



PLANSMITH

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## Lunch 'n Learn

### Budgeting Wrap-up

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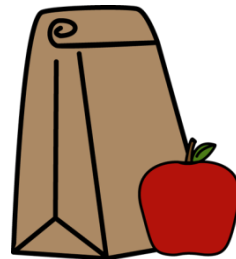
FINANCIAL COMPASS®

BUDGET COMPASS<sup>+</sup> PLUS

BUDGET COMPASS

# Lunch 'n Learn

## Budgeting Wrap-up



Presented by: Jenny Mello & Shawna Brauer

# General Comments

FINANCIAL COMPASS®

BUDGET COMPASS<sup>↑</sup> PLUS

BUDGET COMPASS

# Budgeting Wrap Up

## BUDGETING WRAP UP

1. Mechanics
2. Presentation Tips
3. Ongoing Review



# Budgeting Wrap Up

## What's your BUDGET story?

New branch timeline

**RISING** rates

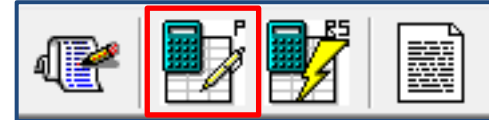
Global & local economic trends

HR numbers *crunched*

Changing customer  
Demographics &  
Behavior

# 1. Mechanics

## Compute the model



~~US Treasuries~~ - Fed Funds

	Projections	Budget	Maturity	Variance	Callable	Fed Funds	Notes
		Fed Funds Sold EOM Balances	Fed Funds Purch EOM Balances				
2016							
	Aug	0	2,064				
	Sep	0	2,500				
	Oct	154	0				
	Nov	8,125	0				
	Dec	13,717	0				
2017	Jan	17,329	0				
	Feb	21,001	0				
	Mar	24,624	0				
	Apr	28,900	0				
	May	34,296	0				
	Jun	38,534	0				
	Jul	43,437	0				
	Aug	47,273	0				
	Sep	51,534	0				
	Oct	55,523	0				
	Nov	59,101	0				
	Dec	62,219	0				
2018	Jan	64,940	0				
	Feb	68,574	0				
	Mar	70,699	0				
	Apr	72,967	0				

- Check your *Fed Funds position* for reasonableness

- To catch any last minute changes!
- Check your *Compute Summary*

# 1. Mechanics

## Lock the budget

The screenshot shows the 'Financial Compass - [Report and Chart Directory]' application. The 'Utilities' menu is open, and 'Lock Budget' is highlighted. A red arrow points to the 'Lock Budget' dialog box, which prompts the user to 'Please select a starting month for Budget Locking.' The dialog shows 'January' selected in the month dropdown and '2017' in the year dropdown. The 'Ok' and 'Cancel' buttons are visible at the bottom.

The 'Please Confirm' dialog box contains the text: 'You are about to replace the existing budget numbers for all the accounts in this plan. Are you sure?'. The 'Yes' button is circled in red.

The 'FinComp' dialog box contains the text: 'Budget creation complete. Please compute plan for Budget Taxes to be set properly.' The 'OK' button is circled in red.

