

Opportunities for Your Bank and Safety for Your Customers

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Today's Agenda

- The Promontory Interfinancial Network Advantage
- Offer Your Customers Safety and Simplicity Now
- A Win-Win for Banks and for Customers
- How Insured Cash Sweep® and CDARS® Work
- Opportunities for Your Bank
- The Customer Experience
- Getting Started
- The Promontory Network Team

About Promontory Interfinancial Network

Founded in 2002, the company:

- Operates the largest bank network of its kind, having been chosen by thousands of financial institutions
- Enables institutions to benefit from The Power of ManySM, offering services that otherwise might be too difficult or too costly for each to develop on its own
- Is the #1 provider of FDIC-insured deposit allocation services and the inventor of reciprocal deposits

#1 Provider
of FDIC-Insured
Deposit Allocation Services



Largest Bank Network of Its Kind

chosen by more than
3,000
U.S. financial
institutions

representing
50% of banks
currently in the U.S.
96% are
community banks

founded in
2002
U.S. patents held
20

The Promontory Interfinancial Network Advantage

What differentiates Promontory Interfinancial Network from other service providers?

- ✓ Was built around banks and is committed to serving as a partner to banks
- ✓ Invented reciprocal deposits and holds 20 patents supporting its various offerings
- ✓ Is the #1 provider of deposit allocation services
- ✓ Offers a wide range of services—an all-weather portfolio—to help financial institutions manage their balance sheets through different environments (e.g., liquid or nonliquid positions, high or low interest-rate periods, rising or falling interest rates, stable or volatile environments, periods of economic growth or recession) and flights to safety
- ✓ Has been thoroughly tested and embraced by thousands of financial institutions across the nation, including half of all U.S. banks
- ✓ Has built the largest bank network of its kind, enabling it to offer breadth, depth, and stability, along with the largest capacity of any competing provider

The Promontory Interfinancial Network Advantage

What differentiates Promontory Interfinancial Network from other service providers?

| | |
|---|--|
| ✓ | Doesn't disintermediate its customers—i.e., does not compete for depositors/investors |
| ✓ | Never has possession of customer funds |
| ✓ | Makes due diligence materials readily available, including service-specific due diligence reports published by the American Bankers Association |
| ✓ | Offers several services that are endorsed by American Bankers Association |
| ✓ | Has a leadership team that comes from a variety of different backgrounds—backgrounds that have fostered deep regulatory and banking industry expertise, as well as specialized knowledge from fields like technology and finance |

Offer Your Customers Safety and Simplicity Now

**PROVIDE ACCESS TO
MULTI-MILLION-DOLLAR FDIC INSURANCE AND
BUILD LONG-TERM RELATIONSHIPS**

Safety for Customers' Large Deposits; Flexibility for Banks

Customers value safety and simplicity.

With the Insured Cash Sweep, or ICS[®], and CDARS services, your bank can provide customers with returns and access to multi-million-dollar FDIC insurance directly through one bank relationship—yours—for large deposits placed into demand deposit accounts, money market deposit accounts, and CDs.



CDARS, ICS, Insured Cash Sweep, and One-Way Sell are registered service marks, and The Power of Many is a service mark of Promontory Interfinancial Network, LLC.

A Win-Win for Banks and Customers

BENEFITS OF INSURED CASH SWEEP AND CDARS

Thousands of Banks Use ICS and CDARS

Versatile, profit-building services, Insured Cash Sweep and CDARS are used by banks to:

- Attract and retain loyal, large-dollar relationships
- Manage liquidity—receive matching, reciprocal deposits and keep the full amount of customer funds on balance sheet or sell the excess and earn fee income
- Replace higher-cost and less-stable funding — e.g., collateralized deposits, listing service deposits, and traditional brokered deposits
- Reduce ongoing collateralization and related tracking burdens
- Tap cost-effective, fixed- or floating-rate funding for short or long terms without collateralization; funding that counts as deposits, not traditional borrowings




Grow Franchise Value

ICS and CDARS deposits tend to be large and “sticky,” thereby lowering customer acquisition costs and providing more opportunities for cross-selling.

CDARS deposits reinvest at a rate of approximately 80%,¹ and banks typically see less than 5% of ICS Reciprocal accounts liquidated in any given month, even as total accounts and balances steadily increase.²

Average Holdings Per Customer

| Customer Type |  | CDARS [®] |
|---|---|--------------------|
| Banks and Credit Unions | \$7,600,000 | \$3,100,000 |
| Individuals | \$3,100,000 | \$1,200,000 |
| Public Entities | \$3,000,000 | \$4,000,000 |
| Corporations | \$2,100,000 | \$2,100,000 |
| Partnerships | \$1,800,000 | \$2,300,000 |
| Estates and Trusts | \$1,800,000 | \$1,700,000 |
| Nonprofits | \$950,000 | \$1,100,000 |
| Associations and Clubs | \$750,000 | \$1,300,000 |
| Average Holdings Across All Customer Types³ | \$2,000,000 | \$1,800,000 |

[1] Promontory Interfinancial Network calculates the reinvestment rate as the percentage of the aggregate balance of CDARS deposits that are reinvested through CDARS within 28 days of maturity.

[2] Calculated for each of the 12 months preceding June 30, 2018. The ICS Reciprocal account closure rate for a given month is the number of reciprocal accounts closed during the month as a percentage of the total number of reciprocal accounts at the beginning of the month. The number of reciprocal accounts closed during the month is the number of non-zero-balance reciprocal accounts withdrawn to zero dollars during the month and not returned to a non-zero-balance during the month or the subsequent two months.

[3] As of December 31, 2019.

First Federal Bank of the Midwest Defiance, Ohio



- Asset size: \$3.4 billion
- Promontory Network Deposits: \$420 million
CDARS: \$65 million
ICS: \$355 million
- Joined the CDARS network in August, 2004
- Joined the ICS network in October, 2011

First Defiance Financial Corp. (NASDAQ: FDEF), is the holding company for First Federal Bank of the Midwest and First Insurance Group. United Community Financial Corp. merged with First Defiance Financial Corp. on January 31, 2020. The combined organization operates 77 branches, 12 loan offices and 3 wealth offices in Ohio, Michigan, Indiana, Pennsylvania, and West Virginia. Currently, 33 branches, 3 wealth offices and 11 loan production offices continue to operate as Home Savings Bank. First Insurance Group is a full-service insurance agency with ten offices in Ohio including James & Sons Insurance in Youngstown, Ohio.

