STRATEGIES TO INCREASE FEE INCOME & REVENUE
Strategies to Increase Fee Income & Revenue

Thursday, June 23, 2016

Presented by:
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Today’s Agenda

• About Haberfeld Associates

• Industry Backdrop

• To raise fees or not to raise fees...that is the question

• The value of a retail customer

• Opportunities to raise fee income without raising fees
About Haberfeld Associates

Helping banks grow profitably for over 30 years. 8th largest bank in America. 7.5 million new core relationships. Employee owned. Data driven results. Clients are high-performers in many profitable categories. Intensive training.
Total Number of Financial Institutions

- Banks Under $1B
- Banks Over $1B
- CUs Under $1B
- CUs Over $1B
Top 30 Market Share

% Market Share

0.00% 10.00% 20.00% 30.00% 40.00% 50.00% 60.00% 70.00%


- Offices
- Domestic Deposits
- Transaction Deposits
Loan to Deposit Rates

- 2010: 78.56%
- 2011: 79.91%
- 2012: 80.85%
- 2013: 84.06%
- 2014: 85.13%
- 2015: 85.87%

Over $10B
- 2010: 75.26%
- 2011: 71.88%
- 2012: 70.93%
- 2013: 72.65%
- 2014: 75.22%
- 2015: 77.41%

Under $10B
Regulatory Impacts

• Regulatory changes have significantly impacted Fee Income
  • Reg E
  • Other looming overdraft regulation from the CFPB
Industry

- Slight improvements in loan to deposit ratios
- Stabilized fee income
- Stabilized Net Interest Margins (for community banks)
Industry Environment

• I hear this all the time now...
  • “I am awash in cash, can’t make enough good loans, margins stink, the only way to make it up is to raise fees”

• Is that the right answer or the only answer for a community bank?

• Or are there other opportunities to increase fee income without raising fees?
What’s the industry doing to fees?

- The average monthly maintenance fee for a checking account is now $13.29 per month. That’s $2.40 higher than in 2014.
- Overdraft fees average $32.38.
- The average minimum balance to waive fees is almost $800.
- Out-of-Network ATM fees average $1.73 for customers, and Non-Customer ATM charges now average $2.67.
Switching Banks

Primary reasons consumers have thought about switching banking providers

- Lower fees on my checking account: 45%
- Not happy with the service: 36%
- My bank doesn’t help me improve my financial well-being: 32%
- Better returns on my money: 27%
- Advertisement from competitor: 15%
- I want to consolidate my accounts at one institution: 11%
- I moved or will be moving: 9%
- My bank closed a branch that was nearby: 9%
- Recommendation or referral: 8%

Source: Market Force © December 2015 The Financial Brand
Switching Banks

Reasons why consumers selected their new checking account:

- Low fees: 30% (Under 30 years old: 27%)
- Reputation of institution: 22% (Under 30 years old: 16%)
- Convenient branch locations: 22% (Age 30 or older: 28%)
- Convenient ATM locations: 20% (Age 30 or older: 18%)
- Take advantage of a promotion: 9% (Age 30 or older: 6%)

Source: Novantas © April 2005 The Financial Brand
A Fork in the Road

Should you raise fees?
How do we make up the lost income?
Are there other opportunities?
How do you grow fee income in 2016

- Do away with free checking and raise regular service charges?
  - Many have instituted “Free If” accounts?
- Packaged products (ID Theft, Shopping Discounts, Cell Phone Insurance, etc.)?
- Raise overdraft fees?
- Figure out how to charge for new technology?

Or can you grow fee income with raising fees?

- Do we have capacity in our branches?
- Get more PFI accounts?
- Increase debit card usage?
Raise Fees?

- Only 1 of the top 15 banks is offering free checking today
- Many have raised fees
- Should you follow suit

- There is only one possible intelligent answer
  - Raise Fees to make up the difference!
  - 14 of the 15 biggest banks in the country have gone that route
  - The Big Banks are 2,000 times your size; they must be 2,000 times as smart...
Raise Fees?

