

The Banc Stock Group, Inc.

NASDAQ-BSGK - \$2.25

www.bancstockgroup.com, www.shareholderonline.com

www.ipodepot.com, www.e-bsfs.com

Richard J. Wayman, CFA

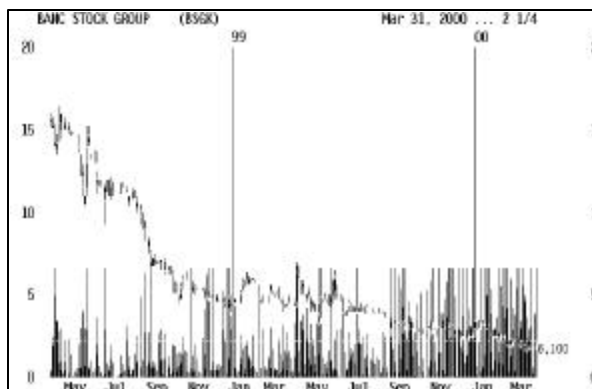
April 3, 2000

Initiating Coverage

An Established Financial Services Firm, Poised to Benefit from Sector Expertise and Deregulation

Current Data		EPS (FYE: February)		P/E
Current Price	\$ 2.25	1999	\$ (0.05)	-45.0
52-Week Range	7-1	2000E	\$ (0.05)	-49.4
Shares Out (Mill)	8.5	2001E	\$ 0.01	261.1
Ave Volume LTM	8,200	Valuation		Current
Market Capitalization	\$ 19.0	P/E (Next FY)	-49.42	148-(32)
LTD/Tot Cap	0.0%	P/B	1.45	4.8-1.1
Institutional Holdings	0.2%	Price/Sales	4.31	24.9-3.6
Insiders Holdings	16.1%	Operating Data		This Qtr
Book Value	\$ 1.55	Sales Growth	-19.5%	-19.3%
30Yr Bond	5.84%	EBITDA Margin	-72.8%	6.1%
BANCX	\$ 9.19	Net Inc. Growth	-743%	-32%

Source: Baseline, except for EPS estimates.



Source: Baseline

Key Investment Points

- Strategic alliances expected to accelerate growth.
- Expanding Internet presence.
- Core competency in regional/community banks can be leveraged as the Company adds financial services.
- Shares could reach \$5.00 in 12 – 18 months as interest rates stabilize and the banking sector recovers.

Company Description

Established in 1977, Columbus Ohio-based The Banc Stock Group, Inc. (BSGK) is a financial services firm with asset management, investment banking, valuation, and market making operations. BSGK's core competence is community and regional banks, having specialized in meeting the needs of this sector for 23 years. The Bank Stock Group Fund (BANCX) is run by the Company and invests in independent regional and community banks. BSGK became a publicly traded stock in 1994 and currently has one office in Columbus, Ohio.

I. Company Overview

The Banc Stock Group, Inc. is a diversified financial services company with a core competency in regional and community banks. Formed in 1977, BSGK originally focused on serving the funding and market making needs of this segment of the banking sector. The Company leveraged this expertise and established the Banc Stock Group Fund (BANCX), a mutual fund consisting of regional and community bank stocks. In addition to the small bank focus, BSGK also performs asset management services for individuals and institutions. Future growth will be a function of current efforts to grow the customer base by offering a wider selection of financial services; increasing the number of brokers; and adding non-bank stocks to its research and market making universe. Table 1 summarizes the Company's operating units and provides a brief description of the services they render.

The Banc Stock Group	* Holding company
Banc Stock Financial Services, Inc.	* NASD registered broker/dealer, registered with the SEC and 30 states. * Registered investment advisor for qualified investors
Heartland Advisory Group, Inc.	* Registered investment advisor to The Banc Stock Group Fund (BANCX)
The Banc Stock Group Fund	* A mutual fund that invests in a geographically diverse group of regional and community bank stocks.
Buckeye Bancstocks, Inc.	* Intrastate broker-dealer, primarily trading Ohio bank stocks.
ipodepot.com	* Internet-based IPO distribution.
Shareholderonline, Inc.	* Development-stage Internet-based information, trading, and equity auction site.

During calendar 1999, the Company expanded its Internet presence by forming ipodepot.com and Shareholderonline, Inc. (BSGK owns 16%). ipodepot.com is an Internet-based venture that will be used to facilitate stock offering of its own underwritings as well as those of other institutions. Shareholderonline is an electronic stock information service and alternative trading site.

Competitive Advantages

BSGK's strategic advantages are its knowledge of regional and community bank stocks (assets between \$100 million and \$12 billion); knowledge of the related market areas; and the relationships they have forged throughout the past 20 years. These relationships, as well as the relatively small size of the markets, can be viewed as effective barriers to entry.

While the regional/community bank sector has fallen out of favor with the broad market, it remains a profitable niche for BSGK for three major reasons:

1. **The trading spreads are larger** for regional and community bank stocks relative to more liquid sectors.
2. **Increased demand for investment banking services.** Consolidation has created a growing number of entrepreneurs starting community banks, but the relatively small size (\$5 - 20 million) of most offerings does not appeal to the larger brokerage houses. BSGK's competitive advantages are its sector expertise, reputation and relationships to profitably serve the financing needs of this group. The Company also provides fee-only consulting services to start-up banks for private and public offerings.
3. **This market is relatively untapped.** During the past 20 years, few financial services firms have attempted to develop clients in rural areas. Yet families that have

accumulated significant wealth populate these areas. These people make better clients because they typically have a longer-term perspective and are used to cyclical.

Products & Services

BSGK offers the full line of financial services: market making, asset management, stock research, and investment banking. Its mutual fund (BANCX) provides an efficient way for portfolio managers to diversify their portfolios by including a geographically diverse group of regional and community bank stocks.

