



StoneCastle Financial Corp. (BANX)

A closed end investment management company making investments in banking-related assets including community banks, regulatory capital securities and companies that provide goods and/or services to banking companies.

Disclaimer



Forward-Looking Statements

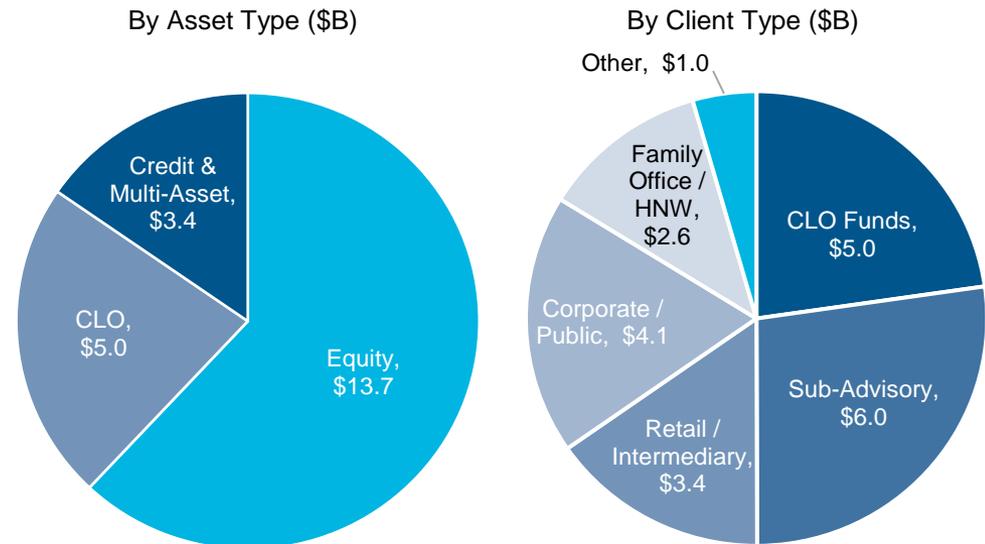
This presentation, and all oral statements made regarding the subject matter of this communication, contain forward-looking statements, including statements regarding the matters described in this presentation. Such forward-looking statements reflect current views with respect to future events and financial performance. Statements that include the words “should,” “would,” “expect,” “intend,” “plan,” “believe,” “project,” “anticipate,” “seek,” “will,” and similar statements of a future or forward-looking nature identify forward-looking statements in this material. All such forward-looking statements involve estimates and assumptions that are subject to risks, uncertainties and other factors that could cause actual results to differ materially from the results expressed in the statements. Actual future results may differ significantly from those stated in any forward-looking statement, depending on factors such as changes in securities or financial markets or general economic conditions, the volume of sales and purchases of shares of common stock, the continuation of investment advisory, administrative and service contracts, and other risks discussed from time to time in StoneCastle Financial Corp.’s filings with the SEC, which are available at the SEC’s website <http://www.sec.gov>. Any forward-looking statements speak only as of the date of this communication. StoneCastle Financial Corp. undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof.

Founded in 2007 by investment professionals with a proven track record of delivering strong returns and preserving client capital

ArrowMark Partners At-A-Glance

- Active investment process, driven by fundamental research and analysis
- Specialized expertise in niche credit and capacity constrained equity markets
- Manage alternative, traditional, and customized investment strategies in public and private vehicles
- 77 employees and growing
- 45 tenured investment professionals
- 100% employee-owned
- Headquartered in Denver, CO with presence in California, London, and New York

\$22.2 billion in Assets Under Management





INVESTMENT HIGHLIGHTS

- StoneCastle Financial Corp. is an SEC registered non-diversified closed-end investment company under the ticker symbol “BANX”. The Company is structured as a non-BDC RIC².
- The portfolio is managed by one of the leading advisors dedicated to the banking and financial services sector, StoneCastle-ArrowMark Asset Management, LLC.
- At Q4 2020 dividend yield 8.2%; For the tax year 2020, 34.5% of taxable income was eligible for QDI.
- At Q4 2020 StoneCastle Financial Corp. traded at a (10.2%) discount to NAV¹ .
- StoneCastle maintains an “A3” debt rating from Moody’s Investors Service on its revolving working credit line and has an issuer rating score of A+ from Kroll Bond Rating Agency (KBRA).

