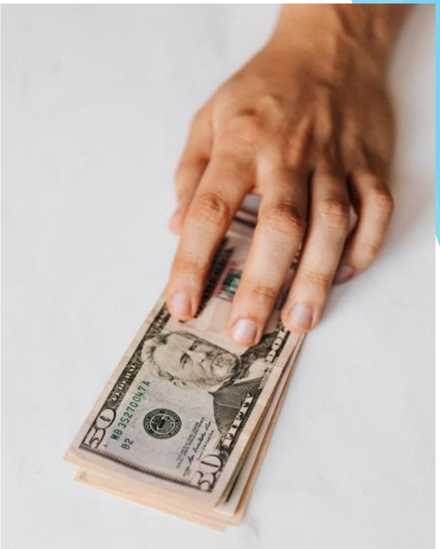
THE COREPOINT

TotalExpert



Activating Banking's Dynamic Duo: Marketing Data and Deposit Strategy

Presenters:

Neil Stanley

CEO/Founder

The CorePoint

James White

General Manager, Banking

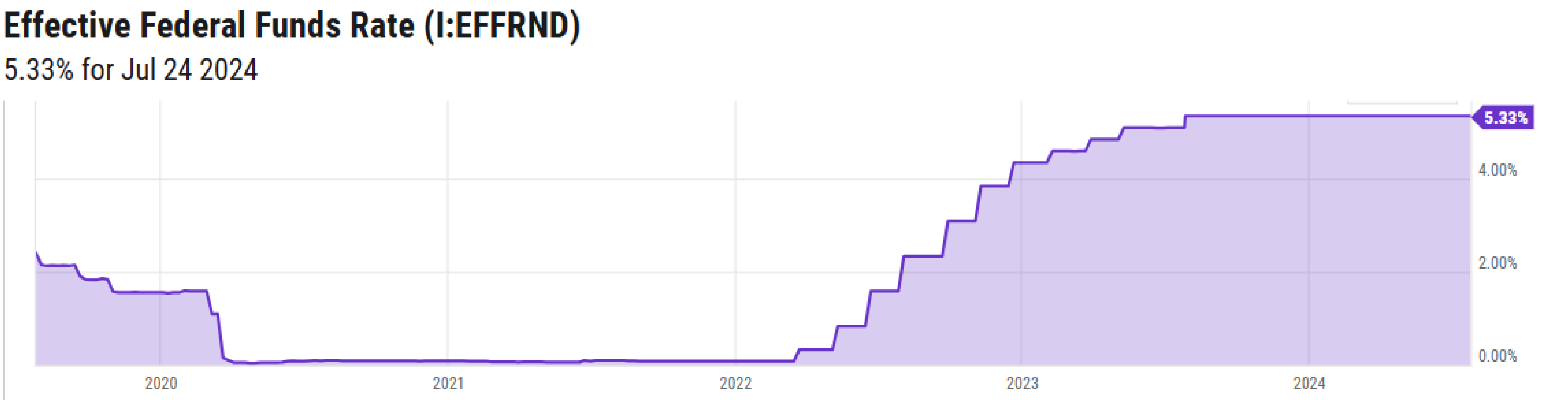
Total Expert

Agenda

Deposit Growth Strategies

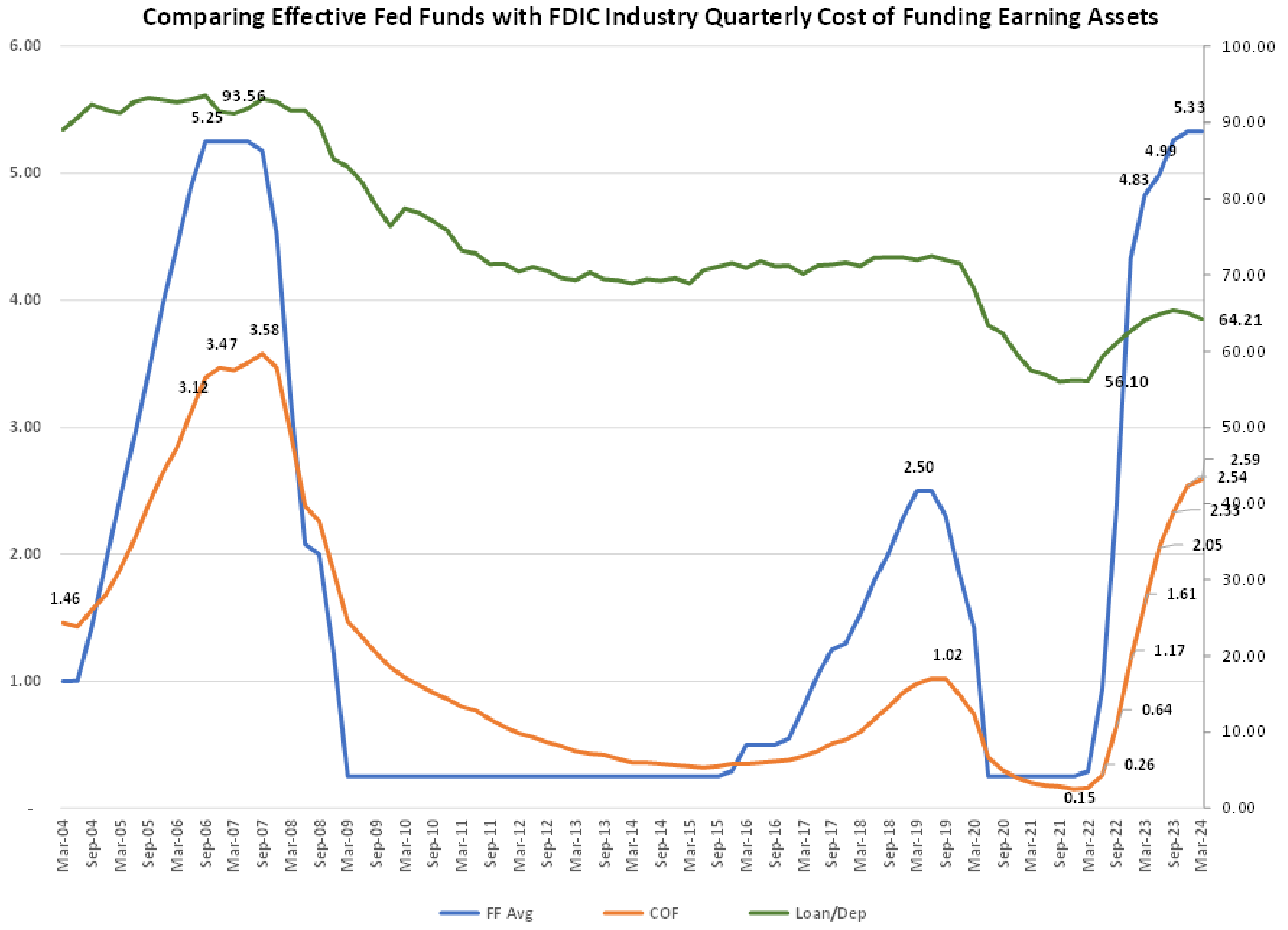
- Current Economic Conditions
- Marketing Matters
- Engaging Depositors
- Engaging via Marketing
- Q+A

