

## **BLUE BANK REPORT**



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The banks listed on the blue pages of this report have met exceptionally high Standards and are designated as Blue Ribbon Banks. The VERIBANC Blue Ribbon safety and soundness award is the country's oldest\* national formal recognition of financially strong banks.

\* source: American Bankers Association research

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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 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 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*  
Michael M. Heller  
President

**VERIBANC®, Inc.**, Beyond 'CAMELS' Post Office Box 608, Greenville, Rhode Island 02828 1-800-837-4226 (1-800-VERIBANC)

THE VERIBANC BLUE RIBBON REPORT FOR ZIPCODE: 90210 (Beverly Hills, CA)

Data Page: 1

Name	City	State	Total Assets (\$000)	Equity/Assets Ratio (%)	Net Income for Qtr. (\$000)	Profitability Ratio (%)	Liquidity Ratio (%)	Color Code and Star Rating	Recent Regulatory Enforcement Actions?
COMERICA BK 9696 SANTA MONICA BLVD Phone: (214)462-4000	* DALLAS BEVERLY HILLS * Web URL: <a href="http://www.comerica.com">www.comerica.com</a>	TX CA	65,201,888 Distance for this branch from zipcode entered is 0 miles	10.92	122,414	0.75	59.06	GREEN/**/BB	
EAST W BK 450 NORTH ROXBURY DRIVE Phone: (626)768-6000	* PASADENA BEVERLY HILLS * Web URL: <a href="http://www.eastwestbank.com">www.eastwestbank.com</a>	CA	24,623,588 Distance for this branch from zipcode entered is 0 miles	9.73	68,292	1.11	47.83	GREEN/**/B	
CITY NB 400 NORTH ROXBURY DRIVE Phone: (800)773-7100	* BEVERLY HILLS BEVERLY HILLS * Web URL: <a href="http://cnb.com">cnb.com</a>	CA	29,373,389 Distance for this branch from zipcode entered is 0 miles	8.79	53,487	0.73	40.01	GREEN/**/BB	
UNION BK NA 8631 SANTA MONICA BLVD Phone: (800)238-4486	* SAN FRANCISCO LOS ANGELES * Web URL: <a href="http://www.unionbank.com">www.unionbank.com</a>	CA	105,286,470 Distance for this branch from zipcode entered is 1.8 miles	13.60	162,299	0.62	36.54	GREEN/**/B	
BANK OF THE WEST 9401 WILSHIRE BOULEVARD Phone: (415)982-1344	* SAN FRANCISCO BEVERLY HILLS * Web URL: <a href="http://www.bankofthewest.com">www.bankofthewest.com</a>	CA	66,467,781 Distance for this branch from zipcode entered is 2.5 miles	17.62	132,496	0.80	35.47	GREEN/**/B	PR-09/16/13
