

Sample Bank

Anywhere, USA

Capital ConnectionsSM

Capital Analysis & Assessment Systems

Capital Adequacy

Analysis

&

Assessment

Directors' Summary

Hybarger & Associates

2017 - 2019

As of December 31, 2017

Directors' Summary
Capital Adequacy Analysis

	2017				2018				2019			
	I <i>Actual</i>	II <i>Actual</i>	III <i>Actual</i>	IV <i>Actual</i>	I <i>Forecast</i>	II <i>Forecast</i>	III <i>Forecast</i>	IV <i>Forecast</i>	I <i>Forecast</i>	II <i>Forecast</i>	III <i>Forecast</i>	IV <i>Forecast</i>
Quarterly Capital Compliance Summary												
Tangible Equity Capital (Leverage Ratio)	Secondary	Secondary	Primary	Primary	Primary	Primary	Primary	Primary	Primary	Primary	Primary	Primary
Common Equity Tier 1 Risk-Based Capital Ratio	Primary	Primary	Primary	Primary	Primary	Primary	Primary	Primary	Primary	Primary	Primary	Primary
Tier 1 Risk-Based Capital Ratio	Primary	Primary	Primary	Primary	Primary	Primary	Primary	Primary	Primary	Primary	Primary	Primary
Total Risk-Based Capital Ratio	Primary	Primary	Primary	Primary	Primary	Primary	Primary	Primary	Primary	Primary	Primary	Primary
Capital Compliance Assessment	Mitigated Compliance	Mitigated Compliance	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant
Capital Enhanced Quarters	2	3	-	-	-	-	-	-	-	-	-	-
Capital Compliance Monitor												
Capital Compliance Rating	2	3	1	1	1	1	1	1	1	1	1	1
Capital Enhanced Quarters Rating	2	3	1	1	1	1	1	1	1	1	1	1
Secondary Capital Compliance Rating <i>(Degree of Mitigation)</i>	2	2	1	1	1	1	1	1	1	1	1	1
Capital Compliance Assessment Summary												
Tangible Equity Capital (Leverage Ratio) ~ Compliance Margin												
Primary Capital	(0.036)	(0.059)	0.233	0.945	0.874	0.832	0.829	1.030	1.002	0.876	0.897	1.119
Secondary Capital	0.677	0.610	0.901	1.229	1.259	1.276	1.282	1.463	1.530	1.479	1.528	1.741
Tertiary Capital	0.920	0.629	1.191	1.857	1.563	1.978	2.208	2.492	2.436	2.349	2.398	2.608
Capital Compliance Assessment	Mitigated Compliance	Mitigated Compliance	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant
Common Equity Tier 1 Risk-Based Capital Ratio ~ Compliance Margin												
Primary Capital	3.036	2.413	2.750	2.937	3.079	2.797	2.701	2.954	2.761	2.574	2.528	2.710
Secondary Capital	4.149	3.422	3.708	3.323	3.601	3.390	3.301	3.521	3.447	3.354	3.339	3.504
Tertiary Capital	4.528	3.450	4.124	4.178	4.012	4.326	4.526	4.869	4.625	4.479	4.457	4.612
Capital Compliance Assessment	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant
Tier 1 Risk-Based Capital Ratio ~ Compliance Margin												
Primary Capital	1.536	0.913	1.250	1.437	1.579	1.297	1.201	1.454	1.261	1.074	1.074	1.238
Secondary Capital	2.649	1.922	2.208	1.823	2.101	1.890	1.801	2.021	1.947	1.854	1.885	2.032
Tertiary Capital	3.028	1.950	2.624	2.678	2.512	2.826	3.026	3.369	3.125	2.979	3.003	3.140
Capital Compliance Assessment	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant
Total Risk-Based Capital Ratio ~ Compliance Margin												
Primary Capital	0.745	0.022	0.263	0.453	0.582	0.292	0.187	0.432	0.232	0.038	0.030	0.188
Secondary Capital	1.858	1.031	1.221	0.839	1.104	0.885	0.787	0.999	0.918	0.818	0.841	0.982
Tertiary Capital	2.237	1.059	1.637	1.694	1.515	1.821	2.012	2.347	2.096	1.943	1.959	2.090
Capital Compliance Assessment	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant

Directors' Summary
Capital Adequacy Analysis

	2017				2018				2019			
	I <i>Actual</i>	II <i>Actual</i>	III <i>Actual</i>	IV <i>Actual</i>	I <i>Forecast</i>	II <i>Forecast</i>	III <i>Forecast</i>	IV <i>Forecast</i>	I <i>Forecast</i>	II <i>Forecast</i>	III <i>Forecast</i>	IV <i>Forecast</i>

Dividend Restriction Analysis

Resulting Dividend Restrictions	No Limitations	No Limitations	No Limitations	No Limitations	No Limitations	No Limitations	No Limitations	No Limitations	No Limitations	No Limitations	No Limitations	No Limitations
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Capital Conservation Buffer Analysis
Dividend Payout Restriction Analysis

