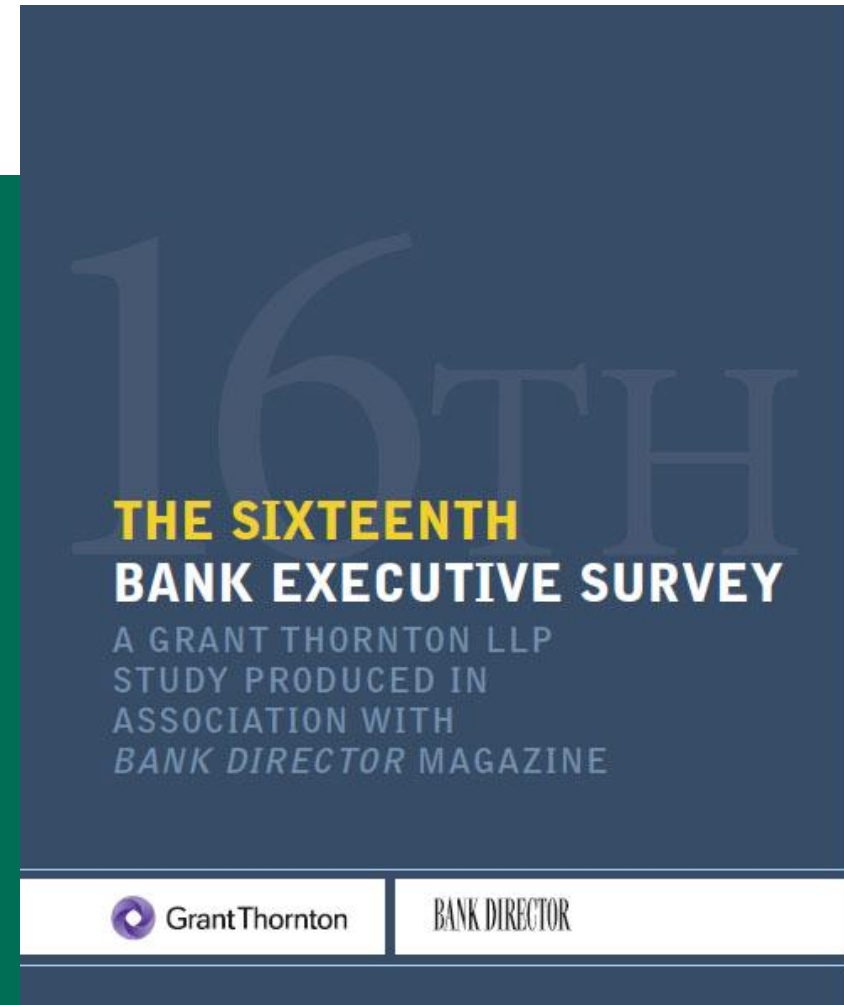




16th Bank Executive Survey

Summary of results

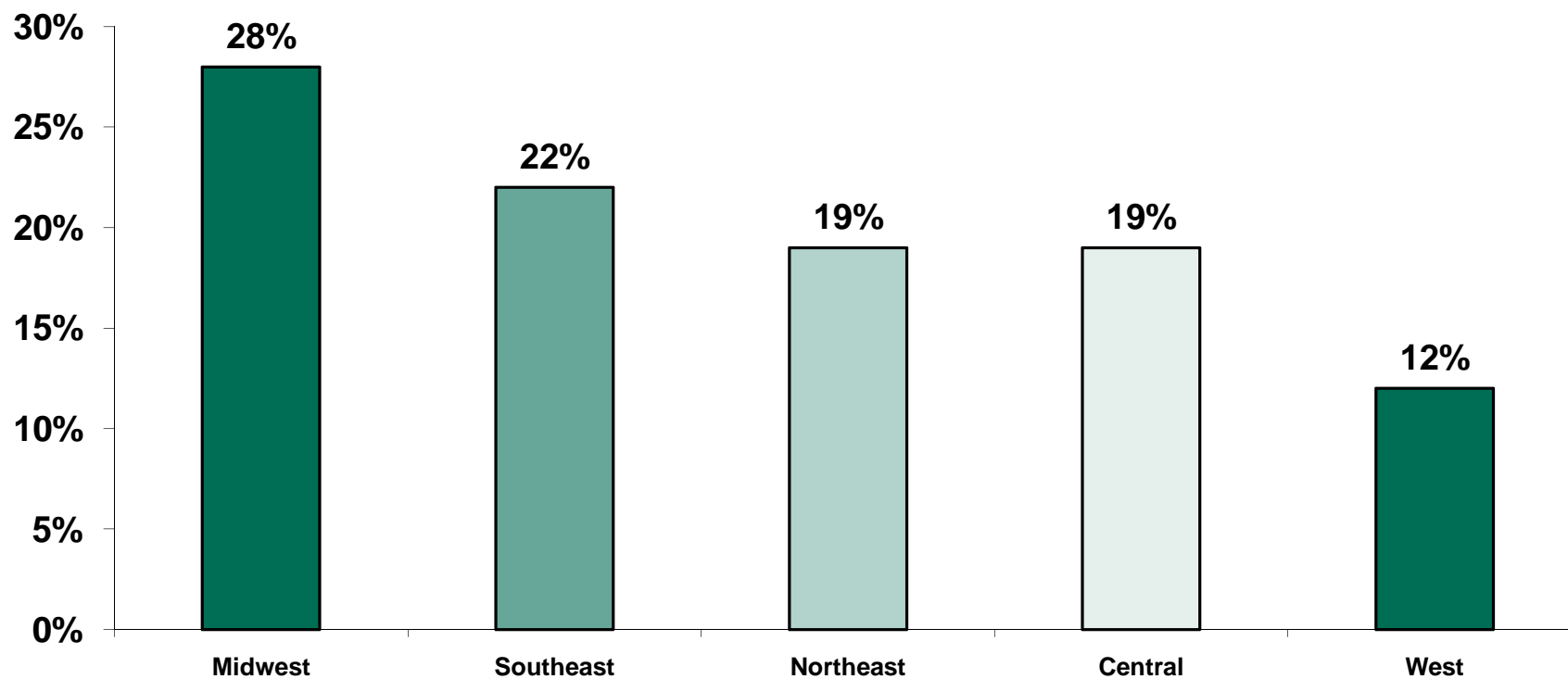


About the survey

Grant Thornton's *Bank Executive Survey*, produced in conjunction with *Bank Director* magazine, provides a snapshot of the banking world, presenting a compilation of opinions of industry leaders on the current state and future direction of the industry. In early November 2008, *Bank Director* magazine mailed questionnaires to a national sample of 3,000 chief executive officers and other senior officers of banks and savings institutions. A total of 339 completed questionnaires were returned for a response rate of 11.3%.

