

## **Merchant's bank (in organization): a case study**

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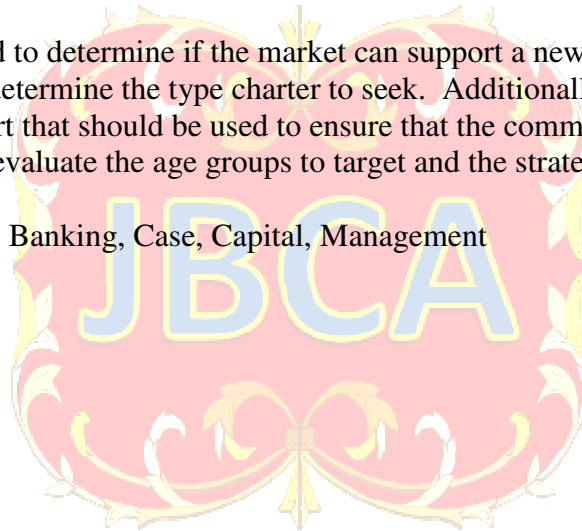
### **Case Synopsis**

This case relates to a group of organizers attempting to charter a bank. It takes into account the capital issues, competitive issues, and demographic issues that impact the likelihood that the regulatory authorities will allow the charter of the bank.

The case is set in a college town that is one of the fastest growing metropolitan statistical areas of the nation. Even during the current economic downturn, the market has had only nominal downturns.

Students are asked to determine if the market can support a new bank, to evaluate the proposed capital, and to determine the type charter to seek. Additionally, they need to type of planning and market effort that should be used to ensure that the community will accept the new bank. They will need to evaluate the age groups to target and the strategies to employ.

Keywords: Bank charter, Banking, Case, Capital, Management



## **INTRODUCTION**

Frank Thompson and the business associates he has identified believe that the banking industry as a financial intermediary can be run in a more efficient manner than traditional methods of bank management. This means developing core competencies and focusing on these skills since the financial services industry is becoming increasingly competitive. Banks are branching into non-banking related activities and other financial firms are trying to get into banking. These financial conglomerates will survive and some will even thrive. But somewhere in the middle of this new wave providing quality service has lost its luster for a large number of banks.

Thompson has convinced a group of investor friends that the Amherst market is ripe for a community bank that can give the personalized customer service that is missing from most banks in the Franklin County market. The name Merchant's Bank has been selected to reflect the market that it proposes to serve. Entry into this rapidly growing market has the potential to be an extremely successful, and at the same time, has some possible risks.

Merchant's Bank will be organized by ten leading community members. Each will own pro-rata shares of the bank's capital stock varying as to the amount of contribution. Additional stock will be sold to interested management who have an entrepreneurial spirit, a willingness to work, and a desire to be a part of a business with great potential. The organizational strategy is to align the goals of the owners with the management and employees. Allowing the front line bank officers to own shares in the bank is expected to keep them focused on the task at hand, building a successful and profitable community bank.

## **PROPOSED GEOGRAPHIC LOCATION**

The metropolitan statistical area ("MSA") of Amherst is situated in the center of an area between two of the state's largest cities. Approximately 70% of the state's population is located within a 200-mile radius of Amherst.

The proposed location of Merchant's Bank is adjacent to a newly developed shopping center in Amherst at the intersection of two major thoroughfares. This location is attractive and lends itself to high traffic and excellent commercial access for several reasons. The past 10 years have seen the majority of growth in Amherst focused in the area near the location for the bank. New retail establishments have realized the ease of access offered by the two major highways and the potential to attract customers passing through who would probably not venture into the downtown areas.

This proposed site is very well located within the target market area providing convenient access to members of the community. The target location is in a fast growing business area and near upscale housing developments. Other businesses have apparently taken notice of the growth opportunities in the area. The Physician's Center and Amherst's major hospital is located one mile from the proposed bank site. Also, under construction is a 600 unit apartment complex. This complex is targeted at young professionals. Along with the commercial buildings, the development of a new golf course and upscale residential community is currently underway. Each of these new developments shows the vitality of the proposed site for the bank.

