

*Investments
Asset / Liability
Risk Management*



Balance Sheet Management
March 2024

Fredonia Valley Bank

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Fredonia Valley Bank

March 2024

I. Review and discuss intra-quarter highlights

Fed continues pause; indicates room for rate cuts in 2024

II. Balance Sheet Profile and Loan Discussion

- A. ****Trends in Community Bank Balance Sheets**
- B. Review balance sheet profile elements:
 - 1. Net Interest Margin Trends
 - 2. Peer Performance Analysis
 - 3. Asset Mix and Trend Analysis
 - 4. ****Loan Pricing Matrix and Risk Premium Discussion**

III. Capital Adequacy & Stress Testing

- A. Loan Capital Concentration Analysis
- B. ****Capital Stress Testing – Growth and Credit Stress Tests**

IV. Liquidity Management, Funding Costs, & Deposit Pricing

- A. ****Taylor Advisors eBrief: “Regulatory Bootcamp Part 1: Liquidity – Preparing for your Next Exam”**
- B. Liquidity and Stressed Liquidity Tools
- C. Comparative Peer Funding Cost Analysis

V. Interest Rate Risk Management

- A. Interest Rate Risk Report
 - 1. NII and EVE simulations

VI. Investment Report

- A. Policy Benchmark Compliance Test
- B. Sector Analysis, cash flow profile, portfolio risk comments
- C. Municipal Credit Quality Review

VII. Appendix

FOMC Dot Plot

Export to Excel

Chart Settings

FOMC Dot Plot

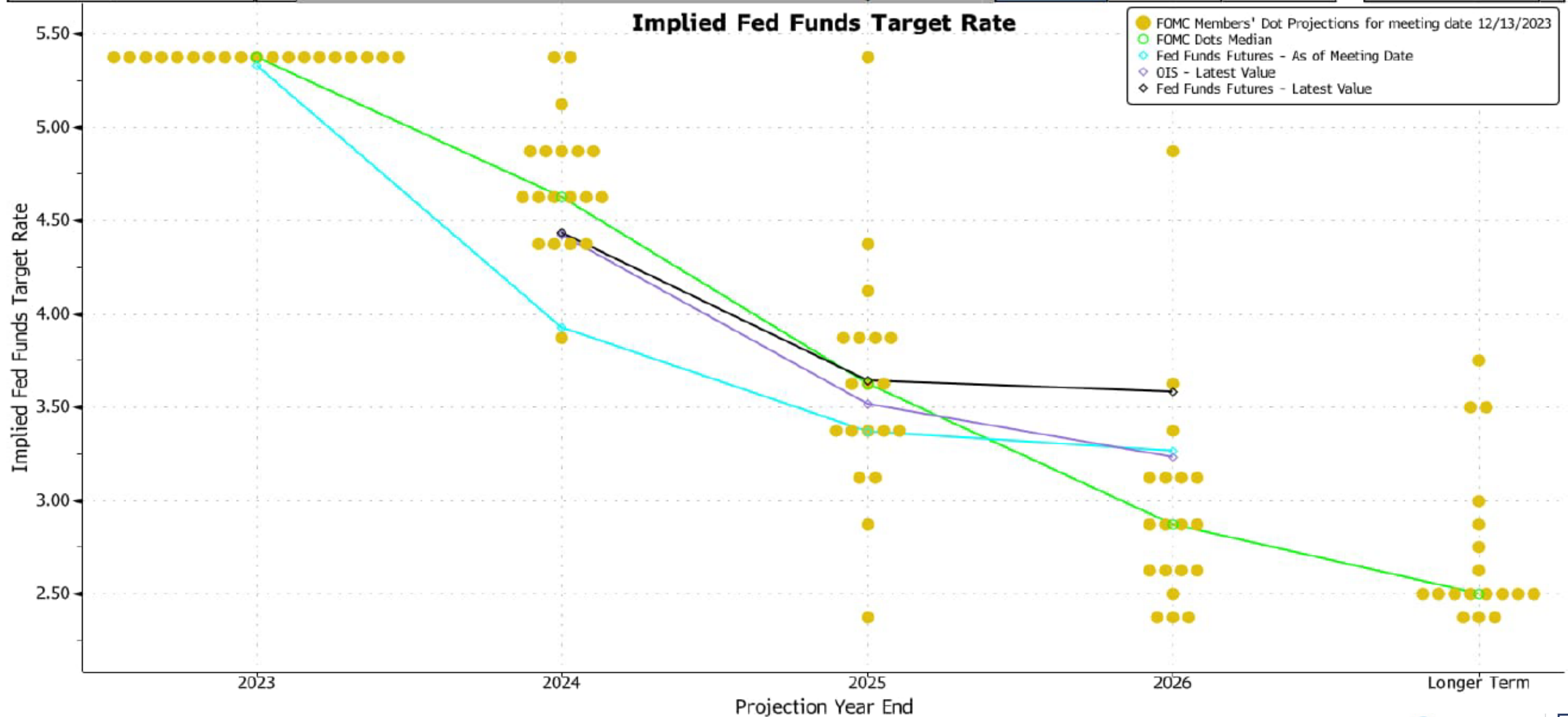
View Projection Historical

Meeting Date < 12/13/2023 > Add to Chart ▾

Chart Table

BE Fed Spectrometer >>

Compare with None Previous Custom ▾



Fed Funds Rate Probability

Set Default | Export | World Interest Rate Probability

Show Models >>

Enable Overrides

Region: United States >>

Instrument: Fed Funds Futures >>

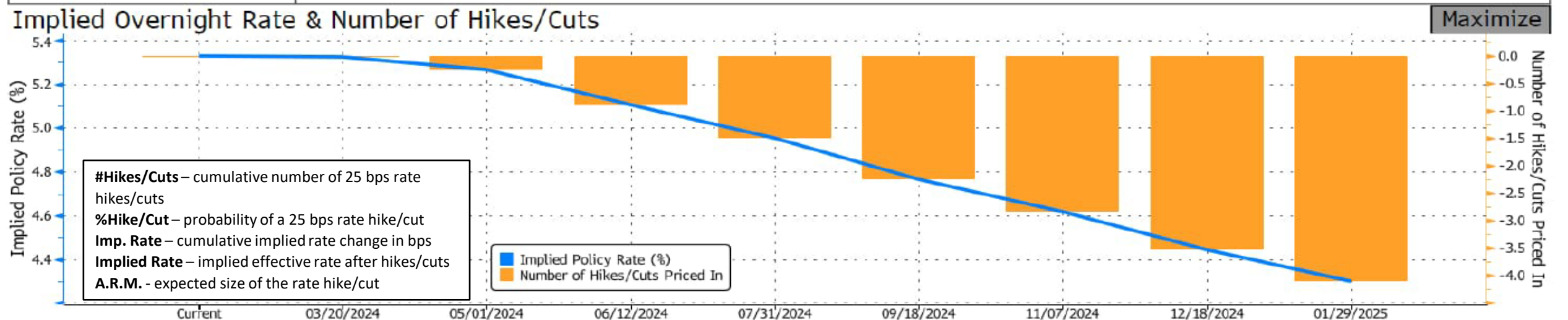
Target Rate 5.50

Pricing Date 03/04/2024

Effective Rate 5.33

Cur. Imp. O/N Rate 5.328

Meeting	#Hikes/Cuts	%Hike/Cut	Imp. Rate Δ	Implied Rate	A.R.M.
03/20/2024	-0.023	-2.3%	-0.006	5.323	0.250
05/01/2024	-0.251	-22.7%	-0.063	5.266	0.250
06/12/2024	-0.894	-64.4%	-0.224	5.105	0.250
07/31/2024	-1.503	-60.9%	-0.376	4.953	0.250
09/18/2024	-2.253	-75.0%	-0.563	4.765	0.250
11/07/2024	-2.840	-58.7%	-0.710	4.618	0.250
12/18/2024	-3.543	-70.3%	-0.886	4.443	0.250
01/29/2025	-4.113	-57.0%	-1.028	4.300	0.250

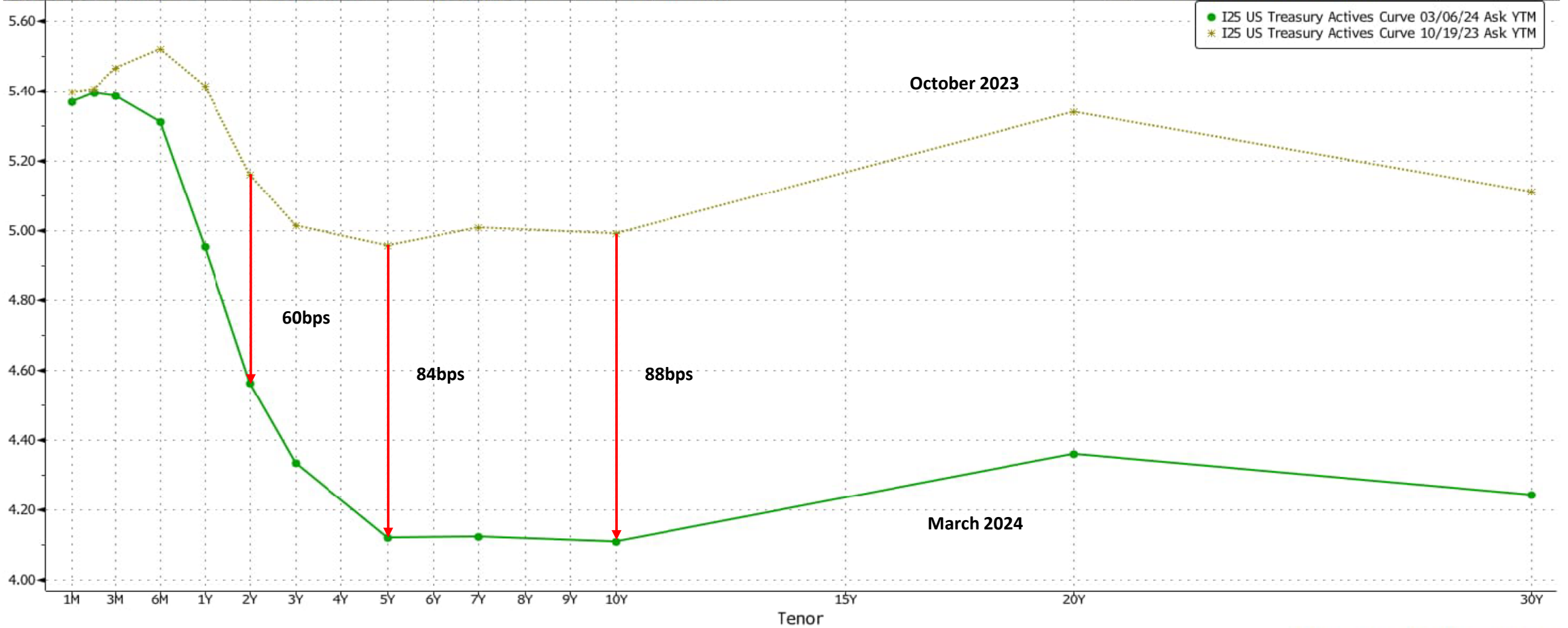


Treasury Rates

US Treasury Actives Curve Actions 98) Table Export Settings Graph Curves

X-Axis Tenor Y-Axis Ask YTM Currency None PCS BGN Lower Chart History Table

Specific 10/19/23 03/06/24 Relative Last 1D 1W Modify Curves & Relative Value



○ All Tenors ● Key Tenors

Curve Id	1M	3M	2Y	5Y	10Y	20Y	30Y
1) I25 03/06/24	5.368	5.386	4.562	4.120	4.108	4.358	4.243
2) I25 10/19/23	5.395	5.466	5.159	4.956	4.990	5.340	5.110
13) I25 (03/06/24-10/19/23)	-2.7	-8.0	-59.7	-83.5	-88.2	-98.2	-86.7

5 Yr (Assets) vs 3 Mo (Funding)

H15T5Y Index | 94) Suggested Charts | 96) Actions | 97) Edit | Yield Chart

09/30/2023 - 02/22/2024 | Mid Px | Local CCY | Mov Avgs | Key Events

1D | 3D | 1M | 6M | YTD | 1Y | 5Y | Max | Daily | Table | + Related Data | Add Data | Edit Chart





Balance Sheet Trends



Comparative Peer Performance Analysis (T12M)

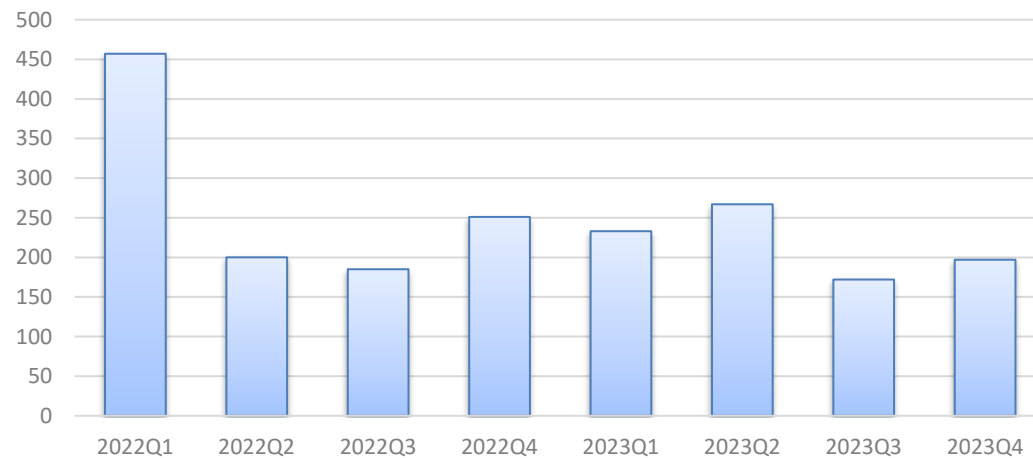
December 31, 2023

	Fredonia Valley Bank	Farmers B&T	Farmers B&T (Princeton)	Peoples Bank	First Southern of Lancaster	First United Bank	First Community (Clinton)	Murray Bank	United Community	Community Financial Services Bank
Avg. Total Assets	99,489	634,879	194,515	134,592	1,221,645	535,702	420,546	447,998	463,085	1,443,269
Avg. Total Equity	9,697	51,324	12,134	12,685	97,888	22,537	31,502	28,718	32,159	93,780
Avg. Tier 1 Capital	13,636	56,158	20,079	12,715	100,032	46,665	34,499	41,166	51,814	139,619
Dollar Net Income*	869	6,207	1,489	1,262	10,979	3,566	2,629	3,902	5,904	8,341
Avg. Total Assets/Avg. Total Equity	10.26	12.37	16.03	10.61	12.48	23.77	13.35	15.60	14.40	15.39
Return on Avg. Equity (ROAE)*	8.96	12.09	12.27	9.95	11.21	15.82	8.35	13.58	18.35	8.89
Ranking	8	5	4	7	6	2	10	3	1	9
Return on Tier 1 Capital*	6.37	11.05	7.42	9.93	10.98	7.64	7.62	9.48	11.39	5.97
Ranking	9	2	8	4	3	6	7	5	1	10
Return on Avg. Assets (ROAA)*	0.87	0.98	0.77	0.94	0.90	0.66	0.62	0.87	1.27	0.58
Ranking	5	2	7	3	4	8	9	6	1	10
Net Interest Margin - FTE (%)	3.66	3.38	3.19	3.76	3.83	2.93	3.57	2.83	3.00	2.78
Ranking	3	5	6	2	1	8	4	9	7	10
Net Interest Income Dependency	88.0	85.2	79.7	87.2	86.5	83.1	79.2	85.0	81.7	75.0
Ranking	10	7	3	9	8	5	2	6	4	1
Provision Exp. to Avg Earning Assets (%)	-0.08	0.00	-0.01	-0.36	-0.05	-0.05	0.00	-0.17	-0.02	-0.12
Ranking	7	1	3	10	6	5	1	9	4	8
Efficiency Ratio	71.59	66.33	72.41	64.51	70.25	72.20	79.83	59.32	50.00	74.85
Ranking	6	4	8	3	5	7	10	2	1	9
Net Non-Interest Income to Avg. Assets	-2.43	-1.93	-2.04	-2.10	-2.37	-2.00	-2.54	-1.47	-1.12	-1.71
Ranking	9	4	6	7	8	5	10	2	1	3
Avg Earning Assets to Avg. Assets	98.1	94.2	97.7	94.2	94.4	100.3	94.4	99.2	94.4	92.1
Ranking	3	9	4	8	6	1	5	2	7	10
Sub-S Status	No	Yes	Yes	No	No	Yes	Yes	Yes	No	No
*Sub S adjusted										

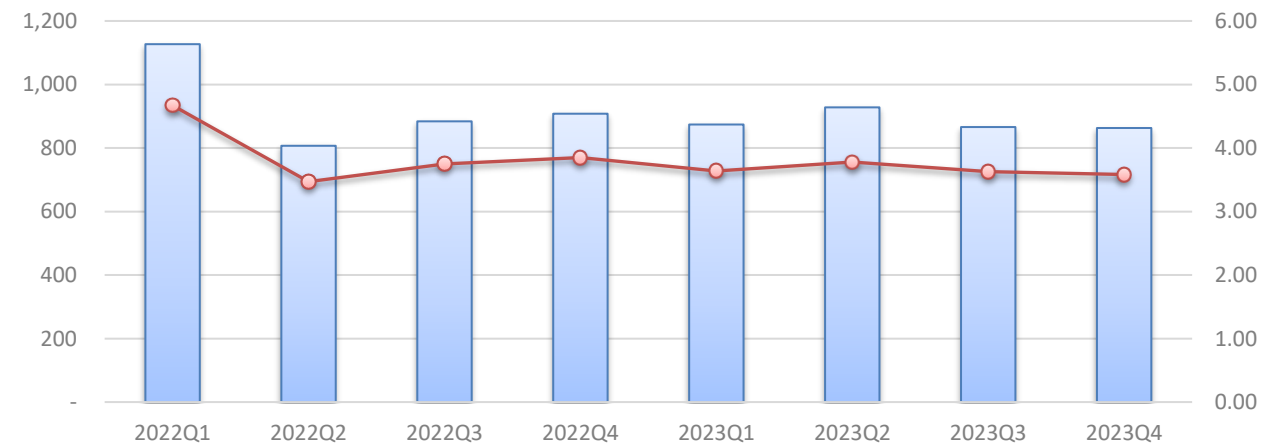
Net Income and Net Interest Income Trend Analysis

December 31, 2023

	Fed Funds	0.50%	1.75%	3.25%	4.50%	5.00%	5.25%	5.50%	5.50%
		2022Q1	2022Q2	2022Q3	2022Q4	2023Q1	2023Q2	2023Q3	2023Q4
Net Interest Margin - FTE (%)		4.67	3.47	3.75	3.85	3.64	3.78	3.63	3.58
Interest Income		1,159	840	920	967	1,026	1,114	1,128	1,182
Interest Expense		(32)	(33)	(36)	(59)	(152)	(186)	(262)	(319)
Net Interest Income		1,127	807	884	908	874	928	866	863
Provision (Expense)/Release		-	-	-	-	-	-	(20)	(60)
Non-Interest Income		36	105	81	116	120	125	125	113
Non-Interest Expense		(592)	(607)	(729)	(701)	(677)	(704)	(716)	(803)
Net Non-Interest Income/(Expense)		(556)	(502)	(648)	(585)	(557)	(579)	(591)	(690)
Realized Gain/(Loss) on Securities		-	-	-	-	-	-	4	-
Income Taxes		(114)	(105)	(51)	(72)	(84)	(82)	(87)	84
Net Income (Sub-S Adjusted)		457	200	185	251	233	267	172	197



Net Income (Sub-S Adjusted)



Net Interest Income

Net Interest Margin - FTE (%)

Comparative Peer Asset Yield COF Analysis (MRQ)

