

Full Example Marketing Plan

SAMPLE BANK LIMITED

Marketing Town, Business Land

Marketing Plan for Golden Years Deposit Accounts

by

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Submitted in fulfilment of the requirements of the Integrative Project course of the
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SAMPLE BANK LTD

Marketing Plan for Golden Years Deposit Account

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Executive Summary

A review of the comparative figures of the local commercial banks as at fiscal year-end 2000 revealed that the Sample Bank Ltd continues to hold the leading position in the industry with 34% of assets, 38% of loans and 35% of deposits. Its loans-to-deposits ratio at 76% is also at an acceptable level within the Central Bank's guidelines of 75% to 85%. Despite its strong position, however, Sample Bank Ltd could not achieve the level of profitability of its competitors. Our return on assets (RAO), for instance, was only 0.65% compared with the average industry return of 0.81%. Our research has shown that the poor result was due mainly to low interest spread earned from the Public Sector, which accounts for 48% of our deposits and 28% of our loans, and receive concessionary interest rates.

The Government of the country, shareholder of the Bank, as part of its proposed housing development program for the country, has directed the Bank to approve 100% mortgage financing for public servants amounting to \$65 million over the next three years. The Bank's five years strategic plan for the period 2001 to 2005 does not include this estimated growth, and the competition for deposits is currently very tight. This situation

therefore represents a daunting task for management to secure the required funding for these loans if it is to maintain a level of liquidity within the Central Bank's guidelines. On the other hand, however, it has created a golden opportunity for the Bank to increase market share in other areas and to make more money.

In light of the circumstances, a plan has been prepared with a view to raising the required deposits, while at the same time strengthening the Bank's position in the local industry and achieving increased profitability year after year.

A careful look has been taken of both our external and internal environments. The external analysis looked at the macro-environment, the market and the competition, while the internal analysis examined the Bank's performance, as well as its management and staff, infrastructure and delivery, and its customers.

A "SWOT" analysis was then performed, enabling us to identify our, strengths, weaknesses, opportunities and threats. This analysis lends to the view that it is imperative that we change our existing strategy and focus on other markets. It is not suggested that we ignore our existing market of catering to the public sector, but rather that we re-focus our energies on the wealthy nationals over 50 years of age, returning home or resident locally, including doctors, lawyers, managers, entrepreneurs and retired persons.

I firmly believe that by pursuing this avenue, and by implementing and controlling the proposed fundamental marketing strategies and marketing mix strategies, we will be able to achieve the stated objectives.

1. Introduction

1.1 Background

The Government of the country, shareholder of Sample Bank Ltd, as part of its proposed housing development program for the country, has directed the Bank to approve 100% mortgage financing for public servants. These mortgages will carry a maximum repayment term of 25 years and will attract interest at 7.75% per annum. A study conducted by PKF Consultanus for the Government has shown that the demand for financing under the new mortgage plan will amount to \$10 million in the first year, \$18 million in the second year and \$37 million in the third year. The Bank's five years strategic plan for the period 2001 to 2005 does not include this estimated growth, and the competition for deposits is currently very stiff. The Bank could face great difficulty in meeting the Central Bank's accepted loans-to-deposits ratio of between 75% and 85% if

it fails to secure the required funding. Also, it could miss out on a golden opportunity to increase market share in other areas and to make more money.

1.2 Purpose and Objectives

The purpose of this project is to steer the Bank on a course that will enable it to secure the required deposits to fund the new mortgage plan, while at the same time strengthen its position in the local industry and achieve greater levels of profitability year after year. To attain this, the project focused on the following objectives:

- Retain existing customers.
- Win new customers.
- Raise \$65 million in deposits over the next three years.
- Increase market share of deposits from 35% to 45%.
- Maintain a loans-to-deposit of 80% (see appendix F).
- Increase profit by 15%, 22% and 35% respectively over the next three years, and ultimately increase ROA from the current 0.56% to 0.95% at the end of year 2004 (see Appendix G).

To accomplish these objectives, the project, after analysing the external and internal environments of the Bank, identified the various marketing strategies designed to bring

success. It then tabled the implementation and control mechanisms aimed at ensuring that the desired results are achieved.

2. Analysis of the Environment

An analysis was carried out on both the external and internal environments of the bank with a view to employing the strategies necessary to achieve our objectives.

