

March 10, 2009

### Times are Changing – and so is this Report

With things changing so fast, we needed to update our new bank report. Besides the new look we also made two significant changes – adding a designation to identify those banks that received TARP funding and eliminating “loans as a percent of assets” and replacing it with “NPAs as a percent of assets”.

In regards to TARP, we wanted to know, who got it? Was it only the larger banks or SEC traded banks? Or did a lot of smaller new banks, many of whom do not trade, take TARP. Using the U.S. Treasury’s list through March 5, 2009, we found that 48 of the new banks in this report had received TARP funds and issued preferred stock totaling almost \$600 million. The state with the largest TARP participation so far was North Carolina with 12 participants.

### New Bank - TARP Recipients

|                       | <u>Number<br/>of Banks</u> | <u>Preferred<br/>Stock Issued<br/>(in thous.)</u> |
|-----------------------|----------------------------|---|
| Connecticut           | 2                          | \$10,245  |
| Delaware              | -                          | -   |
| District of Columbia  | -                          | -   |
| Maryland              | 5                          | 61,804  |
| Massachusetts         | 1                          | 5,830   |
| New Jersey            | 6                          | 61,107  |
| New York              | -                          | -   |
| <b>North Carolina</b> | <b>12</b>                  | <b>195,858</b>                                    |
| Pennsylvania          | 7                          | 49,445  |
| South Carolina        | 6                          | 56,382  |
| Virginia              | 4                          | 102,110   |
| West Virginia         | 2                          | 18,345  |
| Other New England*    | <u>3</u>                   | <u>38,565</u>                                     |
|                       | <b>48</b>                  | <b>\$599,691</b>                                  |

\*Includes Maine, New Hampshire, Rhode Island and Vermont.

Source: U.S. Treasury.gov

The other change in this report was to track the asset quality at each new bank. Loans as a percent of assets were a more useful guide when new banks were growing fast

and putting on loans. In today's environment with slower loan growth for all banks, that ratio became much less relevant and NPAs-to-assets became a much more interesting guide to new bank performance. In looking at statewide numbers, we see that North Carolina, besides having the most TARP participants at 50, also had the most aggregate NPAs. If the fifty North Carolina banks were added together, they would have NPAs of \$263 million, but this is only 1.32% of assets. Comparatively, the states with the highest NPAs-to-assets, were Connecticut at 3.10%, South Carolina at 2.48% and not too much further back, Maryland at 1.99%.

New Bank – NPA Summary by State\*

|                      | <u>Number<br/>of Banks</u> | <u>NPAs</u><br>(in thous.) | <u>NPAs/<br/>Assets</u> |
|----------------------|----------------------------|----------------------------|-------------------------|
| Connecticut          | 13                         | \$81,106                   | 3.10%                   |
| Delaware             | 4                          | 25,222                     | 1.04                    |
| District of Columbia | 2                          | 3,738                      | .86                     |
| Maryland             | 14                         | 80,478                     | 1.99                    |
| Massachusetts        | 4                          | 4,538                      | .70                     |
| New Jersey           | 42                         | 155,006                    | 1.69                    |
| New York             | 27                         | 60,402                     | 1.15                    |
| North Carolina       | 50                         | 263,469                    | 1.32                    |
| Pennsylvania         | 35                         | 101,219                    | 1.34                    |
| South Carolina       | 30                         | 244,948                    | 2.48                    |
| Virginia             | 37                         | 146,751                    | 1.05                    |
| West Virginia        | 7                          | 17,114                     | .73                     |
| Other New England**  | <u>7</u>                   | <u>22,672</u>              | <u>.85</u>              |
| Total                | 272                        | \$1,206,663                | 1.49%                   |

\*NPAs include loans 90 days past due and restructured loans. NPAs to assets is total aggregate NPAs divided by total aggregate assets for the banks in each state.

\*\*Includes Maine, New Hampshire, Rhode Island and Vermont.

Source: SNL Financial, Charlottesville, Virginia.

As always we hope you enjoy the report and feel free to call me if you have any questions or comments.

Sincerely,



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