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BELLSOUTH CORP
Form 425
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Pursuant to Rule 425 under the Securities Act of 1933
and deemed filed pursuant to Rule 14a-12
of the Securities Exchange Act of 1934

Subject Company: BellSouth Corporation

Commission File No.: 1-8607

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**AT&T: Strong Execution,
Substantial Opportunity**

Rick Lindner

Senior Executive Vice President and Chief Financial Officer
AT&T Inc.

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Cautionary Language Concerning Forward-Looking Statements

We have included or incorporated by reference in this document financial estimates and other forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These estimates and statements are subject to risks and uncertainties, and actual results might differ materially from these estimates and statements. Such estimates and statements include, but are not limited to, statements about the benefits of the merger, including future financial and operating results, the combined company's plans, objectives, expectations and intentions, and other statements that are not historical facts. Such statements are based upon the current beliefs and expectations of the management of AT&T Inc. and are subject to significant risks and uncertainties and outside of our control.

The following factors, among others, could cause actual results to differ from those described in the forward-looking statements in this document: the ability to obtain governmental approvals of the merger on the proposed terms and schedule; the failure of AT&T shareholders to approve the issuance of AT&T common shares or the failure of BellSouth shareholders to approve the merger; the risk that the businesses of AT&T and BellSouth will not be integrated successfully or as quickly as expected; the risk that the cost savings and any other synergies from the merger, including any savings and other synergies relating to the resulting sole ownership of Cingular Wireless LLC may not be fully realized or may take longer to realize than expected; disruption from the merger making it more difficult to maintain relationships with customers, employees or suppliers; and competition and its effect on pricing, spending, third-party relationships and revenues. Additional factors that may affect future results are contained in AT&T's, BellSouth's, and Cingular Wireless LLC's filings with the Securities and Exchange Commission (SEC), which are available at the SEC's Web site (<http://www.sec.gov>). AT&T is not under any obligation, and expressly disclaims any obligation, to update, alter or otherwise revise any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future events or otherwise. This presentation may contain certain non-GAAP financial measures. Reconciliation between the non-GAAP financial measures and the GAAP financial measures are available on the company's Web site at www.att.com/investor.relations.

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Note

In connection with the proposed merger, AT&T Inc. (AT&T) filed a registration statement on Form S-4 (Registration No. 333-132904), containing a joint proxy statement/prospectus of AT&T and BellSouth Corporation (BellSouth), with the Securities and Exchange Commission (the SEC) on March 31, 2006. Investors are urged to read the registration statement and the joint proxy statement/prospectus contained therein (including all amendments and supplements to it) because it contains important information. Investors may obtain free copies of the registration statement and joint proxy statement/prospectus, as well as other filings containing information about AT&T and BellSouth, without charge, at the SEC s Web site (www.sec.gov). Copies of AT&T s filings may also be obtained without charge from AT&T at AT&T s Web site (www.att.com) or by directing a request to AT&T Inc. Stockholder Services, 175 E. Houston, San Antonio, Texas 78205. Copies of BellSouth s filings may be obtained without charge from BellSouth at BellSouth s Web site (www.bellsouth.com) or by directing a request to BellSouth at Investor Relations, 1155 Peachtree Street, N.E., Atlanta, Georgia 30309.

AT&T, BellSouth and their respective directors and executive officers and other members of management and employees are potential participants in the solicitation of proxies in respect of the proposed merger. Information regarding AT&T s directors and executive officers is available in AT&T s 2005 Annual Report on Form 10-K filed with the SEC on March 1, 2006 and AT&T s proxy statement for its 2006 annual meeting of stockholders, filed with the SEC on March 10, 2006, and information regarding BellSouth s directors and executive officers is available in BellSouth s 2005 Annual Report on Form 10-K filed with the SEC on February 28, 2006 and BellSouth s proxy statement for its 2006 annual meeting of shareholders, filed with the SEC on March 3, 2006. Additional information regarding the interests of such potential participants is included in the registration statement and joint proxy statement/prospectus contained therein, and other relevant documents filed with the SEC.

