

BankDirector

Breakout 2:
**Specialty Finance – A
Mature Industry with
Attractive Opportunities
for Banks**

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#A0BA24

Specialty Finance – A Dynamic Industry with Attractive Opportunities for Banks

BREAN | *Capital*

January 29 | Acquire or Be Acquired | Phoenix, AZ

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Specialty Finance Industry Update



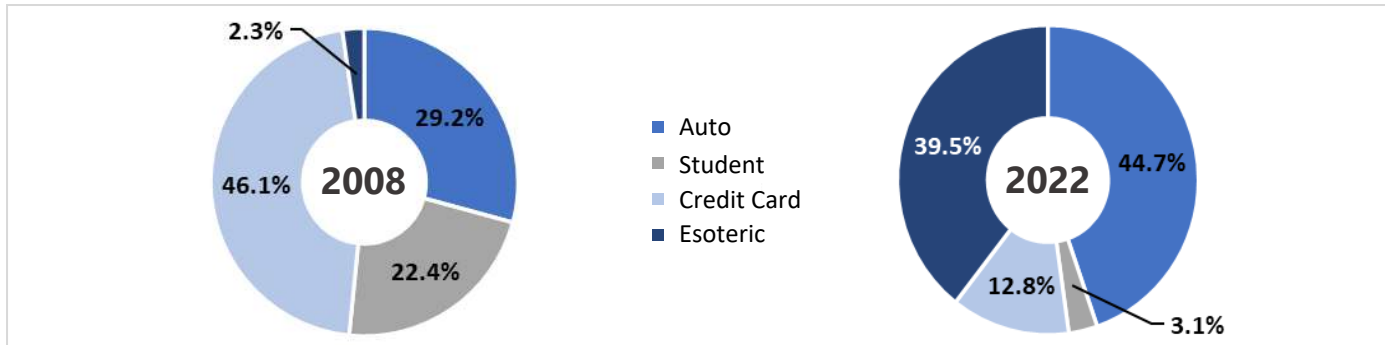
Overview

- \$2 Trillion US Market
- Small and Medium Businesses
 - 33 million SMBs in the US
 - 45% of SMBs applied to Non-depository lenders in 2021
- Multiple Verticals
 - Equipment Finance
 - Asset-Based Lending
 - Invoice Factoring
 - Small Business Lending

Key Drivers

- 1919 Heller Financial is Established
- Underserved Market
 - 40% of US SMBs seek financing for growth
 - Tightening credit boxes at banks exclude mid to high credit quality businesses
- Technologic Innovation
 - Customer Acquisition
 - Underwriting
 - Efficiency
- Securitization Market

Esoteric vs. Traditional ABS Market by Total Proceeds



Commercial vs. Consumer Specialty Finance

Commercial

Consumer

Borrowers

Businesses, corporations, and other commercial entities

Individual Consumers

Use of Proceeds

Capital Expenditures
Operational Expenses
Business Growth & Development

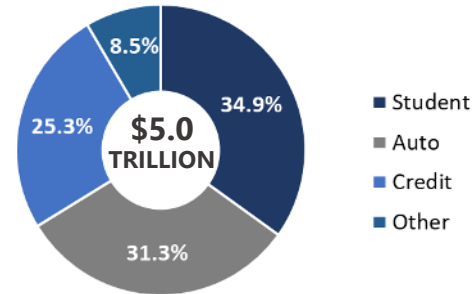
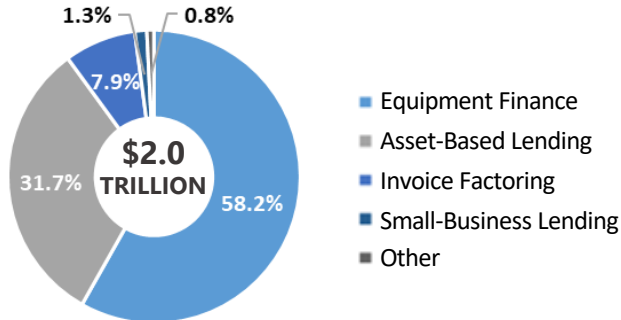
Personal Expenses and Purchases

Terms

Typically longer term and larger amounts. Usually more flexible and customized based on specific needs of business

Shorter term and fixed repayment schedules. Interest rates may vary based on type of loan and borrower creditworthiness

Market Size & Products



Major Players in Commercial Specialty Finance

Banks

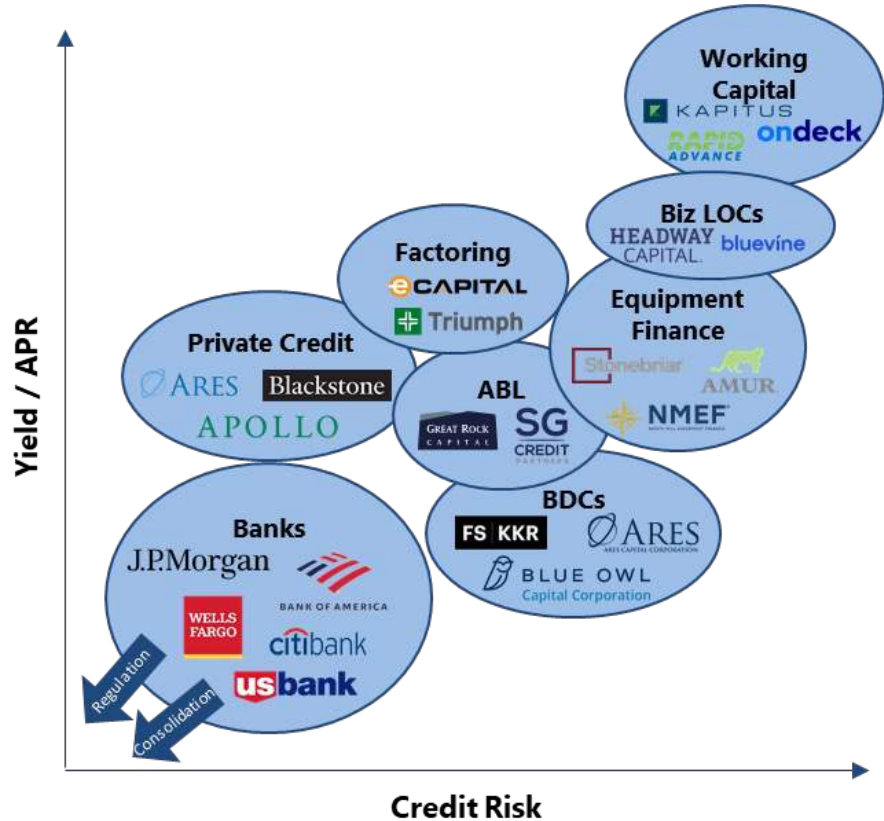


Specialty Finance



Risk-Yield Management is Key to Non-bank SMB Market Share

- Banks' lending ability to SMBs has become significantly hamstrung due to post-GFC regulation, continued consolidation and "fit the box" credit and structure policies
- Banks' share of business debt has declined to below 25%⁽¹⁾
- Using technology, non-banks have taken market share from banks and innovated to substantially increase the breadth of financing products available to SMBs
- Leveraged term loans have become increasingly dominated by non-bank lenders⁽²⁾



