



# HELOC Benchmark Analysis

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## Key Observations

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- Overall, the Bank is pretty much in line with the industry. The HELOCs phenomenal portfolio growth of 55% in 2002 places the Bank in the category of a high growth performer. The HELOC has become the Bank's cornerstone retail loan product. Its steady flow of revenue, low risk and adjustable rate features makes it an ideal product for BankAtlantic.
- In order to maintain this high growth, we must continue to enhance our marketing efforts and learn how to market more effectively. This will be one of the biggest challenges going forward.
- As our application volume continues to grow, it is imperative that we improve our ability to satisfy the customer's loan conditions in a timely manner and bring them to closing. This is one of the few areas where we fell below the industry's average by a significant margin.



# CBA 2002 Home Equity Study

Thirty-six home equity lenders participated in the study. They were divided into three classes, based on home equity portfolio dollars outstanding (lines and loans). Class definition are reported in the table below.

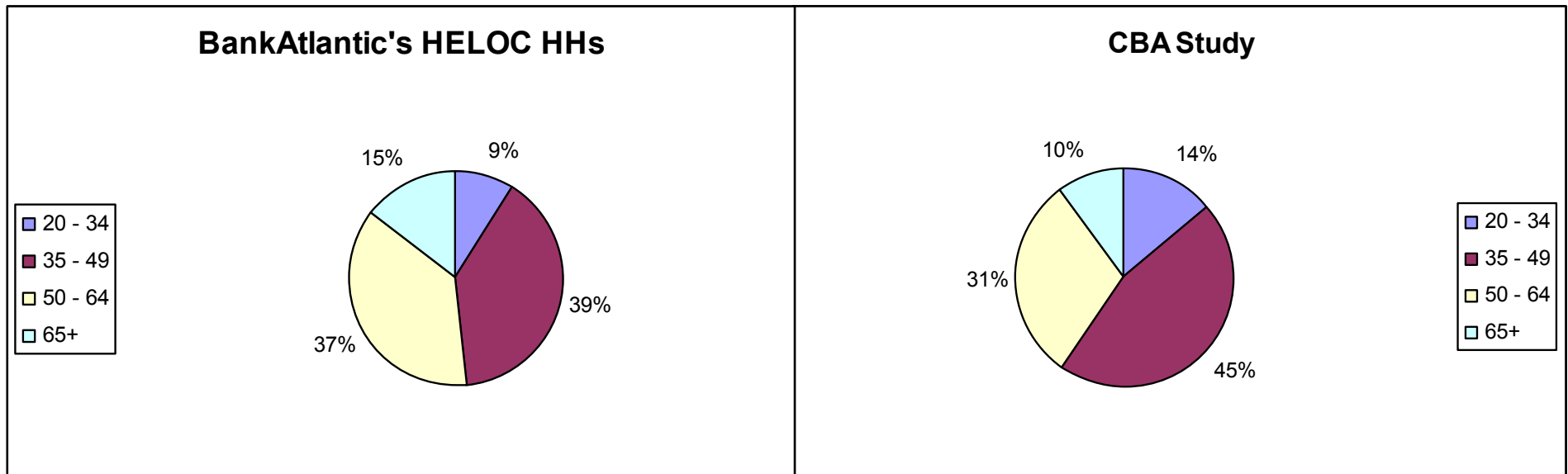
<u>Class</u>	<u>Home Equity Portfolio Size (Dollars Outstanding)</u>	<u>Number in Class</u>
Small	< \$700 Million	12
Medium	\$700MM to \$2 Billion	9
Large	> \$2 Billion	15

The majority of responding institutions are commercial banks. Below is the respondent population by institution type:

<u>Type of Institutions</u>	<u>% of respondents</u>
Commercial Banks	50%
Bank Holding	31%
Thrifts & Savings Banks	8%
Credit Union	8%
Mortgage Company	3%

# HELOC Age Segmentation

Observation: Bank's HELOC HHs age segmentation approximate industry's average. On average, we have more HHs in the 50+ age categories compared to industry's average.



