

FUNDING AND LIQUIDITY EXPERIENCE

Migration from warehouse lines to FHLB Advances

- Executed all FHLB membership agreements
- Compared advance rates against various forms of collateral between alternatives
- Shifted funding process from one-by-one draws (hundreds each day) to managing daily balances with the FHLB (one transaction in or out)
- Negotiated attractive terms for unused back-up lines

Diversification of funding sources

- Expanded collateral pledged to the FHLB to increase capacity
- Established relationships with several listing services
- Contracted several broker-dealers to obtain market pricing for brokered CDs
- Executed trades with various counterparties to bring in brokered MMDA funds
- Established relationships with Promontory to support reciprocal deposits to replace secured account relationships (both public and private funds) and reduce reliance on large deposits
- Explored inter-bank relationships and bi-lateral lines
- Revisited retail pricing strategy to ensure that funding would be stable even if regulators imposed rate caps

Management of Regulatory Restrictions

- Identified limit on funds available from each source pursuant to regulatory order
- Tracked all deposits that were at rates in excess of market
- Built tools to track and manage deposit flows on a day-by-day basis
- Fine-tuned collateral pledged to maximize available securities
- Managed retail pricing strategy relative to FDIC limits
- Identified other assets that could be liquidated at reasonable prices; developed contingency plan to put liquidation in motion if/when trigger events occurred