

South Florida, Lender Lunch

Hosted by SouthState Bank

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**Commercial Loan Credit &
Pricing Trends
For 3Q 2025**

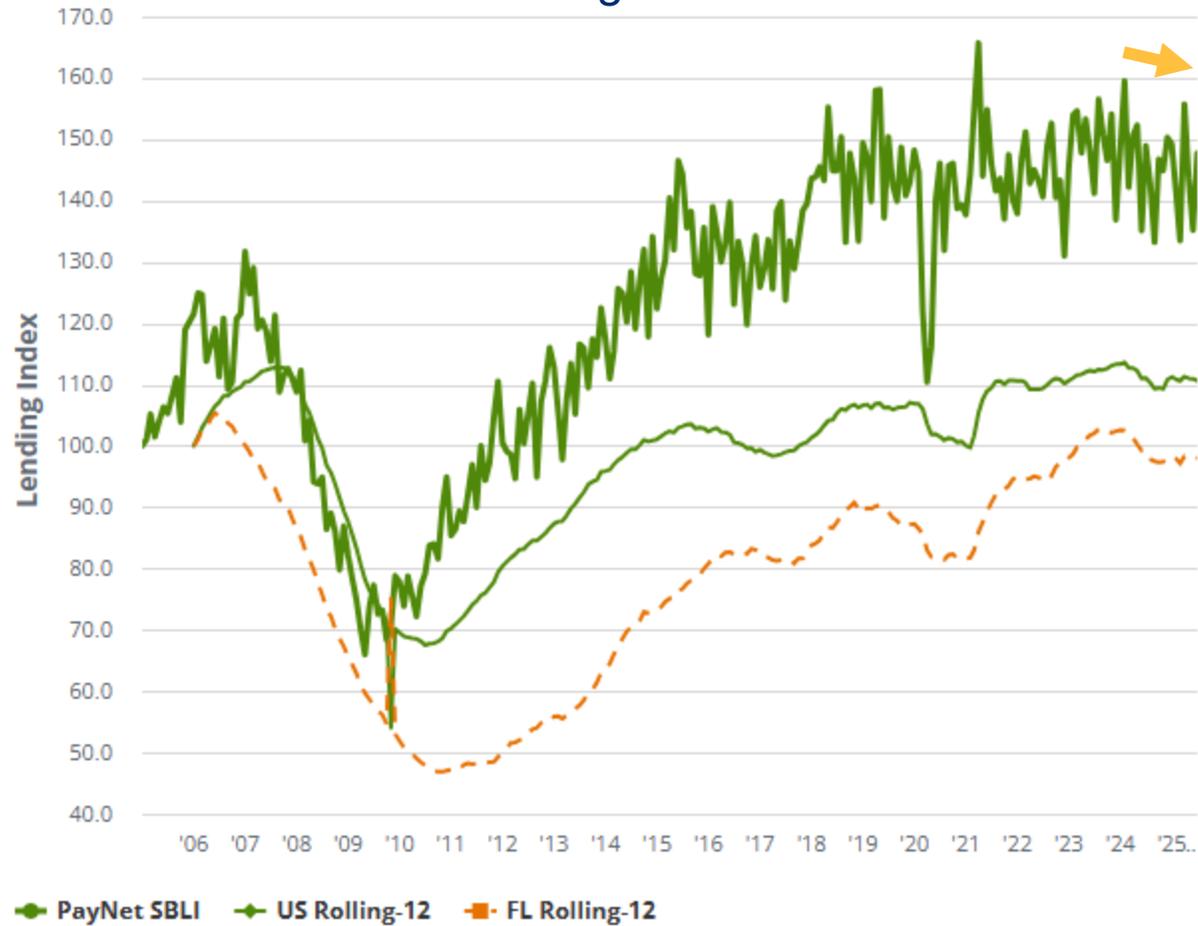


- Fear of a recession has subsided slightly, and we are in a rate cutting cycle. The economy continues to slow driven by uncertainty keeping pressure on credit.
- Tariffs, fiscal debt and immigration policy continues to pressure pricing upward.
- Loan demand and supply have both increased in 3Q for South Florida.
- Office risk elevated but could be OK due to no new supply.
- Banks need to be careful with multifamily due to tight pricing and oncoming supply.

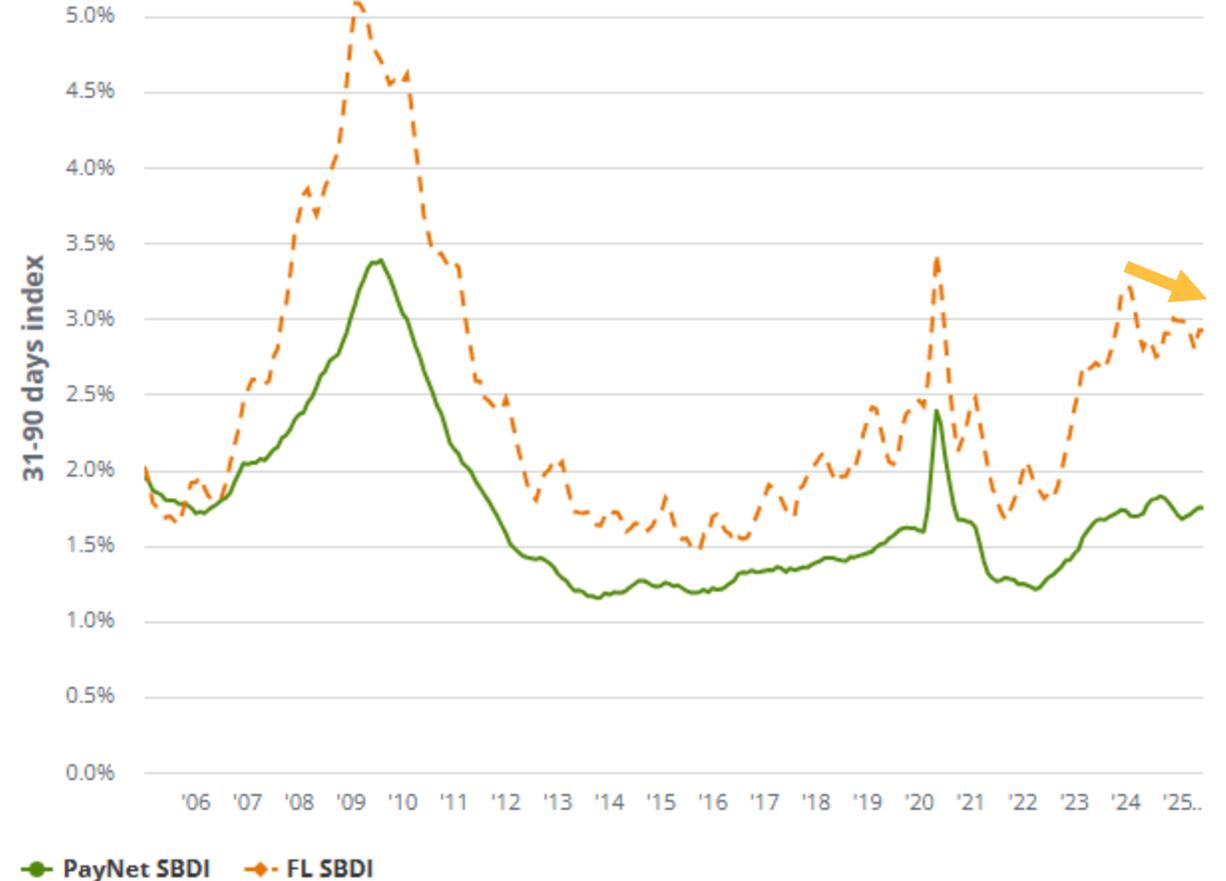
SMB FL Loan Production & Defaults



SMB Lending Volume for KY

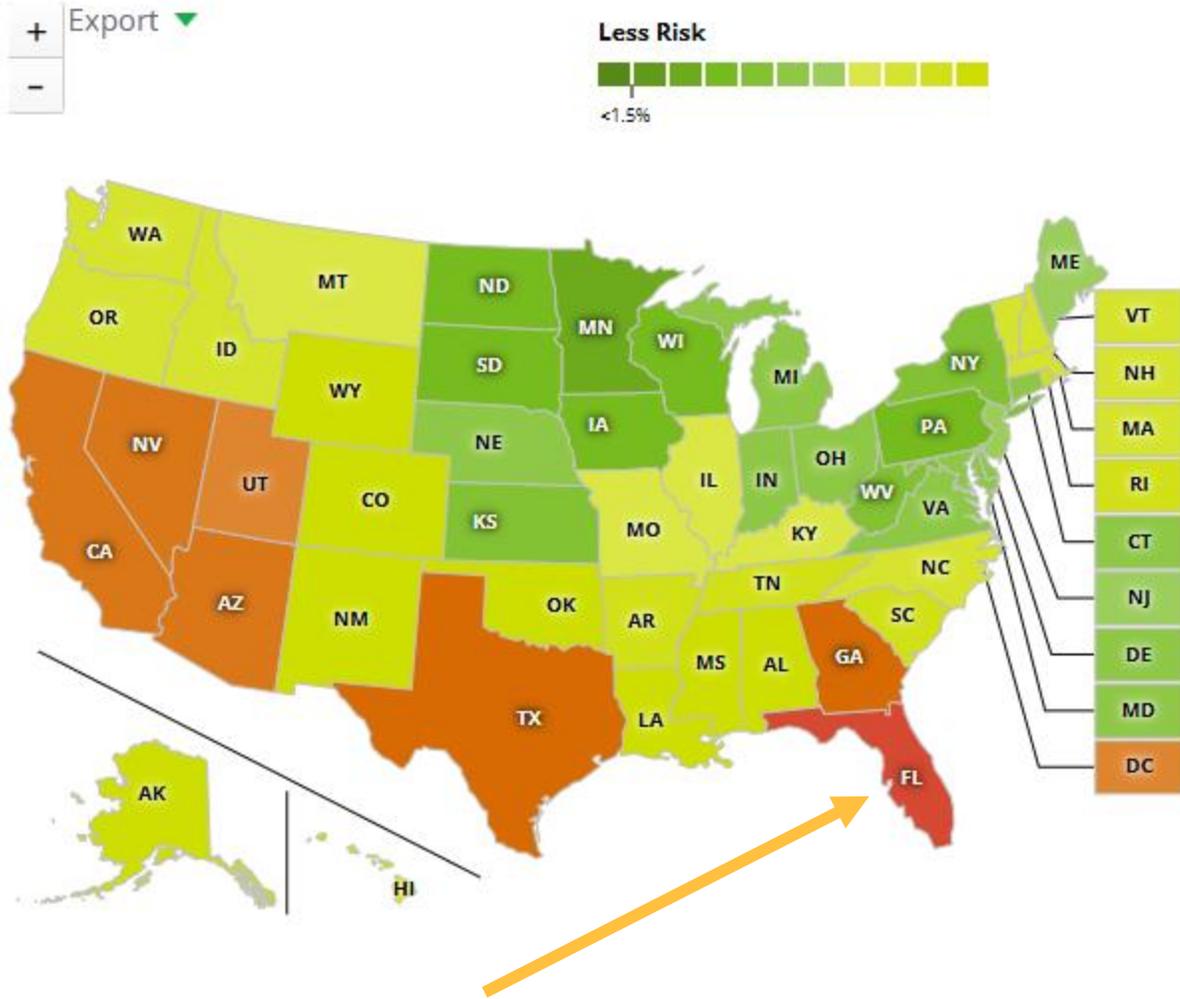


SMB Defaults in FL (August 2025)



Source: Paynet, Aug. 2025

Geographical Credit Conditions Forecast



Benchmarks	Census Count ?	Average 12 mo. APD ?	Credit Quality Distribution					
			Low Qtl ?		Median ?		Hi Qtl ?	
United States	32522828	2.78%	0.88%		1.75%		3.50%	
		-5 -32	-2 -11	-5 -21	-8 -40			
Florida	2470406	3.23%	0.94%		1.96%		4.07%	
		-4 -30	-2 -11	-5 -22	-5 -40			
BROWARD COUNTY	294643	3.31%	0.98%		2.01%		4.18%	
		-5 -34	-2 -11	-5 -23	-4 -42			
MIAMI-DADE COUNTY	518523	3.41%	1.00%		2.07%		4.30%	
		-9 -35	-5 -13	-8 -25	-11 -47			

FL is worse than the U.S. at a 3.23% POD, down 4bp since last quarter and down 30bps since last year.

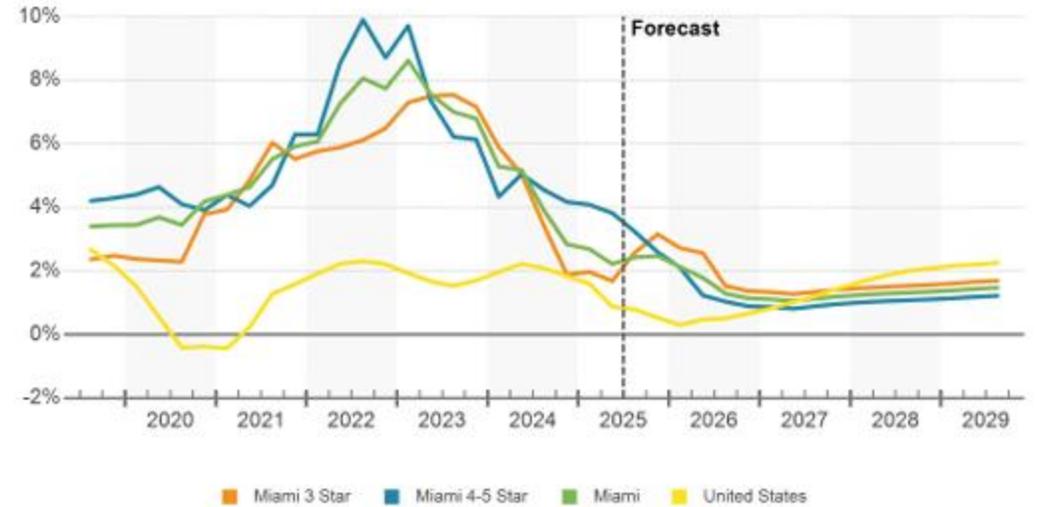
Office



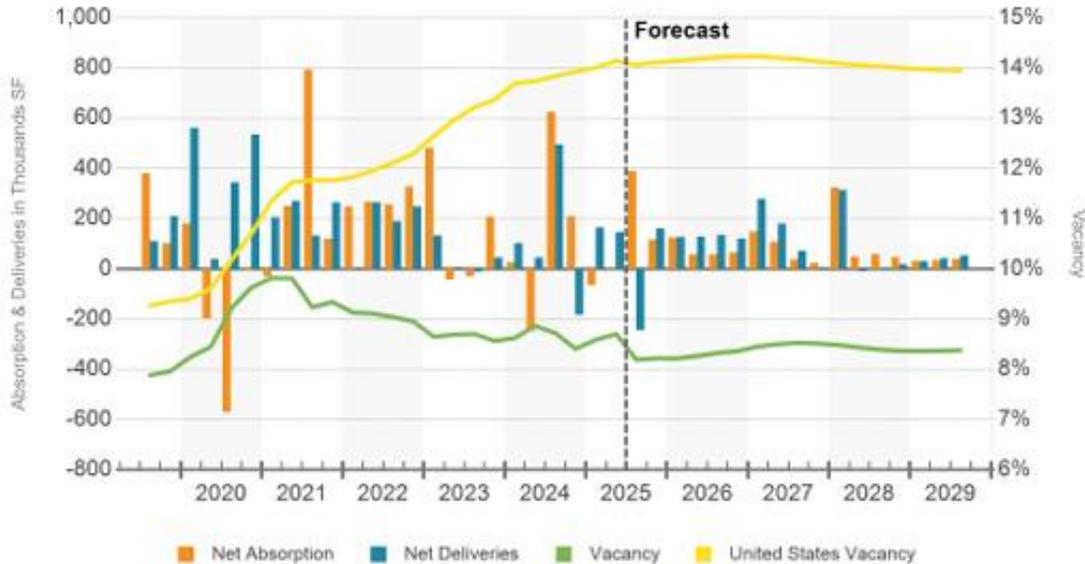
Growth remains strong but slowing. Older, suburban office product remains at risk, but LATAM continues to fuel growth despite the slowdown. New office product is currently 60% leased before opening.

	Historic	Current	5Y Forecast
Rent Growth	3.4%	2.4%	1.5%
Vacancy Rate	9.0%	8.3%	8.4%

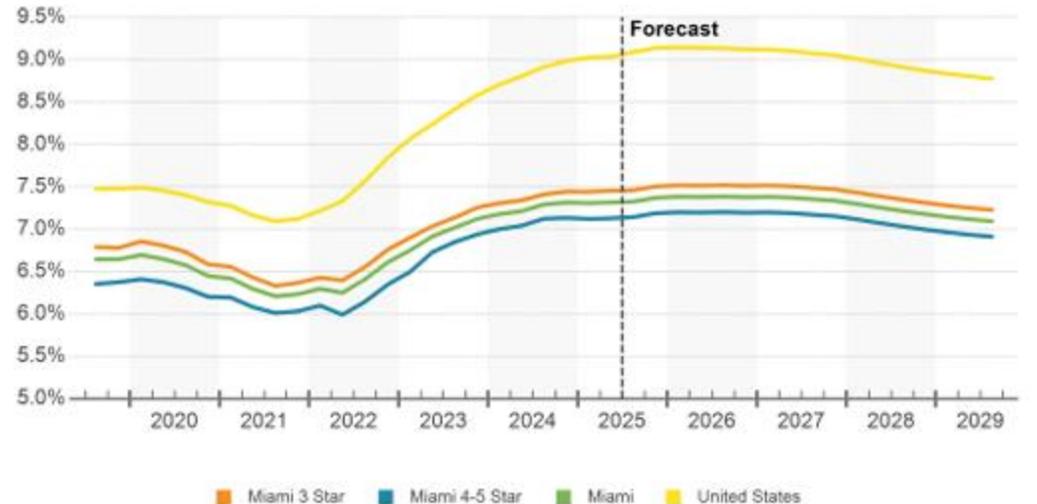
MARKET ASKING RENT GROWTH (YOY)



NET ABSORPTION, NET DELIVERIES & VACANCY



MARKET CAP RATE



- Looking at transit, cell phone and office control data, office usage has stabilized and even improved slightly over last year.
- However, usage is in the 40% to 65% range. Or about 50% of pre-pandemic levels.
- **40% of the office space has yet to come up for renewal**
- Forecasting the “peak day” syndrome
- LTV lower than last recession
- **Data shows leased spaced is down 11.6% from previous lease agreement. We use this in our underwriting.**

If at risk – Restructure NOW!!!



