

Balance Sheet Strategies

November 16, 2021



STIFEL

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Learning Objectives

After the session, the attendee will have a better understanding of:

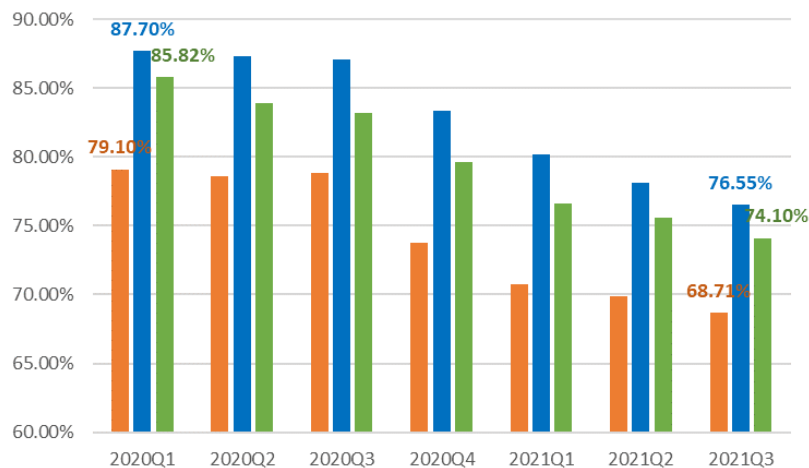
1. Industry trends and its implications for balance sheet strategy
2. Relative value within the fixed income universe and what it means for continued cash deployment/portfolio construction
3. Upcoming FASB rule changes that have implications for today's operating and economic environment

**Industry Trends: Cash, Cash, and more
Cash**

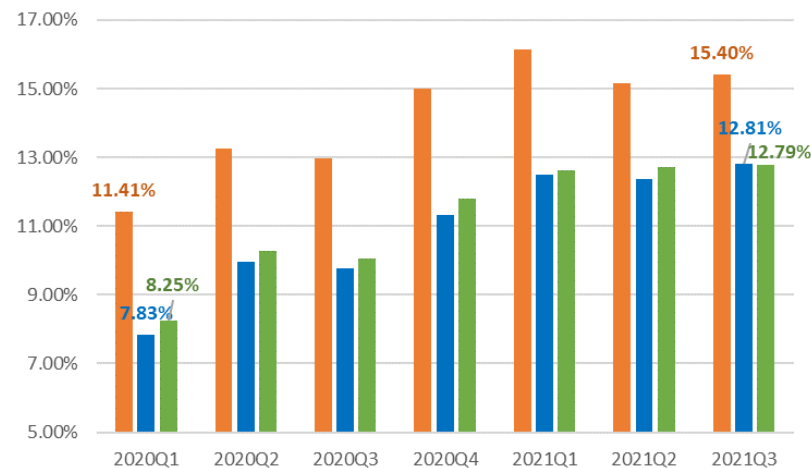
Balance Sheet & Earnings Trends: Pandemic Onset (2020Q1) to Current (2021Q3)

Since the start of the pandemic in 2020Q1, Banks of all sizes have seen similar trends across the balance sheet:

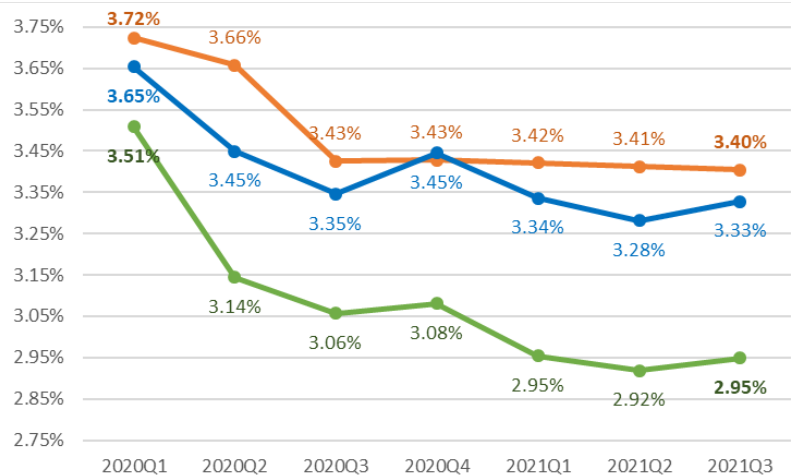
Loan/Deposits



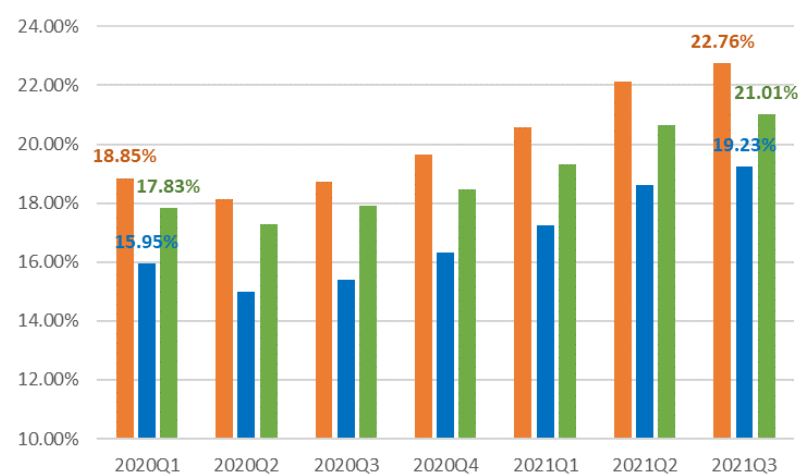
Cash/Assets



Net Interest Margin



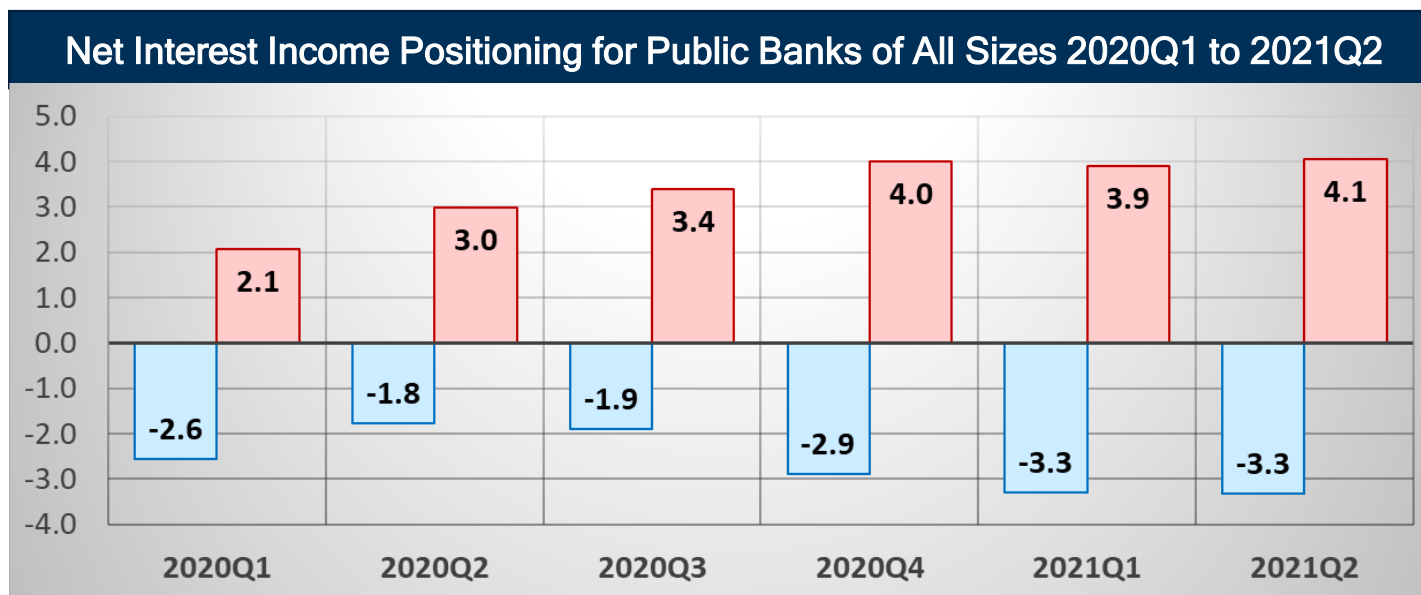
Securities/Assets



Public Bank IRR Positioning

As liquidity increased to historically high levels, an already asset sensitive industry became more so over the last 6 quarters:

Immediate	NII 2020Q1		NII 2020Q2		NII 2020Q3		NII 2020Q4		NII 2021Q1		NII 2021Q2	
	All	126	All	116	All	114	All	82	All	140	All	116
	-100	+100	-100	+100	-100	+100	-100	+100	-100	+100	-100	+100
Observations	126	126	116	116	94	111	65	80	120	133	116	116
Min	-12.0	-5.7	-12.2	-8.1	-8.8	-5.6	-10.0	-4.5	-14.4	-7.0	-15.3	-7.8
Max	9.4	14.7	4.8	23.0	2.9	17.4	2.5	15.1	4.3	15.3	3.4	51.9
Median	-2.3	1.7	-1.3	2.9	-1.4	3.2	-2.7	4.1	-3.1	3.5	-2.9	3.5
Average	-2.8	2.3	-1.8	3.2	-1.9	3.4	-2.9	4.0	-3.3	3.9	-3.3	4.2
StDev	3.4	3.6	3.0	4.4	2.6	3.7	2.4	3.7	2.7	4.1	2.9	6.1



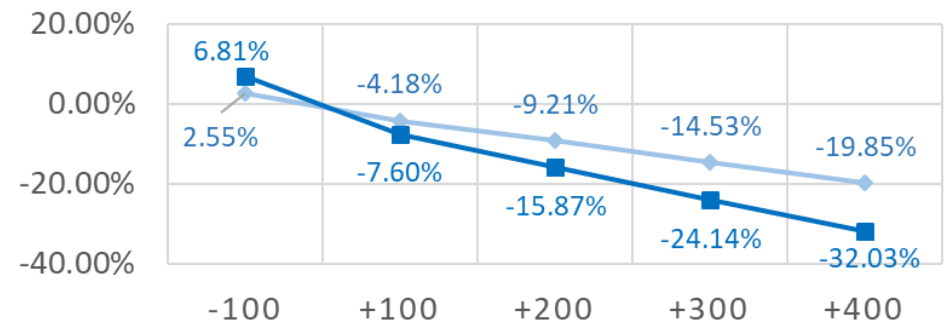
Securities Portfolio Changes: Pandemic Onset (2020Q1) to Current (2021Q3)

\$1Bn to \$10Bn Total Assets (87 Banks)

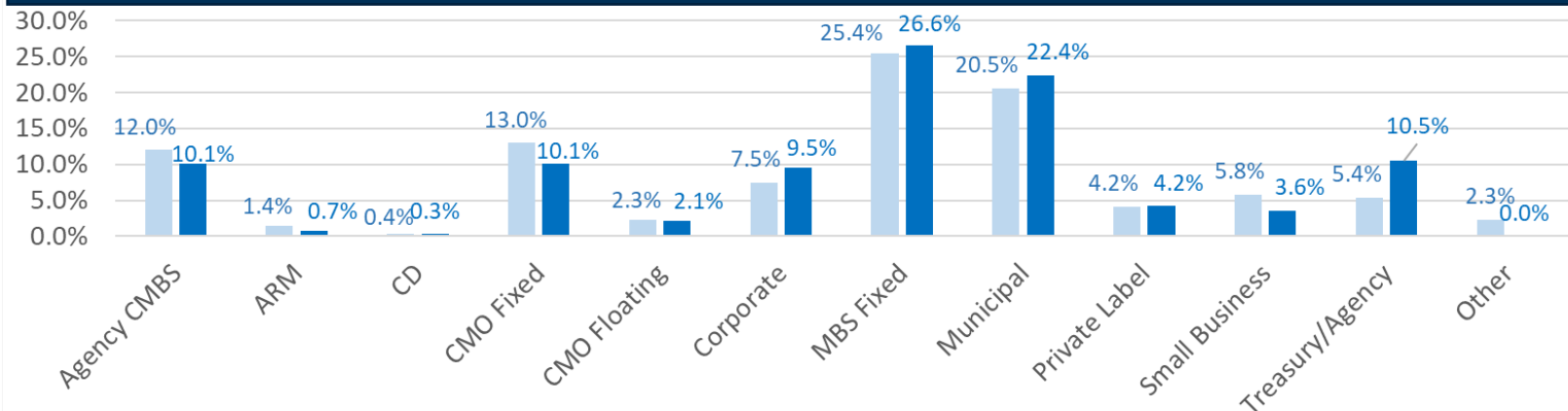
- Securities portfolio data includes 87 securities portfolios Stifel analyzed in 2020Q1 and in 2021Q3 for banks with Total Assets between \$1Bn and \$10Bn

Portfolio Metrics		
	2020Q1	2021Q3
Book Yield	2.66	1.97
WAL	4.32	4.90
+300 Price Vol	-10.8	-14.6
Secs/Assets	18.9%	21.2%
HTM/Secs	10.9%	9.9%

Tangible Common at Risk (% Δ in TCE across rate shocks)



Sector Allocation



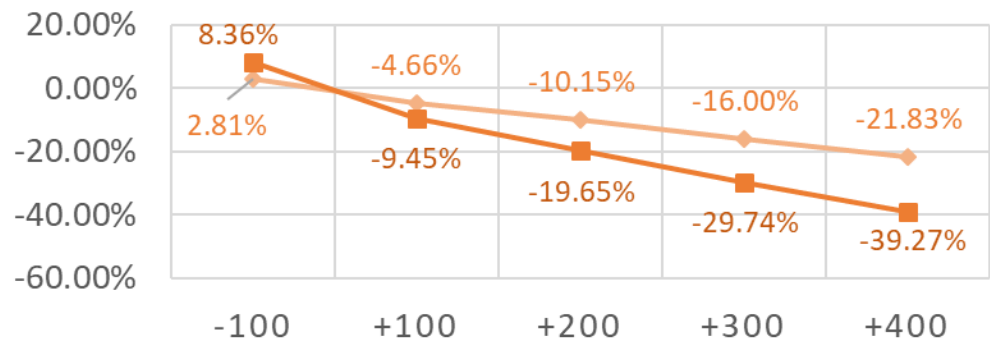
Securities Portfolio Changes: Pandemic Onset (2020Q1) to Current (2021Q3)

\$100M to \$1Bn Total Assets (96 Banks)

