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South Carolina Bankers School
July 13, 2026

Analyzing Bank Financial Performance

Lauren Nilan, CPA
Principal

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Learning Objectives

- Recognize the basic balance sheet and income statement components
- Use ratio analysis to analyze bank profitability
- Comprehend net interest margin, earning assets, and operating efficiency
- Identify credit risk, liquidity risk, interest rate risk, and capital risk
- Explain the factors that affect a bank's CAMELS rating
- Understand performance characteristics of small and large banks
- Relate key financial concepts and data to planning and managing a bank

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The Balance Sheet

Assets = Liabilities + Equity

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Newton's Third Law of Motion

- Physics: Every action has an equal & opposite reaction
- Accounting: Every debit has an equal & opposite credit
  - Sum of debits will always equal the sum of credits
  - The balance sheet will always balance (Assets = Liabilities + Equity)

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Exhibit 1 - Bank Assets

Assets	Year Ended 12/31/20X1	% of Total Assets
Cash and cash equivalents		
Cash and due from banks	$ 3,700	4.63%
Interest- bearing deposits in financial institutions	2,200	2.75%
Federal funds sold and securities purchased under agreements to resell	3,380	4.23%
Total cash and cash equivalents	9,280	11.60%
Investment securities available-for-sale, at fair value		
U.S. Treasury securities	2,190	2.74%
Federal Agency securities	7,950	9.94%
Municipal securities	6,620	8.28%
Total investments	16,760	20.95%
Other & restricted equity securities, at cost	700	0.88%
Loans Held for Sale	1,100	1.38%
Loans Held for Investment		
Commercial and Industrial	17,670	22.09%
Real Estate	17,740	22.18%
Consumer	14,010	17.51%
Other	1,430	1.79%
Total loans held for investment	50,850	63.56%
Less: Reserve for loan losses	(650)	-0.81%
Loans held for investment, net	50,200	62.75%
Premises and equipment, net	960	1.20%
Other Assets	1,000	1.25%
Total assets	**$ 80,000**	**100%**

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Cash & Cash Equivalents

Cash:

- Vault Cash
- Correspondent bank accounts
- Reserve cash (at the Federal Reserve)

Cash Equivalents:

- Federal Funds sold
- Securities purchased under agreements to resell (Repos)

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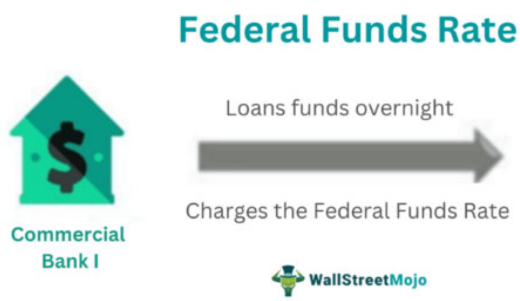
Banking Trivia



Who sets the Fed Funds Rate? Federal Reserve's FOMC

What is the rate today? 3.50% - 3.75%

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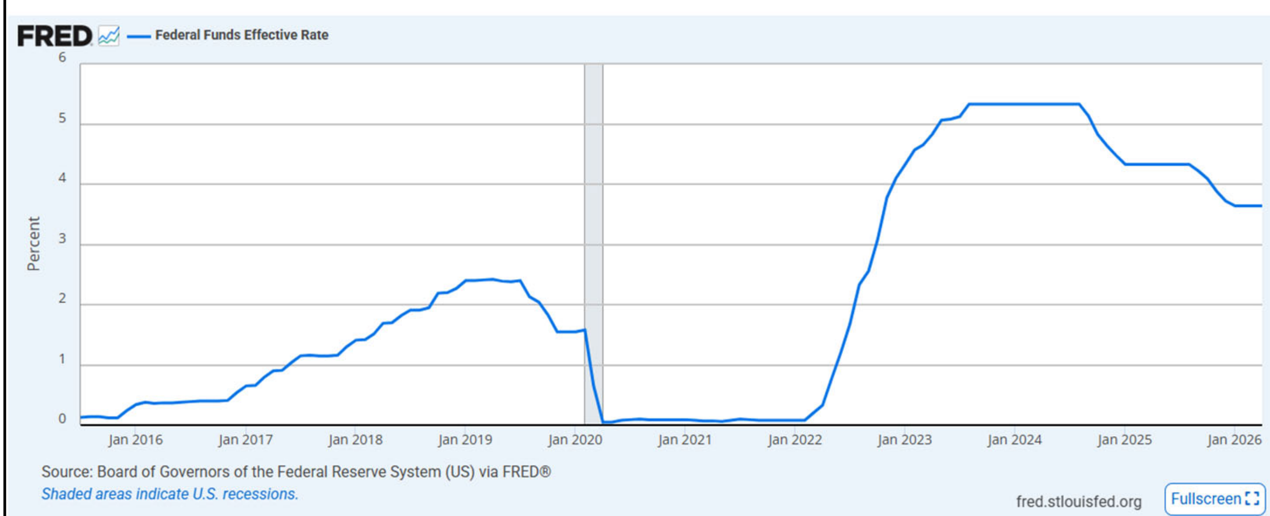
Federal Funds Effective Rate 2015-2026



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Federal Funds Effective Rate 1954-2025

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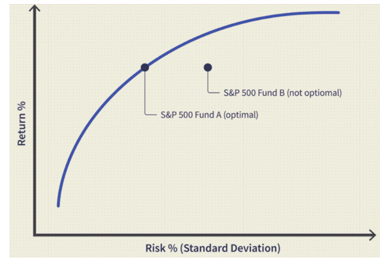
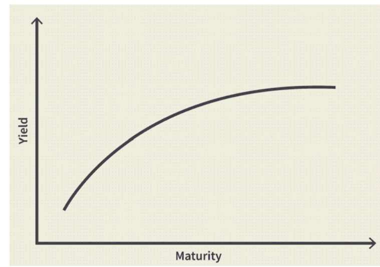
Investment Securities

- Primarily used for liquidity
- Better yield than cash equivalents
- Yield varies by risk:
  - Treasuries
  - Agencies (i.e. Fannie and Freddie MBS)
  - Municipals – favorable tax treatment
  - Other (i.e. FHLB stock)
- Yield varies by duration





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Investment Yields

(dollars in thousands)	Due in One Year or Less: Amortized Cost	Due in One Year or Less: Weighted Average Yield	Due after One Year Through Five Years: Amortized Cost	Due after One Year Through Five Years: Weighted Average Yield	Due after Five Years Through Ten Years: Amortized Cost	Due after Five Years Through Ten Years: Weighted Average Yield	Due after Ten Years: Amortized Cost	Due after Ten Years: Weighted Average Yield
	As of December 31, 2025							
U.S. Treasuries	$ 4,997	0.98 %	$ 999	1.28 %	$ -	- %	$ -	- %
Municipal obligations	-	-	8,328	1.89	29,144	2.14	27,406	2.91
Mortgage-backed securities	892	3.12	28,893	2.98	13,138	3.99	145,586	3.50
Asset-backed securities	-	-	-	-	11,268	5.22	15,629	5.53
Corporate debt securities	-	-	16,196	7.34	39,840	6.24	3,043	5.58
Total available for sale securities	$ 5,889	1.30 %	$ 54,416	4.08 %	$ 93,390	4.53 %	$ 191,664	3.61 %

Increasing yield →

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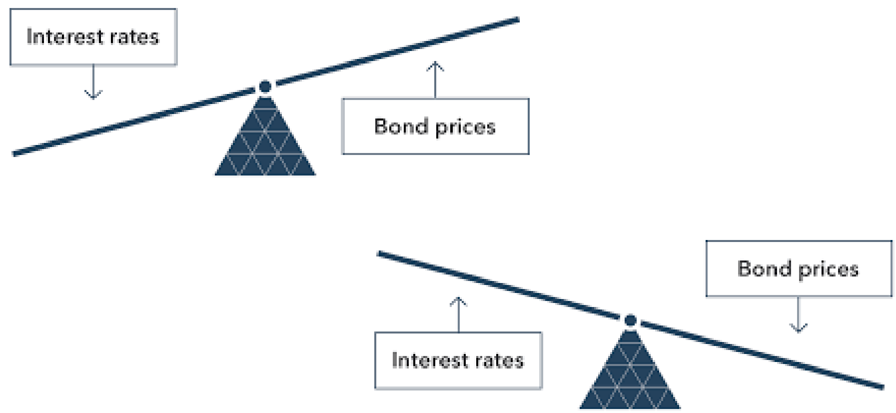
Interest Rates/Bond Prices



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Investments

- Must be designated by intent:
  - Held to Maturity
    - Price fluctuations are **not** recognized on the balance sheet
  - Available for Sale
    - Price fluctuations **are** recognized on the balance sheet via Equity
  - Held for Trading (rare)
    - Price fluctuations are recognized in the **Income Statement**

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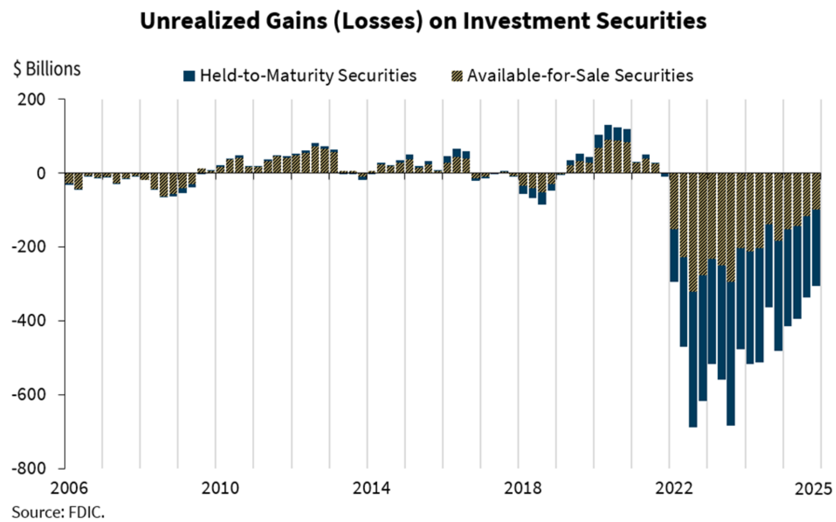
Unrealized Gains/Losses Trends



