R&T DEPOSIT SOLUTIONS

USE CASE

Bank with Trust Department Saves $1.2M Through Diversified Funding Strategy

Challenge

A bank with an internal trust department was evaluating its funding mix to reduce interest expenses while maintaining competitive customer rates. The bank's trust department held $760 million in Money Market Fund (MMF) balances.

The bank's high net interest expenses were tied to existing funding sources. There was limited transparency into true market pricing for incremental deposits and a need for a more flexible, cost-efficient alternative to brokered funding. At the outset, the bank's annual net interest expense totaled $29 million.

Solution

The bank implemented the Demand Deposit Marketplace® (DDM®) program.

The bank benchmarked the DDM program-derived funding costs against existing brokered funding expenses, identifying clear opportunities to improve efficiency and better align deposit pricing with real-time demand.

Metric	Before Strategy	After Strategy
Beginning Deposit Balances	$760,000,000	$760,000,000
Annual Net Interest Expense	$29,184,000	$27,892,000
Annual Savings		**$1,292,000**

By shifting a portion of its funding strategy to the DDM program, the bank transitioned to a more transparent, market-driven pricing model, reduced reliance on higher-cost funding sources, and improved alignment between deposit pricing and real-time demand.

R&T Client:
Bank with Internal Trust Department

End Customer:
Trust, Trust and Estate Beneficiaries

Challenges:
- High interest expenses from current funding strategy
- Fiduciary obligation to manage and safeguard assets[1]
- Limited insurance coverage through MMDA
- Pressure to improve operational transparency
- Need to support ongoing trust distributions without capital risk

Solution:
The Demand Deposit Marketplace® (DDM®) Program

Benefits:
- Lowered interest expenses by $1.2 M
- Provided access to up to $70 million in FDIC insurance per eligible depositor (based on customer identifier)[2]
- Delivered rates comparable to traditional MMDA accounts[3]
- Supported trust liquidity needs with daily access to cash[4]
- Streamlined operational oversight and reporting through integration with trust accounting systems
- Provided optional revenue share to offset operating expenses

In addition to these benefits, the bank's trust department was able to meet its fiduciary obligations to its customers by delivering a rate competitive with MMFs.[3]

Results

Through its partnership with R&T Deposit Solutions, the bank, with its internal trust department, was able to:

- Save $1.2M in annual interest expense
- Offer customers access to millions of dollars in FDIC deposit insurance
- Eliminate the need to manually open accounts at multiple banks
- Maintain full visibility into account-level activity and performance
- Facilitate tax reporting

With R&T's scalable deposit sweep solution, the bank, with its trust department, solidified its role as a trusted partner to its customers.

> "R&T has helped reduce our annual interest expenses by $1.2 million, a significant savings, while preserving customer deposits and diversifying funding for our bank."
>
> **– Bank Treasurer**

R&T does not act in a fiduciary or trustee capacity with respect to the DDM program and makes no representations or warranties that participation in the DDM program will satisfy any fiduciary or other obligations that a participating institution may independently owe to its customers, whether under an investment policy statement, trust instrument, or other governing instrument or under applicable law. Participating institutions are solely responsible for complying with all such policies, instruments and requirements, as well as with any applicable laws or regulations, including but not limited to those governing the deposit of specific types of funds into the programs (e.g., qualified retirement funds, free credit balances of brokerage institutions) (collectively, "Obligations"). R&T makes no representations or warranties that the programs comply with, or will cause a Participating institution to be in compliance with, any such Obligations. Any representation or warranty made by R&T shall be expressly set forth in written agreements entered into between R&T and the participating institution.

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2 Under the DDM Program, a sending institution may be permitted to allocate its customers' funds to participating receiving institutions in increments of up to $250K per eligible depositor (based on customer identifier), per account ownership category, per receiving institution, subject to approval and relevant agreements with R&T.

3 While interest rates obtained on funds placed at receiving institutions under the DDM program may, under certain circumstances, outperform cash alternatives, such as money market funds, the primary objective of the DDM program is to provide customers with convenient access to expanded deposit insurance coverage on their funds (and not for investment enhancements or higher rates of returns or profits).

4 Under the DDM program, funds are deposited into demand deposit accounts (DDAs) or money market deposit accounts (MMDAs) at receiving banks or share draft accounts or share accounts at receiving credit unions. While your customers' funds are held in MMDAs or share accounts, the return of your customers' funds from the DDM program may be delayed as, under federal regulations, the receiving institution is permitted to impose a delay of up to seven days on any withdrawal request from an MMDA or share account.

Contact us to learn more:

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