December 17, 2013

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, 2013 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).

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)*

- First Commonwealth Bank Indiana, PA

Removed:

- None

Added:

- None

p: (888) 399-1930 a: 1676 N. California Blvd., Suite 300
w: www.pcbb.com Walnut Creek, CA 94596

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.pcbb.com.

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

PCBB
PACIFIC COAST BANKERS' BANK

Agency Fed Funds Approved List
Exhibit "A"
September 2013 Call Report Data

FDIC Cert	Bank Name	City	State	Texas Ratio	Fitch ST Rating	Moody's ST Rating	S&P ST Rating	Tier 1 Leverage (%)	Tier 1 RBC (%)	Total RBC(%)	Assets (Thousands)
35328	American Express Bank, FSB	Salt Lake City	UT	4.71	F1	P-1	A-2	17.32	16.56	18.81	38,510,376
27471	American Express Centurion Bank	Salt Lake City	UT	4.15	F1	P-1	A-2	18.32	20.74	22.00	33,181,651
5296	Associated Bank, National Association	Green Bay	WI	15.42	F3	P-2		9.79	13.43	14.68	23,386,535
29805	Astoria Federal Savings and Loan Association	New Hyde Park	NY	29.49	F3	P-2	A-2	9.61	15.61	16.87	15,955,012
11813	BancorpSouth Bank	Tupelo	MS	15.56			A-2	9.85	13.12	14.38	12,924,483
3510	Bank of America, National Association	Charlotte	NC	28.18	F1	P-1	A-1	9.25	12.42	13.97	1,438,859,000
18053	Bank of Hawaii	Honolulu	HI	8.03		P-1		6.57	14.60	15.86	13,894,892
639	Bank of New York Mellon	New York	NY	2.07	F1+	P-1	A-1+	5.35	14.33	14.84	291,475,000
3514	Bank of the West	San Francisco	CA	13.93	F1	P-1	A-1	12.65	14.71	15.96	65,083,886
35141	BMW Bank of North America	Salt Lake City	UT	1.14		P-1		11.79	12.17	12.45	9,916,304
4214	BOKF, National Association	Tulsa	OK	10.01	F1	P-1	A-1	7.90	10.90	12.75	26,911,962
33954	Capital One Bank (USA), National Association	Glen Allen	VA	15.66	F1	P-2	A-2	10.57	12.21	15.72	78,383,591
4297	Capital One, National Association	McLean	VA	13.13	F1	P-2	A-2	9.12	13.43	14.55	234,771,390
23702	Chase Bank USA, National Association	New York	NY	21.95	F1	P-1	A-1	10.99	12.05	15.49	122,430,793
7213	Citibank, N.A.	Sioux Falls	SD	14.98	F1	P-1	A-1	9.54	13.70	15.80	1,344,751,000
57282	Citizens Bank of Pennsylvania	Philadelphia	PA	9.13	F2	P-2	A-2	11.67	16.60	17.65	32,509,460
17281	City National Bank	Los Angeles	CA	7.04	F1	P-1	A-2	7.22	9.92	12.85	28,704,112
983	Comerica Bank	Dallas	TX	8.34	F1	P-1	A-1	10.80	10.63	13.25	64,590,524
24998	Commerce Bank	Kansas City	MO	7.54		P-1		8.41	12.23	13.37	22,311,155
6989	Community Bank, National Association	De Witt	NY	6.27	F2			8.11	14.01	15.14	7,274,795
19048	Compass Bank	Birmingham	AL	12.84	F2	P-2	A-3	9.72	11.31	13.59	69,789,088
623	Deutsche Bank Trust Company Americas	New York	NY	2.66	F1+	P-1	A-1	17.30	33.31	33.65	53,228,000
5649	Discover Bank	Greenwood	DE	16.03	F2	P-3		11.96	13.54	15.88	74,034,370
6672	Fifth Third Bank	Cincinnati	OH	21.44	F1	P-2	A-2	11.02	11.61	12.96	123,338,495
17985	First Hawaiian Bank	Honolulu	HI	4.31	F1	P-1	A-1	10.75	17.07	18.43	16,690,680
3709	First Midwest Bank	Itasca	IL	14.93	F3	P-2	A-2	10.02	12.65	13.90	8,378,955
5452	First National Bank of Omaha	Omaha	NE	19.59	F3	P-2		9.94	11.43	13.11	14,255,620
13675	FirstMerit Bank, National Association	Akron	OH	14.68	F2	P-1	A-2	8.53	12.00	12.93	24,083,861
5510	Frost Bank	San Antonio	TX	5.53	F1	P-1	A-1	7.64	12.88	13.58	23,545,565
7551	Fulton Bank, National Association	Lancaster	PA	12.95	F2	P-2		9.76	11.59	13.00	9,636,181
12441	Hancock Bank	Gulfport	MS	14.60	F2	P-2	A-2	8.91	12.44	13.70	6,606,442
6560	Huntington National Bank	Columbus	OH	21.12	F1	P-2		10.01	11.41	13.11	56,434,306
628	JPMorgan Chase Bank, National Association	Columbus	OH	20.31	F1	P-1	A-1	6.55	10.66	13.30	1,989,875,000
17534	KeyBank National Association	Cleveland	OH	8.10	F1	P-2	A-2	9.93	10.82	13.43	88,092,809
588	Manufacturers and Traders Trust Company	Buffalo	NY	19.15	F1	P-1	A-1	9.12	10.04	13.04	83,615,586
32992	Morgan Stanley Bank, National Association	Salt Lake City	UT	1.06	F1	P-2	A-1	10.80	14.45	16.73	99,782,000
16022	New York Community Bank	Westbury	NY	7.28	F2	P-2	A-2	8.21	12.32	13.08	42,633,462
913	Northern Trust Company	Chicago	IL	6.04	F1+	P-1	A-1+	7.15	11.73	13.34	95,631,363
3832	Old National Bank	Evansville	IN	15.57		P-1		7.78	12.55	13.45	9,500,943
34252	Pacific Coast Bankers' Bank	Walnut Creek	CA	16.11				11.83	28.35	29.60	567,355

