

Cornerstone Report – Survey FAQ

Frequently Asked Questions / Answers / Data Verification Tips – **5/12/2017**

(Weekly Questions added to top of each section)

Allocating employees by functions

Watch the short instruction video on 5 tips on allocating employees by functions! Locate on the Cornerstone participant resource website. Encourage all survey takers to view this video also.

All organizations are structured differently. Cornerstone has established a way to compare productivity of various organizations using key functions performed. If a person is split across multiple functions, then divide their time accordingly. The goal is to not double-count or under-estimate full-time equivalent employees.

For example, if the manager in the Mortgage Lending area spends 50% of his/her time supervising the mortgage employees, 40% on originating the loans, and rest of the time (10%) on post-closing/QC, then that would be .50 in the Mortgage Origination Management FTE, .40 in Mortgage Loan Agents FTE, and .10 in Mortgage Loan Post-Closing/QC FTE.

If you have two half time employees doing 100% of one function that would be 1 full time equivalent.

Do your best to encourage the data collectors to collaborate and communicate when FTE have functions that may cross over to another survey.

All FTE questions should include open/budgeted positions as of 12/31/2016

Online survey tips for survey takers:

- Please enter full numbers; do not abbreviate in thousands. (Note: the **only exception** is 00-Corporate Information where the data was uploaded “as-is” from FDIC and the database will convert it into whole numbers for benchmark calculations.) **Do not change 00-Corp Info to whole numbers, we will do that for you.**
- All data should be actuals from 2016, not budgeted for 2017
- If you want to leave a comment or explanation for your answer to any question, click on the pencil/paper icon next to Your Response and Post a Message
- You can enter and exit a survey as many times as necessary to complete it. You can click on the Home icon to exit a survey and return to the dashboard.
- The “Next” and “Previous” buttons save the answer for that question
- Home button takes you back to the dashboard
- The “Finish” button at the end of the survey saves the last question and takes you back to the dashboard
- Click “Logout” in the upper right corner when you wish to exit the survey website

- For your dashboard to show a survey section is 100% complete, all questions must be answered. If there are questions that don't apply to your organization, you may enter the number 0 when asked for a numeric answer, and NA when asked for a text answer.
- If you see an orange or red box on your dashboard, click on it to see the data validation warning to ensure your answer accurately reflects your organization's operations
- If you are having a problem with the online survey, try opening it in another browser, i.e. Chrome instead of Edge
- If you are using Internet Explorer, version 11, and cannot see icons on the screen, check with your IT person to update the trusted site information
- Email benchmarks@crnrstone.com if you have technical difficulties

Survey Weekly Questions and Verification Points by Section

Q: When we get the preliminary scorecard in August, should we share with managers?

A: Yes. Definitely. You should disperse it to all managers and then schedule meetings or request feedback from them. We allow one last set of survey corrections after they have reviewed the metrics. What has happened with some banks in the past is that they don't share the initial scorecard with the managers and then schedule the scorecard consult call with senior management in September/October and management is 'surprised' with the results. It puts them on the defense. If you give them a chance to review the benchmarks and make adjustments, if something is wrong, everyone is in a better place for using the metrics going forward. The scorecard is a great tool to establish baseline strategic, cost-cutting, and process improvement goals.

Q: Where do bank-wide printing and supply expenses go?

A: The Cornerstone performance survey does not include these expenses anywhere in this benchmark study

Survey 00: Corporate Information

- This survey section was filled out by Cornerstone using online FDIC reporting data your organization provided for year-end 2016. It includes such information as total assets, non-interest expense, \$ deposit dollars, and FDIC charter class designation. No action is required. Please leave the answers abbreviated as the database will adjust for those in benchmark calculations. This is the only section where Cornerstone enters data. The rest of the sections are your responsibility to answer online, in whole numbers.

Survey Section 1: Branch

- For past participants, take note of the following changes: we have split out assistant managers/head tellers into their own FTE question #17. We also added a question for the function of centralized tellers for Interactive Teller Machines (ITMs). In Question 22, the function of Business Development is under Other Branch Functions, the last row. Regional managers and product management FTE are now combined into one Retail Management FTE, question #23.