INVESTMENT OBJECTIVE

- The Company’s primary investment objective is to provide stockholders with current income, and to a lesser extent capital appreciation. The Company is focused on income generation, capital preservation, and providing risk-adjusted rates of return.

INVESTMENT STRATEGY

- The Company intends to make long-term, passive, non-control investments in banking related securities seeking regulatory capital for organic growth, acquisitions and other refinancing activities.
- The Company invests in term loans, senior and subordinated debt, structured debt, regulatory capital securities, convertible securities, preferred and common equity.

1. Source: As of 12.31.2020, StoneCastle Financial Corp. www.stonecastle-financial.com

2. Regulated Investment Company

About the Investment Portfolio



PORTFOLIO HIGHLIGHTS

- Primarily consists of investment grade assets as scored by KRBA and fixed rate assets.
- Geographically diversified across over 26 states in the U.S.A. with no state over 16% of the total investments.¹
- The Company's portfolio construction typically invests in securities that are senior to a bank's common equity which provides a liquidity buffer during times of financial or economic stress.
- Leverage as a percent of assets is 23% and not permitted to go above 33.3%.

ABOUT COMMUNITY BANKS

- StoneCastle Financial invests in community banks that are typically less than \$10B in assets.
- Community banks require capital for organic growth, acquisitions, and share repurchases.
- Community banks exponentially serve the small business and rural market communities. They cater to local markets primarily in multi-family or owner occupied residential real estate, C&I, and small business loans. Community banks have high impact on their communities through economic development, financial inclusion and job creation.

ABOUT REGULATORY CAPITAL SECURITIES

- StoneCastle Financial invests in regulatory capital securities primarily issued by large global money center banks which are backed by a diverse range of underlying corporate credits held by the bank itself. The underlying credits are typically investment grade performing loans.
- Regulatory capital is issued by a bank in order to optimize regulatory capital ratios under Basel III.
- Regulatory capital transactions are facilitated by long-term trusted relationships with issuing banks of which only a small group of financial institutions are known to participate.

1. Source: As of 12.31.2020, StoneCastle Financial Corp. www.stonecastle-financial.com. This percentage is based on total investments excluding the regulatory capital securities. The percentage illustrates the community bank exposure in the United States.

Q4 2020 Portfolio Review



Geographic Mix of Portfolio Holdings

(As of 12/31/2020)

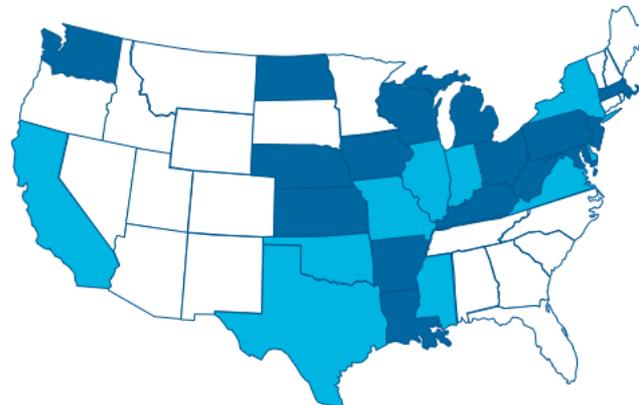
Top 10 States of Community Banks by Weighted Percent of Total Long-Term Investments

New York:	15.9%	Missouri:	3.5%
Indiana:	7.7%	Delaware:	3.1%
California:	6.2%	Oklahoma:	2.4%
Texas:	5.1%	Illinois:	2.1%
Mississippi:	3.7%	Virginia:	2.0%

- The geographic mix includes the geographic breakdown of Community Funding 2018, LLC.
- Percentages are based on total long-term investments, excluding regulatory capital securities, or \$88.1 million.

A full schedule of investments can be found on the "Holdings" tab on the Company's website, www.stonecastle-financial.com.

Geographic Breakdown of the Portfolio



Top 10 States by Weighted Percent of Total Long-Term Investments

Additional States Where StoneCastle Financial Corp. Has An Investment

Total Investments Asset Categories

Asset Mix

(As of 12/31/2020)

StoneCastle Financial Corp. intends to make long-term, passive, non-control investments in term loans, debt securities, alternative capital securities, convertible securities and preferred and common equity. Each quarter, the portfolio is valued by market quotations, broker quotes, and other valuation sources. Total investments includes long-term investments at market value and short-term investments.