PCBB
PACIFIC COAST BANKERS' BANK

Agency Fed Funds Approved List
Exhibit "A"
September 2013 Call Report Data

6384	PNC Bank, National Association	Wilmington	DE	21.83	F1	P-1	A-1	10.07	11.12	14.44	298,485,621
57957	RBS Citizens, National Association	Providence	RI	17.50	F2	P-2	A-2	11.70	12.94	14.52	98,282,921
12368	Regions Bank	Birmingham	AL	31.83	F3	P-3	A-2	10.72	12.48	14.95	116,068,082
29950	Santander Bank, N.A.	Boston	MA	17.36	F2	P-2	A-2	11.80	13.75	15.67	74,218,976
24735	Silicon Valley Bank	Santa Clara	CA	2.13		P-1		7.46	11.08	12.31	22,347,287
14	State Street Bank and Trust Company	Boston	MA	1.63	F1+	P-1	A-1+	6.54	16.06	18.77	212,689,010
867	SunTrust Bank	Atlanta	GA	24.01	F2	P-2	A-2	9.72	11.13	13.07	167,525,054
28330	TCF National Bank	Sioux Falls	SD	51.68	F3	P-2	A-2	9.02	10.75	13.00	18,409,155
18409	TD Bank, N.A.	Wilmington	DE	12.20	F1+	P-1	A-1+	6.88	11.29	12.43	215,432,360
4988	Trustmark National Bank	Jackson	MS	25.28	F2	P-2	A-2	8.54	12.33	13.66	11,691,188
8273	UMB Bank, National Association	Kansas City	MO	2.93	F1		A-1	7.36	11.49	12.31	15,905,248
22826	Union Bank, National Association	San Francisco	CA	11.51	F1	P-1	A-1	9.56	10.96	13.00	104,956,215
18221	Webster Bank, National Association	Waterbury	CT	25.53	F2	P-2	A-2	8.24	12.02	13.21	20,573,651
3511	Wells Fargo Bank, National Association	Sioux Falls	SD	27.78	F1+	P-1	A-1+	8.73	10.54	13.14	1,328,010,000

PACIFIC COAST BANKERS' BANK

Foreign Banks

Bank Name	Country	Qualifying Rating	Short Term Rating	Assets in US Dollars 8/18/2011 Currency (Billions)
Banco Bilbao Vizcaya Argentaria	Spain	Fitch	F2	740.142
Bank of Montreal	Canada	Moodys	P-1	194.608
Bank of Nova Scotia	Canada	Moodys	P-1	517.142
Bank of Tokoyo-Mitsubishi UFJ Ltd	Japan	Moodys	P-1	1,644.768
Barclays	Great Brittain	Moodys	P-1	2,326.004
BBVA Bancomer	Mexico	Moodys	P-1	740.142
Canadian Imperial Bank of Commerce	Canada	Moodys	P-1	210.278
Commerzbank	Germany	Moodys	P-2	442.999
Commonwealth Bank	Australia	Moodys	P-1	558.674
Credit Suisse	Switzerland	Fitch	F1	1,079.466
Deutsche Bank	Germany	Moodys	P-1	2,551.727
HSH Nordbank	Germany	Fitch	F-1	185.594
Mizuho Bank Ltd	Japan	Moodys	P-1	786.441
Nordea Bank	Sweden	Fitch	F1+	777.770
Royal Bank of Scotland	Scotland	Fitch	F1	2,040.790
Skandinaviska Enskilda Banken	Sweden	Moodys	P-1	177.810
Sumitomo Mitsui Bank	Japan	Fitch	F1	1,282.706
Svenska Handelsbanken	Sweden	Moodys	P-1	175.177
Toronto-Dominion Bank	Canada	Moodys	P-1	608.351
UBS AG	Switzerland	Moodys	P-1	1,409.574
Portigon AG	Germany	Fitch	F1+	278.729

Federal Reserve Bank									
---	Federal Reserve Bank	San Francisco	CA	---	---	---	---	---	---
Government Sponsored Entities									
---	Federal Home Loan Bank - District	Atlanta	GA	---	Moodys	P-1	---	---	---
---	Federal Home Loan Bank - District	Boston	MA	---	Moodys	P-1	---	---	---
---	Federal Home Loan Bank - District	Dallas	TX	---	Moodys	P-1	---	---	---
---	Federal Home Loan Bank - District	San Francisco	CA	---	Moodys	P-1	---	---	---
---	Federal Home Loan Bank - District	Seattle	WA	---	Moodys	P-1	---	---	---
---	Federal Home Loan Bank - District	Des Moines	IA	---	Moodys	P-1	---	---	---
---	Federal Home Loan Bank - District	Chicago	IL	---	Moodys	P-1	---	---	---
---	Federal National Mortgage Corp	Washington	DC	---	Moodys	P-1	---	---	---
---	Federal Home Loan Mortgage Corp	Washington	DC	---	Moodys	P-1	---	---	---

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

	Leverage	Tier 1 RBC	Total RBC	
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.