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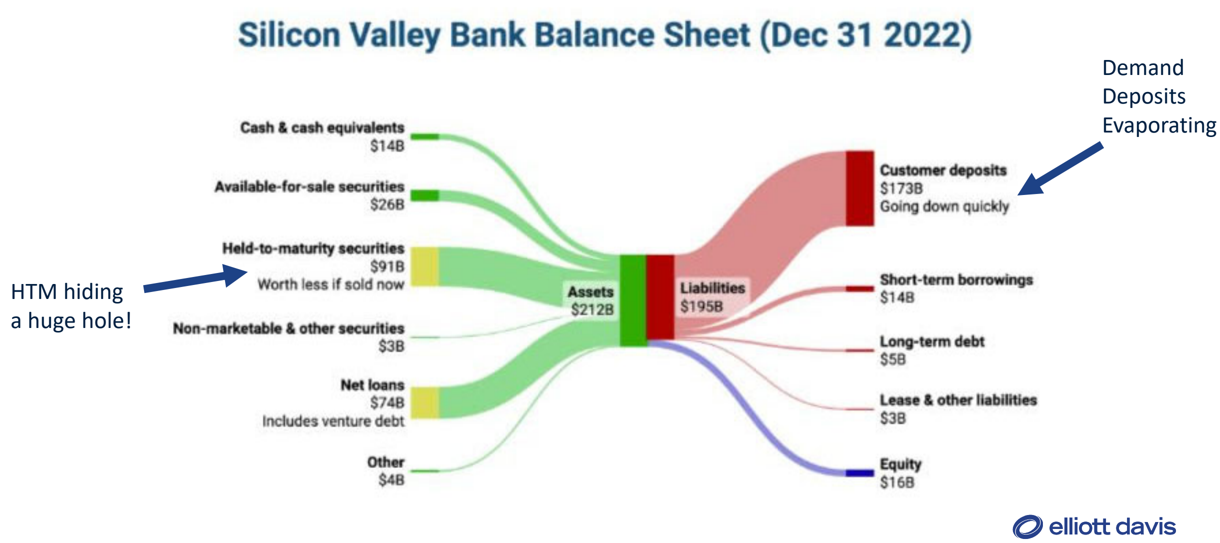
Silicon Valley Bank – Balance Sheet Problem



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"There is one financial commandment that cannot be violated. Do not borrow short to invest long – particularly against illiquid, long-term assets."

- Jamie Dimon, JP Morgan Chase

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Loans

- Loan Types:
  - Commercial and Industrial Loans (C&I)
  - Real Estate Loans
    - Commercial (owner occupied and non-owner occupied) (300%)
    - Acquisition Development Construction (100%)
    - Consumer
  - Consumer Loans
  - Agriculture Loans
  - Other Loans
- Allowance for Credit Losses (contra-asset)

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SC Banks Loans to Assets Levels

Bank Name	City	Total Assets 12/31/2025	Total Loans 12/31/2025	Loans to Assets %	
SECURITY FEDERAL BANK	AIKEN	1,551,930.00	686,584.00	44.24%	
CITIZENS BANK, THE	OLANTA	1,103,926.00	627,898.00	56.88%	
COASTAL STATES BANK	HILTON HEAD ISLAND	2,304,649.00	1,617,315.00	70.18%	
BEACON COMMUNITY BANK	MOUNT PLEASANT	964,035.00	845,785.00	87.73%	**highest**
COASTAL CAROLINA NATIONAL BANK	MYRTLE BEACH	1,277,669.00	944,842.00	73.95%	
SOUTH ATLANTIC BANK	MYRTLE BEACH	1,916,599.00	1,463,421.00	76.36%	
FIRST COMMUNITY BANK	LEXINGTON	2,057,446.00	1,311,019.00	63.72%	
OPTUS BANK	COLUMBIA	777,905.00	449,885.00	57.83%	
FIRST CAPITAL BANK	CHARLESTON	1,139,207.00	988,602.00	86.78%	
SOUTHERN FIRST BANK	GREENVILLE	4,406,861.00	3,847,081.00	87.30%	
FIRST RELIANCE BANK	FLORENCE	1,091,534.00	779,898.00	71.45%	
BANK OF TRAVELERS REST	TRAVELERS REST	1,555,193.00	901,349.00	57.96%	
ARTHUR STATE BANK	UNION	814,415.00	597,987.00	73.43%	
FIRST PALMETTO BANK	CAMDEN	1,056,466.00	776,448.00	73.49%	
CONWAY NATIONAL BANK, THE	CONWAY	1,948,354.00	835,422.00	42.88%	
CAROLINA BANK & TRUST COMPANY	LAMAR	886,375.00	588,349.00	66.38%	
BANK OF SOUTH CAROLINA, THE	CHARLESTON	576,238.00	361,060.00	62.66%	
COUNTYBANK	GREENWOOD	729,554.00	387,762.00	53.15%	
PALMETTO STATE BANK	HAMPTON	621,887.00	229,550.00	36.91%	**lowest**
ANDERSON BROTHERS BANK	MULLINS	2,207,970.00	1,767,794.00	80.06%	

	Total Assets	Total Loans	Loans to Assets %
Minimum:	576,238.00	229,550.00	36.91%
Median:	1,121,566.50	807,660.00	68.28%
Average:	1,449,410.65	1,000,402.55	66.17%
Maximum:	4,406,861.00	3,847,081.00	87.73%

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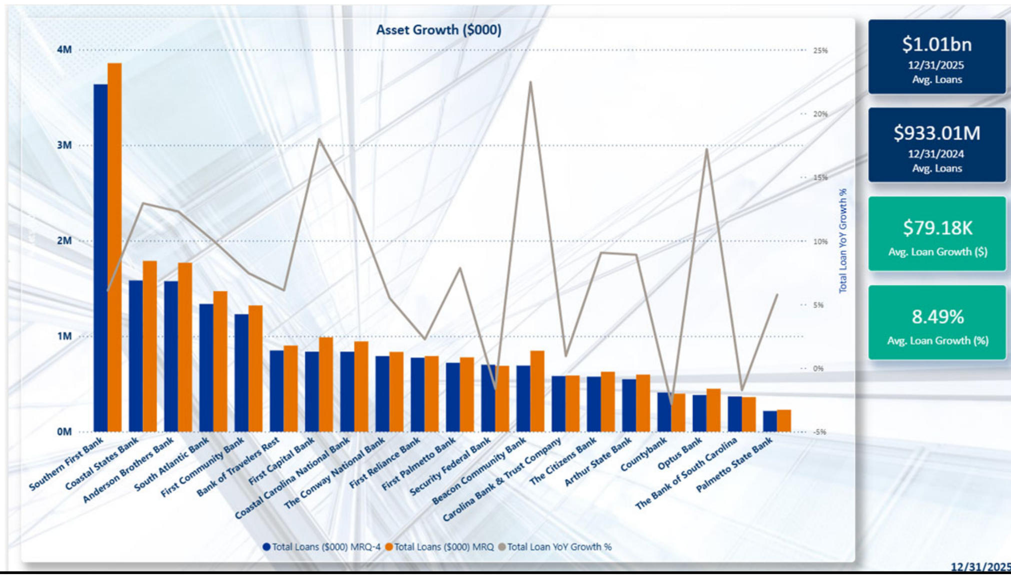
SC Banks Loan Growth



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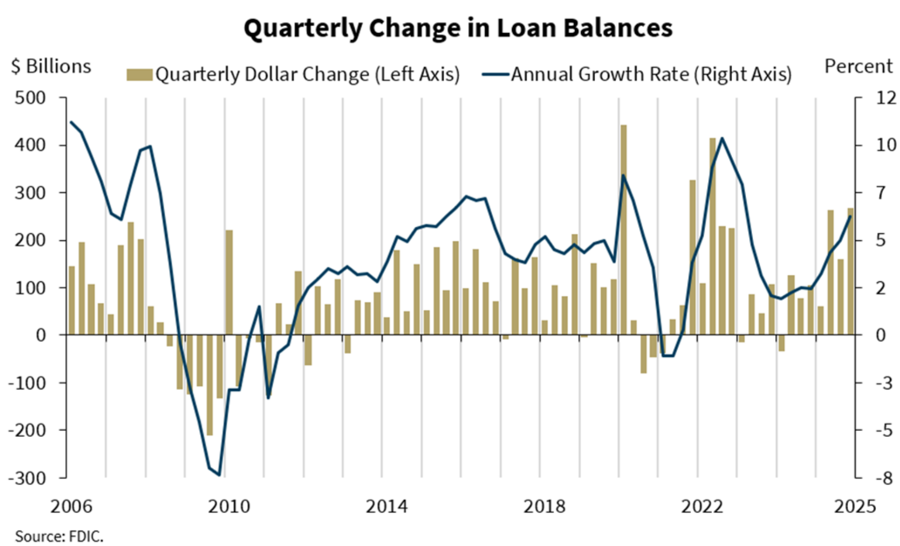
US Banks Loan Growth



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Allowance for Credit Losses

- Estimate "Current Expected Credit Losses" (CECL)
  - Expected lifetime credit losses on current portfolio
  - Based on past events, current conditions, and reasonable and supportable forecasts
- Contra-asset = **reduction** of gross loans balance
- Largest estimate on a bank's balance sheet

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SC Banks Allowance Levels

Bank Name	City	Total Loans 12/31/2025	ACL $ 12/31/2025	ACL % 12/31/2025
SECURITY FEDERAL BANK	AIKEN	686,584.00	13,529.00	1.97%
CITIZENS BANK, THE	OLANTA	627,898.00	7,514.00	1.20%
COASTAL STATES BANK	HILTON HEAD ISLAND	1,617,315.00	18,743.00	1.16%
BEACON COMMUNITY BANK	MOUNT PLEASANT	845,785.00	8,458.00	1.00%
COASTAL CAROLINA NATIONAL BANK	MYRTLE BEACH	944,842.00	10,238.00	1.08%
SOUTH ATLANTIC BANK	MYRTLE BEACH	1,463,421.00	13,715.00	0.94%
FIRST COMMUNITY BANK	LEXINGTON	1,311,019.00	13,806.00	1.05%
OPTUS BANK	COLUMBIA	449,885.00	2,203.00	0.49%
FIRST CAPITAL BANK	CHARLESTON	988,602.00	9,960.00	1.01%
SOUTHERN FIRST BANK	GREENVILLE	3,847,081.00	42,280.00	1.10%
FIRST RELIANCE BANK	FLORENCE	779,898.00	8,828.00	1.13%
BANK OF TRAVELERS REST	TRAVELERS REST	901,349.00	11,910.00	1.32%
ARTHUR STATE BANK	UNION	597,987.00	6,296.00	1.05%
FIRST PALMETTO BANK	CAMDEN	776,448.00	11,827.00	1.52%
CONWAY NATIONAL BANK, THE	CONWAY	835,422.00	9,147.00	1.09%
CAROLINA BANK & TRUST COMPANY	LAMAR	588,349.00	8,170.00	1.39%
BANK OF SOUTH CAROLINA, THE	CHARLESTON	361,060.00	4,257.00	1.18%
COUNTYBANK	GREENWOOD	387,762.00	3,375.00	0.87%
PALMETTO STATE BANK	HAMPTON	229,550.00	3,890.00	1.69%
ANDERSON BROTHERS BANK	MULLINS	1,767,794.00	29,533.00	1.67%

