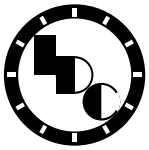
Bank Management Review

Third Quarter 2024 Report

Sample Bank
City, ST



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The quality of a financial institution is not fixed over time, but tends to undergo change. For this reason, changes in ranks occur, reflecting changes in the individual financial ratios.

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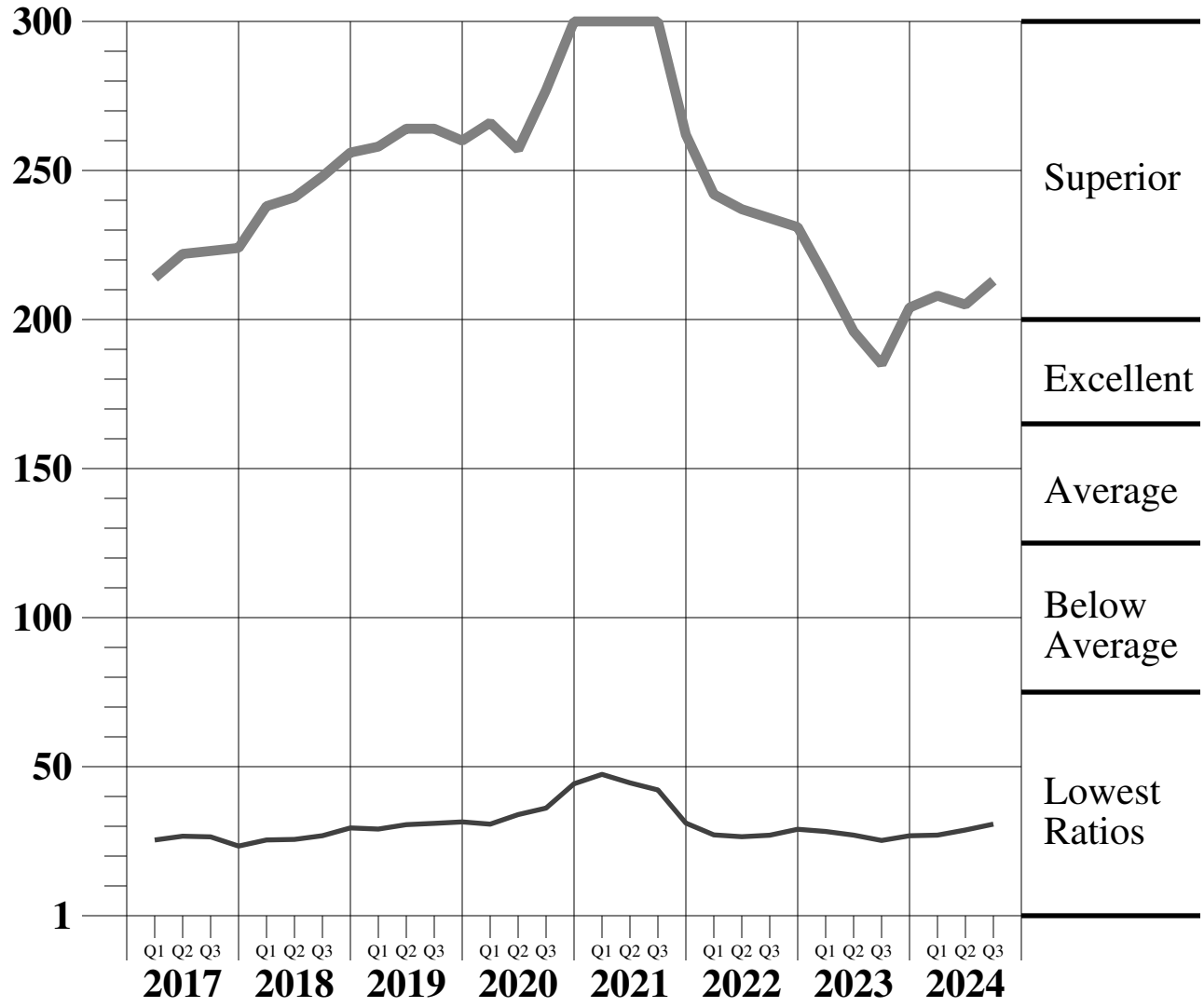


IDC Management Review

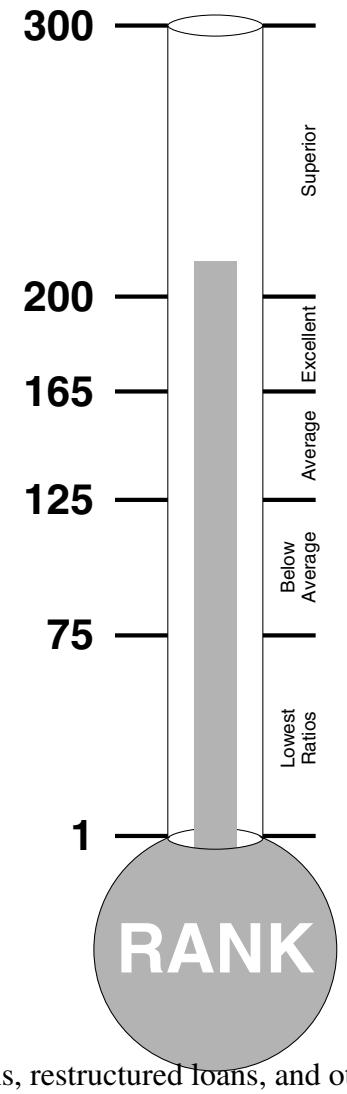
Sample Bank located in City, ST received an IDC rank of 213, which placed it in the "Superior" group.

Information in this report is based on the bank's September 30, 2024 quarterly statement of Conditions & Income as filed to the FDIC.

Superior (200-300): Banks rated Superior are simply the best by all measures. In addition to favorable capital ratios, most consistently generate a return on equity (ROE) above cost of equity (COE).

Excellent (165-199): Banks rated Excellent are strong institutions. Their ratios reflect quality management both from a balance sheet and income performance standpoint. Operating expenses and costs of funding are under control, producing a healthy return on equity (ROE).

Average (125-164): Banks rated Average meet industry capital standards. When compared to excellent and superior rated banks, most exhibit lower quality loans and narrower profit margins. A specific problem is a low operating profit margin, and/or a large standard deviation in the operating profit margin. The marginal problems of the average bank require shifts in policies and practices to raise asset quality or improve profits.



Below Average (75-124): Banks rated Below Average represent institutions under strain. Average loan delinquency is high. In some banks, liquidity ratios demonstrated risk. In many, excess high-risk loans or assets are above the loan loss reserve and threaten equity capital. A specific problem is a low operating profit margin, and or a large standard deviation in the operating profit margin. Return on financial leverage is negligible, on average, due to narrow or negative leverage spreads. Banks are also rated Below Average if they are deemed "Adequately Capitalized" per FDIC capital definitions.

Lowest Ratios (2-74): This Lowest Ratios group contains some banks with less than minimum capital required. In some banks, liquidity ratios demonstrated risk. In many, increasing loan loss provisions expand net losses on the income statement and, along with the excess of net charge-offs, reduce capital ratios. A specific problem is a low operating profit margin, and/or a large standard deviation in the operating profit margin. A high number of failed banks were rated Lowest Ratios prior to failure. Banks are also rated Lowest Ratios if they are deemed "Under Capitalized" or "Significantly Under Capitalized" per FDIC capital definitions. Banks may also be rated Below Average if they are deemed "Adequately Capitalized" and have a high volatility in operating profit margins.

Rank of One (1): Banks in the Rank of One group have the highest probability of failure. Loans 90-days past due, nonaccrual loans, restructured loans, and other

real estate owned, on average, exceed the loan loss reserve and equity capital by a wide margin. Liquidity ratios demonstrated risk. Without major balance sheet improvement, these banks will fail. Banks are also rated Rank of One if they are deemed "Critically Under Capitalized" per FDIC capital definitions.

Since 1990, 99 percent of failed financial institutions were ranked below 75 by IDC prior to failure, and the vast majority of these failed banks were ranked one. The remaining 1 percent of financial institutions that failed with a rank of 75 or higher excludes those institutions involved in fraud. Any future capital additions or losses or dramatic reductions or increases in nonperforming assets (delinquent loans) can change the bank's rank.

Fundamentals of IDC's Analysis... IDC's CAMEL

IDC has developed its own version of the commonly cited 'CAMEL' approach to determine the financial ratios that have the greatest impact on the quality of an institution. CAMEL is an acronym that defines a number of areas in which the institution has to perform well in order to be profitable: Capital Sufficiency, Adequacy of Capital, Margins, Earning asset returns, and Leverage and Liquidity.

In the following summary, we quantify the performance of **Sample Bank** in each area and examine those figures in relationship to each other.

"C" - Capital Sufficiency

An institution must have enough capital (its own money, invested in the business) so that there is a solid cushion available in hard times -- for instance, if loan defaults increase. That is why we look at the percent of Equity Capital a bank has, relative to its total assets. Equity capital represents the amount that an institution's assets exceed what it owes to depositors and creditors. Other capital ratios include Tier 1 (Equity Capital) and Tier II (Equity Capital plus secondary capital, like long-term debt) as a percent of risk-adjusted assets.. Federal regulations define risk-adjusted assets as a measure of potential safety or risk, and consider these capital ratios important measurements, therefore have set minimum levels that institutions must stay above.

Capital Adequacy ranges from best to worst : Well Capitalized, Adequately Capitalized, Under Capitalized, and Significantly or Critically Under Capitalized.
Sample Bank is deemed to be more than "Well Capitalized". It has a strong net worth capital to assets ratio and total risk-based capital ratio substantially above regulatory requirements. The bank's strong capital position is sufficient to withstand severe economic risks.

"A" - Adequacy of Capital

Adequacy of Capital measures how effective an institution is at lending money to people who are willing and able to pay it back. To see if it is doing this well, we look at the amount of delinquent and **nonaccrual loans** as well as, restructured loans and repossessed assets an institution has on its books, relative to its capital and **loan loss reserve,** which is the fund it has set aside to cover losses from bad

loans. Adequacy of Capital measures the institution's asset quality, and consequently, the risk to its capital, if delinquent, nonaccrual, or restructured loans default or repossessed assets are charged off. Seldom do other rating services, relying only on capital adequacy, properly scrutinize this factor.

Loans at risk are delinquent, nonaccrual, and restructured loans and leases, and all other real estate owned, including repossessed assets. That is, they are so troubled that the institution does not expect repayment in full. (IDC is not able to determine the underlying collateral value of nonperforming loans based on regulatory information available.)

Problem loans can have a major impact on both the institution's profitability and its capital adequacy. The regulators require that interest payments no longer can be accrued on nonaccrual loans. Because some of these loans don't pay interest, revenues are reduced. If the full amount of principal on these loans cannot be recovered, the institution must reserve for and charge-off (or expense) these loans, in addition to any legal and collection fees. Any time that too many bad loans force an institution to charge-off more money than it has provided for, it is called a "loan loss provision". Cash net income is reduced, and what looked like a cash profit can turn into a loss.

If problem loans are greater than the loan loss reserve, the institution may have to make up the difference out of its equity capital. If its capital or collateral value is not adequate for this task, the institution may be in danger of failure.

Adequacy of Capital ranges from best to worst: High, Average, Limited, and Poor.
Sample Bank has adequate Loan Loss Reserve to cover loan delinquency.

"M" - Margins

An institution must set its rates on loans, services, and investment yields so that there is an adequate difference between earnings and interest payments on deposits or borrowings. There must also be enough total revenues after interest costs to cover operating expenses. The money left over, after tax, should earn a fair rate of return on equity capital.

All of these differences between revenues and expenses are called **Margins,** and management is measured at the margins. They determine the overall profitability of the institution. By looking at each of several margin measurements individually, we can learn a great deal about an institution's operating and financial strategies.

Here, we examine three kinds of margins: Operating Profit Margin, Leverage Spread, and Net Operating Profit After-Tax Return on Equity (NOPAT ROE) as compared to Cost of Equity Capital (COE). Margin classifications range from best to worst: Wide, Average, Narrow, and Negative.

First, we will review the Operating Profit Margin and Leverage Spread of Sample Bank.

Operating Profit Margin is defined as net operating revenue less operating costs (excluding the loan loss provision) divided by net operating revenues (net interest income plus noninterest income). This ratio allows us to focus on how well the institution is controlling its operating costs, which is key to

profitability.
Sample Bank has an "Average" margin between operating profits and net operating revenues, demonstrating average efficiency.
Sample Bank has a "High" standard deviation or volatility in the operating margin, indicating a complex or high risk profit structure.

Leverage Spread is the difference between after-tax operating income relative to the cost of funding.
Sample Bank has a "Wide" margin between after-tax operating returns and funding costs, indicating that it makes very effective use of leveraged funds.

Next, we examine **Return on Equity** versus Cost of Equity Capital (NOPAT ROE vs COE). IDC's NOPAT ROE is common stockholder's return on tangible equity. It measures the percent return the institution earns, overall, on its own equity investment; the final measure of profitability. The cost of equity capital is the return a prudent investor would require for investments of comparable risk.

Return on equity can be measured in two ways: First is (traditional) ROE, which simply divides common stockholder's net income by their tangible equity capital. The second way, used by IDC, is NOPAT ROE, which takes the sum of net income available for common shareholders plus loan loss provision minus net charge-offs and divides by common shareholder's tangible equity capital plus the loan loss reserve. This method adjusts ROE for the actual loan loss experience to the money the institution has set aside to cover it. If the provision exceeds actual losses, ROE is increased by that amount and vice versa. This method also excludes nonrecurring (one time) income or loss, whereas traditional ROE ignores these impacts, whether positive or negative.

Return on Equity above Cost of Equity Capital adds value to a financial institution, a ROE below COE destroys value.
Sample Bank has a net operating return on equity (ROE) above estimated cost of equity capital (COE) failing to add value.

