Loan Participations:
A Tool for Liquidity, Managing Risk and Balance Sheet Allocation

Jeff Hamilton, CFA
VP – Member Credit
Catalyst Corporate FCU
 Participation Refresher
 The Rules of the Game
 “The Art of the Deal”
  ✓ Selling Considerations
  ✓ Deal Requirements
  ✓ Assembly
  ✓ Due Diligence
 Create a Deal
 Roles & Responsibilities
A Tool to Manage Your Balance Sheet

**Sellers:**
- Manage Loan Demand
- Manage Liquidity
- Concentration risk
- Improve Profitability
- Manage Interest Rate Risk
- Member Service

**Buyers:**
- Augment Loan Demand
- Deploy Excess Liquidity
- Diversification by
  - Geography
  - Credit
  - Loan Type
- Improve Yields and Profitability
A co-ownership arrangement in which a fractional undivided interest in a loan or pool of loans is sold by one entity to another.

**Undivided Interest**

<table>
<thead>
<tr>
<th>Ownership</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seller</td>
<td>10%</td>
</tr>
<tr>
<td>Buyer #1</td>
<td>35%</td>
</tr>
<tr>
<td>Buyer #2</td>
<td>40%</td>
</tr>
<tr>
<td>Buyer #3</td>
<td>15%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
</tr>
</tbody>
</table>

**Divided Interest**

- Seller
- Buyer #1
- Buyer #2
- Buyer #3
Loan Participations - A Refresher

A co-ownership arrangement .................

The LP seller
(a.k.a. lender)
- Retains a fractional interest
- Holds all loan documents
- Services the loans
- Retains the debtor / creditor relationship with borrower

The LP buyer
(a.k.a. participant)
- Purchases a fractional interest
- Owns rights under the loan documents and collateral
- Not a party to the underlying loan documents
- No debtor / creditor relationship
All owners (the seller and the buyers) receive their pro rata share of:

- Principal and interest collected from the loans.
- Charge Offs and costs (Non-Recourse LP).

### Auto Loan Portfolio

**Loan Pool**

<table>
<thead>
<tr>
<th>Loan Pool</th>
<th>Beginning Balance</th>
<th>Principal Payments</th>
<th>Interest</th>
<th>Charge Offs</th>
<th>Ending Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>20,000,000</td>
<td>320,000</td>
<td>62,500.00</td>
<td>2,500</td>
<td>19,677,500</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>%</th>
<th>Owner</th>
<th>Beginning Balance</th>
<th>Principal Payments</th>
<th>Interest</th>
<th>Charge Offs</th>
<th>Ending Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>10%</td>
<td>Seller</td>
<td>2,000,000</td>
<td>32,000</td>
<td>5,833.33</td>
<td>250</td>
<td>1,967,750</td>
</tr>
<tr>
<td>35%</td>
<td>Buyer #1</td>
<td>7,000,000</td>
<td>112,000</td>
<td>20,416.67</td>
<td>875</td>
<td>6,887,125</td>
</tr>
<tr>
<td>40%</td>
<td>Buyer #2</td>
<td>8,000,000</td>
<td>128,000</td>
<td>23,333.33</td>
<td>1,000</td>
<td>7,871,000</td>
</tr>
<tr>
<td>15%</td>
<td>Buyer #3</td>
<td>3,000,000</td>
<td>48,000</td>
<td>8,750.00</td>
<td>375</td>
<td>2,951,625</td>
</tr>
<tr>
<td>100%</td>
<td>Total</td>
<td>20,000,000</td>
<td>320,000</td>
<td>62,500</td>
<td>2,500</td>
<td>19,677,500</td>
</tr>
</tbody>
</table>

**Seller Servicing:** 4,166.67
Losses & Charge Offs

- Yours
- Mine, or
- Ours

Type of Recourse:

- **Non-Recourse** – All Participants (including the seller) share losses on a pro rata basis depending upon their respective ownership percentage of the loan(s).

- **Full Recourse** – All losses on the loan(s) are borne by the seller. Participation buyers do not share in losses.
Non-Recourse

- All owners assume pro-rata share of credit risk and losses.
- Must meet the requirements of ASC 860 / FAS 166 for seller to receive “sale treatment”.
- Seller removes assets from balance sheet.