Interest Rates that Banks Get Paid are Totally Transparent



https://ycharts.com/indicators/effective_federal_funds_rate

Challenges / Threats



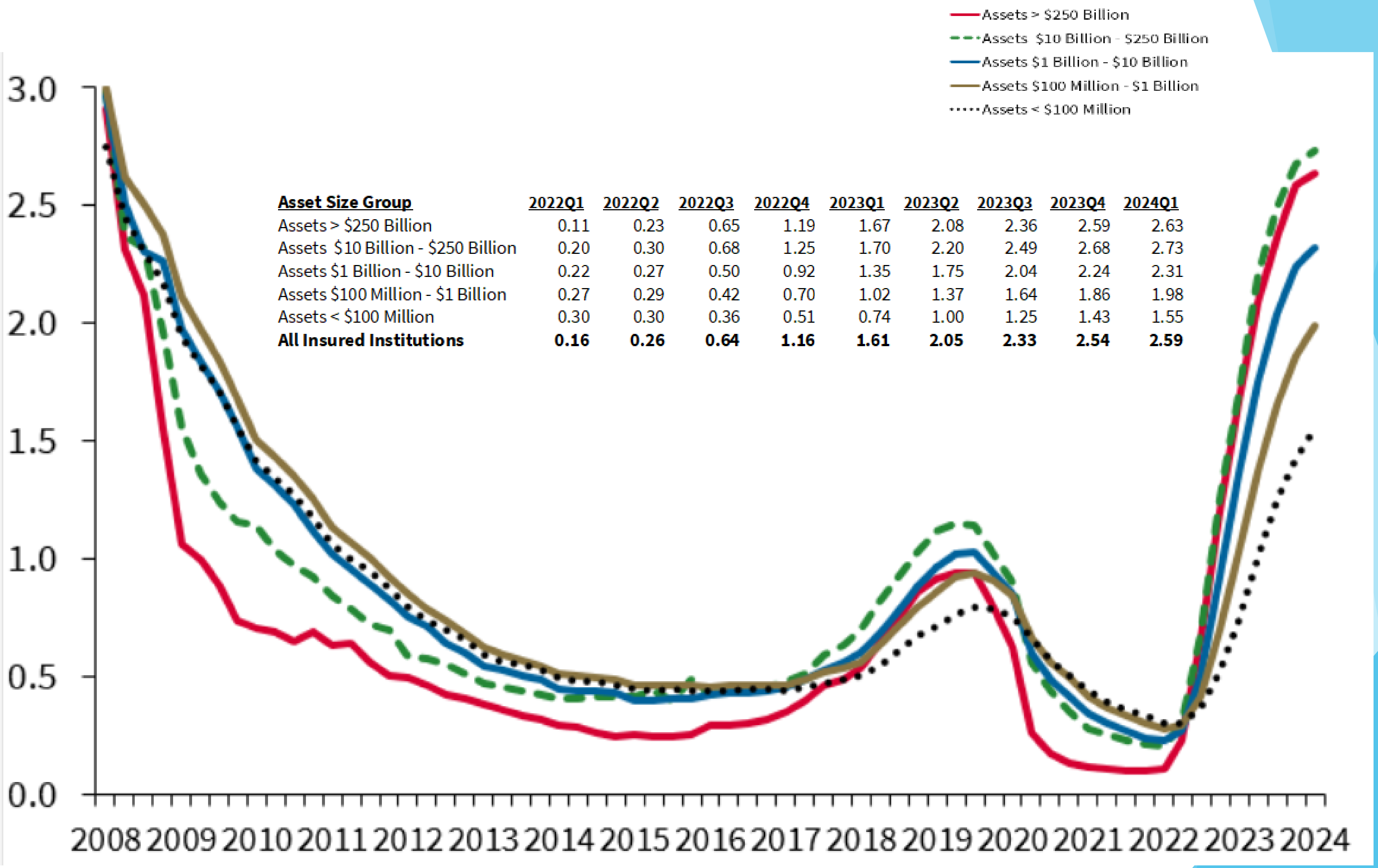
https://www.newyorkfed.org/markets/reference-rates/effr

https://www.fdic.gov/analysis/quarterly-banking-profile

https://img1.wsimg.com/blobby/go/537103de-7172-4ca3-a548-e8855c863747/downloads/Comparing%20Effective%20FF%20and%20L-D%20to%20FDIC%20Cost%20o.xlsx?ver=1722518542152

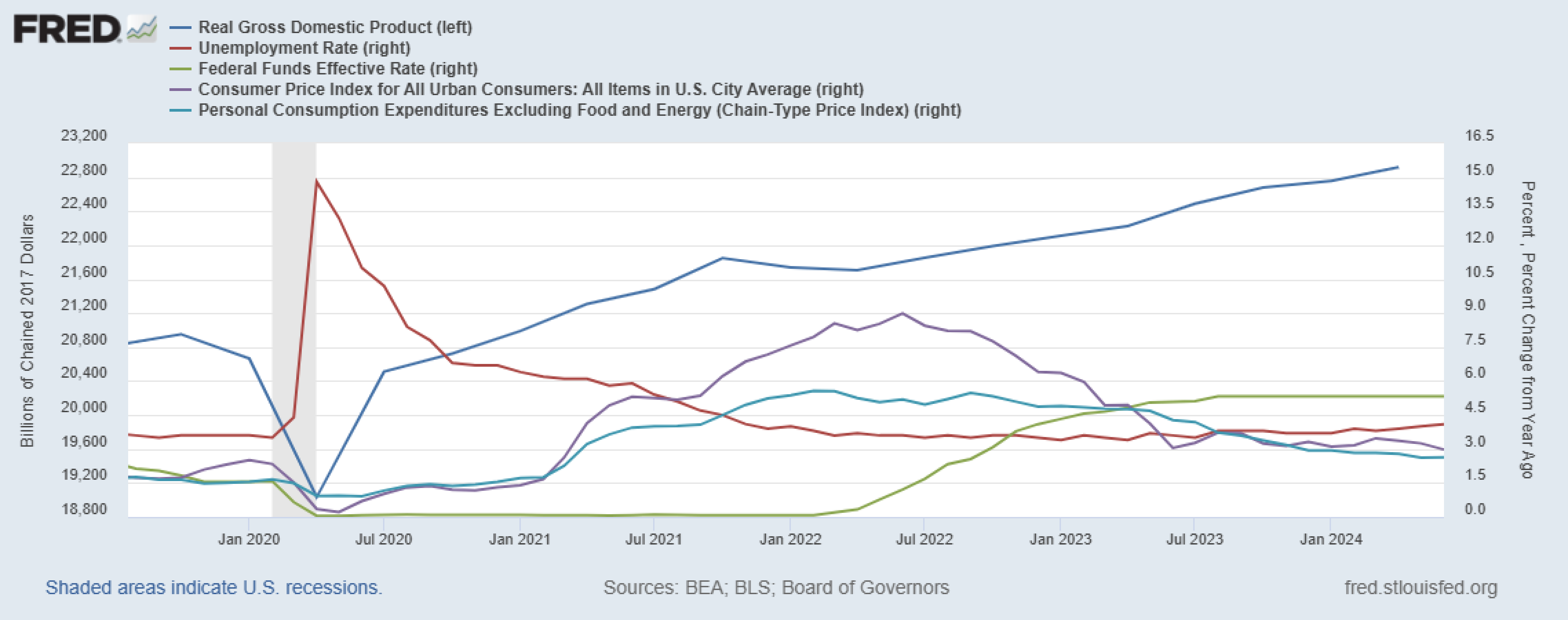
Cost of Funding Earning Assets

https://thefinancialbrand.com/news/deposits/with-rate-cuts-delayed-how-can-banks-boost-deposit-profitability-one-word-volume-177943



