

Opportunities Assessment Report

FinancialEdge Community Credit Union

Winter 2017

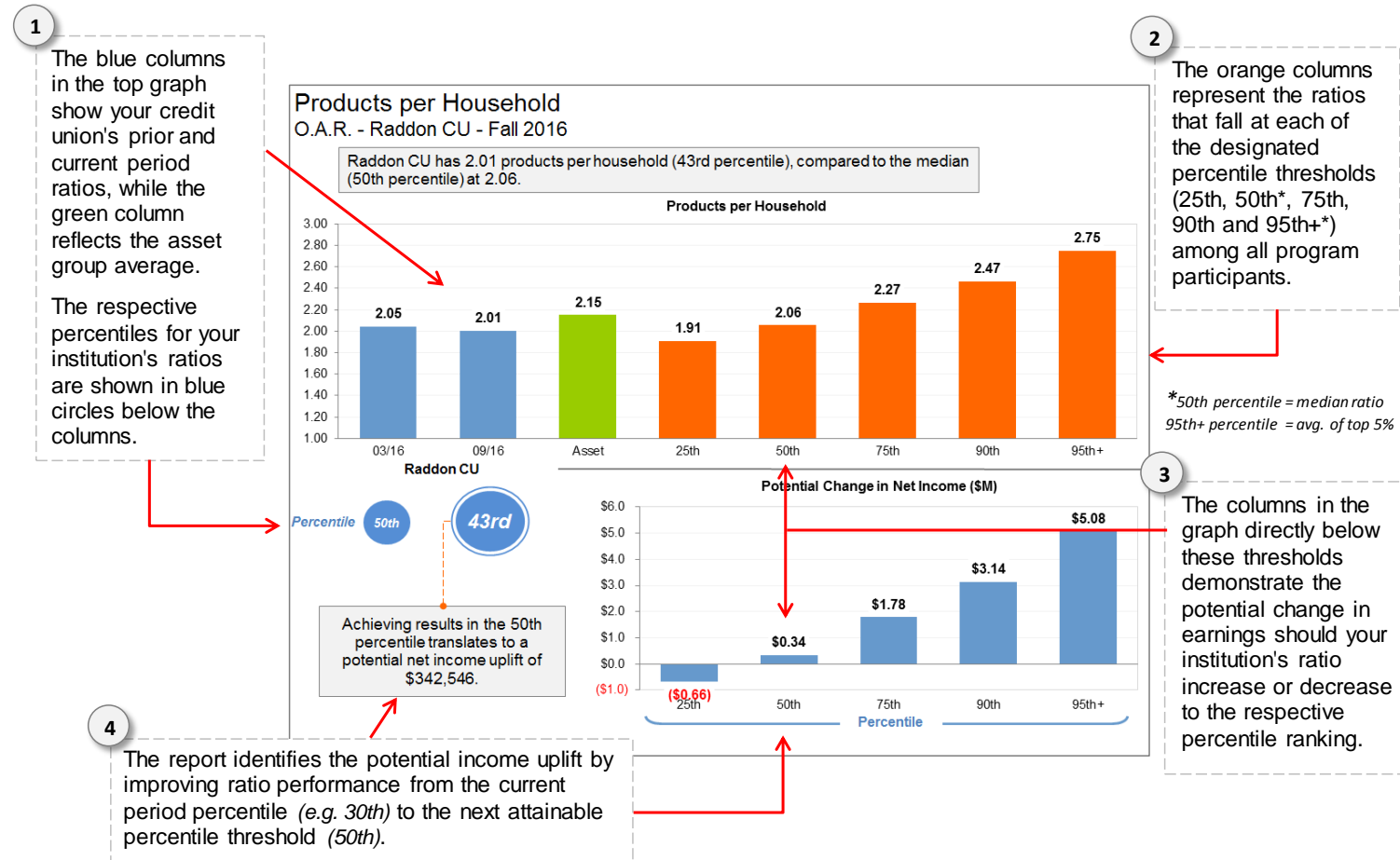
Data as-of 12/31/2016

Opportunities Assessment Report

Introduction

The *Opportunities Assessment Report (O.A.R)* is designed to bring focus to the strategic initiatives that have the greatest potential earnings impact for your organization. This report assesses your institution's current performance on key organizational metrics and then quantifies the potential change to earnings if your performance improves or worsens.

An explanation of how to interpret the report's design is demonstrated below:



Opportunities Assessment Report

Growth

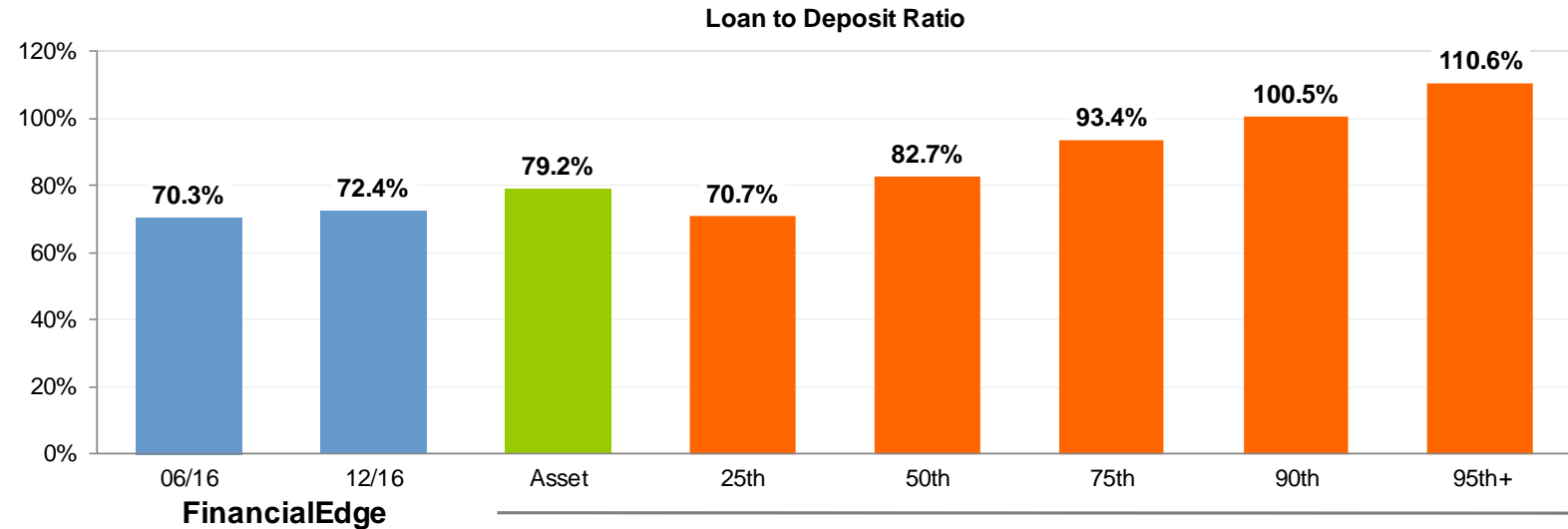
- Loan to Deposit Ratio
- Loan Share of Wallet
- Gen Y Loan Share of Wallet
- Services per Household
- New Household Loan Penetration
- Cross-Sold Households
- Net Household Growth
- Investment Services Penetration



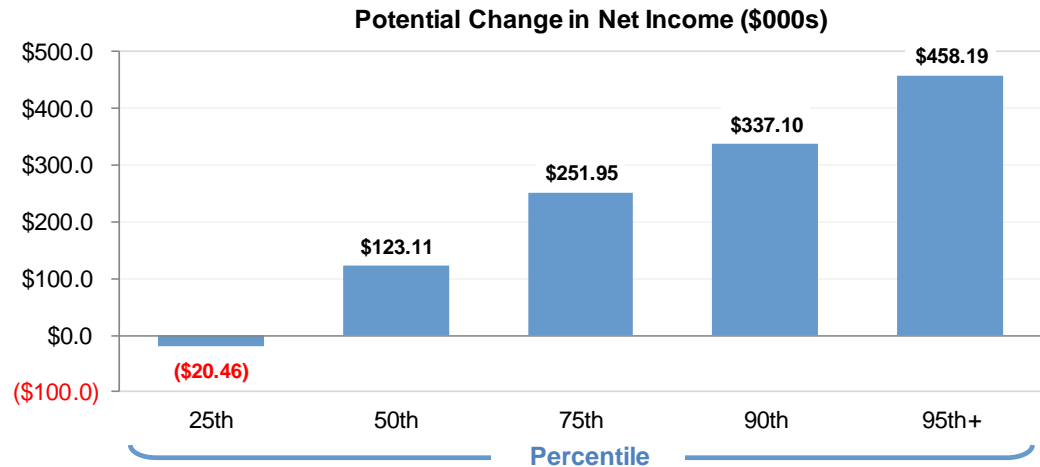
Loan to Deposit Ratio

O.A.R. - FinancialEdge - Winter 2017

FinancialEdge has a 72.4% (27th percentile) loan-to-share ratio compared to the median (50th percentile) at 82.7%.



Achieving results in the 50th percentile translates to a potential net income uplift of \$123,115.

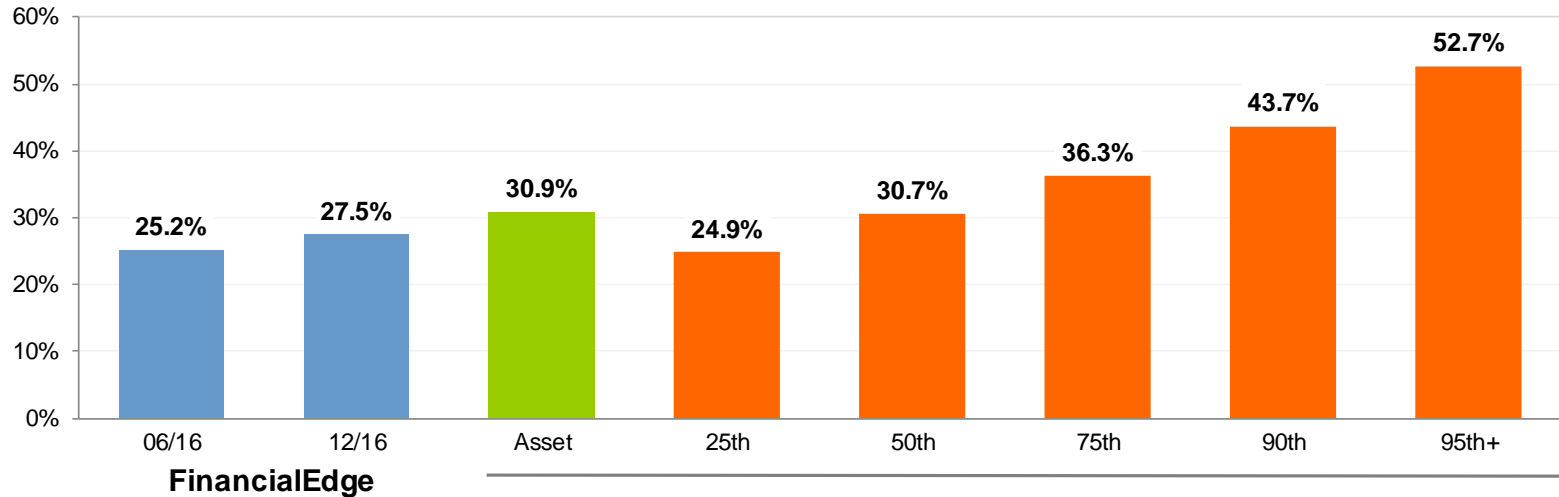


Loan Share of Wallet

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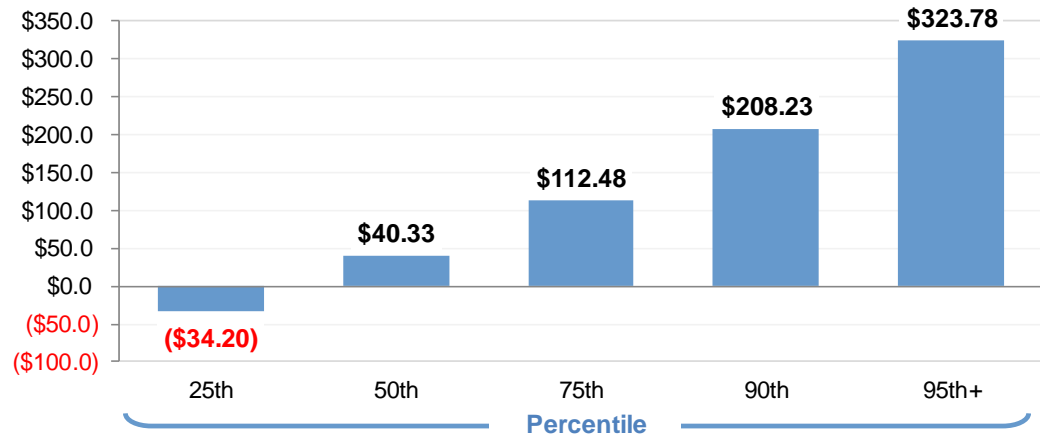
FinancialEdge's loan share of wallet is 28% (36th percentile), compared to the median (50th percentile) at 31%.