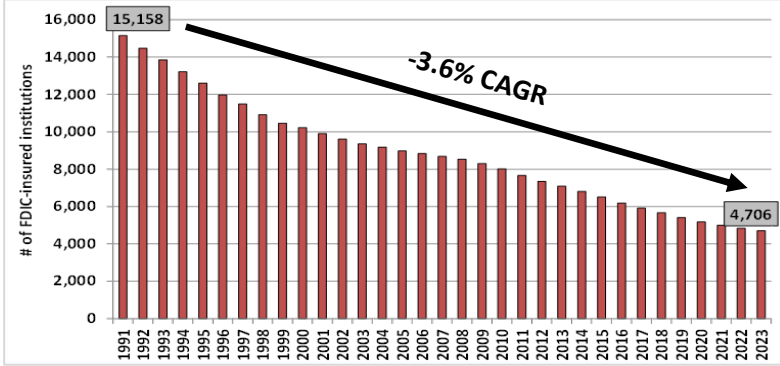
Notes:

1. Source: Bank Policy Institute's "Assessing the Decline in Bank Lending to Businesses" (September 2022)
2. Source: Isil Erel's "Evolution of Debt Financing Toward Less Regulated Financial Intermediaries" (2022)

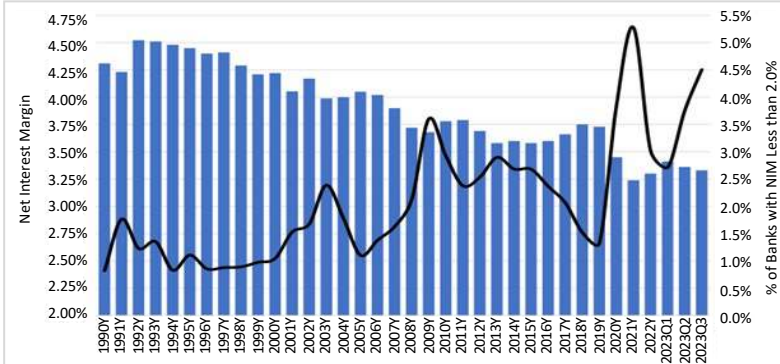
Drivers of Commercial SpecFin Growth

Bank Related Drivers

Number of FDIC-insured institutions⁽¹⁾ continues to decline...



Net Interest Margin⁽⁴⁾ has yet to return to Pre-GFC levels

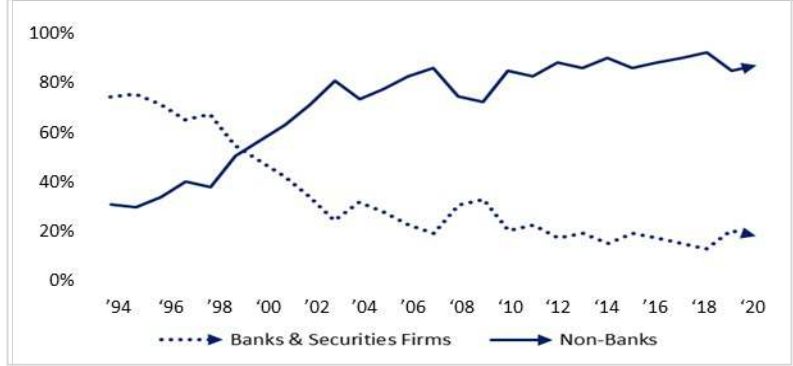


Notes:

1. Source: S&P Capital IQ, Brean Capital, FDIC
2. Source: LCD's Quarterly Leveraged Lending Review: 1Q 2021. Non-banks includes institutional investors and finance companies
3. Source: Federal Reserve, Barron's

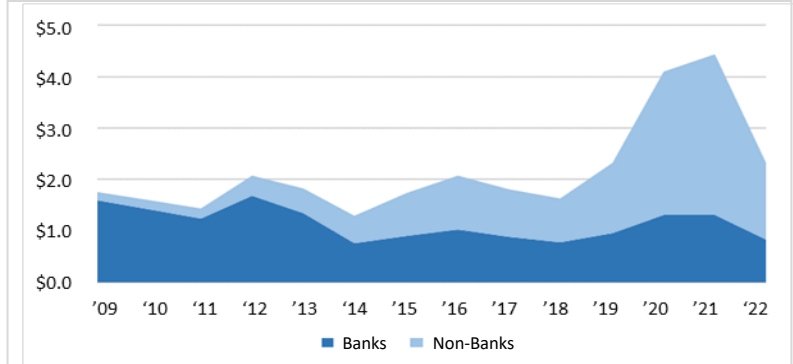
Non-bank Growth

...leading to reduced bank participation in the loan market⁽²⁾



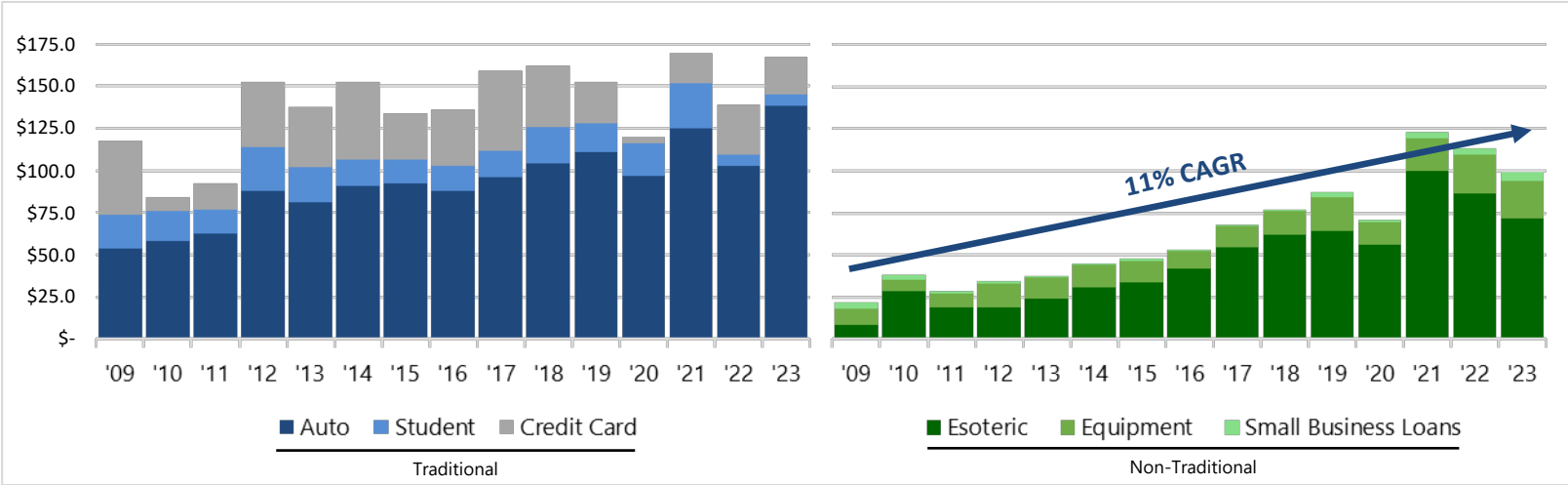
Retail Example | Residential Mortgage Originations⁽³⁾

Banks vs. Non-Bank Lenders by Total Market Share | \$ trillions



ABS Market has Embraced Diverse Asset Classes

Securizations⁽¹⁾ | 2009 – present, \$ billions



Recent Securizations

Traditional ABS

Date	Company Name	Ticker	Vertical	Amount (\$M)
01/09/24	Citizens Financial Group Inc	CITZN 2024-1	Auto	\$ 1,521.0
01/09/24	General Motors Co	GMCAR 2024-1	Auto	1,500.0
01/09/24	Stellantis	SFAST 2024-1	Auto	1,000.0
12/14/23	Banco Santander SA	SBCLN 2023-B	Auto	208.0
12/13/23	Tesla	TEVT 2023-1	Auto	1,000.0
12/12/23	Carvana Group	CRVNA 2023-P5	Auto	218.0

