

Bank Failures 1/1/2011 - 6/17/2011

The table below highlights the 47 banking failures that occurred through June 17, 2011. A write-up on each bank noted below is provided on the following pages.

2011 Bank Failures											
Name	City	State	Total Assets (\$)	NPAs/Asset (%)	Leverage Capital/Asset (%)	Tier 1/Asset (%)	Total Cap/Asset (%)	ROA (%)	KBRA Rating Prior Qtr.	KBRA Rating Failed Qtr	Failure Date
<u>First Commercial Bank of FL</u>	Orlando	FL	598.5M	20.74	(1.60)	(2.13)	(2.13)	(5.91)	E (2Q10)	E (3Q10)	1/7/11
<u>Legacy Bank</u>	Scottsdale	AZ	150.6M	13.88	2.02	2.73	4.01	(3.00)	E (2Q10)	E (3Q10)	1/7/11
<u>Oglethorpe Bank</u>	Brunswick	GA	230.6M	17.96	1.03	1.40	2.68	(4.04)	E (2Q10)	E (3Q10)	1/14/11
<u>United Western Bank</u>	Denver	CO	2.07B	4.17	N/A	6.84	8.10	(3.38)	D (2Q10)	E (3Q10)	1/21/11
<u>Community South Bank and Trust</u>	Easley	SC	440.6M	8.84	1.07	2.18	3.47	(2.34)	E (2Q10)	E (3Q10)	1/21/11
<u>Bank of Asheville, The</u>	Asheville	NC	195.1M	15.78	0.65	0.82	1.63	(11.82)	E (2Q10)	E (3Q10)	1/21/11
<u>Enterprise Banking Co.</u>	McDonough	GA	100.9M	25.42	1.50	1.96	3.22	(4.88)	E (2Q10)	E (3Q10)	1/21/11
<u>First Community Bank</u>	Taos	NM	2.88B	13.50	1.19	1.78	3.11	(10.14)	E (2Q10)	E (3Q10)	1/28/11
<u>FirsTier Bank</u>	Louisville	CO	777.3M	25.97	(0.30)	(0.40)	(0.40)	(3.64)	E (2Q10)	E (3Q10)	1/28/11
<u>Evergreen State Bank</u>	Stoughton	WI	241.0M	10.34	3.26	4.86	9.72	(9.38)	E (2Q10)	E (3Q10)	1/28/11
<u>The First State Bank</u>	Camargo	OK	44.6M	4.25	7.12	8.60	9.58	1.69	B+ (2Q10)	B (3Q10)	1/28/11
<u>American Trust Bank</u>	Roswell	GA	238.2M	23.56	0.71	0.90	1.80	(3.72)	E (2Q10)	E (3Q10)	2/4/11
<u>North Georgia Bank</u>	Watkinsville	GA	153.2M	26.97	0.55	0.83	1.66	(4.96)	E (2Q10)	E (3Q10)	2/4/11
<u>Community First Bank - Chicago</u>	Chicago	IL	51.1M	18.30	2.24	2.77	4.06	(3.40)	E (2Q10)	E (3Q10)	2/4/11
<u>Peoples State Bank</u>	Hamtramck	MI	390.5M	14.44	(0.35)	(0.25)	(0.28)	(4.34)	E (2Q10)	E (3Q10)	2/11/11
<u>Canyon National Bank</u>	Palm Springs	CA	210.9M	19.05	1.80	1.38	1.43	(4.55)	E (2Q10)	E (3Q10)	2/11/11

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<u>Sunshine State Community Bank</u>	Port Orange	FL	125.5M	18.32	1.97	1.33	1.24	(4.51)	E (2Q10)	E (3Q10)	2/11/11
<u>Badger State Bank</u>	Cassville	WI	83.8M	7.21	2.90	2.08	2.08	(0.18)	E (2Q10)	E (3Q10)	2/11/11
<u>Habersham Bank</u>	Clarksville	GA	387.7M	23.74	0.87	0.87	2.47	(3.17)	E (2Q10)	E (3Q10)	2/18/11
<u>San Luis Trust Bank</u>	San Luis Obispo	CA	332.6M	24.52	N/A	(0.85)	(0.85)	(5.63)	E (2Q10)	E (3Q10)	2/18/11
<u>Citizens Bank of Effingham</u>	Springfield	GA	218.8M	16.86	0.92	1.27	2.53	(4.63)	E (2Q10)	E (3Q10)	2/18/11
<u>Charter Oak Bank</u>	Napa	CA	120.8M	7.43	0.44	0.53	1.06	(10.95)	E (2Q10)	E (3Q10)	2/18/11
<u>Valley Community Bank</u>	Saint Charles	IL	123.8M	20.83	(0.64)	(0.88)	(0.88)	(5.73)	E (2Q10)	E (3Q10)	2/25/11
<u>Legacy Bank</u>	Milwaukee	WI	190.4M	21.98	0.65	0.87	1.75	(4.65)	E (2Q10)	E (3Q10)	3/11/11
<u>The First National Bank of Davis</u>	Davis	OK	90.2M	2.42	8.09	12.61	13.87	1.34	C+ (2Q10)	C+ (3Q10)	3/11/11
<u>Bank of Commerce, The</u>	Wood Dale	IL	163.1M	30.17	0.41	0.51	1.03	(4.91)	E (3Q10)	E (4Q10)	3/25/11
<u>Western Springs NB&T</u>	Western Springs	IL	186.8M	18.07	1.71	2.17	3.45	(6.12)	E (3Q10)	E (4Q10)	4/8/11
<u>Nevada Commerce Bank</u>	Las Vegas	NV	144.9M	21.41	2.26	3.21	4.49	(3.48)	E (3Q10)	E (4Q10)	4/8/11
<u>Superior Bank</u>	Tampa	FL ¹	3.04B	11.35	N/A	1.80	3.49	(6.60)	E (3Q10)	E (4Q10)	4/15/11
<u>Nexity Bank</u>	Birmingham	AL	793.7M	13.59	0.72	1.23	2.47	(2.64)	E (3Q10)	E (4Q10)	4/15/11
<u>Bartow County Bank</u>	Cartersville	GA	330.2M	16.88	0.71	1.09	2.16	(5.26)	E (3Q10)	E (4Q10)	4/15/11

¹ Different sources, including the OTS and the FDIC, report Superior Bank as being located in Birmingham, Alabama or in Tampa, Florida, alternately.

2011 Bank Failures											
Name	City	State	Total Assets (\$)	NPAs/Asset (%)	Leverage Capital/Asset (%)	Tier 1/Asset (%)	Total Cap/Asset (%)	ROA (%)	KBRA Rating Prior Qtr.	KBRA Rating Failed Qtr	Failure Date
<u>Heritage Banking Group</u>	Carthage	MS	225.8M	12.93	2.24	2.71	3.98	(4.57)	E (3Q10)	E (4Q10)	4/15/11
<u>New Horizons Bank</u>	East Ellijay	GA	110.7M	14.93	0.26	0.37	0.75	(5.91)	E (3Q10)	E (4Q10)	4/15/11
<u>Rosemount National Bank</u>	Rosemount	MN	35.6M	7.71	1.87	2.90	4.15	(4.97)	E (3Q10)	E (4Q10)	4/15/11
<u>Park Avenue Bank, The</u>	Valdosta	GA	953.3M	19.95	1.74	2.79	4.09	(4.29)	E (3Q10)	E (4Q10)	4/29/11
<u>Community Central Bank</u>	Mount Clemens	MI	476.3M	10.19	1.66	2.37	3.67	(5.12)	E (3Q10)	E (4Q10)	4/29/11
<u>First National Bank of Central Florida</u>	Winterpark	FL	352.0M	22.56	1.41	1.96	3.25	(8.30)	E (3Q10)	E (4Q10)	4/29/11
<u>First Choice Community Bank</u>	Dallas	GA	308.5M	24.78	(2.37)	(2.96)	(2.96)	(12.67)	E (3Q10)	E (4Q10)	4/29/11
<u>Cortez Community Bank</u>	Brooksville	FL	72.2M	23.85	4.29	6.26	7.52	(10.14)	E (3Q10)	E (4Q10)	4/29/11
<u>Coastal Bank</u>	Cocoa Beach	FL	132.9M	17.91	N/A	3.83	5.11	(0.72)	E (3Q10)	E (4Q10)	5/6/11
<u>Atlantic Southern Bank</u>	Macon	GA	781.2M	21.20	2.31	2.82	4.29	(2.20)	E (3Q10)	E (4Q10)	5/20/11
<u>First Georgia Banking Co.</u>	Franklin	GA	780.1M	10.47	2.40	3.61	4.87	(1.93)	E (3Q10)	E (4Q10)	5/20/11
<u>Summit Bank</u>	Concrete	WA	146.6M	9.13	3.94	4.72	5.99	(5.73)	E (3Q10)	E (4Q10)	5/20/11
<u>First Heritage Bank</u>	Snohomish	WA	179.4M	16.71	2.22	3.18	4.45	(6.00)	E (3Q10)	E (4Q10)	5/27/11
<u>Atlantic Bank and Trust</u>	Charleston	SC	239.2M	19.72	N/A	4.80	3.00	(7.37)	E (3Q10)	E (4Q10)	6/3/11
<u>McIntosh State Bank</u>	Jackson	GA	341.7M	24.24	2.10	2.98	4.26	(3.49)	E (3Q10)	E (4Q10)	6/17/11
<u>First Commercial Bank of Tampa Bay</u>	Tampa	FL	102.6M	15.53	2.16	2.96	4.27	(5.27)	E (3Q10)	E (4Q10)	6/17/11

