

### Bank Failures 2012

A total of 23 banking failures have occurred thus far in 2012. The following table and write-ups summarize the failures that occurred following the release of ratings based on fourth quarter 2011 financials.

| 2012 Bank Failures                                    |                 |       |                   |                              |                        |                    |  |                                    |         |         |                         |                        |                        |              |
|---|-----------------|-------|-------------------|------------------------------|------------------------|--------------------|--|------------------------------------|---------|---------|-------------------------|------------------------|------------------------|--------------|
| NAME  | CITY            | State | Total Assets (\$) | Brokered Dep. / Deposits (%) | Net Loans / Assets (%) | NPAs / Capital (%) | Constr. & Land Dev Lns. / Total Lns. (%) | (Cap. - Intang. Asts) / Assets (%) | NIM (%) | ROA (%) | Change in Core Dep. (%) | KBRA Rating Prior Qtr. | KBRA Rating Failed Qtr | Failure Date |
| The First State Bank                                  | Stockbridge     | GA    | 536.94M           | 4.78                         | 66.06                  | 870.17             | 36.02                                    | 1.10                               | 2.14    | (2.65)  | (3.12)                  | E(2Q11)                | E(3Q11)                | 1/20/12      |
| Central Florida State Bank                            | Belleview       | FL    | 79.36M            | 10.44                        | 62.98                  | 473.88             | 23.14                                    | 1.83                               | 2.99    | (7.54)  | (2.40)                  | E(2Q11)                | E(3Q11)                | 1/20/12      |
| American Eagle Savings Bank                           | Boothwyn        | PA    | 19.61M            | 0.00                         | 52.88                  | 0.00               | 0.00                                     | 0.69                               | 3.86    | (2.74)  | (6.70)                  | E(2Q11)                | E(3Q11)                | 1/20/12      |
| Tennessee Commerce Bank                               | Franklin        | TN    | 1.18B             | 16.56                        | 85.59                  | 272.94             | 10.64                                    | 0.99                               | 3.04    | (13.07) | (27.86)                 | E(2Q11)                | E(3Q11)                | 1/27/12      |
| First Guaranty Bank and Trust Company of Jacksonville | Jacksonville    | FL    | 377.89M           | 11.72                        | 73.25                  | 520.46             | 5.21                                     | 1.66                               | 2.07    | (2.19)  | (8.39)                  | E(2Q11)                | E(3Q11)                | 1/27/12      |
| BankEast  | Knoxville       | TN    | 272.63M           | 0.00                         | 67.99                  | 257.57             | 20.63                                    | 0.89                               | 3.28    | (2.18)  | 1.58                    | E(2Q11)                | E(3Q11)                | 1/27/12      |
| Patriot Bank Minnesota                                | Forest Bank     | MN    | 111.33M           | 0.00                         | 71.73                  | 264.40             | 24.32                                    | 2.02                               | 3.36    | (6.04)  | (1.86)                  | E(2Q11)                | E(3Q11)                | 1/27/12      |
| SCB Bank  | Shelbyville     | IN    | 200.41M           | 40.24                        | 71.74                  | 199.20             | 0.89                                     | 2.77                               | 2.59    | (2.40)  | (10.20)                 | E(2Q11)                | E(3Q11)                | 2/10/12      |
| Charter National Bank and Trust                       | Hoffman Estates | IL    | 98.41M            | 0.00                         | 66.10                  | 265.66             | 9.44                                     | 4.07                               | 4.13    | (1.61)  | (4.07)                  | E(2Q11)                | E(3Q11)                | 2/10/12      |

| 2012 Bank Failures                 |                |       |                   |                              |                        |                    |  |                                    |         |         |                         |                        |                        |              |
|------------------------------------|----------------|-------|-------------------|------------------------------|------------------------|--------------------|--|------------------------------------|---------|---------|-------------------------|------------------------|------------------------|--------------|
| NAME                               | CITY           | State | Total Assets (\$) | Brokered Dep. / Deposits (%) | Net Loans / Assets (%) | NPAs / Capital (%) | Constr. & Land Dev Lns. / Total Lns. (%) | (Cap. - Intang. Asts) / Assets (%) | NIM (%) | ROA (%) | Change in Core Dep. (%) | KBRA Rating Prior Qtr. | KBRA Rating Failed Qtr | Failure Date |
| Home Savings of America            | Little Falls   | MN    | 440.00M           | 0.00                         | 73.99                  | 365.71             | 0.00                                     | 2.64                               | 1.80    | (1.99)  | (1.81)                  | E(2Q11)                | E(3Q11)                | 2/24/12      |
| Central Bank of Georgia            | Ellaville      | GA    | 276.23M           | 0.00                         | 71.19                  | 234.80             | 18.42                                    | 3.35                               | 3.42    | (2.71)  | 0.60                    | E(2Q11)                | E(3Q11)                | 2/24/12      |
| Global Commerce Bank               | Doraville      | GA    | 143.68M           | 0.00                         | 50.02                  | 574.56             | 2.29                                     | 0.80                               | 2.22    | (5.44)  | (10.11)                 | E(2Q11)                | E(3Q11)                | 3/2/12       |
| New City Bank                      | Chicago        | IL    | 71.20M            | 36.56                        | 59.28                  | 390.48             | 11.55                                    | (2.53)                             | 4.32    | (12.88) | 11.87                   | E(3Q11)                | E(4Q11)                | 3/9/12       |
| Premier Bank                       | Wilmette       | IL    | 268.70M           | 13.26                        | 58.41                  | 322.66             | 4.19                                     | 2.05                               | 1.59    | (3.41)  | (3.67)                  | E(3Q11)                | E(4Q11)                | 3/23/12      |
| Covenant Bank & Trust              | Rock Spring    | GA    | 95.73M            | 0.00                         | 71.55                  | 560.51             | 22.09                                    | 1.97                               | 3.67    | (2.54)  | (1.55)                  | E(3Q11)                | E(4Q11)                | 3/23/12      |
| Fidelity Bank                      | Dearborn       | MI    | 842.51M           | 0.00                         | 79.02                  | 125.94             | 5.94                                     | 4.68                               | 4.10    | 0.19    | (0.83)                  | E(3Q11)                | E(4Q11)                | 3/30/12      |
| Fort Lee Federal Savings Bank, FSB | Fort Lee       | NJ    | 51.93M            | 0.00                         | 53.40                  | 303.68             | 0.00                                     | 1.99                               | 3.20    | (5.65)  | 1.52                    | E(3Q11)                | E(4Q11)                | 4/20/12      |
| Plantation Federal Bank            | Pawleys Island | SC    | 486.40M           | 0.19                         | 69.54                  | 460.03             | 1.64                                     | 1.06                               | 2.39    | (3.55)  | (20.27)                 | E(3Q11)                | E(4Q11)                | 4/27/12      |
| Inter Savings Bank FSB             | Maple Grove    | MN    | 481.59M           | 0.00                         | 82.12                  | 245.31             | 0.00                                     | 1.52                               | 3.32    | (0.97)  | (2.79)                  | E(3Q11)                | E(4Q11)                | 4/27/12      |
| Bank of the Eastern Shore          | Cambridge      | MD    | 166.67M           | 0.00                         | 84.33                  | 161.89             | 1.59                                     | 1.81                               | 2.95    | (4.76)  | (3.25)                  | E(3Q11)                | E(4Q11)                | 4/27/12      |
| Harvest Bank of Maryland           | Rockville      | MD    | 164.34M           | 0.11                         | 58.18                  | 470.04             | 14.16                                    | 1.57                               | 2.46    | (1.70)  | 10.58                   | E(3Q11)                | E(4Q11)                | 4/27/12      |

