

# Director's Report



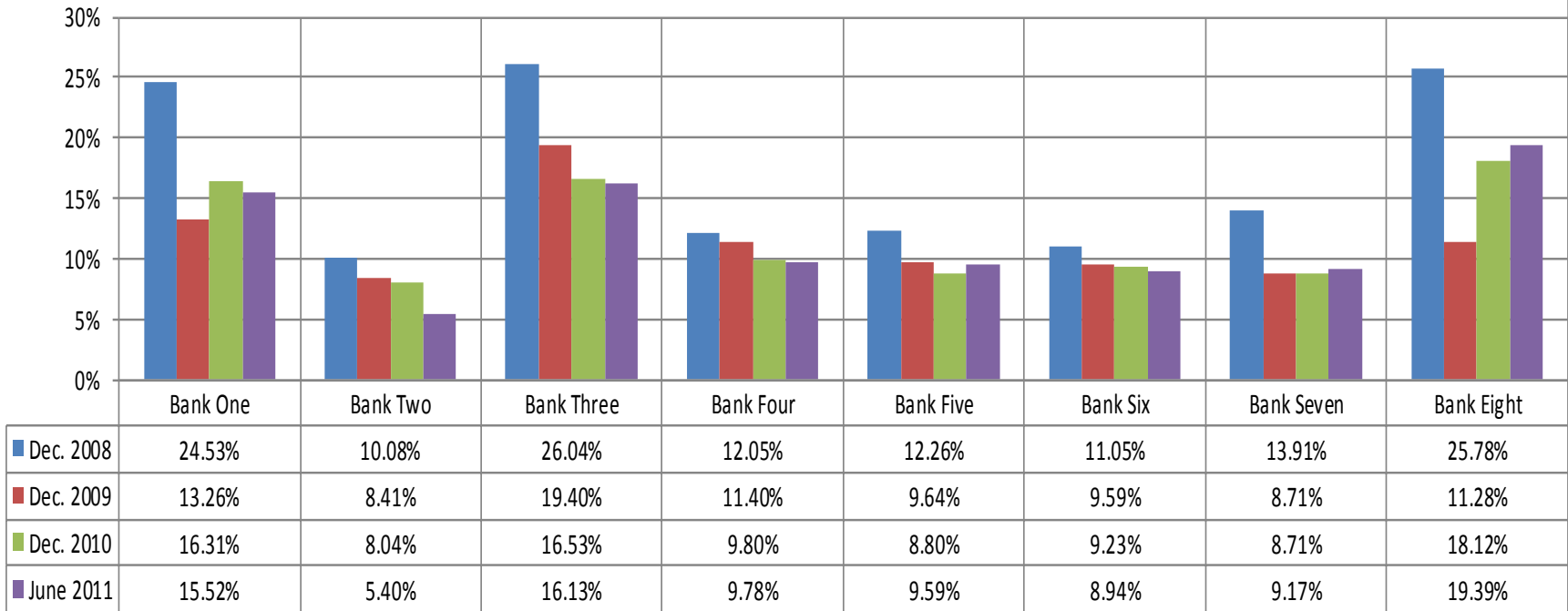
**Bank One**  
**Your City, USA**

# OVERVIEW

	<b>Bank One</b>	<b>Bank Two</b>	<b>Bank Three</b>	<b>Bank Four</b>	<b>Bank Five</b>	<b>Bank Six</b>	<b>Bank Seven</b>	<b>Bank Eight</b>
	Your City, USA	Your City, USA	Your City, USA	Your City, USA	Your City, USA	Your City, USA	Your City, USA	Your City, USA
<b>Star Rating</b>	****	ZERO	****	**	***	*** $\frac{1}{2}$	*****	***
<b>Established</b>	2007	1933	2007	2007	2007	2007	2007	2007
<b>Employees</b>	34	101	22	21	29	14	11	43
<b>Locations</b>	3	9	1	1	1	1	2	2
<b>Sub S</b>	No	No	No	No	No	Yes	No	No
<b>FDIC Cert #</b>	11111	22222	33333	44444	55555	66666	77777	88888

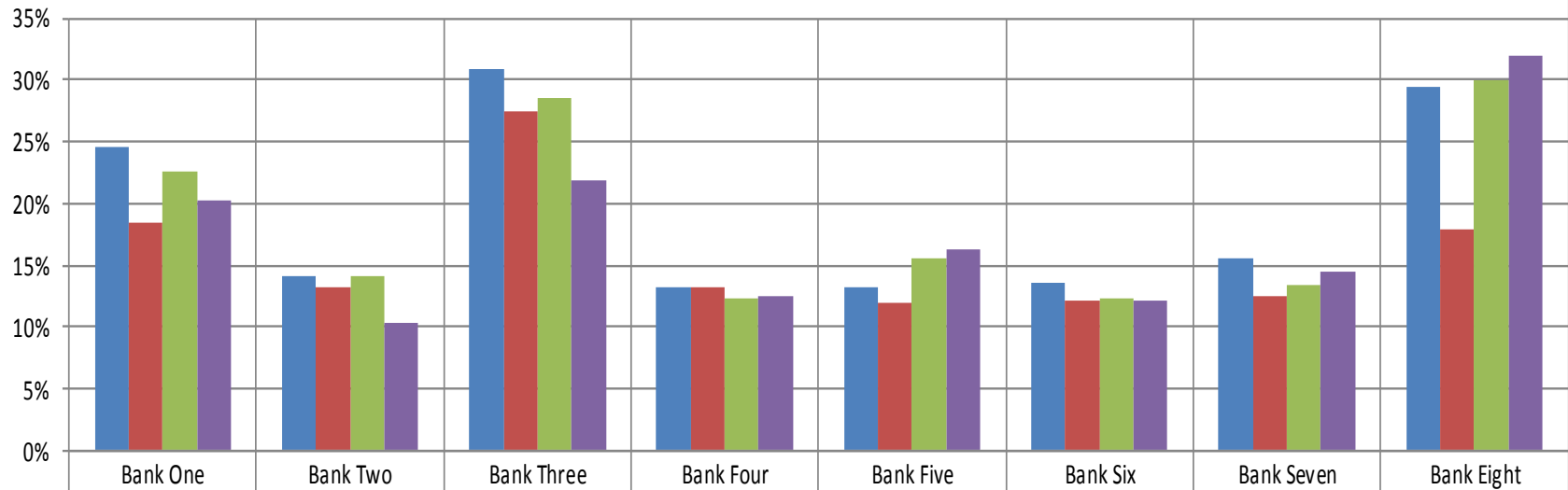
# Current quarter versus 3 most recent year-ends.

