



DeNOVO CENTER

SHAY FINANCIAL SERVICES

Shay Financial Services, Inc. has been assisting the balance sheet needs of de novo institutions since 1984. A trusted partner with years of experience, such as Shay, can make the process of establishing the new business less daunting. Through our proprietary products and services, our balance sheet expertise, our third party relationships and our complete focus and dedication to the depository institution, our partnership can give you the competitive advantage and make your business a success.

Miami, Florida
1000 Brickell Avenue, Suite 500
Miami, Florida 33131
Inside Florida: 305-379-6656
Toll Free: 800-327-6190

Chicago, Illinois
230 West Monroe Street, Suite 2810
Chicago, Illinois 60606
Inside Illinois: 312-214-7481
Toll Free: 800-535-3879

Irving, Texas
8500 Freeport Parkway South, Suite 130
Irving, Texas 75063
Inside Texas: 972-929-0771
Toll Free: 800-442-9825

Norwalk, Connecticut
83 East Ave, Suite 201
Norwalk, Connecticut 06851
Inside Connecticut: 203-853-2500
Toll Free: 800-456-8232

Summit, New Jersey
350 Springfield Avenue, 3rd Floor
Summit, New Jersey 07901
Inside New Jersey: 908-273-3996
Toll Free: 800-553-6159

Wexford, Pennsylvania
12300 Perry Highway, Suite 308
Wexford, Pennsylvania 15090
Inside Pennsylvania: 724-934-5710
Toll Free: 800-224-5177

Indianapolis, Indiana
633 Library Park Drive, Suite 1
Greenwood, Indiana 46142
Inside Indiana: 317-883-0569
Toll Free: 800-879-9958

Shay Financial Services, Inc. Member FINRA & SIPC

WWW.SHAY.COM/DENOVO

CASH MANAGEMENT SERVICES

Effective cash management is critical when managing a de novo institution. Balancing liquidity needs with anticipated loan production while also trying to maximize the earnings on cash to offset the traditionally high expenses start-ups face is challenging. Shay's Asset Management Fund ("AMF") provides financial managers three institutional Funds to address these issues. All of these Funds are designed to comply with financial institutions' investment-related regulatory requirements and each is managed to fulfill a specific aspect of the aggregate cash/liquidity management process.

AMF Money Market Fund

Invests in high-quality short-term money market instruments including assets subject to repurchase agreements. Inception 1981.

AMF Ultra Short Fund

Invests primarily in high-quality mortgage-related securities, U.S. Government agencies and its instrumentalities, asset-backed securities, corporate backed securities and money market instruments. Typically maintains a duration ranging from 0.5 to 1 year. Inception 2001.

AMF Ultra Short Mortgage Fund

Invests primarily in high-quality adjustable-rate mortgage and floating rate securities. Typically maintains a duration ranging from 0.5 to 1 year. Inception 1991.

All of these Funds are managed to meet the investment and liquidity needs of de novo and other financial institutions; all comply with the regulatory requirements for banks, thrifts and credit and all are registered with the Securities & Exchange Commission. Finally, all have been serving de novos and other financial institutions' cash management needs for at least five years or more.

INVESTMENT SERVICES & MANAGEMENT

Investments typically account for a significant portion of a de novo's income during the early stage development when loan production is still ramping up. Longer-term, investments fulfill an even more vital role, supplementing income during periods of slow loan growth; consequently, "tenured" financial institutions typically have 20% to 25% of their assets in investments. Shay's specialty is helping financial institutions ensure this substantial portion of their balance sheet is managed effectively, efficiently and in a manner consistent with the larger balance sheet needs.

Shay's Fixed Income & Trading Division provides the complete set of resources required to manage investments in-house and our Asset Management Division offers de novo managers the unique opportunity to attend to other aspects of their business while enjoying the benefits of professional management, diversification and liquidity offered in Shay's six institutional Funds. All of these Funds are designed and managed specifically for financial institutions.

Fixed Income Sales & Trading

- Individual security & Investment Portfolio Analytics
- Bond Analytics specific to financial institutionals
- Market/Security-specific Education/Intelligence
- Investment Policy
- Investment Accounting
- Investment Safekeeping

Asset Management (www.amffunds.com)

In 1982, Shay Assets Management, Inc. pioneered the use of mutual fund products for investment by regulated financial institutions (banks, thrifts, and credit unions) with the introduction of the Asset Management Fund ("AMF"). Today, the highly acclaimed Asset Management Fund is a mutual fund company comprised of 6 professionally managed fixed income Funds designed to meet the investment and liquidity needs of financial institutions. These Funds provide de novos the expertise, liquidity and flexibility they need to manage their start-up operations efficiently and cost-effectively.

LOAN TRADING & ADVISORY

The goal of every de novo is to put profitable, high quality loans on the books as quickly as possible. Shay's Loan Trading & Advisory division exist to assist in this effort. With banking relationships across the country, Shay can efficiently and effectively assist de novos in participating out loans that exceed their loan-to-one borrower limitations or assist on outright sales of loans initiated to diversify the portfolio or provide liquidity for new originations. Likewise, Shay's Loan Trading & Advisory division is equipped to source loans and/or participations for de novos seeking to accelerate their loan growth and earnings.

