

First South's Strength and Stability

▪ Current Figures as of August 31, 2008

- Total Assets: \$339,147,230
- Total Deposits: \$255,618,535
- Total Loans: \$158,318,742
- Total Capital: \$ 83,433,381

▪ Current Key Ratios as of August 31, 2008

- Capital/Assets: 22.34% (NCUA requires >7.00%)
- Delinquent Loans/Total Loans: 00.37% (NCUA requires <1.25%)
- Return on Assets (ROA): 2.77% (NCUA requires >1.00%)
- Net Margin/Assets: 7.28%
- YTD Capital/Asset Growth: 7.84%
- YTD Net Capital Growth: 12.67%
- YTD Asset Growth: 4.07%

▪ Additional Indications of First South's Strength and Stability:

- Our independent Net Economic Value Risk Analysis found that **First South has an excellent investment mix and that the balance sheet is very well planned.** It was also noted that there is **VERY LITTLE RISK related to our balance sheet.**
- Independent rating agency IDC has given First South a perfect 300 for the first two quarters of 2008, making us the strongest financial institution in Tennessee and among the strongest in the country. **This marks the 18th consecutive quarter in which we have attained a perfect score. This is the longest run of perfect scores for any financial institution in the state of Tennessee.**
- Independent rating agency Bauer's has given First South 57 consecutive quarters of 5-star ratings. A five-star rating is the highest ranking any financial institution can achieve and **no other financial institution in Tennessee has achieved a longer run of 5-star ratings than First South.**
- All member accounts are **federally insured up to \$250,000 per account owner** by the NCUSIF (National Credit Union Shares Insurance Fund). **This is administered by the National Credit Union Administration (NCUA), an agency of the federal government and is comparable to the FDIC for banks.** IRAs, Trust Accounts, ESAs, and Keoghs are **federally insured** up to \$250,000 or more.
- Our independent auditors give First South an unqualified audit. Our state and federal regulators also give us high marks for our financial strength and stability.

To find out more about First South's strength and stability, you can visit www.ncua.gov. Or contact IDC Financial Publishing at 800.525.5457 or info@idcfp.com. You may also visit Bauer's web site at www.bauerfinancial.com to view our rating.