Zacks Small-Cap Research

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Ann H. Heffron, CFA, CPA

www.zacks.com
111 North Canal Street • Chicago, IL 60606

First Business Financial Services, Inc. (FBIZ-NASDAQ)

FBIZ: 2010 Fourth Quarter Results

Current Recommendation	**Neutral**
Prior Recommendation	Outperform
Date of Last Change	01/30/2011
Current Price (03/18/11)	$12.22
Six- Month Target Price	**$12.75**

OUTLOOK

We are continuing our Neutral on First Business Financial Services, Inc. (FBIZ), as well as our $12.75 target price. FBIZ posted fourth quarter diluted EPS of $0.24, up from the $0.14 loss per share reported last year, but $0.06 short of our $0.30 estimate. The shortfall was principally due to a larger-than-expected increase in the loan loss provision. At the same time, nonperforming assets jumped 25% sequentially to $40.2 million, and as a percentage of loans and related assets, climbed 91 basis points to 4.56%. Both of these developments disappointed and surprised us, but appear to be an aberration related to a single construction & land development loan. We expect asset quality measures to improve modestly going forward. While the outlook for loan demand for owner-occupied commercial real estate and commercial & industrial is improving, investor-owned commercial real estate and construction & land development remain weak. As a result, we are reducing our estimate for 2011 loan growth to 4% from 6% (vs 3% loan growth in 2010), with this offset by a slightly higher estimate for the net interest margin. Given these and a few other offsetting tweaks in our model, we are maintaining our 2011 diluted EPS at $1.80. Near-term risks include greater-than-expected asset quality deterioration, a halt in the US economic recovery, and increased political risk, with longer term risks including reliance on the confidence-sensitive brokered deposit market and potential dilution from sale of additional common stock.

SUMMARY DATA

52-Week High	**$14.90**
52-Week Low	**$8.67**
One-Year Return (%)	**25.73**
Beta	**0.06**
Average Daily Volume (sh)	**4,075**
Shares Outstanding (mil)	**2.5**
Market Capitalization ($mil)	**$32**
Short Interest Ratio (days)	**0.06**
Institutional Ownership (%)	**3**
Insider Ownership (%)	**20**
Annual Cash Dividend	**$0.28**
Dividend Yield (%)	**2.33**
5-Yr. Historical Growth Rates	
Net Revenue (%)	**13.0**
Earnings Per Share (%)	**(2.5)**
Dividend (%)	**36.1**
P/E using TTM EPS	**8.6**
P/E using 2010 Actual	**8.6**
P/E using 2011 Estimate	**6.8**
Zacks Rank	**3**

Risk Level	**Average**
Type of Stock	**Small-Value**
Industry	**Banks-Midwest**
Zacks Rank in Industry	**8 of 43**

ZACKS ESTIMATES

Net Revenue

(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2008	7.2 A	7.9 A	7.9 A	8.4 A	31.4 A
2009	8.0 A	8.3 A	9.2 A	8.9 A	34.5 A
2010	9.5 A	9.4 A	9.8 A	10.0 A	38.7 A
2011	10.1 E	10.1 E	10.3 E	10.4 E	40.9 E

Earnings per Share

(EPS is operating earnings before nonrecurring items)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2008	0.32 A	0.44 A	0.48 A	0.05 A	1.28 A
2009	(0.08) A	0.10 A	0.53 A	(0.14) A	0.41 A
2010	0.35 A	0.46 A	0.38 A	0.24 A	1.42 A
2011	0.45 E	0.48 E	0.48 E	0.40 E	1.80 E

Quarterly EPS may not add to total due to changes in shares outstanding.

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FOURTH QUARTER RESULTS

FBIZ posted fourth quarter diluted EPS of $0.24, up from the $0.14 loss per share reported last year, but $0.06 short of our $0.30 estimate. The shortfall was principally due to a larger-than-expected increase in the loan loss provision. Partially offsetting the higher loss provision were positive variances in compensation costs, which were $3.0 million compared to our $3.5 million estimate, as bonus accruals were hurt by a high level of net charge-offs, and a $0.2 million charge for foreclosure costs versus our estimate of $0.

For the year, FBIZ earned $3.6 million before goodwill impairment charges, or $1.42 per diluted share, up 248% from the $1.0 million, or $0.41 per diluted share, posted in 2009. This year-over-year gain primarily stemmed from a 14% rise in net interest income to $32.0 million on a 27 basis-point increase in the net interest margin (average loans were flat), a 14% decline in the loan loss provision to $7.0 million, and modest 5% growth in noninterest expense, largely due to lower credit costs from collateral liquidations and foreclosures, which combined fell about one-third to $1.4 million. This was partly offset by a 45% increase in FDIC insurance premiums to $3.2 million.

Net Interest Income

Net interest income increased 12% year over year to $8.3 million (and was modestly below our $8.4 million estimate), largely the result of 31 basis-point increase in the net interest margin to 3.08% (versus our 3.05% estimate) and a 2% increase in average loans outstanding.

The higher net interest margin was principally due to lower deposit costs, which fell 41 basis points to 2.18% as the Company replaced higher cost maturing CDs with those at current lower market rates. This was partly offset by a 12 basis-point decrease in the loan yield to 5.94% and a 99 basis-point decline in the yield on the mortgage securities portfolio to 2.83%, as FBIZ invested cash flows from these obligations at current reduced market interest rates.