PACIFIC WESTERN BK 9454 WILSHIRE BOULEVARD Phone: (619)744-7200	* LOS ANGELES BEVERLY HILLS * Web URL: <a href="http://www.pacificwesternbank.com">www.pacificwesternbank.com</a>	CA	6,526,089 Distance for this branch from zipcode entered is 2.5 miles	13.96	4,676	0.29	50.60	GREEN/**/B	
HANMI BK 9300 WILSHIRE BLVD. SUITE 101 Phone: (213)347-6051	* LOS ANGELES BEVERLY HILLS * Web URL: <a href="http://www.hanmi.com">www.hanmi.com</a>	CA	3,049,985 Distance for this branch from zipcode entered is 2.5 miles	12.58	10,707	1.40	40.89	GREEN/**/B	
CALIFORNIA B&TC 6500 WILSHIRE BOULEVARD Phone: (619)446-4801	* SAN DIEGO LOS ANGELES * Web URL: <a href="http://www.calbanktrust.com">www.calbanktrust.com</a>	CA	10,923,000 Distance for this branch from zipcode entered is 2.6 miles	13.77	42,623	1.56	37.87	GREEN/**/BB	
WILMINGTON TR NA 10250 CONSTELLATION BLVD Phone: (866)948-2265	* WILMINGTON LOS ANGELES * Web URL: <a href="http://www.wilmingtontrust.com">www.wilmingtontrust.com</a>	DE CA	1,709,513 Distance for this branch from zipcode entered is 2.7 miles	24.71	2,095	0.49	103.61	GREEN/**/B	
PREFERRED BK 1801 CENTURY PARK EAST Phone: (213)891-1188	* LOS ANGELES CENTURY CITY * Web URL: <a href="http://www.preferredbank.com">www.preferredbank.com</a>	CA	1,769,080 Distance for this branch from zipcode entered is 2.7 miles	11.70	5,868	1.33	49.46	GREEN/**/B	
FIRST-CITIZENS B&TC 1801 CENTURY PARK EAST Phone: (919)716-7000	* RALEIGH LOS ANGELES * Web URL: <a href="http://www.firstcitizens.com">www.firstcitizens.com</a>	NC CA	20,857,559 Distance for this branch from zipcode entered is 2.7 miles	9.56	27,650	0.53	42.70	GREEN/**/B	
BANK LEUMI USA 8383 WILSHIRE BOULEVARD SUITE 400 Phone: (800)892.5430	* NEW YORK BEVERLY HILLS * Web URL: <a href="http://www.leumiusa.com">www.leumiusa.com</a>	NY CA	5,191,130 Distance for this branch from zipcode entered is 3.0 miles	10.54	2,546	0.20	77.52	GREEN/**/B	
GRANDPOINT BK 110 SOUTH FAIRFAX AVENUE Phone: (714)415-1700	* LOS ANGELES LOS ANGELES * Web URL: <a href="http://www.grandpointbank.com">www.grandpointbank.com</a>	CA	1,975,932 Distance for this branch from zipcode entered is 4.1 miles	13.62	1,997	0.40	37.11	GREEN/**/B	

