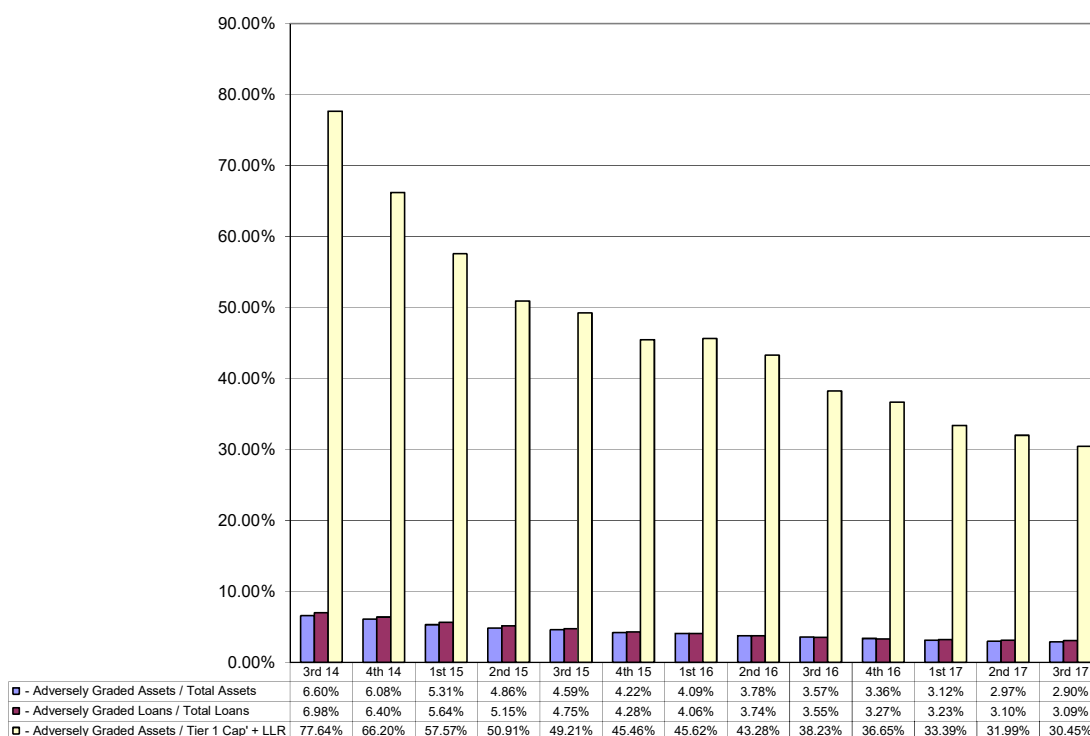


Asset Quality Update – Q3 2017 Edition

Trends in Asset Quality – Average Levels

Based on Steve H. Powell & Company client data, during the Third Quarter 2017, the average level of adversely graded assets decreased as a percentage of total assets and capital. Also, the average level of adversely graded loans decreased as a percentage of total loans. Problem assets averaged 2.90% of total assets and 30.45% of tier-one capital plus loan loss reserve as compared to 2.97% of total assets and 31.99% of tier-one capital plus loan loss reserve while problem loans averaged 3.09% of total loans as compared to 3.10% of total loans during the Second Quarter 2017.