December 31, 2023

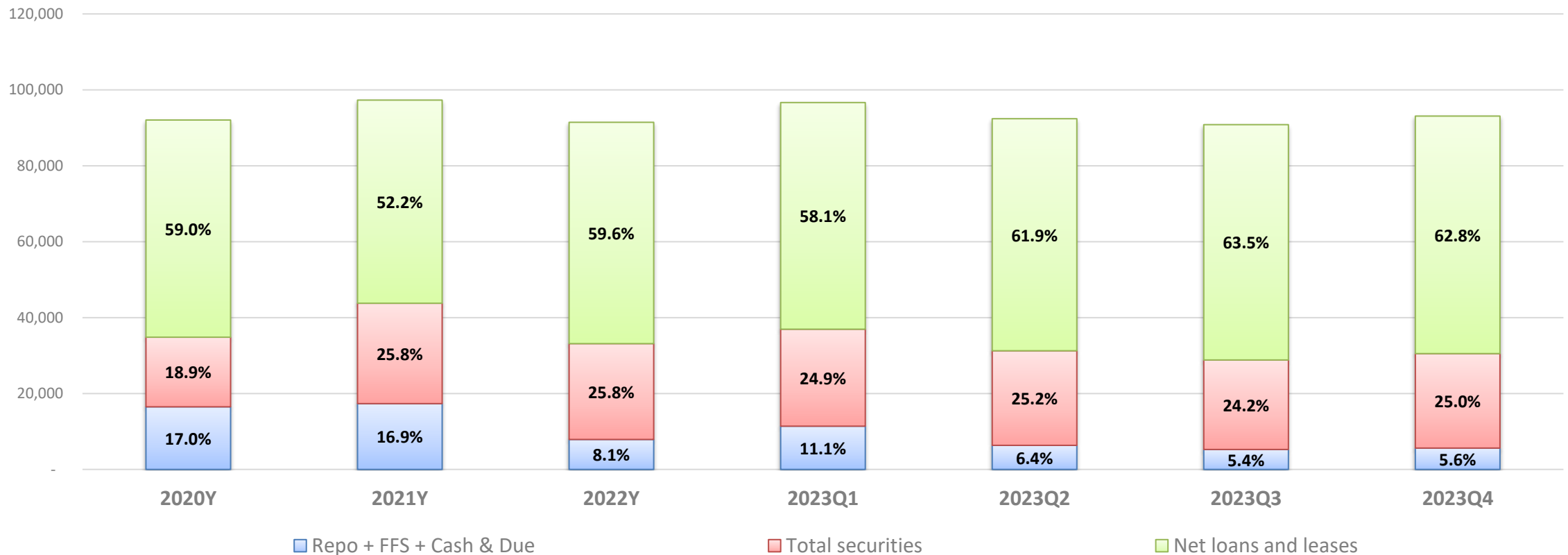
	Fredonia Valley Bank	Farmers B&T	Farmers B&T (Princeton)	Peoples Bank	First Southern of Lancaster	First United Bank	First Community (Clinton)	Murray Bank	United Community	Community Financial Services Bank
Average Earning Assets	97,466	632,435	198,221	123,910	1,156,750	544,363	410,090	462,566	436,265	1,323,934
Balance Sheet Mix - % of Earning Assets										
Assets										
Loans	65%	87%	65%	88%	68%	66%	86%	67%	55%	73%
Securities	30%	11%	28%	4%	27%	29%	11%	29%	42%	26%
Fed Funds Sold	0%	0%	0%	5%	0%	4%	0%	1%	0%	0%
Cash and Due From	4%	1%	7%	2%	5%	0%	2%	2%	2%	0%
Other Assets	1%	0%	0%	0%	0%	0%	1%	0%	0%	0%
Liabilities										
Deposits Non Interest Bearing	31%	16%	21%	13%	21%	16%	14%	20%	18%	14%
Deposits Interest Bearing	56%	77%	73%	82%	73%	75%	77%	71%	70%	84%
Borrowings	6%	5%	2%	0%	0%	3%	9%	3%	6%	4%
Yield on Earning Assets										
Yield on Loans	6.01	6.18	6.05	6.99	6.08	6.49	6.58	5.98	6.08	5.95
Yield on Securities	2.45	3.17	1.93	1.05	1.38	2.30	2.34	1.97	2.42	2.36
Yield on Avg. Earning Assets	4.85	5.86	4.83	6.52	4.79	5.23	6.02	4.71	4.59	5.05
Ranking	6	3	7	1	8	4	2	9	10	5
Cost of Funding Earning Assets										
Cost of Interest Bearing Deposits	1.93	3.07	2.28	2.95	1.33	2.82	2.90	2.44	2.66	2.66
Cost of Borrowings	4.05	6.74	5.20	2.78	2.45	4.78	3.10	6.05	3.85	5.52
Cost of Funding Average EA	1.31	2.69	1.77	2.44	0.98	2.27	2.50	1.90	2.11	2.44
Ranking	2	10	3	8	1	6	9	4	5	7
Net Interest Margin										
Net Interest Margin	3.54	3.17	3.07	4.07	3.81	2.96	3.52	2.81	2.48	2.61
Ranking	3	5	6	1	2	7	4	8	10	9
Net Interest Margin (FTE)										
Net Interest Margin (FTE)	3.58	3.19	3.12	4.07	3.81	2.98	3.57	2.84	2.59	2.74
Ranking	3	5	6	1	2	7	4	8	10	9

*** Yields are calculated using call report data. Interest income/expense is divided by the simple average of quarter-end account balances. Intra-quarter variability in the account balances may skew the results of these calculations.

Asset Mix Trend Analysis

December 31, 2023

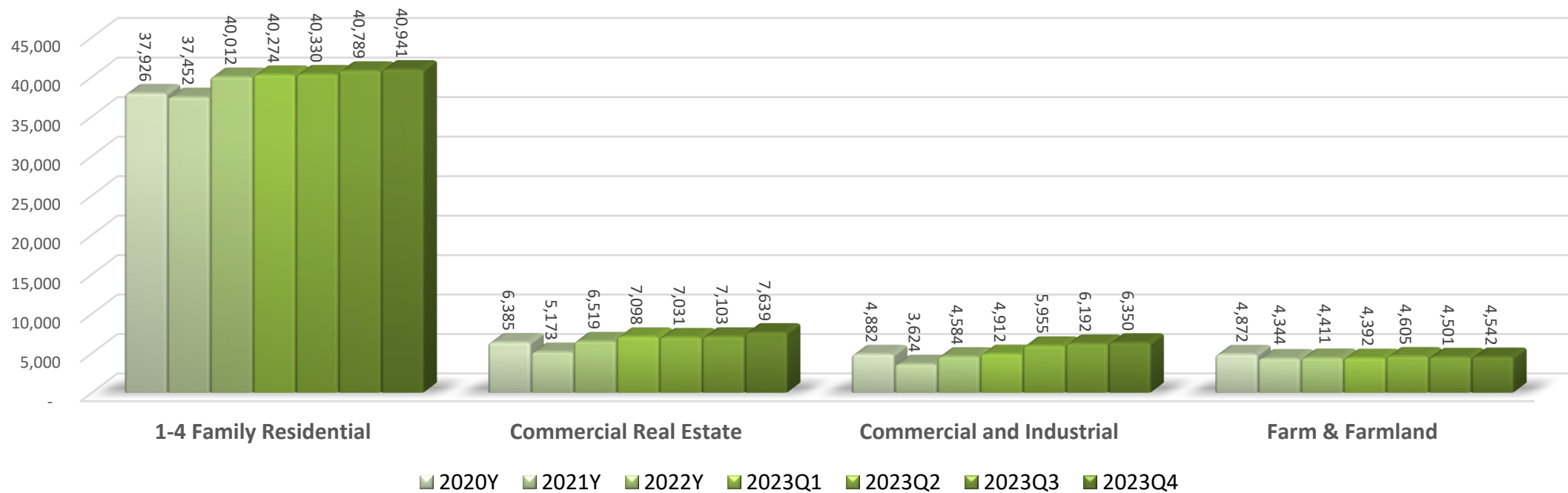
	2020Y	2021Y	2022Y	2023Q1	2023Q2	2023Q3	2023Q4	2023 Change
Cash & due from depository institutions	8,072	15,224	6,356	10,191	5,544	5,108	5,175	-2MM
Federal funds sold and Repos	8,425	2,114	1,538	1,206	803	153	450	
Total securities	18,340	26,443	25,248	25,552	24,917	23,579	24,887	
Net loans and leases	57,209	53,510	58,302	59,704	61,125	61,989	62,568	+4MM
Bank premises and fixed assets	752	758	1,083	1,068	1,109	1,095	1,007	
Intangibles	-	-	-	-	-	-	-	
All other assets	4,211	4,480	5,304	5,005	5,274	5,659	5,612	
Total assets	97,009	102,529	97,831	102,726	98,772	97,583	99,699	+2MM



Loan Mix Trend Analysis

December 31, 2023

	2020Y	2021Y	2022Y	2023Q1	2023Q2	2023Q3	2023Q4	2023 Change
1-4 Family Residential	37,926	37,452	40,012	40,274	40,330	40,789	40,941	+1MM
Commercial Real Estate	6,385	5,173	6,519	7,098	7,031	7,103	7,639	+1MM
Commercial and Industrial	4,882	3,624	4,584	4,912	5,955	6,192	6,350	+2MM
Farm & Farmland	4,872	4,344	4,411	4,392	4,605	4,501	4,542	
Consumer Loans	2,287	1,892	2,690	2,588	2,593	2,701	2,547	
Agricultural	1,662	1,807	1,090	1,333	1,464	1,525	1,434	
Construction and Development	224	260	37	159	157	184	182	
All other loans & leases (incl. unearned)	2	4	4	6	17	19	3	
Multifamily Residential	-	-	-	-	-	-	-	
Total loans and leases	58,240	54,556	59,347	60,762	62,152	63,014	63,638	+4MM
Less: Loan loss reserve	(1,031)	(1,046)	(1,045)	(1,058)	(1,027)	(1,025)	(1,070)	
Net loans and leases	57,209	53,510	58,302	59,704	61,125	61,989	62,568	





Capital

Key Peer Capital and Credit Quality Ratios

December 31, 2023

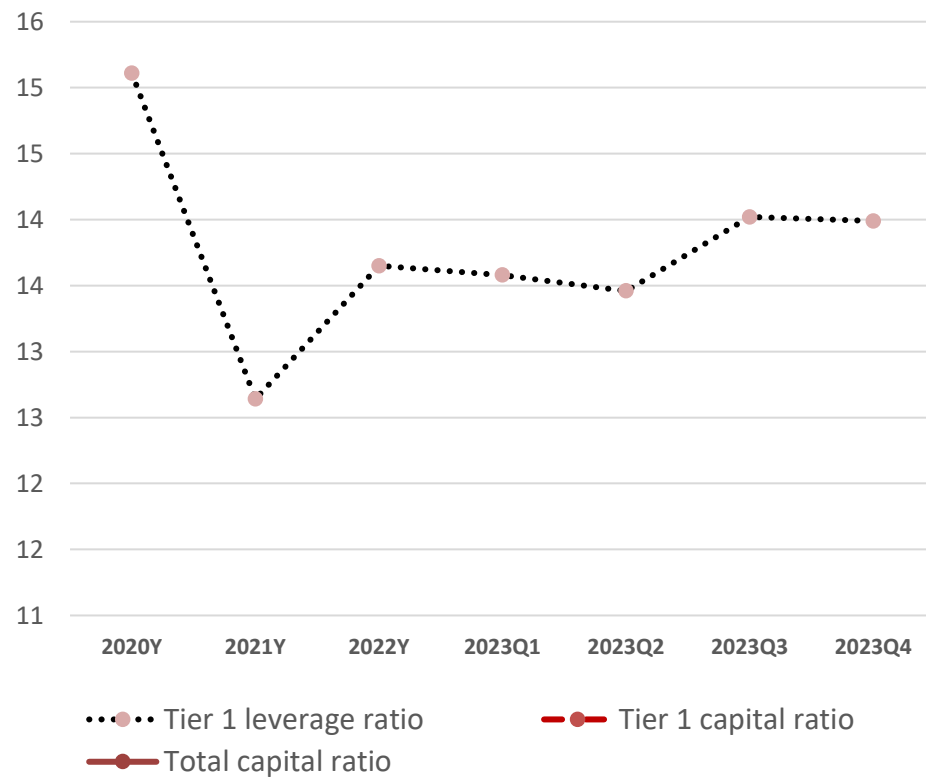
Book Equity = \$10MM
 Unrealized Loss Inc. +300bp = \$4MM

	Fredonia Valley Bank	Farmers B&T	Farmers B&T (Princeton)	Peoples Bank	First Southern of Lancaster	First United Bank	First Community (Clinton)	Murray Bank	United Community	Community Financial Services Bank	Well Capitalized Minimums
Equity Capital to Assets	10.62	8.04	6.61	10.67	8.41	4.54	7.68	6.87	7.79	6.86	
Ranking	2	4	9	1	3	10	6	7	5	8	
Tier One Leverage Ratio	13.99	8.62	9.73	11.00	8.35	9.07	8.27	8.88	10.49	9.63	5.00
Ranking	1	8	4	2	9	6	10	7	3	5	
Common Equity Tier One Capital Ratio	CBLR	10.66	CBLR	CBLR	13.63	CBLR	10.84	13.68	CBLR	12.75	6.50
Ranking	CBLR	5	CBLR	CBLR	2	CBLR	4	1	CBLR	3	
Tier One Capital Ratio	CBLR	10.66	CBLR	CBLR	13.63	CBLR	10.84	13.68	CBLR	12.75	8.00
Ranking	CBLR	5	CBLR	CBLR	2	CBLR	4	1	CBLR	3	
Total Capital Ratio	CBLR	11.38	CBLR	CBLR	14.88	CBLR	11.78	14.93	CBLR	14.01	10.00
Ranking	CBLR	5	CBLR	CBLR	2	CBLR	4	1	CBLR	3	
Risk Weighted Assets to Total Assets	CBLR	78.12	CBLR	CBLR	62.12	CBLR	74.21	66.46	CBLR	78.28	
Ranking	CBLR	4	CBLR	CBLR	1	CBLR	3	2	CBLR	5	
Dividend Payout Ratio (Last 12 Months)	19%	53%	90%	24%	68%	64%	65%	43%	45%	114%	

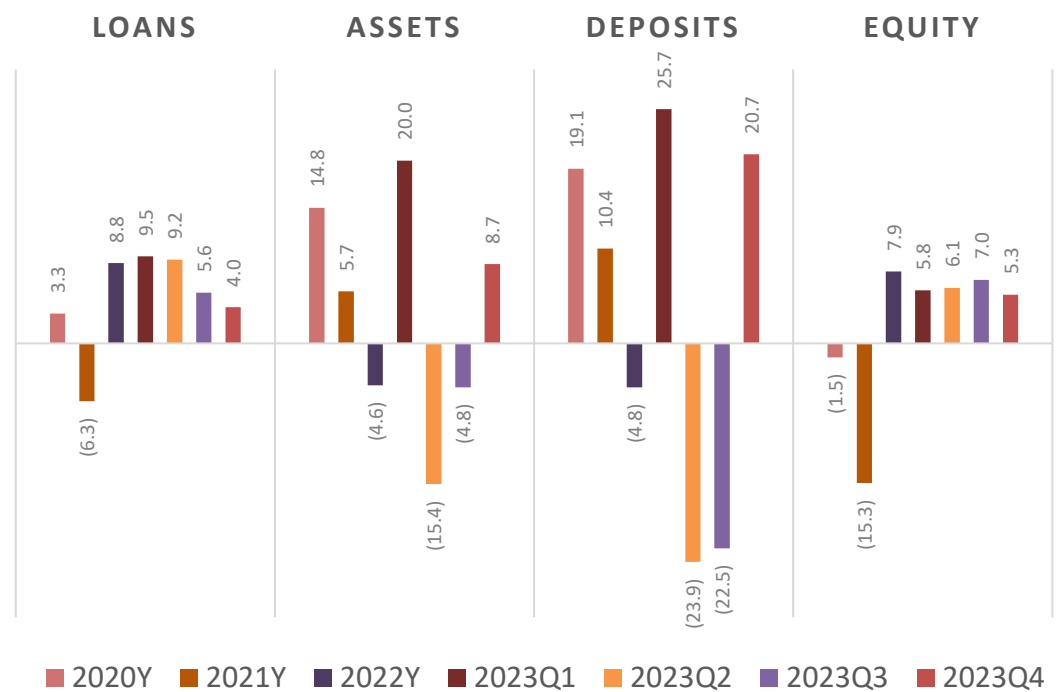
Key Capital Adequacy Ratio Trends

	2020Y	2021Y	2022Y	2023Q1	2023Q2	2023Q3	2023Q4
Equity capital ratio	16.49	12.60	9.39	9.88	9.76	9.36	10.62
Tier 1 leverage ratio	15.11	12.64	13.65	13.58	13.46	14.02	13.99
CET1 capital ratio	CBLR	CBLR	CBLR	CBLR	CBLR	CBLR	CBLR
Tier 1 capital ratio	CBLR	CBLR	CBLR	CBLR	CBLR	CBLR	CBLR
Total capital ratio	CBLR	CBLR	CBLR	CBLR	CBLR	CBLR	CBLR
<hr/>							
Growth Rate of Loans	3.3	(6.3)	8.8	9.5	9.2	5.6	4.0
Growth Rate of Assets	14.8	5.7	(4.6)	20.0	(15.4)	(4.8)	8.7
Growth Rate of Deposits	19.1	10.4	(4.8)	25.7	(23.9)	(22.5)	20.7
Growth Rate of Tier 1 Capital	(1.5)	(15.3)	7.9	5.8	6.1	7.0	5.3

REGULATORY CAPITAL RATIO TRENDS



BALANCE SHEET GROWTH RATES



Growth + Credit Stress Test Summary

December 31st, 2023

		<u>Time Period</u> <u>2 years</u>	
		<u>Scenario 5</u>	<u>Scenario 6</u>
Change in Assets		8.42%	27.81%
Earnings Analysis		5% Annual Growth	15% Annual Growth
Base Case Earnings (pre-provision)		\$ 1,898	\$ 1,898
(B/T) NPA Interest Loss		(371)	(643)
(B/T) NPA Credit Loss Plus Provision		(1,978)	(4,564)
Asset Growth Benefit		73	240
After-Tax Earnings		81	(2,009)
Dividends		(0)	(0)
Retained Earnings		\$ 81	\$ (2,009)
Starting Position		Ending Position	
2023Q4		Scenario 5	Scenario 6
Tier 1 Capital	13,877	Tier 1 Capital	13,958
Non Performing Assets	406	Non Performing Assets	6,992
Average Assets	99,207	Average Assets	107,558
Tier 1 Leverage	13.99% WC	Tier 1 Leverage	12.98% WC
NPA/Total Capital	2.93%	NPA/Total Capital	50%
<u>vs Benchmark</u>	<u>0.36 x</u>	<u>vs Benchmark</u>	<u>6.22 x</u>
		Loss Severity on Additional NPAs	30%
			<u>12.37 x</u>
			40%
Benchmark Period		Legend	
1995Y - 1998Y		WC: Well Capitalized	
NPA/Total Capital	8.05%	AC: Adequately Capitalized	
		UC: Undercapitalized	
		SU: Significantly Undercapitalized	
		NPA: Non Performing Assets	



Liquidity and Funding



Investments | Asset / Liability | Risk Management

Regulatory Bootcamp Part 1: Liquidity - Preparing for your Next Exam

9/12/2023 | 4 MIN READ

Liquidity has taken center stage as the top risk position for financial institutions as well as regulators, and rightfully so. Over the past 6 months, the industry has witnessed three regional banks fail with over \$525 billion in total assets, eclipsing the two highest years during the Great Financial Crisis combined!

It goes without saying that the primary cause of these failures was inadequate liquidity risk management and contingency funding planning, exacerbated by other imperfections in interest rate risk management. As your institution prepares for the next regulatory exam, have you considered any of the following actions to bolster your ability to identify, measure, monitor and control liquidity risk?

[Read Full Article](#)

As your institution prepares for the next regulatory exam, have you considered any of the following actions to bolster your ability to identify, measure, monitor and control liquidity risk?

- **Secured Borrowing Capacity, Secured Borrowing Capacity, Secured Borrowing Capacity** – FHLB and Federal Reserves Discount Window & BTFP
- **Reciprocal Deposits** – A tool to collateralize public funds and create liquidity
- **Uninsured Deposits** – Measuring and monitoring levels, concentrations and trends in uninsured balances
- **Liquidity Timelines** – How fast can you access liquidity on a day, week, two weeks or longer timeline?

