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U.S. OUTLOOK CONFERENCE

NEW YORK

U.S. Financials: Into the Great Wide Open

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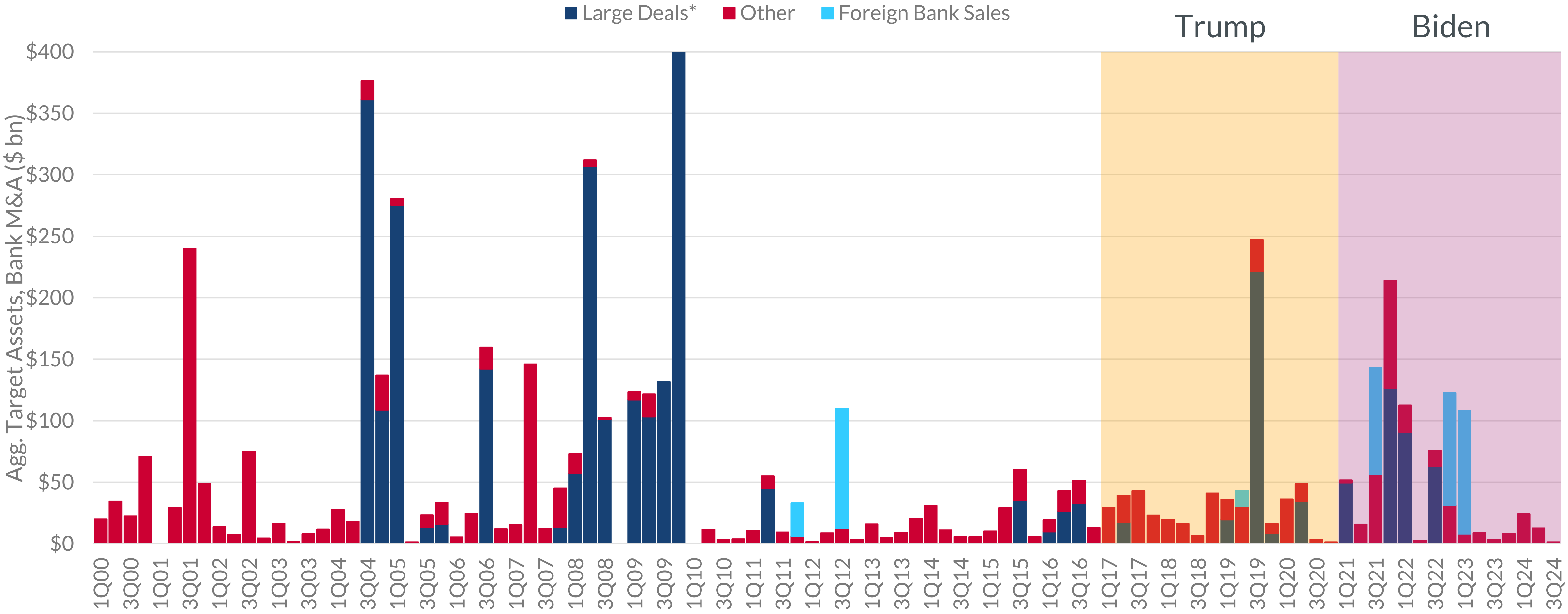
U.S. Bank M&A: Unleashed or Overstated?

U.S. Bank M&A History



Source: FDIC, FFIEC, CreditSights

*includes: NYCB/Flagstar (3Q22), CFG/Investors Bank (1Q22), MTB/PBCT (1Q22), FCNCA/CIT (4Q21), MS/ETFC (4Q21), HBAN/TCF (1Q21), FHN/Iberiabank (2Q20), CIT/Mutual of Omaha (4Q19), BBT/STI (3Q19), FITB/MB Fin (1Q19), TD/Scottrade (2Q17), KEY/First Niagara (3Q16), HBAN/First Merit (2Q16), BBT/Nat'l Penn (1Q16), MTB/Hudson City (3Q15), COF/ING (3Q12), PNC/RBC (4Q11), BMO/M&I (2Q11)

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Health Insurance Policy Under Trump 2.0

