

Optimizing Customer Pricing and Profitability

Florida Bankers Association 2026



Profitability Headwinds

- Deposit competition
- Ongoing margin pressure
- Unpredictable interest environment



Median banks' NIM fell 5 basis points in Q1 2026.

FDIC.gov, May 2026



What You Don't Know **CAN** Hurt You



Story of a Bank



- Growing but ROA was suffering
- Poor pricing discipline
- These examples happen in every bank



Opportunity #1

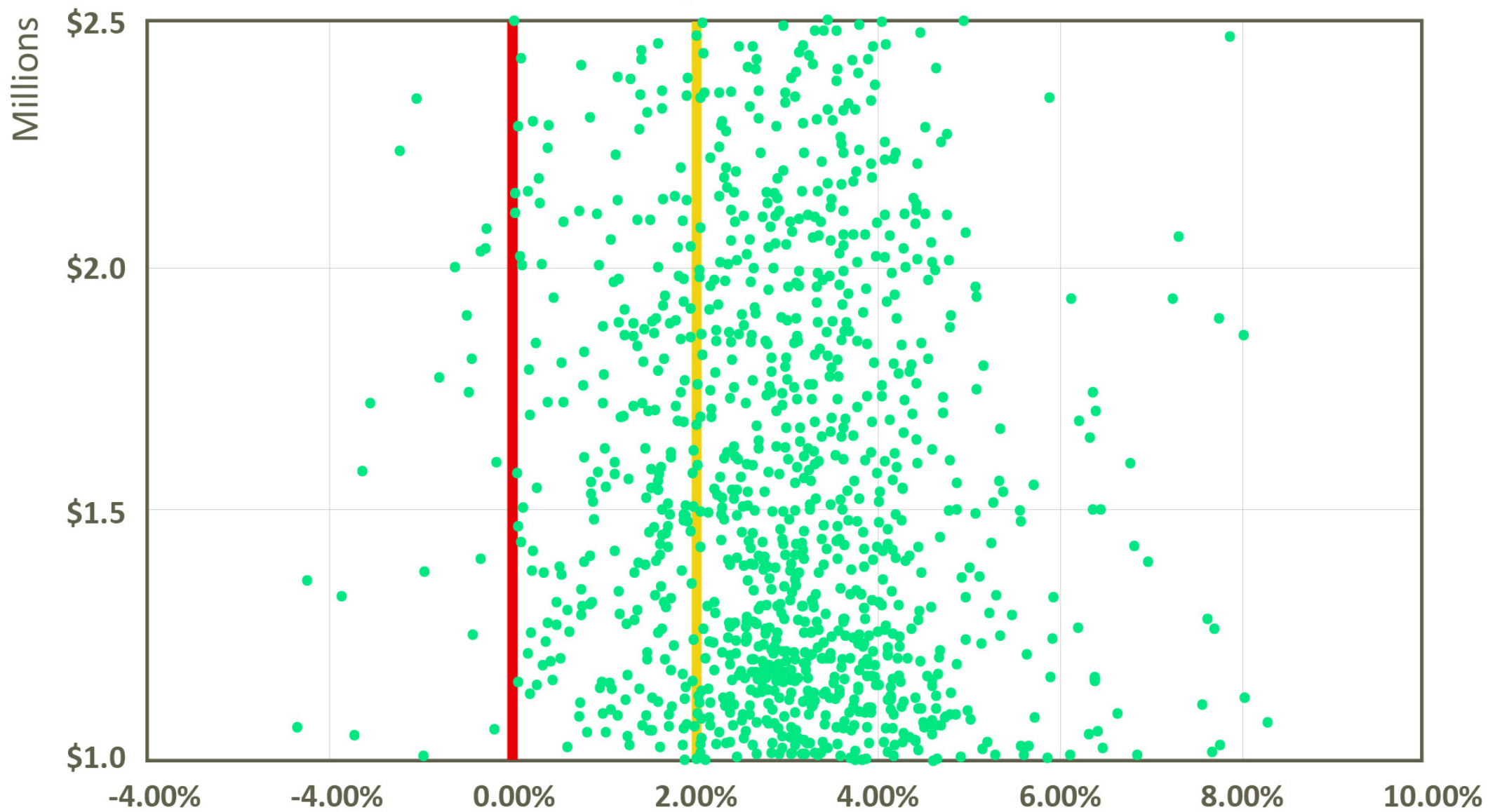
Loan Pricing







Loan Spread After FTP



Tools & Strategies: Funds Transfer Pricing (FTP)

- When we originate loans, we provide the client with cash that will be paid back over a set period with interest & fees.
- The cash the bank provides as loans comes from three sources:

- 1 Capital Investment**
Investors require a 10% to 15% annual return.
(This is an expensive source)
- 2 Debt & Borrowings**
Lenders expect interest in excess of daily treasury yield curve + risk + profit matched to duration of the debt. (Market Based Pricing)
- 3 Client Deposits**
Clients expect a mix of transactional services, customer services, FDIC insurance, and interest for the use of their funds. Providing these items drives expense for the bank. Generally, the expense is lower than cost of #2 debt.



FTP charges loans for cost of the cash lent and pays deposits for the value of cash utilized.



