



**Strategic Planning Retreat
July 10-11, 2025
Truist Leadership Institute, North Building
7703 Airport Center Drive, Greensboro, NC 27409**

Objectives: Gain insights on emerging trends and preparation strategies, share best practices, and define collective and individual bank strategies for industry challenges and opportunities.

****Every session is open to ALL Members.***

Virtual Attendees:

<https://us06web.zoom.us/j/3218825726?pwd=ajBzbXVqS3N6d2xUZWpNclhaaFhaUT09>

Meeting ID: 321 882 5726

Passcode: 621079

Agenda

All times are EST

Wednesday, July 9, 2025

There is no programming on this day. Rooms provided to accommodate the board who will meet on Thursday, July 10th at 10 am and members unable to fly in before programming begins on Thursday, July 10th at 12 pm.

➤ 3:00 pm | Arrival & Check In

➤ 6:00-8:00 pm | Dinner

Remarks: Ramonda Kyser, Sr. Culture Alignment & Activation Consultant, Truist; Donté Jackson, Vice President/Senior Leadership & Business Advisor, Truist Leadership Institute

Thursday, July 10, 2025

➤ 6:30-8:00 am | Breakfast

➤ 10:00-11:30 am | **NBA Board of Directors Meeting** (Rescheduled from May 29, 2025)

➤ 11:30 am-12:00 pm | Break

➤ 12:00-12:05 pm | Working Lunch | **Chairman's Opening Remarks**

Remarks: Todd McDonald, NBA Chairman and President, Liberty Bank

➤ 12:05-1:15 pm | Working Lunch | **Session 1: Policy Updates**

Facilitator: Bob Cooper, Senior Counsel, OneUnited Bank

Speakers: Mike Williams, Founder & President, The Williams Group; Ja'Ron Smith, Partner, CGCN Group

- Discussion Topics:
 - Policy updates and how MDIs can move despite the environment
 - Budget, reconciliation, etc.
 - Survival of federal programs that impact MDIs and CDFIs
 - Executive Orders impact on nonprofits and member bank clients (funding, litigation, is Harvard a one-off or a trend, etc.)
 - Operating in a new DEI reality
 - Deposit outflows related to DEI
 - Partnership pull-backs related to DEI

- 1:15-1:30 pm | Break

- 1:30-2:45 pm | **Session 2: Digital Assets, Cryptocurrency & Stablecoin**
Facilitator: Mike Williams, Founder & President, The Williams Group
Speakers: David Stankiewicz, Director, Office of Financial Technology, OCC; Brian Laverdure, Senior Vice President, Digital Assets and Innovation Policy, Independent Community Bankers of America (ICBA); Jesse McWaters, EVP & Head of Global Policy, Mastercard
 - Discussion Topics:
 - Primer on digital assets, cryptocurrency, and stablecoin
 - What are other banks doing? What are you seeing?
 - Stablecoin will likely hit quicker and harder. How do we prepare?
 - Identify opportunities that are available now and in the future for MDIs
 - Understand what MDIs need to adopt and transact on, and how to prepare for these opportunities
 - Resources:
 - [Cryptocurrency Primer for Community Banks](#), ICBA
 - Deck: “NBA Cryptocurrency Presentation” by Brian Laverdure, SVP, Digital Assets and Innovation Policy, ICBA Advocacy (in packet)
 - Deck: “Crypto-assets” by David Stankiewicz, Director, Office of Financial Technology, OCC (in packet)

- 2:45-3:00 pm | Break

- 3:00-4:00 pm | **Session 3: AI and Process Improvements**
Facilitators: Todd McDonald, NBA Chairman and President, Liberty Bank; Cheryle Thorne-Harris, Pillar Program Director, National Bankers Association Foundation
Speakers: Tom Eck, CIO & Head of AI Digital Transformation, Fiserv; Chris Wilds, Director, The Lab Consulting; Jim Burson, Partner, Cornerstone; Ann Duplessis, SVP of Bank Administration, Liberty Bank
 - Topics and Discussion Questions:
 - Leveraging AI for process improvements and where to get started
 - Mapping manual processes
 - How to get prepared to leverage AI?
 - Identifying low hanging fruit to leverage AI
 - Fraud trends
 - Resources:

- Deck: “Artificial Intelligence” by Jill Burson, Partner, Cornerstone Advisors (in packet)
- Deck: “National Bankers Association AI & Process Improvement Panel: Automation Overview” by The Lab (in packet)
- 4:00-5:00 pm | **Session 4: Roundtable with Corporate Strategic Advisory Council**
Facilitators: *Nicole Elam, President & CEO, National Bankers Association; Erica Miles, Senior Consultant / SVP, Diverse Segments, Representation & Inclusion, Wells Fargo*
Guests: *NBA Strategic Advisory Council*
 - Background: The NBA Strategic Advisory Council is comprised of corporations that have made commitments to MDIs and have partnered with the NBA. Council members include Wells Fargo (Erica Miles, Chair), Fiserv (Neil Wilcox, Vice Chair), Citi (Blair Washington), JPMorgan Chase (Bruce Dewitt, Rita German), Truist (Ramonda Kyser), US Bank (Tyann Williams-Allen, Phillip Sangokoya), Bank of America (Dan Letendre), and Visa (Adrienne Marks), Mastercard (Kendra Brown, Samantha Fay).
- 5:00-6:00 pm | Break & Check In
- 6:00-8:00 pm | Dinner

Friday, July 11, 2025

- 6:30-8:00 am | Breakfast
- 8:30-10:00 am | **Session 5: Strategic Discussion with PwC – Efficiency Rates, Growth, Branches, and Talent**
Facilitator: *Anthony Barr, Research & Impact Director, National Bankers Association*
Speaker: *Michael Hardy, Director, Strategy&, Part of the PwC Network; Maribeth Martens, Director, Strategy&; Amber Brock, Senior Manager, Strategy&; Tylan Porterfield, Associate, Strategy&*
 - Objective: PwC surveyed community and regional banks and analyzed publicly available data from NBA member banks to assess efficiency rates and growth trends. Explore the key findings and uncover what they mean for MDIs, including insights on branch strategy, talent acquisition, and sustainable growth.
 - Topics:
 - Efficiency rates and growth
 - How to increase the profitability of MDIs
 - Branches and new talent needs
 - Strategic Questions:
 - Financial Performance
 - Of the following, which is your most pressing financial challenge and why: (a) cost of funds, (b) talent (including hiring, upskilling, and retention), (c) fee income growth, (d) other
 - Has your bank made significant improvement to its efficiency ratio over the past 12 -18 months? If so, what strategies / actions were most effective?

- Where do you see the greatest opportunity to diversify or grow fee-based income?
 - Ways of Working
 - What low-tech or repeatable solutions have you implemented to improve productivity without major technology investment?
 - Transformation
 - How has your bank navigated change management? Are there strategies that have helped you implement new processes or staffing models successfully?
 - If you've recently explored or completed an M&A transaction, what learnings would you share with peers who may be considering M&A?
 - Which benchmarks or peer comparisons are most useful for you to evaluate your performance?
 - Resource:
 - Deck: "Minority Depository Institutions Leadership Summit: Perspectives on Growth & Efficiency" by Strategy&, Part of the PwC Network (in packet)
- 10:00-10:15 am | Break
- 10:15-11:00 am | **Session 6: Mergers & Acquisitions**
Facilitator: Cynthia Newell, Senior Vice President & Chief of Staff, City First Bank
Speakers: Neil Grayson, Partner, Nelson Mullins; Rob Klinger, Partner, Nelson Mullins
- Topics:
 - Industry trends broadly and specific to MDIs/community banks
 - Regulatory overview
 - What MDIs should be considering re M&A activity
 - Resources:
 - Deck: "Evaluating Acquisition Opportunities" by Neil Grayson and Rob Klinger, Nelson Mullins LLP (in packet)
 - Deck: "NBA Strategic Planning Retreat" by Performance Trust (in packet)
- 11:00-11:15 am | Break
- 11:15 am-12:00 pm | **Session 7: Bonds**
Facilitator: Chris White, Executive Director, National Bankers Association Foundation
Speakers: Jarryd Anderson, Partner & Co-Chair of Financial Services Group, Paul Weiss LLP; Kerry-Ann Edwards, Head of Business Development, Citi Ascent Capital; Marcus Martin, Founding Partner, CIO & CCO, MPact Capital
- Objective: Update bankers on ESG bond capital markets initiative and gather feedback on preferred uses of funds (lending type, debt and equity).
 - Discussion Topics:
 - Challenge: Political headwinds reducing federal and corporate support
 - Opportunity: Interest from niche philanthropy, ESG investors
 - Strategy: "Bond to Deposit" and "Bond to Equity"
 - Outstanding Questions:
 - What are we missing from an "eligible use of funds" perspective?

- Preference by bank for equity vs. deposits? How much of each?
 - Preference by bank for social vs green? How much of each?
- Resources:
 - Report: “Facilitating Impact Investor Participation within the Minority Depository Institution Sector” by NBA and Sorensen Impact Institute University of Utah (Executive Summary in packet)
 - One Pager: NBA Foundation Bond Strategy Overview (in packet)
- 12:00-12:15 pm | Break & Pick Up Food
- 12:15-1:45 pm | Working Lunch | **Session 8: Best Practices & Collaboration**
Facilitator: Robert James, President & CEO, Carver Financial Corporation
 - Objective: Share best practices and identify both individual and collective bank strategies to address industry challenges and opportunities.
 - Discussion Topics:
 - Profitability
 - Who has high efficiency rates, what’s working/what’s not, how to increase profitability, etc.
 - Fraud
 - What are banks doing to strengthen protections, how are you addressing increased elder abuse, etc.
 - Marketing
 - How can we do a better job marketing MDIs (collectively and individually; radio, social, digital, etc.), what’s working/what’s not), etc.
 - Single and Multi-Family Housing
 - Syndication
 - Is anyone leveraging the Bridge platform?
 - Collaboration
 - What product can we collectively do together?
 - Resource:
 - SBA Loan Initiative, by RBC Global Asset Management and Momentum Securities (in packet)
- 1:45-2:00 pm | Break
- 2:00-2:45 pm | **Session 9: The Economy**
Facilitator: Anthony Barr, Research & Impact Director, National Bankers Association
Speaker: Kate Fritzdixon, Senior Financial Economist, FDIC
 - Objective: Overview of the economic landscape including insights into the bond market, interest rates, managing portfolios and risk, and impact of tariffs and immigration policies on local markets.
 - Resource:
 - Deck: “Economic Overview” by Kate Fritzdixon, FDIC (in packet)
- 2:45 pm | Wrap Up & Departure



National Bankers Association

Strategic Planning Retreat Resource Guide

July 10-11, 2025

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NBA Cryptocurrency Presentation

Brian Laverdure, AAP

SVP, Digital Assets and Innovation Policy



Commerce on the Internet has come to rely almost exclusively on financial institutions serving as trusted third parties to process electronic payments. While the system works well enough for most transactions, it still suffers from the inherent weaknesses of the trust-based model. Completely non-reversible transactions are not really possible, since financial institutions cannot avoid mediating disputes. The cost of mediation increases transaction costs, limiting the minimum practical transaction size and cutting off the possibility for small casual transactions, and there is a broader cost in the loss of ability to make non-reversible payments for nonreversible services. With the possibility of reversal, the need for trust spreads. Merchants must be wary of their customers, hassling them for more information than they would otherwise need. A certain percentage of fraud is accepted as unavoidable. These costs and payment uncertainties can be avoided in person by using physical currency, but no mechanism exists to make payments over a communications channel without a trusted party. What is needed is an electronic payment system based on cryptographic proof instead of trust, allowing any two willing parties to transact directly with each other without the need for a trusted third party.

Satoshi Nakamoto, "Bitcoin: A Peer-to-Peer Electronic Payment System"

Key Definitions



Cryptoasset: private digital assets that depend on cryptography and distributed ledger technologies (DLT) or similar technologies



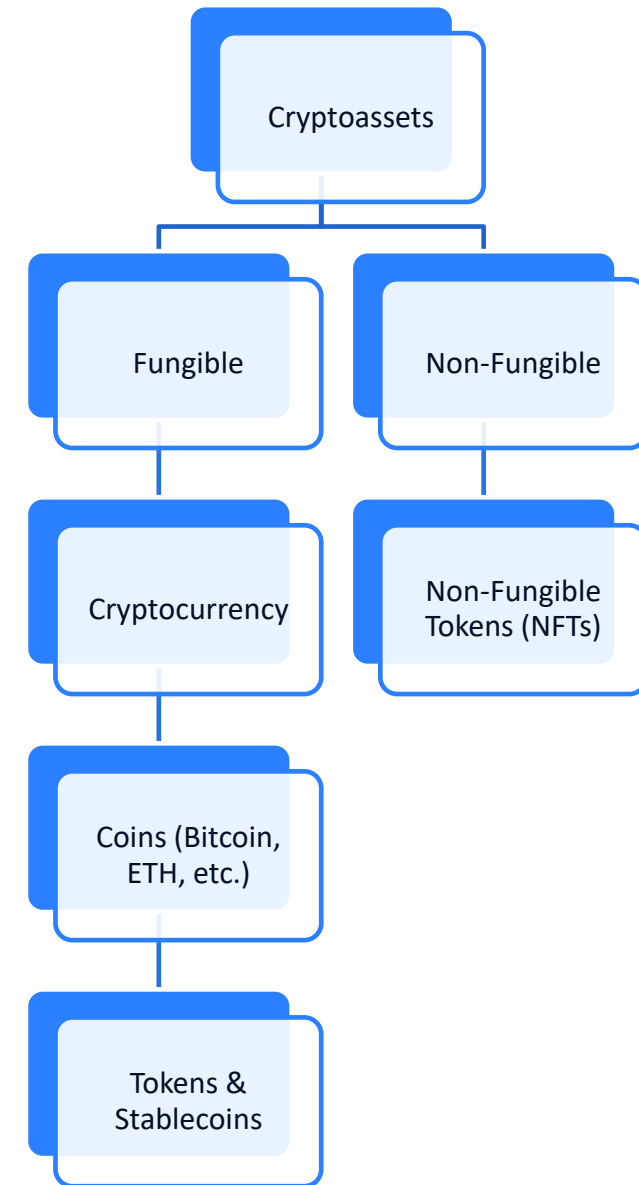
Blockchain: permissionless distributed ledger of cryptographically-signed transactions

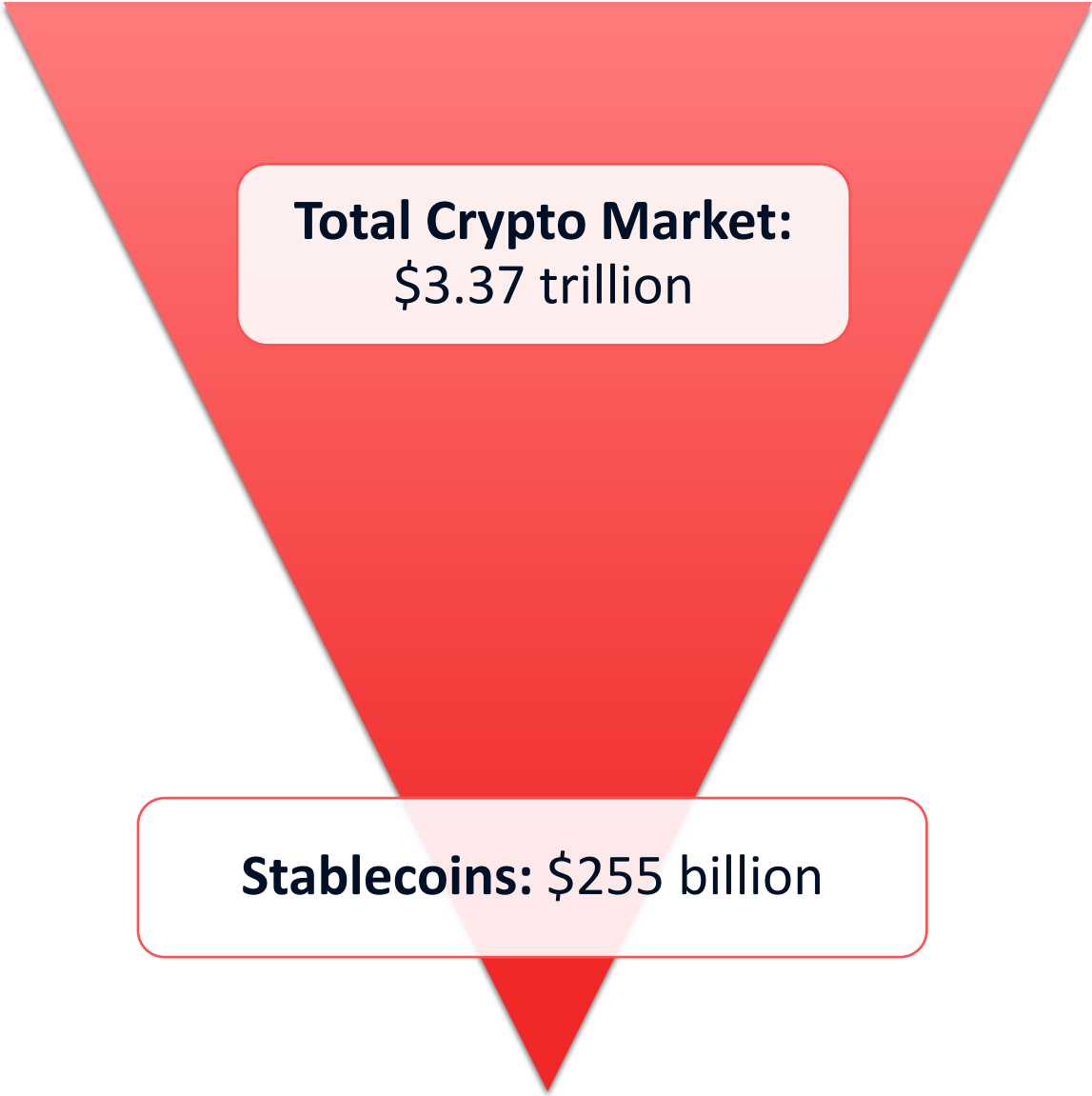


Cryptocurrency: digital representation of value recorded on a cryptographically secured distributed ledger.



Coin: “a chain of digital signatures”; derive value from blockchain itself





Total Crypto Market:
\$3.37 trillion

Stablecoins: \$255 billion

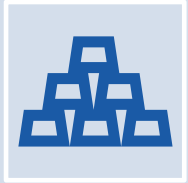
What are Stablecoins?

- GENIUS Act: “a digital asset that is designed to be used as a means of payment or settlement; and the issuer of which is obligated to convert, redeem, or repurchase for a fixed amount of monetary value; and represents that such issuer will maintain...a stable value relative to the value of a fixed amount of monetary value”
- Primarily used for digital assets trading but have seen some adoption in emerging economies.

