

Sample Bank

Anywhere, USA



*Capital Connections*SM

Capital Analysis & Assessment Systems

Capital Adequacy

Analysis

&

Assessment

Directors' Summary

Hybarger & Associates

2018 - 2020

As of December 31, 2018

Directors' Summary
Capital Adequacy Analysis

	2018				2019				2020			
	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>
<i>Quarterly Capital Compliance Summary</i>												
Tangible Equity Capital (Leverage Ratio)	Primary	Primary	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	Secondary	Primary	Primary	Primary	Primary	Primary	Primary	Primary	Primary	Primary	Primary
Capital Compliance Assessment	Fully Compliant	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	-	1	-	-	-	-	-	-	-	-	-	-
<i>Capital Compliance Monitor</i>												
Capital Compliance Rating	1	2	1	1	1	1	1	1	1	1	1	1
Capital Enhanced Quarters Rating	1	2	1	1	1	1	1	1	1	1	1	1
Secondary Capital Compliance Rating <i>(Degree of Mitigation)</i>	1	2	1	1	1	1	1	1	1	1	1	1
<i>Capital Compliance Assessment Summary</i>												
<i>Tangible Equity Capital (Leverage Ratio) ~ Compliance Margin</i>												
Primary Capital	0.621	0.508	0.565	0.457	0.630	0.701	0.801	0.991	0.991	0.981	1.101	1.311
Secondary Capital	1.227	1.108	1.212	1.096	1.244	1.252	1.330	1.521	1.567	1.605	1.702	1.911
Tertiary Capital	1.411	1.276	1.340	1.110	1.490	2.228	2.468	2.625	2.564	2.548	2.682	2.871
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
<i>Common Equity Tier 1 Risk-Based Capital Ratio ~ Compliance Margin</i>												
Primary Capital	2.808	2.401	2.611	2.706	2.467	2.468	2.536	2.695	2.664	2.543	2.642	2.842
Secondary Capital	3.628	3.212	3.482	3.580	3.292	3.202	3.237	3.392	3.420	3.354	3.420	3.614
Tertiary Capital	3.877	3.440	3.654	3.600	3.622	4.503	4.746	4.845	4.728	4.580	4.688	4.850
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
<i>Tier 1 Risk-Based Capital Ratio ~ Compliance Margin</i>												
Primary Capital	1.390	0.901	1.111	1.456	1.189	1.193	1.261	1.421	1.389	1.268	1.367	1.567
Secondary Capital	2.210	1.712	1.982	2.330	2.014	1.927	1.962	2.118	2.145	2.079	2.145	2.339
Tertiary Capital	2.459	1.940	2.154	2.350	2.344	3.228	3.471	3.571	3.453	3.305	3.413	3.575
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
<i>Total Risk-Based Capital Ratio ~ Compliance Margin</i>												
Primary Capital	0.370	(0.099)	0.141	0.517	0.326	0.378	0.492	0.662	0.648	0.536	0.656	0.866
Secondary Capital	1.190	0.712	1.012	1.391	1.151	1.112	1.193	1.359	1.404	1.347	1.434	1.638
Tertiary Capital	1.439	0.940	1.184	1.411	1.481	2.413	2.702	2.812	2.712	2.573	2.702	2.874
Capital Compliance Assessment	Fully Compliant	Mitigated Compliance	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