Note: According to the 2002 CBA study, "... the highest concentration of home equity borrowers are between 35 and 49 years of age. Individuals between the ages of 50 and 64 represent the second concentration of home equity borrowers." 2002 average reported household income for borrowers is \$83,998. which is higher than the 2001 average income of \$67,433.



# Product Offering

Observation: The Bank offers two out of the three most common HELOC products in the industry.

	Offered by BankAtlantic	% of Financial Institutions Offering Product <sup>1</sup>
Interest Only HELOC	Yes	78%
HELOC w/Ability to Fix Drawn Portions <sup>2</sup>	No <sup>3</sup>	25%
Non-Owner Occupied Homes	Yes	64%

1. 2002 Consumers Bankers Association (CBA) Home Equity Loan Study.
2. This product provides the ability to establish a fixed rate & term for drawn portions of the line. Upon payment of the principal, it is made available to the line. This is a multi purpose loan. Customers only need to apply once and can utilize the line as they desire. This is ideal for customers that want to use their HELOC for purchase of a major item and pay it off in a fixed period of time.
3. This capability is currently being developed by Metavante, and it is expected to be launched in the third quarter of 2003. This product has the potential to be the Bank's main home equity product.



# Marketing Activities

Observation: The Bank considers cross selling as the most effective means of selling the HELOC. Direct mail and newspaper advertising have been important components of our marketing campaigns.

**Importance of marketing activities on a scale of 1 (low importance) to 6 (high importance).**

	<u>BankAtlantic's Rating</u>	<u>Respondent's Rating 2002<sup>1</sup></u>
No/Low Closing Costs	5	5
Cross sell	6	4.9
Brand Identity	5	4.9
Word of Mouth	4	4.7
Direct Mail	5	4.4
Employee Incentive	4	4.2
Telemarketing	4	3.9
Newspaper	4.5	3.7
Statement Stuffers	3	3.5

1. Ibid.



# % of Respondents Participating in Direct Mail

Observation: Direct mail and follow up phone calls have become an integral part of the Bank's HELOC marketing campaigns. Based on our marketing analyses, direct mail is more cost effective than newspaper advertising. In 2002, BankAtlantic participated in three pre-approval direct mail campaigns. For 2003 we decided to adopt a direct mail strategy similar to HPC retail (repetitive mailing to same group), and solely do invitations-to-apply (ITA) self-mailers.

	BankAtlantic Participates	% of Respondents Participating <sup>1</sup>
Pre-Approved	Yes <sup>2</sup>	44%
Non Pre-Approved	Yes	78%
Proactive Follow up	Yes <sup>3</sup>	N/A

1. Ibid.
2. Bank participated in 2002. However, in 2003 it discontinued it focusing instead on invitations-to-apply.
3. Branches conduct phone call follow ups.



## Direct Mail – Average Rate of Reply (as a % of HHs targeted)

Observation: The Bank's overall HELOC pre-approved and customer response rates was below industry's average. The Bank's response rates are based on the direct mail campaigns conducted in 2002.

	<u>BankAtlantic</u>	<u>Industry's Average<sup>1</sup></u>
Customers	1.03% <sup>3</sup>	1.58% <sup>2</sup>
Prospects	0.57% <sup>3</sup>	0.19% <sup>2</sup>
Pre-approved	0.41% <sup>4</sup>	0.72%

1. Ibid.
2. The study does not specify whether this is a pre-approval or non pre-approval.
3. Based on the results of the pre-approved direct mail campaign dropped on 6/25/02.
4. Based on the results of the pre-approved direct mail campaigns dropped in Feb '02 & Jun '02.



# % of Respondents Using Teaser Pricing

Observation: Teaser pricing has become standard in the industry and an important marketing tool. The Bank has not offered a teaser introductory rate since 10/08/01; due to the historically low Prime rate and downward pressure on interest rate margins.