## Leverage Capital Ratio



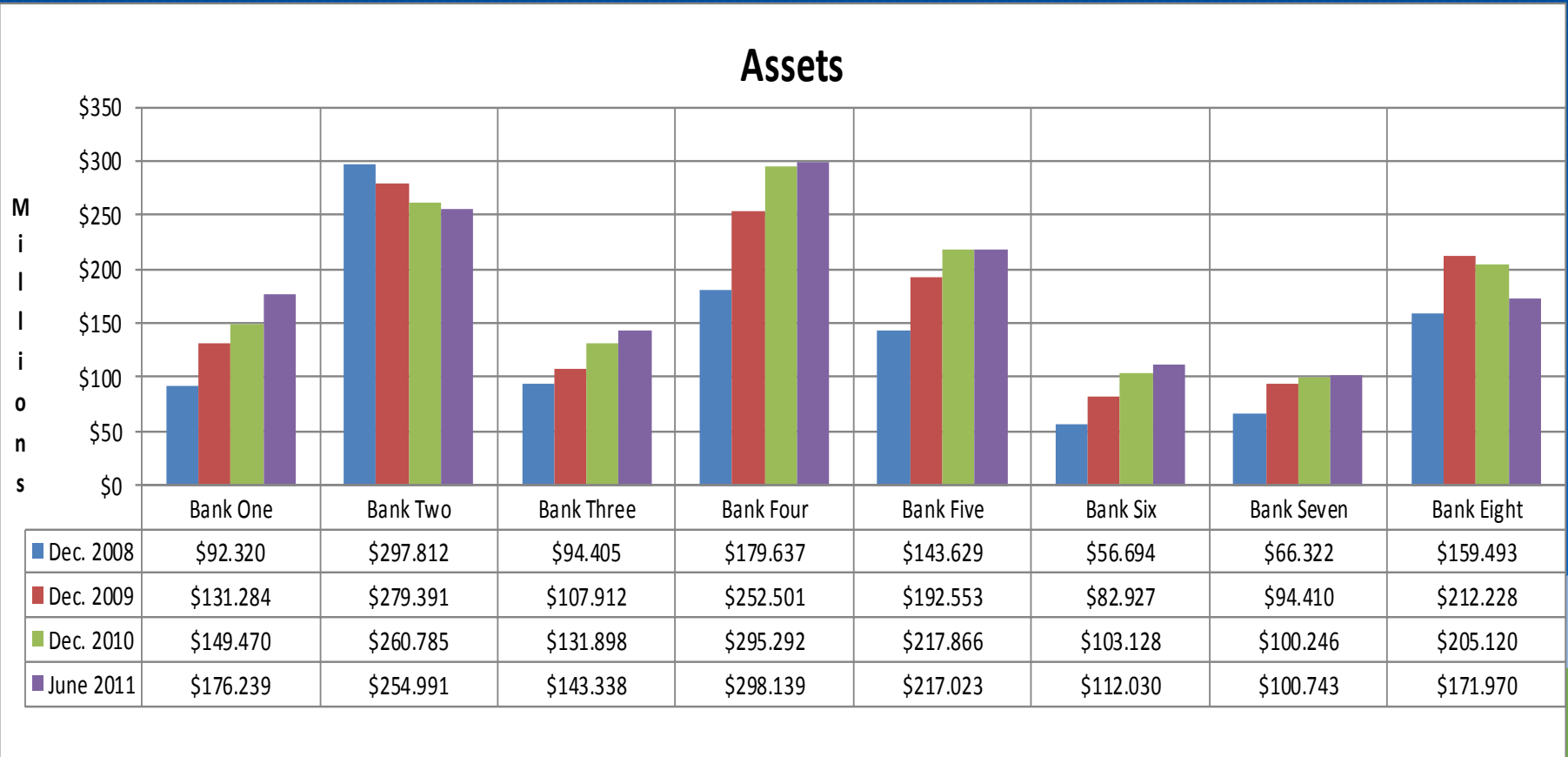
# Current quarter versus 3 most recent year-ends.

