PEOPLE'S BANK OF COMMERCE
(an Oregon Banking Corporation)

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008

CONTENTS

Note: These financial statements have not been reviewed, or confirmed for accuracy or relevance by the Federal Deposit Insurance Corporation.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders
People's Bank of Commerce

We have audited the accompanying balance sheets of People's Bank of Commerce (an Oregon Banking Corporation) as of December 31, 2009 and 2008, and the related statements of operations, changes in stockholders' equity and comprehensive income (loss), and cash flows for the years then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of People's Bank of Commerce as of December 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Moss Adams LLP

Portland, Oregon
March 5, 2010

PEOPLE’S BANK OF COMMERCE
BALANCE SHEETS

	December 31, 2009	December 31, 2008
ASSETS		
Cash and cash equivalents	$ 3,688,930	$ 3,142,154
Investment securities available-for-sale, at fair value	11,558,124	2,506,532
Investment securities held-to-maturity, at amortized cost	-	2,569,512
Loans held-for-sale	1,750,609	2,192,480
Loans, net of allowance for loan losses and deferred loan fees	75,187,449	68,472,479
Premises, equipment, and leasehold improvements, net of accumulated depreciation and amortization	3,441,203	3,637,579
Other real estate owned	987,935	796,055
Bank-owned life insurance	2,895,723	2,784,603
Restricted equity securities	136,600	71,000
Accrued interest receivable and other assets	2,040,823	1,101,902
TOTAL ASSETS	$ 101,687,396	$ 87,274,296
LIABILITIES		
Noninterest-bearing demand deposits	$ 16,435,485	$ 15,491,339
Interest-bearing demand and money market accounts	31,460,485	25,084,687
Savings deposits	2,594,455	2,112,192
Time deposits	38,983,083	31,676,531
Total deposits	89,473,508	74,364,749
Federal funds purchased	-	895,000
Borrowings	775,000	-
Accrued interest payable and other liabilities	567,807	702,076
Total liabilities	90,816,315	75,961,825
COMMITMENTS AND CONTINGENCIES (Note 10)		
STOCKHOLDERS’ EQUITY		
Common stock, $5 par value, 2,000,000 shares authorized; 917,302 and 867,071 shares issued and outstanding at December 31, 2009 and 2008, respectively	4,586,510	4,335,355
Surplus	6,404,931	6,293,057
Retained (deficit) earnings	(187,506)	682,210
Accumulated other comprehensive income, net of taxes	67,146	1,849
Total stockholders’ equity	10,871,081	11,312,471
TOTAL LIABILITIES AND STOCKHOLDERS’ EQUITY	$ 101,687,396	$ 87,274,296

See accompanying notes.

PEOPLE'S BANK OF COMMERCE
STATEMENTS OF OPERATIONS

	Years Ended December 31, 2009	2008
INTEREST INCOME		
Interest and fees on loans	$ 4,971,534	$ 5,246,640
Interest on investment securities	208,876	191,753
Interest on federal funds sold	2,337	6,248
Total interest income	5,182,747	5,444,641
INTEREST EXPENSE		
Time deposit accounts	1,157,728	1,372,614
Interest-bearing deposit and savings accounts	299,210	460,536
Other borrowings	20,584	40,963
Total interest expense	1,477,522	1,874,113
NET INTEREST INCOME BEFORE PROVISION FOR LOAN LOSSES	3,705,225	3,570,528
PROVISION FOR LOAN LOSSES	1,138,900	141,170
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	2,566,325	3,429,358
NONINTEREST INCOME		
Service charges and other fees	724,893	579,648
Mortgage brokerage fees	640,512	513,612
Gain on sale of loans	342,987	249,792
Total noninterest income	1,708,392	1,343,052
NONINTEREST EXPENSE		
Salaries and employee benefits	2,805,942	2,814,513
Occupancy and equipment	711,670	693,634
Data processing	170,690	154,436
Advertising and promotional	148,818	175,027
Supplies	72,167	69,718
Other noninterest expense	1,118,922	844,087
Total noninterest expense	5,028,209	4,751,415
INCOME (LOSS) BEFORE BENEFIT FOR INCOME TAXES	(753,492)	20,995
BENEFIT FOR INCOME TAXES	(365,150)	(73,757)
NET INCOME (LOSS)	$ (388,342)	$ 94,752
BASIC EARNINGS (LOSS) PER SHARE	$ (0.43)	$ 0.10
DILUTED EARNINGS (LOSS) PER SHARE	$ (0.43)	$ 0.10

See accompanying notes.

PEOPLE'S BANK OF COMMERCE
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME (LOSS)

	Common Stock												
	Shares		Amount		Surplus		Retained Earnings (Deficit)		Accumulated Other Comprehensive Income (Loss)		Total Stockholders' Equity		Comprehensive Income (Loss)
BALANCE, December 31, 2007	825,669	$	4,128,344	$	5,892,890	$	1,588,650	$	(3,888)	$	11,605,996		
Net income	-		-		-		94,752		-		94,752	$	94,752
Cumulative adjustment for life insurance benefit liability	-		-		-		(50,399)		-		(50,399)		
Change in net unrealized loss on investment securities available-for-sale, net of taxes	-		-		-		-		5,737		5,737		5,737
Exercise of stock options and related tax benefit	351		1,756		740		-		-		2,496		
Cash dividend	-		-		-		(342,688)		-		(342,688)		
Stock dividend	41,283		206,415		401,690		(608,105)		-		-		
Cash paid for fractional shares	(232)		(1,160)		(2,263)		-		-		(3,423)		
Total comprehensive income												$	100,489
BALANCE, December 31, 2008	867,071		4,335,355		6,293,057		682,210		1,849		11,312,471		
Net loss	-		-		-		(388,342)		-		(388,342)	$	(388,342)
Change in net unrealized gain on investment securities available-for-sale, net of taxes	-		-		-		-		65,297		65,297		65,297
Exercise of stock options and related tax benefit	7,112		35,560		25,636		-		-		61,196		
Cash dividend	-		-		-		(177,969)		-		(177,969)		
Stock dividend	43,344		216,718		86,687		(303,405)		-		-		
Cash paid for fractional shares	(225)		(1,123)		(449)		-		-		(1,572)		
Total comprehensive loss												$	(323,045)
BALANCE, December 31, 2009	917,302	$	4,586,510	$	6,404,931	$	(187,506)	$	67,146	$	10,871,081		

See accompanying notes.

