

1-Q-23 Loan Portfolio Trends

LOAN QUALITY UPDATE

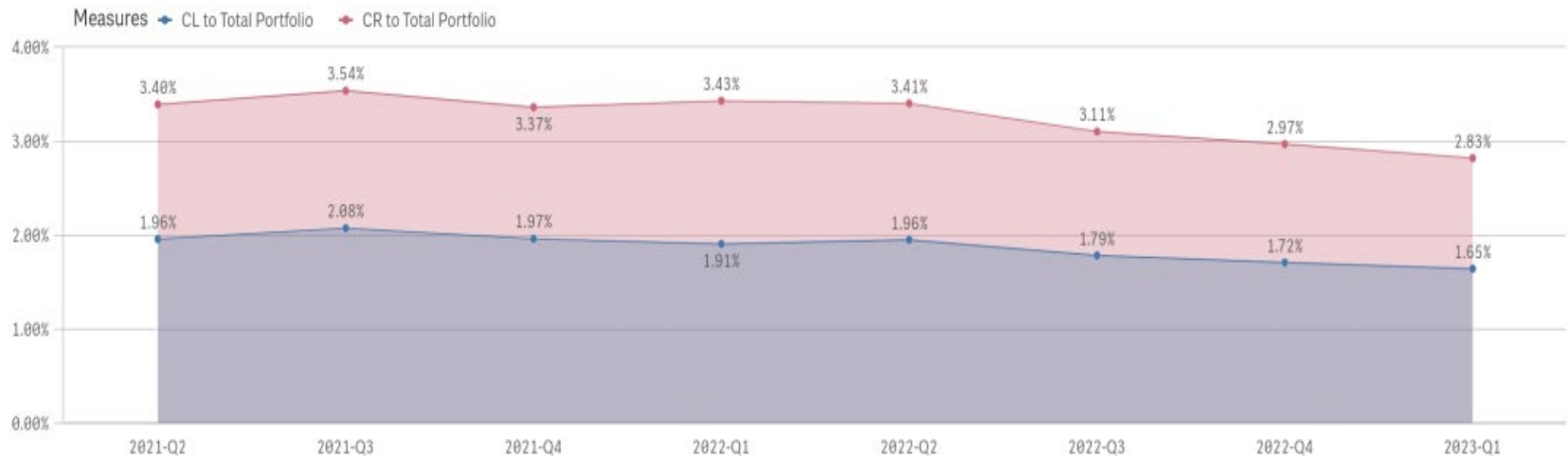


CEIS REVIEW INC.
Commercial Portfolio Advisors EST 1989



Loan Quality 1

CRCL/Total Portfolio



Criticized Segment – The average level of criticized loans to portfolio continued to decline to 2.83% at Q1 2023 compared to 2.97% at Q4 2022 and 3.43% one year earlier at Q1 2022. Classified loans relative to portfolio also declined to 1.65% at Q1 2023 compared to 1.72% at Q4 2022 and 1.91% one year earlier at Q1 2022.

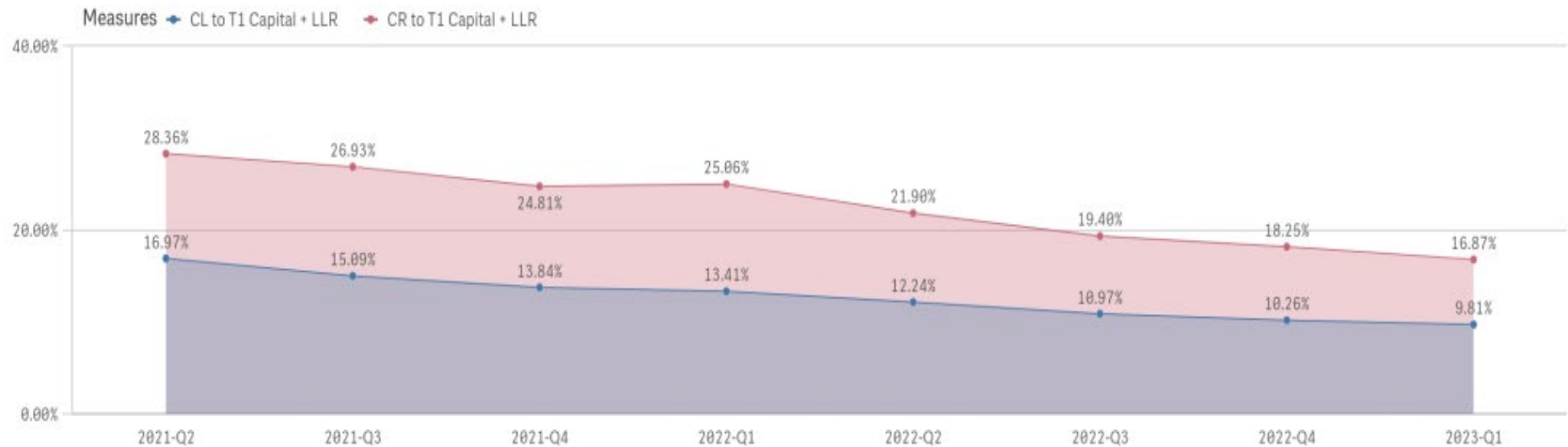
Over the last eight quarters criticized loans relative to portfolio ranged from 2.83% to 3.54% while the ratio of classified loans to portfolio ranged between 1.65% and 2.08%.

