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A Periodic Review of Issues Affecting Northeastern Financial

Institutions

# 3RD QUARTER REVIEW Q3CALL REPORTS & 12/29/06 STOCK PRICES

# **RHODE ISLAND BANKING INDUSTRY: THIRD QUARTER 2006**

(Note: Your subscription expiration date is on the label of the envelope in which you received the Review)

Dear Banking Industry Observer:

The following is BAC's Quarterly Review of the Rhode Island banking industry for the quarter ending September 30, 2006. It includes data on all 12 Federal and State chartered commercial banks, savings banks and savings and loan associations in Rhode Island. Our analysis on pages 6-8 also presents a four-year retrospective between 2003-2006 using aggregate industry data. All financial data is based on Call Reports from the FDIC and OTS. Bank stock data as of 12/29/06 is included on pages 15-16.

In certain states, recent merger/acquisition activity has resulted in a single bank charter now operating branches across more than one state, thereby complicating the construction of a "statewide" balance sheet and income statement. This is because Call Report data is collected based on the state of record for the bank charter. Rhode Island is among those states impacted by this change. Therefore, year-to-year comparisons in the aggregate statewide data should be used with caution as can be seen in the data below. Here is a synopsis of the Rhode Island banking industry for the quarter ending September 30, 2006:

# THIRD QUARTER 2006 STATUS REPORT:

On an aggregate basis, the 12 banks in Rhode Island (down from 15 in December of 2003), recorded a -4% decrease in earnings for the nine month period ending 9/30/06 relative to the same period in 2005. However, the aggregate data is distorted by unusual performance swings by large banks, one-time restructuring charges associated with mergers and acquisitions and jurisdictional reporting changes. A closer inspection of the banks existing in both time periods however, indicates that 9 institutions (75%) registered a decrease and 3 institutions (25%) reported an increase. The median performance for all institutions was a -27.6% decrease. Nonetheless, 83% of all institutions were profitable during Q3-06. Here is the aggregate data; individual institutional data is contained on pages 9-14.

12 RHODE ISLAND INSTITUTIONS	12 Months Ending:	9 Months Ending:	9 Months Ending:	% Change 9 Mos. '05 vs
(see pages 6-8 for complete details)	12/31/05	<u>9/30/05</u>	<u>9/30/06</u>	9 Mos. '06
Net Income After Tax (\$ millions)	\$238	\$169	\$162	-4%
Return on Assets (R.O.A.)	1.26%	1.22%	1.06%	
Gross Loans (\$ billions)	\$12.4	\$12.0	\$13.4	12%
<b>Deposits (\$ billions)</b>	\$13.2	\$13.6	\$13.3	-2%
Net Interest Margin	3.47%	3.54%	3.08%	
Efficiency Ratio	56.3%	55.7%	57.1%	
Non-Interest Inc. % Avg. Assets	1.6%	1.5%	1.7%	
Non-Performing Assets (\$ millions)	\$29	\$29	\$32	10%
Tier 1 Leverage	7.9%	7.8%	8.4%	
Reserves % Non-Perf. Loans	414%	418%	399%	
Provision for Losses (\$ millions)	\$41	\$37	\$45	22%
Liquidity (loans % deposits)	94%	89%	101%	

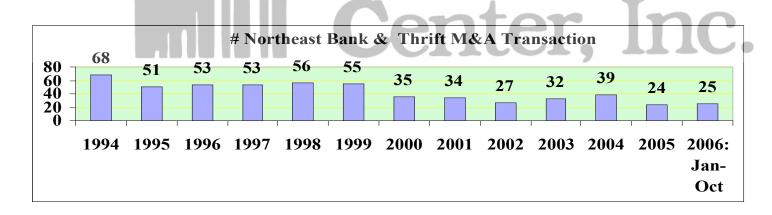
We include below 9-month summary data (as of 9/30/06) on the banking industries in each of the six New England states along with New York, New Jersey and Pennsylvania:

NORTHEAST BANKING D	ATA as	of 9/30/0	06				New			
(\$=Billions, except net inc.)	CT	ME	MA	NH	RI	VT	Eng.	NY	NJ	PA
# Banking Institutions	56	36	190	26	12	19	339	195	130	248
% Institutions Profitable	91%	97%	94%	100%	83%	100%	94%	90%	86%	90%
Total Assets (\$ Bils)	\$64	\$56	\$243	\$19	\$21	\$9	\$412	\$1,334	\$137	\$427
Total Deposits (\$ Bils)	\$47	\$40	\$170	\$13	\$13	\$7	\$290	\$919	\$89	\$300
Gross Loans (\$ Bils)	\$46	\$39	\$96	\$13	\$13	\$6	\$212	\$711	\$81	\$254
Net Inc. After Tax (\$ Mils)	\$352	\$408	\$1,819	\$166	\$162	\$79	\$2,986	\$11,626	\$886	\$2,744
Return on Assets (R.O.A.)	0.82%	1.05%	1.03%	1.16%	1.06%	1.25%	1.01%	1.23%	0.90%	0.91%
Return on Equity (R.O.E.)	6.91%	5.83%	11.57%	11.59%	12.39%	14.37%	9.6%	12.69%	7.97%	9.64%
Net Interest Margins	3.29%	4.37%	2.38%	3.41%	3.08%	4.25%	2.88%	3.17%	2.82%	2.99%
Efficiency Ratio	65.4%	64.26%	68.5%	55.9%	57.1%	63.4%	66.4%	62.1%	57.2%	64.9%
Non-Perf. Assets % Assets	0.20%	0.33%	0.10%	0.20%	0.20%	0.50%	0.20%	0.40%	0.30%	0.30%

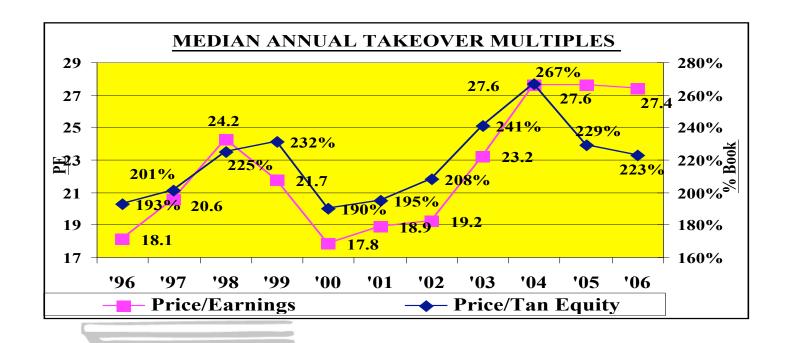
# MERGER / ACQUISITION DATA AND COMPARATIVE STOCK PRICE MULTIPLES:

On the following pages (pages 4-5) we have compiled information concerning recent merger and acquisition trends and also stock price indicators for both banks and thrifts for the trailing twelve months ending in October 2006.

