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The Reserve

A Tradition of Financial InnovationSM

Perspectives

Exclusive news and views for Bankers from The Cash Management Experts

SUMMER 2008

Dear Valued Client:

If you haven't heard, The Reserve's assets under management surpassed \$100 billion in February. This milestone is attributable in large part to the partnerships with our bank clients, and we believe you, our clients, deserve to share credit for this success. In fact, last year alone, bank client relationships grew in excess of 60%. More importantly, it is particularly gratifying that we are able to contribute to your success. These are challenging times for many banks across the country, and we look forward to working with you to meet those challenges and grow your business.

Another reason for The Reserve's continued success rests with its staff. In this issue of Perspectives, we introduce you to Gary Goveia, Manager—Cash Sweep Product Management. Gary and his team are responsible for ensuring the smooth coordination and successful completion of all Cash Sweep operations and initiatives.

At The Reserve we continue to be focused on providing the solutions and support you need to achieve your goals. Through this newsletter, we strive to provide you with news, advice, resources and ideas that you will find relevant, informative and actionable. We hope you enjoy this issue, and we welcome your feedback and suggestions.

Sincerely,



Bruce R. Bent
Chairman

BEST PRACTICES I

Repo Sweep Conversions Can Help Fund Your Balance Sheet

In the last issue of Perspectives you may have read about Barnes Banking Company of Kaysville, Utah, and its successful conversion of its repo sweep product to The Reserve Cash Sweep.

In the last few quarters, The Reserve has realized a marked increase in the number of banks interested in "reshuffling" the balance sheets. According to Eric Lansky, Managing Director of The Reserve, "These banks have discovered The Reserve Cash Sweep is the answer to converting their repo sweep programs—a borrowing asset—to a core deposit through our On-Balance-Sheet Sweep solution.

"The most frequently cited reason," according to Lansky, "is liquidity. Particularly in

response to the market turmoil of the last nine months, bankers are keenly aware of the health of their balance sheets and are looking to improve their liquidity positions."

Kevin Busker, Vice President, Cash Management for Blackhawk State Bank of Beloit, Wisconsin, agrees. "The number one advantage we realized when we converted our repo sweep accounts to The Reserve Cash Sweep was freeing-up the collateral. This gives us greater flexibility to reposition our investments." Kevin adds that "our customers were pleased with the conversion, too, because for the most part they disliked receiving the daily notices." ■

BEST PRACTICES II

Build Relationships, Win More Business

Another significant trend is the noticeable increase in the number of banks turning to The Reserve for its Off-Balance-Sheet or money fund sweep. "Lately", says Lansky, "we are seeing an increase in the number of new and existing bank clients interested in offering our money fund sweep to their customers."

The surge is due in a large part to current market conditions. The interest rates that banks can afford to pay out today are much lower than they were just one year ago. Many bankers fear losing these deposits (and some of their best customers) if they can't offer their

customers an investment vehicle with a more attractive yield than they can pay on their checking or money market accounts. Plus, banks have experienced increased deposits that can be attributed to customers moving outside funds to the bank in search of a safer investment. Ed Kurt, Vice President, Treasury Management at Southwest Capital Bank in Fort Myers, Florida, agrees. "There has certainly been a 'flight to quality' with many customers looking for the preservation of funds. They want to know if their money is going to be safe." Ed adds that Southwest Capital's phi-

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Welcome New Banks

We are very pleased to welcome the following new bank clients:

Allegiance Bank Texas, Houston, TX
Bank of Marin, Corte Madera, CA
Bay Cities Bank, Tampa, FL
BBVA Bancomer, Diamond Bar, CA
Bradford Bank, Baltimore, MD
Brentwood Bank, Bethel Park, PA
Bridgeview Bank Group, Bridgeview, IL
California Oaks State Bank, Thousand Oaks, CA
Cascade Bank, Everett, WA
Central Bank, Houston, TX
Chain Bridge Bank, McLean, VA
Charter Oak Bank, Napa, CA
Citizens Bank, Flint, MI
Citizens Bank & Trust Company, Plaquemine, LA
Citizens Bank of Florida, Oviedo, FL
Citizens Independent Bank, St. Louis Park, MN
CNB Bank, Clearfield, PA
Coastal Community Bank, Everett, WA
Community Bank of Arizona, Glendale, AZ
Crockett National Bank, San Angelo, TX
Eastside Commercial Bank, Conyers, GA
First Bank, Strasburg, VA
First Bank & Trust Company, Duncan, OK
First Bank & Trust, N.A., Sioux Falls, SD
First Capital Bank of Kentucky, Louisville, KY
First Commerical Bank, Birmingham, AL
First Michigan Bank, Troy, MI
First National Bank of Arizona, Scottsdale, AZ
First Virginia Community Bank, Fairfax, VA
Harris, N.A., Chicago, IL
Hawaii National Bank, Honolulu, HI
Herget Bank, N.A., Pekin, IL
Horizon Bank, Bellingham, WA
Indiana Bank & Trust Company, Columbus, IN
Lighthouse Bank, Santa Cruz, CA
Mainstreet Bank, Forest Lake, MN
Merchants Bank & Trust Company, West Harrison, IN
Metropolitan National Bank, New York, NY
North Houston Bank, Houston, TX
Northwest Georgia Bank, Ringgold, GA
Oakworth Capital Bank, Birmingham, AL
Old Southern Bank, Orlando, FL
Peoples Bank, Glen Rock, PA
Pierce Commercial Bank, Tacoma, WA
Premier Bank, Tallahassee, FL
Premier Business Bank, Los Angeles, CA
QCR Holdings, Inc., Moline, IL
Saehan Bank, Los Angeles, CA
Savannah River Banking Company, Augusta, GA
Security Savings Bank, SSB, Southport, NC
SouthCity Bank, Vestavia Hills, AL
SunBank, N.A., Phoenix, AZ
The Royal Palm Bank of Florida, Naples, FL
TriSummit Bank, Kingsport, TN
Twin City Bank, North Little Rock, AR
Venture Bank, Lacey, WA
Virginia National Bank, Charlottesville, VA
Wedbush Bank, Los Angeles, CA
WestBridge Bank & Trust Company, Chesterfield, MO
Western National Bank, Odessa, TX
Western State Bank, Devils Lake, ND

The Reserve On The Road 2008

Texpo	April 13–15	Austin, Texas
Fiserv VISION National Conference	May 5–7	Bonita Springs, FL
Jack Henry Gulf States Users Group	May 7–9	Orange Beach, AL
JHA User Group of Texas Vendor Fair	May 8–9	Dallas, TX
Fidelity InfoShare	May 20–23	Orlando, FL
TMANE – 23rd Annual Sources of Education Conference	May 21–23	Boston, MA
WIB Annual CFO, Investments & Operational Risk Conference	June 1–4	Indian Wells, CA
Bankway FURST Conference	September 18–20	Orlando, FL
Jack Henry's National Users Conference	October 13–17	Washington, DC
AFP Annual Conference	October 19–22	Los Angeles, CA

Tools to Help You Close the Sale

F. W. Woolworth once said, “I am the world’s worst salesman, therefore, I must make it easy for people to buy.” While Mr. Woolworth may have lacked confidence in his sales abilities, he did have the right idea. One of the best ways you can make it easier for your customers to make their decisions is to make it easier for them to understand the products. To that end, the Reserve is here to help.

The Reserve has developed brochures, sell sheets, prospecting letters, and other materials to support your efforts to market and communicate the benefits of The Reserve Cash Sweep. These materials are available now and can be easily leveraged and integrated into

your marketing campaigns. You can turn to us for the support you need to identify your target prospects, develop a clear positioning strategy and help achieve your business goals.

If you are looking to enhance your money fund sweep presentations, you can now request customized Money Fund Comparisons to present to your customers and prospects. The comparison, utilizing the independent service *iMoneynet*, will compare any money market fund to a comparable fund from The Reserve. The comparison is presented in an easy-to-read layout, includes the funds’ ratings, historical performance data, expense ratios, portfolio

compositions and much more.

Additional money fund sweep sales tools including fact sheets and prospectuses are available online. Simply visit Bank Services at www.TheR.com. For hard copies, please contact your Regional Consultant.

To request a Money Fund Comparison, email fundcomparison@TheR.com. Be sure to include the name of the funds and the CUSIP or ticker symbols.

To request a Cash Sweep Marketing Kit, or to learn more about marketing support from The Reserve, contact Cathleen Clancy at cclancy@TheR.com or 212-401-5749. ■

SPOTLIGHT ON

Gary Goveia, Product Manager—Cash Sweep



During his two plus years at The Reserve, Gary Goveia, has seen his department grow substantially—in terms of activity (bank clients and sweep balances) and staffing.