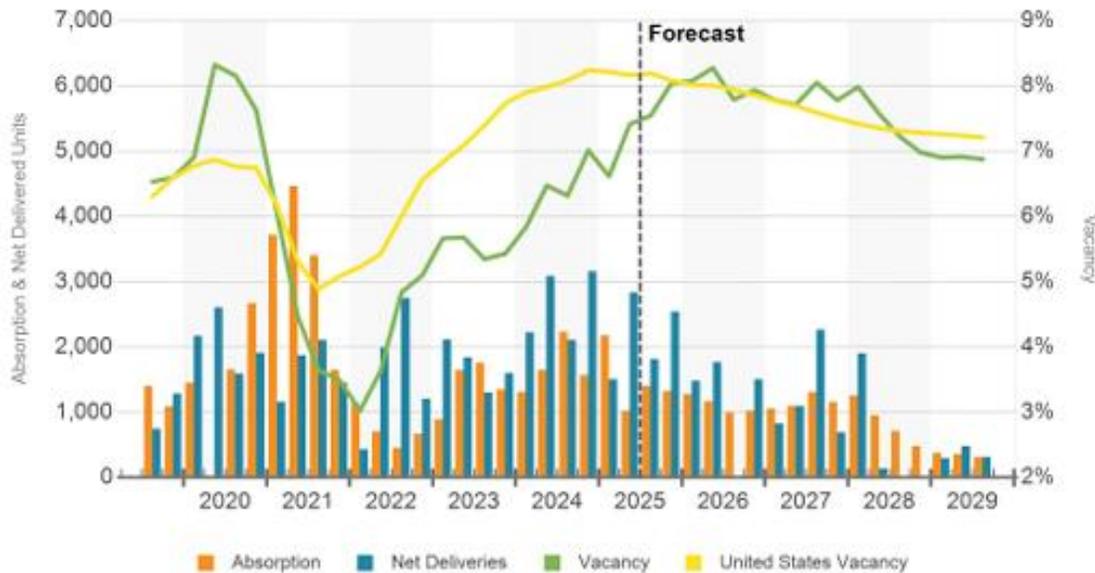
Multi-Family



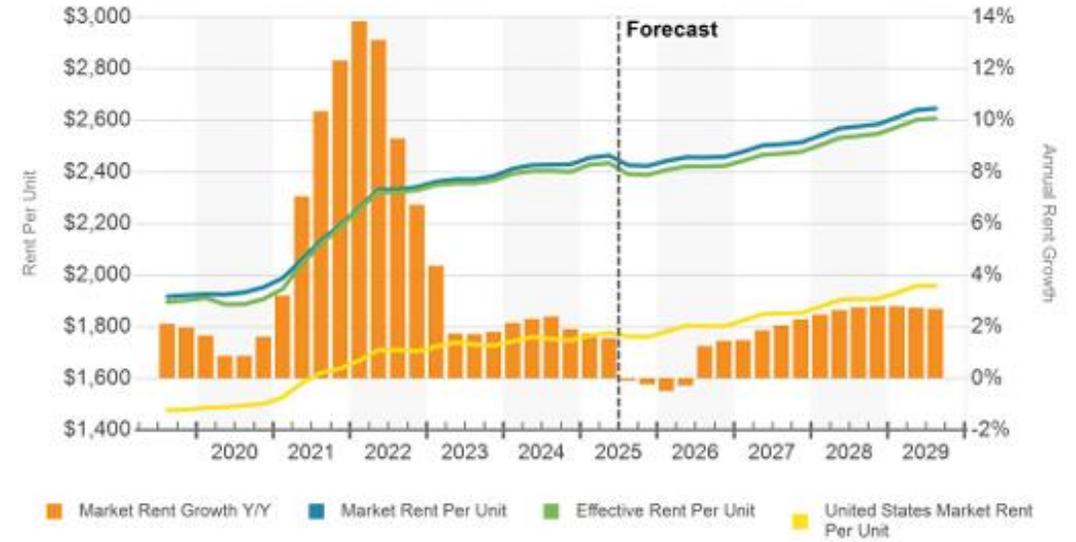
After a strong 1Q, demand has slowed in 2Q and 3Q. Supply continues to generate headwinds for lenders causing potentially even greater rent contraction. Look for elevated risk levels through mid-2028.

	Historic	Current	5Y Forecast
Rent Growth	2.5%	0.5%	1.8%
Vacancy Rate	5.5%	7.6%	7.5%

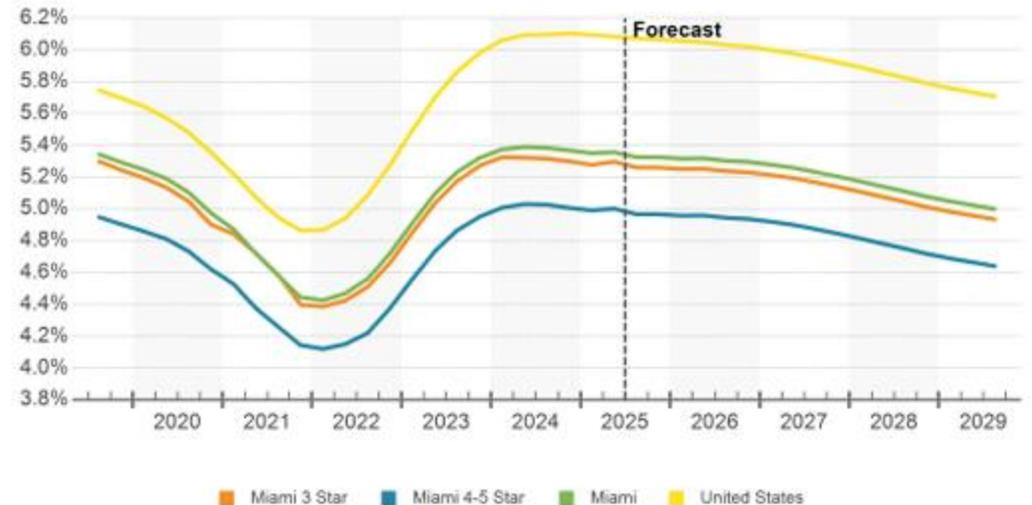
ABSORPTION, NET DELIVERIES & VACANCY



MARKET RENT PER UNIT & RENT GROWTH



MARKET CAP RATE



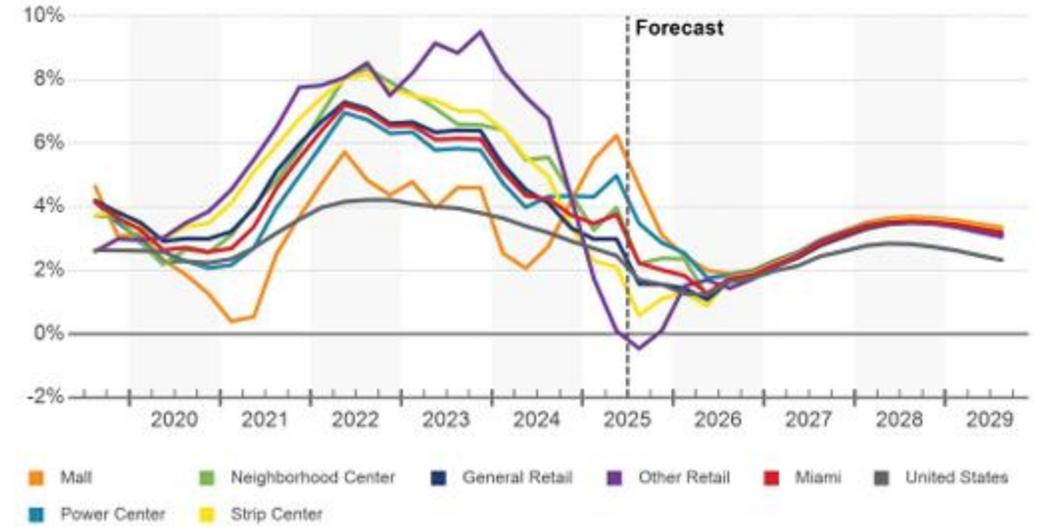
Retail



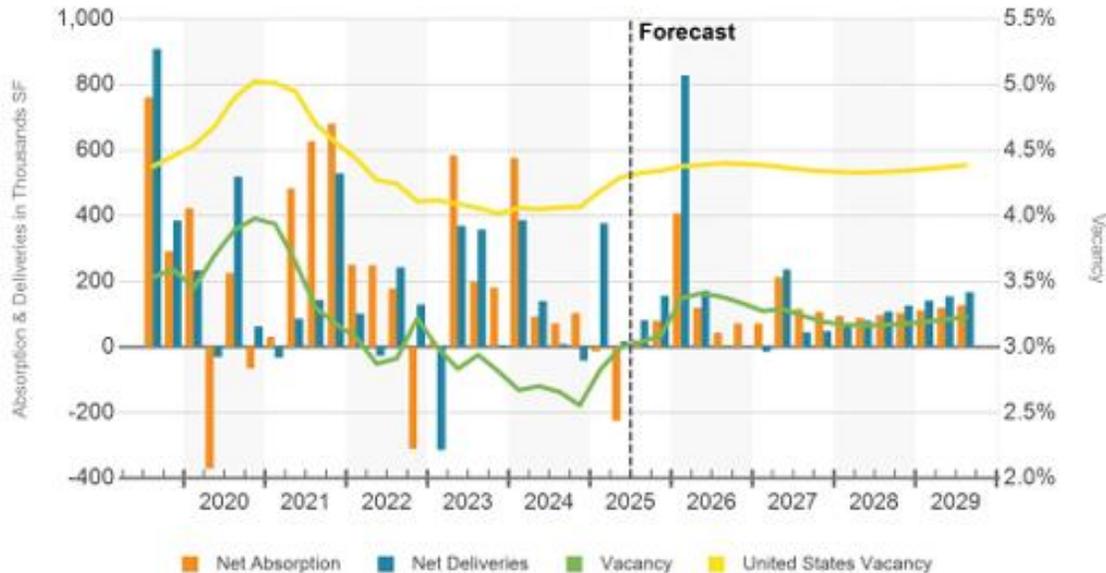
Some of the highest inflation in the U.S. and slowing immigration has hurt retail growth. That said, retail performance remains above average. New supply remains constrained supporting economics and keeping defaults moderate.

	Historic	Current	5Y Forecast
Rent Growth	3.5%	2.4%	2.7%
Vacancy Rate	3.6%	3.1%	3.2%

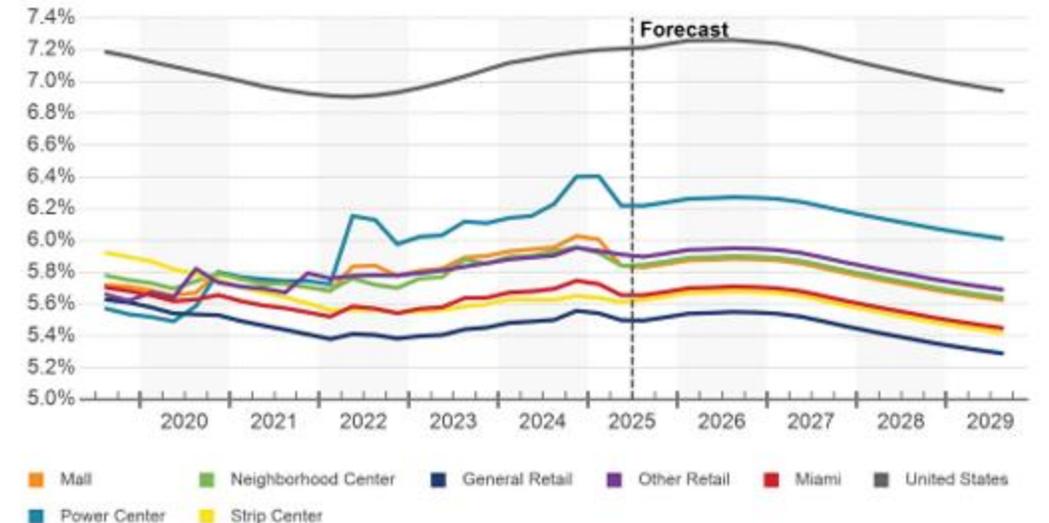
MARKET ASKING RENT GROWTH (YOY)



NET ABSORPTION, NET DELIVERIES & VACANCY



MARKET CAP RATE



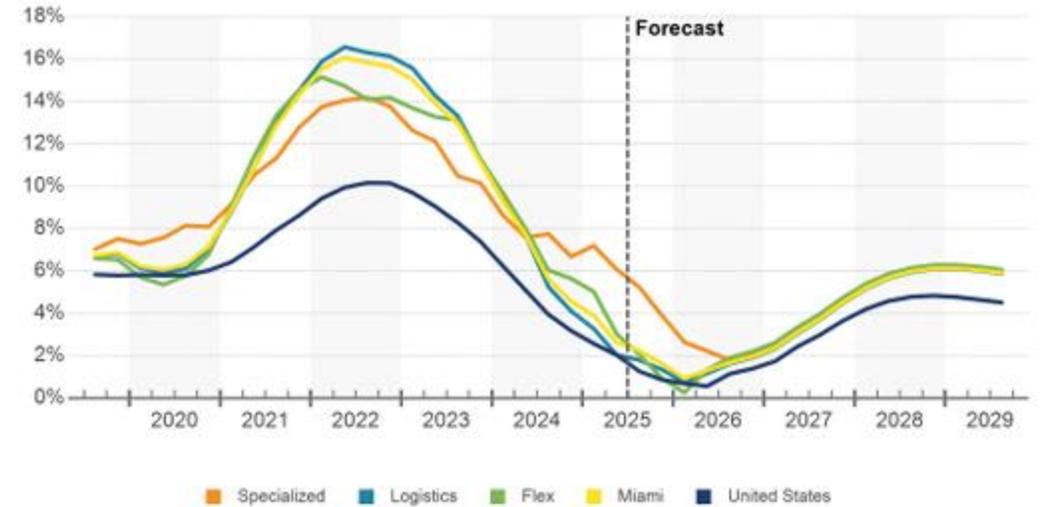
Industrial



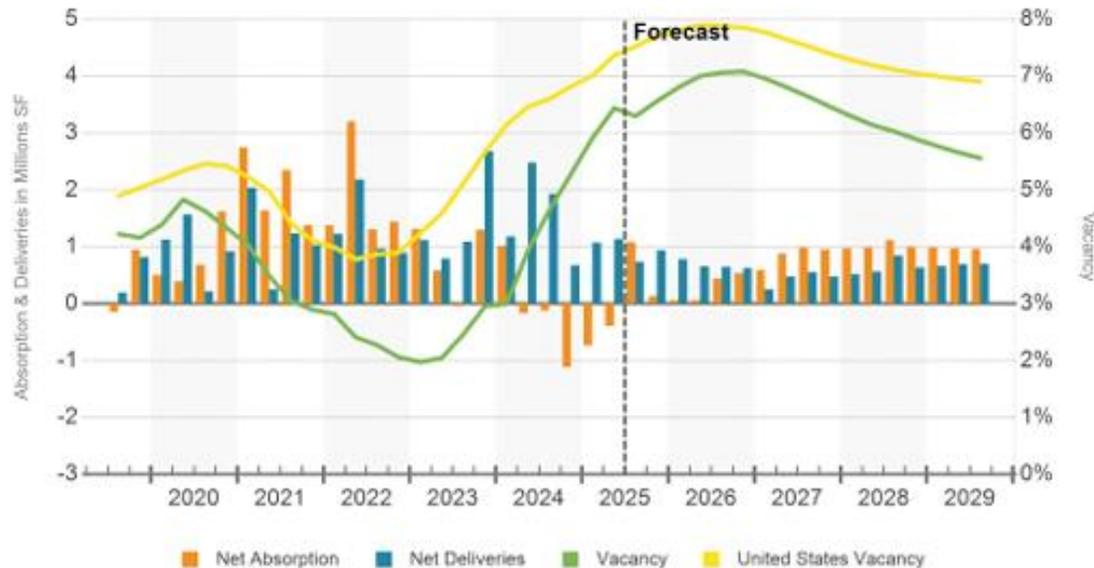
Constrained supply has supported loan economics despite softer demand for space. Economic uncertainty continues to be high increasing the risk of older buildings. Rent growth has cooled but expected to increase during the back half of 2026.

