

**POLICY ESTABLISHING CRITERIA FOR EXEMPTION OF
DIVIDEND APPROVAL BY THE DEPARTMENT**

The Members of the Department of Financial Institutions establish the following criteria a corporation must meet in order to be exempt from the dividend approval requirement established pursuant to IC 28-13-4-3. 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 received an assigned composite Uniform Financial Institutions Ratings System rating of 1 or 2 as a result of its most recent federal or state examination. In the case of a corporate fiduciary, a Corporate Fiduciary Rating of 1 or 2, as of its most recent state examination, must have been assigned;
2. The proposed dividend would not result in a Tier 1 leverage capital ratio below 6.5% as calculated by Part 325 of the FDIC Rules and Regulations; and,
3. The corporation is not subject to any corrective or supervisory order or 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 the corporation's proforma Tier 1 leverage capital ratio after the payment of the dividend. 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.

Norman Lowery, Chairman