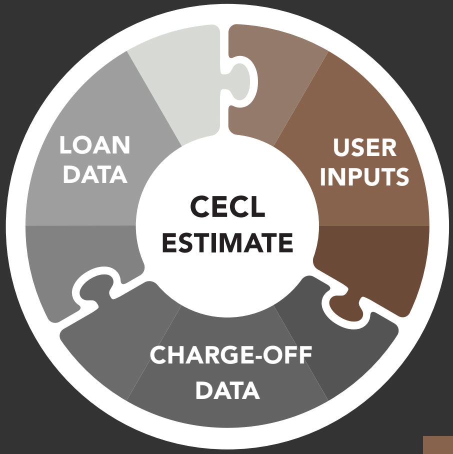

CECL

ESTIMATION CALCULATOR

Proactively plan for the new current expected credit loss (CECL) standard by partnering with BankTrends and Saltmarsh.

FREQUENTLY ASKED QUESTIONS (FAQs)

1. Will BankTrends provide an annual validation certification for banks to provide to the regulators?
Yes. Once CECL is effective, BankTrends will perform an annual model validation for their subscribers.

2. Have any regulatory agencies reviewed the model and concurred with its use?
On the calls we have participated in, the regulators have not indicated that they will be providing input on the use of any particular models or put out a sample model of their own. Based on experience, it is doubtful any regulatory agency will be concurring or endorsing a model, however, BankTrends is consulting with a number of CPA firms and several parties that were involved in drafting the standard, and are continually making improvements to the model to ensure it complies. Based on what we have seen, it is consistent with the standard and has the potential to be a cost-effective approach for less complex institutions to calculate their allowance under CECL.

3. Who will be the license holder during the first year?
During the evaluation period, institutions will gain access to the model through Saltmarsh. This allows us to assist with the evaluation. The initial use of the software will be one year from the effective date with Saltmarsh and BankTrends. Once CECL is effective, institutions will license the software directly with BankTrends on an annual basis.

4. Can the consulting hours be used throughout the first year?
Yes. However, we anticipate the majority will be used to help institutions determine the average lives of the pools, pre-payments, and identifying other assumptions.

5. Is the software difficult to use?
No. In fact, all data related to loan balances and historical charge-offs is done automatically using call report data. The actual calculations are then determined based on user inputs related to the average life of each portfolio, Q and forecast factors, impaired loans, etc. Once CECL is effective, you will be required to enter the loan pool balances into the model itself as you currently do.

6. Does the estimation tool have a forecasting component?
Yes. The estimation tool uses a regression model to forecast loan charge-offs using leading economic indicators published by the Federal Reserve and historical charge-off data to support forecast assumptions.

7. When would we be able to schedule the training and who will be doing the training?
Our goal is to begin signing engagement letters with institutions and begin scheduling trainings in late spring and throughout the summer. The training and assistance with software will be provided by our consulting professionals.

HAVE OTHER QUESTIONS? Contact us at CECL@saltmarshcpa.com

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