	Historic	Current	5Y Forecast
Rent Growth	4.9%	2.3%	4.1%
Vacancy Rate	5.2%	6.2%	6.3%

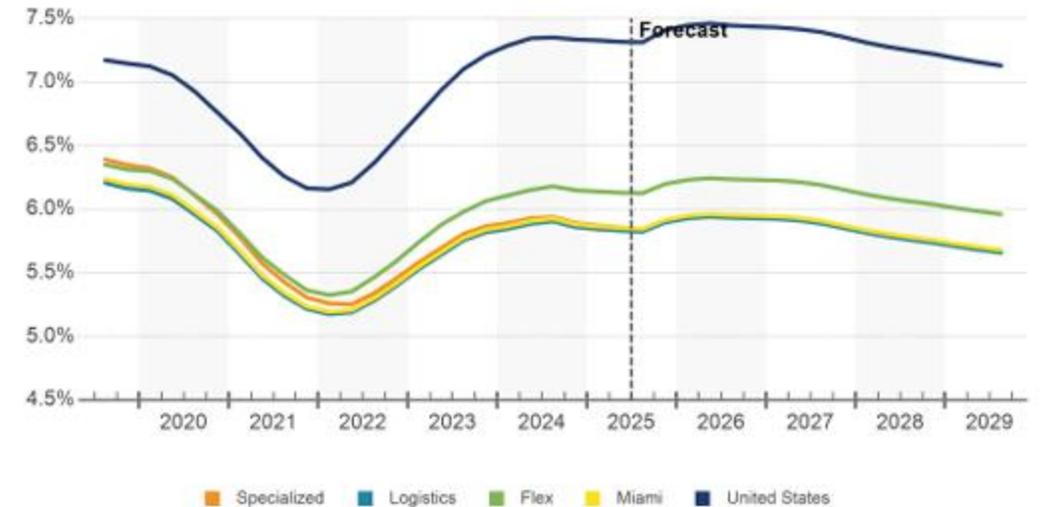
MARKET ASKING RENT GROWTH (YOY)



NET ABSORPTION, NET DELIVERIES & VACANCY



MARKET CAP RATE



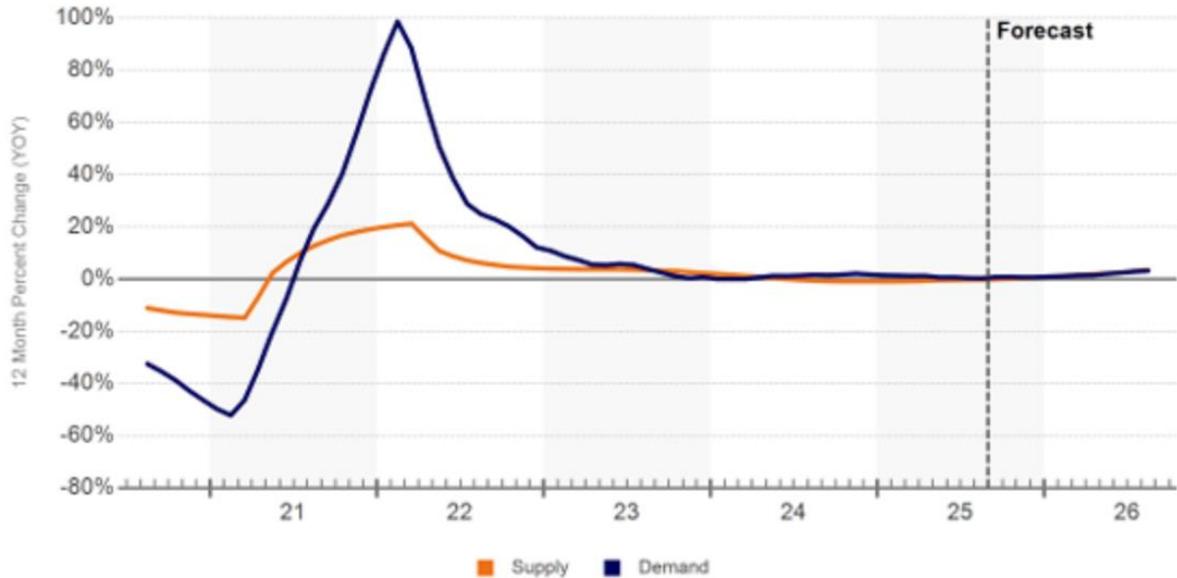
Hospitality



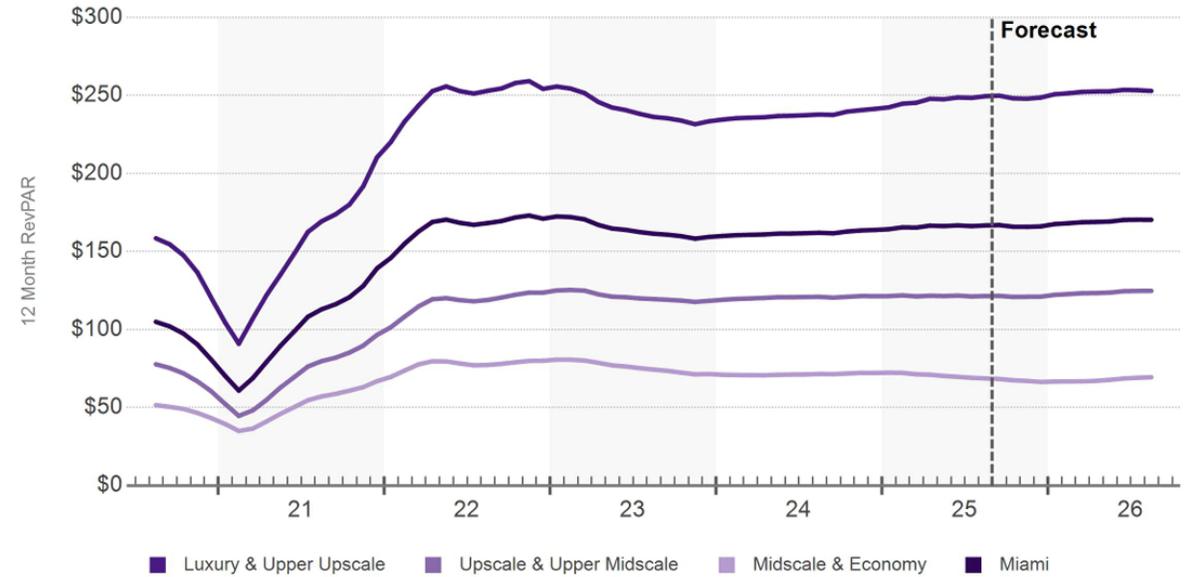
Demand growth outpaced a shrinking supply base due to property renovations and closures, elevating occupancy levels. Also, healthy group activity contributed to the favorable RevPAR performance. Positive momentum should continue thru 2025 with RevPAR growth of 1.4% by year-end (mostly inflation). Look for stable supply and some travel slowing hurting growth.

	Historic	Current	5Y Forecast
Occupancy	70.3%	70.1%	73.7%
RevPar Chg.	8.6%	2.4%	2.0%

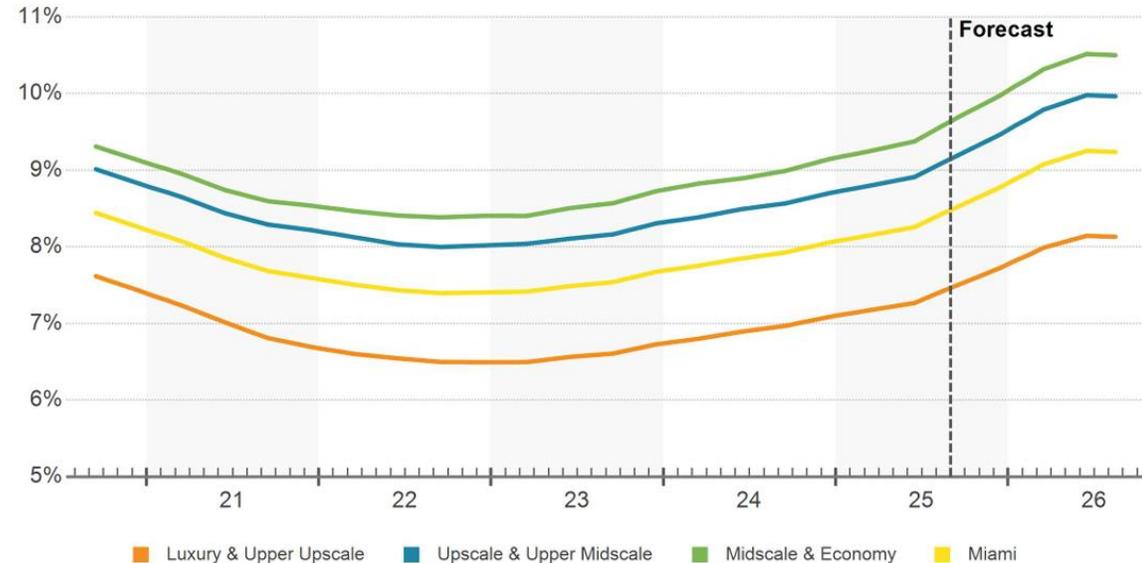
SUPPLY & DEMAND CHANGE



REVPAR BY CLASS



MARKET CAP RATE



Highest FL Credit Risk (2Q 2025)



Rank	NAICS	Industry	POD	BP Change YOY	% POD Change YOY	Volatility
370	4884	Support Activities for Road Transportation	4.35%	50	11%	3.33%
371	6114	Business Schools and Computer and Management Training	4.37%	26	6%	1.73%
374	4854	School and Employee Bus Transportation	4.41%	19	4%	1.10%
375	4871	Scenic and Sightseeing Transportation, Land	4.45%	-61	-14%	1.36%
378	7224	Drinking Places (Alcoholic Beverages)	4.61%	5	1%	1.68%
379	4811	Scheduled Air Transportation	4.66%	107	23%	1.59%
380	7113	Promoters of Performing Arts, Sports, and Similar Events	4.70%	101	21%	1.59%
381	4853	Taxi and Limousine Service	4.76%	9	2%	1.53%
384	4931	Warehousing and Storage	4.87%	62	13%	1.27%
385	5621	Waste Collection	4.98%	64	13%	2.03%
386	5321	Automotive Equipment Rental and Leasing	5.05%	49	10%	1.54%
388	4821	Rail Transportation	5.08%	129	25%	2.76%
389	4869	Other Pipeline Transportation	5.17%	70	14%	1.80%
390	7223	Special Food Services	5.28%	-26	-5%	2.18%
391	4852	Interurban and Rural Bus Transportation	5.29%	54	10%	2.07%
395	4882	Support Activities for Rail Transportation	5.73%	-86	-15%	1.35%
394	4832	Inland Water Transportation	5.73%	69	12%	3.41%
396	4859	Other Transit and Ground Passenger Transportation	6.01%	148	25%	1.98%
397	4889	Other Support Activities for Transportation	6.07%	14	2%	0.00%
399	4921	Couriers and Express Delivery Services	6.62%	47	7%	3.93%
400	4885	Freight Transportation Arrangement	7.22%	-14	-2%	2.75%
402	4842	Specialized Freight Trucking	7.46%	31	4%	2.08%
404	4841	General Freight Trucking	7.48%	-5	-1%	3.42%
405	4851	Urban Transit Systems	7.84%	-70	-9%	2.36%
406	4922	Local Messengers and Local Delivery	8.62%	285	33%	1.98%

Lowest FL Credit Risk (2Q 2025)



Rank	NAICS	Industry	POD	BP Change YOY	% POD Change YOY	Volatility
1	1111	Oilseed and Grain Farming	1.90%	47	25%	0.86%
2	111	Crop Production	1.94%	52	27%	0.84%
3	1112	Vegetable and Melon Farming	2.01%	70	35%	0.89%
4	11	Agriculture, Forestry, Fishing and Hunting	2.05%	54	26%	0.86%
5	1114	Greenhouse, Nursery, and Floriculture Production	1.94%	54	28%	0.87%
6	1121	Cattle Ranching and Farming	1.94%	42	22%	0.83%
7	1122	Hog and Pig Farming	1.94%	54	28%	0.87%
8	1119	Other Crop Farming	1.97%	53	27%	0.87%
9	112	Animal Production and Aquaculture	1.97%	52	26%	0.86%
10	1123	Poultry and Egg Production	1.98%	61	31%	0.00%
11	1125	Aquaculture	1.98%	54	27%	0.92%
12	1113	Fruit and Tree Nut Farming	2.01%	41	20%	0.86%
13	1129	Other Animal Production	2.06%	40	19%	1.53%
14	3262	Rubber Product Manufacturing	2.16%	4	2%	0.93%
15	3211	Sawmills and Wood Preservation	2.17%	26	12%	0.72%
16	3141	Textile Furnishings Mills	2.25%	27	12%	0.92%
17	3212	Veneer, Plywood, and Engineered Wood Product Manufacturing	2.27%	46	20%	0.88%
18	1131	Timber Tract Operations	2.33%	31	13%	1.23%
19	321	Wood Product Manufacturing	2.33%	23	10%	0.65%
20	326	Plastics and Rubber Products Manufacturing	2.34%	34	15%	0.76%
21	4237	Hardware, and Plumbing and Heating Equipment and Supplies Merchant Wholesalers	2.35%	37	16%	0.98%
22	1151	Support Activities for Crop Production	2.36%	8	3%	1.09%
23	3261	Plastics Product Manufacturing	2.36%	38	16%	0.63%
24	3336	Engine, Turbine, and Power Transmission Equipment Manufacturing	2.36%	44	19%	1.39%
25	6212	Offices of Dentists	2.38%	45	19%	1.02%

3Q 2025 Pricing Trends - Summary



- Nominal spreads decreased 3 bps due greater credit supply, and lower projected probabilities of default. The average SOFR-equivalent credit spread for community banks is currently 2.42%.
- FL upfront loan fees remained stable at 23 bps. Loans <\$1mm were 45 bps and loans >\$25mm where 42 bps. Loans in the \$1mm to \$25mm range were 18 bps.
- Target risk-adjusted ROE moved from 16% (post Tariff) to 19.0% due to improving expected credit quality.
- Actual risk-adjusted ROE is 17.0% so far for the quarter brought down by lower line of credit usage.
- The average through-cycle probability of default (POD) is 3.33%, up 49 bps. from 2024. POD volatility increased to 15 bps to 1.33% compared to 2024.
- Expected loss given default decreased 12% percentage points to 34.5% (due to lower expected cap rates).
- Average community bank portfolio expected loss increased 7bps to 0.28%, or well within bank reserve levels.

Pricing by Grade, Sector and Size



	Credit Rating	Suggested Target Spread	Actual Spread (@ Booking)	Difference (Bps)	Difference %	Target ROE	Actual ROE (@ Pricing)	Difference	Difference %	Comments
	1	2.34%	1.82%	-0.52%	-22%	19%	15%	▬ -4%	-22%	Spreads decreased 2 bps due to increased bank credit supply.
	2	2.39%	2.42%	0.03%	1%	19%	19%	▲ 0%	-2%	Spreads increased 2 bps largely attributed to random noise.
	3	2.45%	2.42%	-0.03%	-1%	19%	19%	▲ 0%	0%	Spreads decreased 4 bps due to stable demand and increased credit supply.
	4+	2.62%	2.58%	-0.04%	-2%	19%	19%	▲ -1%	-3%	Spreads decreased 4 bps due to greater bank supply for riskier assets.

		Target Spread	Actual Spread (@ Booking)	Difference (Bps)	Difference %	Target ROE	Actual ROE (@ Pricing)	Difference	Difference %	Comments
NOOCRE										
	Office	3.16%	2.78%	-0.38%	-12%	19%	19%	▲ 0%	0%	Spreads increased 4 bps due to higher delinquencies.
	Retail	3.05%	2.55%	-0.50%	-16%	19%	16%	▬ -3%	-16%	Spreads decreased 23 bps due to flat delinquencies and increased credit supply
	Hospitality	4.06%	2.78%	-1.28%	-32%	19%	17%	▬ -2%	-11%	Spreads decreased 44 bps due to greater bank supply of credit.
	Industrial	2.29%	2.15%	-0.14%	-6%	19%	18%	▲ -1%	-5%	Spreads decreased 9 bps. driven by warehouse and logistical properties.
	Multifamily	2.45%	2.42%	-0.03%	-1%	19%	18%	▲ -1%	-5%	Spreads increased 10 bps due to higher POD, and tighter credit supply.
	Other	2.80%	2.66%	-0.14%	-5%	19%	16%	▬ -3%	-16%	Spreads increased 17 bps due to lower self-storage mix and greater construction.
C&I										
	General	2.63%	2.18%	-0.45%	-17%	19%	17%	▬ -2%	-11%	Spreads have increased 12 bps due to higher PODs driven by inflation.
	Line of Credit	3.50%	2.85%	-0.65%	-19%	19%	4%	▼ -15%	-79%	Pricing remained largely unchanged by utilization dropped hurting profitability.
	Municipal	1.79%	1.77%	-0.02%	-1%	19%	16%	▬ -3%	-16%	Spreads increased 2 bps.
	Other	2.59%	1.75%	-0.62%	-24%	19%	13%	▬ -6%	-32%	Project based deals increased 10 bps due to riskier mix
OOCRE										
	Industrial	2.32%	2.28%	-0.04%	-2%	19%	18%	▲ -1%	-5%	Loans to manufacturing and distribution companies increased 11 bps
	Office/Retail	2.58%	2.64%	0.06%	2%	19%	20%	▲ 1%	5%	Spreads increased by 10 bps due to higher office PODs.
	Medical	2.20%	2.12%	-0.08%	-4%	19%	17%	▬ -2%	-11%	Spreads increased 12 bps.
	Church	2.68%	2.52%	-0.16%	-6%	19%	19%	▲ 0%	0%	Underpriced given elevated risk. Spreads unchanged.
	Other	3.25%	3.17%	-0.08%	-2%	19%	15%	▬ -4%	-21%	Restaurants, child care, etc. Spreads increased 9 bps due to higher PODs.
Other										
	Other	2.89%	2.86%	-0.03%	-1%	19%	18%	▲ -1%	-5%	Mostly ag loans. Spreads increased 4 bps due to higher PODs.
	Construction	4.82%	3.24%	-1.58%	-33%	19%	7%	▼ -12%	-63%	Pricing increased 14 bps due to elevated takeout risk of slowing economy.

