

VERIBANC[®], Inc.

The B.E.S.T. Banking Investment

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FOREWORD

Since our beginning in 1981 VERIBANC[®] has never been paid by any institution to rate it. Following our standards of independence and zero tolerance for bias, no Bank, Thrift, or Credit Union is paying us to provide this information. You can be assured you are getting the **B.E.S.T.** rating's and financial information with VERIBANC[®]'s guarantee; there is no potential for conflict of interest.

THE B.E.S.T.

Balanced - our rating system blends predictability of bank failure with bank ratings degradation. This balance provides unmatched performance that has actually tracked the condition of the banking industry.

Effective - VERIBANC's ROR (Return On Ratings) is over 99 percent. We are able to detect banking problems with a high degree of reliability.

Seasoned - over the past twenty-four years (through the difficult and the good times of the banking industry) our rating system has produced remarkably consistent results.

Transparent - we are the only bank rating company that has always published our track record. Because of our transparency, several insurance companies have audited and approved its use for insuring deposits in excess of the FDIC's \$100,000 limit.

Thank you for your interest in the information VERIBANC[®] provides. We hope you find this report useful and as always, your thoughts on any improvements are welcome.

Sincerely,
VERIBANC[®], Inc.



Michael M. Heller
President

VERIBANC[®], Inc.

STATE RATINGS REPORT STATE 50 REPORT EVERYTHING REPORT

INTRODUCTION

VERIBANC[®] is pleased to present you with the listing of banks, savings associations (also known as "S&Ls") and/or credit unions in this report. The selection of institutions for this report are based on data supplied by the federal regulatory authorities for more than 17,000 financial institutions in the U.S. and its possessions. Following are the definitions which VERIBANC[®] uses for certain quantities involved in rating the institutions, along with other important information.

DESCRIPTIONS OF THE INFORMATION ON THE DATA PAGES

In the definitions that follow, the bold type corresponds to the headings on the report data page(s) that list the individual institutions. Abbreviations used on the data page(s) are also shown in bold type. For Everything Reports which contain ratings only (i.e., no numerical data), please refer directly to the Estimated Regulatory Capital Classification, Color Classification and Star Classification explanations which follow.

Institution Type indicates if the institution is a **BanK** (regulated by the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency or the Federal Reserve Board), a **Savings Association** (regulated by the Office of Thrift Supervision) or a **Credit Union** (regulated by the National Credit Union Administration). Credit unions which do not have the federal insurance coverage of the National Credit Union Share Insurance Fund have the @ symbol following the institution type code.

Institution Name is as carried in regulatory agency records, including abbreviations, if any. Since the amount of space on the report is limited to 32 characters, if the name exceeds that length, it is trimmed accordingly. Should any of the institution names be unclear, we cordially invite you to write or call VERIBANC[®] for clarification. Our address and phone number are listed on the title page of this report.

City is also given according to regulatory records. For institutions with one or more branch offices, the indicated city represents either the location of the principal office or the office from which the institution reports to its regulatory authorities.

State or (Home Office State) specifies the postal abbreviation for the state associated with the indicated city. For certain variants of the report, this column is blank when the state is given in the title of the report. The Bank and Thrift State Ratings Report and Everything Report with data also include banks and thrifts that are headquartered out of state. Such institutions are listed in the largest city where they operate a branch office. In such instances, their home state is identified with parenthesis around the state abbreviation. For reports on electronic media, two fields are used for this entry. The first is the state associated with the indicated city; the second, if applicable, is the home office state.

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VERIBANC[®]'s Color Code and Star Rating system is based on a combination of criteria explained in the pages that follow. The number of institutions in each rating category is given in the graphs section of the report. 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. Banks that receive special recognition from VERIBANC[®] for meeting unusually high standards and exceptional attention to safety and soundness are identified as "Blue Ribbon Banks". These institutions are denoted with the letter "**B**" following the Green/*** rating designation. Banks that have received such recognition for eight or more consecutive quarters have the legend "**BB**". **Since 1982, when we began designating banks for this award, only one* Blue Ribbon Bank has failed.**

Estimated Regulatory Capital Classification if less than "Well" capitalized - - The Federal Deposit Insurance Corporation ("FDIC") and Office of Thrift Supervision ("OTS") classify banks and Savings Associations as Well Capitalized (W), **Adequately** Capitalized (A), **Undercapitalized** (UC), **Significantly Undercapitalized** (SU) and **Critically Undercapitalized** (CU). VERIBANC[®] replicates the FDIC and OTS's algorithms to estimate each bank and thrift's capital classification. If the institution is in the well-capitalized category or if it is a credit union, this column is left blank. (Estimated capital classification is not available for credit unions.)

