

The Guide to Revenue Growth



Banks Have A Revenue Problem

It's not easy being a banker these days. NIM is down. So is ROE. Over the past 20 years, operating income has grown 34% slower than assets. The initial response to declining earnings was to cut expenses. Assets per employee are now 2.4 times higher than they were 20 years ago.

But banks don't have an expense problem. They have a revenue problem.

Despite dozens of new product offerings, the revenue generated by each dollar of assets is down by more than 21 percent. And the decline shows no sign of stopping. Yet most bank tech spending remains focused on wringing more efficiencies out of fewer and fewer employees.

Fortunately, PrecisionLender tackles this revenue problem head on.

In this guide you'll find collateral that explains just a few of the ways the PrecisionLender sales and coaching platform delivers better outcomes by coaching frontline commercial bankers with timely, actionable insights –paired with accountability.

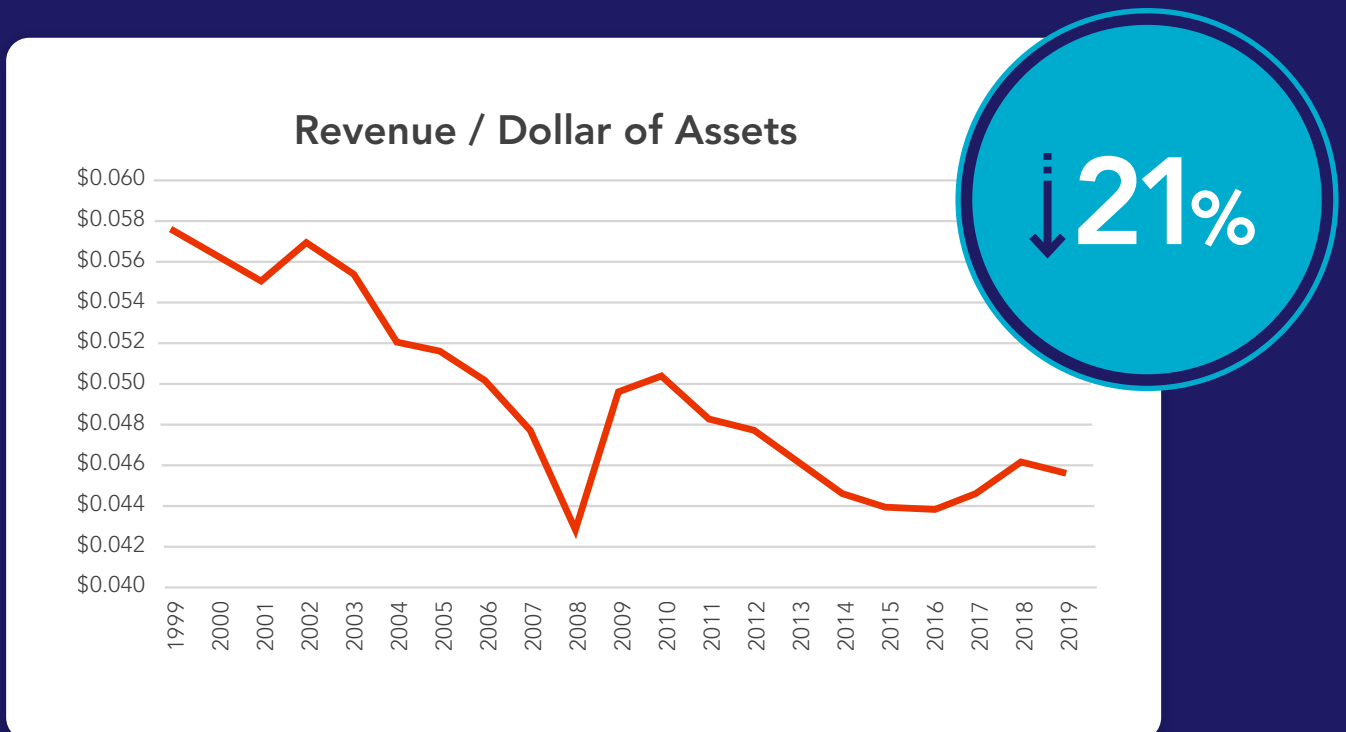


Table of Contents

PrecisionLender Overview 1

This is a broad overview of the value PrecisionLender provides and how it helps banks win better deals, build stronger relationships, and improve profitability.

Understand and Leverage Relationship Data 3

PrecisionLender's Relationship Awareness module provides bankers with timely, contextual information on each commercial relationship's current and future value and impact it has on each deal.

Cross-Sell to Expand Relationships and Improve Profitability 6

Learn how PrecisionLender helps commercial relationship-managers cross-sell a range of products and expand client relationships –and then track that those promised accounts arrive on the books.

Turn Strategy into Action and Steer Your Commercial Portfolio 9

Market conditions and bank goals change. Learn how PrecisionLender helps bankers analyze their portfolio, set a different course, and ensure that relationship managers take actions that align with bank strategy.

Price Appropriately for Risk 11

Are you winning commercial deals that do more harm than good to the balance sheet? Learn How PrecisionLender helps banks price appropriately for risk, at both the deal and the portfolio level.

The world's leading sales and negotiation solution for commercial banks.