Pricing By Loan Size



	Loan Size	Suggested Target Spread	Actual Spread (@ Booking)	Difference (Bps)	Difference %	Target ROE	Actual ROE (@ Pricing)	Difference	Difference %	Comments
	\$50k to \$500,000	3.65%	2.67%	-0.98%	-27%	19%	10%	▼ -9%	-47%	Industry greatly underpricing small loans. Spreads decreased 5 bps.
	\$500,000	3.20%	2.61%	-0.59%	-18%	19%	13%	▬ -6%	-32%	Spreads decreased 7 bps as size remains underpriced.
	\$1,000,000	2.60%	2.65%	0.05%	2%	19%	18%	▲ -1%	-5%	Spreads decreased 2 bps
	\$2,000,000	2.49%	2.53%	0.04%	2%	19%	19%	▲ 0%	0%	Spreads increased 2 bps. In this most competitive bracket.
	\$3,000,000	2.37%	2.41%	0.04%	2%	19%	20%	▲ 1%	5%	Spreads increased 1bp
	\$4,000,000	2.32%	2.31%	-0.01%	0%	19%	19%	▲ 0%	2%	Spreads increased 2 bps.
	\$5,000,000	2.38%	2.22%	-0.16%	-7%	19%	19%	▲ 0%	1%	Spreads decreased 2 bps.
	\$10,000,000	2.19%	2.48%	0.29%	13%	19%	21%	▬ 2%	12%	This area overpriced and up 2 bps from last quarter.

ROE Targets ARE Reduced YOY



LOAN COMMAND

NEW SCENARIO

BORROWER: Nashville LLC

ORIGINATION TYPE: New Commercial

LOAN TYPE: Owner CRE

LOAN INDUSTRY: Beverage Manufacturing

LOAN AMOUNT: \$1,000,000

RATE: SOFR 1M | 2.55%

FEES: 0%

EXPECTED MATURITY: 120 Mo

AMORTIZATION: 120 Mo

INTEREST ONLY PERIOD: 0 Mo

DEPOSITS: Set Deposits

CREDIT: 5

LOCATION: 37011

COMMENTS: Add Comments

RECALCULATE RESULTS

LOAN METRICS

Regulatory ROE
16.3%
GOOD

Economic ROE
16.5%
GOOD

Stressed ROE
-4.8%
LOW

ANNUAL PROBABILITY OF DEFAULT

2.50% 5.55% 8.23%
BASELINE ADVERSE SEVERELY ADVERSE

0.50% 5.00%

LOSS GIVEN DEFAULT
42.5%

0% 100.00%

LOAN METRICS

Regulatory ROE
20.3%
EXCELLENT

Economic ROE
20.7%
EXCELLENT

Stressed ROE
3.8%
LOW

ANNUAL PROBABILITY OF DEFAULT

2.60% 5.32% 7.07%
BASELINE ADVERSE SEVERELY ADVERSE

0.50% 5.00%

LOSS GIVEN DEFAULT
32.5%

0% 100.00%

EXPECTED LOSS
1.06%

UNEXPECTED LOSS - CAPITAL AT RISK
\$58,989

RETURN ON ASSETS
2.0%

DEBT YIELD
22.9%

NOMINAL NIM
3.4%

NET PROFIT
\$110,658

NET POD CHANGE
13.9%

UNEXPECTED LOSS - CAPITAL AT RISK
\$19,869

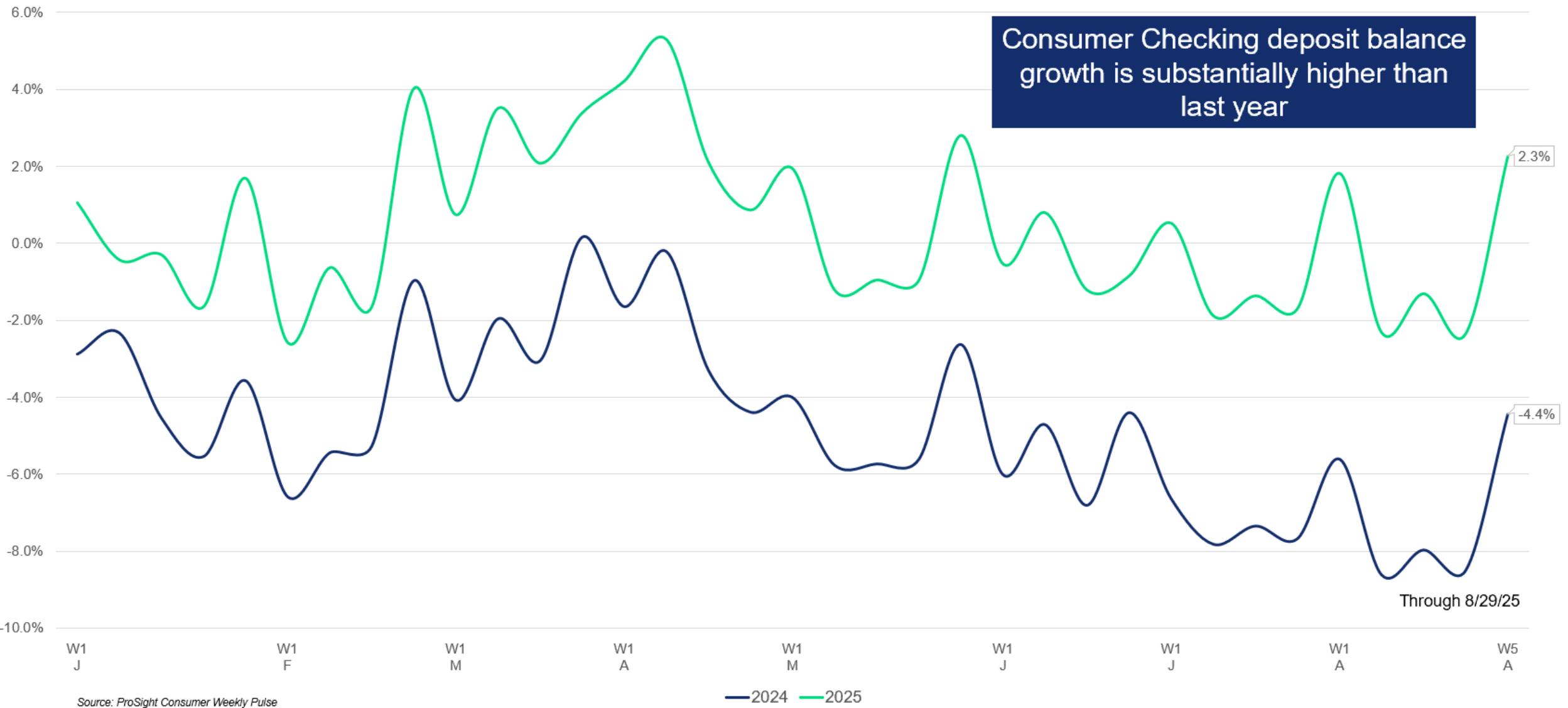
POD VOLATILITY
1.75%
LOW

BOOK SCENARIO

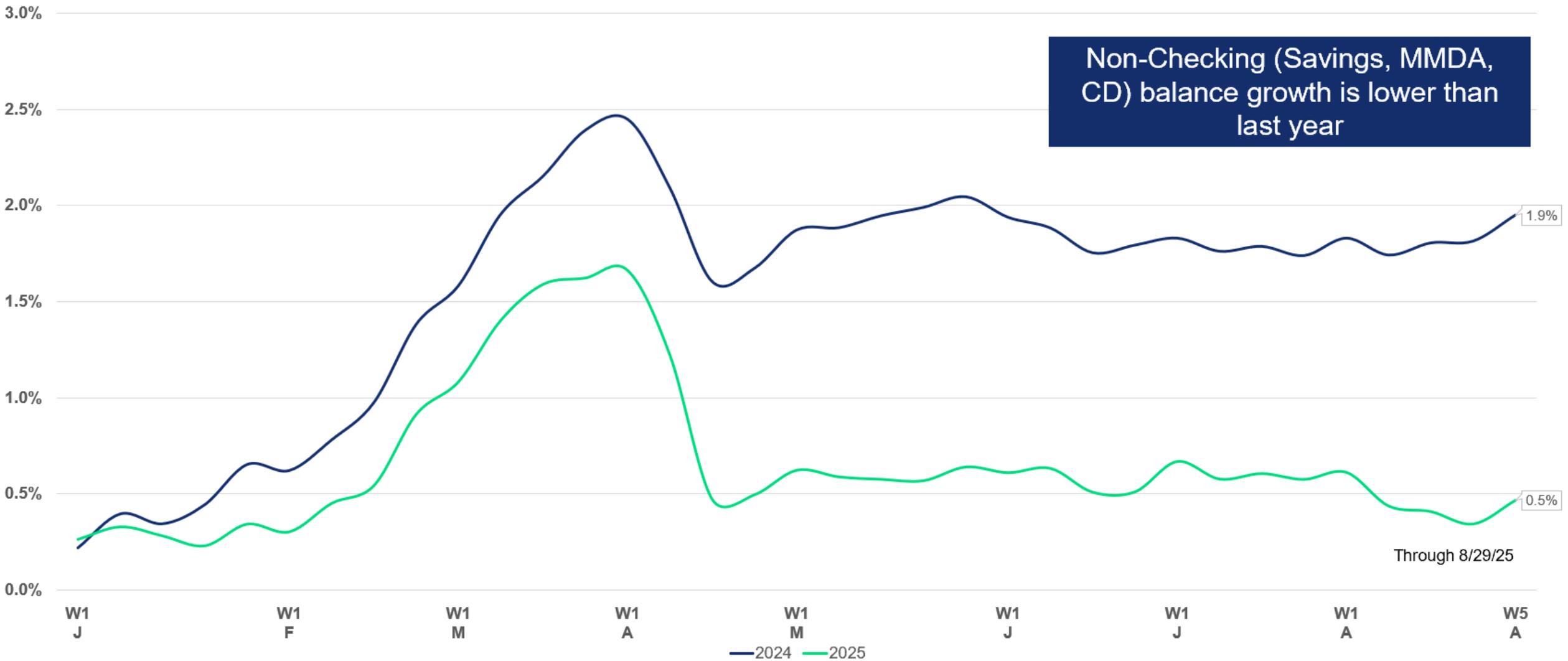
Deposit Trends



Consumer Checking Growth



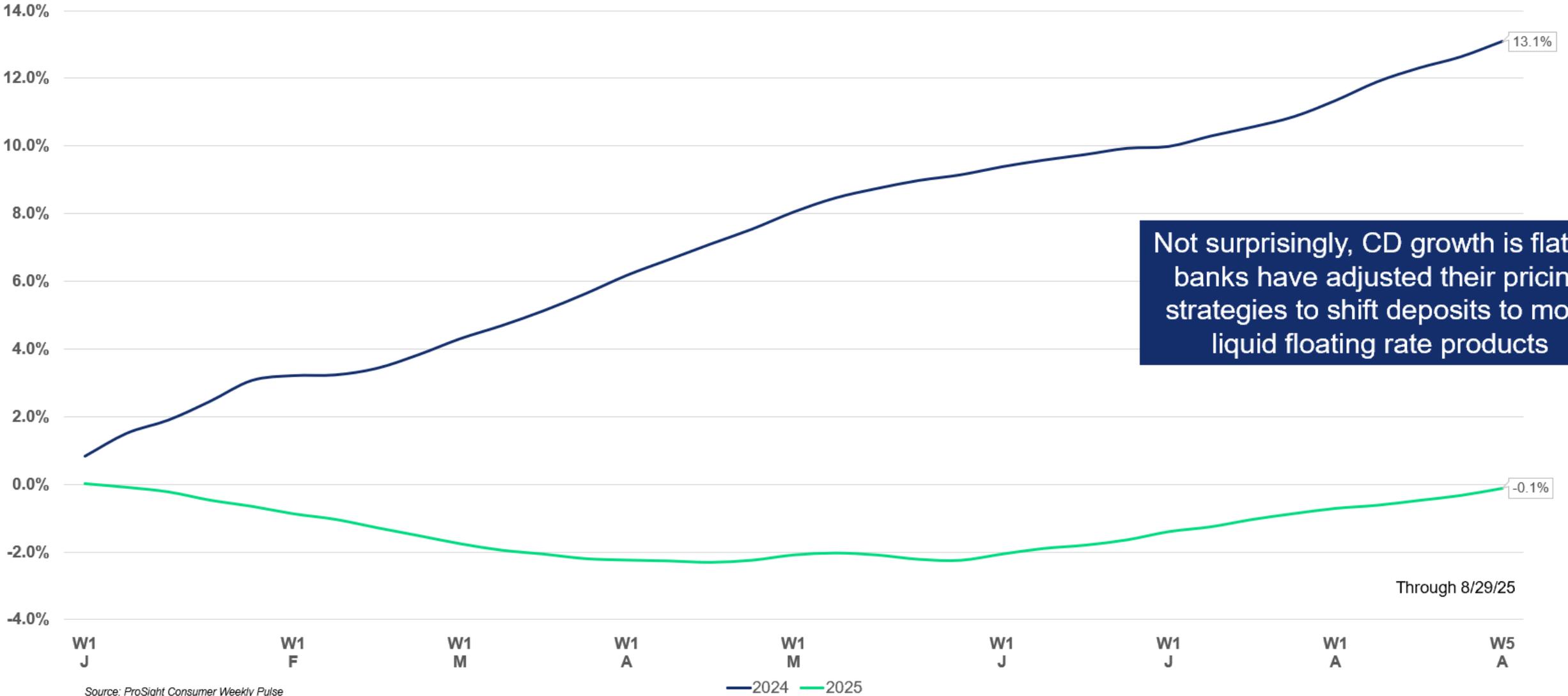
Consumer Non-Checking Weekly Growth



Source: ProSight Consumer Weekly Pulse

Through 8/29/25

Consumer CD Growth



Commercial Checking Growth



Source: ProSight Business Weekly Pulse

Commercial Non-Checking Growth



Non-Checking (Savings, MMDA, Checking) deposit balance growth lags last year

Source: ProSight Business Weekly Pulse

Deposit Tactics



Deposit Performance Comparison



Treasury Management
(Basic)



Business Checking



Business Interest
Checking (0.50%)



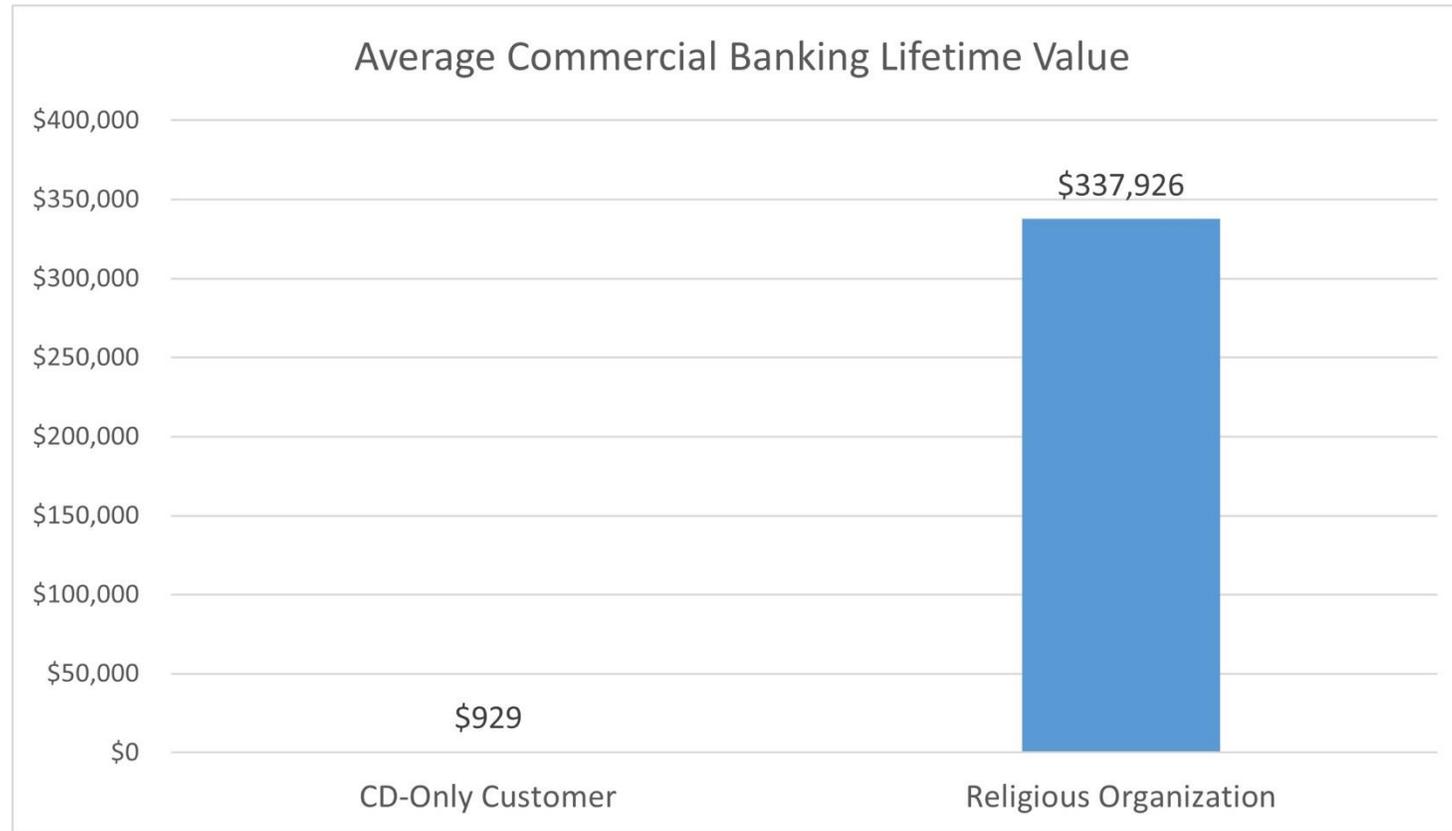
Business Savings
(2.00%)