Full Recourse

- Seller assumes and bears all credit risk in the loans sold.
- Considered to be a secured borrowing and not eligible for “sale treatment” by seller.
- Assets remain on the balance sheet with a matched borrowing.

The Recourse decision depends upon what you are trying to achieve.
The “Rules of the Game”

NCUA

§ 701.22 Loan Participations (effective July 2013)

ASC 860 / FAS 166 / FAS 140
(Accounting for Transfers of Financial Assets)
Introduces the concept of a “participating interest” for transfers of financial assets
Originating lender retains an interest in participated loan(s) for the life of the loan(s).

- 10% for FCUs
- 5% for FISCUs

Written loan participation policy (Limits).

Written loan participation agreement.

Purchasing CU must be empowered to make loan (comply with regulatory requirements).

Borrower is a member of one of the participating credit unions (exemption for FISCUs).

Waiver provisions.
Loan Participation Policy

- Single originator limit: Greater of 100% of NW or $5 Mln
- Single borrower limit: 15% of NW
- Self-Imposed Concentration limits: 
  (ex. by loan type as a % of NW)
- Participate in loans that CU does not originate
- May have different underwriting standards for LPs
- Establish underwriting standards for loan participations
- “conduct appropriate due diligence before purchasing a participation”
Loan Participation Agreement – General

✓ Properly authorized by:
  ❖ Board of Directors, or
  ❖ Designated Committee, or
  ❖ Designated senior management

✓ Properly executed by authorized representatives of all parties

✓ Retain a copy in office
Loan Participation Agreement – Provisions

✓ Identify:
  
  (either directly or via reference document)
  
  ❖ The specific loan participation being purchased,
  
  ❖ Each participated loan,
  
  ❖ Location and Custodian

✓ Interest retained by the seller in participated loans throughout the life of the loan(s)
  
  ❖ 10% for FCUs  ❖ 5% for FISCUs
Loan Participation Agreement – Provisions

★ Enumerate duties of the lender, servicer and participants with respect to:
- Servicing
- Foreclosure / Repo
- Default
- Collection
- Other ongoing loan administration

★ Requirements for reporting and participant access to information.

✓ Provisions for participants to replace the servicer.
Participating Interest

1. A proportionate ownership interest in a financial asset.

2. All cash flows* are divided proportionately among participants based on % ownership.

3. The rights of each participant have the same priority.

4. No individual party has the right to pledge or exchange the entire financial asset unless all agree.
Conditions for “Sale Treatment”

1. The transferred financial assets have been isolated from the assets of the transferor.

2. The transferor *(seller)* does not maintain effective control over the transferred financial assets.
   - No provisions for recourse
   - Cleanup calls are permitted

3. Each transferee *(buyer)* has the right to pledge or exchange the assets.
Considerations for Selling
- Liquidity / Loan Demand
- Concentration Limits
- Balance Sheet Relief
- IRR

Regulatory & Operational Requirements
- Loan Participation policy
- Loan Participation Agreement
- Confidentiality Agreement
- Data Security
Identify and Select the loans

- Indirect Auto Loans - new and used with original terms between 36 and 84 months
- Remaining terms between 30 and 72 months
- Current loan balance greater than $10,000
- FICO scores of 640 or higher
- Loans are at least 6 months old
- Loan is not currently past due and has not been delinquent within past 12 months
- Loan is not in repossession, bankruptcy or TDR status
Loan Participation Terms

- Recourse or Non-recourse
- % ownership to be retained
  - 10% for FCU
  - 5% for FISCU
  - Other (?)
- Servicing retained (%)
- Clean up call (%)
- Dealer fees for Indirect autos included
- Buyer minimum purchase amount
- Remittance and Reporting
The Art of the Deal

➢ Pricing
  □ Determine Price to sell
  □ Request Buyers to Bid

➢ Considerations for Pricing
  □ Charge Off history
  □ Credit Profile
  □ Prepayments
  □ Term / Average Life
  □ Buyer Alternatives