"E" - Earning Asset Returns

An institution must control its operating (noninterest) expenses so as not to lose a disproportionate part of its revenues. We can determine how well an institution is doing this by looking at how much money is left from all revenues (from loans, investments, and services) after both operating expenses and taxes have been paid, and a provision is set aside for loan losses. This ratio measures the institution's "Return on Earning Assets" (ROEA).

Earning asset returns measure the institution's operating strategy. They measure what the bank's performance would have been if all the money lent or used to pay funding costs were its own (i.e., no interest had to be paid on deposits or borrowings). By temporarily ignoring the role that leverage plays, we get a better picture of how well an institution is managing its operating business.

To do this, we calculate the bank's after-tax ROEA by subtracting operating expenses (excluding loan loss provisions) and taxes from all revenues (including noninterest income and gains or losses on

investments). This adjusts the after-tax return to reflect the difference between the loan loss provision and the net charge-offs of loans. ROEA consists of operating income less operating expense and income taxes, but excludes the cost of funding liabilities.

Return on earning assets ranges from best to worst: High, Average, and Low.
Sample Bank has an "Average" after-tax ROEA.

Now, let's take a look at each of the components of ROEA and how the bank performed.

Current yield on loans. This includes interest income from loans divided by the average book value of loans. ***Sample Bank earned a "Low" yield on loans.***

Loan to Finance Commercial Real Estate are total real estate loans less 1-4 family real estate loans. high percentage of earning assets invested in loans to finance commercial real estate indicates risk in the loan portfolio.
Loans to finance commercial real estate as a percent of earning assets is "Average" for this bank, indicating moderate loan risk.

Noninterest income. This is revenue and income (or loss) from sources other than loans and investments, such as income from fees.
This bank's ratio of noninterest income as a percent of earning assets is "High." It is an important part of its revenue source and profitability.

Noninterest expense. The expense ratio equals operating costs divided by average earning assets. This allows us to focus on how well the bank is controlling its operating costs.
This bank's ratio of noninterest expense to earning assets is "High."

Adjustment to net income. In this measurement, we focus on how much of the loan loss provision was added to net income.
This bank's adjustment provides a modest addition to net income, as the loan loss provision exceeds net loan charge-offs.

"L" - Leverage and Liquidity

Leverage returns along with liquidity make up the "L" in IDC's CAMEL analysis. First, we will look at the institution's Return on Financial Leverage (ROFL).

Return on Financial Leverage - A Measure of the Financial Strategy. ROFL measures the efficiency with which the institution uses deposits, borrowings, and other forms of debt to leverage its equity capital and reserves. ROFL is the product of **leverage spread** and **leverage multiplier.**

Leverage spread compares the after-tax return on earning assets (the measurement of the operating strategy) to the after-tax cost of funding these earning assets. Leverage multiplier is the amount of earning assets (funded by deposits and borrowings) used in relationship to tangible equity capital and

loan loss reserves provided by the institution. Financial strategy determines how much to leverage capital and at what cost.

Ratios of Leverage Spread, Leverage Multiplier, and Return on Financial Leverage range from best to worst: High, Average, Low, and Negative.
Sample Bank has an "Average" return on financial leverage. The cost of funding is "Average", Sample Bank has an Average margin between after-tax operating returns and funding costs, indicating effective use of leveraged funds. and its leverage multiplier is "Low."

Liquidity measures (1) balance sheet cash flow as a percent of the Tier I capital, (2) illiquid loans as a percent of stable deposits and borrowings plus excess liquidity, and (3) an excess of uninsured deposits and borrowings that limits liquidity. The large potential risk is the transfer of consumer deposits from stable low paying deposits to large deposits or borrowings. This can occur as consumers transfer deposits outside the banking system, requiring banks to attract new funds by increasing deposits over $250,000 or borrowing funds. The loss of stable low-cost deposits or excessive lending is reflected as a lack of liquidity by an increase to over 100% in the percentage of illiquid loans to stable deposits and borrowings plus excess liquidity.
Negative balance sheet cash flow indicates the inability of the change in retained earnings to finance the change in growth producing assets (plant and equipment, investments in unconsolidated subsidiaries, and other long term assets) or the change in liabilities and capital (excluding retained earnings) is larger than the change in investments, loans, and repossed assets. A negative balance sheet cash flow ratio of -66% to -100%, coupled with a high percentage of loans to earning assets, illustrates a lack of liquidity. A percentage more negative than -100% is a severe illiquid position, especially if nonperforming loans are in excess of 3% of total loans.
Negative balance sheet cash flow for 4 or more quarters indicates a liquidity problem with a negative 20 to 50 value indicating a risk to liquidity and a negative 50 to 100 indicating a major risk to liquidity.
An excess of uninsured deposits and borrowings greater than the market value of assets available for liquidation times the ratio of unrealized losses on securites held to maturity to tangible common equity capital of (25 to 50) limits liquidity and (50 to 100) creates a risk of lack of liquidity.
Sample Bank has ample liquidity to support growth

In summary, Sample Bank received an IDC rank of 213, which placed it in the "Superior" group.

The Federal Deposit Insurance Corporation (FDIC) and US Government insure all deposits up to $250,000.

Bank Financial Ratios

BANK FINANCIAL QUARTERLY
Data Ending 3rd Quarter, 2024

Distributions by Percentile of
Financial Ratios for

4,569 Banks

IDC Financial Publishing, Inc.
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BankMap®
Rank of Quality

	RANK	SIZE	CAPITAL RATIOS			LOAN RISK %TIER I			LIQUIDITY				ROE VS COE			
	RANK OF FINANCIAL RATIOS	TOTAL ASSETS DOLLARS IN MILLIONS	TIER I CAPITAL AS A % TIER I ASSETS	TIER I & II CAPITAL % RISK-BASED ASSETS	RISK IN TIER 1 CAPITAL RATIO EXCLUDING AOCI OVER 5%	LOAN LOSS RESERVE	LOANS 90 DAYS OR MORE PAST DUE	LOANS NONACCRUAL & RESTRUCTURED + REO	BALANCE SHEET CASH FLOW % TIER 1 CAPITAL	NET LOANS & LEASES % INS DEPS & AVL FHLB	INT-BEARING LIAB AS A % OF EARNING ASSETS	RISK OF XS UNINSRD LIABS & UNRLIZD LOSSES ON SECS	COMMON STOCKHOLDER RETURN ON TANGIBLE EQUITY	ESTIMATE OF COST OF EQUITY	COMMON STOCKHOLDER NET OPERATING PROFIT AFTER-TAX RETURN ON TANGIBLE EQUITY	
	1	2	3	4	5	6	7	8	9	10	11	12	1YR 13	14	1YR 15	5YR 16
HIGHEST QUALITY	**300**	3,584,105	**99.9**	999.9	0.0	**0**	0	0	**216**	0	0	0	172.6	6.0	**172.5**	121.6
98%	**300**	22,747	**40.2**	119.9	0.0	**0**	0	0	**41**	25	15	0	25.7	6.5	**23.9**	22.4
96%	**300**	8,435	**22.8**	48.1	0.0	**1**	0	0	**33**	35	47	0	21.1	6.7	**20.2**	19.5
94%	**300**	5,281	**19.5**	36.6	0.0	**2**	0	0	**29**	39	53	0	19.1	6.8	**18.2**	17.7
92%	**300**	3,513	**17.6**	31.3	0.0	**3**	0	0	**26**	42	56	0	17.5	6.9	**17.0**	16.7
90%	**291**	2,734	**16.5**	28.5	0.0	**3**	0	0	**24**	45	58	0	16.6	7.0	**15.8**	15.9
88%	**282**	2,198	**15.7**	25.9	0.0	**3**	0	0	**23**	48	60	0	15.7	7.1	**15.0**	15.3
86%	**275**	1,816	**15.0**	24.4	0.0	**4**	0	0	**22**	50	62	0	14.9	7.2	**14.5**	14.8
84%	**268**	1,534	**14.5**	23.4	0.0	**4**	0	0	**21**	52	63	0	14.3	7.3	**13.9**	14.4
82%	**262**	1,329	**14.0**	22.4	0.0	**4**	0	0	**20**	53	64	0	13.7	7.4	**13.3**	14.0
80%	**257**	1,162	**13.7**	21.3	0.0	**5**	0	0	**19**	55	65	0	13.2	7.5	**12.9**	13.6
78%	**251**	1,034	**13.4**	20.6	0.0	**5**	0	0	**18**	56	66	0	12.8	7.6	**12.4**	13.3
76%	**246**	936	**13.0**	20.0	0.0	**5**	0	0	**17**	57	66	0	12.4	7.7	**12.1**	13.0
74%	**241**	856	**12.8**	19.4	0.0	**5**	0	0	**16**	58	67	0	12.1	7.8	**11.8**	12.7
72%	**238**	784	**12.6**	19.0	0.0	**5**	0	0	**15**	59	68	0	11.8	7.9	**11.5**	12.4
70%	**233**	702	**12.3**	18.6	0.0	**6**	0	0	**15**	60	69	0	11.4	8.0	**11.2**	12.2
68%	**229**	653	**12.1**	18.1	0.0	**6**	0	1	**14**	61	69	1	11.1	8.1	**10.8**	11.9
66%	**224**	609	**11.9**	17.7	0.0	**6**	0	1	**13**	62	70	3	10.8	8.2	**10.6**	11.7
64%	**221**	566	**11.7**	17.4	0.0	**6**	0	1	**13**	63	70	4	10.5	8.3	**10.3**	11.4
62%	**216**	530	**11.5**	17.1	0.0	**6**	0	1	**12**	64	71	5	10.2	8.4	**10.1**	11.2
60%	**212**	493	**11.4**	16.8	0.0	**6**	0	1	**12**	65	71	7	9.9	8.6	**9.7**	11.0
58%	**209**	459	**11.3**	16.5	0.0	**7**	0	1	**11**	66	72	8	9.6	8.7	**9.5**	10.8
56%	**205**	424	**11.1**	16.2	0.0	**7**	0	1	**10**	66	72	10	9.3	8.8	**9.2**	10.6
54%	**202**	397	**11.0**	16.0	0.0	**7**	0	1	**10**	67	73	11	9.0	9.0	**8.9**	10.3
52%	**200**	371	**10.8**	15.7	0.0	**7**	0	1	**9**	68	73	13	8.7	9.1	**8.6**	10.1
50%	**197**	351	**10.7**	15.5	0.0	**7**	0	2	**8**	69	74	14	8.4	9.3	**8.3**	9.8
48%	**194**	327	**10.6**	15.3	0.0	**7**	0	2	**8**	70	74	16	8.1	9.4	**8.0**	9.5
46%	**191**	309	**10.5**	15.0	0.0	**8**	0	2	**7**	70	75	18	7.9	9.5	**7.8**	9.3
44%	**187**	291	**10.4**	14.8	0.0	**8**	0	2	**7**	71	75	20	7.6	9.7	**7.6**	9.1
42%	**183**	269	**10.3**	14.6	0.0	**8**	0	2	**6**	72	76	23	7.3	9.8	**7.3**	8.9
40%	**180**	255	**10.2**	14.5	0.0	**8**	0	3	**5**	73	76	26	7.0	9.9	**7.0**	8.6
38%	**177**	240	**10.1**	14.4	0.0	**8**	0	3	**4**	74	77	28	6.7	10.1	**6.7**	8.4
36%	**174**	222	**10.0**	14.2	0.0	**8**	0	3	**4**	75	77	31	6.5	10.2	**6.5**	8.1
34%	**171**	206	**9.8**	14.0	0.0	**9**	0	3	**3**	75	77	36	6.2	10.4	**6.2**	7.9
32%	**168**	191	**9.7**	13.9	0.0	**9**	0	4	**2**	76	78	39	5.9	10.5	**5.9**	7.6
30%	**164**	180	**9.6**	13.8	0.0	**9**	0	4	**1**	77	78	45	5.5	10.7	**5.6**	7.3
28%	**161**	169	**9.5**	13.6	0.0	**9**	0	4	**1**	78	79	51	5.2	10.9	**5.3**	7.1
26%	**157**	156	**9.4**	13.4	0.0	**9**	0	5	**0**	79	79	58	4.8	11.1	**5.0**	6.8
24%	**154**	146	**9.4**	13.3	0.0	**9**	0	5	**0**	80	80	67	4.5	11.3	**4.7**	6.4
22%	**150**	135	**9.3**	13.1	0.0	**10**	0	5	**-2**	81	80	78	4.2	11.5	**4.3**	6.2
20%	**147**	125	**9.2**	12.9	0.0	**10**	0	6	**-3**	83	81	91	3.8	11.7	**4.0**	5.8
18%	**142**	113	**9.1**	12.8	0.0	**10**	1	6	**-4**	84	82	102	3.4	12.0	**3.6**	5.4
16%	**138**	102	**9.0**	12.6	0.0	**10**	1	7	**-5**	85	82	113	2.9	12.2	**3.1**	5.1
14%	**134**	93	**8.9**	12.4	0.0	**11**	1	8	**-7**	86	83	124	2.3	12.5	**2.7**	4.6
12%	**129**	82	**8.7**	12.2	0.0	**11**	1	9	**-9**	88	84	138	1.8	12.8	**2.0**	4.2
10%	**124**	73	**8.6**	12.0	0.0	**11**	2	10	**-12**	90	85	153	1.1	13.2	**1.4**	3.6
8%	**118**	63	**8.5**	11.8	0.0	**12**	2	11	**-15**	93	86	171	0.3	13.7	**0.8**	3.0
6%	**110**	53	**8.3**	11.6	0.0	**13**	3	13	**-20**	96	87	196	-0.8	14.5	**-0.3**	2.2
4%	**99**	42	**8.0**	11.4	0.0	**14**	4	16	**-27**	100	89	232	-2.9	15.6	**-2.0**	1.1
2%	**81**	28	**7.6**	11.0	0.0	**16**	7	22	**-45**	107	91	283	-7.1	17.4	**-5.8**	-0.4
LOWEST QUALITY	**1**	3	**3.7**	7.7	68.9	**111**	109	115	**-999**	999	999	13220	-149.1	67.2	**-147.5**	-94.5
24Q3	**213**	6,609	**12.2**	16.6	0.0	**11**	0	2	**7**	75	75	245	7.7	7.7	**7.5**	8.4
24Q2	**205**	6,438	**12.4**	16.8	0.0	**10**	0	1	**4**	74	73	246	7.2	8.3	**6.6**	8.4
Difference	8	171	-0.2	-0.2	0	0	0	1	4	2	2	-1	0.4	-0.6	0.9	0.0