\* - Represents Institution Home (Main) Office Location / Contact Information

Bank("BK") Reporting Date: 12/31/2013

Federal Regulators' Release Date: 02/28/2014

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Latest Ratings Updated through 04/30/2014

THE VERIBANC BLUE RIBBON REPORT FOR ZIPCODE: 90210 (Beverly Hills, CA)

Data Page: 2

Name	City	State	Total Assets (\$000)	Equity/Assets Ratio (%)	Net Income for Qtr. (\$000)	Profitability Ratio (%)	Liquidity Ratio (%)	Color Code and Star Rating	Recent Regulatory Enforcement Actions?
GBC INTL BK 5670 WILSHIRE BOULEVARD SUITE 1780 Phone: (310)826-4228	* LOS ANGELES LOS ANGELES * Web URL: www.gbcib.com	CA	475,769	10.32	1,017	0.86	41.90	GREEN/**/BB	
COMMUNITY BK 11900 OLYMPIC BOULEVARD SUITE 780 Phone: (626)568-2265	* PASADENA LOS ANGELES * Web URL: www.cbank.com	CA	3,350,600	7.57	5,468	0.65	59.37	GREEN/**/B	Distance for this branch from zipcode entered is 4.1 miles
CALIFORNIA UNITED BK 1640 SOUTH SEPULVEDA BOULEVARD Phone: (818)257-7700	* ENCINO LOS ANGELES * Web URL: www.cunb.com	CA	1,406,959	10.00	3,038	0.86	51.44	GREEN/**/B	Distance for this branch from zipcode entered is 4.3 miles
WOORI AMER BK 3360 W. OLYMPIC BLVD. Phone: (212)244-1500	* NEW YORK LOS ANGELES * Web URL: www.wooriamericabank.com	NY	1,156,416	12.04	19,631	6.79	36.40	GREEN/**/B	Distance for this branch from zipcode entered is 5.2 miles
CITIZENS BUS BK 16830 VENTURA BLVD SUITE 310 Phone: (909)980-4030	* ONTARIO ENCINO * Web URL: www.cbbank.com	CA	6,660,891	11.85	26,061	1.57	68.82	GREEN/**/BB	Distance for this branch from zipcode entered is 5.6 miles
BOSTON PRIVATE B&TC 16000 VENTURA BOULEVARD Phone: (617)912-1900	* BOSTON ENCINO * Web URL: www.bostonprivatebank.com	MA	6,251,540	9.17	14,859	0.95	34.02	GREEN/**/BB	Distance for this branch from zipcode entered is 5.6 miles
WILSHIRE BK 3200 WILSHIRE BOULEVARD Phone: (213)427-1000	* LOS ANGELES LOS ANGELES * Web URL: www.wilshirebank.com	CA	3,618,324	13.22	11,973	1.32	34.85	GREEN/**/B	Distance for this branch from zipcode entered is 6.0 miles
BBCN BK 3731 WILSHIRE BOULEVARD SUITE 1000 Phone: (213)746-2222	* LOS ANGELES LOS ANGELES * Web URL: bbcnbank.com	CA	6,450,898	12.91	18,180	1.13	36.41	GREEN/**/B	Distance for this branch from zipcode entered is 6.0 miles
SHINHAN BK AMER 3000 WEST OLYMPIC BOULEVARD Phone: (646)843-7300	* NEW YORK LOS ANGELES * Web URL: shbamericabank.com	NY	985,127	13.76	14,785	6.00	57.43	GREEN/**/B	Distance for this branch from zipcode entered is 7.8 miles
ROYAL BUS BK 1912 W SUNSET BOULEVARD Phone: (213)627-9888	* LOS ANGELES LOS ANGELES * Web URL: www.royalbusinessbankusa.com	CA	717,559	15.85	2,161	1.20	45.48	GREEN/**/B	Distance for this branch from zipcode entered is 8.7 miles
WEBBUSH BANK 1000 WILSHIRE BOULEVARD SUITE 1150 Phone: (213)688-6688	* LOS ANGELES LOS ANGELES * Web URL: www.wedbushbank.com	CA	243,242	10.90	734	1.21	63.77	GREEN/**/B	Distance for this branch from zipcode entered is 8.9 miles
1ST ENT BK 818 WEST SEVENTH STREET SUITE 220 Phone: (213)430-7000	* LOS ANGELES LOS ANGELES * Web URL: www.1stenterprisebank.com	CA	760,001	9.12	1,188	0.63	31.62	GREEN/**/BB	Distance for this branch from zipcode entered is 8.9 miles

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THE VERIBANC GREEN THREE STAR SUPPLEMENT FOR ZIPCODE: 90210 (Beverly Hills, CA)

