

**HOLDING COMPANY
RESEARCH REPORT**



VERIBANC[®], Inc.
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HOLDING COMPANY RESEARCH REPORT

VERIBANC[®], Inc. does not give, and this report should not be construed as a warranty, an opinion or advice by VERIBANC[®], Inc. or the applicable federal regulatory agency as to the financial conditions of the bank holding company(ies) 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 within their purview. The data with respect to some of these additional criteria are not released to the public as a matter of course, and VERIBANC[®], Inc. has not considered and does not report on such data. You should be aware that these additional criteria might be important in evaluating the financial condition of a bank holding company.

However, the data set forth in the attached report does provide insight into an institution's condition. The report is intended only to provide insight and should not be considered or relied upon as presenting the complete picture of a bank holding company's financial condition.

VERIBANC[®] has extensive data on cash flow, balance sheets, loan and investment portfolio distribution and call reports for all bank holding companies and their member banks that file periodic federal reports. VERIBANC[®] also maintains, and can create, data files that 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.

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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.

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INTRODUCTION

VERIBANC[®] is pleased to present you with the Holding Company Research Report. Patterned after our Bank Research Report, the Holding Company Research Report summarizes data from each member bank and applies the same automated analysis we perform for individual banks. A summary of the condition of each bank member of the holding company is also provided.

The information presented in this report is extracted directly, or derived from, the quarterly financial releases provided by the applicable Regulatory Agencies (Federal Reserve, Federal Deposit Insurance Corporation (F.D.I.C.) and the Office of the Comptroller of the Currency. 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 Regulators from all of the banks' quarterly condition and income ("call report") filings with their various regulatory agencies. Normally the data are released during the third 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 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 release of new data.

Fiscal period	Bank must file with federal regulatory agency by*	Regulatory Agency 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. 30	March 15

The information presented in this 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 CD-ROM onto paper, we have instead chosen those items which we believe provide the most insight about each holding company. In addition, we have calculated various numerical ratios and several other measures that 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.

Note that this report is based on data from only the banks that are owned by the holding company or by subsidiary holding companies. Excluded are other enterprises that belong to the holding company, such as non-banking companies, other holding companies and savings and loan associations.

Another special cautionary note about this report is also appropriate. Ordinarily, regulatory activity by the FDIC, the Federal Reserve Board, the Office of the Comptroller of the Currency and the various state banking agencies is directed at individual banks, not holding companies. Therefore, this report should not be used to make inferences about the financial condition of an individual bank except as indicated on the page which lists each bank member of the holding company; if more information about a bank is sought, VERIBANC[®], Inc. possesses considerable resources in this regard. Please see our brochure for details.

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.

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

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DESCRIPTION OF THE DATA PAGES

The summarizing of data over all of the banks in the holding company(ies) presented in this report is performed as follows.

- Dollar amounts and numerical count items for each bank are added together to obtain each report entry.
- Ratio quantities are computed using summarized entries in both the numerator and denominator. For example, in calculating equity as a percentage of assets, "summarized equity" is divided by "summarized assets."
- The VERIBANC[®] color classification and star rating of a holding company (described more fully on pages A-12 and A-13) is based on summary values of equity, assets and net income and the other variables from which the rating is derived. Note that an individual member bank can possess a different color and star rating than that of its holding company.
- The summarization over the member banks of the holding company is not a true consolidation insofar as insufficient data is available to account for interbank transactions among the banks listed in this report. VERIBANC[®] believes that, for most holding companies, a full consolidation of the banking subsidiaries would result in only modest differences from the amounts reported herein.
- Miscellaneous Items (described on page A-9) include "Percentage of Foreign Ownership," which is computed as an asset-weighted average of the foreign ownership percentage range for each member bank.

Following the fourth data page is a summary financial report for each* of the banks owned by the holding company described in this report. They are ranked by asset size. The graphical supplement, which provides industry-wide context for the data, follows the data pages. In generating the graphs, only individual bank data (i.e., no holding company aggregates) are used. The appendix that follows presents more detailed descriptions of the data page entries. Data for the holding company or companies treated in the report follow immediately.

* As carried by the Federal Regulators in their database as of the bank reporting date indicated in the heading of each data page. Please be aware that the Federal Regulators is often not fully up-to-date with holding companies' exact composition and/or sometimes excludes certain banks from the database. Therefore, it is important that you review this list of member banks on which the summarizing computations are performed.

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HOLDING COMPANY RESEARCH REPORT PREPARED ON 06/03/2010
FOR: FIFTH THIRD BANCORP, CINCINNATI, OH
(Bank Operations Only - 1 Bank)

	Dollar Amounts In Thousands
I. OVERALL OPERATIONS	
1. Total Assets	110,801,047
2. Total Equity Capital	16,328,916
3. Net Income for the Entire Past Year	340,169
a. Annualized Net Income, Current Quarter	190,372
b. Annualized Net Income, Previous Quarter	-342,904
c. Annualized Net Income, Second Previous Quarter	-1,893,556
d. Annualized Net Income, Third Previous Quarter	3,406,764
4. Annualized Net Income Before Extraordinary Items	190,372
5. Total Loans	78,992,076
6. Total Deposits	85,589,558
7. Insider Loans	146,865
8. Number of Major Borrowers Who Are Insiders	9
9. Liquid Assets	37,628,639
10. Total Problem Loans, Securities and Derivatives Contracts	4,808,994
II. KEY OPERATING MEASURES	
1. Excess Problem Lns, Secs & Cntrcts as a % of Equity (Graph One)	6.18
2. Equity as a Percentage of Assets (Graph Two)	14.74
3. Profitability, Annualized R.O.A for the Quarter (Graph Three)	0.17
4. Liquidity (Graph Four)	43.96
5. Insider Loans as a Percentage of Equity (Graph Five)	0.90
6. Percentage of Equity Lost During Quarter(Graph Six)	Profitable
7. VERIBANC's Color and Star Classification (Comparison Table Follows Data Page Four)	Green/***
8. VERIBANC's Previous Quarter's Color and Star Classification	Yellow/**
9. Provisional Color and Star Rating (If Applicable)	N.A.
III. COMPLIANCE WITH FEDERAL CAPITAL REQUIREMENTS	
1. Tier One Capital	13,563,464
2. Total Risk Capital	15,511,085
3. Total Risk-Weighted Assets	97,648,006
4. Total Risk Capital as a Percentage of Risk-Weighted Assets (BASEL Accord Risk Ratio)	15.88
5. Tier One Capital as a Percentage of Risk-Weighted Assets (Tier One Risk Ratio)	13.89
6. Tier One Capital as a Percentage of Average Assets (Leverage Ratio)	12.41
IV. LENDING CATEGORIES	
1. Commercial and Industrial Loans, Total	22,521,707
a. To U.S. Borrowers	21,965,658
b. To Foreign Borrowers	556,049
2. Real Estate Lending from Domestic Offices of The Bank	38,490,157
a. Construction and Land Development	6,745,622
b. Secured by Farmland (Includes Farm Residential and Other Improvements)	142,116

Bank Reporting Date: 03/31/2010

Federal Regulators' Release Date: 05/28/2010

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(Bank Operations Only - 1 Bank)

Dollar Amounts
In Thousands

IV. LENDING CATEGORIES (continued)

2.	Real Estate Lending from Domestic Offices of The Bank (Cont'd)	
c.	Secured by One to Four Family Residential Units	20,968,051
d.	Secured by Multifamily (five or more) Properties	664,492
e.	Secured by Nonfarm, Nonresidential Properties	9,969,876
3.	Real Estate Lending from Foreign Offices of The Bank	2
4.	Loans to Financial Institutions, Total	221,192
a.	To Institutions in the U.S.	20,000
b.	To Banks in Foreign Countries	201,192
5.	Agricultural-Related Loans	318,546
6.	Loans To Individuals for Household, Family and Other Personal Expenditures	12,540,657
a.	Credit Cards	1,852,707
b.	Other Revolving Credit Plans	282,067
c.	Other Consumer Loans	10,405,883
7.	Loans To Foreign Governments and Official Institutions	0
8.	Loans to States and Political Subdivisions of the U.S.	124,316
9.	Lease Financing Receivables, Total	3,802,935
a.	Due from U.S. Lessees	3,802,935
b.	Due from Foreign Lessees	0
10.	Other Loans and Adjustments for Unearned Income Included in All Categories	-1
11.	Total Foreign Loans Included in Foregoing Items	0
12.	Portion of Commercial and Industrial and "Other" Loans Above That Finance Real Estate Investment Activities	624,082

V. DETAILS OF PROBLEM LOANS, SECURITIES AND DERIVATIVES CONTRACTS

1.	Past Due 90 Days or More and Still Accruing	
a.	To Domestic Addresses	608,669
b.	To Foreign Addresses (If Any)	1,142
2.	Nonaccruing Loans	
a.	To Domestic Addresses	2,905,181
b.	To Foreign Addresses (If Any)	39,985
3.	Renegotiated (Restructured) Debt	254,696
4.	Excess Problem Loans, Debt Securities and Derivatives Contracts	1,008,681
5.	Categories of Problem Assets	
a.	Agriculture	63,900
b.	Real Estate	2,724,134
1.	Construction and Land Development	1,254,642
2.	Secured by Farmland (Includes Farm Residential and Other Improvements)	8,779
3.	One to Four Family Mortgages	758,748
4.	One to Four Family Home Equity Loans	131,318
5.	Multifamily (five or more) Properties	51,078
6.	Nonfarm, Nonresidential Properties	519,569