** Rounding the numbers to fit the table may cause the 'Difference' to appear off.*

Sample Bank
City, ST

	LOAN PERFORMANCE						OPERATING PERFORMANCE % EARNING ASSETS						OP PROFIT MARGIN		PROFIT STRUCTURE						GROWTH	
CURRENT YIELD ON INVESTMENTS	LOANS AS A % OF EARNING ASSETS	CURRENT YIELD ON LOANS	LOANS NONCURRENT & RESTRUCTURED + REO	% CHG NONCURRENT & RESTRUCTURED + REO	LOANS TO FINANCE COMMERCIAL RE % LOANS	INC IN LOAN LOSS RES & OTHER ADJ % EARNING ASSETS	NET INTEREST MARGIN		NONINTEREST INCOME		NONINTEREST EXPENSE		OPERATING PROFIT MARGIN	RISK (SD) IN OP PROFIT MARGIN	RETURN ON EARNING ASSETS (AFTER TAX)		COST OF ADJUSTED DEBT (AFTER TAX)		LEVERAGE SPREAD	LEVERAGE MULTIPLIER	RETURN ON FINANCIAL LEVERAGE	INTERNAL GROWTH OF TANGIBLE EQUITY CAPITAL	
1YR		1YR				1YR	1YR	5YR	1YR	5YR	1YR	5YR	1YR	5YR	1YR	5YR	1YR	5YR	1YR	1YR	1YR	5YR
17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40
12.6	99	**53.4**	0.0	**-99.9**	0.0	-1.76	**111.35**	23.42	999.99	999.99	-0.99	-0.99	**354.5**	0.1	**97.85**	99.90	0.00	-0.01	**92.38**	0.0	53.0	**353.5**	50.5
5.6	92	**9.4**	0.0	**-99.9**	0.4	0.00	**6.15**	5.25	11.10	10.67	1.25	1.29	**64.8**	1.4	**6.02**	5.21	0.24	0.17	**3.42**	2.6	19.3	**20.1**	15.5
5.4	90	**8.6**	0.0	**-99.9**	2.2	0.00	**5.45**	4.82	2.83	3.23	1.48	1.50	**58.9**	1.8	**4.82**	3.66	0.54	0.25	**2.58**	3.4	15.9	**15.3**	13.7
5.3	89	**8.2**	0.0	**-91.4**	4.1	0.00	**5.15**	4.57	1.84	2.07	1.60	1.63	**55.6**	1.9	**4.44**	3.30	0.69	0.32	**2.18**	4.0	14.3	**13.3**	12.5
5.1	88	**7.9**	0.0	**-82.5**	5.5	0.00	**4.88**	4.40	1.50	1.62	1.71	1.72	**52.7**	2.1	**4.16**	3.10	0.83	0.37	**1.98**	4.4	13.1	**12.2**	11.6
5.0	87	**7.7**	0.0	**-74.8**	6.8	0.00	**4.71**	4.27	1.25	1.40	1.79	1.79	**50.9**	2.3	**4.00**	2.95	0.93	0.41	**1.82**	4.7	12.3	**11.5**	11.1
4.8	86	**7.5**	0.0	**-67.4**	8.0	0.00	**4.56**	4.17	1.11	1.27	1.86	1.87	**49.0**	2.4	**3.87**	2.85	1.01	0.45	**1.70**	5.0	11.6	**11.0**	10.6
4.7	85	**7.4**	0.0	**-60.8**	9.3	0.00	**4.44**	4.08	1.02	1.17	1.92	1.93	**47.5**	2.5	**3.75**	2.77	1.07	0.47	**1.60**	5.3	11.1	**10.5**	10.1
4.6	84	**7.3**	0.0	**-54.0**	10.6	0.00	**4.34**	4.01	0.95	1.09	1.98	1.99	**46.2**	2.7	**3.64**	2.69	1.12	0.51	**1.52**	5.4	10.5	**10.1**	9.8
4.5	83	**7.2**	0.0	**-48.8**	12.0	0.00	**4.23**	3.95	0.90	1.02	2.02	2.05	**45.4**	2.8	**3.54**	2.62	1.19	0.53	**1.45**	5.6	10.1	**9.6**	9.5
4.4	82	**7.1**	0.0	**-42.3**	13.4	0.00	**4.15**	3.89	0.84	0.96	2.06	2.09	**44.3**	2.9	**3.45**	2.56	1.24	0.56	**1.39**	5.8	9.7	**9.3**	9.1
4.3	82	**7.0**	0.1	**-36.8**	14.6	0.00	**4.07**	3.84	0.80	0.92	2.11	2.13	**43.2**	3.0	**3.37**	2.50	1.29	0.58	**1.33**	5.9	9.4	**9.0**	8.9
4.2	81	**7.0**	0.1	**-32.2**	15.8	0.00	**3.99**	3.79	0.76	0.87	2.16	2.17	**42.3**	3.0	**3.31**	2.45	1.34	0.61	**1.27**	6.1	9.0	**8.6**	8.6
4.1	80	**6.9**	0.1	**-27.6**	17.1	0.00	**3.92**	3.75	0.73	0.83	2.19	2.21	**41.3**	3.2	**3.25**	2.39	1.39	0.63	**1.23**	6.2	8.7	**8.3**	8.4
4.0	79	**6.8**	0.1	**-24.5**	18.3	0.00	**3.87**	3.71	0.70	0.79	2.23	2.25	**40.5**	3.3	**3.19**	2.35	1.44	0.65	**1.18**	6.3	8.4	**8.0**	8.2
3.9	78	**6.8**	0.1	**-21.7**	19.8	0.01	**3.82**	3.68	0.68	0.76	2.26	2.29	**39.5**	3.4	**3.13**	2.29	1.48	0.68	**1.14**	6.5	8.2	**7.8**	8.0
3.8	78	**6.7**	0.2	**-17.7**	21.0	0.01	**3.76**	3.64	0.65	0.73	2.30	2.32	**38.7**	3.5	**3.08**	2.25	1.52	0.70	**1.09**	6.6	7.9	**7.5**	7.8
3.8	77	**6.6**	0.2	**-14.6**	22.2	0.01	**3.70**	3.60	0.62	0.71	2.34	2.36	**37.9**	3.6	**3.03**	2.20	1.55	0.72	**1.05**	6.7	7.6	**7.3**	7.5
3.7	76	**6.6**	0.2	**-11.6**	23.5	0.02	**3.65**	3.56	0.60	0.69	2.37	2.40	**37.1**	3.7	**2.98**	2.16	1.59	0.74	**1.02**	6.8	7.4	**7.0**	7.3
3.6	75	**6.5**	0.2	**-8.7**	25.0	0.02	**3.61**	3.53	0.58	0.66	2.40	2.43	**36.5**	3.9	**2.93**	2.12	1.63	0.76	**0.98**	6.9	7.1	**6.7**	7.1
3.6	75	**6.5**	0.3	**-5.7**	26.4	0.02	**3.56**	3.50	0.56	0.63	2.44	2.46	**35.6**	4.0	**2.88**	2.09	1.67	0.78	**0.95**	7.0	6.9	**6.5**	6.9
3.5	74	**6.4**	0.3	**-3.2**	27.6	0.02	**3.51**	3.46	0.54	0.61	2.48	2.50	**34.8**	4.1	**2.83**	2.06	1.71	0.80	**0.91**	7.1	6.7	**6.3**	6.8
3.4	73	**6.4**	0.3	**-0.6**	28.9	0.03	**3.46**	3.43	0.52	0.59	2.52	2.53	**34.1**	4.3	**2.79**	2.03	1.74	0.81	**0.88**	7.2	6.4	**6.1**	6.6
3.4	72	**6.3**	0.3	**1.6**	30.5	0.03	**3.42**	3.40	0.50	0.57	2.55	2.56	**33.3**	4.4	**2.74**	1.99	1.77	0.83	**0.85**	7.3	6.2	**5.8**	6.4
3.3	71	**6.3**	0.4	**5.5**	31.6	0.03	**3.38**	3.37	0.48	0.55	2.58	2.59	**32.6**	4.5	**2.70**	1.96	1.80	0.85	**0.81**	7.4	5.9	**5.6**	6.2
3.3	70	**6.2**	0.4	**8.8**	33.0	0.03	**3.34**	3.34	0.46	0.53	2.62	2.62	**31.9**	4.7	**2.65**	1.93	1.84	0.87	**0.78**	7.5	5.7	**5.4**	6.0
3.2	70	**6.2**	0.4	**14.7**	34.4	0.04	**3.31**	3.31	0.44	0.51	2.65	2.65	**31.3**	4.8	**2.61**	1.90	1.87	0.89	**0.75**	7.6	5.4	**5.1**	5.8
3.2	69	**6.2**	0.4	**19.0**	35.4	0.04	**3.27**	3.28	0.43	0.49	2.68	2.69	**30.4**	4.9	**2.56**	1.87	1.91	0.91	**0.72**	7.6	5.2	**4.9**	5.6
3.1	68	**6.1**	0.5	**23.2**	36.7	0.04	**3.22**	3.25	0.41	0.47	2.72	2.73	**29.6**	5.1	**2.52**	1.83	1.94	0.93	**0.68**	7.7	5.0	**4.6**	5.4
3.1	67	**6.1**	0.5	**27.4**	37.8	0.05	**3.18**	3.22	0.39	0.46	2.76	2.76	**28.8**	5.3	**2.47**	1.80	1.98	0.95	**0.65**	7.8	4.7	**4.4**	5.2
3.0	66	**6.0**	0.6	**32.7**	39.0	0.05	**3.14**	3.19	0.38	0.44	2.80	2.80	**28.1**	5.4	**2.43**	1.77	2.02	0.97	**0.63**	7.9	4.5	**4.2**	5.0
2.9	65	**6.0**	0.6	**37.7**	40.2	0.06	**3.09**	3.17	0.36	0.42	2.83	2.84	**27.2**	5.6	**2.38**	1.74	2.05	0.99	**0.60**	8.0	4.2	**4.0**	4.8
2.9	64	**5.9**	0.6	**42.4**	41.4	0.06	**3.05**	3.13	0.35	0.40	2.87	2.87	**26.5**	5.8	**2.33**	1.71	2.09	1.01	**0.57**	8.1	4.0	**3.7**	4.6
2.8	63	**5.9**	0.7	**49.6**	42.8	0.06	**3.00**	3.11	0.33	0.39	2.92	2.92	**25.6**	6.0	**2.29**	1.68	2.13	1.03	**0.53**	8.2	3.7	**3.5**	4.4
2.8	62	**5.9**	0.7	**56.9**	44.0	0.07	**2.96**	3.07	0.32	0.37	2.96	2.96	**24.5**	6.2	**2.24**	1.63	2.17	1.06	**0.50**	8.2	3.5	**3.2**	4.2
2.8	61	**5.8**	0.8	**67.0**	45.5	0.07	**2.92**	3.04	0.30	0.35	3.01	2.99	**23.6**	6.4	**2.21**	1.59	2.21	1.08	**0.46**	8.3	3.2	**3.0**	4.0
2.7	59	**5.8**	0.9	**76.5**	46.9	0.08	**2.87**	3.01	0.29	0.34	3.06	3.03	**22.8**	6.6	**2.16**	1.55	2.27	1.11	**0.42**	8.4	2.9	**2.7**	3.7
2.7	58	**5.7**	0.9	**88.7**	48.4	0.08	**2.82**	2.97	0.27	0.32	3.12	3.08	**21.6**	6.9	**2.10**	1.52	2.31	1.14	**0.39**	8.5	2.6	**2.4**	3.5
2.6	56	**5.7**	1.0	**104.0**	49.7	0.09	**2.76**	2.94	0.26	0.30	3.18	3.13	**20.5**	7.2	**2.04**	1.47	2.35	1.18	**0.34**	8.6	2.4	**2.1**	3.2
2.6	55	**5.6**	1.1	**120.9**	50.9	0.10	**2.72**	2.89	0.24	0.29	3.24	3.19	**19.1**	7.5	**1.98**	1.44	2.41	1.21	**0.29**	8.7	2.1	**1.8**	2.9
2.5	53	**5.6**	1.2	**141.8**	52.6	0.10	**2.65**	2.85	0.23	0.27	3.32	3.25	**18.0**	7.8	**1.92**	1.39	2.46	1.25	**0.25**	8.8	1.7	**1.5**	2.6
2.4	51	**5.5**	1.3	**166.8**	54.1	0.11	**2.59**	2.80	0.21	0.26	3.41	3.35	**16.7**	8.1	**1.87**	1.35	2.54	1.29	**0.21**	8.9	1.4	**1.2**	2.3
2.4	49	**5.4**	1.4	**194.7**	55.8	0.12	**2.54**	2.75	0.20	0.24	3.51	3.45	**14.9**	8.6	**1.80**	1.30	2.62	1.33	**0.15**	9.0	1.0	**0.8**	2.0
2.3	47	**5.4**	1.6	**240.7**	57.6	0.13	**2.47**	2.70	0.18	0.22	3.63	3.54	**13.1**	9.1	**1.74**	1.24	2.69	1.38	**0.09**	9.2	0.6	**0.3**	1.5
2.3	44	**5.3**	1.7	**301.5**	59.7	0.15	**2.40**	2.65	0.17	0.20	3.79	3.67	**10.9**	9.6	**1.66**	1.19	2.78	1.42	**0.02**	9.3	0.1	**-0.2**	1.0
2.2	41	**5.2**	1.9	**363.0**	61.8	0.17	**2.33**	2.57	0.15	0.18	4.02	3.82	**8.4**	10.4	**1.56**	1.12	2.86	1.49	**-0.07**	9.5	-0.4	**-0.9**	0.5
2.1	38	**5.0**	2.1	**489.6**	64.3	0.20	**2.22**	2.48	0.13	0.16	4.33	4.07	**5.1**	11.4	**1.44**	1.04	2.96	1.57	**-0.18**	9.7	-1.0	**-2.1**	0.0
2.0	33	**4.9**	2.5	**711.0**	68.1	0.24	**2.10**	2.37	0.11	0.14	4.92	4.54	**1.2**	12.9	**1.32**	0.94	3.10	1.64	**-0.32**	9.9	-1.9	**-3.5**	0.0
1.9	25	**4.7**	3.1	**999.9**	73.4	0.31	**1.92**	2.19	0.08	0.11	6.09	5.51	**-5.8**	15.3	**1.12**	0.81	3.28	1.78	**-0.57**	10.2	-3.3	**-5.9**	0.0
1.7	0	**4.4**	4.3	**999.9**	80.1	0.47	**1.61**	1.95	0.04	0.07	15.12	11.50	**-25.6**	19.7	**0.68**	0.57	3.59	1.99	**-1.09**	11.0	-6.3	**-11.7**	-1.7
0.0	0	**0.0**	23.4	**999.9**	100.0	5.81	**-1.01**	-0.55	-0.99	-0.99	999.99	99.99	**-911.6**	99.9	**-48.76**	-11.84	99.99	99.99	**-48.76**	17.4	-91.0	**-279.8**	-76.0
3.6	79	**6.0**	0.4	**10.7**	45.7	0.08	**3.35**	3.23	1.13	1.53	3.11	3.21	**30.7**	6.7	**2.84**	1.87	2.03	0.77	**0.81**	5.8	4.7	**3.1**	4.6
3.5	80	**6.0**	0.2	**-48.7**	45.6	0.00	**3.36**	3.25	1.09	1.55	3.17	3.23	**28.7**	6.7	**2.63**	1.81	1.94	0.69	**0.69**	5.7	3.9	**2.1**	4.6
0.2	-1	0.1	0.2	59.5	0.1	0.08	-0.01	-0.02	0.04	-0.02	-0.07	-0.02	2.0	0.0	0.21	0.06	0.09	0.08	0.12	0.0	0.7	1.0	0.0

