

**2017  
SUPER PREMIER PERFORMING,  
PREMIER PERFORMING, and  
COMMENDABLE PERFORMING CRITERIA**

The following are criteria for the ratings of Super Performing Bank and Premier Performing Bank at December 31, 2017:

**For C Corporation Banks -**

	<b><u>SPB</u></b>	<b><u>PPB</u></b>
<b><u>Growth</u></b> (% of Beginning of the Year Totals) Increase in either Gross Assets, Total Deposits, Total Loans or Gross Income	<b>7.00+</b>	<b>5.00+</b>
<b><u>Net Operating Income</u></b> (% of Average Gross Assets) Before Taxes and Reserves	<b>1.30+</b>	<b>0.90+</b>
<b><u>Net Loan Loss</u></b> (% of Beginning Gross Loans)	<b>0.20-</b>	<b>0.60-</b>
<b><u>Equity Return</u></b> (% of Beginning of the Year Total Equity Capital) Beginning Capital Over 10% Average Leverage Capital	<b>9.50+</b>	<b>7.50+</b>
	<b>8.50+</b>	<b>6.50+</b>

*\*Must Maintain "A Quality"*

**For S Corporation Banks -**

Growth, Net Operating Income, and Net Loan Loss criteria are the same as for C Corporations.

<b><u>Equity Return</u></b> (% of Beginning of the Year Total Equity Capital)	<b>13.00+</b>	<b>11.00+</b>
---	---------------	---------------

\*\*\*\*\*

Commendable Performing Bank must attain 3 of the 4 Premier Performing criteria.

\*\*\*\*\*

To meet the criteria for Super Premier, Premier, or Commendable Performing Bank, the bank must also meet the Findley Reports A-Quality Criteria which appear on the following pages.

**THE FINDLEY REPORTS, INC.**  
**A-QUALITY BANK SCORING SYSTEM**

The following factors and points are used by **The Findley Reports** to score institutions as to quality and credit worthiness. Only **A-Quality** banks will receive recognition as **Super Premier Performing Banks** or **Premier Performing Banks** and be published by **The Findley Reports**. To be rated by **The Findley Reports** as an **A-Quality** bank, an institution must score a minimum of 100 points, of which 75 or more must be **base points**. The scoring is of a specific date and the **A-Quality** rating is reflective of the quality of the bank as of that specific date. The **A-Quality** scoring is made annually based on December 31<sup>st</sup> Call Report data and other information available. The factors and total points this year are as follows:

	<u>Maximum Base Points</u>	<u>Maximum Bonus Points</u>
1. Liquidity	15	5
2. Equity Capital Adequacy	15	5
3. Asset Structure	15	5
4. Loan Portfolio Quality	15	5
5. Deposit Quality	15	5
6. Operating Performance	15	5
7. Equity Return	15	5
8. Senior Management/Director Stability	15	5
9. Performance Consistency	0	20
10. Regulatory Orders	<u>0</u>	<u>10</u>
<b>TOTAL</b>	<b><u>120</u></b>	<b><u>70</u></b>

**Points are awarded as follows:**

**1. Liquidity**

Cash and Due from Banks, plus Securities, divided by Total Liabilities (Deposits plus other Liabilities): Below 13% = 0; 13% to 15% = 5; 15% to 18% = 10; 18%+ = 15; Bonus of 5 if 25%+ for last three years.

**2. Capital Adequacy**

Total Risk Based Capital: Below 10% = 0; 10% to 11% = 7; 11% to 12 = 12; 12%+ = 15; Bonus of 5 if leverage capital adequacy did not drop below 9% in last 3 years.

**3. Asset Structure**

(a) Total Earning Assets divided by Gross Assets: Below 80% = 0; 80% to 85% = 5; 85% to 90% = 7; 90%+ = 9.

(b) Loans and Leases divided by Total Earning Assets: 95%+ = 0; 85% to 95% = 2; 75% to 85% = 4; Below 75% = 6;

If 85%+ of Earnings Assets are of a short-term nature (less than five years) = 5 Bonus Points.

**4. Loan Portfolio Quality**

(a) Net Loan Losses for the year divided by Beginning Gross Loans:

- (b) Delinquent Loans, 30 days or more, plus Non-accruals and Real Estate Owned through Foreclosures as a percent of Total Gross Loans: 12.5%+ = 0; 10% to 12.5% = 2; 5% to 10% = 5; -5% = 7.

**5. Deposit Quality**

- (a) Core Deposits (Demand, Savings, NOW & MMA) divided by Total Deposits: Below 40% = 0; 40% to 50% = 3; 50% to 60% = 5; 60%+ = 8.
- (b) Jumbo CDs divided by Total Deposits: 35%+ = 0; 20% to 35% = 5; Below 20% = 7. If Core Deposits for last three years 60%+ = 3 Bonus Points. If no brokered deposits = 2 Bonus Points.

**6. Operating Performance**

- (a) Interest and Fee Income and Interest Cost Spread. Interest and Fee Income (loans, leases and securities), less Interest Costs (savings and debt), divided by Average Gross Assets: Below 2.0% = 0; 2.0% to 3.0% = 3; 3.0% to 3.5% = 5; 3.5%+ = 7. If Interest Cost as a percent of Gross Operating Income is less than 50% for the last three years = 2 Bonus Points.
- (b) Non-Interest Operating Costs divided by Total Operating Income: 80%+ = 0; 70% to 80% = 2; 60% to 70% = 5; below 60% = 8. If below 60% for three years = 3 Bonus Points.

**7. Equity Return**

Shareholders' Equity Return for year divided by the total beginning-of-the-year Equity Capital, inclusive of Loan Loss Reserves: Loss = 0; 0% to 3% = 3; 3% to 6% = 6; 6% to 8% = 8; 8%+ = 15; 7%+ for last three years = 5 Bonus Points.

**8. Senior Management/Director Stability**

- (a) Senior Management turnover (inclusive of top 3-5, depending on institution size) for the year: 2 of 3 changed = 2; 1 of 3 changed = 4; no change = 8; no more than 2 change in two years = 10.
- (b) Director turnover for year (excluding majority ownership changes): 60%+ = 0; 40% to 60% = 2; below 40% = 4; no more than 2 changes in two years = 5.

**No turnover in Senior Management and Directors in last yeas = 5 Bonus Points.**

**9. Performance Consistency (Bonus Only)**

Met or exceeded at least three of the four criteria for Findley Reports' Premier Performance: Not in last three years = 0; one of last three years = 2; two years of last three years = 5; all three years = 12; met all three Premier Performance Criteria in the current year = 15; met all three Premier Performance Criteria for the last three years = 20.

**10. Regulatory Orders (Bonus Only)**

No regulatory orders for safety and soundness at year end 2016 = 10 points.