

Bank Performance and Peer Analysis

**Sample Bank
March 31, 2009**



Consultants to the Financial Industry

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Table of Contents

Introduction	1
Peer Group Information	2
Peer Comparison Summary and Impact Analysis	3
Overall Performance Measures.....	5
Return on Average Assets (Sub-S Adjusted %).....	6
Return on Average Equity (Sub-S Adjusted %)	6
Margin Analysis.....	7
Net Interest Income (FTE) / Average Assets (%)	8
Interest Income (FTE) / Average Assets (%)	8
Average Earning Assets / Average Assets (%).....	9
Net Loans & Leases / Assets (%)	9
Nonaccrual Loans/Assets (%)	10
Yield on Total Loans & Leases (FTE)	10
Yield on Real Estate Loans (%).....	11
Yield on Commercial & Industrial Loans (%).....	11
Yield on Loans to Individuals (%).....	12
Yield on Agricultural Loans (%)	12
Loan Mix	13
Construction & Development Loans (% of Average Gross Ln & Ls)	13
1-4 Family Residential Loans (% of Average Gross Ln & Ls).....	13
Other Real Estate Loans (% of Avg Gross Ln & Ls)	14
Commercial & Industrial Loans (% of Avg Gross Ln & Ls)	14
Loans to Individuals (% of Average Gross Ln & Ls)	15
Agricultural Loans (% of Average Gross Ln & Ls)	15
Yield on Investments (FTE)	16
Interest Expense / Average Assets (%)	16
Cost of All-Interest Bearing Funds (%).....	17
Cost of Interest-Bearing Transaction Accounts (%)	17
Cost of Savings Deposits (Including MMDAs) (%).....	18
Cost of Time Deposits >\$100K (%)	18
Cost of All Other Time Deposits (%)	19
Cost of Federal Funds Purchases & Repos (%)	19
Cost of Borrowings (%).....	20
Funding Mix	20
Demand Deposits (% of Average Assets)	20
NOW & ATS Deposits (% of Average Assets)	21
Money Market Deposits (% of Average Assets).....	21
Other Savings Deposits (% of Average Assets).....	22
Retail Time Deposits (% of Average Assets)	22
Jumbo Time Deposits (% of Average Assets)	23
Non-Deposit Funding (% of Average Assets)	23

Noninterest Expense	24
Noninterest Expense / Average Assets (%)	25
Salary and Benefits / Average Assets (%).....	25
Average Personnel Expense per Employee (\$000)	26
Total Assets / FTE Employees (\$000)	26
Occupancy Expenses / Average Assets (%).....	27
Other Noninterest Expense / Average Assets (%).....	27
Overhead Efficiency Ratio (%).....	28
Noninterest Income.....	29
Noninterest Income / Average Assets (%)	30
Service Charges on Deposits / Average Assets (%).....	30
Net Servicing Fees / Average Assets (%).....	31
Net Gains (Losses) from the Sale of Ln & Ls /Average Assets (%)	31
Other Noninterest Income / Average Assets (%)	32
Provisions	33
Provision for Loan & Lease Losses / Average Assets (%)	34
Capital Adequacy	35
Leverage Ratio (%).....	36
Retained Earnings / Average Equity (%)	36
Equity Growth Less Asset Growth (%).....	37
Cash Dividends / Net Income (%).....	37
Risk-Based Capital Ratio (%)	38
Liquidity	39
Net Non-Core Funding Dependence (%).....	40
Wholesale Funding / Total Funding (%).....	40
Asset Quality	41
Net Loan Charge-Offs / Average Loans (%)	42
Loan and Lease Allowance / Total Loans & Leases (%).....	42
Loans 30-89 Days Past Due / Total Loans & Leases (%).....	43
Loans 90+ Days Past Due / Total Loans & Leases (%).....	43
Nonaccrual Loans / Total Loans & Leases (%).....	44
Nonperforming Assets / Assets (%).....	44
Ratio Definitions	45

Introduction

The Bank Performance and Peer Analysis Report is designed to be used by bank management as an aid in evaluating current financial condition of banks and thrifts, analyzing trends in their financial performance, and performing comparisons with the performance of their peers.

The report is computer-generated from a database including financial information from the Reports of Condition and Reports of Income (Call Reports), Thrift Financial Reports, and other public sources. The financial data contained in the report is updated quarterly and includes information for the most current year and four historical years. The information is presented in the form of financial ratios and charts displaying the trend lines for each of the analyzed components. The ratio calculations replicate the format of the Uniform Bank Performance Report, which is widely used by the regulatory agencies. The ratio definitions are included at the end of this report.

The peer group information reflects a composite performance for the group of banks that you have selected. While the peer group averages provide important insight into the performance of similar financial institutions across the country, they may or may not be appropriate goals for a given bank or thrift. Each bank has its own unique operating characteristics that affect both its balance sheet composition and its income stream. No single ratio or trend is indicative of a financial institution's condition. A given bank may be above or below the peer group average for a given ratio; however, that information must be considered in combination with other related facts before its importance can be determined. If you would like to discuss the unique results of your Bank Performance and Peer Analysis, or the potential conditions that might require further analysis and investigation, please call Young & Associates, Inc. at 1.800.525.9775.

Peer Group Information

PEER GROUP 1 - National DeNovo Banks	
Number of Institutions in Peer Group:	133
Institution Type:	Commercial Banks & Savings Banks
Established:	12/31/2004 to 12/31/2006
Asset Size:	\$100 - \$300 Million
Geographical Location:	U.S. Metropolitan Areas
Commercial Lending Concentration:	>50%

PEER GROUP 2 - Local Mature Banks	
Number of Institutions in Peer Group:	53
Institution Type:	Commercial Banks & Savings Banks
Asset Size:	\$100 - \$300 Million
Geographical Location:	Local Metro Area
Commercial Lending Concentration:	>50%

Peer Comparison Summary and Impact Analysis

The following table highlights differences between your bank's performance and the average peer performance. The impact column illustrates in dollar terms how your earnings and the balance sheet would be affected if your performance ratios matched the peer averages.

As an example, a bank with an average asset size of \$100 million generated \$3 million in net interest income - a margin of 3.0 percent. The average peer group margin is 4.0 percent. To reach the comparable net interest margin with the existing asset size, the bank would need to generate a net interest income of \$4 million. Therefore, the below-average net interest margin has a negative impact on the bank's earnings of -\$1.0 million.

Sample Bank Actual YTD Performance Vs. Peer Averages

Performance Ratios	Bank	Peer Averages		IMPACT ON EARNINGS (\$000)		
		Peer 1	Peer 2	+ positive impact	- negative impact	
Earnings & Profitability						
Interest Income/Avg. Assets	5.94%	5.86%	5.74%	\$148	\$371	Interest Margin
Interest Expense/Avg. Assets	3.00%	2.80%	3.30%	(\$371)	\$557	Interest Margin
Net Interest Income/Avg. Assets	2.94%	3.06%	2.44%	(\$223)	\$928	Interest Margin
Non-Interest Income/Avg. Assets	0.10%	0.21%	0.21%	(\$204)	(\$204)	Net Income
Non-Interest Expense/Avg. Assets	3.20%	3.34%	2.95%	\$260	(\$464)	Net Income
Provision for Ln Losses/Avg. Assets	0.46%	0.93%	1.50%	\$872	\$1,930	Net Income
Security Gains (Losses)/Avg. Assets	0.02%	0.02%	0.02%	\$0	\$0	Net Income
Net Income (Sub-S Adj.)/Avg. Assets	-0.54%	-0.99%	-1.67%	\$835	\$2,097	Net Income
Net Income (Sub-S Adj.)/Avg. Equity	-4.94%	-7.55%	-15.66%	\$528	\$2,170	Net Income
Margin Analysis - Interest Income						
Avg. Earning Assets/Avg. Assets	96.52%	95.88%	93.54%	\$73	\$340	Interest Margin
Net Loans/Assets	81.44%	77.61%	74.64%	\$44	\$78	Interest Margin
Non-Accrual Loans/Assets (%)	3.01%	1.52%	4.59%	(\$187)	\$198	Interest Margin
<i>Yield on Loans & Leases (FTE)</i>	6.27%	6.49%	6.43%	(\$341)	(\$248)	Interest Margin
Real Estate Loans	6.20%	6.49%	6.36%	(\$395)	(\$218)	Interest Margin
Commercial & Industrial Loans	7.19%	6.52%	7.19%	\$115	\$0	Interest Margin
Loans to Individuals	8.55%	6.92%	8.26%	\$7	\$1	Interest Margin
Agricultural Loans	NA	6.97%	7.02%	NA	NA	Interest Margin
<i>Loan Mix (% of Avg. Loans)</i>						
Real Estate Loans	88.62%	79.91%	87.51%	(\$9)	(\$1)	Interest Margin
Commercial & Industrial Loans	11.10%	16.81%	10.03%	(\$82)	\$15	Interest Margin
Loans to Individuals	0.27%	1.52%	1.53%	(\$44)	(\$45)	Interest Margin
Agricultural Loans	0.00%	0.03%	0.01%	NA	NA	Interest Margin
Yield on Investments (FTE)	5.70%	4.96%	5.08%	\$164	\$137	Interest Margin

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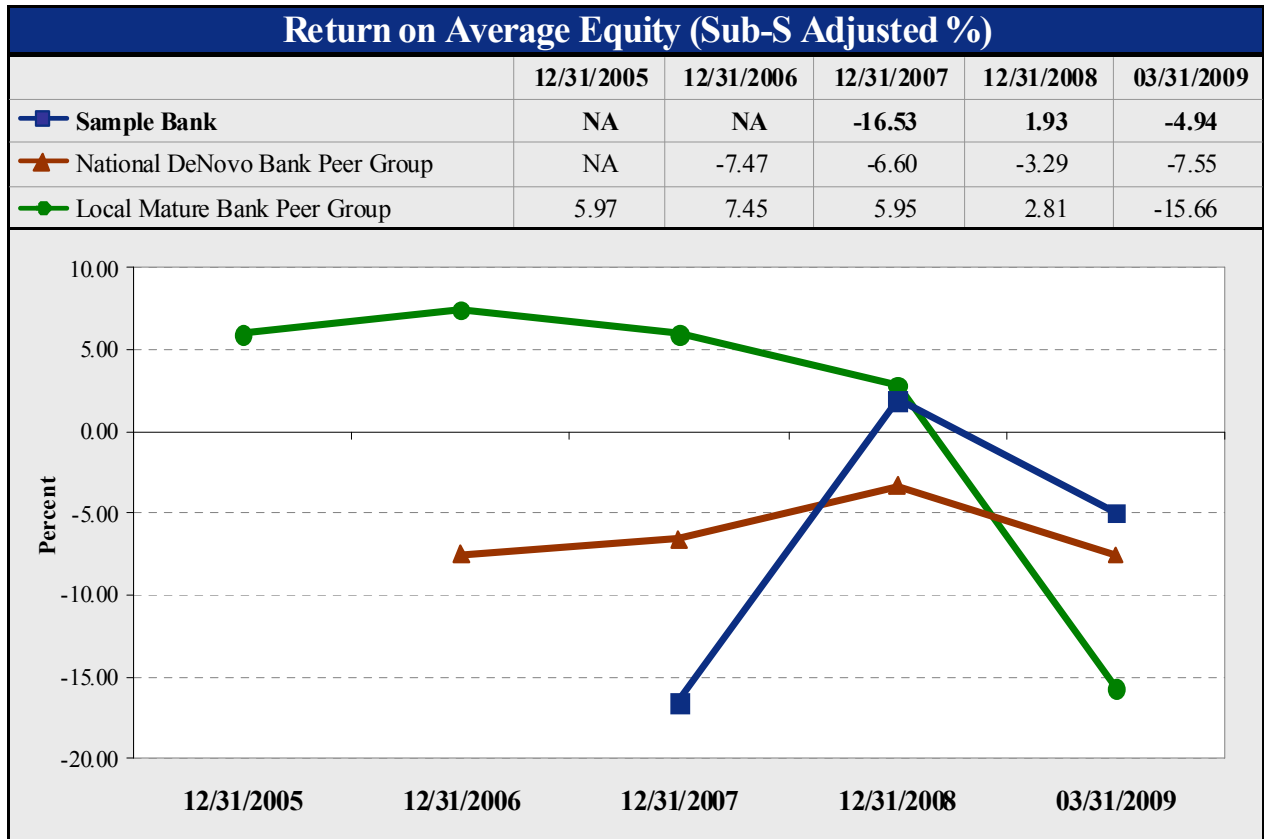
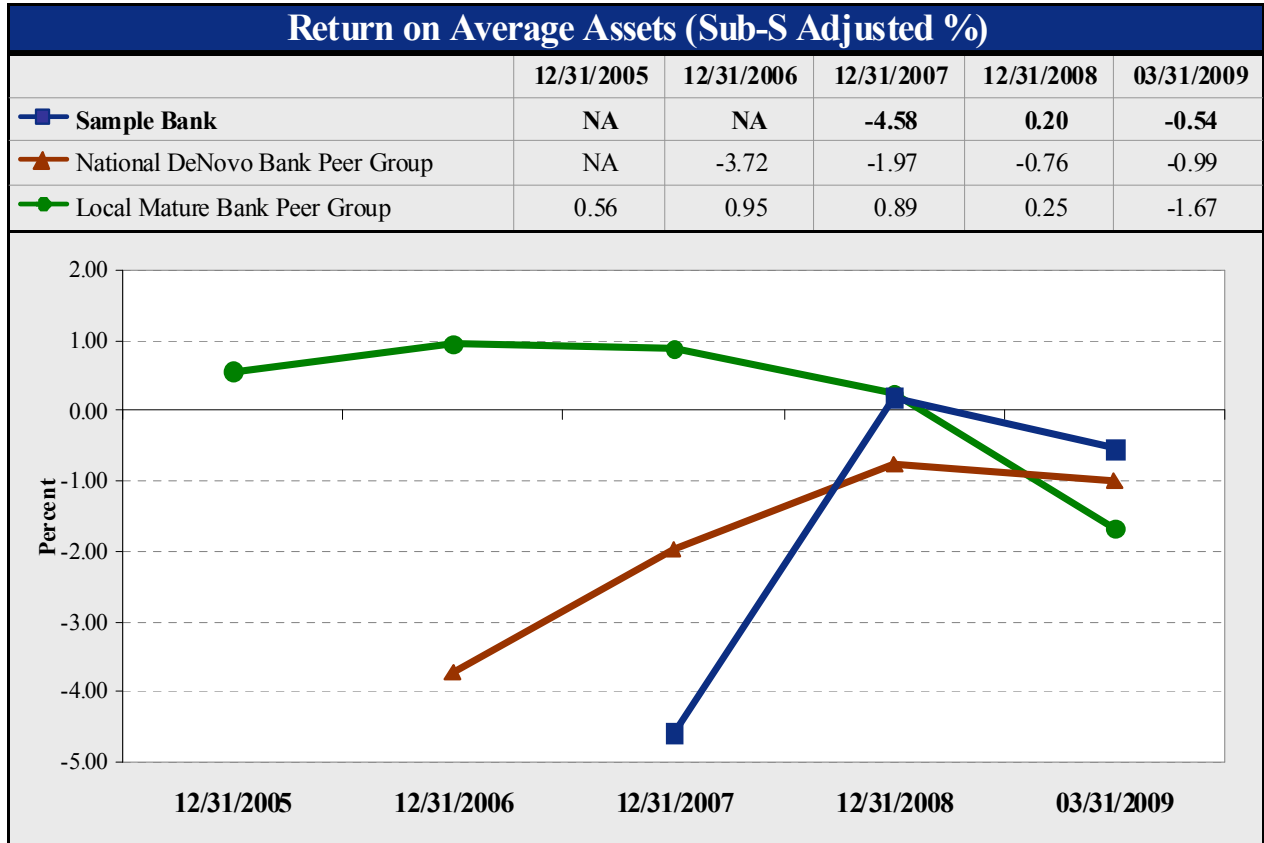
Performance Ratios	Bank	Peer Averages		IMPACT ON EARNINGS (\$000)		
		Peer 1	Peer 2	+ positive impact	- negative impact	
Margin Analysis - Interest Expense		Peer 1	Peer 2	Peer 1	Peer 2	
<i>Cost of All Interest-Bearing Funds</i>	3.65%	3.54%	3.98%	(\$168)	\$503	Interest Margin
Transaction Accounts	1.76%	1.44%	1.74%	(\$40)	(\$3)	Interest Margin
Other Savings Deposits	3.12%	2.53%	2.74%	(\$279)	(\$180)	Interest Margin
Retail Time Deposits	4.39%	4.12%	4.43%	(\$153)	\$23	Interest Margin
Jumbo Time Deposits	4.26%	4.12%	4.55%	(\$18)	\$37	Interest Margin
Cost of Borrowings	3.75%	3.13%	3.49%	(\$127)	(\$53)	Interest Margin
<i>Funding Mix (% of Avg. Assets)</i>						
Int.-Bearing Transaction Accts	6.81%	3.74%	4.93%	\$108	\$66	Interest Margin
Other Savings Deposits	25.83%	17.01%	11.79%	\$87	\$138	Interest Margin
Retail Time Deposits	28.49%	26.06%	32.92%	(\$33)	\$61	Interest Margin
Jumbo Time Deposits	6.97%	20.51%	24.00%	\$153	\$193	Interest Margin
Borrowings	10.71%	4.99%	4.10%	(\$11)	(\$12)	Interest Margin
Overhead Analysis						
Overhead Efficiency Ratio	123.96%	103.27%	116.18%	(\$1,017)	(\$383)	Net Income
Personnel Expense / Avg. Assets	1.92%	1.80%	1.51%	(\$223)	(\$761)	Net Income
Personnel Expense / Employee	\$98,000	\$87,000	\$82,000	(\$352)	(\$512)	Net Income
Assets per Employee (\$Million)	\$6.25	\$5.62	\$5.93	\$392	\$196	Net Income
Occupancy Expense / Avg. Assets	0.50%	0.48%	0.35%	(\$37)	(\$278)	Net Income
Other Expense / Average Assets	0.78%	1.00%	0.98%	\$408	\$371	Net Income

Performance Ratios	Bank	Peer Averages		IMPACT ON BALANCE SHEET (\$000)		
		Peer 1	Peer 2	+ level above peer	- level below peer	
Capital Adequacy		Peer 1	Peer 2	Peer 1	Peer 2	
Tier 1 Leverage Ratio	9.55%	10.80%	9.08%	(\$2,320)	\$872	Tier 1 Capital
Total Risk-Based Capital Ratio	12.27%	13.56%	11.75%	(\$2,211)	\$891	Risk-Based Capital
Liquidity						
Net Non-Core Funding Dependence	42.23%	39.83%	40.74%	\$4,571	\$2,838	Net Non-Core Funds
Wholesale Funding/Total Funding	33.74%	24.58%	24.94%	\$16,439	\$15,793	Wholesale Funds
Asset Quality						
90+ Days PD Lns/Total Lns & Ls	0.00%	0.01%	0.10%	(\$17)	(\$167)	90+ Days PD Lns
Nonaccrual Loans/Total Lns & Ls	3.60%	1.92%	6.16%	\$2,809	(\$4,280)	Non-Accrual Loans
Net Charge-Offs/Total Lns & Ls	1.36%	0.40%	1.17%	\$1,605	\$318	Net Charge-Offs
Loan Loss Reserves/Total Lns & Ls	2.43%	1.50%	1.86%	\$1,555	\$953	Loan Loss Reserves
Assets Per Employee (\$Million)	\$6.25	\$5.62	\$5.93	-4	-2	Number of Employees

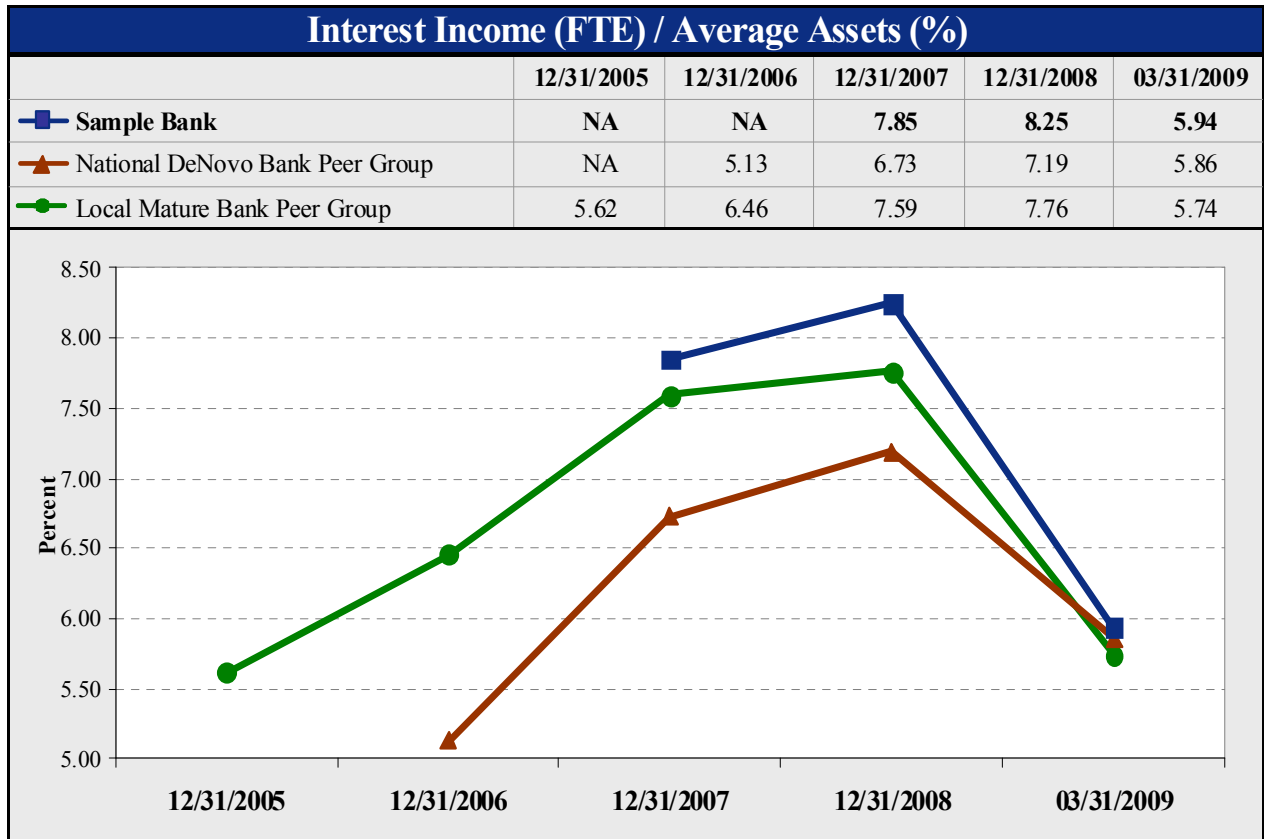
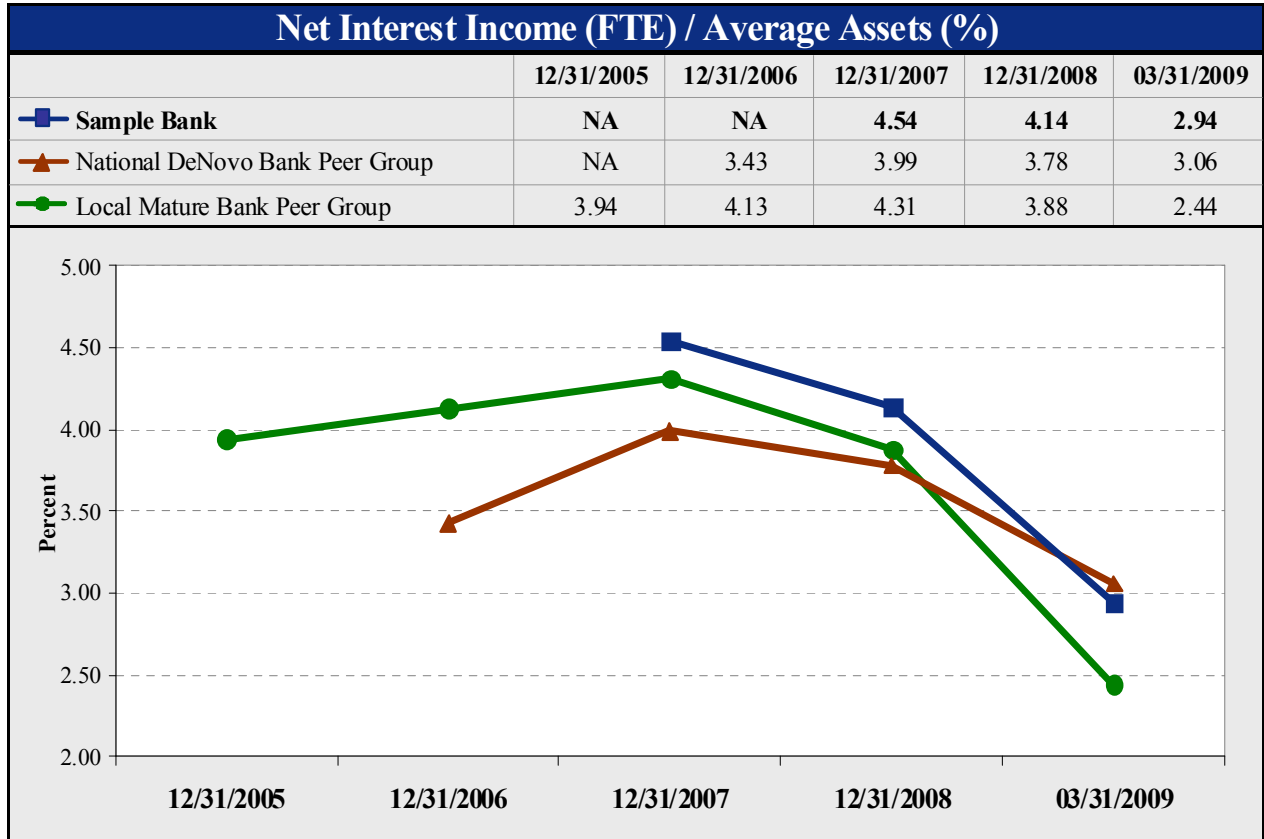
Note: To calculate the impact, the peer ratios are applied to the bank's existing asset, liability, and equity levels, and the resulting income statement and balance sheet items are then compared with the bank's actual figures.