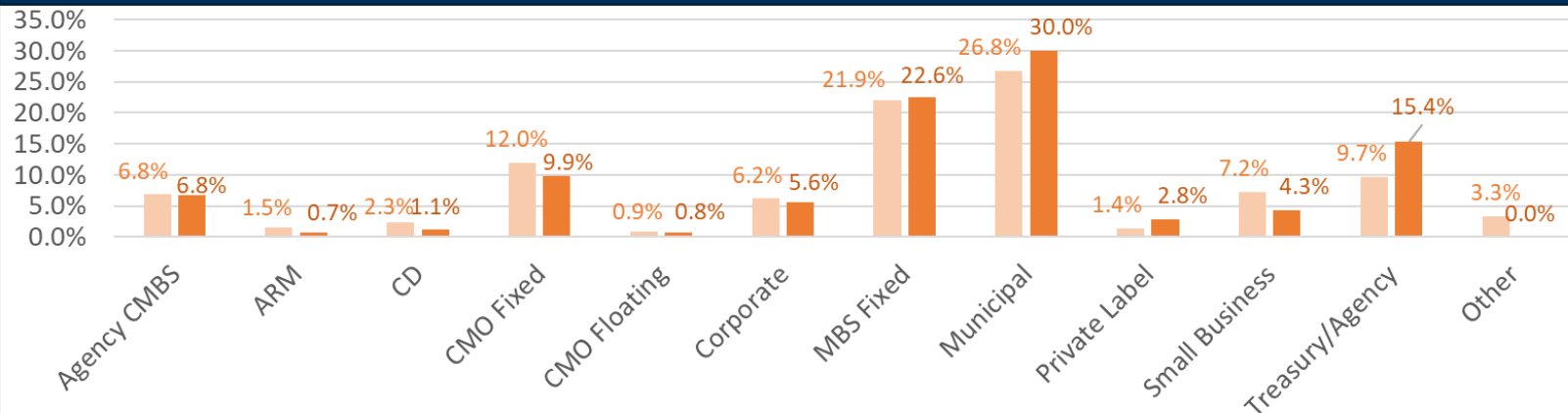
- Securities portfolio data includes 96 securities portfolios Stifel analyzed in 2020Q1 and in 2021Q3 for banks with Total Assets between \$100M and \$1Bn

Portfolio Metrics		
	2020Q1	2021Q3
Book Yield	2.58	1.90
WAL	3.86	4.43
+300 Price Vol	-10.1	-14.3
Secs/Assets	22.5%	25.5%
HTM/Secs	8.6%	6.8%

Tangible Common at Risk (% Δ in TCE across rate shocks)



Sector Allocation



Polling Question 1

- How has your institution managed the increased level of cash and deposits over the prior year?
 - a) We have had reasonable loan growth and deployed cash towards lending opportunities
 - b) We have had slow loan growth and have deployed cash towards loans and investments
 - c) We have had little to no loan growth and predominantly deployed cash towards solely investments
 - d) We have had little to no loan growth and have chosen to not deploy, instead keeping a larger cash balance

E Excess Liquidity: Cash Deployment

Investment Options Grid

Securities Purchases													
Type	SubSector	Coupon (%)	Price	Duration	Cvx	WAL	0-12mo Yield				Price Volatility		
							-100	Base	+100	+300	-100	+100	+300
Treasury	2yr Treasury	0.38	99.72	2.0	0.0	2.0	0.52	0.52	0.52	0.52	2.0%	-2.0%	-5.8%
Treasury	3yr Treasury	0.63	99.52	2.9	0.1	3.0	0.79	0.79	0.79	0.79	3.0%	-2.9%	-8.4%
Treasury	5yr Treasury	1.13	99.55	4.9	0.3	5.0	1.22	1.22	1.22	1.22	5.0%	-4.7%	-13.5%
Treasury	10yr Treasury	1.25	96.92	9.2	0.9	9.8	1.59	1.59	1.59	1.59	9.8%	-8.8%	-24.0%
Agency Debt	2yr Agy Bullet	0.53	100.00	2.0	0.0	2.0	0.53	0.53	0.53	0.53	2.0%	-2.0%	-5.8%
Agency Debt	3yr Agy Bullet	0.81	100.00	3.0	0.1	3.0	0.81	0.81	0.81	0.81	3.0%	-2.9%	-8.5%
Agency Debt	5yr Agy Bullet	1.24	100.00	4.9	0.3	5.0	1.24	1.24	1.24	1.24	5.0%	-4.7%	-13.5%
Agency Debt	10yr Agy Bullet	1.63	100.00	9.3	1.0	10.0	1.63	1.63	1.63	1.63	9.8%	-8.8%	-24.1%
Agency Debt	2yr Agy Callable (2YNC6M Berm)	0.63	100.00	1.4	-0.8	0.5	0.63	0.63	0.63	0.63	0.8%	-1.6%	-5.4%
Agency Debt	3yr Agy Callable (3YNC6M Berm)	0.98	100.00	1.8	-1.3	0.5	0.98	0.98	0.98	0.98	1.0%	-2.2%	-7.7%
Agency Debt	5yr Agy Callable (5YNC6M Berm)	1.37	100.00	2.5	-2.2	0.5	1.37	1.37	1.37	1.37	1.2%	-3.2%	-11.5%
Agency Debt	10yr Agy Callable (10YNC6M Berm)	1.91	100.00	3.5	-4.2	0.8	1.91	1.91	1.91	1.91	1.5%	-4.8%	-18.7%
Agency MBS	10yr 2.0% MBS pass through	2.00	103.05	2.9	-0.6	3.5	0.83	1.07	1.14	1.20	2.6%	-3.2%	-10.4%
Agency MBS	15yr 2% MBS pass through	2.00	102.80	3.2	-1.6	4.5	0.75	1.32	1.44	1.50	2.4%	-3.9%	-13.7%
Agency MBS	15yr 1.5% MBS pass through	1.50	100.83	3.7	-1.5	5.0	1.10	1.31	1.33	1.35	2.9%	-4.4%	-14.6%
Agency MBS	20yr 2% MBS pass through	2.00	102.09	3.8	-2.0	5.1	1.07	1.54	1.66	1.70	2.8%	-4.7%	-16.6%
Agency MBS	30yr 2.5% MBS pass through	2.50	102.89	3.5	-3.2	5.6	0.89	1.91	2.12	2.20	2.1%	-4.9%	-19.1%
Agency MBS	30yr 2% MBS pass through	2.00	100.19	4.8	-2.9	7.5	1.84	1.96	1.97	1.98	3.3%	-6.0%	-21.2%
Hybrid ARM	7/ 6 Months Hybrid ARM	1.82	102.04	2.3	-1.5	3.4	0.54	1.18	1.43	1.69	1.7%	-3.0%	-11.0%
Hybrid ARM	10/ 6 Months Hybrid ARM	1.91	102.00	3.1	-1.7	4.7	0.87	1.43	1.58	1.72	2.3%	-3.9%	-13.7%
Agency CMO	3yr SEQ	1.25	99.85	3.0	-2.5	2.8	1.38	1.28	1.27	1.26	1.7%	-4.0%	-14.7%
Agency CMO	3yr PAC	2.00	101.29	2.1	-2.7	3.2	-0.25	1.55	1.72	1.78	0.8%	-3.3%	-14.0%
Agency CMO	5yr SEQ	2.00	100.91	2.6	-3.2	4.4	0.00	1.76	1.84	1.87	0.9%	-4.0%	-16.2%
Agency CMO	CMO Floater	0.30	99.88	1.4	-0.3	3.7	0.34	0.33	1.31	3.04	1.2%	-1.7%	-9.6%
Agency CMBS	4yr Agy CMBS	1.10	99.78	4.5	0.2	4.7	1.15	1.15	1.15	1.15	4.7%	-4.4%	-12.6%
Agency CMBS	6yr Agy CMBS	1.66	101.41	6.2	0.4	6.6	1.45	1.45	1.45	1.45	6.5%	-6.0%	-16.9%
Agency CMBS	9yr Agy CMBS	1.64	99.47	9.2	0.9	9.9	1.72	1.72	1.72	1.72	9.7%	-8.7%	-23.8%
SBA	SBA Floater (Premium)	2.58	107.75	1.2	6.5	3.9	0.55	0.44	1.19	2.47	4.6%	-0.9%	-2.9%
SBA	SBA Fixed	1.67	99.63	5.5	-1.3	5.6	1.69	1.69	1.69	1.69	5.4%	-5.0%	-14.0%
NA RMBS	RMBS 30yr FCF	2.50	101.50	1.5	-3.4	2.2	0.10	1.79	2.20	2.26	-0.2%	-5.0%	-16.2%
NA RMBS	RMBS 30yr PT	2.50	100.77	3.2	-3.3	4.2	1.81	2.31	2.41	2.42	1.3%	-8.2%	-22.4%
CLO	CLO AAA	1.33	100.16	0.8	4.9	2.8	1.20	1.30	2.10	3.68	2.5%	-0.5%	-1.6%
CLO	CLO AA	1.82	100.10	1.4	9.8	5.4	1.72	1.84	2.74	4.53	4.7%	-0.5%	-1.5%
Municipal	10yr General Market Muni (AA)	3.00	115.08	8.8	0.9	10.0	1.61	1.61	1.61	1.61	9.3%	-8.4%	-22.9%
Municipal	15yr General Market Muni (AA)	3.00	111.71	10.2	0.7	10.0	2.04	2.04	2.04	2.51	10.2%	-9.7%	-27.4%
Municipal	20yr General Market Muni (AA)	3.00	108.27	11.6	0.7	10.0	2.50	2.50	2.83	3.00	11.2%	-10.9%	-31.0%
Municipal	10yr Taxable Muni	2.04	100.20	9.1	0.9	10.0	2.02	2.02	2.02	2.02	9.6%	-8.7%	-23.6%
Municipal	15yr Taxable Muni	2.33	100.53	11.3	0.9	10.0	2.27	2.27	2.28	2.29	11.2%	-10.6%	-29.3%
Municipal	20yr Taxable Muni	2.70	100.70	12.5	1.0	11.5	2.62	2.63	2.65	2.65	12.1%	-11.7%	-32.6%
Corporate	3yr Floater Corp (Financial)	0.63	100.39	0.3	0.4	1.4	0.27	0.35	0.99	2.26	0.9%	-0.2%	-0.4%
Corporate	5yr Fixed Corp (Banks)	1.50	100.00	4.8	0.3	5.0	1.50	1.50	1.50	1.50	5.0%	-4.7%	-13.4%
Corporate	5yr Floater Corp (Financial)	0.93	101.27	0.5	-0.1	4.5	0.54	0.66	1.54	3.31	1.1%	-0.5%	-1.0%
Corporate	10yr Fixed Corp (Banks)	2.29	100.00	9.0	0.9	10.0	2.29	2.29	2.29	2.29	9.5%	-8.6%	-23.4%
Subdebt	Community Bank Sub Debt (BBB)	3.13	100.00	4.4	1.0	4.9	3.13	3.13	3.13	3.13	4.5%	-4.3%	-12.3%
Swapped Bond	Swapped 10y Freddie K (10y Spot)	2.02	103.08	0.4	0.0	9.8	-0.52	0.48	1.48	3.48	0.5%	-0.3%	-0.9%

P Pass Through Sector: Relative Value

15 yr UMBS Spreads - Uninspiring

The chart below illustrates 15 yr current coupon mortgage rates relative to 7 year Libor swap rates. As can be seen, we are at significantly historically tight spreads

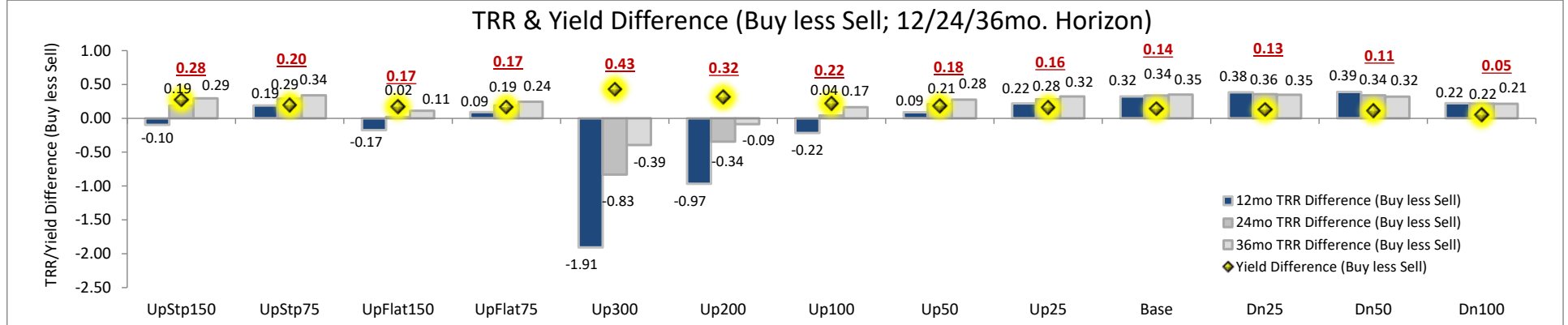


This clearly indicates the need to view other products (i.e., Hybrid Arms, CMO's, non agency MBS, etc.) for relative value while deploying cash

Relative Value Comparison - SOFR Hybrid ARMs vs. 10/15yr MBS

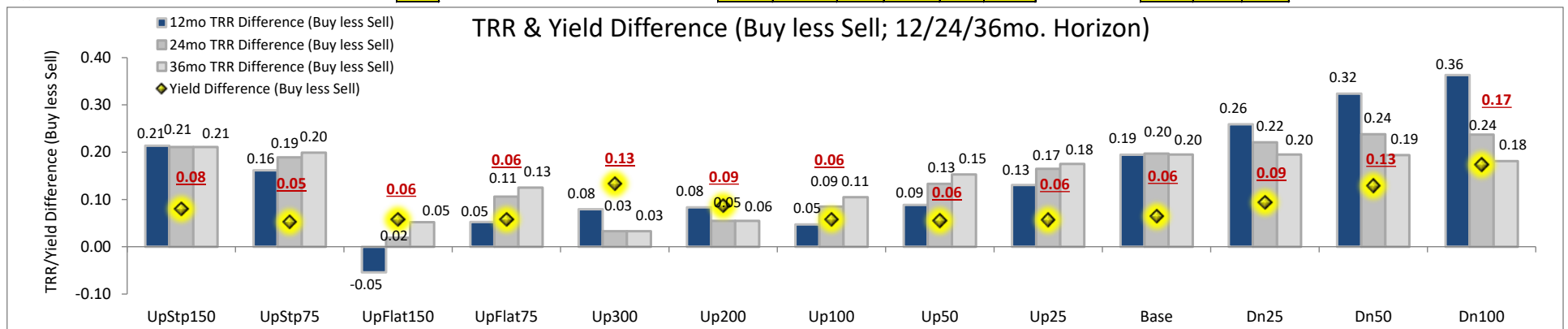
Freddie 7x6mo SOFR Hybrid ARM vs. Fannie 10yr 1.5% Passthru