Asset Size Group	2022Q1	2022Q2	2022Q3	2022Q4	2023Q1	2023Q2	2023Q3	2023Q4	2024Q1
Assets > $250 Billion	0.11	0.23	0.65	1.19	1.67	2.08	2.36	2.59	2.63
Assets $10 Billion - $250 Billion	0.20	0.30	0.68	1.25	1.70	2.20	2.49	2.68	2.73
Assets $1 Billion - $10 Billion	0.22	0.27	0.50	0.92	1.35	1.75	2.04	2.24	2.31
Assets $100 Million - $1 Billion	0.27	0.29	0.42	0.70	1.02	1.37	1.64	1.86	1.98
Assets < $100 Million	0.30	0.30	0.36	0.51	0.74	1.00	1.25	1.43	1.55
All Insured Institutions	**0.16**	**0.26**	**0.64**	**1.16**	**1.61**	**2.05**	**2.33**	**2.54**	**2.59**

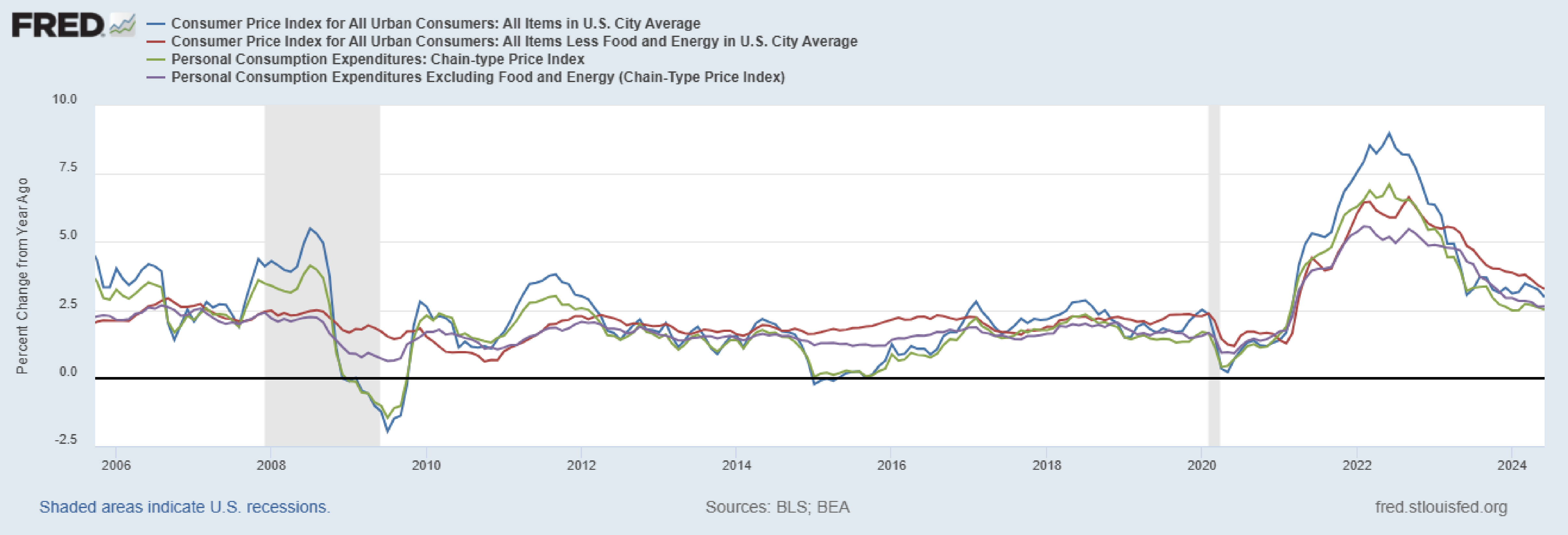
The Economy



https://fred.stlouisfed.org/graph/?g=1hMlL

Inflation Measures

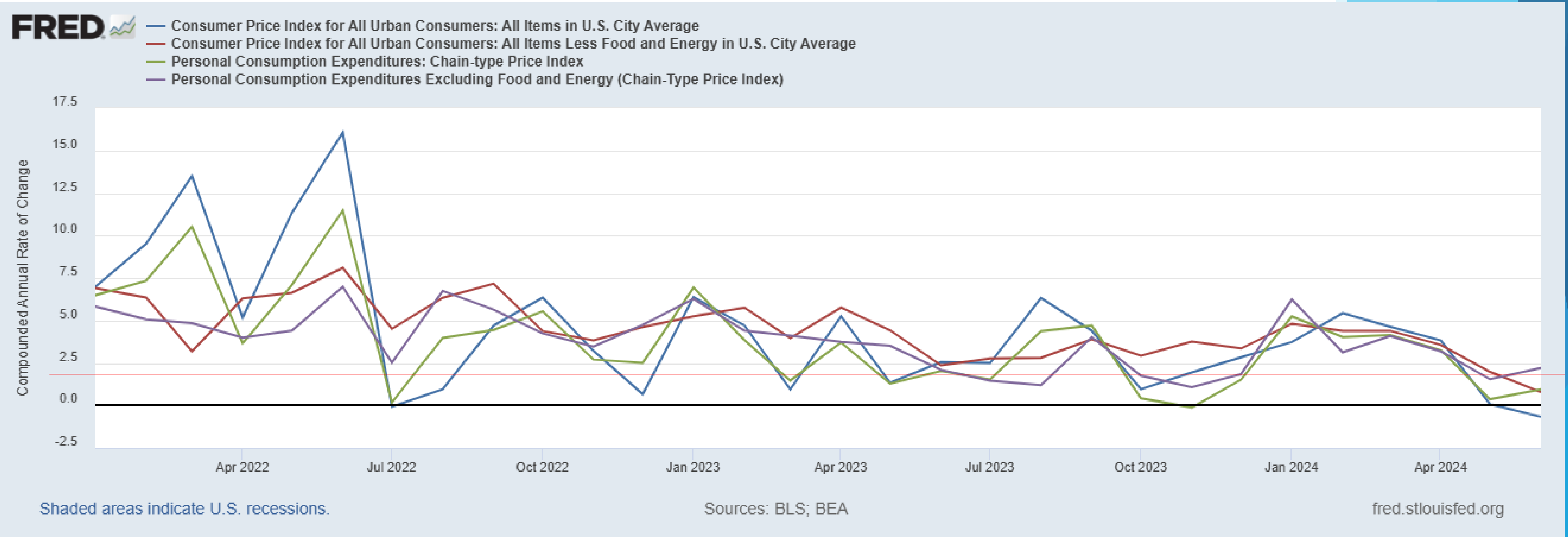
Annual Change



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

Inflation Measures

Monthly Change Annualized



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

The Economy

Key Economic Resource Suggestions for Bankers

U.S. Population

- https://tradingeconomics.com/united-states/population

Interest Rates

- https://www.federalreserve.gov/monetarypolicy/files/fomcprojtabl20231213.pdf
- https://www.federalreserve.gov/monetarypolicy/files/fomcprojtabl20230920.pdf
- https://www.federalreserve.gov/monetarypolicy/files/fomcprojtabl20230614.pdf
- https://www.federalreserve.gov/monetarypolicy/files/fomcprojtabl20230322.pdf
- https://www.federalreserve.gov/monetarypolicy/files/fomcprojtabl20221214.pdf
- https://www.federalreserve.gov/monetarypolicy/files/fomcprojtabl20220316.pdf
- https://fred.stlouisfed.org/series/GS30
- https://fred.stlouisfed.org/series/MORTGAGE30US
- https://fred.stlouisfed.org/graph/?g=15x0L

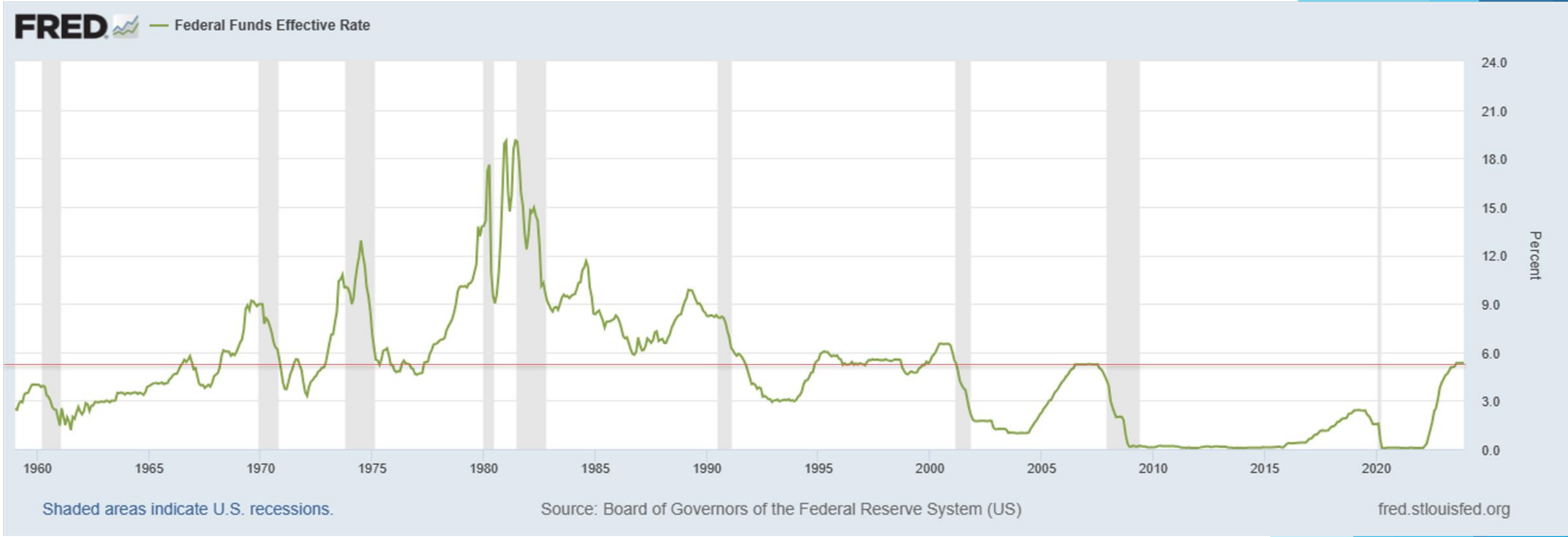
Magnitude of U.S. Debt

- https://www.sifma.org/resources/research/fixed-income-chart/
- https://www.thebalance.com/who-owns-the-u-s-national-debt-3306124
- https://www.usdebtclock.org/index.html
- https://fredblog.stlouisfed.org/2020/09/the-feds-balance-sheet/