	Total Loans 12/31/2025	ACL $ 12/31/2025	ACL % 12/31/2025
Minimum:	229,550.00	2,203.00	0.49%
Median:	807,660.00	9,553.50	1.12%
Average:	1,000,402.55	11,883.95	1.20%
Maximum:	3,847,081.00	42,280.00	1.97%

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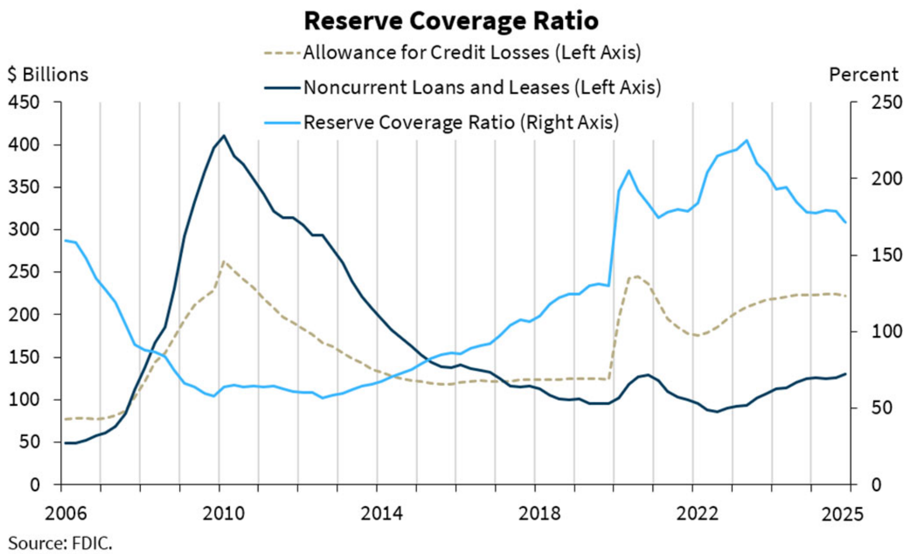
US Banks Allowance Levels



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Total assets	**$ 80,000**	**100%**

97.55% earning assets

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Yields on Earning Assets

(dollars in thousands)	2025 Average Balance	2025 Interest and Fees	2025 Yield / Rate	2024 Average Balance	2024 Interest and Fees	2024 Yield / Rate
	For the Years Ended December 31,					
Earning Assets:						
Cash and due from banks	$ 21,449	$ 484	2.26 %	$ 20,546	$ 534	2.60 %
Federal funds sold	66,287	2,901	4.38	69,490	3,751	5.40
Investment securities	338,498	15,534	4.59	352,681	16,046	4.55
Loans:						
Loans held for sale	167,670	13,308	7.94	123,310	10,272	8.33
Gross loans held for investment	1,511,831	95,486	6.32	1,418,022	93,046	6.56
Total earning assets	2,105,735	127,713	6.07	1,984,049	123,649	6.23
Noninterest-earning assets	100,807			103,204		
Total assets	$ 2,206,542			$ 2,087,253		

95% earning assets

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SC Banks Asset Growth Rates

$1.45bn
12/31/2025
Avg. Assets

$1.34bn
12/31/2024
Avg. Assets

$112.08M
Avg. Asset Growth ($)

8.38%
Avg. Asset Growth (%)

12/31/2025

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The Balance Sheet

Assets = Liabilities + Equity

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Exhibit 1 - Bank Liabilities & Equity

Liabilities & Stockholders' Equity		
Deposits		
Noninterest-bearing transaction accounts	$ 8,680	10.85%
Interest-bearing transaction accounts	9,730	12.16%
Savings & MMDAs	14,000	17.50%
Time Deposits less than $250,000	30,560	38.20%
Time Deposits greater than $250,000	7,820	9.78%
Total deposits	70,790	88.49%
Federal funds purchased and securities sold under agreements to repurchase	470	0.59%
FHLB Advances	200	0.25%
Subordinated debt	800	1.00%
Other liabilities	620	0.78%
Total liabilities	72,880	91.10%
Stockholders' Equity		
Common Stock	2,000	2.50%
Surplus (Additional Paid in Capital)	1,000	1.25%
Retained earnings	4,000	5.00%
Unrealized gains (losses), net of tax	120	0.15%
Total stockholders' equity	7,120	8.90%
Total liabilities & stockholders' equity	**$ 80,000**	**100%**

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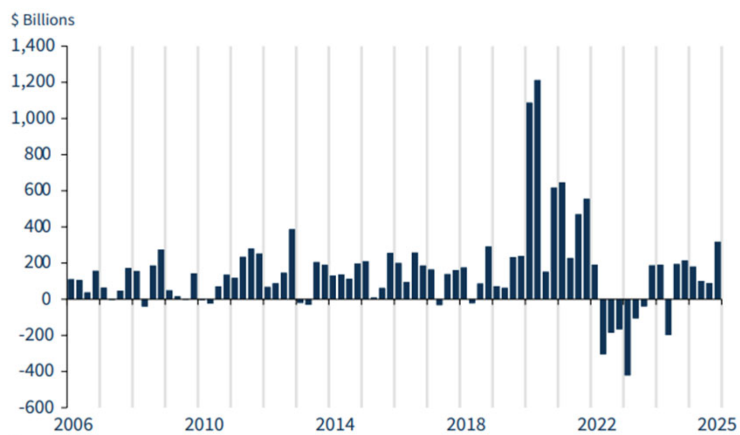
US Banks Deposit Trends

Quarterly Change in Domestic Deposits

All FDIC-Insured Institutions



Source: FDIC.

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Deposits

- Transaction Accounts/ Demand Deposits (Core Deposits)
  - Noninterest-bearing
  - Interest-bearing
- Savings & Money Market Deposit Accounts
- Time Deposits (Certificates of Deposit)
  - Large or Jumbo (>$250K) considered "volatile" and rate sensitive
  - Brokered deposits
    - A borrowed funds option at the bank level (**not** a customer product)
    - Must be well capitalized to access
  - Reciprocal Deposits (provides FDIC insurance on balances >$250K)
    - CDARS & ICS via IntraFi Network

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Cost of Deposits

	For the Years Ended December 31,					
	2025			2024		
(dollars in thousands)	Average Balance	Interest and Fees	Yield / Rate	Average Balance	Interest and Fees	Yield / Rate
Interest-bearing liabilities:						
Demand deposits	$ 199,395	$ 1,506	0.76 %	$ 179,495	$ 816	0.45 %
Money market deposits	593,291	18,500	3.12	598,621	22,349	3.73
Savings deposits	35,179	177	0.50	38,074	189	0.50
Time deposits	793,184	32,097	4.05	651,974	30,089	4.62
Total interest-bearing deposits	1,621,049	52,280	3.23	1,468,164	53,443	3.64
Borrowings	22,362	1,543	6.90	85,505	4,884	5.71
Total interest-bearing liabilities	$ 1,643,411	$ 53,823	3.28 %	$ 1,553,669	$ 58,327	3.75 %
Noninterest-bearing liabilities:						
Noninterest-bearing deposits	$ 307,464			$ 323,949		

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Core Deposits are KING!

- Stability
- Lower funding costs
- Relationship banking
- Cross-selling opportunities

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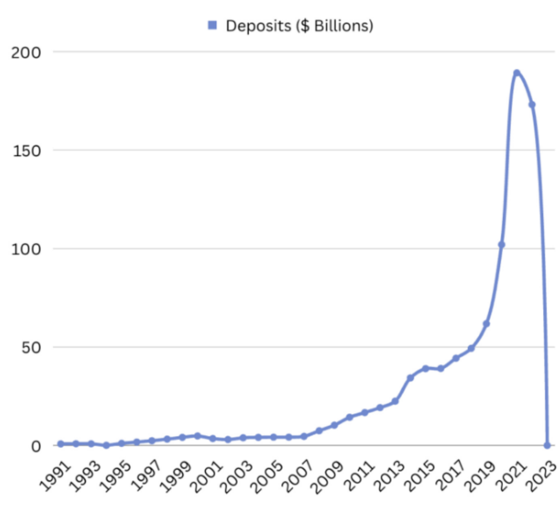
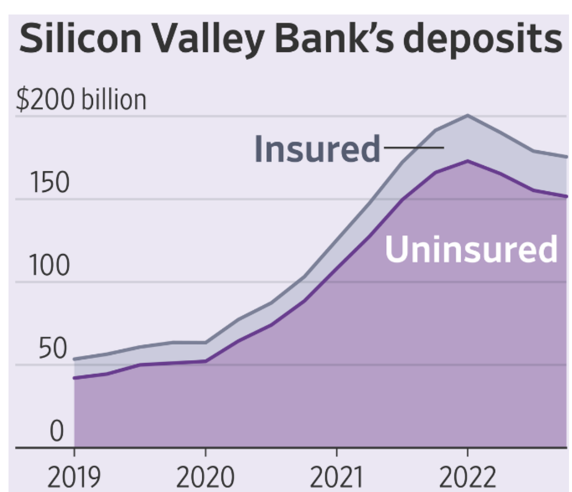
Silicon Valley Bank- Excess Liquidity Problem





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Total stockholders' equity	7,120	8.90%
Total liabilities & stockholders' equity	**$ 80,000**	**100%**

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Other Interest-Bearing Liabilities

- Other Interest-Bearing Liabilities:
  - Federal Funds Purchased
    - The “other side” of Fed Funds Sold (Cash Equivalent)
  - Repurchase Agreements
    - The “other side” of Repos (Cash Equivalent)
  - The Discount Window & other Federal Reserve Bank programs
    - i.e. BTFP PPPLF, etc.
  - Correspondent bank lines of credit
  - Federal Home Loan Bank (FHLB) Advances
    - Secured by investments or eligible loans as collateral

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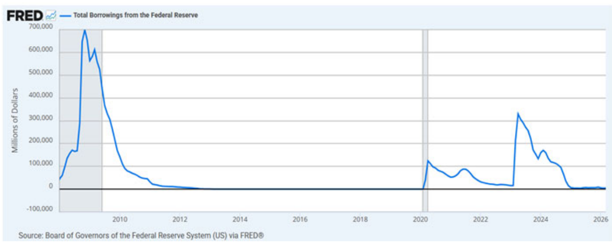
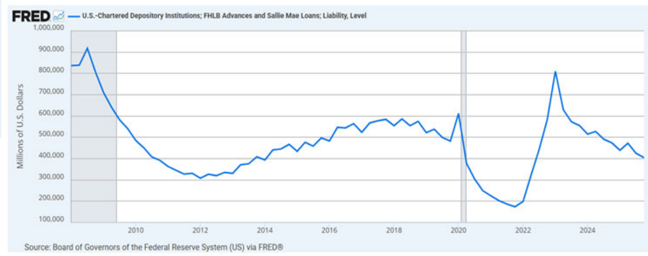
Other Borrowings