Trading & Market Making

The trading desk currently makes a market in 50 bank stocks. Historically, trading has contributed about 60% of total annual revenues. However, during the last two fiscal years, returns have been volatile due to the concentration in small bank stocks and the cyclical in that sector. We expect trading performance to improve over the longer term as BSGK adds stocks to its market-making list and as the small bank sector recovers.

Asset Management

Asset management is expected to be one of the Company's fastest growing business segments. Plans to increase the types of financial services offered and expand research and trading activity beyond bank stocks should accelerate growth and reduce EPS volatility. BSGK plans to market these services through an increasing number of in-house account executives and several strategic alliances.

The Company's current core asset management product is The Bank Stock Group Fund (BANCX). This fund provides money managers a way to achieve portfolio diversification by investing in a fund consisting of a regionally diverse group of undervalued regional and community bank stocks. While the focus on community and regional bank stocks can result in a degree of absolute underperformance (due to the relative illiquidity of the stocks), the fund has generally outperformed other bank stock funds. Figure 1 illustrates the relative performance of BANCX, the NASDAQ Bank Index (BANK), and the John Hancock Regional Bank Fund (FRBAX).

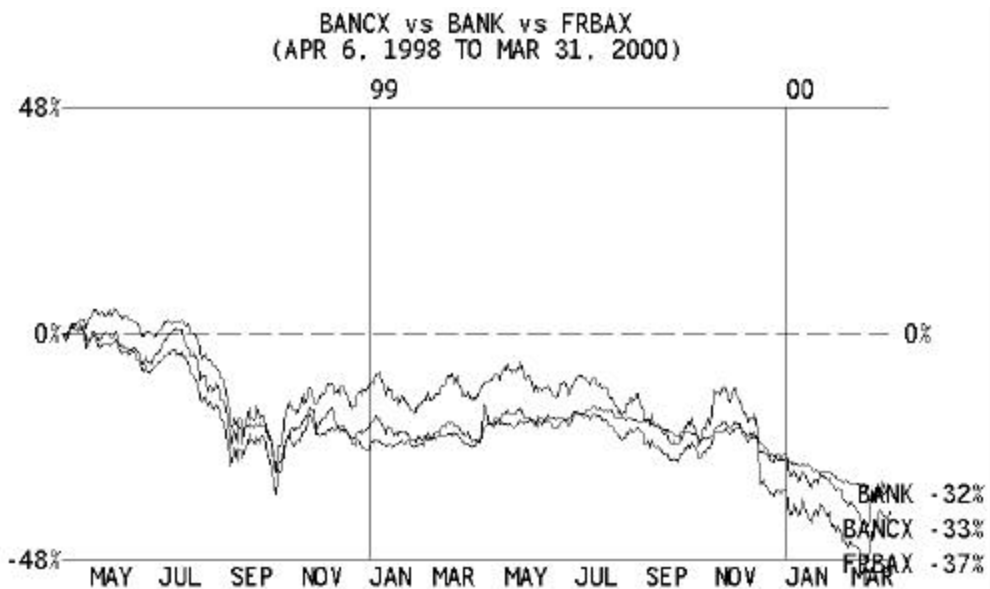


Figure 1: Relative Performance of BANCX, BANK, and FRBAX (Source: Baseline)

BSGK currently has seven registered representatives, but expects to increase that number to 15 within a year and 25 within two years. The Company also plans to expand via strategic alliances, such as the recently announced agreement with Cleveland, Ohio-based Prim Capital Corporation that allows their 80 brokers to market BSGK products and services. From its base in Ohio, the Company plans to expand its market area to include northern Kentucky, western Pennsylvania, southern Michigan, Indiana, Florida and the West Coast.

Research

BSGK's research staff seeks to identify undervalued stocks with seasoned management teams; above average profitability ratios; solid loan portfolios; significant insider ownership; leading market shares; and the potential to generate above average returns in the long run. The research universe of about 200 select stocks consists largely of regional/community banks, but also includes a growing number of larger capitalized non-bank stocks. The Company's research reports are used by BSGK's asset managers and distributed to its clients.

Investment Banking

Investment banking is expected to be a major source of growth as BSGK leverages its expertise and fills the void created by consolidation in both the securities and banking sectors. Consolidation in the securities industry has reduced the number of investment bankers vying for deals under \$20 million. At the same time, consolidation in the banking industry has created a large number of banking professionals who are starting community banks that are successfully competing with former employers. The convergence of these trends is creating a market that could be very profitable for niche firms like BSGK.

BSGK began its investment banking practice in 1998, when the sector began its decline. The fact that BSGK completed IPOs for four new banks (see Table 2) during a period when the sector was experiencing a bear market, is evidence that there is not only a good supply of entrepreneurs wanting to establish new banks, but also of the demand for those shares.

Date of Prospectus	Issuer	State	Ticker Symbol	Raised (Mill.)	Offering	Price	3/31/00
April 21, 1998	Ebank.com, Inc.	Georgia	EBDC	\$ 15.0	\$ 10.00	\$	6.00
August 28, 1998	The Bank of Godfrey	Illinois	BOGF	\$ 3.5	\$ 10.00	\$	7.00
October 9, 1998	Northern Star Financial	Minnesota	NSBK	\$ 3.3	\$ 10.00	\$	9.00
March 30, 1999	First Capital Bancshares, Inc.	South Carolina	FCPB	\$ 7.2	\$ 10.00	\$	9.00

Management

The management team consists of 15 motivated people with a complementary background. The core group consists of seasoned veterans and is augmented by a growing number of younger, but experienced, professionals.

Michael E. Guirlinger - President and CEO

- In current position since May 1995. He joined the firm as VP and Chief Operating officer in 1992.
- Extensive background in financial services and management. Prior to joining BSGK, he was: the Director of Development at Foxgate Farms (a residential builder); Vice President of Northwest Passage Trading Co. (an international trading company); co-founder of Spectrum Mortgage CO. (a real estate mortgage broker); and Director of Development and Finance for Investment resources, Inc. (an intrastate broker/dealer).

