

Harland Clarke Account Holder Insights That Unlock Greater Profit Potential Webcast 06/26/2014

TRANSCRIPT

Stephen Nikitas, Senior Market Strategist, Harland Clarke

Amanda Swift, Vice President – Retail Sales and Project Manager, First Financial Bank NA

Good day and welcome to the Harland Clarke Account Holder Insights that Unlock Greater Profit Potential conference call. Today's conference is being recorded. At this time, I'd like to turn the conference over to Mr. Steve Nikitas.

Steve: Thank you and good afternoon everybody. Thank you for attending the 15th webinar hosted by Harland Clarke in 2014. Today, our topic is the Opportunity Analysis: A Fact Based Planning Tool. Logistically, a couple of quick things before we get started. During the sessions, we are going to be focusing in the opportunity analysis. If you have any questions, if anything comes up while we're going through this presentation, please feel free to type your question into the chat box and make sure it is addressed to all panelists. During the course of the presentation, we'll make sure that we address any questions you may have. At the same time, we're going to leave time available at the end of the presentation and open up our phone lines so if you would like to ask a question over the phone, we'll make sure that we leave ample time for you to do that.

Secondly, a recording on this presentation along with the slides will be made available to everybody within a few days after this presentation. We'll make sure that all registered users get the recording and a copy of the slides that we go through.

With that, let's go to our next slide. Again, my name is Stephen Nikitas. I am a senior market strategist of Harland Clarke. I have been with Harland Clarke now for about three and a half years. I come out of the financial services world where I have about 30 years of retail, marketing and operations experience behind me. Today we are honored to have a special guest, Amanda Swift, who's going to be joining us and talking about her experience with the opportunity analysis. Amanda, would you be kind enough to say hi to everybody?

Amanda: Hello, everyone. My name is Amanda Swift. I'm vice president of retail sales and project management with First Financial located in Terre Haute, Indiana. That's all for now but I will be talking more later about our experience with Harland in the opportunity analysis.

Steve: Thank you very much. Lets go to our agenda and talk about what we're going to present to you today. First off, we're going to talk about the Harland Clarke banking industry database and benchmarking overview that are key components of our opportunity analysis, and then we will talk about how financial institutions use the opportunity analysis for market and retail planning. This is an opportune time to conduct this presentation because even though we are less than a week into the summer, I'm sure that many of you are just beginning to think about 2015 planning. Hard as it is to

believe, we're not even half way through 2014 yet, but I would imagine that your CFOs and CEOs are approaching you now and asking you to get your thoughts together for next year's planning. This is a great time to talk about the opportunity analysis because it can truly be a tool, a very helpful tool, to help you in your 2015 planning program. Then we'll invite Amanda to come back and Amanda will talk to us about how First Financial Bank has utilized an opportunity analysis.

With that, lets get to our next slide. To start off, I wanted to share with everybody on the phone today some of the things that I see going on in the industry and this will all tie back into how an opportunity analysis can help us. In my role as a senior marketing strategist of Harland Clarke, I probably work with upwards of 200 or so different banks and credit unions around the country. What I see going on out there is the common thread that I see from one financial institution to another are these key points.

First off is acquiring and retaining account holders. More importantly, I see financial institutions not only looking to acquire and retain, but also making sure that they're acquiring and retaining the right account holder. Those account holders who were going to have a deeper relationship with them who were going to have more products and more balances with that financial institution. That I see is a pretty significant change that I've seen over the last 12 to 18 months or so. It seems prior to that we just wanted to get account holders in the door and then we would figure out how to cross sell them and how to deepen those relationships. Now it seems like the focus is more firmly in sponce with lets bring in affluent or mass affluent or segments of Gen Y and Gen X that we know are going to have those deeper relationships with us.

Secondly, I see financial institutions obviously battling with declining spreads that interest margins are certainly continue to be under pressure because as we all know the fed has been artificially depressing rates and that certainly has put pressure on us from a profitability standpoint.

