



PERFORMANCE RISK ESSENTIALS

WITH COMPETITOR WATCH



5,897
4,648
4,780
1,435
9,564
4,654
6,098
2,456
2,546
3,000
3,656
4,643
7,809

Sample Bank

Quarter Analyzed
2016Q2



800 445 4430

www.seifriedbrew.com

Seifried & Brew (S&B) analyzes hundreds of banks each quarter for risk and reward pursuant to its proprietary S&B Performance Risk Report (“PRR”). Based on this analysis, S&B has formulated its “top 10” most important issues currently facing community banks, which are listed below.

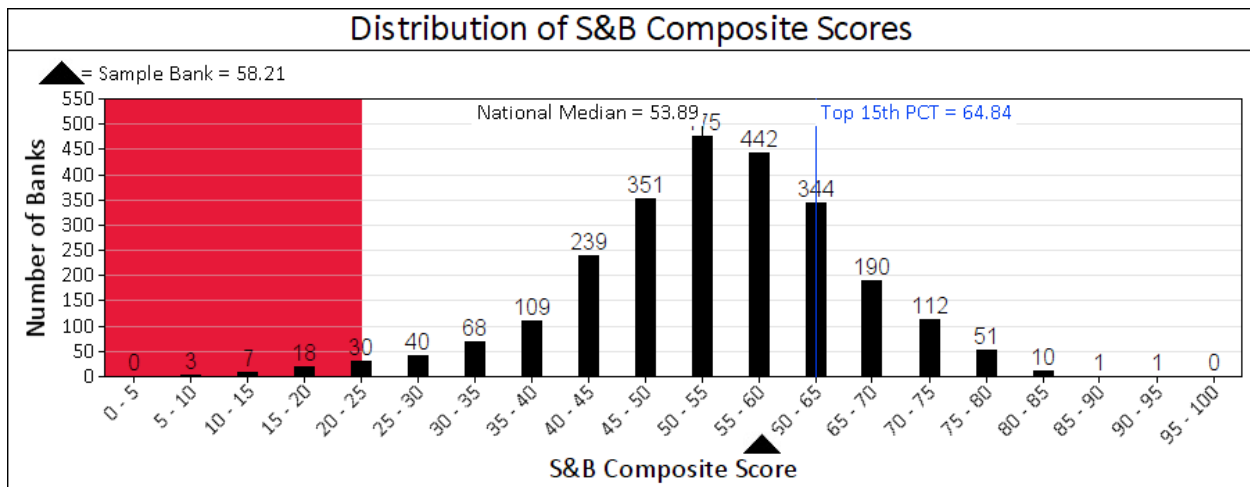
Community Banking Essentials for the 2016Q2

- 1) The community bank benchmark group is now back to the lowest level of risk with respect to the S&B Total Risk scores that are greater than 75. Banks with scores that are greater than 75 are considered to be high risk institutions by S&B. There are currently 11 banks that were considered to have high risk, this is the second time we have reach this lowest post-recession level.
- 2) Globally, politics and central banks have increasingly come into the forefront of discussions during FOMC meetings. Between the international negative rate environment and UK volatility, community banks must think globally and act locally.
- 3) Median returns have increased over the year for all stock banks with assets between \$100 million and \$5 billion. 2Q2016 median ROAA of 0.88% and ROAE of 7.82% are up from last year 1 basis points and 8 basis points, respectively.
- 4) Cost of funds appeared to have reached a floor last quarter, but we saw even lower levels this quarter. The national community bank benchmark has maintained recent lows of 0.44%. This is down from 0.47%, last year.
- 5) All eyes are on the FOMC, futures markets are not anticipating a rate hike for several months. We strongly suggest monitoring voting FOMC member comments and press releases as well as leading indicators (see Federal Reserve Bank of Philadelphia) and the LCMI. Our weekly videos are always a great place to start!
- 6) Loan demand is apparent, as total loans in the community bank benchmark grew 7.14% over the year. This has not increased at the rate of deposits, only increasing 4.17% from a year ago.
- 7) To fill the funding gap banks are seeking brokered deposits (up 19.85% from a year ago) and borrowings (up 10.21% from a year ago).
- 8) With cost of funds flat, net overhead is another area of focus for cost reductions. The two components (noninterest expense/average assets – noninterest income/average assets) show an improvement with noninterest expense falling and noninterest income increasing from the previous year.
- 9) Net interest margin for all community banks fell from last year at 3.71%. Margin compression subsided in the past two quarters, but has reappeared with 49% of community banks seeing a decrease in NIM, quarter over quarter.
- 10) The national community benchmark is still well below previous levels of ROAA, as noted in a previous comment, but the amount of banks producing negative earnings continue to fall. The number of community banks within the national benchmark producing negative earnings decreased from 146 (2Q2015) to 108 (2Q2016).

2016Q2-Risk Versus Reward

There are numerous methods to gauge your community bank’s performance. At S&B, we believe that risk must be measured and quantified as the core of performance. Strategically, every board should set its comfort level of risk. Then, based on circumstances, the level of reward can be set as a strategic goal. However, it is also important the board monitors the relationship between risk and reward in light of the overall banking industry. To do this, the board can utilize the proprietary S&B Risk Versus Reward Composite Index. This index measures a bank’s ability to balance risk and reward. The higher the score, the better balanced the trade off is between risk and reward.

