SR003_7: Failed Bank Report

The Bank of Commerce

171 East Irving Park Road
Wood Dale, IL 60191

(04/21/1997 - 03/25/2011)

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Report Objective

This report has **two** objectives, using the bank's **data***:

1. To examine the bank finances in the quarters prior to its failure.
2. To analyze the bank finances using our Key Performance Indicator (KPI) scoring approach to determine if the bank's failure is something we could have predicted.

*Data source: FDIC and company filings.

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What took place?

The Bank of Commerce Wood Dale, IL was closed by the Illinois Department of Financial & Professional Regulation which appointed the FDIC as receiver. The estimated cost to the FDIC Deposit Insurance Fund is $41,900,000. Advantage National Bank Group of Elk Grove Village, IL assumed all of the deposits of The Bank of Commerce.

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Bank Background

FDIC Certificate #	34292
Parent Holding Company	BANCSHARES HOLDING CORP.
Bank Charter Class	Commercial Bank
Asset Concentration	Commercial Lending Specialization
Product Specialty	Commercial Loans, Residential/Non-Residential Mortgages
Number of Branches	0 (as of December 31, 2010)
Number of Employees	15 (as of December 31, 2010)

Executives	
President	John J. Frale
CFO	Peter Fotopoulos

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Key Performance Indicators

KPI Summary for 2010 Q4	
Normalized Income Rating	Moderate
Delinquent Asset Rating	Poor
Asset: Liability Rating	Very Poor
Real Estate Asset Rating*	Poor
Bankability Composite Score	-9.78**(Very Poor)

Possible ratings: *Excellent*, *Good*, *Moderate*, *Poor*, *Very Poor.*

*This rating is relevant to the current "financial crisis" fueled by mortgage security backed loans.
**This is out of 100.

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Bank Financial Snapshot

Financial Data Overlay (thousands)			
	2009 Q4	2010 Q4	Percentage Change
Assets	$209,821	$163,074	↓22.28%
Liabilities	$200,774	$162,379	↓19.12%
Net Income	-$11,338	-$8,352	↑26.34%

- The net income change for all FDIC banks was 962.29% in the same period.
- The net income change for all the commercial lending specialization banks was 157.23% in the same period.
- Compared with the whole industry and other commercial lending specialization banks, The Bank of Commerce's change in Net Income was relatively poor (26.34%) during the time period

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Normalized Income Analysis

	2009Q3	2009Q4	2010Q1	2010Q2	2010Q3	2010Q4
Normalized Income	-0.91%	-0.95%	-0.58%	-0.51%	-3.46%	-0.29%
SD's from Average*	-0.86	-0.59	-1.10	-0.78	-5.14	-0.31
Ranking	Moderate	Moderate	Poor	Moderate	Very Poor	Moderate

- The Bank of Commerce had a normalized income of -0.29% in the last quarter of 2010, the quarter before it failed.
- Banks of the same asset concentration hierarchy (commercial lending specialization) had an average normalized income of -0.07%. The standard deviation of the normalized incomes was 0.71%, which means The Bank of Commerce was 0.31 SD's below the average.
- The Bank of Commerce's normalized income in relation to banks of the same asset concentration hierarchy has shown signs of stress in the last 2 quarters, suffering loss total to over 6% of its assets.

*Average of banks of the same asset concentration hierarchy

Indicates sign of bank in financial distress

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Delinquent Asset Analysis

	2009Q3	2009Q4	2010Q1	2010Q2	2010Q3	2010Q4
Weighted Delinquent Asset	8.38%	0.87%	1.89%	1.61%	2.11%	4.86%
SD's from Average*	3.01	-0.40	0.08	0.06	0.29	1.58
Ranking	Very Poor	Good	Moderate	Moderate	Moderate	Poor

- The Bank of Commerce had a weighted delinquent assets out of total assets ratio 4.86% in the fourth quarter of 2010, the quarter before it failed.
- Banks of the same asset concentration hierarchy (commercial lending specialization) had an average weighted delinquent asset of 1.43%. The standard deviation of the delinquent assets was 2.18%, which means that The Bank of Commerce was about 1.58 SD's above average.
- The Bank of Commerce's weighted delinquent assets ratio was relatively unhealthy in the last quarter compared to banks in the same specialization.

*Average of banks of the same asset concentration hierarchy

Indicates sign of bank in financial distress

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Real Estate Loan Asset Analysis

	2009Q3	2009Q4	2010Q1	2010Q2	2010Q3	2010Q4
Real Estate Loan Asset Ratio	63.91%	66.38%	68.47%	72.45%	70.76%	69.30%
SD from Average*	0.58	0.80	1.01	1.34	1.24	1.15
Ranking	Moderate	Poor	Poor	Very Poor	Very Poor	Poor

- The Bank of Commerce had a R/A ratio of 69.30% in 2010 Q4, the quarter before it failed.
- In 2010 Q4, banks of the same asset concentration hierarchy (commercial lending specialization) had an average R/A ratio of 53.94%. The standard deviation of the R/A ratio was 13.32%, which means The Bank of Commerce was actually 1.15 SD's above the average, earning the rank of "Poor".
- The Bank of Commerce's R/A ratio has shown signs of stress in the last 6 quarters, ranking Poor or Very Poor in 5 out of 6 quarters.

* Average of banks of the same asset concentration hierarchy

Indicates sign of bank in financial distress

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Asset: Liability Analysis

	2009Q3	2009Q4	2010Q1	2010Q2	2010Q3	2010Q4
Asset: Liability Ratio	105.26%	104.51%	104.20%	104.19%	100.70%	100.43%
Median A/L Ratio*	110.51%	110.65%	110.80%	110.66%	110.80%	110.66%
Ranking	Very Poor	Very Poor	Very Poor	Very Poor	Very Poor	Very Poor

- The Bank of Commerce's A/L ratio has been decreasing steadily over the last 6 quarters and it showed strong signs of stress in 2010 Q3 when it's A/L ratio dropped from 104.19% to 100.70%.
- The median A/L ratio for all banks in the same asset concentration hierarchy (commercial lending specialization) was 110.66% in the same period, meaning that The Bank of Commerce was about 9.24% under the median. The median A/L ratio for all banks in 2010 Q4 was 111.08%.
- Of the 26 banks failed in 2011 Q1, 24 of them had an A/L ratio under 107%.