Stablecoins	Amount in Circulation
Tether	\$159B
USDC	\$61B
Ethena	\$5.3B
Sky Dollar	\$4.5B
Dai	\$4.3B



Deposit/HQLA-backed



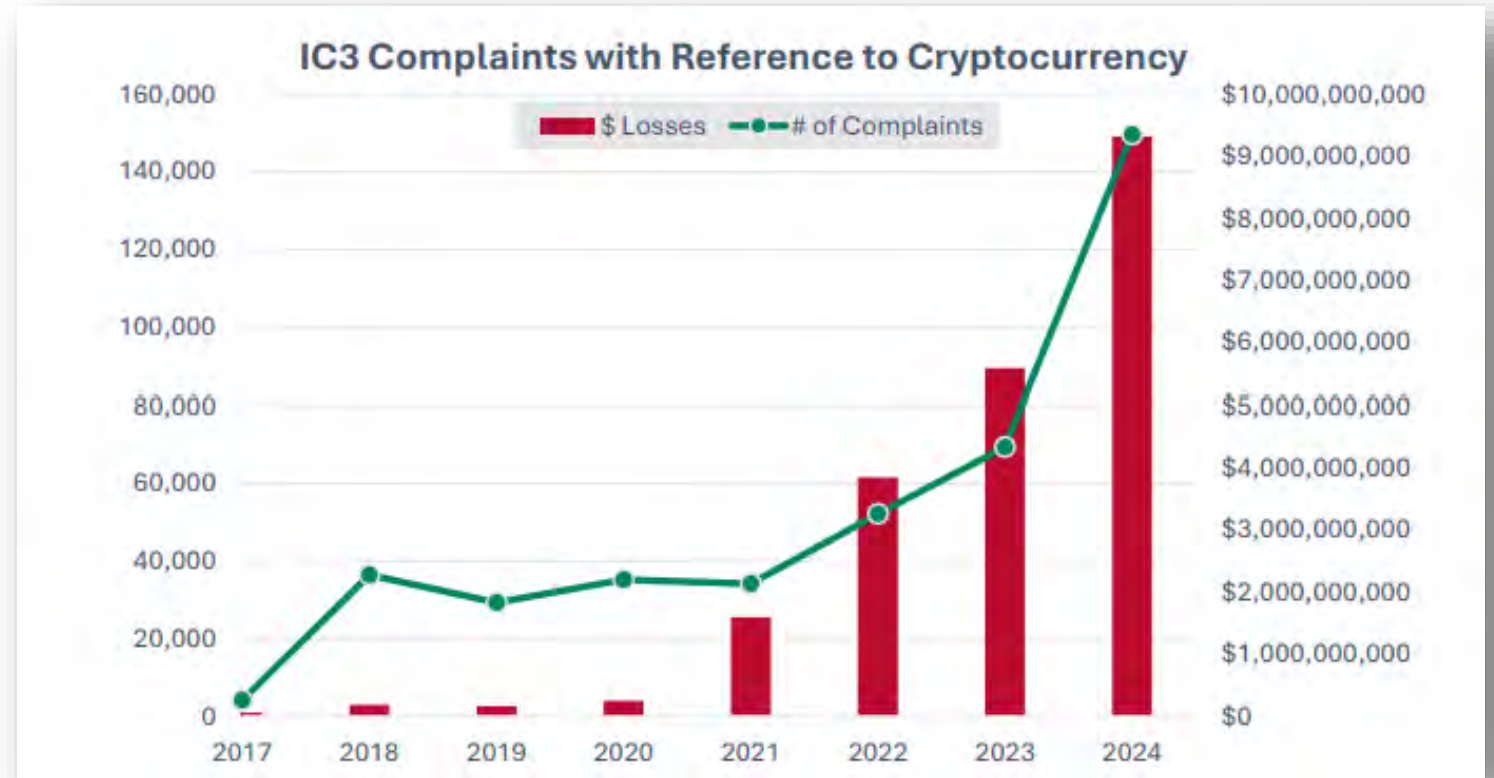
Asset-backed (commodities/ precious metals, crypto, commercial paper, secured loans)



Algorithmic

Crypto Investment Scams Surge

- Crypto crimes jumped 66% over 2023, reaching \$9.3B in losses.
- Investment fraud/Pig butchering [losses](#) referencing crypto reached \$5.8B in 2024 (highest of any category)
- May 1: FinCEN [declared](#) Huione Group a primary money laundering concern.
- May 5: OFAC [sanctioned](#) the Karen National Army



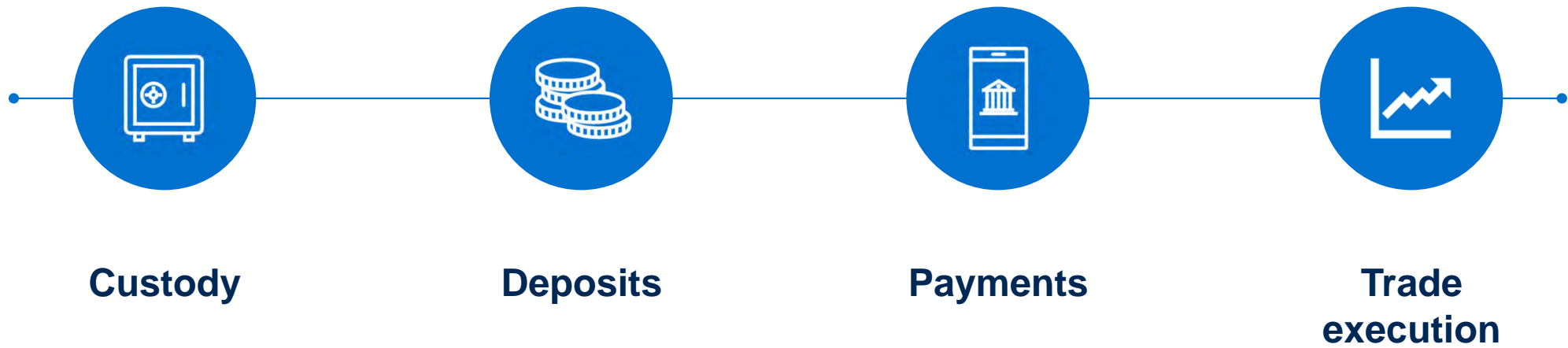
Crypto-assets

July 2025

David Stankiewicz, Director, Office of
Financial Technology



Permissible Activities



OCC Interpretive Letters

Five OCC Interpretive Letters (IL) directly address crypto-assets

- IL No.1170, “[Authority of a National Bank to Provide Cryptocurrency Custody Services for Customers](#)”
- IL No. 1172, “[OCC Chief Counsel’s Interpretation on National Bank and Federal Savings Association Authority to Hold Stablecoin Reserves](#)”
- IL No. 1174, “[OCC Chief Counsel’s Interpretation on National Bank and Federal Savings Association Authority to Use Independent Node Verification Networks and Stablecoins for Payment Activities](#)”
- IL No. 1183, “[OCC Letter Addressing Certain Crypto-Asset Activities](#)”
- IL No. 1184, “[Clarification of Bank Authority Regarding Crypto-Asset Custody Services](#)”

Policy Developments

- SEC Staff Accounting Bulletins 121 and 122
- January 25, 2025 Executive Order (EO 14178)
 - Revokes Treasury's Framework for International Engagement on Digital Assets
 - Establishes President's Working Group on Digital Asset Markets
 - Shall identify regulations, guidance documents, and orders that affect the digital asset sector and provide recommendations thereon
 - Shall propose a regulatory framework for digital assets, including stablecoins
 - Shall evaluate creation and maintenance of national digital asset stockpile
 - Prohibits "undertaking any action to establish, issue, or promote CBDCs within the jurisdiction of the United States or abroad."
- Stablecoin legislation pending in Congress

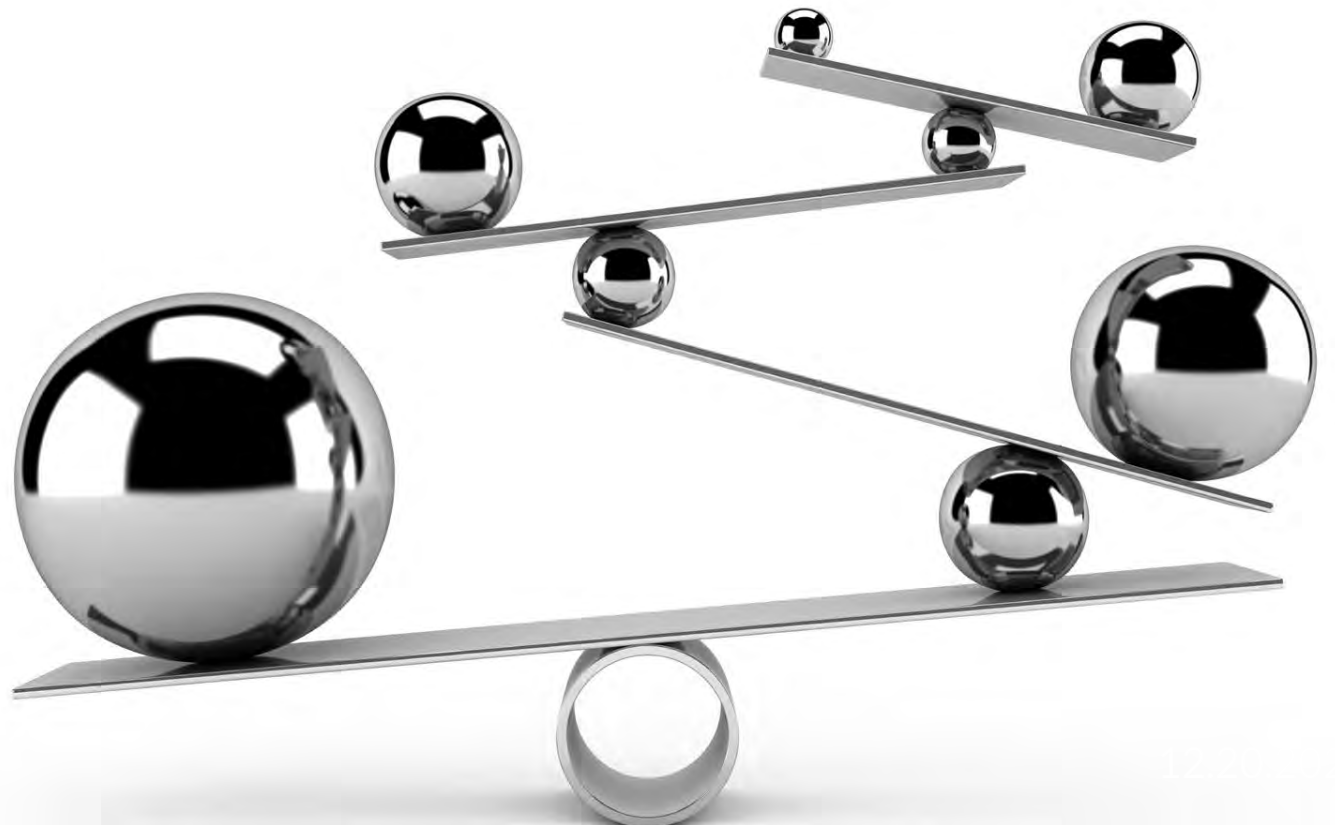
Office of Financial Technology Observations

- Most interest lies the custody space
- Modest uptick in interest in crypto-asset products and services among existing charters
- Fundamental policy is unchanged (i.e., safe, sound, and fair)
- Continued exploration of DLT and tokenization

Artificial Intelligence

Presented by:
Jim Burson | Partner

June 2025

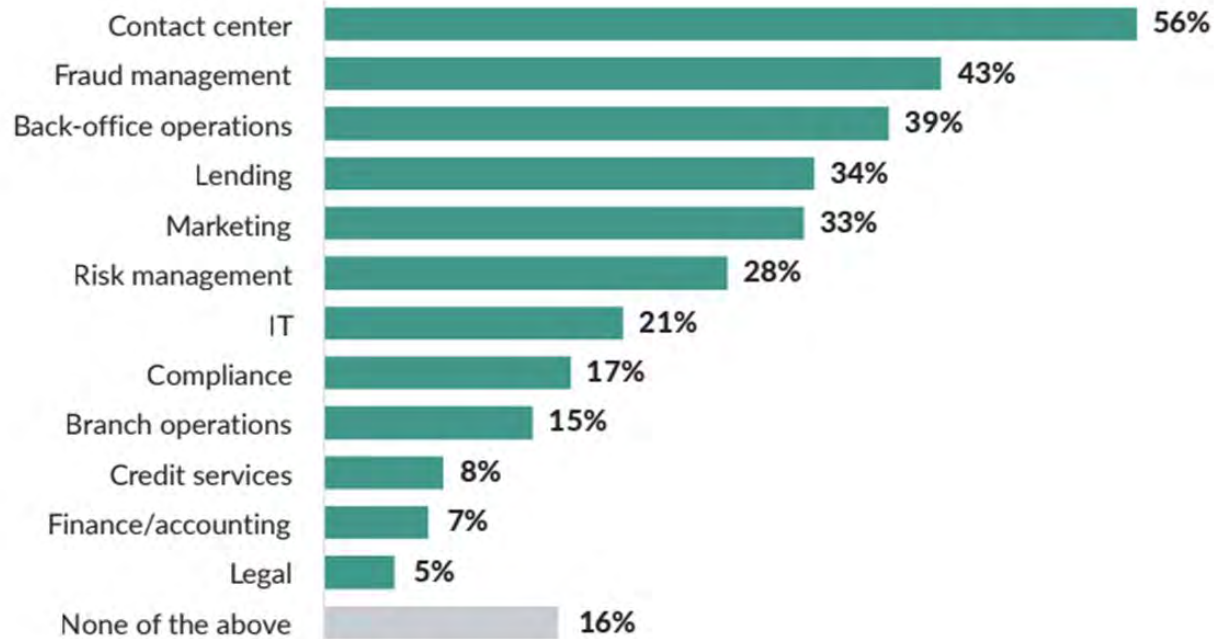




AI use within Financial Services

Banks' and Credit Unions' Plans to Use Generative AI to Increase Productivity

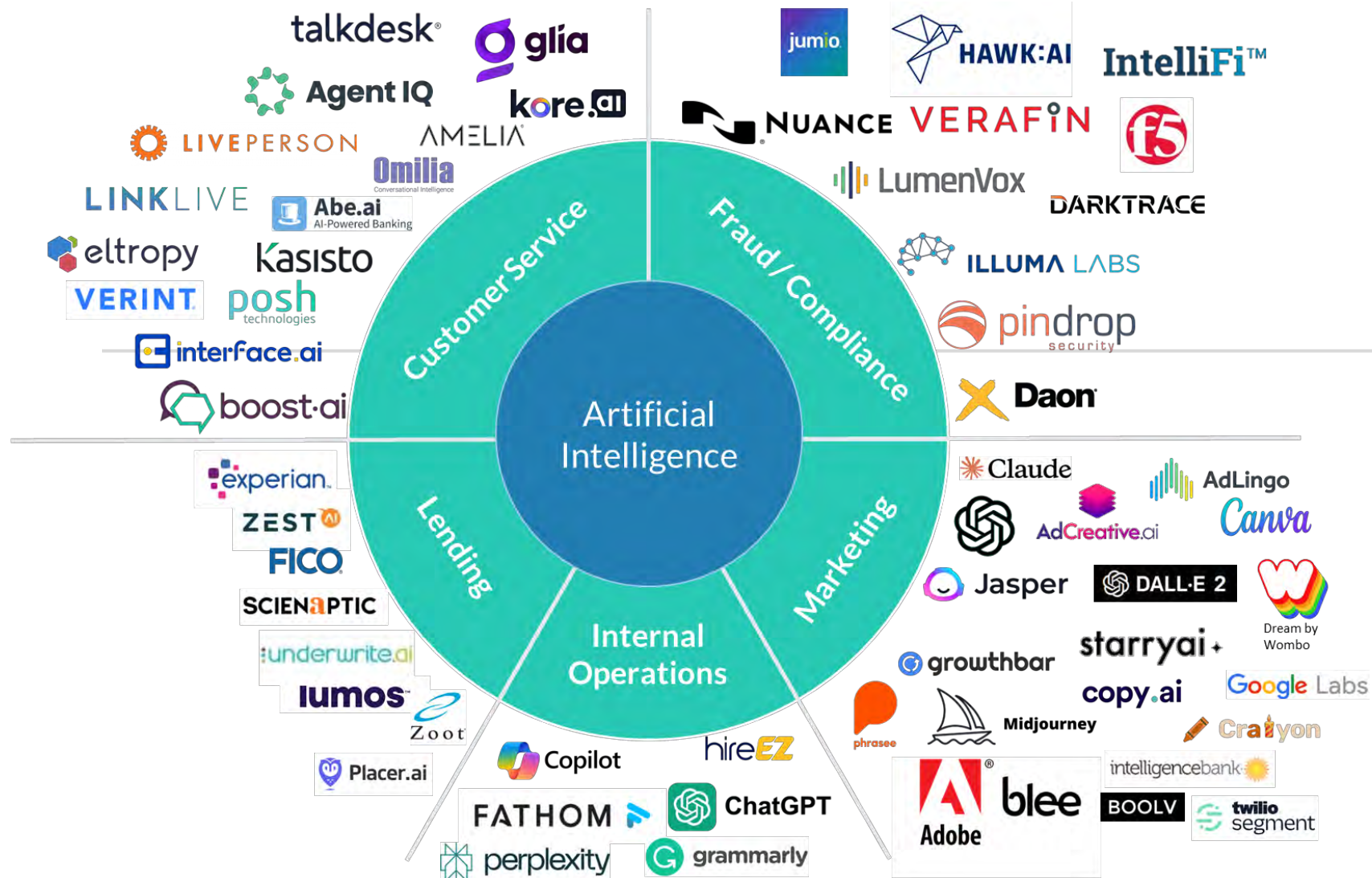
In which of the following areas is your bank or credit union using—or planning to use—generative AI agents and tools to help increase productivity?