Benefits That Resonate with Customers

With ICS and CDARS, customers work directly with a single bank and can:

Enjoy peace of mind

- Customers can keep principal and interest safe with access to multi-million-dollar FDIC protection; no one has ever lost a penny of FDIC-insured deposits.
- And, unlike prime money market mutual funds, Insured Cash Sweep and CDARS deposits are not subject to floating net asset values. ICS is not subject to liquidity fees or money market mutual fund liquidity gates.

Save time

- Customers can access multi-million dollar FDIC insurance through a single bank relationship and no longer have to manage multiple bank relationships to keep funds safe.
- And, they appreciate the convenience of reducing ongoing collateral-tracking requirements (banks do as well!).
- In addition, customers like the simplicity of not having to manually consolidate statements or interest disbursements and of not having uninsured deposits to footnote in financial statements.



Benefits That Resonate with Customers

Through ICS and CDARS, customers can also:

Earn returns

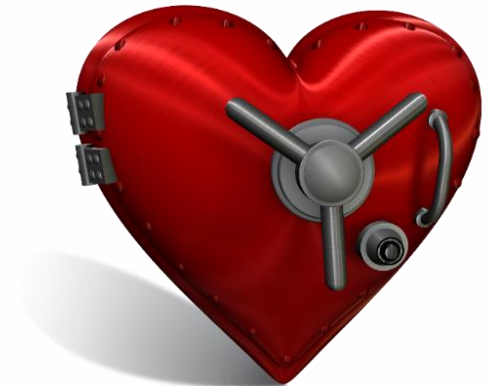
- Customers like that ICS and CDARS have the potential to earn a rate comparable to prime money market mutual funds with protection that is backed by the full faith and credit of the U.S. government.¹

Access funds

- With ICS, customers have daily liquidity and can make unlimited withdrawals with the ICS demand option, in which funds are placed into demand deposit accounts, or up to six program withdrawals per month the ICS savings option, in which funds are placed into money market deposit accounts.
- With CDARS, customers may select from a range of maturities.

Feel good about supporting their community

- Customers can feel good knowing that the full value of their deposits can support lending opportunities that build a stronger, local community.²



¹ Deposits placed using ICS and CDARS earn interest at rates set by the depositor's relationship institution that places the funds. Rates will vary.

² When deposited funds are exchanged on a dollar-for-dollar basis with other participating institutions in the Promontory Network, your bank can use the full amount of a deposit placed through ICS or CDARS for local lending, satisfying some depositors' local investment goals or mandates. Alternatively, with a depositor's consent, your institution may choose to receive fee income instead of deposits from other institutions. Under these circumstances, deposited funds would not be available for local lending.

How ICS and CDARS Work

How ICS and CDARS Work

An overview:



Customer deposits funds with your bank¹

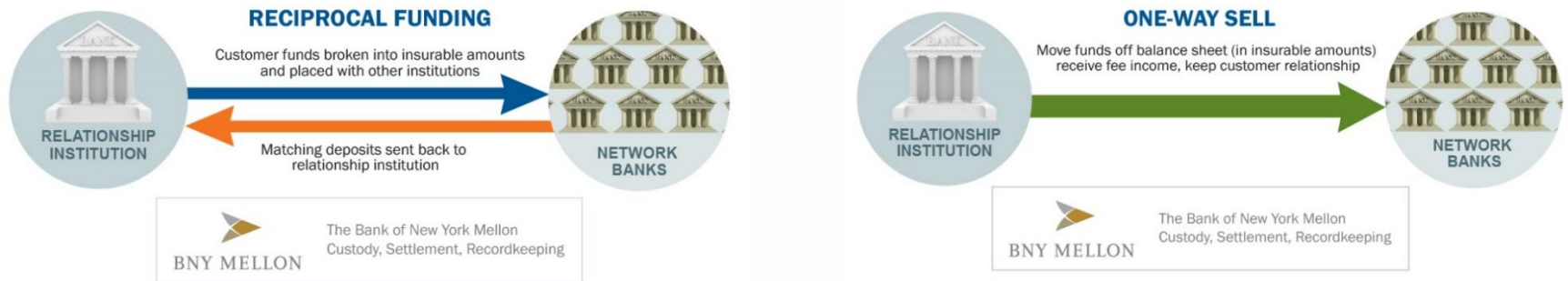
Deposit is allocated to Promontory Network banks in increments <\$250,000

By working directly with just one bank, yours, the customer can access FDIC coverage from many.

And the customer enjoys the convenience of working with and receiving communications and statements (only one monthly statement per service) from your bank—a bank they know and trust.

[1] Deposits are placed in demand deposit accounts when using the ICS demand option, money market deposit accounts when using the ICS savings option, or CDs when using CDARS.

How ICS and CDARS Work



- Banks can switch between receiving a matching amount of funds or selling funds based on their needs (at maturity for CDARS placements).
- The applicable Deposit Placement Agreement a customer signs once, upfront, enables this dynamic activity (unless the customer opts out of the default provision) and notification does not have to be provided to the customer if and when a bank uses the One-Way Sell[®] option (under the default provision).

Your Bank Retains Control with ICS and CDARS



Your bank establishes the interest rates for funds it places through ICS and CDARS

- Confidential information is protected
- The customer communicates only with your bank's service team
- The customer receives one monthly statement from your bank for each service



The background is a solid blue color with several thin, white, wavy lines that create a sense of motion and depth. These lines are most prominent on the left and right sides, curving towards the center. At the bottom of the image, there is a horizontal bar with a white-to-blue gradient.

New Opportunities for Your Bank

Good for Banks and Their Communities

Most reciprocal Insured Cash Sweep and CDARS deposits are core deposits and provide banks with more opportunities to attract high-value relationships—cost-effective funding that, ultimately, can help Main Street banks nationwide make more loans in their local communities.