Recent Regulatory Enforcement Actions? 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 follows on page 6.

Total Assets include loans, investments, buildings, equipment and all other resources held by the institution. Amounts are expressed in thousands of dollars.

Equity is given as a percentage of "Total Assets". Equity measures the amount invested by the institution's stockholders and excludes liabilities to its depositors and other creditors. For mutual institutions and for credit unions, equity is defined as assets less liabilities. Industry-wide distribution information for this measure of capital is presented in the graphics section of the report.

Net Income for the Reporting Period is after taxes and extraordinary items. Amounts are expressed in thousands of dollars. For banks, savings associations and credit unions, income is reported quarterly. For banks and credit unions (which report on a year-to-date basis), if net income for the previous period[†] is not available, net income for the quarter and annualized net income, described below, are estimated using the reported year-to-date amount. If such an estimate is used, the entries on the data page(s) are followed with the † symbol. The graphics section of the report contains industry-wide comparison information that indicates the number of profitable and unprofitable institutions.

Annualized Net Income is given as a percentage of equity (i.e., return on equity). Net income for the reporting quarter is multiplied by four. Institutions with negative equity have the entry **insolvent**. Institutions with zero or near-zero equity have the legend **N.A.**

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

[†]except for the first reporting period of the year when a prior period's "year-to-date" income is not needed. For banks and credit unions, when needed previous quarter income data is not available, the current reporting quarter's net income for these institutions is estimated by dividing their year-to-date net income by the quarter number.

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Excess Problem Loans, Securities and Contracts - - This entry, given as a percentage of equity, considers problem loans, problem debt securities and delinquent interest rate, foreign exchange and other derivative contracts. Instruments that are less than 90 days in arrears are excluded. Credits which have repayment guaranteed by the U.S. government or its agencies are also excluded (to the extent of the government guarantee) if the guaranteed amounts are stated in the institution's "call report". The loan loss reserve is then subtracted from the sum of the foregoing items. The "excess" amount, which is not allowed to be less than zero, is expressed as a percentage of equity. Institutions with negative equity have the entry "insolvent". Institutions with zero or near-zero equity have the legend N.A. used. Industry-wide comparisons are provided in the graphics section

Unrecognized Investment Losses are stated as a percentage of equity. This information, which is not available for savings associations, consists of the difference between the book (amortized cost) and fair market value of securities which a bank intends to hold until maturity. For credit unions, this entry is the book value less the market value of all investments, less the investment loss reserve, if any. Negative values of unrecognized investment losses are set to zero. Banks and credit unions with negative equity have the entry **insolvent**. Those with zero or near-zero equity have the legend **N.A.**

In addition to the situations noted above, if a data item for a particular institution is not available, not applicable or not meaningful, the notation **N.A.** is also used. The footnotes at the bottom of each data page present the applicable reporting date for each type of institution, as well as the corresponding date when the data were released by federal regulators. When VERIBANC[®] prepares reports based on the most recently available information, it is possible for one or two segments of the industry (i.e. banks, savings associations and/or credit unions) to have their data as much as one quarter "behind".

SPECIAL TREATMENT OF STATES WITH FEWER THAN FIFTY INSTITUTIONS

If fewer than fifty banks and thrifts are headquartered in a given state, then the Bank and Thrift State 50 Report contains all of the banks and savings associations in that state. Similarly, if a state has fewer than 50 credit unions, the Credit Union State 50 Report contains all of the credit unions in the state. Please be aware that there are several states having fewer than fifty institutions of a type. The State Ratings Report includes all of the institutions in these states if their call report data were part of their regulator's most recent releases.