## Risk-based Capital Ratio



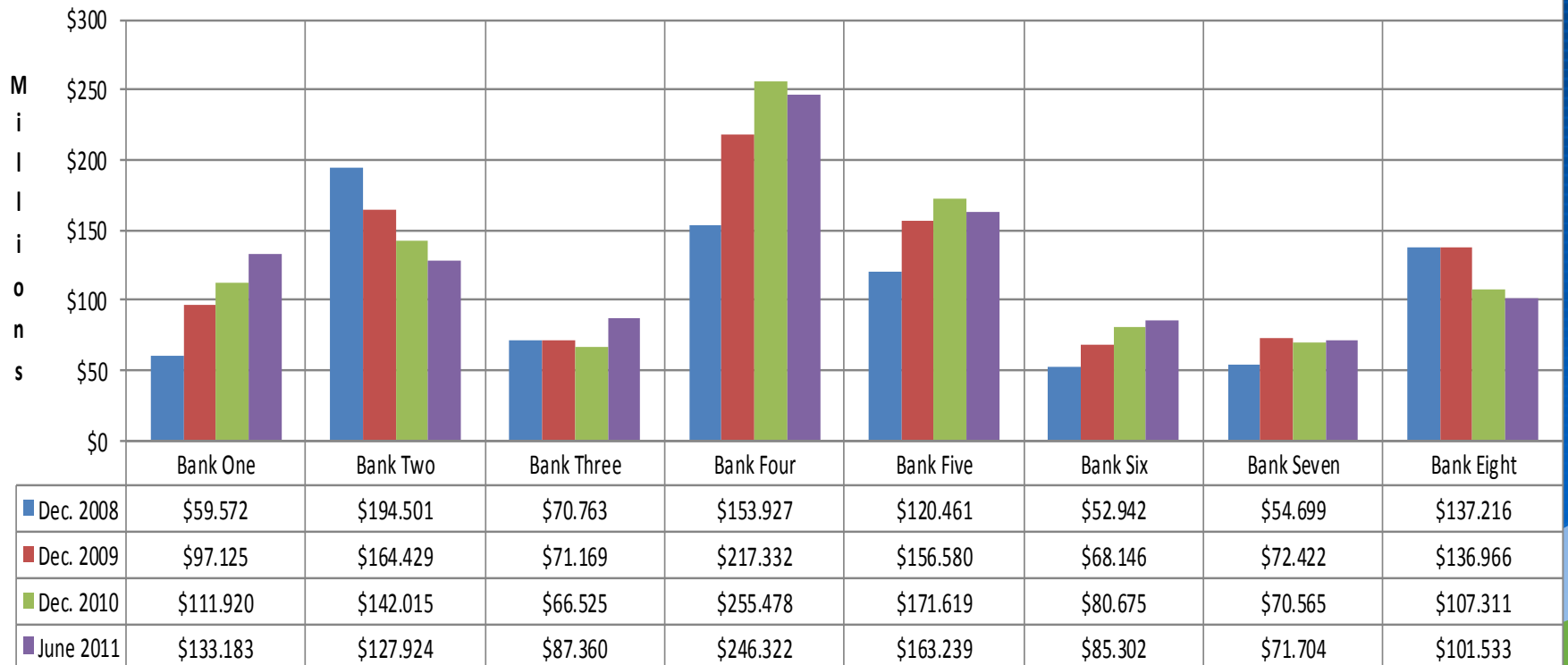
	Bank One	Bank Two	Bank Three	Bank Four	Bank Five	Bank Six	Bank Seven	Bank Eight
■ Dec. 2008	24.59%	14.05%	30.87%	13.17%	13.24%	13.54%	15.47%	29.48%
■ Dec. 2009	18.50%	13.22%	27.45%	13.14%	11.95%	12.05%	12.51%	17.97%
■ Dec. 2010	22.54%	14.10%	28.46%	12.34%	15.53%	12.22%	13.34%	30.02%
■ June 2011	20.23%	10.33%	21.83%	12.50%	16.29%	12.05%	14.41%	31.98%

# Current quarter versus 3 most recent year-ends.



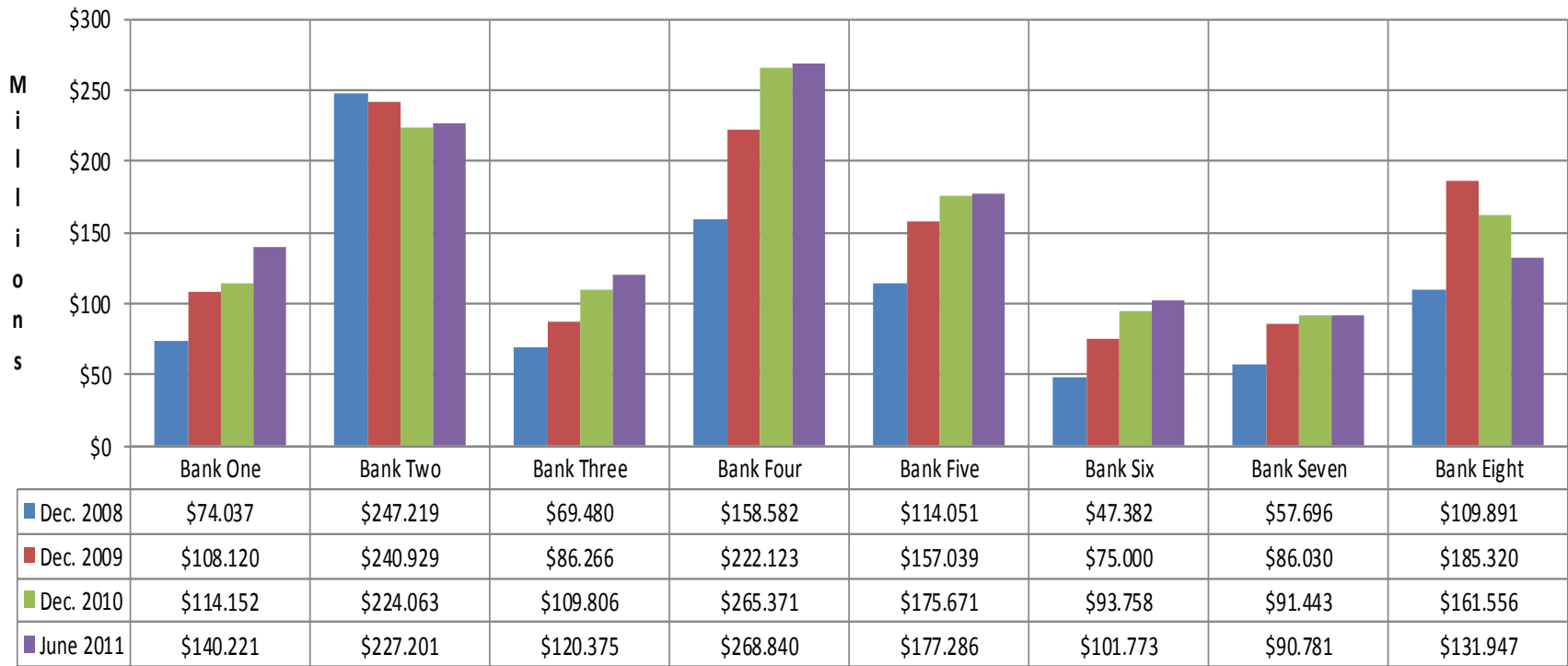
# Current quarter versus 3 most recent year-ends.

