

BANK NOTES

QUARTERLY NEWSLETTER

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A Look At Money Matters From Your Neighbors At Slocomb National Bank

STATEMENTS

A Letter From The President.

Anniversary Accolades! Being around for a century has given us more than an opportunity to get to know our customers—it's allowed us to watch entire families grow from one generation into the next. It was this notion of connection and history we wanted to share with our customers during our 100th anniversary celebration in the form of a special program. More than a chronology of SNB, it would tell the story of our entire community.



Working with David McCormick of Norma Hanson & Associates, we developed a program we felt captured the essence of what we believe in: family, community and service. It seems someone agrees, because in February, SNB was presented an award for creative excellence by the Southeast Alabama Advertising Federation. I want to congratulate all the people who worked so hard to make our day of celebration one we'll remember for the next 100 years.

Warmest regards,

Hope H. Johnson, President

Overdraft Privilege... Enjoy Some Personal Peace Of Mind.

Mistakes are inevitable... overdrafts aren't. It happens to everyone. You make a payment to your child's school, the power company or a local merchant. It doesn't clear. It doesn't make you a bad person, but it can be embarrassing and expensive. Worse yet, it can damage your credit. Now, with **Overdraft Privilege**, it doesn't have to.

Protect your reputation.

We now offer Overdraft Privilege as an extended service to you, our valued customer. With it, you may avoid the embarrassment of returned items and the inconvenience of merchant fees. Best of all, your reputation and your credit are safer, as long as you maintain your account in good standing. We may elect to pay your overdrawn items rather than returning them unpaid.

How can I get Overdraft Privilege?

You do not have to do anything other than to keep making your deposits- what could be easier?

Now more than ever.

Due to recent, federally mandated changes in the way banks do business, the time it takes for checks to clear may be dramatically reduced. So now, more than ever, it's important to stay on top of your finances.

Program Benefits:

- No annual fee
- No interest charge
- Overdrafts may be covered up to \$500
- NSF fees will apply
- You will be charged service fees for insufficient funds as appropriate. Checks that are paid through the Overdraft Privilege enable you to avoid the additional expense of another fee charged by the business to whom the check was returned.

Overdraft Privilege is not a line of credit and it should not be used to finance routine expenses. It's a tool to help you manage and protect you finances.



If you're interested in or have questions about Overdraft Privilege or our Overdraft Protection options including Line of Credit Option or Transfer Option, call Lora Kelley or Alison Wells (pictured at left). We're happy to help.

BENEFITS

SNB Honored by VFW

A special thank you to our friends at the Slocomb VFW for the beautiful certificate recently presented to Slocomb National Bank. SNB is proud to support this fine group. In a related note, greetings to all of our military friends currently deployed around the world. Please know that the officers, directors, and employees of SNB, as well as your community, have you in their hearts, thoughts and prayers.

SNB Supports Beef Calf Show

The Geneva County Beef Calf and Heifer Show has a proud 55-year tradition in the State of Alabama. Slocomb National Bank is proud to support this fine program and to have purchased the 1400 pound 2006 Reserve



Champion Steer. Pictured here: Randall Morris, Breeder; Kenny Fulford, Adam's Father; Nick Dillard, Judge; Riley Seibenhener, President Geneva Co. Cattlemen's Association; Adam Fulford, Winner; and Melinda Ballard, SNB.

National Attention for Slocomb's Own

The City of Slocomb, Slocomb National Bank and our own Hope Johnson all recently

"As a leader, get the right people on the bus, then fine-tune and get them in the right seat."

—Hope Johnson, Slocomb National Bank

enjoyed some national media attention via **Independent Banker Magazine.**

The story which ran in the March 2006 edition highlighted female executives sharing their stories of success in the world of high finance.

State of Alabama, Office of State Treasurer, Press Release

Montgomery State Treasurer Kay Ivey has announced the re-appointment of Hope Johnson, of Slocomb, to the Board of Directors of the Security For Alabama Funds Enhancement (SAFE) Program. Johnson serves as the President of Slocomb National Bank.

Ivey stated, "I am delighted to re-appoint Hope Johnson to the SAFE Board. This is a board the general public does not hear much about, but it is vital to help ensure the safety of public deposits. Having worked with Hope for the past three years, I know she is a diligent and consci-



entious board member, and a respected community banker. I look forward to continue working side by side with her."

Enacted by the Alabama Legislature in 2000, the SAFE Program, administered by the State Treasurer's Office, provides a unified, mandatory system by which financial institutions within Alabama qualify to serve as depositories to accept and hold public funds. The SAFE Program currently manages \$6.5 billion in collateral pledged to hold public funds on deposit across Alabama.

Simplify Your Financial Life

The FDIC has compiled a list of things you can do to make your banking and other financial chores easier. One suggestion on the list, consider using a debit card at the checkout counter instead of writing checks. The debit card offers speed and convenience over carrying a checkbook and writing checks. "Many consumers also like to use their debit card to obtain cash over and above their purchases," said Kathryn Weatherby, an Examination Specialist for the FDIC. "This saves you a trip to the bank or ATM to get extra cash." Unsure about how debit cards work? A debit card looks like a

credit card and often has a MasterCard or Visa logo; however, the funds come directly out of the bank account you designate.



