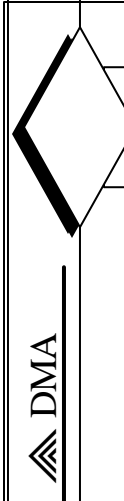


**Best Practices For
MCIF Strategies**

Mary Jane Campbell
Portland Teachers Credit Union
Portland, Oregon

March, 2003

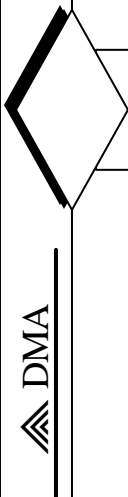
1



CUNA Award

- ◆ Why PTCU?
 - ◆ We Have A Unique Approach To MCIF
 - ◆ We Use A Fully Integrated System That Brings Together Three Critical Disciplines:
 - ◆ Marketing
 - ◆ Sales
 - ◆ Finance
 - ◆ Our Results Speak For Themselves

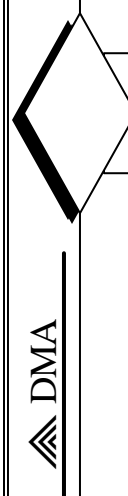
2



CUNA Award

- ◆ We View And Use MCIF As Core To Our Business Strategy:
 - ◆ Fundamental To The Way In Which Marketing, Sales and Finance Conduct Business
 - ◆ More Than Just “Householding” And Reports
 - ◆ Central To Developing Member Relationships
 - ◆ Crucial To Pricing And Packaging Products
 - ◆ Ensures Balanced And Focused Growth
 - ◆ Critical To Managing The Balance Sheet, Spread, And Revenue Streams

3

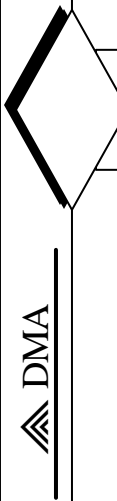


IDM™

Integrated Database Marketing System

- ◆ Brings Together Wealth Of Data From:
 - ◆ All Operating Systems
 - ◆ General Ledger
 - ◆ External Data Appended
- ◆ Produces An “Income Statement” On Every Account And Member Relationship
- ◆ Tracks Every Member Relationship Over Time And Evaluates Each Relationship’s Product Purchasing, Transaction Behaviors, And Profit Contribution

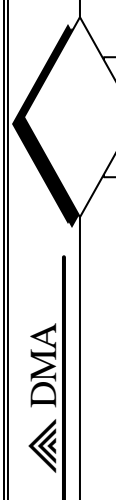
4



IDM™
Integrated Database Marketing System

- ◆ Provides Models For Next Product Purchase, At-Risk, New Member And Other Factors
- ◆ Segments Member Base Into:
 - ◆ Profit Segments
 - ◆ Demographic Segments
 - ◆ Product Usage And Transaction Segments
- ◆ Real Partnership With IDM™ Provider:
 - ◆ DMA - The Database Marketing Agency Inc., Portland, Oregon

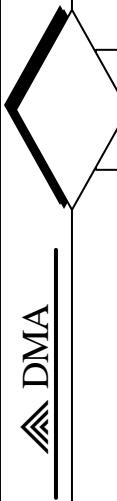
5



Three Critical Programs

- ◆ Matrix Marketing Program
 - ◆ Sophisticated Segmentation and Target Marketing Program
- ◆ “Share Of Wallet” Program
 - ◆ Market Opportunity And Potential Driven Program
- ◆ “ROI Analysis” Program
 - ◆ Detailed Financial Tracking Of Marketing And Sales Program

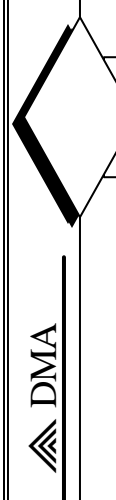
6



Overall Approach

- ◆ Highly Systematic, Targeted And Planned
- ◆ Comprehensive And On-Going
- ◆ Relentless And Disciplined Cross-Selling And Up-Selling Through Member Segment-Specific Communications (Direct Mail, Call Lists, Member Contact)
- ◆ Year-Round, Day-In/Day-Out Efforts
- ◆ True “Relationship Building” Contacts
- ◆ Focused On The “Right Sale”


7



Overall Approach

- ◆ Not Single, One-Time Promotion
- ◆ Not “Special” Pricing Offers
- ◆ Not Massive Direct Mail Drops
- ◆ Not Massive Telesales Campaign
- ◆ Not “Volume -Driven”
- ◆ Not “Stand-Alone”
- ◆ Most Importantly: Not Ad Hoc


8



Matrix Marketing Program

- ◆ “Mining” The Database And Systematically Targeting
- ◆ 57 Distinct “Cells”:
 - ◆ Demographic Profiling Cells
 - ◆ Geographic Profiling Cells
 - ◆ Profit Segment Cells
 - ◆ At-Risk Cells
 - ◆ Inactive Member Cells
 - ◆ New Member Cells


9



Matrix Marketing Program

- ◆ Moving Members “Up” In Profitability
- ◆ Retaining High Profit Members
- ◆ Incrementally Selling To The “Right” Combination
- ◆ Communicating To Specific Demographic Groups
- ◆ Identifying At-Risk Members And Contact Prior To Pre-Mature Closing
- ◆ Increasing Activity Among Inactive Members
- ◆ Sequencing Communications To New Members


10



“Share Of Wallet” Program

- ◆ Identifying Products And Balances Members Have With Other Institutions
- ◆ Overlaying Product And Balance Potential With Profitability Potential
- ◆ Focusing On Products With Greatest Growth And Profit Opportunity
- ◆ Understanding Differences In Each Branch Trade Area


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“Share Of Wallet” Program

- ◆ Focusing On Gaining “Share Of Wallet”
- ◆ Targeting Members For Sales With Greatest Opportunity For Significant Balances, Usage And Profitability
- ◆ Targeting Members Product-By-Product Based On Opportunity


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“ROI Analysis” Program

- ◆ Tracking Month-To-Month Product Purchasing, Retention And Usage For Each Member Following Contact
- ◆ Assessing Account Profitability For Each Account Opened As A Result Of Contact
- ◆ Pinpointing Net Annualized Contribution To Net Income For Each Account Opened And Retained, Based On Specific Balances, Rates, Costs Of Each Account


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“ROI Analysis” Program

- ◆ Assessing Costs For Each Marketing And Sales Program
- ◆ Determining Value Of Each Program Based On Net Contribution Of Each Account Opened/Retained
- ◆ Full Loaded Costs
- ◆ Tracking For Every Advertising, Promotion, Direct Mail, Telesales Programs
- ◆ Based On 12-Month Profitability As Minimum Pay-Back


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2002 Results

- ◆ Loan Growth 14%: \$126 million
- ◆ Deposit Growth 7%: \$80 million
- ◆ Significant Improvement In Net Interest Margin: 4%
- ◆ 175% Improvement In Net Income
 - ◆ From \$11 million to \$19 million (vs. goal of \$12 million)
- ◆ 1.5% ROA
- ◆ 65% Efficiency Ratio

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2002 Results

- ◆ \$9 million In Net Income (48% Of Total Net Income) Directly Attributable To The Three IDM™ MCIF Programs
- ◆ 15% to 45% Response Rates
- ◆ 94% Retention Rate
- ◆ 6.44 Cross-Sell Ratio
- ◆ ROI 200% to 5,000%+ ROI

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