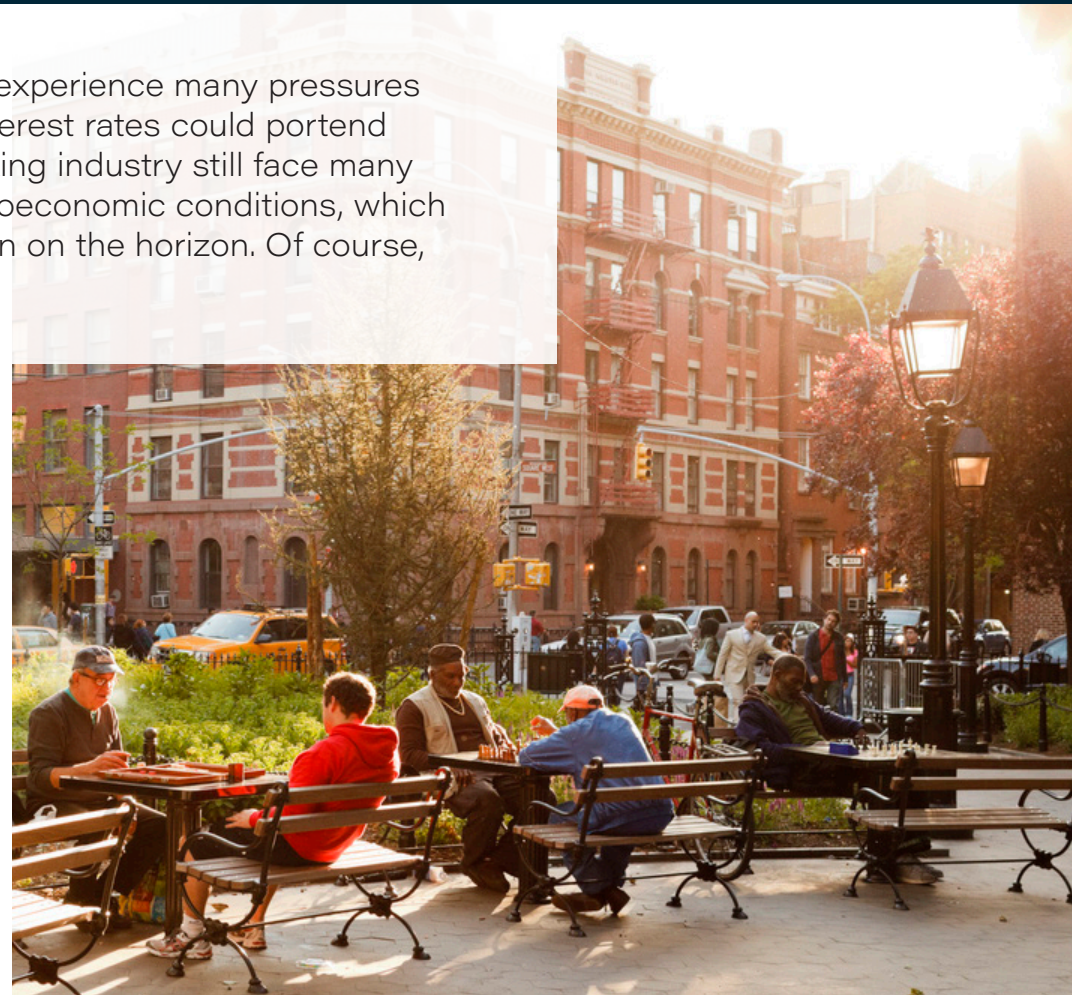


# How Ceto Empowers Community Banks

As you know, regional and community banks continue to experience many pressures in today's post-pandemic environment. Although rising interest rates could portend a meaningful tailwind in the future, the economy and banking industry still face many counterchallenges amidst the uncertain and shifting macroeconomic conditions, which have led some economists to forecast a possible recession on the horizon. Of course, no one knows for sure.

However, for the banking industry in particular, we can see these counterchallenges every day, which include stiff competition for consumer and household share of wallet from the big banks and fintech (or non-traditional financial institutions) coupled with the advancements in technology and changes in consumer choices.

Additionally, operational costs have risen as wage increases have swept across the country, impacting businesses significantly and making it more difficult to attract the best talent, particularly for the community banks.





And of course, the ever-present, incessant pressure of regulation continues to increase the compliance responsibilities, staff requirements, and costs for every bank, although disproportionately affecting the community banks.

