



**Management Consulting, Analytics, and Research
For the Financial Services Industry**

**Firm Overview
August 2018**



Capital Performance Group

CPG is a management consulting firm headquartered in Washington, DC. We provide value to our clients by delivering proven solutions to critical business issues, empowering decision-makers with relevant, concise, well-organized information, and engineering work practices to drive efficiencies and productivity.

CPG is unlike any other consulting firm. We partner with our clients and form lasting relationships. We know the financial services industry inside and out. We are dedicated to helping our clients succeed in this highly competitive and regulated industry.

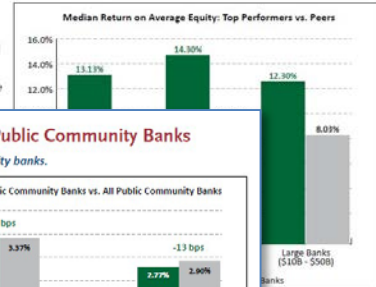
- **Experience** — we are industry veterans. Our full-time professionals and consulting associate team members average over 20 years of experience in the financial services industry as practitioners and consultants.
- **Focus** — we specialize in financial institutions consulting and have developed unique tools and methodologies to address the business issues and challenges that are unique to the industry.
- **Practicality** — we know what it takes to implement and manage strategic initiatives and business model/process change efforts. We provide hands-on assistance and actionable advice.
- **We keep you informed** – it's our job to keep an eye on the competitive marketplace and help you navigate it. Read our latest Wire and follow us on Twitter.
- **We deliver results** – we help our clients get things done faster and with better results.

CPG and the American Banker Rank the Top Banks

Each year CPG partners with the American Banker to rank the top performing banks.

CPG, in conjunction with the American Banker Magazine, ranked and analyzed the nation's top banks of 2016. This month, we focused on three groups of banks: community banks (defined as having assets of less than \$2B), midsize banks (\$2B to \$10B), and large banks (\$10B to \$50B).

Among these groups, the midsize banks were the most profitable – a trend that has persisted since the implementation of Dodd-



CPG and the American Banker Rank the Top Performing Public Community Banks

Each year CPG partners with the American Banker to rank the top performing community banks.

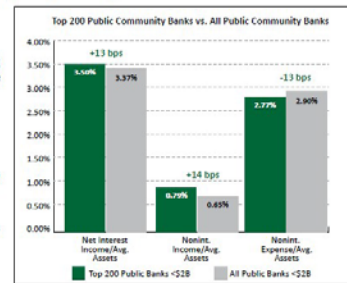
2016 was another good year for the public community bank group (under \$2B). These institutions improved the median return on average equity by 31 basis points. This is noteworthy given the macroeconomic challenges that continued during the year, including contracting margins. Profitability improvements were spurred by the group's ability to build scale. The median noninterest expenses to average assets for the group declined 5 basis points year-over-year, while levels of net interest and noninterest income remained flat. Improved asset quality also helped.

The top 200 public community banks generated a double-digit ROE and modestly outperformed their peers in each of the major income statement items as shown in the chart to the right. This allowed the group to post significantly better profitability and efficiency ratios.

The full ranking and analysis of the publicly-traded banks with assets of less than \$2 billion appears in the May edition of the American Banker Magazine. [Link to article - subscription required.](#)

Rankings of the top performing mid-tier banks and thrifts (\$2B - \$10B) will be available on the American Banker website and in the June 2016 issue of the American Banker Magazine. CPG's BankThink article on top performance in the industry will also be featured in the magazine and online in June. For more information, please contact [Kevin Halsey](#) (202-337-7873).

Endnote information for this article on page 2.



Rank	Institution Name	City, State	Total Assets (\$000) 2016	3-Year Avg ROAE (%) 2014-2016	ROAE (%) 2016
1	Fidelity Federal Bancorp	Evansville, IN	456,271	20.46	17.15
2	Thomasville Bancshares, Inc.	Thomasville, GA	779,284	16.76	17.07
3	University Bancorp, Inc.	Ann Arbor, MI	193,069	16.65	25.25
4	Seacoast Commerce Banc Holdings	San Diego, CA	569,537	16.44	17.96
5	West Town Bancorp, Inc.	Raleigh, NC	260,156	16.05	7.01
Median: All Public Community Banks ¹			445,977	7.35	7.62
Change in Median (2015-2016): All Public Community Banks ²			59,264	0.31	0.31
Median: Top 200 Public Community Banks ²			663,237	10.33	10.51
Change in Median (2015-2016): Top 200 Public Community Banks ²			61,670	0.01	(0.02)