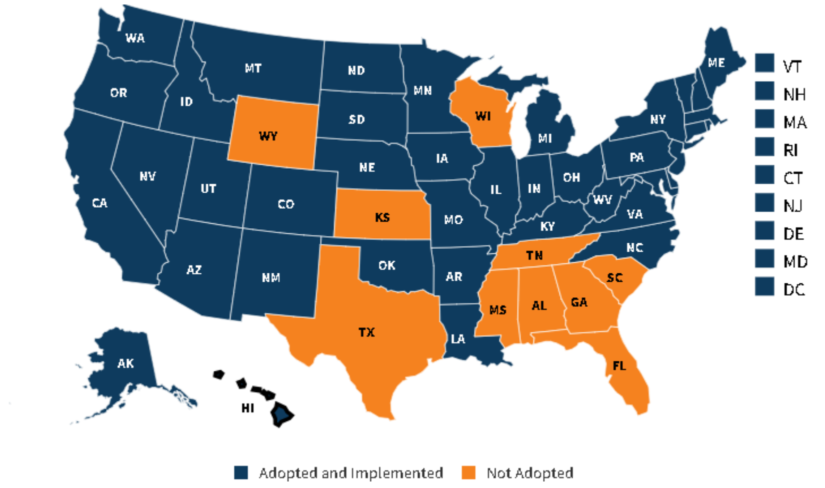
- **We don't expect the Trump administration to pursue a 'Repeal and/or Replace' of the ACA – this is the #1 issue for health insurers.**
- In **Medicaid**: Expect to see push for work requirements and/or a transition to a 'Block Grant' system – likely on an opt-in basis with each state making its own decision. Expect little-to-no encouragement for Medicaid expansion from Federal Government for remaining hold-out states.
- In **Medicare**: Expect less 'friction' between CMS and private health insurers. Administration could encourage even greater uptake of private Medicare Advantage plans (which is already on the rise). Could have favorable implications for 'Star Ratings.'
- In **Marketplace**: Open question as to whether or not subsidies which are set to expire at YE25 will be extended, reduced, or altogether eliminated.
- In **Group Commercial**: Expect business as usual.
- No 'Medicare for All' talk (at least until 2028).

Trump Administration Potential Policy Changes

Business Line	Key Issues	Most Impacted Insurers	Net Effect
Medicaid	Opt-in to work requirements & Block Grant System, No expansion encouragement	Centene, Molina	Modest Negative
Medicare	Less friction between CMS & insurers, Encouragement of Medicare Advantage plans	Humana, CVS, UnitedHealth	Positive
Marketplace	Extension, reduction, or elimination of enhanced subsidies	Oscar, Centene, CVS	Negative if Eliminated/Reduced | Positive if Extended
Group Commercial	No significant changes expected	UnitedHealth, Cigna, Elevance, CVS	Positive
Affordable Care Act	Our base case is that the ACA is not repealed and/or replaced	All Insurers	Positive if Maintained | Negative if Repealed/Replaced