- Q18 & Q22 – If you have **universal** branch employees, list the # of FTE in Q.18 as Tellers and then allocate all the different functions they do accordingly in Q22 in the third column, with the header, Tellers FTE. However, if you have different titles for tellers and service reps, use Q 19 to provide the # of service reps/platform FTE then list their functional allocations in the 4th column of Q22.

Survey Section 2: Contact Center

- Q1, Q2 – Number of service calls are in monthly volumes. (Do not include loan origination calls; they will be covered in Survey Section 05 Consumer Lending).

Survey Section 3: Digital Banking

- Verify when asking for enrolled users and active users (used in last 90 days of 2016), # of active users should be less or equal to the number enrolled. You will receive a warning on the alert dashboard if done incorrectly.
- **Important:** The answers you provide for monthly consumer internet banking cost (Q#4) and mobile banking cost (Q#12) will be included in the calculation of the overall IT spending scorecard metrics. Please be sure to enter monthly numbers.

Survey Section 4: Cards and Payments

- Q1, Q3 – Provide monthly volumes for debit card volumes.
- Q1 does not automatically total signature and PIN based debit volumes since some institutions are unable to provide that break out. All participants must enter the total in the 3rd column. You will get more metrics on your Cornerstone Performance Scorecard if you can also break out that total in the first two columns.
- Q14 – The answer you provide for annual ATM costs will be include in the calculation of the overall IT spending scorecard metrics.
- ATM Income (Q15) – Provide annual income on these questions
- Q20 – If you do not own your own credit card portfolio, and select either 'Don't Have' or 'Agent Owned', and the 'Next' button to save your answer. Then enter the last question # in the box at bottom (next to Previous) and hit Enter to skip to the end of the section.

Survey Section 5: Consumer Lending

- Q12 – This is where doc prep FTE go. In previous studies the question was in section 12.
- Q2, Q3, Q4 –Provide average monthly volumes. For the best insights into consumer loans by channel, break out the total across each loan type. If you are unaware of the breakout, please provide the **total** counts in the first row of each question.
- Q15 – If you do not have Indirect Lending, then select NO and the 'Next' button to save your answer. Then enter the last question # in the box at bottom (next to Previous) and hit Enter to skip to the end of the section.

Survey Section 6: Small Business Lending

- ☐ Q1 – If your small business loans are not separate from your commercial loan portfolio mix, then select NO and the 'Next' button to save your answer. Then enter the last question # in the box at bottom (next to Previous) and hit Enter to skip to the end of the section. This will indicate to Cornerstone Advisors, Inc. that you will incorporate your small business loan volumes and FTE into the 08 Commercial Lending survey section. **If you want your survey to show 100% complete on your dashboard, after entering No for Question 1, complete the rest of the questions by entering zeros for numeric answers and NA for text answers.**

Survey Section 8: Commercial Lending

- ☐ Q1, Q2 – Portfolio volume should be year-end.
- ☐ Q3 – Include any commitments that were sold by year end when calculating your monthly average
- ☐ Q5 – Include SWAP and refinance penalty fees
- ☐ Q9, Q11 - In the first two FTE questions enter the # of FTE according to your HR roster. Then in question 11, allocate those FTE (managers under the first column, loan officers under the second) by the functions they do on a monthly average. The sum of each column should equal 100%

Survey Section 8A: Credit Administration / Special Assets

- ☐ Q4, Q5 – If management supervises both credit administration and appraisers, allocate part of that FTE between Q4 and Q5.

Survey Section 9: Treasury Management

- ☐ Q2 – Exclude municipal deposits. Include non-profits
- ☐ If you do not offer Treasury Management services, you may skip this survey section. If your institution uses a third party to provide these services and you can obtain the # of FTE and volumes that are for **your institution only**, then you may use that data. If you cannot provide **both** the # of FTE dedicated to your institution and the volumes associated with your institution, skip survey section 9.
- ☐ Q1 – If 3 companies are owned by one entity, use the entity level for counting number of commercial customers

Survey Section 10A: Wealth Management - Investment Brokerage Services

- ☐ If you do not offer investment brokerage services, you may skip this survey section. If your institution uses a third party to provide these services and you can obtain the # of FTE and volumes that are for **your institution only**, then you may use that data. If you cannot provide **both** the # of FTE dedicated to your institution and the volumes associated with your institution, skip survey section 10A.