The Reserve has over 325 bank partners and continues to realize impressive growth. Today, his team of Project Coordinators is dedicated to the product management of The Reserve Cash Sweep. Basically, Gary explains, “The team’s activities can be broken down into

three categories: Implementations, Conversions and Enhancements”.

At any one time there is an average of 30 banks in implementation or conversion, and the team works with both new and existing clients on these projects. “For example,” Gary continues, “we have many instances of existing clients that are utilizing On-Balance-Sheet Sweep and are now adding Off-Balance-Sheet Sweep to their product mix.” Other types of projects involve implementing a new client bank, such as a de novo institution, or converting a bank’s existing repo sweep program to The Reserve Cash Sweep.

Gary defines a conversion as “a project in which the client bank has customer balances that it is converting from an existing product at the bank, such as a money fund sweep, repo sweep, or other commercial accounts into the Reserve Cash Sweep product.”

Whether it is an implementation or conversion, Gary’s team employs its “tried and true” project methodology. This methodology includes a dedicated Project Coordinator assigned to the project. This individual develops a detailed Project Plan for each implementation/conversion that

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Build Relationships (continued from page 1)

philosophy and goal is to help their customers run their businesses more effectively and efficiently. “Our customers are looking for simplicity and efficiency. We are offering

both On- and Off-Balance Sweeps from The Reserve to make certain we have the products in place that can meet their individual needs. In our view, we don’t want a cus-

tommer to choose Southwest Capital for a commercial loan, while turning to another institution for their cash management needs.” ■

Gary Goveia (continued from page 3)

clearly defines every task, the person responsible for completing each particular task, and when each must be completed.

In addition to these activities, the Cash Sweep Product Management team devotes a significant amount of time and energy to Cash Sweep enhancements.

According to Gary, enhancements are wide ranging in their scope. "Many of the enhancements involve process improvements to our own systems and are completely transparent to the bank, such as the addition of a data field to our internal reports," Gary explains. "Our goal," he continues, "is to continually improve the Cash Sweep processes and the product as

a whole. We are very proactive in our approach, and at any point in time we have 30 to 35 enhancements in the queue."

The team also works with bank clients to improve processes and efficiencies. Project Coordinators employ a consultative approach as they reach out to clients with recommendations on how The Reserve can help the bank improve processing.

Occasionally, clients approach The Reserve with requests specific to their institution's needs. These requests are varied and may be required due to a system upgrade at the bank, a change in core processor, an acquisition or a merger.

Whether a conversion, an implementation or enhancement initiative, the efforts of Gary and his team are essential to the ongoing success of Cash Sweep. Kevin May, Vice President and Regional Consultant at The Reserve, wraps it up this way: "Generally, bankers do not care for conversions and implementations as they are fearful things will go wrong, leaving their customers unhappy. So it is very comforting for us in the field to know Gary and his team are the professionals that they are. We know our clients will be satisfied." ■

To learn more about how these insights may impact your cash management strategy or to obtain more information about The Reserve's solutions, contact your Bank Team member.

The Reserve Bank Team

Tom Bradberry

Vice President
347-224-6481
tbradberry@TheR.com

Dave Keebler

Vice President
412-714-4763
dkeebler@TheR.com

Ken Myers

Vice President
480-219-7948
kmeyers@TheR.com

Scott Watson

Vice President
417-890-7250
swatson@TheR.com

Larry Kavulich

Vice President
630-898-5539
lkavulich@TheR.com

Kevin May

Vice President
320-387-2422
kmay@TheR.com

Dave Rixe

Assistant Vice President
320-387-2635
drixe@TheR.com



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You should carefully consider the investment objectives, risks and charges and expenses of a fund before investing. A fund's prospectus, which contains this and other information, may be obtained by writing The Reserve, 1250 Broadway, New York, New York 10001-3701, calling 800-637-1700 and pressing "0," or visiting www.TheR.com. You should read the prospectus carefully before you invest.

An investment in a money market fund is not insured or guaranteed by the FDIC or any other government agency. Although money market funds seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in a money market fund. Money market yields may vary.

FDIC insurance on each On-Balance Cash Sweep account will be limited to a combined total of \$100,000 for all deposits held in the same legal ownership category per bank, which includes an On-Balance-Sheet account and any other balances held directly or through other intermediaries. Please read the Terms and Conditions carefully before investing.