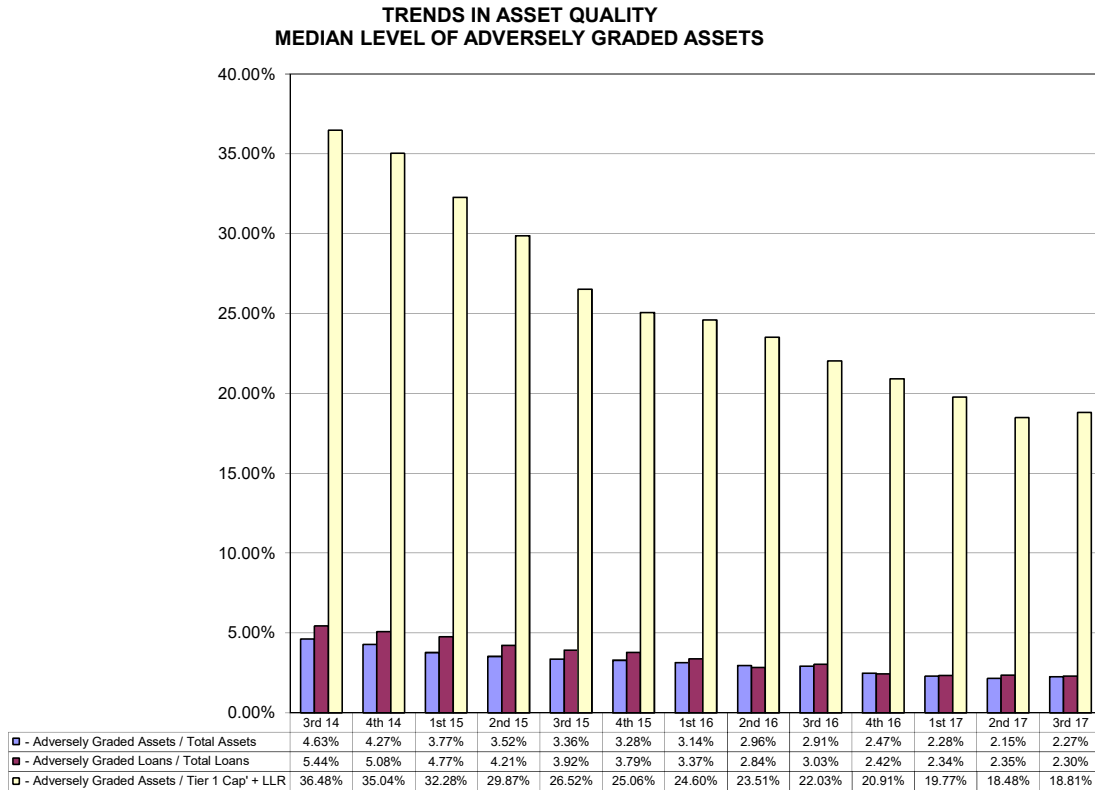
**TRENDS IN ASSET QUALITY
AVERAGE LEVEL OF ADVERSELY GRADED ASSETS**



Steve H. Powell & Company was founded in August of 1993 by former banker and regulator, Steve H. Powell. With the goal of providing unparalleled asset quality monitoring and regulatory compliance services, the company's clientele base has grown and now exceeds 100 different financial institutions. We also provide our clients with bank charter consulting, due diligence support, regulatory applications, financial analysis, and strategic planning. The staff of Steve H. Powell & Company is comprised of former bankers & regulators who understand the complexities of today's regulatory environment. The unique skill sets possessed by our specialists are derived from extensive review experience in institutions of various sizes and charter types.

Trends in Asset Quality – Median Levels

The median level of problem assets as of Q3 2017 increased slightly to 18.81% of tier-one capital plus loan loss reserve as compared to 18.48% during Q2 2017.