| 2012 Bank Failures                  |                  |       |                   |                              |                        |                    |  |                                    |         |         |                         |                        |                        |              |
|-------------------------------------|------------------|-------|-------------------|------------------------------|------------------------|--------------------|--|------------------------------------|---------|---------|-------------------------|------------------------|------------------------|--------------|
| NAME                                | CITY             | State | Total Assets (\$) | Brokered Dep. / Deposits (%) | Net Loans / Assets (%) | NPAs / Capital (%) | Constr. & Land Dev Lns. / Total Lns. (%) | (Cap. - Intang. Asts) / Assets (%) | NIM (%) | ROA (%) | Change in Core Dep. (%) | KBRA Rating Prior Qtr. | KBRA Rating Failed Qtr | Failure Date |
| Palm Desert National Bank           | Palm Desert      | CA    | 125.75M           | 5.40                         | 62.72                  | 630.36             | 18.59                                    | 1.64                               | 3.55    | (3.52)  | (5.64)                  | E(3Q11)                | E(4Q11)                | 4/27/12      |
| Security Bank, National Association | North Lauderdale | FL    | 95.43             | 0.61                         | 78.38                  | 290.93             | 1.74                                     | 2.30                               | 3.79    | (7.81)  | (14.50)                 | E(3Q11)                | E(4Q11)                | 5/4/12       |

## Regulators Close First Three Banks of the Year

January 23, 2012

**The First State Bank** (FDIC Certificate Number: 19252), a bank based in Stockbridge, Georgia, with \$536.94 million in assets was closed by the Georgia Department of Banking and Finance on Friday, January 20, 2012. The bank has been rated “E” since the September 2007 rating period due to extremely poor asset quality and undercapitalization as well as a negative earnings trend. As of September 30, 2011, nonperforming assets comprised 870% of total equity plus reserves and were 8% covered by reserves. The First State Bank reported Tier 1, total risk-based, and tangible capital ratios equal to 0.96%, 1.92%, and 1.10%, respectively, in the third quarter of 2011, leaving the bank critically undercapitalized. Moreover, equity capital declined 64% and the bank posted a cumulative net loss of \$10.67 million during the same period. Deposit accounts were transferred to **Hamilton State Bank** (rating “B+”, FDIC Certificate Number: 57810), based in Hoschton, Georgia.

**Central Florida State Bank** (FDIC Certificate Number: 57186), based in Belleview, Florida, failed on Friday, January 20, 2012, after maintaining an “E” rating since the March 2009 rating period. The bank suffered from poor asset quality, undercapitalization, and a trend of net losses. As of the third quarter of 2011, the bank’s nonperforming assets comprised 473% of total equity plus reserves and were 13% covered by reserves. Additionally, the bank had been consistently losing equity capital since the first quarter of 2010, reporting a tangible capital ratio of only 1.83% as of September 30, 2011. Subsequently, the bank’s regulatory capital ratios, including Tier 1 and total risk-based capital, were deficient at 2.41% and 3.69%. Furthermore, Central Florida State Bank posted a cumulative net loss of \$4.49 million and an annualized cumulative return on assets of negative 7.54% in the same period. Central Florida State Bank was subject to a consent order issued by the FDIC on April 8, 2011 citing the bank for poor management, inadequate equity capital, and operating with hazardous lending and collection practices, among other topics. Deposits of Central Florida State Bank were transferred to **CenterState Bank of Florida, National Association** (rating “B”, FDIC Certificate Number: 33555), a bank, based in Winter Haven, Florida.

**American Eagle Savings Bank** (Docket Number: 7212), a thrift based in Boothwyn, Pennsylvania, carried an “E” rating for three consecutive quarters prior to failing on Friday, January 20, 2012. The institution had been poorly capitalized and was continuously posting lower equity capital levels, including a 54% loss in the third quarter of 2011, following a 27% loss in the prior quarter. Additionally, American Eagle Savings Bank posted net losses throughout 2010 and 2011. As of July 1, 2011, American Eagle Savings Bank was the subject of an OTS issued prompt corrective action directive ordering the thrift to recapitalize by the end of August of the same year. **Capital Bank, National Association** (rating “C”, FDIC Certificate Number: 35278), a bank based in Rockville, Maryland, assumed American Eagle Savings Bank’s deposits and reopened its single location on Saturday morning.