Key Economic Resources for Bankers

Fed Funds Effective Rate

Current = 5.33%
Median = 4.66%



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

Fed Funds Futures Expectations

CME FedWatch Tool

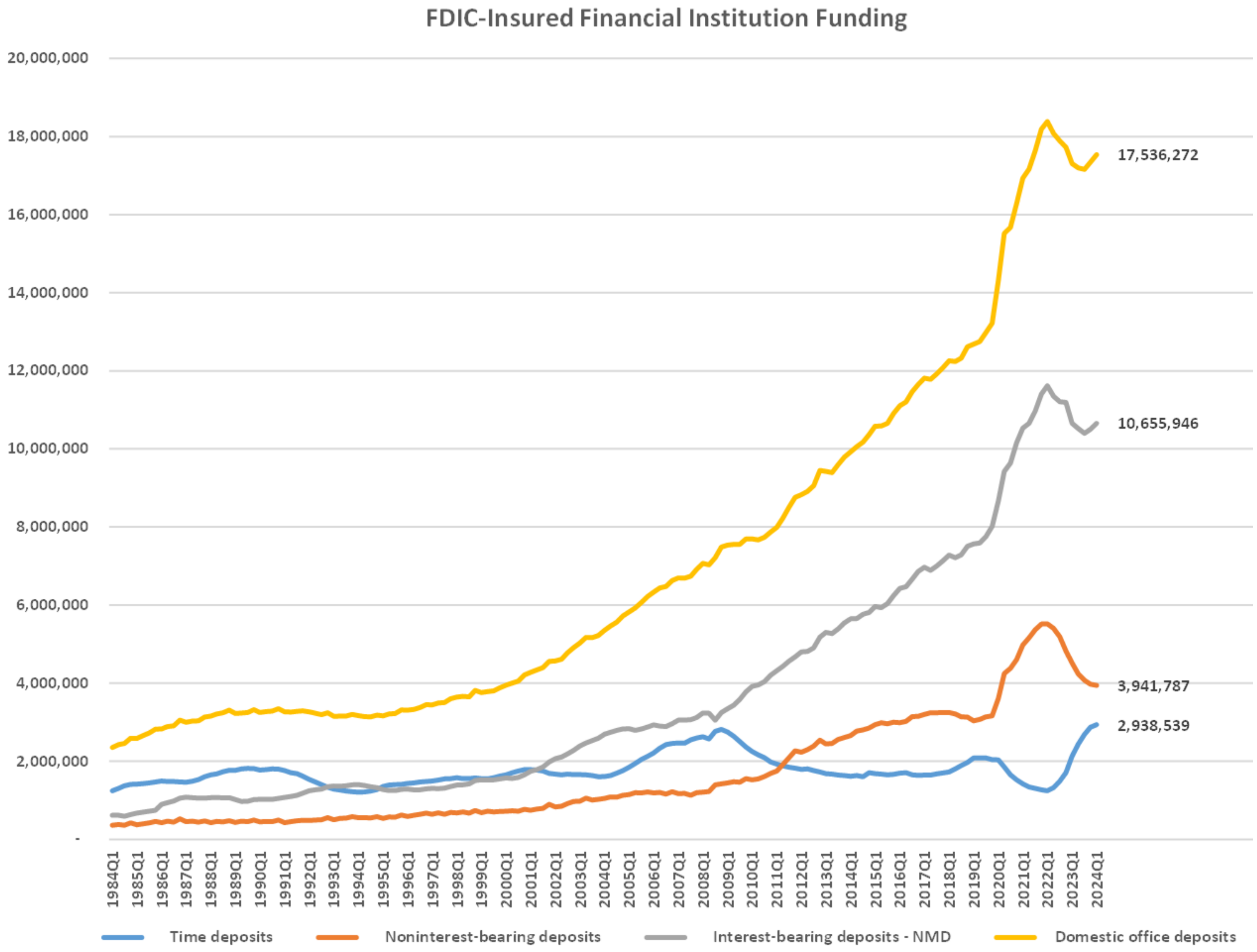
Expected Value Calculator

As of 7/31/2024

	3.25	3.50	3.75	4.00	4.25	4.50	4.75	5.00	5.25	Calculated Current Expected Value
Meeting Date	**300-325**	**325-350**	**350-375**	**375-400**	**400-425**	**425-450**	**450-475**	**475-500**	**500-525**	
9/18/2024					0.00%	0.00%	0.00%	12.50%	87.50%	**5.22%**
11/7/2024	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	9.00%	66.50%	24.50%	**5.04%**
12/18/2024	0.00%	0.00%	0.00%	0.00%	0.20%	10.10%	65.70%	24.00%	0.00%	**4.78%**
1/29/2025	0.00%	0.00%	0.00%	0.10%	8.50%	56.90%	30.70%	3.80%	0.00%	**4.57%**
3/19/2025	0.00%	0.00%	0.10%	8.00%	53.90%	32.30%	5.50%	0.20%	0.00%	**4.34%**
4/30/2025	0.00%	0.10%	5.30%	38.40%	39.60%	14.50%	2.00%	0.10%	0.00%	**4.17%**
6/18/2025	0.10%	4.00%	30.10%	39.30%	20.80%	5.20%	0.60%	0.00%	0.00%	**3.99%**
7/30/2025	2.00%	16.60%	34.50%	30.40%	13.30%	2.90%	0.30%	0.00%	0.00%	**3.87%**

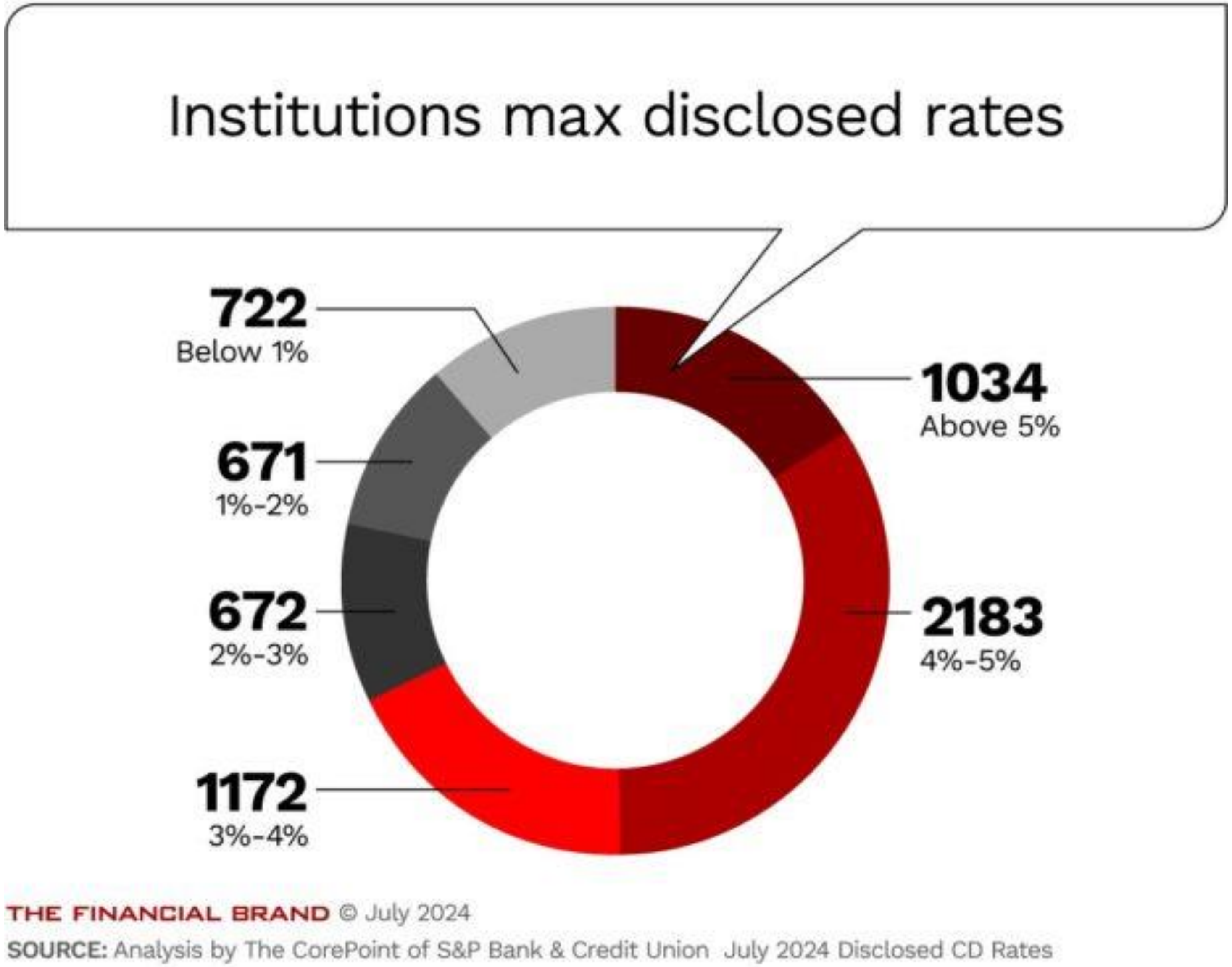
https://www.cmegroup.com/trading/interest-rates/countdown-to-fomc.html