Although the *number* of Northeast mergers and acquisitions between banks and thrifts has decreased since the 1990's, their *pricing* (both as a multiple of earnings as well as book equity) and *bank stock PE ratios* have increased steadily and peaked in 2004. Present takeover multiples appear to be firming as can be seen below.



For the 30 transactions in the Northeast <u>completed</u> over the last 12 months between October 2005 and October 2006 the median price for all deals (banks & thrifts) was approximately 223% of tangible book equity and a multiple of 27X earnings. Please call us if we can add any clarification to the variation in these statistics. BAC is an active participant in merger and acquisition advisory services.



# MARKET RESEARCH SERVICE

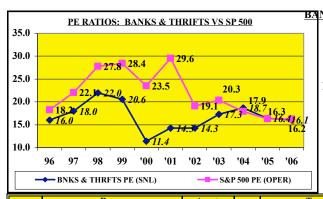
Included in this edition of the Quarterly Review is a descriptive packet of information concerning BAC's market research capabilities on economics, demographics, banking industry competition and commercial businesses. These packets are available for your individual branch banking markets in Connecticut. We would invite you to review this material and to contact us if you might wish to procure this information for your institution. It is not very expensive. Our New England-wide databases, combined with our reporting capabilities and proprietary software, can produce insightful and valuable reconnaissance tools to help guide your institution in the following:

- ✓ Market Segmentation
- ✓ Product Development & Positioning
- ✓ Business Development Initiatives
- ✓ Consumer Behavior

- Competitive Analysis
- ✓ Start-up Branch Site Location
- ✓ Branch Purchase Analysis
- ✓ Merger/Acquisition Analysis

The second item included in this edition of the Quarterly Review is a subscription form. If you would like to continue receiving the Review, please complete the form and return it to our offices. If you are already a subscriber, we thank you for your confidence. Your subscription expiration date is on the label of the envelope in which you received the Review. We would appreciate any feedback on how to improve the Review. We are aware that through a data base error, a number of subscribers did not receive certain quarters of the Review last year. If you are a subscriber and need these past issues, please contact Ms. Tamica Curling at 860-275-6050 and we will forward them to you. Alternatively, if you would like to extend your subscription by the number of quarters that you missed please indicate that to Ms. Curling. This data will soon be available by subscription on BAC's website.

If you would like to hear more about our investment banking and consulting services, please contact me personally. BAC specializes in helping clients develop and execute strategies. We are consultants and investment banking advisors to the banking industry throughout New England, New York, Pennsylvania and New Jersey. Our services are listed on the back cover of this publication.



Mergers & Acquisitions:

