Zacks Small-Cap Research

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Chesapeake Financial Shares, Inc. (CPKF - OTC)

CPKF: Raising Recommendation – Outperform

Current Recommendation	**Outperform**
Prior Recommendation	Neutral
Date of Last Change	05/26/2011
Current Price (05/26/11)	$11.85
Six- Month Target Price	**$13.50**

OUTLOOK

We are raising our recommendation on Chesapeake Financial Shares, Inc. (CPKF) to outperform from neutral due to valuation. The Company has taken a number of steps to increase returns to shareholders, including two recent dividend hikes totalling 9%and a stock split, and we don't believe this has been reflected in the share price. In addition, CPKF reported a strong first quarter, with diluted EPS rising 34.5% to $0.47 from $0.35. This occurred despite a 144% year-over-year increase in the loan loss provision to $0.6 million as CPKF strengthened loan loss reserves, and was mainly the result of 12.5% growth in net interest income to $5.8 million and tight control over operating expenses, which fell 2% year over year to $6.2 million, and a 2.5-point drop in the effective tax rate. While we are lowering our 2011 diluted EPS estimate to $1.80 from $1.87, this still represents a 7% gain from the $1.69 earned in 2010, a creditable performance in a difficult lending environment, in our view. Our initial EPS estimate for 2012 is $1.90, a 6% gain over our 2011 estimate.

SUMMARY DATA

52-Week High	**$14.15**
52-Week Low	**$10.89**
One-Year Return (%)	**4.81**
Beta	**0.13**
Average Daily Volume (sh)	**1,358**
Shares Outstanding (mil)	**3**
Market Capitalization ($mil)	**$38**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**0**
Insider Ownership (%)	**40**
Annual Cash Dividend	**$0.38**
Dividend Yield (%)	**3.23**
5-Yr. Historical Growth Rates	
Net Revenue (%)	**8.1**
Earnings Per Share (%)	**10.5**
Dividend (%)	**7.2**
P/E using TTM EPS	**6.7**
P/E using 2011 Estimate	**6.6**
P/E using 2012 Estimate	**6.2**
Zacks Rank	**2**

Risk Level	**Average**
Type of Stock	**Small-Value**
Industry	**Banks-Southeast**
Zacks Rank in Industry	**12 of 79**

ZACKS ESTIMATES

Net Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2009	7.5 A	8.0 A	8.6 A	8.9 A	33.0 A
2010	8.2 A	8.6 A	10.1 A	9.1 A	36.1 A
2011	8.9 A	8.7 E	8.9 E	8.9 E	35.4 E
2012					36.1 E

Earnings per Share
(EPS is operating earnings before nonrecurring items)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2009	0.28 A	0.34 A	0.44 A	0.38 A	1.48 A
2010	0.35 A	0.40 A	0.59 A	0.31 A	1.69 A
2011	0.47 A	0.49 E	0.52 E	0.32 E	1.80 E
2012					1.90 E

Quarterly EPS may not add to total due to changes in shares outstanding.

FIRST QUARTER RESULTS

CPKF reported strong 2011 first quarter net earnings of $1.5 million, up 31% from the $1.2 million reported in the year-ago quarter, while diluted EPS increased 34.5% to $0.47 from $0.35, with the better EPS performance reflecting share buybacks. This compares to our first quarter estimate of $0.48. (All per share data in this report have been adjusted for a 6-for-5 stock split that occurred in April.)

There were a number of variances from our estimate. On the positive side, net interest income was $5.8 million, higher than our $5.3 million estimate, due to a sharp 30% decline in interest expense that we had not been anticipating, and an effective income tax rate of 24% that was lower than our 28% estimate. This was offset by an increased loan loss provision of $0.6 million, versus our $0.3 million estimate, and larger other-than-temporary impairment losses on securities of $0.4 million, which compared to our $0.1 million loss estimate.

