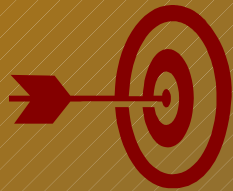




MASTERPLAN project

SEPTEMBER 2009



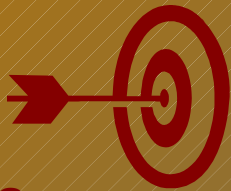
Masterplan v2.0 Target Objective #1

THE KFCU STRATEGIC DIRECTION

TARGET OBJECTIVE GOAL: Kearney Federal Credit Union will position itself in the marketplace as a High Yield Lender (HYL).

FOCUS: The HYL strategy will commit resources to acquiring business from those individuals who fit the HYL profile. However, many resources will still create business from the typical lending environment. The estimated allocation is 60% HYL, 40% regular loans.

- **key point:** The HYL strategy is defined by consumers who are loan worthy and may yield the highest interest rate due to profile.
- **key point:** The HYL process will necessitate training.
- **key point:** The HYL environment may be enhanced by a Community Charter designation and if approved, consideration should be given to a “soft launch”.

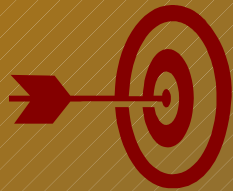


Masterplan v2.0 Target Objective #1

THE KFCU STRATEGIC DIRECTION

TASKS:

- Engage with HYL strategy trainer on customized process for KFCU.
- Solidify staff performance metrics for HYL engagements.
- Designate training schedule.
- Consider additional training in q2 of 2010.
- Consider ongoing-regular annual training.
- Prepare documents necessary for Community Charter designation.
- Research & understand adjacent county employment in Buffalo County



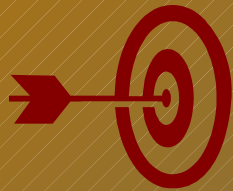
Masterplan v2.0 Target Objective #2

STRATEGIC PLANNING MEETINGS

TARGET OBJECTIVE GOAL: KFCU will meet annually with owners (traditional annual meeting in q1) & Board-Staff will meet annually in q3.

FOCUS: The traditional annual meeting should attempt to solicit more input from the owners regarding strategic direction while the Board-Staff meeting should continue to be a planning session.

- **key point:** The annual will update format.
- **key point:** Conduct a technology survey during annual meeting.
- **key point:** The planning meeting needs to continue to be a interactive dialogue between Board and Staff.
- **key point:** More intelligence gathering needs be done in advance of both.

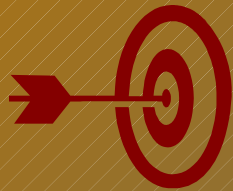


Masterplan v2.0 Target Objective #2

STRATEGIC PLANNING MEETINGS

TASKS:

- Set date for annual meeting.
- Discuss ways to update format of annual meeting.
- Create agenda and gather necessary info to bring to the owners.
- Set date for planning meeting.
- Consider elements for 2011 to discuss at planning meeting.



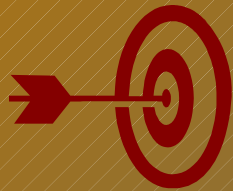
Masterplan v2.0 Target Objective #3

TECHNOLOGY

TARGET OBJECTIVE GOAL: Kearney Federal Credit Union will take aggressive steps to keep its technology up to date.

FOCUS: Continue steps to update processes keeping KFCU technology current.

- **key point:** Ongoing website compatibility with the accounting side.
- **key point:** Banking interactivity needs to be considered in all areas.
- **key point:** Wireless connectivity will not to be explored as part of the service bundle.

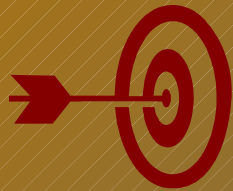


Masterplan v2.0 Target Objective #3

TECHNOLOGY

TASKS:

- Continue to engage with CBS on web developing issues.
- Form technology committee for long term planning.
- Explore real time banking upgrades.
- Customize processes with web developer.
- Remain in non-wireless environment for added security.
- Explore purchase of coin machine and money counter.



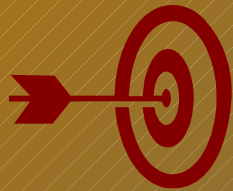
Masterplan v2.0 Target Objective #4

MARKETING

TARGET OBJECTIVE GOAL: Kearney Federal Credit Union will market to High Yield loan applicants.

FOCUS: Even though 40% of KFCU's business will be traditional, 90% of it's marketing resources will commit to the Marketing Target Objective Goal.

- **key point:** Little or no resources will be allocated to mass media.
- **key point:** The majority of resources will be allocated to direct target marketing.
- **key point:** Many of the past promotional events will continue.
- **key point:** All marketing messages should considering the target.

