

## **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