

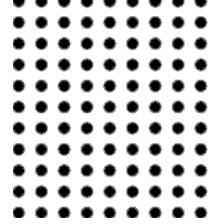


THE FUTURE OF BRANCH STRATEGY

MID-ATLANTIC CEO FORUM

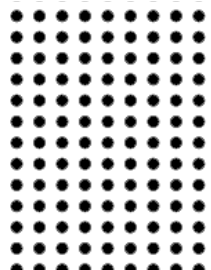
JIM CALIENDO
President & CEO
November 9th





the strategy

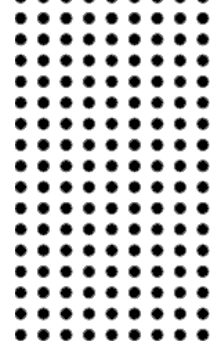
Redefine your branch network to maximize efficiencies, grow profitability, and drive growth for the next-gen consumer



I. Analyze and Optimize Your Network

II. Think Like A Retailer

III. Enhance Your Physical Space



a roadmap to success

1 ANALYZE AND OPTIMIZE YOUR NETWORK

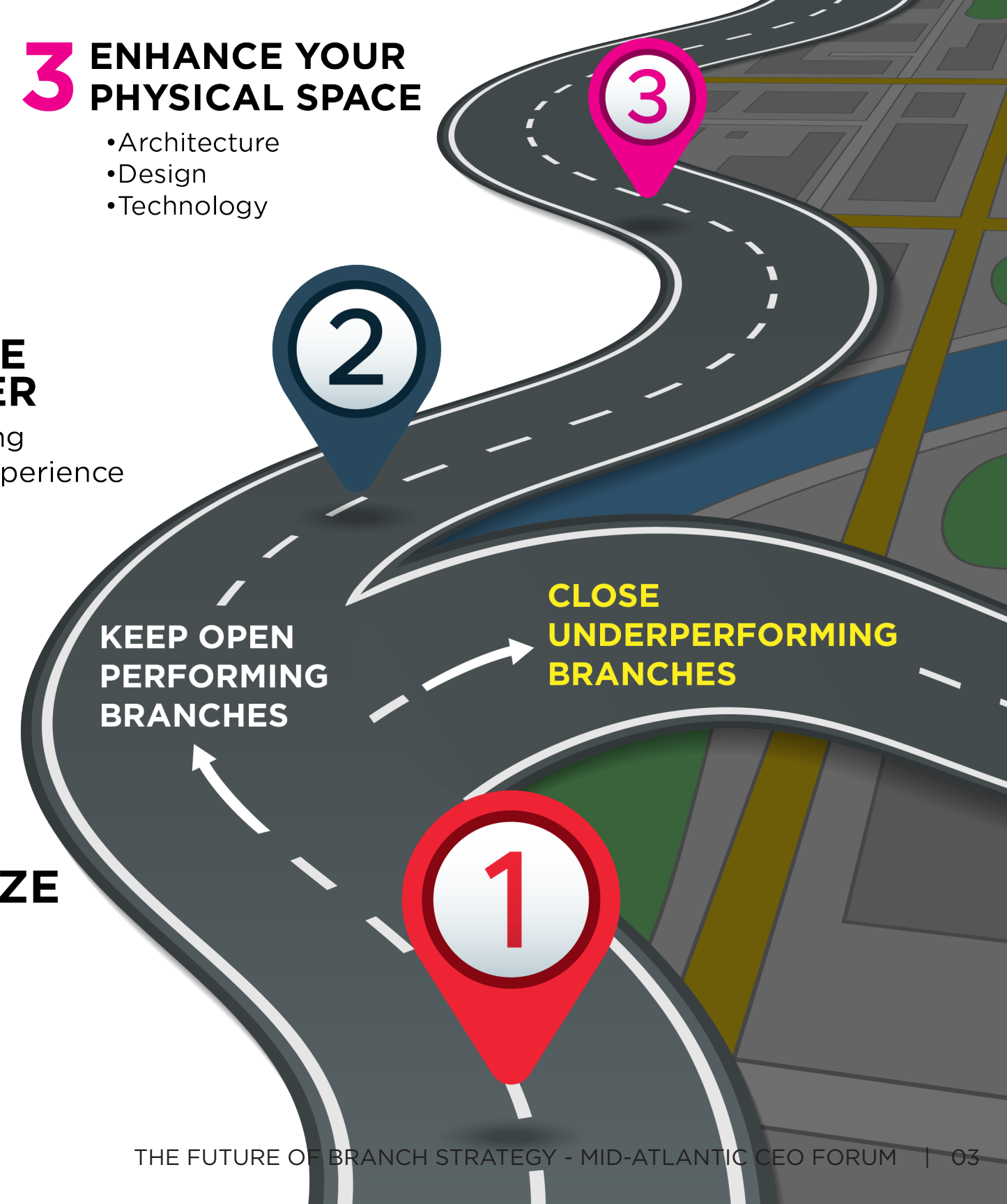
- Physical Plant/Space Planning
- Functional Obsolescence
- Hub & Spoke

