PLANSMITH

Connect to the Conference Call:

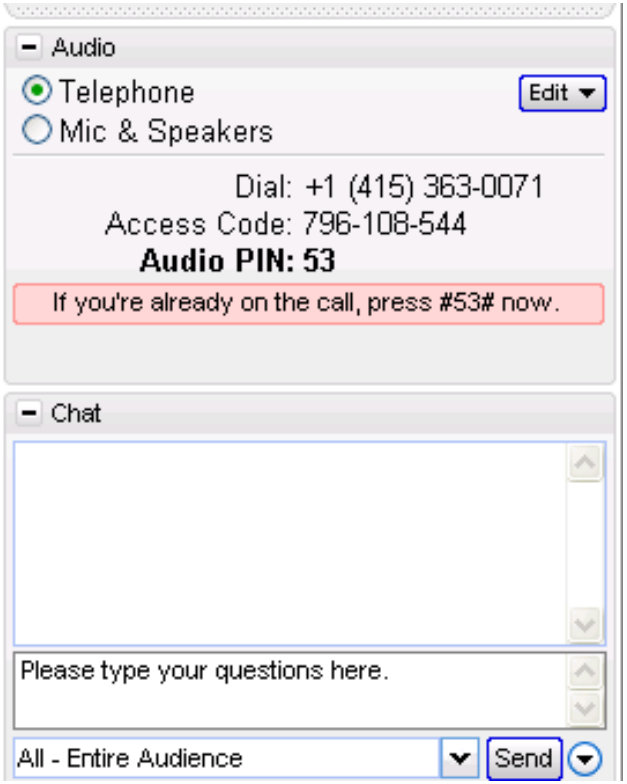
1.888.394.8197 Access Code 775629

Problems Connecting? Call Plansmith:

1.800.323.3281 and ask for Danielle

PLANSMITH

Click here to minimize the Control Panel.



Click here to type in your Questions.

PLANSMITH

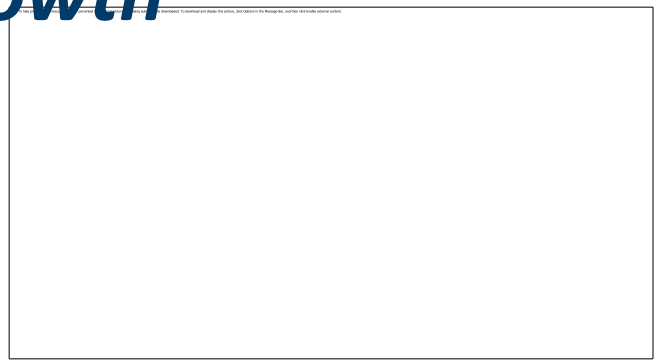
“Best Practices” Budgeting Boot Camp

Session 1: Forecasting Growth

Session 2: Pricing Models

Session 3: Prepayments

Session 4: Final Tips & Client Checklist



FORECASTING GROWTH

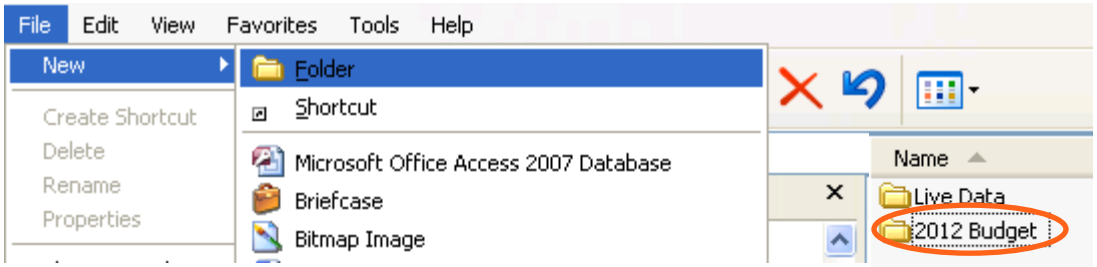
I. BUDGET PREPARATION

II. BUDGET CREATION

III. BUDGET VERIFICATION

I. BUDGET PREPARATION

A. Copy and Paste the Plan.mdb and RateWorks.mdb from the Live Data folder into a newly created archive folder, ie. 2012 Budget.



