DECLARATION OF JASON ARNOLD

I, Jason Arnold, pursuant to 28 U.S.C. § 1746, declare as follows:

1. I am a resident of San Francisco, California. I have personal knowledge of the facts set forth in this declaration.

2. I make this declaration at the request of the United States Securities and Exchange Commission ("Commission").

3. I hold a B.S. degree in Aerospace from the Metropolitan State College of Denver and a Master of Arts Degree in Political Economy from Harvard University. I am also a Chartered Financial Analyst.

4. I am currently a Director in the Equity Research Department at RBC Capital Markets and specialize in conducting and providing sell-side research on the financial and real estate sectors. I joined RBC Markets as a Senior Equity Research Analyst in May, 2007, where I have focused on a diverse group of specialty finance companies and banks, including credit card issuers, mortgage finance, mortgage REITs and business development companies ("BDCs"). I was previously employed as a Junior Research Analyst in Specialty Finance at Merrill Lynch & Co. Prior to Merrill, I was an Equity Research Associate at RBC Capital Markets in the Financial Institutions Group where I covered community banks, thrifts, mortgage REITs and BDCs. Prior to joining RBC in 2004, I worked in buy-side equity research, analyzing equities across various sectors using numerous fundamental and relative market valuation analyses methods and models.

5. I started providing research coverage on IndyMac in August 2007, and continued to do so until July 2008, when IndyMac Bancorp filed for bankruptcy protection and IndyMac Bank was placed under a FDIC receivership. In providing research coverage on IndyMac I considered all publicly available information, including the company's filings with the SEC (e.g., Forms 10-K, 10-Q, 8-K), the company's statements during conference calls with investors and analysts, and

industry-wide data, such as data from FHA and the Case-Schiller index.

6. As of August 2007, I was an associate analyst at RBC, and James Ackor was the senior analyst for RBC covering IndyMac. As reflected in our research report dated August 1, 2007, a true and correct copy of which is attached hereto as Exhibit 1, Mr. Ackor considered IndyMac to be well-capitalized at that time and, as such, insulated from the liquidity problems facing other companies in the mortgage industry at that time. Indeed, despite challenging operating conditions, RBC reported at the time that it expected IndyMac to expand and that it had the potential to make some opportunistic small acquisitions or quality production hires to position the company to grow its market share in the remainder of 2007. Given that outlook, and the other publicly available information on IndyMac, RBC rated IndyMac "outperform," meaning that it expected IndyMac to materially outperform the sector average over 12 months.

7. As of November 2007, I was the senior analyst for and assumed full coverage of IndyMac. In my November 7, 2007 report, a true and correct copy of which is attached hereto as Exhibit 2, I downgraded IndyMac from "outperform" to "sector perform," meaning that I expected IndyMac to be in line with the sector average over 12 months. As my November report reflects, I had come to the conclusion that IndyMac, in light of its reported losses and increased loan loss reserves, would not pay a dividend on its common stock in order to conserve capital on a going forward basis. In fact, IndyMac announced that it was suspending payment of its common dividend on February 12, 2008. Although this was negative news, as my November report indicates, it was not wholly unexpected.

8. In my February 13, 2008 report, I again downgraded IndyMac from "sector perform" to "underperform," meaning that I expected IndyMac to be materially below sector average over 12 months. As my February 13 report

indicates, a true and correct copy of which is attached hereto as Exhibit 3, in my opinion, credit was IndyMac's "Achilles Heel" given IndyMac's sharp increase in nonperforming assets and increased loan loss reserves. As my February 13 report further indicates, I was also concerned about IndyMac's deteriorating capital and decreasing risk-based capital ratio, which had declined from 11.79% to 10.50% over the last quarter, and the potential for further credit erosion may leave IndyMac under-capitalized in the eyes of banking regulators. In its February 12, 2008 earnings call, IndyMac's management addressed its capital ratio pressures, stating that its plan for the coming year called for shrinking IndyMac's balance sheet and suspending payment of its common dividend. I was somewhat skeptical of management's ability to shrink IndyMac's balance sheet through the sale of assets, given the weak pricing of riskier loans in the secondary market, but the only alternative solution that I could envision that would alleviate IndyMac's capital position would be a significant recapitalization, in the $500 million to $1 billion range, which would have been highly dilutive to existing shareholders.

9. I am familiar with IndyMac's direct stock purchase program ("DSPP") as a means by which IndyMac could raise capital. Based on IndyMac's management's statements during its Q3 2007 earning call, where Mr. Perry stated "we're not going to go out and raise capital through the direct stock purchase plan;" IndyMac's statement in its Q4 2007 earnings presentation that "due to its low stock price to book value per share, our 2007 plan does not rely on the capital markets for raising capital;" and Mr. Perry's statement in his shareholder's letter dated February 12, 2008, in which he reiterated "we want to try and avoid raising capital externally right now given our current stock price relative to book value per share, as any capital raised would be highly dilutive to existing shareholders," it was my understanding that IndyMac had stopped raising capital through its DSPP program and was going to avoid doing so during this time period because

IndyMac's share price was well below its book value. I also understood each of the comments quoted above to refer to raising capital through the capital markets, including IndyMac's DSPP program.

