POLICY ESTABLISHING CRITERIA FOR EXEMPTION OF DIVIDEND APPROVAL BY THE DEPARTMENT

The Members of the Department of Financial Institutions establish the following criteria for a corporation to be exempt from the dividend approval requirement established pursuant to IC 28-13-4-3. For the purposes of this policy a "corporation" means any of the following: commercial bank; savings bank; savings association; and industrial loan and investment company.

All three of the criteria must be met in order for the corporation to be exempt from the approval requirement.

- 1. The corporation must have been assigned a composite Uniform Financial Institutions Ratings System rating of 1 or 2 as a result of its most recent federal or state examination;
- 2. The proposed dividend would not result in a Tier 1 leverage capital ratio below 7.5% as calculated by Part 325 of the FDIC Rules and Regulations; and,
- 3. The corporation is not subject to any corrective action, supervisory order, supervisory agreement, or board approved operating agreement.

A notification letter should be sent to the Department prior to the payment of the dividend. The letter shall state the amount of the proposed dividend and how the corporation complies with each of the three criteria. The board minutes of the corporation should state that the proposed dividend exceeds the limitation prescribed in IC 28-13-4-3; however, because the corporation meets the criteria established in this policy, the Department's approval was not required.

This policy was formally adopted by the Members of the Indiana Department of the Indiana Department of Financial Institutions on December 9, 1999 and revised on April 11, 2013.

Richard JuRice, Chairman