

COMMUNITY BANKS' RAPID EVOLUTION IN AN UNPRECEDENTED YEAR

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WHY LISTEN TO CORNERSTONE?





Pre-COVID Trends and Predictions

- 1. Entered the “tech decade” in banking**
- 2. Need for scale pushing industry consolidation**
- 3. Robotic process automation in pursuit of efficiency**
- 4. Analytics and artificial intelligence**
- 5. Personalizing the customer experience**

Pre-COVID Trends and Predictions

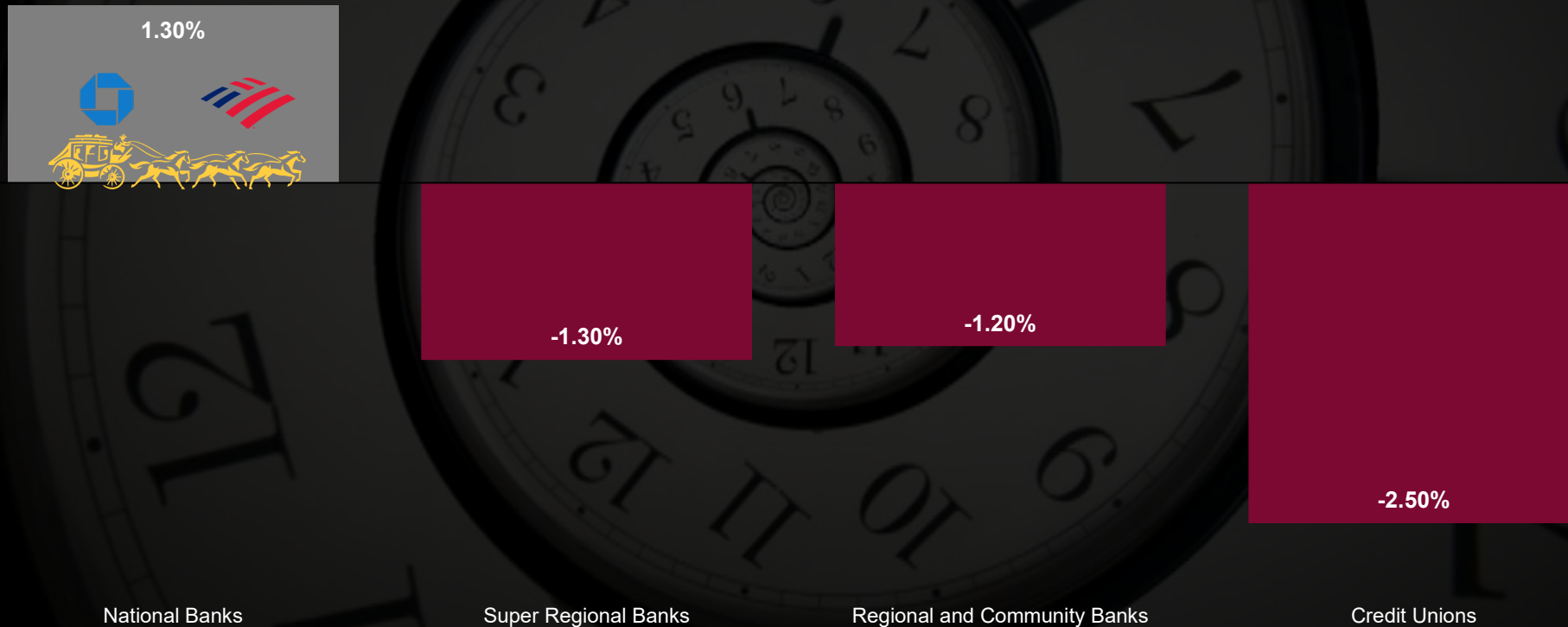
1. Entered the “tech decade” in banking



Pre-COVID Trends and Predictions

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2019 - 2020 Year Over Year Satisfaction Trends



