

Total Assets (000's) **\$891,214**

Sample Bancorporation
City, State
12/31/2012

Bank Capacity (in thousands)

Tier 1 Capital	\$89,741
Allowance for Loan Losses	8,623
Total Eligible Capital	98,364
Less: Current BOLI	6,852
Additional BOLI Capacity	<u><u>\$17,739</u></u>

Bank Earnings Analysis

Current Model BOLI Yield (tax equivalent)	5.20%
Less: Cost of Funds*	0.90%
Net Interest Margin	4.30%
After Tax Yield (assumes 40% combined tax rate)	2.58%
Incremental Annual Earnings (assuming \$5 million purchase)	\$129,000

Net Incremental Annual Earnings **\$129,000**

Year	<i>Historical Blended Portfolio</i>		
	Sample Bancorporation - Investment Performance Yields (tax adjusted) ⁽¹⁾	Actual BOLI Yields (tax adjusted) ⁽²⁾	Spread
2008	4.27	6.81	2.54
2009	4.44	6.87	2.43
2010	4.62	6.95	2.33
2011	3.97	6.86	2.89
2012	2.85	6.81	3.96
2013	2.77	6.75	3.98

(1) Source: Thomson Reuters - 2013

(2) Represents the return on a sample BOLI portfolio purchased with various carriers.