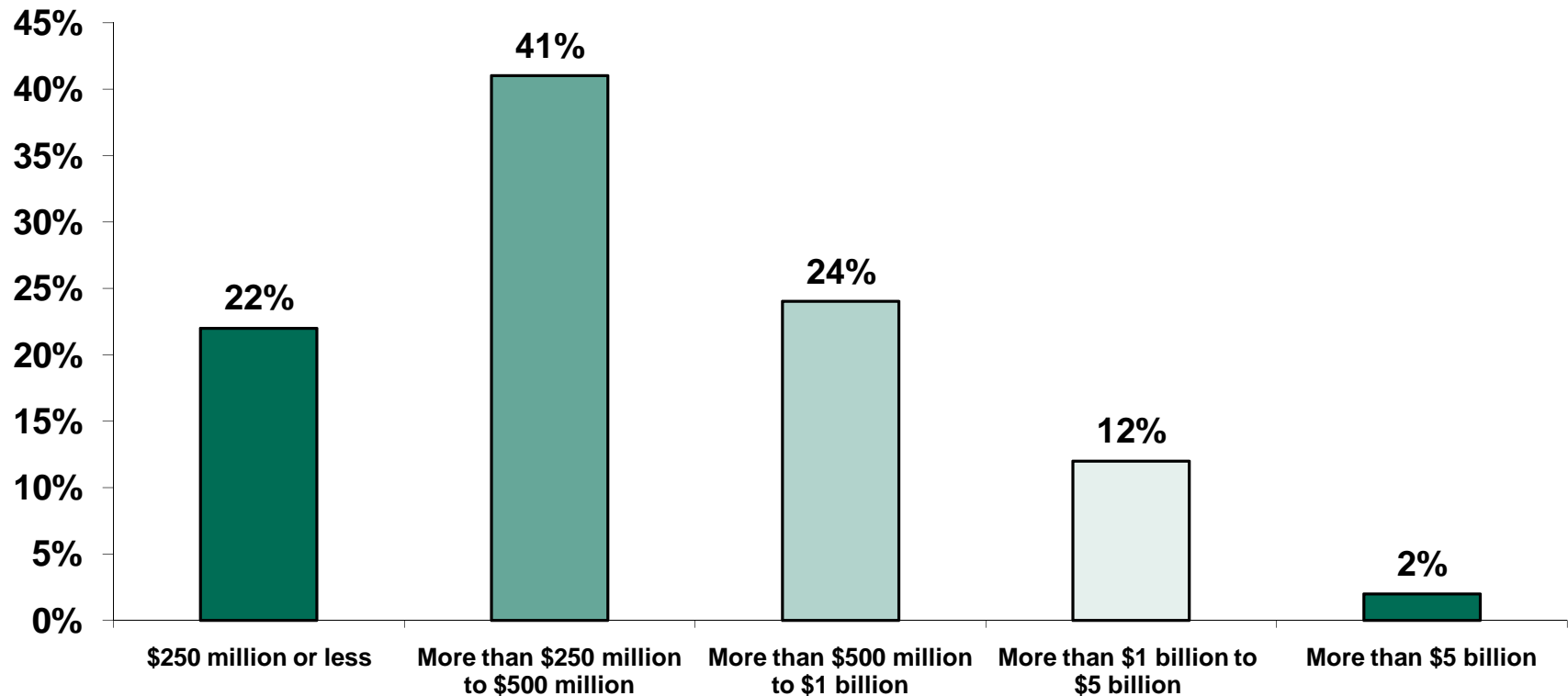
Responses may not equal 100% due to rounding.