## PHYSICAL FACILITIES

Merchant's Bank would lease 6,000 square feet of space in a three-story building located on a major thoroughfare. If the bank is successful in obtaining its charter, it would open in a modular building for six months while the build out is completed in the permanent building. One of the keys to anticipated success will be the ability to operate with minimal overhead. Most of the processing duties and back office work will be out-sourced to a third party. The bank will have a web site but will not initially employ Internet banking capabilities. The bank will employ a low cost/high service brand of banking. Many consumers are no longer constrained by physical banking barriers.

## MARKET ANALYSIS

The market area for Franklin Bank has experienced high growth, low unemployment, and an economic vibrancy surpassing state and national averages for the past 10 years. Population figures for the Amherst area indicate a strong growth in baseline population. State University has an enrollment of almost 45,000 full time students. These numbers have ranged from 41,000-45,000 over the last 4 or 5 years. The current population of the Amherst area has been estimated at about 150,320. This is an annualized increase of 2.38% since 1996. A growth rate of about 1.90% is expected through 2011. (See Exhibits I, II, III, and IV.)

Unemployment rates in Amherst are among the lowest in the nation. the Amherst MSA reported unemployment of 6.2% during August 2010. This ranks 3rd among MSAs nationally and 1st in the state. The national average was 9.8% in August.

Median household income of \$24,483 for Amherst is relatively low when compared to other MSAs. This can be largely attributed to the large population of students in the area relative to the total population. Although the entire student population of 44,000 is not factored into this average, a large percentage of the students are. Many of these students work significant hours that would thus be reflected in this median family income number. The large amounts of disposable incomes from the students from various sources such as parents also are not reflected in these numbers. This has a very positive impact on this economy and will be discussed in greater lengths later in the analysis. The state median household income is \$32,643 and the national average is \$27,203.

The single-family residential development and construction segments are a large part of the Amherst economic market. Low interest rates and favorable market conditions have led to a sustained growth in this industry throughout the area, while nationally there has been a substantial decline in construction. Although the numbers of residential building permits have decreased the absolute dollar values of those permits have remained strong. This amount has increased at an average annual rate of 11.89% since 1995 while the trailing 12 months of August 2010 data show a decrease of 5.09%. Despite the evident slow down in new home construction this year, the overall numbers remain quite strong. the median home price in the market is \$111,500, well below the national average of \$133,300.

Retail and commercial activity remain a large part of this growing economic market. Total retail sales in this area have averaged 7.24% annual growth since 1990 while the total sales in all industries have averaged a 7.68% annual gain. The trend throughout the 2000s has been

less reliance on retail trade as a percentage of total sales in Amherst. This shows an increasing diversification in the local marketplace. The area has also become an economic hub for retail, commercial, healthcare, and financial activities. Residents from the surrounding counties contribute to the vitality of these industries. Approximately one mile south of the proposed location is Oak Mall. Built in the late 1980s the mall is comprised of approximately 100 retail stores.

Much of the local economy is influenced by State University. Along with the current enrollment of around 45,000 students the University is also the area's largest employer with 27,710 employees. As previously mentioned although the large population of college students has an adverse impact on the per capita income in the area they also bring a large amount of disposable income into the local economy. The majority of the college students are supported by aid from parents, loans, or financial aid. Much of this money is spent in various retail establishments and also supports the local real estate market. The direct impact of the students, staff, and faculty is tremendous.

## **COMPETITIVE ENVIRONMENT**

The local competitive environment consists of eight commercial banks and four savings/thrift institutions with a total of 37 branches in Franklin County which are shown in Exhibit I. Other financial institutions such as credit unions and brokerage businesses are also competitive within the market area. Thompson feels that Amherst's Bank's most direct competition will be the three locally chartered community banks due to the similarities in operating styles and performance. The community banks have captured roughly 45-50% of the local market. An analysis of these three banks as of 4/30/10 shows total loans of \$600 million and total deposits of \$820 million for a combined loan to deposit ratio of approximately 73%. Thompson expects his new bank to reach a loan to deposit ratio of approximately 60 - 75% after the first two years of operation.

