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THE IMPACT OF STRATEGIC ANNOUNCEMENTS ON CORPORATE VALUE: AN EVENT STUDY OF NETBANK INC.

Priscilla Liang*, Mo Vaziri**

Abstract

This paper applies event study methodology to analyze the impact of strategic announcements on the value of NetBank Inc., the world's largest purely online banking institution. Strategies analyzed in the paper are promotions and promotional alliances, new services/products, services/technology improvements, and partnerships and acquisitions. Empirical results conclude that strategies such as introducing new services/products, partnerships and promotional activities, especially promotional alliances, decrease NetBank's value. Conversely, services and technological improvement that provide convenience to customers and reduce corporate costs increase NetBank's value. Also, activity such as acquiring a competitor's existing customer base increases NetBank's value. But diversification through acquisition should be avoided. Testing results can apply to other Internet companies or companies in high tech industries.

Key words: Corporate Valuation, Event Study.
JEL classification: G, G14,

I. Introduction

It has been long maintained that investors' perceptions about a company's future earnings determine its stock price. Information released from the company on which investors form their beliefs therefore is crucial for market valuation. This study intends to investigate the impact of strategic activities on a firm's value. Evans and Wurster (1997) argue that the world is in the midst of a fundamental shift in the economics of information. They contend major changes will occur in the structure of entire industries and in the ways companies compete. Internet banking, for example, is a pioneer in the e-commerce enviroment, and this case study will focus on NetBank Inc., the sole survivor among totally online banks.

A. Historical Background of NetBank

NetBank, initially known as Atlantic Internet Bank, was founded as an internet-only bank in October 1996. It went public in July 1997. The bank made its first annual profit in 1998, making it the first profitable independent Internet bank in the country, serving customers in all 50 states and 20 foreign countries. The bank started out serving as a depository institution for consumers and buying certain loan assets from third parties. In time, the company realized it was going to take longer to reach a critical mass of lending over the Internet than it took to acquire deposits over the Internet. In summer 2001, the company made a move to change its strategy to acquire two big non-internet mortgage-banking companies. The bank acquired Market Street Mortgage, a retail mortgage lender based in Clearwater, Florida, and licensed to conduct business in 37 states. NetBank acquired Resource Brancshare Mortgage Group, Inc., a wholesale mortgage banking company focused on purchase, sales and service of residential, single-family first mortgage loans through a nationwide network of independent brokers and correspondent banks. Other than acquiring mortgage companies, the bank secured CompuBank's deposit accounts in 2001 and Netinsurance.com in 2002. The acquisitions strategy would build the asset side of the bank's balance sheet to create greater value for the firm's shareholders.

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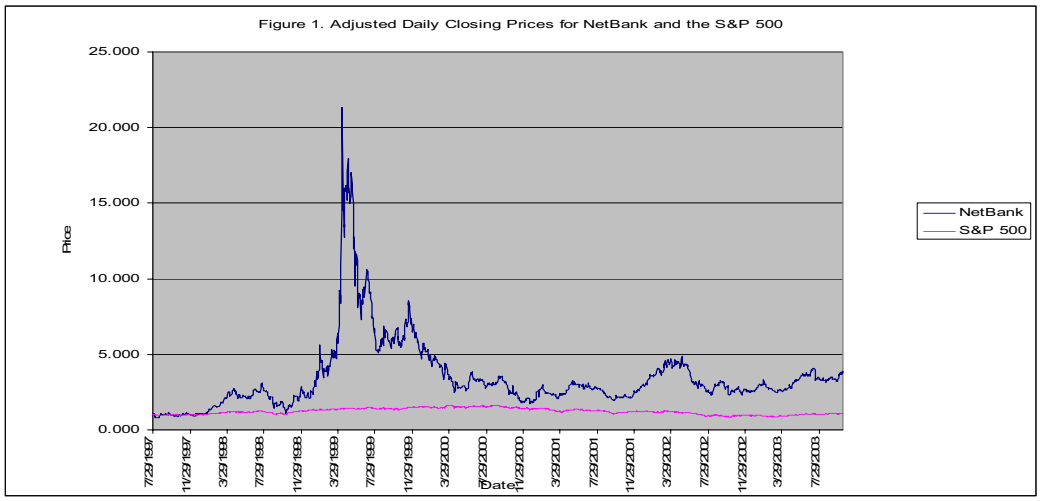
NetBank's branchless business model theoretically enabled it to run at a cost structure much lower than brick and mortar banks, hence passing the benefits to customers by offering free checking to all of its NetValue Checking Account customers, free unlimited online bill payment, unlimited online bill payment, unlimited ATM use, unlimited check writing and free checks. Over time the bank had introduced new services within insurance, auto lending, wealth management products, and small business products.

NetBank has upgraded its banking technology platform to better accommodate future growth and offer customers a wider range of new and improved services. During 1999, the bank completed multiple technology upgrades to its online banking platform to increase the reliability and speed of the service. In 2002, the bank enhanced its electronic customer relationship management (eCRM) system through a business partnership with WebTone Technologies, a leading touch-point management company that produces customer interaction solutions that enable financial institutions to maximize operating efficiencies and minimize costs.

In its early efforts to improve its marketing efficiency, the bank relied on online banner ads, formed strategic marketing partnerships with groups like American Online (AOL), Microsoft, Six Continents Hotels, Federated Department Stores and Tupperware. The programs were structured as pay-for-performance and required the bank to pay a fee only for new, funded accounts that it received.

NetBank went public in July 1997 at $11 per share, and at its peak in April 1999 it was valued at 21.35 times its closing price on the IPO date. But by the end of 2000, the market value declined to 1.74 times its initial level. The bank's value has remained below 5 times its initial price since the beginning of 2000 (See Figure 1).



(Note that NetBank's stock prices vary greatly in daily basis compared to those of S&P 500 Index. Prices have increased dramatically during stock split period.)

Fig. 1. Adjusted daily closing prices for NetBank Inc. and the S&P 500 Index

In order for the bank to increase its value, several strategies have been applied. However, it is not clear which of the strategies significantly contributed to the value of the bank. Is NetBank strategically different from other online banking firms? Do investors perceive NetBank's different type of strategic announcements differently from other firms? And what might we learn from NetBank's survival?

II. Theory and Hypotheses

The general strategy of online companies is to increase sales through increased web traffic. For an Internet bank, the same assumption applies. Internet banks will try different strategies to increase web traffic, thus to increase its customer base via sales.

A. Promotion and Promotional Alliances

Promotional activities, especially those in the early period of the firm's life, have become more important in today's dynamic e-business environment. Promotions can help more consumers become aware of the firm's products and services. On the other hand, they can be very expensive and ineffective. Porter (2001) maintains that e-businesses frequently have chased customers indiscriminately via discounting, channel incentives and advertising, seemingly more interested in click-through revenues and an overload of extra services rather than the bottom line. Filson (2004) suggests that the marginal benefit of promotional activities may fall over time and investing in promotional activities has diminishing marginal returns.

Additions may add to Filson's analysis. Since consumers cannot observe the physical appearance of an online company, reputation and trust become more important. For a start-up online firm, promotions or referrals through some reputable alliances may help the company gain the reputation and trust it needs. This prompts hypothesis 1.

