

STAY ON OFFENSE!!

*Market Metrics and Branch
Design in a Challenging
Economy*



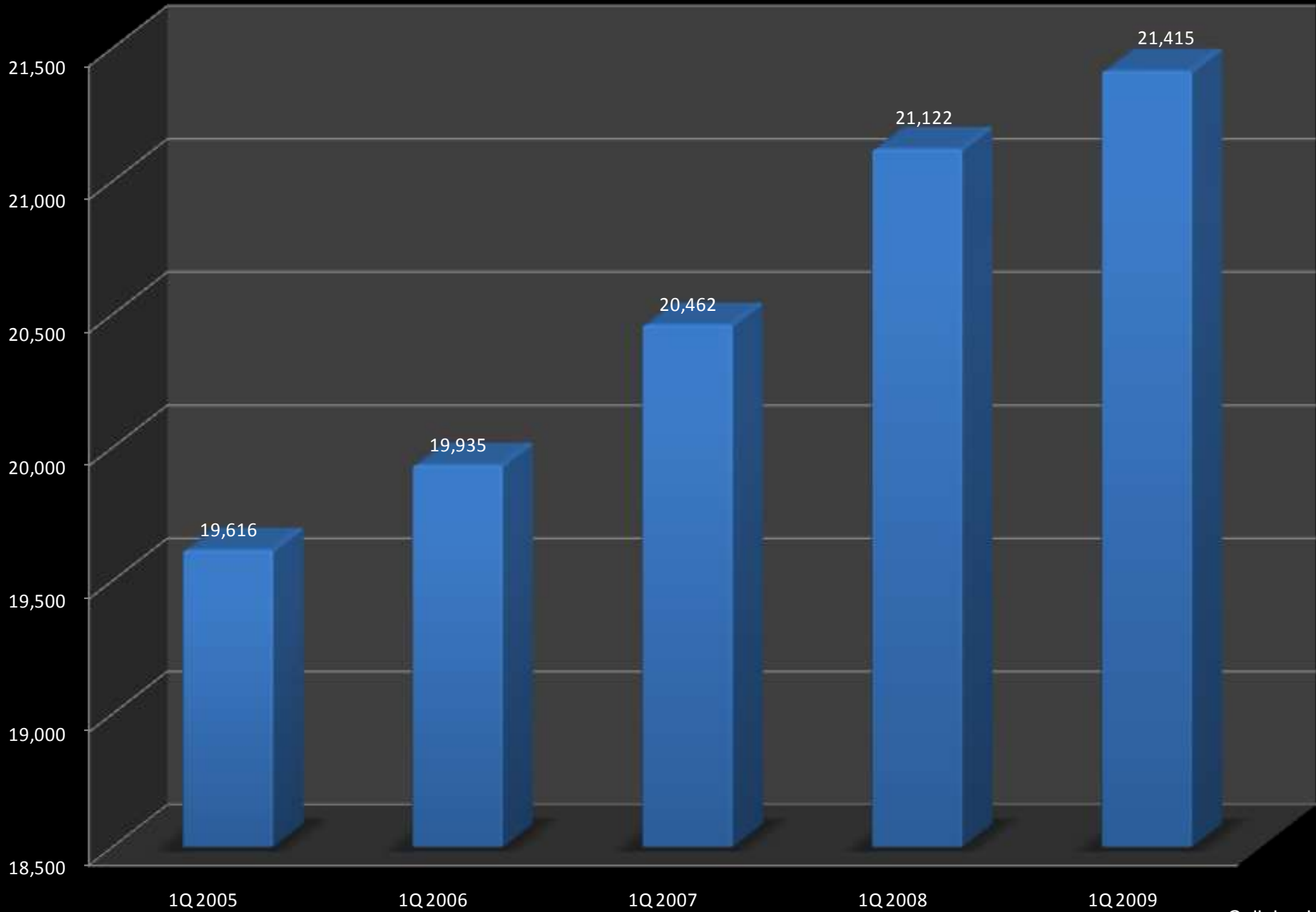
- **Plan-Design-Build Firm**
- **Headquartered in St. Louis**
- **Ranked “Best Place to Work” by StL Business Journal**
- **Nationwide Credit Union Experience**

CLAYCO

Staying On Offense

- Impairments.....Stimulus.....Bailouts
- Effects Vary by Market....Some Less Affected
 - USA TODAY.....Top 5 Markets Weathering the Storm
 - Oklahoma City
 - Austin
 - San Antonio
 - Salt Lake City
 - DC Area
- Credit Unions Still Expanding and Planning to Expand