Net interest margins for the three banks range from 3.3% to 4.5%. First Bank leads the two competitors in return on assets and return on equity at 1.4% and 18% respectively. Second National appears to be the most conservative bank with risk weighted capital of 18% and loan to deposits of 52%. In addition, net charge-offs have been negative over the last two years, as the bank has collected more than they have charged off during these periods. Overall it appears that First Bank leverages their assets tighter than their competitors and thus earns a better return to overall profit.

The competition in this market is very intense. Not only do banks have to compete with other banks, they must also compete with other non-bank financial intermediaries such as traditional brokerage firms, internet brokerage and banking, insurance companies, and numerous other sources of competition that banks have traditionally not had to consider as competitors. Merchant's Bank cannot compete head to head with each of the institutions that are in this marketplace. The ability to differentiate business strategies and provide customers superior service will have a great impact in a community the size of Amherst.

## **PLANNED STRATEGIES**

Thompson and his associates expect 75% of its business for Merchant's Bank will be from the residents and businesses within the ten mile radius of the proposed location during the

first five years of operation. Although the defined market area constitutes a relatively small geographic area, the population and economy are significant. According to the 2010 census over 100,000 people reside within the ten mile area around the proposed location. The organizers and the bank's marketing strategies will ensure the success in securing necessary funding of depository accounts.

The organizers have diverse business interests as lifelong citizens of the community. The individuals will initially contact businesses and individuals seeking to start depository relationships. Each of the ten organizers has set a goal of attracting \$1,000,000 in deposits during the first full year of operation. Another source of deposits will be the bank officers that will join the bank from competitors. They will have access to current customers at existing banks if they are inclined to move these relationships and follow the officers to the new bank.. Several successful officers have agreed to join the new bank with the prospect of gaining partial ownership in the new entity. Interest in this type of employee ownership has been very well received. Merchant's Bank's goal will be to allow these officers to spend most of their time soliciting new business within the community and retaining current customers by providing individualized high personal service. This will go along with the plan for outsourcing as many duties as will be economically possible. The bank wants its employees concentrating on what they do best, interacting with customers and helping them fill all of their business and consumer needs. Attempting to hire the best customer service representatives in the community will advance this goal. Regular bonuses and rewards will be given to employees who exhibit exemplary customer service.

## **BANK SERVICES**

The bank will offer a full range of banking services, except for those services associated with a trust department and internet banking. The bank will have an automated teller machine (ATM) on the premises, which will be a part of a major ATM network.

It is anticipated that the management of the bank will conduct surveys, meet with community groups and initiate other investigations to identify specifically which types of credit and deposit services are most needed in the community to be served. Although the emphasis of the bank's marketing program is expected to target the local residential and commercial market, the bank does expect to provide a full range of credit and deposit services, such as the following:

- Demand deposits
- Time and savings deposits
- Certificates of deposit
- Installment loans
- Commercial loans
- Real estate loans
- Construction loans
- Drive-in services with expanded hours
- Bank by mail
- Remote capture
- Night depository
- Cashier checks
- Safety deposit boxes

## **LENDING AND INVESTMENT STRATEGIES**

The loan policy drafted by organizers addresses the needs of both the local business and consumer environments. It represents management's general direction as to the scope and allocation of the bank's resources. The policies' main objectives are to provide a functional foundation for sound portfolio management while seeking to invest in assets that are profitable in nature yet provide prudent protection to the shareholders and depositors. The loan portfolio should strive to seek diversity among the types of loans in relation to the total loan portfolio. Initially, the bank will receive assistance from the Bankers Bank who will provide loan participations until the bank is a self-supporting entity. This organization will also allow large loans originations because they will buy or broker loans. After this initial start-up period, most of the future loan portfolio will originate through relationship banking with the customer base by offering a full spectrum of loan products.