* Median of banks of the same asset concentration hierarchy

Indicates sign of bank in financial distress

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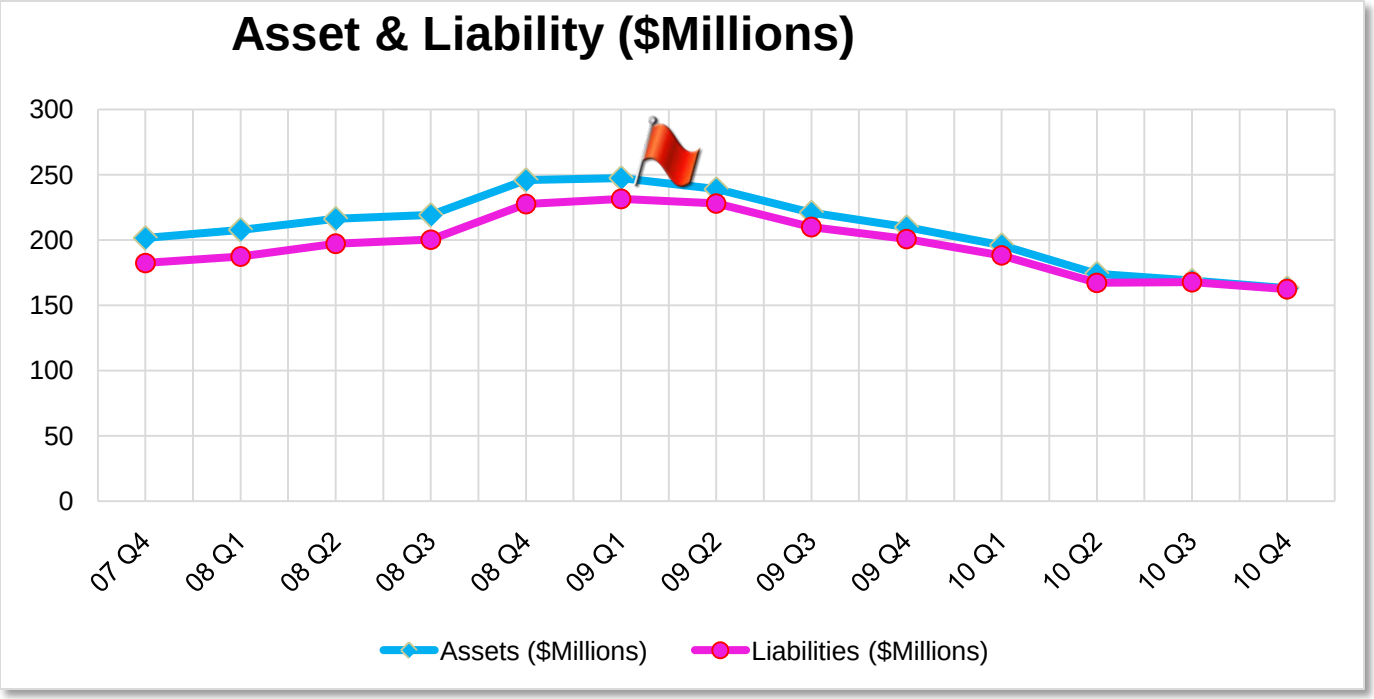
Asset & Liability History



- The difference between asset and liability was getting closer in 09 Q1.

Indicates sign of bank in financial distress

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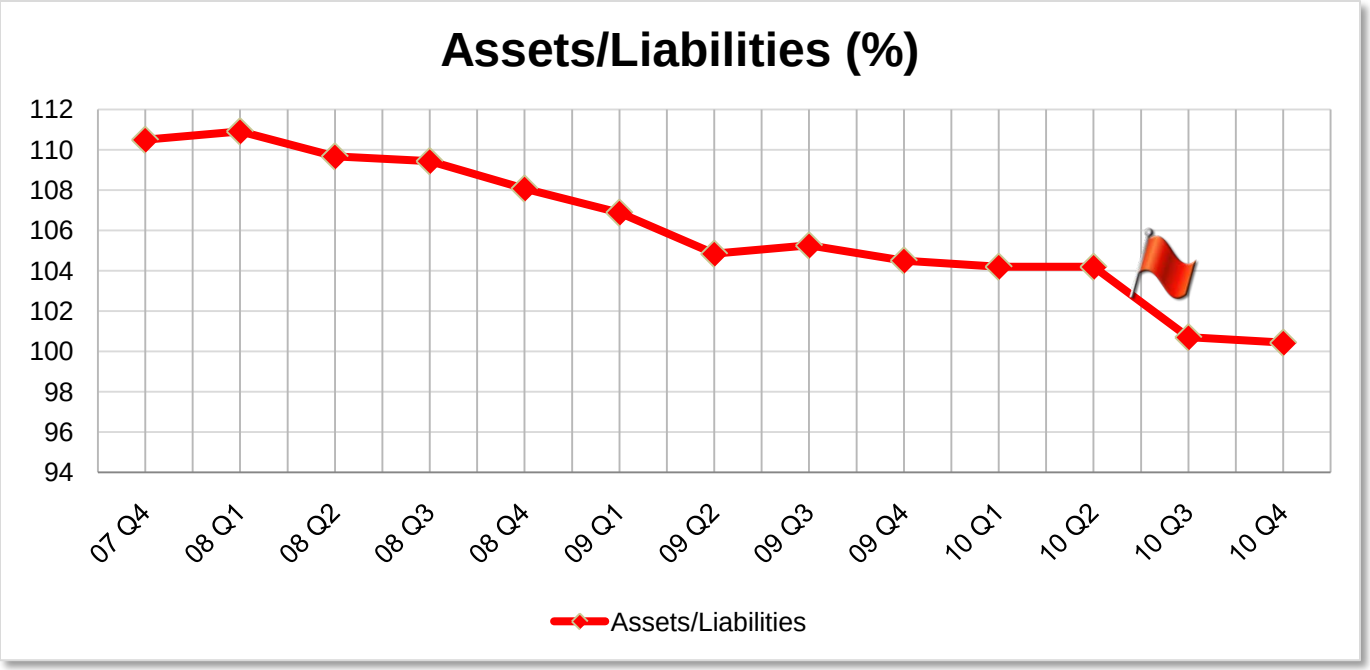
Asset/Liability History



- The Bank of Commerce's 2010 Q4 asset/liability ratio experienced a decrease of 3.90% as compared to the same quarter in 2009.
- The asset/liability ratio for all FDIC banks experienced an increase of 0.36%.
- The asset/liability ratio for all banks in the Commercial Lending Specialization experienced an increase of 1.08%.