Commercial Specialty Finance

Date	Company Name	Ticker	Vertical	Amount (\$M)
12/20/23	BasePoint Capital LLC	BSPNT 2023-1	Working Capital	\$ 100.0
12/15/23	Blue Bridge Financial LLC	BBEF 2023-1	Equipment	125.0
12/01/23	Auxilior Capital Partners	XCAP 2023-1	Equipment	379.0
11/15/23	Dext Capital LLC	DEXT 2023-2	Equipment	232.0
11/10/23	Channel Partners Capital LLC	CPEF 2023-1	Equipment	191.0
09/12/23	North Mill Equipment Finance	NMEF 2023-A	Equipment	433.0

Note:

1. Excludes CLOs, CMBS and RMBS

Source: Finsight

Effective Use of Technology is Required for Success in Commercial Specialty Finance

Tech-Enabled Capabilities

Higher Customer Acquisition

Lower Cost to Underwrite

Efficient Process Time

Robust Fraud Prevention

Data Validation Tools

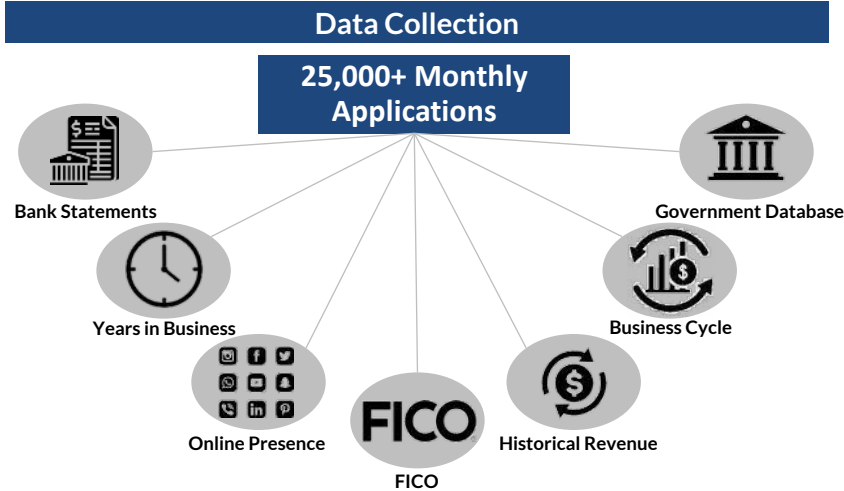
Increased Speed of Approval

Maintained High-Touch Approach

Key Technology Partners



Technology Driven Underwriting Increases Business Efficiency



Features		
AI & ML Algorithms Continuously Update and Improve	3,000,000 Data Points Collected	Automated Data Collection
Customizable and Flexible Underwriting	Scalable and Cloud Based	24/7 Monitoring
1% - 2% of Applications Receive Funding	< 6% Charge-Offs	< 4 Hours Approval

Underwriting

- 1. Initiate Data Collection & Fraud Detection**
 Commence with bank account parsing and fraud checks to establish a solid foundation
- 2. Pre-Qualification Model Development**
 Evolve from data analysis to constructing a pre-qualification model for refined assessments
- 3. Risk Management through Credit Analysis**
 Advance into comprehensive risk management by incorporating credit scoring, pulls, and UCC services
- 4. Implement Algorithmic Offer Logic & Pricing Model**
 Apply machine learning algorithms, transitioning seamlessly to precise offer logic and pricing
- 5. Conduct Portfolio Performance Review**
 Progress to a structured monthly review, ensuring ongoing optimization of portfolio performance
- 6. Streamlined Collections Management**
 Conclude the process with efficient collections management, encompassing recovery and in-house litigation

✓ **Banks Continue Limited Involvement**

Opportunity to capture market share and improve client credit profiles

✓ **Diversified Funding Sources and Structures**

Banks, Securitizations, CLOs, Corporate Notes, Direct Lenders, Private Equity, Insurance Companies

✓ **Consolidation of Fragmented Industry**

Spec. fin. firms with strong management teams, best-in-class technology and customer acquisition, and consistent funding sources will lead consolidation

Non-Bank Lending Continues to Take Market Share

Evolution of Large, Diversified Commercial Finance Firms

Opportunities for Banks







Revenue Generation

- Market and Customer Base Expansion
- Diversification of Services
- Attractive Yields
- Interest Income
- Cross-Selling Opportunities
- New Fee Opportunities
 - Loan Servicing Fees
 - Treasury Management Service Fees
 - Underwriting Fees
- Deposit Gathering
- Securitization Opportunities

Operational Advancement

- Expertise
- Technology and Innovation
- Market Intelligence
- Loan Servicing Efficiencies
- Cost Synergies
- Streamlined Underwriting
- Risk Mitigation
 - Credit Scoring
 - Data Analytics
- Regulatory Compliance

Small Business Lending Product Breakdown

	Equipment Finance	Invoice Factoring	Small Business Lending	Bank
Target Borrower / Industries	Manufacturing Services Wholesale Trade Construction	Trucking Healthcare Manufacturing Construction	Small Businesses Healthcare Restaurants Transportation	Large & Small Businesses All Established Industries Government & Political Entities Consumers
Assets / Collateral	Healthcare Technology Heavy Equipment Vehicle	Accounts Receivable	N/A	Real Estate Company Assets Personal Guarantees
Secured	Yes	Yes	No	Secured & Unsecured
Typical Loan / Advance Size	\$50,000 - \$5,000,000	\$1,000 - \$20,000	\$10,000 - \$250,000	Dependent on Bank Size
Typical Duration	2 – 5 years	1 – 2 months	6 – 12 months	Dependent on Bank Size
Typical Rate	5% – 15%	2% – 5%	1.2x – 1.5x	Dependent on Product; Generally Cheapest Rate
Default / Write-off%	1% – 2%	~1%	6% – 12%	≤1%
Major Institutions				

Sources: ELFA, IFA, S&P Capital IQ, Federal Reserve, CFPB

Overview

Equipment finance involves managing depreciating assets, requiring expertise for a successful portfolio. Loans may rely on cash flows, and collateral value is crucial for underwriting.

Leasing offers set payments for a specific period, often with an option to purchase at the term end, providing affordable access.

8 in 10 US companies use financing for new equipment, with banks as primary lenders for 43% of deals.

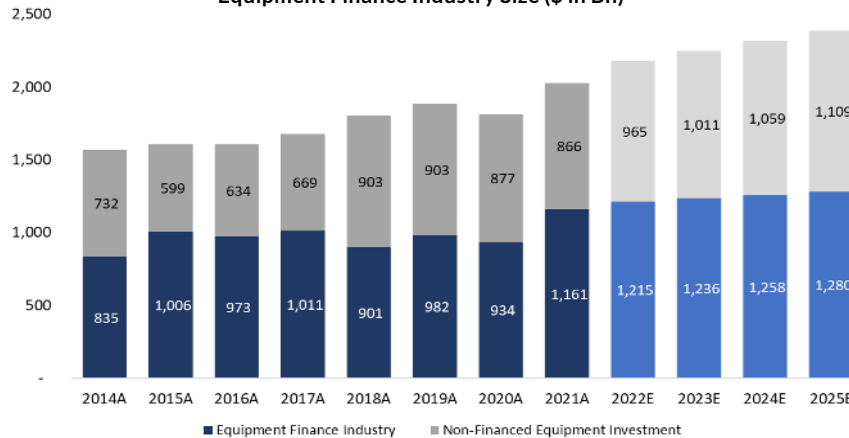
Leasing (26%), secured loans (19%), and lines of credit (17%) are top financing methods.