Banks aren't giving their front-line relationship managers the tools and insights they need to deliver a customer experience that separates them from the competition. They're often winning deals that are actually bad for the bank's portfolio or losing deals that then result in lost relationships.

We are modernizing banking.

PrecisionLender software empowers bankers with actionable, in-the-moment insights and coaching, so they can structure, price and negotiate winning deals. The result is stronger, more profitable relationships, for both the relationship manager and the bank.



With PrecisionLender you can...



Grow Relationships

PrecisionLender empowers bankers with ways to make deals work, beyond just rate and term. They can see the relative value of every deal point to the bank, helping them confidently address each term relative to the client.



Increase Profitability

Now you can know the real value of each relationship and understand the true impact of winning or losing each deal. PrecisionLender also gives bankers multiple non-credit ways to expand those relationships.



Strengthen Your Tech Ecosystem

PrecisionLender integrates seamlessly with banks' existing systems and makes the technology it touches even more powerful through the information it shares.

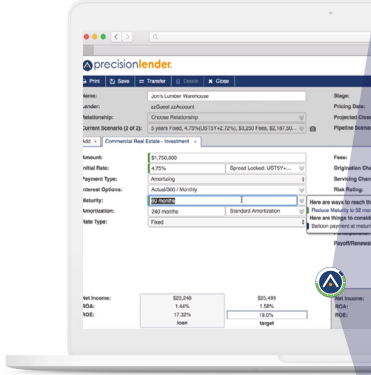


Insights That Lead to Action

Banks have enormous amounts of data they use to generate insights, but they struggle to turn this into meaningful action. PrecisionLender helps banks take this critical final step, thanks to Andi®.

Andi is PrecisionLender's intelligent virtual analyst. She augments bankers' strengths with the latest technology and data, delivering recommendations on different structures and tactics, while the deal is being priced.

It's about delivering the right information to the right banker, at the right time.



Here are ways to reach the target:

- Increase the Initial Rate by 7 bps
- Add \$4,870 to the Initial Fees
- Add 0.24% to the Initial Fees
- Reduce LTV to 76%
- Reduce Maturity to 45 months
- Consumer DDA of \$71k reaches opportunity target
- Commercial DDA of \$880k reaches opportunity target
- DDA Earning Credit of \$87k reaches opportunity target

Here are things to consider:

- If a Floating or Adjustable rate is an option

Ask Andi your question... **OK**

Andi®, our virtual insights analyst suggests ways for bankers to make a deal work.

”

“RMs like that PrecisionLender gives them different options ... They now have efficient ways to make the deal work and meet the needs of the customer.”

- Kyle Koelbel, CFO, Rabobank N.A.

Proven Client Success

+10_{BPS}
Margin Growth



↑8.76%
Loan Growth



↑7.64%
Deposit Growth



PrecisionLender clients outperformed their peers in all of these annual metrics while also having a past due rate of just 0.81% on all their commercial loans.

**Based on FDIC numbers from Dec. 2017-Dec. 2018*

Understand and Leverage Relationship Data

When pricing a commercial deal, the best bankers know it's not just about that particular opportunity – it's also about the context of the full relationship with that client.

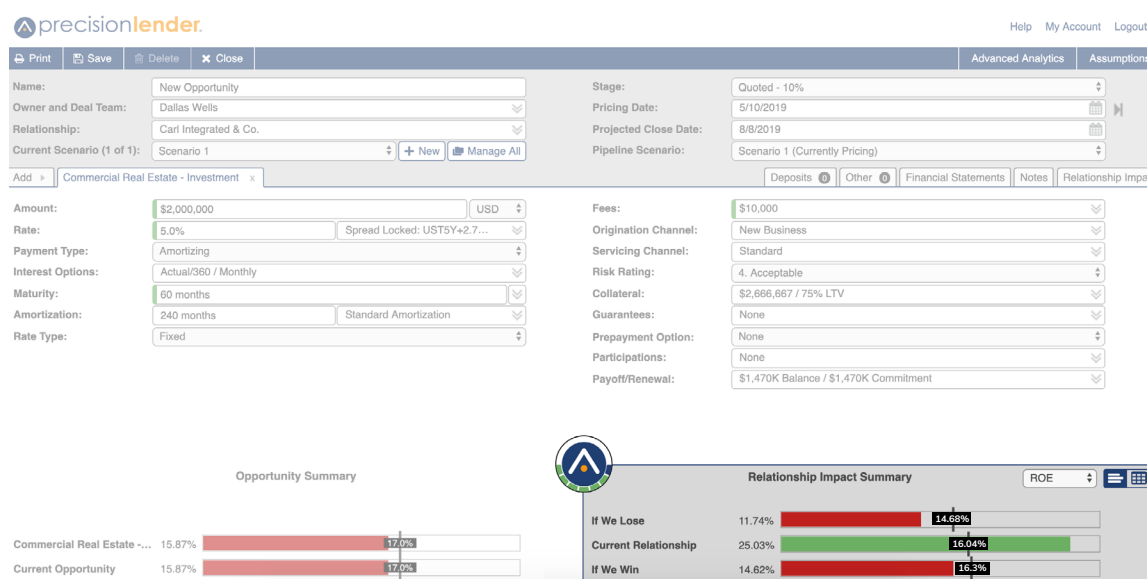
Understanding that relationship, its current and future value, and the impact it has on each deal – and vice versa – is critical to getting that crucial balance of growth, profitability, and risk that all banks strive to achieve.