## Loans



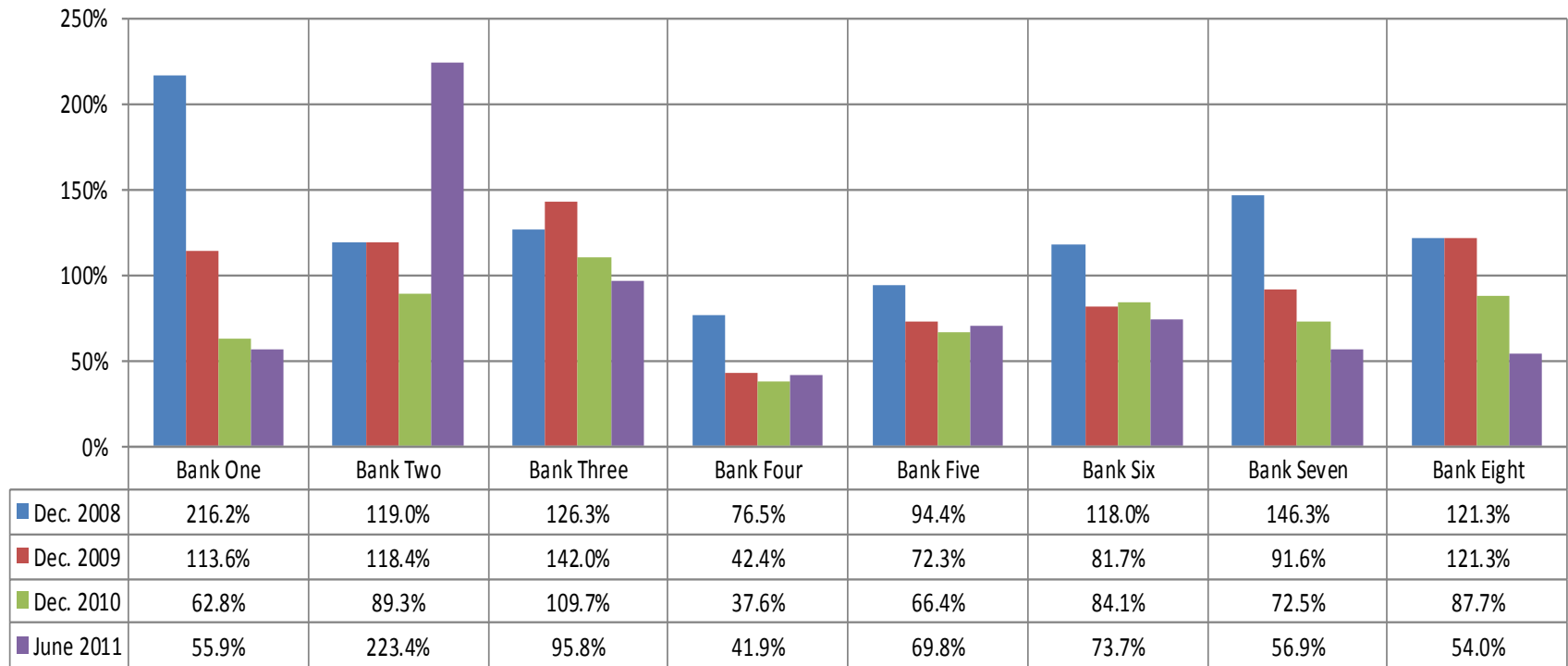
# Current quarter versus 3 most recent year-ends.

## Deposits



# Current quarter versus 3 most recent year-ends.

## Efficiency Ratio





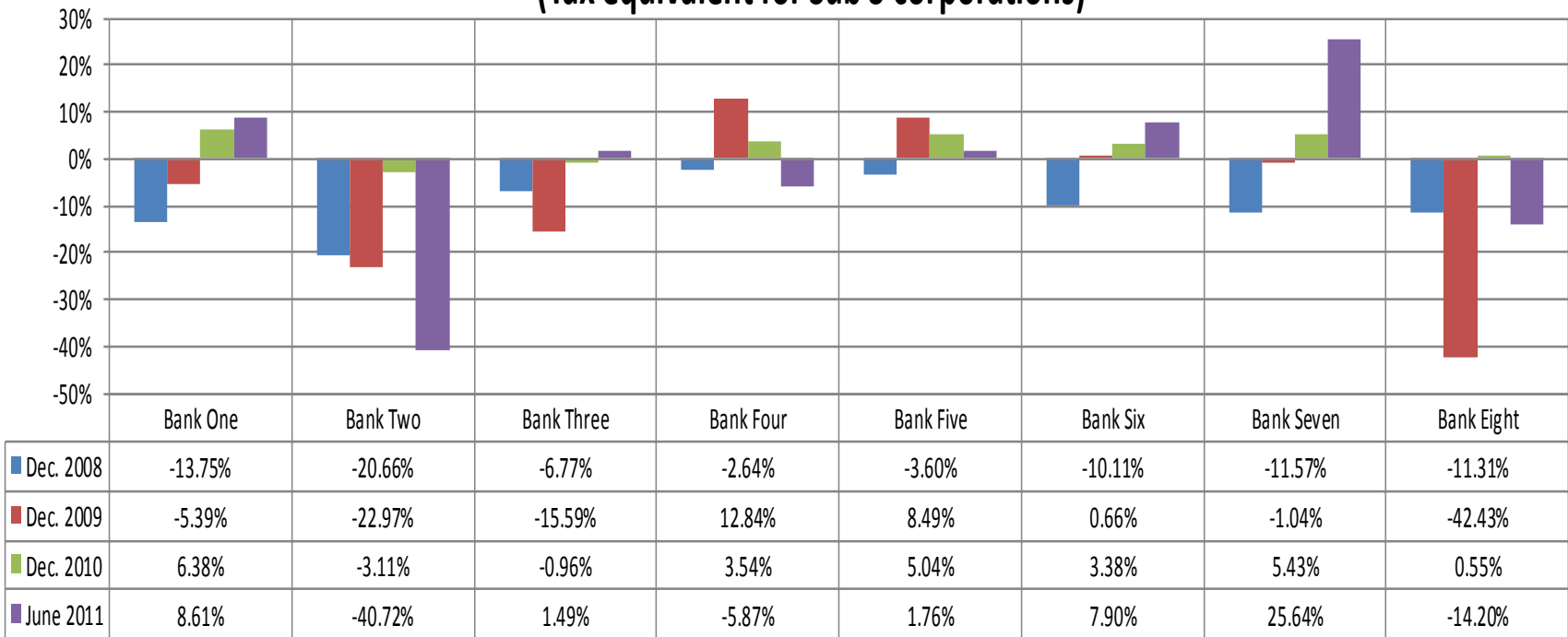
# Current quarter versus 3 most recent year-ends.