	BankAtlantic	% of Institutions Offering <sup>1</sup>	Competitive Survey <sup>2</sup>
Teaser Interest Rate	No	50%	30%
Waive Closing Costs	Yes	17%	60% <sup>3</sup>
Reduced / Waived Fees	No	14%	Not Available
Did not offer Teaser Pricing	N/A	42%	10% <sup>4</sup>

1. Ibid.
2. As of 7/01/03. Surveyed 10 Banks (WAMU, B of A, SunTrust, Citibank, SouthTrust, AmTrust, Union Planters, AmSouth, Wachovia, BankUnited).
3. Composition of the 60%: One bank (**10%**), Citibank, waived all of the closing costs without any conditions. Five banks (**50%**) waived the closing costs contingent on either a (1) min. draw requirement at funding, (2) min. draw requirement & maintain funded for x period of time (3) min. line amount, or (4) not exceeding 80% LTV.
  - i. Partially waive closing costs: One bank (10%), WAMU, waived the first \$350 without any stipulations; customer responsible for paying the Doc Stamps and Intangible Tax. Two banks (20%), AmSouth & BankUnited, waived part of the closing costs contingent on minimum draw at closing.
4. Wachovia was the only bank that did not offer teaser pricing (waive closing costs or offer an introductory rate).



## Pricing Discounts (other than teaser rates)

Observation: The most common reasons for a pricing discount are auto debit and relationship. BankofAmerica and Wachovia offer a pricing discount of 25BP if customer opens a checking account. In 1999, when BankAtlantic began to aggressively market the HELOC, a checking account was required in order to qualify for the Prime for life rate. However, after a couple of years an analysis of these accounts revealed that a sizable % of accounts were inactive and/or had zero balances; losing the Bank money. Thus, the checking account requirement was removed.

### Basis for Pricing Discounts

Pricing Discounts Offered based on:	Industry' s Average <sup>1</sup>	BankAtlantic
Auto Debit	50.0%	No
Relationship	34.3%	No
Competitor Match	16.7%	No
Other	8.3%	No

1. Ibid.



# % of Deposit Customers with a Home Equity Line/Loan

As of 3/30/03

Observation: The Bank is below industry's average. In order to improve the penetration rate in 2003, a HELOC direct mail invitation-to-apply (ITA) campaign has been implemented that targets existing customers who are homeowners and do not have a BankAtlantic HELOC. These customers are scheduled to receive about four ITA self-mailers in 2003. In addition, increase focus has been placed on cross sell efforts at the time of the checking account opening.

	<u>BankAtlantic</u> <sup>1</sup>	Average Industry <u>Benchmark</u> <sup>2</sup>	<u>Small Institutions</u> <sup>2 &amp; 3</sup>
% of Deposit Customers	4.8%	8.0%	6.0%

1. Data: MCIF. The Bank has 153,250 households with a depository relationship of which 7,034 have a HELOC.
2. Ibid.
3. A small institution is defined by having an outstanding portfolio balance of less than \$750MM.



# Relationship Penetration

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As of 3/30/03.

Observation: BankAtlantic is slightly below industry's standards. Under the Matrix Mailing program, new HELOC customers who do not open a deposit account are expected to receive letters cross selling the various deposit products (i.e. checking, savings and MMKT). In addition, Sales & Support will increase their focus on cross selling in their HELOC training.

## Percentage of Borrowers with a Deposit Relationship with the Lending Institution

	<u>BankAtlantic</u> <sup>1</sup>	<u>Industry Standards</u> <sup>2</sup>
% of Borrowers	61.3%	63.0%

1. Source of data: MCIF.
2. Ibid.



## Distribution of Apps Received by Channel

Observation: According to the 2002 survey respondents, the branch channel continues to generate the majority of applications. This is also true for BankAtlantic. The Customer Service Center is our secondary main source of applications. The Internet channel usage continues to increase, year-over-year, and has become an important source of applications.