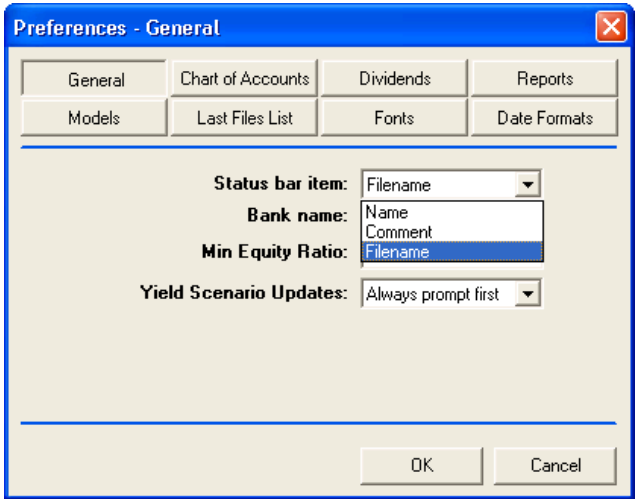
OR

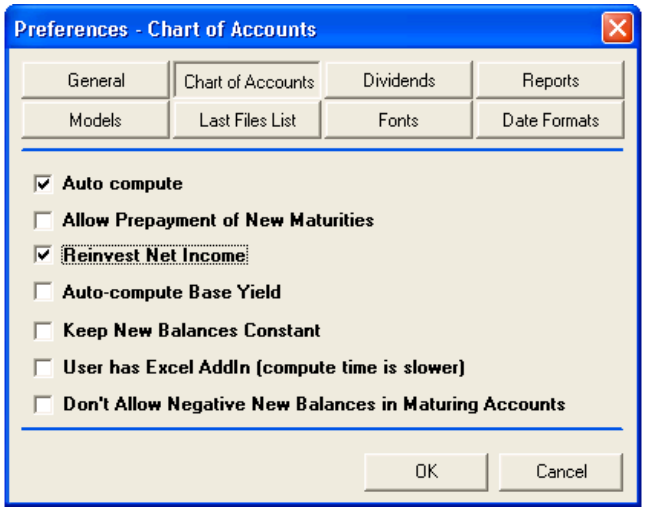
Use the 'File/Save As' option within Compass and save the plan in the archive folder under a new name.

I. BUDGET PREPARATION

B. In the Utilities\Options Menu:

1. Change the 'Status Bar' Item to File Name.





2. Check 'Re-Invest Net Income' in the Chart of Accounts Tab

C. Restructure Chart of Accounts by Adding, Moving or Renaming Accounts

I. BUDGET PREPARATION

D. Enter your budget directly into the Projections Tab

The Projections Tab is where forecasting is performed, models are built and instantaneous calculations are made in response to change. Once your budget is built, you can 'lock' it into place by performing the Lock Budget routine. This function copies the values from the Projections into the Budget Tab.

E. Use Notes Tab to enter Assumptions Strategies

The Notes Tab is available in each account to provide an area for documenting the bank's strategic approach for growth and pricing assumptions. These notes will appear collectively in the Plan Notes report, located in the Assumptions Report folder within the Reports Directory where you are encouraged to print them for discussion with ALCO and Examiners.