## Return on Assets (Tax equivalent for Sub S corporations)



# Current quarter versus 3 most recent year-ends.

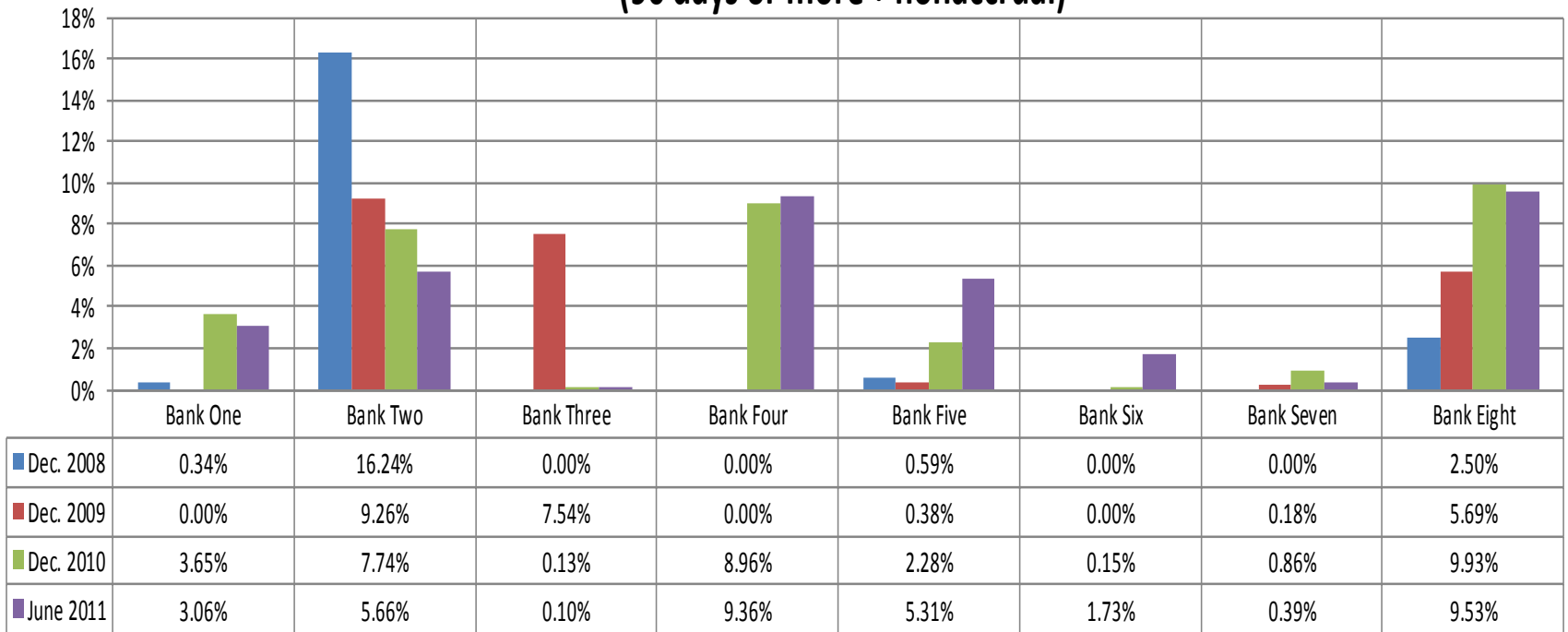
## Return on Equity (Tax equivalent for Sub S corporations)



# Asset Quality

## Current quarter versus 3 most recent year-ends

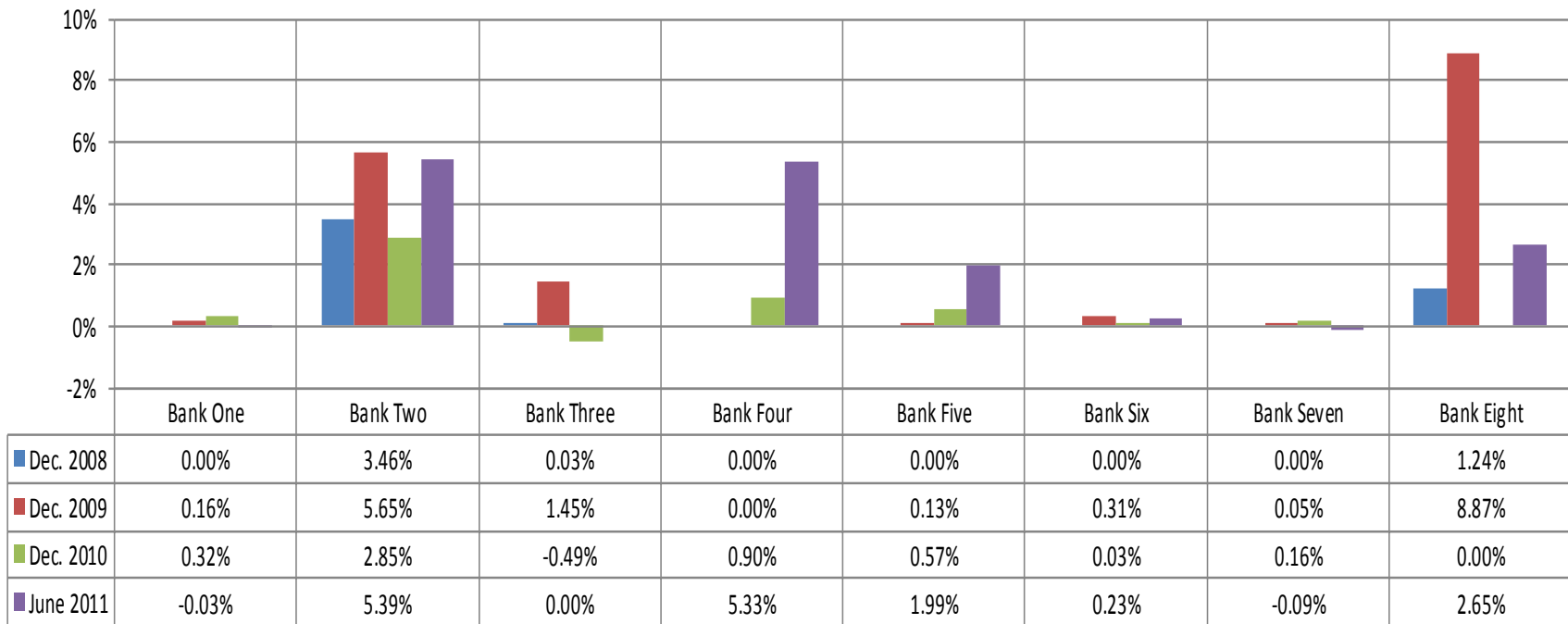
**Delinquent Loans as a percent of Gross Loans  
(90 days or more + nonaccrual)**