> ***Hypothesis 1:*** *Promotional events in general will increase the value of the firm. Promotion through cooperative alliances with leading corporations will have a more positive impact on the firm's value than promotion without alliances. Promotional events have diminishing marginal returns: early promotions in the firm's life have a more positive impact on the firm's value than those later on, it is herein assumed.*

B. New Services/Products

Strategy is the way in which a company orients itself toward its market and its competitors. It is a plan and organization formulates to gain sustainable advantages over that competition. The E-commerce environment is dynamic and fast moving. The company must reassess continuously to catch that competitive advantage. One strategy is to continuously offer new services and products. During the process of doing so, managers should ask themselves, "What are the sources of the company's competitive advantage? How will the company position itself against competition? What kind of new products will warrant and secure the company's competitive advantages?" Since the answers are largely unknown, product innovation is a "trial and error" process. If the firm finds some of the answers later on, the further introduction of new products will tend to help it to capture a market niche. High uncertainty of new services and products introduction suggest the next hypothesis

> ***Hypothesis 2: New*** *services/products reduce the firm's value. The new services/products introduced later in firm's life will have positive impact on firm's value due to the learning process.*

C. Services/Technology Improvements

Web traffic is important for an online company. But due to absence of location advantages, firms can gain and lose customers easily. Many online firms realize the importance of better service as part of a package of customer retention. Customers may try online services for different reasons, but what makes them stay online are convenience, easy access, high security and superior customer services. Customer retention, not acquisition, is a more profitable channel for a financial service firm. Technology improvement will warrant service improvement and further reduce operational costs, thus allowing online companies to pass on the savings to their consumers – a critical survival step. In sum, the benefit of services/technology improvement is customer retention and cost reduction. Such strategy at the initial stage will greatly improve the quality of customer

service. Later, costs are relatively constant but the marginal benefit tends to decrease. While competitors catch up with similar technology, marginal costs will eventually outweigh the marginal benefit. This leads to hypothesis 3.

> ***Hypothesis 3:*** *Investment in services/technology improvement has diminishing marginal returns: investments early in the firm's life have a more positive impact on the firm's value than those later on.*

D. Alliances

In e-commerce, strategic alliances enable firms to gain a competitive advantage through access to a partner's resources, including market, technology, capital and human. The prevailing business practice is: focus on what you do best, strive for excellence in a few key areas, and tap into the resources of others for the rest. Therefore, you can achieve the 80/20 principle rule: 80% of profits come from 20% of the efforts. A firm will be more selective in forming alliances later in its life due to increasing experiences, which leads to hypothesis 4:

> ***Hypothesis 4:*** *Alliances add value to the firm. Forming alliances later in the firm's life have a more positive impact on the firm's value than those early on.*

E. Acquisition

Acquisition is a major strategy tool for fast-track technology-led companies. Acquisition can help a company to acquire complementary products to broaden the line, to acquire new markets or distribution channels, to acquire additional mass, and benefit from economies of scale; and to acquire technology to complement or replace the currently used one. For most banks, traditional or online, they achieve their growth through acquisitions. It is cheaper to acquire an existing customer base than to lure new ones through expensive marketing. This suggests hypothesis 5.

> ***Hypothesis 5:*** *Acquisitions increase the firm's value.*

III. Methodology

The authors employed press releases from *Business Wire* and *PR Newswire* in the *Lexis-Nexis* database, and NetBank's websites to assemble a comprehensive list of important announcements of strategies. Based on our hypotheses, we selected announcements that are categorized as promotion and promotional alliances, new services and new products, services and technology improvements, alliances and acquisitions. Because financial announcements have significant impact on the firm value (MacKinlay, 1997), as control variables, also included were all important financial announcements, such as announcements of quarterly financial results, stock splits, dividend issues, debt and equity issues and any other finance related information. When multiple announcements occur on the same day or on adjacent days, we count only one event and put the event date on the most important event's date. (It was assumed that financial announcements are more important than strategic announcements). Thus, during the period of examination there were 29 financial announcements, 28 promotion announcements, 24 announcements related to new products/services and 20 related to service/tech improvements. Only 5 acquisitions were noted.

We use adjusted daily closing prices to construct daily return series for as long as the firm was publicly traded prior to October 14, 2003. The S&P 500 index was used to construct market returns. The series are from Yahoo! Finance and Moneycentral.msn.com. The unconditional standard deviation of NetBank's return is 5%, which is much higher than 1.3%, the unconditional standard deviation of S&P 500's return. This implies that daily returns of plus or minus 5% are well within the range of ordinary fluctuations and returns must be plus or minus at least 10% in order to be in the tails of the distribution. Partly because of this, some of the estimated effects reported are statistically insignificant.

Typically, the event window is chosen to be larger than the specific period of interest. This allows information to leak out before the event occurs and also allows for lags in the reaction time of the

window. It is established that the market begins responding to announcements two days in advance, and the announcement typically appears in the Wall Street Journal the day after it is released. We use an event window that includes the two days prior to the announcement day and one day after: [-2, 1] to estimate the announcement effects. However, in order to test the robustness of the results, event windows [-1, 1] are also used during analysis.

Some of the event windows overlap because some announcements are made less than three days apart. To correct this problem, we used two methods to estimate the cumulative abnormal returns (CAR). In the first method (Filson 2004), we regress NetBank's daily returns on the market daily return and dummy variables, one for every event window. The estimation equation is

$$R_{it} = \alpha + \beta R_{mt} + \sum_{j=1}^{J} \gamma_j d_j + \varepsilon_t , \quad (1)$$

where R_{it} is NetBank's stock return on day *t*, *Rmt* is the market return on day *t*, *J* is the total number of events for firm *i*, *dj* is a dummy variable that takes the value one during event *j*'s event window, εt is the error term on date *t*, and α, β, and the $\gamma_j's$ are the estimated coefficients. In this method, the t test of the significance of event j uses the t statistic of γj. To avoid double counting abnormal returns when event windows overlap, we multiply γj by the length of the event window to compute the CAR of event *j*.

In the second method (MacKinlay, 1997) we delete periods covered by the event windows from the sample, estimate the market model by regressing *Rit* on *Rmt*, and compute the CAR of an event by summing the forecast errors during its event window. Regression results from both methods are reported in Table 1, and results are robust.

Table 1

Regression results

Net.B@nk(TM)	Method 1	Method 2
Constant Terms (Standard Error)	0.001863 (0.001375)	0.001890 (0.001317)
Beta (Standard Error)	1.242363 (0.090680)	1.157262 (0.097686)
R-squared	0.188	0.108
Adjusted R-squared	0.130	0.107
Number of Observations	1562	1160

IV. Empirical Results

Table 2 summarizes the empirical results and appendices 1-5 describe the results in detail. Appendix 6 summarizes CAR from financial announcements.

A. Promotion and Promotional Alliances

The empirical results for hypothesis 1 are mixed. First, promotional events have no significant impact on the firm's value. The summary CAR from Table 2 suggests that promotional events have a negative impact on the firm's value when evaluated using the [-2, 1] event window, but the CAR becomes positive while evaluated using the [-1, 1] event window. Since the Wald test sig-

nificance level is very low, such results can be contributed to daily price fluctuation or the estimation error.

Secondly, Table 2 offers an opposite result from the first hypothesis.

Table 2

Summary effects of strategies using method 1

Table Entry is:
Cumulative Abnormal Returns
(Number of Events, Wald Test Statistic for Significance of Cumulative Abnormal Returns (1 degree of freedom))

Strategies	Event Window [-2,1]	Event Window [-1,1]
All Promotional Events	-0.1158 (26, 0.0528)	0.0125 (26, 0.0008)
Promotional Events without Alliances	0.0079 (11, 0.0006)	0.1708 (11, 0.3822)
Promotional Events with Alliances	-0.1237 (15, 0.1010)	-0.1582 (15, 0.2415)
Early Promotional Events	-0.0116 (15, 0.0010)	0.1517 (15, 0.2218)
Late Promotional Events	-0.1041 (11, 0.1030)	-0.1392 (11, 0.2540)
All New Services/Products	-1.150 ** (23, 6.146)	-0.5509 (23, 1.8740)
Early New Services/Products	-0.7018 ** (14, 3.9202)	-0.3211 (14, 1.0680)
Late New Services/Products	-0.4483 (9, 2.4331)	-0.2298 (9, 0.8602)
All Services/Technology Improvements	0.2855 (19, 0.4557)	0.5837 (19, 2.5535)
Early Services/Technology Improvements	0.1425 (7, 0.3224)	0.3237 (7, 2.2057)
Late Services/Technology Improvements	0.1429 (12, 0.1840)	0.2599 (12, 0.8111)
All Alliances Events	-0.9418 (37, 2.4133)	-0.4073 (37, 0.6171)
Early Alliances Events	-0.6843 * (17, 2.9507)	-0.3263 (17, 0.9019)
Late Alliances Events	-0.2576 (20, 0.3505)	-0.0810 (20, 0.0468)
Acquisition	0.0655 (5, 0.0958)	0.0442 (5, 0.0577)

* Significant at the 10% level.
** Significant at the 5% level.
*** Significant at the 1% level.