PrecisionLender's Relationship Awareness module is the key to developing that understanding.

Timely Information, Delivered Automatically

Banks have good data on relationships – just not in the same systems their bankers are using to price transactions. Moving back and forth from one system to the other, often manually copying and pasting critical data, is a recipe for errors and inefficiency.

Relationship Awareness delivers relationship profitability data to the PrecisionLender pricing platform and automatically updates it, giving bankers the contextual information they need when they're pricing deals.





Relevant Relationship Valuations

Many banks base the value of their client relationships on a backward-looking view – i.e. “How profitable has this relationship been in the last quarter/last year/since we booked it?” But your competitors don’t look at those deals that way. They’re only interested in what the deal looks like now and going forward, and whether there’s a chance they can win that business away from you.

That’s why Relationship Awareness shows you the expected profitability for the remaining life of each relationship – what we call its “Strategic Value.” It also gives you profitability information on both the account and relationship levels. So your bankers can take both a micro (“How much is this CRE loan worth to us?”) and macro (“How much is the client worth to us?”) approach to how it conducts business with each deal, for each client.

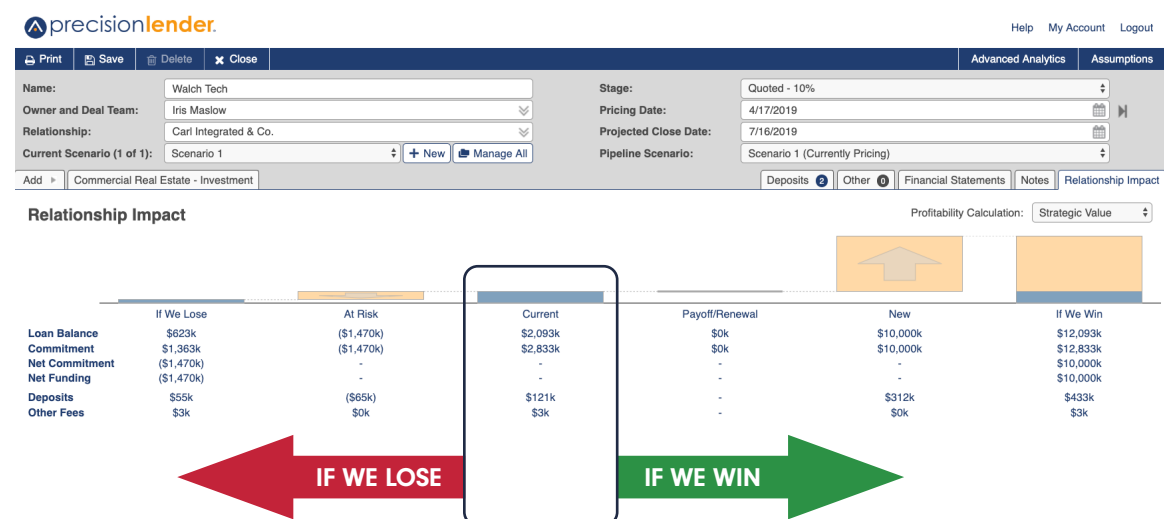
Knowing that information helps your bank identify relationships that could be vulnerable, and whether you should act to ensure that business stays in-house, or perhaps be willing to walk away if a competitor makes a lower offer.

Contextual Information While You’re Pricing

If your bankers are only looking at a specific product when pricing an opportunity, they’re basically flying blind. They need to know all the other business the client has with the bank and the value of those accounts. That knowledge can help them identify cross-sell opportunities, while giving them an understanding of how important this deal is to the client, and how important this client is to the bank.

With Relationship Awareness bankers have timely visibility into:

- The client’s existing value – at the relationship and account levels.
- How this pricing recommendation – if accepted – would impact the relationship going forward.
- The impact if this opportunity is lost, as well as what’s at risk if the entire relationship is lost.





Assurance That Deal Promises Are Kept

Many banks are willing to price loans more aggressively when there is a promise of additional deposits or other non-credit revenue accounts. However, these promises can be difficult to track and most banks are never sure whether their customers have made good on those promises. When it comes time to price the next deal, you need to know what the true strategic value of this client is, based on the accounts you actually have.

With PrecisionLender’s “Delivery to Promise” functionality, all of that information is readily available. Now bankers can keep their clients accountable, and sales managers can do the same with their teams.

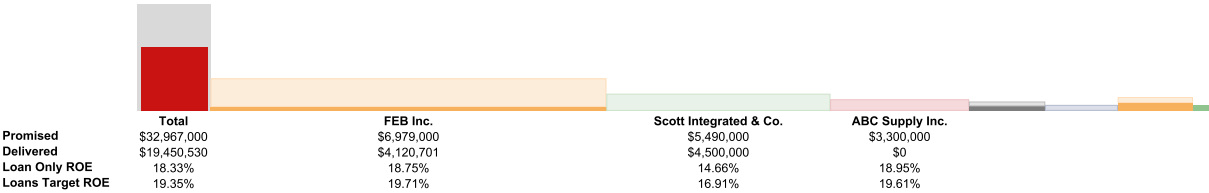
Delivery to Promise

Show All

By Relationship

Deposit and Other Accounts

All Deposits



Learn More

The timely contextual information that Relationship Awareness delivers is just one of the reasons why PrecisionLender customers have used our software to outperform the industry in key annual metrics such as margin growth, loan growth, and deposit growth, while maintaining extremely low rates for past due loans.