Data Page: 3

Name	City	State	Total Assets (\$000)	Equity/Assets Ratio (%)	Net Income for Qtr. (\$000)	Profitability Ratio (%)	Liquidity Ratio (%)	Color Code and Star Rating	Recent Regulatory Enforcement Actions?
FIRST BK 9145 WILSHIRE BOULEVARD Phone: (314)995-8700	* CREVE COEUR BEVERLY HILLS * Web URL: <a href="http://www.firstbanks.com">www.firstbanks.com</a>	MO CA	5,846,566 Distance for this branch from zipcode entered is 0 miles	15.93	184,435	12.62	47.88	GREEN/***	
CAPITALSOURCE BK 9301 WILSHIRE BOULEVARD SUITE 100 Phone: (888)433-4272	* LOS ANGELES BEVERLY HILLS * Web URL: <a href="http://www.capitalsourcebank.com">www.capitalsourcebank.com</a>	CA	8,078,746 Distance for this branch from zipcode entered is 0 miles	15.30	37,566	1.86	20.18	GREEN/***	
FIRST CR BK 9255 SUNSET BOULEVARD Phone: (310)273-2500	* WEST HOLLYWOOD WEST HOLLYWOOD * Web URL:	CA	403,171 Distance for this branch from zipcode entered is 1.8 miles	37.14	6,445	6.39	98.45	GREEN/***	
MANUFACTURERS BK 9777 WILSHIRE BOULEVARD Phone: (213)489-6200	* LOS ANGELES BEVERLY HILLS * Web URL: <a href="http://manufacturers-ca.com">manufacturers-ca.com</a>	CA	2,303,133 Distance for this branch from zipcode entered is 2.5 miles	12.32	953	0.17	50.22	GREEN/***	
FIRST REPUBLIC BK 9593 WILSHIRE BOULEVARD Phone: (415)392-1400	* SAN FRANCISCO BEVERLY HILLS * Web URL: <a href="http://www.firstrepublic.com">www.firstrepublic.com</a>	CA	42,112,763 Distance for this branch from zipcode entered is 2.5 miles	9.88	114,060	1.08	13.90	GREEN/***	
BANC OF CA NA 1880 CENTURY PARK EAST #104 Phone: (619)691-1519	* IRVINE LOS ANGELES * Web URL: <a href="http://www.bancocal.com">www.bancocal.com</a>	CA	3,616,031 Distance for this branch from zipcode entered is 2.7 miles	10.39	9,048	1.00	16.55	GREEN/***	
NORTHERN TC 2049 CENTURY PARK EAST SUITE 3600 Phone: (312)557-6211	* CHICAGO LOS ANGELES * Web URL: <a href="http://www.northerntrust.com">www.northerntrust.com</a>	IL CA	102,658,650 Distance for this branch from zipcode entered is 2.7 miles	6.92	177,984	0.69	87.88	GREEN/***	
AMERICANWEST BK 7182 BEVERLY BLVD. Phone: (509)232-1515	* SPOKANE LOS ANGELES * Web URL: <a href="http://www.awbank.net">www.awbank.net</a>	WA CA	3,913,524 Distance for this branch from zipcode entered is 2.7 miles	13.21	10,056	1.03	45.72	GREEN/***	
FIRST FOUND BK 10850 WILSHIRE BLVD SUITE 100 Phone: (949)202-4100	* IRVINE LOS ANGELES * Web URL: <a href="http://www.ff-inc.com">www.ff-inc.com</a>	CA	1,033,994 Distance for this branch from zipcode entered is 2.9 miles	8.29	4,374	1.69	26.94	GREEN/***	
LUTHER BURBANK SAVINGS 8401 WILSHIRE BLVD Phone: (707)523-9898	* SANTA ROSA BEVERLY HILLS * Web URL: <a href="http://www.lutherburbanksavings.com">www.lutherburbanksavings.com</a>	CA	3,658,714 Distance for this branch from zipcode entered is 3.0 miles	12.22	14,520	1.59	8.12	GREEN/***	

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## **VERIBANC®, INC.**

### **TERMS AND CONDITIONS**

The information contained in the Report (the "Report") has been derived from data released by the federal government bank and/or credit union regulatory agencies, which have, in turn, received their information from the institutions that they regulate. Since VERIBANC has not verified independently the data on which the Report is based, VERIBANC makes no warranty, expressed or implied, or representation as to the accuracy, adequacy or completeness of the information contained in the Report.

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Since the information contained herein is based on federal regulatory agency reports published at substantial intervals and since the financial condition of the institution described herein may be subject to change within short periods of time, please consult the enclosed page(s) for the date when the data upon which the Report is based was released by the appropriate federal agency. Please check with VERIBANC or the management of the institution itself for additional, updated information should you deem that advisable.

