

**FEDERAL DEPOSIT INSURANCE CORPORATION****Minutes of the March 12, 2023 Special Meeting of the Board of Directors****Closed to Public Observation**

The meeting was held in person in the Board Room at the Federal Deposit Insurance Corporation (FDIC or Corporation), Headquarters, 550 17<sup>th</sup> Street, Northwest, Washington, DC, and via videoconference.

**Attendance**

Board Members: Martin J. Gruenberg, Chairman; Travis J. Hill, Vice Chairman; Jonathan P. McKernan, Director (via video conference); Michael J. Hsu, Director (Acting Comptroller of the Currency); and Rohit Chopra, Director (Director, Consumer Financial Protection Bureau).

FDIC Staff (at Headquarters): Daniel H. Bendler, Thomas M. Bonnette, Sylvia W. Burns, John P. Conneely, Kymberly K. Copa, Debra A. Decker, Doreen R. Eberley, Sheila R. Finlayson, Gregory Gelzinis, Patricia S. Gurneau, M. Andy Jiminez, Christopher Lucas, Brandon Milhorn, Rae-Ann Miller, Arthur J. Murton, Nikita Pearson, Sanjeev Purohit, Donna M. Saulnier, James P. Sheesley, Elaine M. Stankiewicz, Richard Penfield Starke, Maureen E. Sweeney, Ryan P. Tetrack and Amy C. Thompson.

FDIC Staff (via videoconference): Scott H. Christensen, Mark L. Handzlik, Steven Key, Harrel M. Pettway and Ryan M. Rappa.

Chairman Gruenberg presided and Ms. Decker served as Secretary.

**Proceedings**

A transcript of the proceedings is attached to these minutes as Appendix A.

Chairman Gruenberg called the meeting to order at 5:02 p.m. He opened by welcoming the Board's newest members Travis Hill and Jonathan McKernan.

**Sunshine Act Motion**

On motion of Director Chopra, seconded by Director Hsu, and concurred by Vice Chairman Hill, Director McKernan and Chairman Gruenberg, the Board unanimously determined that the public interest did not require consideration of the matters in a meeting open to public observation; and that the matters could be considered in a closed meeting by authority of subsections (c)(4), (c)(6), (c)(8), (c)(9)(A)(ii), and (c)(9)(B) of the Government in the Sunshine Act (5 U.S.C. §§ 552b (c)(4), (c)(6), (c)(8), (c)(9)(A)(ii), and (c)(9)(B)).

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### Failing Bank Cases and Systemic Risk Exception Recommendations

Chairman Gruenberg recognized Ryan P. Tetrick, Deputy Director, Resolution Readiness Branch, Division of Complex Institution Supervision and Resolution (CISR); Rae-Ann Miller, Senior Deputy Director, Supervision and Policy Branch, Division of Risk Management Supervision (RMS); Scott Christensen, Deputy General Counsel, Corporate Operations Branch, Legal Division; and Richard Penfield (Pen) Starke, Acting Deputy General Counsel, Resolution and Receivership Branch, Legal Division, to brief the Board on failing bank cases along with staff recommendations relating to Signature Bank, New York, New York, and First Republic Bank, San Francisco, California, and an update to the failing bank case for Silicon Valley Bank, Santa Clara, California (in receivership) (all three banks together, the Banks). The update regarding Silicon Valley Bank was not presented for a vote at the meeting, but was to be acted upon by notational vote later.

Staff also presented a recommendation for Board approval of a systemic risk recommendation to be made to the Secretary of the Treasury (Secretary), jointly with the Board of Governors of the Federal Reserve System, for the Secretary's approval and determination, to invoke the systemic risk exception under the Federal Deposit Insurance Act and authorize the FDIC to take certain actions to avoid or mitigate serious adverse effects on economic conditions or financial stability which could result from the failures and resolutions of the failing aforementioned Banks.

On the recommendations of the Directors of CISR and RMS, and on motion by Director Hsu, seconded by Director Chopra, and concurred by Vice Chairman Hill, Director McKernan and Chairman Gruenberg, the Board unanimously adopted the following two resolutions, the first recommending that the Secretary invoke the systemic risk exception under the Federal Deposit Insurance Act and authorize the FDIC to take certain actions to avoid or mitigate serious adverse effects on economic conditions or financial stability which could result from the failures and resolutions of the failing aforementioned Banks, and the second authorizing the Director, CISR (or designee), Deputy to the Chairperson and Chief Financial Officer (or designee), Deputy to the Chairperson and Chief Operating Officer (or designee), Director, Division of Finance (or designee), and Agent of the bridge depository institution (or designee), to take certain actions and exercise certain authorities of the Corporation, in connection with the potential closing of Signature Bank and First Republic Bank and the appointment of FDIC as receiver :

### Systemic Risk Exception

WHEREAS, on March 10, 2023, the California Department of Financial Protection & Innovation closed Silicon Valley Bank, Santa Clara, California, and appointed the FDIC as its receiver;

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WHEREAS, as soon as March 12, 2023, the New York Department of Financial Services will close Signature Bank, New York, New York, and appoint the FDIC as its receiver;

WHEREAS, as soon as March 12, 2023, the California Department of Financial Protection & Innovation may close First Republic Bank, San Francisco, California, and appoint the FDIC as its receiver (Silicon Valley Bank, Signature Bank, and First Republic Bank are referred to collectively as “Banks”);

WHEREAS, staff presented information to the FDIC Board of Directors (“Board”) indicating that liquidation of the Banks under Sections 11(a)(4) and 13(c)(4) of the Federal Deposit Insurance Act (“FDI Act”), 12 U.S.C. §§ 1821(a)(4) and 1823(c)(4), including subparagraphs (A) and (E) of section 13(c)(4), would have serious adverse effects on economic conditions or financial stability.

NOW, THEREFORE, BE IT RESOLVED, that the Board finds that severe financial conditions exist that threaten the stability of a significant number of insured depository institutions.

BE IT FURTHER RESOLVED, that by the vote of at least two thirds of the members of the Board, the Board finds that Corporation’s compliance with Section 13(c)(4)(A) and 13(c)(4)(E) of the FDI Act, 12 U.S.C. §§ 1823(c)(4)(A) and (c)(4)(E), in connection with the liquidation of the Banks under Sections 11(a)(4) and 13(c)(4) of the FDI Act, 12 U.S.C. §§ 1821(a)(4) and 1823(c)(4), would have serious adverse effects on economic conditions or financial stability.

BE IT FURTHER RESOLVED, that the Board determines that the FDIC’s compliance with subparagraphs (A) and (E) of section 13(c)(4) of the FDI Act, 12 U.S.C. § 1823(c)(4), with respect to any of the Banks for which the FDIC has been or will be appointed receiver would have serious adverse effects on economic conditions or financial stability.

BE IT FURTHER RESOLVED, that the Board determines that action or assistance with respect to the Banks under Section 13(c)(4)(G)(i) of the FDI Act, 12 U.S.C. § 1823(c)(4)(G)(i) for the purpose of resolving the Banks, would avoid or mitigate such adverse effects.

BE IT FURTHER RESOLVED, that, only with respect to the Banks being placed into receiverships, the Board hereby authorizes the Chairman, or his designee, to provide the written recommendation to the Secretary of the Treasury specified under Section 13(c)(4)(G)(i) of the FDI Act, 12 U.S.C. § 1823(c)(4)(G)(i).

BE IT FURTHER RESOLVED, that the Corporation may take other action under section 13 of the FDI Act, 12 U.S.C. § 1823, notwithstanding subparagraphs (A) and (E) of

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section 13(c)(4) of the FDI Act, 12 U.S.C. § 1823(c)(4), for the purpose of winding up of any of the Banks for which the Corporation has been or will be appointed receiver as necessary to avoid or mitigate the serious adverse effects on economic conditions or financial stability that the Corporation's compliance with subparagraphs (A) and (E) of section 13(c)(4) of the FDI Act, 12 U.S.C. § 1823(c)(4), with respect to any of the Banks for which the FDIC has been or will be appointed receiver would have.

BE IT FURTHER RESOLVED, that the Board hereby authorizes the Director, Division of Complex Institutions and Resolutions, or designee, and the Director, Divisions and Resolutions and Receiverships, or designee, and all other FDIC staff to take all appropriate action to implement the provision of the actions or assistance authorized hereunder or under any existing or subsequent resolutions regarding the winding up of any of the Banks.

BE IT FURTHER RESOLVED, that the Board hereby requires staff to consult with, and provide regular updates to, each member of the Board regarding potential resolution options, including informing each Board member of all bids for each of the Banks. Furthermore, no transaction involving any of the Banks may be executed without a further vote by the Board with two thirds of the members of the Board voting in favor.

Failing Bank Case – Signature Bank, New York, NY

WHEREAS, the Federal Deposit Insurance Corporation (the "Corporation") has been advised that the Superintendent, New York State Department of Financial Services, intends to (i) close Signature Bank a Federal Reserve nonmember, insured state bank, organized under the laws of State of New York and insured under section 4(b) of the Federal Deposit Insurance Act (the "FDI Act"), 12 U.S.C. § 1814(b) (the "Bank"), and (ii) tender to the Corporation appointment as receiver (the "Receiver") of the Bank in accordance with applicable state law and section 11(c)(3)(A) of the FDI Act, 12 U.S.C. § 1821(c)(3)(A);

WHEREAS, pursuant to 12 U.S.C. § 1821(c)(3)(A), the Corporation may accept appointment as Receiver of the Bank;

WHEREAS, the Board of Directors of the Corporation (the "Board") has been provided with and reviewed such documents and information as it deems relevant with respect to the Bank and the matters addressed in this Resolution;

WHEREAS, the Board, at a meeting closed to public observation in accordance with 5 U.S.C. § 552b and 12 C.F.R. § 311.3(b), considered certain courses of action with respect to the Bank, upon the recommendation of the Corporation's Division of Complex Institutions Supervision and Resolution ("CISR") and as set forth in

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Resolution No. 062393, dated May 6, 1997, as amended (the “Robinson Resolution (Third)”);

WHEREAS, due to the size of the Bank, CISR is requesting a waiver by the Board of the restriction on application of the Robinson Resolution (Third) to institutions with assets less than \$1 billion;

WHEREAS, pursuant to section 11(m) of the FDI Act, 12 U.S.C. § 1821(m), the Corporation, if it finds that it is advisable and in the interest of the depositors of an insured depository institution in default or the public, shall organize a new depository institution (“New Depository Institution”) in the same community as the insured depository institution in default to assume the insured deposits of the depository institution in default and to perform temporarily the functions provided in 12 U.S.C. § 1821(m);

WHEREAS, in the event there is no other satisfactory resolution for the Bank, CISR requests authority to organize a New Depository Institution for the purpose of assuming the insured deposits of the Bank and to perform temporarily the functions provided for in 12 U.S.C. § 1821(m) or otherwise permitted by the Bank’s chartering authority, which shall be the Office of the Comptroller of the Currency for banks;

WHEREAS, in the event it is necessary to organize a New Depository Institution to assume the insured deposits of the Bank, CISR requests authority (i) to select an executive officer for any such New Depository Institution, (ii) to enter into a contract for management of a New Depository Institution and payment of deposits to depositors, (iii) to provide a corporate guarantee for the indemnifications provided for in the contract for management, and (iv) to take any further actions necessary to organize and operate any New Depository Institution in accordance with 12 U.S.C. § 1821(m);