History of Deposits



Source: www.fdic.gov

The Pricing Environment



The evolving industry & consumer expectations

THE COREPOINT

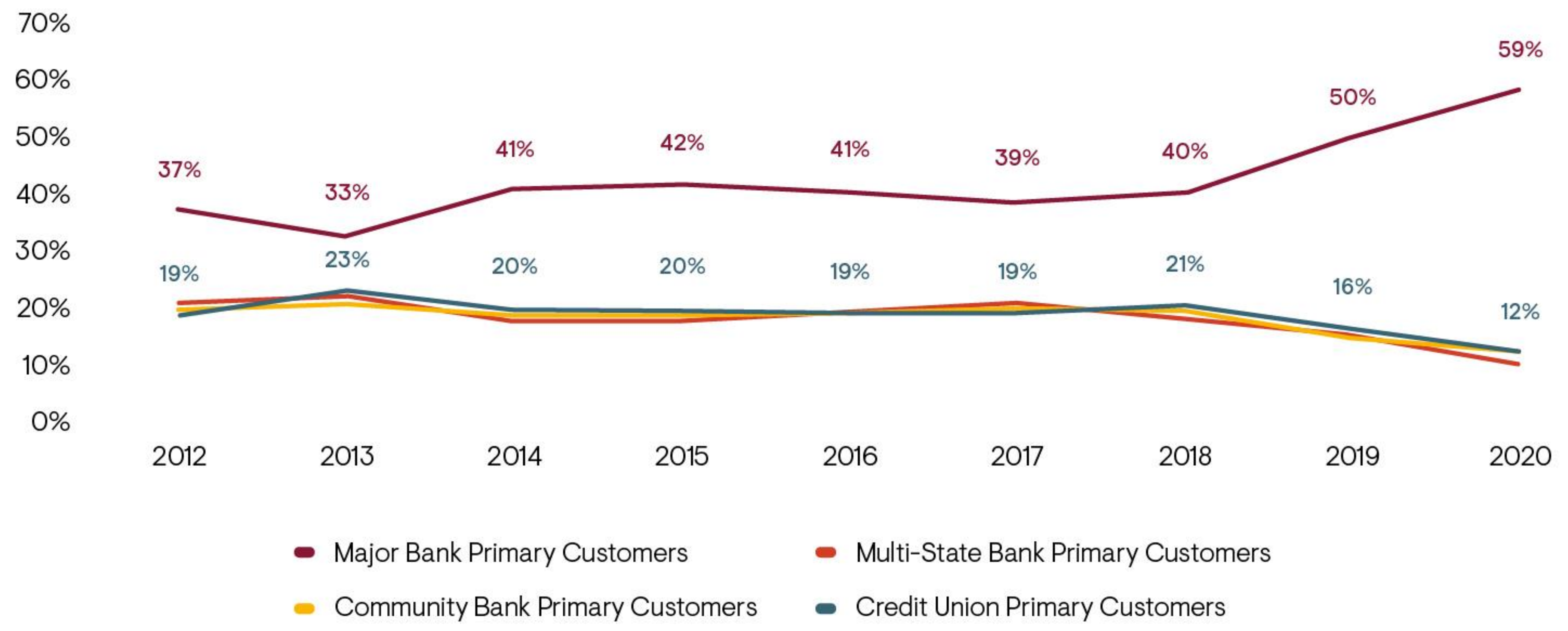
The Competition for your Customers

Fragmentation, noise and heightened expectations for personalization

amazon
PLAID
Pay
Klarna
venmo
Robinhood
coinbase
Square
PayPal
SoFi
ripple
stripe
Cash App
chime

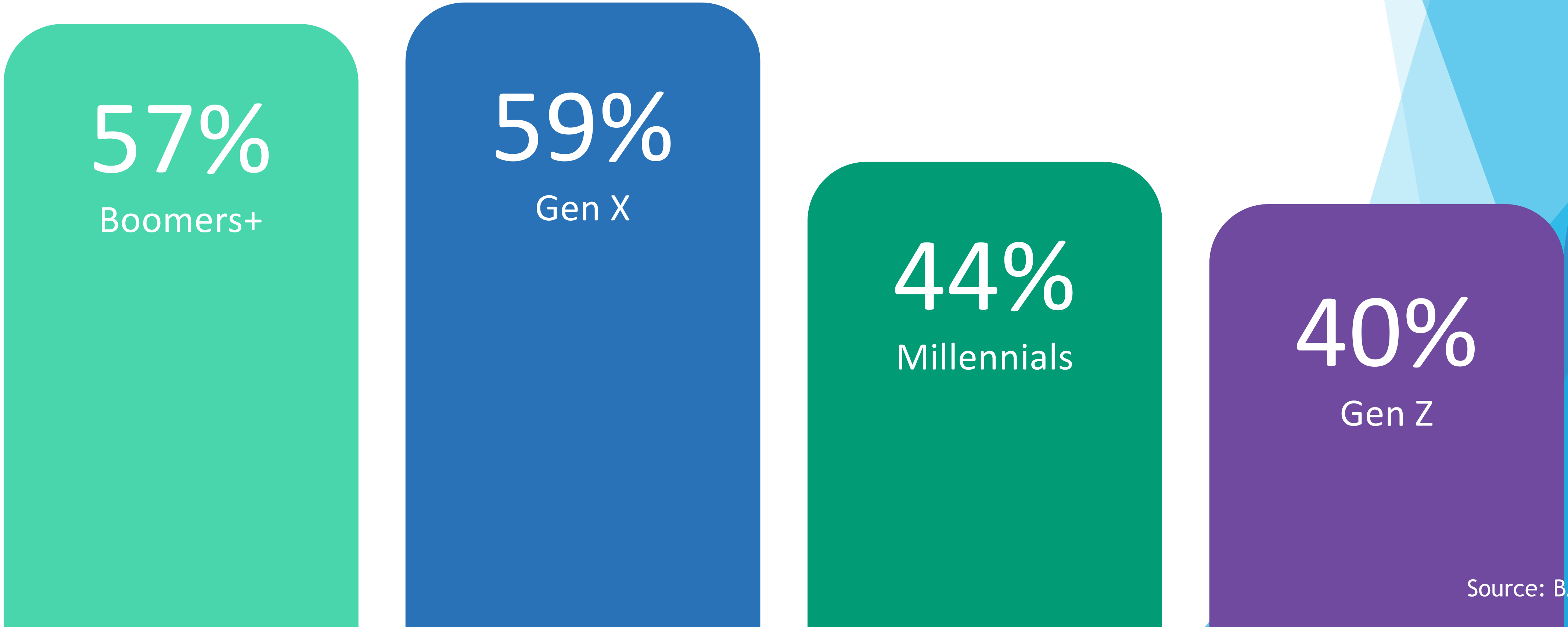

Our changing relationship with our Primary Financial Institution
Debit Card
Mobile Banking

Change in PFI Status



Source: Raddon Research Insights

Consumers who bank with only one financial services organization



Source: BAI 2022

Catalyst for Change

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

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

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
- Offering Teaser Interest Rate Promotions

