

Dallas, Lender Lunch

Hosted by SouthState Bank

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SVP Business Development



Commercial Loan Credit & Pricing Trends For 3Q 2025

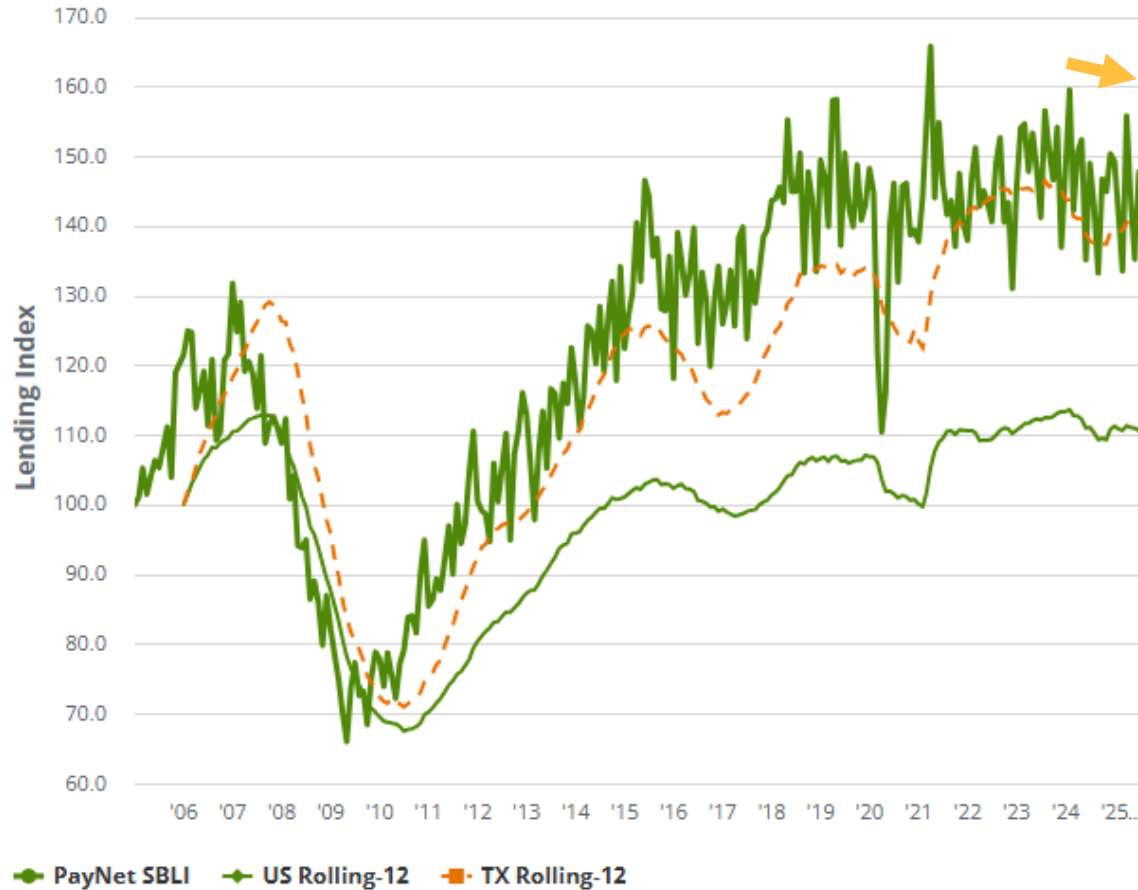


- Fear of a recession has subsided slightly, and we are in a rate cutting cycle. The economy continues to slow driven by uncertainty keeping pressure on credit.
- Tariffs, fiscal debt and immigration policy continues to pressure pricing upward.
- Domestic and international migration has slowed but domestic migration has slowed more.
- The DFW while strong continues to have elevated credit volatility.
- Banks need to be careful with multifamily due to tight pricing and oncoming supply.

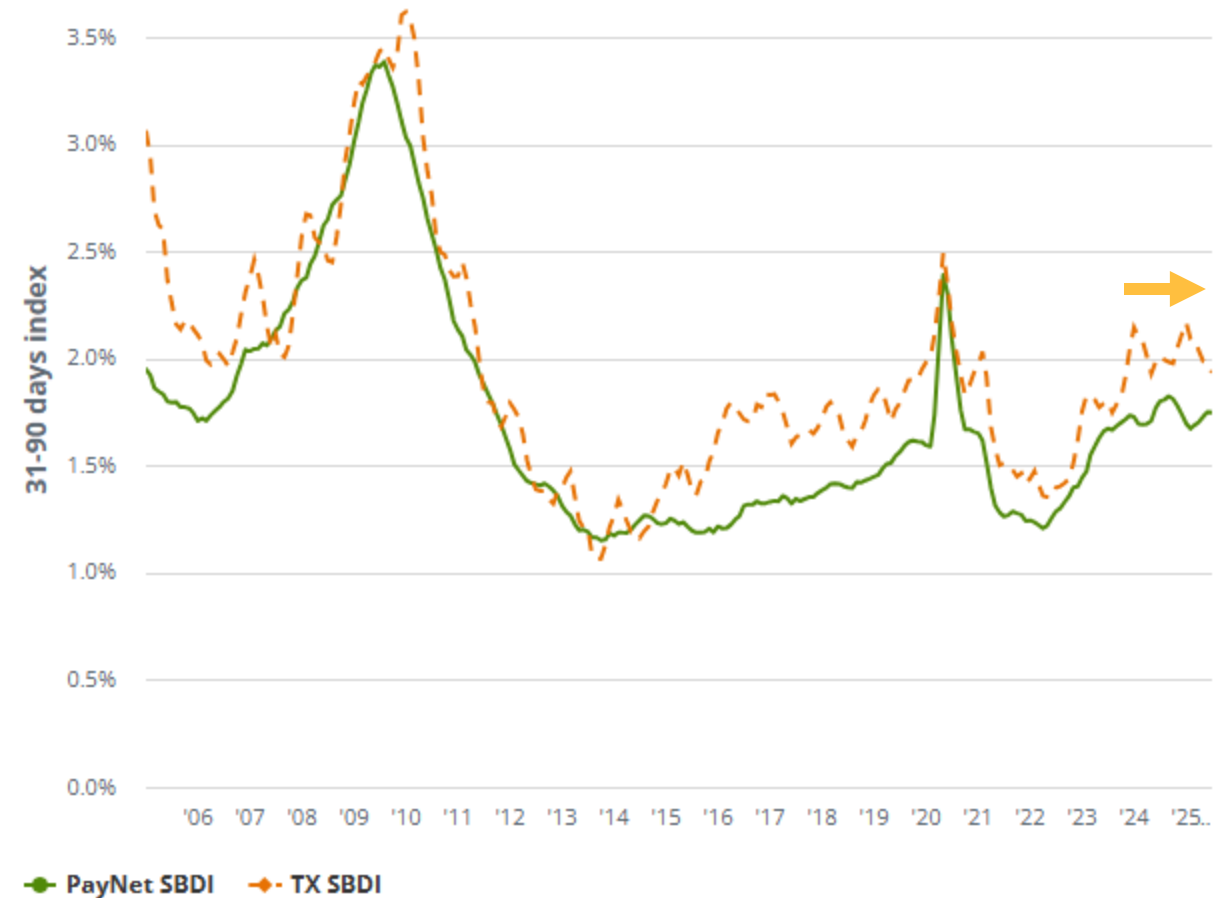
SMB FL Loan Production & Defaults



SMB Lending Volume for TX

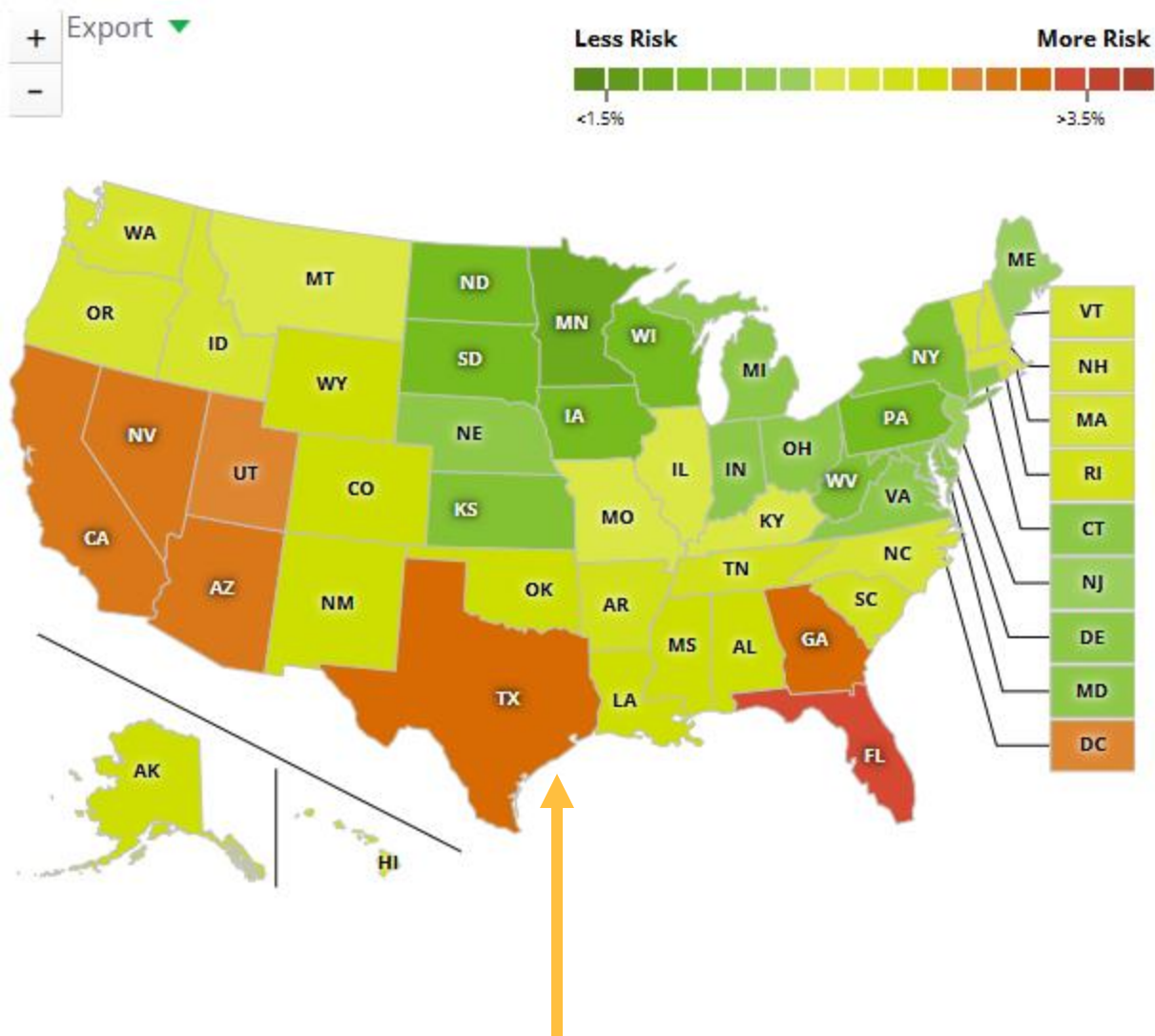


SMB Defaults in TX (August 2025)

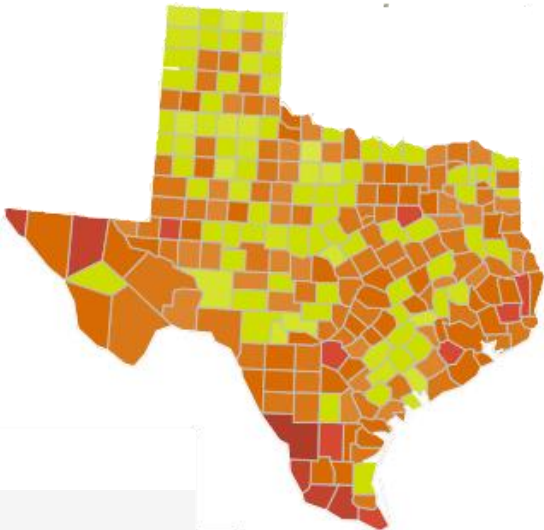


Source: Equifax, Aug. 2025

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
Texas	2732440	3.13%	0.90%		1.87%		3.93%	
		-10	-35	-2	-11	-5	-23	-13
DALLAS COUNTY	283860	3.14%	0.90%		1.88%		3.94%	
		-11	-40	-2	-13	-7	-26	-16



TX is worse than the U.S. at a 3.13% POD, down 10 bp since last quarter and down 35bps since last year.

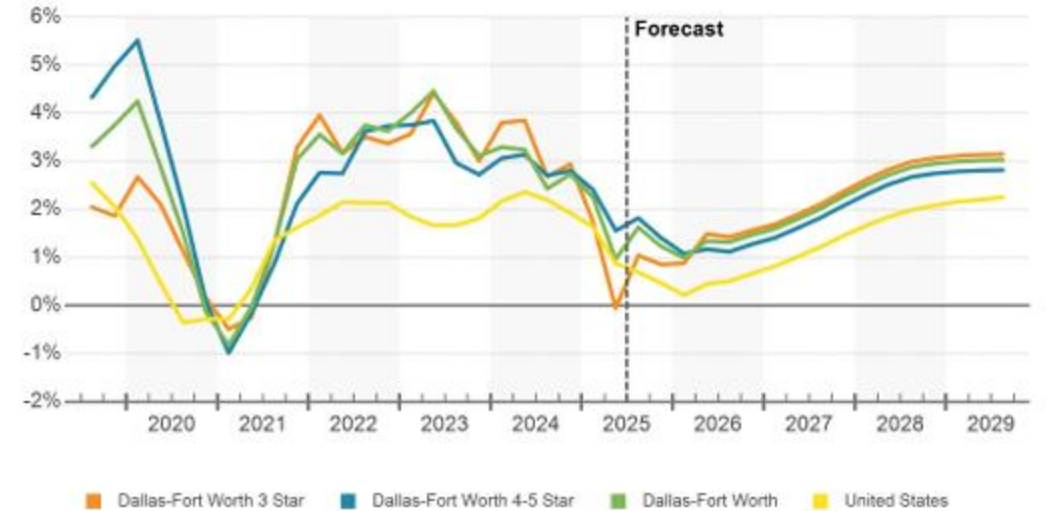
Office



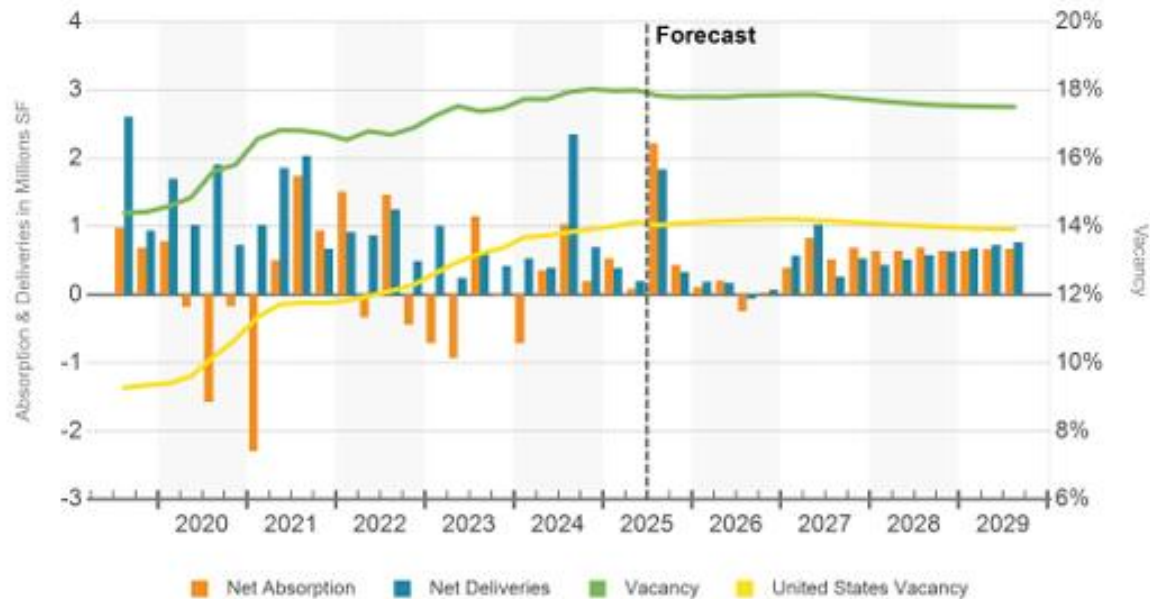
Improving leasing activity, slowing occupancy losses and more users renewing have paved the way for rising demand. Dallas is one of the few markets (NYC, Houston) where demand is positive. Only 3.2mm sq feet of new supply coming on (40% of normal).

