

BACKGROUND

- The bank was formed to acquire failed banks
- Process inconsistencies were rampant
- Risk avoidance 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 organization
- Management turnover and organizational changes helped facilitate progress in reaching acceptable profitability
- Continuous improvement and harvesting the best practices from acquisitions were not occurring
- As part of the acquisitions, our client had inherited marginal branches

RPI PROJECT SUMMARY & BENEFIT OVERVIEW

[region] Southeast
 [assets] \$2.5 Billion
 [branches] 38
 [FTE] 550

[RESULTS]

- * Eliminated non-value added activities
- * Implemented best practices
- * Improved fees and collection efforts
- * Eliminated unnecessary expenses
- * Developed Staffing tools for present and future use
- * Instilled Risk management mentality vs. risk avoidance
- * Improved customer service

CATEGORY	Midpoint Estimated BENEFITS
Non Interest Income	\$4,500,000
Non Interest Expense	\$3,600,000
Staff Capacity	\$1,200,000
TOTAL	\$9,300,000

APPROACH

- Alongside Bank Implementation Team, reviewed efficiency of processes to determine new process potential
- Analyzed fee pricing and collection efforts, products, and services against Bank peers
- Reviewed contracts for appropriateness and re-negotiation opportunities
- Identified savings opportunities in non-staff related expense areas
- Evaluated organizational structure
- Developed staffing tools for current and future needs
- Ensured alignment of all changes with Bank strategy

RECOMMENDATIONS

- Improve productivity through business process redesign and improved technology usage
- Promote accountability, rather than excessive control
- Enhance deposit and loan income through pricing and collection methodologies
- Reduce various non-staff expense categories ☐
Rationalize branches
- Align staffing with High Performing metrics
- Modify organizational structure and define roles/ responsibilities as necessary
- Ensure processes are scalable while retaining the community bank environment
- Create a continuous improvement culture