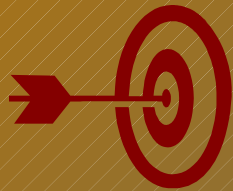


Masterplan v2.0 Target Objective #4

MARKETING

TASKS:

- Develop direct marketing plan using conventional mail and email.
- Develop strategic marketing message.
- Acquire input from contacted trainer about marketing tactics.
- Acquire mailing records of the target.
- Institute campaign flights.
- Re-evaluate all marketing tactics.



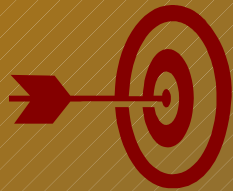
Masterplan v2.0 Target Objective #5

OPERATIONS AND LOGISTICS

TARGET OBJECTIVE GOAL: KFCU will operate daily with strong consideration given to how the Owners use our services.

FOCUS: There needs to be a “give them more of what they need” mentality in the day to day operation.

- **key point:** Continue to monitor lobby hours for efficiency.
- **key point:** Electronic and Internet banking utilization assessment.
- **key point:** The staff configuration needs to fit our budget and the owner needs.

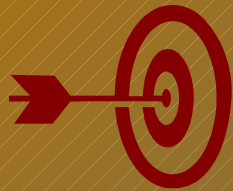


Masterplan v2.0 Target Objective #5

OPERATIONS AND LOGISTICS

TASKS:

- Conduct a owner usage service audit-analysis.
- Conduct a staff resource audit analysis.
- Re-evaluate staff job specifications and configuration.
- Conduct owner survey of lobby, drive thru and Internet banking services.



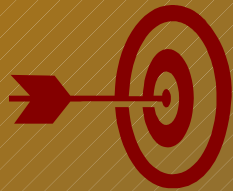
Masterplan v2.0 Target Objective #6

COMMITTEES

TARGET OBJECTIVE GOAL: Kearney Federal Credit Union will continue to collaborate with Board and Staff in a small group environment.

FOCUS: Make the committee system more meaningful and less of a burden.

- **key point:** Evaluate unnecessary meetings-consuming topics.
- **key point:** Discover awareness of committees and members.
- **key point:** Globalize the committee tasks.

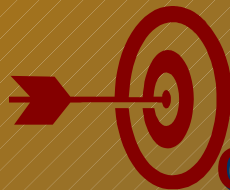


Masterplan v2.0 Target Objective #6

COMMITTEES

TASKS:

- Post committees and members in this Masterplan.
- Establish a technology committee for long term planning.
- Establish a community charter committee to explore future options.



Masterplan v2.0

COMMITTEE ROSTER

ALCO

CHAIRMAN: DEAN

MEMBER: CHARLIE

MEMBER: JENNY

MEMBER: KAYE

MEMBER: DEE

MEMBER: PHIL

TECHNOLOGY

CHAIRMAN: ANDREA

MEMBER: ANREA

MEMBER: WENDY

MEMBER: JENNIY

PERSONNEL

CHAIRMAN: PHIL

MEMBER: DEAN

MEMBER: DOYLE

MEMBER: KAYE

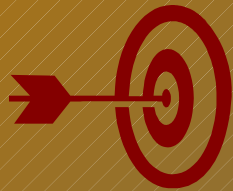
CHARTER

CHAIRMAN: DEE

MEMBER: CHARLIE

MEMBER: SHANNON

MEMBER: DOYLE



Masterplan v2.0 Target Objective #7

KFCU FINANCIAL GOALS

TARGET OBJECTIVE GOAL: Kearney Federal Credit Union will set financial positions in key areas.

FOCUS: net worth (net cap) to exceed 7.5%

FOCUS: asset growth level at \$20 million +3%

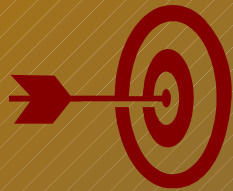
FOCUS: loan growth at 10%

FOCUS: delinquency under 1%

FOCUS: charge offs at 1% or lower

FOCUS: expense at 6% of average assets

FOCUS: income at 100K-interest income monthly



Masterplan v2.0 Target Objective #8

KFCU FIELD OF MEMBERSHIP

TARGET OBJECTIVE GOAL: Kearney Federal Credit Union will set financial positions in key areas.

FOCUS: SEG penetration increase by 7%-non-factor w/ community charter

FOCUS: SEG expansion increase by 5%- non-factor w/ community charter

FOCUS: loan and share marketing per HYL strategy

FOCUS: new services: risk based CC program & coin counter service

FOCUS: education and training as a part of the HYL strategy

FOCUS: sound lending per HYL practice