2.1 External Analysis

The external analysis looked at the macro-environment, the market and the competition in order to identify our opportunities and threats.

2.1.1 Macro-environment

2.1.1.1 Demographic, Cultural & Social

- The local population which currently stands at approximately 116 thousand is young and is expected to increase by just 800 by the end of the year 2003 The over 50 age group will approximate to 24 thousand by the end of year 2003.
- The population until recent times was predominantly religious, however with the introduction of American television in our homes there is a big swing to the American culture and hence new lifestyles and tastes.

- As a result of the advocating of equal rights for women, we have seen that women are now taking on more leading roles in the society. The education system allows for equal opportunities for men and women, and it appears that the women are currently achieving better grades than men. Women currently make up 50 % of the workforce.

2.1.1.2 Political

- The Country is stable and conducive to investments.
- The Government is comprised of a young vibrant team with exciting developmental plans for the country.
- The country is currently black listed by the Financial Actions Task Force (FATF), but the Government has recently passed a new anti money laundering act, which it hopes will result in the removal of the Country's name from the list.
- The Caribbean Community (CARICOM) Single Market and Economy is soon to be established across the region.
- The other seven countries in the ECCB currency union also have stable governments.

2.1.1.3 Economic

- GDP grows steadily at an average of 5% per annum.
- Inflation is maintained at between 1.5% and 3%
- The EC\$ is stable and is pegged to the US\$ at a rate of 2.7.

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- The economies of the other states in the ECCB currency union are also stable and should not affect the EC\$ in the near future.
- The financial sector is growing.
- Construction is on the rise.
- The main export product, banana, is declining.
- The fishing industry growing (Japanese interest).
- A new cruise ship berth was built, and plans are underway for the construction of a new international airport.
- Tourism is growing and the hotel industry is developing. A 10% increase in tourist arrivals was recorded last year. The events of September 11, 2001 (the terrorist attacks on the US) could however turn things around.
- A securities exchange market (the ECSE) was recent established across the eight member countries of the ECCB currency union to aid in the economic development of the region.

2.1.1.4 Technological

- Modern telecommunication systems are available, including fibre optic telecommunication and Internet.
- Modern technology, such as SWIFT, is available to facilitate the international payment system.
- ATMs are currently in operation at all the local commercial banks. The other four commercial banks provide online service through a network of ATMs in the region.

Sample Bank Ltd for the time being provides only local ATM service. Year after year there is greater demand for ATM services by customers as they come to appreciate the convenience more and more.

- Approximately 20% of the population have access to computers now compared with 10% in 1999.

2.1.2 Market

The market consists of the Government, other public sector bodies, corporate entities, insurance companies, professionals, public servants, teachers, and Nationals resident in the UK, Canada and the US. As at June 30, 2001 the total deposits held by the five commercial banks on the island was \$990 million. Of this total the public sector contributed \$234 million, business firms \$129 million and private individuals \$435 million. While Sample Bank Ltd holds a high 69% of the public sector deposits, it only has 23 % of the private individuals and 7% of business firms (see Appendix G). Nationals over 50 years of age returning home from abroad to invest bring in some \$10 million annually.

2.1.3 Competition

- There are four other Commercial banks on the island. These are Barclays Bank PLC, Scotia Bank, CIBC, and Caribbean Banking Corporation. Unlike Sample Bank Ltd, which is the only indigenous bank, they are all branches of banks whose head offices

are located abroad, and only one has a second branch on the island. There is a possible merger of Barclays Bank and CIBC to take place in 2002. The new entity will be called First Caribbean International Bank.

- The non-bank financial sector including three credit unions, a savings & loans bank, a building & loans association and a number of insurance companies, all accepting deposits and providing more and more traditional banking services.
- There is competition from regional and international institutions as a result of globalisation.
- The establishment of the CARICOM Single Market and Economy.
- The Eastern Caribbean Securities Exchange (ECSE), which was recently opened by the ECCB across the eight member territories of the ECCB currency union, offers new and exciting opportunities for investors.
- Some customers prefer to do business with our competitors because Sample Bank Ltd is Government owned and political interference or changes often affect their confidence in the Bank.
- Sample Bank Ltd may be unable to attract certain customers, particularly the business community, because it is Government owned and there is the perception that their account information is open to the Government and its agencies.
- Many patriotic Nationals will bank with Sample Bank Ltd because they recognise that the profits of the Bank belong to the people and are used for the country's development.

