



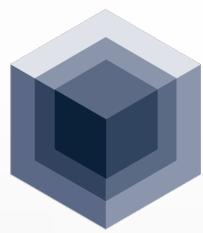
CEIS REVIEW INC.
Commercial Portfolio Advisors EST 1989

Loan Quality Update

3Q - 2024

CEIS Review evaluates and assesses commercial loan portfolios to assist Senior Management and The Board in objectively assessing the Credit Risk Quality and administration of their Institutions' portfolios.





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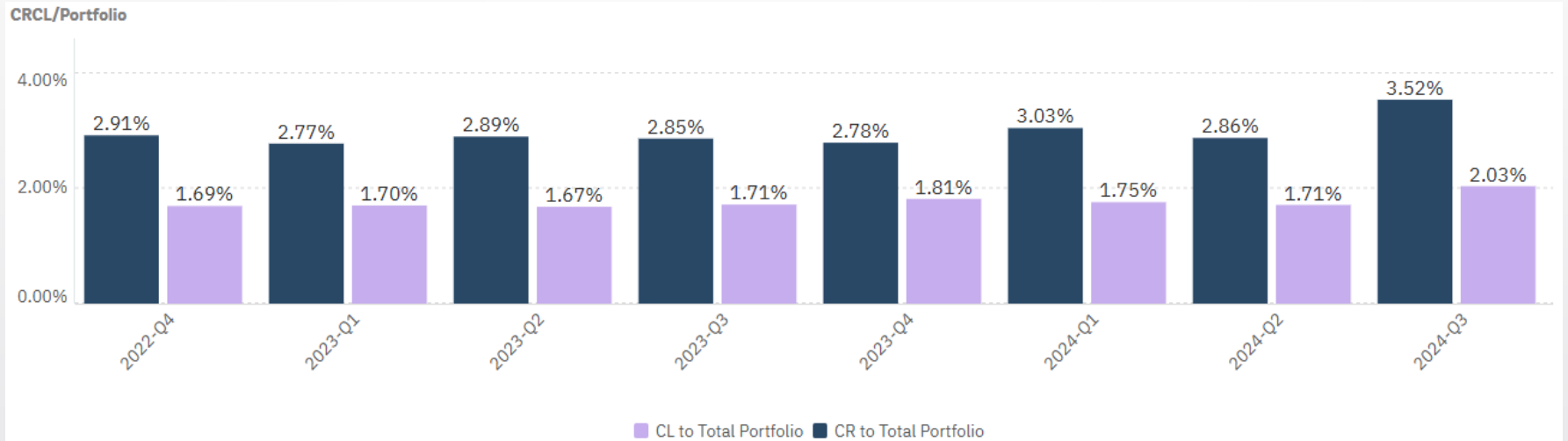
The summary data discussed in this brief excerpt are averages compiled from the loan reviews conducted by CEIS Review. The data is updated quarterly from the reviews completed in the prior quarter. The summary released is always a quarter delayed due to the data collection process.

Source: CEIS Data for All Banks



Loan Quality – Metrics (a)

The following presents the trendline on criticized (Special Mention, Substandard, Doubtful) and classified (Substandard, Doubtful) loans relative to portfolio and Tier I Capital + LLR.