• Bankrate.com Survey
  • 72% of customers would consider switching if their financial institution raised fees
  • Of those with HH incomes > $50,000, 81% would consider switching
The Big Bank Run-Off

Consumers who are considering switching in the next six months

Source: Market Force © December 2015 The Financial Brand
The Business Case

Option 2

Capitalizing on Competitive Advantages
Our contrarian view...

- What is your biggest competitive advantage as it relates to core customer growth?

- Our view: better services isn’t an acquisition tool (expect referrals)
- Your bigger advantage: You have a very different business model so don’t follow the bigs...
Competitive Advantage #1

Capacity
Competitive Advantage #1: Capacity

One metric to illustrate

The average community bank branch in America opens about 175 retail and business checking accounts per branch per year (3/branch/week) and has about 1,200 checking accounts per branch.
Community Banks average 1000-1500 customers per branch

Big Banks averages 4000-6000 customers per branch
Competitive Advantage #1: Capacity

• We are in a business of high fixed costs...
  – Build expensive factories that we call “branches”
  – We run our factories at less than 50% capacity

• To increase fee income what if instead of raising fees we focused more of our attention on getting more customers
Competitive Advantage #2

Marginal Revenues are many multiples of marginal cost
Competitive Advantage #2

Profitability at the Margin

• In general, the notion of a single unprofitable customer (or some segment of unprofitable customers) drives bankers to drink...

• But many businesses are made profitable at the margin (i.e. they have many unprofitable customers):
  – Movie Theaters
  – Convenience Stores
  – PayPal
Competitive Advantage #2

• Do you have capacity in your branches today?

• At most of your offices, most of the time I could fire off a cannon and not hit a live customer.

• You have tremendous excess capacity!
Competitive Advantage #2

Under the notion of excess capacity...

Instead of raising fees:

1. Double new customer acquisitions
2. Enhance Fee Income without raising fees
Competitive Advantage #2

Retail Checking Economics

At the margin…
### Competitive Advantage #2

**Consumer Account Annual Fee Income**

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSF/OD Fees</td>
<td>$90</td>
</tr>
<tr>
<td>Sustained NSF/OD Fees</td>
<td>9</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>4</td>
</tr>
<tr>
<td><strong>Pure Checking</strong></td>
<td><strong>104</strong></td>
</tr>
<tr>
<td>Debit Interchange</td>
<td>50</td>
</tr>
<tr>
<td>Foreign ATM</td>
<td>4</td>
</tr>
<tr>
<td>Fraud Loss</td>
<td>(3)</td>
</tr>
<tr>
<td><strong>Card Revenue</strong></td>
<td><strong>51</strong></td>
</tr>
<tr>
<td><strong>Total Fee Revenue</strong></td>
<td><strong>$155</strong></td>
</tr>
</tbody>
</table>

Annualized NSF Frequency = 3.32

*Based on Haberfeld Associates analysis on over 3 million checking accounts*
### Competitive Advantage #2

**Consumer HH Averages (Cross-Sell)**

<table>
<thead>
<tr>
<th>Account Group</th>
<th>Ratio</th>
<th>Average Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Checking</td>
<td>1.557</td>
<td>$5,068</td>
</tr>
<tr>
<td>Savings</td>
<td>50.6%</td>
<td>$6,429</td>
</tr>
<tr>
<td>Money Market</td>
<td>3.1%</td>
<td>$60,654</td>
</tr>
<tr>
<td>CD</td>
<td>8.8%</td>
<td>$26,552</td>
</tr>
<tr>
<td>IRA</td>
<td>3.6%</td>
<td>$17,517</td>
</tr>
<tr>
<td>HSA</td>
<td>1.7%</td>
<td>$2,240</td>
</tr>
<tr>
<td>Consumer Loan</td>
<td>6.8%</td>
<td>$10,411</td>
</tr>
<tr>
<td>Line of Credit</td>
<td>1.0%</td>
<td>$8,737</td>
</tr>
<tr>
<td>HELOC</td>
<td>3.6%</td>
<td>$35,865</td>
</tr>
<tr>
<td>Mortgage</td>
<td>6.8%</td>
<td>$122,547</td>
</tr>
<tr>
<td>Business Checking</td>
<td>11.7%</td>
<td>$16,574</td>
</tr>
</tbody>
</table>

