FEDERAL RESERVE BANK OF RICHMOND™

Richmond • Baltimore • Charlotte

Financing Small Business Exports

Secondary Market for Business Loans

May 16, 2013

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President

ICBA SECURITIES

Secondary Market Sale Benefits

- Eliminate prepayment risk
- Servicing income stream
- Recycle loanable funds
- Invisible to borrower
- Significant fee income

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Tips for Maximizing Secondary Market Value

- Monthly or quarterly adjustment on first of period
- Indexed with WSJ prime
- No caps or floors
- Monthly P&I
- Sell immediately; seasoning does not improve value

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VINING SPARKS

SBA TRADING

SBA Loan Sale Analysis

Current Prime Rate			3.25%
Current Loan Balance			1,000,000
Guaranteed Percentage			75%
Unguaranteed Percentage			25%
Gross Rate		Prime + 2.75%	6.00%
Servicing Fee		1.00%	
Net Rate		Prime + 1.75%	5.00%
Sales Price			115.5000
Premium			15.50%
Guaranteed Portion (sold)	Curr loan bal X guarantee %		750,000
Unguaranteed Portion (retained)	Curr loan bal X unguarantee %		250,000
Premium Earned on Sale	Guaranteed portion X premium		95,625
Servicing Fee on Guaranteed Portion	Guaranteed portion X service fe		7,500
Interest Income on Unguaranteed Portion	Unguaranteed portion X gross r		15,000
Return			
Year 1	Premium + service fee + interest		118,125
Year 2 +	Service fee + interest		22,500
% Return on Invested Funds (unguaranteed portion):			
Year 1			47.3%
Year 2 +			9.0%

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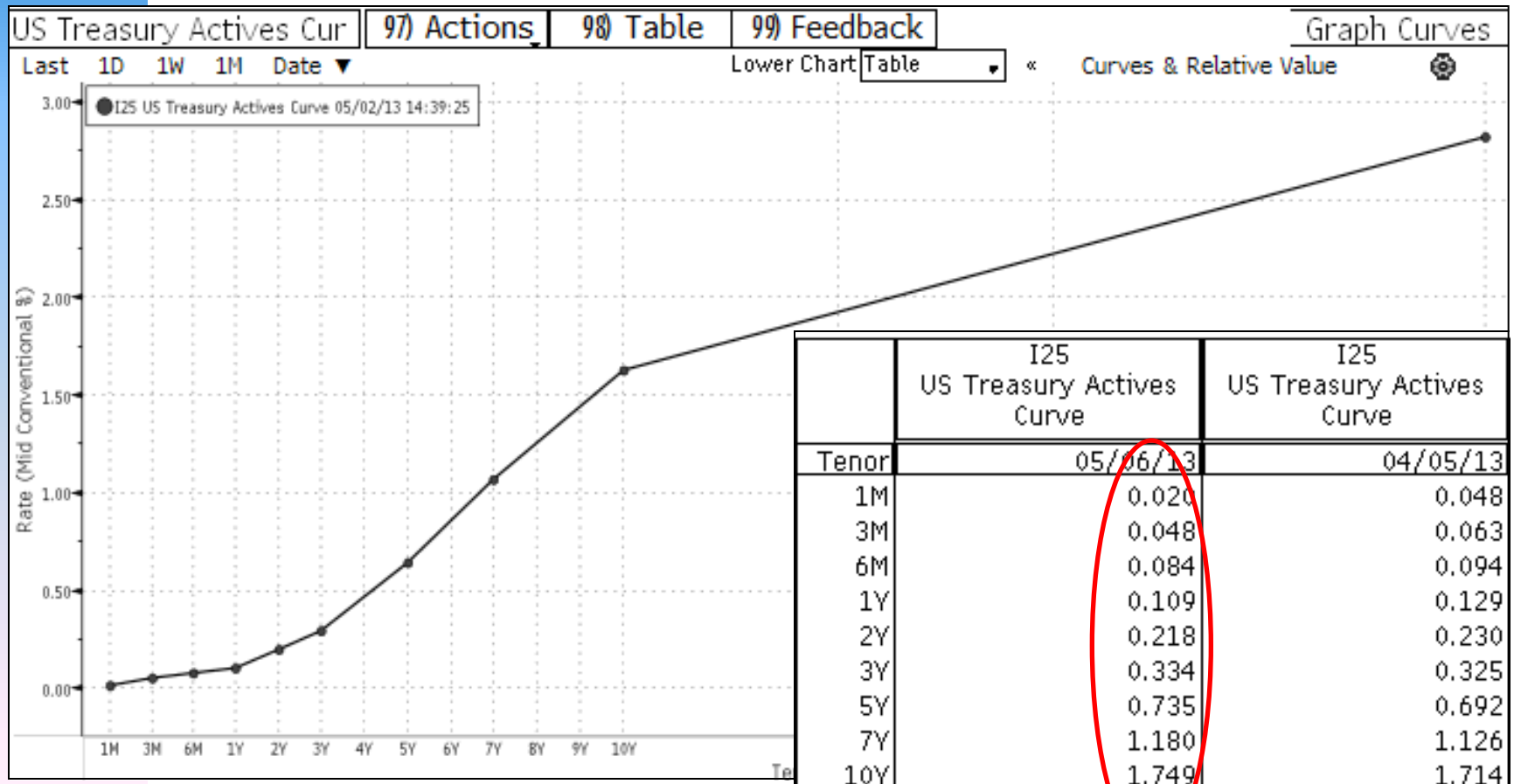
Today's Yield Curve