Growing the loan portfolio is tantamount among nearly every financial institution with whom I work. A year ago, I would have said that loan to deposit or loan to share ratios are at historic lows. Most institutions had a very robust lending year in 2013 and those loan to deposit and loan to share ratios came back a bit, bounced up from those historically low rates, but across the board we still have plenty of opportunity to grow those ratios. At the same time, while we're looking to bring in new account holders, retain those account holders, while we're battling, declining that interest margins, while we're looking for ways to grow the asset side of the balance sheet, it seems like more and more regulations are coming at us from Washington and just making it increasingly more difficult for us to do our job basically.

On top of ways to grow the business, in many ways, we're often forced to put one arm behind our back in order to continue to strive for success. All of that is taking place while we struggle with technology, in many cases we're dealing with outmoded core systems looking to upgrade the systems and trying to do that without putting a stop to all of the over things we need to do in order to get more business in the door. All of this goes on from a marketing perspective looking to do things as efficiently, as cost effectively as we possibly can, and implement those marketing programs that are going to be measureable. I would say now more than ever I see financial institutions focusing on results and ways

we can measure those results so that we can make sure that whatever dollars we're devoting from marketing and retail, we're making sure that we're able to measure what those dollars are bringing in so that we can continue to conduct those programs that we've started.

Lets go to our next slide. Here, as a result of all of that, when I interact with marketing and retail employees, whether it's a bank or a credit union, here's where I see the focus. It's acquiring those new but those right account holders. We're going to have that deeper relationship or dollars on balanced, growing the loan portfolio, but just as importantly, I see a focus on shifting the way consumers do business with our financial institutions. We have a presentation that I do where I show the cost of operating in certain channels. Increasingly what I see is financial institutions wanting to steer more business online and through mobile channels. That transaction that is conducted in the branch today on average is costing a financial institution over \$4 to handle that particular transaction. That same transaction if I can get that consumer to do it with via online banking or through mobile banking. I bring it down to just pennies. While we're under pressure, with our interest margins looking for ways to ensure that profitability, our ROAs are as high as they can be, I see financial institutions looking to shift the way people are doing business with us to digital channels in order to maximize profitability.

Lets go to our next slide. All of that being done, this is a prelude to what we talk about going forward and just setting the bar for everybody. Harland Clarke's core marketing philosophy is customer life cycle marketing. Helping financial institutions not only as we look at the continuum here finding ways to generate awareness of a bank or credit union's products and services, but employing different marketing programs that take us through the entire customer or entire member life cycle through acquisition, through activation, through utilization cross sell retention. Everything that Harland Clarke does is focused along that life cycle continuum to make sure that financial institutions are able to continue to market and communicate with their account holders through all stages of their relationship with the bank or credit union.

On our next slide, what we're going to talk about here is we're going to start getting into the data. Lets get to our next slide and talk a little bit about what the opportunity analysis is. When we talk opportunity analysis, there are really four key features of an OA.

First and foremost, the OA provides financial institutions with key insight and information about their customer or member portfolio. We'll talk more about that in a moment. At the same time, it helps identify those opportunities and risks that are in front of a financial institution. Opportunities for product growth and opportunities for service growth and opportunities for customer or member retention. At the same time, it helps to identify those risks, where my financial institution might not be as comparatively beneficial when I look at how my portfolio stack up with other financial institutions. At the same time, it will help to identify risks. Customers or members who show the likelihood or either draining balances from my financial institution or ultimately closing their accounts and moving onto another bank or credit union. Lots of opportunities and lots of risks are presented through the opportunity analysis.

As I mentioned, as part of the OA, we show a product analysis, we show product penetration, we show balance penetration and all of that is compared to the industry benchmark, which we'll get into in a moment. But in effect, we all know how our financial institution performs. We see our data sheets on a daily basis or a weekly basis or a monthly basis. We see our board reports each month so we know how our portfolios are performing. It's always beneficial to know how we're doing relative to our peers and that's where the Harland Clarke industry benchmark comes into play. It helps to compare our performance to our peers so that we truly have a better picture on overall how we're competing in the marketplace.