Sample Bank
City, ST

Glossary of Financial Ratios

Each bank in the **Bank Financial Quarterly** has a one-line analysis of financial ratios and a one-number summary rank. IDC's unique CAMEL analysis utilizes financial ratios that have a significant impact on the quality of banks:

Capital risk is determined by Tier I capital as a percent of assets and as a percent of risk-based assets. Tier I & II capital as a percent of risk-based assets (risk-based capital ratio) measures credit and interest rate risk as well as estimates risk in the asset base.
Risk of addition of AOCI to Tier I capital given Tier I capital percent assets is less than 5% before AOCI addition.

Adequacy of Capital and reserves measures the levels of delinquent loans, nonaccrual loans, restructured and foreclosed assets relative to loan loss reserves and capital.

Margins are the best measurement of management. Margins represent the spreads between 1) operating profit and net operating revenues, 2) after-tax return on earning assets less after-tax cost of funding, and 3) the return on equity (ROE) compared to estimated cost of equity capital (COE)

Earning returns measure the success of the bank's operating and financial strategies.
Returns on earning assets (ROEA) before funding costs measures a bank's management of operations. Returns on financial leverage (ROFL) measures financial management and the degree to which a bank uses deposits, borrowing and debt to fund earning assets not funded by adjusted tangible equity.

Liquidity measures 1) balance sheet cash flow as a percent of Tier I capital, 2) loans compared to stable deposits and borrowings plus estimated unused lines of credit at the Federal Home Loan Bank, and 3) the risk of uninsured deposits and borrowings greater than the market value of assets available for liquidation, given losses on securities held to maturity are significant as a percent of tangible common equity capital.

Financial ratios, which illustrate IDCFP's CAMEL, represent most of the components of the RANK, but not all the financial ratios used in the RANK process.

Asset/Rank Matrix for Banks in 2024Q3

U.S. Bank Holding Companies and U.S.Commercial Banks

Range of Rank		Bank Hold Co's	Total Banks	By Asset Size (Dollars in Millions) $2,000 or More	$500 to $2,000	$200 to $500	$100 to $200	$50 to $100	$30 to $50	$30 or Less
200 - 300	Superior	188	2,234	366	618	601	345	185	53	66
165 - 199	Excellent	71	959	142	269	249	174	86	28	11
125 - 164	Average	55	891	63	247	245	187	107	30	12
75 - 124	Below Average	32	421	20	77	130	86	70	23	15
2 - 74	Lowest Ratios	13	56	1	9	20	11	11	0	4
1	Rank of One	0	8	0	1	0	1	3	0	3
NC	Not Calculated	0	0	0	0	0	0	0	0	0
Totals:		359	4,569	592	1,221	1,245	804	462	134	111

1. Rank of Financial Ratios

Ranks are the opinion of IDC Financial Publishing, Inc. Ranks range from 1 (the lowest) to 300 (the highest) and fall into one of the following six groups. ***Descriptions reflect the average ratios of each group listed at the top of the following two pages.***

Superior
(200-300)

Banks rated Superior are simply the best by all measures. In addition to favorable capital ratios, most consistently generate an ROE above COE.

Excellent
(165-199)

Banks rated Excellent are strong institutions. Their ratios reflect quality management both from a balance sheet and income performance standpoint. Operating expenses and costs of funding are under control, producing a healthy return on equity (ROE).

Average
(125-164)

Banks rated Average meet industry capital standards. When compared to excellent and superior rated banks, most exhibit lower quality loans and narrower profit margins. A specific problem is a low operating profit margin, and/or a large standard deviation in the operating profit margin. The marginal problems of the average bank require shifts in policies and practices to raise asset quality or improve profits.

Below Average
(75-124)

Banks rated Below Average represent institutions under strain. Average loan delinquency is high. In some banks, liquidity ratios demonstrated risk. In many, excess high risk loans or assets are above the loan loss reserve and threaten equity capital. A specific problem is a low operating profit margin, and/or a large standard deviation in the operating profit margin. Return on financial leverage is negligible, on average, due to narrow (or negative) leverage spreads. Banks are also rated Below Average if they are deemed "Adequately Capitalized" per FDIC capital definitions.

Lowest Ratios
(2-74)

This Lowest Ratios group contains some banks with less than minimum capital required. In some banks, liquidity ratios demonstrated risk. In many, increasing loan loss provisions expand net losses on the income statement and, along with the excess of net charge-offs, reduce capital ratios. A specific problem is a low operating profit margin, and/or a large standard deviation in the operating profit margin. A high number of failed banks were rated Lowest Ratios prior to failure. Banks are also rated Lowest Ratios if they are deemed "Adequately Capitalized" and have excess delinquent, nonaccrual, and restructured loans, or repossessed assets significantly greater than loan loss reserve and capital or as a percent of loans. In addition, banks can be rated lowest ratios due to liquidity risks.

Rank of One
(1)

Banks in the Rank of One group have the highest probability of failure. Loans 90-days past due, nonaccrual loans, restructured loans, and other real estate owned, on average, exceed the loan loss reserve and equity capital by a wide margin. Liquidity ratios demonstrated risk. Without major balance sheet improvement, these banks will fail. Banks are also rated Rank of One if they are deemed "Critically Under Capitalized" per FDIC capital definitions.

Ratios are defined on the following five pages. Ratios that impact the IDC rank are identified with this symbol: ✍

BANK FINANCIAL QUARTERLY
DATA ENDING 3rd QTR, 2024
Deposits up to $250,000 Insured by the U.S. Government

Glossary

IDC Financial Publishing, Inc.
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	RANK	SIZE	CAPITAL RATIOS			LOAN RISK %TIER I			LIQUIDITY			ROA	ROE VS COE			
	NUMBER OF INSTITUTIONS	RANK OF FINANCIAL RATIOS	TOTAL ASSETS DOLLARS IN MILLIONS	TIER I CAPITAL AS A % TIER I ASSETS	TIER I & II CAPITAL % RISK-BASED ASSETS	TIER I CAPITAL AS A % OF RISK-BASED ASSETS	LOAN LOSS RESERVE	LOANS 90 DAYS OR MORE PAST DUE	LOANS NONACCRUAL & RESTRUCTURED + REO	BALANCE SHEET CASH FLOW % TIER I CAPITAL	NET LOANS & LEASES % INS DEPS & AVL FHLB	INT-BEARING LIAB AS A % OF EARNING ASSETS	NET INCOME AS A % OF AVG TANGIBLE ASSETS	COMMON STOCKHOLDER RETURN ON TANGIBLE EQUITY	ESTIMATE OF COST OF EQUITY	COMMON STOCKHOLDER NET OPERATING PROFIT AFTER-TAX RETURN ON TANGIBLE EQUITY
													1YR	1YR		1YR 5YR
	1		2	3	4	5	6	7	8	9	10	11	12	13	14	15 16
BANKS RANKED RANKED > 199	2234	**247**	19,058,099	**9.3**	17.6	16.6	**10**	0	4	**4**	64	75	1.20	13.4	8.9	**12.8** 13.7
BANKS RANKED RANKED 165 to 199	959	**184**	3,604,244	**10.0**	17.6	16.1	**8**	0	4	**9**	62	78	0.26	4.4	8.9	**4.4** 10.3
BANKS RANKED RANKED 125 to 164	891	**147**	844,452	**9.5**	14.9	13.8	**9**	0	4	**0**	67	80	0.24	3.2	9.8	**3.6** 7.4
BANKS RANKED RANKED 75 to 124	421	**110**	583,727	**7.4**	16.6	15.9	**4**	0	3	**-75**	41	88	0.44	7.7	8.6	**8.1** 11.4
BANKS RANKED RANKED 2 to 74	56	**57**	130,776	**7.8**	13.6	12.4	**13**	0	28	**-34**	61	80	-2.76	-13.1	15.1	**-5.4** 2.5
BANKS RANKED WITH RANK OF 1	8	**1**	1,764	**6.5**	12.3	11.2	**12**	9	24	**-93**	73	91	-2.32	-35.2	17.5	**-26.6** -6.8
ALL BANKS RANKED	4569	**229**	24,223,061	**9.4**	17.5	16.4	**10**	0	4	**2**	63	76	0.98	11.4	9.0	**11.0** 12.8

SIZE

2. Total Assets ✍

Total assets (in millions of dollars). The banks analyzed in this publication include multi-bank holding companies reporting to the Federal Reserve with the Y-9C and all banks reporting to the FDIC with the Consolidated Reports of Condition and Income. The largest bank holding companies are listed by specific financial ratios in the BHC Special Listings Section.

CAPITAL RATIOS

3. Tier I Capital as a % of Assets ✍

The Tier I Capital Ratio is provided by bank and bank holding company call reports.

Computations of Tier I Capital Ratios are based on Tier I capital and average Tier I assets as filed by banks on FDIC call reports and by bank holding companies on Y-9C reports. Tier I equity capital is used for evaluation and computation of rank.

4. Tier I & II Capital as a % of Risk-based Assets ✍

The Risk-based Capital Ratio is provided by bank and bank holding company call reports.

Computations of the total capital ratios are based on qualifying capital and risk-adjusted assets as filed by banks on FDIC call reports and by bank holding companies on Y-9C reports.

5. Tier I Capital as a % of Risk-based Assets

The Tier I Risk-based Capital Ratio is provided by bank and bank holding company call reports.

Tier I capital is divided by risk-based assets (as provided by banks and BHCs), and is shown as a percentage.

Current consent orders can require higher capital ratios than standard requirements and are used by IDCFP to determine if a bank is well-capitalized.

Capital Category Distribution

Financial institution provides capital ratios in financial report. Capital categories defined below, but can be superseded by higher capital requirements issued in consent orders.

	Column 3 Tier 1 Leverage*		Column 4 Total Risk-Based Capital		Column 5 Tier 1 Risk-Based Capital	# BHCs	# Banks
Well Capitalized	≥ 5.0	*and*	≥ 10.0	*and*	≥ 8.0	354	4,527
Adequately Capitalized	≥ 4.0	*and*	≥ 8.0	*and*	≥ 6.0	4	21
Under-Capitalized	< 4.0	*or*	< 8.0	*or*	< 6.0	0	1
Significantly Under-Capitalized	< 3.0	*or*	< 6.0	*or*	< 4.0	0	0
Critically Under-Capitalized	≤ 2.0		---		---	0	0

* Beginning 1/1/2023, a qualifying community bank is required to have a leverage Tier I ratio of 9% or greater to be classified as well-capitalized.

LOAN RISK % TIER I

6. Loan Loss Reserve % of Tier I Capital ✍

Loan loss allowance as a percent of Tier I capital.

7. Loans 90 Days Delinquent % Tier I Capital

Loans 90-days or more past due and still accruing as a percent of Tier I capital.

8. Loans Nonaccrual + REO % Tier I Capital

Nonaccrual loans, restructured loans, and repossessed assets as a percentage of Tier I capital.

Loan risk to Tier I capital is defined as the level of loan delinquency relative to the loan loss reserve and its potential impact on Tier I capital. An excess of high-risk loans or assets over and above the loan loss reserves indicates capital risk, especially if the charge-off rate is significant.