Common Equity Tier 1 Risk-Based Capital Ratio	13.194	12.236	11.968	12.315	12.175	11.932	11.834	11.974	11.855	11.631	11.586	11.801
"Adequately" Capitalized	4.500	4.500	4.500	4.500	4.500	4.500	4.500	4.500	4.500	4.500	4.500	4.500
Common Equity Tier 1 Risk-Based Capital Conservation Buffer	8.690	7.740	7.470	7.810	7.680	7.430	7.330	7.470	7.350	7.130	7.090	7.300
Tier 1 Risk-Based Capital Ratio	13.194	12.236	11.968	12.315	12.175	11.932	11.834	11.974	11.855	11.631	11.586	11.801
"Adequately" Capitalized	6.000	6.000	6.000	6.000	6.000	6.000	6.000	6.000	6.000	6.000	6.000	6.000
Tier 1 Risk-Based Capital Conservation Buffer	7.190	6.240	5.970	6.310	6.180	5.930	5.830	5.970	5.850	5.630	5.590	5.800
Total Risk-Based Capital Ratio	14.403	13.345	12.981	13.331	13.178	12.927	12.821	12.952	12.826	12.594	12.543	12.751
"Adequately" Capitalized	8.000	8.000	8.000	8.000	8.000	8.000	8.000	8.000	8.000	8.000	8.000	8.000
Total Risk-Based Capital Conservation Buffer	6.400	5.350	4.980	5.330	5.180	4.930	4.820	4.950	4.830	4.590	4.540	4.750
<i>Minimum</i> Capital Conservation Buffer	6.400	5.350	4.980	5.330	5.180	4.930	4.820	4.950	4.830	4.590	4.540	4.750
<i>Required</i> Capital Conservation Buffer	1.250	1.250	1.250	1.250	1.875	1.875	1.875	1.875	2.500	2.500	2.500	2.500
Compliance Margin	5.150	4.100	3.730	4.080	3.305	3.055	2.945	3.075	2.330	2.090	2.040	2.250

Net Retained Earnings Analysis

(Whole Dollars)

Quarterly Net Income	1,261,988	1,006,533	1,274,547	1,126,512	1,261,900	1,429,812	1,493,469	1,634,785	1,621,971	1,766,256	1,877,325	2,006,335
Quarterly Dividends	(1,009,000)	(1,276,000)	(662,000)	(280,000)	(653,929)	(1,332,695)	(949,459)	(303,975)	(1,182,027)	(1,679,411)	(1,187,754)	(377,335)
Quarterly Net Retained Earnings	252,988	(269,467)	612,547	846,512	607,971	97,117	544,010	1,330,810	439,944	86,845	689,571	1,629,000

*Directors' Summary
Capital Adequacy Analysis*

	2017				2018				2019			
	I <i>Actual</i>	II <i>Actual</i>	III <i>Actual</i>	IV <i>Actual</i>	I <i>Forecast</i>	II <i>Forecast</i>	III <i>Forecast</i>	IV <i>Forecast</i>	I <i>Forecast</i>	II <i>Forecast</i>	III <i>Forecast</i>	IV <i>Forecast</i>
Directors' Capital Compliance Summary Tangible Equity Capital												
<i>Capital Compliance Assessment & Analysis</i>												
Actual ~ Tangible Equity Capital	8.453	8.116	8.340	9.053	8.982	8.942	8.941	9.143	9.117	8.995	9.018	9.241
Required ~ Tangible Equity Capital	8.489	8.175	8.107	8.108	8.109	8.110	8.112	8.112	8.115	8.119	8.121	8.122
Primary Capital Compliance	(0.036)	(0.059)	0.233	0.945	0.874	0.832	0.829	1.030	1.002	0.876	0.897	1.119
Allowable Mitigating Capital	0.713	0.669	0.668	0.284	0.385	0.444	0.453	0.433	0.528	0.603	0.631	0.622
Secondary Capital Compliance	0.677	0.610	0.901	1.229	1.259	1.276	1.282	1.463	1.530	1.479	1.528	1.741
Allowable Contingency Capital	0.243	0.019	0.290	0.628	0.304	0.702	0.926	1.029	0.906	0.870	0.870	0.867
Tertiary Capital Compliance	0.920	0.629	1.191	1.857	1.563	1.978	2.208	2.492	2.436	2.349	2.398	2.608

Quarterly Capital Compliance Summary												
Capital Compliance Assessment	Mitigated Compliance	Mitigated Compliance	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant
Capital Enhanced Quarters	2	3	-	-	-	-	-	-	-	-	-	-

Capital Compliance Monitor												
Capital Compliance Rating	2	3	1	1	1	1	1	1	1	1	1	1
Capital Enhanced Quarters Rating	2	3	1	1	1	1	1	1	1	1	1	1
Secondary Capital Compliance Rating <i>(Degree of Mitigation)</i>	2	2	1	1	1	1	1	1	1	1	1	1