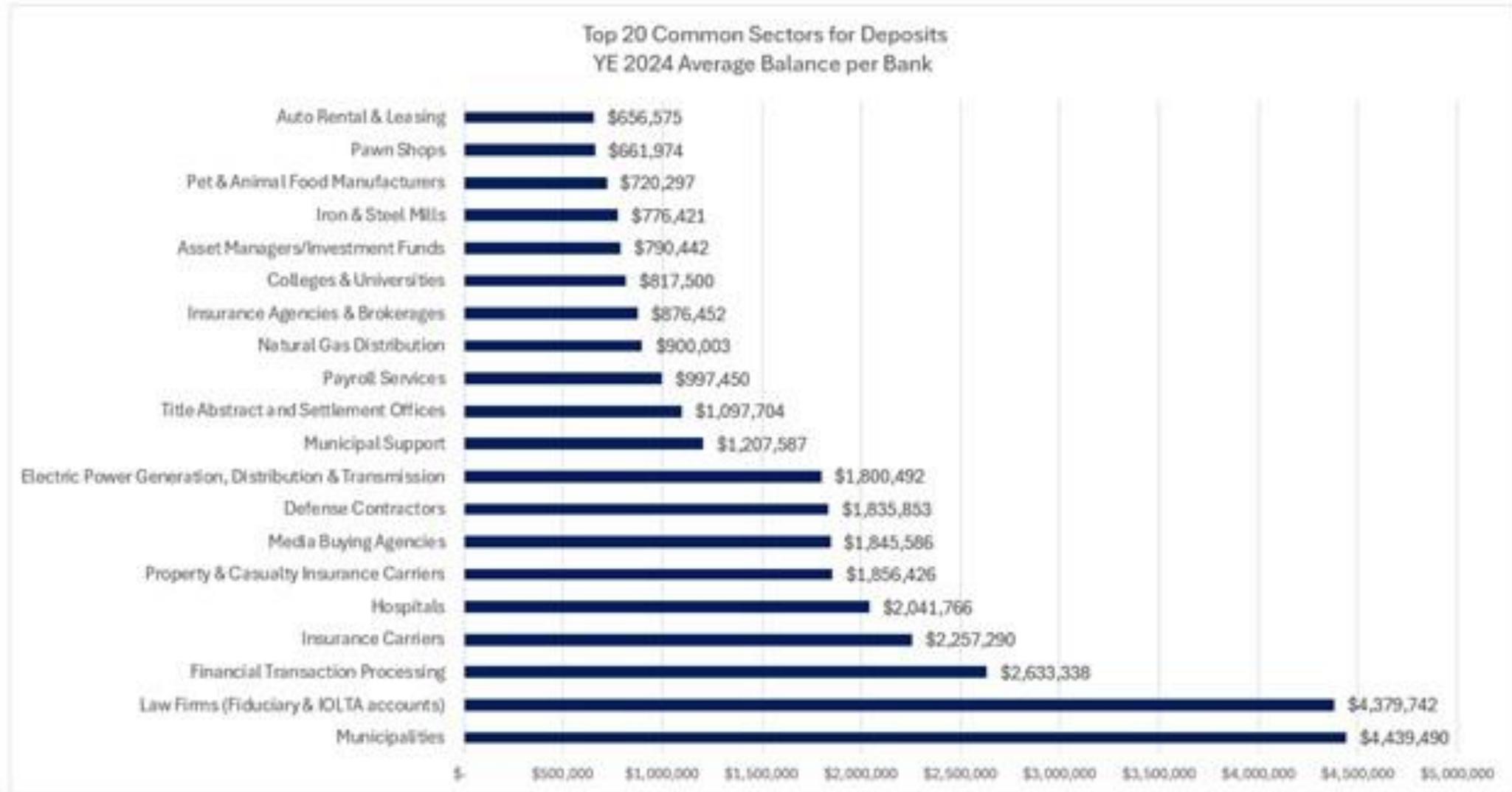
Business Money
Market (3.25%)



Not All Customers Are Equal



Targeting Deposit Rich Industries



Top Deposit Marketing Campaigns by ROI

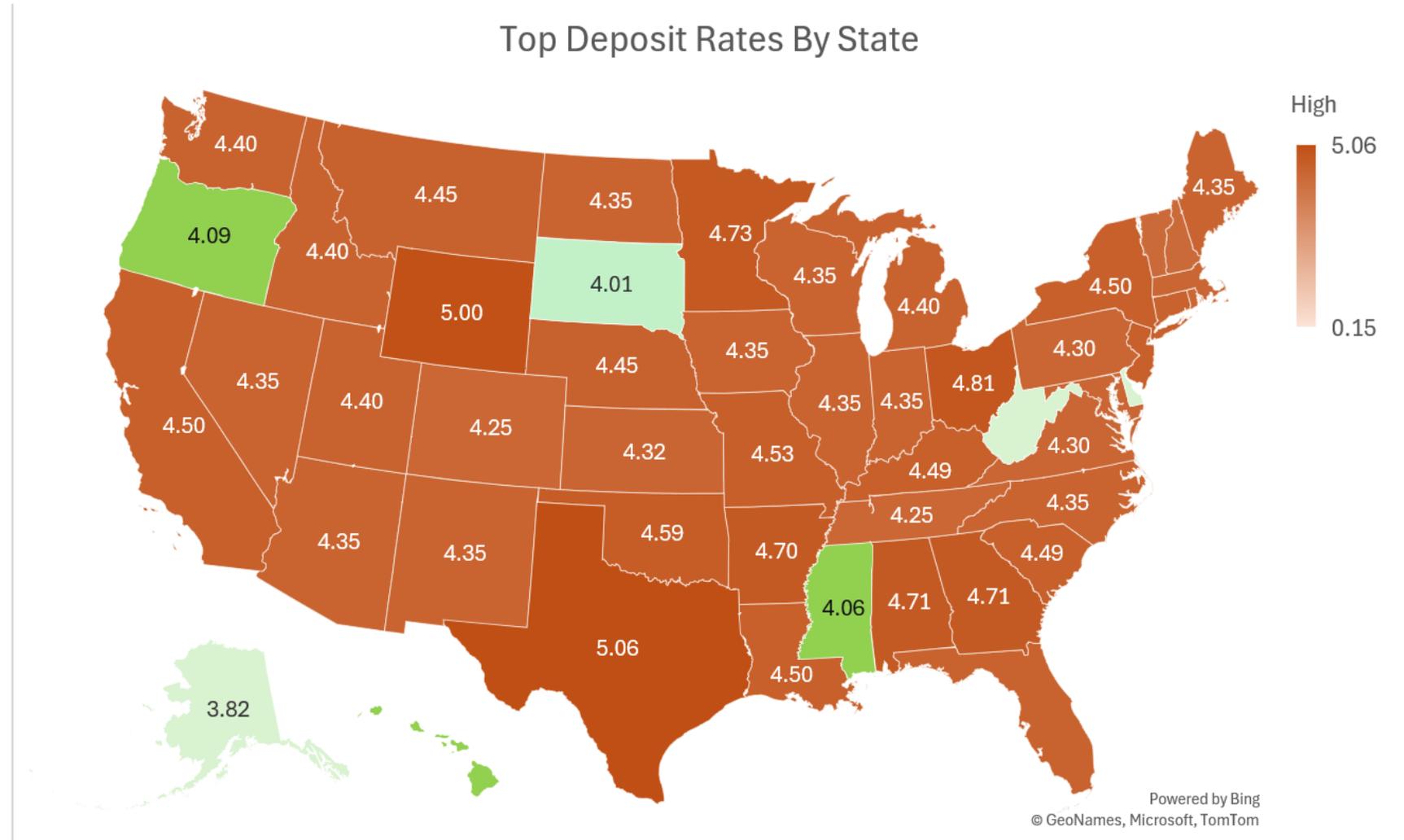


Rank	Deposit Marketing Tactic	Typical 1st Year ROI	Typical Balances per 100 Accounts
1	Treasury Management New Customer Acquisition	4745%	\$ 55,147,900
2	Transaction Account Cross-sell	3674%	\$ 1,648,927
3	Business Savings Balance Additions	3044%	\$ 4,009,094
4	401k/IRA Balance Additions	914%	\$ 1,842,101
5	Personal Savings Balance Additions	806%	\$ 531,005
6	Health Savings Account Balance Additions	724%	\$ 289,800
7	Specialty Commercial Transaction Account Acquisition	371%	\$ 4,161,200
8	Business Savings New Customer Acquisition	358%	\$ 3,568,900
9	Transaction Account Up-sell	350%	\$ 1,301,224
10	401k/IRA New Customer Acquisition	342%	\$ 558,844
11	Personal Savings New Customer Acquisition	307%	\$ 4,600,000
12	Health Savings Account Commercial Program Acquisition	241%	\$ 3,976,000
13	CD/MM Cross-sell	200%	\$ 5,950,851
14	Payment/Debit Card Transaction Promotion	200%	\$ 150,019
15	Health Savings Account New Customer Acquisition	180%	\$ 284,000

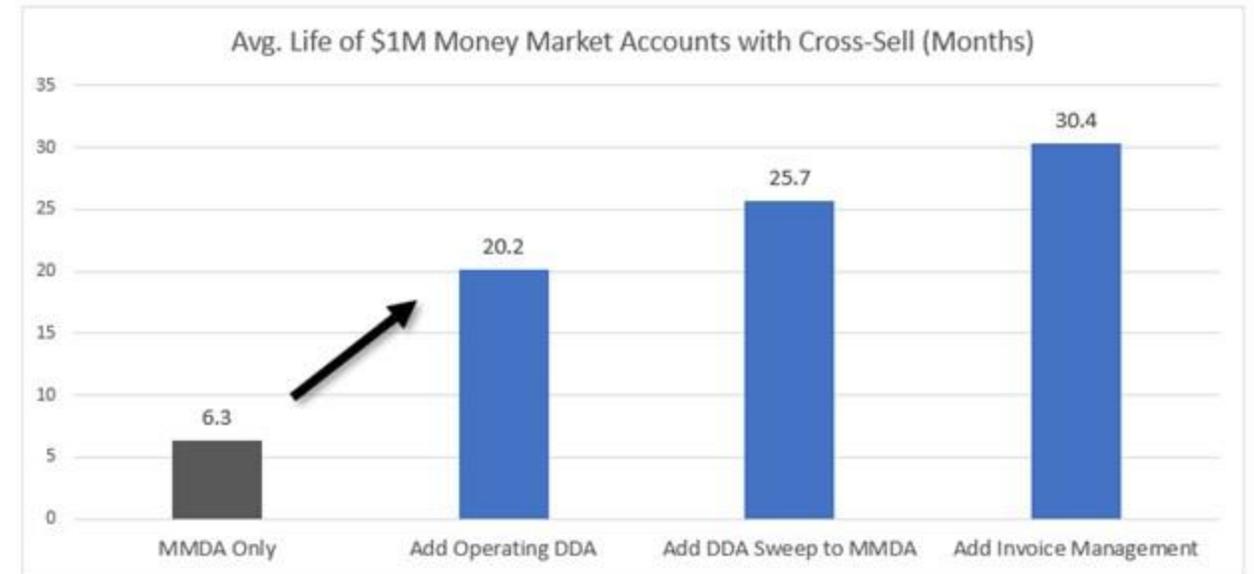
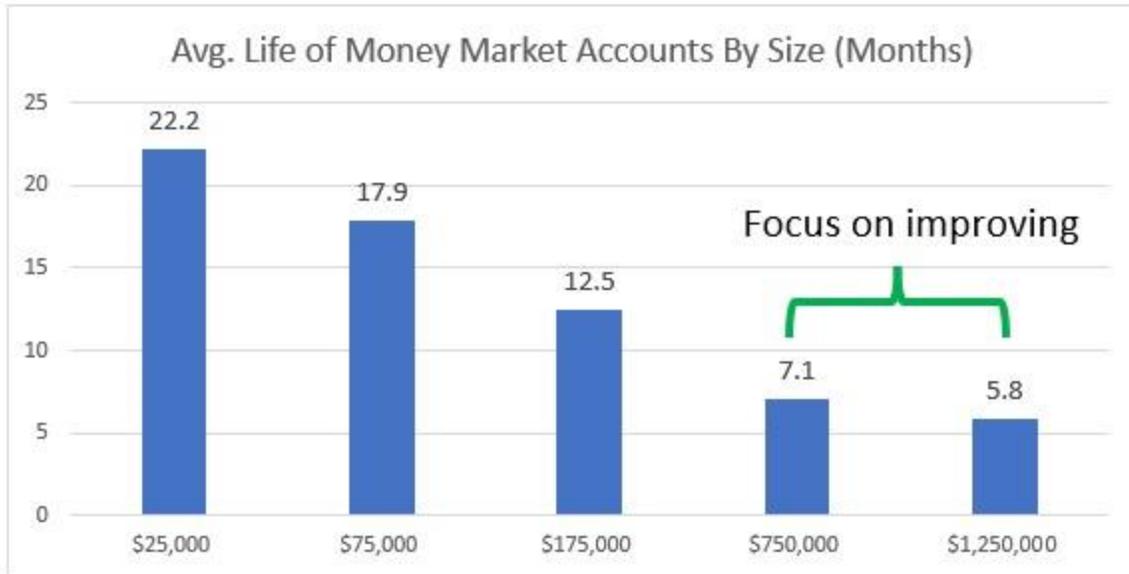
Geographical Pricing – 40 bps Rule



- Better match pricing with demand
- Reduce exception handling to lower cost



Focusing on Cross-Sell



Cross-Sell Opportunities

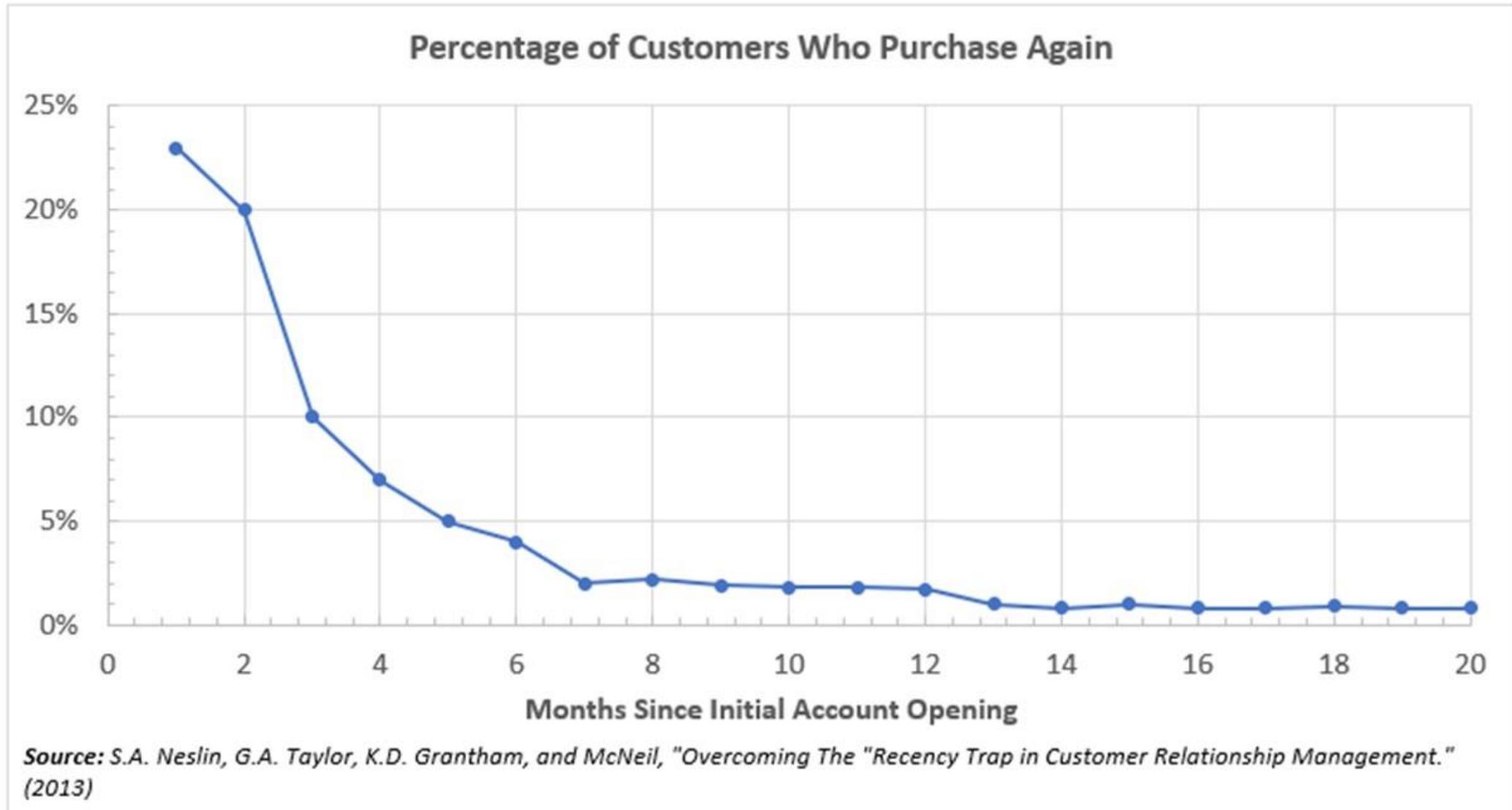


Average Percentage of Commercial Checking Customers That Use:



