

RFG Case Study: *Revenue Enhancement*

Bank realizes \$600K in additional fee income

Client:

A \$800 million southeastern savings bank with 28 branch offices serving three major population centers and numerous, smaller rural communities.

Business Problem:

The bank enjoyed a relatively stable earnings stream, and given the downturn in their market areas, sought to bolster net income by engaging in a comprehensive review of household and product profitability, measuring branch and market potential, and identifying new sources of fee income.

Process:

Management was considering a number of deposit based service charge increases. There were no plans to focus on lending. In RFG's experience, lending fees can be a very rich source of income and can improve Net Interest Margin. RFG was asked to produce an analysis of lending fee income across all consumer, mortgage and commercial lending areas.

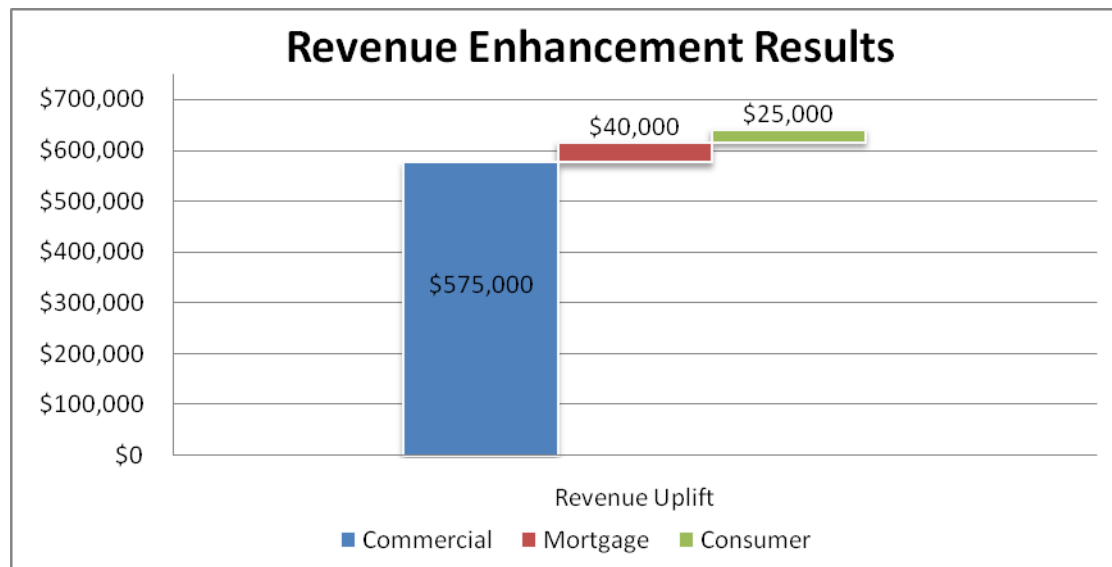
Recommendations:

RFG's CEO Strategies Group analysis established detailed product profitability indices which led to a three month assessment of fee income and focused on various commitment, processing and underwriting fees. The analysis pointed out that, across the entire loan portfolio, lenders were neither asking for nor charging acceptable fees by industry standards. A series of lender meetings resulted in a commitment to change practices and adoption of all RFG recommendations.

Target Uplift:

Over a six month period, the bank tracked an annualized \$600,000 in additional fee income.

Resulting Benefit:



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Generate higher levels of loan fee income and improve relationship profitability

... Achieved

- Measured \$600,000 in new loan fee income across consumer, mortgage and commercial lending
- Provided a disciplined structure to review market competitors and adjust fees accordingly
- Contributed to Net Interest Margin
- Made lenders more responsible for relationship profitability and importance of charging fees for service