**CAUTION:** Net Change on the *Compute Summary* should show all 0's

# 1. Mechanics

## 3 Types of Data

3. Budget – DON'T input to this tab

1. Actuals

2. Projections

Assets (48 accounts) - Projections

Projections		Budget	Maturity	Repricing	Variance	Fed Funds	Notes		
	EDM Balance	New Balance	Offering Rate	Total Maturities	Total Maturities Xrate	Interest	Yield	Average Balance	
2016	Change		Change						
2016	Jan	297,410				951,720	3.79	297,893	
	Feb	298,755							
	Mar	298,597							
	Apr	308,211							
	May	312,767							
	Jun	315,997							
	Jul	316,947							
	Aug	315,962							
	Sep	321,804							
	Oct	324,797							
	Nov	325,353	12,292	4.32	11,736				
	Dec	325,960	10,657	4.70	10,032				
2017	Jan	327,386	9,009	4.52	6,581				
	Feb	328,745	8,360	4.26	7,650				
	Mar	330,199	8,360	4.31	6,906				
	Apr	331,618	9,038	4.27	7,620				
	May	333,043	8,506	4.62	7,080				
	Jun	334,470	7,345	4.57	5,918				
	Jul	335,893	8,238	4.63	6,816				
	Aug	337,314	6,794	4.62	5,373				
	Sep	338,738	7,321	4.70	5,898				
	Oct	340,156	7,185	4.70	5,767				
	Nov	341,551	7,218	4.79	5,823				
	Dec	342,991	6,048	4.78	4,607	4.78	1,078,678	3.73	342,271

**Locking Budget**  
will “copy and paste” the numbers from the dynamic Projections screen to the static Budget tab



# 1. Mechanics

## Check Results

Community Bank Variance - Balance Sheet				
	Year to Date		Variance	
	Actual	Budget	Value	Percent
	Jan '17- Dec '17	Jan '17- Dec '17		
<b>Assets</b>				
Cash & Due	5,664	5,664	0	0.00%
Fed Funds Sold	6,776	6,776	0	0.00%
Securities				
U. S. Gov't	1,729	1,729	0	0.00%
U. S. Agencies	5,913	5,913	0	0.00%
Mortgage-Backed Securities	36,839	36,839	0	0.00%
Municipal Securities	45,153	45,153	0	0.00%
Other Securities	416	416	0	0.00%
Gross Unrealized AFS G/L	2,752	2,752	0	0.00%
Total Securities	92,801	92,801	0	0.00%
Loans				
Commercial	111,715	111,715	0	0.00%
Real Estate	15,218	15,218	0	0.00%
Consumer	26,252	26,252	0	0.00%
Other Loans	(384)	(384)	0	0.00%
Total Loans	152,801	152,801	0	0.00%
Loan Loss Reserve	(2,618)	(2,618)	0	0.00%
Net Loans and Leases	150,183	150,183	0	0.00%
Fixed Assets	5,508	5,508	0	0.00%
OREO	0	0	0	0.00%
Other Assets	8,607	8,607	0	0.00%
<b>Total Assets</b>	<b>269,538</b>	<b>269,538</b>	<b>0</b>	<b>0.00%</b>

Assets (48 accounts) - Variance							
Projections	Budget	Maturity	Repricing	Variance	Fed Funds		
	EOM Balance	Budget EOM Balance	EOM Variance (\$,000s)	Interest	Budget Interest	Int/Exp Variance (\$'s)	
			View %			View %	
2016							
Sep	275,779	268,398	7,381	976,658	899,287	77,371	
Oct	285,584	266,469	19,115	902,520	924,194	-21,674	
Nov	277,483	266,063	11,420	901,285	903,013	-1,728	
Dec	273,442	264,841	8,601	920,057	927,045	-6,988	
2017							
Jan	269,028	269,028	0	910,177	910,177	0	
Feb	268,021	268,021	0	838,627	838,627	0	
Mar	268,028	268,028	0	904,704	904,704	0	
Apr	268,130	268,130	0	902,235	902,235	0	
May	268,353	268,353	0	953,588	953,588	0	
Jun	268,079	268,079	0	937,859	937,859	0	
Jul	268,911	268,911	0	964,818	964,818	0	
Aug	270,097	270,097	0	969,618	969,618	0	
Sep	271,397	271,397	0	950,881	950,881	0	
Oct	271,463	271,463	0	977,450	977,450	0	
Nov	271,183	271,183	0	952,488	952,488	0	
Dec	270,099	270,099	0	976,156	976,156	0	
2018							
Jan	267,737	267,737	0	977,444	977,444	0	
Feb	267,269	267,269	0	902,461	902,461	0	
Mar	268,084	268,084	0	980,545	980,545	0	

REMINDER: Make a back-up copy of your model!