➢ Find Buyers
  □ Due Diligence
Timeline

1. Identify the Loan Pool
2. Compile Documents
3. Marketing
4. Due Diligence Period
5. Document Execution
6. Settlement Date
7. Loan Files, Policies, Procedures, Underwriting, Charge off, LP Agmt.
9. Prospective Buyers review Loans and other info.
10. Sign Agreements
11. Monthly Remittance and Reporting
12. 1 to 2 Months
Due Diligence Review

- Policies and Procedures
  - Lending / Underwriting
  - Servicing and Collection
  - Charge-Off, Recovery, etc.
  - Modification, Extension, Skip Pay
- Credit bureau and scoring model
- Lending and Collection experience and staff
- Audited Financials
- Asset / Liability Management Policies
Due Diligence Review

- Loan Files
  - Signed loan application
  - Credit bureau report(s)
  - Underwriting worksheet / approval
  - Executed loan agreement (note)
  - Title / registration been recorded / perfected
  - Collateral value
  - Required insurance in place
  - GAP insurance coverage
  - Extended warranty / service contract
Create a Deal - Select the Loans

- New and Used Indirect Auto Loans
- Original terms between 36 and 84 months
- Current loan balance greater than $10,000
- Credit scores of 650 or higher
- No past due, dlq, in repossession, bankruptcy or TDR status

Total Pool of Loans: $39,394,379.46
Number of Loans: 1,648

<table>
<thead>
<tr>
<th>Portfolio Summary</th>
<th>Minimum</th>
<th>Average / Wtd. Average</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original Loan Balances</td>
<td>10,562.00</td>
<td>28,598.89</td>
<td>76,613.00</td>
</tr>
<tr>
<td>Current Loan Balances</td>
<td>10,113.22</td>
<td>23,904.36</td>
<td>71,518.25</td>
</tr>
<tr>
<td>Interest Rate</td>
<td>1.99%</td>
<td>4.44%</td>
<td>10.35%</td>
</tr>
<tr>
<td>Credit Score</td>
<td>650</td>
<td>733</td>
<td>833</td>
</tr>
<tr>
<td>Original Term</td>
<td>36</td>
<td>74</td>
<td>84</td>
</tr>
<tr>
<td>Remaining Term</td>
<td>21</td>
<td>65</td>
<td>81</td>
</tr>
<tr>
<td>Loan to Value</td>
<td>26.72%</td>
<td>97.05%</td>
<td>127.10%</td>
</tr>
</tbody>
</table>
Create a Deal - Select the Loans

Balance (000’s)

Rate

Balance | Rate | Wtd Avg Rate


1,800 | 1,600 | 1,400 | 1,200 | 1,000 | 800 | 600 | 400 | 200 | 0.00% | 1.00% | 2.00% | 3.00% | 4.00% | 5.00% | 6.00%
### STRATIFICATION BY FICO SCORE

<table>
<thead>
<tr>
<th>FICO Level</th>
<th># of Loans</th>
<th>Current Balance</th>
<th>% of Loan</th>
<th>Weighted Avg Rate</th>
<th>Weighted Avg Rem Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>650 - 679</td>
<td>215</td>
<td>5,413,697.77</td>
<td>13.74%</td>
<td>6.86%</td>
<td>63</td>
</tr>
<tr>
<td>680 - 699</td>
<td>264</td>
<td>6,518,900.66</td>
<td>16.55%</td>
<td>4.89%</td>
<td>58</td>
</tr>
<tr>
<td>700 - 719</td>
<td>182</td>
<td>4,197,538.25</td>
<td>10.66%</td>
<td>4.69%</td>
<td>56</td>
</tr>
<tr>
<td>720 - 739</td>
<td>276</td>
<td>6,760,243.69</td>
<td>17.16%</td>
<td>3.96%</td>
<td>60</td>
</tr>
<tr>
<td>740 - 759</td>
<td>196</td>
<td>4,479,681.37</td>
<td>11.37%</td>
<td>3.79%</td>
<td>58</td>
</tr>
<tr>
<td>760 - 779</td>
<td>164</td>
<td>3,972,402.16</td>
<td>10.08%</td>
<td>3.63%</td>
<td>58</td>
</tr>
<tr>
<td>780 - 799</td>
<td>138</td>
<td>3,212,973.09</td>
<td>8.16%</td>
<td>3.56%</td>
<td>58</td>
</tr>
<tr>
<td>800 and above</td>
<td>213</td>
<td>4,838,942.47</td>
<td>12.28%</td>
<td>3.43%</td>
<td>58</td>
</tr>
</tbody>
</table>