Comparative Peer Liquidity Analysis

December 31, 2023

	Fredonia Valley Bank	Farmers B&T	Farmers B&T (Princeton)	Peoples Bank	First Southern of Lancaster	First United Bank	First Community (Clinton)	Murray Bank	United Community	Community Financial Services Bank
Loans to Deposits	75.2	88.6	69.4	92.9	73.7	72.6	96.5	75.4	64.1	77.5
Ranking	5	8	2	9	4	3	10	6	1	7
Liquidity Ratio	29.3	13.6	23.0	9.4	20.1	10.6	9.3	19.3	19.3	9.9
Ranking	1	6	2	9	3	7	10	4	5	8
Liquid Assets to Total Assets	26.2	12.5	21.5	8.4	18.3	10.2	8.6	18.0	17.7	9.2
Ranking	1	6	2	10	3	7	9	4	5	8
Pledged Securities to Securities	17.7	19.9	45.6	77.5	47.0	82.4	51.2	43.5	59.1	70.9
Ranking	1	2	4	9	5	10	6	3	7	8
Deposits >\$250K to Total Deposits	24.98	15.88	27.92	24.59	38.53	30.91	33.45	28.71	41.77	27.28
Ranking	3	1	5	2	9	7	8	6	10	4
Uninsured Deposits (\$000) - Bank Est.					309,693					248,130
Uninsured Deposits (%) - Bank Est.					28.7					19.99
Core Deposits to Total Deposits	96.4	92.9	92.7	88.0	95.8	95.5	80.6	90.2	91.1	76.2
Ranking	1	4	5	8	2	3	9	7	6	10
Net NonCore Funding Dependence	2.1	2.6	0.2	5.6	(4.0)	4.4	25.0	9.6	15.2	27.4
Ranking	3	4	2	6	1	5	9	7	8	10
NMDs to Total Deposits	77.4	69.7	72.6	38.7	84.5	82.7	57.2	63.6	73.7	68.4
Ranking	3	6	5	10	1	2	9	8	4	7
Volatile Liabilities to Total Assets	3.0	0.9	6.8	10.6	3.9	8.8	20.9	9.0	10.5	6.1
Ranking	2	1	5	9	3	6	10	7	8	4

Liquidity Analysis Template

Fredonia Valley Bank



February 29, 2024

Total Assets	100,215
Total Deposits	83,682
Total Equity	10,389

Amount in '000s

Short-term Liquid Assets

Fed Funds Sold		195
Cash & due from banks		5,051
Loans Held for Sale		-
Total US Govt and Agency Bonds (market value)	10,807	
Pledged US Gov't, GSE, Agency MBS / CMO Securities	(1,249)	
Total Liquid US Gov't, GSE, Agency MBS / CMO Securities		9,558
Municipal Securities, Corporates, ABS	13,569	
Pledged Muni's, Corporates, Muni, ABS	(3,130)	
Total Liquid Municipal Securities, Corporates & Bank CD's		10,439

Total Short-term Liquid Funds

25,243

Asset Liquidity Ratio (Guideline >12%)

25.19%

Short-term Uses of Funds

5% of CD's maturing in 90 days	4,258	213
Other volatile liabilities (3% of DDA, Now, MMDA, Sav.)	61,024	1,831

Total Short-term Uses of Funds and Potential Deposit Decay

2,044

Net Short-term Liquid Funds and Potential Uses of Funds

23,199

(A)

POTENTIAL SOURCES AND USES OF FUNDS

	Capacity/Bal	Outstanding (negative)	Available Operational	Available Strategic	Available Contingency
Additional Sources of Funds					
Unsecured Federal Funds Purchased	2,000	-	2,000		
FHLB Borrowings - capacity restricted by collateral (incl. LOC)	19,998	(5,772)	14,226		
Additional FHLB Borrowings from Other R/E collateral (not in place)	-	-			-
Brokered CD's (10% of assets)	10,022	-		10,022	
Reciprocol Deposits (15% of assets)	15,032	-		15,032	
National Market CD's (5% of assets)	5,011	-		5,011	
FRB Borrowings from other loans (not in Place)	-	-			-
Loan Payments P&I next 90day	4,176			4,176	
Total Additional Sources of Funds			16,226	34,241	-

(B)

Potential Uses of Funds

Unused Loan Commitments	4,031	30%		1,209	
Public Fund Balance	7,150	10%		715	
Holding Company Dividends next 3 months			-		
Fixed Asset Purchases next 3 months			-		
Total Additional Uses of Funds			-	1,924	-

(C)

Net Potential Sources/Uses of Funds

16,226 32,316 -

(B - C)

LIQUIDITY POSITION SUMMARY

	Operational	Strategic*	Contingency**
Amount in '000s	39,425	71,742	71,742
% of Assets	39.3%	71.6%	71.6%
Guideline	> 10%	> 15%	> 20%

A + (B - C)

* Strategic includes Operational
 ** Contingency includes Strategic Public Funds (PF)

Investment Cash Flow
 Year 1 = \$4MM
 Year 2 = \$4MM

	<u>Aug-21</u>	<u>Nov-21</u>	<u>Feb-22</u>	<u>May-22</u>	<u>Aug-22</u>	<u>Nov-22</u>	<u>Dec-22</u>	<u>May-23</u>	<u>Aug-23</u>	<u>Nov-23</u>	<u>Feb-24</u>
<u>Stage 1 Triggers</u>											
Classified Assets > 50% of (Tier 1 + ALLL)	13.7%	13.6%	14.1%	6.6%	4.7%	4.4%	5.5%	7.0%	9.9%	11.8%	10.9%
NPA less TDR / Total Assets > 5%	4.2%	3.5%	3.3%	1.1%	1.0%	1.1%	1.2%	1.2%	0.9%	0.8%	1.0%
3% loss of deposits	0.5%	1.8%	1.8%	0.9%	0.4%	-2.6%	-1.6%	-3.2%	-1.9%	2.0%	-1.4%
Loss for one Quarter	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO
Negative PR (litigation, etc.)	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO
<u>Stage 2 Triggers</u>											
Classified Assets > 70% of (Tier 1 + ALLL)	13.7%	13.6%	14.1%	6.6%	4.7%	4.4%	5.5%	7.0%	9.9%	11.8%	10.9%
NPA less TDR / Total Assets > 7%	4.2%	3.5%	3.3%	1.1%	1.0%	1.1%	1.2%	1.2%	0.9%	0.8%	1.0%
6% loss of deposits	0.5%	1.8%	1.8%	0.9%	0.4%	-2.6%	-1.6%	-3.2%	-1.9%	2.0%	-1.4%
Bank is subject to Enforcement Action	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO
Loss for 2 out of 4 Quarters	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO
<u>Stage 3 Triggers</u>											
Asset Liquidity Ratio (Guideline >12%)											
Classified Assets > 100% of (Tier 1 + ALLL)	13.7%	13.6%	14.1%	6.6%	4.7%	4.4%	5.5%	7.0%	9.9%	11.8%	10.9%
NPA less TDR / Total Assets > 10%	4.2%	3.5%	3.3%	1.1%	1.0%	1.1%	1.2%	1.2%	0.9%	0.8%	1.0%
6% loss of deposits	0.5%	1.8%	1.8%	0.9%	0.4%	-2.6%	-1.6%	-3.2%	-1.9%	2.0%	-1.4%
Bank is subject to Enforcement Action	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO
Loss for 4+ Quarters	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO
Projected Capital ratios to fall below well-capitalized	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO

Stressed Liquidity Analysis

Fredonia Valley Bank



February 29, 2024

Total Assets 100,215
Total Deposits 83,682
Total Equity 10,389

	<u>BASE</u>	<u>Scenario #1</u>	<u>Scenario #2</u>	<u>Scenario #3</u>
On-Balance Sheet Liquidity	25,243	25,243	24,243	23,243
Fed Funds Sold, Short-term Investments, Loans Held for Sale	5,246	5,246	5,246	5,246
Free Collateral eligible for REPO	9,558	9,558	9,080	8,602
Free Other AFS Securities	10,439	10,439	9,917	9,395
<i>Percentage of Base Case Assumption</i>	100%	100%	95%	90%
Off-Balance Sheet Liquidity	46,291	45,579	42,116	15,850
Available Fed Funds Purchased Capacity (Unsecured)	2,000	2,000	-	-
Brokered CD Capacity	10,022	10,022	10,022	-
Reciprocal Capacity	15,032	15,032	15,032	-
National Market Deposits	5,011	5,011	4,259	3,758
<i>Percentage of Base Case Assumption</i>	100%	100%	91%	12%
Available FHLB Capacity	14,226	13,515	12,803	12,092
Additional FHLB Capacity from other R/E Loans (not in place)	-	-	-	-
<i>Percentage of Base Case Assumption</i>	100%	95%	90%	85%
Cash Outflows \$	(3,720)	(7,044)	(10,368)	(13,691)
Cash Outflows % of Assets	-4%	-7%	-10%	-14%
Net Committed Loans and Lines Funding	(1,209)	(1,814)	(2,419)	(3,023)
<i>Percentage of Outstanding</i>	30%	45%	60%	75%
Slower Loan Payments P&I next 90day	-	(209)	(418)	(626)
<i>Percentage of Base Case Assumption</i>	100%	95%	90%	85%
Additional Deposit Run-Off	(2,510)	(5,021)	(7,531)	(10,042)
<i>Percentage of Total Deposits</i>	3.0%	6.0%	9.0%	12.0%
Stressed Liquidity Position	67,814	63,779	55,992	25,402
Change from Base	-	(4,035)	(11,822)	(42,412)
% of Assets (Guideline >5%)	67.7%	63.6%	55.9%	25.3%

Conditions:

-	-	Haircut on InvSec	Haircut on InvSec
-	-	No FFP Lines	No FFP Lines
-	-	-	No Brokered CDs
-	-	-	No CDARS/ICS
-	-	Lower Nat'l Mkt	Lower Nat'l Mkt
-	Lower FHLB/FRB	Lower FHLB/FRB	Lower FHLB/FRB
Loan Fundings	Loan Fundings	Loan Fundings	Loan Fundings
Deposit Run-Off	Deposit Run-Off	Deposit Run-Off	Deposit Run-Off
-	-	-	Below Well Capitalized

Non-core Funding Sources

	Ratio	Guideline	PASS/FAIL
Fed Funds Purchased	-	0.0%	
FHLB Borrowings	5,772	5.8%	
FRB Borrowings	-	0.0%	
Brokered Deposits	-	10%	PASS
Reciprocal Deposits	-	15%	PASS
Repurchase Agreements	-	0.0%	
National Market Deposits	-	5%	PASS
Total Non-core Funding Sources	5,772	5.8%	PASS

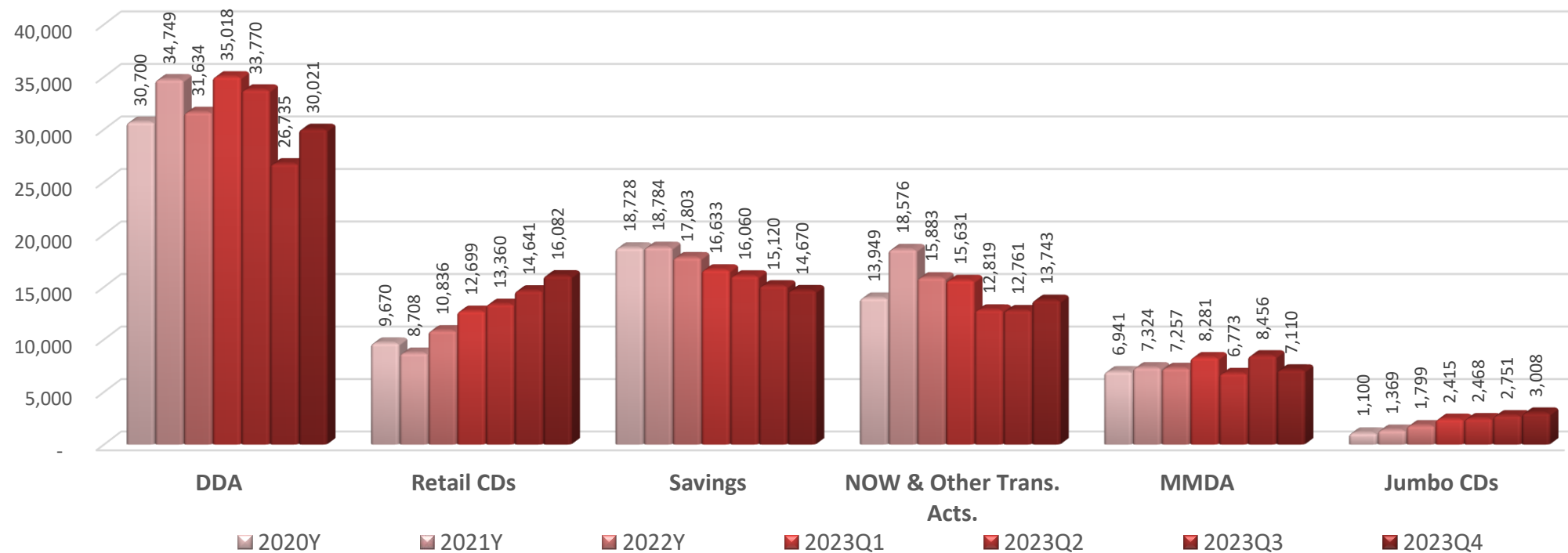
Source	Immediate (Same Day)	Next Day	Within One Week	Two Weeks	Longer-Term
Cash, Due From, Fed Funds Sold	5,246				
FHLB (in Place)	14,226				
FHLB (not in Place)					0
FRB (not in Place)					0
Unsecured Fed Funds Lines	2,000				
National Market/Qwickrate			5,011		
Brokered Deposit				10,022	
Remaining Unincumbered Investments(less applicable haircut)		19,997			
Reciprocal (for Public Funds vs Pledging)					??
Total Availability	21,472	19,997	5,011	10,022	0
% of Assets (100MM)	21.4%	20.0%	5.0%	10.0%	0.0%
Cumulative \$	21,472	41,469	46,480	56,501	56,501
Cumulative %	21.4%	41.4%	46.4%	56.4%	56.4%

Liability Mix Trend Analysis

	2020Y	2021Y	2022Y	2023Q1	2023Q2	2023Q3	2023Q4
DDA	30,700	34,749	31,634	35,018	33,770	26,735	30,021
Retail CDs	9,670	8,708	10,836	12,699	13,360	14,641	16,082
Savings	18,728	18,784	17,803	16,633	16,060	15,120	14,670
NOW & Other Trans. Acts.	13,949	18,576	15,883	15,631	12,819	12,761	13,743
MMDA	6,941	7,324	7,257	8,281	6,773	8,456	7,110
Jumbo CDs	1,100	1,369	1,799	2,415	2,468	2,751	3,008
Total Deposits	81,088	89,510	85,212	90,677	85,250	80,464	84,634
Borrowings	1,034	755	3,230	1,937	3,027	7,130	4,134
Fed Funds Purchased and Repos	-	-	-	-	-	-	-
All other liabilities	153	137	148	348	593	761	393
Total Deposits & Liabilities	82,275	90,402	88,590	92,962	88,870	88,355	89,161

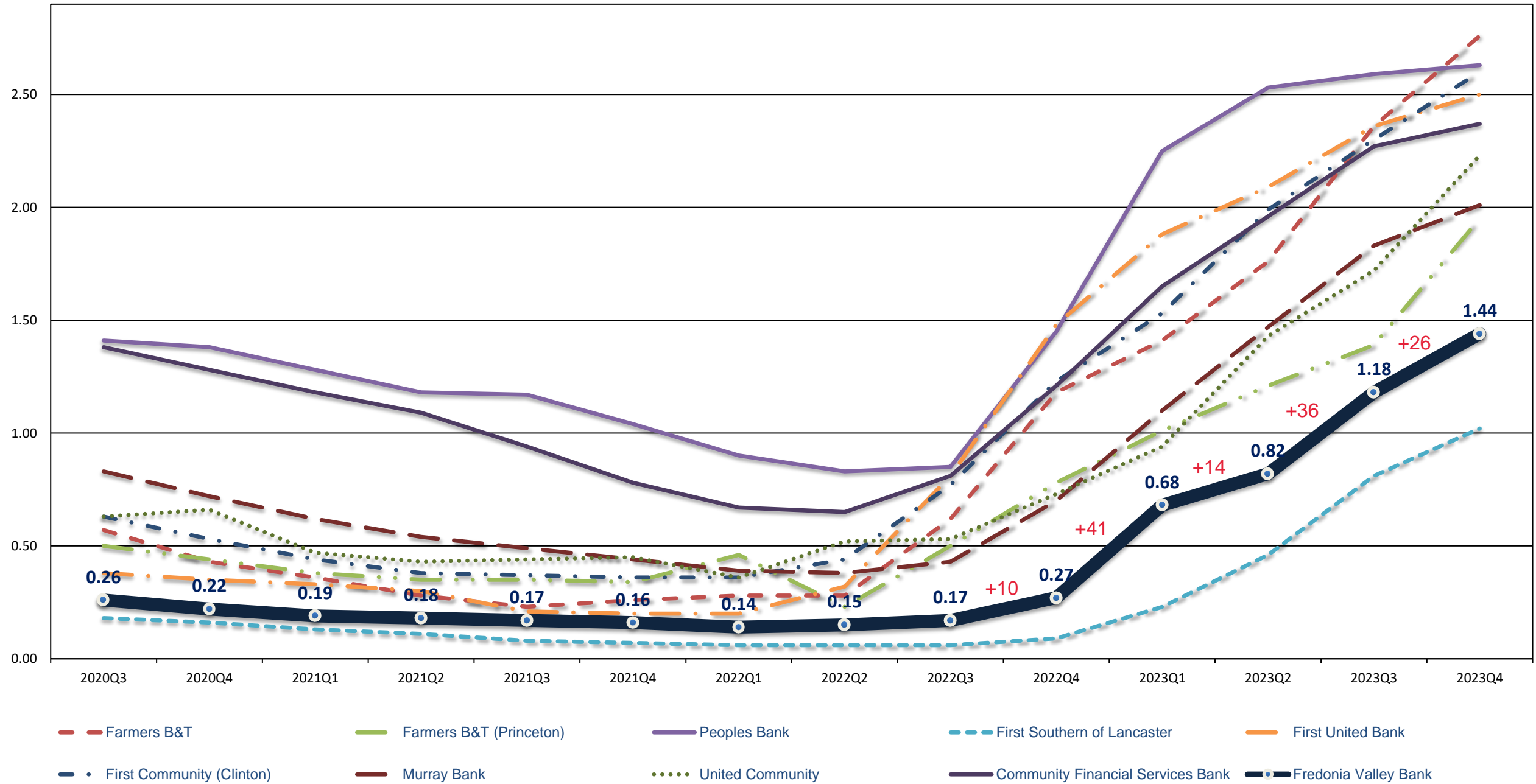
2023 Change	
CDs	+6MM
NMDs	-7MM
Deposits	-1MM

Brokered Deposits	-	-	-	-	-	-	-
Internet Deposits	-	-	-	-	-	-	-
Reciprocal Deposits	-	-	-	-	-	-	-
FHLB Borrowings	1,034	755	3,230	1,937	3,027	7,130	4,134
Other borrowed funds	-	-	-	-	-	-	-



Comparative Peer COF Trend Analysis

December 31, 2023



Comparative Peer Funding Cost Analysis (MRQ)

December 31, 2023

2023 Q3		Fredonia Valley Bank	Farmers B&T	Farmers B&T (Princeton)	Peoples Bank	First Southern of Lancaster	First United Bank	First Community (Clinton)	Murray Bank	United Community	Community Financial Services Bank
1.18	Cost of Total Liabilities	1.44	2.76	1.95	2.63	1.02	2.50	2.60	2.01	2.23	2.37
	Ranking	2	10	3	9	1	7	8	4	5	6
1.50	Cost of Int Bearing Dep	1.93	3.07	2.28	2.95	1.33	2.82	2.90	2.44	2.66	2.66
		2	10	3	9	1	7	8	4	5	5
3.45	Cost of Non Jumbo	4.01	4.38	4.71	4.25	3.07	3.27	4.59	3.90	5.04	4.13
	Non-Jumbo CDs/Liabilities	18%	23%	20%	49%	11%	12%	25%	28%	18%	9%
4.80	Cost of Jumbo CDs	3.70	2.47	2.14	3.57	4.10	3.76	4.95	5.09	2.05	4.44
	Jumbo CDs/Liabilities	3%	1%	7%	12%	4%	4%	13%	7%	6%	5%
0.65	Cost of Svgs Deps [Incl MMDAs]	1.23	0.91	1.67	0.51	0.41	1.64	0.81	1.16	0.75	0.94
	Savings/Liabilities	16%	9%	11%	7%	16%	28%	6%	16%	9%	45%
	MMDAs/Liabilities	8%	0%	7%	4%	3%	10%	7%	8%	25%	1%
0.39	Cost of NOW	0.40	2.59	1.41	0.23	1.02	5.31	1.34	0.71	4.27	4.10
	NOW/Liabilities	15%	15%	32%	14%	0%	18%	24%	17%	15%	1%
	Cost of DDAs	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
	DDAs/Liabilities	34%	45%	22%	14%	65%	22%	14%	21%	19%	18%
5.04	Cost of Borrowings	4.05	6.74	5.20	2.78	2.45	4.78	3.10	6.05	3.85	5.52
	Fed Funds & Repos/Liabilities	0%	0%	0%	0%	0%	0%	0%	0%	2%	0%
	Other Borrowed Funds/Liabilities	5%	0%	0%	0%	0%	5%	9%	2%	5%	4%
	Total Liabilities	100%	93%	100%	100%	99%	99%	99%	99%	99%	83%

