

WEBINAR

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Achieving Primacy: Is Your Bank Ready?



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BEN CASH

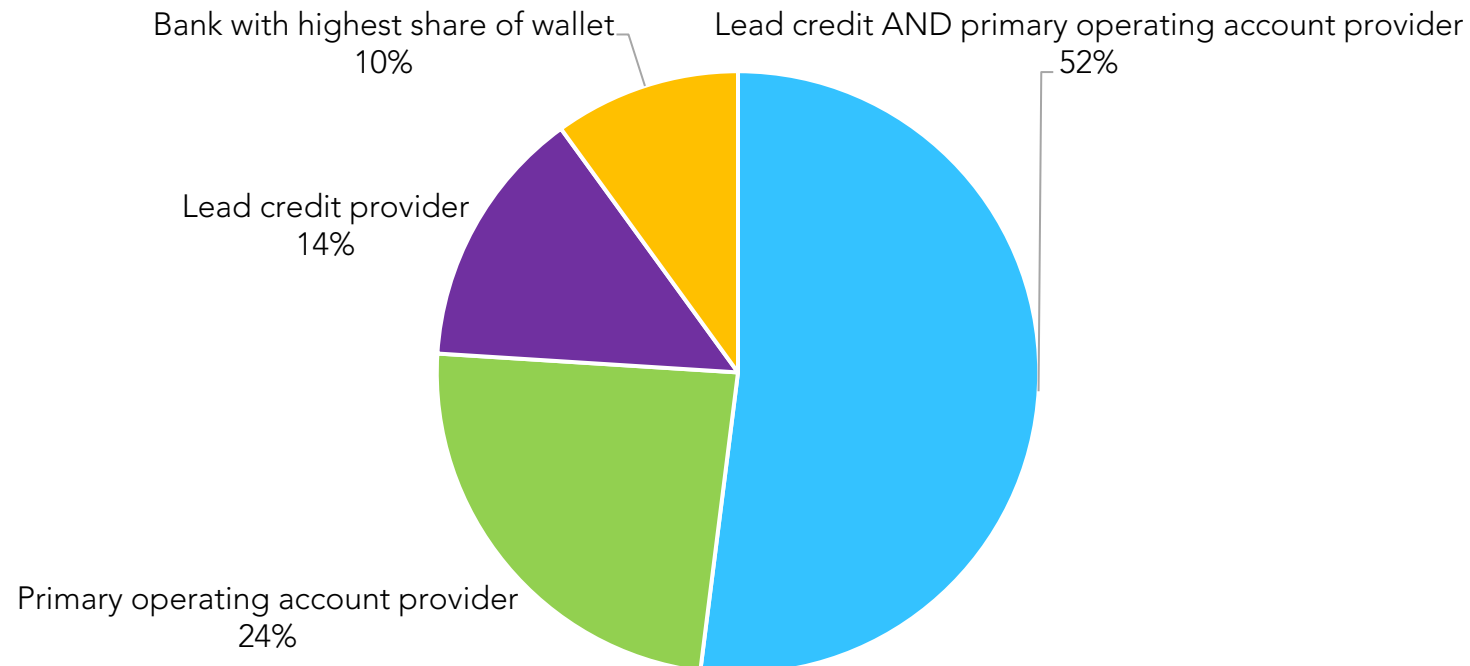
Product
Manager

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What is "Primacy" for Commercial Clients?

1. Being first in importance, order, or rank, based on meeting a client's needs in the most meaningful way and being trusted.
2. Going beyond the traditional connection to lending.
 - a) Operating accounts and payment services are often considered to be a primary indicator of primacy.

PrecisionLender October Fireside Chat Poll: How do you think most of your commercial clients would define their primary bank?