It's Been Said: If You Need Something Done, Ask a Busy Person

Now it can be said, if you need something done, ask an SNB employee. With SNB's new *Hometown Volunteers Program*, SNB employees have an extra 40 hours paid volunteer time to use at their discretion. As included in SNB's Core Values Statement "We

invest our time, talents and resources into the communities we serve and strive to make them better places in which to live and work." Here are some recent examples of the Hometown Volunteers Program and our commitment to community in action.



Tory Hargrave, SNB, serves as Slocomb Elementary PTO Secretary. She volunteered on Valentines Day to help with the PTO's Valentines Fundraiser. She is pictured here with the Elementary School Principal, Dannelly Martin.



Joe Sanders, SNB, serves as a volunteer for the Dothan Encore Music Program. He teaches music one hour per week to Martha Thagard's second grade class. He is pictured here in action in the classroom.



Dianne Bedsole, SNB, volunteered to help total scores for the Slocomb varsity and junior varsity cheerleader tryouts. She is pictured here with the Cheerleader sponsor, Sherry Davis.

Home Equity Products: How to Borrow Safely

As home values rise in many markets, Americans are increasingly tapping the equity in their homes to borrow money, using either a home equity loan or a home equity line of credit. The equity refers to the difference between what you owe on a house and its current market value. For instance, if you owe \$100,000 on your mortgage but your home is worth \$150,000, your equity is \$50,000.

Why are home equity products so attractive? They offer homeowners great flexibility to finance major expenses, including home improvements and college tuition. They usually have a lower interest rate than credit cards, and the interest often is tax deductible (check with your tax advisor). But these loans also come with risks. The most important thing to remember is that your home is collateral for the loan.

Questions to Ask About a Home Equity Product

1. Do I really need this loan? Consider all your options before you use your home as collateral for a loan.
2. Can I afford the loan payments? Find out how much the payments will be and decide if you can afford them.
3. What if interest rates increase? Find out what

the interest rate will be on your loan. If it is a variable rate, find out when the rate may change and by how much. Ask yourself if you can afford increased monthly payments when interest rates rise.

4. What will I use the loan to pay for? If you decide to tap into your home's equity, you should try to invest in assets with long-term value, such as a home renovation project. Using a long-term loan to finance a short-term asset, such as a car that will have to be replaced in five to six years, means you could still be paying for the item even though you no longer own it.



For more information, ask one of our friendly and knowledgeable loan officers: Kellie Ballard, Joe Sanders, Jerry Bedsole, and Joseph Johnson.

How Credit Reports and Credit Scores Can Affect Your Buying Power

Among the most important things you can do to get the best deal on a loan, a credit card, insurance and other financial products is to make sure your credit record is accurate and in its best possible shape. Why?

Because even a modest improvement in your credit reports and your credit scores can improve the offer on a financial product you may want. In fact, something as simple as paying down your credit card balance or correcting erroneous information in your credit report can boost your credit score enough to save you hundreds of dollars each year in interest or other charges.

It's also important to remember that, as of September 1, 2005, residents in all 50 states and U.S. territories can obtain one free copy of their credit report each year from each of the three nationwide credit bureaus (Equifax, Experian and

TransUnion). For more information about ordering free credit reports, interested parties may go to the special Web site established by the three credit bureaus at www.AnnualCreditReport.com, or call toll-free 877-322-8228.

"If a lender requires a credit score of 680 or higher to get a mortgage loan with a low interest rate and the scoring system the lender is using puts you at 660, taking steps to improve your score may save thousands of dollars over the life of the mortgage," said Cora Lee Page, an FDIC Consumer Affairs Specialist.

The bottom line: Building or maintaining a good credit record and paying attention to how your credit history is reported- preferably before you apply for a new loan or other financial product- can save you time and money.

Hometown Advantage Checking

With us, banking is all about our growing relationships. That's why SNB is pleased to offer Hometown Advantage Checking. With Hometown Advantage Checking you get checking with interest, unlimited check writing and many other features. Qualify by maintaining \$2,500 in Hometown Advantage Checking or by maintaining \$10,000 in a combination of checking, savings, money market, CDs and/or IRAs.

With Hometown Advantage Checking, enjoy all these benefits:

- Free personalized Hometown Advantage checks or a discount on checks of your choice
- Daily interest on your SNB account balances
- Unlimited check writing
- Free 24-Hour Automated Telephone Banking
- Free ATM/Debit card with two withdrawals each month at other banks' ATMs with no SNB fee
- No-fee travelers' checks and cashier's checks
- Safe deposit box discount
- Free notary service
- No closing cost Home Equity Line of Credit
- One savings or money market account with no monthly service fee

Refer to Truth in Savings Disclosure for more information. All accounts, ATM/Debit Cards and Overdraft Protection are subject to credit approval. At our discretion, we may change the interest rate for this account. Interest will begin to accrue no later than the business day we receive credit for the deposit of non-cash items. When you make a financial transaction or balance inquiry at an ATM not owned by SNB, we may charge you a fee and you may be charged a fee by the ATM owner or operator.

