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What's in Your Portfolio?

By Brian Shaw, CEO

As rules and regulations teeter, bankers debate how much money they should start stockpiling into reserves.

Last year banks felt the pressure from the Fed to raise capital levels to at least four percent of total assets – which undoubtedly began a series of board meetings and strategic planning sessions to determine an accurate level at each individual institution. Then, last month the Fed's [financial statements](#) revealed that it had not met its own capital guidelines, falling far below the stress test level of capital. At the end of 2009, the Fed had \$51.3 billion in total capital for \$2.3 trillion of assets – a capital ratio of 2.3 percent. Total reserves were down \$11 billion from 2008, although total assets did not change much.

Meanwhile, the nation's largest banks – Bank of America, JPMorgan Chase, Wells Fargo and Citigroup – have all reported Tier 1 capital ratios this quarter. And regional banks also boosted their reserves, although it often lead to further losses. Regions Financial Corp., for instance, reported first quarter losses while also boosting its provisions for loan losses by 81 percent. The company

**Did you know?**

Tom Fink of Trepp research firm predicts about \$25 billion in CMBS will be issued in 2010. Currently at \$4 billion, we have already surpassed 2009.

News Releases

04.26.2010 - [Custom Credit Systems Offering CLXpress™ Webinar](#)

03.22.2010 - [CLXpress™ Allows Custom Credit Systems to Expand Market](#)

02.17.2010 - [Marc Billanti, Johanna Pugh Join Custom Credit Systems' Sales Team](#)

02.01.2010 - [Custom Credit Systems Continues Solid Expansion](#)

Events & Webinars

User Conference – Richardson, TX August 23 - 24, 2010; webinar August 24, 2010

Custom Lender Webinar- June 24, 2010 2:00 Eastern – *Loan processing efficiency and risk*

raised its loan-loss provision to \$770 million from \$425 million a year earlier, though that was an improvement from \$1.18 billion in the prior quarter.

Most experts predict that regional banks like Regions will continue to hemorrhage money through the remainder of the year. With this bleak outlook ahead, how much money should banks keep in reserves? Is there an opportunity to move a bit of these reserves back to performing assets?

A six-month outlook is difficult in today's tumultuous environment, but looking back over the last six months, I would say that banks' money could have been better invested elsewhere. Then again, we can't all take the risky stance that the Fed has. Other banks can't print money to get out of trouble nor would the Treasury stand behind them in a crisis. When gaining profitability risks the future existence of an institution, where should the line be drawn?

loan environments, processes and products be set up to achieve maximum efficiency while minimizing risks. Request an invitation by calling (972) 644-6270 ext. 310 or email our sales team. [Click Here for reservations.](#)

A Look into the Toolbox

At Custom Credit Systems, we are dedicated to providing the best end-to-end, single sign on technology that meets all of your small business and commercial loan processing needs. In order to best serve you, we want you to know more about the options that are available to your institution. That is why we are introducing "A Look into the Toolbox" a regular section that will give you more information on some of our most popular and newest solutions.

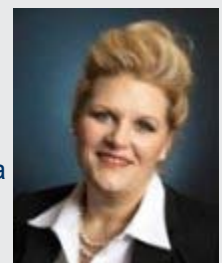
Portfolio Management: With commercial loan charge offs and renewals at a focal point, bankers should carefully analyze their loan portfolio management tools to ensure that they are making the wisest decisions for the future of their institutions. The [CCS Portfolio & Risk Management module](#) enables banks to quickly and reliably analyze both the scale and dynamics of portfolio changes and then adjust their actions accordingly. Ultimately, it positions banks to maintain a healthy portfolio that would not revolve around bad loans.

CLXpress™: This full featured, end-to-end application, introduced this March, gives more small- and mid-size banks the functionality enjoyed by larger banks. By offering pre-configured components such as application processing, underwriting, document preparation and portfolio management in a SaaS/hosted environment, **CLXpress** gives banks access to technology that is scalable to fit current needs.

Please contact your representative for any additional information on our Portfolio Management module or CLXpress.

Meet Part of the Team

Johanna Pugh, vice president of sales, joined CCS in January. She leads the Southwest and Western regions and helps clients understand the options available to them to address issues and plan a smooth lending process. Johanna joins CCS from FIS where she was a senior sales executive selling new lending products. Her career began as an inside sales and marketing manager at



APPRO Systems, Inc., now part of Equifax Enabling Technologies. She shares some of her industry outlook with us.

Q: What have you learned from your past business experiences that could parlay well into today's market?

A: Spending 15 years streamlining lending operations through technology, I have seen many changes in both the technology and the lending environments. Guiding clients from DOS to Windows to Web-Enabled to SaaS Delivery is just one example of this evolution.

Recognizing and understanding the challenges in upgrading technology is the first step for financial institutions to move forward. Once everyone has a clear view of the process details, risks and expected ROI, the project may appear a little more daunting than originally expected. Financial institutions have to understand that new processes and procedures take a commitment from the executive team, not just the ability to hire a repairman.

In working with customers, it has always been my goal to ensure that all risks, dependencies and metrics are understood prior to engaging in a project. I want our customers to be delighted with their experience, not disappointed or disengaged due to lack of communication or understanding of the project goals. This philosophy enables lending institutions to minimize cost overruns and get to a quicker ROI for their technology investment.

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If you have questions you would like to ask the team, please send them to heather@williammills.com, with the subject line "newsletter".