Tools & Strategies: FTP

Example: March 2022 Loan 60/180

Old Method

Loan Rate	3.25%
Cost of Deposits	0.25%
Presumed Spread	3.00%

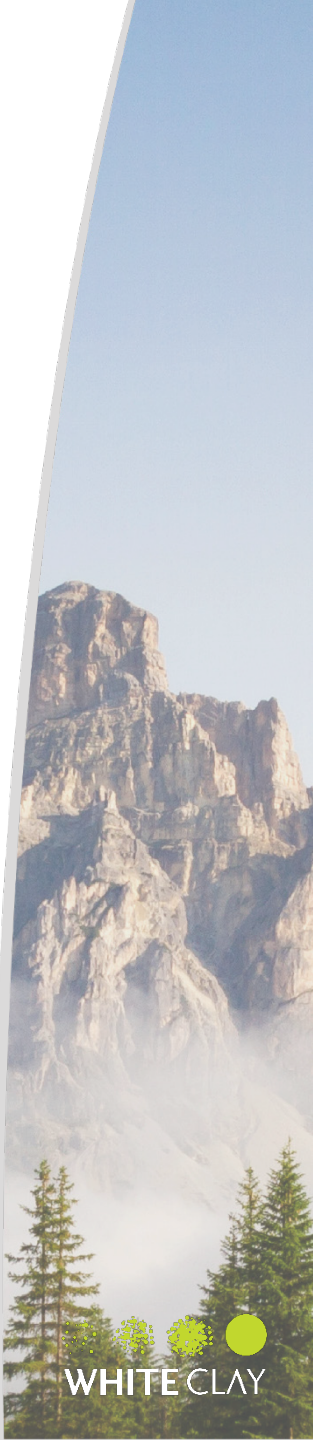
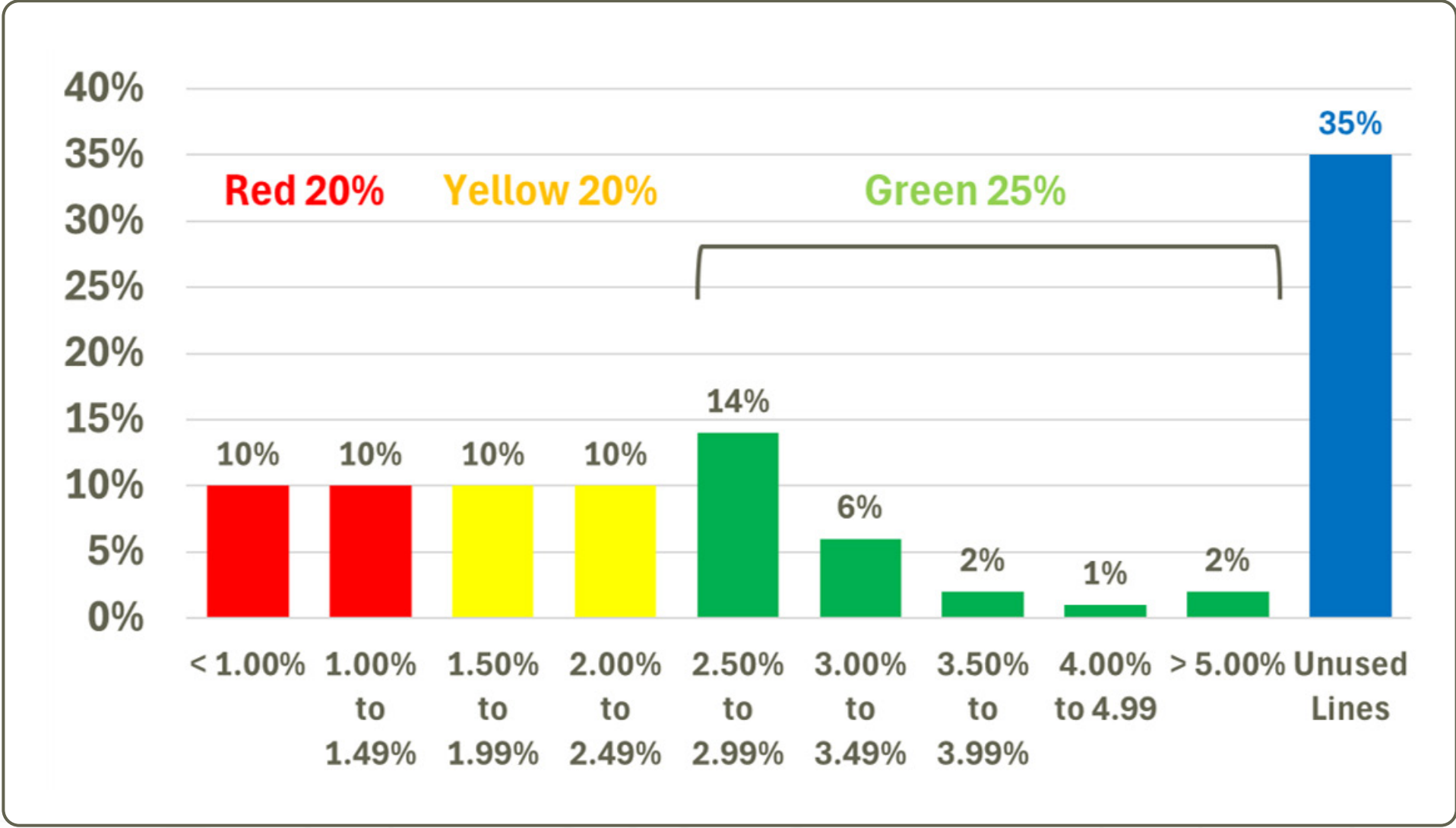
FTP Method

Loan Rate	3.25%
FTP	2.10%
Actual Spread	1.15%

Why?

