

## BACKGROUND

- Family owned community bank
- Very strong core deposit base, but loan-growth challenged
- Bank identified the need for a review due to underperformance compared to peers
- Loan processes were overly risk adverse
- Lending technology was not being optimized (origination, approval, booking, and servicing)
- Unacceptable customer service (approval to support) as compared to peers
- Productivity levels in lending (production and support) was lacking

## LENDING ENHANCEMENT Project Summary & Benefit overview

[ region ]	Midwest
[ assets ]	\$1.5 Billion
[ branches ]	30
[ FTE ]	350

## [ RESULTS ]

- \* Streamlined approval process to improve customer service
- \* Developed scalable staffing tools for present and future use
- \* Drove asset and loan revenue growth by identifying excess production capacity
- \* Improved opportunities for cross-utilization of loan operations staff
- \* Streamlined processes for faster loan turnaround and lower unit costs
- \* Improved loan fees and collection opportunities, while providing better pricing options
- \* Instilled risk management techniques to counter risk avoidance mentality

CATEGORY	Midpoint Estimated BENEFITS
Production	\$1,290,000
Credit Services	\$150,000
Non Interest Income	\$550,000
Non Interest Expense	\$40,000
<b>TOTAL</b>	<b>\$2,030,000</b>

## APPROACH

- Completed peer analysis to determine bank's standing on loan fees and collection efforts
- Reviewed efficiency of loan processes to determine new process potential and eliminate non-value activities
- Compared current practices to industry best practices
- Evaluated the use of technology to ensure optimization of turnaround time and overall customer service
- Evaluated lending organizational structure and alignment of functions
- Examined opportunities to improved usage of ancillary loan systems
- Assessed the use of imaging to increase loan process efficiency
- Developed staffing tools for current and future needs of production and support

## RECOMMENDATIONS

- Develop method to improve loan fee collection efforts while providing flexibility to the officers in pricing methodologies
- Expedite the credit approval process through automation and changes to loan policy
- Improve productivity through business process redesign and improved technology usage of both core and ancillary systems
- Move towards a paperless environment
- Improve loan monitoring through automated reporting
- Align lending staff with High Performing metrics, while maintaining requirements for Loss Share loans
- Ensure processes are scalable while retaining the community bank environment