Number of Credit Union Branches



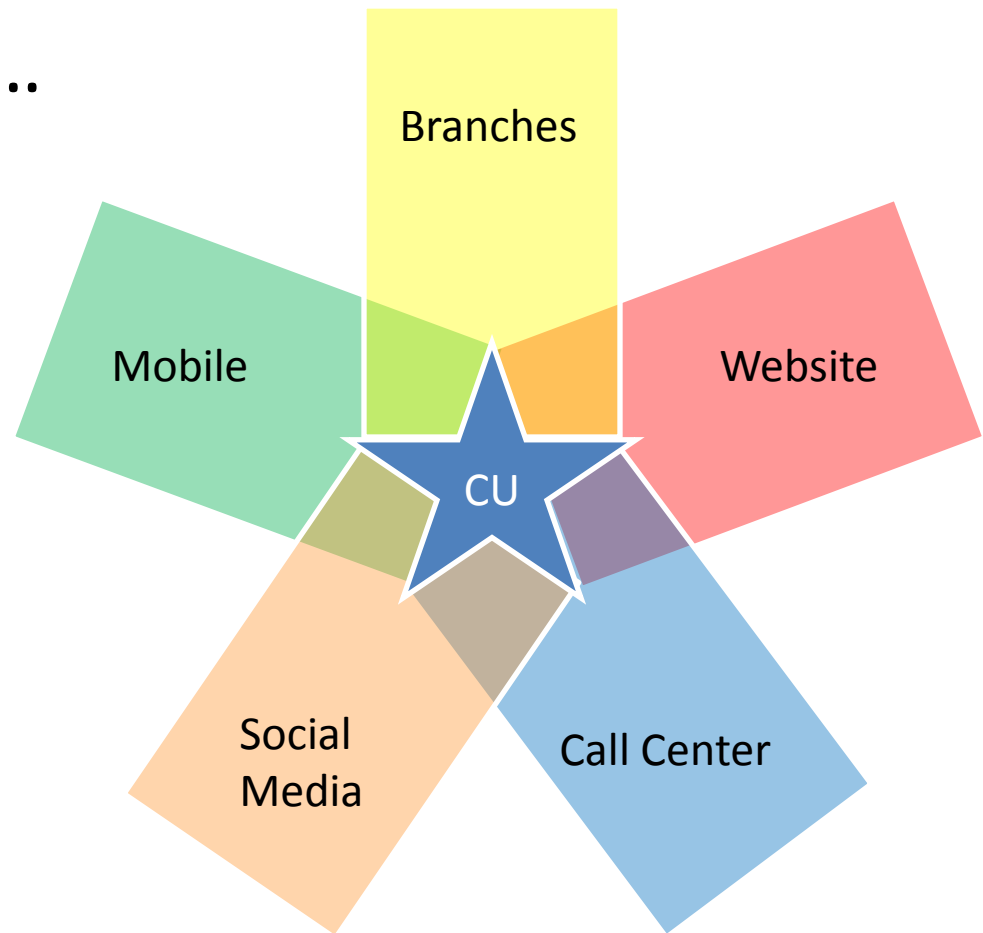
**“Winning is the Science of Being
Totally Prepared”**



Coach George Allen

Ask a Simple Question....Not a Simple Answer

- The business world is full of confluences and multiple access points
- Members see you...