Loan Share of Wallet



Achieving results in the 50th percentile translates to a potential net income uplift of \$40,334.

Potential Change in Net Income (\$000s)

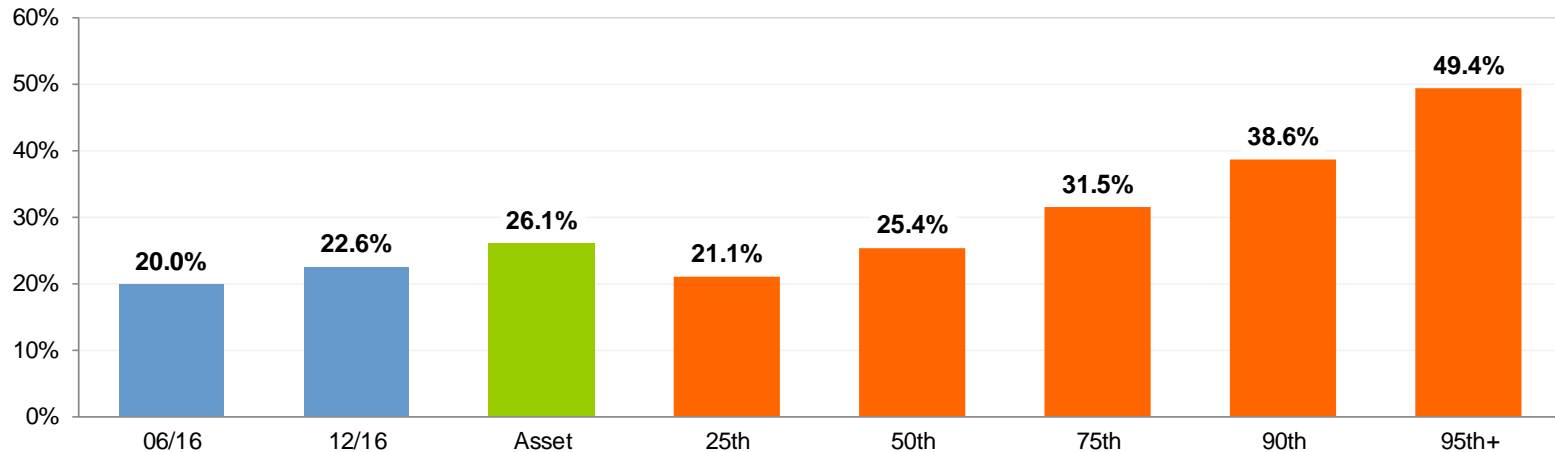


Loan Share of Wallet with Millennials

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FinancialEdge's share of Millennial members' loan wallet is 23% (33rd percentile), compared to the median (50th percentile) at 25%.

Millennials Loan Share of Wallet

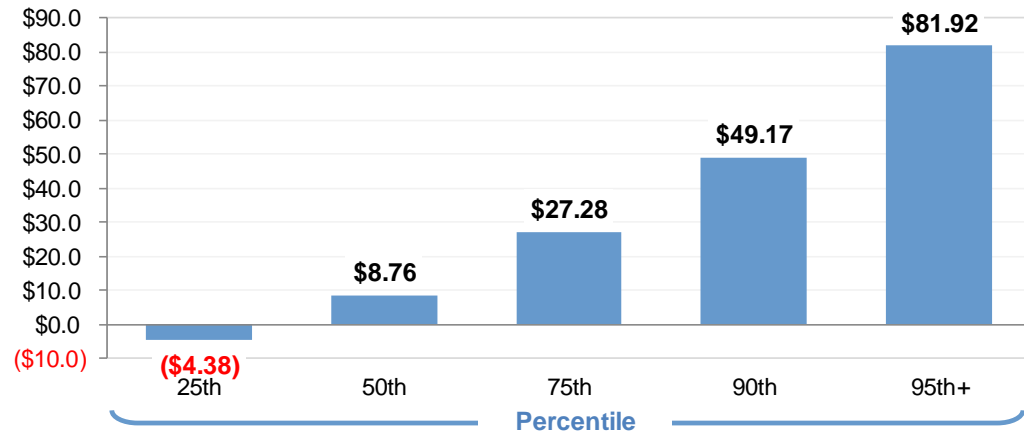


FinancialEdge



Achieving results in the 50th percentile translates to a potential net income uplift of \$8,757.

Potential Change in Net Income (\$000s)

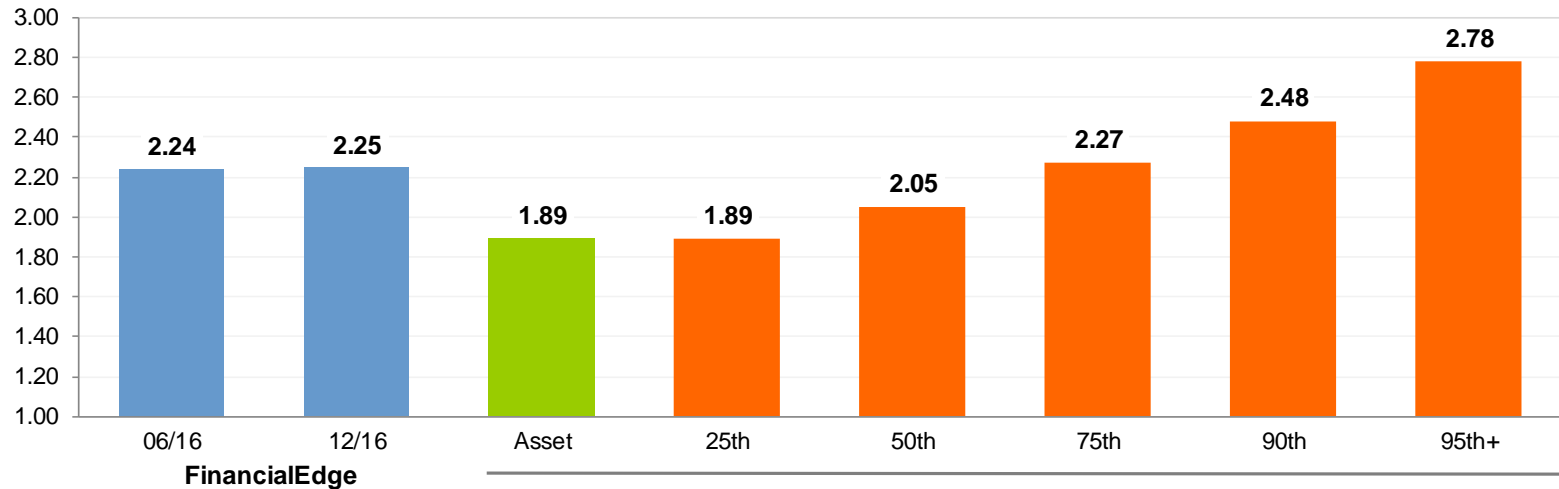


Products per Household

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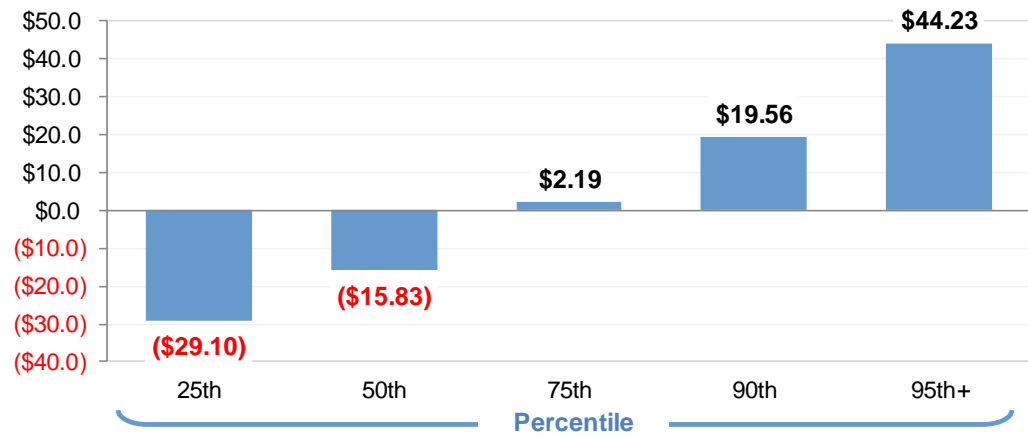
FinancialEdge has 2.25 products per household (73rd percentile), compared to the median (50th percentile) at 2.05.

Products per Household



Achieving results in the 90th percentile translates to a potential net income uplift of \$19,564.

Potential Change in Net Income (\$000s)

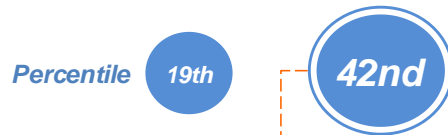
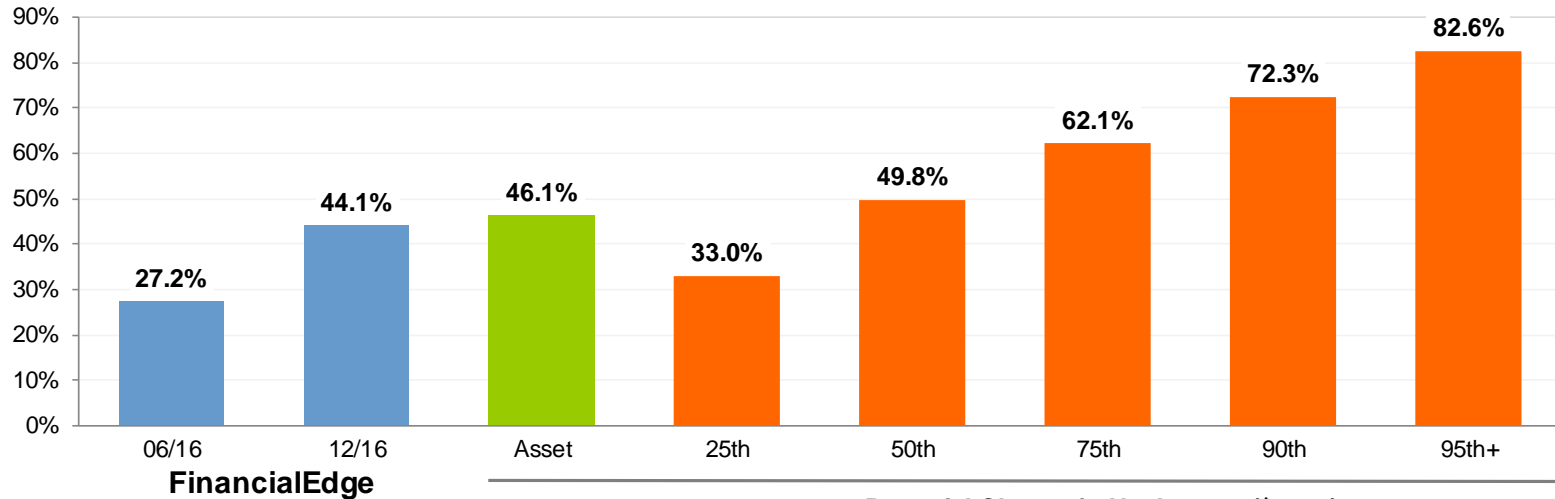


New Household Loan Penetration

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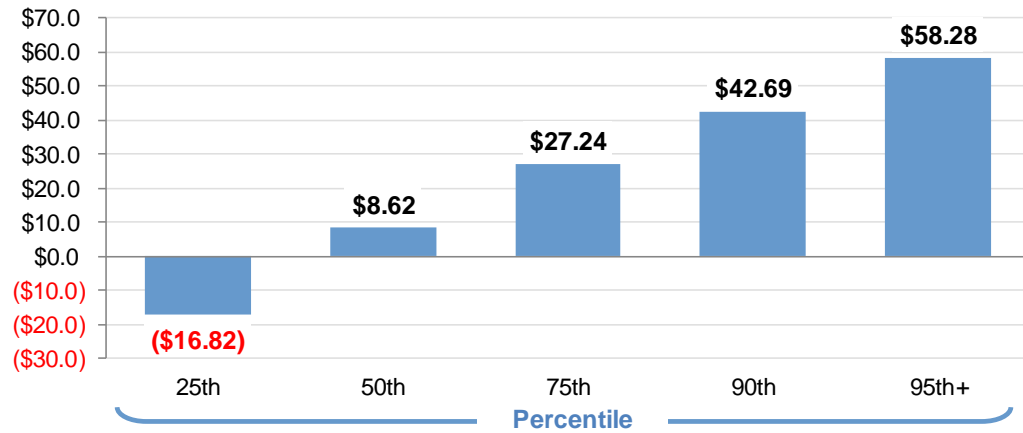
FinancialEdge's loan penetration into new households is 44.1% (42nd percentile), compared to the median (50th percentile) at 49.8%.