Many of you on the phone have probably been through similar presentations like this where you're getting lots of data presented to you. My experience as well as what I hear from other financial institutions is that those sorts of presentations are wonderful. Lots of great information presented to the bank or credit union, but more often than not, what we see is an information overload where by the time the presentation has ended, by the time we get back into our offices, we take that binder, we take that handout that we received at the start of the presentation, we may flip through it, but ultimately in a very short period of time, it goes into a bookcase, it goes into a desk drawer and we never pull it out again simply because we have been overwhelmed with the amount of data that has been presented.

A key differentiator with the OA is that Harland Clarke is going to provide the financial institutions with actual recommendations that a bank or credit union can put into play in order to move the needle, whether it's looking at loan growth, whether it's ways to retain profitable customers, whether it's presenting ways to bring in more customers, in general, ways to help a financial institution move from point A to point B. In order to do that, we're relying on the information from the OA, but we're also sharing best practice information, what we see other financial institutions doing with this information in order to help them continue to succeed. That is a key differentiator with the opportunity analysis and something that may be different from those of you who may be thinking "I've gone through this type of presentation before, how is this different from I'm already familiar with."

Lets go to our next slide. On our next slide, as I mentioned, the Harland Clarke industry database, what is it? It is a database that comprised some 55 million or so households and some 132 million accounts. It is a database that is refreshed on a quarterly basis. The information is gathered from dozens of financial institutions with whom Harland Clarke works with on a day in and day out basis. This information serves at the comparative benchmark that we will stack your financial institution up against so you have that opportunity to see how you're performing relative to your peers. When we do an opportunity analysis, typically what we'll do is we will make sure that the benchmark is like asset size so that if your institution is a \$500 million or \$1 billion institution, we're comparing you to institutions of that size or we might be comparing you to institutions of that size in your particular geography. In some cases, when we conduct an OA, a financial institution will say "we're not so concerned about geography, we're not so concerned about asset size, compare us to your entire database" and we're able to do that.

Everything that we do, the information is confidential. The information that the financial institution shares with us is protected and safe and no confidential information is being leaked anywhere.

Lets go to our next slide. On our next slide, what we want to show here are the key components of an opportunity analysis and I'll spend a moment on these. There are six key components to the opportunity analysis, starting from left to right, six key benefits or features that you're going to see from an OA.

First off is value segmentation. Value segmentation allows us to take your account holders and put them into segments that are based on their propensity to either buy more products or attrite from the financial institution. I'm going to talk more about that in a moment.

Another key component or key feature of an opportunity analysis is our ability to show attrition. Our ability to show attrition relative to account holders who are going to either drain balances or account holders who are going to ultimately leave the financial institution. When we show attrition information, we show attrition information by tenure and also by product penetration. We're comparing your financial institution to the benchmark to give you a better feel for how your institution stacks up to your peers or to the industry in general.

The next component, product assessment, allows you to see product and balance information. Product penetration relative to households, what percent of my households have a checking account, what percent of my households have an auto loan, and how do those penetration numbers stack up against the benchmark, again allowing you to compare your performance.

New account holder assessment. Another feature of the opportunity analysis is we're able to identify the activity of your new account holder, those account holders who have been with you for up to a year and as part of that analysis, we're able to look at that account holder penetration relative to products and balances and compare you to the benchmark. We append some data with this analysis, appending customer or member age, home ownership and income, and all done in order to give you a better feel for how are my new customers or members performing relative to the benchmark, what do they look like from a profile perspective, what kind of balances do they have with me, what is their services per household, what is their product per household level, what are the ages of my new customers compared to the ages of the industry in general.

In many cases, when I present an opportunity analysis, when we show the ages of a financial institution's new customers or members, we might find that the age is markedly different from what we see with a benchmark, usually older. Something like that will tell a financial institution that maybe we're marketing in the wrong spots, maybe we're not bringing in enough young consumers who are entering those life cycle stages where their need for more products and services will be further developed. All of that information can prove very beneficial to a financial institution looking to grow its portfolios.