PEOPLE’S BANK OF COMMERCE
STATEMENTS OF CASH FLOWS

	Years Ended December 31, 2009	Years Ended December 31, 2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income	$ (388,342)	$ 94,752
Adjustments to reconcile net income (loss) to net cash from operating activities:		
Deferred income taxes	(207,987)	(34,157)
Provision for loan losses	1,138,900	141,170
Depreciation and amortization	229,717	203,131
Amortization of premiums/accretion of discounts on investment securities	(26,720)	28,339
Gain on sale of loans	(342,987)	(249,792)
Excess tax benefit on stock options exercised	(6,187)	-
Loss on sale or write-down of other real estate owned	65,158	33,340
Net appreciation in bank-owned life insurance	(111,120)	(103,594)
Proceeds from the sale of loans held-for-sale	51,909,270	33,242,491
Production of loans held-for-sale	(51,124,412)	(34,042,238)
Changes in cash due to changes in certain assets and liabilities:		
Accrued interest receivable and other assets	(765,451)	(55,806)
Accrued interest payable and other liabilities	(134,269)	177,937
Net cash from operating activities	235,570	(564,427)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment securities available-for-sale	(11,777,268)	(2,507,638)
Proceeds from maturity of investment securities available-for-sale	5,427,909	2,000,000
Purchase of Federal Home Loan Bank stock	(65,600)	-
Net (increase) decrease in loans	(9,513,536)	2,707,167
Proceeds from sale of other real estate owned	1,402,628	1,164,016
Payments made for purchase of premises, equipment, and leasehold improvements	(33,341)	(1,276,358)
Net cash from investing activities	(14,559,208)	2,087,187
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in deposit accounts	15,108,759	375,424
Paydowns of federal funds purchased	(895,000)	(175,000)
Proceeds from borrowings	775,000	-
Proceeds from stock options exercised	55,009	2,496
Excess tax benefit on stock options exercised	6,187	-
Cash dividend paid	(177,969)	(342,688)
Payment for fractional shares in connection with stock dividend	(1,572)	(3,423)
Net cash from financing activities	14,870,414	(143,191)

See accompanying notes.

	Years Ended December 31, 2009	2008
NET INCREASE IN CASH AND CASH EQUIVALENTS	$ 546,776	$ 1,379,569
CASH AND CASH EQUIVALENTS, beginning of year	3,142,154	1,762,585
CASH AND CASH EQUIVALENTS, end of year	$ 3,688,930	$ 3,142,154
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	$ 1,519,699	$ 1,865,994
Cash received for taxes	$ 20,500	$ 184,602
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES		
Change in fair value of investment securities available-for-sale, net of taxes	$ 65,297	$ 5,737
Transfer of held-to-maturity investment securities to available-for-sale	$ 2,569,512	$ -
Transfers of loans to other real estate owned	$ 1,659,666	$ 1,993,411
Recognition of life insurance benefit liability	$ -	$ 50,399

See accompanying notes.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – In March 1998, People’s Bank of Commerce (the Bank) was incorporated and received regulatory approval to become a state-chartered institution authorized to provide banking services in the state of Oregon. The Bank is subject to the regulations of certain federal and state agencies and will undergo periodic examinations by those regulatory authorities.

The Bank which is headquartered in Medford, Oregon, operates three full-service branches in Ashland, Central Point, and Medford, Oregon, and provides banking services to businesses and individuals located primarily in Southern Oregon.

Management’s estimates and assumptions – In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheets, and revenues and expenses for the reporting period. Actual results could differ significantly from management’s estimates. Material estimates that are particularly susceptible to significant change in the near-term relate to the determination of the allowance for loan losses, the valuation of investment securities available-for-sale, and deferred tax assets.

Cash and cash equivalents – Cash equivalents are generally short-term investments with a maturity of three months or less. Cash and cash equivalents include cash on hand, amounts due from banks, and federal funds sold. Generally, federal funds are purchased and sold for one-day periods.

The Bank maintains balances in correspondent bank accounts which, at times, may exceed federally insured limits. Management believes that its risk of loss associated with such balances is minimal due to the financial strength of correspondent banks. The Bank has not experienced any losses in such accounts.

Investment securities – The Bank is required to specifically identify its investment securities as “available-for-sale,” “held-to-maturity,” or “trading accounts.” Management has designated investment securities held at December 31, 2009 and 2008, as either “available-for-sale” or “held-to-maturity.”

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

Available-for-sale securities consist of bonds, notes, and debentures. Securities are generally classified as available-for-sale if the instrument may be sold in response to such factors as: (1) changes in market interest rates and related changes in prepayment risk, (2) needs for liquidity, (3) changes in the availability of and the yield on alternative instruments, and (4) changes in funding sources and terms. Unrealized holding gains and losses, net of taxes, on available-for-sale securities are reported as a net amount in a separate component of equity until realized. Fair values for these investment securities are based on quoted market prices. Gains and losses on the sale of available-for-sale securities are determined using the specific-identification method. Premiums and discounts are recognized in interest income using the effective interest method over the period to maturity.