Loan Sales & Participations

Depositories of all shapes and sizes regularly sell or participate out loans. Whether it's for interest rate/credit risk management purposes, to book gains or to create liquidity for other banking activities, Shay is equipped to help. Shay assists clients in the strategic selection and sale of portfolio loans and provides oversight of the due diligence and closing process.

[Please contact Shay at 800-327-6190 for details on the process for selling loans](#)

Loan Acquisitions

With clients throughout the U.S. and more than 200 dealer relationships, Shay is uniquely positioned to assist de novos in sourcing loans to augment internal loan growth. Specific geographic and product types can be sourced and customized pools of loans based on your specified criteria can frequently be created.

[Please contact Shay at 800-327-6190 to submit your loan purchase inquiries](#)

Jumbo & Alt-A Correspondent Lending Program

In conjunction with our Partners, Shay offers de novos the opportunity to originate and simultaneously sell various non-conforming loan types while capturing fee income. Loans can be delivered on a loan-by-loan basis or in bulk, servicing retained or released. Product types include fixed & ARM, A-credit, limited documentation & interest-only loans.

CAPITAL OPTIMIZATION & FORMATION

Every de novo's ultimate goal is to maximize its return on equity; effective capital allocation and utilization (leverage) are critical in meeting this goal. Some de novos can accomplish their goal through internal loan originations and retail deposit-gathering activities alone, but for most loan demand and/or deposit flows don't always cooperate. Shay provides de novos capital solutions for either situation. For those with unlimited growth potential, Shay provides access to cost-effective, non-dilutive capital for next stage growth via Trust Preferred issuance. For those whose profitability and ROE are stifled by the pace of loan and deposit growth, Shay' Wholesale Growth Program is the answer.

Capital Optimization

Shay has been helping de novos supplement their loan growth and increase their earnings with Wholesale Growth Programs since 1982. A "wholesale" transaction refers to the purchase of wholesale assets (investment securities and/or loans originated by others) that, in turn, are funded by wholesale liabilities (FHLB Advances, brokered CDs and/or repurchase agreements). By extension, a "wholesale growth program" encompasses a series of scheduled wholesale transactions initiated over a period of three to five years to build a wholesale portfolio intended to utilize excess capital to generate incremental earnings and higher returns on capital.

Capital Formation

De novos are all about growth and it won't be long before additional capital is needed to fuel more growth. Shay's corporate structure is uniquely suited to assist you in raising capital via the highly attractive trust preferred market. Trust preferred issuance offers the unique opportunity to raise money that qualify as tier 1 capital for regulatory purposes but is treated like debt for tax purposes. Consequently, the issuer can rely on its trust preferred proceeds to expand while also deducting (for tax purposes) the interest payments associated with the issuance. These unique characteristics, along with its non-dilutive attribute, make trust preferred issuance a formidable tool in capital management.

BANKING INTEL & ASSISTANCE

De Novo managers undoubtedly wear many hats throughout the course of opening their doors for business. A key ingredient for doing business so successfully is leveraging the resources available to maximize output. With 25 plus years of experience in helping financial institutions build profitable balance sheets, Shay is one such resource. From policy development to ALM modeling and regulatory requirements to strategic planning, Shay will provide an informed and experienced hand in making your De Novo a success.

- Industry & Market Information
- ALM Policy/Modeling
- Strategic Planning Assistance
- Performance benchmarking

FUNDING SERVICES

A de novo's growth, and ultimately the viability of its business model, is predicated on accessing sufficient and cost-effective funding. Shay's in-house funding desk provides de novo institutions two resources for satisfying their funding needs:

National Market CDs

Shay assists de novos with raising funds in the brokered deposit market. Brokered deposits are a valuable and important part of the funding mix of many well-capitalized financial institutions and an efficient, cost-effective means for de novos to diversify their funding mix. Such funding, because it accesses the national market, can be accomplished without disrupting local branch deposit-taking activities and can provide greater flexibility of term and structure than typically is feasible in the local area. Moreover, the cost of collecting and servicing brokered deposits is significantly lower than conventional deposits. Issuers make a single interest payment; Shay Financial Services, Inc. and its affiliate, First Financial Bank & Trust, are responsible for statement generation and tax reporting.

Shay's CD desk offers two issuance programs for de novos:

- Shay's Custodial Certificate CD Issuance Program is designed for immediate (same day) cash needs that are issued at PAR. It's convenient and efficient way to fund cash needs as small as \$100,000 up to \$3 million. A simple one-page confirmation is all that is necessary for institutions to issue in this program.
- Shay's DTC CD Issuance Program is designed for institutions seeking to raise at least \$1 million or more to meet upcoming anticipated/scheduled funding needs. These funds are issued at a discount to par and require a minimum of 5 business days to settle. Consequently, the cost (rate) for DTC issuance is typically lower than for custodial certificate issuance.

Repurchase Agreements "The Repo"

Shay maintains an active repo program for clients seeking funding and can accommodate borrowing needs with terms from a few days to several years with structures that include fixed, floating and "callable" features.

When initiating a repo, Shay arranges for a counter-party to buy a government security or similar asset from the institution seeking funding and in turn, specifies repurchase terms agreeable to both parties. Repos are considered financings rather than sales so no gain/loss on sale is recorded. Additionally, the borrowing entity can typically borrow 95% or more of the value of the securities used in the transaction. When the repo term expires, the borrower pays the original price, plus the previously agreed interest rate to the counter-party as payment for use of the funds.