**Total:** 1,648 39,394,379.46 100.00%

### STRATIFICATION BY MODEL YEAR

<table>
<thead>
<tr>
<th>Model Year</th>
<th># of Loans</th>
<th>Current Balance</th>
<th>% of Loan</th>
<th>Weighted Avg Rate</th>
<th>Avg Rem Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008 and earlier</td>
<td>0</td>
<td>-</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0</td>
</tr>
<tr>
<td>2009</td>
<td>89</td>
<td>1,692,306.42</td>
<td>4.30%</td>
<td>5.44%</td>
<td>49</td>
</tr>
<tr>
<td>2010</td>
<td>181</td>
<td>3,773,770.27</td>
<td>9.58%</td>
<td>4.82%</td>
<td>56</td>
</tr>
<tr>
<td>2011</td>
<td>382</td>
<td>7,903,182.20</td>
<td>20.06%</td>
<td>4.67%</td>
<td>53</td>
</tr>
<tr>
<td>2012</td>
<td>471</td>
<td>10,677,423.96</td>
<td>27.10%</td>
<td>4.37%</td>
<td>55</td>
</tr>
<tr>
<td>2013</td>
<td>391</td>
<td>11,089,149.44</td>
<td>28.15%</td>
<td>4.24%</td>
<td>65</td>
</tr>
<tr>
<td>2014</td>
<td>134</td>
<td>4,258,547.17</td>
<td>10.81%</td>
<td>3.96%</td>
<td>69</td>
</tr>
</tbody>
</table>

**Total:** 1,648 39,394,379.46 100.00%
Create a Deal – LP Terms

- Non-Recourse transaction
- Retain 10% of the loans
- 5% Clean up Call
- Servicing
- Include Unamortized Balance of Indirect Fees
- Include Broker Fee

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Loan Pool</td>
<td>$ 39,394,379.46</td>
</tr>
<tr>
<td>Retention</td>
<td>$ 3,939,437.95</td>
</tr>
<tr>
<td>Balance to be sold</td>
<td>$ 35,454,941.51</td>
</tr>
<tr>
<td>Clean-up Call Balance</td>
<td>$ 1,969,718.97</td>
</tr>
<tr>
<td>Wtd. Avg. Interest Rate</td>
<td>4.44%</td>
</tr>
<tr>
<td>Servicing</td>
<td>.50%</td>
</tr>
<tr>
<td>Wtd. Avg. Pass Through Rate</td>
<td>3.94%</td>
</tr>
<tr>
<td>Unamortized Balance of Indirect Fees</td>
<td>$ 628,727.19</td>
</tr>
<tr>
<td>Broker Fee</td>
<td>25 bps</td>
</tr>
</tbody>
</table>
### Market Comparison

#### Loan Pool Details

<table>
<thead>
<tr>
<th></th>
<th>Balance</th>
<th>Pricing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan Pool:</td>
<td>39,394,379.46</td>
<td>100.00%</td>
</tr>
<tr>
<td>Indirect Fees:</td>
<td>628,727.15</td>
<td>1.60%</td>
</tr>
<tr>
<td>Broker Fee:</td>
<td>98,485.95</td>
<td>0.25%</td>
</tr>
<tr>
<td>Break Even Price:</td>
<td>40,121,592.56</td>
<td>101.85%</td>
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</tbody>
</table>