The New Year Brings New Bank Failures

January 10, 2011

On Friday, January 7, 2011, **First Commercial Bank of Florida** (FDIC Certificate Number, 34965), was taken over, less a portion of its brokered deposits, by Boca Raton based **First Southern Bank** (rating, “D”, FDIC Certificate Number, 27044). First Commercial Bank of Florida had been rated “E” for nine consecutive quarters and appeared on the *Institutions of Concern* (IOC) list throughout the 2010 rating period. The failed bank had been losing equity capital in each quarter, beginning with the second quarter of 2009, and reported 26% and 57% equity losses in the second and third quarters of 2010. The loss of equity left the bank with negative capital ratios in the third quarter of 2010. Largely due high concentrations of commercial real estate loans, asset quality declined significantly as the bank reported 80% and 97% increases in nonperforming assets (NPAs) in the first and third quarter of 2010, ultimately resulting in an NPAs to capital ratio of well over 200%. The bank had been consistently losing money since the first quarter of 2009. As of September 30, 2010, First Commercial Bank of Florida’s annualized return on assets stood at negative 5.9%. Additionally, the bank’s liquidity deteriorated significantly in the third quarter of 2010 as its temporary investments minus volatile liabilities to average assets ratio fell from negative 5.9% to negative 14.7%. Because of its poor financial condition, First Commercial Bank of Florida was the subject of a Federal Reserve Board written agreement, and a prompt corrective action directive, issued in March and October, 2010, respectively.

Legacy Bank (FDIC Certificate Number, 57820) of Scottsdale, Arizona, was shuttered on Friday, January 7, 2011 and its deposits were assumed by Clayton, Missouri-based **Enterprise Bank & Trust** (rating, “C+”, FDIC Certificate Number, 27237). Legacy Bank had been rated “E” for eight consecutive quarters, and appeared on *Institutions of Concern* (IOC) list in each quarter since the second quarter of 2009. In the first quarter of 2009, Legacy Bank’s NPAs increased by 100%, while its equity capital decreased throughout 2009 and into 2010, leading to an NPAs to capital ratio of 307% in the third quarter of 2010. Unsurprisingly, Legacy Bank posted net losses, of up to \$4.9 million, in all but one quarter of 2009 and 2010. The bank consistently reported below average capital ratios and became significantly undercapitalized by regulatory standards in the second quarter of 2010. Because of its poor and declining capital position, Legacy Bank was the subject of a prompt supervisory corrective action directive issued by the FDIC in May, 2010, which required the bank to recapitalize through the sale of shares, or sale or merger of the bank itself. Additionally, the bank was also the subject of a cease and desist order issued in November 2009. The cease and desist order cited Legacy Bank for several deficiencies, including capital levels, lending practices, asset quality, and earnings.

3Q10 Financial Summary

Name	City	State	Total Assets (\$mil)	NPAs/ Assets (%)	Tier 1 Capital (%)	Leverage Capital (%)	ROA (%)	Brokered Deposits/ Deposits (%)	1Q10 Rating	2Q10 Rating	3Q10 Rating
First Commercial Bank of FL	Orlando	FL	598.5M	20.74	(2.13)	(1.60)	(5.91)	6.99	E	E	E
Legacy Bank	Scottsdale	AZ	150.6M	13.88	2.02	2.73	(3.00)	1.82	E	E	E

Oglethorpe Bank Closed

January 18, 2011

On Friday, January 14, 2011, **Oglethorpe Bank** of Brunswick, GA (FDIC Certificate Number, 57440), was taken over, less a portion of its brokered deposits, by Little Rock, Arkansas based **Bank of the Ozarks** (rating, “B”, FDIC Certificate Number, 110). Oglethorpe Bank had been rated “E” for six consecutive quarters prior to failure and appeared on the *Institutions of Concern* (IOC) list throughout 2010. Since the second quarter of 2009, the failed bank posted continued quarterly declines in equity capital, significant deterioration in asset quality, and severe losses. Oglethorpe Bank posted losses of \$7.33 million in 2009 and \$7.15 million in the first nine months of 2010. Consequently, the bank became critically undercapitalized by regulatory standards in the third quarter of 2010. Despite the extremely poor financials, Oglethorpe Bank was not operating under any known enforcement actions.

3Q10 Financial Summary

Name	City	State	Total Assets (\$mil)	NPAs/ Assets (%)	Tier 1 Capital (%)	Leverage Capital (%)	ROA (%)	Brokered Deposits/ Deposits (%)	1Q10 Rating	2Q10 Rating	3Q10 Rating
Oglethorpe Bank	Brunswick	GA	230.59	17.96	1.40	1.03	(4.04)	1.87	E	E	E

Regulators Shut Down 4 Banks 2011 Bank Failures Total 7

January 25, 2011

On Friday, January 21, 2011, the Office of Thrift Supervision (OTS) closed **United Western Bank** of Denver, Colorado (OTS Docket Number, 6679), with total assets of \$2.07 billion, representing the largest failure since ShoreBank was closed in August 2010². **First-Citizens Bank & Trust Company** of Raleigh, North Carolina (rating, “B”, FDIC Certificate Number, 11063) acquired all of United Western’s deposits and essentially all of the failed thrift’s assets. United Western Bank was rated “D” based on first and second quarter 2010 data and “E” based on 3Q10 data. The failed thrift reported poor asset quality, relatively low capital ratios, and continued negative earnings. United Western Bank was the subject of an OTS cease and desist order issued in June 2010, which required higher capital minimums, reduction of classified assets and loan concentrations, and placed restrictions on growth.

CommunitySouth Bank and Trust of Easley, South Carolina (FDIC Certificate Number, 57868), was taken over, less a portion of its brokered deposits, by a newly-chartered bank, **CertusBank, National Association** of Easley, SC. CommunitySouth had been rated “E” for seven consecutive quarters and appeared on the *Institutions of Concern* (IOC) list throughout 2010. The failed bank had posted significant losses and declining capital over the past two years. CommunitySouth lost \$18.4 million in 2009 and \$8.5 million in the first nine months of 2010. As a result, the bank was significantly undercapitalized since the fourth quarter of 2009. CommunitySouth reported extremely poor asset quality figures, largely driven by delinquencies in construction real estate loans. The failed bank was operating with a consent order issued by the FDIC in February 2010. The consent order cited, among other items, issues with management, capital, allowances for loan and lease losses, and asset quality.

The Bank of Asheville (FDIC Certificate Number, 34516) of Asheville, North Carolina, was shuttered on Friday, January 1, 2011 and its deposits were assumed by Troy, North Carolina-based **First Bank** (rating, “C+”, FDIC Certificate Number, 15019). The Bank of Asheville had been rated “E” for three consecutive quarters, and appeared on the *Institutions of Concern* (IOC) list throughout 2010. The failed bank’s financial condition deteriorated very quickly beginning with NPA increases of 192% and 80%, respectively, in the third and fourth quarter of 2009. Since that time, asset quality has continued to deteriorate driven largely by delinquencies in the construction real estate portfolio. Additionally, the bank posted losses of \$14.1 million in 2Q10 and \$4.6 million in 3Q10, resulting in capital declines of 68% and 75%, respectively, in the second and third quarter. Ultimately, The Bank of Asheville became critically undercapitalized in the third quarter of 2010.

Enterprise Banking Company of McDonough, Georgia (FDIC Certificate Number, 19758) was closed by the Georgia Department of Banking and Finance and the FDIC was named Receiver. The FDIC could not find a buyer, so the Deposit Insurance National Bank of McDonough (DINB) was created to allow depositors access to their insured deposits and open accounts at other insured institutions. DINB will remain open until Friday, January 28th, 2011. The failed bank was “E” rated for eight consecutive quarters prior to failure and appeared on the *Institutions of Concern* (IOC) list for the last five quarters. Like many of the failed banks, Enterprise Banking Company had very poor asset quality, continued

² ShoreBank had \$2.17 billion in assets when it was closed on August 20, 2010.

negative earnings, and was critically undercapitalized. Enterprise Banking Company was operating with an FDIC consent order issued in December 2009, which required retention of qualified management, higher capital minimums, implementation of a new lending policy, and reduction in credit concentrations.