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(Bank Operations Only - 1 Bank)

Dollar Amounts
In Thousands

V. DETAILS OF PROBLEM LOANS, SECURITIES AND DERIVATIVES CONTRACTS (continued)	
5. Categories of Problem Assets (continued)	
c. To Individuals	153,077
1. Credit Card Delinquencies	136,496
2. Other Personal, Installment and Consumer Loans	16,581
d. Commercial, Industrial and Other Loans	613,840
e. Lease Financing	34,548
f. Financial Institutions	0
g. Foreign Governments	0
6. Debt Securities	26
7. Delinquent Off-Balance Sheet Derivatives Contracts(Market Value)	0
8. Portion of Commercial and Industrial and "Other" Problem Loans Above That Finance Real Estate Investment Activities	34,243
VI. LOAN LOSS RESERVES	
1. Balance of Allowance at End of Previous Quarter	3,747,673
2. Recoveries Credited to Allowance	39,165
3. Less Chargeoffs	621,786
4. Provision for Possible Loan or Lease Losses	589,883
5. Other Adjustments	-537,243
6. Balance as of Bank Reporting Date	3,800,313
VII. LOAN MANAGEMENT MEASURES	
1. Loan Loss Reserves as a Percentage of Total Loans (Graph Eight)	4.81
2. Net Loan Losses as a Percentage of Loan Loss Reserves (Graph Nine)	15.33
3. Net Loan Losses as a Percentage of Equity (Graph Ten)	3.57
4. Problem Loans, Secs & Cntrcts as a % of Total Ins (Graph Eleven)	6.09
5. Percent of Loan Portfolio Maturing or Repriceable(Graph Twelve)	
a. Within Three Months of Bank Reporting Date	37.67
b. Between Three and Twelve Months of Bank Reporting Date	7.24
c. Between One And Five Years of Bank Reporting Date	33.40
d. Over Five Years from Bank Reporting Date	21.70
6. Foreign Loans as a Percentage of Total Loans (Graph Thirteen)	0.00
VIII. LIQUID ASSETS SUMMARY	
1. Cash and Due from Depository Institutions	6,039,687
2. U.S. Treasury Securities and Obligations of Other (Non-Treasury) U.S. Government Agencies and Corporations Available for Sale	2,616,924
3. Securities Issued by States and U.S. Political Subdivisions Available for Sale.	223,686
4. Federal Funds Sold and Securities Purchased Under Resale Agreements	0
5. Net Assets in Trading Accounts	281,217
6. Market Value of Other Debt Securities Available for Sale	215,654
7. Market Value of Equity Securities	1,410,446
8. Loans and Leases Maturing within 12 Months	15,297,761

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DATA PAGE THREE OF FOUR

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	Dollar Amounts In Thousands
IX. LIABILITIES	
1. Total Liabilities	94,472,131
2. Volatile Liabilities	18,710,288
a. Total Demand Deposits	5,137,435
b. Time Deposits Maturing Within One Year	0
c. Federal Funds Purchased and Securities Sold Under Repurchase Agreements	1,056,145
d. Demand Notes Issued to the U.S. Treasury and Other Short Term Liabilities for Borrowed Money	254,440
e. Outstanding Acceptances	0
3. Brokered Deposits	1,165,166
4. Estimated Uninsured Deposits	33,838,914
5. Increase in Uninsured Deposits During the Quarter	-815,453
6. Foreign Deposits	4,666,229
X. LIABILITIES MEASURES	
1. Volatile Liabilities as a Percentage of Liquid Assets (Graph Fourteen)	49.72
2. Brokered Deposits as a Percentage of Total Deposits (Graph Fifteen)	1.36
3. Foreign Deposits as a Percentage of Total Deposits (Graph Sixteen)	5.45
4. Uninsured Deposits as a Percentage of Total Deposits	39.54
XI. REAL ESTATE HOLDINGS	
1. Foreclosed Property Held by U.S. Offices, Total	376,434
a. Construction and Land Development	113,478
b. Farmland	348
c. One to Four Family Homes	146,374
d. Multifamily (five or more) Properties	10,064
e. Non-farm, Non-residential Properties	106,170
2. Foreclosed Property Held by Overseas Offices	0
3. Direct and Indirect Investments in Real Estate Ventures	0
4. Total Real Estate Owned (REO)	398,933
XII. MISCELLANEOUS ITEMS	
1. Percentage of Foreign Ownership	0.00
2. Was There A Recent External Audit?	YES
3. Held to Maturity(HTM) Securities	349,462
4. Unrecognized HTM Securities Losses	0
5. Unrecognized HTM Securities Losses as a Percentage of Equity	0.00
6. Derivatives	
a. On-balance Sheet Mortgage Derivatives	0
b. Structured Notes and High Risk Mort. Derivative Securities	0
c. Losses (Recognized and Unrecognized) in Foregoing Item	0
d. Notional Amount of Off-Balance Sheet Derivatives	72,620,344
7. Recent Regulatory Enforcement Action	N.A.

Bank Reporting Date: 03/31/2010

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HOLDING COMPANY RESEARCH REPORT - SUMMARY DATA FOR INDIVIDUAL MEMBER BANKS

Institution Name	City	State	Color Code and Star Rating	Estimated Regulatory Capital Classification if less than "Well"	Recent Regulatory Enforcement Actions?	Total Assets (\$000)	Equity (% of Assets)	Net Income For Report- ing Quarter (\$000)	Annualized Net Income (% of Equity)	EPL (% of Equity)	Unrec-ognized Investmen Losses (% of Equity)
FIFTH THIRD BK	CINCINNATI	OH	Green/***			110,801,047	14.74	47,593	1.17	6.18	0.00

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Report Preparation Date: 06/03/2010

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Since the information contained herein is based on federal regulatory agency reports released at substantial intervals, and since the financial condition of the institution(s) described herein may be subject to change within short periods of time, please consult the appropriate portions of the data set and/or ancillary VERIBANC-supplied documentation for the date when the data was last released by the appropriate federal agency. Please check with VERIBANC or the management of the institution(s) for additional, updated information should you deem that advisable.

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WHICH ARE AN INTEGRAL PART OF THIS DATA SET.**

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NUMBER OF FDIC-INSURED BANKS IN EACH COLOR CODE AND STAR RATING CATEGORY

Data are for the reporting quarter ending March 31, 2010
The Federal Regulators' released the data in May, 2010

STAR RATINGS

		THREE STARS	TWO STARS	ONE STAR	NO STARS
COLOR CODE	GREEN	4650	574	586	31
	YELLOW	N.A*	521	523	141
	RED	N.A*	N.A*	N.A*	150

HOW TO USE THE GRAPH

Each entry in the table indicates how many banks are in the color category given at the left of the row and the star category stated at the top of the column. Note most of the banks are classified with ratings of Green with three-stars (64.8 percent of reporting banks). At the opposite extreme, 2.09 percent of all institutions receive VERIBANC's lowest Red, no-stars ratings.

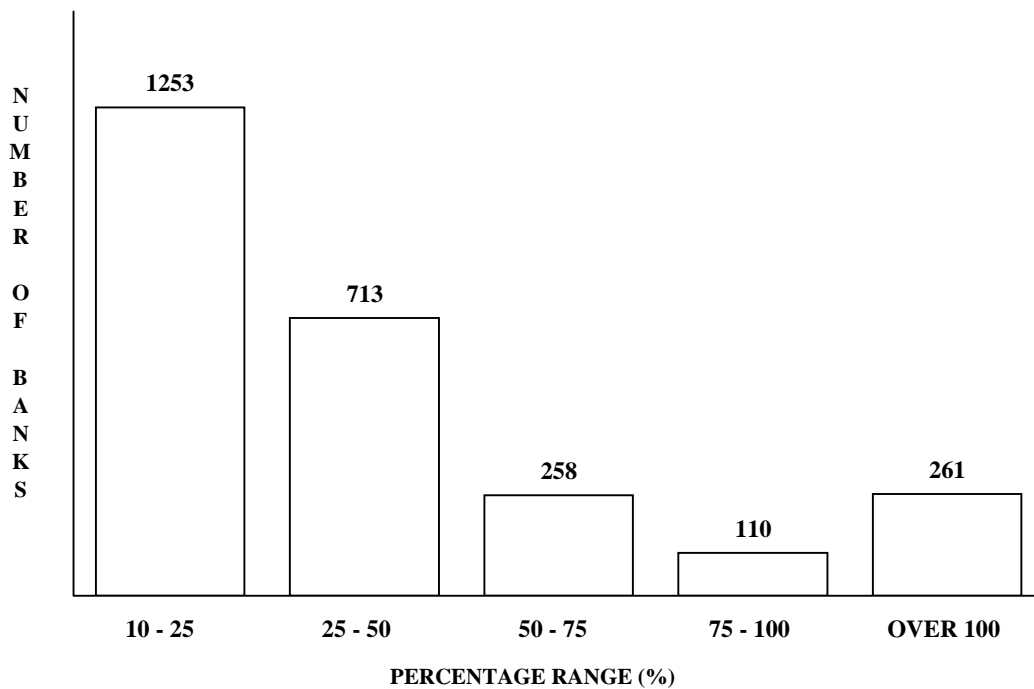
* These ratings do not apply to banks.