<u>Channels</u>	<u>BankAtlantic<sup>1</sup></u>	<u>Industry's Average<sup>2</sup></u>
Branch	70.29	61%
Telemarketing <sup>3</sup>	15.26%	11%
Direct Mail	5.80%	8%
Broker	None	5%
Internet	8.65%	7%
Affinity	None	3%
Other	None	4%

1. Source of data: APPRO application report.
2. Ibid.
3. Inbound calls.



# Application Average Turnaround Time

Observation: The Bank outperforms the industry in providing a quick loan decision, and once the application has been finally approved (loan conditions satisfied) we get it closed promptly in line with industry's average. However, we have fallen behind in our ability to satisfy the loan conditions which has had a negative impact on the turnaround times from *application receipt to final approval* and *application receipt to closing*, which well exceed industry's average. In 2003, the Underwriting Dept. has undertaken steps to improve the turnaround times.

	BankAtlantic's Average (days)	Industry's Average <sup>4</sup> (days)	Difference (days)
Application Rcpt to Credit Decision	2 hrs <sup>1</sup>	6.6 hrs	4.4 hrs
Application Rcpt to Final Approval	20.3 <sup>2</sup>	9.4	(10.9)
Application Rcpt to Closing	26.9 <sup>3</sup>	15.9	(9.0)
Final Approval to Closing	6.6	6.5	(0.1)

1. Provided by Marty Kelleher.
2. Based on the applications received from 1/02/02 to 11/04/02. Source of data: HELOC APPRO Application report.
3. Based on the applications received from 1/02 to 10/02. It excludes the three (3) day rescission period. Data: PowerLine App report.
4. Ibid.



# Avg. Turnaround Time from Rcpt of App to Final Approval

Observation: This shows that we fallen behind industry' s average in our ability to satisfy the customer' s loan conditions in a timely manner.

<u>Days</u>	<u>BankAtlantic<sup>1</sup></u>	<u>Industry' s Average<sup>2</sup></u>
<= 5	13.5%	27%
6 – 10	21.5%	43%
11 – 15	17.7%	17%
> 15	47.7%	13%

1. Based on the applications received from 1/02/02 to 11/04/02. Source of data: APPRO Application report.

2. Ibid.



## Avg. Turnaround Time from App Rcpt to Closing

Observation: Over 40% of the Bank's HELOC applicants closed their lines 25 days or more after they had applied, exceeding the industry's average of 9%.

Days	<u>BankAtlantic</u> <sup>1</sup>	<u>Industry's Average</u> <sup>2</sup>
<= 10	12.8%	28%
11 – 15	15.0%	28%
16 – 20	14.8%	22%
21 – 25	13.9%	13%
> 25	43.4%	9%

1. Based on the applications received from 1/02 to 10/02. It excludes the three (3) day rescission period. Data: PowerLine App report.
2. Ibid.





# Average Commitment Amount

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Observation: Based on the HELOCs booked in 2002, the Bank's average commitment amount was below the industry's average. Nonetheless, the average commitment amount for HELOCs booked from Jan - Apr 2003 was \$58,653, exceeding 2002 industry's average by \$3,346. This is largely due to the first lien and interest only HELOCs.

	<u>Average Commitment Amount</u> <sup>1</sup>	<u>2002 Industry's Average</u> <sup>2</sup>	<u>Difference</u>
HELOCs Closed in 2002	\$51,342	\$55,307	(\$3,965)

1. Data: Starview report 689LSU0350.
2. Ibid.



# Avg. Funded Ratio & % of Active Accounts

As of 5/30/03

Observation: The Bank's average funded balance ratio is line with industry's average. In 2001 the industry's average was 48%.

	<u>BankAtlantic</u>	<u>Industry Benchmark</u> <sup>2</sup>
% Funded <sup>1</sup>	53.2%	53.0%
% of Active Accounts <sup>3</sup>	81.0%	75.0%

1. Funded balance as a % of total commitment amount. Total commitment: \$489,145,603; total funded balance: \$260,462,480.  
Source of data: Info Desk Top.
2. Ibid.
3. Active account is defined as having a funded ratio of least 10%.