Key reasons for financing include protection from equipment obsolescence, tax advantages, and cash flow optimization.

Equipment Finance: small ticket (<\$250k) and middle-market (\$250k to \$5.0m) equipment loans represent a \$1.0 trillion market at the center of the \$1.2 trillion U.S. equipment finance industry.

- 2021, total market grew at a rate of 20.7% from 2017 - projected to reach \$1.3 trillion by 2025
- Small ticket and middle-market loans represent 86% of all U.S. equipment financed
- Delinquencies and defaults are off Covid-era lows but still in line with historical performance
- Q3 2023, Equipment and Software investment was 0.5% annualized following 7% growth in Q2, 2023

Equipment Finance Industry Size (\$ in Bn)



Source: ELFA, Finsight

Small / Mid Ticket Securitization Volume



Total Number of Employees (% chg YoY)



Equipment Finance – Case Study

Company Snapshot

20+ Years in Business

200+ Employees

Multiple US Locations

Financials

30,000 Customers

\$2.4bn Total Originations

\$480m '22 Originations

\$120m '22 Revenue

\$12m '22 Net Income

Product & Underwriting

Personal Guarantees

Funding < 24 hours

Cost of Funding: 10.6%

Term: 2 – 5 years

Essential-Use Equipment

Customer Criteria

Annual Sales

\$1m - \$40m

FICO

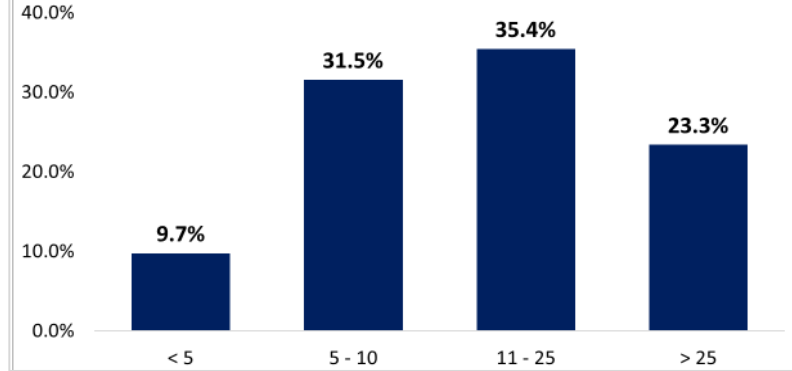
700+

Average Ticket

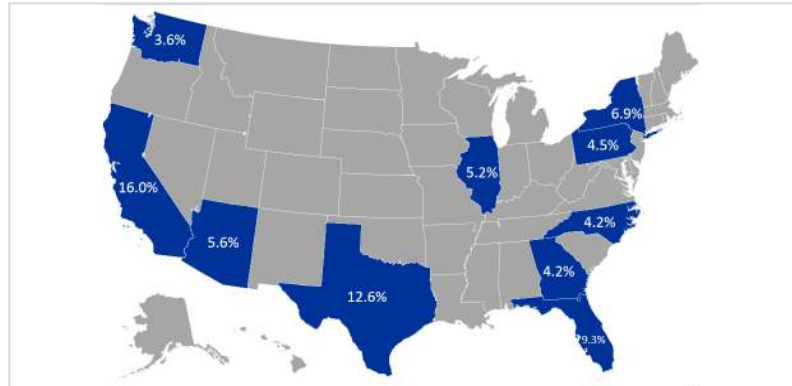
\$100,000

Customer Snapshot

Years in Business



Location (Top 10)



Asset-Based Lending & Invoice Factoring

Overview

ABL and factoring offer secured alternatives to real property, utilizing receivables and inventory, providing versatile financing solutions for businesses.

In ABL, borrowers provide a list of assets which the lender values to determine borrowing capacity and establishes a credit line based on the value.

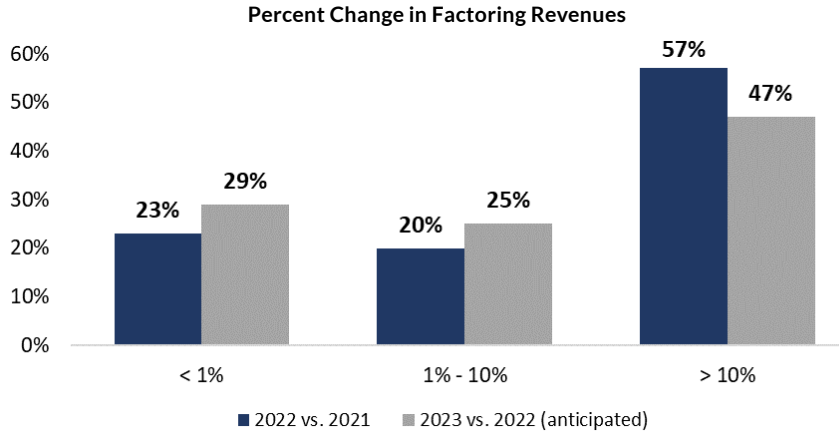
ABL borrower's assets can include account receivable, inventory, equipment, real estate, and IP, unlocking a new source of funding.

Invoice factoring involves selling unpaid invoices to a third party for cash, providing immediate working capital.

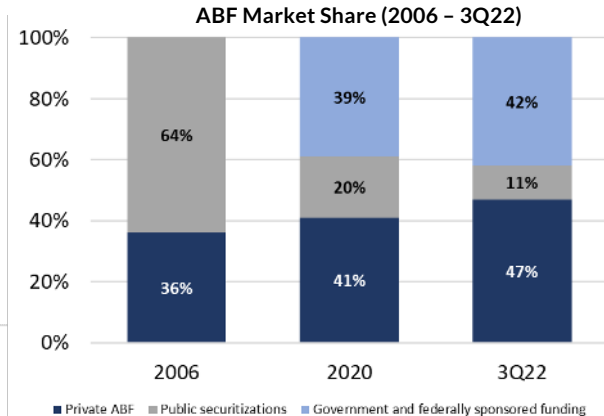
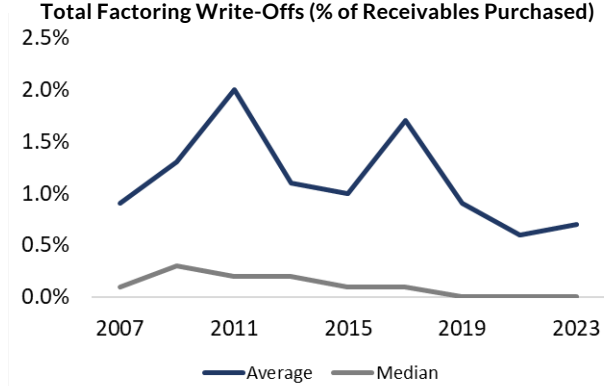
Businesses gain access to funds without incurring debt, as the factor assumes responsibility for collecting payments from large, credit-worthy customers.

Asset-Based Lending & Invoice Factoring: ABL secures loans with tangible assets while Invoice Factoring involves accelerating cash flow by selling invoices. These sectors offer investors diverse options, stability, and access to a quickly growing market.

