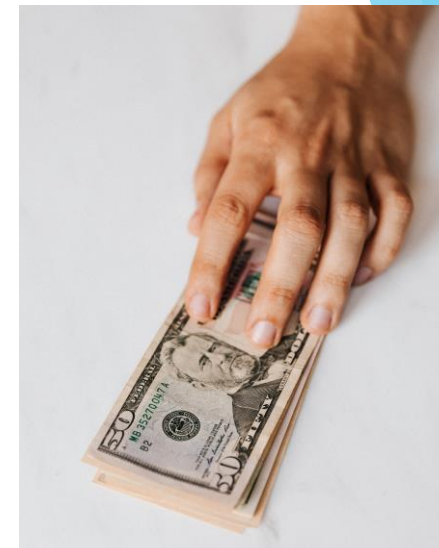




Branches - The Best Channel for Low Cost of Funding

June 12, 2024





Presenter:

Neil Stanley

CEO / Founder, The CorePoint



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What comes to mind when you think about deposits today?

ⓘ Start presenting to display the poll results on this slide.

The Best Channel for Low Cost of Funding

Agenda

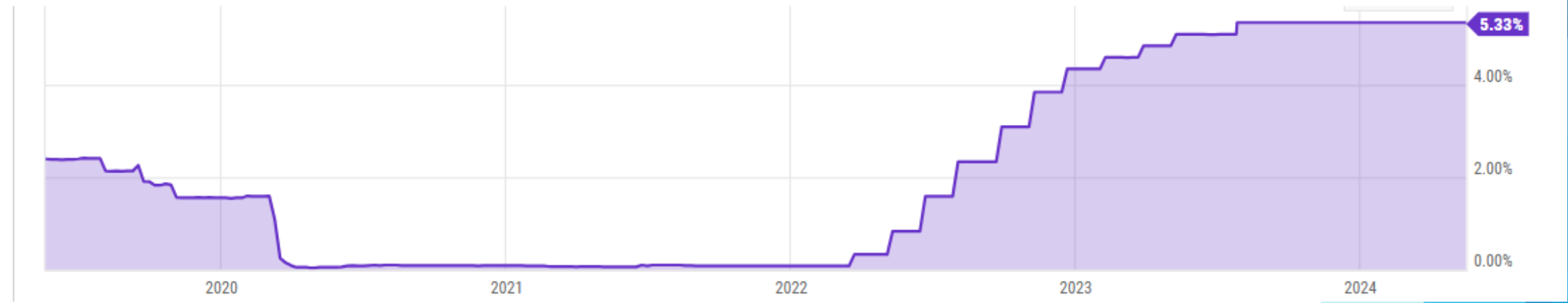
- ▶ Assessing Interest Rates
- ▶ Measuring Performance
- ▶ Common Deposit Tactics
- ▶ Fresh Approaches
- ▶ Q+A



Interest Rates that Banks Get Paid are Totally Transparent

Effective Federal Funds Rate (I:EFFRND)

5.33% for May 16 2024



https://ycharts.com/indicators/effective_federal_funds_rate

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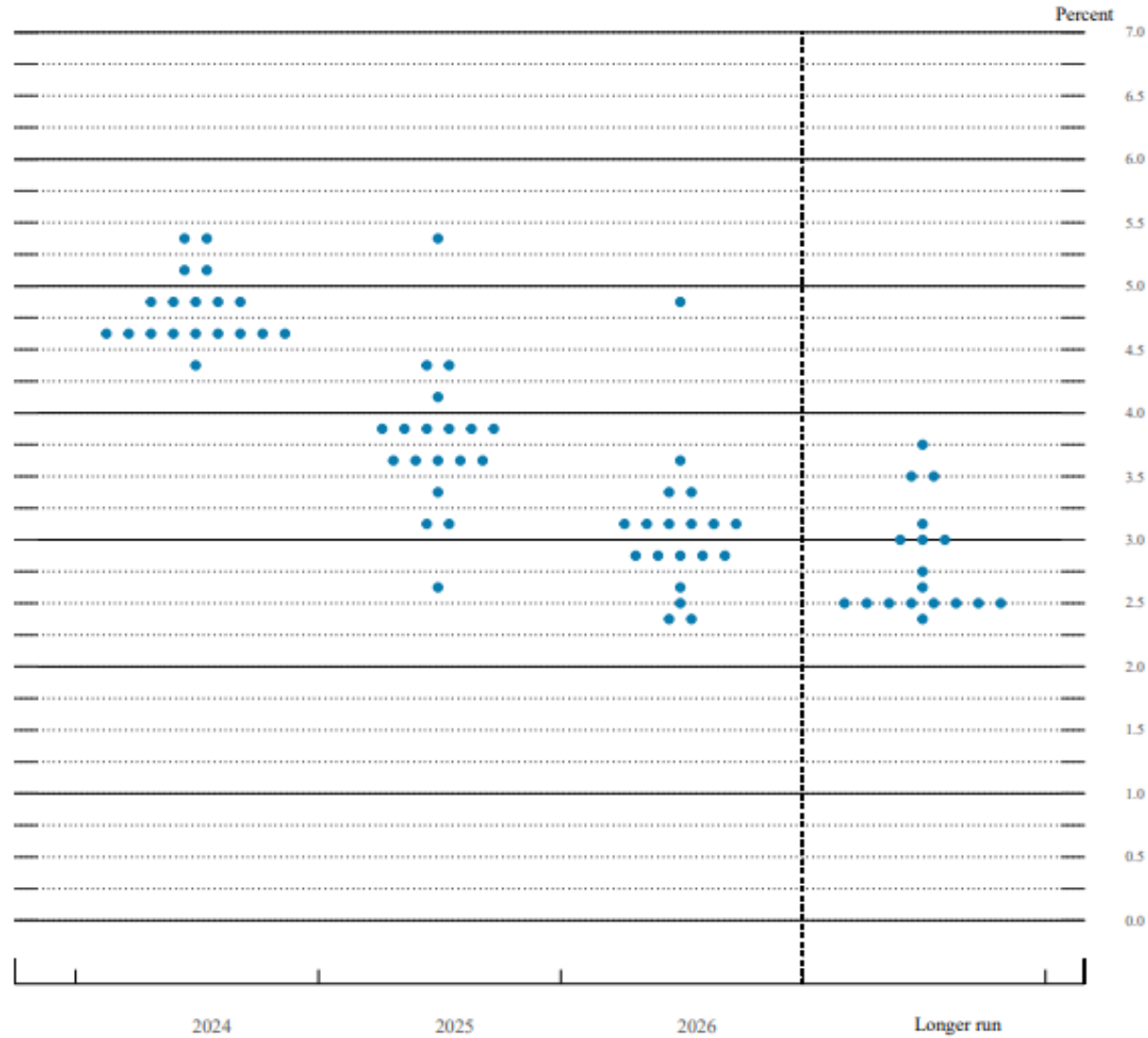


In regards to deposits, what area of your financial institution needs to make the most significant changes?

① Start presenting to display the poll results on this slide.

Major Industry Shifts in Progress

Figure 2. FOMC participants' assessments of appropriate monetary policy: Midpoint of target range or target level for the federal funds rate



<https://www.federalreserve.gov/monetarypolicy/files/fomcprojtabl20231213.pdf>

Fed Funds Futures Expectations

CME FedWatch Tool

Expected Value Calculator

As of 6/12/2024

Calculated
Current
Expected
Value

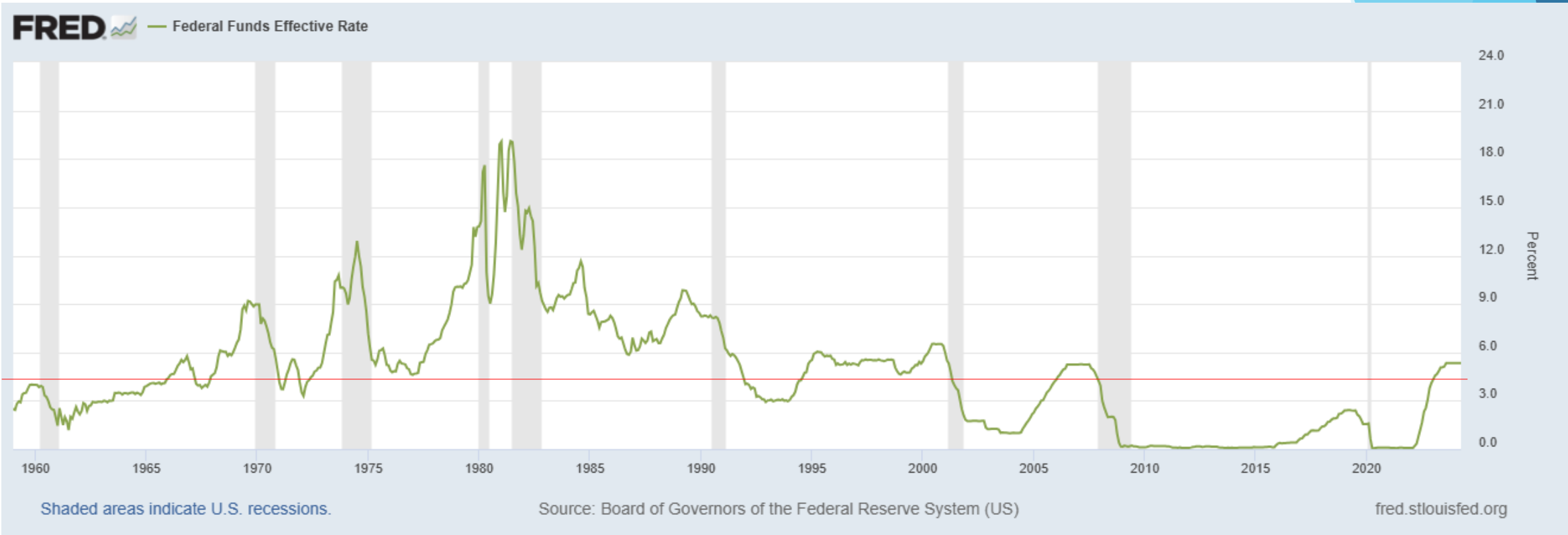
	3.75	4.00	4.25	4.50	4.75	5.00	5.25	5.50	
MEETING DATE	350-375	375-400	400-425	425-450	450-475	475-500	500-525	525-550	
6/12/2024			0.00%	0.00%	0.00%	0.00%	0.00%	99.90%	5.49%
7/31/2024	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	16.50%	83.40%	5.45%
9/18/2024	0.00%	0.00%	0.00%	0.00%	0.00%	11.20%	62.00%	26.70%	5.28%
11/7/2024	0.00%	0.00%	0.00%	0.00%	4.50%	31.80%	47.70%	15.90%	5.18%
12/18/2024	0.00%	0.00%	0.00%	3.40%	24.80%	43.60%	24.10%	4.10%	5.00%
1/29/2025	0.00%	0.00%	1.80%	15.00%	35.00%	33.00%	13.30%	1.90%	4.87%
3/19/2025	0.00%	1.20%	10.20%	27.70%	33.80%	20.50%	6.00%	0.70%	4.71%
4/30/2025	0.50%	5.20%	18.00%	30.40%	27.80%	14.00%	3.70%	0.40%	4.60%