#### Agency CMO Comparison

<table>
<thead>
<tr>
<th>Feature</th>
<th>Agency CMO #1</th>
<th>Agency CMO #2</th>
<th>Loan Participation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yield</td>
<td>1.32%</td>
<td>1.57%</td>
<td>?</td>
</tr>
<tr>
<td>Price</td>
<td>105.02</td>
<td>102.91</td>
<td>?</td>
</tr>
<tr>
<td>Average Life</td>
<td>2.32 Yr</td>
<td>2.54 Yr</td>
<td>1.94 Yr</td>
</tr>
<tr>
<td>Payment Window</td>
<td>5.8 Years</td>
<td>14 Years</td>
<td>4.4 Years</td>
</tr>
<tr>
<td>Cash Flow Stability</td>
<td>Good</td>
<td>Poor</td>
<td>Very Good</td>
</tr>
<tr>
<td>Credit Risk</td>
<td>Nil</td>
<td>Nil</td>
<td>Yes</td>
</tr>
<tr>
<td>Marketability / Liquidity</td>
<td>Good</td>
<td>Good</td>
<td>Poor*</td>
</tr>
</tbody>
</table>
## Create a Deal – LP Pricing

### Market Comparison

<table>
<thead>
<tr>
<th>Loan Participation</th>
<th>Balance</th>
<th>Pricing</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Loan Pool:</td>
<td>39,394,379.46</td>
</tr>
<tr>
<td></td>
<td>Indirect Fees:</td>
<td>628,727.15</td>
</tr>
<tr>
<td></td>
<td>Broker Fee:</td>
<td>98,485.95</td>
</tr>
<tr>
<td></td>
<td>Break Even Price:</td>
<td>40,121,592.56</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Loan Participation</th>
<th>Price</th>
<th>Yield</th>
<th>Spread to CMO # 1</th>
<th>Spread to CMO # 2</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>102.34</td>
<td>2.30%</td>
<td>.98%</td>
<td>.73%</td>
</tr>
<tr>
<td></td>
<td>102.53</td>
<td>2.20%</td>
<td>.88%</td>
<td>.63%</td>
</tr>
<tr>
<td></td>
<td><strong>102.72</strong></td>
<td><strong>2.10%</strong></td>
<td><strong>.78%</strong></td>
<td><strong>.53%</strong></td>
</tr>
<tr>
<td></td>
<td>102.92</td>
<td>2.00%</td>
<td>.68%</td>
<td>.43%</td>
</tr>
<tr>
<td></td>
<td>103.11</td>
<td>1.90%</td>
<td>.58%</td>
<td>.33%</td>
</tr>
<tr>
<td></td>
<td>103.31</td>
<td>1.80%</td>
<td>.48%</td>
<td>.23%</td>
</tr>
<tr>
<td></td>
<td>103.50</td>
<td>1.70%</td>
<td>.38%</td>
<td>.13%</td>
</tr>
</tbody>
</table>
Create a Deal – LP Pricing

➢ Yield Matrix @ 102.72 Sale Price

❖ Includes:

✓ Charge Offs
✓ Prepayments

Annualized NCO  45 basis points
Payoff Rate  15% Annually

<table>
<thead>
<tr>
<th>Price: 102.72</th>
<th>0 CPR</th>
<th>10 CPR</th>
<th>15 CPR</th>
<th>20 CPR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yield @ zero NCO</td>
<td>2.85%</td>
<td>2.62%</td>
<td>2.52%</td>
<td>2.44%</td>
</tr>
<tr>
<td>Yield @ 1x NCO</td>
<td>2.46%</td>
<td>2.18%</td>
<td><strong>2.10%</strong></td>
<td>2.01%</td>
</tr>
<tr>
<td>Yield @ 1.5x NCO</td>
<td>2.24%</td>
<td>1.97%</td>
<td>1.88%</td>
<td>1.79%</td>
</tr>
<tr>
<td>Yield @ 2x NCO</td>
<td>2.02%</td>
<td>1.78%</td>
<td>1.67%</td>
<td>1.56%</td>
</tr>
</tbody>
</table>

Average Life | 2.49 Yr | 2.06 Yr | 1.94 Yr | 1.76 Yr |
Create a Deal – Completing the Deal

- ☑ Confidentiality Agreement
- ☑ Secure Method for Buyer to review loan files and other due diligence info.
- ☑ Loan Participation Agreement

Find Buyers ☑
Create a Deal – Done Deal

**Seller**
- Cash *(replenish liquidity or for additional loans)*
- Remove portion of loans sold - *(90%)*
- Recognize gain on sale
- Set up Retained ownership - *(10%)*
- Servicing income from loan pool