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GRAPH 1

**FDIC-INSURED BANKS WITH EXCESS PROBLEM LOANS,
SECURITIES AND CONTRACTS* MORE THAN
TEN PERCENT OF EQUITY**

Data are for the reporting quarter ending March 31, 2010
The Federal Regulators' released the data in May, 2010



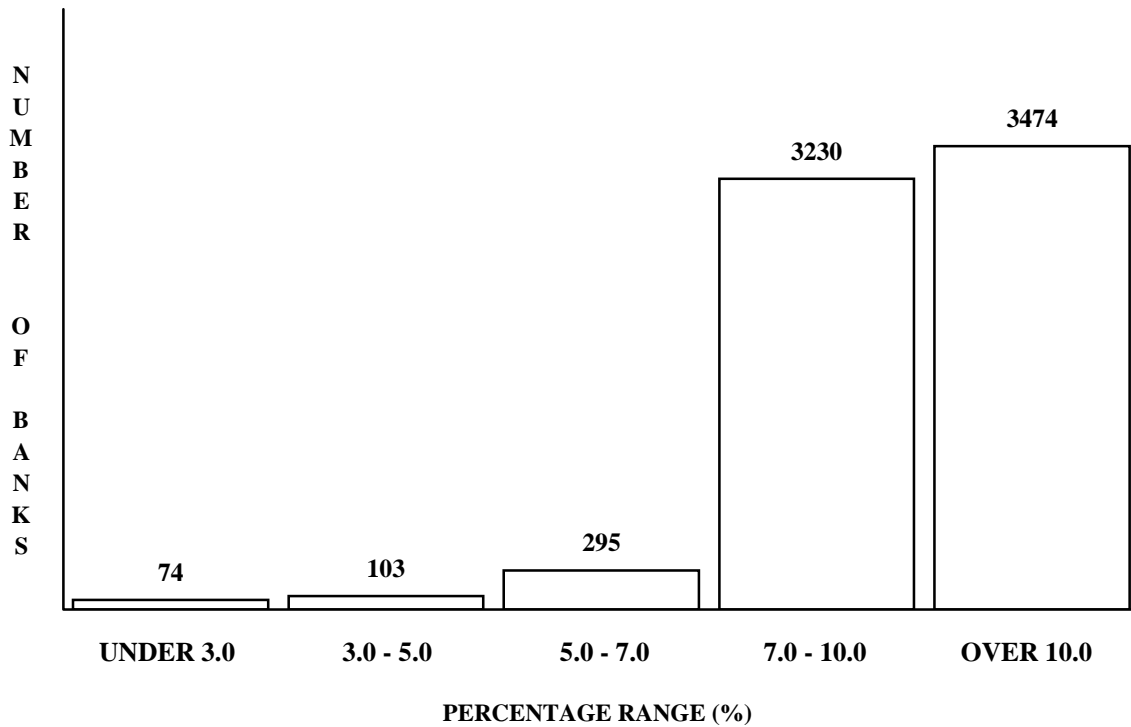
* Excess problem loans, securities and contracts are defined as items 90 days or more past due, in nonaccrual status or renegotiated/restructured, less the loan loss reserve balance and amounts guaranteed by the U.S. government. Note the graph excludes banks that do not have excess problem loans, securities and contracts or for which these items comprise less than 10% of equity.

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GRAPH 2

**EQUITY AS A PERCENTAGE OF ASSETS
FOR ALL FDIC-INSURED BANKS**

Data are for the reporting quarter ending March 31, 2010
The Federal Regulators' released the data in May, 2010

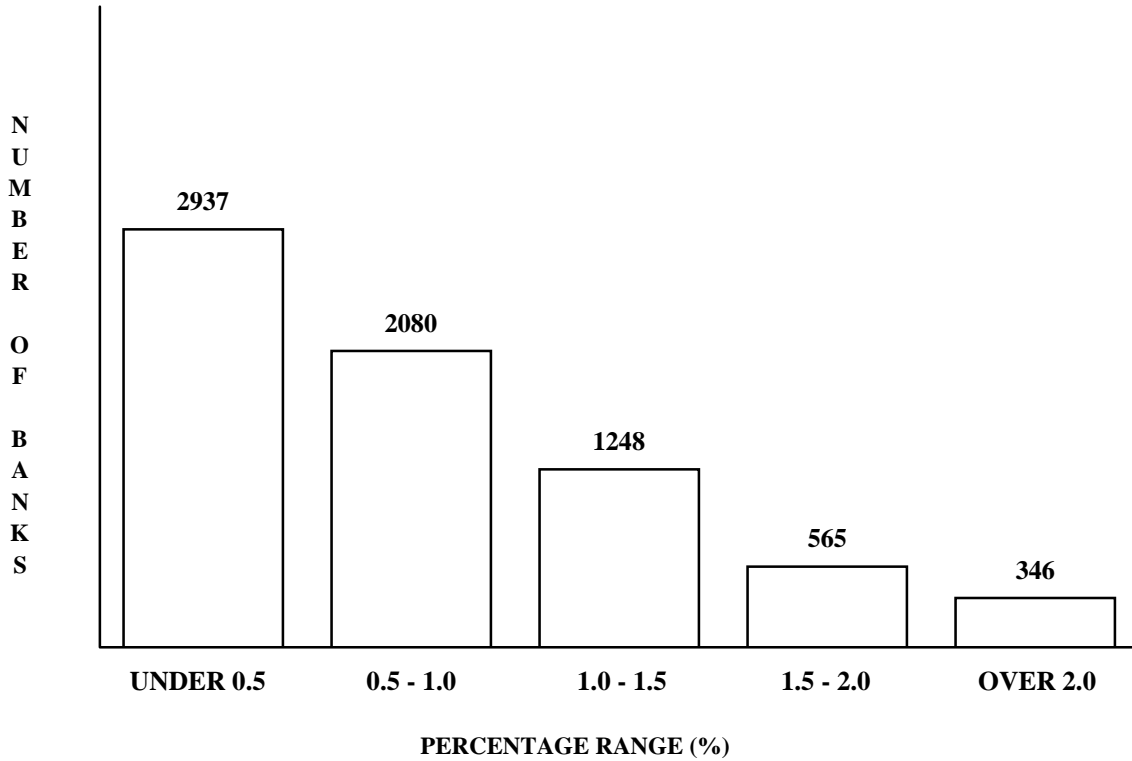


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GRAPH 3

PROFITABILITY FOR ALL FDIC-INSURED BANKS

Data are for the reporting quarter ending March 31, 2010
The Federal Regulators' released the data in May, 2010

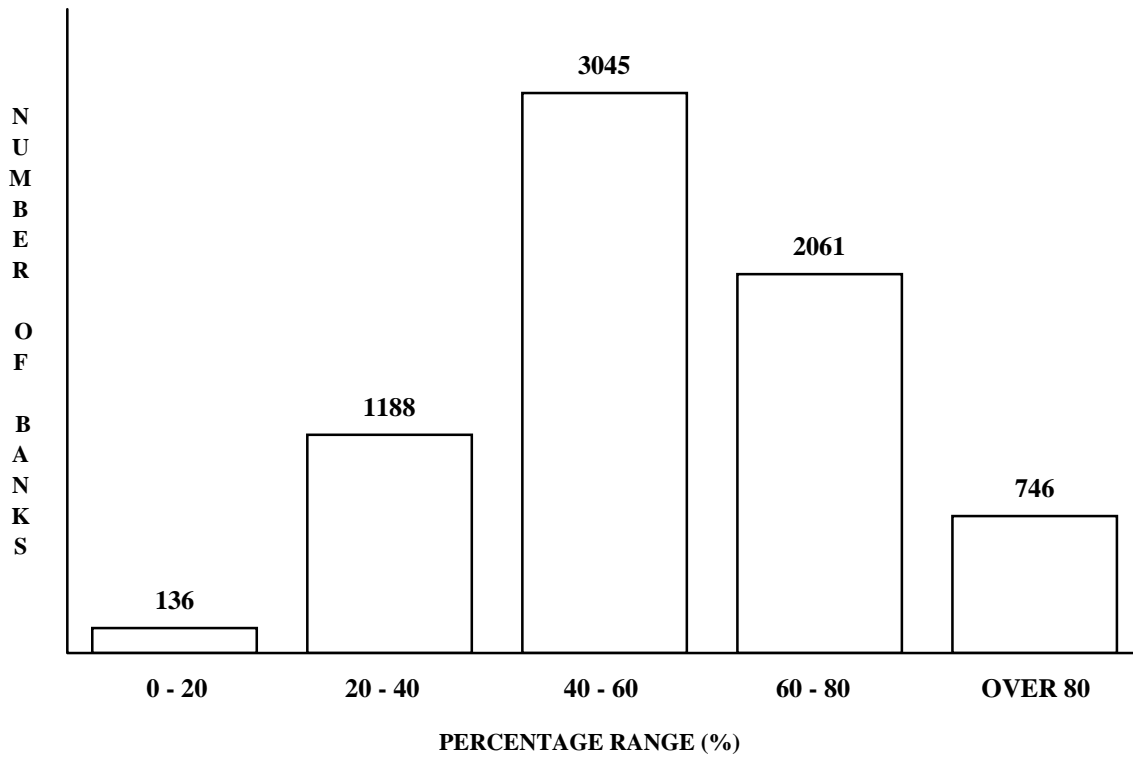


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GRAPH 4

LIQUID ASSETS AS A PERCENTAGE OF DEPOSITS FOR ALL FDIC-INSURED BANKS

Data are for the reporting quarter ending March 31, 2010
The Federal Regulators' released the data in May, 2010