The S&B Composite Rank for Sample Bank (referred to herein as the “Bank”) can be found on page 3. The Bank’s S&B Composite Score of 58.21 ranks it in the 65th percentile of the community bank national benchmark.¹ Therefore, 35 percent of the banks have a higher composite score than the Bank. At this percentile ranking, the Bank’s risk and reward trade-off is greatly balanced compared to the benchmark group. Set forth in the chart below is a distribution of S&B Composite Scores for the benchmark group. Additionally, the national median score is highlighted along with the Bank’s score and the top 15th percentile score. Many directors and management teams want to know where their bank lies in the distribution of the S&B Composite Scores and how their bank compares to the national median score. Please refer to page 9 where this data is presented in tabular format. As demonstrated in the table below, 872 banks have a higher composite score of the 2,491 banks in the benchmark group. Furthermore, the median S&B Composite Score for the state of New York is 54.45.



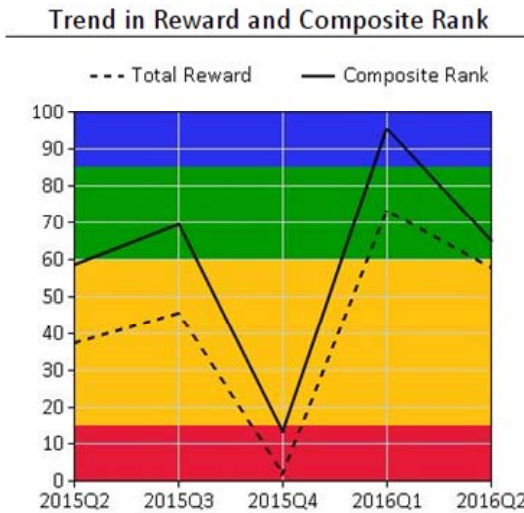
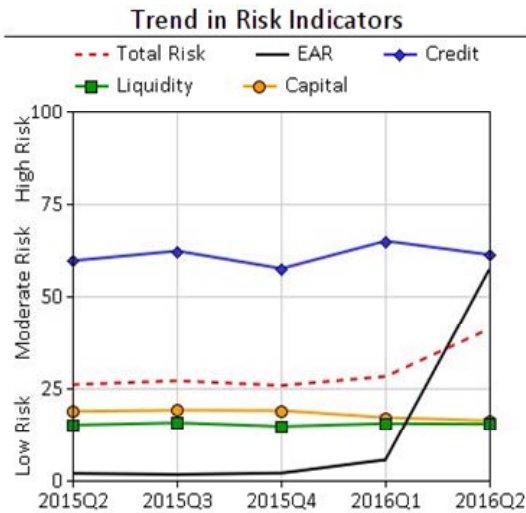
On the following pages, the Bank’s S&B Composite Score is further analyzed based on its two components: Risk and Reward.

¹ The community bank national benchmark includes stock banks with assets between \$100 million and \$5 billion.

Risk vs. Reward

Composite Percentile Rank: 64.9

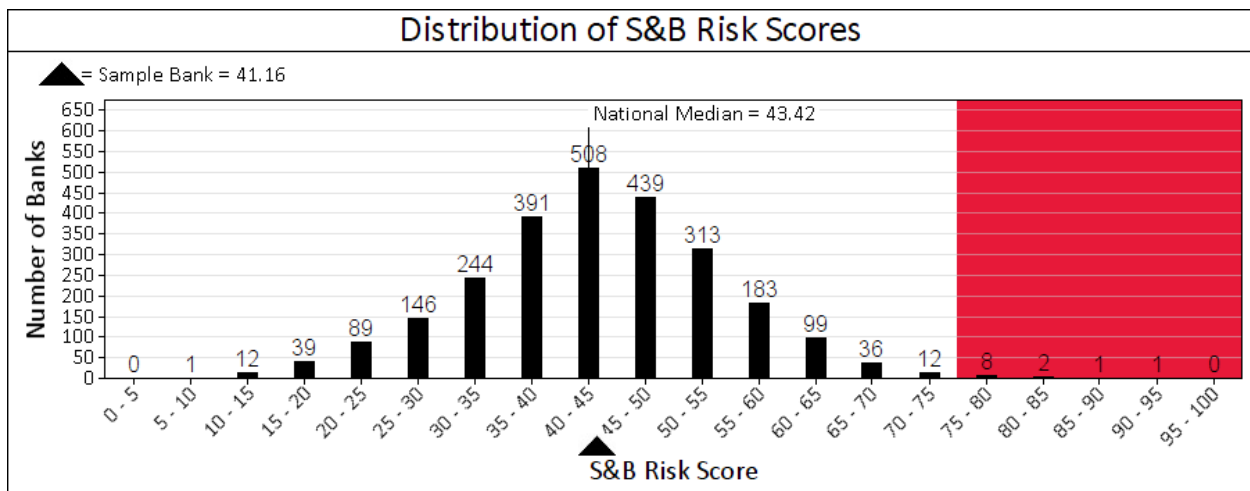
Based upon the combined levels of risk and reward, the Bank's composite ranked in the 65th percentile of all banks in the national benchmark group. At this ranking, the Bank's relationship between risk and reward is at a high level of performance. Below, we breakout the Bank's risk and reward scores for the 2016Q2 along with trending over the past five quarters.



2016Q2-Risk

S&B’s proprietary risk model can be used as confirmation of a community bank’s risk, a method to monitor risk trends, or a red flag for directors and senior management. The S&B Total Risk Index compares your Bank’s risk to all community banks in the U.S. The S&B Total Risk Index and its components should not be viewed as positive or negative. The model’s results should be used to promote assessment of risk, discussion, and possible action. For example, if a bank is showing moderate to high risk, the risk may be mitigated based on the bank’s actual performance. In the extreme, the S&B Total Risk Index predicted 99% of the banks that ultimately failed during the Financial Crisis years before they failed.