WHEREAS, if the Corporation is appointed as Receiver before it has had a sufficient time to market the Bank, or if there is no acceptable bidder for the resolution of the Bank, the Corporation may find it necessary to charter and operate a bridge depository institution (“Bridge Depository Institution”) pursuant to section 11(n) of the FDI Act, 12 U.S.C. § 1821(n);

WHEREAS, in accordance with 12 U.S.C. § 1821(n), when one or more insured depository institutions are in danger of default, or when the Corporation anticipates that one or more insured depository institutions may become in default, the Corporation may, in its discretion, organize one or more Bridge Depository Institutions, as defined in section 3(i)(2) of the FDI Act, 12 U.S.C. § 1813(i)(2), each of which shall be a Federally chartered bank or savings association, as appropriate, to (i)

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assume such deposits of one or more such insured depository institutions in default or in danger of default and assume such other liabilities and purchase such assets of such insured depository institution or institutions in default or in danger of default as the Corporation may, in its discretion, determine to be appropriate, (ii) purchase such assets (including assets associated with any trust business) of such insured depository institution or institutions that is or are in default or in danger of default as the Corporation may, in its discretion, determine to be appropriate, and (iii) perform such other temporary functions as the Corporation may, in its discretion, prescribe in accordance with the FDI Act, all upon the determination by the Board that one or more conditions as specified in section 11(n)(2) of the FDI Act, 12 U.S.C. § 1821(n)(2), exist with respect to such insured depository institution or institutions;

WHEREAS, the Corporation, (i) pursuant to section 11(n)(1)(C) of the FDI Act, 12 U.S.C. § 1821(n)(1)(C), shall designate three representatives to execute the organization certificate and articles of association of a Bridge Depository Institution, (ii) pursuant to sections 11(n)(1)(D) and (2)(D) of the FDI Act, 12 U.S.C. §§ 1821(n)(1)(D) and (2)(D), shall appoint an interim board of directors and a board of directors of a Bridge Depository Institution consisting of no fewer than five and no more than ten directors, (iii) pursuant to section 11(n)(4)(A)(ii) of the FDI Act, 12 U.S.C. § 1821(n)(4)(A)(ii), may fix the compensation of members of the interim board of directors, the board of directors, and senior management of a Bridge Depository Institution, (iv) pursuant to section 11(n)(4)(B) of the FDI Act, 12 U.S.C. § 1821(n)(4)(B), may indemnify the representatives, interim directors, directors, officers, employees, and agents of a Bridge Depository Institution on such terms as the Corporation determines to be appropriate, and (v) pursuant to section 11(n)(4)(A)(iii) of the FDI Act, 12 U.S.C. § 1821(n)(4)(A)(iii), may waive any requirement which would otherwise be applicable to directors of a Bridge Depository Institution;

WHEREAS, the application to the appropriate chartering authority to charter a Bridge Depository Institution provides for the appointment by the Corporation of an employee of the Corporation to act as the agent of the Corporation before the chartering authority in connection with the organization of such Bridge Depository Institution;

WHEREAS, the Corporation has been advised that the chartering authority will waive filing fees in connection with the organization and chartering of a Bridge Depository Institution;

WHEREAS, the least-costly resolution for the Bank, provided sufficient time to market the institution, is likely to be a transaction named in the Robinson Resolution (Third), but if the institution fails before there is sufficient time to market the

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institution, a Bridge Depository Institution transaction is likely to be the least-cost resolution;

WHEREAS, pursuant to 12 U.S.C. § 1821(c)(3)(A), the Corporation may accept appointment as Receiver of the Bank, and under 12 U.S.C. § 1821(n), the Corporation may organize a Bridge Depository Institution and operate it;

WHEREAS, pursuant to section 11(n)(5)(B) of the FDI Act, 12 U.S.C. § 1821(n)(5)(B), the Corporation may make available, upon such terms and conditions and in such form and amounts as the Corporation may in its discretion determine, funds for the operation of a Bridge Depository Institution in lieu of capital;

WHEREAS, pursuant to section 11(n)(5)(C) of the FDI Act, 12 U.S.C. § 1821(n)(5)(C), whenever the Board determines it is advisable to do so, the Corporation shall cause capital stock of a Bridge Depository Institution to be issued and offered for sale in such amounts and in such terms and conditions as the Corporation may, in its discretion, determine;

WHEREAS, pursuant to sections 11(n)(10), (11), and (12) of the FDI Act, 12 U.S.C. §§ 1821(n)(10), (11), and (12), the grounds for termination of the Bridge Depository Institution, the effect of termination events, and the means for dissolution of the Bridge Depository Institution are prescribed;

WHEREAS, depending on the timing of the resolution activity, type of resolution, and volume of assets acquired at the time of the resolution, contracts and task orders for this resolution and others may need to be awarded by the Corporation as Receiver for the Bank that equal or exceed \$20 million, individually or in the aggregate, which requires the prior approval of the Board;

WHEREAS, due to the nature of the work and inherent risk involved in the resolution of the Bank and the risks contractors would assume in handling the Bank's assets, the Board may delegate the authority to indemnify contractors retained by the Corporation to assist the Corporation in carrying out its obligations with respect to the Bank;

WHEREAS, the Director, CISR, has requested delegated authority to take any and all actions on behalf of the Corporation as determined by such Director (or designee) to be necessary or advisable to dispose of loans or other debt and any related assets or QFCs (collectively, "JV Assets") through joint venture transactions (each, a "Joint Venture Transaction"), by conveying such JV Assets to newly-formed special purpose entities ("SPEs"), which will issue ownership interests ("Equity") and, in some cases, notes ("JV Notes"), to be held by private parties responsible for managing the SPEs ("Partners") and the Corporation, as receiver;

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WHEREAS, the Director, CISR, has requested delegated authority to take any and all actions on behalf of the Corporation as determined by such Director (or designee) to be necessary or advisable to dispose of debt, equity, and other financial assets or QFCs, and any related assets or QFCs (collectively, "Securitization Assets") by conveying such Securitization Assets to newly-formed SPEs, with the SPEs issuing securities backed by such Securitization Assets for sale to investors and for acquisition and sale by the Corporation, as receiver (a "Securitization");

WHEREAS, the Director, CISR (or designee), has requested delegated authority, with respect to any qualified financial contract ("QFC") retained by the receivership but which a counterparty has the right to terminate, to take any action (in addition to any other action that he or she is otherwise authorized to take) that he or she, in his or her sole discretion, deems to be necessary or appropriate and in the best interests of the Corporation in any capacity, to (a) terminate and unwind such QFC (whether or not provided for by the terms of such QFC), including but not limited to borrowing funds from the Corporation, obtaining the return of some or all collateral supporting such QFC, and/or taking other action incidental to such termination and unwind; or (b) affirm such QFC and/or modify any such QFC that he or she determines to continue, provided that no such modification shall (i) increase the actual or notional amount of the QFC, (ii) extend the stated term of the QFC, or (iii) change any other term, if such change under this sub clause (iii) would reasonably be expected to materially increase any amount payable by the Receiver, unless, in any such case, such modification is authorized by another applicable delegation; and, provided further, that in each case referred to in clause (b), any documentation entered into by the Receiver in connection with any modification shall require the approval of the General Counsel (or designee);

WHEREAS, the Board may delegate to the Director, CISR (or designee, who may be in CISR or DRR), authority with respect to qualified financial contracts ("QFCs");

WHEREAS, the Director, CISR (or designee) may require authority to cause the Corporation, as receiver for the Bank, to borrow operating funds from the Corporation, in its corporate capacity, and the Director, DOF (or designee) may require the authority to cause the Corporation, in its corporate capacity, to lend such funds to the receivership for the Bank;

WHEREAS, while Robinson Resolution (Third) requires that the Master Loan and Security Agreement govern all loans to and all borrowings by a receivership from the Corporation, it is proposed instead that borrowings by the Corporation, as receiver for the Bank, be made under an Individual Loan and Security Agreement (ILSA) to be



entered into by the Corporation, as receiver for the Bank, and the Corporation, in its corporate capacity;

WHEREAS, it may be appropriate for the Receiver to (i) make estimated insured deposits available to depositors, subject to a partial provisional account hold where the deposit insurance determination has not been completed, (ii) make advance dividends available to uninsured depositors after the deposit insurance determination has been completed pursuant to 12 U.S.C. § 1821(d)(10)(B), and (iii) enter into contracts exceeding the existing contracting restrictions; and

WHEREAS, the Director, CISR (or designee), has requested delegated authority, in consultation with the Chairman, to approve an advance dividend paid by the Receiver in the amount of up to 50 percent of the expected recovery, to be made on all uninsured depositors' proven claims.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby waives the restriction on application of the Robinson Resolution (Third) to institutions with assets less than \$1 billion and invokes application of and authorizes the exercise of all authority delegated to the Director, DRR in the Robinson Resolution (Third) by the Director, CISR, with respect to the Bank.

BE IT FURTHER RESOLVED, that in the event the Bank is closed, the Board hereby authorizes the Director, CISR (or designee), to accept, in accordance with the provisions of 12 U.S.C. § 1821(c)(3)(A), the appointment of the Corporation as Receiver of the Bank that may be tendered by the Superintendent, New York State Department of Financial Services.

BE IT FURTHER RESOLVED, that in the event the Bank is closed and the Corporation is appointed as Receiver, the Board hereby authorizes and directs the Director, CISR (or designee), to determine the least costly resolution of the Bank as required by section 13(c)(4)(A) of the FDI Act, 12 U.S.C. § 1823(c)(4)(A), as amended.

BE IT FURTHER RESOLVED, that, subject to the immediately preceding paragraph, the Board hereby authorizes appropriate staff of the Corporation as contemplated by the Robinson Resolution (Third) to take all actions as set forth in the Robinson Resolution (Third) with respect to the implementation of such resolution of the Bank selected by the Director, CISR (or designee).

BE IT FURTHER RESOLVED, that, in the event that CISR finds there is no other satisfactory resolution for the Bank, pursuant to 12 U.S.C. § 1821(m), the Corporation finds that it is advisable and in the interest of the depositors of the Bank or the public to organize a New Depository Institution in the same community as the Bank, to

assume the insured deposits of the Bank, and to perform temporarily the functions provided in 12 U.S.C. § 1821(m).

BE IT FURTHER RESOLVED, that the Director, CISR (or designee), is authorized to establish a New Depository Institution in the same community as the Bank, to select an executive officer to manage the institution, to enter into a contract for the management of the institution and payment of deposits to depositors, to provide a corporate guarantee for the indemnifications provided for in the contract for management, and to take any further actions for the purpose of transacting the business of the New Depository Institution authorized under 12 U.S.C. § 1821(m), or otherwise authorized by its chartering authority, as may be incidental to its organization and in accordance with section 11(m)(9) of the FDI Act, 12 U.S.C. § 1821(m)(9), including but not limited to, (1) assuming other deposits of the Bank including public fund secured deposits, and (2) requesting the waiver from its chartering authority of any requirement for obtaining a fidelity bond in connection with the organization of the New Depository Institution.

