## BancPath Report Liquidity Analysis

Asset Management Group, Inc. (AMG) is a wholly owned subsidiary of Country Club Bank and has been serving community banks since 1995. AMG offers a range of asset/liability management services designed to meet regulatory expectations while also managing risk and improving margins.

AMG's BancPath report calculates interest rate risk profiles for net interest income and market value of equity along with many other measurements including extensive liquidity analysis which is the focus of this report.

The BancPath report contains four liquidity cash flow forecasts. Two forecasts look at six different points in time out over 365 days. There is a Base Case forecast and Severe Stress Event forecast. Two other forecasts look at shorter time frames over two weeks and three months and are mild and moderate stress scenarios. All forecasts consider cash inflows and outflows at each point in time to determine a Cumulative Cash Net Surplus or Deficit. These forecasts are based on the banks own data and are included in every BancPath report.

Total cash inflows are shown in the top half of the worksheet and cash outflows at the bottom with the Cumulative Net Surplus (Deficit) shown on the last line.

The Cash Inflows are: Cash, FFS, Maturing Loans and Amortization, Maturing Investments and Prepayments, Maturing Time Deposit Renewals, Brokered Time Deposit Renewals, Transaction Account Deposit Balances Maintaining, Repo/FFP, Loan Prepayments, Unpledged Securities, FRB Lines, FFP Lines and FHLB Lines Available.

The Cash Outflows are: New Investments, New Loans, Renew Loans (Equal to Maturing Loans+Amor+Prepays), Draws on Unfunded Commitments, Maturing Time Deposits, Maturing Brokered Deposits, Transaction Account Deposits that could leave the bank, Maturing FHLB Advances and Repo/FFP.

In the Severe Stress Event (Exhibit 1), which has become somewhat of a standard liquidity measure in the industry, time deposits and transaction deposits are assumed to renew and maintain at 80% of current balance. Brokered deposits are not renewed and FFP/FHLB lines are cut 75% and 50% respectively. New investments are eliminated and there are no new loans projected. Cash flows from loan prepays, maturities and amortization are assumed to be reinvested back into loans (Renew Loans).

With the recent bank failures and an increased focus on liquidity, AMG is providing the liquidity cashflow worksheet in Excel format to their clients at no additional charge so that banks may adjust inputs for the assumptions to further stress test liquidity scenarios. This analysis will also go out 2 years instead of just one and can also be run at 100 basis point interest rate shocks up and down 300 basis points. A sample of the Severe Stress Event cashflow forecast is shown in Exhibit 1.

Exhibit 1

**SEVERE STRESS EVENT**

| Pref. | Trigger: -20.00% Deposits | 0-30 days | 31-60 days | 61-90 days | 91-120 days | 121-180 days | 181-365 days |
|---|---|---|---|---|---|---|---|
| | *Tangible Cash Inflow:* | | | | | | |
| 1 | Total Cash & Due | 26,404,662 | | | | | |
| 1 | Fed Funds Sold | 110,992,465 | | | | | |
| 5 | Mat. Loans / Pmts | 23,964,777 | 31,003,964 | 44,737,191 | 27,877,372 | 55,777,068 | 183,386,831 |
| 2 | Mat. Invest / Cashflow | 3,979,842 | 5,051,644 | 13,633,848 | 4,925,528 | 16,896,165 | 47,285,649 |
| | Time Dep Proj. @ -20% | 6,803,583 | 8,074,025 | 5,432,887 | 5,351,779 | 9,070,657 | 26,198,831 |
| | Brokered Time Proj. @ -100% | 0 | 0 | 0 | 0 | 0 | 0 |
| | Transx Acct Proj. @ -20% | 1,514,692,512 | | | | | |
| | Brokered Oth Proj. @ -100% | 0 | | | | | |
| | Repo / FFP / Other | 109,737,028 | 0 | 0 | 0 | 0 | 0 |
| | *Intangible Cash Inflow:* | | | | | | |
| | Loan Prepays Est. @ 11.47% | 12,075,132 | 12,075,132 | 12,075,132 | 12,075,132 | 24,150,265 | 72,450,795 |
| | *Other Cash Available:* | | | | | | |
| | Unpled. Sec. (Net of Stock, Repo) | 778,071,614 | | | | | |
| 3 | FRB Lines | 0 | | | | | |
| | FFP / Oth Src Cut 75% | 0 | | | | | |
| 4 | FHLB Lines Avail Cut 50% | 171,321,500 | 0 | 0 | 0 | 0 | 0 |
| | **Total Inflows** | **2,758,043,115** | **56,204,766** | **75,879,058** | **50,229,811** | **105,894,156** | **329,322,105** |
| | *Cash Outflow:* | | | | | | |
| | New Invest Curtailed | 0 | 0 | 0 | 0 | 0 | 0 |
| | New Loans Proj. @ 0% | 0 | 0 | 0 | 0 | 0 | 0 |
| | Renew Loans (Mat. Loans + Ppay) | 36,039,910 | 43,079,097 | 56,812,323 | 39,952,504 | 79,927,333 | 255,837,626 |
| | Draws on Unfund Commit @ 0% | 0 | 0 | 0 | 0 | 0 | 0 |
| | Time Dep. | 8,504,478 | 10,092,531 | 6,791,109 | 6,689,723 | 11,338,322 | 32,748,538 |
| | Brokered Dep | 0 | 0 | 0 | 0 | 0 | 0 |
| | Transx Acct | 1,893,365,640 | | | | | |
| | Mat. FHLB Advances | 0 | 0 | 0 | 0 | 0 | 0 |
| | Repo / FFP / Other | 109,737,028 | 0 | 0 | 0 | 0 | 0 |
| | **Total Outflows** | **2,047,647,056** | **53,171,628** | **63,603,432** | **46,642,227** | **91,265,655** | **288,586,164** |
| | **Net Surplus** *(deficit)* | **710,396,059** | **3,033,138** | **12,275,626** | **3,587,584** | **14,628,501** | **40,735,941** |
| | **Cumulative Net Surplus** *(deficit)* | **710,396,059** | **713,429,197** | **725,704,823** | **729,292,407** | **743,920,908** | **784,656,849** |

For further information on liquidity analysis or our asset/liability reporting and consulting service, please feel free to reach out to your Capital Markets Group Investment Sales Representative or contact AMG directly at 800-226-1923 or AMG@CountryClubBank.com.

David Farris
Asset Management Group, Inc.
816-859-7527