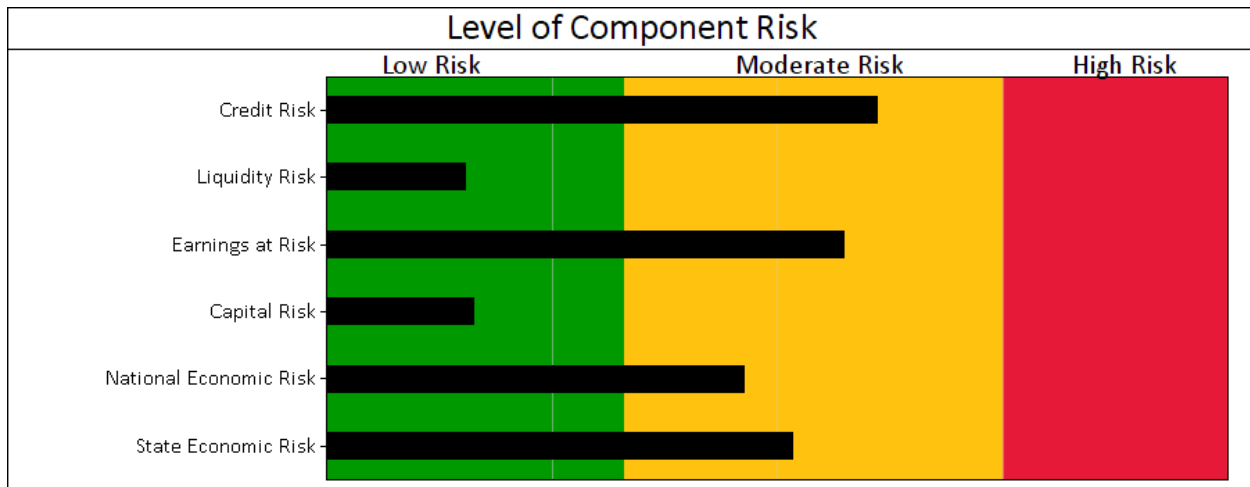
The Bank’s S&B Total Risk Index score is 41.16. This risk score suggests that the Bank is taking a low/moderate level of risk. The chart below presents the distribution of the S&B Total Risk Index scores for the community bank benchmark group along with the Bank’s score and the benchmark’s median score. The area above 75 is highlighted in red as it indicates a high level of overall risk.



S&B believes that every community bank board should understand its overall risk profile and the S&B Total Risk Index can help achieve that goal. The S&B Total Risk Index is founded on the regulatory CAMELS and has Jay Brew’s weightings of capital risk, credit risk, earnings at risk, and liquidity risk. Dr. Ed Seifried has added the vital components of national and regional economic risks. The S&B Total Risk Index can then be used to compare your Bank’s index to your state’s median and the national benchmark’s median. This information is provided on page 9, which shows the national median is 43.42 and the median risk score of New York banks is 41.85. Comparing these scores to the Bank’s score of 41.16, shows that the Bank has taken less risk than the median national benchmark and state peers.

In addition to knowing the overall risk score, it is also important to review each of the components of the index. The S&B Risk Components are indicators of risk that align with the regulatory CAMELS. These indicators provide the Bank with a “red flag” to then analyze the risk further. In many cases, the risk may be mitigated in another part of the balance sheet or in an underlining process or procedure. We have found that if directors and management teams recognized the warnings of risk, that many of the issues affecting community banks during the Financial Crisis and the ensuing Great Recession may have been reduced or entirely averted. As part of their due diligence, it is also important for your directors to monitor the Bank’s risk trends, which can be found on page 3 and further discussed on page 8.

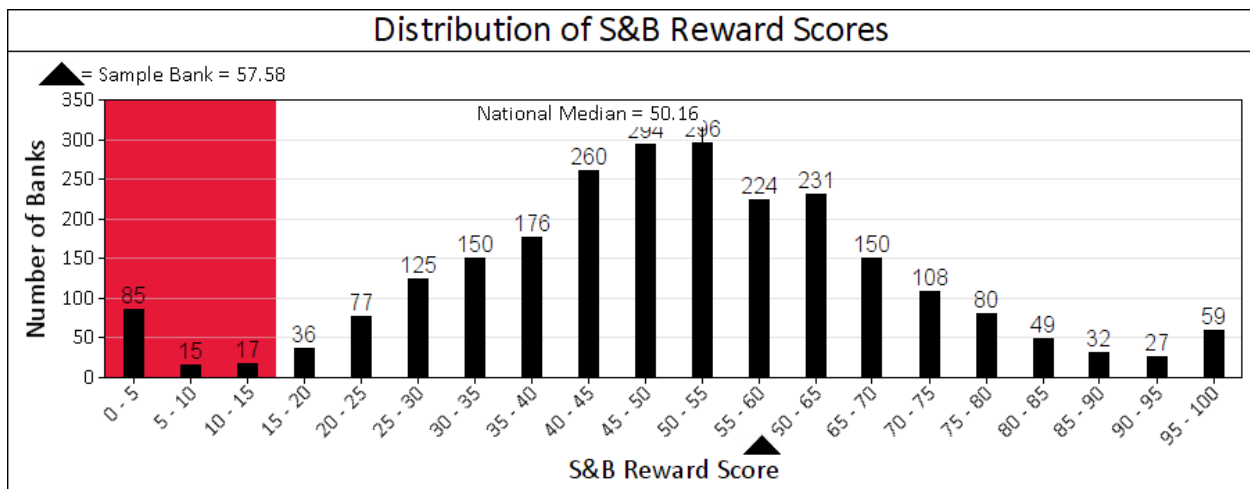
Below, each risk component is identified along with the calculated risk levels for the Bank.