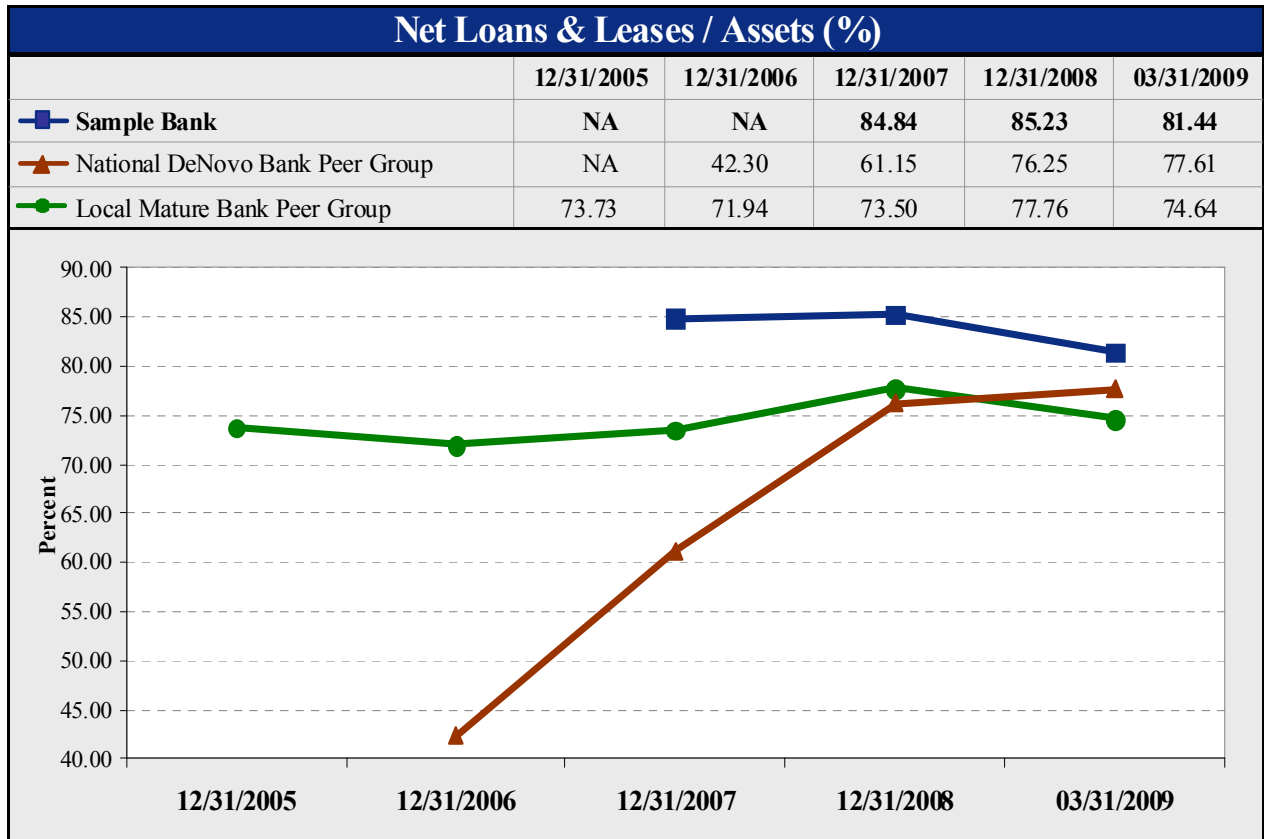
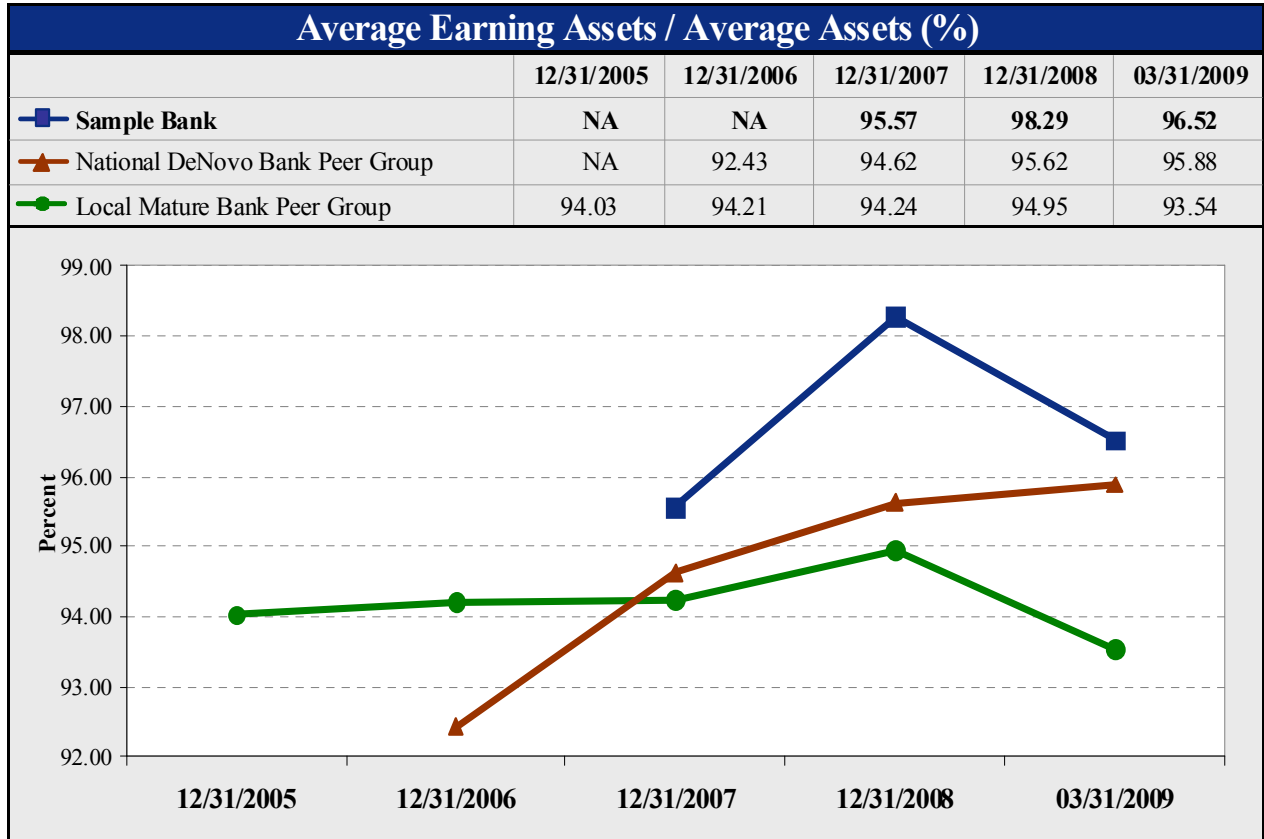
Computing Peer Group Averages: The peer average for a given ratio is trimmed to eliminate the effect of outliers or financial institutions above the 90th or below the 10th percentile. Please note that averages for separate ratios cannot be added or otherwise combined.

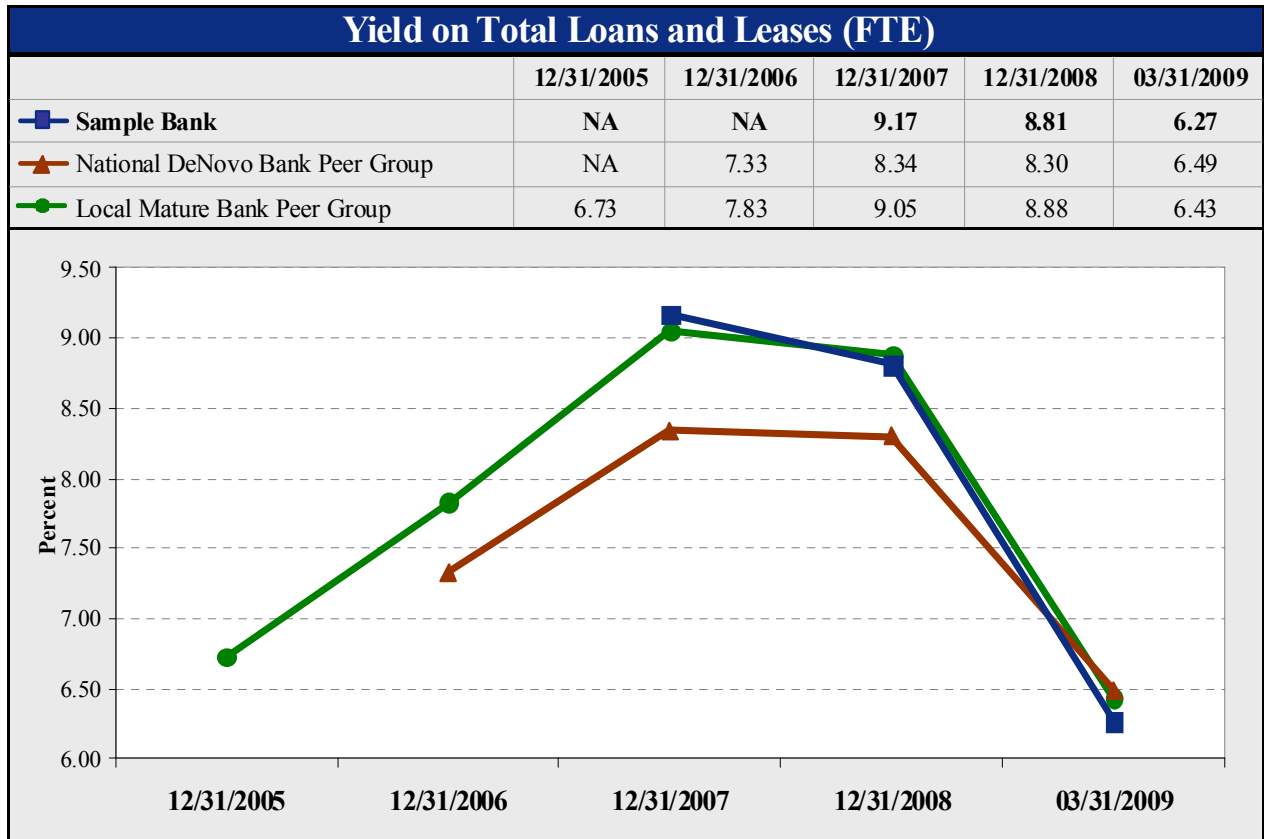
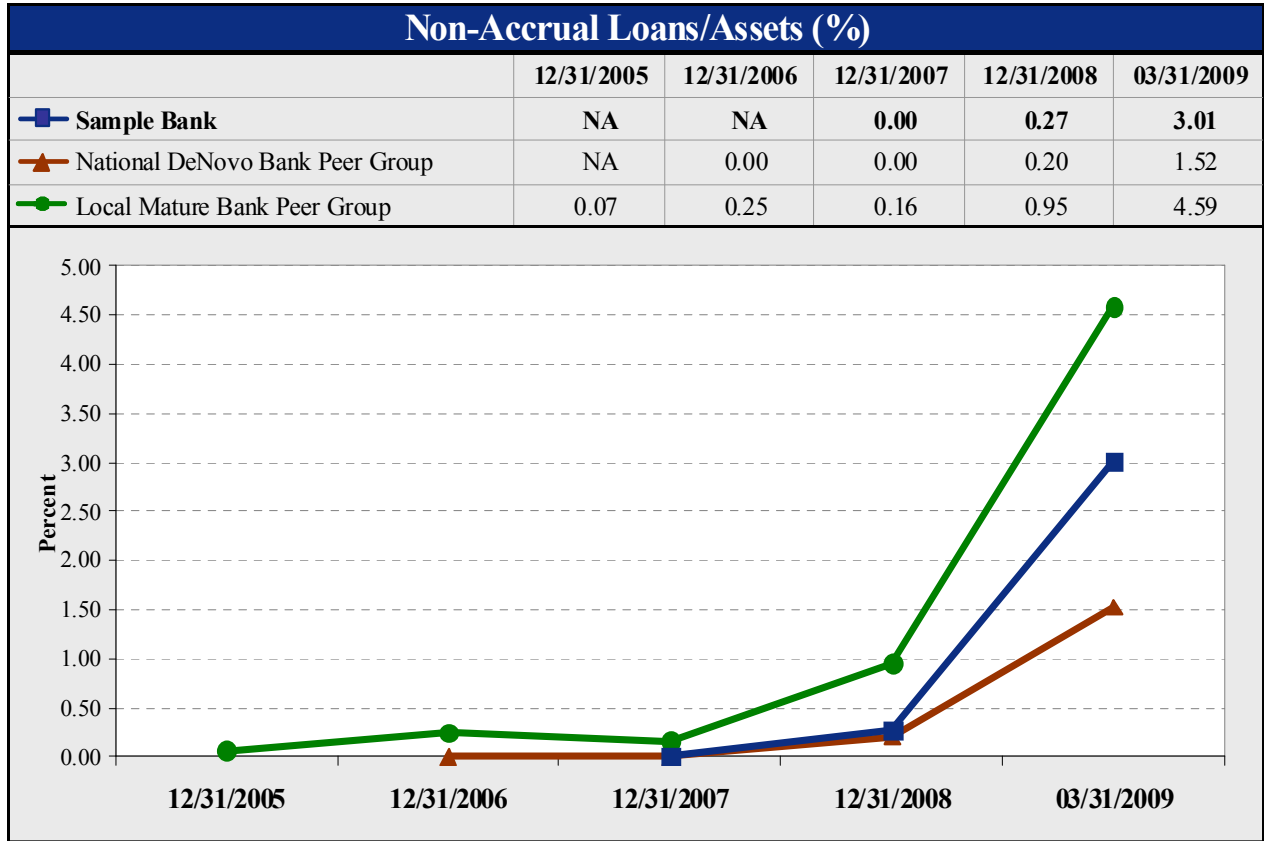
Overall Performance Measures

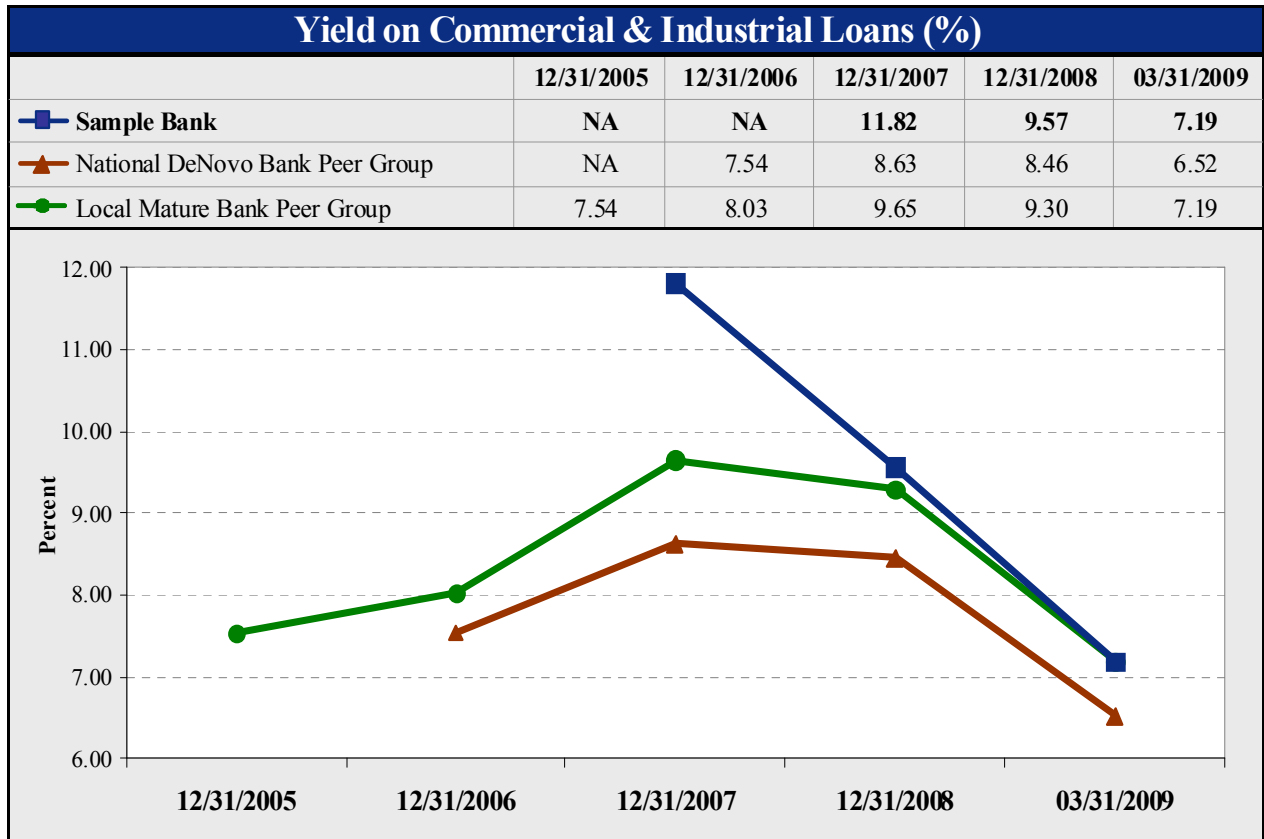
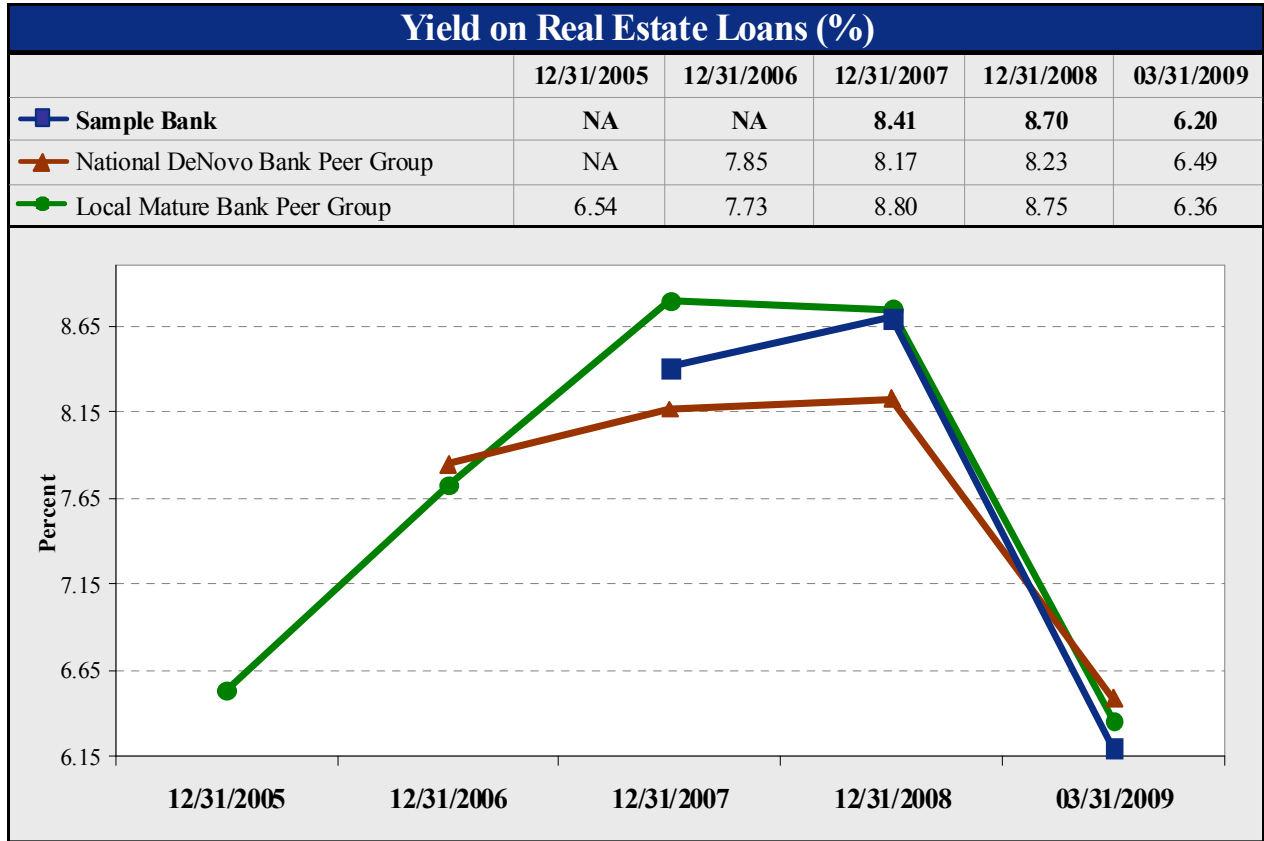


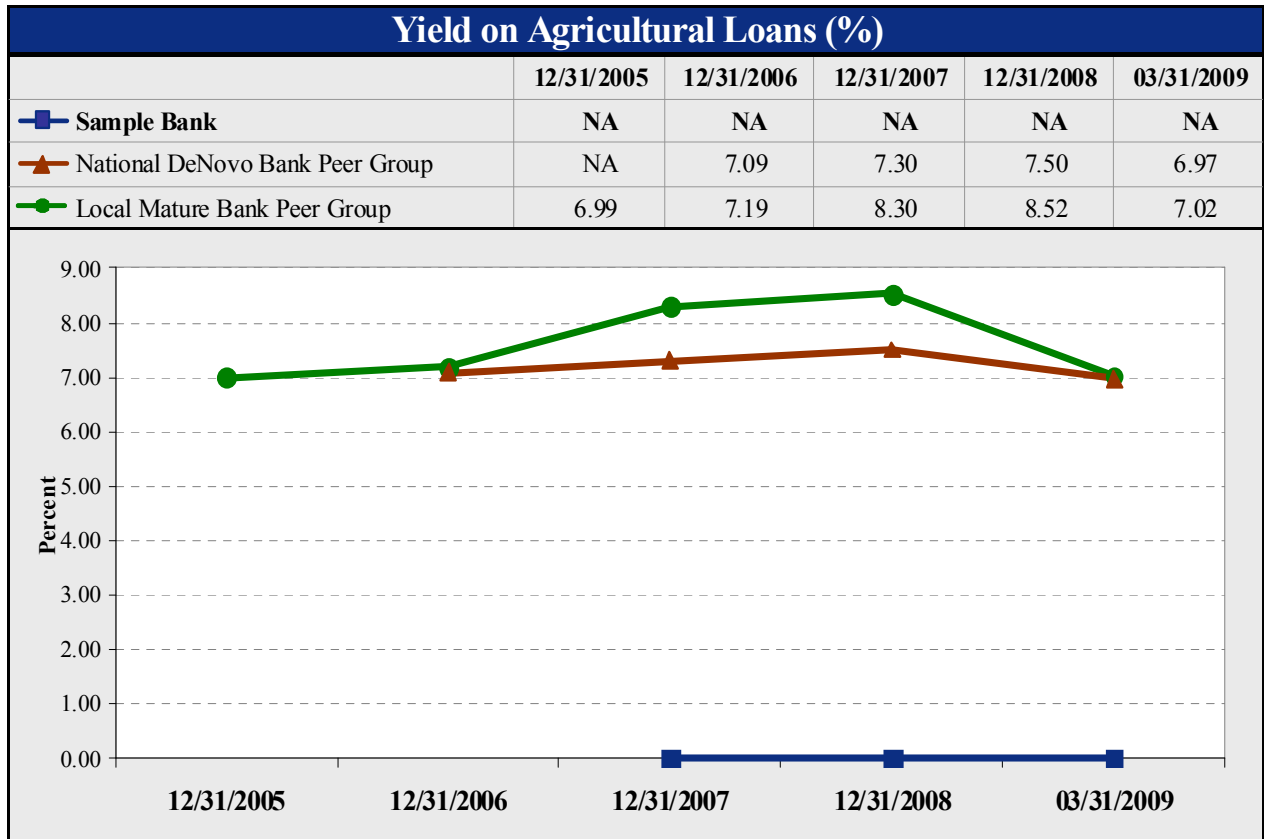
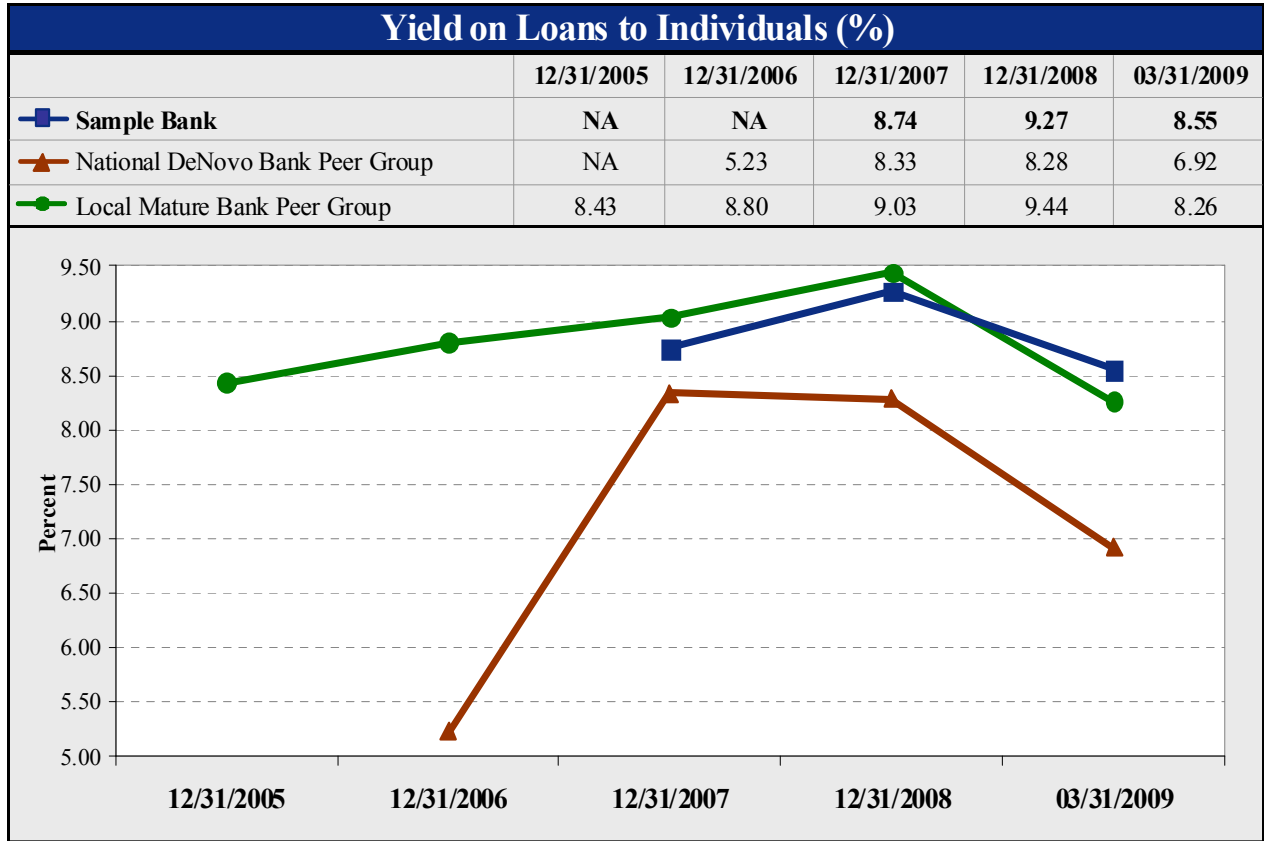
Margin Analysis