*Customer satisfaction is driven by **DIGITAL** experience*

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Data Warehouse



Insights



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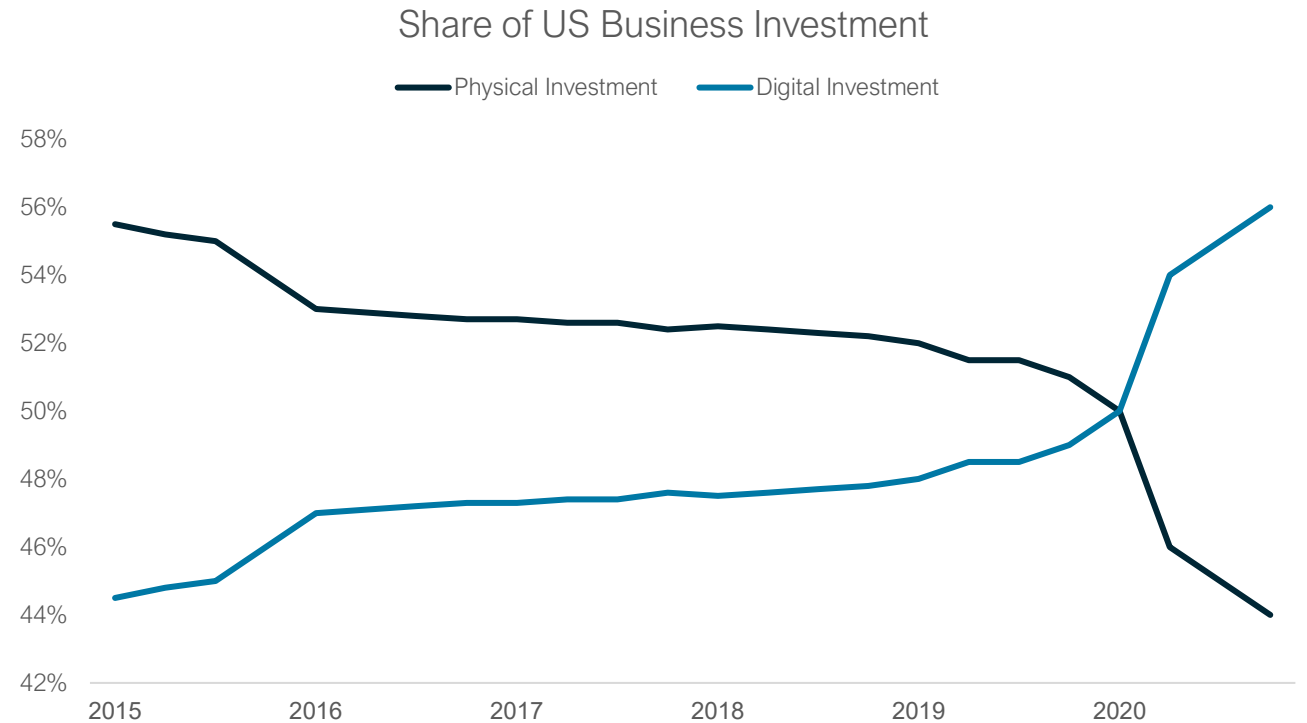


*The pandemic is the **great accelerator** of trends that were already happening.*

DIGITAL INVESTMENT ACCELERATION

Digital transformation is industry agnostic

The pandemic had an immediate impact digital spend



2020 Revenue

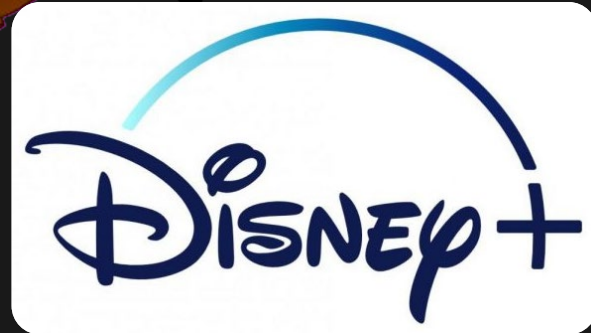


\$4.22B

'DIS' Stock



20%



DREAMWORKS

Trolls WORLD TOUR

*“Straight to Stream”
\$20 to rent for 48 hours*

***\$100 million** in revenue
in just three weeks*

More money for Universal Pictures than
the original over five months in theatres.

DREAMWORKStv

“As soon as theaters reopen, we expect to release movies on both formats.”