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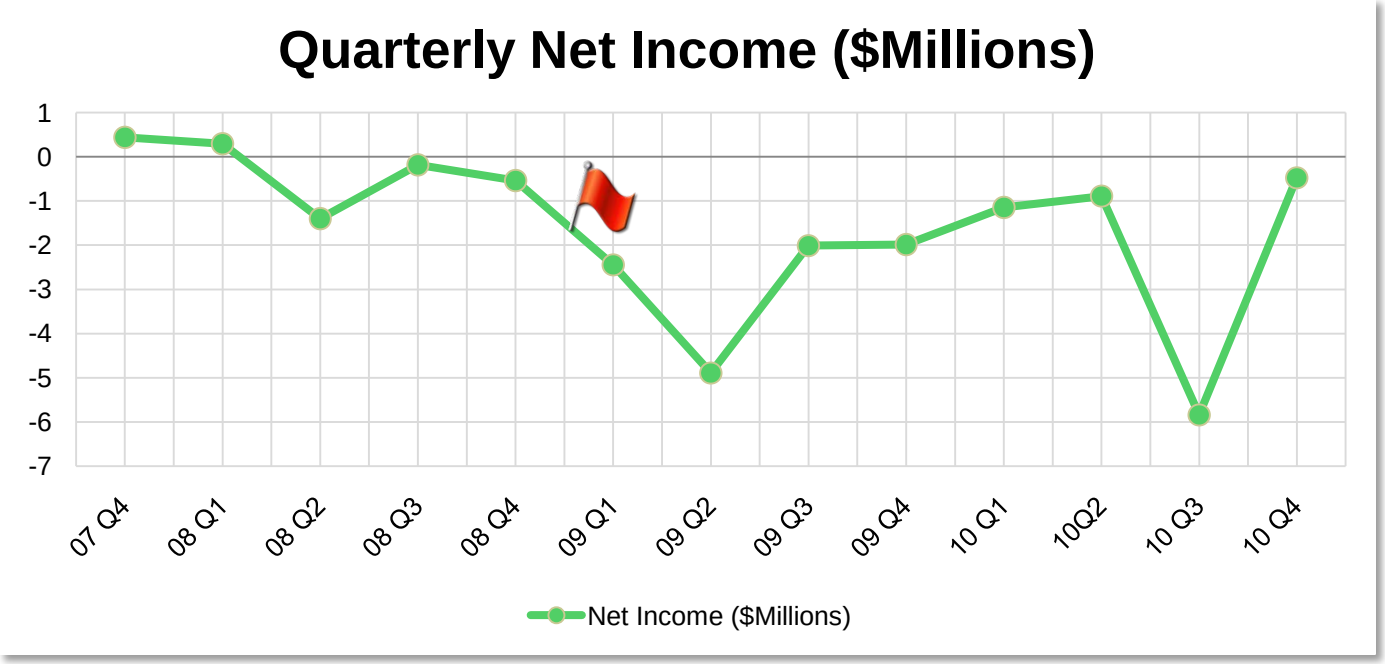
Net Income History



- The bank started reporting losses after 08 Q4.

Indicates sign of bank in financial distress

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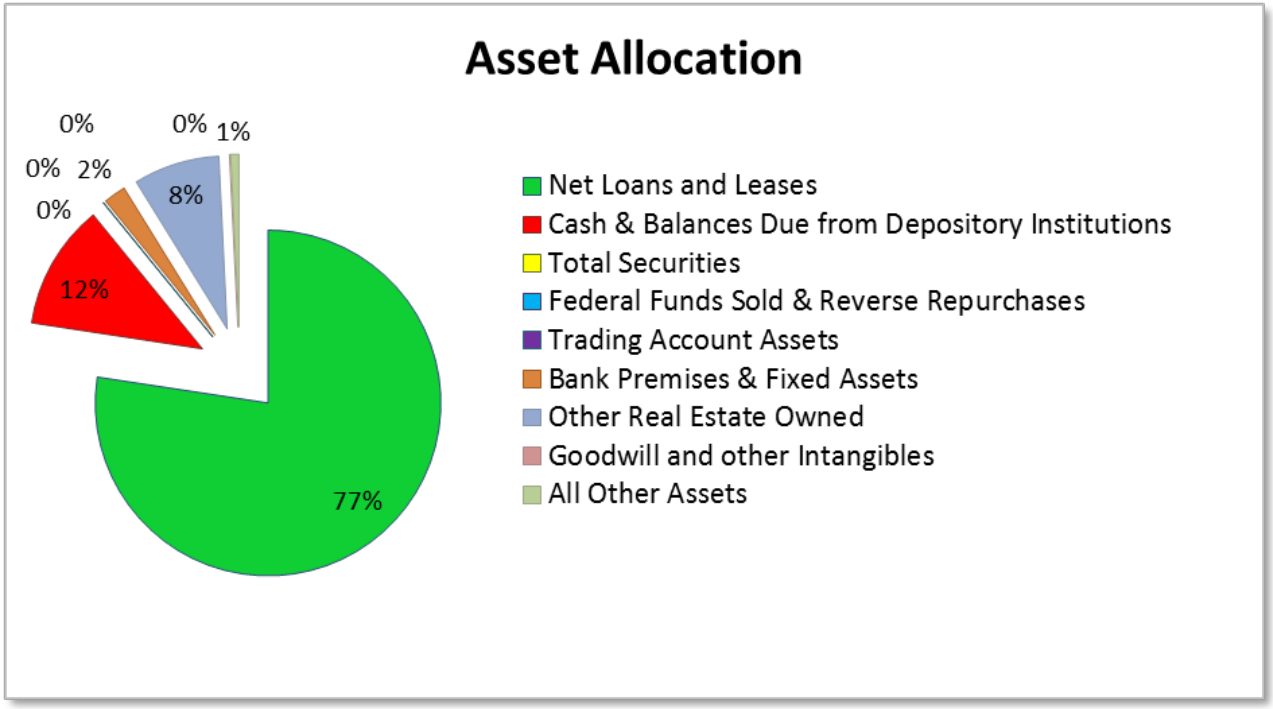
Asset Allocation



