Why Core Deposits Drive Enterprise Value

Shield Conference

Boston, MA

October 22, 2025

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SouthState

DISCLAIMER

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State of Deposits

2025 Deposit Balance Trends

	YTD 2025	Trend
Consumer Checking	2%	↑
Consumer Non-Checking	1%	↓
Consumer CDs	Flat	↓
Commercial Checking	4%	↑
Commercial Non-Checking	6%	↓
Commercial CDs	11%	↓

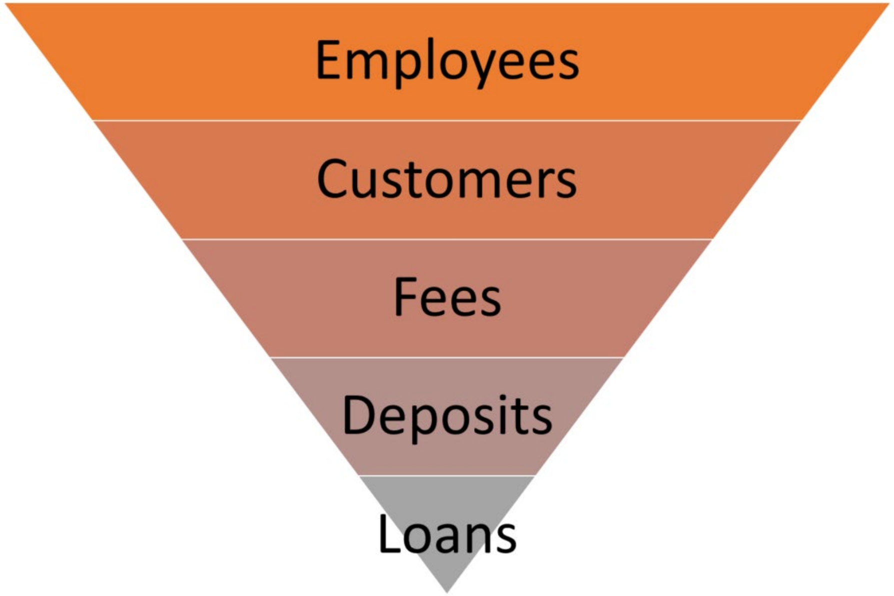
- This is now against a backdrop of falling rates.

Setting a Deposit Strategy

Strategic Priorities

Banks should flip their strategic priorities!

Allocate resources based on profitability.



Lifetime Value

180,000%

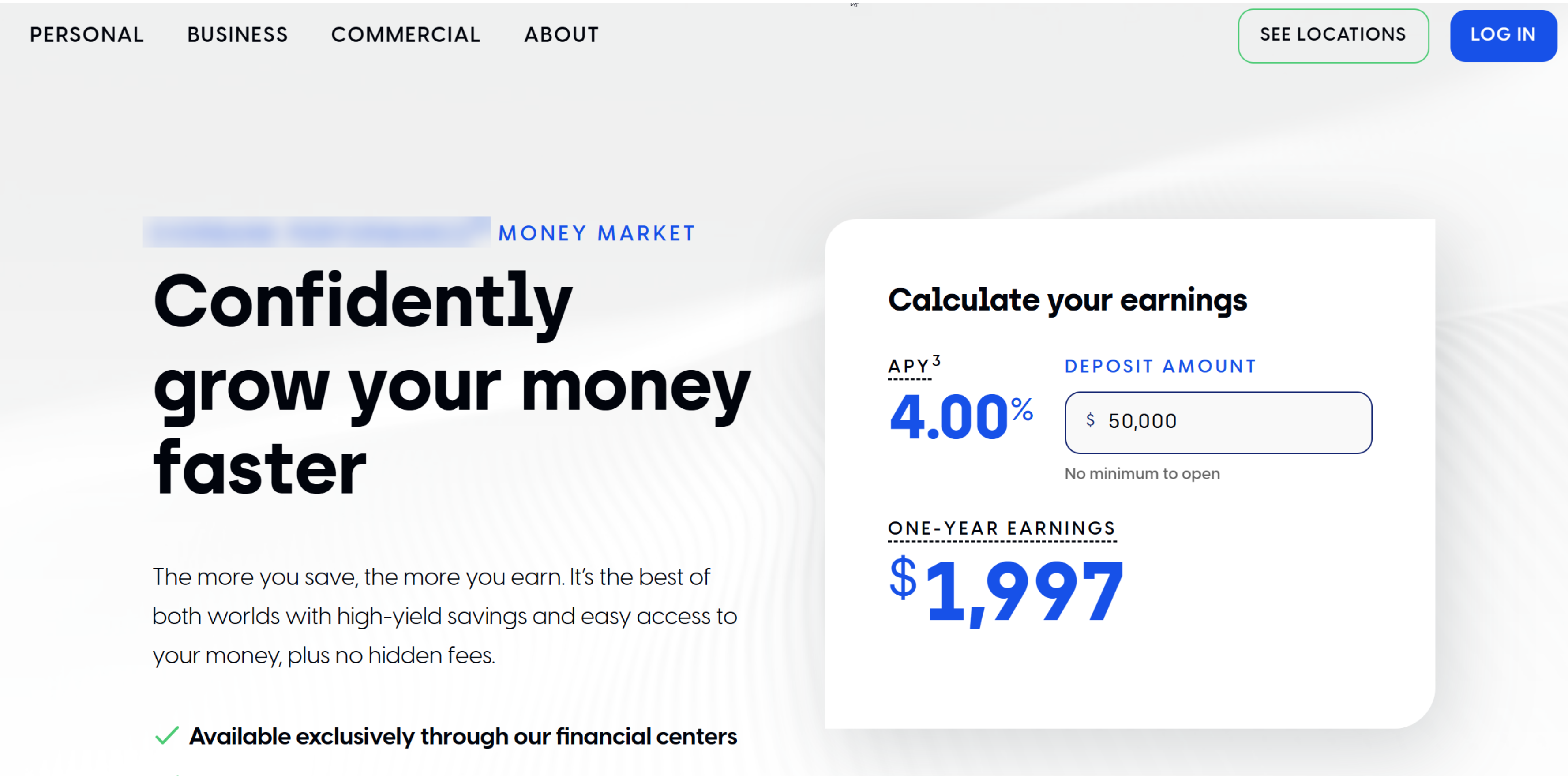
18,000%

1,800%

180%

18%

The Problem With Rate – "Lazy Banking"



ROE Moves Inversely with Interest Rates – 7.5%

Now Below Their Cost of Capital

Set AND Communicate Objectives

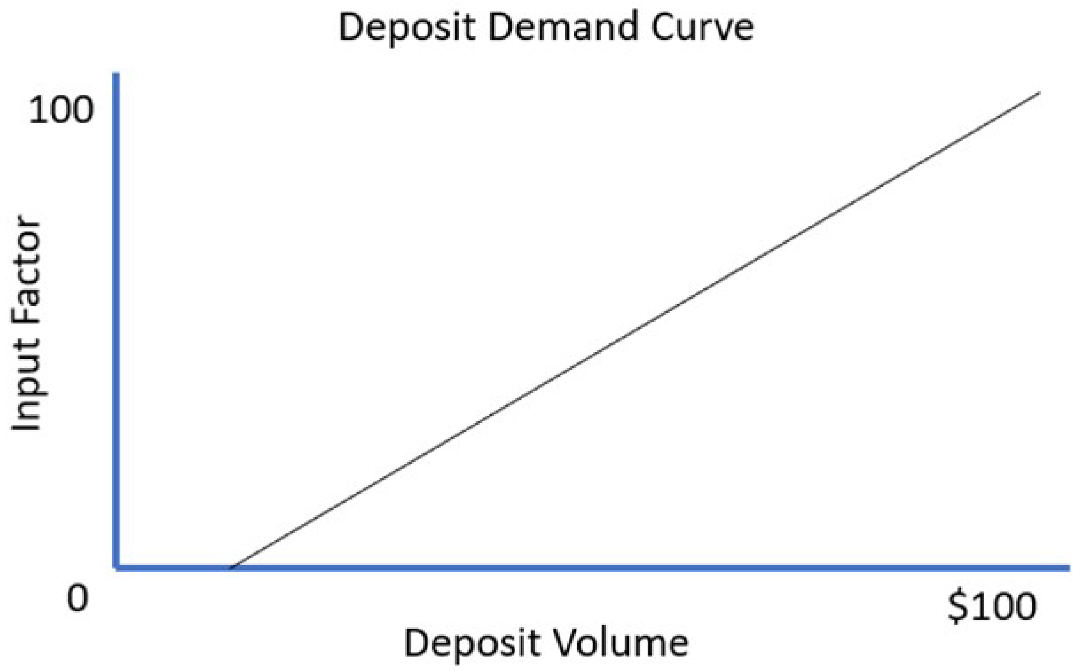
Potential Deposit Management Objectives in a Falling Rate Environment

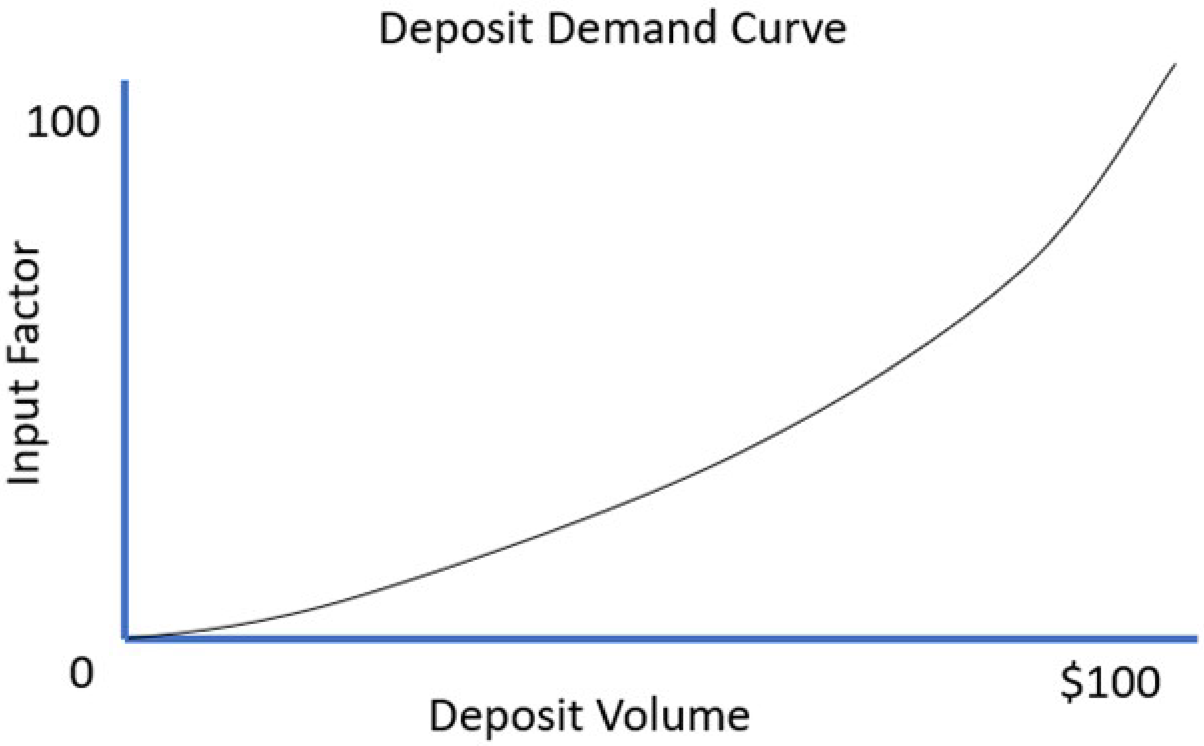
- ❑ Reduce cost of funds
- ❑ Decreasing current cycle beta / improve current elasticities
- ❑ Retaining or increasing deposit balances
- ❑ Improve customer satisfaction / Net Promoter Score
- ❑ Improve long-term deposit performance