Such help will be critical during the current national emergency, when small businesses are looking for loans to help keep their operations viable and running smoothly.



Reciprocal Deposits Offer Cost-Effective Funding

Relative to many other options, reciprocal deposits tend to be more stable, and can help banks to reduce collateralization and tracking costs, to enable customer acquisition and maintenance costs to be spread over a larger deposit base, and to offer greater balance sheet flexibility—all of which can increase profitability and lead to enhanced ROA and ROE.

FUNDING COMPARISON

| | ICS® & CDARS® RECIPROCAL DEPOSITS | COLLATERALIZED DEPOSITS | LISTING SERVICE DEPOSITS | WHOLESALE FUNDING PURCHASES ¹ |
|---|-----------------------------------|-------------------------|--------------------------|--|
| Most are not brokered | ✓ | ✓ | ✓ | X |
| Local, stable, and don't "chase rates" ² | ✓ | ✓ | X | X |
| Help build loyal customer relationships | ✓ | ✓ | X | X |
| Are uniformly free of ongoing collateralization requirements ³ | ✓ | X | ✓ | X |
| Provide balance sheet flexibility ⁴ | ✓ | X | X | X |
| Consistently enhance franchise value | ✓ | X | X | X |

[1] Includes wholesale funding sources, such as FHLB advances, traditional brokered CDs, and correspondent banks. Does not include wholesale funds purchased through a deposit network.

[2] A bank receives ICS Reciprocal or CDARS Reciprocal deposits in return for deposits that it places, most of which are locally sourced.

[3] Noncollateralized deposits reduce collateral tracking and free up bank capital for more productive uses.

[4] In times of high liquidity, a bank using ICS Reciprocal or CDARS Reciprocal can easily switch to ICS One-Way Sell or CDARS One-Way Sell, as applicable, to take deposit amounts off balance sheet while earning fee income.

Attract All Types of Safety-Conscious Customers

Businesses

- Corporations (public and private)
- Mid-size companies (public and private)
- Small businesses (partnerships, sole proprietorships, entrepreneurial ventures)
- Franchises

Government Entities¹

- Government agencies
- Municipalities (towns, cities, counties)
- Police departments
- Fire districts
- Public colleges and universities
- Public hospitals
- School districts
- State funds
- Utility districts (power, water, sewer, etc.)

Nonprofits

- Charities
- Religious institutions
- Colleges and universities
- Community foundations
- Endowment funds
- Foundations
- Homeowners'/Condo associations
- Hospitals

Others

- Other large-dollar depositors, which may include:
- Banks and credit unions (for CRA credit or as earning assets)
 - Escrow/Title companies
 - Estate planners
 - Private investors
 - Trusts/Trustees
 - 1031 exchange participants

Thousands of government entities place tens of billions of taxpayer dollars in ICS and CDARS.

[1] If state law allows.

The authority of institutional customers to place funds through ICS or CDARS may be subject to restrictions under applicable law or investment policies.

Gain Customers Who Might Otherwise Bank Elsewhere

Promontory Interfinancial Network's relationship-driven ICS and CDARS offerings can help institutions to attract large-dollar, low-cost deposits from local, safety-conscious customers who might otherwise bank elsewhere—perhaps with:

- A larger, nonlocal bank perceived as too big too fail (foregoing FDIC insurance eligibility)
- Multiple banks while keeping balances at each under \$250,000 (and managing the paperwork, continually monitoring balances in relation to the FDIC insurance threshold, and manually consolidating statements and interest payments on a recurring basis)
- A single bank by establishing accounts under multiple insurable capacities (and managing the paperwork, continually monitoring balances in relation to the FDIC insurance threshold, and manually consolidating statements and interest payments on a recurring basis)
- A single bank while requiring that bank to collateralize the deposits (resulting in ongoing, collateral-tracking burdens for both parties and, potentially, the receipt of a lower rate by the customer due to the collateral-tracking costs the bank incurs)

The background is a solid blue color with several thin, white, wavy lines that create a sense of motion and depth. These lines are most prominent on the left and right sides, curving towards the center. The text is centered in the upper half of the image.

ICS and CDARS Customer Experience

ICS and CDARS – A Customer’s Perspective

ICS and CDARS compare well to typical deposit choices.

| Product | Problem | ICS and CDARS Solutions |
|---------------------------|---|---|
| Checking accounts | May or may not earn interest, and funds are insured only up to \$250,000 per insured capacity, per bank | Your customers can have it all—peace of mind, interest, and the convenience of working directly with just your bank |
| Repurchase sweeps | May earn interest, but the yield can be very low; the process carries administrative tracking burdens, and the investment is not backed by FDIC insurance | |
| Collateralized deposits | Administrative tracking burden can be more onerous than with repo sweeps, and only certain types of deposits can be collateralized | |
| Money market mutual funds | Earn interest, but the yield may be very low; the investment is not backed by the full faith and credit of the federal government; money market mutual fund rules require that withdrawal restrictions may be imposed and/or that share price may fall below \$1.00; some entities are required to disclose in financial statements any accounts that may not maintain value or that may become illiquid (floating NAV) | |

ICS and CDARS – Five Easy Steps for Customers



The customer signs an ICS Deposit Placement Agreement (ICS DPA) and a custodial agreement.

1

The customer signs a CDARS Deposit Placement Agreement (CDARS DPA) and a custodial agreement.

The customer identifies an existing transaction account (or sets up a new one) to be used with each ICS option.

2

The customer deposits money with your bank.

Funds are placed into deposit accounts at other Promontory Network institutions using ICS in accordance with the ICS DPA.¹

3

Funds are placed using CDARS, and the customer's CDs are issued by other Promontory Network institutions in accordance with the CDARS DPA.

Using an online tool specially developed for ICS, customers can see where their funds are at all times.

4

The customer receives confirmation of his/her CDs from your bank.


The customer receives a monthly statement from your bank detailing ICS account activity.

5

The customer receives a monthly statement from your bank detailing CDARS account activity.

[1] Funds are placed into demand deposit accounts when using the ICS demand option or money market deposit accounts when using the ICS savings option.