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Strong Track Record of Creating Opportunities, Delivering Results

Transactions	Wireless and wireline
Wireless	Solid subscriber growth Robust expansion in data services
Business	Consistent strength in small/medium Encouraging trends in enterprise
Consumer	Strong growth in broadband and bundling End of UNE-P, growth in VoIP Next-generation network deployment under way and on track

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What Sets AT&T Apart?

[GRAPHIC]

Industry's Premier Assets

Industry's Largest Synergy Opportunities

Strong Track Record

Positive Outlook

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Strong Execution: EPS Growth

AT&T Inc. Adjusted
Earnings per Share by Quarter

[CHART]

Four consecutive quarters with sequential and year-over-year growth in adjusted earnings per share

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Strong Execution: Cingular Wireless

Churn
Reduction
Average Monthly
Subscriber Churn

[CHART]

Revenue
Growth Rates

[CHART]

2005 revenue comparisons to pro forma results. Pro forma includes results from AT&T Wireless and other acquired properties and excludes results from markets that have been divested.

640 basis point adjusted OIBDA margin expansion over the past year

OIBDA margin is defined as operating income plus depreciation and amortization divided by wireless service revenue. Adjusted OIBDA margin excludes cash merger integration charges of \$105 million in 1Q05, and \$64 million of cash merger integration charges in 1Q06.

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Strong Execution: Business

Regional Business
Pro Forma Growth Rates

[CHART]

Enterprise Pro Forma Revenue Growth Rates

Enterprise Data Revenues

[CHART]

Total Enterprise Revenues

[CHART]

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Strong Execution: Regional Consumer

DSL Penetration
of Consumer
Primary Lines

[CHART]

Consumer
Revenue
Connections
(millions)

[CHART]

Consumer revenue connections are made up of retail access lines, DSL lines and video subscribers.

In 1Q06, **5.7% year-over-year growth** in consumer revenue per line

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Strong Execution: AT&T Merger Integration

Front-line **enterprise sales** force consolidation complete

Selling high-end enterprise portfolio in **small/medium** space

Network buildout begun, customer migration to start in June

Expect to have all legacy SBC mass market LD **traffic migrated** by 4Q06

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Strong Execution: Margin Expansion

AT&T Inc. Consolidated Adjusted
Operating Income Margin

[CHART]

1Q06 adjusted operating income margin **above guidance range**

4Q05 excludes \$106 million of non-merger severance charges and \$866 million of merger integration and amortization costs; 1Q06 excludes \$529 million of merger integration and amortization costs.

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Execution and Valuation

More than 9% total return year to date, despite merger announcement, consistent with overall market

Forward-looking P/E ratio at a **substantial discount** to S&P 500, well below historical norms

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Positive Outlook

Expected AT&T Free Cash
Flow After Dividends

[CHART]

Double-digit adjusted EPS growth expected in each of the next three years

Following BellSouth merger, **return to revenue growth** in 2007, versus pro forma 2006

Share repurchase of at least \$10 billion planned over the next 19 months, with at least \$2 billion expected in 2006

Expectations assume planned BellSouth merger closes by year end 2006. Free cash flow after dividends is cash from operations plus proportionate share of Cingular free cash flow, less capital expenditures and dividends. After BellSouth merger, free cash flow after dividends will be cash from operations less capital expenditures and dividends.

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Substantial Opportunity

AT&T has large, clearly defined upside potential across its business

1. **Wireless**
2. **Business**
3. **Broadband**
4. **Cost Structure**

AT&T's potential in all of these areas will be expanded by its planned merger with BellSouth

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**Substantial Opportunity:
Wireless Margin Expansion**

OIBDA Margins

[CHART]

1Q06 OIBDA margin adjusted to exclude cash merger integration charges of \$64 million.