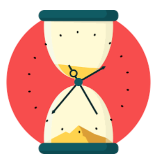
Federal Reserve (Discount Window)



Overnight → 90 days

FHLB





Overnight → 30 YEARS

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Cost of Funds

	Three months ended March 31, 2024				
Liabilities		Average Balance		Interest Earned/Paid	Yield/ Rate
Interest-bearing liabilities					
Interest-bearing transaction accounts	$	290,765	$	678	0.94%
Money market accounts		407,177		3,385	3.34%
Savings deposits		116,379		114	0.39%
Time deposits		283,933		3,026	4.29%
Fed funds purchased		2		—	0.00%
Securities sold under agreements to repurchase		87,056		609	2.81%
FHLB Advances		83,736		1,059	5.09%
Other long-term debt		14,964		308	8.28%
Total interest-bearing liabilities		1,284,012		9,179	2.88%
Cost of deposits, including demand deposits					1.90%
Cost of funds, including demand deposits					2.16%
Net interest spread					2.02%
Net interest income/margin			$	12,077	2.78%
Net interest income/margin (tax equivalent)			$	12,117	2.79%

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Cost of Funds

	Three months ended March 31, 2025		
	Average Balance	Interest Earned/Paid	Yield/ Rate
Liabilities			
Interest-bearing liabilities			
Interest-bearing transaction accounts	$ 331,897	$ 965	1.18%
Money market accounts	440,282	3,319	3.06%
Savings deposits	113,070	79	0.28%
Time deposits	333,615	3,246	3.95%
Fed funds purchased	2	—	0.00%
Securities sold under agreements to repurchase	130,779	814	2.52%
FHLB Advances	—	—	NA
Other long-term debt	14,964	269	7.29%
Total interest-bearing liabilities	1,364,609	8,692	2.58%
Demand deposits	450,554		
Cost of deposits, including demand deposits			1.85%
Cost of funds, including demand deposits			1.94%
Net interest spread			2.42%
Net interest income/margin		$ 14,390	3.12%
Net interest income/margin (tax equivalent)		$ 14,441	3.13%

Paid off! Saving $1MM in interest expense

Rate decreases in MMDAs and CDs

Lower cost of funds

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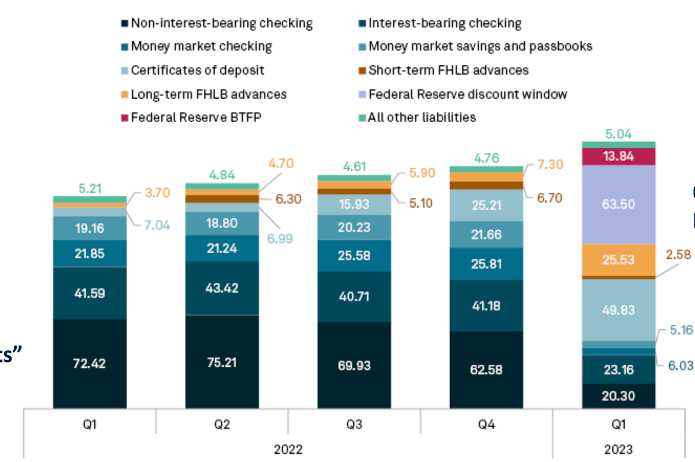
First Republic Bank

First Republic Bank's liabilities ($B)



63% Discount Window NOT GREAT!

49% CDs – likely brokered

72% "core deposits" GREAT!

Runoff starts

Data compiled April 28, 2023.
Federal Reserve BTFP = Fede… Program; FHLB = Federal Home Loan Bank.
Data based on First Republic Bank's GAAP filings.
Source: S&P Global Market Intelligence.

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Subordinated Debt & Equity

- Subordinated notes & debentures (i.e. Sub Debt)
  - “Mezzanine” equity
  - Qualifies as Tier 2 capital
  - Paid out after depositors in the event of failure
  - Commonly issued as 5-year fixed rate, floating thereafter, 10-year term
- Stockholders (or Shareholders Equity)
  - Common/Preferred Stock
  - Additional Paid in Capital
  - Retained Earnings
  - Accumulated Other Comprehensive Income (Loss)

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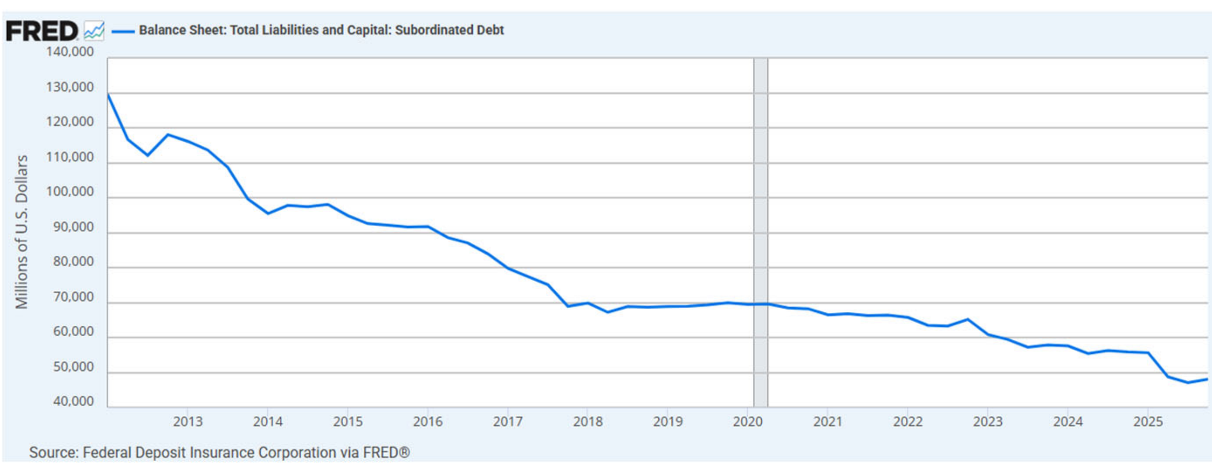
Subordinated Debt

Subordinated Debt

Term: (generally) 10 YRS, fixed rate for 5 YRS, callable after 5 YRS



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Equity Composition

	Years Ended December 31,	
	2025	2024
Shareholders' Equity		
Preferred stock, $1.00 par value, 10,000,000 shares authorized, no shares issued or outstanding	—	—
Voting common stock, $1.00 par value, 50,000,000 shares authorized, 10,868,256 and 8,098,117 shares issued and outstanding at December 31, 2025 and 2024, respectively.	10,868	8,098
Nonvoting common stock, $1.00 par value, 10,000,000 shares authorized, 1,112,156 and 2,172,029 shares issued and outstanding at December 31, 2025 and 2024, respectively	1,112	2,172
Capital surplus	189,882	158,755
Retained earnings	66,886	41,994
Accumulated other comprehensive loss	(9,219)	(15,787)
Total shareholders' equity	259,529	195,232

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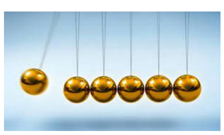
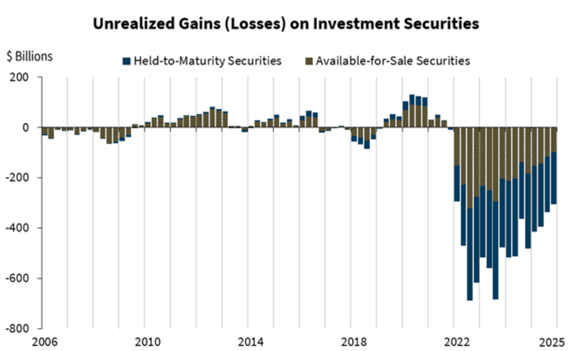
AOCI/L -> Interest Rates/Bond Prices





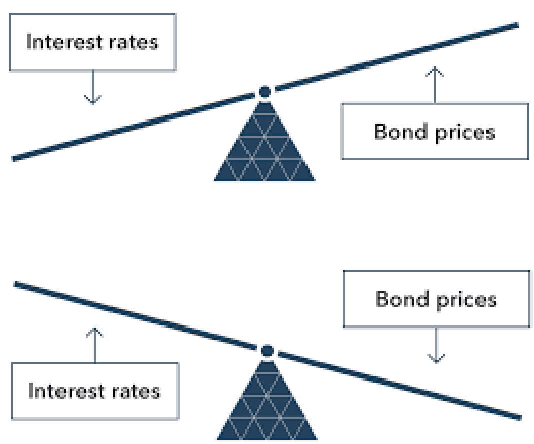


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Exhibit 2 – Interest Income & Expense

	Year Ended 12/31/20X1	% of Operating Income
Interest Income		
Loans, including fees	$ 5,425	59.0%
Investments		
Taxable securities	1,026	11.2%
Tax-exempt securities	521	5.7%
Other and restricted equity securities	95	1.0%
Federal funds sold & repos	251	2.7%
Interest-bearing deposits in financial institutions	182	2.0%
Total interest income	7,500	22.6%
Interest Expense		
Deposits		
Interest-bearing deposits	523	5.7%
Savings & MMDAs	777	8.4%
Time Deposits less than $250,000	2,260	24.6%
Time Deposits greater than $250,000	618	6.7%
Short-term borrowings	30	0.3%
Subordinated debt	92	1.0%
Total interest expense	4,300	46.7%
Net interest income	3,200	34.8%
Provision for loan losses	450	4.9%
Net interest income after provision	2,750	29.9%

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Net Interest Income

- Interest Income
  - Sum of interest earned on "Earning Assets"
  - Generally presented from high to low (yield/contribution)
  - Distinction for taxable and tax-exempt interest
- Interest Expense
  - Sum of interest paid on "Interest Bearing Liabilities"
  - Cost of Funds
- Net Interest Income
  - Primary component of a bank's income statement
  - Crucial in determining bank profitability
  - Demonstrates interest rate risk management

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Net Interest Income

(Dollars in thousands except per share amounts)		As of or For the Years Ended December 31, 2024		2023		2022
Results of Operations:						
Interest income	$	89,422	$	72,697	$	51,117
Interest expense		37,382		23,805		3,174
Net interest income		52,040		48,892		47,943
Provision for (release of) credit losses		809		1,129		(152)
Net interest income after provision for (release of) credit losses		51,231		47,763		48,095
Non-interest income		14,004		10,421		11,569
Non-interest expenses		47,465		43,144		41,253
Income before taxes		17,770		15,040		18,411
Income tax expense		3,815		3,197		3,798
Net income		13,955		11,843		14,613
Net income available to common shareholders		13,955		11,843		14,613

Drastic changes in Interest Income & Interest Expense, but modest increase in Net Interest Income!!

