

Opportunity Analysis: A Fact-Based Planning Tool

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Today's Presenters



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Langley Federal Credit Union

Agenda

- Harland Clarke National Banking Industry Database and benchmarking overview
- Using Opportunity Analysis as a marketing planning tool
- Case Study 1 – First Financial Bankshares, Inc.
- Case Study 2 – Langley Federal Credit Union

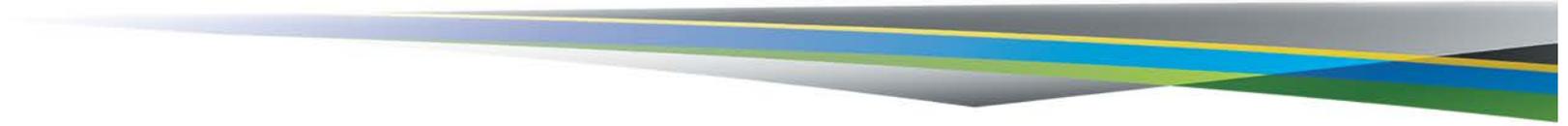
Stacking Up Against the Challenges

- Acquiring and retaining account holders
- Addressing declining spread
- Growing a quality loan portfolio
- Meeting regulatory demands
- Operating within technical restraints

All of this while focusing marketing dollars on the most efficient, cost-effective and measurable marketing plans

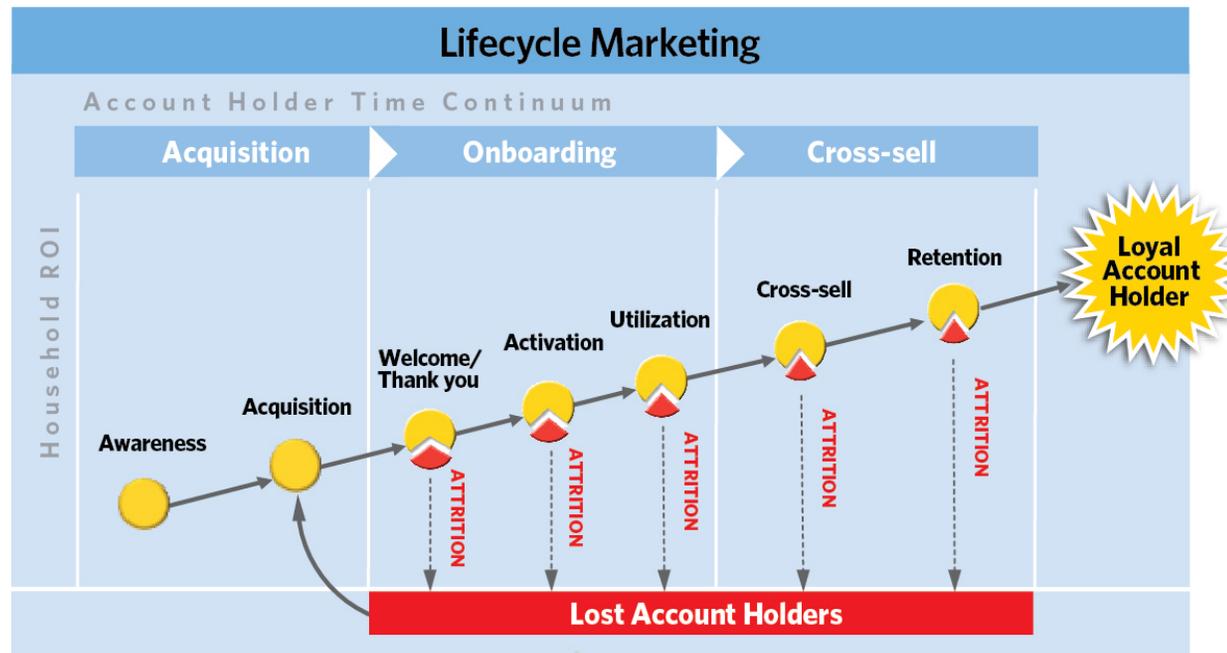
Top Marketing Priorities

- Acquiring new account holders
- Deepening account holder relationships
- Increasing wallet share
- Growing loan portfolio
- Encouraging channel shift



