

NBID

National Bank InterDeposit Company (NBID) Overview



The National Bank InterDeposit Company (NBID) is the first bank-driven deposit network.

Reciprocal deposits are a vital component of America's financial infrastructure, particularly for the nation's community and regional banks, supporting the competitiveness, scale, stability, and size diversity of the American banking sector.

Due to reciprocal deposit platforms' critical importance and intrinsic structure as a network of participating banks, the primary deposit network for these instruments should be bank-driven. NBID is bringing together an ecosystem of community and regional banks as well as key industry leaders to establish, operate, and manage this network.

Key Benefits of NBID Membership

- ✓ **Alignment and oversight:** NBID is a bank-driven network
- ✓ **Significant cost savings:** Currently 4.5 basis points on usage for founding members. This will move to 5bps in 2026. If NBID member by EOY 2025, first year pricing will be 2bps.
- ✓ **Profit share:** 50% of net profit shared with members based on flow
- ✓ **No disruption to your current program:** can be set up in parallel with other providers

NBID

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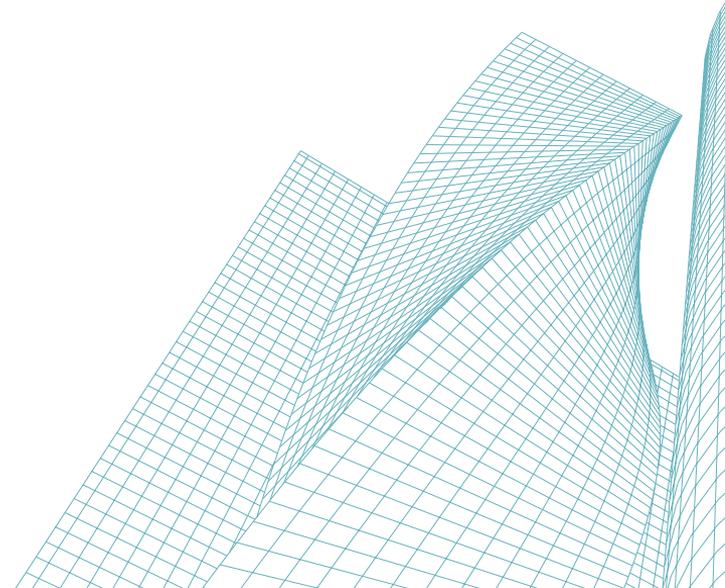
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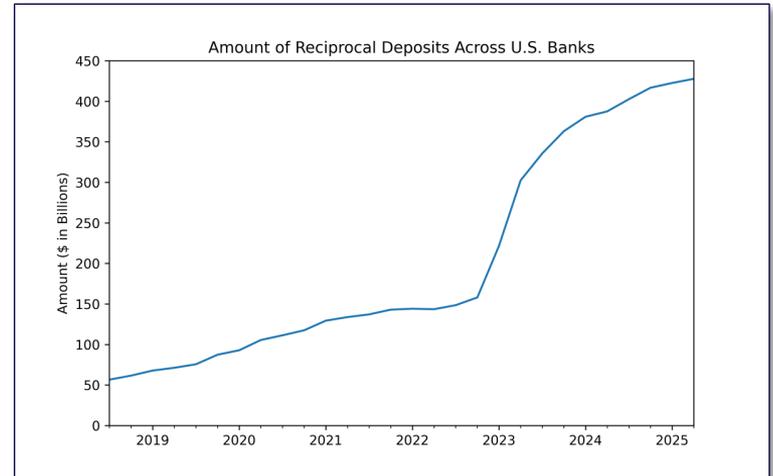
NBID Overview



NBID was formed to ensure **foundational reciprocal infrastructure is bank driven**

The use of reciprocal deposits has more than doubled over the last 2 years to ~\$400 billion, highlighting their critical importance to community and regional banks

- Due to reciprocal deposit platforms' importance and intrinsic structure as a network of participating banks, the primary network should be bank-driven
- Today, the largest provider has an effective monopoly and is owned by private equity firms who have sold it several times over the last few years. Banks are often heavily reliant on this one provider, yet concentration may limit innovation and service levels
- NBID is bringing together leading financial institutions as well as key regulatory and industry figures to scale a bank-driven network



Reciprocal deposits are key to helping community and regional banks provide access to insurance* to **attract depositors that might otherwise only bank at the largest institutions**



