

OPERATIONAL INSTRUCTION ISSUED BY THE STATE BOARD OF FINANCIAL
INSTITUTIONS OCTOBER 6, 1999

Cash Dividends

Unless otherwise instructed by the State Board of Financial Institutions (Board) or the Commissioner of Banking, state chartered banks are authorized to pay cash dividends up to 100% of net income in any calendar year without obtaining the prior approval of the Board provided that the bank received a composite rating of one or two at the last examination conducted by the State or Federal regulatory authority. All other cash dividends require the specific approval of the Board and the filing of an income and expense report as required by Regulation 15-28.