2016Q2-Reward

S&B believes that a community bank’s reward is a balance between return on average assets and return on average equity. A bank’s return on average assets is an indicator of the quality of the bank’s earnings, whereas the return on average equity is dependent on the bank’s strategic goals of maintaining capital safety while providing stable returns to shareholders/stakeholders.

The Bank scored 57.58 within the S&B Reward Scoring System. With that score, the Bank has a moderate level of performance based on S&B’s Reward Scoring System. The median score of the banks in the national benchmark group was 50.16, 7.43 points below the Bank’s score. The chart below presents the distribution of the S&B Reward Scores of the banks in the benchmark group. This chart also indicates where the Bank’s benchmark median and the S&B Reward Score fall within the distribution.



Another way to analyze the Bank’s S&B Reward Score is its percentile ranking among the benchmark group. In the 2016Q2, the Bank’s S&B Reward Score ranked in the 66th percentile within the benchmark. Therefore, only 34 percent of the banks in the benchmark group had a higher S&B Reward Score.

In addition to our scoring system, S&B believes it is important to also follow the three key drivers of a community bank’s earnings performance relative to the benchmark group. These key drivers include net interest margin, net overhead, and tax efficiency. On page 10 of this report, the Performance Dashboard indicates the Bank’s performance in return and the components of the key drivers relative to the national benchmark group. By analyzing the key drivers of earnings, the Bank can determine areas for improvement.



Performance Risk Essentials

In the table below, the underlying drivers of ROAA are identified. Additionally, the table demonstrates the increase in income and the impact to ROAA and ROAE if the Bank were to match the national benchmark's level for those ratios that the Bank is underperforming compared to the national benchmark. Most banks will find that they are doing better than the benchmark in some areas and worse in other areas. By necessity, improvements to one ratio assume that the other ratios remain constant.

Targeted Areas for Improvement

The table below indicates the impact on Net Income, ROAA and ROAE, if the Bank can achieve benchmark performance.

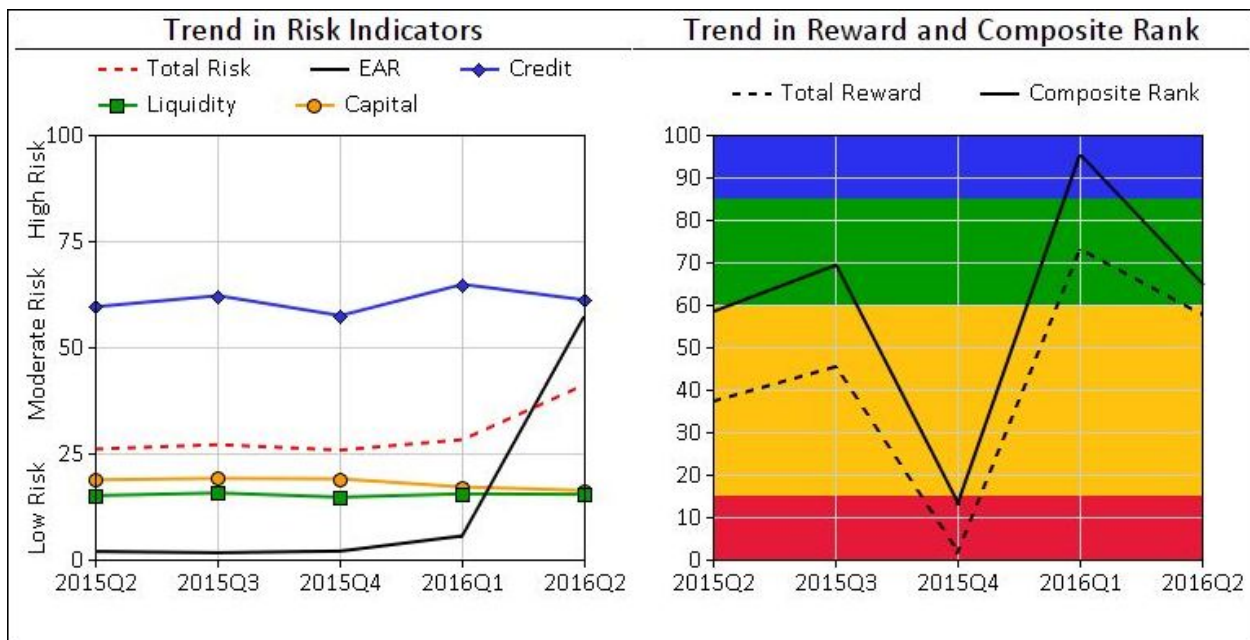
Focus Area	Bank	Benchmark	Improvement in:		
			Net Income (\$000)*	ROAA (bp)	ROAE (bp)
Yield on Loans	6.68	5.04	-	-	-
Yield on Investments	2.55	2.14	-	-	-
Yield on Earning Assets	4.45	4.09	-	-	-
Cost of Funds	0.59	0.48	75.7	6	44
Net Interest Margin	4.09	3.73	-	-	-
Earning Assets/Total Assets	93.95	93.60	-	-	-
Noninterest Income	0.40	0.91	408.0	34	235
Noninterest Expense	2.50	3.03	-	-	-
Net Overhead	2.10	2.10	-	-	-
Tax Burden	32.03	30.30	35.5	3	20

*Assumes a marginal tax rate of 34%

Having a firm grasp of the Bank's strengths and weaknesses is extremely important for deciding where management needs to focus resources to build ROAA and ROAE going forward. The table above illuminates the degree of impact that each area offers. Seeing the impact on the Bank's ROAA and ROAE from matching the benchmark in various areas should help management prioritize and decide what level of commitment in resources is justified for the pursuit of various goals.