Market Context

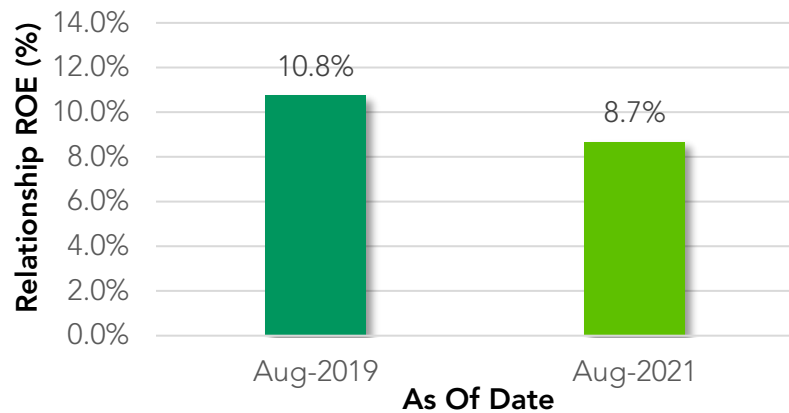
Gita Thollessen

Why is Primacy Important?

Relationship banking has always been a key objective for banks but has become even more critical in the current near-zero rate environment.

Less profitable loans....

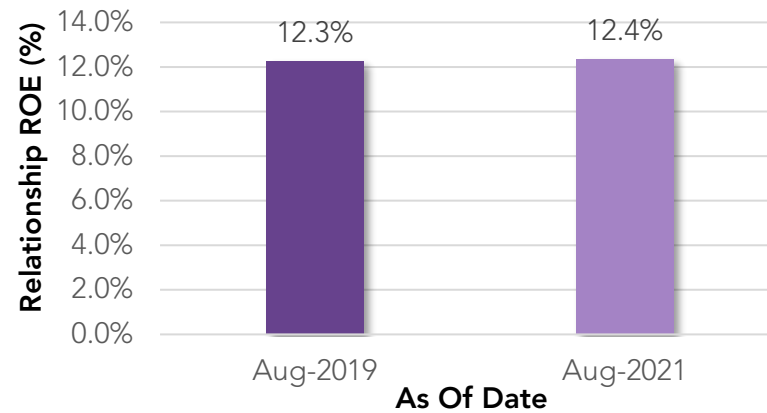
Cohort Group of Credit-Only Relationships
Profitability Trends



These relationships were credit-only in 2019 and failed to expand by 2021. As rates fell, ROE plummeted.

...and less impactful deposits

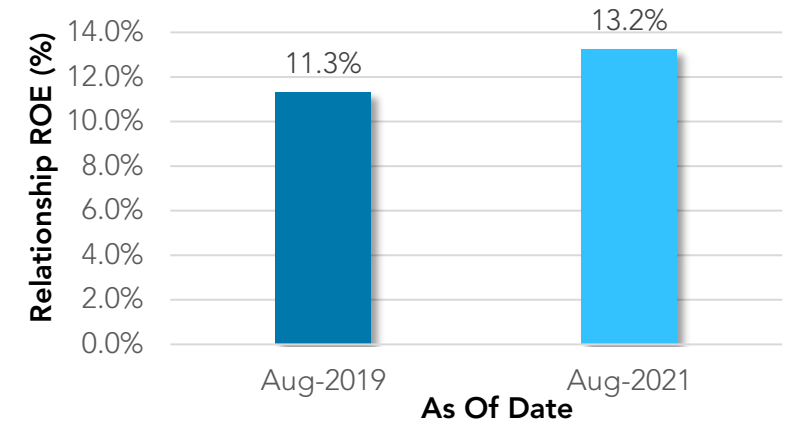
Cohort Group of Relationships
with Credit + Deposits
Profitability Trends



These relationships had both loans and deposits in 2019. Deposit balances grew but benefit to funding costs was modest, so ROE stayed relatively flat.

