

2024
SUPER PREMIER PERFORMING,
PREMIER PERFORMING, and
COMMENDABLE PERFORMING CRITERIA

The following are criteria for the ratings of *Super Premier Performing Bank*, *Premier Performing Bank*, and *Commendable Performing Bank* for 2024 performance as of December 31, 2023:

<u>For C Corporation Banks -</u>		
	<u>SPB</u>	<u>PPB</u>
Growth (% of Beginning of the Year Totals) Increase in either Gross Assets, Total Deposits, Total Loans or Gross Income	3.00+	2.00+
Net Operating Income (% of Average Gross Assets) Before Taxes and Reserves	1.30+	1.00+
Net Loan Loss (% of Beginning Gross Loans)	0.40-	0.80-
Equity Return (% of Beginning of the Year Total Equity Capital) Beginning Capital Over 10% Average Leverage Capital	11.00+	8.00+
	10.00+	7.00+
*Must Maintain "A Quality"		
<u>For S Corporation Banks -</u>		
Growth, Net Operating Income and Net Loan Loss criteria are the same as for C Corporations.		
Equity Return (% of Beginning of the Year Total Equity Capital) Beginning Capital	13.00+	9.00+

Commendable Performing Bank must attain 3 of the 4 Premier Performing criteria, but one of the criteria must be Equity Return.		

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 31st Call Report data and other information available. The factors and total points this year are as follows:

	Maximum <u>Base Points</u>	Maximum <u>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>
TOTAL	<u>120</u>	<u>70</u>

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:
1.10%+ = 0; 0.70% to 1.10% = 3; 0.40% to 0.70% = 6; Below 0.40% = 8. If 0.50% or less for two of last three years = 3 Bonus Points; if delinquent loans less than 2% of portfolio = 2 Bonus Points.

- (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 30% = 0; 30% to 40% = 3; 40% 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 The 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 = 10 points.