Trends in Risk and Reward

S&B, along with the regulators, believes that every director should be aware of trends in risk and reward over time. With failed banks, we have seen disturbing trends in risk years before the banks failed. Trends, both positive and negative, should provide boards and management teams with information for discussion and for possible deeper investigation as part of the oversight process. Below, the trends in the Bank’s S&B Composite Rank, S&B Reward Score and S&B Risk Score covering five quarters are presented.



The charts above demonstrate that the Bank’s S&B Composite Rank has increased over the past five quarters. This increase in the S&B Composite Rank was the result of an increase in the S&B Reward Score, which was slightly offset by an increase in the S&B Risk Score over the past five quarters. Furthermore, there has been a significant degree of volatility in the overall S&B Composite Rank as it has moved within a range of 82.2 points during this period.

	2016Q2	2016Q1	2015Q4	2015Q3	2015Q2
Composite Score	Great	Optimal	Unbalanced	Great	Well-Balanced
Bank Composite Rank	64.90	95.30	13.10	69.30	58.40
Bank Composite Score	58.21	72.42	37.99	59.18	55.64
Banks with Higher Score	872	117	2,191	773	1,048
Banks with Lower Score	1,618	2,406	331	1,750	1,475
National Median	53.89	53.14	52.93	53.82	53.46
15th PCT	64.84	64.19	64.61	65.03	64.84
State Median	54.45	55.34	53.79	53.05	54.57
Reward Score	Moderate Performance	High Performance	Underperforming	Moderate Performance	Low Performance
Bank	57.58	73.05	1.72	45.40	37.27
Banks with Higher Score	842	242	2,366	1,528	1,896
Banks with Lower Score	1,648	2,281	156	995	627
National Median	50.16	48.19	48.63	50.06	49.65
State Median	50.64	49.03	48.71	47.19	52.00
Total Risk Score	Low/Moderate	Low	Low	Low	Low
Bank	41.16	28.20	25.74	27.03	25.99
Banks with Higher Risk	1,488	2,280	2,388	2,347	2,367
Banks with Lower Risk	1,036	244	136	177	157
National Median	43.42	43.00	44.40	43.59	43.98
State Median	41.85	41.93	42.64	43.12	43.25
Credit Risk Score	Moderate/High	Moderate/High	Moderate	Moderate/High	Moderate
Bank	61.10	64.77	57.42	62.11	59.50
Banks with Higher Risk	209	163	320	229	281
Banks with Lower Risk	2,314	2,360	2,203	2,294	2,242
National Median	43.13	43.02	44.33	43.65	44.01
State Median	43.85	43.04	45.30	44.75	45.29
Earnings At Risk Score	Moderate	Low	Low	Low	Low
Bank	57.44	5.54	1.96	1.59	1.87
Banks with Higher Risk	308	1,899	2,121	2,175	2,206
Banks with Lower Risk	2,215	624	402	348	317
National Median	18.29	17.73	19.90	19.97	21.30
State Median	15.37	15.13	17.03	19.80	19.94
Liquidity Risk Score	Low	Low	Low	Low	Low
Bank	15.32	15.45	14.66	15.65	15.04
Banks with Higher Risk	2,202	2,199	2,223	2,200	2,213
Banks with Lower Risk	290	324	300	323	310
National Median	44.52	42.20	42.71	42.44	41.76
State Median	43.88	41.08	42.66	42.15	41.06
Capital Risk Score	Low	Low	Low	Low	Low
Bank	16.25	17.05	18.97	19.08	18.75
Banks with Higher Risk	2,334	2,358	2,352	2,328	2,347
Banks with Lower Risk	189	165	171	195	176
National Median	49.35	49.73	49.83	49.06	49.39
State Median	51.71	50.49	51.09	50.67	50.94

2016Q2 Performance Dashboard

An analysis of:
Sample Bank

Benchmark Group:

Stock banks across the U.S. with assets between \$100 million and \$5 billion.

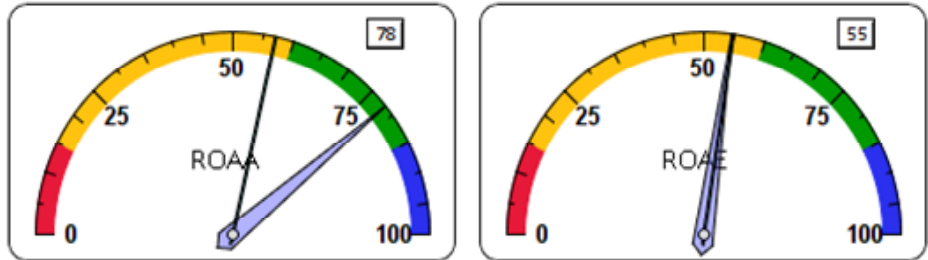
Peer Group:

Stock Banks located in NY with assets between \$100 million and \$5 billion.

(\$000)	2015Q2	2016Q2	% Change	5-y CAGR
Assets	120,287	119,697	-0.5%	-0.54%
Loans	61,820	62,205	0.6%	-3.71%
Deposits	99,539	98,412	-1.1%	-0.22%
LTM Net Income	682	1,027	50.6%	NM

The following percentile dials illustrate where the Bank lies among the Benchmark Group referenced above. For ratios that deal with income items, the higher the ranking the better. The opposite is true for expense items. The number located in the upper right-hand corner of each dial is the Bank's percentile ranking and corresponds to the blue needle on the meter. As a reference point, we have also included the peer's percentile rank indicated by the thin black needle.