Demographics Headquarters



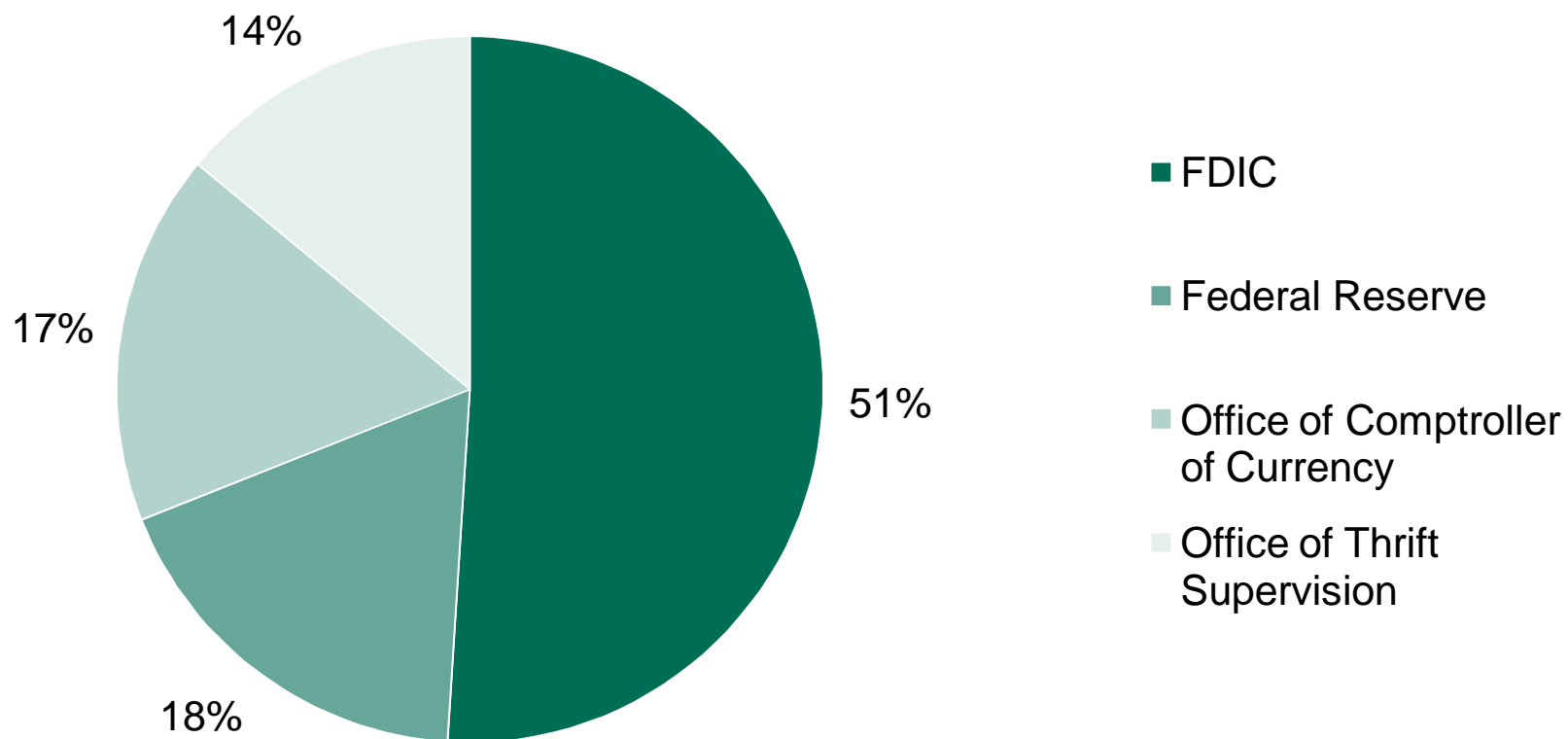
Demographics

Estimated assets at the end of previous year



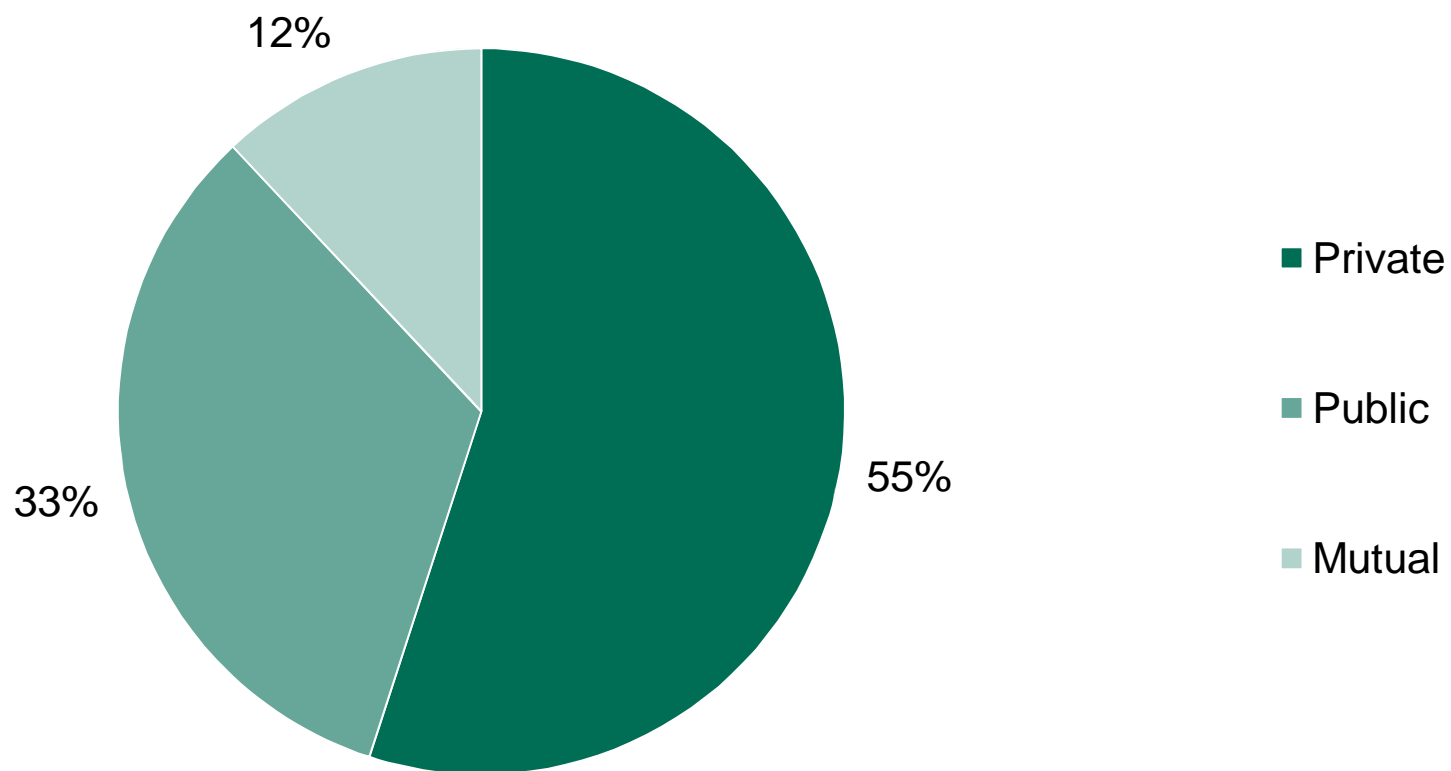
Demographics

Primary federal regulator

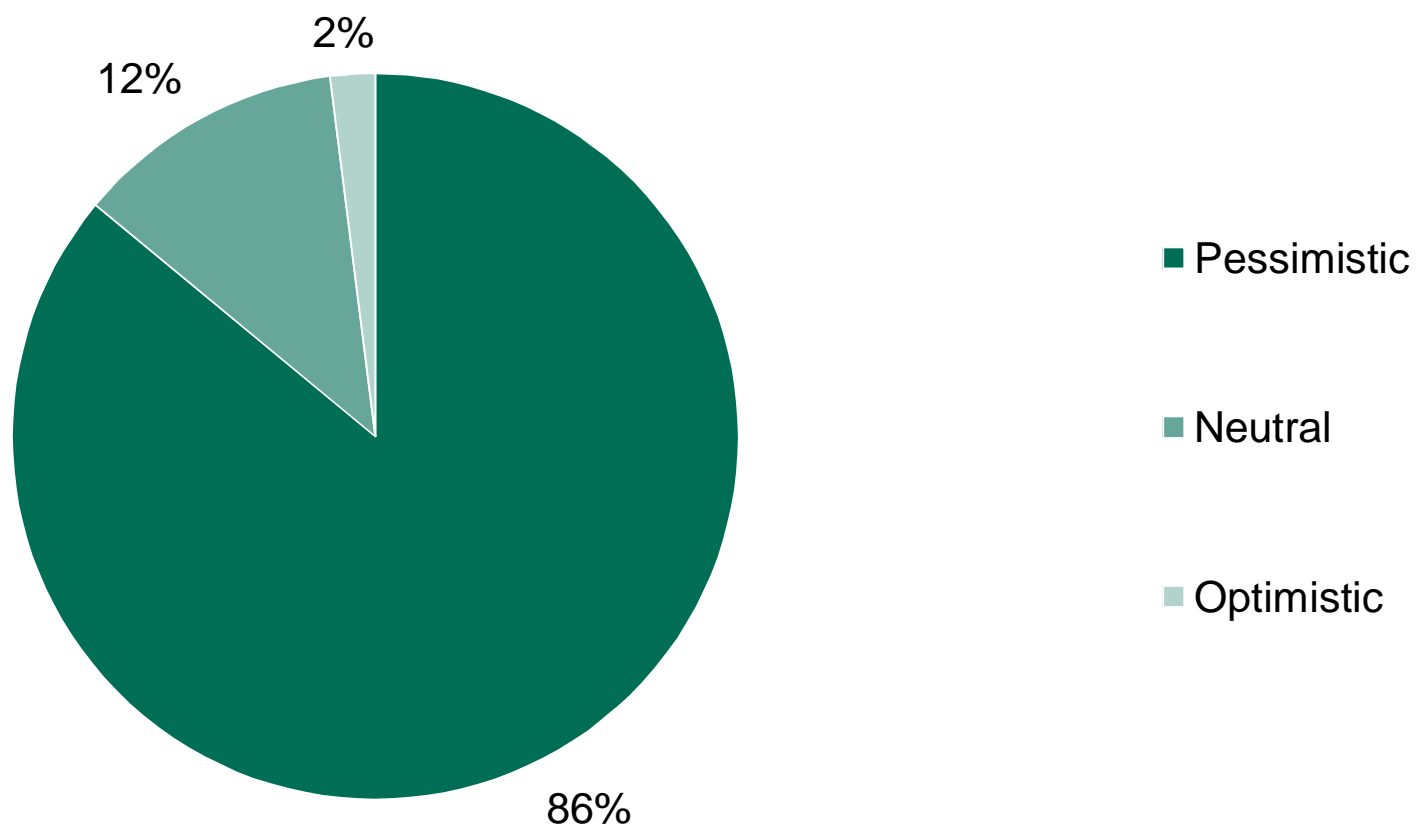


Demographics