The target asset-liability mix proposed by the organizer includes a 60 - 75% loan to deposit ratio, 90% earning asset ratio, and rate sensitive ratio between 0.8 and 1.2.

## **PROPOSED CAPITAL STRATEGIES**

The organizers and proposed shareholders strongly believe that \$6 million is more than an adequate amount of capital to support a new bank charter in the Bryan/College Station Market. Thompson and the other organizers met with government regulators recently and were informed that bank regulators have become more concerned about start-up banks being able to support their five year growth and cover possible loan losses. Jon Jackson talked to a banker in a large population market who told him that they were requiring a minimum of \$20 million in capital in large metropolitan areas. The organizers had heard that communities their size could "get by" with approximately \$6 to \$8 million in capital. Now they are not sure if they have adequate capital

## **FIVE YEAR PLAN**

At the end of a five year period, the bank expects to have cumulative net income of \$2,031,390, total assets of \$76,681,466, total deposits of \$68,000,000, total loans of \$63,060,000, and total equity capital of \$8,181,391. (See Exhibit VI for key ratios and data.)

## **QUESTIONS TO BE ANSWERED**

1. Can the anticipated market area support a new bank?
2. Is the amount of capital proposed by the organizers adequate?
3. What regulatory approval is needed to start up a new bank?
4. What type charter should they pursue?
5. What type of planning and market effort should be used to ensure that the community will accept the new bank?
6. What age groups should the bank seek to target?
7. Discuss the strategies proposed by the bank, and indicate your opinion concerning the likelihood of that they can be successfully implemented.

8. Should the regulatory authorities approve a charter for Merchant's Bank group?
9. What specific strategy does the group of organizers believe will set their bank apart from the competition?
10. When will the bank be profitable from a net income standpoint and also from a cumulative net income standpoint?
11. What three industries should the bank target from a market standpoint?

**EXHIBIT I**  
**FRANKLIN COUNTY FINANCIAL INSTITUTIONS**  
**Data as of 4/30/10**

<b>Institution</b>	<b>Type</b>	<b>Deposits (\$000)</b>	<b>Market Share</b>
First Bank, SSB	Savings/Thrift	466,082	35.54%
Second National Bank	Commercial	265,662	20.26%
Guaranty Bank	Savings/Thrift	160,413	12.23%
Dial Bank	Commercial	95,715	7.30%
Bank of the U. S.	Commercial	95,174	7.26%
First Federal Savings Bank	Savings/Thrift	74,447	5.68%
Amherst State Bank	Commercial	68,207	5.20%
Planters & Merchants	Commercial	47,258	3.60%
Amherst National Bank	Commercial	20,834	1.59%
Newton Mutual Bank	Savings/Thrift	16,314	1.24%
Franklin County Bank	Commercial	967	0.07%
Barnes Bank	Commercial	428	0.03%
<b>Totals</b>		<b>1,311,501</b>	<b>100.00%</b>