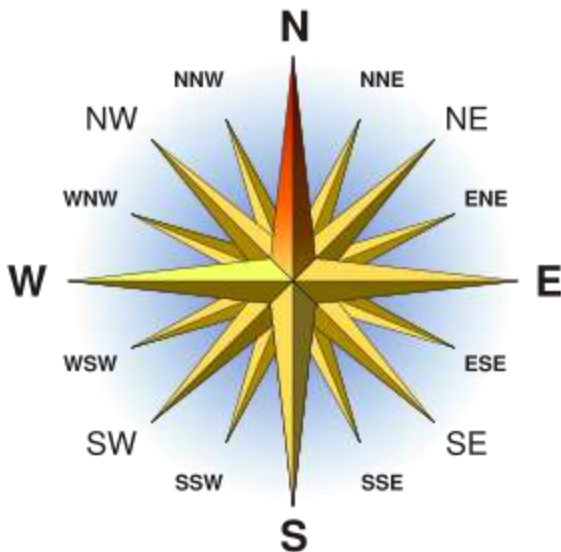


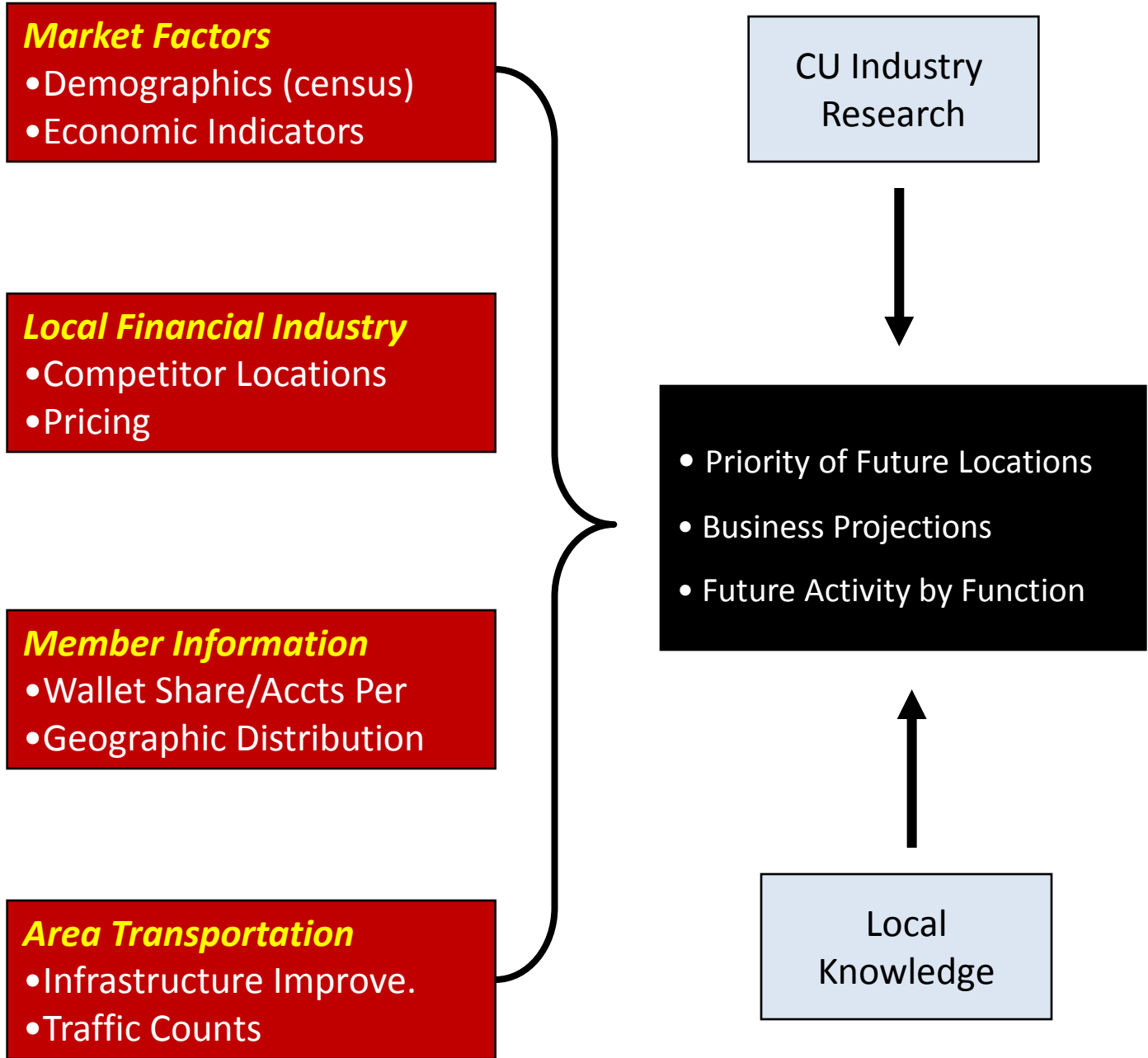
“Factors five or five thousand miles away can have an equal influence on our lives as consumers and citizens.”

—LBx Journal

The Right Tools

Thorough Market Research Can Identify Sub-Markets and Segments for Branch Locations



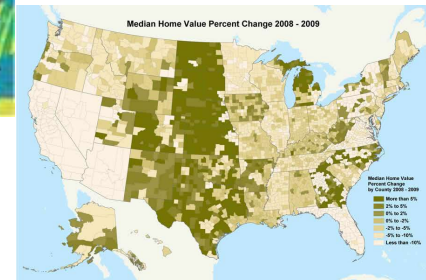
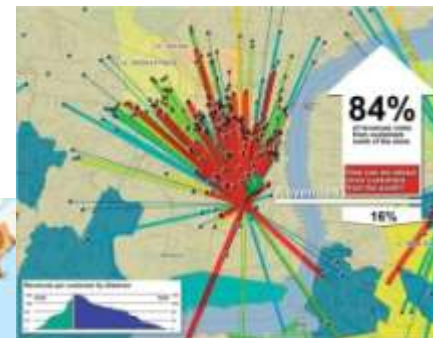