Source: SouthState community bank industry estimates

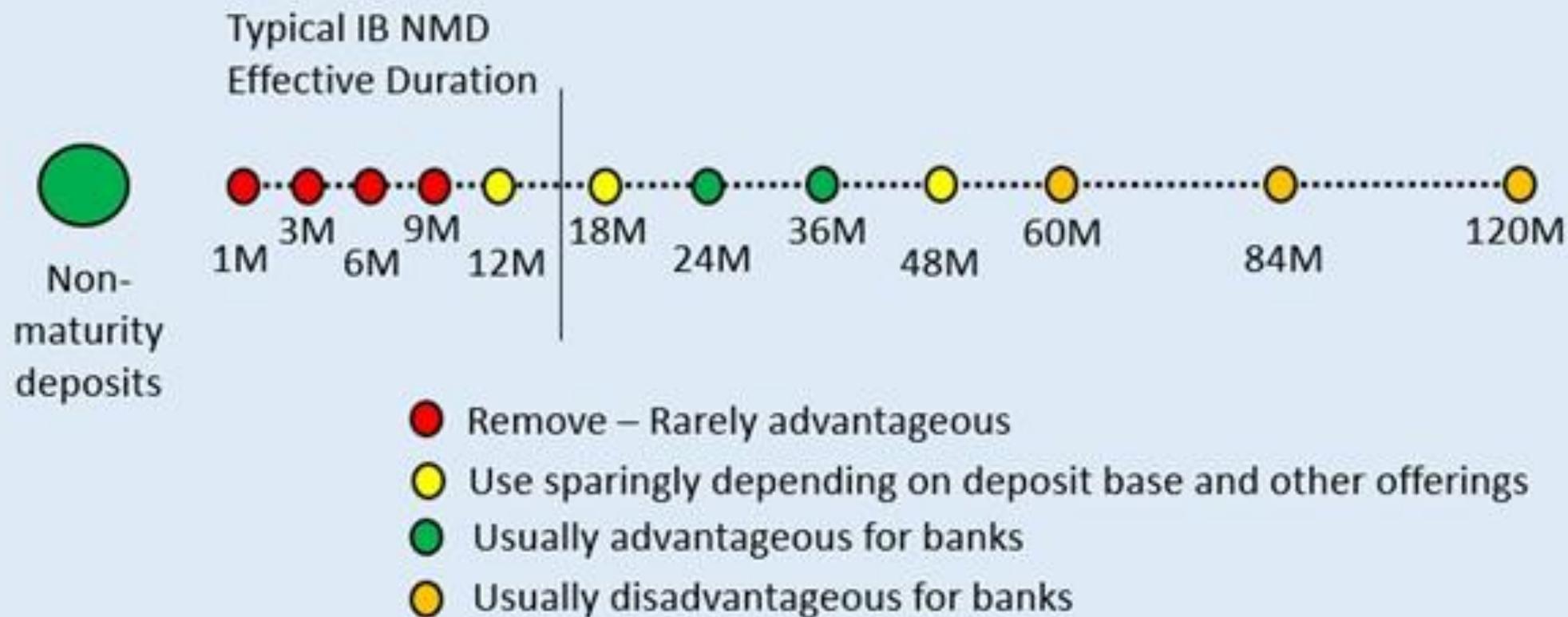
Recency – The 2 Week / 2 Month Window



Refine Your CD Offerings



Rethinking Your Core CD Offerings



Focus on Limited CD Offerings



Rates¹

Rates effective 08-24-2024

These rates are applicable to accounts opened online only. Rates available in a branch may vary. Interest rates and annual percentage yields (APY) are accurate as of the effective date above and are subject to change. For current rate information and for terms and conditions of deposits, please call our Client Contact Center at 855-342-3400 or visit your local branch. All Checking, Savings, and Money Market Accounts are variable rate accounts and rates may change after these accounts are opened. Fees may reduce account earnings.

Certificates of Deposit^{2,4}

4 Month Certificate of Deposit	\$1,000	0.05%	0.05%
7 Month Certificate of Deposit ⁵	\$1,000	4.25%	4.29%
9 Month Certificate of Deposit	\$1,000	0.10%	0.10%
13 Month Certificate of Deposit ⁵	\$1,000	4.00%	4.01%
18 Month Certificate of Deposit	\$1,000	0.15%	0.15%
24 Month Certificate of Deposit	\$1,000	0.20%	0.20%
25 Month Certificate of Deposit	\$1,000	0.20%	0.20%
37 Month Certificate of Deposit	\$1,000	0.25%	0.25%

¹ Rates subject to change

² A penalty for early withdrawal may be charged on all Certificates of Deposit, including certificates held in Individual Retirement Accounts (IRAs).

³ Minimum Opening Deposit equals the Minimum Balance to Earn APY for Certificates of Deposit and Retirement accounts (IRAs).

⁴ Minimum balance of \$1,000.00 required. This is a special rate offer and no rate bonuses for premium checking accounts apply. No institutional or brokered deposits accepted. Substantial penalty for early withdrawal.

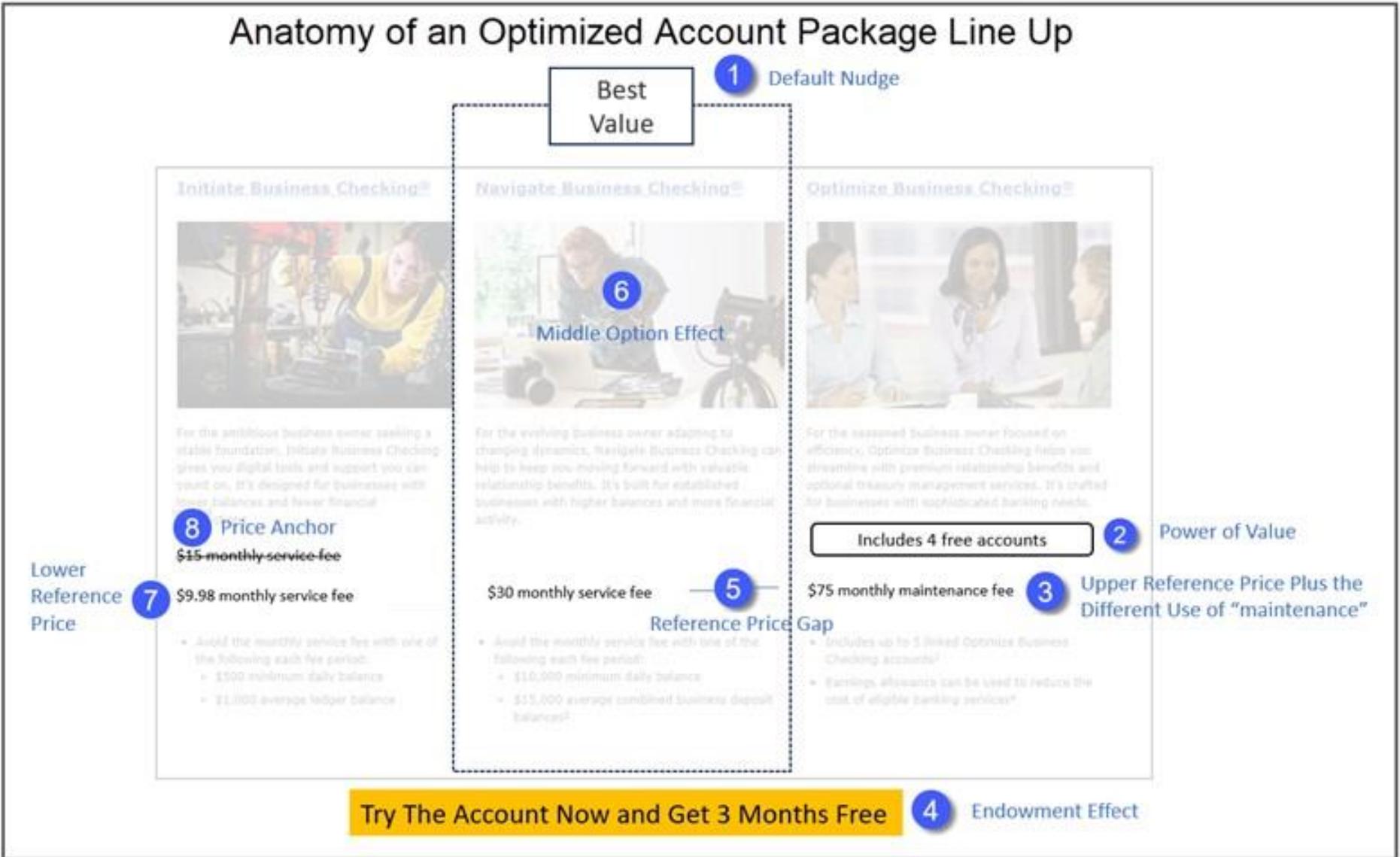
⁵ CD Special has a maximum deposit limit of \$2,000,000 per CD opened in branch; maximum deposit limit of \$50,000 per CD opened online. For larger

The Three Package Bundle Trick

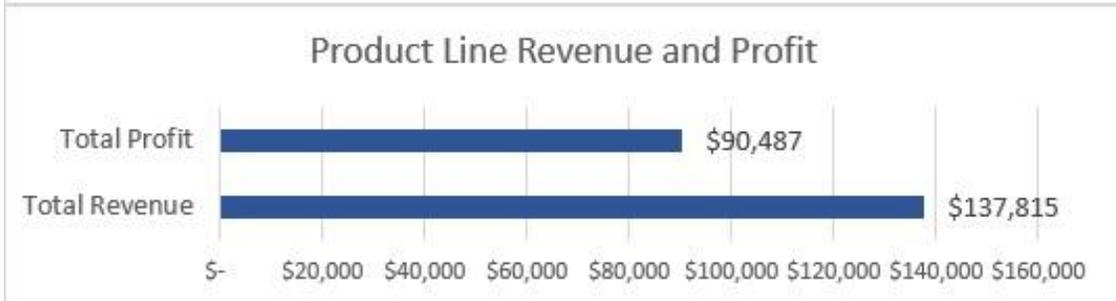
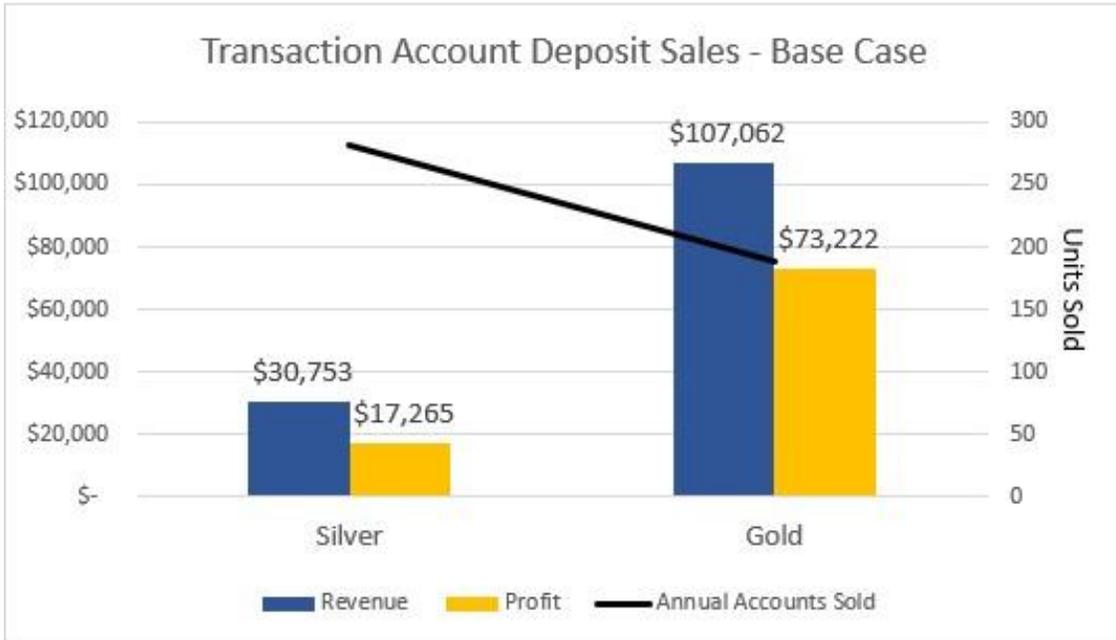


	Silver Business Bundle	Gold Business Bundle	Platinum Business Bundle
Monthly Charge	\$10	\$30	\$50
Minimum (Daily balance)	\$1,500	\$10,000	\$25,000
Number of Included Tx	200	400	500
Debit Card/Mobile/Online	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Companion Money Market Account	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Check Recovery	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Check Discounts	10% off First Order	50% of First Order	Free First Order
Free Foreign ATM Transactions	0	2	10
Free Wires	0	2	10
Credit Monitoring		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Sweep (Line of credit or money market)		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Free Basic Overdraft Protection			<input checked="" type="checkbox"/>
Additional Transaction Account			<input checked="" type="checkbox"/>

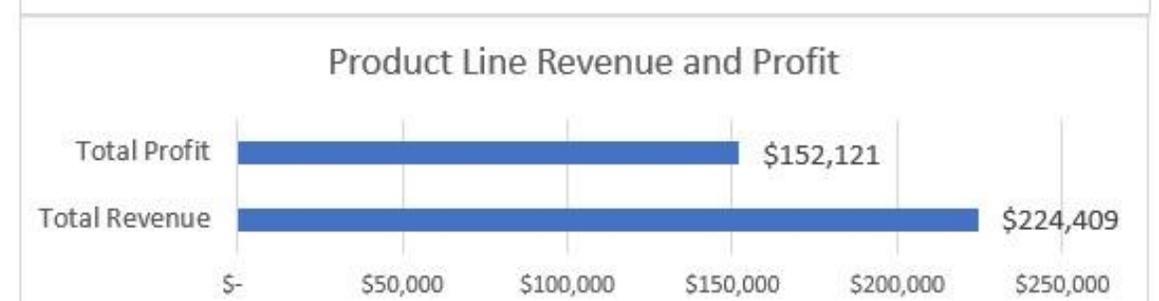
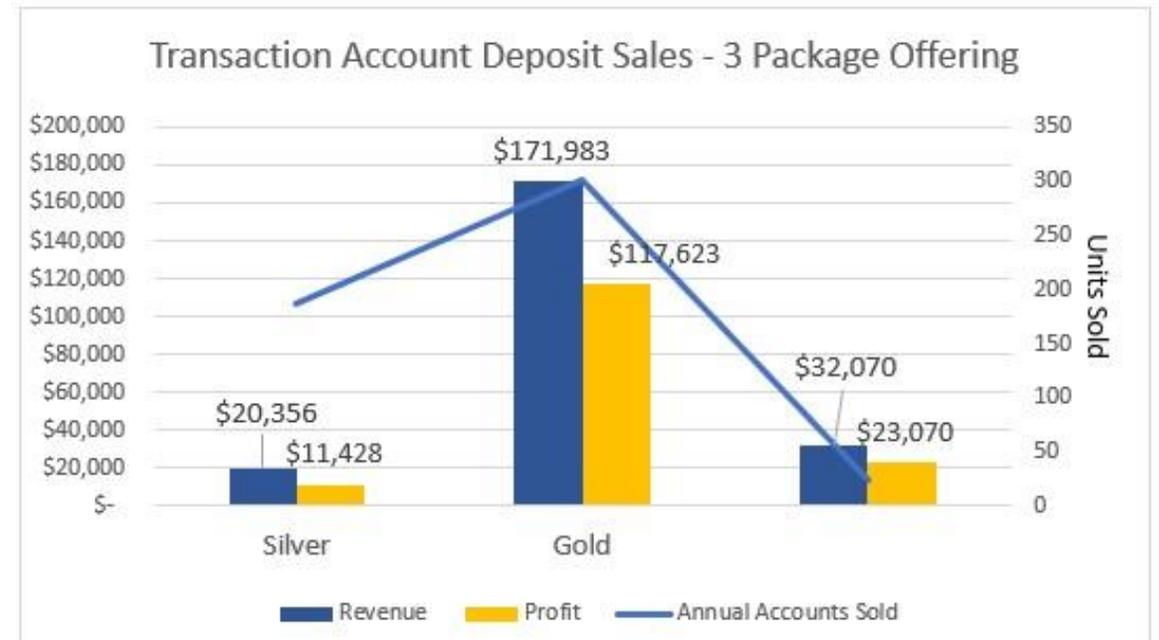
Marketing Three Packages



2 Bundles vs 3 Bundles



469 Accounts
 \$2.8mm in Balances
 \$90,487 Annual Net Profit



513 Accounts : 9% Lift
 \$4.8mm in Balances : 70% Lift
 \$152,121 Annual Profit : 69% Lift

The Cash Bonus Offer



 PRIVATE CLIENT

Email my offer code >>

Discover the bonus that works for you

<p>Earn</p> <p>\$1,000</p> <p>when you deposit \$150,000 - \$249,999</p>	<p>OR</p>	<p>Earn</p> <p>\$2,000</p> <p>when you deposit \$250,000 - \$499,999</p>	<p>OR</p>	<p>Earn</p> <p>\$3,000</p> <p>when you deposit \$500,000+</p>
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Here's how to get started:

01

Meet with a Chase Private Client Banker

Open or upgrade to your new Chase Private Client Checking account¹ by **October 15, 2025** in branch.

