

SNL Banker Solution

Customer Experience, January 2017

Customer Name: First Fidelity Bancorp, Inc.

Asset Size: Approximately \$1.5B¹

Number of Branches: 30 Branches

First Fidelity Bancorp Adds a Missing Piece of Revenue Data to Their Dashboards: Loan Pipeline Reporting.

Client Pain Points: One of the unique elements in banking, when compared to manufacturing – service or retail – is how banks forecast their upcoming revenue. Instead of just forecasting an increase/decrease in revenue based on past results, a bank must estimate loan growth and deposit growth, as well as the spread between the interest income (on the loans) and the cost of funds (on the deposits). To add in another layer of complexity, new loans and deposits do not show up in financial reporting until the accounts are opened and booked to the core accounting system. Having insight into the loan pipeline can ensure that a bank is on track to meet its loan production goals. In addition, the cost of funds on internal deposits is almost always going to be a cheaper source of funding than external funding, especially in a rising interest rate environment. Having a pulse on the upcoming pipeline of revenue producing loans gives financial decision makers at a bank an advantage of anticipating where production rates currently point, as well as advance warning should higher rate external funding prove necessary.

The Solution: First Fidelity Bancorp, Inc., integrates origination software, DecisionPro,² to log and track the progress on their loan applications and pipeline. In addition to utilizing the software, they have directly implemented the application into SNL Banker, and in turn have the ability to model reports within the application, along-side portfolio-level reporting. As a result, they can now create dashboards that include the entire picture of loan revenue status:

- 1) Loan origination pipeline
- 2) New loans booked to the core
- 3) Upcoming maturing loans
- 4) Current deposit funding levels

The core SNL Banker product allows clients to review newly opened loans, maturing loans and current deposit funding levels. However, the inclusion of the origination pipeline contributes to the picture by giving officer and financial decision makers a glimpse into what will be added to the portfolio in the future.

¹ All data herein is as of June 30, 2016 unless otherwise noted.

² SNL Banker is compatible with 3rd party solutions such as DecisionPro, which is not an affiliate of S&P Global Market Intelligence.

Macro Loan Pipeline Reporting:



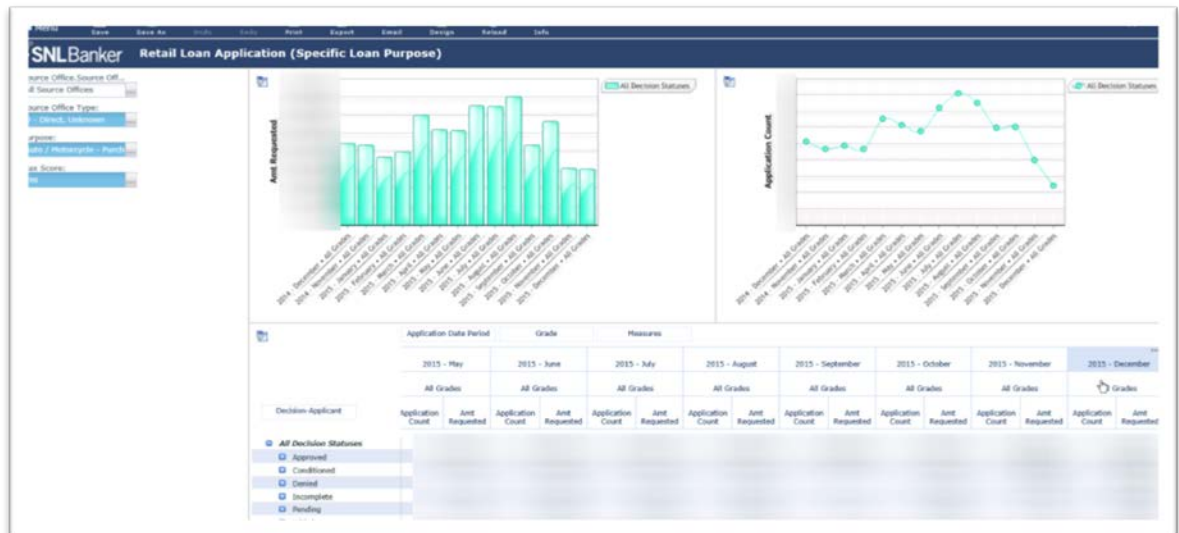
For illustrative purposes only

A bank that decides to implement their loan pipeline reporting software into the SNL Banker solution will now be able to answer the following questions after reviewing their dashboards:

- 1) What types of loans are consumers applying for at our bank?
- 2) What is the average amount requested for each type of loan?
- 3) Are loan requests for certain types of loans (or across all loans) seasonal?

By implementing its loan pipeline reporting system, a bank will be able to utilize SNL Banker's graphing and trending capabilities to easily show and analyze where demand is centered, as well as analyze dollar amounts and application types. In addition to the items shown in the screen shot above, the user can also drill into decisions on the loan as well as break out credit scores ("grades") for the applications.

Micro Loan Pipeline Reporting:



For illustrative purposes only

A bank that decides to implement their loan pipeline reporting software into SNL Banker will also be able to answer the following questions after reviewing their dashboards:

- 1) What types of loans are we approving and denying?
 - a. What are the trending applicant characteristics of approved loans and denied loans?
- 2) Which officers are approving and denying the most loans?
- 3) What is the overall conversion rate for loan applications and approvals?

Structuring the report to view the decision statuses provides a distinct, micro, view into the overall loan application process and conversion rate at a bank. This information will allow for a deep dive into the decision process regarding loan applications as well as the approval/denial behavior of specific officers at a bank. It also illuminates the conversion rate for each application received by the loan origination department.

In general, loan pipeline reporting systems do not possess the level of reporting capabilities that SNL Banker provides. In addition, utilizing a separate platform creates an additional step required by the user to get the entire picture. By implementing an ancillary loan pipeline system into SNL Banker, a bank receives an upgrade to their loan pipeline reporting as well as the ability to house all pertinent loan information within the same source.

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CONTACT US

SNLInfo@SNL.com

866 296 3743

[www.spglobal.com/
marketintelligence](http://www.spglobal.com/marketintelligence)

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