

Capital Funding Compass

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August 2023

Our Thoughts (What We're Seeing)

June / July saw no new reported Capital Markets transactions in the community bank subordinated debt market. With one more bank failing in July, Heartland Tri-State Bank, potential investors are going to be extremely cautious in their evaluation and purchase of bank debt and are closely watching the price movements in the regional bank index (KRE), and pricing in bank issued debt in the secondary markets, which is active. Regardless of pricing and low activity, some items that investors will still be focusing on are credit quality, loan and deposit concentrations, adverse impact of negative AOCI on balance sheet (Tangible Common Equity), percentage of uninsured deposits, and contingency funding levels. For assistance in positioning your bank properly in these areas, please feel free to reach out to us and we will have a member of our Performance Management Group arrange an initial consultation.

We are seeing some transactions in the bank M&A space, but it is unclear at this time when the bank sub-debt market will be active and healthy enough to re-emerge. Our team is watching the markets and announcements closely and will keep our clients up to date on any new developments.

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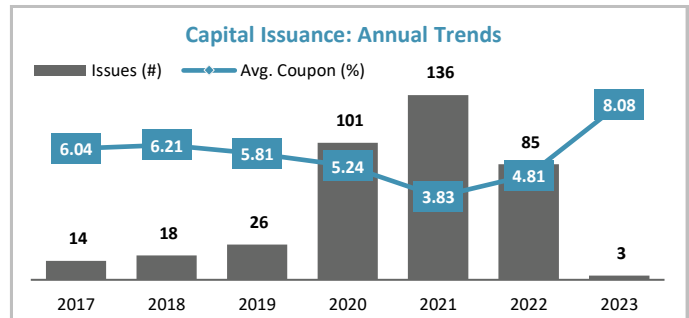
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2023 Capital Issuance Highlights

ISSUES	ISSUANCE		COUPON				TYPE		
	Number	Total (\$MM)	Avg. Size (\$MM)	Average (%)	Median (%)	High (%)	Low (%)	10NC5 (#)	15NC10 (#)
3	222	74.00	8.08	8.00	8.50	7.75	2	0	1

Assets Size	Issues (#)	Avg. Size (\$MM)	Avg. Rate (%)	10NC5 (#)
Less \$150M	0	NA	NA	0
\$150M-\$300M	0	NA	NA	0
\$300M-\$500M	0	NA	NA	0
\$500M-\$1B	1	12.00	8.50	0
\$1B-\$3B	0	NA	NA	0
Over \$3B	2	105.00	7.88	2
TOTAL	3	74.00	8.08	2



SOURCE: S&P Global, *data as of August 16, 2023.

Most Recent Capital Issuance Transactions

Date	Issuer	City	State	Assets (MM)	Issuance (MM)	Rate (%)	Type	CUSIP
3/23/2023	Alaska USA Federal Credit Union	Anchorage	AK	\$11,845	\$110.00	8.000	10NC5	011852AG5
2/23/2023	Quaint Oak Bancorp Inc.	Southampton	PA	\$793	\$12.00	8.500	2NC1	74732TAB2
2/8/2023	Greenstate Credit Union	North Liberty	IA	\$11,355	\$100.00	7.750	10NC5	39573LDV7
12/30/2022	Fidelity Federal Bancorp	Evansville	IN	\$5,652	\$23.25	8.000	10NC5	315921AN6
12/29/2022	Community First Financial Corporation	Kokomo	IN	\$601	\$13.50	8.000	10NC5	203662AA9
12/21/2022	Ozarks Heritage Financial Group, Inc	Gainesville	MO	\$1,142	\$29.50	7.250	10NC5	692659AC9
12/21/2022	Patriot National Bancorp, Inc.	Stamford	CT	\$1,059	\$12.00	8.500	10NC5	70336FAD6
12/9/2022	Evergreen Bancshares Inc.	Saint Louis	MO	\$687	\$11.00	7.500	10NC5	30018MAC2
11/10/2022	Banterra Corp	El Dorado	IL	\$2,727	\$30.30	8.000	10NC5	06683WAA8
10/27/2022	Southern States Bancshares, Inc.	Anniston	AL	\$2,056	\$40.00	7.000	10NC5	843878AE9
9/30/2022	Peach State Bancshares, Inc.	Gainesville	GA	\$599	\$10.00	6.250	10NC5	70469VAA6
9/26/2022	Pathward Financial, Inc.	Sioux Falls	SD	\$6,728	\$20.00	6.625	10NC5	59100UAB4
9/7/2022	Spend Life Wisely Company, Inc.	Durant	OK	\$13,975	\$90.00	6.000	10NC5	84832LAC5