Wholesale Funding Balances

Fed Funds Purchased	-	-	-	-	-	-	-	-	-	9,444	-
FHLB Borrowings	4,134	-	481	418	-	25,000	38,000	-	-	14,000	40,000
Brokered Deposits	-	226	5,000	-	-	8,286	45,504	9,886	8,849	8,849	22,219
Internet Deposits	-	18,430	-	-	-	-	9,699	-	-	-	-
Reciprocal Deposits	-	166,465	27,842	-	-	102,116	16,095	-	-	-	208,939
Repurchase Agreements	-	-	-	-	2,035	1,430	-	-	1,175	-	-
Total Other Borrowed Money	-	-	-	-	-	-	-	-	9,000	8,000	5,800
Total excluding Reciprocal	4,134	18,656	5,481	418	2,035	34,716	93,203	20,061	40,293	40,293	68,019
% of Assets	4.15%	2.70%	2.66%	0.32%	0.17%	6.22%	21.02%	4.30%	8.92%	8.92%	4.88%

Public Funds % of Assets	6.90%	8.88%	9.97%	2.93%	8.02%	20.33%	8.40%	5.98%	11.14%	10.99%
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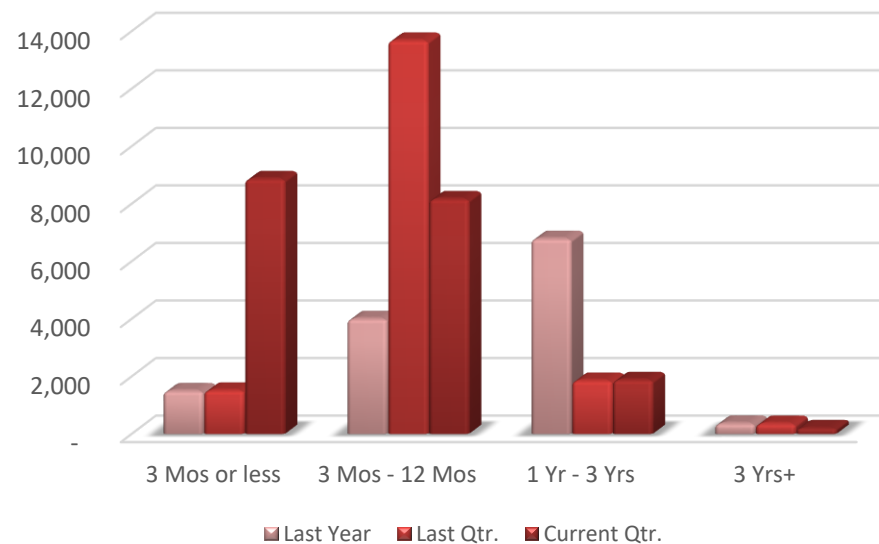
*** Yields are calculated using call report data. Interest income/expense is divided by the simple average of quarter-end account balances. Intra-quarter variability in the account balances may skew the results of these calculations.

CD and FHLB Maturity/Repricing

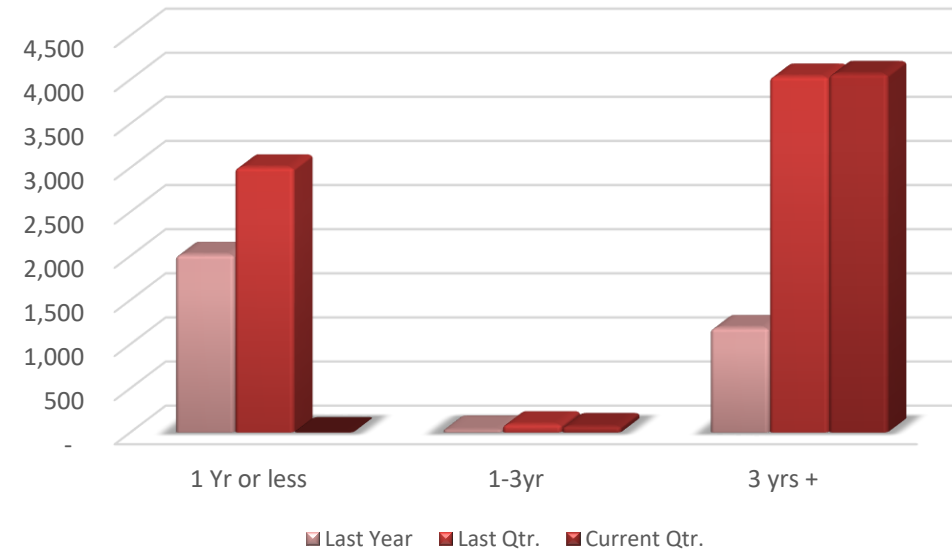
	Last Year 2022Q4	Percent Repricing	Last Qtr. 2023Q3	Percent Repricing	Current Qtr. 2023Q4	Percent Repricing
CD Maturity/Repricing						
3 Mos or less	1,491	12%	1,510	9%	8,862	46%
3 Mos - 12 Mos	3,998	32%	13,675	79%	8,166	43%
1 Yr - 3 Yrs	6,784	54%	1,852	11%	1,877	10%
3 Yrs+	361	3%	355	2%	185	1%
Total CDs	12,634	100%	17,392	100%	19,090	100%
Cost of CDs <\$100k	0.96%	86%	3.45%	84%	4.01%	84%
Cost of CDs >\$100K	1.07%	14%	4.80%	16%	3.70%	16%

FHLB Maturity/Repricing						
1 Yr or less	2,014	62.4%	3,005	42.1%	2	0.0%
1-3yr	32	1.0%	91	1.3%	68	1.6%
3 yrs +	1,184	36.7%	4,034	56.6%	4,064	98.3%
Total FHLB Advances	3,230	100.0%	7,130	100.0%	4,134	100.0%
Cost of Borrowings	1.89%		5.04%		4.05%	

CD Maturity/Repricing



FHLB Maturity/Repricing



Term	FDIC National Average	FDIC Rate Cap	FHLB Index ¹	Brokered Deposit ²	National Market Deposits ³	Fredonia Valley Bank	Specials	Special vs. Rate Cap
1 month	0.23	7.39	5.56	5.40	5.40	-	-	-
3 month	1.69	7.25	5.55	5.40	5.60	-	-	-
6 month	1.53	6.97	5.45	5.30	5.45	2.50	-	-
1 year	1.83	6.43	5.13	5.15	5.40	3.00	13 Mo. - 5.00	-1.38
2 year	1.54	5.87	4.81	4.80	5.00	2.00	-	-
3 year	1.40	5.61	4.62	4.65	4.85	-	-	-
4 year	1.32	5.61	4.56	4.40	4.85	2.25	-	-
5 year	1.40	5.44	4.50	4.35	4.55	3.00	-	-
10 year			4.78	4.15		-	-	-

¹ Bloomberg FHLB Index. FHLB Index rates will differ slightly from various regional FHLB member banks.

² Brokered Deposit rates represent estimates based on a review of suggested 'All-In' rates

³ National Market Deposit rates based on estimates of expectations for clearing levels on various platforms

Taylor Advisors has prepared this report based on information that it believes to be reliable, but in no way guarantees its accuracy or completeness. Taylor Advisors makes no representations as to the accuracy.



Interest Rate Risk

Net Interest Margin Simulations (1 Year Rate Shock)

The Gap Analysis provides the basis for more detailed analysis in the simulation model. Also, gap results are popular rate risk indicators. However, to truly evaluate the impact of rate change on income, simulation is the best technique because variables are changed for the various rate conditions. Each category's interest change is calculated as rates move up and down. In addition, the repayment speeds and repricing speeds are changed.

Rate Shock is a method for stress testing the Net Interest Margin (NIM) over the next four quarters under several rate change levels. These levels span 100bp increments up and down from the current interest rates. In order to simulate activity, maturing balances are replaced with the new balances at the new rate level, and repricing balances are adjusted to the new rate shock level. The interest is recalculated for each level along with the new average yield. NIM is then calculated and a margin risk profile is developed. The results of these calculations can be seen in the chart below.

Rate Change Immediate	-400bp	-300bp	-200bp	-100bp	Current	+100bp	+200bp	+300bp	+400bp
<u>Int. Income</u>									
FFS, Repos & Bank CD	98	113	129	145	160	176	191	207	223
Loans *	3,152	3,327	3,498	3,664	3,825	3,982	4,138	4,294	4,451
Securities (Tax Eqv.)	631	752	753	761	768	775	783	790	797
Total Interest Income	3,881	4,193	4,380	4,569	4,753	4,933	5,112	5,291	5,471
<u>Int. Expense</u>									
Interest Bearing Checking	27	34	41	48	55	69	82	96	110
MMDA	73	77	80	84	87	98	109	119	130
Savings	151	158	166	173	180	202	224	246	268
CDs	652	678	704	730	756	830	905	979	1,053
Fed Funds & Borrowings	165	165	165	165	165	165	165	165	165
Total Costs of Funds	1,068	1,112	1,156	1,200	1,244	1,364	1,485	1,605	1,726
Net Interest Income	2,813	3,081	3,224	3,369	3,509	3,569	3,627	3,686	3,745
Actual Dollar Risk	(697)	(428)	(285)	(140)		60	118	177	235
Percent of Risk	(19.86)%	(12.21)%	(8.13)%	(3.99)%		1.71 %	3.35 %	5.03 %	6.71 %
Percent of Avg. Assets	(0.69)%	(0.43)%	(0.28)%	(0.14)%		0.06 %	0.12 %	0.18 %	0.23 %

Net Interest Margin Simulations (2 Year Rate Shock)

The January 2010 Advisory on Interest Rate Risk released by the joint regulatory agencies recommends that the time horizon of the Rate Shock of Margin Simulation represent a rate shocked income spanning two full years. In the analysis below, the system has calculated the income change for each shock level and displays the cumulative income and expense over the two-year time frame.

As in the one-year analysis, the shock increments are 100bp up and down. These are immediate and sustained movements and are applied to the re-pricing data for each period. Prepayment speeds, callable information as well as all other assumptions used in the one-year are also used in the 2-year analysis. All the change ratios in the table are calculated as changes from the zero (current column).

Rate Change Immediate	-400bp	-300bp	-200bp	-100bp	Current	+100bp	+200bp	+300bp	+400bp
<u>Int. Income</u>									
FFS, Repos & Bank CD	162	201	241	281	321	360	400	440	480
Loans *	5,813	6,293	6,760	7,212	7,649	8,077	8,499	8,924	9,348
Securities (Tax Eqv.)	1,211	1,463	1,467	1,503	1,538	1,573	1,607	1,642	1,677
Total Interest Income	7,185	7,958	8,468	8,995	9,508	10,010	10,506	11,006	11,505
<u>Int. Expense</u>									
Interest Bearing Checking	55	69	82	96	110	137	165	192	220
MMDA	146	154	161	168	175	196	218	239	260
Savings	302	317	332	346	361	405	449	493	537
CDs	1,233	1,303	1,373	1,443	1,512	1,710	1,909	2,107	2,305
Fed Funds & Borrowings	328	328	328	329	329	329	329	330	330
Total Costs of Funds	2,065	2,171	2,276	2,382	2,487	2,778	3,069	3,361	3,652
Net Interest Income	5,120	5,787	6,192	6,613	7,021	7,232	7,437	7,645	7,853
Actual Dollar Risk	(1,901)	(1,233)	(829)	(407)		211	416	625	833
Percent of Risk	(27.07)%	(17.57)%	(11.80)%	(5.80)%		3.01 %	5.93 %	8.90 %	11.86 %
Percent of Avg. Assets	(1.89)%	(1.22)%	(0.82)%	(0.40)%		0.21 %	0.41 %	0.62 %	0.83 %

Yield Curve Risk Assessment

Yield Curve Risk Assessment

By using sensitivity analysis, we can determine a worst-case impact on Net Interest Income from a non-parallel shift in the yield curve. The long-end of the curve generally drives the asset yields and the short-end tends to most significantly impact the cost of liabilities.

To create a sufficiently meaningful yield curve shift we use two approaches. In the first scenario, long-term rates remain unchanged while short-term rates rise to a point where the yield curve becomes slightly inverted. In the second scenario, long-term rates fall as far as possible while short-term rates remain unchanged. The worst-case scenario will allow us to assess the bank's yield curve risk. These two scenarios are depicted in the charts below.

Long-term flat, short-term rising



Short-term flat, long-term falling



The information below provides the results of these two methods to determine the worst-case impact on Net Interest Income and Equity.

Calculating Yield Curve Risk

Total Assets	99,699		
Base Case Net Interest Income	3,509		
Scenario #1		Scenario #2	
Interest Income - Long Term Rates Flat	4,753	Interest Income - Long Term Rates Falli	4,380
Less Int Exp - Short Term Rates Rising	1,485	Less Int Exp - Short Term Rates Flat	1,244
Net Interest Income	3,268	Net Interest Income	3,136
Dollars at Risk	241	Dollars at Risk	373
Percent Change from Base-Case NII	-6.87%	Percent Change from Base-Case NII	-10.64%
Worst-Case Net Interest Income	3,136		

Rate Shocked Economic Value of Equity


Economic Value of Equity (EVE) is a measure of long-term interest rate risk. EVE is the present value of assets less the present value of liabilities. In this analysis, the program calculates the discounted cash flow (present value) of each category on the balance sheet under each of nine rate conditions.

The percent of change in EVE is called the Duration of Equity and is a measure of the volatility of value and, therefore, risk. Duration is the percent change in value for each 100bp change in rate and has the dimensions of time, months or years. Each year equals a 1% change in present value for 100bp change in rates. Because duration has the dimensions of time, longer duration equals greater risk.

EVE calculations require good cash flows, as well as some knowledge of embedded options for reasonable accuracy. Because the system is calculating cash flows, it is possible to estimate the maturity and prepayments at all rate levels in order to approximate durations. The present values for the major categories at various rate change levels are calculated using their durations. Loan Present values are computed using discounted cash flows and current market rates. The Fair Value of Securities at the zero point is taken from the Call Report.

	Fair Values								
Rate Shocks	-400bp	-300bp	-200bp	-100bp	Current	+100bp	+200bp	+300bp	+400bp
FFS & Other	3,705	3,672	3,639	3,605	3,572	3,539	3,505	3,472	3,439
Loans *	72,112	69,551	67,178	64,969	62,905	60,989	59,211	57,583	56,077
Loan Loss Reserve	(1,070)	(1,070)	(1,070)	(1,070)	(1,070)	(1,070)	(1,070)	(1,070)	(1,070)
Securities (Fair Value)	30,296	28,944	27,654	26,267	24,887	23,567	22,334	21,197	19,967
Non-Earning Assets	8,672	8,672	8,672	8,672	8,672	8,672	8,672	8,672	8,672
Assets (EV)	113,715	109,769	106,072	102,443	98,966	95,697	92,653	89,855	87,085
Non-Int Bearing Chkg	30,021	28,279	26,670	25,185	23,812	22,540	21,364	20,273	19,260
Int Bearing Chkg	13,909	13,145	12,439	11,788	11,185	10,661	10,176	9,727	9,309
MMDA	7,479	7,138	6,818	6,519	6,239	6,007	5,789	5,585	5,393
Savings	15,570	14,738	13,967	13,254	12,594	12,053	11,553	11,088	10,655
CDs	19,404	19,293	19,185	19,079	18,975	18,873	18,774	18,676	18,581
FFP and Repos	0	0	0	0	0	0	0	0	0
Other Borrowings	5,219	4,948	4,677	4,405	4,134	3,863	3,591	3,320	3,049
Non - Paying Liabs	393	393	393	393	393	393	393	393	393
Liabilities (EV)	91,996	87,934	84,149	80,623	77,332	74,391	71,640	69,061	66,639
EV Equity	21,719	21,835	21,923	21,820	21,634	21,306	21,013	20,794	20,447
EVE Risk (% Change)	0.39 %	0.93 %	1.34 %	0.86 %	0.00 %	(1.51)%	(2.87)%	(3.89)%	(5.49)%

**Fredonia Valley Bank
Interest Rate Risk Calendar**

1st Quarter	Non-Parallel Shift Simulation Review Assumptions Update Risk ScoreCard  Back-Test of Model Results
2nd Quarter	Non-Parallel Shift Simulation Review Assumptions Update Risk ScoreCard Policy Review
3rd Quarter	Non-Parallel Shift Simulation Review Assumptions Update Risk ScoreCard Present Most Recent Deposit Beta and Decay Studies
4th Quarter	Non-Parallel Shift Simulation Review Assumptions Update Risk ScoreCard Stress Testing of Key Assumptions

Fredonia Valley Bank

Backtesting of ALM Data

Financial Information for the 12 months ending 12/31/2023

	Base Case Forecast* 12/31/2022 Report	Actual per the 12/31/2023	Variance	Note
Interest Income				
Fed Funds Sold	223	255	32	
Loans	3,101	3,487	386	1
Securities	747	708	(39)	
Total Interest Income	4,071	4,450	379	
Interest Expense				
Non-Maturity Deposits	160	213	53	2
Time Deposits	143	534	391	2,3
Fed Funds and Borrowings	69	172	103	4
Total Interest Expense	372	919	547	2,3,4
Net Interest Income	3,699	3,531	(168)	< 5%

Notes

The Federal Funds Rate was 4.50% on December 31, 2022. There was an increase of 50 bps in fed funds on December 15th, 2022, 16 days before the projection period. Increases of 25 bps occurred in

* February, March, May, and July 2023. The effective Fed Funds Rate during the period was approximately 5.19%, which is an increase of approximately 70 bps in the Fed Funds Rate over the period. The +100 bp shock was used to account for the increase in fed funds in the fourth quarter of 2022, which had a lagged effect on the bank's interest expense.

1 Variance is due to loan growth over the period.

2 Variance is due to the bank's deposit rates rising by more than projected in the model due to rate competition. The bank priced deposits higher to keep them at the bank.

3 Variance is due in part to growth in time deposit balances over the period, as deposits migrated from non-maturity deposits to time deposits.