Promotions through alliances reduce the firm's value while promotions without alliances add value. Even though the statistical results are insignificant, further analysis is warranted. Appendix 1b suggests that advertisement alliances reduce value, but alliances with reputable firms, such as Ameritrade Corporation, Delta and United Air Lines, which offer reciprocal services between partners, increase the firm's value. This can be explained that opportunity costs of advertisement related alliances are determined by the partner's cost, while the firm can control opportunity costs in reciprocating services related alliances. Appendix 1a suggests that promotional announcements

(without alliances) related to service and technology improvement increase the firm's value. For example, the announcement of NetBank's launch of NetBank Financial Network (TM), a network which provides superior customer service and online portfolio personalization, added significant value to the firm (3/14/00).

Lastly, Table 2 supports a diminishing marginal return theory of the promotional activities. Statistical results from both estimation windows suggest that late promotional activities have negative impact on the firm's value. Estimation use [-2, 1] window suggests that promotion activities have negative impact on value in general. Negativity is persistent in both early and late periods. Later promotional activities have more negative impact on value than the early ones.

B. New Services/Products

Table 2 supports hypothesis 2. CARs for all new products/services are negative at significant levels. But CARs for later events are less negative than the early ones. Appendix 2 provides detailed insights. For the first three years of NetBank, it offered many new services/products (mortgage application, stock quotation, leasing and brokerage services, online tax centers, safe deposit boxes). Many of these offers are unnecessary and unproductive. For the next three years, NetBank has a better defined goal. Instead of diversifying in every direction; it has clearly identified what business lines to keep and what to discard. "(We) decided that it did not want to be involved in commercial loans, commercial real estate, and riskier bank investments" announced NetBank CEO D.R. Freeman on August 8, 2002. The company intended to offer new products that fit into its long term goal, focusing on auto lending, mortgages, small business loans and others. Even though these efforts still negatively impact corporate value, the magnitude is reduced and is statistically insignificant. Analysis suggests that value of new products and services depends on the maturity and learning process of the company.

C. Services/Technology Improvements

Table 2 provides weak support for hypothesis 3. Services/Products improvements have positive CARs. But CARs are not significantly different between the early and later periods. CARs for the two periods are almost the same by using the [-2, 1] event window, and the later period CARs is slightly lower by using the [-1, 1] event window.

Statistics in Appendix 3a show that some of the service improvement announcements have significant positive impact. For example, NetBank announced it would upgrade its banking technology platform to provide an updated look for the bank, easier navigation, and improved customer access to information (1/19/99). Investors embraced this news positively. NetBank has noticed the importance of service improvement, and offered similar acts later on. Appendix 3b suggests investors welcome announcements related to the technology improvements that will reduce costs, and services improvements that offer consumers convenience and easy use of the web. News related to innovation or initiations, even closely related to service and technology improvement, is not welcomed by investors. This is consistent with the finding in hypothesis 3.

D. Alliances

Table 2 rejects hypothesis 4. Forming alliances reduces value in general. Alliances early in the firm's life have significant negative impact on value. Those formed late continue the negative pattern, although the impact is less negative and is insignificant.

The result is a surprise at first glance. But it is noteworthy that 27 out of 37 of the alliances announcements are related to promotion and new products/services initiation, which both have negative impact on value. The final results are still consistent with previous findings: alliances related to customer retention and cost reductions have no impact or positive but insignificant impact to the firm. Alliances related to new services and products have negative impact on the firm. Events that have negative CARs greater than 0.10 (greater than the standard deviation of the firm) include: stock quotation (11/28/97), safe deposit box (6/7/99), mortgage approval (11/13/00) and alliance failure with Priceline.com (10/9/00). Three out of the four are related to new product introduction.

One more finding worth mentioning: web-nonweb based alliances (alliances with MSN, Federated Department Stores, and six Continental Hotels) offer greater complementary resources and capabilities, therefore, perform better than web-web based alliances.

E. Acquisition

Table 2 weakly supports hypothesis 5. CARs are positive using both event windows, but are statistically insignificant. Appendix 5 has provided mixed results. Acquisition related to acquire customer base or operational assets have positive impact on the firm, but acquisitions related to diversification, such as to acquire Financial Technologies, Inc, a leading provider of ATM service (10/06/03), have negative but insignificant impact on the firm value.

V. Summary

Conclusions for NetBank are as follows: First, promotional activities, especially promotional alliances, should be avoided. Second, introduction of new services/products also should be avoided. Third, firms should consider services and technology improvement, therefore, to provide convenience to its customers and reduce firm costs. Fourth, business alliances should be avoided, especially those involved with promotion and products/service initiation activities. Fifth, acquisition activity such as acquiring another firm's existing customer base should be encouraged. But diversification through acquisition should be avoided. Only two out of the five categories have statistically significant results. Findings from NetBank's case are consistent with Johnson's (2003), that new product failure rates are very high, from 33% to 60% or higher. Promotions may negate gains. Booz, Allan and Hamilton (1971, 1980) report similar results as well.

In addition, there are some important statistical indicators for NetBank. Table 3 shows a comparison of NetBank's key ratios with those of its main competitors, Citigroup Inc and Wells Fargo & Co, and with those of the industry.

Some observations about the company's overall performance are as follows:

1. Investors have perceived NetBank as relatively risky. Its Beta is well above those of its competitors.

Table 3

NetBank's Overall Performance

Comparison of Some of the Key Ratios and Statistics of NetBank, Wells Fargo, Citigroup and the Industry

	NetBank	Citigroup	Wells Fargo	Industry
Beta	2.203	1.475	0.368	--
CF from Operations	-1.39 billion	19.4 billion	-26.96 billion	--
Free Cash Flow	-1.42 billion	17.22 billion	--	--
Price/Earning	12.43	15.96	15.44	16.04
Sales (Growth rate %)	38.2	--	13.6	2.9
Net Profit Margin	10.4	16.7	19.8	18.8
5yr Net Profit Margin	-0.4	12.4	15.1	13
Debt/Equity Ratio	3.28	1.42	1.92	1.07
Return on Equity	12.6	16.8	18.8	15.1
EPS	1.086	2.983	3.563	1.44
Return on Capital	-0.1	6.9	6.4	5
Income/Employee	25,000	62,000	50,000	68,000
Revenue/Employee	239,000	373,000	255,000	362,000

Sources: Moneycentral.msn.com, October 24, 2003.

2. NetBank has negative cash flow. Negative cash flow is common among growth firms, but it's still a warning sign.
3. NetBank's high sales growth rate is the result of high interest rate deposit and aggressive marketing.
4. NetBank has a low profit margin. Its five year average PM is negative. This is one of the reasons that investors have not shown great confidence in the company.
5. One of the reasons NetBank had low profit may be that the company has higher than average financial leverage, which leads to a higher interest burden.
6. Low profits led to lower rate of return, both ROE and ROC. Its ROC is negative. Comparing it to the industry average and the other two companies, ROC gives an alarming sign of inefficiency.
7. As an internet bank, NetBank should have lower than average operational costs. But the management efficiency ratios offer the opposite signal. Its income and revenue per employee are way below the industry average.

Based on NetBank's stock pattern, the company does not have outstanding performance as it has claimed it would be. Thus, having good strategic plans and knowing when to make announcements is crucial to NetBank's market capitalization.

