COVER SHEET FOR HOME STUDY PROBLEM
SOUTH CAROLINA BANKERS SCHOOL

SECOND YEAR CLASS— 2026 School Session

HOME STUDY PROBLEM I

Based on Lectures in **ASSET/LIABILITY MANAGEMENT**

Instructor **Mr. Jefferson Harralson**

Submitted by: Name ____

Bank ____

Bank's Mailing Address ____

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ZIP CODE

List the other members of your class with whom you worked in preparing this solution:

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I certify that this home study problem is my original work and that all writings by any other person, business, or organization, including my own bank, have been carefully documented. I have not shared my completed work with any other SCBS student nor have I read the completed work of any other students.

Signature: ____

Due Date September 9, 2026

Date Submitted ______________________________

Date SCBS Received ______________________________

Date Returned to Student ______________________________

ATTENTION STUDENT: EMAIL TO homestudy@scbankers.org OR MAIL HOME STUDY PROBLEM TO:

South Carolina Bankers School
Post Office Box 1483
Columbia, S.C. 29202

OR EXPRESS/REGISTERED MAIL TO: 2009 Park Street, Columbia, SC 29201

2026 ASSET/LIABILITY MANAGEMENT HOME STUDY PROBLEM

Step 1: Go to the FFIEC's website and locate the UBPR Report ("Uniform Bank Performance Report")

https://cdr.ffiec.gov/public

Step 2: Search for your bank's UBPR to answer the questions below OR find United Community Bank to base your answers on

What bank are you using for your analysis?___________________________________

In the UBPR's "Summary Ratios" report, find the "Margin Analysis" section and answer the following questions

1. What was your bank's net interest margin ("Net Int Inc – TE to Avg Earn Assets") in the most recent period?
2. How does your bank's net interest compare to the UBPR's selected peer group?
3. What percentile ("PCT") is your bank's most recent net interest margin result in the UBPR
4. The UBPR shows your bank's yield on average earning assets ("Int Inc (TE) to Avg Earn Assets") and your cost of funds ("Int Expense to Avg Earn Assets"). Discuss your bank's result and positioning as compared to peers.

Next, please analyze how your bank's margin has changed in the last 12 months

1. What interest rate environment has occurred in the last 12 months as a backdrop to our net interest margin change
2. How many basis points, up or down, has your bank's margin changed in the last 12 months?
3. Compare your bank's margin change in the last 12 months to the peer group – has your bank's relative margin improved as compared to peers?
4. In the last 12 months, discuss the changes in your yield on average earning assets and cost of funds and how the bank performed as compared to peers in each

Next, move to the "Asset Yields and Funding Costs" section and answer the following questions

1. What is your bank's current loan yield ("Yield on Total Loan & Leases (TE)") and how does this compare to peers
2. How has your bank's loan yield relative to peers changed over time – has it behaved better or worse than peers?
3. Given the Fed began cutting rates in September of 2024 and have cut 125 basis points since September 2024, what may be some of the reasons your bank's loan yield has outperformed or

underperformed peers? (eg. is your bank's loan portfolio likely more fixed or floating as compared to peers?)

4. What is your bank's current securities yield ("Total Investment Securities (TE)") yield and how does this compare to peers
5. How has your bank's securities yield to peers changed over time – has it behaved better or worse than peers?
6. What is your cost of all interest-bearing funds ("All Interest-Bearing Funds" and how does this compare to peers
7. How has your bank's cost of all interest-bearing funds changed over time – has it behaved better or worse than peers?
8. Still in the same section, the UBPR looks at the mix of assets - what is your bank's total loan book as a percent of assets and how does this compare to peers? How has this changed over time?

Next, move to the "Interest Rate Risk-a" section and answer the following questions

1. Review the "Short-Term Assets to Total Assets" ratio. What percentage or your bank's assets are "short term"
2. How has this ratio changed over time as compared to peers?
3. What does this ratio imply about how your bank's margin will change over time in up and down rate cycles as compared to peers?
4. Review the "Long-Term Assets to Total Assets" ratio. What percentage of your bank's assets are "long term"
5. How has this ratio changed over time as compared to peers?
6. What does this ratio imply about how your bank's margin will change over time in up and down rate cycles as compared to peers?

Next, move to the "Balance Sheet %" section and answer the following questions on the size and accounting structure of the investment portfolio

1. What percentage of the bank's earning assets are in "Available-for-Sale Securities" and how does this compare to peers?
2. What percentage of the bank's earning assets are in "Held-to-Maturity Securities" and how does this compare to peers?

Next, move to the "Liquidity and Inv Portfolio" and answer the following questions on how the investment portfolio is affecting capital and the margin

1. Under the "Securities Mix % Tier 1 Capital" heading – look at "Total Sec to Tier 1 Capital" line item – does your bank have more or less securities on its balance sheet and how has this changed over time?
2. Under the "Unrealized Appreciation/Depreciation" heading

a. What is your bank’s unrealized AFS/HTM gain or loan as compared to Tier 1 Capital and how does this compare to peers?
b. What is your bank’s unrealized AFS/HTM gain or loan as compared to amortized cost of the portfolio and how does this compare to peers?

Final Question 1: Given your analysis of the UBPR and your bank’s margin changes as rates have fallen since September of 2024 --- would you estimate your bank is “asset sensitive” or “liability sensitive” and why?