Northeast Bnks & Thrifts

Dec '05 - Dec '06



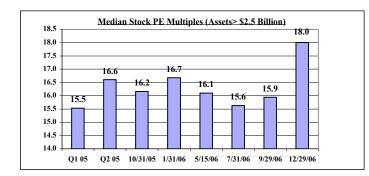
	<u>Buyer</u>	Assets		<u>Target</u>	Assets		Completion	Deal \$			PRI	CE:	
		\$MM's	State		\$MM's	State		\$ MM's	Payment	%	% Tan.	(X) LTM	%
								\$ 1 <b>11111</b> 5		Equity	Eq.	Inc	Deps
(1)	New York Community Bancorp, Inc.	25,204,692	NY	Long Island Financial Corp.	539,679	NY	12/30/05	62,984	Common Stock	2.2	2.2	19.39	15.75
(2)	Hudson Valley Holding Corp.	1,877,914	NY	New York National Bank	138,565	NY	1/3/06	13,404	Cash,Preferred S	1.88	1.88	N/A	10.4
(3)	NewAlliance Bancshares, Inc.	6,490,974	CT	Cornerstone Bancorp, Inc.	232,789	CT	1/3/06	52,877	Cash,Common S	1.93	1.93	32.6	28.18
(4)	Sun Bancorp, Inc.	3,140,962	NJ	Advantage Bank	165,981	NJ	1/19/06	35,941	Cash,Common S	2.35	2.35	38.51	21.35
(5)	National Penn Bancshares, Inc.	4,593,900	PA	Nittany Financial Corp.	326,517	PA	1/26/06	99,050	Cash,Common S	3.67	3.93	25.03	40.15
(6)	First Republic Bank	8,441,586	CA	First Signature Bank & Trust Co	516,876	NH	1/31/06	N/A	N/A	N/A	N/A	N/A	N/A
(7)	Fulton Financial Corporation	11,571,083	PA	Columbia Bancorp	91,331	MD	2/1/06	306,268	Cash,Common S	3.09	3.09	18.84	30.03
(8)	NBT Bancorp, Inc.	4,255,439	NY	CNB Bancorp, Inc.	32,550	NY	2/10/06	88,575	Cash,Common S	2.08	2.49	27.38	25.83
(9)	TD Banknorth, Inc.	31,784,335	ME	Hudson United Bancorp	432,975	NJ	2/1/06	1,923,126	Cash,Common S	3.67	4.55	17.03	28.09
(10)	Two River Community Bank	258,513	NJ	The Town Bank	147,005	NJ	4/3/06	40,321	Common Stock	2.36	2.36	24.79	25.67
(11)	Susquehanna Bancshares, Inc.	7,539,967	PA	Minotola National Bank	623,434	NJ	4/21/06	165,112	Cash,Common S	2.04	2.06	26.14	30.14
(12)	New York Community Bancorp, Inc.	25,014,944	NY	Atlantic Bank of New York	2,916,664	NY	4/28/06	400,000	Cash	1.45	1.76	12.83	23.91
(13)	Orrstown Financial Services Inc.	581,180	PA	First National Bank of Newport	123,155	PA	5/1/06	32,855	Cash,Common S	2.43	2.43	22.64	31
(14)	Cathay General Bancorp, Inc.	6,157,499	CA	Great Eastern Bk	320,510	NY	5/15/06	84,944	Cash,Common S	2.62	2.62	30.37	28.72
(15)	Wilshire Bancorp, Inc.	1,457,025	CA	Liberty Bank of New York	55,704	NY	5/22/06	14,600	Cash,Common S	N/A	N/A	N/A	N/A
(16)	F.N.B. Corporation	5,703,659	PA	Legacy Bank	382,139	PA	5/26/06	63,016	Cash,Common S	1.66	2.11	60.73	21.36
(17)	Sovereign Bancorp, Inc.	62,941,898	PA	Independence Community Bank	18,500,360	NY	6/1/06	3,577,980	Cash	1.52	3.41	17.76	31.47
(18)	Tower Bancorp, Inc.	346,828	PA	FNB Financial Corporation	180,686	PA	6/1/06	29,745	Cash,Common S	1.92	2.23	22.42	20.51
(19)	Flushing Financial Corp.	2,306,030	NY	Atlantic Liberty Financial Corp.	177,111	NY	6/30/06	44,198	Cash,Common S	1.52	1.52	86.15	41.53
(20)	Franklin Financial Services Corporation	621,357	PA	Fulton Bancshares Corporation	139,131	PA	7/1/06	23,530	Cash,Common S	1.6	1.6	N/A	21.76
(21)	Hudson City Bancorp, Inc.	26,005,131	NJ	Sound Federal Bancorp	1,149,326	NY	7/14/06	264,872	Cash	1.99	2.23	61.47	25.5
(22)	Community Bank System, Inc.	4,160,034	NY	ES&L Bancorp, Inc.	210,883	NY	8/14/06	38,963	Cash	1.78	1.78	13.86	28.8
(23)	Centra Financial Holdings	550,785	WV	Smithfield State Bank	236,244	PA	8/25/06	28,800	Cash	1.49	1.5	39.61	13.35
(24)	First Commonwealth Financial Corpor	6,026,320	PA	Laurel Capital Group, Inc.	314,295	PA	8/28/06	58,337	Cash,Common S	2.02	2.28	28.21	21.73
(25)	Allegheny Valley Bancorp	310,441	PA	RSV Bancorp Inc.	76,033	PA	9/11/06	16,220	Cash	2.36	2.36	45.06	28.28
(26)	Carver Bancorp, Inc.	660,993	NY	Community Capital Bank	159,785	NY	9/29/06	11,100	Cash	1.46	1.46	75.29	7.68
(27)	J.P. Morgan Chase & Company	###########	NY	Bank of New York	87,750,000	NY	10/2/06	3,100,000	Cash	0.36	0.55	2.42	4.68
(28)	Alliance Financial Corporation	980,421	NY	Bridge Street Financial, Inc.	227,400	NY	10/6/06	57,594	Cash,Common S	2.15	2.46	63.98	31.13
(29)	Webster Financial Corp.	17,907,186	CT	NewMil Bancorp, Inc.	877,774	CT	10/6/06	173,529	Common Stock	3.21	3.79	19.74	27.1
(30)	Passumpsic Bancorp	415,013	VT	Siwooganock Holding Co, Inc.	139,194	NH	10/18/06	16,698	Cash	1.25	1.25	19.37	14.34
(31)	Capital One Financial Corp.	88,701,411	VA	North Fork Bancorporation	57,616,871	NY	11/30/06	13,358,377	Cash,Common S	1.42	4.38	15.54	35.91
(32)	First Marblehead Corp.	N/A	MA	Union Federal Savings Bank	38,872	RI	11/30/06	N/A	N/A	N/A	N/A	N/A	N/A
(33)	Community Bank System, Inc.	4,160,034	NY	ONB Corporation	95,457	NY	12/4/06	15,700	Cash	1.69	1.7	21.02	18.96
	AVERAGE									204%	234%	31.7	24.4
	MEDIAN									196%	223%	24.9	25.8
	MINIMUM VALUE									0.36	0.55	2.4	4.7
	MAXIMUM VALUE									3.67	4.55	86.2	41.5

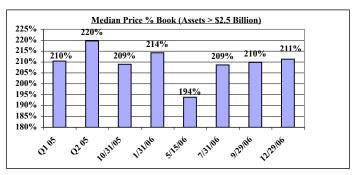
# NORTHEAST BANKING STOCK TRADING DATA THROUGH 12/29/2006

PREPARED BY: BANK ANALYSIS CENTER, INC., HTFD. CT

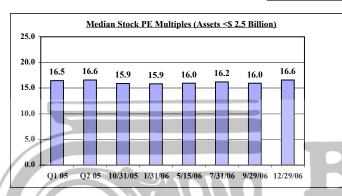
# **COMMERCIAL BANKS**

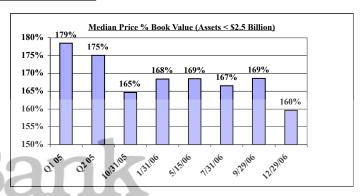
### **ASSETS GREATER THAN \$2.5 BILLION**





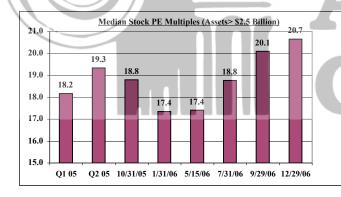
## **ASSETS LESS THAN \$2.5 BILLION**

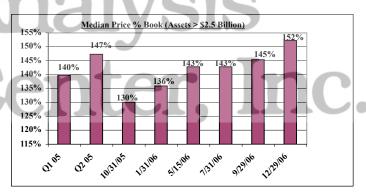




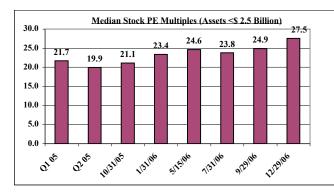
# **THRIFTS**

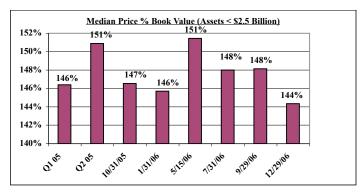
### **ASSETS GREATER THAN \$2.5 BILLION**





# **ASSETS LESS THAN \$2.5 BILLION**





PREPARED BY:

BANK ANALYSIS CENTER, INC.

