DARLING CONSULTING GROUP

Navigating Headwinds and Capturing Tailwinds: ALM Strategies for a Changing Banking Landscape!

July 16, 2026

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Federal Home Loan Bank
NEW YORK


The Pessimist
complains about the wind.
The Optimist
expects it to change.
The LEADER
adjusts the sails.
PERFORMANCE
PERFORMANCE


TAILWINDS
Wind blows from behind, pushing you forward.
DOWNDRAFTS
Cool air sinks, pushing down.
UPDRAFTS
Warm air rises, lifting you up.
HEADWINDS
Wind blows against the direction you're sailing.
CROSSWINDS
Wind blows from the side, pushing you sideways.

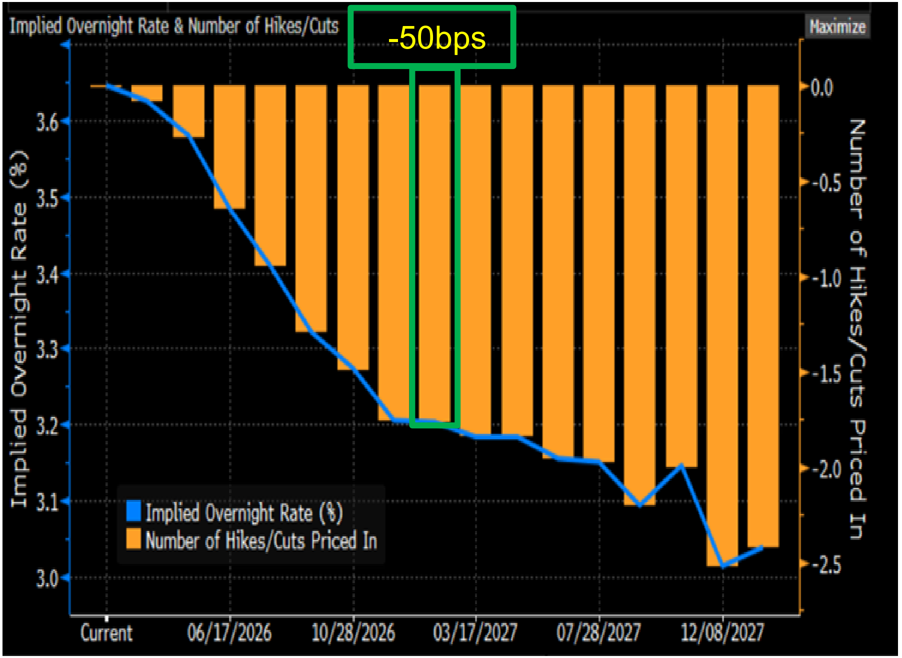
Agenda

1. Navigating Changing Winds: A Leader Adjusts the Sails
2. The “Current” Environment - Setting the Stage!
3. Liability Sensitive:
   Strategies to Consider & Avoid
4. Asset Sensitive:
   Strategies to Consider & Avoid
5. Q & A

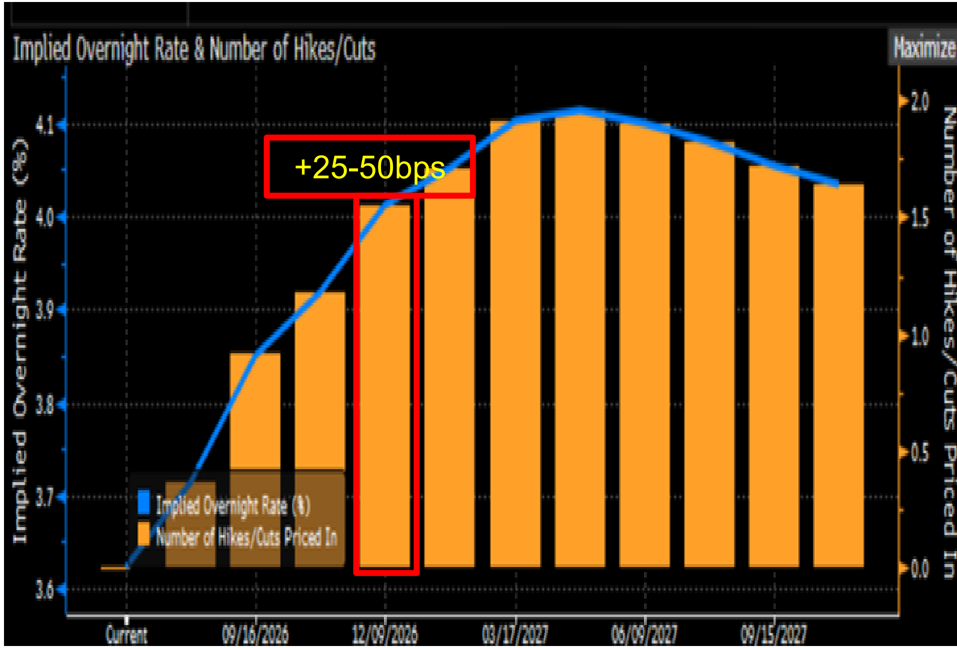

Fed Funds %
?

FFS Futures: Winds of Change!

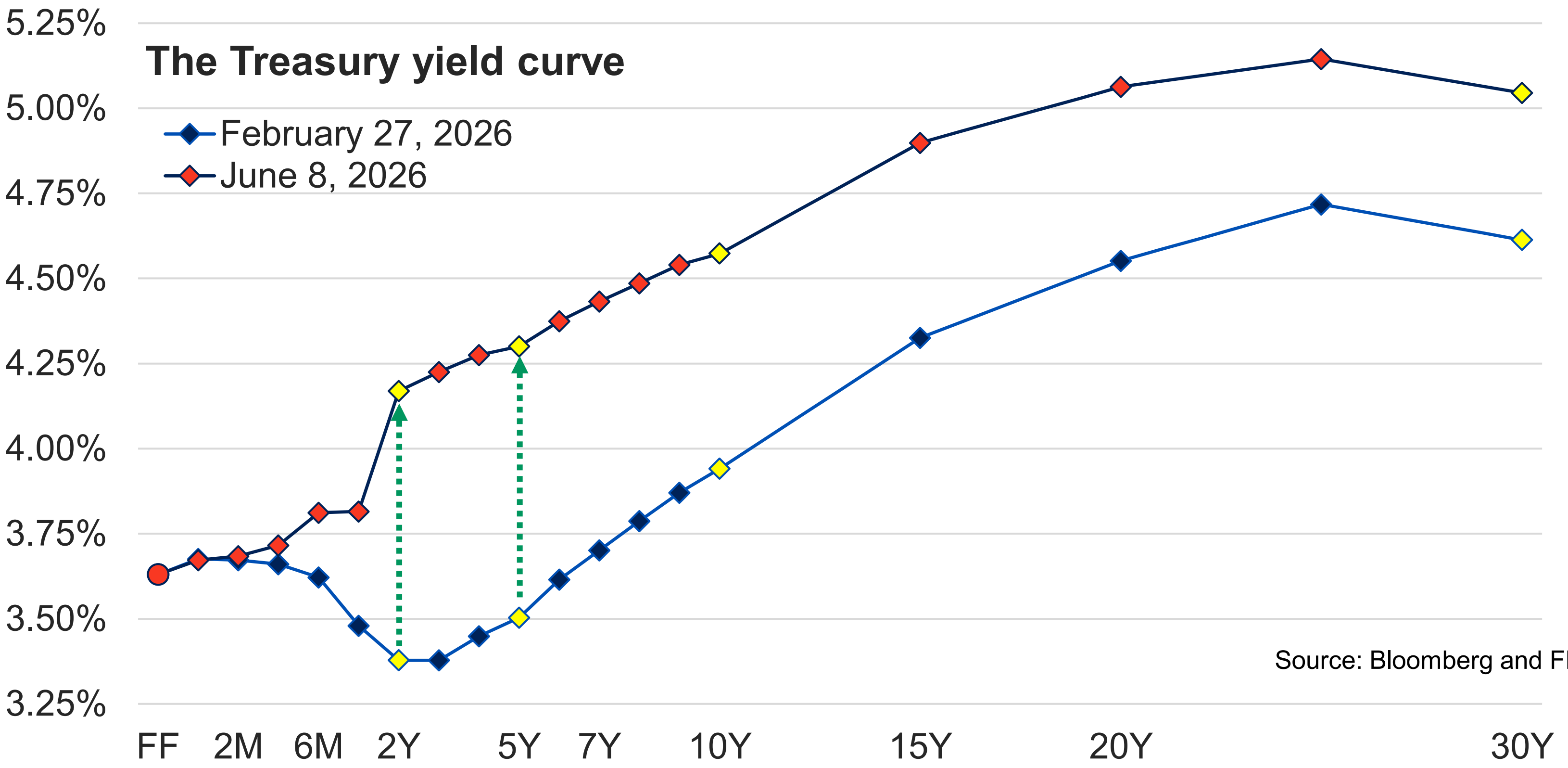
March '26



July 14, '26



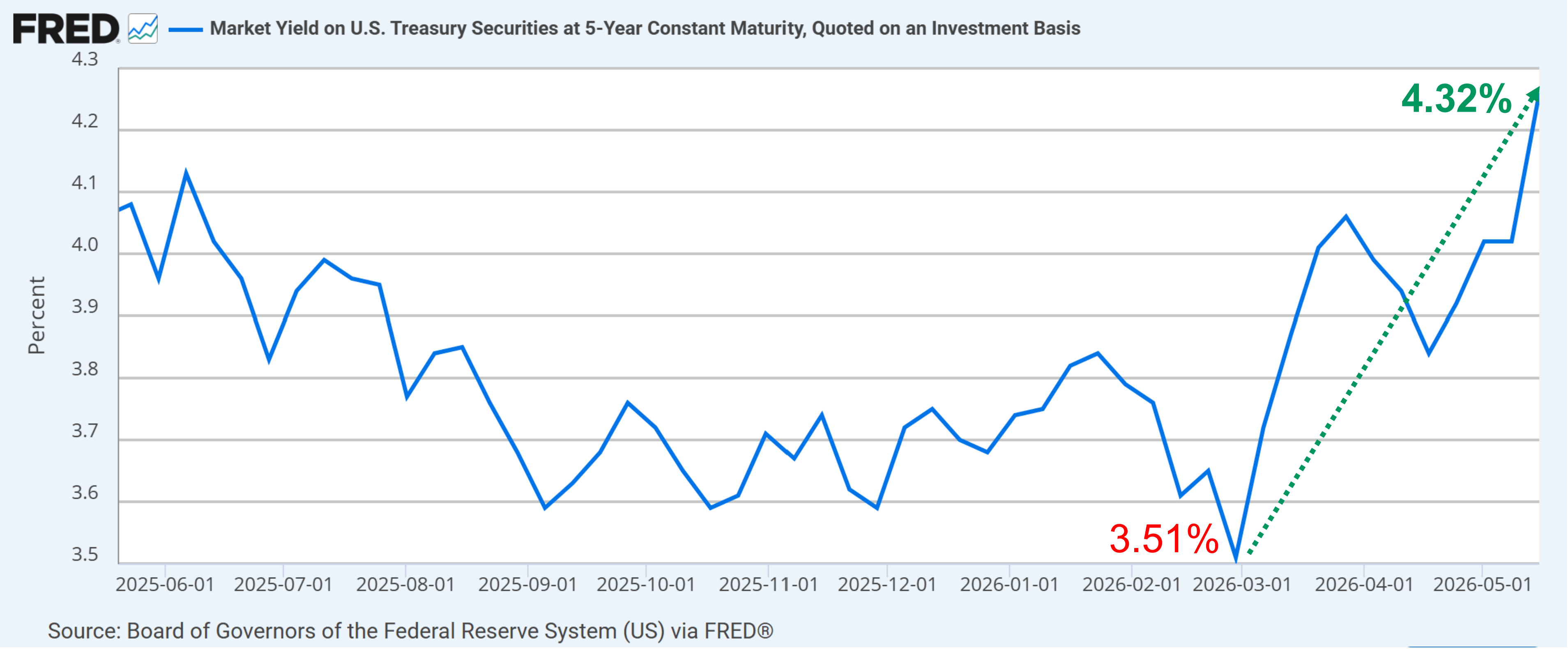
Yields Change Direction Toward 3 Year High



Source: Bloomberg and FHN Financial

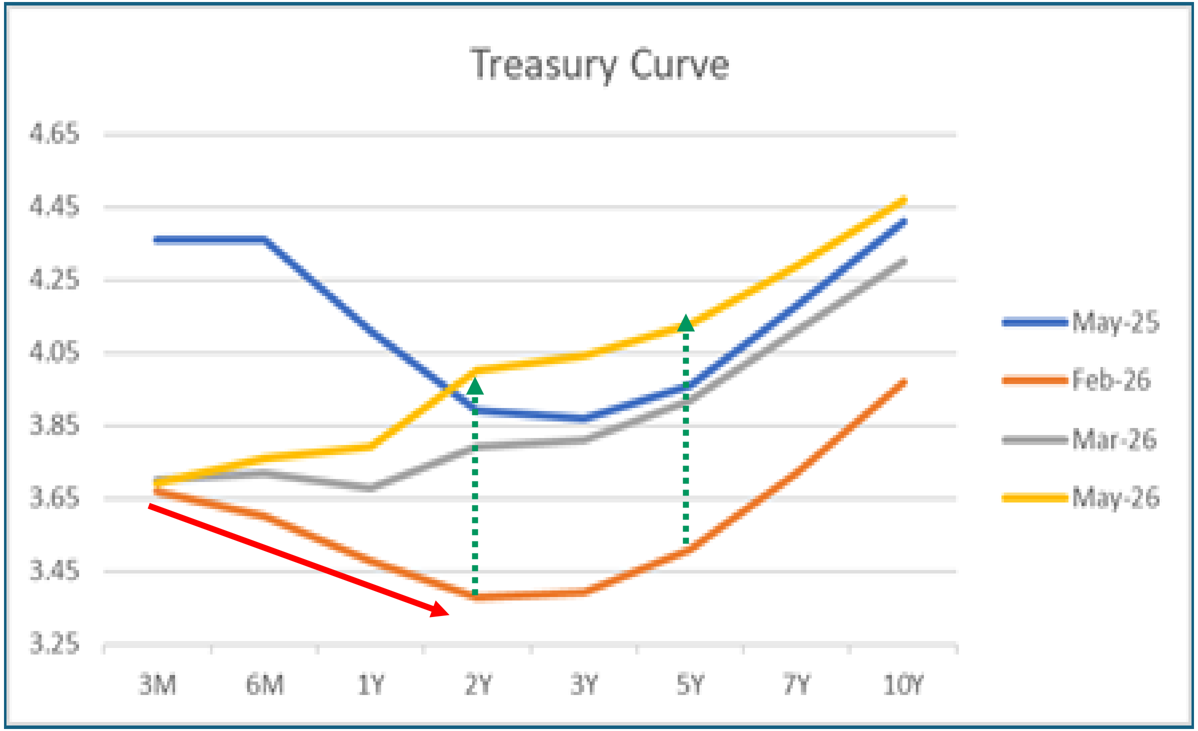
5 Year Treasury Rate Updraft Tailwind…Opportunity!

Loan Pricing & Commitments Discipline?… Investments More Favorable!



Long Term Rates Higher, Short Rates Lower = *NIRVANA*

5 yr Rates Up 60bps From Last Quarter



Where Do We Go From Here?

It DOES Matter….

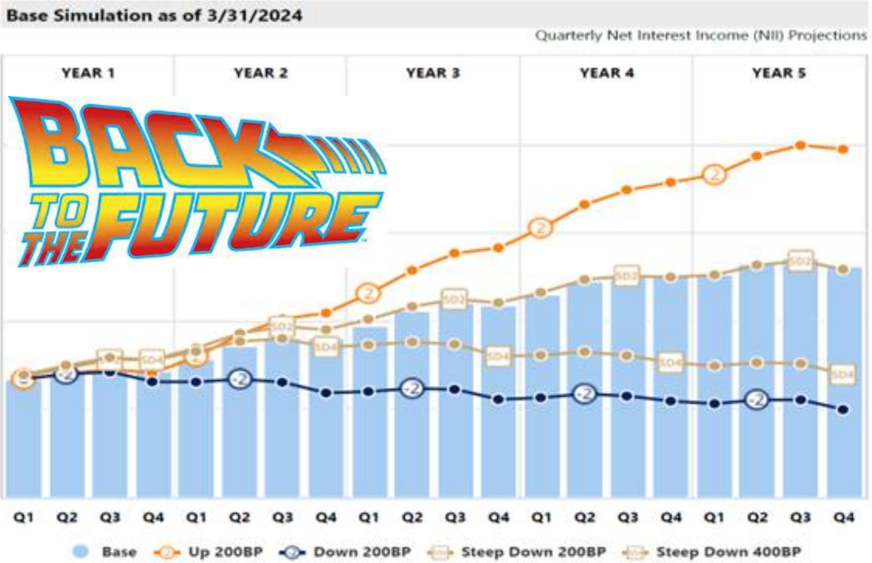
- Loan Yield Trajectory…
- Cost of Deposits / Growth
- Cost of Funds Trajectory...
- *Growth Outlook?*
- *Liquidity Improving? Cost?*
- Investment Strategy?
- Hedging? Derivatives?
- **Wholesale Funding**

10-year Treasury vs. Fed Funds History…Lessons Learned

"Learning from history is a form of leverage." – Charlie Munger.