Opportunity for an **additional 1,000 basis points** of margin expansion over next two years on \$35 billion revenue base

Substantial margin potential ahead: network integration and systems conversion

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Substantial Opportunity: Wireless Data

Cellular/PCS Spectrum Depth
(MHz in Top 100 Markets)

[CHART]

Source: Raymond James Equity Research

1Q Cingular Wireless **data revenues up 53%**

3G UMTS/HSDPA network to launch in most major markets this year

Voice and data on one network

Average data speeds up to 700 kbps with bursts of up to 3 mbps

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Substantial Opportunity: Enterprise

[GRAPHIC]

AT&T's global network and advanced product sets deliver value to customers around the world

Superior Network

Global backbone network averages 5.1 petabytes per business day

30 Internet data centers on 4 continents

Dedicated MPLS access in 127 countries

Superior Portfolio

Broad suite of managed services, hosting and consulting services

Security and business continuity

Enterprise mobility products

VoIP and other IP-based services

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**Substantial Opportunity:
Encouraging Enterprise Trends**

Enterprise Retail Pricing Trends

[CHART]

In voice and data transport, gap between average pricing in portfolio and point-of-sale pricing has narrowed

Capturing **technology migration**

Excellent marketplace **momentum**, positive response to merger

Volumes are strong

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**Substantial Opportunity:
Small/Medium Business**

[GRAPHIC]

Large customer base

Stable local voice revenues in recent quarters

15% growth in small/medium business data revenues year over year, with double-digit increases in both transport and IP data

Significant opportunity to migrate services developed and proven in enterprise space

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**Substantial Opportunity:
Project Lightspeed**

Integrated IP video, high speed Internet and voice network

Natural extension of current fiber deployment

Logical and disciplined approach

Superior network for both business and consumer services

[GRAPHIC]

Offer integrated services and leverage applications and content across
three screens:
high speed Internet, wireless, TV

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Project Lightspeed Update

Controlled Market Entry

More than 200 channels
Hundreds of hours of VoD content
DVR capabilities
Fast channel change
Interactive program guide
High speed Internet access up to 6 Mbps

Scaled Launch

15 - 20 markets
3 SD streams and 1 HD stream
More than 300 channels
Significant increase in VOD
Interactive applications

Future options include remote-access capabilities, customizable L-bar, multiple picture-in-picture functionality, whole-home DVR, My Photos channel

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BellSouth Merger: Simplified Wireless Ownership and Operating Structure

[GRAPHIC]

Allows for easier, faster **integration of wireless and wireline** networks and services

Enables full shared use of **network assets**, including AT&T's IP backbone

Drives **operating efficiencies** for both wireless and wireline

Allows for shared R&D and product development, **shared content and applications**

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BellSouth Merger: Expanded Business and Broadband Opportunities

Enterprise Business

Enterprise customers in Southeast will benefit from AT&T's global reach

Single point of contact, unified effort for wireless and wireline enterprise sales

Small/Medium Business

AT&T's large-business services can be migrated to BellSouth's small/medium-business base

Project Lightspeed

BellSouth's deep fiber deployment consistent with Project Lightspeed

Half of BellSouth's households are served by fiber with loops of less than 5,000 feet

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BellSouth Merger: Synergy/Cost Savings Opportunities

Combine functions, coordinate operations, share technology platforms at AT&T, BellSouth and Cingular

Advertising moving from three brands to one

Traffic BellSouth LD traffic moved to AT&T network, Cingular traffic moved to common IP backbone

IT, support and customer care **platforms optimized**

R&D and **product development** spread across larger base, with support from AT&T Labs

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Substantial Opportunity: Cost Reduction

AT&T has the industry's largest set of clearly identified merger synergy cost-reduction opportunities. Expected annual savings by 2008:

\$3 billion or more from Cingular/AT&T Wireless integration

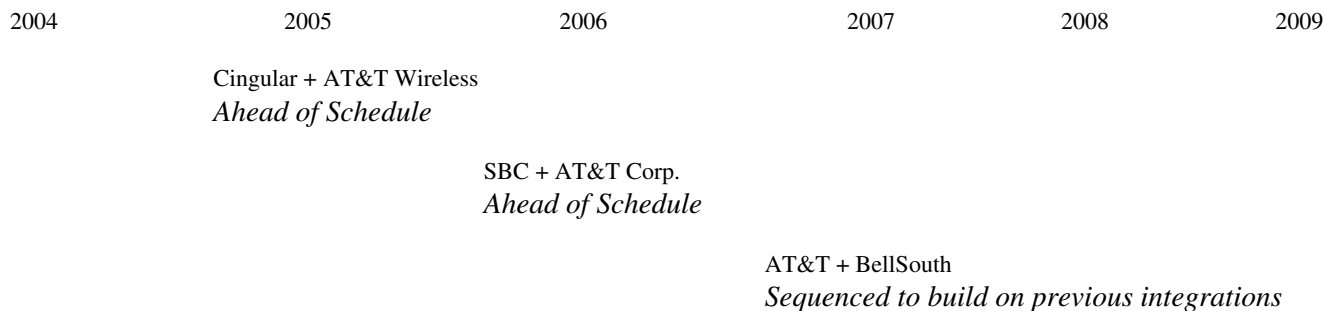
\$2.5 billion or more from SBC/AT&T merger integration

Approximately **\$2 billion** from BellSouth merger integration, approaching \$3 billion in 2009

\$1.2 billion from additional operational initiatives

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The Timing Is Right



Disciplined approach

Detailed planning

Dedicated teams

Integration goals built into all operational budgets and plans

Weekly reviews

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AT&T In Summary

Premier Assets

Wireless
Business

Broadband
Directory

Cost Reduction Opportunities

Annual cost reductions from merger synergies plus operational initiatives expected to exceed \$8 billion by 2008

Positive Outlook

Expect to deliver double-digit EPS growth in each of next three years, with growing free cash flow after dividends

Management committed to building a strong track record based on consistent execution

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AT&T: Strong Execution, Substantial Opportunity

Rick Lindner

Senior Executive Vice President and Chief Financial Officer AT&T Inc.

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LOR: #000000; FONT-FAMILY: Times New Roman">Premises and equipment

58,796

57,931

57,538

52,464

51,234

Foreclosed assets held for sale, net

1,588

1,444

1,468

1,990

2,077

Interest receivable

15,589

14,852

14,398

13,626

13,214

Bank owned life insurance	20,523
	14,266
	3,593
	2,431
	2,777
Goodwill	60,454
	60,454
	60,454
	56,996
	55,704
Core deposit premiums	5,533
	5,639
	5,745
	5,840
	5,934
Other assets	13,479
	13,821
	15,554
	19,443
	19,150
TOTAL ASSETS	

\$	2,485,144
\$	2,459,948
\$	2,438,865
\$	2,377,780
\$	2,350,993
LIABILITIES	
Non-interest bearing transaction accounts	
\$	300,430
\$	298,926
\$	296,921
\$	293,060
\$	290,019
Interest bearing transaction accounts and savings deposits	
	767,160
	774,928
	771,301
	729,842
	717,643
Time deposits less than \$100,000	
	562,961
	559,395

	556,878
	543,136
	542,508
Time deposits greater than \$100,000	
	376,503
	371,380
	369,372
	349,224
	346,344
Total deposits	
	2,007,054
	2,004,629
	1,994,472
	1,915,262
	1,896,514
Federal funds purchased and securities sold under agreements to repurchase	
	99,673
	103,537
	98,499
	94,465
	90,206
Short-term debt	
	32,629
	7,078

	992
	11,252
	11,626
Long-term debt	
	90,865
	92,199
	93,365
	110,946
	110,131
Accrued interest and other liabilities	
	16,380
	15,495
	14,711
	16,136
	16,248
TOTAL LIABILITIES	
	2,246,601
	2,222,938
	2,202,039
	2,148,061
	2,124,725
TOTAL STOCKHOLDERS' EQUITY	
	238,543
	237,010
	236,826
	229,719
	63

226,268

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY

\$

2,485,144

\$

2,459,948

\$

2,438,865

\$

2,377,780

\$

2,350,993

Simmons First National Corporation
Consolidated Statements of Income -
Quarter-to-Date