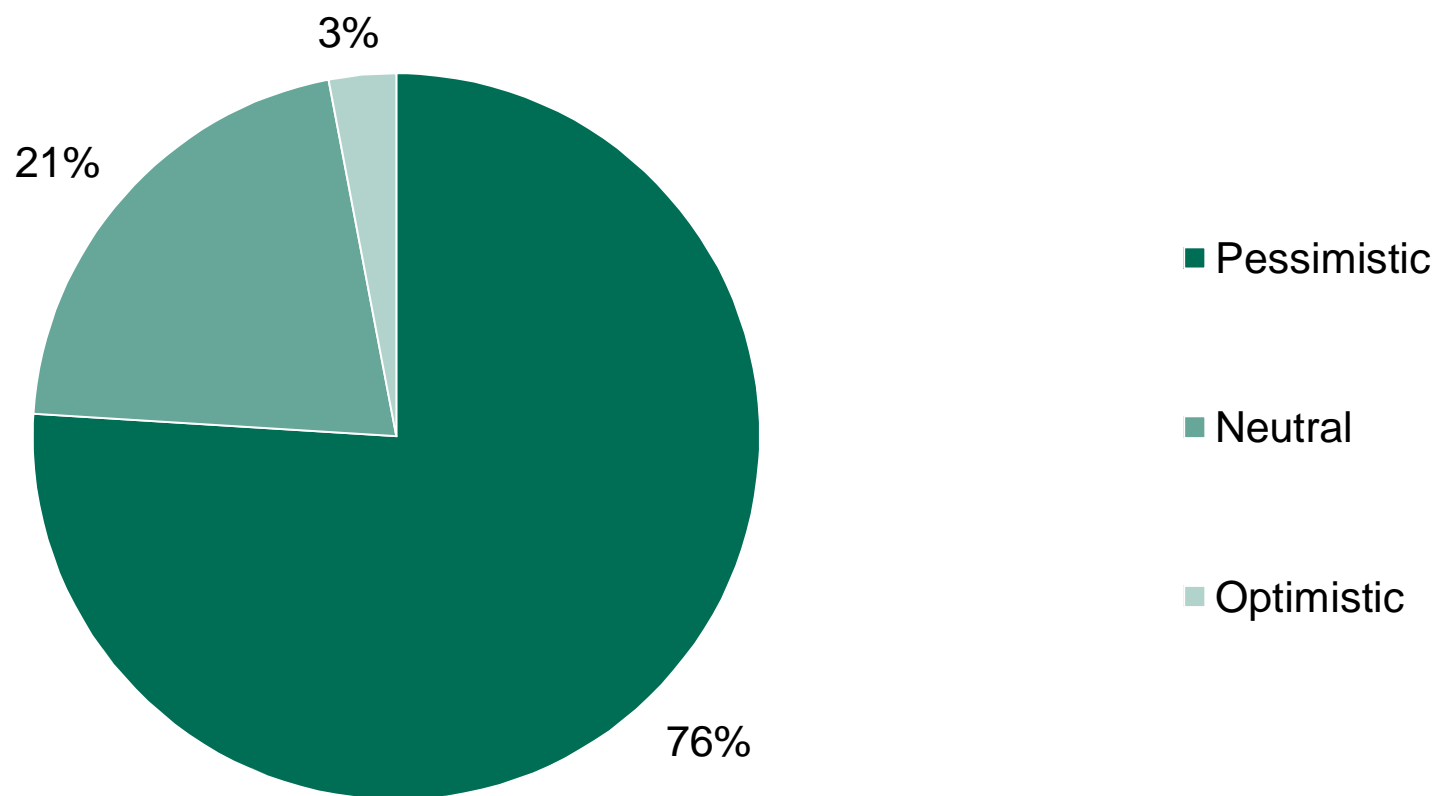
Ownership structure



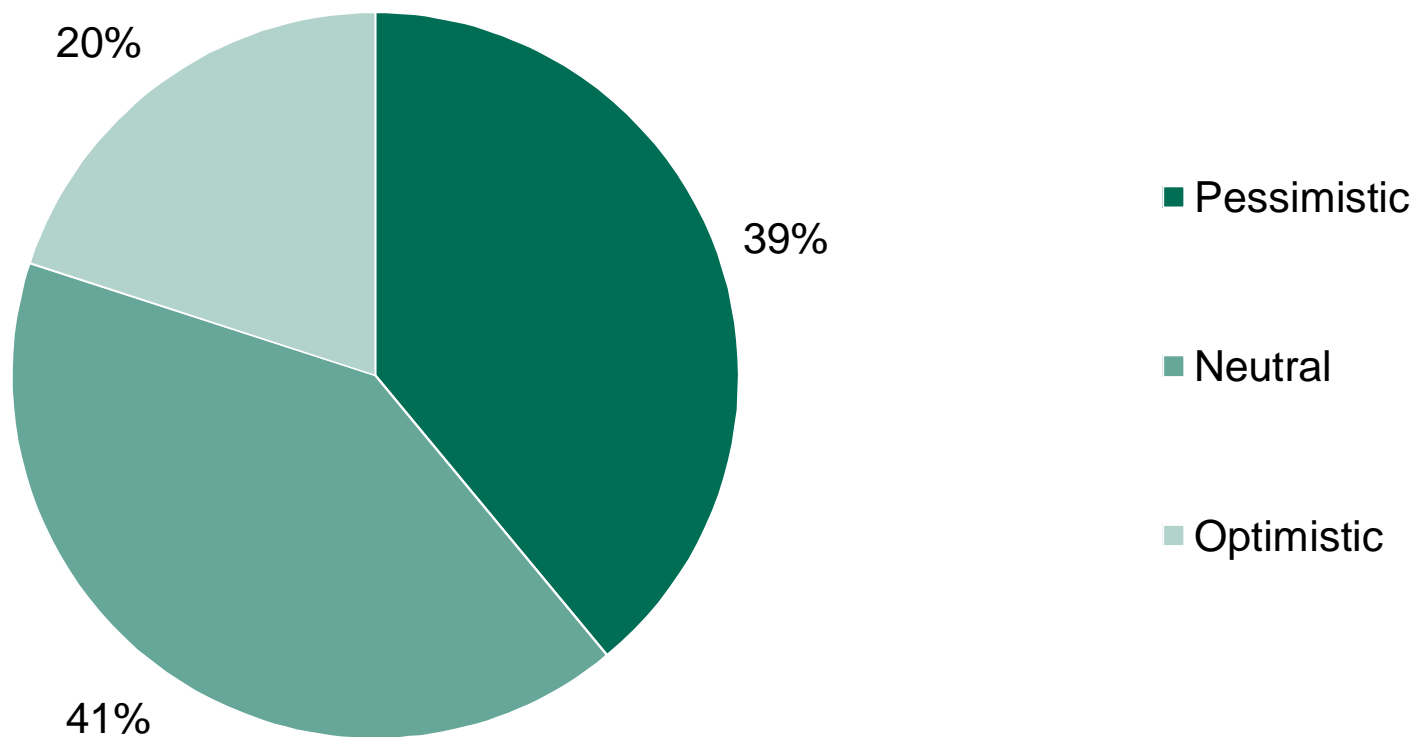
Outlook on the national economy



Outlook for banking nationally



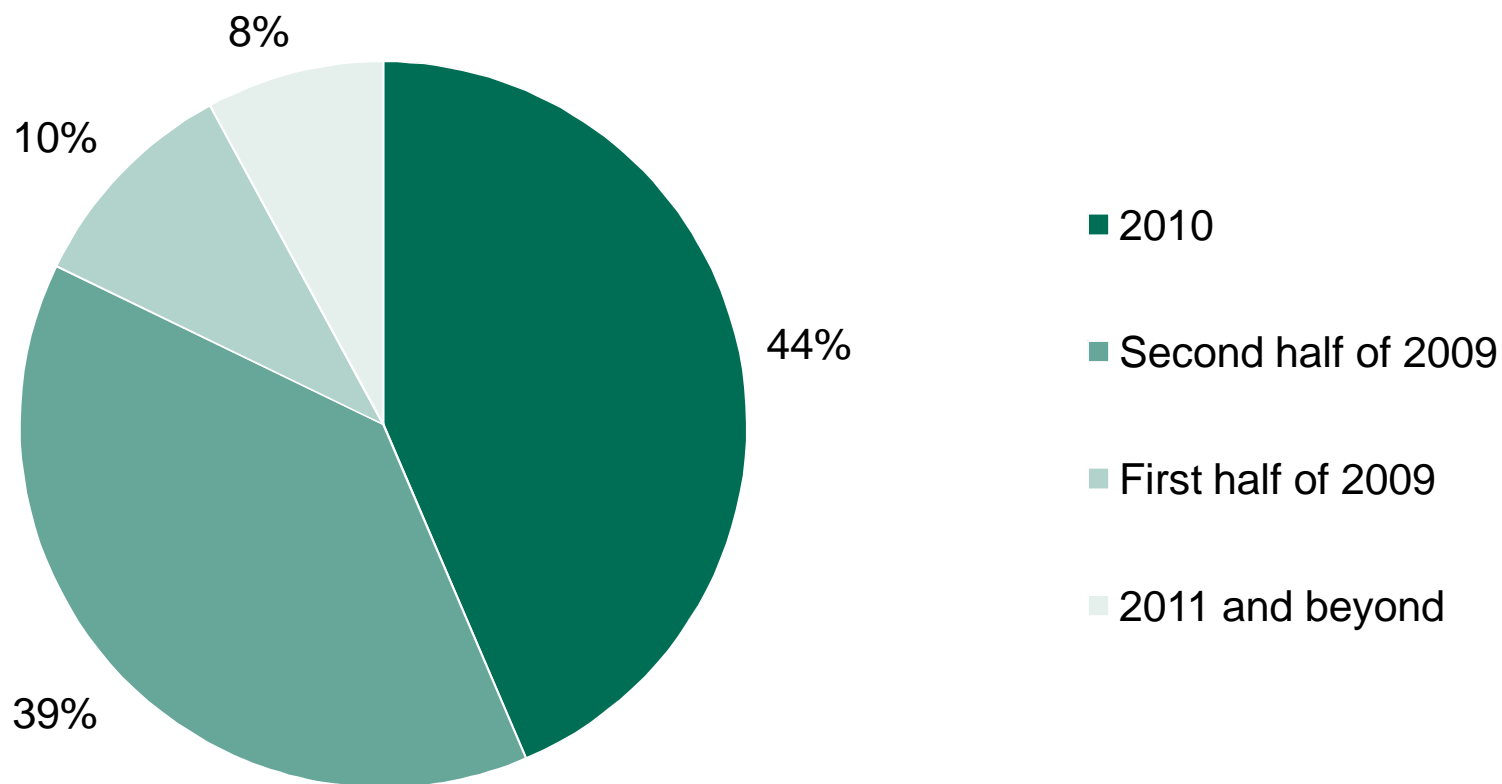
Outlook for banking in respondents' communities



