



# Deposit Pricing and Interest Rate Risk Concepts

John Ruhl, CFA

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# What is the Kentucky Derby's signature drink?

Old Fashioned

Manhattan

Mint Julep

Lilly

# TAYLOR ADVISORS EBRIEF – MANAGING FUNDING COSTS AMID ~~EXCESS LIQUIDITY~~ & RISING RATES



Investments | Asset / Liability | Risk Management

## Deposit Diaries: Managing Funding Costs Amid Excess Liquidity and Rising Rates

2/15/2022 | 5 MIN READ

Much has been made of Chairman Powell's recent pivot towards normalizing monetary policy, accelerating the taper of QE, and subsequent "lift-off" from the zero-bound Fed Funds rate. The market has begun to reprice expectations for short-to-intermediate rates and the yield curve has steepened accordingly. Traditionally, steeper yield curves favor margin managers, as the spread between funding costs and earning asset yields widens while depositories have historically succeeded in lagging the Fed's rate hikes.

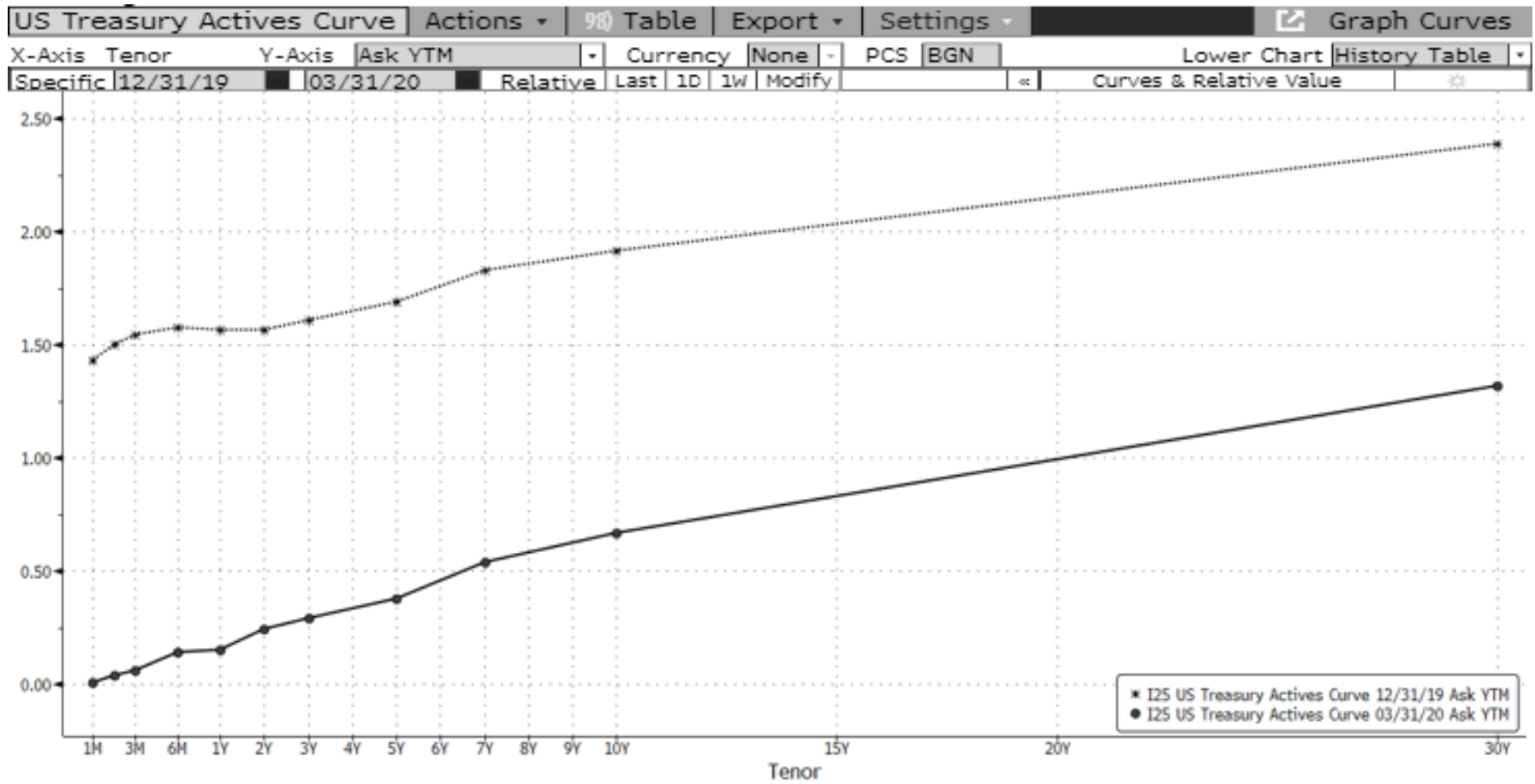
As we look forward into 2022, market participants are pricing in 4 or more Fed rate hikes, we thought it prudent to revisit considerations for deposit pricing for a rising rate environment. In this eBrief, we will discuss macroeconomic trends amongst community financial institutions, historical deposit pricing behavior, and factors to monitor as your ALCO looks for direction in pricing.

[Read Full Article](#)

“Study the past, monitor the present and prepare for the future” is a mantra at Taylor Advisors and one we believe will suit ALCOs well as we navigate an evolving interest rate regime. With PPP fee income recognition wrapping up and secondary market volumes normalizing to an extent, profitability for 2022 and beyond will become more dependent up NIM. Deposit pricing will be an important piece of the equation as banks work through excess liquidity. In addition to your institution's specific liquidity profile, be sure to monitor the following:

- Deposit pricing from the prior rate hiking cycle and any lessons learned from successes or missteps
- Consumer and business accounts behavior and any trends in drawdowns or spending of savings
- Non-traditional depositories' rates and any migration of your deposit base to these platforms (i.e. fintech, SOFI, Marcus, money market mutual funds, state sponsored public deposit funds)
- Loan to deposit ratios and trends amongst your in-market competition

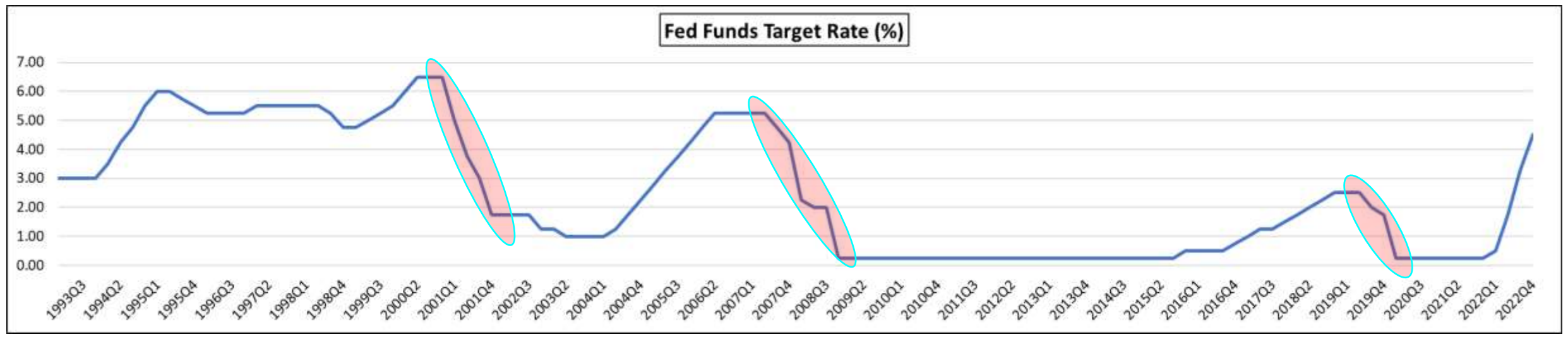
# YIELD CURVE – 2019Q4 TO 2020Q1



*The yield curve declined ~150 bps.*

Curve Id	1M	2M	3M	2Y	5Y	10Y	30Y
11) I25 03/31/20	0.008	0.038	0.061	0.246	0.380	0.669	1.321
12) I25 12/31/19	1.430	1.503	1.544	1.569	1.691	1.917	2.390
13) I25 (03/31/20-12/31/19)	-142.2	-146.5	-148.3	-132.4	-131.1	-124.8	-106.8

# FED RATE DECREASES AND DEPOSIT BETAS – FALLING RATES



Source: Federal Reserve

# BETAS BASICS – FALLING RATES

## *Calculating a Beta*

	<b>Starting Point</b>
Fed Funds Rate	5.00%

# FED RATE DECREASES AND DEPOSIT BETAS – FALLING RATES

## *Betas: 2019-2020 Cycle*

	Starting Point	Ending Point	Change	Beta
Fed Funds Rate	2.50%	0.25%	2.25%	

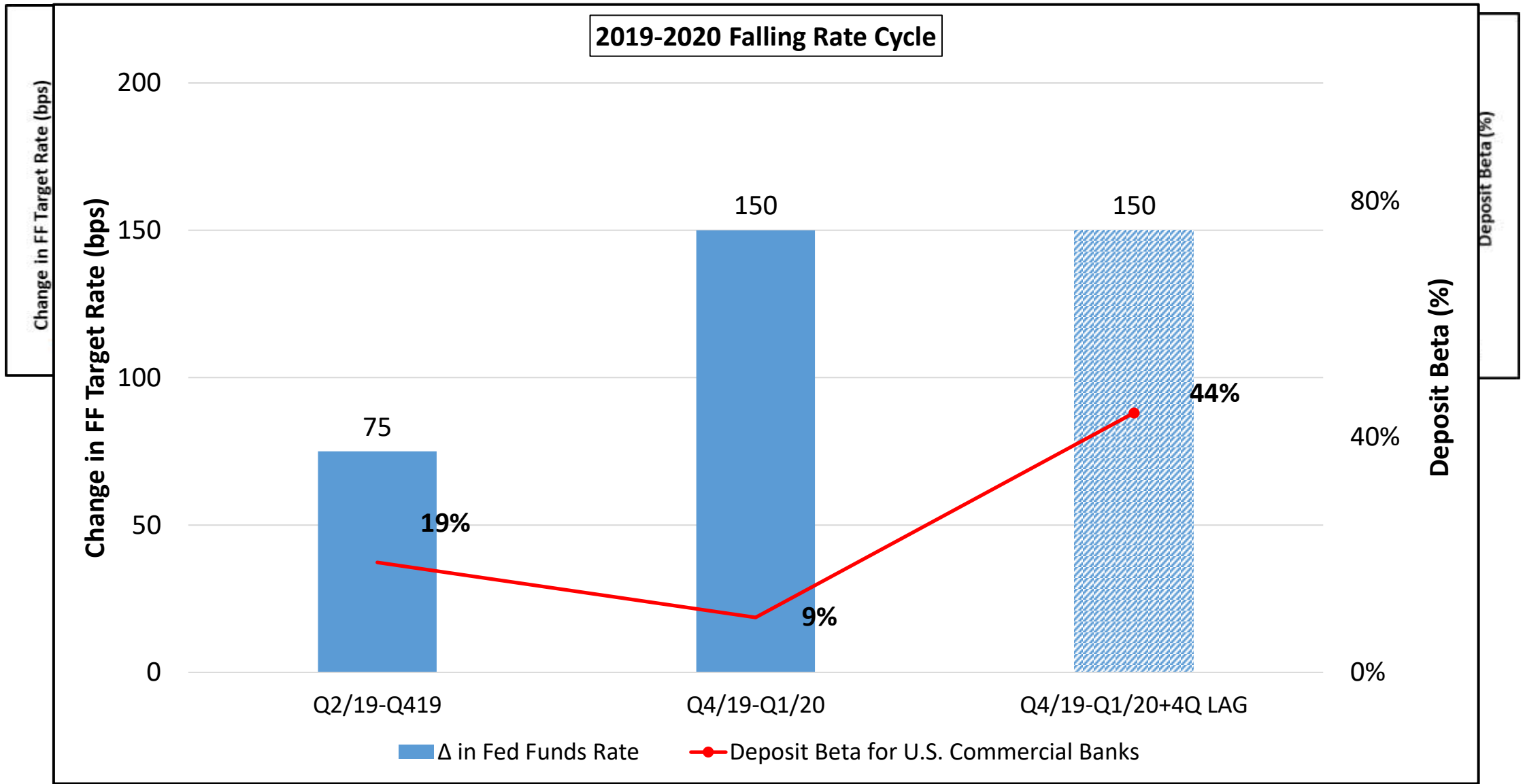
## *Betas: 2007-2009 Cycle*

	Starting Point	Ending Point	Change	Beta
Fed Funds Rate	5.25%	0.25%	5.00%	

## *Betas: 2000-2003 Cycle*

	Starting Point	Ending Point	Change	Beta
Fed Funds Rate	6.50%	1.00%	5.50%	

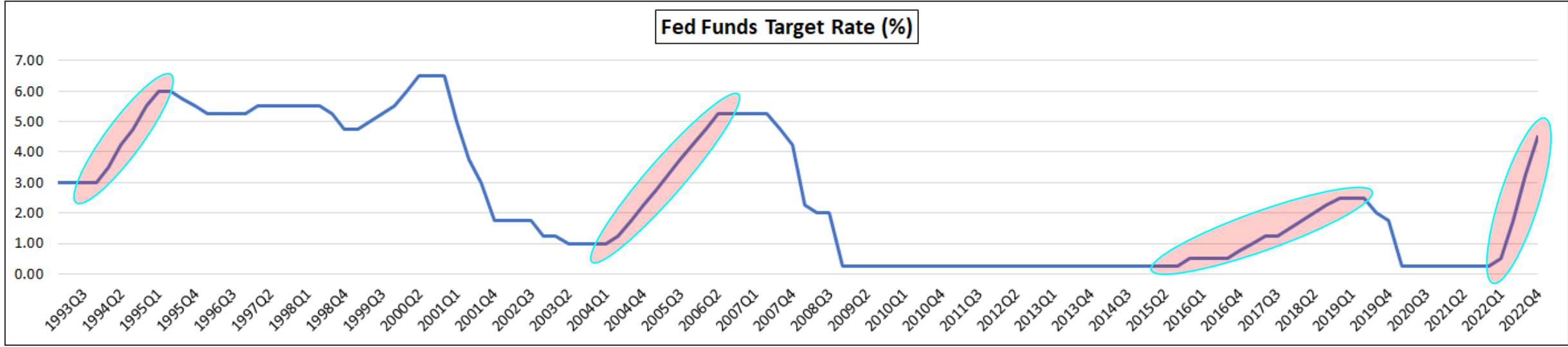
# FED RATE DECREASES AND DEPOSIT BETAS – FALLING RATES



Source: S&P Capital IQ, Data as of 4Q2022, All US Commercial Banks



# FED RATE INCREASES AND DEPOSIT BETAS – RISING RATES



Source: Federal Reserve

# BETAS BASICS – RISING RATES

## *Calculating a Beta*

	<b>Starting Point</b>
Fed Funds Rate	0.25%

# FED RATE INCREASES AND DEPOSIT BETAS – RISING RATES

## *Betas from 1Q2022 - 4Q2022*

	Starting Point	Ending Point	Change	Beta
Fed Funds Rate	0.25%	4.50%	4.25%	

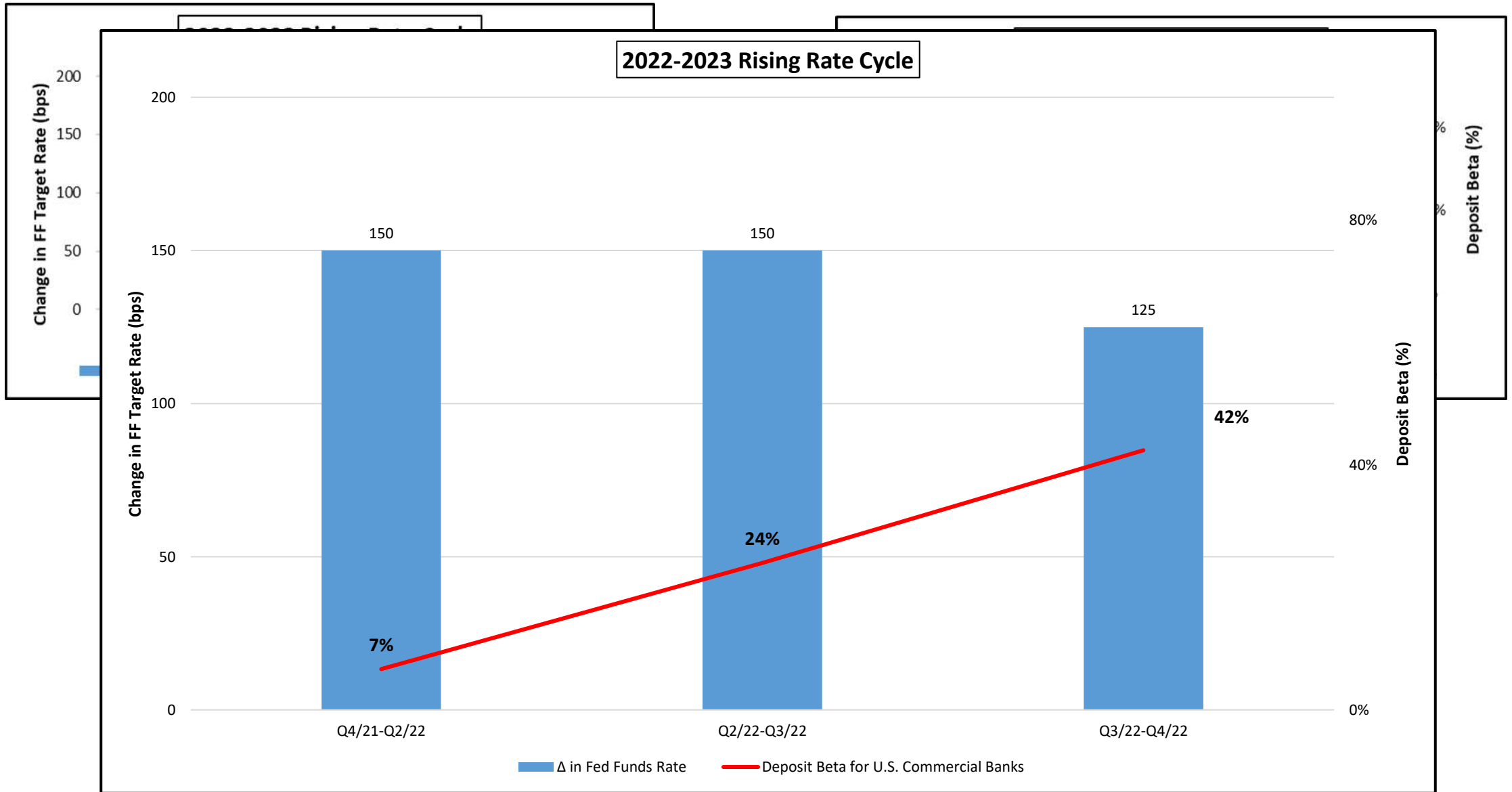
## *Betas: 2015-2018 Cycle*

	Starting Point	Ending Point	Change	Beta
Fed Funds Rate	0.25%	2.50%	2.25%	

## *Betas: 2004-2006 Cycle*

	Starting Point	Ending Point	Change	Beta
Fed Funds Rate	1.00%	5.25%	4.25%	

# FED RATE INCREASES AND DEPOSIT BETAS – RISING RATES



Source: S&P Capital IQ, Data as of 4Q2022, All US Commercial Banks

# FED RATE INCREASES AND DEPOSIT BETAS – RISING RATES

**Betas may appear to be trending lower, but this does not automatically mean cost of funds will see less pressure.**

## ***Betas from 1Q2022 - 4Q2022***

	Starting Point	Ending Point	Change	Beta
Fed Funds Rate	0.25%	4.50%	4.25%	
US Commercial Banks COF	0.14%	1.13%	0.99%	23%

