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THE VERIBANC BANK RESEARCH REPORT - TEXT PAGES

FOREWORD

VERIBANC is pleased to present you with our BANK RESEARCH REPORT. The report includes detailed information about a bank's assets, capital, loan portfolio (including problem loans), foreclosed property, insider lending, brokered deposits, income, and other key areas of its operations. Several sections of the report specifically address regulatory oversight. In tracking the bank's compliance with current federal capital requirements, attention is given to the tiered capital and risk-weighted assets ratios, as well as to the leverage ratio. Each bank is also characterized in terms of the FDIC's capital classifications of "well capitalized", "adequately capitalized", "undercapitalized", "significantly undercapitalized" or "critically undercapitalized". The report also includes whether or not the institution has been subject to recent regulatory enforcement actions.

We also distinguish between the liquid part ("available-for-sale") of a bank's securities portfolio and the portion which is long-term ("held-to-maturity"). Embedded gains or losses (currently unrecognized) in its held-to-maturity portfolio are also shown. A cross section of important derivatives activity, including both on and off-balance sheet positions, rounds out the picture. We believe you will find all of this information interesting and helpful in understanding your institution's performance, condition and financial risk.

The format of the report is designed for quick access; the data pages, (which must be purchased) consist of key elements of a bank's operations, i.e., balance sheet, lending categories, problem loan items, as well as investment measures; Appendix A contains the definitions and explanations of all data items; graphical industry-wide comparisons can be found in the “BRR Graphs” (for the current quarter) PDF file.

Thank you for your interest in the information VERIBANC provides. As always, your thoughts on improvements are welcomed. We hope the data herein serves you well.

Sincerely,
VERIBANC, Inc.

Michael M. Heller,
President

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INTRODUCTION

The information presented in the data pages is extracted directly, or derived from, the quarterly financial releases provided by the Federal Reserve Board. This database applies to every federally insured commercial bank and savings bank in the United States and its territories. The data are assembled by the Federal Reserve Board from all of the banks' quarterly condition and income ("call report") filings with their various regulatory agencies. Normally, the data are released during the fourth month after the close of each fiscal quarter. Most banks* must file their reports within a month after the close of each quarter. The remaining time is used by the regulatory agencies for pre-release screening and analysis. The data cycle is summarized in the table below. VERIBANC revises its database and makes updated reports available within a few days of the Federal Reserve Board's release of new data.

Fiscal Period	Bank must file with federal regulatory agency by*	Federal Reserve Board releases data - exact release date varies
Jan. 1–Mar. 31	April 30	June 15
Apr. 1–June 30	July 30	September 15
July 1–Sept. 30	Oct. 30	December 15
Oct. 1–Dec. 31	Jan. 31	March 15

The Bank Research Report represents VERIBANC's effort to select the most important items from the banks' call reports. Note that the original call reports may contain dozens of pages of numbers, not all of which have the same degree of usefulness. Although it would have been straightforward simply to transcribe this data from magnetic media onto paper, we have chosen instead those items which we believe provide the most insight about each bank. In addition, we have calculated various numerical ratios and several other measures which we consider to be especially useful in assessing an institution's financial condition. The report's graphical supplement relates these measures to the industry as a whole.

Finally, as detailed as the information in this report is, we recognize that some specialized applications may require even more data. If you have such a need, we invite you to write or call VERIBANC about it.

DESCRIPTION OF THE DATA PAGES

Appendix A which follows gives more detailed descriptions of the data page entries. The graphical supplement, which provides industry wide context for the data, is found in the “BRR Graphs” PDF file.

* Certain large institutions are given an additional 15 days to file.

APPENDIX A: DETAILED DESCRIPTION OF THE DATA PAGES

THE HEADER, FOOTER AND REPORT ENTRIES

The top of each data page contains the name of the bank and the city and state of its home office or the office from which it reports to its banking regulatory agency. Unless stated otherwise, the BANK RESEARCH REPORT for the office listed in the data page heading includes data for all of the bank's branches. (A financial institution's branches and home office report as a unit.)

The "Bank Reporting Date" given at the bottom of each data page identifies the applicable quarter. This is the closing date of the fiscal quarter to which the report applies. The date on which the new data base tapes became available to VERIBANC is also given at the bottom of each data page, as well as the date when the report was prepared and the page sequence number.