LOAN PERFORMANCE							OPERATING PERFORMANCE % EARNING ASSETS						OP PROFIT MARGIN		COMPONENTS OF COMMON STOCKHOLDER NET OPERATING PROFIT (AFTER-TAX) RETURN ON TANGIBLE EQUITY							GROWTH	
CURRENT YIELD ON INVESTMENTS	LOANS AS A % OF EARNING ASSETS	CURRENT YIELD ON LOANS	LOANS NONCURRENT & RESTRUCTURED + REO	% CHG NONCURRENT & RESTRUCTURED + REO	LOANS TO FINANCE COMMERCIAL RE % LOANS	INC IN LOAN LOSS RES & OTHER ADJ % EARNING ASSETS	NET INTEREST MARGIN		NONINTEREST INCOME		NONINTEREST EXPENSE		OPERATING PROFIT MARGIN	RISK (SD) IN OP PROFIT MARGIN	RETURN ON EARNING ASSETS (AFTER TAX)		COST OF ADJUSTED DEBT (AFTER TAX)		LEVERAGE SPREAD	LEVERAGE MULTIPLIER	RETURN ON FINANCIAL LEVERAGE	INTERNAL GROWTH OF TANGIBLE EQUITY CAPITAL	
1YR		1YR				1YR	1YR	5YR	1YR	5YR	1YR	5YR	1YR	5YR	1YR	5YR	1YR	5YR	1YR	1YR	1YR	1YR	5YR
17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40
4.0	54	**7.3**	0.8	**30.4**	19.5	0.07	**3.26**	2.89	1.59	1.66	2.77	2.56	**43.4**	22.7	**3.45**	2.36	2.33	1.02	**1.12**	8.8	9.4	**3.2**	5.5
3.5	63	**5.8**	0.7	**42.7**	27.0	0.05	**2.68**	2.70	0.93	1.10	2.52	2.38	**30.2**	6.2	**2.31**	1.84	2.07	0.91	**0.24**	7.9	2.1	**-0.5**	4.7
3.1	69	**6.2**	0.7	**85.3**	37.9	0.07	**2.90**	3.09	0.87	1.11	3.04	3.16	**20.2**	7.3	**2.11**	1.61	1.95	0.93	**0.17**	8.5	1.5	**0.9**	4.5
4.1	40	**5.7**	0.6	**141.7**	24.3	0.05	**1.74**	1.86	2.42	2.58	3.33	3.27	**16.0**	5.7	**3.05**	1.88	2.66	1.03	**0.39**	10.9	5.0	**0.3**	2.5
4.8	66	**5.6**	3.5	**478.9**	60.0	0.57	**2.22**	2.46	0.40	0.67	2.77	2.72	**-2.3**	27.4	**1.97**	1.37	2.75	1.24	**-0.78**	9.4	-7.2	**-9.0**	0.4
4.9	69	**5.7**	3.3	**54.8**	34.2	0.13	**1.42**	2.28	0.61	1.76	3.61	4.22	**-108.0**	44.8	**1.22**	0.92	3.58	1.68	**-2.36**	11.4	-26.9	**-30.0**	-7.6
3.9	56	**7.0**	0.8	**39.2**	21.5	0.07	**3.12**	2.84	1.48	1.57	2.76	2.57	**39.7**	19.3	**3.22**	2.24	2.29	1.00	**0.93**	8.7	7.9	**2.4**	5.2

LIQUIDITY

9. Balance Sheet Cash Flow % Tier I Equity ✍

Balance sheet cash flow measures the profit return on physical assets in computing operating cash flow. Balance sheet cash flow includes cash equivalents with investments and loans when computing financial cash flow. The end result is balance sheet cash flow, which equals operating cash flow less financial cash flow.

Operating cash flow for a financial institution measures the liquidity demand from growth. Operating cash flow equals changes in retained earnings minus the quarterly changes in growth producing assets (property, equipment, and other long-term assets). The purpose of operating cash flow is to determine the ability to finance internally the change in growth producing assets.

Financial cash flow equals the change in liabilities (excluding retained earnings) less the change in loans, investments, and other cash equivalents. Balance sheet cash flow subtracts the financial cash flow from operating cash flow.

If a financial institution finances its growth with increases in retained earnings equal to increases in growth producing assets, but the financial cash flow was positive, then the balance sheet cash flow would be negative, reflecting the change in liabilities (excluding retained earnings) as exceeding the change in loans, investments, and cash equivalents. If an institution with poor loan quality or risky investments experienced asset write-offs or write-downs, and at the same time, deposits are increased, or new borrowings incurred to finance the asset base, then balance sheet cash flow recognizes the shortfall and the risk to net capital of a bank.

10. Net loans and Leases % Insured Deposits Plus Available FHLB Advances ✍

Loans and leases of net of loan loss reserve % insured deposits plus FHLB advances plus unused FHLB advances determined by 80% of residential property loans.

11. Interest-Bearing Liabilities as a % of Earning Assets (*Burden Ratio*) ✍

The latest quarterly interest-bearing liabilities are divided by earning assets, as a percentage. A high level of liabilities requiring interest relative to earning assets paying interest creates a burden to the bank.

RETURN ON ASSETS (ROA)

All financial ratios in this section are four quarter ratios to eliminate seasonal impact.

12. Net Income as a % of Average Tangible Assets (1yr)

Net income for the last 12 months, is divided by last year's average tangible assets, as a percentage.

ROE vs. COE

All financial ratios in this section are four quarter totals in order to limit the seasonal impact.

Banks electing sub chapter S tax status reduce the reports tax rate to zero, calculating pretax profitability (ROE) relative to the after tax ROE for banks not electing sub chapter S tax status.

13. Common Stockholder's Net Operating Profit After Tax % Tangible Equity Capital, NOPAT (1yr)

Net operating profit after tax return on tangible equity (NOPAT ROE) is also defined as the sum of return on earning assets (before funding) and return on financial leverage (ROEA + ROFL).

14. Cost of Equity COE (1yr) ✍

The measure of a financial institution's cost of capital is the estimated cost of which the institution can raise additional equity capital. IDC uses the 30-year T-Bond yield plus a risk premium, which is 50% of the T-Bond yield adjusted by a risk multiplier for an institution's specific financial risk.

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	RANK		SIZE	CAPITAL RATIOS			LOAN RISK %TIER I			LIQUIDITY			ROA	ROE VS COE			
	NUMBER OF INSTITUTIONS	RANK OF FINANCIAL RATIOS	TOTAL ASSETS DOLLARS IN MILLIONS	TIER I CAPITAL AS A % TIER I ASSETS	TIER I & II CAPITAL % RISK-BASED ASSETS	TIER I CAPITAL AS A % OF RISK-BASED ASSETS	LOAN LOSS RESERVE	LOANS 90 DAYS OR MORE PAST DUE	LOANS NONACCRUAL & RESTRUCTURED + REO	BALANCE SHEET CASH FLOW % TIER 1 CAPITAL	NET LOANS & LEASES % INS DEPS & AVL FHLB	INT-BEARING LIAB AS A % OF EARNING ASSETS	NET INCOME AS A % OF AVG TANGIBLE ASSETS	COMMON STOCKHOLDER RETURN ON TANGIBLE EQUITY	ESTIMATE OF COST OF EQUITY	COMMON STOCKHOLDER NET OPERATING PROFIT AFTER-TAX RETURN ON TANGIBLE EQUITY	
													1YR	1YR		1YR	5YR
	1		2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
BANK HOLDING COs RANKED > 199	188	**248**	14,441,098	**8.5**	17.8	16.3	**9**	1	4	**15**	69	77	1.12	16.8	11.6	**15.9**	17.5
BANK HOLDING COs RANKED 165 to 199	71	**186**	7,066,741	**8.1**	15.5	13.7	**10**	1	4	**5**	72	80	0.57	7.9	9.4	**7.5**	10.8
BANK HOLDING COs RANKED 125 to 164	55	**155**	4,642,175	**7.5**	16.0	14.5	**6**	1	4	**-12**	58	79	0.46	9.3	8.8	**8.9**	13.7
BANK HOLDING COs RANKED 75 to 124	32	**104**	259,490	**8.5**	13.5	11.5	**9**	0	7	**2**	70	79	0.31	5.1	11.2	**5.4**	10.1
BANK HOLDING COs RANKED 2 to 74	13	**47**	176,389	**7.7**	13.9	11.3	**12**	0	23	**-25**	63	80	-2.00	-10.9	17.0	**-4.0**	9.9
BANK HOLDING COs WITH RANK OF 1	0		0														
ALL BANK HOLDING COs	359	**212**	26,585,893	**8.2**	16.8	15.2	**9**	1	4	**7**	68	78	0.83	12.8	10.6	**12.2**	14.9

The specific COE for an individual financial institution is determined by asset size, pretax coverage of net loan charge-offs, loan delinquency risk to capital adjusted for variations in operating profit margins, and the level of financial leverage. In order to quantify specific risk, a risk multiplier incorporates the following:

a) Size Risk - The risk multiplier is multiplied by 0.9x for institutions with assets over $1 billion, 1.0x for assets between $500 million and $1 billion, 1.1x for assets $200 million to $500 million, 1.2x for assets $100 to $200 million, and 1.3x for assets less than $100 million.

b) Financial Risk - The risk multiplier is set in a range of 0.8 to 1.2 based on pretax income (adjusted for nonrecurring noninterest income or expense) plus the loan loss provision, together covering net charge-offs.

c) Loan Risk to Capital - Financial institutions with loan delinquency plus nonperforming loans greater than loan loss reserve, all stated as a percent of equity, are evaluated to measure potential loan loss risk to Tier 1 capital. If this risk-adjusted Tier 1 equity ratio is below 5%, the institution is assigned a loan risk ratio of 2.0. All other institutions with adequate risk-adjusted Tier 1 capital above 5% use a loan risk ratio of 1.0. The equity risk is adjusted by the loan risk ratio.

d) Variability of the Operating Profit Margin – Operating profit risk, which is 20% of the 5-Year standard deviation of the operating profit margin, is added to the equity risk which is then used to adjust the risk multiplier.

e) Finally, the risk multiplier is adjusted to reflect the use of financial leverage or the level of the leverage multiplier. A leverage multiplier of 7.0 or less uses a factor of 1.0 times the risk multiplier, while an increase in a leverage multiplier to 14.0 requires as much as 1.5 times the risk multiplier.

As an example, a large institution with low coverage of net charge-offs coupled with moderate loan delinquency above the loan loss reserve and a risk in operating profit margin of 3.6 times 20% and leverage of 7 would compute as follows: (.9 x .8 x (1.0 + (.2 x 3.6)) x 1.0) or (.9 x .8 x 1.7 x 1.0), or 1.24 times equity risk premium of 50% of the long bond yield of 4.51%, on June 28, 2024, equals a risk premium of 3.35% which is then added to the 4.51% yield on bonds to provide an estimate of 7.86% for the cost of equity capital.

A smaller institution with a lower coverage ratio, modest loan delinquency, but larger variations in the operating profit margin of 5.0 and higher leverage multiplier of 9 would compute as follows: (1.1 x 1.0 x (1.0 + (.2 x 5.0)) x 1.14) or (1.1 x 1 x 2 x 1.14), or 2.42 times 50% of the long bond yield of 4.51%, on June 28, 2024, for a risk premium of 5.46% added to the 4.51% long bond yield for an estimate of 9.97% for the cost of capital.

15. & 16. Common Stockholder's NOPAT Return on Tangible Equity (1 and 5-Year) ✍
Net operating profit after tax (NOPAT) return on tangible equity is also defined as the sum of return on earning assets (before funding) and return on financial leverage (ROEA + ROFL).

INVESTMENT YIELD

All financial ratios in this section are four quarter totals in order to limit the seasonal impact.

17. Current Yield on Investments (1 Year) ✍
Investment and tax-equivalent income for the last four quarters is divided by the quarterly average book value of investments, as a percentage.

LOAN PERFORMANCE							OPERATING PERFORMANCE % EARNING ASSETS						OP PROFIT MARGIN		COMPONENTS OF COMMON STOCKHOLDER NET OPERATING PROFIT (AFTER-TAX) RETURN ON TANGIBLE EQUITY						GROWTH	
CURRENT YIELD ON INVESTMENTS	LOANS AS A % OF EARNING ASSETS	CURRENT YIELD ON LOANS	LOANS NONCURRENT & RESTRUCTURED + REO	% CHG NONCURRENT & RESTRUCTURED + REO	LOANS TO FINANCE COMMERCIAL RE % LOANS	INC IN LOAN LOSS RES & OTHER ADJ % EARNING ASSETS	NET INTEREST MARGIN		NONINTEREST INCOME		NONINTEREST EXPENSE		OPERATING PROFIT MARGIN	RISK (SD) IN OP PROFIT MARGIN	RETURN ON EARNING ASSETS (AFTER TAX)		COST OF ADJUSTED DEBT (AFTER TAX)		LEVERAGE SPREAD	LEVERAGE MULTIPLIER	RETURN ON FINANCIAL LEVERAGE	INTERNAL GROWTH OF TANGIBLE EQUITY CAPITAL	
1YR		1YR				1YR	1YR	5YR	1YR	5YR	1YR	5YR	1YR	5YR	1YR	5YR	1YR	5YR	1YR	1YR	1YR	1YR	5YR
17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40
4.2	44	**7.9**	1.1	**34.6**	17.0	0.03	**2.61**	2.34	2.59	2.75	3.29	3.17	**37.4**	31.7	**3.78**	2.61	2.79	1.35	**0.99**	12.7	12.2	**10.5**	12.0
4.2	46	**7.5**	0.9	**13.0**	15.2	-0.01	**2.48**	2.37	1.42	1.47	2.76	2.60	**28.9**	3.5	**3.08**	2.00	2.70	1.22	**0.39**	11.8	4.4	**3.6**	7.0
3.9	42	**6.2**	0.8	**39.0**	15.2	-0.04	**1.99**	2.00	1.54	1.70	2.46	2.44	**30.4**	2.4	**2.89**	1.96	2.47	1.07	**0.42**	13.4	6.0	**3.9**	8.8
3.3	74	**5.8**	0.8	**120.8**	50.7	0.05	**2.49**	2.63	0.67	0.86	2.52	2.39	**18.6**	7.7	**2.48**	1.78	2.24	1.05	**0.24**	11.9	2.9	**2.1**	5.6
4.2	66	**5.6**	2.8	**363.8**	64.4	0.40	**2.00**	2.64	0.50	0.72	2.49	2.21	**0.3**	25.0	**2.14**	1.85	2.70	1.03	**-0.56**	11.7	-6.2	**-6.6**	1.7
4.2	45	**7.4**	1.0	**32.6**	16.9	0.01	**2.46**	2.29	2.07	2.20	2.99	2.88	**33.5**	18.8	**3.42**	2.32	2.70	1.26	**0.71**	12.6	8.8	**7.3**	10.0

LOAN PERFORMANCE

Yield and expense financial ratios in this section are four quarter totals in order to limit the seasonal impact.