- A full schedule of investments can be found on the "Holdings" tab on the Company's website, www.stonecastle-financial.com.
- Fair Value of Total Investments is \$178.4 million.

Schedule of Investments



Relative Value Compared to NAV

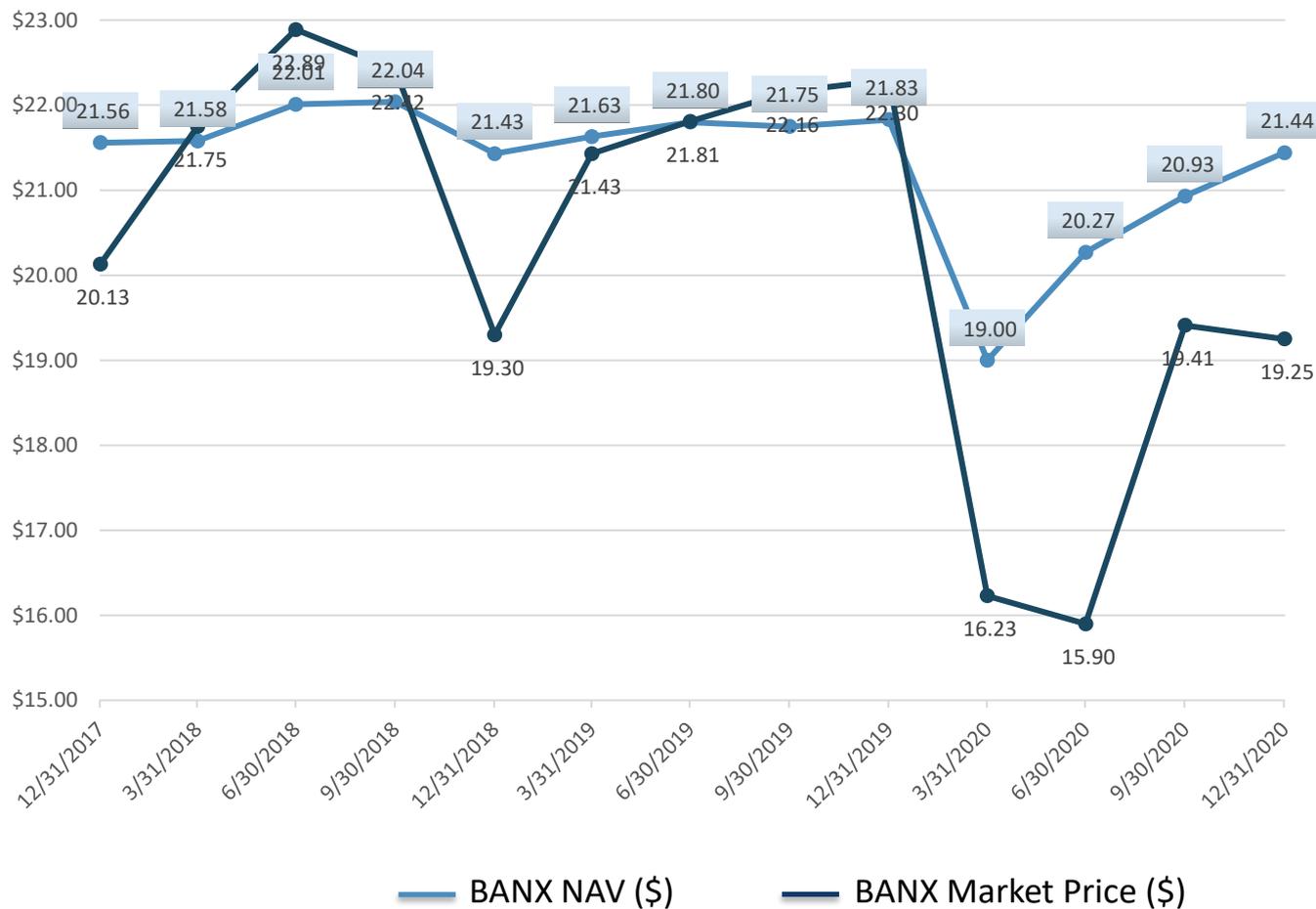


BANX Relative Value: Market Price Benchmarked Against NAV

Over the last two years, BANX NAV has been relatively stable.