## Average # of Draws / Amount per Account

Observation: The Bank's HELOC accounts exceed the industry's average on the annual average # of draws, but falls below it in terms of the average draw amount. The 2002 survey respondents reported a significant higher average draw amount than the 2001 survey respondents.

	BankAtlantic <sup>1</sup>	2002 Industry's Average <sup>2</sup>	2001 Industry's Average <sup>3</sup>
Annual Avg. # of Draws per Acct.	6.5	5.0	4.0
Avg. Draw Amount	\$4,617	\$10,642	\$6,571
Total Annual Avg. Draw Amount	\$30,010	\$53,210	\$26,284

1. Based on the avg. # of draws for the months of Apr and May '03. The # of draws was annualized by multiplying the monthly avg. # of draws by 12. Data: Info Desk Top.
2. Ibid.
3. 2001 CBA Home Equity Study.



# Method for Line of Credit Draws

Observation: BankAtlantic provides all of the most commonly reported HELOC access methodologies. "88% of line of credit draws are conducted via check," Ibid.

Types of Access	BankAtlantic	% of Respondents <sup>1</sup>
Check	Yes	94%
Phone	Yes	67%
Online Banking	Yes	52%
Plastic (Credit Card)	Yes	33%
DDA Overlimit Link	Yes	30%

1. Ibid.



# Pricing Index Used & Average Rate Spread

Observation: BankAtlantic's average point spread from its index is below industry's average.

<u>Index Used by BankAtlantic</u>	<u>% of Institutions Using the WSJ Prime<sup>1</sup></u>	<u>% of Institutions Using the 90-day Treasury<sup>1</sup></u>	<u>% of Institutions Using the Bank's Prime<sup>1</sup></u>
WSJ Prime	94%	6%	0%

The figures below represent the point spread added to the pricing index (typically WSJ prime).

<u>Rate Spread</u>	<u>BankAtlantic<sup>2</sup></u>	<u>Industry's Average<sup>1</sup></u>
Average	0.26%	0.96%
Median	0.00%	0.25%

1. Ibid.

2. Portfolio as of 5/31/03. Includes Community Savings portfolio. Source of data: Corporate Finance.

# Average Rate Spread Used by Institution

Observation: Over one half of institutions surveyed used a rate spread of less than 0.5%. While 14.3% of respondents average rate spread exceeds 3.0%; this is most likely by the institutions that utilize the 90-day Treasury as their index.

Avg. Rate Spread	% of Institutions Using Rate Spread <sup>1</sup>	Cumulative Total <sup>1</sup>	BankAtlantic
< 0	2.9%	2.8%	
0 to < 0.5	51.4%	54.3%	X
0.5 to < 1.0	5.7%	60%	
1.0 to < 1.5	14.3%	74.3%	
1.5 to < 2.0	8.6%	82.9%	
2.0 to < 3.0	2.9%	85.8%	
3.0 +	14.3%	100.0%	

1. Ibid.



# Tiered Home Equity Pricing

Observation: “The size and the credit risk are the most commonly cited criteria for determining the pricing tier. “Other” is most frequently described as Loan to Value (LTV)” Ibid.

## % of Respondents Offering Tiered Home Equity Pricing

BankAtlantic

% of Survey Respondents<sup>1</sup>

Yes

77%

## Basis for Tiered Pricing

	Industry' s Average <sup>1</sup>	BankAtlantic
Loan / Line Amount	69%	
Credit Risk	52%	X
Other	24%	
Term of Credit	24%	

1. Ibid.



# Philosophy Relative to Non-Prime Credits

Observation: Non-prime credit is defined as having a FICO score less than 650. In 2003, the Bank has reintroduced the policy of underwriting lines w/Beacon Scores between 620 – 639.

	% of Institutions <sup>1</sup>	BankAtlantic
Originate & Hold	33%	X
Refer to External Party	33%	
No Established Policy	33%	

1. Ibid.





# How Institutions Assign Account Grades

Observation: BankAtlantic utilizes the Beacon Score to assign account grades, in line with the vast majority of 2002 survey respondents.

