



## Lodestone Solutions

### Advanced Earnings Methodology (AEM<sup>SM</sup>)

Lodestone works with community, regional & multi-regional financial institutions to **improve bottom line profitability** by examining core systems, policies and practices to develop, present and increase net-interest margin & non-interest income through our Advanced Earnings Methodology (AEM<sup>SM</sup>). All this income opportunity is achieved without increasing fees, decreasing staff or cutting utility bills.

### Systems Analysis (Pre and Post Conversion)

Lodestone has considerable expertise on all core banking systems. We know their capabilities and limitations so we know how to get much more out of them. The former CFO of \$3 billion Bank had this to say: "I view Lodestone's system services as **pre or post-conversion fine tuning for profit maximization and risk management**. It is relatively rote to convert a bank to a new system these days. What's missing from the conversion team is senior level banking executives with system expertise. Which Lodestone has."

### Merger and Consolidation

Lodestone has developed its Merger and Consolidation model to determine the appropriate internal organizational structure, the location of various deposit and lending activities and the required staffing levels at all locations. We identify improvements in procedures and workflow. In addition we also identify data processing and other automation opportunities.

### 80/20 Lending<sup>SM</sup>

HSBC Regional President describing results as "**First** the branch footings grew in the number of business customers, assets, liabilities and non-fund income. **Second** the process change provided opportunities for branch managers to become more experienced in commercial lending. **And finally**, it reduced the workload of our senior credit officers, allowing them to focus on larger corporate customers." Adding value...the **Shahin Yield Calc.<sup>SM</sup>** takes proven critical factors into account to achieve profitable new loans that meet or exceed corporate threshold yields – eliminating the "**I think it is a good loan**" factor in lending.

### Workflow | Productivity Analysis

Improve business process by streamlining and standardizing working methods and improving availability of audit trails within your bank. Review and analyze: every function, systems, process steps, level of knowledge, reporting structure, etc. Results are: **right-sizing personnel**, improved utilization of systems, customer service and internal communication, reduced redundancies/processing times, and improved reports to management.

### Loan Portfolio Review

The loan portfolio is the most significant group of assets on the balance sheet of almost every financial institution and loans usually represent the majority of the institution's earning assets, and pose the greatest amount of risk. Until recently, many financial institutions cited their superior knowledge of borrowers as sufficient to preclude the need for an objective loan review. Much of that feeling of security has vanished in recent years. Even though financial institutions may have internal processes and loan review programs, many turn to an outside company to perform an objective loan review.

### Regulatory Directive and Compliance Solutions

Lodestone offers assistance to financial institution boards of directors/trustees which have received regulatory directives such as MOU or letter of agreements. Solutions include Loan Review and Asset/Liability Management assistance. In addition, we work with the financial institution's examiners and accounting firms to define, implement, and report regulatory and FASB mandates.