# 1. Mechanics

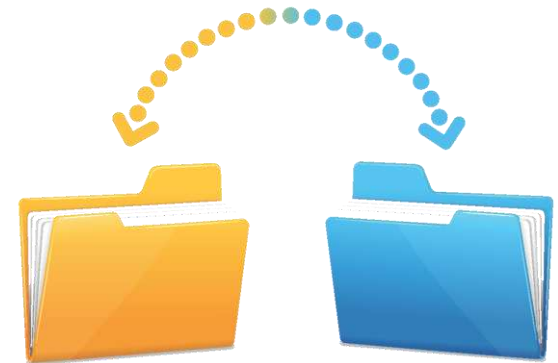
## Notes

### Ugh! LATE changes to the 2017 Budget

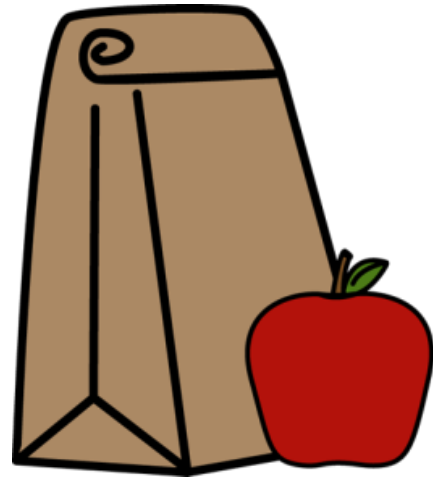
- Re-lock as often as needed
- Affects **ALL** accounts
- **Don't** change numbers on the Budget tab
- More complex changes? Call us!

### Year End Shift - wait until **FEBRUARY!**

- Opens 2021 monthly forecasting buckets
- Removes the prior year's Locked Budget