Securities are classified as held-to-maturity when the Bank has the positive intent and ability to hold the securities to maturity. Held-to-maturity securities are carried at amortized cost. The amortization of premiums and accretion of discounts are recognized in interest income using methods approximating the effective interest method over the period to maturity.

Prior to the second quarter of 2009, the Bank would assess an other-than-temporary impairment ("OTTI") or permanent impairment based on the nature of the decline and whether the Bank has the ability and intent to hold the investments until a market price recovery. If the Bank determined a security to be other-than-temporarily or permanently impaired, the full amount of impairment would be recognized through earnings in its entirety. New guidance related to the recognition and presentation of OTTI of debt securities became effective in the second quarter of 2009. Rather than asserting whether the Bank has the ability and intent to hold an investment until a market price recovery, the Bank must consider whether it intends to sell a security or if it is likely that it would be required to sell the security before recovery of the amortized cost basis of the investment, which may be maturity. For debt securities, if the Bank intends to sell the security or it is likely that it will be required to sell the security before recovering its cost basis, the entire impairment loss would be recognized in earnings as an OTTI. If the Bank does not intend to sell the security and it is not likely that the Bank will be required to sell the security but the Bank does not expect to recover the entire amortized cost basis of the security, only the portion of the impairment loss representing credit losses would be recognized in earnings. The credit loss on a security is measured as the difference between the amortized cost basis and the present value of the cash flows expected to be collected. Projected cash flows are discounted by the original or current effective interest rate depending on the nature of the security being measured for potential OTTI.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

The remaining impairment related to all other factors, the difference between the present value of the cash flows expected to be collected and fair value, is recognized as a charge to other comprehensive income ("OCI"). Impairment losses related to all other factors are presented as separate categories within OCI. For investment securities held to maturity, this amount is accreted over the remaining life of the debt security prospectively based on the amount and timing of future estimated cash flows. The accretion of the amount recorded in OCI increases the carrying value of the investment and does not affect earnings. If there is an indication of additional credit losses the security is reevaluated according to procedures described above.

Loans held-for-sale – Mortgage loans held-for-sale are carried at the lower of cost or estimated market value. Market value is determined on an aggregate loan basis.

Loans, net of allowance for loan losses and deferred loan fees – Loans are stated at the amount of unpaid principal, reduced by allowance for loan losses and net deferred loan fees. Interest on loans is calculated using the simple-interest method on daily balances of the principal amount outstanding. Loan origination fees and certain direct origination costs are capitalized and recognized as an adjustment to the yield of the related loan.

The Bank does not accrue interest on loans for which payment in full of principal and interest is not expected, or which payment of principal and interest has been in default 90 days or more, unless the loan is well secured and in the process of collection. Nonaccrual loans are considered impaired loans. Impaired loans are carried at the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's market price, or the fair value of collateral if the loan is collateral dependent. When interest accrual is discontinued, all unpaid accrued interest is reversed. Interest income is subsequently recognized only to the extent cash payments are received or when the loan is removed from nonaccrual status. Large groups of smaller balance, homogeneous loans are collectively evaluated for impairment. Accordingly, the Bank does not separately identify individual consumer and residential loans for evaluation of impairment.

Loans are reported as restructured when the Bank grants a concession(s) to a borrower experiencing financial difficulties that it would not otherwise consider. As a result of these concessions, restructured loans are impaired as the Bank will not collect all amounts due, both principal and interest, in accordance with the terms of original loan agreement. Impairment reserves on non-collateral dependent restructured loans are measured by comparing the present value of expected future cash flows on the restructured loans, discounted at the interest rate of the original loan agreement, to the loan's carrying value. These impairment reserves are recognized as a specific component to be provided for in the allowance for loan losses.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

The allowance for loan losses is established through a provision for loan losses charged to expenses. Loans are charged against the allowance for loan losses when management believes that the collectibility of the principal is unlikely. The allowance is an amount that management believes will be adequate to absorb possible losses on existing loans that may become uncollectible, based on evaluations of the collectibility of loans and prior loan loss experience. The evaluations take into consideration such factors as changes in the nature and volume of the loan portfolio, overall portfolio quality, review of specific problem loans, and current economic conditions that may affect the borrower’s ability to pay.

In determination of the allowance for loan losses, the Bank also evaluates loans for impairment, where principal and interest is not expected to be collected in accordance with the contractual terms of the loan agreement. The Bank analyzes loans for impairment on a loan-by-loan basis, using either the present value of expected future cash flows discounted at the loan’s effective interest rate or the fair value of the collateral, if the loan is collateral dependent. Loans that experience insignificant payment delays or payment shortfalls are generally not considered in the impairment assessment.

Various regulatory agencies, as a part of their examination process, periodically review the Bank’s allowance for loan losses. Such agencies may require the Bank to recognize additions to the allowance based on their judgment of information available to them at the time of their examinations.

Premises, equipment, and leasehold improvements – Premises, equipment, and leasehold improvements are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization are computed principally by the straight-line method over the estimated useful lives of the assets, or lease term in the case of leasehold improvements, which range from two to forty years.

Other real estate owned – Property and assets acquired through foreclosure or deed in lieu of foreclosure are stated at the lower of the carrying value of the loan or the fair value of the assets received, less estimated costs to sell, at the date the asset is acquired. Costs relating to the development and improvement of property are capitalized and holding costs are charged to expense as incurred. The balance of other real estate owned as of December 31, 2009 and 2008 was $987,935 and $796,055, respectively.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

Federal Home Loan Bank (FHLB) of Seattle stock – At December 31, 2009 and 2008, the Bank held FHLB stock with a par value of $133,100 and $67,500, respectively. As a member of the FHLB system, the Bank is required to maintain a minimum investment level in FHLB stock based on specific percentages of the Bank's outstanding mortgages, total assets, or FHLB advances. At December 31, 2009, the Bank's minimum investment requirement was approximately $62,500. This security is reported at par value, which represents the Bank's cost. The Bank annually evaluates its investment in FHLB of Seattle stock for impairment.

