

CPG's BankRank Market Potential & Office Performance Model

About the Firm

Capital Performance Group is a management consulting firm based in Washington, DC. Our firm provides advisory, planning, analytic, and project management services to the financial services industry. Our professionals possess deep experience in a broad range of functional specialties including strategic planning, sales management, quality engineering, marketing and product development, market research, risk management, operations and technology, compliance and regulatory matters, mergers and acquisitions, and strategic cost management.

What makes CPG Unique

Experience – We are knowledgeable industry “insiders.” Our professionals have an average of over 20 years experience in the financial services industry.

Focus – We are financial services industry specialists. We have developed unique tools and methodologies to address the specific business issues and challenges of this industry.

Practicality – We know what it takes to implement and manage strategic initiatives. We provide hands-on assistance and actionable advice.

For more information, please contact us at 202/337-7870 or info@capitalperform.com.

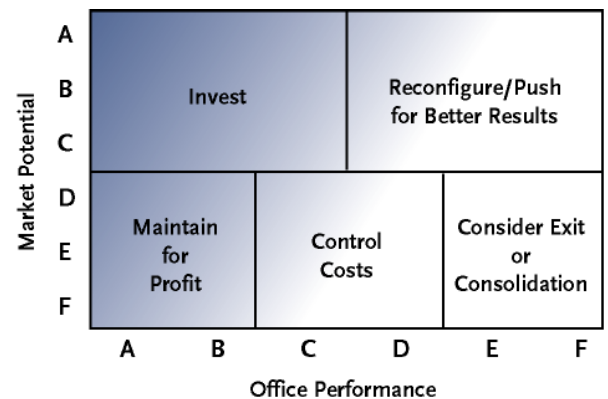
Contrary to predictions made a decade ago, bank branches remain the most critical retail sales and delivery channel for most banking institutions. Many banks have turned to *de novo* branching and market expansion to fuel growth, deposit generation, and lending businesses over the past several years, causing the number of bank branches in the US to grow. Competitive demand for high-traffic sites and skyrocketing property costs in many markets have increased the expense and capital outlays associated with building branches. As a result, expanding banks often look to fund new and remodeled offices through the consolidation of existing branches.

Now more than ever, banks must be able to identify the sites that offer the greatest and most immediate return on investment and determine how best to optimize existing branch networks.

CPG'S Solution: BankRank

BankRank is a proprietary tool that enables objective analysis of the potential of bank markets and the performance of bank offices. Specifically, BankRank:

- ◆ Facilitates the collection and aggregation of market potential and branch performance data into accessible repositories;
- ◆ Ranks markets based on their current attractiveness and future potential;
- ◆ Ranks offices based on their performance and value as a component of the network; and
- ◆ Compares market potential and office performance to inform resource allocation and investment decisions.



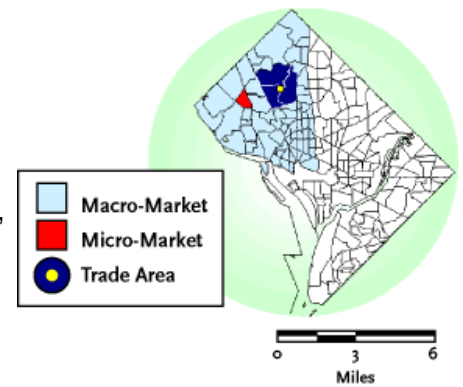
The BankRank methodology translates your strategic priorities and organizational model into an objective, quantitative assessment of performance and market attractiveness to help you to:

- ◆ Prioritize market expansion and acquisition opportunities
- ◆ Identify *de novo* branch sites
- ◆ Determine when and where to reinvest in existing branch offices
- ◆ Set local marketing and promotional strategies
- ◆ Evaluate investment decisions and develop *pro forma* analyses
- ◆ Make post-merger and ongoing network consolidation decisions
- ◆ Provide a fact-based assessment of opportunity and performance and avoid internal debate and anecdotal arguments regarding branch sites
- ◆ Sort through and obtain useful insight from the reams of available market and financial data

Our Approach

1. Define Market Boundaries

Based on your organizational model and the nature of the geographies in which you operate, CPG will help define the areas for analysis. The BankRank approach can be used to assess the relative attractiveness of whole macro-markets (e.g., counties, towns, or metropolitan areas), micro-markets (block groups or neighborhoods), or individual office trade areas. The market analysis can cover areas in which you currently operate as well as potential expansion candidates.



2. Select Model Variables and Weights

We work with you to identify the variables that will be used to rank market potential and office performance based on your strategy and businesses priorities. Each analysis is customized and can incorporate variables such as:

Market Potential

- ◆ Market size and growth rates
- ◆ Population demographic characteristics
- ◆ Financial product demand
- ◆ Competitive intensity levels

Office Performance

- ◆ Sales performance
- ◆ Financial performance
- ◆ Efficiency and productivity
- ◆ Service quality

3. Identify Data Sources and Collect Data

CPG works with you to identify data sources and collect the information required to conduct a thorough analysis. We work with our partners to provide high quality market and survey data and facilitate the collection, clean-up, audit, and interpretation of your internal data to support our analysis. Internal data sources frequently include MCIFs, sales reporting systems, and financial and accounting information.

4. Model Outputs & Reporting

The BankRank model generates valuable information that is presented in reports chosen and customized based on your needs. Model outputs include:

- ◆ Branch performance grades, rankings, and detailed data on office performance
- ◆ Market potential grades, rankings, and detailed data on market characteristics
- ◆ Office decision matrix classifications
- ◆ Recommendations on specific actions to improve office delivery system performance and most attractive locations for expansion.

In addition to our proprietary model-based analysis, CPG supports market planning and decision making with supplementary customized research and analysis, including:

Site Opportunity Analysis. Determine the attractiveness of a specific *de novo* or acquisition opportunity.

Market Profiling. Create a complete picture of the market by gathering qualitative intelligence on development, growth prospects, and competition.

Financial Modeling. Support branch investment, consolidation, acquisition, or closure decisions and estimate required production to meet internal hurdles.

Market Entry and Penetration Strategies. Develop a differentiating strategy for market entry or dominance, from product offerings and competitive positioning to execution requirements.

Internet and Electronic Channel Strategies. Incorporate vital non-branch channels to create a next-generation strategy that supports your corporate objectives.

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