Businesses

- Corporations
- Mid-size companies
- Small businesses
- Startups



Government

- Municipalities (towns, cities, counties)
- Schools and universities
- Government agencies
- Police + fire departments
- Public hospitals
- State funds



Nonprofits

- Charities
- Religious institutions
- Colleges and universities
- Endowments
- Foundations
- Transformational deposits



Other

- Credit unions and banks
- High-net-worth individuals
- Escrow / title companies
- Estate planners
- Trusts / trustees
- Private investors

Similar to Visa at formation, NBID is structured as a **for profit, LLC company** where banks are members and earn profit share

Structure of NBID

- NBID is to be formed as a for-profit, LLC company where banks in NBID are members of the company, protected by the company's bylaws
- In lieu of equity, members will receive profit share from NBID in proportion to their flow in the network
- The network structure is based on a similar structure employed by MasterCard and Visa at their time of formation

NBID Membership and Operations

- NBID membership is limited to federal and state-chartered FDIC-insured banks
- The NBID network will be operated by ModernFi Deposit Services LLC, a subsidiary of ModernFi Inc. that is partially owned by Canapi Ventures and several banks. The Northern Trust Corporation will be engaged as the network custodian. As Operator, ModernFi will contribute up to \$20 million towards network operations

As members, NBID banks receive **significant pricing and profit share benefits** relative to existing deposit platforms

- ✓ The current preferential pricing rate is 4.5 basis points on usage for founding members. This will move to 5bps in 2026. **If NBID member by EOY 2025, first year pricing will be 2bps.**
- ✓ Member banks will earn profit share from NBID in proportion to their flow in the network, less profit shared with the Network Operator and amounts retained by NBID for operational costs. Specifically, **member banks will earn 50% of the net profit** generated by NBID. The profit share will be distributed to member banks in proportion to their flow.
- ✓ In the event of a liquidation, including an initial public offering or sale, **bank membership will be converted to equity ownership**. Subject to applicable banking laws, each member's equity post-conversion will be equal to its profit share of the network, computed as an average of its profit share over the 36 months preceding the liquidity event.

Founding banks could pay an **effective rate of zero basis points** after preferential pricing and profit share provided by NBID

FDIC Cert	12345678
IntraFi base fee	0.125%
NBID base fee for founding members	0.045%
Bank member NBID revenue share	50%
NBID capture of reciprocal market	80%
Revenue multiple at liquidity event	20
Revenue growth pre liquidity event	100%
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Assets (\$)	87,032,467,000
Deposits (\$)	75,910,705,000
Reciprocal deposits (\$)	7,289,821,000
Uninsured deposits (\$)	33,062,066,000
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IntraFi annual cost (\$)	9,112,276
NBID annual cost (\$)	3,280,419
Base savings before rev share (\$)	5,831,857
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Total industry reciprocal deposits (\$M)	402,612
NBID annual revenue (\$M)	290
Bank percent of NBID flow	2.26%
Bank revenue share from flow (\$)	3,280,419
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Net reciprocal cost or gain as NBID member (\$)	0
Effective fee for reciprocal as NBID member	0.00%
Net reciprocal savings as NBID member (\$)	9,112,276
Percent reduction in reciprocal cost	100%
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NBID valuation at liquidity event (\$M)	11,595
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Bank ownership post conversion	1.13%
Bank ownership value post liquidity event (\$)	131,216,778

- ✓ Pricing of 4.5 basis points on reciprocal deposits as founding member. This will move to 5bps in 2026. First year pricing of 2bps if member by EOY 2025
- ✓ Effective rate near 0 basis points after earning profit share from the network
- ✓ Millions in net savings for members that heavily utilize reciprocal
- ✓ In a liquidity event, ownership of NBID has material value

For governance, **NBID's Board will be comprised of bank directors** representing a distribution of regions and institutions sizes

Board of Directors:

NBID's Board will be made up of Active Member Banks. Directors will serve two-year terms and will be eligible for reelection. The Chair of the Board will be elected by the Board and must be a bank representative. Specifically, the Board will be composed of:

- One director elected by member banks in each of the following regions: Midwest, Northeast, South Central, Southeast, and West
- One director elected by member banks in each of the following size categories: below \$1 billion in assets, between \$1 and \$10 billion, between \$10 and \$100 billion, and above \$100 billion
- For the first four years of operation, one director elected by each original network backer: Huntington Bancshares Inc. and First Horizon Corporation
- One director elected by each of ModernFi and Canapi (collectively, the "Operator Directors")
- One director from a bank association as desired