	% of Respondents	BankAtlantic
FICO or Other Generic Score	81.8%	X
Proprietary Score Range	3.0%	
Other Method	9.0%	
Not Applicable	6.0%	



# New HELOCs Booked by Appraisal Type

Observation: BankAtlantic's reliance on the Statistical/Desk Top (Value Point) exceeds the industry's average by a significant margin. Value Point has proven to be a cost effective way to obtain an assessment of the home's market value. The most popular form of appraisals amongst the 2002 survey respondents were the Statistical/Desk Top followed by the Drive-by.

	BankAtlantic <sup>1</sup>	2002 Industry's Average <sup>2</sup>	2001 Industry's Average <sup>2</sup>
Full Appraisal	6%	17%	19.0%
Drive-by Appraisal	0%	30%	20%
Statistical/Desk Top	70%	32%	33%
Tax Assessment	20%	14%	12%
Drive-by & Tax Assess.	0%	0%	3%
No Appraisal	0%	3%	0%
Other	4%	5%	8%

1. Based on lines booked in 2002. Source of data: APPRO application report.
2. Ibid.



# Maximum Collateral LTV for HELOCs

Observation: BankAtlantic's maximum LTV is in line with industry's average.

LTVs	% of Respondents Indicating Respective Maximum LTVs <sup>1</sup>	BankAtlantic's Maximum LTV <sup>2</sup>
80%	6%	
90%	12%	
100%	74%	X
120%	9%	

1. Ibid.
2. Based on fair market value and a Beacon Score of 700 or greater.



# Average Approval Rates & Bureau Score

Observation: The Bank's approval ratio<sup>1</sup> is in line industry's average. The average credit score for equity lines and loans booked in 2002 is only slightly below industry's average, and our debt to income threshold exceeds industry's average.

	BankAtlantic	Industry's Average <sup>2</sup>
Average Approval Rates	62% <sup>1</sup>	63%
Avg. Bureau Score for Equity Lines & Loans Closed in 2002	722 <sup>3</sup>	728
Debt to Gross Income Threshold	50%	45%

1. Based on the original approval/decision of applications. It does not take into account the cancellation of apps that were originally conditionally approved. Source of data: APPRO application report.
2. Ibid.

# % of New Equity Lines and Loans that Score Between the Following Bureau Score Ranges

Observation: Overall, BankAtlantic is pretty much in line with industry's average. Less than 5% of the HELOCs booked in 2002 are considered non-prime credit (FICO Score of less than 650). "More than one half of newly originated home equity credits exhibited a bureau score of 720 or higher."<sup>2</sup>

	<u>BankAtlantic</u> <sup>1</sup>	<u>Industry's Average</u> <sup>2</sup>
>= 720	52.02%	53%
680 – 719	27.86%	21%
650 – 679	15.87%	11%
620 – 649	3.34%	6%
600 – 619	0.62%	3%
< 600	0.28%	6%

1. Home equity lines and loans booked in 2002. Source of data: APPRO application report.  
 2. Ibid.



# Underwriting Methodology

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Observation: BankAtlantic utilizes a combination of credit scoring and traditional underwriting activities to decision the HELOCs. In line with the majority of financial institutions.

## Percentage of Institutions & Underwriting Methodologies they Utilize<sup>1</sup>

Scored &  
Judgmental

65%

Scored Only

6%

Auto Decided  
Only

18%

Judgmental Only

14%

1. Ibid.



# Portfolio Growth

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Observation: BankAtlantic's portfolio growth in 2002 exceeded industry's average by 42%.

<u>12/31/01 Total Funded Balance</u>	<u>12/31/02 Total Funded Balance</u>	<u>% Change</u>	<u>Industry Benchmark<sup>1</sup></u>	<u>Small Institutions<sup>1&amp;2</sup></u>
\$148,216,099	\$230,445,164	55.5%	39%	31%

1. Ibid. This is based on commitment amount. However, since the Bank's funded ratio has remained steady at about 53% it can be postulated that its total commitment amount grew by 55.5%.
2. A small institution is defined by having an outstanding portfolio balance of less than \$750MM.