**Exhibit II**  
**Population Age Report**  
**As of 4/30/10**

	County	State	County Rank	Percentile
<b>Total Population by Age</b>				
All Ages	136,840	20,335,750	35	87%
Age 0-19	42,557	6,385,426		
Age 20-24	28,326	1,504,846		
Age 25-34	18,747	2,785,998		
Age 35-44	16,558	3,253,720		
Age 45-54	13,000	2,663,983		
Age 55-64	7,389	1,667,532		
Age 65-74	5,200	1,138,802		
Age 75-84	3,695	691,416		
Age 85 & Up	1,232	244,029		
<b>Percent of Total Pop. by Age</b>				
Age 0-19	31.1%	31.4%	101	62%
Age 20-24	20.7%	7.4%	1	100%
Age 25-34	13.7%	13.7%	37	86%
Age 35-44	12.1%	16.0%	242	9%
Age 45-54	9.5%	13.1%	264	1%
Age 55-64	5.4%	8.2%	264	1%
Age 65-74	3.8%	5.6%	261	2%
Age 75-84	2.7%	3.4%	247	8%
Age 85 & Up	0.9%	1.2%	248	7%
<b>Median Ages</b>				
Median Age-total	0.0	0.0	246	8%
Median Age-female	25.3	33.4	266	0%
Median Age-male	24.6	31.0	262	2%
<b>Population by Gender</b>				
Percent Population-Female	48.90%	50.70%	230	14%
Percent Population-Male	51.10%	49.30%	266	0%
<b>Population by Race</b>				
Percent Population-White	82.50%	84.10%	215	20%
Percent Population-Black	12.20%	12.30%	77	71%
Percent Population-Other	5.20%	3.50%	11	96%



**Exhibit III**  
**Employment Report**  
**As of 4/30/10**

	County	State	County Rank	Percentile
<b>Total Employment by Sector</b>				
All Industries	90,486	12,063,945	23	92%
Agriculture	2,562	416,477	41	85%
Mining	1,346	249,586	30	89%
Construction	4,283	728,190	26	91%
Manufacturing	4,408	1,148,084	40	85%
Transportation & Utilities	1,974	653,461	35	87%
Wholesale	1,907	578,210	34	88%
Retail	16,011	1,998,603	24	91%
Financial Services	4,659	933,509	28	90%
Services	23,037	3,651,945	26	91%
Government	30,299	1,705,880	10	97%
<b>Employees per 100 Households</b>				
All Industries	177.98	162.71	104	61%
Agriculture	5.04	5.62		
Mining	2.65	3.37		
Construction	8.42	9.82		
Manufacturing	8.67	15.48		
Transportation & Utilities	3.88	8.81		
Wholesale	3.75	7.80		
Retail	31.49	26.96		
Financial Services	9.16	12.59		
Services	45.31	49.25		
Government	59.60	23.01		
<b>Percent of Total Employment</b>				
Agriculture	2.83%	3.45%		
Mining	1.49%	2.07%		
Construction	4.73%	6.04%		
Manufacturing	4.87%	9.52%		
Transportation & Utilities	2.18%	5.42%		
Wholesale	2.11%	4.79%		
Retail	17.69%	16.57%		
Financial Services	5.15%	7.74%		
Services	25.46%	30.27%		
Government	33.48%	14.14%		

**Exhibit IV**  
**Income & Spending Report**  
**As of 4/30/10**

	County	State	County Rank	Percentile
<b>Income Data</b>				
Income Per Capita	\$20,182	\$26,439	168	37%
Mean Household Income	\$50,242	\$71,120	188	30%
Median Household Income	\$24,483	\$32,643	152	43%
% HH w/Income \$0-\$24,999	50.7%	39.3%	119	56%
% HH w/Income \$25,000-\$49,999	26.3%	31.9%	237	11%
% HH w/Income \$50,000-\$74,999	12.6%	15.8%	127	53%
% HH w/Income \$75,000-\$99,999	5.2%	6.6%	70	74%
% HH w/Income over \$100,000	5.2%	6.5%	50	82%
<b>Earnings (in thousands)</b>				
All Industries	\$2,169,460	\$408,493,880	37	86%
Agriculture	\$19,450	\$5,611,370	81	70%
Mining	\$37,890	\$14,837,210	47	83%
Construction	\$121,290	\$24,758,990	37	86%
Manufacturing	\$144,230	\$61,895,840	59	78%
Transportation & Utilities	\$67,810	\$35,708,590	51	81%
Wholesale	\$59,770	\$27,295,800	45	83%
Retail	\$236,410	\$36,287,120	37	86%
Financial Services	\$111,100	\$31,736,010	37	86%
Services	\$554,080	\$115,380,940	36	87%
Government	\$817,440	\$54,982,010	23	92%
<b>Percent of Total Earnings</b>				
Agriculture	0.90%	1.37%		
Mining	1.75%	3.63%		
Construction	5.59%	6.06%		
Manufacturing	6.65%	15.15%		
Transportation & Utilities	3.13%	8.74%		
Wholesale	2.76%	6.68%		
Retail	10.90%	8.88%		
Financial Services	5.12%	7.77%		
Services	25.54%	28.25%		
Government	37.68%	13.46%		
<b>Retail Sales (in thousands)</b>				
All Segments	\$1,472,220	\$212,247,360	25	91%
Building Materials and Hardware	\$77,070	\$9,881,940	25	91%
General Merchandise	\$297,470	\$31,405,010	20	93%
Food Stores	\$232,730	\$36,401,100	26	91%
Auto Dealers	\$335,290	\$55,651,970	27	90%
Gasoline Service Stations	\$69,330	\$12,097,380	37	86%
Apparel and Accessories	\$56,220	\$9,899,820	27	90%
Furniture and Furnishings	\$65,960	\$11,435,960	23	92%
Eating and Drinking Places	\$161,160	\$21,610,880	22	92%
Drug Stores	\$22,270	\$6,435,480	40	85%
Miscellaneous	\$154,720	\$17,427,810	19	93%