Overall Performance



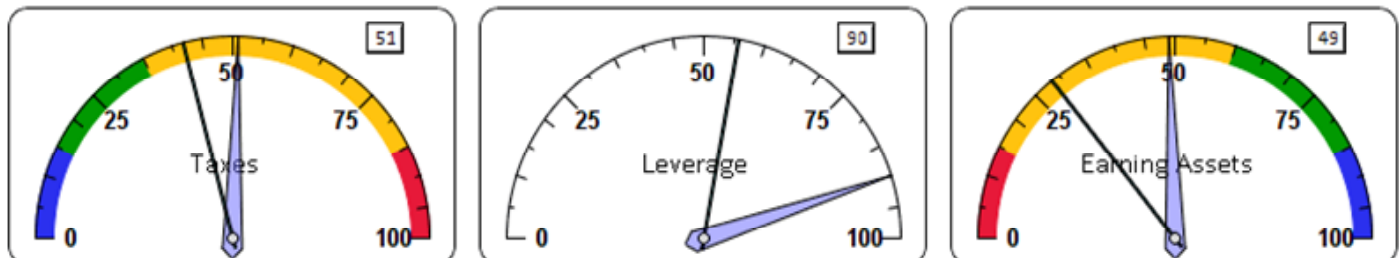
Net Interest Income



Net Overhead



Tax Burden, Capital, and Level of Earning Assets



2016Q2 Financial Comparisons - Sample Bank

Overall Performance (%)	Sample Bank	Nat'l Benchmark	TN Peers	Bmk Var.	Peer Var.
ROAA	1.15	0.87	0.93	31.6%	23.5%
Pre-tax ROAA	1.69	1.24	1.31	36.3%	29.0%
ROAE	8.02	7.78	8.04	3.1%	-0.2%
Pre-tax ROAE	11.79	11.07	11.93	6.5%	-1.2%

Drivers of Performance (%)	Sample Bank	Nat'l Benchmark	TN Peers	Bmk Var.	Peer Var.
Net Interest Margin (FTE)	4.09	3.73	3.99	9.7%	2.6%
Level of Earning Assets	93.95	93.60	92.37	0.4%	1.7%
Provisioning	-0.10	0.12	0.10	-185.5%	-202.7%
Net Overhead	2.10	2.10	2.20	-0.2%	-4.6%
Tax Burden	32.03	30.30	30.37	5.7%	5.5%
Leverage	14.11	10.86	10.67	30.0%	32.2%

Net Interest Income (%)	Sample Bank	Nat'l Benchmark	TN Peers	Bmk Var.	Peer Var.
Net Interest Margin	3.93	3.64	3.89	8.0%	0.9%
Net Interest Margin (FTE)	4.09	3.73	3.99	9.7%	2.6%
Yield on Earning Assets	4.45	4.09	4.41	9.0%	1.0%
Yield on Loans	6.68	5.04	5.37	32.6%	24.5%
Yield on Investments	2.55	2.14	2.21	19.4%	15.6%
Cost of Funds	0.59	0.48	0.53	24.1%	10.8%
Cost of Int. Deposits	0.64	0.53	0.60	19.7%	6.8%
Cost of Borrowings	3.93	1.43	1.07	174.7%	269.0%

Overhead (%)	Sample Bank	Nat'l Benchmark	TN Peers	Bmk Var.	Peer Var.
Net Overhead	2.10	2.10	2.20	-0.2%	-4.6%
Efficiency Ratio	58.95	68.31	67.68	-13.7%	-12.9%
Noninterest Income	0.40	0.91	0.65	-56.1%	-38.5%
Noninterest Expense	2.50	3.03	3.08	-17.5%	-18.9%

Capital (%)	Sample Bank	Nat'l Benchmark	TN Peers	Bmk Var.	Peer Var.
Leverage Ratio	14.11	10.86	10.67	30.0%	32.2%
Equity to Assets	14.67	11.39	11.11	28.8%	32.1%
Total Risk-Based Ratio	31.61	17.04	16.55	85.5%	91.0%

Asset Quality (%)	Sample Bank	Nat'l Benchmark	TN Peers	Bmk Var.	Peer Var.
Nonperforming Assets to Total Assets	4.69	1.42	1.35	229.2%	247.4%
Noncurrent Loans to Total Loans	5.97	1.05	0.69	466.9%	765.2%
Net Charge-offs/ Avg loans (LTM)	0.18	0.11	0.10	62.3%	84.0%

Level of Earning Assets (%)	Sample Bank	Nat'l Benchmark	TN Peers	Bmk Var.	Peer Var.
Level of Earning Assets	93.95	93.60	92.37	0.4%	1.7%
Loans to Assets	51.97	66.74	67.24	-22.1%	-22.7%
Investments to Assets	24.71	19.88	15.72	24.3%	57.2%

Tax Management (%)	Sample Bank	Nat'l Benchmark	TN Peers	Bmk Var.	Peer Var.
Tax Burden	32.03	30.30	30.37	5.7%	5.5%

Productivity (\$000)	Sample Bank	Nat'l Benchmark	TN Peers	Bmk Var.	Peer Var.
Assets Per Employee	5,204	5,269	4,501	-1.2%	15.6%
Loans Per Employee	2,705	3,494	2,708	-22.6%	-0.1%
Deposits Per Employee	4,279	4,341	3,809	-1.4%	12.3%
Branch Productivity	119,697	91,029	54,657	31.5%	119.0%
Revenue Per Employee	53.91	53.5	49.2	0.9%	9.7%