ICS and CDARS – Customer Paper Work



Deposit Placement Agreement

You, the undersigned, enter into this ICS Deposit Placement Agreement (this "Agreement") with [redacted] ("we" or "us"). This Agreement states the terms and conditions on which we will endeavor to place funds of yours into deposit accounts at other depository institutions from a transaction account with us into which you have deposited funds for such placement (the "Transaction Account").

Each depository institution at which we place funds (a "Destination Institution") will be a depository institution at which deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to maximum deposit insurance amounts.

1. ICS Service and Deposit Accounts

1.1. ICS Service

(a) We will endeavor to place funds of yours (as a "Relationship Institution") at Destination Institutions using ICS®, the Insured Cash Sweep® service, of Promontory Interfinancial Network, LLC ("Promontory Network"), The Bank of New York Mellon ("BNY Mellon") will act as issuing agent, sub-custodian, settlement agent, and recordkeeper.

(b) Subject to the other terms and conditions of this Agreement, when we place funds of yours in a deposit account held at a Destination Institution for your funds placed through the ICS service (a "Deposit Account"), the amount of our outstanding placements of your funds at the Destination Institution through ICS will not exceed the FDIC standard maximum deposit insurance amount ("SMDIA"), which is currently \$250,000.

(c) We offer placement of funds through ICS to businesses, nonprofit entities, and subject to applicable law public entities. We may also choose to place funds through ICS for individuals with a demonstrated need to maintain large cash balances (e.g., \$500,000 or more) over a 12-month period. You must be capable of using, and you agree to use, the ICS Depositor Control Panel ("DCP"), an online tool described in this Agreement, to review proposed placements and for other purposes. You also agree to receive notices concerning ICS deposits that may be posted on the DCP or sent by email.

1.2. Deposit Accounts at Destination Institutions

(a) Each Deposit Account, including the principal amount and the accrued interest, will be a deposit obligation solely of the Destination Institution at which the Deposit Account is held. It will not be a deposit obligation of us or of Promontory Network, BNY Mellon, or any other person or entity.

(b) Funds in your Deposit Accounts will be "deposits," as defined by federal law, at the Destination Institutions. Appendix A further describes the Deposit Accounts, which will be non-time deposits that you access as described in this Agreement.

2. Your Relationship With Us

2.1. Agency and Custodial Relationship

(a) We will act as your agent in placing your funds through the ICS service. Under a separate agreement with you that grants us custodial powers (the "Custodial Agreement"), we will also act as your custodian with respect to the Deposit Accounts.

(b) Each Deposit Account will be recorded (i) on the records of the Destination Institution in the name of BNY Mellon, as our sub-custodian, (ii) on the records of BNY Mellon in our name, as your custodian, and (iii) on our records in your name. The recording will occur in a manner that permits the Deposit Account to be FDIC-insured to the same extent as if it were recorded on the records of Destination Institution in your name.

(c) For purposes of Article 8 of the Uniform Commercial Code, we will act as your securities intermediary for, and will treat as financial assets, the Deposit Accounts and all your security entitlements and other related interests and assets with respect to the Deposit Accounts, and we will treat you as entitled to exercise the rights that constitute the Deposit Accounts. All interests that we hold with respect to the Deposit Accounts will be held by us only as your securities intermediary and will not be our property. You will be the owner of all funds of yours that we place for you through the ICS service and any interest on those funds.

2.2. Termination of Custodial Relationship

(a) Either you or we may terminate the custodial relationship between you and us at any time. You may not transfer the Deposit Accounts to another custodian, but you may dismiss us as your custodian with respect to a Deposit Account and request that the Deposit Account be recorded on the records of the Destination Institution in your name. We will endeavor to cause any such request to be promptly forwarded to the Destination Institution. Each Destination Institution has agreed that it will promptly fulfill any such requests, subject to its customer identification policies and other standard account opening terms and conditions.

(b) If a Deposit Account has been recorded on the records of a Destination Institution in your name pursuant to Section 2.2(a), you will be able to enforce your rights in the Deposit Account directly against the Destination Institution, but we will no longer have any custodial responsibility with respect to the Deposit Account and you will not be able to enforce any rights with respect to the Deposit Account against the Destination Institution through us.


3. Custodial Account, Depositor Identifier, and Interest Rate

3.1. Custodial Account and Depositor Identifier

(a) As your custodian, we will open on our records, either directly or with the assistance of BNY Mellon, a custodial account in which we will hold your interests with respect to the Deposit Accounts (an "ICS Custodial Account"). We may permit you to have multiple ICS Custodial

1 ICS DPA-RPI - Version 2018-07

ICS Deposit Placement Agreements (DPAs)



Deposit Placement Agreement

You, the undersigned, enter into this CDARS Deposit Placement Agreement (this "Agreement") with [redacted] ("we" or "us"). This Agreement states the terms and conditions on which we will endeavor to place funds of yours into certificates of deposit issued by other depository institutions.

Each depository institution at which we place funds (a "Destination Institution") will be a depository institution at which deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to maximum deposit insurance amounts.

1. CDARS Service and CDs

1.1. CDARS Service

(a) We will endeavor to place funds of yours (as a "Relationship Institution") at Destination Institutions using CDARS®, the Certificate of Deposit Account Registry Service®, of Promontory Interfinancial Network, LLC ("Promontory Network"), The Bank of New York Mellon ("BNY Mellon") will act as issuing agent, sub-custodian, settlement agent, and recordkeeper.

(b) Subject to the other terms and conditions of this Agreement, when we place funds of yours in a certificate of deposit that a Destination Institution issues for your funds through the CDARS service (a "CD"), the amount of our outstanding placements of your funds at the Destination Institution through CDARS will not exceed the FDIC standard maximum deposit insurance amount ("SMDIA"), which is currently \$250,000.

1.2. CDs at Destination Institutions

(a) Each CD, including the principal amount and the accrued interest, will be a deposit obligation solely of the Destination Institution that issues the CD. It will not be a deposit obligation of ours or of Promontory Network, BNY Mellon, or any other person or entity.

(b) You may not add to or amend a CD, and no secondary market for the CDs exists. Unless an exception applies, you will incur a substantial early withdrawal penalty if you withdraw funds from a CD before maturity.