The Importance of GIS

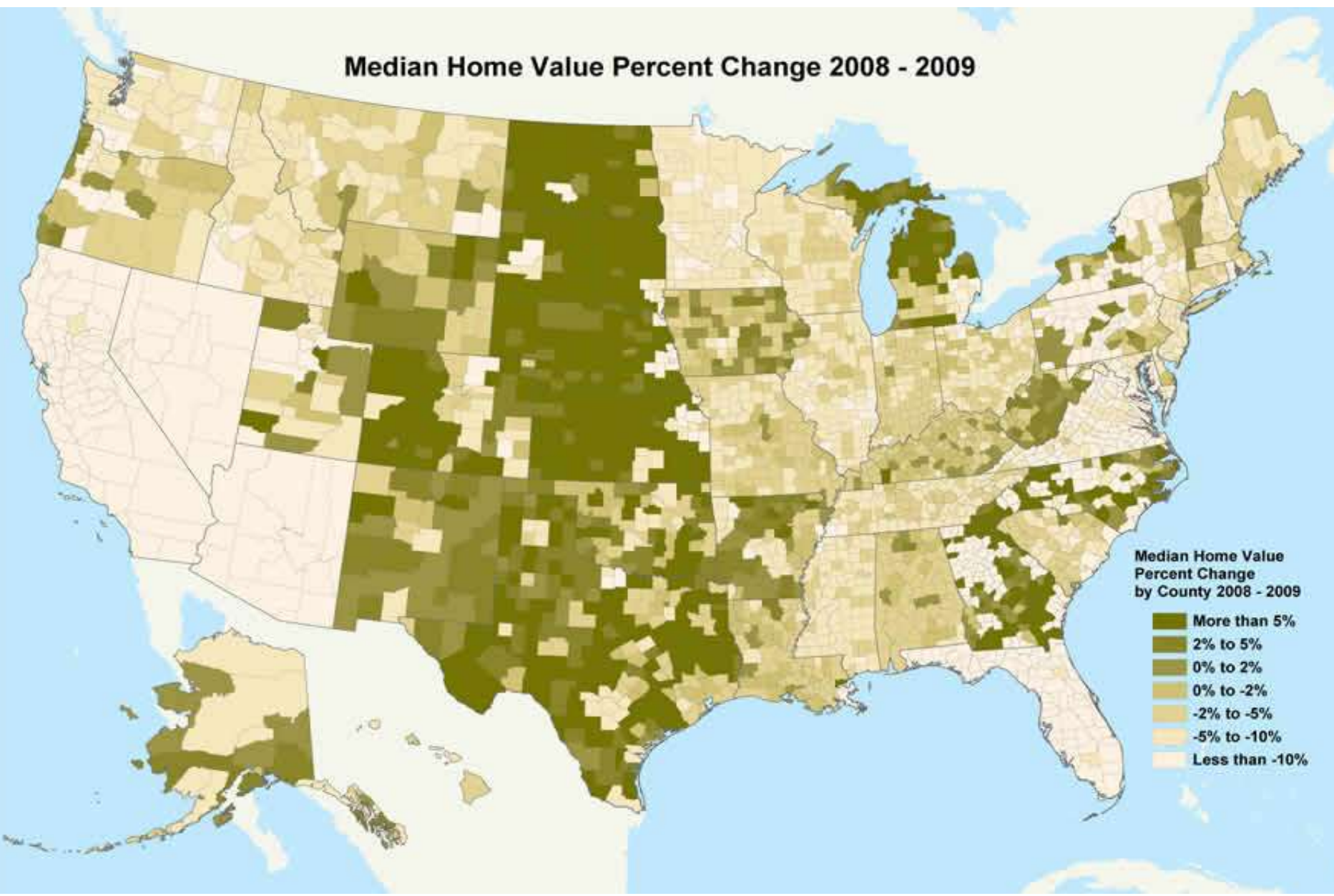
- One of the best tools in market research
- Combines data for capturing, managing, analyzing and illustrating

“Maps have always been appealing to decision makers. We are hard-wired to understand them and there is no better medium to assimilate and communicate national, global and local trends.”