We are lowering our 2011 diluted EPS estimate from $1.87 to $1.80, which represents a 7% gain from the $1.69 earned in 2010. This reflects tweaks to our earnings model, as well as increases in our loss estimates for other real estate owned expenses and securities sales and higher compensation expense, partially offset by a lower effective tax rate, stemming from the increased proportion of tax-exempt securities in the securities portfolio. Our initial diluted EPS estimate for 2012 is $1.90, a 6% gain over our 2011 estimate, with the improvement primarily the result of a 51% decline in the loan loss provision.

We note that US Banker ranked CPKF 20th (up from 32nd about a year ago) out of all banks with less than $2 billion in total assets, which includes approximately 6,000 banks. This ranking was based upon three-year average returns on equity, which for Chesapeake Financial was 13.40%. The Company has steadily risen though the rankings in the past four years, reflecting its solid financial performance during this difficult banking environment.

Below we discuss 2011 first quarter results in more depth.

Net Interest Income

Net interest income rose 12.5% to $5.8 million (versus our $5.3 million estimate) from $5.2 million in the comparable prior-year period, as a 4% increase in average interest-earning assets due to growth in the securities portfolio was aided by a 32 basis-point increase in the net interest margin to 4.68% (versus our 4.35% estimate). The higher net interest margin primarily reflected reduced deposit costs as CPKF continues to replace higher yielding deposits with those with lower yields.

Noninterest Income

Noninterest income was flat year over year at $3.0 million (and was well below our $3.5 million estimate), principally the result of $0.4 million in losses on securities sales (compared to our $0.1 million estimate) and $0.1 million in OREO expense (versus our estimate of $0.0) as CPKF management wrote down the collateral values on certain properties.

Positively, the Company experienced good growth in ATM income, which increased 17% to $0.26 million, and in merchant card income, which rose $0.1 million year over year, or 8%, to $0.9 million as CPKF added more companies to its system and processed higher volume (though down from the Christmas-inflated fourth quarter). Looking forward, merchant card income is expected to benefit from the addition of a new service to its line-up. CPKF has become an independent service organization (ISO) for companies that need bank processing for card transactions. CPKF is now providing this service to one company, and hopes to add two-three more companies by the end of the year.

These gains were partially offset by a 4% slide in service charges on deposit accounts to $0.38 million, hurt by changes in federal regulations, and a 5% drop in income from fiduciary activities to $ 0.44 million as the Company reduced fees charged to customers for collective investment funds management.

Loss Provisions

The loan loss provision more than doubled to $0.6 million (versus our $0.3 million estimate) from $0.2 million in the first quarter of last year, as the Company modified and strengthened its methodology for determining the appropriate level of loan loss reserves. CPKF increased its loan loss reserves to $6.7 million (1.87% of loans) from $6.1 million (1.69% of loans) at the end of 2010's fourth quarter and $5.3 million at the end of the comparable year-ago quarter (1.44% of loans). As to other asset quality measures, CPKF charged off $7,000 of loans in the first quarter. This compares to net charge-offs of $94,000 of loans in the prior-year quarter and of $1.5 million for full-year 2010.

Noninterest Expense

Noninterest expense fell 2% year over year to $6.2 million versus our $6.4 million estimate, with the difference stemming mainly from the other noninterest expense category. The Company maintained tight control over operating expenses, which led to a 7-point improvement in the efficiency ratio, dropping to 71% from 78% in the year-ago quarter.

Net Income

CPKF posted net earnings of $1.5 million (or $0.47 per diluted share), up 31%% from the $1.2 million ($0.35 per diluted share) earned in the year-ago quarter. This compares to our $1.5 million net income estimate ($0.48 per diluted share).

Profitability

CPKF posted a 14.4% ROE and 1.01% ROA for the first quarter of 2011, compared to 12.9% and 0.78%, respectively, in the prior-year quarter, largely due to growth in net income

Loans and Asset Quality

Gross loans outstanding dropped about $4 million, or 1%, sequentially to $359 million and $9 million from the comparable prior-year quarter, reflecting continued weak loan demand.