Pool #	Security Number	Description	Cpn	WAC	Age	WAM	Pricing Spread	I-Sprd (YldBk)	Mkt Price	Mkt YTM	12mo WAL	Proj TRR	Zvol LTCPR	Opt LOAS	Libor Cost	Eff OAS	Eff Dura	Eff Cnvx	Projected LT CPR	Yield Table				
																			Up50	Base	Dn50	Up50	Base	Dn50
Buy	FH 8C0153	7x6mo SOFR Hybrid ARM	1.46	2.08	0	360	-3/z/15cpb	11	100.841	1.29	4.73	1.60	16.9	-3.6	23.9	-27.6	3.31	-1.21	15.9	16.9	22.7	1.34	1.29	1.21
Sell	FN MA4503	10yr 1.5% New Prod	1.50	2.18	0	118	+22/32s vs. Dw 1.5s	18	101.141	1.15	3.60	1.28	11.2	-13.9	15.3	-29.2	3.06	-0.76	9.8	11.2	15.8	1.16	1.15	1.10
difference			-0.04	-0.09	0	242		-7	-0.2995	0.14	1.13	0.32	5.7	10.2	8.6	1.6	0.25	-0.45	6.1	5.7	6.9	0.18	0.14	0.11



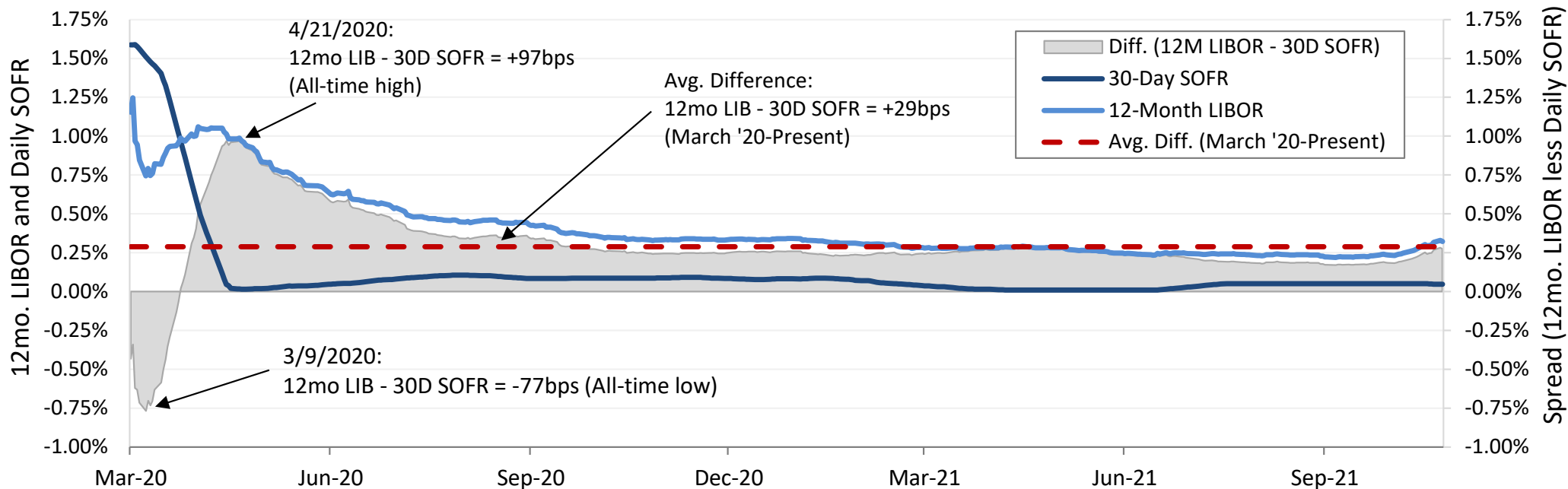
Freddie 10x6mo SOFR Hybrid ARM vs. UMBS 15yr 2% Passthru

Pool #	Security Number	Description	Cpn	WAC	Age	WAM	Pricing Spread	I-Sprd (YldBk)	Mkt Price	Mkt YTM	12mo WAL	Proj TRR	Zvol LTCPR	Opt LOAS	Libor Cost	Eff OAS	Eff Dura	Eff Cnvx	Projected LT CPR	Yield Table				
																			Up50	Base	Dn50	Up50	Base	Dn50
Buy	FN CB2212	10x6mo SOFR Hybrid ARM	1.76	2.41	3	357	10/z/15cpb	22	101.441	1.46	5.05	1.73	15.5	6.6	36.8	-30.2	3.24	-1.63	13.0	15.5	23.3	1.52	1.46	1.31
Sell	FN MA4470	15yr 2.0% New Prod	2.00	2.46	1	178	+3/32s vs. Dw 2s	25	102.516	1.39	4.55	1.53	12.0	1.1	36.2	-35.0	3.16	-1.75	8.8	12.0	20.2	1.47	1.39	1.18
difference			-0.24	-0.05	2	179		-3	-1.0742	0.06	0.50	0.19	3.5	5.4	0.6	4.8	0.08	0.13	4.2	3.5	3.2	0.06	0.06	0.13



LIBOR to SOFR “Spread Adjustment” is Generous for New Hybrids

Hybrid ARM Index Comparison: 12-Month LIBOR vs. 30-Day SOFR

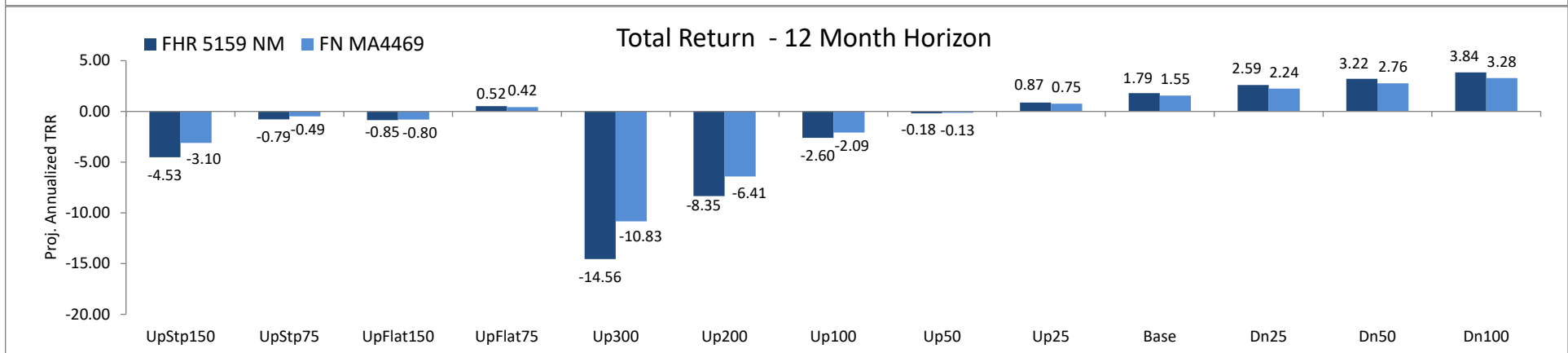
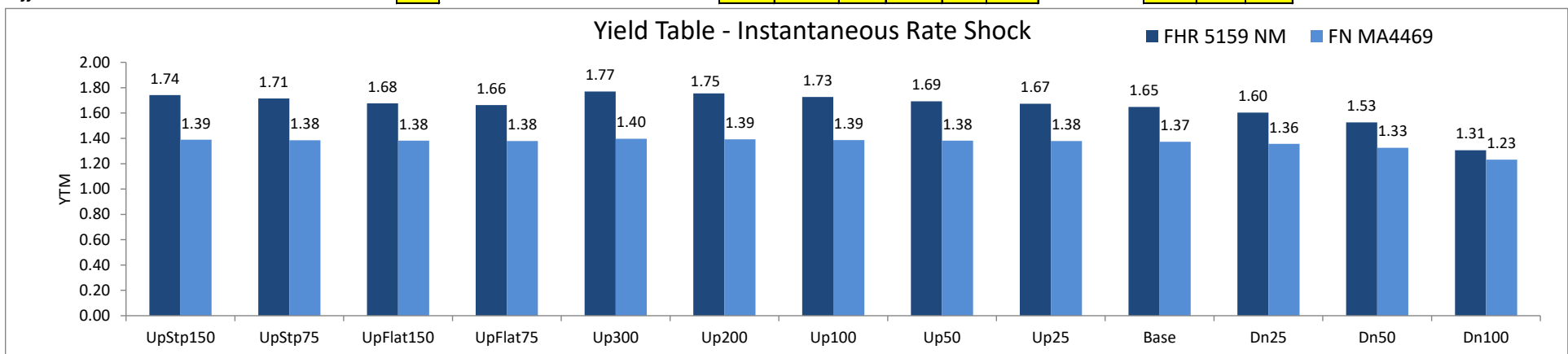


Product	Cap Struc.	Reset Freq.	Orig Year	Curr UPB	#Pool	Cpn	WAC	Net Mrgn	Gross Mrgn	Curr MTR	Age	WAM	FICO	Orig LTV	HPA LTV	WA CLS	Historical CPR				
																	1mo	3mo	6mo	12mo	Life
5x6mo SOFR ARM	2/1/5	Semi-Ann.	2021	1,465	113	1.69	2.32	2.21	2.84	57	3	357	770	62	60	357	11.6	13.0	16.6	0.0	13.2
5x1 LIBOR ARM	2/2/5	Annual	2020	687	120	2.22	2.84	1.63	2.25	45	15	345	775	61	51	308	44.3	40.4	38.0	34.5	31.4
Difference				778	-7	-0.53	-0.52	0.59	0.59	12	-12	12	-4	2	9	49	-32.7	-27.4	-21.4	-34.5	-18.2
7x6mo SOFR ARM	5/1/5	Semi-Ann.	2021	4,479	217	1.80	2.43	2.22	2.85	81	3	357	768	64	61	387	10.2	9.8	14.4	0.0	7.1
7x1 LIBOR ARM	5/2/5	Annual	2020	2,220	257	2.30	2.93	1.62	2.25	69	15	344	771	63	53	340	33.7	32.4	31.9	33.1	28.9
Difference				2,259	-40	-0.50	-0.50	0.60	0.60	12	-12	13	-3	1	8	47	-23.5	-22.6	-17.5	-33.1	-21.8
10x6mo SOFR ARM	5/1/5	Semi-Ann.	2021	2,985	165	1.88	2.51	2.14	2.77	117	3	357	768	66	63	367	5.1	5.2	6.3	0.0	4.0
10x1 LIBOR ARM	5/2/5	Annual	2020	1,924	210	2.45	3.08	1.62	2.25	104	16	344	766	64	54	320	34.0	29.2	28.7	30.7	25.3
Difference				1,061	-45	-0.57	-0.57	0.52	0.52	13	-13	13	2	1	9	47	-28.9	-24.0	-22.4	-30.7	-21.3

Relative Value Comparison: 6yr Front SEQ (NY) vs. 15yr Passthru

- Select Collateral with a Favorable Prepayment Profile (Example: 100% NY)
- Specify a Structure and Principal Pay Window (Example: 6yr Front Sequential)
- Choose a Coupon that Satisfies Your Premium Tolerance (Example: ~\$102-Handle)

Pool #	Security Description	Cpn	WAC	Age	WAM	Pricing Spread	I-Sprd (YldBk)	Mkt Price	Mkt YTM	12mo			Zvol LOAS	Opt Cost	Libor OAS	Eff Dura	Eff Cnvx	Projected LT CPR			Yield Table		
										WAL	TRR	LTCPR						Up50	Base	Dn50	Up50	Base	Dn50
Buy FHR 5159 NM	2% Front SEQ off 30yr 2.5% NY	2.00	3.29	15	341	45/i/277 PSA	31	101.841	1.65	5.93	1.79	9.5	17.3	56.7	-39.4	4.11	-2.37	7.5	9.5	13.5	1.69	1.65	1.53
Sell FN MA4469	15yr 1.5% New Prod	1.50	2.06	1	178	+2+/32s vs. Dw 1.5s	13	100.531	1.37	5.09	1.55	9.2	-7.4	31.7	-39.2	3.73	-1.56	7.4	9.2	17.1	1.38	1.37	1.33
difference		0.50	1.24	14	163		18	1.3098	0.27	0.83	0.24	0.3	24.7	24.9	-0.2	0.38	-0.81	0.1	0.3	-3.7	0.31	0.27	0.20



Yield Curve Twist Scenarios:

UpStp150 - 3mo LIBOR up 50bps, 5yr Swap up 100bps, 10yr swap up 150bps

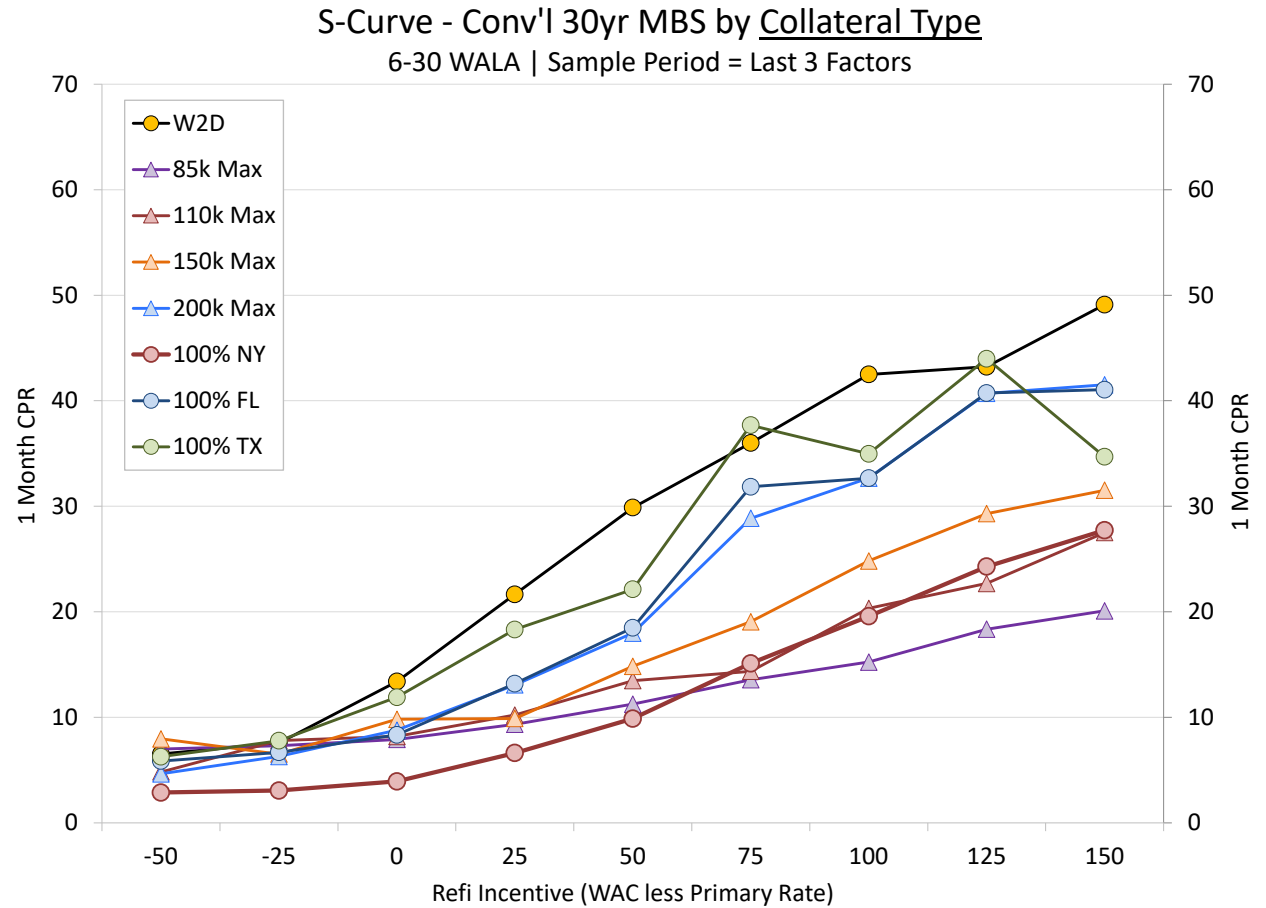
UpStp75 - 3mo LIBOR up 25bps, 5yr Swap up 50bps, 10yr swap up 75bps