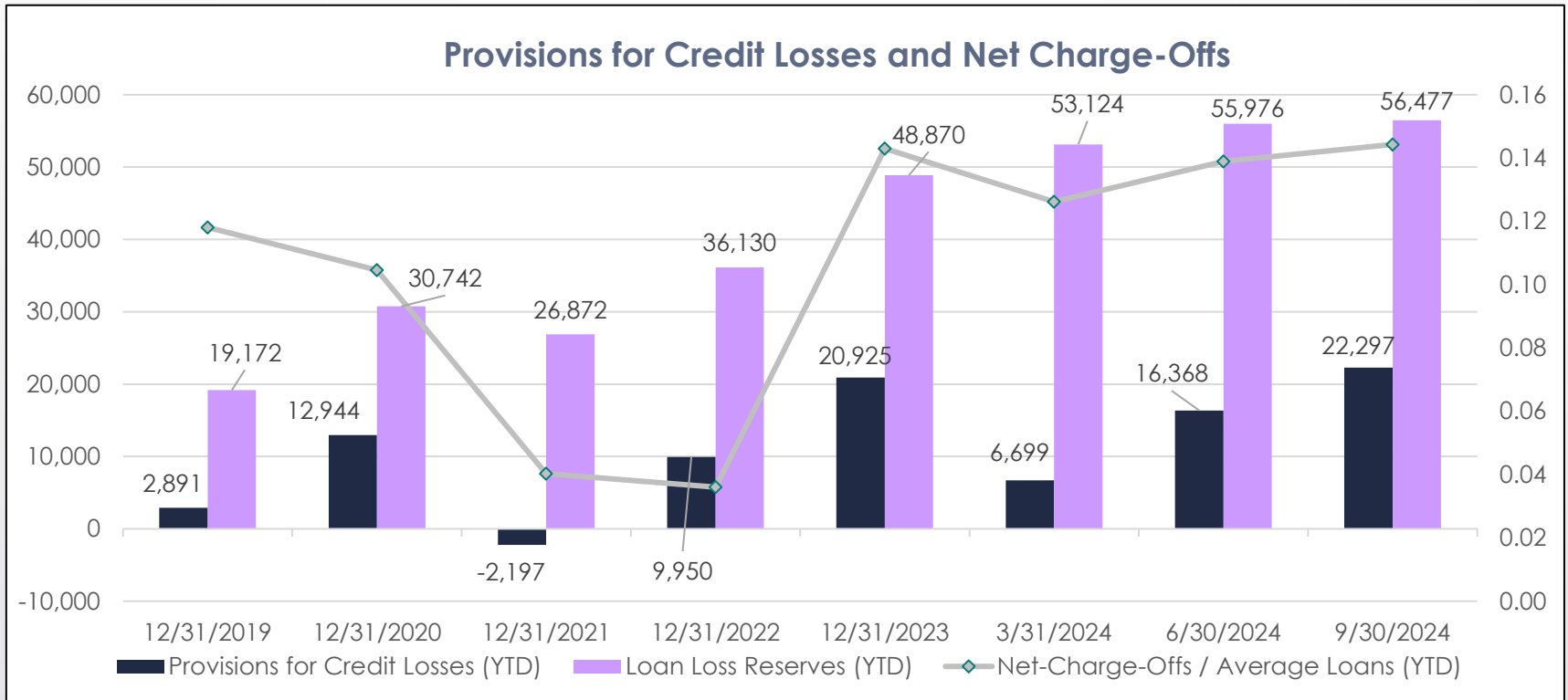
Source: CEIS Data for All Banks

Over the last eight quarters CEIS has observed a rise in adverse loan quality ratios as well as an increase in loan loss allowance and reserves.

- Criticized loans relative to the portfolio peaked at 3.52% in 3Q24.
- Classified loans relative to the portfolio peaked at 2.03% in 3Q24.
- Criticized loans to Tier 1 capital plus loan loss reserves increased from 16.30% at 1Q23 to a peak at 23.51% for 3Q24.
- Classified loans to Tier 1 capital plus loan loss reserves increased from 12.41% at 1Q24 to an eight-quarter peak of 14.44% for 3Q24.



Provisions for Credit Losses, Reserves and Net Charge-Offs



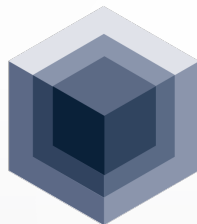
- The average provision for credit losses increased significantly from \$6,699m in 1Q24 to \$22,297m in 3Q24.
- Loan loss reserves continued to increase from \$26,872m in 4Q21 to \$56,477m for 3Q24.
- Net charge-offs also increased from 0.13% of average loans in 1Q24 to 0.15% in 3Q24.



Full Report Contents

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- New and Renewed Credit Policy Exceptions
- New and Renewed CRE non-recourse





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Loan Reviews, Portfolio Stress Testing, CECL Methodology Validations, Credit Risk Management process review, and customized consulting solutions upon request

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