Main causes of the credit crisis (%)

Lax underwriting standards	54
Political emphasis on increasing homeownership	46
Lack of oversight of the mortgage industry	44
Inadequate understanding of risks	40
Lack of oversight of Fannie Mae and Freddie Mac	39
Interest rates kept low for too long	18
Credit default swaps	18
Inappropriate mortgage broker commissions	18
Use of the fair value accounting standard	15
Mortgage fraud	11

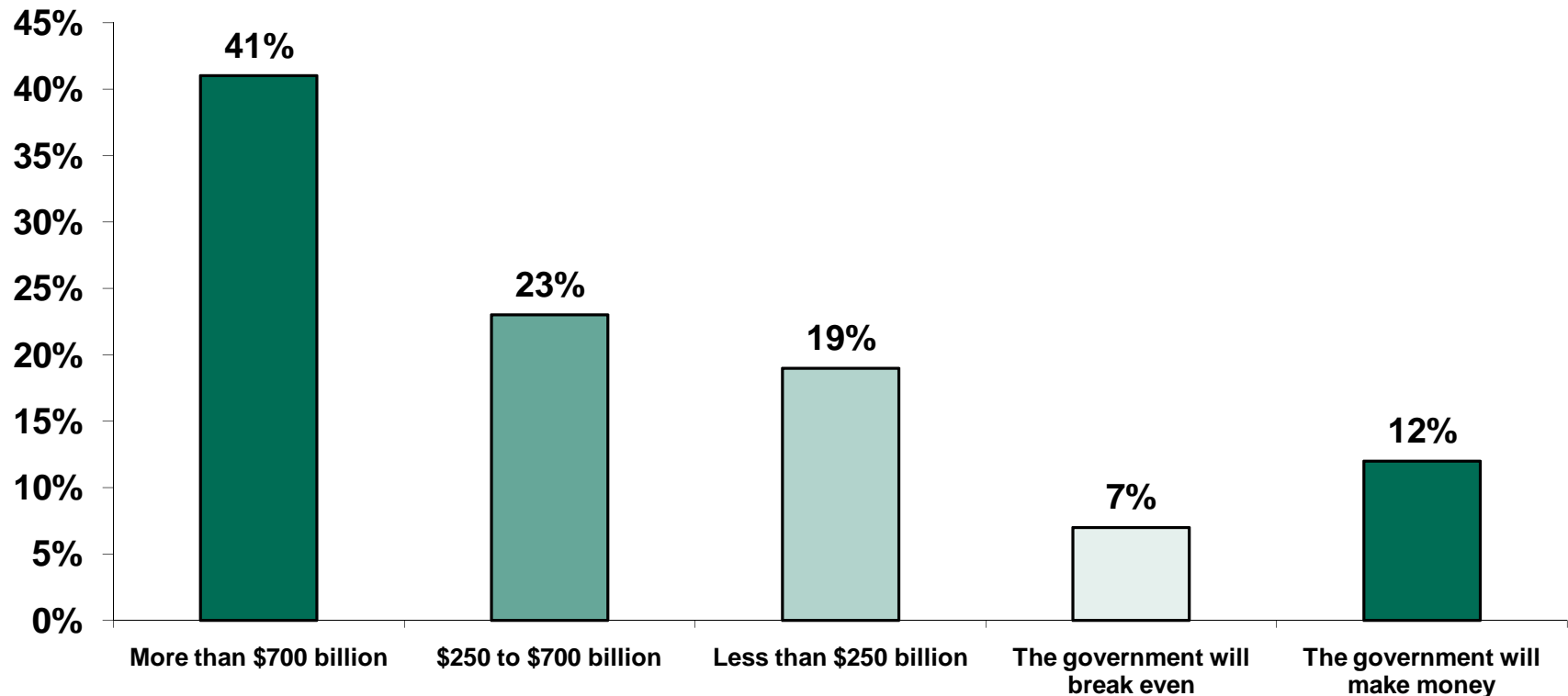
When bankers expect the credit crisis to abate



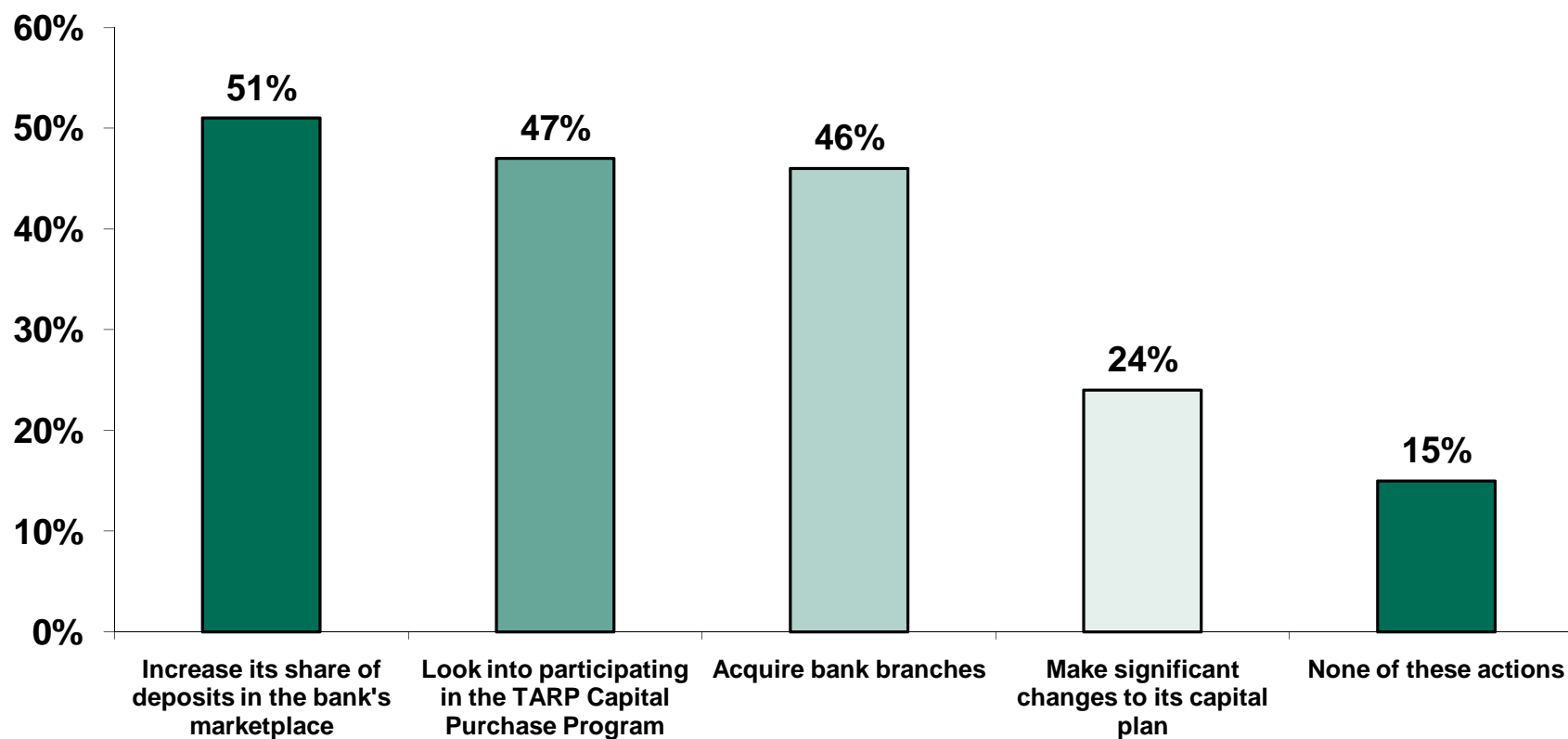
How much bankers expect the bailout plan will cost the Department of Treasury (%)