If you have specified a bank according to the name of its holding company, the data pages apply only to the lead bank of the group (and any branches). The lead bank is usually the one having the most assets.

Numerical data in the report are presented in one of three ways. Dollar amounts are stated in units that are rounded to the nearest thousand. Ratios are given as percentages carried to one hundredth of a percent. Numerical counts are given as whole numbers. If an entry is not available, not applicable or not meaningful, the notation N.A. is used. The data pages are divided into twelve sections, each of which is described below.

I. OVERALL OPERATIONS

Item 1. **Total Assets** are stated for the fiscal quarter ending on the bank reporting date given at the bottom of the page.

Item 2. **Total Equity Capital** is stated as of the end of the quarter.

Item 3. **Net Income for the Entire Past Year** is after taxes and extraordinary items.

a. **Annualized Net Income, Current Quarter** is the net income over the most recently available reporting quarter, multiplied by four.†

b. **Annualized Net Income, Previous Quarter** is the net income from the previous quarter, multiplied by four.

c. **Annualized Net Income, Second Previous Quarter** is the net income from the reporting period two quarters ago, multiplied by four.

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† In certain rare cases, income data for the current quarter are unavailable. In those instances, we provide an annualized estimate based on the "year to date" value of net income along with a footnote identifying the estimate as such.

I. OVERALL OPERATIONS (CONTINUED)

Item 3 (cont.) d. **Annualized Net Income, Third Previous Quarter** is the net income from the reporting period three quarters ago, multiplied by four.

Item 4. **Annualized Net Income Before Extraordinary Items** is after taxes but before adjustment for extraordinary income or expenses. Annualization is performed by multiplying the quarterly amount by four.

Item 5. **Total Loans** are the sum of all mortgage loans, nonmortgage and other loans in the categories enumerated in Section IV, "Lending Categories".

Item 6. **Total Deposits** are stated as of the end of the quarter.

Item 7. **Insider Loans** are total lending to bank officers, directors, principal shareholders or their related interests.

Item 8. **Number of Major Borrowers Who Are Insiders** includes officers, directors and principal shareholders who owe more than $500,000 or five percent of the bank's capital (whichever is less).

Item 9. **Liquid Assets** are summarized in Section VIII.

Item 10. **Total Problem Loans, Securities and Derivatives Contracts** include all outstanding past due, non-accrual and renegotiated debt items (including problem debt securities) as well as the book value of delinquent interest rate, foreign exchange and other derivatives contracts. Exceptions are those items which are less than 90 days in arrears or have repayment guaranteed by the U.S. government or its agencies. Specific categories are presented in Section V.

II. KEY OPERATING MEASURES

Item 1. **Excess Prob**lem **Loans**, **Securitie**s **&** Derivatives **Contracts as a %** (Percentage) **of Equity** – defined as "Total Problem Loans, Securities and Contracts" (Item I.10) less the "Loan Loss Reserve Balance" (Item VI.6). "Equity" is "Total Equity Capital" (Item I.2). A value of 100 percent corresponds to a potential loss of all of a bank's equity capital. Graph One presents industry-wide perspective.

II. KEY OPERATING MEASURES (CONTINUED)

Item 2. **Equity As A Percentage Of Assets** is computed from "Total Equity Capital" (Item I.2) and "Total Assets" (Item I.1). Graph Two provides industry-wide distribution information. Note that a common minimum standard used by analysts is that equity should be at least five percent of assets.

Item 3. **Profitability** is expressed as annualized return on assets (R.O.A.). The calculation takes "Annualized Net Income" (Item I.3.a) as a percentage of "Total Assets" (Item I.1). Graph Three presents industry-wide perspective.

Item 4. **Liquidity** expresses "Liquid Assets" (Item I.9) as a percentage of "Total Deposits" (Item I.6). Graph Four shows liquidity ranges for all banks.

Item 5. **Insider Loans As A Percentage Of Equity** are computed from "Insider Loans" (Item I.7) and "Total Equity Capital" (Item I.2). The distribution of insider lending over the banking industry is presented in Graph Five.