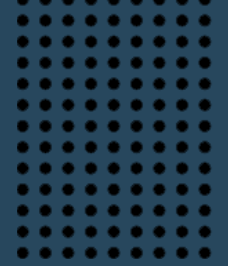
2 THINK LIKE A RETAILER

- Drive Branding
- Create An Experience

3 ENHANCE YOUR PHYSICAL SPACE

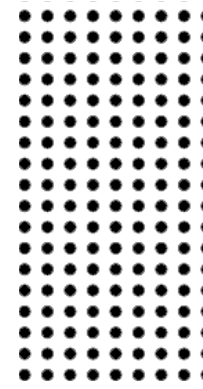
- Architecture
- Design
- Technology





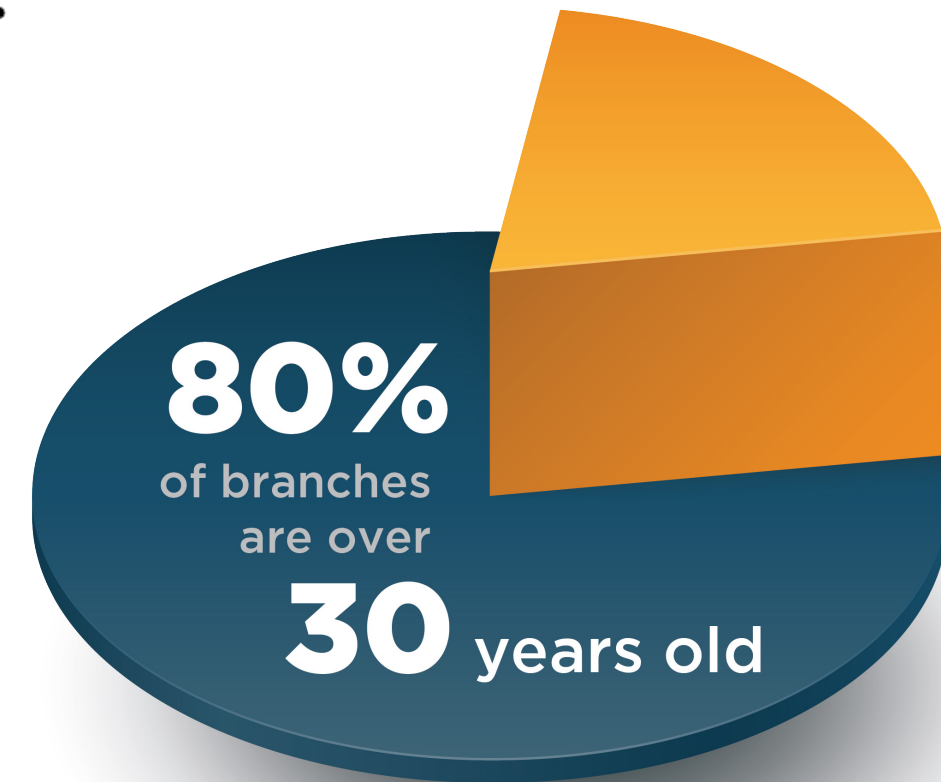
Analyze and Optimize Your Network

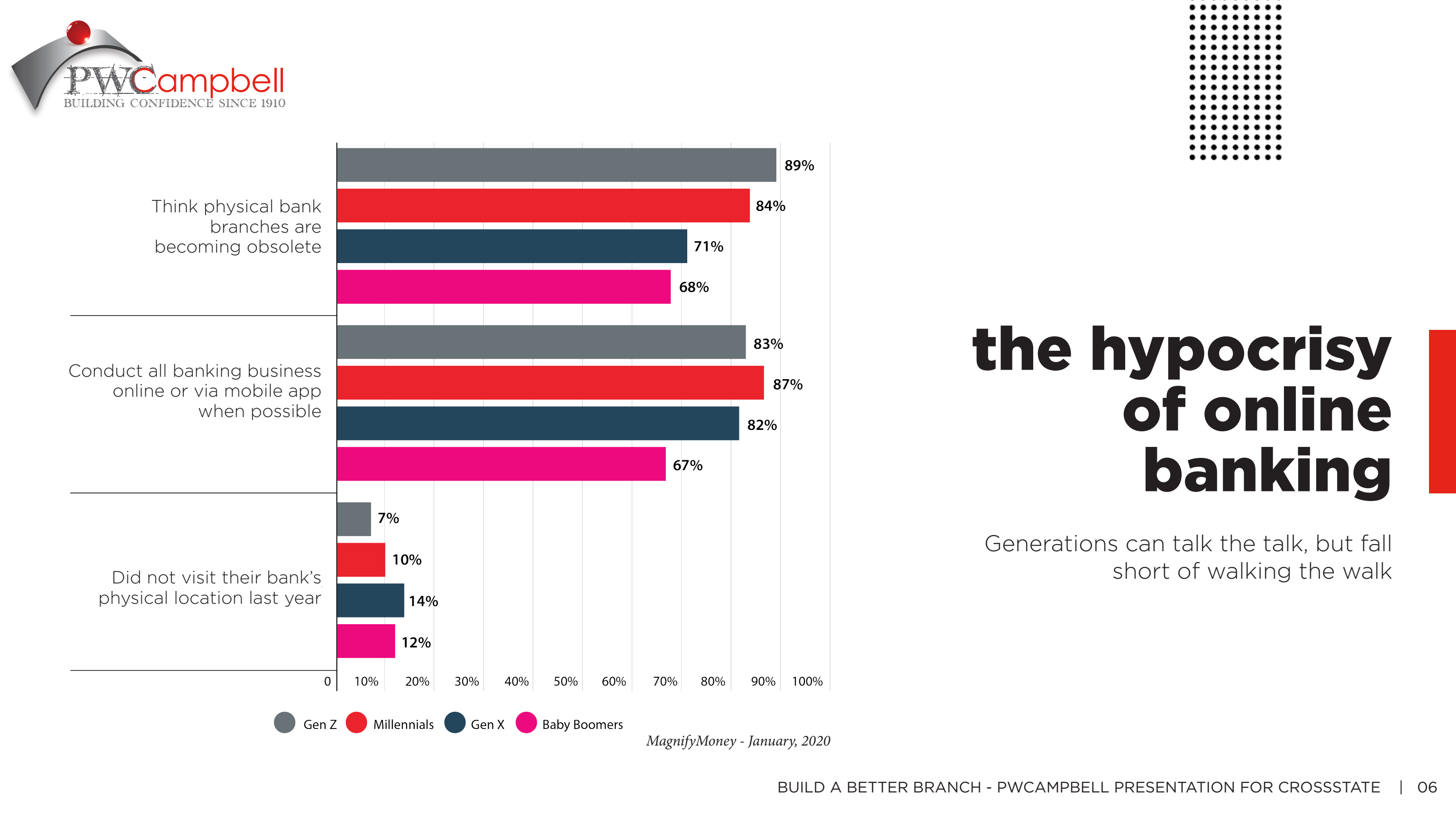
BRANCH OPTIMIZATION



the reasons to optimize

Industries are evolving and efficiency needs to be addressed. Like a car, your branch network needs to be optimized to perform at the highest levels.









it all starts with demographics

Financial institutions are leveraging outside firms to understand their true target demographic and psychographic

building/site opportunities

Assessing functional obsolescence can drastically improve the efficiency of your retail operation for years to come.