Capital Compliance Assessment & Analysis												
<i>~ Dollars in Thousands ~</i>												
Actual ~ Tangible Equity Capital	33,623	33,354	33,989	37,336	37,944	38,041	38,585	39,916	40,356	40,443	41,132	42,761
Required ~ Tangible Equity Capital	33,767	33,598	33,040	33,440	34,253	34,502	35,008	35,417	35,922	36,505	37,041	37,582
Primary Capital Compliance	(143)	(242)	950	3,897	3,692	3,540	3,578	4,497	4,435	3,939	4,092	5,178
Allowable Mitigating Capital	2,836	2,750	2,722	1,171	1,626	1,889	1,955	1,890	2,337	2,711	2,878	2,878
Secondary Capital Compliance	2,693	2,507	3,672	5,069	5,318	5,429	5,533	6,387	6,772	6,650	6,970	8,056
Allowable Contingency Capital	966	78	1,181	2,592	1,283	2,985	3,995	4,492	4,010	3,912	3,969	4,014
Tertiary Capital Compliance	3,659	2,585	4,853	7,661	6,601	8,414	9,528	10,879	10,782	10,561	10,939	12,069

Directors' Summary
Capital Adequacy Analysis

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Directors' Capital Compliance Summary												
Tangible Equity Capital												
Base Capital Computations												
Capital Base: Tangible Equity Capital	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000	5.000
Risk-Weighted Assets Factor	0.676	0.592	0.498	0.524	0.451	0.421	0.406	0.409	0.393	0.375	0.375	0.439
Base Capital Computations	5.676	5.592	5.498	5.524	5.451	5.421	5.406	5.409	5.393	5.375	5.375	5.439
Internal Vulnerability Factors												
Quantitative Factors												
Earnings	0.248	0.201	0.077	0.084	0.039	0.020	0.016	0.011	0.012	0.008	0.006	0.005
Dividends	0.142	0.143	0.115	0.143	0.059	0.145	0.143	0.002	0.096	0.147	0.138	0.002
Asset Quality	0.234	0.196	0.183	0.211	0.209	0.259	0.246	0.277	0.240	0.211	0.203	0.205
Quantitative Factors	0.624	0.540	0.375	0.438	0.307	0.424	0.405	0.290	0.348	0.366	0.347	0.212
Qualitative Factors												
Loan Quality	0.244	0.261	0.211	0.211	0.191	0.188	0.184	0.181	0.175	0.174	0.172	0.173
Investment Quality	0.071	0.055	0.041	0.057	0.049	0.045	0.044	0.044	0.042	0.040	0.040	0.046
Generalized Risk Factors	0.193	0.192	0.186	0.190	0.148	0.135	0.138	0.128	0.120	0.111	0.107	0.110
Qualitative Factors	0.508	0.508	0.438	0.458	0.388	0.368	0.366	0.353	0.337	0.325	0.319	0.329
Concentration Factors												
Concentration Levels	0.263	0.273	0.207	0.235	0.196	0.182	0.170	0.169	0.156	0.147	0.141	0.162
Business Plan Concentrations	-	-	-	-	-	-	-	-	-	-	-	-
Concentration Trends	0.268	0.228	0.218	0.220	0.220	0.213	0.208	0.207	0.210	0.205	0.203	0.212
Concentration Factors	0.531	0.501	0.425	0.455	0.416	0.395	0.378	0.376	0.366	0.352	0.344	0.374
Structural Risk Factors												
Structural Risks	0.104	0.091	0.077	0.080	0.069	0.065	0.062	0.063	0.060	0.058	0.058	0.067
Structural Risk Factors	0.104	0.091	0.077	0.080	0.069	0.065	0.062	0.063	0.060	0.058	0.058	0.067
External Risk Factors												
Stress Factors												
Loans	0.297	0.292	0.282	0.291	0.290	0.289	0.289	0.274	0.263	0.256	0.249	0.250
Investments	0.146	0.146	0.145	0.145	0.145	0.145	0.145	0.145	0.145	0.145	0.145	0.145
Liquidity	0.022	0.020	0.033	0.024	0.024	0.032	0.044	0.054	0.052	0.062	0.081	0.106
Earnings at Risk	0.061	0.126	0.142	0.083	0.123	0.116	0.133	0.147	0.141	0.087	0.049	0.029
Value at Risk	0.284	0.134	0.084	0.143	0.099	0.090	0.095	0.091	0.087	0.085	0.084	0.099
Total Stress Factors	0.810	0.718	0.686	0.686	0.681	0.672	0.706	0.711	0.688	0.635	0.608	0.629
Economic Risk Factors												
Economic Risk	0.236	0.225	0.094	0.106	0.115	0.132	0.158	0.165	0.205	0.258	0.274	0.294
Economic Risks Factors	0.236	0.225	0.094	0.106	0.115	0.132	0.158	0.165	0.205	0.258	0.274	0.294
Assessment Boundary Factor	-	-	0.514	0.361	0.682	0.633	0.631	0.745	0.718	0.750	0.796	0.778
Required Tangible Equity Capital	8.489	8.175	8.107	8.108	8.109	8.110	8.112	8.112	8.115	8.119	8.121	8.122