| 3Q11 Financial Summary      |             |       |                      |                              |                        |                    |                                    |         |         |             |             |             |
|-----------------------------|-------------|-------|----------------------|------------------------------|------------------------|--------------------|------------------------------------|---------|---------|-------------|-------------|-------------|
| Name                        | City        | State | Total Assets (\$Mil) | Brokered Dep. / Deposits (%) | Net Loans / Assets (%) | NPAs / Capital (%) | (Cap. - Intang. Asts) / Assets (%) | NIM (%) | ROA (%) | 1Q11 Rating | 2Q11 Rating | 3Q11 Rating |
| The First State Bank        | Stockbridge | GA    | 536.94               | 4.78                         | 66.06                  | 870.17             | 1.10                               | 2.14    | (2.65)  | E           | E           | E           |
| Central Florida State Bank  | Bellevue    | FL    | 79.36                | 10.44                        | 62.98                  | 473.88             | 1.83                               | 2.99    | (7.54)  | E           | E           | E           |
| American Eagle Savings Bank | Boothwyn    | PA    | 19.61                | 0.00                         | 52.88                  | 0.00               | 0.69                               | 3.86    | (2.74)  | E           | E           | E           |

## Regulators Close Four More Banks Totaling Seven in 2012

January 30, 2012

**Tennessee Commerce Bank** (FDIC Certificate Number: 35296), a bank centered in Franklin, Tennessee, with \$1.18 billion in assets, was closed on Friday, January 27, 2012, by the Tennessee Department of Financial Institutions. The bank maintained an “E” rating since the June 2011 rating period due to poor asset quality, negative earnings, and declining capital. The bank’s asset quality deteriorated rapidly in the second quarter of 2011 when reported nonperforming assets (NPAs) increased 126% to comprise 9.36% of total assets and 103.86% of equity plus reserves, compared to 4.44% and 43.91% in the prior quarter, respectively. Asset quality remained weak in the third quarter, representing 9.66% of total assets and 272.94% of equity plus reserves. Additionally, charge-offs increased significantly in the third quarter representing 9.75% of total assets on an annualized basis. Tennessee Commerce Bank posted a significant net loss in the third quarter of 2011 of \$102.76 million, resulting in a cumulative annualized return on assets (ROA) of negative 13.07%. Consequently, the bank recorded a 90% decline in total equity, ranking the bank as critically undercapitalized by regulatory standards with a Tier 1 leverage ratio equal to 0.95%. Moreover, Tennessee Commerce Bank was the subject of an FDIC supervisory prompt corrective action directive issued November 2, 2011. All deposits of the bank have been transferred to **Republic Bank & Trust Company** (rating “C”, FDIC Certificate Number: 23627), a bank based in Louisville, Kentucky.

**First Guaranty Bank and Trust Company of Jacksonville** (FDIC Certificate Number: 16579), based in Jacksonville, Florida, was closed by the Florida Office of Financial Regulation on Friday, January 27, 2012, after carrying an “E” rating since the June 2008 rating period. The bank was closed due to poor asset quality, undercapitalization, and a negative earnings trend. First Guaranty Bank and Trust Company of Jacksonville, a bank with \$377.89 million in assets, reported a nonperforming assets-to total equity plus reserves ratio of 520.46%, while reserves only covered 13.19% of total NPAs. Additionally, capital declined 36% over the third quarter, influencing the Tier 1 and total risk-based capital ratios, which stood at 2.12% and 3.42% in the third quarter of 2011, respectively. The bank was considered critically undercapitalized by regulatory standards. Furthermore, First Guaranty Bank and Trust Company of Jacksonville reported annualized negative ROAs of 2.19%, 1.36%, 2.31%, and 3.57% in the four most recent quarters and a cumulative year-to-date loss of \$6.22 million. First Guaranty Bank and Trust Company of Jacksonville was the subject of a consent order issued by the FDIC on August 11, 2010, citing the bank for poor management, low capital levels, and operating with a large volume of poor quality loans among other items. All deposits of the bank have been transferred to **CenterState Bank of Florida, National Association** (rating “B”, FDIC Certificate Number: 33555), a bank based in Winter Haven, Florida.

**BankEast** (FDIC Certificate Number: 19869), based in Knoxville, Tennessee, was closed by the Tennessee Department of Financial Institutions on Friday, January 27, 2012. The bank had been rated “E” for eight consecutive quarters and appeared on the *Institutions of Concern* list dating back to the September 2010 rating period. As of September 30, 2011, the troubled bank’s capital position was abysmal with Tier 1, total risk-based, and leverage capital ratios of 1.08%, 2.16%, and 0.85%, respectively – all well below the regulatory thresholds for adequate capitalization. The bank’s tangible capital ratio of 0.89% ranked it in the bottom of all commercial banks. BankEast, recorded a 61% decline in equity capital in the third quarter of 2011, continuing a trend of substantial capital losses throughout 2010 and 2011. Nonperforming assets, which totaled \$30.19 million, comprised 257.57% of remaining equity capital plus reserves and 11.13% of total assets. The bank’s poor asset quality is likely due to its high concentration in construction and land development loans, which comprised 20.63% of BankEast’s loan portfolio. In comparison, the median ratio of construction loans to total loans across all domestic banks is 4.33%. BankEast consistently posted quarterly net losses dating back to the fourth quarter of 2010. **U.S. Bank National Association** (rating “C”, FDIC Certificate Number: 6548), based in Cincinnati, Ohio, assumed BankEast’s deposits and reopened its ten branch locations on Monday.