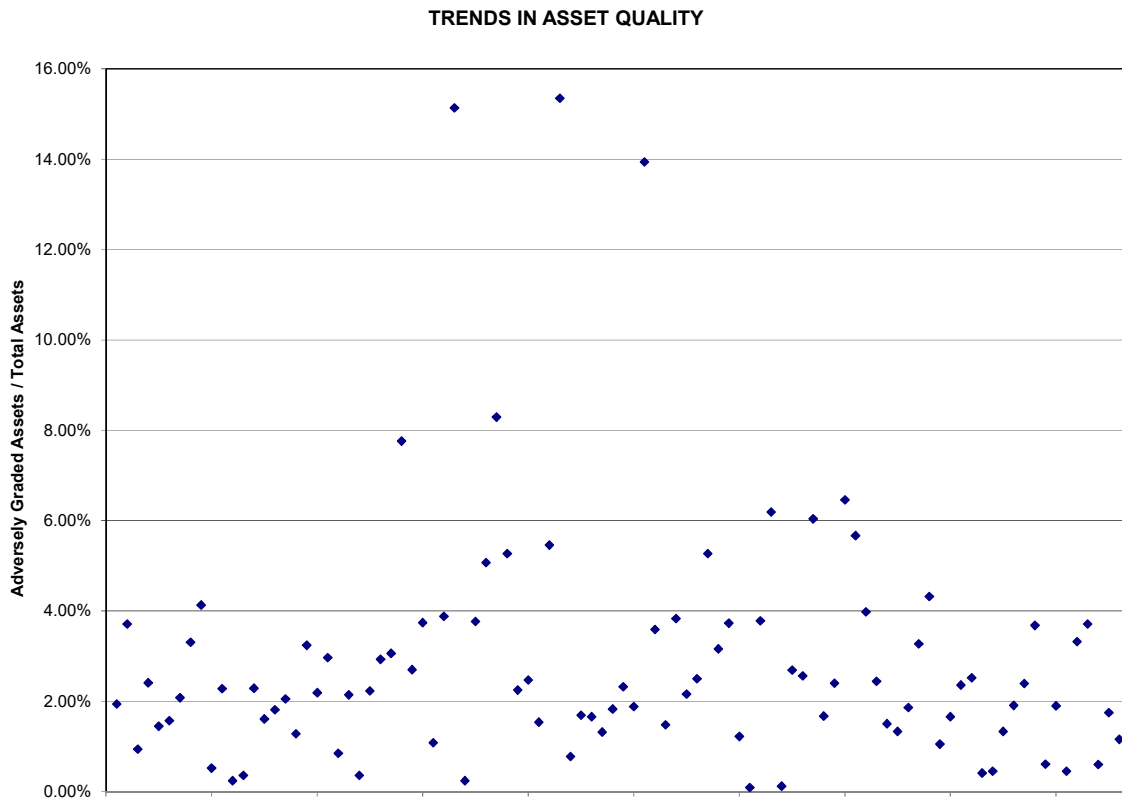
Historical Comparisons

During Q3 2017, increases in problem assets, as measured by adversely graded assets divided by tier-one capital plus loan loss reserve, were noted in approximately 21% of our clients. This quarter’s increase compares to:

- 14% during the Second Quarter 2017
- 18% during the First Quarter 2017
- 18% during the Fourth Quarter 2016
- 16% during the Third Quarter 2016
- 19% during the Second Quarter 2016
- 23% during the First Quarter 2016, and

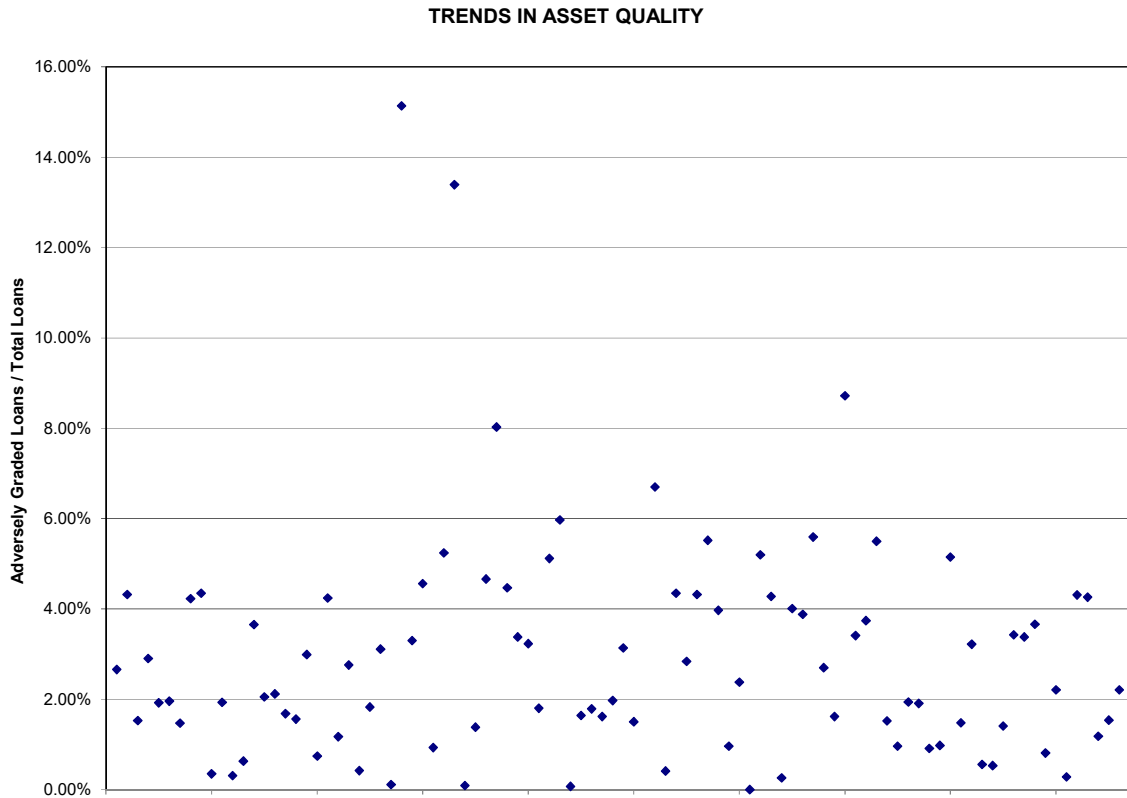
A higher level of volatility in the percentage of increases may be expected as overall asset quality stabilizes; however, increases may indicate a rise in portfolio risk.