Directors' Summary
Capital Adequacy Analysis

	2017				2018				2019			
	I Actual	II Actual	III Actual	IV Actual	I Forecast	II Forecast	III Forecast	IV Forecast	I Forecast	II Forecast	III Forecast	IV Forecast
Directors' Capital Compliance Summary Common Equity Tier 1 Risk-Based Capital												
Capital Compliance Assessment & Analysis												
Actual ~ Common Equity Tier 1 Risk-Based Capital	13.194	12.236	11.968	12.315	12.175	11.932	11.834	11.974	11.855	11.631	11.586	11.801
Required ~ Common Equity Tier 1 Risk-Based Capital	10.158	9.823	9.218	9.378	9.096	9.135	9.133	9.021	9.094	9.057	9.058	9.091
Primary Capital Compliance	3.036	2.413	2.750	2.937	3.079	2.797	2.701	2.954	2.761	2.574	2.528	2.710
Allowable Mitigating Capital	1.113	1.009	0.958	0.386	0.522	0.593	0.600	0.567	0.686	0.780	0.811	0.794
Secondary Capital Compliance	4.149	3.422	3.708	3.323	3.601	3.390	3.301	3.521	3.447	3.354	3.339	3.504
Allowable Contingency Capital	0.379	0.028	0.416	0.855	0.412	0.936	1.225	1.348	1.178	1.125	1.118	1.108
Tertiary Capital Compliance	4.528	3.450	4.124	4.178	4.012	4.326	4.526	4.869	4.625	4.479	4.457	4.612

Quarterly Capital Compliance Summary												
Capital Compliance Assessment	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant
Capital Enhanced Quarters	-	-	-	-	-	-	-	-	-	-	-	-

Capital Compliance Monitor												
Capital Compliance Rating	1	1	1	1	1	1	1	1	1	1	1	1
Capital Enhanced Quarters Rating	1	1	1	1	1	1	1	1	1	1	1	1
Secondary Capital Compliance Rating <i>(Degree of Mitigation)</i>	1	1	1	1	1	1	1	1	1	1	1	1

Capital Compliance Assessment & Analysis <i>~ Dollars in Thousands ~</i>												
Actual ~ Common Equity Tier 1 Risk-Based Capital	33,623	33,354	33,989	37,336	37,944	38,041	38,585	39,916	40,356	40,443	41,132	42,761
Required ~ Common Equity Tier 1 Risk-Based Capital	25,885	26,776	26,178	28,432	28,348	29,123	29,779	30,070	30,957	31,493	32,157	32,941
Primary Capital Compliance	7,738	6,578	7,811	8,904	9,596	8,918	8,806	9,846	9,399	8,949	8,976	9,820
Allowable Mitigating Capital	2,836	2,750	2,722	1,171	1,626	1,889	1,955	1,890	2,337	2,711	2,878	2,878
Secondary Capital Compliance	10,574	9,328	10,533	10,075	11,222	10,807	10,761	11,736	11,736	11,660	11,854	12,698
Allowable Contingency Capital	966	78	1,181	2,592	1,283	2,985	3,995	4,492	4,010	3,912	3,969	4,014
Tertiary Capital Compliance	11,540	9,405	11,714	12,667	12,505	13,793	14,757	16,228	15,745	15,572	15,823	16,712

