

BUSINESS EXTRA

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Small Business Economic Trends

Things have to be looking up, right? Fourth quarter 2009 real gross domestic product increased 5.7%, compared with an increase of 2.2% in third quarter.* Federal Reserve Board Chairman Ben Bernanke says the recession is "very likely over."** Yet according to a survey by the NFIB (National Federation of Independent Business), small and independent business owners are just slightly more optimistic about the economic recovery than they were early in 2009.***

CONSUMERS AND CREDIT REMAIN CHALLENGING

Small businesses need customers, but according to the study, consumers have stepped up saving rather than buying. Little federal stimulus money is geared toward supporting consumer spending. With demand for goods and services

depressed, 16% of small business owners plan to cut jobs through early 2010; only 9% plan to create new jobs. In what may be a difficult cycle to break, consumers are unlikely to step up spending until the jobless find employment and those who are employed feel more confident about keeping their jobs.

Just 17% of small businesses surveyed plan to make capital expenditures over the next few months, and only 7% believe that now is a good time to expand. Loan demand remains weak, partly due to low investment in inventories and delays in capital spending. With proposed and scheduled changes in health insurance, taxes and other legislation that may affect costs, many business owners are adopting a wait-and-see attitude.

WE'RE YOUR BUSINESS BANKING PARTNER

Although many business owners are being cautious, opportunities exist for those who are in a position to expand, increase inventory and/or invest in new equipment or physical plant. If you would like a review of your current business plan or proposed expansion plans, a business banker at First Bank would be happy to meet with you. In addition, feel free to contact us to discuss financing options or to explore cash management solutions that can help streamline and improve cash flow. Just call **1-888-220-4446** or visit us online at **www.FirstBankAK.com**.

* Source: Bureau of Economic Analysis, www.bea.gov.
** Source: *The Wall Street Journal*, www.online.wsj.com, posted Sept. 16, 2009.
*** Source: "NFIB Small Business Economic Trends," November 2009.

Leverage These Consumer Trends in 2010



Think creatively and see if your organization is positioned to take advantage of any of these trends:

- **Go green.** Consumers are becoming increasingly aware of the impact of their buying decisions on the environment. A survey conducted in 2008 by Boston Consulting Group found that 34% of consumers look for green products, up from 32% in 2007, and 24% are willing to pay more for green products, up from 20% in 2007.* Review your green initiatives and promote them to consumers.
- **Market to locavores.** Locavores support buying food and goods produced close to home to limit the impact of transportation costs and fuel usage on the environment, as well

as support local farms and producers. A "buy local" promotion may help you attract customers who embrace the locavore philosophy.

- **Use social media.** Social media sites such as Facebook®, LinkedIn® and Twitter® can help spread your message, drive traffic to your Web site and possibly increase your search engine rankings. In one survey, nearly 65% of marketers who have used social media for several years strongly agree that it generates exposure to their businesses.**

* Source: "Capturing the Green Advantage for Consumer Companies," The Boston Consulting Group, January 2009.
** Source: "Social Media Marketing Report," March 2009.

*Building Your Emergency Fund***A Little Here and a Little There ... Adds Up to a Lot!**

Can you think of one or two things you bought last month that you didn't need?

Most people can admit to the occasional impulse buy. But what if you thought twice about those unnecessary purchases? Instead of paying \$20 here and there for something you don't need, pay yourself by putting the \$20 into a savings account instead. Saving just \$20 each paycheck could add up to more than \$500 in a year* – and you probably wouldn't even notice the difference.

Cutting back on unnecessary spending is a great step toward building an emergency fund. Most experts recommend setting aside three to six months' worth of living expenses in case a sudden financial burden arises – loss of a job or car problem, for example. Having money saved can help protect you from taking on debt if the unexpected happens.

WE CAN HELP YOU SAVE

Ready to build your emergency fund? First Bank has the tools you need to reach your savings goals – whether you can deposit a little or a lot.

Basic savings account – Our interest-earning savings account is a great way to start saving for your financial goals with any amount. Sign up for direct deposit or automatic transfers from your checking account.

Money market account – Your savings will add up quickly with one of these higher-interest-earning accounts. First Bank money market accounts allow convenient access to your funds, including checks.

**Certificates of Time Deposits (TDs) –**

With a minimum balance of \$500 and terms ranging from 30 days to 60 months, we have a TD that's right for your savings plan.

To get started, contact one of our financial experts today at **1-888-220-4446**, or visit us online at **www.FirstBankAK.com**.

Sign up for overdraft protection, and remember to pay yourself with the money you save.

* With biweekly paydays.

Why not save money by avoiding unnecessary fees?**New Prince of Wales Branch**

The new First Bank Prince of Wales Branch has recently opened next to the old location at Third and Main Streets in Craig. Please visit our new facility and let our helpful, friendly team take care of your banking needs.

\$ Funds Availability Policy Change

Effective Jan. 1, 2010, the Bank changed its funds availability policy. Our policy has always been to make funds available to you on the first business day after we receive your deposit (received prior to the close of business day). This has not changed. In some cases, the Bank delayed the availability of your funds for six business days; however, as of Jan. 1, if the Bank determines a delay in availability was necessary, funds will generally be available on the third business day after receiving your deposit. We will continue to inform you if a delay in availability will occur at the time of deposit or within 24 hours after receiving your deposit.