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 transfering 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

https://www.bai.org/banking-strategies/how-to-keep-more-profitable-deposits/

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

https://thefinancialbrand.com/news/bank-marketing/banking-rates-deposits-accounts-cd-savings-73678/

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
☐	91	Days	2.500%	Quarterly		2.52%	$60,374	
☐	182	Days	2.500%	Quarterly		2.52%	$60,750	
☐	12	Months	2.500%	Quarterly		2.52%	$61,514	
☐	18	Months	2.500%	Quarterly		2.52%	$62,285	
☐	24	Months	2.350%	Quarterly		2.37%	$62,879	
☐	30	Months	2.200%	Quarterly		2.22%	$63,383	
☐	36	Months	2.100%	Quarterly		2.12%	$63,891	
☐	48	Months	2.100%	Quarterly		2.12%	$65,243	
☐	60	Months	2.100%	Quarterly		2.12%	$66,624	

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
☐	91	Days	3.000%	Quarterly		3.03%	$60,448	Checking w/ACH
☐	182	Days	3.000%	Quarterly		3.03%	$60,900	Checking w/ACH
☐	12	Months	3.000%	Quarterly		3.03%	$61,820	Checking w/ACH
☐	18	Months	3.050%	Quarterly		3.09%	$62,798	Checking w/ACH
☐	24	Months	2.900%	Quarterly		2.93%	$63,570	Checking w/ACH
☐	30	Months	2.750%	Quarterly		2.78%	$64,255	Checking w/ACH
☐	36	Months	2.650%	Quarterly		2.68%	$64,948	Checking w/ACH
☐	48	Months	2.650%	Quarterly		2.68%	$66,686	Checking w/ACH
☐	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
☐	91	Days	3.500%	Quarterly		3.55%	$60,523	Relationship
☐	182	Days	3.500%	Quarterly		3.55%	$61,051	Relationship
☐	12	Months	3.500%	Quarterly		3.55%	$62,128	Relationship
☐	18	Months	3.500%	Quarterly		3.55%	$63,220	Relationship
☐	24	Months	3.350%	Quarterly		3.39%	$64,140	Relationship
☐	30	Months	3.200%	Quarterly		3.24%	$64,977	Relationship
☐	36	Months	3.100%	Quarterly		3.14%	$65,824	Relationship
☐	48	Months	3.100%	Quarterly		3.14%	$67,888	Relationship
☐	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:	XYZ
Deposit Amount:	$50,000
Term:	14
APY:	5.6
Estimated Value at Maturity:	$53,283

Calculate

Term:	14	**Min Term to Match:**	8
Our Customized CD APY:	5.23%	**Our Customized CD APY:**	5.40%
Estimated Value at Maturity:	$53,065	**Estimated Value at Maturity:**	$51,782