- Private global Asset-Based Finance market stands at \$5.2 trillion as of 2022 – a 15% increase from 2020. Projections indicate further growth to reach \$7.7 trillion in the next five years
- ABL's share of the total ABF market has grown 11% since 2006
- 2023, overall invoice factoring revenue jumped 9.9% to reach an estimated \$3.3bn over the past five years
- With market share between the top 4 Factors less than 40%, the industry concentration is low and ripe for acquisition



Source: IFA, KKR, IBIS World



Asset-Based Lending – Case Study

Company Snapshot

10+ Years in Business

50+ Employees

Financials

\$1.2bn Committed Capital

\$410m '23 Funding

\$63m '23 Revenue

\$13m '23 Net Income

Product & Underwriting

Term: 3 – 5 years

Loan Size: \$10m – \$50m

Cost of Funding: 11.4%

Collateral: AR, Equipment, Inventory, Real Estate

Customer Criteria

Annual Sales

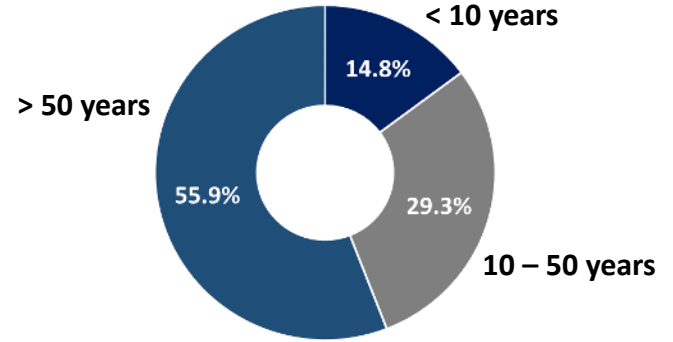
\$100m - \$1bn

Management

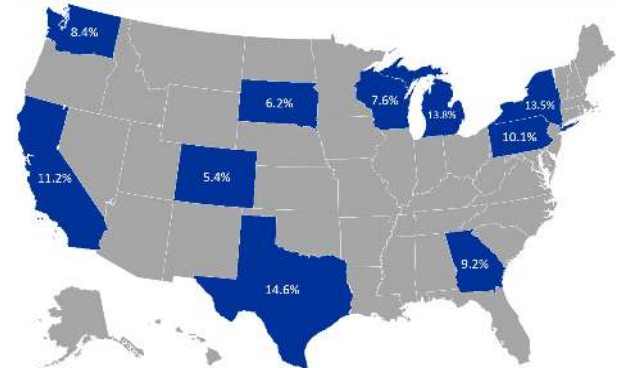
Experienced Management Team

Customer Snapshot

Years in Business



Location (Top 10)



Small & Medium-Sized Business Finance

Overview

Traditional banks often find small business loans too risky or short-term. Technology-driven firms quickly fund amounts often under \$100,000 with terms less than 12 months.

Small business loans provide established businesses the capital for growth and to overcome financial challenges.

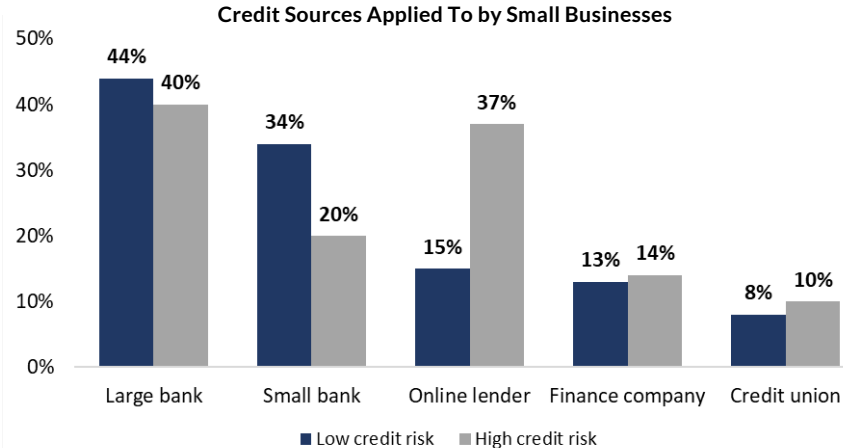
Major uses of proceeds include business expansion, marketing and advertising, real estate purchase, business acquisitions, inventory.

59% of small business face financial challenges, with only 42% having their financing needs met.

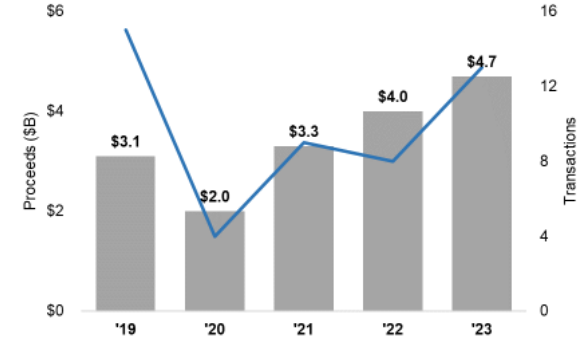
Typical industries seeking small business loans include Food Services, Construction, Health Care, Transportation, and Manufacturing.

Small & Medium-Sized Business Finance: the market for creditworthy SMBs that have limited access to traditional sources of capital is underpenetrated and poised for growth.

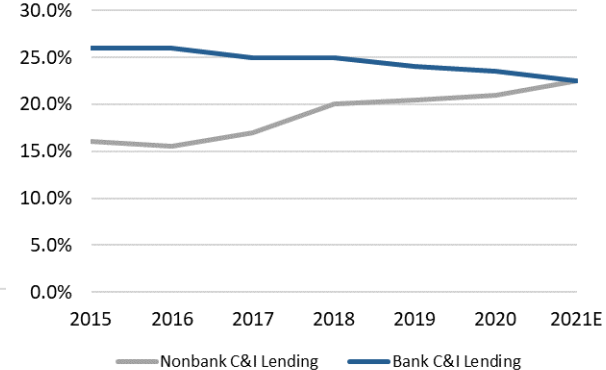
- SMBs form the backbone of the U.S. economy, 33 million businesses employing 62 million workers, based on SBA estimates
- The SMB market continues to grow with a record 5.4 million new business applications filed in 2021 and 62.7% net jobs created since 1995
- An estimated 80% of SMBs seeking credit require less than \$500k
- 2021, 23% of small businesses seeking funds chose online lenders, marking an increase from the 20% in 2020



Small Business Loan Securitization Volume



Commercial and Industrial Debt Market Share



Small & Medium-Sized Business Finance – Case Study

Company Snapshot

20+ Years in Business

500+ Employees

Multiple US Locations

Financials

50,000 Customers

\$1.4bn '22 Funding

\$213m '22 Revenue

\$42m '22 Net Income

Product & Underwriting

Same Day Funding

Loan Size: \$5k – \$500k

Cost of Funding: 15.1%

Term: 6 – 24 months

> 50% Repeat Customers

Customer Criteria

Annual Sales

\$2,000,000+

FICO

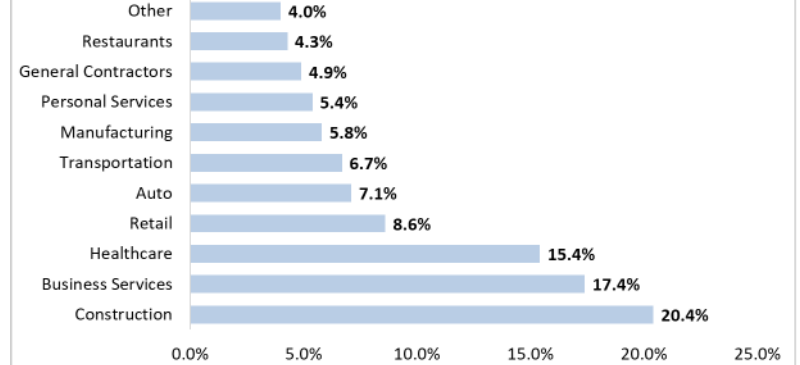
700+

Time in Business

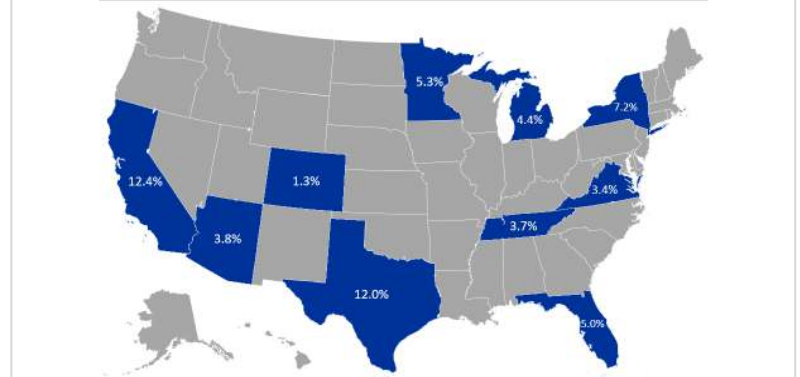
15+ years

Customer Snapshot

Industry



Location (Top 10)