- Includes Liquidity and Interest Rate Risk
- Accounts for Deposits Costs
- Provides Market Value for Deposits

Tools & Strategies: FTP



Tools & Strategies: Relationship Pricing Tool



- For Bankers
- Pricing Happens Early
- Instrument & Relationship Profitability
- Calculations match your bank's financials

Results: Loans Under 2%

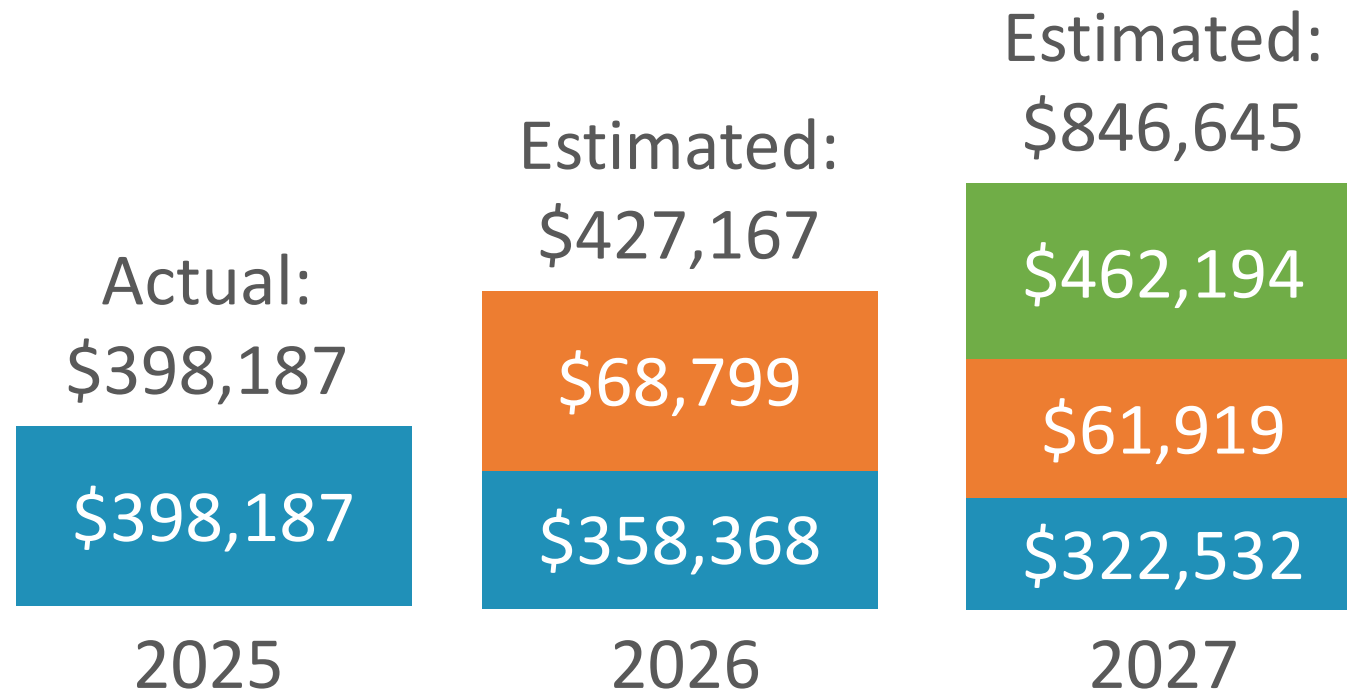


- 43 loans renewed
- 33 loans improved
- 2 stayed the same
- 8 got worse
- \$398,187 net benefit in 2025