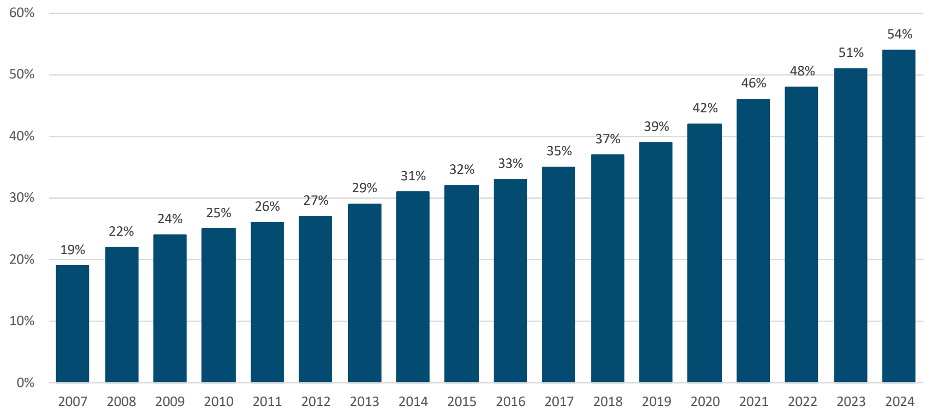
Source: CreditSights

Medicaid Expansion Status By State



Source: Kaiser Family Foundation, CMS, CreditSights

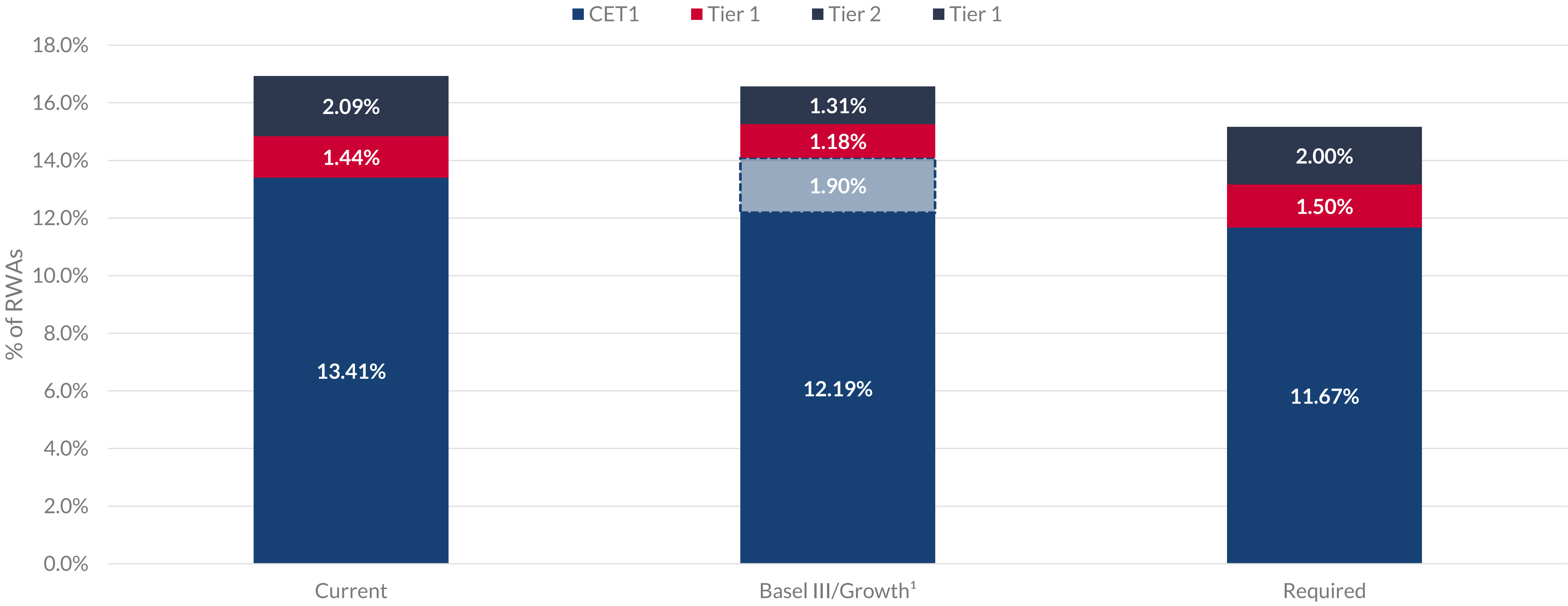
Medicare Advantage Penetration Rate



Source: Kaiser Family Foundation, CreditSights