The Data

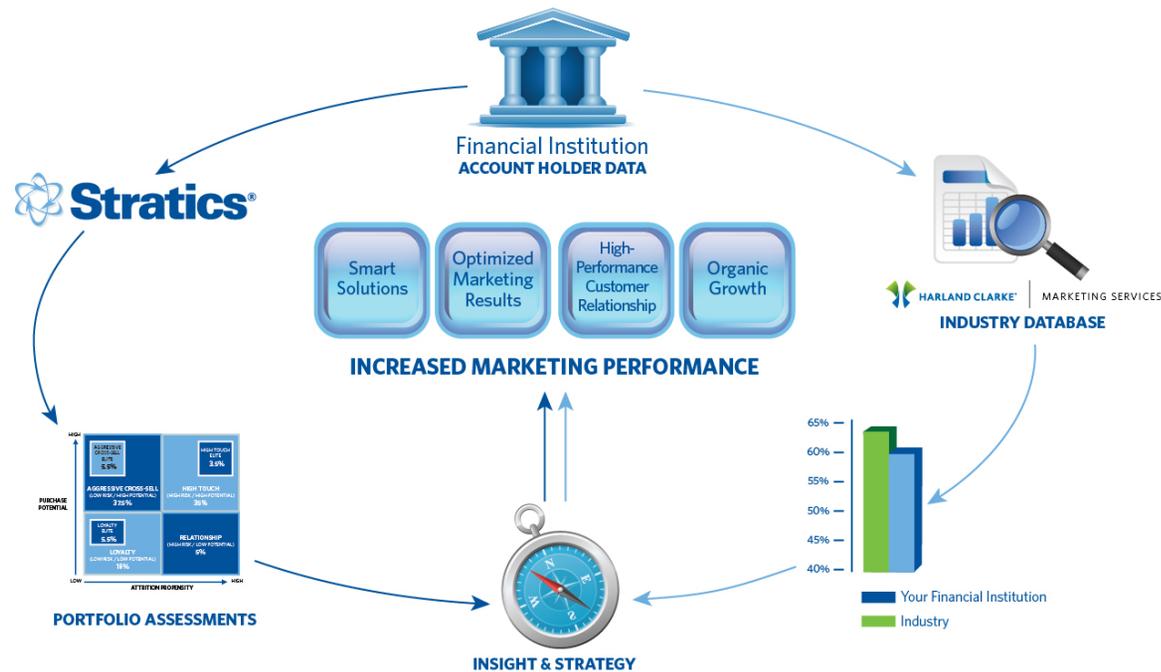
Harland Clarke's Core Marketing Philosophy: Customer Lifecycle Marketing



Connecting insight across the account holder lifecycle compounds the ROI benefits of any single program or campaign.

The Opportunity Analysis: A Diagnostic Evaluation

- Provides key insight and information on client's portfolio
- Identifies significant opportunities and risks
- Includes product analysis and industry benchmarking
- Provides actionable recommendations and performance measurement



The Harland Clarke National Banking Industry Database



Components of the Opportunity Analysis

Value Segmentation	Attrition Measurement	Product Assessment	New Account Holder Assessment	Performance Benchmarking	Action Plan
<ul style="list-style-type: none">• Segments account holders by purchase potential and attrition propensity and includes detailed profiles on each segment (size, usage, opportunity, and marketing strategy)	<ul style="list-style-type: none">• Identifies attrition risk across various metrics, including attrition rates, attrition by number of products and attrition by tenure	<ul style="list-style-type: none">• Provides diagnostic information related to product penetration, performance over time and cross-sell ratios	<ul style="list-style-type: none">• Offers insight into your institution's account holder mix, including key behavior differences between new and existing account holders	<ul style="list-style-type: none">• Identifies financial institution performance versus the industry for product penetration, channel usage and balances	<ul style="list-style-type: none">• Recommends actionable strategies and tactics to achieve maximum marketing performance

Value segmentation prioritizes account holders for marketing action

Defines relationship strategies for your account holders based on their contribution and attrition risk

AGGRESSIVE CROSS-SELL

- High potential, low risk
- Prime for growth; upsell to feature rich products
- Invest aggressively; use communications to capitalize on and reinforce relationship value