*Directors' Summary
Capital Adequacy Analysis*

	2017				2018				2019			
	I Actual	II Actual	III Actual	IV Actual	I Forecast	II Forecast	III Forecast	IV Forecast	I Forecast	II Forecast	III Forecast	IV Forecast
Directors' Capital Compliance Summary Common Equity Tier 1 Risk-Based Capital												
Base Capital Computations												
Capital Base: Common Equity Tier 1 Risk-Based Capital	6.500	6.500	6.500	6.500	6.500	6.500	6.500	6.500	6.500	6.500	6.500	6.500
Capital Enhancement Factor	0.169	0.148	0.125	0.131	0.169	0.158	0.152	0.154	0.197	0.188	0.188	0.219
Risk-Weighted Assets Factor	0.676	0.592	0.498	0.524	0.451	0.421	0.406	0.409	0.393	0.375	0.375	0.439
Base Capital Computations	7.345	7.240	7.123	7.155	7.120	7.079	7.058	7.063	7.090	7.063	7.063	7.158
Internal Vulnerability Factors												
Quantitative Factors												
Earnings	0.248	0.201	0.077	0.084	0.039	0.020	0.016	0.011	0.012	0.008	0.006	0.005
Dividends	0.142	0.143	0.115	0.143	0.059	0.145	0.143	0.002	0.096	0.147	0.138	0.002
Asset Quality	0.234	0.196	0.183	0.211	0.209	0.259	0.246	0.277	0.240	0.211	0.203	0.205
Quantitative Factors	0.624	0.540	0.375	0.438	0.307	0.424	0.405	0.290	0.348	0.366	0.347	0.212
Qualitative Factors												
Loan Quality	0.244	0.261	0.211	0.211	0.191	0.188	0.184	0.181	0.175	0.174	0.172	0.173
Investment Quality	0.071	0.055	0.041	0.057	0.049	0.045	0.044	0.044	0.042	0.040	0.040	0.046
Generalized Risk Factors	0.193	0.192	0.186	0.190	0.148	0.135	0.138	0.128	0.120	0.111	0.107	0.110
Qualitative Factors	0.508	0.508	0.438	0.458	0.388	0.368	0.366	0.353	0.337	0.325	0.319	0.329
Concentration Factors												
Concentration Levels	0.263	0.273	0.207	0.235	0.196	0.182	0.170	0.169	0.156	0.147	0.141	0.162
Business Plan Concentrations	-	-	-	-	-	-	-	-	-	-	-	-
Concentration Trends	0.268	0.228	0.218	0.220	0.220	0.213	0.208	0.207	0.210	0.205	0.203	0.212
Concentration Factors	0.531	0.501	0.425	0.455	0.416	0.395	0.378	0.376	0.366	0.352	0.344	0.374
Structural Risk Factors												
Structural Risks	0.104	0.091	0.077	0.080	0.069	0.065	0.062	0.063	0.060	0.058	0.058	0.067
Structural Risk Factors	0.104	0.091	0.077	0.080	0.069	0.065	0.062	0.063	0.060	0.058	0.058	0.067
External Risk Factors												
Stress Factors												
Loans	0.297	0.292	0.282	0.291	0.290	0.289	0.289	0.274	0.263	0.256	0.249	0.250
Investments	0.146	0.146	0.145	0.145	0.145	0.145	0.145	0.145	0.145	0.145	0.145	0.145
Liquidity	0.022	0.020	0.033	0.024	0.024	0.032	0.044	0.054	0.052	0.062	0.081	0.106
Earnings at Risk	0.061	0.126	0.142	0.083	0.123	0.116	0.133	0.147	0.141	0.087	0.049	0.029
Value at Risk	0.284	0.134	0.084	0.143	0.099	0.090	0.095	0.091	0.087	0.085	0.084	0.099
Total Stress Factors	0.810	0.718	0.686	0.686	0.681	0.672	0.706	0.711	0.688	0.635	0.608	0.629
Economic Risk Factors												
Economic Risk	0.236	0.225	0.094	0.106	0.115	0.132	0.158	0.165	0.205	0.258	0.274	0.294
Economic Risks Factors	0.236	0.225	0.094	0.106	0.115	0.132	0.158	0.165	0.205	0.258	0.274	0.294
Assessment Boundary Factor	-	-	-	-	-	-	-	-	-	0.000	0.046	0.028
Required Common Equity Tier 1 Risk-Based Capital	10.158	9.823	9.218	9.378	9.096	9.135	9.133	9.021	9.094	9.057	9.058	9.091

*Directors' Summary
Capital Adequacy Analysis*

	2017				2018				2019			
	I <i>Actual</i>	II <i>Actual</i>	III <i>Actual</i>	IV <i>Actual</i>	I <i>Forecast</i>	II <i>Forecast</i>	III <i>Forecast</i>	IV <i>Forecast</i>	I <i>Forecast</i>	II <i>Forecast</i>	III <i>Forecast</i>	IV <i>Forecast</i>
Directors' Capital Compliance Summary Tier 1 Risk-Based Capital												
<i>Capital Compliance Assessment & Analysis</i>												
Actual ~ Tier 1 Risk-Based Capital	13.194	12.236	11.968	12.315	12.175	11.932	11.834	11.974	11.855	11.631	11.586	11.801
Required ~ Tier 1 Risk-Based Capital	11.658	11.323	10.718	10.878	10.596	10.635	10.633	10.521	10.594	10.557	10.513	10.563
Primary Capital Compliance	1.536	0.913	1.250	1.437	1.579	1.297	1.201	1.454	1.261	1.074	1.074	1.238
Allowable Mitigating Capital	1.113	1.009	0.958	0.386	0.522	0.593	0.600	0.567	0.686	0.780	0.811	0.794
Secondary Capital Compliance	2.649	1.922	2.208	1.823	2.101	1.890	1.801	2.021	1.947	1.854	1.885	2.032
Allowable Contingency Capital	0.379	0.028	0.416	0.855	0.412	0.936	1.225	1.348	1.178	1.125	1.118	1.108
Tertiary Capital Compliance	3.028	1.950	2.624	2.678	2.512	2.826	3.026	3.369	3.125	2.979	3.003	3.140

Quarterly Capital Compliance Summary												
Capital Compliance Assessment	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant
Capital Enhanced Quarters	-	-	-	-	-	-	-	-	-	-	-	-

Capital Compliance Monitor												
Capital Compliance Rating	1	1	1	1	1	1	1	1	1	1	1	1
Capital Enhanced Quarters Rating	1	1	1	1	1	1	1	1	1	1	1	1
Secondary Capital Compliance Rating <i>(Degree of Mitigation)</i>	1	1	1	1	1	1	1	1	1	1	1	1