BE IT FURTHER RESOLVED, that, in the event the Superintendent, New York State Department of Financial Services tenders appointment of the Corporation as Receiver of the Bank before the Corporation has had sufficient time to market the Bank, or there is no acceptable bidder for the Bank, the Director, CISR (or designee), is authorized to find that a Bridge Depository Institution is essential to provide adequate banking services in the community of the Bank, or it is in the best interest of the depositors of the Bank and cause to be organized a Bridge Depository Institution pursuant to 12 U.S.C. § 1821(n).

BE IT FURTHER RESOLVED, that the Director, CISR (or designee), is authorized on behalf of the Corporation to determine the corporate name of the Bridge Depository Institution.

BE IT FURTHER RESOLVED, that the Director, CISR (or designee), is authorized on behalf of the Corporation to (i) appoint three individuals as representatives determined in his discretion to be qualified for the position, contingent upon receipt by the Director, CISR (or designee), of a written acceptance of such appointment by each such proposed representative, to (x) take all necessary action, in accordance with the terms and conditions of this Resolution and pursuant to 12 U.S.C. § 1821(n) and any applicable provisions of Chapter 2 or 12, as applicable, of Title 12 of the United States Code, as amended, and the implementing regulations thereof, and (y) organize the Bridge Depository Institution and apply to the appropriate chartering authority for charter approval, which shall include causing the execution and filing with such chartering authority of an Organization Certificate, Articles of Association,

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Bylaws, and such other instruments and documents as may be necessary or advisable to effect the organization of the Bridge Depository Institution, and (ii) remove any individual from such position and appoint another qualified individual in his or her place; provided, that at no time shall there be more than three representatives.

BE IT FURTHER RESOLVED, that the Director, CISR (or designee), is authorized on behalf of the Corporation to appoint an employee of the Corporation, determined in his discretion to be qualified for the position, as agent (the "Agent") with respect to the Bridge Depository Institution as may be required by the chartering authority.

BE IT FURTHER RESOLVED, that the Agent is authorized on behalf of the Corporation to (i) take such action as may be necessary for the organization of the Bridge Depository Institution, except in instances where the chartering authority requires action by the representatives, (ii) receive all correspondence and documents from the chartering authority regarding the organization of the Bridge Depository Institution, and (iii) keep the Corporation and the representatives informed of all communications with the chartering authority.

BE IT FURTHER RESOLVED, that the Director, CISR (or designee), is authorized on behalf of the Corporation, in his discretion, to (i) approve and, upon the organization of the Bridge Depository Institution and thereafter at any time and from time to time, appoint to the interim board of directors and the board of directors of the Bridge Depository Institution individuals determined to be qualified for the position of interim director and/or director, contingent upon receipt by the Director, CISR (or designee), of a written acceptance of such appointment by each such proposed interim director or director, to serve as interim director or director until such individual resigns or is removed by the Corporation, (ii) approve or disapprove any candidate for the position of interim director, director, chairperson, chief executive officer, or president of the Bridge Depository Institution, and (iii) remove any individual from the position of interim director, director, chairperson, chief executive officer, or president of the Bridge Depository Institution; provided, that (x) no fewer than five and no more than ten individuals shall serve on an interim board of directors or board of directors at any time, and (y) nothing herein shall be construed to require retention on any such board of directors or as chief executive officer or president of any individual appointed pursuant to this Resolution upon the occurrence of the termination of the Bridge Depository Institution status in accordance with section 11(n)(9) or (10) of the FDI Act, 12 U.S.C. § 1821(n)(9) or (10).

BE IT FURTHER RESOLVED, that the Director, CISR (or designee), is authorized on behalf of the Corporation, in his discretion and upon such terms and conditions as he determines to be advisable or necessary, to (i) approve and provide for

reimbursement for reasonable expenses actually incurred while serving in the capacity of representative, interim director, director, chairperson, chief executive officer, or president of the Bridge Depository Institution, and (ii) approve and provide for compensation while serving in the capacity of interim director, director, or officer (who is part of the senior management) of the Bridge Depository Institution; provided, that such authorization shall be in accordance with section 11(n)(6)(B)(ii) of the FDI Act, 12 U.S.C. § 1821(n)(6)(B)(ii); and provided further, that the Director, CISR (or designee), shall seek, as appropriate, reimbursement of any such amounts referenced in (i) or (ii) from the Bridge Depository Institution.

BE IT FURTHER RESOLVED, that the Director, CISR (or designee), is authorized on behalf of the Corporation to (i) determine, in his discretion, which of the representatives, interim directors, directors, officers, employees, and agents of the Bridge Depository Institution may be indemnified by the Corporation, and (ii) in the discretion of the Director, CISR (or designee), on behalf of the Corporation, enter into an agreement in accordance with the terms and conditions of which the Corporation will indemnify such persons (the "Agreement Concerning Indemnity").

BE IT FURTHER RESOLVED, that the Director, CISR (or designee), is authorized on behalf of the Corporation to provide guidance to the interim board of directors and board of directors of the Bridge Depository Institution in accordance with an agreement concerning the management of the Bridge Depository Institution and take all actions in his discretion as he or she deems necessary or appropriate to implement such agreement and provide such guidance.

BE IT FURTHER RESOLVED, that the board of directors of the Bridge Depository Institution, in the performance of its duties, shall account to the Corporation for all monies or other things of value received from the Corporation.

BE IT FURTHER RESOLVED, that the Director, CISR (or designee), is authorized on behalf of the Corporation to (i) execute and deliver or cause to be executed and delivered (a) an Organization Certificate, (b) Articles of Association, (c) Bylaws, and (d) an Agreement of Indemnity with respect to any such representative, interim director, director, officer, employee, or agent of the Bridge Depository Institution, all in form and substance satisfactory to the signatory or signatories on behalf of the Corporation and the Corporation's General Counsel (or designee) the execution thereof to be conclusive evidence that the same are satisfactory, (ii) execute and deliver or cause to be delivered such other agreements, instruments, and documents as may be necessary or advisable to carry out the terms of any such agreement and effect the matters contemplated thereunder, and under this Resolution, all in form and substance satisfactory to such signatory on behalf of the Corporation and the



Corporation's General Counsel (or designee), the execution thereof to be conclusive evidence that the same are satisfactory, and (iii) take or cause to be taken such other action as may be necessary or advisable to carry out the terms of any such agreement, and effect the matters contemplated thereby and under this Resolution; provided, that in accordance with the applicable terms and conditions of this Resolution, all corporate and other proceedings necessary for the organization of the Bridge Depository Institution, the consummation of the transactions contemplated by the foregoing agreements and the matters incident to the foregoing and the protection of the Corporation are satisfactory in form and substance to the General Counsel (or designee), the acceptance thereof to be conclusive evidence that the same are satisfactory.

BE IT FURTHER RESOLVED, that the Director, CISR (or designee), is authorized on behalf of the Corporation, in his discretion, to, upon consultation with the General Counsel (or designee), (i) approve or disapprove such modifications to the Organization Certificate, Articles of Association or Bylaws of the Bridge Depository Institution as may be requested by such Bridge Depository Institution or as otherwise may be advisable and waive any term or condition of the Articles of Association or Bylaws of the Bridge Depository Institution, and (ii) waive or modify any term or condition of any Agreement Concerning Indemnity or Letter Agreement executed on behalf of the Corporation; provided, that any such amendment, waiver, or modification in accordance with (i) or (ii) above would not be precedential in nature.

BE IT FURTHER RESOLVED, that the provision of assistance pursuant to section 13(c) of the FDI Act, 12 U.S.C. § 1823(c), is necessary for the Corporation to meet its statutory obligations to insured depositors.

BE IT FURTHER RESOLVED, that the Director, CISR (or designee), is authorized on behalf of the Corporation, upon consultation with the General Counsel (or designee) and the Deputy to the Chairperson and Chief Financial Officer ("CFO") (or designee), consistent with the requirements imposed by 12 U.S.C. § 1823(c), in their sole discretion and upon such terms and conditions as he or she may prescribe, to make loans to, to make deposits in, to purchase the assets or securities of, to assume the liabilities of, or to make contributions to the Bridge Depository Institution.

BE IT FURTHER RESOLVED, that the CFO (or designee), is authorized on behalf of the Corporation, (i) upon the direction of the Director, CISR (or designee), to effect or cause to be effected such transfers of funds to reimburse any representative, interim director, director, chairperson, chief executive officer, president, or officer (who is part of the senior management) of the Bridge Depository Institution in accordance with this Resolution and seek repayment of such reimbursements from the Bridge

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Depository Institution, as appropriate, (ii) upon the direction of the Director, CISR (or designee), with the concurrence of the General Counsel (or designee), to provide payments in accordance with the terms and conditions of any Agreement Concerning Indemnity executed on behalf of the Corporation, (iii) upon the direction of the Director, CISR (or designee), with the concurrence of the General Counsel (or designee) to provide such funds to the Receiver for the Depository Institution and to the Bridge Depository Institution as may be necessary for the Corporation to honor its liability for funding the transfer of insured deposits from the Receiver for the Bank to the Bridge Depository Institution, and (iv) upon the direction of the Director, CISR (or designee), with the concurrence of the General Counsel (or designee), to provide such funds, pursuant to such terms and interest rate as he or she may determine, to the Bridge Depository Institution, as may be necessary for the Corporation to make loans to, to make deposits in, to purchase the assets or securities of, to assume the liabilities of, or to make contributions to the Bridge Depository Institution.

BE IT FURTHER RESOLVED, that the Director, CISR (or designee), is authorized on behalf of the Corporation, in his or his discretion, to, upon consultation with the General Counsel (or designee) and the CFO (or designee), to make available upon such terms and conditions and in such form and amounts as the Corporation may in its discretion determine, funds for the operation of the Bridge Depository Institution in lieu of capital.

BE IT FURTHER RESOLVED, that if the Director, CISR (or designee), determines it is advisable to do so, the Director, CISR (or designee), shall cause capital stock of the Bridge Depository Institution to be issued and offered for sale in such amounts and in such terms and conditions as the Director, CISR (or designee), may, in his discretion, determine.

BE IT FURTHER RESOLVED, that the Director, CISR (or designee), is authorized to permit the Bridge Depository Institution to continue to utilize the procurement practices of the Bank for a period up to six months after the formation of the Bridge Depository Institution to fulfill operating requirements.

BE IT FURTHER RESOLVED, that the Director, CISR (or designee), is authorized to take the necessary steps for termination and dissolution of the Bridge Depository Institution pursuant to 12 U.S.C. §§ 1821(n)(10), (11), and (12).

BE IT FURTHER RESOLVED, that the Director, CISR (or designee), is authorized on behalf of the Corporation to award contracts and task orders for this resolution and others as may be needed in amounts that may equal or exceed \$20 million, individually or in the aggregate.

BE IT FURTHER RESOLVED, that the Board (i) authorizes the Director, CISR (or designee), to initiate requests for indemnification of contractors retained to assist the Corporation, in any capacity, in securing any rights or carrying out obligations it may have with respect to the Bank, on terms the Director, CISR (or designee) deems advisable and in the best interest of the Corporation, in any capacity, and to make payments under such indemnification provisions; and (ii) authorizes the Deputy to the Chairperson and Chief Operating Officer, ("COO") (or designee), to include indemnification of such contractors in contracts and task orders awarded pursuant to any authority delegated to the COO (or designee) to award contracts and task orders, on terms the COO (or designee) deems advisable and in the best interest of the Corporation, in any capacity; provided, however, that, (a) any indemnification provided pursuant to the exercise of authority granted in this paragraph must be limited both as to duration and aggregate dollar amount, and (b) prior to each exercise of the authority delegated in this paragraph, the concurrence of the General Counsel (or designee) must be obtained.