2024: Bond Purchase at 6.07% Funded Overnight @ 5.50% = 57bp Spread

From FHLB Webinar 2024



NII RESULTS

	Y1	Y2	Y3	Y4	Y5	Y1	Y2	Y3	Y4	Y5	Y1	Y2	Y3	Y4	Y5
UP 200BP	50,526	53,652	59,791	65,970	70,309	-264	-1,125	-974	-839	-660	50,790	54,777	60,765	66,809	70,969
BASE	51,466	54,088	57,225	59,957	61,461	565	593	593	578	593	50,901	53,495	56,631	59,379	60,868
DOWN 200BP	51,907	52,134	51,224	50,594	49,876	1,394	2,308	2,153	1,982	1,829	50,513	49,826	49,071	48,611	48,048
STEEP DOWN 200BP	53,199	57,277	59,818	62,194	63,469	1,684	2,837	2,834	2,821	2,827	51,515	54,440	56,984	59,373	60,642
STEEP DOWN 400BP	53,194	57,114	57,818	56,763	55,624	1,539	3,623	4,537	4,355	4,177	51,655	53,491	53,280	52,407	51,448
						DIFFERENCE									

Lessons Learned from Previous Rate Cycles

1. Long Rates Move “Ahead” of Short Rates… on Way Up and Way Down

2. AVOID Extending **Funding** Out Too Long When the Curve Is Flat or Inverted (Use Caps)

3. **ADD Asset Duration and Yield When Curve is Flat During Fed Tightening**

4. **Call Protection Valuable:** Buy Before the Curve Flattens / Inverts (Hedge Falling Rates Ahead)

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Lessons Learned from Previous Rate Cycles

5 NEVER Buy Callable Agency Bonds, EVER!

6 Credit Cycles Repeat, Just Never Know "When" or "Magnitude"

7 Opportunity for "Gains" as Rates Fall Require Asset Extension at Higher Rate Levels… Most Miss!

8 Mix Shifts and Growth in Balance Sheet Varies over Rate Cycles (Loans & Deposits especially)

Strategy Development Requires:

Critical First Step: Get an Accurate Risk Position

Normalize Potential Noise on Key Issues Impacting the Model Results

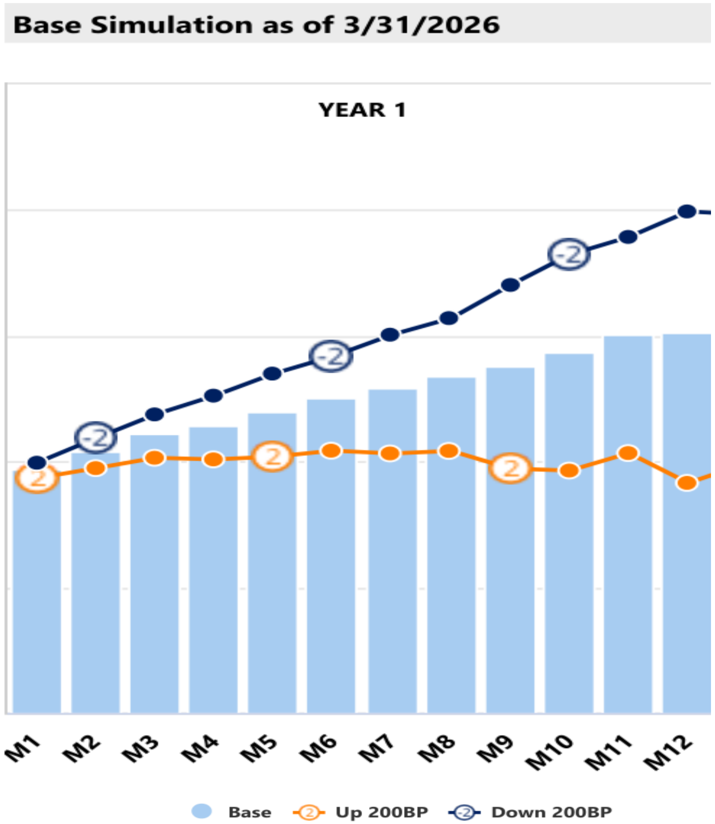
How Short Rates & Long Rates Move MATTERS A LOT!

Don’t Ignore Rate Cycle Patterns, Business Cycles and How Slope Can Be Friend or Worst Enemy

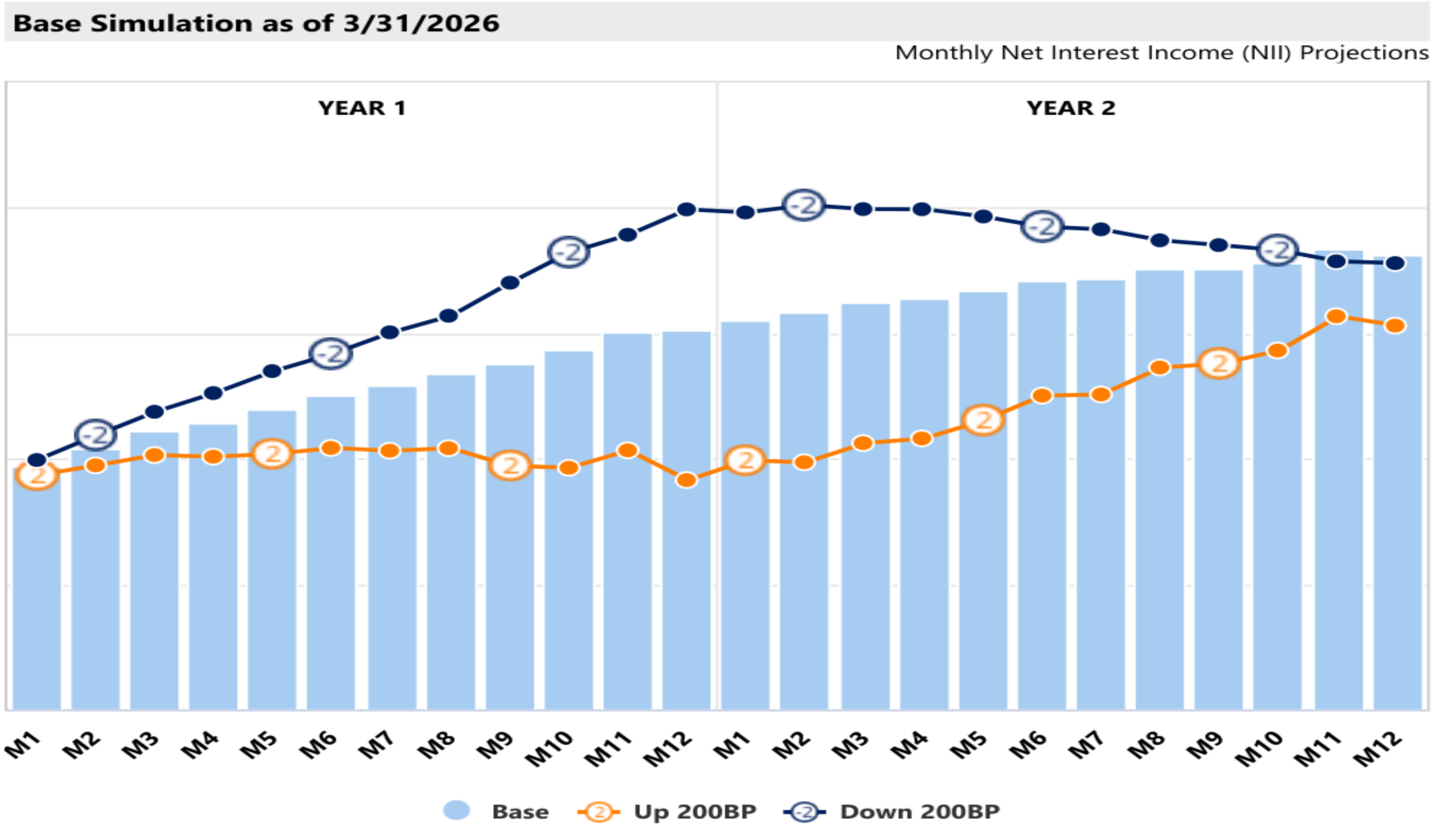
Winds of Change and Uncertainty Always Lurking…

- **Listen to Your Balance Sheet…Not Headlines!**
  - Market is Unreliable and Poor Predictor or Rates
- **Be Nimble and Opportunistic**
  - Can't Predict Markets…Be Ready to Capitalize on Opportunities…
  - Flexibility is key, revisit your policies from a "business perspective" (vs. regulatory appeasement)

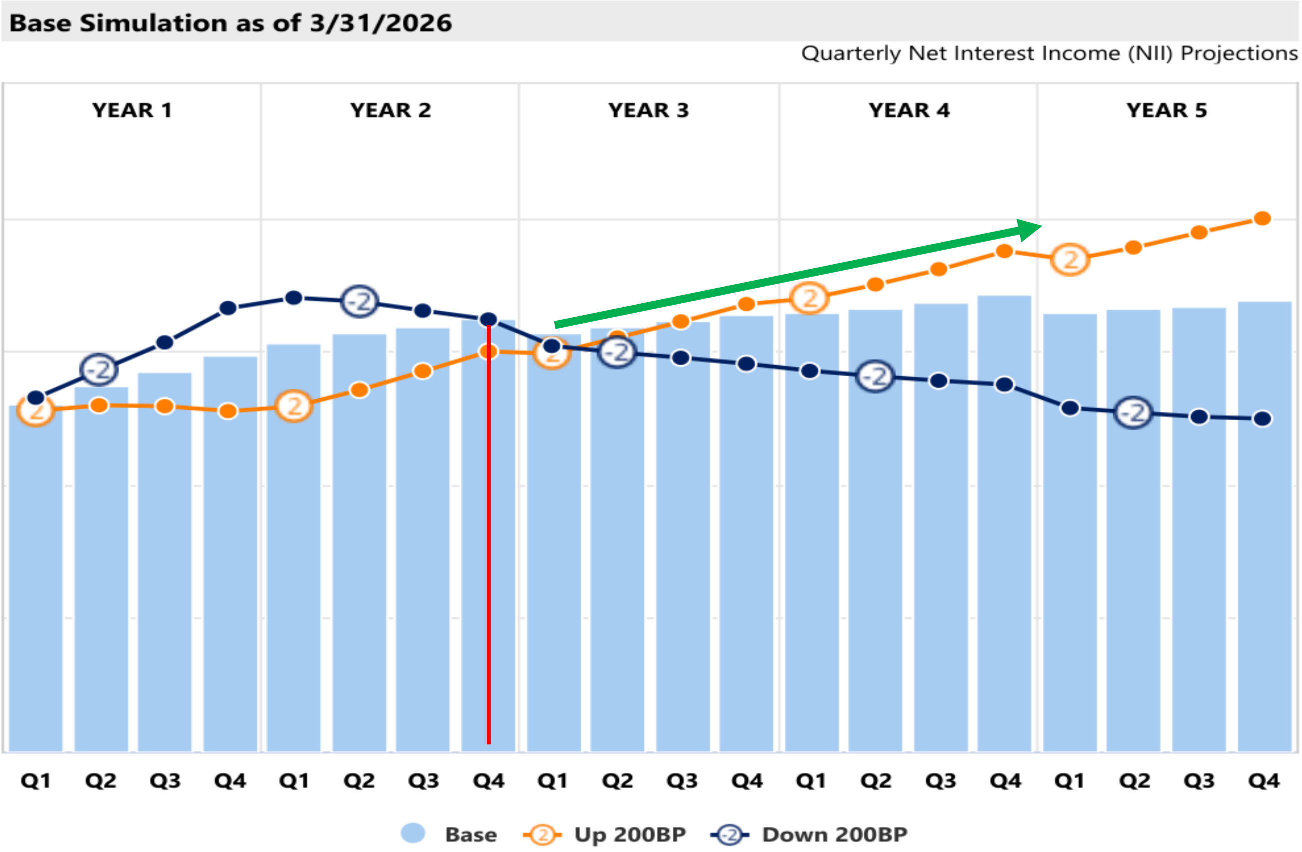
What's Your IRR Profile?



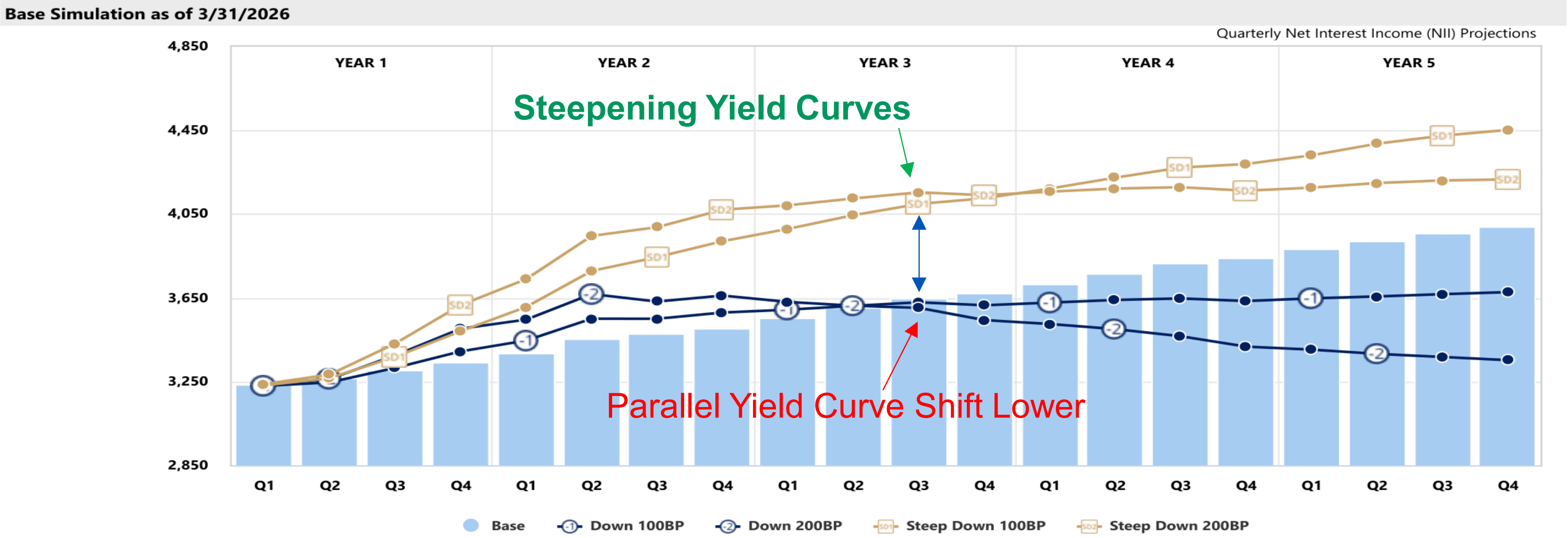
2 Year IRR Simulation - *Inflection Points Matter!*