	2018				2019				2020			
	I	II	III	IV	I	II	III	IV	I	II	III	IV
	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<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	11.810	11.670	11.670	11.710	11.750	11.740	11.810	11.970	11.940	11.820	11.920	12.120
"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	7.310	7.170	7.170	7.210	7.250	7.240	7.310	7.470	7.440	7.320	7.420	7.620
Tier 1 Risk-Based Capital Ratio	11.810	11.670	11.670	11.710	11.750	11.740	11.810	11.970	11.940	11.820	11.920	12.120
"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	5.810	5.670	5.670	5.710	5.750	5.740	5.810	5.970	5.940	5.820	5.920	6.120
Total Risk-Based Capital Ratio	12.790	12.670	12.700	12.720	12.770	12.770	12.870	13.040	13.030	12.920	13.040	13.250
"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	4.790	4.670	4.700	4.720	4.770	4.770	4.870	5.040	5.030	4.920	5.040	5.250
<i>Minimum</i> Capital Conservation Buffer	4.790	4.670	4.700	4.720	4.770	4.770	4.870	5.040	5.030	4.920	5.040	5.250
<i>Required</i> Capital Conservation Buffer	1.875	1.875	1.875	1.875	2.500	2.500	2.500	2.500	2.500	2.500	2.500	2.500
Compliance Margin	2.915	2.795	2.825	2.845	2.270	2.270	2.370	2.540	2.530	2.420	2.540	2.750

Net Retained Earnings Analysis
(Whole Dollars)

Quarterly Net Income	1,189,379	1,125,908	1,169,312	1,139,906	958,884	1,199,048	1,213,819	1,482,213	1,374,958	1,532,562	1,568,785	1,782,368
Quarterly Dividends	(626,000)	(932,000)	(770,000)	(254,000)	(949,344)	(1,145,373)	(709,505)	(250,000)	(946,306)	(1,404,651)	(832,169)	(250,000)
Quarterly Net Retained Earnings	563,379	193,908	399,312	885,906	9,540	53,675	504,314	1,232,213	428,652	127,911	736,616	1,532,368

Directors' Summary
Capital Adequacy Analysis

	2018				2019				2020			
	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

Capital Compliance Assessment & Analysis

Actual ~ Tangible Equity Capital	8.730	8.630	8.680	8.570	8.740	8.810	8.910	9.100	9.100	9.090	9.210	9.420
Required ~ Tangible Equity Capital	8.109	8.122	8.115	8.113	8.111	8.109	8.109	8.109	8.109	8.109	8.109	8.109
Primary Capital Compliance	0.621	0.508	0.565	0.457	0.630	0.701	0.801	0.991	0.991	0.981	1.101	1.311
Allowable Mitigating Capital	0.606	0.600	0.647	0.639	0.614	0.551	0.529	0.530	0.576	0.624	0.601	0.600
Secondary Capital Compliance	1.227	1.108	1.212	1.096	1.244	1.252	1.330	1.521	1.567	1.605	1.702	1.911
Allowable Contingency Capital	0.184	0.168	0.128	0.014	0.246	0.976	1.138	1.104	0.997	0.943	0.980	0.960
Tertiary Capital Compliance	1.411	1.276	1.340	1.110	1.490	2.228	2.468	2.625	2.564	2.548	2.682	2.871

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 ~ Tangible Equity Capital	37,899	38,093	38,493	39,379	39,888	40,441	40,946	42,178	42,606	42,734	43,470	45,003
Required ~ Tangible Equity Capital	35,203	35,849	36,005	37,297	37,014	37,214	37,264	37,601	37,978	38,111	38,265	38,750
Primary Capital Compliance	2,696	2,242	2,507	2,101	2,875	3,217	3,681	4,595	4,641	4,610	5,195	6,264
Allowable Mitigating Capital	2,631	2,648	2,871	2,938	2,802	2,529	2,431	2,458	2,698	2,933	2,836	2,867
Secondary Capital Compliance	5,326	4,890	5,377	5,039	5,677	5,746	6,112	7,053	7,339	7,543	8,031	9,132
Allowable Contingency Capital	799	742	570	66	1,120	4,481	5,231	5,118	4,667	4,431	4,624	4,586
Tertiary Capital Compliance	6,125	5,633	5,947	5,104	6,798	10,227	11,343	12,171	12,006	11,974	12,655	13,718