BE IT FURTHER RESOLVED, that the Board hereby delegates to the Director, CISR (or designee), the authority to take any and all actions on behalf of the Corporation as determined by such Director (or designee) to be necessary or advisable to dispose JV Assets through Joint Venture Transactions, by conveying JV Assets to newly-formed SPEs, which will issue Equity and, in some cases, JV Notes, to be held by Partners and the Corporation, as receiver, including but not limited to, the authority to:

- (a) cause the Corporation, as receiver, to form, and convey JV Assets to, SPEs; and
- (b) cause SPEs to issue Equity and, as applicable, JV Notes; and
- (c) cause the Corporation, as receiver, to acquire Equity and, as applicable, JV Notes from the SPEs; and
- (d) cause the Corporation, as receiver, to provide credit facilities to fund reserves, or to otherwise provide funds to support the liquidity needs, of SPEs (including, but not limited to, funding for loan commitments); and
- (e) cause the Corporation, as receiver, to cause SPEs to market and sell equity to the partners, on a competitive or non-competitive basis (in either case irrespective of the limitations set forth in any other delegations of authority); and
- (f) cause the Corporation, as receiver, to market and sell any or all Equity it owns to the Partners or other parties, on a competitive or non-competitive basis (in either case irrespective of the limitations set forth in any other delegations of authority); and

- (g) cause the Corporation, as receiver, to market and sell JV Notes, on a competitive or non- competitive basis (in either case irrespective of the limitations set forth in any other delegations of authority); and
- (h) in connection with a request by Director, CISR (or designee) to the COO (or designee) to award a contract or task order to any financial adviser or other contractor (including, but not limited to, any underwriter or placement agent) for services related to any transaction or other action contemplated by this Resolution, to (i) request that the COO (or designee) provide in such contract or task order for the indemnification of such contractor by the Corporation, and (ii) make payments under any such indemnification provisions; and
- (i) cause the Corporation to select and indemnify other parties to any transaction contemplated by this Resolution (including, but not limited to, paying agents, custodians, trustees, and servicers); and
- (j) cause the Corporation, as receiver, to take other actions authorized by or consistent with any other delegations of authority; and
- (k) cause the Corporation, in its corporate capacity, to issue a guaranty of the payment of principal and interest on the JV Notes and to execute all agreements, certificates, and other instruments in connection with such guaranty; provided, however, that such authority may not be redelegated below the Deputy Director level.

BE IT FURTHER RESOLVED that authority is delegated to the Director, CISR (or designee) to take any and all actions on behalf of the Corporation as determined by such Director (or designee) to be necessary or advisable to engage in Securitizations and to dispose of Securitization Assets by conveying such Securitization Assets to newly- formed SPEs, with the SPEs issuing securities backed by such Securitization Assets for sale to investors and for acquisition and sale by the Corporation, as receiver, including but not limited to, the authority to:

- (a) cause the Corporation, as receiver, to form, and convey Securitization Assets to, the SPEs; and
- (b) cause the SPEs to issue debt and other interests to be offered and sold to investors, on a competitive or non-competitive basis (in either case irrespective of the limitations set forth in any other delegations of authority); and
- (c) cause the SPEs to issue other debt, equity, and other interests to the Corporation, as receiver; and

- (d) cause the Corporation, as receiver, to acquire SPE-issued debt, equity, and other interests; and
- (e) cause the Corporation, as receiver, to offer and sell from time to time, on a competitive or non- competitive basis (in either case irrespective of the limitations set forth in any other delegations of authority), SPE-issued debt, equity, or other interests; and
- (f) in connection with a request by the Director, CISR (or designee) to the COO (or designee) to award a contract or task order to any financial adviser or other contractor (including, but not limited to, any underwriter or placement agent) for services related to any transaction or other action contemplated by this Resolution, to (i) request that the COO (or designee) provide in such contract or task order for the indemnification of such contractor by the Corporation, and (ii) make payments under any such indemnification provisions; and
- (g) cause the Corporation to select and indemnify other parties to any transaction contemplated by this Resolution (including, but not limited to, owner trustees, indenture trustees, certificate registrars, certificate paying agents, bond administrators, securities intermediaries, custodians, oversight managers, and servicers); and
- (h) cause the Corporation, as receiver, to take other actions authorized by or consistent with any other delegations of authority; and
- (i) cause the Corporation, in its corporate capacity, to issue a guaranty of the payment of principal and interest on senior debt issued by any SPE in connection with a Securitization, and to execute all agreements, certificates, and other instruments in connection with such guaranty; provided, however, that such authority may not be redelegated below the Deputy Director level.

BE IT FURTHER RESOLVED, that the Director, CISR (or designee), and the Chief Financial Officer (or designee), are authorized on behalf of the Corporation to take any action consistent with this Resolution not otherwise authorized hereunder or under any delegation of authority approved by the Board as may be necessary or advisable to facilitate the organization, operation, and termination of the New Depository Institution and the Bridge Depository Institution, the sale of assets of the Bank by the receivership, using Joint Venture Transactions and Securitizations, and the other matters contemplated under this Resolution.

BE IT FURTHER RESOLVED, that the Director, CISR (or designee, who may be in CISR or DRR), is authorized to take any and all actions on behalf of the Corporation as determined by the Director (or designee) to be necessary or advisable to:

- (a) sell, transfer, or otherwise dispose of any QFC; and
- (b) terminate (including to disaffirm or repudiate) or unwind any QFC and take other actions in connection with or incidental to any termination or unwinding (including, but not limited to, releasing or obtaining the release of, or realizing upon, any collateral or other credit support supporting such QFC, or exercising other rights with respect to such collateral or other credit support for such QFC); and
- (c) exercise all the rights of the Corporation under any QFCs including, without limitation, all rights to net payments under any netting agreement or applicable law; and
- (d) enter into or otherwise execute any QFC that, in the judgment of the Director, CISR (or designee), (i) is intended to hedge any risk relating to any asset or liability or business line (including, without limitation, any “Marketed Business,” which means, for purposes of this section, at any time, any business unit or activity that the Corporation as receiver intends to transfer to a bridge institution or is in discussions to sell to any purchaser or is otherwise in the process of offering to sell, in each case, as determined by the Director) of the receivership, or (ii) in the case of a Marketed Business, in addition to any QFC authorized under clause (i), is in the ordinary course of business of such Marketed Business; and
- (e) approve or otherwise affirm any QFC; and
- (f) modify any QFC, provided that such modification does not (i) increase the principal or notional principal amount of such QFC by more than 10%, (ii) in the case of a QFC (such as an interest rate swap) where a specified interest rate or a financial index is factored into the calculation of the amount payable change (adversely to the interests of the Corporation as receiver) (A) the specified interest rate by more than 1.5%, or (B) the amount calculated based on the financial index, by adjusting such index, or inserting a margin above or below such index, by more than 1.5%; and
- (g) take any and all actions to perform under any QFC (including, but not limited to, making margin and other payments, and applying margin and other payments); and
- (h) grant a security interest in or pledge any asset or QFC to secure any obligation of the Corporation under any QFC; and



- (i) release any guaranty, collateral, margin, or other credit support held by or pledged to the Corporation to secure or support the obligation of any counterparty under any QFC, or realize upon or exercise other rights with respect to, or exchange, any such guaranty, collateral, margin, or other credit support; and
- (j) in connection with a request by the Director, CISR (or designee) to the COO (or designee) to award a contract or task order to any financial adviser or other contractor (including, but not limited to, any custodian or securities intermediary) for services related to any transaction or other action contemplated by this Resolution, to (i) request that the COO (or designee) provide in such contract or task order for the indemnification of such counterparty by the Corporation, and (ii) make payments under any such indemnification provisions; and
- (k) on behalf of the Corporation, (i) enter into or approve agreements to secure memberships (including, but not limited to, central counterparty, financial market utility, and similar memberships), (ii) indemnify the counterparty if necessary to secure any such membership, and (iii) pay or otherwise perform the Corporation's obligations under any such agreements; and
- (l) take any action not otherwise authorized in this Resolution with respect to or relating to any QFC that the Director (or designee) is authorized under any provision of the RMDs to take with respect to any contract, agreement, transaction, or other asset or property, treating QFCs, for purposes of this Resolution, as though they constituted a contract, agreement, transaction, or other asset or property under such provision of the RMDs.

BE IT FURTHER RESOLVED, that the Director, CISR (or designee) is authorized to borrow operating funds from the Corporation, in its corporate capacity, for the operation of the receivership of the Bank, and the Director, DOF (or designee) is authorized to cause the Corporation, in its corporate capacity, to lend such funds to the receivership for the Bank.

BE IT FURTHER RESOLVED that the CFO (or designee) is authorized to cause the Corporation to issue any kind of obligations determined by the CFO to be necessary or appropriate, to provide credit enhancement for the obligations of the Bridge Depository Institution, including promissory notes, indemnifications, guaranties, and obligations for which the full faith and credit of the United States is pledged, and to execute and deliver any and all such obligations.

BE IT FURTHER RESOLVED, that the Director, CISR (or designee) is authorized to enter into an ILSA on behalf of the Corporation, as receiver for the Bank, and the Director, DOF (or designee) is authorized to enter into an ILSA on behalf of the Corporation, in its corporate capacity, with such ILSA to be in such form, and contain such terms and conditions, as the Director, CISR (or designee) and Director DOF (or designee), with the concurrence of the General Counsel (or designee), determine are necessary or appropriate.

BE IT FURTHER RESOLVED that the Director, CISR (or designee) is authorized to exercise any and all of the authority delegated to the Director of the DRR in the Receivership Management Delegations, Board Resolution No. 070634 dated June 13, 2002, as amended.

BE IT FURTHER RESOLVED, that the Director, CISR (or designee), is authorized, in consultation with the Chairman, to approve an advance dividend to uninsured depositors by the Receiver in the amount of up to 80 percent of the expected recovery.

BE IT FURTHER RESOLVED, the Director, CISR, in consultation with the Chairman and prior to the deposit insurance determination being completed, is authorized to credit depositor's accounts with an estimated insured deposit paid by the Deposit Insurance Fund, subject to a partial provisional hold.

BE IT FURTHER RESOLVED, that the Director, CISR (or designee) is authorized to take any and all actions not expressly authorized in this Resolution as may be necessary or appropriate to carry out any action expressly authorized in this Resolution.

[EXECUTIVE SECRETARY'S NOTE: Information as to the outcome of the resolution process to be added here once it becomes known.]