Source: Cornerstone Advisors What's Going On In Banking 2025

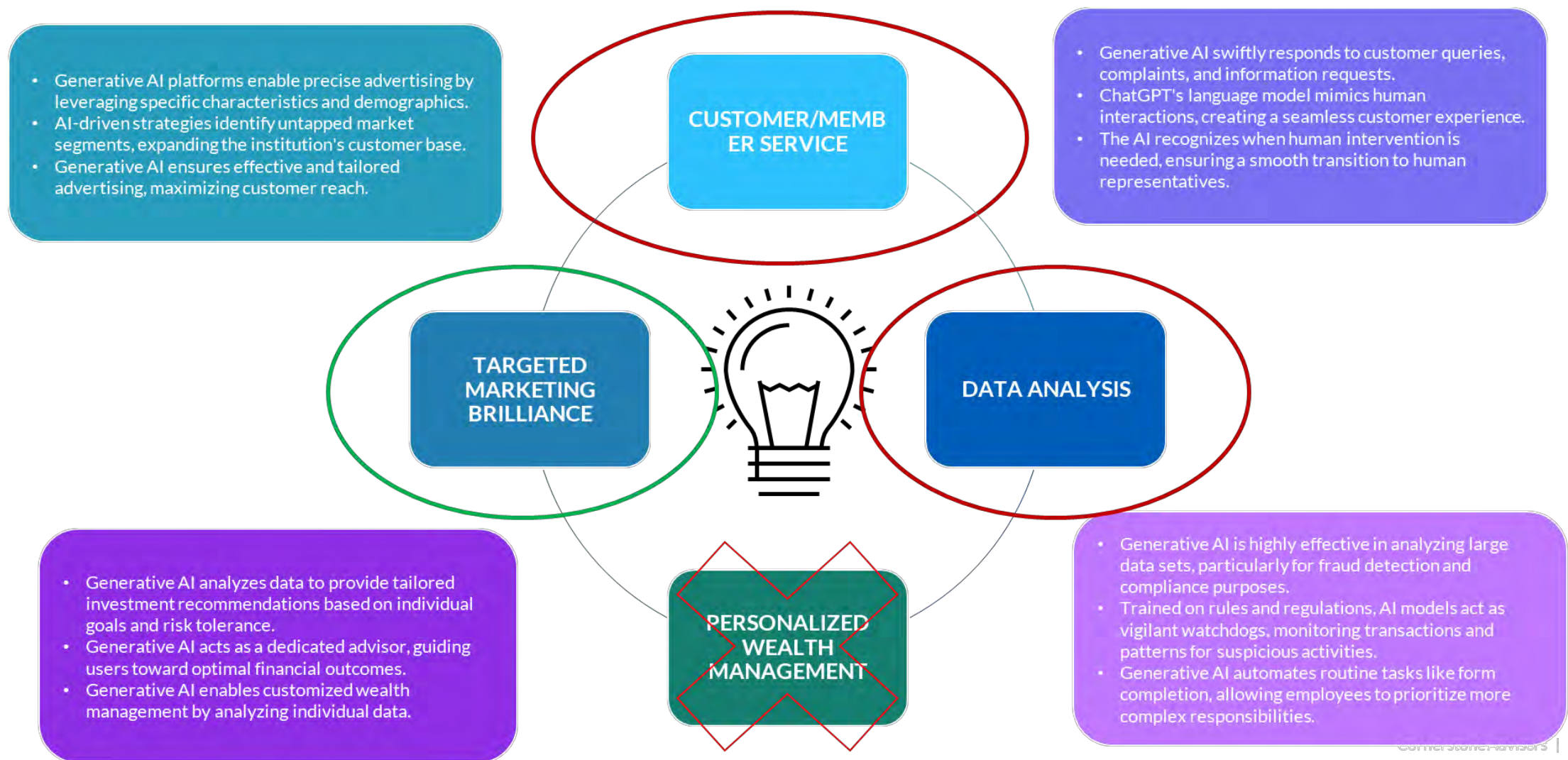


Partner Ecosystem is Complex





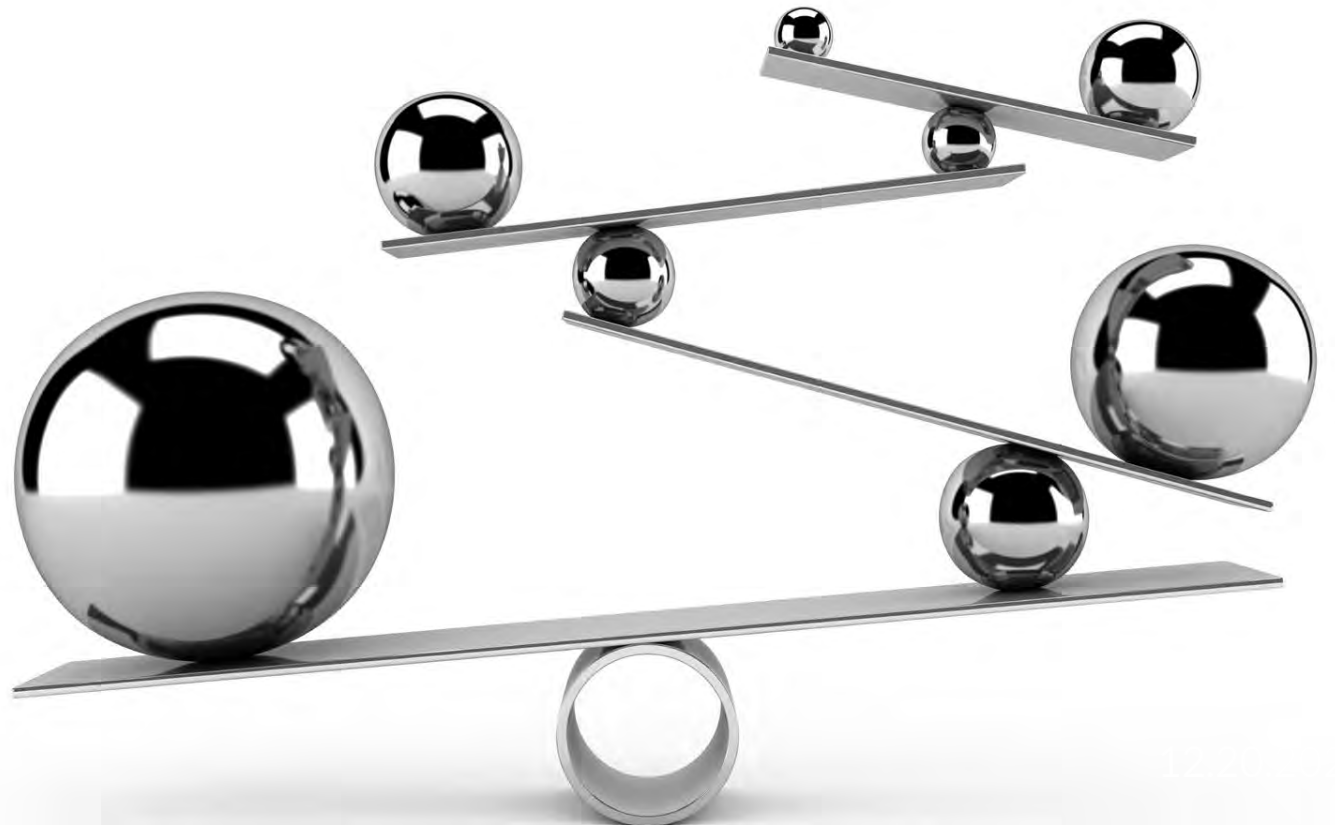
Generative AI Use Cases



Continue the Conversation

7272 E. Indian School Rd., Ste. 400
Scottsdale, AZ 85251

Phone 480.423.2030
Email info@crnrstone.com
Web www.crnrstone.com



NATIONAL BANKERS ASSOCIATION **AI & PROCESS IMPROVEMENT PANEL**

Automation Overview

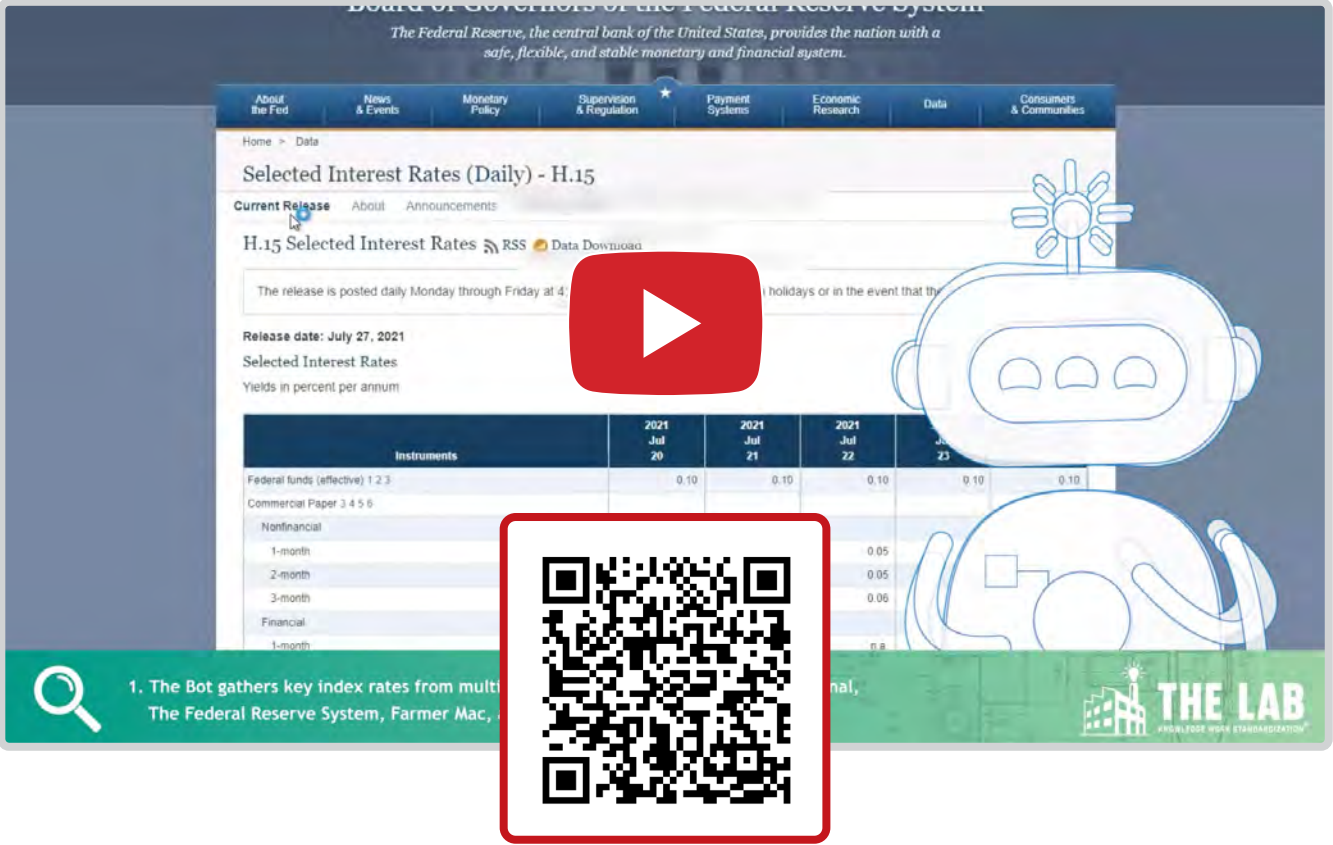
- Real-World Success: Loan Index Rate Bot + Other Examples
- Measurable Benefits: Strategic RPA + AI Program Example
- Ensuring Adoption & Scale: Crawl, Walk, Run Roadmap

July 10, 2025



Real-World Success: *Loan Index Rate RPA/AI Video*

Loan Index Rate Bot *for Fiserv Precision/Director*



RPA/AI in Banks, Credit Unions

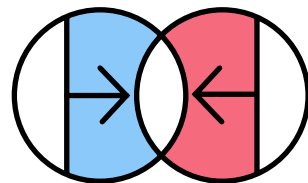
- Replicates human computer clicks
- Automates tedious activities, e.g.,
 - “Stare & compare”
 - “Human glue”

- Available for any core
 - Fiserv Precision/Director
 - Others
- Uses common software
 - Microsoft Power Automate (RPA)
 - Intelligent Document Processing (AI)

Advanced Use Cases: *Robotic Process Automation*

“Solving Urgent Business Problems” with RPA - Where No Other Immediate-term Solution Exists

Merger Conversions



Business Problem:

Core providers cannot support mergers for 12 to 20 months, causing major data rework and delaying mergers, acquisitions

Solution

Decoded EBCDIC data, transformed bank data for credit union needs and onboarded 10,000 new members in 4 months with 6 bots, i.e.,

1. Individual Onboarding/Share Creation
2. Organization Onboarding/Share Creation
3. Member and Share Updates
4. Loan Onboarding
5. Card Ordering
6. Trial Balance Report Data Extraction



*Core Conversion -
Onboarding Customers
from an Acquired Bank,
Credit Union*

Fraud Processing



Business Problem:

Bank fraud increased 7x in the past five years, fueled in part by social-media “fraud influencers” and overwhelming staff

Solution

Deployed bots on the most labor-intensive fraud tasks to handle massive increases in volume and increase compliance, e.g.,

1. BSA/AML Alert Processing, SAR Creation
2. Fraud-Related GL Chargeback Processing
3. Account Opening Fraud Detection
4. Currency Transaction Report Processing
5. Debit Card Fraud Processing

And more



*BSA/AML Alert
Processing, Data
Gathering and SAR
Creation Bot*

Macroeconomic Events

Paycheck Protection Program (PPP) Loans in 2020



Business Problem:

At the height of the pandemic, SBA loans surged by 100x annual volumes – and had to be processed within 3 weeks

Solution

Developed 4 bots, live in production within 48 hours, to handle the super-human volume and distribute needed funding, i.e.,

1. PPP Loan Application Processing
2. PPP Underwriting Decisioning
3. Existing SBA Loan Deferral
4. SBA E-tran Portal Submission



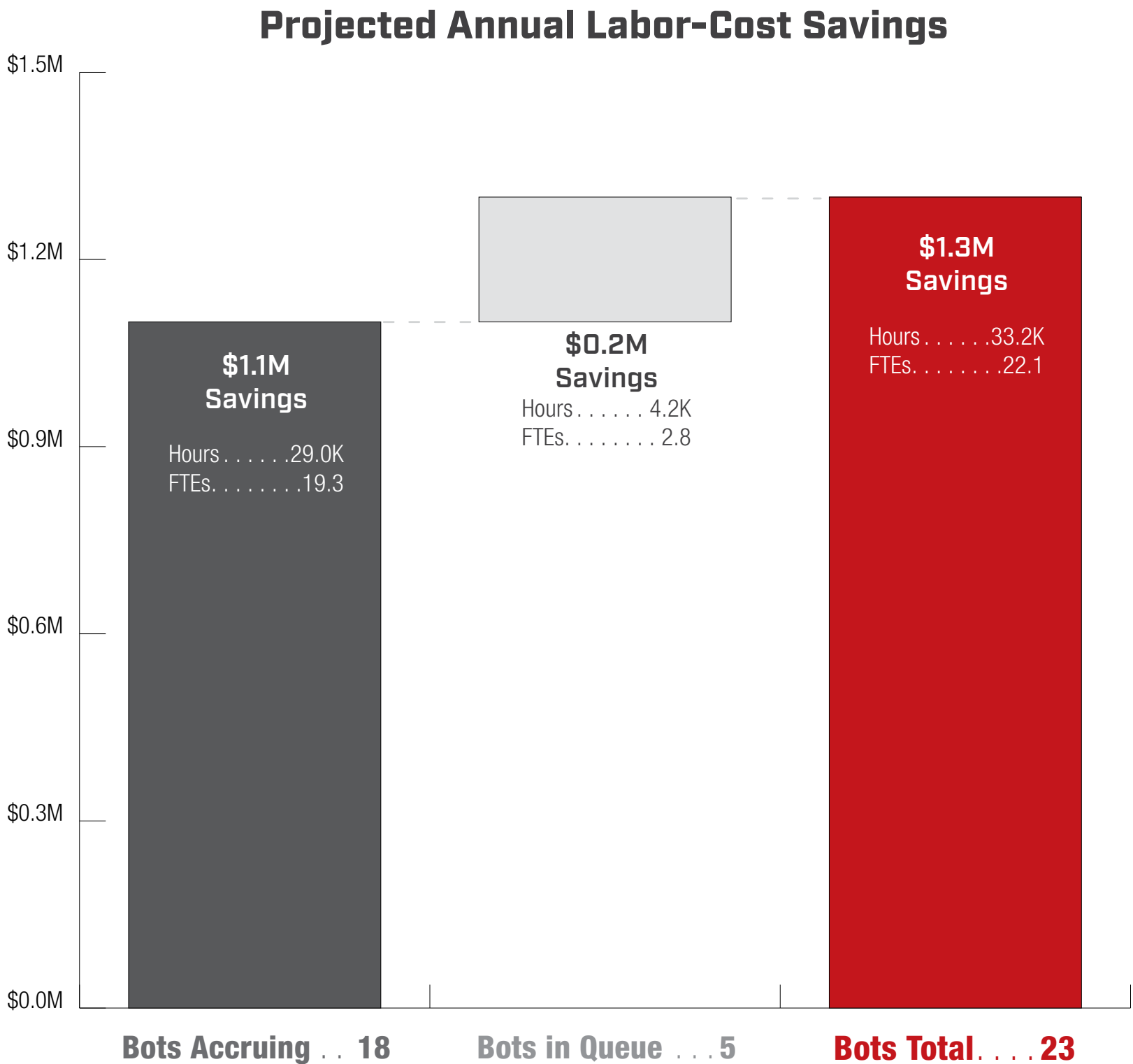
*Paycheck Protection
Program Loan
Application Processing*

Measurable Benefits: Strategic RPA + AI Program Example

Since Program Launch, 18 Bots Are Accruing Benefits, 5 Bots Are in Queue to Deliver More (23 Bots Total)

Benefits Summary

[3-Year Bot Lifecycle]



A. Financial Benefits

- Labor-Cost Savings (3 Years) \$3.9M
- Total Investment \$1.0M
 - Automation Investment \$0.9M
 - Support Services \$0.1M



B. Strategic Benefits

- More scalability with existing resources
- Fewer business-process dependencies
- Accelerated processing, cycle times
- Increased audit, regulatory compliance



C. Customer Experience Benefits

- Faster processing (loans, transactions)
- Fewer errors, avoidable follow-ups
- Proactive status updates, notifications

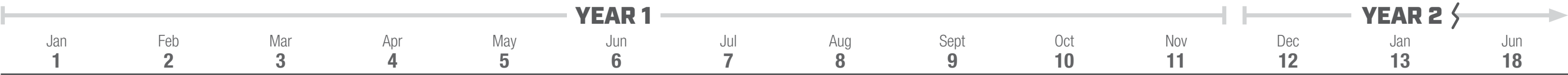
Automation/AI Program: Bot Inventory

REPRESENTATIVE
EXAMPLE

				Annual Benefits		
ID	Bot Name	Status	Department	Hours	Positions (FTEs)	OpEx
Accruing: 18 Bots				Total: 29,000	Total: 19.3	Total: \$1.1M
CC-1	Unposted Closed and Restricted	Deployed	Deposit Operations	9,600	6.4	\$384K
CC-2	Denied and Withdrawn Upload	Deployed	Loan Operations - General	2,900	1.9	\$114K
CC-3	ATM Network Reconciliation	Deployed	ATM Operations	2,600	1.7	\$102K
CC-4	Upload Lending Cycle Loan Documents	Deployed	Loan Operations - General	2,200	1.5	\$90K
CC-5	Pay by Phone Automation	Deployed	Loan Operations - Consumer	2,100	1.4	\$84K
CC-6	Deposit Account Closure	Deployed	Deposit Operations	1,800	1.2	\$72K
CC-7	Debit and Credit Card Travel Note	Deployed	Card Operations	1,700	1.1	\$66K
CC-8	Visa DPS Morning Recon	Deployed	Card Operations	1,060	0.7	\$42K
CC-9	Visa DPS Afternoon Recon	Deployed	Card Operations	1,060	0.7	\$42K
CC-10	Visa Account Updater	Deployed	Card Operations	1,050	0.7	\$42K
CC-11	ACH Stop Suspect Payment Processing	Deployed	Payment Services	880	0.6	\$36K
CC-12	Repossession Status Update	Deployed	Collections	660	0.4	\$24K
CC-13	Loan Risk Rating Upgrades	Deployed	Risk	400	0.3	\$18K
CC-14	Matured Loan Letter Processing	Deployed	Loan Operations - General	300	0.2	\$12K
CC-15	Death Notification Update - CIF phase 1	Deployed	Account Opening/Closing	280	0.2	\$12K
CC-16	Lending Cycle RESPA Report	Deployed	Loan Operations - Mortgage & Real Estate	200	0.1	\$6K
CC-17	Death Notification Digital Banking Phase 1	Deployed	Card Operations	150	0.1	\$6K
	Mitigation	Deployed	Loan Operations		0.1	\$6K

Ensuring Adoption & Scale: *Crawl, Walk, Run* Roadmap

Focus on Building Sustainable, Expandable Automation/AI Capabilities and Program Management



Wave 1: Crawl
Build Automation Capabilities

Familiarize the organization with automation, setup infrastructure, and deploy “pilot” bots

Objectives:

- A. Low-risk, Proof-of-concept
- B. Implement RPA Infrastructure, Change Management Methodology
- C. Install first allotment of bots
- D. Familiarize client with RPA capabilities, market results to generate buy-in (videos)
- E. Implement bots that yield quantified results



ACH Stop Payment Processing



Loomis Reconciliation



Wave 2: Walk
Scale-Up Capabilities

Install additional “high priority” automations, begin to up-skill and self-sustain

Objectives:

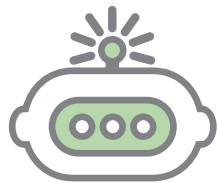
- A. Install second allotment of bots
 - Previously scoped high-value bots
 - New client internally sourced use cases
- B. Further enable client self-sustainability
 - Support 2 client-developed bots
 - Provide training, technical design support
- C. Continue to implement other peer-proven bots



Right-to-Offset



Loss Mitigation



Wave 3: Run
Expand Strategically

Expand automation to advanced tasks (e.g., loan pricing, cross-sell) and continue end-to-end process automation

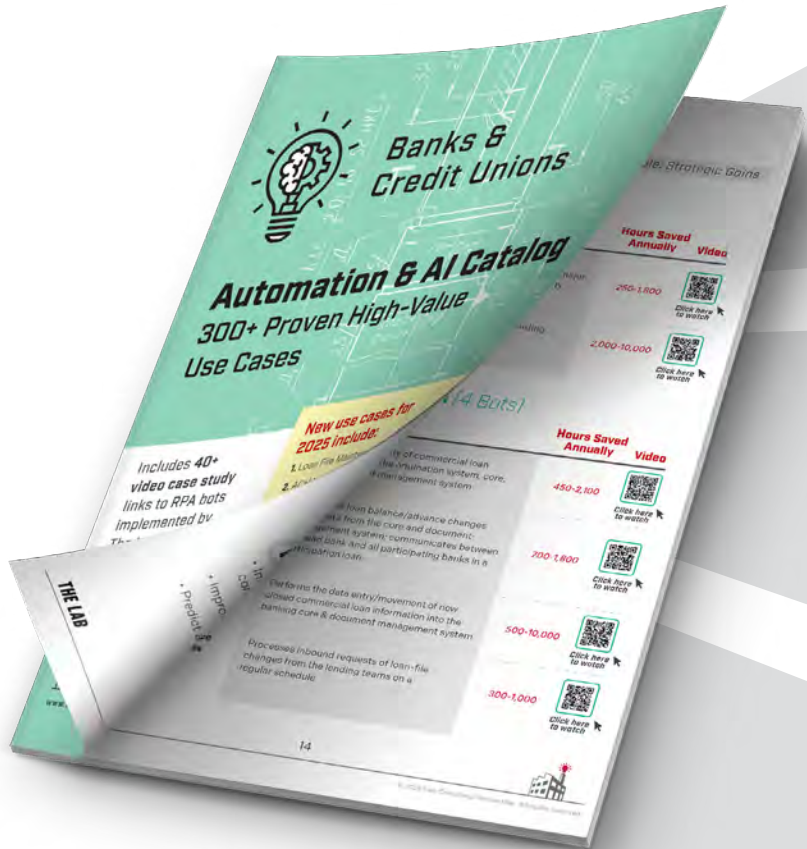
Objectives:

- A. Generate and manage RPA bot pipeline
 - Structured, centralized automation discovery
 - Based on IP from The Lab, normalized “Peer-proven” use cases
 - Use cases line up to strategic objectives
- B. Accelerate RPA across big-bang use cases
- C. Implement deeper RPA where buy-in has occurred
- D. Implement in new business areas with no RPA experience












The Lab's Knowledge Base: “Peer-Proven” Bots




Discovery is the greatest obstacle facing automation efforts today



Based on 2,000+ successful bot implementations

Deposit Operations (50+ Bots)			
Bot Name	Bot Description	Hours Saved Annually	Video
 Brinks and/or Loomis Reconciliation	Reconciles all accounts and transactions for the previous day's cash-vault transactions using the core, the Brinks website, and the bank's own document-management system	250-500	 Click here to watch
Regulation D Violation Letter Processing	Processes Regulation D violations in the core and sends notifications to customers for each violation		 Click here to watch

Fraud/Risk/Compliance (30+ Bots)			
Bot Name	Bot Description	Hours Saved Annually	Video
 HMDA Data Transfer & Monitoring	Works through a loan origination system and mortgage compliance software to ensure all loan applications are in compliance with the Home Mortgage Disclosure Act	200-700	 Click here to watch
 Check Fraud Detection Processing	Reviews transactions in the fraud detection system & core to determine if check fraud occurred & puts stop-pays on suspicious transactions	1,500-5,000	 Click here to watch
 BSA/AML Alert Processing, Data Gathering, SAR Creation	Navigates 5+ banking systems to compile required fraud data, creates case files, write SAR & submits SAR for daily	1,000-6,000	 Click here to watch

Loan Operations - Commercial (60+ Bots)			
Bot Name	Bot Description	Hours Saved Annually	Video
 Commercial Loan Input Quality Control	Checks the quality of commercial loan information in the origination system, core, and document management system	450-2,100	 Click here to watch
Participation Loan Processing & Reporting	Processes loan balance/advance changes using data from the core and document-management system; communicates between the lead bank and all participating banks in a participation loan	700-1,800	 Click here to watch

strategy&

Minority Depository Institutions Leadership Summit

Perspectives on Growth & Efficiency

July 11, 2025



Agenda

July 11th Leadership Summit

1. Common challenges & key levers to improve performance
2. Performance insights of MDI banks
3. Broader industry themes and implications
4. Perspectives on benchmarks & the core areas to get right
5. Q&A

Regional & Community Banks face a common set of challenges that, when addressed, can unlock significant and sustained value

Common challenges Regional & Community banks face

**Financial Model &
Cost Structure**

- Deposit betas and cost of funds rising faster than peers; typically compete on rate, but earn lower yields on loans
- Fragmented org structure (often through M&A) with manual processes, redundant teams, & excess overhead
- High-cost middle and back-office delivery model

**Go-to-market
Strategy & Execution**

- Low levels of sales productivity, weak outbound & cross-sell muscle
- Disjointed product to distribution/ channel strategy and lack of coordination
- Limited product shelf, particularly in payments products, & limited value proposition by segment

**Culture &
Talent**

- Risk aversion and a bias toward the status quo slow innovation and responsiveness
- Change often stalls due to unclear ownership or accountability, siloed teams, and legacy thinking
- Lack of enterprise agility and test-learn mindset; slow to scale successful pilots

**Technology &
Data Enablement**

- Lagging digital capabilities with UI/UX trailing; mobile/app friction undermines throughput
- Limited sophistication in technology, finance, risk, and real-time data
- Underinvestment in AI/ML and automation, and lack of end-to-end customer journey orchestration

