

LOAN GUIDELINES

Loan Pricing Guide for Direct Lending

| September 2023 Loan Types | Maximum LTVs | +300bp Prepay Speed | +300bp Effective Durations | +300 Duration Matched CMT Point | +300 Duration Matched CMT Rate | Net ROA Spread | Servicing Spreads | "A" Paper Credit Spreads | Total Spread Over CMT | Guideline Avg. Rates 9/1/23 | Impact of 1% Discount Point on 1st-Lien RE Loan APY (360 mo. @7% CPR) |
|--|--|--|--|---|--|--|--|--|--|--|--|
| 4 Year New/Used Autos 5 Year New/Used Autos 6 Year New/Used Autos | Not exceeding 110% LTV over NADA Retail for FICOs >700 | 1% ABS 1% ABS 1% ABS | 1.47 1.69 1.88 | 1.5 yr 2.0 yr 2.5 yr | 5.11% 4.87% 4.68% | 0.55% 0.88% 1.28% | 0.75% 0.75% 0.75% | 0.25% 0.25% 0.25% | 1.55% 1.88% 2.28% | 6.66% 6.75% 6.96% | |
| 1 Year 1st RE ARMs 3/1 1st RE ARMs/Balloons 5/1 1st RE ARMs/Balloons 7/1 1st RE ARMs/Balloons * 15-yr. Fixed 1st Mortgages * 30-yr. Fixed 1st Mortgages * | Not exceeding 80% LTV without PMI on 1st-Lien RE Loans | 7% CPR 7% CPR 7% CPR 7% CPR 7% CPR | 0.95 2.47 3.56 4.33 4.52 5.80 | 1.0 yr 3.0 yr 4.0 yr 5.0 yr 6.0 yr 10.0 yr | 5.36% 4.53% 4.36% 4.28% 4.23% 4.08% | 0.25% 0.89% 1.22% 1.46% 1.70% 2.39% | 0.50% 0.50% 0.50% 0.50% 0.38% 0.38% | 0.25% 0.25% 0.25% 0.25% 0.25% 0.25% | 1.00% 1.64% 1.97% 2.21% 2.32% 3.02% | 6.36% 6.17% 6.33% 6.49% 6.55% 7.10% | +15 bp +15 bp +15 bp +15 bp +20 bp +15 bp |
| 5-10 Yr Fixed 2nd-Lien HELS 15 Yr Fixed 2nd-Lien HELS Variable-Rate HELOCs | Not exceeding 80% LTV on 2nd-Lien RE Loans | 7% CPR 7% CPR 7% CPR | 2.15 3.52 0.25 | 2.5 yr 4.0 yr 2.5 yr | 4.68% 4.36% 5.45% | 0.88% 2.88% 0.25% | 1.00% 1.00% 1.25% | 1.25% 1.25% 1.25% | 3.13% 5.13% 2.75% | 7.81% 9.49% 8.20% | |

| Loan Loss and Credit Spreads Estimates Specific FICO Ranges | | | | |
|--|--------------|------------------------------|------------------------------|--------------------------|
| Credit Ratings | Maximum LTVs | Lifetime Default Rates | Estimated Loss Factors | Estimated Loan Losses |
| A+ (FICO 720+) | 110% | 1.5% | 10% | 0.15% |
| A (FICO 700-719) | 110% | 2.5% | 15% | 0.38% |
| B+ (FICO 680-699) | 100% | 5.0% | 20% | 1.00% |
| B (FICO 660-679) | 100% | 7.0% | 20% | 1.40% |
| C+ (FICO 640-659) | 95% | 10.0% | 25% | 2.50% |
| C (FICO 620-639) | 95% | 15.0% | 25% | 3.75% |
| D+ (FICO 600-619) | 90% | 18.0% | 30% | 5.40% |
| D (FICO 580-599) | 90% | 21.0% | 30% | 6.30% |
| E+ (FICO 560-579) | 85% | 25.0% | 35% | 8.75% |
| E (FICO 540-559) | 85% | 30.0% | 35% | 10.50% |
| Subprime | 75% | 45.0% | 40% | 18.00% |

Refer: NCUA Risk Alert # 05-RISK-01 and LTCU # 04-CU-13

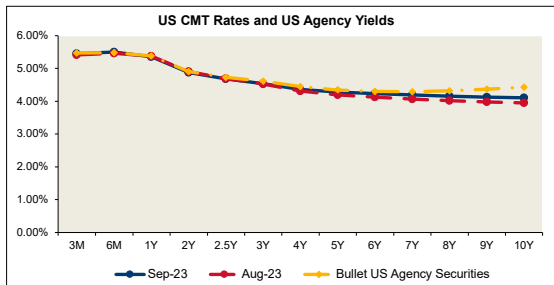
| Risk-Based Pricing Guidelines for 60 mo. Direct Auto Loans Specific FICO Ranges | | | | | |
|--|-----------|---------|---------------|-------------|------------------------|
| Pricing Spreads | | | Total Spreads | 2Y CMT Rate | 60 mo. Auto Loan Rates |
| Credit | Servicing | Net ROA | | | |
| 0.15% | 0.75% | 0.88% | 1.78% | 4.87% | 6.65% |
| 0.38% | 0.75% | 0.88% | 2.01% | 4.87% | 6.88% |
| 1.00% | 1.00% | 0.88% | 2.88% | 4.87% | 7.75% |
| 1.50% | 1.00% | 0.88% | 3.38% | 4.87% | 8.25% |
| 2.50% | 1.25% | 0.88% | 4.63% | 4.87% | 9.50% |
| 3.75% | 1.25% | 0.88% | 5.88% | 4.87% | 10.75% |
| 5.50% | 1.50% | 0.88% | 7.88% | 4.87% | 12.75% |
| 6.25% | 1.50% | 0.88% | 8.63% | 4.87% | 13.50% |
| 8.75% | 1.75% | 0.88% | 11.38% | 4.87% | 16.25% |
| 10.50% | 1.75% | 0.88% | 13.13% | 4.87% | >18% |
| 18.00% | 2.00% | 0.88% | 20.88% | 4.87% | >18% |