II. BUDGET CREATION

A. FORECASTING BALANCE SHEET GROWTH

B. FORECASTING NON-INTEREST INCOME / NON INTEREST EXPENSE

II. Budget Creation

A. FORECASTING BALANCE SHEET GROWTH

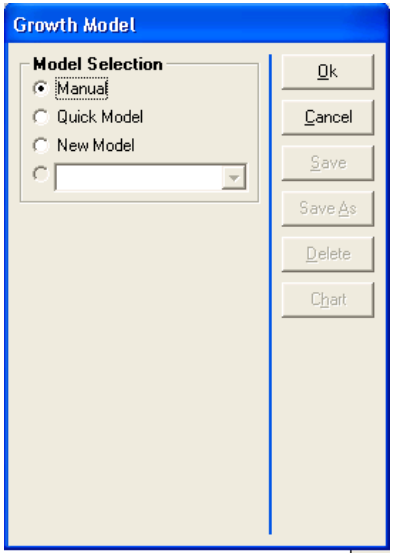
1. Manual
2. Quick Models
3. New Models
4. Trend Data

II. BUDGET CREATION

A. FORECASTING BALANCE SHEET GROWTH

1. Manual

a. *Select the Manual button under the EOM Balance heading and click OK.*



b. *Change the account forecast as you would using a spreadsheet or copy and paste directly from Excel.*

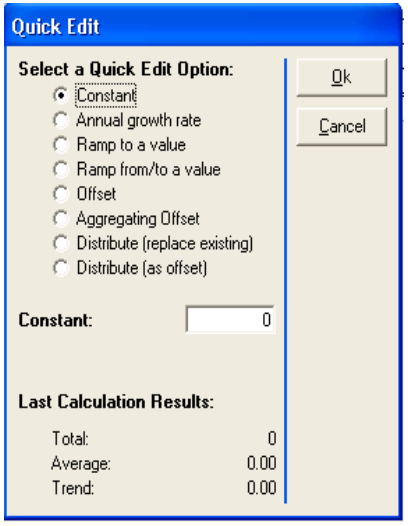
c. *Enter data for each month, directly or through the use of Quick Edits.*

II. BUDGET CREATION

A. FORECASTING BALANCE SHEET GROWTH

1. Manual

c. Quick Edits



i. Constant
ii. Annual growth rate
iii. Ramp to a value
iv. Ramp from/to a value
v. Offset
vi. Aggregating Offset
vii. Distribute (replace existing)
viii. Distribute (as offset)

II. Budget Creation

A. FORECASTING BALANCE SHEET GROWTH

1. Manual

c. Quick Edits

i. Constant

Places a constant value in each highlighted cell; takes the value from the input box.

II. Budget Creation

A. FORECASTING BALANCE SHEET GROWTH

1. Manual

c. Quick Edits

ii. Annual growth rate

Growth rates are always expressed as annual rates. When you place a growth rate in the input box, Compass will use 1/12 of this value to grow each highlighted month from the previous month's value.

II. Budget Creation

A. FORECASTING BALANCE SHEET GROWTH

1. Manual

c. Quick Edits

iii. Ramp to a value

This option allows the user to target a specific amount in a future month by evenly dividing the monthly growth from a starting to the ending value. The first highlighted value will be the starting point and the last highlighted cell will contain the value stated in the Ramp to: box. The cells between these two will grow incrementally. This is handy if

II. Budget Creation

A. FORECASTING BALANCE SHEET GROWTH

1. Manual

c. Quick Edits

iv. Ramp from/to a value

Same as Ramp to a value except that you can set both the starting point and the ending point. Compass evenly divides the values in between.

II. Budget Creation

A. FORECASTING BALANCE SHEET GROWTH

1. Manual

c. Quick Edits

v. Offset

This function will add/subtract the specified amount to/from the existing number in each highlighted cell. Use a - sign to subtract an amount.

II. Budget Creation

A. FORECASTING BALANCE SHEET GROWTH

1. Manual

c. Quick Edits

vi. Aggregating Offset

This is similar to the Offset except that the amount will compound each month. For example, if the Aggregating Offset is 100, then the first highlighted month will be increased by 100, the second by 200, the third by 300 and so forth.