New HH Loan Penetration



Achieving results in the 50th percentile translates to a potential net income uplift of \$8,623.

Potential Change in Net Income (\$000s)

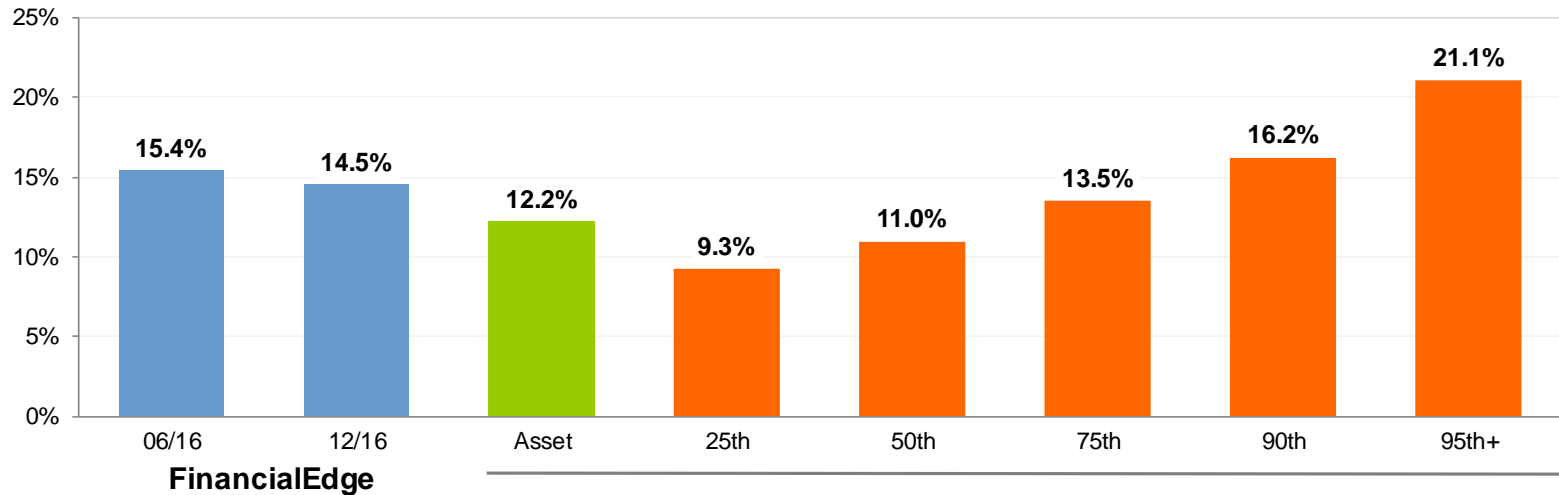


Cross-Sold Households

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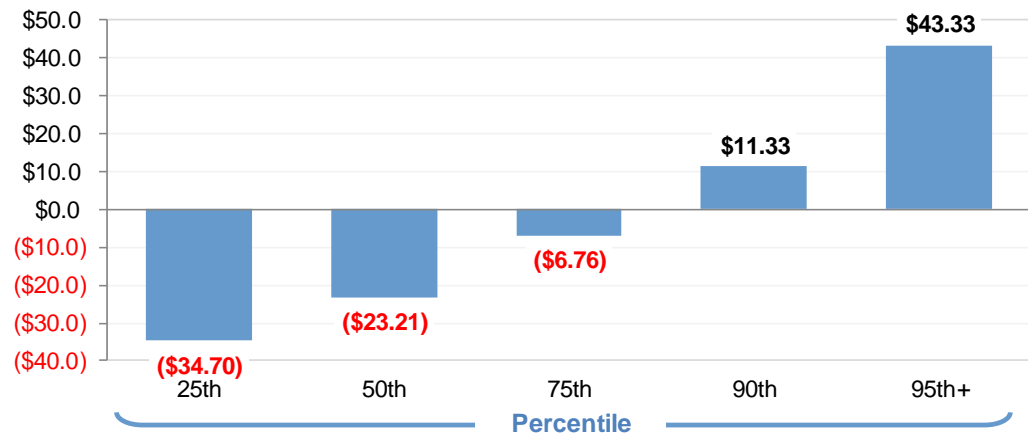
FinancialEdge's cross-sold household ratio is 14.5% (82nd percentile), compared to the median (50th percentile) at 11.0%.

Cross-Sold Households



Achieving results in the 90th percentile translates to a potential net income uplift of \$11,333.

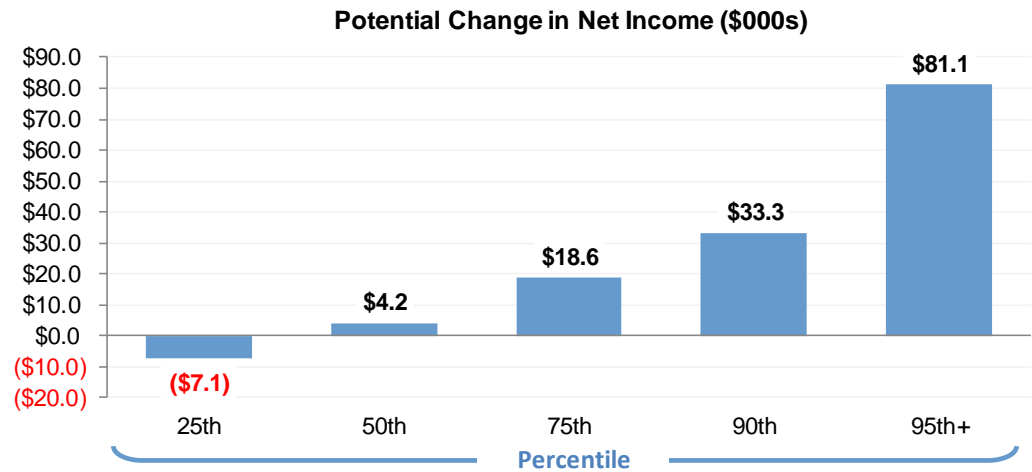
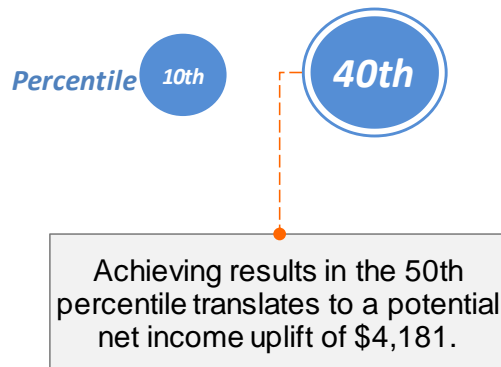
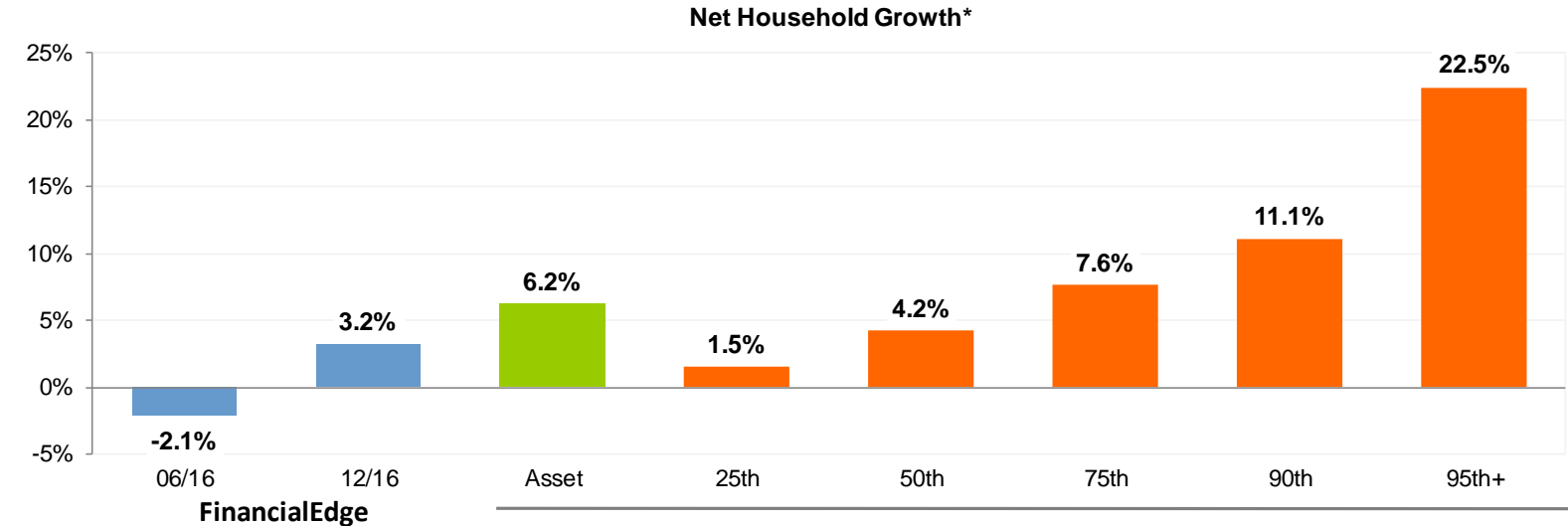
Potential Change in Net Income (\$000s)



Net Household Growth

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FinancialEdge has a household growth rate of 3.2% (40th percentile), compared to the median (50th percentile) at 4.2%.



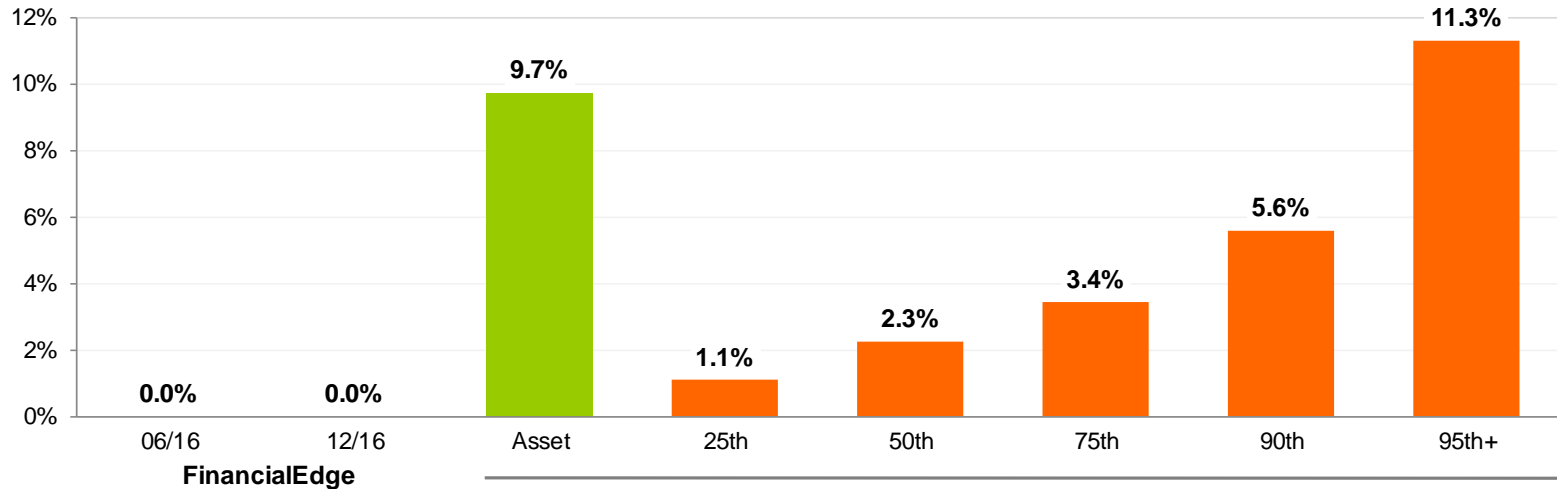
*Client ratio is annualized growth from most recent prior period. Percentiles are annualized six-month growth rates.