Find my branch

02

Transfer your funds

After offer enrollment, you have 45 days to transfer qualifying new money or securities to a combination of eligible checking, savings and/or J.P. Morgan Wealth Management non-retirement accounts. **Your bonus will be determined on day 45.**

03

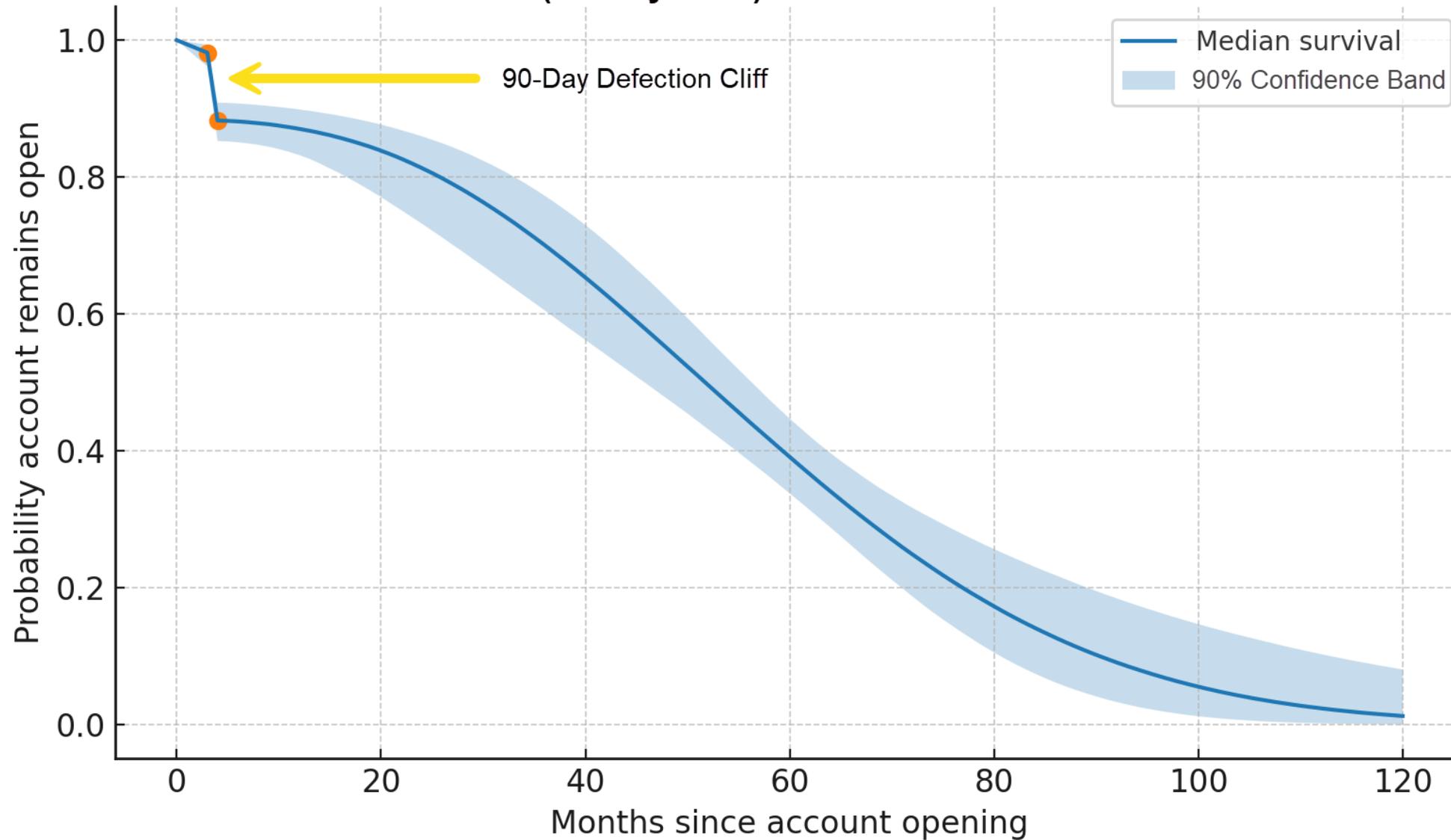
Enjoy the bonus

Maintain your new money for 90 days from offer enrollment* — we'll add the bonus into your account **within 40 days.**

The Cash Bonus Offer



Cash Bonus (90-Day Post) Transaction Account Survival



The Cash Bonus Offer



Typical Balance Level	Common Bonus	90-D RAROC	Average RAROC	Top Quartile RAROC
\$2,000 - \$5,000	\$200	-5.5%	0.3%	2.3%
\$5,000 - \$10,000	\$325	-8.2%	1.0%	3.8%
\$10,000 - \$50,000	\$600	-9.6%	5.0%	9.5%
\$50,000 - \$100,000	\$750	0.9%	13.5%	20.6%
\$100,000 - \$200,000	\$1,500	1.8%	27.0%	40.7%
\$200,000 - \$500,000	\$2,000	54.0%	65.1%	90.1%
\$500,000 +	\$3,000	106.8%	131.6%	150.3%



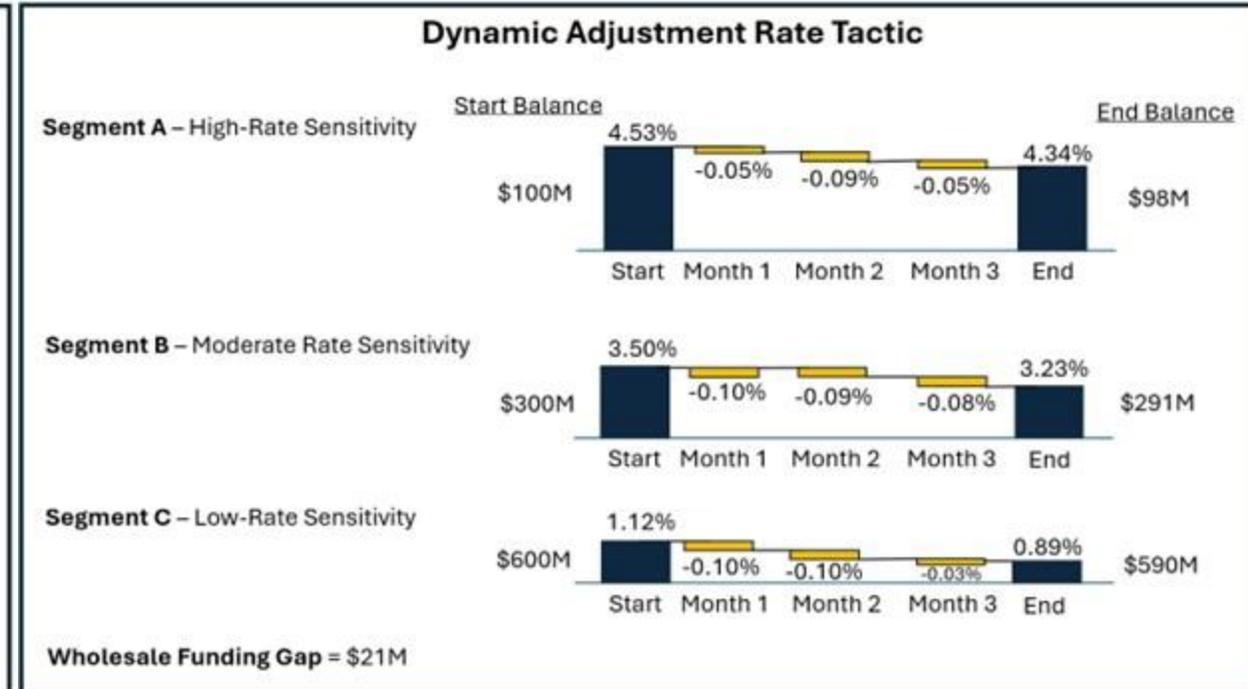
If the Fed cuts 25bps, what do you do?



Bringing Down Deposit Rates



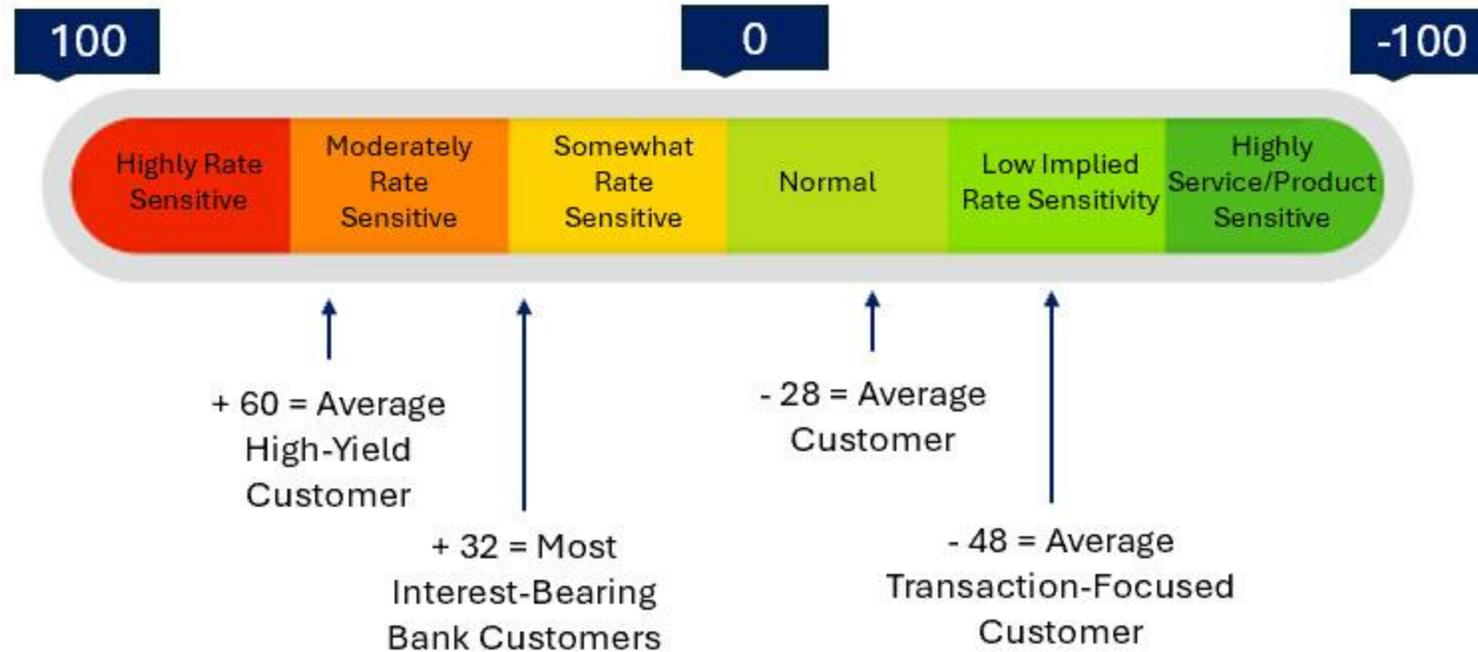
1. Set objectives of deposit rate reduction – COF, beta, etc.
2. Dropping rates is different than raising rates
3. Don't move when the Fed moves – End cycle action
4. Don't drop deposit rates all at once – be unpredictable
5. Apply rate changes by segment, test and optimize



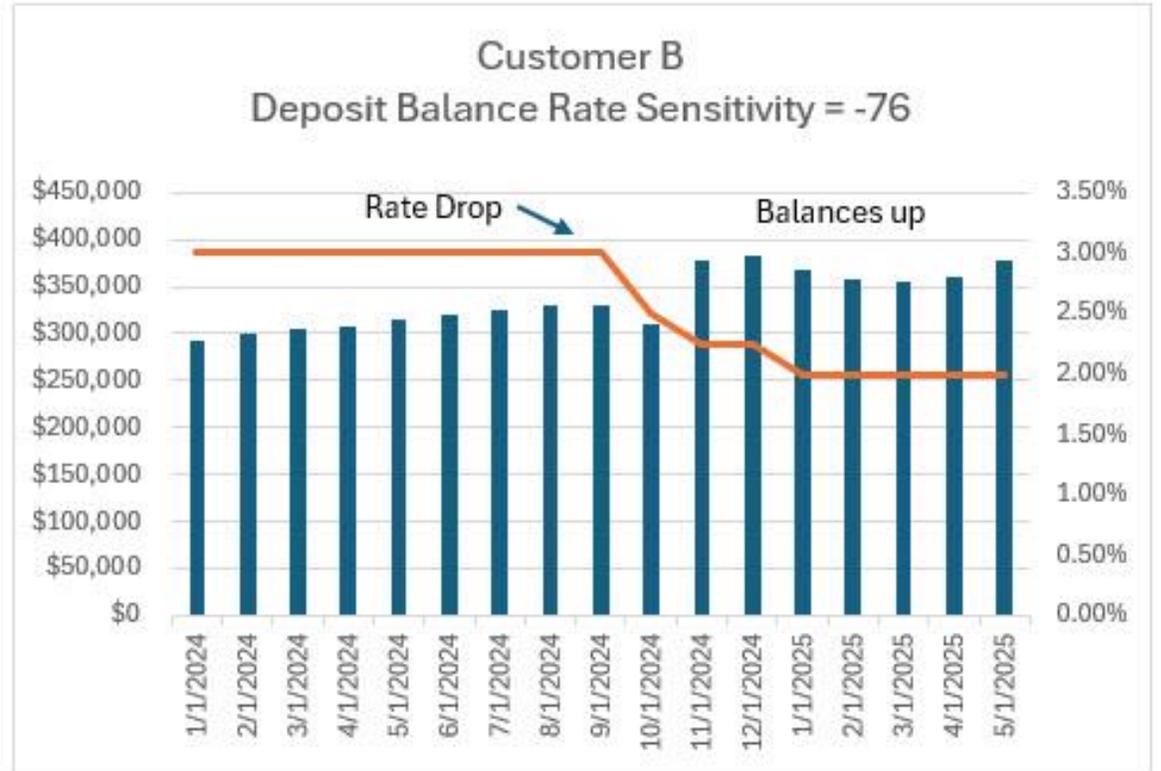
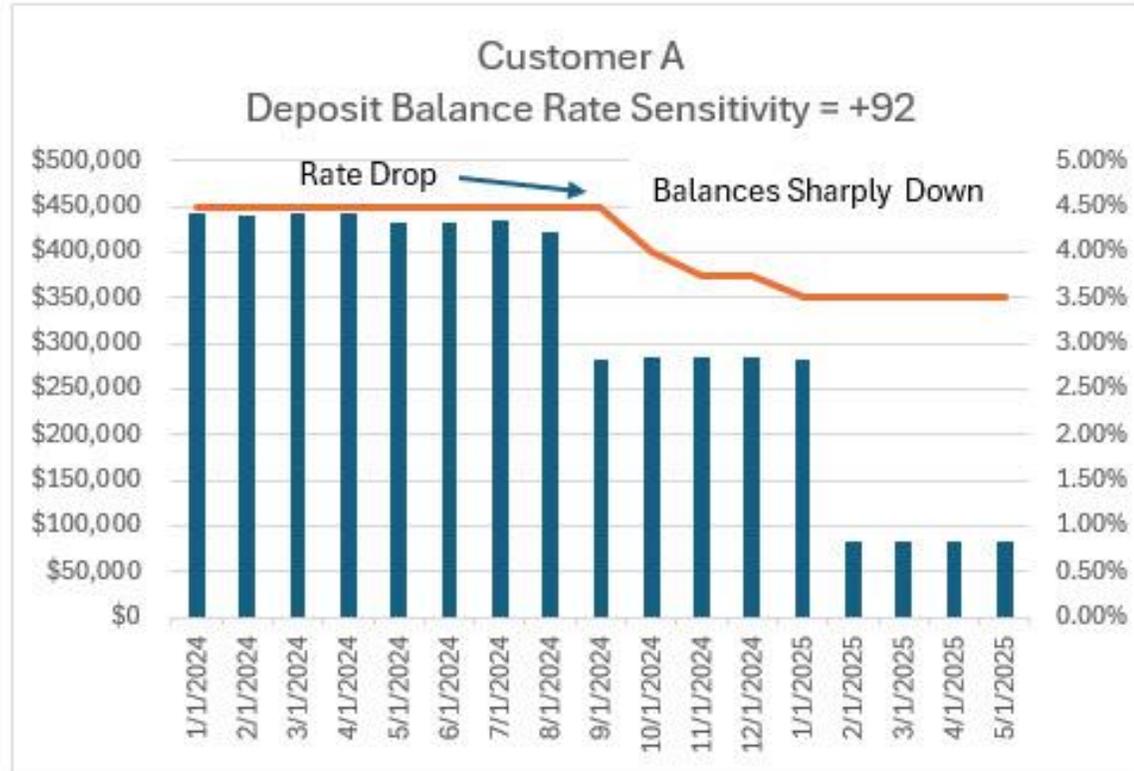
Exception Pricing