3Q10 Financial Summary

Name	City	State	Total Assets (\$mil)	NPAs/ Assets (%)	Tier 1 Capital (%)	Leverage Capital (%)	ROA (%)	Brokered Deposits/ Deposits (%)	1Q10 Rating	2Q10 Rating	3Q10 Rating
United Western Bank	Denver	CO	2,069.7	4.17	6.84	N/A	(3.38)	3.14	D	D	E
CommunitySouth Bank and Trust	Easley	SC	440.61	8.84	2.18	1.07	(2.34)	23.57	E	E	E
Bank of Asheville, The	Asheville	NC	195.06	15.78	0.82	0.65	(11.82)	8.86	E	E	E
Enterprise Banking Co.	McDonough	GA	100.92	25.42	1.96	1.50	(4.88)	8.35	E	E	E

2011 Failures Reach Eleven as Regulators Shut Down Four More Banks

January 31, 2011

First Community Bank (FDIC Certificate Number, 12261), was closed by the New Mexico Financial Institutions Division and **U.S. Bank, National Association** (rating “C+”, FDIC Certificate Number, 6548) has assumed all of the deposits and essentially all of the assets of the failed bank. First Community Bank had been “E” rated for seven consecutive quarters and appeared on the last four *Institutions of Concern* (IOC) list, mainly due to ongoing losses, continued poor asset quality, and declining capital. The bank reported a net loss of \$114.3 million for the fourth quarter of 2010 compared to a net loss of \$28.8 million in the year-ago quarter, and a cumulative 2010 net loss of \$212.4 million. The bank’s asset quality was poor with high levels of nonperforming assets mainly in their land and land development portfolio as well as their non-farm, non-residential properties portfolio. In the fourth quarter of 2010, nonperforming assets comprised 13.50% of total assets compared to 10.65% reported in the fourth quarter of 2009. The bank was critically undercapitalized with fourth quarter 2010 Tier 1 and total risk-based capital ratios of 1.78% and 3.11%, respectively, a significant decline from fourth quarter 2009 ratios of 6.99% and 8.31%. In August 2010, the Federal Reserve Board issued a prompt corrective action to First Community Bank, requiring the institution to increase its equity and to recapitalize through an acquisition or merger.

FirsTier Bank (FDIC Certificate Number 57646) was closed by the Colorado Division of Banking and the FDIC was named receiver. Unable to find a buyer, the FDIC created the Deposit Insurance National Bank of Louisville (DINB) to allow depositors access to their insured deposits and open accounts at other insured institutions. DINB will remain open until February 28, 2011. FirsTier Bank had been “E” rated since the first quarter of 2009 and appeared on the last five *Institutions of Concern* (IOC) lists primarily due to poor asset quality, negative earnings, and declining capital. The bank posted a \$28.3 million net loss for the fourth quarter of 2010, for a total net loss of \$44.8 million for the year 2010. The bank’s ROA declined to -3.64% in the fourth quarter compared to -2.67% in the prior quarter. FirsTier Bank’s asset quality was extremely poor with nonperforming assets totaling \$201.9 million for the fourth quarter of 2010 compared to \$68.6 million in the prior-year quarter, a 294% increase. The majority of the bank’s nonperforming assets were in its construction, land, and land development portfolio. For the fourth quarter 2010 the bank’s total NPAs to total assets was 25.97% compared to 13.17% in the fourth quarter of 2009. The Louisville-based bank recorded a negative total equity capital of \$2.65 million for the fourth quarter 2010, a significant decline compared to \$10.6 million in total equity capital reported in the prior quarter. The bank is considered critically undercapitalized with Tier 1 and total capital to risk-weighted assets ratios of -0.40% and -0.40%, respectively, for the fourth quarter of 2010 compared to the prior-year quarter ratios of 6.35% and 7.62%, respectively. On April 21, 2010, FirsTier Bank was the subject of a prompt corrective action directive by the FDIC, which required the bank to increase capital to “adequate” levels. FirsTier Bank’s parent company, FirsTier Bancorp (rated “E”), was also recently subject to an agreement with the Federal Reserve Bank of Kansas City. That order, dated May 27, 2010, also cited issues with insufficient capital levels.

On Friday, January 28, 2011 **Evergreen State Bank** of Stoughton Wisconsin, (FDIC Certificate Number, 5328), was shuttered by the Wisconsin State Department of Financial Institutions. Evergreen State Bank had been rated “E” since the December 2008 rating period and appeared on the KBRA *Institutions of Concern* list three times due to poor asset quality, net losses, and diminishing capital levels.

Evergreen State Bank was the subject of a consent order issued by the FDIC on January 25, 2010 and a prompt corrective action directive issued on December 10, 2010, which was made public on the date of Evergreen State Bank's closure. The prompt corrective action required Evergreen State Bank to recapitalize through the sale of shares or through the sale of the bank. As of year-end 2010, Evergreen State Bank was undercapitalized by regulatory standards due to a 99% drop in equity capital. Additionally, the failed bank's total nonperforming assets increased by 21% in the fourth quarter of 2010; as a result, nonperforming assets, which amounted to \$24.9 million, comprised 337% of equity capital plus reserves. **McFarland State Bank** (Rating, "A", FDIC Certificate Number, 2476), of McFarland, Wisconsin, acquired Evergreen State Bank's deposits, less a portion of its brokered deposits, and reopened the failed bank's four branches under the McFarland State Bank banner on Saturday morning.

The First State Bank, based in Camargo, Oklahoma (FDIC Certificate Number, 2303), was closed by the Oklahoma State Banking Department on Friday, January 28, 2011. The First State Bank's reported financial condition was adequate as of September 30, 2010; however, the bank was the subject of a consent order issued by the FDIC on December 21, 2010 and made available to the public on the date of closure. The order required The First State Bank to increase its capital levels, raise its allowance for loan and lease losses, reduce adversely classified loan levels, correct violations of laws and regulations, and address numerous issues dealing with capital adequacy and management. While the bank remained well capitalized by regulatory standards as of year-end 2010, it did not reach the required minimum capital thresholds set forth in its enforcement action. Additionally, the bank's nonperforming assets increased from \$147,000 in the third quarter of 2010, to \$1.89 million, an increase of 1,188%. The First State Bank's deposits and assets were assumed by Oklahoma City-based **Bank 7** (Rating "B-", FDIC Certificate Number, 4147).

4Q10 Financial Summary

Name	City	State	Total Assets (\$mil)	NPAs/ Assets (%)	Tier 1 Capital (%)	Leverage Capital (%)	ROA (%)	Brokered Deposits/ Deposits (%)	1Q10 Rating	2Q10 Rating	3Q10 Rating
First Community Bank	Taos	NM	2,188	13.50	1.78	1.19	(10.14)	1.77	E	E	E
FirsTier Bank	Louisville	CO	777.30	25.97	(.40)	(.30)	(3.64)	20.13	E	E	E
Evergreen State Bank	Stoughton	WI	240.95	10.34	4.86	3.26	(9.38)	10.68	E	E	E
First State Bank, The	Camargo	OK	44.55	4.25	8.60	7.12	1.69	N/A	B+	B+	B

Fourteen and Counting - Regulators Close Three Additional Banks

February 7, 2011

American Trust Bank (FDIC Certificate Number, 57432) of Roswell, Georgia, was closed by the Georgia Department of Banking and Finance on Friday, February 4, 2011. **Renasant Bank** (rating “C”, FDIC Certificate Number, 12437) located in Tupelo, Mississippi assumed all of American Trust Bank’s deposits and approximately \$147.4 million of the failed bank’s assets. American Trust Bank was “E” rated for nine consecutive quarters prior to failure and appeared on the *Institutions of Concern* list multiple times. The failed bank, which was heavily concentrated in commercial and development real estate loans, had reported extremely poor asset quality figures, negative earnings over the past three years, and a declining capital base. American Trust was the subject of an FDIC cease and desist order issued in October 2009. The order cited many deficiencies, including issues with the board of directors and management, inadequate capital, inadequate allowance for loan and lease losses, hazardous lending practices, and inadequate loan policies.

North Georgia Bank (FDIC Certificate Number, 35242), was closed on Friday, February 4, 2011 and **BankSouth** (rating “C”, FDIC Certificate Number, 77) assumed all of North Georgia Bank’s deposits except for brokered deposits and reopened the failed bank’s two branch locations on Saturday morning. North Georgia Bank had been rated “E” for eleven consecutive quarters and appeared on the KBRA *Institutions of Concern* list in each quarter beginning in the fourth quarter 2008 rating period. The bank had been struggling with a high level of nonperforming loans, especially in its construction and land development loan portfolio. These nonperforming assets comprised over 700 percent of North Georgia Bank’s equity and reserves in the third quarter of 2010. Additionally, the failed bank had been consistently posting quarterly capital losses over the course of 2009 and 2010. Ultimately, the bank was left critically undercapitalized with Tier 1 and total capital ratios of 0.83 percent and 1.66 percent at the time of failure. North Georgia Bank had also been losing money for over two years, posting a negative return on assets of 4.56 percent in the fourth quarter of 2010.

Community First Bank – Chicago (FDIC Certificate Number, 57948), of Chicago, Illinois was shuttered on Friday, February 4, 2011, by the Illinois Department of Financial and Professional Regulation. Community First Bank – Chicago has the distinction of being rated “E” in each and every quarter that KBRA has rated it and appearing on the past seven *Institutions of Concern* lists. The failed bank has consistently lost both money and equity capital throughout 2009 and 2010, resulting in the bank being significantly undercapitalized at year-end 2010. Additionally, Community First Bank – Chicago regularly posted a Texas Ratio (nonperforming assets to equity plus reserves) of one hundred percent or greater in 2009 and 2010. **Northbrook Bank and Trust Company** (rating “E”, FDIC Certificate Number, 57082), headquartered in Northbrook, Illinois, assumed the failed bank’s deposits and reopened its single location as a branch of Northbrook Bank and Trust Company.

