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The Story of



southwest corporate
INVESTMENT SERVICES

Advisory Service



The Story of Southwest Corporate Investment Services' Advisory Service

Southwest Corporate Federal Credit Union had the needs of credit unions in mind when it became the first corporate credit union in the country to offer an Advisory Service. Southwest Corporate Federal Credit Union subsequently moved the Advisory Service into a wholly-owned subsidiary, Southwest Corporate Investment Services. Responding to the credit union industry's growing need for third-party insight on prudent financial management, Southwest Corporate Investment Services developed a highly individualized approach to credit union financial management. This approach enables it to work in partnership with credit unions to help them protect capital and preserve ROA, while satisfying the needs of member credit unions.

Created nearly two decades ago—in 1988—the Advisory Service initially provided asset/liability management services to credit unions in three states. Today, the program has evolved into complete financial management solutions exclusively for credit unions coast-to-coast, with balance sheets that range from relatively straightforward to extremely complex.

The Advisory Service—a division of Southwest Corporate Investment Services—provides credit unions with a comprehensive program of customized financial solutions from experienced industry professionals. Southwest Corporate Investment Services' advisors have more than 125 years of collective experience in the credit union and financial service industries, and they know credit unions.

How it Benefits Your Credit Union

The Advisory Service helps credit unions identify proper balance sheet allocation structure to maximize future earnings and liquidity, evaluate relative strength and risk to capital, and assess operational cost efficiencies. Specific strategic guidance is provided to help credit unions maneuver through economic and interest rate environments.

Dedicated Attention

Using a comprehensive financial approach, a dedicated advisor works specifically with your credit union to select the most effective loan and investment vehicles paired with an optimal funding strategy to achieve specific financial goals.

Outside Perspective

Even the most seasoned credit union executive can benefit from this service, because it brings an outside perspective and financial expertise to the credit union's financial situation. This third-party perspective eliminates possible oversights that are natural when people are heavily entrenched in the details of complex financial situations. The credit union also benefits from having access to the Advisory Services' sophisticated analytical systems and resources which have helped clients' net incomes exceed industry averages.

Cost Efficient

The Advisory Service is also cost efficient for client credit unions, because it is fee-based rather than commission-based. Clients receive professional financial expertise at a mere fraction of the cost a credit union would incur to manage the same volume of work internally or to invest in systems, software or other in-house resources.



Your Financial Strategy for Success

Southwest Corporate Investment Service's Advisory Service is one of the oldest credit union consultancies; featuring highly skilled advisors and financial analysts, the latest technology, and detailed analysis and strategy to assist each credit union attain efficiency and its strategic goals.

Full Balance Sheet Strategic Consulting

When the Advisory Service partners with your credit union, your goals become our goals. We start the relationship with an in-depth assessment of your policies, balance sheet, liquidity and cash flows, operational impact, and most importantly, your strategic goals.

Our advisors start with the basis of protecting long-term income streams and equity capital, and preserving liquidity and ROA according to your credit union's management objectives. We then work with management to build and implement strategies to improve efficiencies and to achieve your credit union's short and long-term strategic goals.

Throughout our 20 years of advising credit unions, we have assisted credit unions of all sizes and complexities; all with varying needs and goals. Here are a few of the areas where our advisors have had an impact:

- Achieving long-term net interest margins, equity capital and ROA targets
- Attaining efficient loan and share portfolio allocation and pricing strategies
- Maximizing the relative value of earning assets
- Managing investment portfolio activities
- Quantifying the risk profile and building strategies to attain target profile
- Identifying revenues or operational savings resulting in higher-than-industry/peer group financial results

Asset/Liability Management

Southwest Corporate Investment Services' team of advisors and financial analysts utilize an in-house ALM and BancWare® income simulation model to provide an accurate assessment of your credit union's risk profile—an important element from which the team develops its strategic recommendations.

Here are a few of the attributes of Southwest Corporate's A/LM modeling process:

- Income Simulation, NEV, and GAP
- Customized prepayments, rate scenarios and account behavior assumptions
- Advanced analytics such as lattice valuation and OAS calculations
- Customized reporting and multiple "what-if" scenarios
- Account-level, general ledger detail and reporting
- Core deposit analysis

Investment Portfolio Management

With over 20-years experience and over \$28-billion in total assets under advisement, Advisory Services has the expertise needed to create value-added recommendations specific to your credit union's investment portfolio activities to help meet your credit union's overall financial objectives.

The Advisory team assists credit unions with:

- Maximizing the relative value of each investment
- "Most Favored" institutional market pricing
- Commission-free trade execution
- Access to professional online safekeeping, and
- Independent research of 15 primary dealer inventories
- Advisors are salaried, non-commission consultants
- Monthly "5300 ready" investment accounting report

Market Indicators and Regulatory Compliance

Southwest Corporate Investment Services' staff of financial professionals monitor the outlook for the economy and interest rates, while keeping abreast of market yields and spreads. These practices enable Southwest Corporate's advisors to make prudent loan, investment and funding recommendations, given current and future interest rate environments.

In addition, the Advisory Service staff remains informed on all NCUA regulations and other NCUA materials relevant to a credit union's financial operations. This assures that all strategic recommendations or transactions made by Southwest Corporate Investment Services team are in full compliance with federal regulatory requirements.



Southwest Corporate's Investment Services' Advisory Service Has The Expertise and Insight You Need To Succeed Financially And To Keep Your Members Satisfied.

Southwest Corporate Investment Services is a CUSO that is a wholly-owned subsidiary of Southwest Corporate Federal Credit Union.

Full Balance Sheet Strategic Consulting

- Comprehensive Balance Sheet Strategies
- Specific Liquidity, Loan, Investment and Funding Strategies
- Risk Management Exposure Assessment
- Performance Assessment to Measure Effectiveness of Strategies
- Relative Value of Financial Activities, Asset Valuation and Market Pricing
- On- and Off-Balance Sheet Strategic Hedging
- Balance Sheet Allocation Strategies
- Investment Portfolio Strategies
- Cash Flow Performance, Price Volatility and Total Return
- Secondary Market and Sector Analyses

Economic and Market Assessment

- Economic and Interest Rate Market Evaluation
- Industry and Sector Analysis
- Relative Value and Marketing Pricing Assessment
- Peer Group Assessment and Analysis

Advanced A/LM Modeling

- Customized Prepayments, Rate Scenarios and Account Behaviors Assumptions
- Full General Ledger/Account Level Modeling
- Advanced Analytics such as Lattice Valuation and OAS Calculations
- Income Simulation, NEV and GAP Risk Assessments
- Multiple "What If" Scenarios and Customized Reporting
- Non-Maturity Deposit Analysis

Portfolio Management

- Maximize the Relative Value of each Investment
- Monitor 15 Primary and Regional Brokerage Inventories
- "Most Favored" Institutional Market Pricing
- Advisors are Non-Commissioned Consultants
- Commission-Free Trade Execution
- Access to Professional Online Safekeeping Services
- Monthly "5300 Ready" Investment Accounting Reports

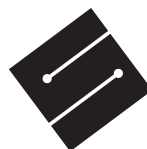
Ongoing Education, Support and Policy Review

- Customized Educational Sessions
- Policy Development and Federal Regulatory Compliance

Southwest Corporate Investment Services is an SEC-registered investment advisor, and is periodically examined by the SEC.

Not bank guaranteed, may lose value.

"BancWare" is a federally-registered service mark owned by BancWare, Inc.



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