Deregulation: Distribution Acceleration

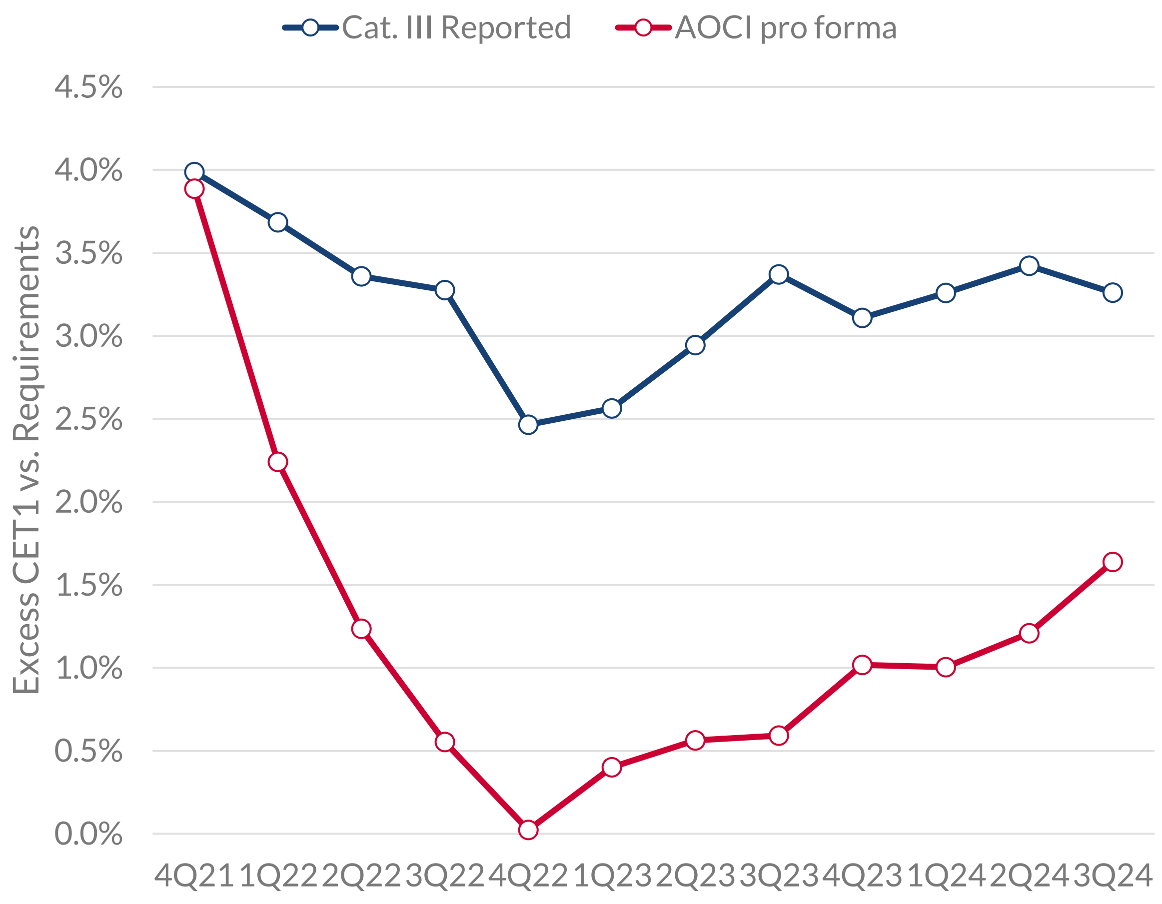
U.S. Big 6 Banks: Capital Aplenty



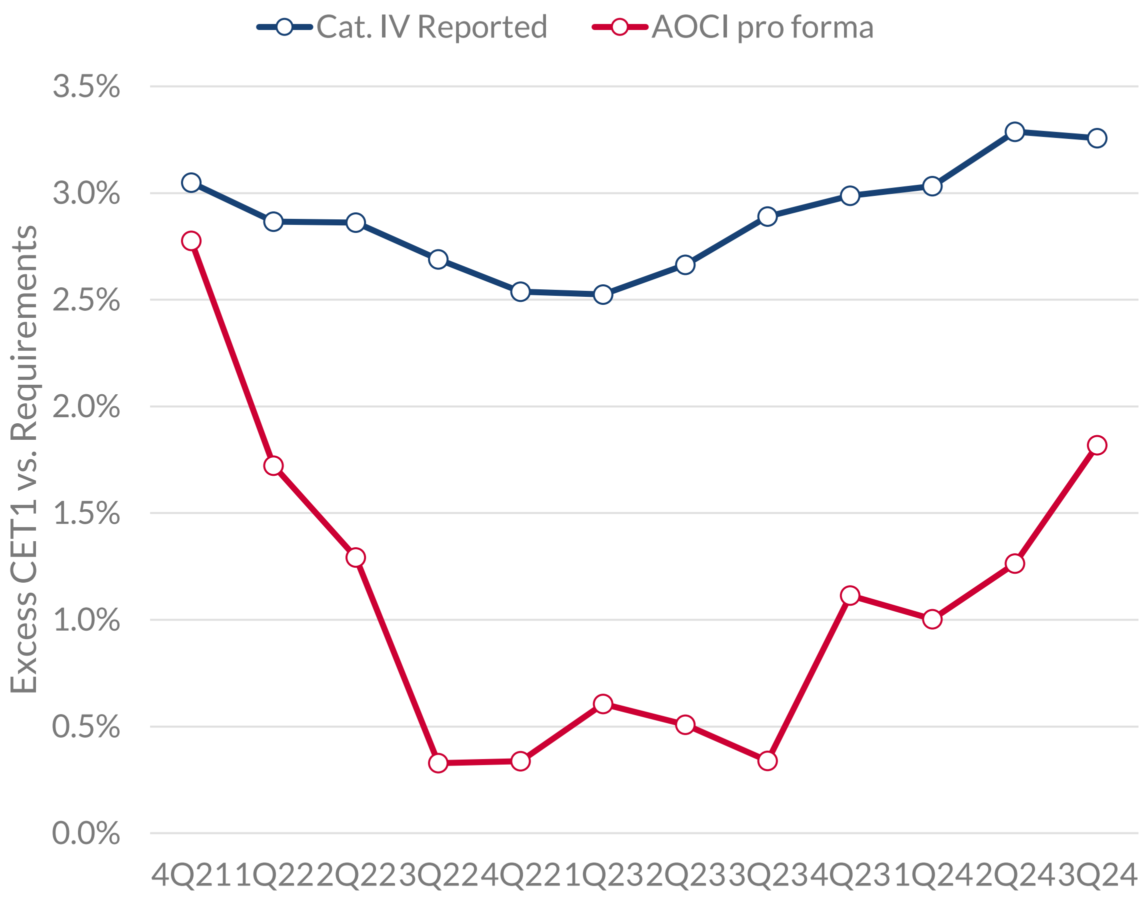
Source: FFIEC, S&P Capital IQ Pro, Federal Reserve, Bloomberg
Aggregate across BAC, C, GS, JPM, MS, WFC
[1]Assumes 10% increase in RWAs [2]Consensus FY25 net earnings less common and preferred dividends

Regional Banks: Regulatory Reprieve on AOCI Unlikely

Category III



Category IV



Source: FFIEC, S&P Capital IQ Pro, Federal Reserve, CreditSights
Cat. III excludes SCHW; 3Q24 excess positions reflect updated SCBs effective Oct. 1 2024