Practice Areas

Strategy	Distribution	Marketing	Finance & Credit Risk	FI Industry Research & Analysis
Strategic Planning	Distribution System Strategy & Design	Segmentation & Lead Generation Programs	Loan Portfolio Reporting & Policy Issues	Top Performing Banks; Annual American Banker Published Study
Executive/Director Meeting Facilitation	De Novo & Acquisition Market Entrance Strategy	Market & Competitor Analysis	Credit Process Assessment & Redesign	ABA Payments Survey
Revenue Enhancement Strategies	Branch Network Consolidation	Customer Analytics	Dual Risk Rating Methodologies	ABA Overdraft Study
Process Reengineering	Branch Site Analysis & Selection	Value Proposition Development	Balanced Scorecards & Benchmarking	Financial Services Industry: Current State, Emerging Trends, and Competitive Landscape
Cost Reduction Programs	Sales Force Productivity Improvement	Product/Package/Program Development & Testing	Strategic & Technology Investment Evaluation	Leadership Lessons from CPG's Study of High Performing Banks
Advanced Performance Analytics & Research	Sales & Relationship Management Program Design	Proprietary Market Research	Implementation Assistance for Profitability & Financial Planning Systems	Best Practices and Benchmark Research
M&A Services	Digital/Mobile Channel Strategy	Integrated Marketing Communications Programs		
Business Line Scorecards	Acquisition, Cross-sell, & Retention Process (Re)Design			
Organizational Design				

Recent Project Work

Strategic Planning and Executive/Director Meeting Facilitation

- A well-tested method for setting corporate-level objectives and identifying the actions required to achieve targeted results
- Insights into the industry and competitive trends that your business plan must address
- Customer, market, channel, and performance analytics to drive decision-making
- Surveys, one-on-one interviews and roundtable meetings to engage stakeholders in the strategy process
- Facilitation of strategy retreats/meetings resulting in agreed upon vision, mission, core values, financial targets and major strategic priorities for the company

Distribution System Planning: Execution and Rationalization

- New market entry strategies including market/site assessment, competitive positioning, and full project management
- Development of franchise-wide, multi-channel plans to support growth and/or efficiency targets
- Prioritization of growth opportunities on a market-by-market basis and analysis of channel/individual branch performance to drive de novo, acquisition, divestiture, and resource allocation/investment decisions
- Comprehensive decision making and planning support

Deposit Funding

- Provide insights into best practices in deposit generation including product features, structure and pricing; delivery channel functionality and capabilities; sales and service practices; and, market and brand positioning
- Development of an overall funding strategy for the Bank including the level of deposit funding needed over the coming business cycle
- Product, sales, and marketing program design to improve deposit acquisition, cross-sell and retention results
- Deposit Summits: organization and facilitation of one-day workshops to specify deposit growth priorities and execution plans

Recent Project Work

Business Banking Expansion Plans

- Development of analytics and action plans to expand commercial banking into new markets, add new products, and improve go-to-market strategies
- Commercial market segmentation to identify opportunities to build competitive advantage in servicing distinct industries
- Evaluation of the existing customer experience across key touch points to prioritize opportunities for improvement in line with brand positioning
- Commercial credit process redesign to improve the customer experience, increase efficiency, and create a more scalable platform for growth

Credit Risk Management/Loan Portfolio Monitoring and Reporting

- Recommendations for improving the credit function, including process redesign, underwriting practices, lending authorities, and organizational design
- Development of dual risk rating methodologies and integration of supporting third-party scoring tools, credit portfolio analytics, and reports and monitoring processes to support profit improvement and risk management objectives
- Strategies to better leverage portfolio MIS and improve work practices to provide greater value to customers, build deeper relationships, rationalize pricing, and better manage risks

Product Redesign/Product Line Expansion

- Enhancement of product suites to ensure profitability in light of regulatory, consumer behavior, and competitive changes; increase perceived value on the part of customers; ensure product line consistency with the bank's positioning; and maximize new customer acquisition, cross-sell, and up-sell opportunities
- Identification of opportunities to consolidate or package products to simplify product choices for customers and rationalize the bank's product and customer management responsibilities