Contact us to find out how your bank can experience similar results.

Request a Demo

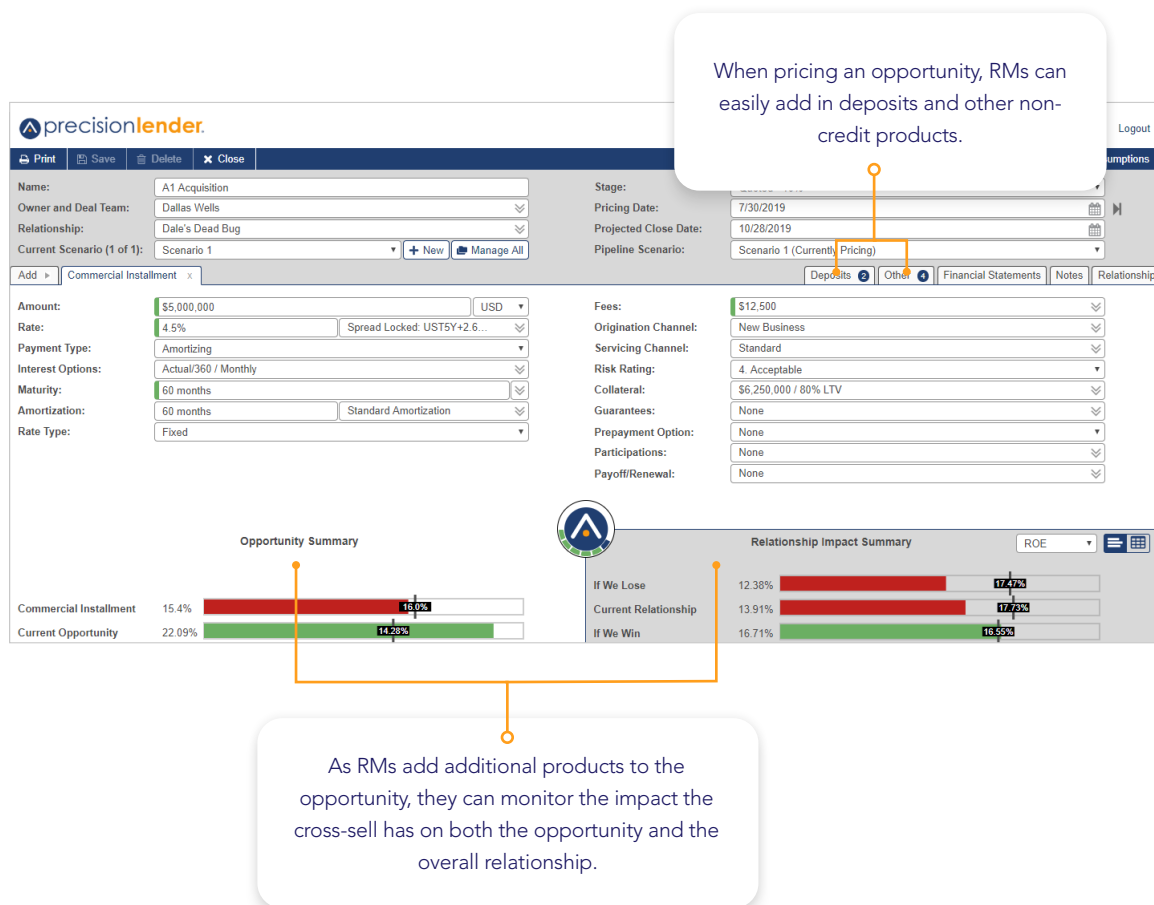
Cross-Sell to Expand Relationships and Improve Profitability

Now more than ever, commercial banks are looking to non-credit income to bolster the bottom line. They need their relationship managers to cross-sell a range of products and expand their client relationships.

RMs need timely, contextual information to help them have better conversations and create better deal structures. And when clients promise to bring in accounts, the bank needs to know whether those promises have come to fruition.

Critical Context

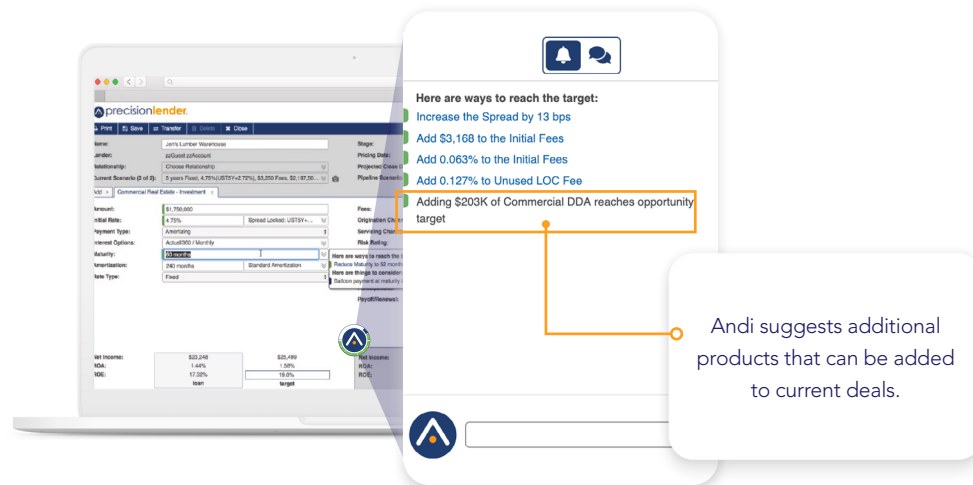
With PrecisionLender, RMs get a view of the full client relationship and its profitability when they're working on a new opportunity. Now, as they're structuring deals, they know how valuable the client is and other accounts the client has at the bank. That knowledge makes it much easier to suggest additional products that can strengthen the relationship and meet profitability targets.