**Buyer(s)**
- Record the loans purchased based on price paid
Roles and Responsibilities - Seller

- Not Alone Anymore
- Agent/Custodian
- Duties & Requirements
  - Routine Servicing and Administration
  - Modification of Loan Terms
  - Initiate Legal Action / Workout Negotiations / Credit Restructuring
- Designated Relationship Contact / Liaison
Roles and Responsibilities - Seller

- **Monthly Remittance and Reporting**
  - Calculate and Remit payments
  - Participant Statements
  - % ownership, balances & pro-rata share of principal, interest, charge offs, etc.
  - Loan Status & Performance Reports

- **Share Information with Participants / Provide Access to Records**
  - Delinquency
  - Repo/Foreclosure
  - Collection Activities
  - Liquidation
Roles and Responsibilities - Buyer

- Loan Participation policy “in place”.
- Determine if a loan participation “fits”
  - Conduct appropriate due diligence review

- Know and Understand the participation agreement requirements
  - Contractual Relationship
  - Servicing Responsibilities & Decision Making
  - Remedies
### Monitor the performance of the loans

<table>
<thead>
<tr>
<th>Loan #</th>
<th>Beginning Balance</th>
<th>Loan Interest Rate</th>
<th>Maturity Date</th>
<th>Payment</th>
<th>Interest</th>
<th>Ending Balance</th>
<th>Modified</th>
<th>On Accrual Status</th>
<th>Days Past Due / Dlq.</th>
<th>Times Delinquent</th>
</tr>
</thead>
<tbody>
<tr>
<td>XXXX3671</td>
<td>41,999.54</td>
<td>3.80%</td>
<td>6/20/2021</td>
<td>621.86</td>
<td>56.08</td>
<td>41,433.76</td>
<td>N</td>
<td>Y</td>
<td>0</td>
<td>0</td>
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<tr>
<td>XXXX4584</td>
<td>34,367.14</td>
<td>2.94%</td>
<td>12/24/2020</td>
<td>537.18</td>
<td>27.27</td>
<td>33,857.23</td>
<td>N</td>
<td>Y</td>
<td>0</td>
<td>0</td>
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<tr>
<td>XXXX3482</td>
<td>27,760.42</td>
<td>2.94%</td>
<td>3/19/2021</td>
<td>0.00</td>
<td>0.00</td>
<td>27,760.42</td>
<td>N</td>
<td>N</td>
<td>64</td>
<td>1</td>
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<tr>
<td>XXXX2802</td>
<td>21,228.36</td>
<td>3.30%</td>
<td>8/9/2019</td>
<td>426.56</td>
<td>39.57</td>
<td>20,841.37</td>
<td>N</td>
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<td>0</td>
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<tr>
<td>XXXX0032</td>
<td>30,286.35</td>
<td>3.80%</td>
<td>4/1/2021</td>
<td>463.91</td>
<td>65.34</td>
<td>29,887.78</td>
<td>N</td>
<td>Y</td>
<td>7</td>
<td>0</td>
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<tr>
<td>XXXX8546</td>
<td>32,452.04</td>
<td>4.94%</td>
<td>2/8/2021</td>
<td>521.52</td>
<td>104.05</td>
<td>32,034.57</td>
<td>N</td>
<td>Y</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

### The Devil is in the Details
Economy at a Glance

Alabama includes the following metropolitan areas for which an Economy At A Glance table is available:

- Anniston-Oxford-Jacksonville, AL
- Auburn-Opelika, AL
- Birmingham-Hoover, AL

www.bls.gov/eag/
Risk / Reward Tradeoff

Diversification / Concentration

Liquidity
- Continue to Meet Loan Demand

✓ Due diligence match the complexity of the loans / transaction

- Geographic
- Loan Type
- Credit

- Book loans w/o back office and administrative expenses

Shared Relationship
✓ Lender and Participant have similar interests
Loan Participations:
A Tool for Liquidity, Managing Risk and Balance Sheet Allocation

Jeff Hamilton, CFA
VP – Member Credit
Catalyst Corporate FCU