Investment Services Penetration

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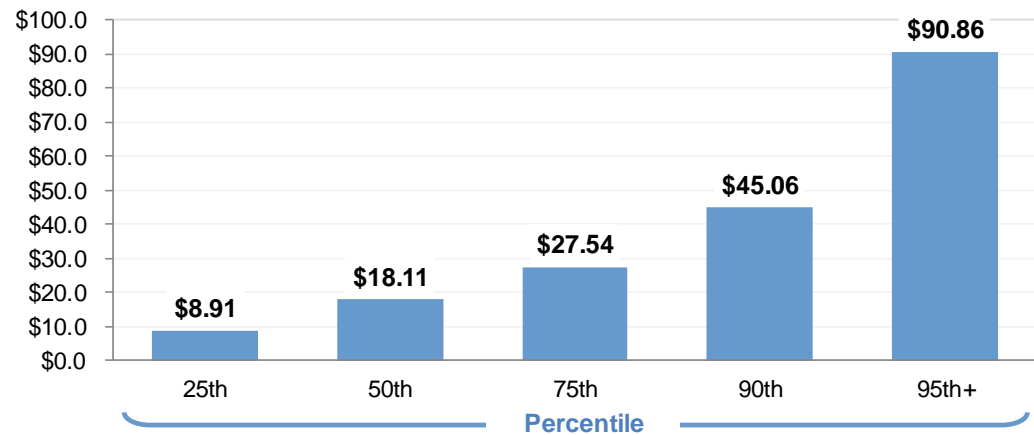
FinancialEdge did not supply information regarding its investment services.

Investment Services Penetration - % of HHs



Achieving results in the 25th percentile translates to a potential net income uplift of \$8,914.

Potential Change in Net Income (\$000s)



FinancialEdge has negative or missing profit on investment services; National Average investment svc profit was used to compute uplift.

Opportunities Assessment Report

Earnings

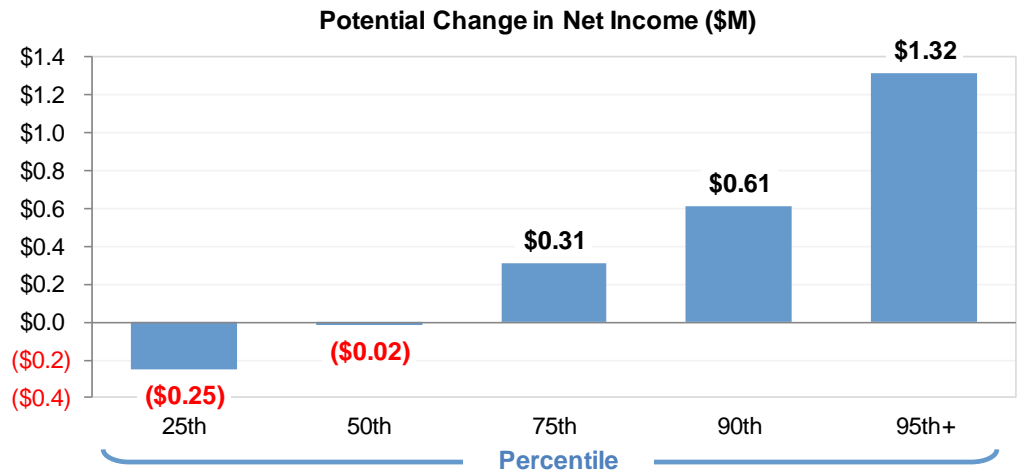
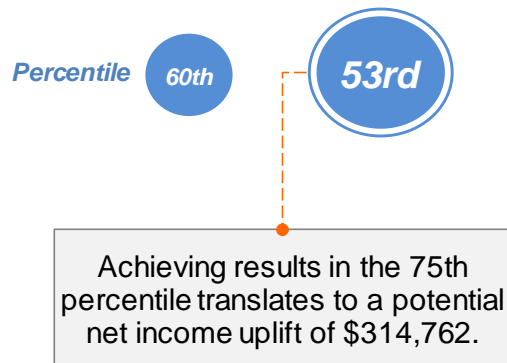
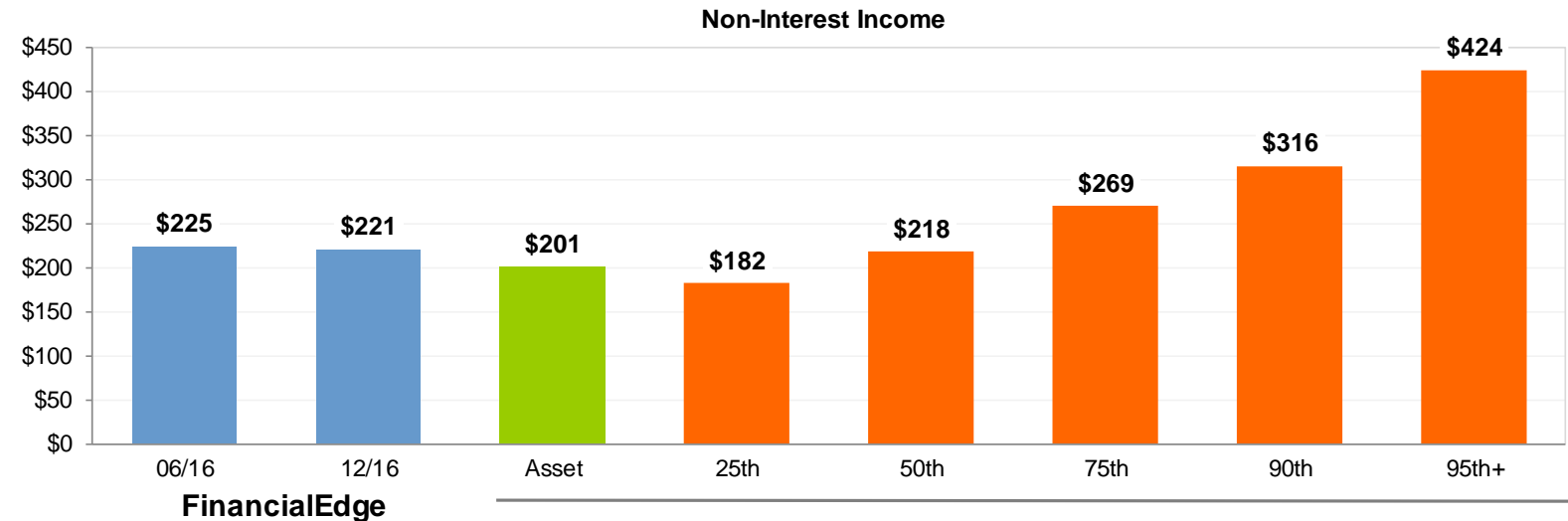
- Non-Interest Income per Household
- Net Interest Margin
- Earning Asset Yield
- Cost of Funds
- Checking HH Cross-Sell Profit
- New Household Profit
- Unprofitable Households



Non-Interest Income per Household

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FinancialEdge's non-interest income per household is \$221 (53rd percentile), compared to the median (50th percentile) at \$218.

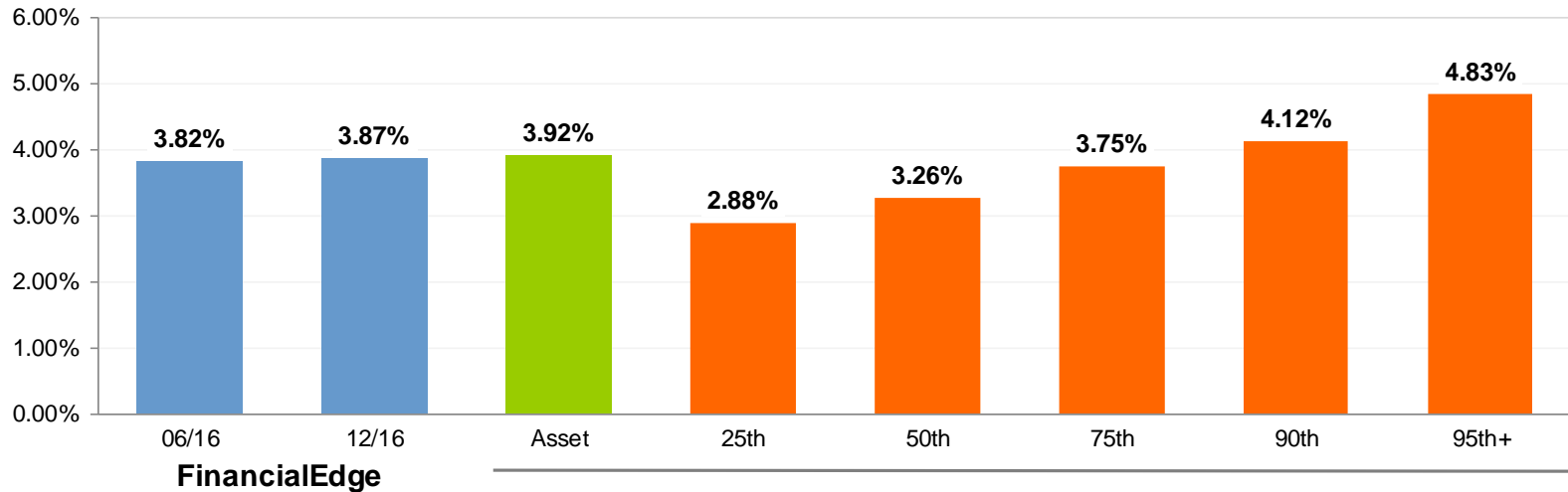


Net Interest Margin

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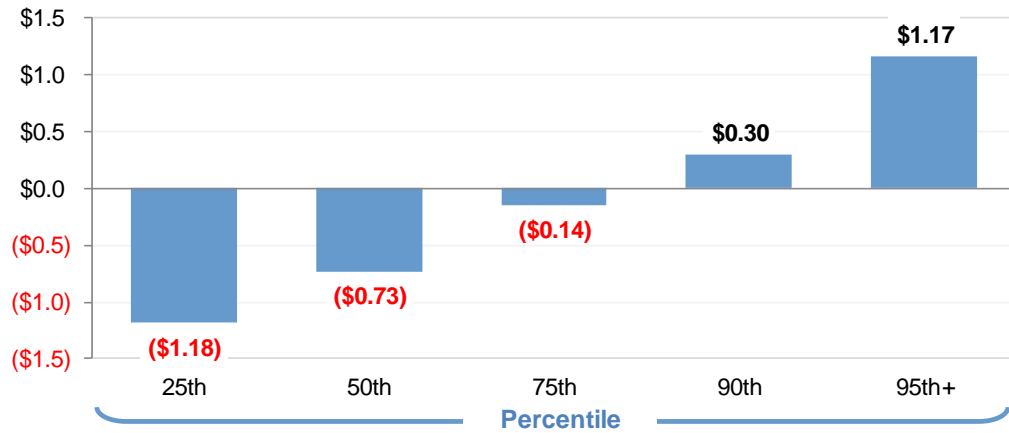
FinancialEdge has a 3.87% net interest margin (81st percentile), compared to the median (50th percentile) at 3.26%.

Net Interest Margin



Achieving results in the 90th percentile translates to a potential net income uplift of \$304,928.

Potential Change in Net Income (\$M)

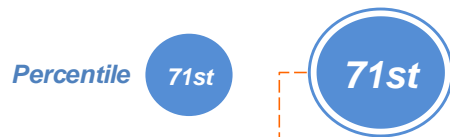
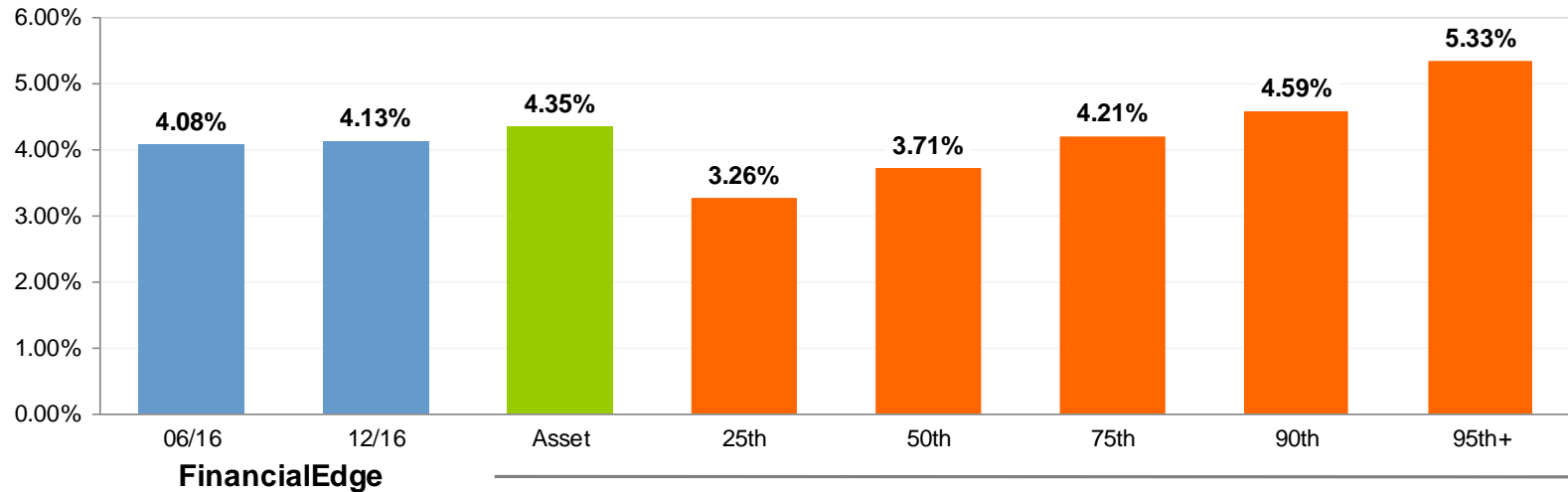


Earning Asset Yield

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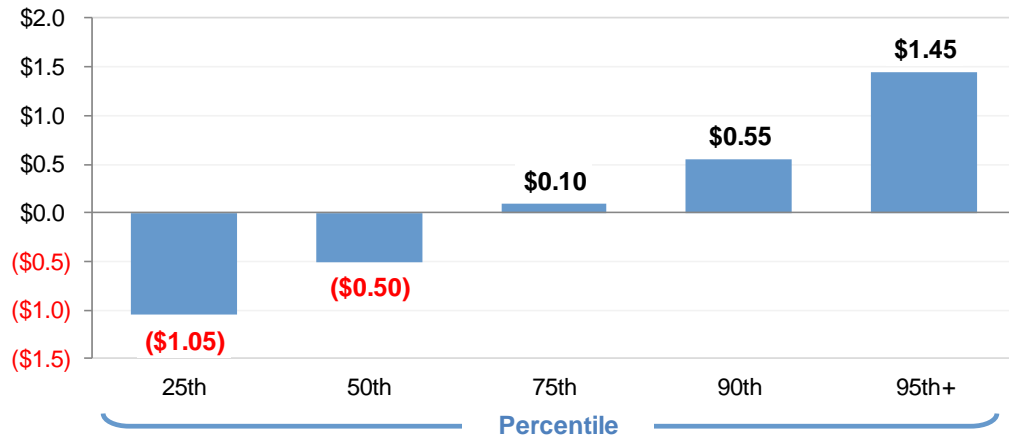
FinancialEdge has a 4.13% yield on earning assets (71st percentile), compared to the median (50th percentile) at 3.71%.