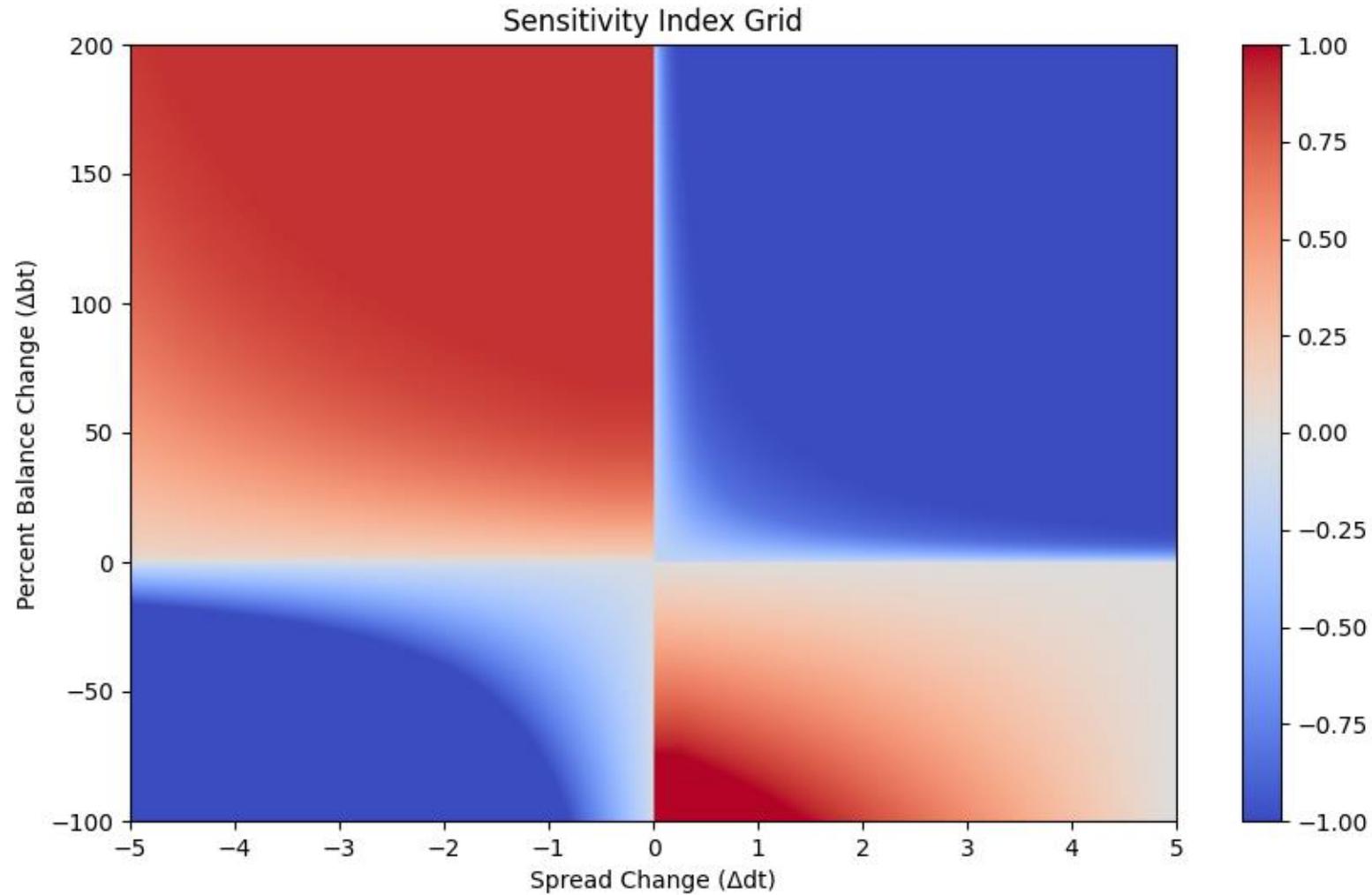
How We Score Customers



Scoring Customers



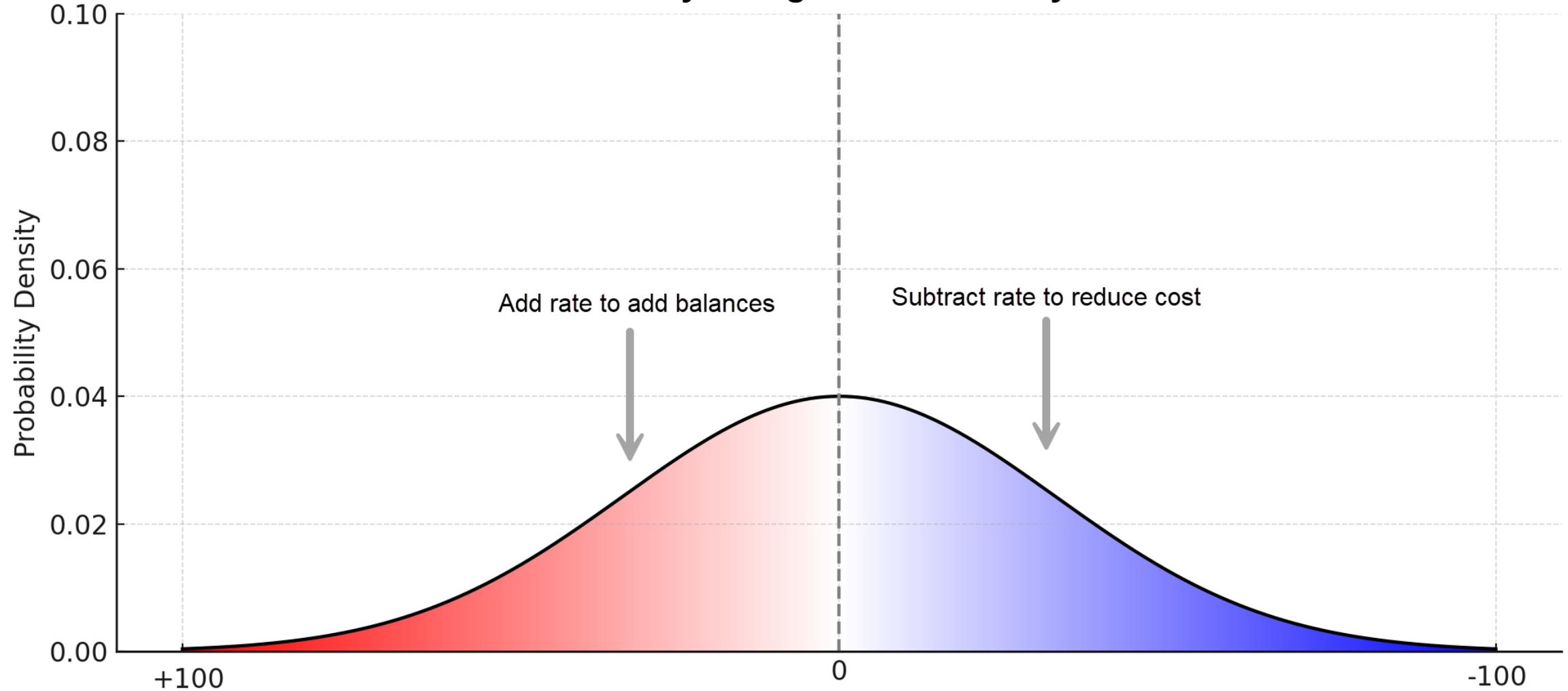
Customer Sensitivity



How We Score Customers



Interest Rate Sensitivity of Higher Yield Money Market Accounts



Stablecoin and Tokenized Deposits



Stablecoin Overview



Definition:

A stablecoin is a type of cryptocurrency that is designed to maintain a stable value by being pegged to a reserve asset, like the US dollar.

Key Characteristics:

- ✓ **Price Stability:** Pegged to fiat currencies or commodities
- ✓ **Digital Nature:** Operates on blockchain networks

Use Cases:

- ✓ **Store of Value:** Can be held without fear of volatility
- ✓ **Medium of Exchange:** Used for payments and transfers

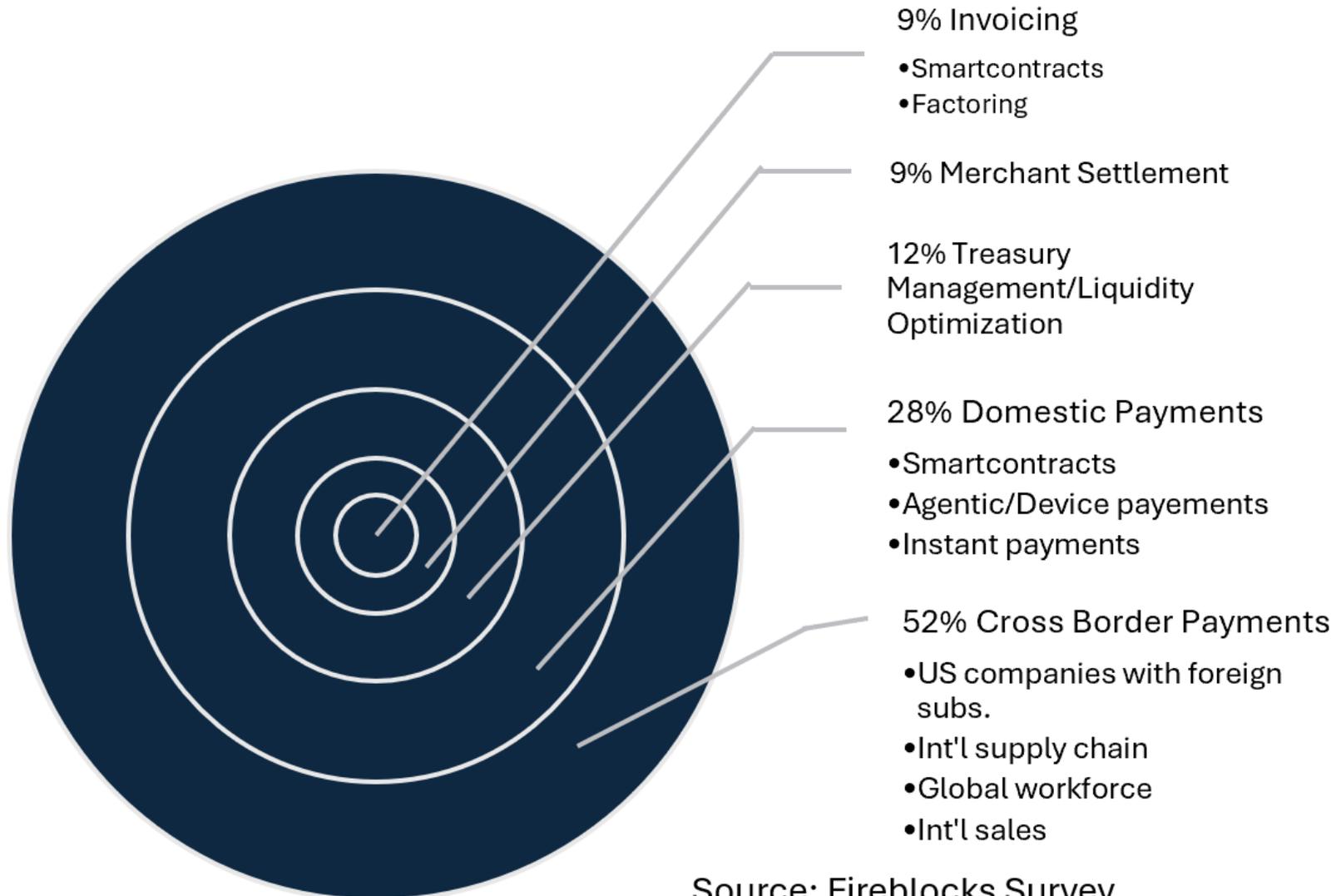
Feature	Cash	Bank Deposits	Stablecoins
Store of Value	☑	☑	☑
Medium of Exchange	☑	✗	☑
Digital	✗	☑	☑
Borderless	✗	✗	☑



The **GENIUS ACT** Summary

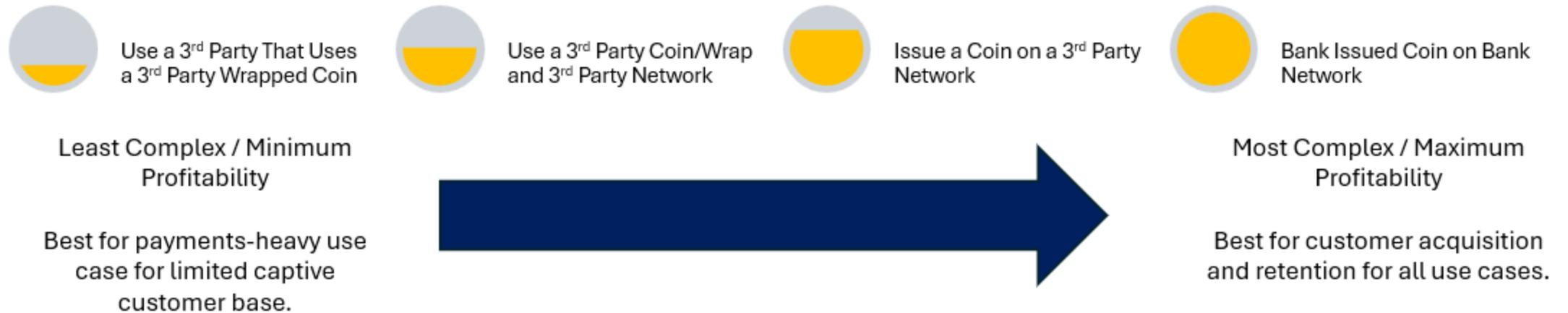
- Only certain Federal or State entities may issue stablecoin
 - Non-financial firms are prohibited from issuance
 - Tying arrangements are prohibited
 - Stablecoin must be 100% backed by permissible collateral and redeemable at par
 - Issuers must comply with prudential regulations and reserve requirements
 - Stablecoin custodians may be subject to consumer protection requirements
 - Stablecoin are defined as payment instruments and not securities
-

Stablecoin Use Cases



Source: Fireblocks Survey

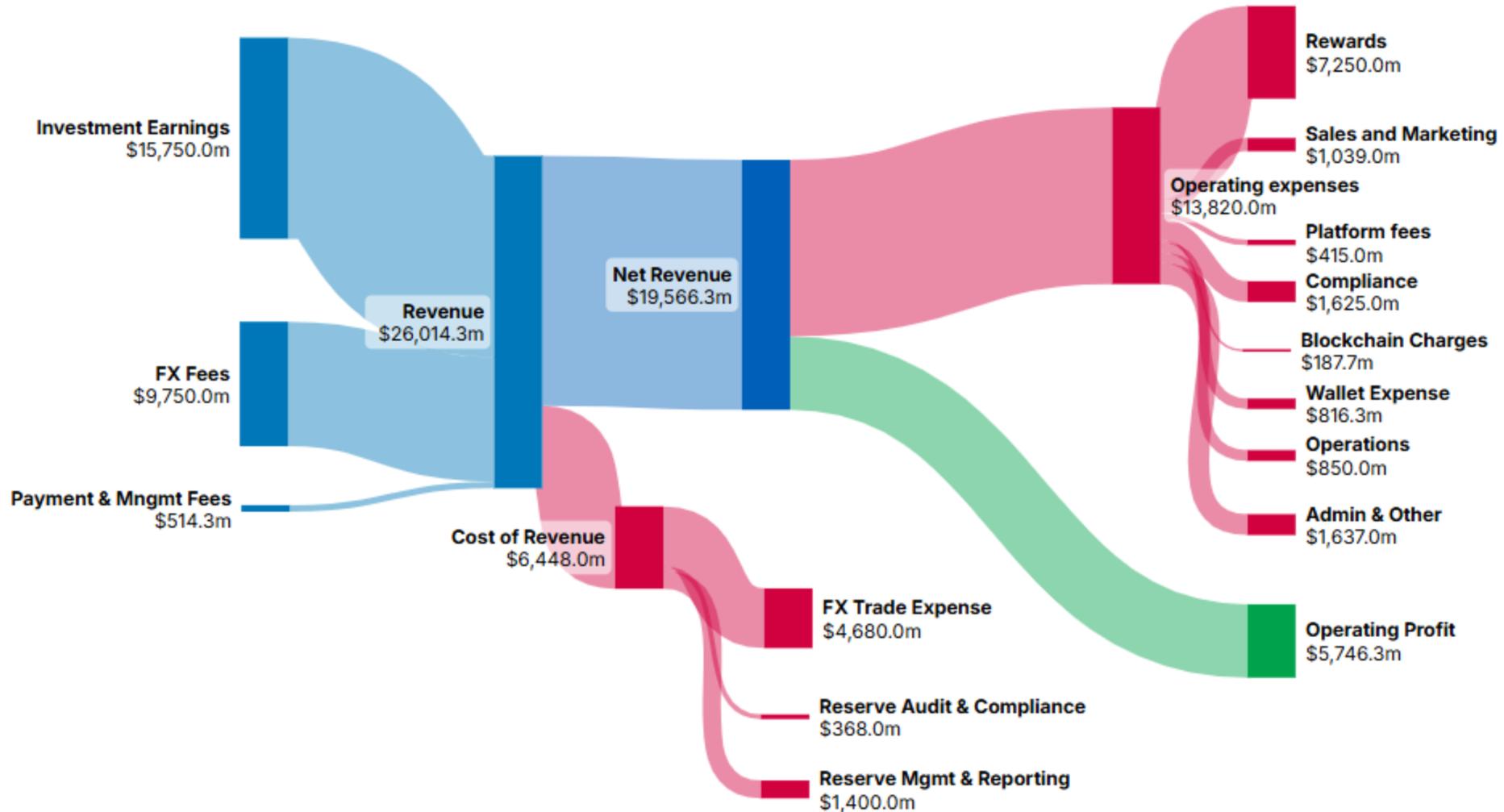
The Profitability of Bank Stablecoin Business Model Options



Stablecoin Profitability



Stablecoin Economics per \$500M of Outstandings FY27





Questions?

Conclusion

1. **Rate should be your LAST tactic to raise deposits.**
2. **Leverage data, customer segmentation, product development and marketing to increase deposit performance and franchise value.**
3. **Consider Stablecoin**
4. **Experiment!**





Thank You!

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Director

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Tel: 925-202-8944

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@cnichols0