Loans plus receivables fell 1% on a sequential basis to $378 million during the first quarter, as a 5% decline in construction and land development loans to $54 million and a 6% fall in cash flow receivables to $19 million was partly offset by a 2% gain in commercial and industrial loans to $53 million.

Asset quality measures improved on a sequential basis, with nonperforming assets (NPAs) decreasing to 1.92% of outstandings + OREO at March 31, 2011 from 2.00% of outstandings + OREO at December 31, 2010. While nonaccrual loans and receivables fell by 9% to $4.1 million at the end of March from $4.6 million at December 2010 quarterend, foreclosures were flat at $3.2 million, for a net drop in nonperforming assets of $0.4 million.

The loss allowance as a percent of nonperforming assets increased to 109% at the end of the quarter from 94% at the end of December 2010, reflecting both the decline in nonperforming assets and an increase in loan loss reserves. Thus, the combined loss allowance for both loans and cash flow receivables increased to $7.9 million, or 2.11% of gross outstandings, from $7.3 million, or 1.90% of gross outstandings, at the end of the December quarter.

Liquidity and Funding

CPKF decreased cash by roughly $10 million sequentially during the first quarter, and increased the securities portfolio by a similar amount. The Company continues to emphasize investing in municipal securities, which account for 47% of total securities (up 7 points from 40% a year ago), while pulling back from private-label mortgage securities, which now represent 20% of the total securities portfolio, down 8 points from 28% at the end of March 2010. CPKF's liquidity and funding ratios were about the same as in the year-ago quarter.

Capital Adequacy and Dividends

The Company's capital adequacy ratios improved during the quarter. The Tier 1 capital ratio jumped 32 basis points to 12.39% at the end of 2011's first quarter from 12.07% at December 31, 2010, and the

Total capital ratio increased 22 basis points to 13.76% from 13.54%, largely due to growth in retained earnings.

Total shareholders' equity increased $2.5 million during the first quarter, due to a combination of $1.2 million growth in retained earnings and a $1.3 million positive swing in accumulated comprehensive income to a gain of $0.4 million at the end of the first quarter from a loss of $0.9 million at the end of the fourth quarter. This was the result of gains in the fair value of the securities portfolio. Reflecting these factors, tangible book value per share also increased during the first quarter, by $0.76 per share to $13.34 from $12.58.

CPKF has taken a number of steps to increase returns to shareholders, including two recent dividend hikes totalling almost 9% and a stock split. The Company just raised the quarterly dividend rate by 4.3% to $0.10 from $0.096, which follows a 4.5% dividend increase in March. In addition, the Company had a 6-for-5 stock split that occurred in April.

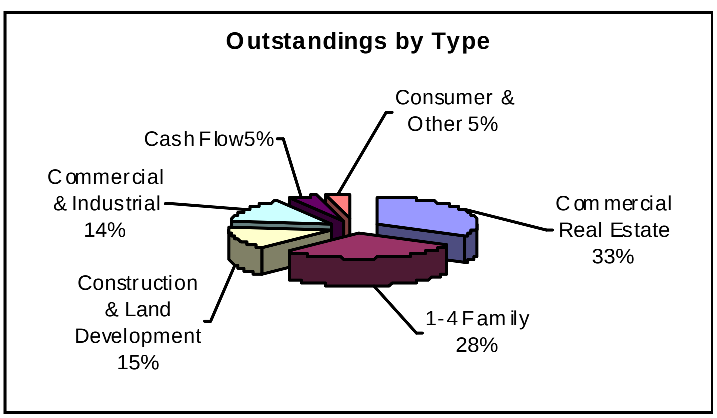
OVERVIEW

Chesapeake Financial Shares, Inc. (CPKF or the Company) is a bank holding company headquartered in Kilmarnock, Virginia, with $603 million in total assets at March 31, 2011. CPKF is predominantly a small business lender with 11 branch offices that serve customers in the eastern region of Virginia between the Potomac and James Rivers. These offices are located in Kilmarnock, Lively, Irvington, Mathews, Hayes, and Gloucester, with four branches in Williamsburg. CPKF, which began as Lancaster National Bank on April 13, 1900, has a long history and strong ties with the communities it serves.