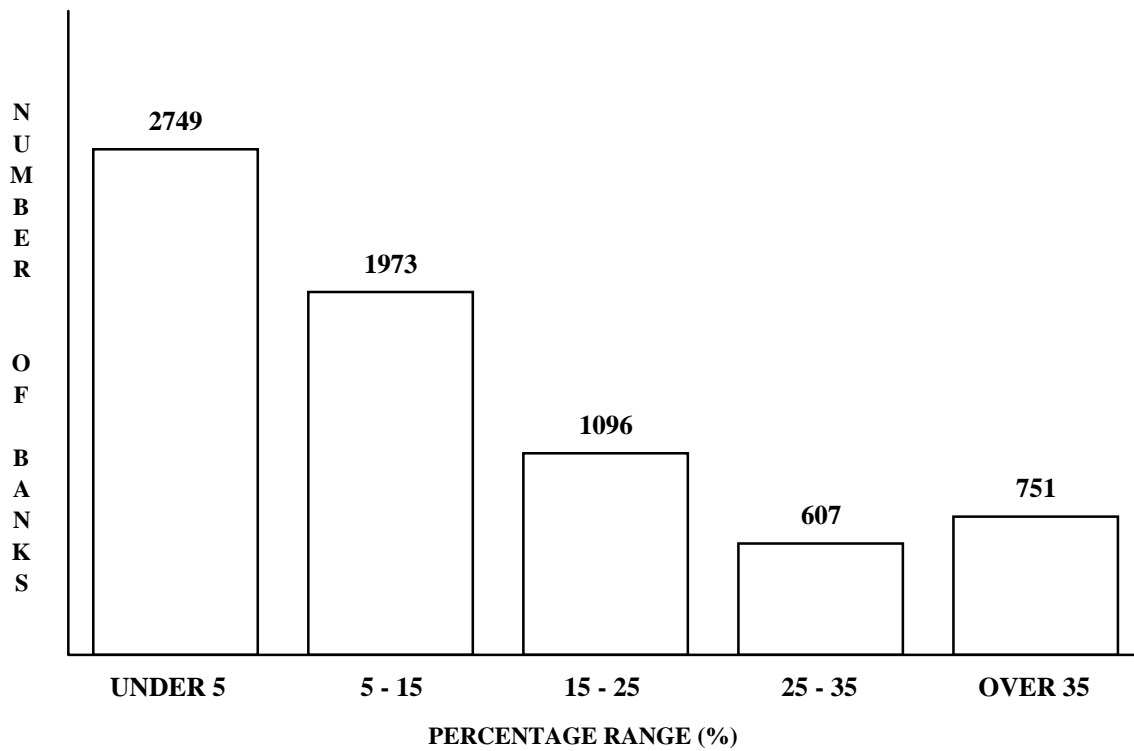


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GRAPH 5

**INSIDER LOANS AS A PERCENTAGE OF EQUITY
AT ALL FDIC-INSURED BANKS**

Data are for the reporting quarter ending March 31, 2010
The Federal Regulators' released the data in May, 2010

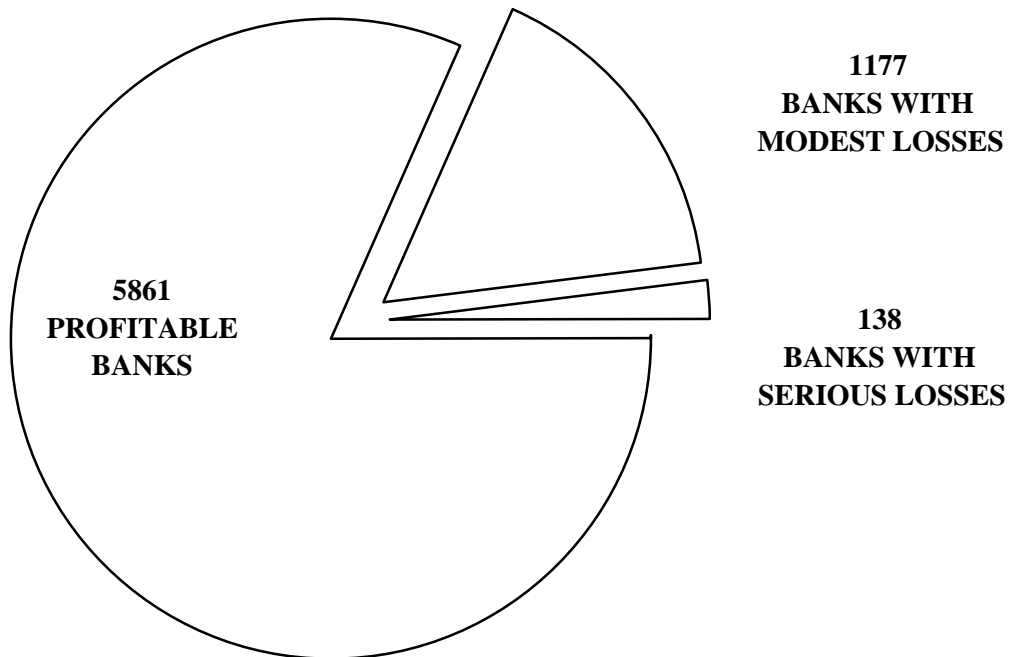


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GRAPH 6

**PROFITS AND LOSSES AT
ALL FDIC-INSURED BANKS**

Data are for the reporting quarter ending March 31, 2010
The Federal Regulators' released the data in May, 2010

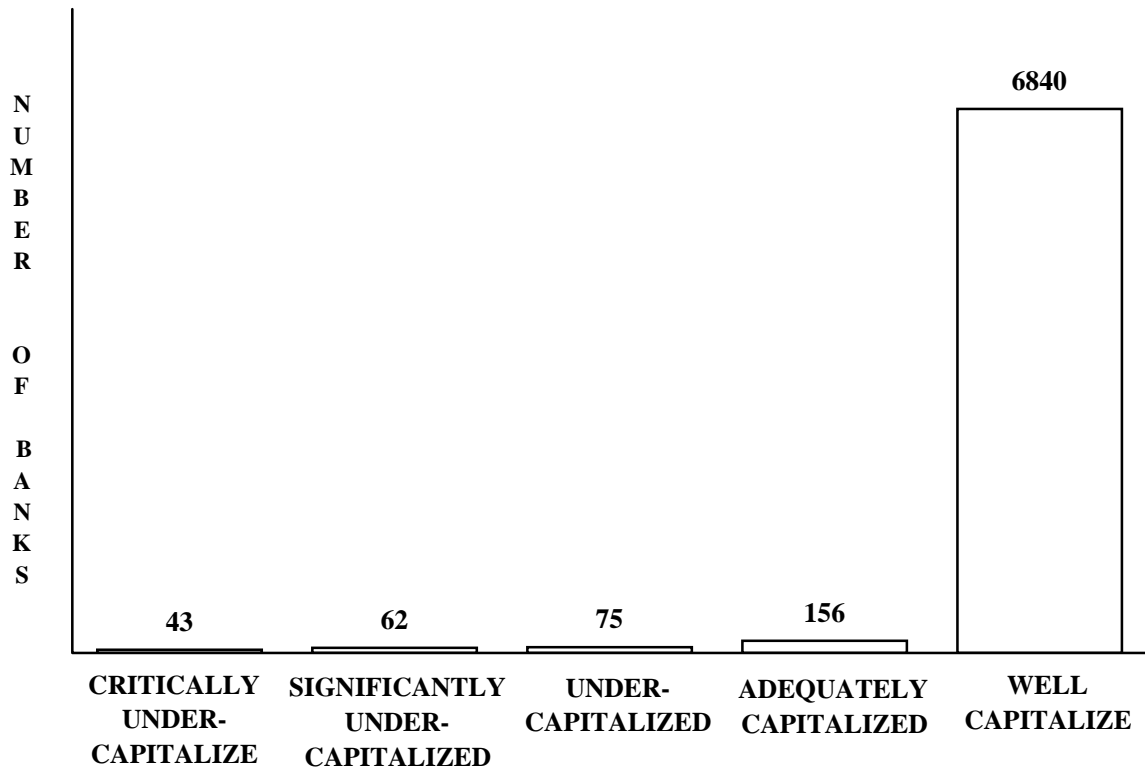


VERIBANC, Inc.

