

THE RILEY REPORT

INSIDE THIS ISSUE:

WHEN IT COMES TO OREO, BANKS ARE AN OPEN CHECKBOOK	1
<i>Increase Income</i>	1
CENTER ONE - Reach out to your customers, professionally and efficiently	
<i>Increase Income</i>	2
INCREASING PROFITABLE ACCOUNT RELATIONSHIPS	
REDUCE EXPENSES \$1 to reach more buyers for your OREO!!!	2
REQUIRED READING <i>All the Devils are here, The Hidden History of the Financial Crisis</i>	2
<i>"We're really big on customer service, but we'd rather you didn't talk to us..."</i>	3
Retired Bankers—A Great Resource	3
Bank Resources and Solutions & RileyREO	4

WHEN IT COMES TO OREO, BANKS ARE AN OPEN CHECKBOOK.

With OREO levels at record highs and a forecasted slow housing market recovery, banks continue to endure expensing OREO related maintenance and appraisal fees. No one has a more vested interest in moving OREO than the banks; and yet, as an industry, bankers have been told our best option is marketing through commercial or realtor brokerage networks.

With this in mind, the CBS Sunday Morning story, *Staging: Home Sellers' Secret Weapon*, confirmed our research. It's a buyers' market and there's little incentive for realtors to focus on less desirable properties, such as OREO properties. So, on the one

hand, bankers have been told traditional methods, even if they exclude taxes, insurance, legal, potential buyers, are the best approach and on the other hand, it's your monthly expenses, your eventual write downs and your drag on earnings that will continue to adversely impact your bank's performance levels.



The editorial staff.

TRY RileyREO to sell your properties AND save \$\$\$

RileyREO.com was created by seasoned bankers to assist colleagues in placing OREO properties in front of every potential buyer. Contact us today: info@RileyREO.com.



DISTRIBUTION LIST

the riley report provides resources and solutions to each member of your team, specifically:

- Chief Executive Officer
- Chief Admin. Officer
- Chief Financial Officer
- Chief Credit Officer
- REO Manager

To sign up for *the riley report*, visit www.bankresourcesandsolutions.com

Center One can assist through and including pre-charge off and post-charge off collections), let us promote and protect your brand, making your name synonymous with excellence in customer care. Visit us today at www.Center-One.com. From online banking assistance through and including all facets of account management (credit card activation

Specializing in Financial Support Services: Making customers the Center of our world, One call at a time.



A bright new idea to help you sell your OREO property...

RileyREO.com

and now, for only \$1 per property!

With the news that the housing market is likely to double-dip, **now**, more than ever, you need to get your properties in front of EVERY potential buyer! A hassle-free, easy to use internet site is the NEW way to sell your properties. Fast, Easy and Secure—discover the best option for buyers is the best option for you! Call or email today to get your properties on RileyREO.com! 757.642.8353 or info@RileyREO.com



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SYSTEMS



INCREASING PROFITABLE ACCOUNT RELATIONSHIPS



Impending regulations threaten banks profits with potential cuts of nearly \$12B in fee revenues industry-wide. Consequently, banks must re-assess their business models, revenue streams and cost cutting.

Should your bank change its product/service mix, change the way it sells existing products and services or both? Which products and services will generate fee income in the face of regulation-driven fee compression? What interest rate will meet your target ROA or ROE?

BANC Services EnhancedProfit™ powered by Profit Entrée is a web based product designed to give you this critical information and much more! Using **your** bank's financial statements and account level data, EnhancedProfit™ powered by Profit Entrée calculates the profit generated by your customers, products, and branches. EnhancedProfit™ powered by Profit Entrée will provide specific ways to increase your balances, net interest income, non-interest income, all the while lowering your expenses.

"ProfitEntrée has opened up a whole new world for us. For

the first time, we are able to understand the profitability of our products, and how they are being used by our customers," states Brian Canina, Vice President and Controller, PeoplesBank.

In addition, a "free look offer" on EnhancedProfit powered by Profit Entrée is being offered. This is a great opportunity for you to experience and see the value of this product with your actual profitability information before actually making a financial commitment to the product. For more information please contact Jim Campbell at 931-206-7318 or j.campbell@bancservicescorp.com.