II. Budget Creation

A. FORECASTING BALANCE SHEET GROWTH

1. Manual

c. Quick Edits

vii. Distribute (replace existing)

This option works much like the Offset option except it *replaces* the values in each cell. If you know a total amount and want that amount to be spread over several months, then this option will perform that function. For example, if the known total growth will be 770 for the next 7 months (the highlighted months), this option would place 110 in each month.

II. Budget Creation

A. FORECASTING BALANCE SHEET GROWTH

1. Manual

c. Quick Edits

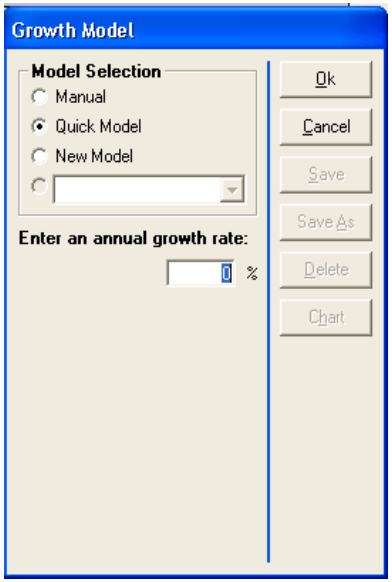
viii. Distribute (as offset)

This is the same function as above but instead of replacing the value, it adds (or subtracts) the calculated value to/from the existing values in each cell.

II. BUDGET CREATION

A. FORECASTING BALANCE SHEET GROWTH

2. Quick Models



a. ***Apply at branch level for SBU plans.***

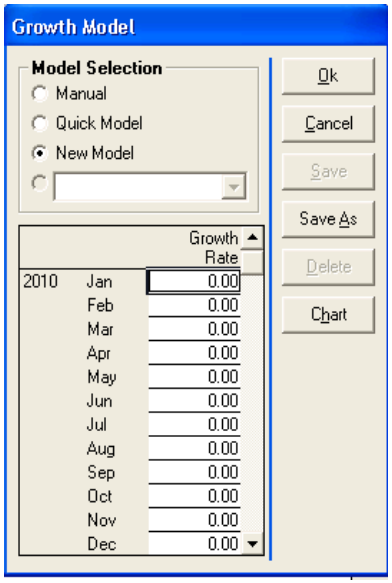
b. ***Start at Asset and Liabilities folder and drill down into sub-folders, then individual accounts.***

c. ***Enter an annual growth rate that will automatically re-forecast the balance with each monthly download.***

II. BUDGET CREATION

A. FORECASTING BALANCE SHEET GROWTH

3. New Models



a. ***Specify growth rates per month***

b. ***Apply at branch level for SBU plans.***

c. ***Start at Asset and Liabilities folder and drill down into sub-folders, then individual accounts.***

d. ***Enter an annual growth rate that will automatically re-forecast the balance with each monthly download.***