**Cross-Sell**

<table>
<thead>
<tr>
<th>Cross-Sell</th>
<th>Balances</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Relationships</td>
<td>2.534</td>
</tr>
<tr>
<td>Total Deposits</td>
<td>$17,969</td>
</tr>
<tr>
<td>Total Loan Volume</td>
<td>$10,420</td>
</tr>
</tbody>
</table>

**What is this worth?**

- $10,420 x 4.0% = $417
- $7,549 x 0.25% = $19

*Based on Haberfeld Associates analysis on over 3 million checking accounts*
**Competitive Advantage #2**

**Marginal Revenue**

- Fee Revenue = $150
- Balances (assuming Haberfeld average on loan) = $400+

- Annual Marginal Revenue: $550

- Average account life: 8.38 years

- Lifetime Value of a Retail Relationship = $2902

*Based on Haberfeld Associates analysis on over 3 million checking accounts*
Competitive Advantage #2

Marginal Costs

• So you add one more PFI customer:
  – Issue a debit card
  – Send a statement (perhaps)
  – A little more data processing
  – Write off a little principal from overdrafts on some

• Our client average direct marginal costs are about $30-$40/customer/year

*Based on Haberfeld Associates analysis on over 3 million checking accounts
Competitive Advantage #2

Annual Relationship Value Trends

*Based on Haberfeld Associates analysis on over 3 million checking accounts*
Competitive Advantage #2

The high-level math

• The typical bank spends about $200 to get a new customer (one more than they were getting at “steady rate”)
• The average customer produces > $300/year in marginal value (conservatively, in my opinion)
• They will stay for an average of > 8 years
• An average customer is worth in excess of $2,000 over their lifetime
• You have tremendous excess capacity
• If you get a lot more of them, fee income goes up, and you haven't raised your fees
Competitive Advantage #2

My opinion

- Bankers will spend money for acquisitions and to build new branches in order to grow...
- But they severely under-invest in marketing to fill up the branches they already have.
- Most community banks can DOUBLE the number of new customers they are attracting!
- ...and do it in a very profitable way
Expanding Market Share

You have to steal from the other guys
You first must become the PFI

- When a consumer gives your name in response to the question: “Where do you bank?”
- They are generally telling you where they have their primary operating checking account
- The primary operating checking account is the beachhead to PFI status
- It is the key starting point to the overall household relationship
- PFI households buy loans, other deposit products and produce fee income
In a fixed market...

- In a given year, about 10% - 15% of the households “change banks”.
- When you start getting new customers, by definition, your competition is getting fewer.
- We call this system **net zero**—when FIs are trading households back and forth.
Stealing from the BIGs

Consumers who are considering switching in the next six months

Two thirds of consumers will only look at one or two checking account providers

Source: Novantas © June 2015 The Financial Brand

Will consider more than two institutions
65%

Will consider only one or two institutions
35%
Stealing from the BIGs

Why consumers specifically selected their new checking account

Convenient locations: 34%
Recalled an ad or promotion: 26%
Relied on recommendations: 19%
Low price: 27%

(Jan through Sept 2014. Multiple responses accepted.)