Participation Opportunities in the Specialty Finance Industry



Specialty Finance Acquisition

The purchase of a company focused on providing financing to niche markets. This strategic move expands the lenders' capabilities and customer base, enabling them to offer specialized financial solutions to small businesses in specific industries while leveraging the acquired company's expertise and established client relationships.

Warehouse Facility

Credit lines that allow lenders to fund loans while awaiting long-term financing. These facilities provide liquidity to support lending operations and enable lenders to efficiently manage their cash flow needs, ensuring uninterrupted lending activities to small businesses.

Duration: 3 – 4yrs

Typical Rate: SOFR + 350 – 375bps
Secured

Securitization

Securitizations involve bundling loans into securities, rated and structured by risk. Non-recourse structure where securities are offered to investors, providing liquidity and transferring risks and returns associated with the loan pool.

Duration: 3 – 10yrs

Typical Rate: 5% – 7%
Secured

Loan Portfolio Sale

Loan portfolio sales take a collection of loans, package, and transfers them to another entity, often a financial institution. The transaction allows lenders to generate immediate cash flow and reduce risk exposure, while the buyer gains access to a diversified loan portfolio.

Corporate Notes

Financial instruments that represent loans with lower priority repayment. They provide capital to small businesses but rank below other creditors in the event of liquidation. These notes offer higher potential returns but carry higher risk compared to senior debt instruments.

Duration: 3 – 7yrs

Typical Rate: 8% – 12%
Secured or Unsecured



Specialty
Finance
Acquisition

Benefits

- Customer Base Expansion
- Technology and Innovation
- Diversification of Services
- Market Expansion
- Industry Expertise
- High Yielding Assets
- Deposit Gathering

Considerations

- Technology Integration
- Cultural Fit
- Execution Risk
- Geographic Distribution
- Competition in Niche Market
- Technology Advancements
- Interest Rate Environment

Market Multiples Remain Muted

Key Value Drivers

- Profitability
- Consistent and high-growth potential
- ROE
- Technology usage
- CAC / LTCV
- Diversification
- Strong management

Precedent Transactions

Commercial
Specialty
Finance

Median Multiples	
Price / TTM Net Income	10.1x
Price / TBV	0.9x

Public Comparables

Tech-Enabled
Lenders

Price / TTM Net Income	12.5x
EV / TTM EBITDA	16.6x
Price / TBV	1.9x

Equipment
Finance

Price / TTM Net Income	11.5x
EV / TTM EBITDA	15.8x
Price / TBV	1.1x

Representative Comps



Multiples as of January 18, 2024

- **Strong Growth in Specialty Finance**
 - Specialty finance and alternative lending are experiencing sustained popularity among small to medium-sized businesses, presenting an enticing growth opportunity for banks in a burgeoning sector.
- **Diverse Avenues for Bank Involvement**
 - Banks can engage with this rapidly expanding sector in various ways, offering them the chance to participate in a well-established and dynamic landscape, adapting their involvement to align with specific strengths, objectives, and risk profiles.
- **Multifaceted Benefits for Banks**
 - Specialty lenders significantly enhance a bank's platform by providing manifold advantages, including expanded customer acquisition channels, higher yielding assets, cutting-edge underwriting technology integration, opportunities for market expansion, and bolstered deposit growth.
 - Specialty finance participation boosts a bank's competitiveness through enhanced offerings, technology, and operational strength in a dynamic financial landscape.



Appendix

Brean Capital Overview



Select Team Members

Gary McNorrill

Head of Mergers & Acquisitions | GMcNorrill@breancapital.com



Mr. McNorrill is a Managing Director and Head of Mergers and Acquisitions at Brean Capital, LLC. He has more than 17 years of investment banking experience predominately in mergers and acquisitions in the financial services sector in addition to debt and equity offerings and strategic advisory engagements for public and private banks and companies. Prior to joining Brean, Gary was a Managing Director at Performance Trust Capital Partners who acquired his predecessor firm, Banks Street Partners, in 2019 where he was President and a partner of the firm. He began his investment banking career at JPMorgan where he was an Associate working with middle-market companies in the Southeast. He also practiced law in the Corporate Debt Finance group at Alston & Bird for 3 years before transitioning to investment banking. Gary obtained his JD from the Emory University School of Law and his BA from the University of Georgia. In between his schooling he served 4 years for the Speaker of the U.S. House of Representatives and a national campaign organization. He holds FINRA Series 7, 24, 63 and 79 registrations.

Osnat Naporano

Head of Syndicate | ONaporano@breancapital.com



Ms. Naporano joined Brean Capital in January 2016 and is based in our New York office. She has over 14 years of specialist experience, focusing exclusively on banks and financial services companies as well as institutional firms that invest within the sector. Osnat spent 9 years at KBW as an analyst within the Fixed Income Research Group, covering banks, finance, and insurance companies and also spent several years on the trading desk at KBW, selling predominately corporate bonds, preferred, hybrids, and structured products to institutional clients. After KBW, Osnat worked at Susquehanna International Group, where she marketed and sold fixed income products to major institutional accounts, with a focus on banks and financial companies. Osnat began her career at White Mountain Advisors, an asset management firm, providing credit analysis of fixed income securities for all U.S. industry sectors. She graduated from Bucknell University with a degree in Business Administration.

Brean Capital at a Glance

A Full-Service Investment Banking Firm with a Tradition of Excellence for 50 Years

Business Divisions

- Investment Banking
- Institutional Sales & Trading
- Asset Management
- Research & Strategy
- Strategic Advisory

Strong Investor Backing



Quadrant Management



The Hunt Companies

1973
founded

50 years

\$2.5+ billion
trading capital

trading balance sheet

\$1+ billion
AUM

asset management

1,200+
institutional investors

active sales coverage

200+
employees

including 100+ trading | 20+ banking

15
offices

strategic locations across the United States





























































Business Units

Serving the investment and capital needs of corporate and institutional investor clients