As a member, all NBID banks receive **information rights, oversight over product roadmap, preferential fees,** and additional benefits

Membership Terms and Benefits:

- **Information rights:** Right to receive information and updates regarding operations, product roadmap, budget, and risk, including financial and performance information.
- **Fee structure:** Preferential pricing for early members and profit share arrangement
- **Product capabilities:** Integration into each member bank's digital banking and core provider as needed to ensure a seamless experience for depositors and operations teams, including digital onboarding, automated reconciliation, and reporting. Access to instant money movement and settlement once available. Member banks will define the product roadmap in collaboration with the Network Operator.
- **Customer relationship:** Member banks retain the entire relationship with their customers. No NBID branding needs to be present unless desired, allowing member banks to position the product as their own value add to high-value customers.
- **Member resources:** Network Operator will host and provide resources including training materials, shared learnings and best practices, and go-to-market, sales, and marketing materials and collateral.

NBID will **ensure compliance and regulatory alignment** for its member bank institutions

NBID Regulatory Interface and Indemnification

- NBID will cover Bank Holding Company Act, Bank Service Company Act, antitrust, and interagency guidance for third-party relationships. Given the systemic importance of reciprocal deposits, upfront regulatory interface will ensure regulatory alignment.
- NBID will indemnify, defend, and hold harmless bank members from and against any and all claims, damages, liabilities, and losses arising out of or resulting from the operation of the network, except to the extent caused by the negligence or willful misconduct of bank members.
- Network Operator maintains compliance with FDIC, OCC, and Federal Reserve guidance on risk management for third-party relationships, partners with Northern Trust as qualified custodian, and is SOC 2 certified to meet strict standard for information security.

NBID has partnered with a strategic group of institutions and individuals to support and scale the network

Key Partners



Key NBID Individuals

Gene Ludwig

Managing Partner of Canapi Ventures, Founder of Promontory Financial and Promontory Interfinancial Network, Former Comptroller of the Currency

Brent Tjarks

Executive Director at MBCA

Paolo Bertolotti, PhD

Cofounder & CEO of ModernFi

Michael Mutscheller

Chief Business Officer of ModernFi

Setup and Transition Plan



Strategic plan and timeline for onboarding and scaling the NBID network

- To ensure smooth initial operations, liquidity, and full reciprocal capabilities, NBID will launch with \$10mm of insurance across network banks per TIN*
- For rolling out NBID at your institution, the recommendation is to start with **net new depositors** within small business and high-net worth and existing depositors that fit within the \$10mm insurance threshold*
- As the network expands and is proven out, you can expand to commercial and public funds as well as existing depositors
- The timeline on the right outlines the launch timing and expected levels of insurance. Insurance provided by program banks and flow will grow together to create the best possible experience for banks and depositors*
- There will be **no impact to your existing network**. The NBID network can stand up alongside the existing processes you have in place today and operate as a separate network

Step	Key Milestones to Consider for NBID Banks	Timeline
1	Onboard initial depositors with \$10mm of insurance across network banks and full reciprocal capabilities*	2H 2025
2	Grow NBID network with next set of banks to \$50mm of insurance across network banks*	1H 2026
3	Grow NBID network with next set of banks to \$100mm of insurance across network banks*	2H 2026

*A list identifying ModernFi network banks can be found at nbid.com/bank-list. ModernFi is not an FDIC-insured bank, and deposit insurance covers the failure of an insured bank. Certain conditions must be satisfied for "pass-through" FDIC deposit insurance coverage to apply

Setting up your program with NBID is operationally similar to your legacy deposit network

Setting up your deposit network and the operational processes will be similar to other deposit networks. The important stages are broken down below and can be completed in **two to six weeks**:

1. To operate the program, you will be onboarded to the network custodian, Northern Trust, and will open a Program Account on your core
2. You will need to make minor adjustments to your existing terms and conditions to replace your current deposit network operator as the primary deposit operator. The Network Operator will provide examples terms and conditions as needed
3. The NBID team can train your ops and business teams throughout the onboarding process to ensure they understand all processes and can communicate with depositors accordingly. Once these steps are finalized, you will be ready to start flowing deposits through NBID