Jeff Shell, head of NBCUniversal



~~Pre~~ Post-Pre-COVID Trends and Predictions

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US MOBILE BANKING FEATURES

● CHECK BALANCE

● TRANSFER FUNDS

● VIEW STATEMENTS

● PAY BILLS



LACKS:

- PERSONALIZED BANK OFFERING
- LOAN MANAGEMENT
- INSURANCE MANAGEMENT
- PERSONAL FINANCIAL MANAGEMENT
- LOYALTY PROGRAM INTEGRATION



COMMERCIAL LENDING TECHNOLOGY - 1987

Joel Pruis, Commercial Credit Analyst - Desktop



Credit File



Loan Docs



Collateral File



COMMERCIAL LENDING TECHNOLOGY 2020





The **hope** & **plan** was to create...



And we entered the pandemic with?



THE PPP

How did you do it?

“It has been a hectic couple of weeks, with lots of ups and downs. Our team is fully focused on getting the remaining loans through E-Tran to register them with the SBA. Then we move on to putting them into the Fed Term Facility. We were lucky to have I.T. stand up a service desk process immediately to support PPP so we avoided doing all this manually.”

CEO of a \$5 billion bank



Thank you!



THE PPP

Lender Type	Lender Count	Loans Approved	Net Dollars
Banks and S&Ls(\$10B or more)	112	1,807,532	\$118,331,350,203
Banks and S&Ls(less than \$10B)	4,105	1,812,102	\$101,504,685,266
Fintechs (and other State Regulated)	41	1,210,098	\$21,918,632,833
Small Business Lending Companies	13	823,576	\$15,463,750,507
Microlenders	34	532,480	\$8,540,740,467
Credit Unions (less than \$10B)	851	152,366	\$5,160,428,953
Non Bank CDFI Funds	9	276,271	\$5,047,040,642
Farm Credit Lenders	47	35,923	\$870,150,045
Credit Unions (\$10B or more)	8	14,903	\$438,573,935
Certified Development Companies	19	16,409	\$419,677,207
To Be Confirmed	2	250	\$4,779,785
BIDCOs	1	19	\$298,236
Total	5,242	6,681,929	\$277,700,108,079

Source: SBA Paycheck Protection Program (PPP) Report

Approvals through 05/31/2021

TOP PPP LENDERS FOR 2021 PPP

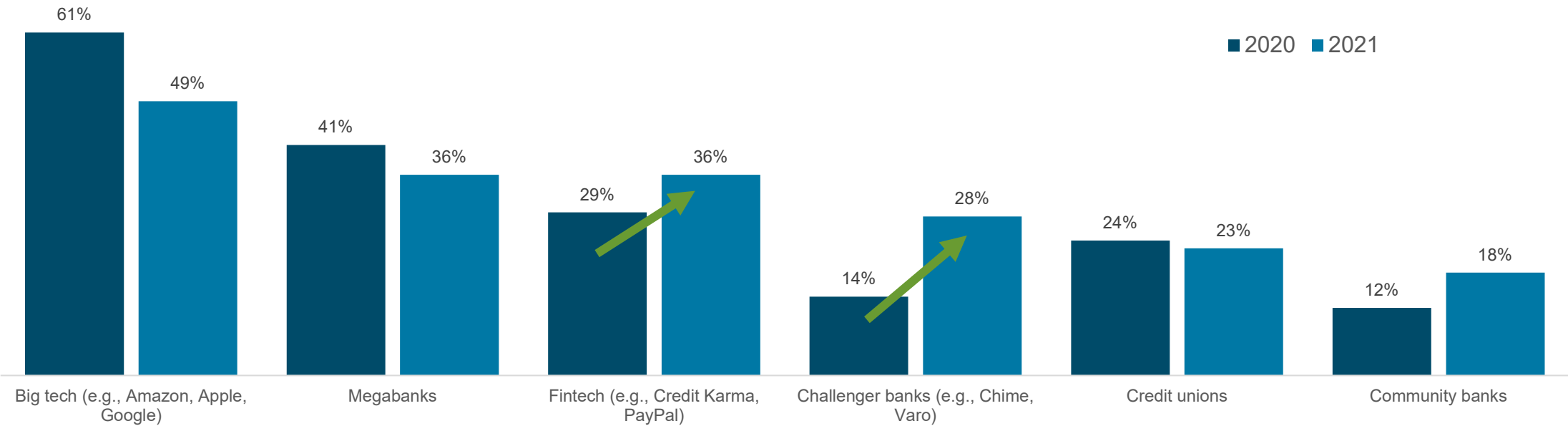
Rank	Lender Name	Loans Approved	Net Dollars	Average Loan Size
1	JPMorgan Chase Bank	158,345	\$12,189,061,552	\$76,978
2	Bank of America	147,548	\$8,934,221,969	\$60,551
3	Prestamos CDFI, LLC	494,415	\$7,676,108,813	\$15,526
4	Capital Plus Financial, LLC	472,036	\$7,582,023,560	\$16,062
5	Harvest Small Business Finance, LLC	429,098	\$7,437,279,355	\$17,332
6	Cross River Bank	288,932	\$6,583,843,429	\$22,787
7	Itria Ventures LLC	178,807	\$4,983,368,254	\$27,870
8	BSD Capital, LLC dba Lendistry	245,894	\$4,729,176,754	\$19,233
9	Benworth Capital	334,434	\$4,612,404,344	\$13,792
10	Customers Bank	221,116	\$4,541,659,856	\$20,540
11	PNC Bank	45,454	\$4,322,632,852	\$95,099
12	Fountainhead SBF LLC	286,208	\$4,050,986,737	\$14,154
13	TD Bank	47,403	\$3,709,558,661	\$78,256
14	Truist Bank	37,843	\$3,657,551,842	\$96,651
15	Wells Fargo Bank	87,817	\$3,496,896,632	\$39,820