# Attrition Rates

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Observation: The industry benchmark attrition rate is based on commitment amount, and ours is based on the number of accounts. Nonetheless, it gives us a good idea as to where we stand in comparison to the industry.

BankAtlantic<sup>1</sup>

22.6%

Industry Benchmark<sup>2</sup>

23.0%

1. Number of HELOC accounts as of 12/31/01 was 6,013, and out of that group 4,615 were still in the books as of 12/31/02. Source of data: MCIF.
2. Ibid.





# Portfolio Growth Performance Comparison

Observation: Based on the portfolio growth from 12/31/01 to 12/31/02, BankAtlantic fell in the category of a high growth performer. It appears that customer retention programs do have an impact on portfolio growth. Furthermore, high growth performers have an aggressive direct mail strategy.

	BankAtlantic	High Growth High Performers Portfolio Growth =>25%	Low Growth Low Performers Portfolio Growth <25%
Average Growth	55.5%	47%	15%
% of Respondents Engaging in Formal Customer Retention Activities <sup>1</sup>	Yes	62%	25%
Offered Teaser Pricing	Yes	57%	69%
Avg. # of Direct Mail Campaigns (annual) <sup>2</sup>	3	6.8	1.7
Avg. Points added to Pricing Index	0.26%	1.20%	0.92%
Avg. Turnaround time Receipt to Closing % of apps <15 Days	28%	73%	33%

1. BankAtlantic has implemented an activation program, consisting of a quarterly mailing of three HELOC checks and a letter encouraging customers to fund their HELOCs.
2. In 2002, the Bank conducted three pre-approval campaigns. In 2003, we plan to do four to five invitation-to-apply mailings.



# Delinquency Ratio

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Observation: The Bank's delinquency ratio is below the industry's average. A corollary of a high credit quality portfolio. In **2003**, from **Jan to May** the average delinquency ratio was **0.69%**. According to the CBA 2003 Consumer Credit Collections Study, as of year-end 2002 the average delinquency ratio for the home equity line was approximately 0.70%.<sup>1</sup>

BankAtlantic's 2002 Avg<sup>2</sup>

0.79%

Industry's Average<sup>3</sup>

0.94%

Small Institution's  
Average<sup>3&4</sup>

0.67%

1. Consumer Bankers Association, CBA Reports, May 2003.
2. Source of data: Starview report 689LSU0140 (Consumer Loans Delinquency Report).
3. Ibid.
4. A small institution is defined by having an outstanding portfolio balance of less than \$750MM.



# Charge-Offs

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Observation: The Bank's charge-offs ratios exceeds industry' s average.

## Annual Gross Dollar Charge-Offs as a % of Average Line Portfolio Dollars Outstanding

BankAtlantic<sup>1</sup>

0.29%

Industry' s Average<sup>3</sup>

0.14%

## Monthly Gross Dollar Charge-Offs as a % of Dollars Delinquent (30+)

BankAtlantic<sup>1&2</sup>

4.04%

Industry' s Average<sup>3</sup>

1.45%

1. Based solely on BankAtlantic' s portfolio. Community Savings portfolio was not included. Total gross dollar charge offs in 2002 was \$545,163, and avg. dollars outstanding was \$187,634,008.
2. 2002 avg. dollars delinquent was \$1,125,769. Calculation: (\$545,163 (total gross dollar charge offs)/12) / \$1,125,769.
3. Ibid.

Source of data: Credit Department; Starview Report 689LSU0140 (Consumer Loan Delinquency Report).



# Charge-Offs

Observation: The Bank's recovery rate exceeds industry's average by 46%. It is the Bank's policy to charge-off a loan that has been delinquent for 120 days.

## Annual Dollar Recoveries as % of Annual Dollar Charge-Offs

BankAtlantic<sup>1</sup>

26.4%

Industry's Average<sup>2</sup>

18.0%

## Aging Point for Charge-Offs

	BankAtlantic	# of Respondents	% of Respondents
90 days		1	4%
120 days	X	9	32%
150 days		2	7%
Varies		11	39%
Other		5	18%

1. Total dollar charge-offs in 2002 was \$545,163, and total dollars recovered were \$143,673. Source of data: Credit Department.
2. Ibid.