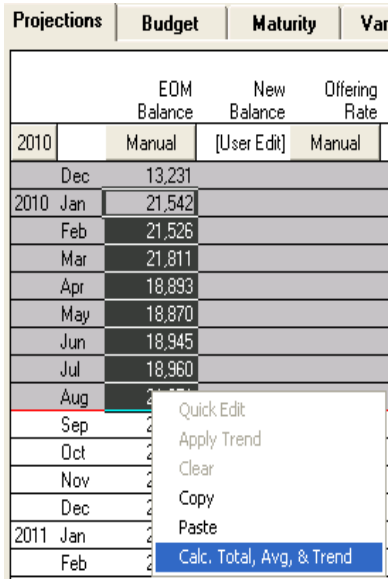
II. BUDGET CREATION

A. FORECASTING BALANCE SHEET GROWTH

3. Trend Data

a. ***Uses historical experience to forecast future activity.***

b. ***Trend is equal to the average dollar change per month.***



II. BUDGET CREATION

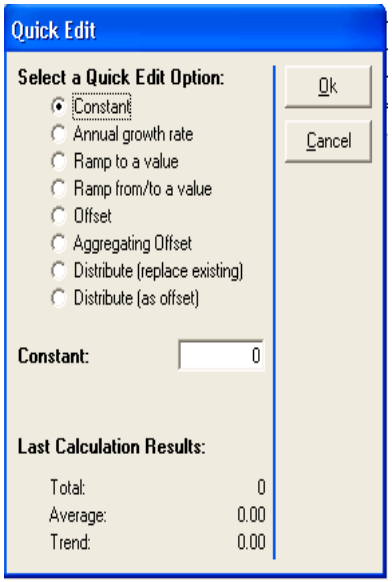
B. FORECASTING NON-INTEREST INCOME / NON-INTEREST EXPENSE

1. Manual
2. Fee Models
3. Annual Growth Rate
4. New Month from Previous Month

II. BUDGET CREATION

B. FORECASTING NON-INTEREST INCOME / NON-INTEREST EXPENSE

1. Manual

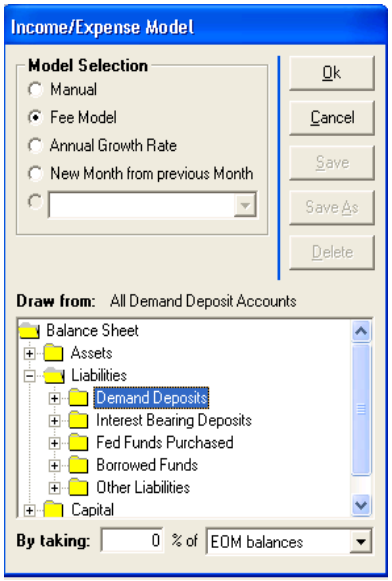


a. ***Use the same Quick Edit Options as detailed in Forecasting Balance Sheet Growth.***

II. BUDGET CREATION

B. FORECASTING NON-INTEREST INCOME / NON-INTEREST EXPENSE

2. Fee Model



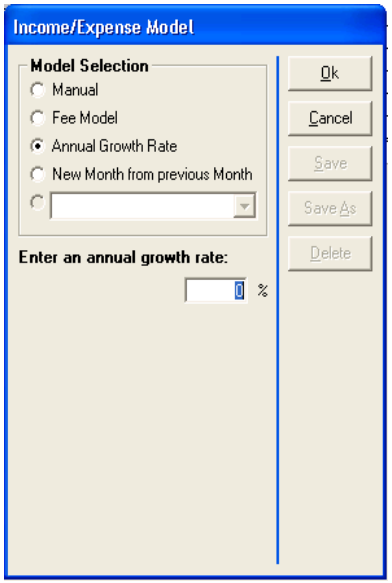
a. ***Applies non interest income / non-interest expense based as a percentage of EOM, AVG or the New Balances from a Balance Sheet account.***

b. ***Automatically re-forecasts after each monthly update or whenever the attached account is re-forecasted.***

II. BUDGET CREATION

B. FORECASTING NON-INTEREST INCOME / NON-INTEREST EXPENSE

3. Annual Growth Rate



a. *Applies a growth percentage to last year's actual balance.*

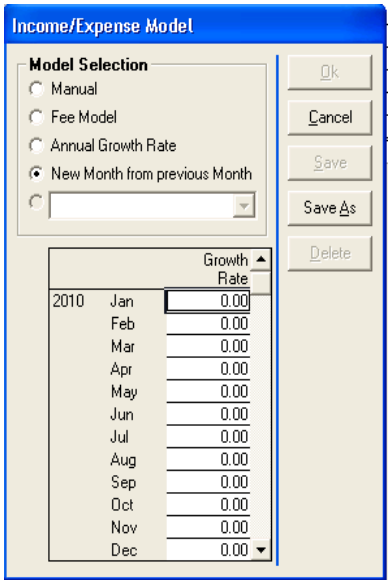
b. *Projected annual balance is calculated and distributed evenly among each month.*