Results: Loans Under 2% Run Rate

Estimated \$1,671,999 over three years

- 2027 Reprice
- 2026 Reprice
- 2025 Reprice

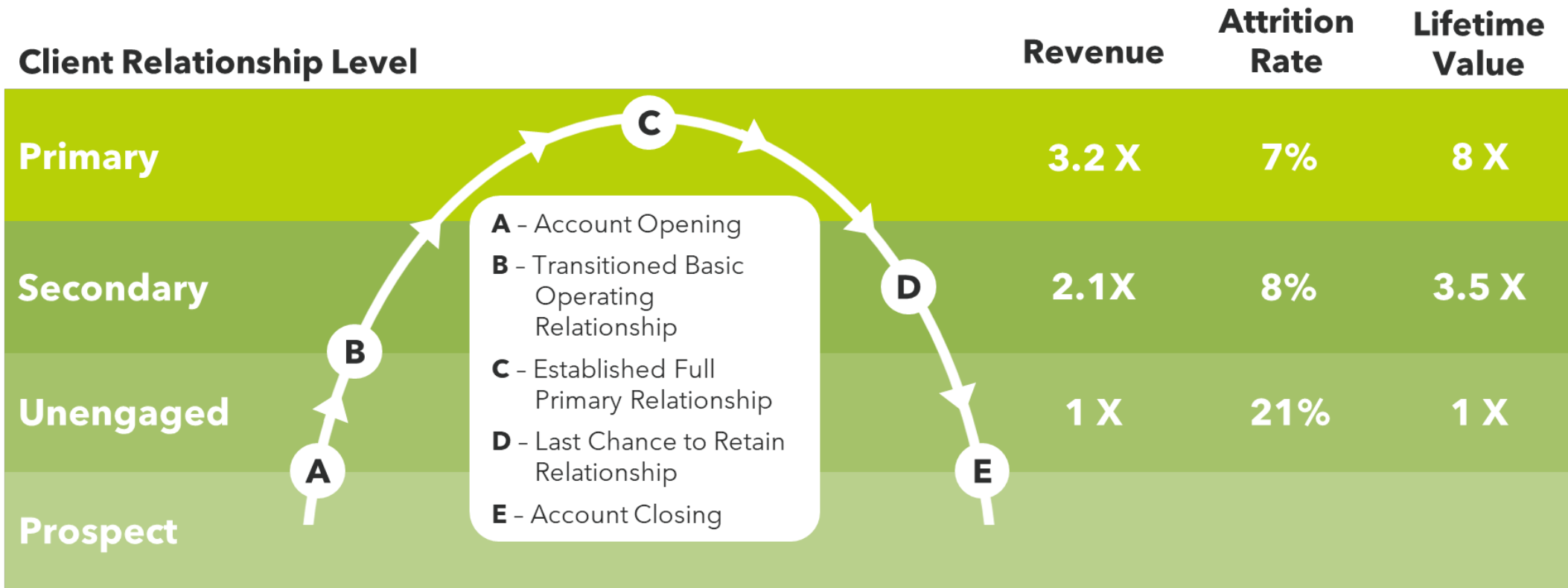


Opportunity #2

Deposits

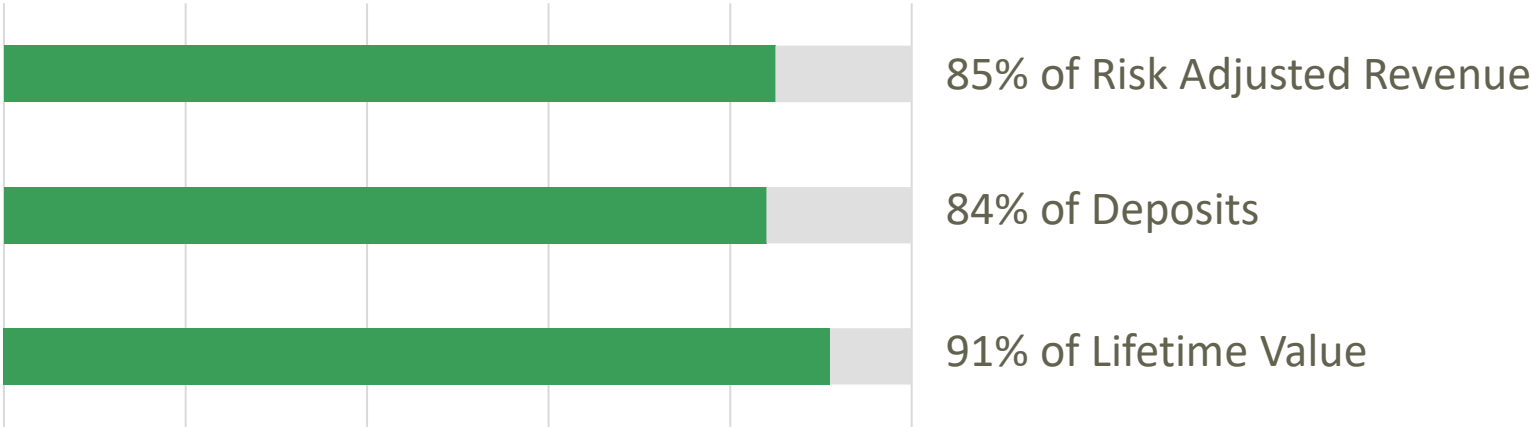