<https://www.cmegroup.com/trading/interest-rates/countdown-to-fomc.html>

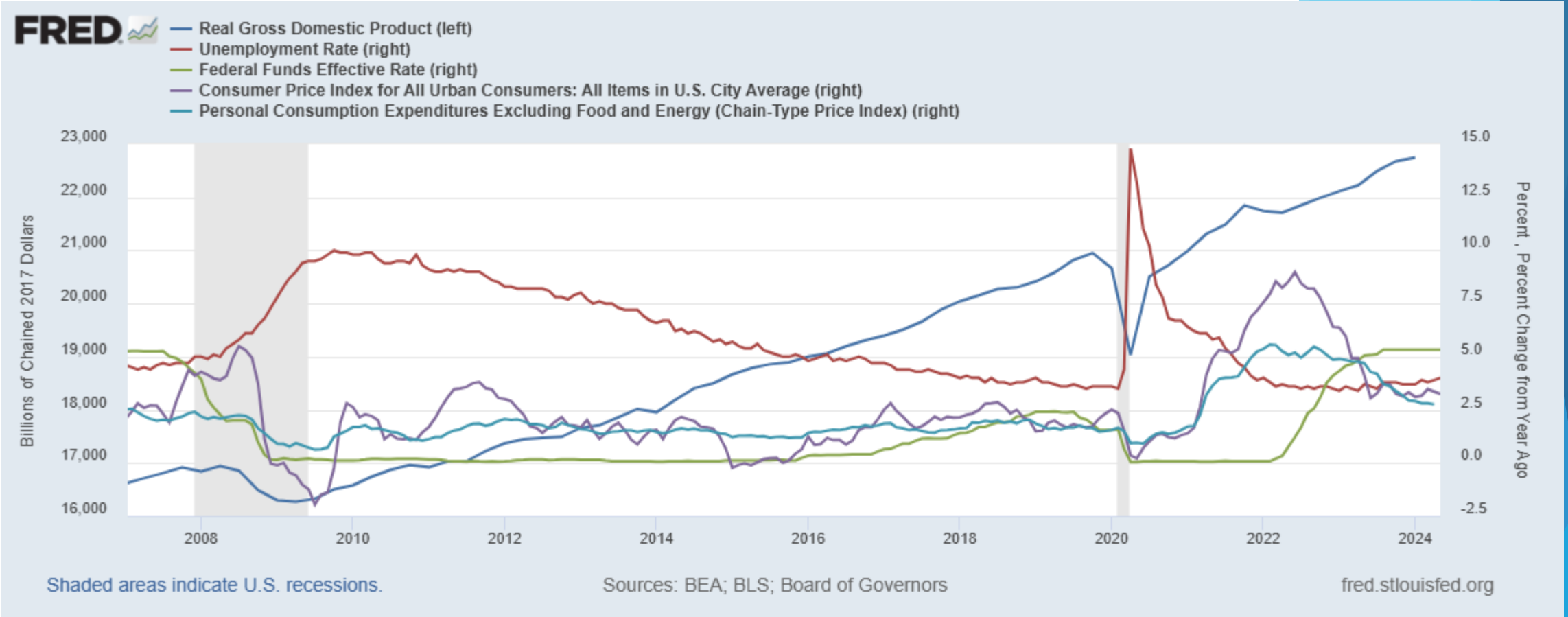
Fed Funds Effective Rate

Current = 5.33%
Median = 4.66%



<https://fred.stlouisfed.org/graph/?g=1eo81>

Economic Conditions



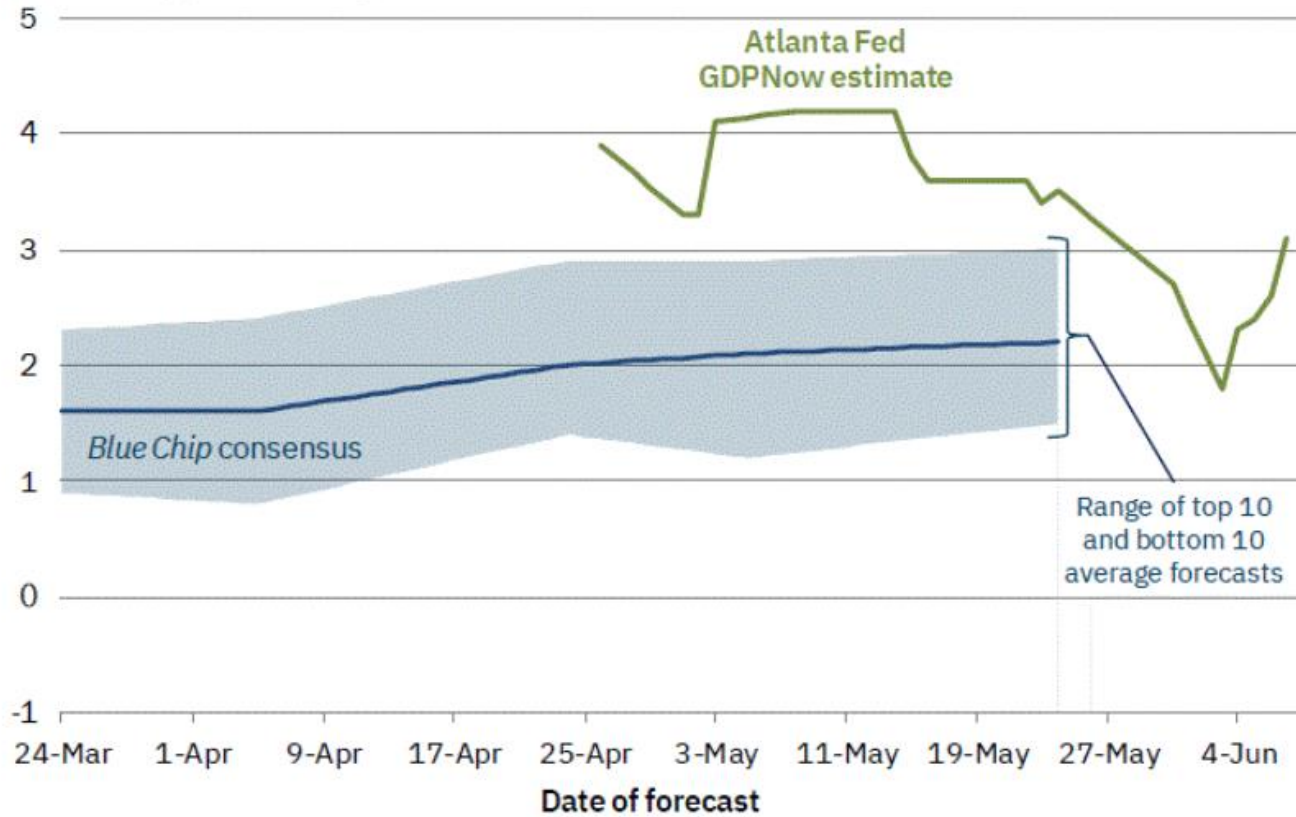
<https://fred.stlouisfed.org/graph/?g=1hMLL>

Latest estimate: 3.1 percent -- June 07, 2024

The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the second quarter of 2024 is **3.1 percent** on June 7, up from 2.6 percent on June 6. After this morning's employment situation release from the US Bureau of Labor Statistics and this morning's wholesale trade report from the US Census Bureau, the nowcasts of second-quarter real personal consumption expenditures growth and second-quarter real gross private domestic investment growth increased from 2.4 percent and 5.8 percent, respectively, to 2.8 percent and 7.7 percent.