Deposits Are Complicated

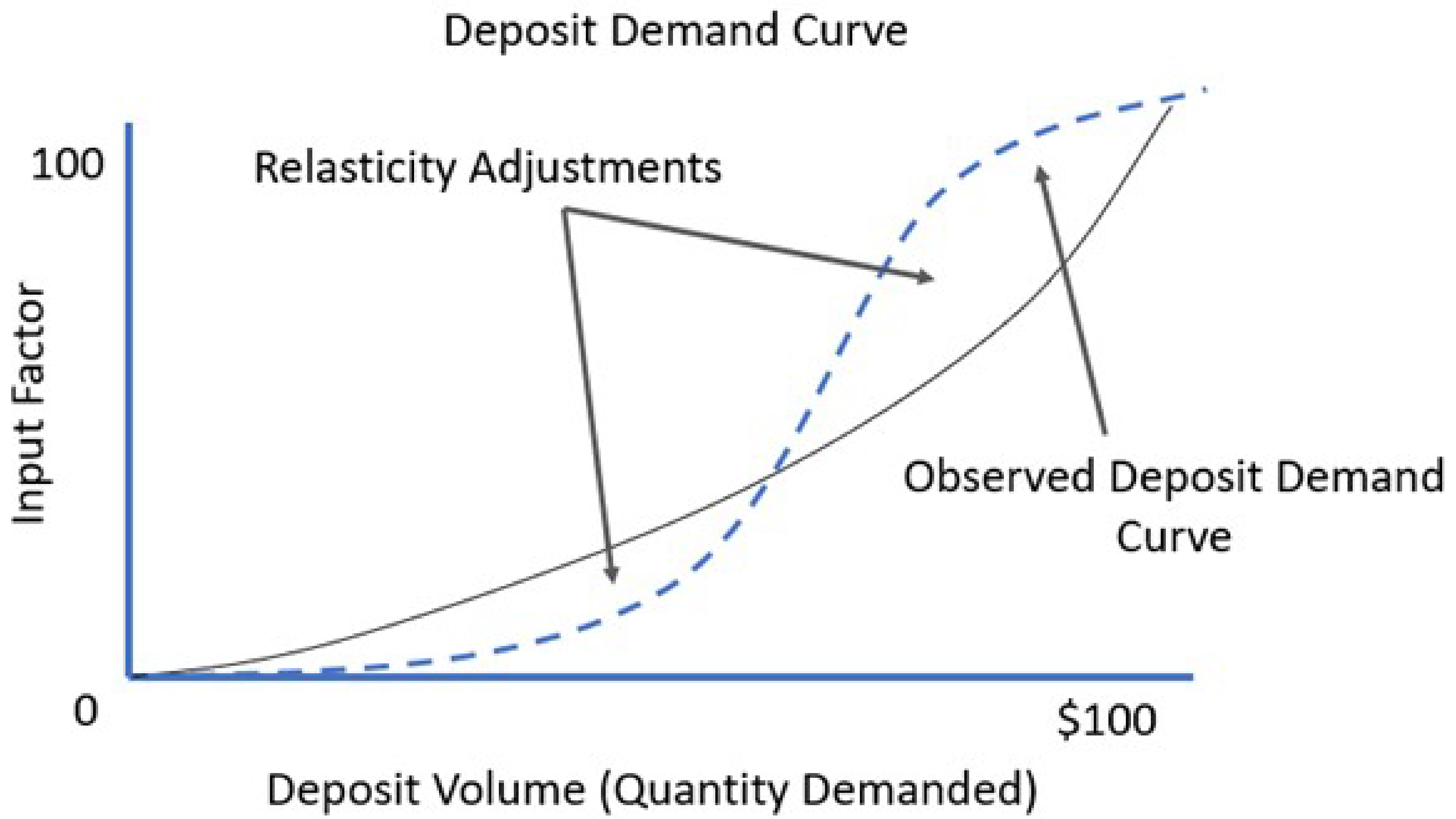
Deposit Basics

Deposit Demand

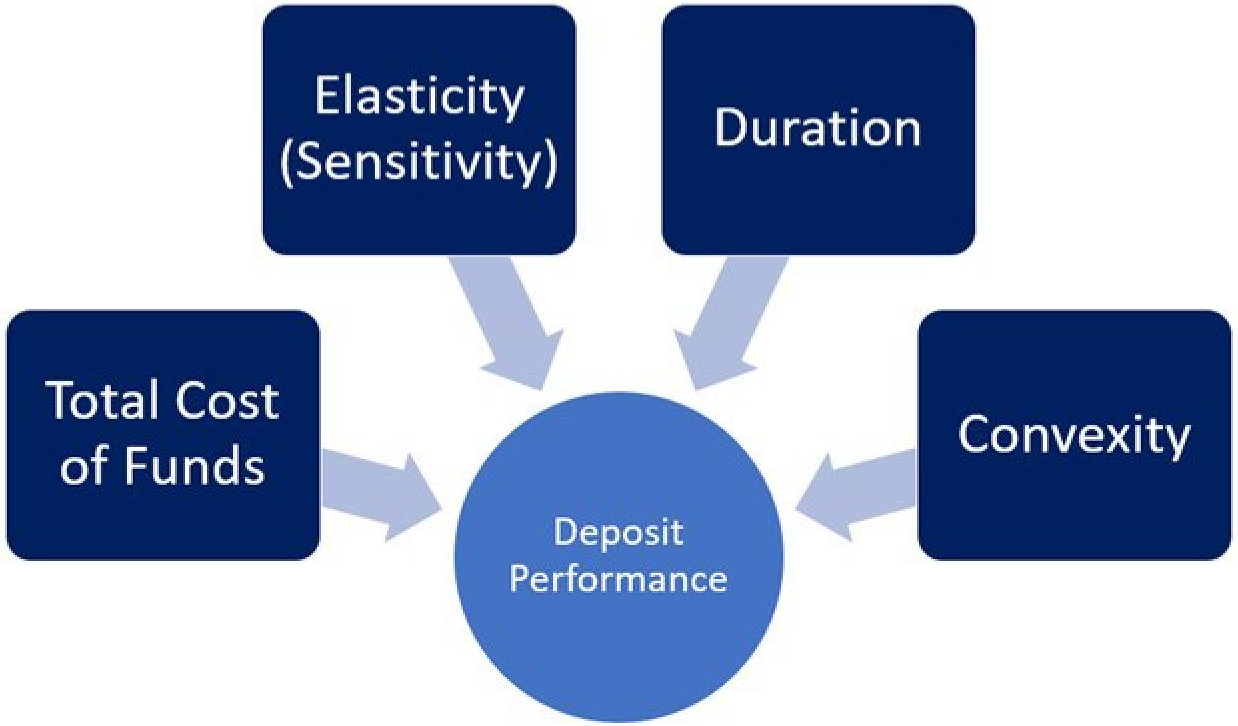




True Deposit Demand



Measuring Deposit Performance



How Agentic AI & Gen AI Change the Game

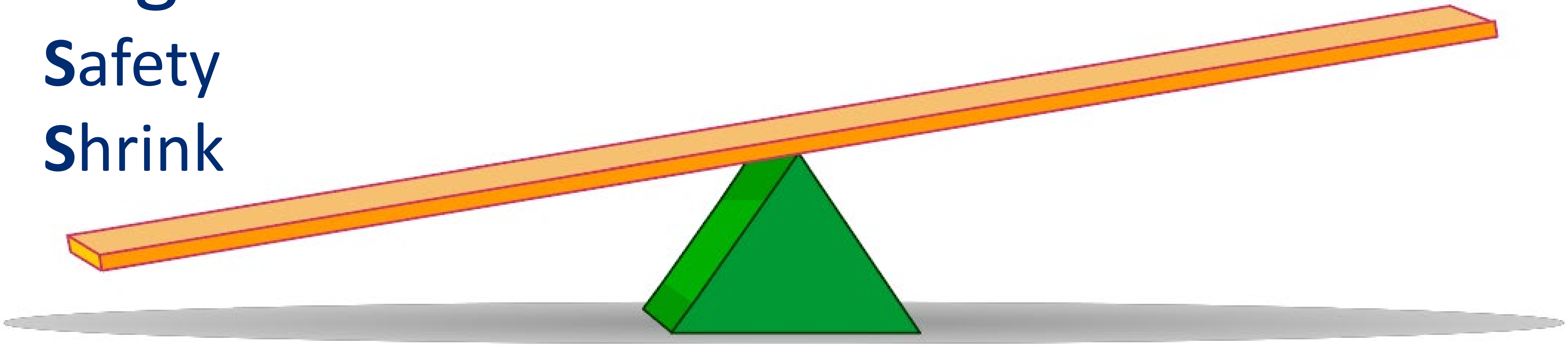
Pricing Analytics	1:1 Marketing Personalization
Product Development	Agentic Interaction
Automated Offerings	Sentiment Analysis & Scoring (Community & Customer)

Deposit Strategy

The BPSSSS Model

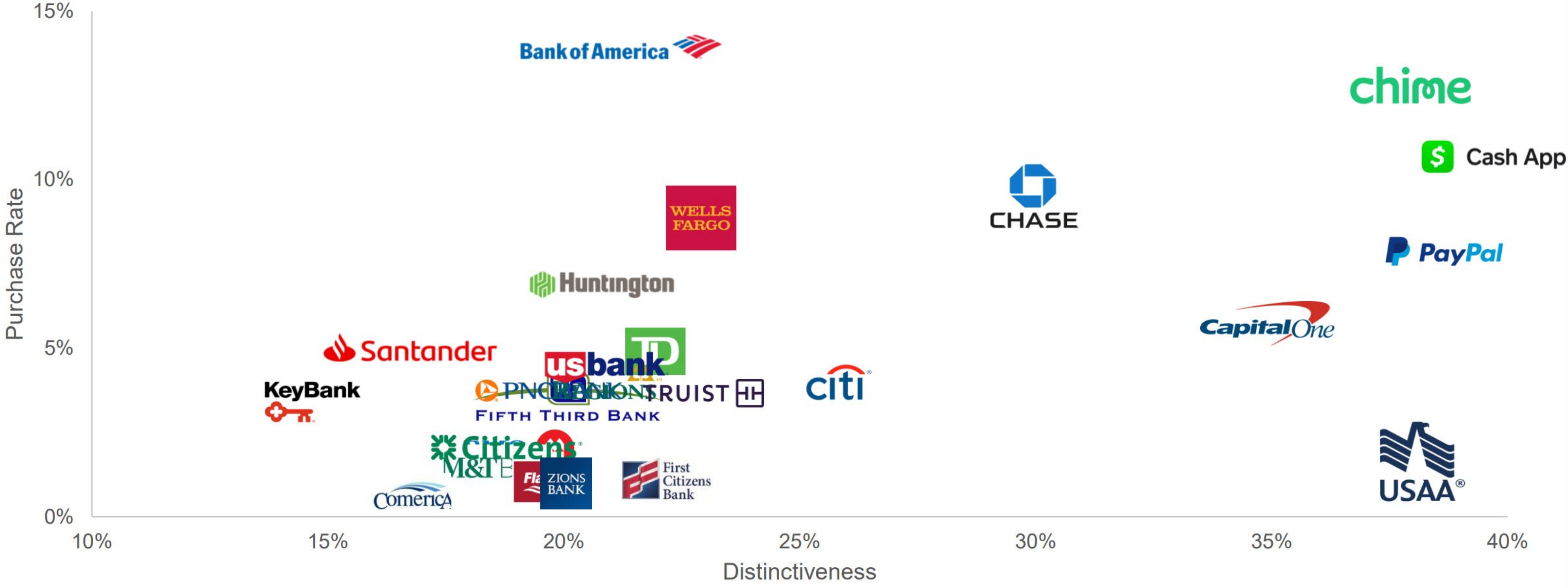
Brand
Product
Service
Segment
Safety
Shrink