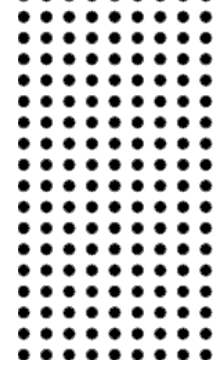


RETAIL BRANCH OPTIMIZATION

FINDINGS

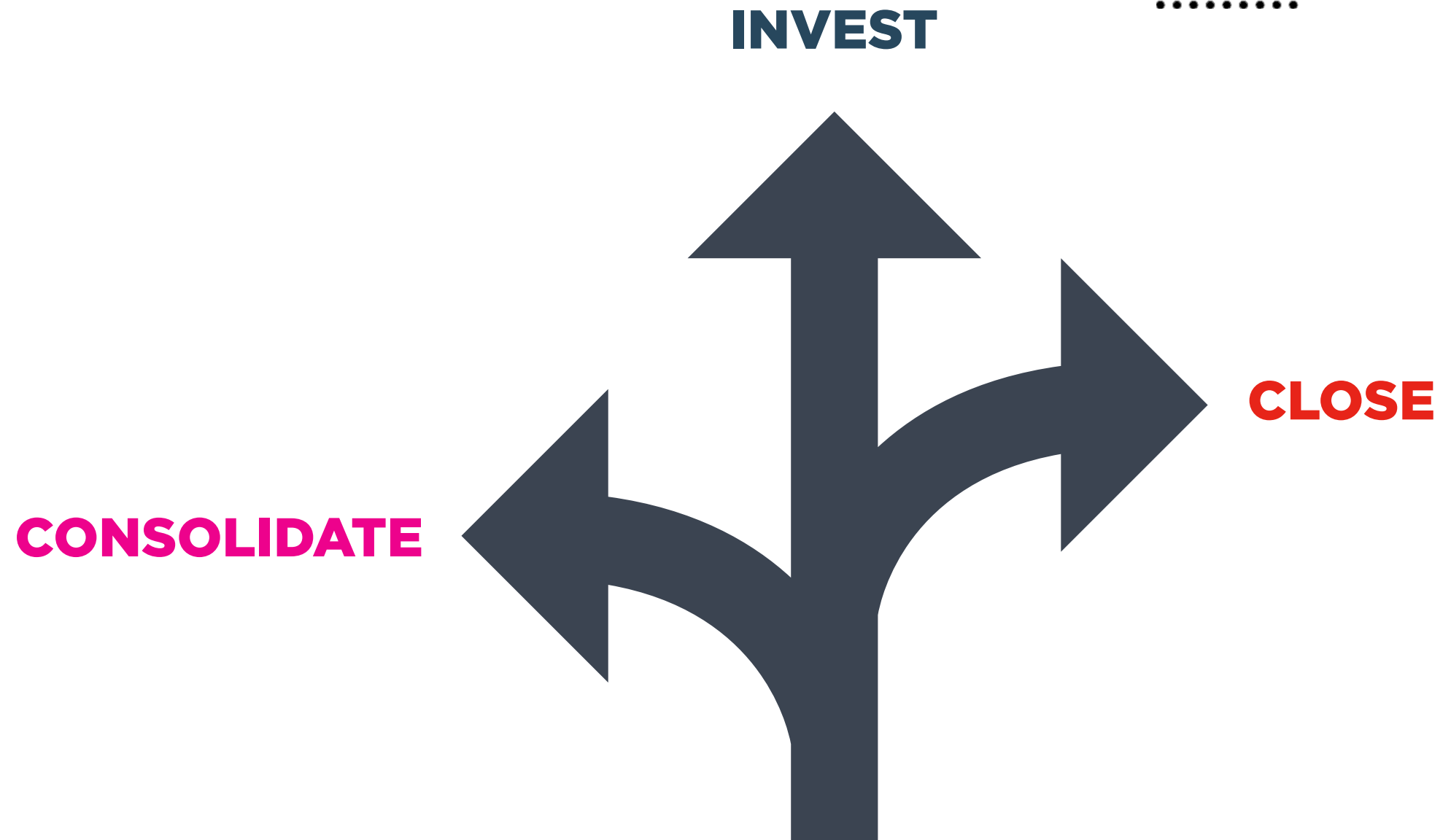
RECOMMENDATIONS

BRANCH (Alphabetical)	DUE DILIGENCE/FINANCIAL FINDINGS				Work To Be Done/Cost Ranges	Priority Rating	Start Date
	Market	Competition	Financial/Activity	Building/Site			
Branch A	<ul style="list-style-type: none">Both population and household growth have been steady and predicted to continue to be flatAge distribution is level but seemed to be middle age14% of total household income is \$100K or more	<ul style="list-style-type: none">In 11 years, this branch has only captured 6% of total available depositsCD balances are healthy at an average of \$90KStrong market for deposit accountsThere are 11 total competitors in the market	<ul style="list-style-type: none">Average transactions for the last three years total was 19,746 per month, rather lowSalaries comprise 51% of branch's total expenses8 FTEs	<ul style="list-style-type: none">Has walk-in vault with safety deposit boxes; 1 private manager office; 1 area for CSR; 4 teller stations, only use 3; 2 drive-up lanes; 1 restroomLighting and ceiling tiles are very datedThere is no ATMSignage is not very visibleNot enough space to make many changesLack of privacy in CSR area	<ul style="list-style-type: none">Update the facility and add technology (retain teller line)Increase front signage as allowed to increase visibilityReplace all lighting and ceiling tileAdd consistent merchandising, digital marketing, and new furniture <p>Cost Ranges</p> <p>Design.....\$5,000 - \$10,000</p> <p>Construction.....\$100,000 - \$150,000</p> <p>Merchandising and Digital Marketing and Technology\$45,000 - \$60,000</p>		
Branch B	<ul style="list-style-type: none">Both population and household growth have been high but have now peaked with growth rates. Projected in the 8% - 10% range in the next five years, 33% over the last eight years.Age distribution is more in the 18 to 34 range with middle age range being less and level50% of total household income is \$100K or moreHeavily a white collar marketLarge number of businesses and employees	<ul style="list-style-type: none">At \$37.0M in deposits this branch captured only 6.0% of the total available depositsCD balances are high at an average of \$92KVery strong market for mortgage loansThere are 15 total competitors in the market, with \$37.0M in deposits it ranks less than the average size of \$62.0MStrong market for consumer & mortgage lending	<ul style="list-style-type: none">Average transactions for the last three years total 6,333 per monthSalaries comprise 53% of branch's total expenses6 FTEs	<ul style="list-style-type: none">No safety deposit boxes; 2 private offices; 1 used for storage; 2 areas for CSR; 4 teller stations, only use 3; 3 drive-up lanes, only use 2; 2 restrooms, one no heat, other not ADANo airlock/vestibule on front of buildingWindows are old and in need of repairSite lighting all needs replacedBuilding visibility is poorWall covering in poor conditionUnder counter steel needs totally repairedLack of privacy in CSR area	<ul style="list-style-type: none">Explore possibility of adding on to building in the front and erecting an identity tower and add lending officeReplace exterior lighting and signageRepair all functional obsolescencesReplace teller line with PODs, wall covering, floor coveringAdd consistent merchandising, digital marketing and new furnitureAdd identity tower to front elevation <p>Cost Ranges</p> <p>Design.....\$35,000 - \$40,000</p> <p>Construction.....\$250,000 - \$500,000</p> <p>Merchandising, Digital Marketing, Furniture and Technology\$40,000 - \$50,000</p>		
Branch C	<ul style="list-style-type: none">Both population and household growth has been very steady upward, projected to be between 5% - 6% over the next 5 yearsAge distribution is mostly younger to middle age, not older. Median age is 30 - 40 years old40% of total household income is over \$100K64% are white collar in this market	<ul style="list-style-type: none">This branch only has 1.8% of total market deposits. Deposit per branch average is \$64MAll deposit balances are much higher than averageStrong market for mortgage loansThere are 20 competitors in this market	<ul style="list-style-type: none">Average transactions for the last three years total is 6,050 per month, very highSalaries comprise 49% of branch's total expenses5 FTEs	<ul style="list-style-type: none">Has walk-in vault with safety deposit boxes; 2 private offices; 3 CSR open areas; 6 teller stations, only use 3; 3 drive-up lanes, only use 2; 2 restroomsLack of privacy in CSR areaBuilding exterior is unassuming	<ul style="list-style-type: none">Paint standing seam metal roof to brand colorsAdd consistent merchandising, digital marketingAdd 1 office for commercial lender/mortgage lender/investmentModernize interior <p>Cost Ranges</p> <p>Design.....\$25,000 - \$30,000</p> <p>Construction.....\$200,000 - \$350,000</p> <p>Merchandising, Digital Marketing and Technology\$20,000 - \$25,000</p>		