Lifetime Value

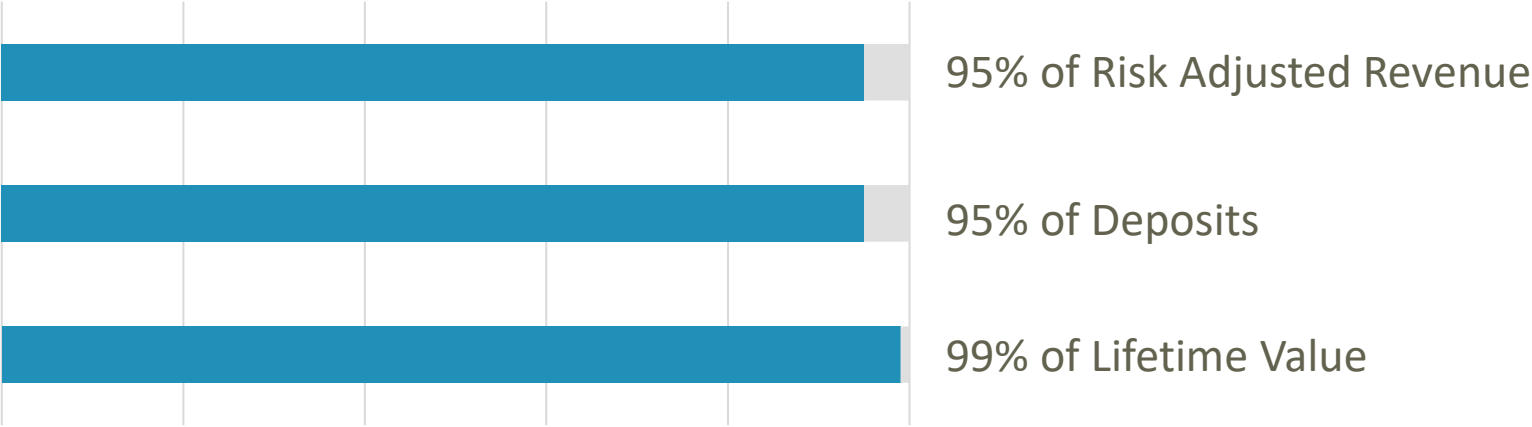


The Value of Primary Relationships

Community

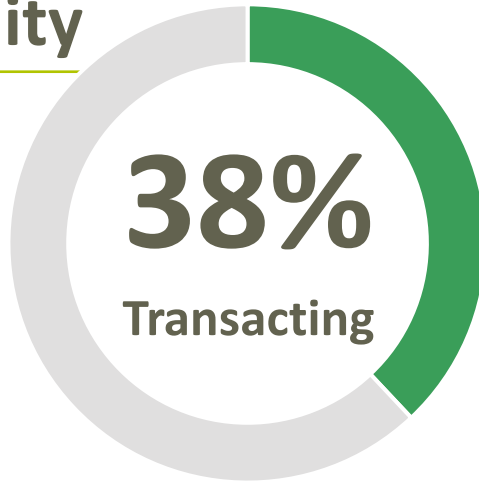


Regional

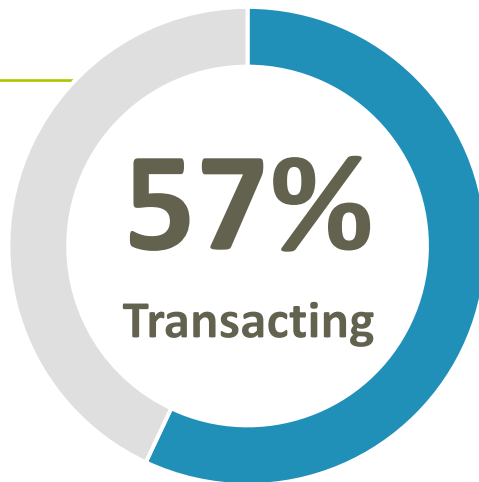


Who Knew?