<https://www.atlantafed.org/quarter/research/gdpnow>

Evolution of Atlanta Fed GDPNow real GDP estimate for 2024: Q2
 Quarterly percent change (SAAR)

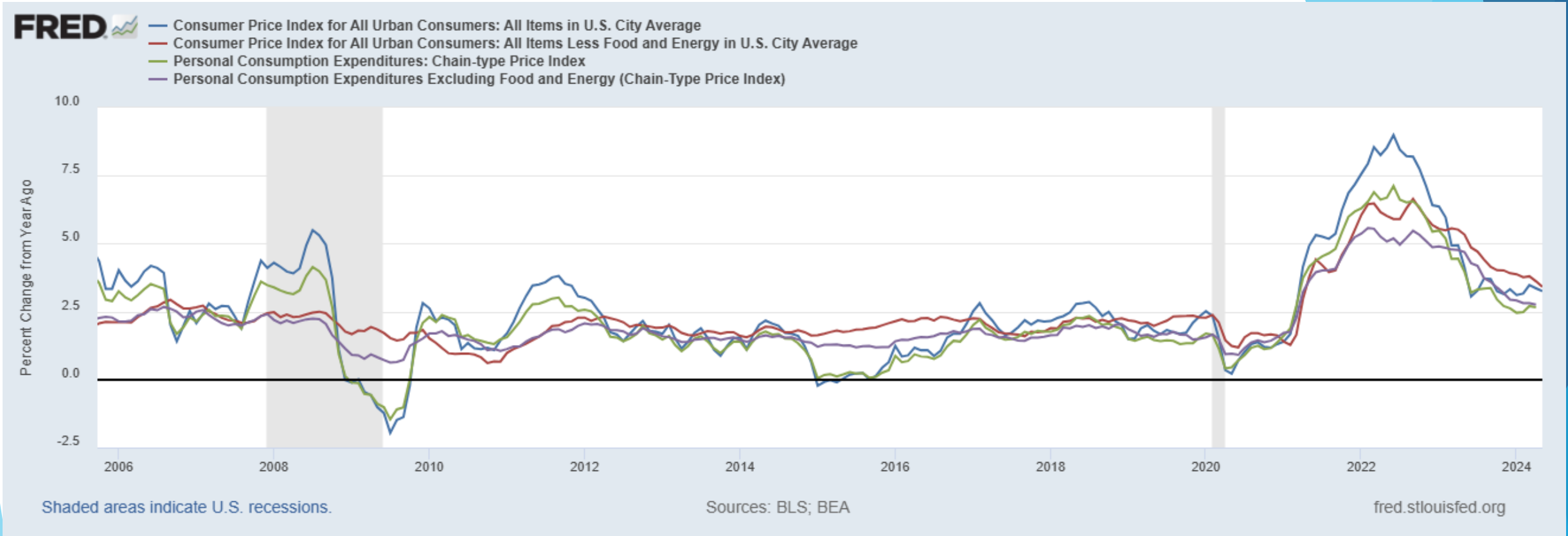


Sources: *Blue Chip Economic Indicators* and *Blue Chip Financial Forecasts*

Note: The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the *Blue Chip* survey.