Next component, component benchmarking, again as we've talked about, we're going to compare the institution to our benchmark, compare channel usage, take a look at balances, take a look at product penetration, and compare attrition.

Lastly, that action plan as we deliver an opportunity analysis, we always include the action plan component, sharing best practices with financial institutions to help them better understand what these other institutions are doing to help them go from point A to point B. Here's where as a marketer or

retailer information can be very helpful as I put together my 2015 marketing plans to help me get a feel for what are those things I could be doing or might want to be doing in order to continue to grow and prosper.

On our next slide, we're going to be taking a look at that segmentation. As I mentioned, a key component of the opportunity analysis is value segmentation. Let me just spend a moment on this particular slide and direct your attention to the graph or the chart of the right hand side. With value segmentation, Harland Clarke uses its proprietary propensity model called [Stratics.] Stratics takes a look at your account holder's likelihood to attrite or likelihood to buy more products. Based on the stratics analysis, what we're able to do is put your account holders into one of seven different buckets. Those seven different buckets appear here on the right hand side.

Lets take a look at first off the X and Y-axis. On the X-axis, we're looking at likelihood to attrite from the financial institution. As I go left to right on the X axis, the likelihood of a customer or a member attriting from a financial institution increases their likelihood to either drain balances or leave the bank or credit union. On the Y-axis, we're measuring a customer or member's likelihood to buy more products. As I go bottom to top on the Y-axis, the customer or the member's likelihood to buy more products increases. Lets put this in perspective for everybody.

Let me direct your attention to the upper right hand corner, High Touch. In this case, the 25% figure in this sample shows that 25% of this particular financial institution's account holder base is in the high touch bucket. We call it the high risk high potential bucket. Why? Because based on where they sit on the X-axis, those customers in this particular bucket show a likelihood to attrite. They're high potential because based on where they sit on the Y axis, those account holders in this bucket also show a likelihood to buy more products. High risk, high potential. Typically when we do this analysis, those account holders in this bucket are typically younger, Gen Y, maybe the younger segment of Gen X, gainfully employed, typically you'll find higher incomes. Typically at that life stage where their need for more products and services is exacerbated, but at the same time, they're often targets of other financial institutions because other financial institutions doing their due diligence understand that there's lots of opportunities with customers, your customers or members in this particular.

That high touch elite bucket is just customers or members who show a more pronounced likelihood to either attrite or buy more products. The high touch and the high touch elite buckets are your most profitable customers, those customers who have a life stage need for more products and services, a couple of buckets or segments that we want to focus our energies on.

Lets go counterclockwise. That aggressive cross sell bucket. Based on our stratics analysis, those account holders who end up in that bucket, in this case there are 37.5% of this particular financial institution's account holders, are not so likely to attrite based on the fact that they end up on the left side but at the same time likely to buy more products. Typically, around the same ages, around the same life stages as those folks in the high touch bucket, but just a little bit more loyal to financial institution. Less likely to attrite, a little bit longer tenure with the bank or credit union. The aggressive cross sell elite bucket,

same as we saw with the high touch elite; just a little bit more likely to buy more products from us and a little bit more firmly planted with the bank or credit union.

Continuing to go counterclockwise, the loyalty and loyalty elite buckets. Typically, these account holders are a little bit older, more likely beyond the life stage where they're going to buy more products and services, and more likely not to change financial institutions, more firmly enveloped within the financial institution. From a product perspective, here's where the stratics analysis allows us to identify certain products are services that the account holders in either of these two buckets may show a likelihood for. When I market to the account holders in either of these two buckets, my marketing efforts are going to be a lot more laser focused than they would be marketing to the account holders in the aggressive cross sell and high touch buckets only because they're older. There are still opportunities, but stratics will identify where those opportunities are. Those opportunities are just not as broad or deep as what we see with that high touch bucket.