vs. broader relationships

Cohort Group of Relationships –
Cross-Sell Growth
Profitability Trends

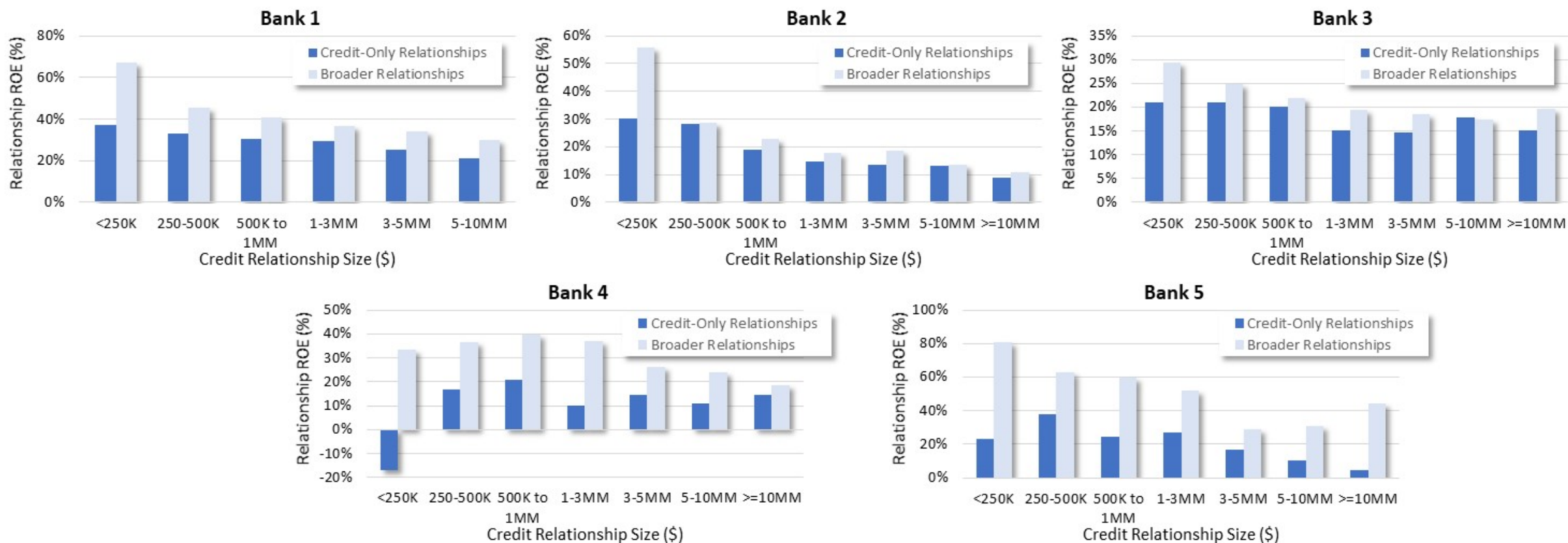


These were credit-only relationships in 2019 and expanded to include loans, deposits and ancillary fee-based business by 2021. ROE growth was pronounced.

How impactful is cross-sell?

Relationships with ancillary business achieve far higher yields than credit-only accounts

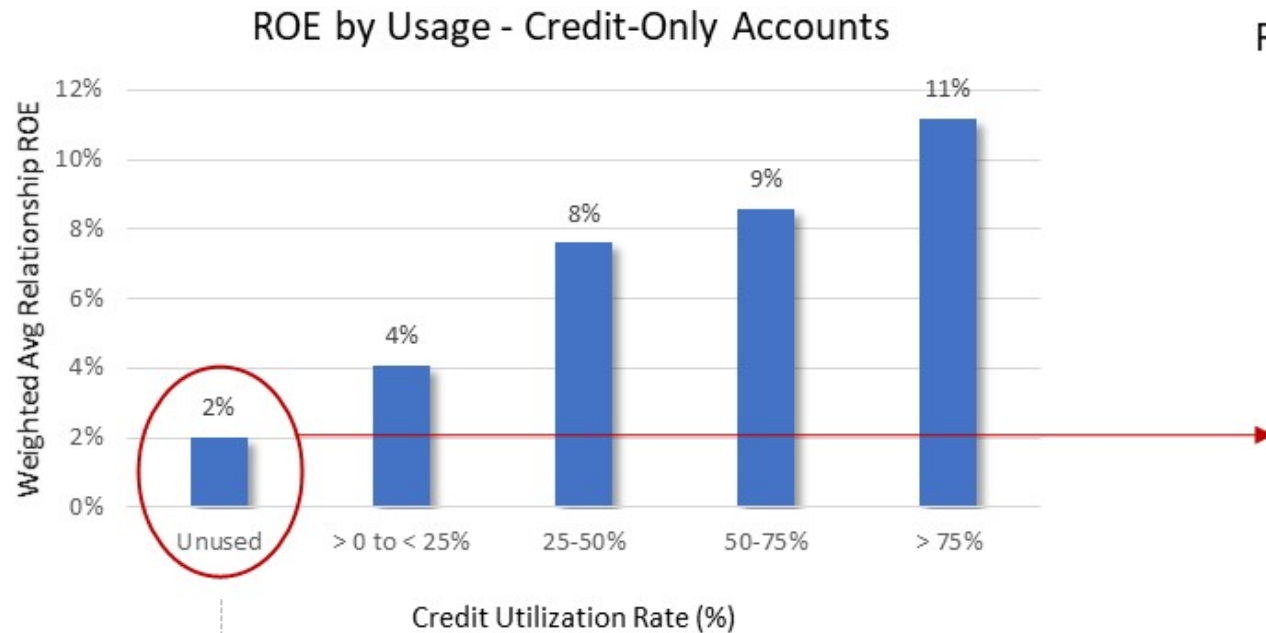
Credit-only vs. broader relationships: Relationship ROE by size of credit relationship