18. Loans as a % of Earning Assets

The latest quarterly average of loans and lease finance receivables is divided by the average of earning assets, as a percentage. Institutions with a ratio below 1% are not evaluated by the **Bank Financial Quarterly**.

19. Current Yield on Loans (1 Year) ✍

Loan and tax-equivalent lease income for the last four quarters is divided by the quarterly average of loans and leases, as a percentage.

20. Loans Noncurrent + Restructured + Other Real Estate Owned as a % of Loans

High risk loans and assets, which include loans 90-days past due, nonaccrual and a portion of restructured loans plus other real estate owned are divided by total loans plus other real estate owned.

21. Nonperforming Assets % Total Loans Plus the Real Estate Owned ✍

High risk loans and assets, which include loans 90-days past due, nonaccrual loans, restructured loans plus other real estate owned are divided by total loans. Nonperforming assets in excess of 4% are viewed as critical.

22. Loans to Finance Commercial Real Estate as a % of Loans ✍

Loans to Finance Commercial Real Estate Loans are defined as loans secured by nonfarm real estate less those secured by 1-4 family properties, plus real estate loans not secured by real estate.

23. Increase in the Loan Loss Reserve as a % of Earning Assets (1 Year)

The increase in the loan loss reserve equals the amount of the provision for loan loss in excess of net loan charge-offs. The increase in the loan loss reserve cannot exceed the provision for loan losses. Other income adjustments include adding back extraordinary losses or subtracting extraordinary gains (after tax).

OPERATING PERFORMANCE

All financial ratios in this section are four quarter totals in order to limit the seasonal impact.

24. & 25. Net Interest % Earning Assets (1yr)

Interest income from loans and investments less interest expense is divided by average earning assets, as a percentage.

26. & 27. Noninterest Income % Earning Assets (1yr) ✍

Noninterest income from foreign currency or security trading, service charges on deposits, credit card fee income, and income from fiduciary activities provides additional revenue sources to a bank. Noninterest income is divided by average earning assets, as a percentage.

28. & 29. Noninterest Expense % Earning Assets (1yr) ✍

The operating expense measures a bank's operating efficiency, especially in relation to the net interest and noninterest income listed above. Noninterest expense includes salaries and employee benefits, expenses of premises and fixed assets, and other noninterest expenses. An unusual, one-time noninterest expense, such as a substantial merger expense, is excluded from noninterest expense. Noninterest expense is divided by average earning assets, as a percentage.

OPERATING PROFIT MARGIN

All financial ratios in this section are four quarter totals in order to limit the seasonal impact.

30. Operating Profit Margin OPM (1yr) ✍

Net operating revenues less salaries, employee benefits, expenses of premises and fixed assets, and other operating expenses (excluding loan loss provision and losses on the sale of non-loan assets and amortization expense of intangible assets) are divided by net operating revenue, as a percentage. Net operating revenue is defined as interest income from loans and investments less interest expense plus noninterest operating income.

31. OPM Risk Standard Deviation ✍

One standard deviation of the operating profit margin over five years (but not less than five quarters) measures risk or volatility in profit margins. The risk level is also a measure of a bank's complexity.

PROFIT STRUCTURE

All financial ratios in this section are four quarter totals in order to limit the seasonal impact.

Net Operating Profit After-Tax Return on Equity (NOPAT ROE) is the sum of return on earning assets (before funding costs) and return on financial leverage. The components of ROE are analyzed separately in order to focus on two individual sets of management decisions: the operating strategy and financial structure.

A bank's return on earning assets (ROEA) measures the results of its operations as if they are financed entirely with equity funds. Pretax ROEA is the sum of revenues from loans and investments, plus the noninterest income, less the loan loss provision and operating expenses. The after-tax ROEA is the product of pretax ROEA and the preinterest tax multiplier, plus the change in the loan loss reserve in order to derive after-tax operating profit returns.

The other component of the NOPAT ROE Equation measures the impact to return on equity from the amount and cost of deposits and debt funds raised to finance earning assets. ROFL is calculated by multiplying the leverage spread by the leverage multiplier.

32. & 33. Return on Net Operating Profit from Operations After Tax % Earning Assets (ROEA) ✍

The interest income from loans and investments plus noninterest income less operating and loan loss expenses, less the applicable tax rate amount, but including any increase in loan loss reserve, all divided by average earning assets, as a percentage.

34. & 35. Cost of Adjusted Debt ✍

The interest expense, after tax provides the numerator, or after-tax cost of funds. Adjusted debt, as the denominator, is defined as average earning assets less the average of equity capital and the loan loss reserve.

36. ROEA Less Cost of Adjusted Debt After Tax (COD) = Leverage Spread ✍

The leverage spread equals the return on earning assets less the cost of adjusted debt, both after tax. The leverage spread is multiplied by leverage to calculate ROFL.

37. Leverage Multiplier

The leverage multiplier is defined as the ratio of average adjusted debt to average adjusted equity. Adjusted debt equals earning assets (which include the loan loss reserve) less common stockholder's tangible equity capital and the loan loss reserve. Adjusted equity equals tangible equity capital plus the loan loss reserve.

38. Return on Financial Leverage (ROFL) = Spread x Leverage

ROFL reflects both the degree to which a bank uses debt and deposit funds to finance its operating strategy, and the after-tax cost of these debt funds. Earning assets less tangible equity capital plus the loan loss reserve (adjusted debt) equal the additional assets required to fund the operating strategy. The after-tax cost of adjusted debt equals interest expense divided by the average adjusted debt, as a percentage.

GROWTH

39. & 40. Percent Annual Growth in Equity Capital ✍

The internal growth of equity capital is the reinvestment rate of retained earnings after dividends plus the increase in the loan loss reserve as a percentage of the previous periods equity capital and loan loss reserve. The internal cash flow growth rate of equity can indicate sustainable future growth.

One-year income ratios — New banks or merged banks within one year have one-year income and expense ratios calculated based on the latest quarter's information.

NC = Not Calculated. There are several reasons why an "NC" may appear. Some of these are: 1) If the data required to compute a ratio is unavailable under the Freedom of Information Act. 2) If a financial ratio's denominator is negative.

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Plus Multiplier	Contra Multiplier		RANK: RANK OF FINANCIAL RATIOS	SIZE: TOTAL ASSETS DOLLARS IN MILLIONS	CAPITAL RATIOS: TIER 1 CAPITAL AS A % TIER 1 ASSETS	CAPITAL RATIOS: TIER 1 & II CAPITAL % RISK-BASED ASSETS	CAPITAL RATIOS: RISK IN TIER 1 CAPITAL RATIO EXCLUDING AOCI OVER 5%	LOAN RISK %TIER I: LOAN LOSS RESERVE	LOAN RISK %TIER I: LOANS 90 DAYS OR MORE PAST DUE	LOAN RISK %TIER I: LOANS NONACCRUAL & RESTRUCTURED + REO	LIQUIDITY: BALANCE SHEET CASH FLOW % TIER 1 CAPITAL	LIQUIDITY: NET LOANS & LEASES % INS DEPS & AVL FHLB	LIQUIDITY: INT-BEARING LIAB AS A % OF EARNING ASSETS	RISK OF XS UNINSRD LIABS & UNRLIZD LOSSES ON SECS	ROE VS COE: COMMON STOCKHOLDER RETURN ON TANGIBLE EQUITY 1YR	ROE VS COE: ESTIMATE OF COST OF EQUITY	ROE VS COE: COMMON STOCKHOLDER NET OPERATING PROFIT AFTER-TAX RETURN ON TANGIBLE EQUITY 1YR	ROE VS COE: COMMON STOCKHOLDER NET OPERATING PROFIT AFTER-TAX RETURN ON TANGIBLE EQUITY 5YR
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
		HIGHEST QUALITY	**300**	3,584,105	**99.9**	999.9	0.0	**0**	0	0	**216**	0	0	0	172.6	6.0	**172.5**	121.6
9	0	98%	**300**	22,747	**40.2**	119.9	0.0	**0**	0	0	**41**	25	15	0	25.7	6.5	**23.9**	22.4
		96%	**300**	8,435	**22.8**	48.1	0.0	**1**	0	0	**33**	35	47	0	21.1	6.7	**20.2**	19.5
		94%	**300**	5,281	**19.5**	36.6	0.0	**2**	0	0	**29**	39	53	0	19.1	6.8	**18.2**	17.7
		92%	**300**	3,513	**17.6**	31.3	0.0	**3**	0	0	**26**	42	56	0	17.5	6.9	**17.0**	16.7
		90%	**291**	2,734	**16.5**	28.5	0.0	**3**	0	0	**24**	45	58	0	16.6	7.0	**15.8**	15.9
8	1	88%	**282**	2,198	**15.7**	25.9	0.0	**3**	0	0	**23**	48	60	0	15.7	7.1	**15.0**	15.3
		86%	**275**	1,816	**15.0**	24.4	0.0	**4**	0	0	**22**	50	62	0	14.9	7.2	**14.5**	14.8
		84%	**268**	1,534	**14.5**	23.4	0.0	**4**	0	0	**21**	52	63	0	14.3	7.3	**13.9**	14.4
		82%	**262**	1,329	**14.0**	22.4	0.0	**4**	0	0	**20**	53	64	0	13.7	7.4	**13.3**	14.0
		80%	**257**	1,162	**13.7**	21.3	0.0	**5**	0	0	**19**	55	65	0	13.2	7.5	**12.9**	13.6
7	2	78%	**251**	1,034	**13.4**	20.6	0.0	**5**	0	0	**18**	56	66	0	12.8	7.6	**12.4**	13.3
		76%	**246**	936	**13.0**	20.0	0.0	**5**	0	0	**17**	57	66	0	12.4	7.7	**12.1**	13.0
		74%	**241**	856	**12.8**	19.4	0.0	**5**	0	0	**16**	58	67	0	12.1	7.8	**11.8**	12.7
		72%	**238**	784	**12.6**	19.0	0.0	**5**	0	0	**15**	59	68	0	11.8	7.9	**11.5**	12.4
		70%	**233**	702	**12.3**	18.6	0.0	**6**	0	0	**15**	60	69	0	11.4	8.0	**11.2**	12.2
6	3	68%	**229**	653	**12.1**	18.1	0.0	**6**	0	1	**14**	61	69	1	11.1	8.1	**10.8**	11.9
		66%	**224**	609	**11.9**	17.7	0.0	**6**	0	1	**13**	62	70	3	10.8	8.2	**10.6**	11.7
		64%	**221**	566	**11.7**	17.4	0.0	**6**	0	1	**13**	63	70	4	10.5	8.3	**10.3**	11.4
		62%	**216**	530	**11.5**	17.1	0.0	**6**	0	1	**12**	64	71	5	10.2	8.4	**10.1**	11.2
		60%	**212**	493	**11.4**	16.8	0.0	**6**	0	1	**12**	65	71	7	9.9	8.6	**9.7**	11.0
5	4	58%	**209**	459	**11.3**	16.5	0.0	**7**	0	1	**11**	66	72	8	9.6	8.7	**9.5**	10.8
		56%	**205**	424	**11.1**	16.2	0.0	**7**	0	1	**10**	66	72	10	9.3	8.8	**9.2**	10.6
		54%	**202**	397	**11.0**	16.0	0.0	**7**	0	1	**10**	67	73	11	9.0	9.0	**8.9**	10.3
		52%	**200**	371	**10.8**	15.7	0.0	**7**	0	1	**9**	68	73	13	8.7	9.1	**8.6**	10.1
		50%	**197**	351	**10.7**	15.5	0.0	**7**	0	2	**8**	69	74	14	8.4	9.3	**8.3**	9.8
4	5	48%	**194**	327	**10.6**	15.3	0.0	**7**	0	2	**8**	70	74	16	8.1	9.4	**8.0**	9.5
		46%	**191**	309	**10.5**	15.0	0.0	**8**	0	2	**7**	70	75	18	7.9	9.5	**7.8**	9.3
		44%	**187**	291	**10.4**	14.8	0.0	**8**	0	2	**7**	71	75	20	7.6	9.7	**7.6**	9.1
		42%	**183**	269	**10.3**	14.6	0.0	**8**	0	2	**6**	72	76	23	7.3	9.8	**7.3**	8.9
		40%	**180**	255	**10.2**	14.5	0.0	**8**	0	3	**5**	73	76	26	7.0	9.9	**7.0**	8.6
3	6	38%	**177**	240	**10.1**	14.4	0.0	**8**	0	3	**4**	74	77	28	6.7	10.1	**6.7**	8.4
		36%	**174**	222	**10.0**	14.2	0.0	**8**	0	3	**4**	75	77	31	6.5	10.2	**6.5**	8.1
		34%	**171**	206	**9.8**	14.0	0.0	**9**	0	3	**3**	75	77	36	6.2	10.4	**6.2**	7.9
		32%	**168**	191	**9.7**	13.9	0.0	**9**	0	4	**2**	76	78	39	5.9	10.5	**5.9**	7.6
		30%	**164**	180	**9.6**	13.8	0.0	**9**	0	4	**1**	77	78	45	5.5	10.7	**5.6**	7.3
2	7	28%	**161**	169	**9.5**	13.6	0.0	**9**	0	4	**1**	78	79	51	5.2	10.9	**5.3**	7.1
		26%	**157**	156	**9.4**	13.4	0.0	**9**	0	5	**0**	79	79	58	4.8	11.1	**5.0**	6.8
		24%	**154**	146	**9.4**	13.3	0.0	**9**	0	5	**0**	80	80	67	4.5	11.3	**4.7**	6.4
		22%	**150**	135	**9.3**	13.1	0.0	**10**	0	5	**-2**	81	80	78	4.2	11.5	**4.3**	6.2
		20%	**147**	125	**9.2**	12.9	0.0	**10**	0	6	**-3**	83	81	91	3.8	11.7	**4.0**	5.8
1	8	18%	**142**	113	**9.1**	12.8	0.0	**10**	1	6	**-4**	84	82	102	3.4	12.0	**3.6**	5.4
		16%	**138**	102	**9.0**	12.6	0.0	**10**	1	7	**-5**	85	82	113	2.9	12.2	**3.1**	5.1
		14%	**134**	93	**8.9**	12.4	0.0	**11**	1	8	**-7**	86	83	124	2.3	12.5	**2.7**	4.6
		12%	**129**	82	**8.7**	12.2	0.0	**11**	1	9	**-9**	88	84	138	1.8	12.8	**2.0**	4.2
		10%	**124**	73	**8.6**	12.0	0.0	**11**	2	10	**-12**	90	85	153	1.1	13.2	**1.4**	3.6
0	9	8%	**118**	63	**8.5**	11.8	0.0	**12**	2	11	**-15**	93	86	171	0.3	13.7	**0.8**	3.0
		6%	**110**	53	**8.3**	11.6	0.0	**13**	3	13	**-20**	96	87	196	-0.8	14.5	**-0.3**	2.2
		4%	**99**	42	**8.0**	11.4	0.0	**14**	4	16	**-27**	100	89	232	-2.9	15.6	**-2.0**	1.1
		2%	**81**	28	**7.6**	11.0	0.0	**16**	7	22	**-45**	107	91	283	-7.1	17.4	**-5.8**	-0.4
		LOWEST QUALITY	**1**	3	**3.7**	7.7	68.9	**111**	109	115	**-999**	999	999	13220	-149.1	67.2	**-147.5**	-94.5