# Asset Quality

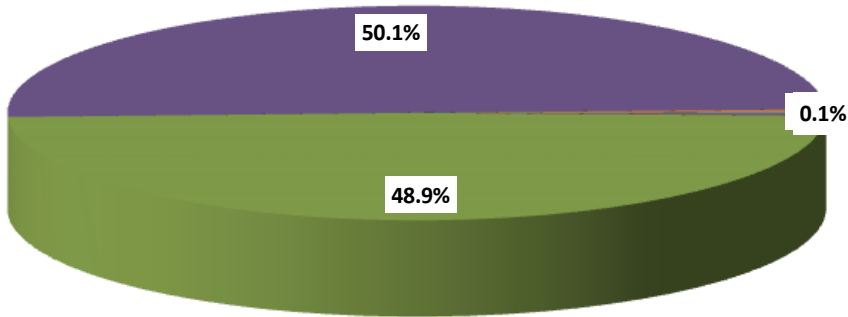
## Current quarter versus 3 most recent year-ends

**Annualized Chargeoffs minus Recoveries as a percent of Gross Loans**



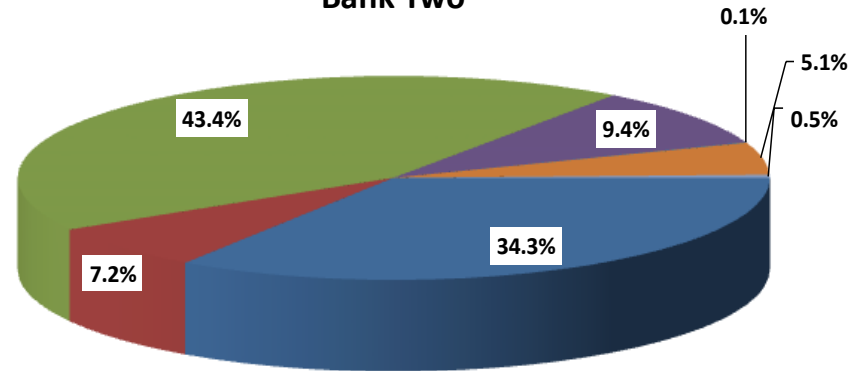
# Loan Portfolio

**Bank One**



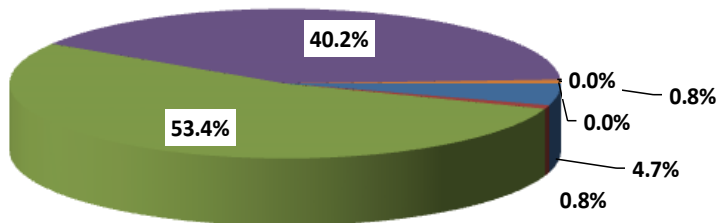
■ Residential ■ Construction ■ Commercial R/E ■ Business ■ Farmland ■ Consumer ■ Other

**Bank Two**



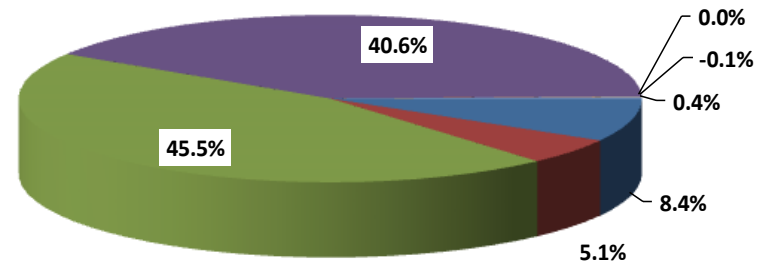
■ Residential ■ Construction ■ Commercial R/E ■ Business ■ Farmland ■ Consumer ■ Other

**Bank Three**



■ Residential ■ Construction ■ Commercial R/E ■ Business ■ Farmland ■ Consumer ■ Other

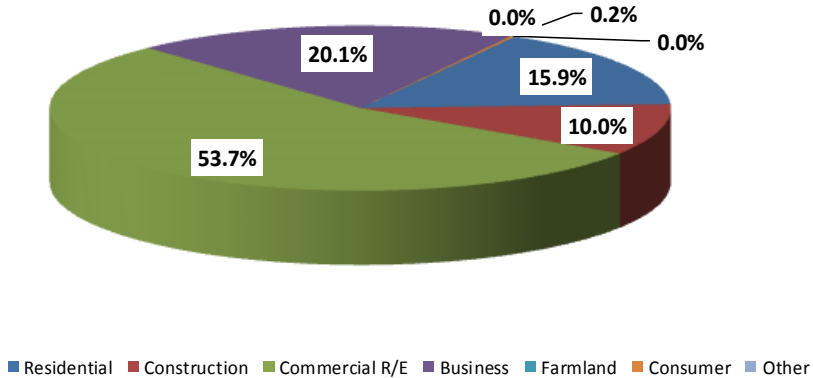
**Bank Four**



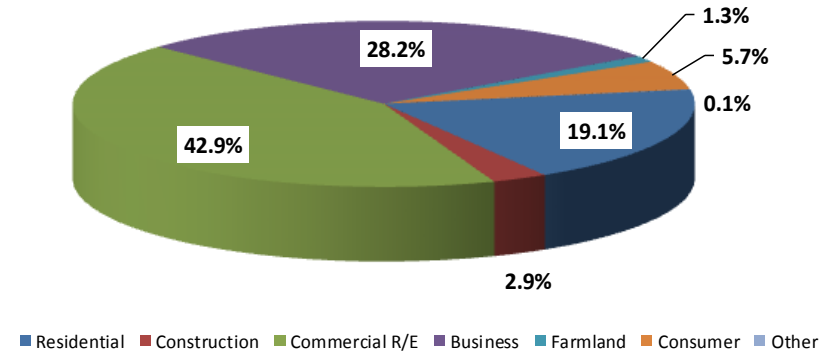
■ Residential ■ Construction ■ Commercial R/E ■ Business ■ Farmland ■ Consumer ■ Other