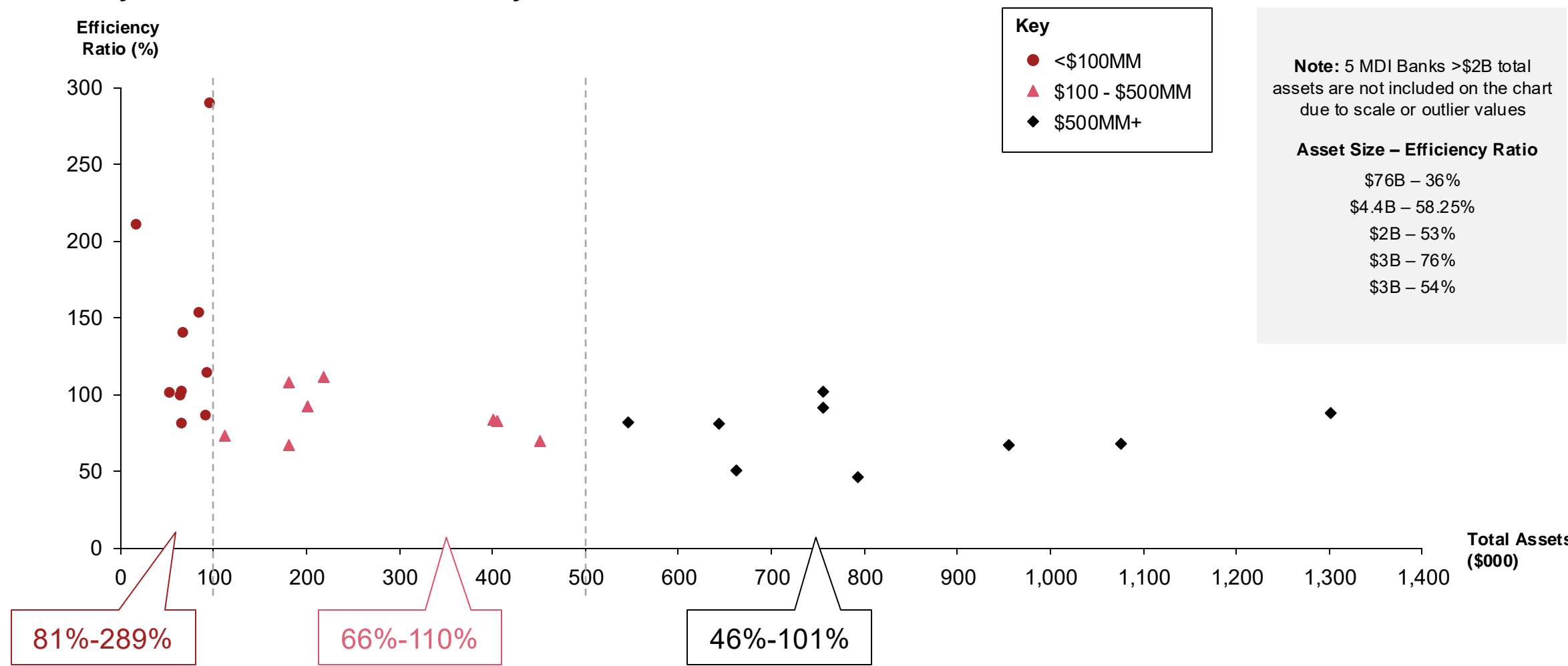
With the right focus and investment these challenges can be addressed to lift performance

Efficiency improves with scale, but Smaller MDIs generate higher yield and fee income relative to Asset size

	<\$100M Total Assets Small MDIs		\$100 - \$500M Total Assets Medium MDIs		\$500M+ Total assets Large MDIs	
# of MDIs	10		8		20	
Median Efficiency Ratio	108%		83%		68%	
Median Total Assets	~\$67M		~\$210M		~\$1,016M	
Net Interest Income as % of Assets, Median, 3 rd Quartile	4.0%	4.4%	3.2%	3.8%	3.0%	3.6%
Non-interest Income as % of Assets, Median, 3 rd Quartile	0.4%	1.1%	0.4%	0.8%	0.5%	0.7%

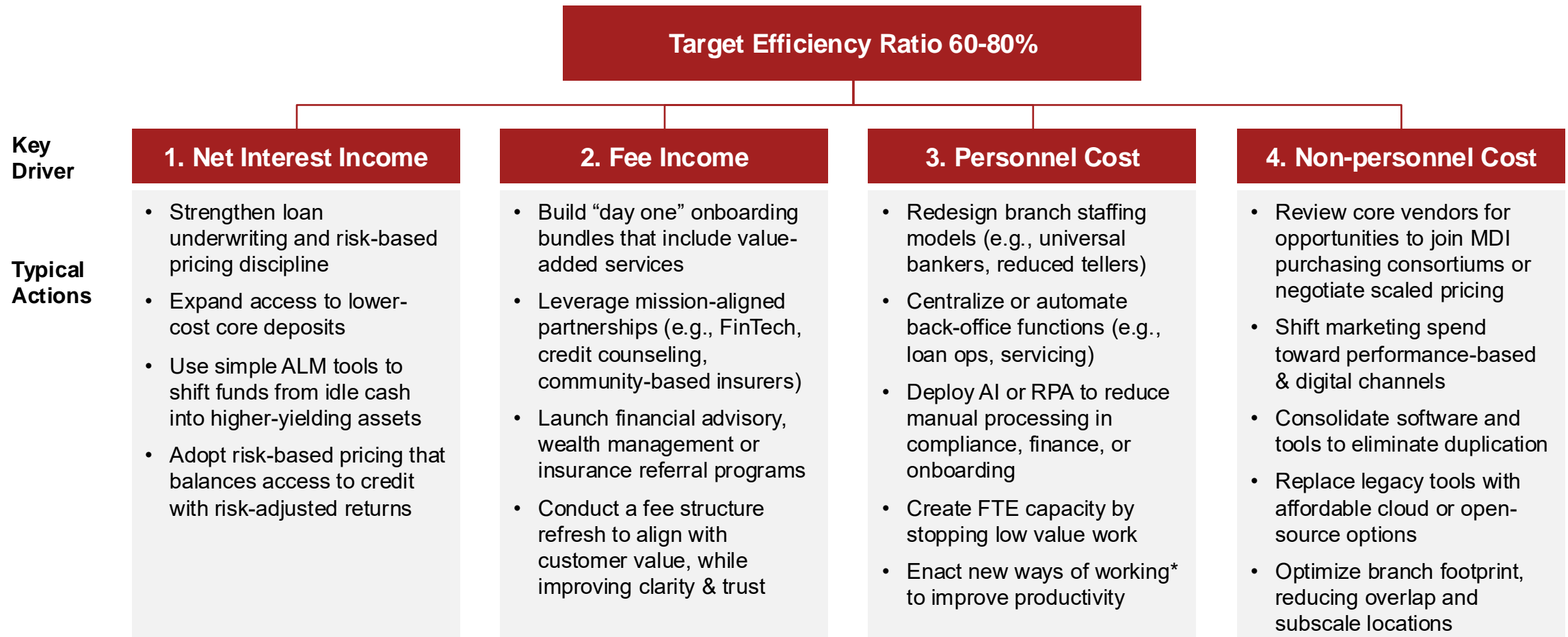
Performance gaps within the same asset tier highlight the critical role of leadership, execution, and operating discipline

Efficiency Ratios Across MDI Banks by Asset Size



Four key levers MDI banks can pull to improve efficiency

Tactics to Achieve Target Efficiency Ratio



*See subsequent pages on how to implement new ways of working

Shifting ways of working is hard – because it requires people to change

Many companies are facing similar productivity challenges

Organizations are **investing in process and technology** to drive business improvements

Many are failing to **recognize the need for investment in people**

- Typically only 3% of a transformation budget is spent on people, which has 30%+ impact on results

Organizations with an engaged workforce show:

- 30% Greater customer-satisfaction levels
- 26% Less employee turnover
- 15% greater productivity

leaders are not leading

89%

of manager time is spent on non-coaching activities

problems are not solved

36%

of team members believe problems are not solved in a way that stops them happening again

limited standardization

30%

of employees say that they do not follow the same process as others to complete their work

motivation is not effective

44%

of staff feel they are not recognized in a way that motivates them

fluctuating demand is not managed

37%

of employees feel more could be done to manage expectations and balance workload

lack of understanding of performance

32%

of employees are unclear about how their team measures performance

Sustainable change starts with a deep understanding of human behavior and focus on changing novel routines into habit

How behaviors become habits



Accelerating successful behavior sustainment

- **Instill a structured, repeatable process for skills development** to immerse operational front line in playbook content each week, implement the routines and tools, and gather feedback
- **Leader activation** is required to drive change by empowering and upskilling managers and leaders. This reinforces the need to role model, and support advisor behaviors
- **Dedicated support for front line teams** with on-the-ground coaches & resources that are available to help ensure behaviors take root
- **Rapid cycles of feedback and iteration** are needed in order to rapidly update routines and tools based on feedback from the branch, and create new tools when needed to address identified gaps

Our approach to delivering new Ways of Working is based on lean management fundamentals

A framework of 10 elements that delivers a new way of working for leaders, managers and their teams.

Ways of Working helps to transform productivity & performance through building a more connected, capable and agile employees.

Connected teams

Brings workers together. Teams share insights and information to bring enterprise-wide continuity and connection in a mobile world

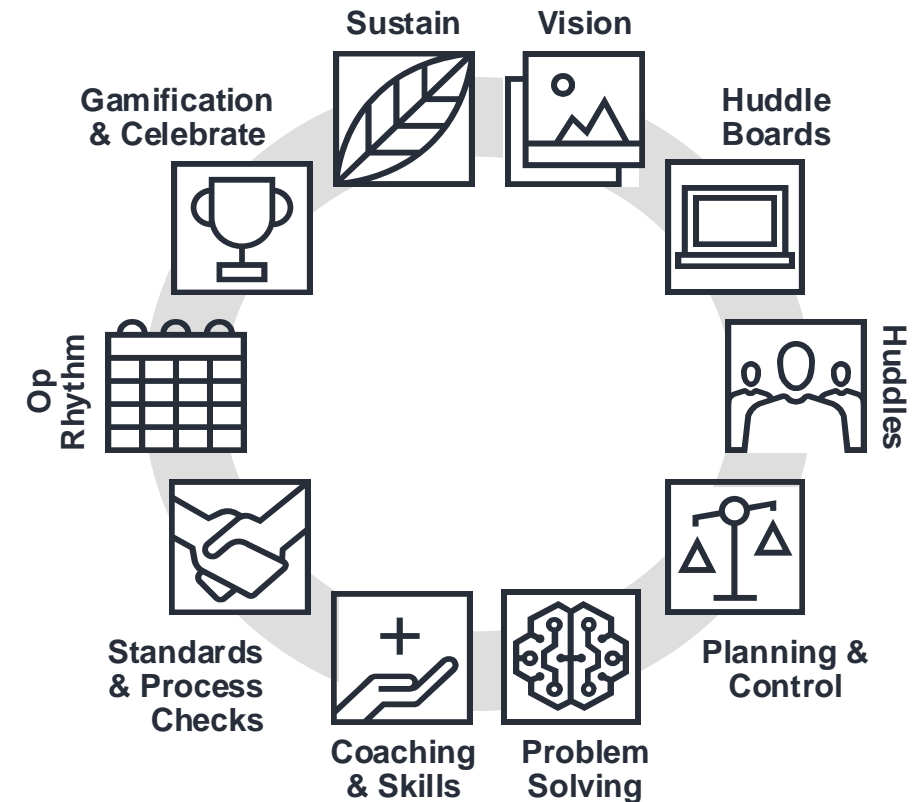
Engaged workers

Gamification unlocks team members' potential. Up competitiveness. Motivate actions. Reward achievement. Bring excitement to the everyday

Enterprise visibility

Coaching around personal and group dashboards gets people focused on shared goals. Track progress. Communicate more effectively. Solve problems, and make decisions – from employees to execs.

PwC's Ways of Working Methodology



3 enabling levers (that are always pulled)

1. Individual performance
2. Team performance
3. Capacity planning

Key performance insights by MDI Asset size

	<\$100M Total Assets Small MDIs	\$100 - \$500M Total Assets Medium MDIs	\$500M+ Total assets Large MDIs
Key Takeaways	<ul style="list-style-type: none">• Revenue growth and ROA performance varies widely in peer group, indicating room to improve profitability• Efficiency ratios are elevated (100%+), signaling high operating costs relative to income and limited margin for error• Opportunity to streamline operations and boost income through targeted lending or niche deposit growth tactics• Lack of scale requires sharper execution, stronger capital access, and investment in internal capabilities to grow sustainably	<ul style="list-style-type: none">• Cohort shows solid NII performance but lags in NIM growth, likely due to faster deposit repricing• Loan-to-deposit ratios near 100% signal full capital deployment and limited funding flexibility• Incremental growth may require expanding the deposit base or accessing higher-cost funding sources• Peer group at a strategic inflection point: how to scale infrastructure without compromising margin or cost control	<ul style="list-style-type: none">• Stronger revenue and margin growth suggest scale advantages, but 15-pt efficiency gap shows room for improvement• Top performers are growing assets while diversifying income through product mix, pricing discipline, and customer depth• Non-interest income remains a growth lever, targeting ~1.0–1.5% of assets from fees, payments, and advisory services• Execution discipline becomes a key differentiator; top performers operate leaner and deploy capital more effectively
Priority Focus Area	Sharpen operational discipline and develop niche lending or deposit strategies to build sustainable profitability and attract long-term capital partners	Rebalance funding strategy , improve margin management , and invest selectively in digital tools and talent to support scalable, efficient growth	Drive enterprise efficiency , modernize delivery models , and scale strategic capabilities (e.g., payments, analytics, partnerships) to differentiate in a more competitive landscape

MDI Benchmarking: <\$100M in Total Assets

Key Benchmarks for Small MDIs (Total Assets <\$100M)

Asset Size	1 st Quartile	Median	3 rd Quartile
Balance Sheet			
Loans & Leases Outstanding <i>As of YE 2024</i>	\$19.6M	\$38.2M	\$62.4M
3-Year Asset Growth <i>2021 – 2024</i>	-19%	14%	36%
3-Year Deposit Growth <i>2021 – 2024</i>	0.13%	0.26%	0.31%
Loan / Deposit Ratio <i>YE 2024</i>	64%	70%	93%
Income Statement			
Efficiency Ratio	150%	108%	99%
3-Year Revenue Growth <i>2021 – 2024</i>	1.7%	2.9%	7.4%
3-Year NIM Expansion <i>2021 – 2024</i>	2.8%	4.0%	4.4%
Net Interest Income as % Total Assets	2.8%	4.0	4.4%
Non-interest Income as % Total Assets	0.19%	0.38%	1.1%

Sample Size: 10 MDIs

Strategy&

Source: S&P Global; PwC Strategy& Analysis

Notes: Top Quartile represents the midpoint of the top quartile (75th percentile – top participant) of benchmarks observed within the participant set; “gap” refers to gap to Top Quartile

Represents key performance variation

MDI Benchmarking: \$100-500M in Total Assets

Key Benchmarks for Medium MDIs (Total Assets \$100-500M)

Asset Size	1 st Quartile	Median	3 rd Quartile
Balance Sheet			
Loans & Leases Outstanding <i>As of YE 2024</i>	\$136.7M	\$166.1M	\$297.2M
3-Year Asset Growth <i>2021 – 2024</i>	7%	44%	88%
3-Year Deposit Growth <i>2021 – 2024</i>	0.06%	0.12%	0.15%
Loan / Deposit Ratio <i>YE 2024</i>	92%	97%	100%
Income Statement			
Efficiency Ratio	96%	83%	72%
3-Year Revenue Growth <i>2021 – 2024</i>	0.6%	1.3%	1.8%
3-Year NIM Expansion <i>2021 – 2024</i>	-0.9%	-0.5%	-0.3%
Net Interest Income as % Total Assets	2.7%	3.2%	3.8%
Non-interest Income as % Total Assets	0.33%	0.40%	0.77%

MDI Benchmarking: >\$500M in Total Assets

Key Benchmarks for Large MDIs (Total Assets >\$500M)

Asset Size	1 st Quartile	Median	3 rd Quartile
Balance Sheet			
Loans & Leases Outstanding <i>As of YE 2024</i>	\$390M	\$619M	\$1,214M
3-Year Asset Growth <i>2021 - 2024</i>	16%	23%	63%
3-Year Deposit Growth <i>2021 - 2024</i>	0.01%	0.02%	0.02%
Loan / Deposit Ratio <i>YE 2024</i>	70%	79%	92%
Income Statement			
Efficiency Ratio	81%	68%	53%
3-Year Revenue Growth <i>2021 - 2024</i>	0.2%	0.3%	0.9%
3-Year NIM Expansion <i>2021 - 2024</i>	0.0%	0.5%	0.8%
Net Interest Income as % Total Assets	2.8%	3.0%	3.6%
Non-interest Income as % Total Assets	0.41%	0.52%	0.70%

Sample Size: 20 MDIs






Strategy&

Source: S&P Global; PwC Strategy& Analysis

Notes: Top Quartile represents the midpoint of the top quartile (75th percentile – top participant) of benchmarks observed within the participant set; “gap” refers to gap to Top Quartile

Represents key performance variation

Winning retail client growth is a hypercompetitive race – MDI banks must compete differently to drive sustainable growth

	Sector Headwinds	Product Evolution	Agile, Studio-based Execution	Distribution Excellence	AI: Hype to Deployment
					
Themes	<ul style="list-style-type: none">• Slower growth, fee income erosion, & NIM compression• Deposit betas spiking to ~60-80% vs sub-50% last cycle• Loan demand softening, esp. CRE, auto, HELOC• Rate products crowding out checking, slowing HH growth	<ul style="list-style-type: none">• Personalized checking tiers (based on life stage or depth)• Integrated savings & credit bundles (e.g., auto line of credit)• Checking linked to investment or homeowner journeys• Embedded rewards ecosystems (cashback, perks, wellness)	<ul style="list-style-type: none">• Agile campaign teams blending marketing, product, analytics• Targeted, trigger-based outbound branch playbooks• Micro-segmentation & persona-based offers• Real-time offer adjustment based on transaction/ behavior	<ul style="list-style-type: none">• Sales excellence playbooks to lift branch output 20-40%• Service tiering & hybrid advisory models• Integrated onboarding across channels (digital, phone, branch)• In-branch ecosystem optimization w/targeted calling	<ul style="list-style-type: none">• Agentic AI copilots for bankers & call center reps• AI-powered onboarding journeys (forms, ID checks, product rec)• Predictive lead scoring & churn modeling• Natural language financial wellness tools
MDI Implications	Offset margin pressure with targeted deepening, tighter ALM, and community-specific lending strategies that avoid overreliance on rate-based growth	Differentiate by offering mission-aligned products that combine utility and trust , e.g., affordable credit lines, financial education tools, and relationship-based incentives	Small, cross-functional teams can accelerate campaign testing and customer outreach , even at modest scale, by repurposing existing staff and focusing on data-informed micro-segmentation	Empower frontline staff with tools, routines, and lead lists to drive primacy and build multi-product households	Prioritize low-lift, high-impact AI use cases , like onboarding automation, call center assistance, or churn scoring, to improve efficiency without overextending tech budgets

Despite wide performance dispersion, median peer performance is within reach for most regional and community banks

PwC Regional Bank Benchmarking Metrics

Sample metrics

Type	Metric	Median	3 rd Quartile
Top-of-House	ROA	0.9%	1.2%
	ROE	7%	10%
	Efficiency Ratio	65%	50%
Net Revenue	NIM	3%	4%
	Fee Income	5%	10%
	Revenue per FTE	\$300	\$350
	Yield on Earning Assets	5%	6%
	Loan-to-Deposit Ratio	70%	80%
	Cost of Funds	3%	2%
Personnel Costs	FTE Expense as a % of Revenue	Varies by Role	
	Cost / FTE		
	FTE / \$1B Revenue	Varies by Business / Function	
	Cost / Headcount	Varies by Function / Location	
	Revenue / Technology FTE	Varies by Scale / Outsourcing Model	

Key considerations to enact growth and efficiency improvements for Regional & Community banks



Talent matters: often a change in leadership will be required to push pace and shift the culture. This needs to happen at the top and across key roles within the upper / mid layers



Culture change takes time, and **not all will have the will or the skill to operate in the new environment**. Turnover will be a factor during the first 12-18 months of the transformation – this can be hard, but is essential



Most actions regional & community banks can take to improve performance will simplify the platform while building the growth engine – these are the **same actions that help prepare a bank for an eventual acquisition**



The **largest challenge most banks face is cost of funds**. Lacking access to low-cost deposits, these banks must offset this disadvantage through cost discipline and strong execution



The **impact of scale is over-stated**: as banks grow in asset size they also grow in complexity and face heightened regulatory supervision, efficiency is possible at any size



Traditional value realization levers are **turbo-charged with AI solutions**, and regional/ community banks are the perfect environment to realize value from these efforts



Significant value in **executing quick wins early to show momentum**: don't wait for perfect data or the whole answer. Stand up an agile studio model, execute in sprints, get core reporting/ data early, measure, and continuously improve

We'll now open it up for Q&A

Please feel free to share any questions on what we've covered today

Evaluating Acquisition Opportunities

**NBA Strategic Planning Retreat
July 10-11, 2025
Truist Leadership Institute**

Presented by

Neil Grayson and Rob Klingler

Nelson Mullins Riley & Scarborough LLP



Preparing for an Acquisition

- Considering Acquiring Another
 - Getting the Board on Board
 - Getting the House in Order
 - Getting the Regulators on Board
 - Assembling the Deal Team
 - Developing the Game Plan
 - Conducting Thorough Due Diligence
- Considering Being Acquired
 - Process for Selling a Company
- Current M&A Trends (courtesy of Performance Trust)

Considering Acquiring Another?