*Beta 8 percentage points lower*

*Change in COF 30 bps higher*

## ***Betas: 2015-2018 Cycle***

	Starting Point	Ending Point	Change	Beta
Fed Funds Rate	0.25%	2.50%	2.25%	
US Commercial Banks COF	0.28%	0.97%	0.69%	31%

# FED RATE INCREASES AND DEPOSIT BETAS – RISING RATES

## *Betas from 1Q2022 - 4Q2022*

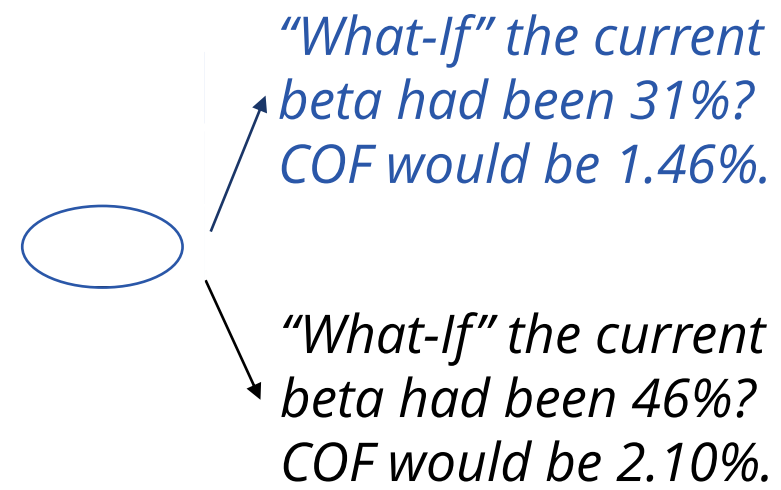
Beta
23%

## *Betas: 2015-2018 Cycle*

Beta
31%

## *Betas: 2004-2006 Cycle*

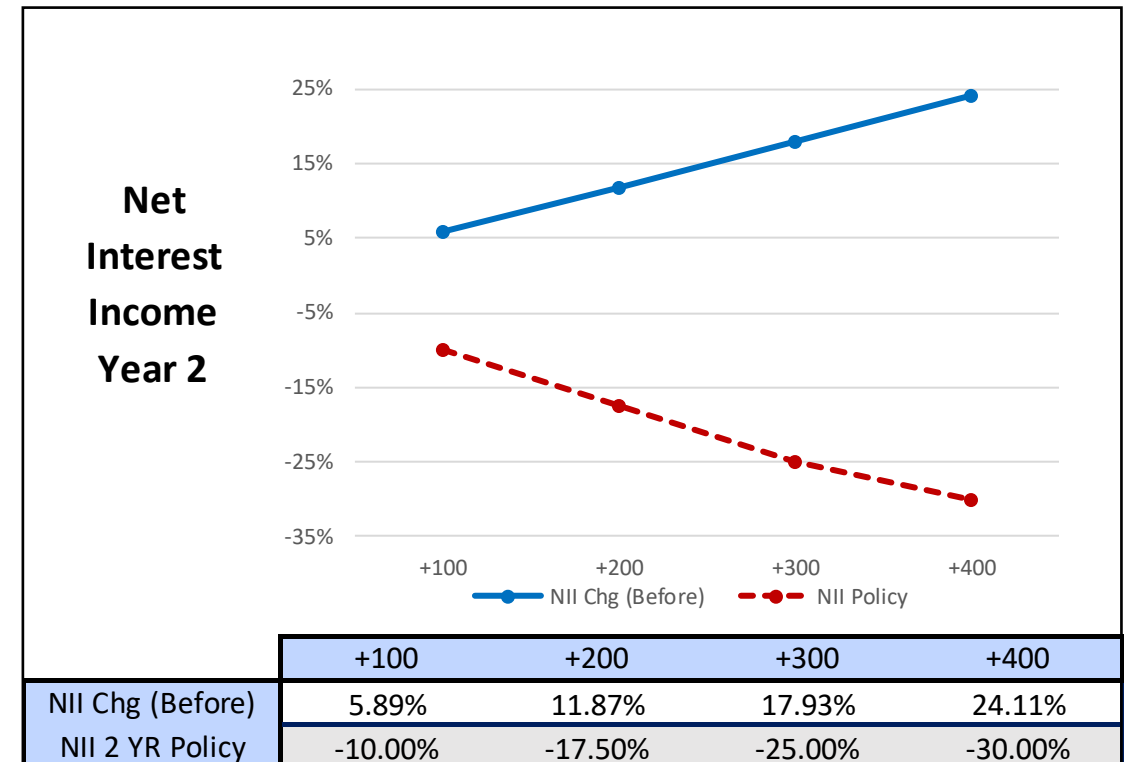
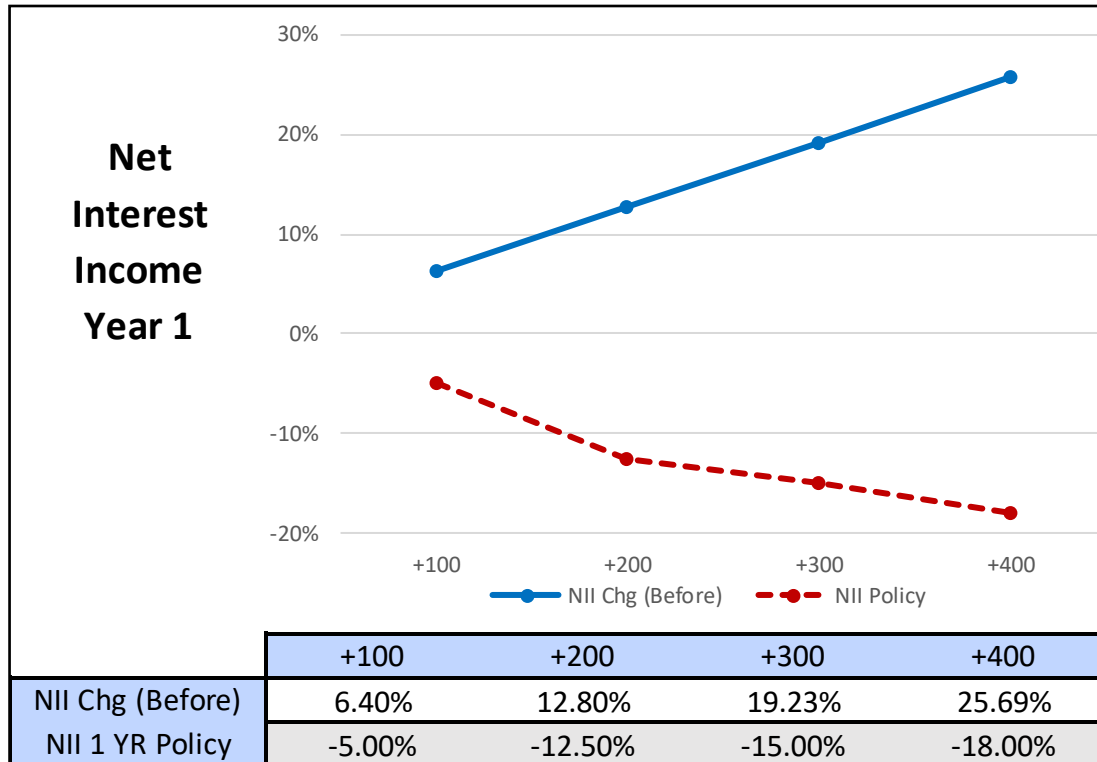
Beta
46%



# BETAS BASICS – SUMMARY AND APPLICATION

- Rising rate cycles are typically gradual.
- The current rising rate cycle is different!
- Betas are dynamic.
- Betas often exhibit a lag compared to the Fed Funds Rate.
- All of this points to the need for bank-specific beta assumptions.

# BANK SPECIFIC ASSUMPTIONS: DEPOSIT BETAS - BEFORE



- ***The bank exhibits asset sensitivity based on beta assumptions that are bank-specific but that are dated.***



# BANK SPECIFIC ASSUMPTIONS: DEPOSIT BETAS - BEFORE

Account	Repricing Correlations %			
	+100	+200	+300	+400
NOW Retail Variable	20	20	20	20
NOW Retail Premium Variable	25	25	25	25
NOW Commercial Variable	20	20	20	20
MMDA Retail Variable	45	45	45	45
MMDA Commercial Premium Variable	50	50	50	50
Savings Retail Variable	25	25	25	25
Savings Retail Premium Variable	30	30	30	30
Savings Commercial Variable	25	25	25	25

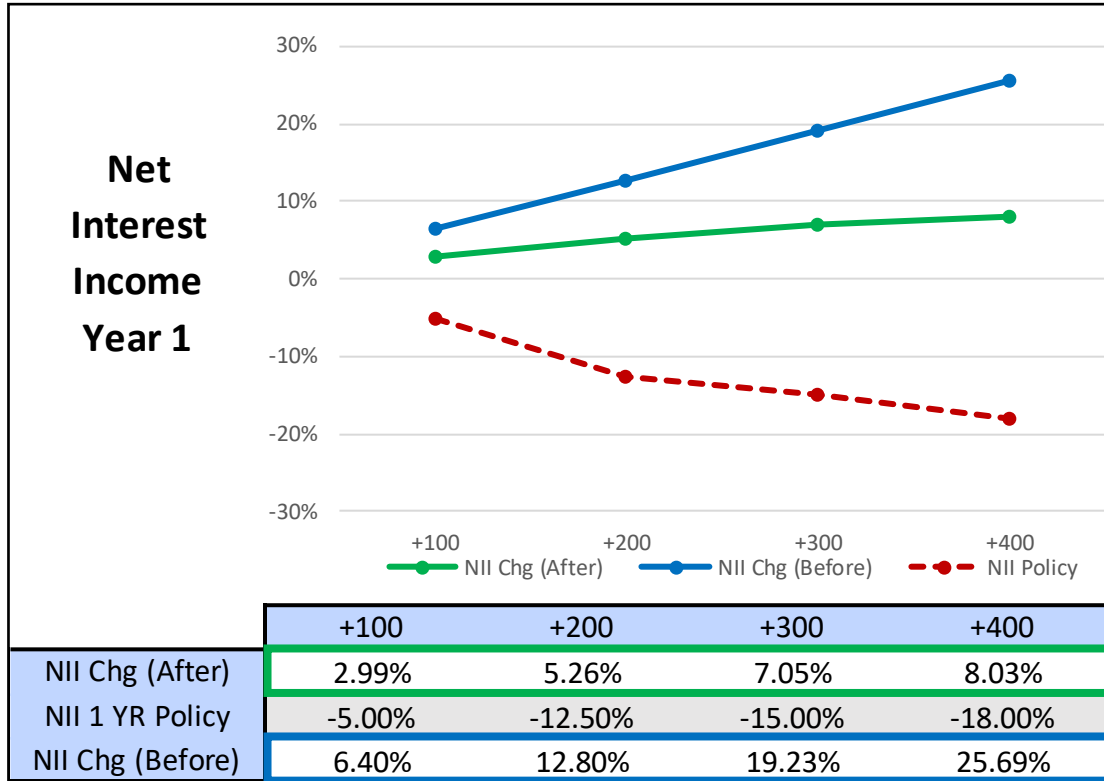
***BEFORE BETA STUDY***

Account	Repricing Correlations %			
	+100	+200	+300	+400
NOW Retail Variable	20	20	20	20
NOW Retail Premium Variable	25	25	25	25
NOW Commercial Variable	20	20	20	20
MMDA Retail Variable	45	45	45	45
MMDA Commercial Premium Variable	50	50	50	50
Savings Retail Variable	25	25	25	25
Savings Retail Premium Variable	30	30	30	30
Savings Commercial Variable	25	25	25	25

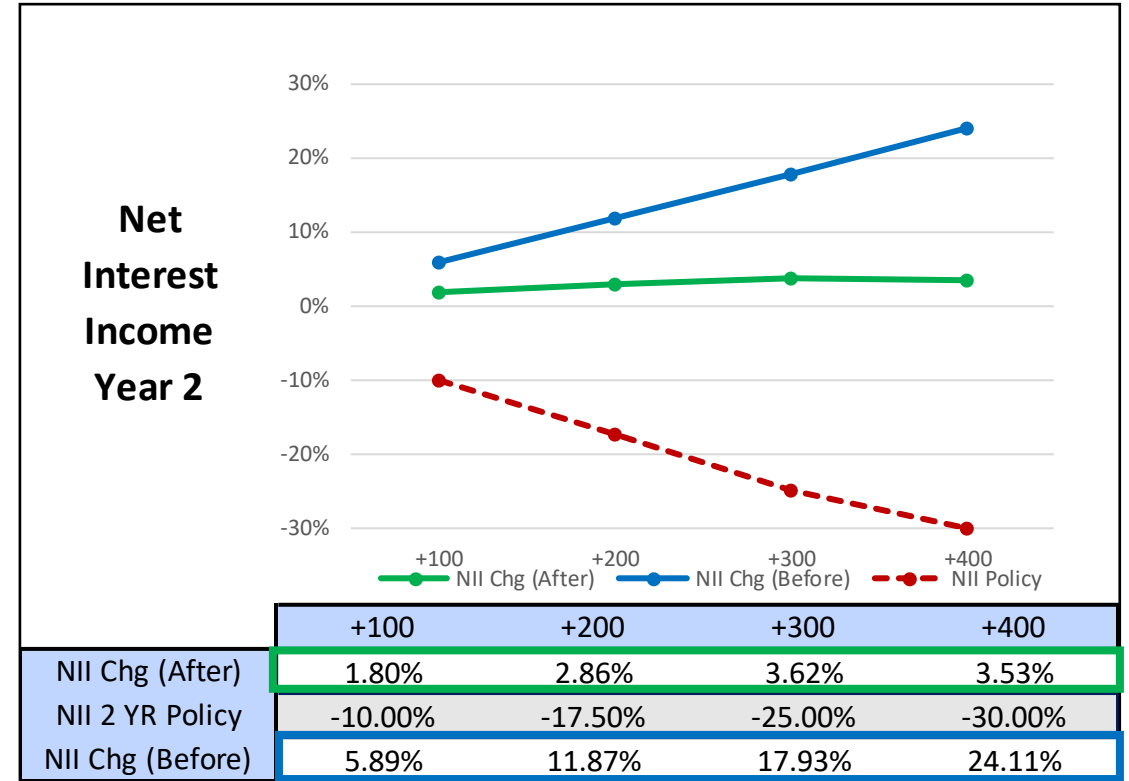
***AFTER BETA STUDY***

Account	Repricing Correlations %			
	+100	+200	+300	+400
NOW Retail Variable	12	15	17	20
NOW Retail Premium Variable	12	15	17	20
NOW Commercial Variable	12	15	17	20
MMDA Retail Variable	75	78	80	83
MMDA Commercial Premium Variable	75	78	80	83
Savings Retail Variable	60	63	67	70
Savings Retail Premium Variable	60	63	67	70
Savings Commercial Variable	60	63	67	70

# BANK SPECIFIC ASSUMPTIONS: DEPOSIT BETAS - AFTER



• *The net interest income results show reduced asset sensitivity in year 1.*



• *In year 2, the profile also shows reduced asset sensitivity.*

• *This is more representative of the bank's true risk profile.*

# BANK SPECIFIC ASSUMPTIONS: DEPOSIT BETA STRESS

## ***AFTER BETA STUDY***

Account	Repricing Correlations %			
	+100	+200	+300	+400
NOW Retail Variable	12	15	17	20
NOW Retail Premium Variable	12	15	17	20
NOW Commercial Variable	12	15	17	20
MMDA Retail Variable	75	78	80	83
MMDA Commercial Premium Variable	75	78	80	83
Savings Retail Variable	60	63	67	70
Savings Retail Premium Variable	60	63	67	70
Savings Commercial Variable	60	63	67	70