Earning Asset Yield



Achieving results in the 90th percentile translates to a potential net income uplift of \$550,818.

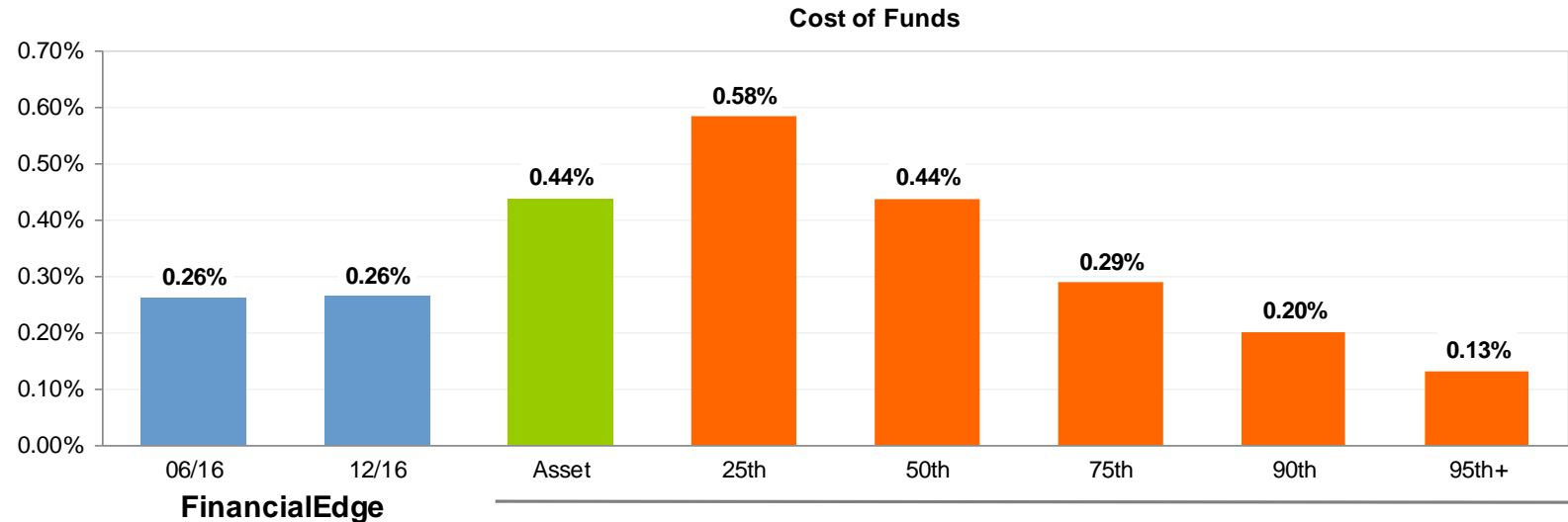
Potential Change in Net Income (\$M)



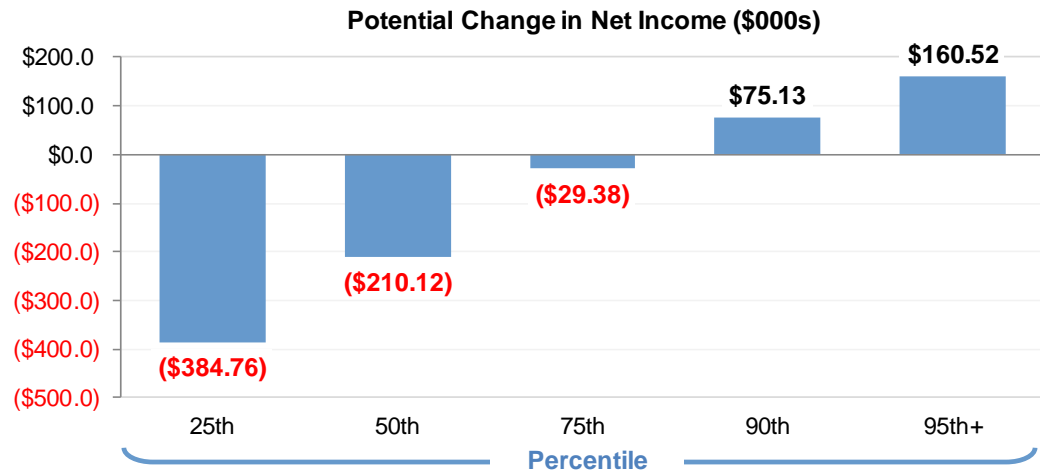
Cost of Funds

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FinancialEdge has a 0.26% cost of funds (78th percentile), compared to the median (50th percentile) at 0.44%.



Achieving results in the 90th percentile translates to a potential net income uplift of \$75,126.

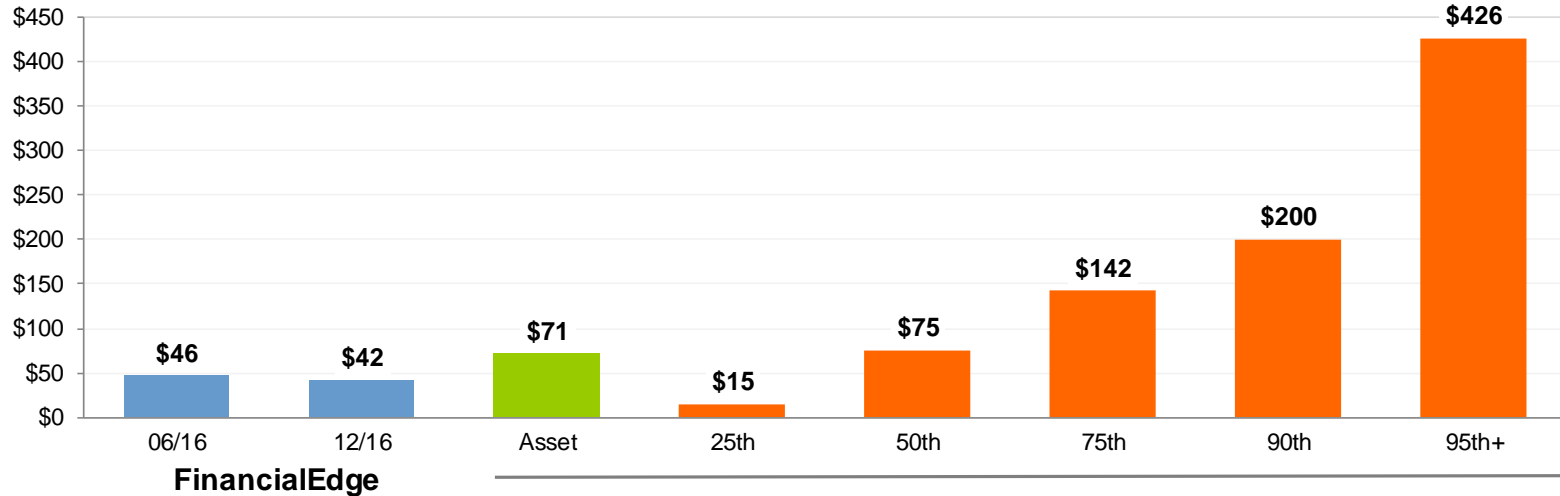


Checking Household Cross-Sell Profit

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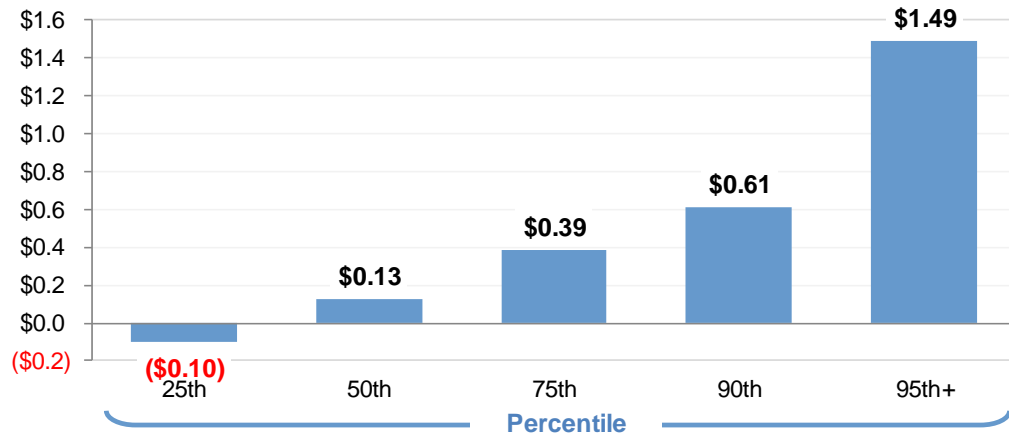
FinancialEdge's average profit on cross-sales to checking households is \$42 per household (36th percentile), compared to the median (50th percentile) at \$75.

Cross-Sell Profit per Checking HH



Achieving results in the 50th percentile translates to a potential net income uplift of \$129,016.

Potential Change in Net Income (\$M)