- The average percentage of Net Loans for banks of the same Asset Concentration Hierarchy (commercial lending specialization) in the fourth quarter of 2010 was 67.47%.
- The average Net Loan percentage of all banks in the fourth quarter of 2010 was 61.71%.

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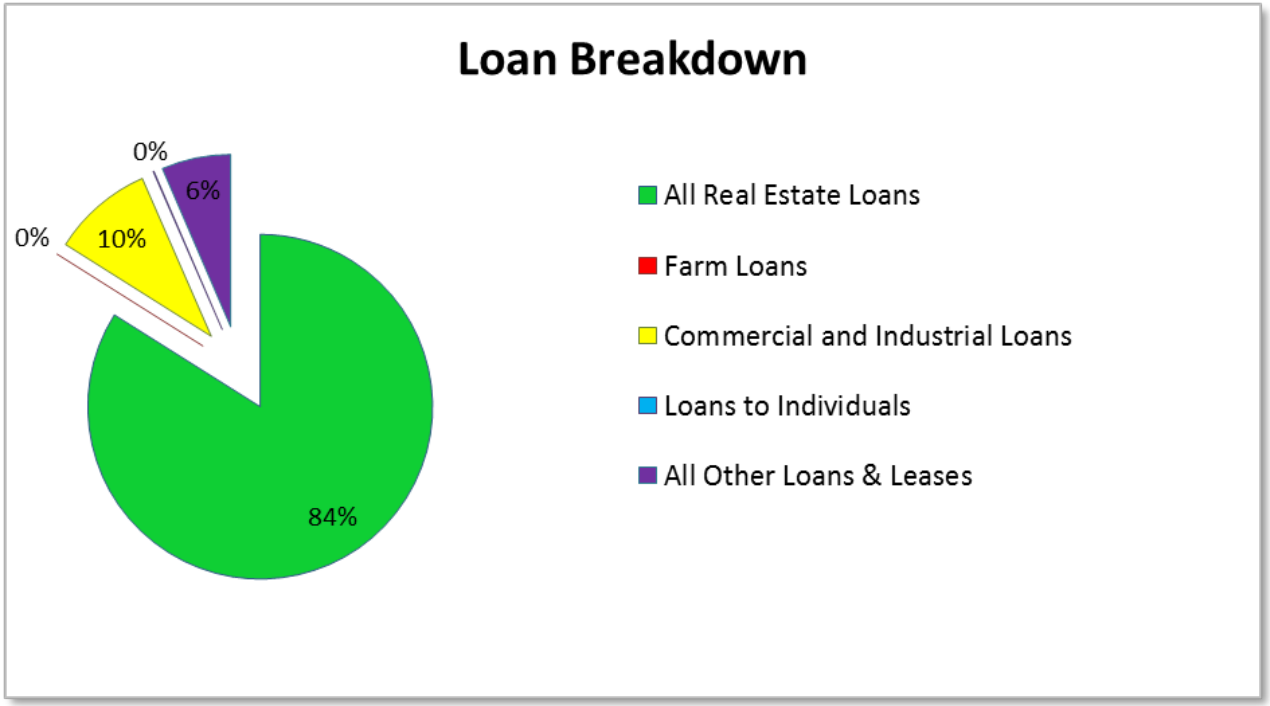
Loan Breakdown



- The average percentage of Real Estate Loans for banks of the same Asset Concentration Hierarchy (commercial lending specialization) in the fourth quarter of 2010 was 78.05%. The average percentage for all banks in the fourth quarter of 2010 was 71.71%.

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Events Timeline

Jun 3, 2010 - The U.S. Department of the Treasury released its monthly comprehensive update on Build America Bonds issuances, including state-by-state data, showing $106 billion has been issued through May 31, 2010. Build America Bond issuers benefit from substantial savings in borrowing costs when compared to issuing tax-exempt debt.

Jun 10, 2010 - The SEC approved rules that will require the exchanges and FINRA to pause trading in certain individual stocks if the price moves 10 percent or more in a five-minute period. The rules, which were proposed by the national securities exchanges and FINRA and published for public comment, come in response to the market disruption of May 6.

Jun 14, 2010 - The U.S. SEC, Quebec Autorite des marches financiers (AMF) and Ontario Securities Commission (OSC) announced a comprehensive arrangement to facilitate their supervision of regulated entities that operate across the U.S. - Canadian border.

Jun 15, 2010 - The SEC voted unanimously to propose rule amendments to help clarify the meaning of a date in a target date fund's name and enhance the information provided to investors in these funds as they invest for retirement.

Jun 15, 2010 - The Federal Reserve Board approved a final rule to protect credit card users from unreasonable late payment and other penalty fees and to require credit card issuers to reconsider interest rate increases imposed since the beginning of last year.

Jun 17, 2010 - The federal bank and thrift regulatory agencies announced a series of upcoming public hearings on modernizing the regulations that implement the Community Reinvestment Act (CRA). Interested parties are invited to provide testimony and written comments.

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Events Timeline

Jun 17, 2010 - The federal bank and thrift regulatory agencies announced a proposed change to the Community Reinvestment Act (CRA) regulations to support stabilization of communities affected by high foreclosure levels.

Jun 17, 2010 - The Federal Reserve Board announced the discussion topics for its upcoming public hearings on potential revisions to Regulation C, which implements the Home Mortgage Disclosure Act (HMDA).