2.2 Internal Analysis

The internal analysis looked at our performance, our internal configuration and our customers in order to identify our strengths and weaknesses.

2.2.1 Performance

Sample Bank Ltd is currently the industry leader in assets, loans and deposits. Comparative Balance Sheets for the fiscal year 2000 show that Sample Bank Ltd holds 34% of assets, 38% of loans and 35% of deposits (see Appendix A). Up until 1999, Sample Bank Ltd held 40% of deposits but it has since lost some of its deposits to its competitors. Despite being the market leader for a number of years however, profitability has not come up to expectations. At the end of the fiscal year 2000 our ROA was only 0.65% compared with the industry average of 0.81%, as can be seen from the Comparative Statements of Income (see Appendix B). The year 2001 has seen a further decline in our net income resulting in a drop in ROA to 0.56% (see Appendix C). Our loans-to deposits at June 2001 stood at 81% (see Appendix D) within the Central Bank's guidelines.

2.2.2 Management and Staff

- Sample Bank Ltd is the only commercial bank on the island with a local Board.

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- Most of the staff are young and have the requisite capabilities, and are re-trainable for newer systems and technology.
- All members of the staff are locals and have good contact with the community at large.
- Considering that Sample Bank Ltd has over the years served mainly the public sector and the low and middle income customers, the staff did not receive the necessary exposure and may not be as experienced and equipped as our competitors.
- Sample Bank Ltd is not as equipped as its international competitors with research departments and the qualified staff to keep their institutions in line with legal, technological, operational and other changes.

2.2.3 Infrastructure and Delivery

- Sample Bank Ltd is the largest bank on the island with seven local branches, a mortgage finance company, four cash agencies and five ATMs.
- The Bank is leading the local competition in information technology, and its core banking system has the capacity for further advancements.
- In some areas, and in particular the Grenadines, we are the only commercial bank and collector of bills for various utility companies.
- The Bank does not have branches abroad but has a strong network of regional and international correspondent relationships. This is however always the fear that correspondents might sever such relationships.

2.2.4 Customers

Sample Bank Ltd has the largest customer base. However, apart from the public sector accounts, which account for large percentages of its assets and liabilities, its customer base consists largely of the low and middle-income groups whose needs include home ownership, household items, transport and education for their children.

3. SWOT Analysis

The SWOT Analysis identified the opportunities, threats, strengths and weaknesses of the bank, as follows:

3.1 Opportunities

- The Bank is very well placed with a good and assured customer base from the level of the government and the public sector business.
- Many patriotic Nationals will do business with Sample Bank Ltd because they know that the profits of the Bank belong to the people of the country and are used for the country's development.

- The availability of modern telecommunication systems and technology will facilitate the improvement and strengthening of the Bank's international business and ATM services, and the development of new services, such as telephone banking.
- The increased access to computers by customers will allow the bank to reach more target groups through electronic communication.
- The tourism industry is growing - cruise ship berth was built, new international airport coming, hotel industry developing, new foreign investors- which should introduce more capital into the country and should spawn employment opportunities for locals.
- The political stability and the economic growth across the eight member countries of the ECCB Currency Union, including this country, ensures the stability of the EC\$, and this is an encouragement for persons returning home to invest locally.
- The establishment of the CARICOM Single Market and Economy can present opportunities for us to better utilise any excess liquidity through diversification of our lending portfolio and through investments.
- The merger of Barclays Bank and CIBC could result in internal conflicts due to cultural differences that may cause customers to move to Sample Bank Ltd.
- The population that is mostly young comprises a strong workforce capable of advancing the Government's developmental plans to take the country's forward.

3.2 Threats

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- Some customers prefer to do business with our competitors because Sample Bank Ltd is Government owned and political interference or changes often affect their confidence in the Bank.
- Sample Bank Ltd may be unable to attract certain customers because it is Government owned and there is the perception that their account information is open to the Government and its agencies.
- The introduction of American culture and lifestyles into our society could result in greater external spending and so have a negative impact on the local economy.
- With the establishment of the CARICOM Single Market and Economy the Bank will be faced with competition from regional banks that are better equipped and prepared to meet the changing needs of customers.
- We also have to compete with banks and other financial institutions in the Organisation of Eastern Caribbean States (OECS) and abroad as a result of globalisation.
- First Caribbean International Bank (the new entity that will be formed from the merger of Barclays Bank and CIBC) will be a stronger force to reckon with, as it will be able to reach a wider cross-section of the market due to the combining of strategic capabilities and competences, human and financial resources, and contacts and delivery networks.
- The black listing of the country by the FATF could affect the Bank's correspondent banking relationships, as the Bank will be under greater scrutiny from the eyes of the

outside world. Any severing of such relationship will curtail the bank's ability to handle customers' international business.