HARTFORD, CT 860-275-6050

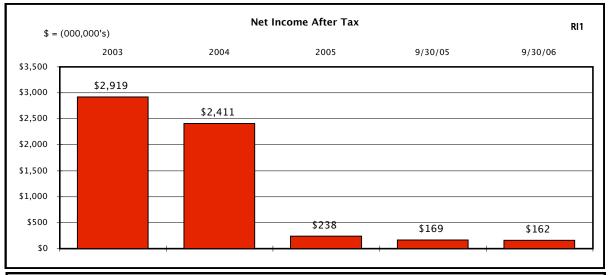
Contact: John S. Carusone, President

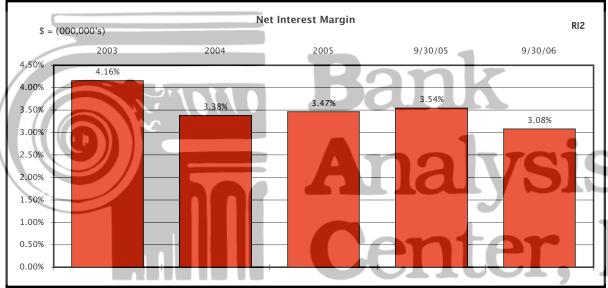
## AGGREGATE RHODE ISLAND BANKING INDUSTRY DATA AT 9/30/2006

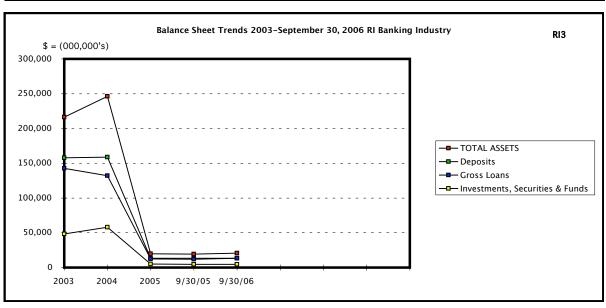
(All Federal and State Chartered Savings Banks, Commercial Banks and Savings & Loan Assocs.)
(Note: excludes trust companies and credit unions)

	Somact: Com C. Sarasone, Frestaent									
	(NOTE: \$ in 000,000's @ Period End):	2003	2004	2005	9/30/05	9/30/06	2005 -	9/30/06	9/30/05 -	9/30/06
	NM = Not Meaningful	·		•	•					,
	-						Increase/(D		Increase/(D	-
	BASIC DATA:					-	<u>\$</u>	<u>%</u>	<u>\$</u>	<u>%</u>
	INSTITUTION COUNT: (Banks, Savings Banks & S&L's)								NM = Not Meani	ngtul
(1)	Beginning balance # Institutions:	15	15	13	13	12				
(2)	- Number of institutions reduced through mergers	0	0	1	0	0	0			
(3)	+ Number of new institutions receiving permanent new charters	0	0	0	0	0	0			
(4)	- Number institutions failing/retiring in calendar year	0	0	0	0	0	0			
(5) (6)	(Cumulative number of failed institutions ) Ending balance # institutions period end:	15	15	12	13	12	(1)	-8%	(1)	-8%
(7)	# Reporting profits	12	13	10	11	10	(-7		( )	
(8)	% Reporting Profits	80%	87%	83%	85%	83%				
	BALANCE SHEET DATA:									
	ASSETS									
(9) (10)	Gross Loans -Allowance for Loan Losses	142,588 3,243	131,911 2,902	12,450 106	12,024 115	13,448 111	998 4	8% 4%	1,424 (4)	12% -4%
(11)	Net Loans	139,345	129,009	12,344	11,909	13,337	994	8%	1,428	12%
(12)	Investments, Securities & Funds	48,319	57,846	4,877	4,718	4,601	(276)	-6%	(117)	-2%
(13)	TOTAL EARNING ASSETS	187,664	186,856	17,221	16,628	17,938	717	4%	1,310	8%
(14)	90 Days Past Due Loans	529	453	7	6	6	(1)	-9%	1	14%
(15)	+Non-Accrual Loans	1,961	805	19	22	21	3	15%	(1)	-3%
(16) (17)	=Total Non-Performing Loans OREO(Non-Direct Investment)	2,490 18	1,257 27	26 4	27 2	28	2 1	8% 15%	0 3	1% 167%
(18)	TOTAL NON-PERFORMING ASSETS	2,508	1,284	29	29	32	3	9%	3	10%
(19)	All Other Assets (Cash Due,Bldgs,Prems.&Equip,Intngs,Other Assets)	26,310	57,930	2,744	2,661	2,952	208	8%	291	11%
(20)	TOTAL ASSETS	216,482	246,069	19,994	19,318	20,922	928	5%	1,604	8%
	LIABILITIES & EQUITY					NO.				
(21)	Total deposits	158,000	158,583	13,279	13,550	13,316	38	0%	(233)	-2%
(22)	All other borrowings & liabilities	35,466	35,890 51,597	5,059	4,159 1,609	5,774	714 175	14% 11%	1,615 222	39% 14%
(23) (24)	Total equity capital and surplus TOTAL LIABILITIES & EQUITY	23,016 216,482	246,069	1,656 19,994	19,318	1,832 20,922	928	5%	1,604	8%
	INCOME CTATEMENT.									
(25)	INCOME STATEMENT: Net Interest Earned	7,609	6,436	FC7	428	408	(Annua _(22)	lized) -4%	(19)	F9/
(26)	+Non-Interest Income	4,893	3,994	567 299	214	261	49	17%	47	-5% 22%
(27)	+Gains/Losses on Securities	153	(22)	16	8	3	(12)	-75%	(5)	-61%
(28)	-Non-Interest Expense	6,683	5,440	485	357	381	22	5%	24	7%
(29) (30)	-Provision for Loan Losses =Pre Tax Income	1,360 4,613	860 4,108	41 355	37 256	45 247	19 (26)	45% -7%	8 (10)	22% -4%
(31)	NET INCOME AFTER TAX	2,919	2,411	238	169	162	(20)	-9%	(7)	-4%
(32)	Charged-Off Loans	2,425	1,292	55	44	54	16	30%	10	23%
(33)	Cumulative Charged-Off Loans	0	0	0	0	0	0	#DIV/0!	0	#DIV/0!
(34)	Number of full time equiv. employees	53,925	47,476	6,799	6,615	6,788	(11)	0%	173	3%
	PERFORMANCE MEASURES:		1 0							
	(all ratios based on period end data unless otherwise indicated)			2 A.u.						10
(35) (36)	Non-Performing Loans % Gross Loans Non-Performing Assets % Assets	1.7% 1.2%	1.0% 0.5%	0.2% 0.1%	0.2% 0.2%	0.2% 0.2%	7			
(37)	Reserve % Non-Performing Loans	130%	231%	414%	418%	399%				
(38)	Return on Average Assets (R.O.A.)	1.40%	1.04%	1.26%	1.22%	1.06%				
(39)	Return on Average Equity (R.O.E.)	12.84%	6.46%	14.00%	13.42%	12.39%				
(40) (41)	Non-Interest Expense % Average Assets Non-Interest Income % Average Assets	3.2% 2.3%	2.4% 1.7%	2.6% 1.6%	2.6% 1.5%	2.5% 1.7%				
(42)	Non-Interest income % Average Assets  Non-Interest Expense Efficiency Ratio	53.6%	52.9%	56.3%	55.7%	57.1%				
(43)	Net Interest Margin	4.16%	3.38%	3.47%	3.54%	3.08%				
(44)	Tier 1 Leverage	8.8%	8.7%	7.9%	7.8%	8.4%				
(45)	Adjusted Tier 1 Leverage COMPOSITION OF EARNING ASSETS	9.2%	9.5%	8.3%	8.3%	8.8%				
(46)	% Investments, Securities, Funds	26%	31%	28%	28%	26%				
(47)	% Loans (net)	74%	69%	72%	72%	74%				
(48)	Total	100%	100%	100%	100%	100%				
(49)	Loans % Deposits  Note: Adjusted Tier 1 Leverage: (Common equity + noncumulative. perp. preferred + surplus	90%	83%	94%	89%	101%				
	Note: Adjusted Fier 1 Leverage: (Common equity + noncumulative. perp. preferred + surplus non-qualifying intangibles + unrealized security gains/(losses) + minority interest in consolidate					•				
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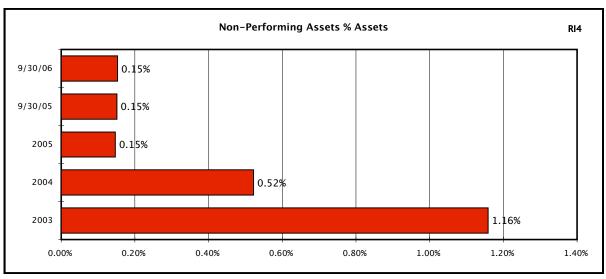
# RHODE ISLAND BANKING INDUSTRY TRENDS AS OF 09/30/06

