



December 20, 2011

TO: Agency Fed Fund Participants

RE: Quarterly Evaluation of Fed Fund financial institutions (Exhibit "A")

The quarterly review of the Fed Fund Agency pool has been completed. This evaluation is based on the September 30, 2011 financial data and the ongoing Short Term Ratings and is effective immediately.

In an effort to more readily track financial institutions that may be under strain, we have incorporated the Texas Ratio into the analysis. This ratio came from research done on Texas banks during the early 1980s (hence the name) and was tested again on New England bank failures during the 1990s. It has a reasonably high degree of accuracy when asset quality is the biggest issue in the industry. The research found that institutions tended to be severely stressed and fail when this ratio climbed above 100%. The calculation for the Texas Ratio = (all loans past due 90 days or more + nonaccrual loans + OREO) / (Tier 1 Capital + loan loss reserves).

We continue to add and/or trade with certain credit unions as these are covered under the NCUA "NCUSIF" Guarantee Program through September 30, 2012.

Government Sponsored Enterprises or "GSEs" are often in the market for overnight fed fund purchases. GSEs would include all of the Federal Home Loan Banks, Freddie Mac and Fannie Mae. All of these entities carry at least a AA+ rating or implied AAA credit rating.

Reinstated:

- None

Temporarily Suspended: *(Did not meet minimum requirements)*

- Valley National Bank Wayne, NJ

Removed:

- M&I Marshall and Ilsley Bank - Merged



Added:

- None

As we continue to monitor the market given the changes throughout the banking industry, and in an effort to provide further diversification, PCBB has approved select foreign banks as permissible alternatives in the Fed Fund overnight market. Complimenting the many regional banks that populate our line list, the foreign banks doing business in the U.S. can help diversify and reduce risk, particularly when considering the overall size of such institutions. Only those offices of the foreign banks operating in the U.S. that meet our short term debt ratings criteria are eligible for approval, those institutions are listed on the Exhibit A as attached.

Institutions in the program meet or exceed requirements of minimum assets of \$1.0 billion or more, a Texas Ratio of less than 70%, are well capitalized per regulatory standards, has a Fitch Short Term Rating of F2 or better, an S&P rating of A-2 or better, or a Moody's rating of P-2 or better. Note that Pacific Coast Bankers' Bank may also borrow from the Agency Fed Funds pool from time to time under the program, subject to meeting regulatory well capitalized standards and maintaining a Texas Ratio less than 70%.

All approved bank financial information has been included on "Exhibit A" and can also be viewed on our website www.pccb.com.

Should you have any questions regarding these most recent changes, please feel free to call us at 888-399-1912.