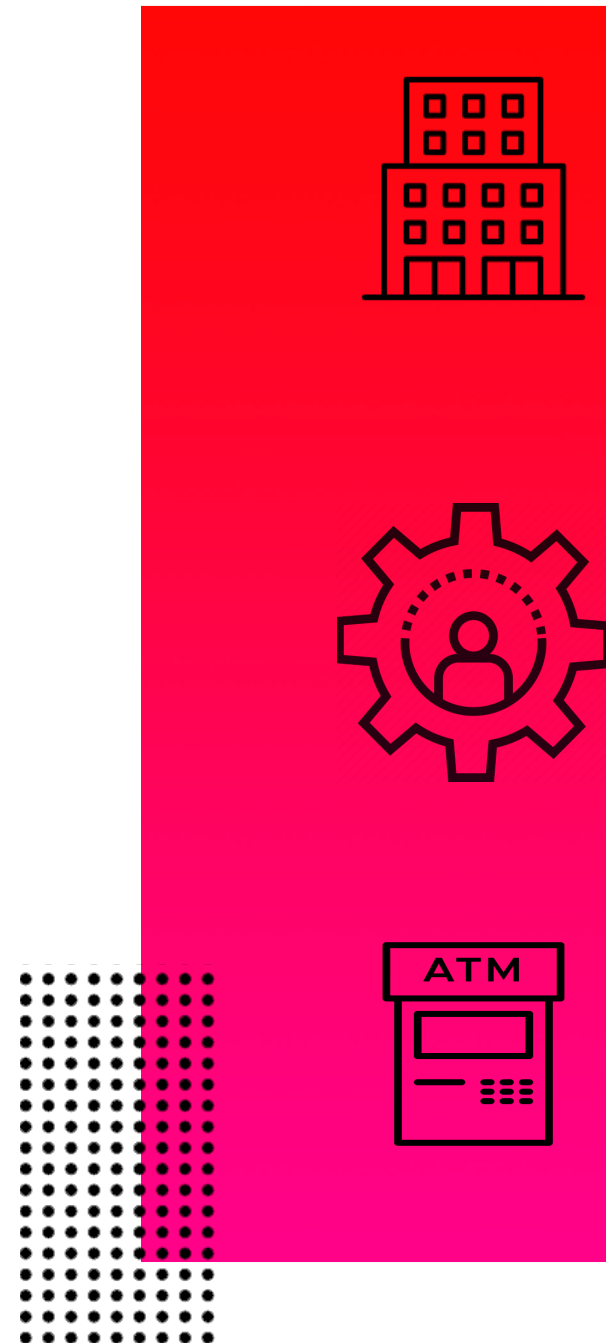
it's time to make a decision

Your findings from your Retail Optimization will give you the information you need to determine your next course of action



Hub and Spoke model

Ideal for institutions with a larger network and deep market penetration as a result of an acquisition or merger



The Hub

Full service, one-stop-shops with all available products and services

Advanced Branches

Specialized branched geared towards education, guidance, account origination

Service Branches

Self-service branches with smallest physical footprint



Think Like A Retailer

CREATING A BRANDED EXPERIENCE

84%
of consumers
say the **experience**
that a company provides
is as important
as its **products and services**
(up from 80% in 2018).

- Salesforce Research Study



retail environments are changing

Businesses invest big money to transform retail space into brand experience drivers and centers



the shift towards experience

Retailers are favoring experience over product to drive brand loyalty





retail and hospitality

Moncler

NEW YORK, NY





T-Mobile

CHICAGO, IL

1 Hotel

BROOKLYN, NY



The Student Hotel



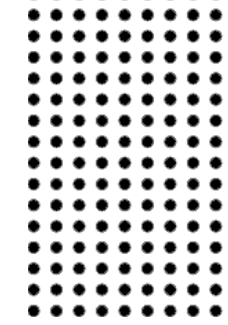


financial institutions

but the financial industry remains status quo

Despite retail and other main industries shifting to accommodate the uptake in mobile and online transactions, financial institutions remain stagnant





finding their identity

Branches should combine demographics with their mission/vision to find their brand identity

a variety of options

Depending on your footprint,
portfolio, and market demographics



A Digital Experience



An Educational Experience



A Social Experience



A Community Experience



a digital experience

Hanging your hat on a digital experience will help you appeal to the next-gen banker



examples of usable hands-on technology

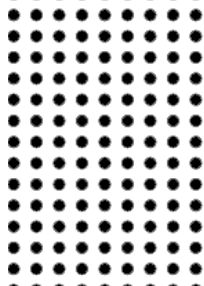


**iPad and Touchscreen
Integration**

Digital Signage

Interactive Kiosks

Conference Room Technology





anywhere

Anytime

Banking

Learning wall

Connect with The Lab



Manage your money

Manage your money

Banking on the move...

Banking on the move

Cash

Lodge

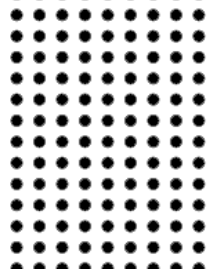


an educational experience

Branches are moving away from transactions and towards centers providing financial advice.