---ESRI

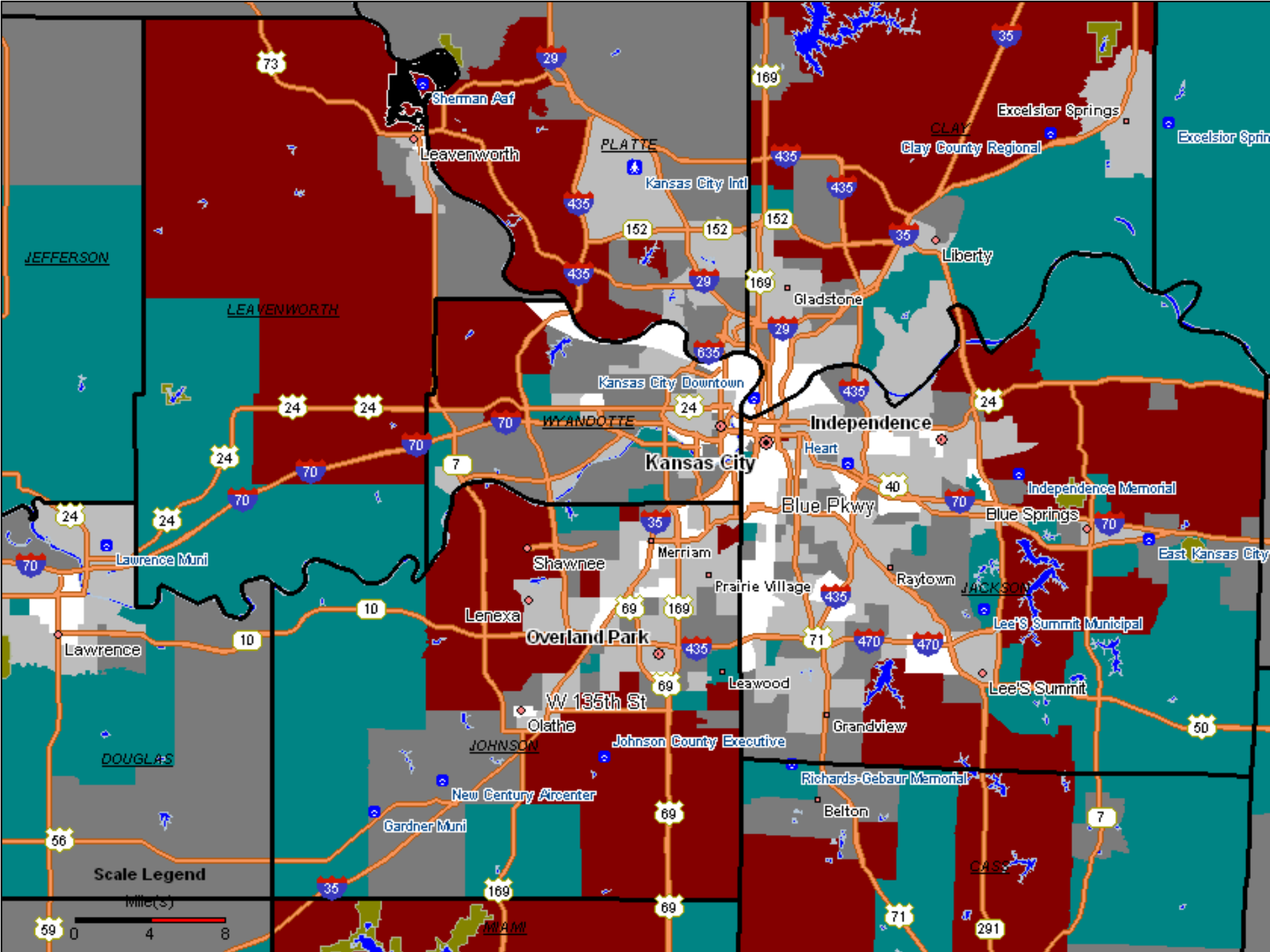


Median Home Value Percent Change 2008 - 2009



**Median Home Value
Percent Change
by County 2008 - 2009**

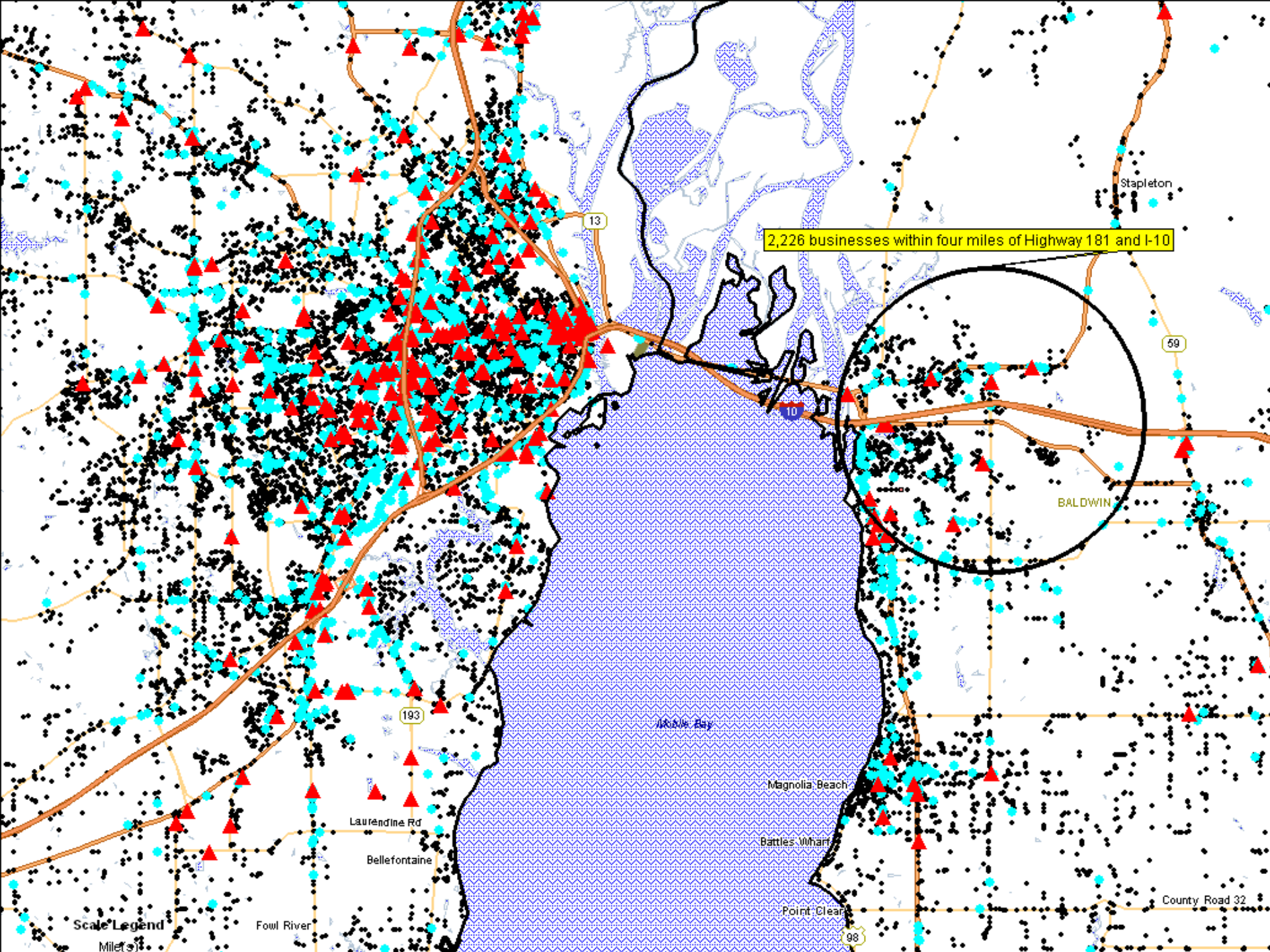
- More than 5%
- 2% to 5%
- 0% to 2%
- 0% to -2%
- 2% to -5%
- 5% to -10%
- Less than -10%



Scale Legend

Miles (s)