More than \$700 billion	41
\$250 to \$700 billion	23
Less than \$250 billion	19
The government will break even	7
The government will end up making money	10

How much bankers expect the bailout plan will cost the Department of Treasury



How bankers predict their banks will react to the credit crisis and subsequent consolidation



IFRS implementation status (%)

Not a significant issue	28
Someone is in training to learn about IFRS	2
Impact analysis phase	11
Prepared for change to IFRS	2
Do not expect it apply	13
Unfamiliar with IFRS	51

Outlook on the state of the banking industry (%)

	Agree	Disagree
The Federal Reserve is doing a good job managing the economy	37	15
The Department of Treasury is doing a good job managing the credit crisis	46	17
Regulators should readjust their definition of items included in Tier 1 capital	22	36
Regulators should readjust the risk weightings of certain assets and exposures	16	52
Finding adequate funding resources is currently a challenge	35	44
Consumers have diminished confidence in the banking industry	8	75
Fair value accounting is the most appropriate method for recognizing the value of banks' financial assets held for sale or trading in earnings	60	18
Our bank is likely to use the fair value option provided by SFAS 159 in accounting for selected assets or liabilities in 2009	41	15

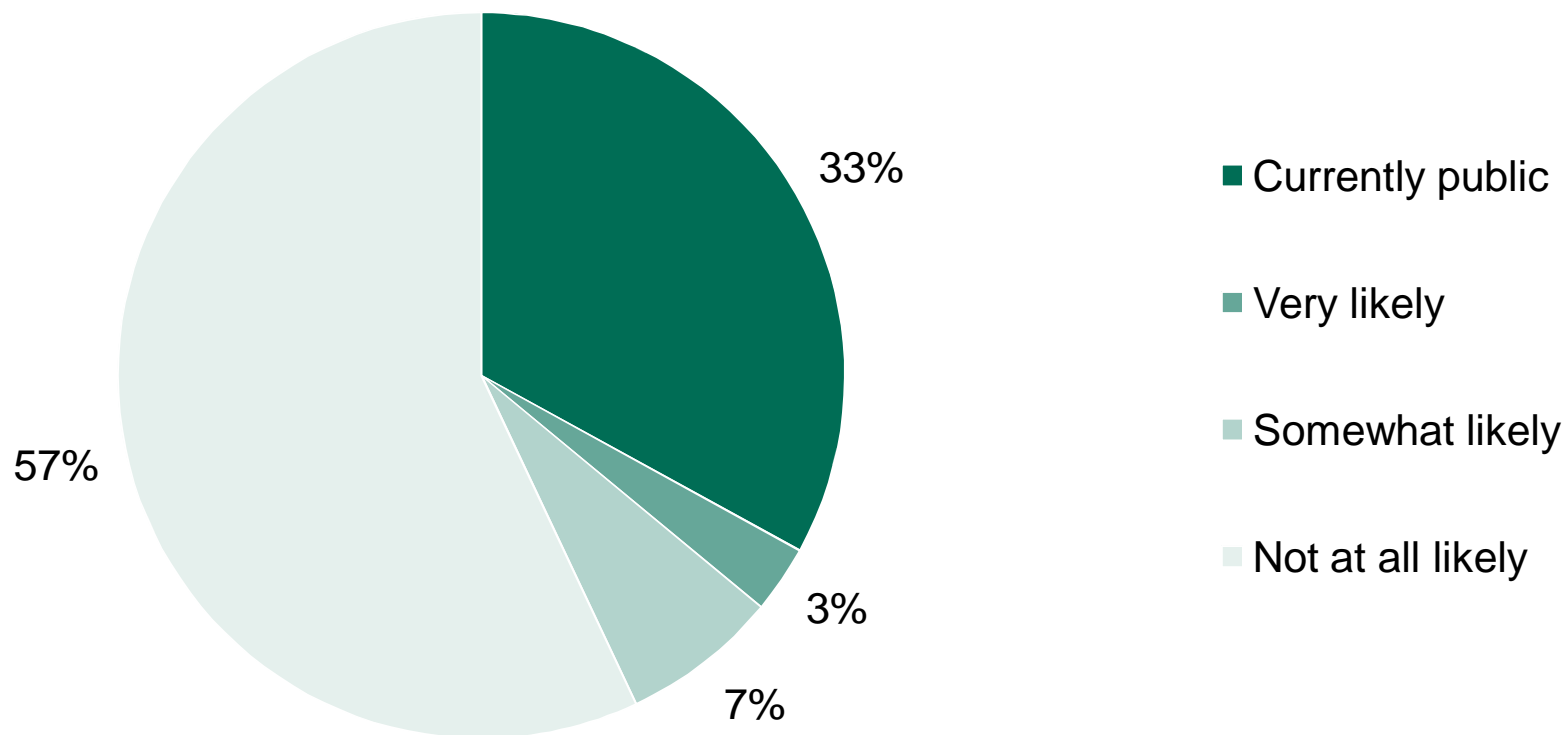
Outlook on the state of the banking industry (%) (continued)

	Agree	Disagree
The FDIC should insure all bank deposits	52	32
Increases in FDIC deposit insurance premiums will have a significant impact on the level of my bank's operating expenses, which will have to be offset by cuts elsewhere	5	81
Repricing of ARMs will have an adverse impact on my bank's load losses in the coming year	81	4
My bank will maintain its current underwriting standards for the foreseeable future	10	77
My bank will tighten its underwriting standards in the coming year	32	32

Credit portfolio indicators: Anticipated 2009 changes (%)

	Increase	No change	Decrease
Commercial loan demand	27	28	45
Commercial loan losses	66	30	4
Consumer loan demand	14	36	50
Consumer loan losses	54	42	4
Core deposit balances	52	35	13
Credit card and payment fraud losses	48	50	3
Customer refinancing of loans	35	54	11
Documentation fraud losses	17	76	7
Number of delinquencies	78	20	2
Number of foreclosures	59	37	5
Residential mortgage loan demand	18	36	46
Residential mortgage loan losses	44	50	6
Source of liquidity	16	61	23
Use of derivatives financial instruments	8	61	32

Banks considering going public in the next three years



Bank risk concerns for 2009 (%)

	High risk
Regulatory compliance risk	16
Operational risk	11
Legal risk/shareholder suits	2
Online security risk	17
Portfolio/market risk	33
Interest rate risk	35
Reputation risk	18
Credit risk	48

