

# MARGINAL COST OF FUNDS ANALYSIS

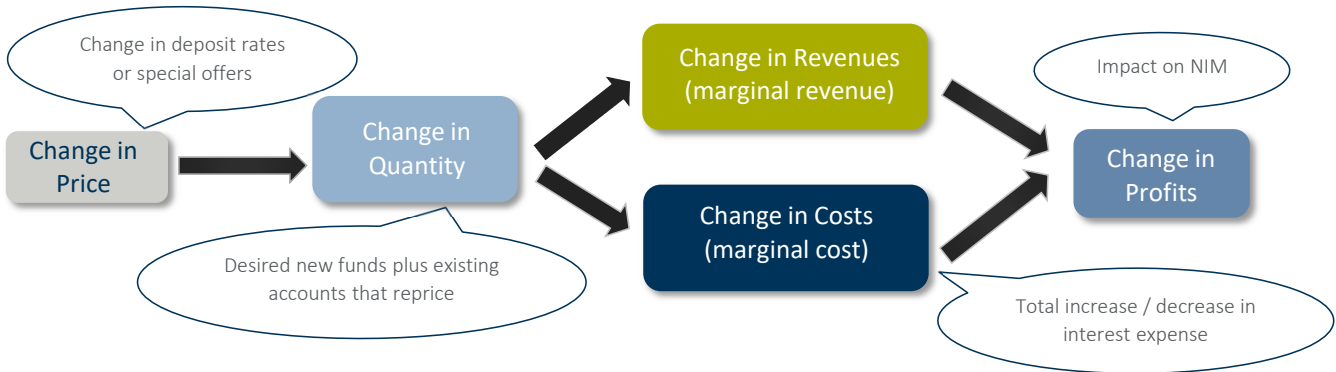
## Concerned about your deposit pricing strategy? FHLBank Topeka can help!

The Fed is raising rates. Some of your competitors are starting to raise their rates on non-maturity accounts, while others are running new CD specials. You're wondering whether you'll have to do the same to attract new customers or hold onto existing accounts. If so, have you considered the following?

- What percentage of your depositors *won't* leave if you keep rates unchanged?
- What percentage of deposits will move from lower paying accounts into a new promotional product?
- Are the new funds attracted worth the cost of repricing your deposit base or cannibalizing existing deposits?
- What other options do you have?

With FHLBank Topeka's Marginal Cost of Funds (MCOF) tool, you can weigh the potential impact of these choices and build a strategy that's right for your institution. Using the concepts illustrated below, the MCOF tool analyzes the effects of changes to your deposit pricing and compares them to alternative or blended strategies like utilizing an FHLBank advance.

## What is Marginal Cost of Funds and why does it matter?



- Quantify the risk/reward of different funding strategies or various rate scenarios.
- Evaluate defensive positions against losing shares/deposits to other competitors.
- Enable funding decisions to be based on analytical versus intuitive approaches.
- Measure the impact of new share/deposit promotions for rate sensitive members and minimize cannibalization of your existing share/deposit base.
- Fill funding needs based on desired maturities, costs and risk profile.
- Formulate a funding strategy or realignment of the current share/deposit portfolio to reduce overall funding costs.

## Where does your current deposit pricing stand against your peers?

### Example Member vs. Nebraska (State) Market Rates

(includes time deposit, savings, money market & checking rates)



To request a complimentary MCOF analysis, contact your Regional Account Manager or visit [www.fhltopeka.com/products/member-solutions](http://www.fhltopeka.com/products/member-solutions)

Source: S&P Global Market Intelligence. Deposit rate data as of 3/6/2026.