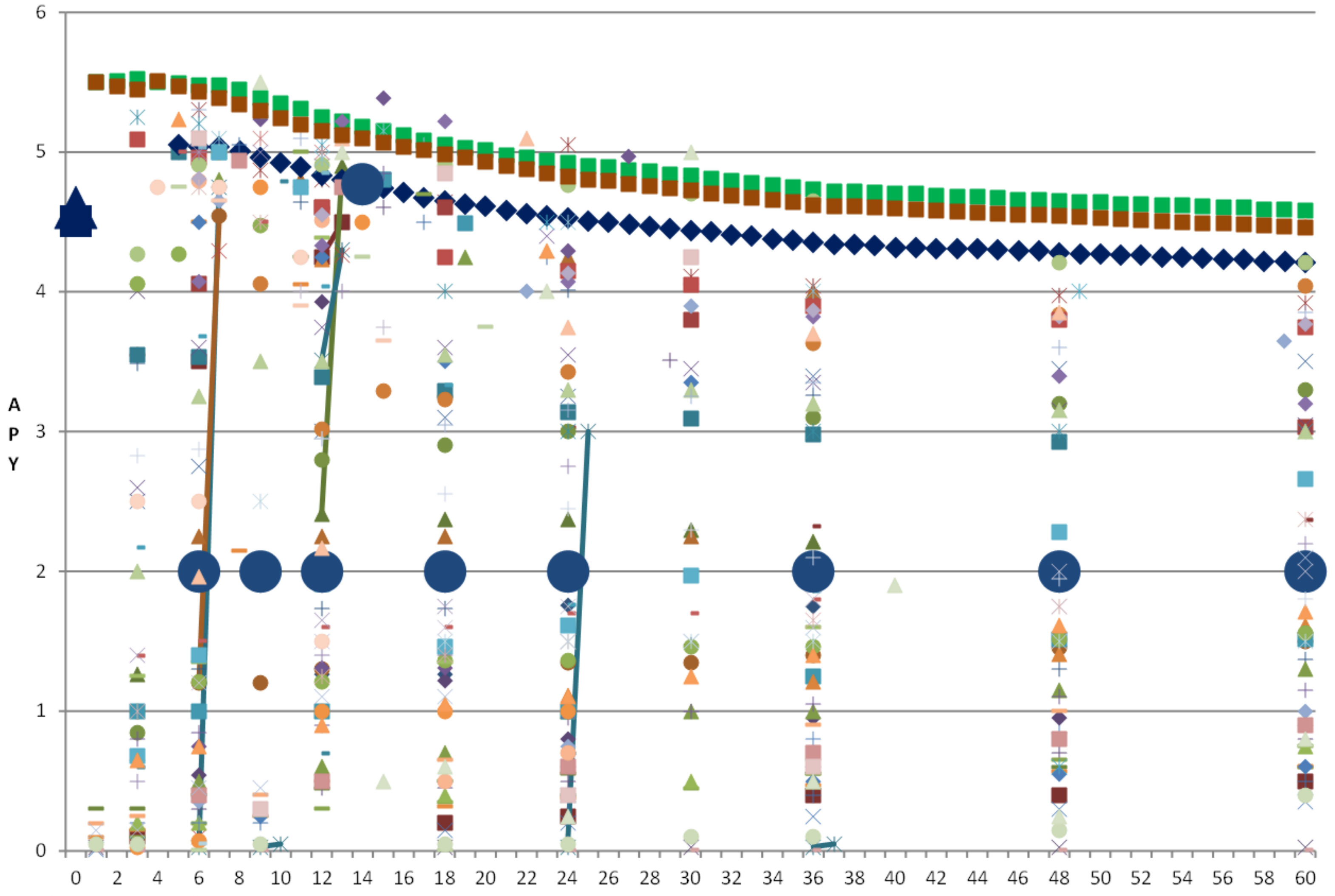
Accept

Accept

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

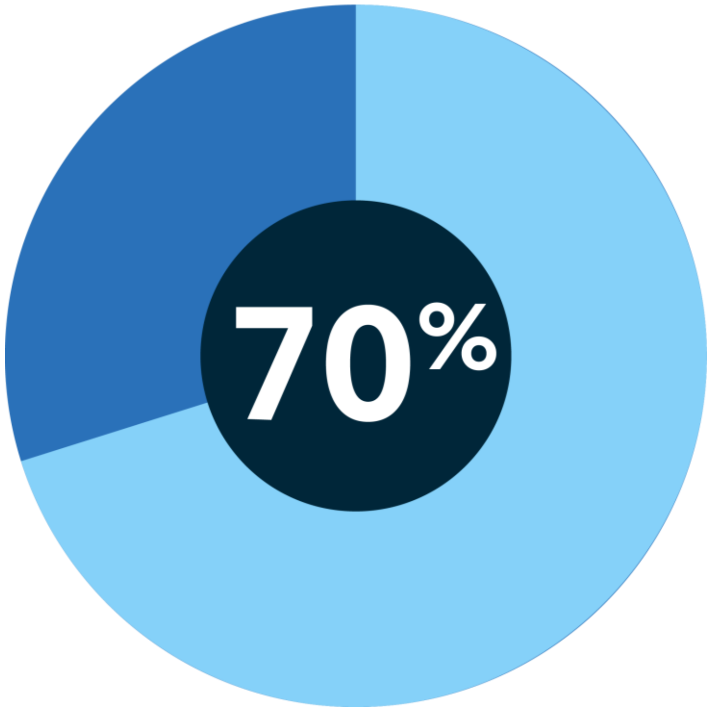
For more - https://youtu.be/y5v9jr-PqWk

Footprint Term Deposit Offerings 05/21/2024



Source: S&P Global

Show consumers that you know them



70% of consumers rate personalization to their banking experience as “highly important”

Life goes on.

What happened in the past 2 years?

7M
babies born

3M
marriages

4M
net new jobs

7M
turned 65 years old

1.5M
divorces

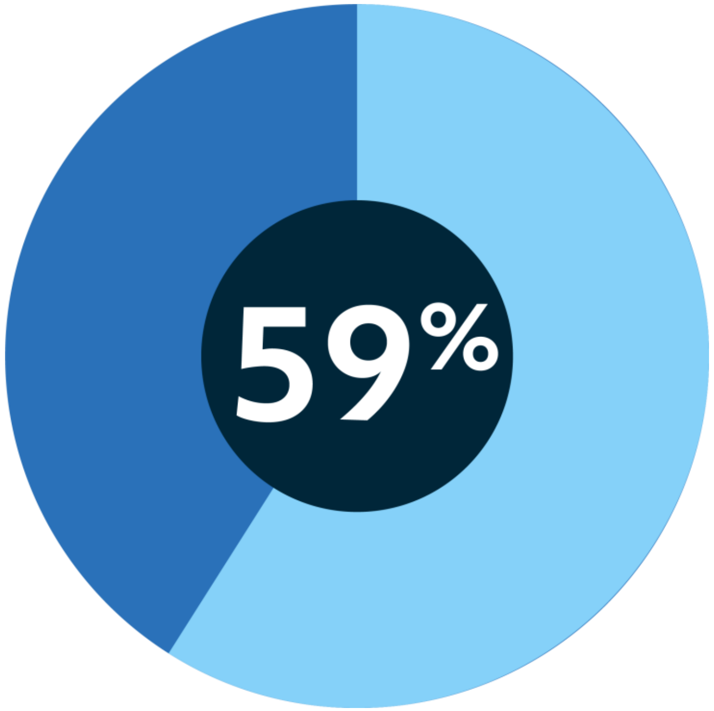
50M
job switches

Source: National Association of Realtors®

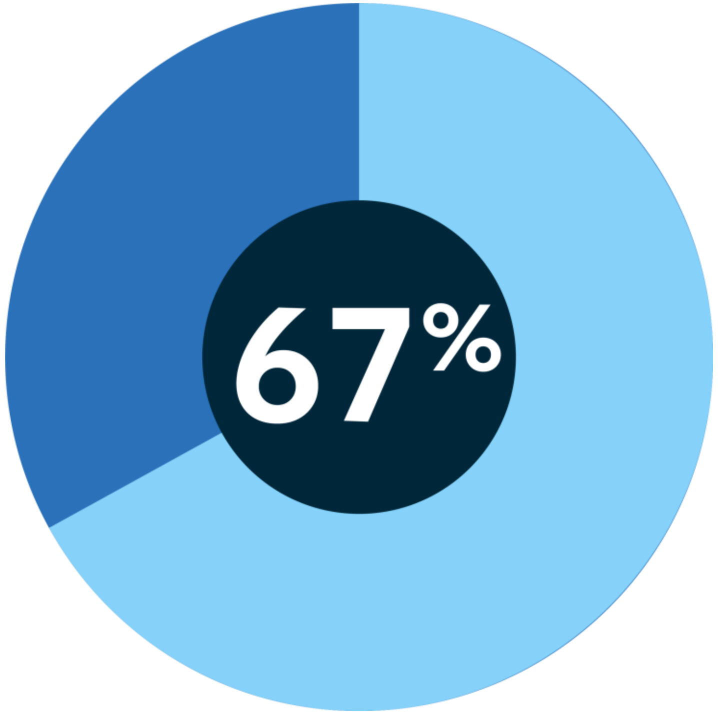
Life Event Data

Nurture relationships better by identifying key moments in their life. Then, be there with the support they need for their next major financial decision.

- Marriage
- New Child
- New Graduate
- New Mover
- Job Change
- Divorce
- Key Age Changes



59% of consumers recently acquired a financial services product from a provider other than their primary financial institution



67% of consumers say they are more likely to respond to an offer from an FI that is already familiar to them

Consider the Financial Pain of Inaction

CoreCD® Value Calculator