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**PLEASE READ CAREFULLY THE ACCOMPANYING EXPLANATORY PAGES WHICH ARE AN INTEGRAL PART OF THIS REPORT.**

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CHART 1: Number (and Percentage) of Banks that have been consecutively Blue Ribbon

From 1 to 7 quarters (B)	For 8 or more quarters (BB)
1,086 (15.94%)	1,470 (21.58%)

CHART 2: Number (and Percentage) of all FDIC-Insured Banks with various levels of Profitability

Under 0.5 Percent	0.5 to 1.0 Percent	1.0 to 1.5 Percent	1.5 to 2.0 Percent	Over 2.0 Percent
2,274 (33.39%)	2,303 (33.81%)	1,358 (19.94%)	516 (7.58%)	360 (5.29%)

CHART 3: Number (and Percentage) of all FDIC-Insured Banks with Equity as a Percentage of Asset levels

Under 3.0 Percent	3.0 to 5.0 Percent	5.0 to 7.0 Percent	7.0 to 10.0 Percent	Over 10.0 Percent
41 (0.60%)	73 (1.07%)	239 (3.51%)	2,676 (39.29%)	3,782 (55.53%)

CHART 4: Number (and Percentage) of all FDIC-Insured Banks with various Liquid Assets as a Percentage of Deposit levels

0 to 20 Percent	25 to 40 Percent	40 to 60 Percent	60 to 80 Percent	Over 80 Percent
275 (4.04%)	1,451 (21.31%)	2,653 (38.96%)	1,734 (25.46%)	697 (10.23%)

# **VERIBANC<sup>®</sup>, Inc.**

## **BLUE BANK REPORT<sup>®</sup>**

### **INTRODUCTION**

VERIBANC<sup>®</sup> is pleased to present you with our Blue Bank Report<sup>®</sup>. The Blue Bank Report<sup>®</sup> presents 25 commercial banks and savings banks closest to the zip code entered, which meet very high financial standards. The report also lists key financial data for these banks and presents graphical data that compares them to the rest of the banking industry. The premium banks are designated by VERIBANC<sup>®</sup> as Blue Ribbon Banks<sup>™</sup>.

The banks listed in this report are the result of sorting operations performed on data supplied by the Federal Regulators approximately 8,000 banks in the U.S. and its possessions. Each bank's location is listed by its relative closeness (NOT highway miles) to the entered zip code. In addition, its "home" office or the office from which it reports financial information to regulatory authorities is also provided. The screening criteria are described below. Following discussion of the Blue Ribbon Bank<sup>™</sup> criteria are definitions of the various quantities involved. Other important information is also provided. Graphical data, which summarize the distribution of key financial ratios over the commercial banking industry as a whole, follow the list of Blue Ribbon Banks<sup>™</sup>.

The information in this report is based on the Federal Regulators' release of Reports of Income and Reports of Condition filed by each bank for the fiscal quarter ending on the "reporting date" stated at the bottom of each page of data in the report. Information from earlier reporting periods is considered as well. Also stated at the bottom of each data page is the date ("release date") when the Federal Regulators released the most recent information used in this report. Both the ratings and the Blue Ribbon Commendations have an effective date stated on the bottom of the page. When VERIBANC receives new information, this rating and/or the Blue Ribbon Commendation date may change.

### **CRITERIA USED TO SELECT BLUE RIBBON BANKS<sup>™</sup>**

Banking analysts do not agree on appropriate measures of a bank's strength and therefore, do not agree on which bank is "stronger" than another. Similarly, VERIBANC<sup>®</sup> has access only to certain financial information and has no way of measuring other objective and subjective criteria that may be important in assessing the strength of banks. Consequently, we cannot give to our clients a warranty, opinion or advice as to the strongest or safest banks in the country.

VERIBANC<sup>®</sup>, rather than attempting to define the "strongest" or to diagnose which banks in an area are explicitly "stronger", has used a different approach. The VERIBANC<sup>®</sup> Blue Ribbon Banks<sup>™</sup> criteria are used to identify those institutions which appear to be operating profitably, which possess substantial assets and which meet or exceed certain other criteria (described below), based on data made available by the Federal Regulators in its two most recent releases of call reports.

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Banks listed on the Blue Ribbon Report pages, which follow, are presented in order of closeness to the entered zip code (NOT highway miles).

All of the following conditions must be satisfied for a bank to be classified as Blue Ribbon Banks<sup>™</sup>. The first three criteria must be met in each of the two most recent financial quarters:

- Total assets must exceed \$50 million.
- Equity must exceed 7.5 percent of assets.
- Net income after extraordinary items and taxes must not be negative.