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Appendix 1a: NETBANK INC. PROMOTIONAL EVENTS WITHOUT ALLIANCES

Date	Description of Promotion	Method 1 CAR (t stat)	Method 2 CAR (t stat)
8/13/97	Atlanta Internet Bank Introduces Super Value Checking; Checking interest more than twice national average.	-0.0385 (-0.412)	-0.039 (-0.439)
8/10/98	Atlanta Internet Bank Changing Name to Net.B@nk(TM) – Change Reflects Global Positioning of Nation's Premier Internet Bank (Also, the company greatly expanded marketing initiative for 1999. Includes extensive public relations, strategic marketing and online and offline advertising, including a new print ad campaign featuring the signature line, "So, why aren't you NetBanking?").	-0.112 a (-1.19)	-0.113 (-1.26)
2/12/99	Announces Major Marketing Initiative for 1999; Leading Internet Bank Asks, 'So, Why Aren't You NetBanking?'	0.1225 (1.304)	0.124 (1.385)
8/31/99	Launch National Radio Advertising Campaign; Net.B@nk Reinforces Message Across Advertising Mediums to Drive Account Growth.	0.0192 (0.205)	0.0172 (0.192)
10/4/99	Announces New Home Equity Lines with Low Start Rate and a Chance to Win $10,000; New Loan Center Offers 30-Second Approval, No Application Fee, No Closing Costs and No Annual Fees on Revolving Line of Credit with Low Introductory Rate.	-0.0088 (-0.0945)	-0.0068 (-0.0756)
12/2/99	Tell-a-friend promotion rewards customers for account referrals.	-0.027 (-0.287)	-0.0256 (-0.285)
3/14/00	NetBank(R) Kicks Marketing Machine into High Gear To Launch 'NetBank Financial Network(TM)'; Banking on Superior Customer Service and Online Portfolio Personalization, NetBank Moves Aggressively to Maintain its No. 1 Online Banking Position (Also, announced it is tripling its marketing budget for the year 2000 compared to 1999 marketing expenditures).	0.1786**a (1.901)	0.1780** (1.985)
4/3/00	NetBank Lures Customers with $1 Million Radio Contest.	-0.0412 (-0.4383)	-0.0421 (-0.469)
5/15/00	NetBank is more than doubling its marketing budget for 2000, but expects to attract only about three-fifths of last year's account growth, according to marketing director Eve McDowell.	-0.0332 (-0.353)	-0.0283 (-0.316)
11/26/02	Giving away $5K for the Holidays promotion for anyone opening a new checking account or money market account.	-0.0165 (-0.176)	-0.0161 (-0.180)
8/12/03	NB offers useful tips for managing personal finances for incoming college freshmen and their families.	-0.0350 (-0.3043)	-0.0249 (-0.2780)

In this and all the tables that follow:
An "a" beside the coefficient in the first column indicates that the event window overlaps with the window of another event.
* Significant at the 10% level.
** Significant at the 5% level.
*** Significant at the 1% level.

Appendix 1b: NETBANK INC. PROMOTIONAL EVENTS THROUGH ALLIANCES

Date	Description of Promotional alliances	Method 1 CAR (t stat)	Method 2 CAR (t stat)
10/14/97	The Motley Fool Launches Online Banking Center, ALEXANDRIA, Va. Atlantic Internet Bank is one of the participants.	0.0118 (0.125)	0.0112 (0.125)
6/14/99	NB joins the Armed Forces Financial Network to provide financial services to US military personnel around the world.	-0.088 (-0.938)	-0.089 (-0.996)
6/22/99	USWeb/CKS announces the debut of a new regional advertising campaign for NB.	0.108 (1.149)	0.1074 (1.198)

Appendix 1b (continuous)

Date	Description of Promotional alliances	Method 1 CAR (t stat)	Method 2 CAR (t stat)
10/26/99	Alliance with MSN Finance Portal to build brand, enhance content, and attract new customers.	0.0297 (0.317)	0.0305 (0.340)
12/15/99	NetB@nk has launched a new low-rate Visa credit card through a marketing agreement with First USA.	-0.089 (-0.946)	-0.089 (-0.991)
3/20/00	Ad agreement with America Online and triple spending marketing budget (Also, TeleTech Awarded Long-Term Contract With NetBank(R); Launches Strategic eCRM Solution for Nation's Largest Internet Bank)	-0.0436 a (-0.463)	-0.0376 (-0.419)
8/01/00	Alliance with Ameritrade Corporation offering reciprocating services.	0.131 (1.39)	0.130 (1.45)
08/23/00	Marketing deal with Intuit. Quicken users will be referred to NB through a link on desktop.	-0.0128 (-0.136)	-0.012 (-0.133)
10/9/00	Georgia-Based NetBank Making Rebates after Failure of Priceline.com alliances.	-0.141 (-1.495)	-0.1435 (-1.600)
2/05/01	Launch of new pay-for-performance marketing partnership with Tupperware Corporation to sell co-branded financial services to Tupperware employees, registered Tupperware sales consultants and their customers.	-0.0898 (-0.956)	-0.0907 (-1.011)
10/17/01	Agreement with Federated Department Stores, Inc. Federated will promote NB deposit accounts and services to its millions of proprietary credit card holders.	0.0125 (0.134)	0.0106 (0.119)
1/28/02	Strategic marketing agreement with Six Continental Hotels. Members of Priority Club, SCH frequent guest program, can earn points on NB's checking accounts.	0.0055 (0.057)	0.0057 (0.063)
5/13/02	Marketing agreement with Microsoft Inks; includes strategic advertising placements in CNBC on MSN Money Banking Center.	-0.021 (-0.226)	-0.0206 (-0.230)
5/28/03	Partnership with Delta Air Lines. Skymiles members can now earn up to 7000 miles for online banking.	0.036 (0.381)	0.037 (0.416)
6/26/03	Partnership with United Mileage Plus. Mileage plus members can now earn up to 7000 miles for online banking.	0.0268 (0.286)	0.0262 (0.293)

Appendix 1c: NETBANK INC. EARLY PROMOTIONAL EVENTS (JULY 1997-JULY 2000)

Date	Description of Early Promotional Events	Method 1 CAR (t stat)	Method 2 CAR (t stat)
8/13/97	Atlanta Internet Bank Introduces Super Value Checking; Checking interest more than twice national average.	-0.0385 (-0.412)	-0.039 (-0.439)
10/14/97	The Motley Fool Launches Online Banking Center, ALEXANDRIA, Va. Atlantic Internet Bank is one of the participants.	0.0118 (0.125)	0.0112 (0.125)
8/10/98	Atlanta Internet Bank Changing Name to Net.B@nk(TM) – Change Reflects Global Positioning of Nation's Premier Internet Bank (Also, the company greatly expanded marketing initiative for 1999. Includes extensive public relations, strategic marketing and online and offline advertising, including a new print ad campaign featuring the signature line, "So, why aren't you NetBanking?").	-0.112 a (-1.19)	-0.113 (-1.26)
2/12/99	Announces Major Marketing Initiative for 1999; Leading Internet Bank Asks, 'So, Why Aren't You NetBanking?'	0.1225 (1.304)	0.124 (1.385)
6/14/99	NB joins the Armed Forces Financial Network to provide financial services to US military personnel around the world.	-0.088 (-0.938)	-0.089 (-0.996)
6/22/99	USWeb/CKS announces the debut of a new regional advertising campaign for NB.	0.108 (1.149)	0.1074 (1.198)

Appendix 1c (continuous)