**Patriot Bank Minnesota** (FDIC Certificate Number: 34823) based in Forest Lake, Minnesota, a bank with approximately \$111.33 million in assets, was closed by the Minnesota Department of Commerce on Friday, January 27, 2012. The failed bank had been “E” rated for fifteen consecutive quarters and appeared on the KBRA *Institutions of Concern (IOC)* list since the September 2010 rating period. Patriot Bank Minnesota was critically undercapitalized by regulatory standards with a Tier 1 capital ratio of 2.15%, a total risk-based capital ratio of 3.43%, and a Tier 1 leverage capital ratio of 1.85%, due to a trend of declining equity capital. Patriot Bank Minnesota reported \$16.28 million in nonperforming assets (NPAs) as of September 30, 2011, which comprised 264.40% of remaining equity plus reserves and were inadequately reserved with a reserves to NPAs ratio of 23.99%. Patriot Bank Minnesota reported both quarterly and cumulative net losses throughout 2010 and 2011, ultimately resulting in a cumulative net loss of \$5.04 million and a negative return on assets of 6.04% in the third quarter of 2011. Subsequently, Patriot Bank Minnesota was the subject of an FDIC consent order issued in September 2010, which cited weaknesses in asset quality, allowance for loan and lease losses, capital levels, and asset quality in addition to a plethora of other areas of concern. All assets of Patriot Bank Minnesota were assumed by **First Resource Bank** (rating “C”, FDIC Certificate Number: 58039) based in Savage, Minnesota.

| 3Q11 Financial Summary                                |              |       |                      |                              |                        |                    |                                    |         |         |             |             |             |
|---|--------------|-------|----------------------|------------------------------|------------------------|--------------------|------------------------------------|---------|---------|-------------|-------------|-------------|
| Name  | City         | State | Total Assets (\$Mil) | Brokered Dep. / Deposits (%) | Net Loans / Assets (%) | NPAs / Capital (%) | (Cap. - Intang. Asts) / Assets (%) | NIM (%) | ROA (%) | 1Q11 Rating | 2Q11 Rating | 3Q11 Rating |
| Tennessee Commerce Bank                               | Franklin     | TN    | 1,184.92             | 16.56                        | 85.59                  | 272.94             | 0.99                               | 3.04    | (13.07) | D           | E           | E           |
| First Guaranty Bank and Trust Company of Jacksonville | Jacksonville | FL    | 377.89               | 11.72                        | 73.25                  | 520.46             | 1.66                               | 2.07    | (2.19)  | E           | E           | E           |
| BankEast  | Knoxville    | TN    | 272.63               | 0.00                         | 67.99                  | 257.57             | 0.89                               | 3.28    | (2.18)  | E           | E           | E           |
| Patriot Bank Minnesota                                | Forest Lake  | MN    | 111.33               | 0.00                         | 71.73                  | 264.40             | 2.02                               | 3.36    | (6.04)  | E           | E           | E           |

## Regulators Close Two More Banks Totaling Nine in 2012

February 13, 2012

**SCB Bank** (Docket Number: 4044), a thrift based in Shelbyville, Indiana, was closed by the Office of the Comptroller of the Currency on February 10, 2012. The bank had been rated “E” for six consecutive quarters and appeared on the *Institutions of Concern* list throughout the 2011 rating period. The failed thrift ranked in the bottom percentile of all thrifts for capital adequacy in the second and third quarters of 2011 and did not fare much better in the prior quarters. SCB Bank’s Tier 1 and tangible capital ratios stood at 4.14% and 2.77%, respectively. The institution recorded a 49% decline in equity capital in the first quarter of 2011, followed by declines of 26% and 27% in the subsequent quarters. Nonperforming assets, which totaled \$16.60 million, comprised 199.20% of remaining equity capital plus reserves and 8.28% of total assets. In other words, nonaccruing loans exceeded accruing loans by nearly eight to one. Liquidity was another area of weakness for SCB Bank: deposits were 40.24% comprised of brokered deposits and the thrift reported a high loans to assets ratio of 71.74%. SCB Bank posted a third quarter net loss of \$1.9 million and a cumulative loss of \$3.61 million for the first nine months of 2011, resulting in an annualized return on assets of negative 2.40%. **First Merchants Bank, National Association** (rating “B”, FDIC Certificate Number: 4365), based in Muncie, Indiana, assumed SCB Bank’s deposits.

**Charter National Bank and Trust** (FDIC Certificate Number: 23187) based in Hoffman Estates, Illinois, was closed on February 10, 2012. The bank had \$98.41 million in assets and retained an “E” rating since the September 2009 rating period. The bank was closed due to weak asset quality, net losses, and poor capital adequacy. The bank reported nonperforming assets equal to 265.66% of total equity plus reserves and 17.59% of total assets in the third quarter of 2011, both steadily increasing over the past several quarters. Additionally, reserves covered just 15.03% of NPAs. Charter National Bank and Trust posted a net loss in the third quarter of 2011 of \$340,000, resulting in a cumulative annualized return on assets of negative 1.61% and a cumulative net loss of \$1.19 million. Moreover, the bank’s capital ratios steadily declined over the last three quarters with the leverage capital ratio equaling 3.37% in the third quarter of 2011. All deposits of Charter National Bank and Trust have been transferred to **Barrington Bank & Trust Company, National Association** (rating “C+”, FDIC Certificate Number: 34395), a bank based in Barrington, Illinois.

| 3Q11 Financial Summary          |                 |       |                      |                              |                        |                    |                                    |         |         |             |             |             |
|---------------------------------|-----------------|-------|----------------------|------------------------------|------------------------|--------------------|------------------------------------|---------|---------|-------------|-------------|-------------|
| Name                            | City            | State | Total Assets (\$Mil) | Brokered Dep. / Deposits (%) | Net Loans / Assets (%) | NPAs / Capital (%) | (Cap. - Intang. Asts) / Assets (%) | NIM (%) | ROA (%) | 1Q11 Rating | 2Q11 Rating | 3Q11 Rating |
| SCB Bank                        | Shelbyville     | IN    | 200.41               | 40.24                        | 71.74                  | 199.20             | 2.77                               | 2.59    | (2.40)  | E           | E           | E           |
| Charter National Bank and Trust | Hoffman Estates | IL    | 98.41                | 0.00                         | 66.10                  | 265.66             | 4.07                               | 4.13    | (1.61)  | E           | E           | E           |

## **Two More Banks Closed by Regulators Totaling Eleven in 2012**

February 27, 2012

**Home Savings of America** (Docket Number: 3052), a thrift based in Little Falls, Minnesota, was closed by the Office of the Comptroller of the Currency on February 24, 2012. The thrift, with \$440 million in assets, had retained an “E” rating since the June 2008 rating period and appeared on the *Institutions of Concern* list multiple times. Home Savings of America was closed due to weak asset quality, poor capital adequacy, and net losses. The thrift reported nonperforming assets equal to 365.71% of total equity plus reserves and 11.93% of total assets in the third quarter of 2011. Additionally, Tier 1 and total risk-based capital ratios were posted at 4.59% and 5.76%, respectively, categorizing the thrift as undercapitalized. Moreover, Home Savings of America recorded a third quarter 2011 net loss of \$2.56 million, contributing to a cumulative year-to-date net loss of \$6.57 million. Since an assuming institution could not be located for the thrift, the FDIC will fulfill its obligations to insured depositors by mailing checks for the insured amounts.