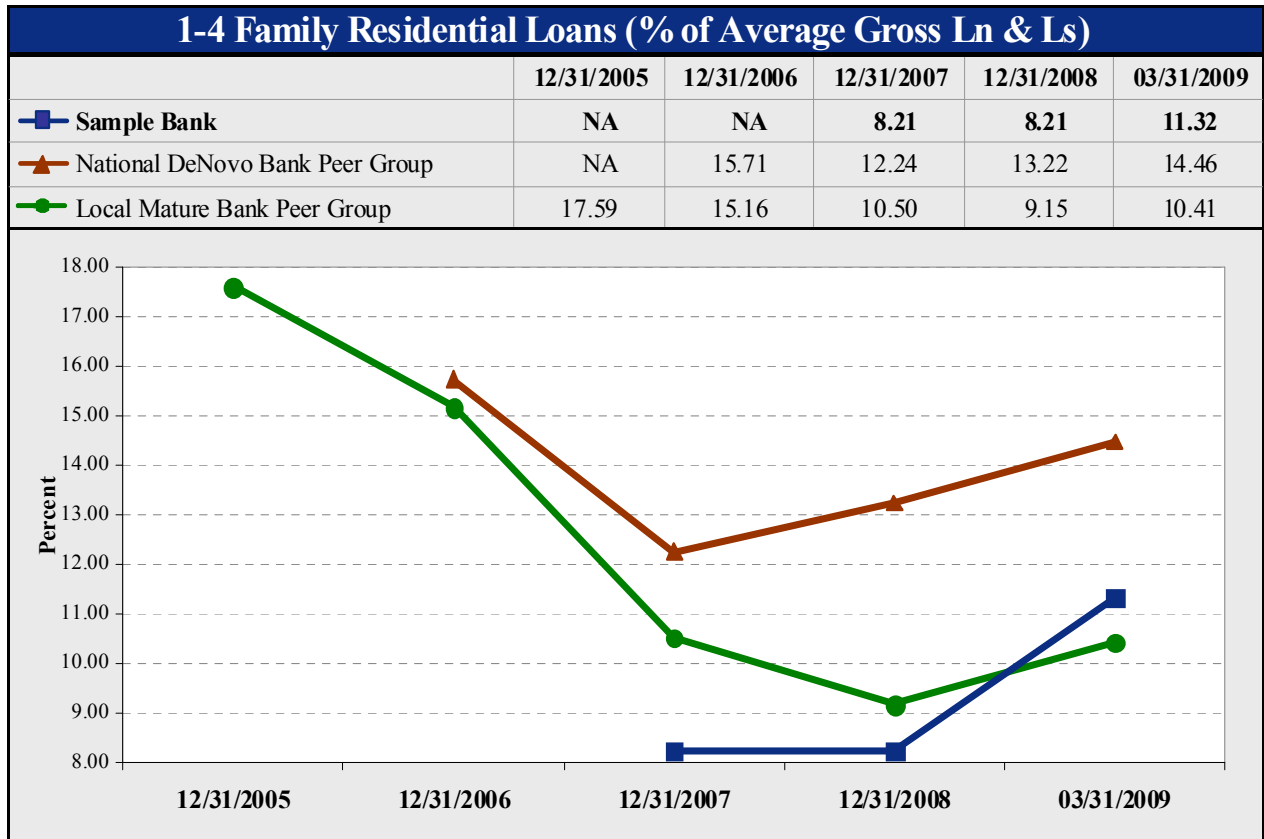
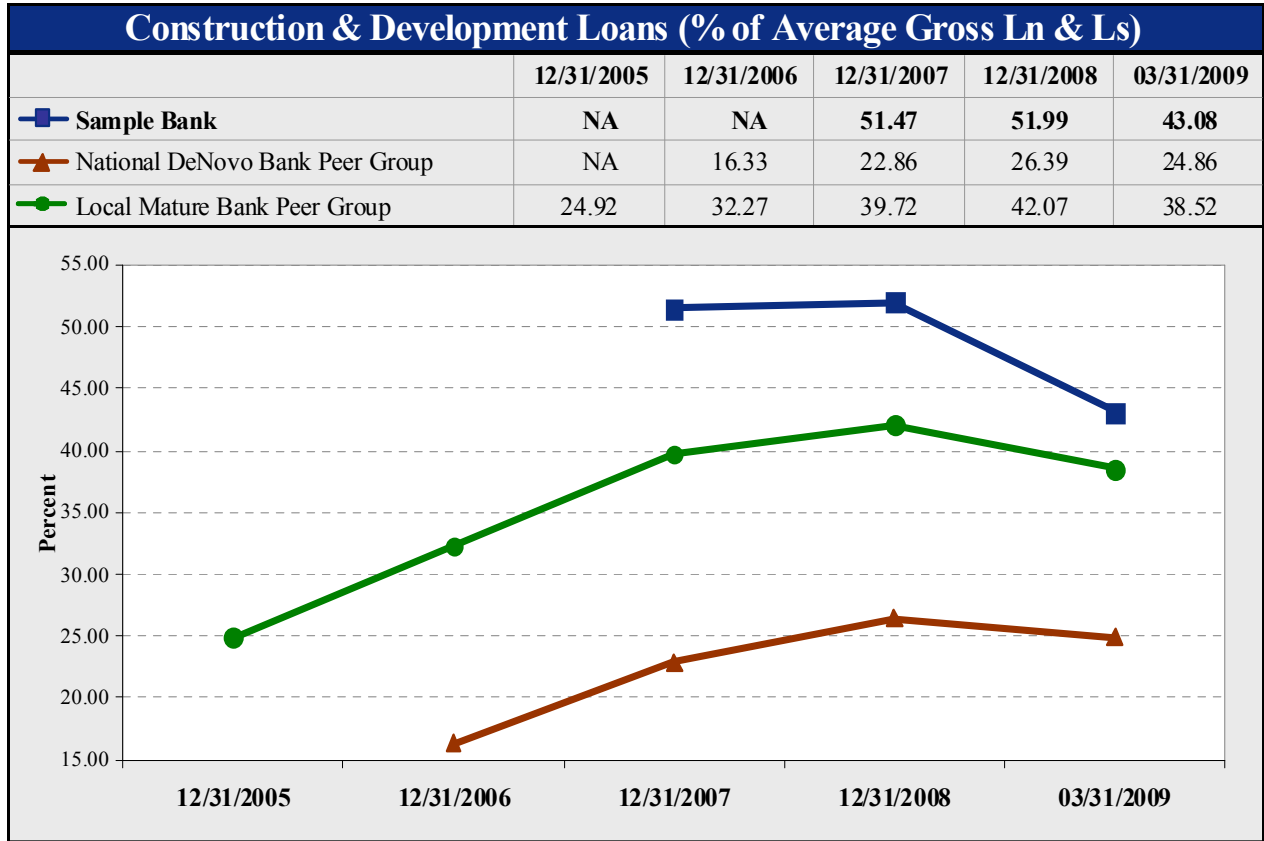


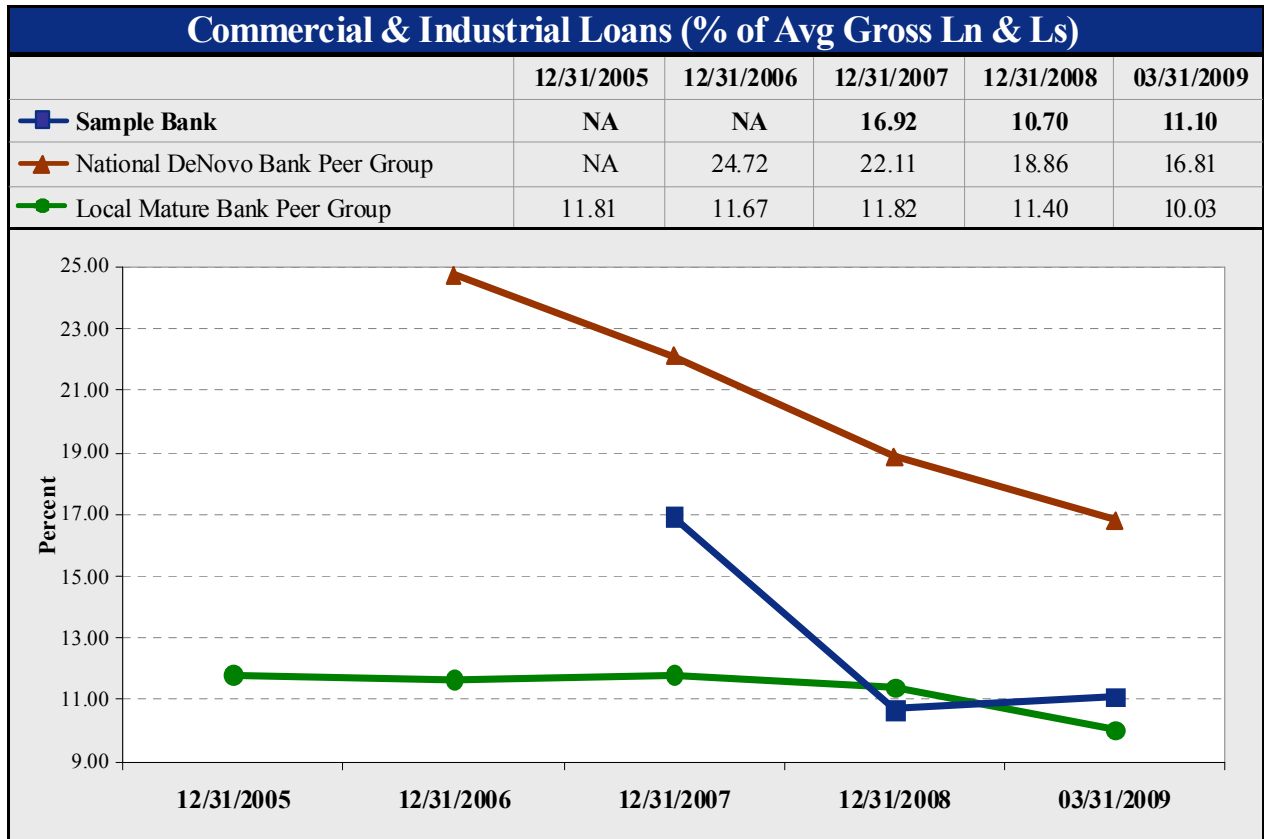
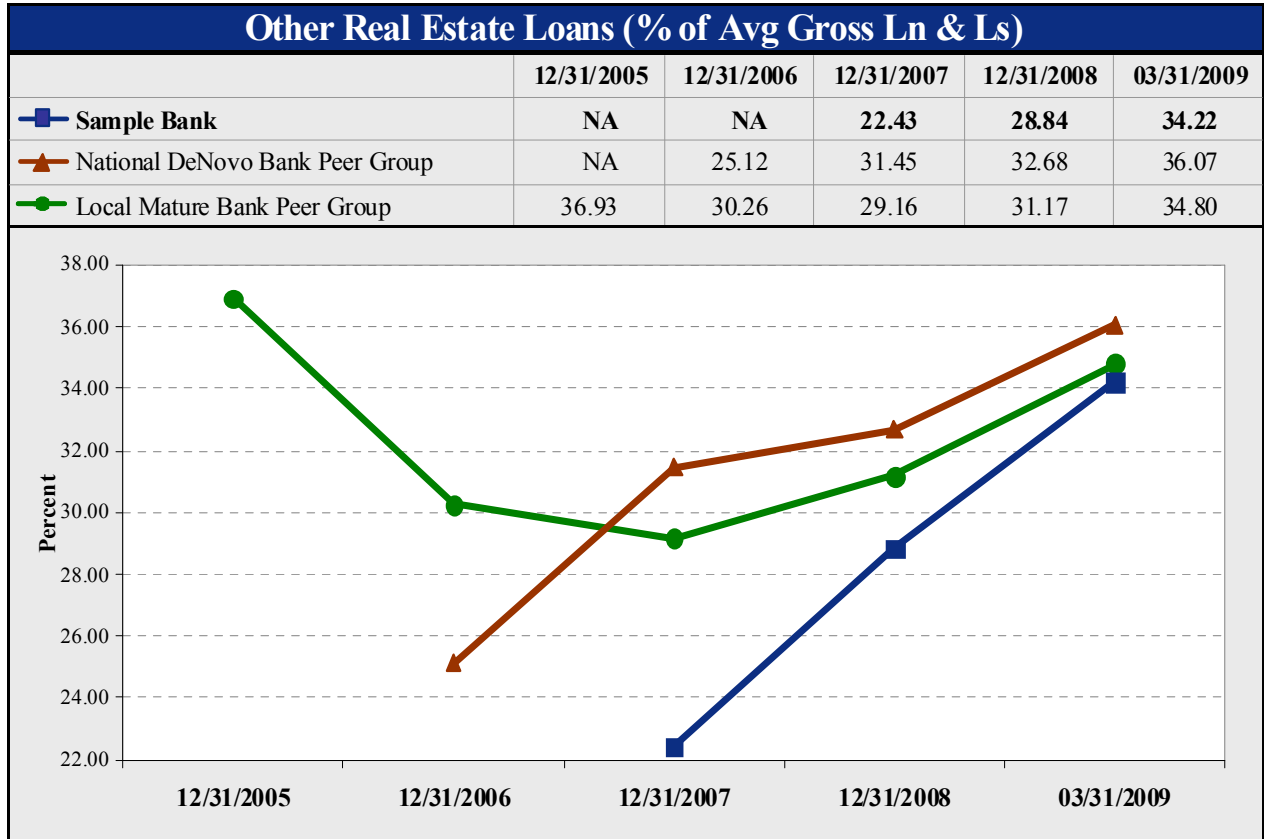


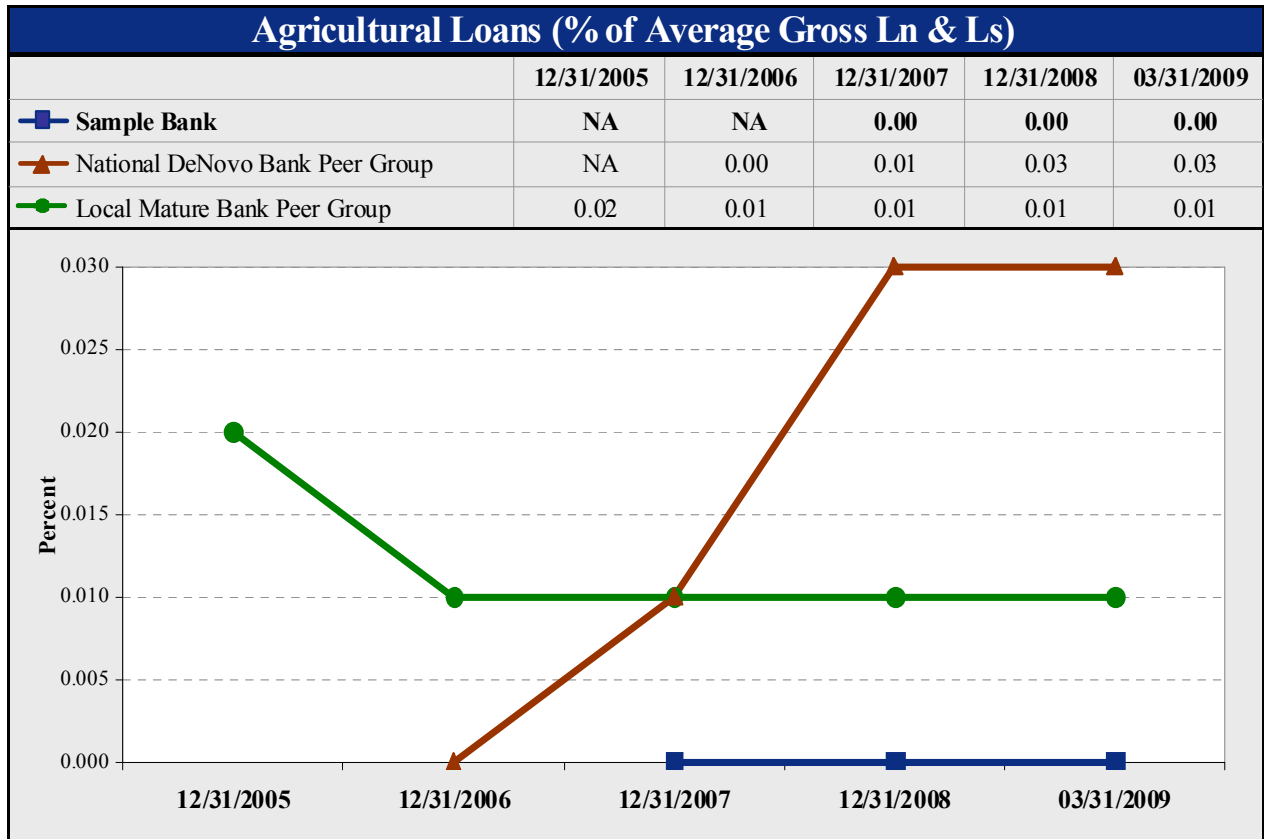
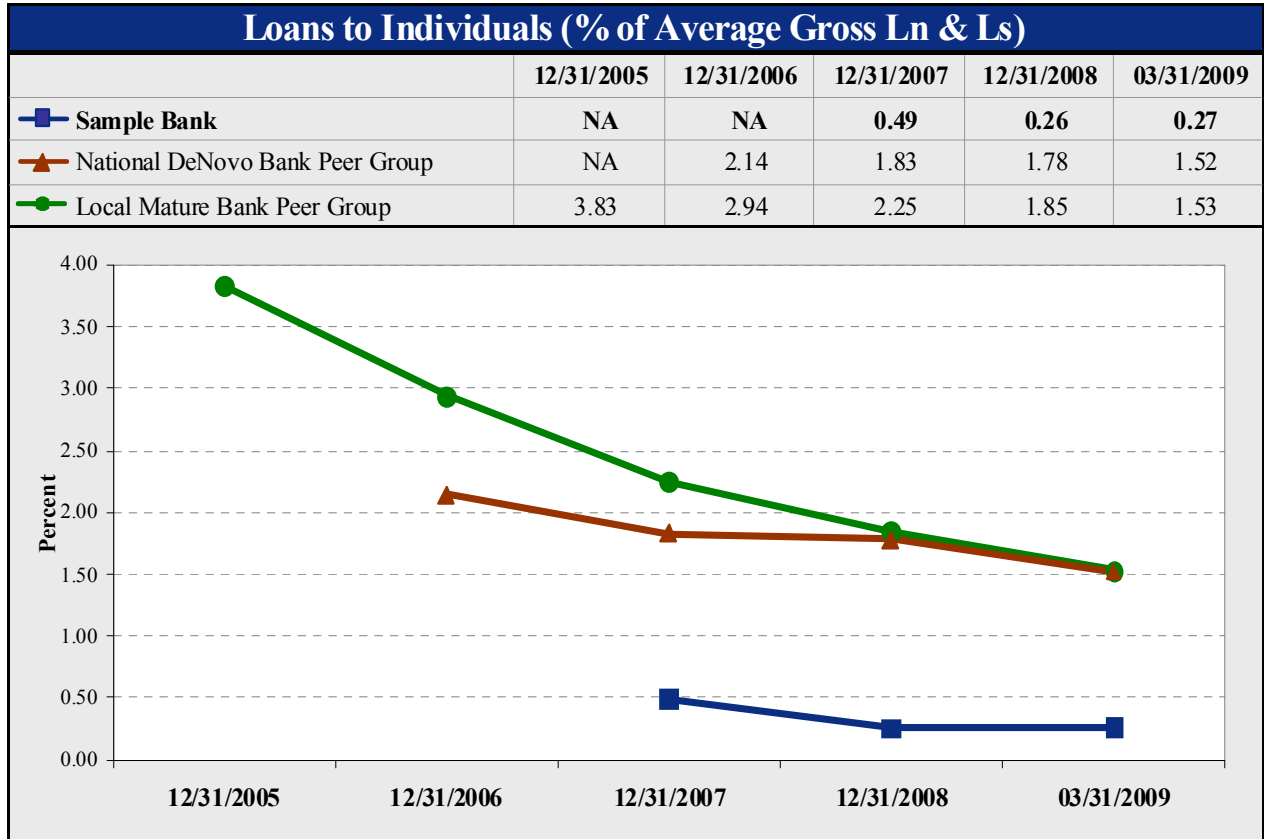


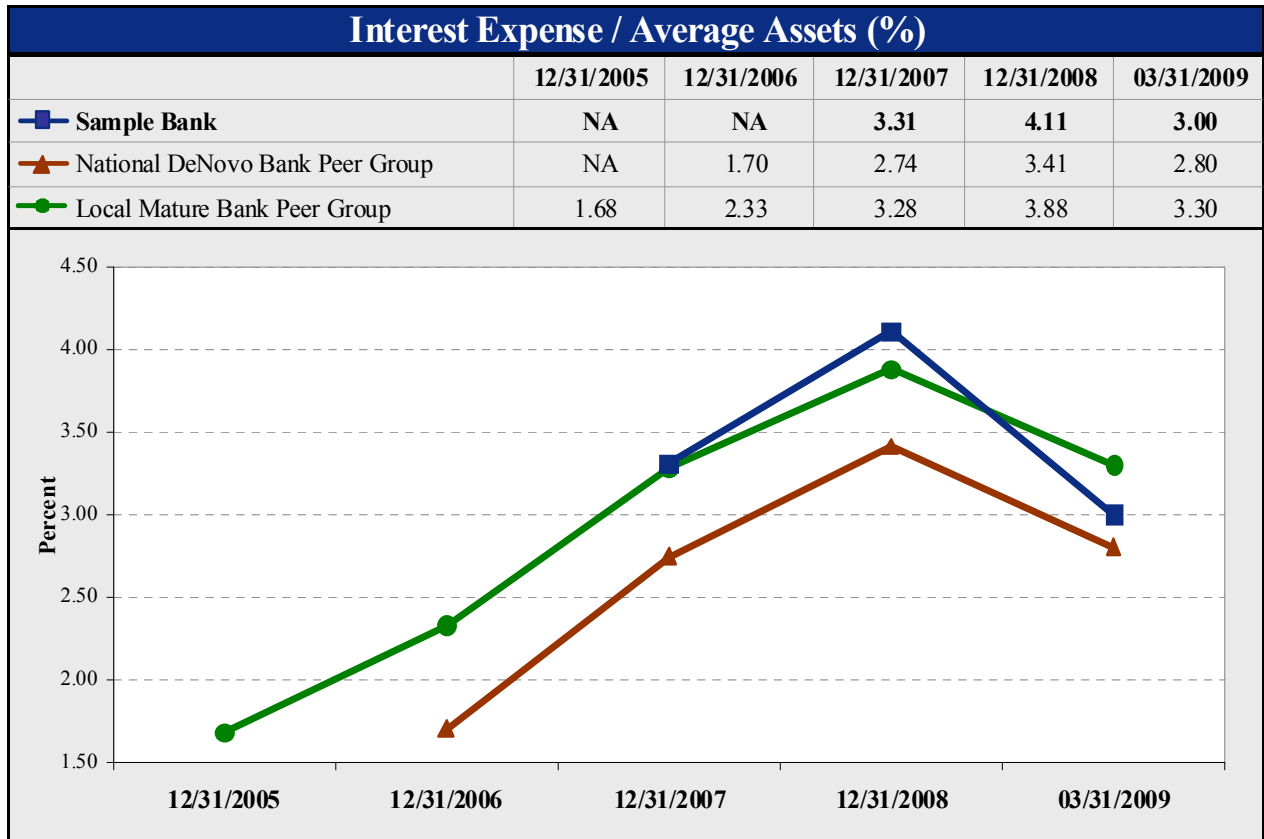
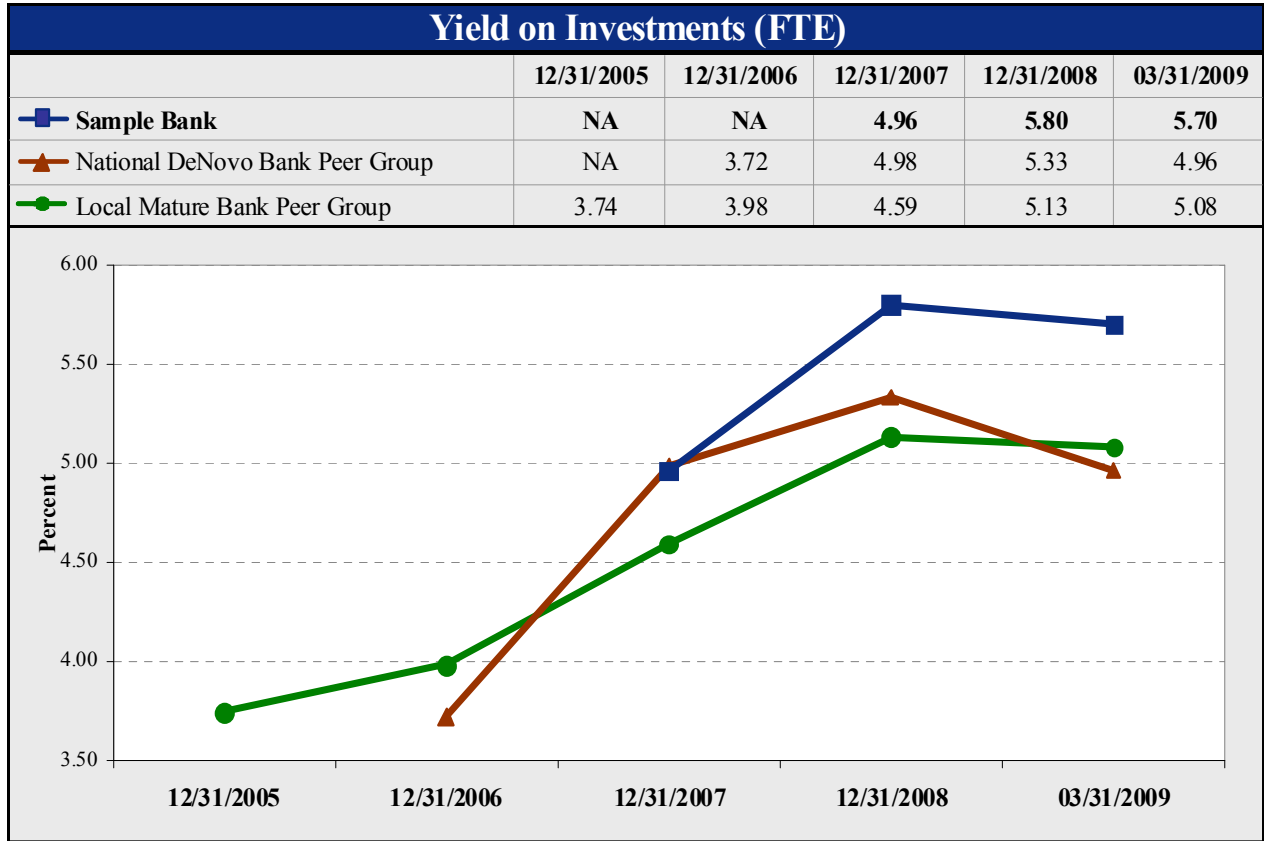