Dispersion of Problem Assets – as a Percentage of Total Assets



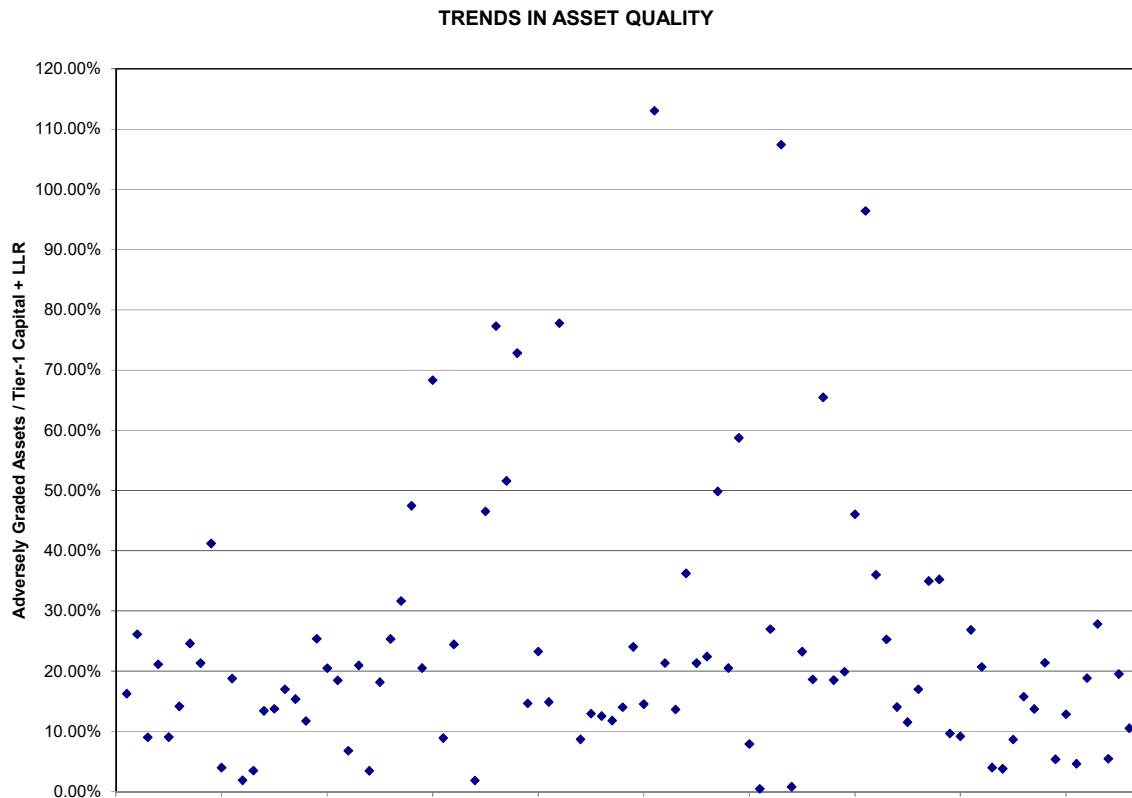
The above graph shows the dispersion of problem assets as a percentage of total assets. A traditional benchmark for significant asset quality concern is adversely graded assets that exceed 10% of total assets.