SFNC

For the Quarters Ended (In thousands, except per share data)	Sep 30 2005	Jun 30 2005	Mar 31 2005	Dec 31 2004	Sep 30 2004
INTEREST INCOME					
Loans	\$ 29,225	\$ 27,175	\$ 25,413	\$ 25,363	\$ 24,956
Federal funds sold	262	273	327	303	140
Investment securities	4,693	4,659	4,574	4,496	4,494
Mortgage loans held for sale, net of unrealized gains (losses)	168	134	119	130	159
Assets held in trading accounts	25	25	25	35	2
Interest bearing balances due from banks	119	103	196	172	34
TOTAL INTEREST INCOME	34,492	32,369	30,654	30,499	29,785
INTEREST EXPENSE					
Time deposits	7,031	6,071	5,278	4,752	4,555
Other deposits	2,015	1,859	1,635	1,469	1,269
Federal funds purchased and securities sold under agreements to repurchase	815	754	545	471	302
Short-term debt	646	104	14	41	94
Long-term debt	1,113	1,104	1,089	1,512	1,448
TOTAL INTEREST EXPENSE	11,620	9,892	8,561	8,245	7,668
NET INTEREST INCOME	22,872	22,477	22,093	22,254	22,117
Provision for loan losses	1,736	1,939	2,221	1,932	1,932
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES					
	21,136	20,538	19,872	20,322	20,185
NON-INTEREST INCOME					
Trust income	1,430	1,349	1,385	1,400	1,388
Service charges on deposit accounts	4,154	4,153	3,414	3,642	3,928
Other service charges and fees	472	454	584	488	536
Income on sale of mortgage loans, net of commissions	827	712	682	781	814
Income on investment banking, net of commissions	146	161	58	131	101
Credit card fees	2,619	2,584	2,340	2,630	2,544
Premiums on sale of student loans	295	642	634	247	417
Bank owned life insurance income	312	218	20	23	23
Other income	485	724	954	612	633
Gain (loss) on sale of securities, net	-	(168)	-	-	-
TOTAL NON-INTEREST INCOME	10,740	10,829	10,071	9,954	10,384
NON-INTEREST EXPENSE					
Salaries and employee benefits	12,703	12,697	12,831	12,357	12,091
Occupancy expense, net	1,483	1,394	1,436	1,374	1,431
Furniture and equipment expense	1,421	1,406	1,449	1,444	1,445
Loss on foreclosed assets	57	55	48	116	49
Deposit insurance	72	69	73	68	76

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Write off of deferred debt issuance cost	-	-	-	771	-
Other operating expenses	5,490	5,343	5,578	5,506	5,468
TOTAL NON-INTEREST EXPENSE	21,226	20,964	21,415	21,636	20,560
NET INCOME BEFORE INCOME TAXES	10,650	10,403	8,528	8,640	10,009
Provision for income taxes	3,316	3,460	2,668	2,800	3,102
NET INCOME	\$ 7,334	\$ 6,943	\$ 5,860	\$ 5,840	\$ 6,907
BASIC EARNINGS PER SHARE	\$ 0.51	\$ 0.48	\$ 0.41	\$ 0.40	\$ 0.47
DILUTED EARNINGS PER SHARE	\$ 0.50	\$ 0.47	\$ 0.40	\$ 0.39	\$ 0.47

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Simmons First National Corporation
Consolidated Statements of Income -
Year-to-Date

