

Pay It on the Web

Internet-based payroll processing makes a chore a breeze

BancSource proudly announced the selection of PayCycle as its first new business partner in 2005. PayCycle's services will be a big hit with the small business customers that often represent the single most important customer segment for many community and regional banks.

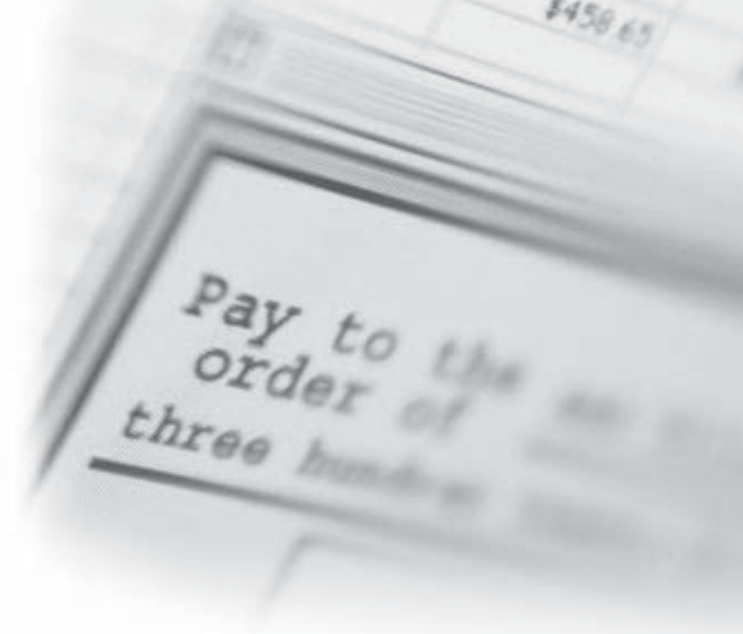
PayCycle Simplifies Payroll Chores

Even the most seasoned number cruncher finds some chores unpleasant. Payroll is one of them. Accounting programs offer the ability to track payroll-related data and duties, but they can be cumbersome. And the prices for outsourced payroll services can be prohibitive, especially for smaller businesses.

Enter PayCycle, an online service that offers affordable, comprehensive payroll tracking and paycheck/tax payment generation. It offers a simple platform for payroll with the advantage (thanks to its Web-based model) of letting one take care of payroll even when traveling.

An employer enters employee payroll and company information into PayCycle's approachable interface and they're off. A to-do list on the opening screen displays tasks that need attention – such as employee forms that must be completed or tax documents due. Links on this page take you to the appropriate paperwork. And customers love the feature where PayCycle sends e-mail reminders of important deadlines.

PayCycle is designed exclusively for small employers (up to 25 employees). It handles nearly any version of pay, deductions, and taxes seamlessly – and the reporting tools and integration with accounting software (e.g.



QuickBooks or Microsoft Money) is built in. If needed, toll-free support is just a phone call away.

Pilot Project Set for June Launch

A half dozen banks have agreed to participate in BancSource's pilot project, adding PayCycle to their roster of services. These banks will be utilizing various means of marketing the services to their customers – with the full support and resources of the experts at PayCycle.

BancSource believes this is a winning proposition: small businesses looking for smart, affordable payroll solutions offered by their banker (a trusted financial advisor). Plus, PayCycle's web-based solution fits very nicely with most banks' line-up of online business banking and cash management services.

As the pilot project concludes this Fall, BancSource and PayCycle will extend an invitation to all banks to offer the service to their own small business customers. ■

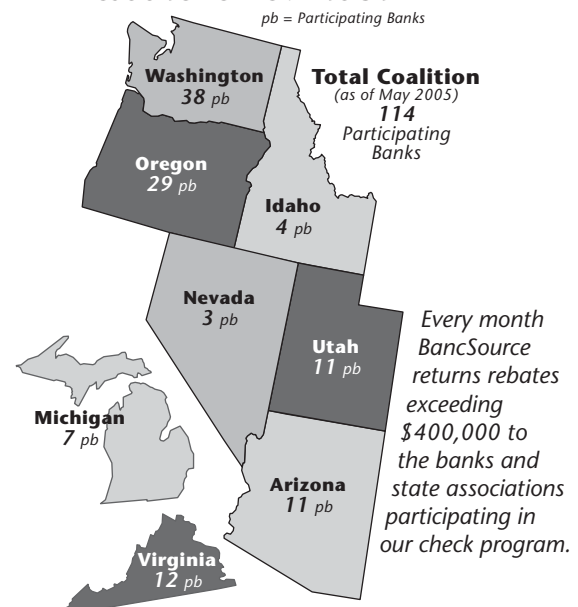
Check Program Highlights

Welcome New Participants!