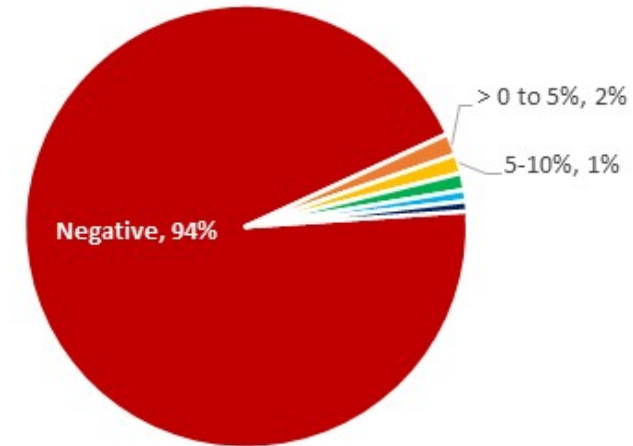
Unused Credits Highly Unprofitable without Cross-Sell

Relationship ROE Distribution by Utilization Rate

Credit-only accounts with no usage yield ROE's of just 2% in aggregate, with 94% producing negative ROE's



ROE Distribution on Unused Credit-Only Accounts



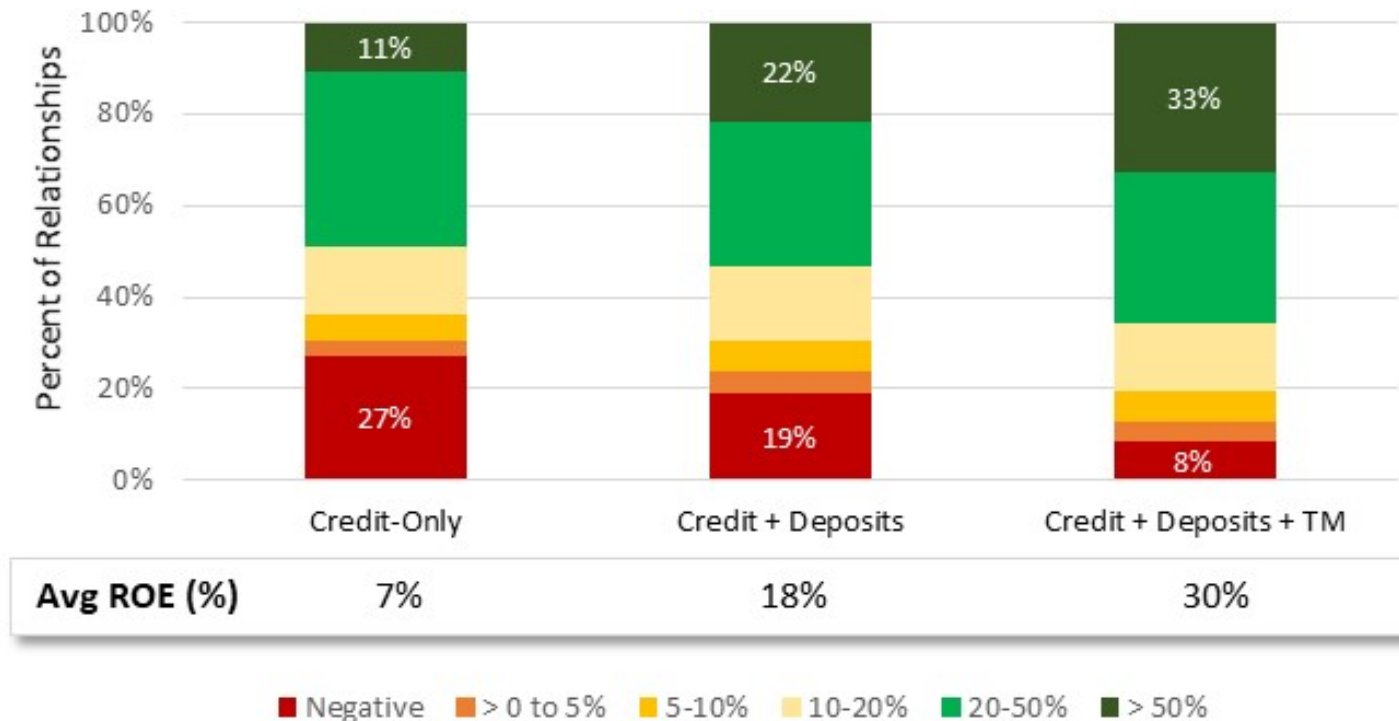
With TM: 20% average relationship ROE

Sharp Differences in Yields by Relationship Depth

Relationship ROE Averages and Distribution