Directors' Summary
Capital Adequacy Analysis

	2018				2019				2020			
	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>
<i>Directors' Capital Compliance Summary</i>												
<i>Tangible Equity Capital</i>												
<i>Base Capital Computations</i>												
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	0.380	0.383	0.384	0.377	0.384	0.386	0.388	0.388	0.389	0.392	0.393	0.393
Base Capital Computations	5.380	5.383	5.384	5.377	5.384	5.386	5.388	5.388	5.389	5.392	5.393	5.393
<i>Internal Vulnerability Factors</i>												
<i>Quantitative Factors</i>												
Earnings	0.107	0.125	0.114	0.110	0.134	0.069	0.064	0.027	0.041	0.028	0.022	0.011
Dividends	0.085	0.143	0.143	0.003	0.179	0.221	0.143	0.001	0.139	0.143	0.098	-
Asset Quality	0.251	0.292	0.295	0.226	0.227	0.220	0.219	0.217	0.215	0.213	0.203	0.193
Quantitative Factors	0.443	0.560	0.552	0.339	0.540	0.510	0.426	0.245	0.395	0.384	0.323	0.204
<i>Qualitative Factors</i>												
Loan Quality	0.196	0.199	0.171	0.164	0.165	0.163	0.162	0.161	0.160	0.159	0.160	0.157
Investment Quality	0.055	0.058	0.058	0.032	0.032	0.033	0.033	0.033	0.033	0.033	0.033	0.033
Generalized Risk Factors	0.150	0.204	0.193	0.156	0.163	0.147	0.139	0.117	0.114	0.110	0.102	0.088
Qualitative Factors	0.401	0.461	0.422	0.352	0.360	0.343	0.334	0.311	0.307	0.302	0.295	0.278
<i>Concentration Factors</i>												
Concentration Levels	0.161	0.171	0.147	0.143	0.104	0.103	0.100	0.098	0.096	0.097	0.095	0.095
Business Plan Concentrations	-	-	-	-	-	-	-	-	-	-	-	-
Concentration Trends	0.209	0.204	0.198	0.187	0.204	0.200	0.195	0.194	0.197	0.194	0.189	0.189
Concentration Factors	0.370	0.375	0.345	0.330	0.308	0.303	0.295	0.292	0.293	0.291	0.284	0.284
<i>Structural Risk Factors</i>												
Structural Risks	0.058	0.059	0.059	0.058	0.059	0.059	0.060	0.060	0.060	0.060	0.060	0.060
Structural Risk Factors	0.058	0.059	0.059	0.058	0.059	0.059	0.060	0.060	0.060	0.060	0.060	0.060
<i>External Risk Factors</i>												
<i>Stress Factors</i>												
Loans	0.258	0.261	0.213	0.180	0.181	0.181	0.179	0.175	0.175	0.177	0.176	0.173
Investments	0.145	0.145	0.144	0.144	0.144	0.144	0.144	0.144	0.145	0.145	0.145	0.145
Liquidity	0.023	0.031	0.034	0.024	0.024	0.024	0.025	0.023	0.017	0.019	0.020	0.021
Earnings at Risk	0.037	0.037	0.038	0.063	0.091	0.105	0.121	0.139	0.171	0.129	0.121	0.181
Value at Risk	0.039	0.020	0.020	0.025	0.021	0.022	0.023	0.022	0.022	0.023	0.023	0.023
Total Stress Factors	0.502	0.494	0.449	0.436	0.461	0.476	0.492	0.503	0.530	0.493	0.485	0.543
<i>Economic Risk Factors</i>												
Economic Risk	0.123	0.293	0.204	0.169	0.140	0.122	0.124	0.124	0.125	0.125	0.125	0.125
Economic Risks Factors	0.123	0.293	0.204	0.169	0.140	0.122	0.124	0.124	0.125	0.125	0.125	0.125
Assessment Boundary Factor	0.832	0.497	0.700	1.052	0.858	0.910	0.990	1.186	1.010	1.062	1.144	1.222
Required Tangible Equity Capital	8.109	8.122	8.115	8.113	8.111	8.109	8.109	8.109	8.109	8.109	8.109	8.109