Price / Rate



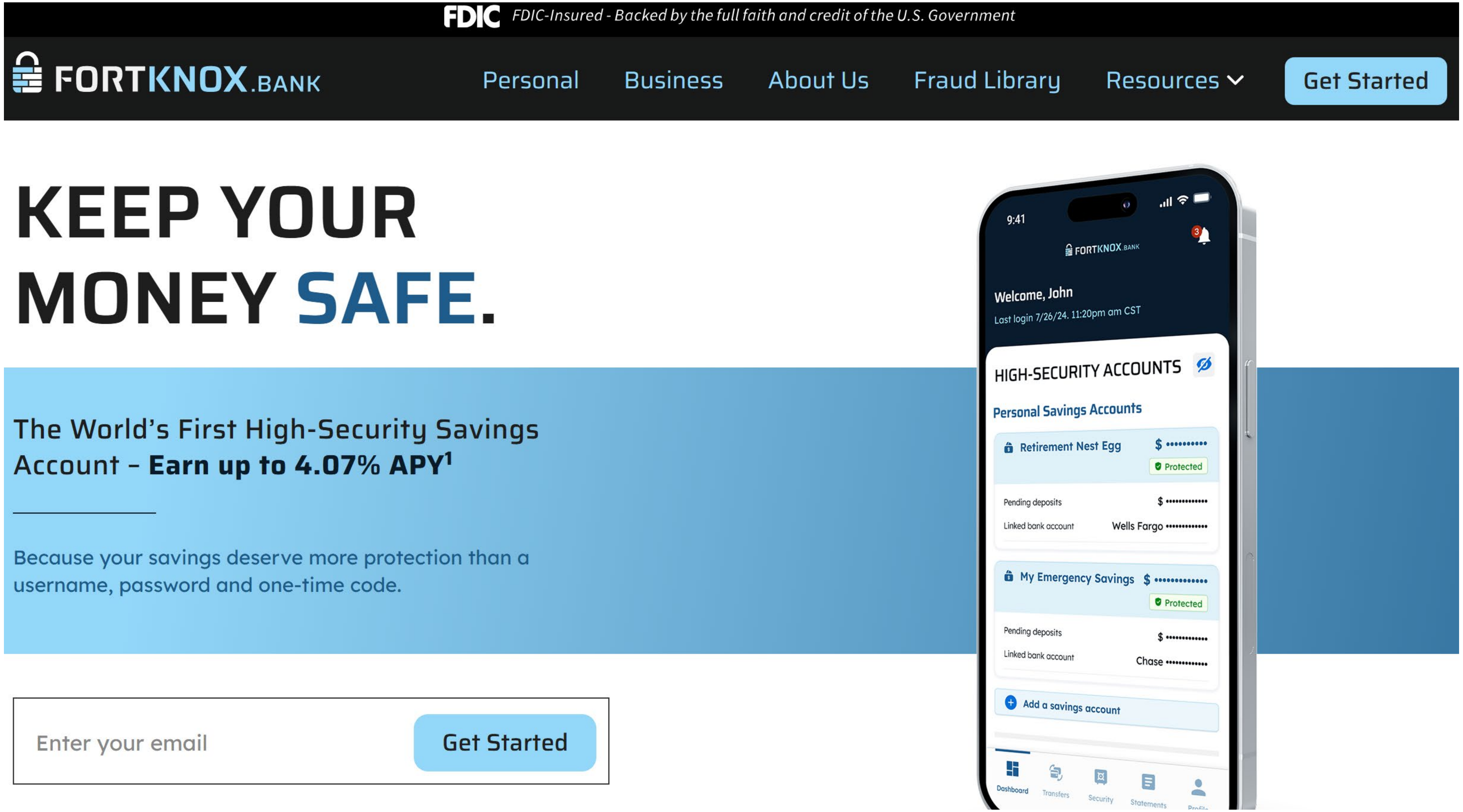
Brand and Product

PURCHASE RATE VS DISTINCTIVENESS (ALL SEGMENTS) – ENTIRE MARKET



Source: Curinos Customer Knowledge | 2022/2023 Shopper Survey | 2023 Recent Purchasers (N=10,934) | Note: Weighted on average values for each attribute | Note: Bank scores are calculated across markets each bank is present in | * = Seacoast has limited sample in 2022 and was only included in one market

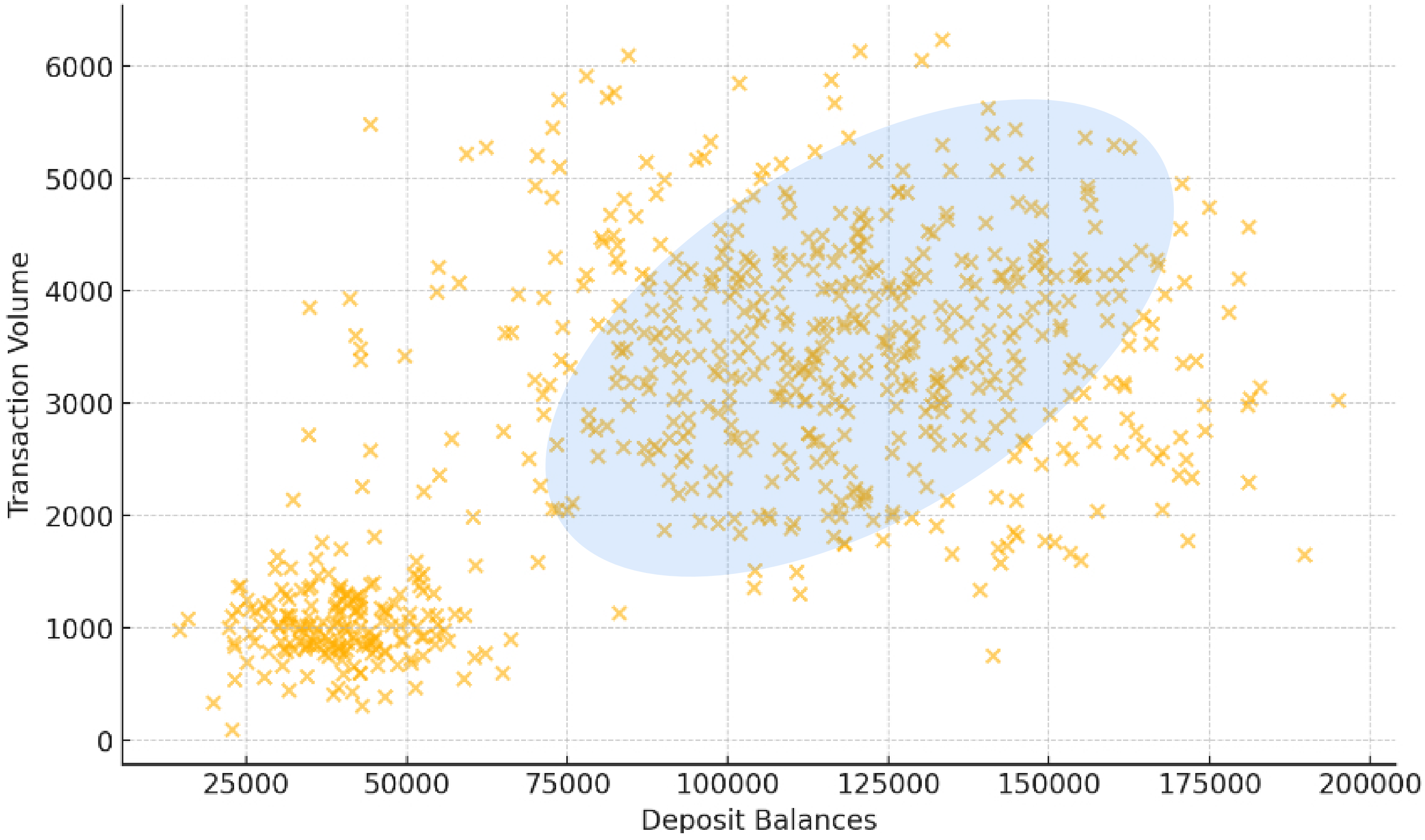
Product Innovation as a Differentiator



Not all Products Are the Same

	Traditional Linear Regression Methedology		
NMD Account Type	**Duration**	**Beta**	**Avg. Life (Yrs)**
NIB Transaction Accounts	7.5	14%	6.2
IB Transaction Accounts	6.1	28%	5.9
Money Market Accounts	5.6	58%	3.2
IRA Accounts	6.5	52%	3.6
HSA Accounts	9.0	24%	5.4

Payments Are a Driver of Deposit Value



Deposit Value of a TM Customer

The average deposit balance of TM customer:

- $900,000, or 31% higher than non-TM customers.

For every 100 TM Customers:

Current penetration of TM Customers:

Commercial	15%
Municipal	9%
Average # of Non-TM Customers:	83%

Annual Fee Income

$130,000

Deposit Balances

$27M

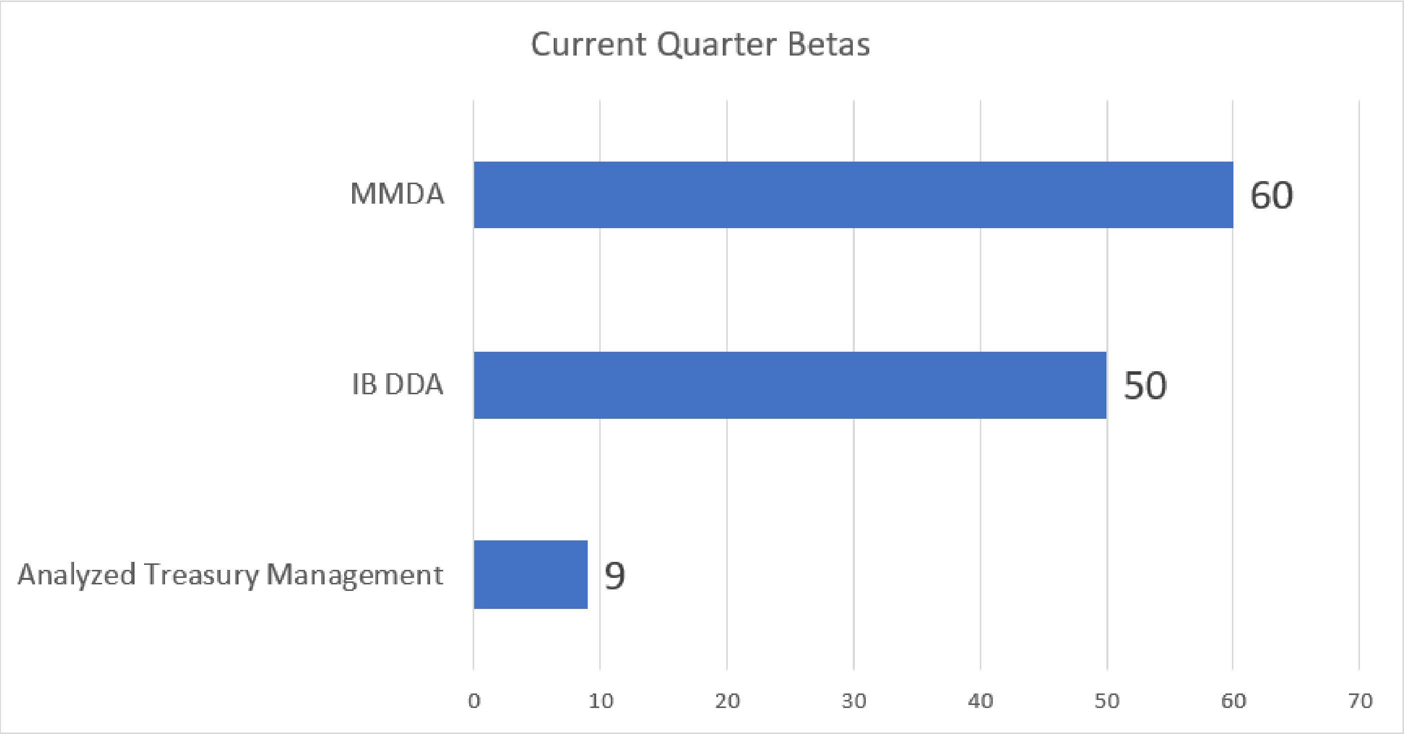
Increased Margin

3.81%

Increased Earnings

$1M

COF & Performance



RAROC Value Difference

Non-TM Commercial Customer:	16%
TM Commercial Customer:	33%

Deposit Performance Comparison

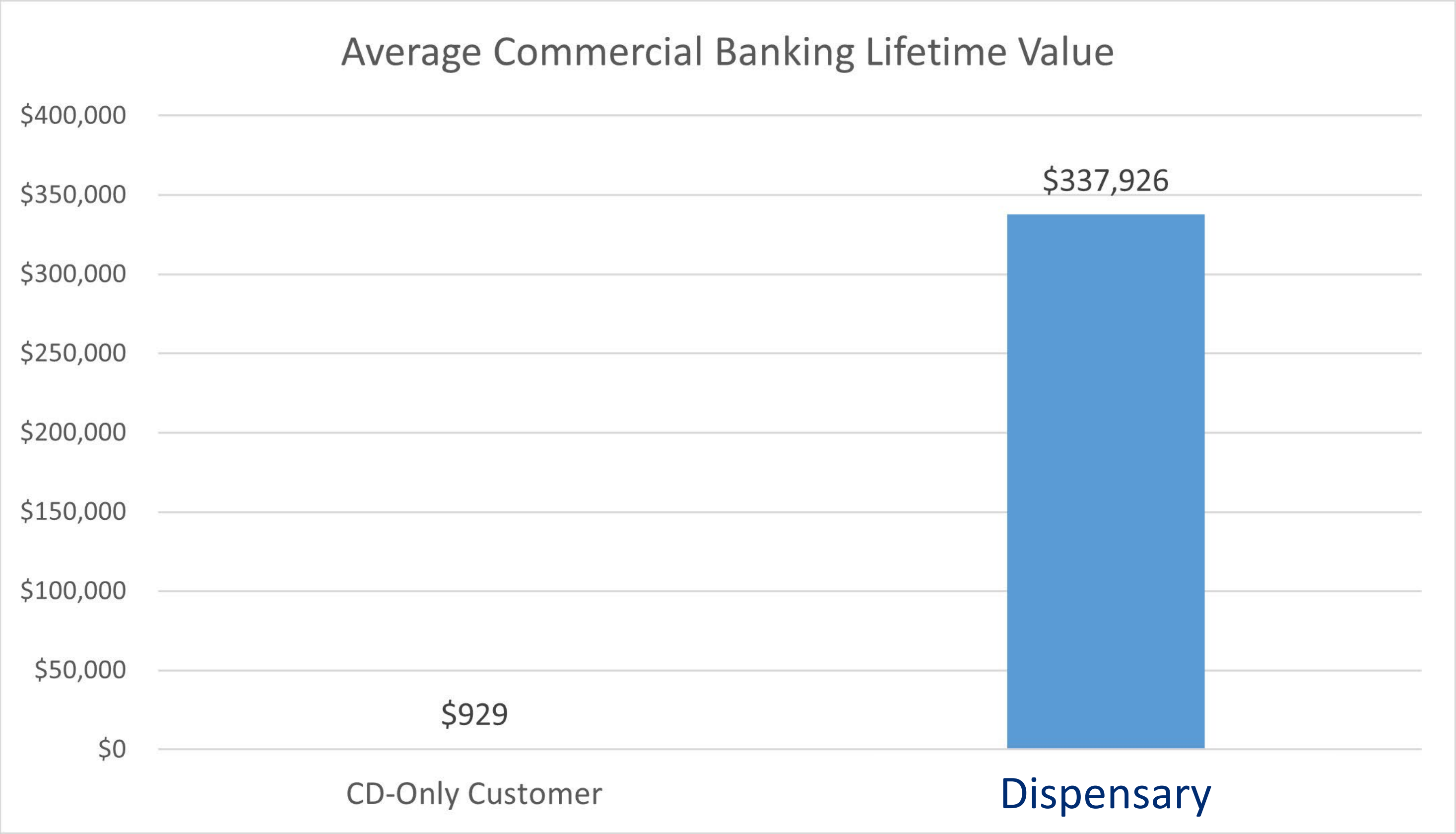
Treasury Management (Basic)	Business Checking	Business Interest Checking (0.50%)	Business Savings (2.00%)	Business Money Market (3.25%)
Deposit ROE	Deposit ROE	Deposit ROE	Deposit ROE	Deposit ROE
231.3%	209.7%	151.6%	85.6%	38.6%
EXCELLENT	EXCELLENT	EXCELLENT	GOOD	LOW

Deposit Tactics

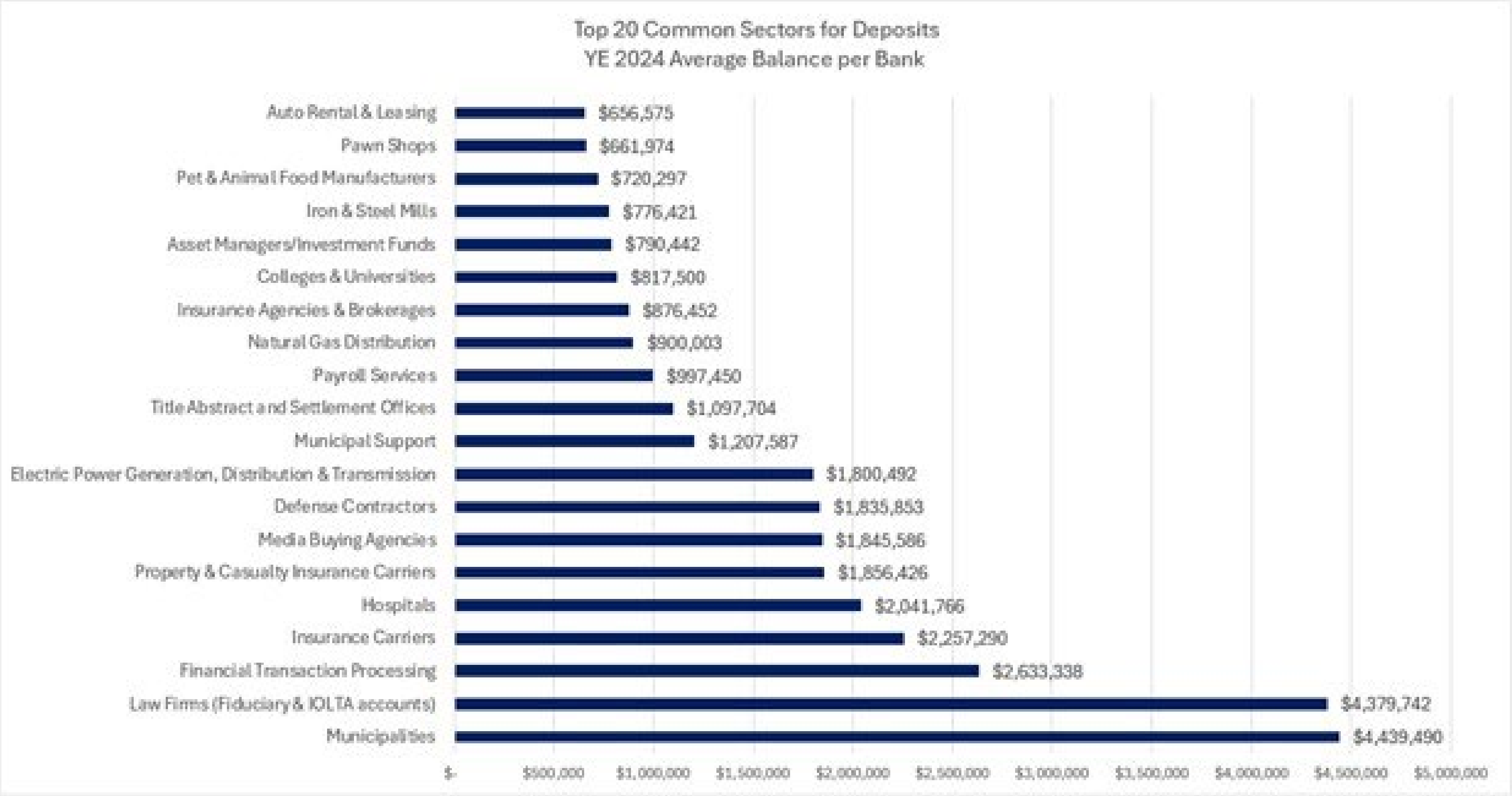
Top Deposit Marketing Campaigns by ROI

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

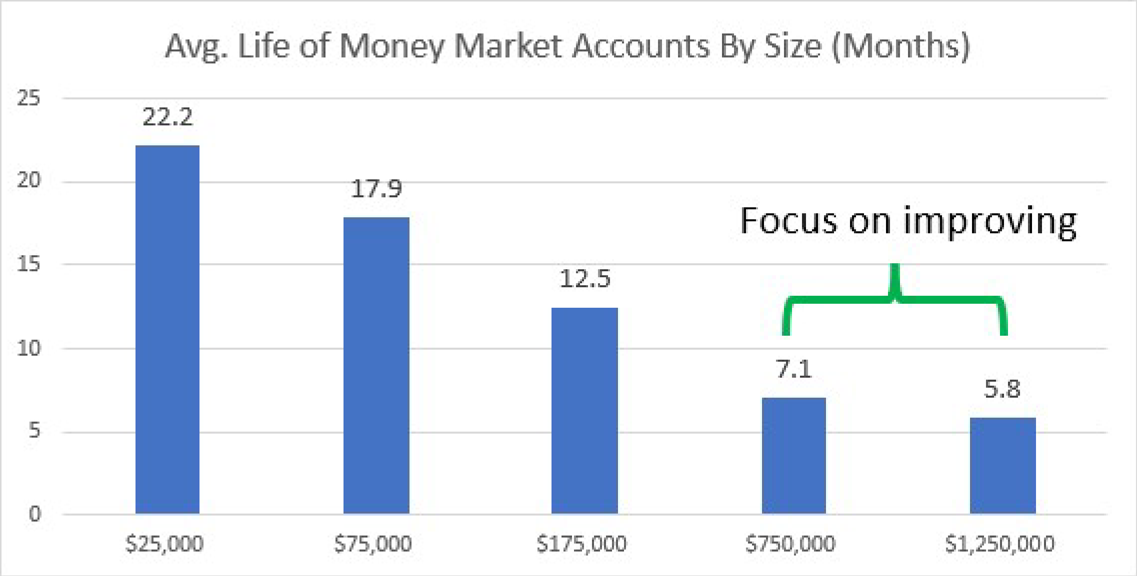
Not All Customers Are Equal

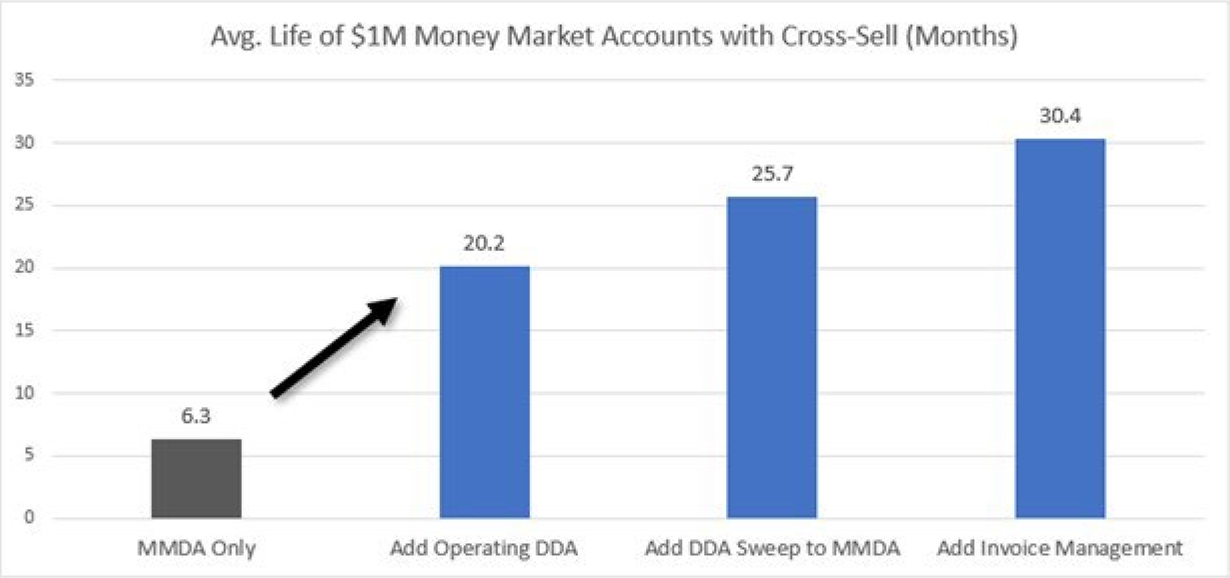


Targeting Deposit Rich Industries



Focusing on Cross-Sell





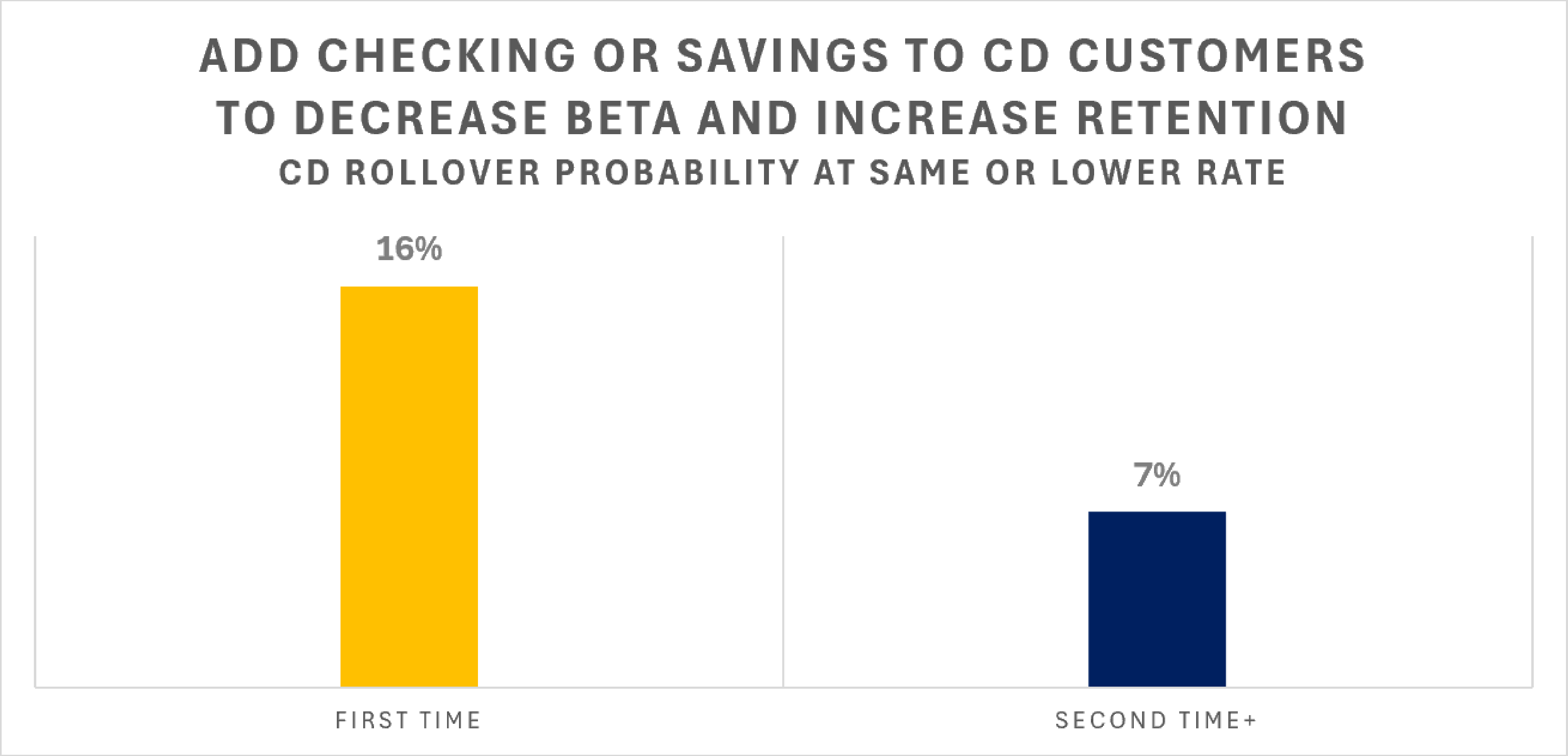
Cross-Sell Opportunities

Average Percentage of Commercial Checking Customers That Use:

