

Overdraft Revenue Holds Steady Post Reg E

78% of Pinnacle clients retained or increased their income. Who won, who lost and why?

SCENARIO The Reg E Amendment was announced in November 2009 mandating significant changes to the ways in which financial institutions manage their overdraft programs. With over 500 clients nationwide using a Pinnacle Overdraft Privilege program, we understood the potential impact this amendment could have on community banks and credit unions. Early estimates had forecast the risk to be a loss of more than 60% of fee income.

THE PINNACLE PERSPECTIVE To help our clients minimize the potential loss of income while maintaining regulatory compliance, we spent over 5 months and over 5,000 staff hours developing a comprehensive opt-in strategy. The Pinnacle OptIn Total Solution was provided – at no cost – to our current clients beginning on February 19th of 2010, and delivered in three phases to ensure a seamless and successful implementation. Phase I launched the program with a comprehensive Planning Guide, detailing step-by-step what would need to be done, and how, before the mandatory compliance deadline. Phase II delivered a complete Training Tool Kit, including templates and guidance for internal communications, webinars, and e-Learning courses to help staff communicate accurately with new and existing account holders. And finally, Phase III gave participating financial institutions a turnkey communications program, encompassing everything from calling scripts to direct mail templates, designed to maximize account holder opt-ins.

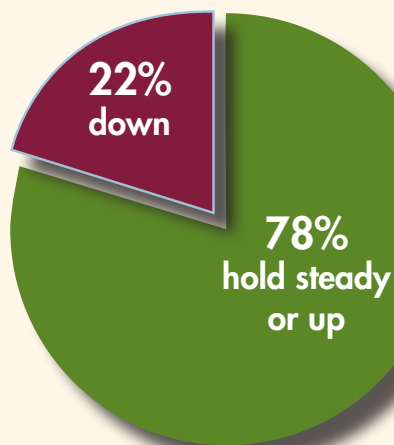
(continued)

KEY TAKEAWAY POINTS

78% of Pinnacle clients maintained or increased their revenue from Q3 to Q4 2010

Key differences in performance attributed to diligent adherence to opt-in planning and implementation

Overdraft Revenue Q3 - Q4 2010



Based on actual Q3/Q4 2010 data from over 500 community banks and credit unions

RESULTS The Pinnacle Opt-In Total Solution was a proactive initiative to help clients and other financial institutions minimize the anticipated negative bottom line impact while complying with the Reg E amendment. Since it was critically important to provide the information as timely and efficiently as possible we delivered the solution to our clients through a newly designed “permission-based” microsite and back-end database. We were able to track all client login and document download activity so we could actively assist our clients with their Reg E opt-in and compliance plans.

In keeping with Pinnacle’s approach to developing and offering consumer-focused services that build rewarding relationships with account-holders, we can conclude that those financial institutions that were highly engaged and approached the new regulatory guidance proactively were able to exceed expectations. Instead of merely minimizing lost revenue, most clients who followed the Pinnacle program were able to maintain and/or increase their fee revenue and comply with the Reg E amendment by the mandatory deadlines. A full 78% of Pinnacle clients retained 90% and more of their ODP fee revenue, and 40% of those realized overdraft fee revenue performance at 100% or better from Q3 to Q4 in 2010.

“*Having the complete tool kit was invaluable. It was like someone was holding my hand through the entire process.*”

— Dena M. Faulk
Vice President
First National Bank of Louisiana
Crowley, LA

“*I really liked the 3-phased approach Pinnacle took. It gave me the opportunity to manage this as a full-scale project.*”

— Cindy Ringer
Branch Manager
Texas State Bank
San Angelo, TX

Institutions that used the Pinnacle Opt-In Total Solution

Bank	Asset Size	Q3 Fees	Q4 Fees	\$ Diff	Ratio
A	\$585,644,000	\$461,000	\$465,000	+ \$ 4,000	1.008
B	\$6,409,275,000	\$987,000	\$1,419,000	+ \$432,000	1.437
C	\$174,185,000	\$370,000	\$393,000	+ \$ 23,000	1.062
D	\$4,457,398,000	\$1,634,000	\$1,845,000	+ \$211,000	1.290
E	\$47,939,000	\$52,407	\$51,947	- \$ 460	0.991

Institutions that did **NOT** use the Pinnacle Opt-In Total Solution

Bank	Asset Size	Q3 Fees	Q4 Fees	\$ Diff	Ratio
F	\$251,470,000	\$314,000	\$269,000	- \$ 45,000	0.856
G	\$1,921,832,000	\$3,334,000	\$2,895,000	- \$439,000	0.868
H	\$295,511,000	\$295,000	\$257,000	- \$ 38,000	0.871
I	\$30,853,000	\$63,000	\$55,000	- \$ 8,000	0.873
J	\$3,447,524,000	\$5,632,000	\$5,090,000	- \$542,000	0.903

Actual Q3 - Q4 2010 data from sample client financial institutions.