Directors' Summary
Capital Adequacy Analysis

	2018				2019				2020			
	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												
Common Equity Tier 1 Risk-Based Capital												
<i>Capital Compliance Assessment & Analysis</i>												
Actual ~ Common Equity Tier 1 Risk-Based Capital	11.810	11.670	11.670	11.710	11.750	11.740	11.810	11.970	11.940	11.820	11.920	12.120
Required ~ Common Equity Tier 1 Risk-Based Capital	9.002	9.269	9.059	9.004	9.283	9.272	9.274	9.275	9.276	9.277	9.278	9.278
Primary Capital Compliance	2.808	2.401	2.611	2.706	2.467	2.468	2.536	2.695	2.664	2.543	2.642	2.842
Allowable Mitigating Capital	0.820	0.811	0.871	0.874	0.825	0.734	0.701	0.697	0.756	0.811	0.778	0.772
Secondary Capital Compliance	3.628	3.212	3.482	3.580	3.292	3.202	3.237	3.392	3.420	3.354	3.420	3.614
Allowable Contingency Capital	0.249	0.227	0.173	0.020	0.330	1.301	1.509	1.452	1.308	1.226	1.268	1.236
Tertiary Capital Compliance	3.877	3.440	3.654	3.600	3.622	4.503	4.746	4.845	4.728	4.580	4.688	4.850

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	37,899	38,093	38,493	39,379	39,888	40,441	40,946	42,178	42,606	42,734	43,470	45,003
Required ~ Common Equity Tier 1 Risk-Based Capital	28,887	30,259	29,874	30,268	31,522	31,947	32,158	32,685	33,095	33,536	33,824	34,436
Primary Capital Compliance	9,012	7,834	8,619	9,111	8,366	8,495	8,787	9,493	9,510	9,198	9,646	10,566
Allowable Mitigating Capital	2,631	2,648	2,871	2,938	2,802	2,529	2,431	2,458	2,698	2,933	2,836	2,867
Secondary Capital Compliance	11,643	10,482	11,490	12,049	11,168	11,024	11,218	11,951	12,208	12,131	12,482	13,433
Allowable Contingency Capital	799	742	570	66	1,120	4,481	5,231	5,118	4,667	4,431	4,624	4,586
Tertiary Capital Compliance	12,442	11,224	12,059	12,115	12,289	15,505	16,450	17,070	16,876	16,562	17,106	18,020