Source: SBA Paycheck Protection Program (PPP) Report

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VIEW ON COMPETITIVE THREATS SHIFTED

Percent of Bank and Credit Union Executives That See the Following Types of Companies as Significant Threats in the Coming Decade



Source: Cornerstone Advisors 2021 “What’s Going On?” Survey.

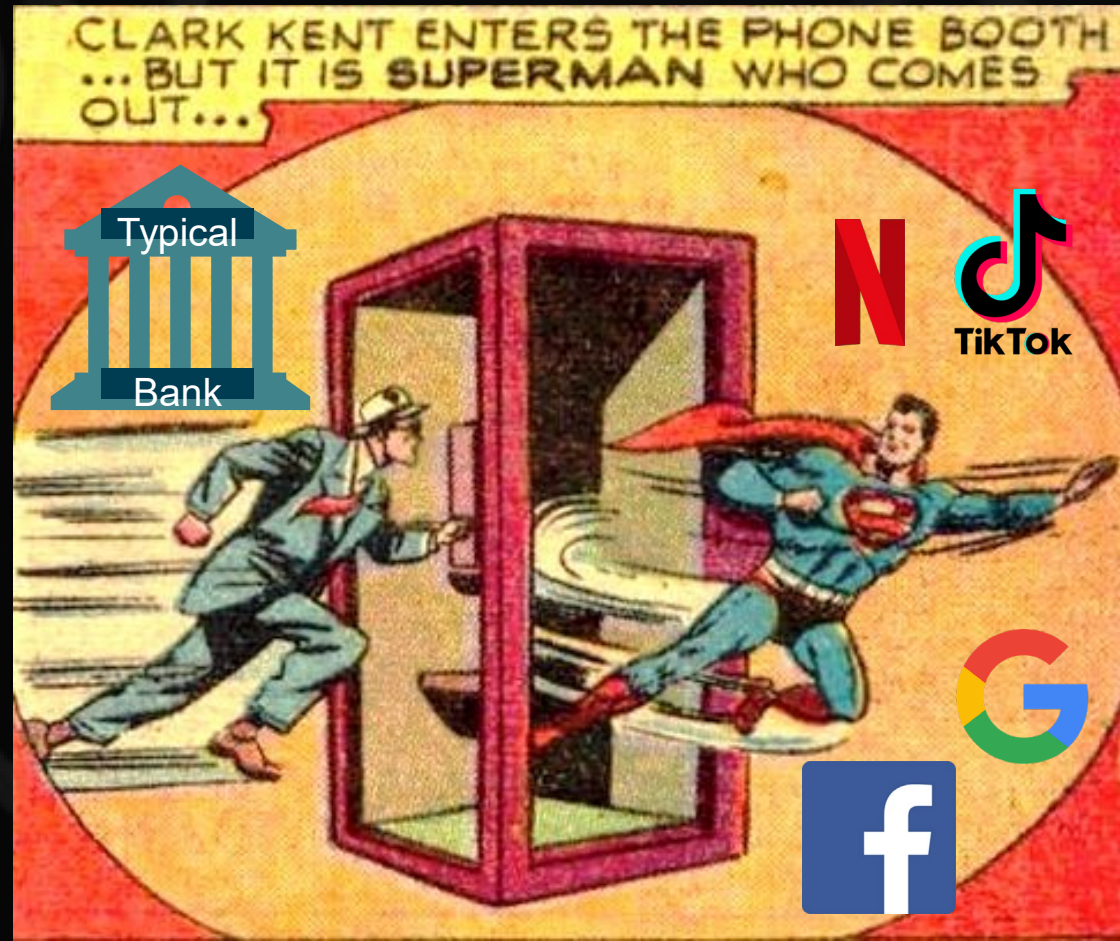
Post ~~Pre~~-COVID Trends and Predictions