Despite these challenges, regional and community banks remain a vital part of the American banking system.

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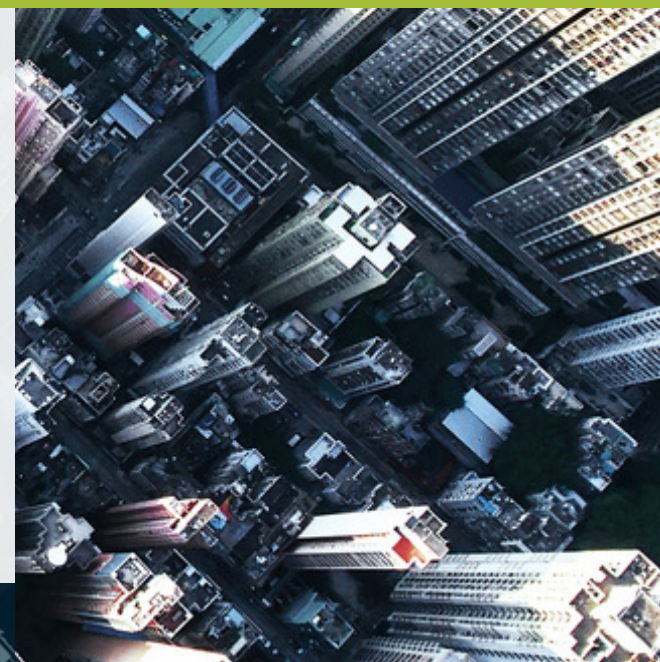
## A Brief Look at the State of Community Banks

Focusing on community banks specifically (under \$10B in assets), there are approximately 4,636 across all 50 States in the United States - accounting for \$3.4 trillion in total assets. Although the number of community banks has been declining for many years due to mergers and acquisitions as a direct result of these many challenges and pressures, they still represent nearly 97% of the total banks in the U.S.

This very important group of banks typically have a strong focus on community involvement, customer service and local decision-making. They also tend to be more flexible than the big banks when it comes to lending and dominate the smaller and more rural markets across the country.

## MEASURABLE IMPACT

Based on our experience, our profitability enhancement solutions collectively provide **\$150,000 - \$300,000 in new annual**, pre-tax earnings per \$100 million dollars of assets.







## Rising Costs Lead to Lower Profitability

In the face of these challenges and pressures, many regional and community banks are turning to technology. They are investing in digital capabilities, such as online and mobile banking, and using data analytics to understand their customers better.

AI technology and machine learning are becoming more common among small financial institutions as they aim to create efficiencies. Community banks are also looking for opportunities to differentiate themselves within a crowded marketplace — either through streamlining their product offerings or providing a more user-centric customer experience.

At the same time, staffing remains problematic, as it has become more costly across the industry, especially if specific skillsets and/or experience is required. Additionally, turnover at different levels within organizations have led to short- and long-term loss of productivity and performance, both operationally and

financially. As a result, community banks are working harder than ever to be more creative so that they can continue to attract and retain top talent, while also keeping costs as low as possible.

With the need for both technology and staffing investments, regional and community banks continue to operate under increasing pressure to identify opportunities to grow revenue, improve operational efficiencies and productivity, reduce costs, and drive overall profitability. However, they often lack the resources of the big banks and may not have the internal expertise needed to optimize financial and operational performance.



## Growing Bank Profitability with Ceto

Every regional and community bank wants to optimize its profitability to ensure both shareholder value and customer satisfaction. Through our vast experience working with 2,000+ financial institutions over the past 27 years, Ceto has developed a three-pronged approach to improving a bank's profitability and performance capabilities.

### Market View

A competitive intelligence and income optimization solution that focuses on product pricing and design, with a review of more than 360 revenue areas across both sides of the balance while providing customized local market insights and competitive analysis to make data-driven decisions.

### Vendor Link

A vendor management and cost reduction solution that focuses on contract management and negotiation, and compliance for vendor risk mitigation, with a review of more than 185 vendor contract cost areas while providing insights to optimize vendor performance.

### Clear Point

A business intelligence and performance enhancement solution that focuses on benchmarking, process design, and operational efficiency and productivity, with a review of more than 390 process areas while providing strategic insights to optimize costs and improve organizational performance.



“

We recently completed a Market View project with Ceto and were very impressed with not only the results, but the entire process that yielded those results. This has been one of the most cost beneficial projects we have implemented.”