c. *Calculated and applied to all remaining years in the forecast.*

II. BUDGET CREATION

B. FORECASTING NON-INTEREST INCOME / NON-INTEREST EXPENSE

4. New Month from Previous Month

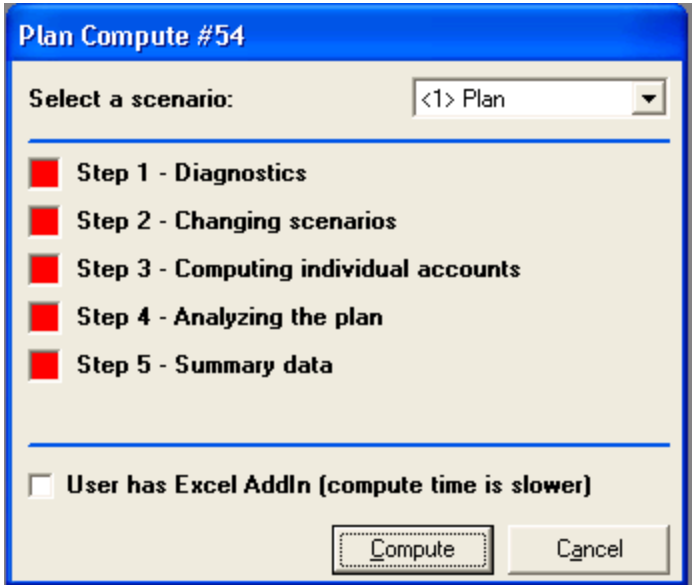


a. ***Applies a growth percentage from month to month***

b. ***Monthly growth is added to the last year/current month's balance to project next year's forecast.***