Date	Description of Early Promotional Events	Method 1 CAR (t stat)	Method 2 CAR (t stat)
8/31/99	Launch National Radio Advertising Campaign; Net.B@nk Reinforces Message Across Advertising Mediums to Drive Account Growth.	0.0192 (0.205)	0.0172 (0.192)
10/4/99	Announces New Home Equity Lines with Low Start Rate and a Chance to Win $10,000; New Loan Center Offers 30-Second Approval, No Application Fee, No Closing Costs and No Annual Fees on Revolving Line of Credit with Low Introductory Rate.	-0.0088 (-0.0945)	-0.0068 (-0.0756)
10/26/99	Alliance with MSN Finance Portal to build brand, enhance content, and attract new customers.	0.0297 (0.317)	0.0305 (0.340)
12/2/99	Tell-a-friend promotion rewards customers for account referrals.	-0.027 (-0.287)	-0.0256 (-0.285)
12/15/99	NetB@nk has launched a new low-rate Visa credit card through a marketing agreement with First USA.	-0.089 (-0.946)	-0.089 (-0.991)
3/14/00	NetBank(R) Kicks Marketing Machine into High Gear To Launch 'NetBank Financial Network(TM)'; Banking on Superior Customer Service and Online Portfolio Personalization, NetBank Moves Aggressively to Maintain its No. 1 Online Banking Position (Also, announced it is tripling its marketing budget for the year 2000 compared to 1999 marketing expenditures).	0.1786**a (1.901)	0.1780** (1.985)
3/20/00	Ad agreement with America Online and triple spending marketing budget (Also, TeleTech Awarded Long-Term Contract With NetBank(R); Launches Strategic eCRM Solution for Nation's Largest Internet Bank).	-0.0436 a (-0.463)	-0.0376 (-0.419)
4/3/00	NetBank Lures Customers with $1 Million Radio Contest.	-0.0412 (-0.4383)	-0.0421 (-0.469)
5/15/00	NetBank is more than doubling its marketing budget for 2000, but expects to attract only about three-fifths of last year's account growth, according to marketing director Eve McDowell.	-0.0332 (-0.353)	-0.0283 (-0.316)

Appendix 1d: NETBANK INC. LATE PROMOTIONAL EVENTS (AUG. 2000-OCT. 2003)

Date	Description of Late Promotional Events	Method 1 CAR (t stat)	Method 2 CAR (t stat)
8/01/00	Alliance with Ameritrade Corporation offering reciprocating services.	0.131 (1.39)	0.130 (1.45)
08/23/00	Marketing deal with Intuit. Quicken users will be referred to NB through a link on desktop.	-0.0128 (-0.136)	-0.012 (-0.133)
10/9/00	Georgia-Based NetBank Making Rebates after Failure of Priceline.com alliances.	-0.141 (-1.495)	-0.1435 (-1.600)
2/05/01	Launch of new pay-for-performance marketing partnership with Tupperware Corporation to sell co-branded financial services to Tupperware employees, registered Tupperware sales consultants and their customers.	-0.0898 (-0.956)	-0.0907 (-1.011)
10/17/01	Agreement with Federated Department Stores, Inc. Federated will promote NB deposit accounts and services to its millions of proprietary credit card holders.	0.0125 (0.134)	0.0106 (0.119)
1/28/02	Strategic marketing agreement with Six Continental Hotels. Members of Priority Club, SCH frequent guest program, can earn points on NB's checking accounts.	0.0055 (0.057)	0.0057 (0.063)
5/13/02	Marketing agreement with Microsoft Inks; includes strategic advertising placements in CNBC on MSN Money Banking Center.	-0.021 (-0.226)	-0.0206 (-0.230)
11/26/02	Giving away $5K for the Holidays promotion for anyone opening a new checking account or money market account.	-0.0165 (-0.176)	-0.0161 (-0.180)

Appendix 1d (continuous)

Date	Description of Late Promotional Events	Method 1 CAR (t stat)	Method 2 CAR (t stat)
5/28/03	Partnership with Delta Air Lines. Skymiles members can now earn up to 7000 miles for online banking.	0.036 (0.381)	0.037 (0.416)
6/26/03	Partnership with United Mileage Plus. Mileage plus members can now earn up to 7000 miles for online banking.	0.0268 (0.286)	0.0262 (0.293)
8/12/03	NB offers useful tips for managing personal finances for incoming college freshmen and their families.	-0.0350 (-0.3043)	-0.0249 (-0.2780)

Appendix 2a: NETBANK INC. EARLIER NEW SERVICES OR PRODUCTS EVENTS (JULY 1997-JULY 2000)

Date	Description of Early New Services or Products	Method 1 CAR (t stat)	Method 2 CAR (t stat)
11/28/97	Quote.com will provide Atlanta Internet Bank customers with 15-minute delayed stock quotes from all major North American exchanges, real-time quotes on indices and foreign exchanges, real-time and historical news headlines, daily, weekly and monthly charts and security tracking.	-0.108 (-1.147)	-0.105 (-1.176)
1/5/98	Another First From Atlanta Internet Bank Visa Check Cards Added to Range of Services.	0.0537 (0.572)	0.0533 (0.594)
5/14/98	Atlanta Internet Bank Launches Online Brokerage Services – One Stop Shopping For Online Bank Customers; Complete Online Brokerage Services With Ease and Convenience of Transferring Funds to and from High-Interest AIB Deposit Account.	-0.0702 (-0.747)	-0.0702 (-0.782)
5/26/98	Atlanta Internet Bank Revolutionizes Mortgage Application Process; Nation's Only Internet Bank Introduces Totally Full-Service Online Mortgage Application System; Multiple Benefits for Customers.	0.0286 (0.304)	0.0264 (0.295)
10/5/98	Announces Free High-Interest Checking; Nation's First Profitable Internet Bank Continues to Pass on Savings to Customers.	-0.150 (-1.598)	-0.153 (-1.706)
10/19/98	NB announced it will expand its product line and offer Visa and MasterCard credit cards to its customers.	0.1007 (1.070)	0.105 (1.176)
10/28/98	NB announces its teaming up with Republic Leasing Company to offer equipment lease financing to its customers who own or manage businesses. Republic Leasing will also provide free leasing advice and comparison quotes.	-0.009 (-0.102)	-0.008 (-0.095)
4/27/99	Expands Online Lending with Consumer Loans; Net.B@nk to Expand Loan Product Line; PNC to Provide Processing Services.	-0.095 (-0.975)	-0.049 (-0.542)
6/7/99	NB announces that it will provide a new web-based safe-deposit box service. NB has provided funding and distribution for safedepositbox.com through a new venture with Intellimedia Security, which developed this online service.	-0.183** (-1.96)	-0.182** (-2.03)
9/09/99	Alliance with Deluxe to provide new online check viewing and ordering. Deluxe is also providing a key component for NB's new account verification process through its eFunds business unit.	-0.092 (-0.977)	-0.092 (-1.028)
3/01/00	Introduction of insured individual retirement accounts.	-0.062 (-0.635)	-0.071 (-0.789)
3/06/00	Opening of online tax center. The center offers tools such as refund estimator, withholding estimator, tax advice, online tax preparation and refund options. Powered by H&R block. (Also, 3/7/00, One-Click access to financial portfolios. Customers can view bank account, credit card, investment and mortgage account information regardless of institution).	-0.048 a (-0.497)	-0.065 (-0.727)
5/22/00	Partnerships with Insurance.com to offer customers the resources they need to organize personalized and self-directed insurance plans.	-0.058 (-0.617)	-0.063 (-0.698)
6/13/00	Introduction of free electronic bill presentment services through the CheckFree Corporation.	-0.009 (-0.096)	-0.009 (-0.096)

Appendix 2b: NETBANK INC. LATE NEW SERVICES OR PRODUCTS EVENTS (AUG. 2000-OCT. 2003)