- The deterioration of the banana industry, one of the country's major industries, could result in a downturn in the economy.
- The anticipated decline of the local tourism industry as a result of the recent terrorist attacks on the US could also result in a downturn in the economy.

- There is increased competition from the non-bank financial sector, the credit unions, the savings & loans bank, the building & loans association and the insurance companies. These institutions are not regulated by Central bank and hence they are not restricted in their operations. They have been paying very high rates on deposits and have also been offering more and more of the services which were traditionally offered by commercial banks.
- The Eastern Caribbean Securities Exchange (ECSE), which was recently opened by the ECCB across the eight member territories of the ECCB currency union, will present other investment opportunities to customers and could reduce our deposits, as well as our chance to raise additional deposits.

3.3 Strengths

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- Our leading position in the industry, with respect to our market shares of assets, loans and deposits, puts us in a position to influence the level of interest rates.
- We are the only local commercial bank with a Board of Directors, a Board that can attract good business to the Bank as it consists of successful & respected business people with a good mix of expertise in key industries and with strong social links in the country. Approval of loans is faster with a local Board in place.
- Most of the staff are young and have the requisite capabilities, and are re-trainable for newer systems and technology. This will therefore make the selection and training of the sales team easy.
- All the members of the staff are local, and very well known and have good contact with all sectors of the community. They will therefore be in a good position to attract more customers to the Bank.
- The network of branches and other outlets affords customers service from any point within the state as the computer mainframe is accessible from all branches.
- The Bank is leading the local competition in information technology, and its core banking system has the capacity for further advancements. Customers may prefer to open accounts at Sample Bank Ltd because statements and account information are produced faster than our competitors who on several occasions have to wait on their regional head offices to forward the information.

- The monopoly some branches have by being the only bank in the particular area and the only collector of bills for various utility companies is advantageous in increasing customer base.
- The strong network of regional and international correspondent relationships places the Bank in an advantageous position in the execution of foreign exchange business.
- It may be an advantage for Sample Bank Ltd to have the largest customer base as customers may encourage others to use its services.

3.4 Weaknesses

- The lack of exposure for our staff as a result of our poor customer mix makes it difficult for our staff to be as experienced and equipped as most of our competitors to deliver services efficiently and maintain high standards of service.
- Our international competitors, the other four commercial banks, are better prepared to stay afloat in the face of strong competition with research departments and qualified staff to keep their institutions in line with legal, technological, operational and other changes.
- The Bank is totally reliant on its correspondent banking relationships to conduct its foreign exchange business and may find it impossible to survive against its international competitors if its correspondent banks should close such relationships.

- Although Sample Bank Ltd has the largest customer base, it has over the years had little success in attracting the business community because it is government owned, and may continue to fail in this regard.

4. Fundamental Marketing Strategies

4.1 Supply Strategies

Develop a new chequing account called a “Golden Years” account that will attract a higher rate of interest than the regular savings account and will allow the customer the benefit of other services at reduced price.

4.2 Demand Strategies

- Target wealthy Nationals over 50 years of age returning home or resident locally, including doctors, lawyers, managers, entrepreneurs and retired persons.
- Achieve product differentiation and a competitive advantage in the market.

4.3 Positioning Strategies

Measuring from a scale of 1 to 6, where 6 is the best point, Sample Bank Ltd is currently perceived to hold the second position of 4 for service offering and also the second

position at 4 for service quality (see Figure I). The Bank's aim is to also move to the top position for service offering and service quality through its innovative product development and improved service quality (see Figure II).