Timely Guidance

Instead of after-action reports that can only point out what your RM should have done during a deal, PrecisionLender offers timely cross-sell suggestions while structures and products are still being discussed. This information is delivered via Andi, PrecisionLender's virtual pricing analyst. You can build custom skills that Andi® can use to prompt RMs about product campaigns. She can also use market data to suggest cross-sells, based on similar clients and similar deals.



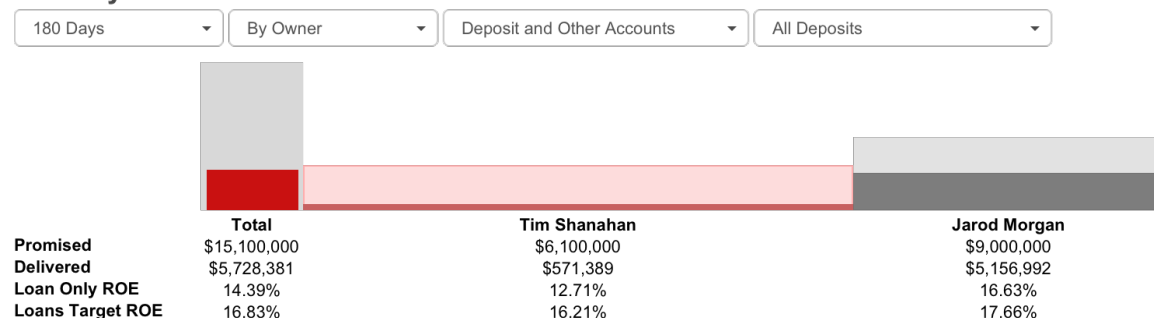
Turn Deal Promises into Portfolio Reality

Many RMs price loans aggressively when there is a promise of additional deposits or other non-credit revenue accounts. That's a sound strategy – assuming it comes to fruition.

Often though, banks struggle to track those promises. Deals that initially looked strong become portfolio blemishes when the cross-sell doesn't materialize.

PrecisionLender's "Delivery to Promise" functionality makes all that cross-sell information readily available. Now bankers can keep their clients accountable, and sales managers can do the same with their teams.

Delivery to Promise





Get on the Same Page

Complex deals can unravel quickly if multiple bankers and departments can't sync up and instead work at cross-purposes with each other. PrecisionLender's Deal Team functionality allows you to easily add bankers to the "team," ensuring they're all collaborating on the same deal, in the same space, seeing the same reporting.

Owner and Deal Team: Iris Maslow Pricing Date:

Relationship:

Current Scenario (1 of 1):

Add > Operating Line of Credit

Commitment:

Initial Rate:

Payment Type:

Interest Options:

Maturity:

Rate Type:

Index:

Spread:

Operating Line of Credit

Deal Team:

Name	Region
Iris Maslow (Owner)	BB - APAC
Basile Verheecke	Eastern
Jim Young	Eastern

Add Member / Transfer Ownership: Search...

Name	Region
Allie Yongue	Eastern
Amanda Hester	Eastern
Amber Bowden	Eastern
Andy Heusel	Western
Anna-Fay Lohn	Florida
Anthony Favia	Eastern
Bill Briggs	Eastern
Brian Adkins	Eastern

☐ Make Opportunity Private

Close

Learn More

With a full view of the relationship and timely coaching from Andi, banks can truly tap into their cross-sell potential to win more deals and improve profitability. And with Delivery to Promise, they can ensure that the initial deal agreement becomes a balance sheet reality.

It's little wonder then that PrecisionLender customers have used our software to outperform the industry in key annual metrics such as margin growth, loan growth, and deposit growth, while maintaining extremely low rates for past due loans.

Contact us to find out how your bank can experience similar results.

[Request a Demo](#)

Turn Strategy into Action and Steer Your Commercial Portfolio

Market conditions shift, and bank goals change. When that happens, you need to analyze your portfolio, set a different course, and then ensure that front-line relationship managers take actions that align with your strategy.

Easily Accessible Data

When your relationship managers price and book deals, PrecisionLender automatically gathers all the relevant data in one place, combining relationship and portfolio data with real-time opportunity data. The headaches of siloes and the tedium of manual entry are removed. In their place is data that's readily available, via multiple data feeds.



Valuable Insights

PrecisionLender's powerful calculation engine and its array of analytics tools transform that raw data into specific actionable insights. All of the intelligence that the bank has on a customer, transaction, and portfolio can be surfaced in one place to help your bankers make better decisions and better serve their customers.