Date	Description of Late New Services or Products	Method 1 CAR (t stat)	Method 2 CAR (t stat)
10/2/00	Launch of brokerage services through AmeriVest. NB customers enjoy lower trading fees and greater functionality.	0.01 (0.107)	0.01 (0.111)
11/13/00	Partnership with HomeSide Lending, Inc to provide 10-minute online mortgage approvals.	-0.116 (-1.23)	-0.118 (-1.312)
8/29/01	NB launches online currency exchange with Travelex. Customers can now order foreign currency, traveler cheques, and Visa TravelMoney online.	-0.038 (-0.405)	-0.042 (-0.472)
11/05/01	Introduction of vehicle loans through partnership with PeopleFirst. Customers now enjoy direct access to lowest rates available and loan responses in as few as 15 minutes.	-0.098 (-1.045)	-0.094 (-1.045)
6/05/02	NB announces plan to offer insurance in all 50 states over next six months through its banking and mortgage lending subsidiaries.	-0.087 (-0.928)	-0.090 (-1.007)
6/26/02	Introduces New Service to Deliver Bank Account Notices Online; eNotices Provide Customers Timelier Access to Transaction Information And Help the Bank Maintain Lower Operating Costs.	-0.012 (-0.126)	-0.012 (-0.132)
9/20/02	Introduces Home Solutions Mortgage Program To Help Close the Gap in Affordable Housing; Innovative Program Provides Low-to Moderate-Income Families Access to More Competitively Priced Loans in 27 Markets.	-0.083 (-0.855)	-0.079 (-0.883)
4/16/03	Launches Indirect Auto Lending Division; Brings Customer-Centric Focus to Automotive Dealers in Florida (Also, 4/15/03, NetBank Web Push Seeks Auto, Homeowners Clients).	-0.001 a (-0.011)	-0.007 (-0.082)
6/11/03	Introduces Small Business Banking.	-0.023 (-0.242)	-0.022 (-0.244)

Appendix 3a: NETBANK INC. EARLIER SERVICES AND TECHNOLOGY IMPROVEMENTS EVENTS (JULY 1997-JULY 2000)

Date	Description of Services and Technology improvements	Method 1 CAR (t stat)	Method 2 CAR (t stat)
9/21/98	NB announces an agreement with NCR Corporation that will improve the bank's financial technology.	0.060 (0.643)	0.059 (0.658)
11/24/98	NB announces the launch of a completely redesigned web site at www.netbank.com. Along with a new look, the improved site's features provide bank customers with quicker and more direct access to their accounts as well as information about additional products and services and make the site easier to navigate.	0.100 (1.072)	0.103 (1.150)
1/19/99	NB has upgraded its banking technology platform to provide an updated look for the bank, easier navigation, and improved customer access to information. Formatted order screen allows customers to order checks, deposit slips, envelopes and copies of cancelled checks. Online bill payment features have also been updated.	0.177* (1.886)	0.1787** (1.99)
7/28/99	NB adds innovative online tools and systems to better serve customers. An example is recently introduced "self-service" tool that enables new applicants to track the status of their account online, eliminating phone calls.	-0.077 (-0.824)	-0.079 (-0.875)
9/16/99	Alliance with NPC introducing lending innovations to make applying for, and receiving, home equity line and loans quicker, less expensive, and easier.	-0.044 (-0.465)	-0.044 (-0.494)
1/18/00	NB offers customers access to account data on Yahoo.	-0.0051 (-0.055)	-0.004 (-0.043)
3/28/00	Introduction of eCare, 24x7 telephone customer care.	-0.070 (-0.741)	-0.071 (-0.790)

Appendix 3b: NETBANK INC. LATE SERVICES AND TECHNOLOGY IMPROVEMENTS EVENTS (AUG. 2000-OCT. 2003)

Date	Description of Late Services and Technology improvements Events	Method 1 CAR (t stat)	Method 2 CAR (t stat)
8/29/00	Agreement with E Commerce Group to allow NB customers to use ECG's speedway technology to fund newly opened chancing and money market accounts within 24 hours.	0.009 (0.0943)	0.0302 (0.338)
9/1/00	The Internet-only bank is letting applicants start an account with funds from an existing checking account or by using a credit or debit card.	0.086 (0.890)	0.088 (0.985)
9/12/00	Air2Web Gives NetBank Customers 24x7 Interactive Banking Services Over Internet Through Virtually Any Wireless Device	-0.027 (-0.288)	-0.028 (-0.314)
10/16/00	Completion of open financial exchange certification for Microsoft Money. NB customers who use Money 2000 or 2001 can now download account info automatically or transfer funds between their accounts without ever opening an Internet browser.	-0.059 (-0.628)	-0.060 (-0.669)
1/03/01	Launch of a redesigned web site to attract new customers and accommodate its growing product line, including customer service.	0.061 (0.646)	0.061 (0.676)
2/16/01	NetBank has signed a five-year outsourcing contract with NCR Corp. for online check imaging. Storage, retrieval, and statement delivery will be available to customers of Alpharetta, Ga.-based NetBank around the clock. Customers requiring a copy of a check transaction will be able to print check images at no cost.	0.0169 (0.179)	0.0142 (0.158)
5/24/01	Introduction of eStatements for deposit accounts giving customers faster access to account information while lowering bank's operational costs.	0.0442 (0.470)	0.0418 (0.466)
9/17/02	Partnership with Web Tone Technologies to enhance NB's customer relationship management system. The bank is now using Web Tone's contact and workflow management application along with its center, internal customer care division and supporting departments now have access to a single eCRM system with uniform functionality.	0.0312 (0.322)	0.0087 (0.097)
1/14/03	NetBank Plans Major Product and Customer Experience Upgrades; Partnership with NCR and Corillian Corp. Will Support Bank's Growth and Product Road Map.	0.0413 (0.439)	0.0403 (0.449)
5/13/03	NetBank Hires AMVESCAP to Consolidate Plans. NetBank Inc. recently revamped its $ 26 million 401(k) program. In a process that merged two 401(k) plans into a single plan under a bundled provider, NetBank Inc. has lowered plan costs and expanded participant services.	-0.0153 (-0.163)	-0.0137 (-0.152)
6/19/03	Beginning of implementation of enterprise-wide electronic document management system. Partnership with iDatix will help reduce costs and increase productivity.	0.0134 (0.143)	0.0121 (0.135)
8/14/03	Announcement of plans for implementation of enterprise-wide interactive voice response system to help ensure a uniform customer experience across all business channels.	0.0186 (0.140)	-0.0341 (-0.381)

Appendix 4a: NETBANK INC. EARLY ALLIANCES EVENTS (JULY 1997-JULY 2000)

Date	Description of Early Alliances Events	Method 1 CAR (t stat)	Method 2 CAR (t stat)
10/14/97	The Motley Fool Launches Online Banking Center, ALEXANDRIA, Va. Atlantic Internet Bank is one of the participants.	0.0118 (0.125)	0.0112 (0.125)
11/28/97	Quote.com will provide Atlanta Internet Bank customers with 15-minute delayed stock quotes from all major North American exchanges, real-time quotes on indices and foreign exchanges, real-time and historical news headlines, daily, weekly and monthly charts and security tracking.	-0.108 (-1.147)	-0.105 (-1.176)

Appendix 4a (continuous)

Date	Description of Early Alliances Events	Method 1 CAR (t stat)	Method 2 CAR (t stat)
5/14/98	Atlanta Internet Bank Launches Online Brokerage Services – One Stop Shopping For Online Bank Customers; Complete Online Brokerage Services With Ease and Convenience of Transferring Funds to and from High-Interest AIB Deposit Account.	-0.0702 (-0.747)	-0.0702 (-0.782)
9/21/98	NB announces an agreement with NCR Corporation that will improve the bank's financial technology.	0.060 (0.643)	0.059 (0.658)
10/28/98	NB announces its teaming up with Republic Leasing Company to offer equipment lease financing to its customers who own or manage businesses. Republic Leasing will also provide free leasing advice and comparison quotes.	-0.009 (-0.102)	-0.008 (-0.095)
4/27/99	Expands Online Lending with Consumer Loans; Net.B@nk to Expand Loan Product Line; PNC to Provide Processing Services	-0.095 (-0.975)	-0.049 (-0.542)
6/7/99	NB announces that it will provide a new web-based safe-deposit box service. NB has provided funding and distribution for safedepositbox.com through a new venture with Intellimedia Security, which developed this online service.	-0.183** (-1.96)	-0.182** (-2.03)
06/14/99	NB joins the Armed Forces Financial Network to provide financial services to US military personnel around the world.	-0.088 (-0.938)	-0.089 (-0.996)
06/22/99	USWeb/CKS announces the debut of a new regional advertising campaign for NB.	0.108 (1.149)	0.1074 (1.198)
09/09/99	Alliance with Deluxe to provide new online check viewing and ordering. Deluxe is also providing a key component for NB's new account verification process through its eFunds business unit.	-0.092 (-0.977)	-0.092 (-1.028)
09/16/99	Alliance with NPC introducing lending innovations to make applying for, and receiving, home equity line and loans quicker, less expensive, and easier.	-0.044 (-0.465)	-0.044 (-0.494)
10/26/99	Alliance with MSN Finance Portal to build brand, enhance content, and attract new customers.	0.0297 (0.317)	0.0305 (0.340)
12/15/99	NetB@nk has launched a new low-rate Visa credit card through a marketing agreement with First USA.	-0.089 (-0.946)	-0.089 (-0.991)
01/18/00	NB offers customers access to account data on Yahoo.	-0.0051 (-0.055)	-0.004 (-0.043)
03/20/00	Ad agreement with America Online and triple spending marketing budget.	-0.0436 (-0.463)	-0.0376 (-0.419)
05/22/00	Partnership with Insurance.com to offer customers the resources they need to organize personalized and self-directed insurance plans.	-0.058 (-0.617)	-0.063 (-0.698)
06/13/00	Introduction of free electronic bill presentment services through the CheckFree Corporation.	-0.009 (-0.096)	-0.009 (-0.096)