Community

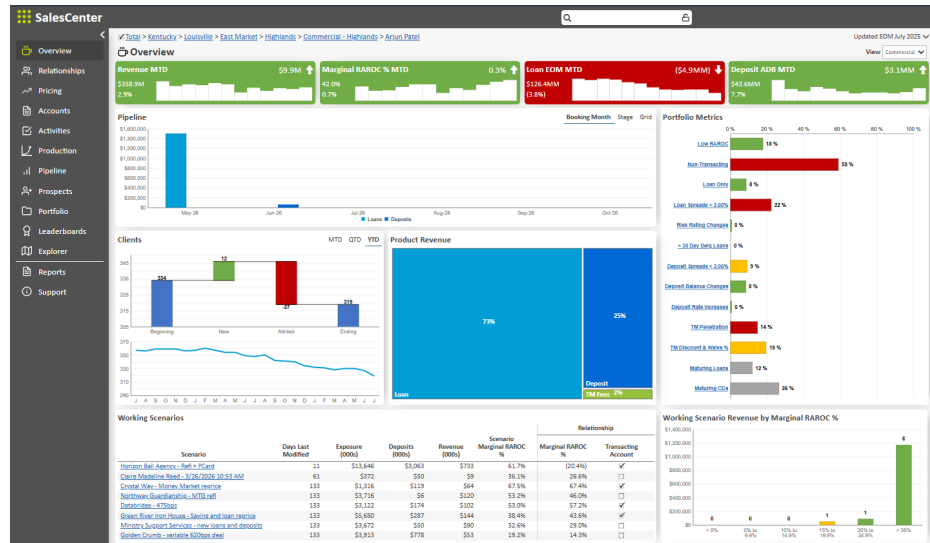


Regional

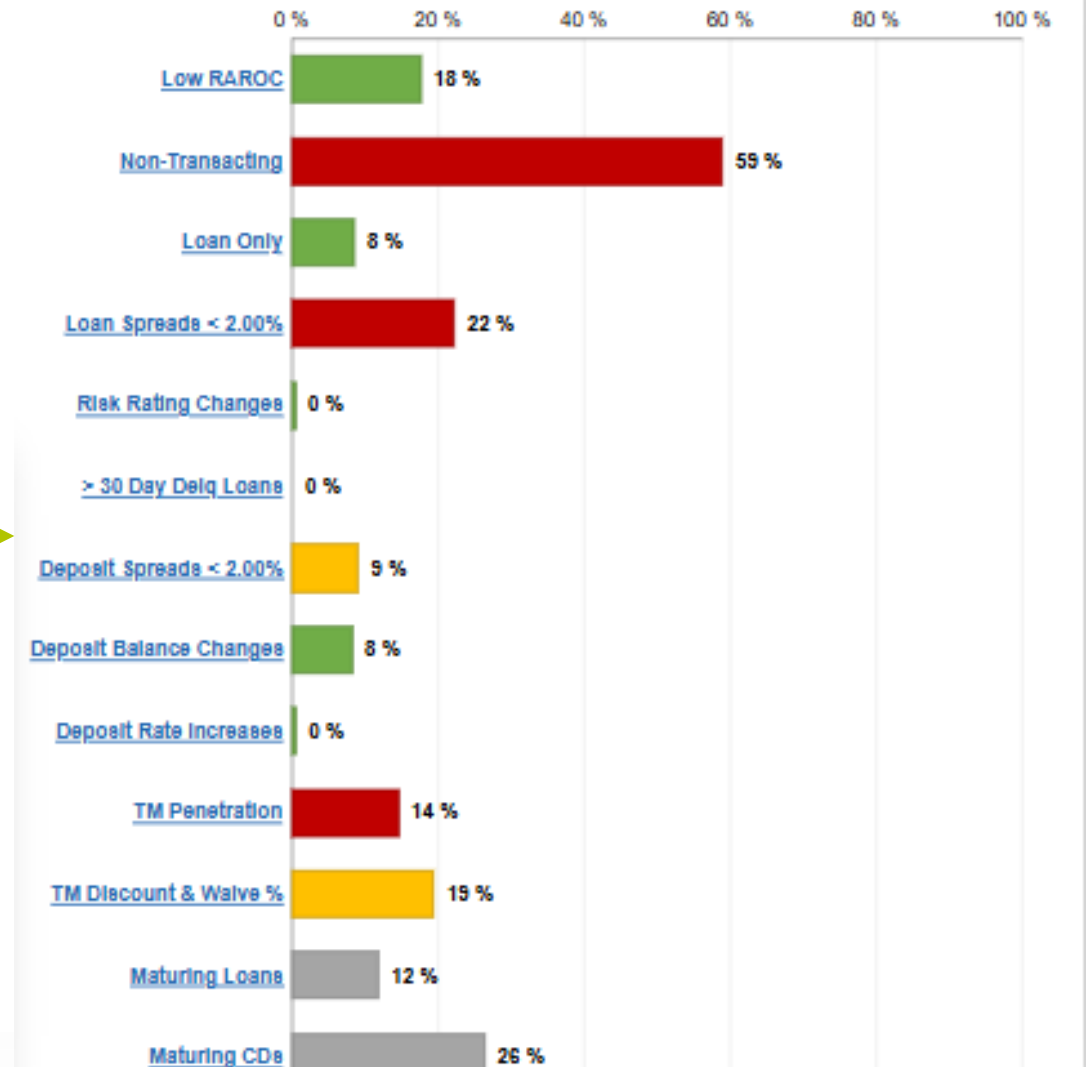


- Better tracking
- More mandates
- Covenant compliance

Tools and Strategies for Deposits



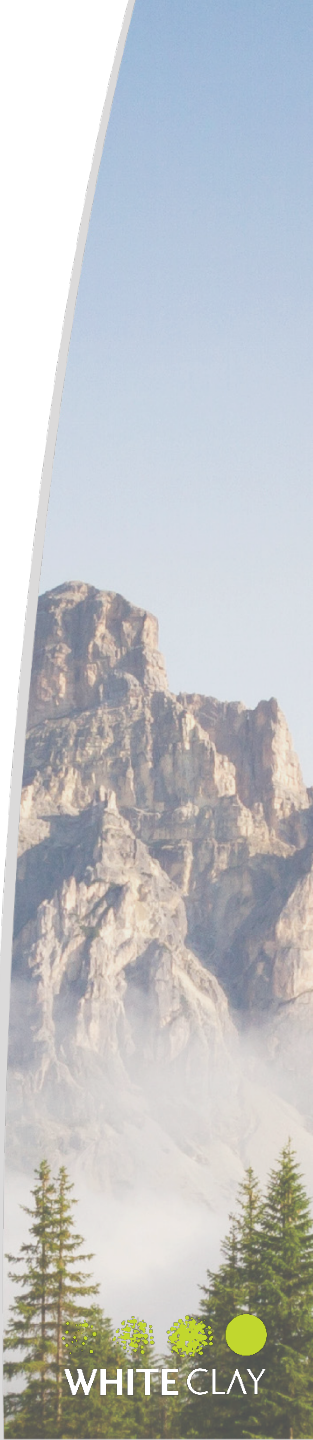
Portfolio Metrics



Which Is Worth More?

Operating	
EOM	\$898,187
Interest Rate	0.00%

MMDA	
EOM	\$2,156,898
Interest Rate	2.90%



Which Is Worth More?

Operating

EOM	\$898,187
Interest Rate	0.00%
FTP Rate	4.52%
Fees	\$632
Revenue	\$33,188

MMDA

EOM	\$2,156,898
Interest Rate	2.90%
FTP Rate	4.52%
Fees	\$0
Revenue	\$11,072



Bank Results



- Operating accounts from 39% to 45%
- Grew non-interest deposits from 15% to 20% of total deposits
- Increased deposit revenue by \$200k