Inflation Measures

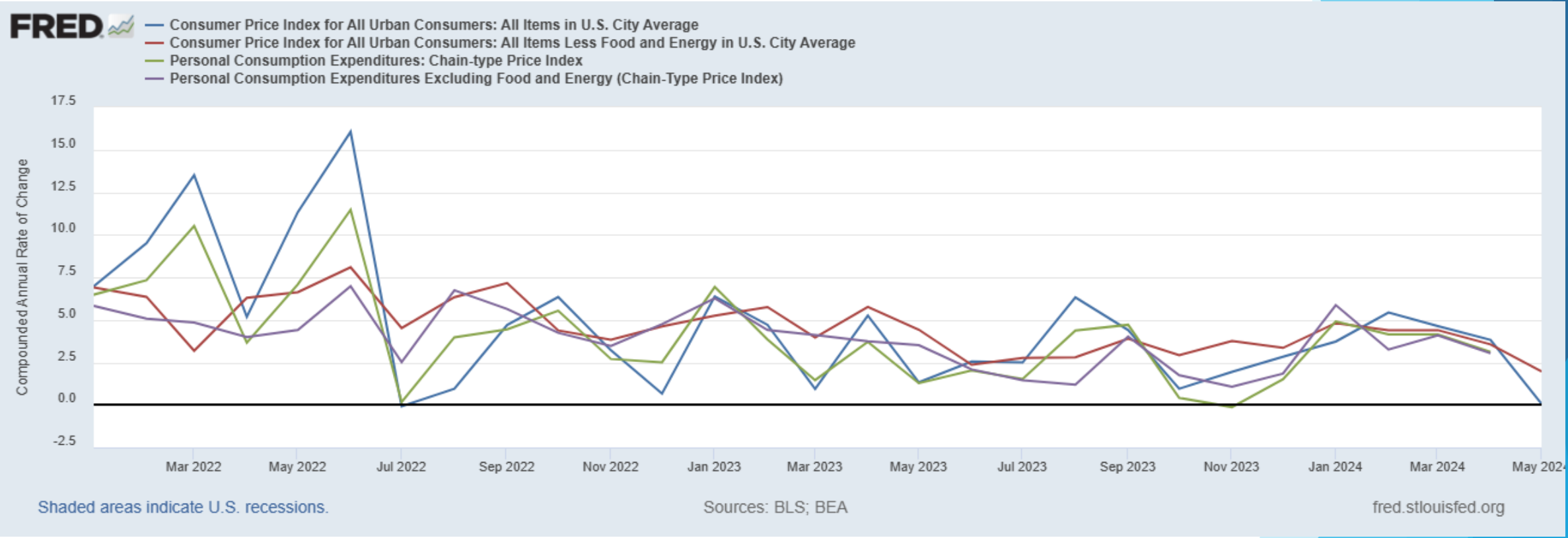
Annual Change



<https://fred.stlouisfed.org/graph/?g=19bie>

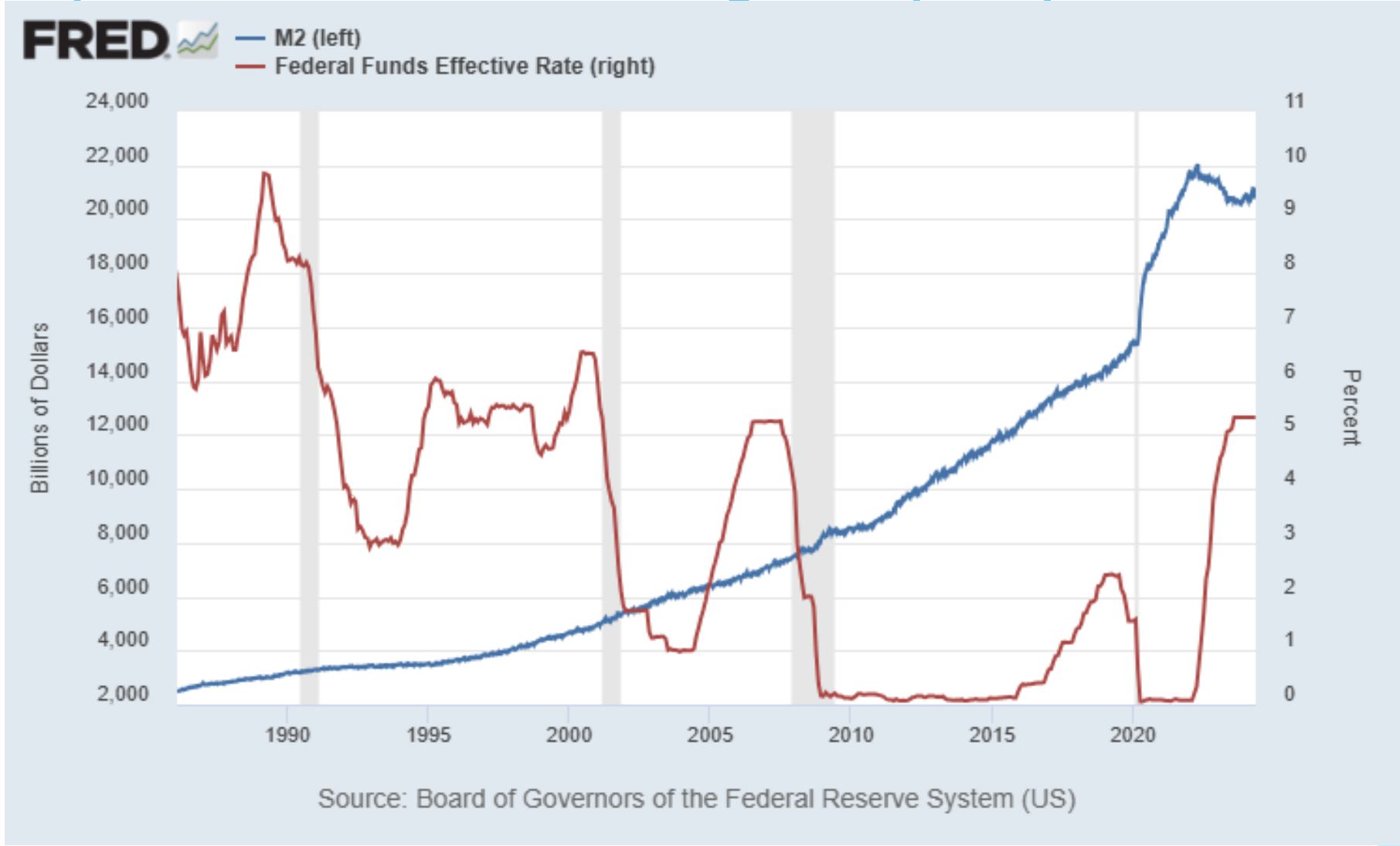
Inflation Measures

Monthly Change Annualized



<https://fred.stlouisfed.org/graph/?g=1o4Ma>

Why Inflation IS Not Going Away Anytime Soon



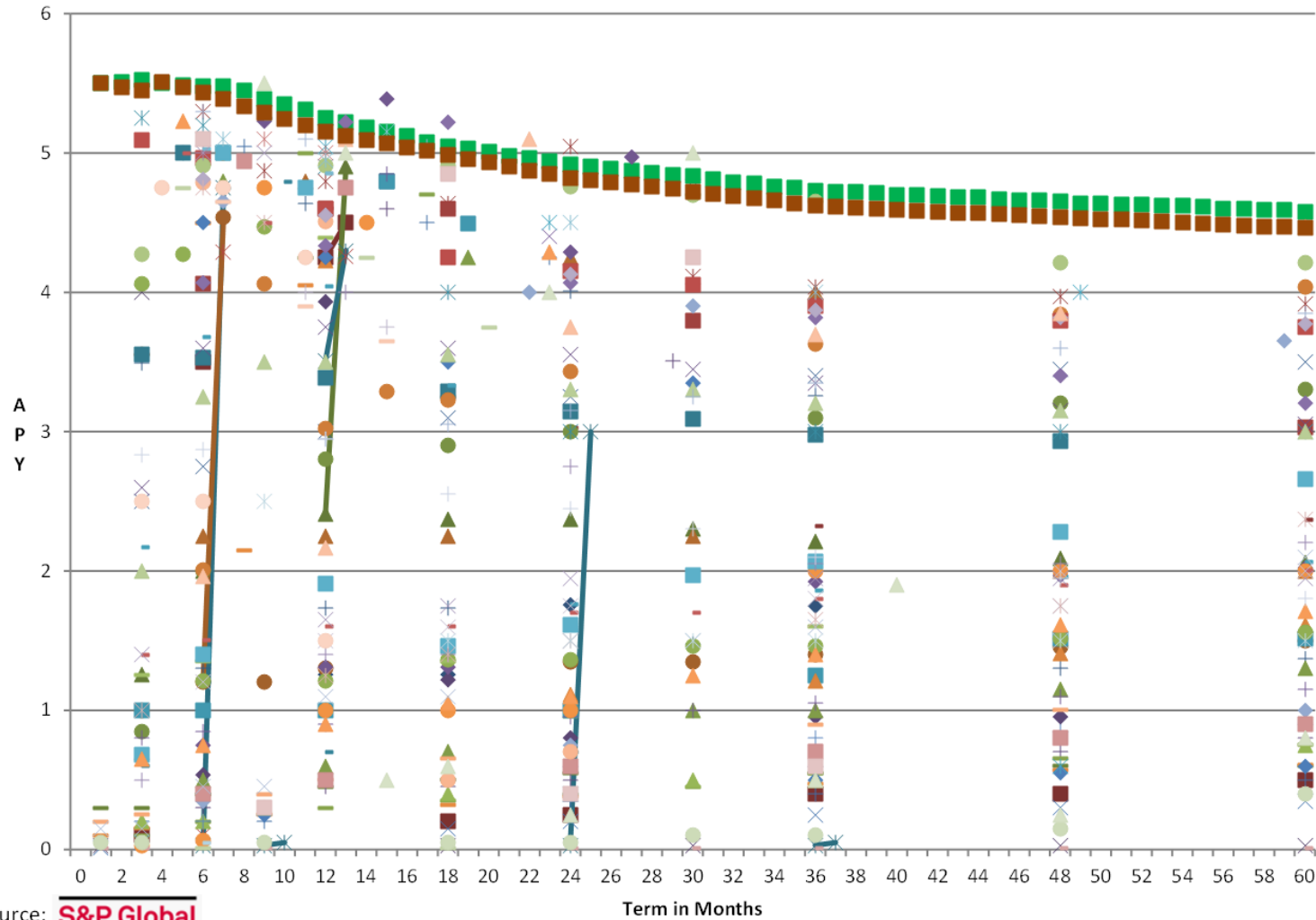
<https://fred.stlouisfed.org/graph/?g=19biO>

The Great Money Migration

- ▶ Magnitude of Financial Opportunity
 - ▶ Volume of Deposits
 - ▶ Interest Rate Potential
- ▶ Non-bank Competition for Deposits
- ▶ Regulatory Changes
- ▶ Open Banking Technology
- ▶ Social Media

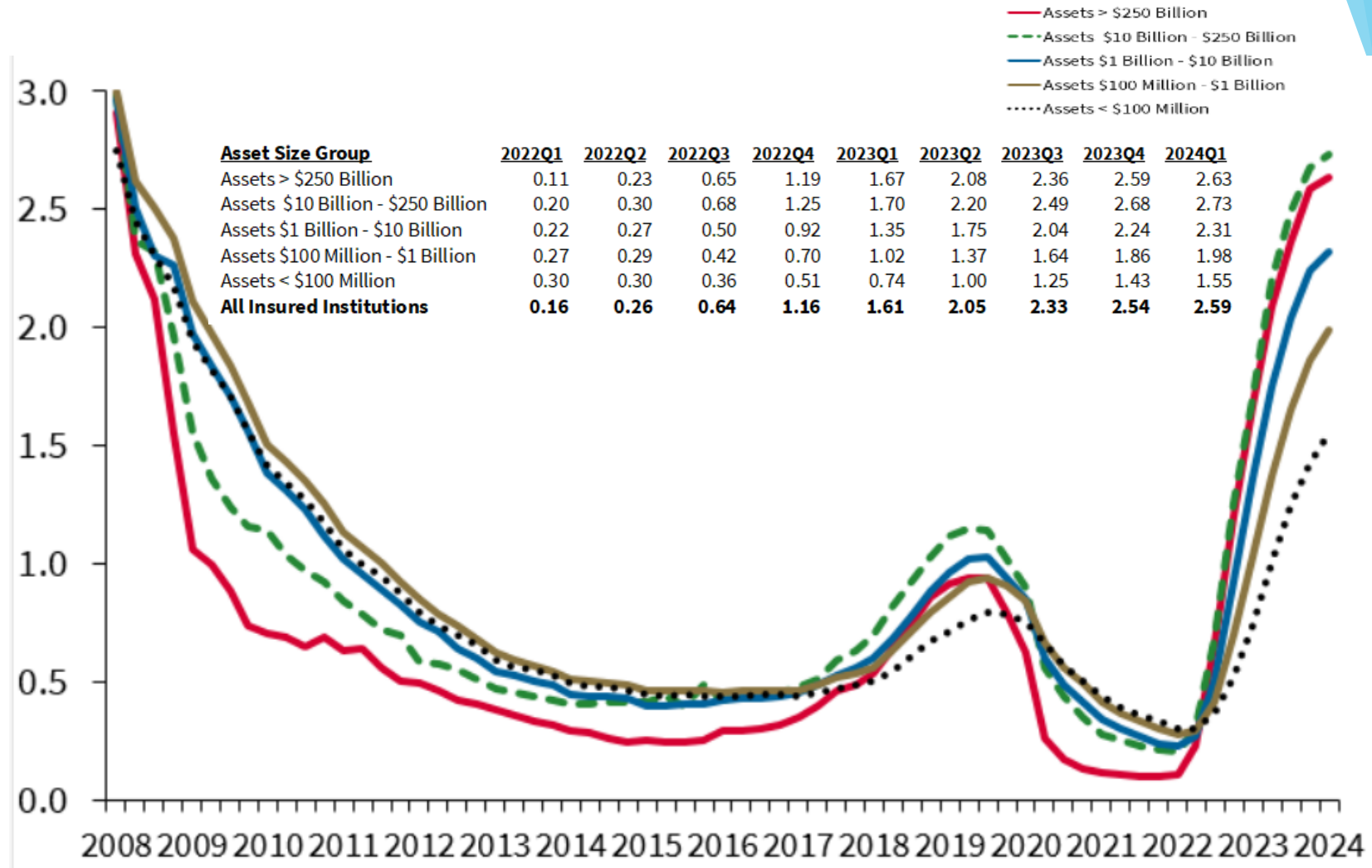
The Pricing Environment

Footprint Term Deposit Offerings 05/21/2024



Source: **S&P Global**

Cost of Funding Earning Assets



<https://lnkd.in/gMyRG4tV>

Measuring and Interpreting Deposit Pricing and Sales Results

Funds Transfer Pricing Making versus Buying Funds

Kohl Analytics Group

The fundamental concept behind Funds Transfer Pricing (FTP) is the classic buy versus make accounting theory. The raw materials for an FI are funding while the finished products are assets. What FTP fundamentally does is look at what it costs to “buy” similar funding from wholesale markets such as brokered CDs, FHLB advances, etc., and compares that to “making” or “gathering” funds from the FI branch system.

[Funds Transfer Pricing - Making vs. Buying Funds
\(kohlag.com\)](https://kohlag.com)

Newly Booked CD Performance Report Includes All Branches

Renewal Status	Had Previous Term					No Previous Term					Total				
Term	Count	FHLB Rate	\$ Total	Average Rate	Average Spread	Count	FHLB Rate	\$ Total	Average Rate	Average Spread	Count	FHLB Rate	\$ Total	Average Rate	Average Spread
1						1	5.34	25,445.43	0.30	-5.04	1	5.34	25,445.43	0.30	-5.04
2	2	5.41	21,565.44	0.03	-5.38						2	5.41	21,565.44	0.03	-5.38
3	9	5.46	654,156.39	0.68	-4.78	3	5.46	2,268,268.06	4.39	-1.07	12	5.46	2,922,424.45	3.56	-1.90
5	1	5.53	5,200.00	0.35	-5.18	1	5.53	100,000.00	4.84	-0.69	2	5.53	105,200.00	4.62	-0.91
6	25	5.56	350,225.20	0.96	-4.60	18	5.56	1,900,139.99	4.76	-0.80	43	5.56	2,250,365.19	4.17	-1.39
7						1	5.58	2,186.52	4.82	-0.76	1	5.58	2,186.52	4.82	-0.76
8	4	5.57	31,469.58	4.97	-0.60	5	5.57	160,000.00	4.97	-0.60	9	5.57	191,469.58	4.97	-0.60
9	32	5.56	694,272.09	4.02	-1.54	31	5.56	3,762,218.01	4.67	-0.89	63	5.56	4,456,490.10	4.56	-1.00
11						1	5.54	240,000.00	3.94	-1.60	1	5.54	240,000.00	3.94	-1.60
12	104	5.50	3,745,473.93	2.71	-2.79	61	5.50	6,163,745.42	4.38	-1.12	165	5.50	9,909,219.35	3.75	-1.75
15	31	5.35	1,573,667.35	4.02	-1.32	18	5.35	1,290,916.26	3.85	-1.50	49	5.35	2,864,583.61	3.94	-1.40
18	36	5.19	1,166,286.39	0.44	-4.75	3	5.19	20,464.39	3.77	-1.42	39	5.19	1,186,750.78	0.50	-4.69
24	14	4.93	389,884.74	0.45	-4.48	1	4.93	22,200.00	2.79	-2.14	15	4.93	412,084.74	0.58	-4.35
36	5	4.53	45,585.99	0.60	-3.93						5	4.53	45,585.99	0.60	-3.93
48	4	4.37	49,116.18	1.76	-2.61						4	4.37	49,116.18	1.76	-2.61
60	13	4.23	153,555.18	1.45	-2.78						13	4.23	153,555.18	1.45	-2.78
Total	280	5.33	8,880,458.46	2.39	-2.94	144	5.49	15,955,584.08	4.44	-1.05	424	5.39	24,836,042.54	3.71	-1.68