Easy Configuration

Once you've decided which direction - or action - you want to take, you can quickly change assumptions and targets within the platform, ensuring your relationship managers win the type of deals your bank wants, on the terms you want.





Timely Coaching

Updated assumptions and well-set targets won't matter if your RMs' actions don't align with your strategy. Andi®, PrecisionLender's digital coach, will ensure the portfolio course you set is followed by the rest of your team.

She provides real-time customizable guidance to RMs on a wide range of topics, including:

- How to meet profitability targets
- Cross-sell opportunities
- What's achievable within the local market
- Warnings about major policy exceptions





Here are ways to better price to your market:

- Increase Initial Rate by 29 bps. 50% of similar loans in the market have a rate higher than 3.79%.
- Current rate is lower than 71% of similar loans.

Here are ways to reach the target:

- Menlo Park has an Operating Line of Credit about to mature. [Click here to add this line to your current scenario for repricing.](#)
- Reduce Maturity to 48 months
- Add \$25,377 to the Initial Fees
- Decrease amount to achieve an LTV of 62%
- Adding \$331K of Commercial DDA reaches opportunity target





The screenshot displays the PrecisionLender web application. The main form is titled 'New Opportunity' and contains fields for Name, Owner, Relationship, Current Scenario, Amount, Initial Rate, Payment Type, Interest Options, Maturity, Amortization, Rate Type, Index, Spread, Caps And Floors, Fixed Period, and Adjustment Frequency. Below the form is an 'Opportunity Summary' table. A pop-up window on the right, titled 'Here are some concerns:', provides guidance on loan pricing and target reaching.

Commercial Real Estate - Investment	Amount	Initial Rate	Payment Type	Interest Options	Maturity	Amortization	Rate Type	Index	Spread	Caps And Floors	Fixed Period	Adjustment Frequency
	\$500,000	4.5%	Amortizing	Actual/360 / Monthly	60 months	Standard Amortization	Adjustable	Libor	0.0%	None	60 months	12 months

Commercial Real Estate - Investment	Amount	Initial Rate	Payment Type	Interest Options	Maturity	Amortization	Rate Type	Index	Spread	Caps And Floors	Fixed Period	Adjustment Frequency
	\$500,000	4.5%	Amortizing	Actual/360 / Monthly	60 months	Standard Amortization	Adjustable	Libor	0.0%	None	60 months	12 months

Opportunity Summary

Commercial Real Estate - Investment	Amount	Initial Rate	Payment Type	Interest Options	Maturity	Amortization	Rate Type	Index	Spread	Caps And Floors	Fixed Period	Adjustment Frequency
	\$500,000	4.5%	Amortizing	Actual/360 / Monthly	60 months	Standard Amortization	Adjustable	Libor	0.0%	None	60 months	12 months

Commercial Real Estate - Investment 18.71% 20.0%

Current Opportunity 18.71% 20.0%

Here are some concerns:
Loans priced at 0.08% under target require escalated approval. Click here to initiate request.

Here are ways to reach the target:
Increase the Initial Rate by 14 bps

Here are things to consider:
With new opportunities, come new possibilities. Happy Pricing!

Troubleshooting:
Current opportunity Region : LOB TaxStatus: tax status

Andi can be configured to offer timely guidance to your RMs – like prompting them to get an escalated approval for certain below-target loans.

Continuous Improvement

Once your RMs take those desired actions, PrecisionLender gathers that deal data and you can begin the process again, making your portfolio steering more effective with each opportunity priced and each deal closed.

It's a flywheel that keeps spinning once you set it in motion with PrecisionLender. We call the framework, [Applied Banking Insights](#). PrecisionLender clients have used it to outperform the industry in key annual metrics such as margin growth, loan growth, and deposit growth, while maintaining extremely low rates for past due loans.

Contact us to find out how your bank can experience similar results.

Price Appropriately for Risk

PrecisionLender was built from the ground up to incorporate all forms of risk that a bank faces in a commercial credit transaction, and more importantly, to escalate the pricing process from one of simple calculations to true strategic steering of a balance sheet.

Credit Risk

PrecisionLender is sophisticated and flexible enough to align with the RAROC methodology of the largest, most complex banks in the world, and yet simple enough to translate the math into clear, actionable guidance.

Relationship managers (RMs) can see how each deal term changes the risk and return profile of a transaction, and more importantly, see what actions they can take to improve the deal. The math behind optimizing returns on capital is “weaponized,” creating more options than a simple spread evaluation, and enabling RMs to win more of the right kind of deals.

Loan pricing decisions are too often based on spread alone.

The screenshot displays the PrecisionLender interface for a 'Commercial Real Estate - Investment' deal. The left panel shows loan parameters: Amount (\$15,000,000), Rate (5.0%), Payment Type (Amortizing), Interest Options (Actual/360 / Monthly), Maturity (60 months), Amortization (240 months), and Rate Type (Fixed). The right panel provides strategic guidance with two sections: 'Here are some ways to reach the target:' and 'Here are things to consider:'. The bottom section, 'Opportunity Summary', contains a table comparing current performance against targets.