## ***AFTER BETA STUDY – WITH STRESS***

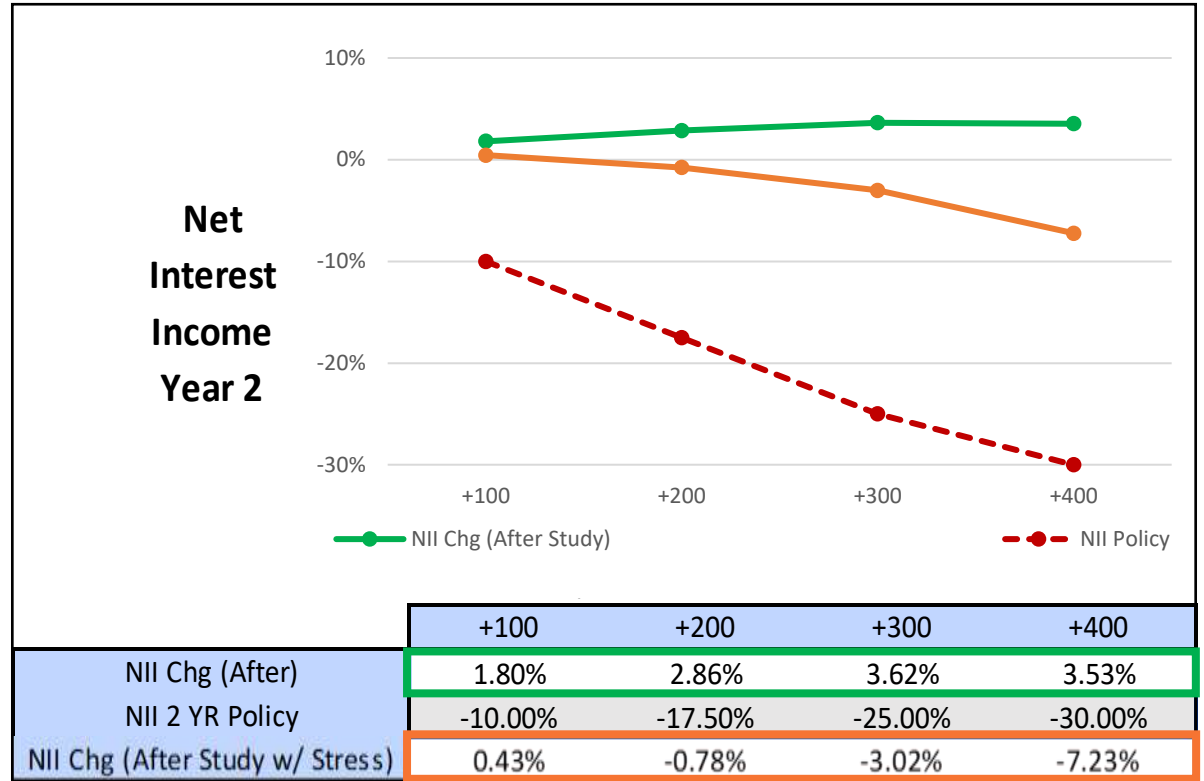
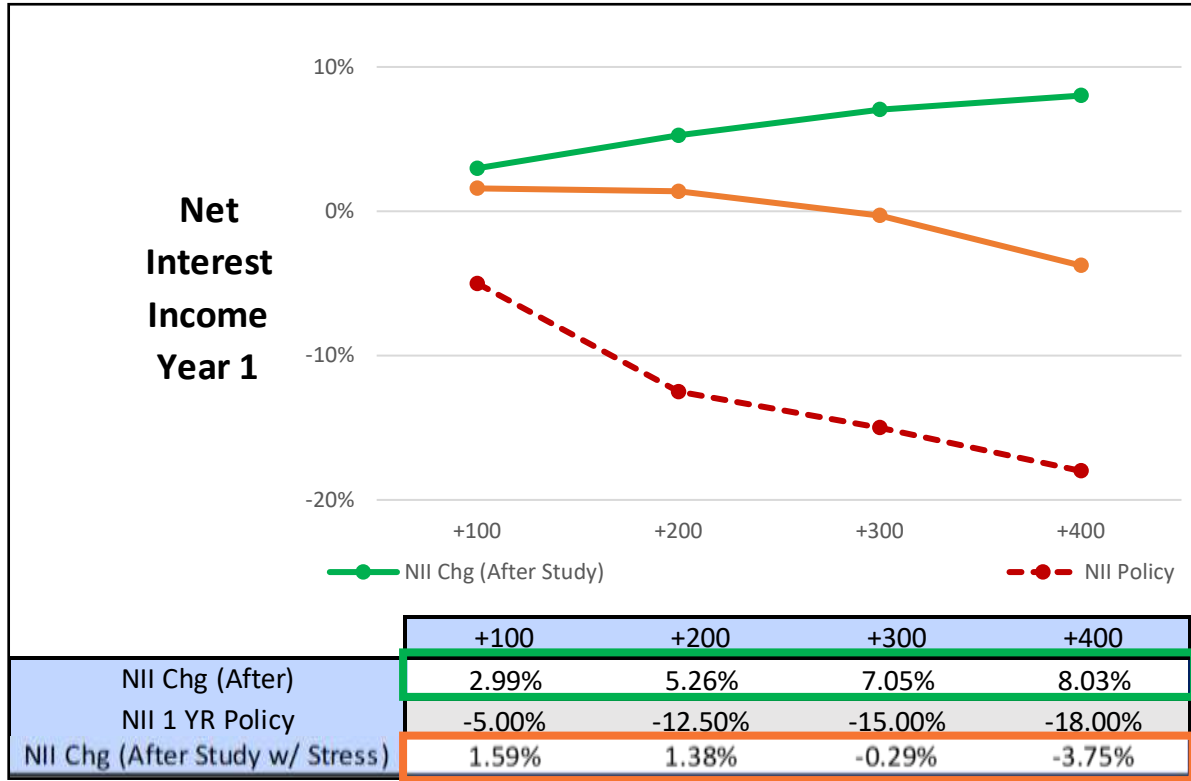
Account	Repricing Correlations %			
	+100	+200	+300	+400
NOW Retail Variable	24	30	34	40
NOW Retail Premium Variable	24	30	34	40
NOW Commercial Variable	24	30	34	40
MMDA Retail Variable	90	93	95	98
MMDA Commercial Premium Variable	90	93	95	98
Savings Retail Variable	75	78	82	85
Savings Retail Premium Variable	75	78	82	85
Savings Commercial Variable	75	78	82	85

***NOW account betas doubled***

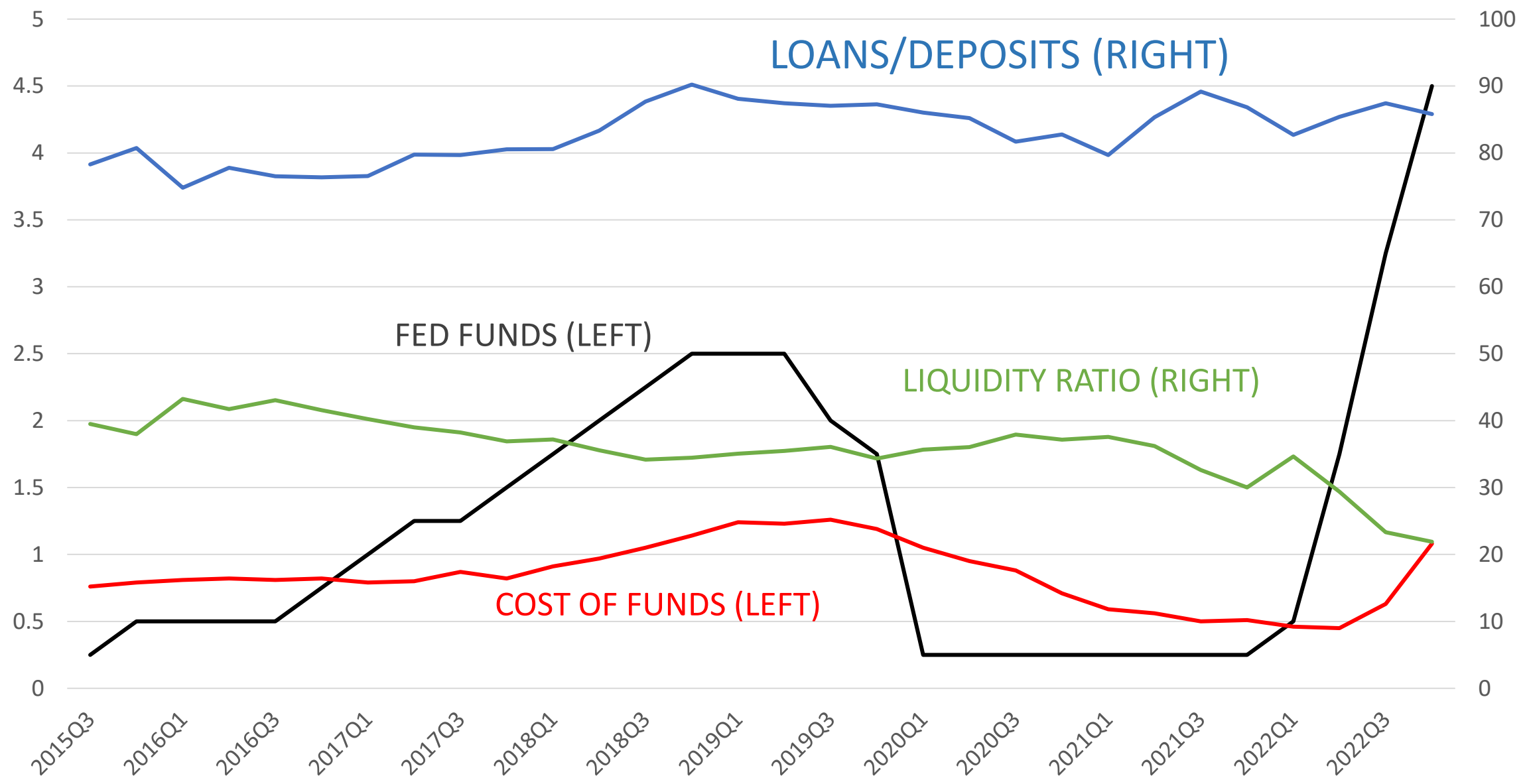
***MMDA betas increased 15 percentage points***

***Savings betas increased 15 percentage points***

# BANK SPECIFIC ASSUMPTIONS: DEPOSIT BETA STRESS



# STUDY THE PAST – HISTORICAL RELATIONSHIP OF COF/LIQ



Source: S&P Global Market Intelligence; Banks <\$10Billion

# MONITOR THE PRESENT – LIQUIDITY LIMITATIONS

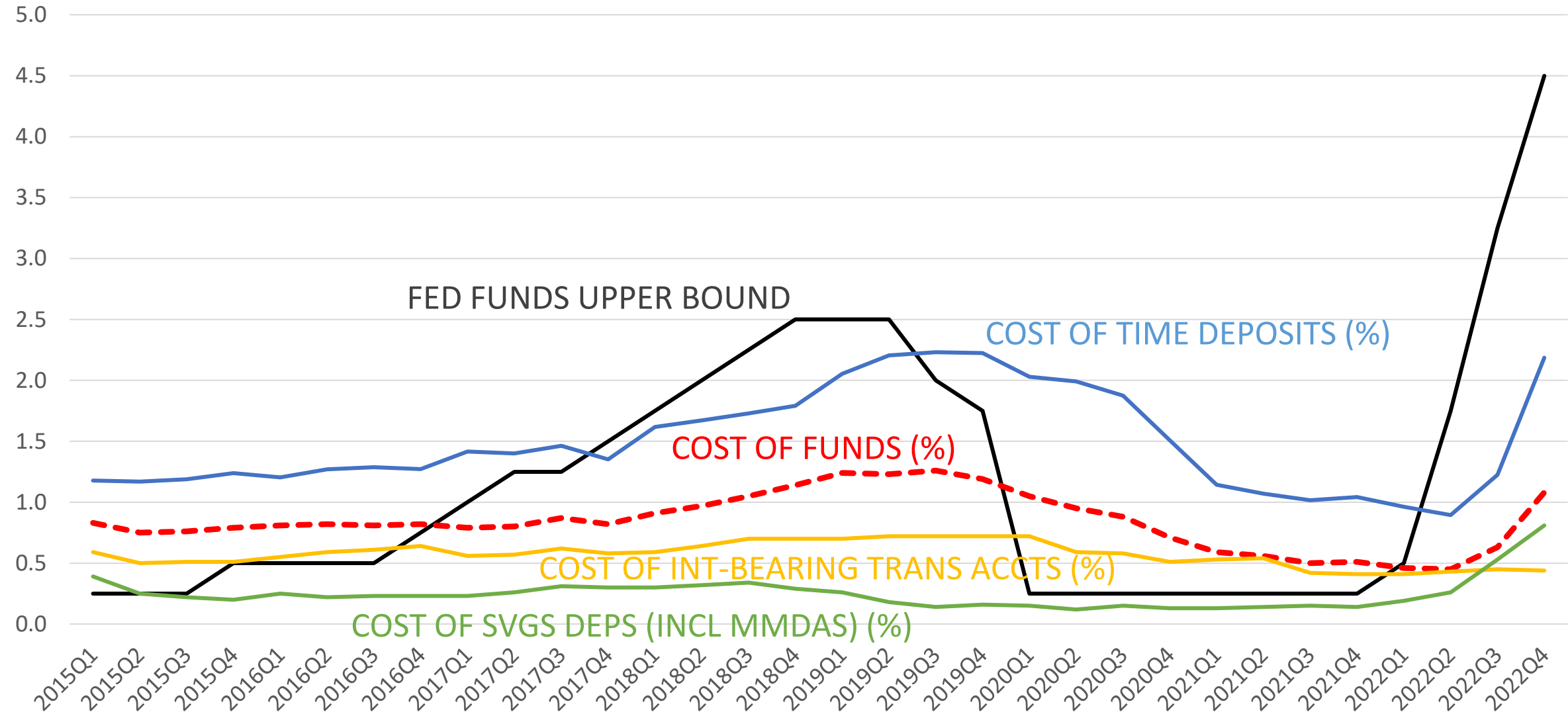
## Unrealized Gains (Losses) on Investment Securities



Source: FDIC.

Note: Insured Call Report filers only.

# STUDY THE PAST – HISTORICAL RELATIONSHIP OF DEPOSIT COSTS



Source: S&P Global Market Intelligence; Banks <\$10Billion



# STUDY THE PAST – UNDERSTANDING THE DEPOSIT BASE

Wholesale Funding:  
Brokered Deposits  
Internet CDs  
Fed Funds

Bank Deposits	
WSF / FHLB	Highly Rate Sensitive
Public Funds	
Time Deposits	
MMDA	Somewhat Rate Sensitive
SAV	Less Rate Sensitive
NOW	
DDA	Stable, Core Funding



General Population  
Balances <\$50K  
Less Rate Sensitive

Excess Savers  
Balances <\$150K  
Somewhat Rate Sensitive

HNW, Public Funds, Rate  
Shoppers  
Balances >\$150K  
Highly Rate Sensitive

When poll is active, respond at [pollev.com/sw370](https://pollev.com/sw370)

Text **SW370** to **22333** once to join

# Which of your depositors had the biggest impact on Cost of Funds?

Public Funds

Certificates of Deposit

Business

Consumer (Savings/Money Market)

# STUDY THE PAST – UNDERSTANDING THE DEPOSIT BASE

## Deposit Stratification

Deposit Category	Current Balance	Wgt. Rate
Free Checking	154,376,030	0.000%
Interst Checking	82,397,441	0.171%
Savings	162,170,709	0.339%
Money Market	137,418,051	1.631%
<b>Total Deposits</b>	<b>536,362,231</b>	<b>0.547%</b>

0-50K	Wgt. Rate	50-150K	Wgt. Rate	>150K	Wgt. Rate
53,629,590	0.000%	30,152,602	0.000%	70,593,838	0.000%
27,771,477	0.100%	23,420,053	0.150%	31,205,910	0.250%
48,129,612	0.150%	61,648,221	0.350%	52,392,876	0.500%
18,823,197	0.750%	56,862,911	1.250%	61,731,943	2.250%
<b>148,353,876</b>	<b>0.163%</b>	<b>172,083,788</b>	<b>0.559%</b>	<b>215,924,567</b>	<b>0.801%</b>



General Population  
Balances <\$50K  
Less Rate Sensitive

Excess Savers  
Balances <\$150K  
Somewhat Rate Sensitive

HNW, Public Funds, Rate Shoppers  
Balances >\$150K  
Highly Rate Sensitive

# STUDY THE PAST – UNDERSTANDING THE DEPOSIT BASE

If we saw deposit runoff, where did it come from?

Were we tracking the runoff?

Deposit Type	Nov	Dec	Jan	Feb	Mar	Total	% of Total
Brokers	3,130,000	784,000	1,387,645	265,000	452,000	6,018,645	37.10%
Money Managers	715,000	935,000	650,000	2,145,000	260,416	4,705,416	29.01%
Other Fin. Inst.	20,000	100,000	2,000,000	230,000	187,000	2,537,000	15.64%
First Bank	-	300,000	-	125,000	200,000	625,000	3.85%
Farmers Bank	170,000	5,000	182,516	219,526	500,000	1,077,042	6.64%
Peoples Bank	200,000	310,000	100,000	260,000	149,461	1,019,461	6.28%
Credit Union	120,000	80,000	-	-	40,000	240,000	1.48%
<b>Grand Total</b>	<b>4,355,000</b>	<b>2,514,000</b>	<b>4,320,161</b>	<b>3,244,526</b>	<b>1,788,877</b>	<b>16,222,564</b>	<b>100%</b>

Who were we competing with?

Which accounts are leaving?