CITIZENS BANK





a social experience

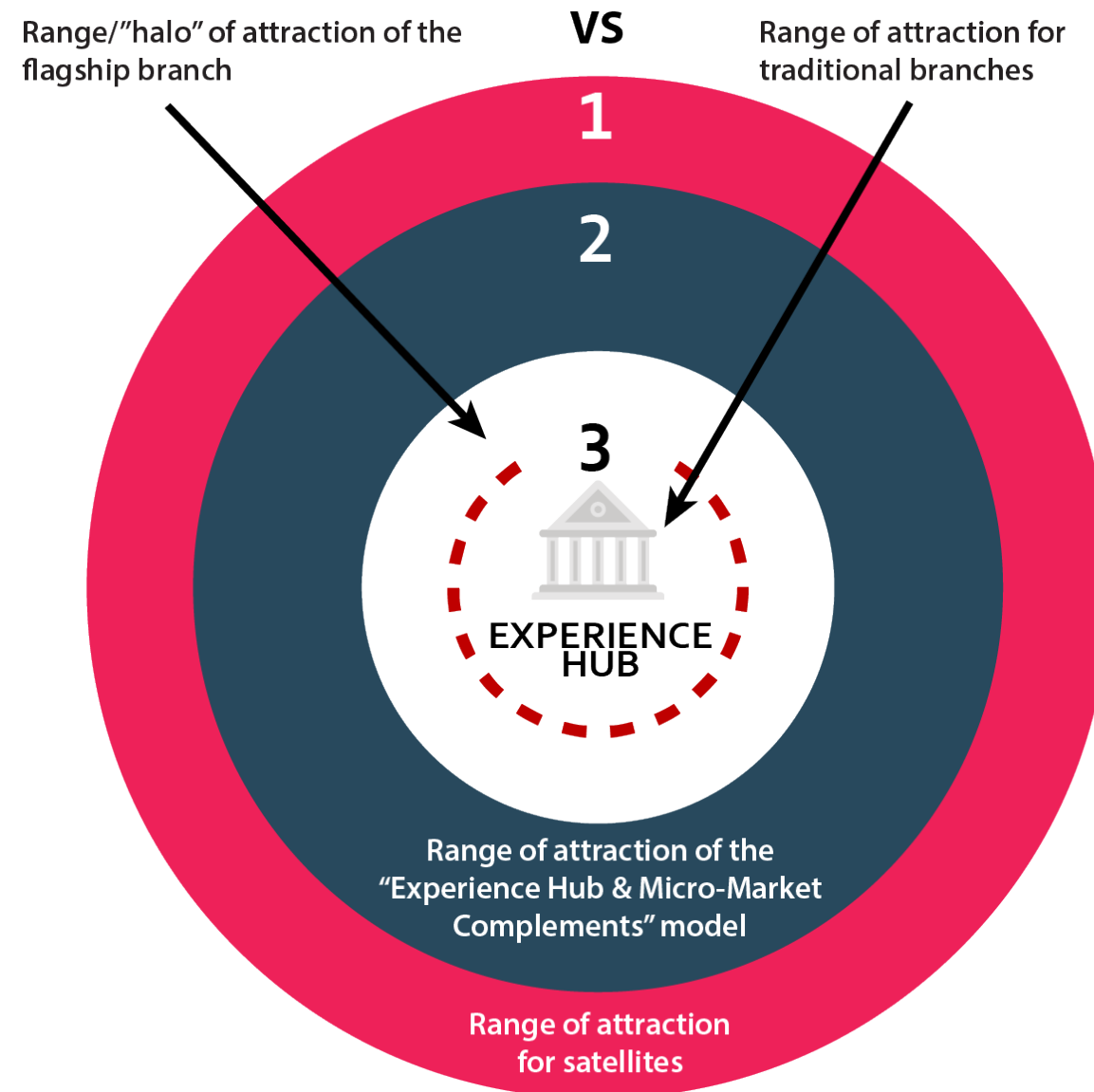
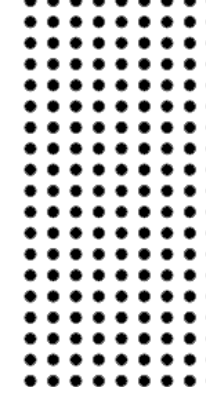
Implementing social, communal, and personal areas will help to create a well-rounded branded experience

CAPITAL ONE BANK

a community experience

From author series to yoga classes, banks are aiming to position themselves as the next community hotspot.