10. Had I know that IndyMac had resumed raising capital through its DSPP program shortly after February 12, 2008, I would have it found it to be a source of concern and material information that I would have liked to have known, as it illustrated that IndyMac's management was more concerned about its capital position than it publicly disclosed. Although it would not have changed my overall rating of the company, I would have considered the resumption of such sales as an indication that management no longer considered its February 12, 2008, forecast and, in particular, management's statements about the adequacy of its regulatory capital levels, to be accurate. Indeed, I would have taken the resumption of such sales, which would have been highly dilutive to existing shareholders depending on the volume of such sales, as an indication that IndyMac was more in need of capital than publicly indicated by the company.

11. In addition, had I known that one of the purposes of IndyMac's resumption of DSPP sales in February 2008 onward was to raise capital to pay preferred dividends and interest on its trust preferred securities, I would have wanted to know this fact, as I would have found this to be of very serious concern and an indication that IndyMac was in a much more challenged financial condition and at risk of otherwise being unable to pay its preferred dividends and interest on its trust preferred securities. In my opinion, if IndyMac stopped paying its preferred dividends or the interest on its trust preferred securities, it would likely be foreclosed from raising capital in the capital markets and, as a result, would be far more challenged in avoiding financial failure. Indeed, during my questioning of Mr. Perry during the February 12, 2008 earnings call, Mr. Perry acknowledged the likely consequences if IndyMac stopped paying interest on its trust preferred

dividends, when he told me "yeah, I mean, it would be seen as a negative in the market and limit our future access to the capital market. So we would do everything it took to avoid doing that." Given Mr. Perry's response to my questions, and his statements that IndyMac had sufficient cash at the holding company level to pay the interest on its trust preferred securities for over 2 years, I was taken by surprise when IndyMac announced on May 12, 2008, that it had made the decision to defer interest on its trust preferred securities at the holding company, and to suspend the dividends on its non-cumulative perpetual preferred stock at IndyMac Bank.

12. In my May 13, 2008 report, a true and correct copy of which is attached hereto as Exhibit 4, I commented on IndyMac's decision to defer payments on its trust preferred securities and dividends on its non-cumulative, perpetual preferred stock, noting that "[w]hile this move could add modest support to capital levels, the signal to the market is that the company is in more dire circumstances than it generally acknowledges in its outlook for its business." This is line with my thinking in February 2012, and why I believed that IndyMac's management's statements in February regarding its ability to meet its payment obligations on its preferred securities illustrated a change of perspective had occured.

13. In my May 2008 report, I also expressed concerns over the troubling implications of IndyMac's decreasing regulatory capital ratios, and that their continued erosion suggested that IndyMac was at risk of regulatory invention if it were unable to improve its capital ratios, including, potentially, FDIC receivership.

14. Given the critical importance of IndyMac's regulatory capital ratios, and whether they were continuing to deteriorate and at what rate, I would have wanted to know that IndyMac, sometime in February 2008, had obtained approval from OTS to no longer double risk weight its subprime assets. During the time

that I covered IndyMac, I was not aware that IndyMac had obtained such relief. I definitely would have wanted to know this fact, as it would have made me even more concerned about the adequacy of IndyMac's regulatory capital. Also, in my opinion, the failure to disclose this fact served to mask the rate of deterioration of IndyMac's capital ratios – albeit not to a degree that would have changed my view on the company's already sizable capital adequacy challenges. Indeed, it is my understanding that had IndyMac continued to double risk weight its subprime assets, as it had historically done, as of the first quarter of 2008, its total risk based capital ratio would have fallen below 10%, thus triggering additional regulatory scrutiny and potential limitations on its ability to accept brokered deposits, upon which IndyMac had become increasingly reliant as a source of capital.

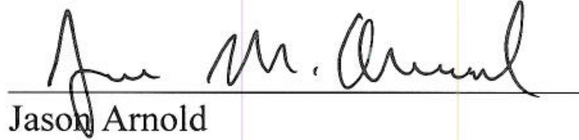
15. I was also not aware that IndyMac had made an $18 million capital contribution to IndyMac Bank on May 9, 2008, effective as of March 31, 2008, to keep IndyMac Bank's total risk-based capital ratio above the 10% "well capitalized" threshold at March 31, 2008. It would have been important for my credit opinion to know that IndyMac had given retroactive effect to a capital contribution because it would have been another sign of IndyMac's poor capital position and the highly unusual steps that it was taking in an effort to address that problem. In my opinion, that retroactive capital contribution would also reflect that IndyMac's management was taking drastic steps to address the Bank's capital position, and would be illustrative of Bank's dire capital position. It would have also raised my concerns about the integrity of IndyMac's management.

16. In my review of IndyMac's Form 8-K filed on May 12, 2008, I noted on page three of the presentation entitled "First Quarter Review" the statement that IndyMac "contributed $88 million to the Bank during Q1 08." I believe this statement to be false and misleading if $18 million of IndyMac's total $88 million contribution was made on May 9, 2008, and not during the first quarter of 2008.

Knowing this, I would have continued to rate IndyMac "underperform."

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed this 29th day of January 2012 in San Francisco, California.



Jason Arnold