Getting the Board on Board

- Having a unified board is the key to a successful M&A strategy
- Stress board confidentiality
- Develop acquisition strategy
 - Market
 - Target size range
 - Target characteristics (e.g. geography, mission, clean versus challenged)
 - Preservation of MDI status
- The board needs to have a thorough understanding of the steps involved with, and the effects of, undertaking an acquisition strategy:
 - Have bank management present on strategy and goals
 - Have one or more investment banks present on the general and local M&A markets, pricing analyses, recent transactions, accounting issues (e.g., "mark to market"), and the financial effects of various hypothetical transactions

Getting the Board on Board

- Have legal counsel present the steps involved and the timeline for a typical bank acquisition
 - Be aware of the significant time and effort that will be involved
 - Understand that, depending upon deal size, a deal could take the company out of the market for a period of time after closing
- Have accountants present an overview of accounting issues and best practices
- Understand that a successful acquisition may bring with it governance changes, e.g. new board or management team members or compensation changes

Getting the Board on Board

- Understand the responsibilities that come along with undertaking an acquisition strategy, such as a heightened duty of confidentiality and restrictions on trading in the company's or the target's stock
- Take preliminary actions to begin the acquisition process:
 - Engage financial advisor(s)
 - Authorize management to begin exploring potential acquisition opportunities
 - Establish a board committee (e.g., chairman, CEO, and one or two other directors) to explore opportunities on behalf of the full board
 - Consider adopting a Policy on Corporate Opportunities

Getting the Board on Board

- **Have a coordinated communications strategy to prevent potential Regulation FD (selective disclosure) issues**
- Stay informed – have periodic reviews of market and deal issues with investment bankers and legal counsel

Getting the House in Order

- Legal review of corporate documents
 - Confirm that the company has sufficient authorized common stock and blank check preferred stock available
 - Update the articles and bylaws, if necessary (e.g., shareholder proposals/nomination process)
 - Effect of a transaction on MDI status and ECIP securities, if applicable
- Review existing board classes
- Review management team and employment agreements
- Review incentive plans and material contracts for change in control triggers
- Confirm that the company's indemnification provisions and D&O insurance are adequate

Getting the House in Order

- Establish process and responsibility for Board and Committee minutes
- Update the company's business plan, if necessary
 - Consider best location (holding company or bank level) for any anticipated new non-bank activities (e.g., registered investment advisor, trust, broker dealer, insurance) and associated regulatory implications
- Review staffing and internal controls, policies, and procedures – do you have the capacity to absorb another company (regulatory consideration)?

Getting the House in Order

- Resolve any regulatory issues and ensure ongoing compliance, particularly BSA/AML, Fair Lending and CRA compliance
- Consider early discussions with any key shareholders to "socialize" the acquisition strategy (need agreement to maintain confidentiality and not to trade)

Getting the Regulators on Board

- Consider the company's and the bank's general compliance history and relationships with their regulators
 - Address any unresolved supervisory issues
 - Communicate with regulators early and often in the process
 - Compliance issues with target can affect the regulatory approvals for the company and the bank
- Most important issues – capital, management, and having sufficient resources to integrate the target
 - Develop capital plan (if needed)
 - Confirm management resources
 - Transaction
 - Integration

Assembling the Deal Team

- Key executive officers
- Key directors (including members of the Corporate Opportunities or M&A committee)
- Outside advisors:
 - Investment bankers
 - Legal counsel
 - Outside loan review firms
 - Accountants/tax support
 - Proxy soliciting firm
 - PR firm

Developing the Game Plan

- Develop pitch materials to market the bank
 - Why is your institution a good long-term partner?
 - What steps could be taken to make your institution more attractive?
 - Public stock currency provides acquirer with flexibility
 - Review public company filing eligibility (S-3)
 - Assess stock exchange requirements

Developing the Game Plan

- Develop parameters for potential target banks
 - Decide on size, location, management, culture and business philosophy, special products, etc.
- Develop internal projections that identify acquisition synergies

Developing the Game Plan

- Be prepared before approaching your first target - know your target
- Be ready to handle rumors regarding the company's plans
 - "No comment" policy is generally the best approach
 - One person, typically CEO, often designated as company spokesperson
- Prepare a form of non-disclosure agreement, due diligence request list, and initial term sheet or letter of intent that can be tailored as needed

Developing the Game Plan

- Be ready to promptly begin due diligence once the NDA is signed
- Build in plenty of time to review the initial draft of the merger agreement before delivering it to the target
- Assess capital needs and develop plan to address as needed
 - Secondary offerings
 - Shelf registration
 - Bridge debt facilities
 - Balance sheet management

Conducting Thorough Due Diligence

- Look for cultural compatibility – "social" issues (including mission, culture, board composition and management responsibilities) are usually the keys to the success of an acquisition
- This step is still critical – due diligence may drive substantive merger agreement provisions
- Understand fair value accounting principles
 - Balance sheet marks and goodwill impact
- Review articles and bylaws for provisions that may affect the acquisition

Conducting Thorough Due Diligence

- Both sides should expect an extensive review of loan and investment portfolios, employment agreements and benefit plans
 - Consider an outside loan review firm to conduct a thorough loan review
 - Review safety and soundness and compliance issues
 - Understand regulatory limitations on disclosure of bank regulatory exams and other correspondence
 - Review executive compensation documents, including employment agreements, incentive plans, SERPs, or other similar agreements, and understand the effects of Part 359, Section 280G, and Section 409A on such arrangements

Conducting Thorough Due Diligence

- Understand tax issues, including the effect of the acquisition on any deferred tax assets
- Confirm that branches and other key assets are owned or that lease agreements can be assigned/do not require change of control consents
- Review material agreements, including data processing agreement(s)
- Review D&O insurance, including tail coverage, as well as ongoing indemnification responsibilities to directors and officers

Conducting Thorough Due Diligence

- Look for pending or threatened litigation against either party
- Be sure to thoroughly analyze costs and potential cost savings
 - Data processing agreements
 - Change-in-control payments
 - Merger-related litigation (strike suits, etc.) and associated costs have become more common – but don't assume you have to pay to settle these

Considering Being Acquired?

Process for Selling a Company

- **STEP 1:** Analyze your standing in the marketplace, level of core deposits, customer relationships, quality of loan assets and investment securities portfolio, and provisions in your core agreement and other vendor contracts
 - Consider preservation of your bank's mission and focus
- **STEP 2:** Consult with experienced legal counsel
 - Conduct due diligence
 - Review employment contracts
 - Remind board of fiduciary duties
 - Duties of care, loyalty and confidentiality
 - Remind board of restrictions on trading
 - Assess any potential board member conflicts

Process for Selling a Company

- Consider implementing a policy regarding potential corporate opportunities
 - Board might establish a standing Corporate Opportunities Committee
 - Explore opportunities on behalf of the bank
 - Discretion to enter into preliminary discussions with third parties regarding any such opportunities
 - Make a preliminary determination that any particular opportunity is not in the best interests of the bank
 - Discretion to inform the third party of its recommendations
 - May require board to sign acknowledgment of fiduciary duties

Process for Selling a Company

- No other director of the bank should initiate any such discussions or respond to any inquiries without the prior express direction of the board
 - Proper response to any inquiry:

"The Bank is following its long-term strategic plan, but we are always interested in hearing about ideas that may lead to the long-term enhancement of shareholder value. We have formed a standing committee to analyze and review all such ideas and make a recommendation regarding the idea to our full Board of Directors. It would be inappropriate for me or any other officer or director of the Bank to investigate such an idea independently. Accordingly, if you would like, I will bring your idea to the attention of our committee. At that point, if we are interested in discussing the idea further, we will let you know."

Process for Selling a Company

- **STEP 3:** Engage an investment banking firm to provide financial advisory and investment banking services to the bank in connection with a transaction
 - Investment bank would meet with the board to provide an overview of the bank merger and acquisition market
 - Discuss the reasonable expectations for a transaction, especially regarding the price at which a transaction could occur in today's market
 - Discuss with the board the projected value of the bank under various scenarios if the bank were to continue as an independent entity

Process for Selling a Company

- Discussions would typically occur over the course of more than one meeting
- The board would need to decide whether remaining an independent entity or proceeding with a transaction would be better for the long-term enhancement of shareholder value
 - The board should review its long-term strategic plan in order assess its independent options

Process for Selling a Company

- Investment bank would conduct preliminary due diligence on the bank and would prepare a set of materials, including a confidential information memorandum, for use in soliciting potential merger partners
- Investment bank would prepare and deliver to the board a list of potential merger partners
- Investment bank would typically ask each possible potential merger partner to enter into a confidentiality agreement prior to engaging in discussions regarding a potential transaction with the bank

Process for Selling a Company

- Investment bank would provide certain information about the bank to each potential merger partner which it is authorized to contact and with whom it has an executed confidentiality agreement
- If investment bank identifies one or more potential merger partners and if discussions with those companies progress far enough, those companies would likely:
 - Engage legal counsel and possibly a loan review firm to assist with their due diligence
 - Meet with senior management and the full board
 - Limited amount of due diligence conducted by the potential merger partner (minimize interaction with staff)
 - Should discussions progress towards a likely transaction, the potential merger partner would complete more thorough due diligence

Process for Selling a Company

- If satisfactory progress is made, the potential merger partner would deliver to the bank a proposed letter of intent in which it would offer to acquire the bank
- The letter of intent would include a non-binding proposal to acquire the bank, subject to due diligence and other conditions, and would reflect the general business terms of the transaction

Process for Selling a Company

- If the board does not find the potential merger partner's offer attractive enough, it would not be under any obligation to go forward with the transaction and could choose not to respond to the proposed offer
- The board has the authority to terminate negotiations with a potential merger partner at any stage throughout this process
- But recognize it is often hard to stop the process once it has begun

Process for Selling a Company

- If the board finds the potential merger partner's offer attractive enough, it would then negotiate the terms of the letter of intent
- The full board would need to approve the execution of the final letter of intent before it can be signed
 - Proposed transaction would typically remain confidential at this stage. It would not be disclosed publicly, and knowledge of the transaction would be strictly limited to a need-to-know basis within the bank
 - Certain due diligence complete at this point
 - Credit, regulatory, fixed assets, employment, IT
 - If required, reverse due diligence should be addressed as well

Process for Selling a Company

- The bank and the potential merger partner would negotiate:
 - Merger agreement
 - Lock-up agreement
 - Non-compete agreements for directors
 - Non-compete agreements for senior management
 - New employment agreements
 - Claims Letters
 - Voting/support agreements

Process for Selling a Company

Overarching Reminder for All Steps:

- Duties of directors in the context of any business combination transaction:
 - The directors must be informed
 - Obtain input and reports from senior management and experts
 - Rely upon experienced counsel and financial advisors
 - Familiarize yourself and make independent inquiry with respect to all material aspects of the transaction and key documents

Process for Selling a Company

- The board must make good disclosures
 - Disclose all actual and potential conflicts of interest to each other
 - Make complete and accurate disclosure to stockholders whose approval of a particular transaction is sought
- The board must deliberate
 - Engage in robust and extensive deliberations with the board in order to surface and consider issues and perspectives
 - Create a record of the decision-making process, including correspondence with third parties discussing the transaction

Process for Selling a Company

- The board must act in good faith
 - Always act in the best interests of the shareholders
 - Avoid taking any actions (including adopting deal protection devices) that improperly limit the board's ability to exercise its fiduciary duties
 - Avoid making any decisions that would favor one bidder over another without appropriate justification
 - Avoid taking any action that might have the effect of favoring a related party over a competing bidder or the stockholders

Hypothetical Deal Term Sheet

Structure	<ul style="list-style-type: none">• Acquirer Bancorp, Inc. (“ABI”) acquires Target Bancorp, Inc. (“TBI”)• Target Bank merged with and into Acquirer Bank
Price	<ul style="list-style-type: none">• Total: \$X million• Per Share: \$X.XX
Form of Consideration	<ul style="list-style-type: none">• % stock / % cash• Other (e.g., special dividends, assumption of debt, etc.)
Exchange Ratio	<ul style="list-style-type: none">• Share Exchange: Fixed Value vs. Fixed Shares• Actual Exchange Ratio (e.g., 1.2345x shares of ABI issued for share of TBI)
Board Representation	<ul style="list-style-type: none">• # of seats on Board of Acquirer Bancorp, Inc.
Solicitation Restrictions	<ul style="list-style-type: none">• Exclusivity / No-shop / Go-shop• Fiduciary “outs” / Termination Penalty
Closing Conditions	<ul style="list-style-type: none">• Required conditions on seller (and/or buyer) for closing• Common example is seller required equity at close (“minimum net worth”)
Severance / Retention	<ul style="list-style-type: none">• Specific retention bonuses / General retention pool• Severance payments (typically 1-2 weeks of pay for each year of service)
Timing	<ul style="list-style-type: none">• Signing of definitive agreement• Closing / core conversion



Neil Grayson heads the firm's financial institutions corporate and regulatory practice group, representing primarily financial institutions, fintech companies, and alternative financial services companies. He handles securities offerings, M&A, corporate governance matters, and regulatory matters. He is also a co-leader of the firm's Social Impact, Minority Business, and Community Development Practice initiative, working with both for-profit and not-for-profit financial services businesses, including minority depository institutions and other minority-owned financial services companies. Neil has been involved in more than 300 securities offerings or M&A transactions, ranging in size from less than \$100,000 to over \$100 million with a collective total deal value of nearly \$6 billion. Neil also is very involved with public education matters, including serving on the boards of the Institute for Child Success, Public Education Partners, and the South Carolina Student Loan Corporation (as co-vice chair of the board and chair of the foundation committee). He also serves on the board of directors for the Motley Fool Foundation, which is focused on disrupting the socio-economic status quo by breaking down the primary barriers for people who live paycheck to paycheck, in that they lack ample pathways and choices regarding important drivers of financial freedom such as housing, health, education, work, and money.



Rob Klingler advises financial institutions and investors in financial companies on strategic corporate transactions. His practice often involves the implementation of creative solutions to address regulatory, investors, tax, and corporate needs. Rob has counseled community banks in a number of combinations, including purchasers, sellers, and mergers of equals, as well as branch transactions and asset lift-outs. He has advised on all aspects of numerous bank recapitalizations, including negotiations with preferred equity and debt holders, bankruptcy court protections, capital raising, net operating loss preservation, and regulatory oversight. He also represents bank investors in structuring investments, due diligence, and regulatory compliance matters. Rob has also regularly advised on the government's response to various financial crises, including the Troubled Asset Relief Program, the Paycheck Protection Program, and the Emergency Capital Investment Program, representing investors, bank holding companies, banks, and borrowers. Rob has advised public companies, including those listed on the New York Stock Exchange and the NASDAQ Stock Market, as well as private companies on a wide variety of securities-related issues, including raising capital; the preparation and filing of annual, quarterly, and current reports; Section 16 compliance; proxy solicitations; and going private transactions.



***NBA Strategic Planning Retreat
July 10-11, 2025
Truist Leadership Institute***

Executive Summary

Summary of the Current Environment

- The U.S. banking system remains stable more than seven quarters after the 2023 liquidity crisis, but the recent escalation in tariffs has introduced new uncertainty, especially for trade-sensitive regions and industries
 - Tariffs could potentially drive strategic shifts in business and supply chains, leading to accelerating purchases, and delaying hiring / capital expenditures
- Recession risks have risen as President Trump's sweeping tariff measures were announced in early April
 - The Federal Reserve maintained its borrowing rate between 4.25% - 4.50% in its June 18th meeting, thus increasing concerns about slower economic growth, higher inflation, and a potential pullback in consumer and business spending. Still, the FOMC expects to see 2 rate reductions later this year
 - Q1'2025 GDP contracted slightly at an annual rate of 0.2%
 - May 2025 CPI rose 0.1% month-over-month
- Bank stocks have experienced sharp volatility, selling off like the rest of the market on April 2nd and the immediate days thereafter. However, stocks have strongly rebounded since, with the S&P 500 up 9.9%, NASDAQ Bank up 8.6%, and KRE up 9.4%
- The banking sector has experienced substantial M&A activity and dealmaking during 2025, supported by positive indications from banking regulators regarding their approach to future transactions
- Deposit competition remains fierce, and community banks are seeing increased pressure on net interest margins as funding costs stay elevated compared to the rate environment seen post Covid
- Digital banking and fintech partnerships remain in focus, with traditional banks doubling down on technology investments to compete with emerging players while navigating evolving regulatory scrutiny on fintech collaborations

Source: S&P Capital IQ Pro; Federal Open Market Committee; U.S. Bureau of Labor Statistics

Note: Price performance from 04/02/25 to 07/07/25

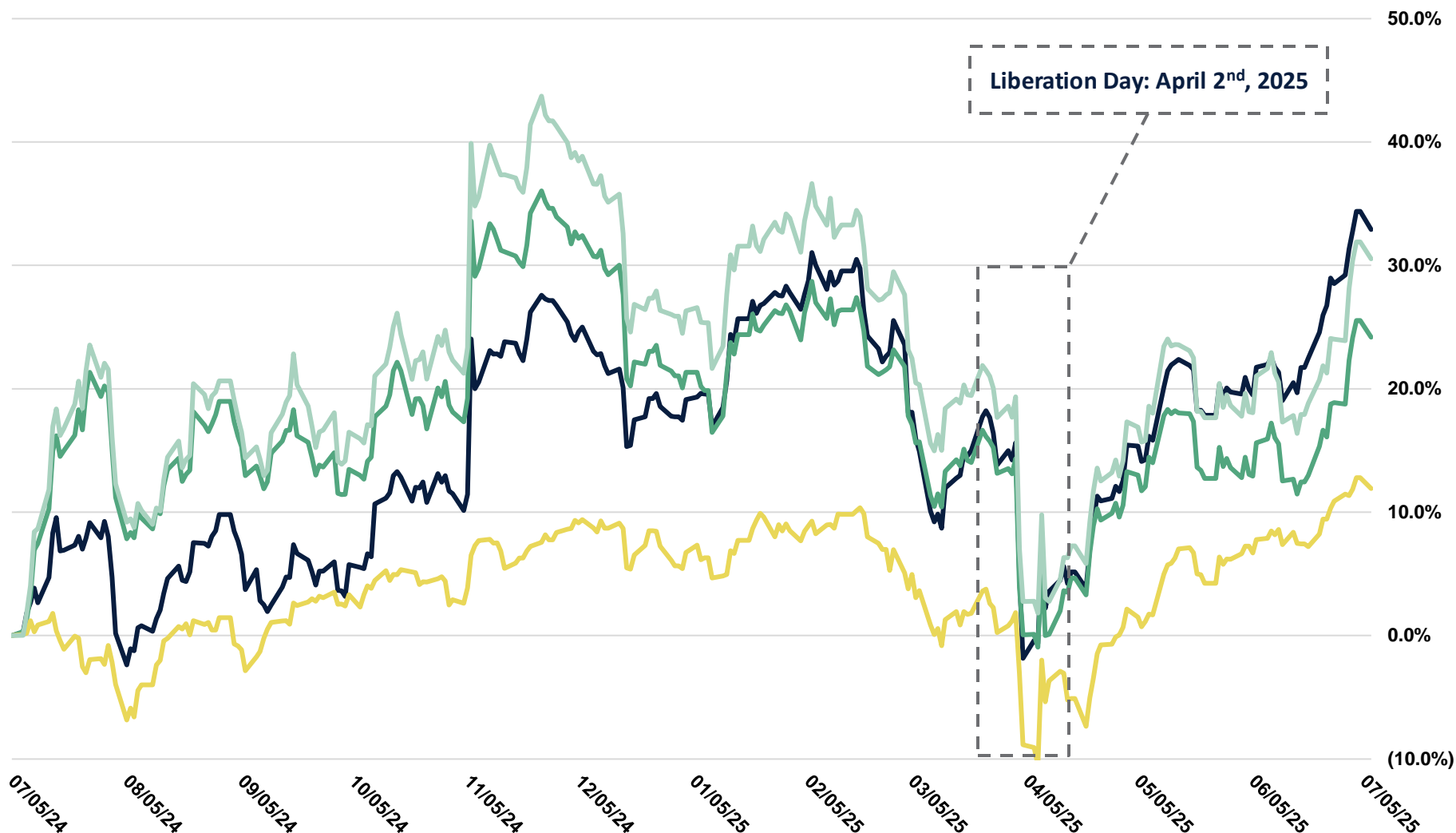
Market Performance – Last 12 Months

S&P US BMI Banks Index
Price Performance: **32.9%**

NASDAQ BANK
Price Performance: **24.2%**

S&P 500
Price Performance: **11.9%**

KRE Index
Price Performance: **30.5%**



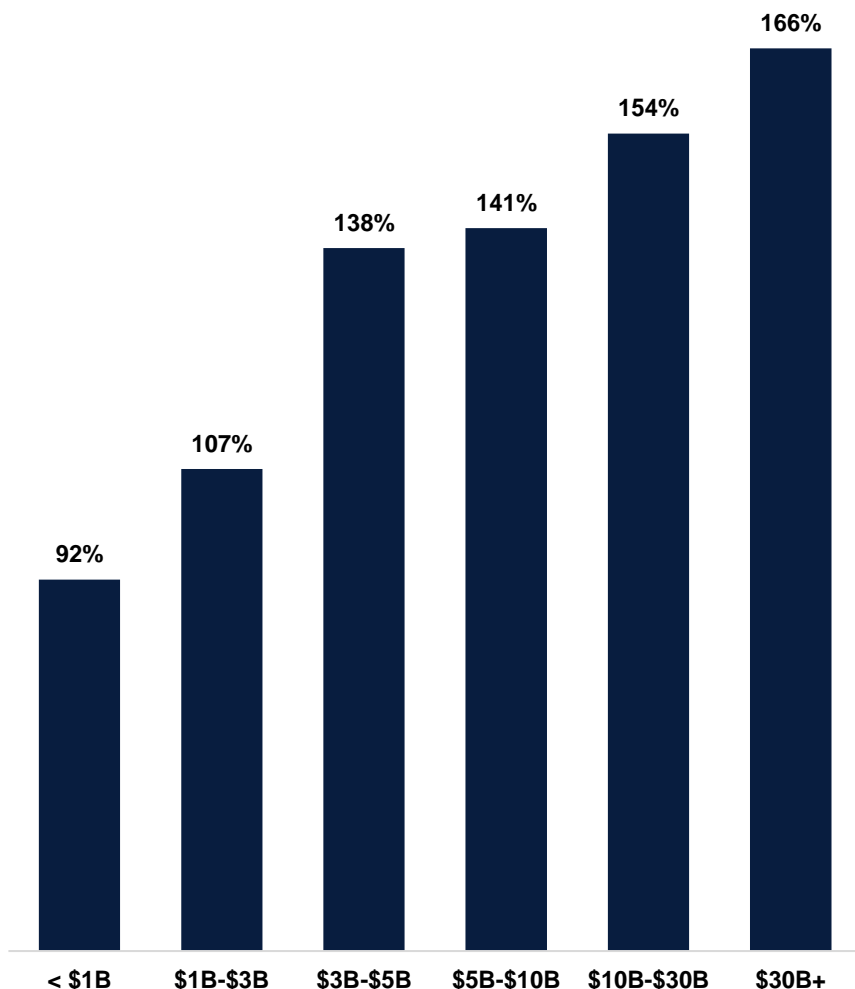
Source: S&P Capital IQ Pro
Note: Price performance from 07/05/24 to 07/07/25