- 5.20% Bill pay
- 8.00% Mobile or online treasury management
- 3.10% Remote deposit capture
- 12.80% Analysis
- 3.80% ACH or wire monthly
- 3.50% Merchant services
- 0.50% Positive pay
- 0.40% Lockbox
- 0.75% Sweep accounts
- 0.45% Alerts or predictive cash management

Source: SouthState community bank industry estimates

The Problem With Rate – "Lazy Banking"



Marketing value of $4,646 per 100 customers. Focus 70% on first time maturities and 30% on seasoned CD-only customers.

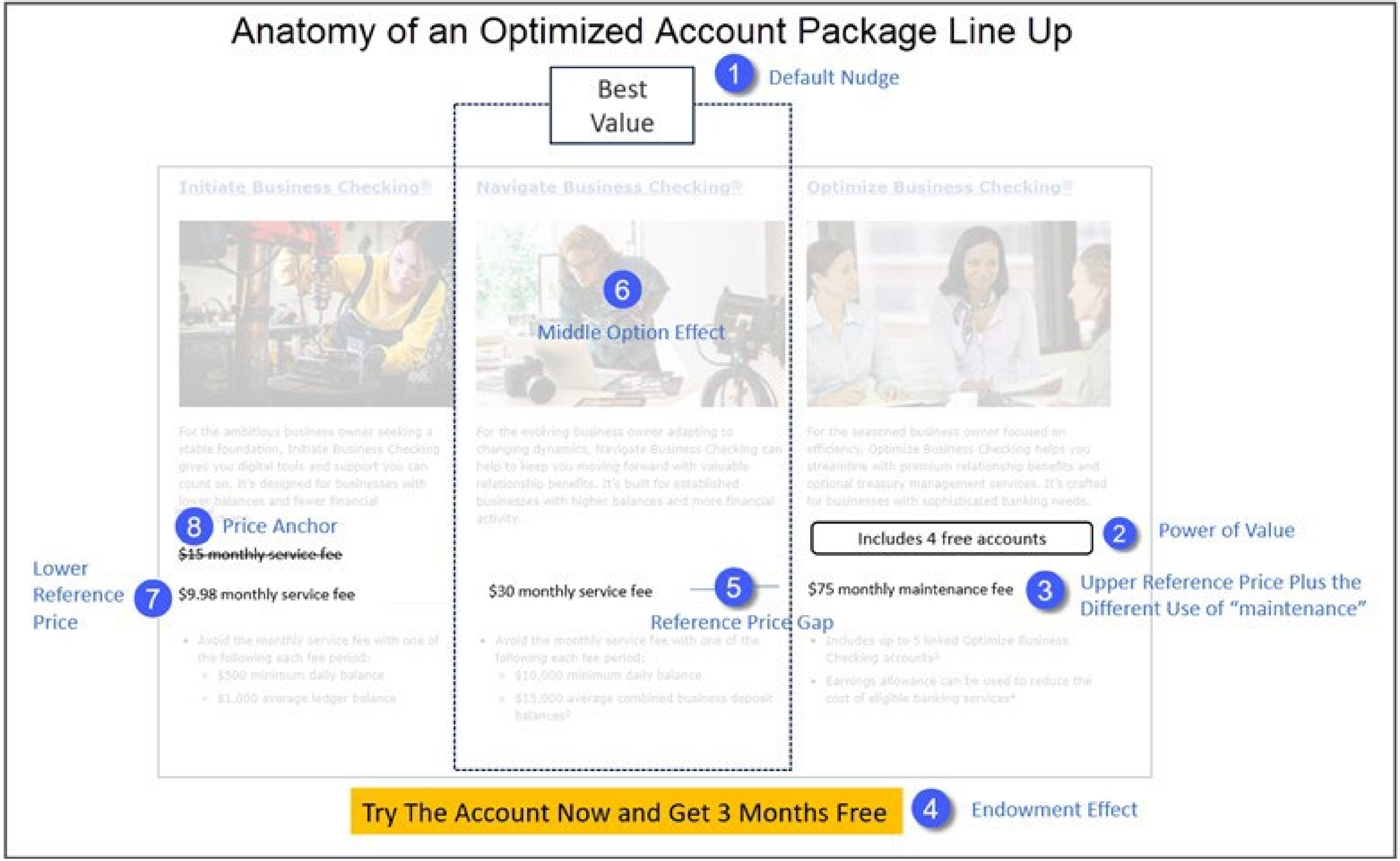
Recency – The 2 Week / 2 Month Window

Source: *S.A. Neslin, G.A. Taylor, K.D. Grantham, and McNeil, "Overcoming The "Recency Trap in Customer Relationship Management." (2013)*

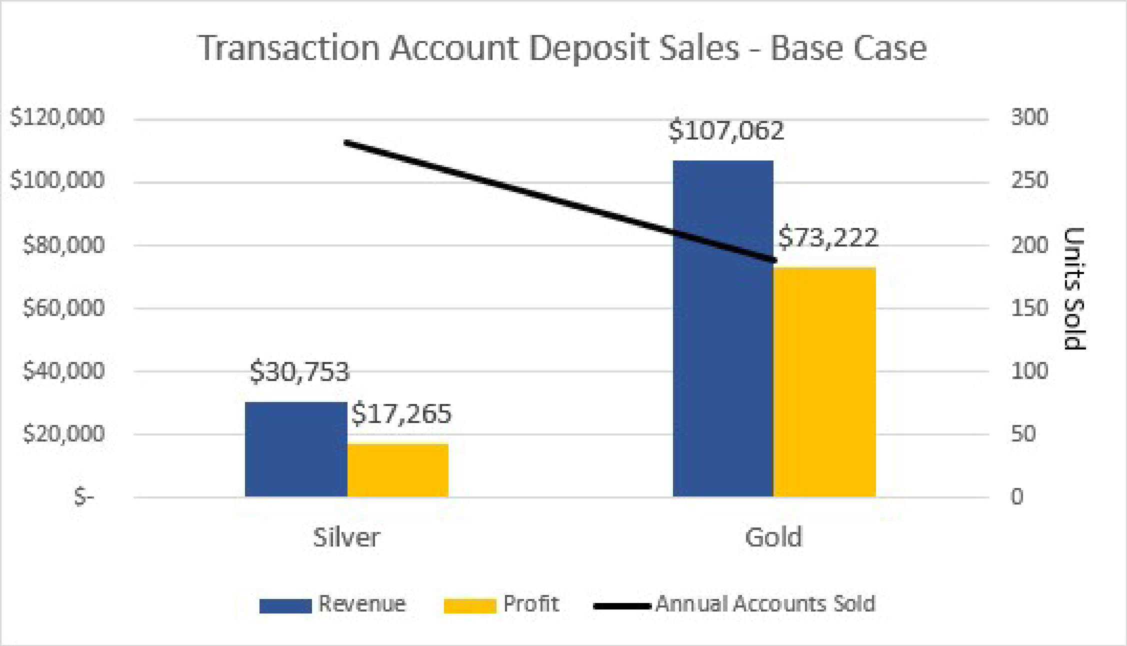
The Three Package Bundle Trick

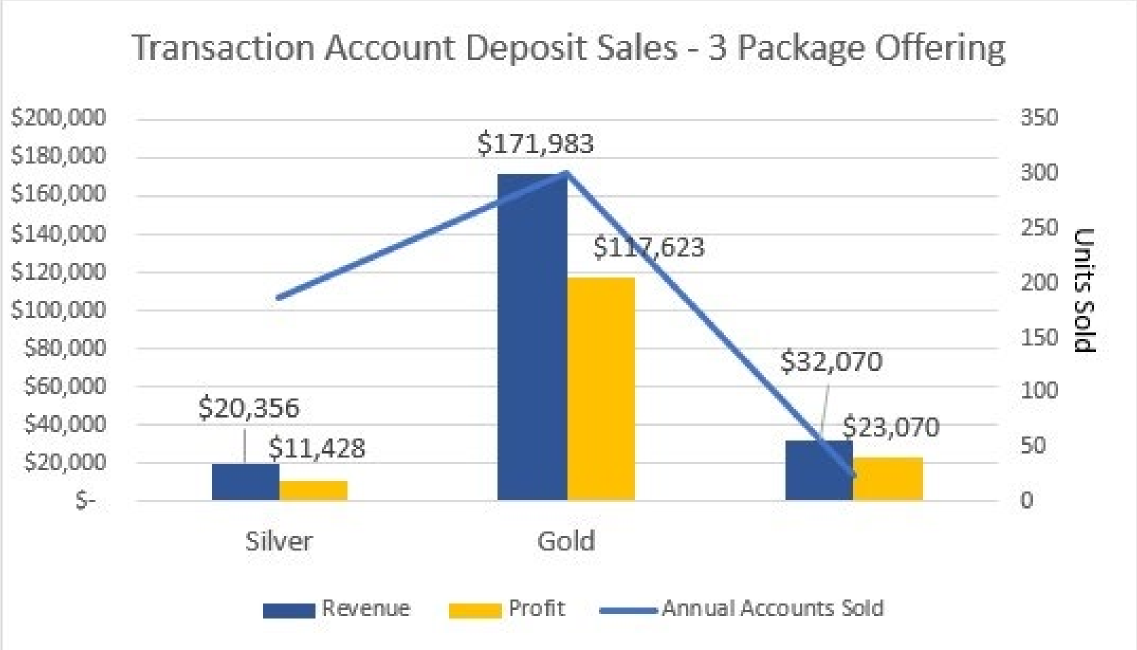
	Silver Business Bundle	Gold Business Bundle	Platinum Business Bundle
Monthly Charge	$10	$30	$50
Minimum (Daily balance)	$1,500	$10,000	$25,000
Number of Included Tx	200	400	500
Debit Card/Mobile/Online	☒	☒	☒
Companion Money Market Account	☒	☒	☒
Check Recovery	☒	☒	☒
Check Discounts	10% off First Order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

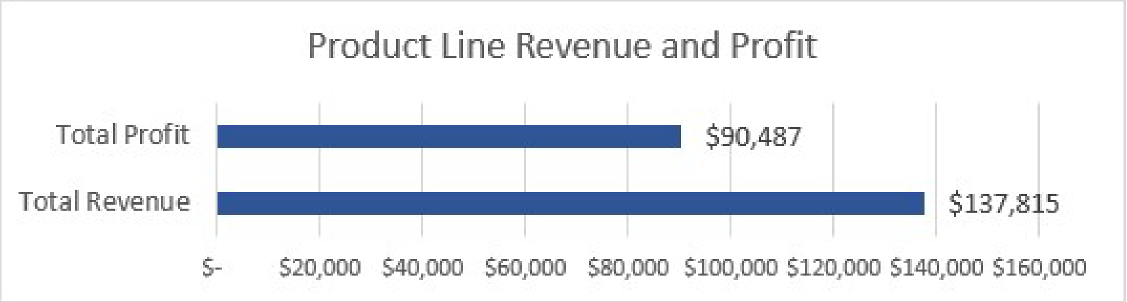
Marketing Three Packages

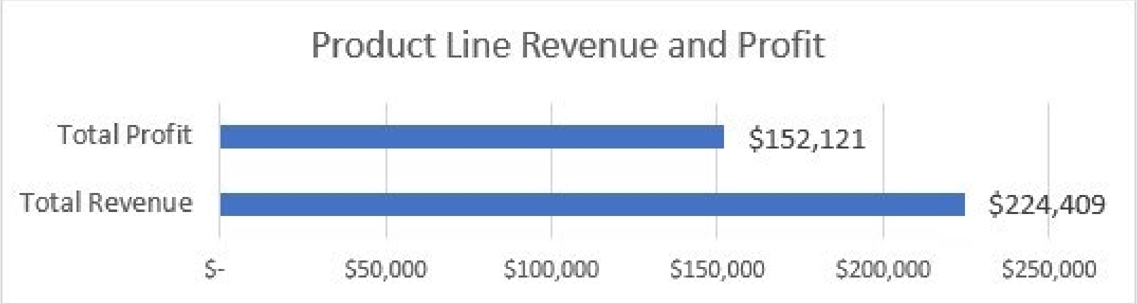


2 Bundles vs 3 Bundles









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	Earn **$2,000** when you deposit $250,000 - $499,999	Earn **$3,000** when you deposit $500,000+

OR

Here's how to get started:

01

Meet with a Chase Private Client Banker

Open or upgrade to your new Chase Private Client Checking account[1] by **October 15, 2025** in branch.