The \$1 Menu – A Banker's Best Deal for OREO Marketing

In order to encourage you to try RileyREO.com, early users of the site may post their OREO assets, residential or commercial, for a flat \$1 per month per property with a minimum three month contract. Moreover, we'll honor that pricing through December 31, 2011. So now, for less than a cup of coffee, your OREO properties will be visible to **more buyers**.

More buyers means more opportunities to sell your OREO at prices that you'd like to get.

RileyREO.com is NOT affiliated with any real estate company or broker, but was conceived by bankers for bankers - to help sell your OREO properties quickly, easily and at the price you want.

For more information, contact us at info@rileyreo.com or visit www.RileyREO.com today.

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Required Reading: All the Devils Are Here, The Hidden History of the Financial Crisis by Bethany McLean and Joe Nocera

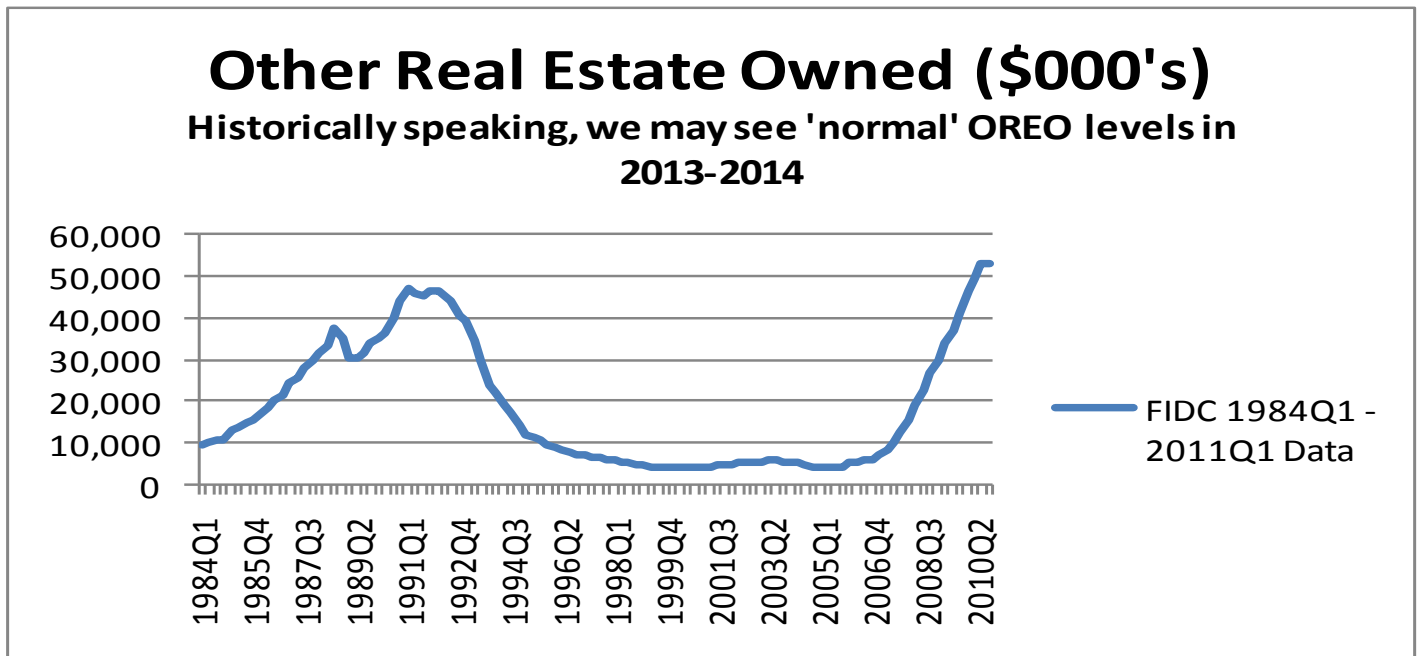
A long time ago, in a galaxy far far away, (no wait, it was only in the mid-970's when I began my banking career) an absolute in banking was if a bank approved a loan, the borrower had every right to believe the bank had done its

homework and was confident the borrower could repay his loan. Flash forward to the 21st century and welcome to All the Devils Are Here, an insightful examination of where it all went awry. For many of us who knew enough good loans

would go bad that making marginal/sub prime loans made no sense at all and who were skeptical of CDO peddlers (hey, they're rated AAA, what's the problem?), the book is an excellent read.