Dispersion of Problem Assets – as a Percentage of Total Loans

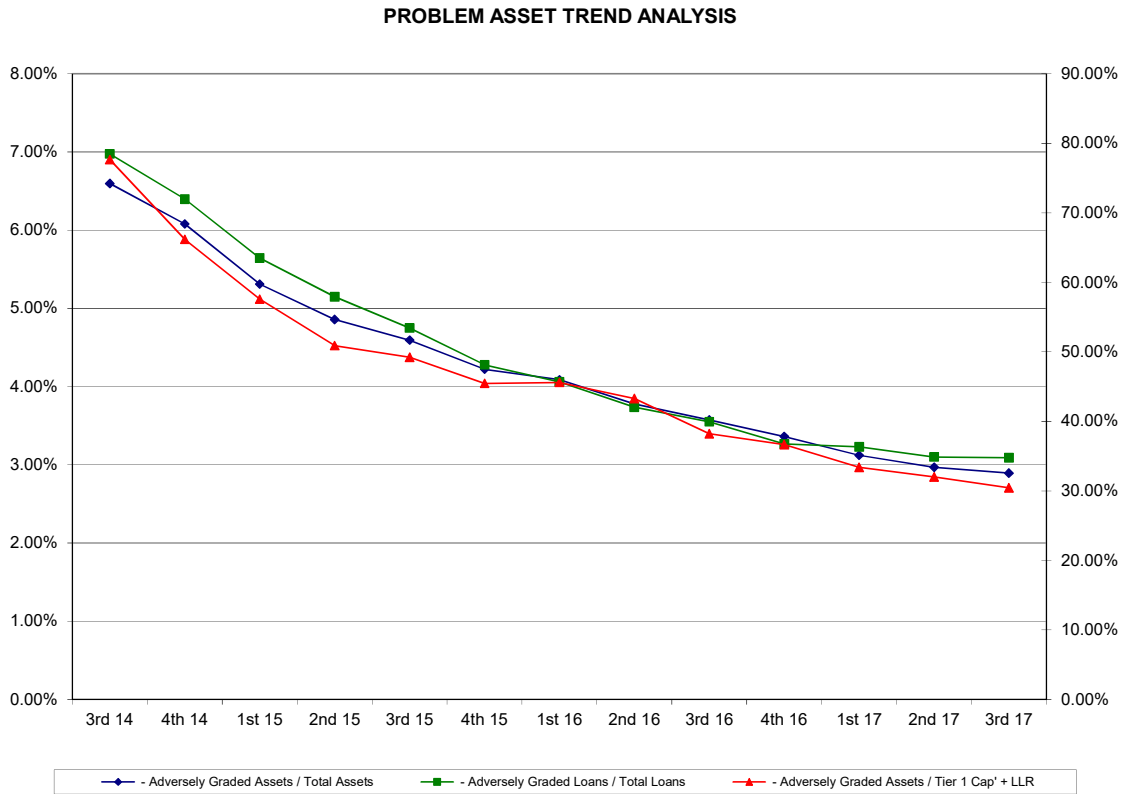


A traditional benchmark for significant asset quality concern is adversely graded loans that exceed 10% of total loans.