Figure I

Bank Positioning

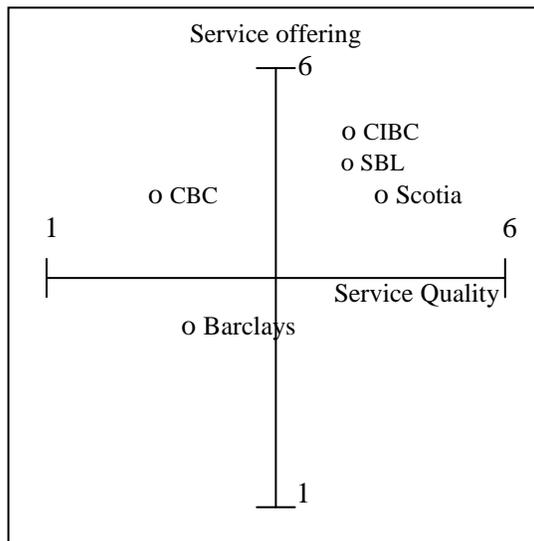
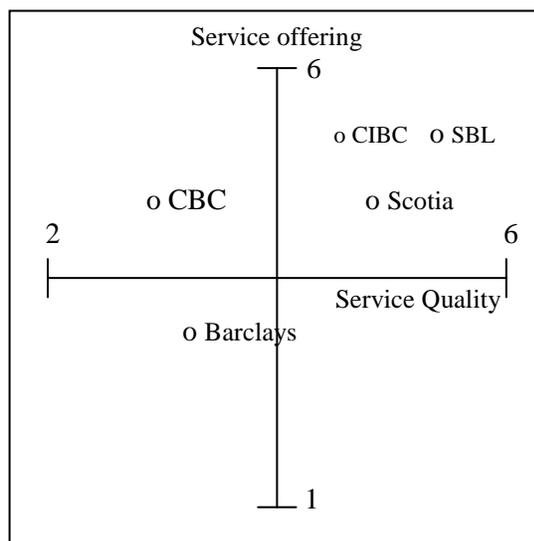


Figure II

Bank Position After Repositioning



4.4 Competition Strategies

- Improve service quality by training staff.
- Promote ATMs and telephone banking services that will provide greater convenience.
- Offer innovative wealth-management products that will attract the target group.

5. Marketing Mix Strategies

5.1 Product

The bank will offer a “Golden Years” deposit account that will target wealthy nationals over 50 years of age, returning home or resident locally, including doctors, lawyers, managers, entrepreneurs and retired persons. The account will allow for the writing of cheques while at the same time will attract interest at a rate higher than that paid to regular savings. It will also allow the customer to access other banking services at reduced price, as well as personal banking services.

5.2 Price

- Interest rate will be 1% above the rate paid to regular accounts in the market.
- Charges for other services will be at half price.

5.3 Place

- Special counter will be made available to golden years customers for them to do their transactions without having to wait in the regular line.
- Provide the service through our network of branches throughout the country.
- Install six additional ATMs at strategic locations throughout the country.
- Introduce telephone banking to allow customers to transfer funds between accounts, perform account inquiry and pay their utility bills without visiting the bank.

- Perform personal banking for busy professionals, including doctors, lawyers, managers, etc.

5.4 Promotion

- E-mail or write to prospective customers informing them of the service.
- Phone prospective customers or visit them at their residents or place of business to sell the service to them.
- Advertise the service on our website.
- Develop an advertising program targeting the selected group.

5.5 Personnel

- Recruit a sales team from members of the staff who possess the required skills for the task.
- Provide the members of the team with a formal written program of the project.
- Provide each member of the team with a job description setting out clearly the job expectations and goals, as well as the required job-related behaviours.
- Train the sales team for the job.
- Provide the team with the necessary tools and resources, for instance, cell phones.
- Provide the team with incentives, such as travelling allowances and rewards for sales volumes.

- Develop a performance appraisal system that will allow for feedback throughout the year and will determine annual salary increments.

6. Implementation and Control

Once approval has been obtained, we will move swiftly to implement the plan. We will also put controls in place to monitor and measure the results of the project to ensure the desired objectives are achieved.

6.1 Implementation

Table 1 presents a work program to implement the proposed marketing strategies.