Item 6. **Percentage of Equity Lost During Quarter** represents the net loss during the most recent quarter as a percentage of the institution's equity. For banks that had positive net income during the most recent reporting quarter, "Profitable" is printed. For institutions with negative equity, the notation "Insolvent" is used. Graph Six shows how many banks were profitable, how many had losses and how many had serious losses.

Item 7. **VERIBANC's Color and Star Classification** is explained in detail at the end of this Appendix. Three main color categories are used. The order of preference is: GREEN, YELLOW and RED. Assignments of three stars, two stars, one star or no stars are possible, with more stars being preferable. A table summarizing the color and star classification of the entire banking industry follows the data pages.

Item 8. **VERIBANC's Previous Quarter's Color and Star Classification** is given.

Item 9. **Provisional Color and Star Rating** represent the VERIBANC rating which is expected to be assigned when the next federal data release becomes available. The data used as the basis for the rating has been supplied by the institution itself under VERIBANC's **"Early Bird"** program. Since this information has not been verified or edited by the appropriate federal regulatory agency, the rating is accorded provisional status. In addition, VERIBANC does not assign a provisional rating which is less favorable than the rating based on the latest-available federal data. In the usual case, when no provisional rating is granted, "N.A." (Not Applicable) is printed.

III. COMPLIANCE WITH FEDERAL CAPITAL REQUIREMENTS

Item 1. **Tier One Capital** consists principally of equity, non-cumulative perpetual preferred stock and minority interests in subsidiaries, less intangible assets. However, the exact definition is complicated and subject to change.

Item 2. **Total Risk Capital** consists principally of tier one capital, a portion of loan loss reserves and debt instruments which must be paid in the form of stock ("tier two" capital) and, for large banks, special capital accounts earmarked to buffer market risk to securities and derivatives holdings ("tier three" capital).

Item 3. **Total Risk-Weighted Assets** represent the total of assets and credit equivalent amounts of off-balance sheet items which regulators have decided possess different degrees of riskiness. The amount in each risk category is multiplied by a numerical weight which accounts for how risky each category is. The total is larger when the riskiness of assets is greater.

Item 4. **Total Risk Capital as a Percentage of Risk-Weighted Assets (Basel Accord Risk Ratio)** is generated from formulas used by federal regulators. For an institution to meet the minimum federal requirement, its total risk capital ratio must be at least eight percent. To qualify for the characterization "well capitalized," a bank's total risk capital ratio must be at least ten percent.

Item 5. **Tier One Capital as a Percentage of Risk-Weighted Assets (Tier One Risk Ratio)** is also computed according to regulatory formulas. The minimum federal requirement for this ratio is 4.0 percent. For an institution to be considered "well capitalized" by the FDIC, its tier one risk ratio must be at least six percent.

Item 6. **Tier One Capital as a Percentage of Average Assets (Leverage Ratio)** is "Tier One Capital" (Item III.1) divided by average assets, adjusted for certain additional regulatory definition factors. The average is taken over the most recent quarter. For an institution to meet minimum regulatory standards, its leverage ratio must be at least four percent. To qualify for the characterization "well capitalized," a bank's leverage ratio must be at least five percent.

Item 7. **F.D.I.C. Capital Classification** is a word summary of the bank's capital as measured by the Total Risk Capital Ratio, the Tier One Risk Ratio and the Leverage Ratio. If all three of these capital ratios are larger than the "Well Capitalized" (W) values given above, the FDIC describes the bank as well capitalized. Well capitalized institutions enjoy lower deposit insurance premiums, possess freedom to solicit brokered deposits and are able to set deposit interest rates as they choose.

III. COMPLIANCE WITH FEDERAL CAPITAL REQUIREMENTS (CONTINUED)

Item 7 (cont.) If any of the three regulatory ratios fall below the "well capitalized" thresholds given in the foregoing but neither the Total Risk Capital Ratio or the Leverage Ratio are below the "Adequately Capitalized" (A) standards, the FDIC describes a bank asadequately capitalized. An adequately capitalized institution will ordinarily pay higher deposit insurance premiums than one which is well capitalized and requires special FDIC permission to use brokered deposits or to pay significantly higher interest rates than other nearby institutions.