2,226 businesses within four miles of Highway 181 and I-10

Stapleton

59

BALDWIN

Mable Bay

Magnolia Beach

Battles Wharf

Point Clear

County Road 32

98

193

Laurendine Rd

Bellefontaine

Fowl River

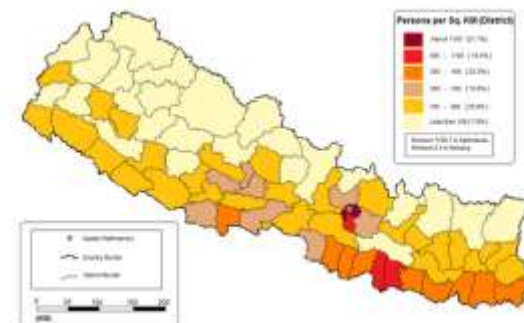
Scale Legend

Miles

13

Metrics With Some Meaning

- No boiler-plates.....all markets are unique
- However, some trends and metrics are useful everywhere
- Pay close attention to demographic combinations



Demographic Combos

Loan Accounts

- High Density of Family HH
- Growing Population
- Positive Trending Income
- Middle Median Age
- Low % of Households with Social Security Income
- Strong Job Growth

Deposit Accounts

- High Median Age
- Low Family HH or Less
- High % of Households with Social Security Income
- High Household Wealth
- Stagnant Population



Metrics With Some Meaning

- Credit Union Saturation or Service Gap?
 - 14,500 persons per credit union branch (USA)
- The Demographic Percentage of Family Households is More Important Than Household Income When Chasing Loans
- Geographic Trend of Area Bank Branches

Community Segmentation

- A demographic classification system into 65 market segments
- Based on demographic research and national surveys
- Categorizes habitual and lifestyle characteristics of the population
- Is useful in developing marketing, advertising, product delivery strategies

Metrics with Some Meaning

The Survey of Consumer Finances

- A **Federal Reserve** Survey Detailing the Financial Relationships of Households Including Loan Products
- Absolutely Unique
- Cross-Tabulated by Income and Age Demographic
- Used as a Tool to Compare Markets and Judge Potential

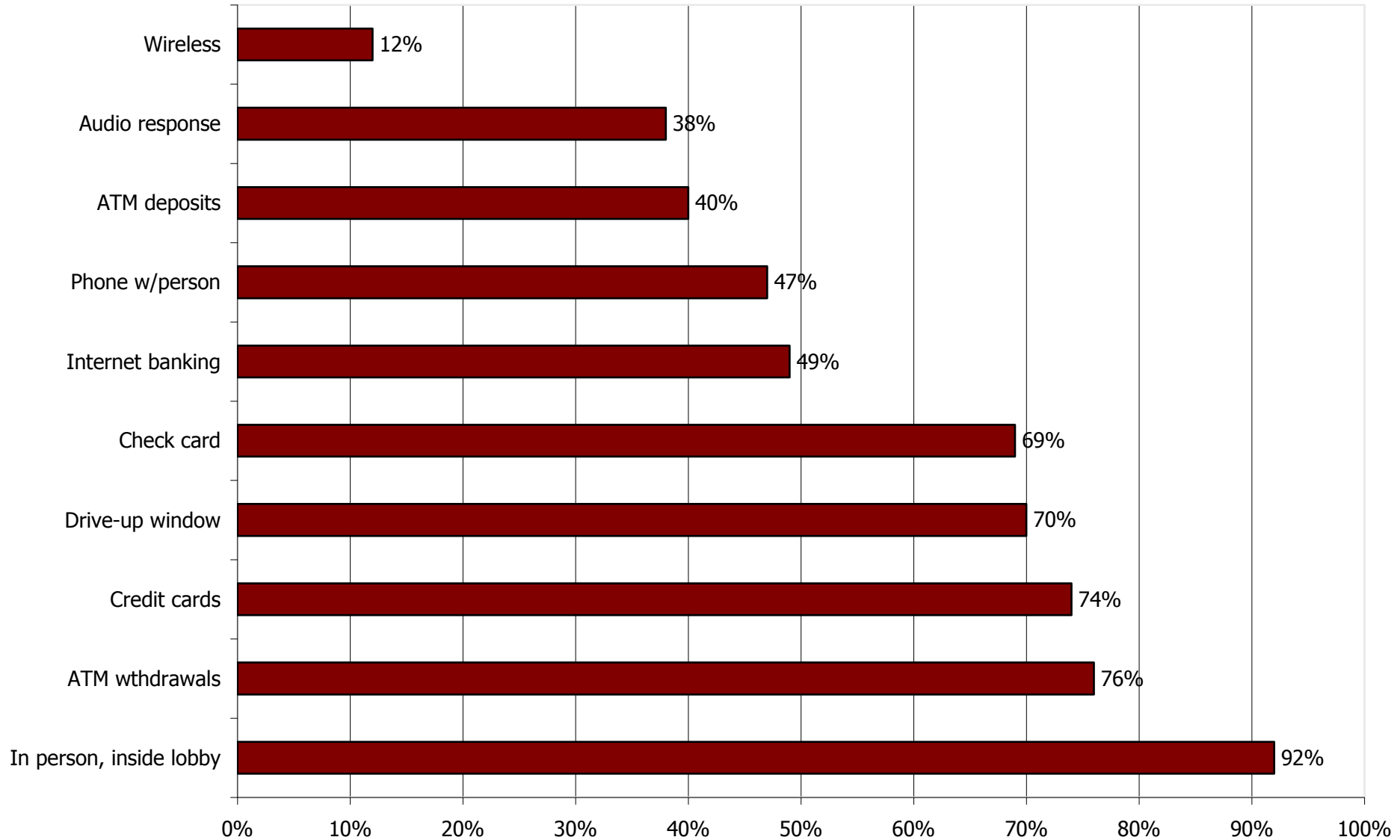
“If you want to catch more fish, use more hooks”