# Portfolio Management Attributes

Observation: Presently, BankAtlantic does not perform annual reviews or renewals of HELOCs. However, on a quarterly basis Equifax scans all of the HELOC accounts in the Bank's portfolio, and identifies those that have experienced a significant credit deterioration based on their Beacon Scores.

	<u>BankAtlantic</u>	<u>% of Respondents<sup>1</sup></u>	<u>% of Small Institutions<sup>1</sup></u>
Perform Annual Reviews	No	68%	44.4%
Perform Annual Renewals	No	16%	11.1%

	<u>BankAtlantic</u>	<u>Industry Average<sup>1</sup></u>	<u>Small Institutions' Average<sup>1</sup></u>
% of HELOCs Reviewed	0%	68%	50%

1. Ibid.



# Staffing

Observation: The tables below show that overall BankAtlantic's Consumer Loans staffing is very efficient when compared to the industry's average. Larger institutions report the greatest overall efficiencies, which they gain through the use of technology and economies of scale.

## Portfolio \$ Commitments per Total Home Equity FTE

	BankAtlantic <sup>1</sup>	Small Institutions <sup>2</sup>	Industry's Average <sup>2</sup>
Year 2002	\$15.34MM	\$9.27MM	\$9.7MM

## New \$ Commitments per Origination FTE

	BankAtlantic <sup>3</sup>	Small Institutions <sup>2</sup>	Industry's Average <sup>2</sup>
Year 2002	\$22.92MM	\$11.6MM	\$15.1MM

## Total \$ Commitments per Servicing FTE

	BankAtlantic <sup>1</sup>	Small Institutions <sup>2</sup>	Industry's Average <sup>2</sup>
Year 2002	\$13.95MM	\$18.5	\$21.9

1. Based on the 2002 total annual average commitment amount for both the HELOC and fixed home equity loans of \$375,236,437. BankAtlantic had 26.5 full time employees (FTEs) in Consumer Lending in 2002; 15 in Servicing and 11.5 in Origination. According to the supervisors in each respective area, the amount of time their FTEs allocated to the home equity products ranged from 90% – 95%.
2. Ibid.
3. In 2002 the total HELOC commitment amount booked was \$240,691,467. Averaged 11.5 origination FTEs in 2002; underwriting team: 8.5 FTEs, allocated to home equity 90% of time; Closing Dept.: 3 FTEs, allotted to home equity 95% of time.



# Recommendations

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The benchmark analysis identified certain areas where there are opportunities for improvement. Below is a list of recommendations:

- **Marketing**

- Evaluate current marketing efforts, identify improvement opportunities associated with HELOC customer acquisition.
- Leverage learning from prior/ current acquisition efforts.
- Grow prospect pool as necessary.
- Improve acquisition \$ ROI by marketing more efficiently (targeting).
- Acquire more customers by marketing more effectively (enhance collateral & tactics).
- Identify high-potential HELOC prospects among the Bank's customers.



# Recommendations

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- **Underwriting**

- Improve the Turnaround Time from Receipt of Application to Closing – A potential solution is to add loan processors that will handle the applicant's loan conditions instead of the branches. The Underwriting department has hired a loan processor, and it will pilot the program for a period of six months. Program will be evaluated during this time period to determine its effectiveness and whether to roll out bank wide.

- **Staffing**

- Establish a systems interface between the Closing Dept. and the Consumer Loan Ops Dept. A software is available that would enable the interface; installation of software was schedule for 2003, but it has been postponed until 2004. Currently, the Loan Ops department has to re-input the information from the loan documents into the loan system. The interface would capture certain fields from the Closing Dept and automatically enter them into the loan system. This would create efficiencies, possibly decreasing the amount of time required to book a HELOC in the loan system by 10 minutes.