5 Year IRR Simulation - *Inflection Points Matter!*

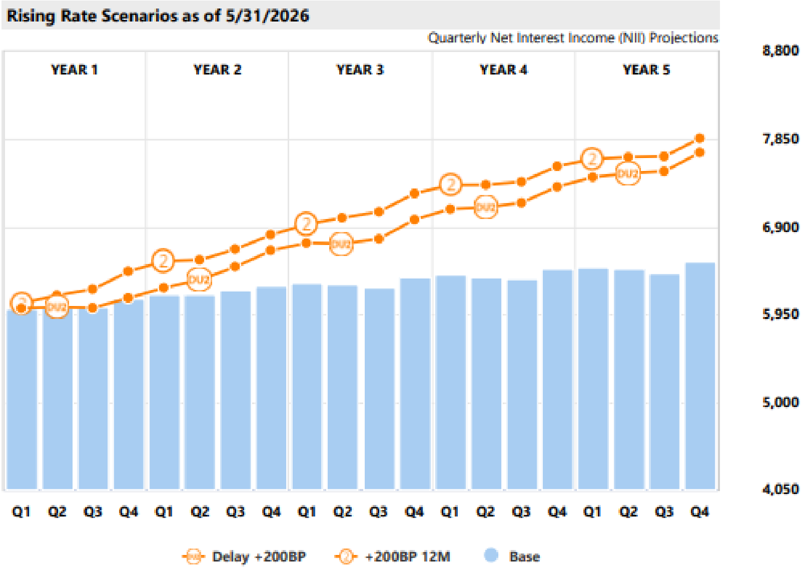


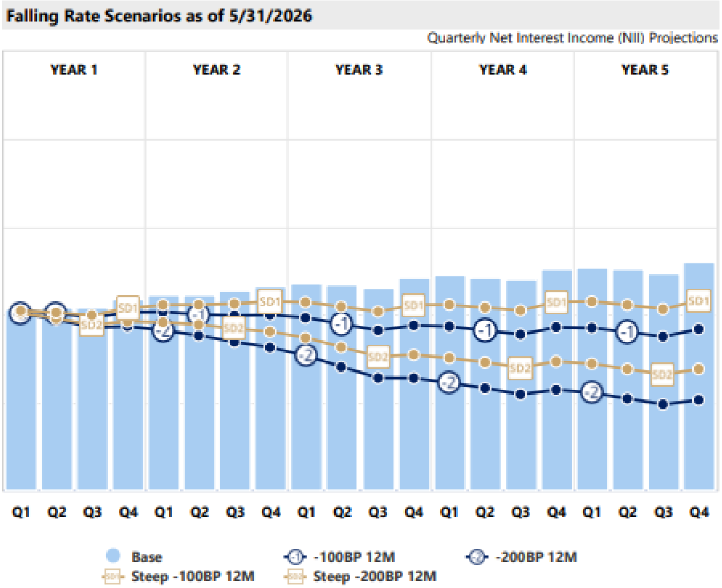
Slope of Market Yield Curves Matters…*Greatly!*



NII RESULTS	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
BASE	13,154	13,822	14,475	15,143	15,755
DOWN 100BP	13,185	14,126	14,448	14,548	14,648
DOWN 200BP	13,376	14,507	14,388	13,909	13,504
STEEP DOWN 100BP	13,358	15,149	16,248	16,957	17,594
STEEP DOWN 200BP	13,569	15,743	16,511	16,669	16,801

Rising Rates (Left), Falling Rate Scenarios (Right)





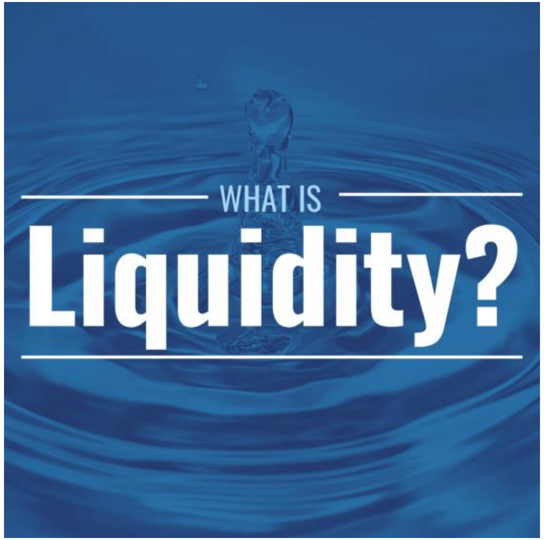
NII RESULTS

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
DELAY +200BP	24,197	25,680	27,191	28,705	30,135
+200BP 12M	24,873	26,547	28,256	29,660	30,822
BASE	24,200	24,827	25,175	25,517	25,841

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
BASE	24,200	24,827	25,175	25,517	25,841
-100BP 12M	23,848	23,819	23,379	23,153	23,077
-200BP 12M	23,496	22,751	21,410	20,585	20,144
STEEP -100BP 12M	23,931	24,275	24,157	24,169	24,263
STEEP -200BP 12M	23,587	23,274	22,306	21,730	21,437

Rethinking “Liquidity”

Liquidity Definition Validated By "March Madness"



The Ability to Raise Money Quickly + At a Reasonable Cost + Without Principal Loss = Liquidity

Liquidity Overview – *Availability Timing (How Fast Can We Raise Cash?)*

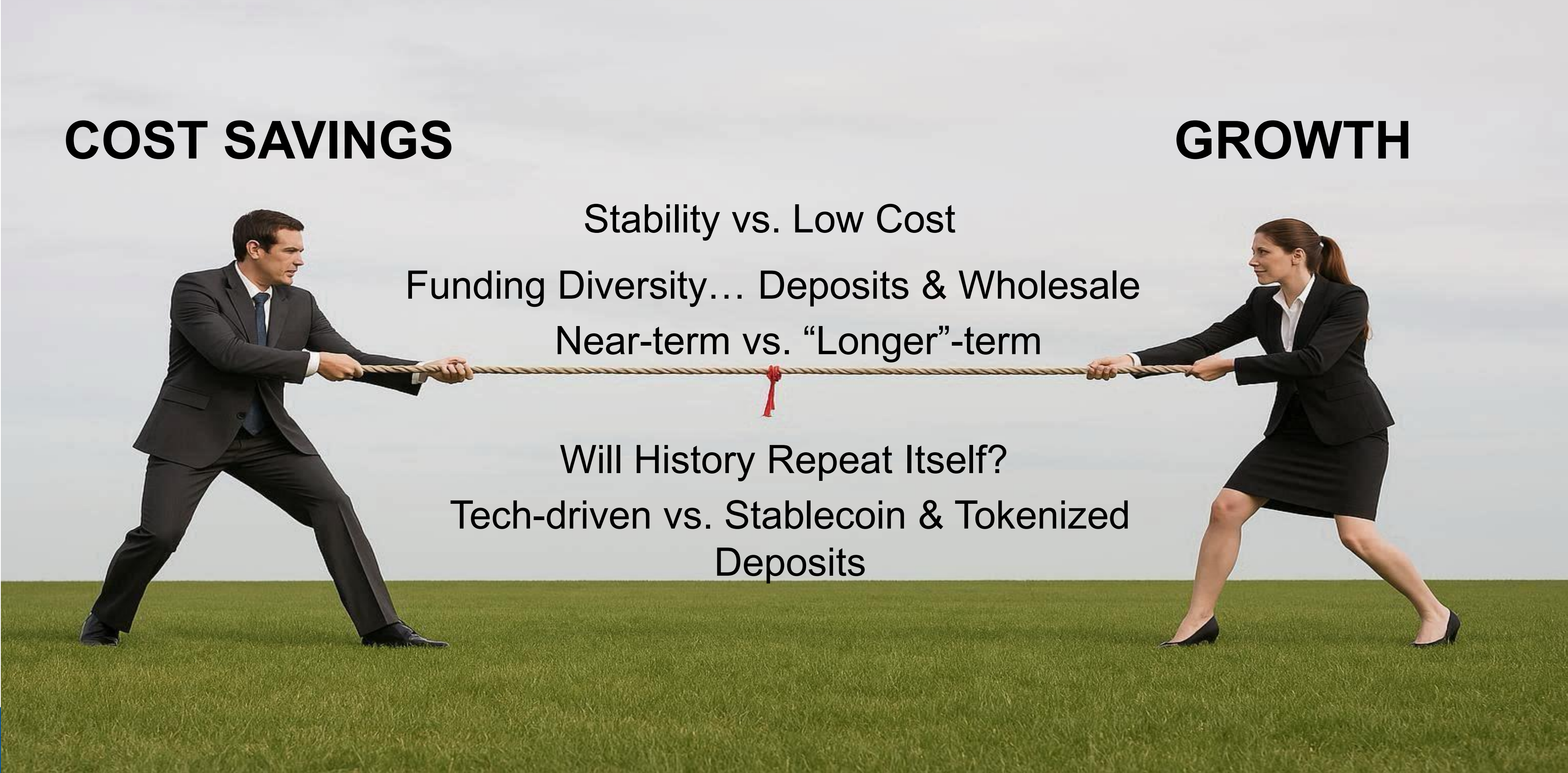
30 Day Liquidity Coverage Assessment
December 31, 2025
Base Assessment

Total Assets	**9,004,954**
Total Deposits	**8,189,230**
Total Uninsured Deposit Est.	**655,426**

Liquidity Resource Availability

	Day 1	Day 2	Day 3	Day 4	Day 5	Days 6-30	30 Day Total	% of Assets	% of Deposits	% of Unins. Dep
Cash & Due	52,987	0	0	0	0	0	52,987			
Fed Funds Sold to FRB or Correspondant	607,141	0	0	0	0	0	607,141			
Funds Sold to Other Banks & Bank Deposits	0	397	0	0	0	0	397			
Other Cash Equivalent (Money Market Funds)	0	0	3,696	0	0	0	3,696			
Total Cash / Cash Equivalents	***660,128***	***397***	***3,696***	***0***	***0***	***0***	***664,221***	***7.4%***	***8.1%***	***101.3%***
Unpledged GSE Bonds	842,434	0	0	0	0	0	842,434			
Unpledged Non-GSE Bonds	1,582	0	0	0	0	0	1,582			
Pledged but Unencumbered GSE Bonds at FHLB, FRB, & Correspondent I	8,065	0	0	0	0	0	8,065			
Pledged but Unencumbered GSE Bonds Pledged for Public Funds	0	0	0	0	0	0	0			
Pledged but Unencumbered GSE Bonds Pledged for Other Purposes	0	0	0	0	0	0	0			
Unencumbered Non-GSE Bonds Pledged to FHLB or FRB	0	0	0	0	0	0	0			
Unencumbered Non-GSE Bonds Pledged to Public Funds	0	0	0	0	0	0	0			
Unencumbered Non-GSE Bonds Pledged for Other Purposes	0	0	0	0	0	0	0			
Total Unencumbered Bond Collateral	***852,081***	***0***	***0***	***0***	***0***	***0***	***852,081***	***9.5%***	***10.4%***	***130.0%***
Total Liquid Assets On-Balance Sheet	***1,512,209***	***397***	***3,696***	***0***	***0***	***0***	***1,516,303***	***16.8%***	***18.5%***	***231.3%***
FHLB Loan Secured Borrowing Availability	1,949,916	0	0	0	0	0	1,949,916			
FRB Borrower in Custody Borrowing Availability	1,047,187	0	0	0	0	0	1,047,187			
Brokered Deposit Issuance Available (Up to Policy Limit)	0	0	0	0	0	0	0			
Total Funds Availability by Time Bucket	***4,509,312***	***397***	***3,696***	***0***	***0***	***0***	***4,513,406***	***50.1%***	***55.1%***	***688.6%***
Total Funds Availability - Cumulative in $	***4,509,312***	***4,509,709***	***4,513,406***	***4,513,406***	***4,513,406***	***4,513,406***	***4,513,406***	***50.1%***	***55.1%***	***688.6%***

A New Era: Liquidity Risk and Deposit Strategy



Deposits Trends YTD (through June)

↑ <1%

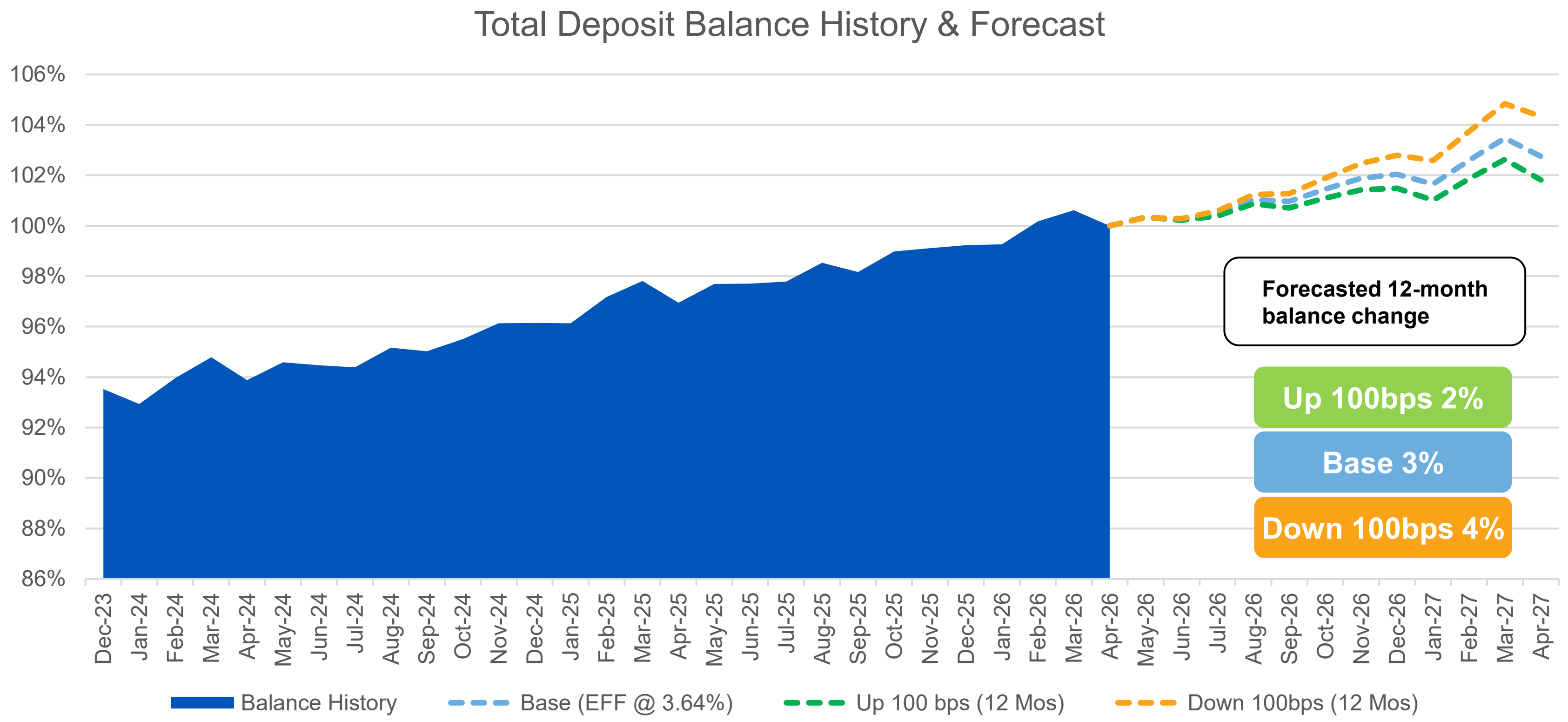
Total Balances

↓ 3 bps

Total Costs

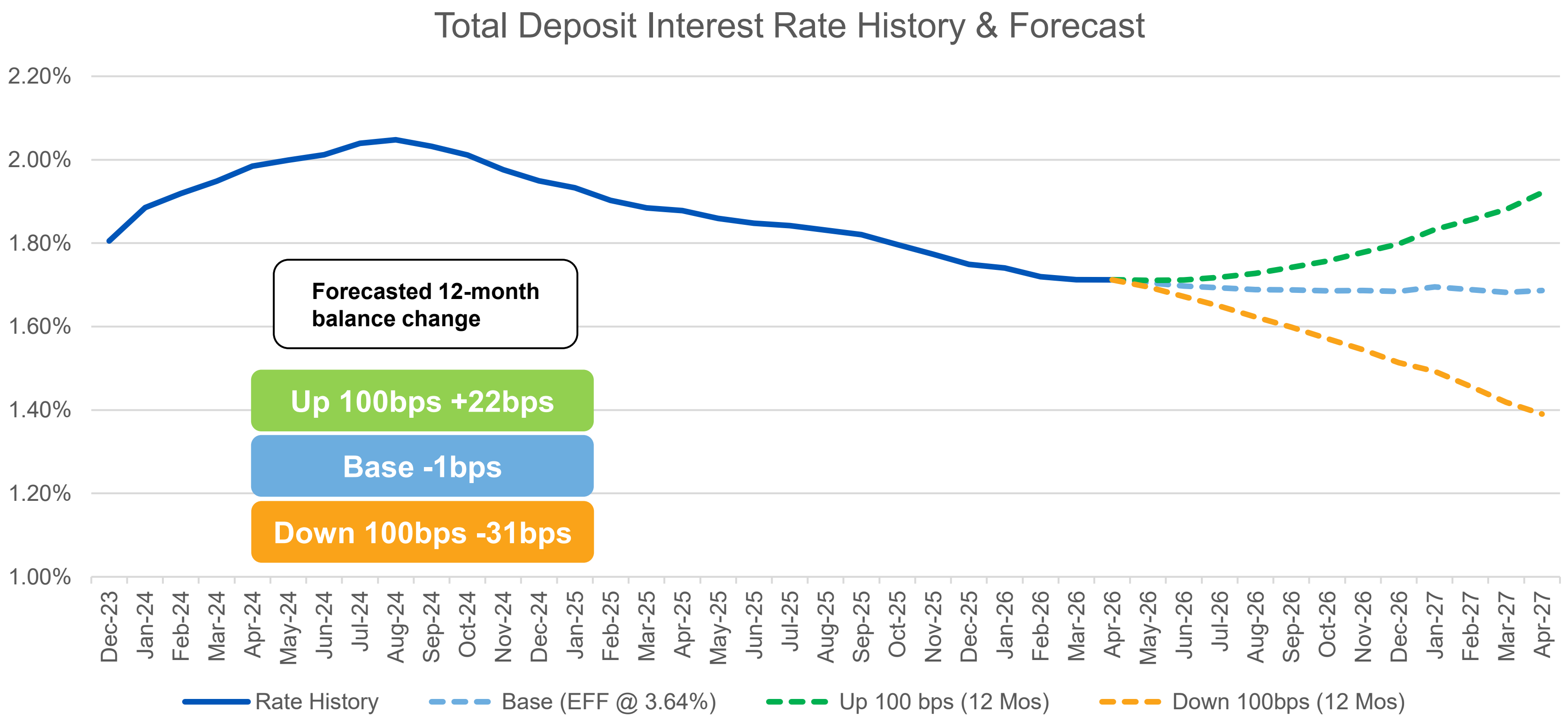
Source: Deposits360°®

Deposits360°® Balance Forecast (Industry)



