

Dogwood State Bank Builds A Revolutionary Loan Review Function with IntelliCredit

Seasoned Chief Credit Officer Michael Johnson was in the difficult position of having to conquer both time and unknowns. He was new to Dogwood State Bank, which was just 18 months into recapitalizing a coastal NC community bank that was branching into Raleigh and Charlotte. More to the point, Michael was also new to the bank's loan portfolio, board of directors and management team. And he was facing an upcoming regulatory review.

"I needed to understand exactly what the portfolio contained," Michael recounted. With very little time to gear up, an internal loan review was impractical. Michael needed to engage a third-party provider with the capacity to meet very stringent criteria in a time-critical situation.

"The vendor had to be knowledgeable about all the different types of credit our bank extended," he added, "and we wanted to work with objective credit risk experts who could also help us validate our procedures and processes." Additionally, the provider would have to establish instant credibility with the board and management. According to Michael, IntelliCredit checked all these boxes and more.

Transformational technology and tools

IntelliCredit stepped in to provide Dogwood State Bank all of the tools, technology and knowledgeable support that Michael and his team needed to quickly identify and help mitigate emerging risk. The paramount capabilities driving proper credit-risk management – comprehensive portfolio analytics and smart loan reviews – are united on a single IntelliCredit technology platform. This integration proved to be a boon for Michael's department, since the solution enables in-house loan reviews as well as ones performed by third parties.

"The experience level and professionalism of the IntelliCredit team helped with building out our loan review function."

—Michael Johnson, Chief Credit Officer.

Monumental reduction in time

The bank was truly impressed at the efficiency of their new loan review process. Prior to IntelliCredit, those engagements at Dogwood State Bank could take four or five weeks. Now a loan review can be completed in fewer than 10 business days. Michael credits this accomplishment to transformative technology, combined with the vendor's expertise and experience. As Michael puts it, "They allow you to do your day job while you're actually accomplishing a loan review."

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SUCCESS STORY

Smart loan sampling and ongoing portfolio analysis

A key aspect of the IntelliCredit loan review process is the ability to select samples based on those credits with heightened risk characteristics, rather than loans chosen randomly. This way, the bank can more easily focus on potential problem loans – particularly those within the pass grade category that might not appear on Michael's radar. The IntelliCredit Portfolio Analyzer facilitates the selection by aggregating loans with certain attributes (i.e., balance thresholds, times 30 days past due, performer below the industry average, loans affected by COVID, modified credits, etc.). Using the Portfolio Analyzer for continuous diagnostics, the bank is able to take proactive action to prevent the advance of credit degradation.

Real-time clearing of exceptions

Once into the review process, Michael and his team can go to the IntelliCredit portal and see, in nearly real time, the reviewers' progress in specific credit reviews and provide immediate responses to questions or comments. Exceptions can be cleared on line as soon as they appear, with no need for phone calls or email. And it's no longer necessary for the review committee to begin meetings (virtual or in person) by rehashing which information is missing or discussing where they are in the process. "You simply jump right into the critical decision making and the final results of the review," Michael explains.

Effortless transfer of loan files

Previously, the bank spent a lot of time cleaning up and transferring credit files in advance of a review, sometimes physically moving them from place to place. Now IntelliCredit technology ingests all files and other needed information, displaying it on a portal for real-time accessibility by the entire loan review committee.

Point-and-click reporting

IntelliCredit has greatly simplified the bank's reporting functionality. "Normally, [reporting] would take someone else writing a report and then me tweaking or redoing it., Michael explains. "Now we can change the reporting as we sit at the screen. If you want different data points, they're right at your fingertips, in a dramatically faster environment." IntelliCredit equips Michael with a full report for management, and a summarized report for board members.

Valuable takeaways

As a result of partnering with IntelliCredit, Michael says his experience has been, "You walk away with knowledge of your portfolio, your risk position and candid observations about your process and procedures that prepare you for discussions on how you're handling risk. The team at IntelliCredit are professional, experienced content experts, for sure. They also provide best practices, validation of what you're doing, and a good sense of the regulatory environment. I would recommend IntelliCredit."

For more information, email info@intellicredit.com or visit www.intellicredit.com.