“We’re really big on customer service, but we’d rather you didn’t talk to us”Good intentions, mixed messages on your website.

We routinely review bank websites. While all banks have a generic “Contact us” link, office locations and phone numbers, executive contact information is rarely posted. Two Utah banks, Central Bank of Utah (\$634MM) and First United Bank (\$325MM) are exceptions, so why are bank execs reluctant to share their contact information? From my perspective, there are two reasons a person would want to contact the CEO directly: 1) the caller wants to compliment a staffer on helping them or; 2) they are furious about a related problem and want some help. In both cases, there’s no downside to taking their calls or answering their emails. The subtle message to your customers and your staff, in not providing contact information, is we’re too busy or too important to be bothered. The upside, though, is significant. Having been a bank CEO, making time for customers was a way of life and not a burden. Just a bit of food for thought.

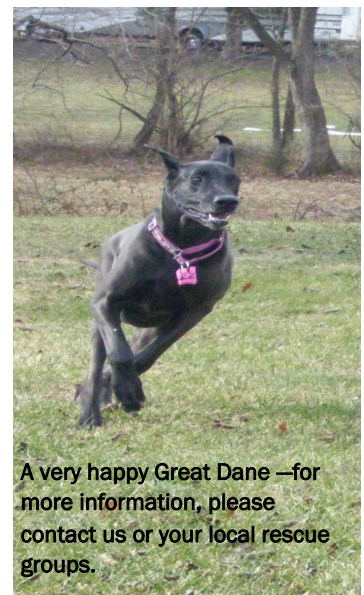


Retired Bankers – Great Marketing Resources

As CEO, I met monthly with a group of retired bankers for lunch to update them on the progress of the bank, seek their marketing input on new products and services, and get a sense from them on our image in the community. The soft side, albeit equally important, was our retirees were great goodwill ambassadors in their communities. Imagine a retiree telling a friend that he had lunch with the bank president and he wanted my input and then multiply that 10/20+ fold.

As an offshoot, I thought it would be fascinating to get together with bankers

from area banks that may have retired, had their jobs eliminated through mergers or had gone into other professions. The initial luncheon had about 15 bankers from all areas. The only ground rules were: no confidential information would be discussed and no bank specific griping. The response was amazing. Not only did we talk about their experiences, but they wanted to be part of assisting my bank to succeed. *Imagine former competitors being an important part of your marketing.* Just another thought to ponder...



A very happy Great Dane—for more information, please contact us or your local rescue groups.

the riley report

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report

Banking Solutions for the 21st Century.

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Bank Resources and Solutions & RileyREO

Bank Resources and Solutions is an executive bank consulting firm that assists management to position their banks to be effective competitors in the 21st century. In addition to consulting services, we created www.rileyreo.com, a unique website for banks to market their commercial and residential REO properties to a nationwide audience for as low as \$33.50 per month per property.

We have worked with bank management, investors and vendors on a variety of issues including:

- Addressing regulatory compliance issues, including restoring credibility in risk management processes,
- Creating Business and Long Term Strategic Plans,
- Due Diligence examinations and recommendations,
- Liquidity Analysis and recommendations,
- Loan Review, ALLR analysis and workout planning,
- Capital planning,
- Analyzing REO marketing strategies,
- Reviewing core and ancillary operating systems, and
- Developing bank specific Policies & Procedures.

Our strengths are our real world experience in leading banks through difficult challenges, regulatory credibility and access to outstanding vendors and expertise. We are fee based and offer proven cost reduction or profit improvement strategies. We do not seek a percentage of the savings or increased income derived from our proposals.

Our approach is based on the fundamental belief in respect for our staff and confidence that not all is broken. We believe in team building and leveraging the unique strengths of your staff to excel.