Source: Deposits360°®

Deposits360°® Rate Forecast (Industry)



Source: Deposits360°®

CD Strategy

4 Considerations When Setting Rates

1. Separate Fact From Fiction

Fiction

CD Offering Rates

	National Avg Rate
6M Regular	2.58%
6M Special	3.67%

Fact

CD Average Rates

	DCG Avg Opened	75th Percentile
6M Regular	3.48%	3.75%
6M Special	3.65%	3.80%

Source: Deposits360°®

2. Understand Cost to Obtain vs Retain

35bp

Gap between retention vs. growth rate

3.60%

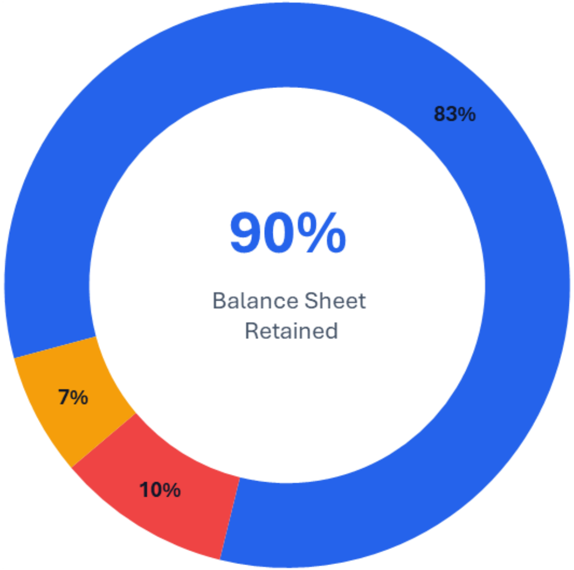
Obtain

3.25%

Retain

3. Understanding Rollover Activity

Share of Matured Balances



Q1 CD Maturity Results

83% **Retained in CDs**

matured balances stayed in CD products

7% **Shift to NMDs**

matured balances moved to non-maturity deposits

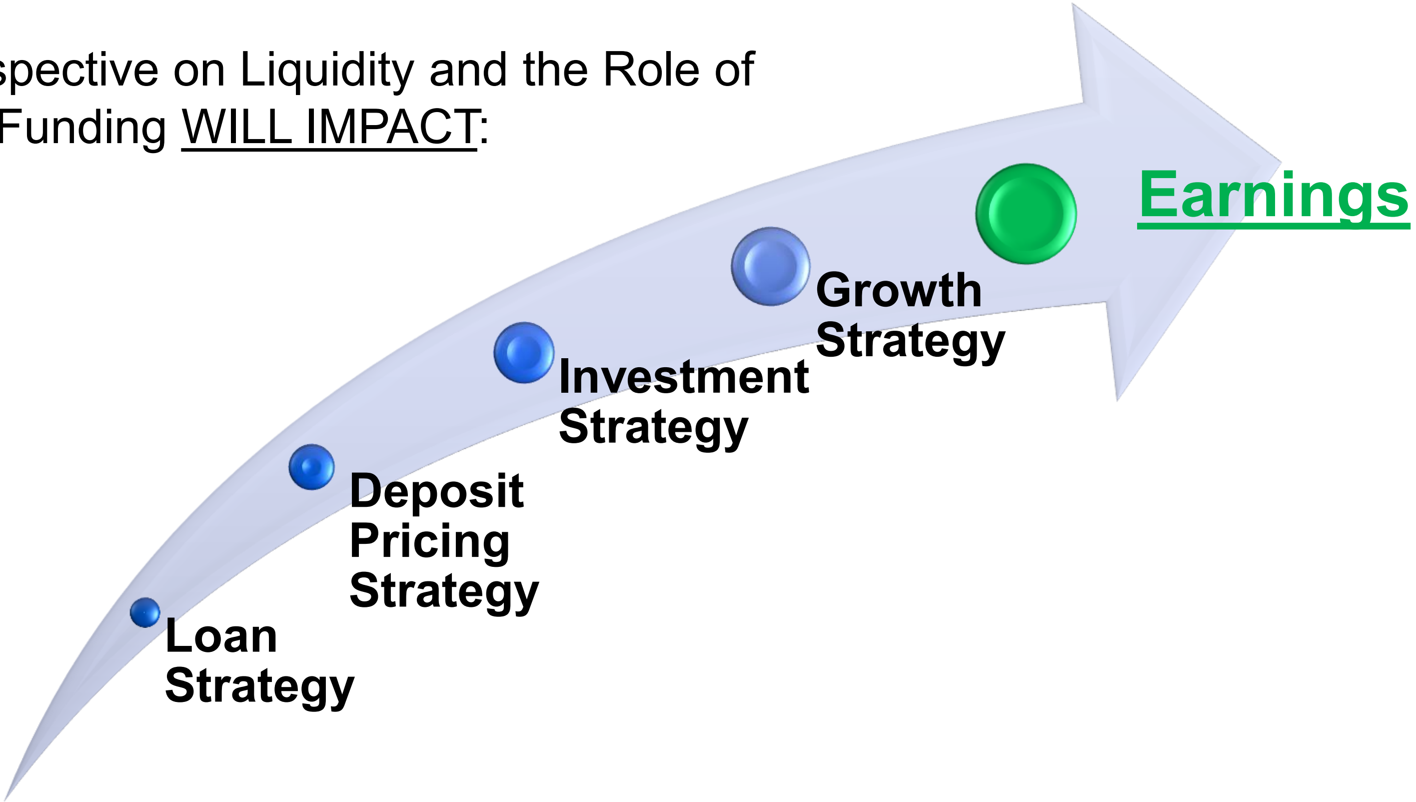
10% **Attrition**

matured balances left the portfolio

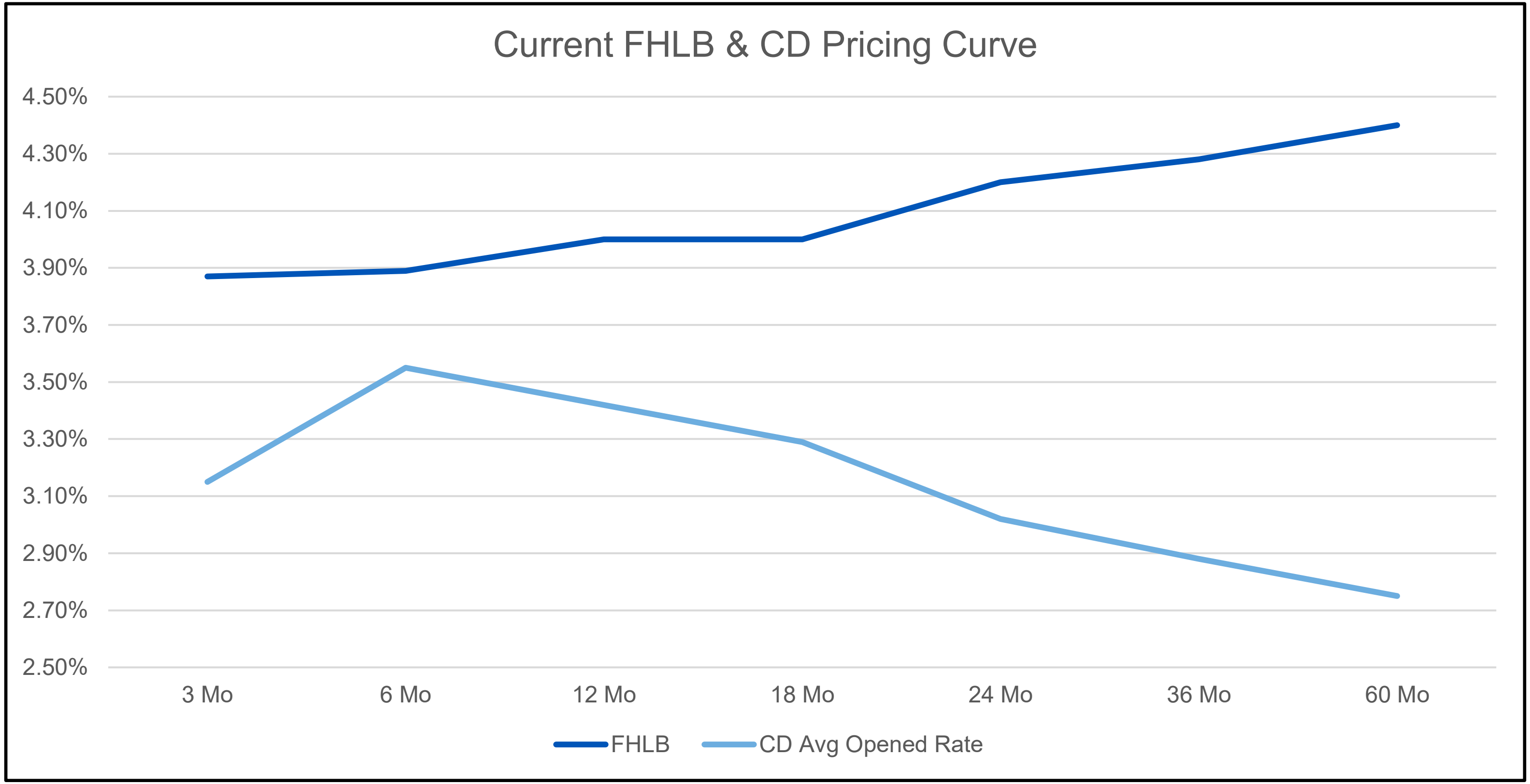
Source: Deposits360°®

Liquidity Management Impacts:

YOUR Perspective on Liquidity and the Role of Wholesale Funding <u>WILL IMPACT</u>:



Rethink and Normalize the CD Curve



Source: Deposits360°®

MMDA Considerations (DCG's Deposits360°® Data Insights)

80bps
Difference on 80th percentile MMDA rate vs 6M CD

6%
Points more in balance growth YoY vs. CDs

76bps
Difference in new rate on $100-$250k tier vs $1MM+ tier

Strategy Thoughts

- Premium MMDAs are Outperforming CDs
- Tiering is critical
- Expect cannibalization, but measure it

An Inside Look at MMDA Pricing

Deposits360°® Pricing - 5/31/26

MMDA Balance Tiers	Avg Rate	75th Percentile	90thth Percentile
Total	2.28%	2.89%	3.21%
$50K - $100K	1.84%	2.35%	2.93%
$100K - $250K	2.23%	2.78%	3.18%
$250K - $500K	2.41%	2.96%	3.33%
$500K - $1MM	2.71%	3.21%	3.45%
$1MM +	2.99%	3.44%	3.54%

*Avg Opened Acct Int Rates

Source: Deposits360°®

Same Bank, Premium MMDA Activity

MCOF
3.53%

Cannibalization
41%

Total Growth
60%

Migration Summary for
03/31/2025 - 03/31/2026

	Balance	Rate	# Rel.
Starting Balance	**61,802k**	**3.27**	**211**
INFLOW	35,255k	2.81	222
New Relationship	14,746k	2.89	46
Existing +	20,509k	2.75	176
SHIFTS	15,097k	1.57	259
DDA	856k	0.00	47
NOW	1,363k	0.36	49
SAV	1,980k	0.05	27
MMDA	8,105k	1.69	59
Time Deposits	2,793k	3.35	77
OUTFLOW	-13,454k	3.15	92
Existing -	-10,991k	3.14	78
Closed Relationship	-2,462k	3.18	14
Ending Balance	**98,701k**	**2.78**	**347**
NET CHANGE	36,899k	-0.49	136

Source: Deposits360°®

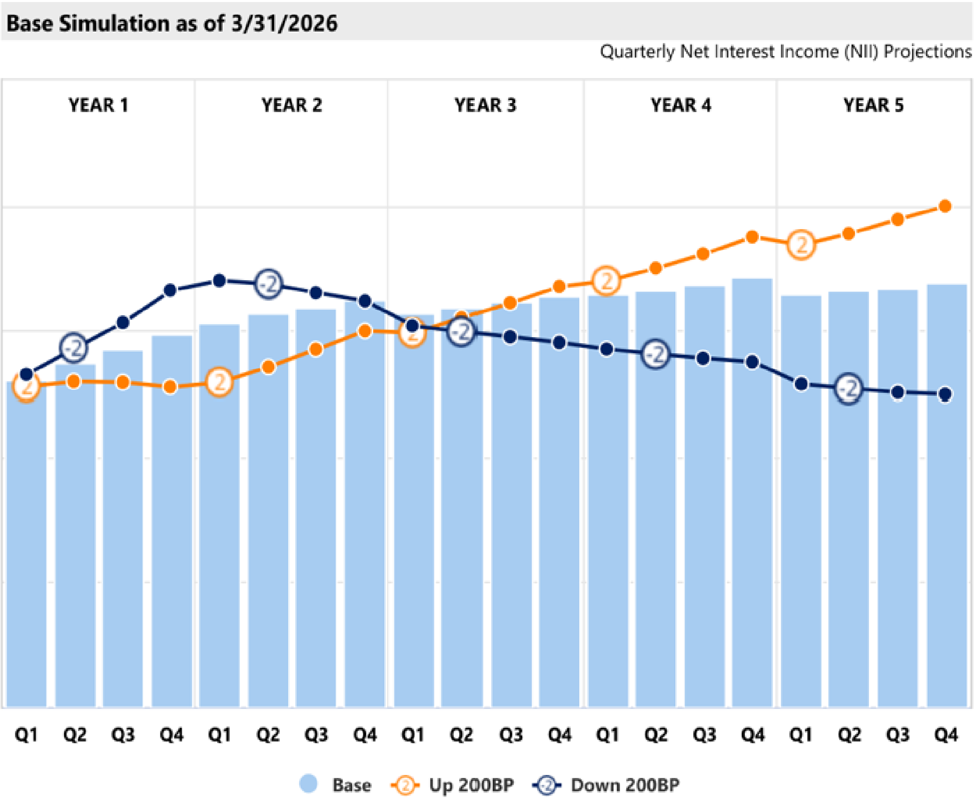
Understanding Cost of Cannibalization Saves Basis Points

True CD Cost	True MMDA Cost
MCOF 6.43%	MCOF 3.53%
Cannibalization 54%	Cannibalization 41%