Typically, those customers or account holders in this two particular touch buckets, loyalty and loyalty elite, often times make great targets for referral campaigns. A little older, more loyal to the financial institution, are likely your word of mouth army if you will. Those folks who are out there who are going to be talking up the bank or credit union to their friends, their neighbors, their work associates, their grandchildren, their nephews and nieces.

That last bucket going again counterclockwise all the way over to the lower right hand corner is the relationship bucket. In this particular case, 5% of this financial institution's account holders were segmented into that particular relationship bucket. Who are they? Not likely to buy more products based on where they sit on the Y-axis, but likely to also attrite. Their buying propensity is typically a little bit more pronounced than what we'll see with the loyalty group and you've got to be a little bit more focused on the product or service you're going to sell to the customers or members in this particular segment, but they also show a likelihood to attrite from the financial institution. If they do, the reason they're called relationship, is because the account holders in this particular segment have the strongest balance relationships with the bank or credit union. We want to make sure those account holders in this particular segment are ones that we're reaching out to at the right time with the right product or service to ensure that they don't attrite because if they do, they will put a significant dent into our balance sheet.

Just a little bit more information on how the opportunity analysis from a value segmentation perspective can help a financial institution to really identify where my best market opportunities are, who should I be reaching out to, what products and services should I be selling those particular account holders, and when should I sell those products and services to those particular account holders. All in all, what this allows us to do is really stretch our marketing dollar and make us a whole lot more effective in how we market and how we retail to our customers and members,

On our next slide, I want to share with you some information on what I see those top performers do, those folks who have gone through an opportunity analysis, and we're going to hear from Amanda Swift

in a moment. First off, they're utilizing the data. They're increasing their marketing effectiveness by putting the data to use.

Secondly, they're prioritizing. Having an opportunity analysis is going to come a wealth of information and often times as I mentioned earlier we sit in these presentations and we get lots of data, but often times we're overwhelmed and just really don't know where to start. As part of the OA process, financial institutions are guided through a prioritization process to make sure that we're going after the biggest bank of the buck.

Next, item number three, they're deploying those actionable and result orientated marketing initiatives to make sure that when all is said and done we're really moving the needle.

Next point, the opportunity analysis with the benefits of the stratics profiling allows us to make sure that we're focusing on those right account holders with the right message as I just walked through with the seven different value segments.

Ultimately, we're growing wallet share, helping to improve our cross sell numbers as well as helping to make sure we're retaining those customers who are most profitable for us.

Lastly, those institutions that go through an opportunity analysis are ensuring as they're putting their marketing and retail plans into play and into place as a result of the data that they received. They're making sure that they're aligning all of the functional areas within the organization to in effect make sure everybody is playing in the same sandbox. Make sure that the silos that are often times developing within our institutions that sometimes more often times out of our control this information is helping financial institutions to get everybody aligned on the same page so that we're identifying where those opportunities are and working together, pulling together, to make sure that we're doing everything we can to get our targets and take advantage of the information.

Let me stop here for a moment and just bring up an example of how all of this comes into play. I was recently working with a financial institution on opportunity analysis. Out of the opportunity analysis came a boatload of information for this particular institution. Among other things was we were able to identify that this institution had an attrition problem. The institution knew that it had an attrition problem. It knew it was losing a lot of account holders, but it didn't know to what extent it was losing account holders and it didn't know relative to its peers how bad the situation was. At the end of the opportunity analysis, the institution said to us certainly a lot of great information came out of this, but as we prioritize, you presented the data, you have confirmed what we thought we knew, now from a prioritization standpoint, first and foremost, we've got to tackle attrition.

Here's what we working with the financial institution were then able to do. We were able to identify who those customers were who showed a likelihood to attrition from the financial institution. That's step one. What do we then have to do in order to make sure that these customers deepen their relationship with us and don't close their accounts, which up to now has been happening? The next step in the process after we identify who those likely attritors are, we then utilize our propensity model, our stratics propensity model to identify the product or the service that these potential attritors show a

likelihood for. Now, rather than marketing to a likely attritor and not having a strong story to tell them, the marketing program that this particular financial institution put into place we're reaching out to likely attritors but reaching out to them with a product or service offer that will resonate very loudly with them because they show a propensity for that particular product or service.