- Received a BA from Aquinas College (Grand Rapids, Michigan) in 1970 and an MBA from The Ohio State University in 1986.

Edward E. Schmidt - Executive Vice President

- In this position since joining the firm in 1997.
- His main areas of responsibility are investment banking and website development.
- 27 years of experience in independent bank management, investment banking, and valuation analysis. Prior to joining BSGK, he served as President, CEO and Director of Capital West Group, Inc., a subsidiary of Capital Corp of the West. Mr. Schmidt has served as President of several bank industry associations.
- He is a certified VIA™ consultant and received a BS in Business Administration from the Pacific Coast Banking School, University of Washington.

Jeffrey C. Barton - Chief Financial Officer

- Joined BSGK in this capacity in October 1992.
- Prior to joining the BSGK, he was an employee of Saunders Pearson Company, a contract financial management company. From 1987 to 1989, he served as CFO of a financial subsidiary of First Chicago Corporation and business advisor to a number of firms.
- He received a BBA in 1969 and an MBA in 1972, both from Ohio University.

Mark A. Davis - Vice President and Director of Research

- He has been with the Company since 1978 and has more than 23 years of research experience.
- He has held several executive positions with the predecessor firms.

Sandra L. Quinn – Vice President & Corporate Secretary

- Joined the Company in 1991 and has held several executive positions with BSGK and affiliated companies.
- Is licensed as: a Uniform Securities Agent (Series 63); Corporate Securities Representative (Series 62); Uniform Investment Advisor Representative (Series 65); and Investment Company/Variable Contracts Limited Representative (series 6), and General Securities Principal (Series 24).
- Graduated valedictorian from Bradford Business School.

Tina M. Nofzinger – Vice President of Compliance and Sales Administration

- Joined the Company in her current position in 1999.
- Responsible for compliance, recruiting, broker assistance, and asset allocation for Banc Stock Financial Services.
- Has six years of experience in these areas. Prior to joining BSGK, she was President of broker-dealer relations and Director of Compliance at Alexander Chase Company (Dayton, Ohio). Previous broker experience was gained at MFI Investments (now Sky Financial, Bryan, Ohio).
- Received her degree in Business Management from Northwest State College
- Holds numerous securities licenses including Series 6,7,24,27,63, and 66.

Anthony J. Reilly – President and Head Trader: Banc Stock Financial Services, Inc.

- Originally joined the Company in 1991 as a Registered Representative.
- Licensed as a Uniform Securities Agent (Series 63), General Securities Representative (Series 7) and General Securities Principal (Series 24).
- Received a BSBA in Finance from Sterling College and is a member of the Cleveland Securities Traders Association.

II. Regional and Community Bank Sector Overview

Why Community Banks?

The regional/community bank sector poses significant investment opportunities. Future growth will be a function of deregulation, interest rate movements, industry consolidation and a growing client base that desires, and is willing to pay a premium for, high levels of service. The stocks in this sector currently appear undervalued and thus represent good long-term investments.

Based upon our observations, we think the banking sector will separate into two main groups: very large financial supermarkets and regional/community banks. The financial supermarkets will provide the full range of standardized financial services, centralize decision-making in a remote central office, and have a large bureaucracy. Regional/community banks will provide core banking and investment services with less bureaucracy and significantly higher levels of service. Customers who prefer high service levels will tend to migrate to community banks.

Regional/community bank profits should increase as a result of both a growing asset base and reduced cost structures. Asset growth is expected to result from customer migration as well as an increasing number of small entrepreneurial firms not served by large institutions. Operating margins should remain relatively robust as these clients remain willing to pay a premium for service and technology continues to drive down operating costs.

We think regional/community bank stocks are undervalued for two main reasons. First, the market has over estimated the impact of higher interest rates while understating recent regulatory changes. The impact of interest rate changes on the bottom line has decreased due to improvements in asset/liability management and the growth of fee income as a percentage of total income. The market, however, still tends to overreact to any rise in interest rates by selling these stocks.

The second factor is regulatory changes. The recent demise of Glass-Steagall should provide a boost to this sector as it generates a new wave of merger activity that could rival the rally caused by the 1995 liberalization of interstate banking laws. The year-end demise of the use of pooling of interest accounting should also boost M&A activity during 2000.

Review of the Bank Stock Cycle 1991-1999

Because operating results have been closely tied to the banking sector, we will briefly review the cycle since 1990. We will use the NASDAQ Bank Index (BANK) as a proxy for the sector because it closely tracks the John Hancock Regional Bank Fund (FRBAX) and has a longer history than FRBAX. Our review indicates that over the long run bank stocks outperformed the S&P 500.

As shown in Figure 2, bank stocks have generally outperformed the S&P 500 except for in the early 1990's and since August 1998. The underperformance during the first part of the decade is due to the combination of the residual effects of the 1980s banking crisis and the derivatives crisis of the early 1990s. During the mid-1990s, banking stocks rallied as regulatory reform allowed interstate banking, accelerated merger activity, and as interest rates declined. In the

second half of 1998, the financial crises that resulted from the meltdowns of Asia, Russia, and Long Term Capital Management caused investors to shun financial stocks. At the same time, investors shifted their attention (and portfolios) to technology and Internet stocks.