Failing Bank Case – First Republic Bank, San Francisco, CA

WHEREAS, the Federal Deposit Insurance Corporation (the "Corporation") has been advised that the Commissioner of the California Department of Financial Protection and Innovation, intends to (i) close First Republic Bank a Federal Reserve nonmember, insured state bank, organized under the laws of State of California and insured under section 4(b) of the Federal Deposit Insurance Act (the "FDI Act"), 12 U.S.C. § 1814(b) (the "Bank"), and (ii) tender to the Corporation appointment as receiver (the "Receiver") of the Bank in accordance with applicable state law and section 11(c)(3)(A) of the FDI Act, 12 U.S.C. § 1821(c)(3)(A);

WHEREAS, pursuant to 12 U.S.C. § 1821(c)(3)(A), the Corporation may accept appointment as Receiver of the Bank;

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WHEREAS, the Board of Directors of the Corporation (the "Board") has been provided with and reviewed such documents and information as it deems relevant with respect to the Bank and the matters addressed in this Resolution;

WHEREAS, the Board, at a meeting closed to public observation in accordance with 5U.S.C. § 552b and 12 C.F.R. § 311.3(b), considered certain courses of action with respect to the Bank, upon the recommendation of the Corporation's Division of Complex Institutions Supervision and Resolution ("CISR") and as set forth in Resolution No. 062393, dated May 6, 1997, as amended (the "Robinson Resolution (Third)");

WHEREAS, due to the size of the Bank, CISR is requesting a waiver by the Board of the restriction on application of the Robinson Resolution (Third) to institutions with assets less than \$1 billion;

WHEREAS, pursuant to section 11(m) of the FDI Act, 12 U.S.C. § 1821(m), the Corporation, if it finds that it is advisable and in the interest of the depositors of an insured depository institution in default or the public, shall organize a new depository institution ("New Depository Institution") in the same community as the insured depository institution in default to assume the insured deposits of the depository institution in default and to perform temporarily the functions provided in 12 U.S.C. § 1821(m);

WHEREAS, in the event there is no other satisfactory resolution for the Bank, CISR requests authority to organize a New Depository Institution for the purpose of assuming the insured deposits of the Bank and to perform temporarily the functions provided for in 12 U.S.C. § 1821(m) or otherwise permitted by the Bank's chartering authority, which shall be the Office of the Comptroller of the Currency for banks;

WHEREAS, in the event it is necessary to organize a New Depository Institution to assume the insured deposits of the Bank, CISR requests authority (i) to select an executive officer for any such New Depository Institution, (ii) to enter into a contract for management of a New Depository Institution and payment of deposits to depositors, (iii) to provide a corporate guarantee for the indemnifications provided for in the contract for management, and (iv) to take any further actions necessary to organize and operate any New Depository Institution in accordance with 12 U.S.C. § 1821(m);

WHEREAS, if the Corporation is appointed as Receiver before it has had a sufficient time to market the Bank, or if there is no acceptable bidder for the resolution of the Bank, the Corporation may find it necessary to charter and operate a

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bridge depository institution (“Bridge Depository Institution”) pursuant to section 11(n) of the FDI Act, 12 U.S.C. § 1821(n);

WHEREAS, in accordance with 12 U.S.C. § 1821(n), when one or more insured depository institutions are in danger of default, or when the Corporation anticipates that one or more insured depository institutions may become in default, the Corporation may, in its discretion, organize one or more Bridge Depository Institutions, as defined in section 3(i)(2) of the FDI Act, 12 U.S.C. § 1813(i)(2), each of which shall be a Federally chartered bank or savings association, as appropriate, to (i) assume such deposits of one or more such insured depository institutions in default or in danger of default and assume such other liabilities and purchase such assets of such insured depository institution or institutions in default or in danger of default as the Corporation may, in its discretion, determine to be appropriate, (ii) purchase such assets (including assets associated with any trust business) of such insured depository institution or institutions that is or are in default or in danger of default as the Corporation may, in its discretion, determine to be appropriate, and (iii) perform such other temporary functions as the Corporation may, in its discretion, prescribe in accordance with the FDI Act, all upon the determination by the Board that one or more conditions as specified in section 11(n)(2) of the FDI Act, 12 U.S.C. § 1821(n)(2), exist with respect to such insured depository institution or institutions;

WHEREAS, the Corporation, (i) pursuant to section 11(n)(1)(C) of the FDI Act, 12 U.S.C. § 1821(n)(1)(C), shall designate three representatives to execute the organization certificate and articles of association of a Bridge Depository Institution, (ii) pursuant to sections 11(n)(1)(D) and (2)(D) of the FDI Act, 12 U.S.C. §§ 1821(n)(1)(D) and (2)(D), shall appoint an interim board of directors and a board of directors of a Bridge Depository Institution consisting of no fewer than five and no more than ten directors, (iii) pursuant to section 11(n)(4)(A)(ii) of the FDI Act, 12 U.S.C. § 1821(n)(4)(A)(ii), may fix the compensation of members of the interim board of directors, the board of directors, and senior management of a Bridge Depository Institution, (iv) pursuant to section 11(n)(4)(B) of the FDI Act, 12 U.S.C. § 1821(n)(4)(B), may indemnify the representatives, interim directors, directors, officers, employees, and agents of a Bridge Depository Institution on such terms as the Corporation determines to be appropriate, and (v) pursuant to section 11(n)(4)(A)(iii) of the FDI Act, 12 U.S.C. § 1821(n)(4)(A)(iii), may waive any requirement which would otherwise be applicable to directors of a Bridge Depository Institution;

WHEREAS, the application to the appropriate chartering authority to charter a Bridge Depository Institution provides for the appointment by the Corporation of an employee of the Corporation to act as the agent of the Corporation before the

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chartering authority in connection with the organization of such Bridge Depository Institution; and

WHEREAS, the Corporation has been advised that the chartering authority will waive filing fees in connection with the organization and chartering of a Bridge Depository Institution;

WHEREAS, the least-costly resolution for the Bank, provided sufficient time to market the institution, is likely to be a transaction named in the Robinson Resolution (Third), but if the institution fails before there is sufficient time to market the institution, a Bridge Depository Institution transaction is likely to be the least-cost resolution;

WHEREAS, pursuant to 12 U.S.C. § 1821(c)(3)(A), the Corporation may accept appointment as Receiver of the Bank, and under 12 U.S.C. § 1821(n), the Corporation may organize a Bridge Depository Institution and operate it;

WHEREAS, pursuant to section 11(n)(5)(B) of the FDI Act, 12 U.S.C. § 1821(n)(5)(B), the Corporation may make available, upon such terms and conditions and in such form and amounts as the Corporation may in its discretion determine, funds for the operation of a Bridge Depository Institution in lieu of capital;

WHEREAS, pursuant to section 11(n)(5)(C) of the FDI Act, 12 U.S.C. § 1821(n)(5)(C), whenever the Board determines it is advisable to do so, the Corporation shall cause capital stock of a Bridge Depository Institution to be issued and offered for sale in such amounts and in such terms and conditions as the Corporation may, in its discretion, determine;

WHEREAS, pursuant to sections 11(n)(10), (11), and (12) of the FDI Act, 12 U.S.C. §§ 1821(n)(10), (11), and (12), the grounds for termination of the Bridge Depository Institution, the effect of termination events, and the means for dissolution of the Bridge Depository Institution are prescribed;

WHEREAS, depending on the timing of the resolution activity, type of resolution, and volume of assets acquired at the time of the resolution, contracts and task orders for this resolution and others may need to be awarded by the Corporation as Receiver for the Bank that equal or exceed \$20 million, individually or in the aggregate, which requires the prior approval of the Board;

WHEREAS, due to the nature of the work and inherent risk involved in the resolution of the Bank and the risks contractors would assume in handling the Bank's assets, the Board may delegate the authority to indemnify contractors retained by the



Corporation to assist the Corporation in carrying out its obligations with respect to the Bank;

WHEREAS, the Director, CISR, has requested delegated authority to take any and all actions on behalf of the Corporation as determined by such Director (or designee) to be necessary or advisable to dispose of loans or other debt and any related assets or QFCs (collectively, "JV Assets") through joint venture transactions (each, a "Joint Venture Transaction"), by conveying such JV Assets to newly-formed special purpose entities ("SPEs"), which will issue ownership interests ("Equity") and, in some cases, notes ("JV Notes"), to be held by private parties responsible for managing the SPEs ("Partners") and the Corporation, as receiver;

WHEREAS, the Director, CISR, has requested delegated authority to take any and all actions on behalf of the Corporation as determined by such Director (or designee) to be necessary or advisable to dispose of debt, equity, and other financial assets or QFCs, and any related assets or QFCs (collectively, "Securitization Assets") by conveying such Securitization Assets to newly- formed SPEs, with the SPEs issuing securities backed by such Securitization Assets for sale to investors and for acquisition and sale by the Corporation, as receiver (a "Securitization");

WHEREAS, the Director, CISR (or designee), has requested delegated authority, with respect to any qualified financial contract ("QFC") retained by the receivership but which a counterparty has the right to terminate, to take any action (in addition to any other action that he or she is otherwise authorized to take) that he or she, in his or her sole discretion, deems to be necessary or appropriate and in the best interests of the Corporation in any capacity, to (a) terminate and unwind such QFC (whether or not provided for by the terms of such QFC), including but not limited to borrowing funds from the Corporation, obtaining the return of some or all collateral supporting such QFC, and/or taking other action incidental to such termination and unwind; or (b) affirm such QFC and/or modify any such QFC that he or she determines to continue, provided that no such modification shall (i) increase the actual or notional amount of the QFC, (ii) extend the stated term of the QFC, or (iii) change any other term, if such change under this sub clause (iii) would reasonably be expected to materially increase any amount payable by the Receiver, unless, in any such case, such modification is authorized by another applicable delegation; and, provided further, that in each case referred to in clause (b), any documentation entered into by the Receiver in connection with any modification shall require the approval of the General Counsel (or designee);

WHEREAS, the Board may delegate to the Director, CISR (or designee, who may be in CISR or DRR), authority with respect to qualified financial contracts ("QFCs");

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WHEREAS, the Director, CISR (or designee) may require authority to cause the Corporation, as receiver for the Bank, to borrow operating funds from the Corporation, in its corporate capacity, and the Director, DOF (or designee) may require the authority to cause the Corporation, in its corporate capacity, to lend such funds to the receivership for the Bank;

WHEREAS, while Robinson Resolution (Third) requires that the Master Loan and Security Agreement govern all loans to and all borrowings by a receivership from the Corporation, it is proposed instead that borrowings by the Corporation, as receiver for the Bank, be made under an Individual Loan and Security Agreement (ILSA) to be entered into by the Corporation, as receiver for the Bank, and the Corporation, in its corporate capacity;

WHEREAS, it may be appropriate for the Receiver to (i) make estimated insured deposits available to depositors, subject to a partial provisional account hold where the deposit insurance determination has not been completed, (ii) make advance dividends available to uninsured depositors after the deposit insurance determination has been completed pursuant to 12 U.S.C. § 1821(d)(10)(B), and (iii) enter into contracts exceeding the existing contracting restrictions; and

WHEREAS, the Director, CISR (or designee), has requested delegated authority, in consultation with the Chairman, to approve an advance dividend paid by the Receiver in the amount of up to 80 percent of the expected recovery, to be made on all uninsured depositors' proven claims.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby waives the restriction on application of the Robinson Resolution (Third) to institutions with assets less than \$1 billion and invokes application of and authorizes the exercise of all authority delegated to the Director, DRR in the Robinson Resolution (Third) by the Director, CISR, with respect to the Bank.