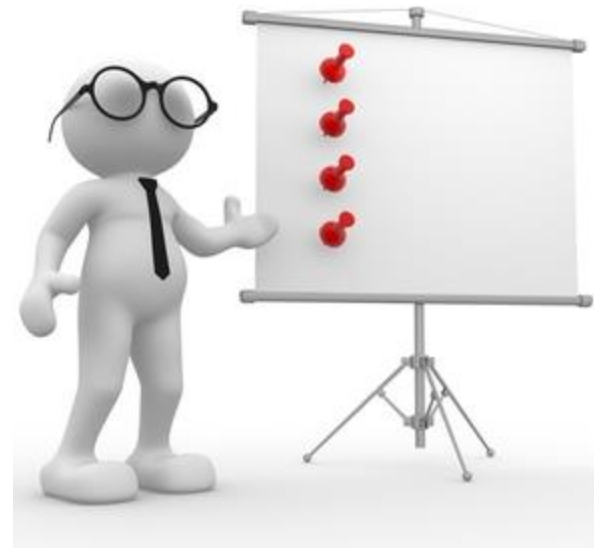
# Poll #1



# Budgeting Wrap Up

## BUDGETING WRAP UP

1. Mechanics
2. Presentation Tips
3. Ongoing Review



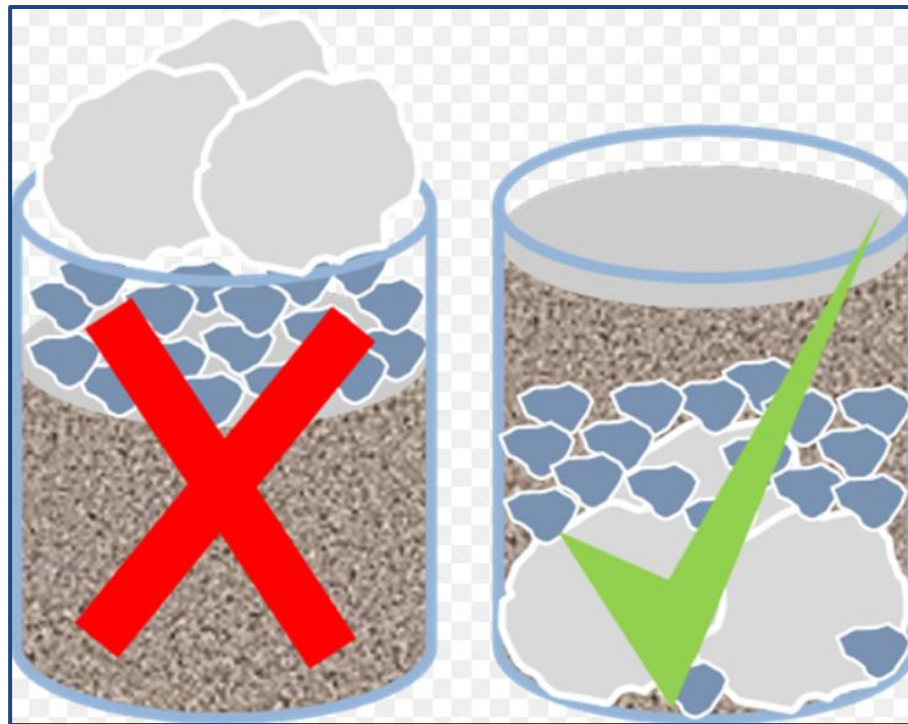
## 2. Presentation Tips

Set the right tone!



## 2. Presentation Tips

Focus on the BIG PICTURE



Google “Franklin Covey” “Big Rocks First”

# 2. Presentation Tips

## Know your Audience

- Level of detail
- Materiality
- Use Pictures!

### PlansmithBank

Balance Sheet

EOM Balance

\$000's

Dec  
2016

#### Assets

Cash & Due	3.05%
Fed Funds Sold	4.21%

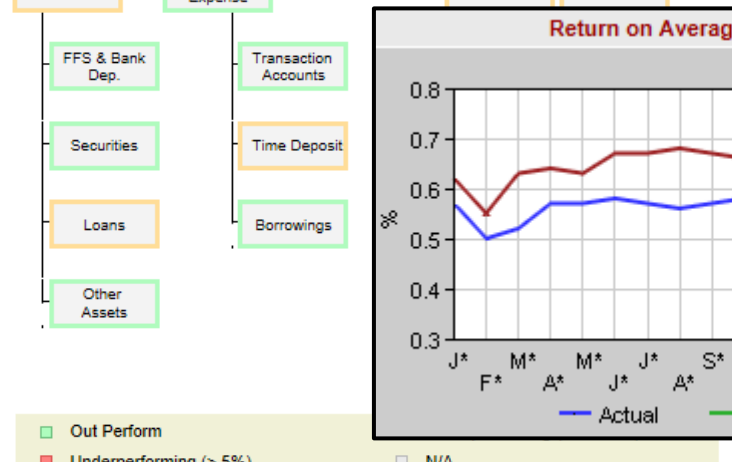
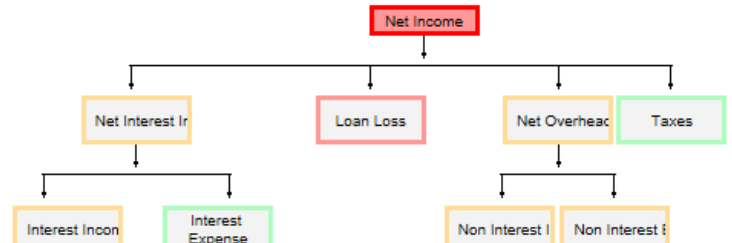