	Historic	Current	5Y Forecast
Rent Growth	2.9%	1.6%	2.2%
Vacancy Rate	15.7%	17.8%	17.7%

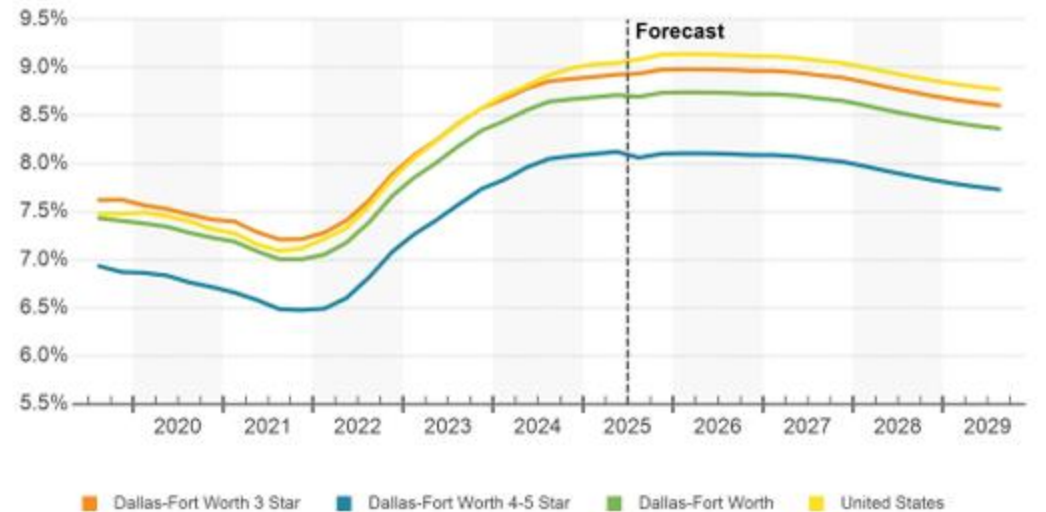
MARKET ASKING RENT GROWTH (YOY)



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!!!



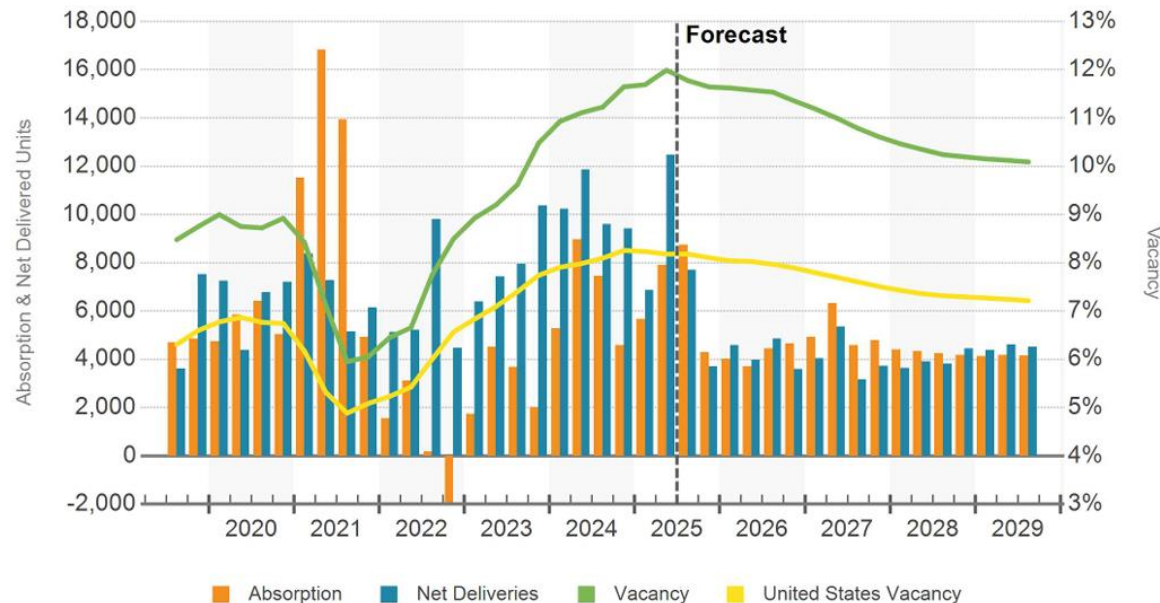
Multi-Family



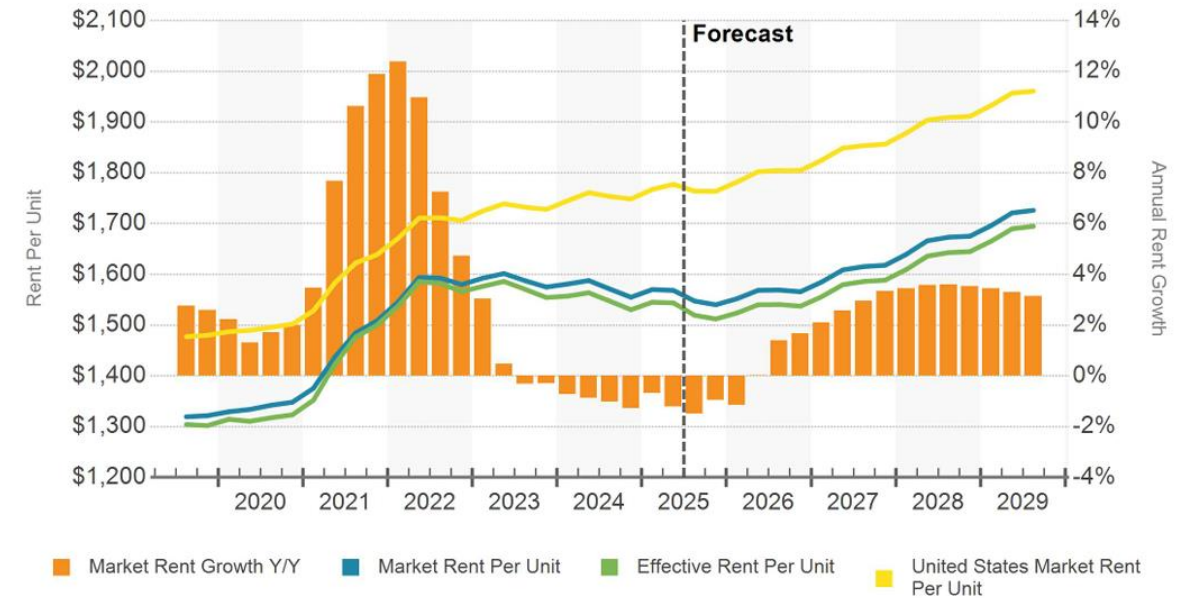
Decade low in new construction will limit future supply but glut will take through mid-2026 before rents stabilize. 6-8 week rent concessions remain the norm with 12 weeks in Rockwall, Wylie, Frisco, Prosper, Allen and McKinney common. DFW area has strong population growth, but lower mortgage rates will offset some rental demand from growth.

	Historic	Current	5Y Forecast
Rent Growth	2.2%	-1.5%	2.1%
Vacancy Rate	8.9%	11.8%	10.7%

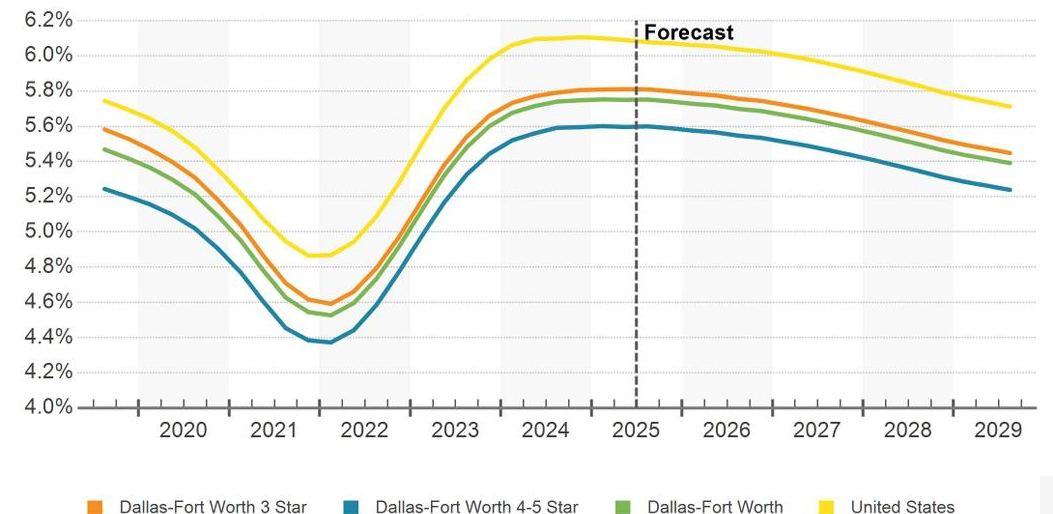
ABSORPTION, NET DELIVERIES & VACANCY



MARKET RENT PER UNIT & RENT GROWTH



MARKET CAP RATE



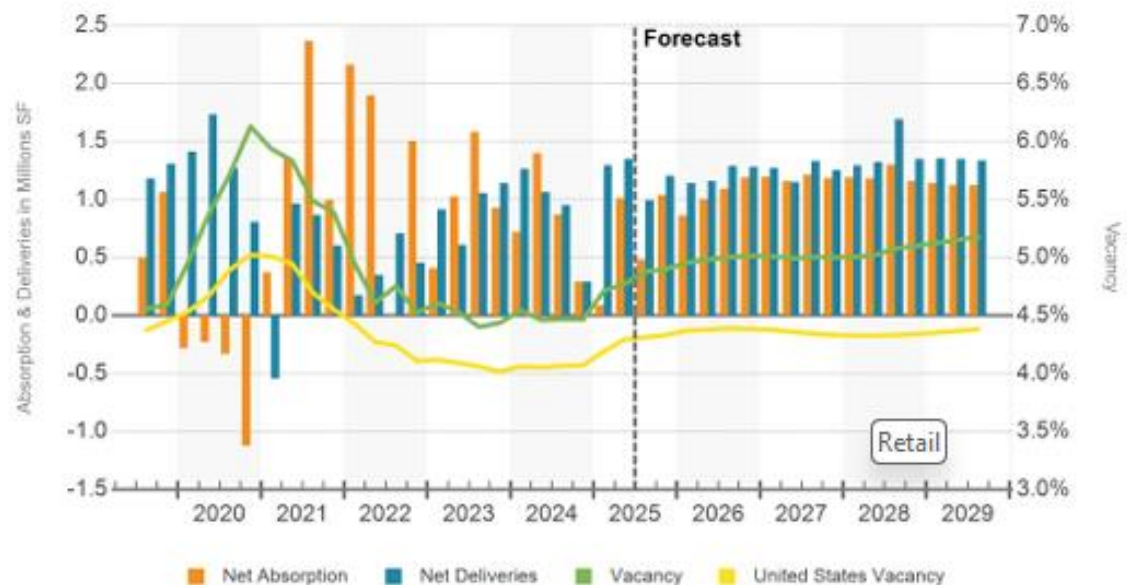
Retail



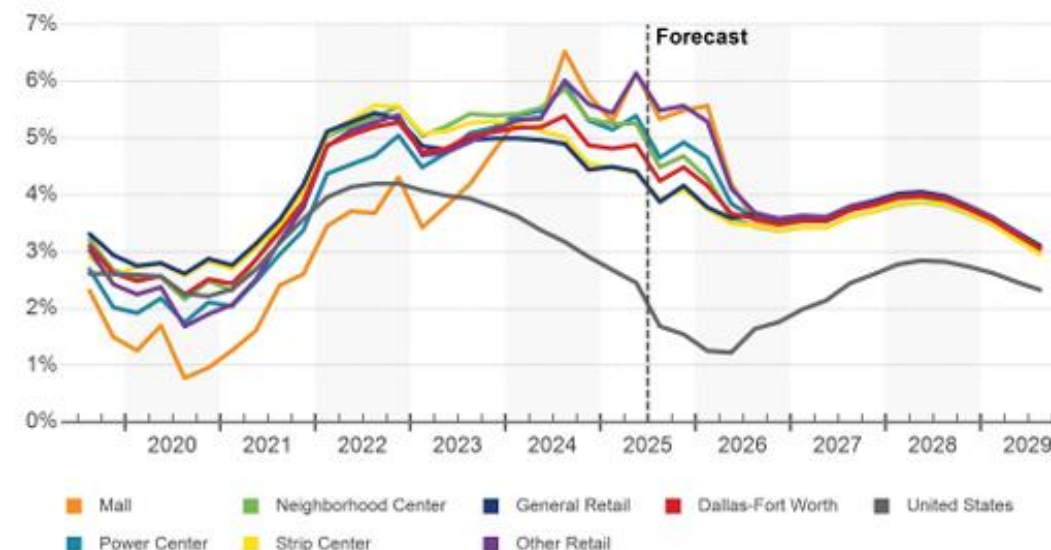
Cancelled and defaulted leases have caused net absorption to turn negative, a first since the pandemic. New supply is not helping with wide rent volatility. There is more downside lending risk through 3Q 2026 before absorption catches up. Increase underwriting and pricing.