Source: Deposits360°®

Liability Sensitive Institutions

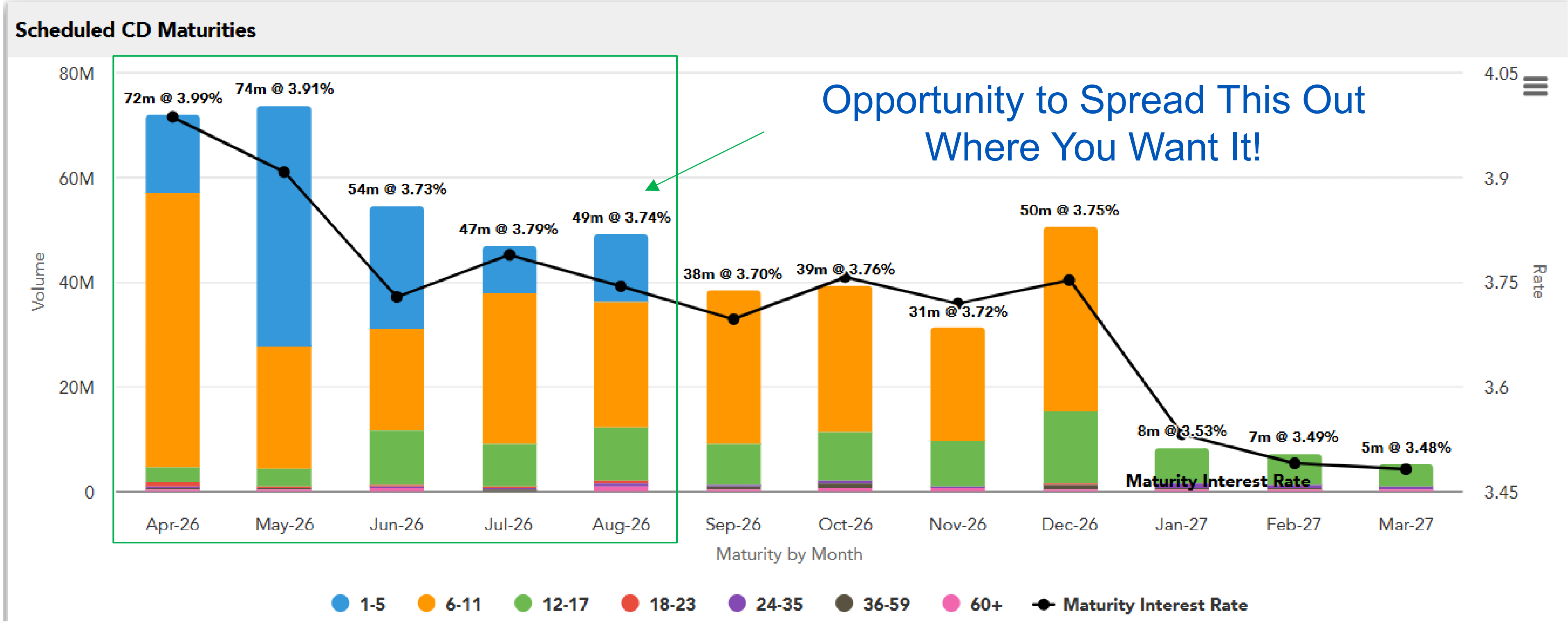
Best Ways to Address a Liability Sensitive Profile Today?



Liability Sensitive Posture:

- Balance Sheet Growth
- Fund Loan Growth with Investment Cash Flow
- Term out Funding? Shorten Assets…Stockpile Cash? At What Cost?
- Wholesale Funding Extension?
- Pay Fixed Swap / Receive Variable Interest Rate
- Interest Rate Caps, Zero Cost Collars
- Mismatched Leverage (Note Inflection Points)
- Floating Loans and Term Funding (or Caps)
- Term Funding with Options to “Put” Back

What's the Ideal CD Rollover Term for My Institution?

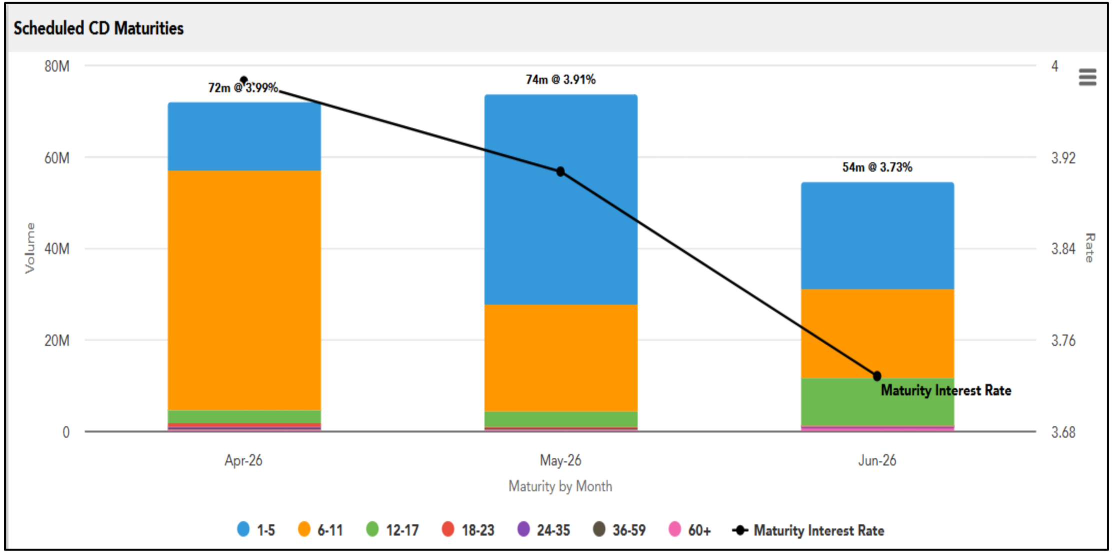


Can We Save Basis Points by Selling the Value of Term? Fix Our IRR at the Same Time?

You Pick the Term CD:

7 Month @ 3.50%
11 Month @ 3.65%
15 Month @ 3.75%

Use FHLB to fund at the margin if funding needed vs. Paying UP!



Be Opportunistic and "Ready to Pull the Trigger"! Curve NO LONGER INVERTED…Revisit Caps

Friday, January 2, 2026

Index Rates	
Term	Rate
SOFR	3.750%
1M Term SOFR	3.682%
3M Term SOFR	3.650%
NY Fed 30 Day	3.774%
Eff. Fed Funds	3.640%
FF Target	3.750%
Prime	6.750%

1 Month Term SOFR Swap Rates						
Term	Bullet	Amortization Period				
		10	15	20	25	30
1	3.38%	3.38%	3.38%	3.38%	3.38%	3.38%
2	3.26%	3.27%	3.27%	3.27%	3.27%	3.27%
3	3.29%	3.30%	3.29%	3.29%	3.29%	3.29%
4	3.35%	3.34%	3.35%	3.35%	3.35%	3.35%
5	3.42%	3.39%	3.41%	3.41%	3.41%	3.41%
7	3.56%	3.49%	3.52%	3.54%	3.55%	3.55%
10	3.75%	3.55%	3.66%	3.70%	3.72%	3.73%
11	3.81%		3.70%	3.74%	3.77%	3.78%
12	3.86%		3.72%	3.78%	3.81%	3.83%
13	3.91%		3.74%	3.82%	3.85%	3.87%
14	3.95%		3.75%	3.85%	3.89%	3.91%
15	3.99%		3.76%	3.87%	3.92%	3.94%
20	4.11%			3.91%	3.99%	4.03%
25	4.13%				3.94%	4.02%
30	4.11%					3.99%

Friday, May 22, 2026

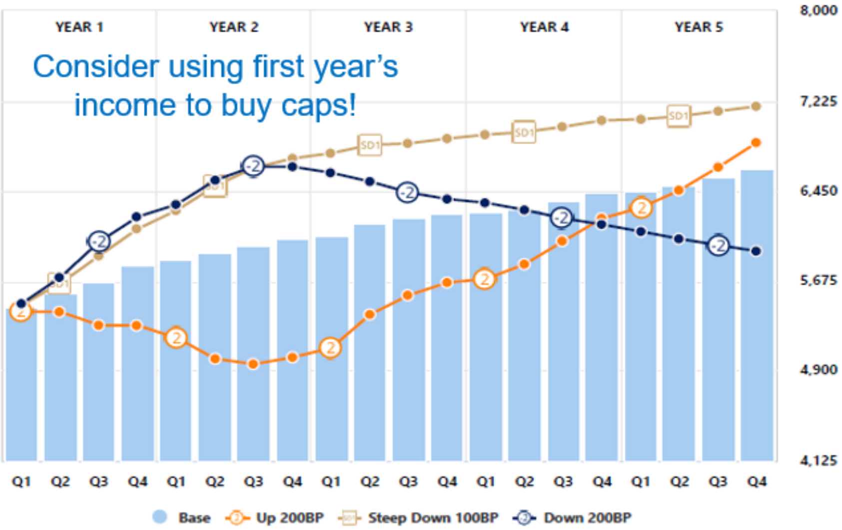
Index Rates	
Term	Rate
SOFR	3.550%
1M Term SOFR	3.608%
3M Term SOFR	3.656%
NY Fed 30 Day	3.608%
Eff. Fed Funds	3.620%
FF Target	3.750%
Prime	6.750%

1 Month Term SOFR Swap Rates						
Term	Bullet	Amortization Period				
		10	15	20	25	30
1	3.83%	3.83%	3.83%	3.83%	3.83%	3.83%
2	3.90%	3.89%	3.90%	3.90%	3.90%	3.90%
3	3.89%	3.89%	3.89%	3.89%	3.89%	3.89%
4	3.89%	3.89%	3.89%	3.89%	3.89%	3.89%
5	3.91%	3.90%	3.90%	3.90%	3.91%	3.91%
7	3.97%	3.94%	3.95%	3.96%	3.96%	3.96%
10	4.07%	3.97%	4.03%	4.04%	4.05%	4.06%
11	4.10%		4.05%	4.07%	4.08%	4.09%
12	4.14%		4.06%	4.10%	4.11%	4.12%
13	4.17%		4.07%	4.12%	4.14%	4.15%
14	4.20%		4.08%	4.14%	4.16%	4.17%
15	4.22%		4.08%	4.15%	4.18%	4.19%
20	4.29%			4.18%	4.22%	4.25%
25	4.29%				4.19%	4.23%
30	4.25%					4.21%

Strategy: $15MM MBS Purchase With 1 Month Advance and $20MM of Pay Fixed Swaps

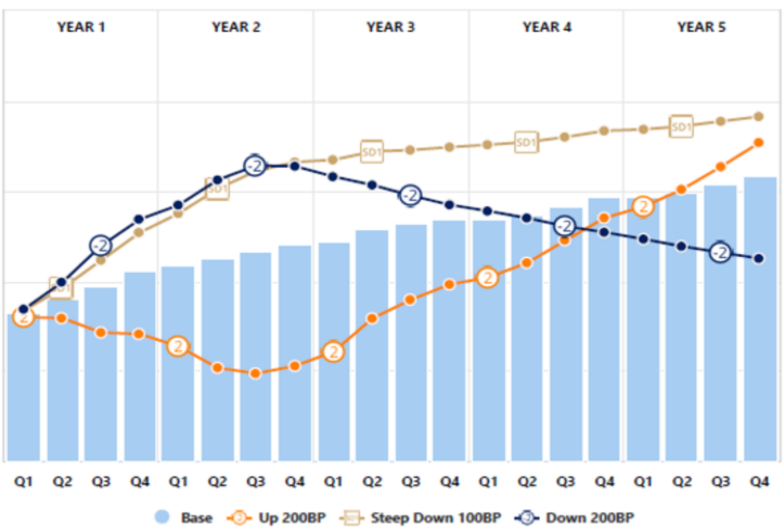
2 and 3 Year Pay Fixed/Receive Float Swaps

Quarterly Net Interest Income (NII) Projections



Base Simulation as of 2/28/2026

Quarterly Net Interest Income (NII) Projections

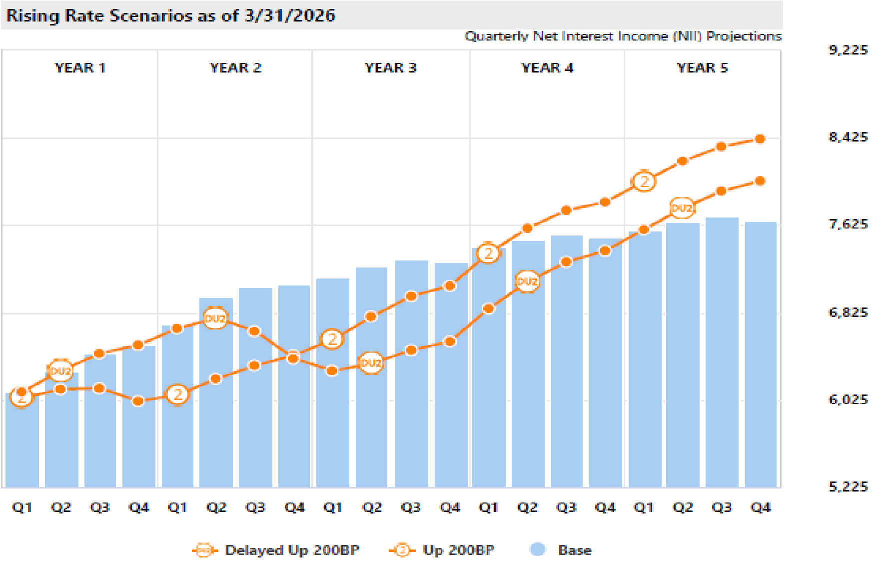


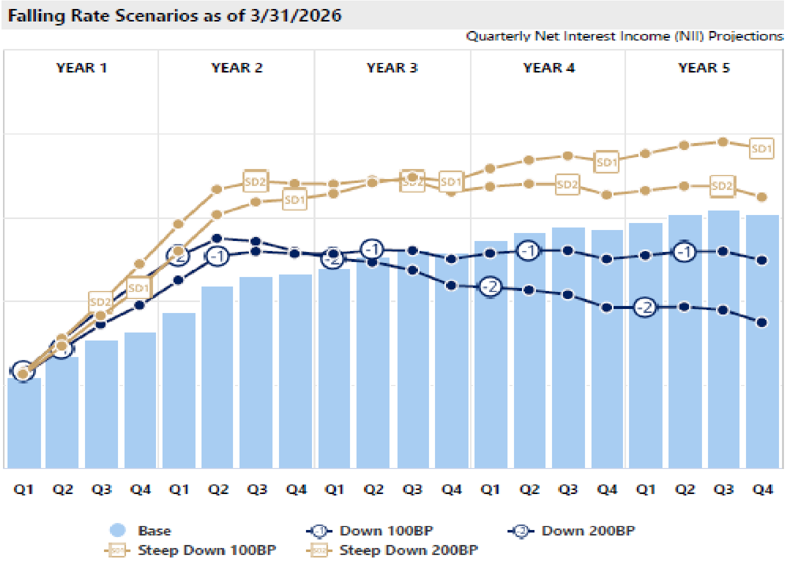
NII RESULTS

	Y1	Y2	Y3	Y4	Y5	Y1	Y2	Y3	Y4	Y5	Y1	Y2	Y3	Y4	Y5
UP 200BP	21,415	20,180	21,704	23,748	26,280	238	308	119	-37	-18	21,177	19,872	21,586	23,784	26,298
BASE	22,502	23,802	24,711	25,351	26,149	197	195	200	200	200	22,305	23,607	24,511	25,151	25,949
STEEP DOWN 100BP	23,142	26,149	27,374	27,943	28,466	156	108	244	350	349	22,986	26,041	27,130	27,593	28,117
DOWN 200BP	23,428	26,191	25,951	25,008	24,055	143	-9	140	276	256	23,285	26,200	25,812	24,732	23,799
						DIFFERENCE									

1. Assumes $10MM each of 2Y and 3Y pay fixed (3.66% and 3.62% respectively) / Receive Float (SOFR O/N 3.62%)

Extend? Cap? Swap?