Directors' Summary
Capital Adequacy Analysis

	2018				2019				2020			
	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												
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	0.143	0.144	0.144	0.142	0.192	0.193	0.194	0.194	0.195	0.196	0.197	0.197
Risk-Weighted Assets Factor	0.380	0.383	0.384	0.377	0.384	0.386	0.388	0.388	0.389	0.392	0.393	0.393
Base Capital Computations	7.023	7.027	7.028	7.019	7.076	7.079	7.082	7.082	7.084	7.088	7.090	7.090
Internal Vulnerability Factors												
Quantitative Factors												
Earnings	0.107	0.125	0.114	0.110	0.134	0.069	0.064	0.027	0.041	0.028	0.022	0.011
Dividends	0.085	0.143	0.143	0.003	0.179	0.221	0.143	0.001	0.139	0.143	0.098	-
Asset Quality	0.251	0.292	0.295	0.226	0.227	0.220	0.219	0.217	0.215	0.213	0.203	0.193
Quantitative Factors	0.443	0.560	0.552	0.339	0.540	0.510	0.426	0.245	0.395	0.384	0.323	0.204
Qualitative Factors												
Loan Quality	0.196	0.199	0.171	0.164	0.165	0.163	0.162	0.161	0.160	0.159	0.160	0.157
Investment Quality	0.055	0.058	0.058	0.032	0.032	0.033	0.033	0.033	0.033	0.033	0.033	0.033
Generalized Risk Factors	0.150	0.204	0.193	0.156	0.163	0.147	0.139	0.117	0.114	0.110	0.102	0.088
Qualitative Factors	0.401	0.461	0.422	0.352	0.360	0.343	0.334	0.311	0.307	0.302	0.295	0.278
Concentration Factors												
Concentration Levels	0.161	0.171	0.147	0.143	0.104	0.103	0.100	0.098	0.096	0.097	0.095	0.095
Business Plan Concentrations	-	-	-	-	-	-	-	-	-	-	-	-
Concentration Trends	0.209	0.204	0.198	0.187	0.204	0.200	0.195	0.194	0.197	0.194	0.189	0.189
Concentration Factors	0.370	0.375	0.345	0.330	0.308	0.303	0.295	0.292	0.293	0.291	0.284	0.284
Structural Risk Factors												
Structural Risks	0.058	0.059	0.059	0.058	0.059	0.059	0.060	0.060	0.060	0.060	0.060	0.060
Structural Risk Factors	0.058	0.059	0.059	0.058	0.059	0.059	0.060	0.060	0.060	0.060	0.060	0.060
External Risk Factors												
Stress Factors												
Loans	0.258	0.261	0.213	0.180	0.181	0.181	0.179	0.175	0.175	0.177	0.176	0.173
Investments	0.145	0.145	0.144	0.144	0.144	0.144	0.144	0.144	0.145	0.145	0.145	0.145
Liquidity	0.023	0.031	0.034	0.024	0.024	0.024	0.025	0.023	0.017	0.019	0.020	0.021
Earnings at Risk	0.037	0.037	0.038	0.063	0.091	0.105	0.121	0.139	0.171	0.129	0.121	0.181
Value at Risk	0.039	0.020	0.020	0.025	0.021	0.022	0.023	0.022	0.022	0.023	0.023	0.023
Total Stress Factors	0.502	0.494	0.449	0.436	0.461	0.476	0.492	0.503	0.530	0.493	0.485	0.543
Economic Risk Factors												
Economic Risk	0.123	0.293	0.204	0.169	0.140	0.122	0.124	0.124	0.125	0.125	0.125	0.125
Economic Risks Factors	0.123	0.293	0.204	0.169	0.140	0.122	0.124	0.124	0.125	0.125	0.125	0.125
Assessment Boundary Factor	0.082	-	-	0.302	0.339	0.380	0.462	0.658	0.482	0.534	0.616	0.694
Required Common Equity Tier 1 Risk-Based Capital	9.002	9.269	9.059	9.004	9.283	9.272	9.274	9.275	9.276	9.277	9.278	9.278

Directors' Summary
Capital Adequacy Analysis

	2018				2019				2020			
	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	11.810	11.670	11.670	11.710	11.750	11.740	11.810	11.970	11.940	11.820	11.920	12.120
Required ~ Tier 1 Risk-Based Capital	10.420	10.769	10.559	10.254	10.561	10.547	10.549	10.549	10.551	10.552	10.553	10.553
Primary Capital Compliance	1.390	0.901	1.111	1.456	1.189	1.193	1.261	1.421	1.389	1.268	1.367	1.567
Allowable Mitigating Capital	0.820	0.811	0.871	0.874	0.825	0.734	0.701	0.697	0.756	0.811	0.778	0.772
Secondary Capital Compliance	2.210	1.712	1.982	2.330	2.014	1.927	1.962	2.118	2.145	2.079	2.145	2.339
Allowable Contingency Capital	0.249	0.227	0.173	0.020	0.330	1.301	1.509	1.452	1.308	1.226	1.268	1.236
Tertiary Capital Compliance	2.459	1.940	2.154	2.350	2.344	3.228	3.471	3.571	3.453	3.305	3.413	3.575