**Central Bank of Georgia** (FDIC Certificate Number: 5687) based in Ellaville, Georgia, was closed by the Georgia Department of Banking and Finance on February 24, 2012. The bank had been rated “E” since the December 2008 rating period. Central Bank of Georgia ranked in the bottom percentile of all banks for asset quality and capital adequacy in the third quarter of 2011. The bank’s reported nonperforming assets, which totaled \$38.94 million, comprised 234.80% of remaining equity capital plus reserves and 14.29% of total assets. Additionally, construction and land development loans remained high, totaling 18.42% of total loans and leases and ranked Central Bank of Georgia in the 95<sup>th</sup> percentile of all banks. Capital adequacy was another area of weakness for the bank as its Tier 1 and total risk-based capital ratios stood at 4.62% and 5.90%, respectively. Central Bank of Georgia recorded a cumulative net loss of \$5.63 million for the first nine months of 2011, resulting in an annualized return on assets of negative 2.71%. **Ameris Bank** (rating “B”, FDIC Certificate Number: 20504) based in Moultrie, Georgia, assumed Central Bank of Georgia’s deposits.

| 3Q11 Financial Summary  |              |       |                      |                              |                        |                    |                                    |         |         |             |             |             |
|-------------------------|--------------|-------|----------------------|------------------------------|------------------------|--------------------|------------------------------------|---------|---------|-------------|-------------|-------------|
| Name                    | City         | State | Total Assets (\$Mil) | Brokered Dep. / Deposits (%) | Net Loans / Assets (%) | NPAs / Capital (%) | (Cap. - Intang. Asts) / Assets (%) | NIM (%) | ROA (%) | 1Q11 Rating | 2Q11 Rating | 3Q11 Rating |
| Home Savings of America | Little Falls | MN    | 440.00               | 0.00                         | 73.99                  | 365.71             | 2.64                               | 1.80    | (1.99)  | E           | E           | E           |
| Central Bank of Georgia | Ellaville    | GA    | 276.23               | 0.00                         | 71.19                  | 234.80             | 3.35                               | 3.42    | (2.71)  | E           | E           | E           |

**Bank Failures Reach Twelve in 2012**

March 5, 2012

**Global Commerce Bank** (FDIC Certificate Number: 34046), a bank based in Doraville, Georgia, was closed by the Georgia Department of Banking and Finance on March 2, 2012. The bank, with \$143.68 million in assets, has maintained an “E” rating since the September 2009 rating period and appeared on the KBRA *Institutions of Concerns* list four consecutive times. Global Commerce Bank suffered from weak asset quality, poor capital adequacy, and consecutive net losses. Nonperforming assets were reported at 574.56% of total equity plus reserves, while reserves only covered 14% of total nonperforming assets in the fourth quarter of 2011. Additionally, total equity declined approximately 75% from the third quarter impacting the bank’s Tier 1 and total risk-based capital ratios, which stood at 1.07% and 2.15%, respectively. The bank is considered critically undercapitalized by regulatory standards. Moreover, Global Commerce Bank reported annualized negative return on assets of 5.44%, 3.87%, 4.57%, and 9.17% in the four most recent quarters and the bank has posted a cumulative year-to-date loss of \$7.82 million. **Metro City Bank** (rating “C+”, FDIC Certificate Number: 58181) based in Doraville, Georgia, assumed Global Commerce Bank’s deposits.

| 4Q11 Financial Summary |           |       |                      |                              |                        |                    |                                    |         |         |             |             |             |
|------------------------|-----------|-------|----------------------|------------------------------|------------------------|--------------------|------------------------------------|---------|---------|-------------|-------------|-------------|
| Name                   | City      | State | Total Assets (\$Mil) | Brokered Dep. / Deposits (%) | Net Loans / Assets (%) | NPAs / Capital (%) | (Cap. - Intang. Asts) / Assets (%) | NIM (%) | ROA (%) | 1Q11 Rating | 2Q11 Rating | 3Q11 Rating |
| Global Commerce Bank   | Doraville | GA    | 143.68               | 0.00                         | 50.02                  | 574.56             | 0.80                               | 2.22    | (5.44)  | E           | E           | E           |

**Bank Failures Total Thirteen in 2012**

March 12, 2012

**New City Bank** (FDIC Certificate Number: 57597), a banking institution with \$71.20 million in assets and domiciled in Chicago, Illinois, was closed by the Illinois Department of Financial and Professional Regulation–Division Banking on March 9, 2012. New City Bank had been rated “E” since the third quarter of 2009 and appeared on the *KBRA Institutions of Concern* list throughout 2011. The bank failed due to significant losses, undercapitalization, and poor asset quality. New City Bank recorded a cumulative net loss of \$9.17 million in 2011, resulting in an annual return on assets of negative 12.88%. Total equity capital decreased drastically, falling by 152% from the previous quarter, resulting in negative capital of \$1.80 million and leaving New City Bank severely undercapitalized, with a total risk-based capital ratio of negative 3.51%. Nonperforming assets comprised 390.48% of total equity plus reserves and 20.95% of total assets, compared to 189.06% and 18.26% in the previous quarter, respectively. New City Bank is the subject of two consent orders issued by the FDIC in February 2011 and May 2011. The enforcement orders cited unsafe and unsound banking practices related to asset quality, low capital, deteriorating earnings, and management, among other items. Since an assuming institution could not be located for the bank, the FDIC will fulfill its obligations to insured depositors by mailing checks for the insured amounts.