2. Your Relationship With Us

2.1. Agency and Custodial Relationship

(a) We will act as your agent in placing your funds through the CDARS service. Under a separate agreement with you that grants us custodial powers (the "Custodial Agreement"), we will also act as your custodian with respect to the CDs.

(b) Each CD will be recorded (i) on the records of the Destination Institution in the name of BNY Mellon, as our sub-custodian, (ii) on the records of BNY Mellon in our name, as your custodian, and (iii) on our records in your name. The recording will occur in a manner that permits the CD to be FDIC-insured to the same extent as if it were recorded on the records of Destination Institution in your name.

(c) For purposes of Article 8 of the Uniform Commercial Code, we will act as your securities intermediary for, and will treat as financial assets, the CDs and all your security entitlements and other related interests and assets with respect to the CDs, and we will treat you as entitled to exercise the rights that constitute the CDs. All interests that we hold with respect to the CDs will be held by us only as your securities intermediary and will not be our property. You will be the owner of all funds of yours that we place for you through the CDARS service and any interest on those funds.

2.2. Termination of Custodial Relationship

(a) Either you or we may terminate the custodial relationship between you and us at any time. You may not transfer the CDs to another custodian, but you may dismiss us as your custodian with respect to a CD and request that the CD be recorded on the records of the Destination Institution in your name. We will endeavor to cause any such request to be promptly forwarded to the Destination Institution. Each Destination Institution has agreed that it will promptly fulfill any such requests, subject to its customer identification policies and other standard account opening terms and conditions.

(b) If a CD has been recorded on the records of a Destination Institution in your name pursuant to Section 2.2(a), you will be able to enforce your rights in the CD directly against the Destination Institution, but we will no longer have any custodial responsibility with respect to the CD and you will not be able to enforce any rights with respect to the CD against the Destination Institution through us.

3. Custodial Account, Depositor Identifier, and Interest Rate

3.1. Custodial Account and Depositor Identifier

(a) As your custodian, we will open on our records, either directly or with the assistance of BNY Mellon, a custodial account in which we will hold your interests with respect to the CDs (a "CDARS Custodial Account").

(b) On the signature page of this Agreement, you will enter a unique alphanumeric identifier for you (a "Depositor Identifier"), which will be associated with your CDARS Custodial Account. You will enter as your Depositor Identifier your federal taxpayer identification number ("TIN"), unless you do not have a TIN, in which case you will enter an alternate identifier that we approve.

(c) If you do not have a TIN and use an alternate identifier, you must use the same alternate identifier for all placements of your funds, by us or by any other institution, through the CDARS service or Promontory Network's ICS® service. If you do not have a TIN and subsequently obtain one, you must promptly report it to us and any such other institutions, and we may use the TIN as your Depositor Identifier.

3.2. Interest Rate

(a) For a placement of your funds at a given time in CDs of a given maturity, the interest rate for the CDs will be a rate to which you and we agree for the CDs (the "Interest Rate"). The Destination

1 CDARS DPA-RPI - Version 2018-07

CDARS Deposit Placement Agreement (DPA)

ICS and CDARS – One Monthly Statement Per Service

Each month, the customer receives just one monthly statement per service:

- One statement summarizing ICS account activity
- One statement showing account activity for CDs placed through CDARS

Best Deal Bank
123 Main Street
Anytown, UT 84708

Account ID: 5555 1234567
www.bestdealbank.com

Sample School District
456 Main Street
Anytown, UT 84708

Date: 10/31/2018
Page: 2 of 4

ICS Monthly Statement

The following information is a summary of activity in your ICS account(s) for the month of October 2018 under the FDIC-insured Best Deal Bank trust that hold your deposits as of the date indicated. These deposits have been placed by us, as your agent and custodian, in deposit accounts through the ICS or insured bank transfer service. Funds in your deposit accounts at the ICS are placed in institutions at which your funds have been placed and are "deposits," as defined by law here.

Custodian text may be added here.

Summary of ICS Accounts

| Account ID | Deposit Type | Interest Rate | Opening Balance | Closing Balance |
|--------------|--------------|---------------|-----------------------|-----------------------|
| *****1234 | Checking | 3.00% | \$1,000,000.00 | \$1,000,000.00 |
| *****5678 | Savings | 1.00% | 3,000,000.00 | 3,000,000.00 |
| TOTAL | | | \$4,434,370.55 | \$4,368,120.00 |

Account Transaction Details

| Date | Activity Type | Amount | Balance |
|------------|-------------------------|-------------|----------------|
| 10-01-2018 | Deposit | \$10,000.00 | \$3,010,000.00 |
| 10-31-2018 | Interest Capitalization | 4,368.12 | \$3,014,368.12 |

Summary of Balances as of October 31, 2018

| City/State | FDIC Inst No. | Balance |
|-----------------------------------|---------------|--------------|
| Allyra National Bank and Trust | **1100 | \$348,348.85 |
| First Bank of Springfield | **1111 | 248,348.85 |
| Bank of North Westchester | **1122 | 248,348.85 |
| Capital Savings and Loan | **1133 | 134,348.71 |
| BestState National Bank and Trust | **1134 | 200,000.00 |
| Open Road Bank | **1135 | 248,348.85 |
| Harbor Bank and Trust | **1136 | 248,348.85 |
| Northland Bank | **1137 | 248,348.85 |
| Horizon Bank | **1138 | 248,348.85 |
| Prime Bank and Trust | **1139 | 248,348.85 |
| Capital Bank of St. Lambert | **1140 | 248,348.85 |
| Wells Bank | **1141 | 248,348.85 |
| Investment Bank and Trust | **1142 | 248,348.85 |
| First Bank of Stanton | **1143 | 248,348.85 |

FDIC

ICS – sample monthly statement

Best Deal Bank
123 Main Street
Anytown, UT 84708

Account ID: *****283
www.bestdealbank.com

Sample School District
456 Main Street
Anytown, UT 84708

Date: 10/31/2018
Page: 1 of 4

CDARS Customer Statement

The following information is a summary of activity in your CDARS accounts and the list of FDIC-insured institutions that hold your deposits as of the date indicated. These deposits have been placed by us, as your agent and custodian, in deposit accounts through CDARS.

Custodian text may be added here.