Financials and Interest Rates: ALMost There

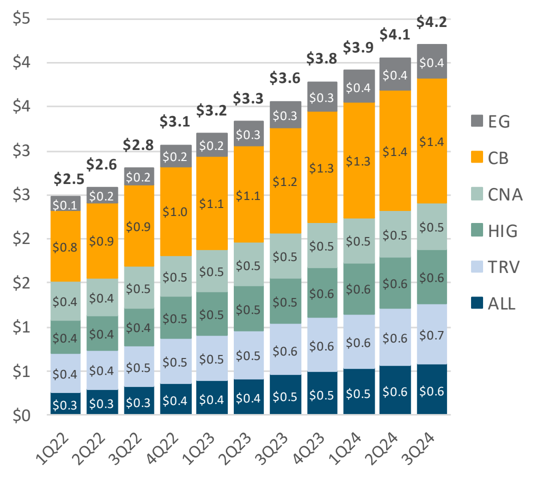
3-month / 10-year UST Inversion History

Source: FactSet, CreditSights

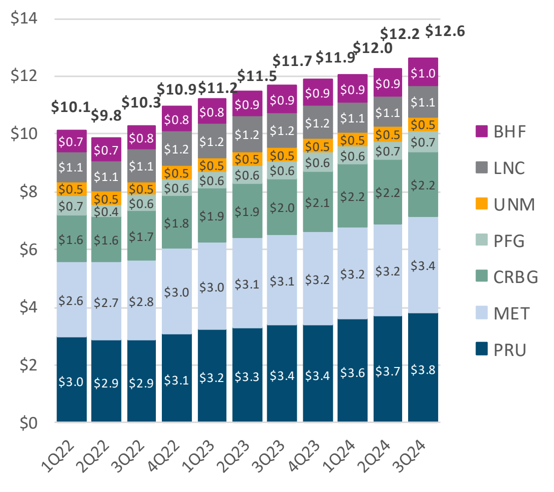
Higher Interest Rates a Clear Positive for Life and P&C Insurers

- Higher interest rates are a tide that lifts (nearly) all boats across Life and P&C Insurance sectors.
- Life and P&C insurers able to generate better re/investment rate returns. Life insurers are more sensitive to the long-end of the curve versus P&C insurers which are more sensitive to short-to-intermediate tenors.
- Especially for Life Insurers, higher interest rates are also a positive for reserve stability.
- Unclear whether higher interest rates will slow insurer interest in private credit type strategies – so far it certainty hasn't for Life Insurers.

Sample of P&C Insurer Fixed Income Investment Returns



Sample of Life Insurer Fixed Income Investment Returns



$ billions

Source: Company Reports, CreditSights

US Life Insurer Allocation to Private Bonds

Year	'Industrial' Public Bonds	'Industrial' Private Bonds	Total Bonds	Private as % of Total	Public Growth	Private Growth
2010	$1,237	$577	$1,814	31.8%	n/a	n/a
2011	$1,264	$624	$1,888	33.1%	2.2%	8.2%
2012	$1,253	$676	$1,929	35.1%	-0.9%	8.3%
2013	$1,298	$681	$1,979	34.4%	3.6%	0.7%
2014	$1,330	$729	$2,059	35.4%	2.5%	7.0%
2015	$1,330	$770	$2,101	36.7%	0.0%	5.7%
2016	$1,357	$825	$2,182	37.8%	2.0%	7.1%
2017	$1,370	$895	$2,266	39.5%	1.0%	8.5%
2018	$1,367	$936	$2,303	40.6%	-0.3%	4.5%
2019	$1,432	$1,068	$2,501	42.7%	4.8%	14.1%
2020	$1,495	$1,187	$2,682	44.3%	4.4%	11.1%
2021	$1,533	$1,289	$2,822	45.7%	2.6%	8.6%
2022	$1,500	$1,394	$2,894	48.2%	-2.2%	8.2%
2023	$1,451	$1,465	$2,916	50.2%	-3.3%	5.1%

Based on Statutory Data

Source: Company Reports, S&P CapIQ, CreditSights

US P&C Insurer Allocation to Private Bonds

Year	'Industrial' Public Bonds	'Industrial' Private Bonds	Total Bonds	Private as % of Total	Public Growth	Private Growth
2010	$276	$52	$327	15.8%	n/a	n/a
2011	$286	$64	$350	18.3%	3.8%	23.4%
2012	$295	$78	$373	20.9%	3.1%	22.0%
2013	$311	$86	$397	21.7%	5.4%	10.7%
2014	$319	$96	$415	23.1%	2.8%	11.1%
2015	$324	$108	$432	24.9%	1.5%	12.1%
2016	$319	$114	$434	26.4%	-1.5%	6.3%
2017	$317	$129	$446	29.0%	-0.7%	13.1%
2018	$335	$147	$482	30.5%	5.7%	13.4%
2019	$352	$168	$520	32.2%	5.1%	14.3%
2020	$373	$190	$563	33.7%	6.0%	13.0%
2021	$381	$228	$608	37.4%	1.9%	20.0%
2022	$399	$236	$635	37.2%	4.9%	3.8%
2023	$421	$255	$675	37.7%	5.4%	7.8%

Based on Statutory Data

$ billions

Source: Company Reports, S&P CapIQ, CreditSights

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