In this case, we were able to help this institution takes its attrition numbers from about 31% down to the low teens 18 months. When you think about it, that is a huge decrease in their levels of attrition. That's how we're reaching out. We're reaching out in a smarter more effective endeavor in order to growth and retain. At least in this case, it helped this particular institution to really put a dent in its attrition problem.

On our next slide, when we talk about how we're reaching out to potential customers, to existing customers or members, the benefit is that we're looking at pretty much every product within the portfolio. It's looking at ways to grow all deposit accounts, all loan accounts, and all digital or electronic services. In fact, we help many financial institutions to grow those ancillary services like brokerage or investment services, even insurance services. What will come out of the opportunity analysis is recognizing where our holes are, where our risks are, where our best product sale opportunities are, addressing all of the venue items that you see on this particular slide. Basically from soup to nuts, A to Z, across the entire spectrum of the balance sheet, we're able to help a financial institution.

On our next slide, out of the opportunity analysis comes a marketing plan. In this case, here's a sample onboarding marketing plan that a financial institution eventually put into place. In this case, it's an onboarding program that goes from day one to day 100, combination of direct mail, combination of phone calls, combination of email.

When we go to the next slide, here is a more in depth marketing plan coming out of an opportunity analysis. In this case, if you look at the yellow bars, this particular financial institution put into play a handful of marketing programs, ranging from onboarding to cross sell to recapture to a trigger based program called Shopper Alert to CD maturity. In this particular financial institution's case, they had a high percentage of account holders who had certificates and it was negatively impacting their cost of funds. In this financial institution's case, they elected to put into play a CD maturity program that was focused on moving those high cost CD dollars over to lower cost to fund items or even to their brokerage accounts. This particular institution also put into play a retention campaign and a home equity activation and utilization campaign.

You'll see on this calendar if you look at the top row it takes this institution out for an entire year. The benefit of the opportunity analysis from a planning perspective is we were able to identify quantities for each of these particular programs ranging fro onboarding all the way down to home equity and activation, home equity activation and utilization campaign. From a planning perspective, as this institution was planning from its 2014 year, it knew from a budgeting perspective how much money they should put aside in order to conduct all of these programs. All in all, it made the planning and the budgeting process for this particular financial institution go a whole lot more smoothly than it had prior.

Here on our next slide, what we're going to do is bring Amanda back in. Amanda, welcome.

You are the vice president of retail sales and you're the product manager with First Financial Bank. Tell us a little bit about what you do.

Amanda: Good afternoon everyone. What I basically do is work with the product lines and the different areas within our bank focused with our retail business line to try to design and drive and measure the specific reporting and initiatives that we're trying to reach with our strategic plans that we put in place. I work really closely with marketing and other loan product lines as well to be able to get the end results that we're looking for.

Steve: How long have you been with First Financial?

Amanda: I've been with First National Bank for about 17 years. I started when I was in college and had just worked my way up through the ranks.

Steve: I see you are a graduate of Indiana State University. Being a Bostonian, I will say next to Larry Byrd, you are Indiana State University's most famous alum.

Amanda: Thanks. Yes I had a degree in mathematics from ISU.

Steve: Our on next slide, tell us a little bit about First Financial Bank.

Amanda: As I mentioned earlier, we're headquartered in Terre Haute, Indiana. We have 72 banking centers within our footprints. Our footprint services 46 communities in western Indiana and eastern Illinois, so we're very close to that border of both states. We're about \$3 billion asset sized with our most recent acquisition that we have.

Steve: Based on the branch network and your assets, would you say you are the largest locally owned financial institution in your communities?

Amanda: In some of our communities yes, in some of our communities no. It just spreads. In some of our communities, we would be considered more of a regional or larger community bank. Like in Terre Haute, we are the largest probably and of course we're headquartered here.