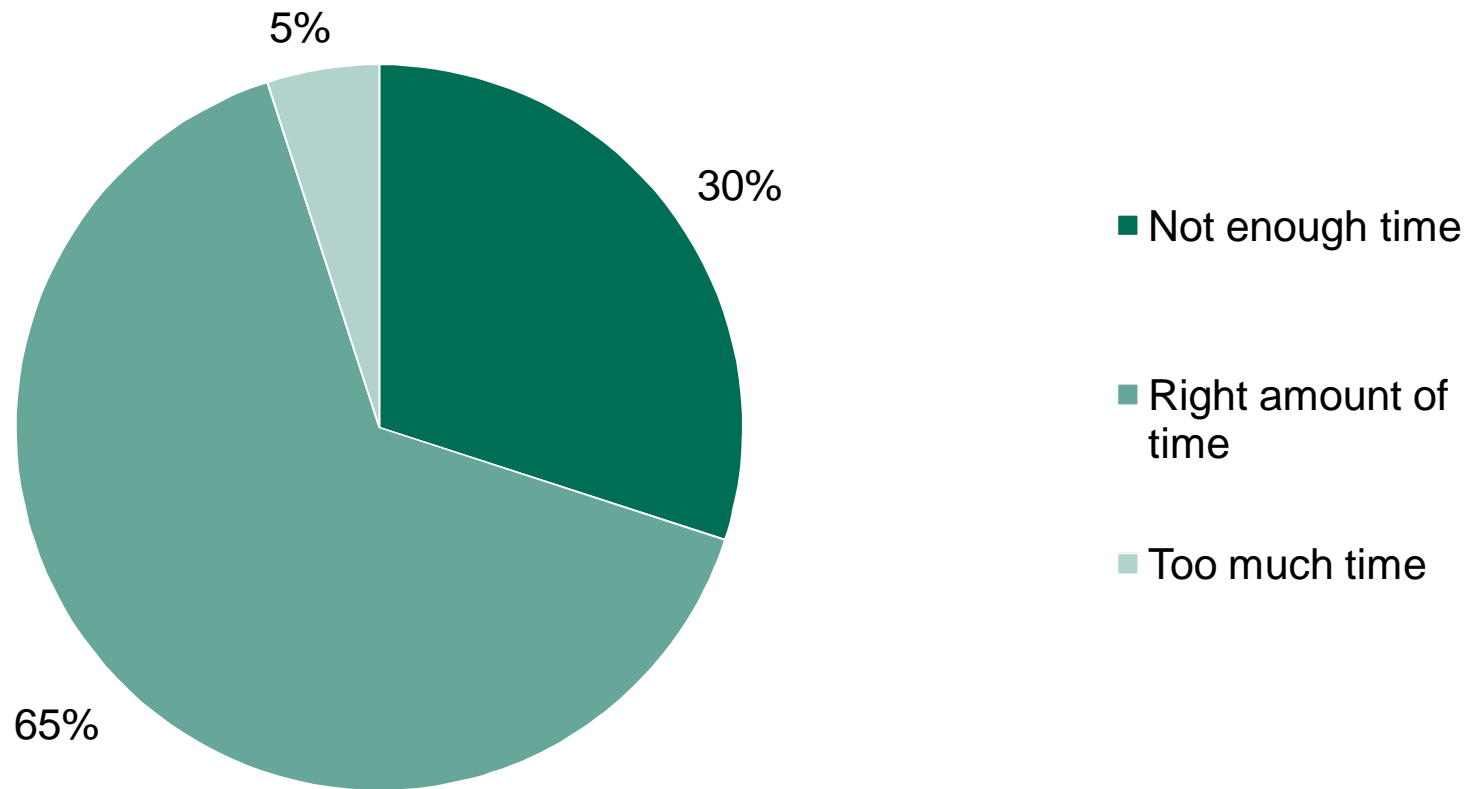
How bankers plan grow and compete in the next three years (%)

Expand market area through building additional branches	20
Expand market area through acquiring additional branches	22
Increase cross-selling efforts to current customers	80
Conduct promotions to attract new customers to existing products and services	77
Enter joint ventures/affiliation	13
Acquire another bank or financial services organization	23
Sell or close branch(es)	13
Expand presence on the Internet	38
Provide customers with mobile banking options (cell phones, etc)	26

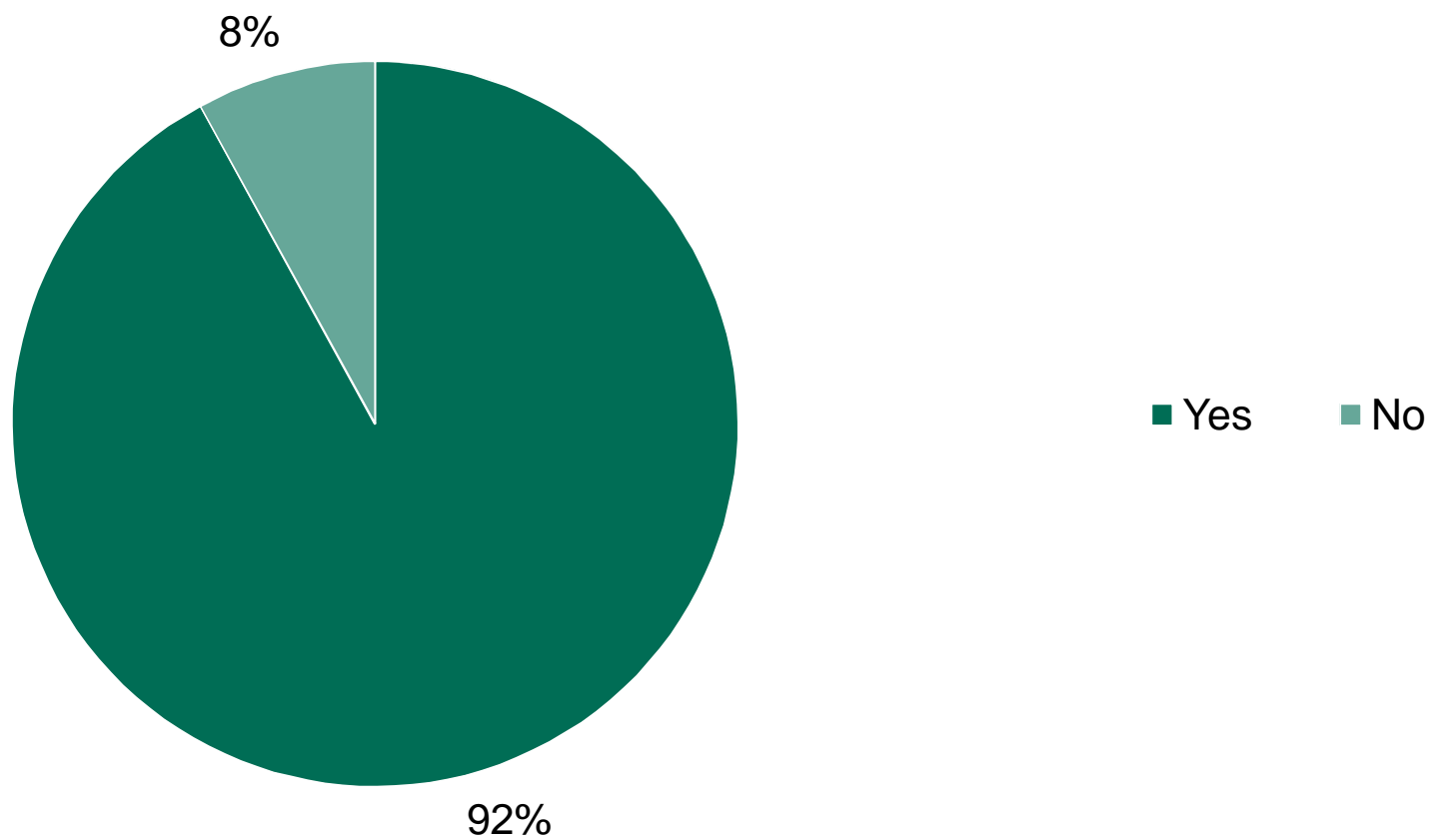
Vehicles for funding bank growth in 2009 (%)

	Used in 2008	Anticipate using in 2009
Core deposits	95	94
FHLB advances	85	77
Brokered deposits	45	40
Loan sales	28	32
Issue common equity	5	10
Issue trust-preferred securities	4	4
Sales leaseback transactions	1	4
Issue subordinated debentures	3	4
Issue covered notes	<1	<1
Issue preferred stock	4	18