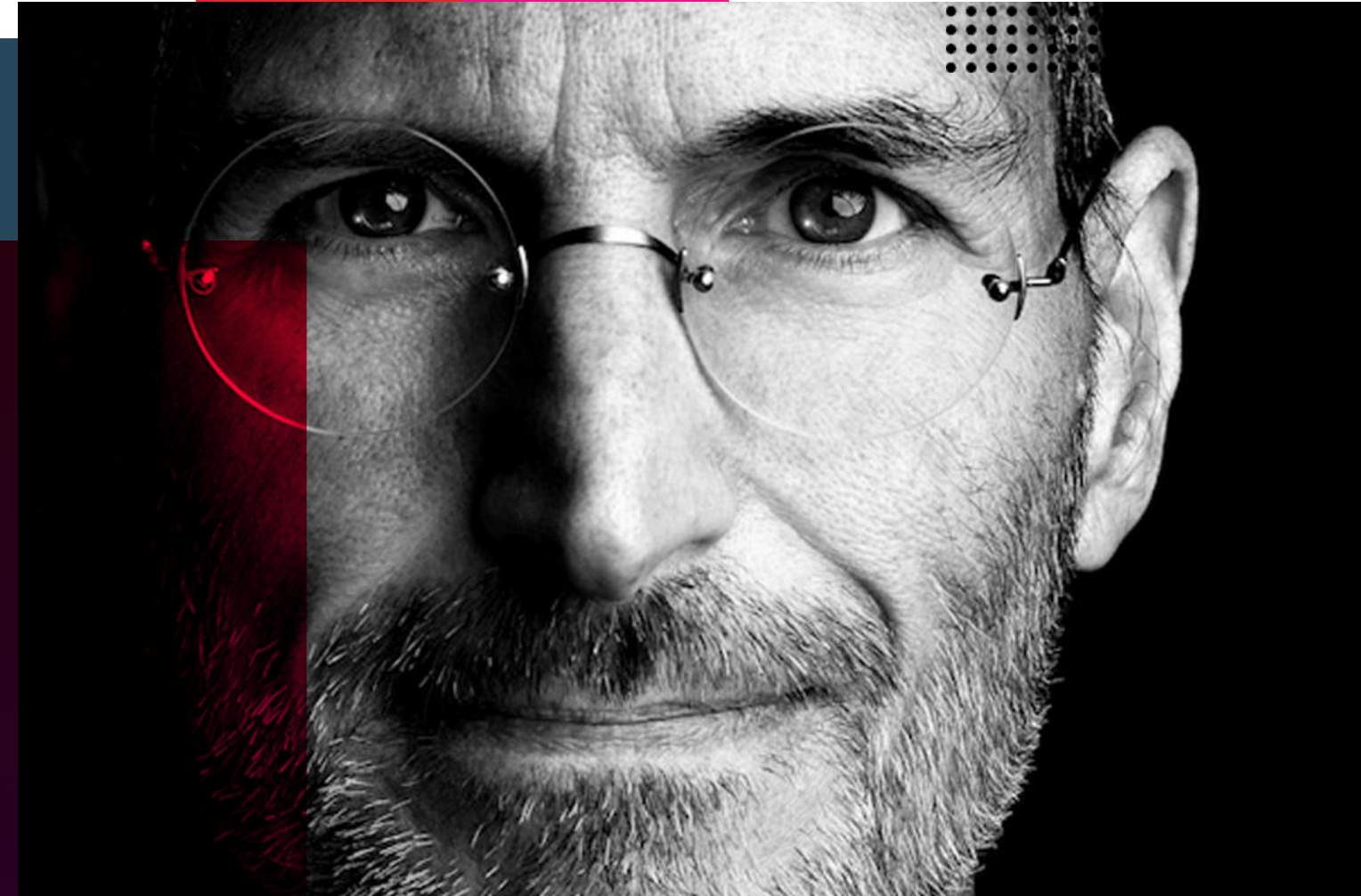


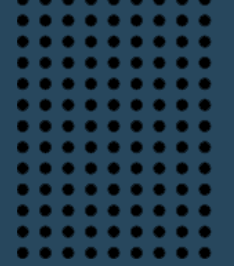
implementing across your network

Creating an experience across your branch network can create a variety of branded experiences for your customers.

“a lot of times, people
don't know what
they want until you
show it to them.”

- Steve Jobs



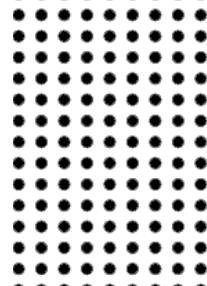


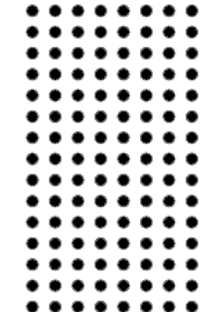
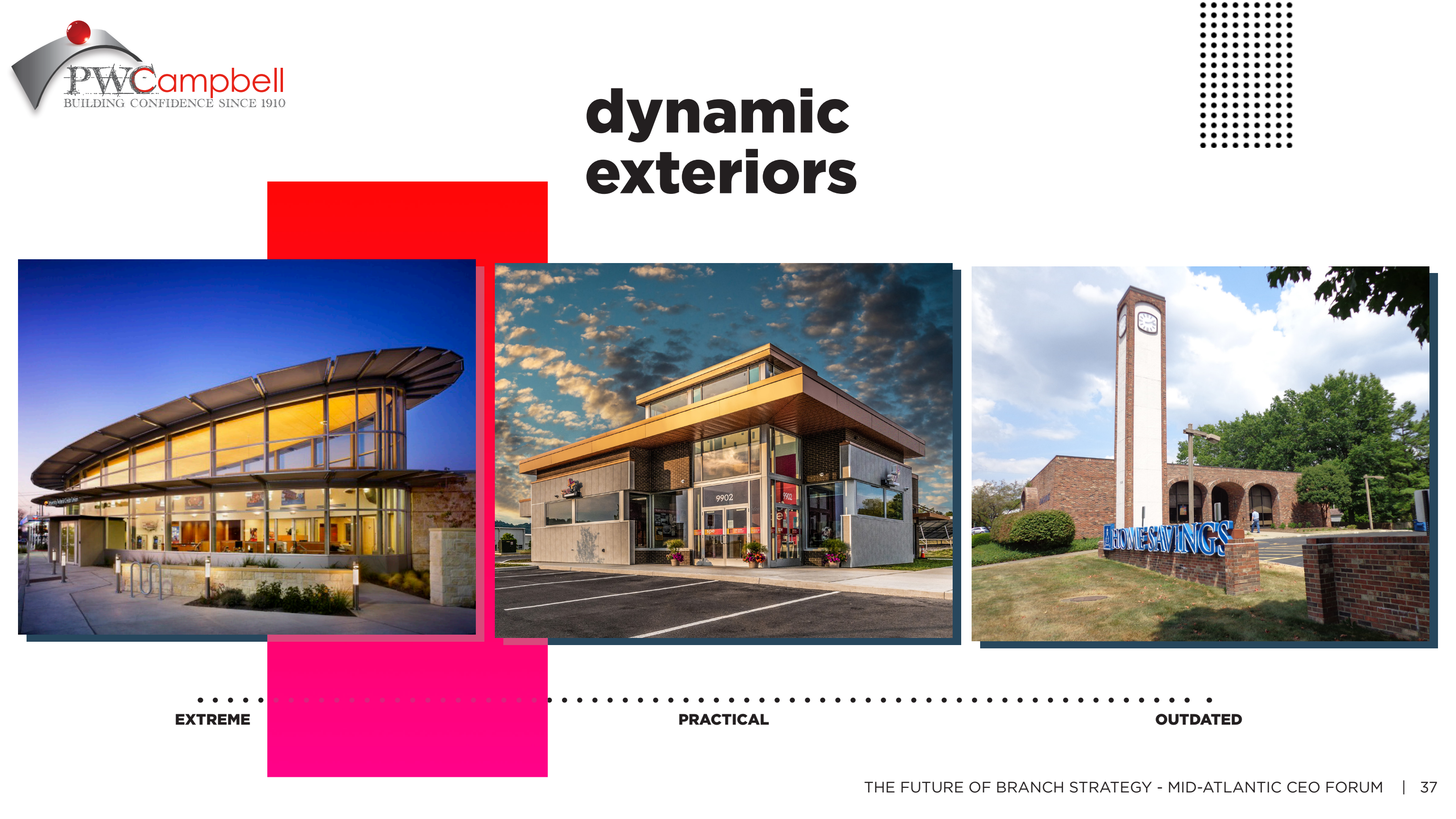
Enhance Your Physical Space

