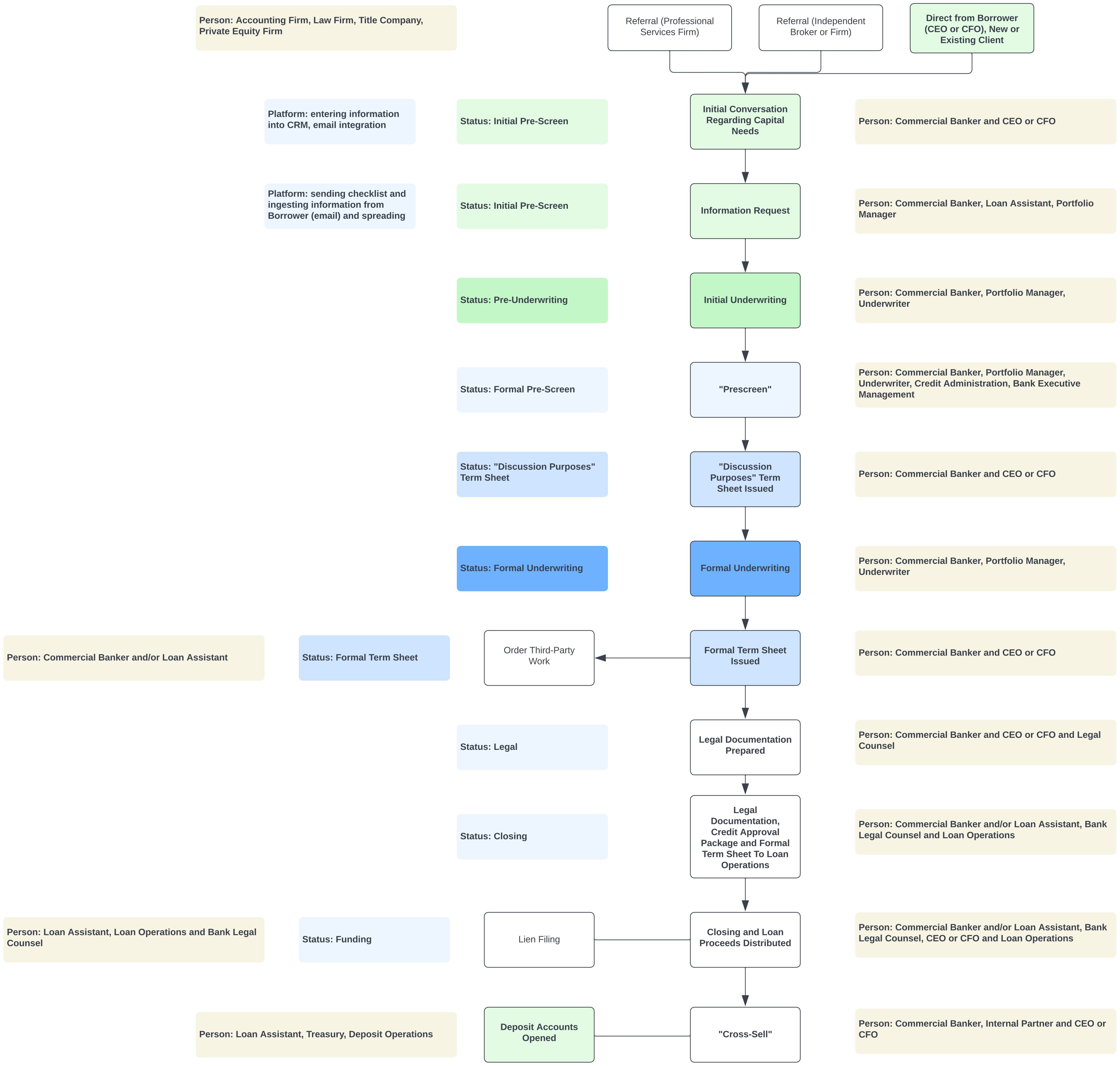

Status: Informal Pre-Screen

Step One: Banker has a conversation with Borrower to understanding capital needs (how much $, how long, what is the purpose, etc.). Banker is also asking informal screening questions to evaluate 1-10 below. <u>There is no formal application in commercial and corporate banking.</u>

Step Two: Banker requests information from Borrower including financial statements (P&L, Balance Sheet and Cash Flow Statement) and any other relevant information specific to the transaction or to the company (contracts, LOI's, etc.)

Status: Pre-Underwriting

Step Three: Banker sends Underwriter financial statements and Underwriter spreads financial statements in Moody's spreading tool. See diagram in deck showing Moody's outputs and spreads.

Step Four: Banker and Underwriter assess the following:

1. Gross Profit Trends (P&L - **Gross Profit less Cost of Goods Sold expressed as a %**)
2. Net Profit Trends(P&L - **Bottom line net profit for the period**)
3. EBITDA Trends (P&L - **Earnings before Interest, Taxes, Depreciation and Amortization**)
4. Pre-Transaction Debt Service Coverage (P&L - **EBITDA** and Balance Sheet - **Total Debt Service**)
5. Post-Transaction Debt Service Coverage (P&L - **EBITDA** and Balance Sheet - **Total Debt Service**)
6. Pre-Transaction Leverage (P&L - **EBITDA** and Balance Sheet - **Total Debt Service**)
7. Post-Transaction Leverage (P&L - **EBITDA** and Balance Sheet - **Total Debt Service**)
8. Asset Margin Parameters **(LTV, LTC on CRE or Borrowing Base Parameters on C&I)**
9. Net Worth Trends (Balance Sheet)
10. Concentrations (client concentrations, specifically)

Step Five: Banker and Underwriter schedule call with Borrower to understand and document (in specific detail):

1. trends
2. transaction request
3. Borrower line of business and history
4. track record of Principals of the Borrower
5. risks to the business model and/or industry

Status: Formal Pre-Screen

Step Six: Banker and Underwriter document findings from #3 and #4 in a "pre-screen" memo to discuss with internal approvers.

Step Seven: Banker prepares "discussion purposes" non-binding term sheet for the Borrower.

Status: "Discussion Purposes" Term Sheet

Step Eight: Banker delivers "discussion purposes" term sheet to Borrower to solicit feedback on proposed solution to capital needs. Borrower is likely also considering term sheets from other Banks.

Step Nine: Banker and Borrower negotiate terms of the deal based on what the Banker thinks he/she can get approved (leaning on conversations that took place in Formal Pre-Screen.

Status: Formal Underwriting

Step Ten: Banker and Underwriter complete formal underwriting focused on 8-10 key areas of the credit package. This would be the final opportunity to ask questions and request additional information from the Borrower before the deal goes for final approval.

Components of Credit Package

1. Loan Request
2. Purpose of the Loan
3. Borrower Background (incl. Principals)
4. Current Banking Relationship
5. Collateral Analysis
6. Financial Analysis (Historical and Projected Balance Sheet, P&L and Cash Flow)
7. Guarantor Analysis
8. Bank Policy Exceptions
9. Strengths & Weaknesses (Collateral, Borrower, Guarantor, etc.)
10. Pricing Assessment

Risk Rating Components

1. Loan Information
2. Collateral Analysis (Type, Value, Liquidation Value)
3. Financial Analysis (Ability to Repay)
4. Guarantor Analysis (Credit Enhancement)

Low Risk (1-3), Medium Risk (4-6), High Risk (7-9)