Find my branch

02

Transfer your funds

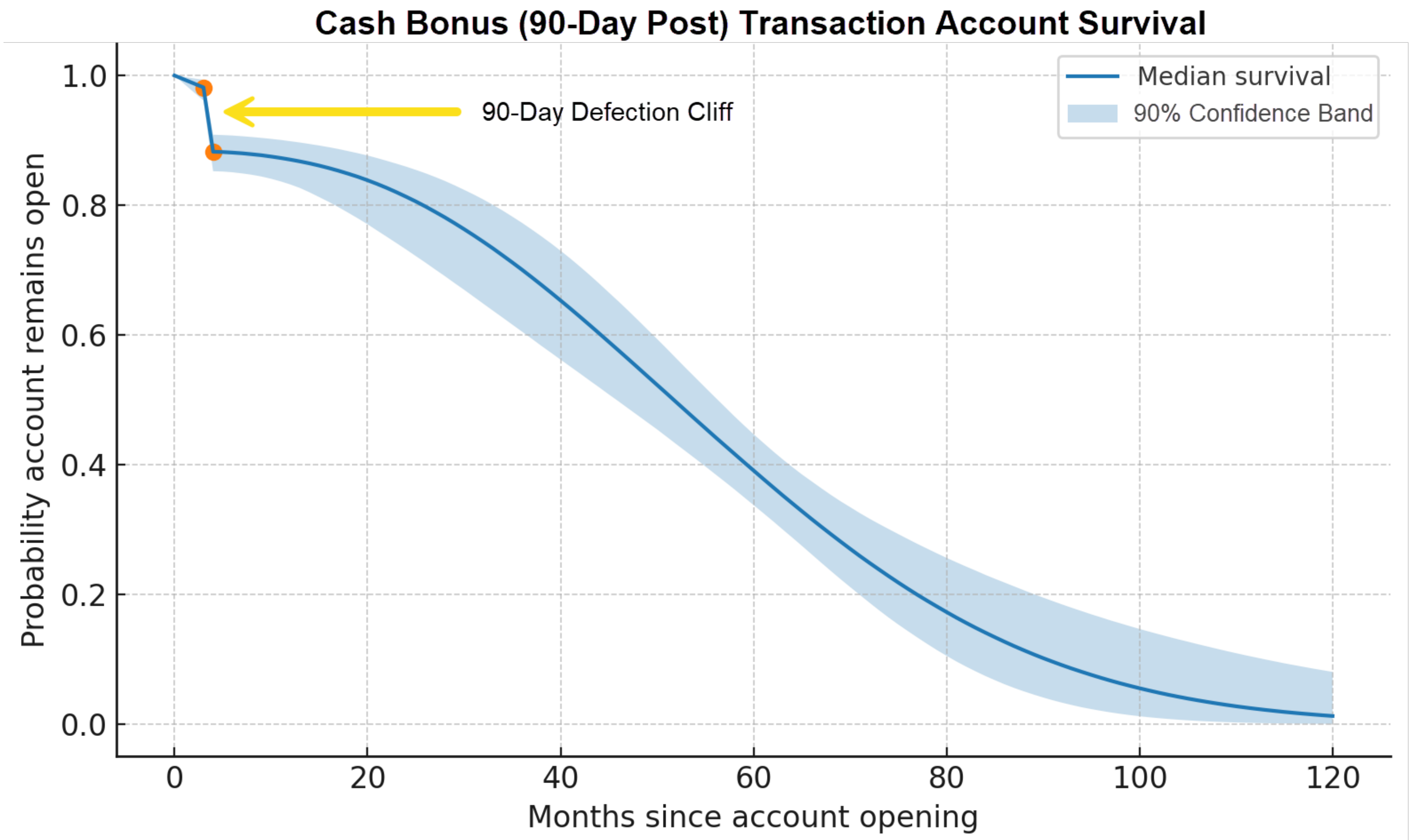
After offer enrollment, you have 45 days to transfer qualifying new money or securities to a combination of eligible checking, savings and/or J.P. Morgan Wealth Management non-retirement accounts. **Your bonus will be determined on day 45**.

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

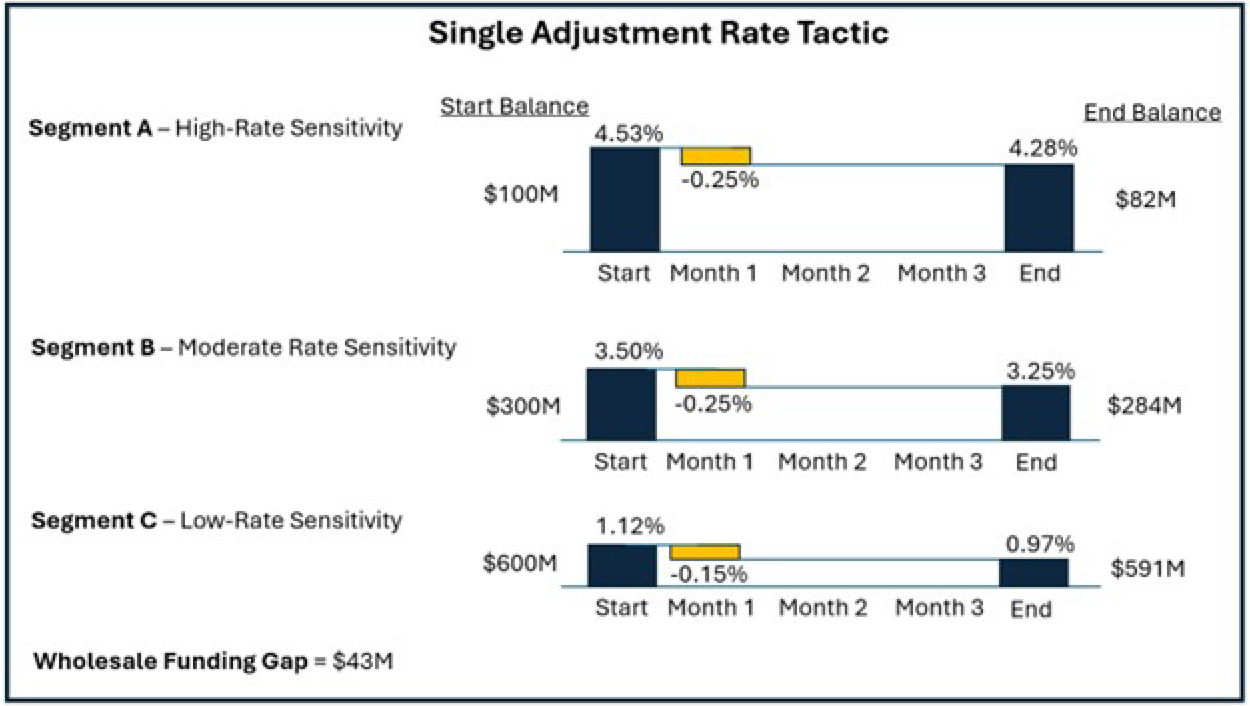
Typical Balance Level	Common Bonus	90-D RAROC	Average RAROC	Top Quartile RAROC
$2,000 - $5,000	$200	-5.5%	0.3%	2.3%
$5,000 - $10,000	$325	-8.2%	1.0%	3.8%
$10,000 - $50,000	$600	-9.6%	5.0%	9.5%
$50,000 - $100,000	$750	0.9%	13.5%	20.6%
$100,000 - $200,000	$1,500	1.8%	27.0%	40.7%
$200,000 - $500,000	$2,000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