**Mark Ingalls**

EVP & CFO

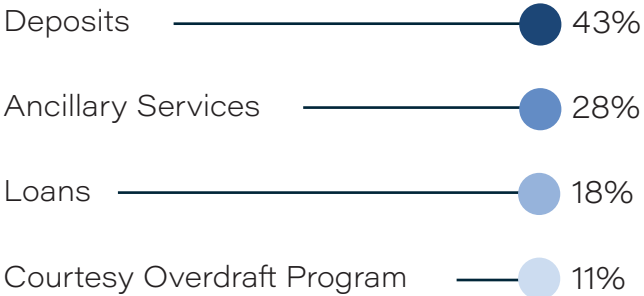
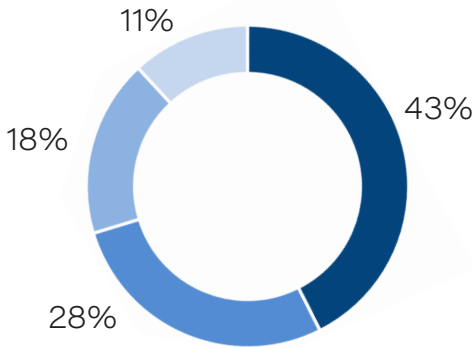
Dedham Savings – Dedham, MA

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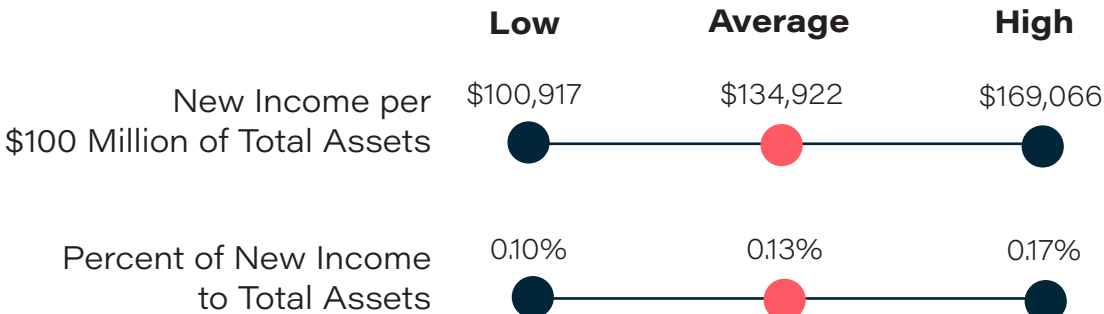
While similar reviews are possible with internal resources, we recommend Ceto because of their insight and the expertise that they brought to the table, in addition to the risk-free nature of the engagement.”