UpFlat150 - 3m LIBOR up 150bps, 5yr Swap up 75bps, 10yr Swap up 50bps

UpFlat75 - 3mo LIBOR up 100bps, 5yr Swap up 50bps, 10yr Swap up 25bps

Collateral Characteristics: Loan Balance vs. NY/FL/TX

- Loan size is arguably the largest driver of prepayment behavior
- The lower the loan size, the slower the prepays
- W2D (Worst to Deliver) or TBA collateral
- New York, Florida & Texas have impediments to refinancing, such as a mortgage recording tax and/or rules that discourage loan churning



Agency/Non-Agency Basis for Prime Jumbo RMBS 2.0

The Agency/Non-Agency basis is extremely wide for low-WAC, new-WALA Jumbo RMBS deals, driven by historically tight spreads in Agency paper, elevated supply in private label paper and relatively slow projected speeds for low-WAC, new-WALA Jumbo collateral.

SSNR 30yr 2.5% Passthu vs. Fannie 30yr 2.5% Passthu (New WALA)

Pool #	Security Number	Description	Cpn	WAC	Age	WAM	Pricing Spread	I-Sprd (YldBk)	Mkt Price	Mkt YTM	12mo WAL	Proj TRR	Zvol LTCPR	Opt LOAS	Libor Cost	Eff OAS	Eff Dura	Eff Cnvx
Buy	JPMMT 2021-13 A3	SSNR 30yr 2.5% Passthu	2.50	3.23	3	356	-2-00/32s vs. FN 2.5s	120	100.31	2.40	4.84	2.41	15.1	92.2	72.8	19.4	3.77	-3.03
Sell	FN MA4466	30yr 2.5% New Prod	2.50	3.22	2	357	+3/32s vs. FN 2.5s	69	102.41	2.02	5.86	2.13	13.3	55.0	74.1	-19.1	3.65	-3.23
<i>difference</i>			0.00	0.01	1	-1		51	-2.09	0.38	-1.02	0.28	1.8	37.2	-1.3	38.4	0.12	0.20

SSNR 30yr 2% Passthu vs. Fannie 30yr 2% Passthu (New WALA)

Pool #	Security Number	Description	Cpn	WAC	Age	WAM	Pricing Spread	I-Sprd (YldBk)	Mkt Price	Mkt YTM	12mo WAL	Proj TRR	Zvol LTCPR	Opt LOAS	Libor Cost	Eff OAS	Eff Dura	Eff Cnvx
Buy	JPMMT 2021-13 A3A	SSNR 30yr 2% Passthu	2.00	3.23	3	356	-1-04/32s vs. FN 2s	111	98.53	2.32	4.84	2.36	15.1	74.0	66.6	7.3	4.91	-2.56
Sell	FN MA4465	30yr 2% New Prod	2.00	2.84	2	358	+3/32s vs. FN 2s	53	99.75	2.03	7.73	2.13	9.0	44.5	69.3	-24.8	4.85	-2.81
<i>difference</i>			0.00	0.39	1	-2		58	-1.22	0.29	-2.89	0.23	6.1	29.5	-2.7	32.2	0.06	0.25

SSNR 2.5% Front SEQ vs. Fannie 15yr 2.5% Passthu (New WALA)

Pool #	Security Number	Description	Cpn	WAC	Age	WAM	Pricing Spread	I-Sprd (YldBk)	Mkt Price	Mkt YTM	12mo WAL	Proj TRR	Zvol LTCPR	Opt LOAS	Libor Cost	Eff OAS	Eff Dura	Eff Cnvx
Buy	JPMMT 2021-13 A4	SSNR Front SEQ 2.5%	2.50	3.23	3	356	-2-16/32s vs. Dw 2.5s	124	101.17	1.99	2.70	2.08	15.1	86.1	75.4	10.7	2.15	-2.83
Sell	FN MA4471	15yr 2.5% New Prod	2.50	3.04	1	174	+14/32s vs. Dw 2.5s	32	104.11	1.30	3.72	1.32	17.1	5.4	33.9	-28.5	2.63	-1.56
<i>difference</i>			0.00	0.18	2	182		92	-2.94	0.69	-1.02	0.75	-2.0	80.7	41.5	39.2	-0.48	-1.27

SSNR 2% Front SEQ vs. Fannie 15yr 2% Passthu (New WALA)

Pool #	Security Number	Description	Cpn	WAC	Age	WAM	Pricing Spread	I-Sprd (YldBk)	Mkt Price	Mkt YTM	12mo WAL	Proj TRR	Zvol LTCPR	Opt LOAS	Libor Cost	Eff OAS	Eff Dura	Eff Cnvx
Buy	JPMMT 2021-13 A4A	SSNR Front SEQ 2%	2.00	3.23	3	356	-2-06/32s vs. Dw 2s	111	100.23	1.87	2.70	2.01	15.1	63.8	71.4	-7.6	2.97	-2.41
Sell	FN MA4470	15yr 2.0% New Prod	2.00	2.46	1	178	+3/32s vs. Dw 2s	25	102.52	1.39	4.55	1.53	12.0	1.1	36.2	-35.0	3.16	-1.75
<i>difference</i>			0.00	0.77	2	178		87	-2.28	0.47	-1.85	0.48	3.1	62.7	35.2	27.4	-0.19	-0.65

CMBS - Agency/Non-Agency Basis

Take Advantage of the Agency/Non-Agency Basis. The yield and spread differential between Agency and AAA-rated SSNR private label bonds with similar average life and cashflow profiles is historically wide in CMBS.

Private Label SSNR Last CF 9.8yr vs. Agency Freddie K A2 9.8yr

Tranche #	Ticker	Security Description	Credit Rating	Cpn	WAC	Age	WAM	Pricing Spread	I-Sprd (YldBk)	Mkt Price	Mkt YTM	12mo WAL	12mo TRR	Libor OAS	Eff Dura	Eff Cnvx
Buy	BANK 2021-BN36 A5	SSNR Last CF 9.8yr	AAA	2.47	3.22	3	110	61/n/0CPY	66	102.141	2.23	9.80	2.67	61.1	8.72	0.86
Sell	FHMS K132 A2	Freddie K A2 (10yr)	Agency	2.02	3.13	4	118	13/n/0CPY	18	102.406	1.75	9.77	2.17	13.3	8.91	0.89
<i>difference</i>				0.45	0.10	-1	-8		48	-0.266	0.48	0.03	0.50	47.8	-0.18	-0.02

Private Label SSNR Last CF 9.8yr vs. Agency Fannie DUS 10/9.5 9.7yr

Tranche #	Ticker	Security Description	Credit Rating	Cpn	WAC	Age	WAM	Pricing Spread	I-Sprd (YldBk)	Mkt Price	Mkt YTM	12mo WAL	12mo TRR	Libor OAS	Eff Dura	Eff Cnvx
Buy	BANK 2021-BN36 A5	SSNR Last CF 9.8yr	AAA	2.47	3.22	3	110	61/n/0CPY	66	102.141	2.23	9.80	2.67	61.1	8.72	0.86
Sell	FN BS3239	Fannie 10/9.5 DUS	Agency	1.85	3.31	1	119	21/n/0CPY	26	100.438	1.82	9.69	2.33	21.1	8.89	0.89
<i>difference</i>				0.62	-0.09	2	-9		40	1.703	0.41	0.11	0.34	40.0	-0.17	-0.02

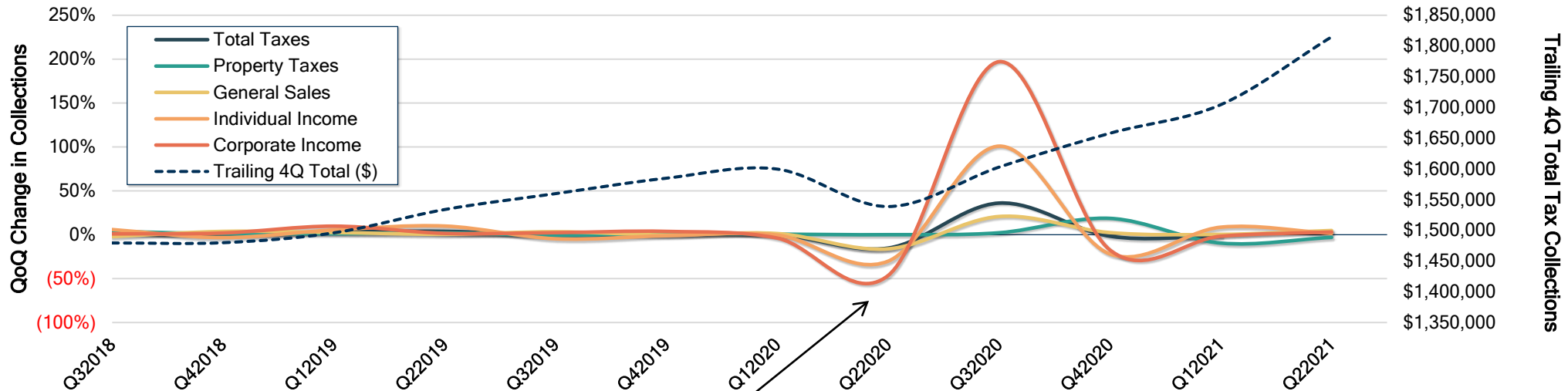
Municipal Credit and Market Update

Municipal Credit Update : Strong Tax Revenue Growth

- Tax collection data supports strong state and local government credit quality and continued selective cash deployment into the municipal sector. Tax collections have outperformed both pessimistic post-pandemic forecasts and even pre-pandemic levels.
- Overall, state and local sales tax collections in 2Q2021 were up a substantial 33.4% vs. 1Q and 16.2% above the corresponding pre-pandemic period in 2Q2021.
- These strong results brought rolling 4 quarter total state and local tax collections to 22.7% above the rolling quarters ended 2Q2020.
- Only three states saw year-over-year declines in tax collections: ND, WY, and AK - all oil, gas, or coal dependent. States with large tourist industries like HI and FL generally saw weaker tax revenue performance, but still saw solid absolute growth.

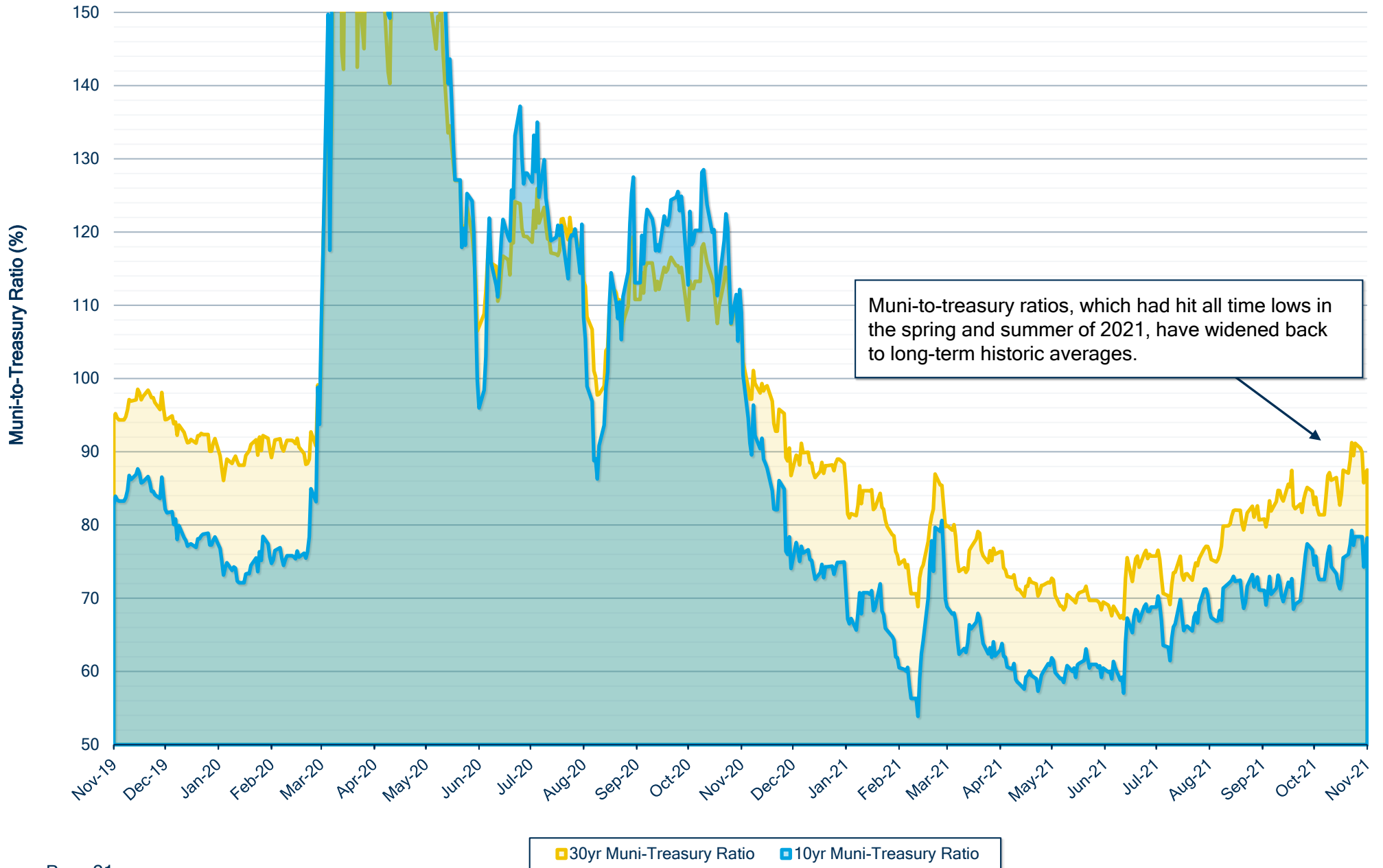
State	Trailing 4Q Total Tax Revenue (Mlns)			\$ Chg YoY	% Chg YoY
	2Q2019	2Q2020	2Q2021		
California	\$206,107	\$169,866	\$254,594	\$84,728	49.9%
New York	\$90,612	\$80,885	\$106,231	\$25,346	31.3%
Minnesota	\$29,839	\$26,393	\$32,021	\$5,628	21.3%
Pennsylvania	\$42,755	\$39,087	\$47,334	\$8,247	21.1%
Virginia	\$26,988	\$27,944	\$32,650	\$4,706	16.8%
New Jersey	\$45,302	\$37,927	\$43,925	\$5,998	15.8%
Texas	\$65,039	\$58,527	\$66,391	\$7,864	13.4%
Florida	\$46,778	\$44,034	\$49,544	\$5,510	12.5%
Kentucky	\$13,135	\$13,020	\$14,277	\$1,257	9.7%
Illinois	\$46,160	\$45,290	\$49,527	\$4,237	9.4%
Massachusetts	\$32,912	\$31,225	\$32,165	\$940	3.0%
Hawaii	\$8,402	\$7,897	\$8,035	\$138	1.7%
North Dakota	\$4,984	\$4,336	\$4,080	(\$256)	(5.9%)
Wyoming	\$2,406	\$2,078	\$1,955	(\$123)	(5.9%)
Alaska	\$1,945	\$1,275	\$1,090	(\$185)	(14.5%)
Cumulative	\$1,150,725	\$1,043,081	\$1,279,346	\$236,265	22.7%
Mean	\$22,563	\$20,453	\$25,085	\$4,633	15.8%
Median	\$12,793	\$11,709	\$14,257	\$2,090	16.6%