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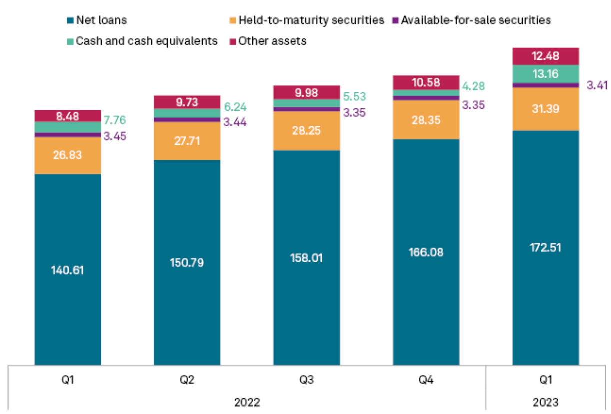
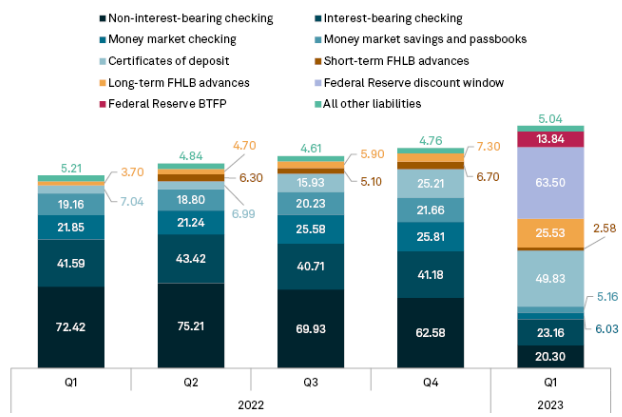
First Republic Bank Tangent

First Republic Bank's total assets ($B)



First Republic Bank's liabilities ($B)



Drastic "Mix Shift" in Liabilities

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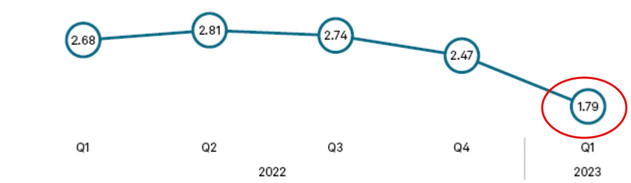
First Republic Bank Tangent

	Balance ($B)	Balance Change YOY (%)	Yield (%)	Yield Change YOY (bps)
Interest-bearing deposits with banks	6.37	-43.8	4.70	452
Total investment securities	33.55	19.8	3.08	4
Loans:				
Residential real estate	103.67	25.8	3.18	43
Multifamily	21.91	34.5	3.70	25
Commercial real estate	10.95	26.8	4.15	38
Multifamily/commercial construction	2.28	18.1	6.02	140
Business	18.65	-1.7	5.82	261
Other	10.82	19.4	4.62	256
Total loans	**168.27**	**22.6**	**3.73**	**79**
Total interest-earning assets	**208.71**	**18.1**	**3.66**	**88**

	Balance at 03/31/23 ($B)	Average balance ($B)	Average balance Change YOY (%)	Average yield (%)	Average yield Change YOY (bps)
Deposits:					
Interest-bearing checking	23.16	35.22	-12.8	0.91	90
Money market checking	6.03	22.41	3.5	2.80	271
Money market savings and passbooks	5.16	17.95	0.2	2.43	228
Certificates of deposit	49.83	29.54	309.3	2.93	253
Total interest-bearing deposits		**105.12**	**20.6**	**2.14**	**205**
Borrowings:					
Federal Reserve discount window	63.50	16.30	NM	4.85	NM
Federal Reserve Bank Term Funding Program	13.84	2.32	NM	4.57	NM
Short-term FHLB advances	2.58	8.72	NM	4.80	NM
Long-term FHLB advances	23.53	9.94	168.8	2.99	204
Total borrowings		**39.24**	**616.5**	**4.33**	**258**
Total interest-bearing liabilities		**144.36**	**55.8**	**2.73**	**254**

First Republic Bank's net interest margin trend (%)



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Rate Volume Table

(In thousands)	2024 versus 2023 Increase (decrease) due to Volume	Rate	Net
Assets			
Earning assets			
Loans	$ 7,267	$ 6,847	$ 14,114
Investment securities-taxable	(57)	6	(51)
Investment securities- nontaxable	(1,704)	1,073	(631)
Interest bearing deposits in other banks	3,366	(73)	3,293
Fed Funds sold	—	—	—
Total earning assets	8,872	7,853	16,725
Interest-bearing liabilities			
Interest-bearing transaction accounts	21	1,670	1,691
Money market accounts	1,619	2,484	4,103
Savings deposits	(53)	176	123
Time deposits	4,699	3,994	8,693
Fed funds purchased	(74)	23	(51)
Securities sold under agreements to repurchase	59	466	525
FHLB Advances	(1,627)	90	(1,537)
Other long-term debt	—	30	30
Total interest-bearing liabilities	4,644	8,933	13,577
Net interest income	4,228	(1,080)	$ 3,148

Increase in income more due to volume

Increase in expense more due to rate

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Exhibit 5 – Asset Mix Comparison

Earning Assets (Actual)	Balance	% of EA	Income	Yield
Time Deposits at other institutions	2,200	2.94%	182	8.27%
Federal Funds Sold & Repos	3,380	4.51%	251	7.43%
Investment Securities	17,410	23.23%	1,642	9.43%
Loans	51,950	69.32%	5,425	10.44%
	74,940	100.00%	7,500	10.01%

Scenario 1 (Adjust Mix)	Balance	% of EA	Income	Yield
Time Deposits at other institutions	-	0.00%	-	0.00%
Federal Funds Sold & Repos	1,000	1.33%	74.3	7.43%
Investment Securities	17,410	23.23%	1,642	9.43%
Loans	56,430	75.30%	5,904	10.46%
	74,840	100.00%	7,620	10.18%

Increased income!

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Exhibit 5 – Liability Mix Comparison

Interest-Bearing Liabilities (Actual)	Balance	% of IBL	Expense	Yield
Interest Checking Accounts	9,730	15.30%	523	5.38%
Money Market & Savings	14,000	22.02%	777	5.55%
CDs	38,380	60.36%	2,878	7.50%
Total Deposits	62,110	97.69%	4,178	6.73%
Short-term Borrowings	470	0.74%	30	6.38%
Subordinated Debt	1,000	1.57%	92	9.20%
	63,580	100.00%	4,300	6.76%

Scenario 1 (Adjust Mix)	Balance	% of IBL	Expense	Yield
Interest Checking Accounts	19,730	31.03%	1,061	5.38%
Money Market & Savings	24,000	37.75%	1,332	5.55%
CDs	18,380	28.91%	1,378	7.50%
Total Deposits	62,110	97.69%	3,771	6.07%
Short-term Borrowings	470	0.74%	30	6.38%
Subordinated Debt	1,000	1.57%	92	9.20%
	63,580	100.00%	3,893	6.12%

Lower expense!

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Exhibit 2 – Interest Income & Expense

		Year Ended 12/31/20X1	% of Operating Income
Interest Income			
Loans, including fees	$	5,425	59.0%
Investments			
Taxable securities		1,026	11.2%
Tax-exempt securities		521	5.7%
Other and restricted equity securities		95	1.0%
Federal funds sold & repos		251	2.7%
Interest-bearing deposits in financial institutions		182	2.0%
Total interest income		7,500	22.6%
Interest Expense			
Deposits			
Interest-bearing deposits		523	5.7%
Savings & MMDAs		777	8.4%
Time Deposits less than $250,000		2,260	24.6%
Time Deposits greater than $250,000		618	6.7%
Short-term borrowings		30	0.3%
Subordinated debt		92	1.0%
Total interest expense		4,300	46.7%
Net interest income		3,200	34.8%
Provision for loan losses		450	4.9%
Net interest income after provision		2,750	29.9%

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Provision for Credit Losses

- The Provision is a non-cash expense (estimate future losses)
  - DR: Provision for Credit Losses (Expense)
    - CR: Allowance for Credit Losses (Contra-Asset)
- Charge-Offs are not an expense
  - DR: Allowance for Credit Losses (Contra-Asset)
    - CR: Loans (Asset)
- Recoveries are not income
  - DR: Cash (Asset)
    - CR: Allowance for Credit Losses (Contra Asset)

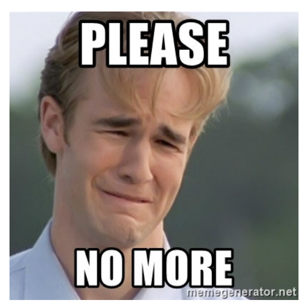

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Exhibit 2 – Noninterest Income & Expense

Noninterest Income		
Service charges	1,037	11.3%
Fee income	314	3.4%
Gain on loan sales	100	1.1%
Securities gains	60	0.7%
Other income	189	2.1%
Total noninterest income	1,700	18.5%
Noninterest Expense		
Salaries & employee benefits	1,388	15.1%
Occupancy expense	229	2.5%
Data processing and software	271	2.9%
Other noninterest expense	812	8.8%
Total noninterest expense	2,700	47.8%
Income before taxes	1,750	19%
Income tax expense	410	4%
Net income	**$ 1,340**	**14.6%**
Earnings per share	$ 1.34	
Weighted average shares outstanding	1,000	

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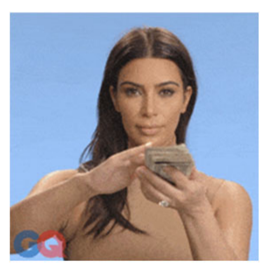
Non-Interest Income/Expense

- Noninterest (Other) Income
  - Fees, Commissions, other products (i.e. investments, insurance)
  - Gains on Sale of assets (i.e. mortgage loans, investments, etc.)
  - Larger share of income statement for larger banks
- Noninterest (Overhead) Expense
  - Personnel **(#1!)**
  - Occupancy/Equipment
  - Software/Data Processing
  - "Other"
- Burden = Overhead Expenses – Other Income



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Non-Interest Income

(In thousands)	Year ended December 31, 2024	2023	2022
Deposit service charges	952	963	960
Mortgage banking income	2,368	1,406	1,900
Investment advisory fees and non-deposit commissions	6,181	4,511	4,479
Loss on sale of securities	—	(1,249)	—
Gain (loss) on sale of other real estate owned	—	151	(45)
Loss on sale of other assets	(5)	—	(73)
Other non-recurring income	105	121	7
ATM debit card income	2,758	2,771	2,706
Recurring income on bank owned life insurance	799	745	721
Rental income	395	370	322
Other service fees including safe deposit box fees	230	230	251
Wire transfer fees	123	119	132
Other	98	283	209
Total	$ 14,004	$ 10,421	$ 11,569