	Historic	Current	5Y Forecast
Rent Growth	2.1%	4.2%	3.6%
Vacancy Rate	6.0%	4.9%	5.1%

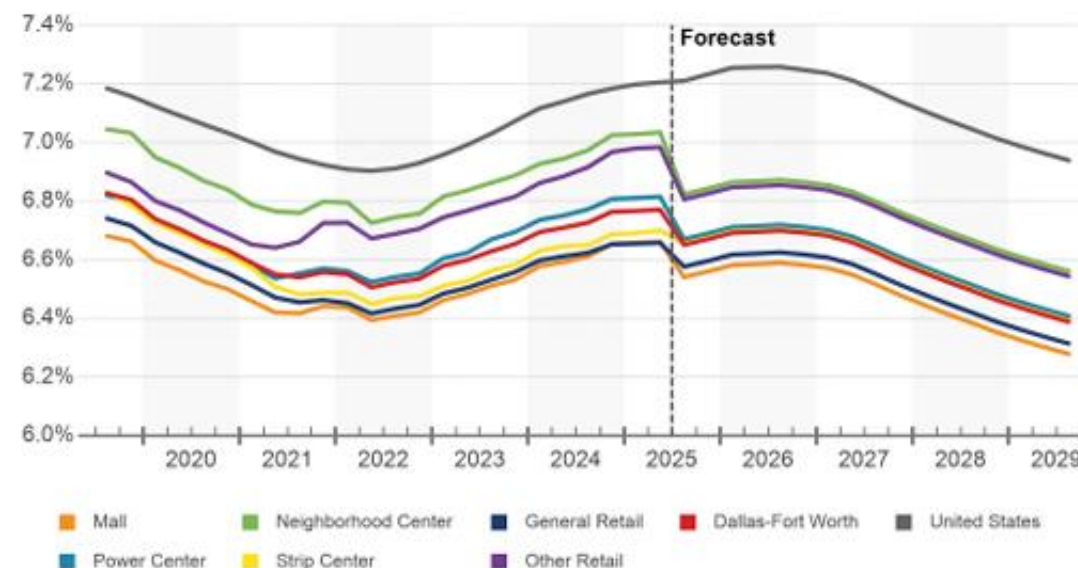
NET ABSORPTION, NET DELIVERIES & VACANCY



MARKET ASKING RENT GROWTH (YOY)



MARKET CAP RATE



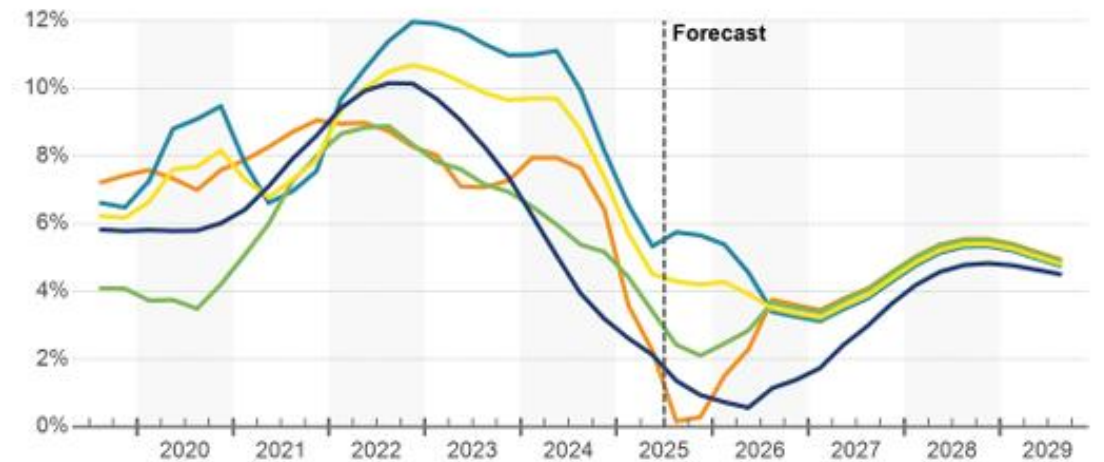
Industrial



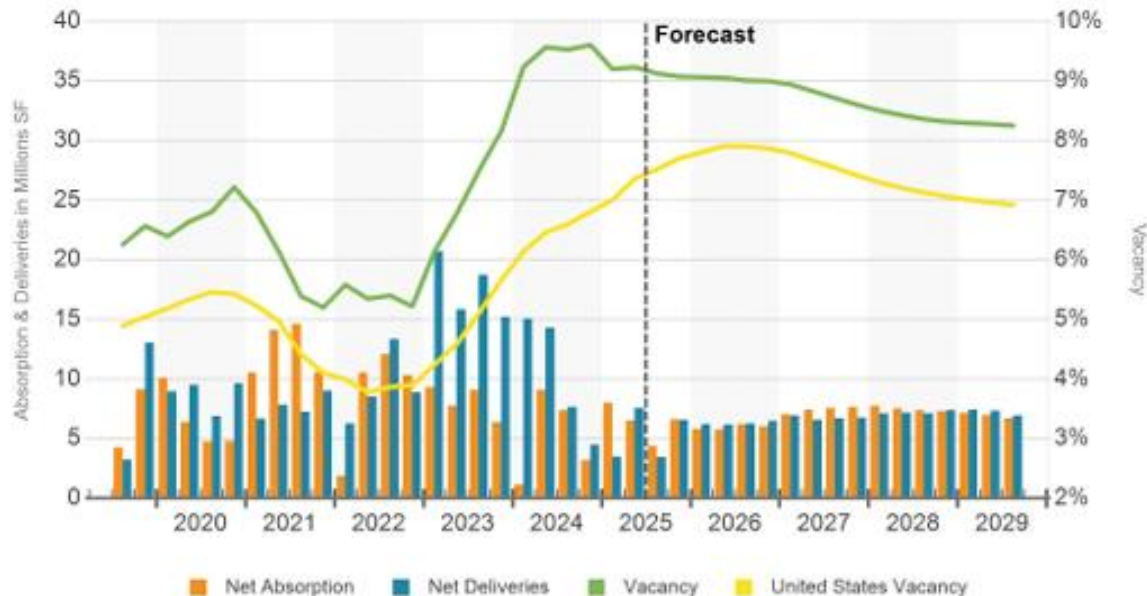
Move-outs and a slowdown in logistic properties has increased vacancy rates (some of the highest in nation) but demand remains positive. New supply is worrisome until trade picture gets clearer. While rent growth has softened, it remains strong, and desirable will act as a buffer for a downturn.

	Historic	Current	5Y Forecast
Rent Growth	3.7%	4.2%	4.4%
Vacancy Rate	7.8%	9.2%	8.6%

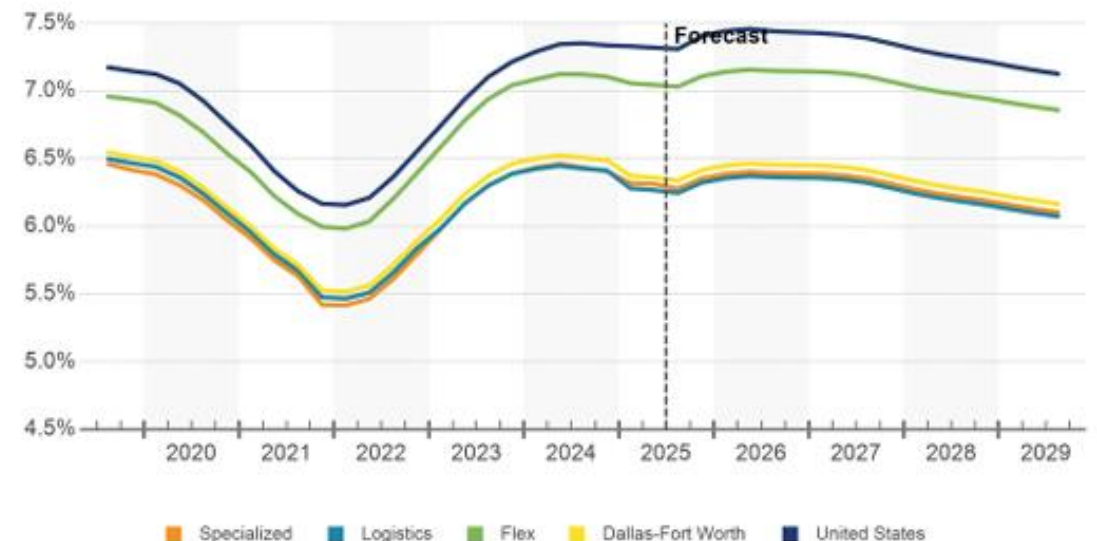
MARKET ASKING RENT GROWTH (YOY)



NET ABSORPTION, NET DELIVERIES & VACANCY



MARKET CAP RATE



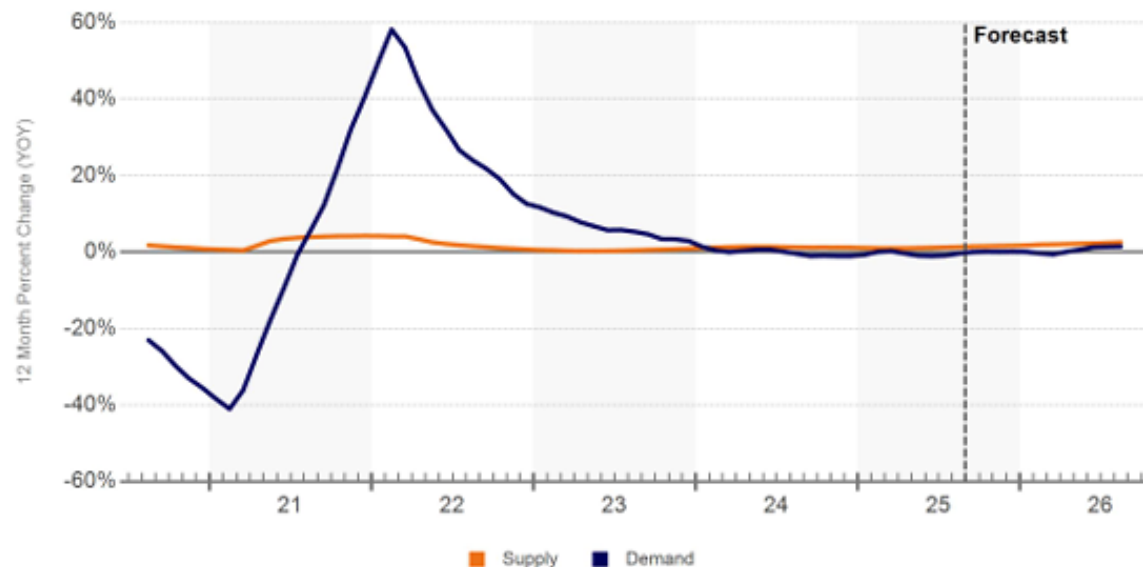
Hospitality



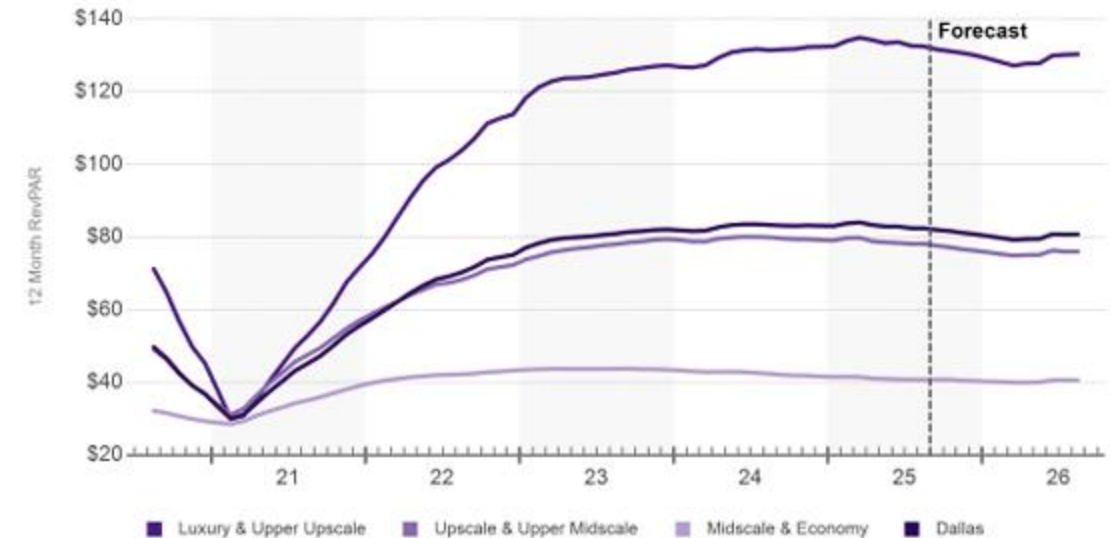
Increased business travel has helped DFW hospitality. Inventory increased 1.1% (2,600 rooms) hurting rates. Corporate meetings/events are trending up, but trade uncertainty has hurt. Immigration policy has increased labor cost hurting margins. Investor sentiment is mixed with a higher-than-normal amount of refinancing coming in 2026. Net/net, credit risk is elevated due to volatility.

	Historic	Current	5Y Forecast
Occupancy	70.3%	64.2%	73.7%
RevPar Chg.	-1.3%	-6.4%	1.6%

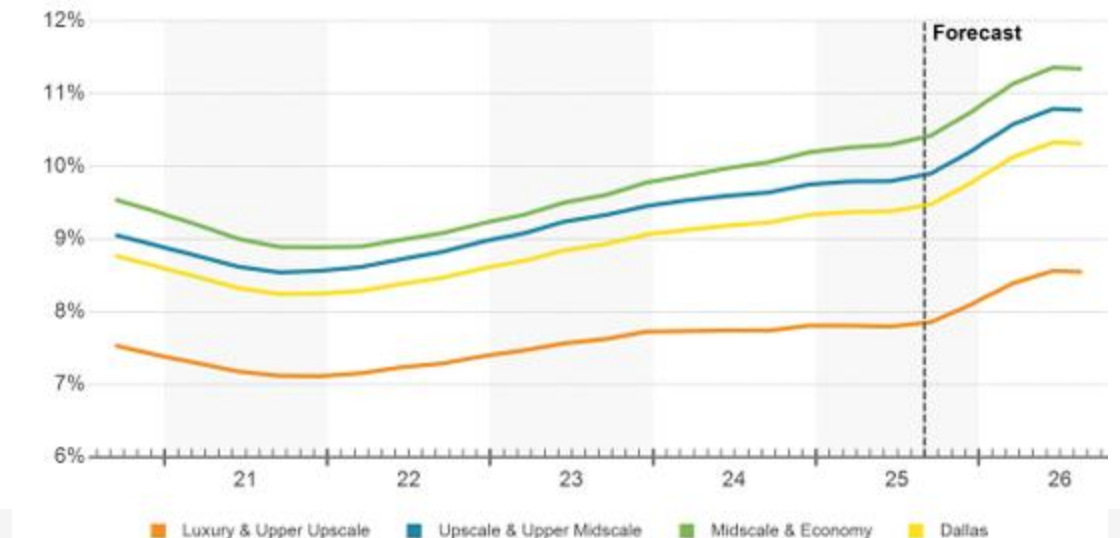
SUPPLY & DEMAND CHANGE



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.