GRAPH 7

**REGULATORY CAPITAL CLASSIFICATION
FOR ALL FDIC-INSURED BANKS**

Data are for the reporting quarter ending March 31, 2010
The Federal Regulators' released the data in May, 2010

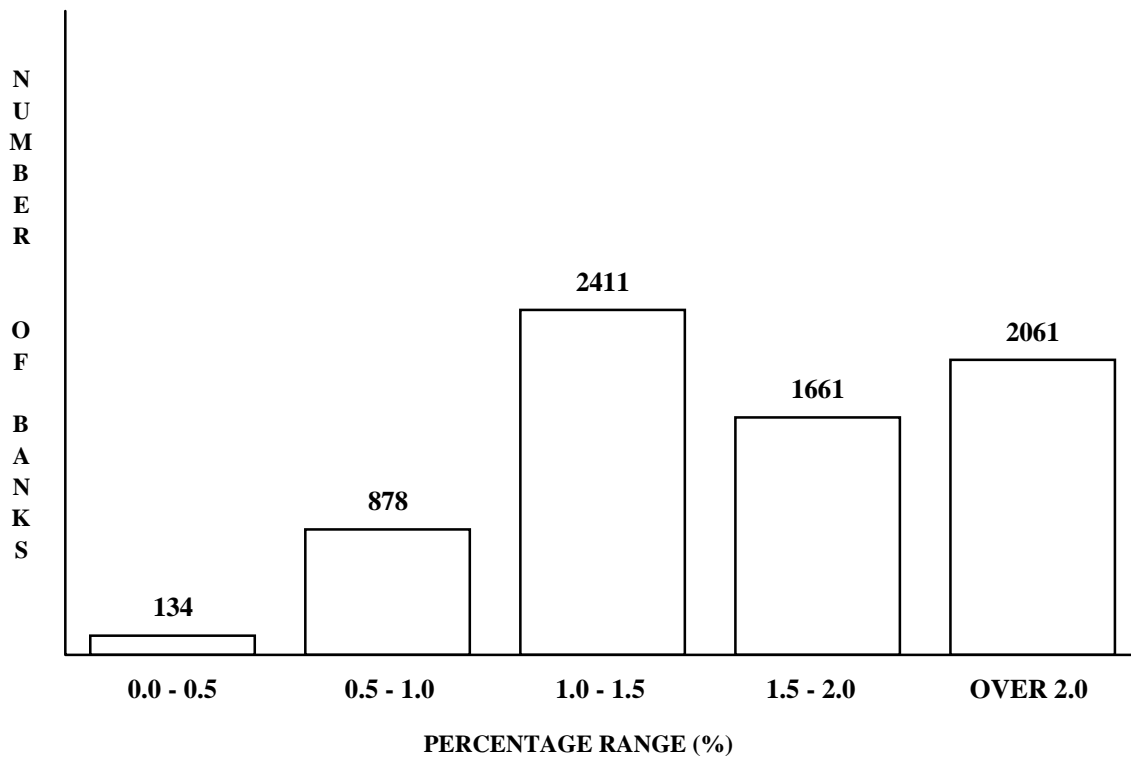


VERIBANC, Inc.

GRAPH 8

**LOAN LOSS RESERVES AS A PERCENTAGE OF
TOTAL LOANS FOR ALL FDIC-INSURED BANKS**

Data are for the reporting quarter ending March 31, 2010
The Federal Regulators' released the data in May, 2010

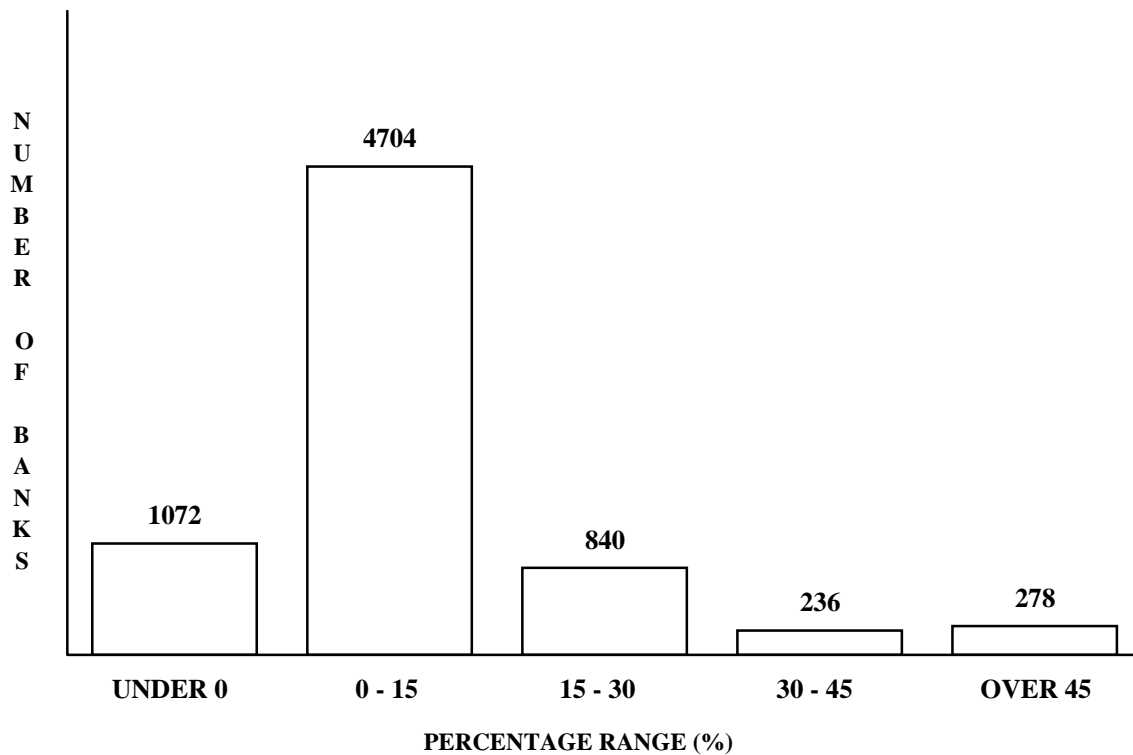


VERIBANC, Inc.

GRAPH 9

**NET LOAN LOSSES AS A PERCENTAGE OF LOAN
LOSS RESERVES FOR ALL FDIC-INSURED BANKS**

Data are for the reporting quarter ending March 31, 2010
The Federal Regulators' released the data in May, 2010

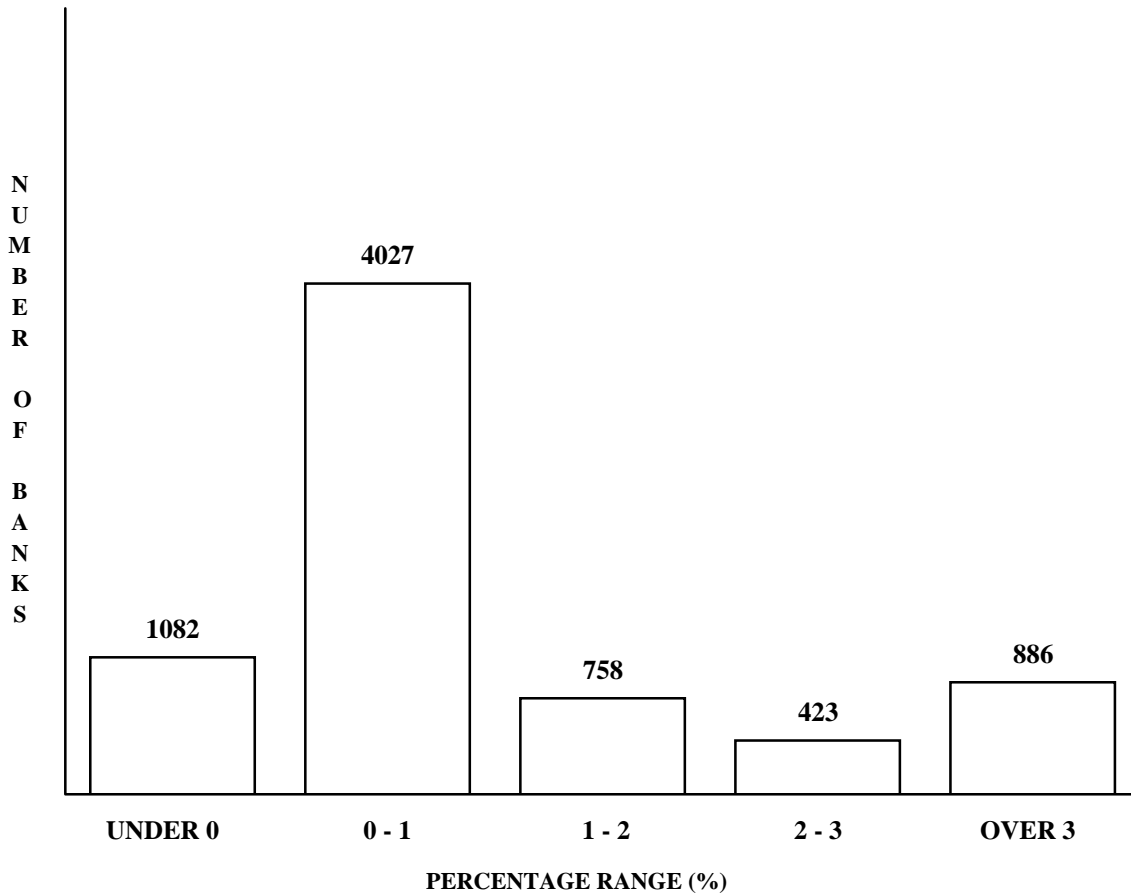


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GRAPH 10

NET LOAN LOSSES AS A PERCENTAGE OF EQUITY FOR ALL FDIC-INSURED BANKS

Data are for the reporting quarter ending March 31, 2010
The Federal Regulators' released the data in May, 2010