Jun 18, 2010 - Community Security Bank in New Prague lost $4.79 million during the first three months of 2010, according to revised financial statements filed with the Federal Deposit Insurance Corp. on June 7.

Jun 21, 2010 - The Federal Reserve, the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), and the Federal Deposit Insurance Corporation (FDIC) issued a final guidance to ensure that incentive compensation arrangements at financial organizations take into account risk and are consistent with safe and sound practices. The guidance was originally proposed by the Federal Reserve last year.

Jun 22, 2010 - The Board of Directors of the Federal Deposit Insurance Corporation (FDIC) adopted a final rule extending the Transaction Account Guarantee (TAG) program for six months, from July 1, 2010 through December 21, 2010.

Jun 23, 2010 - State Housing Finance Agencies (HFAs) in Arizona, California, Florida, Michigan, and Nevada can begin to use $1.5 billion in "Hardest Hit Fund" foreclosure-prevention funding under plans approved today by the Obama Administration.

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Events Timeline

Jun 24, 2010 - The Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency issued the host state loan-to-deposit ratios that the banking agencies will use to determine compliance with section 109 of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994.

Jun 28, 2010 - The Federal Reserve Board announced that it will implement changes to its Payment System Risk (PSR) policy in early 2011. A specific implementation date will be announced at least 90 days in advance.

Jun 30, 2010 - The SEC voted unanimously to approve new rules to significantly curtail the corrupting influence of "pay to play" practices by investment advisers.

Jun 30, 2010 - The SEC published for public comment proposals by the national securities exchanges and FINRA to expand a recently adopted circuit breaker program to include all stocks in the Russell 1000 Index and certain exchange-traded funds.

Jul 2, 2010 - SEC Chairman Mary Schapiro and Japan Financial Services Agency (JFSA) Commissioner Katsunori Mikuniya met in Washington, D.C.. The Dialogue is to provide a forum whereby the senior officials of the two agencies can meet to identify and discuss issues of common concern affecting the U.S. and Japanese capital markets and promote areas of future collaboration.

Jul 9, 2010 - The Federal Reserve Board announced the agenda and panelists for the first of four public hearings this year on potential revisions to Regulation C, which implements the Home Mortgage Disclosure Act (HMDA). The event will be held July 15 at the Federal Reserve Bank of Atlanta.

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Events Timeline

Jul 10, 2010 - The Board of Directors of the FDIC voted to revise its Memorandum of Understanding with the primary federal banking regulators to enhance the existing backup authorities over insured depository institutions that the FDIC does not directly supervise.

Jul 12, 2010 - The Board of Directors of the Federal Deposit Insurance Corporation (FDIC) voted to revise its Memorandum of Understanding with the primary federal banking regulators to enhance the FDIC's existing backup authorities over insured depository institutions that the FDIC does not directly supervise.

Jul 14, 2010 - The federal financial regulatory agencies and the Conference of State Bank Supervisors issued a statement emphasizing that financial institutions are encouraged to work with their customers and consider measures to assist creditworthy borrowers affected by oil spill in the Gulf of Mexico and Deepwater Horizon Mobile Offshore Drilling Unite explosion.

Jul 14, 2010 - The Securities and Exchange Commission voted to issue a concept release seeking public comment on the U.S. proxy system and asking whether rule revisions should be considered to promote greater efficiency and transparency.

Jul 15, 2010 - The Securities and Exchange Commission announced that Goldman, Sachs & Co. will pay $550 million and reform its business practices to settle SEC charges that Goldman misled investors in a subprime mortgage CDO.

Jul 16, 2010 - The Securities and Exchange Commission's Division of Corporation Finance that reviews public company filings created three specialized offices to enhance its disclosure review and policy operations, focusing on large financial institutions, asset-backed securities and other structured products, and securities offering trends.

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Events Timeline

Jul 17, 2010 - The FDIC and the other federal banking regulators are updating their Community Reinvestment Act (CRA) rules to reflect recent changes in the financial industry. The CRA encourages institutions to meet the credit needs of their entire communities.

Jul 20, 2010 - Federal Reserve announced an agreement with the Treasury Department regarding a reduction of credit protection provided for the Term Asset-Backed Securities Loan Facility (TALF).

Jul 21, 2010 - President Barack Obama signed the Dodd-Frank Wall Street Reform and Consumer Protection Act, which, in part, permanently raises the current standard maximum deposit insurance amount to $250,000. The standard maximum insurance amount of $100,000 had been temporarily raised to $250,000 until December 31, 2013.

Jul 21, 2010 - The Securities and Exchange Commission proposed measures aimed to improve the regulation of mutual fund distribution fees and provide better disclosure for investors. It would replace rule 12b-1 with new rules.

Jul 21, 2010 - The Securities and Exchange Commission adopted changes to the disclosure document that SEC-registered investment advisers must provide to their clients and prospective clients.

Jul 23, 2010 - The U.S. Department of the Treasury announced its continued sale of its holdings of Citigroup common stock.

Jul 27, 2010 - The Obama Administration announced expanded opportunities for public engagement on the future of our nation's housing finance system, including Fannie Mae and Freddie Mac.

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Events Timeline

Jul 28, 2010 - Federal agencies issued final rules to implement the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (S.A.F.E. Act) requirements for registration of mortgage loan originators. The Act requires residential mortgage loan originators to be registered with the Nationwide Mortgage Licensing System and Registry.

Jul 30 2010 - The U.S. Department of the Treasury announced that the United States, the International Financial Institutions (IFIs), and other donors have together reached the goal of eliminating the total debt stock that Haiti owed to the IFIs at the time of the January earthquake.

Aug 2, 2010 - The U.S. Department of the Treasury announced its estimates of net marketable borrowing for the July - September 2010 and the October - December 2010 quarters. Treasury expects to issue $350 billion in net marketable debt during the July - September 2010 quarter, while it expects to issue $380 billion from October - December 2010.

Aug 4, 2010 - State Housing Finance Agencies (HFAs) in North Carolina, Ohio, Oregon, Rhode Island and South Carolina can start using $600 million in foreclosure-prevention assistance from the Housing Finance Agency Innovation Fund for the Hardest Hit Housing Markets under plans approved by the Obama Administration.

