

## 2025 PREMIER PERFORMANCE -- FLATTENING PERFORMANCE EXPECTATIONS

When we look toward 2025, we think about the economic climate, the competitive environment, the cost of funding and liquidity, and some potential borrower problems, we do expect the numbers to flatten. Mid-single-digit ROAE will be an average thing, but it will not be great. Based upon where we see things, we will maintain the 2024 criteria into 2025 for **Super Premier**, **Premier**, and **Commendable** performing banking institution recognition by *The Findley Reports* for 2025 performance. There will be some major performance criteria to reach a higher level of recognition. We firmly believe that most of our community banks that made it in the last few years will make it in 2024 when we publish the list in a few months. Those recurring performers are good banks who continue to get better. They have a dependable income statement and a fortress-type balance sheet. We have long stated that being a **Super Premier** or **Premier Performing** banking institution for one year is nice recognition, but consistent recognition is where it is at!

Below, we have set forth the criteria for the range of **Super Premier** and **Premier** performing banks for 2025 and included is the information concerning *The Findley Reports*' "A" **Quality** bank scoring system that is required to be ranked as a **Super Premier**, **Premier**, or **Commendable** bank in 2025.

*The Findley Reports* always attempts to be fair regarding recognition of our community banks for their performance, and we believe that the 2025 criteria are fair. But a mid-single digit ROAE in 2025 will not get **Super Premier Performance** recognition. We also expect that 2025 will see some charge-offs of good borrowers who have been significantly impacted in the last few years.

As we have in the last few years, we will look at the **Premier Performing** criteria at the end of the first quarter of 2025 to be certain that there should not be modifications based upon year-end 2024 surprises. Right now, we do not expect many surprises for year-end 2024 numbers. We will utilize our Editor's discretion in some instances, but expect fewer instances this year than in past years.

We hope that all banking institutions achieve these performance levels. Good luck to all, and we always hope that the list is long and distinguished!

*Gary Steven Findley, Editor*



**2025  
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 2025 performance as of December 31, 2024:

<u>For C Corporation Banks -</u>	<u>SPB</u>	<u>PPB</u>
<b><u>Growth</u></b> (% of Beginning of the Year Totals) Increase in either Gross Assets, Total Deposits, Total Loans or Gross Income	3.00+	2.00+
<b><u>Net Operating Income</u></b> (% of Average Gross Assets) Before Taxes and Reserves	1.40+	1.10+
<b><u>Net Loan Loss</u></b>	0.40-	0.80-
<b><u>Equity Return</u></b> (% of Beginning of the Year Total Equity Capital) Beginning Capital Over 10% Average Leverage Capital	11.00+	8.00+
	10.00+	7.00+
<b><u>Equity Return</u></b> (% of Beginning of the Year Total Equity Capital)	13.00+	9.00+
<b><u>Commendable Performing Bank</u></b> must attain 3 of the 4 Premier Performing criteria, but one of the criteria must be Equity Re-		
To meet the criteria for Super Premier, Premier, or Commendable Performing Bank, the bank must also meet the Findley Reports		

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

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

	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>
<b>TOTAL</b>	<b><u>120</u></b>	<b><u>70</u></b>

**Points are awarded as follows:**

1. **Liquidity**

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

2. **Capital Adequacy**

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

3. **Asset Structure**

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

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

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

4. **Loan Portfolio Quality**

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

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 year = 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.