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- Disconnected data
- Lack of hypothesis-driven analysis
- No A/B testing



- Poor segmentation
- Minimal personalization
- No predictive capability

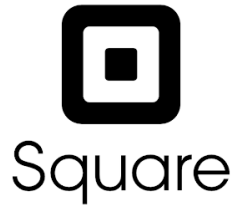


- Relational data access
- Intelligent questions lead to clever insights
- Data-driven solutions



- Granular knowledge
- Deeper relationships
- Recommendations based on probabilities

BUSINESS BANKING IS BEING THREATENED



FINTECHS BECOME BANKS TO ACCELERATE GROWTH

Fintechs Acquiring Banks



announced



acquired



acquired



Fintechs Obtaining Banking Charters



*National
Banking
Charter*



Square

*Industrial
Loan
Company
Charter*

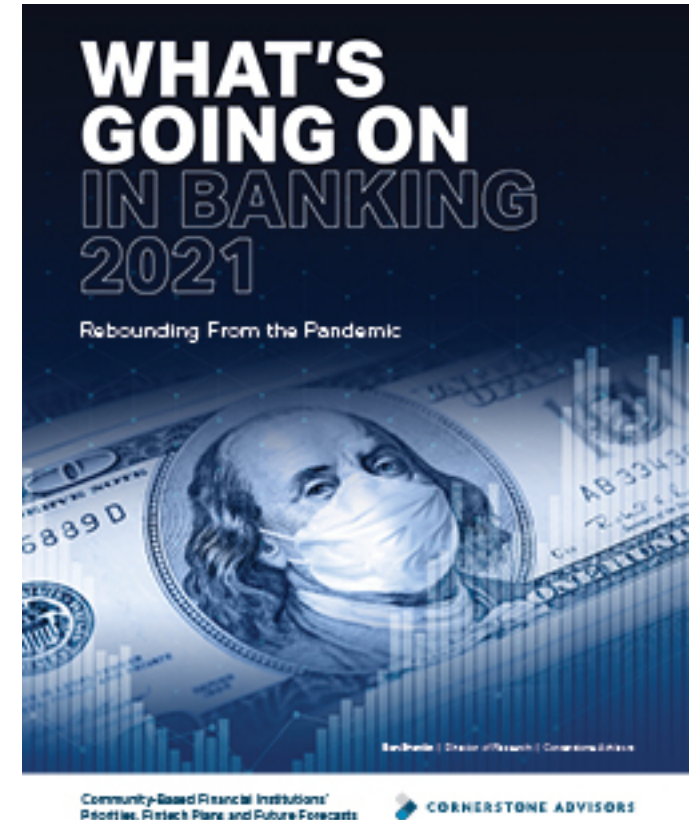


ADDITIONAL RESOURCES

GonzoBanker.com

Crnrstone.com/research

Find Ron Shevlin's FinTech
articles on Forbes





Continue the Conversation

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