Table 1
Implementation Schedule

ACTIVITY	DATE / FREQUENCY
Obtain Board approval	By mid March 2002
Sensitize staff and pursue their buy-in	By March 31,2002
Contract an advertising agency to formulate an advertising plan	By March 31,2002
Select the sales team	By March 31,2002
Train the sales team	By mid April 2002
Development an incentive program for the sales team	By mid April 2002
Provide the members of the sales team with a formal written program of the project	By April 30, 2002
Provide each member of the sales team with a job description	By April 30, 2002
Provide the sales team with the necessary tools, such as cell phones	By April 30, 2002
Construct special counter for golden years customers	By April 30, 2002
Hold an official launching	30-Apr-02
Install six additional ATMs	2 Sept. 2002, 2 Mar. 2003 and June 2003
Introduce telephone banking	By Sept. 2002
E-mail prospective customers	Daily beginning April 2002
Advertise the service on our website	Daily beginning April 2002
Phone or visit prospective customers	Daily beginning April 2002
Advertise the service on the local radio and television	Daily during april 2002, and as necessary thereafter within budget
Advertise in the local newspapers which are also distributed in the USA, Canada and Britton.	Weekly during april 2002, and as necessary thereafter within budget

6.2 Control

Table 2 presents a work program to assist Management in keeping the Bank on the course to success.

Table 2
Control Chart

Activity	Performed by	Date / Frequency
Complete Performance evaluation of sales staff	Marketing Manager	Annually
Review salaries and other incentives of the sales staff	Marketing Manager	Annually
Measure financial results against projections	Marketing Manager / Accountant	Monthly / Quarterly / Annually
Carry out survey to determine customers' satisfaction with the product and the service quality.	Internal Audit	Annually
Diagnose any gap / shortfall to identify the causes for such gap / shortfall and recommend corrective measures	Internal Audit	As necessary
Take corrective action	Marketing Manager	As necessary

7. Financial Forecast

The attached projected financial statements (Appendix E and Appendix F) have been prepared to show the effects of the results of the plan. Prior to this plan, the Bank's Management had prepared financial projections for the years June 30, 2001 through June 30, 2005 based on the Bank's five-year strategic plan. Management's statements have been used as the base from which I commenced to incorporate the effects of the plan.

8. Conclusion

We have considered the situation faced by Sample Bank Ltd and the objectives we would like to achieve. We have also taken a critical look at both our external and internal environments, and through a "SWOT" analysis have identified our strengths, weaknesses, opportunities and threats. The way forward has been determined by identifying our marketing strategies, and by tabling the implementation and control mechanisms aimed at ensuring that the desired results are achieved.

Appendix A

SAMPLE BANK LTD**COMPARATIVE BALANCE SHEETS
AS AT END OF FISCAL YEAR 2000**

EC \$(000)	BARCLAYS	CIBC	SCOTIA	CBC	SBL	SBL %
ASSETS						
Cash resources	30,072	40,098	29,277	57,232	67,362	30%
Securities	4,400	27,747	500	89,903	33,792	22%
Loans	87,801	89,782	111,974	103,067	243,436	38%
Customers' liability under acceptances	3,339			1,619	2,209	31%
Fixed Assets	7,905	4,395	1,387	4,810	20,488	53%
Other Assets	3,308	795	1,140	2,367	1,273	14%
	<u>136,825</u>	<u>162,817</u>	<u>144,278</u>	<u>258,998</u>	<u>368,560</u>	34%
LIABILITIES AND SHAREHOLDERS' EQUITY						
Deposits	124,983	148,472	138,799	182,951	320,880	35%
Acceptances	3,339			1,619	2,209	31%
Other Liabilities	8,503	14,345	5,479	41,030	9,439	12%
Subordinated Debts					8,044	100%
Shareholders' Equity				33,398	27,988	46%
	<u>136,825</u>	<u>162,817</u>	<u>144,278</u>	<u>258,998</u>	<u>368,560</u>	34%
Cash and ECCB Acc stated capital and reserve	19914 22640	29252 21434	24004 19949	17769 10000	20602 10000	
KEY RATIOS						
Liquid assets	21.98%	24.63%	20.29%	22.10%	18.28%	
Loans to deposits	70.25%	60.47%	80.67%	56.34%	75.87%	