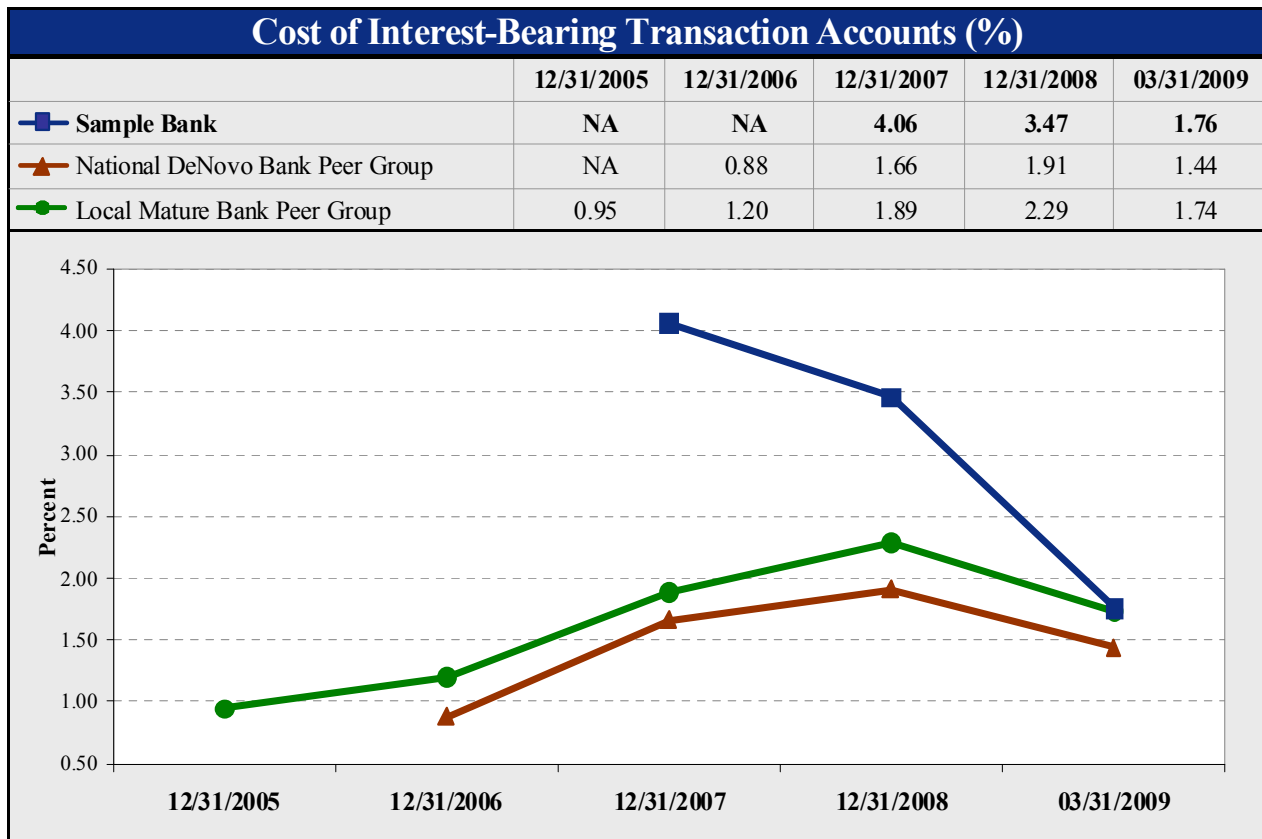
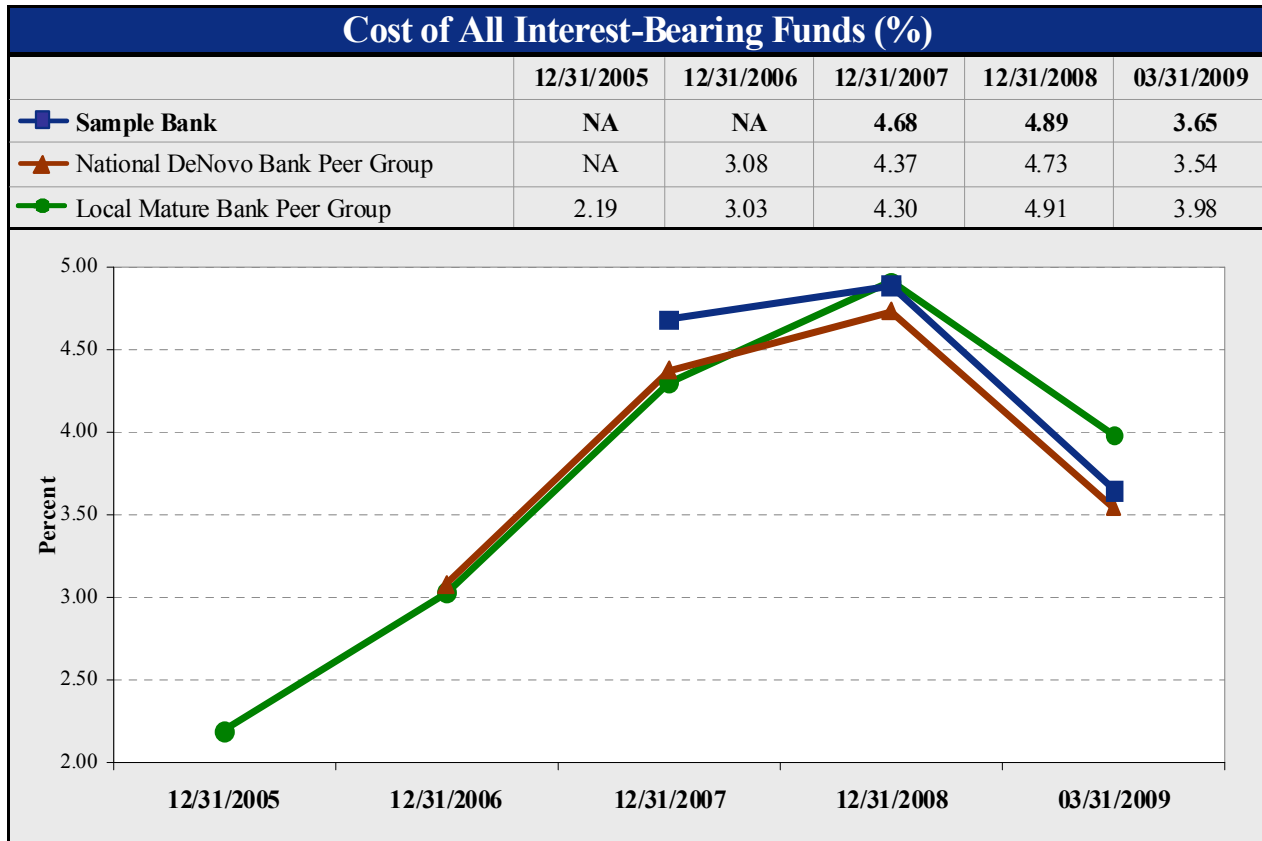


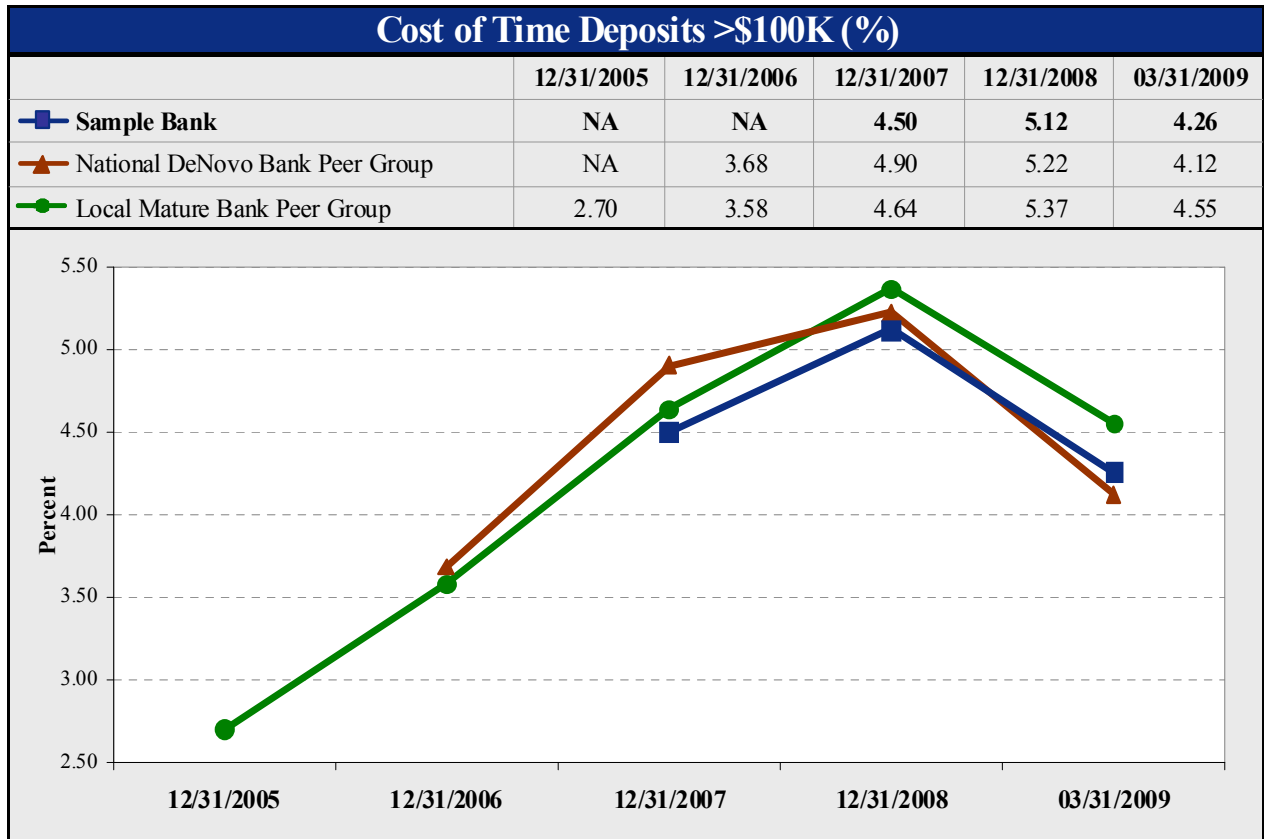
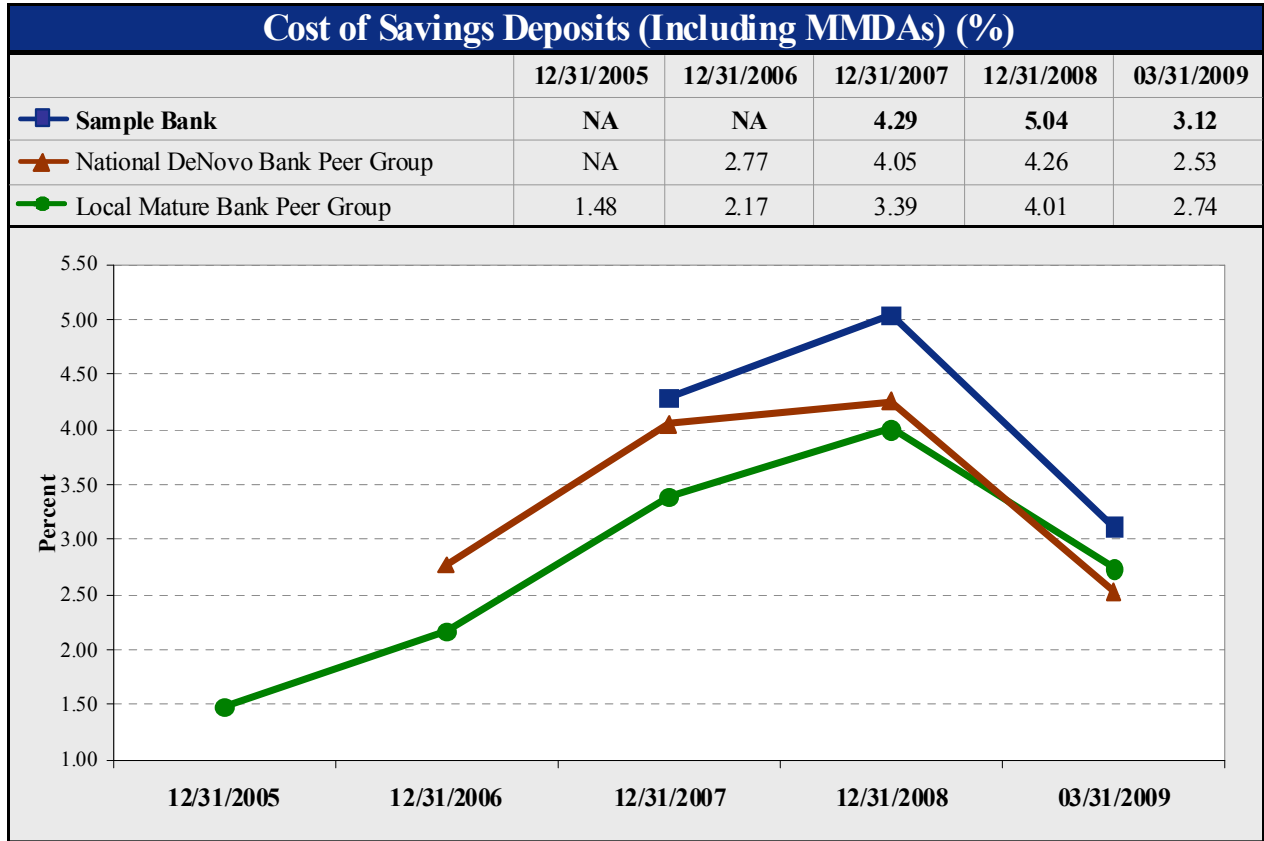


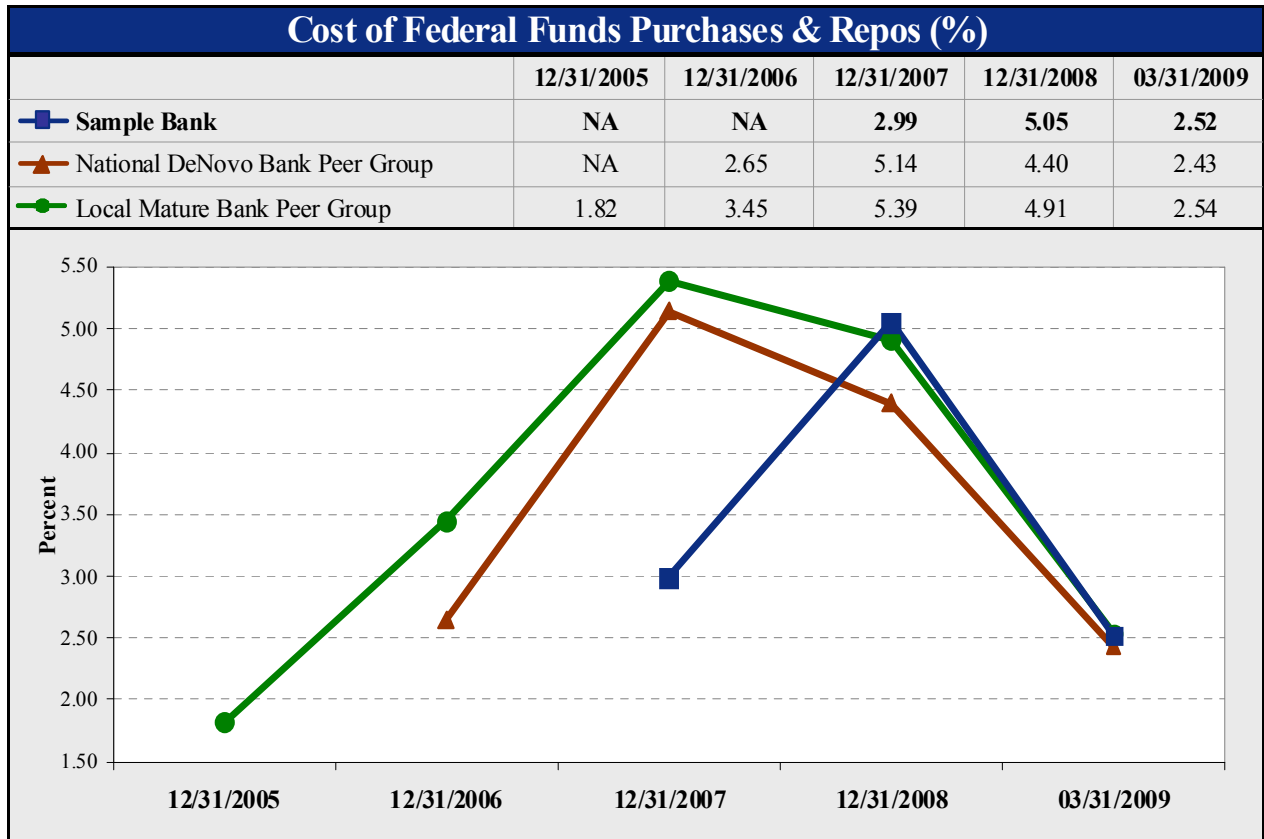
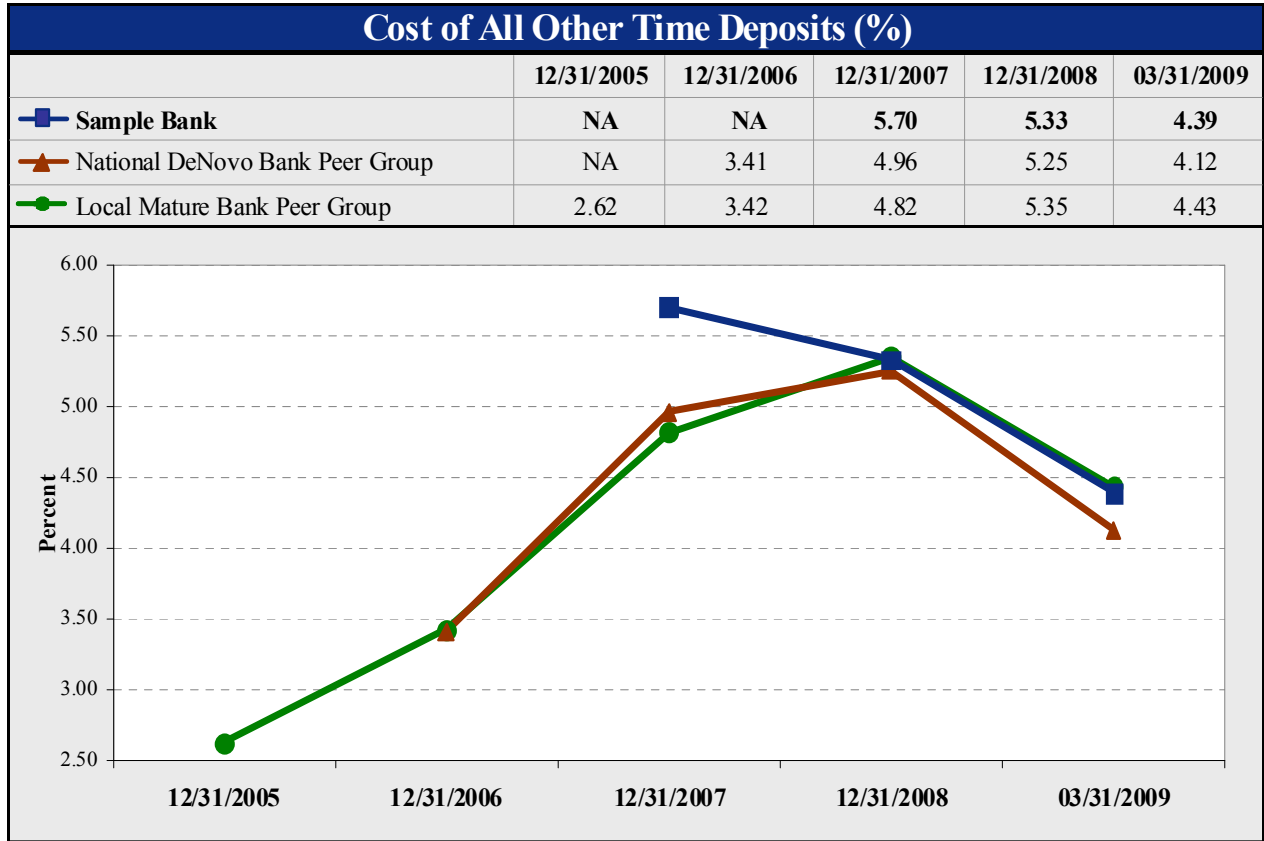


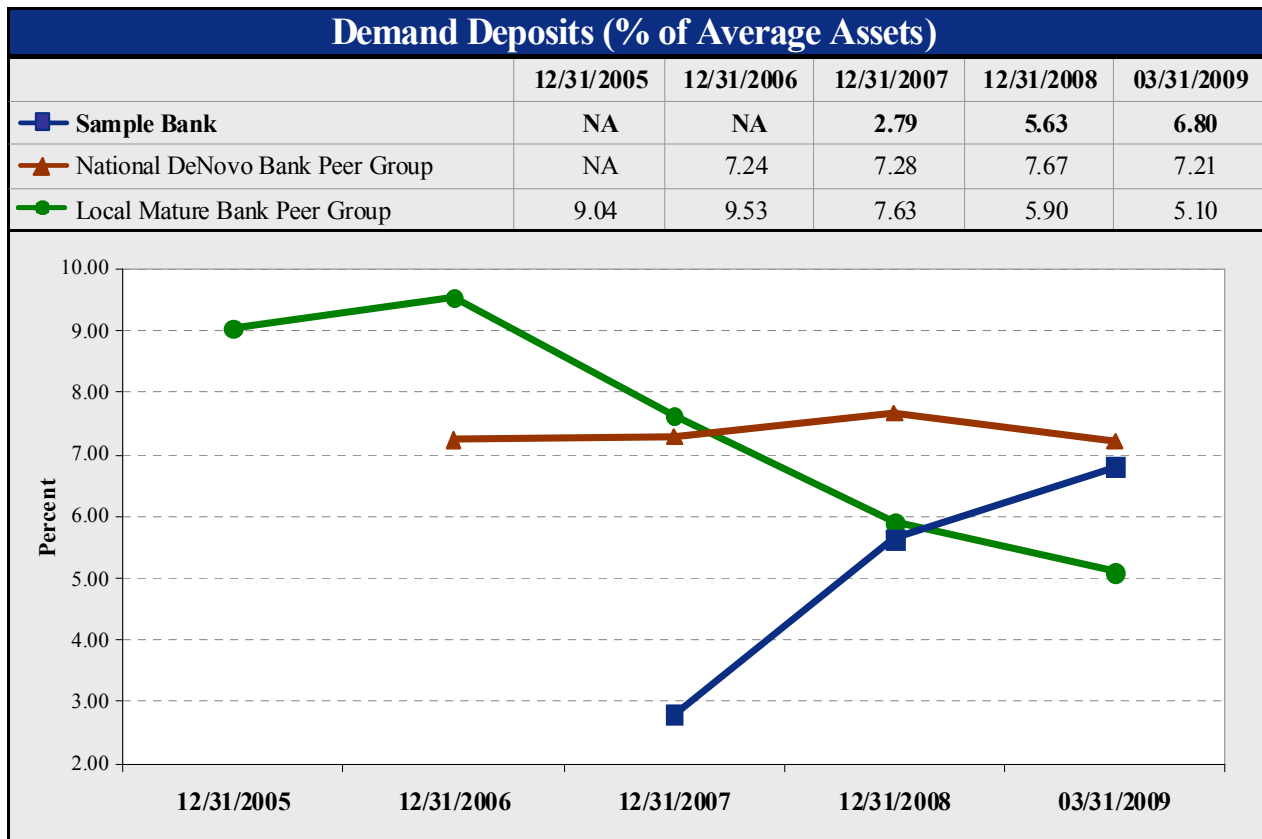
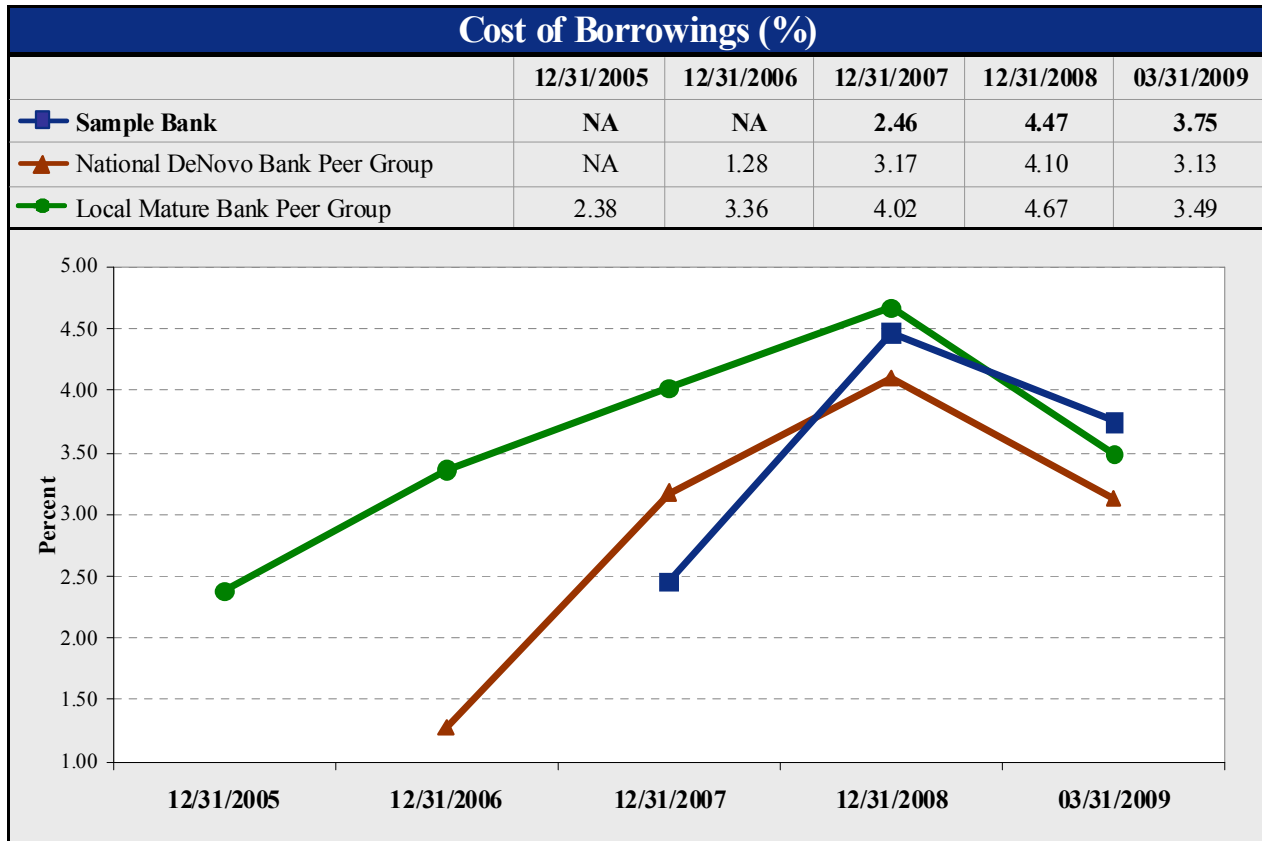