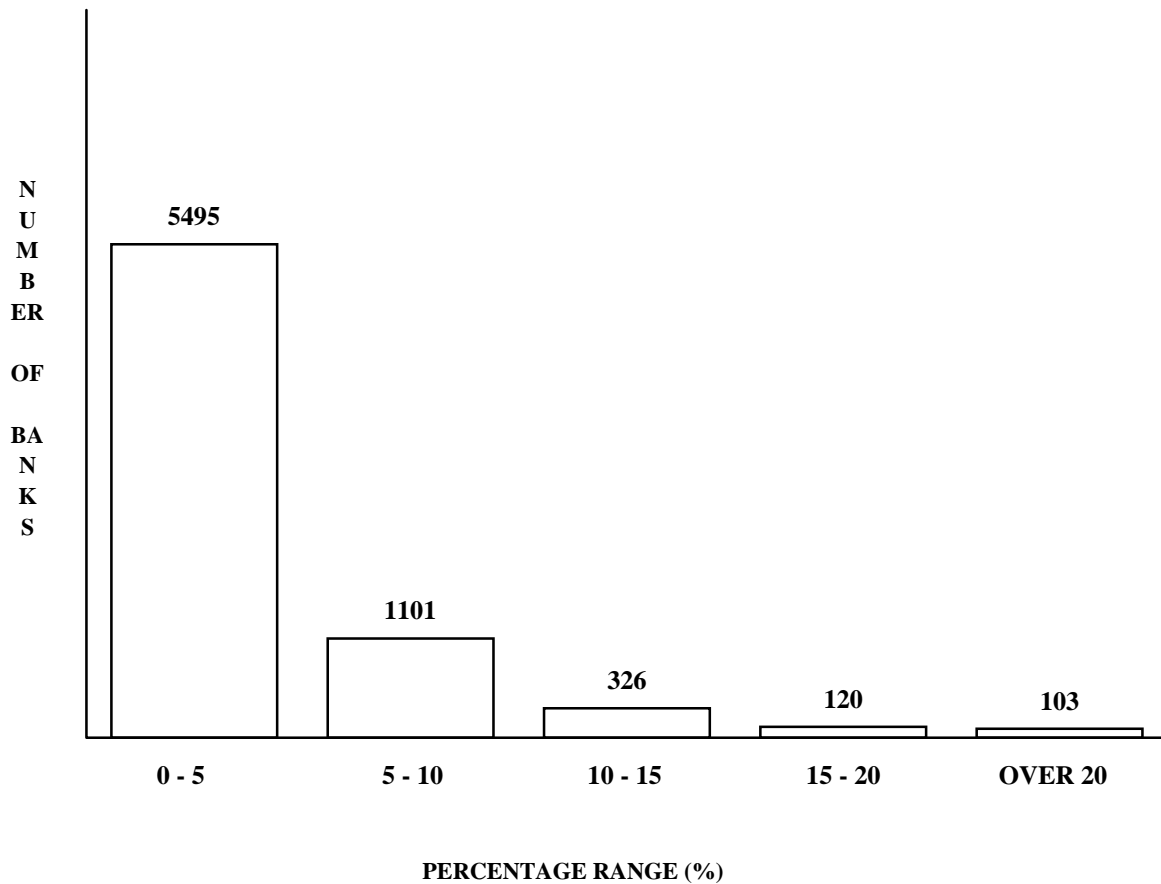


VERIBANC, Inc.

GRAPH 11

**PROBLEM LOANS AS A PERCENTAGE OF TOTAL
LOANS FOR ALL FDIC-INSURED BANKS**

Data are for the reporting quarter ending March 31, 2010
The Federal Regulators' released the data in May, 2010

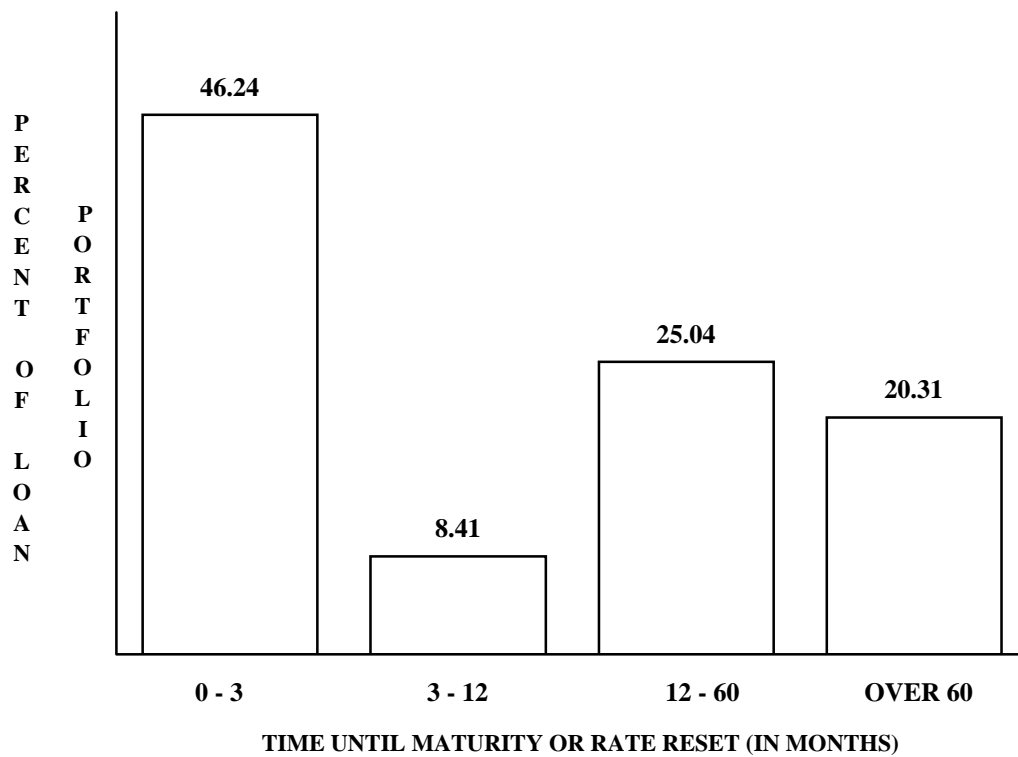


VERIBANC, Inc.

GRAPH 12

**PERCENTAGE OF ALL FDIC-INSURED BANKS' LOANS
MATURING OR REPRICEABLE WITHIN VARIOUS INTERVALS**

Data are for the reporting quarter ending March 31, 2010
The Federal Regulators' released the data in May, 2010

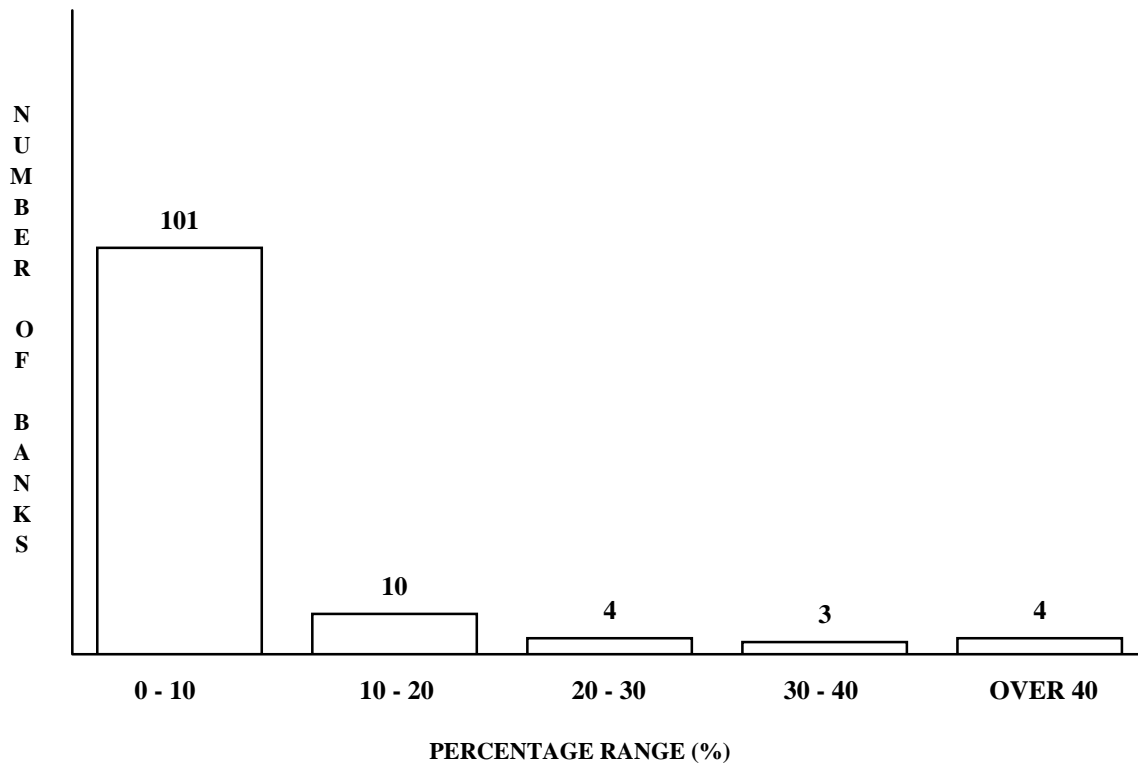


VERIBANC, Inc.