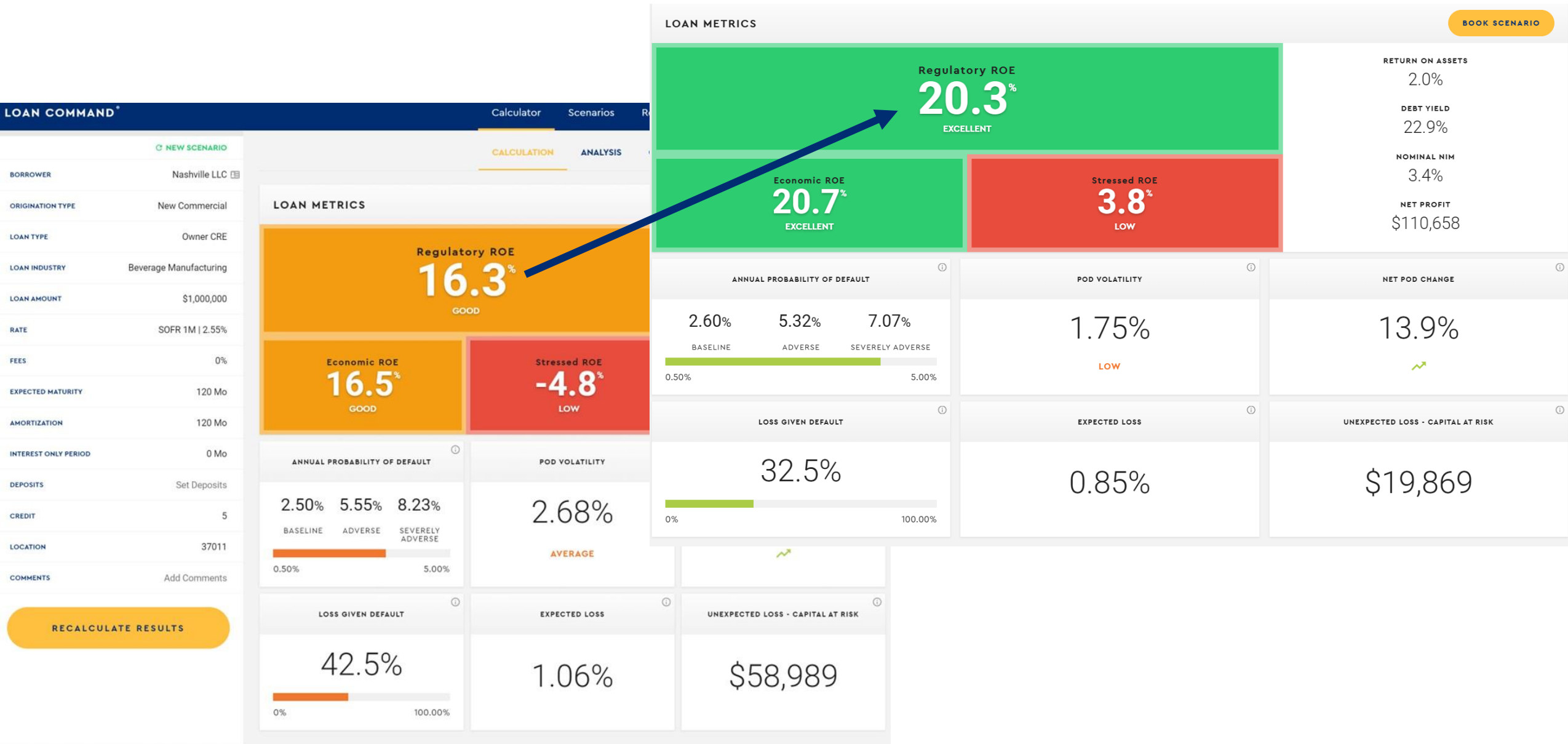
		Target Spread	Actual Spread (@ Booking)	Difference (Bps)	Difference %	Target ROE	Actual ROE (@ Pricing)	Difference	Difference %	Comments
NOOCRE										
	Office	3.16%	2.78%	-0.38%	-12%	19%	19%	▴ 0%	0%	Spreads increased 4 bps due to higher delinquencies.
	Retail	3.05%	2.55%	-0.50%	-16%	19%	16%	▬ -3%	-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









Deposit Trends



2025 Deposit Balance Trends



	YTD 2024	YTD 2025	Trend
Consumer Checking	-4%	2%	
Consumer Non-Checking	2%	1%	
Consumer CDs	13%	Flat	
Commercial Checking	1%	4%	
Commercial Non-Checking	7%	6%	
Commercial CDs	37%	11%	

Checking Promotions



First Financial Bank sent a back-to-school themed checking offer. Commercial Bank of Texas used a multi-panel mailer to showcase its full suite of checking options for both personal and commercial accounts, sweetening the offer with a complimentary Mr. Coffee tumbler for new customers. Similarly, Frost Bank distributed a pamphlet-style letter to highlight the value of its Frost Personal account, emphasizing benefits such as 24/7 human customer support, early direct deposit, overdraft grace, and access to the largest ATM network in Texas.

First Financial Bank

Help prepare your child for their financial future with our First Checking Account



2025-08-18-5103

Chase

Switch to Chase and get up to \$900



2025-07-15-4654

Commercial Bank of Texas

Get your day started with Totally Free Checking



2025-06-30-4017

Fort Worth Community Credit Union

Taking care of life just got easier



2025-08-29-4102

Frost Bank

Whatever comes your way, we'll help make sure you're prepared



2025-03-31-4277

EECU (TX)

Welcome to the neighborhood! We've got a Texas-sized offer for you!



2025-07-30-4279

Deposit Marketing



Credit Union of Texas encouraged fellow Texans to take a “smart step toward financial security” by entrusting their savings to its high-yield savings account, offering a 3.50% APY. The message emphasized that when money starts working harder, savings can grow faster - helping members move closer to their financial goals. EverBank welcomed a new area resident with a postcard mailer inviting them to discover “high-yield benefits and superior service” by visiting their local financial center and opening a Performance Money Market account. Similarly, U.S. Bank targeted local households with a mailer promoting its competitive high-yield CDs and savings accounts, advertising rates as high as 4.00% APY.

Credit Union of Texas

Take a smart step toward financial security with our High Yield Savings account



2025-07-22-643

Regions Bank

Don't miss your chance to earn more!



2025-03-31-3954

EverBank

Welcome to your neighborhood financial center



2025-06-10-4962

U.S. Bank

U.S. Bank Smartly Savings:
Get up to 3.5% APY



2025-01-29-4382

Truist

Special offer: 4.50% APY Truist One Money Market Account,
offer valid in Texas only



2025-09-02-4544

Wells Fargo

Earn a great Special Fixed Rate with a Wells Fargo Certificate of Deposit



2025-08-11-4098

Small Business Marketing



ibusiness Funding reached out to local business owners to ask if there's anything still on their "business wishlist" that they could assist with obtaining, similarly to the other 130K business that found funding with them. PayPal mailed well-qualified business owners pre-approval letters promising faster access to funding, competitive and transparent pricing and predictable payments when business owners borrow with their services. BHG appealed to time-crunched small business owners by offering a "streamlined lending experience" that reduced paperwork required, eliminated the personal collateral and credit check requirements to help get money in hand faster for American small businesses.

iBusiness Funding

What's still on your business wishlist? We're here to help make it happen



2025-08-20-4620
U.S. Bank

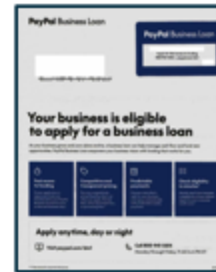
It's a great time to invest in your business



2025-04-09-4969

PayPal

PayPal Business Loan empowers your business vision with funding that works for you



2025-08-19-4400

QuickBridge Funding, LLC

What's holding your business back?
If your answer is "MONEY!" - you're not alone



2025-04-18-4909

QuickBooks

With a QuickBooks Term Loan, you can access simple, fast, and flexible funding



2025-05-28-4794
BHG Financial

As a successful skilled professional, you may qualify for extraordinary financing with BHG Financial



2025-04-09-4969

Healthcare Marketing



DFW has intense healthcare marketing with materials aimed at health professionals operating independent practices. Chase Ink targeted a medical practice with a \$50 bonus cash back limited-time offer. CareCredit, issued by Synchrony, positioned itself as a valuable financial tool for healthcare providers - helping them offer patients urgent funding options while also supporting staffing needs. M&T Bank targeted healthcare business owners with messaging that framed the bank as a source of specialized guidance for building “healthier medical practices,” and further motivated engagement with a cash bonus offer. Finally, BMO Harris Bank promoted its business checking options emphasizing its knowledgeable bankers that understand the needs of running a Medical practice.

Chase Ink

Earn \$50 bonus cash back when you spend \$2,000 on a new employee card for your medical business

Earn \$50 bonus cash back when you spend \$2,000 on a new employee card for your medical business.¹

From every purchase that meets the requirements.

You can reduce your practice's cash flow needs. Chase Ink offers a new employee card for your medical business.

Add employee cards to boost your efficiency and keep your business at its best.

- Track time by reimbursing your employees' mileage and parking.
- Manage everything by setting credit and tracking costs.
- Empower your employees and streamline their purchasing.

Scan the QR code to start today.

Go to chase.com/EmployeeCard to request your card and learn your terms. Your new employee card will arrive in 10-15 business days.

CareCredit - Synchrony

Financial flexibility for your patients and support for your staff

CareCredit is a credit card and more.

It's financial flexibility for your patients and support for your staff.

Learn how CareCredit can help patients manage cost as a barrier to care and improve the patient and provider experience.

CareCredit by Synchrony

M&T Bank

Skilled guidance for a healthier medical practice

For a limited time, earn up to \$2,000.¹
Continued offer expires soon.

Earning built for your healthcare business, with a bonus up to \$1,500.²
With an M&T Talent Business Checking account, you'll enjoy an account designed with features to help you manage your healthcare business when and where it suits for you.

A special bonus offer for you.
Right now, earn a bonus according to the average ledger balance in your new M&T Talent Business Checking account. The higher your balance, the more cash you'll get.

EARN	EARN	EARN	EARN
\$300	\$500	\$750	\$1,500
Average Ledger Balance of \$10,000 to \$24,999.99	Average Ledger Balance of \$25,000 to \$49,999.99	Average Ledger Balance of \$50,000 to \$99,999.99	Average Ledger Balance of \$100,000 or more

Follow these three simple steps:

- Open your Talent Business Checking account by June 30, 2025, using promo code.
- Maintain an average ledger balance of at least \$10,000 in the first 90 days after opening the checking account.
- Enjoy your cash bonus!

Plus, give your patients more payment choices—and earn a bonus up to \$500 for a limited time.³ See back for more details.

See more to learn details.

Get started now.
Visit mtb.com/Welcome to schedule an appointment at your nearest branch.

BMO Harris Bank

When you're running a Medical practice, you need a banking partner that can help you finance growth and manage cash flow challenges

With multiple business checking options, we've got your practice covered.

Limited-time business checking offer

Earn a bonus up to \$750¹

To get the bonus, deposit the required funds within 30 days of account opening. Then maintain that balance for another 90 days.

Choose the BMO checking account that fits your practice.

We offer a range of checking accounts to meet your needs. From BMO Simple Business Checking to BMO Business Checking, BMO gives you rewarding benefits based on your balance. Every account delivers the features and benefits you need for better banking.

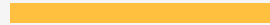
- April anytime with our mobile app² deposit checks³ any time and use 360⁴ to view money from whenever your practice takes cash.
- Enjoy fee-free banking at 4,000+ BMO and Signature ATM locations.
- Simplify your online billing and invoicing process with BMO e-Connect.
- Work with local, knowledgeable bankers who understand the needs of running a medical practice and provide your insights to help you reach your goals.

It's so easy to open your new BMO business checking account.

Visit bmo.com/businessoffer to open your account online.

Visit your nearest branch: 300 N. Main St. | Tucson, AZ 85701

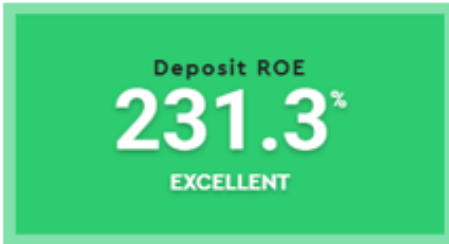
Deposit Tactics



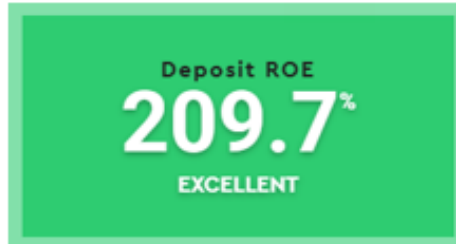
Deposit Performance Comparison



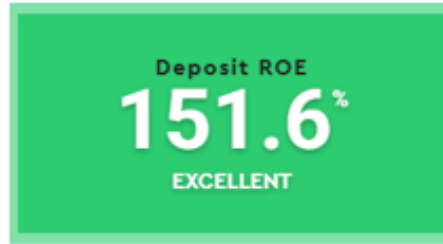
Treasury Management
(Basic)



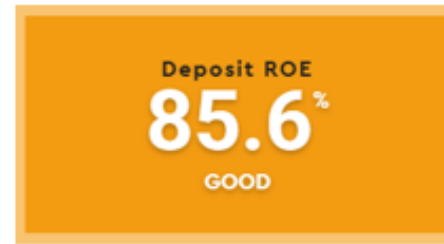
Business Checking



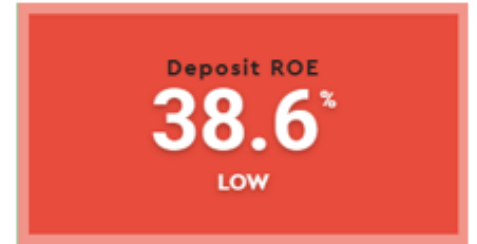
Business Interest
Checking (0.50%)



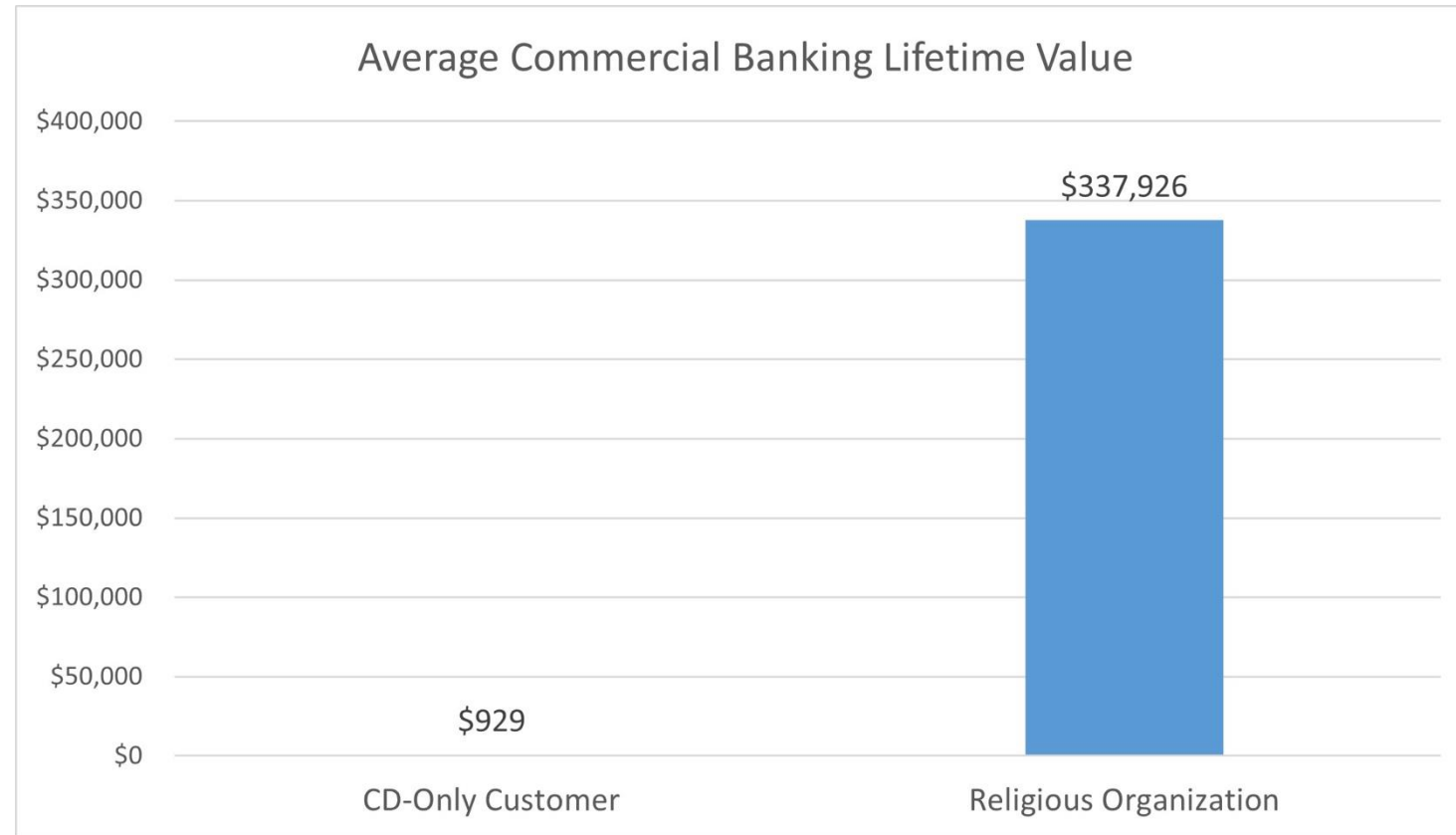
Business Savings
(2.00%)



