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### **Interbank Liabilities Reports**

**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. As a **general guideline** the following groupings were used:

- \*\*\*\*\* : Superior. These institutions are on Bauer's **Recommended Bank Report**.
  - \*\*\*\* : Excellent. These institutions are also on Bauer's **Recommended Bank Report**.
  - \*\*\*½ : Good.
  - \*\*\* : Adequate.
  - \*\* : Problematic.
  - \* : Troubled.
- ZERO** : Our lowest rating.
- S.U.** : Start-up bank. Institutions that are too new to rate.

**Capital Classifications:** The bank's regulatory capital classification provided is based on the Federal Deposit Insurance Corporation Act of 1991 (FDICIA) and is as follows:

- **Well-capitalized** - Total risk-based capital ratio  $\geq 10\%$ ; **and** Tier 1 risk-based capital ratio  $\geq 6\%$ ; **and** Leverage capital ratio  $\geq 5\%$ .
- **Adequately capitalized** - Total risk-based capital ratio  $\geq 8\%$ ; **and** Tier 1 risk-based ratio  $\geq 4\%$ ; **and** Leverage capital ratio  $\geq 4\%$ .
- **Undercapitalized** - Total risk-based capital ratio  $< 8\%$  **or** Tier 1 risk-based capital ratio  $< 4\%$  **or** Leverage capital ratio  $< 4\%$ .
- **Significantly Undercapitalized** - Total risk-based capital ratio  $< 6\%$  **or** Tier 1 risk-based ratio  $< 3\%$  **or** Leverage capital ratio  $< 3\%$ .
- **Critically Undercapitalized** - a ratio of tangible equity to total assets  $< 2\%$ .

#### **Definitions:**

**Nonperforming Assets:** Loans delinquent 90 days or more and still accruing plus nonaccrual loans plus other real estate owned.

**Net Worth:** Total Bank Equity Capital as per Schedule RC of the Call Report or Schedule SC of the Thrift Financial Report

**TCE (Tangible Common Equity):** Net Worth minus intangible assets minus preferred stock

**Delinquent Loans:** Loans delinquent 90 days or more and still accruing plus nonaccrual loans

**OREO:** Other real estate owned (primarily repossessed real estate but can include other properties such as bank branch buildings where the branch has been closed but the bank still owns the building).

**Non-core Funding Dependence:** Noncore liabilities less short term investments divided by long term assets.

**Holding Company** data is supplied when available. An N.A. in these fields indicates that the data is not available. The most common reasons for the data not being available are: a) the institution has no holding company, b) its holding company is a foreign entity, or c) thrift holding company data is not available.

**Supervisory Concern:** Yes or No: Indicates whether there are outstanding enforcement actions against the institution. If the institution in question is operating under an enforcement action, the regulator will be noted. You may visit the regulatory web sites to view the complete actions:

OCC: <http://www.occ.treas.gov/enforcementactions/>

FRB: <http://www.federalreserve.gov/boarddocs/enforcement/search.cfm>

FDIC: <http://www.fdic.gov/bank/individual/enforcement/index.html>

OTS: <http://www.ots.treas.gov/enforcement/search-form.cfm?catNumber=68&firstView=1>