Recent Articles & Speeches

<p>CFO Focus: Analytics for Strategic Planning. <i>CUES</i>, by Claude Hanley, August 9, 2018.</p> 	<p>Time for a Marketing Budget Increase! <i>ABA Bank Marketing</i>, by Mark Gibson, July 26, 2018.</p> 	<p>Customer Satisfaction and Your Digital Strategy. <i>ABA Bank Marketing</i>, by Mark Gibson, July 2, 2018.</p> 	<p>BankThink: Most Important Strategy of Top-Performing Banks? Simplify. <i>American Banker BankThink</i>, by Kevin Halsey, June 7, 2018.</p> 
<p>The Branch-Closing Conundrum: Our 2018 Ranking of Midtier Banks. <i>American Banker</i>, by Andy Peters with Kevin Halsey, June 7, 2018.</p> 	<p>Strategies to Succeed in a Rapidly Changing Industry. <i>Massachusetts Bankers Women in Banking Conference</i>, by Marr Beth Sullivan, May 27, 2018.</p> 	<p>Customer Experience as a Competitive Weapon. Strategic Information Resources Consumer Lending Summit by Mary Ellen Georgas-Tellefsen, May 22, 2018.</p> 	<p>Lessons Learned while Caffeinating with Cap One. <i>ABA Bank Marketing</i>, by Mark Gibson, May 17, 2018.</p> 
<p>Financial Marketers Are You Listening? Stop Buying New Customers. <i>Financial Brand</i>, by Mark Gibson, May 7, 2018.</p> 	<p>Cautiously Optimistic: Top Performing Publicly-Traded Community Banks (assets <\$2B). <i>American Banker</i>, by Bonnie McGeer featuring Kevin Halsey, May 4, 2018.</p> 	<p>The Five Pitfalls of Digital Marketing Banks and Credit Unions Must Avoid. <i>Financial Brand</i>, by Mark Gibson, May 7, 2018.</p> 	<p>How Banks Can Regain Home Loan Market Share. <i>ABA Bank Marketing</i>, by Mark Gibson, April 18, 2018.</p> 

CPG's Wire Newsletter (subscribe at www.capitalperform.com)

	<p>August 2018 Strategic Focal Points for 2019, Time for a Marketing Budget Increase, Analytics for Effective Strategic Planning, The Branch Closing Conundrum: Our 2018 Ranking of Midtier Banks.</p>	<p>June 2018 CPG and American Banker Rank the Top Performing Banks of 2017, Focus: Imperative for High Performance, Top Performing Credit Unions.</p>	<p>April 2018 Engaging Employees in the Strategic Planning Process, Strategic Plans that Make a Difference, How to Make Your Culture a Competitive Weapon, CPG's Marketing Practice.</p>
<p>February 2018 Must-Have Analytics for Branch Planning & Performance Management, Betting on Retail Banking & Branches, Marketers: Get Thee to a Branch, Can Retail Banking be Saved? Should it Be?</p>	<p>December 2017 2017 Year in Review, Predictions for 2018, The Win-Win of Sustainable Banking, The Risk of Irrelevance: Customer Relationship Growth in the Digital Age.</p>	<p>October 2017 Top Strategic Focal Points, Building Remarkable Products, Behavioral Marketing: Leveraging Insights at the Point of Purchase, Equifax Breach Threatens Bank Reputations Too.</p>	<p>July/August 2017 Mobile P2P: Not a Priority for Most Banks, Winning at Retail, Deposit Funding Drives Valuations.</p>
<p>May/June 2017 The Deposit Squeeze has Begun, GPG and the American Banker Rank the Top Performing Banks, Gen X: Worthy of More Focus.</p>	<p>March/April 2017 CPG and the American Banker Rank the Top Performing Public Community Banks, Top Performing Credit Unions, Wealth Management: Is it Contributing to your Bottom Line.</p>	<p>January/February 2017 Five Ways to Significantly Improve Your User Experience, The Rise of Reputational Risk, Statshot: Attrition Rates.</p>	<p>December 2016 2016 Year in Review, Predictions for 2017, Getting Content Marketing Right, Payments Disruption: You Ain't Seen Nothing Yet.</p>

Why CPG?

Our focus is on building long-term client relationships.

We have unmatched financial services industry
knowledge & experience.

We have developed proven methodologies and analytics to help
our clients address opportunities with confidence.

Please contact Mary Beth Sullivan for more information

msullivan@capitalperform.com

202-337-7872