Quarterly Capital Compliance Summary												
	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 Compliance Assessment												
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	37,899	38,093	38,493	39,379	39,888	40,441	40,946	42,178	42,606	42,734	43,470	45,003
Required ~ Tier 1 Risk-Based Capital	33,437	35,156	34,821	34,469	35,861	36,337	36,579	37,177	37,644	38,145	38,472	39,169
Primary Capital Compliance	4,462	2,937	3,672	4,910	4,027	4,104	4,367	5,001	4,961	4,589	4,998	5,834
Allowable Mitigating Capital	2,631	2,648	2,871	2,938	2,802	2,529	2,431	2,458	2,698	2,933	2,836	2,867
Secondary Capital Compliance	7,093	5,585	6,543	7,848	6,829	6,633	6,798	7,459	7,659	7,522	7,834	8,701
Allowable Contingency Capital	799	742	570	66	1,120	4,481	5,231	5,118	4,667	4,431	4,624	4,586
Tertiary Capital Compliance	7,892	6,328	7,113	7,913	7,949	11,114	12,029	12,577	12,326	11,953	12,458	13,287

Directors' Summary
Capital Adequacy Analysis

	2018				2019				2020			
	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	0.143	0.144	0.144	0.142	0.192	0.193	0.194	0.194	0.195	0.196	0.197	0.197
Risk-Weighted Assets Factor	0.380	0.383	0.384	0.377	0.384	0.386	0.388	0.388	0.389	0.392	0.393	0.393
Base Capital Computations	8.523	8.527	8.528	8.519	8.576	8.579	8.582	8.582	8.584	8.588	8.590	8.590
Internal Vulnerability Factors												
Quantitative Factors												
Earnings	0.107	0.125	0.114	0.110	0.134	0.069	0.064	0.027	0.041	0.028	0.022	0.011
Dividends	0.085	0.143	0.143	0.003	0.179	0.221	0.143	0.001	0.139	0.143	0.098	-
Asset Quality	0.251	0.292	0.295	0.226	0.227	0.220	0.219	0.217	0.215	0.213	0.203	0.193
Quantitative Factors	0.443	0.560	0.552	0.339	0.540	0.510	0.426	0.245	0.395	0.384	0.323	0.204
Qualitative Factors												
Loan Quality	0.196	0.199	0.171	0.164	0.165	0.163	0.162	0.161	0.160	0.159	0.160	0.157
Investment Quality	0.055	0.058	0.058	0.032	0.032	0.033	0.033	0.033	0.033	0.033	0.033	0.033
Generalized Risk Factors	0.150	0.204	0.193	0.156	0.163	0.147	0.139	0.117	0.114	0.110	0.102	0.088
Qualitative Factors	0.401	0.461	0.422	0.352	0.360	0.343	0.334	0.311	0.307	0.302	0.295	0.278
Concentration Factors												
Concentration Levels	0.161	0.171	0.147	0.143	0.104	0.103	0.100	0.098	0.096	0.097	0.095	0.095
Business Plan Concentrations	-	-	-	-	-	-	-	-	-	-	-	-
Concentration Trends	0.209	0.204	0.198	0.187	0.204	0.200	0.195	0.194	0.197	0.194	0.189	0.189
Concentration Factors	0.370	0.375	0.345	0.330	0.308	0.303	0.295	0.292	0.293	0.291	0.284	0.284
Structural Risk Factors												
Structural Risks	0.058	0.059	0.059	0.058	0.059	0.059	0.060	0.060	0.060	0.060	0.060	0.060
Structural Risk Factors	0.058	0.059	0.059	0.058	0.059	0.059	0.060	0.060	0.060	0.060	0.060	0.060
External Risk Factors												
Stress Factors												
Loans	0.258	0.261	0.213	0.180	0.181	0.181	0.179	0.175	0.175	0.177	0.176	0.173
Investments	0.145	0.145	0.144	0.144	0.144	0.144	0.144	0.144	0.145	0.145	0.145	0.145
Liquidity	0.023	0.031	0.034	0.024	0.024	0.024	0.025	0.023	0.017	0.019	0.020	0.021
Earnings at Risk	0.037	0.037	0.038	0.063	0.091	0.105	0.121	0.139	0.171	0.129	0.121	0.181
Value at Risk	0.039	0.020	0.020	0.025	0.021	0.022	0.023	0.022	0.022	0.023	0.023	0.023
Total Stress Factors	0.502	0.494	0.449	0.436	0.461	0.476	0.492	0.503	0.530	0.493	0.485	0.543
Economic Risk Factors												
Economic Risk	0.123	0.293	0.204	0.169	0.140	0.122	0.124	0.124	0.125	0.125	0.125	0.125
Economic Risks Factors	0.123	0.293	0.204	0.169	0.140	0.122	0.124	0.124	0.125	0.125	0.125	0.125
Assessment Boundary Factor	-	-	-	0.052	0.117	0.155	0.236	0.432	0.257	0.309	0.391	0.469
Required Tier 1 Risk-Based Capital	10.420	10.769	10.559	10.254	10.561	10.547	10.549	10.549	10.551	10.552	10.553	10.553

