

BACKGROUND

- Bank was formed to acquire failed banks
- Processes were heavily paper based and often inconsistent
- Risk avoidance was prevalent through bank to enable continued regulatory support for acquisitions
- Normal challenges of bank integration, but elevated because of rapid roll-up
- Productivity expectations varied within the organization
- Management turnover and organizational changes helped facilitate progress in reaching acceptable profitability
- Bank was not harvesting best practices from acquisitions or taking part in continuous improvement
- As part of the acquisitions, client had inherited marginal branches (markets with low deposit and/or loan growth potential)

LENDING ENHANCEMENT Project Summary & Benefit overview

[region]	Southeast
[assets]	\$2.1 Billion
[branches]	36
[FTE]	575

[RESULTS]

- * Drove asset and revenue by identifying production unit excess capacity
- * Improved loan approval, processing, and monitoring automation
- * Developed staffing tools for present and future use
- * Streamlined processes for faster loan turnaround and lower unit costs
- * Improved customer service through streamlined approval process and better use of technology
- * Instilled risk management techniques to replace risk-avoidance culture

CATEGORY	Midpoint Estimated BENEFITS
Production	\$1,530,000
Credit Services	\$450,000
Operations	\$420,000
Special Assets	\$500,000
TOTAL	\$2,900,000

APPROACH

- Reviewed efficiency of processes to determine new process potential and eliminate non-value added activities
- Compared current practices to best-in-class to isolate areas of weakness
- Evaluated organizational structure and proper alignment of functions
- Reviewed credit processes to increase productivity of Relationship Managers and support staff
- Assessed the use of imaging within the lending arena
- Developed lending staffing tools for current and future needs of production and support
- Ensured organizational and process changes aligned with Bank strategy

RECOMMENDATIONS

- Expedite the credit approval process through automation and changes to loan policy
- Improve productivity through business process redesign and improved technology usage
- Improve loan monitoring through electronic documents and automated reporting
- Promote accountability, rather than excessive control
- Align lending staff with High Performing metrics, while maintaining requirements for Loss Share loans
- Improve cross-utilization of resources
- Modify organizational structure and define roles and responsibilities as necessary
- Ensure processes are scalable, while retaining the community bank environment
- Create a continuous improvement culture