Appendix 4b: NETBANK INC. LATE ALLIANCES EVENTS (AUG. 2000-OCT. 2003)

Date	Description of Late Alliances Events	Method 1 CAR (t stat)	Method 2 CAR (t stat)
08/01/00	Alliance with Ameritrade Corporation offering reciprocating services.	0.131 (1.39)	0.130 (1.45)
08/23/00	Marketing deal with Intuit. Quicken users will be referred to NB through a link on desktop.	-0.0128 (-0.136)	-0.012 (-0.133)
08/29/00	Agreement with E Commerce Group to allow NB customers to use ECG's speedway technology to fund newly opened chancing and money market accounts within 24 hours.	0.009 (0.0943)	0.0302 (0.338)

Appendix 4b (continuous)

Date	Description of Late Alliances Events	Method 1 CAR (t stat)	Method 2 CAR (t stat)
10/2/00	Launch of brokerage services through AmeriVest. NB customers enjoy lower trading fees and greater functionality.	0.01 (0.107)	0.01 (0.111)
10/9/00	Georgia-Based NetBank Making Rebates after Failure of Priceline.com alliances.	-0.141 (-1.495)	-0.1435 (-1.600)
10/16/00	Completion of open financial exchange certification for Microsoft Money. NB customers who use Money 2000 or 2001 can now download account info automatically or transfer funds between their accounts without ever opening an Internet browser.	-0.059 (-0.628)	-0.060 (-0.669)
11/13/00	Partnership with HomeSide Lending, Inc to provide 10-minute online mortgage approvals.	-0.116 (-1.23)	-0.118 (-1.312)
02/05/01	Launch of new pay-for-performance marketing partnership with Tupperware Corporation to sell co-branded financial services to Tupperware employees, registered Tupperware sales consultants and their customers.	-0.0898 (-0.956)	-0.0907 (-1.011)
2/16/01	NetBank has signed a five-year outsourcing contract with NCR Corp. for online check imaging. Storage, retrieval, and statement delivery will be available to customers of Alpharetta, Ga.-based NetBank around the clock. Customers requiring a copy of a check transaction will be able to print check images at no cost.	0.0169 (0.179)	0.0142 (0.158)
08/29/01	NB launches online currency exchange with Travelex. Customers can now order foreign currency, traveler cheques, and Visa TravelMoney online.	-0.038 (-0.405)	-0.042 (-0.472)
10/17/01	Agreement with Federated Department Stores, Inc. Federated will promote NB deposit accounts and services to its millions of proprietary credit card holders.	0.0125 (0.134)	0.0106 (0.119)
11/05/01	Introduction of vehicle loans through partnership with PeopleFirst. Customers now enjoy direct access to lowest rates available and loan responses in as few as 15 minutes.	-0.098 (-1.045)	-0.094 (-1.045)
01/28/02	Strategic marketing agreement with Six Continental Hotels. Members of Priority Club, SCH frequent guest program, can earn points on NB's checking accounts.	0.0055 (0.057)	0.0057 (0.063)
05/13/02	Marketing agreement with Microsoft Inks; includes strategic advertising placements in CNBC on MSN Money Banking Center.	-0.021 (-0.226)	-0.0206 (-0.230)
09/17/02	Partnership with Web Tone Technologies to enhance NB's customer relationship management system. The bank is now using Web Tone's contact and workflow management application along with its center, internal customer care division and supporting departments now have access to a single eCRM system with uniform functionality.	0.0312 (0.322)	0.0087 (0.097)
1/14/03	NetBank Plans Major Product and Customer Experience Upgrades; Partnership with NCR and Corillian Corp. Will Support Bank's Growth and Product Road Map.	0.0413 (0.439)	0.0403 (0.449)
5/13/03	NetBank Hires AMVESCAP to Consolidate Plans. NetBank Inc. recently revamped its $ 26 million 401(k) program. In a process that merged two 401(k) plans into a single plan under a bundled provider, NetBank Inc. has lowered plan costs and expanded participant services.	-0.0153 (-0.163)	-0.0137 (-0.152)
05/28/03	Partnership with Delta Air Lines. Skymiles members can now earn up to 7000 miles for online banking.	0.036 (0.381)	0.037 (0.416)
06/19/03	Beginning of implementation of enterprise-wide electronic document management system. Partnership with iDatix will help reduce costs and increase productivity.	0.0134 (0.143)	0.0121 (0.135)
06/26/03	Partnership with United Mileage Plus. Mileage plus members can now earn up to 7000 miles for online banking.	0.0268 (0.286)	0.0262 (0.293)

Appendix 5: NETBANK INC. ACQUISITION EVENTS

Date	Description of Acquisition	Method 1 CAR (t stat)	Method 2 CAR (t stat)
3/29/01	NB acquires CompuBank deposit accounts.	0.0292 (0.310)	0.0297 (0.330)
4/16/01	NB reaches agreement to acquire Market Street Mortgage.	-0.00926 (-0.0986)	-0.0077 (-0.085)
11/19/01	NetBank, Inc. Reaches Definitive Agreement to Acquire Resource Bancshares Mortgage Group, Inc.; Combination Will Create a Diversified Financial Services Powerhouse That Leverages Technology to Create Greater Customer and Shareholder Value.	-0.032 (-0.341)	-0.032 (-0.357)
5/6/03	NetBank has acquired the operational assets of Memorial Park Mortgage, Ltd., an independent full-service mortgage lender based in Houston, Texas.	0.0948 (1.009)	0.096 (1.07)
10/06/03	Definitive agreement reached to acquire Financial Technologies, Inc, a leading provider of ATM services for retail and other non-bank businesses. Pending regulatory approval.	-0.0172 (-0.183)	-0.0156 (-0.174)

Appendix 6a: NETBANK INC. EARLY FINANCIAL ANNOUNCEMENTS (JULY 1997- JULY 2000)