At quarter-end, BANX traded at a (-10.2%) discount to NAV, including the reinvestment of dividends.

BANX solicits a minimum of 2 broker-dealer quotes in order to value the portfolio. We believe this should provide a greater degree of confidence in the Company's underlying value.





BANX Relative Value benchmarked by Dividend Yield

In Q4 2020 BANX had better performance versus other income-oriented vehicles dedicated to financial services and banking

At quarter-end, BANX had a dividend yield of 8.2% in comparison to XLF with a 2.1% dividend yield and KBWB with a 1.8% dividend yield

BANX offered over a 600-basis point yield advantage versus these two peer indices

BANX Relative Market Performance of Banking Related Peers and Respective Dividend Yields at Q4 2020



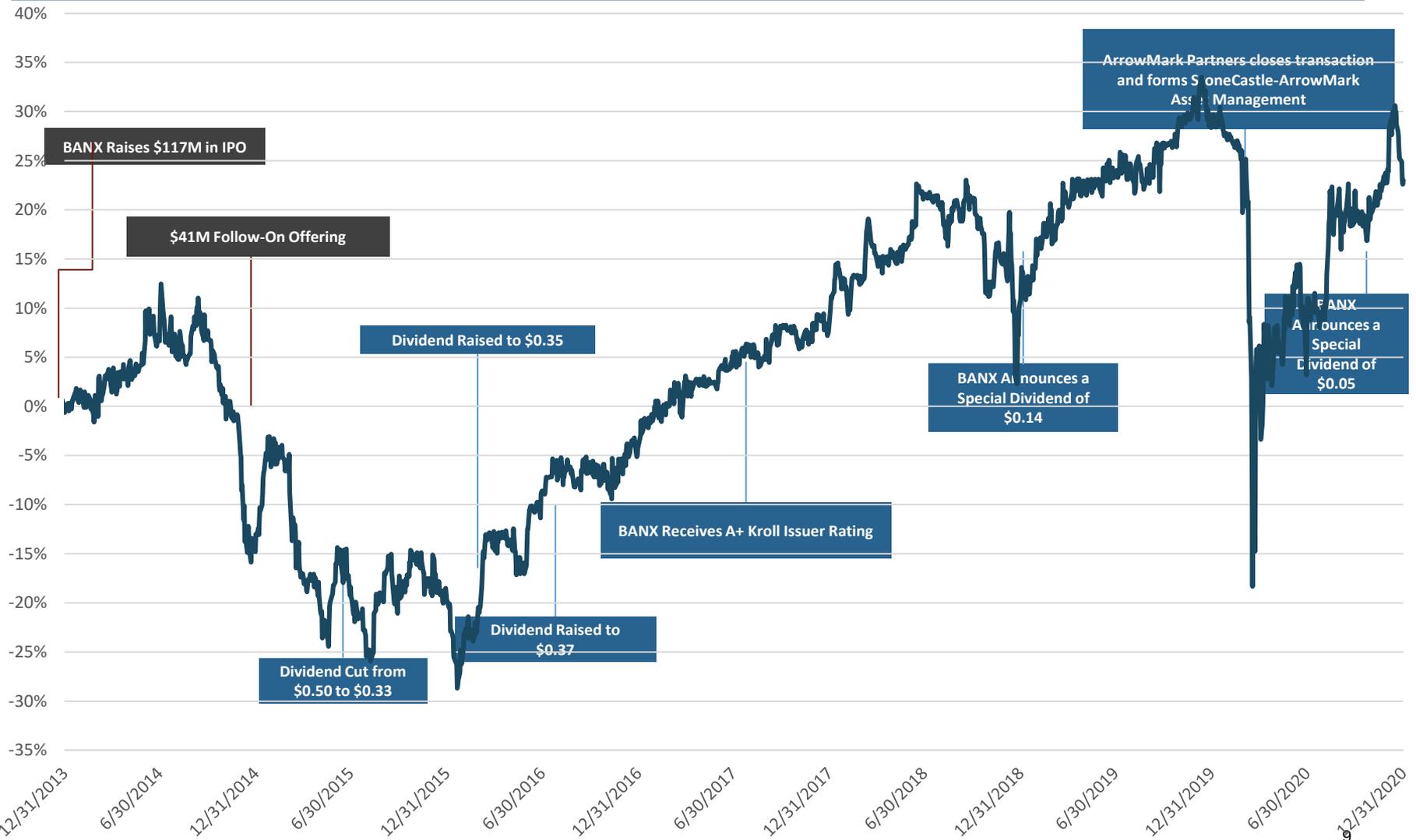
LEGEND
 BANX – StoneCastle Financial Corp.
 XLF – Financial Select Sector SPDR Fund
 KBWB – KBW Bank Index