FHLB stock is generally viewed as a long-term investment. Accordingly, when evaluating FHLB stock for impairment, its value is determined based on the ultimate recoverability of the par value rather than by recognizing temporary declines in value. The determination of whether the decline affects the ultimate recoverability is influenced by criteria such as the following:

a. The significance of the decline in net assets of the FHLB as compared to the capital stock amount for the FHLB and the length of time this situation as persisted.
b. Commitments by the FHLB to make payments required by law or regulation and the level of such payments in relation to the operating performance of the FHLB
c. The impact of legislative and regulatory changes on institutions and, accordingly, on the customer base of the FHLB
d. The liquidity position of the FHLB

The Bank did not recognize impairment of its FHLB stock as a result of its impairment analysis for the years ended December 31, 2009 and 2008.

Income taxes – Income taxes are accounted for using an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial statement and tax basis of assets and liabilities at the applicable enacted tax rates. A valuation allowance is provided when it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Bank evaluates the realizability of its deferred tax assets by assessing its valuation allowance and by adjusting the amount of such allowance, if necessary.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

The Bank adopted the provisions of FASB Accounting Standards Codification (ASC) 740-10, *Income Taxes*, relating to accounting for uncertain tax positions on January 1, 2009, which had no financial statement impact to the Bank. The Bank recognizes the tax benefit from uncertain tax positions only if is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Bank recognizes interest and penalties related to income tax matters in income tax expense. The Bank does not anticipate that the amount of unrecognized tax benefits will significantly increase or decrease in the next 12 months. There were no interest and penalties accrued for the year ended December 31, 2009.

Off-balance sheet financial instruments – The Bank holds no derivative financial instruments. However, in the ordinary course of business, the Bank enters into off-balance sheet financial instruments consisting of commitments to extend credit and standby letters of credit. These financial instruments are recorded in the financial statements when they are funded or related fees are incurred or received.

The allowance for off-balance sheet credit losses related to unfunded loan commitments is increased through charges to non-interest expense and is decreased by charge-offs or transfers to the allowance for loan losses at the time that the related loan is funded. Management periodically evaluates the adequacy of this allowance based on the Bank's off-balance sheet credit loss experience, known and inherent risks in the portfolio, adverse situations which may increase the likelihood of loss, and current economic conditions. This reserve for unfunded loan commitments is included in the balance sheets under the caption "accrued interest payable and other liabilities."

Advertising and promotional expenses – Advertising and promotional costs are charged to expense during the year in which they are incurred. Advertising and promotional expenses were $148,818 and $175,027 for the years ended December 31, 2009 and 2008, respectively.

Earnings (loss) per share – Basic earnings (loss) per share is computed by dividing net income (loss) available to stockholders by the weighted average number of common shares outstanding during the period, after giving retroactive effect to stock dividends and splits. Diluted earnings (loss) per share is computed similar to basic earnings per share except that the denominator is increased to include dilutive common equivalent shares for stock options assumed to be outstanding during the period utilizing the treasury stock method.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

Stock compensation plan – The Bank has a stock-based compensation plan, which is described more fully in Note 12. The Bank utilizes the Black-Scholes valuation model for determining the fair value of options on the date of grant as well as compensation expense for stock options issued. Share-based awards that do not require future service (i.e., fully vested awards at grant date) are expensed immediately. Share-based employee awards that require future service are amortized over the relevant service period. The Bank recognizes share-based compensation expense on a straight-line basis.

Fair value measurements – Fair value is defined as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The Bank determines fair value based upon quoted prices when available or through the use of alternative approaches, such as matrix or model pricing, when market quotes are not readily accessible or available. The valuation techniques used are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Bank's market assumptions. These two types of inputs create the following fair value hierarchy:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Bank used the following methods and significant assumptions to estimate fair value for its assets measured and carried at fair value in the financial statements:

Investment securities available-for-sale **–** Fair values for available-for-sale investment securities are based on quoted market prices. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities.

Impaired loans **–** Impaired loans have been adjusted to fair value with a specific valuation allowance, either based on the estimated discounted cash flows, or the fair value of the underlying collateral of the loan, less costs to sell. When management determines that the value of the underlying collateral is less than the recorded investment in the loan, the Bank recognizes this impairment and adjusts the carrying value of the loan to fair value by charging-off the amount of the impairment to the allowance for loan losses, or recording a specific reserve in the allowance for loan losses.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

Other real estate owned **–** Other real estate owned represents impaired real estate that has been adjusted to fair value, because the Bank has taken control of the real estate in partial or full satisfaction of loans. At the time of foreclosure, other real estate owned is recorded at the lower of the carrying amount of the loan or fair value less costs to sell, which becomes the property's new basis. Any write-downs based on the asset's fair value at the date of acquisition are charged to the allowance for loan losses. After foreclosure, management periodically performs valuations such that the real estate is carried at the lower of its new cost basis or fair value, net of estimated costs to sell. Fair value adjustments on other real estate owned are recognized within the statement of operations as a component of noninterest expense.

The following methods and assumptions were used by the Bank in estimating fair values of assets and liabilities not carried at fair value on a recurring or non-recurring basis:

Cash and cash equivalents **–** The carrying amounts reported in the balance sheets for cash and due from banks, interest-bearing deposits, investments in corporate money funds, and federal funds sold approximate their fair value.