4Q10 Financial Summary

Name	City	State	Total Assets (\$mil)	NPAs/ Assets (%)	Tier 1 Capital (%)	Leverage Capital (%)	ROA (%)	Brokered Deposits/ Deposits (%)	1Q10 Rating	2Q10 Rating	3Q10 Rating
American Trust Bank	Roswell	GA	238.21	23.56	0.90	0.71	(3.72)	0.63	E	E	E
North Georgia Bank	Watkinsville	GA	153.17	26.97	0.83	0.55	(4.96)	3.56	E	E	E
Community First Bank-Chicago	Chicago	IL	51.08	18.30	2.77	2.24	(3.40)	N/A	E	E	E

The Total Reaches 18 as Another 4 Banks Are Shut Down

February 14, 2011

On Friday, February 11, 2011, **Peoples State Bank** (FDIC Certificate Number, 14939) was closed by the Michigan Office of Financial and Insurance Regulation. **First Michigan Bank** (rating “B+”, FDIC Certificate Number, 58132) assumed all of the deposits of Peoples State Bank. The bank had been “E” rated since the third quarter of 2007 and appeared on the *Institutions of Concern* (IOC) list since the fourth quarter 2009. The bank had high and increasing levels of nonperforming assets, mainly in its non-farm, non-residential properties portfolio. Its Texas ratio rose from 219.64% in the third quarter to 391.51% in the fourth quarter of 2010. The bank also had ongoing losses; it posted a fourth quarter net loss of \$18.2 million, its highest quarterly loss of 2010, for a total net loss of \$28.2 million for the year 2010. Peoples State Bank was critically undercapitalized with its Tier 1 to leverage ratio falling to negative 0.2% in the fourth quarter of 2010. The bank was the subject of a cease and desist order on September 9, 2009 citing inadequate capital, hazardous lending and lax collection practices, and operating with policies and procedures which could be detrimental to the bank. The bank was also the subject of a prompt corrective action directive on August 8th, 2010 citing an unacceptable capital restoration plan, deteriorating condition of the bank, and management’s inability to return the bank to safe and sound condition.

Canyon National Bank (FDIC Certificate Number, 34692) of Palm Springs, California was closed by the Office of the Comptroller of the Currency and its deposits were assumed by **Pacific Premier Bank** (rated “B+”, FDIC Certificate Number, 32172). Since the second quarter of 2008, Canyon National Bank was rated “E” and appeared on the *Institutions of Concern* (IOC) list since the third quarter of 2009 due to significant, ongoing losses and a high level of nonperforming loans, mainly in its commercial real estate portfolio. For the year-end 2010 Canyon National Bank had a cumulative net loss of \$22.5 million with nonperforming assets totaling 19% of total assets, as reported in the fourth quarter of 2010. During the second quarter of 2010 the bank became significantly undercapitalized with Tier 1 leverage and risk-based ratios of 3.17% and 4.29%, respectively. As a result the OCC issued a cease and desist order on October 13, 2010 ordering the bank to raise capital levels. By the fourth quarter the bank was considered critically undercapitalized with Tier 1 leverage and risk-based ratios of 1.38% and 1.80%, respectively.

The Florida Office of Financial Regulation shuttered the **Sunshine State Community Bank** (FDIC Certificate Number, 35478), and **Premier American Bank, N.A.** (rated “NB”, FDIC Certificate Number, 58991) assumed all of the bank’s deposits and essentially all of its assets. Sunshine State Community Bank was rated “E” since December 2008 and appeared on the *Institutions of Concern* (IOC) list since the second quarter of 2009. The bank was operating under a cease and desist order issued by the FDIC on September 21, 2009 citing multiple problems including inadequate capital, hazardous lending, and management policies and procedures which could jeopardize the bank’s deposits. Since the fourth quarter of 2009 to the fourth quarter of 2010, the level of nonperforming loans dramatically increased, its Texas ratio rose from 149.96% to 433.54%, respectively. Thus it is not surprising the bank posted net losses for each quarter of 2010 and had a cumulative net loss of \$13.2 million. During the third quarter of 2010 the bank fell into the significantly undercapitalized category with a Tier 1 leverage ratio 2.83% and by the fourth quarter the bank was considered critically undercapitalized by regulatory standards with Tier 1 leverage ratio of 1.33%.

Badger State Bank (FDIC Certificate Number, 13272) was closed by the Wisconsin Department of Financial Institutions and **Royal Bank** (rated “B+”, FDIC Certificate Number, 58991) assumed all of the bank’s deposits and essentially all of its assets. Badger State Bank was rated “E” for nine consecutive quarters mainly due to significant undercapitalization, poor asset quality, and ongoing losses. It also appeared on the *Institutions of Concern* (IOC) list since the third quarter of 2009. Badger State Bank was operating under a cease and desist order issued April 30, 2009 by the FDIC citing inadequate level of capital, problems with management and policies and procedures, and an excess level of adversely classified assets. During the first quarter of 2010 the bank’s Tier 1 leverage ratio fell from 3.83%, considered significantly undercapitalized, to 2.94%, critically undercapitalized. The bank was issued a supervisory prompt corrective action directive on May 5, 2010 by the FDIC citing the bank’s capital restoration plan as unacceptable. The bank’s capital quality continued to deteriorate and by the fourth quarter of 2010 its Tier 1 leverage ratio was 2.08%. Asset quality also deteriorated as its nonperforming assets-to-equity-plus-reserves ratio was 150.67% for the fourth quarter of 2010 compared to 112.82% in the prior year’s quarter. Badger State Bank’s cumulative net loss for the year 2010 was \$3.3 million.

4Q10 Financial Summary

Name	City	State	Total Assets (\$mil)	NPAs/ Assets (%)	Tier 1 Capital (%)	Leverage Capital (%)	ROA (%)	Brokered Deposits/ Deposits (%)	1Q10 Rating	2Q10 Rating	3Q10 Rating
Peoples State Bank	Hamtramck	MI	390.5	14.44	(0.35)	(0.25)	(4.34)	N/A	E	E	E
Canyon National Bank	Palm Springs	CA	210.9	19.05	1.80	1.38	(4.55)	N/A	E	E	E
Sunshine State Community Bank	Port Orange	FL	125.5	18.32	1.97	1.33	(4.51)	N/A	E	E	E
Badger State Bank	Cassville	WI	83.8	7.21	2.90	2.08	(0.18)	3.32%	E	E	E

Four More Banks Fail Raising the Total to Twenty-Two for 2011

February 22, 2011

On Friday, February 18, 2011, **Habersham Bank** (FDIC Certificate Number, 151) was closed by the Georgia Department of Banking and Finance. **SCBT, N.A.** (rating “C+”, FDIC Certificate Number, 13425), of Orangeburg, South Carolina, assumed all of the deposits of Habersham Bank. The bank had been “E” rated since the fourth quarter 2007 rating period and appeared on the *Institutions of Concern* (IOC) list numerous times. The bank’s nonperforming assets amounted to 966.8 percent of its equity capital plus reserves as of December 31, 2010, one of the highest percentages of any bank to fail in the past three years. The bank’s loan troubles largely stem from soured construction and land development loans. Habersham Bank also posted ongoing losses including a cumulative loss of \$12.3 million in 2010 and a loss of \$24.3 million in 2009. At the time of failure, Habersham Bank was critically undercapitalized as its Tier 1 leverage capital ratio declined from 2.28 percent to 0.87 percent. Similarly, the bank’s Tier 1 and total capital ratios were extremely low, standing at 2.47 percent and 0.78 percent, respectively.

The Office of Thrift Supervision shuttered the second thrift this year, **San Luis Trust Bank, FSB** (OTS Docket Number, 15051), on February 18, 2011. **First California Bank** (rating, “C+”, FDIC Number, 22819) assumed all of the thrift’s deposits and essentially all of its assets. The institution was rated “E” since September 2009 and has appeared on the *Institutions of Concern* (IOC) list since December 2009. San Luis Trust Bank suffered from negative earnings, capital inadequacy, and a high level of nonperforming loans in its commercial and real estate loans portfolio. The OTS issued a cease and desist order with respect to this thrift, on November 2, 2009 citing unsafe and unsound practices resulting in deteriorated asset quality, ineffective risk-management practices, and low capital levels. One year later the thrift had cumulative negative earnings of \$18.7 million for the year-end 2010 and it received notification from the OTS that it was considered critically undercapitalized as of November 23, 2010. On February 9, 2011, the OTS issued a prompt corrective action directive denying the institution’s plan for recapitalization, and ordering total risk-based capital ratio and Tier 1 core risk-based capital ratios to be raised to 8% and 4%, respectively, by February 15, 2011. As of the fourth quarter of 2010 these ratios were at -0.85% and -0.56%, respectively.