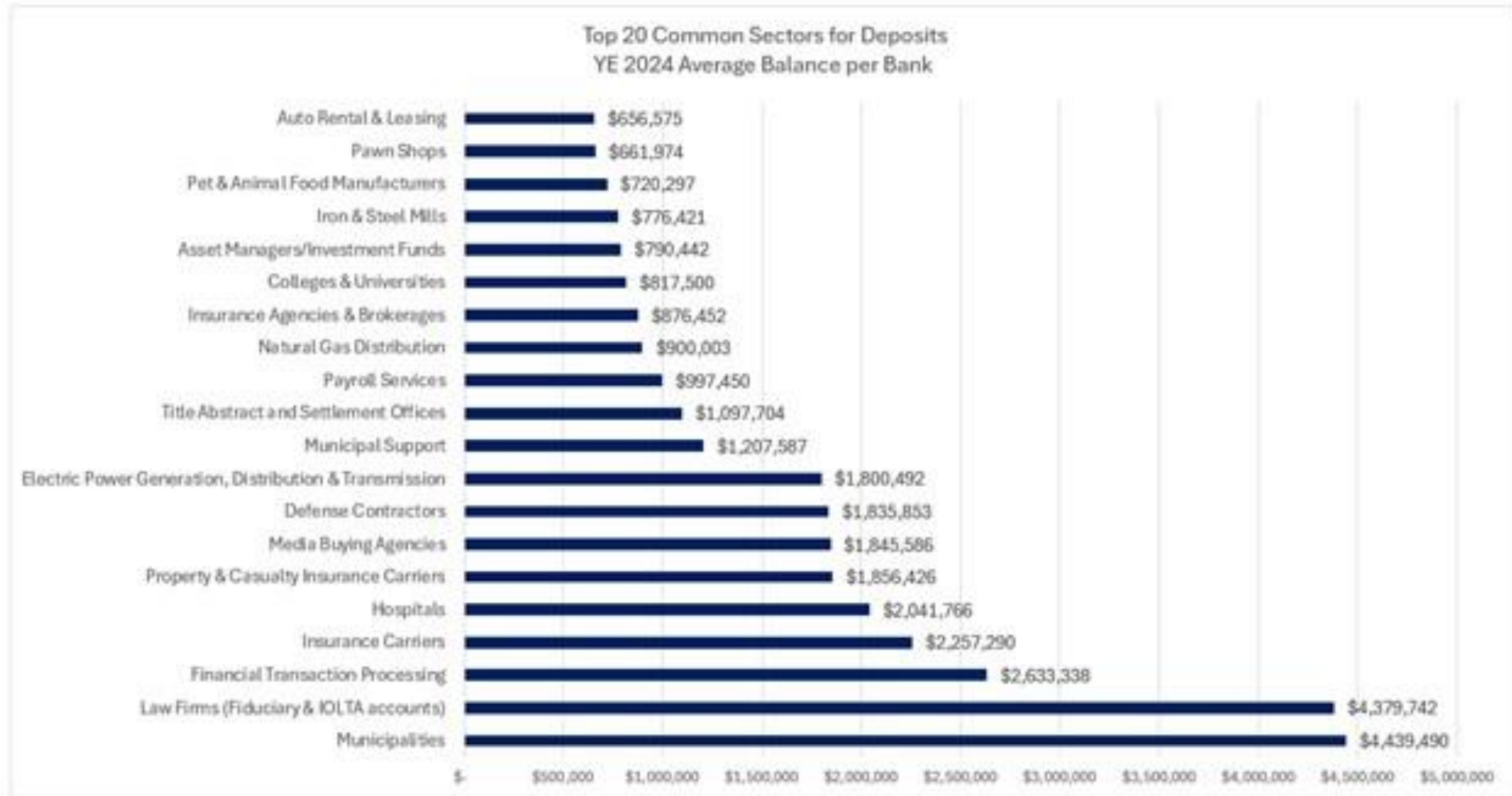
Business Money
Market (3.25%)



Not All Customers Are Equal



Targeting Deposit Rich Industries



Top Deposit Marketing Campaigns by ROI

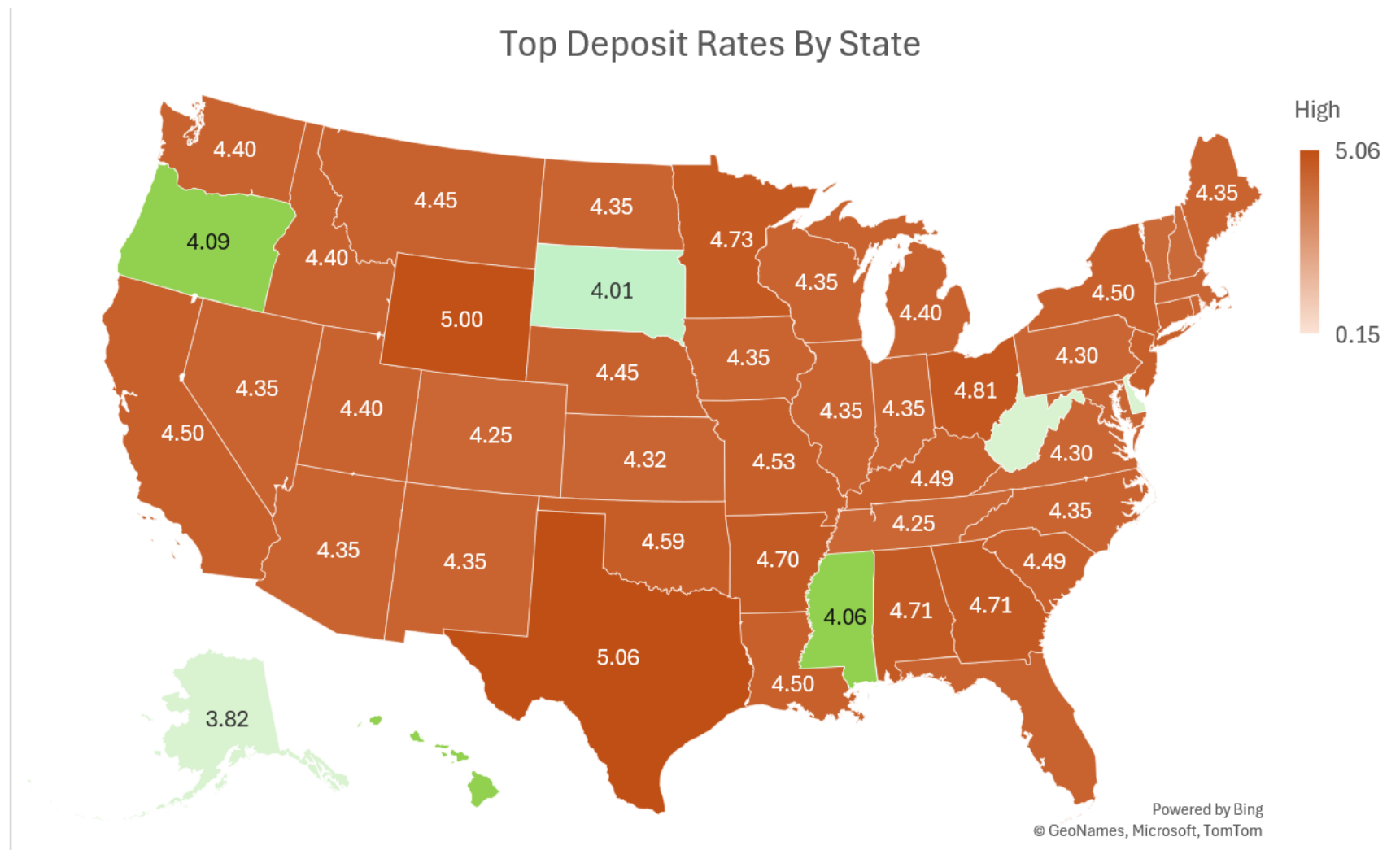


Rank	Deposit Marketing Tactic	Typical 1st Year ROI	Typical Balances per 100 Accounts
1	Treasury Management New Customer Acquisition	4745%	\$ 55,147,900
2	Transaction Account Cross-sell	3674%	\$ 1,648,927
3	Business Savings Balance Additions	3044%	\$ 4,009,094
4	401k/IRA Balance Additions	914%	\$ 1,842,101
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



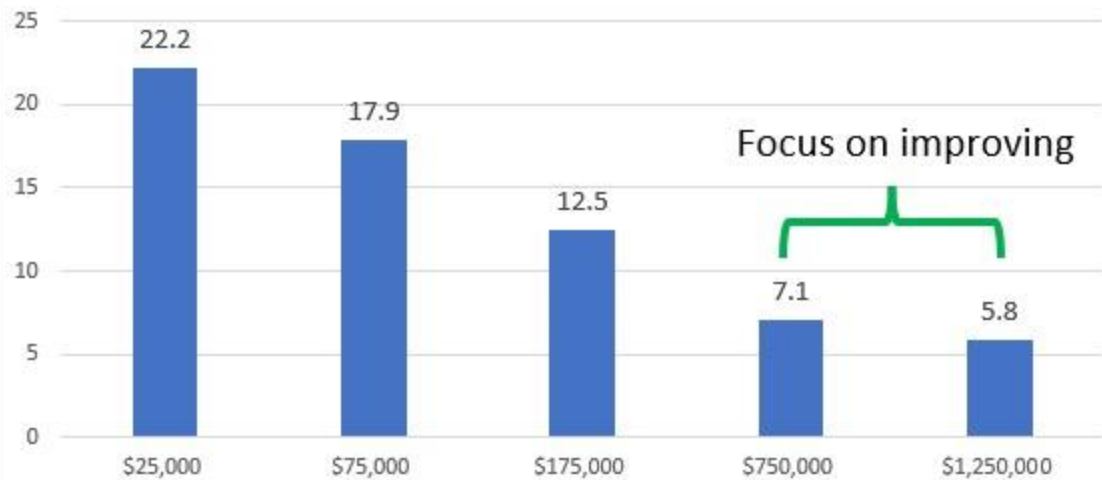
- Better match pricing with demand
- Reduce exception handling to lower cost



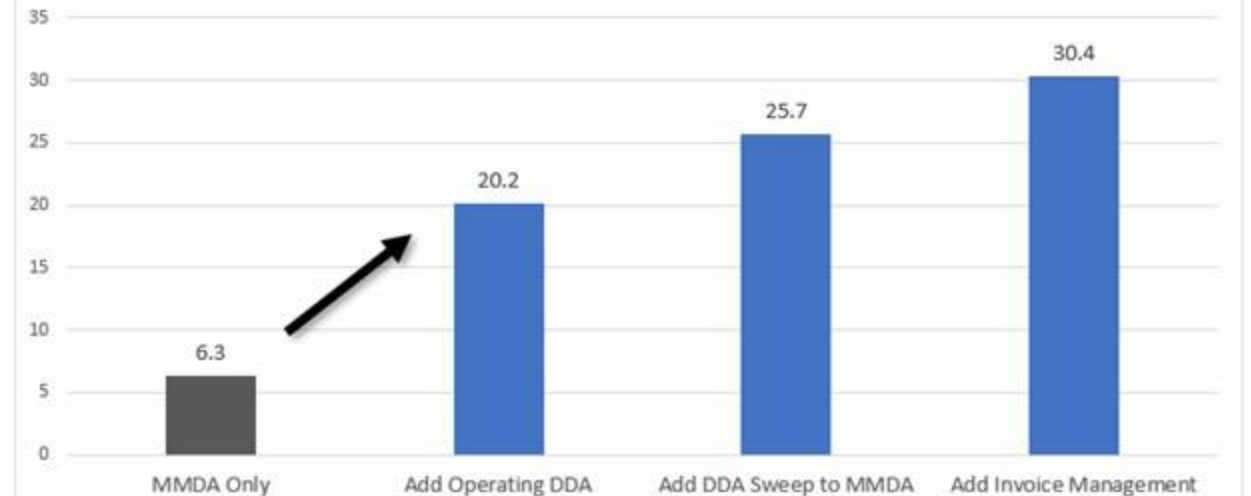
Focusing on Cross-Sell



Avg. Life of Money Market Accounts By Size (Months)



Avg. Life of \$1M Money Market Accounts with Cross-Sell (Months)



Cross-Sell Opportunities



Average Percentage of Commercial Checking Customers That Use:

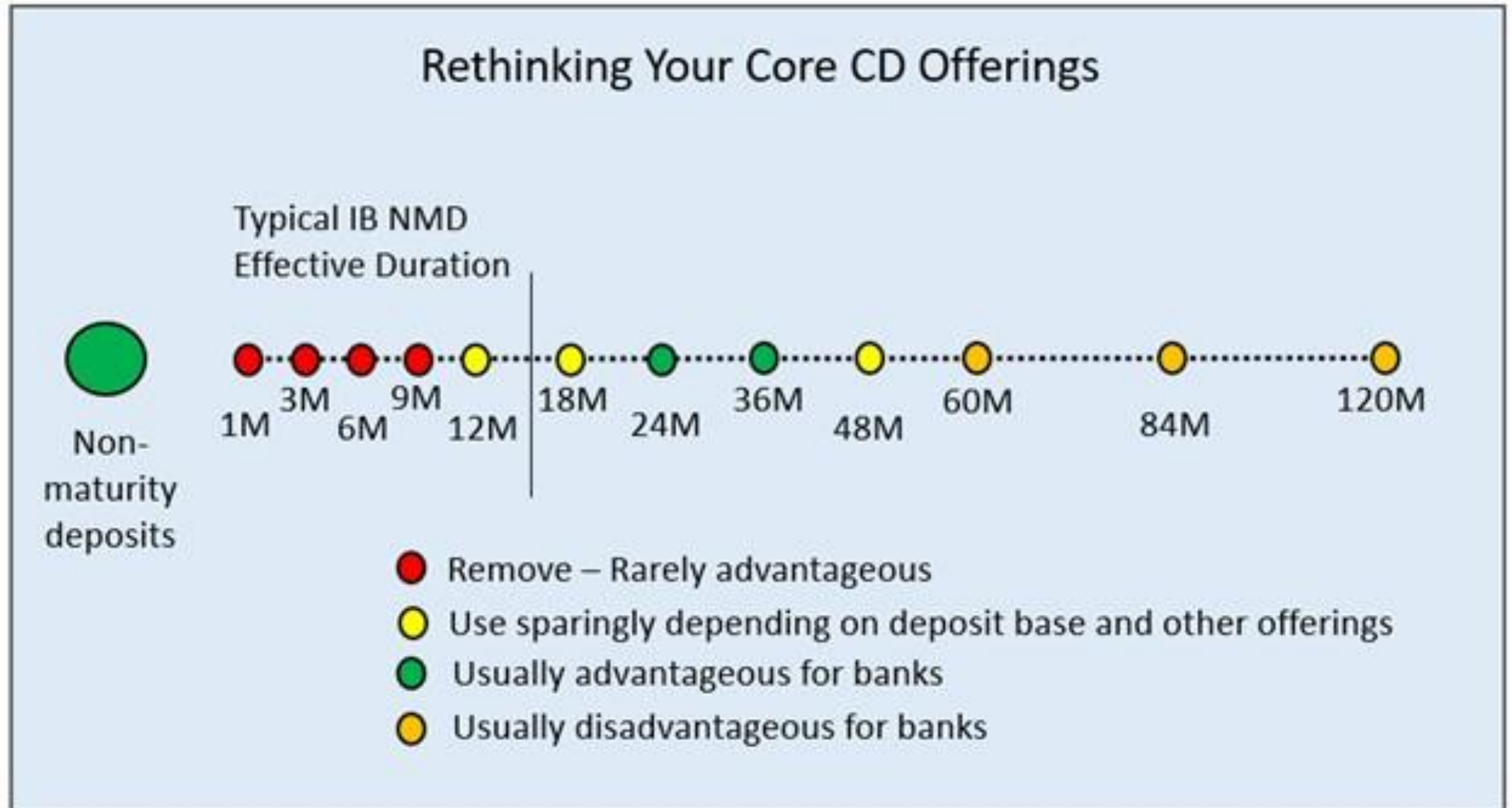


Source: SouthState community bank industry estimates

Recency – The 2 Week / 2 Month Window



Refine Your CD Offerings



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.

