



Case Study

PERFORMANCE BANKING HELPS COMMUNITY BANK INCREASE NET INTEREST MARGIN (NIM).

60%

increase in Net
Interest Income

The Business Challenge

A small regional bank in the southern United States was placed under FDIC Consent Order. With an asset growth restriction, they needed to focus on the growth they could control — Net Interest Margin (NIM). The bank's management also needed to reduce the cost of funds, improve loan yields, and minimize risks to capital, all while hundreds of other banks were failing around the country.

This small bank was facing huge hurdles based in a town of just 3,500 people with no history of profitability. In addition, they had an asset growth restriction, a tight capital position, a period of high loan losses and collateral devaluation, and were beginning with a NIM of 2.25%.

Deluxe Answers

The bank had a short period of time to refocus performance metrics to continue forward in their journey to stability. Given the discouraging financial picture, this simply couldn't be accomplished without the right tools. Deluxe recommended Banker's Dashboard to refocus on the NIM. Once Banker's Dashboard access was provided to all stakeholders, including bank directors, they were able to track performance, spot weaknesses, and push their NIM higher. The more informed teams were, the more the NIM and earnings began to improve.





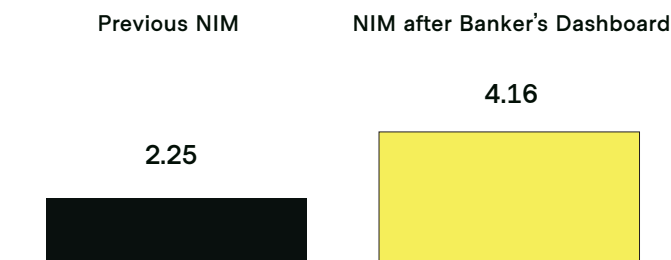
Case Study: Performance banking helps regional bank increase Net Interest Margin (NIM).

Results

By adopting Banker's Dashboard, the bank increased the NIM from 2.25 to an impressive 4.16. The bank grew Net Interest Income from \$775,000 per quarter to \$1.3 million per quarter equating to a 60% increase while maintaining their Asset Size due to regulatory restrictions.

Their team used the Banker's Dashboard Loan Pricing Tool to help price loans more competitively which helped their earnings to grow, giving them the additional capital needed to continue to grow.

Since their turnaround, the bank was able to raise additional capital and has merged with two other local banks. This allowed them to scale up, expand into new markets, acquire additional customers, and continue to grow.

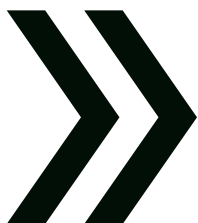


The Deluxe Difference

Banker's Dashboard enabled the bank to customize a view of their competitors to better understand the strengths and weaknesses of their pricing. Transparency into loan production and pricing allows banks to see how each branch is performing down to the level of each individual loan. This level of transparency drives bank performance.

Loan pricing and prime rate shock tools add structure and predictability, while accurate budgeting, forecasting and margin analysis capabilities assist in analyzing performance and making informed decisions.

Banker's Dashboard clients can see an average lift of 20 to 30 basis points in NIM over a 12-quarter period. Most clients see enough improvement in NIM in just one year to completely pay for the tool.



Want more information?
Contact us today.

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<https://www.deluxe.com/NIM>