Step	Onboarding Action Item	FTE Hours	Target Completion Date	Key Stakeholders
1	Onboard to Northern Trust (submit recent W-9, Certificate of Incorporation, Certificate of Beneficial Owners, Certification of Delegation of Authority, and NT's Economic Sanctions Questionnaire)	60 minutes	Week 1	Program Signatory
2	Open standard DDA on core to serve as Program Account for money movement	60 minutes	Week 2	Operations Lead
3	Complete small-dollar testing and data exchange	15 minutes over 2 day period	Week 2	Operations Lead & Supporting Team
4	Review and sign off account terms and conditions	2 – 3 hours	Week 3	Legal Team
5	Roll out insured sweep accounts to first depositors	Ongoing	Week 4	Business Lead & Supporting Team, Marketing Team

Product and Account Management



The NBID network operator is a cloud-native, API-first organization. The operator can integrate into digital banking to make the onboarding and management of reciprocal accounts frictionless

The screenshot displays the Thrive Development web application interface. The top navigation bar includes the Thrive logo, the user name "Good Afternoon, RetailSDK user", and the last login time "Last login 09/14/2024 at 1:16 PM". A left sidebar menu contains options: Home, Messages, Transactions, Commercial, Branches, News, Services, Help, Settings, and Log Off. The main content area is titled "Home" and features a "Home" button with a printer icon. Below this is the "ACCOUNTS" section, which lists several accounts with their available and current balances. The accounts are:

Account Name	Available Balance	Current Balance
Q2 18 MONTH SHARE CERTIFI... S...	\$250,000.00	\$250,000.00
Q2 BASIC CHECKING S00	\$15,234.02	\$15,230.16
Q2 BASIC CREDIT CARD 7578	+ \$256.64	
Q2 LINE OF CREDIT L00	\$36,349.21	Interest Rate 5.75 %
Q2 BUSINESS SAVINGS S01	\$152,841.28	

Below the "ACCOUNTS" section is the "OTHER ACCOUNTS" section, which lists one account:

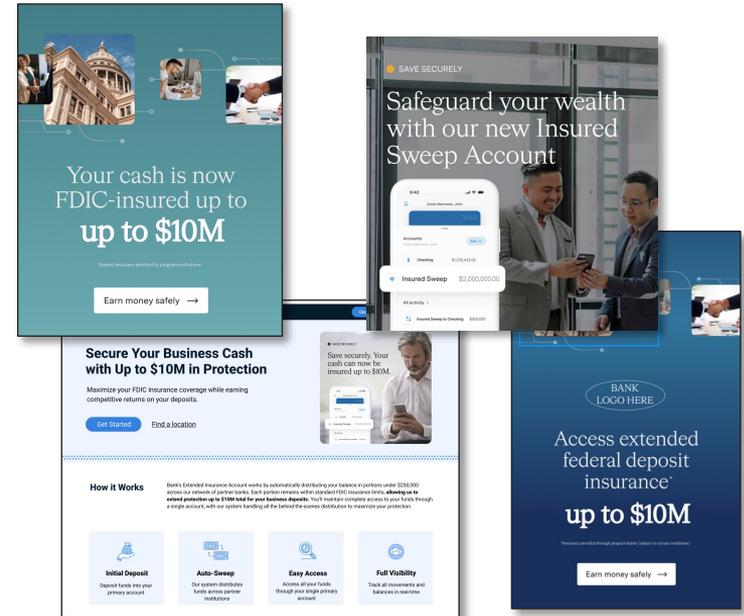
Account Name	Available Balance
INSURED SWEEP	\$0.00

A "Reset Demo" button is located at the bottom left of the main content area.