**Paul Ehlers**  
SVP & COO  
City Bank – Lubbock, TX

**AVERAGE BENEFITS BY PRODUCT AREA**

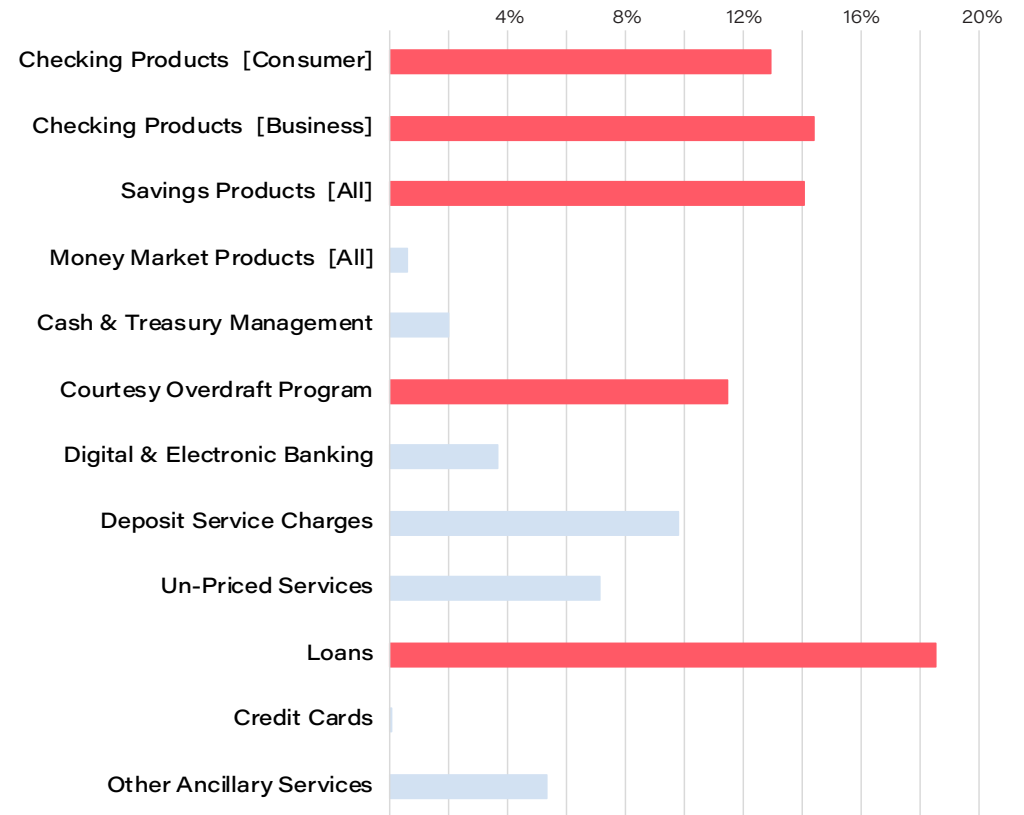
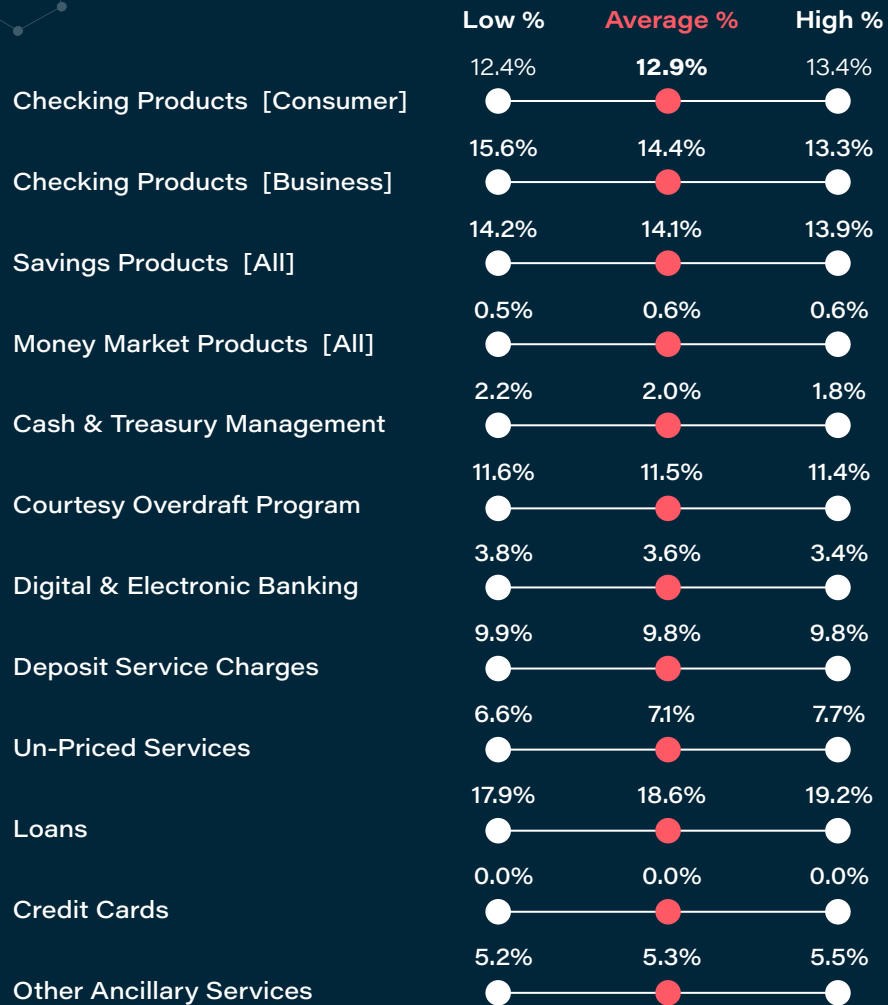


**AVERAGE NEW INCOME**





## Average Benefits by Product Areas



“

We were optimistic going into our Market View venture with Ceto and they certainly delivered. With so many challenges confronting the banking industry today and with the markets changing rapidly, employing Ceto's expertise was very advantageous.”

BJ North

EVP

Plumas Bank – Quincy, CA

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## Ready to improve your bank's bottom line?

Reach out to us today to schedule a call to learn more about how we can help you reach your goals.

