



Commercial Loan Pricing Grids

Provided by SouthState Correspondent Division and Loan Command.

0.5% Expected Loss

Term (yrs) (25yr am)

Size		1yr	2yrs	3yrs	4yrs	5yrs	7yrs	10yrs
	\$ 250,000	621	419	352	320	312	279	259
	\$ 500,000	468	323	274	250	234	218	204
	\$ 750,000	384	283	246	233	221	212	200
	\$ 1,000,000	333	261	235	222	217	208	199
	\$ 1,500,000	299	242	227	213	209	203	198
	\$ 2,000,000	281	234	218	210	205	197	195
	\$ 3,000,000	261	224	212	205	199	197	192

1% Expected Loss

Term (yrs) (25yr am)

Size		1yr	2yrs	3yrs	4yrs	5yrs	7yrs	10yrs
	\$ 250,000	761	491	399	352	335	291	268
	\$ 500,000	601	391	321	283	260	230	211
	\$ 750,000	515	352	296	268	253	223	208
	\$ 1,000,000	466	328	284	259	250	220	207
	\$ 1,500,000	431	311	271	250	237	217	204
	\$ 2,000,000	413	305	265	244	232	213	201
	\$ 3,000,000	393	292	255	243	228	210	199

1.5% Expected Loss

Term (yrs) (25yr am)

Size		1yr	2yrs	3yrs	4yrs	5yrs	7yrs	10yrs
	\$ 250,000	791	511	413	367	340	304	276
	\$ 500,000	643	415	333	296	271	244	221
	\$ 750,000	559	376	310	279	258	237	218
	\$ 1,000,000	509	351	298	270	255	234	217
	\$ 1,500,000	473	335	286	261	246	229	215
	\$ 2,000,000	457	326	280	257	242	225	211
	\$ 3,000,000	437	316	273	251	237	223	210

Loan Pricing Grids Are Just a First Step Towards Profitability

It's important to understand the underlying assumptions & limitations of these pricing grids.

- Grid pricing is the basis point spread to term SOFR that achieves a 15% ROE for the average community bank.
- Credit quality is divided into three buckets as follows:
 - Expected Loss (EL) of 0.5% per annum (pa) corresponds to "excellent" on most bank's credit bucket and approximates over 2.0X DSCR and 65% or lower LTV.
 - EL of 1.0% pa corresponds to "good" or "above average" credit buckets and approximates 1.5X DSCR and 70% LTV.
 - EL of 1.5% pa corresponds to "satisfactory" credit bucket and approximates at least 1.20X DSCR and max 75% LTV.
- Loan acquisition and maintenance costs, cost of funds, deposit beta were set to equal the average community bank's profile. The loan pricing grids do not factor different loan categories, cross-sell opportunities, fee income, and local market conditions, and cost of capital. **A RAROC loan pricing model is needed to adequately price all these variables.**

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Credit Spread for 15% ROE (1.0% Expected Loss)