# RATE ADJUSTMENT SURGERY

**Bankers/Surgeon's toolkit for Deposit Pricing**

**Scalpel  
Carving Knife  
Chainsaw**

**What are the benefits of each?**

**What are the drawbacks?**



# RATE ADJUSTMENT SURGERY

## Chainsaw Pricing



**Results in highest increase  
in Cost of Funds**

**Making large adjustments to all tiers  
across product lineup for retention**

**We award the rate sensitive AND  
the non-rate sensitive customers**

**What if our adjustment doesn't  
satisfy everyone?**

# RATE ADJUSTMENT SURGERY



## Carving Knife Pricing

**Moderate increase in Cost of Funds**

**Making adjustments to most tiers,  
risking some lower balance runoff**

**We award the rate sensitive AND  
the non-rate sensitive customers**

**What if they are expecting more?**

**What if they start to look around?**

# RATE ADJUSTMENT SURGERY

## Scalpel Defensive Pricing



**Making adjustments to top tiers,  
pricing above a lower rate sheet**

**Top-down defensive strategy**

**Accept rate-sensitive runoff**

**Use deposit monitoring to find  
targeted depositors**



# STUDY THE PAST – DEPOSIT PRICING SURGERY

Bank's offered CD specials for the rate sensitive; some publicized, some not publicized

	Bank CD Special -	4.50%		<b>What does it cost to post a special?</b>
			Int. Exp.	
CDs repricing @ 4.50%	1,000,000		30,000	<b>Reprice customers from 1.5% to 4.5%</b>
Non-Maturity Conversion + 3.50%	2,000,000		70,000	<b>Savings converts from 1% to 4.5%</b>
New CD Growth @ 4.5%	500,000		22,500	<b>Minor growth</b>
<b>Total Funding Repriced</b>	<b>3,500,000</b>		<b>122,500</b>	<b>Increase in Funding Costs</b>

# STUDY THE PAST – DEPOSIT PRICING SURGERY

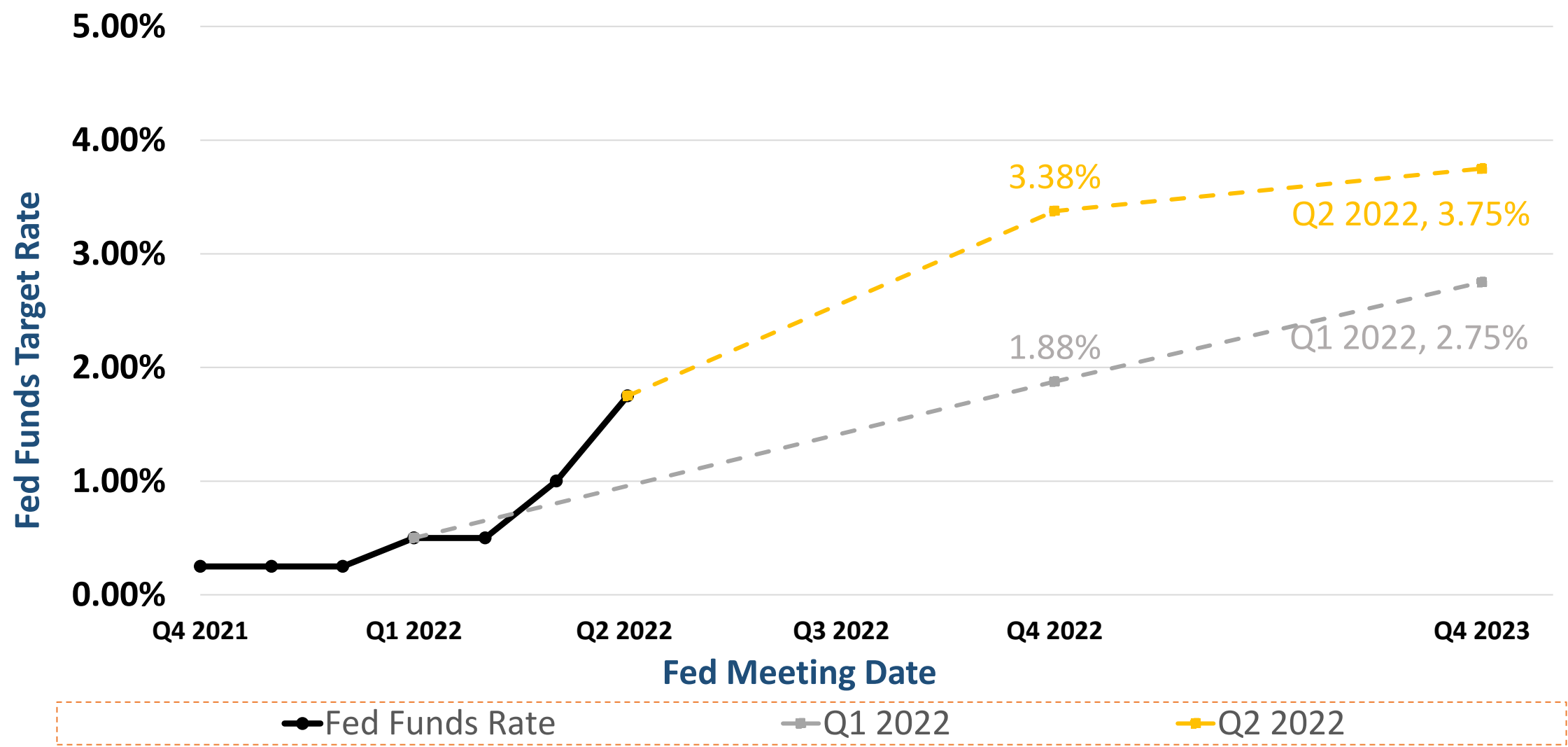
Bank's offered CD specials for the rate sensitive; some publicized, some not publicized

**What if we are more defensive but see runoff?**

Exception Price certain CDs - 4.00%

		Int. Exp.	
CDs repricing @ 4.00%	750,000	18,750	<b>Reprice certain customers from 1.5% to 4.0%</b>
Non-Maturity Retention + 2.00%	1,500,000	30,000	<b>Less conversion from 1% to 3%</b>
New CD Growth	-	-	
New Borrowings @ 5.00%	1,250,000	62,500	<b>Replace lost deposits</b>
<b>Total Funding Repriced</b>	<b>3,500,000</b>	<b>111,250</b>	<b>Increase in Funding Costs</b>

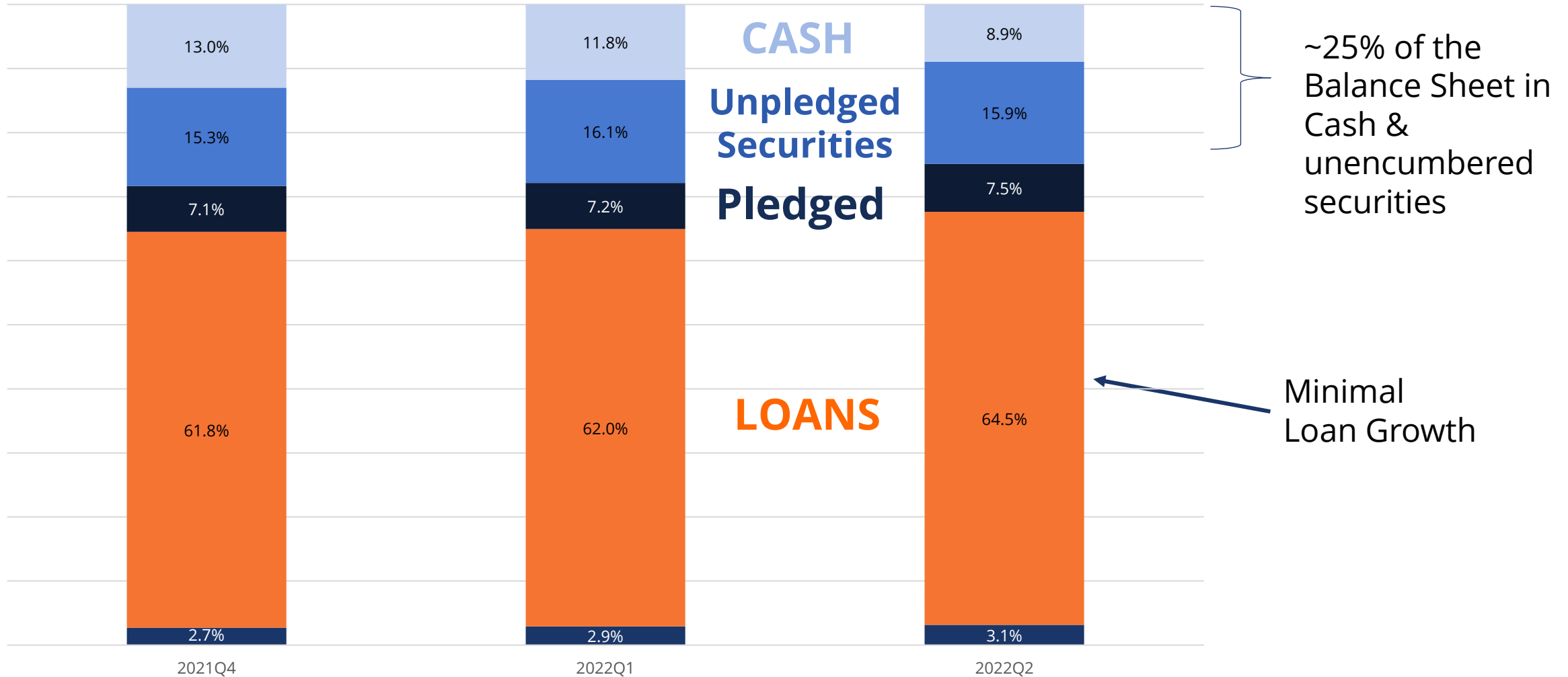
# STUDY THE PAST – Changing Expectations



Source: Federal Reserve Bank

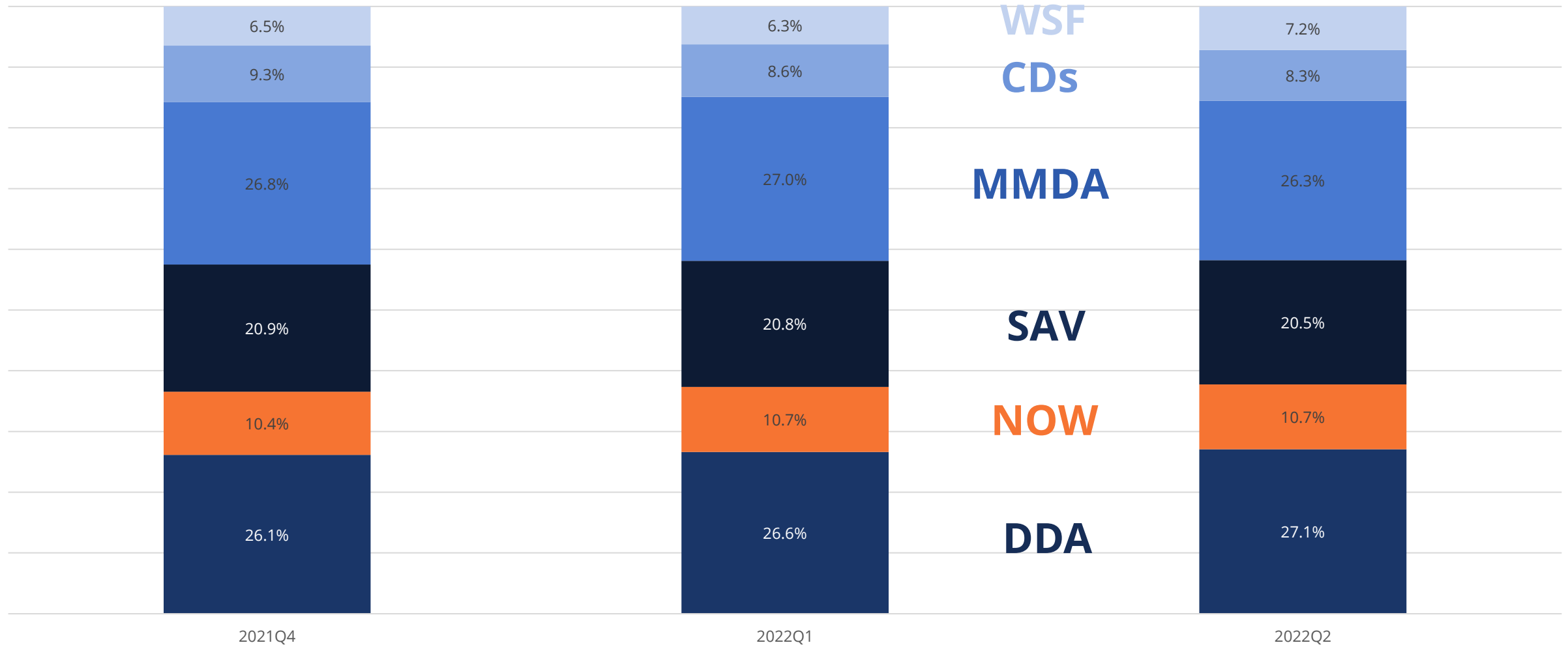
# STUDY THE PAST – Bank Asset Mix – June 30, 2022

Date	Deposit Pricing Strategy	Fed Funds	2YR Treasury	1YR Brokered	5YR FHLB	Industry COF
June 2022	Banks lag Fed Rate Moves	1.75%	2.97%	2.85%	3.11%	0.27%

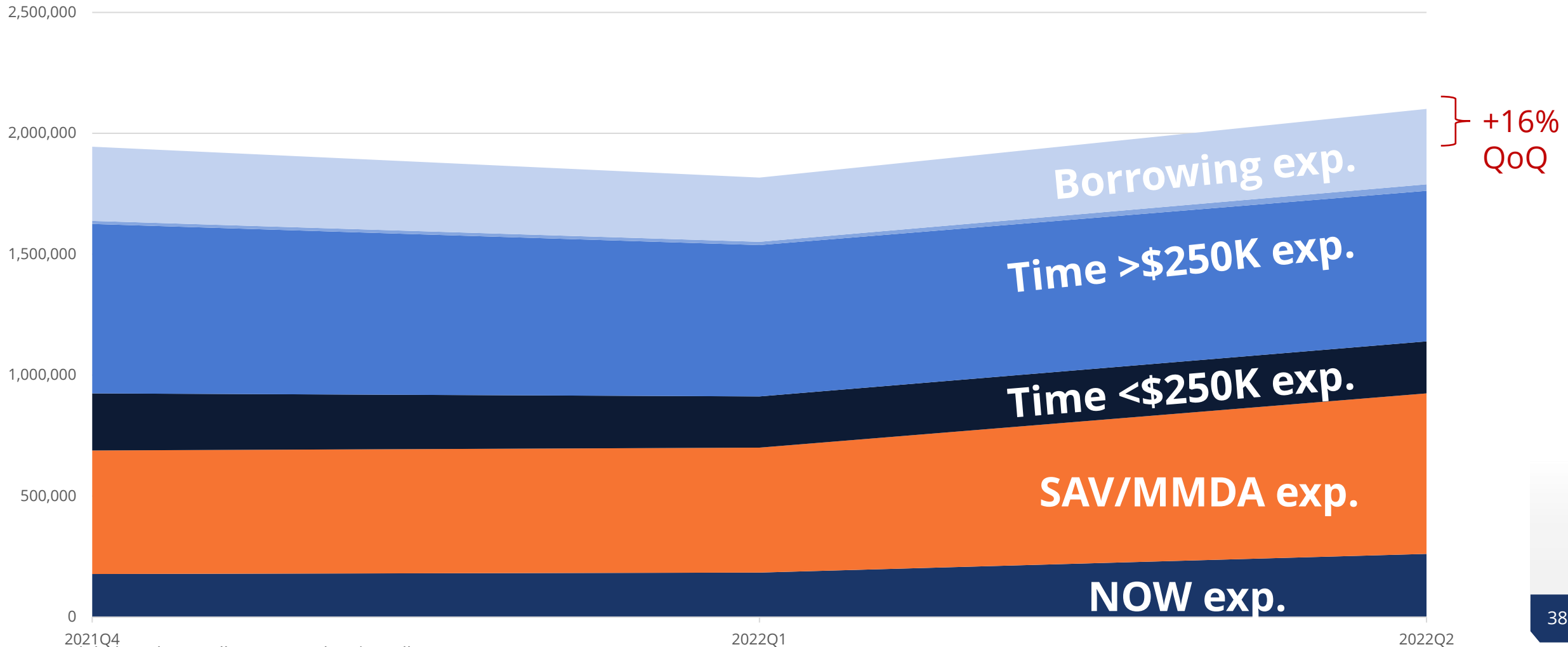


# STUDY THE PAST – Bank Liability Mix – June 30, 2022

Date	Deposit Pricing Strategy	Fed Funds	2YR Treasury	1YR Brokered	5YR FHLB	Industry COF
June 2022	Banks lag Fed Rate Moves	1.75%	2.97%	2.85%	3.11%	0.27%



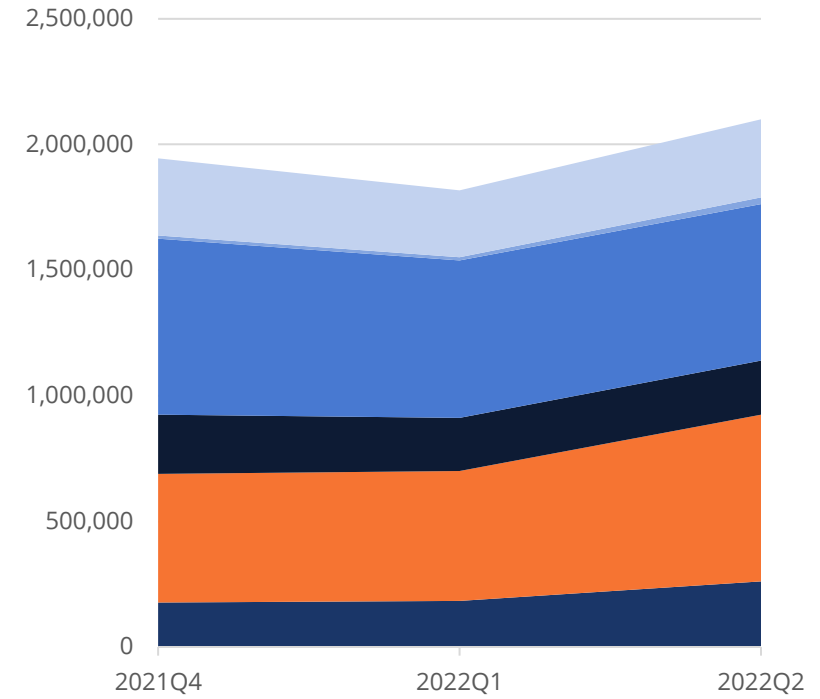
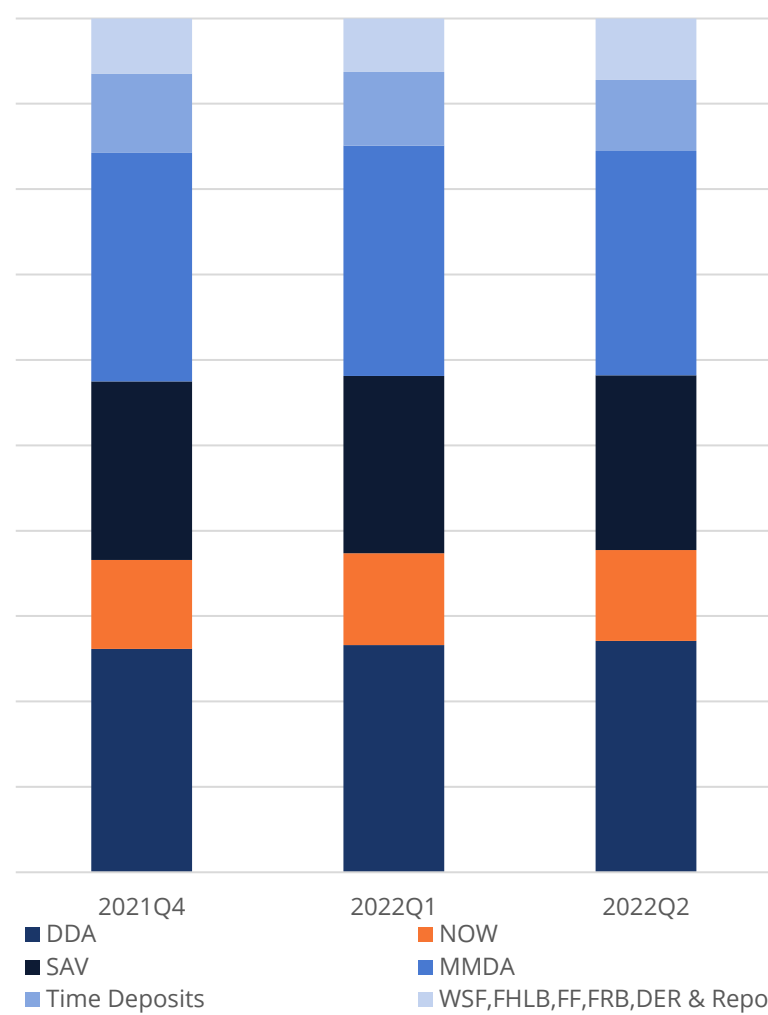
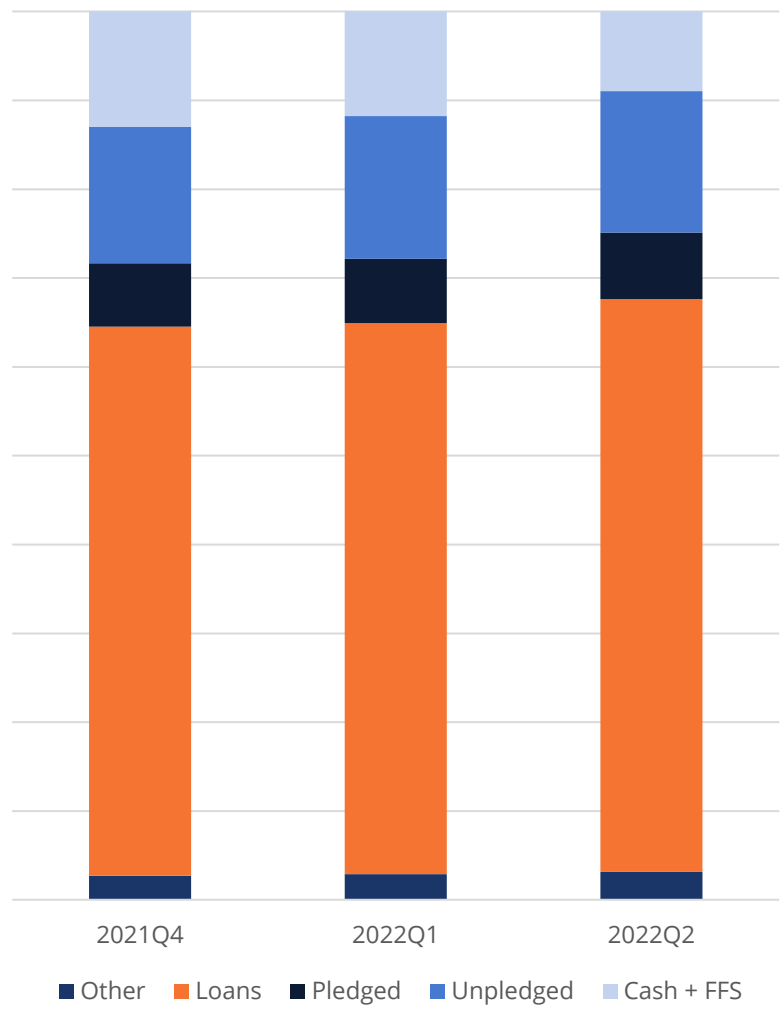
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Source: S&P Global Market Intelligence: Banks <\$10Billion