Defined as the sum of Special Mention, Substandard and Doubtful

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Loan Quality 2

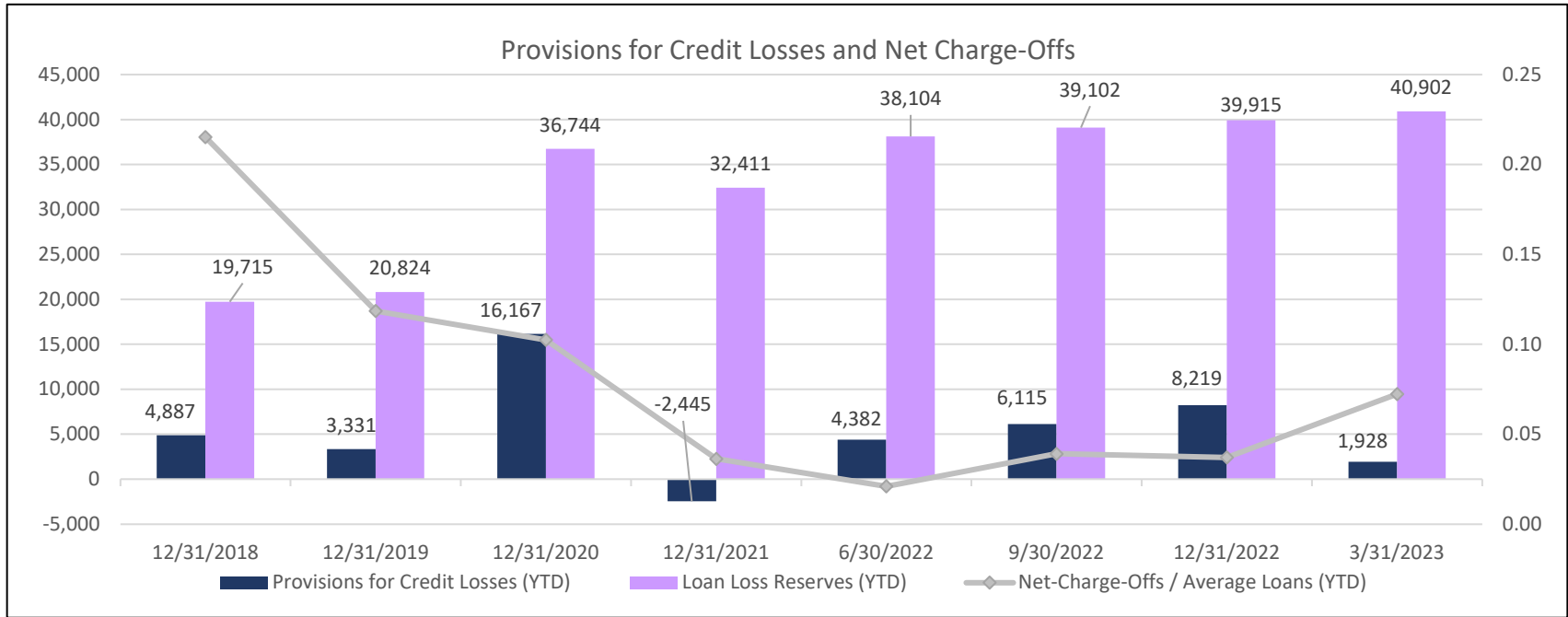
CRCL/Capital + LLR



Criticized Segment - Criticized loans to Tier 1 capital plus loan loss reserves continued a downward trend from 28.36% at Q2 2021 to 25.06% at Q1 2022, and further to 16.87% at Q1 2023. The more critical ratio of classified loans to Tier 1 capital plus loan loss reserves also decreased from 16.97% at Q2 2021 to 13.41% at Q1 2022 and to 9.81% at Q1 2023.

Over the last eight quarters criticized and classified loans relative to Tier 1 capital plus loan loss reserves ranged from 16.87% to 28.36% and 9.81% to 16.97%, respectively.

Provisions for Credit Losses, Reserves and Net Charge-Offs



Provision / Reserve – The provision for credit losses for the CEIS client base dropped notably from FYE20 to FYE21 and then reflected an increase through Q4 2022. However, the average provision showed a decrease in Q1 2023. Loan loss reserves for the group continued to exhibit an increasing trend since Q4 2021. Net charge-offs increased from an annualized 0.04% of average loans at Q4 2022 to 0.07% at Q1 2023 but remains below the 0.11% reported at FYE20.

Reserve coverage of classified loans declined slightly to 90.00% at Q1 2023 from 97.91% at Q4 2022 and 97.59% at Q3 2022. Over the prior eight quarter period, loan loss reserves to classified loans in the CEIS client base ranged from 77.47% to 98.25%.

Source: UBPR Data for All CEIS Clients



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CEIS is an independent consulting firm established in 1989, serving the needs of organizations with general and/or specialized commercial loan portfolios.

Loan Review, CECL / LLR Methodology and Validations, CRE Portfolio Stress Testing, CRE Construction Portfolio Stress Testing, Portfolio Acquisition Review(Due Diligence) , Leveraged Lending Review, Municipal and Public Finance Review, Loan Policy Maintenance, Process Review, and Customized Loan and Credit Seminars.

(888) 967-7380

info@ceisreview.com

www.ceisreview.com

Joseph J. Hill – jjhill@ceisreview.com

Justin J. Hill – justinjh@ceisreview.com