Quarter-over-Quarter Change in State and Local Tax Revenue Collections



After a meaningful dip in 2Q2020, trailing 12-month total tax collections have recovered to levels above pre-pandemic highs.

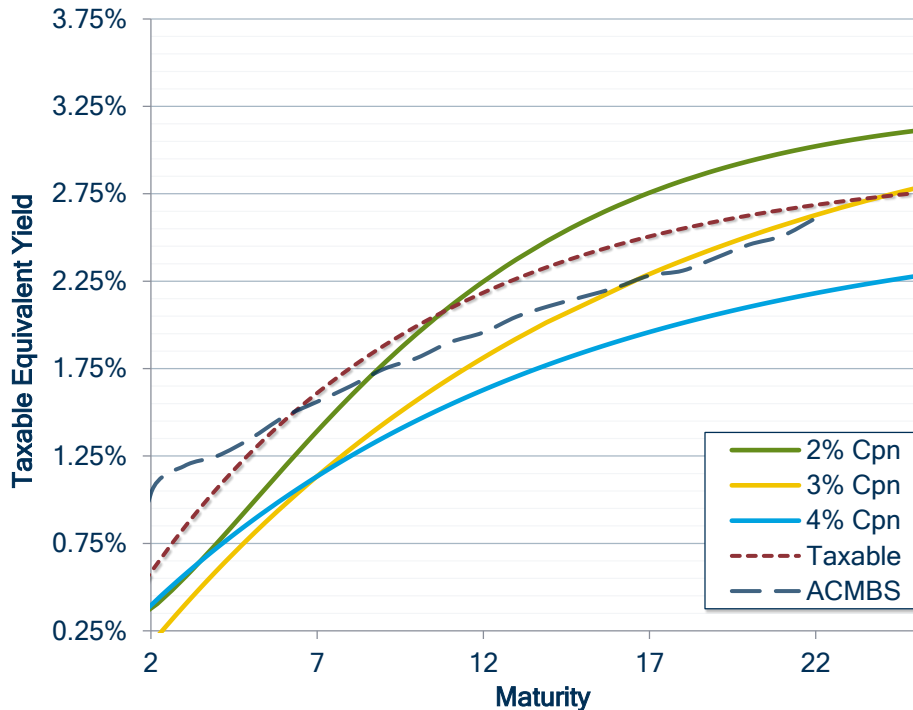
Municipal Market Update: Tax-Exempt Spread Dynamics



Spreads and Value: Tax Rate Sensitivity Analysis

- Taxable municipals have lost some luster given the widening in exempts. Still, shorter taxables remain relatively attractive.
- On a matched maturity basis, taxables outperform lower 2% coupon tax-exempts inside of 12 years and outperform 3% coupons tax-exempts at all but the longest maturities outside of 23 years.
- Notably, short taxables also outperform other bullet-like products like Freddie ACEs, Ks, and DUS.

Taxable & ACMBs vs. AA Tax-Exempt Municipals



Matrix of Tax-Exempt vs. Taxable Municipal Spreads

		2% Coupon		3% Coupon		4% Coupon	
		Federal Tax Rate		Federal Tax Rate		Federal Tax Rate	
		21.0%	26.5%	21.0%	26.5%	21.0%	26.5%
Tenor	3Y	(0.29)	(0.25)	(0.44)	(0.41)	(0.25)	(0.21)
	4Y	(0.30)	(0.24)	(0.50)	(0.46)	(0.32)	(0.26)
	5Y	(0.28)	(0.21)	(0.49)	(0.43)	(0.37)	(0.30)
	6Y	(0.21)	(0.13)	(0.48)	(0.41)	(0.36)	(0.28)
	7Y	(0.20)	(0.10)	(0.44)	(0.35)	(0.39)	(0.30)
	8Y	(0.17)	(0.05)	(0.47)	(0.37)	(0.49)	(0.39)
	9Y	(0.09)	0.04	(0.44)	(0.33)	(0.43)	(0.32)
	10Y	(0.05)	0.09	(0.40)	(0.29)	(0.46)	(0.35)
	11Y	0.00	0.16	(0.40)	(0.27)	(0.45)	(0.33)
	12Y	0.05	0.22	(0.38)	(0.24)	(0.44)	(0.31)
	13Y	0.09	0.27	(0.35)	(0.21)	(0.43)	(0.29)
	14Y	0.16	0.35	(0.31)	(0.16)	(0.41)	(0.27)
	15Y	0.18	0.38	(0.29)	(0.13)	(0.41)	(0.27)
	16Y	0.21	0.41	(0.26)	(0.10)	(0.38)	(0.23)
	17Y	0.24	0.45	(0.22)	(0.05)	(0.35)	(0.19)
	18Y	0.27	0.48	(0.19)	(0.01)	(0.35)	(0.18)
	19Y	0.30	0.51	(0.16)	0.02	(0.32)	(0.16)
	20Y	0.31	0.53	(0.13)	0.06	(0.31)	(0.14)
	21Y	0.34	0.56	(0.10)	0.09	(0.28)	(0.10)
	22Y	0.34	0.57	(0.06)	0.13	(0.26)	(0.08)
	23Y	0.34	0.57	(0.04)	0.16	(0.23)	(0.04)
	24Y	0.35	0.58	0.01	0.21	(0.20)	(0.01)
	25Y	0.35	0.59	0.02	0.22	(0.18)	0.02

In general, taxables still pickup yield vs. comparable maturity tax-exempts inside of the 11 year point for lower 2% coupons. With some exceptions, only the longest 23yr+ 3% coupons beat matched maturity taxables.

Key Changes in the “*Build Back Better*” Reconciliation Bill

Overall, the Build Back Better Reconciliation Bill was a disappointment for the municipal market.

- The increase in the corporate tax rate from 21% to 26.5% has been dropped.
- A 15% corporate minimum tax based on book income has been added. Notably, this provision will only kick in only for companies with more than \$1bn in annual income.
- Net Investment Income taxes have been added to pass-through entities.
- A 3-5% surcharge to high income individuals has been added.
- Although local government issuance will benefit from the thrust of the infrastructure legislation, essentially all public finance specific provisions have been dropped from the final legislation:
 - Infrastructure Tax Credit Bonds - “Build America Bonds 2.0”
 - Reinstatement of Advanced Refundings
 - Additional Private Activity Bond Allocations
 - Permanent Expansion of Bank Qualified Limits

Cash Deploy Summary

- The following analysis for Sample Bank shows the impact of three \$100M Cash Deployment strategies with varying goals and constraints
- The strategies assume cash is earning 0.15%, and that the Sample Bank can deploy that cash into a basket of securities: Securities options include MBS, Hybrid ARMs, CMOs, CMBS, SBAs, Municipals, Corporates, and non-ACMBS products
- The following goals and constraints were used in solving for the optimal asset mix:

Strategy 1 (No Credit):	"Short Allocation": \$100M Cash Deploy, Maximize Spread, Limit +300 Price Volatility to -12.0% <i>Result: Spread of 1.20% on cash vs. purchases (yielding 1.35%)</i>
Strategy 2 (Allow Credit):	"Medium Allocation": \$100M Cash Deploy, Maximize Spread, Limit +300 Price Volatility to -16.0% <i>Result: Spread of 1.74% on cash vs. purchases (yielding 1.89%)</i>
Strategy 3 (Allow Credit):	"Long Allocation": \$100M Cash Deploy, Maximize Spread, Limit +300 Price Volatility to -20.0% <i>Result: Spread of 2.01% on cash vs. purchases (yielding 2.16%)</i>
Strategy 4 (Swapped Securities):	"Medium Allocation": \$100M Cash Deploy, Maximize Spread, Limit +300 Price Volatility to -16.0%, allow 20% swapped Freddie k allocation <i>Result: Spread of 1.71% on cash vs. purchases (yielding 1.86%)</i>

- The majority of the securities were selected to represent an array of bonds that provide a tradeoff between base case yield, diversification and price volatility

(1) Assumes Cash Earns 0.15%
 (2) Securities pricing provided by Stifel Fixed Income Proprietary Pricing matrix as of 11/01/2021 and may not represent executable levels
 (3) Analytics provided by Bloomberg, The Yield Book, and ZM Financial

Cash Deploy Allocations - Consolidated

- The grid below consolidates the Funding & Securities Universe to only those line items that were chosen within the model for any of the four strategies

Funding														Allocation			
Type	Maturity	Coupon (%)	Price	Duration	Cvx	WAL	0-12mo Cost (%)				Price Volatility			Strategy 1	Strategy 2	Strategy 3	Strategy 4
							-100	Base	+100	+300	-100	+100	+300				
Cash	11/11/2021	0.15	100.00	0.0	0.0	0.0	-0.85	0.15	1.15	3.15	0.0%	0.0%	0.0%	100%	100%	100%	100%

Securities Purchases														Allocation			
Type	SubSector	Coupon (%)	Price	Duration	Cvx	WAL	0-12mo Yield				Price Volatility			Strategy 1	Strategy 2	Strategy 3	Strategy 4
							-100	Base	+100	+300	-100	+100	+300				
Agency Debt	5yr Agy Callable (SYNC6M Berm)	1.37	100.00	2.5	-2.2	0.5	1.37	1.37	1.37	1.37	1.2%	-3.2%	-11.5%	25%	25%	0%	0%
Agency Debt	10yr Agy Callable (10YNC6M Berm)	1.91	100.00	3.5	-4.2	0.8	1.91	1.91	1.91	1.91	1.5%	-4.8%	-18.7%	0%	0%	25%	25%
Agency MBS	10yr 2.0% MBS pass through	2.00	103.05	2.9	-0.6	3.5	0.83	1.07	1.14	1.20	2.6%	-3.2%	-10.4%	6%	0%	0%	0%
Agency MBS	30yr 2.5% MBS pass through	2.50	102.89	3.5	-3.2	5.6	0.89	1.91	2.12	2.20	2.1%	-4.9%	-19.1%	4%	9%	6%	0%
Hybrid ARM	7/ 6 Months Hybrid ARM	1.82	102.04	2.3	-1.5	3.4	0.54	1.18	1.43	1.69	1.7%	-3.0%	-11.0%	20%	0%	0%	0%
Agency CMO	3yr PAC	2.00	101.29	2.1	-2.7	3.2	-0.25	1.55	1.72	1.78	0.8%	-3.3%	-14.0%	10%	0%	0%	0%
Agency CMO	5yr SEQ	2.00	100.91	2.6	-3.2	4.4	0.00	1.76	1.84	1.87	0.9%	-4.0%	-16.2%	15%	15%	15%	6%
SBA	SBA Floater (Premium)	2.58	107.75	1.2	6.5	3.9	0.55	0.44	1.19	2.47	4.6%	-0.9%	-2.9%	10%	0%	0%	0%
SBA	SBA Fixed	1.67	99.63	5.5	-1.3	5.6	1.69	1.69	1.69	1.69	5.4%	-5.0%	-14.0%	10%	10%	10%	10%
NA RMBS	RMBS 30yr PT	2.50	100.77	3.2	-3.3	4.2	1.81	2.31	2.41	2.42	1.3%	-8.2%	-22.4%	0%	10%	10%	10%
Municipal	10yr Taxable Muni	2.04	100.20	9.1	0.9	10.0	2.02	2.02	2.02	2.02	9.6%	-8.7%	-23.6%	0%	6%	0%	0%
Municipal	20yr Taxable Muni	2.70	100.70	12.5	1.0	11.5	2.62	2.63	2.65	2.65	12.1%	-11.7%	-32.6%	0%	0%	14%	9%
Corporate	5yr Fixed Corp (Banks)	1.50	100.00	4.8	0.3	5.0	1.50	1.50	1.50	1.50	5.0%	-4.7%	-13.4%	0%	2%	0%	0%
Corporate	5yr Floater Corp (Financial)	0.93	101.27	0.5	-0.1	4.5	0.54	0.66	1.54	3.31	1.1%	-0.5%	-1.0%	0%	3%	0%	0%
Corporate	10yr Fixed Corp (Banks)	2.29	100.00	9.0	0.9	10.0	2.29	2.29	2.29	2.29	9.5%	-8.6%	-23.4%	0%	10%	10%	10%
Subdebt	Community Bank Sub Debt (BBB)	3.13	100.00	4.4	1.0	4.9	3.13	3.13	3.13	3.13	4.5%	-4.3%	-12.3%	0%	10%	10%	10%
Swapped Bond	Swapped 10y Freddie K (10y Spot)	2.02	103.08	0.4	0.0	9.8	-0.52	0.48	1.48	3.48	0.5%	-0.3%	-0.9%	0%	0%	0%	20%