GRAPH 13

**FOREIGN LOANS AS A PERCENTAGE OF TOTAL
LOANS* FOR ALL FDIC-INSURED BANKS**

Data are for the reporting quarter ending March 31, 2010
The Federal Regulators' released the data in May, 2010



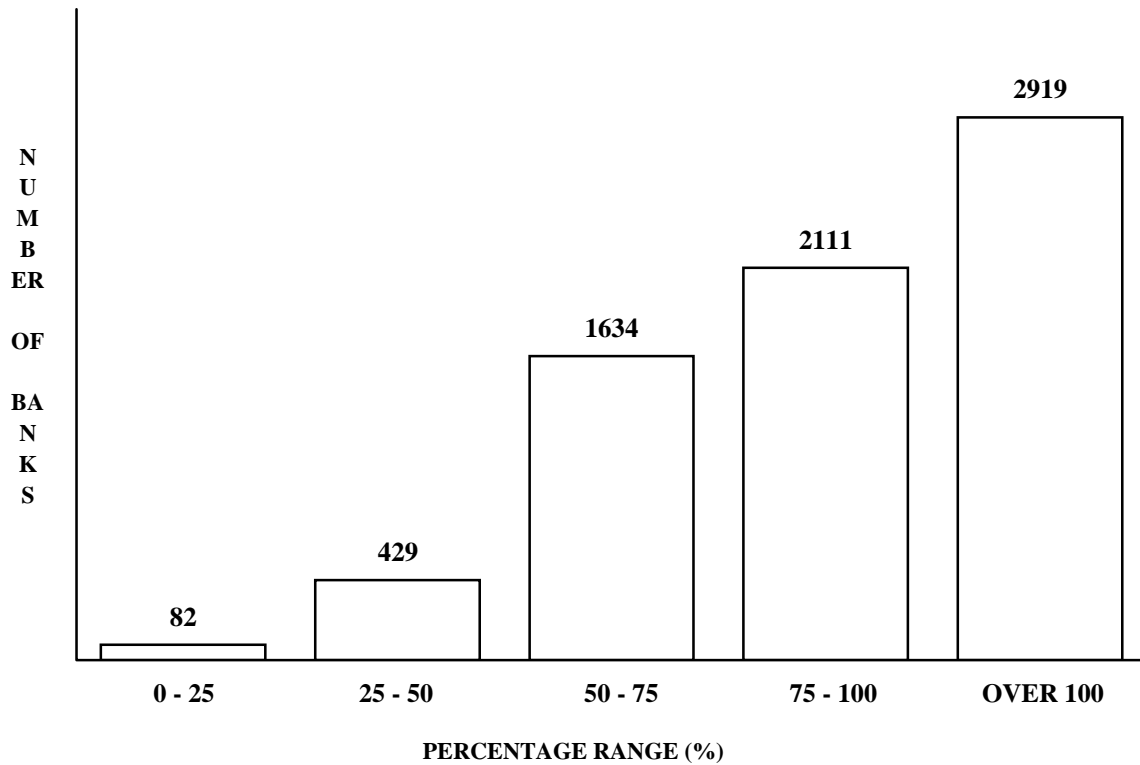
* Banks which report no foreign loan holdings are omitted.

VERIBANC, Inc.

GRAPH 14

**VOLATILE LIABILITIES AS A PERCENTAGE OF
LIQUID ASSETS FOR ALL FDIC-INSURED BANKS**

Data are for the reporting quarter ending March 31, 2010
The Federal Regulators' released the data in May, 2010

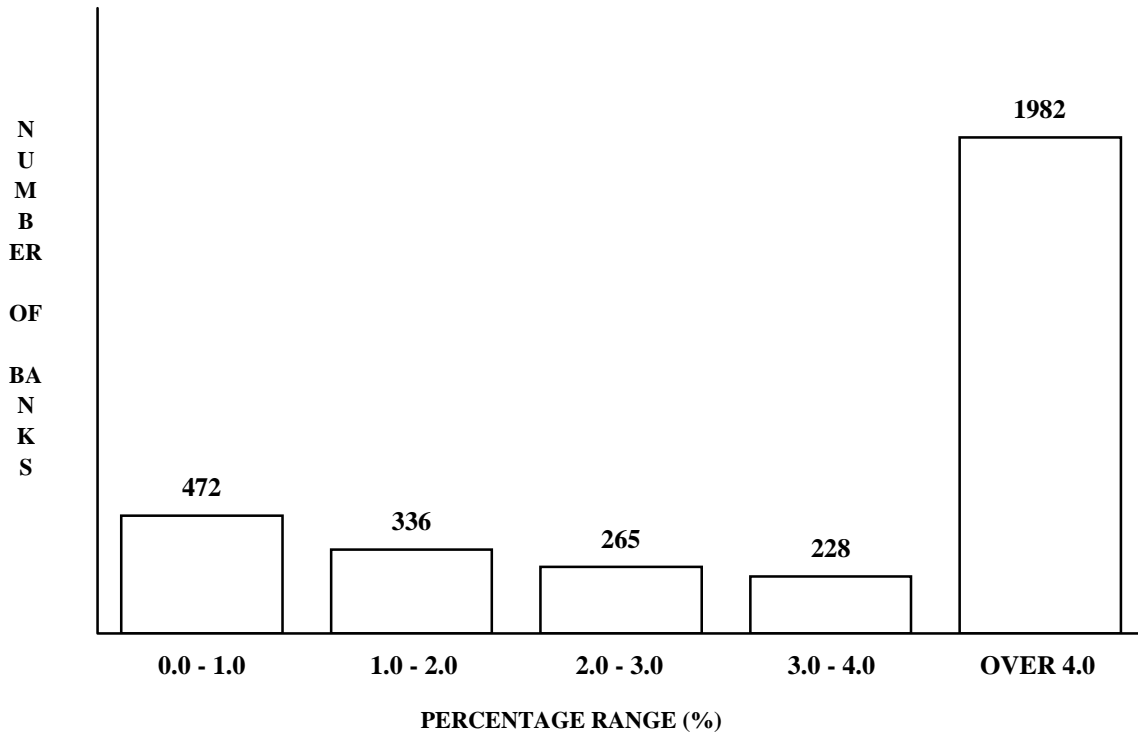


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GRAPH 15

BROKERED DEPOSITS AS A PERCENTAGE OF TOTAL DEPOSITS FOR ALL FDIC-INSURED BANKS

Data are for the reporting quarter ending March 31, 2010
The Federal Regulators' released the data in May, 2010

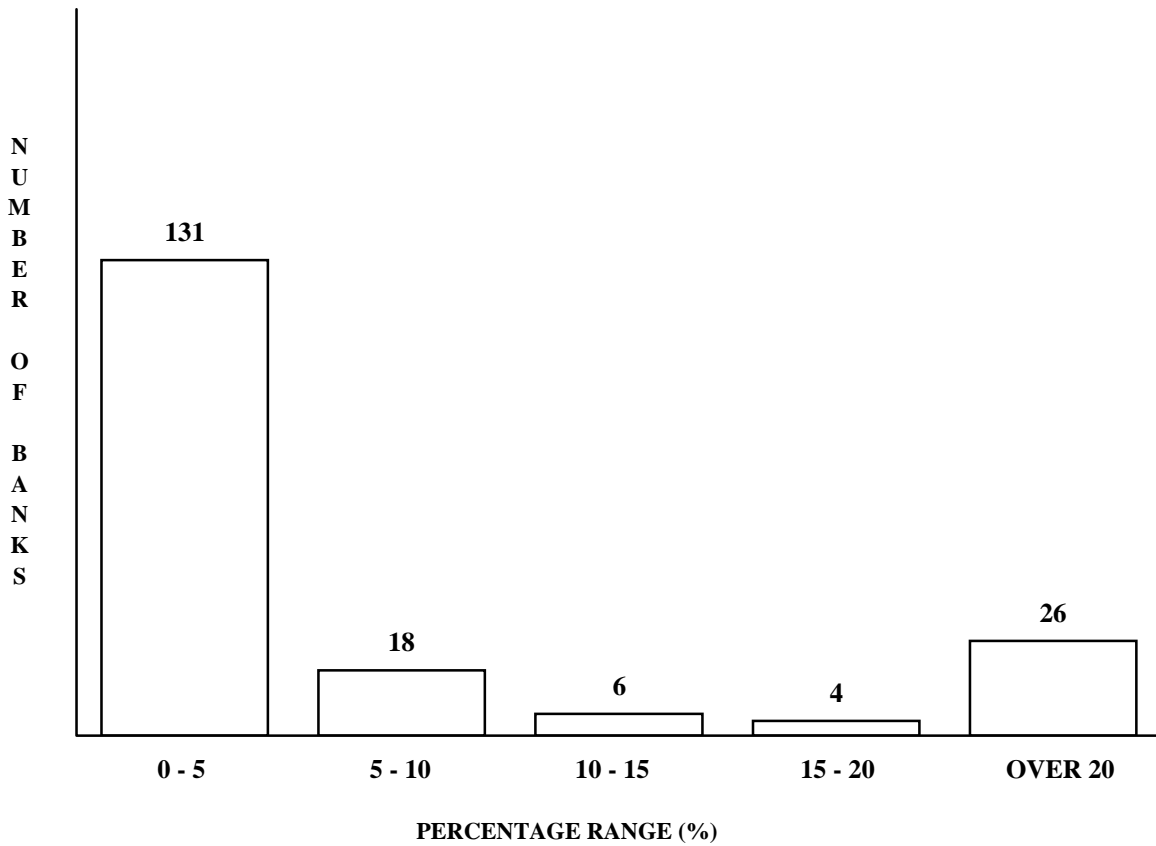


VERIBANC, Inc.

GRAPH 16

FOREIGN DEPOSITS AS A PERCENTAGE OF TOTAL DEPOSITS* FOR ALL FDIC-INSURED BANKS

Data are for the reporting quarter ending March 31, 2010
The Federal Regulators' released the data in May, 2010



* Banks which report no foreign deposits omitted.

APPENDIX: DETAILED DESCRIPTION OF THE DATA PAGES

THE HEADER AND REPORT ENTRIES

The top of each data page contains the page sequence number, the name of the holding company and the city and state of its home office. Unless stated otherwise, the HOLDING COMPANY RESEARCH REPORT for the office listed in the data page heading includes data for all of the company's member bank subsidiaries as recorded by the applicable federal regulators

The "Bank Reporting Date" given at the bottom of each data page identifies the applicable financial quarter. This is the closing date of the fiscal quarter to which the report applies. The date on which the new database 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.