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Value	**213**	6,609	**12.2**	16.6	0.0	**11**	0	2	**7**	75	75	245	7.7	7.7	**7.5**	8.4
Quality Level Multiplier		**9**		**5**												
Weight		☆3	☆	☆1	☆	☆	NA	NA	☆	☆	☆	☆	NA	NA	☆	NA
Cap	☆	☆	+200	☆	-100	☆			-100	-25	☆	-100			+60	
Score		33.6	122.4	5.0	0	8.5			NC	NC	25.2	-12.7			NC	
Summation		33.6	156	161.0	161.0	170					195	182.0				

☆ Refer to Instructions for Calculating Your Rank

Sample Bank
City, ST

	LOAN PERFORMANCE						OPERATING PERFORMANCE % EARNING ASSETS					OP PROFIT MARGIN		PROFIT STRUCTURE						GROWTH	
CURRENT YIELD ON INVESTMENTS	LOANS AS A % OF EARNING ASSETS	CURRENT YIELD ON LOANS	LOANS NONCURRENT & RESTRUCTURED + REO	% CHG NONCURRENT & RESTRUCTURED + REO	LOANS TO FINANCE COMMERCIAL RE % LOANS	INC IN LOAN LOSS RES & OTHER ADJ % EARNING ASSETS	NET INTEREST MARGIN		NONINTEREST INCOME		NONINTEREST EXPENSE		OPERATING PROFIT MARGIN	RISK (SD) IN OP PROFIT MARGIN	RETURN ON EARNING ASSETS (AFTER TAX)		COST OF ADJUSTED DEBT (AFTER TAX)		LEVERAGE SPREAD	LEVERAGE MULTIPLIER	RETURN ON FINANCIAL LEVERAGE	INTERNAL GROWTH OF TANGIBLE EQUITY CAPITAL	
1YR		1YR				1YR	1YR	5YR	1YR	5YR	1YR	5YR	1YR	5YR	1YR	5YR	1YR	5YR	1YR	1YR	1YR	1YR	5YR
17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40
12.6	99	**53.4**	0.0	**-99.9**	0.0	-1.76	**111.35**	23.42	999.99	999.99	-0.99	-0.99	**354.5**	0.1	**97.85**	99.90	0.00	-0.01	**92.38**	0.0	53.0	**353.5**	50.5
5.6	92	**9.4**	0.0	**-99.9**	0.4	0.00	**6.15**	5.25	11.10	10.67	1.25	1.29	**64.8**	1.4	**6.02**	5.21	0.24	0.17	**3.42**	2.6	19.3	**20.1**	15.5
5.4	90	**8.6**	0.0	**-99.9**	2.2	0.00	**5.45**	4.82	2.83	3.23	1.48	1.50	**58.9**	1.8	**4.82**	3.66	0.54	0.25	**2.58**	3.4	15.9	**15.3**	13.7
5.3	89	**8.2**	0.0	**-91.4**	4.1	0.00	**5.15**	4.57	1.84	2.07	1.60	1.63	**55.6**	1.9	**4.44**	3.30	0.69	0.32	**2.18**	4.0	14.3	**13.3**	12.5
5.1	88	**7.9**	0.0	**-82.5**	5.5	0.00	**4.88**	4.40	1.50	1.62	1.71	1.72	**52.7**	2.1	**4.16**	3.10	0.83	0.37	**1.98**	4.4	13.1	**12.2**	11.6
5.0	87	**7.7**	0.0	**-74.8**	6.8	0.00	**4.71**	4.27	1.25	1.40	1.79	1.79	**50.9**	2.3	**4.00**	2.95	0.93	0.41	**1.82**	4.7	12.3	**11.5**	11.1
4.8	86	**7.5**	0.0	**-67.4**	8.0	0.00	**4.56**	4.17	1.11	1.27	1.86	1.87	**49.0**	2.4	**3.87**	2.85	1.01	0.45	**1.70**	5.0	11.6	**11.0**	10.6
4.7	85	**7.4**	0.0	**-60.8**	9.3	0.00	**4.44**	4.08	1.02	1.17	1.92	1.93	**47.5**	2.5	**3.75**	2.77	1.07	0.47	**1.60**	5.3	11.1	**10.5**	10.1
4.6	84	**7.3**	0.0	**-54.0**	10.6	0.00	**4.34**	4.01	0.95	1.09	1.98	1.99	**46.2**	2.7	**3.64**	2.69	1.12	0.51	**1.52**	5.4	10.5	**10.1**	9.8
4.5	83	**7.2**	0.0	**-48.8**	12.0	0.00	**4.23**	3.95	0.90	1.02	2.02	2.05	**45.4**	2.8	**3.54**	2.62	1.19	0.53	**1.45**	5.6	10.1	**9.6**	9.5
4.4	82	**7.1**	0.0	**-42.3**	13.4	0.00	**4.15**	3.89	0.84	0.96	2.06	2.09	**44.3**	2.9	**3.45**	2.56	1.24	0.56	**1.39**	5.8	9.7	**9.3**	9.1
4.3	82	**7.0**	0.1	**-36.8**	14.6	0.00	**4.07**	3.84	0.80	0.92	2.11	2.13	**43.2**	3.0	**3.37**	2.50	1.29	0.58	**1.33**	5.9	9.4	**9.0**	8.9
4.2	81	**7.0**	0.1	**-32.2**	15.8	0.00	**3.99**	3.79	0.76	0.87	2.16	2.17	**42.3**	3.0	**3.31**	2.45	1.34	0.61	**1.27**	6.1	9.0	**8.6**	8.6
4.1	80	**6.9**	0.1	**-27.6**	17.1	0.00	**3.92**	3.75	0.73	0.83	2.19	2.21	**41.3**	3.2	**3.25**	2.39	1.39	0.63	**1.23**	6.2	8.7	**8.3**	8.4
4.0	79	**6.8**	0.1	**-24.5**	18.3	0.00	**3.87**	3.71	0.70	0.79	2.23	2.25	**40.5**	3.3	**3.19**	2.35	1.44	0.65	**1.18**	6.3	8.4	**8.0**	8.2
3.9	78	**6.8**	0.1	**-21.7**	19.8	0.01	**3.82**	3.68	0.68	0.76	2.26	2.29	**39.5**	3.4	**3.13**	2.29	1.48	0.68	**1.14**	6.5	8.2	**7.8**	8.0
3.8	78	**6.7**	0.2	**-17.7**	21.0	0.01	**3.76**	3.64	0.65	0.73	2.30	2.32	**38.7**	3.5	**3.08**	2.25	1.52	0.70	**1.09**	6.6	7.9	**7.5**	7.8
3.8	77	**6.6**	0.2	**-14.6**	22.2	0.01	**3.70**	3.60	0.62	0.71	2.34	2.36	**37.9**	3.6	**3.03**	2.20	1.55	0.72	**1.05**	6.7	7.6	**7.3**	7.5
3.7	76	**6.6**	0.2	**-11.6**	23.5	0.02	**3.65**	3.56	0.60	0.69	2.37	2.40	**37.1**	3.7	**2.98**	2.16	1.59	0.74	**1.02**	6.8	7.4	**7.0**	7.3
3.6	75	**6.5**	0.2	**-8.7**	25.0	0.02	**3.61**	3.53	0.58	0.66	2.40	2.43	**36.5**	3.9	**2.93**	2.12	1.63	0.76	**0.98**	6.9	7.1	**6.7**	7.1
3.6	75	**6.5**	0.3	**-5.7**	26.4	0.02	**3.56**	3.50	0.56	0.63	2.44	2.46	**35.6**	4.0	**2.88**	2.09	1.67	0.78	**0.95**	7.0	6.9	**6.5**	6.9
3.5	74	**6.4**	0.3	**-3.2**	27.6	0.02	**3.51**	3.46	0.54	0.61	2.48	2.50	**34.8**	4.1	**2.83**	2.06	1.71	0.80	**0.91**	7.1	6.7	**6.3**	6.8
3.4	73	**6.4**	0.3	**-0.6**	28.9	0.03	**3.46**	3.43	0.52	0.59	2.52	2.53	**34.1**	4.3	**2.79**	2.03	1.74	0.81	**0.88**	7.2	6.4	**6.1**	6.6
3.4	72	**6.3**	0.3	**1.6**	30.5	0.03	**3.42**	3.40	0.50	0.57	2.55	2.56	**33.3**	4.4	**2.74**	1.99	1.77	0.83	**0.85**	7.3	6.2	**5.8**	6.4
3.3	71	**6.3**	0.4	**5.5**	31.6	0.03	**3.38**	3.37	0.48	0.55	2.58	2.59	**32.6**	4.5	**2.70**	1.96	1.80	0.85	**0.81**	7.4	5.9	**5.6**	6.2
3.3	70	**6.2**	0.4	**8.8**	33.0	0.03	**3.34**	3.34	0.46	0.53	2.62	2.62	**31.9**	4.7	**2.65**	1.93	1.84	0.87	**0.78**	7.5	5.7	**5.4**	6.0
3.2	70	**6.2**	0.4	**14.7**	34.4	0.04	**3.31**	3.31	0.44	0.51	2.65	2.65	**31.3**	4.8	**2.61**	1.90	1.87	0.89	**0.75**	7.6	5.4	**5.1**	5.8
3.2	69	**6.2**	0.4	**19.0**	35.4	0.04	**3.27**	3.28	0.43	0.49	2.68	2.69	**30.4**	4.9	**2.56**	1.87	1.91	0.91	**0.72**	7.6	5.2	**4.9**	5.6
3.1	68	**6.1**	0.5	**23.2**	36.7	0.04	**3.22**	3.25	0.41	0.47	2.72	2.73	**29.6**	5.1	**2.52**	1.83	1.94	0.93	**0.68**	7.7	5.0	**4.6**	5.4
3.1	67	**6.1**	0.5	**27.4**	37.8	0.05	**3.18**	3.22	0.39	0.46	2.76	2.76	**28.8**	5.3	**2.47**	1.80	1.98	0.95	**0.65**	7.8	4.7	**4.4**	5.2
3.0	66	**6.0**	0.6	**32.7**	39.0	0.05	**3.14**	3.19	0.38	0.44	2.80	2.80	**28.1**	5.4	**2.43**	1.77	2.02	0.97	**0.63**	7.9	4.5	**4.2**	5.0
2.9	65	**6.0**	0.6	**37.7**	40.2	0.06	**3.09**	3.17	0.36	0.42	2.83	2.84	**27.2**	5.6	**2.38**	1.74	2.05	0.99	**0.60**	8.0	4.2	**4.0**	4.8
2.9	64	**5.9**	0.6	**42.4**	41.4	0.06	**3.05**	3.13	0.35	0.40	2.87	2.87	**26.5**	5.8	**2.33**	1.71	2.09	1.01	**0.57**	8.1	4.0	**3.7**	4.6
2.8	63	**5.9**	0.7	**49.6**	42.8	0.06	**3.00**	3.11	0.33	0.39	2.92	2.92	**25.6**	6.0	**2.29**	1.68	2.13	1.03	**0.53**	8.2	3.7	**3.5**	4.4
2.8	62	**5.9**	0.7	**56.9**	44.0	0.07	**2.96**	3.07	0.32	0.37	2.96	2.96	**24.5**	6.2	**2.24**	1.63	2.17	1.06	**0.50**	8.2	3.5	**3.2**	4.2
2.8	61	**5.8**	0.8	**67.0**	45.5	0.07	**2.92**	3.04	0.30	0.35	3.01	2.99	**23.6**	6.4	**2.21**	1.59	2.21	1.08	**0.46**	8.3	3.2	**3.0**	4.0
2.7	59	**5.8**	0.9	**76.5**	46.9	0.08	**2.87**	3.01	0.29	0.34	3.06	3.03	**22.8**	6.6	**2.16**	1.55	2.27	1.11	**0.42**	8.4	2.9	**2.7**	3.7
2.7	58	**5.7**	0.9	**88.7**	48.4	0.08	**2.82**	2.97	0.27	0.32	3.12	3.08	**21.6**	6.9	**2.10**	1.52	2.31	1.14	**0.39**	8.5	2.6	**2.4**	3.5
2.6	56	**5.7**	1.0	**104.0**	49.7	0.09	**2.76**	2.94	0.26	0.30	3.18	3.13	**20.5**	7.2	**2.04**	1.47	2.35	1.18	**0.34**	8.6	2.4	**2.1**	3.2
2.6	55	**5.6**	1.1	**120.9**	50.9	0.10	**2.72**	2.89	0.24	0.29	3.24	3.19	**19.1**	7.5	**1.98**	1.44	2.41	1.21	**0.29**	8.7	2.1	**1.8**	2.9
2.5	53	**5.6**	1.2	**141.8**	52.6	0.10	**2.65**	2.85	0.23	0.27	3.32	3.25	**18.0**	7.8	**1.92**	1.39	2.46	1.25	**0.25**	8.8	1.7	**1.5**	2.6
2.4	51	**5.5**	1.3	**166.8**	54.1	0.11	**2.59**	2.80	0.21	0.26	3.41	3.35	**16.7**	8.1	**1.87**	1.35	2.54	1.29	**0.21**	8.9	1.4	**1.2**	2.3
2.4	49	**5.4**	1.4	**194.7**	55.8	0.12	**2.54**	2.75	0.20	0.24	3.51	3.45	**14.9**	8.6	**1.80**	1.30	2.62	1.33	**0.15**	9.0	1.0	**0.8**	2.0
2.3	47	**5.4**	1.6	**240.7**	57.6	0.13	**2.47**	2.70	0.18	0.22	3.63	3.54	**13.1**	9.1	**1.74**	1.24	2.69	1.38	**0.09**	9.2	0.6	**0.3**	1.5
2.3	44	**5.3**	1.7	**301.5**	59.7	0.15	**2.40**	2.65	0.17	0.20	3.79	3.67	**10.9**	9.6	**1.66**	1.19	2.78	1.42	**0.02**	9.3	0.1	**-0.2**	1.0
2.2	41	**5.2**	1.9	**363.0**	61.8	0.17	**2.33**	2.57	0.15	0.18	4.02	3.82	**8.4**	10.4	**1.56**	1.12	2.86	1.49	**-0.07**	9.5	-0.4	**-0.9**	0.5
2.1	38	**5.0**	2.1	**489.6**	64.3	0.20	**2.22**	2.48	0.13	0.16	4.33	4.07	**5.1**	11.4	**1.44**	1.04	2.96	1.57	**-0.18**	9.7	-1.0	**-2.1**	0.0
2.0	33	**4.9**	2.5	**711.0**	68.1	0.24	**2.10**	2.37	0.11	0.14	4.92	4.54	**1.2**	12.9	**1.32**	0.94	3.10	1.64	**-0.32**	9.9	-1.9	**-3.5**	0.0
1.9	25	**4.7**	3.1	**999.9**	73.4	0.31	**1.92**	2.19	0.08	0.11	6.09	5.51	**-5.8**	15.3	**1.12**	0.81	3.28	1.78	**-0.57**	10.2	-3.3	**-5.9**	0.0
1.7	0	**4.4**	4.3	**999.9**	80.1	0.47	**1.61**	1.95	0.04	0.07	15.12	11.50	**-25.6**	19.7	**0.68**	0.57	3.59	1.99	**-1.09**	11.0	-6.3	**-11.7**	-1.7
0.0	0	**0.0**	23.4	**999.9**	100.0	5.81	**-1.01**	-0.55	-0.99	-0.99	999.99	99.99	**-911.6**	99.9	**-48.76**	-11.84	99.99	99.99	**-48.76**	17.4	-91.0	**-279.8**	-76.0