Negative ROE's on more than one-quarter of credit-only relationships; One-third of clients with TM generating relationship ROE's over 50%

Market ROE Distribution by Relationship Depth



Key Tactics for Achieving Primacy

Why the Right Tool is Critical

Key Tactics for Achieving Primacy

Supporting a Client-Centric Strategic Commitment

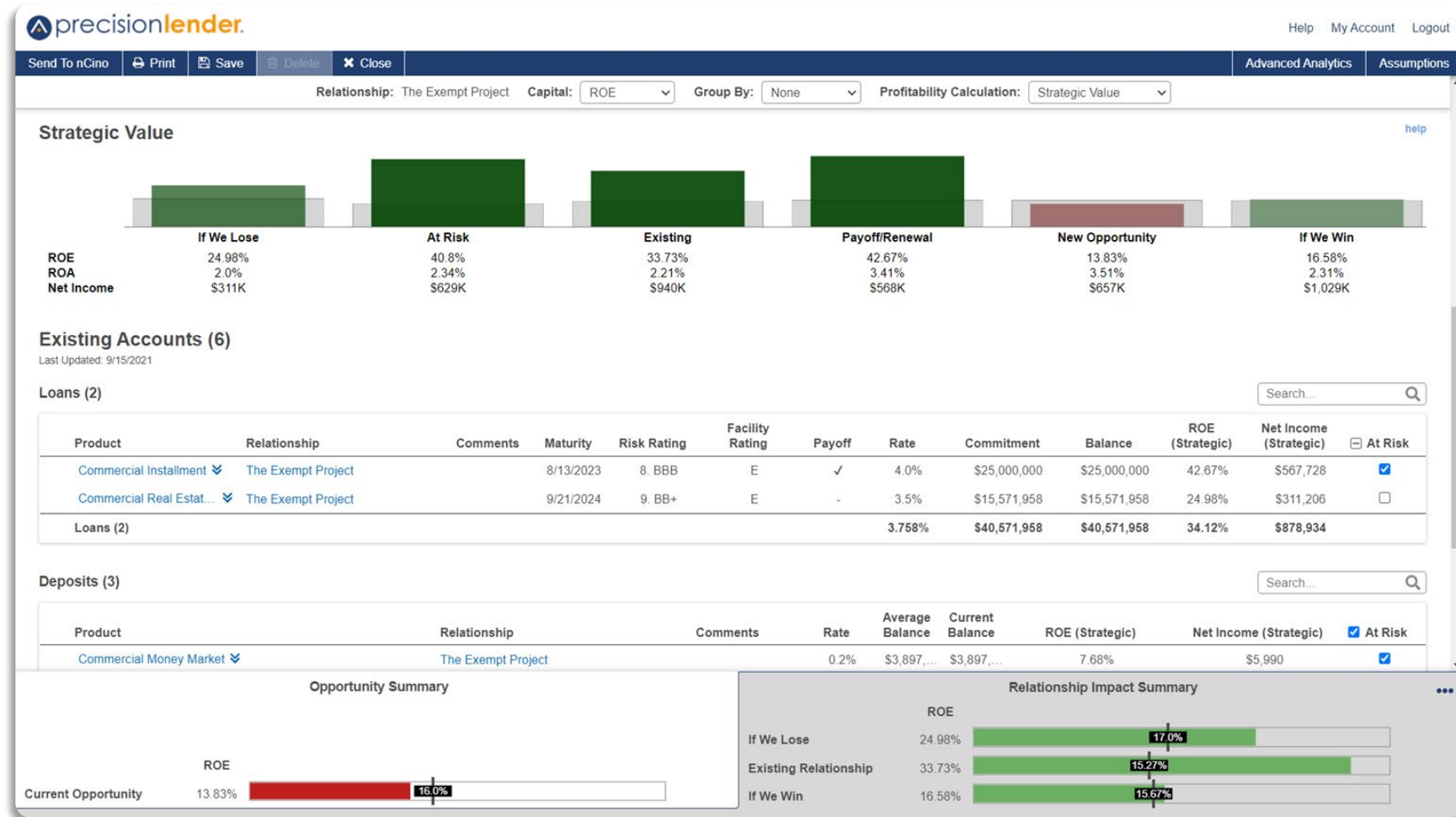
How **precisionlender** can enable achievement
a Q2 company