Summary of Accounts

| Account ID | Effective Date | Interest Rate | Opening Balance | Closing Balance |
|--------------|----------------|---------------|-----------------|-----------------------|
| *****283 | 10/01/2018 | 2.100% | \$0.00 | \$4,248,754.64 |
| TOTAL | | | \$0.00 | \$4,248,754.64 |

Account Transaction Details

| Date | Activity Type | Amount | Balance |
|------------|-------------------------|----------------|----------------|
| 10-01-2018 | Deposit | \$4,248,754.64 | \$4,248,754.64 |
| 10-31-2018 | Interest Capitalization | 0.00 | \$4,248,754.64 |

Summary of Balances as of October 31, 2018

| City/State | FDIC Inst No. | Balance |
|-----------------------------------|---------------|--------------|
| Allyra National Bank and Trust | **1100 | \$348,348.85 |
| First Bank of Springfield | **1111 | 248,348.85 |
| Bank of North Westchester | **1122 | 248,348.85 |
| Capital Savings and Loan | **1133 | 134,348.71 |
| BestState National Bank and Trust | **1134 | 200,000.00 |
| Open Road Bank | **1135 | 248,348.85 |
| Harbor Bank and Trust | **1136 | 248,348.85 |
| Northland Bank | **1137 | 248,348.85 |
| Horizon Bank | **1138 | 248,348.85 |
| Prime Bank and Trust | **1139 | 248,348.85 |
| Capital Bank of St. Lambert | **1140 | 248,348.85 |
| Wells Bank | **1141 | 248,348.85 |
| Investment Bank and Trust | **1142 | 248,348.85 |
| First Bank of Stanton | **1143 | 248,348.85 |

FDIC

CDARS – sample monthly statement

ICS – Customer Experience

The online Depositor Control Panel provides your customers with 24/7 access to important account-related details.

- View all customer accounts from DCP home page
- Grant account access to multiple individuals
- Check ICS balances
- View transaction history
- Review and manage proposed placements
- Keep track of monthly program withdrawals (ICS savings option only)

www.DepositorControl.com

Welcome to the ICS® Depositor Control Panel

Welcome to the Depositor Control Panel for ICS, the Insured Cash Sweep® service. Your funds have been placed by Bear County Community Bank through ICS into deposit accounts at depository institutions (each as a Destination Institution) that participate in the service.

Total Principal Balance: \$92,352,706.85
Total Accrued Interest: \$12,174.96

My Accounts

| Account Title | Institution Transaction Account No. | ICS Deposit Option | Program Withdrawals | Rate % | Principal Balance | Accrued Interest |
|------------------------|-------------------------------------|--------------------|---------------------|--------|-------------------|------------------|
| Sample Account Title 1 | *****004 | Savings | 1 of 6 | 1.60 | \$83,352,706.85 | \$11,027.21 |
| Sample Account Title 2 | *****008 | Demand | N/A | 1.55 | \$9,000,000.00 | \$1,147.75 |

Sample Account Title 1

Transaction Account No.: *****004
Account Type: Savings
Principal Balance: \$83,352,706.85
Accrued Interest: \$11,027.21
Interest Rate: 1.60%
Program Withdrawals Used: 1 of 6 used for October 2019

CURRENT BALANCES | TRANSACTION HISTORY | DEPOSITOR PLACEMENT REVIEW

CURRENT BALANCES
Current as of the completion of settlement on 10/03/2019

| Destination Institution | City, State | Transit Routing Number | FDIC Certificate | Principal Balance | Accrued Interest |
|-------------------------|--------------------|------------------------|------------------|-------------------|------------------|
| Loring Savings Bank | Fresno, California | *****001 | **011 | \$245,000.00 | \$32.22 |
| First Bank of Ogdentown | Honolulu, Hawai'i | *****002 | **022 | \$245,000.00 | \$32.22 |

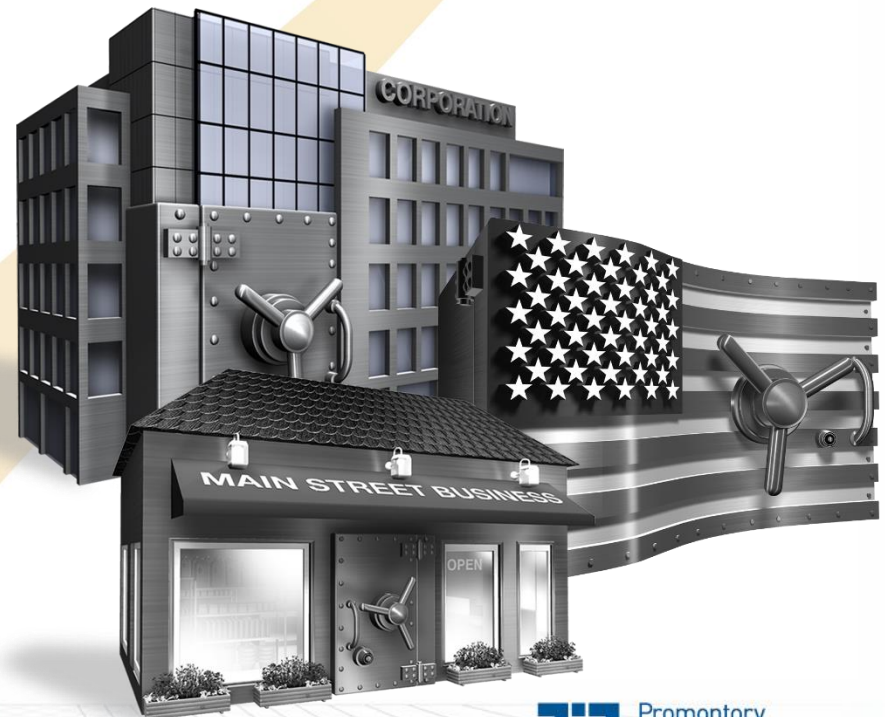
Getting Started

It's Easy to Get Started – Roadmap to Success

We have worked with thousands of banks like yours that use ICS and CDARS to offer customers access to multi-million-dollar FDIC insurance, to attract large-dollar deposits, and to grow profitability.