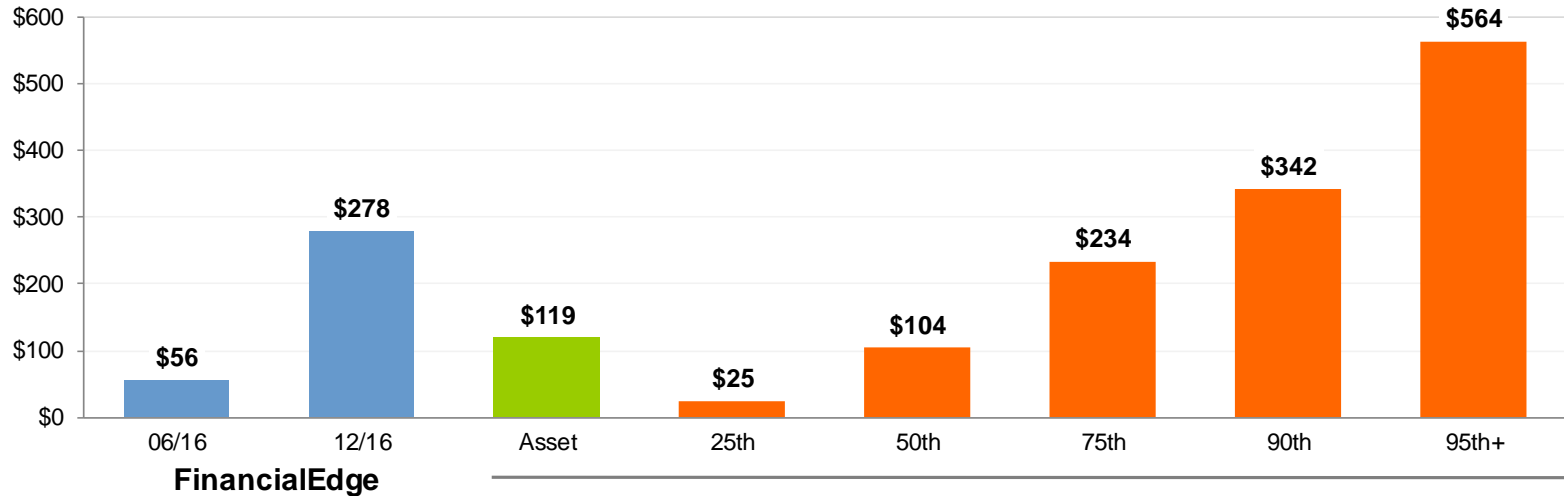


New Household Profit

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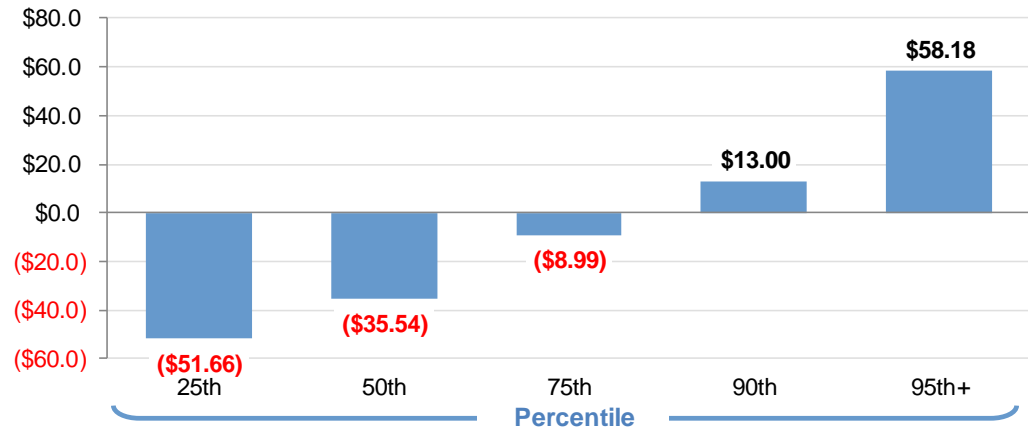
FinancialEdge's new household profit is \$278 (83rd percentile), compared to the median (50th percentile) at \$104.

New Household Profit



Achieving results in the 90th percentile translates to a potential net income uplift of \$12,997.

Potential Change in Net Income (\$000s)

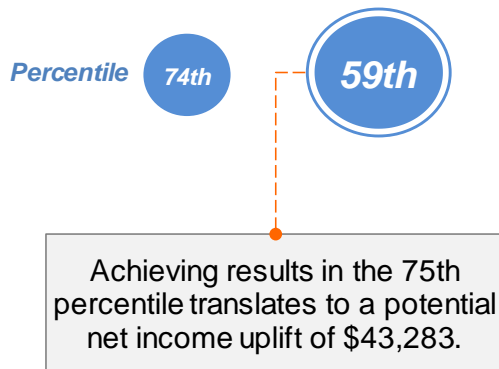
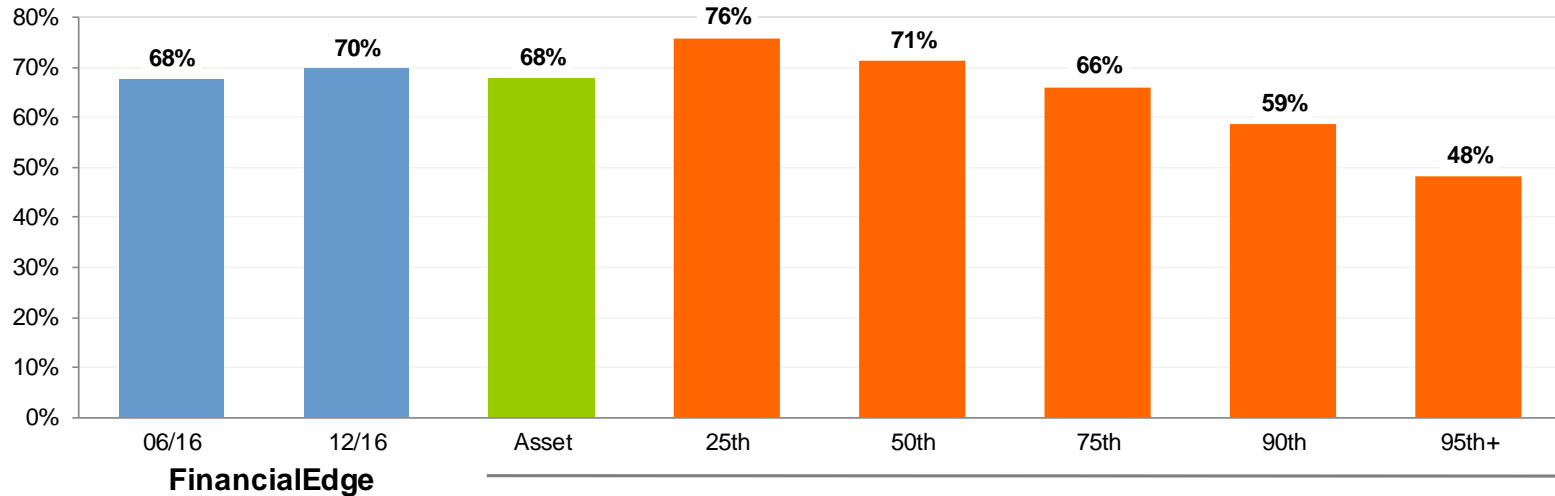


Unprofitable Retail Households

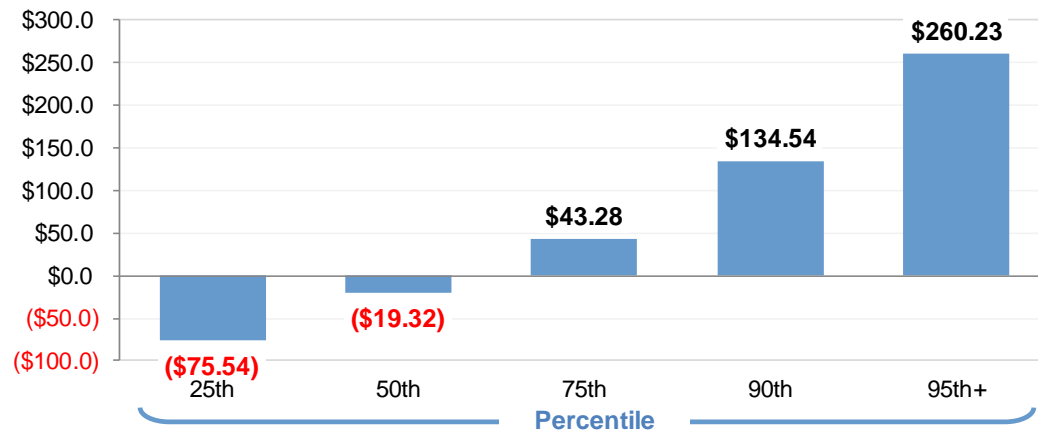
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At FinancialEdge, 70% of retail households are unprofitable (59th percentile), compared to the median (50th percentile) at 71%.

Unprofitable Retail Households ('D' & 'E')



Potential Change in Net Income (\$000s)



A lower percentage of 'D' and 'E' households corresponds to higher percentiles.

Opportunities Assessment Report

Efficiency & Delivery

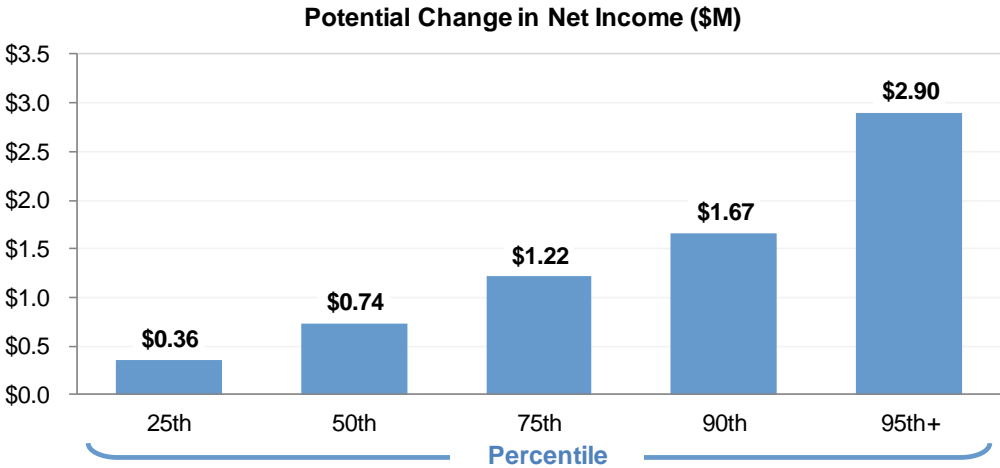
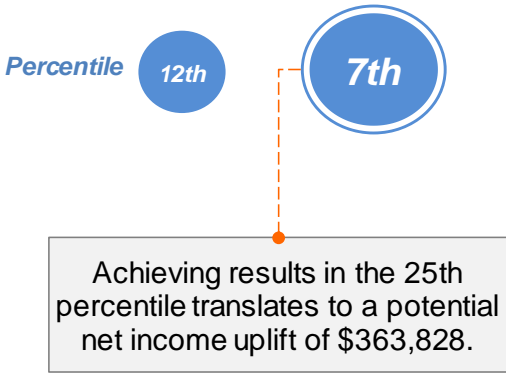
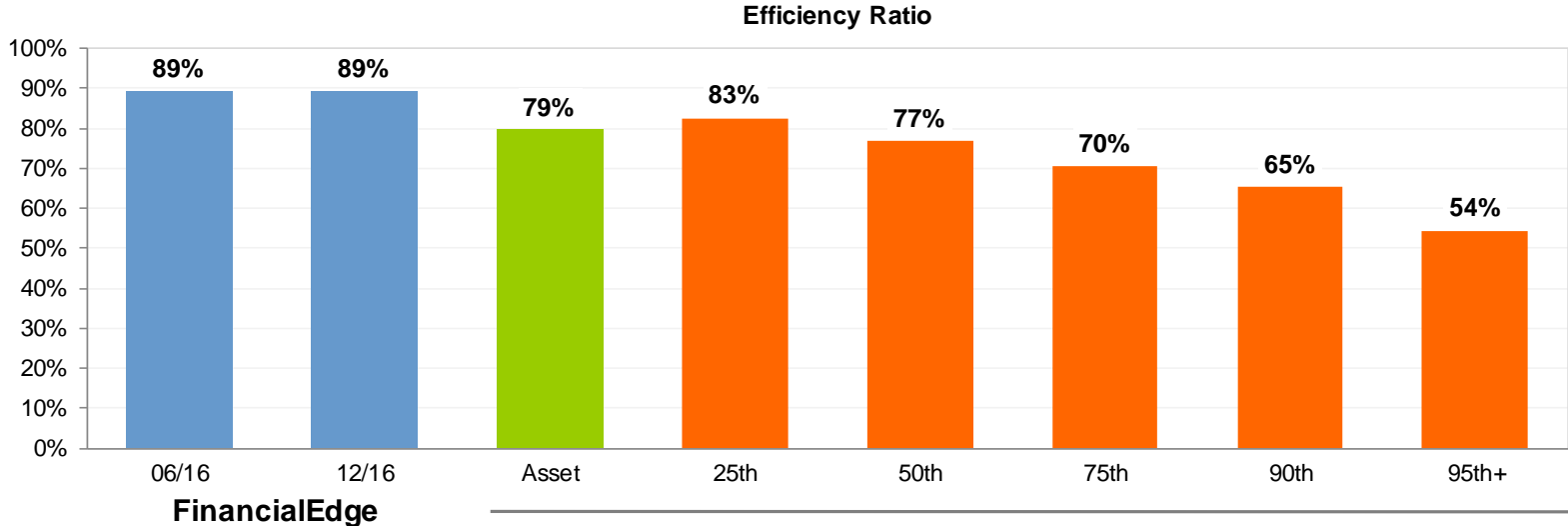
- Efficiency Ratio
- Revenue per Employee
- Debit Card Transaction Volume
- Credit Card Transaction Volume
- E-Statement Usage



Efficiency Ratio

O.A.R. - FinancialEdge - Winter 2017

FinancialEdge's efficiency ratio is 89% (7th percentile), compared to the median (50th percentile) at 77%.