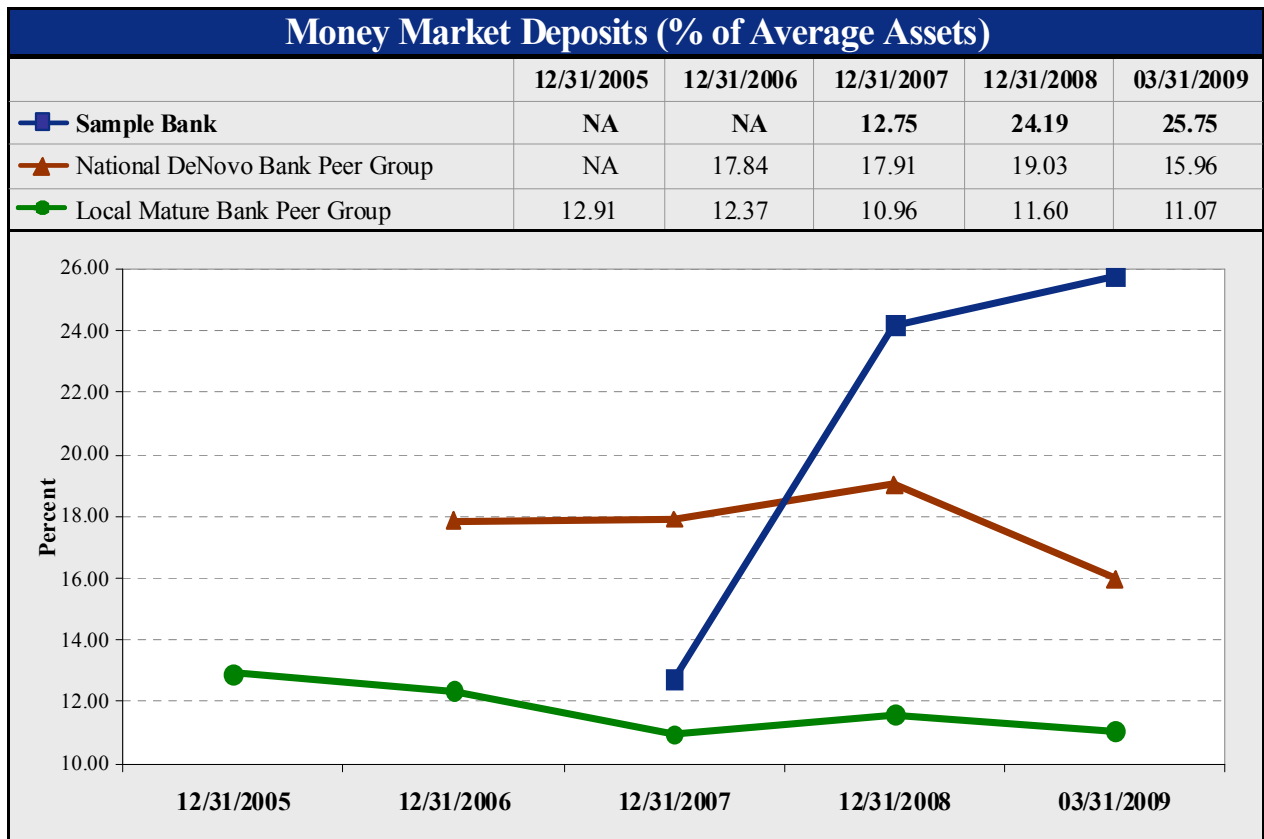
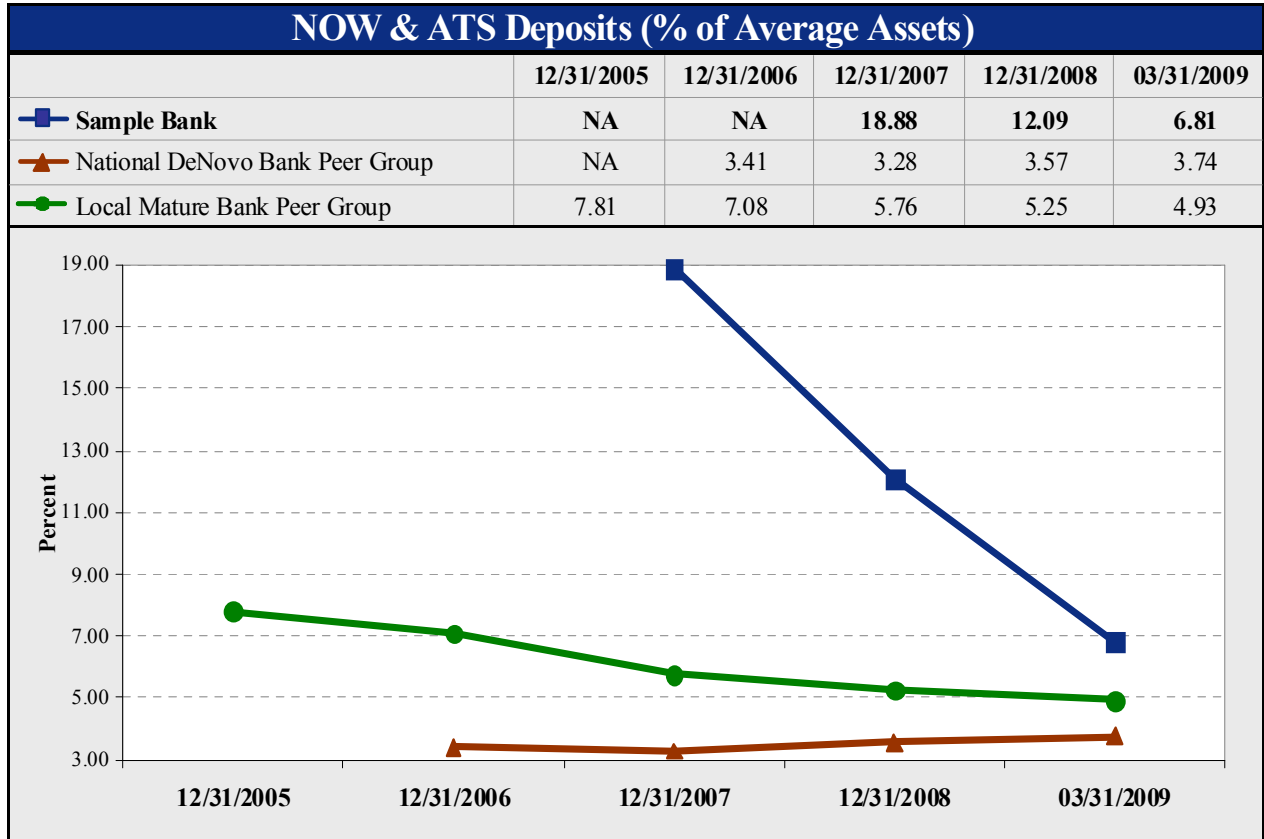


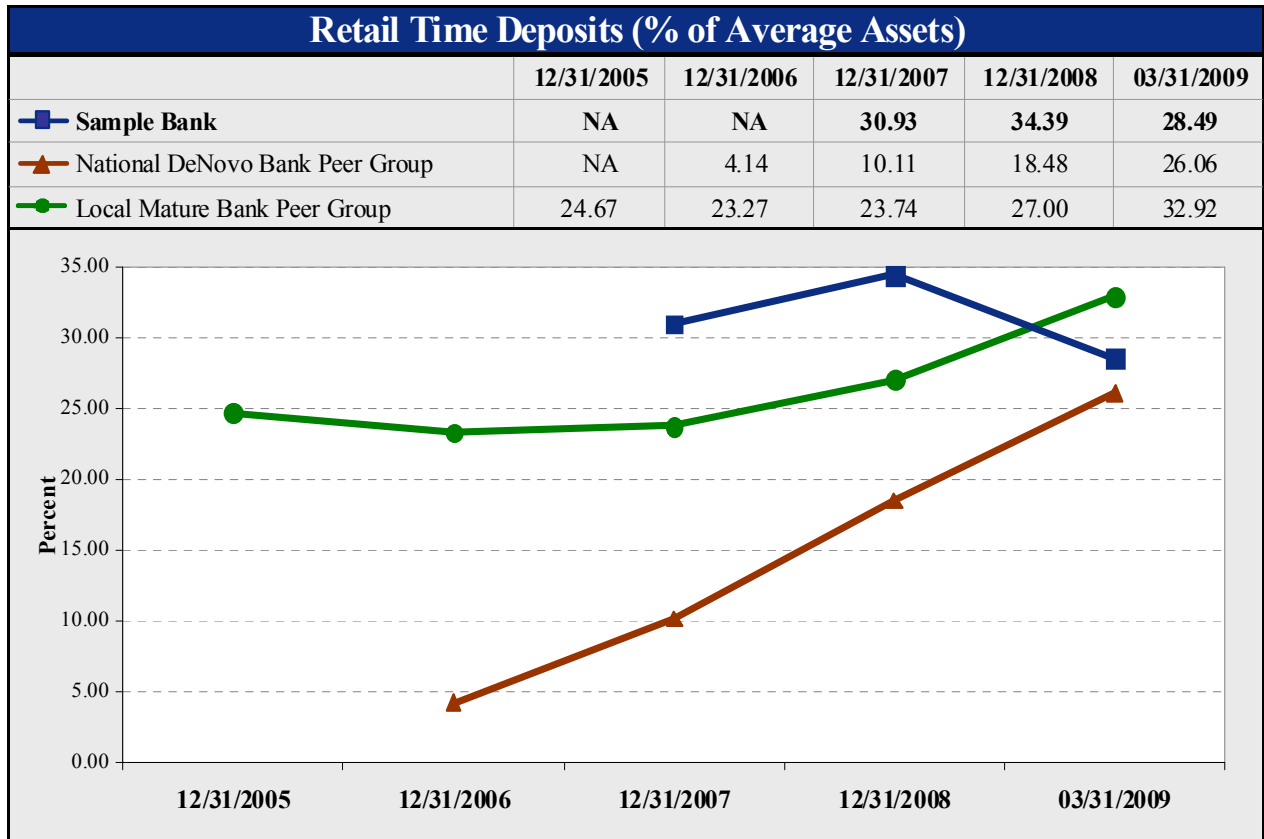
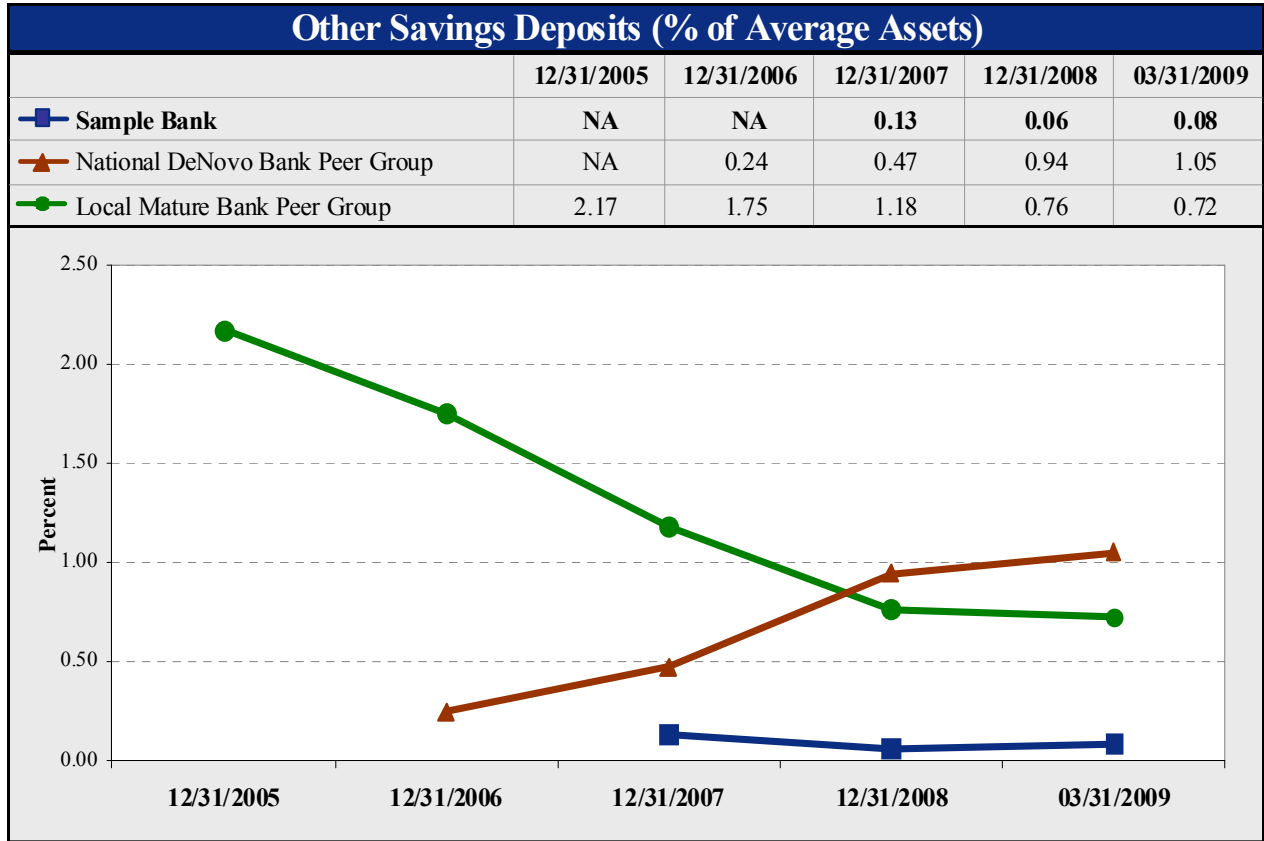


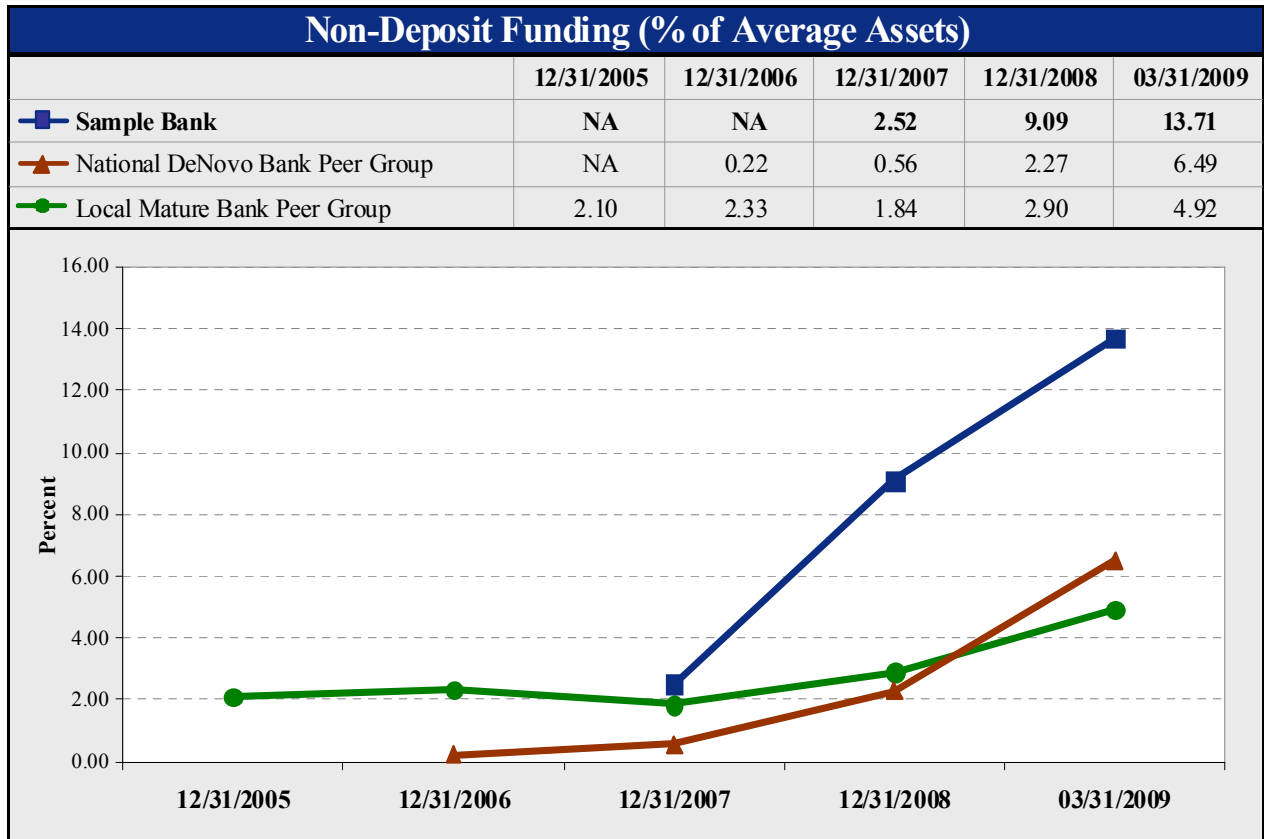
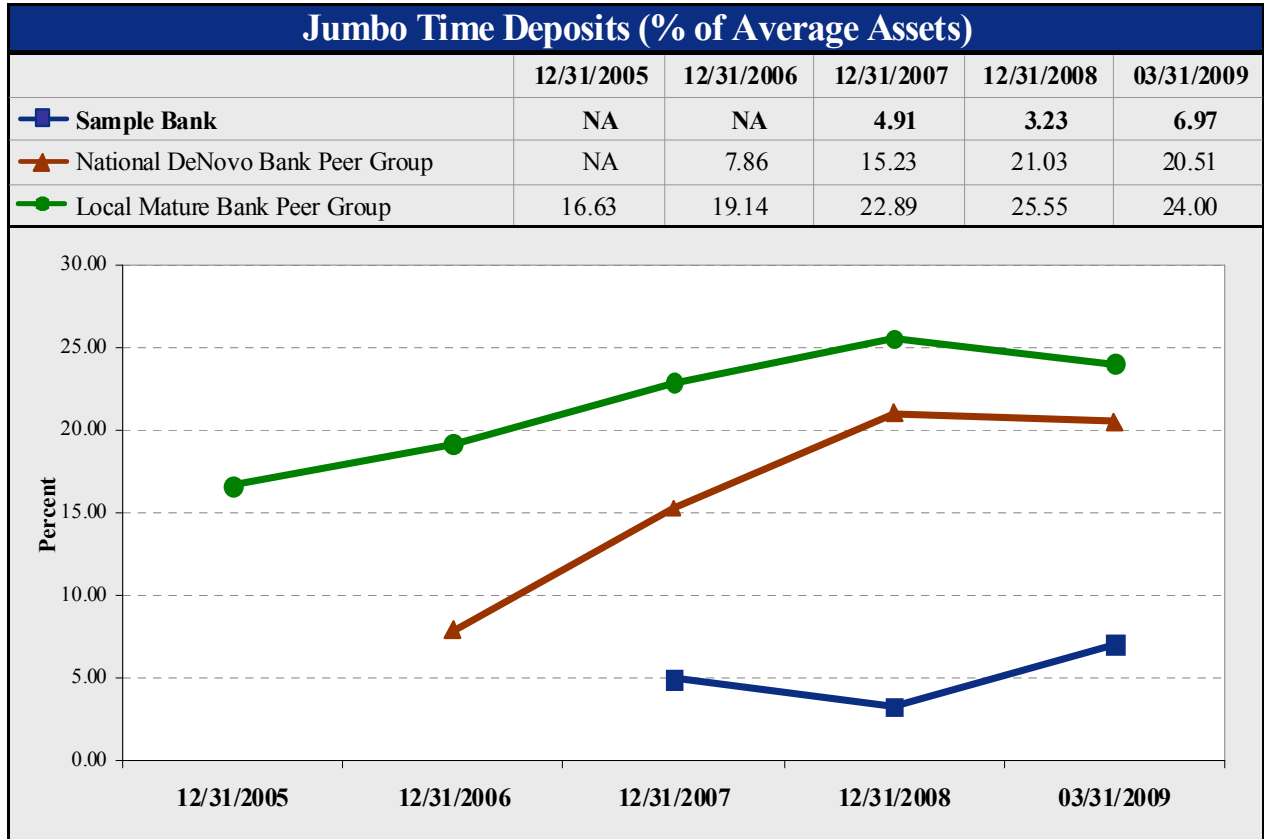




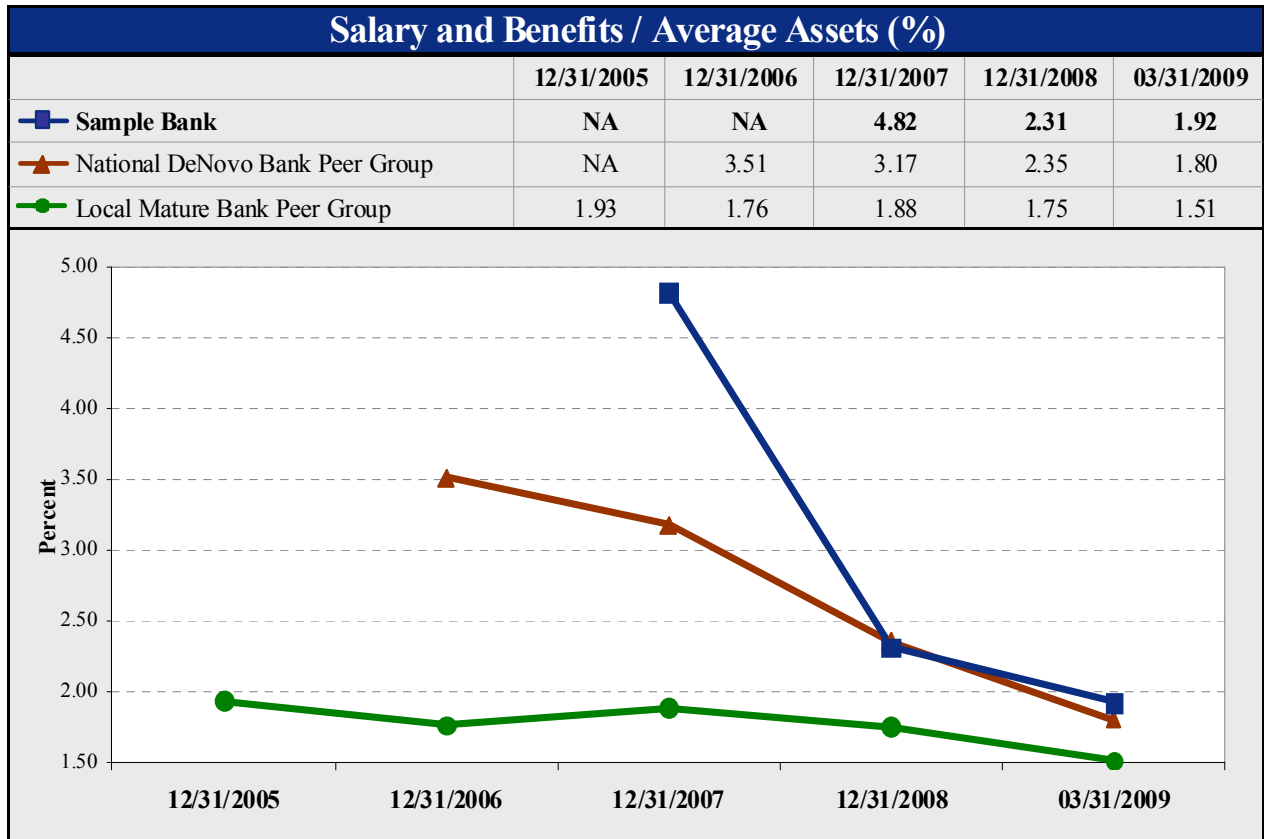
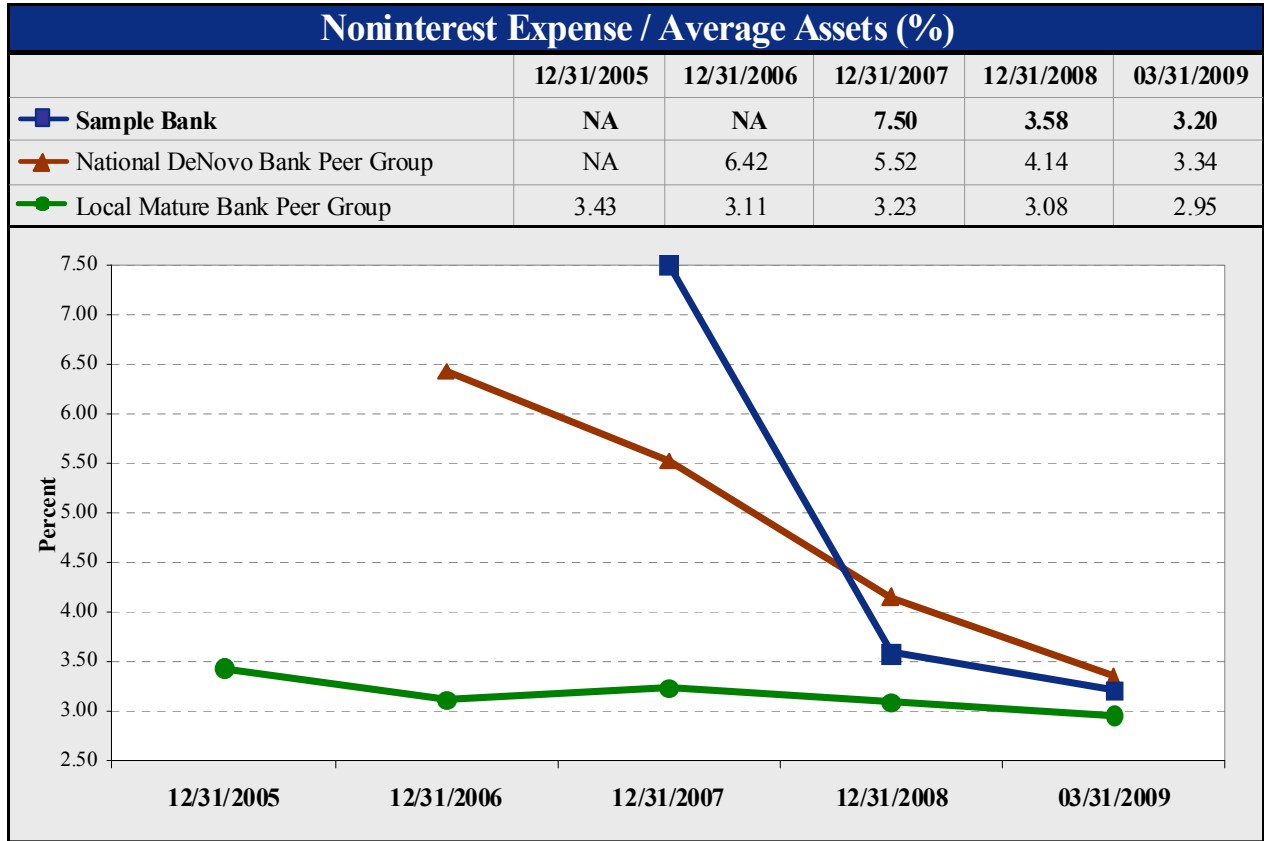


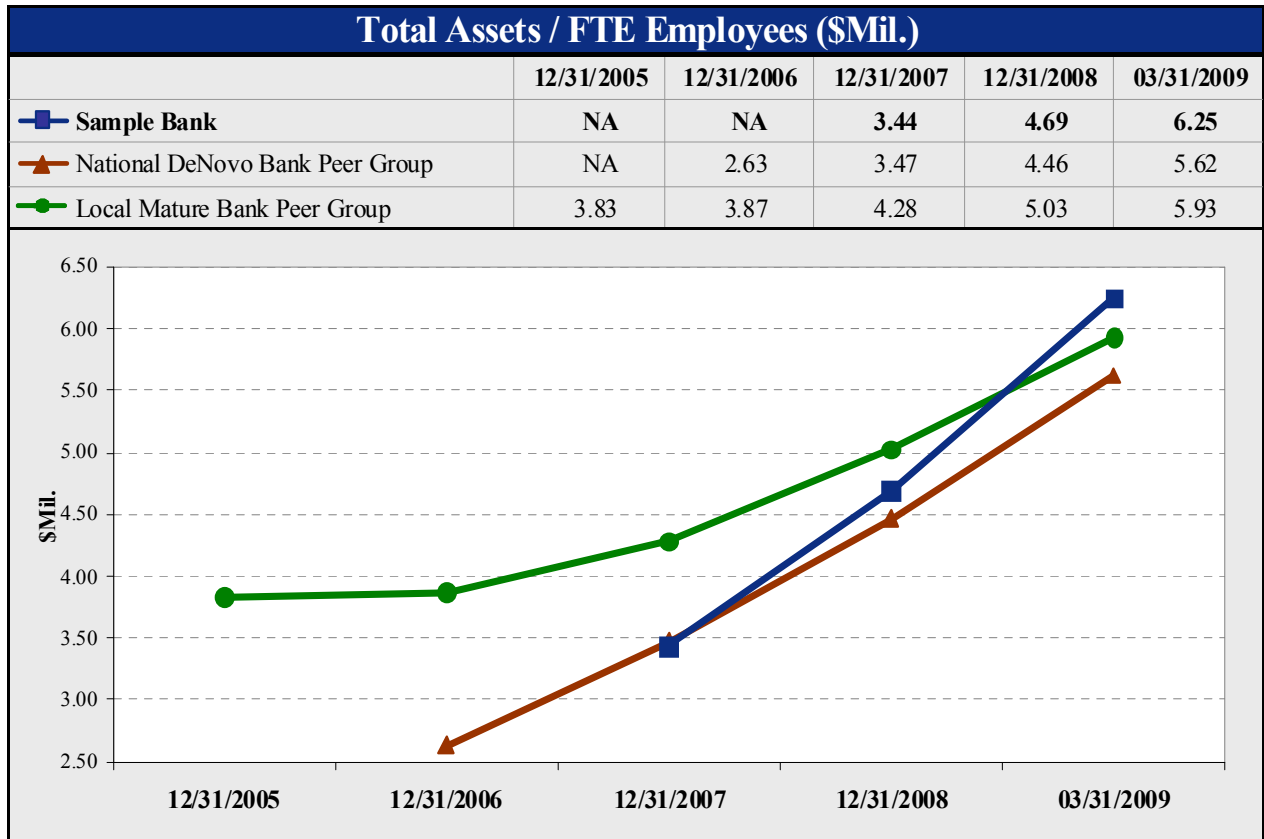
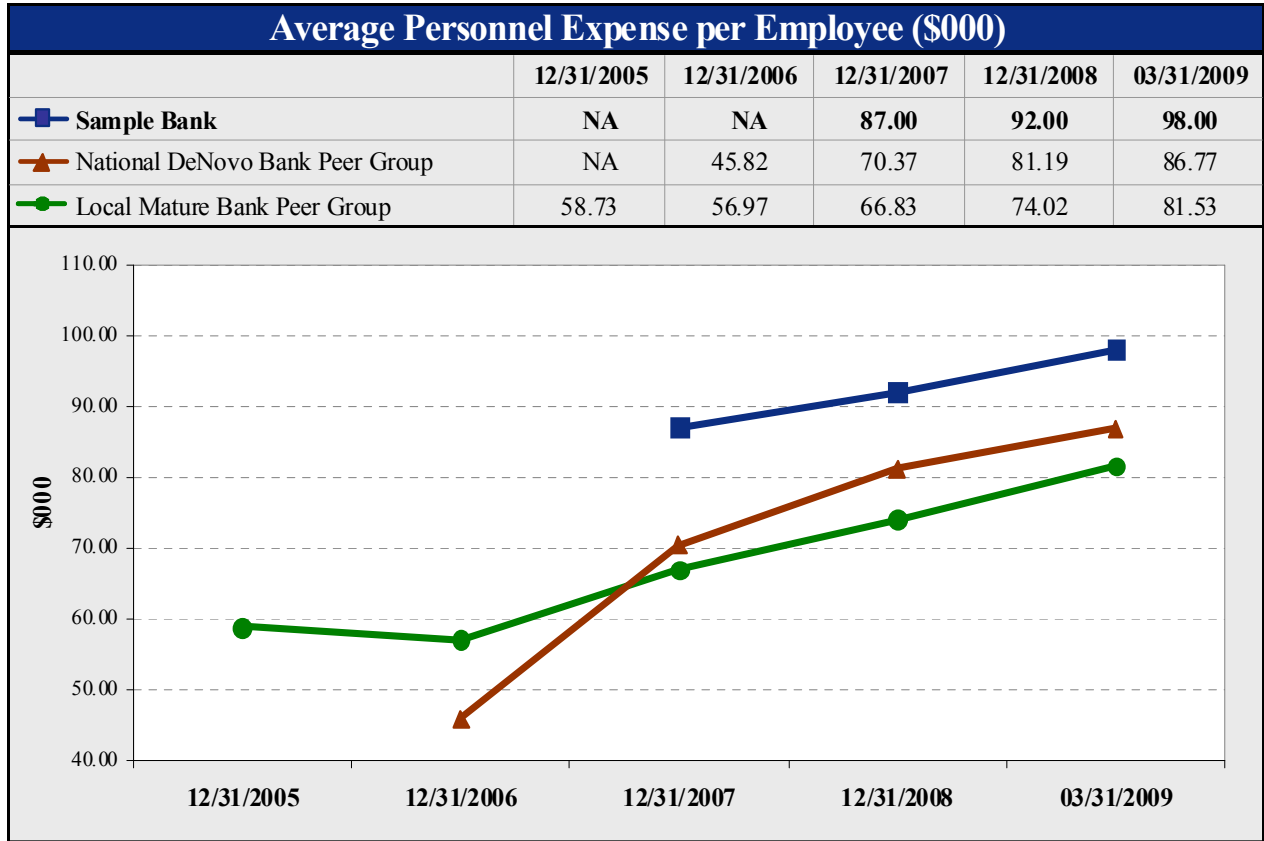