Operations are carried on through Chesapeake Bank, a state-chartered bank as well as Federal Reserve and FDIC member bank, and Chesapeake Investment Group, Inc. (CIG), an independent wealth management firm that manages about $312 million in assets (as of the end of the first quarter) through its subsidiaries involved in asset management (CIG is a registered investment adviser), brokerage, and trust services. Other activities of the Company include Chesapeake Payment Systems, Cash Flow program, Clear Sky accounts, and its secondary market mortgage banking operation.

Chesapeake Payment Systems offers merchant processing services such as credit card and debit card processing, electronic benefits transfers, and loyalty and gift card processing to companies involved in travel, entertainment, restaurant, hospitality, retail, mail order, and e-commerce. At yearend 2010, Chesapeake Payment Systems had 678 merchants in its system and processed over $125 million in merchant card transactions.

The Cash Flow program, which provides an attractive financing option to growing businesses, involves the purchase of the client company's accounts receivables. The Cash Flow program is currently offered in the Eastern half of the United States and has approximately 80 customers.



Clear Sky accounts, which offer internet-based retail deposit services for checking and saving accounts and certificates of deposit (CDs), expands CPKF's retail deposit base geographically. At 2010 yearend, Clear Sky deposits totalled $50 million, with customers in all 50 states.

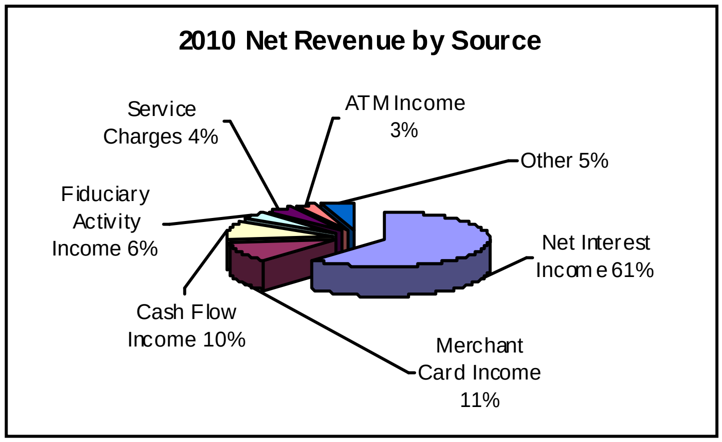
Through Chesapeake's secondary market mortgage banking operation, the Company services a $169 million loan portfolio of residential mortgage loans for Federal Home

Loan Mortgage Corporation (FHLMC or Freddie Mac), for which it earns a 25 basis-point fee (approximately $425,000 annually) on the outstanding loan portfolio balance. Additionally, CPKF earns a pare-off fee for residential mortgage loans that are originated and closed with FHLMC, which added $550,000 to revenues in 2010 (both types of fees are included in other noninterest income in the Company's financial statements).

The lending portfolio is dominated by real estate loans, as shown in the chart above. At March 31, 2011, the lending book consisted of commercial real estate (accounting for 33% of total gross outstandings), 1-4 family (28%), construction and land development (15%), commercial and industrial (14%), cash flow (5%), and consumer and other (5%). A majority of loans are secured, usually by real estate, inventory, accounts receivable, equipment, machinery, or corporate assets.

The liquidity portfolio, consisting of cash, short-term investments, federal funds sold, resale agreements, trading account assets, US Treasuries, and US agency mortgage obligations, represent about 11% of total assets and 32% of the securities portfolio. In addition, the available-for-sale portfolio includes municipal and private label mortgage securities, which currently account for 48% and 20%, respectively, of the total. Core deposits represented 77% of total deposits at March 31, 2011, with certificates of deposit larger than $100,000 at 23%.