BASE RATE SCENARIO

LIABILITIES	Q1Y1	Q2Y1	Q3Y1	Q4Y1
FHLB	73,532	30,000	18,000	20,000
NATIONAL & BROKERED DEPOSITS	3,672	10,158	5,559	17,602
OTHER WHOLESALE	0	0	0	0
TOTAL	**77,204**	**40,158**	**23,559**	**37,602**
CUMULATIVE	**77,204**	**117,362**	**140,921**	**178,523**

Cap Pricing

Index Rates	
Term	**Rate**
SOFR	3.550%
1M Term SOFR	3.613%
3M Term SOFR	3.641%
NY Fed 30 Day	3.638%
Eff. Fed Funds	3.630%
FF Target	3.750%
Prime	6.750%

SOFR Cap Pricing (% of Notional)						
Strike	2Y	3Y	4Y	5Y	7Y	10Y
3.00%	1.91%	3.01%	4.17%	5.39%	8.00%	12.08%
3.25%	1.51%	2.46%	3.48%	4.57%	6.92%	10.65%
3.50%	1.14%	1.95%	2.84%	3.81%	5.92%	9.31%
3.75%	0.86%	1.56%	2.33%	3.19%	5.09%	8.18%
4.00%	0.65%	1.24%	1.92%	2.68%	4.38%	7.19%
4.25%	0.51%	1.02%	1.61%	2.28%	3.81%	6.37%
4.50%	0.40%	0.83%	1.35%	1.94%	3.31%	5.65%
4.75%	0.32%	0.69%	1.14%	1.67%	2.91%	5.04%
5.00%	0.26%	0.58%	0.97%	1.44%	2.55%	4.50%
5.25%	0.22%	0.49%	0.84%	1.25%	2.26%	4.04%
5.50%	0.18%	0.42%	0.72%	1.09%	2.00%	3.64%
5.75%	0.15%	0.36%	0.63%	0.96%	1.78%	3.29%
6.00%	0.13%	0.31%	0.55%	0.85%	1.59%	2.98%

CHATHAM FINANCIAL

Discuss Pros / Cons of a Zero Cost Collar

SOFR Cap Pricing (% of Notional)						
Strike	2Y	3Y	4Y	5Y	7Y	10Y
3.00%	1.91%	3.01%	4.17%	5.39%	8.00%	12.08%
3.25%	1.51%	2.46%	3.48%	4.57%	6.92%	10.65%
3.50%	1.14%	1.95%	2.84%	3.81%	5.92%	9.31%
3.75%	0.86%	1.56%	2.33%	3.19%	5.09%	8.18%
4.00%	0.65%	1.24%	1.92%	2.68%	4.38%	7.19%
4.25%	0.51%	1.02%	1.61%	2.28%	3.81%	6.37%
4.50%	0.40%	0.83%	1.35%	1.94%	3.31%	5.65%
4.75%	0.32%	0.69%	1.14%	1.67%	2.91%	5.04%
5.00%	0.26%	0.58%	0.97%	1.44%	2.55%	4.50%
5.25%	0.22%	0.49%	0.84%	1.25%	2.26%	4.04%
5.50%	0.18%	0.42%	0.72%	1.09%	2.00%	3.64%
5.75%	0.15%	0.36%	0.63%	0.96%	1.78%	3.29%
6.00%	0.13%	0.31%	0.55%	0.85%	1.59%	2.98%

SOFR Floor Pricing (% of Notional)						
Strike	2Y	3Y	4Y	5Y	7Y	10Y
0.00%	0.02%	0.04%	0.07%	0.10%	0.18%	0.33%
1.00%	0.04%	0.09%	0.15%	0.22%	0.38%	0.66%
2.00%	0.09%	0.21%	0.35%	0.51%	0.86%	1.39%
2.25%	0.12%	0.26%	0.45%	0.64%	1.06%	1.70%
2.50%	0.15%	0.33%	0.56%	0.80%	1.30%	2.05%
2.75%	0.19%	0.43%	0.71%	1.01%	1.61%	2.50%
3.00%	0.25%	0.55%	0.89%	1.25%	1.98%	3.02%
3.25%	0.34%	0.71%	1.14%	1.58%	2.45%	3.68%
3.50%	0.46%	0.92%	1.44%	1.97%	2.99%	4.43%
3.75%	0.67%	1.24%	1.87%	2.50%	3.71%	5.39%
4.00%	0.95%	1.65%	2.39%	3.14%	4.55%	6.48%
4.50%	1.67%	2.67%	3.69%	4.70%	6.58%	9.11%
5.00%	2.51%	3.85%	5.20%	6.50%	8.92%	12.13%

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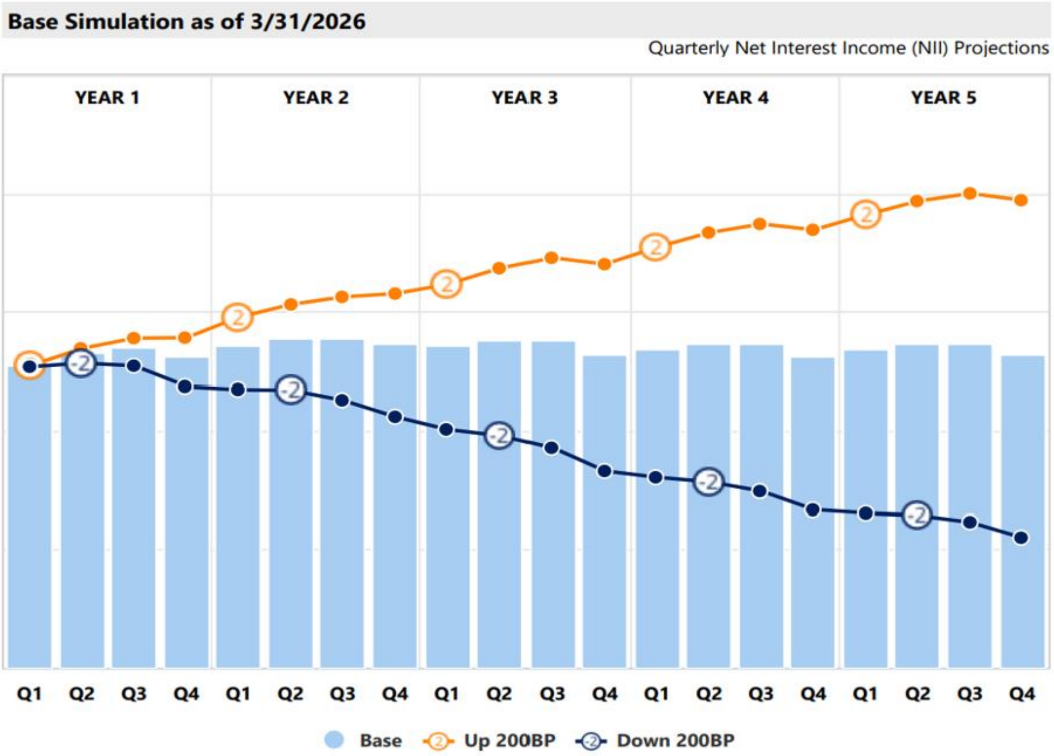
Asset Sensitive Institutions

Best Ways to Address an Asset Sensitive Profile Today?



Asset Sensitive Posture:

- ***With Any Slope, Fixing an Asset Sensitive Profile is Fun…Drives Earnings!***
- Cash Extension Into Fixed Rate Assets
- Pre-invest Upcoming Bond Cash Flow
- Partially or Fully Mismatched Leverage
- Call Protection / Prepay Penalties/ and Floors!
- Beware “Premiums”
- Front Run Loans Repricing (Offer to Fix Today?)
- Receive Fixed / Pay Variable Swaps (Slope Helps)
- Interest Rate Floors? Floor Spreads? Sell Caps?
- Other Derivatives?

Plan for Asset Cash Flow?…Pre-Invest Now (How Far Out)?

Investment Cash Flow

BASE RATE SCENARIO

ASSETS	Q1Y1	Q2Y1	Q3Y1	Q4Y1	Q1Y2	Q2Y2	Q3Y2	Q4Y2
TREASURIES & AGENCIES	15,000	10,000	4,500	8,745	8,000	0	4,500	2,000
MBS & CMO'S	9,327	9,814	9,649	7,397	7,845	8,014	7,558	7,070
OTHER INVESTMENTS	4,204	2,906	2,850	3,547	2,998	2,115	2,382	3,774
TOTAL	**28,531**	**22,720**	**16,999**	**19,689**	**18,843**	**10,129**	**14,440**	**12,843**
CUMULATIVE	**28,531**	**51,251**	**68,250**	**87,939**	**106,782**	**116,911**	**131,351**	**144,194**

Loan Cash Flow

BASE RATE SCENARIO

ASSETS	Q1Y1	Q2Y1	Q3Y1	Q4Y1	Q1Y2	Q2Y2	Q3Y2	Q4Y2
RESIDENTIAL REAL ESTATE & HOME EQUITY	46,110	48,199	41,554	36,893	41,858	45,064	39,916	36,150
COMMERCIAL REAL ESTATE	6,854	6,097	6,006	6,384	5,911	5,875	5,487	5,549
COMMERCIAL & INDUSTRIAL	2,789	5,483	2,467	2,649	2,344	2,290	2,681	2,664
OTHER	62,742	32,611	30,899	27,855	25,222	23,671	23,120	19,589
TOTAL	**118,495**	**92,390**	**80,925**	**73,780**	**75,335**	**76,901**	**71,204**	**63,953**
CUMULATIVE	**118,495**	**210,885**	**291,810**	**365,590**	**440,926**	**517,826**	**589,030**	**652,983**

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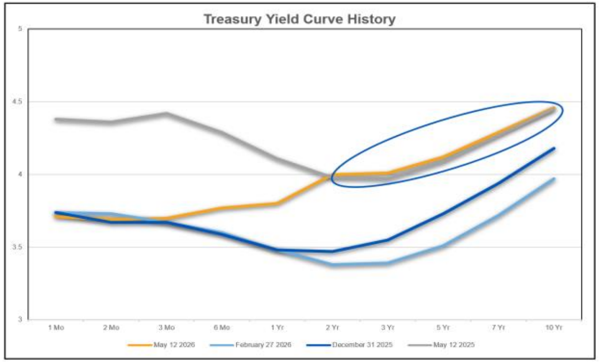
Strategy: Loan Rates Continue to Come Down

What Are We Seeing on CRE?

DARLING CONSULTING GROUP

Loans360®

		Balance Tiers				
Year	Month	<$250K	$250K-$500K	$500K-$1M	$1M-$3M	$3M+
2026	3	6.76	6.53	6.39	6.32	6.11
2026	2	6.83	6.57	6.46	6.26	6.24
2026	1	6.76	6.58	6.43	6.32	6.26
2025	12	6.88	6.66	6.49	6.37	6.25
2025	11	6.90	6.79	6.43	6.36	6.29
2025	10	6.97	6.87	6.62	6.52	6.32
2025	9	7.17	6.82	6.70	6.51	6.33
2025	8	7.13	6.89	6.78	6.66	6.52
2025	7	7.16	6.99	6.84	6.70	6.36
2025	6	7.19	6.95	6.90	6.72	6.53
2025	5	7.25	7.01	6.85	6.73	6.53
2025	4	7.26	7.08	6.90	6.74	6.58
2025	3	7.40	7.14	6.96	6.80	6.64



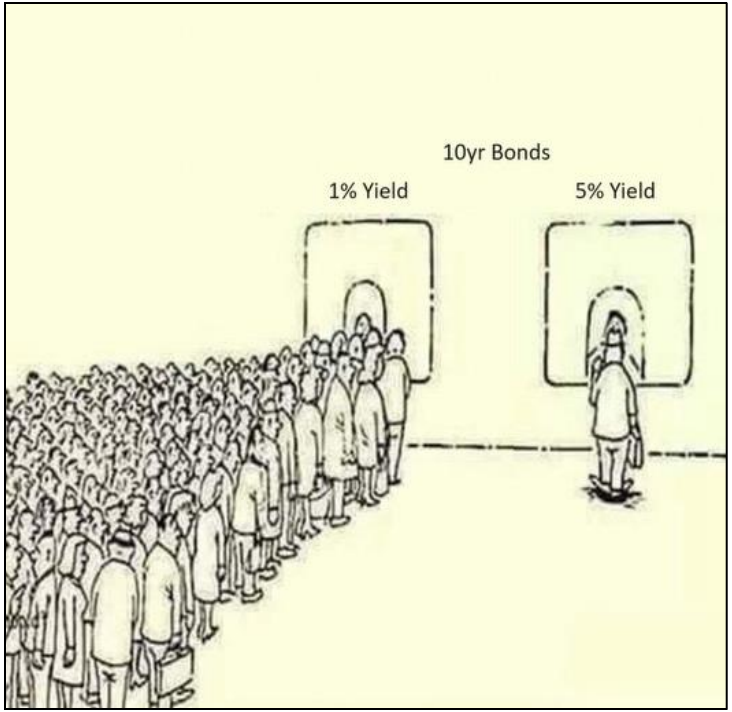
CRE Loan Breakout by Coupon Band…Prepayment Fees?

	Commercial RE			
Coupon Band	Count	Balance	Rate	% of Total
<4.50%	64	56,535	3.93	19%
4.50-5.00%	29	22,489	4.77	8%
5.00-5.50%	11	8,773	5.18	3%
5.50-6.00%	19	51,358	5.84	18%
6.00-6.50%	53	64,015	6.23	22%
6.50-7.00%	41	27,980	6.74	10%
7.00-7.50%	61	60,836	7.17	21%
>7.50%	1	949	8.25	0%
Total	279	292,933	5.82	

Investment "Strategy": What Makes Sense For YOUR Balance Sheet?

- Investment & Loan Cashflow Coming Off Historic Low Yields… **Capture Higher Yields Now!**
- Pre-investment: Hedge Slowing Loan Activity, Falling Rates
- IF Rates Fall, Economy Deteriorates, Margins Contract & Credit Costs Escalate?
  - …***Buy Call-Protected Duration Now!***
- What are Institutions Buying At Top Of Rate CYCLE…Spread?…Or Yield & Protection?... Avoid Herd Mentality & **Do The Opposite!**
- Loss Sales…No Free Lunch

“Do the Opposite” Often Best Strategy!



- **Bankers Buy Bonds <u>When Liquidity High, Rates Low</u> and Reaching for Earnings in “Recessionary Times”**

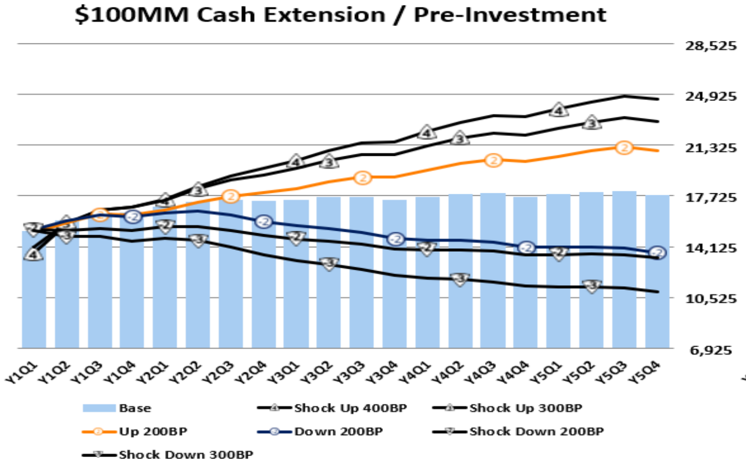
The Opposite: Financial Wisdom From George Costanza

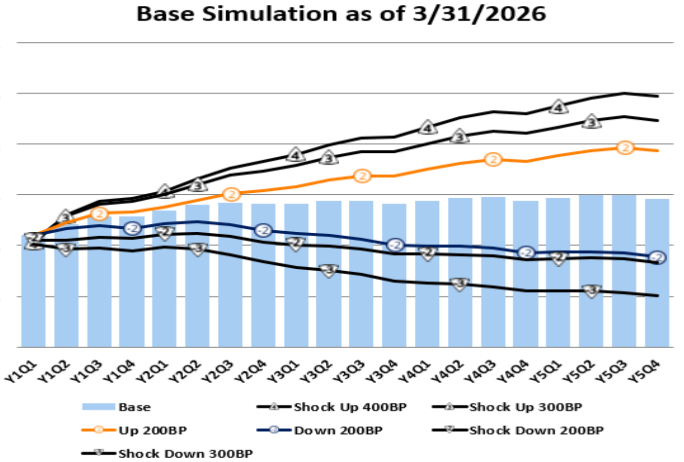
- THEN…
  …Rates Reverse,
  …Unrealized Losses Appear,
  …Along with Monday Morning Quarterbacks,
  …FEAR Materializes Leading to Inaction or Loss Sales
  …And When HIGH Yield Investment Opportunities are Once Again Available, No One Buys
  …“Fear, Uncertainty, Doubt” Drives Everyone “Short”

…And “The Beat Goes On”…Wash, Rinse and Repeat

$100MM Cash Extension

($85MM Discounted MBS & $15MM 3-4 Year Bullets)…Model an Extreme!