If either the Total Risk Capital Ratio, the Tier One Risk Ratio or the Leverage Ratio are below FDIC's standards for adequate capitalization, the bank is described as "Undercapitalized" (UC). In addition, banks with a Total Risk Capital Ratio below six percent, a Tier One Risk Ratio below three percent or a Leverage Ratio below three percent are classified as "Significantly Undercapitalized" (SU). If a bank's Leverage Ratio declines below two percent, the Congressionally established point at which closure proceedings must begin,* the bank is known as "Critically Undercapitalized" (CU).

VERIBANC uses the term "Estimated FDIC Capital Classification" because the FDIC does not release to the public its actual opinion of how well capitalized it considers an institution to be. It is possible that VERIBANC's estimate may differ from the FDIC's actual categorization of the bank's capital. Among the reasons why such differences can occur are: the complexity associated with the assessment (which may be derived from more than 50 different items reported by the bank in its quarterly regulatory filing), dependence upon accounting treatments that may be in transition, definitions for which regulatory interpretation is subject to change and changes made by the bank or its regulators after the data was released to VERIBANC.

IV. LENDING CATEGORIES

Items 1 through 10 summarize the bank's loan portfolio loan types.

Item 11. **Total Foreign Loans Included in Foregoing Items** consist of all lending from domestic offices of the bank to overseas borrowers and all lending from overseas offices (as applicable) except to U.S. borrowers. Both short term and long term debt is included.

Item12. Portion of Commercial and Industrial (Item IV.1) and “Other” Loans (Item IV.11) **Above That Finance Real Estate Investment Activities** are loans which are made to real estate ventures or to organizations whose income is derived primarily from real estate ventures.

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* or FDIC supervisors involved must provide special written justification. Without such a waiver, a critically undercapitalized institution must be closed within 90 days.

V. DETAILS OF PROBLEM LOANS, SECURITIES AND DERIVATIVES

Item 1. **Past Due 90 Days Or More And Still Accruing** are loans, debt securities and derivatives contracts held by the bank on which repayments have fallen 90 days or further behind schedule.

Item 2. **Nonaccruing Loans** are loans and debt securities on which no payments have been received for 90 days or more and for which the bank considers repayment unlikely. Also included are loans being subjected to collection procedures but where collateral or guarantees are not of sufficient value to discharge all of the debt.

Item 3. **Renegotiated (Restructured) Debt** consists of loans and debt securities which have the terms readjusted in favor of the borrower due to deterioration of the borrower's ability to repay. Typical adjustments can include reduction in interest rate, deferral of principal repayment and/or extension of time for repayment.

Item 4. **Excess Problem Loans, Debt Securities and Derivatives Contracts** are the amount by which all of the bank's 90 or more days past due, nonaccrual and renegotiated/restructured loans, debt securities and derivatives contracts, net of government guarantees, exceed the loan loss reserve. This item represents the extent to which the bank's equity would be reduced if all of the problem items were charged off during the report quarter.

Item 5. **Categories of Problem Assets** are listed in items a. through g. Six subcategories of real estate-related problem loans and two subcategories of delinquent personal loans are presented. Since the real estate subcategories exclude renegotiated debt, the total of the subcategories can be less than the amount given in Item V.5.b.

Item 6. **Debt Securities** is the total of debt securities and miscellaneous assets not enumerated above which are 90 days or more past due, or which have been placed in nonaccrual status.

Item 7. **Delinquent Off-Balance Sheet Derivatives Contracts** is the total market value carried as assets on all derivatives for which amounts due the bank are more than 90 days past due.

Item 8. **Portion of Commercial and Industrial and "Other" Problem Loans Above that Finance Real Estate Investment Activities** shows amounts of problem loans not specifically categorized as real estate loans and not secured by property which nonetheless are associated with real estate development.

VI. LOAN LOSS RESERVES

Item 1. **Balance Of Allowance At End Of Previous Quarter** is the total amount held in the loan loss reserve at the beginning of the report quarter's activity. A ‡ symbol (referring to a footnote at the bottom of the data page, if applicable) indicates that an Allocated Risk Transfer Reserve is maintained separately from the ordinary loan loss reserve. The Allocated Risk Transfer Reserve is a special reserve set aside by certain banks to apply to possible overseas lending losses, particularly in regard to various "Third World" foreign loans. The Loan Loss Reserve Amounts reported herein, and for Items 2 through 6 below, are an aggregate of the ordinary loan loss reserve and Allocated Risk Transfer Reserves, if any.