**Exhibit V**  
**Income Dispersion Report**  
**As of 4/30/10**

	County	State	County Rank	Percentile
<b>Income Dispersion by Age</b>				
% HH Age 15-24 w/Income \$0-\$25K	85.4%	67.7%	20	93%
% HH Age 15-24 w/Income \$25-\$50K	12.4%	26.9%	242	9%
% HH Age 15-24 w/Income \$50-\$75K	1.8%	4.3%	169	37%
% HH Age 15-24 w/Income \$75-\$100K	0.2%	0.8%	128	52%
% HH Age 15-24 w/Income \$100K+	0.2%	0.5%	97	64%
% HH Age 25-34 w/Income \$0-\$25K	49.3%	39.9%	92	66%
% HH Age 25-34 w/Income \$25-\$50K	33.0%	38.0%	210	21%
% HH Age 25-34 w/Income \$50-\$75K	12.8%	14.7%	117	56%
% HH Age 25-34 w/Income \$75-\$100K	3.2%	4.7%	94	65%
% HH Age 25-34 w/Income \$100K+	1.7%	2.8%	113	58%
% HH Age 35-44 w/Income \$0-\$25K	27.2%	28.0%	199	26%
% HH Age 35-44 w/Income \$25-\$50K	35.2%	35.2%	172	36%
% HH Age 35-44 w/Income \$50-\$75K	21.4%	20.7%	61	77%
% HH Age 35-44 w/Income \$75-\$100K	8.8%	8.5%	46	83%
% HH Age 35-44 w/Income \$100K+	7.5%	7.6%	36	87%
% HH Age 45-54 w/Income \$0-\$25K	24.1%	25.0%	216	19%
% HH Age 45-54 w/Income \$25-\$50K	31.6%	30.2%	167	38%
% HH Age 45-54 w/Income \$50-\$75K	20.1%	21.6%	115	57%
% HH Age 45-54 w/Income \$75-\$100K	10.4%	10.9%	51	81%
% HH Age 45-54 w/Income \$100K+	13.8%	12.3%	27	90%
% HH Age 55-64 w/Income \$0-\$25K	29.1%	35.1%	236	12%
% HH Age 55-64 w/Income \$25-\$50K	26.1%	30.5%	231	14%
% HH Age 55-64 w/Income \$50-\$75K	18.7%	17.0%	42	85%
% HH Age 55-64 w/Income \$75-\$100K	11.6%	7.9%	5	98%
% HH Age 55-64 w/Income \$100K+	14.6%	9.5%	7	98%
% HH Age 65-74 w/Income \$0-\$25K	49.6%	52.8%	223	17%
% HH Age 65-74 w/Income \$25-\$50K	26.3%	28.5%	136	49%
% HH Age 65-74 w/Income \$50-\$75K	12.8%	10.3%	25	91%
% HH Age 65-74 w/Income \$75-\$100K	5.0%	3.9%	32	88%
% HH Age 65-74 w/Income \$100K+	6.4%	4.6%	29	89%
% HH Age 75+ w/Income \$0-\$25K	68.7%	70.2%	209	22%
% HH Age 75+ w/Income \$25-\$50K	17.2%	19.9%	118	56%
% HH Age 75+ w/Income \$50-\$75K	5.9%	5.3%	53	80%
% HH Age 75+ w/Income \$75-\$100K	5.0%	2.0%	4	99%
% HH Age 75+ w/Income \$100K+	3.2%	2.6%	52	81%