4 Variance is due to an increase in borrowing balances over the period.

Fredonia Valley Bank
Current Betas vs New Betas
12/31/2023

	Policy Guideline	Current Betas	Proposed Betas		
Interest Rate Risk					
Net Interest Income at Risk (1 Yr):		NII Max. Change			
	Shocked up 400 bpts	-20%	6.71%	-2.44%	
	Shocked up 300 bpts	-15%	5.03%	-1.83%	
	Shocked up 200 bpts	-10%	3.35%	-1.22%	
	Shocked up 100 bpts	-5%	1.71%	-0.58%	
	Shocked down 100 bpts	-10%	-3.99%	-1.45%	
	Shocked down 200 bpts	-15%	-8.13%	-3.05%	
	Shocked down 300 bpts	-20%	-12.21%	-4.58%	
	Shocked down 400 bpts	-25%	-19.86%	-10.03%	→
Net Interest Income at Risk (2 Yr):		NII Max. Change			
	Shocked up 400 bpts	-24%	11.86%	1.95%	→
	Shocked up 300 bpts	-18%	8.90%	1.47%	
	Shocked up 200 bpts	-12%	5.93%	0.98%	
	Shocked up 100 bpts	-6%	3.01%	0.53%	
	Shocked down 100 bpts	-12%	-5.80%	-2.61%	
	Shocked down 200 bpts	-18%	-11.80%	-5.42%	
	Shocked down 300 bpts	-24%	-17.57%	-8.00%	
	Shocked down 400 bpts	-30%	-27.07%	-14.65%	
Economic Value of Equity:		EVE Max. Change			
	Shocked up 400 bpts	-35%	-5.49%	-9.86%	
	Shocked up 300 bpts	-30%	-3.89%	-7.26%	
	Shocked up 200 bpts	-20%	-2.87%	-5.19%	
	Shocked up 100 bpts	-10%	-1.51%	-2.71%	
	Shocked down 100 bpts	-10%	0.86%	1.31%	
	Shocked down 200 bpts	-20%	1.34%	2.27%	
	Shocked down 300 bpts	-30%	0.93%	2.37%	
	Shocked down 400 bpts	-35%	0.39%	2.10%	

Suggested Rising Rate Beta	Current Rising Rate Beta
SAV 15%	SAV 15%
NOW 10%	NOW 10%
MMDA 100%	MMDA 15%
CD 90%	CD 71%

Suggested Falling Rate Beta	Current Falling Rate Beta
SAV 5%	SAV 5%
NOW 5%	NOW 5%
MMDA 35%	MMDA 5%
CD 90%	CD 25%

**Fredonia Valley Bank
Risk Scorecard
12/31/2023**

	Policy Guideline	Dec-23	Within Guideline (Yes/No)	Sep-23	Jun-23	Mar-23	Dec-22	Sep-22	Jun-22	Mar-22
Interest Rate Risk										
Net Interest Income at Risk (1 Yr):	NII Max. Change									
Shocked up 400 bpts	-20%	6.71%	Yes	8.02%	8.77%	12.70%	8.59%	5.91%	9.20%	11.18%
Shocked up 300 bpts	-15%	5.03%	Yes	6.02%	6.58%	9.53%	6.44%	4.65%	7.15%	8.56%
Shocked up 200 bpts	-10%	3.35%	Yes	4.01%	4.38%	6.35%	4.30%	3.25%	4.93%	5.83%
Shocked up 100 bpts	-5%	1.71%	Yes	2.04%	2.22%	3.20%	2.18%	1.70%	2.55%	2.97%
Shocked down 100 bpts	-10%	-3.99%	Yes	-3.94%	-3.85%	-4.88%	-3.53%	-3.36%	-3.99%	-2.54%
Shocked down 200 bpts	-15%	-8.13%	Yes	-8.04%	-7.83%	-9.90%	-7.23%	-7.05%	-6.76%	-4.46%
Shocked down 300 bpts	-20%	-12.21%	Yes	-12.14%	-11.87%	-14.91%	-11.18%	-10.45%	-10.16%	-9.28%
Shocked down 400 bpts	-25%	-19.86%	Yes	-16.37%	-16.03%	-23.14%	-14.43%	-17.98%	-16.87%	-12.12%
			*ratios outside of policy limits were discussed							
Net Interest Income at Risk (2 Yr):	NII Max. Change									
Shocked up 400 bpts	-24%	11.86%	Yes	11.58%	12.95%	16.91%	12.84%	11.07%	13.83%	14.02%
Shocked up 300 bpts	-18%	8.90%	Yes	8.69%	9.71%	12.68%	9.63%	8.64%	10.74%	10.78%
Shocked up 200 bpts	-12%	5.93%	Yes	5.79%	6.48%	8.46%	6.42%	5.98%	7.41%	7.36%
Shocked up 100 bpts	-6%	3.01%	Yes	2.94%	3.28%	4.27%	3.25%	3.10%	3.83%	3.77%
Shocked down 100 bpts	-12%	-5.80%	Yes	-5.54%	-5.51%	-6.47%	-4.93%	-5.09%	-5.65%	-3.57%
Shocked down 200 bpts	-18%	-11.80%	Yes	-11.29%	-11.21%	-13.14%	-10.11%	-10.66%	-10.08%	-6.61%
Shocked down 300 bpts	-24%	-17.57%	Yes	-16.91%	-16.84%	-19.70%	-15.56%	-15.88%	-15.34%	-12.88%
Shocked down 400 bpts	-30%	-27.07%	Yes	-22.68%	-22.65%	-29.73%	-20.34%	-25.61%	-24.27%	-17.09%
			*ratios outside of policy limits were discussed							
Economic Value of Equity:	EVE Max. Change									
Shocked up 400 bpts	-35%	-5.49%	Yes	-6.34%	-4.06%	-3.30%	-6.03%	-6.68%	10.99%	22.09%
Shocked up 300 bpts	-30%	-3.89%	Yes	-4.61%	-2.75%	-2.10%	-4.20%	-4.36%	7.57%	15.92%
Shocked up 200 bpts	-20%	-2.87%	Yes	-3.43%	-1.93%	-1.56%	-3.03%	-2.92%	4.07%	9.52%
Shocked up 100 bpts	-10%	-1.51%	Yes	-1.85%	-0.83%	-0.80%	-1.57%	-1.45%	1.57%	4.27%
Shocked down 100 bpts	-10%	0.86%	Yes	1.31%	0.98%	-0.05%	0.74%	0.53%	-0.70%	-3.52%
Shocked down 200 bpts	-20%	1.34%	Yes	2.41%	1.16%	-0.71%	0.96%	0.19%	-1.38%	-7.64%
Shocked down 300 bpts	-30%	0.93%	Yes	3.02%	-0.20%	-2.43%	0.23%	-1.49%	-2.68%	-13.18%
Shocked down 400 bpts	-35%	0.39%	Yes	3.39%	1.40%	-0.35%	4.42%	2.61%	-2.64%	-16.75%
Capital and Performance										
Tier 1 Leverage Ratio	8%	13.99%	Yes	14.02%	13.46%	13.58%	13.65%	13.22%	13.22%	12.40%
Tier 1 Risk Based Capital Ratio	10%	0.00%	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Common Equity Tier 1	10%	0.00%	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Risk Based Capital Ratio	12%	0.00%	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Liquidity Risk										
	Policy Guideline	Feb-24	W/in Guideline (Y/N)	Nov-23	Aug-23	May-23	Dec-22	Nov-22	Aug-22	May-22
Asset Liquidity Ratio	>12% of Total Assets	25.19%	Yes	27.24%	25.68%	30.90%	30.90%	31.31%	34.00%	34.59%
Non-Core Funding Sources	<30% of Total Assets	5.80%	Yes	4.20%	5.30%	3.30%	3.30%	0.80%	0.70%	0.70%
Operational Liquidity Position	>10% of Total Assets	39.30%	Yes	44.40%	41.90%	46.00%	46.00%	48.90%	51.30%	52.10%
Strategic Liquidity Position	>15% of Total Assets	71.60%	Yes	76.20%	72.50%	77.20%	77.20%	80.10%	81.30%	82.30%
Contingent Liquidity Position	>20% of Total Assets	71.60%	Yes	76.20%	72.50%	77.20%	77.20%	80.10%	81.30%	82.30%
Stressed Liquidity Position	>5% of Total Assets	25.30%	Yes	29.80%	27.10%	31.00%	31.00%	32.90%	36.00%	36.70%
National Market Deposits	<5% of Total Assets	0.00%	Yes	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Brokered CDs (including CDARS)	<10% of Total Assets	0.00%	Yes	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%



Investments

Sector-Level Maturity / WAL Guidelines

	<u>Benchmk</u>	<u>Str. Guideline</u>	<u>Wtd. Avg.</u>	<u>Policy</u>
U.S. Treasuries	<10	n/a	-	Yes
Agency Debentures	<15	n/a	9.2	Yes
Agency Structured Notes	<15	n/a	10.0	Yes
Municipal Securities	<20	n/a	7.9	Yes
Corporate Securities	<5	n/a	-	Yes
MBS	<10	n/a	3.9	Yes
CMO	<10	n/a	1.8	Yes
SBA	n/a	n/a	-	n/a
Certificates of Deposit	<5	n/a	1.1	Yes
Private Label CMO/ABS	n/a	n/a	-	n/a

Security-Level Maturity / WAL Guidelines

	<u>Benchmk</u>	<u>Issues</u>	<u>In Policy</u>	<u>Out Policy</u>	
U.S. Treasuries	<10	-	-	-	
Agency Debentures	<15	32	31	①	*Repeat
Agency Structured Notes	<15	2	2	-	
Municipal Securities	<20	59	59	-	
Corporate Securities	<5	-	-	-	
MBS	<10	7	7	-	
CMO	<10	2	2	-	
SBA	n/a	-	-	n/a	
Certificates of Deposit	<5	9	9	-	
Private Label CMO/ABS	n/a	-	-	n/a	

Sector-Level Concentration Guidelines

	<u>Benchmk</u>	<u>Str. Guideline</u>	<u>Allocation</u>	<u>Policy</u>
U.S. Treasuries	90%	n/a	0.0%	Yes
Agency Debentures	50%	n/a	35.6%	Yes
Agency Structured Notes	25%	n/a	1.8%	Yes
Municipal Securities	85%	n/a	49.8%	Yes
Corporate Securities	10%	n/a	0.0%	Yes
MBS/CMO/SBA	n/a	n/a	5.7%	n/a
MBS	50%	n/a	5.5%	Yes
CMO	40%	n/a	0.2%	Yes
SBA	n/a	n/a	0.0%	n/a
Certificates of Deposit	25%	n/a	7.2%	Yes
Private Label CMO/ABS	n/a	n/a	0.0%	n/a

Security-Level Concentration Guidelines

	<u>Benchmk</u>	<u>Issues</u>	<u>In Policy</u>	<u>Out Policy</u>
U.S. Treasuries	1MM	-	-	-
Agency Debentures	1MM	32	32	-
Agency Structured Notes	1MM	2	2	-
Municipal Securities	1MM	59	59	-
Corporate Securities	0.5MM	-	-	-
MBS/CMO/SBA	1MM	9	9	-
Certificates of Deposit	0.25MM	9	9	-
Private Label CMO/ABS	n/a	-	-	n/a

Credit Quality

	<u>Benchmk</u>	<u>Issues</u>	<u>In Policy</u>	<u>Out Policy</u>
Municipal Bonds	A-	59	59	0
Corporate Bonds	BBB-	0	0	0
Portfolio Price Change in +300 bps	>-17%		<u>Actual</u> -14.97%	<u>Policy</u> Yes

% of Capital Concentration Guidelines

	<u>Benchmk</u>	<u>Allocation</u>	<u>Policy</u>
Agency Structured Notes	n/a	3.7%	n/a
Municipals	150%	103.3%	Yes
Corporates	n/a	0.0%	n/a

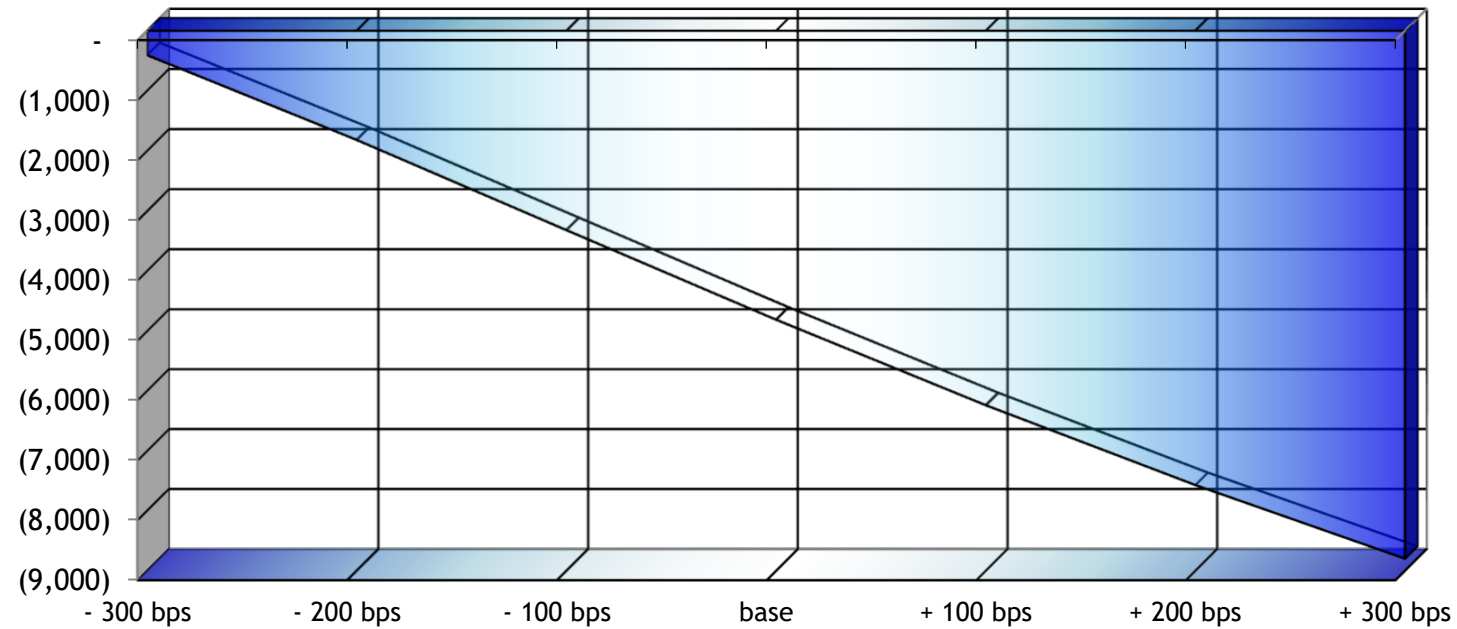
Sector Analysis

February 29, 2024

Sector	% of Port.	Mkt Value	G/L	Bk Px	Cpn	TEY	Mk Yld	G-Spr	OAS	Conv	Eff Dur	WAL	WAM	Lots
DTC CDs	8.5%	2,231	(10)	100.0	3.95	3.98	4.95	(5)	(5)	0.0	1.0	1.1	1.1	9
Short Agency Bullet	0.6%	150	(2)	101.1	5.25	3.70	5.25	9	9	0.0	0.7	0.8	0.7	1
Short Callable Agency	1.9%	498	(2)	100.0	4.70	4.61	5.40	13	17	(0.1)	0.5	0.6	0.6	1
1-3 Yr Callable Agency	3.8%	994	(6)	100.0	3.50	5.00	5.45	62	47	(0.3)	1.0	1.5	1.5	1
4-6 Yr Callable Agency	1.7%	451	(49)	100.0	3.26	3.21	5.10	75	53	(0.2)	3.8	5.1	5.1	2
7+ Yr Callable Agency	25.4%	6,652	(2,234)	99.6	1.99	1.99	5.05	77	75	0.3	9.1	11.0	11.0	27
Agency Structured Note	1.8%	465	(85)	100.0	1.00	1.05	5.10	83	61	(0.2)	6.4	7.7	10.0	2
Short BQ Munis	2.4%	617	(3)	100.0	2.41	2.99	5.15	92	103	0.0	0.3	0.3	0.3	4
5 Yr BQ Munis	8.2%	2,143	(56)	100.2	2.61	3.11	4.62	90	87	(0.2)	2.2	2.5	3.1	11
10 Yr BQ Munis	6.8%	1,794	(152)	98.5	2.57	3.49	4.84	134	123	(0.6)	6.4	9.3	9.4	8
15 Yr BQ Munis	1.9%	506	(137)	100.5	2.12	2.39	5.42	161	159	0.5	10.4	12.6	12.8	3
Short Taxable Munis	1.9%	496	(5)	100.2	4.08	3.74	5.33	11	14	(0.0)	0.6	0.7	0.7	2
5 Yr Taxable Munis	6.1%	1,589	(221)	101.7	2.75	2.33	4.94	46	45	0.1	4.4	4.9	5.1	8
10 Yr Taxable Munis	21.5%	5,648	(1,556)	101.4	2.48	2.25	5.15	90	88	0.3	8.2	9.9	10.0	21
15 Yr Taxable Munis	1.5%	398	(122)	98.1	2.35	2.52	4.96	63	58	0.4	10.3	13.1	13.1	2
10 Yr MBS (Seasoned)	1.2%	327	(25)	101.4	2.50	1.89	4.92	39	44	0.0	2.4	2.6	6.3	1
15 Yr MBS (New)	1.6%	426	(52)	101.9	2.62	2.11	5.19	83	79	0.0	3.7	4.2	11.3	2
20 Yr MBS (New)	1.2%	325	(71)	101.3	2.00	1.78	5.17	88	76	0.1	5.8	6.8	17.2	1
FN/FH ARM	0.0%	0	(0)	100.0	4.77	4.21	5.54	59	58	0.0	1.2	1.3	2.6	2
Short Agency CMO	0.1%	18	(1)	100.0	2.50	2.37	6.73	161	143	0.0	0.8	0.8	2.6	1
1-3 Yr Agency CMO	0.1%	35	(6)	100.1	2.00	1.95	9.64	504	509	0.2	3.3	2.3	18.8	1
1-3 Yr Agency CMBS	1.8%	468	(15)	98.7	2.86	3.42	4.98	35	21	0.0	2.0	2.1	2.2	1
Totals	100.0%	26,228	(4,809)	100.3	2.56	2.62	5.06	75	72	0.1	5.8	7.6	8.0	111

Gain-Loss Shock

Sector	- 300 bps	- 200 bps	- 100 bps	base	+ 100 bps	+ 200 bps	+ 300 bps
Government	(427)	(1,021)	(1,699)	(2,379)	(3,024)	(3,619)	(4,160)
Corporate	63	38	14	(10)	(33)	(56)	(79)
Municipal	(30)	(772)	(1,518)	(2,252)	(2,959)	(3,624)	(4,240)
Securitized	(10)	(61)	(114)	(168)	(221)	(271)	(319)
Other	-	-	-	-	-	-	-
Total	(404)	(1,816)	(3,317)	(4,809)	(6,237)	(7,570)	(8,798)

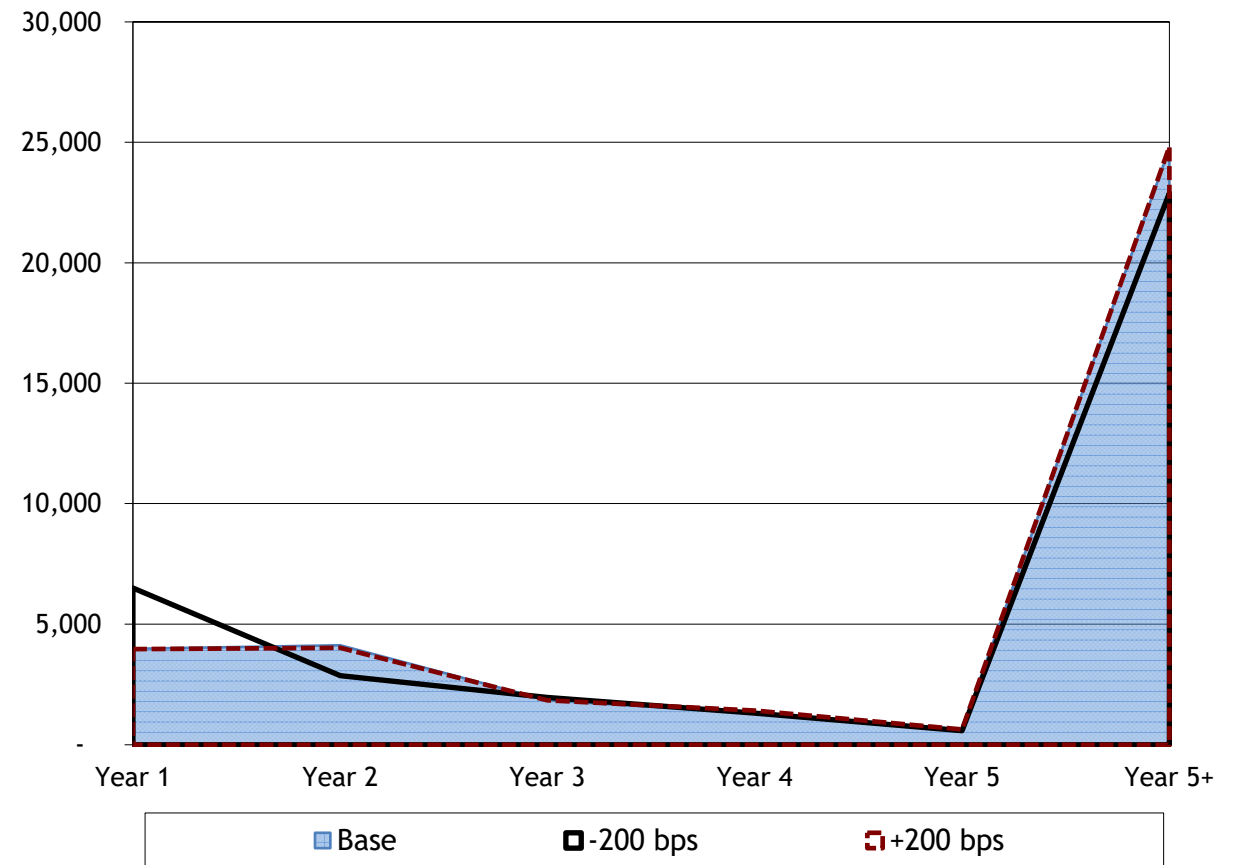


Cash Flow Volatility (-200 bps, Base, +200 bps)

Sector	Year 1			Year 2		
	-200 bp	Base	+200 bp	-200 bp	Base	+200 bp
Government	2,131	930	930	190	1,227	1,227
Corporate	1,073	1,073	1,073	1,035	1,035	1,035
Municipal	3,020	1,714	1,714	1,299	1,534	1,437
Securitized	282	263	250	339	330	323
Other	-	-	-	-	-	-
Total	6,506	3,980	3,967	2,863	4,126	4,022
Runoff Bk Yld	3.79	3.31	3.32	3.89	4.13	4.12