Marketing channel influence on new checking choice

- Direct mail: 32%
- All digital (online, mobile, online video): 31%
- TV: 21%
- Email: 16%
- Bank location/ATM: 14%
- Newspaper: 11%
- Radio: 10%
- Magazine: 9%
- While making a purchase: 9%
- Outdoor: 7%
- Mail: 6%
- ATM: 5%
- Elevator or gas station: 3%
- Cinema: 3%

Source: Novantas © October 2014 The Financial Brand

Of consumers who cited ads/promotions as an influencer
“Changing Banks”

- Switching is really, really hard
- People only do it if they have to
- Certain events beyond our control create the opportunity, you rarely get people to switch, it’s just too hard
- Be there when they decide to switch
- Set the right conditions for them to notice and pick you!
But how do we double?

1. More “At Bats”
2. Improve your batting average
More “At Bats”

• Effective marketing can bring in many more prospects
  – Can’t convince anyone to switch
  – The right message at the right time to the right prospect
  – TARGETING is key
  – Leverage referrals
Convenience is still #1

**CONVENIENCE - OPEN ACCOUNTS BY PROXIMITY**

THE MAJORITY OF NEW ACCOUNTS COME FROM CLOSER PROXIMITY!
How do we find prospects that find you convenient?

• **Demonstrated Convenience**
  – They are the neighbors of the customers you already have
  – They live around your branches

• **Predicted Convenience**
  – They work around your branches
  – They walk, shop or eat nearby your branches with regularity
  – They drive by your branches
Targeted Marketing

Demonstrated Convenience

Predicted Convenience
Targeted Marketing

Get the Job Done! Simply FREE Checking and The Building Box® Tool Set

FREE Online Banking and Bill Pay
FREE Mobile Banking
FREE Debit Card
FREE The Building Box® Tool Set when you open any new checking account

CITY SAVINGS BANK
www.city savings bank.com
Digital Targeting is getting better

• Always be Testing
• In the past, many community banks have tried digital marketing, but the cost of acquisition was not optimal
• But, that is potentially changing:
  – 68% of all electronic ads served today have location-based data associated with them
  – No longer “spraying”

• Geo-fencing
• IP Matching
Leverage Referrals
Increasing your “Batting Average”

• Have great products
• Ask for the business
• Quit saying “No” so much
Ways we say “No”

- Bad/Complex product
  - Designed to never have an unprofitable customer
  - If it isn’t easy to understand, the consumer automatically assumes there is a “gotcha”
  - How complex is the disclosure in advertising - if you have to use a lot of * it’s too complex
Lemonade $500.00

I want to just sell one and call it a summer.
Ways we say “No”

• Policy
  – What type of ID do I need?
  – Does my spouse need to be here?
## Ways we say “No”

<table>
<thead>
<tr>
<th>Category</th>
<th>ChexSystems Users</th>
<th>ChexSystems Non-Users</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSF Frequency</td>
<td>3.64</td>
<td>4.62</td>
</tr>
<tr>
<td>Principal Losses</td>
<td>$3.24</td>
<td>$4.69</td>
</tr>
<tr>
<td>Net Fee Revenue (after losses)</td>
<td></td>
<td>+ $28.29</td>
</tr>
<tr>
<td>Accounts Opened (per branch/yr)</td>
<td></td>
<td>+ 43</td>
</tr>
</tbody>
</table>
But can all this really make a difference?

- You get, on average, 3 to 5 shots per week per office.
- With effective marketing, you can make that 6-10 shots per week per office.
- Have great product, ask for the business, and say “Yes” more and over time you can DOUBLE the total number of customers per office!
Who are these new customers?