Citizens Bank of Effingham (FDIC Certificate Number, 34601) was closed by the Georgia Department of Banking and Finance and its deposits were assumed by **HeritageBank** (rated “C+”, FDIC Certificate Number, 50028). The bank was first rated “E” in December 2009 after a significant deterioration in asset quality, mainly in its commercial and real estate portfolio, and a net loss of \$7.3 million. Since the fourth quarter of 2009, the bank has suffered from ongoing losses. Its cumulative net loss for 2010 was \$10.2 million, resulting in a deteriorated capital position. Citizens Bank of Effingham was considered adequately capitalized in the fourth quarter of 2009 with a Tier 1 leverage ratio of 4.97%; however, by the fourth quarter of 2010 the bank was significantly undercapitalized with a Tier 1 leverage ratio of 2.94%. On May 4, 2010, the FDIC issued a consent order where Citizens Bank of Effingham consented, without admitting or denying the same, weaknesses in asset quality, capital adequacy, earnings, and management effectiveness.

Charter Oak Bank (FDIC Certificate Number, 57855) of Napa, California was closed by the California Department of Financial Institutions and its deposits, less a portion of brokered deposits, were

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assumed by **Bank of Marin** (rated “B+”, FDIC Certificate Number, 32779) based in Corte Madera, California. Charter Oak Bank had been rated “E” for two quarters and was rated “D” and “C-” in the two previous quarters. The bank had been losing both money and capital since the fourth quarter of 2009. Additionally, the bank had been the subject of two enforcement actions issued by the FDIC in September 2010. In the fourth quarter of 2010, Charter Oak Bank’s equity capital declined dramatically, totaling just \$587,000 as compared to \$4.7 million in the previous quarter. The remaining capital was low enough to classify the bank as critically undercapitalized with Tier 1 and leverage capital ratios of 0.53 percent and 0.44 percent, respectively. In 2009, Charter Oak posted a full-year net loss of \$3.6 million, by December 2010 that loss increased to \$13.2 million, due to provisioning expenses needed to cover the bank’s charge-offs and surviving nonperforming loans. As of year-end 2010, Charter Oak reported \$6.3 million in nonperforming assets, which comprised approximately 143 percent of its remaining equity plus reserves.

4Q10 Financial Summary

Name	City	State	Total Assets (\$mil)	NPAs/ Assets (%)	Tier 1 Capital (%)	Leverage Capital (%)	ROA (%)	Brokered Deposits/ Deposits (%)	1Q10 Rating	2Q10 Rating	3Q10 Rating
Habersham Bank	Clarksville	GA	387.68	23.74	0.87	0.87	(3.17)	N/A	E	E	E
San Luis Trust Bank, FSB	San Luis Obispo	CA	332.60	24.52	(0.85)	N/A	(5.63)	2.30	E	E	E
Citizens Bank of Effingham	Springfield	GA	218.75	16.86	1.27	0.92	(4.63)	12.70	E	E	E
Charter Oak Bank	Napa	CA	120.83	7.43	0.53	0.44	(10.95)	6.44	D	E	E

Valley Community Bank in Saint Charles, Illinois Fails

February 28, 2011

Valley Community Bank (FDIC Certificate Number, 34187) was closed by the Illinois Department of Financial and Professional Regulation – Division of Banking. **First State Bank** (rating “C+”, FDIC Certificate Number, 15752), of Mendota, Illinois, assumed all of the deposits of Valley Community Bank, less a portion of the failed bank’s brokered deposits, which comprised approximately 5 percent of its total deposits. The bank had been “E” rated since the fourth quarter 2008 rating period and appeared on the *Institutions of Concern* (IOC) list six times. Additionally, Valley Community Bank was the subject of an FDIC consent order issued in April 2010, which cited deficiencies in management, capital levels, credit concentrations, levels of classified assets, and a plethora of additional issues. The bank’s nonperforming assets comprised 857 percent of its equity capital plus reserves and were only fifteen percent covered by its allowance for loan and lease losses. The bank’s high level of nonperforming assets (NPAs) can be traced to the second and third quarters of 2009, when its past due loans increased by sixty-five percent and its repossessed property (other real estate owned) increased by over 500 percent, respectively, nearly doubling its total NPAs. Valley Community reported net losses and declining equity in each quarter of 2009 and 2010, leading to the bank posting full-year return on assets of negative 5.73 percent and total equity of negative \$833,000 at year-end 2010.

4Q10 Financial Summary											
Name	City	State	Total Assets (\$mil)	NPAs/ Assets (%)	Tier 1 Capital (%)	Leverage Capital (%)	ROA (%)	Brokered Deposits/ Deposits (%)	1Q10 Rating	2Q10 Rating	3Q10 Rating
Valley Community Bank	Saint Charles	IL	123.77	20.83	(0.88)	(0.64)	(5.73)	5.15	E	E	E

Bank Failures Reach Twenty-Five in 2011

March 14, 2011

Legacy Bank (FDIC Certificate Number, 34818) in Milwaukee, Wisconsin, was closed by the Wisconsin Department of Financial Institutions and Chicago-based **Seaway Bank and Trust Company** (rating, “C-”, FDIC Certificate Number, 4173) acquired all of the failed bank’s deposits except Cede & Co. deposits. Legacy Bank, and its parent company, Legacy Bancorp, Inc. were the subject of two enforcement actions issued by the Federal Reserve Board in April and November 2010. The most recent, a prompt corrective action directive, ordered the bank to increase capital levels and curtail various activities, such as paying above-market rates on deposits. At year-end 2010, Legacy Bank was critically undercapitalized due to a fifty-five percent decline in equity capital in the fourth quarter. Additionally, the bank’s brokered deposits comprised approximately thirty-four percent of total deposits and its full-year loss amounted to \$3.3 million. Legacy Bank’s nonperforming assets increased steadily throughout 2010 to total approximately \$44 million, or 191 percent of remaining equity capital plus reserves. Because of its poor and deteriorating financial condition, Legacy Bank had been rated “E” since the mid-year 2009 rating period and appeared on KBRA’s *Institutions of Concern* list three times.

The First National Bank of Davis (FDIC Certificate Number, 4077) was closed by the OCC on Friday, March 11. **The Pauls Valley Bank** (rating, “A”, FDIC Certificate Number, 4173), of Pauls Valley, Oklahoma, assumed all of the deposits of Valley Community Bank, excluding the Cede & Co. deposits. The failed bank’s fourth quarter 2010 call report painted a picture of an institution in average financial condition, with capital ratios well above the well-capitalized thresholds and full-year earnings of \$1.18 million. However, according to the OCC’s website, “The OCC acted after finding that the bank had experienced substantial dissipation of assets and earnings due to unsafe and unsound practices. The OCC also found that the bank incurred losses that depleted its capital and there is no reasonable prospect that the bank will become adequately capitalized without Federal assistance.” Furthermore, according to Ardmoerite.com, a newspaper in Ardmore, Oklahoma, “...Davis residents were expressing concern over rumors concerning discrepancies at the bank. Rumors included federal bank examiners were present and president W.A. “Dub” Moore Jr. had been escorted from the bank days earlier.”

4Q10 Financial Summary

Name	City	State	Total Assets (\$mil)	NPAs/ Assets (%)	Tier 1 Capital (%)	Leverage Capital (%)	ROA (%)	Brokered Deposits/ Deposits (%)	1Q10 Rating	2Q10 Rating	3Q10 Rating
Legacy Bank	Milwaukee	WI	190.4	21.98	0.87	0.65	(4.65)	33.88	E	E	E
The First National Bank of Davis	Davis	OK	90.2	2.42	12.61	8.09	1.34	38.94	C	C+	C+

Bank Failures Reach Twenty-Six in 2011

March 28, 2011

The Bank of Commerce (FDIC Certificate Number, 34292) in Wood Dale, Illinois was the twenty-sixth bank to fail in 2011. **Advantage National Bank** (Rating, “B”, FDIC Certificate Number, 57103) in Oak Grove, Illinois, assumed the failed bank’s deposits and reopened its sole branch on Saturday morning as a Branch of Advantage National Bank. The Bank of Commerce was rated “E” for ten consecutive quarters and appeared on the *Institutions of Concern* (IOC) list numerous times due to poor asset quality, low and deteriorating capital levels, significant losses. At the time of failure, The Bank of Commerce’s soured loans comprised 564 percent of equity and reserves, and the bank ranked in the lowest percentile of similarly sized banks in terms of asset quality, capital and earnings. Unsurprisingly, The Bank of Commerce was the subject of an FDIC supervisory prompt corrective action directive issued in December 2010. The enforcement action required The Bank of Commerce to recapitalize through the sale of shares or through the sale of the bank to another banking institution.