In 2010, net interest income contributed 61% of net revenue, with a significant 39% coming from noninterest income sources. Major contributors to noninterest income include merchant card income (11% of net revenues), cash flow income (10%), income from fiduciary activities (6%), service charges on deposit accounts (4%), and ATM income (3%).



VALUATION

CPKF stock has outperformed the industry, with a year-to-date price gain of 5.3% compared to a median increase of 1.3% for banks in the Zacks small-cap bank index, as shown in the following table. At its current price, CPKF is trading at a discount to the industry median P/E of 53% in 2011 and of 49% in 2012, based upon our CPKF EPS estimates. This is far in excess of the average 39% P/E discount for CPKF, based upon 5-year historical P/E averages.

Turning to Price/Tangible Book Value, which is the valuation favored by most investors at present, CPKF is valued at 0.93X versus the industry median of 0.76X. This represents a 23 ½% premium, a bit above the average historical premium of 22 ½% for CPKF since the end of 2005. We believe this premium is justified given CPKF's strong performance throughout the financial crisis, as well as our expectations for continued growth in EPS in 2011 and 2012, its strong profitability measures, and its solid dividend yield.

Applying the 0.93X ratio to our estimated book value for CPKF six months out results in a price target of approximately $13.50. Combined with the dividend yield, this represents a total return of 15 ½%, well above our expectations for gains in the broader market index over the next six months. Therefore, we are raising our recommendation on CPKF to Outperform from Neutral.

Industry Comparables- Small-cap Banks

		Price / Earnings Ratios					Return on Equity		Return on Assets		
	Pr Chg YTD	TTM* EPS	2011E	2012E	5-Yr Avg	Price/ Book	TTM*	5-Yr Avg	TTM*	5-Yr Avg	Div Yld
Chesapeake Finc'l	**5.3**	**6.7**	**6.6**	**6.2**	**9.8**	**0.93**	**13.7**	**13.9**	**0.90**	**0.91**	**3.2**
S&P 500	5.4	18.0	13.8	12.8	17.9	3.7	26.0	-----	8.9	-----	1.9
Median	**1.3**	**14.3**	**14.4**	**12.1**	**16.1**	**0.76**	**4.6**	**4.1**	**0.40**	**0.34**	**-----**
Average	2.3	17.2	20.2	13.2	19.6	0.8	(6.0)	1.0	0.15	0.29	1.4
High	74.4	37.2	111.8	26.6	44.5	1.9	15.5	15.5	2.19	2.54	6.7
Low	(96.9)	6.1	5.3	5.6	10.1	0.0	(291.5)	(31.8)	(3.26)	(1.78)	-----

*Trailing twelve months

Chesapeake Financial Shares, Inc.

Income Statement and Balance Sheet

(Dollars in millions, except per share data)