Dispersion of Problem Assets – as a Percentage of Tier-One Capital & Reserves



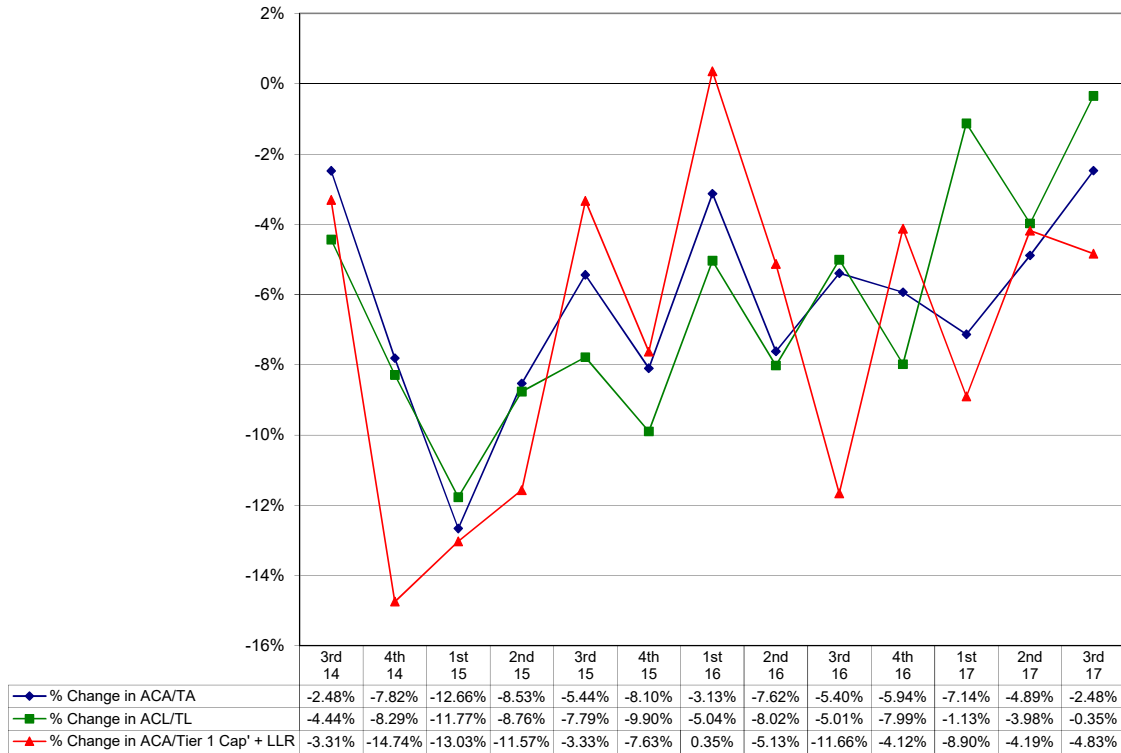
Problem Asset Trend Analysis



The above graph again shows the trend in asset quality over the past three years as measured by adversely graded assets to total assets, adversely graded loans to total loans, and adversely graded assets to tier-one capital plus LLR.

Problem Asset Comparative Change Analysis

COMPARATIVE % CHANGE IN ADVERSELY CLASSIFIED ASSETS
Comparative to Assets, Loans and Tier One Capital + LLR



The above graph shows the pace of asset quality deterioration or improvement. The calculation is based on the percent change of problem asset levels from one quarter to the next. The graph indicates a favorable trend in asset quality ratios. Please note any data points below 0% indicate improvement in asset quality.

Modified Peer Data Analysis

We again performed an analysis in which a total of six outlier data points were excluded – the three lowest and the three highest data points, as based on classifications as a percentage of tier-one capital plus loan loss reserve.

With the outlier data points excluded, problem assets (or loans when compared to total loans) averaged 2.59% of total assets, 2.87% of total loans, and 24.30% of tier-one capital plus loan loss reserve. Third Quarter 2017 modified data compares to the following Second Quarter 2017 modified average data set:

- 2.73% of total assets
- 3.03% of total loans, and
- 25.55% of tier-one capital plus loan loss reserve

The staff of Steve H Powell & Co. wish you and your company a Merry Christmas and Happy Holidays. Once again, thank you for allowing us to be of service to your organization.

For more information about Steve H. Powell & Company, please visit us on the web at www.shpco.net.

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