HIGH TOUCH

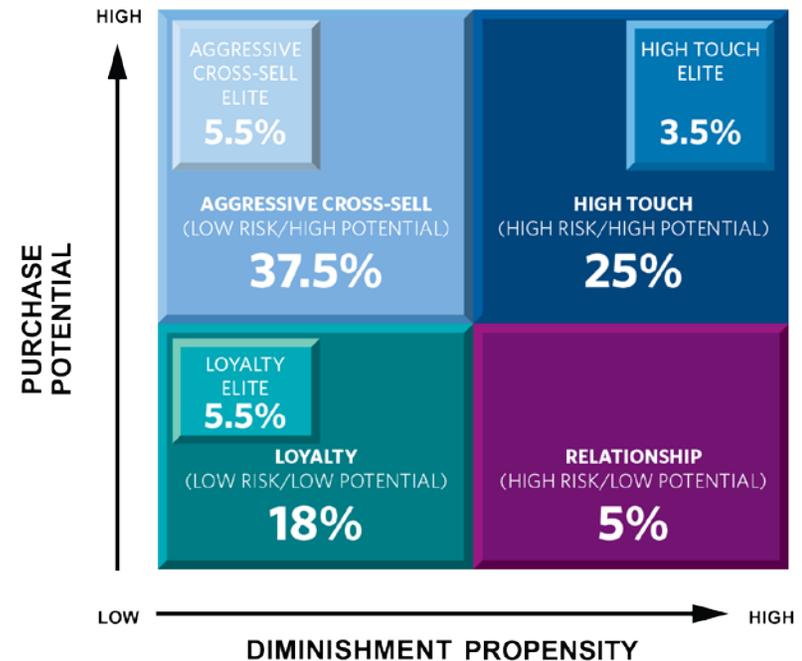
- High potential, high risk
- Proactive retention
- Invest aggressively; use offer-driven and educational communications

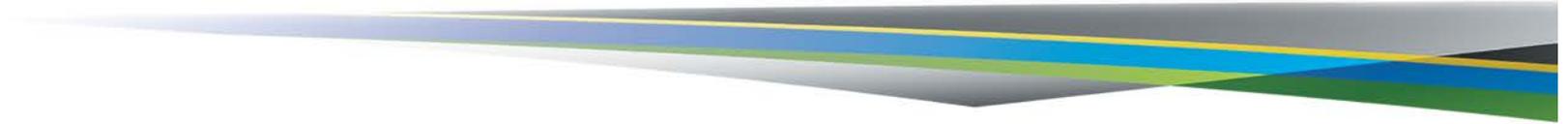
LOYALTY

- Low potential, low risk
- High value, modest to little potential
- Must retain; invest wisely

RELATIONSHIP

- Low potential, high risk
- Mixed value, very low potential, strain on infrastructure with little opportunity for incremental growth
- Low investment





Top Performers: Using Data to Stack the Deck

What Do the Top Performers Do?

- Gain key insight and information on their portfolio
- Identify significant opportunities and risks in their portfolio
- Perform product analysis for deposit, loan, electronic and other lines of business
- Use data to develop actionable plans with performance measurement

Six Things You Can Do to Stack the Deck in Your Favor

- 1 Use data** — Increase overall marketing effectiveness.
- 2 Prioritize** — Go for strategic value and highest potential return with your marketing initiatives.
- 3 Be account holder-centric** — Deploy actionable and results-oriented marketing.
- 4 Invest smarter** — Focus on the right account holder with the right message.
- 5 Grow wallet share** — Increase cross-sell and improve retention.
- 6 Align** — Ensure all functional areas within your organization are coordinated with your retail environment.

The Right Plan – Understanding the Data Components



Right Products, Right Account Holder, Right Time

Identify using purchase potential models

Deposits

- Checking accounts
- Saving accounts
- Money market accounts
- CDs

Brokerage/investment services

- IRAs
- Annuities
- Mutual funds
- Equities
- Bonds

Loans

- Consumer loans
- Credit cards
- Mortgages
- Home equity loans/lines

Electronic services

- Debit cards
- Online banking
- Bill pay service
- eStatements
- Mobile banking

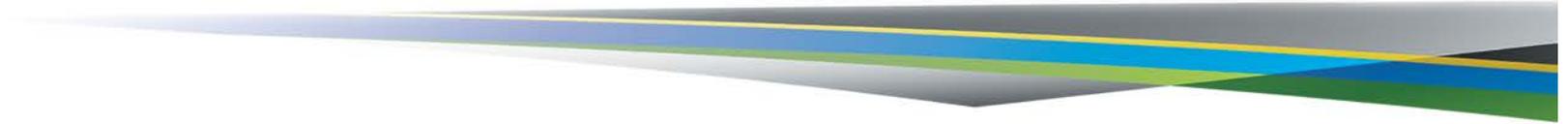
Sample Marketing Plan

Opportunity Analysis lends itself to a comprehensive plan backed by a solid foundation of data and facts.