Here are some ways to reach the target:

- Increase the Initial Rate by 15 bps
- Add \$103,691 to the Initial Fees
- Add 0.691% to the Initial Fees
- Reduce LTV to 71%
- Reduce Maturity to 53 months
- Adding \$801K of Commercial DDA reaches opportunity target

Here are things to consider:

- Have you asked the borrower if they'd consider a Floating or Adjustable rate?

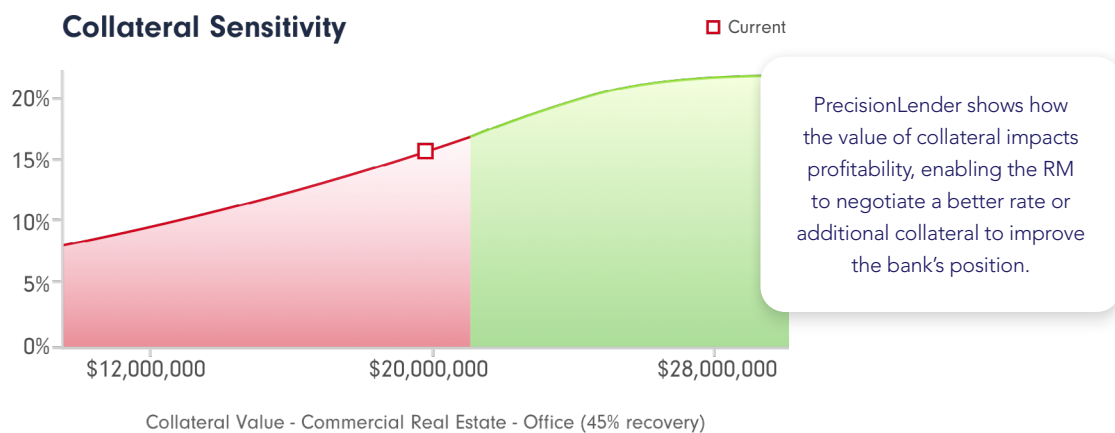
Opportunity Summary		
	Net Income	ROE
Commercial Real Estate - Inv...	\$214,827	15.8%
Target	\$231,211	17.0%
Current Opportunity	\$214,827	15.8%
Opportunity Target	\$231,211	17.0%

To capture the full impact, the capital allocation must also be considered, and more importantly, translated into deal terms that can be negotiated to win a better deal.



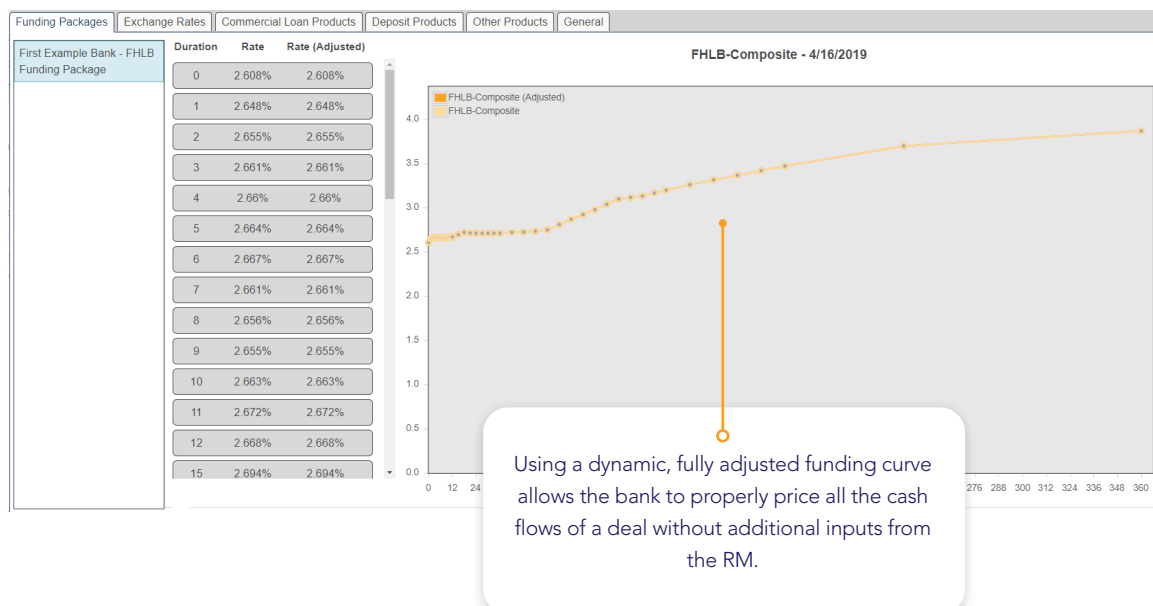
In addition to considering capital, banks also need to consider both Probability of Default (PD) and Loss Given Default (LGD) to properly price for the full credit risk of a transaction. PrecisionLender uses your bank's specific PDs based on your own grading system and can be configured to include LGD, with either a facility grade or the use of collateral and guarantees.

With either method, structure is changed from a simple "pass/fail" evaluation to a fully granular input that can be negotiated during pricing. In a typical \$15 million real estate loan, the difference between a 55% LTV and a 75% LTV could correlate to 60 basis points in rate.



Interest Rate Risk

PrecisionLender allows for the creation of multiple funding packages, each of which can be built on automatically updated curves (both market and customized internal curves), with parameters around adjustments and liquidity premiums as needed. As RMs change structures, the appropriate curve is automatically selected and profitability is recalculated, with the interest rate risk fully priced.