Summary Financial Data	**12/06**	**12/07**	**12/08**	**12/09**	**12/10**	**12/11 E**	**12/12 E**
Net interest income	14.3	14.5	16.5	18.9	21.8	22.4	22.4
Non-interest income	11.6	13.5	15.0	14.1	13.8	13.0	13.7
Total net revenue	25.9	28.0	31.5	33.0	35.6	35.4	36.1
Loan loss provision	0.8	0.2	0.4	0.9	2.5	1.2	0.6
Non-interest expense	19.6	21.8	25.0	25.9	26.2	26.6	27.4
Income taxes & other	1.5	1.7	1.5	1.4	1.5	1.8	1.9
Zacks adjusted income before NRI	4.0	4.3	4.6	4.8	5.4	5.8	6.2
GAAP net income	4.0	4.3	4.6	4.8	5.4	5.8	6.2
Diluted EPS before NRI	1.12	1.24	1.34	1.48	1.69	1.80	1.90
Reported EPS	1.12	1.24	1.34	1.48	1.69	1.80	1.90
Dividends per share	0.27	0.29	0.34	0.35	0.36	0.40	0.40
Liquid assets	52.9	58.4	45.4	57.8	73.2	71.0	73.9
Outstandings, gross	319.4	361.6	396.2	391.3	382.3	371.2	386.3
Total assets	418.1	483.0	538.0	586.7	607.7	600.9	625.3
Core deposits	295.2	308.8	317.0	370.0	396.2	391.3	407.1
Purchased funds	73.7	80.0	115.9	126.7	121.7	114.0	118.7
Long-term debt	11.6	44.4	65.5	47.4	40.0	40.0	40.0
Shareholders' equity	31.0	33.7	30.6	35.3	41.1	47.0	51.8
Profitability							
Return on avg assets	0.98%	0.97%	0.89%	0.84%	0.90%	0.97%	1.01%
Return on avg equity	13.58%	13.68%	13.51%	13.14%	13.03%	13.03%	12.44%
Net interest margin	4.20%	4.10%	4.00%	4.10%	4.40%	4.54%	4.45%
Loan loss provision % avg assets	0.21%	0.04%	0.08%	0.16%	0.41%	0.20%	0.09%
Noninterest income % avg assets	2.88%	3.01%	2.91%	2.45%	2.28%	2.15%	2.24%
Noninterest expense % avg assets	4.86%	4.87%	4.84%	4.51%	4.31%	4.41%	4.46%
Preprovision pretax income % avg assets	1.54%	1.39%	1.26%	1.24%	1.56%	1.47%	1.43%
Tangible efficiency ratio	76%	78%	79%	78%	73%	75%	76%
Payout ratio	24%	23%	25%	24%	21%	22%	21%
Asset Quality							
Net charge-offs % avg outstandings	0.28%	0.04%	0.27%	0.34%	0.48%	0.27%	0.29%
Allowance % outstandings	1.55%	1.50%	1.43%	1.59%	1.90%	2.08%	1.93%
NPAs % loans + OREO	1.00%	0.61%	0.35%	1.20%	2.00%	1.86%	1.64%
Allowance % NPAs	154%	245%	411%	131%	94%	111%	117%
Liquidity & Funding							
Liquid assets % purchased funds	72%	73%	39%	46%	60%	62%	62%
Core deposits % outstandings	92%	85%	80%	95%	104%	105%	105%
Liquid assets % assets	13%	12%	8%	10%	12%	12%	12%
Outstandings % assets	76%	75%	74%	67%	63%	62%	62%
Capital Adequacy							
Total equity % assets	7.41%	6.97%	5.68%	6.01%	6.76%	7.81%	8.29%
Tangible equity % assets	7.41%	6.97%	5.68%	6.01%	6.76%	7.81%	8.29%
Tier 1 capital ratio	11.10%	10.80%	10.60%	10.10%	12.07%		
Total capital ratio	12.50%	15.50%	12.50%	11.70%	13.54%		
Parent Company Statistics							
Interest coverage	0.8X	0.4X	0.6X	0.8X	2.6X	1.0X	1.0X
Interest & dividend coverage	0.5X	0.3X	0.3X	0.4X	1.1X	0.4X	0.4X
Short-term debt coverage	Lge	Lge	Lge	Lge	Lge	Lge	Lge
Total debt coverage	1.0X	1.0X	0.9X	0.8X	0.8X	1.0X	1.3X
Double leverage	127.3%	133.2%	139.8%	142.1%	134.7%	130.3%	130.0%

Chesapeake Financial Shares, Inc.