- the new customers you will get will look pretty much like the customers you are already getting. If you want different looking customers, move your branches.
Case Study – 15 Office Community Bank

CAG™ Strategy Result since Kickoff: 19,687 Additional New Retail Checking Accounts; 1,312 per Office

$179.6 million in new deposits and
$82.8 million in new loans in six years of partnership (retail and business)
Case Study – 15 Office Community Bank

CAG™ Strategy Result:
$1.3 Million in Annual Interchange Income in Year 6

This bank has **Tripled** it’s annual Interchange Income in six years.
More Customers = Better ROA
Haberfeld Client ROA by # of Checking Accounts Per Branch

Number of Accounts per Branch

- Under 1,000: 0.58
- Between 1,000 & 2,000: 0.81
- Over 2,000: 1.63

ROA vs ROA Adjusted for Loan Losses
Opportunities to grow Fee Income

*without raising fees*
The Debit Card

- Continues to be a key “fulcrum” of profitability

### Historical Focus

<table>
<thead>
<tr>
<th>Client Case Study</th>
<th>% Accounts</th>
<th>Avg Bal</th>
<th>NSF Freq</th>
<th>Avg Swipes</th>
<th>Avg Spend</th>
<th>NSF</th>
<th>Card</th>
<th>Spread</th>
<th>Contrib</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-Non-Taker</td>
<td>35.73%</td>
<td>$12,381</td>
<td>0.89</td>
<td>-</td>
<td>$ -</td>
<td>$24</td>
<td>$ -</td>
<td>$279</td>
<td>$303</td>
</tr>
<tr>
<td>2-Non-User</td>
<td>18.45%</td>
<td>$6,302</td>
<td>1.43</td>
<td>-</td>
<td>$ -</td>
<td>$39</td>
<td>$ -</td>
<td>$142</td>
<td>$180</td>
</tr>
<tr>
<td>3-Light-User (1-5 Swipes)</td>
<td>10.00%</td>
<td>$4,418</td>
<td>2.57</td>
<td>2.62</td>
<td>$174</td>
<td>$69</td>
<td>$21</td>
<td>$99</td>
<td>$190</td>
</tr>
<tr>
<td>4-Moderate-User (6-20 Swipes)</td>
<td>14.08%</td>
<td>$3,302</td>
<td>3.81</td>
<td>12.20</td>
<td>$593</td>
<td>$103</td>
<td>$71</td>
<td>$74</td>
<td>$248</td>
</tr>
<tr>
<td>5-Heavy-Users (Over 20 Swipes)</td>
<td>21.74%</td>
<td>$2,495</td>
<td>4.60</td>
<td>49.35</td>
<td>$1,885</td>
<td>$124</td>
<td>$226</td>
<td>$56</td>
<td>$407</td>
</tr>
<tr>
<td>Totals</td>
<td>100.00%</td>
<td>$7,036</td>
<td>2.38</td>
<td>12.71</td>
<td>$511</td>
<td>$64</td>
<td>$61</td>
<td>$158</td>
<td>$284</td>
</tr>
</tbody>
</table>

### Today’s World
Debit card users provide more fee revenue than non-users

<table>
<thead>
<tr>
<th>Item</th>
<th>2000 Average</th>
<th>2015 Average</th>
<th>2015 Active DC Users</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSF Fees</td>
<td>$117</td>
<td>$90</td>
<td>$126</td>
</tr>
<tr>
<td>Other Fees</td>
<td>$9</td>
<td>$9</td>
<td>$6</td>
</tr>
<tr>
<td>Card Revenue</td>
<td>$12</td>
<td>$50</td>
<td>$82</td>
</tr>
</tbody>
</table>
You can impact customer’s debit card usage by asking (and **rewarding**) them for a behavioral change

**Up the Engagement Ladder...**

- **Non-Taker/Non User**: take the card, use it once during the offer
- **Low-User T10** (1-9 swipes/month over 90 days): use the card 10 times/month during offer
- **Moderate-User T20** (10-19 times/month over 90 days): use the card 20 times/month during offer.
The Debit Card: Activation & Usage Campaigns

- We recommend marketing 2x-3x times per year
  - Spring
  - Back-to-school time
  - Ahead of the Christmas shopping season

- We recommend a simple offer:
  - $5 / $10 cash or gift card for increased usage
  - Grand Prize/Sweepstakes

- Move users up the engagement ladder:
  - Non-Takers become users
  - Low users become heavy users
This SPRING one card will get you MORE!
Get $10 FREE when you use your debit card this spring!