Item 2. **Recoveries Credited To Allowance** accounts for previously charged off loans which have proved collectible during the quarter.

Item 3. **LESS Chargeoffs**, are loans that have been written off.

Item 4. **Provision For Possible Loan Or Lease Losses** is the amount added to the loan loss reserve account in anticipation of future problem loan chargeoffs.

Item 5. **Other Adjustments** include the effects of revisions to previous reports that affect current entries in the loan loss reserve; also included are the effects of acquisitions, divestitures and changes in the allowance due to foreign currency fluctuations.

Item 6. **Balance As Of Bank Reporting Date** is the amount of the loan loss reserve allowance as of the end of the reporting quarter.

VII. LOAN MANAGEMENT MEASURES

Item 1. **Loan Loss Reserves As A Percentage Of Total Loans** are computed by dividing the loan loss reserve "Balance as of Bank Reporting Date" (Item VI.6) by "Total Loans" (Item I.5) and expressing the result in percentage form. Graph Eight provides industry-wide perspective.

Item 2. **Net Loan Losses As A Percentage Of Loan Loss Reserves** are calculated as loan chargeoffs less recoveries during the report quarter. This difference is divided by the loan loss reserve "Balance as of Bank Reporting Date" (Item VI.6) and expressed in percentage form. Chargeoffs less recoveries are given by "Losses Charged to Allowance" (Item VI.3) minus "Recoveries Credited to Allowance" (Item VI.2). The distribution of net loan losses to loan loss reserves for all federally insured commercial banks is presented in Graph Nine.

VII. LOAN MANAGEMENT MEASURES (CONTINUED)

Item 3. **Net Loan Losses As A Percentage Of Equity** are determined by dividing net loan losses (as defined in Item 2 immediately preceding) by "Total Equity Capital" (Item I.2) and expressing the result in percentage form. Graph Ten indicates distribution over the commercial banking industry.

Item 4. **Problem Loans, Securities, & Contracts As A % Of Total Loans** states the portion of the bank's entire loan portfolio as well as securities and derivatives contracts that fall into the "Total Problem Loans, Securities and Derivatives Contracts" (Item I.10) category. Graph Eleven illustrates how all federally-insured commercial banks group according to this measure of asset quality.

Item 5. **Percent Of Loan Portfolio Maturing Or Repricable** presents several ranges of loan duration for the bank's portfolio as of the end of the report quarter. Loans are considered repricable if their interest rate can be adjusted to reflect current market rates. Graph Twelve indicates the portions of all commercial banks' loans which fall into each of the given duration intervals.

Item 6. **Foreign Loans As A Percentage Of Total Loans** are computed by dividing "Total Foreign Loans" (Item IV.12) by "Total Loans" (Item I.5) and expressing the results in percentage form. Graph Thirteen provides industry-wide perspective.

VIII. LIQUID ASSETS SUMMARY

Items 1 through 3 present a listing of the bank's position in cash and highly marketable securities which are considered by management to be "available for sale."

Item 4. indicates the banks' repurchase agreement activity.

Item 5. **Net Assets In Trading Accounts** includes all negotiable instruments held for short term resale. Examples of trading account assets include certificates of deposit, commercial paper, bankers' acceptances, government securities, bonds, notes, debentures and precious metals which the bank intends to liquidate. The reported figure is "net" of all trading account assets less trading account liabilities.

Item 6. **Market Value of Other Debt Securities Available for Sale** includes amounts of private (e.g. not government-backed) certificates of participation in mortgage securities, mortgage derivatives and other debt instruments.

Item 7. **Market Value of Equity Securities** includes investments in mutual funds, Federal Reserve stock, federally-sponsored agency stock and other equity instruments.

VIII. LIQUID ASSETS SUMMARY (CONTINUED)

Item 8. **Loans and Leases Maturing Within 12 Months** states the portion of the bank's portfolio which is expected to be repaid within one year of the reporting date.

IX. LIABILITIES

Item 1. **Total Liabilities** of the bank are stated as of the end of the report quarter.