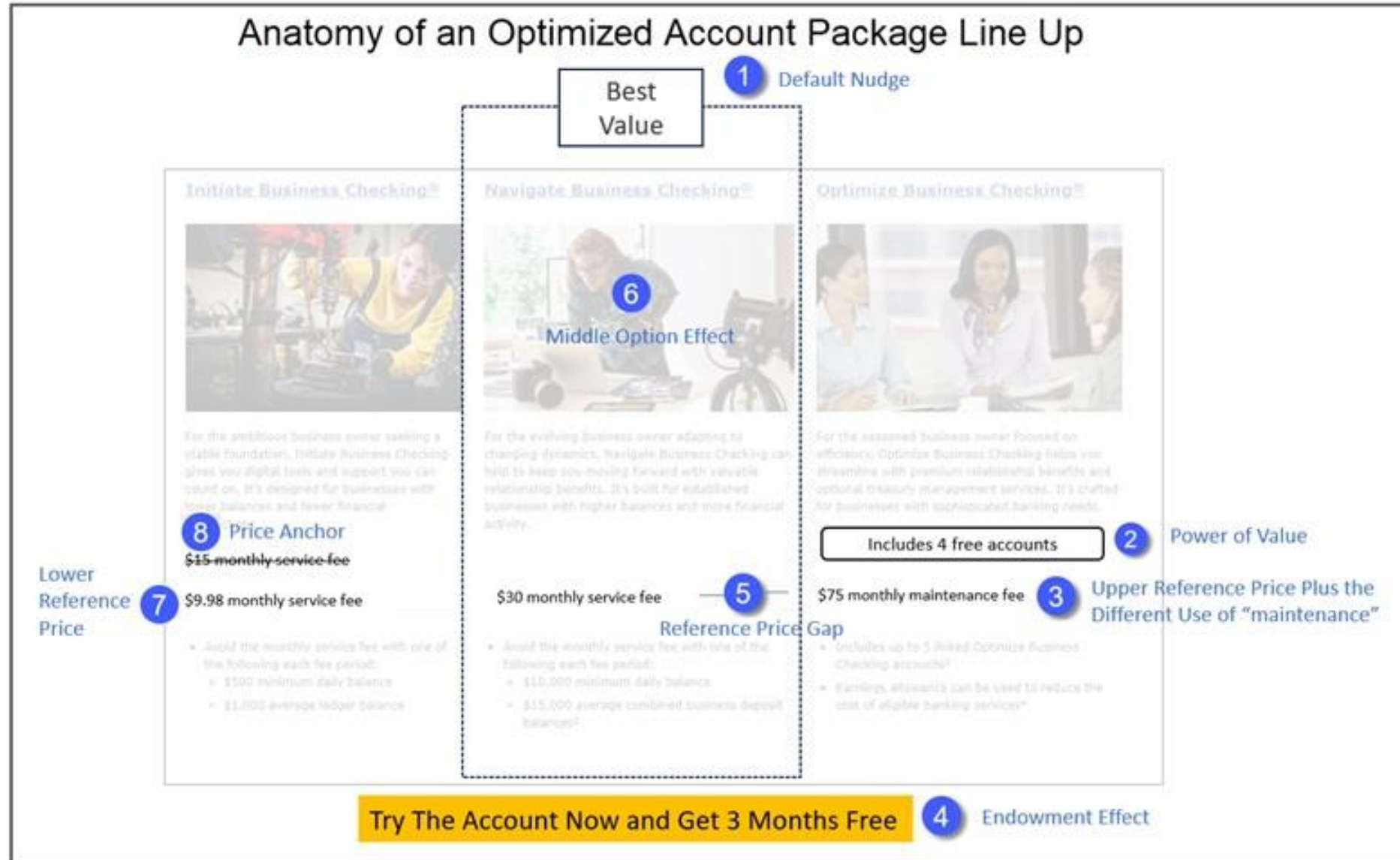
⁵ CD Special has a maximum deposit limit of \$2,000,000 per CD opened in branch; maximum deposit limit of \$50,000 per CD opened online. For larger

The Three Package Bundle Trick

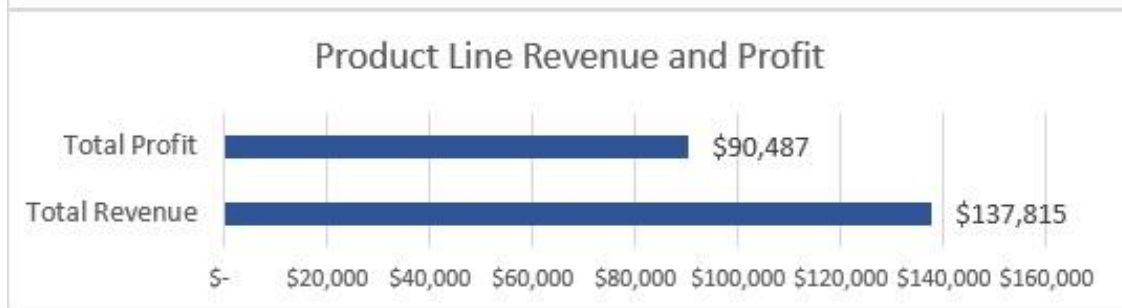
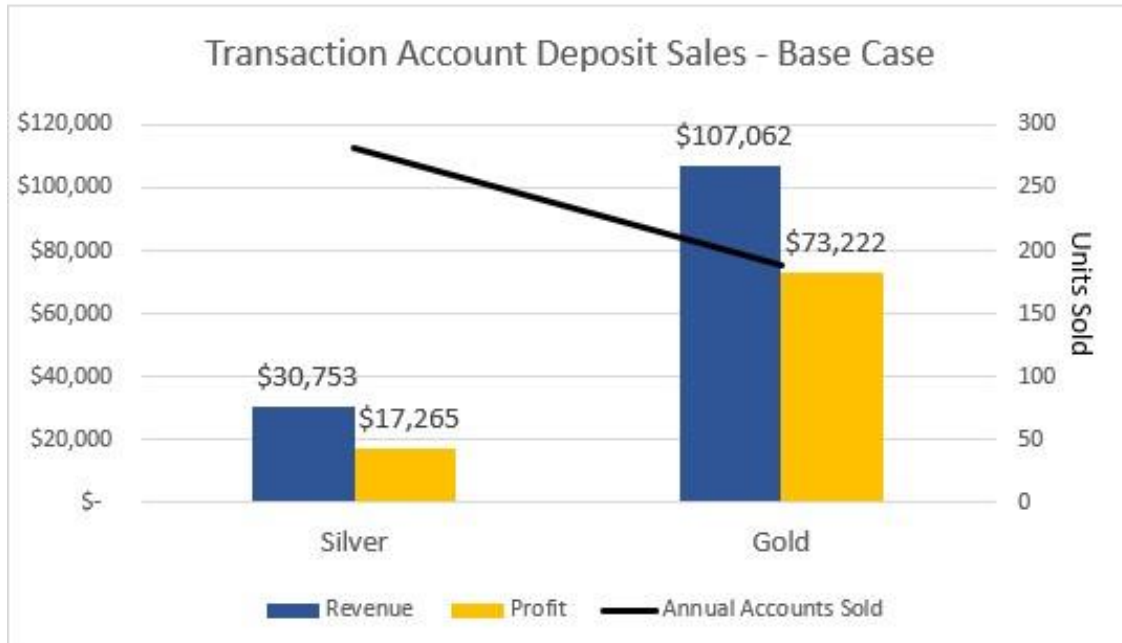


	Silver Business Bundle	Gold Business Bundle	Platinum Business Bundle
Monthly Charge	\$10	\$30	\$50
Minimum (Daily balance)	\$1,500	\$10,000	\$25,000
Number of Included Tx	200	400	500
Debit Card/Mobile/Online	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
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"/>

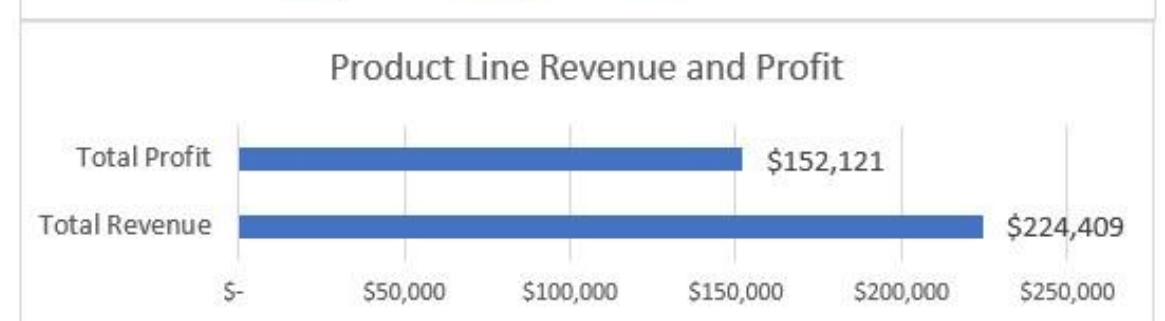
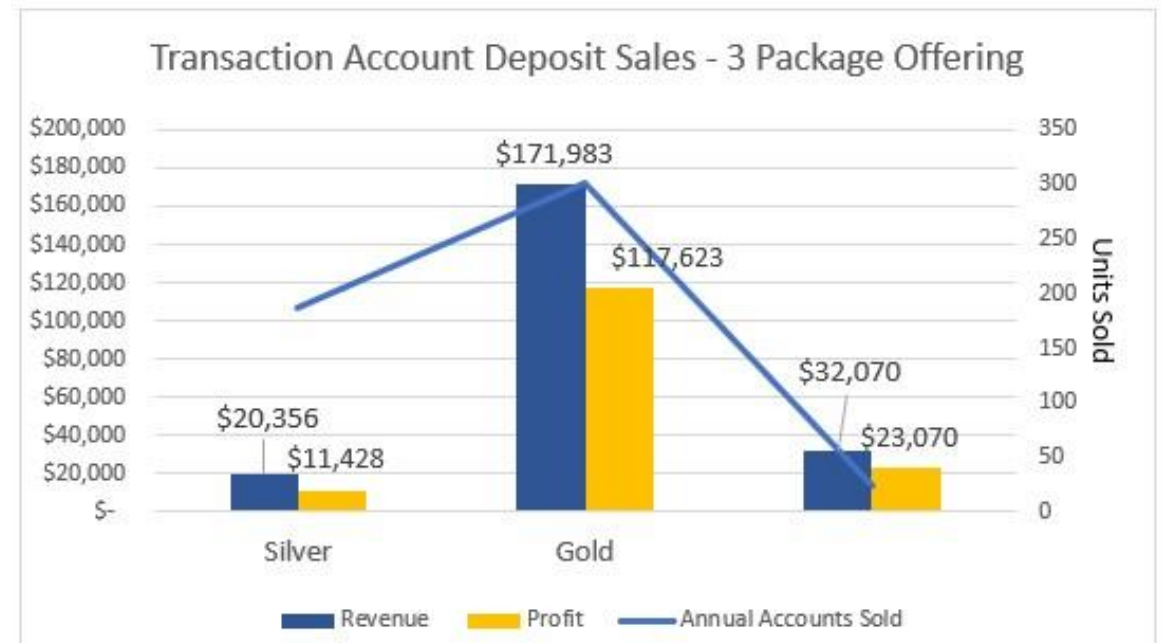
Marketing Three Packages



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

Earn

\$1,000

when you deposit
\$150,000 - \$249,999

OR

Earn

\$2,000

when you deposit
\$250,000 - \$499,999

OR

Earn

\$3,000

when you deposit
\$500,000+

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

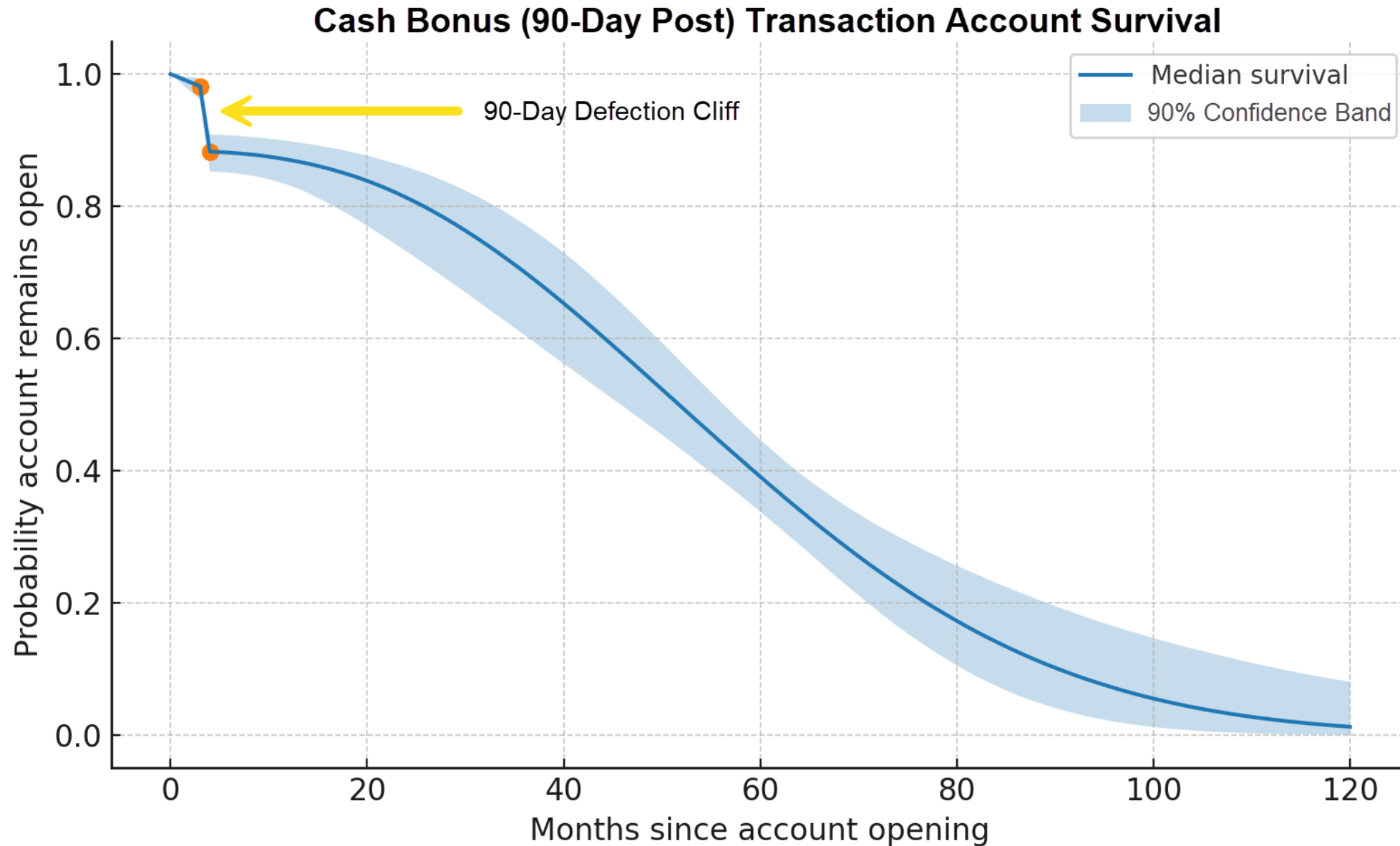
After offer enrollment, you have 45 days to transfer qualifying new money or securities to a combination of eligible checking, savings and/or J.P. Morgan Wealth Management non-retirement accounts. **Your bonus will be determined on day 45.**

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



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?