Valuation Advantages Still Accrue To Larger Banks

Current Price / TBV, by Asset Size

"Community" Banks

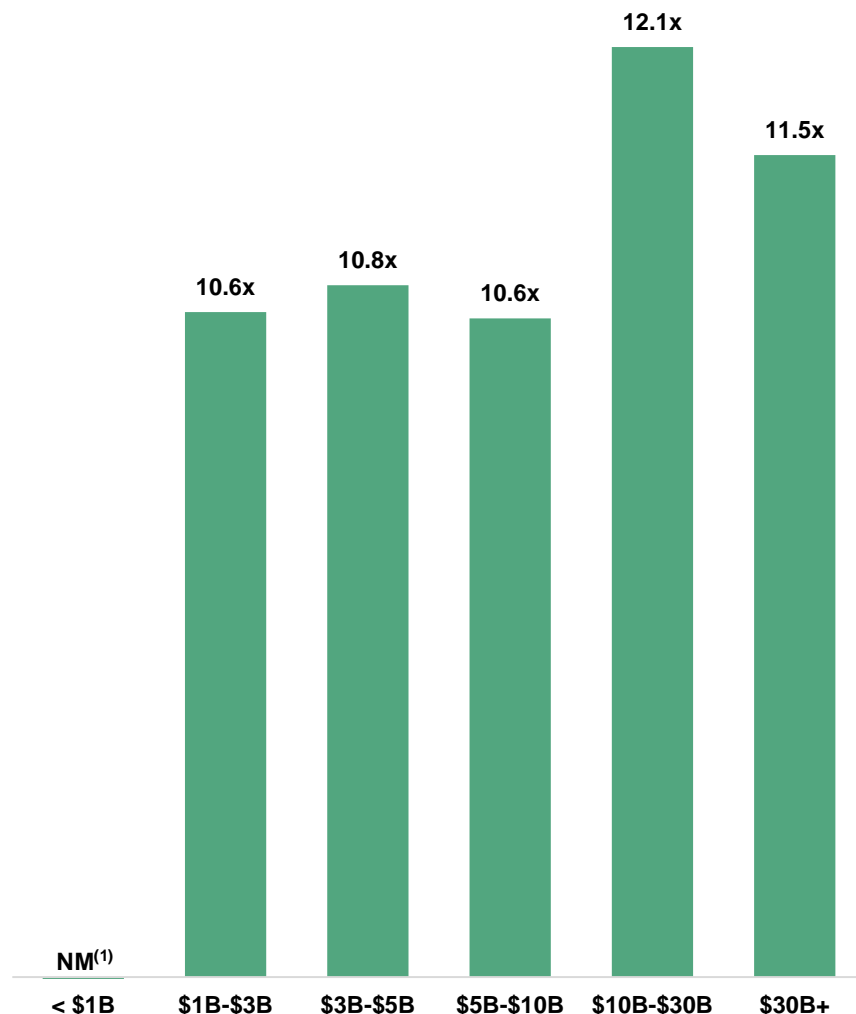
"Regional" and Larger Banks



Current Price / NTM EPS, by Asset Size

"Community" Banks

"Regional" and Larger Banks



Source: S&P Capital IQ Pro

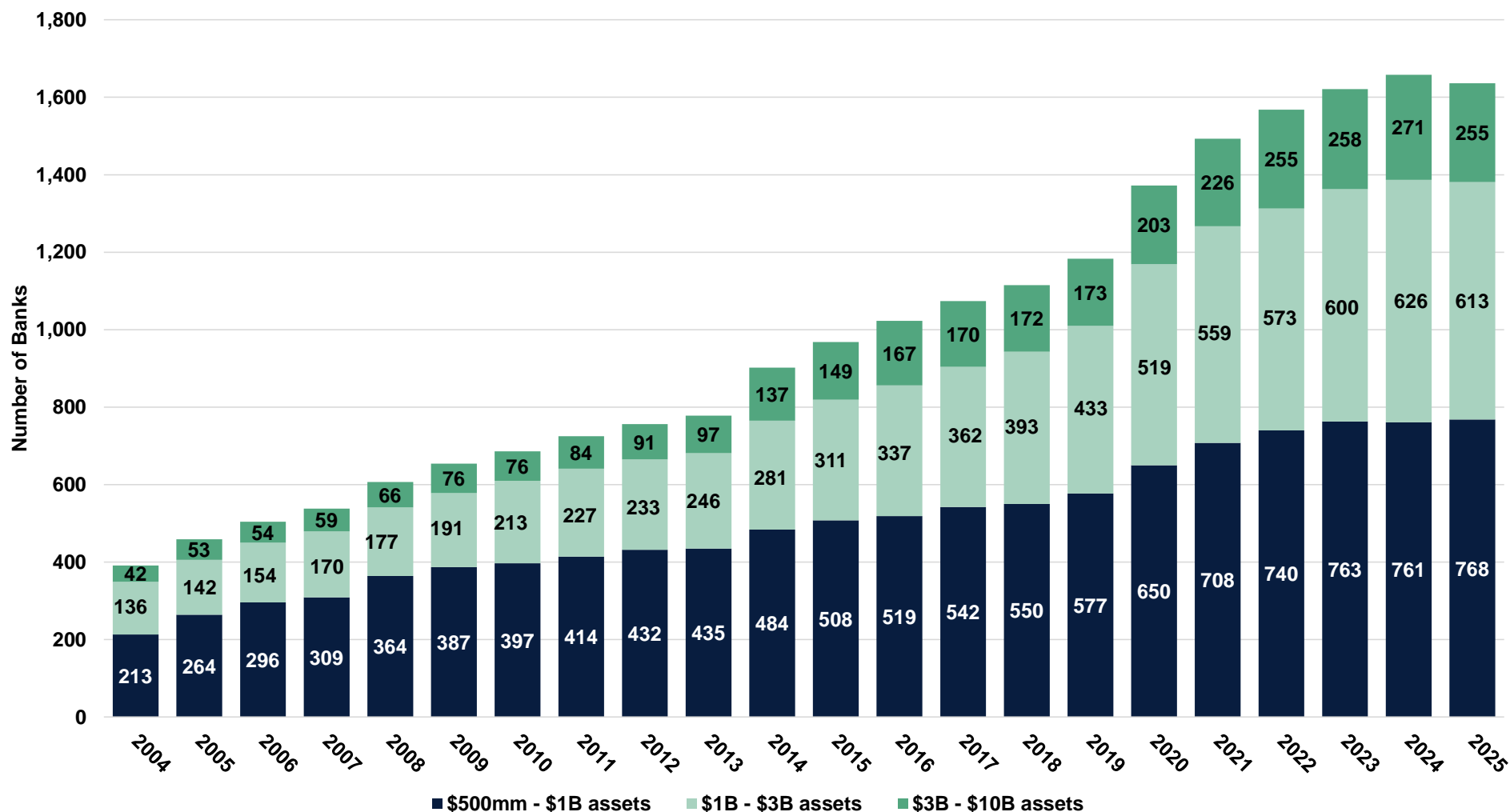
Note: Consolidated data as of 03/31/25; market data as of 07/07/25; the selected public companies include all publicly traded banks U.S. traded on the NASDAQCM, NASDAQGM, NASDAQGS, NYSE, and NYSEAM; excludes companies subject an announced merger and mutual holding companies ("MHCs")

(1) Available NTM EPS data is inadequate for companies less than \$1B in assets

The Community Bank Landscape

Institutions Are Becoming Larger Through Organic Growth And M&A

Total Banks \$500mm - \$10B Over the Last 20 Years



Source: S&P Capital IQ Pro; FDIC

Key M&A Drivers Have Not Changed, But Some New Trends Have Emerged

1 Perennial M&A Drivers

- ▲ Need for economies of scale (lower pro forma net overhead)
- ▲ Need for revenue diversification
- ▲ Need for meaningful loan and earnings growth
- ▲ Need for liquidity
- ▲ Need for succession planning

2 Looking Back: Observable M&A Trends

- ▲ M&A activity is closely correlated with bank stock prices
- ▲ Continued interest in strategic mergers and “mergers of equals”, although challenging to execute
- ▲ Higher premiums paid to sellers with perceived scarcity value and growth capacity operating in attractive geographies

3 Looking Ahead: New or Emerging M&A Trends

- ▲ Interest rate spreads continue to be threatened, thus banks with few noninterest income sources and/or high overhead are most under pressure to partner with stronger performers
- ▲ While still expensive by historical standards, capital raising activity is slowly rebounding; buyers in many larger deals are raising equity around transactions to maintain pre-deal capital ratios
- ▲ There is a lack of qualified buyers relative to past periods (especially in states with few public banks)
- ▲ Possible loosening of regulatory constraints around bank M&A
- ▲ Purchase accounting impact still provides significant tailwinds for challenged organic earnings growth

2025 YTD Nationwide Bank M&A Deals with Deal Value Greater than \$75.0mm

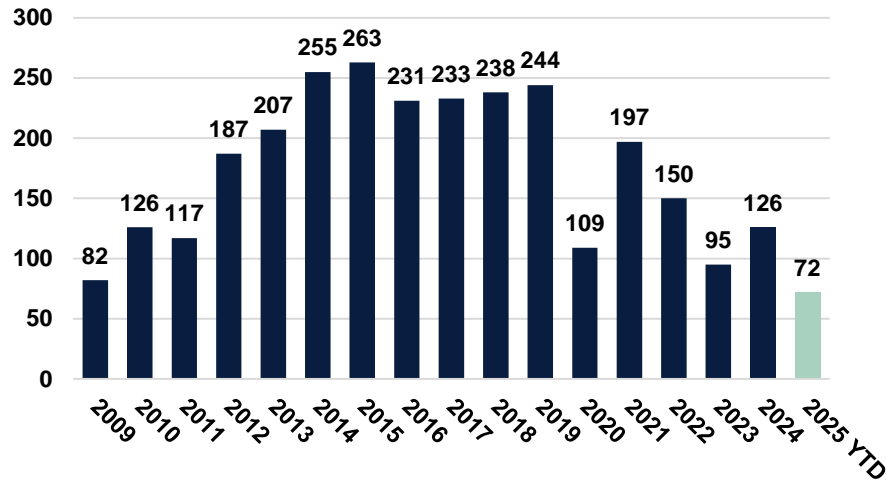
Annnc. Date	Buyer			Target		Target Financials					Deal Metrics				
	Name	HQ State	Total Assets (\$MMs)	Name	HQ State	Total Assets (\$MMs)	TE / TA (%)	LTM ROAA (%)	LTM ROAE (%)	NPAs / Assets (%)	Deal Value (\$MMs)	Price / TBV (%)	Earnings (x)	Core Dep. Prem. (%)	
07/01/25	Investar Holding Corporation	LA	2,730	Wichita Falls Bancshares, Inc.	TX	1,594	9.2	0.62	6.1	0.39	83.6	90.9	14.2	(1.1)	
06/24/25	Glacier Bancorp, Inc.	MT	27,859	Guaranty Bancshares, Inc.	TX	3,153	9.4	1.08	10.7	0.15	476.2	161.6	14.2	8.7	
06/23/25	First Financial Bancorp.	OH	18,455	Westfield Bancorp	OH	2,123	10.7	0.92	8.2	0.11	323.7	142.2	17.4	6.1	
06/05/25	NB Bancorp, Inc.	MA	5,242	Provident Bancorp, Inc.	MA	1,554	15.1	0.29	1.9	2.02	211.7	93.1	NM	(2.1)	
05/29/25	Seacoast Banking Corporation of Florida	FL	15,732	Villages Bancorporation, Inc.	FL	4,084	10.8	1.11	8.8	0.05	710.8	161.4	15.8	8.1	
05/20/25	Hometown Financial Group MHC	MA	6,589	CFSB Bancorp, Inc.	MA	366	20.7	(0.00)	(0.0)	0.00	94.9	123.3	NM	9.8	
04/24/25	Eastern Bankshares, Inc.	MA	24,986	HarborOne Bancorp, Inc.	MA	5,700	9.2	0.45	4.4	0.54	481.8	99.8	18.8	(0.4)	
04/23/25	Columbia Banking System, Inc.	WA	51,519	Pacific Premier Bancorp, Inc.	CA	18,086	11.9	0.81	5.0	0.15	2,044.1	99.3	13.7	0.1	
04/22/25	MIDFLORIDA Credit Union	FL	8,142	Prime Meridian Holding Company	FL	924	9.6	0.95	10.6	0.32	194.9	216.0	23.0	14.8	
04/03/25	TowneBank	VA	17,512	Old Point Financial Corporation	VA	1,451	7.7	0.65	8.6	0.14	202.1	179.2	21.1	8.0	
04/02/25	Equity Bancshares, Inc.	KS	5,446	NBC Corp. of Oklahoma	OK	906	7.6	0.92	12.1	1.00	86.9	137.6	13.2	3.5	
03/31/25	Mechanics Bank	CA	16,494	HomeStreet, Inc.	WA	8,124	4.8	(1.56)	(27.2)	1.20	3,300.0	NA	NM	NA	
03/31/25	FB Financial Corporation	TN	13,136	Southern States Bancshares, Inc.	AL	2,851	8.8	1.34	14.3	0.25	380.7	150.3	9.9	6.4	
03/17/25	MetroCity Bankshares, Inc.	GA	3,594	First IC Corporation	GA	1,192	12.2	2.10	18.5	0.02	206.0	141.7	8.3	12.4	
02/27/25	Seacoast Banking Corporation of Florida	FL	15,176	Heartland Bancshares, Inc.	FL	734	8.9	1.63	19.8	0.04	106.3	159.5	9.0	6.7	
02/25/25	Old Second Bancorp, Inc.	IL	5,649	Bancorp Financial, Inc.	IL	1,449	11.0	0.50	4.7	0.14	196.5	131.1	38.7	7.4	
01/22/25	Cadence Bank	MS	47,019	FCB Financial Corp.	GA	589	12.8	1.97	16.5	1.20	105.8	174.3	9.8	10.4	
01/13/25	Glacier Bancorp, Inc.	MT	27,903	Bank of Idaho Holding Company	ID	1,328	9.5	1.09	11.1	0.16	246.2	186.7	17.3	12.5	
01/10/25	CNB Financial Corporation	PA	6,192	ESSA Bancorp, Inc.	PA	2,188	10.0	0.78	7.6	0.56	209.3	96.3	11.6	(0.5)	
19 Deals	25th Percentile		5,649			924	8.9	0.50	4.7	0.56			99.6	10.3	(0.1)
	Median		15,176			1,554	9.6	0.92	8.6	0.16			141.9	14.2	7.0
	75th Percentile		24,986			3,153	11.9	1.11	12.1	0.11			164.8	18.5	9.9

Source: S&P Capital IQ Pro; includes U.S. bank M&A transactions announced since 01/01/25 with publicly disclosed deal values greater than \$75.0mm and 100% equity ownership acquired

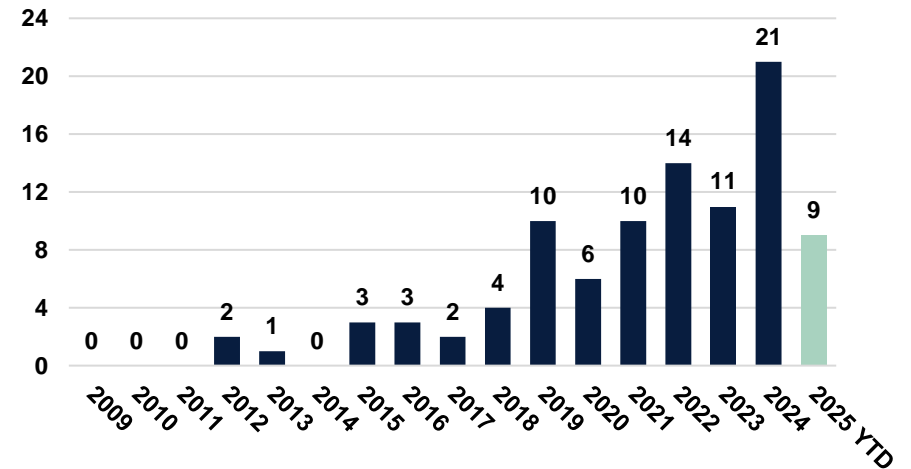
Note: Consolidated financial data shown // Deal value / LTM EPS > 40.0x considered not meaningful ("NM")

National M&A Activity Remains Subdued Compared To Historical Trends

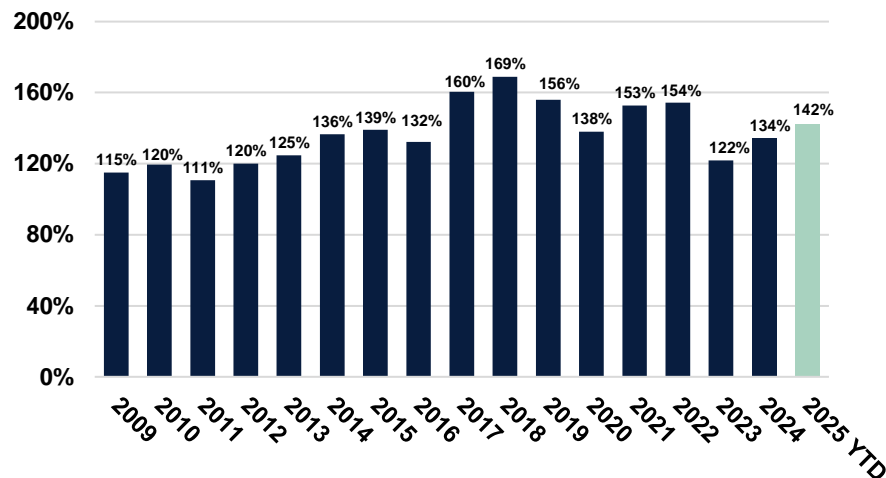
Number of Deals



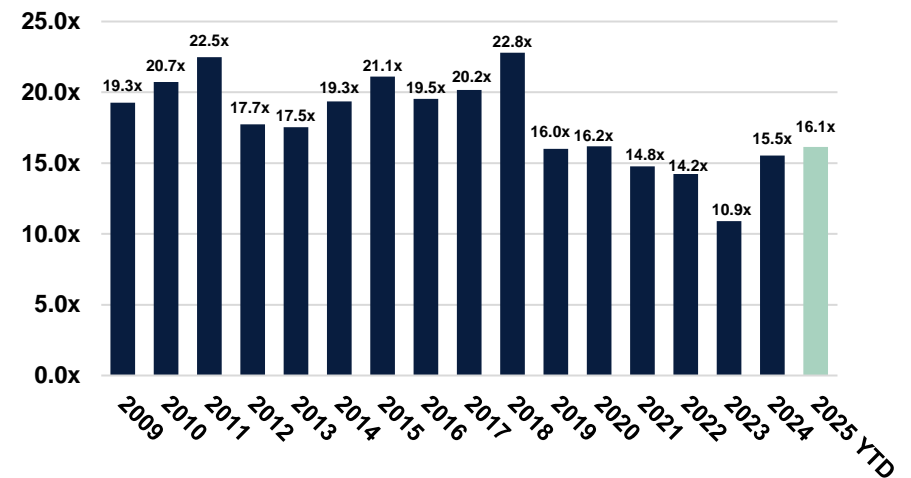
Number of Credit Union – Bank Deals



Deal Value / Tangible Book Value



Deal Value / LTM EPS⁽¹⁾



Source: S&P Capital IQ Pro

Note: Includes whole-bank M&A deals announced between 01/01/09 and 07/07/25 in which the target is headquartered in the U.S.; data reflects median values for each time period

(1) Deal value / LTM EPS > 40.0x considered not meaningful ("NM")



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Facilitating Impact Investor Participation within the Minority Depository Institution Sector

A Collaboration between the Sorenson Impact Institute
and the National Bankers Association Foundation



Executive Summary

Historically, impact investors and Minority Depository Institutions (MDIs) have shared the goal of leveraging finance to drive social and environmental impact. Themes such as supporting small business, increasing access to affordable housing, and investing in projects tackling the climate crisis are all areas of overlap. However, despite these similarities, the two sectors have largely worked independently from one another, with little collaboration despite shared objectives.