SFNC

For the Quarters Ended (In thousands, except per share data)	Sep 30 2005	Jun 30 2005	Mar 31 2005	Dec 31 2004	Sep 30 2004
INTEREST INCOME					
Loans	\$ 81,813	\$ 52,588	\$ 25,413	\$ 96,853	\$ 71,490
Federal funds sold	863	600	327	748	445
Investment securities	13,926	9,233	4,574	17,447	12,951
Mortgage loans held for sale, net of unrealized gains (losses)	421	253	119	575	445
Assets held in trading accounts	74	50	25	41	6
Interest bearing balances due from banks	418	299	196	400	228
TOTAL INTEREST INCOME	97,515	63,023	30,654	116,064	85,565
INTEREST EXPENSE					
Time deposits	18,381	11,349	5,278	18,198	13,446
Other deposits	5,508	3,494	1,635	4,965	3,496
Federal funds purchased and securities sold under agreements to repurchase	2,088	1,299	545	1,227	756
Short-term debt	790	117	14	175	134
Long-term debt	3,306	2,192	1,089	5,863	4,351
TOTAL INTEREST EXPENSE	30,073	18,451	8,561	30,428	22,183
NET INTEREST INCOME	67,442	44,572	22,093	85,636	63,382
Provision for loan losses	5,895	4,159	2,221	8,027	6,095
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES					
	61,547	40,413	19,872	77,609	57,287
NON-INTEREST INCOME					
Trust income	4,164	2,734	1,385	5,421	4,021
Service charges on deposit accounts	11,721	7,567	3,414	14,564	10,922
Other service charges and fees	1,511	1,039	584	2,016	1,528
Income on sale of mortgage loans, net of commissions	2,221	1,395	682	3,391	2,610
Income on investment banking, net of commissions	364	219	58	645	514
Credit card fees	7,543	4,924	2,340	10,001	7,371
Premiums on sale of student loans	1,572	1,276	634	2,114	1,867
Bank owned life insurance income	551	238	20	73	50
Other income	2,163	1,677	954	2,480	1,868
Gain (loss) on sale of securities, net	(168)	(168)	-	-	-
TOTAL NON-INTEREST INCOME	31,642	20,901	10,071	40,705	30,751
NON-INTEREST EXPENSE					
Salaries and employee benefits	38,231	25,529	12,831	48,533	36,176
Occupancy expense, net	4,314	2,831	1,436	5,500	4,126
Furniture and equipment expense	4,277	2,855	1,449	5,646	4,202
Loss on foreclosed assets	160	103	48	346	230
Deposit insurance	214	142	73	284	216

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Write off of deferred debt issuance cost	-	-	-	771	-
Other operating expenses	16,412	10,923	5,578	21,305	15,799
TOTAL NON-INTEREST EXPENSE	63,608	42,383	21,415	82,385	60,749
NET INCOME BEFORE INCOME TAXES	29,581	18,931	8,528	35,929	27,289
Provision for income taxes	9,444	6,128	2,668	11,483	8,683
NET INCOME	\$ 20,137	\$ 12,803	\$ 5,860	\$ 24,446	\$ 18,606
BASIC EARNINGS PER SHARE	\$ 1.40	\$ 0.89	\$ 0.41	\$ 1.68	\$ 1.28
DILUTED EARNINGS PER SHARE	\$ 1.37	\$ 0.87	\$ 0.40	\$ 1.65	\$ 1.26

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**Simmons First National
Corporation**
SFNC
**Consolidated Risk-Based Capital
For the Quarters Ended
(In thousands)**

	Sep 30 2005	Jun 30 2005	Mar 31 2005	Dec 31 2004	Sep 30 2004
<u>Tier 1 capital</u>					
Stockholders' equity	\$ 241,171	\$ 238,692	\$ 232,272	\$ 238,222	\$ 235,454
Trust preferred securities, net allowable	30,000	30,000	30,000	30,000	47,250
Disallowed intangible assets, net of def. tax	(65,271)	(65,452)	(65,718)	(66,283)	(66,489)
Unrealized loss (gain) on AFS securities	3,448	1,925	4,262	1,124	77
Other	-	-	-	(738)	(1,532)
Total Tier 1 capital	209,348	205,165	200,816	202,325	214,760
<u>Tier 2 capital</u>					
Qualifying unrealized gain on AFS securities	357	415	206	392	405
Qualifying allowance for loan losses	21,952	21,157	20,107	19,961	20,540
Total Tier 2 capital	22,309	21,572	20,313	20,353	20,945
Total risk-based capital	\$ 231,657	\$ 226,737	\$ 221,129	\$ 222,678	\$ 235,705
Risk weighted assets	\$ 1,750,783	\$ 1,686,669	\$ 1,602,295	\$ 1,590,373	\$ 1,636,142
Assets for leverage ratio	\$ 2,473,854	\$ 2,420,348	\$ 2,379,954	\$ 2,391,149	\$ 2,337,627
<u>Ratios at end of quarter</u>					
Leverage ratio	8.46%	8.48%			