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Non-Interest Expense

(In thousands)	Year ended December 31, 2024	2023	2022
Salaries and employee benefits	$ 29,263	$ 25,864	$ 25,357
Occupancy	3,094	3,157	3,002
Equipment	1,451	1,566	1,343
Marketing and public relations	1,511	1,496	1,259
FDIC Insurance assessments	1,177	904	468
Other real estate expense (income)	103	(112)	308
Amortization of intangibles	158	158	158
Core banking and electronic processing and services	2,736	2,512	2,469
ATM/debit card processing	1,280	1,074	885
Software subscriptions and services	1,260	1,008	896
Supplies	151	134	134
Telephone	517	485	354
Courier	296	284	279
Correspondent services	303	354	303
Insurance	406	381	358
Debit card and Fraud losses	199	422	285
Investment advisory services	344	329	409
Loan processing and closing costs	236	331	266
Director fees	603	601	488
Legal and Professional fees	1,205	1,042	1,177
Shareholder expense	277	197	221
Other	895	957	834
	$ 47,465	$ 43,144	$ 41,253

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CAMELS Rating/ Bank Examination

- Regulators score banks' "Safety & Soundness" in 6 categories:
  - C = Capital Adequacy
  - A = Asset Quality*
  - M = Management Quality
  - E = Earnings Quality
  - L = Liquidity
  - S = Sensitivity to Market Risk
- A composite score is issued along with supervisory recommendations
  - Exam results & recommendations are strictly confidential
  - Consent Orders are publicly posted

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Overview of Banking Risk

- Credit Risk
- Interest-Rate Risk
- Liquidity Risk
- Capital Risk
- Operational Risk
- Off-Sheet Risk
- Foreign Exchange Risk

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Credit Risk (Asset Quality)

- Credit Risk = risk of default
- Mitigated by *credit analysis*
- Different asset types carry different credit risk
  - Securities (external credit ratings)
  - Loans (internal credit ratings)
- Measures of credit risk:
  - Loan-to-asset and loan-to-deposit ratios
  - Asset Quality ratios:
    - Net charge offs to total loans ratio
    - Non-accrual and past due loans to total loans ratio
    - Allowance to total loans ratio

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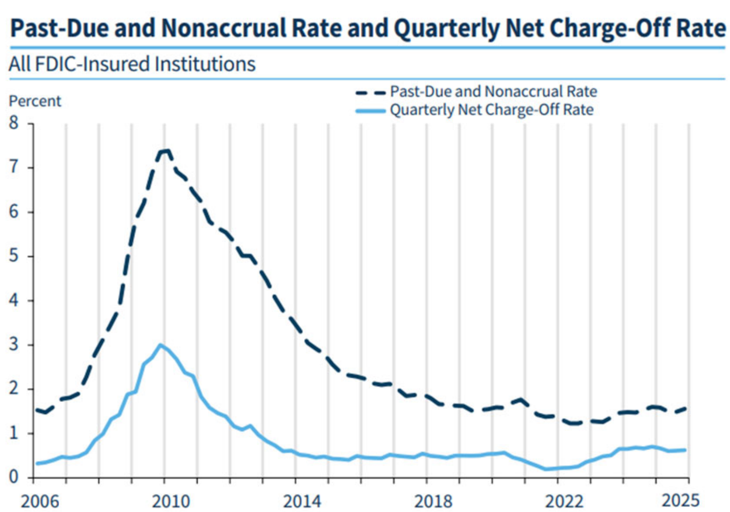
Asset Quality Trends



Source: FDIC.

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Interest Rate Risk

- Variation in Net Interest Income caused by changes in market rates
  - "Rate sensitive" assets and liabilities reprice with rate changes
  - Impact is not equal
- GAP analysis measures $ difference between rate sensitive assets & rate sensitive liabilities
  - <90 days, 3-6 mos, 6-12 mos, 1-3 years, 3-5 years, >5 years
  - Greater the difference = greater risk
- Asset Liability Modeling used for analysis
  - "Rate Shocks" demonstrate changes in Net Interest Income and Equity
- Interest rate changes also cause changes in asset *prices*
  - i.e. Unrealized losses in Bond portfolio in rising rate environment

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GAP Analysis

		DAILY	< 3 MO.	3-6 MO. <	6-12 MO. <	1-5 YR. <	5 YR.
INVESTMENTS		-	-	403,000	2,911,753	83,120,410	15,557,343
EXCESS FUNDS AT FRB		36,121,053	-	-	-	-	-
LOANS		136,783,050	20,053,502	15,352,749	23,817,635	90,066,477	230,768
TOTALS	235,442,742	172,904,103	20,053,502	15,755,749	26,729,388	173,186,887	15,788,111
NOW		98,189,287	-	-	-	-	-
MMA		85,841,275	-	-	-	-	-
REGULAR SAVINGS/ATS		31,802,312	-	-	-	-	-
CD's<250M		65,240	7,306,511	3,439,271	5,080,809	2,268,244	-
CD's>250M		-	4,397,004	561,126	2,984,213	-	-
TOTALS	239,667,048	215,898,114	11,703,515	4,000,397	8,065,022	2,268,244	-
NET	98.24%	(42,994,011)	8,349,987	11,755,352	18,664,366	170,918,643	15,788,111
CUMULATIVE			(34,644,024)	(22,888,672)	(4,224,306) (4,224)	166,694,337	182,482,447

Liability sensitive → **Asset sensitive** →

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Rate Shock – NIM Simulation

Rate Change Immediate	-400bp	-300bp	-200bp	-100bp	Current	+100bp	+200bp	+300bp	+400bp
Int. Income									
FFS, Repos & Bank CD	0	0	97	300	503	706	909	1,112	1,315
Loans	9,818	11,516	13,198	14,864	16,513	18,271	20,024	21,769	23,507
Securities (Tax Eqv.)	2,589	2,589	2,614	2,685	2,756	2,827	2,898	2,970	3,041
Total Interest Income	**12,406**	**14,104**	**15,909**	**17,849**	**19,773**	**21,804**	**23,832**	**25,851**	**27,864**
Int. Expense									
Interest Bearing Checking	0	0	0	0	49	247	444	642	839
MMDA	0	0	170	340	510	680	850	1,019	1,189
Savings	0	0	70	140	210	280	350	420	490
CDs	89	95	122	149	177	204	232	259	287
Fed Funds & Borrowings	0	0	0	0	0	0	0	0	0
Total Costs of Funds	**89**	**95**	**362**	**629**	**946**	**1,411**	**1,876**	**2,340**	**2,805**
Net Interest Income	**12,318**	**14,010**	**15,547**	**17,220**	**18,827**	**20,394**	**21,956**	**23,511**	**25,058**
Actual Dollar Risk	(6,509)	(4,817)	(3,280)	(1,607)		1,567	3,129	4,684	6,231
Percent of Risk	(34.57)%	(25.59)%	(17.42)%	(8.54)%		8.32 %	16.62 %	24.88 %	33.10 %
Percent of Avg. Assets	(1.49)%	(1.10)%	(0.75)%	(0.37)%		0.36 %	0.72 %	1.07 %	1.43 %

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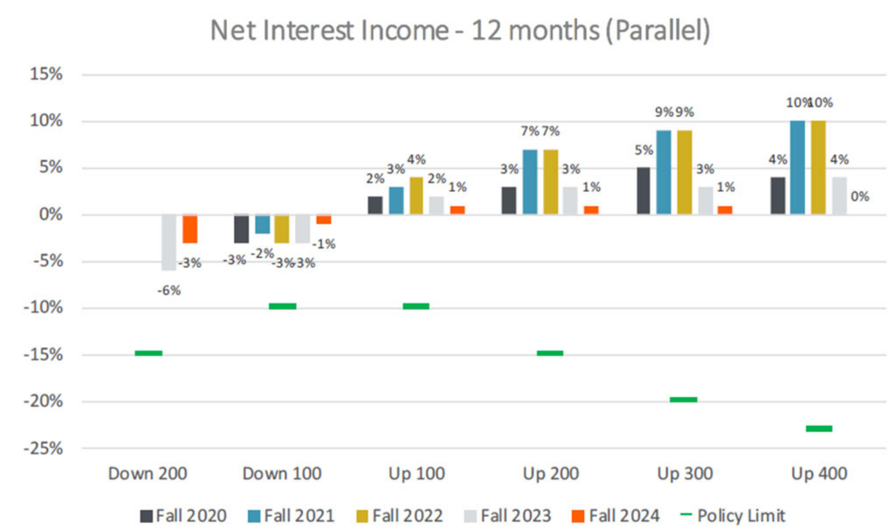
Rate Shock Scenarios



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Liquidity Risk

- Liquidity = ease of converting assets to cash
- Cash & Cash Equivalents
- Sale of securities
  - Must be “available-for-sale”
  - Unrealized loss position = illiquid
  - Ladder strategy
- Availability/Access to Borrowings
  - Fed Funds / Discount Window
  - FHLB borrowings
  - Sub Debt

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Capital Risk

- Capital measures the overall solvency risk of a bank
  - Capital is a “buffer” or safety margin to absorb losses
- Sources of capital risk (potential losses):
  - High credit risk* = loan charge-offs, losses
  - High interest rate risk = diminished earnings
  - High liquidity risk = sell unfavorable assets or pay premium for borrowings
- Minimum Capital Ratios are established by bank regulators

Dollars in thousands		Prompt Corrective Action (PCA) Requirements	
Capital Ratios	Actual	Well Capitalized	Adequately Capitalized
March 31, 2022			
Leverage Ratio	8.43%	5.00%	4.00%
Common Equity Tier 1 Capital Ratio	13.89%	6.50%	4.50%
Tier 1 Capital Ratio	13.89%	8.00%	6.00%
Total Capital Ratio	15.03%	10.00%	8.00%

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Community Bank Leverage Ratio - SCBS

- CBLR = Tier 1 Capital / Average Total Consolidated Assets
  - Tier 1 Capital
    - Common stock + APIC + Retained Earnings
    - Less: intangibles, AOCI (if elected)
  - Average total consolidated assets
- Requirement: > than 8%*

Balance Sheet Information for SCBS Bank
Average Balances (In Thousands)

Stockholders' Equity	
Common Stock	2,000
Surplus (Additional Paid in Capital)	1,000
Retained earnings	4,000
Unrealized gains (losses), net of tax	120
Total stockholders' equity	7,120
Total assets	**$ 80,000**

7,000/80,000 = 8.75%

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Analyzing Performance

- Ratio analysis provides method to compare performance **over time** & **relative to peers**
- Fundamental tradeoff between bank profitability and risk
  - A bank with above average profits takes on above average risk or realizes a competitive advantage in a product or service
  - Different-sized banks exhibit different profitability and risk profiles because they serve different types of customers and operate in different geographic markets
- Peer data is publicly available (i.e. S&P, UPBR, others)