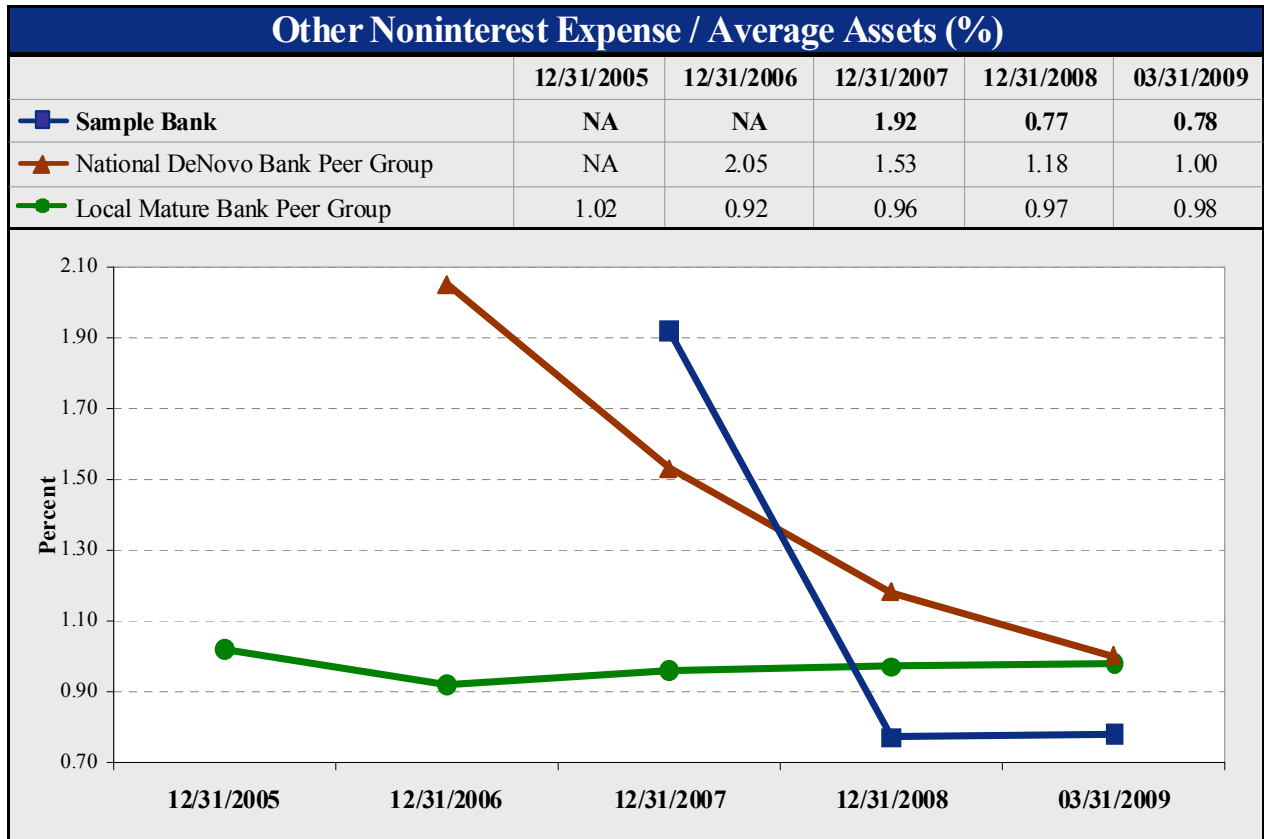
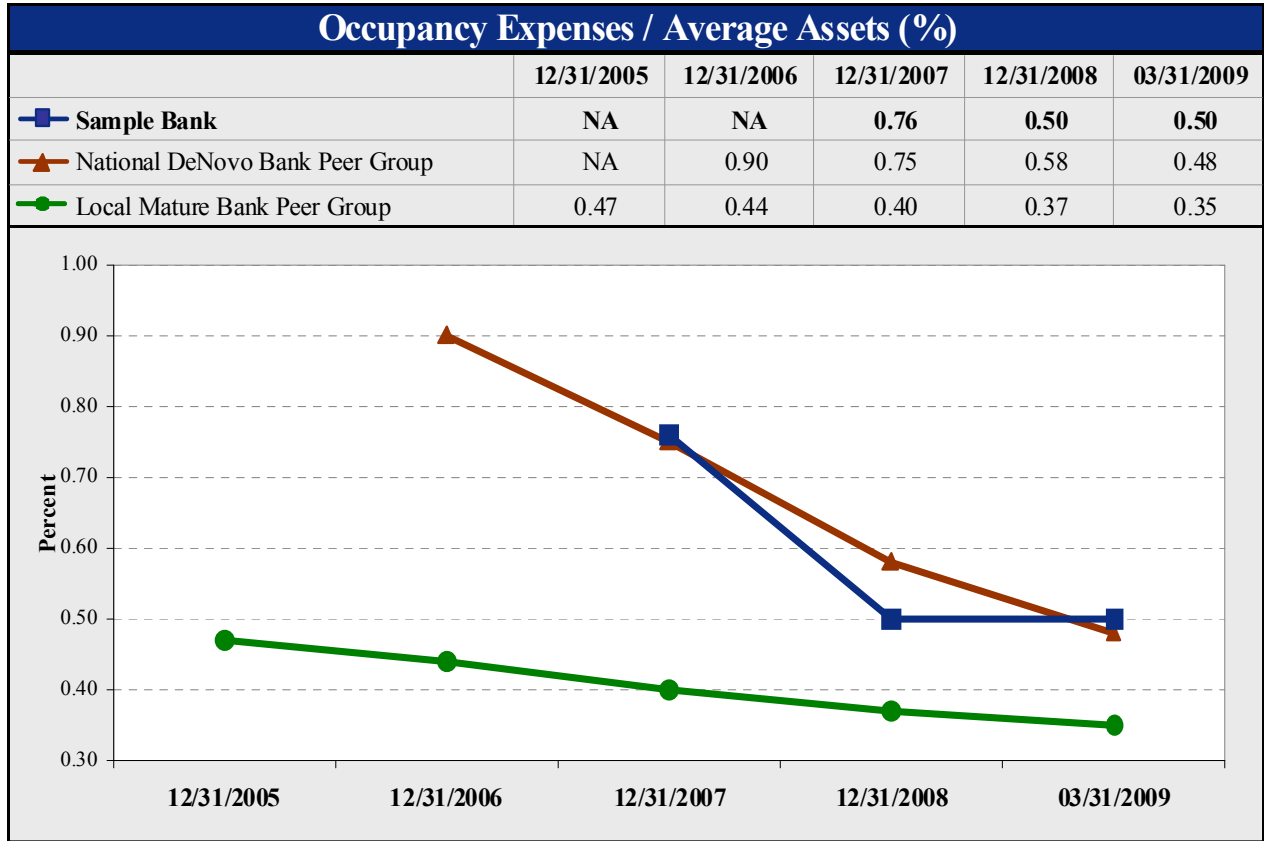


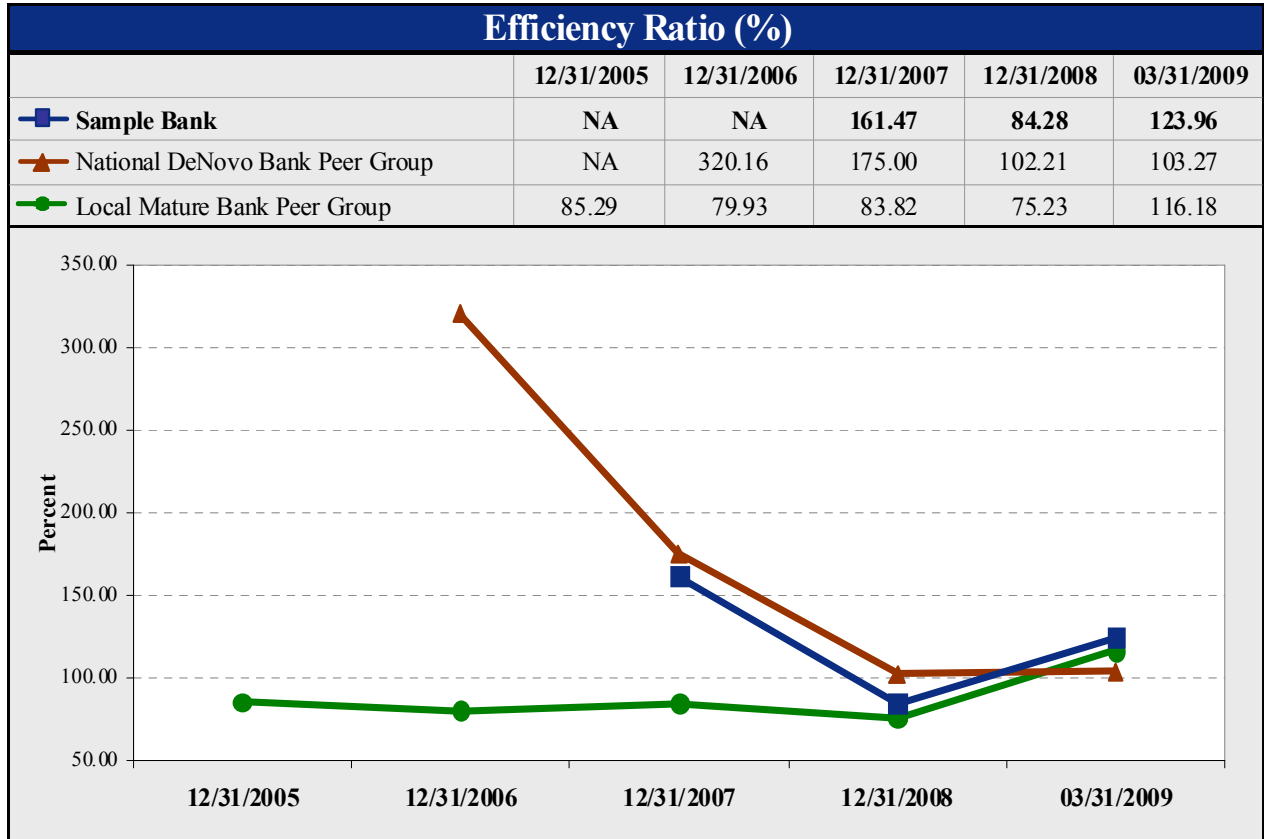


Noninterest Expense

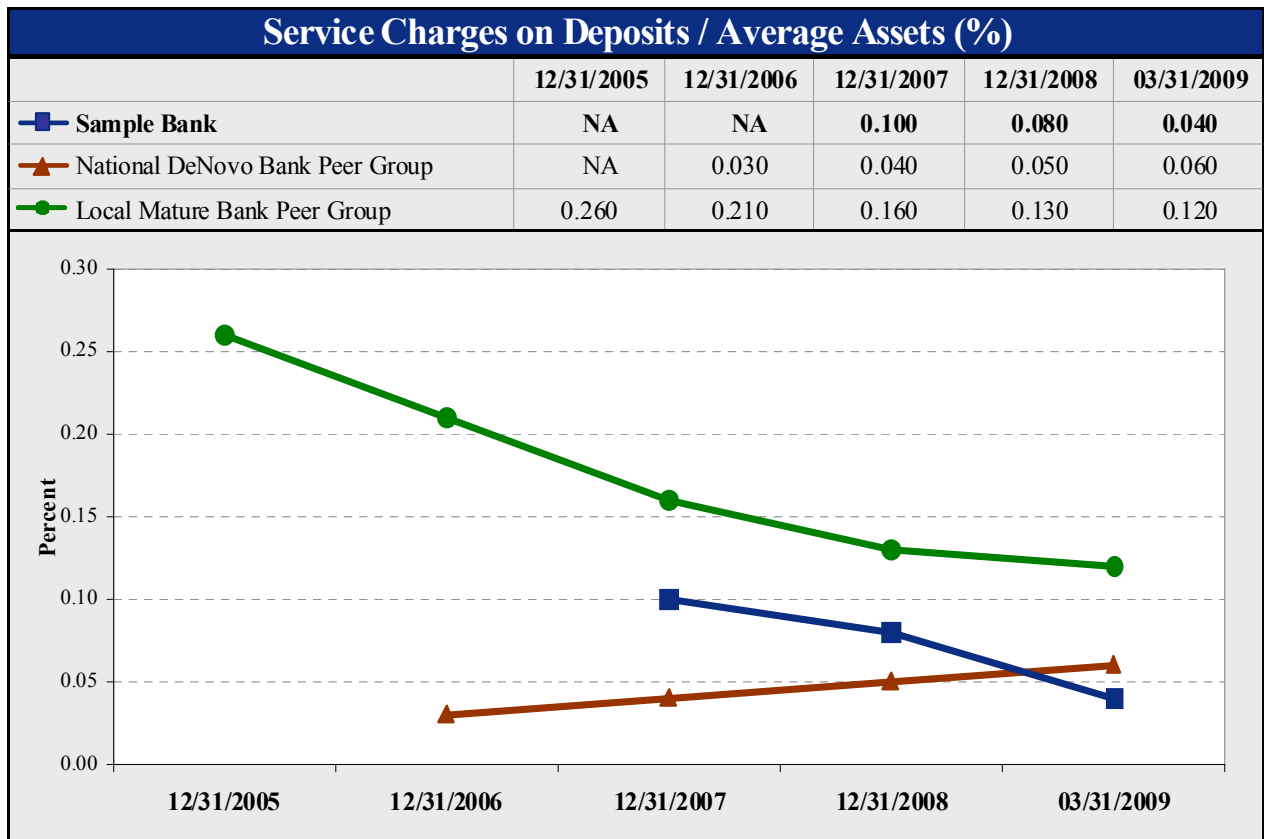
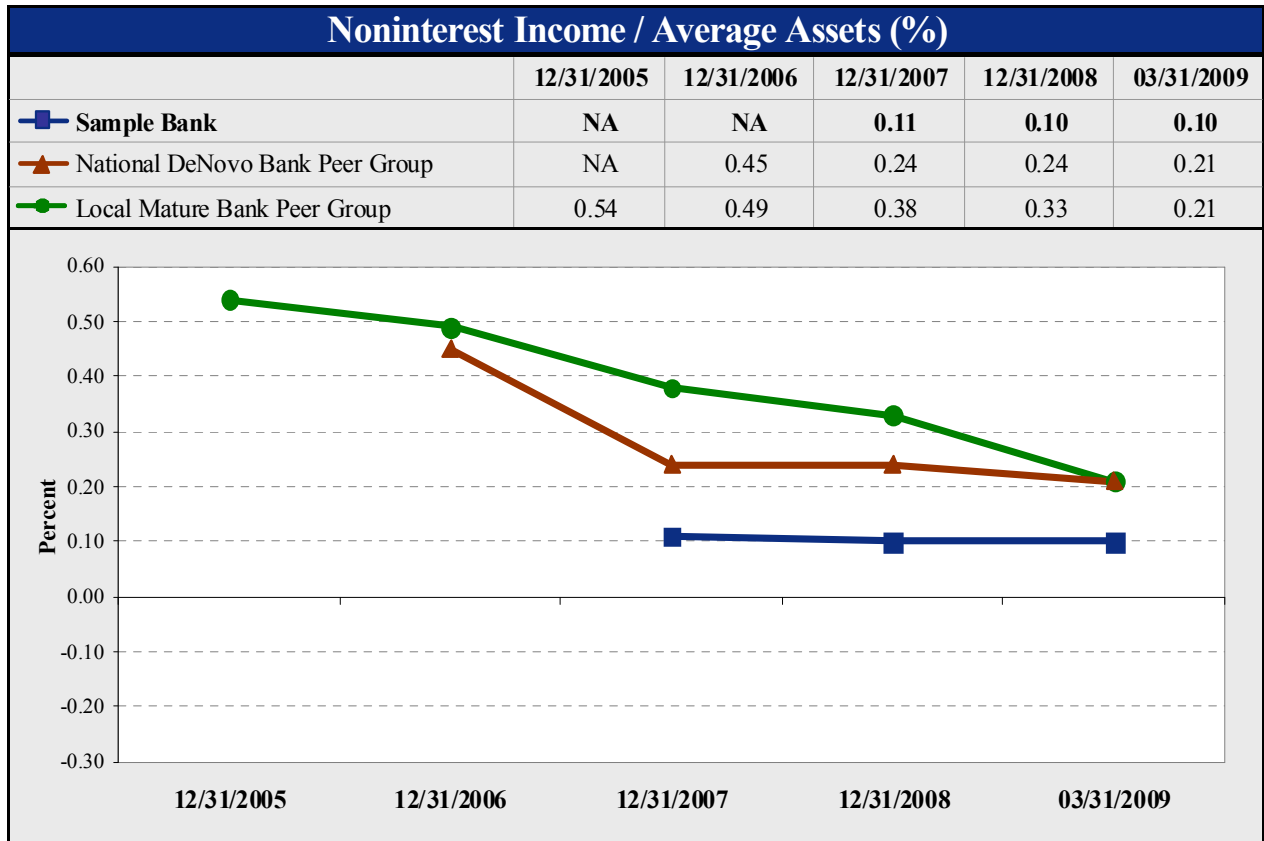


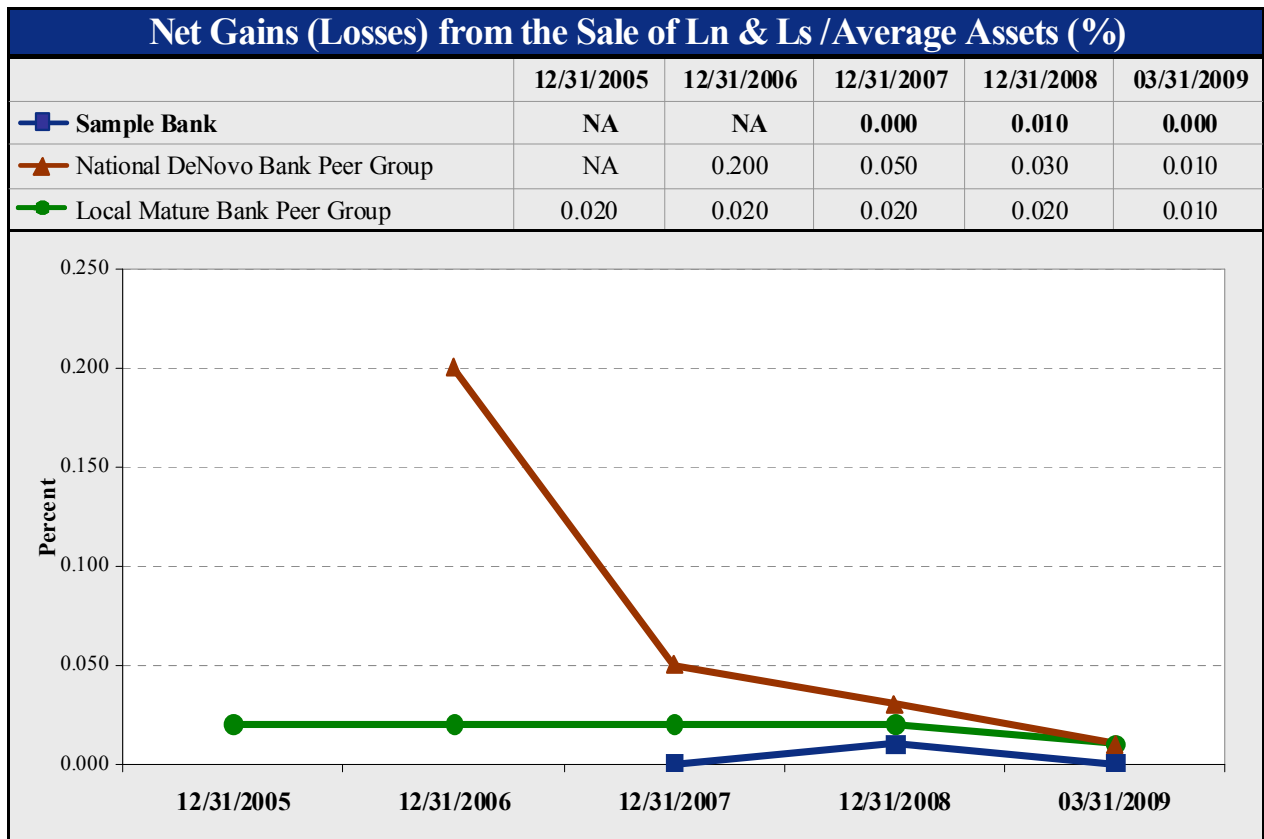
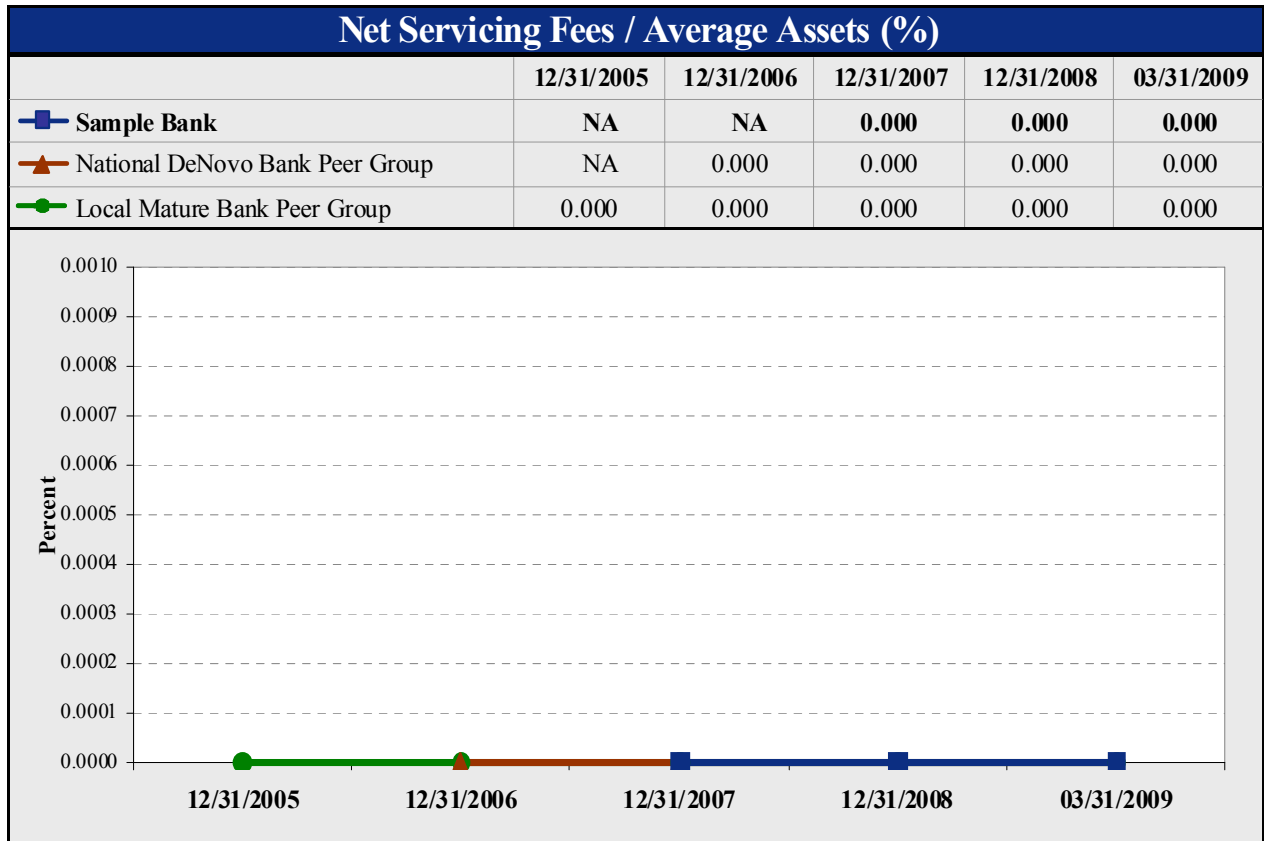


