

Index CDs Provide the Power of the Market and the Safety of FDIC Insured Certificate of Deposit

Executive Summary

Your Bank can private label and issue certificates of deposits (CDs) with interest based on the performance of a market index, basket of stocks, commodity index or exchange traded fund of choice by partnering with Bankers Financial Services, LLC (BFS). BFS offers a proprietary comprehensive turn-key program, allowing your Bank to issue *Index Certificates of Deposits* (Index CD) from your balance sheet within 60 days from the initiation of the program.

Index CDs combine the long-term growth potential of the equity markets with the safety and security of traditional certificate of deposits. Instead of paying a fixed rate of interest, Index CDs pay interest based on the appreciation of a market index, such as the Dow Jones Industrial Average, subject to a participation rate which varies from issue to issue depending on prevailing market conditions. The Index CD principal is guaranteed by your Bank, as the issuing bank, if held to maturity. Additionally, the original investment is FDIC insured up to \$250,000 per depositor, or qualified account. Please see the brochure entitled "A Guide to Understanding Index CDs" for further explanation.

Banks Win

The program is a great tool to raise low cost core, or brokered, deposits and designed to help issuing banks differentiate themselves and compete for current and prospective customer deposit dollars.

Your Bank, as the Issuer, can issue in terms of one to six years and would have a lower cost of funds than wholesale funding alternatives. Index CDs can reduce bank liquidity risk by providing a competitive substitute for Federal Funds or FHLB advances.

Customers Win

Index CDs are designed to provide all age demographics safety and peace of mind with the principal protection feature and FDIC insurance. If held to maturity, Index CDs provide protection against loss of principal if the market goes down, while generating potentially positive interest linked to the underlying equity index. Customers can diversify their investments beyond traditional bank products and provide exposure to the stock market with no direct market risk.

Who are the Target Customers?

Individual Accounts

- ✓ Individual Investors
- ✓ Joint investors
- ✓ IRAs
(Traditional / Roth / Simple / SEP)
- ✓ College Educational Savings
- ✓ Trust & Estate Accounts
- ✓ Caregivers
- ✓ Seniors

Commercial or Institutional Accounts

- ✓ Commercial Accounts
- ✓ Institutional Investors
- ✓ 401(k) and Pension Plans
- ✓ Endowments & Foundations
- ✓ Not-for Profit Organizations
- ✓ Partnerships & Limited Liability Companies
- ✓ Bank Investment Portfolios

Compelling Reasons for Banks to Sign Up

1. To lower cost of core deposit funding
2. To offer a deposit program that your competition cannot duplicate
3. To extend deposit maturities

For more information, please contact Todd Garrington, Sales Manager or Lisa M. Smith, VP-Product Manager at (800) 262-4422. Your bank's business is important to us!



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