



Park Avenue Bank Improves Consistency, Loan Performance By Automating Consumer Lending Process

CHALLENGE

The year 2000 brought many changes for the six banks owned at that time by PAB Bankshares, the holding company for Valdosta, Ga.-based Park Avenue Bank. All six entities converted to a new core banking system in mid-year, and by the third quarter of 2001, plans were set in motion to have a single bank charter by the end of 2002. Combined assets would reach more than \$500 million, and regulation of the banks' consumer lending and compliance practices would likely intensify.

According to Wesley Fuller, executive vice president, PAB faced significant challenges in managing six separate banks in six unique markets with six individual presidents.

"You naturally have some minor differences in credit culture," Fuller said. "We needed a tool to enable us to compare credit applicants in a similar manner to ensure our decisions were consistent." The challenge was

further compounded by "tremendous losses" in PAB's consumer portfolio, which Fuller said resulted from some lenders focusing on growth rather than credit quality.

SOLUTION

It was decided that a loan automation system would help address the problem, and the bank began the process of evaluating competing tools. Enter Cypress Software Systems LP, which at about the same time was calling on one of PAB's lenders to introduce the company's flagship product, Mark IV.

Mark IV is a Windows-based tool that provides lenders with a user-friendly application data entry point, quick retrieval of credit reports, reconciliation of debt information, and deployment of the bank's loan policies. Cypress provides these tools with the goal of speeding a quality loan decision back to the applicant, and assisting the financial institution in maximizing loan performance.

"I was asked to evaluate the product, and frankly, had some reservations," said Fuller. "At the time, Cypress was a new company with few clients and without the lengthy financial history we like to see in a new vendor. But they were very attentive to our requests; they promptly gave us the financial information we wanted and even offered to put us in touch with their investors and other users as references."

CUSTOMER PROFILE

Name: Park Avenue Bankshares

Location: Valdosta, Georgia

Founded: 1956

Branches: 17

Assets: \$735 million

About: Formed as a holding company for Park Avenue Bank, with the headquarters in Valdosta, Park Avenue Bank has branches in ten markets from North Florida to North Georgia. Park Avenue Bank is committed to the growth and development of all the communities it serves. It accomplishes these goals through financial support of economic development activities, educational programs, civic clubs, charities and cultural enrichment.

RESULTS

Despite Fuller's qualms, the move to Cypress quickly turned out to be the right decision. "We contacted their users and they were all very satisfied with the product - and especially the level of service they received," said Fuller.

According to Fuller, PAB began the rollout in October 2002, starting with one branch and getting a good understanding of the system's capabilities prior to installing in the other locations. He said that a team of PAB managers worked with the Cypress team to define and integrate the bank's parameters into Mark IV, helping to set up the system prior to moving to live applications. From signing the contract to going live, the entire process for the first installation took about 45 days.

Over the next two months, four additional branches were up and running and the remaining branches went live over the next nine months to a year. "Mark IV is an easy-to-use tool," noted Fuller. "Typically, after about 30 minutes of entering data and discussing a real application, each officer was ready to use the product."

The real benefit, however, was the marked improvement in the PAB consumer loan portfolio. Prior to automating the process, Park Avenue Bank was experiencing past due problems at about five

ABOUT CYPRESS

Headquartered in North Richland Hills, TX, Cypress Software Systems, LP is a leading developer of automated credit application decision support technologies. The company serves community and regional banks, finance companies and credit unions with loan application decision and tracking tools on par with those used by larger national lending institutions. The Company's flagship product, Mark IV, is used by clients nationwide to quickly and consistently process consumer loan applications. Cypress Mark IV offers a flexible, risk-based processing approach that includes tracking applications from point of entry to point of decision.

ABOUT MARK IV

Mark IV is a "behind-the-firewall" Windows-based consumer application processing solution that provides lenders with a user-friendly application data entry point, quick retrieval of credit reports, reconciliation of debt information, and deployment of the bank's loan policies. Cypress provides these tools with the goal of speeding a quality loan decision back to the applicant and assisting the financial institution in maximizing loan performance.

percent of its total consumer loan portfolio, a number that bank management considered unacceptable. With loans originating today via Mark IV, past due receivables are running at less than one-half percent, according to Fuller.

"In our system, the application doesn't replace the lender, but it does help him or her recognize an opportunity to make a good loan."

The Park Avenue Bank was founded in 1956 at 1911 North Ashley Street and Park Avenue in Valdosta, GA. Today, it operates 17 branches in nine markets from north Florida to north Georgia and has about \$735 million in assets.



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