2016Q2 Financial Comparisons - Sample Bank

Loan Composition (% of Loans)	Sample Bank	Nat'l Benchmark	TN Peers	Bmk Var.	Peer Var.
Residential Real Estate	66.97	28.30	32.03	136.7%	109.1%
Commercial Real Estate	9.53	30.80	28.55	-69.1%	-66.6%
Multi-Family Real Estate	5.30	4.05	2.28	30.9%	132.4%
Construction	6.21	6.75	9.73	-7.9%	-36.2%
Farm	1.26	5.28	4.07	-76.1%	-69.0%
Total Real Estate	89.25	76.25	78.94	17.1%	13.1%
Commercial and Industrial	2.83	13.09	12.22	-78.4%	-76.8%
Consumer	7.71	4.25	5.39	81.4%	43.2%
Leases	0.00	0.21	0.00	NA	NA
Other	0.21	6.20	3.45	-96.6%	-93.9%

Security Composition (% of Securities)	Sample Bank	Nat'l Benchmark	TN Peers	Bmk Var.	Peer Var.
U.S. Treasury	0.00	3.08	0.87	NA	NA
U.S. Agency	13.92	22.38	24.20	-37.8%	-42.5%
Municipal	38.69	29.18	32.70	32.6%	18.3%
Mortgage-Backed	29.89	25.61	26.61	16.7%	12.3%
CMO	17.50	10.22	8.94	71.3%	95.9%
CMBS	0.00	2.16	0.79	NA	NA
Structured Product	0.00	0.11	0.00	NA	NA
Asset-Backed	0.00	0.32	0.00	NA	NA
Other Debt	0.00	3.45	1.12	NA	NA
Equity	0.00	0.46	0.14	NA	NA

Deposit Composition (% of Deposits)	Sample Bank	Nat'l Benchmark	TN Peers	Bmk Var.	Peer Var.
Cash-Type Deposits	43.10	68.38	58.78	-37.0%	-26.7%
DDA	15.53	18.07	16.64	-14.0%	-6.7%
NOW	8.74	10.69	13.23	-18.3%	-33.9%
Savings & MMDAs	18.83	39.62	28.90	-52.5%	-34.8%
Total CDs	56.90	30.66	39.85	85.6%	42.8%
Retail CDs	45.44	25.21	32.88	80.2%	38.2%
Jumbo CDs	11.46	5.45	6.97	110.3%	64.5%
Foreign Deposits	NA	NA	NA	NA	NA

Funding Methods (% of Assets)	Sample Bank	Nat'l Benchmark	TN Peers	Bmk Var.	Peer Var.
Deposits	82.22	83.08	84.88	-1.0%	-3.1%
Fed Funds Purchased	0.00	0.13	0.03	NA	NA
Repos	0.00	0.68	0.48	NA	NA
Other Borrowings	1.22	3.60	2.47	-66.1%	-50.5%

LTM Growth Rates (%)	Sample Bank	Nat'l Benchmark	TN Peers	Bmk Var.	Peer Var.
Assets	-0.49	7.84	7.22	-106.3%	-106.8%
Loans	0.62	10.11	10.06	-93.9%	-93.8%
Deposits	-1.13	7.67	7.10	-114.7%	-115.9%



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As of 2016Q2	Sample Bank	Competitor 1	Competitor 2	Competitor 3
Composite Score	Great	Fairly Balanced	Unbalanced	Fairly Balanced
Bank Composite Rank	64.90	33.60	2.80	36.50
Bank Composite Score	58.21	49.57	26.45	50.56
Banks with Higher Score	872	1,654	2,441	1,537
Banks with Lower Score	1,618	837	82	986
National Median	53.89			
15th PCT	64.84			
New York State Median	54.45			
Reward Score	Moderate Performance	Moderate Performance	Underperforming	Low Performance
Bank	57.58	53.06	0.00	33.78
Banks with Higher Score	842	1,079	2,440	2,020
Banks with Lower Score	1,648	1,411	0	470
National Median	50.16			
New York State Median	50.64			
Total Risk Score	Low/Moderate	Moderate	Low/Moderate	Low
Bank	41.16	53.91	47.10	32.66
Banks with Higher Risk	1,488	413	892	2,116
Banks with Lower Risk	1,036	2,111	1,632	408
National Median	43.42			
New York State Median	41.85			
Credit Risk Score	Moderate/High	Low/Moderate	Low/Moderate	Moderate/High
Bank	61.10	48.61	35.87	65.35
Banks with Higher Risk	209	720	1,914	168
Banks with Lower Risk	2,314	1,803	609	2,356
National Median	43.13			
New York State Median	43.85			
Earnings At Risk Score	Moderate	Low	Low	Low
Bank	57.44	13.66	32.92	5.61
Banks with Higher Risk	308	1,434	772	1,931
Banks with Lower Risk	2,215	1,089	1,751	592
National Median	18.29			
New York State Median	15.37			
Liquidity Risk Score	Low	Moderate/High	Low/Moderate	Low
Bank	15.32	69.48	39.29	31.26
Banks with Higher Risk	2,202	217	1,431	1,755
Banks with Lower Risk	290	2,275	1,061	737
National Median	44.52			
New York State Median	43.88			
Capital Risk Score	Low	Moderate/High	Moderate/High	Low
Bank	16.25	64.85	63.69	16.87
Banks with Higher Risk	2,334	127	174	2,330
Banks with Lower Risk	189	2,396	2,349	193
National Median	49.35			
New York State Median	51.71			

2016Q2 Competitor Watch

	Sample Bank	Competitor 1	Competitor 2	Competitor 3
Total Assets (\$000)	119,697	1,582,917	248,561	140,050
Branches	1	26	7	3
Primary Regulator	FDIC	FDIC	FED	FDIC