Understanding Relationship Economics

The PrecisionLender difference:

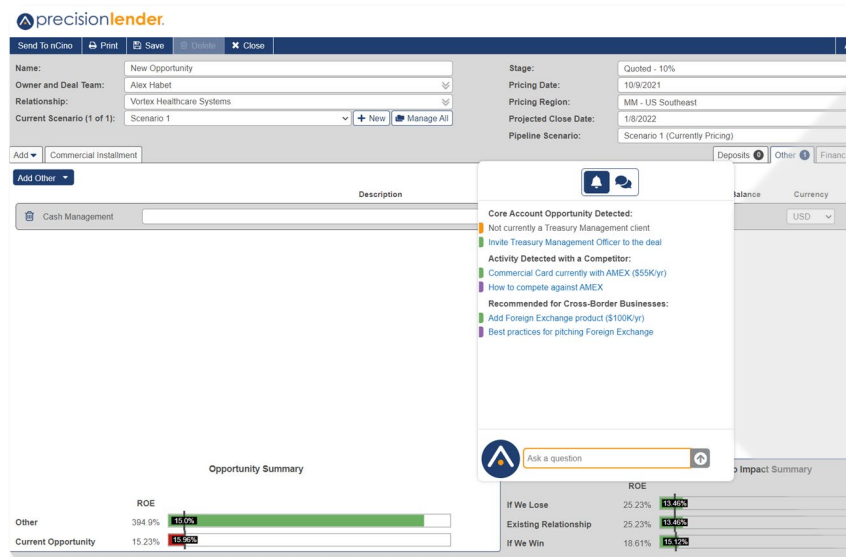
- View full client relationship
- Deal and relationship level profitability modeling
- Configurable assumptions and targets
- Bankers know what it means for the bank if a deal is won or lost
- Enables better, more informed, pricing and structuring decisions
- PrecisionLender clients experience an average increase in net income per relationship of 109% over three years



Identifying and Valuing Cross-sell

The PrecisionLender difference:

- Andi, PrecisionLender's virtual insights coach, shows bankers additional opportunities and how adding products can affect deal and relationship profitability
- Enables portfolio analysis to identify opportunities to deepen relationships
- PrecisionLender clients increase their number of products per relationship by an average of 42%



