



Expanding the Reach of Community Banking

California Bankers Association 2023 Bankers Summit

Disclosures

Notes below are referenced throughout the presentation.

Note 1: BancAlliance programs include programs offered directly by AP and other parties where BancAlliance is not a contractual party to the program.

Note 2: The portfolio summary represents the portfolio of loans offered by AP to BancAlliance members, which is generally representative of the current portfolio held by BancAlliance members in aggregate as of June 30, 2023. Each loan in the portfolio is given equal weight, irrespective of size of the loan.

Note 3: Sample loans are presented for illustrative purposes only to provide examples of the types of loans available through the BancAlliance network. BancAlliance members may or may not own these sample loans at this time. The specific loans identified do not represent all of the loans presented to BancAlliance members. To request a complete list of all recommendations made within the past year, contact info@bancalliance.com.

Note 4: Sample loans are presented for illustrative purposes only to provide examples of the types of loans available through the BancAlliance network. BancAlliance members may or may not own these sample loans at this time.

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The BancAlliance Network



The scale of a **350+ community bank network** that unlocks access to an array of innovative lending services and of bank connections.



Opportunities to achieve more diversified loan portfolios, which means reducing risk and increasing stability.



Formed in **2011** with help of community banks in response to great recession. Remains bank run with **15 board sets** held largely by community banks



Membership is free and allows members the option to view and participate in individual C&I offerings

Member Banks:

374

States Represented:

45
+ DC
PR
GU

California Banks:

23

Average Member Size:

\$4.18B

Median Member Size:

\$956M



Commercial Loan Program

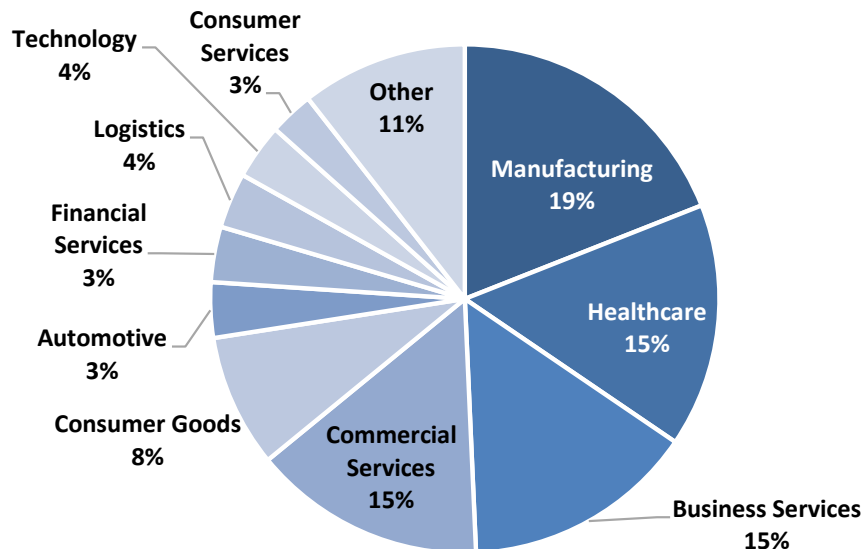
Cash flow financing is typically provided to fund middle-market businesses with approximately \$10–75 million in EBITDA.

Senior credit **facilities range in size from \$25–250 million**, secured by substantially all assets of the business.

These loans generally have five to seven-year terms and variable interest rates, and an **average life of ~3 years**.

Loans are **Floating Rate pricing**, primarily SOFR based.

Fundings by Industry



Sample Loan

Company: Founded in 1904, Company is a precision manufacturer for the medical industry, focusing on metal injection molding and ceramic injection moldings.

Facility Size: \$80M Term Loan and \$10MM Revolving Credit Facility

Use of Proceeds: Purchase of Company by institutional capital (also contributing \$195MM of cash equity)

Spread: SOFR + 4.75% (~10.0% before fees)

Term: 6 Years

Amortization: 2.5% Years 1-3 / 5.0% Years 4-6 including Excess Cash Flow Payment requirements

Revenue/EBITDA: \$52.0MM / \$19.1MM

Commercial Portfolio Performance

- As of 6/30/23, AP has committed to \$6.5BN on behalf of BancAlliance
- 420 cash flow loans that have been offered to BancAlliance members.
- Of the 420 cash flow loans originated:
 - 293 have been repaid in full, 113 remain outstanding and 14 BancAlliance cash flow loans have experienced losses since inception.
- Of the 113 outstanding cash flow loans as of 6/30/23, 103 are pass-rated (rated 1 –6) and 10 are currently on AP’s watchlist (rated 7-9).

*Information with respect to prior performance, while a useful tool in evaluating Alliance Partners’ investment activities, is not indicative of actual results that may be achieved for unrealized investments.

*Losses do not include loans with payment defaults if lenders received a full recovery.

*The above presentation differs from historical presentations, as certain loans are **excluded**. Loans that are excluded include covenant-lite loans offered through AP Asset Management, which are available to BancAlliance members that execute separate documentation managed by AP, and other loan types (e.g., health care real estate and equipment finance) that were previously offered to BancAlliance but have not been offered in recent years.

*Certain loans included in the origination count have not yet been offered to BancAlliance, but are expected to be offered at a later date.



Typical Credit File (Electronic)

Approval

Documents

- Borrower Overview
- Credit Memo
- Underwriting Data
- Closing Memo

Legal Documents

- Closing Documents
- Amendments

Legal Documents

- Closing Documents
- Amendments

Monitoring

Documents

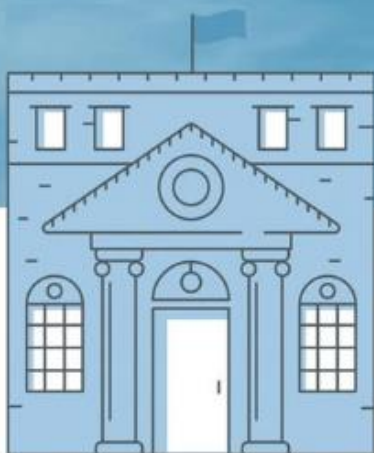
- Financial Reporting
- Covenant Compliance
- Risk Ratings
- Modifications
- Update Memo

Collateral

- Insurance
- Appraisals
- Borrowing Base

Servicing

- Notifications
- Reports



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