Use Your FREE TFB Personal or Business Debit Card in April And You Could Win 1 of 3 Apple® iPad® Air 2s!

Simply use your TFB debit card in April for your chance to win 1 of 3 Apple® iPad® Air 2s! The more you use your TFB debit card, the more times you are entered to win. So start using your card today!

(No purchase necessary. See back side for details)

www.TFB.bank  /Fauquierbank

The Fauquier Bank
Banking and Wealth Management Services
The Debit Card: Activation & Usage Campaigns

Average Monthly Swipes

Average Monthly Spend
New customers at branches offering instant issue:
- Debit Card activation is 15% higher
- Swipes per card is 20% higher
- Spend per card is 20% higher
Reg - E

What is your bank's Philosophy?
Reg-E

What You Need to Know about Overdrafts and Overdraft Fees

An overdraft occurs when you do not have enough money in your account to cover a transaction, but we pay it anyway. We can cover your overdrafts in two different ways:

1. We have standard overdraft practices that come with your account.
2. We also offer overdraft protection plans, such as a link to another account or a line of credit for qualified applicants, which may be less expensive than our standard overdraft practices. To learn more, ask us about these plans.

This notice explains our standard overdraft practices.

> What are the standard overdraft practices that come with my account?

We authorize and pay overdrafts for the following types of transactions:

- Checks and other transactions made using your checking account number
- Automatic bill payments

We do not authorize and pay overdrafts for the following types of transactions unless you ask us to:

- ATM transactions
- Everyday debit card transactions

We pay overdrafts at our discretion, which means we do not guarantee that we will always authorize and pay any type of transaction. If we do not authorize and pay an overdraft, your transaction will be declined.

> What fees will I be charged if First State Bank pays my overdrafts?

Under our standard overdraft practices:

- We will charge you a fee of up to $27.87 each time we pay an overdraft.
- The maximum number of overdraft fees that we can assess is limited to 6 per day.

> What if I want First State Bank to authorize and pay overdrafts on my ATM and everyday debit card transactions?

If you also want us to authorize and pay overdrafts on ATM and everyday debit card transactions, call any banking center or complete the form below and present it at any banking center or mail it to First State Bank, 600 Central Avenue, P.O. Box 200, Barbourville, WV 25604.

You may revoke your consent at any time. I want First State Bank to authorize and pay overdrafts on my ATM and everyday debit card transactions.

Last 4 Digits of Account Number:

(Regulation requires a separate form for each of your checking accounts)

Printed Name:

Signature:

Phone:

Date:

Reg-E
Reg E

• The goal is not to maximize Opt-In
• We want to increase response rate
  – Opt in, Opt Out, No Response
    • Do you track these?
    • Make it easier to target for future campaigns
• Educate your customers
• What can you do
  • Reg-E “Campaigns”
  • Customer focused Debit Denial Calls
Reg E

• Client A
  - Pre CAG Reg E Opt-In: 31%
  - Post CAG Reg E Opt-In: 62%
  - Portfolio Reg E Opt-In: 46%

• Client B – Traditional Opt Out Client
  - Started with 3.3% Opt in Rate
  - Did one campaign dedicated to Reg E
  - Increased to 10% Opt In Rate
## Overdraft Bucket Case Study