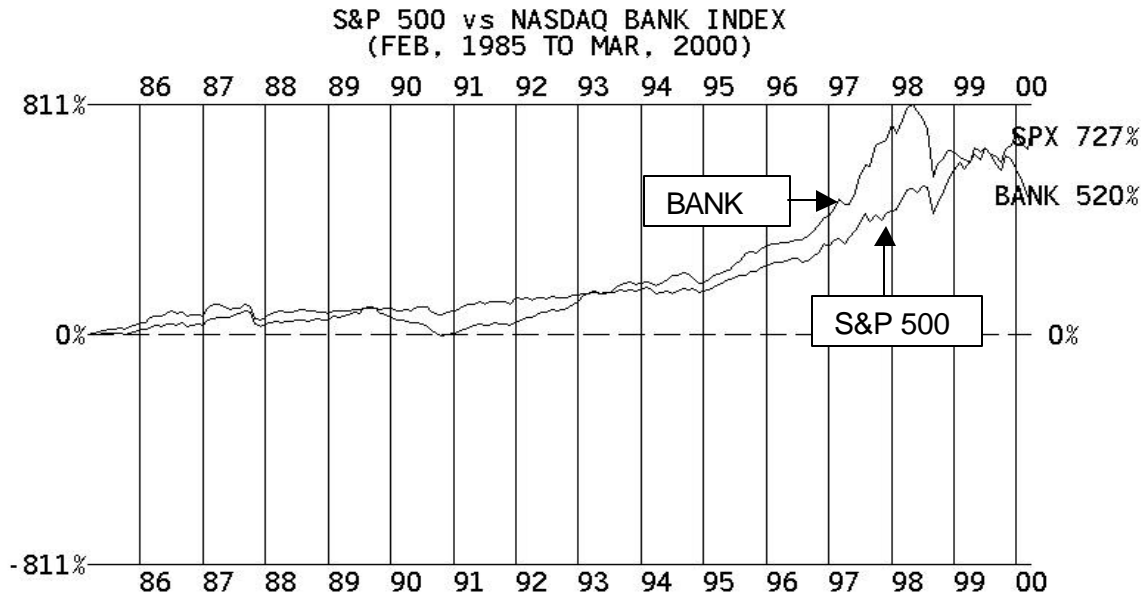


Figure 2: Sector Performance (Source: Baseline)

Figure 3 illustrates the relative annual performance of both indexes and how closely they parallel each other by tracking the year over year change.

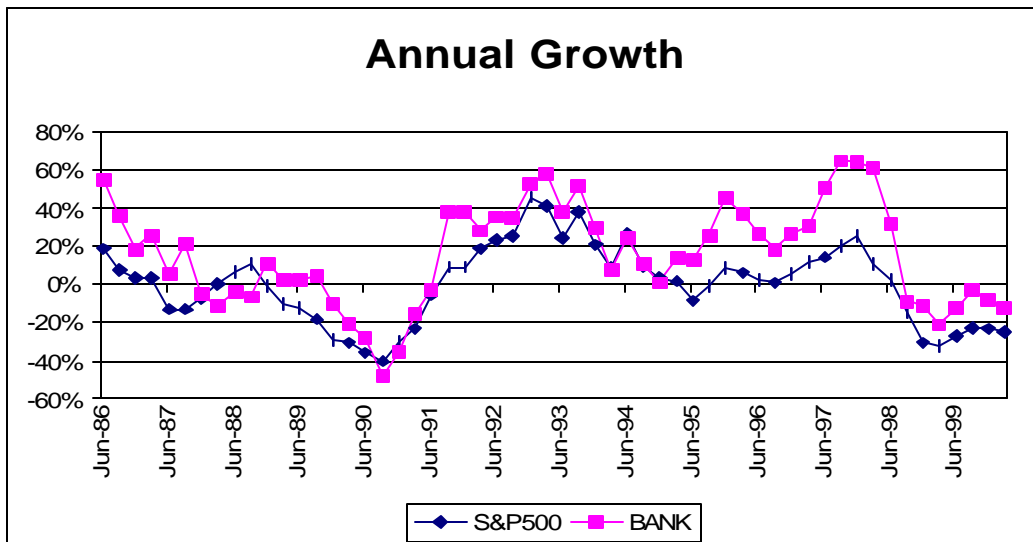


Figure 3: Percentage Change from March 1986 to December 1999

III. Review of Operating Performance

While the Company can trace its beginnings to 1976, the Company did not exist in its current form until fiscal 1994. Prior to fiscal 1994, several separate businesses focused on serving the regional and community bank markets. Through a series of acquisitions, these firms became BSGK. However, since 1994 was the start-up year with significant one-time expenses, we consider fiscal 1995 as the first year of comparable operating data.

Historical Operating Performance

As shown in Figure 4, Trading Profits and Fees & Commissions have been the major source of BSGK's revenues. On a normalized basis, we estimate that Trading contributes 60% of total revenues while Fees and Commissions generates 29%. The growth trend in these segments paralleled the cycle in regional bank stocks. In fiscal 1999, BSGK realized trading losses due to the decline these stocks experienced in August and November 1998. Fees and commissions continue to show positive momentum due to the Company's program of growing the asset management business. Investment banking revenues have been significant, but erratic due to the sporadic nature of investment banking. Dividends, interest and other revenues have been more consistent, but relatively small contributors to total revenues.