1. Source: Bloomberg, www.Bloomberg.com, As of 12.31.2020

Performance Review Since Inception



Investment performance since IPO



1. Source: Bloomberg, www.Bloomberg.com, As of 12.31.2020

Management Biographies



Sanjai Bhonsle, *Chairman & CEO*

Mr. Bhonsle was elected Chairman & CEO of StoneCastle Financial Corp. in February 2020. He also serves on the Board of Directors of StoneCastle-ArrowMark Asset Management, LLC.

Mr. Bhonsle joined ArrowMark in October 2012 and serves as Partner and Portfolio Manager for ArrowMark's leveraged loan investments and collateralized loan obligation funds. Prior to joining ArrowMark, he founded MB Consulting Partners in 2009, where he specialized in financial and operational restructuring advisory to stressed and distressed middle-market companies. With more than 10 years of restructuring experience, he has led several assignments across various industries.

Sanjai was a Senior Portfolio Manager at GSO Capital Partners, a subsidiary of The Blackstone Group, and member of the Investment and Management Committee (2005-2009). Prior to joining GSO Capital Partners, Sanjai was an Assistant Portfolio Manager for RBC Capital Partners' debt investment group and was a member of the Investment Committee (2001-2005). He also led the group's restructuring efforts related to distressed investments and represented the firm's interests on creditor committees. From 1999-2001, Sanjai was a Senior Investment Analyst at Indosuez Capital Partners. Sanjai received a bachelor's degree in Mechanical Engineering from the University of Wisconsin - Madison and an MBA from the Eli Broad Graduate School of Management at Michigan State University.

Patrick J. Farrell, *Chief Financial Officer*

Mr. Farrell was re-elected as StoneCastle Financial Corp.'s Chief Financial Officer in February 2020. He has served in this role since April 2014.

As Chief Financial Officer at StoneCastle Partners LLC, Mr. Farrell is responsible for all financial and accounting activities at StoneCastle. He has over thirty-five years of hands-on management experience in finance and accounting, specifically focused on domestic and offshore mutual funds, bank deposit account programs, investment advisory and broker dealer businesses.

Previously, Mr. Farrell was CFO/COO of the Emerging Managers Group, LP, a specialty asset management firm focused on offshore mutual funds. Prior to that, Pat was CFO at Reserve Management, where he oversaw all financial activities for the company. Earlier in his career, Pat held financial positions at Lexington Management, Drexel Burnham, Alliance Capital and New York Life Investment Management, all focused on investment advisory activities. He began his career as an auditor at Peat Marwick Mitchell & Co. in New York. Pat holds a BS in Business Administration-Accounting from Manhattan College.

Mr. Farrell is a Certified Public Accountant in New York State and a member of the American Institute of Certified Public Accountants.

Management Biographies



Rick Grove
Chief Compliance Officer

Mr. Grove was elected Chief Compliance Officer of StoneCastle Financial Corp. in February 2020.

He is a Principal and Chief Compliance Officer at ArrowMark Partners. He is also the Vice President, Chief Compliance Officer and Secretary for Meridian Fund, Inc. Before joining ArrowMark Partners in 2008, he was Vice President and Chief Compliance Officer for Black Creek Global Advisors (2007-2008). Prior to that position, Rick served as Vice President and Chief Compliance Officer for Madison Capital Management (2005-2007), Assistant Vice President and Director of Compliance at Janus Capital Group (1993-2005), and Fund Accountant for Oppenheimer Funds (1992-1993). Rick graduated from the University of Wyoming with a bachelor's degree in Accounting.