Aug 10, 2010 - The FDIC Board of Directors today approved a pilot program to evaluate the feasibility of insured depository institutions offering safe, low-cost transactional and savings accounts. Under the pilot, participating institutions will offer electronic deposit accounts with product features identified in the FDIC Model Safe Accounts Template.

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Events Timeline

Aug 16, 2010 - The Federal Reserve Board announced final rules to implement a statutory amendment to the Truth in Lending Act requiring that consumers receive notice when their mortgage loan has been sold or transferred.

Aug 16, 2010 - The Federal Reserve Board issued an interim rule that revises the disclosure requirements for closed-end mortgage loans under Regulation Z (Truth in Lending).

Aug 16, 2010 - The Federal Reserve Board proposed a rule to revise the escrow account requirements for higher-priced, first-lien "jumbo" mortgage loans.

Aug 18, 2010 - The Securities and Exchange Commission charged the State of New Jersey with securities fraud for misrepresenting and failing to disclose to investors in billions of dollars worth of municipal bond offerings that it was underfunding the state's two largest pension plans.

Aug 20, 2010 - The U.S. Department of Housing and Urban Development and the U.S. Department of the Treasury released the August edition of the Obama Administration's Housing Scorecard. In July, housing prices remained level after 30 straight months of decline, while some price predictions have improved.

Aug 22, 2010 - New Federal Reserve Board rules restrict inactivity fees and generally prohibit expiration dates of less than five years on retail gift cards used to make purchases at stores and service providers.

Aug 25, 2010 - The Securities and Exchange Commission changed the federal proxy and other rules to facilitate the rights of shareholders to nominate directors to a company's board.

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Events Timeline

Aug 30, 2010 - Commercial banks and savings institutions insured by the Federal Deposit Insurance Corporation (FDIC) reported an aggregate profit of $21.6 billion in the second quarter of 2010.

Sep 2, 2010 - The Securities and Exchange Commission adopted a temporary rule requiring municipal advisors to register with the SEC by October 1, a deadline established by the newly-enacted Dodd-Frank Wall Street Reform and Consumer Protection Act.

Sep 2, 2010 - The U.S. Department of the Treasury will launch a new pilot program to help capitalize on tax refund season as an opportunity to provide unbanked and underbanked Americans.

Sep 7, 2010 - The FDIC released a report on the use of alternative financial services (AFS) among U.S. households, including The Bank of Commercege at a state level ranging from slightly more than one-quarter to almost one-half.

Sep 8, 2010 - The Federal Reserve Board authorized ongoing small-value offerings of term deposits under the Term Deposit Facility (TDF).

Sep 12, 2010 - The U.S. federal banking agencies supported the agreement reached at the September 12, 2010, meeting of the G-10 Governors and Heads of Supervision (GHOS).

Sep 13, 2010 - The FDIC offers Smaller Dollar/Geographically Focused Loan Pools, aimed to provide notice to individuals or business entities that may be interested in structured transactions. In these transactions, the FDIC contributes loans to a newly formed entity, and then auctions off an equity interest in the LLC.

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Events Timeline

Sep 17, 2010 - The Securities and Exchange Commission proposed measures that require public companies to disclose additional information to investors about their short-term borrowing arrangements.

Sep 17, 2010 - The U.S. Department of the Treasury announced that it priced a secondary public offering of 13,049,451 warrants to purchase common stock of Lincoln National Corporation (the "Company") at $16.60 per warrant. The aggregate net proceeds to Treasury from the offering are expected to be $213,671,319.

Sep 21, 2010 - Officials at the Federal Reserve signaled that they were worried that the slow-moving economic recovery could be undermined by very low rates of inflation, and hinted strongly that it might resume buying vast amounts of government debt to spur the recovery.

Sep 27, 2010 - The FDIC increased its list of problem banks by 6% to 829 in the second quarter. The top executive at Keefe, Bruyette & Woods said that, between failures and consolidation, the total number of U.S. banks could fall to 5,000 in the next decade from the current 7,932.

Sep 28, 2010 - The final rule implementing the federal registration provisions of the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (the SAFE Act) takes effect on October 1, 2010

Sep 29, 2010 - The Federal Reserve Board announced that it will implement changes to its Payment System Risk (PSR) policy on March 24, 2011.

Sep 30, 2010 - Federal Reserve announced it will offer $5 billion in 28-day term deposits through its Term Deposit Facility on October 4, 2010.

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Events Timeline

Sep 30, 2010 - Federal Reserve Chairman Ben S. Bernanke said the central bank has a duty to aid the economy as U.S. unemployment holds near 10 percent without offering new details on what the Fed may do about it.

Sep 30, 2010 - Treasury Announces Further Sales of Citigroup Securities and Cumulative Return to Taxpayers of $41.6 Billion.

Sep 30, 2010 - Treasury Announces Special Financial Stabilization Initiative Investments of $570 Million in 84 Community Development Financial Institutions in Underserved Areas.

Oct 1, 2010 - Growth rate has been decreasing rapidly; as of December 2010, it is near zero; Return on Assets (%) has decreased from -1.85 to -4.58, as of December 2010; Return on Equity (%) has decreased from -45.89 to -161.7, as of December 2010

Oct 1, 2010 - Financial Stability Oversight Council holds its inaugural meeting at US Treasury. The Council will provide, for the first time, comprehensive oversight over the stability of our nation's financial system.

Oct 8, 2010 - The Board of Directors of the FDIC voted to approve through notational vote a proposed rule clarifying how the agency would treat certain creditor claims under the new orderly liquidation authority established under the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Oct 12, 2010 - The FDIC announces the appointment of Mark Pearce as director of the newly-established Division of Depositor and Consumer Protection (DCP).

Oct 12, 2010 - SEC proposes a new rule, based on requirements under the Dodd-Frank Wall Street Reform and Consumer Protection Act, that would help those managing their own family's financial portfolios determine whether their "family offices" can continue to be excluded from the Investment Advisers Act of 1940.

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Events Timeline

Oct 13, 2010 - SEC issues a proposal to enhance disclosure to investors in the asset-backed securities market. It requires issuers of asset-backed securities (ABS) to perform a review of the assets underlying the securities and publicly disclose information relating to the review, as well as make publicly available the findings and conclusions of any third-party due diligence report.