THE VERIBANC[®] COLOR CLASSIFICATION SYSTEM

The VERIBANC[®] 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 applied by VERIBANC[®] to determine the color category assigned to an institution are as follows:

GREEN The institution's equity exceeds five percent of its assets and it was profitable during the most recent reporting quarter. Of the three color categories, this is the highest based on the criteria described.

YELLOW The institution'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

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YELLOW apply. If there was a net loss, the loss was not sufficient
(con't) to erode a significant[†] portion of the institution's equity.
The items that result in a yellow classification merit
your attention.

RED The institution's equity is less than three percent of its
assets or it incurred a significant net loss during the
most recent reporting quarter (or both). The item or
items that result in a red classification deserve your
close attention.

THE VERIBANC[®] STAR CLASSIFICATION SYSTEM

In addition to the color code, VERIBANC[®] assigns each institution 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 an institution are as follows:

*** The institution must meet the following primary conditions: (1) equity which exceeds five percent of assets, (2) equity which exceeds four percent of assets after deducting problem loans, investments and derivatives contracts in excess of its loan loss reserves, (3) positive net income for the indicated reporting quarter. Banks and S&Ls must also satisfy all three regulatory capital requirements (see following), and must not have any recent, serious regulatory sanctions against them. In addition, insider lending at an institution must not exceed 35 percent of equity. If a 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. A bank may only have two or fewer volatile periods of asset growth/shrinkage over the past ten quarters. For banks and credit unions, problem investments also include investments that, if sold, would realize less than their cost plus specific investment reserves.

** The institution meets any two of the three primary conditions for the Three Stars category and has equity that exceeds its unreserved problem loans, investments and derivatives contracts. If the institution had a net loss during the most recent reporting quarter, the loss was not significant. Banks and S&Ls must also satisfy all three regulatory capital requirements (see below),

[†] A quarterly loss is considered significant when it exceeds 18.75 percent of an institution's equity. If a bank, S&L or credit union's loss continues to exceed 18.75 percent of its equity every quarter, the institution could become insolvent within one year of publication of this report. Of course, VERIBANC[®] has no way of knowing whether or not losses at an institution will continue.

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**
(con't) and must not have any recent, serious regulatory sanctions against them. Additionally, if a 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. A Two Stars rating is applied to a bank that has three volatile periods of asset growth/shrinkage over the past ten quarters. For banks and credit unions that have investments with a current market value that is less than their cost, that difference must not exceed equity plus specific investment reserves.

* The institution 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 institution had a net loss during the most recent reporting quarter, the loss was not significant. Moreover, if the institution is a bank or S&L, it 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. A One Star rating is assigned if a bank has four or more volatile periods of asset growth/shrinkage over the past ten quarters. Also, a bank or credit union may receive a One Star rating if, absent other reasons for downrating as stated above, the difference between the cost and current market value of its investments exceeds the institution's equity plus specific investment reserves.

NO STARS The institution does not meet the criteria stated above.

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ENFORCEMENT ACTION CATEGORIES AND CODES

<u>Enforcement Action Type</u>	<u>Description</u>
CC	Prompt Corrective action/Capital directives
CD	Cease and Desist orders, either against an institution or one or more of its employees. 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 Fines, for infractions associated with filing Call reports
CP	Cease and Desist order against an affiliated Person or entity
DI	Proceedings that threaten termination or that actually terminate Deposit Insurance
EN	Termination, withdrawal, completion, expiration or otherwise Ending of a previous enforcement action
EX	Amendment, modification, EXtension 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	Formal Agreements/supervisory agreements, consent orders
FN	Other FiNes
FP	Fine levied against a Person (rather than an institution)
HM	Sanctions associated with violations of the Home Mortgage Disclosure Act
MO	Formal MemOrandum of understanding

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ENFORCEMENT ACTION CATEGORIES AND CODES (CONTINUED)

<u>Enforcement Action Type</u>	<u>Description</u>
OP	O ther actions against an individual P erson (rather than an institution)
OT	O ther (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 PeR 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 ReSt itution to the institution, to regulatory authorities or to customers.