The following criteria must also be met in the most recent financial quarter:

- Loans must total at least one percent of assets.
- A significant percentage of assets must be funded by deposits.
- Liquid assets (securities available for sale and other assets readily convertible to cash within one year) must represent a significant portion of total deposits<sup>\*</sup>.
- Equity, discounted for problem loans, securities and delinquent derivatives contracts in excess of loan loss reserves as a percentage of total assets is considered.
- Equity, discounted for problem loans, securities, delinquent derivatives contracts, depreciated held-to-maturity securities and half of real estate owned (REO) in excess of loan loss reserves as a percentage of total assets is also reviewed.
- Problem assets, including REO, as a percentage of total assets should have a nominal value.
- Total overseas lending must not exceed the bank's equity.
- Liquidity (liquid assets divided by deposits) must not have increased or decreased significantly since the previous quarter.
- Brokered deposits must not exceed ten percent of total deposits.
- Foreign deposits must not exceed ten percent of total deposits.
- Insider lending as a percentage of equity or loans should be minimal.
- Gross off-balance sheet commitments, including derivatives contracts, must not exceed total assets.
- Regulatory capital ratios (Leverage, Tier One Risk and Total Capital Risk) must exceed the thresholds established by the FDIC for the "Well Capitalized" classification.

The bank may not have had two or more volatile periods of asset growth/shrinkage over the past ten quarters. In addition to the foregoing, the bank must not have been subject to serious regulatory sanctions.

If the bank is owned by a holding company, every other bank that belongs to the same holding company owner (even if ownership is through a different subsidiary holding

<sup>\*</sup> or, alternatively, liquid assets plus securities not available for sale (i.e., being held until their maturity) must be a significant percentage of total deposits and one of the following two conditions must apply. The excess of amortized cost over market value of securities being held until maturity must be 1) less than net income for the quarter, or 2) insufficient to, if deducted from equity, reduce equity below a minimal percentage of assets.

# **VERIBANC®, Inc.**

company) must meet certain minimum capital and profitability standards. Additionally, the holding company must receive a VERIBANC® star rating of Two Stars or Three Stars for the latest quarter.

Star classification criteria for holding companies are as follows. VERIBANC® assigns holding companies Three Stars (\*\*\*)<sup>®</sup>, Two Stars (\*\*), One Star (\*) or No Stars (U). The holding company's rating is developed by considering all bank subsidiaries taken together, as if they were a single bank, owned 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.

## **DEFINITIONS**

VERIBANC® uses the following definitions in the course of describing the banks listed in its Blue Bank Report<sup>®</sup>.

**Name** (first line) 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.

(Second Line) address of the closest branch according to regulatory records  
(Third Line) main office telephone number

**City** is also given according to regulatory records as the institution's home or main office as presented on the first line.

(Second city line) represents the closest branch location.  
(Third city line) main office web address as carried in regulatory records. For space consideration the "www." has been removed.

**State** specifies the postal abbreviation for the state associated with the indicated city.

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

(Second Line) **Distance from Zip Code Requested** is an approximated distance from the center of the zip code entered to the zip code of the presented address (NOT highway miles).

**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 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

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### **DEFINITIONS (cont')**

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.

**Profitability Ratio** is the net income for the most recent reporting quarter, annualized (multiplied by four), then divided by total assets. The resulting fraction is then expressed as a percentage.

**Liquidity Ratio** is the liquid assets divided by total deposits and expressed as a percentage. Liquid assets are defined as the sum of: cash and amounts due from depository institutions, securities classified as available for sale, federal funds sold, securities purchased under resale agreements, net assets in trading accounts and loans and leases maturing within 12 months.

