

ELIGIBILITY REQUIREMENTS

Securities held as collateral must meet the following requirements to fulfill standard underwriting requirements.

EQUITY SECURITIES AND MUTUAL FUNDS

Equities and mutual funds must meet the requirements listed in the loan document. Such requirements include:

- Must be traded on a major exchange market: NYSE, AMEX or NASDAQ
- Must have available daily market price
- Share price of individual equities must be above \$5.00
- Share price of mutual funds must be above \$2.00
- Must have satisfactory, restriction-free market liquidity
- Must have no restrictions on transfer
- May not be a security issued by The Bancorp Bank

FIXED-INCOME SECURITIES

Similarly, fixed-income securities:

- Must be assigned an investment-grade credit rating
- Must have satisfactory market liquidity
- Must have no restrictions on liquidation or transfer
- May not be a security issued by The Bancorp Bank

Municipal & Corporate bonds will be evaluated on Par Value. Individual Retirement Accounts, UTMA/UGMA, 403(b), qualified plans and certain trusts are not eligible to be used as collateral.

ACCESSING YOUR SECURITIES-BACKED LINE OF CREDIT

CHECK WRITING

Your first order of checks should arrive within 7-10 business days after you place the order.

WIRE TRANSFERS

You can transfer funds from your SBLOC by submitting a completed Wire Request Form for Securities-Backed Line of Credit (Domestic & International). A request form is included in your loan packet. For additional Wire Transfer Request forms, visit our website at

www.hilliardlyonsprivatebanking.com and go to "Forms & Facts > Forms > Wire Request Form for Securities-Backed Line of Credit (Domestic & International)." Domestic wire transfers are free.

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PAYMENT OPTIONS

BY WIRE TRANSFER

Details:

The Bancorp Bank
ABA Number 031101114
Account Number 119100
FBO Account Title/SBLOC Loan Account Number

BY CHECK

Mail to:

The Bancorp Bank, Attn: Loan Operations
409 Silverside Road, Suite 105
Wilmington, DE 19809

Include the SBLOC loan account number on your check.

BY AUTOMATIC PAYMENT

ACH Authorization:

Submit a completed ACH Loan Payment Authorization form (included with your original loan documents and available on our website at www.hilliardlyonsprivatebanking.com under "Forms & Facts > Forms > ACH Loan Payment Authorization Form").

BY INTEREST CAPITALIZATION

You may also choose to capitalize the interest on your securities-backed line of credit. Instead of paying the monthly interest on your line, we can capitalize the interest payment, adding it to your loan principal. Note - this may significantly increase the overall cost of borrowing. Please speak to your advisor for more details.

Your investment accounts remain custodied at J.J.B. Hilliard, W.L. Lyons, LLC. - Member NYSE, FINRA and SIPC. All Hilliard Lyons Private Banking products are offered by and held by The Bancorp Bank.

Hilliard Lyons Private Banking

409 Silverside Road, Suite 105
Wilmington, DE 19809
Securities-Backed Lending Team
P: 877.644.1513
F: 302.791.5787

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Highlights of Your Securities-Backed Line of Credit

WELCOME

A Securities-Backed Line of Credit (SBLOC) is designed to let you access the value of your investment portfolio without incurring tax consequences or resorting to credit cards. Whether you are seeking funds for a real estate purchase, tax bill, tuition payment – anything except the purchase of additional securities – the available balance on a Securities-Backed Line of Credit is ready when you are, while your investments remain untouched to maintain your carefully crafted investment strategy.

FLEXIBILITY

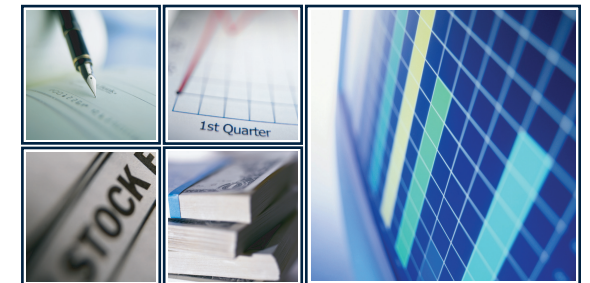
Whatever the financial need, a Securities-Backed Line of Credit provides you with access to available funds without disrupting your investments, investment strategies or asset allocations, and without creating unexpected tax consequences.

CONVENIENCE


Access your new Securities-Backed Line of Credit with personalized checks or free wire transfers any time you need funds.

CONTROL

Obtain information about your Securities-Backed Line of Credit on our website, 24 hours a day, 7 days a week. For more detailed information, our knowledgeable Securities-Backed Lending Team is available to assist you by phone, Monday through Friday, 9:00 a.m. – 5:00 p.m. ET.



Please verify your current credit limit and available credit by phone or logging in to your online account before requesting advances or writing checks, as you will not receive specific notice when the credit limit changes.