Restricted equity securities **–** The carrying amount approximates estimated fair value.

Loans receivable **–** For variable rate loans that re-price frequently and have no significant change in credit risk, fair values are based on carrying values. Fair values for certain mortgage loans (for example, one-to-four family residential), credit card loans, and other consumer loans are based on quoted market prices of similar loans sold in conjunction with securitization transactions, adjusted for differences in loan characteristics. Fair values for commercial real estate and commercial loans are estimated using discounted cash flow analyses, using interest rates currently being offered for loans with similar terms to borrowers of similar credit quality.

Deposit liabilities **–** Fair value disclosed for demand deposits equals their carrying amounts, which represent the amount payable on demand. The carrying amounts for variable-rate money market accounts and certificates of deposit approximate their fair value at the reporting date. Fair value for fixed-rate certificates of deposit is estimated using a discounted cash flow calculation that applies interest rates currently being offered on certificates to a schedule of aggregate expected monthly maturities on time deposits.

Federal funds purchased and borrowings **–** The carrying amounts of the Bank's federal funds purchased and borrowings approximate their fair value.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

Off-balance sheet instruments – The Bank's off-balance sheet instruments include unfunded commitments to extend credit and standby letters of credit. The fair value of these instruments is not considered practicable to estimate because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.

The Bank assumes interest rate risk (the risk that general interest rate levels will change) as a result of its normal operations. Consequently, the fair value of the Bank's financial instruments will change when interest rate levels change, and that change may be either favorable or unfavorable to the Bank. Management attempts to match maturities of assets and liabilities to the extent believed necessary to minimize interest rate risk. However, borrowers with fixed-rate obligations are less likely to prepay in a rising rate environment and more likely to prepay in a falling rate environment. Conversely, depositors who are receiving fixed rates are more likely to withdraw funds before maturity in a rising rate environment and less likely to do so in a falling rate environment. Management monitors rates and maturities of assets and liabilities, and attempts to minimize interest rate risk by adjusting terms of new loans and deposits and by investing in securities with terms that mitigate the Bank's overall interest rate risk.

Reclassifications – Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation. These reclassifications have no effect on previously reported net income.

Events subsequent to year-end – Subsequent events are events or transactions that occur after the date of the balance sheet but before financial statements are issued. The Bank recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing the financial statements.

The Bank has evaluated subsequent events through March 5, 2010, which is the date the financial statements were available to be issued.

NOTE 2 – INVESTMENT SECURITIES

The amortized cost and estimated fair value of the Bank's investment securities, with gross unrealized gains and losses, are summarized as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses Less than 12 Months	Gross Unrealized Losses Greater than 12 Months	Estimated Fair Value
December 31, 2009					
Securities available-for-sale:					
U.S. government agencies	$ 7,834,770	$ 52,309	$ -	$ -	$ 7,887,079
Municipal securities	3,614,351	56,694	-	-	3,671,045
	$ 11,449,121	$109,003	$ -	$ -	$ 11,558,124
December 31, 2008					
Securities available-for-sale:					
U.S. government agencies	$ 2,503,530	$ 3,002	$ -	$ -	$ 2,506,532
Securities held-to-maturity:					
Municipal securities	$ 2,569,512	$ 61,611	$ -	$ -	$ 2,631,123

At December 31, 2009 and 2008, securities in the amount of $400,000 were pledged to secure public deposits.

The amortized cost and estimated fair value of available-for-sale investment securities by contractual maturity at December 31, 2009, are as follows:

	Available-For-Sale	
	Amortized Cost	Estimated Fair Value
Due within one year	$ -	$ -
Due from one year through five years	7,834,770	7,887,079
Due from five years through ten years	2,944,969	2,994,083
Due after ten years	669,382	676,962
	$ 11,449,121	$ 11,558,124

NOTE 2 – INVESTMENT SECURITIES – (continued)

Securities in the amount of $2,569,512 with unrealized gains of $61,611 were transferred from held-to-maturity to available-for-sale during the year to enhance the Bank's liquidity. The unrealized holding gain at the date of transfer has been recorded within other comprehensive income.

NOTE 3 – LOANS, NET OF ALLOWANCE FOR LOAN LOSSES AND UNEARNED INCOME

The composition of loan balances is summarized as follows:

	2009	2008
Commercial loans	$ 54,047,503	$ 51,615,065
Real estate loans	18,259,450	14,472,606
Consumer loans and overdraft accounts	4,272,254	3,383,184
Total loans	76,579,207	69,470,855
Allowance for loan losses	(1,221,693)	(836,864)
Unearned income	(170,065)	(161,512)
Loans, net of allowance for loan losses and unearned income	$ 75,187,449	$ 68,472,479

The change in allowance for loan losses is summarized as follows:

	2009	2008
Balance, beginning of year	$ 836,864	$ 968,887
Provision for loan losses	1,138,900	141,170
Loans charged-off	(777,856)	(305,290)
Recoveries of loans previously charged-off	23,785	32,097
Balance, end of year	$ 1,221,693	$ 836,864

NOTE 3 – LOANS, NET OF ALLOWANCE FOR LOAN LOSSES AND UNEARNED INCOME – (continued)

Impaired loans are loans for which management has determined it is probable that all principal and interest will not be collected according to contractual terms. The following table summarizes impaired loan information as of and for the years ended December 31:

	2009	2008
Impaired loans with no related allowance	$ -	$ 284,622
Impaired loans with specific allowance	2,780,663	1,342,357
Specific allowance related to impaired loans	(402,545)	(78,963)
Total impaired loans, net of specific allowance	$ 2,378,118	$ 1,548,016
Average balance of impaired loans for the year	$ 1,963,067	$ 2,254,958
Interest income not recognized on impaired loans for the year	$ 148,793	$ 131,781
Loans past due 90 days or more and still accruing interest at year-end	$ -	$ -

As of December 31, 2009, loans with a carrying amount of $11,464,398 were pledged to secure borrowings.