Based on more than 15 years of partnering with Network banks, we have learned that the most successful banks make ICS and CDARS an integral part of their deposit strategy.

To make things easy, we have developed the “Go-to-Market Checklist” to help guide banks down a path to success. The checklist is designed to be a step-by-step guide for your bank to maximize customer adoption and utilization of the services.



Getting Started – Go-to-Market Checklist

Some of the Go-to-Market Checklist steps include:

- Inspiring people in your bank to support ICS and CDARS—get “buy-in” and enthusiasm at all levels
- Training your sales, marketing, and operations staff to ensure that the people who support ICS and CDARS can explain the benefits of the services and are up-to-speed operationally
- Using the large volume of ready-to go, downloadable marketing materials available on Promontory Network’s Marketing Resource Center website to help your bank get the ICS and CDARS message out to your customers and prospects
- Leveraging tools provided to help you identify potential prospects

Promontory Interfinancial Network.
ICS | CDARS

Go-to-Market Checklist for ICS and CDARS (cont'd)

Step 4: Button Up Operations

| Task | Notes and Links to Tools | Completion Date |
|--|---|-----------------|
| Invite ops personnel to "How to Manage CDARS and ICS Operations" and CDARS and ICS "Paperwork Overview" webinars | ICS Webinars CDARS Webinars | |
| Have ops personnel review ICS and CDARS operational guide: "Operational Procedures for ICS" | | |

Step 5: Ongoing Customer Outreach

Task

Work with Promontory Network's marketing team to create a custom website for your bank or use Marketing Resource Center to download materials (text, graphics, videos) to put on your bank's website

Set up lunch-and-learn meetings with prospective customers

Send prospecting letters to potential clients

Coordinate with Promontory Network to run a class or webinar with bank

Visit the [Marketing Resource Center](#) for materials and others that may be of interest

Have Questions or Need to Get Started?

Contact your Regional Director or Trade to answer questions or otherwise assist through the steps outlined in this checklist

Use of the ICS and CDARS services is subject to the CDARS-ICS Participating Institution Agreement. apply. ICS program withdrawals are limited to six pre-registered service marks of Promontory Interfinancial

1300 N. 17th Street, Suite 1800

Promontory Interfinancial Network.
ICS | CDARS

Go-to-Market Checklist for ICS and CDARS

Use the steps outlined below as a guide to make the most of available resources for ICS and CDARS. Tools and materials are found on the [Marketing Resource Center](#) website and are linked below.

Step 1: Inspire and Reward

| Task | Notes and Links to Tools | Completion Date |
|---|--|-----------------|
| Send inspiration letter to board – this letter announces the service(s), tools benefits, and asks for referrals | Letter to Board Members | |
| Identify CDARS and/or ICS product champion | Product Leader Memo | |
| Send inspiration letters to CFO and employees, respectively | CFO and Employees Memo | |
| Present an overview at board meeting | Board Presentations: CDARS ICS ICS and CDARS | |
| Consider including CDARS and ICS incentives in sales comp plans | | |

Step 2: Sales and Marketing Training

| Task | Notes and Links to Tools | Completion Date |
|--|--|-----------------|
| Have key employees attend the "New Opportunities" webinar | ICS and CDARS: Taking Advantage of New Opportunities | |
| Have sales and marketing employees attend "How-to-Market" webinar | How To Market ICS and CDARS | |
| Have CMO or product champion send out a link to the Marketing Resource Center and set up small groups of key personnel to walk through resources available | Marketing Resource Center | |
| Have sales review "Getting Started" tools | Marketing Resource Center—Getting Started | |
| Plan a meeting to walk through campaigns and toolkits with marketing and sales, starting with the Hot List, create target customer list | Hot List Campaign in a Box | |
| Have marketing and sales download materials for target customers from the Marketing Fulfillment Center | Marketing Resource Center—Fulfillment Center | |

Step 3: Getting the First Customer

| Task | Notes and Links to Tools | Completion Date |
|-----------------------------------|---|-----------------|
| Present to initial bank prospects | General Presentations: CDARS ICS Demand and Savings ICS Demand ICS Savings CDARS & ICS Demand and Savings CDARS & ICS Demand CDARS & ICS Savings Public Funds Presentations: CDARS ICS Demand and Savings ICS Demand ICS Savings | |

1300 N. 17th Street, Suite 1800 | Arlington, VA 22209 | (800) 776-0426 | [promnetwork.com](#)

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Alternatively, you can call (866) 776-6426, ext. 8556 or email contactus@promnetwork.com to reach a Sales professional.

Appendix

ICS & CDARS Can Enhance Bank Brand

A third-party research firm spoke to representatives from a diverse list of local businesses about their organizations' cash management needs and the success they have had with CDARS and/or ICS. The researcher interviewed 17 bank customers (with each relationship bank's permission) and learned that:

- "Simplification is a service hallmark: The consolidation of reporting represented by CDARS and ICS is a highly prized feature that customers experience."
- "Every interviewee indicated that once they learned of the CDARS or ICS service, it was not a difficult decision to use the services."
- "CDARS and ICS, with their clear reporting and ability to enable businesses to get seamless protection while not having to manage multiple accounts reinforces the very "personal service" selling points of the local bank relationship. In other words, it is 'on brand.'"

Source: The Social Studies Group, 2019 Promontory Interfinancial Network CDARS® & ICS® End User Study.

Case Study: CFO, Industrial Pump Distributor

- The family owned company has \$35 million in annual revenue, no debt, operates only in cash, and saves for times when it needs to invest in new equipment or systems. The CFO feels that she has a “different relationship” with banks because the company is not leveraged at all, so it’s not looking for loans or lines of credit. The company has \$8-9 million on deposit in banks and less than \$400,000 in investments.
- The CFO characterizes the company’s owner as “very conservative.” Over the past 7 years, the business has become increasingly cash heavy. She began “squirreling” money across different business entities and attempting to manage \$250K money market accounts around the city, and notes that this became “painful.” She let one of her bankers know about her problem and they presented ICS as a solution. She did her due diligence and convinced her boss that it was “not worth my time to run around to different banks!”