Contact Us



**ceto.com**

(866) 227-1361





## DATA SOURCES

REGION TOTAL ASSETS	Bank Profile 1 – Northeast \$1,423,000,000				Bank Profile 2 – Midwest \$6,289,000,000			
Area	Benefit (Low \$)		Benefit (High \$)		Benefit (Low \$)		Benefit (High \$)	
Checking Products [Consumer]	\$99,434	6.8%	\$193,327	8.1%	\$1,376,139	20.7%	\$3,429,706	25.7%
Checking Products [Business]	\$140,625	9.6%	\$210,890	8.8%	\$1,291,740	19.5%	\$1,878,264	14.1%
Savings Products [All]	\$421,650	28.7%	\$636,850	26.6%	\$136,806	2.1%	\$254,526	1.9%
Money Market Products [All]	\$2,250	0.2%	\$4,260	0.2%				
Cash & Treasury Management	\$66,640	4.5%	\$97,350	4.1%	\$191,953	2.9%	\$258,165	1.9%
Courtesy Overdraft Program	\$32,373	2.2%	\$43,164	1.8%	\$219,960	3.3%	\$329,940	2.5%
Digital & Electronic Banking	\$117,744	8.0%	\$173,493	7.2%	\$482,675	7.3%	\$869,517	6.5%
Deposit Service Charges	\$46,351	3.1%	\$76,064	3.2%	\$545,493	8.2%	\$858,871	6.4%
Un-Priced Services	\$62,938	4.3%	\$94,407	3.9%	\$171,705	2.6%	\$535,800	4.0%
Loans	\$454,796	30.9%	\$828,594	34.6%	\$1,364,172	20.5%	\$3,052,521	22.9%
Credit Cards	\$2,442	0.2%	\$3,256	0.1%				
Other Ancillary Services	\$24,230	1.6%	\$32,437	1.4%	\$858,514	12.9%	\$1,869,734	14.0%
TOTAL CETO BENEFITS	\$1,471,473	100%	\$2,394,092	100%	\$6,639,157	100%	\$13,337,044	100%
NEW INCOME per \$100 MILLION of TOTAL ASSETS	\$103,406 per \$100 million		\$168,243 per \$100 million		\$105,568 per \$100 million		\$212,069 per \$100 million	
% NEW INCOME to TOTAL ASSETS	0.10%		0.17%		0.11%		0.21%	



## DATA SOURCES

REGION TOTAL ASSETS	Bank Profile 3 – South \$13,387,000,000				Bank Profile 4 – West \$727,000,000			
Area	Benefit (Low \$)		Benefit (High \$)		Benefit (Low \$)		Benefit (High \$)	
Checking Products [Consumer]	\$1,501,616	17.5%	\$2,118,355	14.4%	\$45,843	4.8%	\$71,433	5.3%
Checking Products [Business]	\$2,510,676	29.2%	\$3,820,670	26.0%	\$40,432	4.3%	\$55,823	4.1%
Savings Products [All]	\$306,954	3.6%	\$516,811	3.5%	\$213,296	22.5%	\$320,094	23.7%
Money Market Products [All]	\$90,942	1.1%	\$185,374	1.3%	\$8,550	0.9%	\$12,825	0.9%
Cash & Treasury Management	\$126,110	1.5%	\$168,145	1.1%				
Courtesy Overdraft Program	\$1,454,112	16.9%	\$2,827,032	19.2%	\$225,828	23.8%	\$301,104	22.2%
Digital & Electronic Banking								
Deposit Service Charges	\$1,312,647	15.3%	\$2,583,557	17.6%	\$121,380	12.8%	\$162,633	12.0%
Un-Priced Services	\$702,485	8.2%	\$1,578,361	10.7%	\$107,520	11.3%	\$161,280	11.9%
Loans	\$429,170	5.0%	\$688,396	4.7%	\$145,533	15.3%	\$198,627	14.7%
Credit Cards								
Other Ancillary Services	\$158,976	1.8%	\$211,968	1.4%	\$40,350	4.3%	\$69,528	5.1%
TOTAL CETO BENEFITS	\$8,593,688	100%	\$14,698,669	100%	\$948,732	100%	\$1,353,347	100%
NEW INCOME per \$100 MILLION of TOTAL ASSETS	\$64,194 per \$100 million		\$109,798 per \$100 million		\$130,500 per \$100 million		\$186,155 per \$100 million	
% NEW INCOME to TOTAL ASSETS	0.06%		0.11%		0.13%		0.19%	