| 4Q11 Financial Summary |         |       |                      |                              |                        |                    |                                    |         |         |             |             |             |
|------------------------|---------|-------|----------------------|------------------------------|------------------------|--------------------|------------------------------------|---------|---------|-------------|-------------|-------------|
| Name                   | City    | State | Total Assets (\$Mil) | Brokered Dep. / Deposits (%) | Net Loans / Assets (%) | NPAs / Capital (%) | (Cap. - Intang. Asts) / Assets (%) | NIM (%) | ROA (%) | 2Q11 Rating | 3Q11 Rating | 4Q11 Rating |
| New City Bank          | Chicago | IL    | 71.20                | 36.56                        | 59.28                  | 390.48             | (2.53)                             | 4.32    | (12.88) | E           | E           | E           |

## Bank Failures Total Fifteen in 2012

March 26, 2012

**Premier Bank** (FDIC Certificate Number: 35419), a bank with \$268.70 million in assets and based in Wilmette, Illinois, was closed by the Illinois Department of Financial and Professional Regulation—Division of Banking on March 23, 2012. The bank carried an “E” rating since the fourth quarter 2010 rating period due to poor asset quality, extremely low capital levels, and considerable losses. The bank continued to report poor asset quality figures during the fourth quarter of 2011 with nonperforming assets equaling 20.60% of total assets and 322.66% of total equity plus reserves, with reserves covering only 21% of nonperforming assets. Additionally, Premier Bank’s total capital fell 58% in the three-month period ending December 2011, resulting in a Tier 1 risk-based capital ratio of 2.30% and a leverage capital ratio of 1.41%. As of December 31, 2011, the bank ranked in the bottom percentile of all banks in terms of capital adequacy. Furthermore, Premier Bank reported a cumulative net loss of \$9.16 million in 2011, resulting in a negative annual return on assets of 3.41%. Premier Bank was the subject of a consent order issued by the FDIC on September 3, 2010, citing the bank for poor management, inadequate equity capital, and operating with large volume of classified assets. **International Bank of Chicago** (rating “B”, FDIC Certificate Number: 33708), based in Chicago, Illinois, assumed Premier Bank’s deposits.

**Covenant Bank & Trust** (FDIC Certificate Number: 58068), a bank with \$95.73 million in assets and domiciled in Rock Spring, Georgia, was closed by the Georgia Department of Banking and Finance on March 23, 2012. The bank had been rated “E” since the second quarter 2009 rating period mainly due to poor asset quality, extremely low capital levels, and continued losses. Covenant Bank & Trust continued to record poor asset quality in the fourth quarter of 2011, with nonperforming assets equaling 15.39% of total assets and 560.51% of total equity plus reserves, while reserves only covered 6% of total nonperforming assets. During the same period, the bank reported a tangible equity ratio of just 1.97%, down from 2.96% in the third quarter. Also, Tier 1 and total risk-based capital ratios declined to 1.91% and 3.01% from last quarter when the ratios equaled 3.18% and 4.47%, respectively. The bank’s earnings continued to deteriorate during the three-month period ending December 31, 2011, as its cumulative net loss increased from \$1.30 million in September 2011 to \$2.43 million in the fourth quarter. Covenant Bank & Trust was the subject of a consent order issued by the FDIC on April 28, 2010, citing the bank for poor management, inadequate equity capital, and operating with a large volume of poor quality loans. **Stearns Bank, National Association** (rating “C”, FDIC Certificate Number: 10988), based in St. Cloud, Minnesota, assumed Covenant Bank & Trust’s deposits.

| 4Q11 Financial Summary |             |       |                      |                              |                        |                    |                                    |         |         |             |             |             |
|------------------------|-------------|-------|----------------------|------------------------------|------------------------|--------------------|------------------------------------|---------|---------|-------------|-------------|-------------|
| Name                   | City        | State | Total Assets (\$Mil) | Brokered Dep. / Deposits (%) | Net Loans / Assets (%) | NPAs / Capital (%) | (Cap. - Intang. Asts) / Assets (%) | NIM (%) | ROA (%) | 2Q11 Rating | 3Q11 Rating | 4Q11 Rating |
| Premier Bank           | Wilmette    | IL    | 268.70               | 13.26                        | 58.41                  | 322.66             | 2.05                               | 1.59    | (3.41)  | E           | E           | E           |
| Covenant Bank & Trust  | Rock Spring | GA    | 95.73                | 0.00                         | 71.55                  | 560.51             | 1.97                               | 3.67    | (2.54)  | E           | E           | E           |

**Bank Failures Reach Sixteen in 2012**

April 2, 2012

**Fidelity Bank** (FDIC Certificate Number: 33883), a bank centered in Dearborn, Michigan, was closed March 30, 2012, by the Michigan Office of Financial and Insurance Regulation. The bank carried an “E” rating since the September 2008 rating period primarily due to weak asset quality, low capital levels, and poor liquidity. The bank’s reported nonperforming assets comprised 9.79% of total assets and 125.94% of total equity plus reserves, while reserves covered just 32% of nonperforming assets in the fourth quarter of 2011. Additionally, Fidelity Bank recorded very low capital ratios over the past year with Tier 1, total risk-based, and tangible equity ratios equaling 5.73%, 7.01%, and 4.68%, respectively, at year-end 2011. Liquidity was another area of concern for the bank, which reported net loans totaling 79% of total assets. Fidelity Bank was the subject of an FDIC consent order issued February 12, 2010 citing the bank for poor management, inadequate equity capital, and operating with a large volume of poor quality loans. The bank was also issued a supervisory prompt corrective action directive on September 7, 2011. All deposits of Fidelity Bank have been transferred to **The Huntington National Bank** (rating “C-”, FDIC Certificate Number: 6560), based in Columbus, Ohio.

| 4Q11 Financial Summary |          |       |                      |                              |                        |                    |                                    |         |         |             |             |             |
|------------------------|----------|-------|----------------------|------------------------------|------------------------|--------------------|------------------------------------|---------|---------|-------------|-------------|-------------|
| Name                   | City     | State | Total Assets (\$Mil) | Brokered Dep. / Deposits (%) | Net Loans / Assets (%) | NPAs / Capital (%) | (Cap. - Intang. Asts) / Assets (%) | NIM (%) | ROA (%) | 2Q11 Rating | 3Q11 Rating | 4Q11 Rating |
| Fidelity Bank          | Dearborn | MI    | 842.51               | 0.00                         | 79.02                  | 125.94             | 4.68                               | 4.10    | 0.19    | E           | E           | E           |