Steve: On our next slide, tell us a little bit about what was going on from a marketing and retail perspective before the opportunity analysis was delivered. What did things look like?

Amanda: Prior to the opportunity analysis, I was pretty new to my role too. Not too long after we did the opportunity analysis, we weren't seeing the results we wanted to see from our previous marketing programs. We weren't seeing new growth and we didn't feel like we were seeing the increase share of wallet with our existing customers that we would've liked to see. Another thing with us is we just recently had an acquisition so we have some very large legacy markets but then we also have some very new growth markets. We had an acquisition last year that brought on nine new branches, we added four Genovo branches the year before that, plus we bought a bank in 2011 and brought them on as well.

We are in the acquisition mode and growing, but we also have some very strong legacy markets as well. It was really hard for us to balance. We really just had the spray and pray marketing previously and just didn't really see those results, so we were really looking for someone that could really help us to nail down and target our marketing to where we needed to be able to increase share wallet, where we needed to do but also grow in our growth market.

Steve: On our next slide, we at Harland Clarke delivered an opportunity analysis back in November of 2012. If you could share with us some of the things that came out of that OA.

Amanda: It was a very detailed presentation that Harland Clarke provided for us with a lot of information. As Stephen said, it's a lot of data that you do receive and it's like what do you do with it at that time. In partnering with Harland, they were able to sit down and we were able to put our marketing plan in place based on the information that was provided from the OA. We were able to identify that we do have cross sell opportunity within our own house to really increase that share of wallet within our own customer basis.

We also realized that we really needed to put an onboarding program in place to be able to keep and retain those customers that we bring in, so we recognized that and were able to put that in place. We also just looked to see what could we do as far as bringing in new businesses as well especially in our new growth markets, and so we worked with Harland to bring in some small businesses and this was called a small business acquisition that we did in our springtime of last year that we were able to try to bring in just those small business deposits, especially in our growth markets that we were looking for. This did give us that springboard for really changing our planning process and how we had planned for our marketing in previous years. It really leads us to sit down and create a yearly marketing calendar that we follow and know that's going to happen for each year.

For the last two years, we have been able to sit down and work with Harland to be able to put in place those marketing calendars that Stephen showed you in the previous slide for the entire year and what our programs would be and worked to accomplish those programs.

Steve: On our next slide, as you mentioned, lots of stuff came out of the OA and you prioritized. Could you go a little bit more in depth into some of the things we see here?

Amanda: Sure. With most of our marketing that we put in place, and we'll start with 2013 first, we implemented direct mail with the support of email marketing as well. We had not done a lot of direct mail marketing prior to that. It was more broadcasting, newspaper, and those types of marketing. Direct mail was something newer for us, not that we hadn't done it at all, but just not that much of it. We implemented our onboarding program by the time we got it designed and developed and we implemented that in July of 2013 with a welcome letter. A week after the customer opened their account they get a welcome letter from us that is then followed by a 30-60-90 day product letter and we set up a hierarchy based on what we wanted to focus on as important as far as products to be able to target those customers depending on what account type they opened with us what their next product letters would be. All of those pieces, the welcome 30-60-90, was followed up with an email to the customer as well seven days after the letter was mailed.

We really looked at our cross sell and how can we increase share of wallet within our own house. We implemented a quarterly cross sell campaign. We got it designed and everything set up and going. We were able to do three drops in 2013. We had one letter just on checking, one on auto loans, home equity and mortgage, really focusing on the loan. As Stephen mentioned at the very beginning of this presentation, to a lot of banks, that's an area of focus and it is for us as well. We created everything and basically we would provide Harland with our database. They then as Stephen mentioned used their stratics system, which is their propensity system, to look to see of those customers who don't have these products what is their propensity to buy this product as their next best product. When we talk about results, that really was a big help in making sure we targeted the right consumers and customers with the right letter to get results that we wanted to get. Those letters also followed up with an email to those same customers also.