	I25 US Treasury Actives Curve	I25 US Treasury Actives Curve
Tenor	05/06/13	04/05/13
1M	0.020	0.048
3M	0.048	0.063
6M	0.084	0.094
1Y	0.109	0.129
2Y	0.218	0.230
3Y	0.334	0.325
5Y	0.735	0.692
7Y	1.180	1.126
10Y	1.749	1.714
30Y	2.959	2.876

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Fed Funds Futures

FFK3 COMB Comdty | 1) Settings | 2) Actions | 3) Feedback | Contract Table

4) Futures | 5) Spreads | 6) Strategies | Sort By: Expiration | As of: 05/01/13

FED FUND 30DAY | 1)CBT (CEM) | Display: Rate | Session: COMB

Delayed Pricing | Contracts 36 | Aggr Vol 10281 | Aggr Open Int 320221

Description	Last	Change	Time	Bid	Ask	Open Int	Volume	Previous
36) Aug14	0.150	-.010	13:33	.150	.145	4199	179	.160
37) Sep14	0.160	-.005	13:33	.160	.155	2886	154	.165
38) Oct14	0.165	-.005	13:33	.165	.160	4716	67	.170
39) Nov14	0.175	-.010	9:16	.175	.170	3214	29	.185
40) Dec14	0.185	-.010	13:03	.185	.180	4200	58	.195
41) Jan15	0.195	-.010	12:35	.200	.190	2042	69	.205
42) Feb15	0.210	-.015	13:00	.215	.210	1175	74	.225
43) Mar15	0.230	-.010	7:07	.230	.220	799	6	.240
44) Apr15	0.240	-.015	8:41	.245	.235	523	26	.255
45) May15	0.265	-.015	7:31	.270	.260	184		.280
46) Jun15	0.280	-.010	8:40	.280	.270	2539	5	.290
47) Jul15	0.300	-.015	13:17	.300	.290	1301	23	.315
48) Aug15	0.330	-.015	13:17	.330	.320	277	27	.345
49) Sep15	0.345	-.020	12:14	.355	.345	381	20	.365
50) Oct15	0.370	-.020	13:39	.375	.360	172	35	.390
51) Nov15	0.405	-.025	13:01	.415	.405	77	24	.430
52) Dec15	0.430	-.025	12:01	.440	.425	210	15	.455
53) Jan16	0.455	-.025	8:53	.465	.455	88	54	.480
54) Feb16	0.505	-.025	8:00	.510	.500	15	3	.530
55) Mar16	0.530	-.030	11:57	.540	.520			.560
56) Apr16	0.565	-.025	12:14	.575	.560			.590

ICBA Securities

New Issue Money Market Bond

FED HOME LN BANK FHLB0.1 11/06/13 99.973/99.996 (0.154/0.108) BVAL

FHLB 0.1 11/06/13 Corp | 99) Feedback | Page 1/11 | Description: Bond

Data not provided by Bloomberg | 94) Notes | 95) Buy | 96) Sell | 97) Settings

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Issuer Information

Name	FEDERAL HOME LOAN BANK
Industry	Government Agencies

Security Information

Mkt of Issue	Global		
Country	US	Currency	USD
Rank	Unsecured	Series	0002
Coupon	0.1	Type	Fixed
Cpn Freq			
Day Cnt	30/360	Iss Price	100.00000
Maturity	11/06/2013		
BULLET			
Issue Spread			
Calc Type	(7)INTEREST@MTY		
Announcement Date			05/01/2013
Interest Accrual Date			05/06/2013
1st Settle Date			05/06/2013
1st Coupon Date			11/06/2013