Date	Description of Early Financial Announcements	Method 1 CAR (t stat)	Method 2 CAR (t stat)
10/20/97	Atlanta Internet Bank (AIB), announced its results for the third quarter ended September 30, 1997. The net loss for the quarter was $1,518,000, or ($.33) per share for the quarter.	0.0122 (0.130)	0.0127 (0.142)
1/22/98	Atlanta Internet Bank, announced its results for the fourth quarter and year ended December 31, 1997. For the quarter, the Company recorded an $839,000 loss or ($.14) per share compared to a $2.6 million loss or ($2.09) per share for the same quarter a year ago. For the year 1997, the Company reported a $5.6 million loss or ($1.66) per share compared to a $3.8 million loss or ($4.33) per share for 1996.	0.0149 (0.158)	0.0145 (0.161)
4/23/98	Atlanta Internet Bank (AIB), announced its results for the first quarter ended March 31, 1998 at its annual shareholders' meeting held today. For the quarter, the company recorded a $151,000 loss or ($.02) per share compared to a $1,800,000 loss or ($1.44) per share for the same quarter a year ago.	0.0032 (0.0337)	0.0019 (0.021)
5/6/98	Atlanta Internet Bank (AIB), announced profitable operations for AIB for the month of March 1998.	-0.0725 (-0.7712)	-0.0746 (-0.8313)
6/22/98	Atlanta Internet Bank, announced today its results for the second quarter and first six months of 1998. For the quarter ended June 30, 1998, the Company recorded a $240,000 pretax profit or $0.04 per share compared to a $1,420,000 pretax loss or ($1.11) loss per share for the same quarter a year ago. Pretax profits for the six months ended June 30, 1998 were $88,000 or $0.01 per share compared to a $3,220,000 loss or a ($2.55) loss per share for the six months ended June 30, 1997.	0.069 (0.734)	0.0699 (0.779)
4/13/99	Net.B@nk(TM) Announces 3-for-1 Stock Split.	0.7933*** (8.443)	0.792*** (8.834)
4/22/99	Net.B@nk will announce its results for the first quarter ended March 31, 1999, at its annual shareholders meeting to be held today. For the quarter, the company recorded $691,000 in net income or $.09 per share compared to a ($151,000) loss or ($.02) per share for the same quarter a year ago. These earnings per share do not reflect the effect of the company's previously announced three for one stock split, which has a record date of April 23, 1999, and a distribution date of May 14, 1999.	0.186* (1.915)	0.167 (1.857)*
7/20/99	NetBank failed to meet analysts' expectations in its quarterly earnings report Tuesday. Its shares dropped 12 percent, closing at $27.06 1/4, down $3. 68 3/4.	-0.162* (-1.728)	-0.164* (-1.832)

Appendix 4b (continuous)

Date	Description of Early Financial Announcements	Method 1 CAR (t stat)	Method 2 CAR (t stat)
10/20/99	Net.B@nk, Inc, announced today earnings for the third quarter of 1999 and that the bank had grown to over one billion dollars in assets. The bank reported total assets of $1.03 billion as of September 30, 1999. The Company also reported an 83% increase in net income for the third quarter of 1999 to $1.124 million (or $.04 per share), For the nine-months ended September 30, 1999, the company recorded $2.583 million of net income (or $.09 per share)	-0.0858 (-0.913)	-0.0835 (-0.931)
1/24/00	Net.B@nk, Inc announced today that it tripled its asset size during the year 1999 to $1.3 billion, making it the fourth largest bank based in Georgia. The Company, announced its seventh consecutive profitable quarter and continued account growth when it released its operating results for the year and for the quarter ended December 31, 1999 (Also, 1/25/00, Advertising sponsorship on MSN Money Central).	-0.0233 a (-0.249)	-0.0262 (-0.292)
4/18/00	NETBANK, Inc. Plans to Repurchase Up to One Million Shares.	0.162* (1.725)	0.161 (1.800)
4/25/00	Reports Eighth Consecutive Quarterly Profit; Reports Record Account Growth and Expanded Services.	-0.132 (-1.406)	-0.130 (-1.452)
7/20/00	NetBank Reports Ninth Consecutive Quarter of Profit and Record Growth.	-0.0180 (-0.191)	-0.0198 (-0.221)

Appendix 6b: NETBANK INC. LATE FINANCIAL ANNOUNCEMENTS (AUG. 2000-OCT. 2003)

Date	Description of Early Financial Announcements	Method1 CAR (t stat)	Method2 CAR (t stat)
10/23/00	NetBank Reports 10th Successive Profitable Quarter, With Impressive Q3 Account Growth; Acquisition Cost Per Customer Drops 50 Percent from Q4 '99. (Also, 10/24/00, NetBank put extraordinary gain toward marketing.	0.0966 a (1.0274)	0.1000 (1.1152)
11/27/00	NETBANK, Inc. Announces Plan To Repurchase up to 660,000 Shares, ATLANTA. (Also, 11/28/00, Expansion of customer access points with deposit taking ATMs through alliance with MAC ATM Network).	0.0340 a (0.362)	0.0332 (0.370)
1/24/01	NetBank Reports 11th Successive Profitable Quarter And Broadening Income Stream; Improving Interest Rates, New Fee Income, and New Partnerships Contribute To Continued Strength of First Profitable Internet Bank (4th, 2000).	0.0168 (0.179)	0.0177 (0.197)
4/24/01	NetBank Reports Twelfth Consecutive Profitable Quarter and Continued Strong Account Growth; Assets Surpass $2 Billion Mark and Operating Income Exceeds Consensus Estimate as Bank Announces Two Strategic Acquisitions.	0.0432 (0.460)	0.0414 (0.462)
8/8/01	NetBank, Inc. Reports 13th Consecutive Profitable Quarter Amid Strategic Acquisitions and Partnerships; Highlights Include Purchase of Market Street Mortgage, Partnership with Dundee Bancorp and Conversion of CompuBank Accounts.	-0.006 (-0.0646)	-0.0084 (-0.0932)
9/17/01	NetBank Inc. Announces New Program to Repurchase Up to One Million Shares.	-0.0293 (-0.312)	-0.0352 (-0.393)
10/23/01	NetBank(R) Reports Continued Profitability For Third Quarter 2001; Operating Profits Total $2.1 Million or $.07 Per Share; Assets Grow by $315.6 Million.	0.0078 (0.083)	0.009 (0.100)
1/31/01	NetBank(R) Reports Record Profitability For Fourth Quarter and Year-End 2001; Year Marked by Dramatic Increase in Non-Interest Income Through Acquisition of Mortgage Lending Capability and Other Strategies.	0.0094 (0.097)	0.0099 (0.1099)
5/2/02	NetBank, Inc. Announces Results for First Quarter 2002; Quarter Marked by Acquisition of Resource Bancshares Mortgage Group, Inc., Greatly Expanding and Diversifying the Company's Revenue Potential.	0.129 (1.378)	0.129 (1.45)

Appendix 6b (continuous)

Date	Description of Early Financial Announcements	Method1 CAR (t stat)	Method2 CAR (t stat)
8/7/02	NetBank, Inc. Announces Stock Buy Back Plan of Up to One Million Shares. (Also, NetBank, Inc. Announces Results for Second Quarter 2002; Earnings per Share Total $.12 Exclusive of Non-Operating Charges and Expenses, Representing a 300% Increase over the Same Quarter a Year Ago. Also, 8/28/02, EARNINGS: Web's NetBank suffers loss, pursues insurance lawsuit).	-0.0892 a (-0.948)	-0.0852 (-0.95)
10/23/02	Earnings per Share Total $.17 for an Increase of 143% Compared with Third Quarter 2001	-0.029 (-0.308)	-0.029 (-0.326)
12/20/02	NetBank, Inc. Completes Issuance Of Trust Preferred Securities (1st).	0.0082 (0.087)	0.0076 (0.0846)
1/29/03	Reports $.25 EPS for Fourth Quarter 2002; Core Operating Earnings Total $.68 per Share for Year-End 2002, Representing an Increase of 209% from the Previous Year.	0.0395 (0.421)	0.0378 (0.421)
4/11/03	Completes Issuance Of Trust Preferred Securities (2nd) (Also, 4/10/03, Launch of auto insurance services through sister company NetInsurance, Inc. Customers can complete one quick form online and receive multiple quotes from top providers).	-0.0346 a (-0.357)	-0.0343 (-0.383)
4/23/03	Reports $0.22 EPS for First Quarter 2003; Dividend of $0.02 per Share Declared for Shareholders of Record on April 30, 2003.	0.0098 (0.1045)	0.0114 (0.1273)
7/31/03	Reports $.29 EPS for Second Quarter 2003; Dividend of $.02 per Share Declared For Shareholders of Record on July 31, 2003. (Also, NetBank Plans Wealth Management Offering)	-0.0089 a (-0.0943)	-0.0104 (-0.116)