	$100MM Cash Extension / Pre-Investment					Difference					Base Simulation as of 3/31/2026				
NII Results	Year 1	Year 2	Year 3	Year 4	Year 5	Year 1	Year 2	Year 3	Year 4	Year 5	Year 1	Year 2	Year 3	Year 4	Year 5
Shock Up 400BP	62,983	74,661	84,210	91,989	97,673	-2,380	-1,831	-1,312	-913	-647	65,364	76,492	85,522	92,901	98,320
Shock Up 300BP	63,563	73,734	81,215	87,346	91,730	-1,446	-1,034	-645	-345	-146	65,009	74,767	81,859	87,690	91,876
Up 200BP	63,767	69,659	75,113	80,048	83,621	303	-382	-96	127	272	63,464	70,041	75,209	79,921	83,349
Base	64,294	69,188	70,184	71,078	71,736	1,359	1,359	1,359	1,359	1,359	62,936	67,829	68,825	69,719	70,378
Down 200BP	63,865	65,423	60,872	57,626	55,898	2,774	3,118	2,290	1,832	1,615	61,091	62,305	58,582	55,794	54,282
Shock Down 200BP	61,284	61,286	57,475	55,130	54,047	2,925	2,233	1,807	1,574	1,476	58,359	59,053	55,668	53,556	52,571
Shock Down 300BP	59,505	56,937	50,642	46,625	44,646	3,708	2,671	2,032	1,681	1,534	55,798	54,266	48,610	44,944	43,112
% Change from Yr 1 Base															
Shock Up 400BP	-2.0	16.1	31.0	43.1	51.9	-5.9	-5.4	-4.9	-4.5	-4.3	3.9	21.5	35.9	47.6	56.2
Shock Up 300BP	-1.1	14.7	26.3	35.9	42.7	-4.4	-4.1	-3.8	-3.5	-3.3	3.3	18.8	30.1	39.3	46.0
Up 200BP	-0.8	8.3	16.8	24.5	30.1	-1.7	-2.9	-2.7	-2.5	-2.4	0.8	11.3	19.5	27.0	32.4
Base		7.6	9.2	10.6	11.6		-0.2	-0.2	-0.2	-0.2		7.8	9.4	10.8	11.8
Down 200BP	-0.7	1.8	-5.3	-10.4	-13.1	2.3	2.8	1.6	1.0	0.7	-2.9	-1.0	-6.9	-11.3	-13.7
Shock Down 200BP	-4.7	-4.7	-10.6	-14.3	-15.9	2.6	1.5	0.9	0.6	0.5	-7.3	-6.2	-11.5	-14.9	-16.5
Shock Down 300BP	-7.4	-11.4	-21.2	-27.5	-30.6	3.9	2.3	1.5	1.1	0.9	-11.3	-13.8	-22.8	-28.6	-31.5

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FNMA. 5.54% Yield 30-Year Conventional MBS: Large $1.9BN Deal with Over 3,400 Loans and 5-months of Seasoning

100% FNCL 5.5 N 6.497(352)5 CUSIP 31418FTB3 Pool Level As of 05/2026

5/26	103..	10.3C	0.0B	Traits	CL, 30/360	Coupon	5.50%	Maturity	01/01/56	CA	20%	2025	100%
3Mo	1479	11.8	0.0	12/01/2025	1.9MMM	LTV/HLTV	79/79	Accrual	06/01-06/30	NJ	6%	2024	0%
6Mo	--	--	--	05/25/2026	1.8MMM	MAXLS	1,548,000	Next Pay	07/25/26	WA	5%		
12Mo	--	--	--	Factor	0.95478425	WAOLS	597,511			IL	5%		
Life	1584	9.5	0.0	# Loans	3,409								

1) Price-to-Yield

Settle	06/11/26	+300 MED	+200 MED	+100 MED	0 MED	-100 MED	-200 MED	-300 MED
Vary	0	103 PSA	119 PSA	152 PSA	208 PSA	595 PSA	1078 PSA	1203 PSA
Price	99-24	5.5473	5.5464	5.5445	5.5412	5.5188	5.4926	5.4860
Avg Life		10.92	10.15	8.81	7.14	3.01	1.79	1.63
Mod Duration		7.22	6.83	6.15	5.24	2.61	1.64	1.50

FNMA DUS Bond at Discount for Call Protection

US POOL 5.620(104)16 CUSIP 3132WVBN3 Pool Level As of 05/2026

5/26	0P	0.0C	0.0B	Traits	WA, ACT/360 NOM	Coupon	4.50%	Maturity	01/01/35	NY	100%	2024	100%
3Mo	0	0.0	0.0	02/01/2025	3,247,029	LTV	3	Accrual	05/01-05/31				
6Mo	0	0.0	0.0	05/26/2026	3,194,966	MAXLS	3MM	Next Pay	06/25/26				
12Mo	0	0.0	0.0	Factor	0.98396605	DSCR	0.03						
Life	0	0.0	0.0	# Loans	1								

1) Price-to-Yield

Settle	05/21/26	CF	CF	CF	CF	CF	CF	CF
Vary	0	100 CPY	0 CPY	0 CPY	0 CPY	0 CPY	0 CPY	0 CPY
Price	98-14	4.8121	4.8048	4.8048	4.8048	4.8048	4.8048	4.8048
Avg Life		7.67	8.10	8.10	8.10	8.10	8.10	8.10

MBS @$97+ Yield 5.35%

100% FNCL 5 N   5.986(354)3   CUSIP 3142J6DY6   Pool Level   As of 07/2026

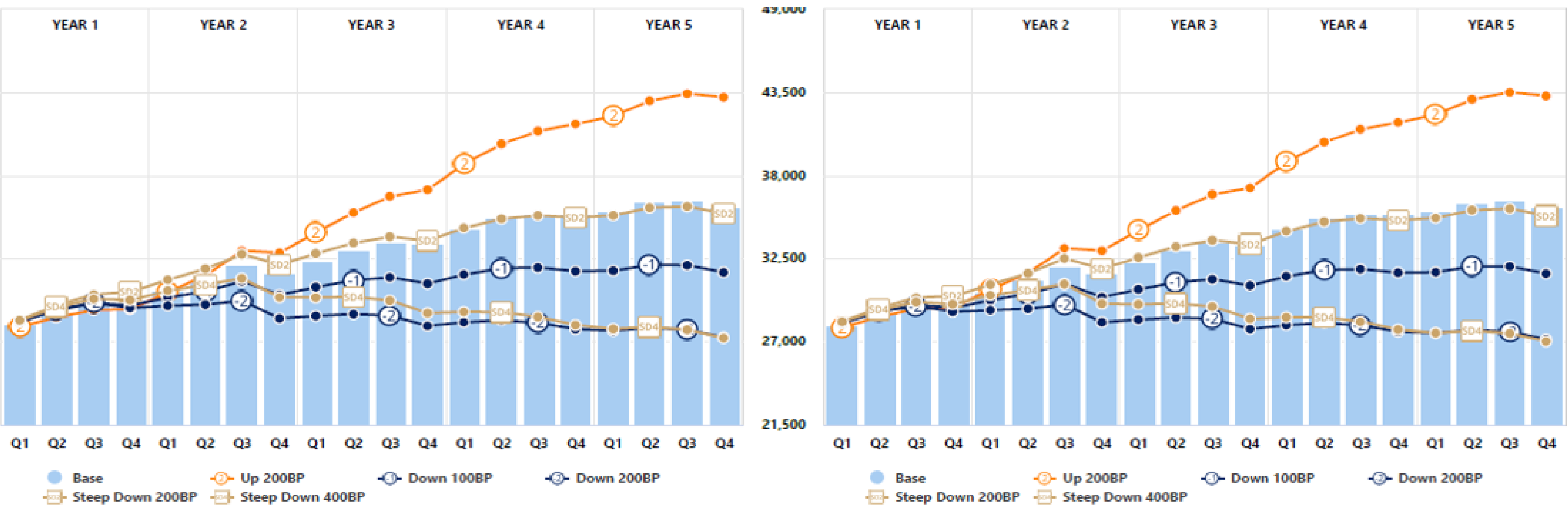
7/26	127...	7.6C	0.0B	Traits	CL, 30/360	Coupon	5.00%	Maturity	05/01/56	CA	20%	2026	100%
3Mo	1631	6.5	0.0	04/01/2026	6.6MMM	LTV/HLTV	77/77	Accrual	08/01-08/31	CO	6%	2025	0%
6Mo	--	--	--	07/25/2026	6.4MMM	MAXLS	2,363,000	Next Pay	09/25/26	WA	5%		
12Mo	--	--	--	Factor	0.98027645	WAOLS	631,561			VA	5%		
Life	1631	6.5	0.0	# Loans	11,072								

1) Price-to-Yield

Settle	08/13/26	+300 MED	+200 MED	+100 MED	0 MED	-100 MED	-200 MED	-300 MED
Vary	0	90 PSA	105 PSA	131 PSA	172 PSA	383 PSA	1092 PSA	1433 PSA
Price	97-28+	5.2837	5.2964	5.3187	5.3543	5.5383	6.0907	6.3323
Avg Life		11.60	10.81	9.64	8.19	4.50	1.89	1.51
Mod Duration		7.71	7.31	6.70	5.90	3.67	1.72	1.39
Prin Win	Date	9/26-1/56	9/26-1/56	9/26-1/56	9/26-1/56	9/26-1/56	9/26-7/52	9/26-12/41
I Spread		60	66	74	86	126	193	225

Jul26 Jun May Apr Mar Feb Jan Dec Nov Oct Sep Aug GOVT(I) 6M 1Y 2Y 3Y 5Y 7Y 10Y 30Y

$50MM Pre-Investment (1-Month FHLB): Which is Best Outcome? *



NII RESULTS	Y1	Y2	Y3	Y4	Y5	Y1	Y2	Y3	Y4	Y5	Y1	Y2	Y3	Y4	Y5
* UP 200BP	114,729	127,439	143,337	161,103	171,320	-215	-636	-538	-451	-361	114,944	128,075	143,874	161,555	171,681
BASE	116,143	124,987	132,523	140,522	143,967	245	208	175	140	115	115,898	124,779	132,348	140,382	143,851
DOWN 100BP	116,247	121,235	123,647	126,752	127,281	475	645	536	434	347	115,772	120,589	123,111	126,318	126,934
DOWN 200BP	116,242	116,973	114,173	112,653	110,593	703	1,082	887	712	560	115,539	115,891	113,285	111,941	110,033
STEEP DOWN 200BP	118,166	127,680	133,872	140,098	142,507	756	1,172	961	771	607	117,410	126,508	132,911	139,326	141,900
STEEP DOWN 400BP	117,177	122,142	118,377	114,542	110,723	726	1,436	1,648	1,301	1,002	116,451	120,706	116,729	113,241	109,721
						DIFFERENCE									

Thoughts on Investments

ARGUMENTS AGAINST	ARGUMENTS FOR
1 Scars: Unrealized losses	150+bp Leverage Spreads 1
2 Loan Funding	Hedge: Call Protection (IRR), Credit Risk , Loan Slowdown 2
3 Cash = “High Yielding Asset”	Pre-Investment Flexibility 3

7-year ARM @ 4.89% Yield
(*Compare to “Net Yield” of Auto Loans*)

P US POOL 5.483(360)0 CUSIP 31288RMD7 Pool Level As of 05/2026

5/26	--P	--C	--B
3Mo	--	--	--
6Mo	--	--	--
12Mo	--	--	--
Life	--	--	--

Traits	84, HYB 7/SA, 30/...
05/01/2026	14,958,881
06/15/2026	14,958,881
Factor	1.0
# Loans	689

Coupon	4.632%	Maturity	06/01/56	CA	27%	2026	100%
LTV/HLTV	67/67	Accrual	06/01-06/30	UT	11%	2024	0%
MAXLS	1,172,000	Next Pay	08/15/26	MI	9%	2025	0%
WAOLS	450,054			FL	8%	2023	0%

SOFR30A+222.3BP Cap 9.63% Flr 2.22% Mths to Reset 84

1) Price-to-Yield Current SOFR30A 3.59435

Settle	06/24/26	14.1 CPR	15.4 CPR	16.0 CPR	17.3 CPR	23.9 CPR	34.6 CPR	43.7 CPR
Indices		F+300	F+200	F+100	F+0	F-100	F-200	F-300
Vary	0	100% BAM	100% BAM	100% BAM	100% BAM	100% BAM	100% BAM	100% BAM
Price	99-06	5.3542	5.0919	4.9817	4.8878	4.8249	4.8074	4.8227
Avg Life		5.86	5.42	5.20	4.82	3.46	2.29	1.72
Spread Duration		4.83	4.54	4.37	4.07	2.97	2.01	1.54

How Are We Pricing Our Loans? Profitable vs. Bonds?

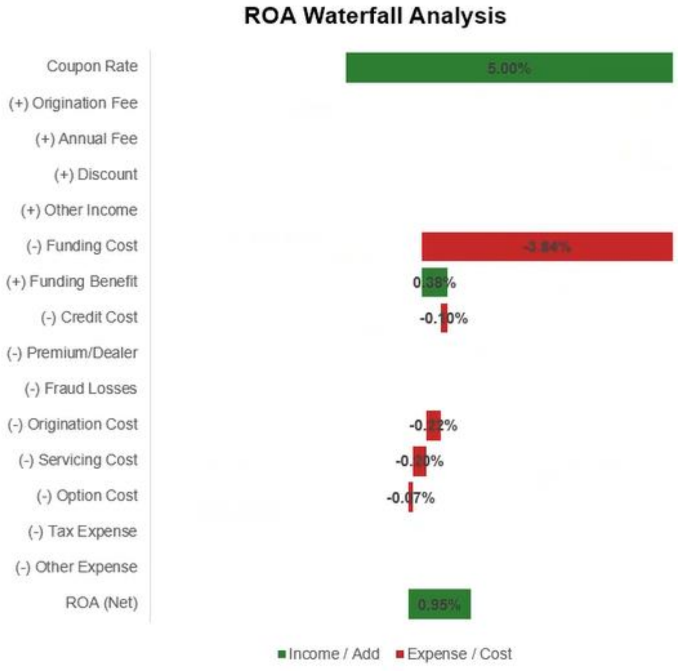
Product:	Auto - Fixed - 5 Years	**Amount:**	$50,000
Coupon:	5.00%	**FHLB:**	FHLB NY
Credit:	A+	**Tax Rate:**	0%

D·C·G | Loans360° Loan Pricing Calculator

Assumptions		**Assumption Source** DCG	User %	User $
Origination Fee	0.00%	0.05%	0.00%	
Annual Fee	0.00%	0.00%		
Discount	0.00%	0.00%		
Other	0.00%	0.00%		
Earnings	5.00%			
Funding Cost	3.84%	3.84%		
Funding Benefit of Equity	-0.38%	10.00%		
Credit Cost	0.10%	0.38%	0.10%	
Premium/Dealer Flats	0.00%	0.00%		
Fraud Losses	0.00%	0.20%	0.00%	
Origination Cost	0.22%	0.72%		$ 200
Servicing Cost	0.20%	0.20%		
Option Cost	0.07%	0.07%		
Tax Expense	0.00%	0.00%		
Other	0.00%	0.00%		
Costs	4.05%			
Return on Asset:	0.95%			
Equity Ratio	10.00%	10.00%		
Return of Equity:	9.53%			

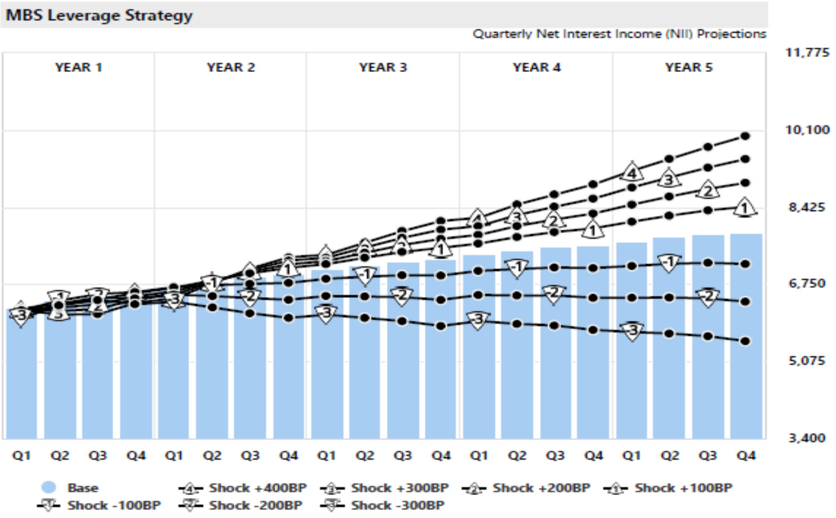
Loan Characteristics	
CIA Rate	
Loan Term (Years)	5
Projected CPR (%)	18.95%
AVG Life (Years)	1.81
Gross Earnings $	$4,533.92
Gross Cost $	$3,669.89
Net Profit/Loss $	$864.03
Market Price Estimate	101.64