Identifiers

BB Number	EJ6609345
CUSIP	313382Z71
ISIN	US313382Z719

Bond Ratings

Moody's	NA
S&P	NA
Fitch	NA
DBRS	NA

Issuance & Trading

Amt Issued/Outstanding	
USD	10,000.00 (M) /
USD	10,000.00 (M)
Min Piece/Increment	
	10,000.00 / 5,000.00
Par Amount	5,000.00
Book Runner	MS-sole
Exchange	NOT LISTED

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SBA 7(a) Pools

VINING SPARKS

SBA Trading

U.S. Small Business Administration (SBA) Pool | Variable Rate Pool - Quarterly Reset - No Cap | 04 - April - 2013 | 1:28 PM

Treasury Curve

3 Month	0.06%
6 Month	0.10%
2 Year	0.22%
5 Year	0.69%
7 Year	1.15%
10 Year	1.76%
30 Year	2.99%

WSJ Prime Rate

Prime 3.250%

Target Fed Funds

Fed Funds 0.25%

CUSIP:	83165AL28
Pool:	SBA 521945
Pool Type:	WAC Pool
Original:	$ 4,398,787
Factor:	1.0000000
Current:	$ 4,398,787
Total Pool Size:	$ 10,898,787
Original Loan Count:	49 Loans
Current Loan Count:	49 Loans
Original WAM:	12 Yrs 1 Mths
Issued:	3/1/2013
Final:	4/25/2025
Weighted Average Maturity:	12 Yrs 1 Mths
Current Coupon:	4.182%
Margin:	PRIME +0.932%
Adjusts:	Quarterly
Price:	115 4/32
Settle:	04/25/13

Deal Prepay Speeds

1 month:

3 month:

6 month:

12 month:

ISSUE:

Yield Table

Constant Prepay Speeds - CPR

	4 CPR	6 CPR	8 CPR	10 CPR	12 CPR	14 CPR	16 CPR
YIELD:	1.24%	1.04%	0.82%	0.60%	0.36%	0.12%	-0.13%
AVERAGE LIFE:	5.61 Yrs	5.2 Yrs	4.82 Yrs	4.48 Yrs	4.17 Yrs	3.89 Yrs	3.64 Yrs
BEEM:	Prime-2.01%	Prime-2.22%	Prime-2.43%	Prime-2.65%	Prime-2.89%	Prime-3.13%	Prime-3.38%
Spread to 3Mo T-Bills	118	97	76	53	30	5	-20
Spread to Fed Funds	99	79	57	35	11	-13	-38

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Prepayment History

Bloomberg MBS

SBA Pools

Latest Factor: Apr 2013

ALL Variable Rate Pools

Iss. Date	Num Pool	$Mil Cur	$Mil Orig	Life	YTD 2013	Calendar Year Historical CPR 2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
2013	69	1226	1234	0.1	0.1										
2012	239	4033	4265	2.8	3.0	2.4									
2011	276	3602	4270	4.9	8.4	4.7	1.8								
2010	289	2411	3382	6.8	10.8	7.7	5.0	3.8							
2009	258	1666	2820	8.0	7.4	8.5	8.4	7.4	4.9						
2008	323	1335	3060	9.0	6.6	6.3	7.8	12.1	11.1	6.0					
2007	336	1658	4162	8.7	6.3	5.2	6.1	9.5	11.8	10.7	8.6				
2006	392	1403	3968	8.7	3.9	4.3	4.5	6.1	7.7	14.3	14.5	7.5			
2005	462	1117	3876	9.4	4.7	3.6	3.5	4.1	5.1	12.8	20.6	14.1	6.5		
2004	441	560	3619	15.2	6.1	7.0	5.1	9.2	7.8	18.7	28.5	24.7	11.4	4.5	
2003	463	290	3467	17.5	5.1	8.7	7.9	11.3	10.1	20.9	31.6	31.4	17.9	7.9	3.8
Total	3548	19301	38123	11.1	6.3	5.6	5.5	7.9	9.0	13.1	20.1	20.0	12.9	6.9	3.8

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Questions?

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