BRANCH MODERNIZATION

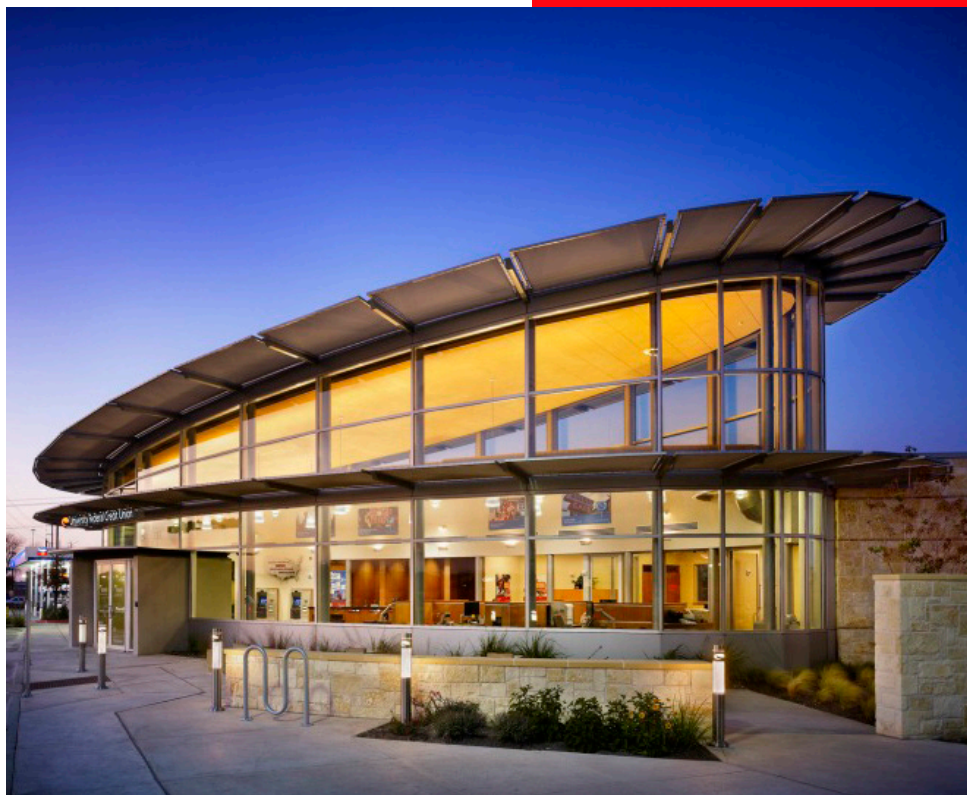
a focus on architecture and design

Architectural elements play an important role in driving foot-traffic into your institution





dynamic exteriors



.....
EXTREME



.....
PRACTICAL



.....
OUTDATED



dynamic exteriors




PRACTICAL

PRACTICAL



modern interiors






EXTREME

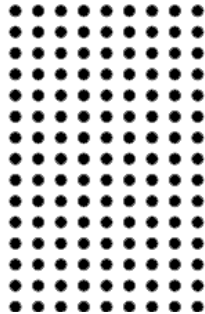
PRACTICAL


OUTDATED

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modern interiors






PRACTICAL

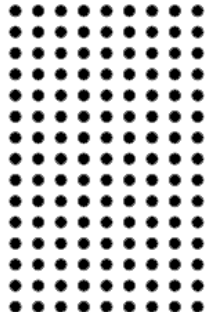



PRACTICAL


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use of technology









EXTREME

PRACTICAL

OUTDATED

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use of technology













PRACTICAL

PRACTICAL

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open branch design concept



.....
EXTREME

.....
PRACTICAL

.....
PRACTICAL



open branch design concept

PRACTICAL

“a big part of
design is to
get people to
walk across the street
to read the fine print. If
you’ve done your job as a
designer, people will do that.”

David Carson - Graphic Designer





**THANK
YOU**

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President & CEO



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