US Banks

FDIC Cert #	Bank Name	City	State	Texas Ratio	Qualifying Rating	Short Term Rating	Tier 1 Leverage	Tier 1 Risk Based	Total Risk Based	Reg Capital Category Status	Assets (Billions)
35328	American Express Bank, FSB.	Salt Lake City	UT	5.5%	Fitch	F1	16.31%	18.96%	21.40%	Well	39.735
27471	American Express Centurion Bank	Salt Lake City	UT	5.0%	Fitch	F1	20.18%	20.64%	21.90%	Well	30.564
5296	Associated Bank, National Association	Green Bay	WI	18.4%	Moody's	P-2	10.35%	15.57%	16.84%	Well	21.644
29805	Astoria Federal Savings and Loan Association	Long Island City	NY	26.1%	Fitch	F2	8.75%	14.89%	16.18%	Well	16.941
11813	BancorpSouth Bank	Tupelo	MS	37.5%	Moody's	P-2	8.51%	11.12%	12.38%	Well	13.199
3510	Bank of America, National Association	Charlotte	NC	40.8%	Fitch	F1+	8.59%	11.42%	14.82%	Well	1,466.417
18053	Bank of Hawaii	Honolulu	HI	4.9%	Fitch	F1	6.49%	16.33%	17.60%	Well	13.327
4214	Bank of Oklahoma, National Association	Tulsa	OK	21.2%	Fitch	F1	8.29%	11.63%	15.05%	Well	24.859
3514	Bank of the West	San Francisco	CA	18.6%	Fitch	F1+	11.74%	14.23%	15.49%	Well	61.857
35141	BMW Bank of North America	Salt Lake City	UT	1.0%	Moody's	P-1	11.59%	12.16%	12.60%	Well	8.915
9846	Branch Banking and Trust Company	Winston Salem	NC	28.1%	Fitch	F1	9.93%	13.69%	15.98%	Well	162.170
4297	Capital One, National Association	McLean	VA	16.7%	Fitch	F1	9.23%	12.26%	13.49%	Well	129.500
33954	Capital One Bank USA, N.A.	Glen Allen	VA	9.7%	Fitch	F1	11.32%	13.03%	17.00%	Well	68.881
23702	Chase Bank USA, National Association	Newark	DE	7.2%	Fitch	F1+	11.65%	11.70%	15.08%	Well	116.988
7213	Citibank, National Association	Las Vegas	NV	12.9%	Fitch	F1+	9.55%	14.97%	16.52%	Well	1,300.674
57282	Citizens Bank of Pennsylvania	Philadelphia	PA	11.0%	Fitch	F1	10.57%	15.06%	16.44%	Well	32.896
17281	City National Bank	Beverly Hills	CA	29.5%	Moody's	P-1	8.13%	12.30%	14.79%	Well	22.743
983	Comerica Bank	Dallas	TX	15.9%	Fitch	F1	11.37%	10.61%	14.44%	Well	60.806
24998	Commerce Bank, National Association	Kansas City	MO	6.4%	Moody's	P-1	8.69%	13.07%	14.32%	Well	20.481
6989	Community Bank, National Association	Canton	NY	4.2%	Fitch	F2	7.72%	13.08%	14.28%	Well	6.479
19048	Compass Bank	Birmingham	AL	33.8%	Fitch	F1	9.17%	11.24%	14.46%	Well	64.457
623	Deutsche Bank Trust Company Americas	New York	NY	3.8%	Fitch	F1+	21.96%	37.08%	37.55%	Well	45.806
5649	Discover Bank	Greenwood	DE	8.5%	Fitch	F2	10.47%	11.85%	15.23%	Well	66.772
6672	Fifth Third Bank	Cincinnati	OH	18.8%	Fitch	F1	11.36%	12.25%	14.04%	Well	112.475
7468	First Commonwealth Bank	Indiana	PA	24.7%	Fitch	F2	11.62%	13.17%	14.42%	Well	5.592
17985	First Hawaiian Bank	Honolulu	HI	2.8%	Fitch	F1+	11.85%	19.06%	20.40%	Well	15.364
3709	First Midwest Bank	Itasca	IL	27.6%	Moody's	P-2	10.63%	13.58%	14.84%	Well	8.249
5452	First National Bank of Omaha	Omaha	NE	15.3%	Moody's	P-2	10.08%	12.85%	16.02%	Well	13.158
13675	Firstmerit Bank, National Association	Akron	OH	15.1%	Fitch	F1	7.26%	10.17%	11.38%	Well	14.671
7551	Fulton Bank, National Association	Lancaster	PA	18.3%	Fitch	F1	9.89%	11.33%	13.16%	Well	8.998
12441	Hancock Bank	Gulfport	MS	22.4%	Moody's	P-2	6.93%	12.22%	13.50%	Well	5.119
628	JPMorgan Chase Bank, National Association	Columbus	OH	32.9%	Fitch	F1+	5.48%	9.33%	12.98%	Well	1,826.387
17534	KeyBank National Association	Cleveland	OH	10.4%	Fitch	F1	10.93%	12.75%	16.45%	Well	86.565
588	Manufacturers and Traders Trust Company	Buffalo	NY	31.3%	Fitch	F1	8.66%	9.00%	12.30%	Well	76.720
32992	Morgan Stanley Bank, National Association	Salt Lake City	UT	0.8%	Fitch	F1+	12.25%	14.47%	17.04%	Well	66.793
16022	New York Community Bank	Westbury	NY	27.7%	Fitch	F2	8.79%	12.96%	13.55%	Well	39.466
3832	Old National Bank	Evansville	IN	56.2%	Fitch	F2	7.08%	11.00%	12.27%	Well	8.792
34252	Pacific Coast Bankers' Bank	San Francisco	CA	14.2%	---	---	10.02%	28.10%	29.36%	Well	0.686
6384	PNC Bank, National Association	Pittsburgh	PA	29.0%	Fitch	F1	10.35%	11.86%	15.02%	Well	261.236
57957	RBS Citizens, National Association	Providence	RI	15.0%	Fitch	F1	9.86%	11.68%	13.10%	Well	107.564
12368	Regions Bank	Birmingham	AL	27.1%	Fitch	F2	9.40%	12.36%	15.46%	Well	125.488
24735	Silicon Valley Bank	Santa Clara	CA	3.1%	Moody's	P-1	6.93%	11.63%	13.07%	Well	18.018
29950	Sovereign Bank	Wyomissing	PA	14.7%	Fitch	F1+	11.58%	14.41%	16.71%	Well	76.113
14	State Street Bank and Trust Company	Boston	MA	0.7%	Fitch	F1+	7.11%	16.46%	18.40%	Well	203.490
867	SunTrust Bank	Atlanta	GA	34.7%	Fitch	F2	8.74%	10.75%	13.21%	Well	166.486
28330	TCF National Bank	Wayzata	MN	26.1%	Fitch	F1	8.67%	12.00%	14.13%	Well	19.115
33947	TD Bank USA, National Association	Portland	ME	0.1%	Fitch	F1+	9.54%	162.25%	162.46%	Well	13.404
639	The Bank of New York Mellon	New York	NY	2.7%	Fitch	F1+	5.11%	13.48%	17.03%	Well	251.529
5510	The Frost National Bank	San Antonio	TX	9.8%	Fitch	F1	8.28%	13.69%	14.58%	Well	19.537
6560	The Huntington National Bank	Columbus	OH	14.5%	Fitch	F1	7.79%	9.40%	13.54%	Well	54.760
913	The Northern Trust Company	Chicago	IL	2.6%	Fitch	F1+	6.43%	11.33%	13.62%	Well	83.195
4988	Trustmark National Bank	Jackson	MS	22.8%	Fitch	F1	10.12%	14.38%	16.38%	Well	9.590