Capital Compliance Assessment & Analysis												
<i>~ Dollars in Thousands ~</i>												
Actual ~ Tier 1 Risk-Based Capital	33,623	33,354	33,989	37,336	37,944	38,041	38,585	39,916	40,356	40,443	41,132	42,761
Required ~ Tier 1 Risk-Based Capital	29,708	30,865	30,438	32,980	33,022	33,905	34,669	35,070	36,064	36,708	37,320	38,275
Primary Capital Compliance	3,915	2,489	3,551	4,356	4,922	4,136	3,916	4,846	4,292	3,735	3,812	4,487
Allowable Mitigating Capital	2,836	2,750	2,722	1,171	1,626	1,889	1,955	1,890	2,337	2,711	2,878	2,878
Secondary Capital Compliance	6,751	5,239	6,273	5,527	6,548	6,025	5,871	6,736	6,629	6,446	6,690	7,365
Allowable Contingency Capital	966	78	1,181	2,592	1,283	2,985	3,995	4,492	4,010	3,912	3,969	4,014
Tertiary Capital Compliance	7,718	5,317	7,454	8,119	7,830	9,011	9,866	11,228	10,639	10,357	10,659	11,378

Directors' Summary
Capital Adequacy Analysis

	2017				2018				2019			
	I <i>Actual</i>	II <i>Actual</i>	III <i>Actual</i>	IV <i>Actual</i>	I <i>Forecast</i>	II <i>Forecast</i>	III <i>Forecast</i>	IV <i>Forecast</i>	I <i>Forecast</i>	II <i>Forecast</i>	III <i>Forecast</i>	IV <i>Forecast</i>
Directors' Capital Compliance Summary												
Tier 1 Risk-Based Capital												
Base Capital Computations												
Capital Base: Tier 1 Risk-Based Capital	8.000	8.000	8.000	8.000	8.000	8.000	8.000	8.000	8.000	8.000	8.000	8.000
Capital Enhancement Factor	0.169	0.148	0.125	0.131	0.169	0.158	0.152	0.154	0.197	0.188	0.188	0.219
Risk-Weighted Assets Factor	0.676	0.592	0.498	0.524	0.451	0.421	0.406	0.409	0.393	0.375	0.375	0.439
Base Capital Computations	8.845	8.740	8.623	8.655	8.620	8.579	8.558	8.563	8.590	8.563	8.563	8.658
Internal Vulnerability Factors												
Quantitative Factors												
Earnings	0.248	0.201	0.077	0.084	0.039	0.020	0.016	0.011	0.012	0.008	0.006	0.005
Dividends	0.142	0.143	0.115	0.143	0.059	0.145	0.143	0.002	0.096	0.147	0.138	0.002
Asset Quality	0.234	0.196	0.183	0.211	0.209	0.259	0.246	0.277	0.240	0.211	0.203	0.205
Quantitative Factors	0.624	0.540	0.375	0.438	0.307	0.424	0.405	0.290	0.348	0.366	0.347	0.212
Qualitative Factors												
Loan Quality	0.244	0.261	0.211	0.211	0.191	0.188	0.184	0.181	0.175	0.174	0.172	0.173
Investment Quality	0.071	0.055	0.041	0.057	0.049	0.045	0.044	0.044	0.042	0.040	0.040	0.046
Generalized Risk Factors	0.193	0.192	0.186	0.190	0.148	0.135	0.138	0.128	0.120	0.111	0.107	0.110
Qualitative Factors	0.508	0.508	0.438	0.458	0.388	0.368	0.366	0.353	0.337	0.325	0.319	0.329
Concentration Factors												
Concentration Levels	0.263	0.273	0.207	0.235	0.196	0.182	0.170	0.169	0.156	0.147	0.141	0.162
Business Plan Concentrations	-	-	-	-	-	-	-	-	-	-	-	-
Concentration Trends	0.268	0.228	0.218	0.220	0.220	0.213	0.208	0.207	0.210	0.205	0.203	0.212
Concentration Factors	0.531	0.501	0.425	0.455	0.416	0.395	0.378	0.376	0.366	0.352	0.344	0.374
Structural Risk Factors												
Structural Risks	0.104	0.091	0.077	0.080	0.069	0.065	0.062	0.063	0.060	0.058	0.058	0.067
Structural Risk Factors	0.104	0.091	0.077	0.080	0.069	0.065	0.062	0.063	0.060	0.058	0.058	0.067
External Risk Factors												
Stress Factors												
Loans	0.297	0.292	0.282	0.291	0.290	0.289	0.289	0.274	0.263	0.256	0.249	0.250
Investments	0.146	0.146	0.145	0.145	0.145	0.145	0.145	0.145	0.145	0.145	0.145	0.145
Liquidity	0.022	0.020	0.033	0.024	0.024	0.032	0.044	0.054	0.052	0.062	0.081	0.106
Earnings at Risk	0.061	0.126	0.142	0.083	0.123	0.116	0.133	0.147	0.141	0.087	0.049	0.029
Value at Risk	0.284	0.134	0.084	0.143	0.099	0.090	0.095	0.091	0.087	0.085	0.084	0.099
Total Stress Factors	0.810	0.718	0.686	0.686	0.681	0.672	0.706	0.711	0.688	0.635	0.608	0.629
Economic Risk Factors												
Economic Risk	0.236	0.225	0.094	0.106	0.115	0.132	0.158	0.165	0.205	0.258	0.274	0.294
Economic Risks Factors	0.236	0.225	0.094	0.106	0.115	0.132	0.158	0.165	0.205	0.258	0.274	0.294
Assessment Boundary Factor	-	-	-	-	-	-	-	-	-	-	-	-
Required Tier 1 Risk-Based Capital	11.658	11.323	10.718	10.878	10.596	10.635	10.633	10.521	10.594	10.557	10.513	10.563