17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40
3.6	79	**6.0**	0.4	**10.7**	45.7	0.08	**3.35**	3.23	1.13	1.53	3.11	3.21	**30.7**	6.7	**2.84**	1.87	2.03	0.77	**0.81**	5.8	4.7	**3.1**	4.6
6		**3**							**8**		**7**				**5**		**6**					**3**	
1	NA	1	NA	☆	☆	NA	NA	NA	2	NA	-2	NA	☆	☆	3	NA	-1	NA	☆	NA	NA	2	NA
				-20	-25				☆				+/-15	-25					☆				
6.0		3.0		NC	NC				16.0		-14.0		-4.3	-6.7	15.0		-6.0		16.2			6.0	
188.0		191.0							207.0		193.0		188.7	182.0	197.0		191.0		207.1			213.1	

☆ Refer to Instructions for Calculating Your Rank

Sample Bank
City, ST

Instructions for Calculating a Rank of a Bank

There are four steps to follow when calculating a rank:

1) In the lower boxes on the following pages, fill-in the calculated value for each ratio (Columns 2 through 40) for the bank or bank holding company you are ranking in the row titled "value". **2)** Find the location of the ratio in the column above the chart and select the proper multiplier from the left-hand scale where noted. As an example, a bank with $250 million in assets (or a bank holding company with $6.5 billion in assets) (Column 2) uses a level 4 plus multiplier. Write the multipliers in the quality level row of boxes for each calculation. **3)** Multiply the weight times the quality level multiplier to determine column score. **4)** Add together each column score to derive the rank. ***Note: If an institution's value being used to calculate the score does not meet the criteria in the instructions, a score is not calculated and you should proceed to the next column.***

If the Tier I Capital Ratio (Column 3) is greater than 40% after adjusting for 90 day loan delinquencies, nonaccrual loans, restructured loans, and other real estate owned in excess of the loan loss reserve, the rank is set to 300.

If the rank is less than 200 and the Tier I Capital Ratio (Column 3) is greater than 20%, after adjusting for 90 day loan delinquencies, nonaccrual loans, restructured loans, and other real estate owned in excess of the loan loss reserve, the rank is set to 200.

If the rank is greater than 74, and the reported Tier I Capital Ratio is less than 8% and Tier II Capital Ratio is less than 12%, and the Adjusted Tier I Capital Ratio (Column 3) is less than 4%, after adjusting for 90 day loan delinquencies, nonaccrual loans, restructured loans, and other real estate owned in excess of the loan loss reserve, the rank is set to 74.

Rank Caps Based on Capital Categories (Cols 3-5): IDC caps rankings under the following conditions:

Category	Tier 1 Leverage (Column 3)		Total RB Cap'l (Col. 4)		Tier 1 RB Cap'l (Col. 5)	Rank Cap
Well Capitalized	≥ 5.0%	&	≥ 10%	&	≥ 8%	None
Adequately Capitalized*	≥ 4.0%	&	≥ 8%	&	≥ 6%	124
Under Capitalized	< 4.0%	or	< 8%	or	< 6%	74
Significantly Under Capitalized	< 3.0%	or	< 6%	or	< 4%	2
Critically Under Capitalized	≤ 2.0%					1

Consent Orders Alter Capital Requirements

***Rank is capped at 74 for banks "Adequately Capitalized"** if the standard deviation of operating profit margin (Column 31) is greater than 10.

Community Bank Leverage Ratio (CBLR) - A qualifying community bank organization must report a Tier I leverage capital ratio, but not risk-based capital ratios beginning in 2022.
Staring on January 1, 2022, a qualifying community banking organization must have a leverage ratio of 8% or more to qualify for the two-quarter grace period. At the end of the grace period, the banking organization must meet all the qualifying criteria to remain in the community bank leverage ratio framework, including less than $10 billion in total consolidated assets and a leverage ratio requirement of 9% or greater.

Column 2 - Total Assets
Column 2 has a weight of 3 and uses the plus multiplier. An additional point is added to the score for each $1 billion in assets, up to a maximum of 30 points. Holding companies score an additional 10 points for their relative starting size and access to financial markets.

Column 3 - Tier I Capital as % of Assets
Column 3 is multiplied by 10 with the score capped at +150. The multipliers are not used.
In addition, if Column 3 > 15%, add one point for each percent of difference (up to a total of 50 points) to the column score (e.g. if Column 3 = 28%, add 13 points). The column score is capped at 200 (150 +50).

Column 4 - Tier I & II Capital as % of Risk-based Assets (Risk-based Capital)
If Column 4 is less than 8%, the score equals 20 times the value of the difference [(Column 4 - 8%) × 20].
The column score is capped at -40. If Column 4 is 8% or more, the column weight is 1 and uses the plus multiplier.
Banks that are exempt from reporting Risk-based Assets are indicated with an NC and this column is not included in the rank calculation.

Column 5 - Risk of AOCI Additon to Tier I Capital. If Tier I Capital before the addition of AOCI as a percent of Tier I assets is less than 5%, the difference is multiplied by 10 as a rank reduction.
Note: 5) Used to illustrate the risk of AOCI.

Columns 6, 7, & 8 - Loan Risk as a % of Tier I Capital
Compare the Loan Loss Reserve (Column 6) to Delinquencies (Columns 7 & 8) to compute the column score:
1) If Column 6 is greater than total delinquencies, the column score equals [Col. 6 - (Col. 7 + Col 8)]. Cap at +30: **OR**
2) If Column 6 is less than half of delinquencies, the column score equals [Col. 6 - 1/2 (Col. 7 + Col 8)]. Cap at -150: **OR**
3) If Column 6 is less than total delinquencies but greater than half of delinquencies the column score is equal to 0.

Column 9 - Balance Sheet Cash Flow % Tier I Capital
To qualify for rank reduction in Balance Sheet Cash Flow (BSCF)
Column 4 is less than 14%
Column 3 is less than 9% **and**
If bank reports as CBLR, Column 3 is less than 13% and 4 is not calculated then if
1) Column 9 is negative, **and**
2) Column 20 is greater than 4%, **and**
3) [(Column 20 × Column 18) ÷ 100] is greater than 3%, and
If rank above reduction (1-3) is zero, then
4) If balance sheet cash flow (BSCF) is negative for 4 or more continuous quarters, then
5) Reduce the rank by the negative value of BSCF calculated over the last year, with 4 quarters of negative BSCF capped at -50 and 5 or more quarters capped at -100.

Column 10 - Net loans and Leases % Insured Deposits Plus Available FHLB Advances
If Column 10 is greater than 125, subtract Column 10 from 125, multiply the difference by Column 18, then divide by 100. The column score is capped at -25. The multipliers are not used.

Column 11 - Interest-Bearing Liabilities as % of Earning Assets
The value of Column 11 is subtracted from 100.
1) A positive result is entered as the column score and capped at +30: **OR**
2) A negative result is multiplied by 10 and compared to the value in Column 9. Enter the negative number closest to zero as the column score for Column 11. The negative column score is capped at -100: **OR**
3) Column 20 is greater than 4%, **and**
4) [(Column 20 × Column 18) ÷ 100] is greater than 3%, **and**
5) If a negative result and the value in Column 9 is positive, enter 0 for the column score.

Column 12
1) If uninsured liabilities greater than market value of assets readily available for liquidation and
2) The unrealized loss on securities held to maturity as a percentage of tangible common equity capital is greater than zero, then
3) Multiply the product of 1 and 2, as the rank reduction
Note: 12) Used to illustrate the amount of rank reduction due to risk of unrealized losses on securities held to maturity is displayed in Col 12 in component of rank report.

Columns 14 & 15 - Return on Tangible Equity (Last 12 Months) vs. Cost of Equity
Compute risk-adjusted capital according to COE definition in the Glossary.
All of the following must be true to calculate a score; otherwise skip to column 17:
1) Column 3 is greater than 3%, **and**
2) Column 13 is greater than Column 14, **and**
3) Column 15 is greater than Column 14.

- Step 1 — Calculate the surplus/deficit of the loan loss reserve (LLR) vs. delinquencies.
  Col. 6 - [Col. 7 + Col. 8] = Surplus/Deficit. **If surplus, proceed to Step 4.**
- Step 2 — Multiply Tier I Capital (Column 3) by the result of Step 1 (stated as a percent).
  Col. 3 × Deficit divided by 100 = Adjustment
- Step 3 — Reduce Tier I Capital by the Adjustment to compute risk-adjusted capital.
  Col. 3 + (- Adjustment) = Risk-adjusted Capital.
  If this risk-adjusted capital is greater than 2%, proceed to Step 4.
- Step 4 — Multiply the difference (NOPAT ROE minus COE) by 5. Cap at +60. The multipliers are not used. (E.g. If NOPAT ROE = 17.5 and COE = 12.6; then the score equals 24.5.)

Column 17 - Current Yield on Investments
Column 17 has a weight of 1 and uses the plus multiplier.

Column 19 - Current Yield on Loans
Column 19 has a weight of 1 and uses the plus multiplier.

Column 21 - Percent Change in 90 days past due, nonaccrual loans, restructured loans, and other real estate owned % total loans
If Column 21 is positive and Column 20 is greater than 2%, then divide Column 21 by 10. Enter the result as a negative value in the column score. The column score is capped at -20.

Column 22 - Loans to Finance Commercial Real Estate as a % of Loans
If Column 22 is greater than 50%, take the value greater than 50 and multiply it by Column 18, then divide by 100. Enter the negative value of the result in the column score. (E.g. If the result = 23.4, the score becomes -23.4.) The column score is capped at -25.

Column 26 - Noninterest Income (Last 12 Months)
Column 26 has a weight of 2 and uses the plus multiplier.

Column 28 - Noninterest Expense (Last 12 Months)
Column 28 has a weight of -2 and uses the contra multiplier.

Column 30 - Operating Profit Margin (Last 12 Months)
Subtract 35 from value in Column 30 and enter the result in the column score. The column score is capped at ±15.

Column 31 - Risk (SD) in Operating Profit Margin
The negative value of Column 31 is entered in the column score. The column score is capped at -25. (E.g. If Column 31 = 1.9, the column score becomes -1.9.)

Column 32 - Return on Earning Assets (Last 12 Months)
Column 32 has a weight of 3 and uses the plus multiplier.

Column 34 - Cost of Adjusted Debt (Last 12 Months)
Column 34 has a weight of -1 and uses the contra multiplier.

Column 36 - Leverage Spread (Last 12 Months)
Column 36 is multiplied by 20, with the column score capped at +40. The multipliers are not used.

Column 39 - Internal Growth in Equity Capital (Last 1 Year or for Period Measured)
Column 39 has a weight of 2 and uses the plus multiplier.

If the rank that you have calculated differs from IDC's published rank: If your score is within a few points, the difference is often due to rounding errors. Check to see that you have chosen the proper PLUS (add to score) or CONTRA (subtract from score) multiplier for the component you are calculating. Verify that you have restricted scores for those columns that are capped.