<p>INVESTMENT BANKING</p> <p>20+ Full-time Employees</p> <p>Sectors</p> <ul style="list-style-type: none"> <input type="checkbox"/> Specialty Finance <input type="checkbox"/> Banks <input type="checkbox"/> Real Estate & Mortgage <input type="checkbox"/> Alternative Energy <input type="checkbox"/> Alternatives <p>Services</p> <ul style="list-style-type: none"> <input type="checkbox"/> Capital Markets Solutions <input type="checkbox"/> Structured Products Solutions <input type="checkbox"/> Asset Sale & Securitization <input type="checkbox"/> M&A Advisory <input type="checkbox"/> Restructuring <input type="checkbox"/> Special Situations 	<p>SALES & TRADING</p> <p>100+ Full-time Employees</p> <p>Sectors</p> <ul style="list-style-type: none"> <input type="checkbox"/> Mortgages, Asset-Backeds & Derivatives <input type="checkbox"/> Corporates <input type="checkbox"/> Rates & Munis <p>Products</p> <ul style="list-style-type: none"> <input type="checkbox"/> Agency MBS <input type="checkbox"/> Non-Agency MBS <input type="checkbox"/> CMO's <input type="checkbox"/> CMBS <input type="checkbox"/> ABS <input type="checkbox"/> CLO's <input type="checkbox"/> CDO's <input type="checkbox"/> Whole Loans <input type="checkbox"/> HECM (Reverse Mortgages) 	<p>RESEARCH & STRATEGY</p> <p>20+ Full-time Employees</p> <p>Macro</p> <ul style="list-style-type: none"> <input type="checkbox"/> Financial Institutions <input type="checkbox"/> Specialty Finance <input type="checkbox"/> Fintech <input type="checkbox"/> Real Estate & Mortgage <input type="checkbox"/> Energy <input type="checkbox"/> Alternatives <p>Fixed Income</p> <ul style="list-style-type: none"> <input type="checkbox"/> Rates <input type="checkbox"/> Mortgages <input type="checkbox"/> Mortgage Derivatives <input type="checkbox"/> Commercial Real Estate <input type="checkbox"/> Asset-Backed 	<p>STRATEGIC ADVISORY</p> <p>25+ Full-time Employees</p> <p>Sectors</p> <ul style="list-style-type: none"> <input type="checkbox"/> Fixed Income <input type="checkbox"/> Banks <input type="checkbox"/> Financial Institutions <p>Services</p> <ul style="list-style-type: none"> <input type="checkbox"/> Portfolio Analysis <input type="checkbox"/> Rating Agency Alternatives <input type="checkbox"/> Model Validation <input type="checkbox"/> Value-at-Risk <input type="checkbox"/> Bank Stress Testing <input type="checkbox"/> Impairment Analysis <input type="checkbox"/> Credit Valuation <input type="checkbox"/> Analysis <input type="checkbox"/> Positive Assurance 	<p>ASSET MANAGEMENT</p> <p>25+ Full-time Employees</p> <p>Sectors</p> <ul style="list-style-type: none"> <input type="checkbox"/> \$1+ Billion AUM <input type="checkbox"/> Fixed Income <input type="checkbox"/> Mortgage-Backed Securities & Derivatives <input type="checkbox"/> Investment Grade <input type="checkbox"/> High-Yield <input type="checkbox"/> Preferreds <p>Services</p> <ul style="list-style-type: none"> <input type="checkbox"/> Asset Management <input type="checkbox"/> Portfolio Analysis <input type="checkbox"/> Trade Execution Services <input type="checkbox"/> Risk Management <input type="checkbox"/> Hedging
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Investment Banking | Industry Verticals

By focusing the firm's resources on select industry verticals, we have developed extensive transaction expertise and a broad network of corporate and investor relationships that enable the efficient execution of optimal financing and strategic solutions for our clients

SPECIALTY FINANCE	BANKS	REAL - ESTATE & MORTGAGE	RENEWABLE ENERGY	ALTERNATIVES																				
<p>Agent for middle market and emerging growth tech-enabled lenders</p> <p>Strong relationships with top issuers and investors, including banks, money managers, hedge funds and private equity</p> <ul style="list-style-type: none"> Senior warehouse facilities Securitizations Rated corporate term debt Mezzanine debt Private equity M&A 	<p>Agent for smaller, growing community banks seeking financing to grow</p> <p>Strong relationships with the top investors focused on commercial banks, including insurance companies, money managers and private equity.</p> <ul style="list-style-type: none"> Regional & Community Banks Credit Unions Mutual holding companies Savings and Loans Thriffs Trusts and wealth management 	<p>Capital advisor to CRE debt and equity focused asset managers</p> <p>Agent for developers and operators seeking project level debt and equity</p> <p>Capital markets placement agent to middle market/ institutional CRE lenders</p> <ul style="list-style-type: none"> Securitization and CLO's Equity joint ventures Corporate mezzanine/Term funding Warehouse facilities Flow purchase agreements A-Note syndication 	<p>Agent for earlier stage developers and investors in the industry, providing late stage development, construction and take out financing</p> <p>Strong relationships with the top investors interested in alternative energy, including banks, infrastructure funds, sustainable solutions and SRI funds, money managers, hedge funds, private equity and family offices</p> <ul style="list-style-type: none"> Senior warehouse facilities Securitizations Rated corporate term debt Mezzanine and Uni-tranche Debt Private Equity 	<p>Liquidity solutions for asset-based/themed opportunities generally within the four (4) general categories:</p> <ul style="list-style-type: none"> Illiquid Assets Special Situations Infrastructure & Cross-border Strategic Opportunities <p>Includes structured as well as stand-alone transactions across multiple asset classes up and down the capital structure.</p>																				
<table border="1"> <tr> <td> <p>\$85mm & \$18.5mm</p>  <p>Snr Debt & Notes Sole Lead</p> </td> <td> <p>\$100mm & \$25mm</p>  <p>Snr Debt & Notes Sole Lead</p> </td> </tr> <tr> <td> <p>\$50mm</p>  <p>Snr Notes Sole Lead</p> </td> <td> <p>\$20mm</p>  <p>Snr Notes Sole Lead</p> </td> </tr> </table>	<p>\$85mm & \$18.5mm</p>  <p>Snr Debt & Notes Sole Lead</p>	<p>\$100mm & \$25mm</p>  <p>Snr Debt & Notes Sole Lead</p>	<p>\$50mm</p>  <p>Snr Notes Sole Lead</p>	<p>\$20mm</p>  <p>Snr Notes Sole Lead</p>	<table border="1"> <tr> <td> <p>\$50mm</p>  <p>Snr Notes Sole Lead</p> </td> <td> <p>\$175mm</p>  <p>Sub Notes Co-Lead</p> </td> </tr> <tr> <td> <p>\$100mm</p>  <p>Sub Notes Co-Lead</p> </td> <td> <p>\$25mm</p>  <p>Snr Notes Sole Lead</p> </td> </tr> </table>	<p>\$50mm</p>  <p>Snr Notes Sole Lead</p>	<p>\$175mm</p>  <p>Sub Notes Co-Lead</p>	<p>\$100mm</p>  <p>Sub Notes Co-Lead</p>	<p>\$25mm</p>  <p>Snr Notes Sole Lead</p>	<table border="1"> <tr> <td> <p>\$60mm</p>  <p>Snr Notes Sole Lead</p> </td> <td> <p>\$100mm</p>  <p>Sub Notes Sole Lead</p> </td> </tr> <tr> <td> <p>\$100mm</p>  <p>MBS Co-Mgr</p> </td> <td> <p>\$100mm</p>  <p>Equity JV Sole Lead</p> </td> </tr> </table>	<p>\$60mm</p>  <p>Snr Notes Sole Lead</p>	<p>\$100mm</p>  <p>Sub Notes Sole Lead</p>	<p>\$100mm</p>  <p>MBS Co-Mgr</p>	<p>\$100mm</p>  <p>Equity JV Sole Lead</p>	<table border="1"> <tr> <td> <p>\$150mm</p>  <p>Snr Debt Sole Lead</p> </td> <td> <p>\$120mm</p>  <p>Revolver Sole Lead</p> </td> </tr> <tr> <td> <p>\$157mm</p>  <p>Equity Advisor</p> </td> <td> <p>\$10mm</p>  <p>Bridge Sole Lead</p> </td> </tr> </table>	<p>\$150mm</p>  <p>Snr Debt Sole Lead</p>	<p>\$120mm</p>  <p>Revolver Sole Lead</p>	<p>\$157mm</p>  <p>Equity Advisor</p>	<p>\$10mm</p>  <p>Bridge Sole Lead</p>	<table border="1"> <tr> <td> <p>\$3+bn</p>  <p>Equity-JV Lead</p> </td> <td> <p>\$2+bn</p>  <p>Asset-Sale Co-Lead</p> </td> </tr> <tr> <td> <p>\$undisc</p>  <p>Advisory</p> </td> <td> <p>\$undisc</p>  <p>Equity Lead</p> </td> </tr> </table>	<p>\$3+bn</p>  <p>Equity-JV Lead</p>	<p>\$2+bn</p>  <p>Asset-Sale Co-Lead</p>	<p>\$undisc</p>  <p>Advisory</p>	<p>\$undisc</p>  <p>Equity Lead</p>
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Select Recent Specialty Finance Transactions | Over \$1.1 Billion in transactions, since 2019