FDIC Cert #	Bank Name	City	State	Texas Ratio	Qualifying Rating	Short Term Rating	Tier 1 Leverage	Tier 1 Risk Based	Total Risk Based	Reg Capital Category Status	Assets (Billions)
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NOTES

Texas Ratio Ratio came from research done on Texas banks during the early 1980s (hence the name) and was tested again on New England bank failures during the 1990s. It has a reasonably high degree of accuracy when asset quality is the biggest issue in the industry. The research found that institutions tended to be severely stressed and fail when this ratio climbed above 100%.

Calculation (All loans past due 90 days or more + Nonaccrual loans + OREO) / (Tier 1 Capital + Loan Loss Reserves)

Fitch (may have an added "+" to denote any exceptionally strong credit feature)

F1 Highest short-term credit quality. Indicates the strongest intrinsic capacity for timely payment of financial commitments

F2 Good short-term credit quality. Good intrinsic capacity for timely payment of financial commitments.

Moody's (certain obligations are designated with a plus sign (+) which indicates that the obligor's capacity to meet its financial commitment on these obligations is extremely strong)

P-1 Issuers (or supporting institutions) rated Prime-1 have a superior ability to repay short-term debt obligations.

P-2 Issuers (or supporting institutions) rated Prime-2 have a strong ability to repay short-term debt obligations.

Standard & Poor's (certain obligations are designated with a plus sign (+) which indicates that the obligor's capacity to meet its financial commitment on these obligations is extremely strong)

A-1 A short-term obligation rated 'A-1' is rated in the highest category by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is strong.

A-2 A short-term obligation rated 'A-2' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories. However, the obligor's capacity to meet its financial commitment on the obligation is satisfactory.

Regulatory Capital Category Definitions

	<u>Leverage</u>	<u>Tier 1 RBC</u>	<u>Total RBC</u>	
Well Capitalized	>=5%	>=6%	>=10%	Well
Adequately Capitalized	>=4%	>=4%	>=8%	Adequate
Undercapitalized	>=3%	>=3%	>=6%	Under
Significantly Undercapitalized	<3%	<3%	<6%	Significantly Under
Critically Undercapitalized	---	---	---	Critically Under

Pacific Coast Bankers' Bank

PCBB From time to time under the program, Pacific Coast Bankers' Bank may also borrow from the Agency Fed Funds pool.