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Appendix B

SAMPLE BANK LTD**COMPARATIVE STATEMENTS OF INCOME
FOR FISCAL YEAR 2000
EC \$(000)**

	BARCLAYS	CIBC	SCOTIA	CBC	SBL
Interest income	10,632	13,859	13,684	16,455	29,222
Interest expense	<u>3,786</u>	<u>7,607</u>	<u>6,277</u>	<u>8,531</u>	<u>14,796</u>
Net interest income	6,846	6,252	7,407	7,924	14,426
Non-interest income	<u>3,870</u>	<u>1,948</u>	<u>2,660</u>	<u>2,421</u>	<u>5,315</u>
Total income	10,716	8,200	10,067	10,345	19,741
Non-interest expenses	7,554	6,168	6,001	6,471	12,082
Provision for credit losses	<u>1,376</u>	<u>673</u>	<u>67</u>	<u>1,031</u>	<u>4,651</u>
Total expenses	<u>8,930</u>	<u>6,841</u>	<u>6,068</u>	<u>7,502</u>	<u>16,733</u>
Net income before income taxes	1,786	1,359	3,999	2,843	3,008
Income taxes	<u>299</u>	<u>741</u>	<u>1,959</u>	<u>1,532</u>	<u>623</u>
NET INCOME	<u>1,487</u>	<u>618</u>	<u>2,040</u>	<u>1,311</u>	<u>2,385</u>

KEY RATIOS

Net interest margin	5.00%	3.84%	5.13%	3.06%	3.91%
Return on assets	1.09%	0.38%	1.41%	0.51%	0.65%
Return on equity					8.52%

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Appendix C

SAMPLE BANK LTD**FIVE YEAR STATISTICAL REVIEW****CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEAR ENDED JUNE 30
EC \$(000)**

	2001	2000	1999	1998	1997
Interest income	30,039	29,222	25,852	22,693	20,018
Interest expense	<u>14,922</u>	<u>14,796</u>	<u>12,977</u>	<u>11,888</u>	<u>11,332</u>
Net interest income	15,117	14,426	12,875	10,805	8,686
Non-interest income	<u>6,025</u>	<u>5,315</u>	<u>4,880</u>	<u>4,038</u>	<u>3,580</u>
Total income	21,142	19,741	17,755	14,843	12,266
Non-interest expenses	15,331	12,082	10,698	9,038	8,060
Provision for credit losses	<u>3,456</u>	<u>4,651</u>	<u>1,767</u>	<u>2,953</u>	<u>2,422</u>
Total expenses	<u>18,787</u>	<u>16,733</u>	<u>12,465</u>	<u>11,991</u>	<u>10,482</u>
Net income before income taxes	2,355	3,008	5,290	2,852	1,784
Income taxes	<u>149</u>	<u>623</u>	<u>1,494</u>	<u>1,146</u>	<u>728</u>
NET INCOME	<u>2,206</u>	<u>2,385</u>	<u>3,796</u>	<u>1,706</u>	<u>1,056</u>

KEY RATIOS

Net interest margin	3.83%	3.91%	3.27%	3.45%	2.78%
Return on assets	0.56%	0.65%	0.96%	0.54%	0.34%
Return on equity	7.56%	8.52%	14.27%	9.61%	6.58%

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Appendix D

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SAMPLE BANK LTD**FIVE YEAR STATISTICAL REVIEW****CONSOLIDATED BALANCE SHEET****AS AT JUNE 30****EC \$(000)**

	2001	2000	1999	1998	1997
ASSETS					
Cash resources	49,631	67,362	113,413	64,562	78,257
Securities	36,792	33,792	26,868	22,532	19,507
Loans	276,389	243,436	223,767	205,316	191,957
Customers' liability under acceptances	7,610	2,209			
Fixed Assets	20,202	20,488	20,810	15,068	15,549
Other Assets	4,449	1,273	9,080	5,613	7,307
	<u>395,073</u>	<u>368,560</u>	<u>393,938</u>	<u>313,091</u>	<u>312,577</u>
LIABILITIES AND SHAREHOLDERS' EQUITY					
EC \$(000)					
	2001	2000	1999	1998	1997
Deposits	339,325	320,880	352,708	284,544	284,199
Acceptances	7,610	2,209			
Other Liabilities	10,529	9,439	6,950	4,343	5,547
Subordinated Debts	8,415	8,044	7,677	6,451	6,784
Shareholders' Equity	29,194	27,988	26,603	17,753	16,047
	<u>395,073</u>	<u>368,560</u>	<u>393,938</u>	<u>313,091</u>	<u>312,577</u>
Cash and ECCB Acc stated capital and reserve	19914 22640	29252 21434	24004 19949	17769 10000	20602 10000
KEY RATIOS					
Liquid assets	12.56%	18.28%	28.79%	20.62%	25.04%
Loans to deposits	81.45%	75.87%	63.44%	72.16%	67.54%