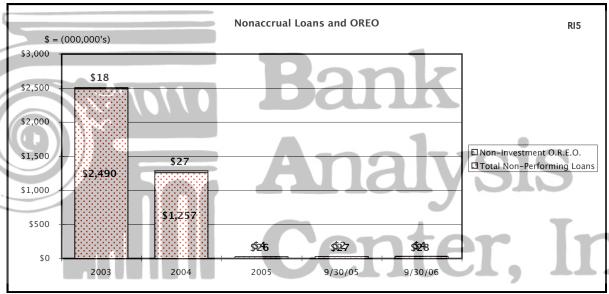


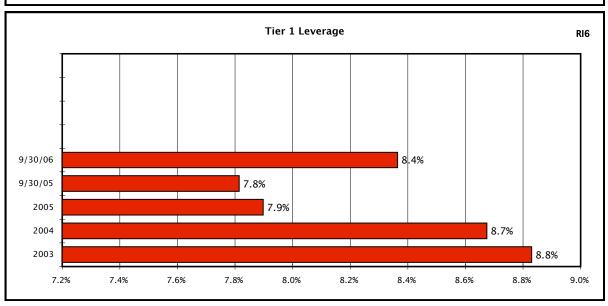




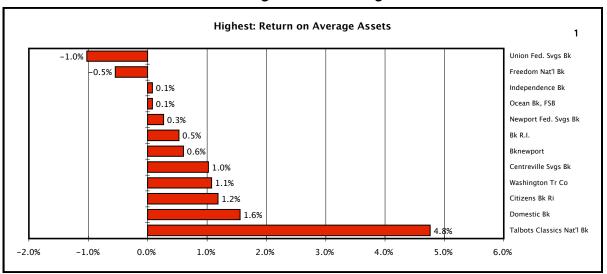
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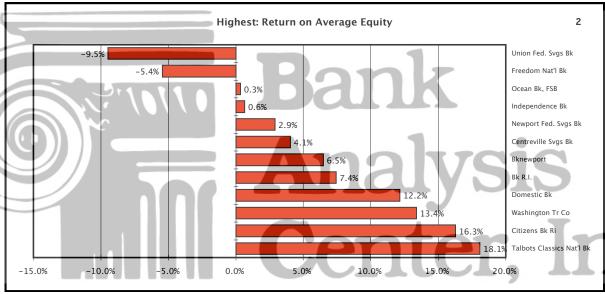