Note: Indirect loan spreads may be 25bp to 75bp less than direct loans

| General FICO Ranges | | | | |
|---------------------|--------------|------------------------------|------------------------------|--------------------------|
| Credit Ratings | Maximum LTVs | Lifetime Default Rates | Estimated Loss Factors | Estimated Loan Losses |
| A (FICO 700+) | 110% | 2.0% | 12.5% | 0.25% |
| B (FICO 660-699) | 100% | 6.0% | 20.0% | 1.20% |
| C (FICO 620-659) | 95% | 12.5% | 25.0% | 3.13% |
| D (FICO 580-619) | 90% | 19.5% | 30.0% | 5.85% |
| E (FICO 540-579) | 80% | 27.5% | 35.0% | 9.63% |

| General FICO Ranges | | | | | |
|---------------------|-----------|---------|---------------|------------------------|------------------------|
| Pricing Spreads | | | Total Spreads | 2.0 Year CMT on 9/1/23 | 60 mo. Auto Loan Rates |
| Credit | Servicing | Net ROA | | | |
| 0.25% | 0.75% | 0.88% | 1.88% | 4.87% | 6.75% |
| 1.25% | 1.00% | 0.88% | 3.13% | 4.87% | 8.00% |
| 3.25% | 1.25% | 0.88% | 5.38% | 4.87% | 10.25% |
| 6.00% | 1.50% | 0.88% | 8.38% | 4.87% | 13.25% |
| 9.75% | 1.75% | 0.88% | 12.38% | 4.87% | 17.25% |

Note: Higher loan servicing costs on lower grades of paper.



| Constant Maturity Treasury (CMT) Rates | | | | Bullet US Agency Securities | | |
|--|--------------------|-----------------|--------|-----------------------------|-------|------------------------------|
| Maturity | Effective Duration | Month Beginning | | Maturity | Yield | Agency Bullet Spreads to CMT |
| | | Sep-23 | Aug-23 | | | |
| 3M | 0.25 | 5.45% | 5.42% | 3M | 5.47% | 0.02% |
| 6M | 0.49 | 5.50% | 5.46% | 6M | 5.48% | -0.01% |
| 1Y | 0.97 | 5.36% | 5.37% | 1Y | 5.38% | 0.02% |
| 2Y | 1.90 | 4.87% | 4.90% | 2Y | 4.91% | 0.04% |
| 2.5Y | 2.35 | 4.68% | 4.69% | 2.5Y | 4.73% | 0.05% |
| 3Y | 2.80 | 4.53% | 4.52% | 3Y | 4.61% | 0.07% |
| 4Y | 3.65 | 4.36% | 4.30% | 4Y | 4.44% | 0.08% |
| 5Y | 4.50 | 4.28% | 4.20% | 5Y | 4.34% | 0.06% |
| 6Y | 5.24 | 4.23% | 4.12% | 6Y | 4.30% | 0.07% |
| 7Y | 5.98 | 4.19% | 4.06% | 7Y | 4.29% | 0.11% |
| 8Y | 6.72 | 4.15% | 4.01% | 8Y | 4.32% | 0.17% |
| 9Y | 7.46 | 4.13% | 3.98% | 9Y | 4.37% | 0.24% |
| 10Y | 8.20 | 4.11% | 3.95% | 10Y | 4.42% | 0.32% |

Notes:

- Loan pricing is based on beginning of the month US Treasury Rates
- Loan Rate = Matched Duration CMT Rate + ROA Spread + Servicing Spread + Credit Spread
- Approximate credit spreads: A (FICO 700+) 25 bp; B (FICO 660-699) 125 bp; C (FICO 620-659) 325 bp; D (FICO 580-619) 600 bp; E (FICO 540-579) 975 bp
- ARMs/balloons based on 360-month amortization and all 1st-mortgages assume either LTVs no greater than 80% or PMI
- Increase credit spreads 50 bp on all 1st mortgages that have LTVs over 80% without PMI
- Credit spreads were increased from 25 bp to 125 bp on "A" paper 2nd-lien HELS and VR HELOCs
- Increase credit spreads an additional 100 bp on all fixed 2nd-lien HELS and VR HELOCs that have aggregate LTVs over 80%

Source: Regional and National Average Rates for CUs obtained from S&P Capital
For more information regarding asset liability management, please email us at:

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