Sector	Year 3			Year 4		
	-200 bp	Base	+200 bp	-200 bp	Base	+200 bp
Government	190	202	202	193	455	455
Corporate	253	253	253	-	-	-
Municipal	956	834	839	958	691	797
Securitized	557	554	550	157	157	158
Other	-	-	-	-	-	-
Total	1,956	1,843	1,844	1,308	1,303	1,410
Runoff Bk Yld	3.33	3.36	3.37	3.29	3.47	3.62

Sector	Year 5			Year 5+		
	-200 bp	Base	+200 bp	-200 bp	Base	+200 bp
Government	196	196	196	10,877	10,934	10,970
Corporate	-	-	-	-	-	-
Municipal	244	290	290	11,579	13,356	13,356
Securitized	135	138	139	433	470	496
Other	-	-	-	-	-	-
Total	575	624	625	22,889	24,760	24,822
Runoff Bk Yld	1.93	1.95	1.96	2.19	2.33	2.33



Investment Sectors

<u>Sector</u>	<u>Sub-Sector</u>	<u>TEY</u>	<u>WAL</u>	<u>Dura</u>	<u>Price</u>
Short Term	5 Yr Treasury	4.20	5.0	5.0	~98
Short Term	SBA Floater	6.15	7.3	0.3	~103
Short Term	Agency CMBS	4.60	2.7	2.4	~94
Med Term	Agency CMO	5.60	3.4	3.0	~99
Med Term	3-6 Yr Txbl Municipal Bonds	4.45	4.6	4.2	~100
Long Term	15-20 Yr TE Municipal Bonds	4.85	18.4	12.6	~99

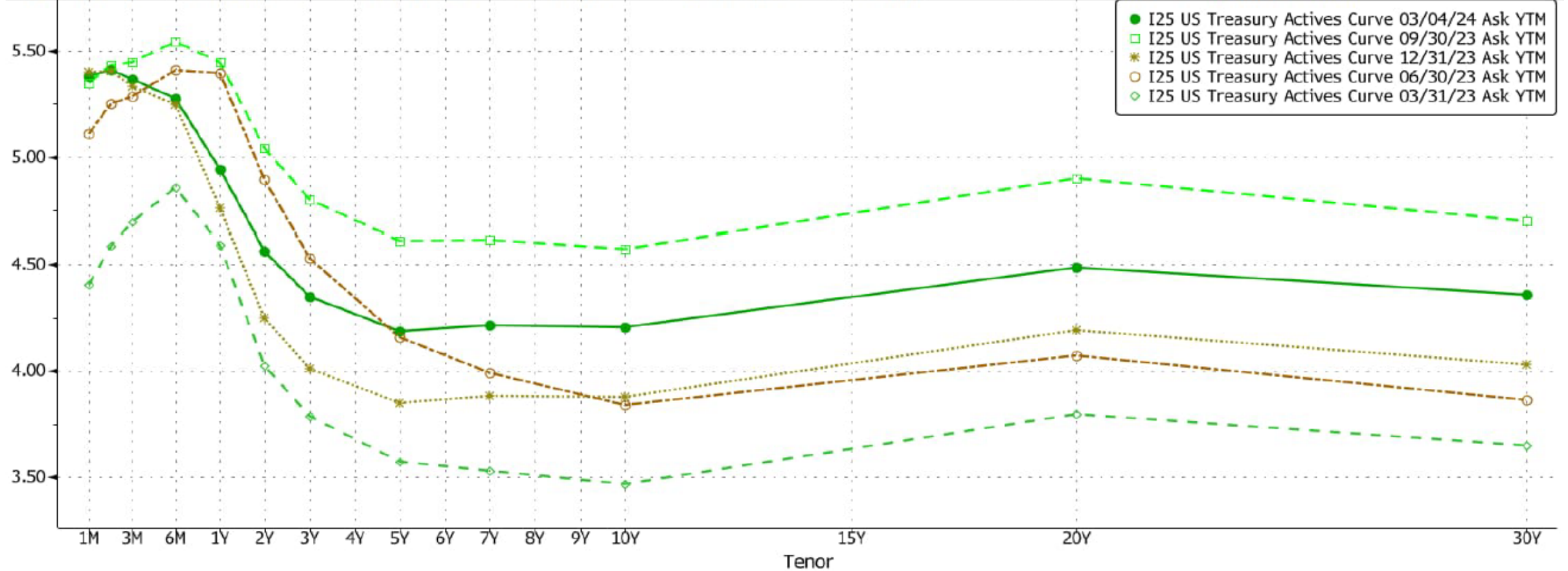
Appendix

Treasury Rates

US Treasury Actives Curve Actions 98 Table Export Settings Graph Curves

X-Axis Tenor Y-Axis Ask YTM Currency None PCS BGN Lower Chart History Table

03/04/24 12/31/23 09/30/23 06/30/23 03/31/23 Modify Curves & Relative Value



September 2023

March 2024

December 2023

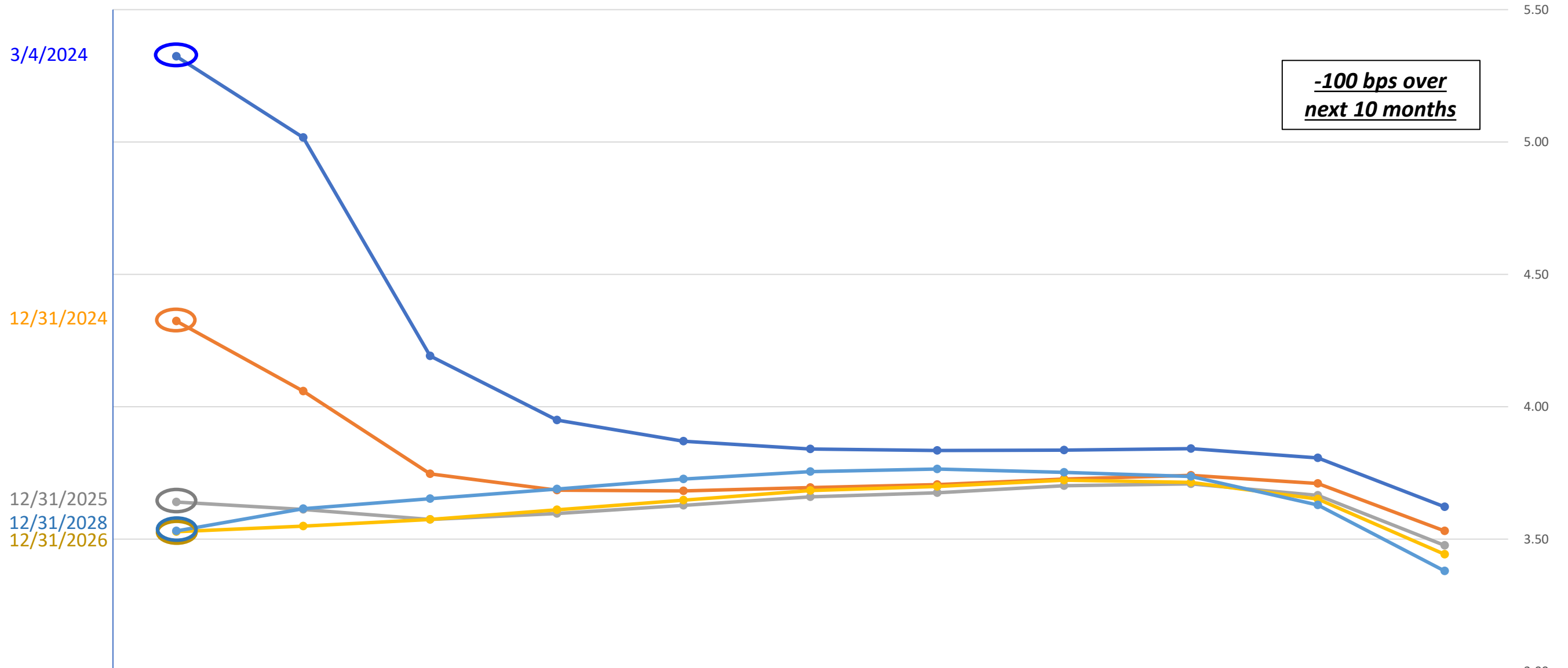
June 2023

March 2023

● All Tenors ● Key Tenors

Curve Id	1M	3M	2Y	5Y	10Y	20Y	30Y
11) I25 03/04/24	5.380	5.364	4.560	4.187	4.207	4.483	4.359
12) I25 12/31/23	5.398	5.332	4.250	3.847	3.879	4.191	4.028
13) I25 09/30/23	5.345	5.446	5.044	4.609	4.571	4.897	4.699
14) I25 06/30/23	5.106	5.284	4.895	4.156	3.837	4.072	3.860
15) I25 03/31/23	4.403	4.693	4.025	3.573	3.468	3.795	3.650

Treasury Forward Curves



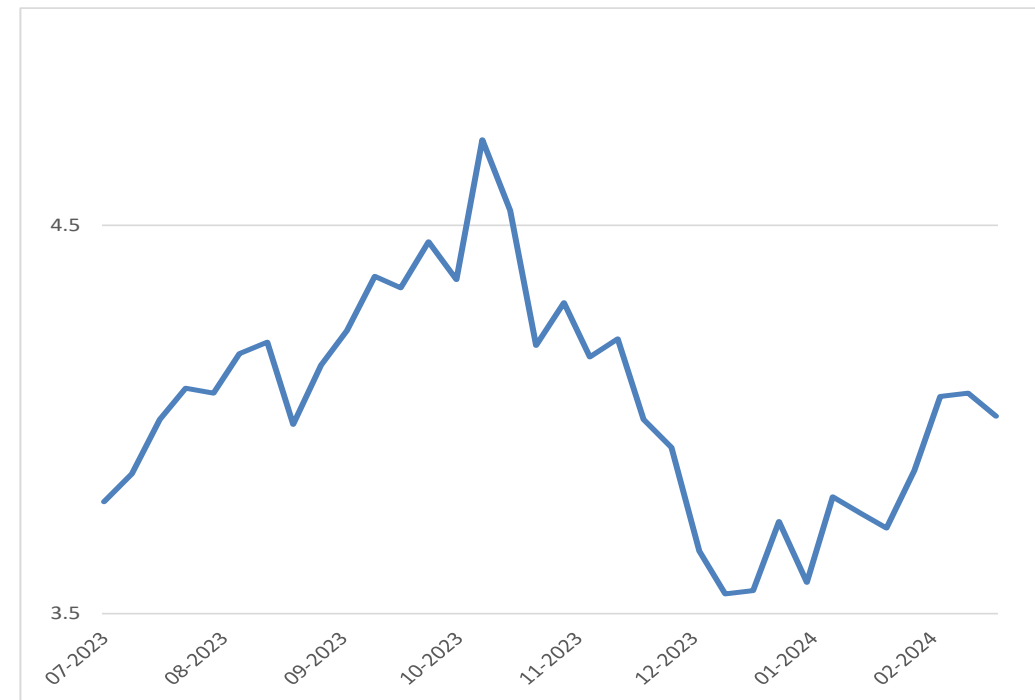
	3 Mo	1 Yr	3 Yr	5 Yr	7 Yr	9 Yr	10 Yr	12 Yr	15 Yr	20 Yr	30 Yr
Spot	5.32	5.02	4.19	3.95	3.87	3.84	3.84	3.84	3.84	3.81	3.62
12/31/2024	4.32	4.06	3.75	3.69	3.68	3.70	3.71	3.73	3.74	3.71	3.53
12/31/2025	3.64	3.61	3.57	3.60	3.63	3.66	3.68	3.70	3.71	3.67	3.48
12/31/2026	3.53	3.55	3.57	3.61	3.65	3.68	3.70	3.72	3.71	3.65	3.44
12/31/2028	3.53	3.62	3.65	3.69	3.73	3.75	3.76	3.75	3.74	3.63	3.38

Commercial Loan Pricing Matrix

Taylor Advisors Commercial Loan Pricing Matrix 3/1/2024

		<i>Loan Credit Spectrum & Implied Fixed Loan Rates Based on Current Swap Curve</i>											
		200	225	250	275	300	325	350	375	400	425	450	500
Current SOFR/ Floating Rate	SOFR Swap 5.33%	2.00%	2.25%	2.50%	2.75%	3.25%	3.50%	3.75%	4.00%	4.25%	4.50%	4.75%	5.75%
Current SOFR Swap Rates													
Price Point													
1YEAR	5.05%	7.05%	7.30%	7.55%	7.80%	8.05%	8.30%	8.55%	8.80%	9.05%	9.30%	9.55%	10.05%
2YEAR	4.53%	6.53%	6.78%	7.03%	7.28%	7.53%	7.78%	8.03%	8.28%	8.53%	8.78%	9.03%	9.53%
3YEAR	4.25%	6.25%	6.50%	6.75%	7.00%	7.25%	7.50%	7.75%	8.00%	8.25%	8.50%	8.75%	9.25%
4YEAR	4.13%	6.13%	6.38%	6.63%	6.88%	7.13%	7.38%	7.63%	7.88%	8.13%	8.38%	8.63%	9.13%
5YEAR	4.01%	6.01%	6.26%	6.51%	6.76%	7.01%	7.26%	7.51%	7.76%	8.01%	8.26%	8.51%	9.01%
7YEAR	3.93%	5.93%	6.18%	6.43%	6.68%	6.93%	7.18%	7.43%	7.68%	7.93%	8.18%	8.43%	8.93%
10YEAR	3.89%	5.89%	6.14%	6.39%	6.64%	6.89%	7.14%	7.39%	7.64%	7.89%	8.14%	8.39%	8.89%

BALLOON / RESET	AMORTIZATION	AVG LIFE	RATE
3.00	3.00	1.60	7.49%
3.00	10.00	2.65	7.10%
3.00	15.00	2.80	7.06%
3.00	20.00	2.85	7.04%
3.00	25.00	2.90	7.03%
3.00	30.00	2.95	7.01%
5.00	5.00	2.65	7.10%
5.00	10.00	3.95	6.94%
5.00	15.00	4.40	6.92%
5.00	20.00	4.60	6.90%
5.00	25.00	4.70	6.90%
5.00	30.00	4.80	6.89%
7.00	7.00	3.70	6.96%
7.00	10.00	4.85	6.89%
7.00	15.00	5.70	6.84%
7.00	20.00	6.15	6.81%
7.00	25.00	6.40	6.80%
7.00	30.00	6.55	6.79%
10.00	10.00	5.40	6.86%
10.00	15.00	7.25	6.75%
10.00	20.00	8.15	6.73%
10.00	25.00	8.70	6.71%
10.00	30.00	9.05	6.71%
15.00	15.00	8.30	6.73%
15.00	25.00	11.80	6.68%
15.00	30.00	12.64	6.68%
20.00	20.00	11.38	6.68%
25.00	25.00	14.60	6.68%



Net Interest Margin Simulations (1 Year Rate Shock)

The Gap Analysis provides the basis for more detailed analysis in the simulation model. Also, gap results are popular rate risk indicators. However, to truly evaluate the impact of rate change on income, simulation is the best technique because variables are changed for the various rate conditions. Each category's interest change is calculated as rates move up and down. In addition, the repayment speeds and repricing speeds are changed.

Rate Shock is a method for stress testing the Net Interest Margin (NIM) over the next four quarters under several rate change levels. These levels span 100bp increments up and down from the current interest rates. In order to simulate activity, maturing balances are replaced with the new balances at the new rate level, and repricing balances are adjusted to the new rate shock level. The interest is recalculated for each level along with the new average yield. NIM is then calculated and a margin risk profile is developed. The results of these calculations can be seen in the chart below.

Rate Change Immediate	-400bp	-300bp	-200bp	-100bp	Current	+100bp	+200bp	+300bp	+400bp
<u>Int. Income</u>									
FFS, Repos & Bank CD	98	113	129	145	160	176	191	207	223
Loans *	3,152	3,327	3,498	3,664	3,825	3,982	4,138	4,294	4,451
Securities (Tax Eqv.)	631	752	753	761	768	775	783	790	797
Total Interest Income	3,881	4,193	4,380	4,569	4,753	4,933	5,112	5,291	5,471
<u>Int. Expense</u>									
Interest Bearing Checking	27	34	41	48	55	69	82	96	110
MMDA	0	13	38	63	87	159	230	301	372
Savings	151	158	166	173	180	202	224	246	268
CDs	380	474	568	662	756	850	944	1,038	1,132
Fed Funds & Borrowings	165	165	165	165	165	165	165	165	165
Total Costs of Funds	723	844	977	1,110	1,244	1,444	1,645	1,846	2,047
Net Interest Income	3,157	3,349	3,402	3,459	3,509	3,489	3,467	3,445	3,424
Actual Dollar Risk	(352)	(161)	(107)	(51)		(20)	(43)	(64)	(86)
Percent of Risk	(10.03)%	(4.58)%	(3.05)%	(1.45)%		(0.58)%	(1.22)%	(1.83)%	(2.44)%
Percent of Avg. Assets	(0.35)%	(0.16)%	(0.11)%	(0.05)%		(0.02)%	(0.04)%	(0.06)%	(0.09)%

Net Interest Margin Simulations (2 Year Rate Shock)

The January 2010 Advisory on Interest Rate Risk released by the joint regulatory agencies recommends that the time horizon of the Rate Shock of Margin Simulation represent a rate shocked income spanning two full years. In the analysis below, the system has calculated the income change for each shock level and displays the cumulative income and expense over the two-year time frame.

As in the one-year analysis, the shock increments are 100bp up and down. These are immediate and sustained movements and are applied to the re-pricing data for each period. Prepayment speeds, callable information as well as all other assumptions used in the one-year are also used in the 2-year analysis. All the change ratios in the table are calculated as changes from the zero (current column).

Rate Change Immediate	-400bp	-300bp	-200bp	-100bp	Current	+100bp	+200bp	+300bp	+400bp
<u>Int. Income</u>									
FFS, Repos & Bank CD	162	201	241	281	321	360	400	440	480
Loans *	5,813	6,293	6,760	7,212	7,649	8,077	8,499	8,924	9,348
Securities (Tax Eqv.)	1,211	1,463	1,467	1,503	1,538	1,573	1,607	1,642	1,677
Total Interest Income	7,185	7,958	8,468	8,995	9,508	10,010	10,506	11,006	11,505
<u>Int. Expense</u>									
Interest Bearing Checking	55	69	82	96	110	137	165	192	220
MMDA	0	26	75	125	175	317	459	602	744
Savings	302	317	332	346	361	405	449	493	537
CDs	508	759	1,010	1,261	1,512	1,764	2,015	2,266	2,517
Fed Funds & Borrowings	328	328	328	329	329	329	329	330	330
Total Costs of Funds	1,193	1,498	1,828	2,158	2,487	2,952	3,417	3,882	4,347
Net Interest Income	5,992	6,459	6,640	6,837	7,021	7,058	7,089	7,123	7,158
Actual Dollar Risk	(1,029)	(561)	(380)	(183)		37	69	103	137
Percent of Risk	(14.65)%	(8.00)%	(5.42)%	(2.61)%		0.53 %	0.98 %	1.47 %	1.95 %
Percent of Avg. Assets	(1.02)%	(0.56)%	(0.38)%	(0.18)%		0.04 %	0.07 %	0.10 %	0.14 %

Rate Shocked Economic Value of Equity

Economic Value of Equity (EVE) is a measure of long-term interest rate risk. EVE is the present value of assets less the present value of liabilities. In this analysis, the program calculates the discounted cash flow (present value) of each category on the balance sheet under each of nine rate conditions.

The percent of change in EVE is called the Duration of Equity and is a measure of the volatility of value and, therefore, risk. Duration is the percent change in value for each 100bp change in rate and has the dimensions of time, months or years. Each year equals a 1% change in present value for 100bp change in rates. Because duration has the dimensions of time, longer duration equals greater risk.

EVE calculations require good cash flows, as well as some knowledge of embedded options for reasonable accuracy. Because the system is calculating cash flows, it is possible to estimate the maturity and prepayments at all rate levels in order to approximate durations. The present values for the major categories at various rate change levels are calculated using their durations. Loan Present values are computed using discounted cash flows and current market rates. The Fair Value of Securities at the zero point is taken from the Call Report.