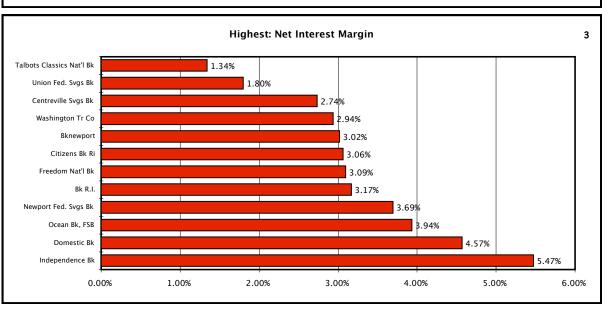




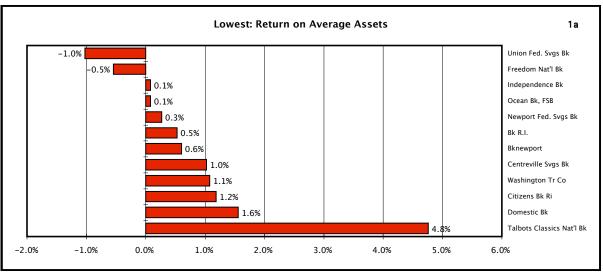
# 12 Highest Percentage

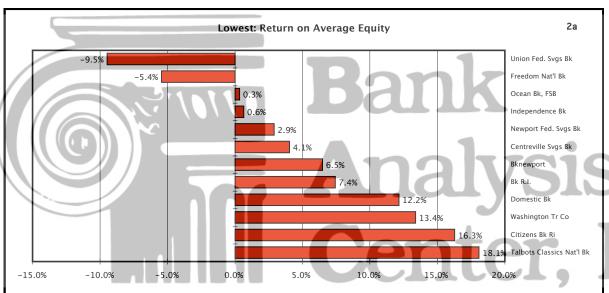


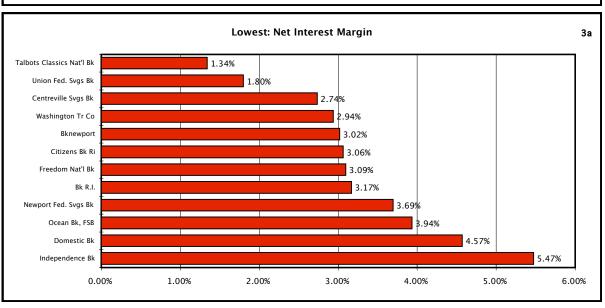




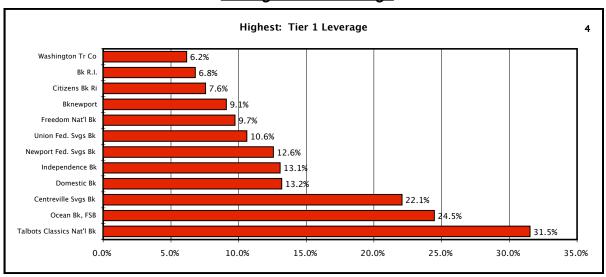
# 12 Lowest Percentage

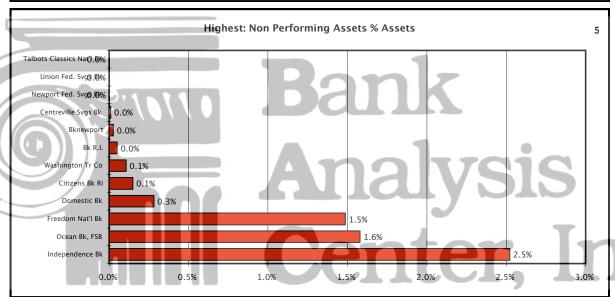


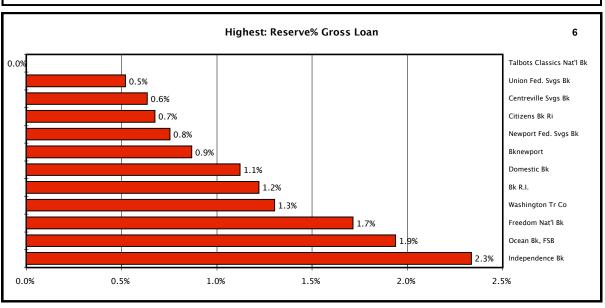




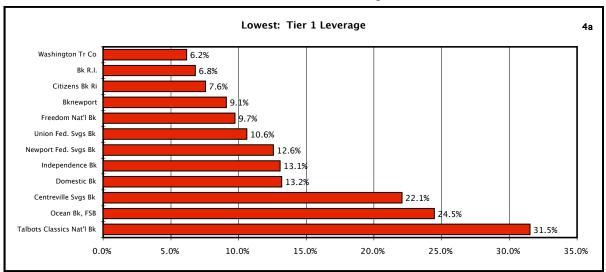
# 12 Highest Percentage

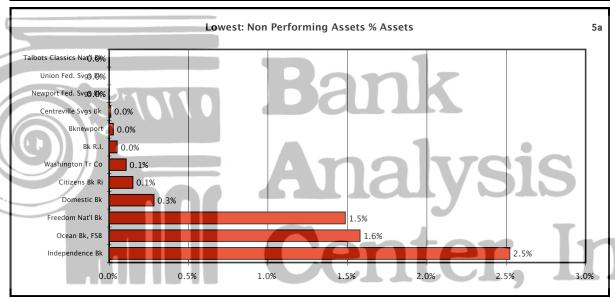


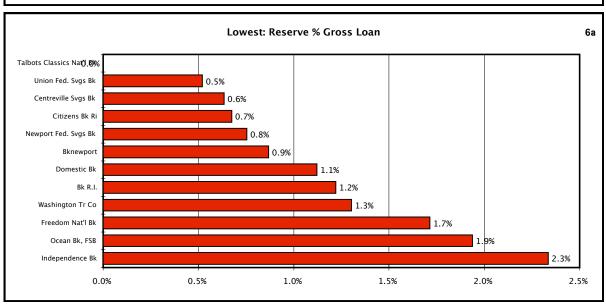




# 12 Lowest Percentage







Prepared by:	Bank Analysis Center, Inc.
Hartford, Connec	ticut (860) 275-6050

Contact: Doug Major V P

FINANCIAL CONDITION AND OPERATING PERFORMANCE (DATA AS OF SEPTEMBER 30, 2006:

# RHODE ISLAND COMMERCIAL BANKS, SAVINGS BANKS & S&L'S FDIC CALL REPORTS)

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Contact: Doug Major, V.P.																														
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)
			<u>B</u> A	ASIC D	ATA (S	ELECT)			:	N O N -	PER	F O	R M I	N G		BAL	ANC	ESHEE	T	!	CAPI	T A L		1	<u> </u>	ATING	ì	;	PRO	<u>F                                    </u>
								UNRLZD.	:					:						:		!						!		
				Realized			Investmnts.	Securities	į	Total				Non-	Loans		Г	Commercial	Retail	Other		į	Gross		Non-	Non-	Non-	Net	Return	Return
	Total	NET IN	COME	Net	Total	Gross	+ Securities	Gains/	Non-	Non-		Total	Reserve	Perf.	%	Securities		Risk	Risk & 0	Govt. Risk		Adj.	Loans	Full	Interest	Interest	Interest	Interest	on	on
Bank (\$000's)	Assets	After	Tax	Gains/	Equity	Loans	+Fed Funds	Losses	qualifying	Performing	Non-	Non-	% Non-	Assets	Earning <sup>6</sup>	% Earning	Reserve	Loans	Loans	Loans	Tier 1	Tier 1	% Total	Time	Income	Expenses	Expense	Margin	Average	Average Bank
#	Period	Prior	Current	(Loss) on	or	Period	Sold	"Held to	ntangible	Loans Ir	nvestment F	Performing	Perform.	% Assets	Assets	Assets	% Gross	% Gross	% Gross	% Gross	Levg.	Leverage	Deposits	Equiv.	% Average	% Average	Effciency (	Estimated)	Assets	Equity #
Bank Name	End	09/05	09/06	Securities	Surplus	End	(Per. End)	Maturity"	Assets	NA's+90+	O.R.E.O.	Assets	Loans (	(Per. End)	(Avg Yr.)	(Avg Yr.)	Loans	Loans (Est.) Lo	oans (Est.) Lo	oans (Est.) F	Per. End)	(Per. End)	(Per. End)	Employ.	Assets	Assets	Ratio (Fι	ıll Tax Eqv)	(After tax)	(After tax)
ASSETS \$0-\$100 Million														:								į				-		į		i
(1) Freedom National Bank	63,280	(15)	(259)	0	6,242	46,595	13,748	0	0	941	0	941	85%	1.5%	74%	26%	1.7%	77%	23%	0%	9.7%	9.5%	82%	13	0.16%	3.04%	98.2%	3.09%	-0.54%	-5.4% (1)
(2) Independence Bank	46,602	151	28	0	5,792	27,359	14,802	(115)	484	1,176	0	1,176	54%	2.5%	66%	34%	2.3%	60%	40%	0%	13.1%	11.6%	76%	23	4.74%	8.64%	88.3%	5.47%	0.08%	0.6% (2)
(3) Talbots Classics National Bank	17,520	729	498	0	3,922	0	16,564	0	0	0	0	0	0%	0.0%	0%	100%	0.0%	0%	0%	0%	31.5%	31.5%	0%	10	47.74%	39.77%	81.4%	1.34%	4.76%	18.1% (3)
(4) Union Federal Svgs Bank	40,250	(78)	(311)	0	4,235	18,061	21,369	0	0	0	0	0	0%	0.0%	49%	51%	0.5%	15%	85%	0%	10.6%	10.9%	50%	13	1.44%	4.27%	136.1%	1.80%	-1.03%	-9.5% (4)
OLIDTOTAL	407.050	707	(4.4)	•	00.404	00.045	00.400	(445)	404	0.447	•	0.447	700/	4.00/	200/	100/	4.70/	000/	400/	00/	40.50/	40.40/	050/	50	5.000/	0.040/	00.500/	0.000/	0.040/	0.004
SUBTOTAL MEDIAN	167,652 43,426	787 68	(44) (116)	0	20,191 5,014	92,015 22,710	66,483 15.683	(115) 0	484 0	2,117 471	0	2,117 471	72% 27%	1.3% 0.7%	60% 58%	40% 42%	1.7% 1.1%	60% 37%	40% 32%	0% 0%		12.1% 11.2%	65% 63%	59 13	5.80% 3.09%	8.04% 6.45%	90.56% 93.27%	3.29% 2.45%	-0.04% -0.23%	-0.3% -2.4%
WESD UT	40,420	00	(110)	U	0,014	22,710	10,000	•	Ť	771	•	-771	21 /0	0.1 70	3070	7270	1.170	07 70	0270	0,0	11.070	11.270	0070	10	0.0070	0.4070	30.E7 70	2.4070	0.2070	2.470
ASSETS \$100-\$250 Million	_								į					į						į		į						į		į
No Banks														į						į		į						į		
																				:		:						:		:
SUBTOTAL	0	0	0	0	0	0	0	0	0	0	0	0	0%	0.0%	0%	0%	0.0%	0%	0%	0%	0.0%	0.0%	0%	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.0%
MEDIAN	0	0	0	0	0	0	0	0	0	0	0	#DIV/0!	0%	0.0%	0%	0%	0.0%	0%	0%	0%	0.0%	0.0%	0%	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.0%
									į											į		į								ļ
ASSETS \$250-\$500 Million (5) Domestic Bank	281,872	2,787	3,052	0	34.762	204,974	35,642	0	412	794	0	794	290%	0.3%	86%	14%	1.1%	12%	87%	00/	13.2%	13.6%	99%	174	5.38%	6.67%	72.5%	4.57%	1.56%	12.2% (5)
(6) Newport Federal Svgs Bank	331,680	303	597	0	36,765	256,534	17,916	0	412	7 94	0	7 94	0%	0.0%	94%	6%	0.8%	26%	73%	0%		13.0 %	118%	67	0.55%	3.34%	90.2%	3.69%	0.27%	2.9% (6)
(7) Ocean Bank, FSB	287,267	307	165	0	61,383	182,928	63,876	0	0	3,885	650	4,535	91%	1.6%	57%	43%	1.9%	10%	89%		24.5%	24.3%	97%	225	6.70%	9.93%	99.2%	3.94%	0.08%	0.3% (7)
																		-				- 1								
SUBTOTAL	900,819	3,397	3,814	0	132,910	644,436	117,434	0	412	4,679	650	5,329	166%	0.6%	80%	20%	1.2%	17%	82%	0%		16.9%	105%	466	4.06%	6.52%	87.15%	4.05%	0.62%	4.1%
MEDIAN	287,267	307	597	0	36,765	204,974	35,642	0	0 ;	794	0	794	91%	0.3%	86%	14%	1.1%	12%	87%	0%	13.2%	13.6%	99%	174	5.38%	6.67%	90.21%	3.94%	0.27%	2.9%
ASSETS \$500-\$1 Billion									1													!								
(8) Centreville Svgs Bank	816,888	7,244	6,309	3,342	213,521	283,653	497,112	0	0	88	0	88	2043%	0.0%	36%	64%	0.6%	14%	86%	0%	22.1%	22.3%	50%	157	0.14%	1.84%	66.9%	2.74%	1.02%	4.1% (8)
																						i								į
SUBTOTAL	816,888	7,244	6,309	3,342	213,521	283,653	497,112	0	0	88	0	88	2043%	0.0%	36%	64%	0.6%		86%	0%		22.3%	50%	157	0.14%	1.84%	67.44%	2.74%	1.02%	4.1%
MEDIAN	816,888	7,244	6,309	3,342	213,521	283,653	497,112	0	0	88	0	88	2043%	0.0%	36%	64%	0.6%	14%	86%	0%	22.1%	22.3%	50%	157	0.14%	1.84%	66.88%	2.74%	1.02%	4.1%
ASSETS OVER \$1 Billion				•				1 1	1													į								į
(9) Bank Rhode Island	1,496,672	7,965	5,794	(859)	106,455	1,008,148	400,208	0	11,317	744	0	744	1653%	0.0%	71%	29%	1.2%	50%	50%	0%	6.8%	7.6%	102%	287	0.65%	2.67%	73.6%	3.17%	0.53%	7.4% (9)
(10) Banknewport	1,021,401	6,366	4,590	(75)	96,617	620,671	336,434	(213)	9,001	276	0	276	1952%	0.0%	64%	36%	0.9%	24%	76%	0%		9.6%	88%	255	1.22%	3.16%	78.0%	3.02%	0.60%	6.5% (10)
(11) Citizens Bank Ri	14,116,034	125,954	122,184		1,059,383	9,367,647	2,424,247	0	59,771	17,650	3,263	20,913	358%	0.1%	78%	22%	0.7%	14%	81%	1%		7.9%	109%	5,131	1.75%	2.09%	48.5%	3.06%	1.18%	16.3% (11)
(12) Washington Trust Co	2,402,410	17,014	19,430	<b>45</b> 9	202,584	1,431,397	758,790	(1,746)	58,633	2,180	402	2,582	855%	0.1%	64%	36%	1.3%	40%	60%	1%	6.2%	6.8%	84%	433	1.73%	2.76%	62.5%	2.94%	1.08%	13.4% (12)
SUBTOTAL	19,036,517	157,299	151.998	(418)	1,465,039	12,427,863	3,919,679	(1,959)	138,722	20,850	3,665	24,515	477%	0.1%	75%	25%	0.8%	20%	76%	1%	7.4%	7.8%	104%	6,106	1.63%	2.28%	53.90%	3.05%	1.09%	14.6%
MEDIAN	1,949,541	12,490	12,612	(9)	154,520	1,219,773	579,499	(107)	34,975	1,462	201	1,663	1254%		68%	32%	1.0%	32%	68%	0%		7.8%			1.47%	2.71%	68.06%	3.04%	0.84%	10.4%
													4					_												
RHODE ISLAND	20,921,876	168,727	162,077	2,924	1,831,661	13,447,967	4,600,708	(2,074)	139,618	27,734	4,315	32,049	399%	0.2%	73%	27%	0.8%	20%	79%	1%	8.4%	8.8%	101%	6,788	1.70%	2.48%	57.14%	3.08%	1.06%	12.4%