Timing	Method	Products
Day 1	P.O.S	Disclosures and account opening kit
Day 1-3	Welcome Card	Branch-based, hand-written card
Day 10	Welcome Call	Service-oriented: "How was your in-branch experience? Tell me how I can help you with any financial needs you may have."
Day 30	Mail	Checking, engagement services and loans
Day 40	Courtesy Call and/or Email	Follow up - "Any questions about the mailing you received? Tell me how I can help you with any financial needs you may have."
Day 60	Mail	Checking, engagement services and loans
Day 70	Courtesy Call and/or Email	Follow up - "Questions about the mailing you received? Apply online."
Day 90	Mail	Checking, engagement services and loans
Day 100	Courtesy Call and/or Email	Follow up - "Questions about the mailing you received? Apply online."

Sample Marketing Plan

Direct Marketing Calendar													
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Totals
Onboarding													
Welcome letter w/email	1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	12,300
30 day letter w/email		1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	11,275
60 day letter w/email			1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	10,250
90 day letter w/email				1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	9,225
Onboarding Totals	1,025	2,050	3,075	4,100	43,050								
Cross-sell													
Cross-sell - Four Products/ Based on Propensity (3,000 each product)	12,000		12,000		12,000		12,000		12,000		12,000		72,000
Recapture													
Recapture - 25 percent of account holder base		30,550			30,550			30,550			30,550		122,200
Shopper Alert													
Shopper Alert - 5% of account holder base	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	5,200	62,400
CD Maturity													
CD Maturity - 4,700 CDs	345	345	345	345	345	345	345	345	345	345	345	345	4,140
Retention													
Retention - High Touch Elite, Aggressive Cross-sell Elite and 10% of Relationship			8,500						8,500				17,000
Home Equity Activation and Utilization													
HELOC Activation/Utilization - 50% of Call Report total - 2,257		1,130		1,130		1,130		1,130		1,130		1,130	6,780



**Case Study 1:
First Financial Bancshares, Inc.**

Michele Stevens, Senior Vice President of Marketing and Advertising, First Financial Bankshares, Inc.



- Oversees marketing and advertising for one of the top-performing publically traded banks in the nation.
- Has more than 30 years of banking experience and has worked for First Financial for more than 19 years.
- Prior to assuming her current position in 2005, she served as East Group Marketing representative. In that role, she managed marketing and advertising for First Financial's banks in Southlake, Weatherford, Stephenville, Mineral Wells and Cleburne.
- She also previously served as Senior Vice President and Cashier for First Financial Bank, Southlake and as Vice President of the company's lead bank in Abilene from 1985–1990.
- Michele earned her bachelor's degree from Angelo State University and holds an MBA from Tarleton State University. In addition, she graduated from the ABA Bank Marketing Association Graduate School of Bank Marketing.

First Financial Bankshares, Inc.: A Snapshot

- Headquarters: Abilene, TX
- Branches: 61
- Asset Size: \$4.4B
- Customers: 157,000
- Communities we serve: Abilene, Ft. Worth, Beaumont and other Texas communities
- Comprised of 12 regional banks throughout Texas
- Consistently ranked the #1 or #2 publically traded bank in the nation
by *Bank Director Magazine*



First Financial Bankshares, Inc.: Situation Analysis, Pre-2012

- Multiple bank holding company
- Several stakeholders; at times competing priorities with limited budget
- Complex marketing planning process
- Difficult to get visibility into customer portfolio for marketing purposes
- Sought marketing partner to provide consultative strategy guidance along with tactical marketing operations

First Financial Bankshares, Inc.: Opportunity Analysis Findings

- Opportunity Analysis: delivered in June 2012
- Strengths: strong checking and mortgage penetration; low customer attrition
- Key Findings: low product and balance relationships in many deposit and loan categories
- Opportunities: cross-sell; loan recapture; Shopper Alert™
- Opportunity Analysis allowed marketing to play a leadership role in the planning process and information that was shared with regional bank presidents, CEO and board of directors

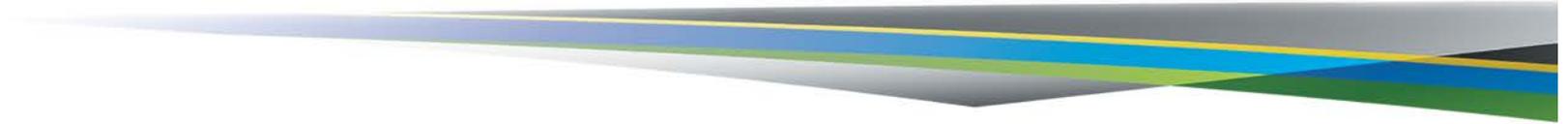
First Financial Bankshares, Inc.: Marketing Calendar, Cross-Sell