# Loan Portfolio - Continued

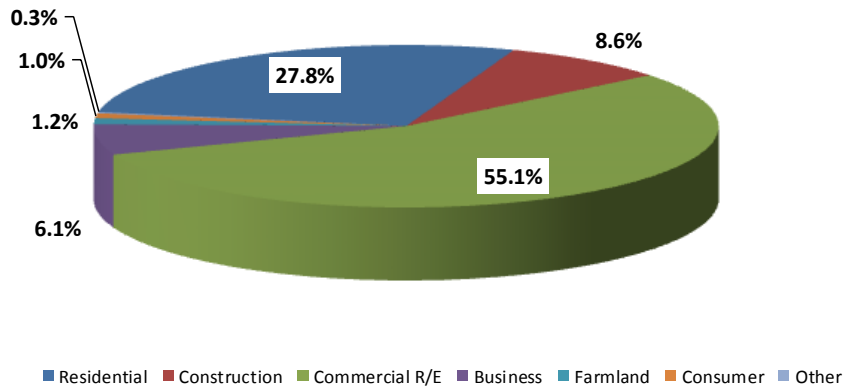
**Bank Five**



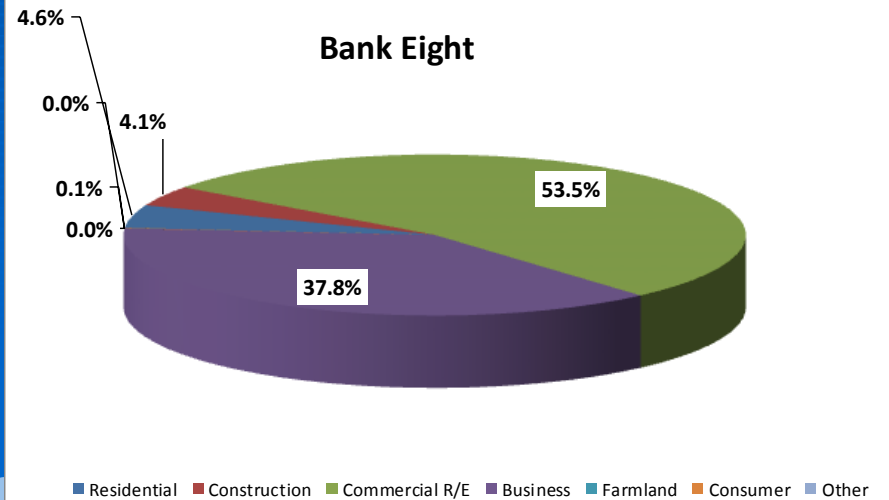
**Bank Six**



**Bank Seven**

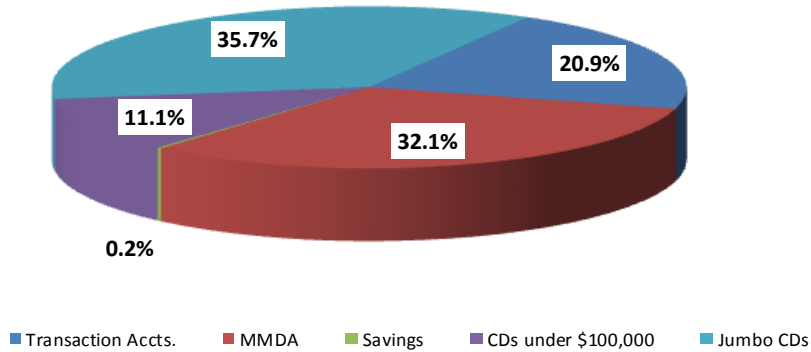


**Bank Eight**

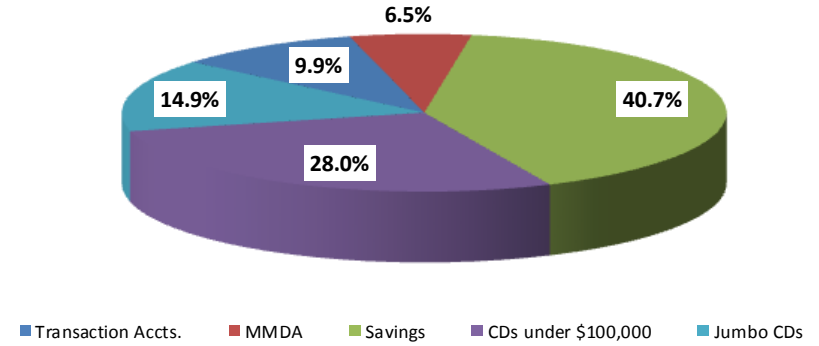


# Domestic Deposits

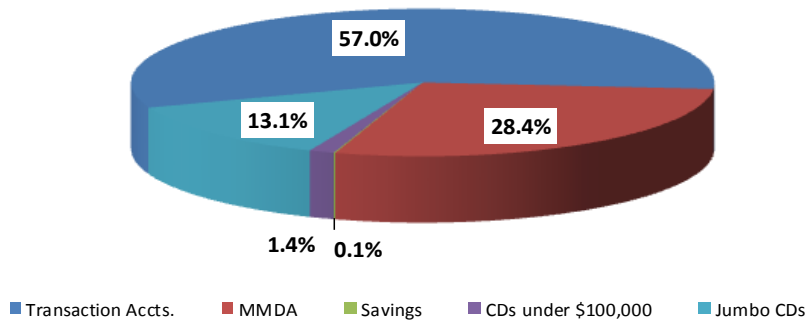
## Bank One



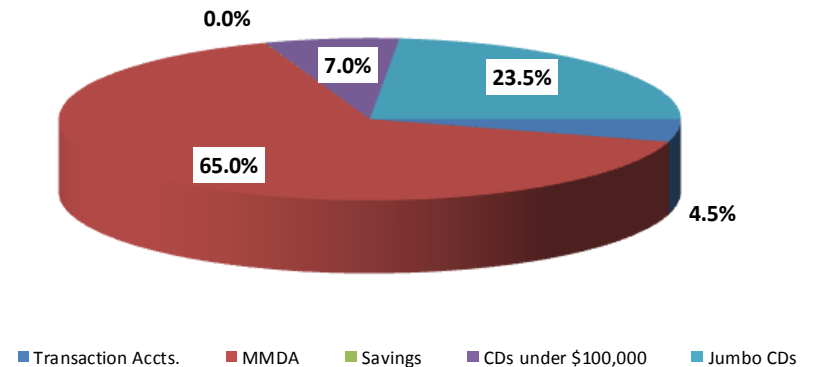
## Bank Two



## Bank Three

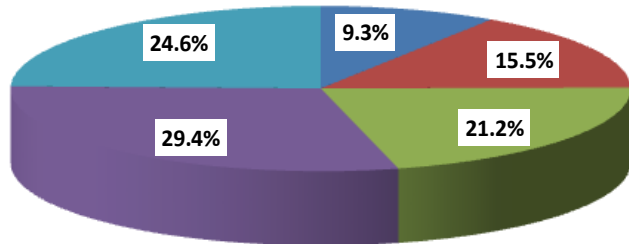


## Bank Four



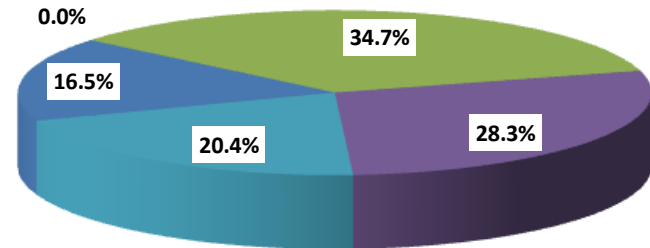
# Domestic Deposits - Continued

**Bank Five**



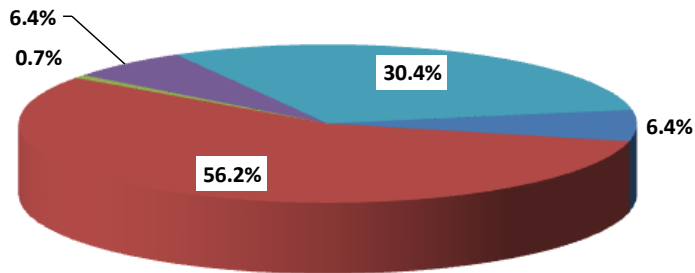
Transaction Accts. MMDA Savings CDs under \$100,000 Jumbo CDs

**Bank Six**



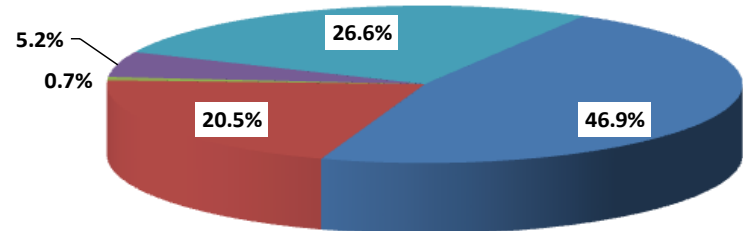
Transaction Accts. MMDA Savings CDs under \$100,000 Jumbo CDs

**Bank Seven**



Transaction Accts. MMDA Savings CDs under \$100,000 Jumbo CDs

**Bank Eight**



Transaction Accts. MMDA Savings CDs under \$100,000 Jumbo CDs



**YIELD INVESTMENTS**

	Bank One	Bank Two	Bank Three	Bank Four	Bank Five	Bank Six	Bank Seven	Bank Eight
<b>Dec. 2008</b>	3.62%	4.81%	5.00%	3.53%	5.51%	N.A.	N.A.	4.13%
<b>Dec. 2009</b>	2.48%	4.73%	4.25%	3.42%	5.33%	17.94%	N.A.	4.08%
<b>Dec. 2010</b>	3.90%	4.22%	2.00%	2.08%	3.51%	N.A.	N.A.	0.31%