Average Spread Weighted by Dollars-Months

Had Previous Term	No Previous Term	Total
-2.98	-1.10	-1.94

Average Months to Maturity

Had Previous Term	No Previous Term	Total
13.82	9.45	11.01

Percent of the Total

Had Previous Term		No Previous Term	
\$	Count	\$	Count
35.76%	66.04%	64.24%	33.96%

The Often-Observed State of Long-Term Savings Offers

- Little, if any, guidance or training for the front line regarding long-term savings
- Using static rate sheets that tend to “commoditize” CDs
- Continuously promoting random rate-focused CD specials
- Taking an ad hoc approach to exception pricing
- Outsourcing funding via wholesale advances, brokered deposits, and listing services

Common Deposit Tactics

- Tiering by size of account
- Ad hoc exceptions
- Offering odd-term maturity specials
- Using brokered or alternative market channels
- Offering “new money only” specials
- Relationship pricing and hip-pocket specials
- Offering teaser interest rate promotions

Strategic Questions for Deposit Account Design

Fair and Consistent

Have leaders created a pricing strategy that will be perceived as fair and consistent to depositors and staff alike?

The strategy must ensure depositors see value and are not frustrated by frontline staff who do not have the real answer, or the best rates.

Intuitive to Understand and Execute

Is the pricing strategy easy to understand and execute for the frontline staff?

The frontline staff are vital to a successful pricing strategy. It must be competitive, desirable, scalable, and intuitive to gain the engagement and buy-in needed to grow deposits.

Mutually Valuable

Is the strategy mutually valuable?

Financial institutions must offer account structures of value to them, and to depositors' sense of value by providing combinations of safety, yield, and access to funds that depositors will value.

Financially Effective

Is the approach effective at attracting and retaining the desired deposit volumes and healthy margins?

Institutions often focus solely on cost of funds, but they must never forget they also need funding volumes as well. Profit is ultimately a function of spread AND volume.

Tiering by size of account:

- Fair and Consistent – Yes, if it is based on economic value of size and scale. But no, when it does not provide appropriate proportionality. An example of inappropriate proportionality is paying 0.30% for balances under \$100,000 while paying 4.30% for balances over \$100,000.
- Intuitive to Understand and Execute – Yes, the idea that we can give better pricing to larger relationships is intuitive and operationally efficient. It has been around for decades, and core systems all anticipate and facilitate its use.
- Mutually Valuable - Yes, when used in appropriate proportions.
- Financially Effective – Somewhat, however, it is neither dynamic nor responsive to the behaviors of individual depositors. Supposing a depositor's balance pushed them into a higher interest rate, they would automatically receive that rate, even for those who were happy with the pricing they previously had.

Ad hoc exceptions:

- Fair and Consistent – It typically creates random and inconsistent results while making everyone uncomfortable.
- Intuitive to Understand and Execute – Leaves staff vulnerable and with less power to negotiate with rate shoppers. Word often gets out that the front line does not have the real answer. Yes, negotiation is commonly required in engaging depositors but this trains them to push past the front line.
- Mutually Valuable – It does not feel so to depositors, even those who gain concessions wonder if they should have haggled more. Frontline staff know what the rate sheet says, but they have few tools with which to help depositors besides seeking exceptions.
- Financially Effective – Unlikely in the long term, staff must feel their way through each interaction, slowing service for depositors as they navigate the exception approval process.

Odd-term maturity specials:

- Fair and Consistent – Markets are used to them. Each offer is seen as independent, differentiated, and worthy of unique pricing. Also, allows finance to attract deposits based on specific funding needs.
- Intuitive to Understand and Execute – Yes, when used strategically and at specific times. If a promotion is part of your permanent account lineup, customers become conditioned to only "buy" the promotions, and frontline staff only offer the promotion as an option for depositors. Deposits become a commodity to both your staff and your customer base. Similar to cable TV and cell phone plans, customers learn that the best price is only achieved by shopping.
- Mutually Valuable - Can lower marginal costs of growing deposits. This approach is successful when complementary offerings are positioned to ensure the institution is not continuously using rate-focused specials.
- Financially Effective – They have their place and can achieve targeted growth. They do not replace the need for a comprehensive deposit strategy that is focused on both healthy deposit volume paired with appropriate pricing.

Brokered or alternative market channels:

- Fair and Consistent – Most effective when it is opaque to the depositor. Many financial institutions use an alternative brand to avoid the negative consequences of not offering preferred pricing to those in their traditional market channels.
- Intuitive to Understand and Execute – Usually requires little if any fixed overhead expense and relatively low operating costs. However, it is highly dependent on wholesale funding pricing levels.
- Mutually Valuable – It does allow the financial institution to offer things like Callable CDs with reduced negative impact. Calling the CD does not risk relationship damage since these are generally not relationship accounts.
- Financially Effective – Depends on the relative level of wholesale funding costs. However, the financial institution must always factor in a key deficiency: These funds will never produce broader relationships nor increase the institution's franchise value.

Publications Available

▶ Using Brokered or Alternative Market Channels

Big banks pay up for online deposits, but with a catch

By [Allissa Kline](#) February 17, 2023, 5:46 p.m. EST 3 Min Read



PNC, BMO and Citi are all paying online savings rates in the neighborhood of 4% to customers who live outside of their branch footprints.

“New money only” specials:

- Fair and Consistent – Absolutely not. The enthusiasm often found in ALCO meetings for these offers is certainly offset by the disappointment and frustration among depositors. Frontline staff are also frustrated because they’re then forced to face loyal depositors who are not eligible for the specials.
- Intuitive to Understand and Execute – Yes, however, the message is clear to loyal account holders: They’re not as valuable as new people. It leads to apologies from frustrated frontline staff. These apologies do little to repair a very dissatisfying depositor experience.
- Mutually Valuable - Great at systematically holding down marginal cost. Great for rate shoppers who will leave for the next best rate.
- Financially Effective – It can be. But it is a game of chicken with the very depositors the institution does not want to reprice. Dive into the dangers described in “As a Deposit Strategy, ‘New Money Only’ Rate Offers Are a Poison Pill.”

Publications Available

▶ [Offering “New Money Only” Specials](#)

As a Deposit Strategy, ‘New Money Only’ Rate Offers Are a Poison Pill

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To avoid repricing deposits at higher rates, banks and credit unions have attempted to simultaneously use "relationship pricing" and "new money only" offers to manage their book of funding. Fear of funding costs rising may ultimately result in much higher funding costs, and lost profits and franchise value, all while alienating the people who've banked with them for years.

By Neil Stanley of The CorePoint

Relationship Pricing:

- Fair and Consistent – Sounds fair and appealing. Financial industry executives frequently express the desire to deepen relationships. It is also easily adopted by frontline staff to assist loyal customers in achieving a better rate.
- Intuitive to Understand and Execute – It can be systematically put in place using years of relationship, number of related accounts, number of related services, estimated current relationship profitability, and estimated lifetime account value.
- Mutually Valuable – This approach tends to take the financial institution in the opposite direction from profit maximization by unilaterally compromising pricing for the best depositors who historically have allowed the institution to achieve oversized profitability. There is a “The Relationship Pricing Trap” to avoid.
- Financially Effective – Beneficial in small doses as it aligns with the logic of the marketplace. However, it is not the cornerstone of a robust deposit dynamic pricing strategy.

Publications Available

► Relationship Pricing

The Relationship Pricing Trap

Mar 14, 2012

Consumer Banking

Customer Experience



For good reasons most bankers esteem the importance of relationships. Unfortunately, many bankers casually transfer that esteem to “relationship pricing.”

We have come to realize that bankers must be more discerning in their decisions. In the wake of the financial crisis, we’ve seen banks purge credits and customers as the system itself purges bankers and banks. The surviving institutions must establish enhanced processes for sifting out the acceptable from the unacceptable when it comes to risk, profit and volume. To make more productive decisions what processes and tools do we need and how should bankers use them?



Teaser Offers

- Fair and Consistent?
- Intuitive to Understand?
- Mutually Valuable?
- Financial Effective?