Amount of time spent on strategic planning



Board of Directors that are involved in the strategic planning process



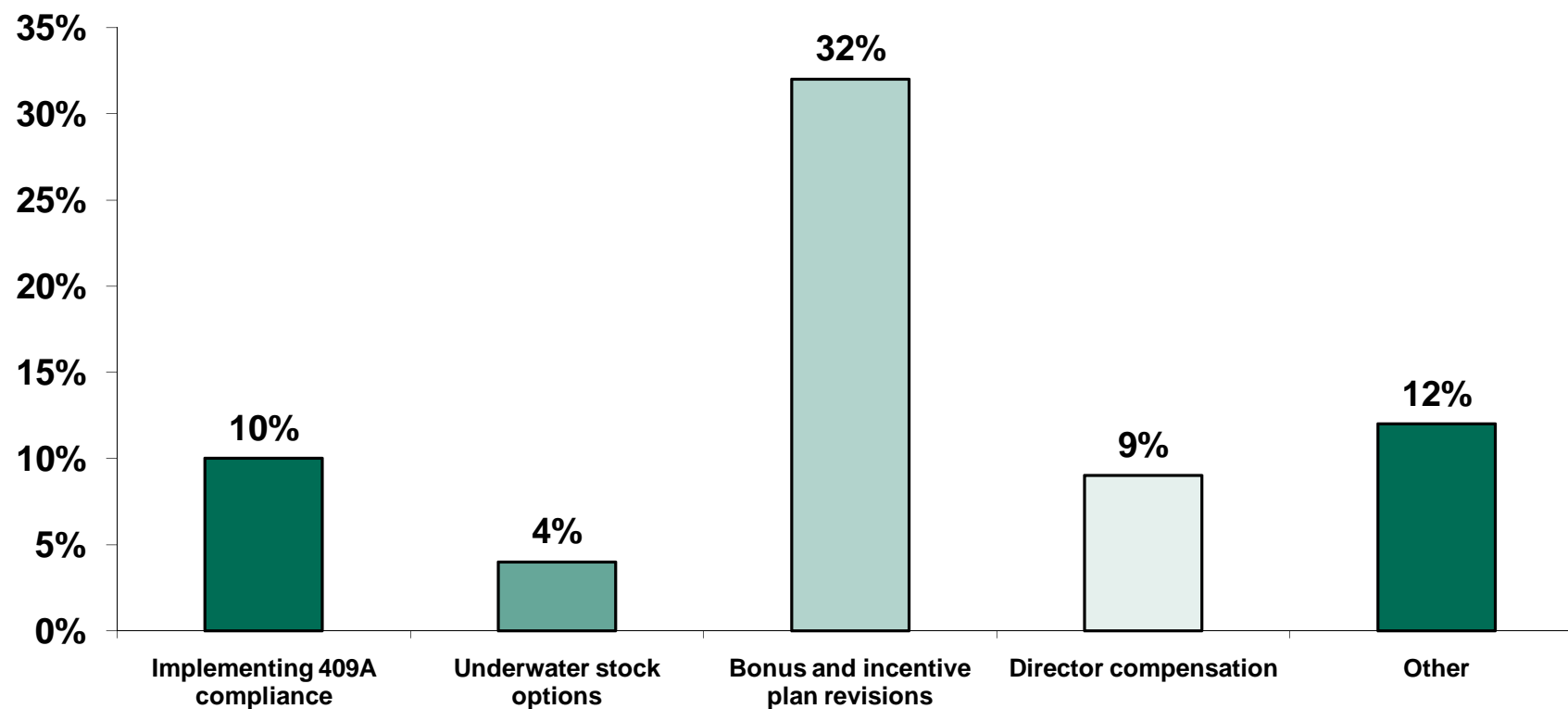
How boards participate in the strategic planning process (%)

Provides input on the bank's situational and/or competitive analysis	54
Assists and/or approves corporate goals prior to the setting of strategies and tactics	66
Develops the strategies and tactics	17
Develops the annual budget	6
Reviews the annual budget and quarterly target goals	80

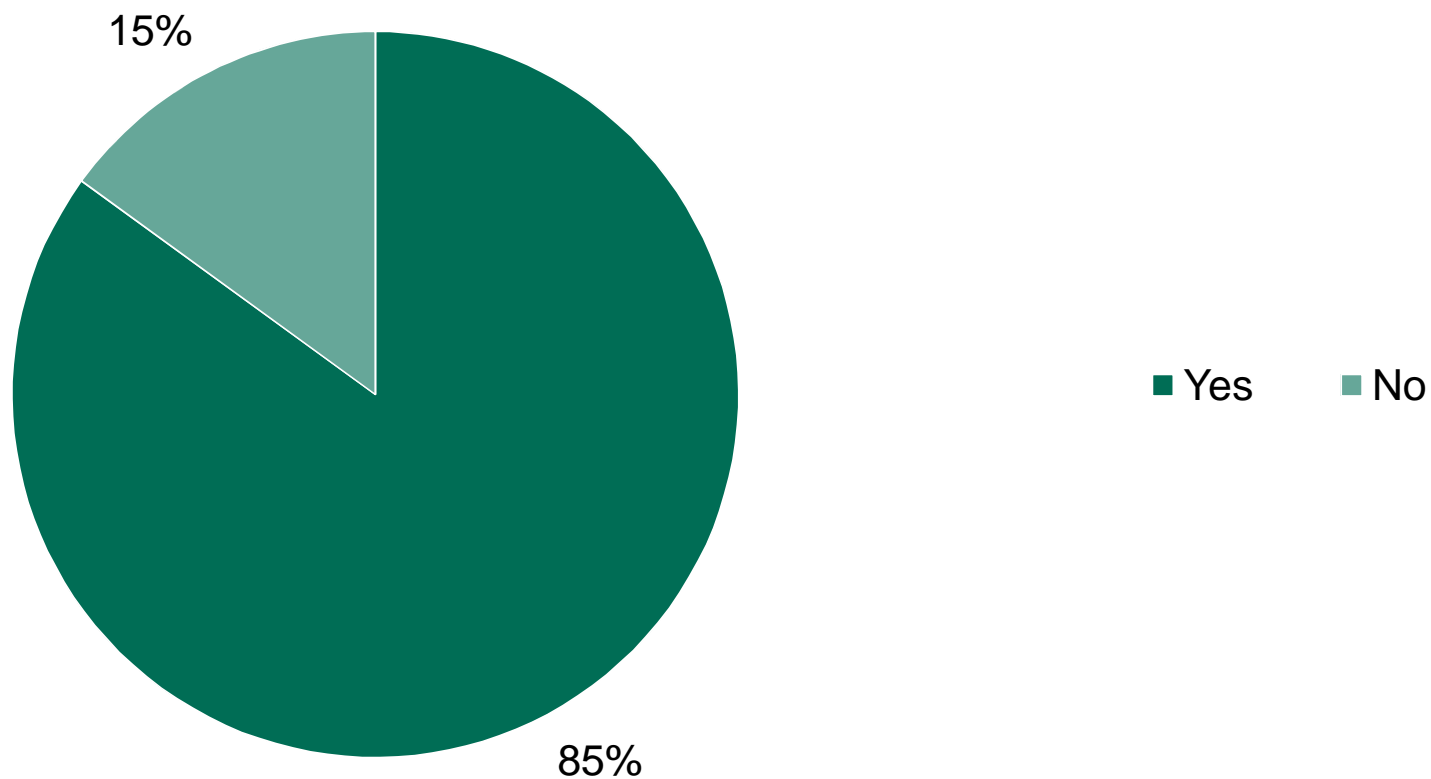
Changes and adjustments that banks propose for executive compensation packages in 2009 (%)

Larger than normal stock option grants	1
Increased grants or performance-based stock	2
Increased use of performance-based equity compensation	7
Revised bonus plan objectives and targets	26
Using peer groups rather than budgets to measure performance	13
No changes in executive compensation packages	66

Executive compensation priorities for 2009



Banks that are taking steps to meet the future generation of customers



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