Item 2. **Volatile Liabilities** are obligations of the bank that mature rapidly or could be called in quickly, i.e., usually within a few days but possibly extending for as long as one year. Five categories are given.

Item 3. **Brokered Deposits** consist of all deposits placed through a dealer, broker or other third party agent. Both single and multiple investor participation instruments are included.

Item 4. **Estimated Uninsured Deposits** present the total amount over $100,000 in accounts holding over $100,000 or, if available, the bank's estimate of amounts of uninsured funds it holds for depositors. In their quarterly regulatory filings, banks are instructed to develop their own estimate if it is inaccurate to simply count the amounts over $100,000 in deposit accounts larger than $100,000.

Item 5. **Increase in Uninsured Deposits** provides the difference between estimated uninsured deposits (Item IX.4 above) and the corresponding amount from the end of the previous quarter. If the entry for this item is negative, it indicates that the bank's depositors as a group have reduced their uninsured exposure during the quarter.

Item 6. **Foreign Deposits** include deposits from banks in foreign countries, foreign branches of U.S. banks, foreign governments and official institutions. Also included are all deposits in foreign branches of the bank except those placed by banks in the U.S. Note that this item is not reported by many small banks which hold no foreign deposits.

X. LIABILITIES MEASURES

Item 1. **Volatile Liabilities As A Percentage Of Liquid Assets** are computed by dividing "Volatile Liabilities" (Item IX.2) by "Liquid Assets" (Item I.9) and expressing the result in percentage form. Graph Fourteen provides industry-wide perspective.

X. LIABILITIES MEASURES (CONTINUED)

Item 2. **Brokered Deposits As A Percentage Of Total Deposits** are computed by dividing "Brokered Deposits" (Item IX.3) by "Total Deposits" (Item I.6) and expressing the result in percentage form. The distribution of brokered deposits, scaled by total deposits, for all federally-insured banks, is presented in Graph Fifteen.

Item 3. **Foreign Deposits As A Percentage Of Total Deposits** are computed by dividing "Foreign Deposits" (Item IX.6) by "Total Deposits" (Item I.6) and expressing the result in percentage form. Note that this percentage is zero when the entry "Foreign Deposits" (Item IX.6) is not available, a situation which often applies to small banks. Graph Sixteen indicates ranges of the foreign deposits component of total deposits for all federally insured banks which report foreign deposits.

Item 4. **Uninsured Deposits as a Percentage of Total Deposits** express amounts which are estimated to be in excess of the FDIC's insurance limit (Item IX.4) in relation to all deposits held by the bank (Item I.6).

XI. REAL ESTATE HOLDINGS

Item 1. **Foreclosed Property held by U.S. Offices, Total** includes all of the bank's property holdings that it has received (or will receive) in lieu of debt payments. Specific subcategories are listed. The total excludes the bank's business premises, foreclosure holdings in overseas offices (see Item XI.2 below) and properties which the bank distinguishes as "investments". (See Item XI.3 below.)

Item 2. **Foreclosed Property Held by Overseas Offices** indicates real estate, typically in other countries, that is being managed by a bank's non-U.S. branches or subsidiaries.

Item 3. **Direct and Indirect Investments in Real Estate Ventures** give the amount that the bank has placed in real estate-related investments that it does not consider "surplus" or appropriate to sell soon.

Item 4. **Total Real Estate Owned (REO)** is the total of the foregoing three items.

XII. MISCELLANEOUS ITEMS

Item 1. **Percentage Of Foreign Ownership** is stated as of the end of the report quarter.

Item 2. **Was There A Recent External Audit?** -- indicates whether an outside accounting firm audited the bank's books during the quarter.

XII. MISCELLANEOUS ITEMS (CONTINUED)

Item 3. **Held-to-Maturity (HTM) Securities** are those instruments which the bank has stated it intends to hold until they mature. Their "book" value is presented.

Item 4. **Unrecognized HTM Securities Losses** is the book value of the bank's "Held-to-Maturity Securities" (Item XII.3 above) less their market value.

Item 5. **Unrecognized HTM Securities Losses as a Percentage of Equity** divides "Unrecognized HTM Securities Losses" (Item XII.4) by "Total Equity Capital" (Item I.2) and expresses the result as a percentage.