Directors' Summary
Capital Adequacy Analysis

	2018				2019				2020			
	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

Capital Compliance Assessment & Analysis

Actual ~ Total Risk-Based Capital	12.790	12.670	12.700	12.720	12.770	12.770	12.870	13.040	13.030	12.920	13.040	13.250
Required ~ Total Risk-Based Capital	12.420	12.769	12.559	12.203	12.444	12.392	12.378	12.378	12.382	12.384	12.384	12.384
Primary Capital Compliance	0.370	(0.099)	0.141	0.517	0.326	0.378	0.492	0.662	0.648	0.536	0.656	0.866
Allowable Mitigating Capital	0.820	0.811	0.871	0.874	0.825	0.734	0.701	0.697	0.756	0.811	0.778	0.772
Secondary Capital Compliance	1.190	0.712	1.012	1.391	1.151	1.112	1.193	1.359	1.404	1.347	1.434	1.638
Allowable Contingency Capital	0.249	0.227	0.173	0.020	0.330	1.301	1.509	1.452	1.308	1.226	1.268	1.236
Tertiary Capital Compliance	1.439	0.940	1.184	1.411	1.481	2.413	2.702	2.812	2.712	2.573	2.702	2.874

Quarterly Capital Compliance Summary

Capital Compliance Assessment	Fully Compliant	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	-	1	-	-	-	-	-	-	-	-	-	-

Capital Compliance Monitor

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

Capital Compliance Assessment & Analysis

~ Dollars in Thousands ~

Actual ~ Total Risk-Based Capital	41,032	41,348	41,890	42,745	43,354	44,007	44,612	45,944	46,472	46,700	47,536	49,169
Required ~ Total Risk-Based Capital	39,855	41,685	41,416	41,019	42,255	42,695	42,919	43,622	44,178	44,764	45,148	45,966
Primary Capital Compliance	1,177	(337)	474	1,726	1,099	1,312	1,693	2,322	2,294	1,936	2,388	3,203
Allowable Mitigating Capital	2,631	2,648	2,871	2,938	2,802	2,529	2,431	2,458	2,698	2,933	2,836	2,867
Secondary Capital Compliance	3,808	2,311	3,345	4,664	3,901	3,841	4,124	4,780	4,992	4,869	5,224	6,070
Allowable Contingency Capital	799	742	570	66	1,120	4,481	5,231	5,118	4,667	4,431	4,624	4,586
Tertiary Capital Compliance	4,607	3,053	3,914	4,730	5,021	8,322	9,355	9,899	9,659	9,300	9,848	10,656