4Q10 Financial Summary											
Name	City	State	Total Assets (\$mil)	NPAs/ Assets (%)	Tier 1 Capital (%)	Leverage Capital (%)	ROA (%)	Brokered Deposits/ Deposits (%)	2Q10 Rating	3Q10 Rating	4Q10 Rating
The Bank of Commerce	Wood Dale	IL	163.07	30.17	0.51	0.41	(4.91)	2.50	E	E	E

Twenty-Eight and Counting – Banks Continue to Fold

April 11, 2011

Western Springs National Bank and Trust (FDIC Certificate Number, 10086), was taken over by Bloomington, Illinois based **Heartland Bank and Trust Company** (rating, “B”, FDIC Certificate Number, 20369). Western Springs National Bank and Trust had been rated “E” for ten consecutive quarters and appeared on the *Institutions of Concern* (IOC) list for six of those quarters. The failed bank had been consistently losing equity capital, culminating in a 62% loss in the fourth quarter of 2010. The large loss of equity left the bank critically undercapitalized after being adequately capitalized in prior quarters. Throughout 2009, Western Springs National Bank and Trust reported significant increases in nonperforming loans, largely concentrated in residential mortgages and constructions and land development loans. These nonperforming loans ultimately grew to comprise approximately 360% of remaining equity and reserves and were only 18% covered by the bank’s allowance for loan and lease losses. The bank had been steadily losing money in 2010 and earlier, resulting in a negative cumulative return on assets of 6.12% for 2010. Because of its poor financial condition, Western Springs National Bank and Trust was the subject of a cease and desist order and a prompt corrective action directive, issued by the Office of the Comptroller of the Currency in November of 2009 and November of 2010, respectively.

Nevada Commerce Bank (FDIC Certificate Number, 35418) was placed in receivership on Friday, April 8, 2011 and its deposits, less a portion of brokered deposits, were assumed by Las Angeles based **City National Bank** (rating, “B-”, FDIC Certificate Number, 17281). Nevada Commerce Bank had been rated “E” for nine consecutive quarters, and appeared on *Institutions of Concern* (IOC) list in each quarter since the fourth quarter of 2009. Since the fourth quarter of 2009, National Commerce Bank has reported increasing nonperforming g assets and diminishing equity capital, ultimately leaving the bank significantly undercapitalized and overwhelmed by delinquent loans and repossessed properties. At the end of 2010, nonperforming assets comprised approximately 435% of Nevada Commerce Bank’s remaining equity plus reserves. Additionally, Nevada Commerce Bank posted full-year net losses \$5.4 million in 2010, resulting in a negative return on assets of 3.48%. Nevada Commerce Bank was the subject of two enforcement actions issued by the FDIC in November 2009 and September 2010.

4Q10 Financial Summary

Name	City	State	Total Assets (\$mil)	NPAs/ Assets (%)	Tier 1 Capital (%)	Leverage Capital (%)	ROA (%)	Brokered Deposits/ Deposits (%)	2Q10 Rating	3Q10 Rating	4Q10 Rating
Western Springs National Bank and Trust	Western Springs	IL	186.76	18.07	2.17	1.71	(6.12)	N/A	E	E	E
Nevada Commerce Bank	Las Vegas	NV	144.95	21.41	3.21	2.26	(3.48)	7.52	E	E	E

Regulators Seize Six Additional Banks – Failures Reach Thirty-Four

April 18, 2011

Superior Bank (Docket Number, 18010), a thrift with assets totaling \$3.0 billion was closed by the Office of Thrift Supervision and taken over by newly chartered **Superior Bank, N.A.** (not yet rated) based in Birmingham, Alabama. Superior Bank had been rated “E” for six consecutive quarters and appeared on the *Institutions of Concern* (IOC) list during the past three quarters. The thrift was critically undercapitalized as of year-end 2010 due to a 61.0% decrease in equity in the fourth quarter preceded by a 44.0% decline in the previous quarter. Superior Bank posted a loss in each quarter beginning in June 2009, which coincided with a 53.0% increase in nonperforming assets. The thrift’s asset quality deterioration is largely tied to a significant increase in nonperforming loans secured by land followed by delinquent residential and nonresidential properties. The failed thrift was the subject of an OTS cease and desist order issued in November 2010.

Nexity Bank (FDIC Certificate Number, 19794) of Birmingham, Alabama, was closed by the State of Alabama Banking Department and was taken over by a newly-chartered bank, **AloStar Bank of Commerce** also located in Birmingham, Alabama.³ Nexity Bank had been rated “E” since the September 2008 rating period and appeared on the *Institutions of Concern* list many times. The failed bank, which was heavily involved in commercial and development real estate, recorded extremely poor asset quality figures, resulting in net losses in 2008, 2009, and 2010 as well as a declining capital base. Nexity had been undercapitalized by regulatory standards since the fourth quarter of 2009 and became critically undercapitalized in the fourth quarter of 2010 with a Tier 1 leverage ratio of just 0.72%. The failed bank was the subject of an FDIC cease and desist order issued over two years ago on March 20, 2009. The order cited concerns with management and the Board of Directors, inadequate equity and reserves, a large volume of poor quality loans and inadequate allowances for loan and lease losses.

Bartow County Bank (FDIC Certificate Number, 21495) located in Cartersville, Georgia, was assumed by **Hamilton State Bank** (rating, “D”, FDIC Certificate Number, 57810) of Hoschtton, Georgia. The failed bank carried a rating of “E” since the June 2008 rating period and frequented the *Institutions of Concern* list, due to deteriorating asset quality, continued negative earnings, and declining capital. Bartow County Bank posted net losses of \$18.76 million and \$9.61 million in 2010 and 2009, respectively, as the bank increased provisions for loan losses due to deterioration in their loan portfolio. Consequently, the bank’s capital base declined and was ultimately considered critically undercapitalized with a Tier 1 leverage ratio of 0.71% in the fourth quarter of 2010. Bartow County Bank was the subject of an FDIC consent order issued in April 2010, citing deficiencies with management, capital, asset quality, and allowances for loan lease losses, among other items.

The Mississippi Department of Banking and Consumer Finance shuttered **Heritage Banking Group** (FDIC Cert Number, 14273) of Carthage due mainly to deteriorating levels of capital and poor asset quality. The bank, which had been rated “E” since the March 2009 rating period, was assumed by **Trustmark National Bank** (rating “C+”, FDIC Cert Number, 4988). At the time of the bank’s downgrade to “E” its nonperforming assets amounted to \$16.8 million; by the time of failure, NPAs had increased

³ AloStar Bank of Commerce’s data is not currently on the KBRA website, as the bank is newly-chartered and has not submitted a call report.

75% amounting to \$29.5 million in the fourth quarter of 2010. The high level of NPAs was primarily concentrated in the bank's construction and land development portfolio and residential portfolio. The bank was operating under an FDIC consent order issued on June 16th, 2010 citing unsafe or unsound banking practices, violations of laws or regulations relating to capital adequacy, asset quality, management, earnings, and liquidity. The order, among other things, required the bank to raise capital levels within 90 days. At the time of issue, the bank's Tier 1 and total risk-based capital ratios were 6.56% and 7.82%, respectively. Following the order, the bank's equity declined by 36% in the third quarter of 2010 and 48% in the fourth quarter of 2010, resulting in fourth quarter of 2010, Tier 1 and total risk-based capital ratios of 2.71% and 3.98%, respectively. The bank's cumulative net loss for 2010 amounted to \$10.4 million.

New Horizons Bank (FDIC Certificate Number, 57705) failed on Friday, April 15 after carrying an "E" rating for eight quarters. The bank's deposits, less a portion of brokered deposits, were assumed by Gastonia, North Carolina based thrift, **Citizens South Bank** (rating, "C+", Docket Number, 2449). New Horizons Bank appeared on *Institutions of Concern* (IOC) list in each of the four most recent quarters. The failed bank was critically undercapitalized as of December 31, 2010 and reported nonperforming assets (NPAs) comprising 397.7% of remaining equity plus reserves. New Horizon Bank's repossessed assets made up over half of its \$17.5 million in NPAs. The bank posted a full-year net loss of \$6.9 million in 2010 and had been losing money in each quarter for over two years. Additionally, New Horizons Bank's primary liquidity measure, temporary assets minus volatile liabilities-to-total assets declined sharply in 2010, dropping from 11.88% to negative 11.23% over four quarters.

Rosemount National Bank (FDIC Cert Number, 24099) of Rosemount, Minnesota, was closed by the Office of the Comptroller of the Currency and was assumed by **Central Bank** (rating "B+", FDIC Cert Number 27234) of Stillwater, Minnesota. The bank had been rated "E" since September 2007 rating period due to undercapitalization, ongoing losses, and poor asset quality. In the fourth quarter of 2010, the bank's equity capital declined by 39%, resulting in a decline of its Tier 1 leverage ratio from 3.37% in the previous quarter to 1.87% in the fourth of 2010, which is critically undercapitalized by regulatory standards. As a result, the bank's nonperforming assets-to-equity-plus-reserves ratio increased from 194% to 245%. The bank's high level of nonperforming loans was mainly in its non-farm, nonresidential loan portfolio. The poor asset quality of Rosemount National Bank contributed to its cumulative net loss of \$1.8 million for 2010.