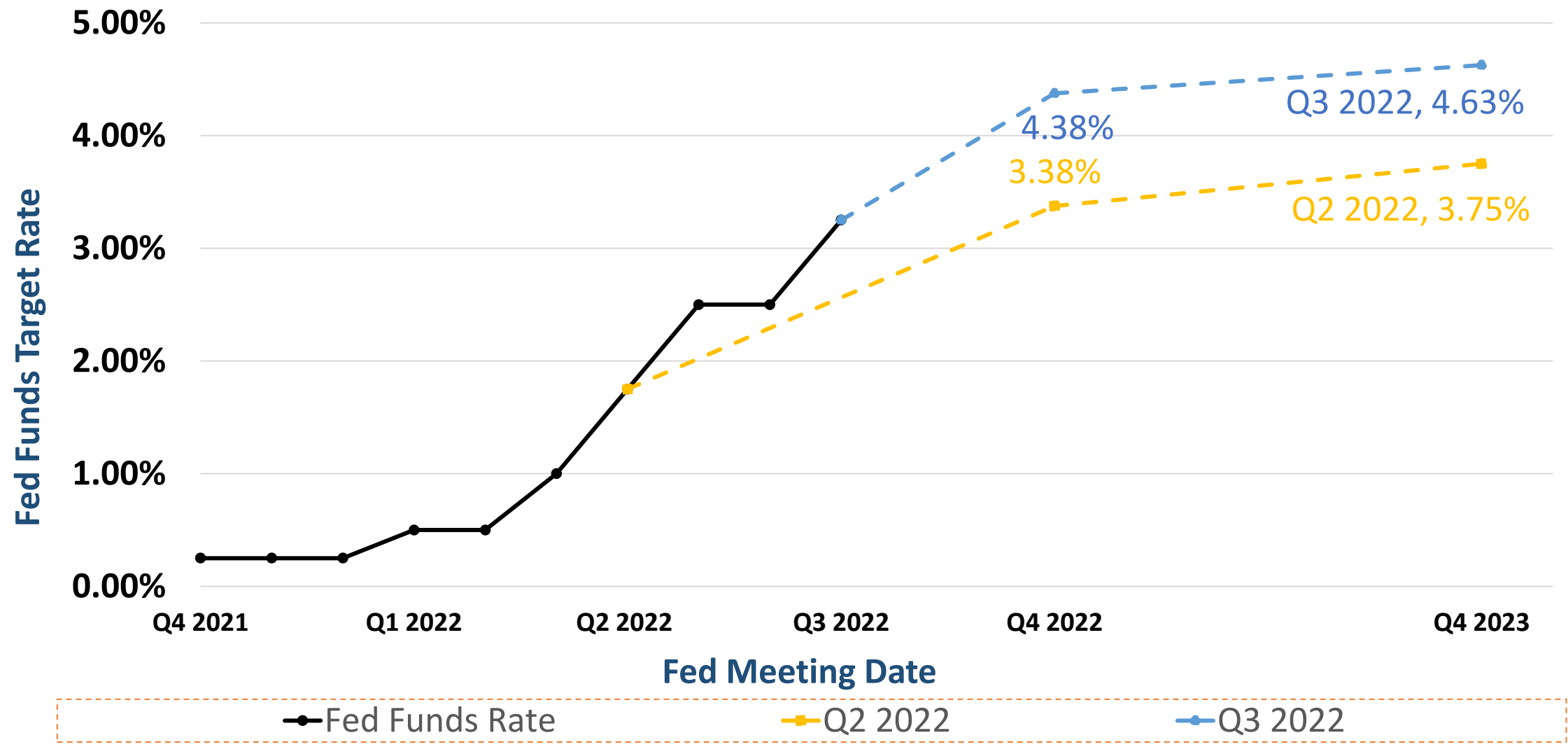
# STUDY THE PAST – Summary of Performance – June 30, 2022

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June 2022	Banks lag Fed Rate Moves	1.75%	2.97%	2.85%	3.11%	0.27%



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# STUDY THE PAST – Changing Expectations

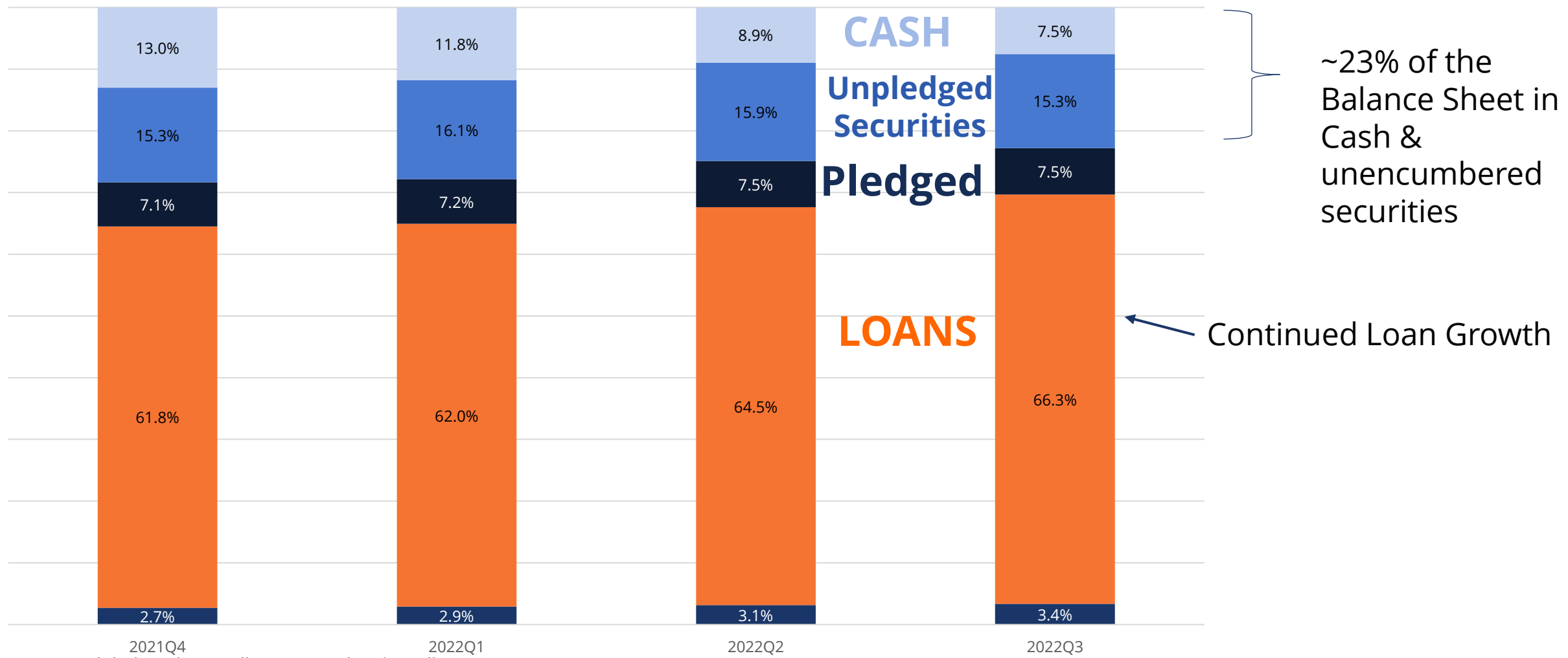


Source: Federal Reserve Bank



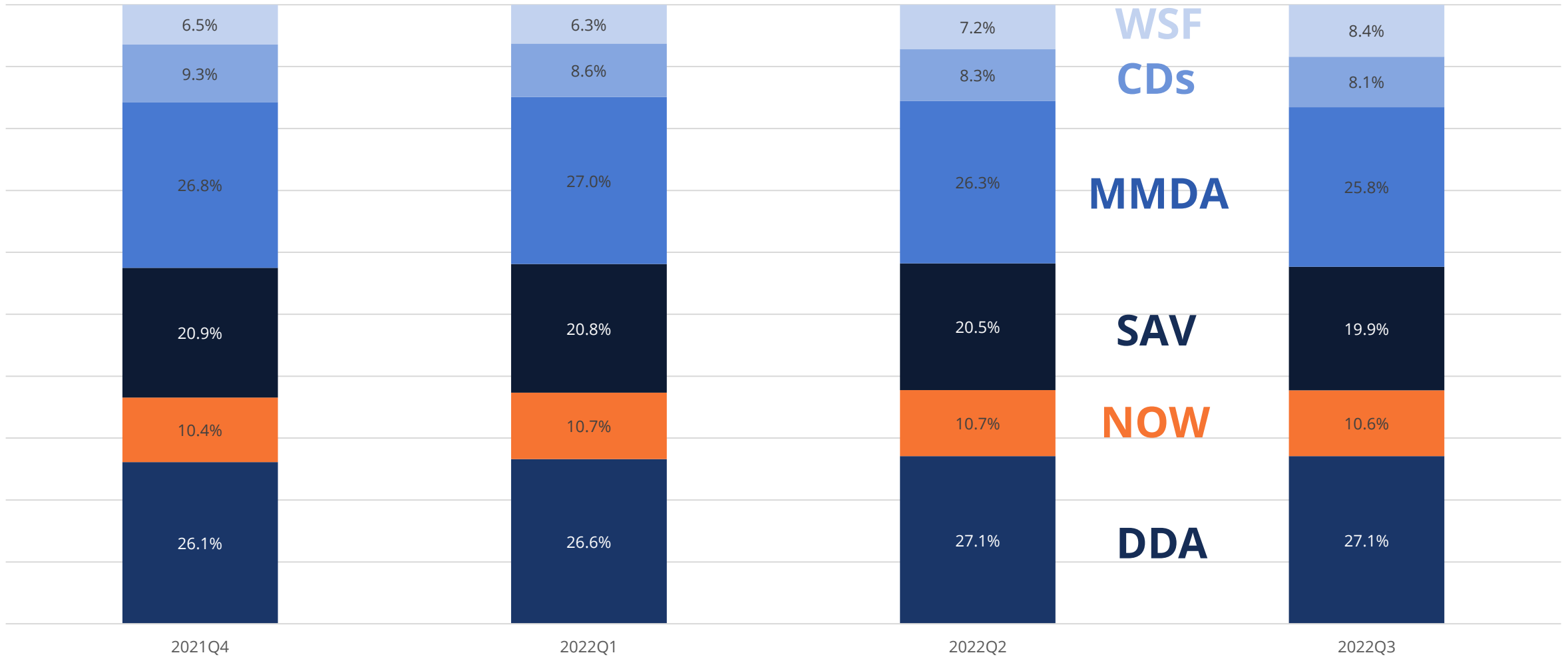
# STUDY THE PAST – Bank Asset Mix – September 30 , 2022

Date	Deposit Pricing Strategy	Fed Funds	2YR Treasury	1YR Brokered	5YR FHLB	Industry COF
September 2022	Only reward worthy customers	3.25% +150bps	4.22% +125bps	4.00% +115bps	4.22% +111bps	0.43% +16bps



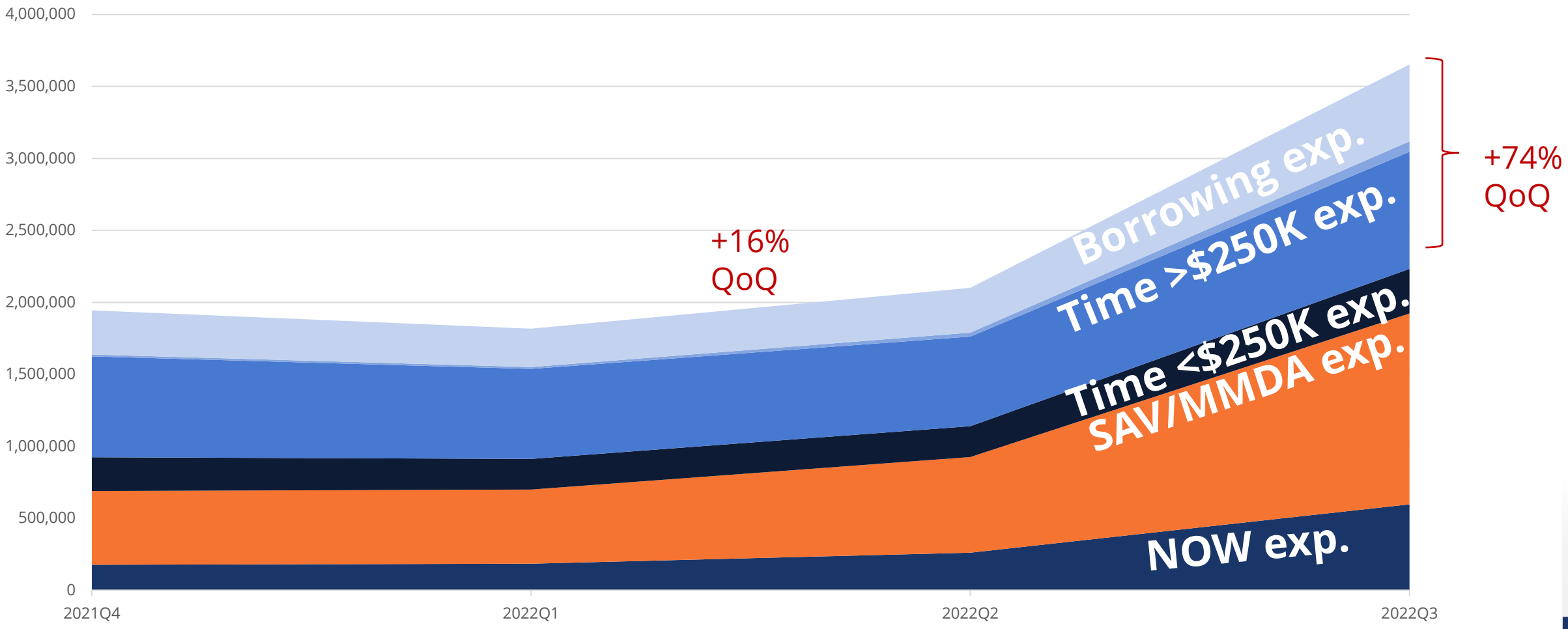
**HUB** **TAYLOR ADVISORS** **STUDY THE PAST – Bank Liability Mix – September 30, 2022**