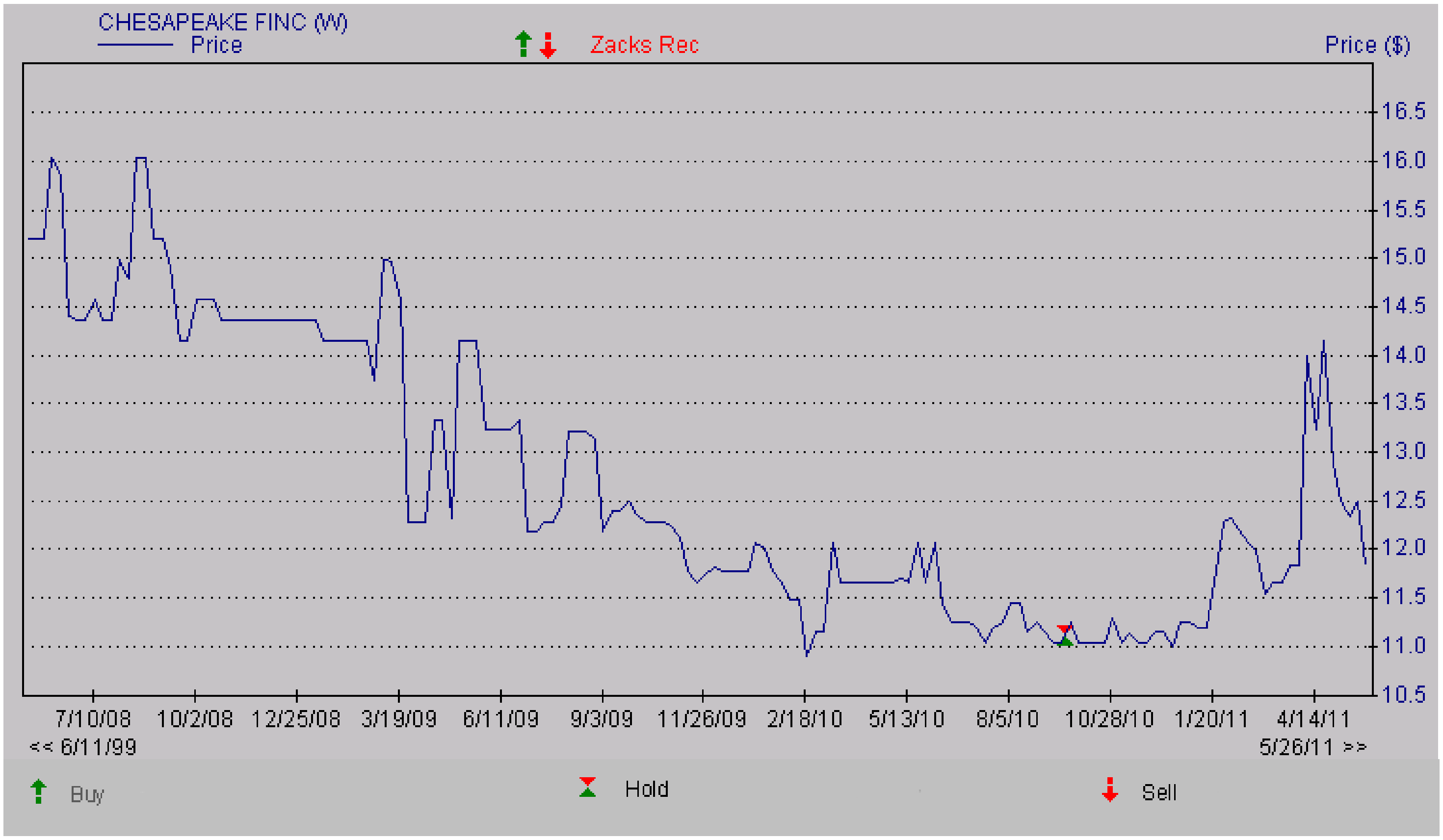
Income Statement and Balance Sheet

(Dollars in millions, except per share data)