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. 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 holding company 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.
- 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.

[†] In certain rare cases, income data for the current quarter are unavailable for one or more bank members of the holding company. In those instances, we use an annualized estimate based on the "year-to-date" value of net income for the banks involved, and identify the item as involving an estimate.

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I. OVERALL OPERATIONS (CONTINUED)

- 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 officers, directors and principal shareholders (or their related interests) of the holding company's subsidiary banks.
- 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 a member 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 payment guaranteed by the U.S. government or its agencies. Specific categories are presented in Section V.

II. KEY OPERATING MEASURES

- Item 1. **Excess Problem Loans, Securities & 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 the holding company's entire equity. Graph One presents industry-wide perspective.
- 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.

VERIBANC[®], Inc.

II. KEY OPERATING MEASURES (CONTINUED)

- 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 holding company's equity. For holding companies that had positive net income during the most recent reporting quarter, "Profitable" is printed. Holding companies with negative equity are denoted as "Insolvent". 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. For holding companies, VERIBANC[®] applies these criteria to the summarized financial data of the bank subsidiaries of the holding company. 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 that is expected to be assigned when the next federal data release becomes available. If such an anticipated rating is assigned, the data used as the basis for the rating has been supplied by the institution itself. 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 that is less favorable than the rating based on 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 REQUIREMENT

- Item 1. Tier One Capital consists principally of equity, non-cumulative perpetual preferred stock and minority interests in bank 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).

III. COMPLIANCE WITH FEDERAL CAPITAL REQUIREMENTS (CONTINUED)

- 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 that 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.
- Item 5. **Tier One Capital as a Percentage of Risk-Weighted Assets (Tier One Risk Ratio)** is also computed according to regulatory formulas.
- 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 regulatory definition factors. The average is taken over the most recent quarter.

IV. LENDING CATEGORIES

Items 1 through 10 summarize the holding company's loan portfolio by category.

- Item 11. **Total Foreign Loans Included in Foregoing Items** consist of all lending from domestic offices of the holding company's subsidiary banks 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.
- Item 12. **Portion of Commercial and Industrial (Item IV.1) and "Other" Loans (Item IV.11) Above That Finance Real Estate Investment Activities** are loans that are made to real estate ventures or to organizations whose income is derived primarily from real estate ventures.

V. DETAILS OF PROBLEM LOANS, SECURITIES AND DERIVATIVES CONTRACTS

- Item 1. **Past Due 90 Days Or More And Still Accruing** are loans, debt securities and derivatives contracts held by subsidiary banks of the holding company on which repayment has 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 the bank that holds the loan 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.

VI. DETAILS OF PROBLEM LOANS, SECURITIES AND DERIVATIVES CONTRACTS (CONTINUED)

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 holding company's 90 days past due, nonaccrual and renegotiated/restructured loans, debt securities plus 90 days past due derivatives contracts, net of government guarantees, exceed the loan loss reserve. It represents the extent to which the holding company'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 re-negotiated 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** is the total of all loans not secured by mortgages but 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 maintained 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.

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VI. LOAN LOSS RESERVES (CONTINUED)

- 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 the 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.
- 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 and Contracts as a % of Total Loans** states the portion of the holding company'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.

VERIBANC[®], Inc.

VII. LOAN MANAGEMENT MEASURES (CONTINUED)

Item 5. **Percent of Loan Portfolio Maturing or Repricable** presents several ranges of loan duration for the holding company'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 that fall into each of the given duration intervals.

Item 6. **Foreign Loans as a Percentage of Total Loans** are computed by dividing "Total Amount of 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 the holding company's member banks, taken as a group, and their position in cash and highly marketable securities that are considered by management to be "available for sale."

Item 4. Indicates the holding company's 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 that 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.

Item 8. **Loans and Leases Maturing Within 12 Months** states the combined portions of the member banks' portfolios which are expected to be repaid within one year of the reporting date.

IX. LIABILITIES

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

Item 2. **Volatile Liabilities** are obligations of the holding company that mature rapidly or could be called in quickly, i.e. within a few days or less. Five categories are given.

VERIBANC[®], Inc.

IX. LIABILITIES (CONTINUED)

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 holding company'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 in a holding company 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.

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 commercial 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 holding companies. Graph Sixteen indicates ranges of the foreign deposits component of total deposits for all federally insured commercial banks which report foreign deposits.

VERIBANC[®], Inc.

X. LIABILITIES MEASURES (CONTINUED)

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

XI. REAL ESTATE HOLDINGS

Item 1. **Foreclosed Property Held by U.S. Offices, Total** includes all of the property holdings that the holding company's member banks have 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 that the member banks distinguished as "investments." (See Item XI.3 below.)

Item 2. **Foreclosed Property Held by Overseas Offices** indicates real estate, most likely in other countries, that is being managed by the holding company's non-U.S. branches or subsidiaries.

Item 3. **Direct and Indirect Investments in Real Estate Ventures** give the amount that bank members of the holding company have 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 one or more of the holding company's subsidiary banks.

Item 3. **Held to Maturity (HTM) Securities** are those instruments that the member banks have stated they intend to hold until they mature. Their "book" value is presented.

Item 4. **Unrecognized HTM Securities Losses** is the book value of the member banks' "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.

VERIBANC[®], Inc.

XII. MISCELLANEOUS ITEMS (CONTINUED)

Item 6. **Derivatives** holdings of the bank members of the holding company 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 Mortgage 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 applicable, lists the most recent, most serious[†] regulatory action involving the holding company. Codes for the enforcement actions are explained below and in a subsequent section.

SUMMARY DATA FOR INDIVIDUAL MEMBER BANKS

The following section provides a description of items on the final data page(s) of the report, a bank-by-bank compilation of summary financial information for individual members of the holding company. The details on these pages pertain only to the member banks, not the holding company itself.

VERIBANC[®]'s **Color Code** and **Star Rating** system is based on a combination of criteria explained in the section that follows. Banks which 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/***/ ratings designation. Banks which 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") classifies banks as Well Capitalized (W), **Adequately Capitalized (A)**, **Undercapitalized (UC)**, **Significantly Undercapitalized (SU)** and **Critically Undercapitalized (CU)**. VERIBANC[®] replicates the FDIC's algorithms to estimate each bank's capital classification. If the institution is in the well-capitalized category, this column is left blank.

[†] Action types CC, CD and FA, please see subsequent section for code descriptions.

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

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SUMMARY DATA FOR INDIVIDUAL MEMBER BANKS (CONTINUED)

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 after the descriptions of the color and star ratings.

Total Assets includes 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.

Net Income for the Reporting Quarter is after taxes and extraordinary items. Amounts are expressed in thousands of dollars. For banks, which report on a year-to-date basis, if net income for the previous quarter[†] is not available, net income for the quarter and annualized net income, are estimated using the year-to-date amount. If such an estimate is used, the entries are followed with the † symbol.

Annualized Net Income is given as a percentage of equity (i.e., return on equity). To annualize, 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.**

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 which are less than 90 days in arrears or have repayment guaranteed by the U.S. government or its agencies are excluded 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.**

Unrecognized Investment Losses are stated as a percentage of equity. This information consists of the difference between the book (amortized cost) and fair market value of securities which a bank intends to hold until maturity. Negative values of unrecognized investment losses are set to zero. Banks 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 used.

[†] except for the first reporting quarter of the year when a prior quarter's "year-to-date" income is not needed.

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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 holding company'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 holding company'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 holding company's equity[†]. The items that result in a yellow classification merit your attention.
- RED** The holding company'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 that result in a red classification deserve your close attention.

STAR RATING

In addition to the color code, VERIBANC[®] assigns each holding company Three Stars (***) , Two Stars (**), One Star (*) or No Stars (U). The star rating considers future trends and contingencies not accounted for in the color classification. The holding company's rating is developed by considering together the financial reports of all bank subsidiaries owned (as indicated by the F.D.I.C. in its quarterly call report releases) by the same ultimate parent. The criteria used by VERIBANC[®] to determine the number of stars assigned to a holding company are then applied as with a bank, i.e.

- ***** The institution must meet the following primary conditions: equity 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 most recent reporting quarter. All three regulatory capital requirements, as they are calculated for banks, must also be satisfied (see below).

[†] A loss is considered significant when, over a single quarter, it exceeds 18.75% of an institution's equity. If the institution 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.

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STAR RATING (CONTINUED)

- ***
(con't) In addition, insider lending must not exceed 35 percent of equity. Problem investments also include securities being held until maturity that, if sold, would realize less than their cost.
- ** The institution meets any two of the three primary conditions for the Three Stars category and has equity that exceeds its 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. All three regulatory capital requirements, as they are calculated for banks, must also be satisfied, (see below). For holding companies 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 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, 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. Also, a holding company 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 institution does not meet the criteria above.

Effect of Regulatory Enforcement Actions - If a holding company has been subject to a serious[†] regulatory sanction, the company is limited to a One Star rating. If the bank holding company owns one bank only, and that bank has been subject to a serious regulatory sanction, the highest number of stars that can be assigned is One. If the holding company owns multiple member banks, and the holding company itself has been subject to a serious regulatory enforcement action, the highest number of stars that can be assigned is one.

[†] Action types CC, CD or FA in the table that follows.

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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

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ENFORCEMENT ACTION CATEGORIES AND CODES (CONTINUED)

<u>Enforcement Action Type</u>	<u>Description</u>
MO	Formal MemO randum of understanding
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.

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