OTHER IMPORTANT INFORMATION

VERIBANC[®] emphasizes that it does not express an opinion, or give advice or a warranty, as to the strength of the institutions listed in this report. Our clients are cautioned that other criteria, objective and subjective, which state and federal bank regulators do not release to the public as a matter of course, may be important in assessing the strength of the financial firms on the list. The list of institutions herein is intended only as a brief guide for our clients and the information contained in them should not be considered or relied upon as representing the complete financial picture of any of the listed institutions.

This report (unless specific to credit unions) considers savings banks as well as commercial banks if the area to which it applies contains savings banks or if savings banks have been specified for inclusion. Note that savings banks, which formerly were clustered in the Northeast, now are found in many parts of the United States.

VERIBANC[®] has extensive additional data for each of the banks listed on the page(s) which follow(s), including data on cash flow, balance sheets, past due and problem loans, repossessed real estate and all of the items released in the regulatory call reports. If you believe that additional information is necessary, VERIBANC[®] invites you to contact us for a quotation on your additional data needs. The State Ratings, State 50 and Everything Reports are updated every quarter.

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Other special factors that apply to this list are described below:

- This report is in no way representative of the banking, thrift or credit union industry as a whole, or of any institutions other than those named.
- The information contained in this report has been derived from data released by the Federal Regulators that in turn have received their information from the banks, thrifts and credit unions themselves. Since VERIBANC[®] has not independently verified the data on which this report is based, it makes no warranty or representation as to its accuracy, adequacy or completeness.
- The data upon which this report is based is considered by the regulatory agencies to be preliminary. As such, it is subject to revision, amendment, rounding, forced balancing, correction of transcription errors and other adjustments.
- The information provided in this report is for the fiscal period stated on the data page(s) of the report. The date these data were released by the regulatory agencies to VERIBANC[®] is also indicated on the report data page(s). Other data exist, not available to VERIBANC[®] which provide similar, more current information about the institutions named in the report. This other data, when available, may materially change the amounts and indicators herein.
- VERIBANC[®] does not give warranty or advice, nor does it express an opinion, as to the financial condition of any financial institution. Accordingly, the report should not be taken to mean that VERIBANC[®] or the federal regulatory authorities consider any of the institutions mentioned herein to be either financially strong or in difficulty. The assessments of the Federal Reserve Board, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, the Office of Thrift Supervision or the National Credit Union Administration on the financial viability of any one financial institution are not known to VERIBANC[®]. A review of the other data and criteria considered by federal regulators in assessing the financial condition of banks may be important in determining the condition of the institutions described in this report.

SUMMARY NOTE

The following information (described previously) is generally provided on data page(s) of State Ratings, State 50 and Everything Reports:

Institution Type

Name

City

Home Office State (if out of state) -- in reports on electronic media, there are two fields:

"state" and "home office state"

VERIBANC[®] Color Code and Star Rating with suffix "B" if institution is a Blue Ribbon Bank

Estimated Regulatory Capital Classification

Recent Regulatory Enforcement Actions

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Total Assets
Equity as a Percentage of Assets
Net Income for the Reporting Period
Annualized Net Income As a Percentage of Equity (Return on Equity)
Excess Problem Loans, Securities and Contracts as a Percentage of Equity
Unrecognized Investment Losses as a Percentage of Equity

The Everything Reports which contain ratings only, present the following:

Institution Type
Institution's Regulatory Identification Number
Name
Address
City
State
Estimated Regulatory Capital Classification (W, A, UC, SU or CU)
VERIBANC[®] Color Code and Star Ratings (current and previous reporting period)
Indicator to identify institutions which are savings banks and those credit unions which are not federally insured

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. The approximate dates when new information is expected to replace VERIBANC[®]'s current data on banks, savings banks, thrifts and credit unions are:

First Quarter (ending March 31) data are usually released by June 15,
Second Quarter (ending June 30) data are usually released by September 15,
Third Quarter (ending September 30) data are usually released by December 15,
Fourth Quarter (ending December 31) data are usually released by March 15.

VERIBANC[®] HOPES YOU FIND THIS REPORT USEFUL
AND WELCOMES YOUR COMMENTS