Overall Performance (%)	Sample Bank	Competitor 1	Competitor 2	Competitor 3
ROAA	1.15	0.85	-0.56	0.58
Pre-tax ROAA	1.69	1.27	-0.56	0.78
ROAE	8.02	8.83	-7.23	3.86
Pre-tax ROAE	11.79	13.19	-7.23	5.19

Drivers of Performance (%)	Sample Bank	Competitor 1	Competitor 2	Competitor 3
Net Interest Margin (FTE)	4.09	3.77	3.43	4.38
Level of Earning Assets	94.01	92.58	93.49	86.44
Provisioning	-0.10	0.08	-0.08	0.00
Net Overhead	2.10	2.26	3.78	2.93
Tax Burden	32.03	33.21	NM	25.82
Leverage	14.11	8.60	7.63	14.39

Net Interest Income (%)	Sample Bank	Competitor 1	Competitor 2	Competitor 3
Net Interest Margin	3.93	3.67	3.36	4.30
Net Interest Margin (FTE)	4.09	3.77	3.43	4.38
Yield on Earning Assets	4.45	4.08	3.90	4.76
Yield on Loans	6.68	4.47	4.76	6.02
Yield on Investments	2.55	2.04	2.12	2.60
Cost of Funds	0.59	0.42	0.55	0.48
Cost of Int. Deposits	0.64	0.56	0.67	0.58
Cost of Borrowings	3.93	0.47	0.53	NA

Overhead (%)	Sample Bank	Competitor 1	Competitor 2	Competitor 3
Net Overhead	2.10	2.26	3.78	2.93
Efficiency Ratio	58.95	67.81	115.54	79.05
Noninterest Income	0.40	0.49	0.46	0.29
Noninterest Expense	2.50	2.75	4.24	3.22

Capital (%)	Sample Bank	Competitor 1	Competitor 2	Competitor 3
Leverage Ratio	14.11	8.60	7.63	14.39
Equity to Assets	14.67	9.50	7.87	15.21
Total Risk-Based Ratio	31.61	10.45	12.90	24.51

Asset Quality (%)	Sample Bank	Competitor 1	Competitor 2	Competitor 3
Nonperforming Assets to Total Assets	4.69	0.72	0.12	4.70
Noncurrent Loans to Total Loans	5.97	0.64	0.19	3.27
Reserves to Total Loans	1.17	0.48	1.27	1.37

Level of Earning Assets (%)	Sample Bank	Competitor 1	Competitor 2	Competitor 3
Level of Earning Assets	94.01	92.58	93.49	86.44
Loans to Assets	51.97	79.23	65.59	59.32
Investments to Assets	24.29	12.02	23.87	27.38

Tax Management (%)	Sample Bank	Competitor 1	Competitor 2	Competitor 3
Tax Burden	32.03	33.21	NM	25.82

2016Q2 Competitor Watch

Productivity (\$000)	Sample Bank	Competitor 1	Competitor 2	Competitor 3
Assets Per Employee	5,204	6,281	3,405	3,501
Loans Per Employee	2,705	4,977	2,233	2,077
Deposits Per Employee	4,279	5,013	3,009	2,913
Branch Productivity	119,697	60,881	35,509	46,683
Revenue Per Employee	53.91	59.7	31.4	35.3

Loan Composition (% of Loans)	Sample Bank	Competitor 1	Competitor 2	Competitor 3
Residential Real Estate	66.97	18.92	24.90	48.82
Commercial Real Estate	9.53	61.69	34.80	15.34
Multi-Family Real Estate	5.30	1.68	6.26	6.70
Construction	6.21	6.97	4.92	6.17
Farm	1.26	0.14	2.55	3.51
Total Real Estate	89.25	89.40	73.43	80.53
Commercial and Industrial	2.83	9.45	22.16	6.64
Consumer	7.71	0.45	0.59	10.17
Leases	0.00	0.00	0.00	0.02
Other	0.21	0.70	3.82	2.64

Security Composition (% of Securities)	Sample Bank	Competitor 1	Competitor 2	Competitor 3
U.S. Treasury	0.00	1.59	0.00	0.00
U.S. Agency	13.92	2.71	11.47	19.86
Municipal	38.69	33.06	12.27	20.39
Mortgage-Backed	47.39	62.64	75.36	59.76
CMO	0.00	0.00	0.00	0.00
CMBS	0.00	0.00	0.00	0.00
Structured Product	0.00	0.00	0.00	0.00
Asset-Backed	0.00	0.00	0.00	0.00
Other Debt	0.00	0.00	0.91	0.00
Equity	0.00	0.00	0.00	0.00

Deposit Composition (% of Deposits)	Sample Bank	Competitor 1	Competitor 2	Competitor 3
Cash-Type Deposits	43.10	64.44	58.54	58.72
DDA	15.53	4.36	18.42	17.51
NOW	8.74	2.43	14.14	16.46
Savings & MMDAs	18.83	57.65	25.98	24.75
Total CDs	56.90	35.55	41.45	41.27
Retail CDs	45.44	30.24	36.59	36.00
Jumbo CDs	11.46	5.31	4.86	5.27
Foreign Deposits	NA	0.00	0.00	0.00

Funding Methods (% of Assets)	Sample Bank	Competitor 1	Competitor 2	Competitor 3
Deposits	82.22	79.81	88.38	83.19
Fed Funds Purchased	0.00	0.00	0.00	0.00
Repos	0.00	1.72	0.00	0.00
Other Borrowings	1.22	7.99	3.22	0.00

LTM Growth Rates (%)	Sample Bank	Competitor 1	Competitor 2	Competitor 3
Assets	-0.49	21.39	-7.17	4.66
Loans	0.62	23.03	-7.39	4.87
Deposits	-1.13	16.44	-4.48	4.30