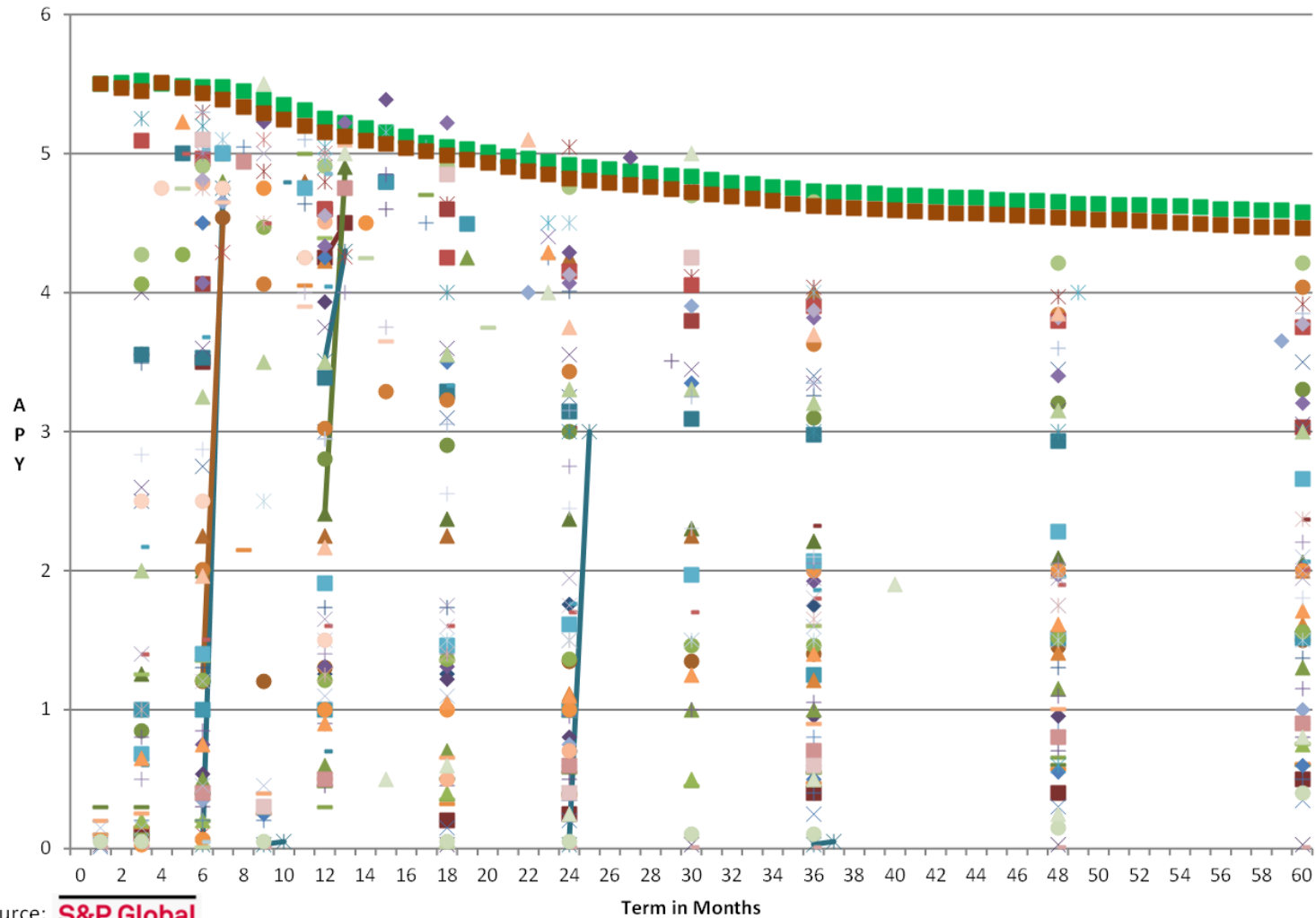


Success in showing value to depositors and bringing value to institutions with Teaser Promotional offers isn't about determining if teasers are a “good” or “bad” product. It's about taking the opportunity they provide to convince the people looking for a PFI that your institution is their new home.

<https://thefinancialbrand.com/news/deposits/are-teaser-offers-worth-the-trouble-in-banking-175111/>

The Pricing Environment

Footprint Term Deposit Offerings 05/21/2024



Source: S&P Global

A Static Approach Is No Longer Effective

As depositors become more rate-aware and rate-sensitive

The most effective approaches to managing deposits

- ▶ Let the Sleepers Sleep
- ▶ Show Respect to the Curious
- ▶ Negotiate Skillfully with the Rate Shoppers

Don't let your team struggle any longer with a static rate sheet and a few promotional specials that commoditize your offerings.

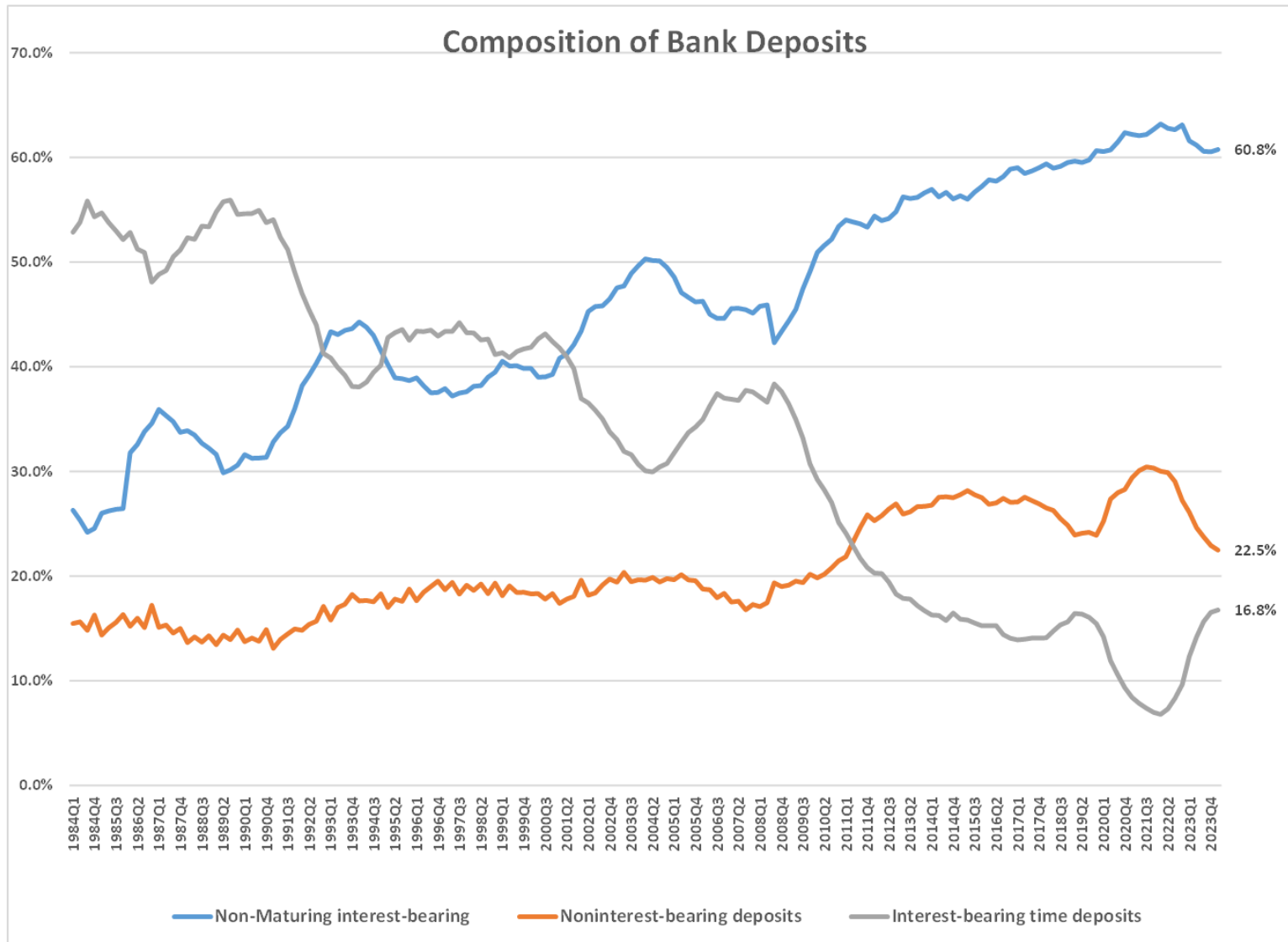
You Need a System That

Complements What You Already Do

- Provide Enhanced Sequential Sales Processes
- Implement Improved Retail Deposit Products
- Provide Sales Software Platform
- Train Management and Frontline Users
- Deliver Monthly Performance Assessments



History of Deposit Composition



Source: www.fdic.gov

Enhanced Approaches for Long-Term Savings

Enhanced Savings Products

- ▶ Limited Edition Savings to Reward Loyalty with Desired Liquidity
- ▶ Companion Deposit Account to Be Relevant in This Market

Enhanced Term Deposit Products

- ▶ Standard CDs to Keep Interest Margins Healthy
- ▶ Promotional Specials to Focus on Getting Positive Attention
- ▶ Customized CDs to Offer the Ultimate in Flexibility of Term



Close the Back Door

Limited Edition Savings

Simple savings account delivering a CD yield

Exclusively for owners of maturing CDs held at least 5 months.

To be used where owner is not comfortable renewing or transferring to another CD

Available on an invitation-only basis

Current Annual Percentage Yield	4.75%
Time Commitment	None
Penalty for Early Withdrawal	None
Number of Withdrawals Permitted	Unlimited
Type of Withdrawals Required	Personal Request
Number of Deposits Permitted	None
Minimum Balance Monthly Fee If account falls below \$2,500	\$10

**Member
FDIC**

Open the Front Door

Companion Deposit Accounts

Simple savings account delivering a CD yield

Open up a CD and be eligible to open a High-Yield Savings Account of equal or lesser value.

Companion CD must be at least 7 months in term to maturity.

No additional deposits allowed after the original open date without opening another CD.

Current Annual Percentage Yield - APY	4.55%
Time Commitment	None
Penalty for Early Withdrawal	None
Number of Withdrawals Permitted	Unlimited
Type of Withdrawals Required	Personal Request
Number of Deposits Permitted	None
Minimum Balance Monthly Fee If account falls below \$100	\$0

Time and Define Your Promotions

Minimize the impact of re-pricing maturing CDs at promotional yields.