	Fair Values								
Rate Shocks	-400bp	-300bp	-200bp	-100bp	Current	+100bp	+200bp	+300bp	+400bp
FFS & Other	3,705	3,672	3,639	3,605	3,572	3,539	3,505	3,472	3,439
Loans *	72,112	69,551	67,178	64,969	62,905	60,989	59,211	57,583	56,077
Loan Loss Reserve	(1,070)	(1,070)	(1,070)	(1,070)	(1,070)	(1,070)	(1,070)	(1,070)	(1,070)
Securities (Fair Value)	30,296	28,944	27,654	26,267	24,887	23,567	22,334	21,197	19,967
Non-Earning Assets	8,672	8,672	8,672	8,672	8,672	8,672	8,672	8,672	8,672
Assets (EV)	113,715	109,769	106,072	102,443	98,966	95,697	92,653	89,855	87,085
Non-Int Bearing Chkg	30,021	28,279	26,670	25,185	23,812	22,540	21,364	20,273	19,260
Int Bearing Chkg	13,909	13,145	12,439	11,788	11,185	10,661	10,176	9,727	9,309
MMDA	7,110	6,826	6,617	6,422	6,239	6,266	6,292	6,316	6,339
Savings	15,570	14,738	13,967	13,254	12,594	12,053	11,553	11,088	10,655
CDs	19,404	19,293	19,185	19,079	18,975	18,873	18,774	18,676	18,581
FFP and Repos	0	0	0	0	0	0	0	0	0
Other Borrowings	5,219	4,948	4,677	4,405	4,134	3,863	3,591	3,320	3,049
Non - Paying Liabs	393	393	393	393	393	393	393	393	393
Liabilities (EV)	91,627	87,622	83,948	80,525	77,332	74,650	72,142	69,792	67,585
EV Equity	22,088	22,147	22,125	21,917	21,634	21,047	20,511	20,062	19,500
EVE Risk (% Change)	2.10 %	2.37 %	2.27 %	1.31 %	0.00 %	(2.71)%	(5.19)%	(7.26)%	(9.86)%

Deposit Beta Summary

**Rising Rate Cycle
2004Q2 - 2006Q3**

**Rising Rate Cycle
2015Q4 - 2018Q4**

**Rising Rate Cycle
2021Q4 - 2023Q3**

		Rising Rate Cycle 2004Q2 - 2006Q3		Rising Rate Cycle 2015Q4 - 2018Q4		Rising Rate Cycle 2021Q4 - 2023Q3				Suggested Rising Rate Beta	Current Rising Rate Beta								
		Beginning <i>Beta</i>	Middle <i>Beta</i>	End <i>Beta</i>	Total <i>Beta</i>	Total w Lag <i>Beta</i>	Beginning <i>Beta</i>	Middle <i>Beta</i>	End <i>Beta</i>			End + Lag <i>Beta</i>	Total <i>Beta</i>	Total w Lag <i>Beta</i>					
Savings	(SAV)	10.4%	7.3%	28.0%	15.5%	21.4%	1.3%	0.0%	1.3%	0.9%	3.1%	0.0%	4.7%	22.2%	48.0%	10.9%	21.9%	SAV 15%	SAV 15%
Interest Bearing Checking	(NOW)	-9.6%	-0.7%	0.0%	-3.1%	-4.0%	-1.3%	0.0%	1.3%	0.0%	3.1%	0.7%	4.7%	7.6%	8.0%	4.8%	5.0%	NOW 10%	NOW 10%
Money Market Deposit Acct	(MMDA)	10.4%	7.3%	28.0%	15.5%	21.4%	1.3%	0.0%	1.3%	0.9%	3.1%	0.0%	4.7%	22.2%	48.0%	10.9%	21.9%	MMDA 100%	MMDA 15%
Certificates of Deposit	(CD)	2.5%	31.7%	48.8%	29.1%	46.6%	-27.6%	4.2%	10.2%	-4.4%	3.1%	-4.3%	-10.0%	141.0%	154.3%	56.3%	62.0%	CD 90%	CD 71%

Rising Average

		Rising Average		Total <i>Beta</i>	Total w Lag <i>Beta</i>	
		Beginning <i>Beta</i>	Middle <i>Beta</i>			End <i>Beta</i>
Savings	(SAV)	3.9%	4.0%	17.2%	9.1%	15.5%
Interest Bearing Checking	(NOW)	-3.4%	1.3%	3.0%	0.6%	1.4%
Money Market Deposit Acct	(MMDA)	3.9%	4.0%	17.2%	9.1%	15.5%
Certificates of Deposit	(CD)	-9.8%	8.7%	66.7%	27.0%	37.2%

Savings & Money Market Beta

	Beta	Balance (12/31)
Savings	15%	12,646
Money Market	100%	7,109
*Weighted Average	46%	

*From 3Q2022 - 4Q2023 (the end of the rising rate cycle, including a 1 quarter lag), the Sav/MMDA Beta was 48%.

Deposit Beta Summary

**Falling Rate Cycle
2007Q3 - 2009Q1**

**Falling Rate Cycle
2019Q2 - 2020Q1**

		Beginning <i>Beta</i>	Middle <i>Beta</i>	End <i>Beta</i>	Total <i>Beta</i>	Total w Lag <i>Beta</i>			Beginning <i>Beta</i>	Middle <i>Beta</i>	End <i>Beta</i>	Total <i>Beta</i>	Total w Lag <i>Beta</i>	Suggested Falling Rate Beta	Current Falling Rate Beta
Savings	(SAV)	-23.0%	23.0%	31.5%	17.2%	35.8%			0.0%	-	0.0%	0.0%	5.8%	SAV 5%	SAV 5%
Interest Bearing Checking	(NOW)	11.0%	-1.5%	6.0%	4.0%	9.8%			6.7%	-	-4.0%	-0.4%	1.8%	NOW 5%	NOW 5%
Money Market Deposit Acct	(MMDA)	-23.0%	23.0%	31.5%	17.2%	35.8%			0.0%	-	0.0%	0.0%	5.8%	MMDA 35%	MMDA 5%
Certificates of Deposit	(CD)	-9.2%	7.5%	44.9%	19.1%	39.7%			-27.5%	-	1.9%	-7.9%	6.8%	CD 90%	CD 25%

		Falling Average				
		Beginning <i>Beta</i>	Middle <i>Beta</i>	End <i>Beta</i>	Total <i>Beta</i>	Total w Lag <i>Beta</i>
Savings	(SAV)	-11.5%	23.0%	15.8%	8.6%	20.8%
Interest Bearing Checking	(NOW)	8.8%	-1.5%	1.0%	1.8%	5.8%
Money Market Deposit Acct	(MMDA)	-11.5%	23.0%	15.8%	8.6%	20.8%
Certificates of Deposit	(CD)	-18.3%	7.5%	23.4%	5.6%	23.3%

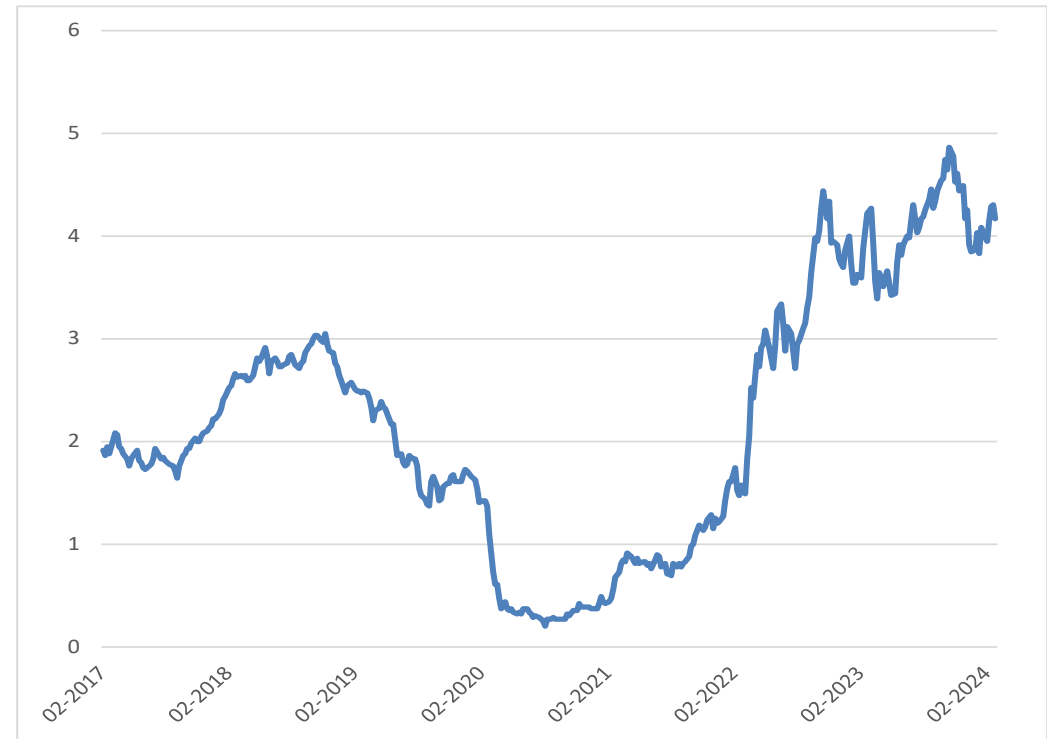
Commercial Loan Pricing Matrix

Taylor Advisors Commercial Loan Pricing Matrix 3/1/2024

Loan Credit Spectrum & Implied Fixed Loan Rates Based on Current Treasury Curve

	UST Swap	150	200	250	275	300	325	350	375	400	425	450	500
Current Treasury/ Floating Rate	5.38%	7.38%	7.63%	7.88%	8.13%	8.63%	8.88%	9.13%	9.38%	9.63%	9.88%	10.13%	11.13%
Current TSY Swap Rates													
Price Point													
1YEAR	4.95%	6.45%	6.95%	7.45%	7.70%	7.95%	8.20%	8.45%	8.70%	8.95%	9.20%	9.45%	9.95%
2YEAR	4.54%	6.04%	6.54%	7.04%	7.29%	7.54%	7.79%	8.04%	8.29%	8.54%	8.79%	9.04%	9.54%
3YEAR	4.34%	5.84%	6.34%	6.84%	7.09%	7.34%	7.59%	7.84%	8.09%	8.34%	8.59%	8.84%	9.34%
5YEAR	4.18%	5.68%	6.18%	6.68%	6.93%	7.18%	7.43%	7.68%	7.93%	8.18%	8.43%	8.68%	9.18%
7YEAR	4.21%	5.71%	6.21%	6.71%	6.96%	7.21%	7.46%	7.71%	7.96%	8.21%	8.46%	8.71%	9.21%
10YEAR	4.20%	5.70%	6.20%	6.70%	6.95%	7.20%	7.45%	7.70%	7.95%	8.20%	8.45%	8.70%	9.20%

BALLOON / RESET	AMORTIZATION	AVG LIFE	RATE
3.00	3.00	1.60	7.46%
3.00	10.00	2.65	7.16%
3.00	15.00	2.80	7.13%
3.00	20.00	2.85	7.12%
3.00	25.00	2.90	7.11%
3.00	30.00	2.95	7.10%
5.00	5.00	2.65	7.16%
5.00	10.00	3.95	7.01%
5.00	15.00	4.40	6.98%
5.00	20.00	4.60	6.96%
5.00	25.00	4.70	6.95%
5.00	30.00	4.80	6.94%
7.00	7.00	3.70	7.03%
7.00	10.00	4.85	6.94%
7.00	15.00	5.70	6.94%
7.00	20.00	6.15	6.95%
7.00	25.00	6.40	6.95%
7.00	30.00	6.55	6.95%
10.00	10.00	5.40	6.93%
10.00	15.00	7.25	6.96%
10.00	20.00	8.15	6.95%
10.00	25.00	8.70	6.95%
10.00	30.00	9.05	6.95%
15.00	15.00	8.30	6.95%
15.00	25.00	11.80	6.95%
15.00	30.00	12.64	6.95%
20.00	20.00	11.38	6.95%
25.00	25.00	14.60	6.95%



Commercial Loan Pricing Matrix

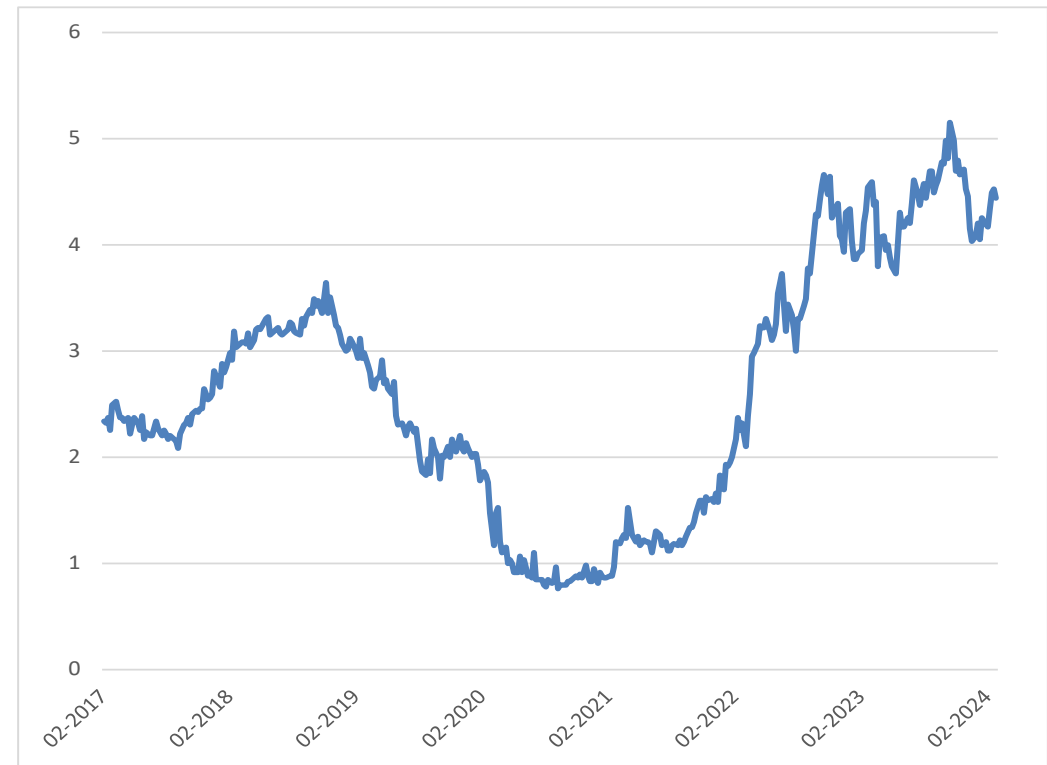
Taylor Advisors Commercial Loan Pricing Matrix 3/1/2024

Loan Credit Spectrum & Implied Fixed Loan Rates Based on Current FHLB Curve

		FHLB*	150	200	250	275	300	325	350	375	400	425	450	500
Current FHLB/ Floating Rate		5.52%	7.52%	7.77%	8.02%	8.27%	8.77%	9.02%	9.27%	9.52%	9.77%	10.02%	10.27%	11.27%
Current FHLB Rates Price Point														
1YEAR		5.07%	6.57%	7.07%	7.57%	7.82%	8.07%	8.32%	8.57%	8.82%	9.07%	9.32%	9.57%	10.07%
2YEAR		4.74%	6.24%	6.74%	7.24%	7.49%	7.74%	7.99%	8.24%	8.49%	8.74%	8.99%	9.24%	9.74%
3YEAR		4.55%	6.05%	6.55%	7.05%	7.30%	7.55%	7.80%	8.05%	8.30%	8.55%	8.80%	9.05%	9.55%
5YEAR		4.44%	5.94%	6.44%	6.94%	7.19%	7.44%	7.69%	7.94%	8.19%	8.44%	8.69%	8.94%	9.44%
7YEAR		4.62%	6.12%	6.62%	7.12%	7.37%	7.62%	7.87%	8.12%	8.37%	8.62%	8.87%	9.12%	9.62%
10YEAR		4.76%	6.26%	6.76%	7.26%	7.51%	7.76%	8.01%	8.26%	8.51%	8.76%	9.01%	9.26%	9.76%

*Pricing based on FHLB Boston Index

BALLOON / RESET	AMORTIZATION	AVG LIFE	RATE
3.00	3.00	1.60	7.62%
3.00	10.00	2.65	7.37%
3.00	15.00	2.80	7.34%
3.00	20.00	2.85	7.33%
3.00	25.00	2.90	7.32%
3.00	30.00	2.95	7.31%
5.00	5.00	2.65	7.37%
5.00	10.00	3.95	7.25%
5.00	15.00	4.40	7.22%
5.00	20.00	4.60	7.21%
5.00	25.00	4.70	7.21%
5.00	30.00	4.80	7.20%
7.00	7.00	3.70	7.26%
7.00	10.00	4.85	7.20%
7.00	15.00	5.70	7.25%
7.00	20.00	6.15	7.29%
7.00	25.00	6.40	7.32%
7.00	30.00	6.55	7.33%
10.00	10.00	5.40	7.23%
10.00	15.00	7.25	7.38%
10.00	20.00	8.15	7.42%
10.00	25.00	8.70	7.45%
10.00	30.00	9.05	7.47%
15.00	15.00	8.30	7.43%
15.00	25.00	11.80	7.51%
15.00	30.00	12.64	7.51% 59
20.00	20.00	11.38	7.51%
25.00	25.00	14.60	7.51%



Deposit Beta Analysis - Rising Rates

Fredonia Valley Bank

Rising Rate Cycle: 2021Q4 - 2023Q4

	Beginning						End + Lag						Total Beta
	Dec-21		Dec-22		Change	Beta	Dec-22		Dec-23		Change	Beta	
	Balance	Rate	Balance	Rate			Balance	Rate	Balance	Rate			
<i>NOW</i>	\$ 5,034,669	0.07%	\$ 3,375,820	0.19%	0.11%	3%	\$ 3,375,820	0.19%	\$ 1,933,956	0.30%	0.11%	11%	4%
<i>Interest Checking</i>	\$ 6,820,173	0.24%	\$ 6,902,471	0.37%	0.13%	3%	\$ 6,902,471	0.37%	\$ 6,819,713	0.44%	0.07%	7%	4%
<i>IOLTA</i>	\$ 456,720	0.04%	\$ 187,773	0.15%	0.11%	3%	\$ 187,773	0.15%	\$ 116,293	1.00%	0.85%	85%	18%
<i>SuperNOW</i>	\$ 5,968,539	0.06%	\$ 5,137,691	0.25%	0.19%	4%	\$ 5,137,691	0.25%	\$ 3,992,857	0.40%	0.15%	15%	6%
<i>Valley Advantage Plus</i>	\$ 296,198	0.06%	\$ 279,273	0.25%	0.19%	4%	\$ 279,273	0.25%	\$ 880,136	0.40%	0.15%	15%	6%
<i>NOW</i>	\$ 18,576,299	0.13%	\$ 15,883,028	0.29%	0.16%	4%	\$ 15,883,028	0.29%	\$ 13,742,955	0.41%	0.12%	12%	5%
<i>Savings</i>	\$ 15,743,220	0.04%	\$ 15,240,817	0.25%	0.21%	5%	\$ 15,240,817	0.25%	\$ 12,597,895	0.40%	0.15%	15%	7%
<i>Christmas Club</i>	\$ 44,230	0.35%	\$ 42,355	0.49%	0.15%	3%	\$ 42,355	0.49%	\$ 48,362	0.74%	0.25%	25%	7%
<i>Savings</i>	\$ 15,787,450	0.04%	\$ 15,283,172	0.25%	0.21%	5%	\$ 15,283,172	0.25%	\$ 12,646,257	0.40%	0.15%	15%	7%
<i>Money Market</i>	\$ 7,323,622	0.08%	\$ 7,257,056	0.50%	0.42%	10%	\$ 7,257,056	0.50%	\$ 7,109,852	3.50%	3.00%	300%	65%
<i>CDs</i>		0.25%							4.87%	4.62%			88%
Fed Funds Rate		0.25%		4.50%		4.25%		4.50%		5.50%	1.00%		