Oct 18, 2010 - SEC proposes rules that would enable shareholders to cast advisory votes on executive compensation and "golden parachute" arrangements. The rules are called for by Section 951 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Oct 18, 2010 - Federal Reserve announces an interim final rule to ensure that real estate appraisers are free to use their independent professional judgment in assigning home values without influence or pressure from those with interests in the transactions. The rule also seeks to ensure that appraisers receive customary and reasonable payments for their services.

Oct 19, 2010 - In response to changes to the FDIC's authority to manage the Deposit Insurance Fund contained in the Dodd-Frank Wall Street Reform and Consumer Protection Act, the FDIC voted to propose a comprehensive, long-range plan for deposit insurance fund management with the goals of maintaining a positive fund balance, even during periods of large fund losses, and maintaining steady, predictable assessment rates throughout economic and credit cycles.

Oct 26, 2010 - Federal Reserve announces the annual indexing of the reserve requirement exemption amount and of the low reserve tranche for 2011: For net transaction accounts in 2011, the first $10.7 million, unchanged from its level in 2010, will be exempt from reserve requirements. A 3 percent reserve ratio will be assessed on net transaction accounts over $10.7 million up to and including $58.8 million, up from $55.2 million in 2010. A 10 percent reserve ratio will be assessed on net transaction accounts in excess of $58.8 million.

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Events Timeline

Oct 29, 2010 - SEC's Office of the Chief Accountant and Division of Corporation Finance today published their first progress report on the Work Plan related to global accounting standards.

Nov 1, 2010 - The US Treasury announces its current estimates of net marketable borrowing for the Oct - Dec 2010 (to issue $362 billion in net marketable debt, which is $17 billion lower than announced in Aug 2010) and Jan - March quarters (to issue $431 billion in net marketable debt).

Nov 3, 2010 - SEC proposes a new whistleblower program to reward individuals who provide the agency with high-quality tips that lead to successful enforcement actions under the Dodd-Frank Act.

Nov 4, 2010 - SEC extends new short sale rule from Nov. 10, 2010 to Feb. 28, 2011. The new short sale rule will restrict the prices at which a stock can be sold short if the stock's price drops 10 percent or more in one day.

Nov 5, 2010 - FDIC selects nine banks to participate in a case study in its model safe accounts pilot for safe and low-cost transactional and savings account products. These accounts are largely electronic.

Nov 8, 2010 - SEC approves new rules proposed by the exchanges and FINRA to strengthen the minimum quoting standards for market makers and effectively prohibit "stub quotes" in the U.S. equity markets.

Nov 9, 2010 - FDIC approves temporary unlimited deposit insurance coverage for noninterest-bearing transaction accounts, as a final rule to implement section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. It will be effective on Dec. 31, 2010 and end on Dec. 31, 2012.

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Events Timeline

Nov 17, 2010 - Federal Reserve issues guidelines for evaluating proposals by large bank holding companies (BHCs) to undertake capital actions in 2011, such as increasing dividend payments or repurchasing or redeeming stock.

Nov 18, 2010 - SEC proposes new rules, which would implement provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act, to strengthen the SEC's oversight of investment advisers.

Nov 19, 2010 - SEC proposes new rules that would require security-based swap data repositories (SDRs) to register with the SEC. These new rule also lay out other requirements with which SDRs must comply.

Nov 19, 2010 - SEC proposes new rules entailing how security-based swap transactions should be reported and publicly disseminated, under Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Dec 14, 2010 - FDIC sets the insurance fund's designated reserve ratio (DRR) at 2 percent of estimated insured deposits.

Dec 13, 2010 - The Federal Reserve proposed two rules that would expand the coverage of consumer protection regulations to credit transactions and leases of higher dollar amounts. The proposed rules would amend Regulation Z (Truth in Lending) and Regulation M (Consumer Leasing) to implement a provision of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act).

Dec 14, 2010 - FDIC approves an interagency proposal to set risk-based capital floor for large financial institutions, as provisions of Section 171 (known as Collins Amendment) of the Dodd-Frank Wall Street Reform and consumer Protection act.

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Events Timeline

Dec 15, 2010 - The FDIC appoints Jim Wigan as the Director of the newly established Office of Complex Financial Institutions (CFI).

Dec 15, 2010 - SEC proposes rules required under the Dodd-Frank Act that would set out the way in which clearing agencies provide information to the SEC about security-based swaps that the clearing agencies plan to accept for clearing. This information is designed to aid the SEC in determining whether such security-based swaps are, in fact, required to be cleared.

Dec 22, 2010 - FDIC releases that the domestic and international legislative and regulatory reforms will end reliance on trust preferred securities as they have a heightened risk profile and failed more often than those whose tier 1 capital did not include these instruments.

Dec 31, 2010 - The Bank of Commerce has a total asset of $163.1 million and total deposit of $161.4 million

Jan 13, 2011 - The Federal Deposit Insurance Corporation held a forum on small lending to explore ways in which credit can be made more accessible to the small business sector

Jan 14, 2011 - The SEC proposed a rule governing the way in which certain security-based swap transactions are acknowledged and verified by the parties who enter into them.

Jan 18, 2011 - SEC named Eileen Rominger as Director of Division of Investment Management.

Jan 18, 2011 - FDIC voted to approve an interim final rule clarifying how the agency will treat certain creditor claims in accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act

Jan 18, 2011 - The FDIC approved a final rule to include Interest on Lawyer Trust Accounts (IOLTAs) in the temporary unlimited deposit coverage for noninterest-bearing transaction accounts

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Events Timeline

Jan 18, 2011 - The Office of the Comptroller of the Currency (OCC) announced today that Martin Pfinsgraff has been hired as the OCC's Deputy Comptroller for Credit and Market Risk.

