5 PERIOD FINANCIAL HIGHLIGHTS REPORT

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This Highlights Report was compiled from financial data as reported to federal regulators. Although the financial data obtained from these sources is consistently reliable, the accuracy and completeness of the data cannot be guaranteed by BauerFinancial Inc.

DEFINITIONS

Stars	BauerFinancial Inc.'s proprietary rating. (Please see below.)
Total Assets	The size of the institution.
Profit (Loss)	The dollar amount of net income (or loss if a negative number) for the period noted.
Return on Assets & Return on Equity	Ratios regarding profitability – higher ratios indicate higher net income. (Calculation = Annualized year-to-date profit or loss as a percent of average assets or equity.)
Leverage Capital Ratio	The ratio of capital to assets, also known as a "cushion". Banks must maintain a ratio of at least 5% to be considered "well-capitalized" by the FDIC. As a rule, and all other things being equal, the higher the ratio is the better.
Nonperforming Assets	Loans past due 90 days or more + nonaccrual loans + other real estate owned (generally acquired via repossession).

STAR RATINGS

BauerFinancial star ratings classify each institution based upon a complex formula factoring in current and historical data. The first level of evaluation is the capital level of the institution followed by other relevant data including, but not limited, to: profitability, historical trends, loan delinquencies, repossessed assets, reserves, regulatory compliance, proposed regulations and asset quality. Negative trends are projected forward to compensate for the lag time in the data. BauerFinancial employs conservative measures when assigning these ratings and consequently our analysis may be lower than those supplied by other analysts or the institutions themselves. More than twenty-five years of experience has shown this to be a prudent course of action. As a general guideline, however, the following groupings were used:

★★★★★	Superior. These institutions are on BauerFinancial's Recommended Report.
★★★★	:Excellent. These institutions are also on BauerFinancial's Recommended Report.
★★★½	:Good.
★★★	:Adequate.
★★	:Problematic.
★	:Troubled.
ZERO	:Our lowest rating.
Start-up	:Start-up bank. Institutions that are too new to rate.
FDIC	:Institution has failed and/or is operating under FDIC conservatorship.

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Merchants National Bank - Sacramento, CA
(916)442-3883 / www.merchantsnational.com

(Dollar Amounts in Millions)

Data as of:	12/31/2013	9/30/2013	6/30/2013	3/31/2013	12/31/2012
Bauer's Star Rating:	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
Recommended for 86 consecutive quarters					
Date Established: 01/01/1921 **Number of Branches:** 2					
Total Assets:	$194.458	$194.346	$188.337	$197.650	$199.219
Current Quarter's Profit (Loss):	$0.410	$0.382	$0.417	$0.397	$0.408
Year-to-date Profit (Loss):	$1.606	$1.196	$0.814	$0.397	$1.750
Profit (Loss) Calendar 2012 :	$1.750				
Return on Assets (annualized): **(Adjusted to tax equivalency for Sub S corporations)**	0.826%	0.824%	0.837%	0.807%	0.925%
Return on Equity (annualized): **(Adjusted to tax equivalency for Sub S corporations)**	8.530%	8.368%	8.443%	8.063%	9.122%
Leverage Capital Ratio: **(Regulators require a minimum leverage capital ratio of 4%)**	9.613%	9.817%	9.613%	9.273%	9.254%
Nonperforming assets:	$0.000	$0.000	$0.000	$0.000	$0.000

Dollar amounts are in millions. For example, $12,345.678 would be $12 billion, 345 million, 678 thousand.

Bank and Credit Union data compiled from financial data for the period noted, as reported to federal regulators. The financial data obtained from these sources is consistently reliable, although; the accuracy and completeness of the data cannot be guaranteed by BauerFinancial, Inc.. BauerFinancial relies upon this data in its judgment and in rendering its opinion (e.g. determination of star ratings) as well as supplying the data fields incorporated herein. BauerFinancial, Inc. is not a financial advisor; it is an independent bank research firm. BauerFinancial is a registered trademark. Any unauthorized use of its content, logos, name, and/or Star-ratings is forbidden.

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