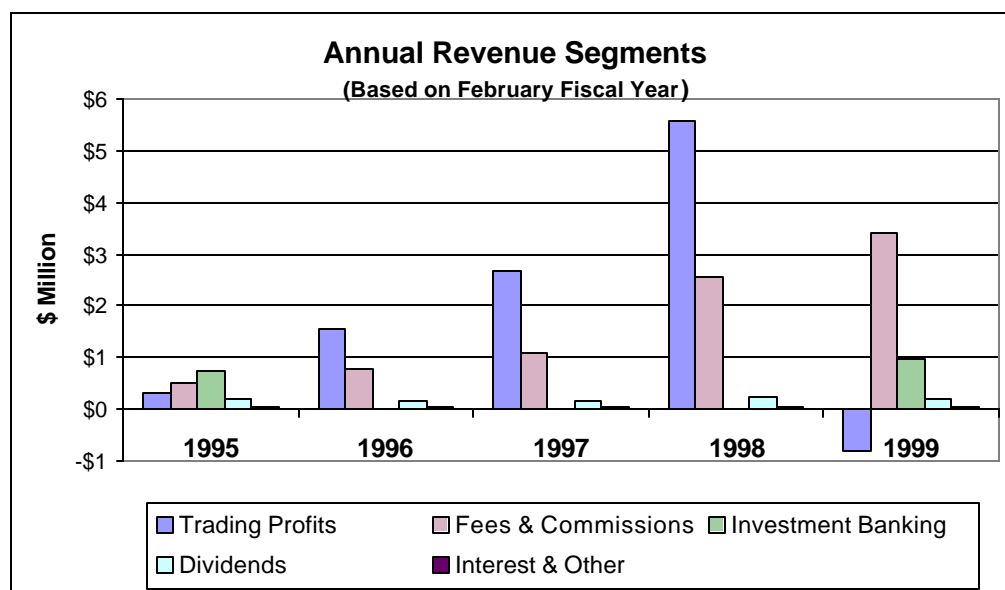


Figure 4:

During the last two fiscal years, the rise and fall of regional bank stocks and the Company's decision to invest in developing a wider product line significantly impacted operating results. Investor interest in regional/community bank stocks increased during the second calendar quarter of 1997 and peaked a year later. The significant sell-off that occurred in the second half of calendar 1998 was the main factor for the trading losses that BSGK recorded in August (BSGK's second fiscal quarter in fiscal 1999) and November 1998 (3Q99).

Coincident with the decline in bank stocks, BSGK increased spending for broker commissions and operating infrastructure in order to attract more brokers, develop websites and expand their product line. While this had a near-term negative impact on earnings, we think it will generate longer-term benefits such as higher revenues and less volatile margins.

The impacts of these events are illustrated in Figures 5 and 6. Figure 5 illustrates the spread between revenues and net income was relatively constant until August 1997, a time when

investor interest in regional and community banks began to increase dramatically. However, this cycle lasted only one year, and the subsequent adverse impact on BSGK is evident. The Company's improved performance over the last four quarters is the result of its efforts to increase its asset management business and a slight improvement in the regional banking sector. Figure 6 compares the trend in annual revenues and net income.

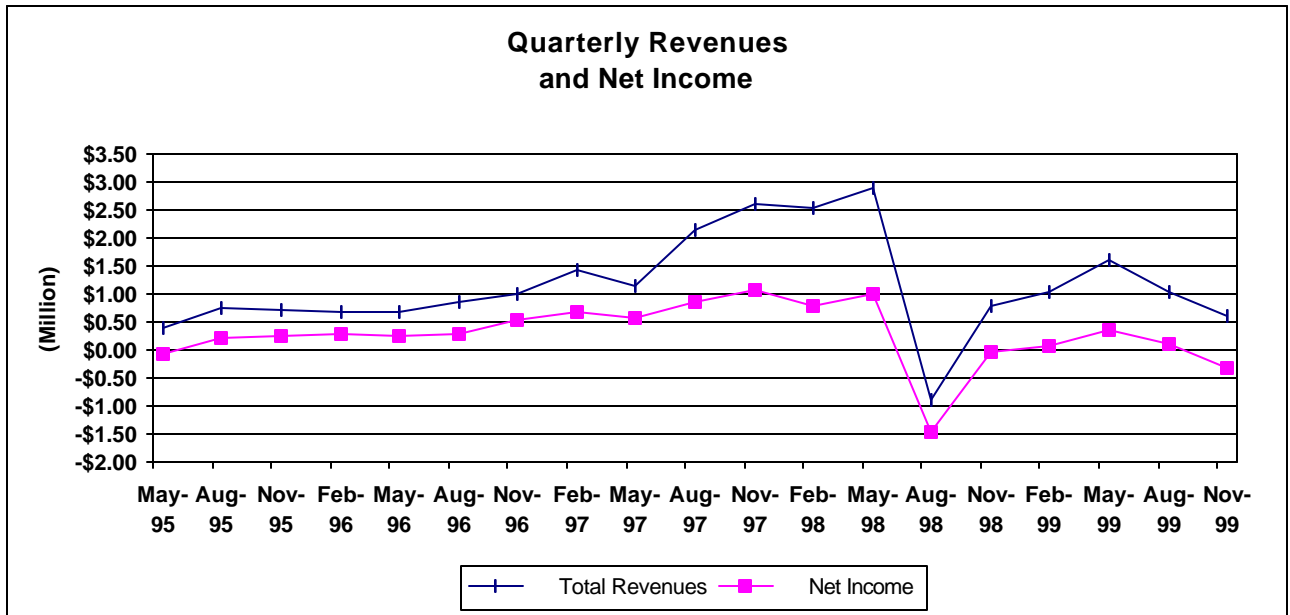


Figure 5

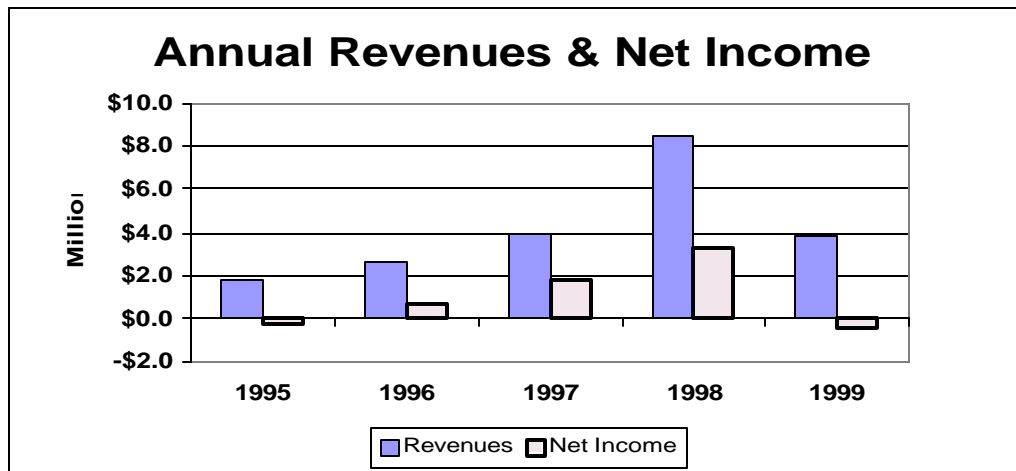


Figure 6

Recent Results: 3Q00

Third quarter results continue to reflect the market's disinterest in bank stocks and BSGK's investments for future growth. While 3Q00 results were lower than last year's, the nine month data reflect the positive impact of the Company's long-term growth strategies.