Branches Still a Catalyst for Many CUs

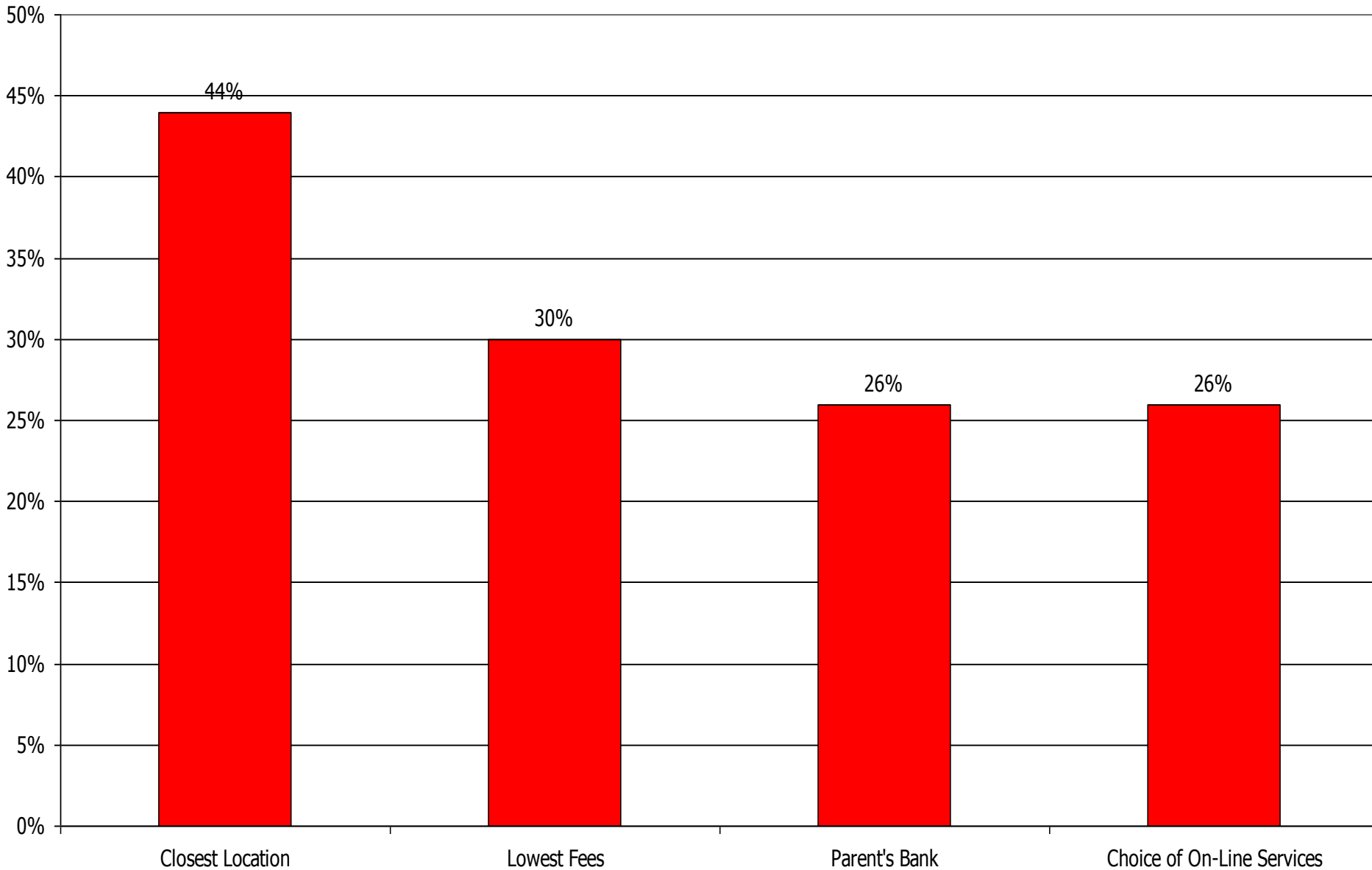


Coach George Allen

Consumers' Use of Delivery Channels



What influenced you most in choosing and FI to open your primary checking account? (survey of 18-34 year olds by Mintel/Greenfield)



BofA Plans to Cut 10% of Branches

...an end to traditional banking?

Bank of America



Bank of Opportunity™

- 60% of new growth came from new branch locations -- *Olan Jones, CEO – Eastman Credit Union, Kingsport TN*
- Wells Fargo: a spokesman said the bank typically builds 100-125 new branches a year and said that will continue "for the foreseeable future."

"No one goes to the branches ? Is that why I always wait 30 mins in a winding line? Guess now I'll have to pack a lunch and take the day off when I need to go to the branch. I love the 15 teller windows and only 3 open....

That's customer service !!"