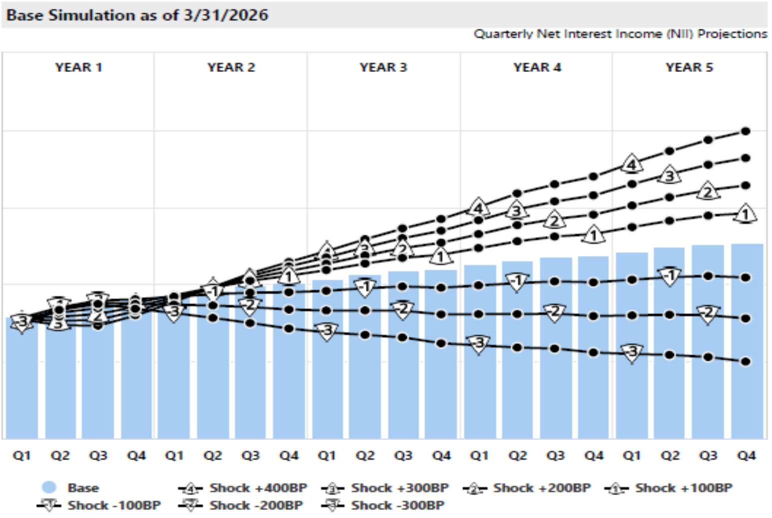
Profitability Metrics	
ROA Target	1.00%
ROA Shortfall/Surplus	-0.05%
Target ROA Rate	5.05%
ROE Target	8.50%
ROE Shortfall/Surplus	1.03%
Target ROE Rate	4.90%
Accretive to Income?	YES
Accretive to Capital?	NO



Single Loan Calculator | Whole Portfolio | Historical Tracking | Assumptions | Prepay Assumptions | Funding Cost | Option Cost Assumption | COA | Figma Mockup | +

$75MM Bond Purchase: Hedge Falling Rates & Credit Risk





NII RESULTS

	Y1	Y2	Y3	Y4	Y5	Y1	Y2	Y3	Y4	Y5	Y1	Y2	Y3	Y4	Y5
SHOCK +400BP	24,690	27,601	31,039	34,263	38,354	960	352	-255	-873	-598	23,730	27,249	31,294	35,136	38,952
SHOCK +300BP	24,973	27,607	30,537	33,280	36,645	912	461	17	-438	-232	24,061	27,146	30,520	33,718	36,877
SHOCK +200BP	25,219	27,575	29,993	32,250	34,876	830	542	267	-20	119	24,389	27,033	29,726	32,270	34,757
SHOCK +100BP	25,489	27,565	29,473	31,227	33,101	777	646	535	413	482	24,712	26,919	28,938	30,814	32,619
BASE	25,699	27,427	28,779	30,001	31,122	726	754	807	848	848	24,973	26,673	27,972	29,153	30,274
SHOCK -100BP	25,663	26,916	27,631	28,301	28,710	603	794	1,020	1,232	1,169	25,060	26,122	26,611	27,069	27,541
SHOCK -200BP	25,285	25,845	25,822	25,949	25,697	476	831	1,229	1,612	1,486	24,809	25,014	24,593	24,337	24,211
SHOCK -300BP	24,991	24,719	23,864	23,412	22,491	406	920	1,483	2,032	1,838	24,585	23,799	22,381	21,380	20,653
						DIFFERENCE									

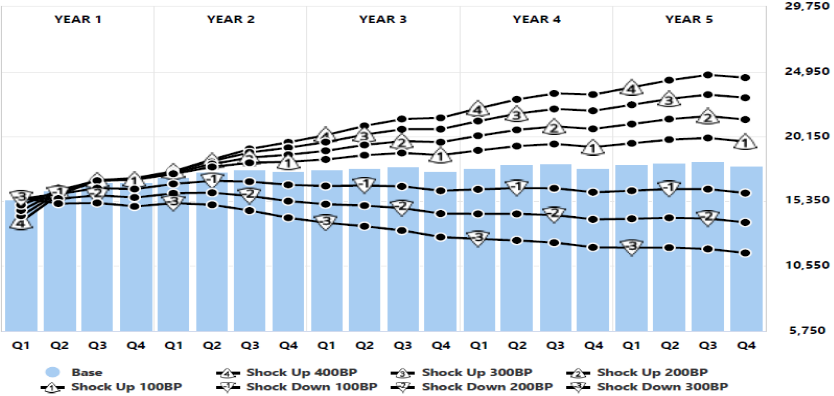
1. Alternate simulation assumes that $75MM of MBS at a WAR of 5.02% are funded with 1 month borrowings (3.90%). Additionally, pay fixed swaps are laddered in (1, 2, and 3 years) at a WAR of 3.77% and receiving SOFR 1M (3.61%).

Quantifying Capacity for Added Duration…Model an Extreme!

$100MM of Jumbo Fixed Rate Resi Loan Growth Funded with Short FHLB Borrowings

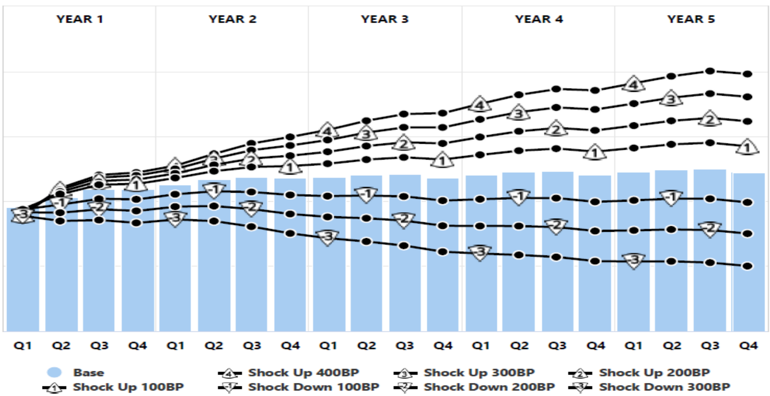
$100MM Cash Funding Jumbo Mortgages as of 03/31/2026

Quarterly Net Interest Income (NII) Projections



Base Simulation as of 3/31/2026

Quarterly Net Interest Income (NII) Projections



NII RESULTS

	Y1	Y2	Y3	Y4	Y5	Y1	Y2	Y3	Y4	Y5	Y1	Y2	Y3	Y4	Y5
SHOCK UP 400BP	63,575	74,871	84,068	91,628	97,210	-1,789	-1,621	-1,454	-1,273	-1,109	65,364	76,492	85,522	92,901	98,320
SHOCK UP 300BP	64,211	74,097	81,311	87,280	91,588	-797	-671	-549	-410	-288	65,009	74,767	81,859	87,690	91,876
SHOCK UP 200BP	64,633	72,880	78,054	82,355	85,460	194	279	356	452	534	64,439	72,601	77,698	81,902	84,926
SHOCK UP 100BP	65,002	71,667	74,815	77,422	79,268	1,194	1,253	1,297	1,364	1,415	63,808	70,414	73,517	76,058	77,853
BASE	65,113	70,008	70,991	71,896	72,555	2,177	2,179	2,165	2,177	2,177	62,936	67,829	68,825	69,719	70,378
SHOCK DOWN 100BP	63,951	66,794	65,501	64,811	64,517	3,144	3,060	2,962	2,900	2,832	60,807	63,734	62,538	61,912	61,685
SHOCK DOWN 200BP	62,454	62,947	59,360	57,093	55,958	4,095	3,895	3,692	3,536	3,387	58,359	59,053	55,668	53,556	52,571
SHOCK DOWN 300BP	60,851	59,019	53,065	49,160	47,105	5,053	4,753	4,455	4,216	3,992	55,798	54,266	48,610	44,944	43,112

DIFFERENCE

YR 2 % CHANGE FROM YR 2 BASE

	POLICY	Y1	POLICY	Y2	Y1	Y2	POLICY	Y1	POLICY	Y2
SHOCK UP 400BP	-25.0%	-2.4%	-45.0%	6.9%	-6.2%	-5.8%	-25.0%	3.9%	-45.0%	12.8%
SHOCK UP 300BP	-20.0%	-1.4%	-40.0%	5.8%	-4.7%	-4.4%	-20.0%	3.3%	-40.0%	10.2%
SHOCK UP 200BP	-15.0%	-0.7%	-30.0%	4.1%	-3.1%	-2.9%	-15.0%	2.4%	-30.0%	7.0%
SHOCK UP 100BP	-10.0%	-0.2%	-20.0%	2.4%	-1.6%	-1.4%	-10.0%	1.4%	-20.0%	3.8%

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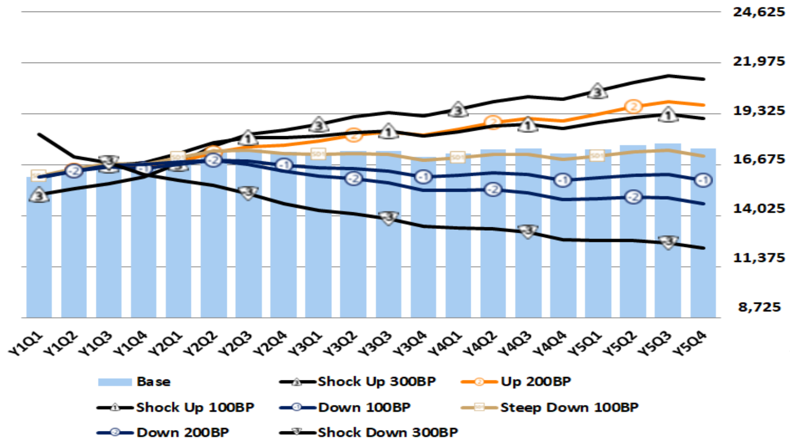
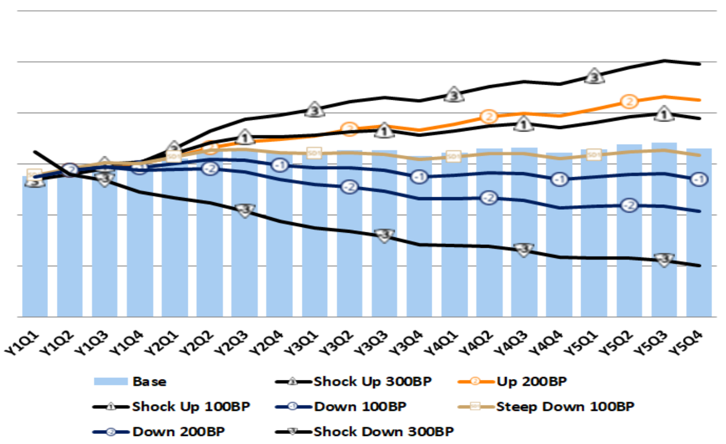
$200MM 5 Year Zero Cost Collar

Strategy Simulation



Base Simulation as of 3/31/2026

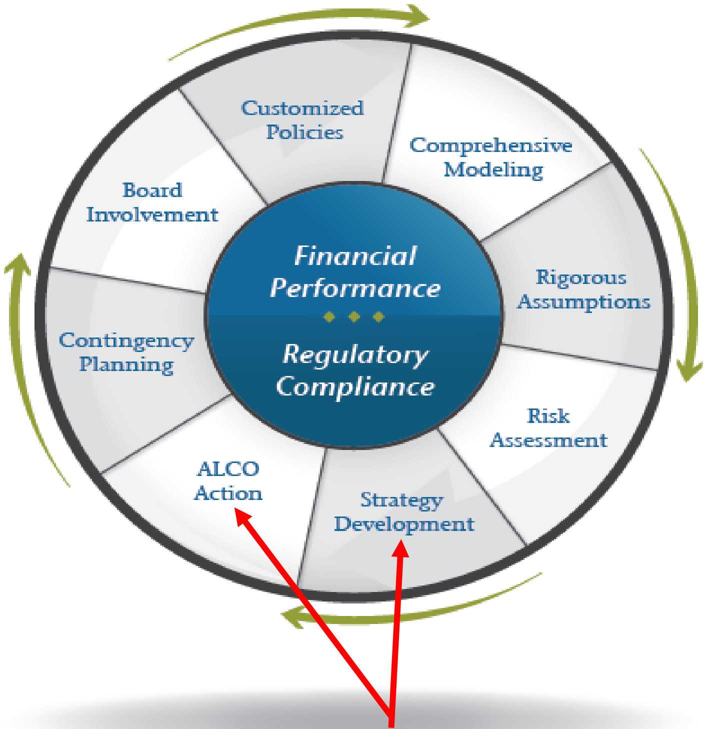


Floors	Floor 1
Notional (Whole $)	200,000,000
Buy/Sell	Buy
Start Date	4/1/2026
End Date	3/31/2031
Strike	2.50
Current Rate	3.60
All-in Cost %	0.94%

Caps	Cap 1
Notional (Whole $)	200,000,000
Buy/Sell	Sell
Start Date	4/1/2026
End Date	3/31/2031
Strike	5.13
Current Rate	3.60
All-in Cost %	0.94%

	Strategy Simulation					Difference					Base Simulation as of 3/31/2026				
NII Results	Year 1	Year 2	Year 3	Year 4	Year 5	Year 1	Year 2	Year 3	Year 4	Year 5	Year 1	Year 2	Year 3	Year 4	Year 5
Shock Up 300BP	62,267	71,159	76,583	79,826	83,874	-2,950	-2,950	-2,950	-2,950	-2,950	65,217	74,109	79,533	82,776	86,824
Up 200BP	65,601	69,437	72,769	75,430	78,725	-154	-950	-950	-950	-950	65,755	70,387	73,719	76,380	79,675
Shock Up 100BP	65,926	71,212	73,141	74,442	76,363	0	0	0	0	0	65,926	71,212	73,141	74,442	76,363
Base	65,683	69,104	69,210	69,536	70,447	0	0	0	0	0	65,683	69,104	69,210	69,536	70,447
Down 100BP	65,367	67,133	65,350	64,418	64,203	0	0	0	0	0	65,367	67,133	65,350	64,418	64,203
Steep Down 100BP	66,003	69,157	68,581	68,454	69,048	0	0	0	0	0	66,003	69,157	68,581	68,454	69,048
Down 200BP	65,757	66,766	63,080	60,821	59,523	483	1,800	1,800	1,800	1,800	65,274	64,966	61,280	59,021	57,723
Shock Down 300BP	68,293	61,344	55,772	52,680	50,475	3,800	3,800	3,800	3,800	3,800	64,493	57,544	51,972	48,880	46,675
% Change from Yr 1 Base															
Shock Up 300BP	-5.2	8.3	16.6	21.5	27.7	-4.5	-4.5	-4.5	-4.5	-4.5	-0.7	12.8	21.1	26.0	32.2
Up 200BP	-0.1	5.7	10.8	14.8	19.9	-0.2	-1.4	-1.4	-1.4	-1.4	0.1	7.2	12.2	16.3	21.3
Shock Up 100BP	0.4	8.4	11.4	13.3	16.3	0.0	0.0	0.0	0.0	0.0	0.4	8.4	11.4	13.3	16.3
Base		5.2	5.4	5.9	7.3		0.0	0.0	0.0	0.0		5.2	5.4	5.9	7.3
Down 100BP	-0.5	2.2	-0.5	-1.9	-2.3	0.0	0.0	0.0	0.0	0.0	-0.5	2.2	-0.5	-1.9	-2.3
Steep Down 100BP	0.5	5.3	4.4	4.2	5.1	0.0	0.0	0.0	0.0	0.0	0.5	5.3	4.4	4.2	5.1
Down 200BP	0.1	1.6	-4.0	-7.4	-9.4	0.7	2.7	2.7	2.7	2.7	-0.6	-1.1	-6.7	-10.1	-12.1
Shock Down 300BP	4.0	-6.6	-15.1	-19.8	-23.2	5.8	5.8	5.8	5.8	5.8	-1.8	-12.4	-20.9	-25.6	-28.9

Strategic ALCO: Best Practices for “Effective” ALCO Process



Strategic ALCO Meeting: Where most ALCO processes fall short

Question and Answer

Thank you!

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