Survey Section 10B: Wealth Management - Insurance Services

- ☐ If you do not offer insurance services, you may skip this survey section. If your institution uses a third party to provide these services and you can obtain the # of FTE and volumes that are for **your institution only**, then you may use that data. If you cannot provide **both** the # of FTE dedicated to your institution and the volumes associated with your institution, skip survey section 10B.

Survey Section 10C: Wealth Management - Private Banking Services

- ☐ If you do not offer private banking services, you may skip this survey section. If your institution uses a third party to provide these services and you can obtain the # of FTE and volumes that are for **your institution only**, then you may use that data. If you cannot provide **both** the # of FTE dedicated to your institution and the volumes associated with your institution, skip survey section 10C.

Survey Section 10D: Wealth Management – Trust Services

- ☐ If you do not offer trust services, you may skip this survey section. If your institution uses a third party to provide these services and you can obtain the # of FTE and volumes that are for **your institution only**, then you may use that data. If you cannot provide **both** the # of FTE dedicated to your institution and the volumes associated with your institution, skip survey section 10D.

Survey Section 11: Deposit Operations

- ☐ Q3 – HSA ‘plans’ can be considered the same as accounts since they are individual accounts with no subaccounts under the same plan.
- ☐ Q7- If management also supervises Treasury Management, allocate that management time between the two.
- ☐ Q10 - Do not double count Managers, wire or IRA/HSA FTE from the previous questions in this question that covers all the rest of the other deposit servicing functions

Survey Section 12: Loan Servicing

- ☐ This survey section covers loan servicing FTE only. This includes the function of boarding the loan onto your system and the activities after that. Loan processing and document preparation FTE functions have been moved to corresponding loan origination survey sections, e.g. 05 Consumer, 07 Mortgage, and 08 Business.

Survey Section 12A: Collections

- ☐ Q1- Delinquent is considered 5 days or more past due; 5 days after the cycle date.
- ☐ Q6 – Include the # of cases being worked on any given day, not just the new calls that come in.
- ☐ Q1 – Provide delinquent loans. Delinquent loans are before they are charged off. Once they are charged off, include them in # of recoveries asked for in Q3.
- ☐ Q2 – Take all the payments that were collected on the delinquent accounts and calculate a monthly average. If you are unable to do this, put zero.

Survey Section 13: IT

- ☐ IT spending – LAN costs should be included under Infrastructure. WAN costs should be included under Data Com.
- ☐ Q4 – Please be sure to answer the delivery portion from the drop-down list. The breakout of outsourced versus in-house provides key peer metrics for industry comparison
- ☐ Q29-34 Remote delivery cost metrics will include answers provided in the 03 Digital Banking survey section, i.e. average monthly internet banking (Q#4), average monthly mobile banking (Q#12) and in the 04 Cards and Payments survey section, annual ATM costs (Q#13). Do not include these cost in survey 13 or they will be double counted.

Survey Section 14: Enterprise Risk Management

- ☐ Losses Q16 - Provide the requested annual fraud losses only. Do not include NSF charge-offs or loan losses

Survey Section 15: Finance

- ☐ Q4 – Legal fees should include defense litigation, human resources issues and corporate issues
- ☐ Q2: Exclude Board members for Travel & Entertainment expenses. Put in Q5-Other expenses instead.

Survey Section 16: Marketing

- ☐ Q1- If you track retail and business product/services separately, use a weighted average for this question

Survey Section 17A: Corporate Administration

- Q1 – This only includes CEO, President, COO, and Chief Strategy Officer. CIO goes in 13-IT, CFO goes in 15-Finance, CCO – 08A-Credit Admin., and any other executives go in 17A, Q# 5

Survey Section 17B: Human Resources

- Q1-Q7 – These are question regarding the entire bank. Q8 is about all branch turnover. The rest are regarding HR.
- Q2– **Total FTE** is used is many scorecard productivity metrics. **Please answer this question to ensure you receive all benchmark measurements involving this answer.**
- Q9 – Do not include the software costs for HRIS, Payroll, or Benefits Admin. These should be included in Survey Section 13 strategic system costs. Recruitment cost does not include temp help, unless it is a temp-to-hire situation

Survey Section 17C: Training

- Q4 - Microsoft Office training goes in 'Other' training.