*Directors' Summary
Capital Adequacy Analysis*

	2017				2018				2019			
	I <i>Actual</i>	II <i>Actual</i>	III <i>Actual</i>	IV <i>Actual</i>	I <i>Forecast</i>	II <i>Forecast</i>	III <i>Forecast</i>	IV <i>Forecast</i>	I <i>Forecast</i>	II <i>Forecast</i>	III <i>Forecast</i>	IV <i>Forecast</i>

**Directors' Capital Compliance Summary
Total Risk-Based Capital**

<i>Capital Compliance Assessment & Analysis</i>												
Actual ~ Total Risk-Based Capital	14.403	13.345	12.981	13.331	13.178	12.927	12.821	12.952	12.826	12.594	12.543	12.751
Required ~ Total Risk-Based Capital	13.658	13.323	12.718	12.878	12.596	12.635	12.633	12.521	12.594	12.557	12.513	12.563
Primary Capital Compliance	0.745	0.022	0.263	0.453	0.582	0.292	0.187	0.432	0.232	0.038	0.030	0.188
Allowable Mitigating Capital	1.113	1.009	0.958	0.386	0.522	0.593	0.600	0.567	0.686	0.780	0.811	0.794
Secondary Capital Compliance	1.858	1.031	1.221	0.839	1.104	0.885	0.787	0.999	0.918	0.818	0.841	0.982
Allowable Contingency Capital	0.379	0.028	0.416	0.855	0.412	0.936	1.225	1.348	1.178	1.125	1.118	1.108
Tertiary Capital Compliance	2.237	1.059	1.637	1.694	1.515	1.821	2.012	2.347	2.096	1.943	1.959	2.090

Quarterly Capital Compliance Summary

Capital Compliance Assessment	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant	Fully Compliant
Capital Enhanced Quarters	-	-	-	-	-	-	-	-	-	-	-	-

Capital Compliance Monitor

Capital Compliance Rating	1	1	1	1	1	1	1	1	1	1	1	1
Capital Enhanced Quarters Rating	1	1	1	1	1	1	1	1	1	1	1	1
Secondary Capital Compliance Rating <i>(Degree of Mitigation)</i>	1	1	1	1	1	1	1	1	1	1	1	1

Capital Compliance Assessment & Analysis

~ Dollars in Thousands ~

Actual ~ Total Risk-Based Capital	36,703	36,377	36,866	40,417	41,070	41,212	41,801	43,177	43,662	43,793	44,528	46,202
Required ~ Total Risk-Based Capital	34,804	36,317	36,118	39,043	39,255	40,281	41,190	41,737	42,872	43,663	44,420	45,521
Primary Capital Compliance	1,899	60	748	1,374	1,815	931	611	1,440	790	131	108	681
Allowable Mitigating Capital	2,836	2,750	2,722	1,171	1,626	1,889	1,955	1,890	2,337	2,711	2,878	2,878
Secondary Capital Compliance	4,735	2,810	3,470	2,545	3,441	2,820	2,566	3,330	3,127	2,842	2,986	3,559
Allowable Contingency Capital	966	78	1,181	2,592	1,283	2,985	3,995	4,492	4,010	3,912	3,969	4,014
Tertiary Capital Compliance	5,701	2,888	4,651	5,137	4,723	5,806	6,561	7,822	7,136	6,753	6,955	7,572