**Bank Failures Total Seventeen in 2012**

April 23, 2012

**Fort Lee Federal Savings Bank, FSB** (Docket Number: 16832), domiciled in Fort Lee, New Jersey, was closed April 20, 2012. The thrift carried an “E” rating since the September 2010 rating period due to weak asset quality, low capital levels, and poor earnings. For the fourth quarter of 2011, nonperforming assets represented 8.58% of total assets and 303.68% of equity plus reserves, compared to 8.84% and 135.86%, respectively, in the previous period. Total equity declined 67% in the fourth quarter resulting in a significant decrease in the thrift’s tangible equity ratio, which stood at 1.99% down from 5.72% in the third quarter of 2011. Fort Lee Federal Savings Bank, FSB reported a cumulative net loss of \$2.93 million in 2011, adding to the \$1.58 million loss it reported in 2010. Additionally, at year-end 2011, the thrift reported a return on assets ratio of negative 5.65%, ranking the institution in the bottom percentile of all thrifts. Fort Lee Federal Savings Bank, FSB was the subject of a prompt corrective action directive issued on March 15, 2012, citing concerns with board oversight, capital levels, preservation of records, and lending restrictions. All deposits of Fort Lee Federal Savings Bank, FSB have been transferred to **Alma Bank** (rating “B+”, FDIC Certificate Number: 58424), based in Astoria, New York.

| 4Q11 Financial Summary             |          |       |                      |                              |                        |                    |                                    |         |         |             |             |             |
|------------------------------------|----------|-------|----------------------|------------------------------|------------------------|--------------------|------------------------------------|---------|---------|-------------|-------------|-------------|
| Name                               | City     | State | Total Assets (\$Mil) | Brokered Dep. / Deposits (%) | Net Loans / Assets (%) | NPAs / Capital (%) | (Cap. - Intang. Asts) / Assets (%) | NIM (%) | ROA (%) | 2Q11 Rating | 3Q11 Rating | 4Q11 Rating |
| Fort Lee Federal Savings Bank, FSB | Fort Lee | NJ    | 51.93                | 0.00                         | 53.40                  | 303.68             | 1.99                               | 3.20    | (5.65)  | E           | E           | E           |

## Regulators Close Five More Banks Totaling Twenty-Two in 2012

April 30, 2012

**Plantation Federal Bank** (Docket Number: 8349), a thrift institution based in Pawleys Island, South Carolina, failed on Friday, April 27 after carrying an “E” rating for twelve consecutive quarters. Plantation Federal Bank’s poor rating stems primarily from weak asset quality, low capitalization, and a trend of negative earnings. The thrift’s high concentration of nonperforming assets (NPAs) is primarily due to land and nonresidential property loans. Plantation Federal Bank’s equity capital has been declining – falling by 62%, 32%, and 11% over the fourth, third, and second quarters of 2011, respectively. As a result, the thrift’s Tier 1 and tangible capital ratios stood at a paltry 1.51% and 1.06%, respectively. Plantation Federal Bank only posted one quarterly profit in the past two years and has been unprofitable throughout 2011, losing a total of \$17.27 million for the year. **First Federal Bank** (rating “C+”, FDIC Certificate Number: 28994), in Charleston, South Carolina assumed Plantation Federal Bank’s deposits and reopened its branches this morning.<sup>1</sup>

**Bank of the Eastern Shore** (FDIC Certificate Number: 26759), a bank with \$166.67 million in assets and domiciled in Cambridge, Maryland, was closed by the Maryland Commissioner of Financial Regulation on April 27, 2012. The bank had been rated “E” since the third quarter of 2009 mainly due to poor asset quality, weak capital, and net losses. The bank continued to report poor asset quality figures during the fourth quarter of 2011 with nonperforming assets equal to 8.68% of total assets and 161.89% of total equity plus reserves. Total assets declined by 19%, 20%, 19%, and 18%, respectively, over the past four quarters. Equity capital declined by 26%, 44%, 5%, and 47% during the same period, resulting in Tier 1 and total risk-based capital ratios of 2.15% and 3.44%, respectively, in the fourth quarter of 2011. Additionally, the bank reported consecutive losses over the past several quarters resulting in a cumulative net loss of \$7.93 million at year-end 2011 and a negative return on assets of 4.76%. Bank of the Eastern Shore posted a net loans-to-total assets ratio of 84.33%, ranking the bank in the 96<sup>th</sup> percentile of all domestic banks. The FDIC created the Deposit Insurance National Bank of the Eastern Shore, a bridge bank, allowing depositors to access insured deposits, which will stay open until May 25, 2012.

**Harvest Bank of Maryland** (FDIC Certificate Number: 57766), a banking institution located in Rockville, Maryland, with approximately \$164.34 million in assets, was closed by the Maryland Commissioner of Financial Regulation on April 27, 2012. The bank had carried an “E” rating since the fourth quarter of 2008 primarily due to very poor asset quality, weak capital, and continued losses. The bank maintained its poor asset quality in the fourth quarter of 2011 with a nonperforming assets-to-total equity plus reserves ratio of 470.04%, while reserves only covered

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<sup>1</sup> Formerly First Federal Savings and Loan Association of Charleston (Docket Number: 2738)

11% of total NPAs. Capital declined 41% from the third quarter, impacting the Tier 1 and total risk-based capital ratios, which stood at 2.39% and 3.66% in the fourth quarter of 2011, respectively. Additionally, Harvest Bank of Maryland posted a cumulative net loss of \$2.8 million at the end of the year, resulting in negative return on assets of 1.70%. Since July 2, 2010, Harvest Bank of Maryland has been the subject of an FDIC consent order citing capital, liquidity, management, and delinquent loans, among other items. All deposits at Harvest Bank of Maryland have been transferred to **Sonabank** (rating “C”, FDIC Certificate Number: 57968), based in McLean, Virginia.