Item 6. **Derivatives** holdings of the bank are highlighted in the following subcategories :

a. **On-Balance Sheet Mortgage Derivatives** indicates the book value of all held-to-maturity mortgage derivative securities and the market value of all available-for-sale mortgage derivative securities.

b. **Structured Notes and High Risk Mortg**age **Derivative Securities** represents the total market value amount of on-balance sheet derivatives holdings singled out by regulators for special reporting.

c. **Losses (Recognized and Unrecognized) in Foregoing Item** states the difference between book value and market value of structured notes and high risk mortgage derivative securities given in Item XII.6.b above.

d. **Notional Amount of Off-Balance Sheet Derivatives** states the holdings of all off-balance sheet interest rate, foreign currency, equities and commodities contracts.

Item 7. **Recent Regulatory Enforcement Action.** If the institution has been subject to any enforcement action or sanction made public by the regulatory agencies, the most serious and most recent such action is indicated, along with the date of the action. The action is abbreviated by a two letter code, followed by a dash and the date. A table describing the codes and types of enforcement actions follow.

Enforcement Action Type	Description
CC	Prompt **C**orrective action/**C**apital directives

Enforcement Action Type	Description (Continued)
CD	**C**ease and **D**esist orders, either against an institution. This is one of the most serious forms of regulatory discipline. When a cease and desist order is indicated, you should check with personnel at the institution to determine whether the order is against the institution itself or against individual employee(s).
CF	Penalties, usually **F**ines, for infractions associated with filing **C**all reports
CP	**C**ease and Desist order against an affiliated **P**erson or entity
DI	Proceedings that threaten termination or that actually terminate **D**eposit **I**nsurance
EN	Termination, withdrawal, completion, expiration or otherwise **EN**ding of a previous enforcement action
EX	Amendment, modification, **EX**tension or continuation of a previous enforcement action. Also this action may include cancellation of an enforcement action if the cancellation occurs after an institution has been closed, i.e., if the action represents only "regulatory bookkeeping". If the continuing action is a "cease and desist" order, then category CD is automatically activated as well.
FA	**F**ormal **A**greements/supervisory agreements, consent orders
FN	Other **F**i**N**es
FP	**F**ine levied against a **P**erson (rather than an institution)
HM	Sanctions associated with violations of the **H**ome **M**ortgage Disclosure Act
MO	Formal **M**em**O**randum of understanding
OP	**O**ther actions against an individual **P**erson (rather than an institution)

Enforcement Action Type	Description (Continued)
OT	**OT**her (e.g., hearing notices) - - if there are multiple "other" actions for an institution effective on the same day, the most severe enforcement action designation is entered.
PR	Removal, dismissal, suspension actions or other sanctions against the institution's **P**e**R**sonnel, including orders prohibiting individuals from future activity in the banking field.
RP	**R**estitution by an individual **P**erson (rather than an institution)
RS	Order requiring an institution (prior to 1998 may include individuals associated with it) to make **R**e**S**titution to the institution, to regulatory authorities or to customers.

XIII. COLOR CLASSIFICATION

VERIBANC'S color code is a quick-look measure of an institution's condition based on its equity strength and profitability. Three color categories are used - green, yellow and red. The criteria used by VERIBANC to determine the color category assigned to an institution are as follows:

Green The bank's equity exceeds five percent of its assets and it has operated profitably during the most recent reporting quarter. Of the three color categories, this is the highest based on the criteria described.

Yellow The bank's equity is between three and five percent of its assets or it incurred a net loss during the most recent reporting quarter. Both of these conditions may apply. If there was a net loss, the loss was not sufficient to erode a significant portion of the bank's equity[†]. The items which result in a yellow classification merit your attention.

Red The bank's equity is less than three percent of its assets or it incurred a significant net loss during the most recent reporting quarter. The items which result in a red classification deserve your close attention.

† A loss is considered significant when, over a single quarter, it exceeds 18.75% of a bank's equity. If a bank continues to lose money each quarter at a rate in excess of 18.75% of its equity, it could become insolvent within one year of the date of publication of this report. VERIBANC has no way to know whether or not losses at an institution will continue.