Opportunity #3

Treasury Management



TM Is a Primacy and Profitability Catalyst

\$1,300

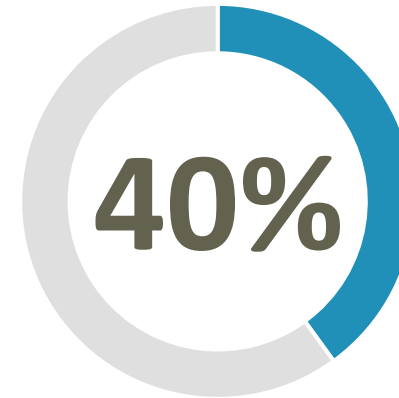
Average annual TM
revenue per client

3x

Profit for a TM client
vs. non-TM client

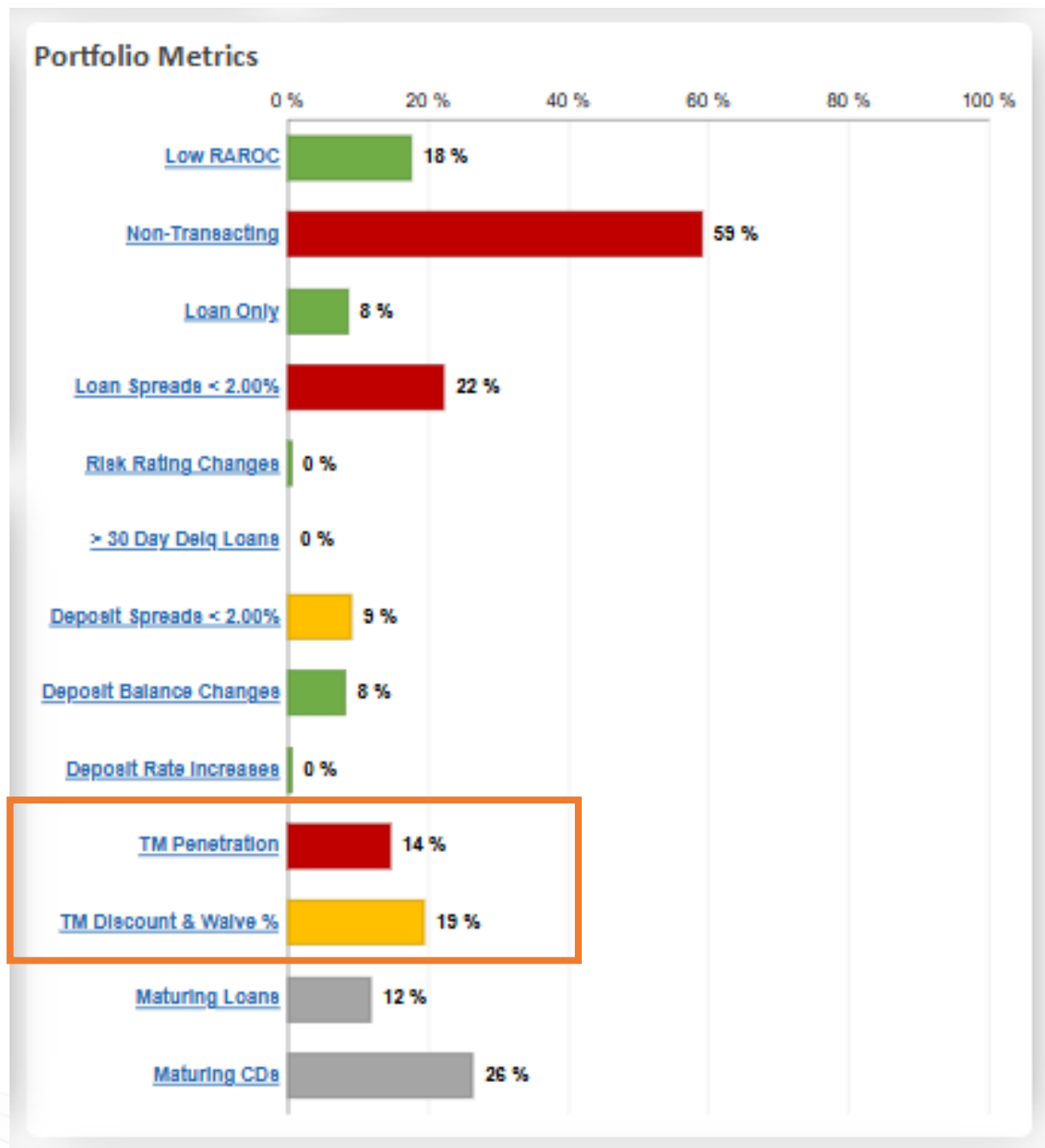


Community
TM Penetration



Regional
TM Penetration

TM Opportunities



TM Opportunities

Q

✓ Total > Kentucky > Louisville > East Market > Highlands > Commercial - Highlands > Arjun Patel