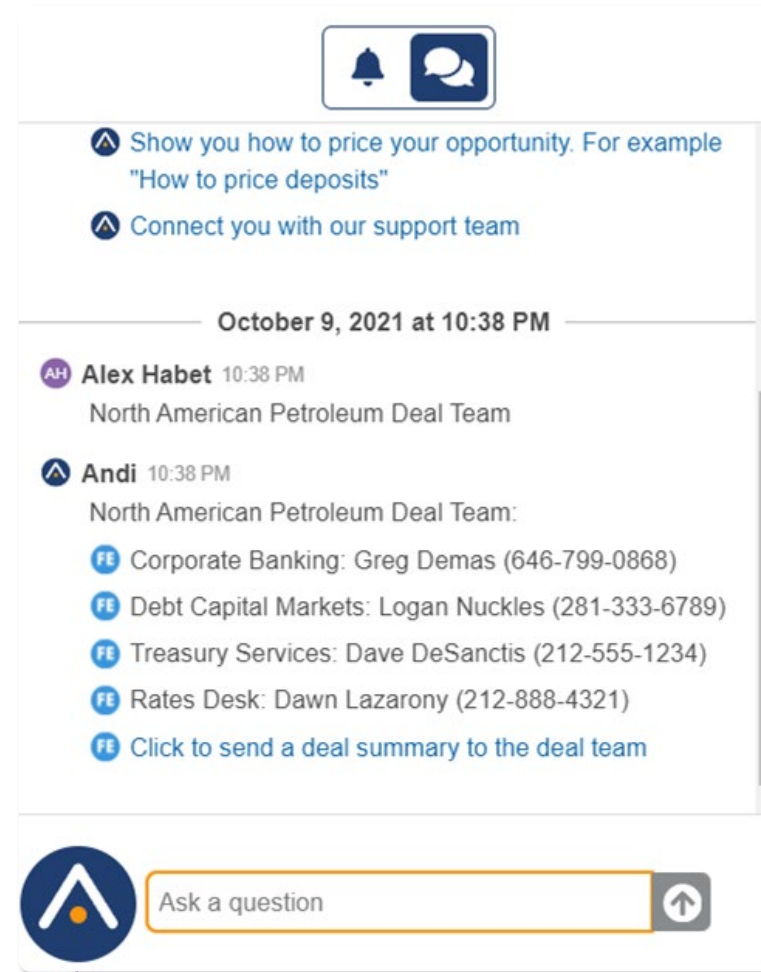
Core Account Opportunity Detected:
Not currently a Treasury Management client
Invite Treasury Management Officer to the deal
Activity Detected with a Competitor:
Commercial Card currently with AMEX (\$55K/yr)
How to compete against AMEX
Recommended for Cross-Border Businesses:
Add Foreign Exchange product (\$100K/yr)
Best practices for pitching Foreign Exchange

Ask a question

Facilitating Effective Collaboration

The PrecisionLender difference:

- Serves as one “source of truth” for deal teams during pricing and structuring
- Andi can be configured to suggest and facilitate referrals to partners
- Integrates directly with CRM systems for real-time opportunity updates
- Robust data feeds provide material enhancements to CRM profitability reporting and dashboards



Measuring and Rewarding Performance and Ensuring Accountability

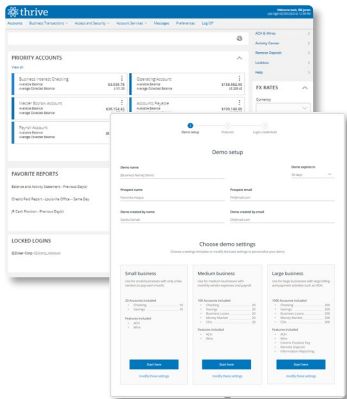
The PrecisionLender difference:

- “Delivery To Promise” dashboard shows actual relationship products, revenue, and balances for comparison with what was promised
- Andi alerts RMs and Sales Leaders when there are discrepancies
- See how bankers are working deals in real-time
- Rich data can be leveraged to facilitate analysis inside and outside of the platform to incent and share best practices



Delivering a Differentiated Experience

Digital Banking



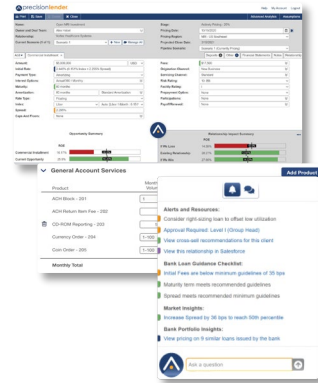
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CRM Integrations



