

Pinnacle National Bank Decreases Exceptions, Improves Tracking Using OnePoint

Winner of the 2006 Baker Hill Summit Award in the Relationship Management Category

Challenge

186 banks were chartered in the U.S. during the year 2000. Of those, Pinnacle has become the largest in terms of assets which stand at \$1.8 billion. It is the second largest financial services company based in Tennessee. It currently has 18 branches and is expecting to open another later this year. Headquartered in Nashville, Pinnacle has been voted the city's "Best Place to Work" in the Nashville Business Journal four years running.

Prior to partnering with Baker Hill, Pinnacle was tracking collateral exceptions manually in a Microsoft® Access database. It was also updating all loan data by hand. "The number of exceptions was huge and there was no practical way to track exceptions data as a percentage of the outstanding portfolio dollars," said Hugh Queener, chief administration officer at Pinnacle.

"Adding to this challenge," said Erik Sanford, credit administration manager, "was that we had no effective way of tracking financial

statements, tax returns, or annual reviews for our credit relationships."

There was no interface with the bank's core processing system which meant that all data had to be keyed manually. There were errors due to account numbers, names, and products not matching those appearing on the host system.

On the statement spreading side, Pinnacle was using a system that only provided simple barebones spreads. The reports being generated were lacking credibility due to the inability to modify the data being keyed into the system.

"In order to become the best bank in the U.S., we knew that the status quo would not work going forward. We needed to take action," said Queener.

Solution

In February of 2005, Pinnacle took action by deploying Baker Hill's OnePoint STAN and REACT solutions. "As a company we had complete management and associate 'buy in' to deploy OnePoint REACT and

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- Hugh Queener, Chief Administration Officer

STAN. We scrapped the old systems and embraced the new. It is no exaggeration that Baker Hill has become the backbone of our credit administration department in just seven months," said Queener.

OnePoint REACT is a consolidated database that allows financial institutions to reduce its number of exceptions by improving the speed and accuracy of tracking all areas of a customer relationship. Originally tracking by hand, REACT allowed Pinnacle to begin tracking areas such as insurance, UCCs, collateral, covenants, and regulatory issues. Pinnacle also uses REACT for industry concentration measurement, past due projection reporting, commercial risk grade monitoring, and as a data-mining tool of their host system interface.

OnePoint STAN is a flexible solution that helps an organization minimize risk

PROFILE

CLIENT

Open since October 2000, Pinnacle Bank has grown to include assets of \$1.8 billion, making it the fastest growing bank of all the commercial banks that were opened that year. It is headquartered in Nashville, Tennessee and has been voted Nashville's "Best Place to Work" by the Nashville Business Journal for four consecutive years.

CHALLENGE

Automate and improve collateral exceptions tracking; create an interface that contains the bank's core processing system to avoid keying data manually.

SOLUTION

Baker Hill OnePoint® Suite (REACT and STAN modules)

RESULTS

An efficient exception tracking process; the ability to produce clear tickler reports; superior financial spreading; no outstanding loan approval exceptions at month end.

and loan loss. Through consolidating financial data, it captures the complete financial information on customer relationships instead of the limited amount seen by Pinnacle's previous simple spreadsheets. From statement analysis to covenant monitoring, STAN also ensures relationship managers and risk managers common access to a customer's electronic credit information when making critical lending decisions.

Results

After implementing Baker Hill's solutions, Pinnacle has an interface with host system data that is updated daily. This has simplified the exception reporting process and eliminated time wasted by adding core data to a stand-alone home grown system.

According to Sanford, "The implementation of the OnePoint REACT module was divine intervention in helping to organize, simplify, and manage the exception tracking process. No longer are exception reports viewed as wasted paper, but rather as credible instruments to help in managing the bank's loan portfolio."

As Pinnacle's portfolio grew, not only did the percentage of exceptions decrease, but the pure number of exceptions declined as well. As an important part of managing the loan approval process, Pinnacle's credit approval forms were meant to be tracked on a daily basis without any outstanding greater than 30 days

at month end. Before the implementation, Pinnacle was showing 40 outstanding loan approval exceptions at month end. Since deploying OnePoint, there have been no credit approval form exceptions at each month's end.

The ability to produce clear tickler reports which included current loan balances that could then be sorted by the loan officer or banking division is now a reality. In addition to tracking exceptions, Pinnacle is also tracking credit approval documentation, financial statements, tax returns, annual reviews, receivables, and covenants.

"The quality of our credit analysts' spreadsheets enhanced the overall ability of our senior credit officer to make better decisions thus lowering the risk to our bank," states Queener, "The passion reflected in our bank's history guided our implementation of Baker Hill's solutions. Our recent audits prove that the best has chosen the best."

About OnePoint

OnePoint® is a fully integrated business banking relationship management platform that helps a banking team cover more ground by working together. From the first contact with a prospect through the approval process, administration and management reporting, OnePoint facilitates the movement of information by streamlining the workflow throughout the entire lending process.

OnePoint consists of individual modules that handle specific tasks: Sales Automation, Collateral & Exception Management, Credit Risk Management, and Profitability & Pricing. These modules work together to streamline operations and to make customer relationships more easily accessible, while bringing the sales team together to focus on the customer's needs and the impact of the relationship on the bank.

Baker Hill, An Experian Company

For more than two decades, Baker Hill has been focused on the banking industry, delivering solutions that address business process needs and working as a trusted advisor to its banking clients. Baker Hill understands banking processes, knows how to implement technology to enable those processes, and has a long history of client success from which to mine best practices.

More than 1,200 financial institutions in all segments have drawn on the company's business expertise to improve critical processes, and have chosen Baker Hill's relationship management, credit origination, and portfolio risk management solutions as their enabling technologies. Baker Hill is a subsidiary of Experian (www.experian.com). For more information, visit www.bakerhill.com.



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