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S&P, UBPR

S&P Capital IQ PRO | Search | Shortcuts | Dashboard | Documents | News | Research | Screener | Sustainability

Screener Home | Companies | Transactions | Securities | Geographic Intelligence | Key Developments | Find Buyers | Industry & Asset Data | Commercial Prospecting | Market Data | In

Regulated Depositories (U.S.) | NEW SCREEN

CRITERIA

RESULTS (35)

DISPLAY COLUMNS

Custom Screener Report 1

COMPANY NAME	SNL INSTITUTION KEY	CITY	STATE	TOTAL ASSETS MSTRCTYEAR ($000)	ROAA MSTRCTYE... (%)	ROAE MSTRCTYEAR (%)	NET INTEREST MARGIN MSTRCTYEAR (%)	EFFICIENCY RATIO (FTE) MSTRCTYEAR (%)
Bank of York	1015341	York	SC	301,506	1.85	16.91	4.66	48.72
The Peoples Bank	1007614	Iva	SC	423,768	1.59	17.14	4.00	59.78
Farmers and Merchants Bank of South Carolina	1007571	Holly Hill	SC	540,611	1.56	14.46	3.86	52.91
Carolina Bank & Trust Company	1008435	Florence	SC	784,699	1.45	11.68	3.91	50.43
Bank of Greeleyville	1009720	Greeleyville	SC	139,116	1.33	13.78	4.50	70.02

Print UBPR Report - FFIEC Central Data Repository's Public Data Distribution - Google Ch

cdr.ffiec.gov/Public/Reports/UbprReportPrint.html

FDIC Certificate # 34047
OCC Charter # 0
Public Report

FRB District/ID_RSSD 5 / 2328137
County: LEXINGTON

	03/31/2025 BANK	PG 4	PCT
Earnings and Profitability			
Percent of Average Assets:			
Interest Income (TE)	4.63	5.24	16
- Interest Expense	1.69	1.97	33
Net Interest Income (TE)	2.94	3.28	31
+ Noninterest Income	0.77	0.60	73
- Noninterest Expense	2.40	2.46	49
Pre-Provision Net Revenue (TE)	1.31	1.45	43
- Provision: Credit Losses	0.09	0.09	57
- Provision: Credit Loss Oth Assets	0.00	0.00	19
Pretax Operating Income (TE)	1.22	1.34	44
+ Realized Gains/Losses Sec	0.00	0.00	92
+ Unrealized Gains / Losses Equity Sec	0.00	0.00	84
Pretax Net Operating Income (TE)	1.22	1.34	44
Net Operating Income	0.94	1.09	41
Net Inc Attrib to Min Ints	0.00	0.00	98
Net Income Adjusted Sub S	0.94	1.04	43
Net Income	0.94	1.09	41
Margin Analysis:			
Avg Earning Assets to Avg Assets	94.57	95.49	32
Avg Int-Bearing Funds to Avg Assets	67.51	72.56	27
Int Inc (TE) to Avg Earn Assets	4.89	5.49	17
Int Expense to Avg Earn Assets	1.78	2.07	33
Net Int Inc-TE to Avg Earn Assets	3.11	3.44	32

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Exhibit 3 - Profitability Ratios

Exhibit 3

Profitability Measures for SCBS Bank vs. Peer Banks

	SCBS Bank	Peer Banks
ROE = Net income/Total equity	18.82%	15.74%
ROA = Net income/Total assets	1.68%	1.29%
EB = Earning assets/Total assets	90.68%	91.50%
Net interest margin = Net income/Earning assets	4.41%	4.01%
OH = Noninterest expense/(NII + Noninterest income)	60.67%	60.17%

Footnotes:
Earning assets: $2,200 + $3,380 + $16,760 + $50,200 = $72,540

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Net Interest Margin (NIM)

- Net Interest Margin = NII (Net Interest Income)/ (EB) Earning Assets
  - Turning Net Interest Income into NIM allows for comparability
  - NIM is single largest variable affecting profitability
  - Smaller banks generally have larger NIMs
  - Earning Assets measures fraction of assets which produce income
  - A good NIM is = > 3.50%

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Net Interest Margin (NIM)

- Net Interest Margin = NII (Net Interest Income)/ (EB) Earning Assets
  - Net Interest Income: $3,200/
  - Earning assets: $2,200 + $3,380 + $16,760 + $50,200 = $72,540
  - NIM = 4.41%

Net interest income	3,200

Interest- bearing deposits in financial institutions	2,200
Federal funds sold and securities purchased under agreements to resell	3,380
Total cash and cash equivalents	9,280
Investment securities available-for-sale, at fair value	
U.S. Treasury securities	2,190
Federal Agency securities	7,950
Municipal securities	6,620
Total investments	16,760
Other & restricted equity securities, at cost	700
Loans Held for Sale	1,100
Loans Held for Investment	
Commercial and Industrial	17,670
Real Estate	17,740
Consumer	14,010
Other	1,430
Total loans held for investment	50,850
Less: Allowance for Credit Losses	(650)
Loans held for investment, net	50,200

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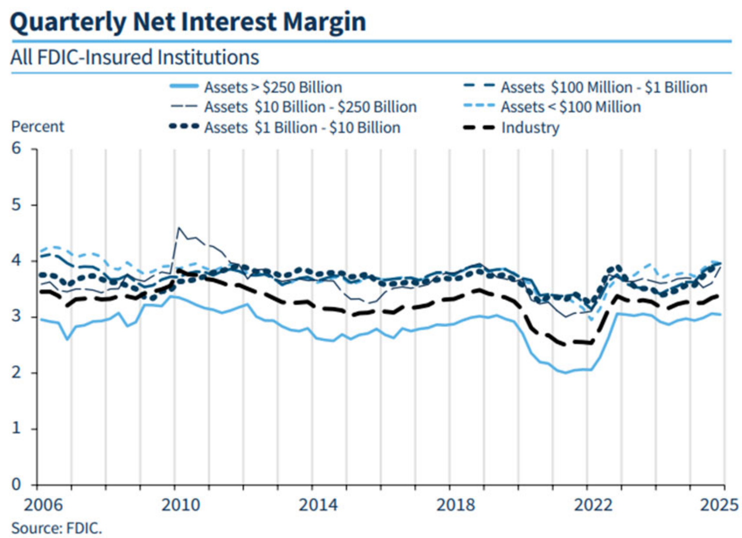
Quarterly NIMs



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Net Interest Margin

(dollars in thousands)	2025 Average Balance	2025 Interest and Fees	2025 Yield / Rate	2024 Average Balance	2024 Interest and Fees	2024 Yield / Rate
	For the Years Ended December 31,					
Earning Assets:						
Cash and due from banks	$ 21,449	$ 484	2.26 %	$ 20,546	$ 534	2.60 %
Federal funds sold	66,287	2,901	4.38	69,490	3,751	5.40
Investment securities	338,498	15,534	4.59	352,681	16,046	4.55
Loans:						
Loans held for sale	167,670	13,308	7.94	123,310	10,272	8.33
Gross loans held for investment	1,511,831	95,486	6.32	1,418,022	93,046	6.56
Total earning assets	2,105,735	127,713	6.07	1,984,049	123,649	6.23
Noninterest-earning assets	100,807			103,204		
Total assets	$ 2,206,542			$ 2,087,253		
Interest-bearing liabilities:						
Demand deposits	$ 199,395	$ 1,506	0.76 %	$ 179,495	$ 816	0.45 %
Money market deposits	593,291	18,500	3.12	598,621	22,349	3.73
Savings deposits	35,179	177	0.50	38,074	189	0.50
Time deposits	793,184	32,097	4.05	651,974	30,089	4.62
Total interest-bearing deposits	1,621,049	52,280	3.23	1,468,164	53,443	3.64
Borrowings	22,362	1,543	6.90	85,505	4,884	5.71
Total interest-bearing liabilities	$ 1,643,411	$ 53,823	3.28 %	$ 1,553,669	$ 58,327	3.75 %
Noninterest-bearing liabilities:						
Noninterest-bearing deposits	$ 307,464			$ 323,949		
Other noninterest-bearing liabilities	28,182			29,007		
Total noninterest-bearing liabilities	335,646			352,956		
Shareholders' equity	227,485			180,628		
Total liabilities and shareholders' equity	$ 2,206,542			$ 2,087,253		
Net interest income		$ 73,890			$ 65,322	
Net interest spread			2.79 %			2.48 %
Net interest margin			3.51 %			3.29 %

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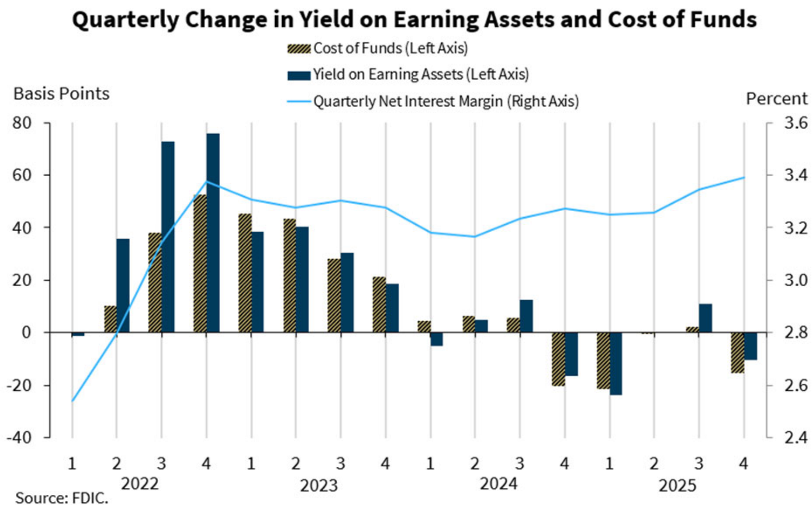
Quarterly Change in Yields & Costs



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Aggregate Profitability Ratios

- Return on Equity (ROE) = Net Income/ Stockholders' Equity
  - Great = 8-12%
- Return on Assets (ROA) = Net Income/ Total Assets
  - Great = .85% – 1.25%

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Profitability Ratios

- ROE = NI / Equity
  - Net Income: $1,340 / Equity: $7,120 = ROE: 18.82%
- ROA = NI / Assets
  - Net Income: $1,340 / Assets: $80,000 = ROA: 1.68%

Net income	$ 1,340	
Total stockholders' equity		7,120
Net income	$ 1,340	
Total assets		$ 80,000

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Efficiency Ratio

- Efficiency Ratio (OH) = noninterest expense / (net interest income + noninterest income)
  - Larger banks generally have smaller efficiency ratios than small banks
    - Economies of scale
    - More noninterest income lines of business
  - Ways to decrease (improve) efficiency ratio:
    - Reduce costs/overhead (i.e. noninterest expenses)
    - Increase revenues, especially noninterest income
  - A good efficiency ratio is = < 60%