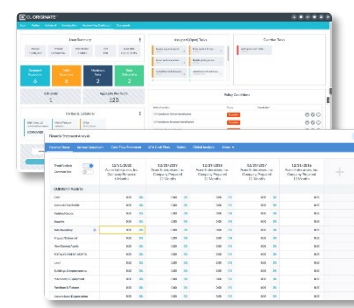
Homegrown CRM System

Pricing & Structuring



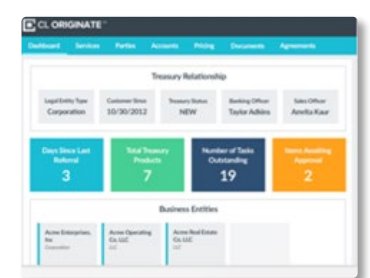
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Loan Underwriting



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Client Onboarding



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Q2 Data-First Architecture



AI / ML



MicroStrategy



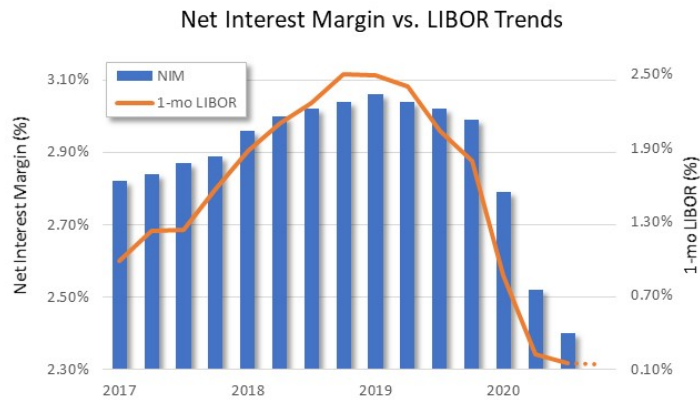
Premium Treasury

Treasury Management Pricing Collaboration

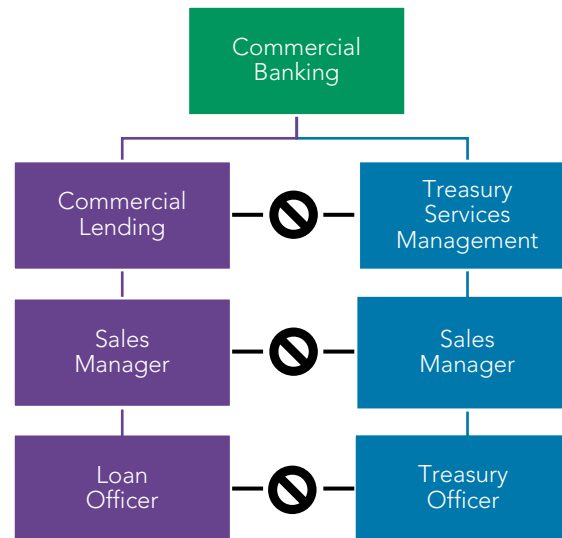
Treasury Services Diversifies and Fortifies Portfolios and Establishes Primacy



RECORD LOW MARGINS



CREDIT & TREASURY ARE NOT ALIGNED



COMPETING FOR PRIMACY

Aggregate Credit and Deposit Relationships



Treasury Pricing Challenges



Undervalued treasury services



The bank has a culture of giving things away and not capturing the full wallet potential



Minimal understanding of profitability of each treasury service in the context of the Relationship's profitability to the bank



Lack of collaboration between business units



Loans are closed before treasury officers are brought to the table



Deal team members have disparate approval processes and incentives



Treasury Pro Forma is labor intensive and lacking context



Lack of guidance around pricing methodology



Disconnect between what is provided to the client and what is eventually billed



Manual re-entry 4-5 times per deal



Lack of accountability to promised services and products

The Solution: PrecisionLender Premium Treasury



A single relationship pricing and profitability platform **for all members of the deal team.**



Deal partners can work in sync from the start, **encouraging referrals and collaboration.**

 Let's see a demo...

Thank you