For the third quarter, BSGK lost \$0.04 versus \$0.00 in 3Q99. The main causes for the negative results were a net trading loss and continued investment in staff for future growth. Trading losses were \$0.3 million versus losses of \$0.03 million as the market continued to avoid bank stocks due to interest rate fears, disappointing announcements from prominent banks, and tax loss selling. Operating expenses increase 40% versus last year, despite lower interest expense, as BSGK expanded its service offering. Also contributing to the loss was BSGK's share of the operating loss at shareholderonline (a loss of \$0.5 million versus net income of \$.2 million).

For the nine-months ending November 1999, EPS was \$0.01 versus a loss of \$0.06 per share during the same period in fiscal 1999. Total revenues increased 18% to \$3.3 million as trading profits offset declines in management fees (down 26%) and investment banking (down 32%). BSGK recorded trading profits of \$0.4 million versus a loss of \$1.0 million as banking stocks rebounded from the lows established in calendar 1998. Management fees and Investment banking revenues were lower due to a lower level of investment banking activity (see Table 2). Total operating expense declined 6% as reductions in interest and investment-banking expenses offset increased salaries and overhead.

The financial condition improved as the result of the rebound in trading profits and elimination of margin debt. Management continues to be debt adverse, choosing instead to fund growth internally. The equity/asset ratio reached 92%, a fourth consecutive quarterly improvement and a level not seen since August 1996. For the nine months periods, operating cashflow was \$3.7 million versus a negative \$0.05 million. Since there are no dividends, the growth in retained earnings increased the book value per share to \$1.55 from \$1.52.

IV. Outlook

The major factors that are expected to have a significant impact on operating results are: the regional/community bank stock performance; investment banking activity; and BSGK's ability to increase assets under management. In developing our forecast, we assumed:

- A gradual improvement in trading revenues resulting in 7% annual growth,
- An average of two investment banking deals a year,
- That revenues from assets under management would grow 20% per year while expense related to achieving this pace would rise 15% annually,
- The Company will spin-off its Internet affiliate in mid-FY2001,
- Amortizing options rise materially in FY2001 due to strategic alliances, and
- An effective tax rate of 31%.

We assumed that trading revenues/portfolio returns of 7% per year would be a conservative estimate over the long term based upon market fundamentals. In fiscal 1997 and 1998, trading portfolio returns were 33% and 49%, respectively. During the last four quarters, annualized rates of return ranged from a negative 9% (November 1998) to 16% (May 1999).

However, our assumptions for fiscal 2001 are much lower. Based on the current market for bank stocks, we expect negative returns for 4Q00 with a gradual improvement thorough fiscal 2001. Results in the first half of fiscal 2001 could be lower than our average estimate if the Fed

raises interest rates by more than 50 basis points at its next meeting. Later in calendar 2000, investment returns are expected to improve as higher, but stabilized, interest rates pressure high P/E stocks, causing investors to seek safer investments such as the lower P/E stocks that BSGK has in their portfolio.

We think BSGK will spin off shareholderonline at some point during FY2001. While the timing and form (IPO or private placement) is unknown, we think it will happen due to management's desire to seek additional funding needed to grow that business. The spin-off would dilute BSGK's holdings, allowing the Company to eliminate the expense on its income statement by using investment accounting instead of the equity method.

Based on these assumptions, we estimate BSGK could lose \$0.05 per share in 2000, break even in FY2001 and earn \$0.04 in FY2002. Our detailed income statement forecast is shown in Table 3. We estimate that BSGK could post a net loss of \$0.06 per share in 4Q00 as bank stocks could remain under pressure from the prospect of higher interest rates and as BSGK continues to invest in expanding services and growing assets under management.

Table 3: Annual Income Statement

(\$ Millions)	1995	1996	1997	1998	1999	2000e	2001e	2002e
Trading Profits	\$ 0.330	\$ 1.558	\$ 2.656	\$ 5.583	\$ (0.825)	\$ 0.306	\$ 0.400	\$ 0.428
Fees & Commissions	0.503	0.795	1.082	2.568	3.412	2.483	2.980	3.576
Investment Banking	0.727	0.000	0.023	0.000	0.971	0.650	0.950	1.210
Agency Fees	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Dividends	0.189	0.156	0.170	0.244	0.193	0.274	0.274	0.274
Interest & Other	0.025	0.042	0.034	0.055	0.051	0.044	0.050	0.050
Total Revenues	1.774	2.551	3.965	8.450	3.802	3.757	4.654	5.538
Broker Comm	0.460	0.392	0.653	1.946	1.910	1.241	1.427	1.641
Payroll & etc	0.439	0.405	0.510	0.567	0.679	1.078	1.143	1.211
Accrued Incent Comp	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Professional Fees	0.000	0.000	0.276	0.393	0.468	0.387	0.402	0.419
Interest	0.206	0.086	0.054	0.095	0.057	0.002	0.002	0.002
G&A	0.905	1.067	0.758	0.834	1.115	1.383	1.452	1.539
Total Expenses	2.010	1.950	2.251	3.835	4.229	4.181	4.551	5.000
EBT	-0.236	0.601	1.714	4.615	-0.427	-0.424	0.103	0.538
Taxes	0.000	0.000	0.000	1.430	-0.032	-0.155	0.032	0.167
Net before affil	-0.236	0.601	1.714	3.185	-0.395	-0.269	0.071	0.371
shareholderonline	0.000	0.038	0.036	0.090	-0.052	-0.113	0.000	0.000
Net Income	-0.236	0.639	1.750	3.275	-0.447	-0.382	0.071	0.371
EPS-Diluted	\$ (0.03)	\$ 0.08	\$ 0.21	\$ 0.36	\$ (0.05)	\$ (0.05)	\$ 0.01	\$ 0.05
Effective Tax Rate	0%	0%	0%	31%	7%	37%	31%	31%
Growth Rates								
Revenues		44%	55%	113%	-55%	-1%	24%	19%
Operating Income		155%	185%	169%	-109%	-1%	-124%	424%
Net Income		171%	174%	87%	-114%	-15%	-119%	424%
Margin Analysis								
Broker Efficiency	91%	49%	60%	76%	56%			
Efficiency Ratio	113%	76%	57%	45%	111%			
Return on Portfolio			33%	48%	-6%			