BE IT FURTHER RESOLVED, that in the event the Bank is closed, the Board hereby authorizes the Director, CISR (or designee), to accept, in accordance with the provisions of 12 U.S.C. § 1821(c)(3)(A), the appointment of the Corporation as Receiver of the Bank that may be tendered by the Commissioner, California Department of Financial Protection and Innovation.

BE IT FURTHER RESOLVED, that in the event the Bank is closed and the Corporation is appointed as Receiver, the Board hereby authorizes and directs the Director, CISR (or designee), to determine the least costly resolution of the Bank as required by section 13(c)(4)(A) of the FDI Act, 12 U.S.C. § 1823(c)(4)(A), as amended.

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BE IT FURTHER RESOLVED, that, subject to the immediately preceding paragraph, the Board hereby authorizes appropriate staff of the Corporation as contemplated by the Robinson Resolution (Third) to take all actions as set forth in the Robinson Resolution (Third) with respect to the implementation of such resolution of the Bank selected by the Director, CISR (or designee).

BE IT FURTHER RESOLVED, that, in the event that CISR finds there is no other satisfactory resolution for the Bank, pursuant to 12 U.S.C. § 1821(m), the Corporation finds that it is advisable and in the interest of the depositors of the Bank or the public to organize a New Depository Institution in the same community as the Bank, to assume the insured deposits of the Bank, and to perform temporarily the functions provided in 12 U.S.C. § 1821(m).

BE IT FURTHER RESOLVED, that the Director, CISR (or designee), is authorized to establish a New Depository Institution in the same community as the Bank, to select an executive officer to manage the institution, to enter into a contract for the management of the institution and payment of deposits to depositors, to provide a corporate guarantee for the indemnifications provided for in the contract for management, and to take any further actions for the purpose of transacting the business of the New Depository Institution authorized under 12 U.S.C. § 1821(m), or otherwise authorized by its chartering authority, as may be incidental to its organization and in accordance with section 11(m)(9) of the FDI Act, 12 U.S.C. § 1821(m)(9), including but not limited to, (1) assuming other deposits of the Bank including public fund secured deposits, and (2) requesting the waiver from its chartering authority of any requirement for obtaining a fidelity bond in connection with the organization of the New Depository Institution.

BE IT FURTHER RESOLVED, that, in the event the Commissioner of the California Department of Financial Protection and Innovation tenders appointment of the Corporation as Receiver of the Bank before the Corporation has had sufficient time to market the Bank, or there is no acceptable bidder for the Bank, the Director, CISR (or designee), is authorized to find that a Bridge Depository Institution is essential to provide adequate banking services in the community of the Bank, or it is in the best interest of the depositors of the Bank and cause to be organized a Bridge Depository Institution pursuant to 12 U.S.C. § 1821(n).

BE IT FURTHER RESOLVED, that the Director, CISR (or designee), is authorized on behalf of the Corporation to determine the corporate name of the Bridge Depository Institution.

BE IT FURTHER RESOLVED, that the Director, CISR (or designee), is authorized on behalf of the Corporation to (i) appoint three individuals as representatives

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determined in his discretion to be qualified for the position, contingent upon receipt by the Director, CISR (or designee), of a written acceptance of such appointment by each such proposed representative, to (x) take all necessary action, in accordance with the terms and conditions of this Resolution and pursuant to 12 U.S.C. § 1821(n) and any applicable provisions of Chapter 2 or 12, as applicable, of Title 12 of the United States Code, as amended, and the implementing regulations thereof, and (y) organize the Bridge Depository Institution and apply to the appropriate chartering authority for charter approval, which shall include causing the execution and filing with such chartering authority of an Organization Certificate, Articles of Association, Bylaws, and such other instruments and documents as may be necessary or advisable to effect the organization of the Bridge Depository Institution, and (ii) remove any individual from such position and appoint another qualified individual in his or her place; provided, that at no time shall there be more than three representatives.

BE IT FURTHER RESOLVED, that the Director, CISR (or designee), is authorized on behalf of the Corporation to appoint an employee of the Corporation, determined in his discretion to be qualified for the position, as agent (the "Agent") with respect to the Bridge Depository Institution as may be required by the chartering authority.

BE IT FURTHER RESOLVED, that the Agent is authorized on behalf of the Corporation to (i) take such action as may be necessary for the organization of the Bridge Depository Institution, except in instances where the chartering authority requires action by the representatives, (ii) receive all correspondence and documents from the chartering authority regarding the organization of the Bridge Depository Institution, and (iii) keep the Corporation and the representatives informed of all communications with the chartering authority.

BE IT FURTHER RESOLVED, that the Director, CISR (or designee), is authorized on behalf of the Corporation, in his discretion, to (i) approve and, upon the organization of the Bridge Depository Institution and thereafter at any time and from time to time, appoint to the interim board of directors and the board of directors of the Bridge Depository Institution individuals determined to be qualified for the position of interim director and/or director, contingent upon receipt by the Director, CISR (or designee), of a written acceptance of such appointment by each such proposed interim director or director, to serve as interim director or director until such individual resigns or is removed by the Corporation, (ii) approve or disapprove any candidate for the position of interim director, director, chairperson, chief executive officer, or president of the Bridge Depository Institution, and (iii) remove any individual from the position of interim director, director, chairperson, chief executive officer, or president of the Bridge Depository Institution; provided, that (iv) no fewer than five and no more than ten individuals shall serve on an interim board of directors



or board of directors at any time, and (v) nothing herein shall be construed to require retention on any such board of directors or as chief executive officer or president of any individual appointed pursuant to this Resolution upon the occurrence of the termination of the Bridge Depository Institution status in accordance with section 11(n)(9) or (10) of the FDI Act, 12 U.S.C. § 1821(n)(9) or (10).

BE IT FURTHER RESOLVED, that the Director, CISR (or designee), is authorized on behalf of the Corporation, in his discretion and upon such terms and conditions as he determines to be advisable or necessary, to (i) approve and provide for reimbursement for reasonable expenses actually incurred while serving in the capacity of representative, interim director, director, chairperson, chief executive officer, or president of the Bridge Depository Institution, and (ii) approve and provide for compensation while serving in the capacity of interim director, director, or officer (who is part of the senior management) of the Bridge Depository Institution; provided, that such authorization shall be in accordance with section 11(n)(6)(B)(ii) of the FDI Act, 12 U.S.C. § 1821(n)(6)(B)(ii); and provided further, that the Director, CISR (or designee), shall seek, as appropriate, reimbursement of any such amounts referenced in (i) or (ii) from the Bridge Depository Institution.

BE IT FURTHER RESOLVED, that the Director, CISR (or designee), is authorized on behalf of the Corporation to (i) determine, in his discretion, which of the representatives, interim directors, directors, officers, employees, and agents of the Bridge Depository Institution may be indemnified by the Corporation, and (ii) in the discretion of the Director, CISR (or designee), on behalf of the Corporation, enter into an agreement in accordance with the terms and conditions of which the Corporation will indemnify such persons (the "Agreement Concerning Indemnity").

BE IT FURTHER RESOLVED, that the Director, CISR (or designee), is authorized on behalf of the Corporation to provide guidance to the interim board of directors and board of directors of the Bridge Depository Institution in accordance with an agreement concerning the management of the Bridge Depository Institution and take all actions in his discretion as he or she deems necessary or appropriate to implement such agreement and provide such guidance.

BE IT FURTHER RESOLVED, that the board of directors of the Bridge Depository Institution, in the performance of its duties, shall account to the Corporation for all monies or other things of value received from the Corporation.

BE IT FURTHER RESOLVED, that the Director, CISR (or designee), is authorized on behalf of the Corporation to (i) execute and deliver or cause to be executed and delivered (a) an Organization Certificate, (b) Articles of Association, (c) Bylaws, and (d) an Agreement of Indemnity with respect to any such representative, interim director,

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director, officer, employee, or agent of the Bridge Depository Institution, all in form and substance satisfactory to the signatory or signatories on behalf of the Corporation and the Corporation's General Counsel (or designee) the execution thereof to be conclusive evidence that the same are satisfactory, (ii) execute and deliver or cause to be delivered such other agreements, instruments, and documents as may be necessary or advisable to carry out the terms of any such agreement and effect the matters contemplated thereunder, and under this Resolution, all in form and substance satisfactory to such signatory on behalf of the Corporation and the Corporation's General Counsel (or designee), the execution thereof to be conclusive evidence that the same are satisfactory, and (iii) take or cause to be taken such other action as may be necessary or advisable to carry out the terms of any such agreement, and effect the matters contemplated thereby and under this Resolution; provided, that in accordance with the applicable terms and conditions of this Resolution, all corporate and other proceedings necessary for the organization of the Bridge Depository Institution, the consummation of the transactions contemplated by the foregoing agreements and the matters incident to the foregoing and the protection of the Corporation are satisfactory in form and substance to the General Counsel (or designee), the acceptance thereof to be conclusive evidence that the same are satisfactory.

BE IT FURTHER RESOLVED, that the Director, CISR (or designee), is authorized on behalf of the Corporation, in his discretion, to, upon consultation with the General Counsel (or designee), (i) approve or disapprove such modifications to the Organization Certificate, Articles of Association or Bylaws of the Bridge Depository Institution as may be requested by such Bridge Depository Institution or as otherwise may be advisable and waive any term or condition of the Articles of Association or Bylaws of the Bridge Depository Institution, and (ii) waive or modify any term or condition of any Agreement Concerning Indemnity or Letter Agreement executed on behalf of the Corporation; provided, that any such amendment, waiver, or modification in accordance with (i) or (ii) above would not be precedential in nature.

BE IT FURTHER RESOLVED, that the provision of assistance pursuant to section 13(c) of the FDI Act, 12 U.S.C. § 1823(c), is necessary for the Corporation to meet its statutory obligations to insured depositors.

BE IT FURTHER RESOLVED, that the Director, CISR (or designee), is authorized on behalf of the Corporation, upon consultation with the General Counsel (or designee) and the Deputy to the Chairperson and Chief Financial Officer ("CFO") (or designee), consistent with the requirements imposed by 12 U.S.C. § 1823(c), in their sole discretion and upon such terms and conditions as he or she may prescribe, to make

loans to, to make deposits in, to purchase the assets or securities of, to assume the liabilities of, or to make contributions to the Bridge Depository Institution.

BE IT FURTHER RESOLVED, that the CFO (or designee), is authorized on behalf of the Corporation, (i) upon the direction of the Director, CISR (or designee), to effect or cause to be effected such transfers of funds to reimburse any representative, interim director, director, chairperson, chief executive officer, president, or officer (who is part of the senior management) of the Bridge Depository Institution in accordance with this Resolution and seek repayment of such reimbursements from the Bridge Depository Institution, as appropriate, (ii) upon the direction of the Director, CISR (or designee), with the concurrence of the General Counsel (or designee), to provide payments in accordance with the terms and conditions of any Agreement Concerning Indemnity executed on behalf of the Corporation, (iii) upon the direction of the Director, CISR (or designee), with the concurrence of the General Counsel (or designee) to provide such funds to the Receiver for the Depository Institution and to the Bridge Depository Institution as may be necessary for the Corporation to honor its liability for funding the transfer of insured deposits from the Receiver for the Bank to the Bridge Depository Institution, and (iv) upon the direction of the Director, CISR (or designee), with the concurrence of the General Counsel (or designee), to provide such funds, pursuant to such terms and interest rate as he or she may determine, to the Bridge Depository Institution, as may be necessary for the Corporation to make loans to, to make deposits in, to purchase the assets or securities of, to assume the liabilities of, or to make contributions to the Bridge Depository Institution.