Profitability Risk

PrecisionLender helps banks add critical context when assessing the profitability of the deals they're pricing. A module called Market Insights includes an analysis of similar deals being priced in the market, providing the RM with valuable context and guidance on how likely they are to win with a given structure.

When RMs are pricing deals, Andi suggests cross-sell options and can include information from Market Insights about similar deals.

Here are ways to reach the target:

- Increase the Spread by 12 bps
- Add \$32,472 to the Initial Fees
- Add 0.325% to Initial Fees
- Adding \$2.191K of Commercial DDA reaches opportunity target
- Reduce LTV to 67%
- Reduce Maturity to 47 months

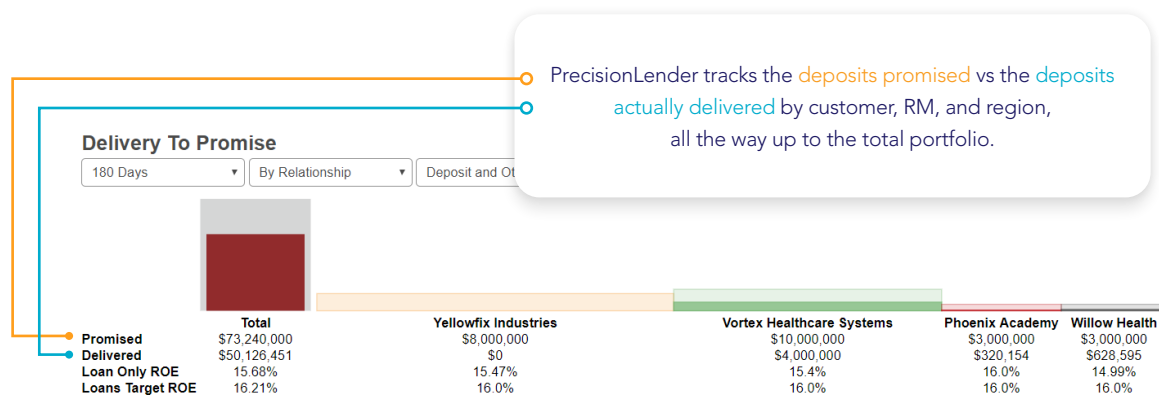
Here are things to consider:

- I recommend our Lockbox Services to handle tenant rents.
- Increase spread to L+165. More than 75% of similar deals are priced at or above L+165
- Add an origination fee of 22 bps - where assessed, origination fees on similar deals range from 20 bps to 30 bps
- Negotiate Foreign Exchange business totaling \$16K - many comparable customers have Foreign Exchange business averaging \$10-25K

Ask Andi your question...

As banks shift gears from a singular focus on loan growth to cross selling, they will need tools to facilitate this process. PrecisionLender uses timely coaching from Andi®, our intelligent virtual pricing analyst, to suggest cross selling options to RMs, but this is just the first step of the process.

Just as important, the bank needs to close the loop and hold both the RM and the customer accountable for actually delivering the additional business. PrecisionLender tracks all of these “promises” against the customer’s deposit balances and fee income, alerting RMs and bank management when there are discrepancies that need to be addressed.

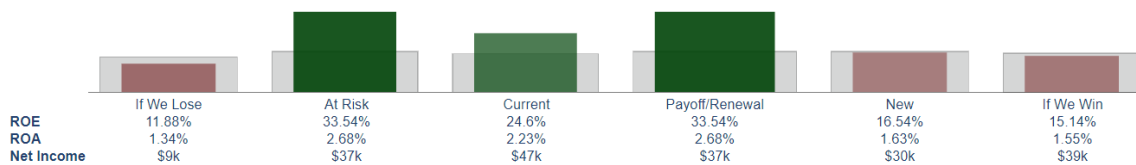




In a competitive marketplace, it is critical that banks don't just evaluate a single transaction in a vacuum but also consider the impact of each transaction on the profitability of the overall customer relationship.

PrecisionLender's Relationship Awareness functionality tracks the ongoing activity and pro forma profitability of all the bank's existing relationships, enabling a powerful impact analysis for each new transaction. RMs are able to evaluate how a new transaction changes their relationship, and critically, adjust pricing as needed to protect vulnerable aspects of the relationship and optimize profitability as part of a holistic and relationship based approach to banking.

Strategic Value



Learn More

This sophisticated, yet clear and actionable approach to risk-based pricing is just one of the reasons why PrecisionLender customers have used our software to outperform the industry in key annual metrics such as margin growth, loan growth, and deposit growth, while keeping extremely low rates for past due loans.

Contact us to find out how bank can experience similar results.

About PrecisionLender

PrecisionLender, a Q2 company, is modernizing commercial banking. Its sales and coaching platform empowers bankers with actionable, in-the-moment insights, so they win better deals and build strong, more profitable relationships. Andi®, PrecisionLender's digital enterprise coach, augments banker strengths and intelligence with the latest technology and data, delivering the best recommendations at exactly the right time. 13,000+ bankers at approximately 150 banks—ranging from under \$1B to over \$1T in assets—use PrecisionLender's solution. Set your bank apart with PrecisionLender's applied banking insights.

Visit precisionlender.com to learn more.