	2010				2011			
Summary Financial Data	**Q1 A**	**Q2 A**	**Q3 A**	**Q4 A**	**Q1 A**	**Q2 E**	**Q3 E**	**Q4 E**
Net interest income	5.2	5.5	5.6	5.5	5.8	5.6	5.5	5.5
Non-interest income	3.0	3.1	4.6	3.2	3.0	3.2	3.4	3.4
Total net revenue	8.2	8.6	10.2	8.7	8.9	8.7	8.9	8.9
Loan loss provision	0.2	0.2	1.2	0.9	0.6	0.1	0.1	0.4
Non-interest expense	6.4	6.6	6.3	6.9	6.2	6.5	6.6	7.1
Income taxes & other	0.4	0.5	0.8	(0.1)	0.5	0.5	0.5	0.3
Zacks adjusted income before NRI	1.2	1.3	1.9	1.0	1.5	1.6	1.7	1.0
GAAP net income	1.2	1.3	1.9	1.0	1.5	1.6	1.7	1.0
Diluted EPS before NRI	0.42	0.48	0.71	0.38	0.47	0.49	0.52	0.32
Reported EPS	0.42	0.48	0.71	0.38	0.47	0.49	0.52	0.32
Dividends per share	0.10	0.10	0.11	0.11	0.10	0.10	0.10	0.10
Liquid assets	74.9	73.1	69.2	73.2	68.9	69.6	70.3	71.0
Outstandings, gross	391.5	388.4	387.3	382.3	376.8	374.9	373.1	371.2
Total assets	608.5	604.3	605.1	607.7	602.7	602.1	601.5	600.9
Core deposits	388.6	391.9	390.1	396.2	397.2	395.2	393.2	391.3
Purchased funds	125.4	119.9	117.9	121.7	115.8	115.2	114.6	114.0
Long-term debt	44.5	41.4	40.5	40.0	40.0	40.0	40.0	40.0
Shareholders' equity	36.9	38.2	42.4	41.1	43.6	44.9	46.2	47.0
Profitability								
Return on avg assets*	0.78%	0.88%	1.29%	0.67%	1.01%	1.05%	1.11%	0.69%
Return on avg equity *	12.87%	14.16%	19.29%	9.68%	14.40%	14.32%	14.70%	8.92%
Net interest margin*	4.36%	4.53%	4.54%	4.42%	4.68%	4.50%	4.50%	4.50%
Loan loss provision % avg assets*	0.16%	0.10%	0.78%	0.60%	0.39%	0.07%	0.07%	0.27%
Noninterest income % avg assets*	2.02%	2.02%	3.00%	2.13%	1.99%	2.11%	2.26%	2.25%
Noninterest expense % avg assets*	4.27%	4.35%	4.17%	4.54%	4.13%	4.35%	4.40%	4.75%
Preprovision pretax inc.% avg assets*	1.23%	1.30%	2.54%	1.20%	1.72%	1.46%	1.54%	1.16%
Tangible efficiency ratio	78%	77%	62%	79%	71%	75%	74%	80%
Payout ratio	25%	22%	16%	29%	20%	20%	19%	31%
Asset Quality								
Net charge-offs % avg outstandings*	0.10%	(0.00)%	1.25%	0.59%	0.01%	0.32%	0.32%	0.43%
Allowance % outstandings	1.65%	1.73%	1.74%	1.90%	2.11%	2.08%	2.05%	2.08%
NPAs % loans + OREO	2.46%	2.87%	2.32%	2.00%	1.92%	1.91%	1.88%	1.86%
Allowance % NPAs	67%	60%	74%	94%	92%	108%	108%	111%
Liquidity & Funding								
Liquid assets % purchased funds	60%	61%	59%	60%	60%	60%	61%	62%
Core deposits % outstandings	99%	101%	101%	104%	105%	105%	105%	105%
Liquid assets % assets	12%	12%	11%	12%	11%	12%	12%	12%
Outstandings % assets	64%	64%	64%	63%	63%	62%	62%	62%
Capital Adequacy								
Total equity % assets	6.07%	6.33%	7.01%	6.76%	7.24%	7.46%	7.69%	7.81%
Tangible equity % assets	6.07%	6.33%	7.01%	6.76%	7.24%	7.46%	7.69%	7.81%
Tier 1 capital ratio	10.19%	10.61%	11.58%	12.07%	12.39			
Total capital ratio	11.87%	12.23%	13.11%	13.54%	13.76			

*Annualized.

HISTORICAL ZACKS RECOMMENDATIONS



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