III. BUDGET VERIFICATION

A. COMPUTE THE PLAN

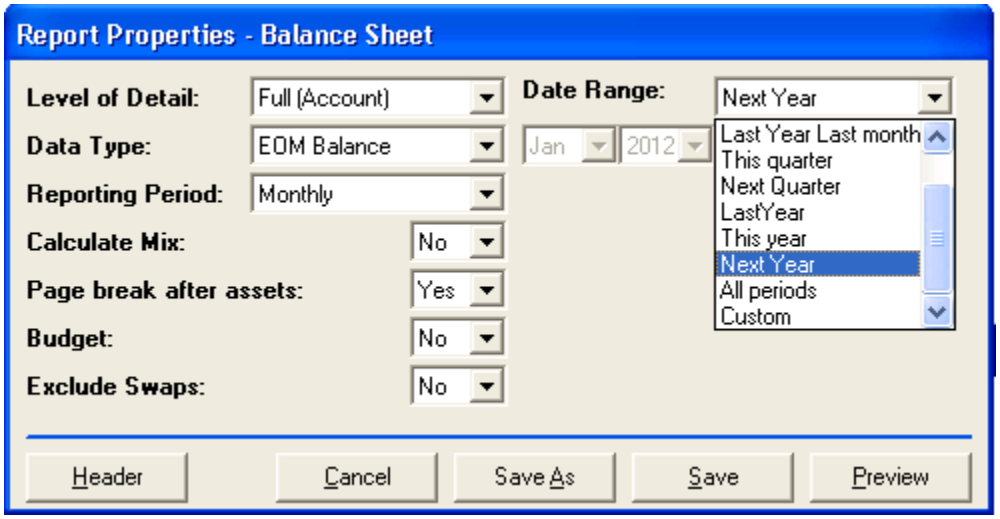


III. BUDGET VERIFICATION

B. VIEW / PRINT REPORTS

1. Properties

a. Select Next Year for the Date Range

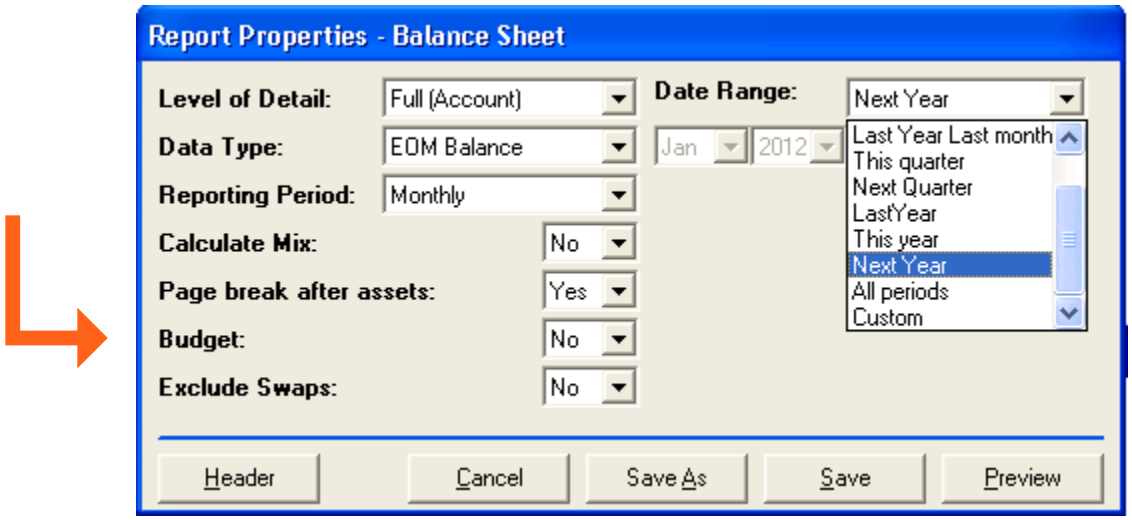


III. BUDGET VERIFICATION

B. VIEW / PRINT REPORTS

1. Properties

b. Select 'No' for Budget

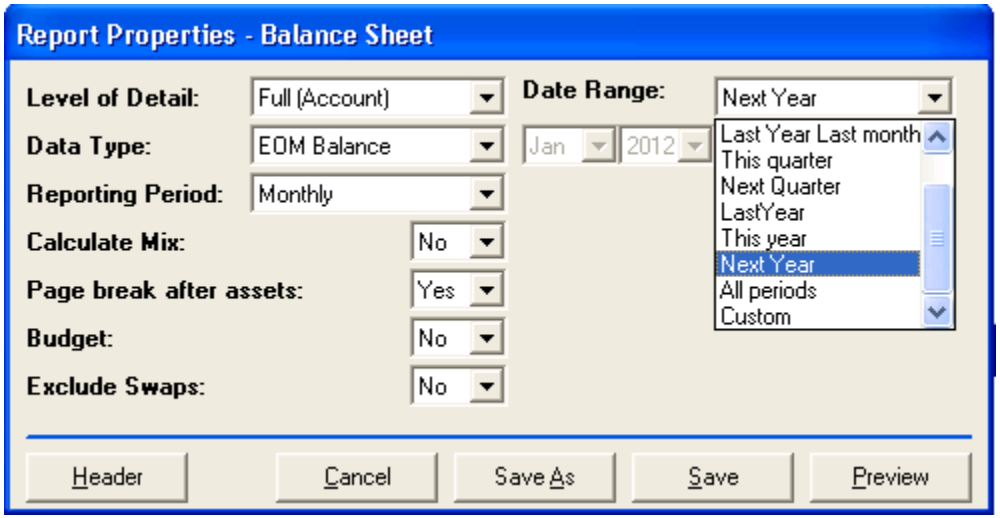


III. BUDGET VERIFICATION

B. VIEW / PRINT REPORTS

1. Properties

c. Select 'Save As' 2012 Budget or Preview only



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THANK YOU FOR ATTENDING

"Best Practices" Budgeting Boot Camp

Session 1: Forecasting Growth

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support@plansmith.com