NOTE 4 – PREMISES, EQUIPMENT, AND LEASEHOLD IMPROVEMENTS

The composition of premises, equipment, and leasehold improvements is summarized as follows:

	2009	2008
Land	$ 583,248	$ 583,248
Bank premises	2,783,839	2,783,839
Furniture and equipment	1,096,466	1,080,841
Leasehold improvements	117,199	112,549
	4,580,752	4,560,477
Less accumulated depreciation and amortization	(1,139,549)	(922,898)
Premises, equipment, and leasehold improvements, net of accumulated depreciation and amortization	$ 3,441,203	$ 3,637,579

Depreciation expense for the years ended December 31, 2009 and 2008 was $229,717 and $203,131, respectively.

NOTE 5 – TIME DEPOSITS

Time certificates of deposit of $100,000 and over totaled $15,175,405 and $22,702,169 at December 31, 2009 and 2008, respectively.

As of December 31, 2009, the scheduled maturities for all time deposits are as follows:

Years ending December 31,	2010	$ 28,352,557
	2011	2,289,109
	2012	449,447
	2013	3,188,507
	2014	1,853,463
	Thereafter	2,850,000
		$ 38,983,083

NOTE 6 – BORROWINGS

Federal Home Loan Bank advances – As a member of the Federal Home Loan Bank of Seattle (FHLB), the Bank has entered into an "Advances, Security and Deposit Agreement" with the FHLB. Borrowings under the credit arrangement are collateralized by the Bank's FHLB stock as well as deposits or other instruments, which may be pledged. As of December 31, 2009, the Bank had $775,000 in outstanding borrowings with the FHLB carrying an interest rate of 2.91% and maturing in 2014. As of December 31, 2009, the Bank had loans of $11,464,398 pledged to secure outstanding borrowings and provide total borrowing capacity of $7,171,306 with the FHLB.

Federal Funds line of credit – The Bank has obtained federal funds lines totaling $4,500,000 with two correspondent banks. One of the federal fund lines totaling $500,000 will expire upon the consent of both parties. The second line of $4,000,000 was established with a term extending from June 1, 2009 through June 30, 2010. There were no balances outstanding on these federal funds lines as of December 31, 2009. The Bank had $895,000 outstanding on these federal funds lines of credit at December 31, 2008.

NOTE 7 – INCOME TAXES

The benefit for income taxes consists of the following:

	2009	2008
Current income taxes		
Federal	$ (161,163)	$ (39,600)
State	4,000	-
	(157,163)	(39,600)
Deferred income taxes		
Federal	(166,071)	(24,982)
State	(41,916)	(9,175)
	(207,987)	(34,157)
Benefit for income taxes	$ (365,150)	$ (73,757)

NOTE 7 – INCOME TAXES – (continued)

Deferred income taxes, recorded as other assets, represent the tax effect of differences in timing between financial income and taxable income. The net deferred tax assets, recorded within other assets, in the accompanying balance sheets, include the following components:

	2009	2008
Deferred tax assets		
Allowance for loan losses	$ 400,446	$ 298,013
Unrealized gains on investment securities available-for-sale	(41,857)	(1,153)
Prepaids	(31,753)	(28,841)
Supplemental executive retirement plan	177,399	151,929
Split-dollar liability	42,297	37,179
Intangible assets – permits and licenses	(16,993)	(12,800)
Reserve for off-balance sheet instruments	4,781	4,649
Depreciation and organization costs	(48,518)	(69,307)
Oregon net operating loss	58,348	-
Non-accrual interest	23,244	-
Other	37,012	57,455
Net deferred tax assets	$ 604,406	$ 437,124

An Oregon net operating loss carryforward in the amount of $429,691 is available to offset future income. The loss carryforward will begin to expire in 2023 if not utilized. A valuation allowance has not been recorded to offset the net deferred tax assets since management believes it is more likely than not that all deferred tax assets will be utilized in future periods.

NOTE 8 – FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

In the normal course of business to meet the financing needs of its customers, the Bank is a party to financial instruments with off-balance sheet risk. These financial instruments include commitments to extend credit and the issuance of letters of credit. These instruments involve, to varying degrees, elements of credit and interest-rate risk in excess of the amount recognized in the balance sheets. The contract amounts of those instruments reflect the extent of involvement the Bank has in particular classes of financial instruments.

NOTE 8 – FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK – (continued)

The Bank’s exposure to credit loss in the event of nonperformance by the other party to the financial instruments for commitments to extend credit and letters of credit written is represented by the contractual amount of those instruments. The Bank uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments.

Commitments to extend credit are agreements to lend to customers as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The amount of collateral obtained, if deemed necessary by the Bank upon extension of credit, is based on management’s credit evaluation of the counter party. Collateral held varies but may include accounts receivable, inventory, property and equipment, and income-producing properties.

Letters of credit written are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support bonding requirements for real estate developers and contractors. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Bank holds cash, marketable securities, or real estate as collateral supporting those commitments for which collateral is deemed necessary.