BE IT FURTHER RESOLVED, that the Director, CISR (or designee), is authorized on behalf of the Corporation, in his or his discretion, to, upon consultation with the General Counsel (or designee) and the CFO (or designee), to make available upon such terms and conditions and in such form and amounts as the Corporation may in its discretion determine, funds for the operation of the Bridge Depository Institution in lieu of capital.

BE IT FURTHER RESOLVED, that if the Director, CISR (or designee), determines it is advisable to do so, the Director, CISR (or designee), shall cause capital stock of the Bridge Depository Institution to be issued and offered for sale in such amounts and in such terms and conditions as the Director, CISR (or designee), may, in his discretion, determine.

BE IT FURTHER RESOLVED, that the Director, CISR (or designee), is authorized to permit the Bridge Depository Institution to continue to utilize the procurement practices of the Bank for a period up to six months after the formation of the Bridge Depository Institution to fulfill operating requirements.

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BE IT FURTHER RESOLVED, that the Director, CISR (or designee), is authorized to take the necessary steps for termination and dissolution of the Bridge Depository Institution pursuant to 12 U.S.C. §§ 1821(n)(10), (11), and (12).

BE IT FURTHER RESOLVED, that the Director, CISR (or designee), is authorized on behalf of the Corporation to award contracts and task orders for this resolution and others as may be needed in amounts that may equal or exceed \$20 million, individually or in the aggregate.

BE IT FURTHER RESOLVED, that the Board (i) authorizes the Director, CISR (or designee), to initiate requests for indemnification of contractors retained to assist the Corporation, in any capacity, in securing any rights or carrying out obligations it may have with respect to the Bank, on terms the Director, CISR (or designee) deems advisable and in the best interest of the Corporation, in any capacity, and to make payments under such indemnification provisions; and (ii) authorizes the Deputy to the Chairperson and Chief Operating Officer, ("COO") (or designee), to include indemnification of such contractors in contracts and task orders awarded pursuant to any authority delegated to the COO (or designee) to award contracts and task orders, on terms the COO (or designee) deems advisable and in the best interest of the Corporation, in any capacity; provided, however, that, (a) any indemnification provided pursuant to the exercise of authority granted in this paragraph must be limited both as to duration and aggregate dollar amount, and (b) prior to each exercise of the authority delegated in this paragraph, the concurrence of the General Counsel (or designee) must be obtained.

BE IT FURTHER RESOLVED, that the Board hereby delegates to the Director, CISR (or designee), the authority to take any and all actions on behalf of the Corporation as determined by such Director (or designee) to be necessary or advisable to dispose JV Assets through Joint Venture Transactions, by conveying JV Assets to newly-formed SPEs, which will issue Equity and, in some cases, JV Notes, to be held by Partners and the Corporation, as receiver, including but not limited to, the authority to:

- (a) cause the Corporation, as receiver, to form, and convey JV Assets to, SPEs; and
- (b) cause SPEs to issue Equity and, as applicable, JV Notes; and
- (c) cause the Corporation, as receiver, to acquire Equity and, as applicable, JV Notes from the SPEs; and
- (d) cause the Corporation, as receiver, to provide credit facilities to fund reserves, or to otherwise provide funds to support the liquidity needs, of SPEs (including, but not limited to, funding for loan commitments); and

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- (e) cause the Corporation, as receiver, to cause SPEs to market and sell equity to the partners, on a competitive or non-competitive basis (in either case irrespective of the limitations set forth in any other delegations of authority); and
- (f) cause the Corporation, as receiver, to market and sell any or all Equity it owns to the Partners or other parties, on a competitive or non-competitive basis (in either case irrespective of the limitations set forth in any other delegations of authority); and
- (g) cause the Corporation, as receiver, to market and sell JV Notes, on a competitive or non-competitive basis (in either case irrespective of the limitations set forth in any other delegations of authority); and
- (h) in connection with a request by the Director, CISR (or designee) to the COO (or designee) to award a contract or task order to any financial adviser or other contractor (including, but not limited to, any underwriter or placement agent) for services related to any transaction or other action contemplated by this Resolution, to (i) request that the COO (or designee) provide in such contract or task order for the indemnification of such contractor by the Corporation, and (ii) make payments under any such indemnification provisions; and
- (i) cause the Corporation to select and indemnify other parties to any transaction contemplated by this Resolution (including, but not limited to, paying agents, custodians, trustees, and servicers); and
- (j) cause the Corporation, as receiver, to take other actions authorized by or consistent with any other delegations of authority; and
- (k) cause the Corporation, in its corporate capacity, to issue a guaranty of the payment of principal and interest on the JV Notes and to execute all agreements, certificates, and other instruments in connection with such guaranty; provided, however, that such authority may not be redelegated below the Deputy Director level.

BE IT FURTHER RESOLVED that authority is delegated to the Director, CISR (or designee) to take any and all actions on behalf of the Corporation as determined by such Director (or designee) to be necessary or advisable to engage in Securitizations and to dispose of Securitization Assets by conveying such Securitization Assets to newly-formed SPEs, with the SPEs issuing securities backed by such Securitization Assets for sale to investors and for acquisition and sale by the Corporation, as receiver, including but not limited to, the authority to:

- (a) cause the Corporation, as receiver, to form, and convey Securitization Assets to, the SPEs; and
- (b) cause the SPEs to issue debt and other interests to be offered and sold to investors, on a competitive or non-competitive basis (in either case irrespective of the limitations set forth in any other delegations of authority); and
- (c) cause the SPEs to issue other debt, equity, and other interests to the Corporation, as receiver; and
- (d) cause the Corporation, as receiver, to acquire SPE-issued debt, equity, and other interests; and
- (e) cause the Corporation, as receiver, to offer and sell from time to time, on a competitive or non-competitive basis (in either case irrespective of the limitations set forth in any other delegations of authority), SPE-issued debt, equity, or other interests; and
- (f) in connection with a request by either Director (or designee) to the COO (or designee) to award a contract or task order to any financial adviser or other contractor (including, but not limited to, any underwriter or placement agent) for services related to any transaction or other action contemplated by this Resolution, to (i) request that the COO (or designee) provide in such contract or task order for the indemnification of such contractor by the Corporation, and (ii) make payments under any such indemnification provisions; and
- (g) cause the Corporation to select and indemnify other parties to any transaction contemplated by this Resolution (including, but not limited to, owner trustees, indenture trustees, certificate registrars, certificate paying agents, bond administrators, securities intermediaries, custodians, oversight managers, and servicers); and
- (h) cause the Corporation, as receiver, to take other actions authorized by or consistent with any other delegations of authority; and
- (i) cause the Corporation, in its corporate capacity, to issue a guaranty of the payment of principal and interest on senior debt issued by any SPE in connection with a Securitization, and to execute all agreements, certificates, and other instruments in connection with such guaranty; provided, however, that such authority may not be redelegated below the Deputy Director level.

BE IT FURTHER RESOLVED, that the Director, CISR (or designee), and the Chief Financial Officer (or designee), are authorized on behalf of the Corporation to take any

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action consistent with this Resolution not otherwise authorized hereunder or under any delegation of authority approved by the Board as may be necessary or advisable to facilitate the organization, operation, and termination of the New Depository Institution and the Bridge Depository Institution, the sale of assets of the Bank by the receivership, using Joint Venture Transactions and Securitizations, and the other matters contemplated under this Resolution.

BE IT FURTHER RESOLVED, that the Director, CISR (or designee, who may be in CISR or DRR), is authorized to take any and all actions on behalf of the Corporation as determined by the Director (or designee) to be necessary or advisable to:

- (a) sell, transfer, or otherwise dispose of any QFC; and
- (b) terminate (including to disaffirm or repudiate) or unwind any QFC and take other actions in connection with or incidental to any termination or unwinding (including, but not limited to, releasing or obtaining the release of, or realizing upon, any collateral or other credit support supporting such QFC, or exercising other rights with respect to such collateral or other credit support for such QFC); and
- (c) exercise all the rights of the Corporation under any QFCs including, without limitation, all rights to net payments under any netting agreement or applicable law; and
- (d) enter into or otherwise execute any QFC that, in the judgment of the Director, CISR (or designee), (i) is intended to hedge any risk relating to any asset or liability or business line (including, without limitation, any "Marketed Business," which means, for purposes of this section, at any time, any business unit or activity that the Corporation as receiver intends to transfer to a bridge institution or is in discussions to sell to any purchaser or is otherwise in the process of offering to sell, in each case, as determined by the Director) of the receivership, or (ii) in the case of a Marketed Business, in addition to any QFC authorized under clause (i), is in the ordinary course of business of such Marketed Business; and
- (e) approve or otherwise affirm any QFC; and
- (f) modify any QFC, provided that such modification does not (i) increase the principal or notional principal amount of such QFC by more than 10%, (ii) in the case of a QFC (such as an interest rate swap) where a specified interest rate or a financial index is factored into the calculation of the amount payable change (adversely to the interests of the Corporation as receiver) (A) the specified interest rate by more than 1.5%, or (B) the amount calculated based on the

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financial index, by adjusting such index, or inserting a margin above or below such index, by more than 1.5%; and

- (g) take any and all actions to perform under any QFC (including, but not limited to, making margin and other payments, and applying margin and other payments); and
- (h) grant a security interest in or pledge any asset or QFC to secure any obligation of the Corporation under any QFC; and
- (i) release any guaranty, collateral, margin, or other credit support held by or pledged to the Corporation to secure or support the obligation of any counterparty under any QFC, or realize upon or exercise other rights with respect to, or exchange, any such guaranty, collateral, margin, or other credit support; and
- (j) in connection with a request by the Director, CISR (or designee) to the COO (or designee) to award a contract or task order to any financial adviser or other contractor (including, but not limited to, any custodian or securities intermediary) for services related to any transaction or other action contemplated by this Resolution, to (i) request that the COO (or designee) provide in such contract or task order for the indemnification of such counterparty by the Corporation, and (ii) make payments under any such indemnification provisions; and
- (k) on behalf of the Corporation, (i) enter into or approve agreements to secure memberships (including, but not limited to, central counterparty, financial market utility, and similar memberships), (ii) indemnify the counterparty if necessary to secure any such membership, and (iii) pay or otherwise perform the Corporation's obligations under any such agreements; and
- (l) take any action not otherwise authorized in this Resolution with respect to or relating to any QFC that the Director (or designee) is authorized under any provision of the RMDs to take with respect to any contract, agreement, transaction, or other asset or property, treating QFCs, for purposes of this Resolution, as though they constituted a contract, agreement, transaction, or other asset or property under such provision of the RMDs.

BE IT FURTHER RESOLVED, that the Director, CISR (or designee) is authorized to borrow operating funds from the Corporation, in its corporate capacity, for the operation of the receivership of the Bank, and the Director, DOF (or designee) is authorized to cause the Corporation, in its corporate capacity, to lend such funds to the receivership for the Bank.