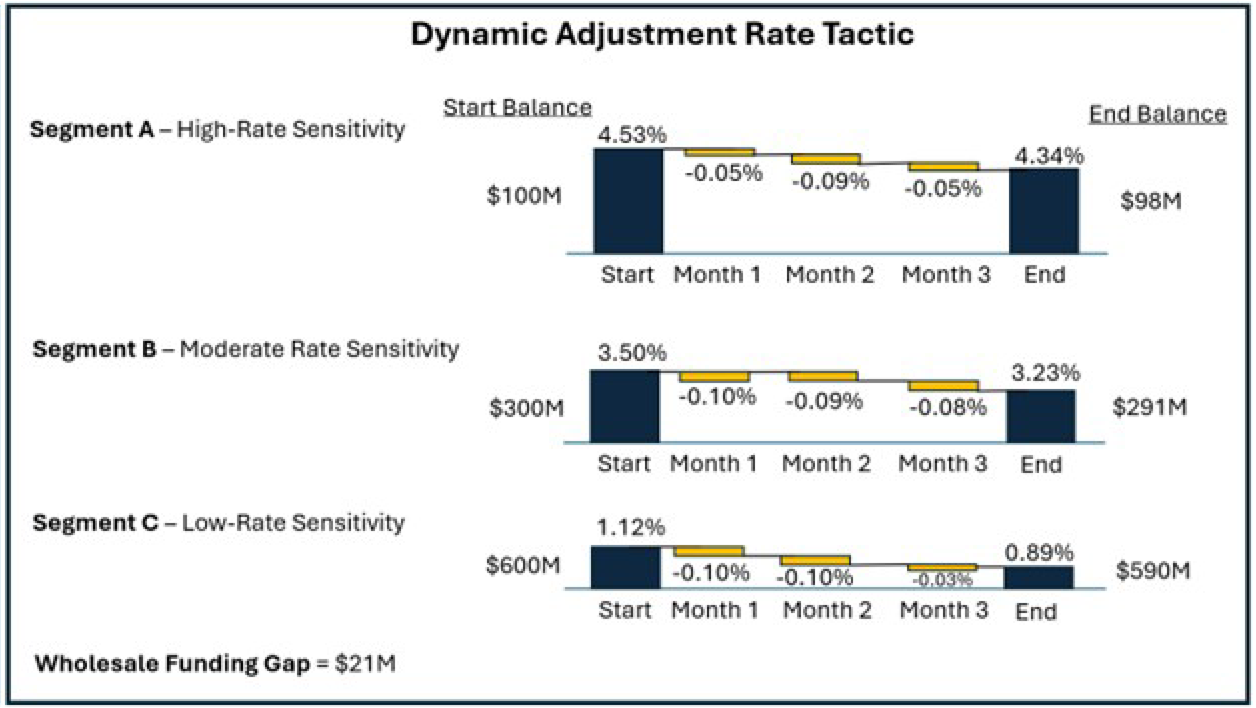
When Managing More Than Cost of Funds

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

Bringing Down Deposit Rates

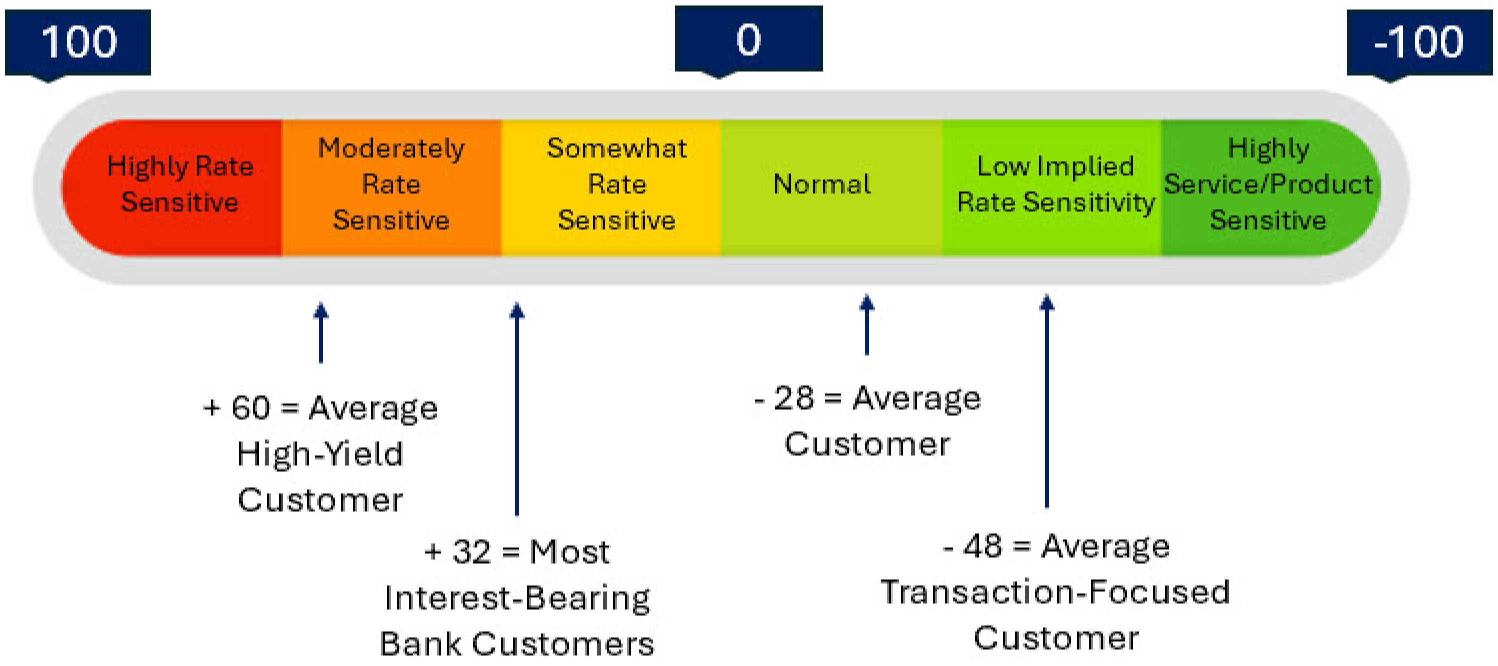
1. Set objectives of deposit rate reduction – COF, beta, etc.
2. Dropping rates is different than raising rates
3. Don't move when the Fed moves – End cycle action
4. Don't drop deposit rates all at once – be unpredictable
5. Apply rate changes by segment, test and optimize