**VERIBANC<sup>®</sup>'s Color Code and Star Rating** system is based on a combination of criteria explained in the pages that follow. VERIBANC<sup>®</sup>'s rating accuracy has been proven - - since 1981, more than 99 percent of all failing banks have fallen into VERIBANC<sup>®</sup>'s lower rating categories. Banks that receive special recognition from VERIBANC<sup>®</sup> 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.**

**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. Page 7 contains a table describing the codes and types of enforcement actions.

### **Green Three Stars Supplement**

In an effort to increase the number of banks that are convenient to the zip code entered, which can be recognized as meeting high financial standards, VERIBANC<sup>®</sup> includes a supplemental list of banks. These banks do not meet all of the Blue Ribbon criteria; however, the 10 banks listed in the Green, Three Stars Bank Supplement do satisfy the conditions required for a bank to receive VERIBANC<sup>®</sup>'s ordinary high rating - - Green with Three Stars.

## **THE VERIBANC<sup>®</sup> COLOR CLASSIFICATION SYSTEM**

The color classification blends the results of both the Equity and Income Tests as follows:

<b>GREEN</b>	The institution's equity exceeds five percent of its assets and it had positive net income during the most recent reporting period. Of the three color categories, this is the highest based on the criteria described.
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## **VERIBANC<sup>®</sup>, Inc.**

### **THE VERIBANC<sup>®</sup> COLOR CLASSIFICATION SYSTEM\* (con't)**

- 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 period. Both of these conditions may apply. If there was a net loss, the loss was not sufficient to erode a significant portion of the institution's equity. The items, which 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 period (or both). The items, which result in a red classification, deserve your close attention.

### **THE VERIBANC<sup>®</sup> STAR RATING SYSTEM**

In addition to the color code, VERIBANC<sup>®</sup> classifies each institution with Three Stars (\*\*\*)<sup>1</sup>, Two Stars (\*\*), One Star (\*) or No Stars (U). The star rating considers future trends and contingencies not accounted for in the color classification. The star rating also incorporates problem assets (along with equity strength and profitability) as a measure of an institution's future prospects. The criteria used by VERIBANC<sup>®</sup> to determine the number of stars assigned to an institution are as follows:

- \*\*\*** The institution must meet the following primary conditions: equity which exceeds five percent of assets, equity which exceeds four percent of assets after deducting for problem loans, securities and securities-type contracts in excess of loan loss reserves and positive net income of the most recent reporting period. Banks and thrifts must also satisfy all three regulatory capital requirements (see below) and must not have any recent, serious regulatory sanctions against them. In addition, insider lending at an institution must not exceed a significant percentage 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 for the group to receive at least a Two Stars rating. An institution 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.

## **VERIBANC<sup>®</sup>, Inc.**

### **THE VERIBANC<sup>®</sup> STAR RATING SYSTEM (con't)**

- \*\* The institution must meet any two of the three primary conditions for the Three Stars category and has equity which exceeds its unreserved problem loans, securities and securities-type contracts. If the institution had a net loss during the most recent reporting period, the loss was not significant. Banks and thrifts must also satisfy all three federal capital requirements (see below) and must 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. A Two Stars rating is applied to an institution 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 for the Three Stars category, reports equity which exceeds three percent of assets and also exceeds unreserved problem loans, securities and securities-type contracts. If the institution had a net loss during the most recent reporting period, the loss was not significant. Moreover, if the institution is a bank or a thrift, 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 also 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 a No Star rating. A One Star rating is assigned if an institution 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 (U)**

The institution does not meet the criteria above.

## **VERIBANC<sup>®</sup>, Inc.**

\* All institutions under the control of their Federal Regulator or have been closed are identified with a “FAILED” designation.

