk Grade Outlook			
				Positive	Stable	Negative	ISD *
15	80.0%	66.7%	15.0%	20.0%	53.3%	6.7%	20.0%

* Insufficient Data to Forecast

- Discussion of any Identified Issues & Recommendations

Risk Grade Analysis and Recommended Risk Grade Changes

- Summary of the Bank Risk Grade Categories
- Migration Analysis of Bank Risk Grades for the Loan Portfolio as of the review cut-off date (also indicating the Weighted Average Risk Grade %) as shown in the exhibit below:

Bank Loan Portfolio Risk Grade Migration Report ('000)							
Risk Grade	Description	2016		2017		2018	
		Exposure	%	Exposure	%	Exposure	%
1	Excellent	\$ 5,138	1.8%	\$ 6,054	2.0%	\$ 7,406	2.2%
2	Above Average	21,409	7.5%	19,978	6.6%	19,526	5.8%
3	Average	196,675	68.9%	199,479	65.9%	217,139	64.5%
4	Acceptable	38,250	13.4%	53,275	17.6%	67,330	20.0%
5	Pass Watch List	10,847	3.8%	12,411	4.1%	13,466	4.0%
6	Special Mention	9,991	3.5%	8,476	2.8%	8,753	2.6%
7	Substandard	3,140	1.1%	2,422	0.8%	3,030	0.9%
8	Doubtful	-	0.0%	605	0.2%	-	0.0%
9	Loss	-	0.0%	-	0.0%	-	0.0%
	Total	\$ 285,450	100.0%	\$ 302,700	100.0%	\$ 336,650	100.0%
Weighted Average Risk Grade		3.25		3.28		3.29	

- Discussion of the Bank Risk Grade Migration

- Discussion and List of Recommended Risk Grade Changes
- Bank Risk Grade metrics for the Review Sample as compared to the Reviewer Risk Grade metrics (also utilizing Weighted Average Risk Grade %) as shown in the exhibit below:

Bank vs Loan Review Risk Grades for Loan Review Sample ('000)									
Risk Grade	Description	2017				2018			
		Sample Exposure	Bank	Sample Exposure	CRC Group	Sample Exposure	Bank	Sample Exposure	CRC Group
1	Excellent	\$ 2,863	2.5%	\$ 3,664	3.2%	\$ 2,752	2.2%	\$ 4,379	3.5%
2	Above Average	8,015	7.0%	5,153	4.5%	8,507	6.8%	5,630	4.5%
3	Average	62,059	54.2%	57,937	50.6%	65,678	52.5%	61,049	48.8%
4	Acceptable	18,320	16.0%	22,900	20.0%	21,893	17.5%	24,395	19.5%
5	Pass Watch List	11,565	10.1%	12,252	10.7%	15,012	12.0%	15,763	12.6%
6	Special Mention	8,244	7.2%	9,160	8.0%	8,382	6.7%	8,257	6.6%
7	Substandard	3,434	3.0%	3,434	3.0%	2,877	2.3%	5,630	4.5%
8	Doubtful	-	0.0%	-	0.0%	-	0.0%	-	0.0%
9	Loss	-	0.0%	-	0.0%	-	0.0%	-	0.0%
	Totals	\$ 114,500	100.0%	\$ 114,500	100.0%	\$ 125,100	100.0%	\$ 125,100	100.0%
Weighted Average Risk Grade		3.58		3.66		3.60		3.71	

- Discussion of the Bank Risk Grade Distribution versus CRC Group Risk Grade Distribution and respective Weighted Average Risk Grades

- Discussion and Risk Grade Outlook for the reviewed loans, followed by an exhibit indicating the relative Risk Grade Outlooks as shown below:

Risk Grade Outlook for Reviewed Loans ('000)		
<u>Risk Grade Outlook</u>	<u>Loan Exposure</u>	<u>%</u>
Positive	\$ 23,350	27.1%
Stable	\$ 54,750	63.6%
Negative	\$ 5,500	6.4%
ISD *	\$ 2,500	2.9%
Total	\$ 86,100	100.0%

* Insufficient Data to Forecast

- Loan Summary Report closing remarks

The following is a list of current and past clients of Ensign CRC Group, LLC and predecessor Ewing Loan Advisors, Inc. for loan review, due-diligence, or consulting assignments:

FLORIDA

Atlantic Coast Bank	(acquired by Ameris Bank)	Jacksonville, FL
Oceanside Bank	(acquired by The Jacksonville Bank)	Jacksonville, FL
Florida Capital Bank		Jacksonville, FL
The Jacksonville Bank	(acquired by Ameris Bank)	Jacksonville, FL
American Enterprise Bank	(acquired by Fidelity Southern Corp)	Jacksonville, FL
First Federal Savings Bank of Florida		Lake City, FL
City National Bank of Florida		Miami, FL
US Century Bank		Miami, FL
Premier American Bank		Miami, FL
Cortez Community Bank	(acquired by Premier American Bank)	Brooksville, FL
Independent National Bank	(acquired by First Peoples Bank)	Ocala, FL
Heritage Bank	(acquired by Centennial Bank)	Lutz, FL
Fidelity Bank of Florida		Merritt Island, FL

GEORGIA

First National Bank	(acquired by First Bank of Brunswick)	St. Marys, Ga
---------------------	---------------------------------------	---------------

SOUTH CAROLINA

Savannah River Financial Corporation	(acquired by First Community Corp)	Aiken, SC
--------------------------------------	------------------------------------	-----------

NORTH CAROLINA

Four Oaks Bank & Trust	(acquired by United Community Bank)	Four Oaks, NC
Capital Bank	(acquired by First Horizon Bank)	Raleigh, NC
KS Bank		Smithfield, NC
New Century Bank	(acquired by Select Bank)	Dunn, NC
Southern Community Bank & Trust	(acquired by First Horizon Bank)	Winston-Salem, NC
Trinity Bank	(acquired by Citizens South Bank)	Monroe, NC
Longleaf Bank	(acquired by Four Oaks Bank)	Rockingham, NC
Commerce Bank	(acquired by Capital Bank)	Charlotte, NC
Park Sterling Bank	(acquired by South State Bank)	Charlotte, NC

VIRGINIA

Citizens & Farmers Bank		West Point, VA
Citizens Bank & Trust		Blackstone, VA
Valley Bank	(acquired by Fifth Third Bank)	Roanoke, VA
Millennium Bank, NA	(acquired by WashingtonFirst Bank)	Reston, VA