Lastly, as I mentioned earlier, we did the small business acquisition. This was targeted to completely new prospects and small businesses. We provided Harland with what we wanted to target in the areas that we knew we could grow in as far as an NAIC and did a mailing in April and May of last year, three mailing spaced two weeks apart, they went to the same customers and then we also enlisted the help of Harland's call center to help to do follow up calls with those individuals to try to develop some additional business and opportunity to be able to speak further with those customers.

We also had three home equity line of credit check letters dropped throughout 2013. We did one in the spring, we did one in August for back to school and then in November for Black Friday and getting ready for Christmas shopping. Those were mailed to our low utilization customers as well.

Steve: Lots of good stuff. On our next slide, could you talk a little bit to the results of just a couple of the programs? I know we're getting long on time here and I want to make sure we get everybody out before the top of the hour. If you would, onboarding and cross sell, talk a little bit about what's happened there.

Amanda: As you can see, these were the two main programs we were really focused on in 2013. Our onboarding program we did see a result of a little over 2% response rate on indirect and direct response rates for that program. Our cross sell program we saw a little over 8% response rate. A lot of that coming from loan business, which was very exciting for us because that was really a focus for us. We really feel like based on having that stratics and be able to determine the propensities and the next best product, would this be a product that customer would buy, was very helpful in being able to target those specific customers and for us to ultimately have the results we did.

Steve: On our next slide, that was a lot of stuff you did last year. What's happening now?

Amanda: We're continuing with our onboarding program in 2014. We really have not made any changes to that seeing the results we've seen and I know for first quarter already in 2014, the first few months, we're still seeing about the same response rate, a little over 2%, welcome 30-60-90 with an email. We're also continuing with our quarterly cross sell campaign, but we've changed this up to do our legacy markets. In our markets that we have quite a bit of market share and we really don't have a lot of growth potential, we're mailing those same pieces, checking, auto, home equity and mortgage letters,

using Harland stratics and propensity model to determine who those best customers are of our existing customer base. We're mailing them these cross sell pieces and then followed up with an email as well. Our first mailing is going out here very soon.

We're also currently in the creative and design stages for our brand awareness campaign. As I mentioned earlier, we have a lot of growth markets just due to new acquisition and new branches that we put in so we are just trying to get our name out there and get that brand awareness of who we are in those markets, so we're creating a piece that will go to just those specific markets every other month to those households within those markets. We're also working with Harland on their trigger program, the Shopper Alert program, for mortgage, auto and personal, and then also working with them on the ReFi Genius program for mortgage and auto, really looking to try to develop more loan growth.

Steve: That ReFi Genius is focused on recapturing mortgage and auto loans that your customers have with other financial institutions.

Amanda, thank you very much, lots of good stuff that you were able to provide. What I'd like to do right now if we could is this pretty much brings us to the question and answer segment. As I mentioned early on, if you have any questions, please feel free to type them into the chat window and make sure that you send your question to all panelists. Amanda and I will be happy to address, or you could ask a question over the phone. Aaron, could I ask you to come back in and give our attendees instructions on how they can ask a question over the phone?

Aaron: Ladies and gentlemen, if you wish to ask a question, please signal by pressing *1 on your telephone keypad. If using a speakerphone, please make sure your mute function is turned off to allow your signal to reach our equipment.

Steve: At this point, it doesn't look like anyone has a question out there. We'll take it that Amanda and I were able to provide a comprehensive overview of the opportunity analysis. Just a reminder, a recording of this event along with a copy of the slides will be sent to everyone who is registered. Within the next few days, you will get an email with a link to that recording and the slide presentation. In the meantime, if you have any questions about the OA, feel free to reach out to your local key account executive. He or she will be happy to provide you with more information. With that, Amanda, I want to thank you very much for participating. You did a great job.

Amanda: Thank you for the opportunity.

Steve: Everybody, have a wonderful weekend and we'll talk to you again I'm sure at an upcoming Harland Clarke webinar. Thank you.