Final Question 2: Discuss how your bank’s margin could likely change if rates move up 100 basis points in the next twelve months

2026 ASSET/LIABILITY MANAGEMENT HOME STUDY PROBLEM – Part 2

Review the following bank's asset/liability analysis and answer the questions below

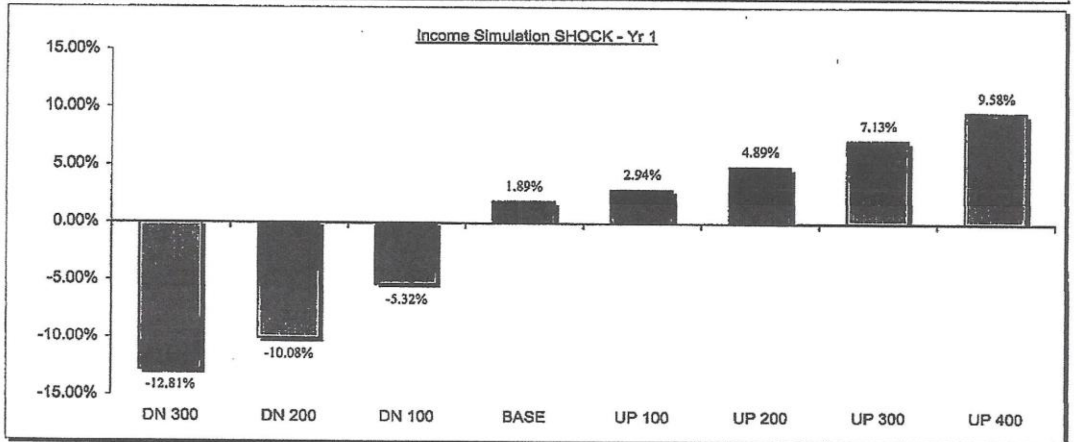
Sample Bank
Sample, ST

EXECUTIVE SUMMARY
Interest Rate Risk - Shock

NET INTEREST INCOME SHOCK --uses Beta Assumptions as defined in the Addendum, Immediate Rate Change.

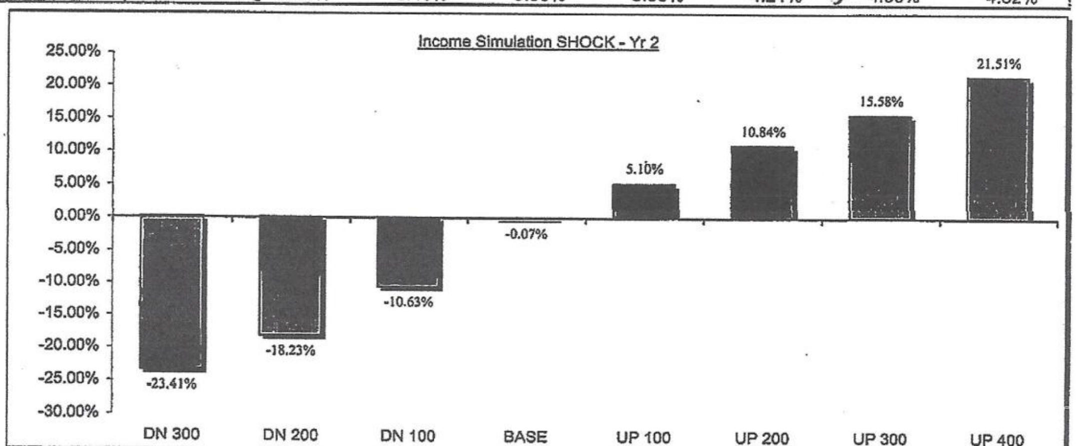
YEAR 1

	Curr Pos	DN 300	DN 200	DN 100	BASE	UP 100	UP 200	UP 300	UP 400
Interest Income	39,045,838	32,824,615	33,784,338	35,583,713	39,497,467	42,912,030	46,647,635	50,487,309	54,399,523
Interest Expense	3,973,553	2,244,139	2,249,005	2,377,271	3,762,729	6,808,239	9,861,757	12,915,275	15,968,794
Net Int Income	**35,072,286**	**30,580,476**	**31,535,333**	**33,206,441**	**35,734,738**	**36,103,791**	**36,785,879**	**37,572,034**	**38,430,729**
NII Shock @ Risk (%)		-12.81%	-10.08%	-5.32%	1.89%	2.94%	4.89%	7.13%	9.58%
NII Shock @ Risk ($)		(4,491,810)	(3,536,952)	(1,865,844)	662,452	1,031,505	1,713,593	2,499,748	3,358,444
Proj Net Int Mgn %	3.73%	3.25%	3.35%	3.53%	3.80%	3.84%	3.91%	3.99%	4.09%



YEAR 2

	Proj. Pos.	DN 300	DN 200	DN 100	BASE	UP 100	UP 200	UP 300	UP 400
Interest Income	39,497,467	28,743,810	30,637,245	33,659,918	39,298,017	44,706,467	50,324,321	55,588,244	61,271,731
Interest Expense	3,762,729	1,374,964	1,417,361	1,724,098	3,589,982	7,149,414	10,716,834	14,284,254	17,851,674
Net Int Income	**35,734,738**	**27,368,846**	**29,219,884**	**31,935,820**	**35,708,035**	**37,557,052**	**39,607,487**	**41,303,990**	**43,420,057**
NII Shock @ Risk (%)		-23.41%	-18.23%	-10.63%	-0.07%	5.10%	10.84%	15.58%	21.51%
NII Shock @ Risk ($)		(8,365,892)	(6,514,854)	(3,798,918)	(26,703)	1,822,314	3,872,749	5,569,252	7,685,318
Proj Net Int Mgn %	3.80%	2.91%	3.11%	3.40%	3.80%	3.99%	4.21%	4.39%	4.62%



1. What is the base case estimate of net interest income for the year?
2. What is the base case net interest income estimate if there was a +200 basis point shock for the year?
3. What is the base case net interest income estimate if there was a -100 basis point shock for the year?
4. Is this bank considered "asset sensitive" or "liability sensitive" and why?