Date	Deposit Pricing Strategy	Fed Funds	2YR Treasury	1YR Brokered	5YR FHLB	Industry COF
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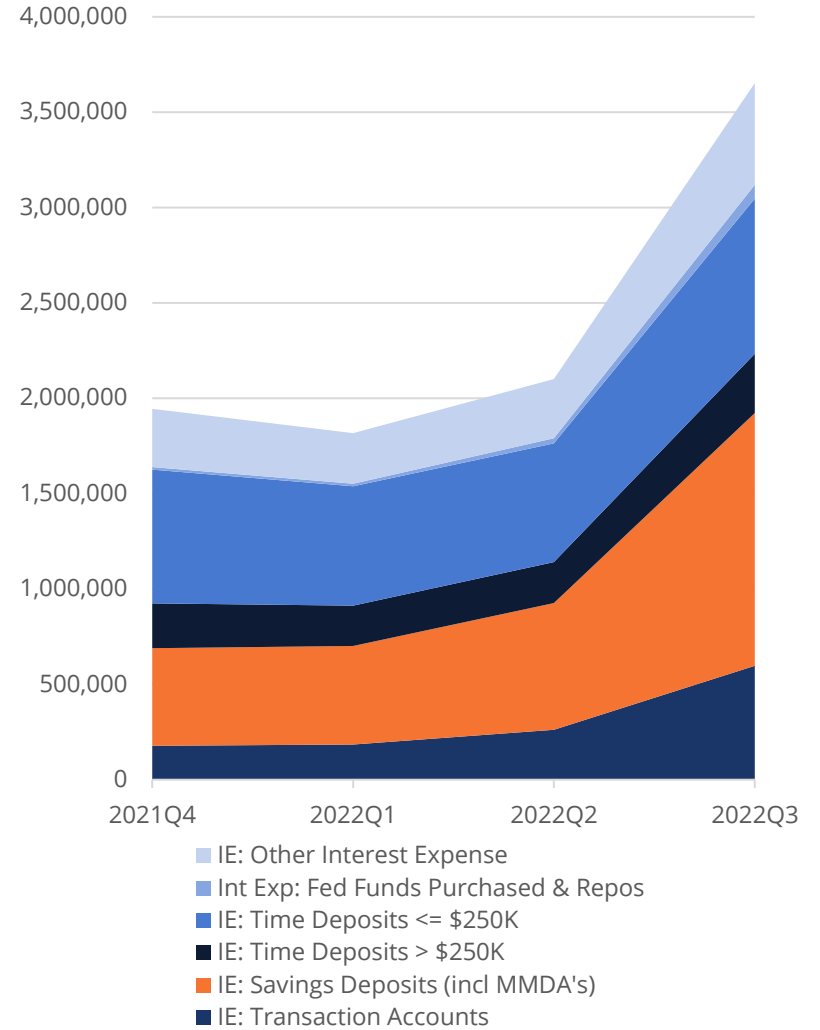
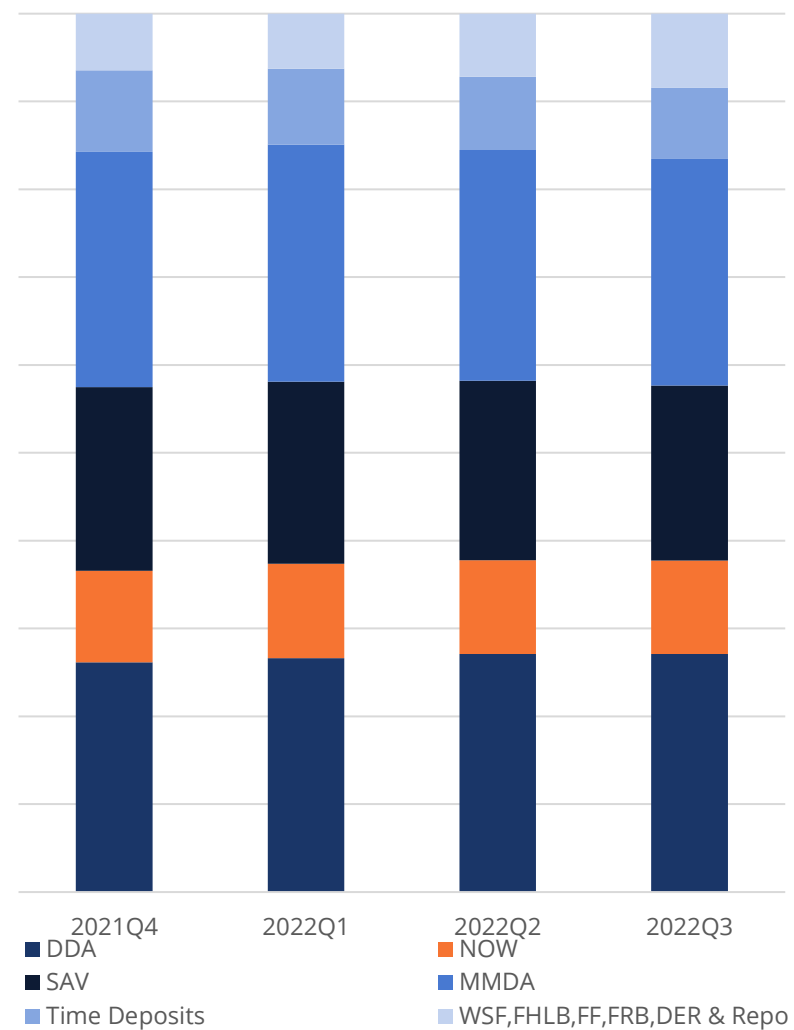
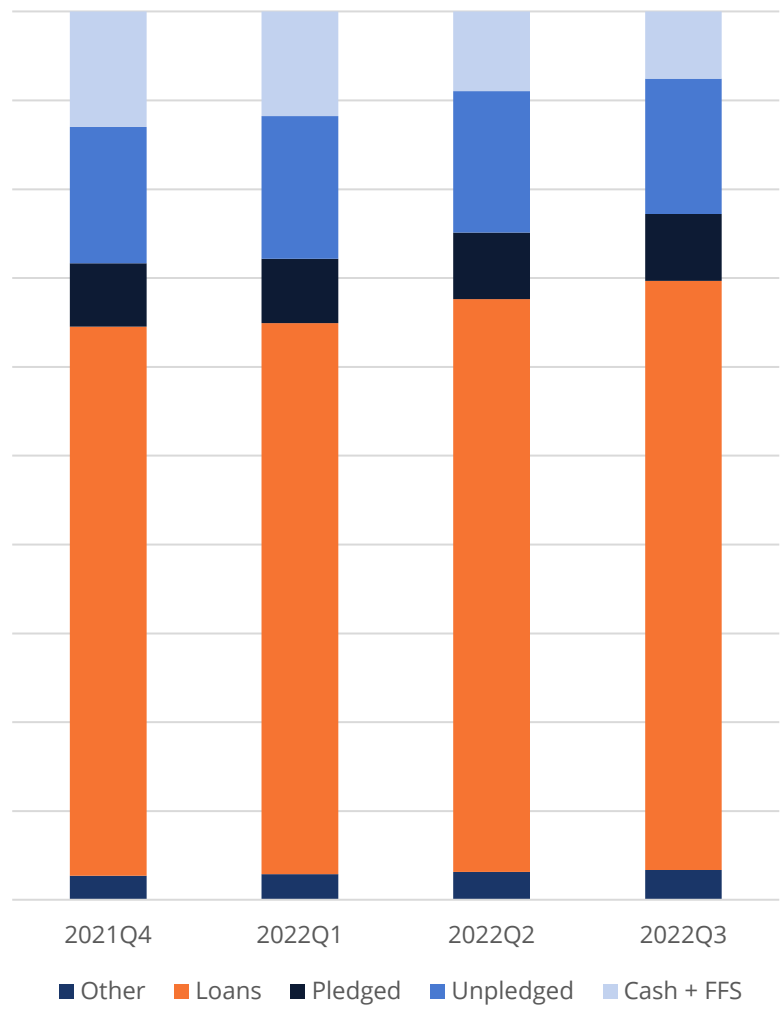


# STUDY THE PAST – Bank Funding Costs – September 30, 2022

Date	Deposit Pricing Strategy	Fed Funds	2YR Treasury	1YR Brokered	5YR FHLB	Industry COF
September 2022	Only reward worthy customers	3.25% +150bps	4.22% +125bps	4.00% +115bps	4.22% +111bps	0.43% +16bps

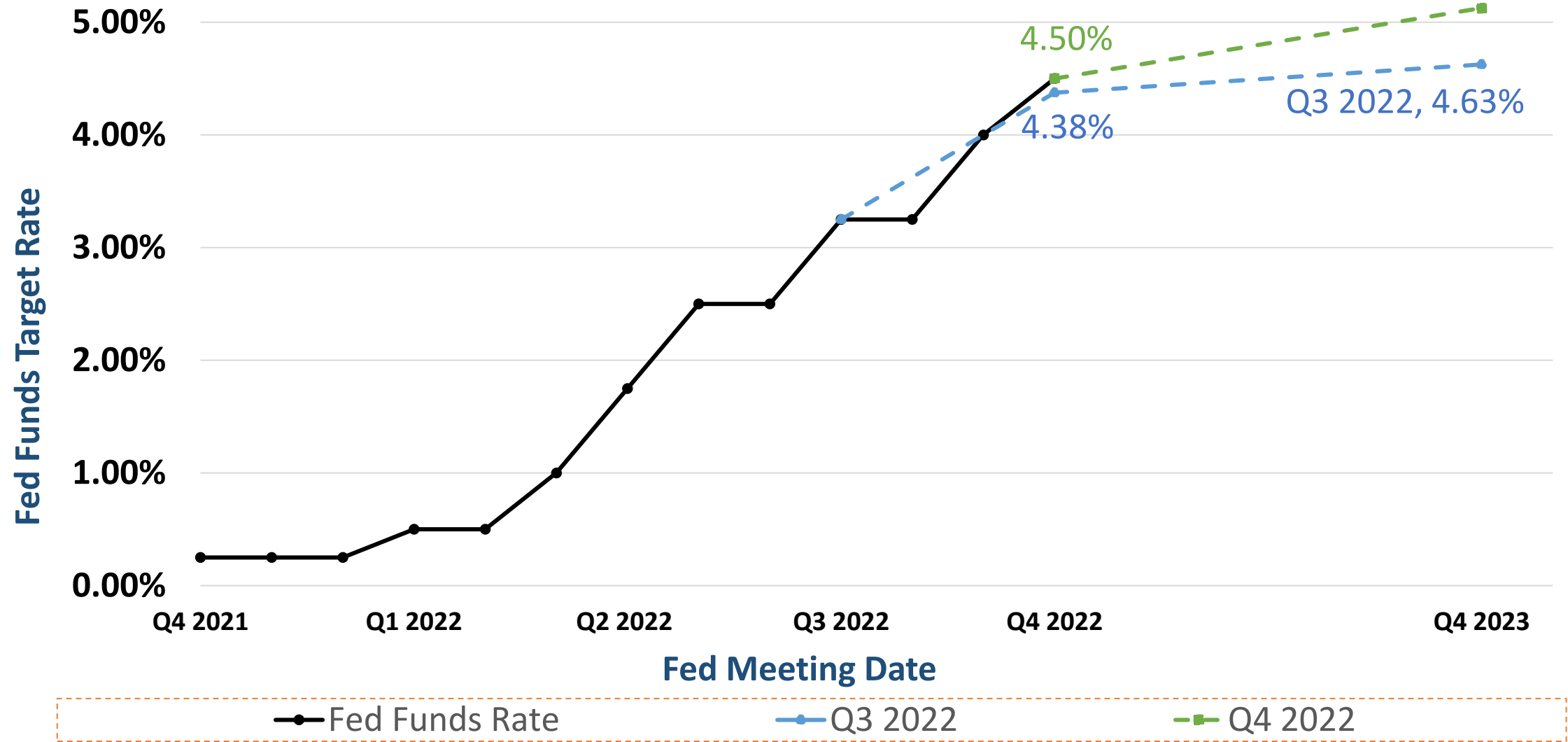


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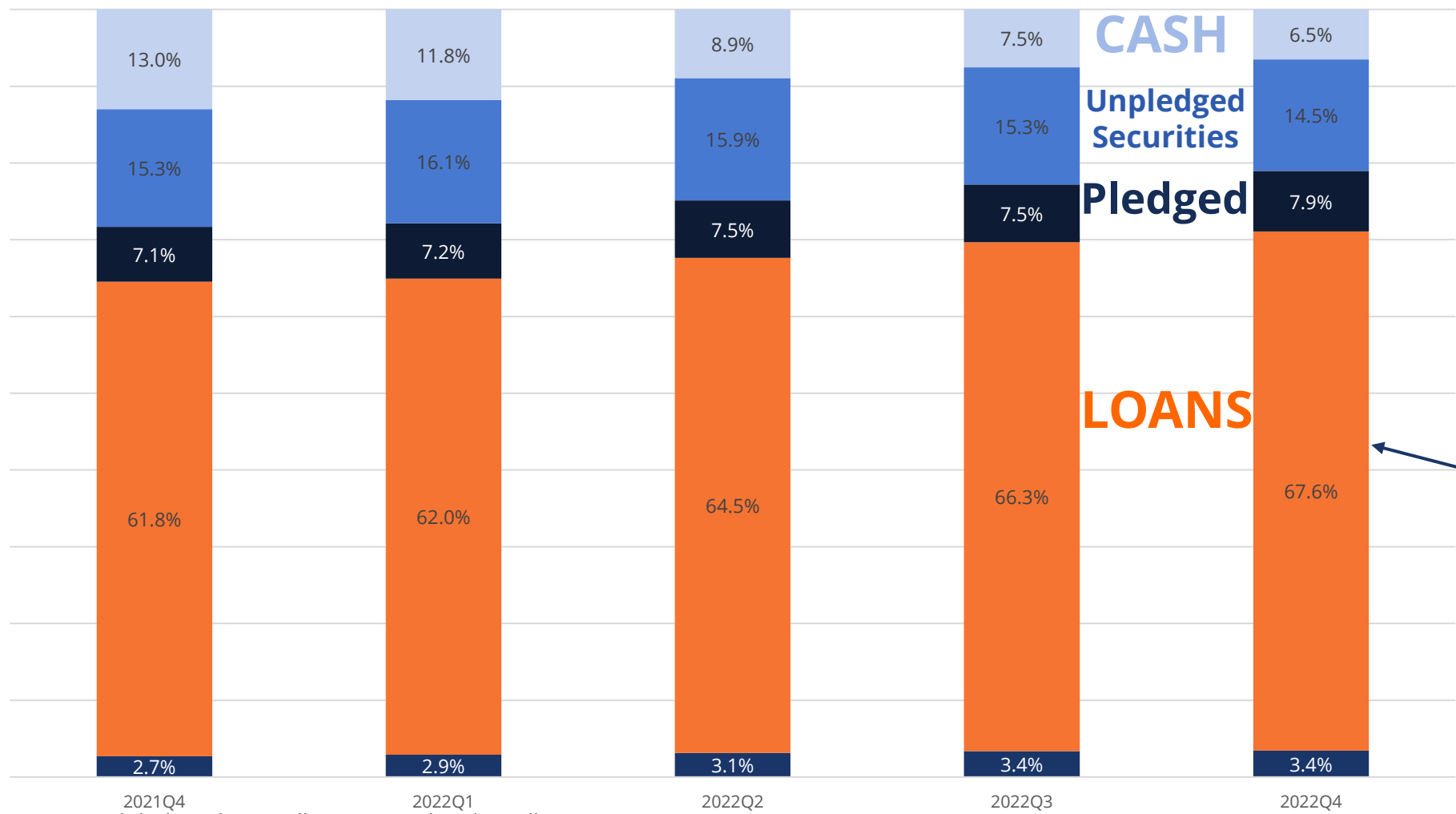
# STUDY THE PAST – Changing Expectations



Source: Federal Reserve Bank

# STUDY THE PAST – Bank Asset Mix – December 31, 2022

Date	Deposit Pricing Strategy	Fed Funds	2YR Treasury	1YR Brokered	5YR FHLB	Industry COF
December 2022	Retain Deposits – Plug Gaps with WSF	4.50% +125bps	4.32% +10bps	4.50% +50bps	4.24% +2bps	1.25% +82bps

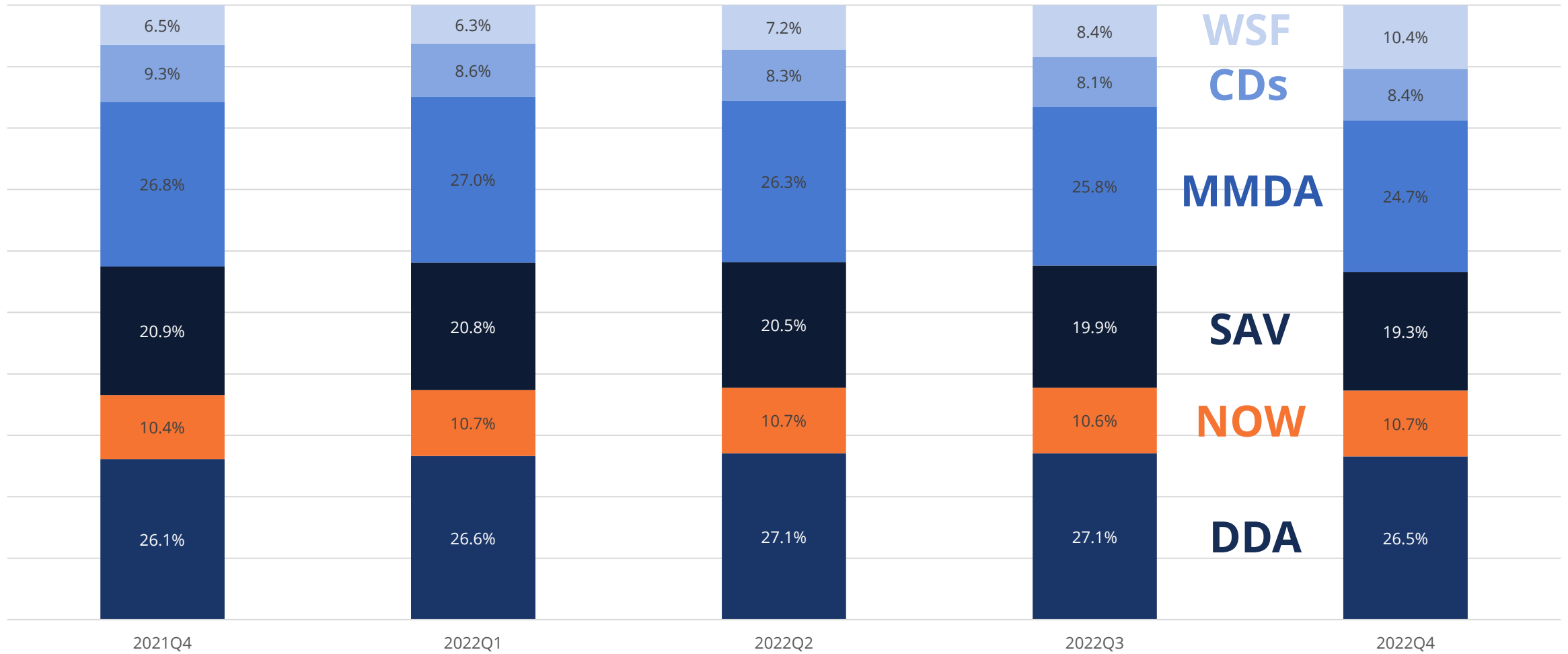


~21% of the Balance Sheet in Cash & unencumbered securities

~5-6% Loan Mix Growth YoY

**HUB** **TAYLOR ADVISORS** **STUDY THE PAST – Bank Liability Mix – December 31, 2022**

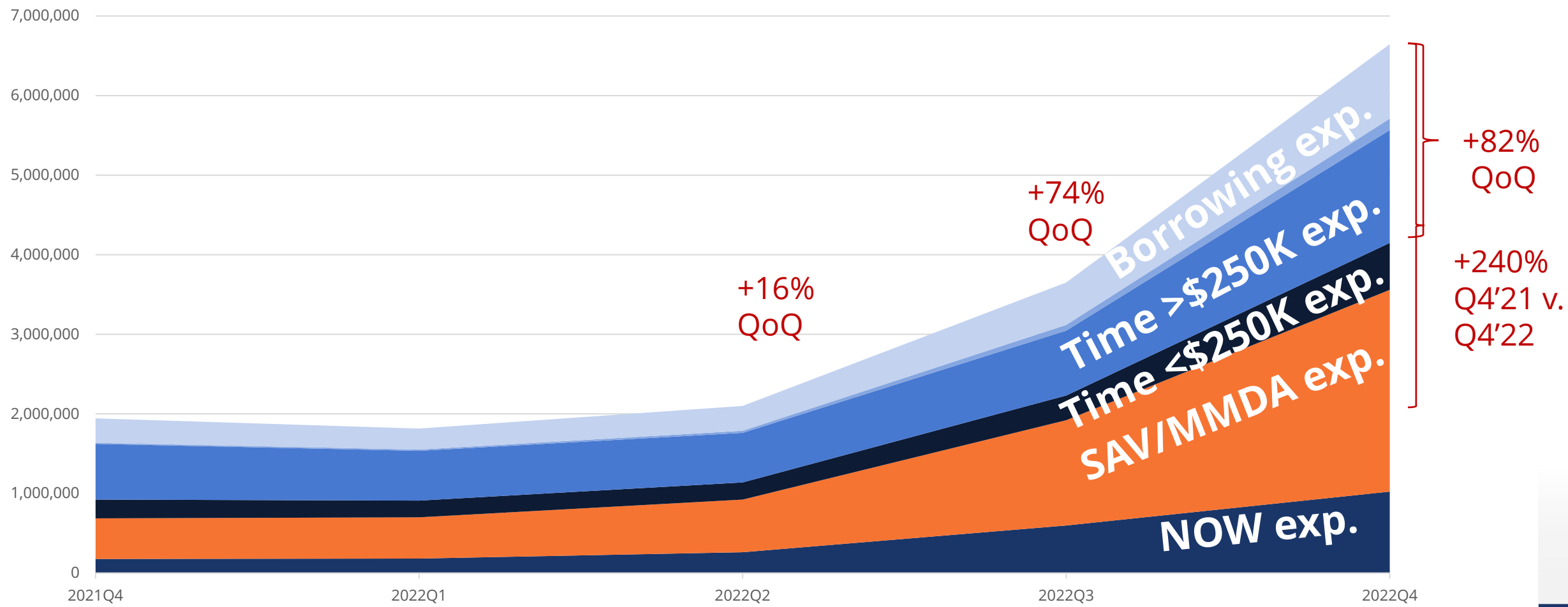
Date	Deposit Pricing Strategy	Fed Funds	2YR Treasury	1YR Brokered	5YR FHLB	Industry COF
December 2022	Retain Deposits – Plug Gaps with WSF	4.50% +125bps	4.32% +10bps	4.50% +50bps	4.24% +2bps	1.25% +82bps