Sample Financial Institution

			Bank	Peer	Percentile
UBPR Data	As of 03/31/2024	Time Deposits Interest Cost	4.82%	4.16%	91
		Interest Cost Above Peer	**0.66%**		

Call Report Data	As of 03/31/2024	M.3.b	800,000	Time Deposits <=$250K Maturing in 12 Months or Less
		M.4.b	200,000	Time Deposits >$250K Maturing in 12 Months or Less
		Total	**1,000,000**	Time Deposit Maturing within 12 Months

1,000,000,000	Volume of Accounts Impacted per Year
0.400%	Expected Cost of Funds Impact from CoreCD® — Recovering **61%** Of the Amount Above Peer
12	Average CD Term in Months
4,000,000	Expected Annual Profit Improvement from Cost of Funds Improvement Alone
80,000,000	Minimum Enhanced Deposit Growth Volume
1.00%	Profitability of New Funds
800,000	Additional Annual Value from New Deposits
$ 4,800,000	Total Value Improvement
$ 400,000	Cost of Waiting a Month

Interest-Bearing Deposit Best Practices

30 Specific Ideas to Win More Properly Priced Deposits

https://img1.wsimg.com/blobby/go/537103de-7172-4ca3-a548-e8855c863747/downloads/Deposit%20Best%20Practices%20Checklist.pdf?ver=1709245375855

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.

YouTube Channel

52 Episodes Currently

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

Q+A Time