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BE IT FURTHER RESOLVED that the CFO (or designee) is authorized to cause the Corporation to issue any kind of obligations determined by the CFO to be necessary or appropriate, to provide credit enhancement for the obligations of the Bridge Depository Institution, including promissory notes, indemnifications, guaranties, and obligations for which the full faith and credit of the United States is pledged, and to execute and deliver any and all such obligations.

BE IT FURTHER RESOLVED, that the Director, CISR (or designee) is authorized to enter into an ILSA on behalf of the Corporation, as receiver for the Bank, and the Director, DOF (or designee) is authorized to enter into an ILSA on behalf of the Corporation, in its corporate capacity, with such ILSA to be in such form, and contain such terms and conditions, as the Director, CISR (or designee) and Director DOF (or designee), with the concurrence of the General Counsel (or designee), determine are necessary or appropriate.

BE IT FURTHER RESOLVED that the Director, CISR (or designee) is authorized to exercise any and all of the authority delegated to the Director of the DRR in the Receivership Management Delegations, Board Resolution No. 070634 dated June 13, 2002, as amended.

BE IT FURTHER RESOLVED, that the Director, CISR (or designee), is authorized, in consultation with the Chairman, to approve an advance dividend to uninsured depositors by the Receiver in the amount of up to 80 percent of the expected recovery.

BE IT FURTHER RESOLVED, the Director, CISR, in consultation with the Chairman and prior to the deposit insurance determination being completed, is authorized to credit depositor's accounts with an estimated insured deposit paid by the Deposit Insurance Fund, subject to a partial provisional hold.

BE IT FURTHER RESOLVED, that the Director, CISR (or designee) is authorized to take any and all actions not expressly authorized in this Resolution as may be necessary or appropriate to carry out any action expressly authorized in this Resolution.

[EXECUTIVE SECRETARY'S NOTE: Information as to the outcome of the resolution process to be added here once it becomes known.]

Documents and materials relevant to the Board's consideration of this matter are marked as Exhibits, filed among the official meeting records of the Board, and are incorporated by reference into these Minutes.

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Chairman Gruenberg adjourned the meeting at 5:17 p.m.

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Assistant Executive Secretary

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**TRANSCRIPT**

CHAIRMAN GRUENBERG: Well, good afternoon, everybody. I'd like to call this special meeting of the FDIC Board to order.

First, I'd like to welcome our two new FDIC Board members, Vice Chairman Travis Hill and Director Jonathan McKernan, to their first meeting of the FDIC Board of Directors. I think this is one you may remember, for what it's worth.

We need a Sunshine Motion. Would someone like to make a Sunshine Motion?

MEMBER CHOPRA: So moved.

CHAIRMAN GRUENBERG: Thank you. And a second?

MEMBER HSU: Second.

CHAIRMAN GRUENBERG: Thank you very much. All in favor please say aye.

(Chorus of aye.)

CHAIRMAN GRUENBERG: And the motion is adopted. Thank you.

There are no items on the Summary Agenda this afternoon. We have four items on the Discussion Agenda. Due to the interrelated nature of these cases, the Board will be briefed on each of the items prior to holding a vote.

The first item is a Memorandum and Resolution relating to the Systemic Risk Exception Recommendation. And that item will be followed by an Updated Failing Bank Case for Silicon Valley, Santa Clara, California; a Memorandum and Resolution relating to a Failing Bank Case for Signature Bank, New York, New York; and a Memorandum and Resolution relating to a Failing Bank Case of the First Republic Bank, San Francisco, California.

And before we proceed, I'd like to mention that there was one word change that had been agreed to from a "may" to a "will." I think staff understand the context of that, and I'd like to acknowledge that change will be made, and if there's any opposition from the Board -- otherwise, we'll make that change to the case. Okay?

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MEMBER CHOPRA: Thank you, Chairman.

CHAIRMAN GRUENBERG: Okay. Thank you.

So in regard to the first presentation, Ryan Tetrick, Rae-Ann Miller, Scott Christensen, and Penn Starke will present the cases.

MS. MILLER: Thank you, Chairman. Okay. I'm going to present two failing bank cases to you today.

We are going to start with the first case, Signature Bank. Signature Bank is a state, non-member commercial bank with \$110 billion in assets, with no holding company or affiliates. This bank is headquartered in New York City with branches in various other states. The bank's business model consists of commercial lending products. And in 2018 and 2019, the bank expanded its products by launching services to the private equity industry, as well as expanding to offering digital payments platform services. Funding is primarily by insured deposits from the bank's small to mid-sized business customers, as well as deposits from its digital asset business.

As of December 31st, 2022, the bank funded itself 90 percent with uninsured deposits. The bank's current poor financial condition stems largely from its significant reliance on uninsured deposits that exposed deposit-run vulnerabilities during a recent disruption in the crypto market and the failure of a large institution with a venture capital business model. The bank experienced significant contagion effects following those two events, and that included material deposit outflows, and resulted in the fact that the bank may not have adequate liquid funds to meet funding needs throughout a full business day. While this bank remains well capitalized, under the Prompt Corrective Action Framework, ongoing viability is questionable, given these liquidity concerns.

Now, I'll move to the second case that we're presenting to you, and this is First Republic Bank. First Republic Bank is a \$212 billion institution domiciled in California with branches in various other states as well. This bank focuses on offering banking services to high-net-worth individuals, including residential real estate lending and wealth management services. Single-family loans are the primary product of this institution, and it includes jumbo non-conforming loans with interest-only repayment programs. Funding is provided primarily by deposits of bank customers who typically have other products with the bank. Uninsured deposits were approximately 67 percent of total deposits, as of March 10th, 2023.

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On March 10th, the bank began experiencing significant deposit outflows due to the contagion effects from the failure of a regional bank operating in the same geography. This resulted in a significant decline in the bank's share price, resulting in a freeze in trading, intraday trading, as well as significant deposit outflows that reached approximately \$25 billion during the day, requiring the bank to draw significantly on its emergency sources of funding. The bank remains well capitalized under the Prompt Corrective Action framework, but ongoing viability is questionable if significant deposit outflows continue and if borrowing capacity proves to be insufficient.

Thank you very much. And I will turn it over to my colleague, Ryan Tetrick.

MR. TETRICK: Thank you, Rae-Ann. Thanks to the Board.

Building on the supervisory history that Rae-Ann discussed, I'll now present the staff's recommendation of the Resolution for First Republic Bank and Signature Bank.

Staff recommends that the Board authorize the Director of CISR to implement resolution transactions for the banks and to delegate the necessary authority for resolution receivership activity, including to: accept appointment, determine the least costly resolution method, market the franchise and assets, engage and indemnify contractors, establish and manage a Deposit Insurance National Bank or a bridge depository institution, arrange for joint venture and securitization disposition strategies for retained assets, manage the retained QFC portfolio, make estimated insured deposits available subject to provisional holds, determine and pay advanced dividends, and to authorize the Deposit Insurance Fund to lend to, and the receiver to borrow from, the DIF to fund the operations.

Regarding the specific anticipated strategy for these institutions, given the rapid deterioration of the banks, a fulsome marketing strategy has not yet been possible. **b5,SA (c)(8),SA (c)(9)(B)**

**b5,SA (c)(8),SA (c)(9)(B)**

Given that, for these institutions, staff expects to establish a bridge depository institution for each to transfer substantially all assets, deposits, and operations to the bridge depository institutions. Staff then expects to appoint suitable new senior management to manage the bridge institutions while also taking steps to stabilize the bank and its operations, with the goal of maximizing value, as the banks and their assets are then marketed following the resolution.

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Further, as the Board is aware, Silicon Valley Bank is being resolved using a receivership and a Deposit Insurance National Bank. Though not in the cases presented before you presently, staff expects to subsequently propose to form a bridge depository institution to facilitate the ongoing resolution of Silicon Valley Bank to, similarly to the other institutions, transfer assets, deposits, and ongoing operations to maximize the value that we can realize throughout the course of the resolution.

For all of these resolutions, we expect this will also reduce the liquidity needs of the DIF in the short term, of the Deposit Insurance Fund in the short term, and will enable us to more effectively market the institutions, and this case would be forthcoming.

I will now turn to Scott Christensen to present one further case to the Board. I think Scott is virtual.

MR. CHRISTENSEN: Good afternoon.

As a result of the efforts to protect all deposits in the banking crisis of the late 1980s and early 1990s, Congress constrained the ability to protect depositors beyond their insured balances. In general, when resolving a failed bank, the FDIC is not permitted to protect uninsured deposit balances.

Congress created an exception in the rare circumstance of a systemic risk recognized by the FDIC, the Federal Reserve, and the Department of the Treasury. Staff has concluded that the extraordinary circumstances that several banks have experienced in recent weeks, in recent days, rise to the level of a systemic risk contemplated by Congress in the systemic risk exception. The past week alone has seen the voluntary dissolution of Silvergate Bank late Wednesday after a bank run, followed by a bank run at Silicon Valley Bank that led to its receivership on Friday. Signature Bank and First Republic Bank have seen similar losses of deposits and weakening of their value. Staff believe that without the FDIC action to avoid or mitigate the serious adverse financial effects of the banks' failures, businesses and consumers are likely to withdraw uninsured deposits rapidly and in large volumes, likely resulting in a wave of bank failures.

Staff believes that the threat to the market posed by the rapid flight of deposits is a systemic problem that threatens the stability of a significant number of insured depository institutions. Those large losses of uninsured deposits could also threaten public confidence in the nation's banking system that the FDIC is mission-driven to protect.

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As a result, staff believes that the imposition of a least-cost resolution on the banks' resolutions would almost surely have major systemic effects. The resolutions presented to the Board today by my colleagues would best mitigate the adverse effects of a failure on financial markets and the broader economy. Staff recommends, therefore, that the Board recognize and invoke the systemic risk exception in order to lessen the risk to insured depositors and the Deposit Insurance Fund.

CHAIRMAN GRUENBERG: Does that conclude the staff presentation?

MR. TETRICK: It does.

CHAIRMAN GRUENBERG: All right. Thank you all very much. Are there any comments or questions from the Board?

If none, and you want -- you may want to put Jonathan back on the screen, if we could.

MEMBER McKERNAN: None here, Chairman.

CHAIRMAN GRUENBERG: Okay. I know all the members of the Board had the opportunity to review the cases prior to the meeting.

With no further comments or questions, may I have a motion with respect to the systemic risk exception, the Signature Bank failure, and the First Republic Bank failure?

MEMBER HSU: So moved.

CHAIRMAN GRUENBERG: Thank you. And a second?

MEMBER CHOPRA: Second.

CHAIRMAN GRUENBERG: Thank you very much. All in favor please say aye.

(Chorus of aye.)

CHAIRMAN GRUENBERG: The motion is adopted. Thank you all very much. That concludes the Discussion Agenda for our meeting.

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As was mentioned, the Board will consider a notational vote relating to the Silicon Valley Bank failure later.

Is there any new business from Board members? If none, before adjourning, if I may say a word of thanks to my fellow Board members for their cooperation and collaboration on this important matter today. And I particularly would like to thank a lot of tired staff members for their extraordinary efforts over the past several days to act on a very important matter.

If there are no further comments or questions, the meeting is now adjourned. Thank you all very much.

(Whereupon, the above-entitled matter went off the record at 5:17 p.m.)

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