Boldfaced data are estimates

Table 4: Quarterly EPS (diluted)						
	1	2	3	4	FY	
1997	\$ 0.03	\$ 0.03	\$ 0.06	\$ 0.09	\$ 0.21	
1998	\$ 0.07	\$ 0.10	\$ 0.12	\$ 0.36	\$ 0.36	
1999	\$ 0.11	\$ (0.17)	\$ (0.00)	\$ 0.01	\$ (0.05)	
2000e	\$ 0.04	\$ 0.01	\$ (0.04)	\$ (0.06)	\$ (0.05)	

Boldfaced data are estimates

IV. Valuation and Comparative Analysis

Our 12 – 18 month target price is \$5.00, but we think the shares may trade at the current level until interest rates stabilize and/or the market becomes more value-oriented. Our target price is based more upon banking cycle valuation metrics rather than a peer group comparison because we expect the market will continue to value BSGK more like a regional/community bank instead of a financial services firm for during the next 12 – 18 months. We think it will take this long for BSGK to demonstrate that its diversification strategy is working and for the market to realize the change.

Methodology

Our target price is based upon an average of the Company's Price/Book; Price/Sales per Share; and P/E ratios over the last 24 months. We chose this period because it excludes the top of the last cycle and captures much of the current pessimism, thus providing conservative ratios. The following three charts illustrate the trend in these ratios since November 1997 and illustrate the markets growing pessimism. We chose to focus on Price/Book and Price/Sales per Share benchmarks at this point because these are the metrics generally used for banks.