Strategy 1 Purch.	Short Allocation Max 12% Px Risk	1.85	101.71	2.7	-1.3	3.2	0.74	1.35	1.52	1.72	2.1%	-3.3%	-12.0%				
Strategy 2 Purch.	Med. Allocation Max 16% Px Risk	2.01	100.49	4.2	-1.6	4.6	1.48	1.89	1.96	2.02	3.4%	-5.1%	-16.0%				
Strategy 3 Purch.	Long Allocation Max 20% Px Risk	2.26	100.45	5.4	-1.8	5.2	1.79	2.16	2.20	2.21	4.4%	-6.3%	-20.0%				
Strategy 4 Purch.	Allow Swapped Bonds Max 16% Px Risk	2.20	100.77	4.5	-1.5	5.9	1.51	1.86	2.08	2.48	3.7%	-5.2%	-16.0%				

Difference		1.70	1.71	2.7	-1.3	3.2	1.59	1.20	0.37	-1.43	2.1%	-3.3%	-12.0%				
Difference		1.86	0.49	4.2	-1.6	4.6	2.33	1.74	0.81	-1.13	3.4%	-5.1%	-16.0%				
Difference		2.11	0.45	5.4	-1.8	5.2	2.64	2.01	1.05	-0.94	4.4%	-6.3%	-20.0%				
Difference		2.05	0.77	4.5	-1.5	5.9	2.36	1.71	0.93	-0.67	3.7%	-5.2%	-16.0%				

(1) Securities pricing provided by Stifel Fixed Income Proprietary Pricing matrix as of 11/01/2021 and may not represent executable levels
 (2) Analytics provided by Bloomberg, The Yield Book, and ZM Financial

Summary Comparison

The grid describes cash deploy strategies with various goals and constraints

- The “Short Allocation” achieves a spread of 1.20% with an +300 Price Volatility of -12%
- Strategy 2-4 allow credit product allocation
- The “Medium Allocation” → achieves a spread of 1.74% with an +300 Price Volatility of -16%
- The “Long Allocation” → achieves a spread of 2.01% with an +300 Price Volatility of -20%
- Swapped Bonds (Strategy 4) using Strategy 2’s constraint performs similar to strategy 2 in base case but outperforms in up rate scenarios

Descriptions	Beginning Data	Strategy 1		Strategy 2		Strategy 3		Strategy 4	
		Pro Forma	Change	Pro Forma	Change	Pro Forma	Change	Pro Forma	Change
		Shorter Allocation Short Allocation No "Credit" Px Risk +300 to -12%		Medium Allocation Medium Allocation Allow "Credit" Px Risk +300 to -16%		Longer Allocation Long Allocation Allow "Credit" Px Risk +300 to -20%		Include Swapped Bonds Medium Allocation Allow "Credit" Px Risk +300 to -16%	
Asset Purchases		100,000		100,000		100,000		100,000	
Securities Yield		1.35%		1.89%		2.16%		1.86%	
WAL		3.2		4.6		5.2		5.9	
Duration		2.7		4.2		5.4		4.5	
+300 Price Vol.		(12.0%)		(16.0%)		(20.0%)		(16.0%)	
Cash Balance		100,000		100,000		100,000		100,000	
Cash Yield		0.15%		0.15%		0.15%		0.15%	
Net Interest Spread		1.20%		1.74%		2.01%		1.71%	
0-12 Month NII		\$	Spread	\$	Spread	\$	Spread	\$	Spread
-100 0-12 Mo. NII		1,585	1.59%	2,330	2.33%	2,634	2.64%	2,354	2.36%
Base 0-12 Mo. NII		1,200	1.20%	1,743	1.74%	2,013	2.01%	1,709	1.71%
+100 0-12 Mo. NII		370	0.37%	809	0.81%	1,052	1.05%	925	0.93%
Impact On EVE		\$	%Δ	\$	%Δ	\$	%Δ	\$	%Δ
-100 EVE		2,090	2.1%	3,400	3.4%	4,393	4.4%	3,720	3.7%
+100 EVE		(3,313)	(3.3%)	(5,081)	(5.1%)	(6,332)	(6.3%)	(5,173)	(5.2%)
+300 EVE		(12,000)	(12.0%)	(16,000)	(16.0%)	(20,000)	(20.0%)	(16,000)	(16.0%)
Key Impacts			%Δ		%Δ		%Δ		%Δ
Leverage	8.75%	8.75%	0.00%	8.75%	0.00%	8.75%	0.00%	8.75%	0.00%
Tot RB Capital	12.19%	12.11%	(0.07%)	12.01%	(0.17%)	12.03%	(0.15%)	12.03%	(0.15%)
TCE/TA	8.58%	8.58%	0.00%	8.58%	0.00%	8.58%	0.00%	8.58%	0.00%
NIM	3.20%	3.24%	0.04%	3.26%	0.06%	3.26%	0.06%	3.25%	0.05%
ROA	1.20%	1.23%	0.03%	1.24%	0.04%	1.25%	0.05%	1.24%	0.04%
ROE	9.77%	10.02%	0.25%	10.13%	0.36%	10.18%	0.41%	10.12%	0.35%
EPS	2.75	2.81	0.06	2.84	0.09	2.86	0.11	2.84	0.09

Generic Sector Allocation vs Swapped Bond Allocation

- The chart below contrasts the differences between Strategy 2 and Strategy 4
 - Both have relatively the same base case spread vs cash yielding 15 bps - around ~1.88 bps of spread and both have similar price rate volatility in rate shock scenarios
- However, including swapped bond allocation in cash deploy allows for greater performance for overall yield increase in rates up scenarios

Funding														Allocation	
Type	Maturity	Coupon (%)	Price	Duration	Cvx	WAL	0-12mo Cost (%)				Price Volatility			Strategy 2	Strategy 4
							-100	Base	+100	+300	-100	+100	+300		
Cash	11/11/2021	0.15	100.00	0.0	0.0	0.0	-0.85	0.15	1.15	3.15	0.0%	0.0%	0.0%	100%	100%

Securities Purchases														Allocation	
Type	SubSector	Coupon (%)	Price	Duration	Cvx	WAL	0-12mo Yield				Price Volatility			Strategy 2	Strategy 4
							-100	Base	+100	+300	-100	+100	+300		
Agency Debt	5yr Agy Callable (5YNC6M Berm)	1.37	100.00	2.5	-2.2	0.5	1.37	1.37	1.37	1.37	1.2%	-3.2%	-11.5%	25%	0%
Agency Debt	10yr Agy Callable (10YNC6M Berm)	1.91	100.00	3.5	-4.2	0.8	1.91	1.91	1.91	1.91	1.5%	-4.8%	-18.7%	0%	25%
Agency MBS	30yr 2.5% MBS pass through	2.50	102.89	3.5	-3.2	5.6	0.89	1.91	2.12	2.20	2.1%	-4.9%	-19.1%	9%	0%
Agency CMO	5yr SEQ	2.00	100.91	2.6	-3.2	4.4	0.00	1.76	1.84	1.87	0.9%	-4.0%	-16.2%	15%	6%
SBA	SBA Fixed	1.67	99.63	5.5	-1.3	5.6	1.69	1.69	1.69	1.69	5.4%	-5.0%	-14.0%	10%	10%
NA RMBS	RMBS 30yr PT	2.50	100.77	3.2	-3.3	4.2	1.81	2.31	2.41	2.42	1.3%	-8.2%	-22.4%	10%	10%
Municipal	10yr Taxable Muni	2.04	100.20	9.1	0.9	10.0	2.02	2.02	2.02	2.02	9.6%	-8.7%	-23.6%	6%	0%
Municipal	20yr Taxable Muni	2.70	100.70	12.5	1.0	11.5	2.62	2.63	2.65	2.65	12.1%	-11.7%	-32.6%	0%	9%
Corporate	5yr Fixed Corp (Banks)	1.50	100.00	4.8	0.3	5.0	1.50	1.50	1.50	1.50	5.0%	-4.7%	-13.4%	2%	0%
Corporate	5yr Floater Corp (Financial)	0.93	101.27	0.5	-0.1	4.5	0.54	0.66	1.54	3.31	1.1%	-0.5%	-1.0%	3%	0%
Corporate	10yr Fixed Corp (Banks)	2.29	100.00	9.0	0.9	10.0	2.29	2.29	2.29	2.29	9.5%	-8.6%	-23.4%	10%	10%
Subdebt	Community Bank Sub Debt (BBB)	3.13	100.00	4.4	1.0	4.9	3.13	3.13	3.13	3.13	4.5%	-4.3%	-12.3%	10%	10%
Swapped Bond	Swapped 10y Freddie K (10y Spot)	2.02	103.08	0.4	0.0	9.8	-0.52	0.48	1.48	3.48	0.5%	-0.3%	-0.9%	0%	20%

Strategy 2 Purch.	Med. Allocation Max 16% Px Risk	2.01	100.49	4.2	-1.6	4.6	1.48	1.89	1.96	2.02	3.4%	-5.1%	-16.0%		
Strategy 4 Purch.	Allow Swapped Bonds Max 16% Px Risk	2.20	100.77	4.5	-1.5	5.9	1.51	1.86	2.08	2.48	3.7%	-5.2%	-16.0%		
<i>Difference from Cash Position</i>		1.86	0.49	4.2	-1.6	4.6	2.33	1.74	0.81	-1.13	3.4%	-5.1%	-16.0%		
<i>Difference from Cash Position</i>		2.05	0.77	4.5	-1.5	5.9	2.36	1.71	0.93	-0.67	3.7%	-5.2%	-16.0%		

Polling Question 2

- While constructing your investment portfolio, what concerns you most in this environment:
 - a) Earnings growth in light of slow loan growth
 - b) Building a consistent cash flow profile to help provide liquidity to loan growth over the coming years
 - c) Price volatility due to the duration that has been added within this low rate environment
 - d) Credit considerations within credit exposed product (i.e., corporates, municipals, private label MBS, etc.)

Hedging Investment Securities with Pay Fixed Swaps

Executive Overview

Strategy Overview

Partial term fair value hedging allows a financial institution to create floating-rate or fixed-to-floating rate exposures by pairing an underlying fixed rate security with an interest rate swap. This strategy captures the spread, without the full benchmark interest rate risk, associated with longer duration securities.

Discount Margins

- On the longer end of the curve, certain Agency CMBS and municipal securities can offer compelling back-end discount margins, given the spreads that are offered
- Examples:
 - 10y agency bullet immediately swapped to +39 basis points over SOFR
 - Seasoned Freddie K A2, 1.43% fixed yield for 1 year, then floating at +25 basis points over SOFR (up to open window at 100cpy)
 - compare to the recent 10y K-deal floater issued on 11/4 at an immediate floating yield of 30d average SOFR + 22bps

Structure and Availability

- SOFR interest rate swaps presented in each of the following slides are using daily compounded SOFR in arrears- floating daily, capturing real time index movements
 - Whereas certain floating rate products like K-deal floaters noted above, which reference 30d average SOFR - a backward looking average, creating a delayed response to index movements
- In terms of availability, the ability to create floating rate exposure by swapping fixed rate securities to floating also opens up greater access to product
 - See Appendix for further comments on relative value and availability of floating rate securities versus synthetic floaters (fixed swapped to floating) (see footnotes on following slides)
- A range of securities for each of these three sectors are shown swapped to floating and swapped to fixed-to-floating structures on the following slides (shown versus SOFR).As of 11/8, overnight SOFR was 0.05%

Agency Debentures Swapped to Floating Representative SOFR Discount Margins (DMs)

- The table below illustrates various floating and fixed-to-float options using fixed rate Agency bullets:

Agency Debentures	Bond										Hedge		Hedged Position						
	Description	Price	Cpn	Yield	Mat	Avg Life	Eff Dur	Px Chg -1	Px Chg +1	Px Chg +3	Structure	Cpn	Structure	Fixed Yld	SOFR DM	Eff Dur	Net Px Chg -1	Net Px Chg +1	Net Px Chg +3
	3y Bullet	100.13	0.70	0.66	3.0	3.0	2.9	3.0%	-2.9%	-8.3%	3y	0.75	Flt		+0.09	0.0	0.0%	0.0%	0.1%
											In 1y for 2y	1.02	Fx to Flt	0.66	+0.36	1.0	1.0%	-1.0%	-2.9%
											In 2y for 1y	1.24	Fx to Flt	0.66	+0.58	2.0	2.0%	-2.0%	-5.7%
	5y Bullet	100.54	1.16	1.05	5.0	5.0	4.8	4.9%	-4.7%	-13.3%	5y	1.02	Flt		+0.04	0.0	0.0%	0.0%	0.1%
											In 1y for 4y	1.23	Fx to Flt	1.05	+0.18	1.0	1.0%	-1.0%	-2.8%
											In 2y for 3y	1.36	Fx to Flt	1.05	+0.31	2.0	2.0%	-1.9%	-5.6%
	7y Bullet	111.02	3.00	1.42	7.4	7.4	6.6	6.9%	-6.4%	-17.8%	7y spot	1.19	Flt		+0.35	0.3	0.3%	-0.3%	-0.7%
											In 1y for 6y	1.36	Fx to Flt	1.42	+0.06	1.1	1.2%	-1.1%	-3.3%
											In 2y for 5y	1.46	Fx to Flt	1.42	+0.04	2.0	2.1%	-2.0%	-5.8%
	10y Bullet	97.77	1.31	1.71	9.7	9.7	9.1	9.6%	-8.7%	-23.6%	10y spot	1.29	Flt		+0.39	-0.2	-0.3%	0.3%	0.8%
											In 1y for 9y	1.44	Fx to Flt	1.71	+0.27	0.8	0.7%	-0.7%	-2.1%
											In 2y for 8y	1.52	Fx to Flt	1.71	+0.19	1.8	1.7%	-1.7%	-4.9%
	12y Bullet	101.04	1.85	1.75	12.0	12.0	10.7	11.4%	-10.1%	-27.0%	12y spot	1.36	Flt		+0.4	-0.1	-0.2%	0.2%	0.7%
											In 2y for 10y	1.56	Fx to Flt	1.75	+0.19	1.8	1.7%	-1.6%	-4.8%
											In 3y for 9y	1.59	Fx to Flt	1.75	+0.16	2.8	2.7%	-2.6%	-7.5%
	17y Bullet	100.07	1.98	1.98	16.7	16.7	14.2	15.4%	-13.1%	-33.8%	17y spot	1.44	Flt		+0.54	-0.6	-0.7%	0.6%	1.6%
											In 2y for 15y	1.59	Fx to Flt	1.98	+0.39	1.3	1.1%	-1.2%	-3.8%
											In 3y for 14y	1.61	Fx to Flt	1.98	+0.36	2.3	2.1%	-2.1%	-6.5%

(1) Indicative levels as of 11/8/21; may not represent executable levels.