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www.hilliardlyonsprivatebanking.com

The Bancorp

Here are answers to some frequently asked questions to help you understand and manage your accounts.

SECURITIES ACCOUNT ACCESS LIMITS

Is trading permitted within the Securities Account that is being used as collateral for my SBLOC?

Yes, trading is permitted. Please be aware that major changes in the asset allocation of this account might reduce the amount available to borrow against the line of credit.

Can I continue to use my Securities Account check-writing privileges?

Generally, check writing associated with your Securities Account will be terminated when the account is pledged and your new SBLOC becomes available to you. Remember that your new SBLOC offers check-writing access.

Can I request recurring distributions from my Securities Account?

Generally, preauthorized recurring distributions will be discontinued when the account is pledged and becomes the collateral for your SBLOC. In certain circumstances, distributions may continue – for instance, if the account holds sufficient value.¹

CREDIT LIMIT

How is the credit limit determined?

Credit limits are based upon the value and type of underlying collateral. The limit is determined by multiplying the collateral value by the “Advance Rate” associated with the security class. Note that the advance rate applies to individual securities and mutual funds falling within the specified asset class. Lines backed by portfolios allocated across asset classes will be assigned blended advance rates.

Asset Class	Advance Rate
Cash and Equivalents	100%
US Treasury Instruments	90%
Investment-Grade Municipal & Corporate Bonds	80%
Non-Investment Grade Municipal & Corporate Bond Funds	50%
Equities	50%

Special Notes - Asset class advance rates apply for both individual securities and pooled vehicles, like mutual funds and EFTs – with the exception of Non-Investment Grade Fixed Income, which are only acceptable as collateral when held within diversified mutual funds or ETFs. All Treasury, Municipal, and Corporate fixed income instruments are evaluated on Par Value. Finally, concentrated portfolio holdings are subject to reduced advance rate calculations at the discretion of The Bancorp.

What would cause the credit limit on my SBLOC to be reduced?

Your credit limit will automatically be reduced if the borrowing power or “Advance Rate” value of your pledged Securities Account no longer supports the approved credit limit.

Please verify your current credit limit and available credit as instructed below before requesting advances or writing checks, as you will not receive specific notice when the credit limit changes.

How do I verify my credit limit and view information about my SBLOC?

You can access your account balance and transaction information by phone or online (log on to our website and navigate to “My Accounts”).

What if a security in the pledged account is no longer eligible to serve as collateral, or if while trading the account, I purchase an ineligible security?

Ineligible securities² are automatically excluded from your Securities Account for collateral valuation purposes, and your credit limit is adjusted accordingly. In certain circumstances, this could trigger a request for additional assets. If this occurs, the easiest way to resolve the issue may be to liquidate the ineligible security.³

What happens when the Securities Account loses value?

Depending on the relation between your account value, credit limit and amount borrowed, collateral devaluations may: (1) have no consequence; (2) limit your access to funds; or (3) require a deposit of additional assets or an immediate payment.

Provide an example of how collateral changes can affect my line of credit.

Suppose you hold a \$1 million investment portfolio containing diversified equity and mutual fund securities. The Bank would be willing to lend up to \$500,000, with your Securities Account pledged as collateral. Example A, below, illustrates how the amount is determined by applying an “Advance Rate” to the assets in your account.

In a rising market, you may remove assets exceeding the required \$1 million collateral value. These assets may also be used to secure a larger line of credit (see Example B).

Conversely, as the collateral value declines, your borrowing power is reduced proportionally. When the collateral value falls from \$1 million to \$900,000, as in Example C, your credit limit is automatically reduced to \$450,000. Please note that requests for funds (including checks you write) in excess of this amount will not be approved.

If the value declines significantly, you may be asked to place additional assets into the pledged account or to reduce your loan balance. This occurs when the line of credit balance reaches or exceeds the “Maintenance Rate,” shown in Example D.

As a last resort, the Bank may liquidate your assets¹ to repay the line of credit, if the collateral value continues to decline and you are unable to provide additional assets or reduce the outstanding line of credit balance. Liquidation is triggered when the line of credit balance reaches or exceeds the “Liquidation Rate,” as in Example E.

Example	Rate Type	Rate ⁴	Market Value	Credit Limit	Amt Borrowed
A	Advance	50%	\$1,000,000	\$500,000	\$500,000
B	Advance	50%	\$1,200,000	\$500,000	\$500,000
C	Advance	50%	\$ 900,000	\$450,000	\$500,000
D	Maintenance	60%	\$ 833,334	\$416,667	\$500,000
E	Liquidation	70%	\$ 714,286	\$357,143	\$500,000



¹ Contact your financial professional for details.

² See reverse side of brochure for eligibility requirements.

³ Consult with your financial professional as liquidating securities may result in tax implications for you.

⁴ Advance, Maintenance and Liquidation rates vary by asset class (i.e., equities, fixed-income, etc.). Contact your financial professional for details.