Appendix E

SAMPLE BANK LTD**PROJECTED BALANCE SHEET****AS AT JUNE 30****EC \$(000)**

	Actual 2001	2002	2003	2004
ASSETS				
Cash resources	49,631	61,043	71,140	82,538
Securities	36,792	40,092	42,092	43,092
Loans	276,389	296,432	328,475	372,523
Customers' liability under acceptances	7,610			
Fixed Assets	20,202	21,113	20,794	19,840
Other Assets	4,449	5,635	5,731	5,857
	<u>395,073</u>	<u>424,315</u>	<u>468,232</u>	<u>523,850</u>
LIABILITIES AND SHAREHOLDERS' EQUITY				
EC \$(000)				
	2001	2002	2003	2004
Deposits	339,325	370,540	408,094	461,403
Acceptances	7,610			
Other Liabilities	10,529	10,375	12,342	13,118
Subordinated Debts	8,415	8,700	8,800	8,900
Shareholders' Equity	29,194	33,700	35,996	38,429
	<u>395,073</u>	<u>423,315</u>	<u>465,232</u>	<u>521,850</u>
Cash and ECCB Acc	19914	29252	24004	17769
stated capital and reserve	22640	21434	19949	10000
KEY RATIOS				
Liquid assets	12.56%	14.39%	15.19%	15.76%
Loans to deposits	81.45%	80.00%	80.49%	80.74%

Appendix F

SAMPLE BANK LTD**PROJECTED STATEMENT OF INCOME
FOR THE YEAR ENDING JUNE 30**

EC \$(000)	Actual 2001	2002	2003	2004
Interest income	30,039	32,069	35,147	39,283
Interest expense	14,922	16,474	18,033	20,307
Net interest income	15,117	15,595	17,114	18,976
Non-interest income	6,025	6,184	6,630	7,534
Total income	21,142	21,779	23,744	26,510
Non-interest expenses	15,331	16,065	16,565	16,886
Provision for credit losses	3,456	1,651	1,781	1,939
Total expenses	18,787	17,716	18,346	18,825
Net income before income taxes	2,355	4,063	5,398	7,685
Income taxes	149	1,422	1,889	2,690
NET INCOME	2,206	2,641	3,509	4,995
KEY RATIOS				
Net interest margin	3.83%	3.68%	3.66%	3.62%
Return on assets	0.56%	0.62%	0.75%	0.95%
Return on equity	7.56%	7.84%	9.75%	13.00%

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Appendix G

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SAMPLE BANK LTD**DEPOSITS AND LOANS****AS AT JUNE 30, 2001****EC \$(000)**

	ALL BANKS	SBL	SBL %
<u>ASSETS</u>			
Cash	11,384	6,091	54%
Statutory Reserves & Deposits	109,706	14,794	13%
Other Local Banks	5,000	-	0%
Other ECCB Areas Banks	121,951	3,674	3%
Loans and Advances	693,826	294,020	42%
Treasury Bills	50,127	15,000	30%
Gov't Securities	48,540	13,000	27%
Foreign Assets	99,704	19,540	20%
Other Assets	84,091	22,378	27%
Total Assets	1,224,329	388,497	32%

LIABILITIES

Demand	200,734	37,117	18%
Time	350,809	126,248	36%
Savings	391,946	137,680	35%
Foreign Currency Deposits	46,675	38,409	82%
Total Deposits	990,164	339,454	34%
ECCB	3155	22	1%
Other Local Banks		0	#DIV/0!
Other ECCB Area Banks	9247	357	4%
Foreign Liabilities	42817	68	0%
Other Liabilities	178946	48596	27%
Total Liabilities	1,224,329	388,497	32%

DEPOSITS BY DEPOSITORS

Public sector	234,031	161,462	68.99%
Business Firms	129,272	9,252	7.16%
Private Individuals	434,877	99,885	22.97%
Non-Bank Financial Institutions	55,146	8,292	15.04%
Residents' Foreign Currency	10,502	5,398	51.40%
Non-Residents Deposits	126,336	55,036	43.56%
Total	990,164	339,325	34.27%

LOANS AND ADVANCES BY BORROWERS

Public sector	83,492	77,285	92.57%
Business Firms	210,150	41,756	19.87%
Private Individuals	378,541	153,479	40.54%
Non-Bank Financial Institutions	5,905	2,970	50.30%
Non-Residents Loans	15,738	899	5.71%
Total	693,826	276,389	39.84%

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