Source: S&P Global Market Intelligence; Banks <\$10Billion

# STUDY THE PAST – Bank Funding Costs – December 31, 2022

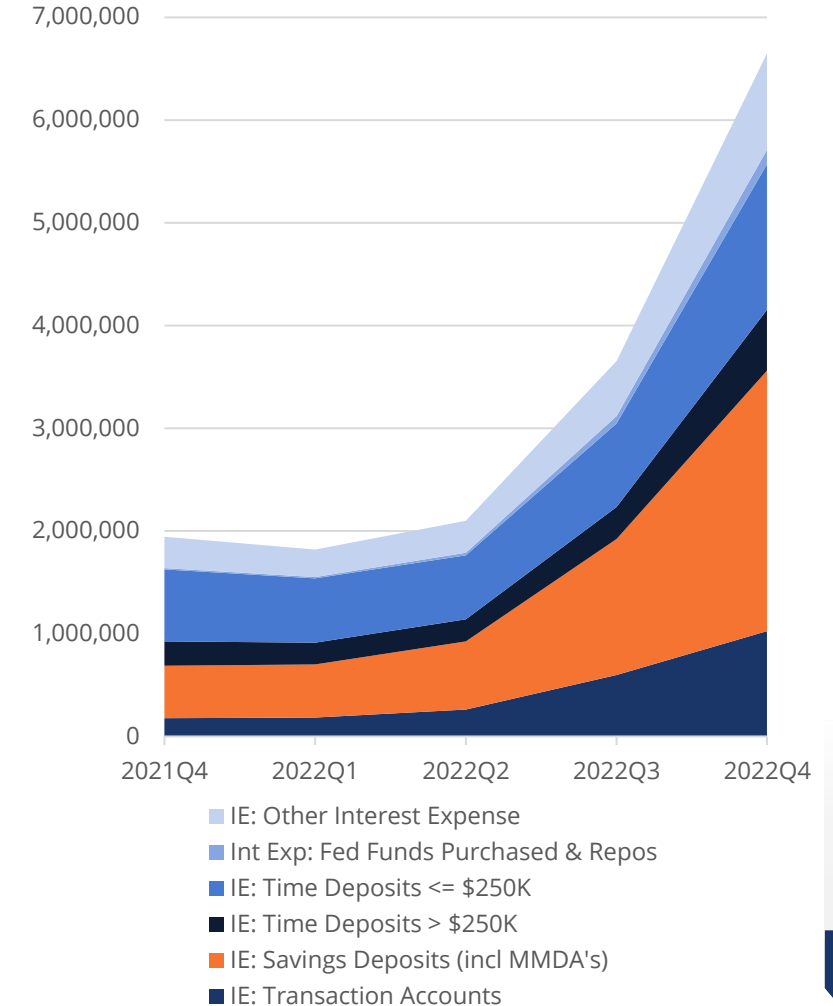
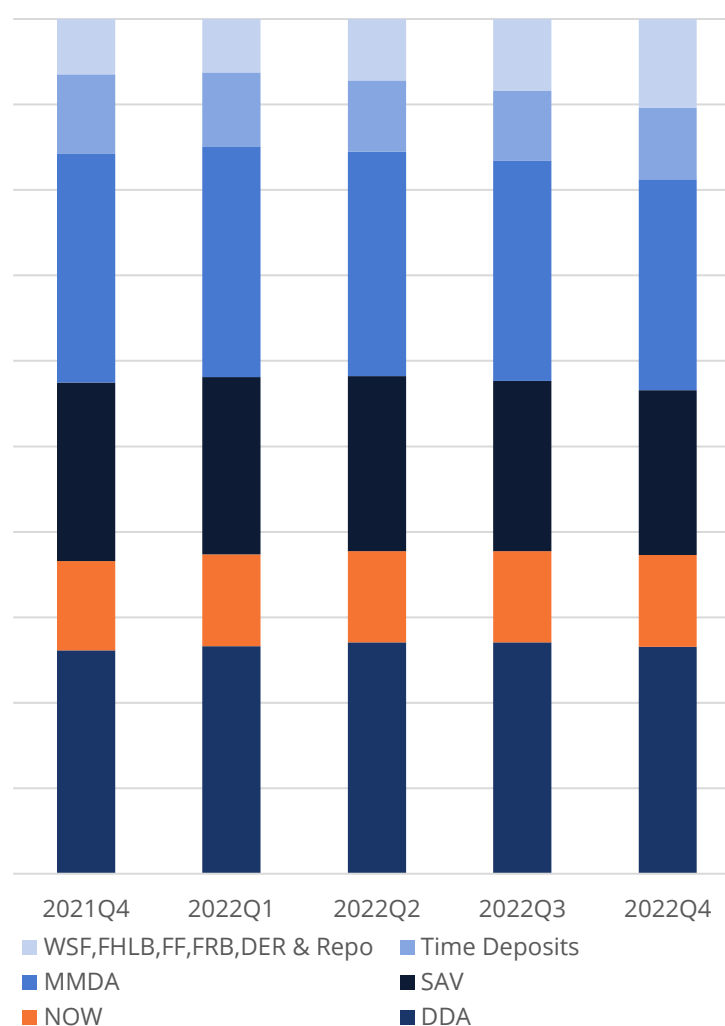
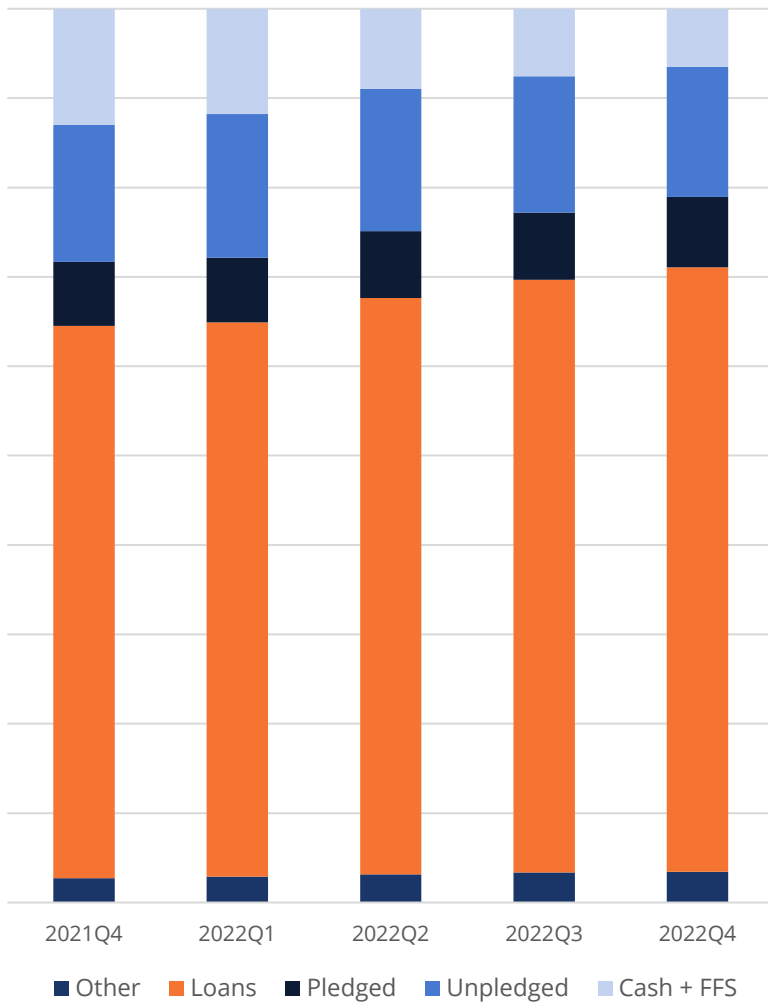
Date	Deposit Pricing Strategy	Fed Funds	2YR Treasury	1YR Brokered	5YR FHLB	Industry COF
December 2022	Retain Deposits – Plug Gaps with WSF	4.50% +125bps	4.32% +10bps	4.50% +50bps	4.24% +2bps	1.25% +82bps





**HUB TAYLOR ADVISORS** **STUDY THE PAST** – Summary of Performance – December 31, 2022

Date	Deposit Pricing Strategy	Fed Funds	2YR Treasury	1YR Brokered	5YR FHLB	Industry COF
December 2022	Retain Deposits – Plug Gaps with WSF	4.50% +125bps	4.32% +10bps	4.50% +50bps	4.24% +2bps	1.25% +82bps



Source: S&P Global Market Intelligence: Banks <\$10Billion

🌐 When poll is active, respond at [pollev.com/sw370](https://pollev.com/sw370)

📱 Text **SW370** to **22333** once to join

# How much do you anticipate overall funding costs at your bank increasing in the next 12 months?

None

Less than 25 bps

25-50 bps

Over 50 bps

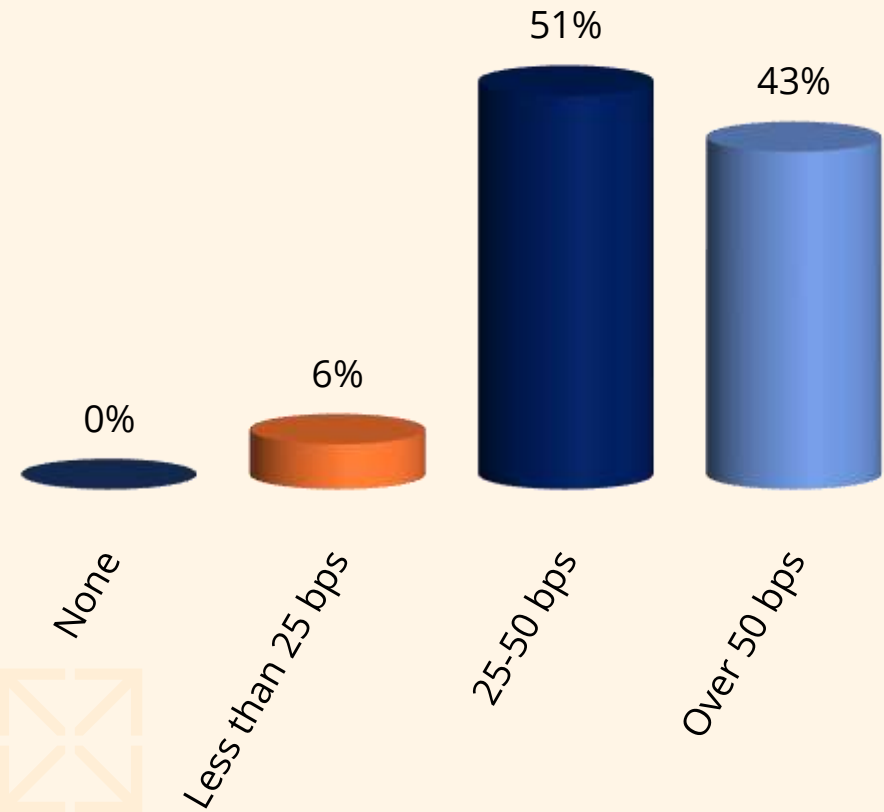
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# PRE-MEETING SURVEY 3/8/23:

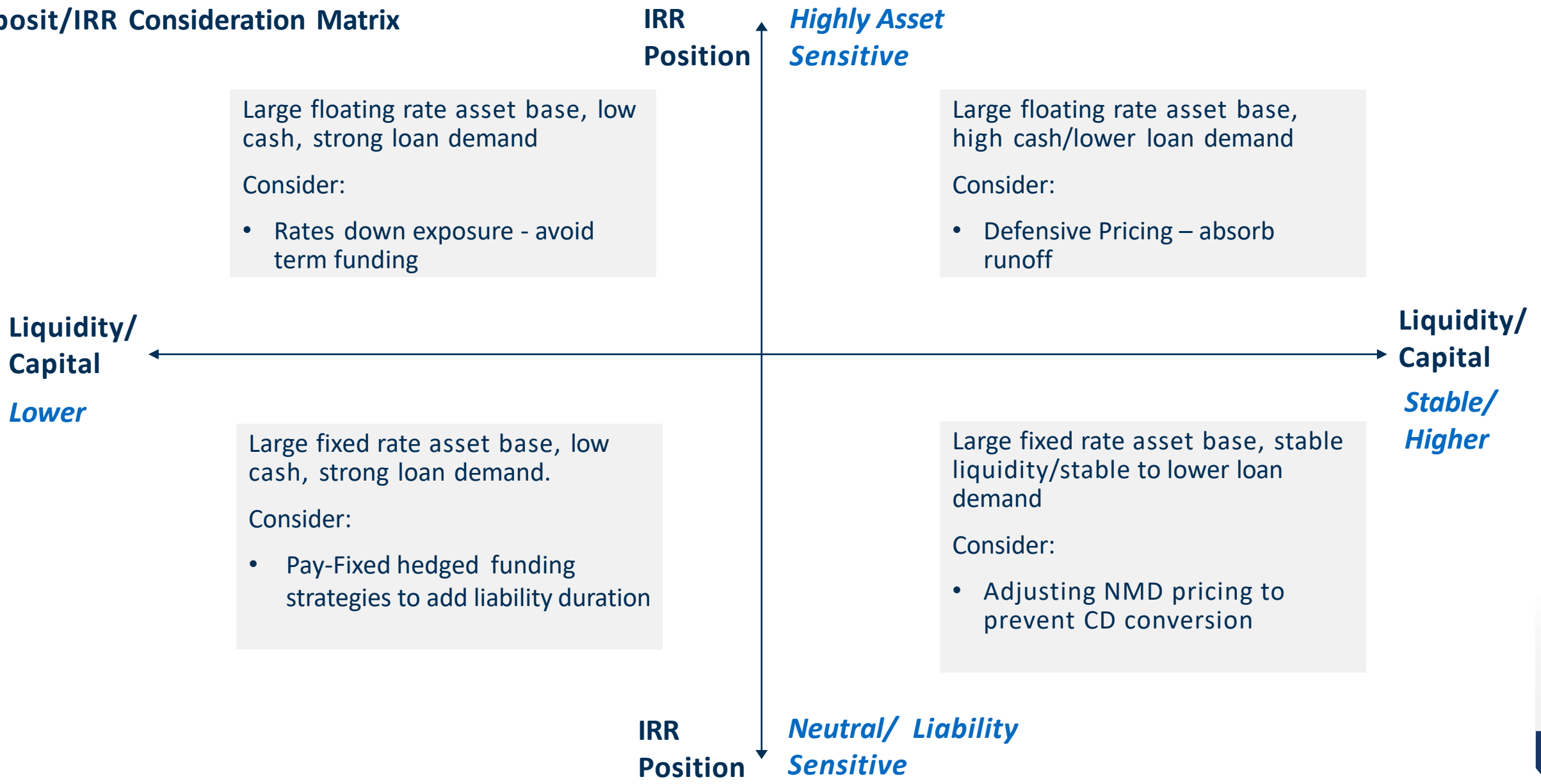
## HOW MUCH DO YOU ANTICIPATE OVERALL DEPOSIT RATES AT YOUR BANK INCREASING IN THE NEXT 12 MONTHS?

- A. None
- B. Less than 25 bps
- C. 25-50 bps
- D. Over 50 bps



# PREPARE FOR THE FUTURE – 2023 POSITIONING

Deposit/IRR Consideration Matrix



# PREPARE FOR THE FUTURE – 2023 POSITIONING

Term	Treasury Rate	FDIC National Average	FDIC Rate Cap	SOFR Swap	FHLB Index <sup>1</sup>	Brokered Deposit <sup>2</sup>	National Market Deposits <sup>3</sup>
1 month	4.62	0.18	6.33	4.46	4.96	4.90	4.95
3 month	4.86	0.67	6.61	4.78	5.16	5.00	5.05
6 month	4.82	0.97	6.95	4.78	5.09	5.05	5.10
1 year	4.43	1.49	6.77	4.35	4.71	5.00	5.05
2 year	3.79	1.41	6.52	3.71	4.18	5.00	5.05
3 year	3.55	1.31	6.16	3.50	3.97	4.90	4.95
4 year	3.46	1.25	6.16	3.39	3.86	4.85	4.90
5 year	3.36	1.35	5.77	3.32	3.78	4.75	4.80
10 year	3.30			3.29	4.16	4.75	

<sup>1</sup> Bloomberg FHLB Index. FHLB Index rates will differ slightly from various regional FHLB member banks.