- Utilize the maturing schedule to know when the least damage would occur from promotional offerings
- Select the time and define the terms that will minimize re-pricing to higher cost offerings.

FMS Whitepaper - <https://app.box.com/s/t23nzbb5whl6z51yo4kgxno0tgiae6xw>

Time and Define Your Promotions

Maturity Schedule

	1/9/2023	1/16/2023	1/23/2023	1/30/2023	2/6/2023	2/13/2023	2/20/2023	2/27/2023	3/6/2023	3/13/2023	3/20/2023	3/27/2023
	1/15/2023	1/22/2023	1/29/2023	2/5/2023	2/12/2023	2/19/2023	2/26/2023	3/5/2023	3/12/2023	3/19/2023	3/26/2023	4/2/2023
Amount	2,940,003	2,441,692	1,881,086	2,066,822	1,921,372	1,276,117	1,739,633	2,900,637	1,764,437	3,331,617	1,890,306	2,172,888
Count	71	64	64	77	65	52	70	90	63	77	90	91
Avg Yield	0.70%	0.38%	0.67%	0.64%	0.45%	0.57%	0.42%	0.66%	0.41%	0.67%	0.57%	0.69%
Average	2,193,884	2,193,884	2,193,884	2,193,884	2,193,884	2,193,884	2,193,884	2,193,884	2,193,884	2,193,884	2,193,884	2,193,884
% of Avg	134%	111%	86%	94%	88%	58%	79%	132%	80%	152%	86%	99%
Opp Rank	11	9	4	7	6	1	2	10	3	12	5	8

Term		1/9/2023	1/16/2023	1/23/2023	1/30/2023	2/6/2023	2/13/2023	2/20/2023	2/27/2023	3/6/2023	3/13/2023	3/20/2023	3/27/2023
		1/15/2023	1/22/2023	1/29/2023	2/5/2023	2/12/2023	2/19/2023	2/26/2023	3/5/2023	3/12/2023	3/19/2023	3/26/2023	4/2/2023
3 Month	Amount	135,822	2,897	33,886	162,836	46,908	70,350		98,420	88,990	478,753	142,938	19,462
	Count	1	1	3	4	3	1		6	4	4	5	1
	Avg Yield	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%		0.03%	0.03%	0.90%	0.03%	0.03%
6 Month	Amount	20,661	407,017	141,246	157,378	241,825	53,948	173,925	44,722	41,629	24,615	70,841	152,179
	Count	3	9	5	4	6	6	7	5	5	4	4	5
	Avg Yield	0.03%	0.35%	1.07%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%
9 Month	Amount	69,185		6,540	11,427	12,430	1,526		10,935	5,021		3,298	
	Count	2		1	2	2	1		1	1		1	
	Avg Yield	0.03%		0.03%	0.03%	0.03%	0.03%		0.03%	0.03%		0.03%	
10 Month	Amount						101,934						
	Count						1						
	Avg Yield						0.10%						
12 Month	Amount	1,026,303	903,701	770,045	611,371	631,424	401,017	714,196	1,135,762	494,014	1,009,814	618,982	876,570
	Count	30	26	26	32	24	15	31	35	19	34	39	39
	Avg Yield	0.36%	0.39%	0.43%	0.24%	0.43%	0.43%	0.45%	0.45%	0.45%	0.40%	0.37%	0.24%
15 Month	Amount	677,016	389,077	124,226	370,122	275,077	149,201	113,569	483,678	590,344	783,306	329,214	190,580
	Count	9	8	3	10	7	7	6	10	9	11	8	8
	Avg Yield	0.49%	0.43%	0.40%	0.42%	0.42%	0.40%	0.40%	0.49%	0.40%	0.40%	0.40%	0.40%
18 Month	Amount	40,362	11,871	16,569	6,166	5,135	4,628	5,276	42,622	243,007	209,208	173,564	111,065
	Count	3	2	4	1	2	2	2	5	6	9	6	11
	Avg Yield	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.14%	0.10%	0.10%	0.43%	0.10%
24 Month	Amount	336,588	343,766	446,970	109,273	372,394	32,831	456,345	549,940	168,767	277,025	190,256	65,820
	Count	6	6	10	6	7	3	10	11	6	7	7	4
	Avg Yield	0.52%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.28%	0.10%	0.10%	0.10%	0.10%
36 Month	Amount	62,608	356,397		53,133	59,372	258,162	116,945	29,262	20,491	48,007	87,813	162,366
	Count	3	6		3	4	7	4	3	3	3	9	6
	Avg Yield	0.78%	0.51%		0.61%	0.51%	0.52%	0.60%	0.58%	0.50%	0.13%	0.14%	0.10%
48 Month	Amount				1,048	25,000	4,097	3,117	24,150			1,615	167,603
	Count				1	1	2	1	2			1	1

Dynamic Rate Sheet

Feature:

Amount:

Calculate

Filter:

	TERM	RATE	COMPOUNDING PERIODS PER YEAR	CMPND AT MATURITY PERIODS PER YEAR	ANNUAL PERCENTAGE YIELD	ESTIMATED VALUE AT MATURITY	FEATURE
<input type="checkbox"/>	91 Days	2.500%	Quarterly		2.52%	\$60,374	
<input type="checkbox"/>	182 Days	2.500%	Quarterly		2.52%	\$60,750	
<input type="checkbox"/>	12 Months	2.500%	Quarterly		2.52%	\$61,514	
<input type="checkbox"/>	18 Months	2.500%	Quarterly		2.52%	\$62,285	
<input type="checkbox"/>	24 Months	2.350%	Quarterly		2.37%	\$62,879	
<input type="checkbox"/>	30 Months	2.200%	Quarterly		2.22%	\$63,383	
<input type="checkbox"/>	36 Months	2.100%	Quarterly		2.12%	\$63,891	
<input type="checkbox"/>	48 Months	2.100%	Quarterly		2.12%	\$65,243	
<input type="checkbox"/>	60 Months	2.100%	Quarterly		2.12%	\$66,624	

Dynamic Rate Sheet

Feature:

Amount:

Calculate

Filter:

	TERM	RATE	COMPOUNDING PERIODS PER YEAR	CMPND AT MATURITY PERIODS PER YEAR	ANNUAL PERCENTAGE YIELD	ESTIMATED VALUE AT MATURITY	FEATURE
<input type="checkbox"/>	91 Days	3.000%	Quarterly		3.03%	\$60,448	Checking w/ACH
<input type="checkbox"/>	182 Days	3.000%	Quarterly		3.03%	\$60,900	Checking w/ACH
<input type="checkbox"/>	12 Months	3.000%	Quarterly		3.03%	\$61,820	Checking w/ACH
<input type="checkbox"/>	18 Months	3.050%	Quarterly		3.09%	\$62,798	Checking w/ACH
<input type="checkbox"/>	24 Months	2.900%	Quarterly		2.93%	\$63,570	Checking w/ACH
<input type="checkbox"/>	30 Months	2.750%	Quarterly		2.78%	\$64,255	Checking w/ACH
<input type="checkbox"/>	36 Months	2.650%	Quarterly		2.68%	\$64,948	Checking w/ACH
<input type="checkbox"/>	48 Months	2.650%	Quarterly		2.68%	\$66,686	Checking w/ACH
<input type="checkbox"/>	60 Months	2.650%	Quarterly		2.68%	\$68,471	Checking w/ACH



Dynamic Rate Sheet

Feature:

None
Checking w/ACH
Relationship

Amount:

60000

Calculate

Filter: Standard

	TERM	RATE	COMPOUNDING PERIODS PER YEAR	CMPND AT MATURITY PERIODS PER YEAR	ANNUAL PERCENTAGE YIELD	ESTIMATED VALUE AT MATURITY	FEATURE
<input type="checkbox"/>	91 Days	3.500%	Quarterly		3.55%	\$60,523	Relationship
<input type="checkbox"/>	182 Days	3.500%	Quarterly		3.55%	\$61,051	Relationship
<input type="checkbox"/>	12 Months	3.500%	Quarterly		3.55%	\$62,128	Relationship
<input type="checkbox"/>	18 Months	3.500%	Quarterly		3.55%	\$63,220	Relationship
<input type="checkbox"/>	24 Months	3.350%	Quarterly		3.39%	\$64,140	Relationship
<input type="checkbox"/>	30 Months	3.200%	Quarterly		3.24%	\$64,977	Relationship
<input type="checkbox"/>	36 Months	3.100%	Quarterly		3.14%	\$65,824	Relationship
<input type="checkbox"/>	48 Months	3.100%	Quarterly		3.14%	\$67,888	Relationship
<input type="checkbox"/>	60 Months	3.100%	Quarterly		3.14%	\$70,018	Relationship



Dynamic Rate Sheet

Date of Survey Data: 7/22/2023
Amount of Deposit: \$60,000
Maturity Date: 3/22/2024
Term to Maturity in Months: 6
APY: 3.55%
Estimated Value at Maturity: \$61,051

Term	Area	Institution	APY	Estimated Value	Our CD Advantage	Our Average Monthly Advantage
6	1	Bank of the West	0.02 %	\$60,006	\$1,045	\$174
6	1	First National Bank	0.08 %	\$60,024	\$1,027	\$171
6	1	First Interstate Bank	0.20 %	\$60,059	\$992	\$165
6	1	Equitable Bank	0.95 %	\$60,282	\$769	\$128
6	Regional	U.S. Average	1.34 %	\$60,397	\$654	\$109
6	Regional	MN State Average	1.53 %	\$60,453	\$598	\$100
6	Regional	NE State Average	1.66 %	\$60,492	\$559	\$93
6	1	Wells Fargo Bank	2.51 %	\$60,742	\$309	\$51
6	1	Metro Credit Union	4.75 %	\$61,397	(\$346)	(\$58)
6	1	U.S. Bank	4.85 %	\$61,426	(\$375)	(\$62)