Directors' Summary
Capital Adequacy Analysis

	2018				2019				2020			
	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	0.143	0.144	0.144	0.142	0.192	0.193	0.194	0.194	0.195	0.196	0.197	0.197
Risk-Weighted Assets Factor	0.380	0.383	0.384	0.377	0.384	0.386	0.388	0.388	0.389	0.392	0.393	0.393
Base Capital Computations	10.523	10.527	10.528	10.519	10.576	10.579	10.582	10.582	10.584	10.588	10.590	10.590
Internal Vulnerability Factors												
Quantitative Factors												
Earnings	0.107	0.125	0.114	0.110	0.134	0.069	0.064	0.027	0.041	0.028	0.022	0.011
Dividends	0.085	0.143	0.143	0.003	0.179	0.221	0.143	0.001	0.139	0.143	0.098	-
Asset Quality	0.251	0.292	0.295	0.226	0.227	0.220	0.219	0.217	0.215	0.213	0.203	0.193
Quantitative Factors	0.443	0.560	0.552	0.339	0.540	0.510	0.426	0.245	0.395	0.384	0.323	0.204
Qualitative Factors												
Loan Quality	0.196	0.199	0.171	0.164	0.165	0.163	0.162	0.161	0.160	0.159	0.160	0.157
Investment Quality	0.055	0.058	0.058	0.032	0.032	0.033	0.033	0.033	0.033	0.033	0.033	0.033
Generalized Risk Factors	0.150	0.204	0.193	0.156	0.163	0.147	0.139	0.117	0.114	0.110	0.102	0.088
Qualitative Factors	0.401	0.461	0.422	0.352	0.360	0.343	0.334	0.311	0.307	0.302	0.295	0.278
Concentration Factors												
Concentration Levels	0.161	0.171	0.147	0.143	0.104	0.103	0.100	0.098	0.096	0.097	0.095	0.095
Business Plan Concentrations	-	-	-	-	-	-	-	-	-	-	-	-
Concentration Trends	0.209	0.204	0.198	0.187	0.204	0.200	0.195	0.194	0.197	0.194	0.189	0.189
Concentration Factors	0.370	0.375	0.345	0.330	0.308	0.303	0.295	0.292	0.293	0.291	0.284	0.284
Structural Risk Factors												
Structural Risks	0.058	0.059	0.059	0.058	0.059	0.059	0.060	0.060	0.060	0.060	0.060	0.060
Structural Risk Factors	0.058	0.059	0.059	0.058	0.059	0.059	0.060	0.060	0.060	0.060	0.060	0.060
External Risk Factors												
Stress Factors												
Loans	0.258	0.261	0.213	0.180	0.181	0.181	0.179	0.175	0.175	0.177	0.176	0.173
Investments	0.145	0.145	0.144	0.144	0.144	0.144	0.144	0.144	0.145	0.145	0.145	0.145
Liquidity	0.023	0.031	0.034	0.024	0.024	0.024	0.025	0.023	0.017	0.019	0.020	0.021
Earnings at Risk	0.037	0.037	0.038	0.063	0.091	0.105	0.121	0.139	0.171	0.129	0.121	0.181
Value at Risk	0.039	0.020	0.020	0.025	0.021	0.022	0.023	0.022	0.022	0.023	0.023	0.023
Total Stress Factors	0.502	0.494	0.449	0.436	0.461	0.476	0.492	0.503	0.530	0.493	0.485	0.543
Economic Risk Factors												
Economic Risk	0.123	0.293	0.204	0.169	0.140	0.122	0.124	0.124	0.125	0.125	0.125	0.125
Economic Risks Factors	0.123	0.293	0.204	0.169	0.140	0.122	0.124	0.124	0.125	0.125	0.125	0.125
Assessment Boundary Factor	-	-	-	-	-	-	0.065	0.261	0.089	0.140	0.222	0.300
Required Total Risk-Based Capital	12.420	12.769	12.559	12.203	12.444	12.392	12.378	12.378	12.382	12.384	12.384	12.384

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	Only Mitigated Compliance	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