To enable and encourage more collaboration, the National Bankers Association (NBA), through its philanthropic foundation (the NBAF), has partnered with the Sorenson Impact Institute (SII) to bridge the two sectors by creating this playbook. This educational resource connects the two fields by sharing key aspects of their work and providing insights into how collaboration might best function. The aim of this collaboration is to strengthen the MDI sector and scale its lending to drive impact for low-income and disadvantaged communities (LIDAC) across the United States.

This playbook was designed with two primary audiences in mind. First, this playbook was produced as a tool for impact investors to (i) learn about the MDI sector and the impact generated by its lending and (ii) to identify opportunities for impact capital deployment to strengthen MDIs while enabling them to scale their impact. Additionally, this playbook provides executives and leaders within the MDI sector with an overview of the opportunities and challenges in engaging with the impact investing sector. Overall, this document serves as an educational tool, calling attention to the clear synergies between these two sectors and highlighting pathways for collaboration.

This playbook is divided into three main sections, each with its own distinct focus area. Section 1 acts as an in-depth overview of the MDI market, providing a macro view of the sector, its product offerings, and the sector's overall financial performance. This section also highlights the key need for MDIs, how many communities across the U.S. are still marginalized/underbanked, and how the presence of MDIs directly address the issue of access to financial services for LIDAC communities.



Highlighting the ways in which MDIs address current racial marginalization helps show why the sector needs and deserves support through targeted impact investments.

Section 2 introduces the impact investing sector for MDI leadership who may be unfamiliar with the impact investing movement, outlining the history of the sector and the current market size and trends. This section also outlines the various types of impact investors and differentiates between the benefits and limitations of the differing types of capital available. For example, the overview of Program-Related Investments (PRIs), used by foundations for impact investments and concessionary returns, explains how PRIs count toward a foundation's 5% dispersion rule and often become funding for projects that would not otherwise get financed. This shift in return expectations is a key differentiator within the impact investing sector, particularly as compared to the traditional return-maximizing capital markets, and it highlights the importance of understanding expectations for MDIs. This section also covers the intersection of the MDI and impact investing sectors in addressing the racial equity issues highlighted in Section 1. This segues into an outline of various pathways for MDIs and impact investors to collaborate, notably:

- **Investing Capital into MDIs:** When investors put equity into a bank's balance sheet, both in terms of common equity and preferred equity, enabling these banks to scale their lending and impact.
- **Lending to MDIs:** The provision of subordinated debt for MDIs, enabling them to use this as equity for their balance sheets and provide investors with a clear return and term expectations.
- **Placing cash deposits with MDIs:** One of the biggest needs highlighted by MDIs. Deposits are critical to MDIs because they provide a cheap source of funding for loans; when an impact investor places a deposit with an MDI, it will facilitate that institution to scale its lending and impact for its target communities.
- **Participations and co-lending:** Direct contributions to MDI lending activities, which can be done through loan participations or dedicated co-lending facilities.

Through SII's research and engagement with the MDI sector, it is important to note that no single area of investment was routinely highlighted by MDIs as a priority for impact investor support. While a need for deposits was the most common response for the type of capital required for MDIs to enact and expand their mission. MDIs are very diverse, both in terms of size and product offerings, and investors are urged to engage directly with MDIs to determine what type of investment/capital is most appropriate for their institutions. Finally, this section provides an initial overview of the importance of impact measurement and management (IMM) in the impact investing sector. IMM is core to this sector, as its quantification and attribution are essential to determining whether impact investments have been successful beyond generating a financial return for investors. For MDIs to gain significant support from impact investors, investing into the creation of impact frameworks and monitoring key impact performance indicators will need to become more commonplace across the MDI sector.

Section 3 looks at unique opportunities that MDIs have to start or scale their green lending activities in response to the opportunity presented by the Greenhouse Gas Reduction Fund (GGRF), part of the landmark Inflation Reduction Act (IRA). The section also outlines how impact investors can support these banks to scale green lending within LIDAC communities that face a disproportionate burden of the effects of our changing climate. This section provides an overview of the different climate lending pathways available to MDIs and highlights how this type of lending can create a strong business case for these banks while they simultaneously improve the environment.

The opportunity presented by GGRF is an impetus for MDIs to define their aspirations for climate finance, and this playbook aims to provide them with a detailed overview of the types of projects and a call to action to commit to deploying capital to this sector. This section also highlights ways in which green lending could be grown in the MDI sector through assistance from impact investors, including the creation of a sector-wide platform that assists MDIs in sourcing climate lending opportunities, and partnerships and training networks that help build climate lending capacity and skill within MDIs.

This playbook also includes three detailed case studies, outlining champions in this space and the various paths they took in scaling the impact of MDIs. The case studies outlined in this playbook include:

1. **Impact Deposits for MDIs**, showcasing the Robert Wood Johnson Foundation's program to place deposits at MDIs.
2. **Bank Black and Green Campaign**, looking at how the Hip Hop Caucus is encouraging Black-owned banks to commit against funding the fossil fuel industry and mass incarceration and to deploy capital to frontline communities of color.
3. **Optus Bank's Climate as a Strategic Initiative**, analyzing how Optus has developed its green lending product line.

In conclusion, the MDI and impact investing sectors are clearly well aligned in terms of objectives and primed to collaborate to promote wealth building in LIDAC communities. Four years on from the murder of George Floyd, a catalyst for many impact investors and traditional investors alike to tackle the issue of racial equity, it is important that MDIs and investors work against growing political headwinds and continue to build on the progress already made.

Bond Strategy Overview

The National Bankers Association Foundation (Foundation) launched an initiative to connect our member MDIs with capital markets investors to scale access to cost effective equity and deposits, by issuing bonds. Originally branded as a “Racial Equity Bond” initiative, recent changes in the landscape have necessitated a rebranding. The initiative’s new name is **Project Opportunity, Economic Mobility and Security (POEMS)**. This language is well tested and resonates across multiple groups of stakeholders. Currently in pilot, POEMS will provide a single point of contact for MDIs and investors.

The Foundation is collaborating in this effort with a group of leading practitioners and centers of influence to directly engage an ecosystem of impact and institutional investors, large philanthropy, and family offices to identify opportunities for capital to flow at scale and to develop strategies to overcome barriers to those flows. These partners include:

1. **Citi Ascent Capital and Citigroup Global Securities Markets:** The leading issuer, structuring and placement agent for ESG fixed income securities in the US with over **\$24.8 billion in deals** in 2024 and Q1 2025.
2. Paul, Weiss, Rifkind, Wharton, & Garrison, LLP, a leading law firm in US capital markets with over **\$229 billion in debt and loan capital markets deals closed in 2024**.
3. Mpac Capital, the Racial Equity Bonds inventor.
4. Milken Institute, a center of influence for global capital markets leaders with **over \$30 trillion in AUM** in their Global Capital Markets Advisory Council (GCMAC).
5. Sorenson Impact Institute, a center of influence for impact investors and family offices.
6. Confluence Philanthropy, a **\$4 trillion consortium** of foundations and family offices committed to impact investing.

Historically, MDIs have not had access to capital markets because of (1) high transaction costs, (2) a lack of investor familiarity with MDIs, (3) a mismatch between the minimum ticket sizes of institutional investors and the capital needs of individual banks, and (4) an inability to mitigate misperception of risk. POEMS overcomes each of these barriers by:

1. Absorbing high transaction costs for MDIs,
2. Educating and engaging investors,
3. Aggregating capital demand from multiple MDIs to achieve the \$200 million plus scale needed by institutional investors, and
4. Facilitating 3rd party credit enhancements (investment grade credit wraps) from foundations and others.

Through the POEMS framework and platform, the MDI sector will have access to capital markets investors at scale for the first time in American history.

To learn more about this program and to share your bank’s needs and aspirations please connect with the Foundation’s Deputy Executive Director, Chris White, at cwhite@nationalbankers.org.

SBA Loan Initiative

OVERVIEW

TYPE OF INVESTMENT - Managed portfolio of government-guaranteed small-balance business loans originated by community-centric driven lenders, such as CDFIs, CDCs, MDIs and community banks (expected to be CRA eligible).

USE OF PROCEEDS – RBC Global Asset Management (“RBC GAM”) will use investment proceeds to invest primarily in the US government-guaranteed portion of floating-rate SBA 7(a) loans. The loans are expected to be purchased at a premium directly from local community-focused loan originators.

IMPACT – The initiative aims to provide greater access to capital for America’s small business owners across all backgrounds. The initiative also enhances liquidity to community-centric lenders, enabling them to sell loans and replenish their capital.

KEY INVESTMENT CHARACTERISTICS

CREDIT QUALITY: SBA pools are one of the few securities backed by the full faith and credit of the United States government.

MOSTLY FLOATING RATE: Most of the 7(a) loans are floating rate instruments, which helps mitigate interest rate risks.

YIELD: When compared to other short-term investment alternatives, the yield and income on SBA pools provide an attractive alternative.

LIQUIDITY: While most 7(a) investors are buy-and-hold, there is a secondary market for loan pools and certificates.

PREPAYMENT RISK: Since SBA loans trade at premium prices, prepayments can produce a negative effect on the investment’s book yield. Diversification helps mitigate prepayment risk.

INDICATIVE ECONOMICS

Economics on sale of loan for loan originator

Gain-On Sale	Upfront premium when selling the guaranteed interest	~13% of g'ty
Servicing Fee	Retained servicing fee. Running. Creates a servicing asset on B/S	~3% of g'ty

Fund economics on loan purchase

	8CPR	12CPR	16CPR	20CPR
Yield (%)	5.71	5.31	4.87	4.41
Spread Duration (yrs)	3.62	3.28	2.99	2.72
Spread to TSY (bps)	161	134	90	44

* Source: Bloomberg, 5/21/2025. SBA Pools life-time Conditional Prepayment Rate 12.70%

PARTIES

RBC GAM is the asset management with over \$450 billion in assets under management, 25-year track record in impact investing in fixed income and focused on scalable, market-based impact solutions

Momentum Securities is a community-focused investment bank, SEC registered broker-dealer and an approved SBA 7(a) loan pool assembler. Built by the CDFI industry for the CDFI industry.

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Global Asset
Management



Economic Overview

Kate Fritzdixon, PhD

FDIC, Division of Insurance and Research

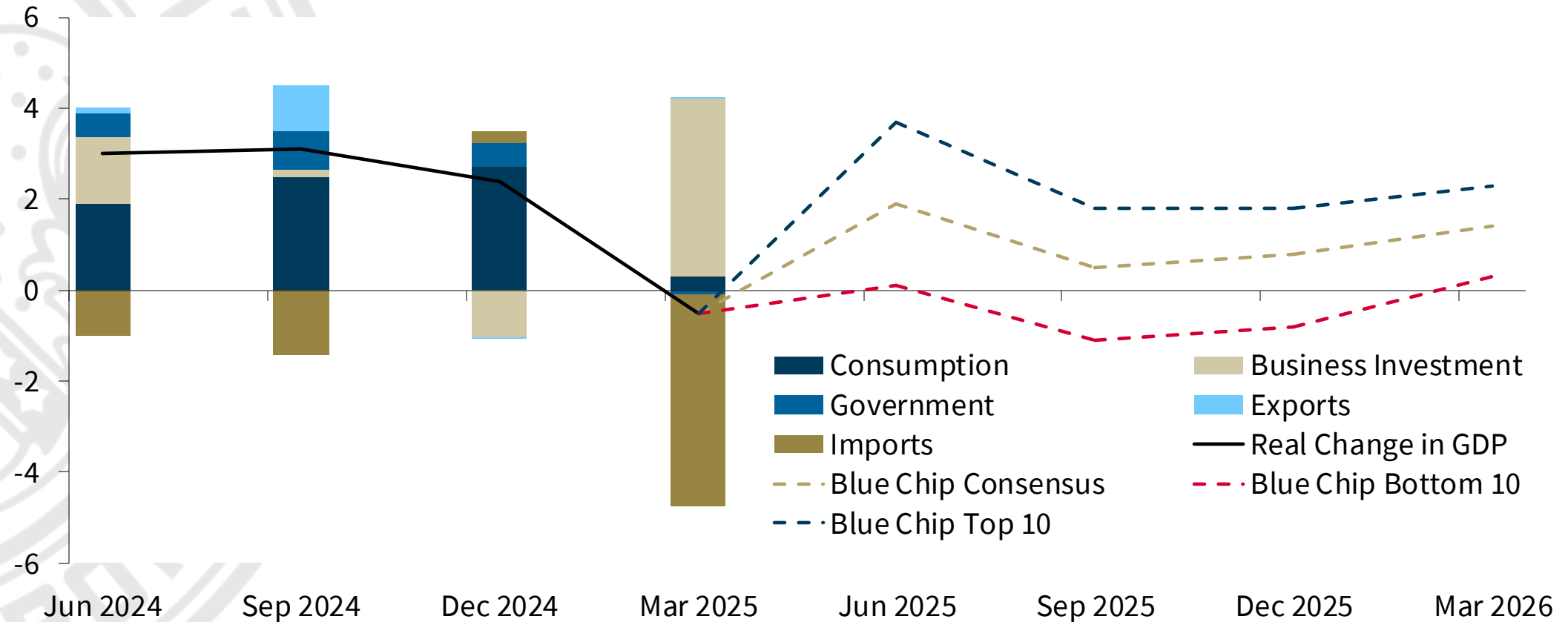
National Bankers Association

July 11, 2025

GDP growth is expected to be lower than 2024, but the consensus is that the U.S. will avoid a recession

Contribution To Change In GDP

Percent

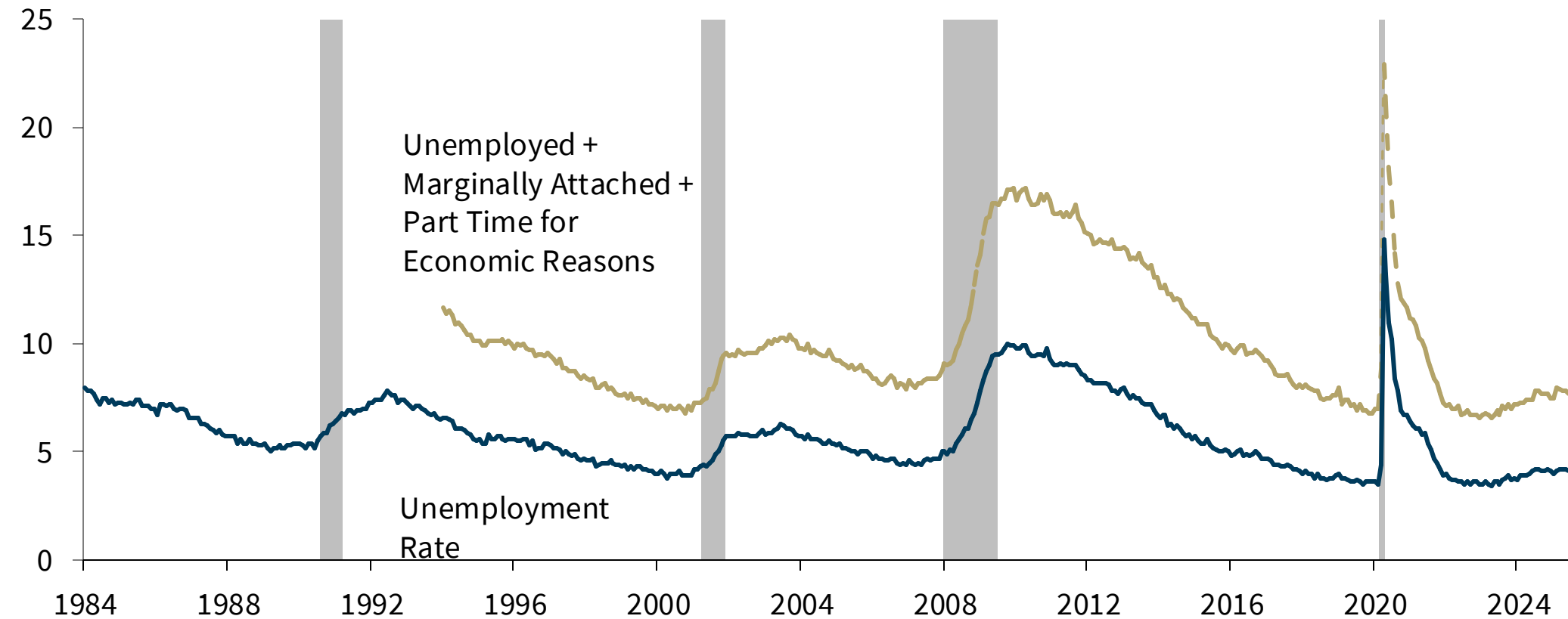


Sources: Bureau of Economic Analysis and Blue Chip Indicators (Haver Analytics).

Note: Data are quarterly through first quarter 2025. The Blue Chip Economic Forecast is as of June 2025.

The unemployment rate remains near historic lows, but job growth has slowed from 2024

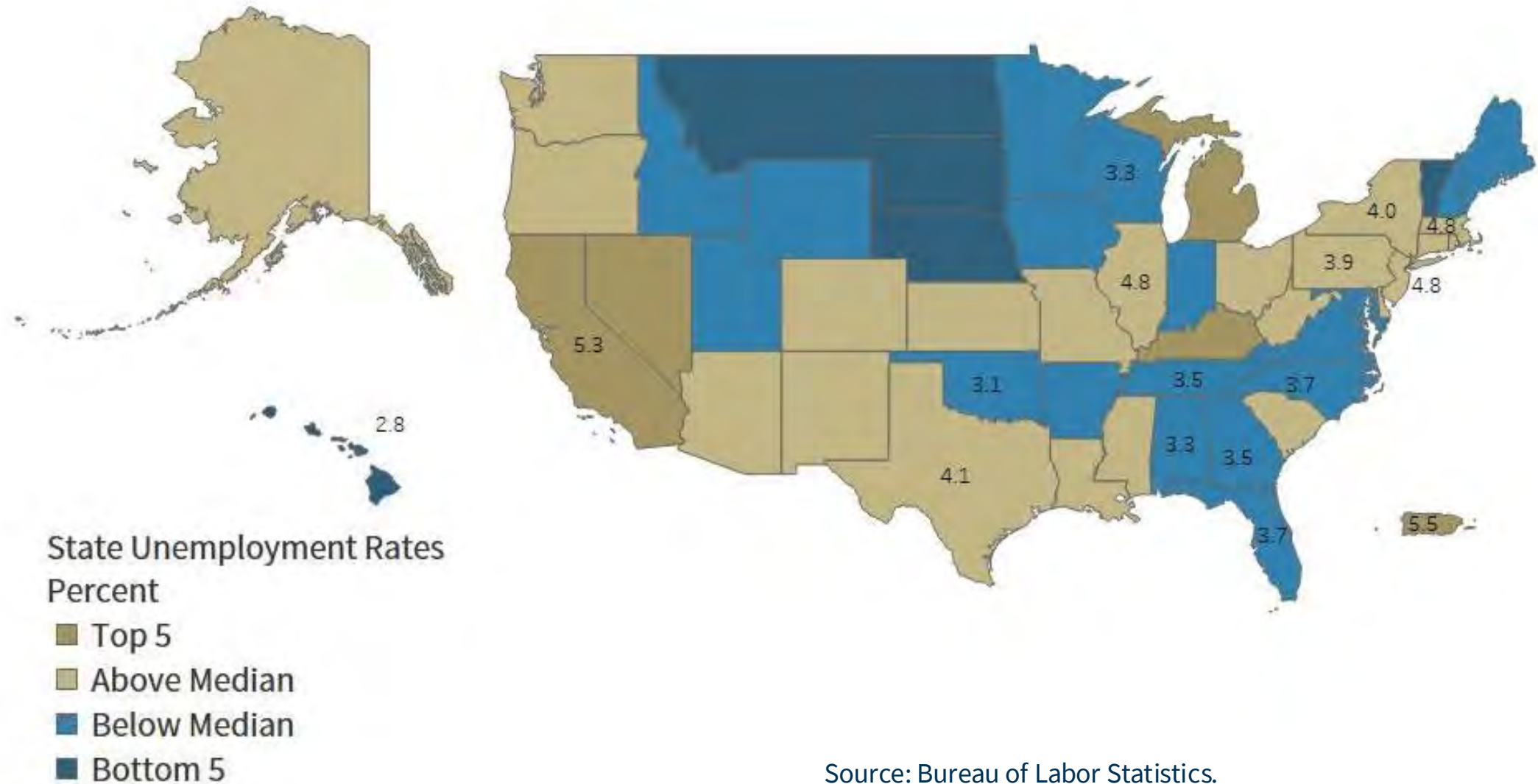
Civilian Unemployment Rate
Percent



Source: Bureau of Labor Statistics (Haver Analytics).