Jan 19, 2011 - The FDIC and the Wisconsin Women's Business Initiative Corporation (WWBIC) announced the launch of the Milwaukee Alliance for Economic Inclusion (AEI), a local initiative to increase access to affordable financial products and services for thoThe Bank of Commercends of Milwaukee households

Jan 20, 2011 - The SEC approved two sets of new rules designed to help revitalize the important asset-backed securities (ABS) market by encouraging better disclosure for investors

Jan 28, 2011 - The FDIC released a list of orders of administrative enforcement actions taken against banks and individuals in December. No administrative hearings are scheduled

Jan 28, 2011 - Office of the Comptroller of the Currency declared its support for Earned Income Tax Credit Awareness Day

Jan 31, 2011 - The federal bank, thrift and credit union regulatory agencies, along with the Farm Credit Administration, announced that the Nationwide Mortgage Licensing System and Registry will begin accepting federal registrations

Jan 31, 2011 - The SEC announced that investors can for the first time access detailed information that money market funds file with the Commission — including information about a fund's investments and the market-based price of its portfolio known as its "shadow NAV" (net asset value) or mark-to-market valuation

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Events Timeline

Feb 3, 2011 - The federal bank and thrift regulatory agencies announced proposed changes to reporting requirements for savings associations and savings and loan holding companies regulated by the Office of Thrift Supervision (OTS)

Feb 4, 2011 - FDIC Chairman Sheila C. Bair today announced the appointment of Michael H. Krimminger as the agency's new General Counsel

Feb 7, 2011 - The FDIC issued a Notice of Proposed Rulemaking to improve consumer awareness of deposit insurance coverage

Feb 7, 2011 - The FDIC approved a joint proposed rulemaking to implement Section 956 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, prohibiting incentive-based compensation arrangements that encourage inappropriate risk taking

Feb 7, 2011 - The FDIC approved a final rule on Assessments, Dividends, Assessment Base and Large Bank Pricing, eliminating reliance on debt issuer ratings

Feb 9, 2011 - Grovetta Gardineer named Deputy Comptroller for Compliance Policy

Feb 10, 2011 - The FDIC announced the release of an updated and enhanced version of its instructor-led Money Smart financial education curriculum for young adults.

Feb 11, 2011 - The FDIC announced the hiring of additional key leadership staff for the Office of Complex Financial Institutions (CFI) and the Division of Depositor and Consumer Protection (DCP)

Feb 16, 2011 - The Federal Financial Institutions Examination Council (FFIEC) today announced the launch of its redesigned IT Examination Handbook InfoBase, allowing users to quickly upload content for multiple booklets

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Events Timeline

Feb 22, 2011 - The FDIC announced its plan to host a half-day symposium to discuss issues associated with escalating farmland values over the previous decade

Feb 22, 2011 - The FDIC called upon consumers during America Saves Week to build savings by taking advantage of ways to automatically save money, reducing debt and building wealth

Feb 23, 2011 - Commercial banks and savings institutions insured by the FDIC reported an aggregate profit of $21.7 billion in the fourth quarter of 2010

Feb 23, 2011 - Acting Comptroller of the Currency John G. Walsh today declared his support for America Saves Week, February 20 – 26, 2011

Feb 24, 2011 - FDIC offered consumer tips on organizing and simplifying finances

Feb 28, 2011 - The FDIC issued the public list of institutions that it has scheduled for a Community Reinvestment Act (CRA) examination during the second quarter of 2011

Mar 1, 2011 - The U.S. thrift industry posted a profit of $6.6 billion in 2010, the first profitable year for the industry since 2006

Mar 7, 2011 - FDIC announced “Top 10" list of online resources for consumers

Mar 15, 2011 - FDIC board approves proposed rule to set claims process under the Dodd-Frank Act's orderly liquidation authority provisions

Mar 17, 2011 - Commercial banks reported trading revenue of $3.5 billion in the fourth quarter of 2010 and Consumer Protection Act

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Events Timeline

Mar 28, 2011 - The Office of the Comptroller of the Currency, the Federal Reserve, the Federal Deposit Insurance Corporation, the U.S. Securities and Exchange Commission, the Federal Housing Finance Agency, and the Department of Housing and Urban Development announced their considerations for a notice of proposed rulemaking that addresses section 941 of the Dodd-Frank Wall Street Reform and Consumer Protection Act

Mar 29, 2011 - The FDIC today approved a joint Notice of Proposed Rulemaking (NPR) for certain organizations to file and report resolution plans and credit exposure reports as required in Title I, Section 165 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Mar 25, 2011 - The Bank of Commerce is closed by the Illinois Department of Financial & Professional Regulation which appointed the FDIC as receiver

Mar 31, 2011 - The credit quality of first-lien mortgages serviced by large national banks and thrifts improved slightly during the fourth quarter of 2010

Apr 4, 2011 - Debbie Matz, Chairman of the National Credit Union Administration (NCUA) Board, is now the Chairman of FFIEC for a two-year term

Apr 4, 2011 - The Office of the Comptroller of the Currency (OCC) issued guidance today that provides a clear statement of expectations for banks that use quantitative models in any aspect of their business

Apr 5, 2011 - The SEC announced that national securities exchanges and the Financial Industry Regulatory Authority (FINRA) filed a proposal to establish a new “limit up-limit down” mechanism to address extraordinary market volatility in U.S. equity markets

Apr 7, 2011 - The Office of the Comptroller of the Currency (OCC) published a Community Developments Insights report which looks at bank participation in the U.S. Export-Import Bank’s (Ex-Im Bank) Working Capital Guarantee Program and the Small Business Administration’s (SBA) Export Working Capital Program

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Report Summary – *Surprise?*

Based on the methods with which we analyzed The Bank of Commerce, its failure was ***not a surprise***.

Here are the indications that The Bank of Commerce should fail:

1) **The Bank of Commerce experienced over 6% losses of its assets in the last six quarters before it failed. This added much pressure to its already low Asset/Liability ratio.**
2) **Its real estate loan assets had performed poor and very poor in the last five quarters. Part of that must have ended up being written off, explaining the drop on the Asset/Liability ratio.**
3) **The bank's asset to liability ratio dropped to 100.43% the quarter before it failed.**
4) **The Bank of Commerce had a bankability composite score of -9.78 the quarter before it failed, indicating the bank's very poor overall financial health and likelihood to fail.**

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