"ICS came in and it's been amazing. And we're getting more money out of the sweep than money markets originally. Sweep makes so much sense. We cut checks once a week. We don't have to think about it [managing the ICS process]. It has helped to solidify our relationship with our bank. Also I have been with lots of banks here [at my chosen local bank] I can get someone on the phone at any time. Don't have to have to talk to 18 different people. I can get one person. And when I get someone on the phone, they're there. The large banks treat you like a cattle car."

—CFO, Industrial Pump Distributor

Case Study: Accounting Manager, Prep School

- The accounting manager explains that a few years ago the school changed its head of school and the new one persuaded the board to divest the school of all equities. This left the accounting manager with the task of managing larger amounts of cash than the school was typically used to, accumulating cash and unsure how to handle it. The school did not want to work with multiple banks.
- The school had a close relationship with a banker who introduced it to CDARS and ICS, and the solutions brought great relief. The school signed up for both services. The school uses ICS to manage its cash across the year that starts with tuition payments and must be disbursed throughout the school year. It then rolls any surplus it has at the end of the year into CDARS.
- The accounting manager called the decision a “slam dunk.”

"I love it [ICS]. It tells me where our money is. We keep a minimum \$150k in checking. After \$200K, it moves the cash around seamlessly. I could not be happier with how the sweep works. Keeps us liquid and protected, and interest bearing, the best of both worlds. And the [ICS and CDARS] statements—reconciling is so easy QuickBooks syncs with our bank, so it shows up in QuickBooks and clearly shows interest earned and posts."

—Accounting Manager, Prep School

Why ICS and CDARS Appeal to Public Funds

State laws generally require public unit deposits to be fully insured or fully collateralized; additionally, they often require funds to remain “local.”

Without ICS or CDARS, access to multi-million-dollar FDIC insurance coverage is generally difficult to obtain through a single bank relationship.

Tracking changing collateral values on an ongoing basis is time-consuming for both government finance officers and their banks.

By using ICS and CDARS, resources formerly allocated for these purposes can be redirected to more profitable activities. This means government finance officers can spend more time accomplishing other goals in support of their organization’s mission.



About Promontory Interfinancial Network Funding Options

Promontory Interfinancial Network can serve as a one-stop shop for your bank's funding needs. A wide range of wholesale and retail options are available, and banks can utilize single or multiple offerings and switch between them, as desired. With Promontory Interfinancial Network, your bank can enjoy advantages over traditional bank funding alternatives. All of the company's wholesale funding options are available without collateralization.

The company's Treasury Desk can provide rate and other important information. Just call (866) 776-6426 x8553 or email treasurydesk@promnetwork.com.



How Do ICS and CDARS Compare to Alternatives?

| Product | Challenges | ICS and CDARS Solutions |
|---|---|---|
| Repo sweeps / Collateralized deposits | <ul style="list-style-type: none"> • Eligible assets are required • Assets must be marked-to-market • Pledging requirements reduce asset liquidity • Cost and administrative burden affect profit potential | <ul style="list-style-type: none"> • Access to FDIC insurance means no eligible assets are required • Reduce ongoing collateralization and tracking burdens • Improve margins by reducing collateral requirements • Reduced pledging requirements mean improved asset liquidity |
| Letters of credit / Private insurance | <ul style="list-style-type: none"> • Tend to be more expensive • Generally require collateralization | <ul style="list-style-type: none"> • Take advantage of a significantly cheaper alternative • Reduce ongoing collateralization and tracking burdens |
| Treasuries and government money market mutual funds | <ul style="list-style-type: none"> • Returns may be lower | <ul style="list-style-type: none"> • Potential to offer a more favorable rate with protection backed by the full faith and credit of the U.S. government |

How Do ICS and CDARS Compare to Alternatives?

| Product | Challenges | ICS and CDARS Solutions |
|---------------------------------------|--|---|
| Prime money market mutual funds | <ul style="list-style-type: none"> • There is nothing comparable to FDIC insurance for prime money market mutual funds (MMMF) • Deposit amount taken off balance sheet • Liquidity fees and withdrawal restrictions may be imposed (redemption gates) or net asset values may fall below \$1.00 • Some entities are required to make financial statement disclosures for accounts that may not maintain value or that may become illiquid | <ul style="list-style-type: none"> • Potential to offer a rate comparable to prime MMMFs with protection that is backed by the full faith and credit of the U.S. government • Keep the full amount of customer funds on balance sheet or sell excess funds and earn fee income • Are not subject to floating net asset values • ICS deposits are not subject to liquidity fees or MMMF redemption gates |
| Other deposit sweeps (Compare to ICS) | <ul style="list-style-type: none"> • Provider may limit-pricing discretion • Providers tend to have low volume limits • Provider may require bank to manually track withdrawals | <ul style="list-style-type: none"> • Set the interest rate, even to zero • Offer service to very large accounts • Customers can automatically track program withdrawals (ICS savings option) and other information online |

What Bankers Say

Mark Thompson
President
CenterState Bank

“Reciprocal deposits are popular because they tend to be associated with multi-million-dollar depositors, enabling banks to attract deposits in large chunks with lower acquisition and maintenance costs as costs tend to be spread over much larger deposit amounts. Moreover, they tend to come from local customers at rates that are more in line with local pricing norms. They also tend to come from customers who are more likely to be interested in a broader, more long-term relationship that may include mortgages, credit cards, and other profit-generating services.”

“Reciprocal deposits help us better manage our balance sheet. We can more easily determine what to do with excess liquidity and easily follow through on those decisions, which lowers our cost of funds and increases our profitability.

Most importantly, reciprocal deposits give us another way to further our support for our communities.”



George Musselman
SVP & CFO

Insured Cash Sweep

INTEGRATION WITH MAJOR CORE PROCESSORS

By choosing the ICS integration option, your bank can enjoy:

- Time savings
- Automated ICS account sweeps
- Enhanced reporting capabilities
- Integrated online banking
- Automated accounting
- Reduced likelihood of errors from manual data entry
- The ability to offer an alternative to traditional repo sweeps

And, your customers will appreciate the ease of a fully automated experience, including:

- The ability to view their total cash balances in their transaction accounts and ICS accounts
- Reduced risk of overdraft since the transaction account and ICS account are linked