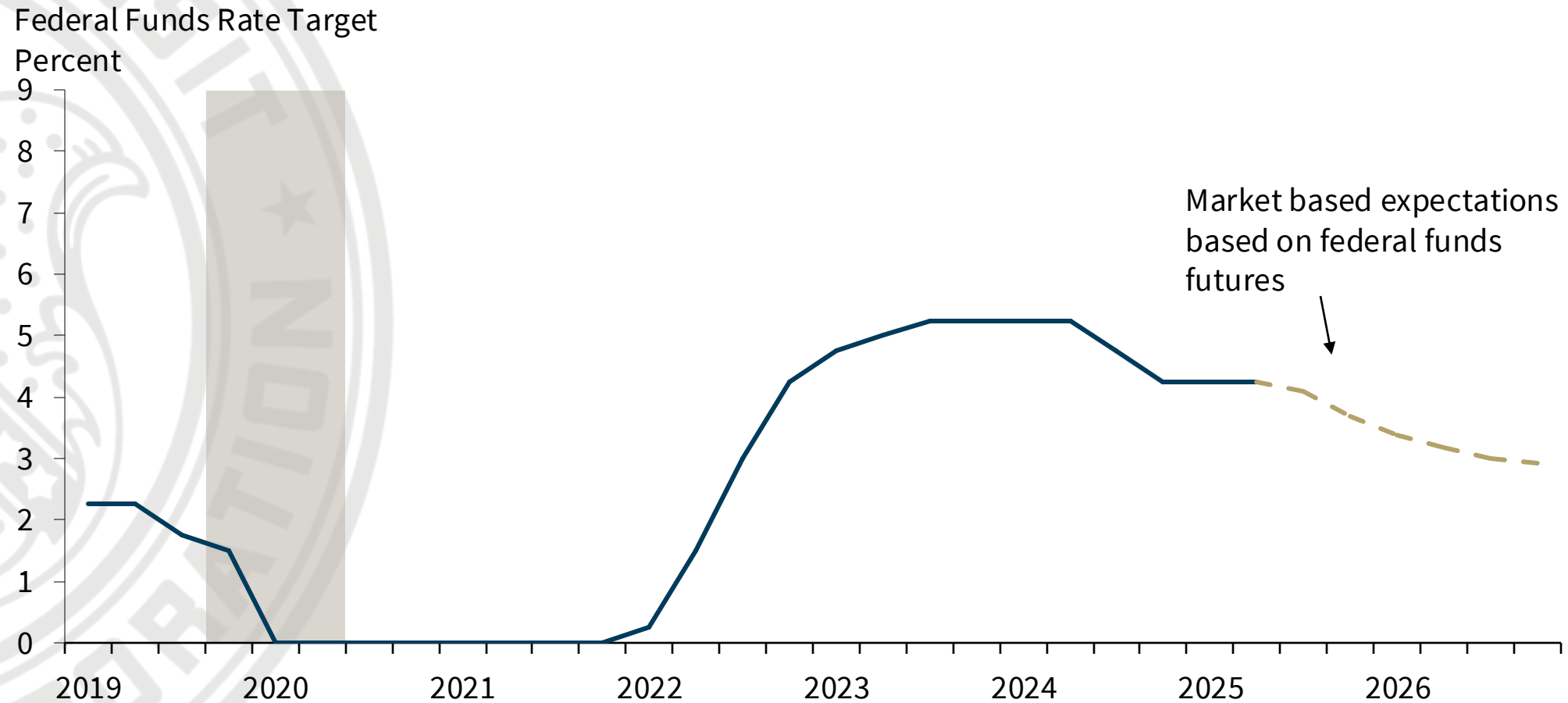
Note: Gray bars indicate recessions. Data are monthly through June 2025.

State unemployment levels are lowest in the Midwest and the South



Source: Bureau of Labor Statistics.
Note: Data are as of May 2025.

Markets expect 1 to 2 cuts to the federal funds rate in 2025. The number of expected cuts fell over the first half of 2025

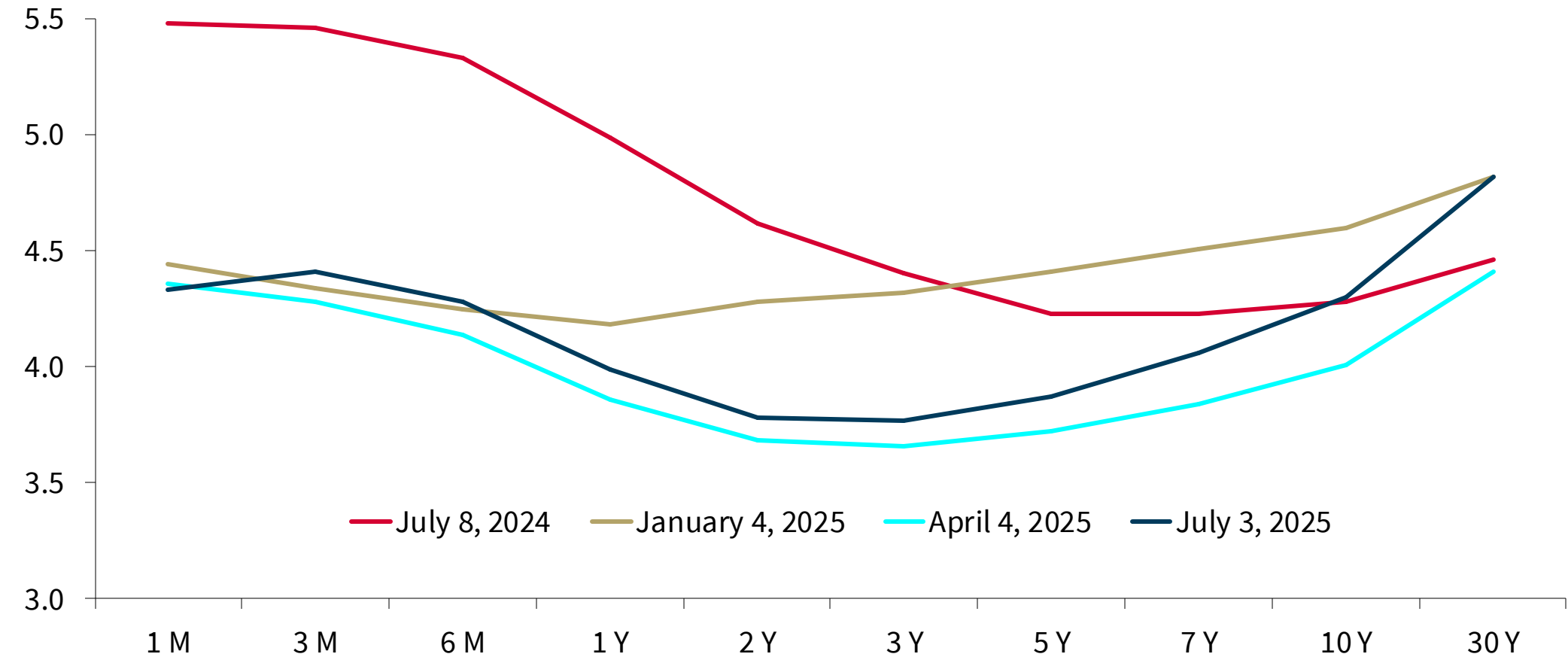


Sources: Federal Reserve; CME Group.

Note: Data points to lower limit of Federal Funds Target Rate. Data as of June 23, 2025.

Medium-term rates have fallen since the start of the year, while short- and long-term rates are back around January levels

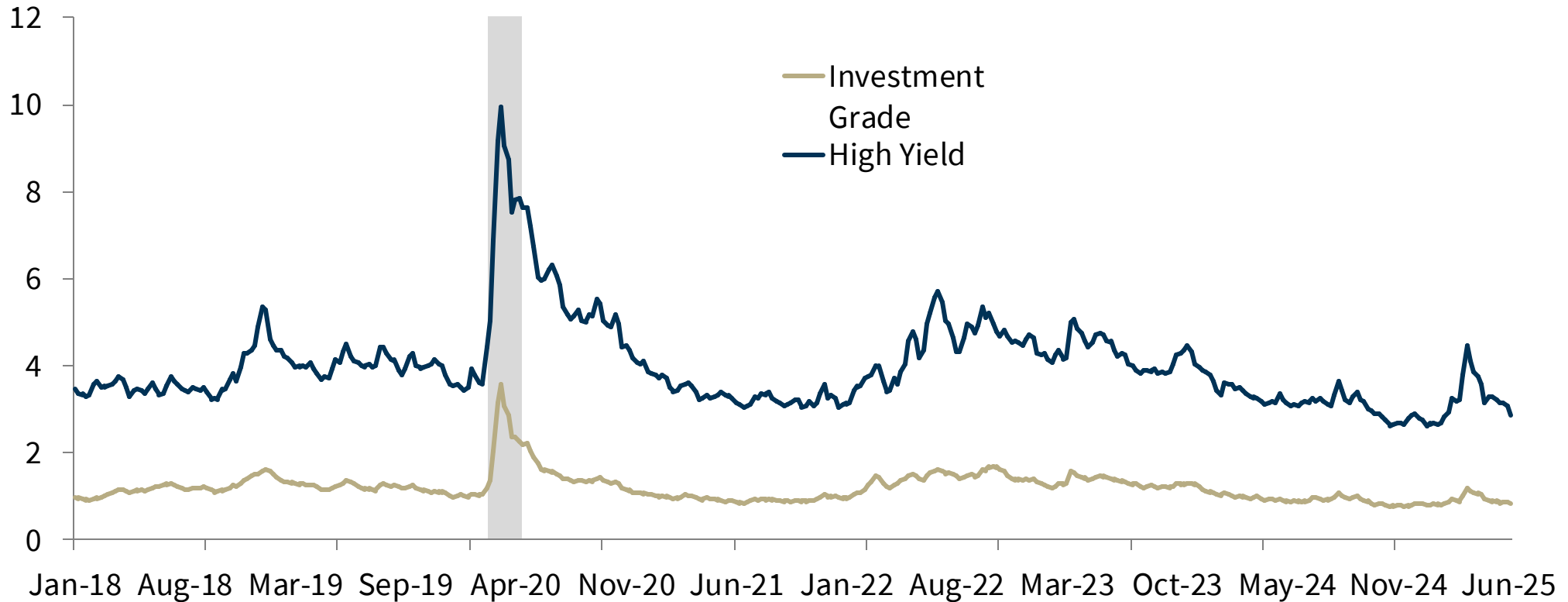
U.S. Treasury Yield Curves
Percent



Source: CapitalIQ.

Corporate bond spreads spiked in early April but are back below year-earlier levels

Option-Adjusted Corporate Bond Spread
Percent



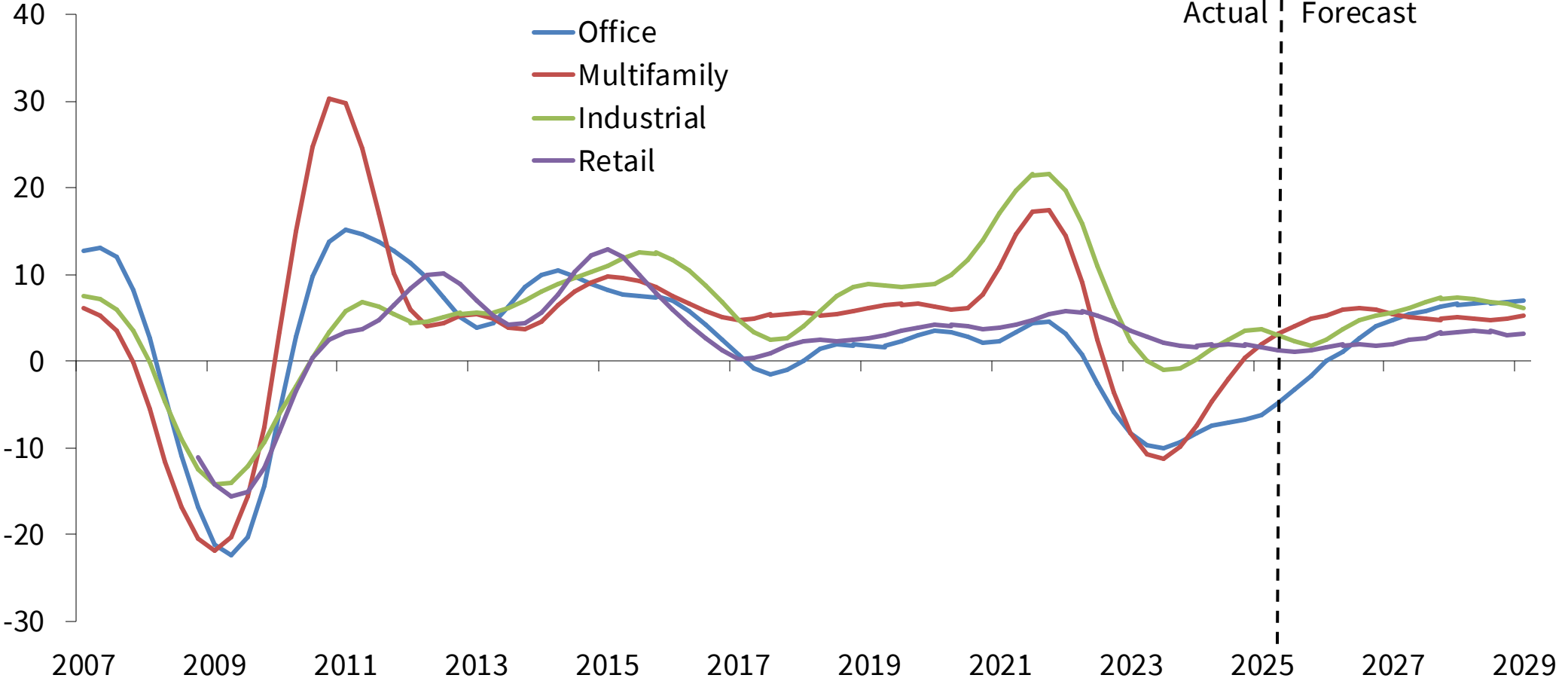
Sources: ICE Data Indices and Federal Reserve Bank of St Louis (Federal Reserve Economic Data).

Note: Shaded areas indicate recessions. Data are weekly through July 4, 2025.

CRE prices are expected to improve for Multifamily and Industrial. The Office market is slowly improving.

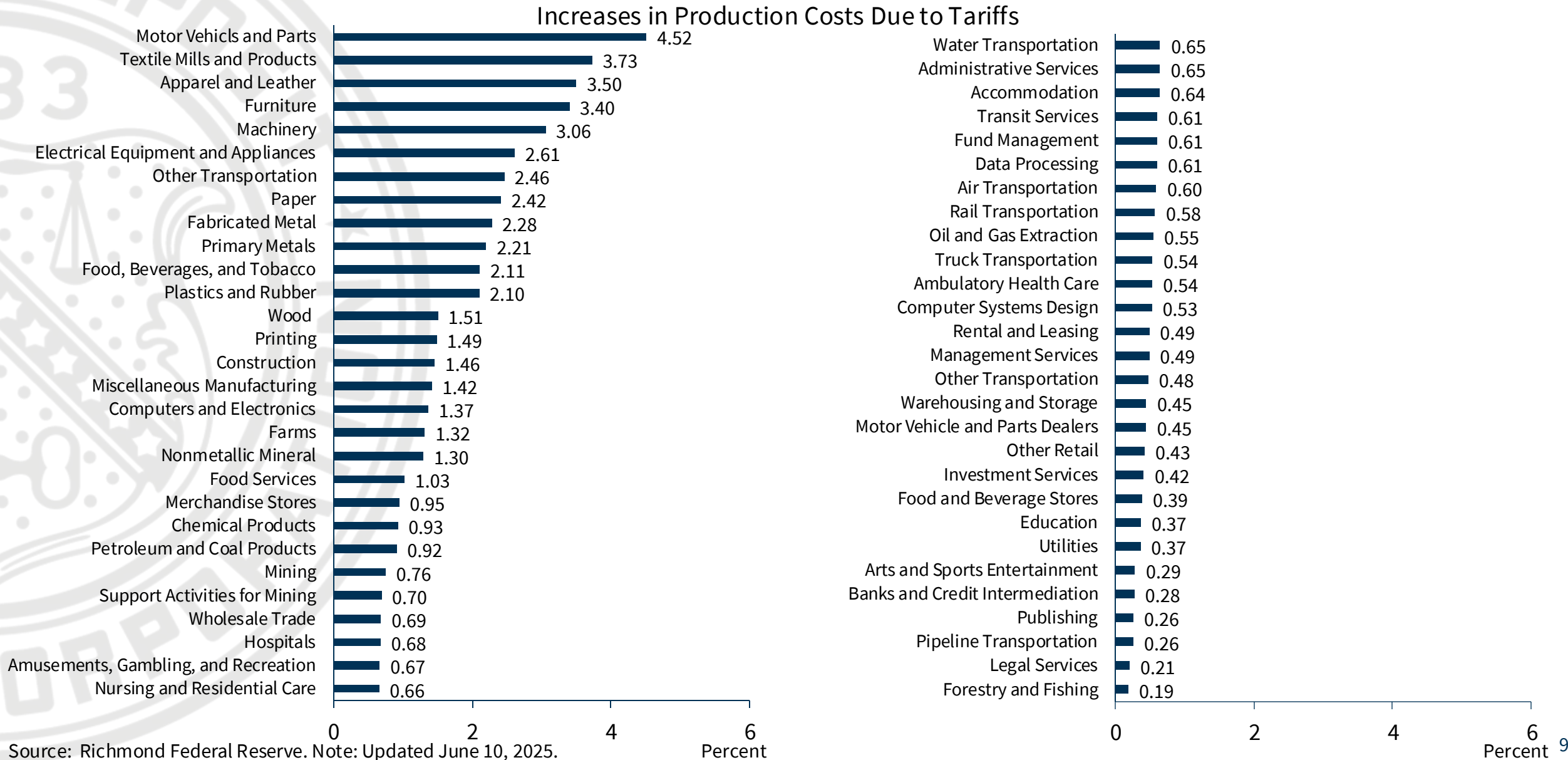
Year-over-Year Change in Price Index

Percent



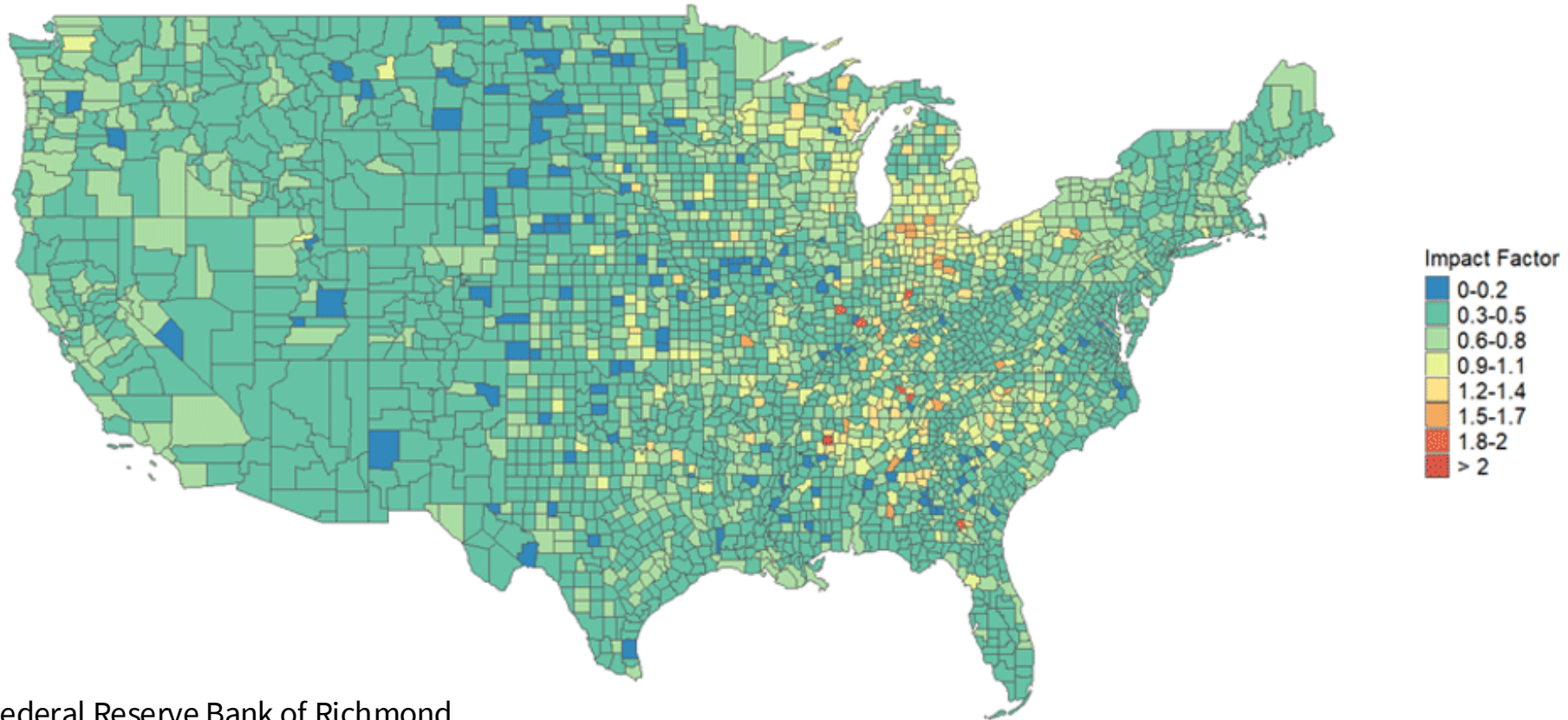
Source: CoStar Portfolio Strategies.

Richmond Fed economists estimate that tariffs will raise total production costs in many industries by 2 to 4 percent



The sharpest increases in production costs are likely in the Great Lakes and Upper South

Figure 7b: Impact Factor by County
All Sectors



Source: Federal Reserve Bank of Richmond.

Note: Updated June 10, 2025.

This image first appeared in the 2025 Richmond Fed article "Tariff Update: Incorporating Recent Decisions and Deals" by Marina Azzimonti and Acacia Wyckoff.