Timing	Products
Month 1	Checking; Auto Loans
Month 2	Home Equity Loans/Lines; Real Estate Loans
Month 3	Checking; Auto Loans
Month 4	Home Equity Loans/Lines; Real Estate Loans
Month 5	Checking; Auto Loans
Month 6	Home Equity Loans/Lines; Real Estate Loans
Month 7	Checking; Auto Loans
Month 8	Home Equity Loans/Lines; Real Estate Loans
Month 9	Checking; Auto Loans
Month 10	Home Equity Loans/Lines; Real Estate Loans
Month 11	Checking; Auto Loans
Month 12	Home Equity Loans/Lines; Real Estate Loans

Shopper Alert™ is ongoing, loan recapture occurs quarterly

First Financial Bankshares, Inc.: Today

- Launched several programs delivering significant ROI
- Shopper Alert™: 3.65% response rate; nearly \$1 million in loans
- Cross-sell: 2.87% response rate; \$6.5 million in loans
- Recapture: 3.18% response rate; \$6.2 million in loan



Case Study 2: Langley Federal Credit Union

Sue Thrash, Director of Research and Communications



- Manages the Touché Analyzer database
- Creates and executes a wide variety of direct marketing campaigns
- Has more than 20 years of experience in marketing communications and public relations.
- Writes and develops creative
- Oversees the public relations and community relations

Langley Federal Credit Union: A Quick Snapshot

- Headquarters: Newport News, VA
- Branches: 18
- Asset Size: \$1.7B
- Members: 176,000
- Communities we serve: Hampton Roads area from Williamsburg to Virginia Beach
- One of the 100 largest credit unions in the United States

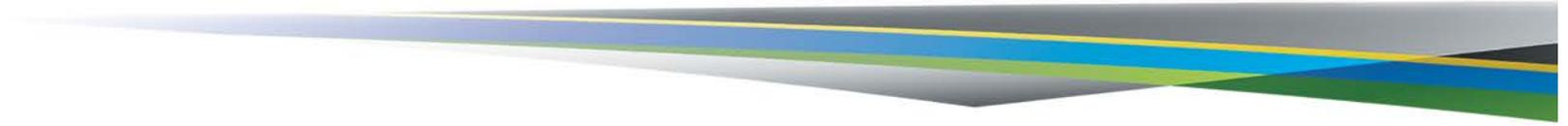


Langley FCU: Situation Analysis

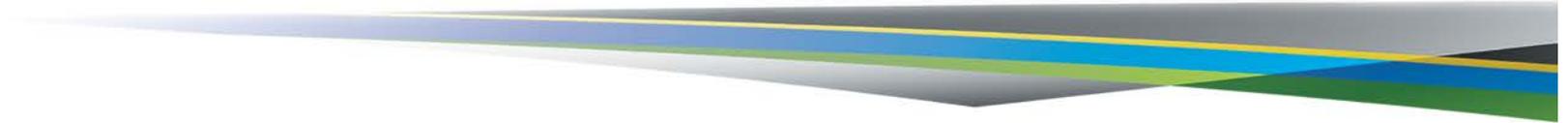
- Opportunity Analysis: delivered in April 2013
- Strengths: low member attrition; strong overall balance relationships
- Key Findings: low loan-to-share ratio; opportunities for growth in key member segments
- Opportunities: loan recapture
- Opportunity Analysis identified member segments where loan growth has highest likelihood of success. Data coincided with new CEO's focus on growing loan portfolio. A marketing plan was developed and is currently being implemented.

Langley FCU: Programs Implementing

- Based on the Opportunity Analysis — Increased promotional messages in print/TV/radio for a number of products that had a low penetration level, such as checking, mortgage and credit cards
- Kicked off an Onboarding program with Harland Clarke on July 15, 2013.
 - Sending a welcome, checking, loan, mortgage, credit card and engagement services
- Currently in the beginning phases of the Loan Recapture and Pre-approval program.
 - Sending pre-approval letters on a quarterly basis for auto loans, mortgage & HELOCs
- Initiated a direct mail campaign based on lists pulled from Touché
 - To members who have the propensity to open various products such as checking, mortgage, HELOC and credit cards



Q&A



Thank You

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