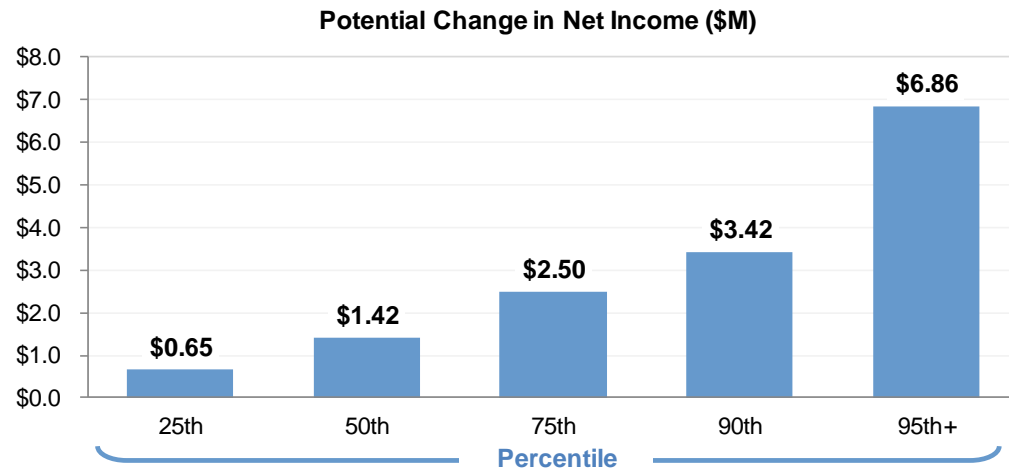
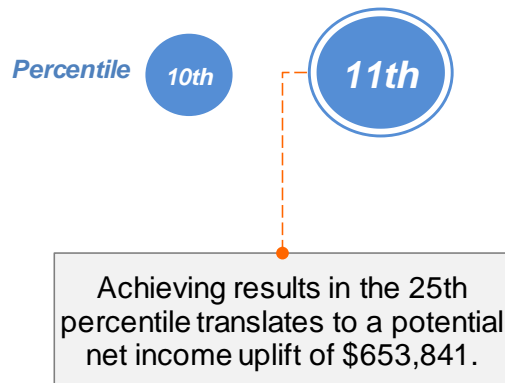
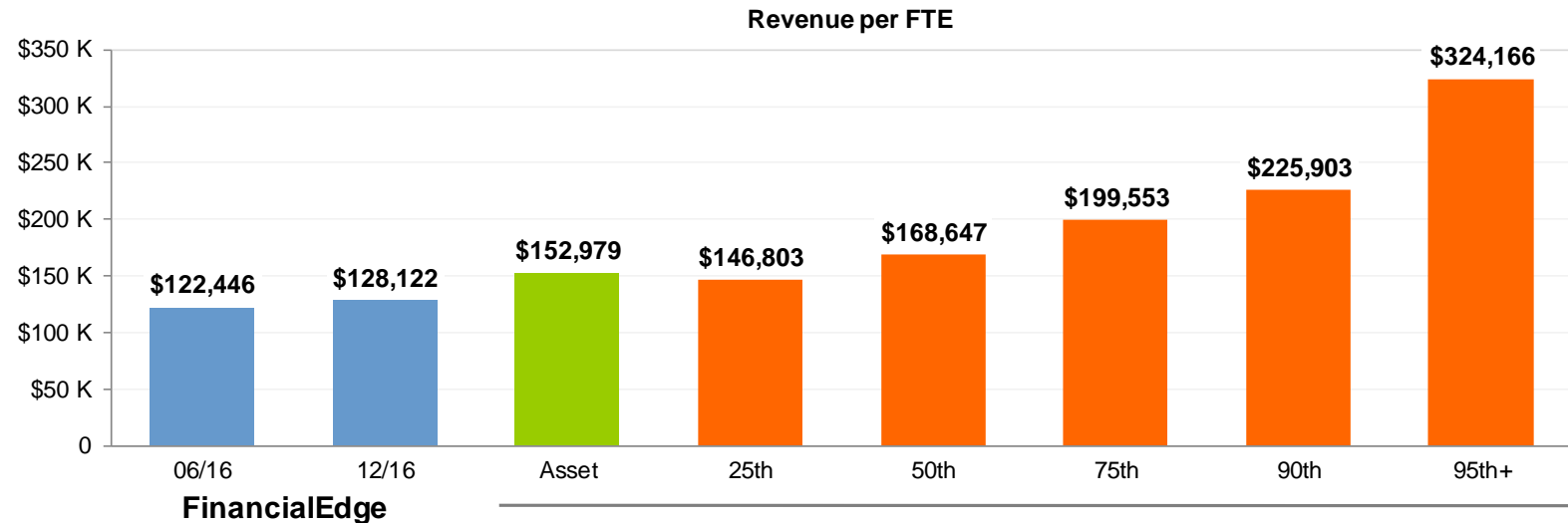


A lower efficiency ratio corresponds to higher percentiles.

Revenue per Employee

O.A.R. - FinancialEdge - Winter 2017

FinancialEdge's revenue per employee is \$128,122 (11th percentile), compared to the median (50th percentile) at \$168,647.

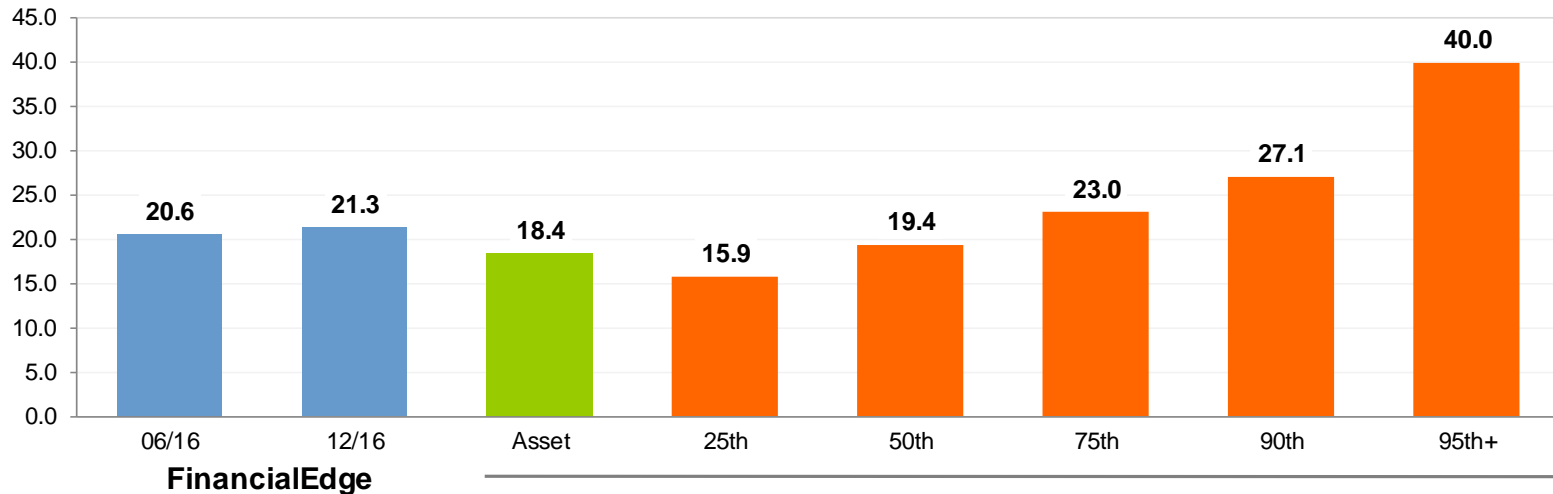


Debit Card Transaction Volume

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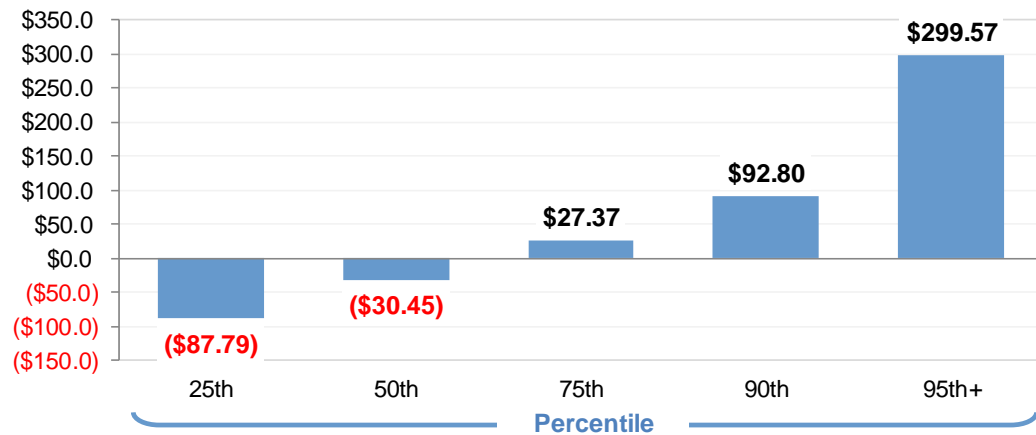
FinancialEdge's average transaction volume per debit card is 21.3 transactions per month (65th percentile), compared to the median (50th percentile) at 19.4.

Monthly Transactions per Debit Card



Achieving results in the 75th percentile translates to a potential net income uplift of \$27,366.

Potential Change in Net Income (\$000s)

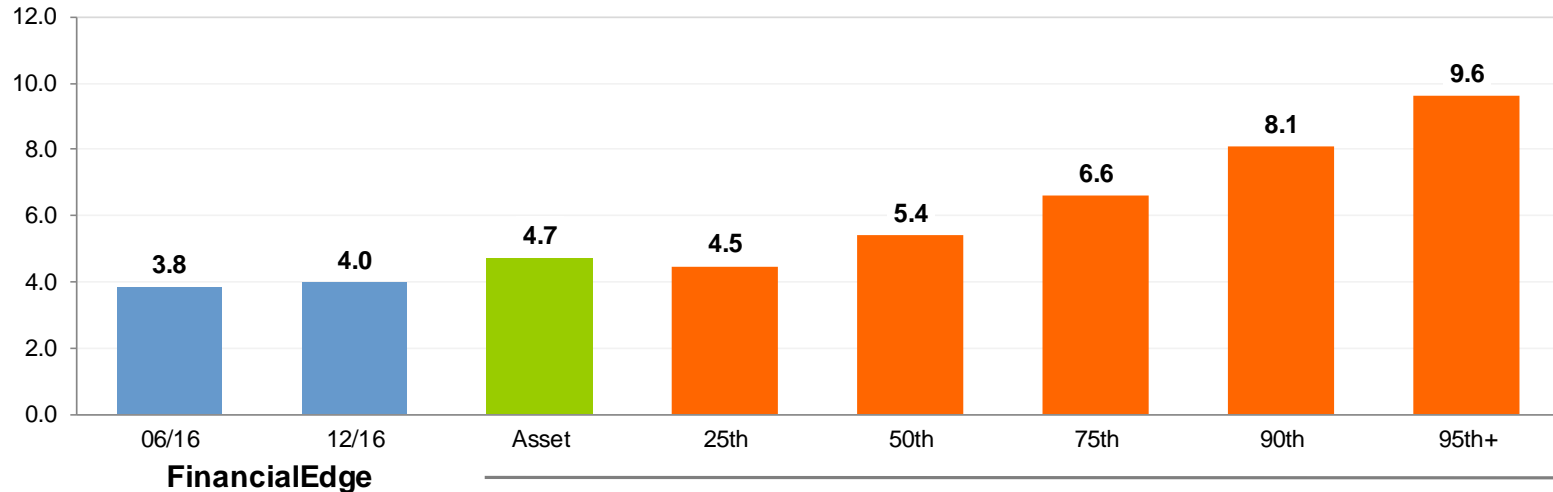


Credit Card Transaction Volume

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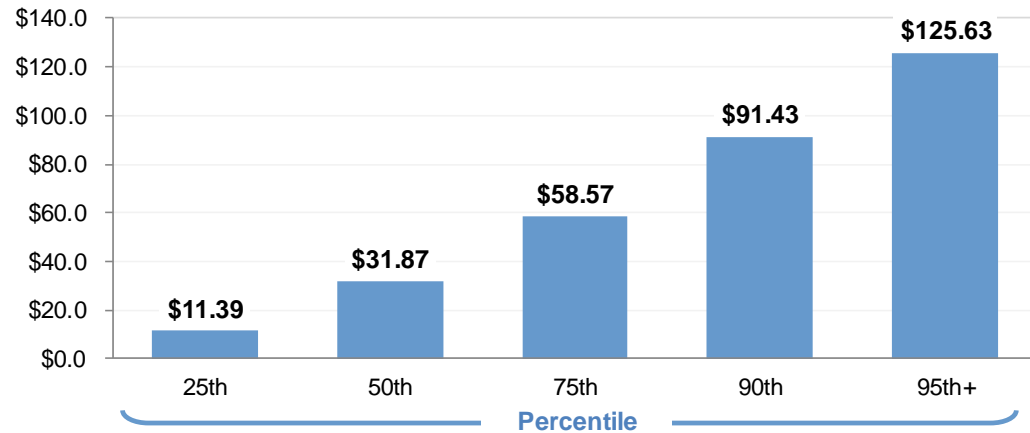
FinancialEdge's average transaction volume per credit card is 4.0 transactions per month (16th percentile), compared to the median (50th percentile) at 5.4.