Updated EOM July 2025 ▼

Relationships

Filtering ▼

Grouping

Book of Business

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View Treasury Management ▼

Rows Auto (100) ▼

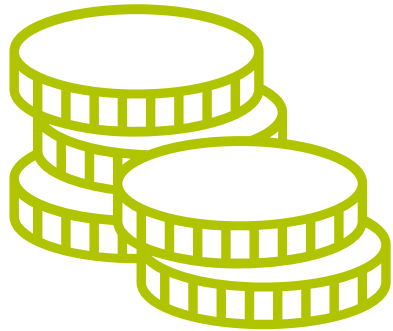
Client	TM Client	Deposit ADB	Annual Trans	Annual Gross Fees	Annual Waived Fees	Waived %	Annual Net Fees	Discount \$	Discount %	Marginal RAROC
319 Total	9.4%	\$43,637,148	197,811	\$197,031	\$4,396	1.8%	\$107,396	\$42,650	17.6%	59.29%
Bradleys Furniture	✓	\$3,993,864	18,497	\$43,066	\$0	0.0%	\$38,537	\$28,127	39.5%	200.55%
Holler Mae	✓	\$5,652,112	2,379	\$15,495	\$295	1.9%	\$11,373	\$368	2.3%	74.64%
Blueframe Community	✓	\$1,024,025	4,149	\$15,229	\$0	0.0%	\$7,393	\$4,072	21.1%	99.39%
Moonrise Heartland	✓	\$83,586	7,154	\$9,000	\$0	0.0%	\$7,198	\$2,400	21.0%	56.58%
Brass Rail	✓	\$1,024,346	1,841	\$6,185	\$0	0.0%	\$5,589	\$0	0.0%	140.76%
Loopmark	✓	\$0	1,866	\$5,486	\$0	0.0%	\$4,721	\$1,200	17.9%	91.12%
Cedar Grove Lodge	✓	\$105,857	1,265	\$7,322	\$0	0.0%	\$4,226	\$0	0.0%	212.29%
Midriver	✓	\$293,227	1,458	\$3,805	\$0	0.0%	\$3,478	\$0	0.0%	210.17%
Generator Rental	✓	\$257,145	2,054	\$8,243	\$0	0.0%	\$3,241	\$0	0.0%	111.21%
Golden Hour Valley	✓	\$212,647	326	\$9,198	\$0	0.0%	\$3,038	\$0	0.0%	212.20%
Foundation Works Construction	✓	\$499,964	3,077	\$3,944	\$0	0.0%	\$2,729	\$0	0.0%	96.46%
Fort Mason Craft	✓	\$16,772	2,167	\$3,698	\$646	15.7%	\$2,654	\$407	9.9%	73.54%
Eagle Creek	✓	\$788,533	20,665	\$15,499	\$0	0.0%	\$2,462	\$0	0.0%	64.65%
Event Power Services	✓	\$97,063	2,579	\$2,055	\$0	0.0%	\$2,055	\$1,500	42.2%	253.67%
Compass Travel	✓	\$113,547	864	\$1,916	\$0	0.0%	\$1,676	\$0	0.0%	68.03%
Green River Iron House	✓	\$286,950	7,118	\$11,811	\$0	0.0%	\$1,250	\$0	0.0%	43.57%
Earthrise Bookstore	✓	\$24,022	881	\$1,092	\$0	0.0%	\$1,092	\$0	0.0%	216.49%
Mammoth Cave Education Group	✓	\$956,626	1,653	\$6,515	\$0	0.0%	\$1,053	\$0	0.0%	185.79%
Builtwell Auto	✓	\$412,929	1,509	\$1,209	\$0	0.0%	\$965	\$1,050	46.5%	57.96%
Bearclaw Cutting	✓	\$175,298	2,142	\$2,369	\$0	0.0%	\$779	\$0	0.0%	61.53%
Redfield Anderson	✓	\$263,330	938	\$8,873	\$0	0.0%	\$650	\$0	0.0%	210.51%



TM Opportunities

	Volume	Per Item Fees	Total Fees	Standard Pricing	Standard Total	Discount \$	Discount %
Total Gross Fees			\$877.33		\$1,077.33	\$200.00	18.6%
Total ECR (Capped at Total Gross Fees)			(\$877.33)				
Total Waived			\$0.00				
Total Net Fees			\$0.00				
Account (00070009023) Total			\$877.33		\$1,077.33	\$200.00	18.6%
Account Services	1,034		\$203.88		\$203.88	\$0.00	0.0%
Account Maintenance	3	\$25.000	\$75.00	\$25.000	\$75.00	\$0.00	0.0%
Regulatory Assessment	1,031	\$0.125	\$128.88	\$0.125	\$128.88	\$0.00	0.0%
ACH Services	512		\$175.82		\$175.82	\$0.00	0.0%
ACH Input Files	4	\$15.000	\$60.00	\$15.000	\$60.00	\$0.00	0.0%
ACH Origination Maintenance	1	\$50.000	\$50.00	\$50.000	\$50.00	\$0.00	0.0%
ACH Per Item Originated	504	\$0.125	\$62.82	\$0.125	\$62.82	\$0.00	0.0%
ACH Return Item	3	\$1.000	\$3.00	\$1.000	\$3.00	\$0.00	0.0%
Cash Management Services	3		\$110.00		\$310.00	\$200.00	64.5%
Loan Sweep Maintenance	1	\$50.000	\$50.00	\$250.000	\$250.00	\$200.00	80.0%
ZBA Master Account	1	\$35.000	\$35.00	\$35.000	\$35.00	\$0.00	0.0%
ZBA Sub Account	1	\$25.000	\$25.00	\$25.000	\$25.00	\$0.00	0.0%
Depository Services	724		\$155.78		\$155.78	\$0.00	0.0%
ACH Credits Posted	4	\$0.200	\$0.80	\$0.200	\$0.80	\$0.00	0.0%

TM Results



- Moved from 15-20% TM penetration
- Net fees increased from \$300k to \$700k
- Waivers dropped from 3.2% to 0.4%



Small Changes Led to Big Results

- Total improvement \$900,000
- NIM increase from 2.94% to 3.62%
- ROA increase from .98% to 1.34%
- This is a run rate improvement
- Didn't happen overnight
- Give bankers the full picture and watch the decisions change



What You Don't Know **CAN** Hurt You



Determine profitability of accounts and relationships.



Price based on relationships and data.



Deliver actionable information to front line bankers.



Incentivize bankers like shareholders.



Scan to download
today's presentation

Guide your bankers to build deeper and more profitable relationships.

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