(2) Interest rate swap maturities match the maturity of the security.

(3) Price shocks represent an immediate parallel curve shock.

(4) Information presented above regarding interest rate derivatives is considered general and factual. Please see further disclosures on the last page of this presentation.

Agency and Private Label CMBS Swapped to Floating Representative SOFR Discount Margins (DMs)

- The table below illustrates various floating and fixed-to-float options using fixed rate Agency CMBS:

	Bond										Hedge		Hedged Position						
	Description	Price	Cpn	Yield	Mat	Avg Life	Eff Dur	Px Chg -1	Px Chg +1	Px Chg +3	Structure	Cpn	Structure	Fixed Yld	SOFR DM	Eff Dur	Net Px Chg -1	Net Px Chg +1	Net Px Chg +3
Freddie K-Deal	New Issue 10y K A2	103.08	2.02	1.67	9.8	9.8	9.0	9.4%	-8.5%	-23.3%	9y spot	1.28	Flt		+0.43	0.4	0.5%	-0.3%	-0.9%
											In 1y for 8y	1.43	Fx to Flt	1.67	+0.25	1.3	1.4%	-1.3%	-3.6%
											In 2y for 7y	1.51	Fx to Flt	1.67	+0.16	2.3	2.3%	-2.2%	-6.3%
	Seasoned 10y K A2	98.55	1.38	1.56	8.6	8.6	8.2	8.5%	-7.8%	-21.4%	8y spot	1.21	Flt		+0.33	0.6	0.6%	-0.5%	-1.1%
											In 1y for 7y	1.38	Fx to Flt	1.56	+0.18	1.5	1.6%	-1.5%	-4.0%
											In 2y for 6y	1.48	Fx to Flt	1.56	+0.08	2.5	2.6%	-2.5%	-6.8%
	New Issue 15y K A2	101.85	2.18	2.03	14.8	14.6	12.7	13.6%	-11.8%	-30.9%	14y spot	1.40	Flt		+0.65	0.2	0.3%	-0.2%	-0.2%
											In 2y for 12y	1.57	Fx to Flt	2.03	+0.46	2.1	2.1%	-2.0%	-5.6%
											In 3y for 11y	1.60	Fx to Flt	2.03	+0.43	3.0	3.1%	-2.9%	-8.3%
	Seasoned 15y K A2	117.94	3.90	1.71	9.1	8.9	7.8	8.1%	-7.4%	-20.4%	8y spot	1.23	Flt		+0.65	1.1	1.2%	-1.0%	-2.7%
											In 2y for 6y	1.49	Fx to Flt	1.71	+0.22	2.7	2.8%	-2.6%	-7.5%
											In 3y for 5y	1.53	Fx to Flt	1.71	+0.17	3.6	3.7%	-3.5%	-9.8%
Fannie DUS	10/9.5 DUS	100.43	1.71	1.68	9.9	9.7	9.1	9.5%	-8.6%	-23.4%	9y spot	1.28	Flt		+0.4	0.2	0.3%	-0.2%	-0.3%
											In 1y for 8y	1.43	Fx to Flt	1.68	+0.25	1.2	1.2%	-1.1%	-3.1%
											In 2y for 7y	1.51	Fx to Flt	1.68	+0.17	2.1	2.2%	-2.1%	-5.8%
	15/14.5 DUS	102.36	2.21	2.04	14.5	13.9	12.1	12.9%	-11.2%	-29.6%	14y spot	1.40	Flt		+0.67	-0.4	-0.4%	0.4%	1.1%
											In 2y for 12y	1.57	Fx to Flt	2.04	+0.47	1.4	1.4%	-1.4%	-4.3%
Private Label	CMBS: Conduit	103.16	2.47	2.11	42.9	9.8	8.8	9.2%	-8.4%	-22.9%	9y spot	1.28	Flt		+0.87	0.2	0.2%	-0.2%	-0.4%
											In 2y for 7y	1.51	Fx to Flt	2.11	+0.6	2.1	2.1%	-2.1%	-5.9%
											In 3y for 6y	1.55	Fx to Flt	2.11	+0.56	3.0	3.1%	-3.0%	-8.5%

(1) Indicative levels as of 11/8/21 (new issues priced at new issue spread); may not represent executable levels.

(2) For Freddie K-Deal, 10y and 15y refer to the original maturity of the underlying collateral (not necessarily the remaining maturity or average life of the deal)

(3) Interest rate swap maturities match the end of the call protection period of the security.

(4) Price shocks represent an immediate parallel curve shock.

Page 32 (5) For amortizing bond structures, hedged position floating DMs and net price risk represent the hedged portion of the exposure (where the hedge notional is aligned to the current face outstanding at the end of the call protection period of the security)

(6) Information presented above regarding interest rate derivatives is considered general and factual. Please see further disclosures on the last page of this presentation.

Municipals Swapped to Floating

Representative SOFR Discount Margins (DMs) at 21% tax rate

- The table below illustrates various floating and fixed-to-float options using fixed rate, AA Municipals:

	Bond										Hedge		Hedged Position						
	Description	Price	Cpn	Yield	Mat	Avg Life	Eff Dur	Px Chg -1	Px Chg +1	Px Chg +3	Structure	Cpn	Structure	Fixed Yld	SOFR DM	Eff Dur	Net Px Chg -1	Net Px Chg +1	Net Px Chg +3
Tax-Exempt Municipal	14nc9 3.0	111.46	3.00	2.08	14.3	9.3	8.7	8.6%	-8.8%	-27.1%	9y spot	1.29	Flt		+0.92	0.8	0.4%	-1.3%	-6.5%
											In 1y for 8y	1.44	Fx to Flt	2.08	+0.64	1.7	1.2%	-2.2%	-9.0%
											In 2y for 7y	1.52	Fx to Flt	2.08	+0.56	2.6	2.1%	-3.0%	-11.5%
											9y spot	1.29	Flt		+1.14	1.9	0.5%	-3.3%	-11.5%
	19nc9 3.0	109.30	3.00	2.32	19.3	9.3	9.9	8.9%	-10.9%	-32.5%	In 1y for 8y	1.44	Fx to Flt	2.32	+0.88	2.8	1.4%	-4.1%	-14.0%
											In 2y for 7y	1.52	Fx to Flt	2.32	+0.8	3.6	2.3%	-5.0%	-16.6%
	15nc9 4.0	120.91	4.00	1.81	14.8	8.8	7.6	7.9%	-7.3%	-23.2%	9y spot	1.26	Flt		+0.75	0.7	0.7%	-0.7%	-5.1%
											In 1y for 8y	1.42	Fx to Flt	1.81	+0.39	1.5	1.5%	-1.5%	-7.4%
											In 2y for 7y	1.51	Fx to Flt	1.81	+0.3	2.3	2.3%	-2.3%	-9.7%
	20nc9 4.0	119.01	4.00	2.01	19.8	8.8	7.6	7.9%	-7.4%	-25.7%	9y spot	1.26	Flt		+0.94	0.6	0.6%	-0.7%	-7.3%
											In 1y for 8y	1.42	Fx to Flt	2.01	+0.59	1.4	1.4%	-1.5%	-9.6%
											In 2y for 7y	1.51	Fx to Flt	2.01	+0.5	2.2	2.2%	-2.3%	-12.0%
Taxable Muni	5y bullet	99.33	1.12	1.27	4.7	4.7	4.6	4.7%	-4.5%	-12.7%	5y spot	0.99	Flt		+0.27	-0.1	-0.1%	0.1%	0.3%
											In 1y for 4y	1.22	Fx to Flt	1.27	+0.05	0.9	0.9%	-0.9%	-2.6%
											In 2y for 3y	1.36	Fx to Flt	1.27	+0.09	1.9	1.9%	-1.9%	-5.5%
	7y bullet	99.33	1.48	1.59	6.7	6.7	6.4	6.6%	-6.1%	-17.2%	7y spot	1.16	Flt		+0.42	-0.2	-0.1%	0.2%	0.5%
											In 1y for 6y	1.34	Fx to Flt	1.59	+0.25	0.8	0.8%	-0.8%	-2.4%
											In 2y for 5y	1.45	Fx to Flt	1.59	+0.14	1.8	1.8%	-1.8%	-5.2%
	10nc9	100.23	2.02	1.99	9.8	8.8	8.5	8.7%	-8.3%	-22.9%	9y spot	1.27	Flt		+0.73	0.2	0.0%	-0.4%	-0.9%
											In 1y for 8y	1.42	Fx to Flt	1.99	+0.57	1.2	1.0%	-1.3%	-3.8%
											In 2y for 7y	1.51	Fx to Flt	1.99	+0.48	2.1	2.0%	-2.3%	-6.5%
		14nc9	97.38	2.18	2.40	14.3	14.3	11.1	11.0%	-11.2%	-29.7%	9y spot	1.29	Flt		+1.08	2.1	1.6%	-2.6%
										In 1y for 8y	1.44	Fx to Flt	2.40	+0.96	3.1	2.6%	-3.6%	-9.0%	
										In 2y for 7y	1.52	Fx to Flt	2.40	+0.88	4.1	3.6%	-4.6%	-11.9%	
	20nc9	101.78	2.83	2.60	19.8	8.8	11.8	10.8%	-12.7%	-34.0%	9y spot	1.27	Flt		+1.36	3.6	2.3%	-4.9%	-12.5%
										In 1y for 8y	1.42	Fx to Flt	2.60	+1.18	4.5	3.2%	-5.8%	-15.2%	
										In 2y for 7y	1.51	Fx to Flt	2.60	+1.09	5.5	4.2%	-6.7%	-18.0%	

(1) Indicative levels as of 11/8/21; may not represent executable levels.

(2) Taxable equivalent yields represent zero cost of funds and 21% marginal federal tax rate.

(3) Interest rate swap maturities match the first call date of the security.

(4) Price shocks represent an immediate parallel curve shock.

(5) Information presented above regarding interest rate derivatives is considered general and factual. Please see further disclosures on the last page of this presentation.

Government/Agency/GSE

Floating Rate Security	Approximate DM/ Comment on Availability	Synthetic Fixed Rate Swapped to Floating Comp	Approximate DM
Agency SOFR Floater	Very limited availability	Fixed Rate Agency Debenture Swapped to Floating	SOFR +39 (10y bullet)
Post-Reset Hybrid ARM	Very limited availability		
Agency CMO SOFR Floater	SOFR + 40 (3% cap), 30y 3.0 loan bal collateral		
HECM Floating Pool	Very limited availability, super high premium		
HECM Floating CMO	SOFR + 25 @ 100hpc, high premium, generally 1mL or 1yL floating collateral		
Par SBA Floater	Very limited availability		
Premium SBA Floater	49bp yield		
Freddie K-Deal SOFR Floater	SOFR +20 to +24; Limited secondary supply	Freddie K-Deal A2/AM Fixed Rate Swapped to Floating	SOFR +33 to +65
Fannie ACE Floater	1mL+30; fixed rate collat swapped to floating in deal structure		
Fannie DUS TBA SOFR Floater	SOFR +20 to +22	Fannie DUS Fixed Rate Swapped to Floating	SOFR +40 for 10/9.5

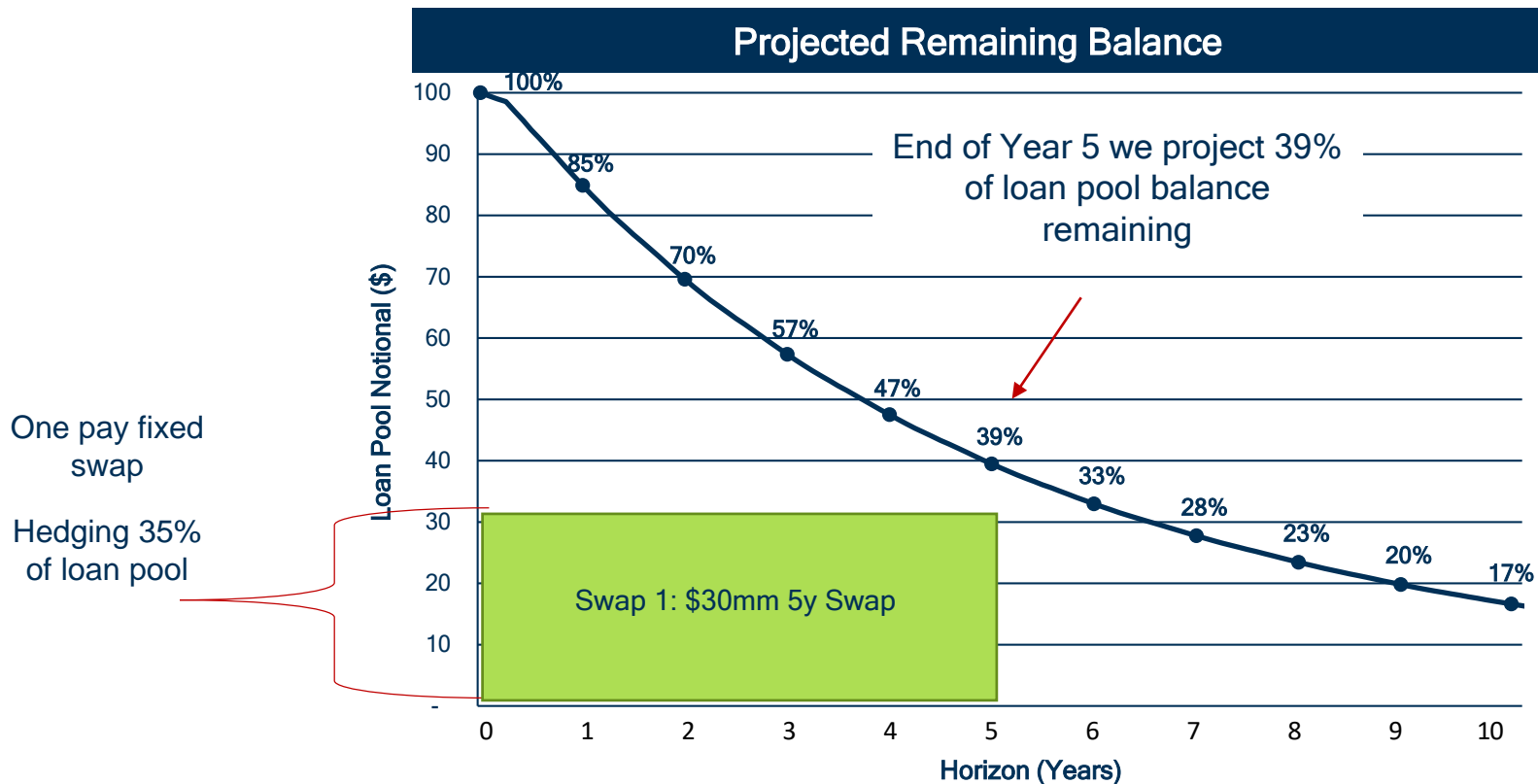
Private Label/Other

Floating Rate Security	Approximate DM/ Comment on Availability	Synthetic Fixed Rate Swapped to Floating Comp	Approximate DM
Student Loan ABS	Discounts 1mL +40 to +50, premiums 1mL +50 to +65, limited availability and in small pieces		
Corporate Floater (Financial)	SOFR + 59 (5y)	Corporate Fixed Rate Swapped to Floating	SOFR +43 (5y)
AA/AAA CLO	3mL + 115 (AAA) to +168 (AA)		
Private Label CMBS Floater	1mL + 65	Private Label CMBS Fixed Rate Swapped to Floating	SOFR +87
Municipal VRDOs	Money market fund asset, weekly or monthly reset on SIFMA, 2-8 bp yield	Taxable and or Tax-exempt Municipal swapped to floating	SOFR +75 to +108 (for AA 15nc10, depending on coupon

Last of Layer Hedging - FASB Accounting Expansion

Portfolio Layer Approach: Last Dollar Outstanding Analysis

- As stated in the codification, an analysis must be completed that supports the last dollar amount will be outstanding at the stated maturity of the hedging relationship based upon current expectations of the portfolio or collateral performance.
- The chart below illustrates the performance of Sample Institution's \$100mm first mortgage 3.15 WAC fixed loan pool (which includes both newer and more seasoned loans and excludes loans with maturities in the next five years) using the ZM prepayment expectations of 11cpr/5.4y WAL. This analysis would be completed quarterly to serve as part of the hedge effectiveness testing for the associated hedge.