Monthly Transactions per Credit Card



Achieving results in the 25th percentile translates to a potential net income uplift of \$11,388.

Potential Change in Net Income (\$000s)

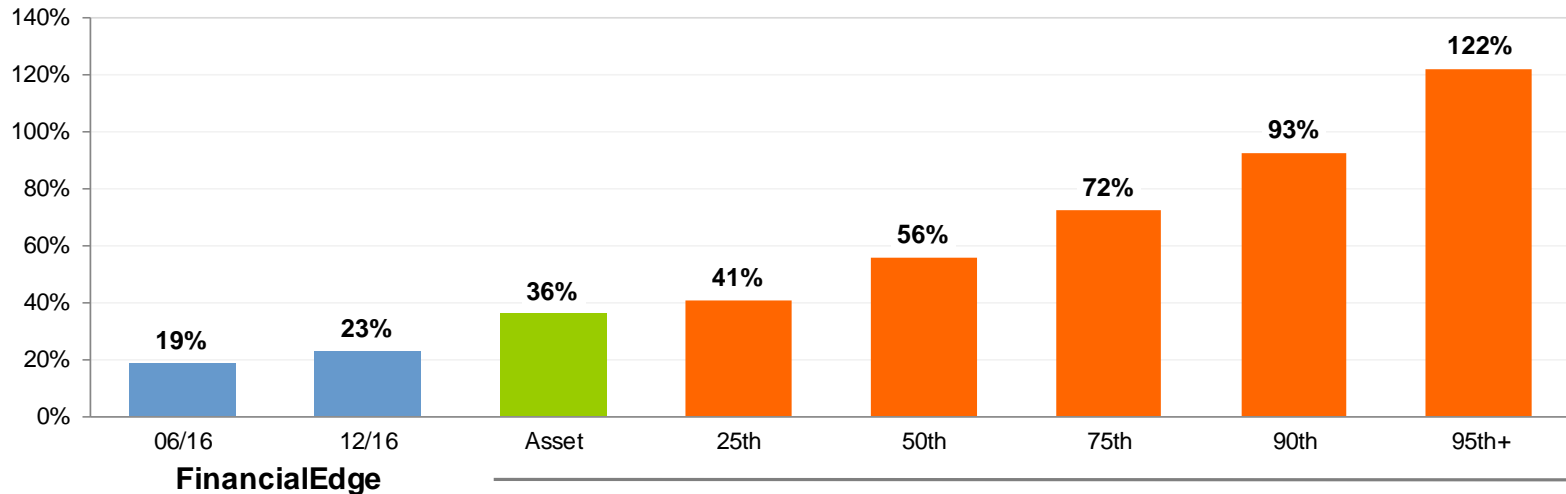


E-Statement Penetration

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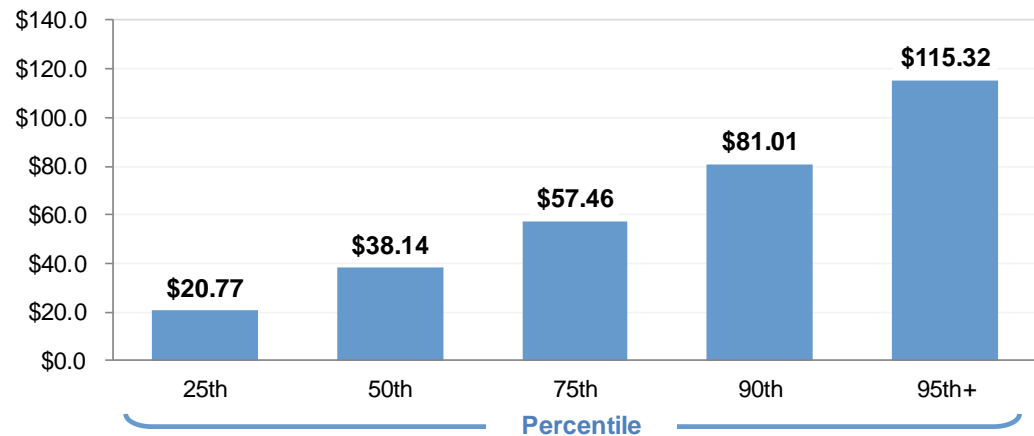
FinancialEdge's e-statement penetration is 23% (9th percentile), compared to the median (50th percentile) at 56%.

E-Statements as % of Total Households



Achieving results in the 25th percentile translates to a potential net income uplift of \$20,774.

Potential Change in Net Income (\$000s)



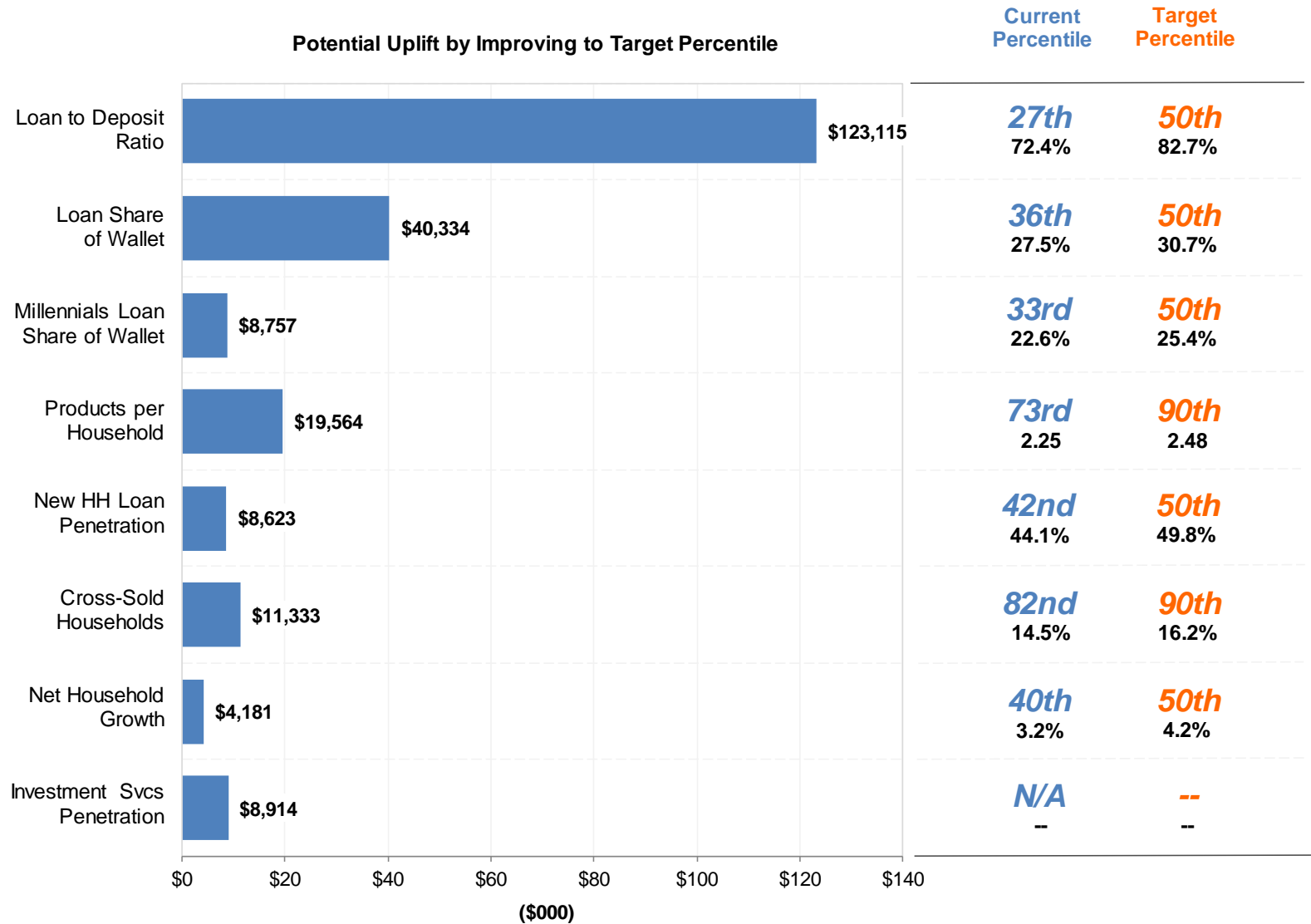
Opportunities Assessment Report

Summary of Uplift Potential

- The following slides summarize the potential uplift for each ratio should your organization improve performance from the current percentile/ratio to the target percentile/ratio.
- These estimates represent only the standalone opportunity from improved performance on each respective ratio. That is, the results shown are mutually exclusive and should not be considered cumulatively.
- Consider that some ratios capture a broader measure of performance than others and, in turn, may inherently reflect greater income potential.
 - For example, ratios that measure loan growth (Loan to Share, Loan Share of Wallet) contain more inherent income potential than ratios with a more targeted focus (New Household Profit, E-statement Penetration)
- Keeping these factors in mind, the results will help highlight the particular areas of performance that warrant the greatest strategic consideration for your organization.

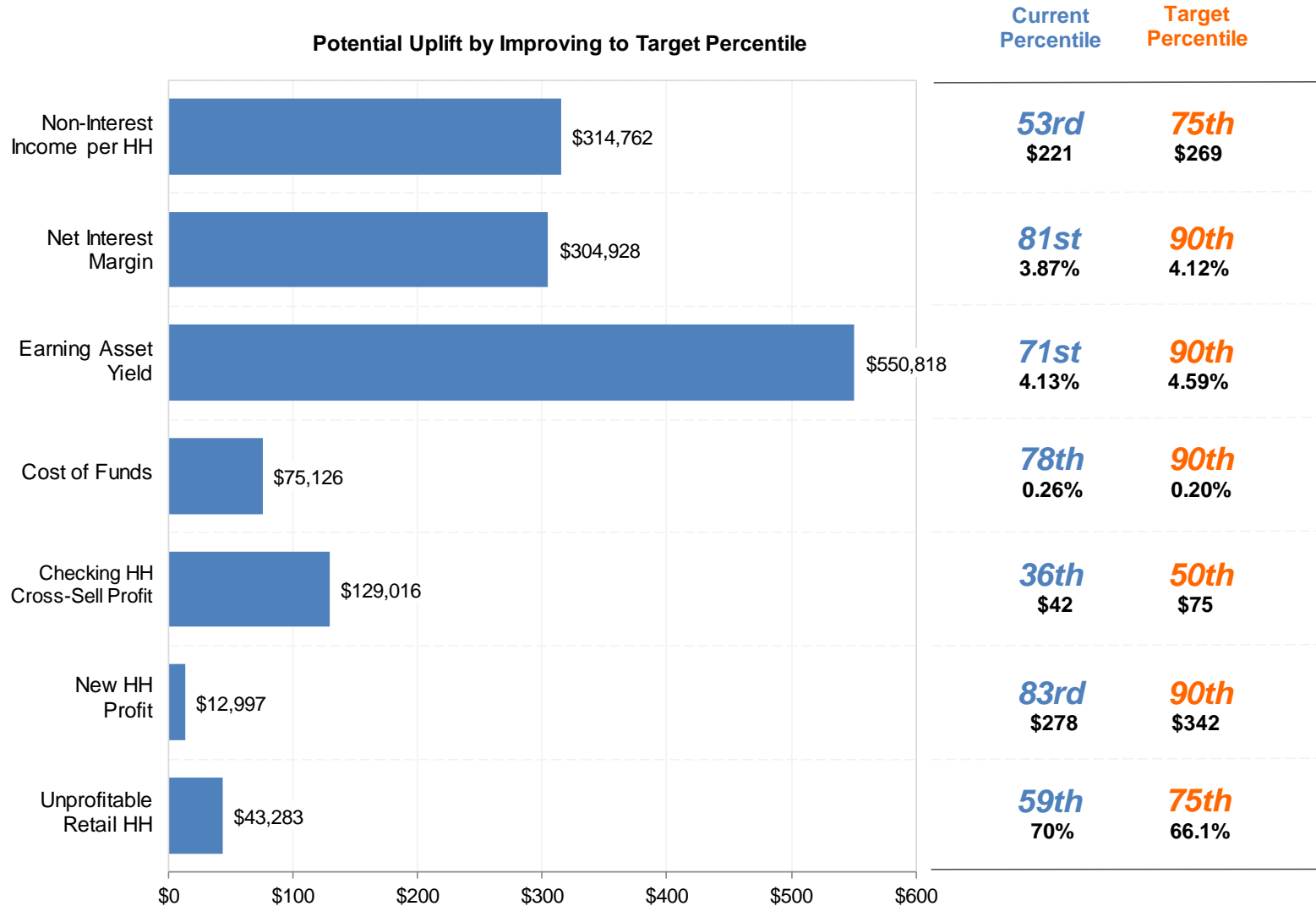
Summary of Growth Opportunities

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Summary of Earnings Opportunities

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Summary of Efficiency Opportunities

O.A.R. - FinancialEdge - Winter 2017