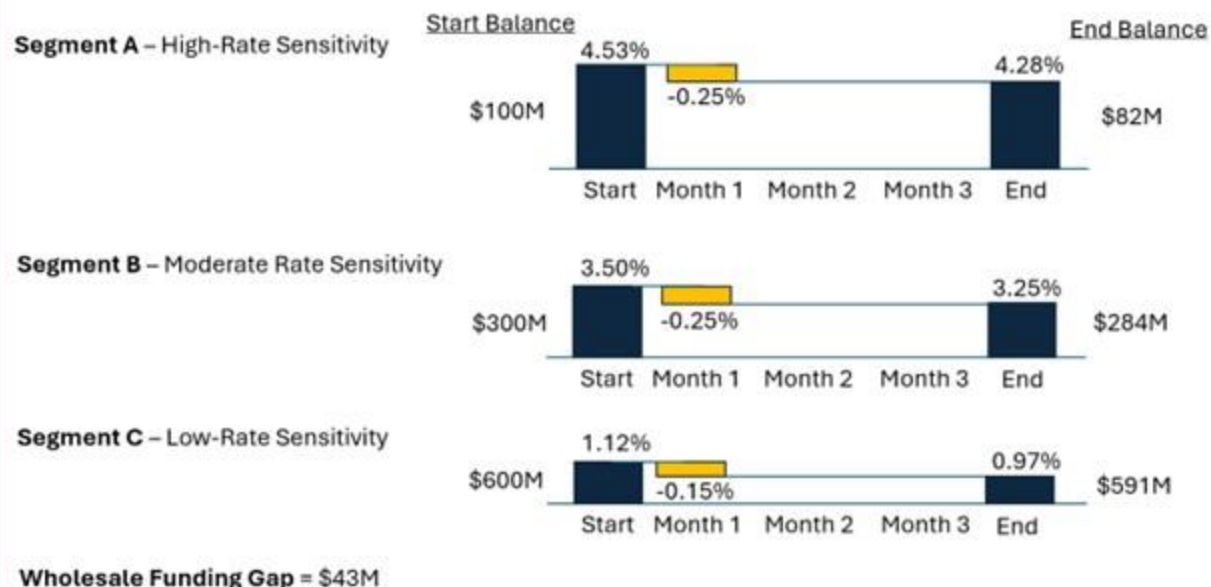


Bringing Down Deposit Rates

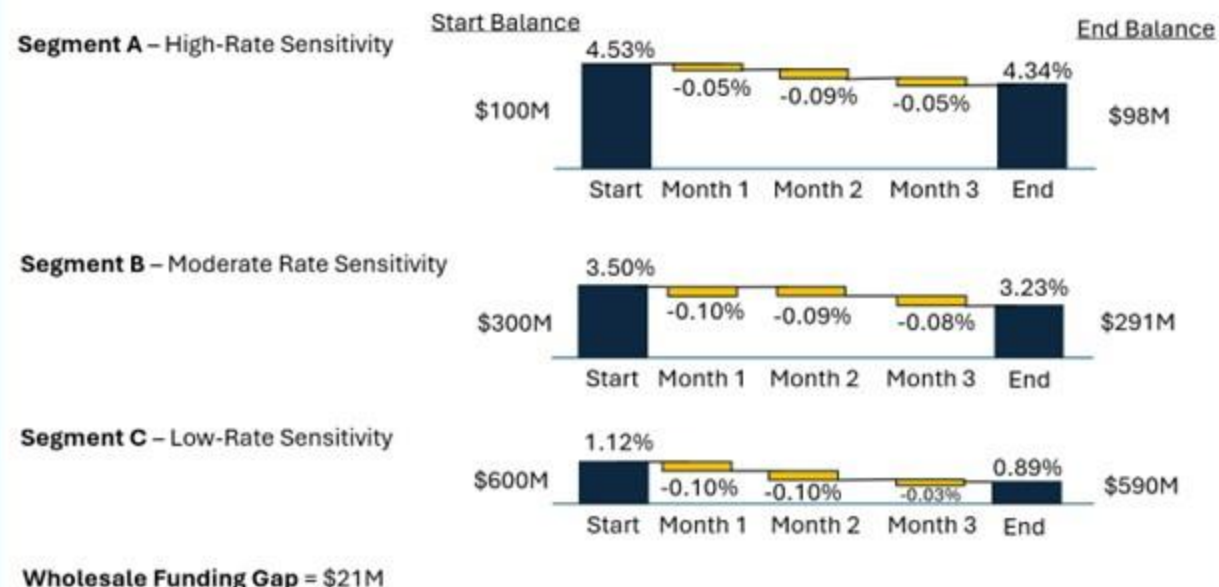


1. Set objectives of deposit rate reduction – COF, beta, etc.
2. Dropping rates is different than raising rates
3. Don't move when the Fed moves – End cycle action
4. Don't drop deposit rates all at once – be unpredictable
5. Apply rate changes by segment, test and optimize

Single Adjustment Rate Tactic



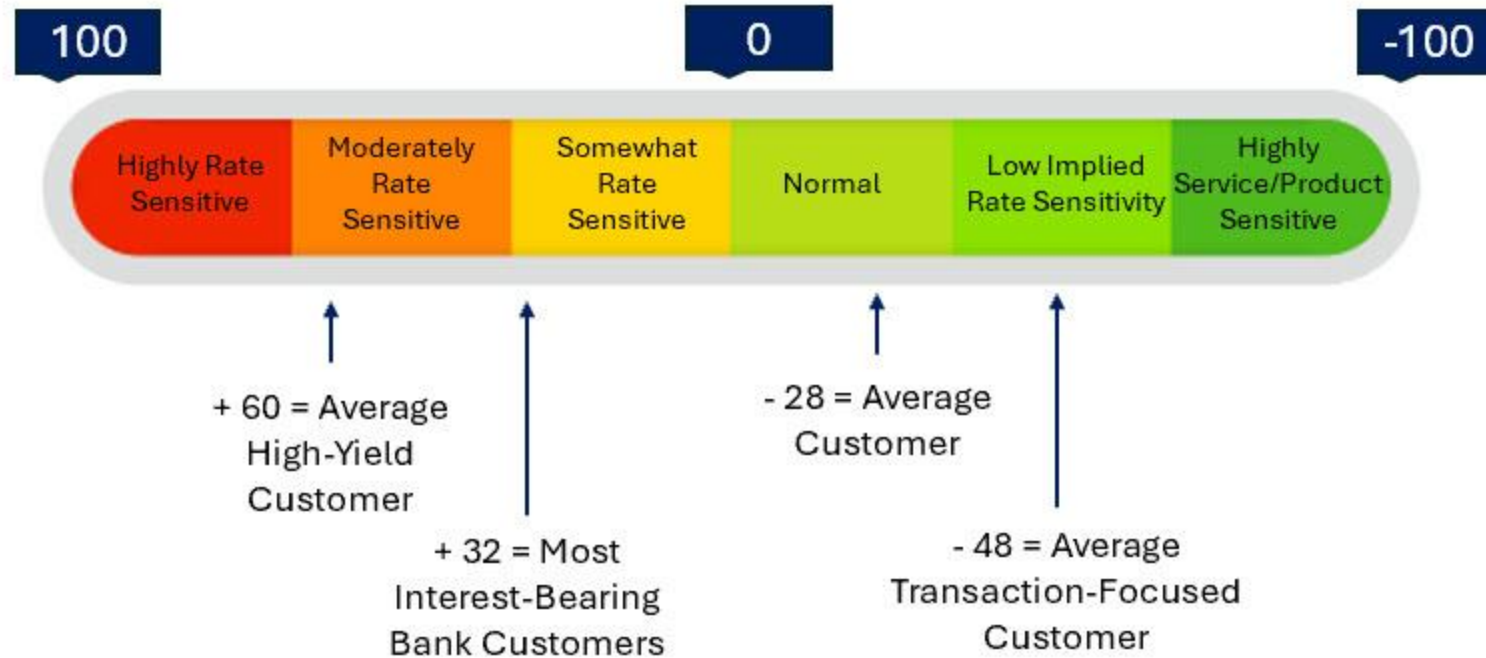
Dynamic Adjustment Rate Tactic



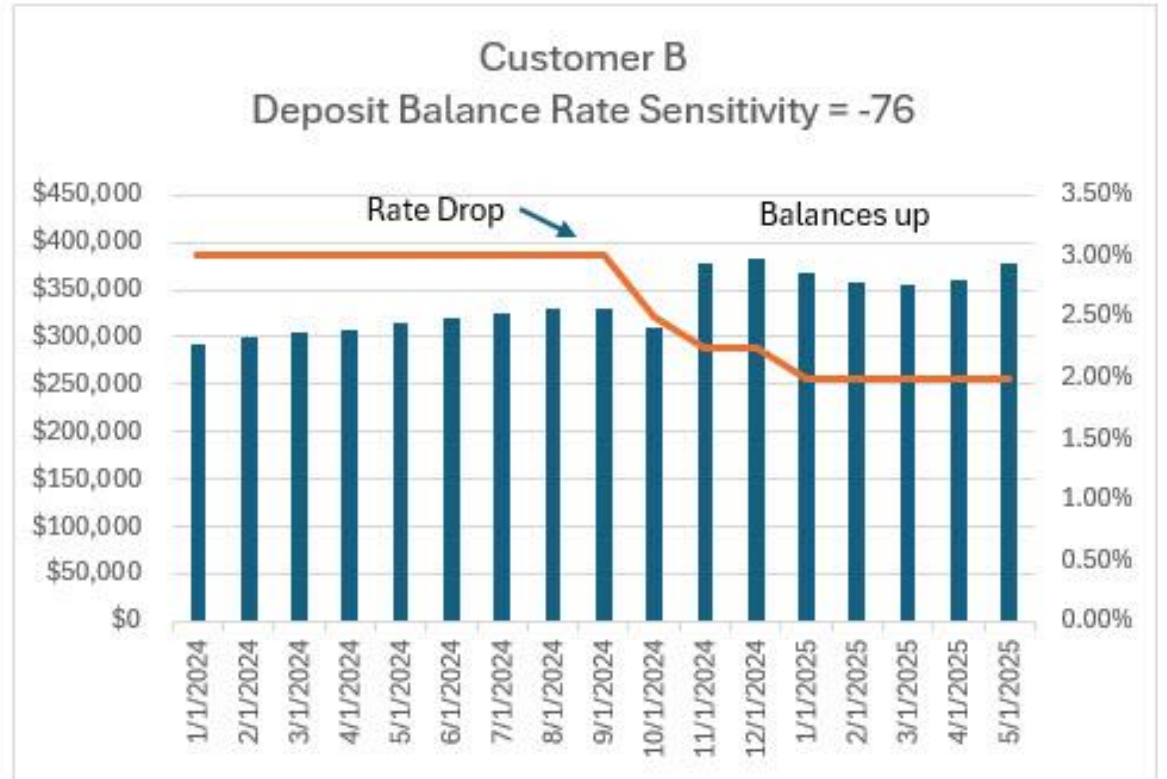
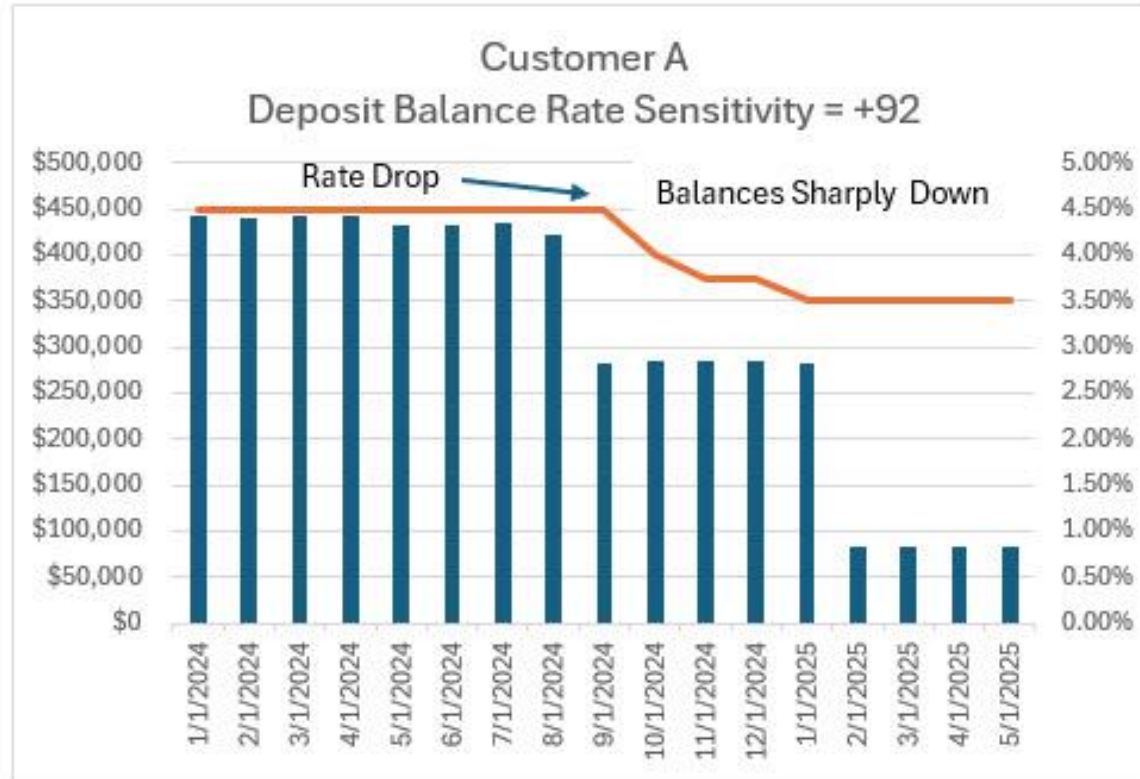
Exception Pricing