<table>
<thead>
<tr>
<th>Bucket</th>
<th>PercentAccts</th>
<th>AvgBal</th>
<th>NSFFreq</th>
<th>% Items</th>
<th>$ Credits</th>
<th>$ Debits</th>
<th># Credits</th>
<th># Debits</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>70.33%</td>
<td>$7,966.83</td>
<td>-</td>
<td>0.00%</td>
<td>$4,180.46</td>
<td>$4,372.66</td>
<td>3.13</td>
<td>20.38</td>
</tr>
<tr>
<td>1</td>
<td>7.53%</td>
<td>$1,668.32</td>
<td>1.02</td>
<td>2.30%</td>
<td>$3,999.29</td>
<td>$3,875.18</td>
<td>3.99</td>
<td>28.75</td>
</tr>
<tr>
<td>2</td>
<td>4.34%</td>
<td>$1,393.09</td>
<td>2.01</td>
<td>2.61%</td>
<td>$3,577.91</td>
<td>$3,610.95</td>
<td>4.24</td>
<td>31.74</td>
</tr>
<tr>
<td>3 to 5</td>
<td>6.08%</td>
<td>$1,404.71</td>
<td>3.82</td>
<td>6.95%</td>
<td>$4,044.23</td>
<td>$3,898.27</td>
<td>4.58</td>
<td>36.61</td>
</tr>
<tr>
<td>6 to 10</td>
<td>4.27%</td>
<td>$1,079.13</td>
<td>7.68</td>
<td>9.82%</td>
<td>$3,805.28</td>
<td>$3,788.00</td>
<td>5.12</td>
<td>42.51</td>
</tr>
<tr>
<td>11 to 25</td>
<td>4.16%</td>
<td>$836.81</td>
<td>16.35</td>
<td>20.37%</td>
<td>$4,051.79</td>
<td>$3,775.84</td>
<td>5.44</td>
<td>46.48</td>
</tr>
<tr>
<td>26 to 50</td>
<td>1.91%</td>
<td>$651.53</td>
<td>35.47</td>
<td>20.31%</td>
<td>$4,386.74</td>
<td>$4,386.93</td>
<td>5.76</td>
<td>49.44</td>
</tr>
<tr>
<td>51 to 100</td>
<td>1.01%</td>
<td>$445.91</td>
<td>68.99</td>
<td>20.91%</td>
<td>$4,742.93</td>
<td>$4,806.19</td>
<td>5.99</td>
<td>54.38</td>
</tr>
<tr>
<td>100+</td>
<td>0.38%</td>
<td>$213.34</td>
<td>146.42</td>
<td>16.71%</td>
<td>$5,349.16</td>
<td>$5,442.31</td>
<td>6.95</td>
<td>65.71</td>
</tr>
<tr>
<td>Overall</td>
<td>100.00%</td>
<td>$5,972.80</td>
<td>3.34</td>
<td>100.00%</td>
<td>$4,125.11</td>
<td>$4,232.28</td>
<td>3.61</td>
<td>25.59</td>
</tr>
</tbody>
</table>

12% of Accounts write 88% of OD/NSF items
Attrition, NSFs, and Fee Revenue

- NSF Frequency
- Attrition

<table>
<thead>
<tr>
<th>NSF Fee Price</th>
<th>NSF Frequency</th>
<th>Attrition</th>
</tr>
</thead>
<tbody>
<tr>
<td>$25 or Less</td>
<td>$111 in Collected Fees</td>
<td>14.00%</td>
</tr>
<tr>
<td>$25.01 to $29.99</td>
<td>$97 in Collected Fees</td>
<td>13.00%</td>
</tr>
<tr>
<td>$30 or Higher</td>
<td>$85 in Collected Fees</td>
<td>12.00%</td>
</tr>
</tbody>
</table>

NSF Fee Price: $25 or Less, $25.01 to $29.99, $30 or Higher

NSF Frequency:
- $111 in Collected Fees
- $97 in Collected Fees
- $85 in Collected Fees

Attrition:
- 14.00%
- 13.00%
- 12.00%
In Summary

• You can raise fees and probably make more money this year, but that may be short term gain at the sacrifice of the long term opportunity

• An Opportunity - Make up for the lost fee income by:
  – Doubling new customer acquisition (this is a great time to pick them off)
  – Enhancing fee income without raising fees
THANK YOU!