A summary of the notional amounts of the Bank’s financial instruments with off-balance sheet risk as of December 31, 2009 and 2008, is as follows:

	2009	2008
Commitments to extend credit	$ 9,631,944	$ 9,403,537
Commercial and standby letters of credit	$ 75,506	$ 104,762

NOTE 9 – CONCENTRATIONS OF CREDIT RISK

All of the Bank’s loans, commitments, and commercial and standby letters of credit have been granted to customers in the Bank’s market area. The majority of such customers are also depositors of the Bank. Concentrations of credit by type of loan are set forth in Note 3. During 2009, the Bank’s loan policy did not allow the extension of credit to any single borrower or group of related borrowers in excess of $750,000 on an unsecured basis and $1,500,000 on a secured basis, without approval from the Board of Directors’ Loan Committee.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Lease commitments – As of December 31, 2009, the Bank leased office space under several operating lease agreements, the majority of which will expire in 2013.

Future minimum lease payments associated with the office space lease and other agreements are as follows:

Years ending December 31,	2010	$ 276,940
	2011	278,829
	2012	280,785
	2013	282,810
	2014	284,905
	Thereafter	2,018,180
		$ 3,422,449

For the years ended December 31, 2009 and 2008, rent expense was $274,781 and $291,149, respectively.

Legal contingencies – The Bank may become a defendant in certain claims and legal actions arising in the ordinary course of business. As of December 31, 2009, the Bank was not involved in any current matters expected to have a material adverse effect on the financial condition of the Bank.

NOTE 11 – TRANSACTIONS WITH RELATED PARTIES

Certain directors, executive officers, and principal stockholders are customers of and have had banking transactions with the Bank in the ordinary course of business, and the Bank expects to have such transactions in the future. All loans and commitments to lend included in such transactions are made in compliance with applicable laws on substantially the same terms (including interest rates and collateral) as those prevailing at the time for comparable transactions with other persons and, in the opinion of the management of the Bank, do not involve more than the normal risk of collection or present any other unfavorable features. The amount of loans and loan commitments outstanding to directors, executive officers, principal stockholders, and companies that they are associated with was as follows:

	2009	2008
Balance, beginning of year	$ 549,387	$ 303,984
Loans made	1,541,757	836,525
Loans repaid	(902,928)	(591,122)
Balance, end of year	$ 1,188,216	$ 549,387
Outstanding loan commitments	$ 913,496	$ 125,996

NOTE 12 – STOCK-BASED COMPENSATION PLAN

Under its stock-based incentive compensation plan, the Bank may grant options to its directors, officers, and employees for up to 132,966 shares of common stock. Both incentive stock options and nonqualified stock options may be granted under the plan. The exercise price of each option must be at least equal to 100% of the market price of the Bank's stock on the date of grant. An option's maximum term is ten years.

NOTE 12 – STOCK-BASED COMPENSATION PLAN – (continued)

A summary of the status of the Bank's stock option plan, adjusted for 2009 and 2008 5% stock dividends, is presented below:

	Number of Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value	Weighted Average Contractual Term
Options under grant as of December 31, 2008	100,778	$ 9.75		
Options granted	2,000	$ 8.00		
Options exercised	(7,112)	$ 7.73		
Options expired or forfeited	-	$ -		
Options under grant as of December 31, 2009	95,666	$ 9.70	$ 20,268	3.47
Options exercisable as of December 31, 2009	93,411	$ 9.90	$ 6,268	3.34

The Bank determines fair value of stock options at grant date using the Black-Scholes pricing model that takes into account the stock price at the grant date, the exercise price, the expected life of the option, the volatility of the underlying stock, the expected dividend yield and the risk-free interest rate over the expected life of the option. The assumptions used in the pricing model are noted in the table below. The expected term of options granted is derived from historical data on employee exercise and post-vesting employment termination behavior. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of the grant. Expected volatility is based on the historical volatility of an index of comparable bank stocks.

NOTE 12 – STOCK-BASED COMPENSATION PLAN – (continued)

The Black-Scholes option valuation model requires the input of highly subjective assumptions, including the expected life of the stock-based award and stock price volatility. The assumptions listed above represent management's best estimates, but these estimates involve inherent uncertainties and the application of management judgment. As a result, if other assumptions had been used, the Bank's recorded stock-based compensation expense could have been materially different from that depicted above. Additionally, the effects of applying this accounting model are not indicative of future amounts that may be realized by the option holders upon exercise. The weighted average grant-date fair value of options granted during the years 2009 and 2008 was $3.61 and $2.81, respectively. The total intrinsic value of options exercised during the years ended December 31, 2009 and 2008, was $16,111 and $2,429, respectively.

The fair values of options granted during 2009 were computed utilizing the following weighted-average assumptions.

Dividend yield	0.00%
Weighted average expected life	7.5 years
Expected volatility	38.56%
Risk-free rate	2.20%

The Bank expenses stock options on a straight-line basis over the options' related vesting term. As of December 31, 2009, there was $7,229 of unrecognized compensation expense related to the granting of stock options. That cost is expected to be recognized over a period of five years.

NOTE 13 – EMPLOYEE BENEFIT PLANS AND AGREEMENTS

During 1999, the Bank adopted a 401(k) plan in which substantially all employees participate. Employees may contribute the maximum permissible under federal tax laws. The Bank matches employee contributions on the first 3% of their compensation, plus 50% of their contributions on the next 3% of compensation. Matching contributions vest to the employee equally over a five-year period. For the years ended December 31, 2009 and 2008, the Bank's expense attributable to the plan was $81,872 and $84,910, respectively.

NOTE 13 – EMPLOYEE BENEFIT PLANS AND AGREEMENTS – (continued)

In December 2005, the Bank entered into supplemental retirement plans with key executive officers. In 2006, to support its obligations under these plans and to provide death benefits to selected employees, the Bank acquired bank-owned life insurance with a cash surrender value of $2,895,723 at December 31, 2009 and $2,784,603 at December 31, 2008. The Bank's liability pursuant to these supplemental retirement plans was $560,249 and $492,469, as of December 31, 2009 and 2008, respectively. The December 31, 2008 liability amount includes a $50,399 cumulative adjustment to retained earnings for the life insurance benefit liability. These amounts are included on the balance sheet among "accrued interest payable and other liabilities." For 2009 and 2008, compensation expense related to these plans was $109,427 and $118,453, respectively.