- The hedge should be sized conservatively according to expected collateral performance to a given hedge maturity point.

(1) http://www.fasb.org/jsp/FASB/Document_C/DocumentPage?cid=1176169282347&acceptedDisclaimer=true

(2) Information presented above regarding interest rate derivatives is considered general and factual. Please see further disclosures on the last page of this presentation.

Portfolio Layer Method Update

Proposed Portfolio Layer Method

- In May of this year (2021), Financial Accounting Standards Board (FASB) released its proposed Accounting Standards Update (ASU) entitled “Derivatives and Hedging (Topic 815) - Fair Value Hedging - Portfolio Layer Method.”¹
- This proposed codification expands on the current Last of Layer Hedging rule and would allow for multiple layers (swaps) with different notional and maturity dates underlying a hedged loan pool, providing institutions a better hedging tool to increase risk management effectiveness.
- The proposed rule if finalized in its current form would also allow banks and financial institutions a one time chance to reclassify debt securities from held to maturity (HTM) to available for sale (AFS) in transition if the reclassified securities would qualify to be hedged under the portfolio layer method and per the November 10, 2021 board meeting tentative decisions, is hedged within 30 days of adoption.²

Application

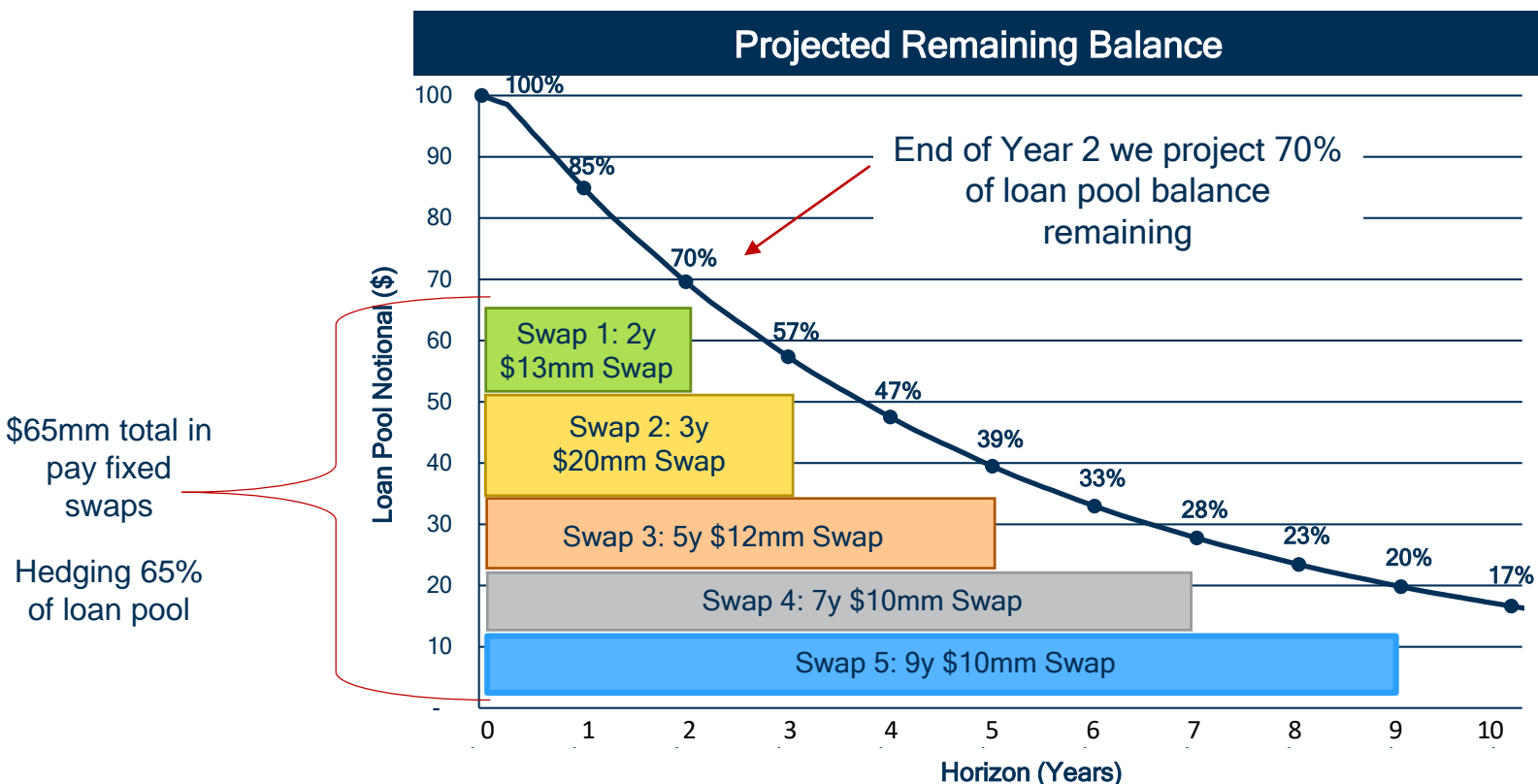
- The Portfolio Layer hedging method creates a more effective hedging tool for fixed rate pre-payable financial assets, allowing institutions to better manage fair value changes and hedge interest rate exposure to:
 - **Consumer Loan Pools** (Fixed Rate Mortgages, Auto Loan pools etc.)
 - **AFS Mortgage-Backed Securities held in Investment Portfolio**

(1) https://www.fasb.org/cs/Satellite?c=FASBContent_C&cid=1176176621078&pagename=FASB%2FFASBContent_C%2FNewsPage

(2) https://www.fasb.org/jsp/FASB/Document_C/DocumentPage?cid=1176176621264&acceptedDisclaimer=true

Portfolio Layer Approach: Last Dollar Outstanding Analysis

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Polling Question 3

- Would you consider hedging in the current environment in light of recent inflation/rate posturing by the Federal Reserve and the upcoming FASB ruling on the portfolio layer method?
 - a) Yes
 - b) No

P PPP Loan Sale and Current Loan Offerings

Recently PPP Pool Sale

- An institution recently sold their PPP loan pool through Stifel Loan group.

Why Sell?

- Earlier recognition of fee income
- Delever the institution and drop below FDICIA threshold
- In 2020 the FDIC gave relief to institutions from the Part 363 Audit and Reporting requirements due to institutions experiencing growth due to participation in PPP.
 - However, without the extension of this relief into 2022 (which has yet to be provided), the FDICIA requirements for an institution greater than \$500mm or \$1billion in total assets on the first day of their fiscal year beginning in 2022 would be subject to these requirements
- As a result, clients slightly above key FDICIA thresholds are selling PPP portfolios in order to deleverage the institution prior to January 1, 2022

SBA Paycheck Protection Program Pool Size: \$56,334,408	
Minimum Amount: All or none	
Loan Purpose: Relief program to provide small business loans to eligible borrowers affected by the COVID-19 pandemic. Include both first and second draw loans.	
Location: 87% PA	
Loan Portfolio Size: \$56,334,408 Weighted Average Coupon: 1.00% Weighted Loan Size: \$65,202 Weighted Maturity Date: 2/16/26	
Amortization: Monthly (deferred during advance and 10 month grace period) Pass Through Rate: 1.00%	
Sale Price: \$99.50 + Accrued Interest to Date of Sale Yield to maturity (assumes no forgiveness): 1.24%	
Offered as a whole loan, servicing released by the originator (as required by the SBA)	
Purchaser Yield Scenarios with purchase at \$99.50 assuming 1% pass through cpn and 2/16/26 maturity with various forgiveness assumptions	
60% forgiveness in January 2022/40% no forgiveness	1.51% yield/ 1.03 WAL
no forgiveness	1.63% yield/ 0.83 WAL
80% forgiveness in January 2022/20% no forgiveness	1.82% yield/ 0.63 WAL
<small>*Scenarios are meant to illustrate only a few of many possible outcomes, not an exhaustive list **Cash flow assumptions used to arrive at yields can be provided upon request</small>	
<input type="checkbox"/> PPP Loans are 100% SBA Guaranteed (full faith and credit of the US Government). <input type="checkbox"/> Only SBA Approved Lenders are eligible purchasers <input type="checkbox"/> Each loan has a 2-year final or a 5-year maturity and a 1% coupon. Loans may pay off sooner if the loan meets the SBA forgiveness criteria. <input type="checkbox"/> Loans may be prepaid in full or in part by the SBA at any time. <input type="checkbox"/> We will follow normal loan group protocols whereby LOIs will be executed by buyers subject to completion of due diligence.	

Why Purchase?

- Place excess cash into earning assets with shorter duration relative to current investment environment

Loan Offering- C&I Loan Portfolio

- Below is a current live loan offering from Stifel's Loan Trading Desk

For Institutional Investors Only

Offer # 3023



Whole Loan Offering

November 2021

\$76 Million Floating Rate C&I Loan Portfolio
Strong Cash Flow Coverage - Negotiated Transaction - Servicing Released
Medical Industry Concentration - Bank Seller

Portfolio Characteristics

Original Amount	\$88,314,315
Current Principal Balance	\$76,050,694
Unfunded Available	\$5,165,138
Number of Loans	23
Number of Lending Relationships	6
Average Loan Size	\$3,306,552
Average Relationship Size	\$12,675,116
WAC	4.667%
WA Margin (Indexed mostly to 1M LIBOR)	4.223%
WA Seasoning	26 months
WA Months to Rate Reset (Mostly 1M LIBOR)	0 months
WA Maturity	34 months
WA Remaining Months to Amortization	131 months
WA Adj. EBITDA / Annual P&I *	5.40x

* EBITDA is annualized and based on Summer 2021 YTD borrower financials.
 Annual P&I is calculated based the annualized last payment made at the loan level

Custom Yield Table - Servicing Retained (1.50% Servicing), Assumes No Loss

Price	CPR	CPR	CPR	CPR
103.00	6	8	12	15
BE Yield	7.144%	7.099%	7.004%	6.928%
Avg Life	2.48	2.39	2.23	2.12
Duration	2.20	2.13	2.00	1.91

Transaction Notes

- Our client is seeking lending partners to fund minimum commitments of \$2-3 million/month of typically 5 year term, forward flow IVF / Fertility treatment consumer financing. Offered Servicing Retained, client will work with Credit Union lenders to memberize borrowers. Client is targeting a \$30-50 mm portfolio within 18 months.
 - Our client is a fintech platform which provides consumer financing to prime borrowers for IVF / Fertility treatment bundled with valued added services in fertility coaching and payment services (direct disbursement to providers).
- From inception through September 2021, seller has originated over \$32 MM: \$3 MM in 2018, \$6.5 MM in 2019, \$7.5 MM in 2020, and anticipates exceeding \$25 MM in 2021.
- Expected annual loss rates range from 1.33% to approximately 2.00%. Historical lifetime prepay speed ranges from ~8 to ~14 CPR to date.
- The product structure includes direct disbursement of loan proceeds to fertility clinics, pharmacies and direct to borrower over the first 60-90 days of the contract (similar to a delayed-draw structure). The payment and interest rate remain fixed based on the approved maximum loan amount - the cumulative principal disbursed and final amortization are determined at end of 90 day draw period.
 - Max DTI is 45%. Any credit applicant with a FICO score below 740 must have reported income verified by providing a W2, 1040, 1099, or recent pay stub. Applicant cannot be bankrupt within last two years, must be US citizen / permanent resident / current visa with term equal to or greater than the duration of the loan. 99% of borrowers are set up for ACH payments.
 - Top States: CA (29%), TX (19%), CO (9%), PA (5%), NY (5%), VA (4%), 37 Other States (30%).
 - Stifel's standard confidentiality agreement is acceptable for this transaction. Detailed due diligence materials, including historical cumulative loss and prepayment performance, will be available to potential lending partners under NDA.

Loan Offering - Financing Partnership

- Below is a current live loan offering from Stifel's Loan Trading Desk

For Institutional Investors Only

Offer # 3022

STIFEL Fixed Income
Capital Markets

Forward Flow Opportunity

October 2021

\$2-3 Million/Month Forward Flow - Fertility Treatment Consumer Financing
Short Duration | Prime Credit Profile | Servicing Retained

Portfolio Characteristics	
Portfolio Target	\$30,000,000
Average Loan Size	~\$18,000
Average Gross Fixed Rate Coupon	9.900%
Average Net Fixed Rate Coupon (1.50% Servicing Fee)	8.400%
Average Borrower FICO (Minimum 680 Required)	750
Average Original Term	5 years
Average Income (Minimum \$55K for Patient + Partner)	\$132,000

Custom Yield Table - Servicing Retained (1.50% Servicing), Assumes No Loss				
Price	CPR	CPR	CPR	CPR
103.00	6	8	12	15
BE Yield	7.144%	7.099%	7.004%	6.928%
Avg Life	2.48	2.39	2.23	2.12
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