<p>\$10,000,000</p>  <p>Senior Notes</p> <p>Exclusive Financial Advisor</p>	<p>Confidential</p>  <p>Senior Notes</p> <p>Exclusive Financial Advisor</p>	<p>CREDIBLY</p>  <p>Management Buyout</p> <p>Exclusive Financial Advisor</p>	<p>\$14,000,000</p>  <p>Senior Notes</p> <p>Exclusive Financial Advisor</p>	<p>\$20,000,000</p>  <p>Senior Notes</p> <p>Exclusive Financial Advisor</p>	<p>Confidential</p>  <p>Senior Notes</p> <p>Exclusive Financial Advisor</p>	<p>Confidential</p>  <p>Senior Notes</p> <p>Exclusive Financial Advisor</p>	<p>Confidential</p>  <p>Senior Notes</p> <p>Exclusive Financial Advisor</p>
<p>\$12,200,000</p>  <p>Senior Notes</p> <p>Exclusive Financial Advisor</p>	<p>\$20,000,000</p>  <p>Senior Notes</p> <p>Exclusive Financial Advisor</p>	<p>\$30,000,000</p>  <p>Senior Notes</p> <p>Exclusive Financial Advisor</p>	<p>\$15,000,000</p>  <p>Senior Notes</p> <p>Exclusive Financial Advisor</p>	<p>\$41,000,000</p>  <p>Senior Notes</p> <p>Exclusive Financial Advisor</p>	<p>\$100,000,000</p>  <p>Senior Debt Facility</p> <p>Exclusive Financial Advisor</p>	<p>\$85,000,000</p>  <p>Senior Debt Facility</p> <p>Exclusive Financial Advisor</p>	<p>\$60,000,000</p>  <p>Senior Notes</p> <p>Exclusive Financial Advisor</p>
<p>\$50,000,000</p> <p>SMB Funding Company⁽¹⁾</p> <p>Senior Notes</p> <p>Exclusive Financial Advisor</p>	<p>\$18,500,000</p>  <p>Senior Notes</p> <p>Exclusive Financial Advisor</p>	<p>\$30,000,000</p>  <p>Senior Notes</p> <p>Exclusive Financial Advisor</p>	<p>\$10,000,000</p>  <p>Senior Notes</p> <p>Exclusive Financial Advisor</p>	<p>\$25,000,000</p>  <p>Senior Notes</p> <p>Exclusive Financial Advisor</p>	<p>\$55,000,000</p>  <p>Senior Notes</p> <p>Exclusive Financial Advisor</p>	<p>\$50,000,000</p>  <p>Senior Notes</p> <p>Exclusive Financial Advisor</p>	<p>\$55,000,000</p>  <p>Senior Notes</p> <p>Exclusive Financial Advisor</p>
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<p>\$120,000,000</p>  <p>Senior Debt Facility</p> <p>Exclusive Financial Advisor</p>	<p>\$75,000,000</p>  <p>Senior Debt Facility</p> <p>Exclusive Financial Advisor</p>	<p>Confidential</p>  <p>Confidential Advisory</p> <p>Exclusive Financial Advisor</p>	<p>\$150,000,000</p>  <p>Senior Debt Facility</p> <p>Exclusive Financial Advisor</p>	<p>\$20,000,000</p>  <p>Senior Debt Facility</p> <p>Exclusive Financial Advisor</p>	<p>\$50,000,000 & \$20,000,000</p>  <p>Senior Debt Facility & Equity Private Placement</p> <p>Exclusive Financial Advisor</p>	<p>\$75,000,000</p>  <p>Senior Debt Facility</p> <p>Exclusive Financial Advisor</p>	<p>\$110,000,000</p>  <p>Equity Private Placement</p> <p>Exclusive Financial Advisor</p>

Note: 1. Announcement pending; represents two transactions by the same issuer

SBA 7(a) Pooling | League Table

SBA 7(a) Pool Issuance	2022	2023
Brean Capital, LLC	\$ 1,965,045,957	\$ 2,731,745,260
Raymond James Bank, N.A.	1,891,512,159	1,390,379,070
FHN Financial Capital Markets	1,766,143,975	1,199,149,078
Truist Bank	1,508,920,234	232,874,837
BMO Capital Markets Corp.	991,493,099	623,742,399
Signature Bank	1,176,206,587	431,735,412
Cantor Fitzgerald & Co.	526,584,451	372,039,212
Stifel Nicolaus & Company, Inc.	242,124,867	623,742,769
Flagstar Bank, N.A.		841,322,884
Wells Fargo Securities, LLC	79,306,492	84,295,956
	10,646,653,105	8,531,028,900

- Excludes guaranteed loan sales
- All of Brean Capital's pool issuance has been Standard pools
- 90% of Brean pools have been "par" issues

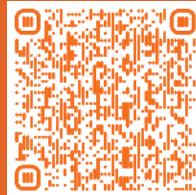
Glossary of Terms

Term	Definition
Specialty Finance.....	Sector within commercial finance comprised of non-bank lenders specializing in various niche areas. Areas encompass equipment leasing, invoice factoring, asset-based lending, small business lending, and other esoteric asset classes.
Small Business.....	Generally independent businesses having fewer than 500 employees and less than \$50 million in annual revenue. Precise size standards vary by industry.
Esoteric.....	Unconventional or specialized financial instruments and investment opportunities backed by non-traditional assets and specialized collateral.
Tech-Enabled Lenders.....	Financial institutions utilizing technology to produce and deliver products and services in a more robust and efficient manner than traditional banks.
Asset-Based Lending (ABL).....	Financing method where a company secures a loan using diverse assets, such as accounts receivable, inventory, and intellectual property, as collateral, offering flexibility beyond cash flow.
Asset-Based Finance (ABF).....	Refers to the broader asset-based market, inclusive of both publicly traded asset-based securities and privately originated asset-based financings with tailored exposures, term, and collateral.
Small/Mid-Ticket Equipment.....	Small ticket equipment finance typically involves securing funding for equipment with a value of less than \$250,000, while mid-ticket equipment finance pertains to funding for equipment in the range of \$250,000 to \$5.0 million.
Invoice Factoring.....	Financial arrangement where a company sells its accounts receivable to a third party at a discount for immediate cash flow.
Small/Medium Business Finance.....	The provision of financial resources, such as loans and credit, to small businesses by lenders or financial institutions to support their operations, growth, or specific financial needs.

BankDirector

Breakout 2:
**Specialty Finance – A
Mature Industry with
Attractive Opportunities
for Banks**

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this session.



Gary McNorrill

Brean Capital, LLC

Oz Naporano

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