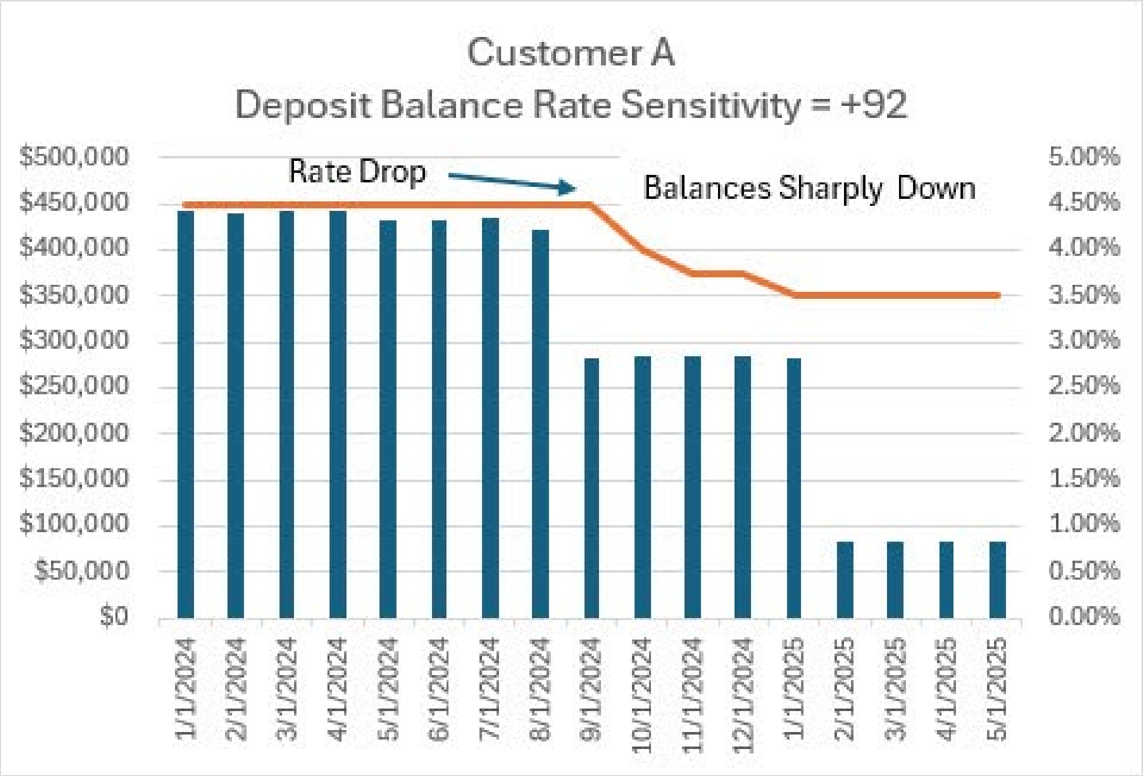


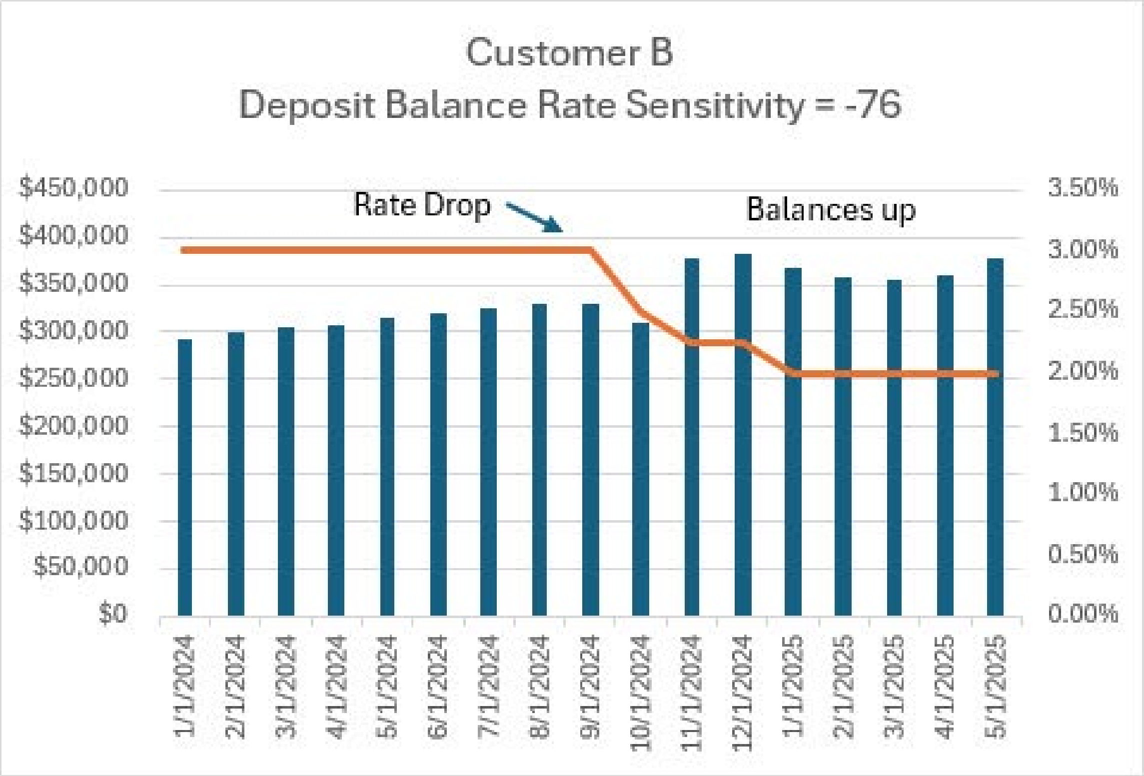
Sensitivity Customer/Product Scoring

How We Score Customers

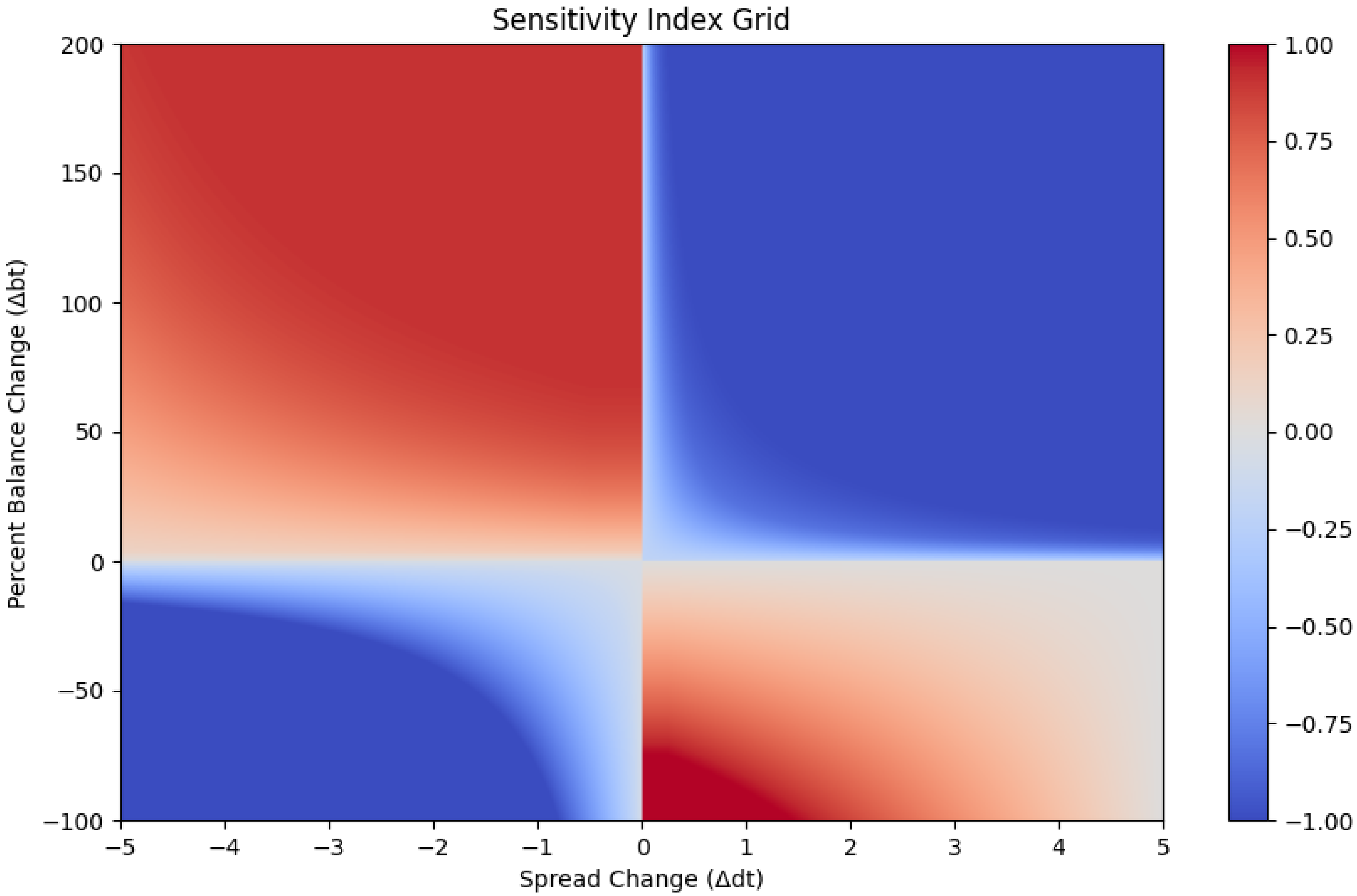


Scoring Customers

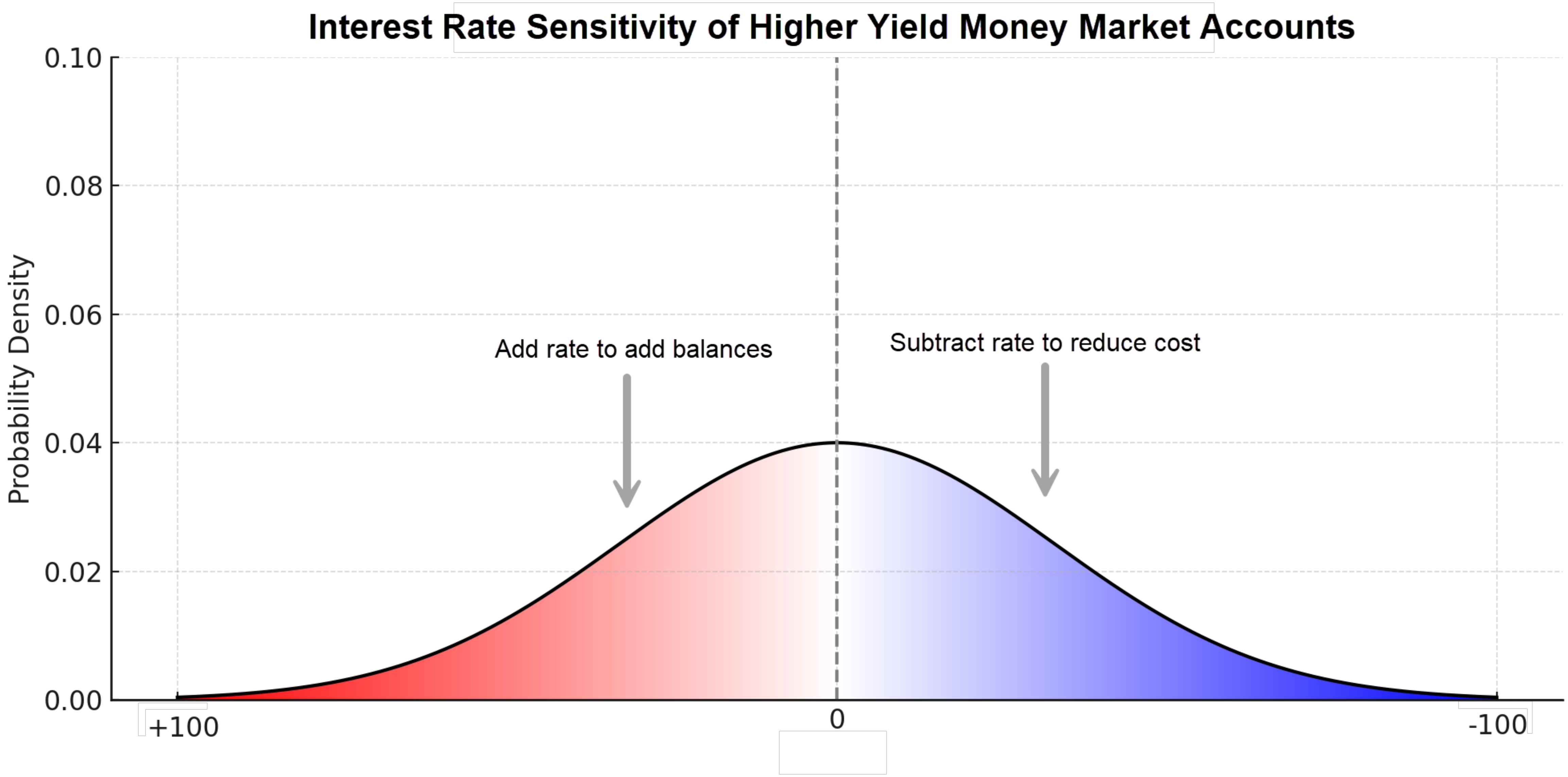




Customer Sensitivity



How We Score Customers



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:

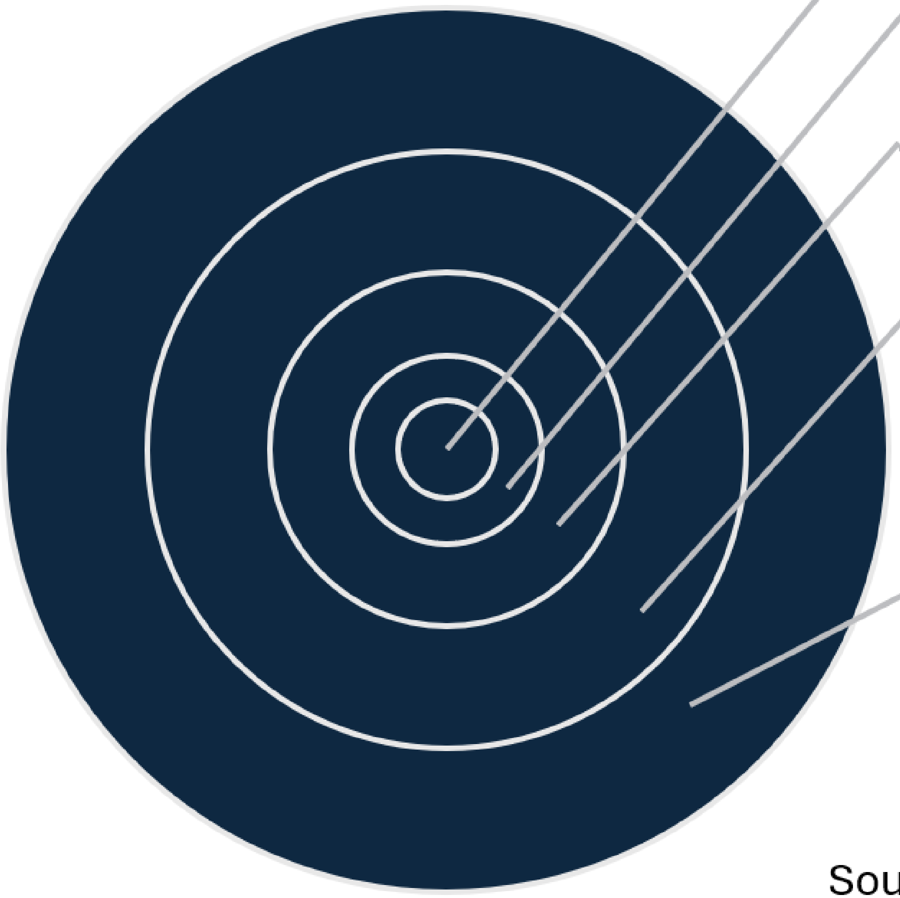
- ✓ **Store of Value:** Can be held without fear of volatility
- ✓ **Medium of Exchange**: Used for payments and transfers

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



9% Invoicing

- Smartcontracts
- Factoring

9% Merchant Settlement

12% Treasury Management/Liquidity Optimization

28% Domestic Payments

- Smartcontracts
- Agentic/Device payements
- Instant payments

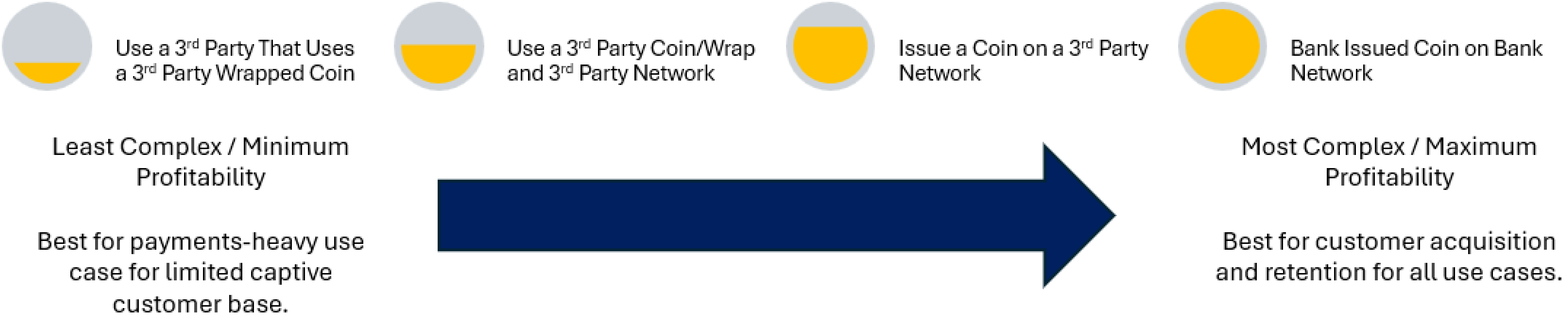
52% Cross Border Payments

- US companies with foreign subs.
- Int'l supply chain
- Global workforce
- Int'l sales

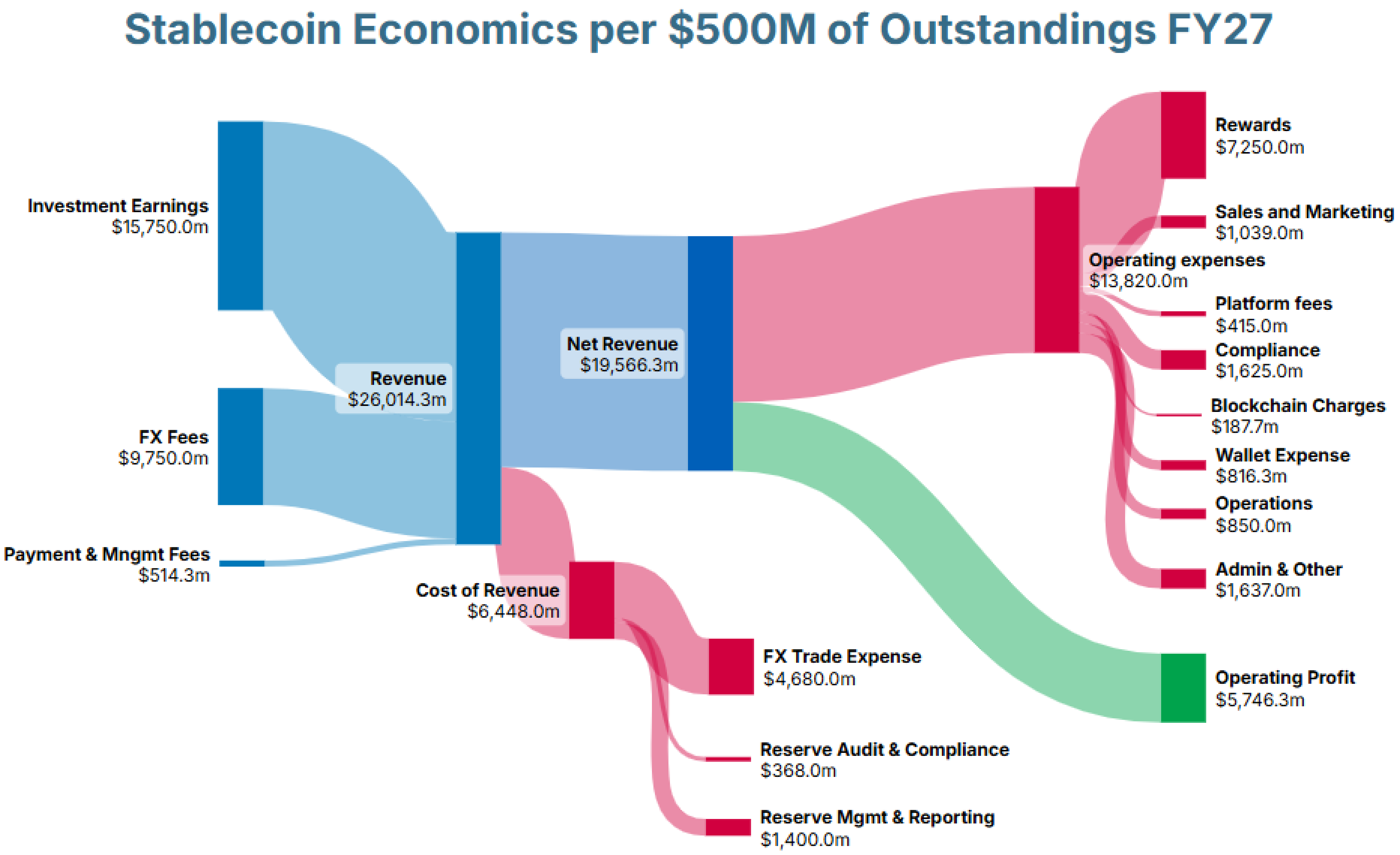
Source: Fireblocks Survey

Stablecoin Business Models

The Profitability of Bank Stablecoin Business Model Options



Stablecoin Profitability



5 Steps to Cannabis Banking Deposit Mgmt.

1. Never use rate
2. Provide identity and compliance tools
3. Exceed in service support that understands the industry
4. Integration with industry specific software (METRC, BioTrack, etc.)
5. Transparent but premium fees.

And of course, market and cross-sell.

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/Deposit Tokens

4. Experiment!

Thank You!

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