Directors' Summary
Capital Adequacy Analysis

	2017				2018				2019			
	I <i>Actual</i>	II <i>Actual</i>	III <i>Actual</i>	IV <i>Actual</i>	I <i>Forecast</i>	II <i>Forecast</i>	III <i>Forecast</i>	IV <i>Forecast</i>	I <i>Forecast</i>	II <i>Forecast</i>	III <i>Forecast</i>	IV <i>Forecast</i>
Directors' Capital Compliance Summary												
Total Risk-Based Capital												
Base Capital Computations												
Capital Base: Total Risk-Based Capital	10.000	10.000	10.000	10.000	10.000	10.000	10.000	10.000	10.000	10.000	10.000	10.000
Capital Enhancement Factor	0.169	0.148	0.125	0.131	0.169	0.158	0.152	0.154	0.197	0.188	0.188	0.219
Risk-Weighted Assets Factor	0.676	0.592	0.498	0.524	0.451	0.421	0.406	0.409	0.393	0.375	0.375	0.439
Base Capital Computations	10.845	10.740	10.623	10.655	10.620	10.579	10.558	10.563	10.590	10.563	10.563	10.658
Internal Vulnerability Factors												
Quantitative Factors												
Earnings	0.248	0.201	0.077	0.084	0.039	0.020	0.016	0.011	0.012	0.008	0.006	0.005
Dividends	0.142	0.143	0.115	0.143	0.059	0.145	0.143	0.002	0.096	0.147	0.138	0.002
Asset Quality	0.234	0.196	0.183	0.211	0.209	0.259	0.246	0.277	0.240	0.211	0.203	0.205
Quantitative Factors	0.624	0.540	0.375	0.438	0.307	0.424	0.405	0.290	0.348	0.366	0.347	0.212
Qualitative Factors												
Loan Quality	0.244	0.261	0.211	0.211	0.191	0.188	0.184	0.181	0.175	0.174	0.172	0.173
Investment Quality	0.071	0.055	0.041	0.057	0.049	0.045	0.044	0.044	0.042	0.040	0.040	0.046
Generalized Risk Factors	0.193	0.192	0.186	0.190	0.148	0.135	0.138	0.128	0.120	0.111	0.107	0.110
Qualitative Factors	0.508	0.508	0.438	0.458	0.388	0.368	0.366	0.353	0.337	0.325	0.319	0.329
Concentration Factors												
Concentration Levels	0.263	0.273	0.207	0.235	0.196	0.182	0.170	0.169	0.156	0.147	0.141	0.162
Business Plan Concentrations	-	-	-	-	-	-	-	-	-	-	-	-
Concentration Trends	0.268	0.228	0.218	0.220	0.220	0.213	0.208	0.207	0.210	0.205	0.203	0.212
Concentration Factors	0.531	0.501	0.425	0.455	0.416	0.395	0.378	0.376	0.366	0.352	0.344	0.374
Structural Risk Factors												
Structural Risks	0.104	0.091	0.077	0.080	0.069	0.065	0.062	0.063	0.060	0.058	0.058	0.067
Structural Risk Factors	0.104	0.091	0.077	0.080	0.069	0.065	0.062	0.063	0.060	0.058	0.058	0.067
External Risk Factors												
Stress Factors												
Loans	0.297	0.292	0.282	0.291	0.290	0.289	0.289	0.274	0.263	0.256	0.249	0.250
Investments	0.146	0.146	0.145	0.145	0.145	0.145	0.145	0.145	0.145	0.145	0.145	0.145
Liquidity	0.022	0.020	0.033	0.024	0.024	0.032	0.044	0.054	0.052	0.062	0.081	0.106
Earnings at Risk	0.061	0.126	0.142	0.083	0.123	0.116	0.133	0.147	0.141	0.087	0.049	0.029
Value at Risk	0.284	0.134	0.084	0.143	0.099	0.090	0.095	0.091	0.087	0.085	0.084	0.099
Total Stress Factors	0.810	0.718	0.686	0.686	0.681	0.672	0.706	0.711	0.688	0.635	0.608	0.629
Economic Risk Factors												
Economic Risk	0.236	0.225	0.094	0.106	0.115	0.132	0.158	0.165	0.205	0.258	0.274	0.294
Economic Risks Factors	0.236	0.225	0.094	0.106	0.115	0.132	0.158	0.165	0.205	0.258	0.274	0.294
Assessment Boundary Factor	-	-	-	-	-	-	-	-	-	-	-	-
Required Total Risk-Based Capital	13.658	13.323	12.718	12.878	12.596	12.635	12.633	12.521	12.594	12.557	12.513	12.563

*Directors' Summary
Capital Adequacy Analysis*

<i>Capital Adequacy Compliance Matrix</i>							
Capital Compliance Monitor	Capital Compliance Escalation Schedule	Actual Capital	Capital Compliance Level	Capital Compliance Assessment	Mitigating Capital	Contingency Capital	Capital Enhanced Quarters
1	All Capital Assessment Measures <i>Compliant</i>	Sufficient	Primary	Fully Compliant	None Required	None Required	None
2	Any <i>Non-Fully Compliant Status</i>, or Issues, must be reported to the Board of Directors and recorded in the Minutes	Insufficient	Secondary	<i>Only Mitigated Compliance</i>	0.00% - 0.50%	None Allowed	1 - 2
3	Management Must Present a "<i>Plan of Action</i>" to Restore Capital to Full Compliance	Insufficient	Secondary or Tertiary	Mitigated or Contingency Compliance	0.50% - 0.75%	Possible Supplement to Mitigating Capital	3 - 4
4	Management Must Present an "<i>Accelerated Plan of Action</i>" to Restore Capital to Full Compliance within Two Quarters	Insufficient	Secondary or Tertiary	Mitigated or Contingency Compliance	0.75% - 1.00%	Possible Supplement to Mitigating Capital	5 - 6
5	Management Must Present a "<i>Detailed Plan of Restoration</i>" to bring Capital into Full Compliance within 90 Days	Insufficient	Secondary or Tertiary	Mitigated or Contingency Compliance	> 1.00%	Possible Supplement to Mitigating Capital	7 - 8
6	Management's "<i>Detailed Plan of Restoration</i>" must be expanded to include a Capital Injection from "<i>outside of</i>" the Existing Resources of the Bank and restore Bank to Full Capital Compliance within 90 Days.	Unacceptably Insufficient	Requires Outside Resources	Internal Resources Incapable of Capital Restoration	No Longer Relevant	No Longer Relevant	> 8