XIV. STAR RATING

In addition to the color code, VERIBANC assigns each bank three stars (***), two stars (**), one star (*) or no stars (None). The star rating considers future trends and contingencies not accounted for in the color classification. The criteria used by VERIBANC to determine the number of stars assigned to a bank are as follows:

***	The bank must meet the following primary conditions: equity which exceeds five percent of assets, equity which exceeds four percent of assets after deducting problem loans, securities and derivatives contracts in excess of its loan loss reserves and positive net income for the indicated reporting quarter. Banks must also satisfy all three regulatory capital requirements (see below) and not have any recent serious regulatory sanctions against them. In addition, insider lending must not exceed 35 percent of equity. If the bank is owned by a holding company, all of the holding company's banks, taken together as if they were a single bank, must meet the criteria necessary to receive at least a two stars rating. Problem investments also include securities being held to maturity that, if sold, would realize less than their cost.
**	The bank meets any two of the three primary conditions for the three stars category and has equity which exceeds its unreserved problem loans, securities and derivatives contracts. If the bank had a net loss during the most recent reporting quarter, the loss was not significant. Banks must also satisfy all three regulatory capital requirements (see below) and not have any recent serious regulatory sanctions against them. Additionally, if the bank is owned by a holding company, all of the holding company's banks, taken together as if they were a single bank, must meet the criteria necessary for the group to receive at least a two stars rating. For banks that have held-to-maturity securities investments with a current market value that is less than their cost, that difference must not exceed equity.
*	The bank meets at least one of the primary conditions required for the three stars category, reports equity which exceeds three percent of assets and also exceeds unreserved problem loans, securities and derivatives contracts. If the bank had a net loss during the indicated reporting quarter, the loss was not significant. Moreover, the institution meets at least two of the three federal capital requirements for tier one (core) capital and total capital as a percentage of risk weighted assets and tier one capital as a percentage of average assets. A bank may receive no higher than a one star rating if it has been subject to a serious regulatory sanction, or if all of the banks in its holding company, taken together as if they were a single bank, receive a one star or no stars rating. Also, a bank may receive a one star rating if, absent other reasons for downrating as stated above, the difference between cost and current market value of its held-to-maturity securities investments exceeds the institution's equity.
No Stars	The bank does not meet the criteria above.

VERIBANC's rating accuracy has been proven - - since 1981, more than 99 percent of all failing banks have fallen into VERIBANC's lower rating categories.

XV. SPECIAL MESSAGE (IF APPLICABLE)

A bank in the Green, Three Stars category may also meet certain other stringent financial criteria. In these cases, VERIBANC designates the institution as a Blue Ribbon Bank. When this classification applies, a special message is provided at the bottom of the first data page indicating that the bank meets very high standards. The Blue Ribbon is the country's oldest national formal recognition of financially strong banks. **Since 1982, when we began designating banks for this award, only one[†] Blue Ribbon Bank has failed.**

VERIBANC, Inc., does not give, and this report should not be construed as, a warranty, an opinion or advice by VERIBANC or the applicable federal regulatory agency as to the financial condition of the institution(s) about which you have inquired. The federal bank regulatory agencies consider criteria in addition to those set forth in this report in assessing the financial viability of the institutions which they oversee. The data, with respect to some of these additional criteria, are not released to the public as a matter of course, and VERIBANC has not considered, and does not report, on such data. You should be aware that these additional criteria may be important in evaluating the financial condition of an institution.

However, the data set forth in the data page(s) does provide insight into an institution's operations. The report is intended only as an overview and should not be considered or relied upon as presenting the complete picture of an institution's financial condition. VERIBANC possesses extensive additional financial data on cash flow, balance sheets, loan and investment portfolio distribution and call reports for all commercial banks, thrifts and credit unions that file periodic federal reports. VERIBANC also maintains, and can create, data files which involve sorting by a wide range of financial, geographical and other criteria. If you believe that additional information is necessary, VERIBANC invites you to write for a quotation on your additional data needs. **We, also, encourage you to speak to your banker about any concerns you may have.**

VERIBANC invites you to recheck the ratings of your banks, thrifts and credit unions when the next set of data is released by the government regulatory agencies.

† Fraud committed by the president whereby he was surreptitiously diverting deposits for his personal use.

VERIBANC HOPES YOU FIND THIS REPORT USEFUL
AND WELCOMES YOUR COMMENTS