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# Center, Inc.

Prepared by: Bank Analysis Center, Inc.

Hartford, Connecticut (860) 275-6050

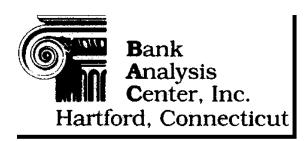
Contact: Doug Major, V.P.

\$=000's; except per share which is in \$					BASIC	DATA DATE	SHARE INFORMATION DATA						END DATA		PRICING DATA											
LTM=Latest 12 Months	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12) Diluted	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22) Ava	(23)	(24)	(25)	(26)
			Filing	Total	Total	Total	Total Tangible	Total LTM Net	Common Shares	Book Value	Tangible Book Value	EPS after Extrdnry.	Median EPS Estimate (\$)	Quarterly Dividends	Dividends Declared (\$)	Current Dividend	High	Low	High Price	Low Price	Price (\$)	Daily Vol	Price/LTM Earnings	Price/ Book (%)	12 Mth Price	12 Mth
Company Name	Ticker	Industry	Date	Assets	Deposits	Equity	Equity	Income	Outstanding	per Share (\$)	per Share (\$)	(\$)LTM	Current Year	Declared (\$)	LTM		Price (\$)	Price (\$)	Date	Date	12/29/06	12/29/06	12/29/06	12/29/06	Chg	Return
(1) Bancorp Rhode Island, Inc.	BARI	Bank	09/30/06	1,496,855	987,623	109,387	98,070	7,409	4,773,771	\$22.91	\$20.54	\$1.51	\$1.71	\$0.15	\$0.60	1.4%	\$46.20	\$32.53	09/21/06	01/04/06	\$43.25	9,420	28.64	188.8%	29.93%	31.98% (1)
(2) Newport Bancorp, Inc.	NFSB	Thrift	09/30/06	292,729	198,713	59,255	59,255	NA	4,878,349	\$12.15	\$12.15	NA	NA	\$0.00	\$0.00	0.0%	\$14.48	\$12.25	09/01/06	07/07/06	\$13.66	3,466	NA	112.5%	NA	NA (2)
(3) Washington Trust Bancom, Inc.	WASH	Bank	09/30/06	2 403 266	1 700 186	172 420	114 662	24 981	13 445 064	\$12.82	\$8.53	\$1.82	\$1.84	\$0.19	\$0.76	2 7%	\$29.49	\$24.01	03/17/06	07/14/06	\$27.89	19 134	15.3	217.6%	6.5%	9.6% (3)

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# Bank Analysis Center, Inc.



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- Fairness Opinions for Board of Directors
- Valuations and Appraisal of Financial Institutions & Service Firms
- Capital Raising & Planning
- Budgeting and Financial Forecasting
- Branch Purchases and Sales
- Asset/Liability Management & Interest Rate Risk Assessment
- Financial Measurement, Control Systems & Profitability Systems
- Appraisal & Conversion Valuation for Thrifts Converting from Mutual to Stock

# Strategic:

- Strategic Alternatives Assessment (Sell, Independence, Acquire or Merge)
- Strategic Planning Meetings and Retreats
- Acquisition Strategy Formulation
- Organizational Structure & Management Review
- Review of Competitive Position on Markets, Products & Services
- Profit Improvement and Performance Review
- Expense Reduction Evaluation
- Market Research

Internet Banking

# Regulatory:

- Review, Preparation & Response for Regulatory Examinations
- Representation & Negotiation on Regulatory Enforcement Actions
- Compliance Assessment of Regulatory Agreements & Requirements
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• Chief: Executive Officers, Operating Officers, Financial Officers, Lending Officers

Contact a BAC representative for information on these and other services.

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