4Q10 Financial Summary

Name	City	State	Total Assets (\$mil)	NPAs/ Assets (%)	Tier 1 Capital (%)	Leverage Capital (%)	ROA (%)	Brokered Deposits/ Deposits (%)	2Q10 Rating	3Q10 Rating	4Q10 Rating
Superior Bank	Tampa	FL ⁴	3,040.74	11.35	1.80	N/A	(6.60)	4.54	E	E	E
Nexity Bank	Birmingham	AL	793.70	13.59	1.23	0.72	(2.64)	3.95	E	E	E
Bartow County Bank	Cartersville	GA	330.22	16.88	1.09	0.71	(5.26)	N/A	E	E	E
Heritage Banking Group	Carthage	MS	225.79	12.93	2.71	2.24	(4.57)	N/A	E	E	E
New Horizons Bank	East Ellijay	GA	110.71	14.93	0.37	0.26	(5.91)	1.99	E	E	E
Rosemount National Bank	Rosemount	MN	35.60	7.71	2.90	1.87	(4.97)	N/A	E	E	E

⁴ Different sources, including the OTS and the FDIC, report Superior Bank as being located in Birmingham, Alabama or in Tampa, Florida, alternately.

Five Banks Closed – 2011 Failures Reach Thirty-Nine

May 2, 2011

The Park Avenue Bank (FDIC Certificate Number, 19797) was closed by the Georgia Department of Banking and Finance and acquired by **Bank of the Ozarks** of Little Rock, Arkansas (rating, “B-”, FDIC Certificate Number, 110). The failed bank struggled with poor asset quality, primarily from construction real estate loans, which led to continued negative earnings and undercapitalization. The bank’s poor financial condition resulted in an “E” rating since the third quarter of 2008 and frequent appearances on the *Institutions of Concern* list. In addition, the Federal Reserve Board issued a prompt corrective action to The Park Avenue Bank in December 2010 requiring the bank to recapitalize via the sale of shares, merger/acquisition, or any other means. As of December 31, 2010, the bank was critically undercapitalized with a Tier 1 leverage ratio of 1.74%.

Community Central Bank (FDIC Certificate Number, 34234) of Mount Clemens, Michigan was taken over by **Talmer Bank & Trust**, formerly known as First Michigan Bank, of Troy Michigan (rating, “B+”, FDIC Certificate Number, 58132). Community Central Bank carried an “E” rating since the March 2008 rating period and appeared on the *Institutions of Concern* list several times. The failed bank recorded very poor asset quality, continued negative earnings, and a declining capital base. Community Central Bank lost a total of \$39.45 million throughout 2009 and 2010 and became critically undercapitalized in the fourth quarter of 2010 with a Tier 1 leverage ratio of just 1.66%. The bank was also the subject of an FDIC consent order issued in November 2010, requiring the bank to increase capital minimums, increase allowance for loan and lease losses, and change lending and collection practices.

First National Bank of Central Florida (FDIC Certificate Number, 26297) of Winterpark, Florida was closed by the Office of the Comptroller of the Currency (OCC). The bank, which had been “E” rated since December 2008 and appeared on the *Institutions of Concern* list multiple times, was issued a capital directive by the OCC on October 13, 2010 requiring the bank to increase Tier 1 and total risk-based capital ratios to at least 8% and 12%, respectively. In the fourth quarter of 2010, the bank’s equity capital declined 79% and its Tier 1 and total risk-based capital ratios declined to 1.96% and 3.25%, respectively. In addition to being considered critically undercapitalized by regulatory standards, the bank also suffered from a high level of nonperforming assets and ongoing losses. Nonperforming assets totaled \$84.2 million in the fourth quarter of 2010 with the majority of nonperforming loans in its construction and land development portfolio and in loans secured by commercial real estate. The bank had a fourth quarter net loss of \$20.2 million and a cumulative net loss of \$31 million for the year-end 2010. The newly chartered **Premier American Bank, N.A.** (FDIC Certificate Number, 58991, not yet rated) assumed all deposit accounts, excluding certain brokered deposits, of the failed bank.

First Choice Community Bank (FDIC Certificate Number, 58539) of Dallas, Georgia was also assumed by **Bank of the Ozarks** based in Little Rock, Arkansas (rating, “B-”, FDIC Certificate Number, 110). The failed bank was “E” rated since the first quarter 2010 rating period and appeared on the *Institutions of Concern* list for the past three quarters. First Choice Community Bank’s financial condition deteriorated very rapidly throughout 2010, primarily due to delinquencies in construction real estate loans and commercial real estate loans. Total NPAs represented just 3.22% of total assets in December 2009 compared to 24.78% in December 2010. The bank lost a total of \$42.43 million throughout 2010, depleting the bank’s capital base. As of December 31, 2010, total equity capital stood at negative \$7.59

million and resulted in negative regulatory capital ratios. First Choice Community Bank was not operating under any known enforcement actions at the time of failure.

Cortez Community Bank (FDIC Certificate Number, 57625) of Brooksville, Florida was closed by the Florida Office of Financial Regulation and all deposit accounts, excluding certain brokered deposits, were assumed by newly chartered **Premier American Bank, N.A.** (FDIC Certificate Number, 58991, not yet rated). Cortez Community Bank had been rated “E” since December 2008, appeared multiple times on the *Institutions of Concern* list and was the subject of an FDIC consent order issued April 6, 2010. The order cited weaknesses in capital, asset quality, management, earnings, liquidity and sensitivity to market risk. From the third to fourth quarter of 2010, total equity capital declined 50% with its Tier 1 leverage and risked-based ratios declining from 8.61% and 12.03% to 4.29% and 6.26%, respectively. Nonperforming assets for the bank totaled \$18.8 million in the fourth quarter of 2010 with the majority of the NPAs in commercial and development real estate. The bank recorded a net loss of \$3.5 million for the fourth quarter of 2010 and a cumulative net loss of \$8 million for the year-end 2010.

4Q10 Financial Summary

Name	City	State	Total Assets (\$mil)	NPAs/ Assets (%)	Tier 1 Capital (%)	Leverage Capital (%)	ROA (%)	Brokered Deposits/ Deposits (%)	2Q10 Rating	3Q10 Rating	4Q10 Rating
Park Avenue Bank, The	Valdosta	GA	953.3	19.95	2.79	1.74	(4.29)	9.63	E	E	E
Community Central Bank	Mount Clemens	MI	476.3	10.19	2.37	1.66	(5.12)	14.52	E	E	E
First National Bank of Central FL	Winterpark	FL	352.0	22.56	1.96	1.41	(8.30)	8.09	E	E	E
First Choice Community Bank	Dallas	GA	308.5	24.78	(2.96)	(2.37)	(12.67)	1.42	E	E	E
Cortez Community Bank	Brooksville	FL	72.2	23.85	6.26	4.29	(10.14)	13.63	E	E	E

2011 Failures Reach Forty

May 9, 2011

On Friday, May 6, 2011, **Coastal Bank** (Docket number, 15445) became the fortieth banking institution to fail. **Premier American Bank** (rating, “NB”, FDIC Certificate Number, 58991) assumed Coastal Bank’s deposits. The thrift had been rated “E” since the fourth quarter of 2007 rating period and appeared on the *Institutions of Concern* list (IOC) numerous times. The most recent IOC had the following to say about the failed thrift: “**Coastal Bank** (Cocoa Beach, FL), with assets totaling \$133 million, retained its “E” rating in the fourth quarter 2010 rating period, primarily due to poor asset quality, continued negative earnings, and declining capital levels. The institution’s NPAs have remained poor for the three-month period ending December 31, 2010 with NPAs representing 17.91% of total assets, ranking Coastal Bank in the bottom first percentile of its peer group. Coastal Bank’s asset quality issues largely stem from the residential real estate, nonresidential property, and land portfolios. Earnings have also remained an issue for Coastal Bank, which recorded losses for three years. Through the calendar year of 2010, Coastal Bank lost \$952,000 following losses of \$1.5 million and \$2.3 million in 2009 and 2008, respectively. Capital ratios for the bank have deteriorated significantly as Tier 1 and total capital risk-based capital ratios declined to 3.83% and 5.11%, from 10.06% and 11.32% in the previous quarter, respectively. The OTS issued a supervisory agreement to Coastal Bank in December 2009, requiring the thrift to strengthen capital, restrict growth and lending, and limit credit concentrations, among other items.”

4Q10 Financial Summary											
Name	City	State	Total Assets (\$mil)	NPAs/ Assets (%)	Tier 1 Capital (%)	Leverage Capital (%)	ROA (%)	Brokered Deposits/ Deposits (%)	2Q10 Rating	3Q10 Rating	4Q10 Rating
Coastal Bank	Cocoa Beach	FL	132.91	17.91	3.83	N/A	(0.72)	N/A	E	E	E

Forty-Three Bank Failures in Five Months

May 23, 2011

On Friday, May 20, 2011, Macon, Georgia based **Atlantic Southern Bank** (FDIC Certificate Number, 57213) was taken into receivership. **CertusBank, N.A.** (FDIC Certificate Number, 59028), a newly formed bank, which does not yet appear on the KBRA website, assumed Atlantic Southern Bank's deposits, less a portion of the failed bank's brokered deposits. Atlantic Southern Bank had been rated "E" since the mid-year 2009 rating period and appeared on the *Institutions of Concern* list (IOC) six times. The failed bank had been struggling with its asset quality and capital levels for well over a year. In the second quarter of 2009, the bank's nonperforming assets (NPAs) increased by 95% and its capital levels have been steadily declining. As of year-end 2010, the bank was significantly undercapitalized and its NPAs comprised 473% of remaining equity and reserves. Additionally, the Atlantic Southern Bank consistently reported negative earnings for the past year and a half, if not longer. Atlantic Southern Bank was the subject of an FDIC cease and desist order issued in September 2009, citing issues with management, capitalization, asset quality, and operating losses among other items.