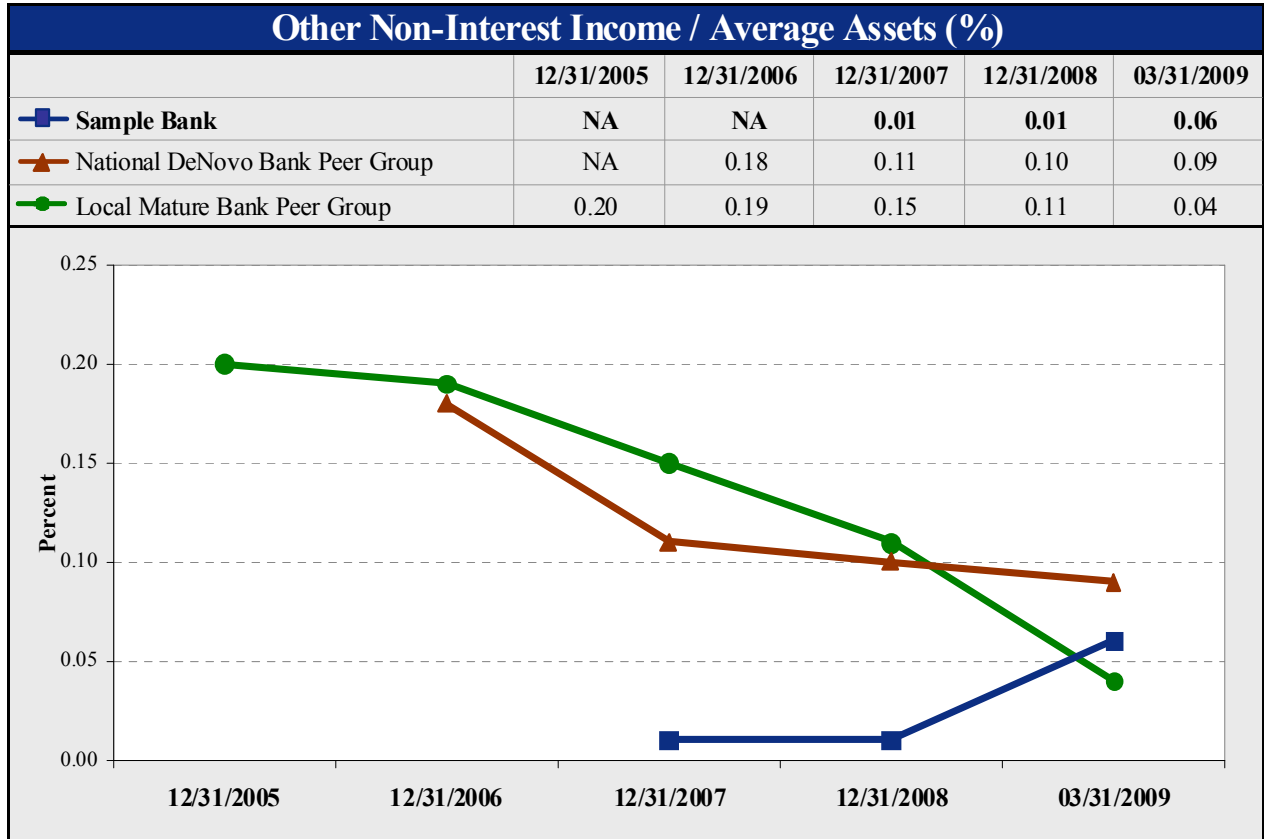


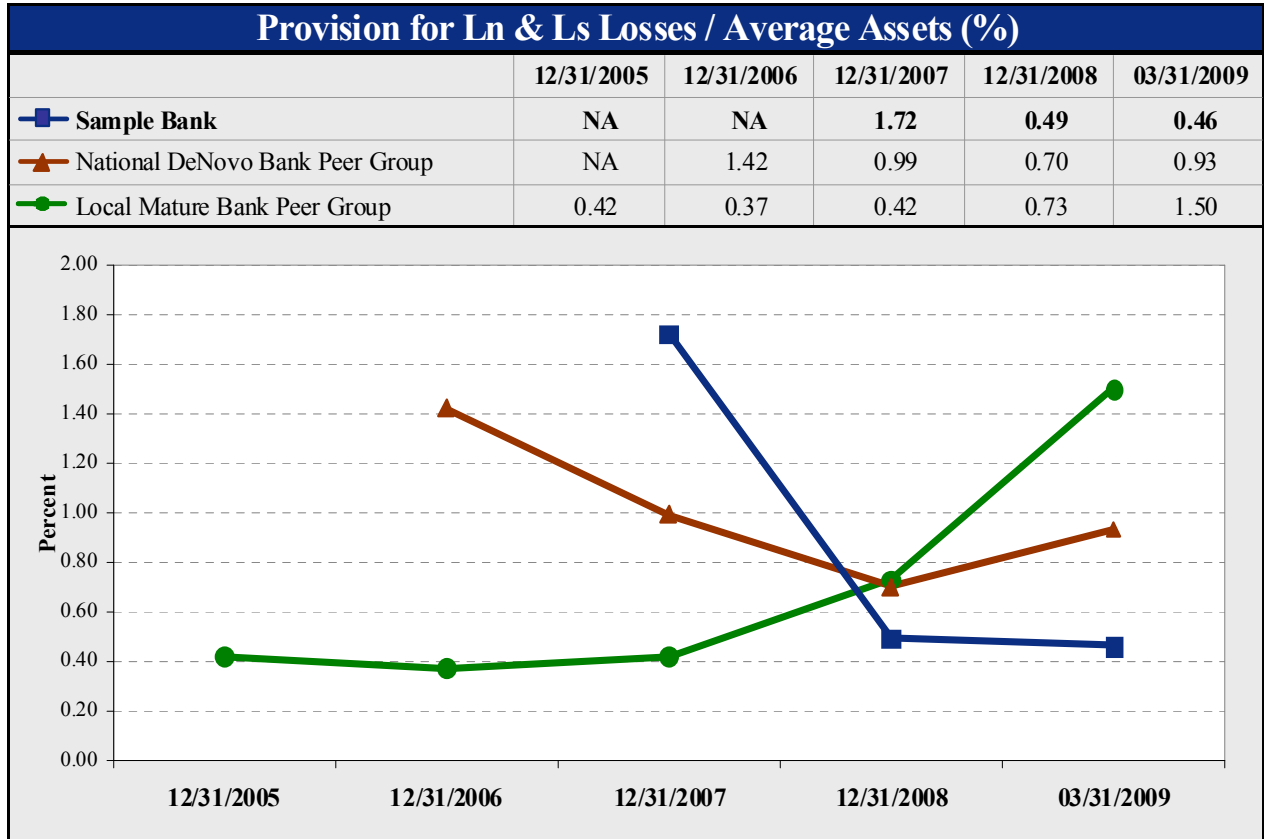


Noninterest Income

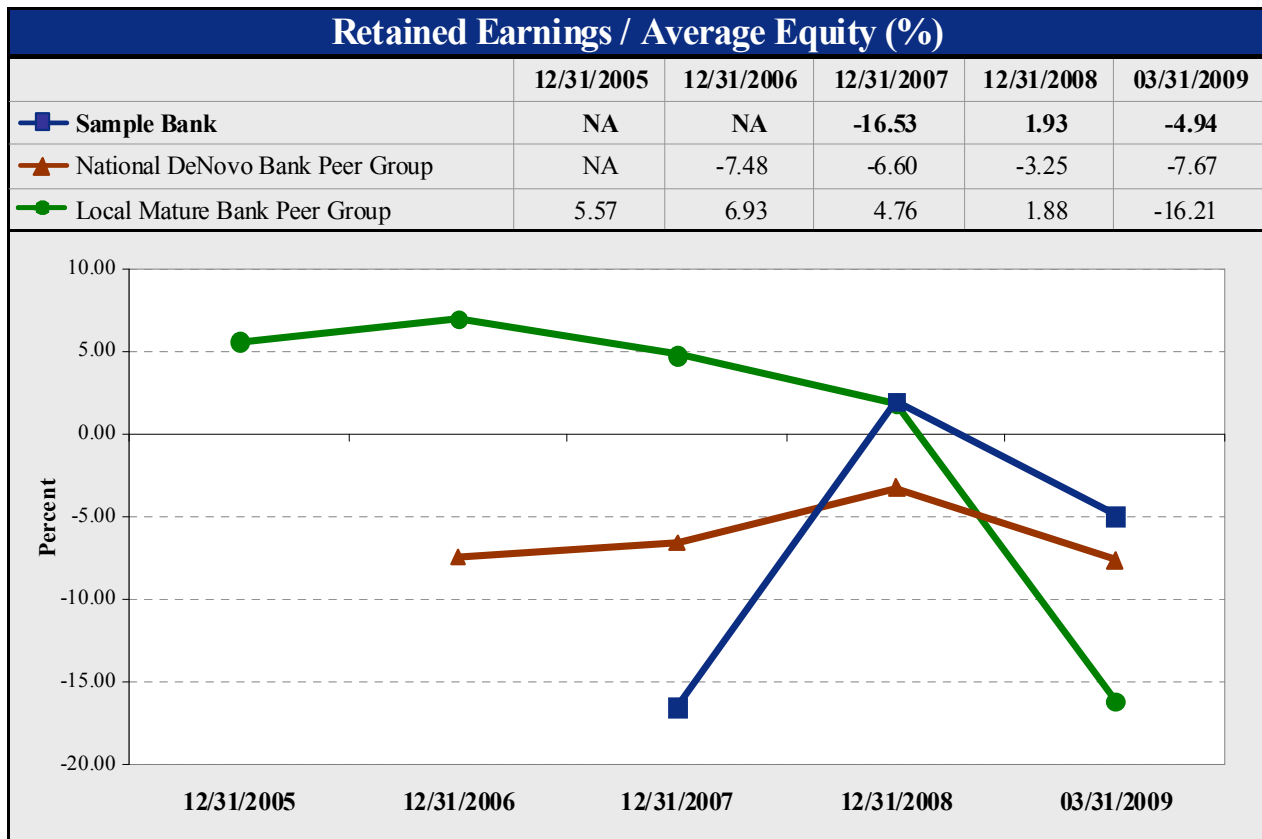
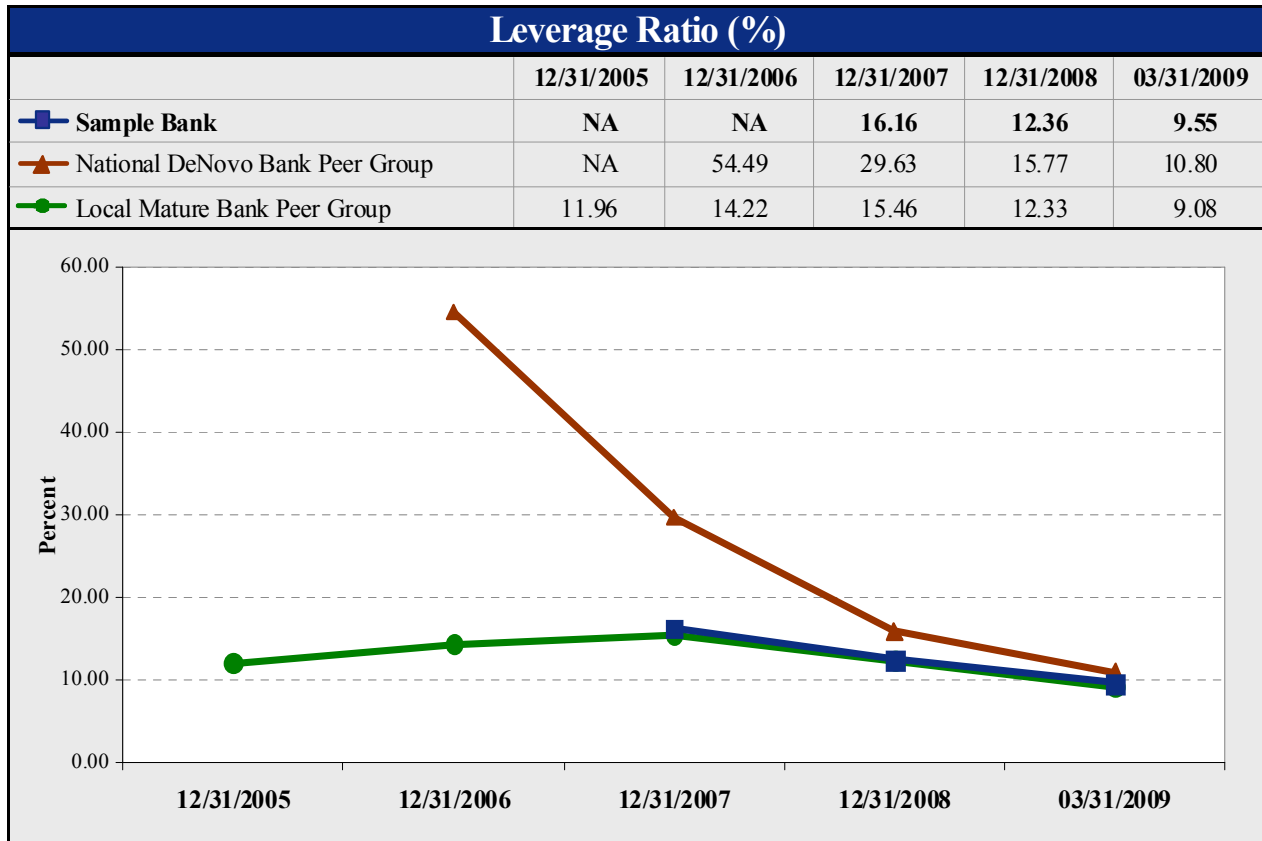


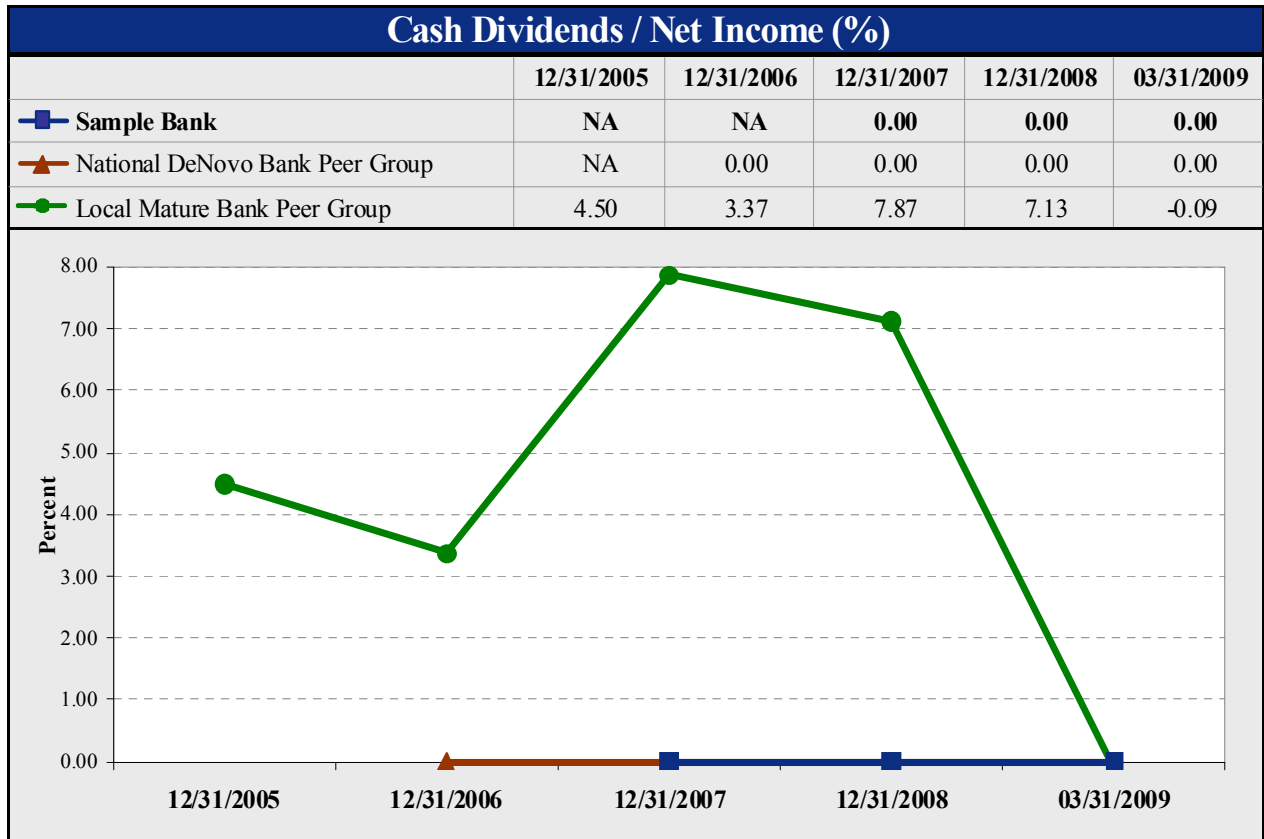
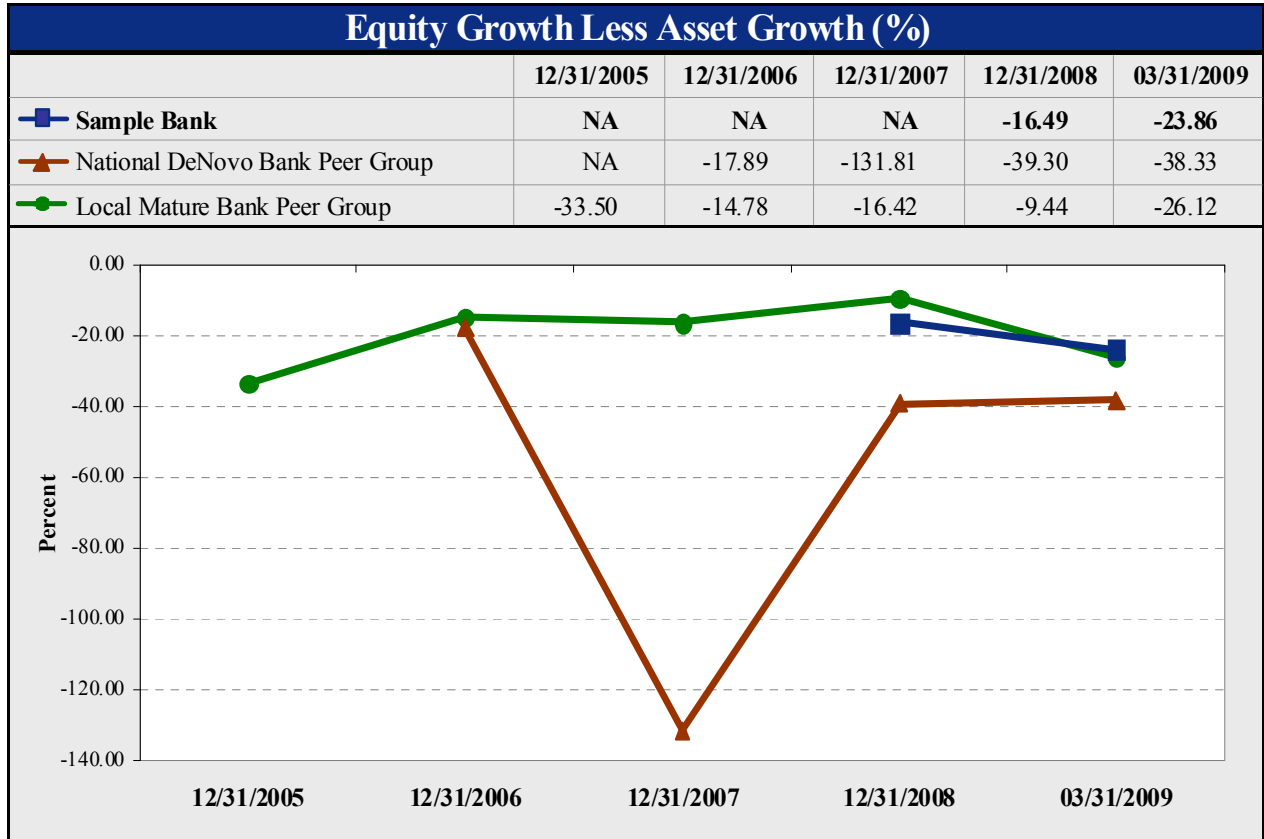


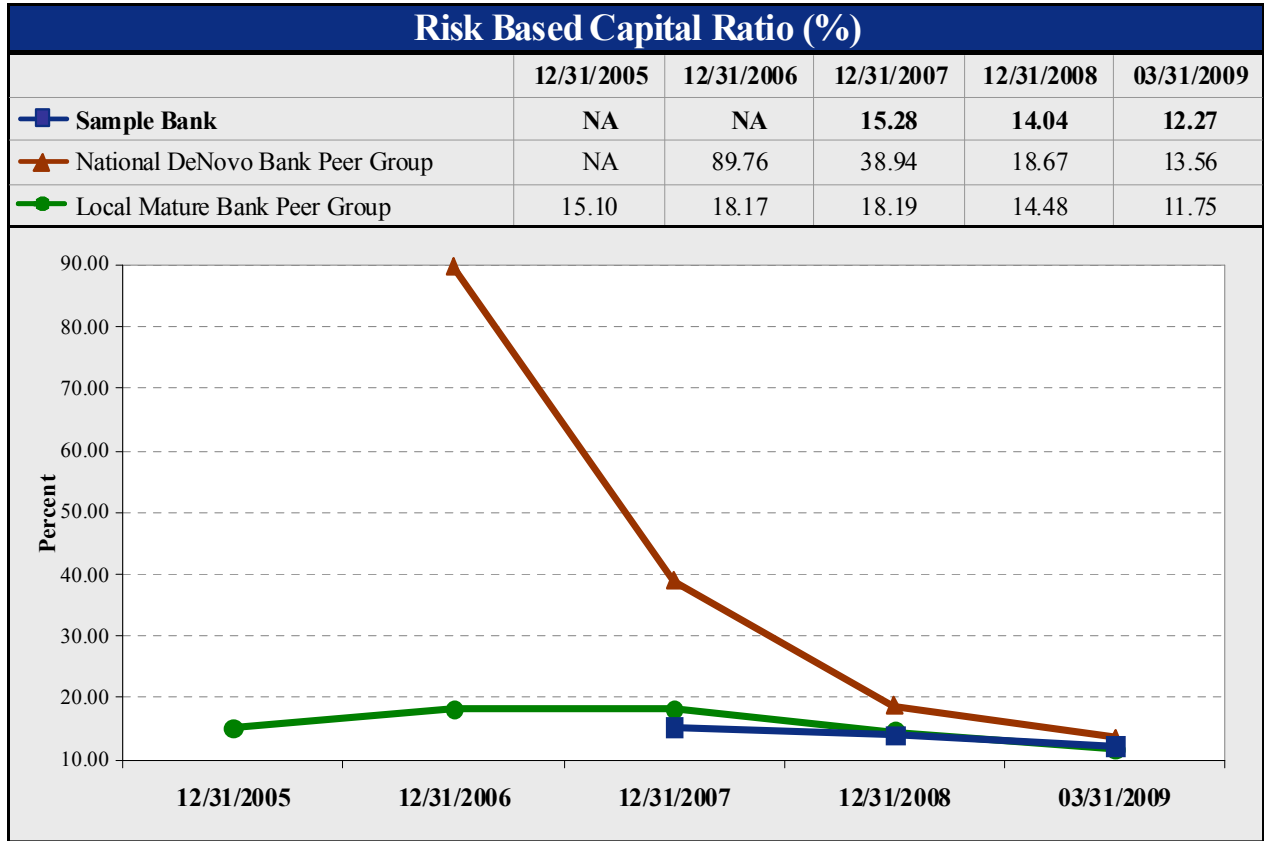


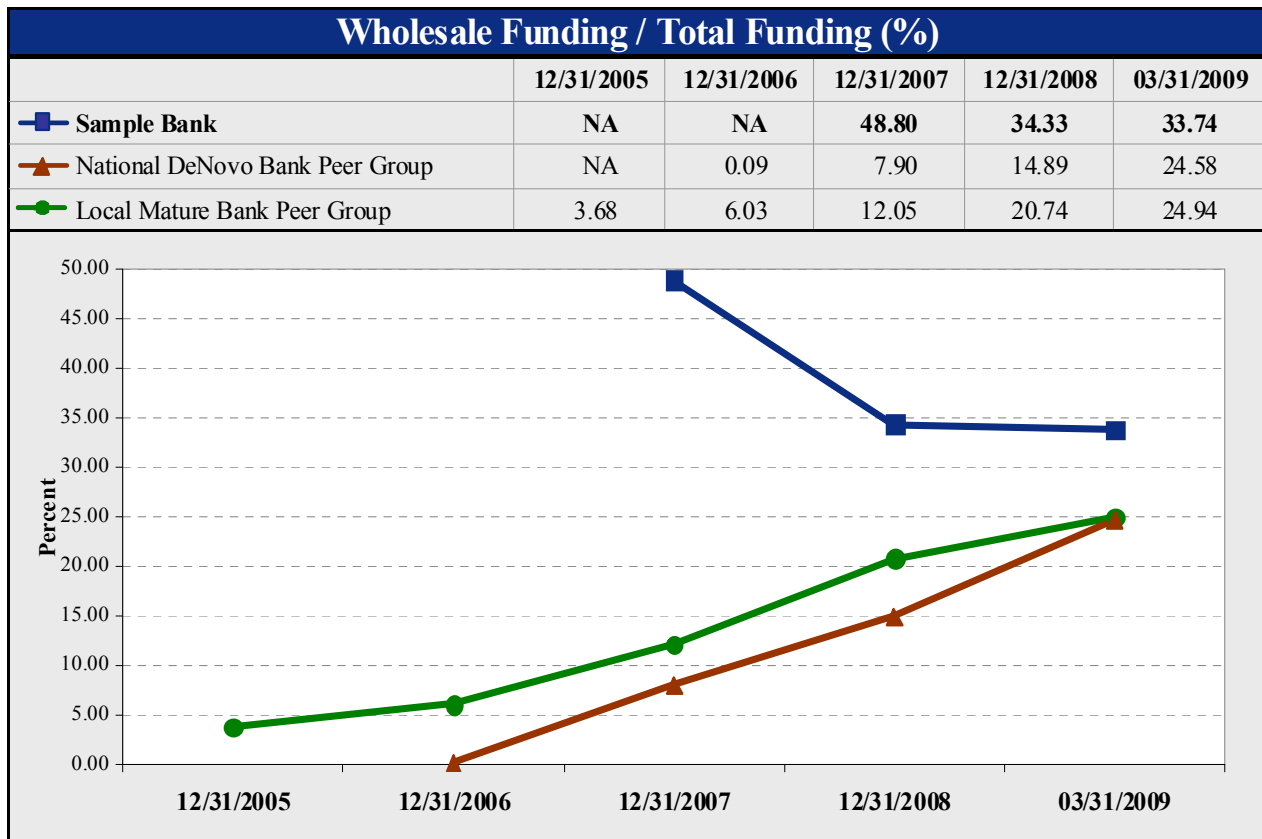
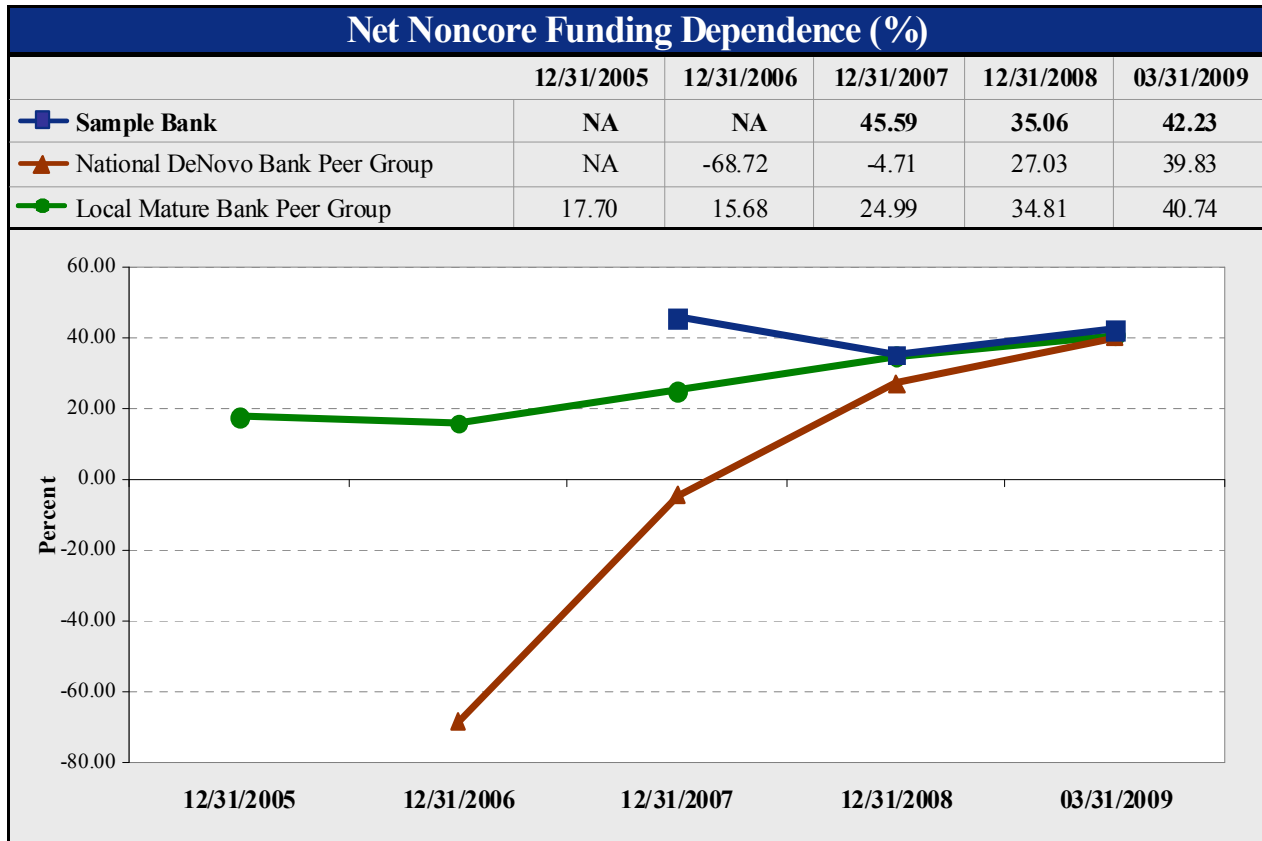