NOTE 14 – EARNINGS (LOSS) PER SHARE

The following table illustrates the computations of basic and diluted earnings (loss) per share for the years ended December 31, 2009 and 2008 (adjusted for the 2009 and 2008 stock dividends).

	Net Income (Loss)	Weighted Average Shares	Per Share Amount
For the year ended December 31, 2009			
Basic loss per share	$ (388,342)	910,774	$ (0.43)
Diluted loss per share	$ (388,342)	910,774	$ (0.43)
For the year ended December 31, 2008			
Basic earnings per share	$ 94,752	909,473	$ 0.10
Stock options		7,173	
Diluted earnings per share	$ 94,752	916,646	$ 0.10

Options for 95,666 and 60,969 shares of common stock were excluded from the diluted earnings per share calculation in 2009 and 2008, respectively, due to their anti-dilutive effect.

NOTE 15 – FAIR VALUE OF FINANCIAL INSTRUMENTS

Assets displayed in the table below by recurring or nonrecurring measurement status. Recurring assets are initially measured at fair value and are required to be re-measured at fair value in the financial statements at each reporting date. Assets measured on a nonrecurring basis are assets that, due to an event or circumstance, were required to be re-measured at fair value after initial recognition in the financial statements at some time during the reporting period.

		Fair Value Measurements Using			
	Carrying Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Losses included in Earnings
As of December 31, 2009					
Recurring items					
Available-for-sale investment securities	$ 11,558,124	$ 6,386,718	$ 5,171,406	$ -	
Nonrecurring items					
Loans measured for impairment	$ 2,378,118	$ -	$ -	$ 2,378,118	$ 446,141
Other real estate owned	$ 987,935	$ -	$ -	$ 987,935	$ 65,158
As of December 31, 2008					
Recurring items					
Available-for-sale investment securities	$ 2,506,532	$ 2,506,532	$ -	$ -	
Nonrecurring items					
Loans measured for impairment	$ 1,548,016	$ -	$ -	$ 1,548,016	$ 78,963

NOTE 15 – FAIR VALUE OF FINANCIAL INSTRUMENTS – (continued)

The following disclosures are made in accordance with the provisions of ASC 820, which requires the disclosure of fair value information about all financial instruments, whether carried or not carried at fair value on the balance sheet, where it is practicable to estimate that value.

	Fair Value Measurements Using	
	2009	
	Carrying Amount	Estimated Fair Value
Financial assets		
Cash and cash equivalents	$ 3,688,930	$ 3,688,930
Investment securities available-for-sale	$ 11,558,124	$ 11,558,124
Restricted equity securities	$ 136,600	$ 136,600
Loans held-for-sale	$ 1,750,609	$ 1,750,609
Loans receivable, gross	$ 76,579,207	$ 75,511,106
Other real estate owned	$ 987,935	$ 987,935
Financial liabilities		
Noninterest-bearing demand deposits	$ 16,435,485	$ 16,435,485
Interest-bearing demand, money market accounts, and savings deposits	$ 34,054,940	$ 34,054,940
Time certificates of deposit	$ 38,983,083	$ 40,763,592
Borrowings	$ 775,000	$ 775,000

The Bank normally intends to hold the majority of its financial instruments until maturity; it does not expect to realize many of the estimated amounts disclosed. The disclosures also do not include estimated fair value amounts for items which are not defined as financial instruments but which have significant value. These include such off-balance sheet items as core deposit intangibles on non-acquired deposits. The Bank does not believe that it would be practicable to estimate a representational fair value for these types of items as of December 31, 2009 and 2008.

NOTE 16 – REGULATORY MATTERS

The Bank is subject to various regulatory capital requirements administered by federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory – and possibly additional discretionary – actions by regulators that, if undertaken, could have a direct material effect on the Bank’s financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank’s assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The Bank’s capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the following table) of total and Tier 1 capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier 1 capital to average assets (as defined). Management believes, as of December 31, 2009 and 2008, that the Bank met all capital adequacy requirements to which it is subject.

As of the most recent notifications from its regulatory agencies, the Bank was categorized as well-capitalized under the regulatory framework for prompt corrective action. To be categorized as adequately capitalized, the Bank must maintain minimum total risk-based capital, Tier 1 risk-based capital, and Tier 1 leverage capital ratios as set forth in the following table. There are no conditions or events since that notification that management believes may have changed the Bank’s category.

	Actual		For Capital Adequacy Purposes		To Be Well-Capitalized Under Prompt Corrective Action Provisions	
(in thousands)	Amount	Ratio	Amount	Ratio	Amount	Ratio
December 31, 2009						
Total capital to risk-weighted assets	$ 11,666	14.5%	$ 6,444	≥8.0%	$ 8,055	≥10.0%
Tier 1 capital to risk-weighted assets	$ 10,657	13.2%	$ 3,222	≥4.0%	$ 4,833	≥6.0%
Tier 1 capital to average assets	$ 10,657	10.4%	$ 4,115	≥4.0%	$ 5,144	≥5.0%
December 31, 2008						
Total capital to risk-weighted assets	$ 12,009	16.2%	$ 5,944	≥8.0%	$ 7,430	≥10.0%
Tier 1 capital to risk-weighted assets	$ 11,160	15.0%	$ 2,972	≥4.0%	$ 4,458	≥6.0%
Tier 1 capital to average assets	$ 11,160	12.8%	$ 3,483	≥4.0%	$ 4,354	≥5.0%