<b>June 2011</b>	3.94%	3.01%	1.87%	1.94%	2.92%	2.63%	N.A.	0.26%

**YIELD LOANS**

<b>Dec. 2008</b>	6.34%	6.49%	5.85%	6.99%	6.37%	7.21%	6.68%	6.70%
<b>Dec. 2009</b>	5.61%	6.02%	4.84%	6.48%	5.61%	6.44%	6.33%	5.77%
<b>Dec. 2010</b>	5.97%	6.16%	5.57%	6.31%	5.78%	6.68%	6.17%	1.08%
<b>June 2011</b>	6.18%	5.98%	5.56%	5.73%	5.46%	6.54%	6.28%	11.06%

**COST JUMBO CD'S**

<b>Dec. 2008</b>	4.00%	4.58%	3.44%	3.62%	3.66%	4.28%	3.91%	3.53%
<b>Dec. 2009</b>	3.68%	3.46%	2.48%	2.76%	2.40%	2.95%	3.61%	2.90%
<b>Dec. 2010</b>	2.13%	2.28%	1.24%	2.17%	1.65%	3.18%	2.75%	0.10%
<b>June 2011</b>	1.73%	1.89%	0.89%	1.72%	1.03%	2.15%	2.23%	0.74%

**COST OTHER IBA**

<b>Dec. 2008</b>	2.75%	2.74%	1.74%	4.15%	3.36%	2.23%	3.77%	2.42%
<b>Dec. 2009</b>	2.77%	1.78%	0.96%	3.07%	2.39%	2.41%	2.76%	1.75%
<b>Dec. 2010</b>	1.68%	0.96%	0.59%	1.86%	1.77%	1.84%	1.96%	0.10%
<b>June 2011</b>	1.35%	0.75%	0.45%	1.18%	1.52%	1.65%	1.33%	0.53%

**NET INTEREST MARGIN**

<b>Dec. 2008</b>	3.45%	3.56%	3.94%	3.02%	3.39%	4.72%	3.28%	4.69%
<b>Dec. 2009</b>	2.02%	3.54%	3.02%	3.32%	3.31%	4.48%	2.67%	3.27%
<b>Dec. 2010</b>	3.99%	3.99%	3.30%	3.96%	3.53%	4.55%	3.17%	0.70%
<b>June 2011</b>	4.46%	3.64%	3.28%	4.05%	3.13%	4.29%	3.41%	7.41%

**Thank you for choosing BAUERFINANCIAL, INC.**

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