PlansmithBank

Summary Earnings Balance Sheet Risk KPI / Policy Appendix

#### Earnings

Income Statement Diagnostics  
YTD vs YTD Budget for December - 2016



#### Liabilities & Capital

#### Liabilities

Demand Deposits	16.72%
Interest Bearing Deposits	
NOW Accounts	11.80%
Money Market Accounts	19.53%
Savings	11.23%
Time Deposits	23.96%
Other Int. Bearing Deposits	0.00%
Total Interest Bearing Deposits	66.51%
Total Deposits	83.24%
	0.00%
	0.31%
	7.23%
	10.77%

### PlansmithBank

Balance Sheet

EOM Balance

\$000's

1st Qtr  
2017

#### Assets

Cash & Due	9,950
Fed Funds Sold	24,624
Securities	47,233
Loans	212,250
Loan Loss Reserve	(4,328)
Net Loans and Leases	207,922
Fixed Assets	6,518
Investment Loss Reserve	0
Intangibles	0
OREO	112
Equity Securities	581
Other Assets	29,700
<b>Total Assets</b>	<b>326,639</b>

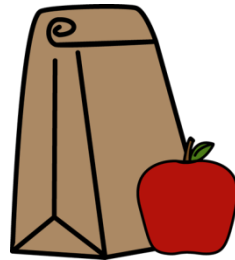
Out Perform  
Underperforming (> 5%)

N/A

100.00%

## 2. Presentation Tips

### Go Beyond Reporting (with charts and graphs!)



Look for an upcoming **Lunch 'n Learn**  
in *February* on Reporting!



# Budgeting Wrap Up

## BUDGETING WRAP UP

1. Mechanics
2. Presentation Tips
3. Ongoing Review



# 3. Ongoing Review

## **ONGOING REVIEW**

- Understand where you are now
- Analyze how you got there
- Update your Projections

## 3. Ongoing Review

# Have the stories changed??

What are rates doing NOW?

Listen to the discussions  
around you

*New feedback from HR  
department re: Benefit Plan  
costs*

*Changes to economic growth  
forecasts?*

*New branch plans on  
hold?*

# 3. Ongoing Review

## Analyze Reports

- Variance Analysis
- Forecast Analysis
- Trend Analysis

PlansmithBank												
Variance - Income Statement												
	Year to Date				Year to Date							
	Actual		Budget		Variance		Actual		Budget		Variance	
	Jan '17- Mar '17	Jan '17- Mar '17	Jan '17- Mar '17	Jan '17- Mar '17	Value	Percent	Jan '17- Dec '17	Jan '17- Dec '17	Value	Percent	Value	Percent
Loans												
Commercial	2,019,934	1,994,135	25,799	1.29%	8,329,962	8,249,025	80,937	0.98%				
		571,116	(13,169)	-2.31%	2,252,423	2,365,288	(112,865)	-4.77%				
		97,575	1,147	1.18%	405,933	401,982	3,951	0.98%				
		91,983	201	0.22%	377,669	381,810	(4,141)	-1.08%				
		0	0	0.00%	0	0	0	0.00%				
		754,809	13,977	0.51%	11,365,990	11,398,100	(32,110)	-0.28%				
		0	0	0.00%	0	0	0	0.00%				
					6,661	(43,479)	-0.35%					
					600	0	0.00%					
					261	(43,479)	-0.34%					
-----												
					8,821	(34,393)	-23.11%					
					6,898	(148,339)	-60.08%					
					6,414	(5,574)	-12.01%					
					7,578	(91,564)	-11.20%					
					0	0	0.00%					
					8,710	(279,869)	-22.22%					
					8,710	(279,869)	-22.22%					
					5,801	(46,135)	-82.68%					
					8,123	(2)	-0.01%					