We are proud to announce that the following banks have recently joined the BancSource check program coalition:

- **First Community Bank** • Harbor Springs, Michigan
- **Summit Community Bank** • East Lansing, Michigan
- **Peoples Community Bank** • Montross, Virginia
- **Sona Bank** • Charlottesville, Virginia
- **Union Bankshares** • Bowling Green, Virginia

BANCOURCE CHECK PROGRAM



BancSource Announces New Partnership with Strunk & Associates



After completing a lengthy due diligence process, BancSource selected Strunk's Overdraft PrivilegeSM program as its exclusive overdraft service. Strunk's strength in the areas of regulatory compliance and overall financial performance improvement results played a key role in the OBA/BancSource selection of Strunk.

Established in 1976 by **Bill Strunk**, Strunk and Associates is a financial advisory service recognized nationally for its innovative design, development, and implementation of sustainable profit improvement solutions for the financial services industry.

The key element of Strunk and Associates' success has been its highly regarded Overdraft PrivilegeSM program. This comprehensive and detailed program is based on the most effective strategy for short-term and long-term improvements

in customer service, customer loyalty and related profits for the bank. Overdraft Privilege increases non-interest income without cutting staff or taking unnecessary risks. In the past ten years, nearly 1,100 financial institutions have implemented Strunk's Overdraft PrivilegeSM Program in 47 states across the country. All have experienced dramatic improvement in customer service, loyalty and goodwill, while significantly increasing non-interest income and net income. The complete program typically takes less than 90 days to implement.

If you are interested in better customer service and increased income, you will want to learn more about Strunk and Associates' Overdraft PrivilegeSM program. For more information, please contact **Greg Lander** or **Ken Johnson** with Strunk and Associates at (623) 582-9194 and (512) 291-5120 respectively. ■

Harland Announces Acquisition of Liberty Enterprises

Big news hit the check printing industry on April 5 when Harland - the nation's second largest check supplier and a BancSource business partner - announced plans to acquire Liberty Enterprises, the country's fourth largest check supplier.

Headquartered in Mounds View, Minnesota, Liberty is a provider of checks, marketing services, education and e-commerce solutions primarily to credit unions. Liberty includes Liberty Essentials, which provides checks and forms; MyDAS Marketing, which provides training and education; ALTAFI, a strategic marketing and creative company; and Cavion Plus, a developer of secure Internet financial products and services. Liberty had revenue of \$135 million in 2004, of which approximately 75% was from the sale of checks and forms.

Harland will pay \$160 million in a cash-for-stock purchase, expecting the acquisition to be immediately accretive to earnings. The acquisition is subject to regulatory approval and other closing conditions, and is expected to close in late May or early June.

"There is a complementary fit between Harland and Liberty that demonstrates our commitment to financial institutions," said **Timothy C. Tuff**, chairman and chief executive officer of Harland. "Both Harland and Liberty have expanded their core check printing offerings to include other products and services that add value for their customers."

"We are excited to become part of Harland," said **Stan Hollen**, president and chief executive officer of Liberty. "Both companies share a commitment to providing strategic products and services to their customers. Liberty's customers will benefit from the extensive product offerings of Harland. In addition, there is a good cultural fit between the two organizations. This agreement will enable both organizations to increase the value we offer to our customers." ■

PayCycle Hires Adobe Executive as New CEO

PayCycle, a new BancSource business partner, and internet based payroll service that is transforming a \$10 billion industry, announced the selection of **James Heeger** as CEO. Heeger was formerly a senior vice president at Adobe Systems, where he oversaw the launch of several flagship products, like Adobe Creative Suite.

"The opportunity to join PayCycle is simply too good to pass up," said Heeger. "Not only do I know and respect the PayCycle team, but the company has an opportunity to truly transform payroll for small businesses. PayCycle's offering is the most innovative I've seen, and its customer satisfaction ratings are outstanding."

Heeger steps in to lead PayCycle at a critical growth point for the company. To date, only 15 percent of the nation's 5.1 million small employers outsource payroll, presenting a huge market opportunity for PayCycle's unique, Internet-based automated approach. ■

For more information about any BancSource product or service, contact **Steve Clark** at sclark@banc-source.com or (503) 581-3522.