### **ENFORCEMENT ACTION CATEGORIES AND CODES**

<u>Enforcement Action Type</u>	<u>Description</u>
CC	Prompt Corrective action/Capital directives
CD	<b>Cease and Desist/ Consent Order</b> against an institution.
CP	<b>Cease and Desist order</b> against a <b>Person</b>
DI	Proceeding that threatens or that actually terminates <b>Deposit Insurance</b>
EN	Termination, withdrawal, completion, expiration of <b>ENDing</b> of a previous enforcement action
EX	Amendment, modification, <b>EXtension</b> or continuation of a previous enforcement action.
FA	<b>Formal Agreement/supervisory Agreements</b>
FN	Other <b>FiNe</b> against a bank, e.g. – civil money penalty
FP	Fine levied against a <b>Person</b> (rather than an institution), e.g. – civil money penalty
OP	Other actions against an individual <b>Person</b> , e.g. Written Agreement
OT	<b>OTher</b> – Cross Guarantee Liability, etc.
PR	Personal action involving <b>Removal</b> action against a person, including orders prohibiting individuals from future activity in the banking field.
RP	<b>Restitution</b> by an individual <b>Person</b> (rather than an institution)

### **OTHER IMPORTANT INFORMATION**

VERIBANC<sup>®</sup> emphasizes that it does not express an opinion or give advise or a warranty as to the strength of the banks on its Blue Bank Report<sup>®</sup> lists and Green Three Stars lists. Our clients are cautioned that other criteria, objective and subjective, which the Federal Regulators do not release to the public as a matter of course, may be important in assessing the strength of

## **VERIBANC<sup>®</sup>, Inc.**

the banks on the lists. The Blue Bank Report<sup>®</sup> lists are intended only as a brief guide for our clients and the information contained in them should not be considered or relied upon as representing a complete picture of the financial condition of the listed banks.

VERIBANC<sup>®</sup> maintains extensive additional data on each of the banks on the Blue Bank Report<sup>®</sup> lists and Green Three Stars lists, including data on cash flow, balance sheets, loan and investment portfolio distributions and call reports. If you require additional information, VERIBANC<sup>®</sup> invites your inquiries. The Blue Bank Report<sup>®</sup> lists and Green Three Stars lists may be updated every month.

This report considers savings banks as well as commercial banks if the area to which it applies contains savings banks. Of course, whether or not savings banks are listed depends upon their meeting the criteria of the report. Note that savings banks are primarily located in the Northeastern U.S. and a few places in the Great Lakes and Pacific Northwest regions.

### **A FEW FINAL NOTES**

We hope you find this report helpful. Please contact us if you have any questions, comments or suggestions. If you wish to obtain an annual subscription to the Blue Bank Report<sup>®</sup>, the cost is \$144, a 10 percent discount from the quarterly rate.

If your institution is not included herein, or you would find a more extensive compilation of its financial condition to be helpful, we invite you to order our Research Report. The Research Report presents an introductory summary of an institution's assets, capital (including regulators' "capital classification"), deposits, loans, income, insider transactions and problem lending. Nine other sections follow which detail key operating measures, a breakdown of lending by category (including foreign loans and real estate loans), loan loss reserve positions, problem loan specifics, weaknesses in securities and derivatives contracts holdings, foreclosed real estate, loan management measures, liquid assets, special liabilities measures and more. A tabular and graphical section relates the Research Report's financial ratios and other measures to the entire industry. The cost of the Research Report, which includes our special color code and star rating, is \$45 per institution.

If a quick-look "executive" summary type of report on your institution is of interest, you should order our Short Form Report. At \$25 per institution, it provides VERIBANC<sup>®</sup>'s rating and the numbers that back up the rating. A "plain-English" format is used. The presentation and explanation in the Short Form Report provides financial information about the institution's equity, income, reserves, problem loans and compliance with regulatory capital standards.

## **VERIBANC<sup>®</sup>, Inc.**

VERIBANC<sup>®</sup> invites you to recheck the ratings of your banks 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<sup>®</sup>'s current data on banks, savings banks and credit unions are:

First Quarter (ending March 31) data are usually released by May 31,  
Second Quarter (ending June 30) data are usually released by August 31,  
Third Quarter (ending September 30) data are usually released by November 30,  
Fourth Quarter (ending December 31) data are usually released by February 28.

**VERIBANC<sup>®</sup> HOPES YOU FIND THIS REPORT USEFUL  
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