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Banks and Excess Equity19JOHN DONNELLY, SEAN O'DONNELL,
BRIAN GORSKI AND KELLY SMILLIE
CONTRIBUTED TO THIS REPORT**De Novo Banks –
Why the Tortoise
is Still Winning
the Race**

Since 2001 **Donnelly Penman & Partners** (“DPP”) has been tracking the performance of a theoretical \$10,000 investment in a select group of publicly traded Midwest de novo banks (the “**Midwest Group**”). In each year of our study (2001 to 2005), the Midwest Group has outperformed the S&P 500 and the NASDAQ Bank Index for that year.

In 2005 our Midwest Group once again produced returns that outperformed the S&P 500 and the NASDAQ Bank Index. However, it should be noted that 2005 was a less impressive performance year for the Midwest Group, and for financial institutions based in the Midwest in general, as compared to the bank performance in higher growth markets throughout the country (as will be noted elsewhere in this report). Nonetheless, the Midwest Group produced the following:

- The Midwest Group was up 3.2% in 2005 versus 3.0% for the S&P 500 and a negative return for the NASDAQ Bank Index of -4.3%. This compares to an annual return of 19.7% in 2004 for the Midwest Group. It should be noted that four institutions in the Midwest Group experienced negative returns in 2005, the highest number since the inception of this publication.
- For the 5-year period ended calendar 2005, the average compound annual stock growth rate (CAGR) of the Midwest Group was 20.8%, compared to a negative return of -1.1% for the S&P 500 and 9.7% for the NASDAQ Bank Index.¹ ■

¹All indices exclude dividend reinvestment.

Bank Name	City	State	Year Founded	Year 5 Assets \$000	Year 5 ROAA (%)
Southeast Veteran Growth All-Stars					
Georgian Bank	Atlanta	GA	11/14/2001	1,153,552	1.03%
FSGBank, National Association	Chattanooga	TN	06/26/2000	761,572	0.71%
Pinnacle National Bank	Nashville	TN	10/27/2000	726,681	0.93%
United Heritage Bank	Orlando	FL	03/15/2001	706,696	0.63%
TowneBank	Portsmouth	VA	04/08/1999	560,040	0.78%
Cardinal Bank	McLean	VA	06/08/1998	483,135	0.00%
Beach Community Bank	Fort Walton Beach	FL	04/27/2001	467,445	1.34%
Integrity Bank	Alpharetta	GA	11/01/2000	444,631	1.02%
Centra Bank, Inc.	Morgantown	WV	02/14/2000	441,940	0.53%
Primetrust Bank	Nashville	TN	12/17/2001	419,302	0.73%
High				1,153,552	1.34%
Low				419,302	0.00%
Mean				616,499	0.77%
Median				521,588	0.76%

Southeast Veteran Profitability All-Stars					
TransCapital Bank	Hallandale Beach	FL	07/26/1999	81,095	3.74%
Small Town Bank	Wedowee	AL	07/02/1999	70,838	2.13%
Douglas National Bank	Douglas	GA	11/19/2001	106,922	2.05%
Alamerica Bank	Birmingham	AL	01/28/2000	61,278	1.90%
First Home Bank	Seminole	FL	02/18/1999	52,475	1.88%
Flagler Bank	West Palm Beach	FL	04/10/2000	66,578	1.84%
Access National Bank	Reston	VA	12/01/1999	134,969	1.54%
Haven Trust Bank	Duluth	GA	01/24/2000	175,306	1.46%
Community Bank of Pickens County	Jasper	GA	10/02/2000	152,783	1.44%
Peoples Bank	Shridan	AR	09/13/2000	63,393	1.44%
High				175,306	3.74%
Low				52,475	1.44%
Mean				96,564	1.94%
Median				75,967	1.86%

Bank Name	Class	City	State	Date Founded	Total Assets \$000*	LTM ROAA (%)
Southeast Rookie All-Stars						
U.S. Century Bank	2002	Miami	FL	10/28/2002	1,069,963	1.32
First Chatham Bank		Savannah	GA	01/23/2002	313,863	0.75
Community Bank of Broward		Dania Beach	FL	01/22/2002	301,643	0.82
McIntosh Commercial Bank		Carrollton	GA	11/05/2002	262,721	0.59
First Bank of Henry County		McDonough	GA	01/28/2002	251,379	1.21
First Georgia Banking Company	2003	Franklin	GA	11/03/2003	443,623	-0.56
Tidelands Bank		Mount Pleasant	SC	10/06/2003	301,213	0.59
Homestead Bank		Suwanee	GA	02/24/2003	287,491	1.30
First Priority Bank		Brandenton	FL	12/08/2003	202,549	0.01
First Commerce Community Bank		Douglasville	GA	03/01/2003	201,958	1.59
Great Florida Bank	2004	Miami Lakes	FL	06/29/2004	1,297,509	0.38
Mountain 1st Bank & Trust Company		Hendersonville	NC	04/30/2004	413,471	0.77
CoastalStates Bank		Hilton Head Is	SC	08/09/2004	224,006	0.56
MidSouth Bank		Murfreesboro	TN	01/20/2004	190,695	-1.18
First National Bank of Forsyth County		Cumming	GA	04/05/2004	156,652	1.19
ServisFirst Bank	2005	Birmingham	AL	05/02/2005	390,453	0.43
Square 1 Bank		Durham	NC	08/08/2005	277,220	NA
NewDominion Bank		Charlotte	NC	01/10/2005	233,102	-1.75
CommunitySouth Bank & Trust		Easley	SC	01/18/2005	202,926	0.47
Paragon National Bank		Memphis	TN	01/19/2005	202,095	-1.42
High					1,297,509	1.59
Low					156,652	-1.75
Mean					361,227	0.37
Median					269,971	0.59

Source: SNL Financial

* As of June 30, 2006.