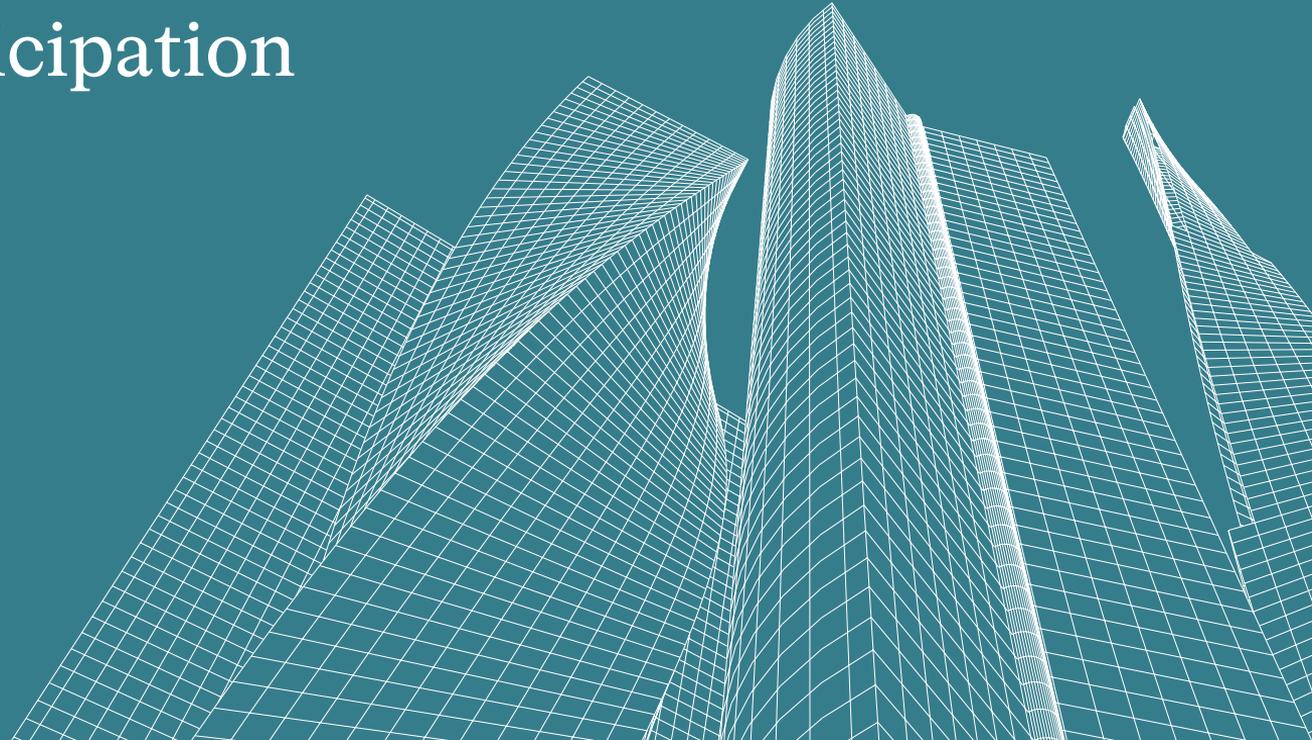
- ✓ The network operator maintains direct integrations with several digital banking and core providers today
- ✓ With this setup, banks can easily open, view, and manage their accounts through their institution's existing web / mobile applications as desired

The NBID team is fully focused on **helping member banks grow deposits and client relationships** utilizing the network

- ✓ Dedicated account managers for your bank focused on white glove support to enable deposit growth in NBID
- ✓ Provide marketing collateral and strategic support for your client-facing teams
- ✓ Custom made website templates and collateral to leverage to highlight accounts for existing and prospective depositors
- ✓ Ongoing training and support resources



Next Steps to Finalize Network Participation



To join NBID as a member and user, you will execute certain legal agreements before beginning onboarding

The below agreements can be shared by the ModernFi team. Please reach out to Mike Mutscheller, CBO of ModernFi, at mike@modernfi.com if you have interest in joining the coalition. Definitive documents cannot be changed as they need to remain the same for all NBID banks.

NBID Legal Agreement Checklist	Timeline
<p>NBID Term Sheet</p> <ul style="list-style-type: none"> • Two-page non-binding document that outlines NBID's structure and terms 	<ul style="list-style-type: none"> • To complete to indicate interest in joining coalition
<p>NBID Definitive Agreement / By-laws</p> <ul style="list-style-type: none"> • Legal agreements outlining detailed terms for the bank associated with NBID and ModernFi as the Network Operator 	<ul style="list-style-type: none"> • To be shared once term sheet executed

We look forward to working with you to support and scale the first bank-driven deposit network. We are excited for NBID to establish foundational and lasting infrastructure for the banking ecosystem.

Next Steps to Join NBID

- ✓ Review and execute the previously mentioned agreements
- ✓ Conduct any due diligence as needed
- ✓ Once the above are finalized, NBID account management team will begin onboarding process
- ✓ Strategize on initial depositors to convert to NBID