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Efficiency Ratio

- Efficiency Ratio = noninterest expense / NII + noninterest income
  - Noninterest expense: $2,700 / NII: $2,750 + noninterest income: 1,700
  - = Efficiency Ratio: 60.67%

Total noninterest expense	2,700
Net interest income after provision	2,750
Total noninterest income	1,700

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Profitability Ratios

	As of or For the Years Ended December 31,		
	2025	2024	2023
Selected Ratios:			
Return on average assets	0.94%	0.74%	0.68%
Return on average common equity:	12.36%	10.17%	9.59%
Return on average tangible common equity (non-GAAP):	13.68%	11.44%	10.95%
Efficiency Ratio (non-GAAP)(1)	65.97%	71.56%	71.23%
Noninterest income to operating revenue(2)	21.46%	21.20%	17.57%
Net interest margin (tax equivalent)	3.23%	2.92%	3.01%
Equity to assets	8.14%	7.38%	7.17%
Tangible common shareholders' equity to tangible assets (non-GAAP)	7.47%	6.66%	6.39%
Tier 1 risk-based capital (Bank)(4)	13.11%	12.87%	12.53%
Total risk-based capital (Bank)(4)	14.16%	13.94%	13.58%
Leverage (Bank)(4)	8.66%	8.40%	8.45%
Average loans to average deposits(5)	73.35%	74.35%	73.25%

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Exhibit 4 – Risk Measures

	SCBS Bank	Peer Banks
Credit Risk		
Loans/Total assets	64.94%	61.39%
Provision for loan losses/Loans	0.87%	0.61%
Reserve for loan losses/Loans	1.25%	1.30%
Net charge-offs/Loans	0.96%	0.84%
Past due loans/Loans	0.79%	0.69%
Liquidity Risk		
Stockholders' equity/Total assets	8.90%	8.21%
Core Deposits/Total assets	78.71%	77.96%
CDs > $250,000/Total assets	9.78%	10.45%
Securities maturing < 1 year/Total assets	9.63%	11.58%
Securities : Market value/Book value	98.17%	98.81%
Capital Risk		
Stockholders' equity/Total assets	8.90%	8.21%

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Asset Quality Ratios

	As of or For the Years Ended December 31,		
	2025	2024	2023
Asset Quality Ratios:			
Non-performing assets to total assets[3]	0.02%	0.04%	0.05%
Non-performing loans to period end loans	0.02%	0.02%	0.02%
Net charge-offs (recoveries) to average loans	0.00%	0.01%	0.00%
Allowance for credit losses to period-end total loans	1.05%	1.08%	1.08%
Allowance for credit losses to non-performing assets	3,859.14%	1,683.70%	1,492.36%

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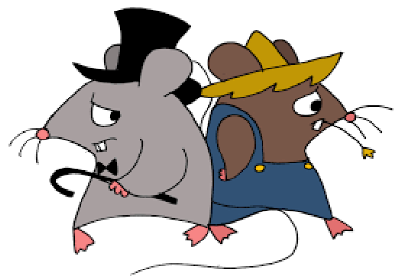
Comparing Your Bank's Performance

- Use an appropriate **time horizon**
- Establish an appropriate peer group
  - Size
  - Geographic location
  - Business strategies/ product offerings
  - Customer focus
  - Stage of life



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Best Community Banks of 2025 (<$10B)

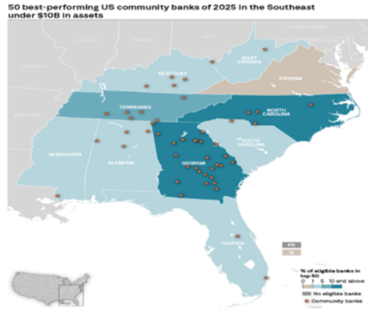
2025 Top Community Banks by Region

Top 50 Community Banks: Southeast

1st	2nd	3rd
Cumberland Security Bank Inc.	Classic City Bank	Durden Banking Co. Inc.
Somerset, KY	Athens, GA	Twin City, GA
Branches: 4	Branches: 1	Branches: 4
Gross loans and leases: $349.4M	Gross loans and leases: $187.3M	Gross loans and leases: $234.8M
Total deposits: $371.7M	Total deposits: $260.4M	Total deposits: $237.9M

Data compiled Feb. 26, 2026.
Source: S&P Global Market Intelligence.

50 best-performing US community banks of 2025 in the Southeast under $10B in assets



				Ranking metrics (%)							
Rank	Company Name	City, state	Total assets ($M)	ROAA before tax and extra1	Net interest margin	Efficiency ratio	3-year avg. operating revenue change	8-quarter avg. deposit growth	NPAs and loans 90+ PD/total assets	NCOs/avg. loans and leases	Adj. tangible common equity/tangible assets
1	Cumberland Security Bank Inc.	Somerset, KY	427.4	4.07	5.88	33.10	18.2	3.3	0.14	0.05	14.82
2	Classic City Bank	Athens, GA	294.2	2.70	4.95	42.25	32.3	4.7	0.00	0.00	11.37
3	Durden Banking Co. Inc.	Twin City, GA	283.8	3.09	5.67	48.21	15.1	0.1	0.11	0.04	17.06

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SC Banks Performance Metrics - ROA

COMPANY NAME	SNL INSTITUTION KEY	TOTAL ASSETS MSTRCTYEAR ($000)	ROAA MSTRCTYE... (%)	ROAE MSTRCTYEAR (%)	NET INTEREST MARGIN MSTRCTYEAR (%)	EFFICIENCY RATIO (FTE) MSTRCTYEAR (%)
Enterprise Bank of South Carolina	1009638	491,150	2.24	57.43	3.53	70.64
Bank of York	1015341	305,926	1.72	14.39	4.42	50.91
The Peoples Bank	1007614	439,480	1.58	16.19	4.15	61.75
Carolina Bank & Trust Company	1008435	886,375	1.51	12.19	3.98	48.71
Farmers and Merchants Bank of South Carolina	1007571	495,356	1.49	12.29	3.86	53.64
The Bank of South Carolina	1007112	576,238	1.44	14.46	4.30	57.73
Bank of Travelers Rest	1011202	1,555,193	1.41	18.29	3.12	58.84
Anderson Brothers Bank	1002263	2,207,970	1.38	16.11	6.09	59.54
The Bank of Clarendon	1001348	441,857	1.30	11.94	3.61	58.02
First National Bank of South Carolina	1008342	305,598	1.28	12.52	3.76	60.83
The Conway National Bank	1011712	1,948,354	1.23	13.01	3.14	51.61
United Community Bank	1016542	27,929,114	1.19	9.98	3.54	53.60
Arthur State Bank	1011221	814,415	1.18	18.63	4.35	68.01
Countybank	1007428	729,554	1.18	22.11	3.69	76.50
Coastal States Bank	4091657	2,304,649	1.16	11.18	3.55	56.91
Optus Bank	1991079	777,905	1.13	9.32	3.08	52.19
The Citizens Bank	1015076	1,103,926	1.13	10.81	4.11	64.20
Bank of Greeleyville	1009720	152,175	1.11	11.23	4.62	73.40
First Reliance Bank	4051704	1,091,534	1.10	11.75	3.72	67.55
First Palmetto Bank	1000531	1,056,466	1.07	11.74	3.40	62.42
First Community Bank	1024735	2,057,446	1.06	13.18	3.25	63.03

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SC Banks Performance Metrics - NIM

COMPANY NAME	SNL INSTITUTION KEY	TOTAL ASSETS MSTRCTYEAR ($000)	ROAA MSTRCTYEAR (%)	ROAE MSTRCTYEAR (%)	NET INTEREST MARGIN MSTRCTYE... (%)	EFFICIENCY RATIO (FTE) MSTRCTYEAR (%)
Anderson Brothers Bank	1002263	2,207,970	1.38	16.11	6.09	59.54
Blue Ridge Bank	1006228	193,790	0.63	7.63	4.71	79.56
Bank of Greeleyville	1009720	152,175	1.11	11.23	4.62	73.40
Bank of York	1015341	305,926	1.72	14.39	4.42	50.91
Dedicated Community Bank	1010319	103,360	0.76	9.48	4.35	76.54
Arthur State Bank	1011221	814,415	1.18	18.63	4.35	68.01
The Bank of South Carolina	1007112	576,238	1.44	14.46	4.30	57.73
The Peoples Bank	1007614	439,480	1.58	16.19	4.15	61.75
1st Federal Savings Bank of SC, Inc.	1002454	141,788	0.55	6.48	4.14	83.91
The Citizens Bank	1015076	1,103,926	1.13	10.81	4.11	64.20
Carolina Bank & Trust Company	1008435	886,375	1.51	12.19	3.98	48.71
Farmers and Merchants Bank of South Carolina	1007571	495,356	1.49	12.29	3.86	53.64
First National Bank of South Carolina	1008342	305,598	1.28	12.52	3.76	60.83
First Reliance Bank	4051704	1,091,534	1.10	11.75	3.72	67.55
Bank of the Lowcountry	1022438	410,778	0.71	11.94	3.70	72.44
Countybank	1007428	729,554	1.18	22.11	3.69	76.50
The Bank of Clarendon	1001348	441,857	1.30	11.94	3.61	58.02
Coastal States Bank	4091657	2,304,649	1.16	11.18	3.55	56.91
United Community Bank	1016542	27,929,114	1.19	9.98	3.54	53.60
Abbeville First Bank, SSB	4074115	137,411	0.83	10.24	3.54	68.55
Coastal Carolina National Bank	4200009	1,277,669	1.04	12.00	3.54	59.26

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Revisit Objectives

- Recognize the basic balance sheet and income statement components
- Explain the factors that affect a bank's CAMELS rating
- Identify credit risk, liquidity risk, interest rate risk, and capital risk
- Use the Return on Equity (ROE) model to analyze bank profitability
- Comprehend net interest margin, earning assets, and operating efficiency
- Understand performance characteristics of small and large banks
- Relate key financial concepts and data to planning and managing a bank

HSP Preview

Rising rates have increased funding costs and put pressure on net interest margins despite increasing asset yields. Using the attached HSP Data Bank selected financials, please develop answers to the following questions.

Question 1: Highlight at least 3 balance sheet items and discuss strategies to improve earnings based on what we have learned in class to improve the bank's performance (hint: look for opportunities to lower costs of funds **and** increase yields). Please explain why you chose those strategies and how you plan to implement them.

Question 3: Identify sources of liquidity on the balance sheet that you would utilize to fund a pipeline of $25MM loans in the next six months (or explain why sufficient sources do not exist and identify outside sources of liquidity you would pursue).

Question 4: Based on your understanding of the current economic conditions and the banking industry, what would you recommend as a longer-term strategy to best manage the HSP Data Bank's financial performance?