PlansmithBank										
Yields and Costs										
FTE Adjusted										
	*Jan	*Feb	*Mar	Apr	May	Jun	Jul	Aug	Sep	
	2017	2017	2017	2017	2017	2017	2017	2017	2017	
<b>Assets</b>										
Cash & Due	0.48	0.55	0.50	0.50	0.50	0.50	0.50	0.50	0.50	
Fed Funds Sold	0.53	0.60								
Securities	2.89	2.87	2.87							
Loans	4.76	4.77	4.77							
Equity Securities										
<b>Average Rate on Assets</b>	<b>4.38</b>	<b>4.40</b>	<b>4.40</b>							
-----										
<b>Liabilities</b>										
Interest Bearing Deposits	0.47	0.50	0.50							
Fed Funds Purchased		1.10	1.10							
Borrowed Funds	1.90	1.90	1.90							
Capital Notes										
<b>Average Rate on Liabilities</b>	<b>0.48</b>	<b>0.50</b>	<b>0.50</b>							
<b>Interest Spread (Excludes Loan Fees)</b>	<b>3.90</b>	<b>3.90</b>	<b>3.90</b>							
<b>Interest Margin (Includes Loan Fees)</b>	<b>4.10</b>	<b>4.10</b>	<b>4.10</b>							
<b>Net Interest Income/Avg Assets</b>	<b>3.59</b>	<b>3.59</b>	<b>3.59</b>							

**Report Properties - BS by quarter**

Level of Detail:  Date Range:

Data Type:  1st Q  to 4th Q

Reporting Period:

Calculate Mix:

Page break after assets:

**Budget:**

Exclude Swaps:

Header Cancel Save As Save Preview

# 3. Ongoing Review

## Update the model quickly & easily

### MODEL TOOLS

- Quick Models
- Growth Models
- ALLL Model
- Pricing Models
- Calc Total, Avg & Trend

Range Calculation Results	
<b>Total:</b>	3,698,798
<b>Average:</b>	924,699.50
<b>Trend:</b>	1,269.40

Projections		Budget	Maturity	Repricing	Variance	Fed Funds
	EOM Balance	New Balance	Offering Rate	Total Maturities	Total Maturities Xrate	Interest
2017	Change		Change			
Sep	235,904					900,035
Oct	233,741					938,532
Nov	234,715					901,905
Dec	235,693					930,012
2017 Jan	237,522					940,294
Feb	239,229					871,226
					DM Yield: 4.69	957,266
				4.57	7,126	4.54 933,589
				4.79	7,114	5.02 961,116
				4.73	5,897	4.96 935,349
				4.72	6,873	5.08 962,365
				4.76	5,322	5.02 963,892
				4.77	5,894	5.21 940,289
				4.78	5,642	4.96 970,190
				4.76	5,818	5.15 948,743
Dec	250,764	6,594	4.81	4,524	4.90	981,669

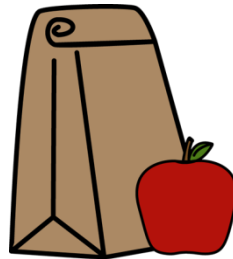
Highlight & Right Click

Quick Edit  
Apply Trend  
Clear  
Copy  
Paste  
**Calc. Total, Avg, & Trend**

## 3. Ongoing Review

### I'm Off Budget - Now What?

*Rolling Forecasts*



Look for an upcoming **Lunch 'n Learn**  
in *April* on Reforecasting!

# Budgeting Wrap Up - RECAP

## BUDGETING WRAP UP

1. Mechanics
2. Presentation Tips
3. Ongoing Review





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# Questions?





# Upcoming Events

***Compass Advanced Coaching*** - Thursday, March 16<sup>th</sup> 2017

***Compass Roundtable*** - Friday, June 16<sup>th</sup> 2017

***Compass Advanced Coaching*** - Thursday, September 21<sup>st</sup> 2017

## ***Upcoming Lunch 'n Learns***

**February – Reporting**

**April – Reforecasting**

Check out [www1.plansmith.com/events](http://www1.plansmith.com/events) for more event info,  
or contact Jenny Mello at [800-323-3281](tel:800-323-3281) or [jenny@plansmith.com](mailto:jenny@plansmith.com)



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# Thanks for Attending!

If you have any questions,  
please contact us at **800-323-3281**  
or **support@plansmith.com**