First Georgia Banking Company (FDIC Certificate Number, 57647), was also seized by the Georgia Department of Banking and Finance on Friday after being rated "E" for over two years. The bank appeared on the *IOC* list throughout 2010 due to extremely poor asset quality, a trend of net losses, and deteriorating capital levels. At the end of 2010, First Georgia banking Company's NPAs increased by 23%, while its equity capital declined by 31%, leaving the bank significantly undercapitalized and increasing its Texas Ratio to 276%. As was the case with Atlantic Southern Bank, First Georgia Banking Company's deposits, less a portion of its brokered deposits were taken over by **CertusBank, N.A.**, which reopened the failed banks' branch offices on Saturday morning.

Summit Bank (FDIC Certificate Number, 513), based in Concrete, Washington was rated "E" for two quarters prior to failing last week. The bank, which recently appeared on the *IOC* list for the first time, reported a 99% increase in nonperforming assets in the fourth quarter of 2010. The increase in NPAs is largely attributable to a 987% increase in nonaccruing construction and land development loans. At the same time, Summit Bank reported a 47% decline in equity capital, lowering the bank's total capital to risk-weighted assets ratio to the significantly undercapitalized level. Because of its poor financial condition, in March of this year, Summit Bank was made the subject of an FDIC issued supervisory prompt corrective action directive, requiring the bank to recapitalize. **Columbia State Bank** (Rating, "C+", FDIC Certificate Number, 33826), took over Summit Bank's operations, assuming the failed bank's deposits, minus a portion of its brokered deposits, and reopening Summit Bank's three branches this morning under the Columbia State Bank banner.

4Q10 Financial Summary

Name	City	State	Total Assets (\$mil)	NPAs/ Assets (%)	Tier 1 Capital (%)	Leverage Capital (%)	ROA (%)	Brokered Deposits/ Deposits (%)	2Q10 Rating	3Q10 Rating	4Q10 Rating
Atlantic Southern Bank	Macon	GA	781.18	21.20	2.82	2.31	(2.20)	16.11	E	E	E
First Georgia Banking Company	Franklin	GA	780.06	10.47	3.61	2.40	(5.73)	6.29	E	E	E
Summit Bank	Concrete	WA	146.56	9.13	4.72	3.94	(1.93)	21.18	D	E	E

First Heritage Bank Fails

May 31, 2011

On Friday, May 27, 2011, the Washington State Department of Financial Institutions closed **First Heritage Bank** in Snohomish, Washington (FDIC Certificate Number, 23626). Tacoma, Washington based **Columbia State Bank** (Rating, “C+”, FDIC Certificate Number, 33826), assumed the failed bank’s deposits and reopened its five branch locations this morning. First Heritage Bank had been rated “E” for eight consecutive quarters and appeared on the *Institutions of Concern* list six times. The failed bank’s poor rating was largely due to poor asset quality, declining capital levels, and a trend of net losses. As of December 31, 2010, the bank’s nonperforming assets comprised 384% of equity and reserves and were only 12% covered by reserves. At year-end 2010, First Heritage Bank was significantly undercapitalized by regulatory standards with a Tier 1 capital ratio of 3.2% and a leverage capital ratio of 2.2%. First Heritage Bank reported a full-year loss of \$11.3 million in 2010. Additionally, the bank was the subject of an FDIC prompt corrective action directive, issued on February 24, 2011, as well as a cease and desist order issued on April 26, 2010. The most recent enforcement action required the bank to recapitalize within 30 days.

4Q10 Financial Summary

Name	City	State	Total Assets (\$mil)	NPAs/ Assets (%)	Tier 1 Capital (%)	Leverage Capital (%)	ROA (%)	Brokered Deposits/ Deposits (%)	2Q10 Rating	3Q10 Rating	4Q10 Rating
First Heritage Bank	Snohomish	WA	179.42	16.71	3.18	2.22	(6.00)	N/A	E	E	E

Thrift Failure – Atlantic Bank and Trust

June 6, 2011

Charleston, South Carolina based **Atlantic Bank and Trust** (Docket Number, 18016), a thrift with approximately \$239 million in assets, became the forty-fifth banking institution to fail in 2011. **First Citizens Bank and Trust Company, Inc.** (Rating, “C+”, FDIC Certificate Number, 15504) in Columbia South Carolina assumed the failed thrift’s deposits and reopened its three branch locations this morning. Atlantic Bank and Trust had been rated “E” for five consecutive quarters. In the fourth quarter of 2009, Atlantic Bank and Trust’s nonperforming assets surged by 131% due to deteriorations throughout its real estate loan portfolio. Additionally, Atlantic Bank and Trust reported a cumulative net loss of \$17.64 million in 2010, as well as declining capital levels throughout 2009 and 2010. As of January 2011, Atlantic Bank and Trust had been the subject of an OTS issued cease and desist order. The order cited deficiencies in the thrift’s lending practices, earnings, asset quality, contingency funding plan, and capital levels among other things.

4Q10 Financial Summary

4Q10 Financial Summary											
Name	City	State	Total Assets (\$mil)	NPAs/ Assets (%)	Tier 1 Capital (%)	Leverage Capital (%)	ROA (%)	Brokered Deposits/ Deposits (%)	2Q10 Rating	3Q10 Rating	4Q10 Rating
Atlantic Bank and Trust	Charleston	SC	239.20	19.72	4.80	N/A	(7.37)	0.64	E	E	E

13th Bank Failure for Georgia and 6th Bank Failure for Florida

June 20, 2011

On Friday, June 17, 2011, the Georgia Department of Banking and Finance shuttered **McIntosh State Bank** (FDIC Certificate Number, 19237), based in Jackson, Georgia, marking the thirteenth bank failure for the state in 2011. The bank had been rated “E” since December 2007 and appeared on the *Institutions of Concern* (IOC) list multiple times due to a high levels of nonperforming assets, low capital levels, and poor earnings. The bank’s asset quality declined significantly from year-end 2009 to year-end 2010, as the bank’s nonperforming assets (NPAs) increased from \$59.2 million to \$82.8 million. NPAs as a percentage of equity plus reserves increased from 190.3% during the fourth quarter of 2009 to 484.0% in the fourth quarter of 2010. The increase in the NPAs over the course of 2010 was mainly in the bank’s commercial and development real estate portfolio. The bank’s regulatory capital ratios deteriorated throughout 2010, beginning in the first quarter, when the bank recorded a 53% loss of its equity and became undercapitalized by regulatory standards. From the fourth quarter of 2009 to the fourth quarter of 2010, Tier 1 and total risk-based capital ratios declined from 6.92% and 8.18% to 2.98% and 4.26%, respectively. The bank posted a cumulative net loss of \$12.1 million in 2010, and its fourth quarter 2010 return on assets was negative 3.49% and its return on equity was negative 164.16%. McIntosh State Bank’s deposits and operations were assumed by **Hamilton State Bank** (rating, “D”, FDIC Certificate Number, 57810).

First Commercial Bank of Tampa Bay (FDIC Certificate Number, 27583) in Tampa, Florida is the sixth Florida bank to be closed this year. The bank was closed by the Florida Office of Financial Regulation and Fort Lauderdale-based **Stonegate Bank** (ratings, “B”, FDIC Certificate Number, 57934) acquired all of the bank’s deposits. In March 2008 the bank was downgraded from a “C” to an “E” and remained “E” rated until failure. The bank appeared on the *Institutions of Concern List* numerous times. The following year, the bank was the subject of an FDIC cease and desist order issued May 11th, 2009. The order cited many deficiencies including issues with the board of directors and management, inadequate equity capital and reserves in relation to a large volume of poor quality loans, and lax underwriting. In the first quarter of 2010, the bank’s Tier 1 and total risk-based capital ratios stood at 11.39% and 12.64%, respectively. By the fourth quarter of 2010 these ratios had declined to 2.96% and 4.27%, respectively, significantly undercapitalized by regulatory standards. The bank had a cumulative net loss of \$5.6 million for 2010.

4Q10 Financial Summary

Name	City	State	Total Assets (\$mil)	NPAs/ Assets (%)	Tier 1 Capital (%)	Leverage Capital (%)	ROA (%)	Brokered Deposits/ Deposits (%)	2Q10 Rating	3Q10 Rating	4Q10 Rating
McIntosh State Bank	Jackson	GA	341.70	24.24	2.98	2.10	(3.49)	4.83	E	E	E
First Commercial State Bank of Tampa Bay	Tampa	FL	102.6	15.53	2.96	2.16	(5.27)	5.71	E	E	E

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