SNB Supports the Alabama Multifamily Loan Consortium

Since 1999, when the Alabama Multifamily Loan Consortium closed on its first loan, AMLC has grown rapidly into the premier source of affordable housing loans throughout Alabama. By January 2006, AMLC had originated loans totaling \$32.8 million to finance 2,003 apartments located in 24 Alabama communities and every Congressional district.

SNB was one of the founding banks in 1996, contributing to some 2,700 families' ability to live in safe and professionally managed housing. Joseph Johnson, SNB, serves on the AMLC Board of Directors.

SUCCESS

Beware of Disaster-Related Financial Scams

Disasters such as the tsunami in 2004 and the hurricanes in 2005 can bring out the best in some people and the worst in others. "Criminals may take advantage of a bad situation by preying on peoples' fears, sympathy and desire to help others who have suffered disastrous hardships," said Michael Benardo, manager of the FDIC's Cyber Fraud and Financial Crimes Section. "For example, following catastrophic events we usually see a spike in reports of fake Web sites and fraudulent phone calls or e-mails claiming to be from legitimate charitable organizations that, in reality, may be criminals pocketing donations that were intended to go to disaster victims." Other rip-off artists descend on damaged areas and offer to repair or restore homes but overcharge, perform shoddy work or skip town without finishing the job.

Avoid becoming a victim by taking precautions:

1. Don't give cash. Use checks or credit cards.
2. Protect your personal information. Never divulge critical information in response to an unsolicited request.
3. Give only to charities that you know or you have researched thoroughly.
4. Take precautions when considering an online donation.
5. Verify unsolicited offers of repairs or other products or services for disaster victims.
6. Remember the red flags of fraud. Trust your judgment if something just doesn't seem right or makes you feel uncomfortable.

For more information, contact us at:



One Hundred Years... And Still Growing.

220 East Lawrence Harris Highway
Slocomb, Alabama 36375

p: (334) 886-2367 • f: (334) 886-2364
24 Hour Telephone Banking: (888) 730-7517
Hours: Mon-Thu 9am-4pm; Fri 9am-6pm
(Drive up window opens each morning at 8:30am)



Natural Disasters: How To Prepare For A (Very) Rainy Day

While Hurricane Katrina was the dominant disaster story in the U.S. in 2005, other calamities such as floods, fires, earthquakes, tornadoes, hurricanes or similar events occur frequently, forcing people to evacuate their homes. Minor disasters also damage or destroy property or personal belongings. Natural or man-made disasters strike without warning and can happen to anyone. They can also seriously impair victims' ability to conduct essential financial transactions.

Certainly, your first concerns in an emergency should be your safety and basic needs such as shelter, food and water. But you also should be ready to deal with financial challenges, such as how to pay for supplies or temporary housing, if necessary. Here are some tips from the FDIC.

What to Have Ready:

1. Forms of Identification. These primarily include driver's licenses, insurance cards, Social Security cards, passports, and birth certificates
2. Your checkbook with enough blank checks and deposit slips to last a month or so.
3. Automated teller machine cards, debit cards and credit cards. These cards give you access to cash and the ability to make payments on outstanding bills.
4. Cash. The amount you should have available will depend on several factors, including the number of people in your family and your ability to use ATM, debit and credit cards to get more cash or make purchases. But remember that cash in your house or wallet and not in your bank account can easily be lost or stolen.

5. Phone numbers for your financial services providers. These would include local and toll-free numbers for your bank, credit card companies, brokerage firms and insurance companies.
6. Important account numbers.
7. The key to your safe deposit box.

What to Keep Where:

1. Make backup copies of important documents.
2. Determine what to keep at home and what to store in a safe deposit box at your bank.
3. Seal the most important original documents in airtight and waterproof plastic bags or containers to prevent water damage.
4. Prepare one or more emergency evacuation bags.

What Else to Consider:

1. Sign up for direct deposit.
2. Arrange for automatic bill payments from your bank account.
3. Review your insurance coverage.

Final Thoughts. With this warning about the financial side of disaster preparedness, our goal is to inform and motivate you, not to scare you. The FDIC wants you to know that you can and should be proactive in "expecting the unexpected." Remember too that you don't have to go through this process alone. There are numerous organizations and government agencies on the local, state and national level, including the FDIC on banking matters, who can be tremendous sources of help and information as you plan your strategy... and if you should ever need them in an emergency.

Banks Become Proactive In Preparing for Disasters

Federal and state banking regulators require financial institutions to develop and test "disaster recovery" and "business continuity plans." Each plan must spell out how the bank will recover data, ensure the availability of cash, continue customer service, and otherwise function efficiently after a wide-ranging disaster- one in which personnel are unavailable, key facilities are closed, and power and phones are out for an extended period.

Pictured here working closely with the bank's federal regulators is SNB's Operations Supervisor Carol Battles. Carol has been with SNB for 18 years and

does an excellent job managing the bank's disaster planning and testing.

