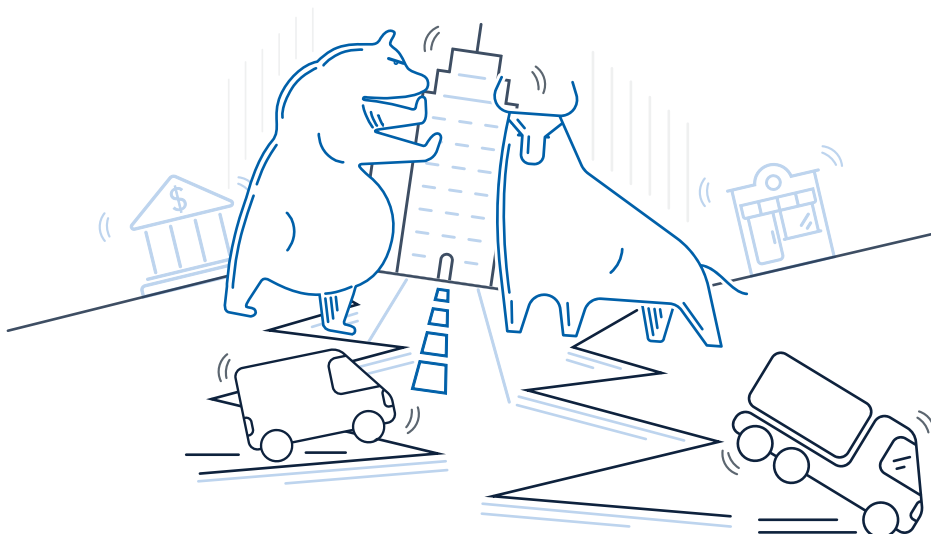




# HOW MARKET VOLATILITY IMPACTS YOUR CLIENTS' SBLOCS

## MANAGING MARKET MAYHEM

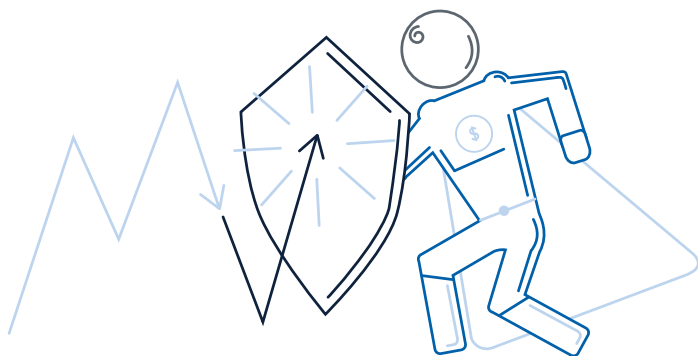
Markets can become unstable when there is uncertainty generated by any or all of the following events:



- Rising interest rates
- New tax laws, reduced government spending
- Consumer price hikes/inflation
- Geopolitical events: wars, trade tariffs, trade embargoes, restrictions on financial transactions

## THE BANCORP CONSERVATIVE LENDING: YOUR ALLY DURING MARKET VOLATILITY

It's natural for Financial Professionals (FPs) and their clients to be concerned about the portfolio assets pledged for their Securities-Backed Lines of Credit (SBLOCs). However, The Bancorp designed the SBLOC to minimize risk and preserve clients' assets.



- Eligible assets for collateral make up 50%-65% of the portfolio value depending on its structure.
- Conservative advance rates based on high-quality securities provide a buffer between the advance rate and the default rate.
- When markets are volatile the buffer can eliminate the need for clients to sell off assets at a loss.

## ACTIONS THE BANCORP TAKES TO PRESERVE CLIENTS' PORTFOLIO ASSETS

The Bancorp performs market and portfolio analysis every business day to provide early detection of any changes to clients' collateral values.



- We have a documented process for monitoring portfolios and assigning a status based on the portfolio's collateral balance.
- We immediately notify FPs in cases where collateral value is declining well before it reaches default status.
- We allow FPs to work with their clients to rectify any collateral shortfalls and preserve their client relationships.
- We do not implement sudden portfolio liquidations.

## PROACTIVE SBLOC MANAGEMENT CAN MITIGATE RISK

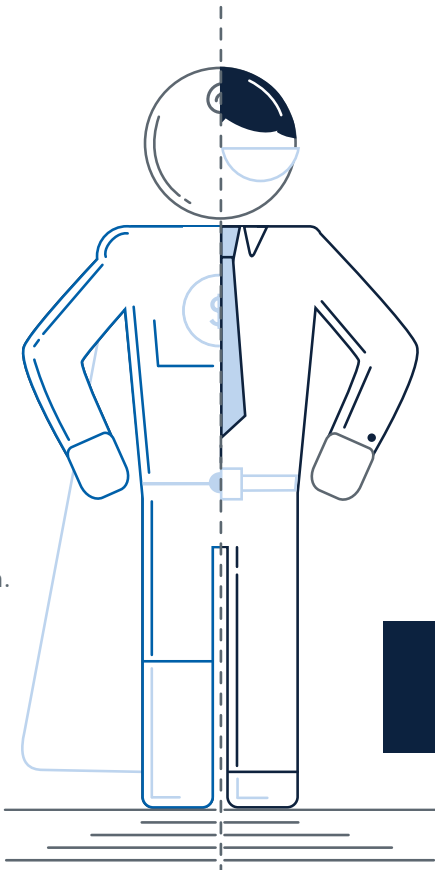
Financial professionals and their clients can take steps to preserve portfolio assets while an SBLOC is in use.

### FINANCIAL PROFESSIONALS

- Consider the impact of market conditions on your clients' portfolios.
- Work with your dedicated Institutional Banking BDO to determine the best solution and loan amount for you and your clients.
- Review clients' SBLOC transactions and balances using the TotalCash Manager platform.
- Educate clients about The Bancorp approach to preserving portfolio assets.

### CLIENTS

- Monitor outstanding SBLOC balances.
- Use the SBLOC for necessities (e.g., emergency home/car repairs, medical bills).
- Consider paying off the SBLOC balance as they can reapply for a new credit line in the future.



**LEARN MORE AT**  
[institutionalbanking.thebancorp.com](https://institutionalbanking.thebancorp.com)

FOR FINANCIAL PROFESSIONAL/DEALER USE ONLY

An SBLOC cannot be used for the purchase of additional securities or to pay off a margin loan that was used to purchase securities.

Securities-based lending has special risks and may not be suitable for everyone. If the market value of the pledged securities declines below required levels, the client may be required to pay down the loan or line of credit or pledge additional eligible securities in order to maintain it, or the lender may require the sale of some or all of the client's pledged securities. The sale of the client's pledged securities may cause the client to suffer adverse tax consequences.

The Bancorp Bank, N.A. does not offer tax, legal, or investment advice. Clients should consult with their tax professional, attorney or financial professional(s), as necessary.

To help maintain the security of financial information, do not include confidential personal information such as account numbers or Social Security Numbers in nonsecure email correspondence.

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