Figure 7

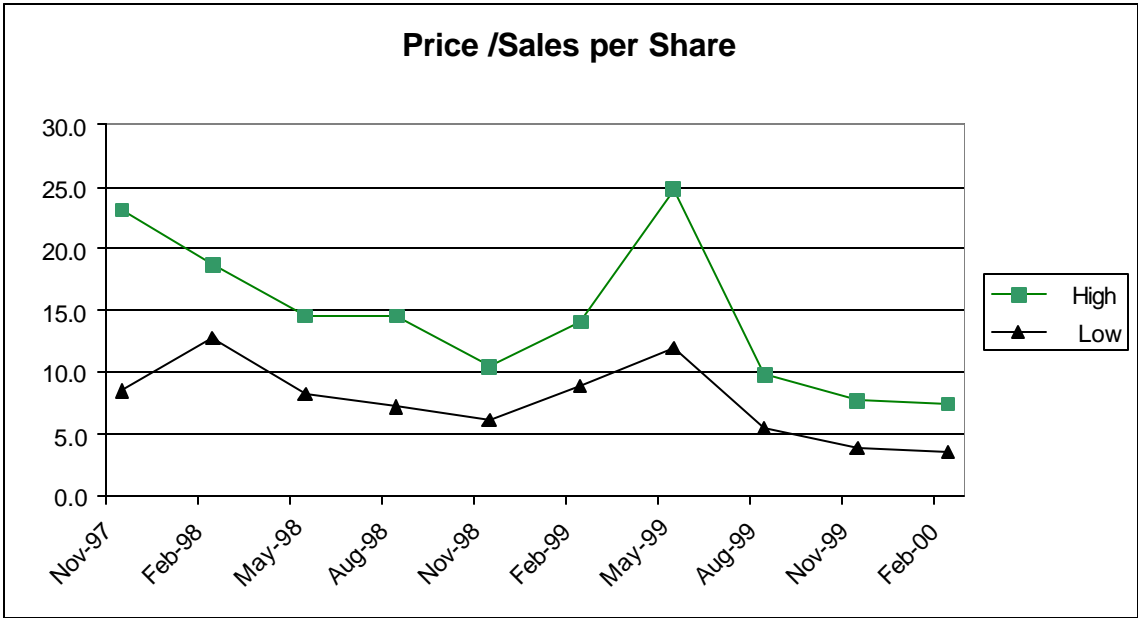


Figure 8

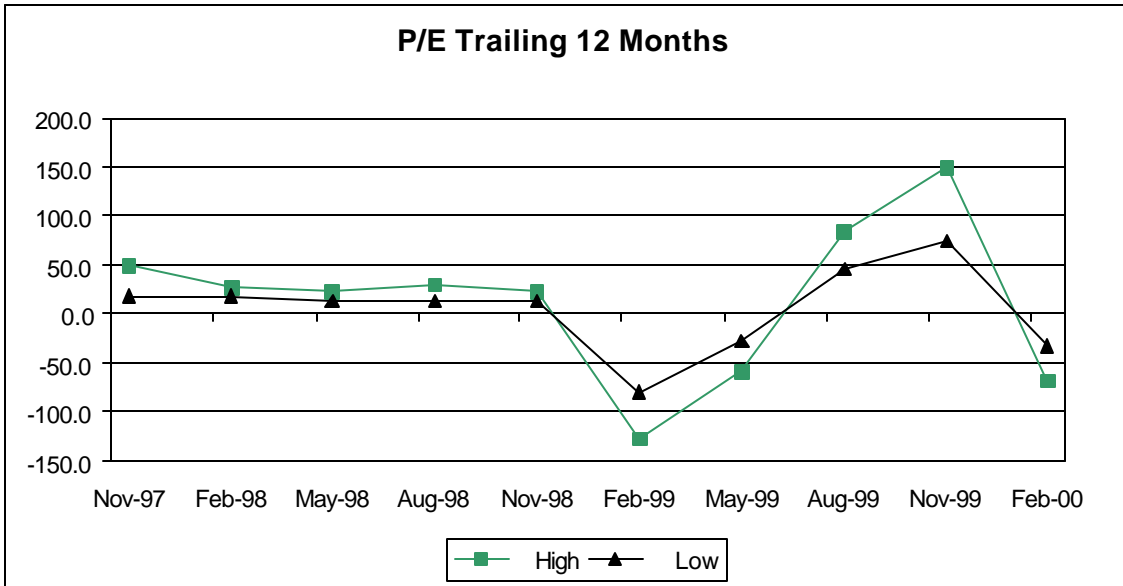


Figure 9

Table 5 shows how we arrived at our target price. First, we evaluated the trend and average multiples over the last 24 months and chose levels that could be achieved as the banking sector recovers. Then, we used our FY2001 estimates and assumed that it could take another two or three quarters before the sector recovers and the market to become less pessimistic in its valuation. Then we averaged the three estimates to arrive at a target price range. We included a P/E range as an added measure of conservatism.

Table 5: Valuation Analysis:						
Price to:	Ranges		2001E	High/Low	Average	
	1998-99	Est.	Est.	Range		
Book	7.8	7.0	\$ 1.35	\$ 9.48	High	\$ 6
	1.9	2.0		\$ 2.71		
Sales/Share	19.7	13.0	\$ 0.57	\$ 7.36		
	4.9	5.0		\$ 2.83		
EPS	89.0	25.0	\$ 0.01	\$ 0.22		
	-56.3	15.0		\$ 0.13		

Timing

While we feel \$5.00 is an achievable target, the key question is when. The current low valuations placed on BSGK and the banking sector are the result of interest rates fears and the markets infatuation with anything "dotcom". We think this could change over the next 12 months as;

- Valuations improve as interest rates stabilize later in 2000. The current low valuation levels indicate that the market has already discounted an expected 75 to 100 basis point increase in interest rates. This indicates to us that we could be approaching the bottom of the current banking cycle, and
- The market loses its obsessive/compulsive behavior with high P/E stocks and start looking for value. We believe that interest rates and earnings do matter and that eventually, events will cause the pendulum to swing back to value. Events that could be the catalyst for conversion are the impact of interest rates on the new economy stocks and disillusionment with last year's IPOs as they attempt to come back to the market for more money to burn.

V. Investment Risks

Investors need to consider the following risks:

- The shares are thinly traded and are consequently vulnerable to significant volatility.
- The market may be slow to respond to positive developments due to a lack of analytical coverage of this company.
- Insiders hold a significant portion of the shares. While this limits the liquidity of the stock, it also aligns management's interest with those of the shareholders.
- Operating results are currently extremely dependent upon the regional/community bank stock cycle, which is currently out of favor. Over the next six to nine months, the prospect of higher interest rates is expected to continue to adversely impact this sector and, consequently, operating results.

This report contains "forward looking" statements within the meaning of U.S. federal securities laws. Forward-looking statements regarding the Company's performance inherently involve risks and uncertainties that could

cause actual results to differ from such forward-looking statements. Factors that would cause or contribute to such differences include, but are not limited to, continued acceptance of the Company's products/services in the marketplace; acceptance in the marketplace of the Company's new product lines/services; competitive factors; new product/service introductions by others; technological changes; dependence upon third party vendors; year 2000 issues; and other risks discussed in the Company's periodic report filings, including interim reports, with the Securities and Exchange Commission. By making these forward looking statements, researchstock.com, Inc. undertakes no obligation to update these statements for revisions or changes after the date of this report.

NEITHER RESEARCHSTOCK.COM NOR ANY PROVIDERS OF INFORMATION MAKE ANY WARRANTIES, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED FROM USING THIS INFORMATION AND MAKE NO EXPRESS OR IMPLIED WARRANTIES OF MERCHANTABILITY OF FITNESS FOR A PARTICULAR USE.

researchstock.com, Inc. is an independent research firm that publishes research reports on companies that may, or may not be clients. researchstock.com, Inc. derives most of its compensation from investment research and financial advisory services, and has been compensated for the preparation of this report. researchstock.com, Inc.'s monthly retainer fee is \$2,500.00. This information is solely for informative purposes and is not solicitation or an offer to buy or sell any security. It is not intended as being a complete description of the securities, markets or developments referred to in the material. The information contained herein is subject to change without notice, and we assume no responsibility to update the information in this report. Any sales or earnings forecasts contained in this report were independently prepared by researchstock.com, Inc., unless otherwise stated, and are not endorsed by the management of the company which is the subject of this report. All expressions of opinion are subject to change without notice. The information contained herein was obtained from sources, which we consider reliable, but we have not independently verified such information and thus do not guarantee that it is accurate or complete. Additional information is available upon request. researchstock.com, Inc. and/or its officers and directors, stockholders, and employees, and/or members of their families may have a long/short position in the securities mentioned in this report and may make purchases and or sales for their own account of those securities as principal or agent in the open market or otherwise. researchstock.com, Inc. or one of its affiliates may from time to time perform investment banking or other services for, or solicits investment banking or other business from, any company mentioned in this report. This report does not take into account the investment objectives, financial situation or particular needs of any particular person. Investors should obtain individual financial advice based on their own particular circumstances before making investment decisions on the basis of this report.