**Inter Savings Bank FSB** (Docket Number: 7071), a thrift with \$481.59 million in assets, based in Maple Grove, Minnesota, was closed April 27, 2012 by the Office of the Comptroller of the Currency. The thrift had been rated “E” since the fourth quarter of 2006 mainly due to poor asset quality figures, weak capital, and continued losses. As of December 31, 2011, Inter Savings Bank FSB reported nonperforming assets equal to 8.26% of total assets and 245.31% of equity plus reserves. Equity capital declined 34% since the prior quarter impacting the Tier 1 and total risk-based capital ratios, which stood at 2.04% and 3.31%, respectively. Additionally, the thrift recorded a cumulative net loss of \$4.69 million at year-end 2011. Net loans-to-total assets remained relatively high and equaled 82.12%, ranking in the 87<sup>th</sup> percentile of all thrifts. All deposits of Inter Savings Bank FSB have been transferred to **Great Southern Bank** (rating “B”, FDIC Certificate Number: 29546), based in Reeds Spring, Missouri.

**Palm Desert National Bank** (FDIC Certificate Number: 23632), in Palm Desert, California was closed by regulators on Friday, April 27. The bank was rated “E” for fifteen consecutive quarters due to a trend of poor capitalization, exceptionally weak asset quality, and negative earnings. In the fourth quarter of 2011, Palm Desert National Bank was critically undercapitalized with a Tier 1 leverage capital ratio of just 1.60% and a tangible capital ratio of 1.64%. In comparison, KBRA suggests a minimum tangible capital ratio of 7%. As per usual for failed banks, Palm Desert National Bank’s nonperforming assets exceeded its equity and reserves by a large margin – 630.36%. The bank’s NPAs, primarily soured commercial real estate loans, have been declining since mid-year 2010, but equity has been declining much more rapidly over the same time period. In the third and fourth quarters of 2011, Palm Desert National Bank’s equity fell by 34% and 50%, respectively. Unsurprisingly, the bank has not been profitable in the last year and a half, posting a cumulative loss of \$4.43 million in 2011. Palm Desert National Bank was issued a consent order on January 5, 2010 by the Office of the Comptroller of the Currency, citing the bank for poor management, a poor loan portfolio, and substandard capital ratios. **Pacific Premier Bank** (rating “B”, FDIC Certificate Number: 32172), in Costa Mesa, California, acquired the failed bank’s deposits, less a portion of brokered deposits, and reopened its sole branch location under the Pacific Premier Bank banner this morning.

| 4Q11 Financial Summary    |                |       |                      |                              |                        |                    |                                    |         |         |             |             |             |
|---------------------------|----------------|-------|----------------------|------------------------------|------------------------|--------------------|------------------------------------|---------|---------|-------------|-------------|-------------|
| Name                      | City           | State | Total Assets (\$Mil) | Brokered Dep. / Deposits (%) | Net Loans / Assets (%) | NPAs / Capital (%) | (Cap. - Intang. Asts) / Assets (%) | NIM (%) | ROA (%) | 2Q11 Rating | 3Q11 Rating | 4Q11 Rating |
| Plantation Federal Bank   | Pawleys Island | SC    | 486.40               | 0.19                         | 69.54                  | 460.03             | 1.06                               | 2.39    | (3.55)  | E           | E           | E           |
| Inter Savings Bank FSB    | Maple Grove    | MN    | 481.59               | 0.00                         | 82.12                  | 245.31             | 1.52                               | 3.32    | (0.97)  | E           | E           | E           |
| Bank of the Eastern Shore | Cambridge      | MD    | 166.67               | 0.00                         | 84.33                  | 161.89             | 1.81                               | 2.95    | (4.76)  | E           | E           | E           |
| Harvest Bank of Maryland  | Rockville      | MD    | 164.34               | 0.11                         | 58.18                  | 470.04             | 1.57                               | 2.46    | (1.70)  | E           | E           | E           |
| Palm Desert National Bank | Palm Desert    | CA    | 125.75               | 5.40                         | 62.72                  | 630.36             | 1.64                               | 3.55    | (3.52)  | E           | E           | E           |

**Bank Failures Total Twenty-Three in 2012**

May 7, 2012

**Security Bank, National Association** (FDIC Certificate Number: 23156), a banking institution based in North Lauderdale, Florida, failed on Friday, May 4<sup>th</sup> after carrying an “E” rating since the March 2008 rating period. Security Bank, National Association's poor rating is primarily due to weak asset quality, low capital levels, and a trend of negative earnings. As of December 31, 2011, the bank reported nonperforming assets equal to 290.93% of total equity plus reserves, ranking it in the 99<sup>th</sup> percentile of all domestic banks. Equity capital had been declining for the past five consecutive quarters, falling 52% over the fourth quarter of 2011, impacting the Tier 1 and total risk-based capital ratios, which stood at 3.70% and 4.91%, respectively. Additionally, the bank reported a cumulative net loss of \$7.45 million as of the fourth quarter of 2011, resulting in a negative annual return on assets of 7.81%. **Banescor USA** (rating “B”, FDIC Certificate Number: 57815), based in Coral Gables, Florida has assumed all deposits of Security Bank, National Association.

| 4Q11 Financial Summary              |                  |       |                      |                              |                        |                    |                                    |         |         |             |             |             |
|-------------------------------------|------------------|-------|----------------------|------------------------------|------------------------|--------------------|------------------------------------|---------|---------|-------------|-------------|-------------|
| Name                                | City             | State | Total Assets (\$Mil) | Brokered Dep. / Deposits (%) | Net Loans / Assets (%) | NPAs / Capital (%) | (Cap. - Intang. Asts) / Assets (%) | NIM (%) | ROA (%) | 2Q11 Rating | 3Q11 Rating | 4Q11 Rating |
| Security Bank, National Association | North Lauderdale | FL    | 95.43                | 0.61                         | 78.38                  | 290.93             | 2.30                               | 3.79    | (7.81)  | E           | E           | E           |

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