<sup>2</sup> Brokered Deposit rates represent estimates based on a review of suggested 'All-In' rates

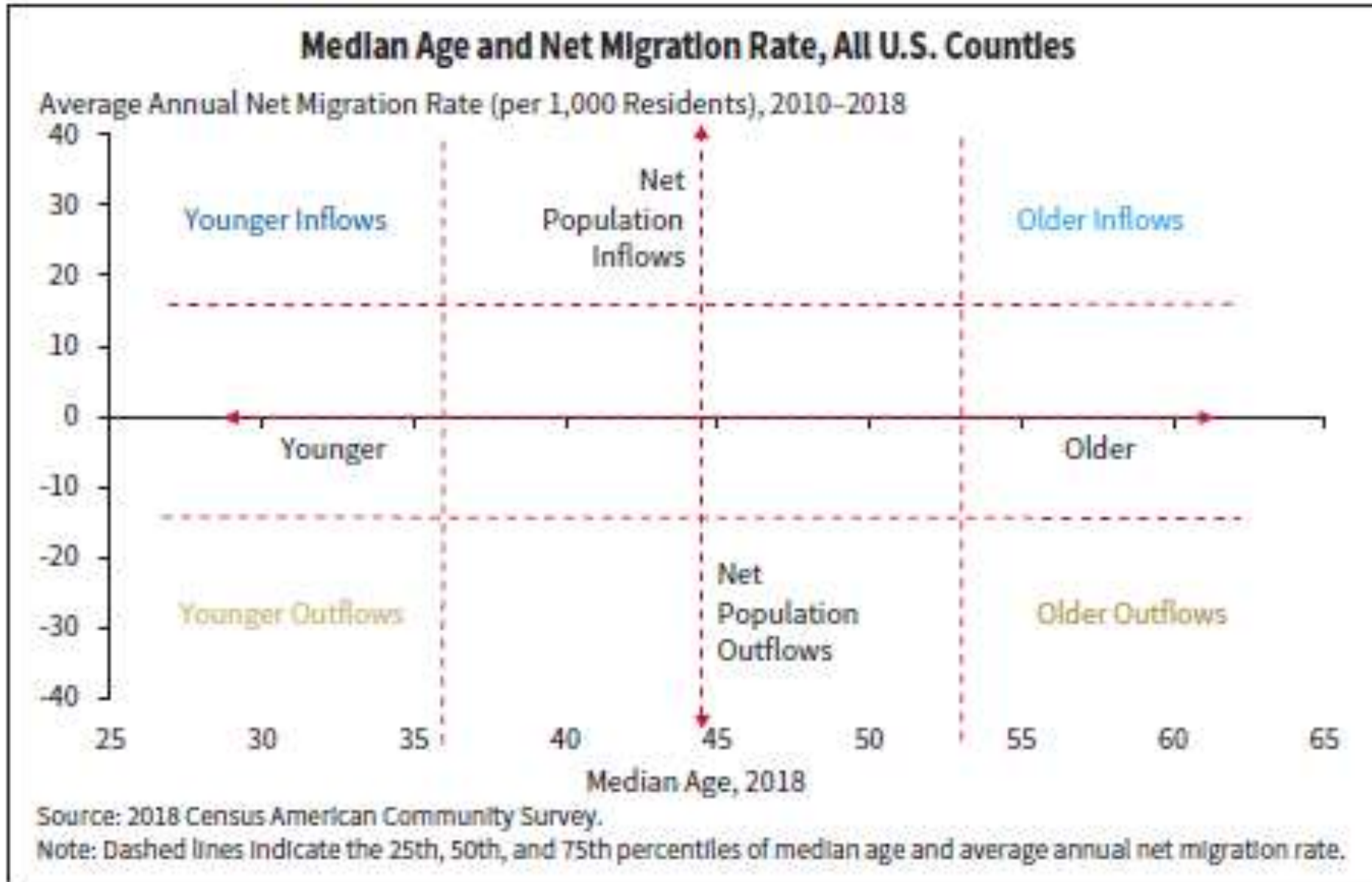
<sup>3</sup> National Market Deposit rates based on estimates of expectations for clearing levels on various platforms

Taylor Advisors has prepared this report based on information that it believes to be reliable, but in no way guarantees its accuracy or completeness. Taylor Advisors makes no representations as to the accuracy.

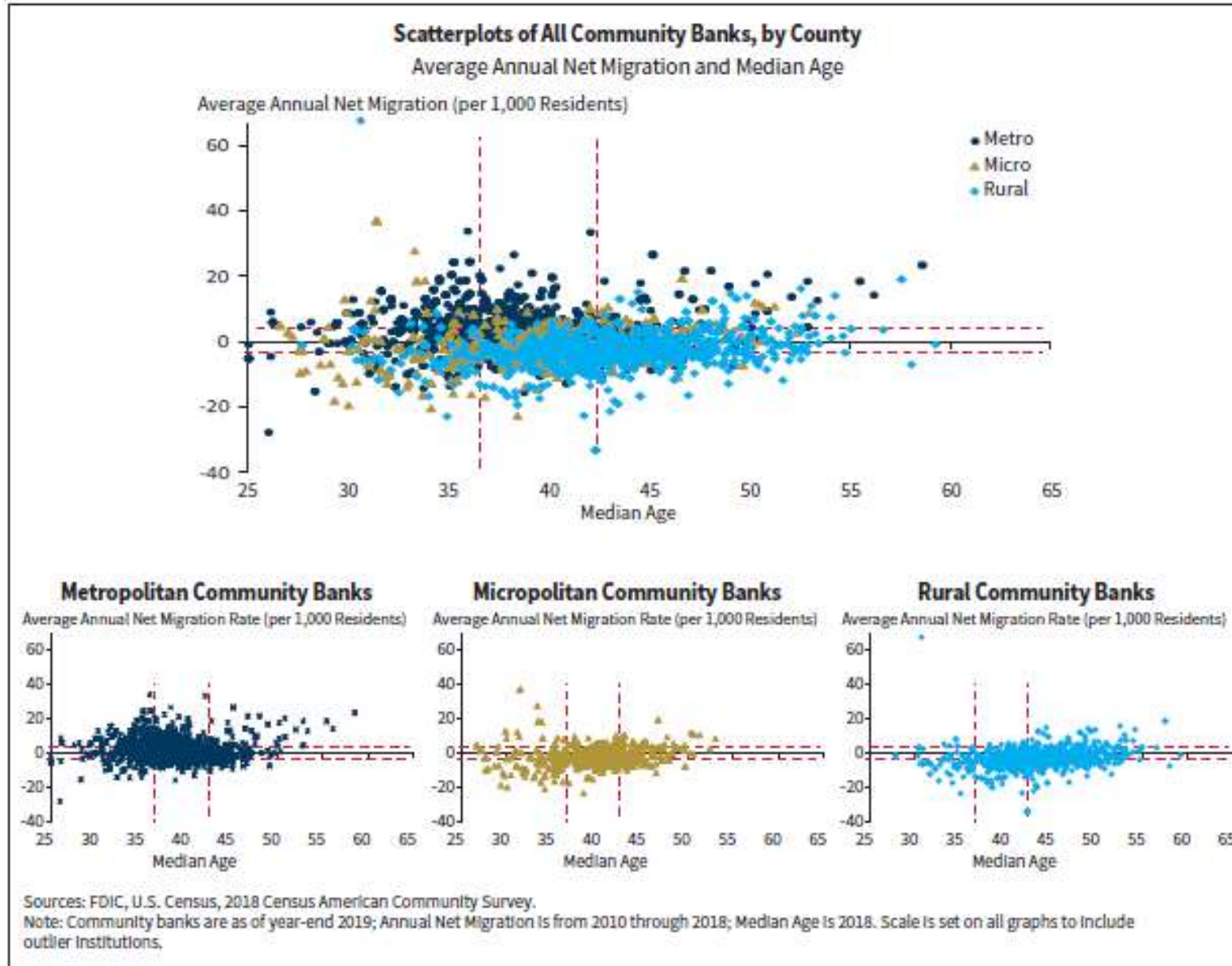
## PREPARE FOR THE FUTURE

- How can we position our Deposit Base?
- Low overall allocation to Time Deposits
  - Adjusting the Early Withdrawal Penalties
- Create higher tiers to handle rate-sensitive depositors
  - Reward those with ample opportunities elsewhere
- Relationship Price worthy accounts higher
- Long-Life, Low-Cost Deposits proved their value
  - What products can we market to drive NMD growth

# PREPARE FOR THE FUTURE – DEMOGRAPHICS AND DEPOSITS

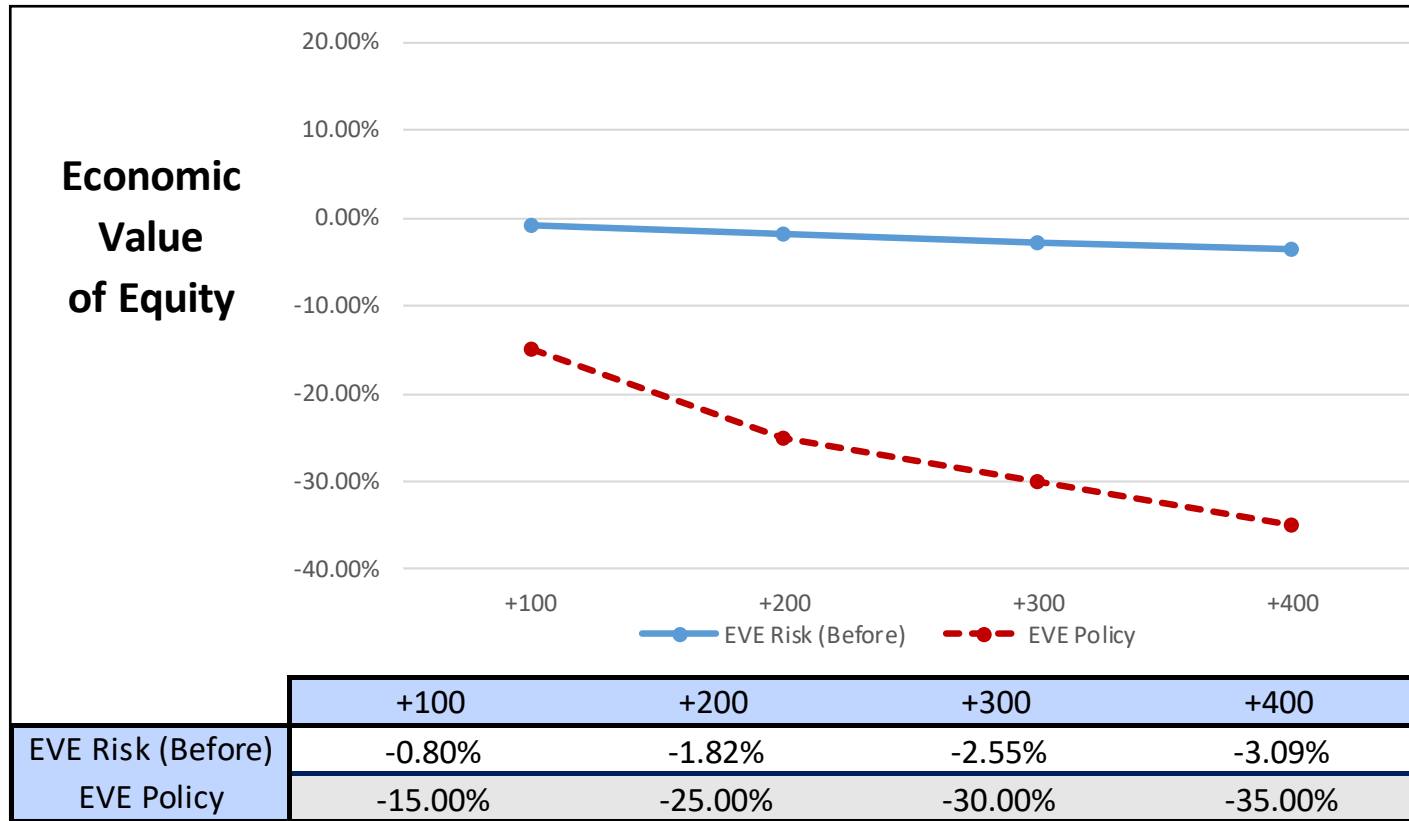


# PREPARE FOR THE FUTURE – DEMOGRAPHICS AND DEPOSITS





# BANK SPECIFIC ASSUMPTIONS: DEPOSIT DECAYS - BEFORE



• ***“Conservative” default assumptions show slight liability sensitivity.***

• ***Is this the bank's true risk profile?***

# BANK SPECIFIC ASSUMPTIONS: DEPOSIT DECAYS - BEFORE

Account Names	Term (Months)
Demand Retail	90.00
Demand Commercial	90.00
Demand Public Funds	6.00
NOW Retail	76.00
NOW Retail Premium	76.00
NOW Commercial	76.00
MMDA Retail	55.00
MMDA Commercial	55.00
MMDA Commercial Premium	55.00
MMDA Public Funds	55.00
Savings Retail	76.00
Savings Retail Premium	76.00
Savings Commercial	76.00
Savings Public Funds	76.00

- *A decay term of 55 months equates to an average life of 2.3 years.*
- *A decay term of 90 months equates to an average life of 3.8 years.*

# BANK SPECIFIC ASSUMPTIONS: DEPOSIT DECAY

## BEFORE DECAY STUDY

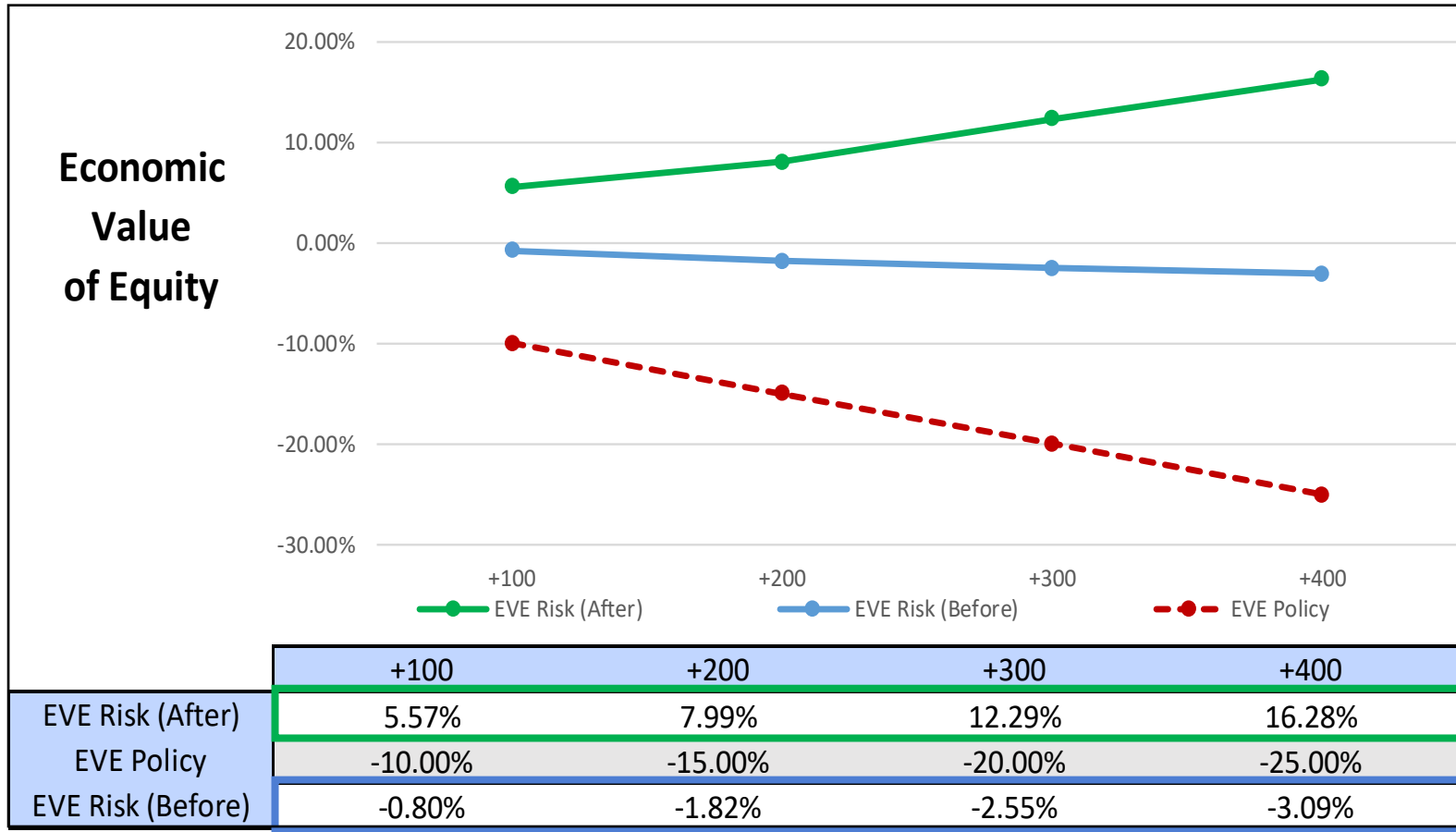
Account Names	Term (Months)
Demand Retail	90.00
Demand Commercial	90.00
NOW Retail	76.00
NOW Retail Premium	76.00
NOW Commercial	76.00
MMDA Retail	55.00
MMDA Commercial	55.00
MMDA Commercial Premium	55.00
MMDA Public Funds	55.00
Savings Retail	76.00
Savings Retail Premium	76.00
Savings Commercial	76.00
Savings Public Funds	76.00

## AFTER DECAY STUDY

Account Names	Term (Months)
Demand Retail	97.00
Demand Commercial	108.00
NOW Retail	101.00
NOW Retail Premium	133.00
NOW Commercial	107.00
MMDA Retail	98.00
MMDA Commercial	104.00
MMDA Commercial Premium	55.00
MMDA Public Funds	60.00
Savings Retail	120.00
Savings Retail Premium	113.00
Savings Commercial	109.00
Savings Public Funds	144.00

- *A decay term of 97 months equates to an average life of 4.0 years.*
- *A decay term of 144 months equates to an average life of 6.0 years.*

# BANK SPECIFIC ASSUMPTIONS: DEPOSIT DECAYS - AFTER



# BANK SPECIFIC ASSUMPTIONS: DEPOSIT DECAY STRESS

## AFTER DECAY STUDY

Account Names	Term (Months)
Demand Retail	97.00
Demand Commercial	108.00
NOW Retail	101.00
NOW Retail Premium	133.00
NOW Commercial	107.00
MMDA Retail	98.00
MMDA Commercial	104.00
MMDA Commercial Premium	55.00
MMDA Public Funds	60.00
Savings Retail	120.00
Savings Retail Premium	113.00
Savings Commercial	109.00
Savings Public Funds	144.00

- *What if these decay terms are reduced by 50% in a stressed scenario?*
- *How is EVE impacted?*

## STRESSED RESULTS