Customize Maturity Dates

Depositor Quote

Clear

Print to PDF

Depositor Name:

Valued Depositor

Amount of Deposit:

\$60000

(min amount \$10000)

Date of offer:

9/23/2023

Desired Maturity Date:

3/17/2024

or

Term to Maturity in Months:

6

(6 to 60 months)

(176 days)

Our Offering APY:

5.30%

Estimated Value at Maturity:

\$61,504

Customized CD Rate:

Monthly



5.18%

Deal with a Request to Match

Institution:

Deposit Amount:

Term:

APY:

Estimated Value at Maturity: \$53,283

Calculate

Term: 14
Our Customized CD APY: 5.23%
Estimated Value at Maturity: \$53,065

Min Term to Match: 8
Our Customized CD APY: 5.40%
Estimated Value at Maturity: \$51,782

Accept

Accept

Our Advantage at Maturity: (\$218)
Our Advantage per Month: (\$16)

For more - <https://youtu.be/y5v9jr-PqWk>

Sequential Sales Process Opportunities

- ▶ Companion Deposit Account - Be Relevant Again
- ▶ Standard CDs - Keep Interest Margins Healthy
- ▶ Promotional Specials - Focus on Getting Positive Attention
- ▶ Customized CDs - Offer the Ultimate in Flexibility of Term
- ▶ Limited Edition Savings - Reward Loyalty with Desired Liquidity

1 - Companion

2 - Standard

3 - Promotional
Specials

4 - Customized

5 - Limited Edition

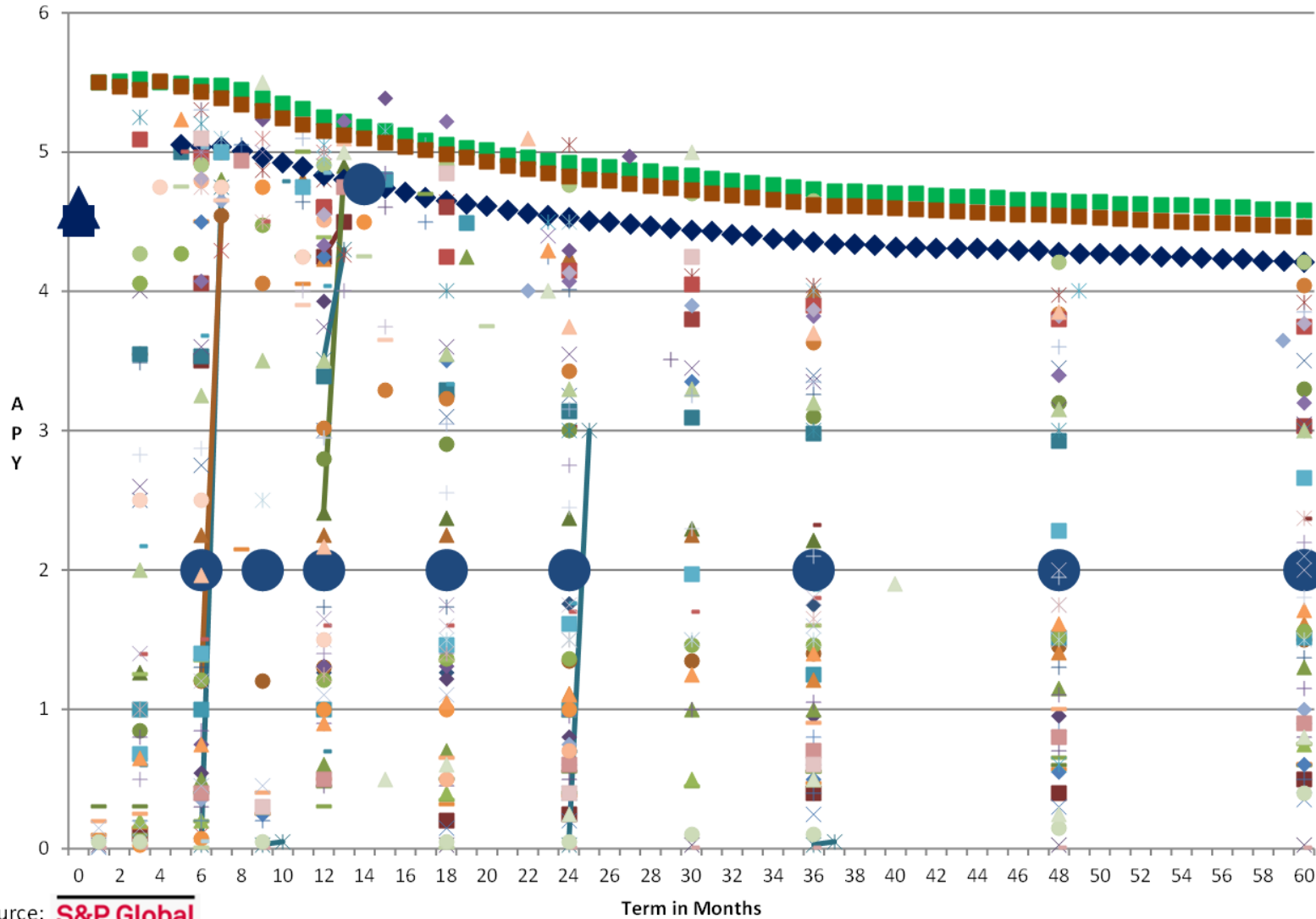
Growth

Margin Enhancement

Retention

Pricing Calibration

Footprint Term Deposit Offerings 05/21/2024



Source: **S&P Global**

Consider the Financial Pain of Inaction

Deposit Cost Analysis

Sample Financial Institution

			Bank	Peer	Percentile
UBPR Data	As of 03/2023	Time Deposits Interest Cost	2.00%	1.60%	80
		Interest Cost Above Peer	0.40%		
Call Report Data	As of 03/2023	M.3.b	75,000	Time Deposits <=\$250K Maturing in 12 Months or Less	
		M.4.b	25,000	Time Deposits >\$250K Maturing in 12 Months or Less	
		Total	100,000	Time Deposit Maturing within 12 Months	

100,000,000 Volume of Accounts Impacted per Year

4.00% Expected Average Cost of Newly Booked Term Deposits

4,000,000 Expected Annual Profit Improvement from Cost of Funds Improvement Alone

3.60% Potential Average Cost of Newly Booked Term Deposits

3,600,000 Profitability of New Funds

\$ 400,000 Total Value Improvement Opportunity

\$ 33,333 Cost of Waiting Each Month

Summary - Term Deposits

- ▶ New approaches to term deposits will reinvigorate your offerings.
- ▶ You need to replace the rate sheet and ad hoc exception pricing immediately.
- ▶ You need hybrid savings accounts.

Resources Available for You

Specific Ideas to Win More Properly Priced Deposits

[Interest Bearing Deposit Best Practices Checklist](#)

Interest-Bearing Deposit Best Practices Checklist

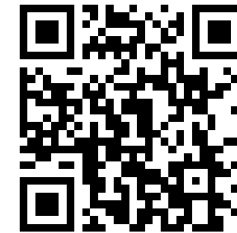


- Develop an efficient and effective system to offer deposit accounts with pricing that is systematically in each category 1) Disclosed, 2) Promoted, 3) Negotiated, and 4) Retention
- Extend offers in sequence rather than a mass dump and assuming an order-taking posture.
- CD specials should be rare and offense oriented. Time and define CD promotions by maturity schedules.
- Use the Balance-Builder approach with standard tiering and incentive pricing for ongoing deposit growth.
- Display dollars. To bring relevance to the decision-making process of each depositor, the representative should be equipped to talk to their depositors in terms of dollars.

Video Training

Easy to Access 3-10 Minute Sessions

https://www.youtube.com/@the_corepoint



Non-Maturing Deposit Initiatives

- ▶ Rewards or Split Rate DDA such as “Kasasa”
- ▶ Premium Services for DDA such as “Bazing” or “Econocheck”
- ▶ Separate NSF from OD Pricing
- ▶ Interest Rates on Commercial DDA
- ▶ Monitor and Respond to First Sign of Funds Flowing to Non-Banks/FinTechs with Very Specific Private Offers
- ▶ External Sweeps - Are they Still Appropriate?
- ▶ Chief Deposit Officer in the C-Suite
- ▶ Focus on Intergenerational Financial Wellness
 - ▶ Family should help family manage money

Special Offer:

Over the coming months The CorePoint can provide a limited number of assessments Time Deposit Performance Assessment Sample

To take advantage of this offer contact Tyler@TheCorePoint.com

Time Deposit Profitability Benchmark

Published Monthly

Highly Profitable Deposit Portfolios are Attainable Today

FI NAME	Rate	Spread Below FHLB	% of Portfolio Booked This Month	Months to Maturity	Profit for Term per \$100m Portfolio (000s)
#1	3.35	2.36	15.62	12.35	379.38
#2	3.25	2.65	8.18	18.05	326.06
#3	3.56	1.94	17.12	9.13	252.69
#4	3.57	1.55	14.95	11.12	214.73
#5	3.89	1.53	10.57	15.57	209.83
#6	3.90	1.78	18.20	7.65	206.52
#7	3.95	1.63	13.98	9.16	173.94
#8	4.28	1.56	8.64	14.87	167.02
#9	4.21	1.35	15.26	9.26	158.97
#10	3.55	1.80	10.60	9.89	157.25

*Green = High-performing result; Yellow = Lower-performing result

*All data from CDs booked in April

<https://thecorepoint.com/cd-benchmark/f/cd-performance-april-2024>



Q+A Time

slido



What were your take-aways from this presentation?

ⓘ Start presenting to display the poll results on this slide.

Thank you!



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