Loan Capital Concentration and Loss Rate

December 31st, 2023

Fredonia Valley Bank

Loans as a % of Total Capital

Benchmark

Loan Sector	2007Y	2008Y	2009Y	2010Y	2011Y	2012Y	2013Y	2014Y	2015Y	2016Y	2017Y	2018Y	2019Y	2020Y	2021Y	2022Y	2023Y	Benchmark
Construction & Land Development	0%	0%	0%	0%	0%	0%	0%	0%	1%	1%	1%	1%	0%	1%	2%	0%	1%	100%
Farm Land	40%	36%	37%	40%	38%	48%	44%	57%	53%	57%	64%	53%	42%	32%	33%	31%	30%	
Agriculture Production	14%	18%	17%	18%	18%	24%	17%	15%	14%	17%	21%	18%	14%	11%	14%	8%	10%	
1-4 Family Closed-end 1st	334%	367%	388%	397%	381%	375%	352%	331%	294%	272%	257%	241%	230%	245%	282%	281%	274%	
1-4 Family Closed-end 2nd	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
1-4 Family Revolving HE-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
Multifamily	0%	0%	0%	0%	0%	0%	0%	0%	0%	5%	6%	0%	0%	0%	0%	0%	0%	
CRE Owner Occupied	0%	1%	0%	0%	0%	3%	3%	3%	2%	0%	0%	1%	1%	1%	1%	1%	1%	
CRE Non-owner Occupied	0%	42%	37%	48%	41%	43%	45%	43%	41%	40%	36%	39%	40%	40%	38%	45%	50%	
Commercial & Industrial	34%	38%	38%	31%	29%	21%	22%	19%	16%	18%	9%	18%	24%	32%	27%	32%	42%	
Consumer	57%	52%	48%	45%	38%	36%	28%	26%	22%	22%	20%	21%	17%	15%	14%	19%	17%	
Leases	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
Other Loans	265%	165%	0%	0%	0%	0%	0%	0%	0%	0%	14%	0%	0%	19%	0%	0%	0%	
Total Loans	744%	719%	566%	579%	547%	550%	511%	494%	445%	432%	427%	392%	368%	396%	411%	417%	426%	
UBPR CRE Concentration*	0%	42%	37%	48%	41%	43%	45%	43%	42%	47%	43%	40%	40%	42%	40%	45%	51%	300%
UBPR + CRE Owner Occupied**	0%	43%	37%	48%	42%	45%	48%	46%	45%	47%	43%	40%	42%	43%	41%	46%	52%	
Total CRE Concentration***	40%	79%	74%	88%	80%	93%	92%	103%	98%	104%	107%	93%	83%	74%	74%	77%	83%	
UBPR CRE* Rolling 3YR Growth Rate	-100%	62740%	292100%	#DIV/0!	19%	40%	9%	22%	18%	29%	25%	19%	8%	14%	-8%	3%	18%	50%
Total CRE*** Rolling 3YR Growth Rate	36%	129%	128%	165%	22%	51%	22%	50%	26%	39%	30%	20%	0%	-19%	-27%	-14%	8%	

Loss Rate as a % of Loan Category

Loan Sector	2007Y	2008Y	2009Y	2010Y	2011Y	2012Y	2013Y	2014Y	2015Y	2016Y	2017Y	2018Y	2019Y	2020Y	2021Y	2022Y	2023Y
Construction & Land	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Farm Land	0.00%	0.00%	0.00%	0.00%	1.03%	0.00%	0.12%	0.00%	0.00%	0.26%	-0.05%	-0.19%	0.32%	0.06%	0.00%	0.00%	0.00%
Agriculture Production	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.14%	0.47%	0.00%	0.00%	0.00%	0.00%
1-4 Family Closed-end 1st	-0.14%	0.00%	0.16%	0.12%	-0.03%	0.12%	0.09%	0.27%	-0.05%	0.21%	0.16%	0.08%	-0.02%	0.09%	0.00%	0.04%	0.01%
1-4 Family Closed-end 2nd	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
1-4 Family Revolving HE-Line	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Multifamily	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CRE Owner Occupied	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CRE Non-owner Occupied	0.00%	0.00%	0.00%	0.00%	0.00%	0.67%	0.36%	1.88%	0.00%	0.85%	-0.12%	0.00%	0.18%	0.12%	-0.09%	-0.49%	-0.04%
Commercial & Industrial	0.60%	0.10%	1.76%	-0.03%	3.28%	4.00%	-0.66%	-0.61%	-0.52%	1.36%	0.77%	-3.18%	-0.19%	-0.02%	0.31%	0.10%	0.02%
Consumer	1.63%	1.74%	0.86%	0.63%	0.58%	1.84%	2.63%	0.78%	0.04%	-0.16%	0.93%	2.35%	1.19%	0.56%	-0.66%	0.49%	1.94%
Leases	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other Loans	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-57.14%	0.00%	0.00%	0.00%	43.48%	0.00%	0.00%	-60.00%	0.00%
Total Loans	0.13%	0.18%	0.34%	0.13%	0.26%	0.45%	0.23%	0.36%	-0.06%	0.90%	0.11%	0.09%	0.11%	0.20%	-0.03%	0.00%	0.09%
UBPR CRE Loss Rate*	0.00%	#DIV/0!	0.00%	0.00%	0.00%	0.07%	0.04%	0.19%	0.00%	0.08%	-0.01%	0.00%	0.02%	0.01%	-0.01%	-0.05%	0.00%
UBPR + CRE Owner Loss Rate**	0.00%	#DIV/0!	0.00%	0.00%	0.00%	0.07%	0.04%	0.18%	0.00%	0.08%	-0.01%	0.00%	0.02%	0.01%	-0.01%	-0.05%	0.00%
Total CRE Loss Rate***	0.00%	0.00%	0.00%	0.00%	0.05%	0.03%	0.02%	0.09%	0.00%	0.05%	-0.01%	-0.01%	0.02%	0.01%	0.00%	-0.03%	0.00%

*Includes Construction & Land Development, Multifamily, CRE Non-owner Occupied

**Includes Construction & Land Development, Multifamily, CRE Non-owner Occupied, CRE Owner Occupied

***Includes Construction & Land Development, Multifamily, CRE Non-owner Occupied, CRE Owner Occupied, Farm Land

Capital Stress Test - Credit + Growth Scenarios

December 31st, 2023

Benchmark Period	1995Y - 1998Y	Scenario 5 vs. Benchmark	Scenario 6 vs. Benchmark
Average 2 Year Net Charge-Off (NCO)	284	10.17x	19.28x
Average Balance Non-Performing Asset (NPA)	440	15.89x	26.85x
NCO / NPA	65%	0.40x	0.58x
NPA / RBC	8%	6.22x	12.37x

Scenario 5
5% Growth Rate
&
Minor Recession

Scenario 6
15% Growth Rate
&
Major Recession

10% of loans go bad
>41% Coverage Ratio

18% of loans go bad
>46% Coverage Ratio

Reported As of
2023Q4

ASSET QUALITY	Allowance for Loan Loss (ALL)	1,070
	Real Estate Owned (REO)	124
	Non Performing Assets (NPA)	406
	ALL / NPA	264%
	NPA / AAA	0%
CAPITAL	Pro Forma Time Period	2 years
	Projected Earnings (multiple of T12M)	1,738
	Loan Yield (T12M)	5.64%
	ROAA (T12M)	0.87%
	ROAE (T12M)	8.96%
	Sub Chapter-S Status	No
	Effective Tax Rate	21%
	Special Dividend or Capital Contribution	-
Common Equity Tier 1 (CET1)	13,877	
Tier 1 Capital	13,877	
ASSETS	Average Adjusted Assets	99,207

Charge Off est. (T12M Provision*2) >>	2,888	5,474
Additional Reserve Est. >>	(160)	(160)
	1,818	4,404
Additional NCL Est. from growth >>	6,992	11,812
Additional NPA Est. from Bad Credit >>	42	131
	6,544	11,275
ALL / NPA >>	41%	46%
NPA / AAA >>	7%	9%
PLLL in NI >>	(160)	(160)
NI Pre PLLL >>	1,898	1,898 AT
NPA Lost Interest Income >>	(371)	(643) BT
NPA Credit Loss >>	(1,978)	(4,564) BT
Tax Adjustments >>	460	1,060
Growth Benefit >>	73	240 AT
Net Income >>	81	(2,009)
Dividends >>	(0)	(0)
Retained est. net of Provision, Tax & DVD >>	81	(2,009)
Retained Earnings to AAA Est >>	0.04%	-0.89%
Retained Earnings to T1C Est. >>	0.29%	-7.81%
Regulatory Dividend Payout Ratio Limit >>	%	%
Bank Dividend Payout Est (\$ / %) >>	0 \$	0 \$
CET1 Net of Retained Earnings >>	13,958	11,868
T1C Net of Retained Earnings >>	13,958	11,868
AAA Growth >>	107,558	126,797
	8,351	27,590

	Scenario 5	Scenario 6
ALL / NPA	↓ -84.33%	↓ -82.42%
NPA / AAA	↑ 1488.47%	↑ 2176.32%

	Scenario 5	Scenario 6
CET1	↑ 0.58%	↓ -14.48%
T1C	↑ 0.58%	↓ -14.48%

Average Adjusted Assets		
Scenario 5	↑	8.42%
Scenario 6	↑	27.81%

Tier 1 Leverage	13.99%
well-capitalized	5.00%
est. \$ excess / (short)	8,917

T1 Leverage Ratio Estimate >>	12.98%	9.36%
well-capitalized	5.00%	5.00%
est. \$ excess / (short)	8,580	5,528

T1 Leverage Ratio		
Scenario 5	↓	-1.01%
Scenario 6	↓	-4.63%

Historical Loss Rates

December 31st, 2023

<i>HISTORICAL Loss Rate</i>										
<i>PRO FORMA</i>		Average Loans to Total Capital 2023Q4		Starting Balances 2023Q4	2YR Benchmark Loss Rate	2YR Pro Forma Losses	Credit Scenario 3 Losses	Credit Scenario 4 Losses		
		426%		Total Capital 14,947	3.2%	479	1,961	4,503		
				Total Loans 63,638	0.8%	479	1,961	4,503	4.09 X 9.40 X Pro Forma	
1-4 Family Closed-end 1st Lien	274%	Real Estate Collateral	1-4 Family Closed-end 1st Lien	40,941	0.0%	-				
1-4 Family Closed-end 2nd Lien	0%		1-4 Family Closed-end 2nd Lien	-	0.0%	-				
1-4 Family Revolving HELOC	0%		1-4 Family Revolving HELOC	-	0.0%	-				
Construction & Land Development	1%		Construction & Land Development	182	0.0%	-				
Multifamily	0%		Multifamily	-	0.0%	-				
CRE Non-owner Occupied	50%		CRE Non-owner Occupied	7,468	0.0%	-				
CRE Owner Occupied	1%		CRE Owner Occupied	171	0.0%	-				
Farm Land	30%		Farm Land	4,542	-0.3%	(13)				
Agriculture Production	10%		Non Real Estate Collateral	Agriculture Production	1,434	0.0%	-			
Commercial & Industrial	42%			Commercial & Industrial	6,350	6.7%	422			
Consumer	17%	Consumer		2,547	2.7%	69				
Leases	0%	Leases		-	0.0%	-				
Other Loans	0%	Other Loans		3	0.0%	-				

Taylor Advisor Notes
 > Pro Forma loss rate is a multiple of the benchmark loss rate based on time horizon modeled
 > Loss rate are calculated as sum of net charge-offs for the full year over average loans.
 > Worst Historical Four Year Period Experienced by the bank was used to formulate assumptions

<i>Benchmark Period</i>								
<i>1995Y - 1998Y</i>		Average Loans to Total Capital 1995Y - 1998Y		Average Balance 1995Y - 1998Y	Annualized Loss Rate 1995Y - 1998Y	Annual Net Charge Off 1995Y - 1998Y		
		319%		5,466	#DIV/0!	#DIV/0!		
				17,432	0.0%	#DIV/0!		
1-4 Family Closed-end 1st Lien	165%	Real Estate Collateral	1-4 Family Closed-end 1st Lien	9,032	0.0%	#DIV/0!		
1-4 Family Closed-end 2nd Lien	0%		1-4 Family Closed-end 2nd Lien	-	0.0%	#DIV/0!		
1-4 Family Revolving HELOC	0%		1-4 Family Revolving HELOC	-	0.0%	-		
Construction & Land Development	2%		Construction & Land Development	83	0.0%	-		
Multifamily	0%		Multifamily	-	0.0%	-		
CRE Non-owner Occupied	0%		CRE Non-owner Occupied	-	0.0%	-		
CRE Owner Occupied	0%		CRE Owner Occupied	-	0.0%	-		
Farm Land	16%		Farm Land	878	0.0%	(1)		
Agriculture Production	28%		Non Real Estate Collateral	Agriculture Production	1,539	0.0%	-	
Commercial & Industrial	37%			Commercial & Industrial	2,007	3.3%	67	
Consumer	71%	Consumer		3,889	1.4%	53		
Leases	0%	Leases		-	0.0%	-		
Other Loans	0%	Other Loans		6	0.0%	-		

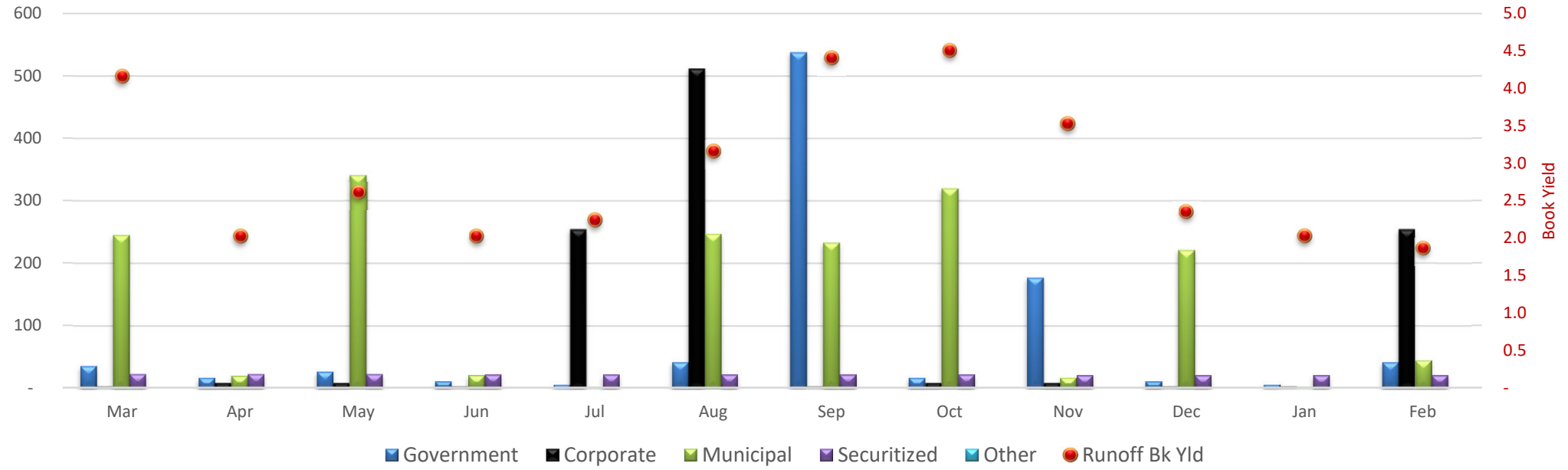
Activity Monitor Summary

February 29, 2024

CUSIP	Type	Issuer	Coupon	Maturity	Par (000)	TEY	Duration	Activity
3134GXM7	Govt	FEDERAL HOME LN MTG CORP	3.00	8/25/2025	500	4.94	0.50	Sold, Matured, or Called
61690UTD	CD	MORGAN STANLEY BK N A	1.80	2/6/2024	249	1.75	0.18	Sold, Matured, or Called

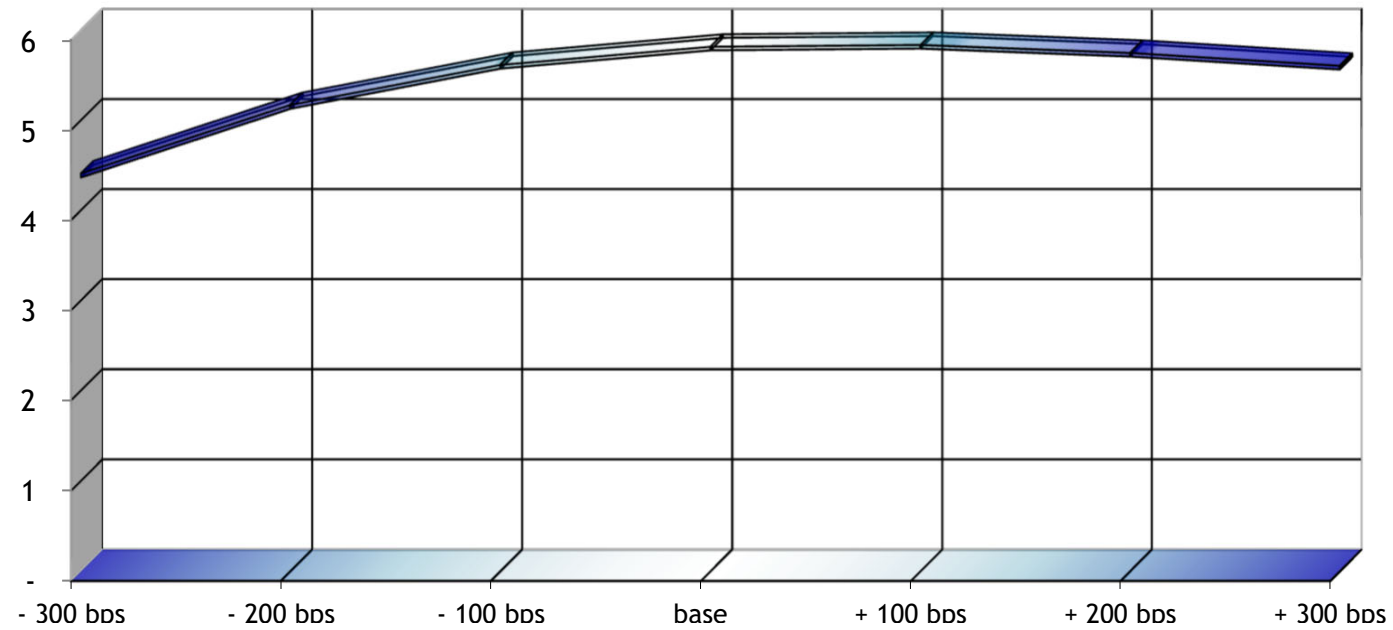
Cash Flow Base Case

Sector	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Government	36	17	27	11	6	42	538	17	177	11	6	42
Runoff Bk Yld	-	-	-	-	-	-	4.61	-	3.70	-	-	-
Corporate	3	9	9	3	255	512	3	9	9	3	3	255
Runoff Bk Yld	-	-	-	-	2.25	3.33	-	-	-	-	-	1.85
Municipal	245	20	341	21	2	247	233	320	17	221	2	45
Runoff Bk Yld	4.41	-	2.65	-	-	2.82	4.03	4.66	-	2.38	-	-
Securitized	23	23	23	22	22	22	22	22	21	21	21	21
Runoff Bk Yld	2.02	2.02	2.02	2.02	2.02	2.02	2.02	2.03	2.03	2.03	2.03	2.03
Other	-	-	-	-	-	-	-	-	-	-	-	-
Runoff Bk Yld	-	-	-	-	-	-	-	-	-	-	-	-
Total	313	71	405	59	289	831	807	375	230	260	34	367
Runoff Bk Yld	4.16	2.02	2.61	2.02	2.24	3.16	4.41	4.51	3.52	2.35	2.03	1.86



Duration Shock

Sector	- 300 bps	- 200 bps	- 100 bps	base	+ 100 bps	+ 200 bps	+ 300 bps
Government	4.34	5.99	6.82	7.15	7.19	7.07	6.90
Corporate	1.08	1.07	1.06	1.05	1.04	1.04	1.03
Municipal	5.09	5.44	5.75	5.97	6.05	6.01	5.90
Securitized	2.92	3.06	3.23	3.33	3.31	3.27	3.31
Other	-	-	-	-	-	-	-
Total	4.39	5.16	5.60	5.80	5.82	5.73	5.59



Price Change Shock

Sector	- 300 bps	- 200 bps	- 100 bps	+ 100 bps	+ 200 bps	+ 300 bps
Government	21.19	14.74	7.37	(7.01)	(13.47)	(19.35)
Corporate	3.27	2.15	1.08	(1.03)	(2.06)	(3.09)
Municipal	16.85	11.22	5.56	(5.36)	(10.39)	(15.07)
Securitized	9.89	6.70	3.38	(3.32)	(6.38)	(9.45)
Other	-	-	-	-	-	-
Total	17.01	11.52	5.71	(5.42)	(10.41)	(14.97)

Benchmarks

3 Yr Treasury	8.59	5.63	2.77	(2.68)	(5.27)	(7.77)
5 Yr Treasury	14.71	9.55	4.65	(4.41)	(8.60)	(12.58)
7 Yr Treasury	20.46	13.15	6.34	(5.91)	(11.42)	(16.56)
10 Yr Treasury	27.45	17.38	8.26	(7.50)	(14.31)	(20.50)
15 Yr Treasury	44.10	27.40	12.79	(11.22)	(21.07)	(29.74)