"All I can say is good. They are thieves and I would love to see them fold. My two credit unions put BOA to shame. You can only crap on your customers for so long before you lose them. Just go away Bank Of America because you really do suck."

Design Trends



- Re-vamping / retro-fit the existing branch
 - Chase and reversing the WaMu model from Occasio to Traditional
 - Members / customers prefer security and privacy







Facilities: One Size Does NOT Fit All

There is a strong trend to customize the branch for individual markets and membership

- No cookie-cutter
- Proto-types are custom-designed with distinctive elements
- Serving tighter, more compact trade areas

Smaller, more efficient layouts tempered with transaction processing technology

Bottom Line: members want convenience = convenient physical facility for sales & service

Traditional, Efficient Designs with Retail-Like Innovations

“While branches will feel comfortable, they won’t be Starbucks.” –Tower Group

- Smaller, highly functional branches
- Natural light...clerestory windows
- Member friendly, focus on contact
- Biometrics and remote tellers...security & privacy!

Biometrics, Remote Tellers





CoastHills FCU
Arroyo Grande, CA



**First Community CU
St. Louis, MO**

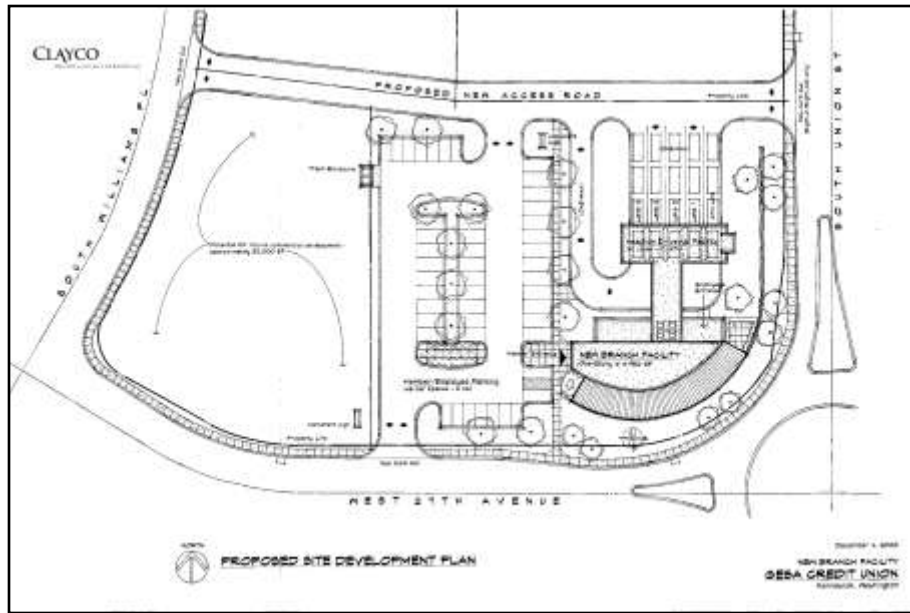




**Fort Knox FCU
Radcliff, KY**

Softness in Commercial Real Estate Market May Provide New Opportunities

- Availability of larger, premium parcels for development/sale
- Lower Acquisition Costs
 - Excess acreage split off and sold
 - Increased value
 - Attractive to end users requiring additional/shared parking
 - Potential for increased value from overall development



Softness in Commercial Real Estate Market May Provide New Opportunities

- Availability of existing commercial buildings for acquisition & conversion
 - Bank Branches
 - Caution: possibly underperforming
 - Resulting from merger
 - Former fast food location (branch)
 - Former specialty building (corp hq)
- Cost to acquire and remodel vs. build new
- Due diligence is key



Designing for the Brand

Inherent design features that provide:

- Branding opportunities
- Distinctive identity
- Connection to local materials and businesses
 - Native stone
 - Architectural styling





**Marshall Community CU
Emmett Township, ,MI**



Gesa Credit Union, Richland, WA



Gesa Credit Union, Richland, WA



LEED

Ecological Design

Green Building

Sustainable Design

Reduced Carbon Footprint

ADVANTAGES OF BUILDING GREEN

8-9% decrease in operating costs

7.5% increase in building values

6.6% improvement in ROI

3.5% increase in occupancy

3% rent increase

PACIFIC MARINE...a case study

Oceanside, California

57,600 square foot Corporate Headquarters

Pursuing LEED Certification

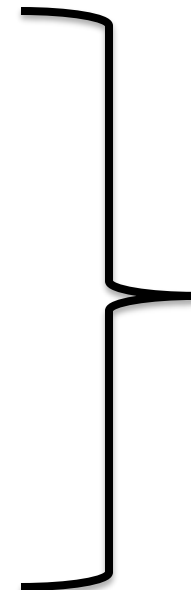
~ Credit Union is relocating from present on-base facility at Camp Pendleton, CA ~



- 26% Energy Savings
- 30% Water Use Reduction
- Stormwater Control
- Improved Indoor Air Quality
- Extensive use of natural light

Conclusion

- Planning and Research
 - Winning is the Science of Being Prepared
 - Incorporate GIS in Your Strategic Planning
- Design Trends
 - Smaller, Efficient Branches
 - Natural Light and Exterior Ascetics
 - Retail-Like Traditional Designs
 - Green



Strengthens
the Brand