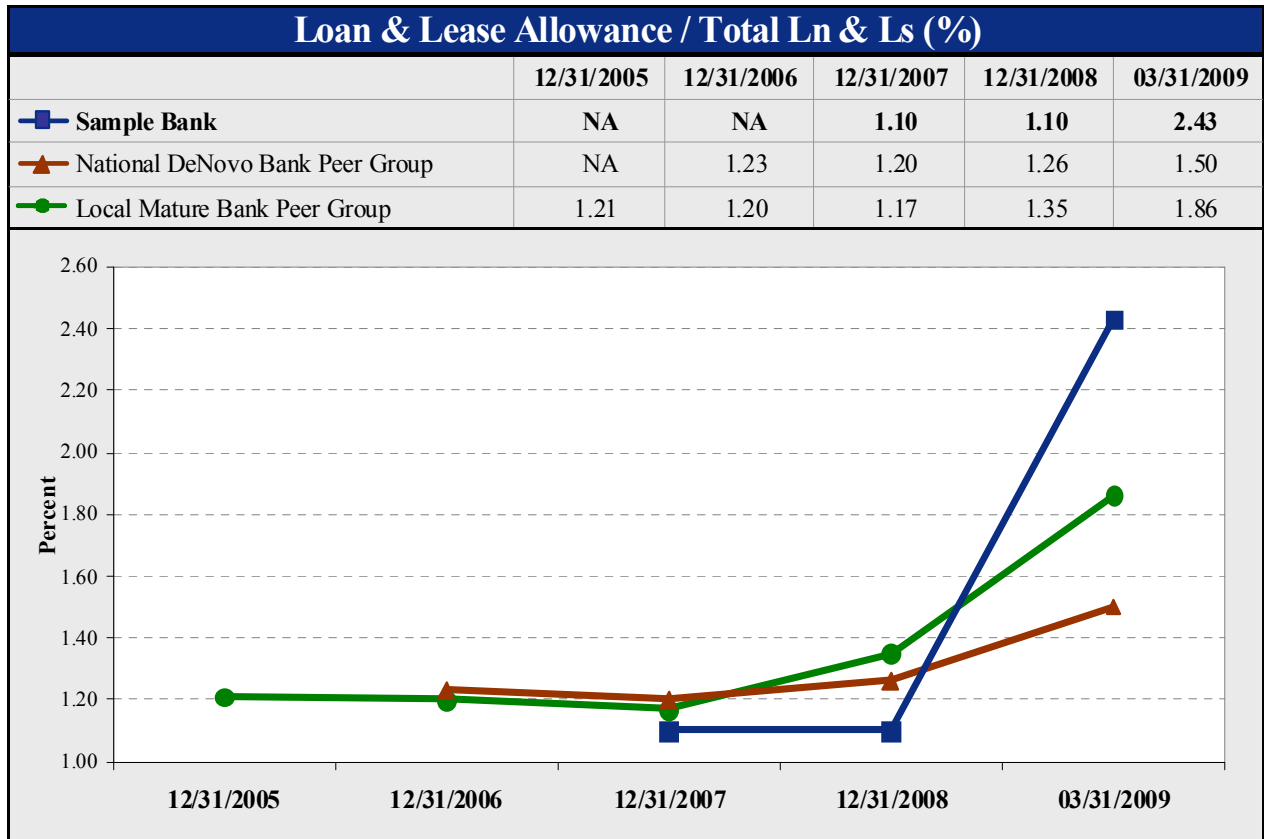
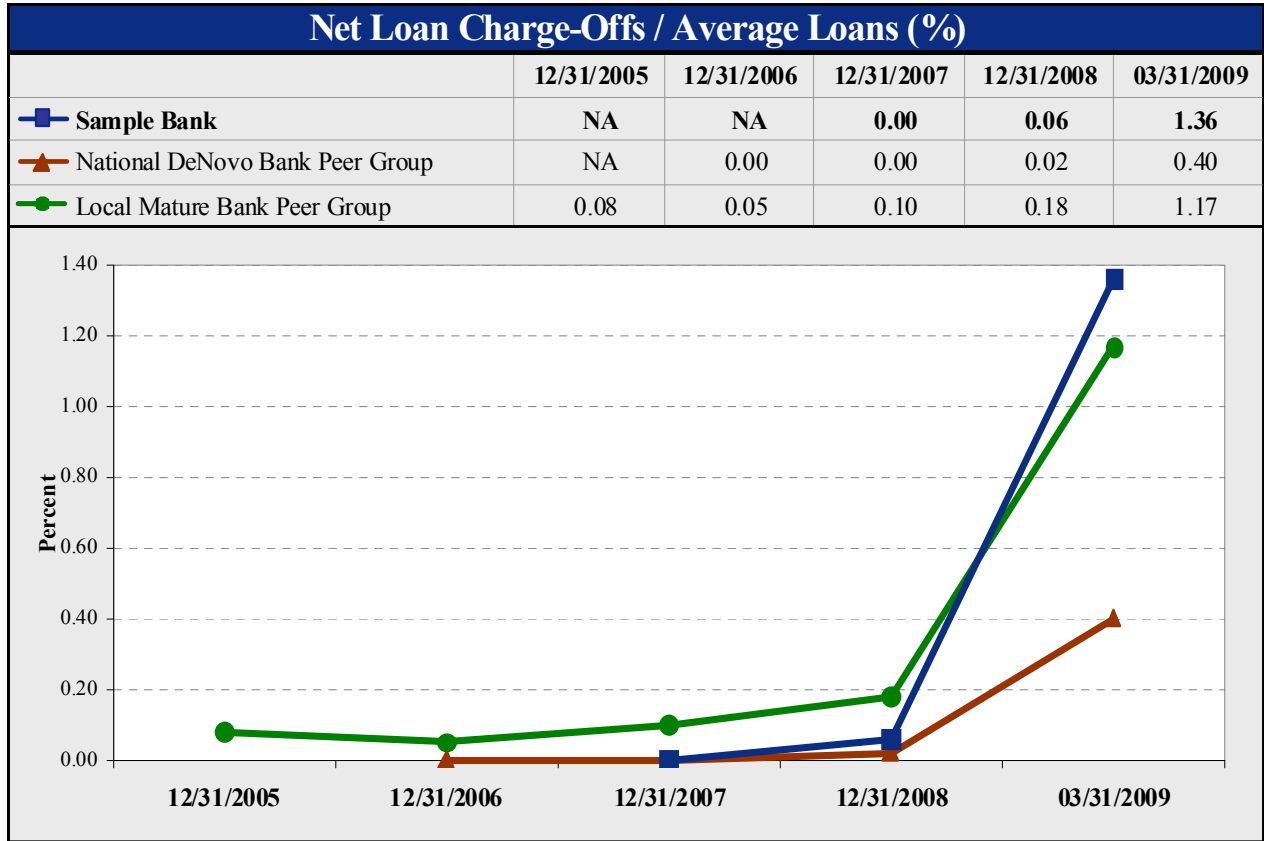
Capital Adequacy

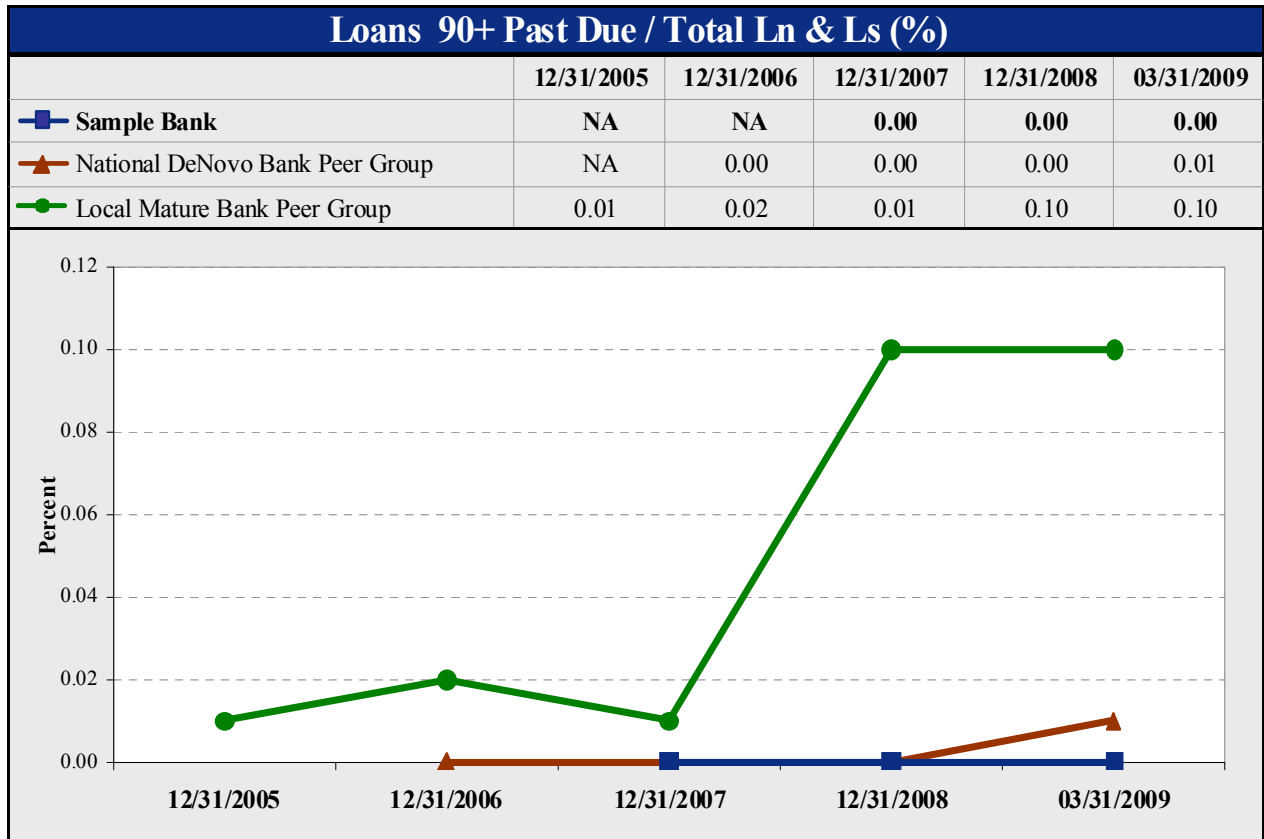
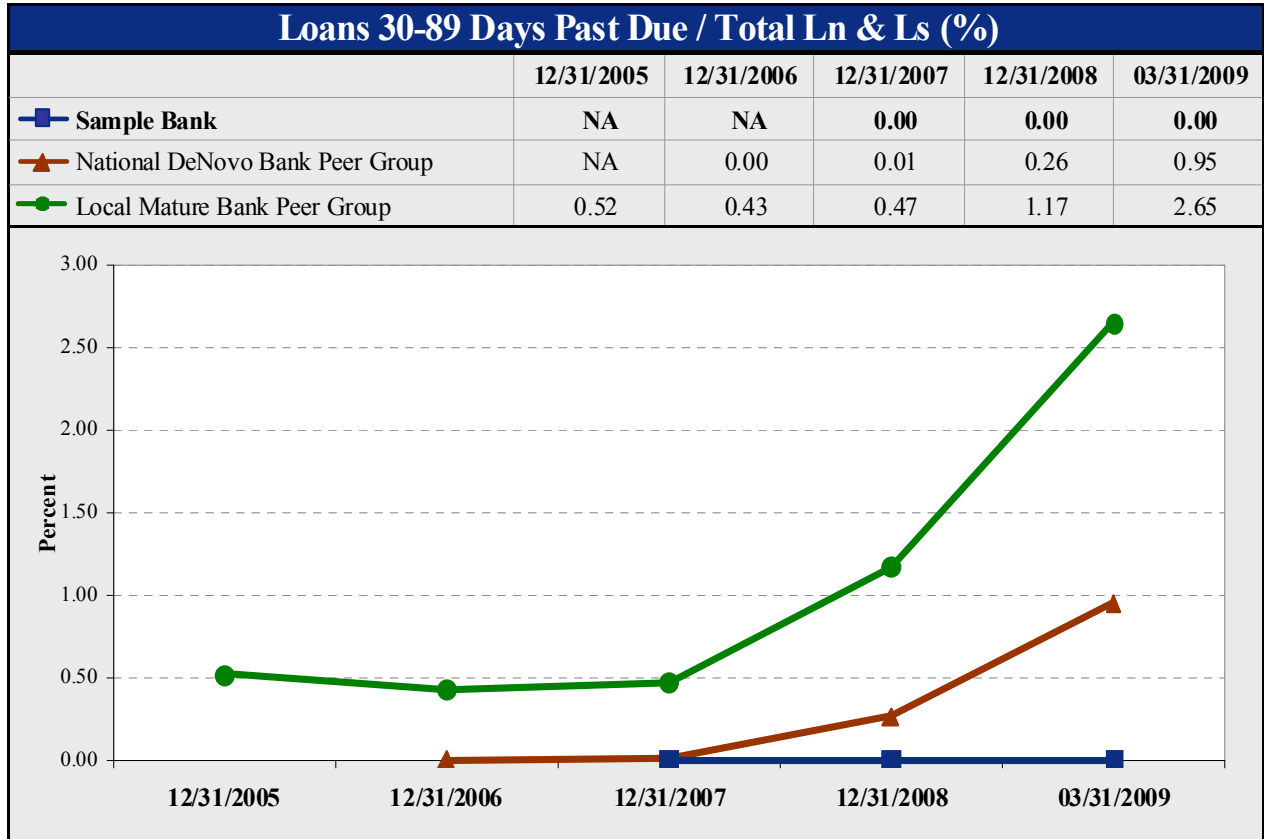


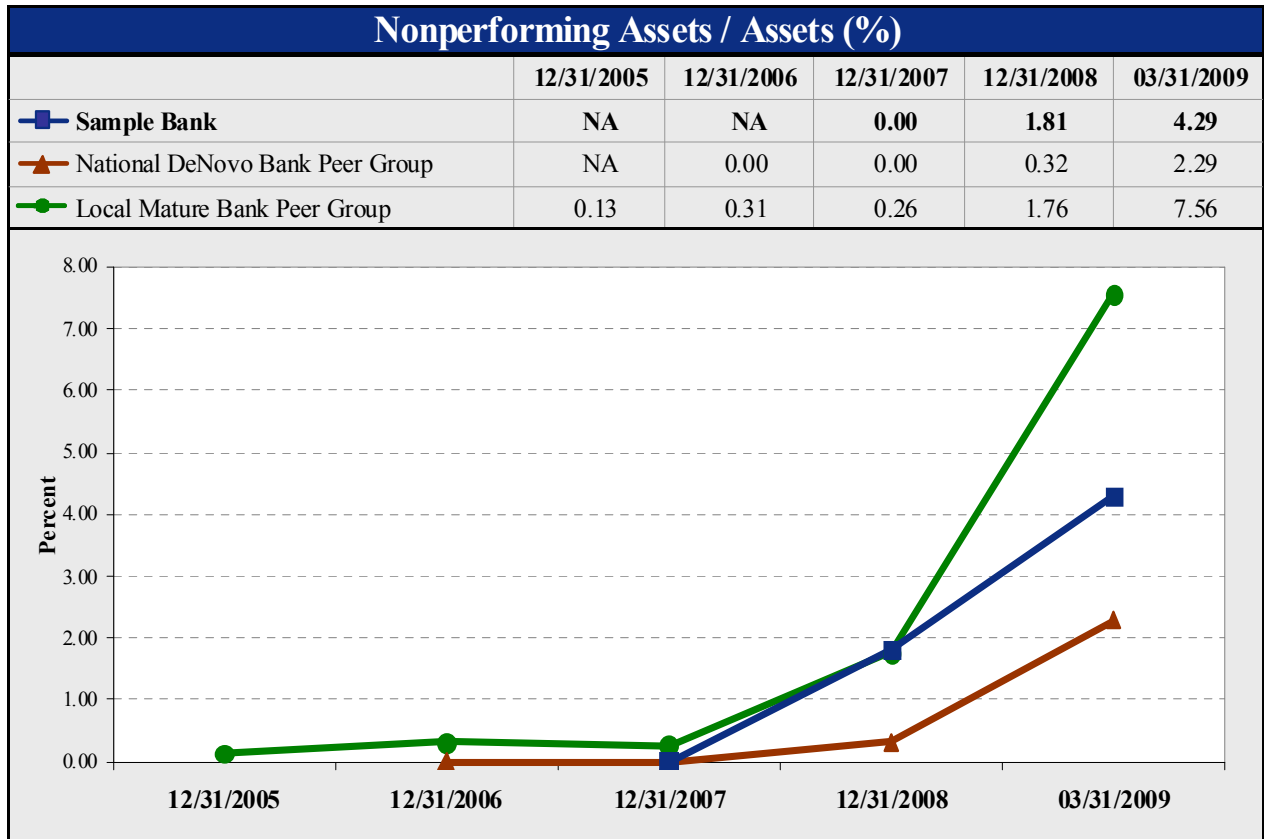
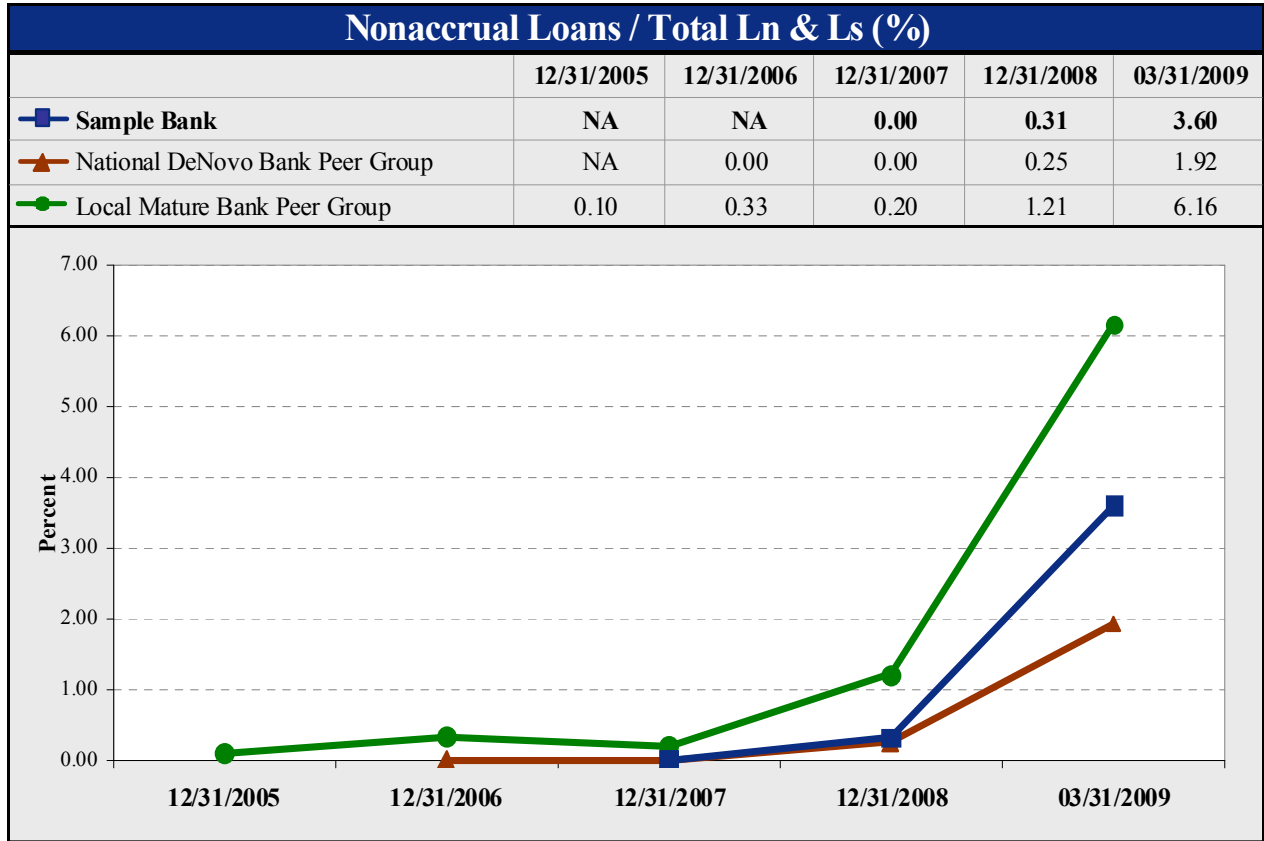












Ratio Definitions

This section describes the derivation of the individual ratios included in the report. The ratio calculations replicate the format of the Uniform Bank Performance Report (UBPR). Detailed technical information regarding the UBPR methodology is available online at <http://www.ffiec.gov/ubprguide.htm>.

Asset and Liability Averages

Two types of averages are used in the ratio calculations. Averages used as denominators in the earnings ratios and yield/cost calculations are based on the cumulative average of the one-quarter averages reported in the Call report. In the asset and liability composition calculations the items are averaged using the ending balance for the prior year-end plus the interim quarters for the current year.

Return on Average Assets

Net income after applicable taxes, net of extraordinary items, and adjusted for subchapter S status if applicable, divided by average assets.

Return on Average Equity

Net income after applicable taxes, net of extraordinary items, and adjusted for subchapter S status if applicable, divided by average equity. Equity capital is averaged using the ending balance for the prior year-end plus the interim quarters for the current year.

Net Interest Income / Average Assets

Total interest income, plus the tax benefit on tax-exempt income, less total interest expense, divided by average assets.

Interest Income / Average Assets

Interest income from earning assets, plus the tax benefit on tax-exempt income, divided by average assets.

Average Earning Assets / Average Assets

Average total loans and leases, average securities, average interest-bearing balances due from depository institutions, average federal funds sold and securities purchased under agreements to resell, average assets held in trading accounts, average interest-only strips, and average equity securities included in other assets, divided by average assets.

Net Loans & Leases / Assets

Loans and leases net of unearned income and the allowance for losses, divided by total assets.

Nonaccrual Loans / Assets

Loans and leases on which interest is no longer being accrued, divided by total assets.

Yield on Total Loans & Leases

Interest and fees on loans and income on direct lease-financing receivables, plus the tax benefit on tax-exempt loan and lease income, divided by average total loans and leases.

Yield on Loans by Type

Total interest and fees by the individual loan categories, divided by the average of the respective loan category involved in generating interest income. Call report definitions apply to individual categories of loans.

Loan Mix as a Percentage of Average Gross Loans & Leases

Loans are distributed by category as a percentage of average gross loans & leases. Call report definitions apply to individual categories of loans.

Yield on Investments

Interest income on securities not held in trading accounts, plus the estimated tax benefit on tax-exempt municipal securities income, divided by average total securities.

Interest Expense / Average Assets

Total interest expense divided by average assets.

Cost of All Interest-Bearing Funds

Interest on all interest-bearing deposits, demand notes issued to the U.S. Treasury, other borrowed money, subordinated notes and debentures, and interest expense on federal funds purchased and securities sold under agreements to repurchase, interest expense on mortgage and capitalized leases, divided by the average of the liabilities or funds that generated those expenses.

Cost of Deposits by Type

Total interest expense by the individual deposit account types, divided by the average of the respective deposit account involved in generating interest expense.

Cost of Federal Funds Purchased & Repos

The expense of federal funds purchased and securities sold under agreements to repurchase, divided by the average of federal funds purchased and securities sold under agreements to repurchase.

Cost of Borrowings

Interest on all liabilities reportable as demand notes issued to the U.S. Treasury and as other borrowed money, divided by the average of interest-bearing demand notes issued to the U.S. Treasury and other liabilities for borrowed money.

Deposit Funding Mix as a Percentage of Average Assets

Deposits are distributed by category as a percentage of average assets. Call report definitions apply to individual categories of deposits.

Non-Deposit Funding / Average Assets

Federal funds purchased and securities sold under agreements to repurchase, FHLB advances, and other borrowed money, divided by average assets.

Non-Interest Expense / Average Assets

Salaries and employee benefits, expenses of premises and fixed assets, and other non-interest expense (including goodwill and other intangibles expense), divided by average assets.

Average Personnel Expense per Employee

Reflects the average salary and benefits per employee per year. Result is shown in thousands.

Total Assets / FTE Employees

Total assets divided by the number of full-time equivalent employees. Result is shown in thousands.

Overhead Efficiency Ratio

Total overhead expense expressed as a percentage of net interest income (tax equivalent) plus non-interest income.

Non-Interest Income / Average Assets

Income derived from bank services and sources other than interest-bearing assets, divided by average assets. Additional ratios reflecting major components of non-interest income are presented as a percentage of average assets.

Provision for Loan & Lease Losses / Average Assets

The amount needed to make the allowance for loan and lease losses adequate to absorb expected loan and lease losses, divided by average assets.

Leverage Ratio

Tier one capital divided by adjusted average assets.

Retained Earnings / Average Equity

Net income, less cash dividends declared, divided by average equity.

Equity Growth Less Asset Growth

The difference between annual equity and asset growth rates.

Cash Dividend / Net Income

Total of cash dividends declared year-to-date divided by net income year-to-date.

Risk-Based Capital Ratio

Risk-based capital divided by risk-weighted assets.

Net Non-Core Funding Dependence

Non-core liabilities, less short-term investments divided by long-term assets.

Wholesale Funding / Total Funding

Brokered deposits plus non-deposit funding (including federal funds purchased and repos, FHLB borrowings, and other borrowings), divided by total deposit and non-deposit funding.

Net Loan Charge-Offs / Average Loans

Gross loan and lease charge-off, less gross recoveries, divided by average total loans and leases.

Loan Loss Reserves / Total Loans and Leases

Ending balance of the allowance for possible loan and lease losses, divided by total loans and leases.

Loans 30-89 Days Past Due / Total Loans and Leases

Loans past due 30-89 days and still accruing interest, divided by total loans and leases.

Loans 90+ Days Past Due / Total Loans and Leases

Loans past due over 90 days and still accruing, divided by total loans and leases.

Nonaccrual Loans / Total Loans and Leases

Total amount of loans on which interest is no longer accrued, divided by total loans and leases.

Nonperforming Assets / Assets

The sum of total non-accrual loans; loans and leases restructured and in compliance with modified terms; total other real estate owned; and non-accrual debt securities and other assets, divided by assets.