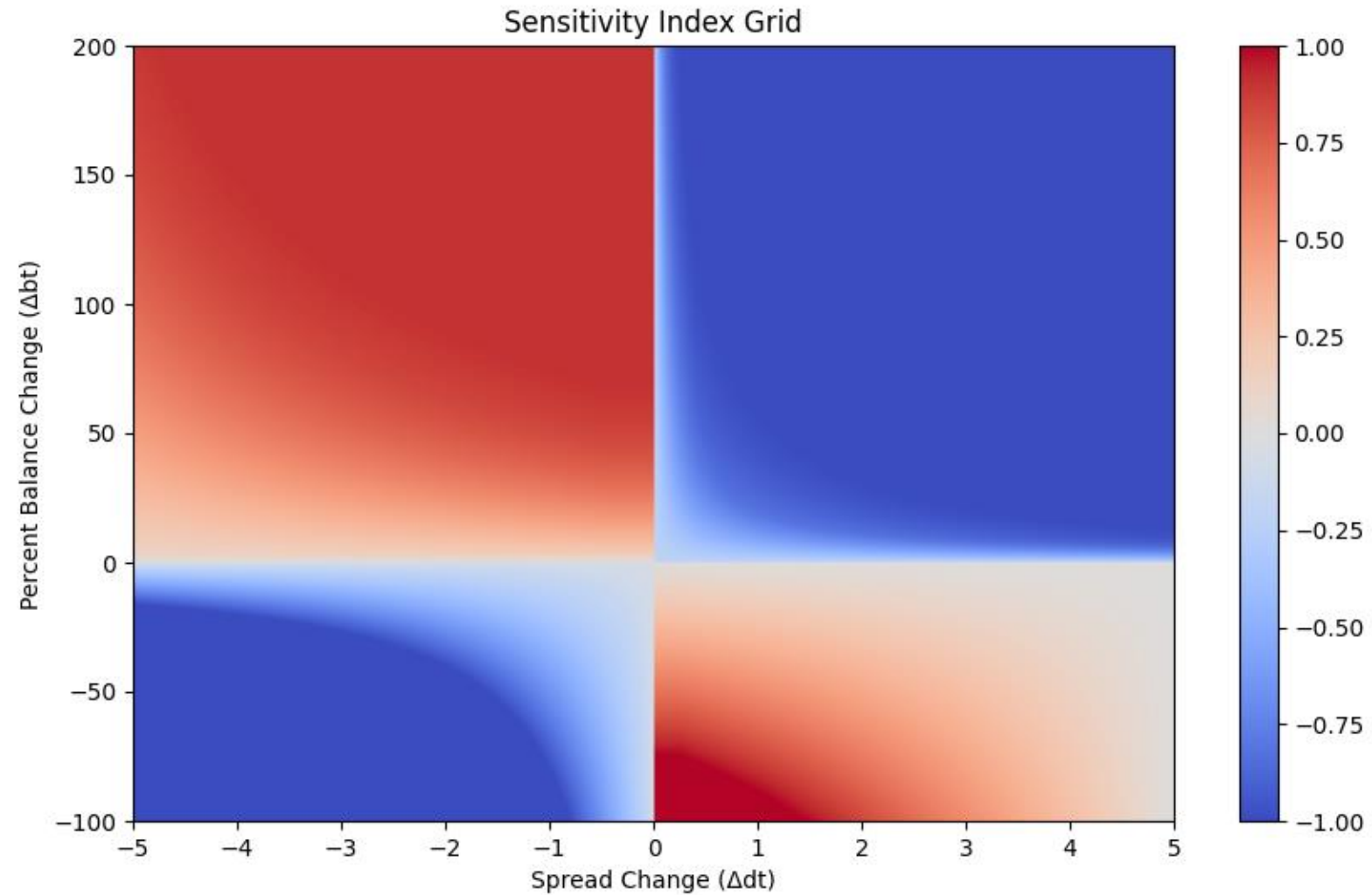
How We Score Customers



Scoring Customers



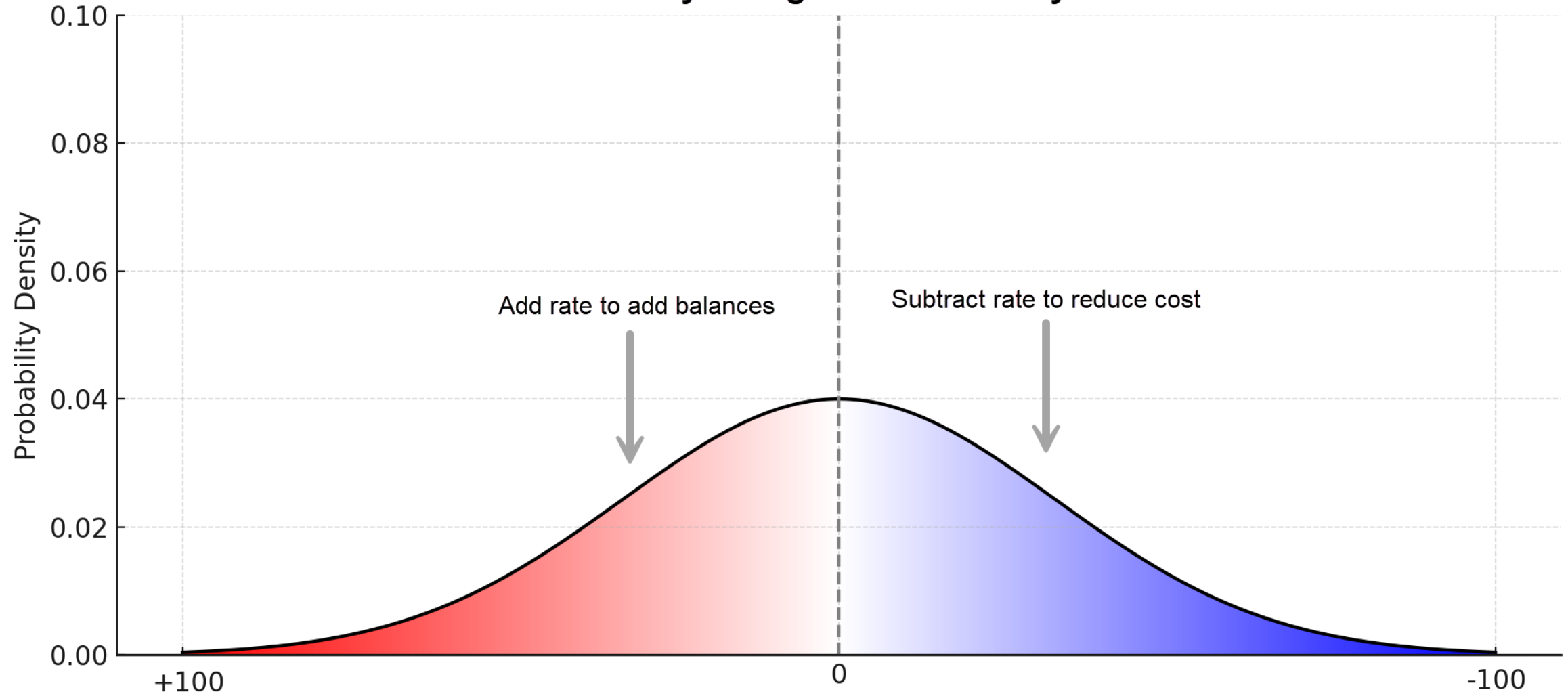
Customer Sensitivity



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:

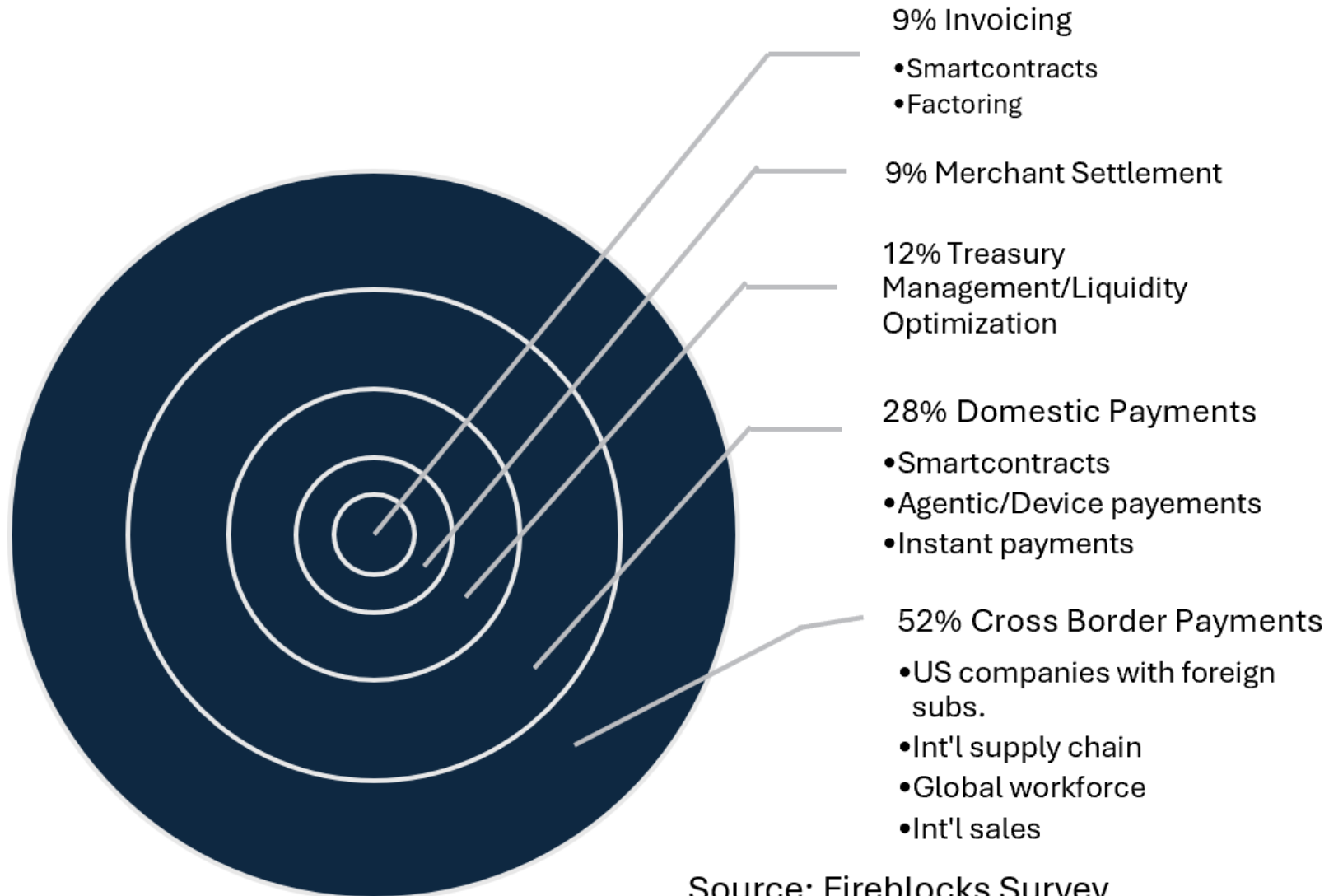
- ✓ **Store of Value:** Can be held without fear of volatility
- ✓ **Medium of Exchange:** Used for payments and transfers

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

The **GENIUS ACT** Summary

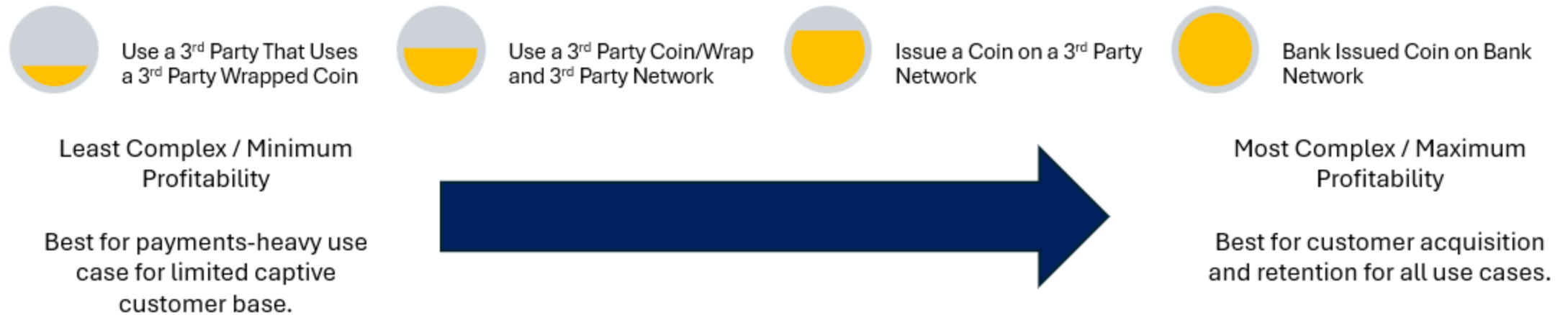
- Only certain Federal or State entities may issue stablecoin
 - Non-financial firms are prohibited from issuance
 - Tying arrangements are prohibited
 - Stablecoin must be 100% backed by permissible collateral and redeemable at par
 - Issuers must comply with prudential regulations and reserve requirements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

Stablecoin Use Cases



Source: Fireblocks Survey

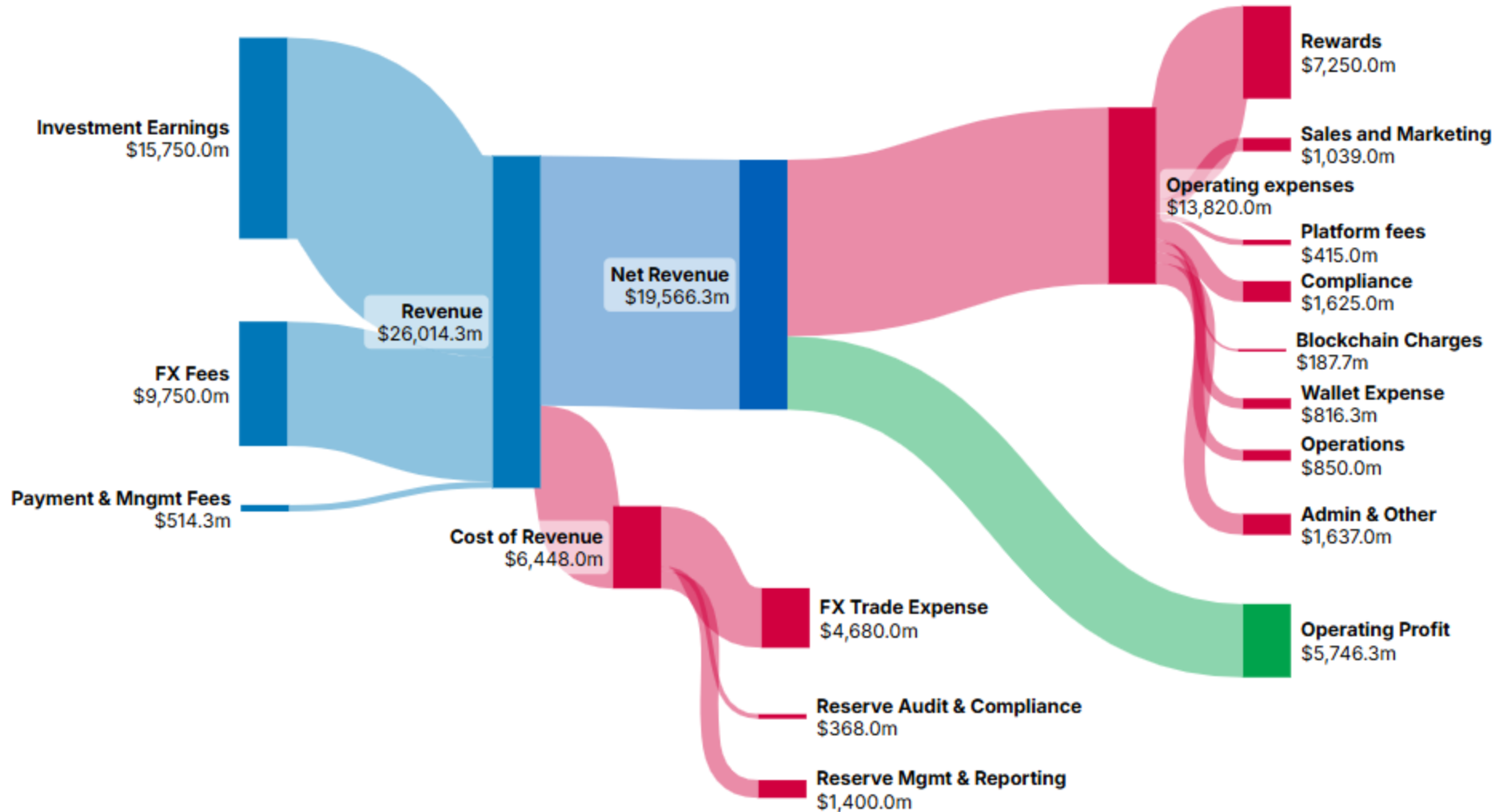
The Profitability of Bank Stablecoin Business Model Options



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!

Chris Nichols

Director

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Tel: 925-202-8944

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