**Exhibit VI**  
**Five Year Plan**  
**As of 4/30/10**

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
<b>PROFITABILITY</b>					
Net Income	-578,582	-37,957	634,253	986,378	1,377,298
Cumulative Net Income	-928,582	-966,539	-332,285	654,092	2,031,390
ROA (Annualized)	-2.68%	-0.12%	1.41%	1.71%	1.97%
ROE (Annualized)	-11.08%	-0.73%	10.90%	14.50%	16.83%
<b>MARGINS</b>					
Net Interest Income	627,679	1,297,170	1,948,696	2,588,280	3,149,374
Avg. Yield Earning Assets	4.30%	6.07%	6.23%	6.43%	6.44%
Avg. Cost of Funds	1.33%	1.89%	1.83%	1.86%	1.88%
Interest Rate Spread	2.91%	4.10%	4.33%	4.49%	4.50%
Net Int. Margin/Earn Assets	2.98%	4.18%	4.40%	4.56%	4.57%
<b>LIQUIDITY</b>					
Loans/Deposits (EOY)	80.10%	97.02%	91.39%	93.84%	92.74%
Liquid Assets/Deposits	35.74%	13.40%	16.71%	14.04%	15.33%
<b>MIX</b>					
Earning Assets/Tot. Assets	90.53%	93.53%	94.24%	94.38%	94.65%
Demand/Total Deposits	15.00%	18.46%	17.39%	17.86%	17.65%
<b>CAPITAL ADEQUACY (EOY)</b>					
Equity/Assets	20.61%	13.68%	11.16%	10.76%	10.67%
Primary Cap/Assets	20.61%	13.68%	11.16%	10.76%	10.67%
<b>YIELDS</b>					
Commercial Loans	4.88%	6.86%	6.75%	6.99%	6.98%
Installment Loans	7.16%	8.52%	8.51%	8.76%	8.76%
Total Loans (Wt. Avg.)	4.98%	6.95%	6.83%	7.07%	7.06%
U. S. Treasury & Agencies	7.16%	8.52%	8.51%	8.76%	8.76%
Municipal Bonds	0.00%	0.00%	0.00%	0.00%	0.00%
Certificates of Deposit	0.00%	0.00%	0.00%	0.00%	0.00%
Total Investments (Wt.Avg)	7.16%	8.52%	8.51%	8.76%	8.76%
Savings, NOW, MM Account	0.57%	0.70%	0.70%	0.70%	0.69%
Certificates of Deposit	1.37%	2.36%	2.38%	2.42%	2.45%
Total Int. Bearing (Wt. Avg)	1.52%	2.28%	2.23%	2.26%	3.54%
<b>SIZE (EOY)</b>					
Assets	25,331,448	37,878,461	52,117,715	63,214,093	76,681,466
Deposits	20,000,000	32,500,000	46,000,000	56,000,000	68,000,000
Total Loans	16,020,000	31,530,000	42,040,000	52,550,000	63,060,000
Reserve for Loan Losses	-236,749	-457,440	-609,580	-746,210	903,860
Total Equity	5,221,448	5,183,461	5,817,715	6,804,092	8,181,391