Noninterest Income

Noninterest income rose 14% year over year to $1.76 million (and was above our $1.7 million estimate), largely due to increased loan fees from a spate of loans that closed at the end of the third quarter. In addition, the Company experienced solid growth in trust and investment services income (up 16% year over year to $0.6 million, aided by a 24% increase in assets under management to $399.4 million), increase in cash surrender value of bank-owned life insurance (up 21%), card fees (up 10%), and service charges on deposits (up 3%).

Loan Loss Provision

The loan loss provision decreased 11% year over year to $2.7 million from $3.0 million, but was higher than our $2.4 million estimate. This variance from our estimate largely relates to a loss stemming from declining collateral values of a single construction and land development loan. Consequently net charge-offs, a key component in determining the amount of the loss provision, rose to $2.1 million, or 0.95% of average loans (annualized), from $1.7 million, or 0.78% of average loans (annualized), in the comparable 2009 quarter.

Noninterest Expense

Noninterest expense fell 5% year over year to $6.2 million and was below our $6.5 million estimate. There were two primary contributors to the 5% year-over-year decline in noninterest expense: (1) a 5% fall in compensation expense to $3.0 million (comp costs dropped 14% sequentially from the third quarter) and 62% decrease in foreclosure costs to $0.2 million. This was partly offset by a 58% jump in FDIC premiums to $0.8 million from $0.5 million, due to higher premium rates, a larger deposit base, and costs related to the temporary liquidity guarantee program.

Because net revenues rose 12 % while noninterest expense decreased 5%, the Company's efficiency ratio improved, falling to 62.1% compared to 73.6% in 2009's fourth quarter.

Net Income
FBIZ posted net earnings of $0.6 million (or $0.24 per diluted share), up from a $0.4 million loss ($0.14 loss per diluted share) reported in the year-ago quarter. This compares to our $0.8 million net income estimate ($0.30 per diluted share).

Profitability
FBIZ posted a 4.2% ROE and 0.21% ROA for the fourth quarter of 2010, compared to losses in the prior-year quarter.

Loans and Asset Quality
Loans decreased $2 million sequentially to $878 million during the fourth quarter. While the outlook for loan demand in commercial & industrial and owner-occupied commercial real estate is improving, investor-owned commercial real estate and construction & land development remain weak. As a result, we are reducing our estimate for 2011 growth in loans outstanding to 4% from 6%, with this offset by a slightly higher estimate for the net interest margin. This compares with 3% loan growth in 2010.

Asset quality measures deteriorated on a year-over-year basis, with nonperforming assets (NPAs) increasing 121 basis points to 4.56% of loans and related assets from 3.45% at December 31, 2009 as NPAs rose $10.7 million, or 36%, to $40 million. On a sequential basis, the NPA ratio rose 91 basis points from 3.65% at September 30, 2010. This deterioration was principally due to a single construction and land development loan, upon which the interest rate was reduced, and which was subsequently recorded as an impaired loan.

The loan loss allowance as a percent of nonperforming assets dropped to 41% at the end of the quarter from 48% at the end of December 2009. This was the result of higher nonaccrual loans and foreclosed assets as the loan loss allowance actually increased to $16.3 million, or 1.85% of gross loans, from $15.7 million, or 1.78% of gross loans.

In a development related to a new standard issued by the Financial Accounting Standards Board, the Company has improved disclosure regarding the performance of its loan portfolio. There are now four loan categories: Category I – loans performing satisfactorily; Category II – loans beginning to show signs of deterioration; Category III – loans requiring special attention; and Category IV – loans are impaired. At December 31, 2010, FBIZ ‘s loan portfolio divided 74.8% Category I, 13.5% Category II, 7.2% Category III, and 4.5% Category IV. At this point, there is no way to estimate migration from one loan category to the next (for example from Category III to Category IV), since there is no history upon which to base it, though this may occur over time.

Liquidity and Funding
FBIZ reduced cash and short-investments by $13 ½ million during the fourth quarter and increased the mortgage securities portfolio by $½ million, thereby decreasing total liquid assets about $13 million to $217 million. In addition, the Company reduced purchased funds by $3 million. As a result, liquid assets to purchased funds increased to 496% at the end of December from 492% at the end of September.

The Company remains heavily reliant on brokered deposits, which were $499 million and represented 51% of total deposits at December quarterend. FBIZ is committed to reducing its useage of brokered deposits, and has amended its bonus compensation plan to include increasing core deposits as one of its three criteria at the bank and holding company levels.

FBIZ’s funding profile continues strong, and at least one year of maturities (an increase from 120 days previously) could be financed with borrowing from the FHLB or Fed. FBIZ intends to gradually increase this to 18 months of maturities going forward.

Capital Adequacy and Dividends
The Company’s capital adequacy ratios improved modestly during the quarter. The Tier 1 capital ratio rose 6 basis points to 6.65% at the end of 2010’s fourth quarter from 6.59% at September 30, 2010, and

the Total capital ratio gained 8 basis points to 11.23% from 11.15%, largely due to growth in retained earnings.

On March 11, 2011, FBIZ declared its regular quarterly $0.07 cash dividend, payable on April 15, 2011 to shareholders of record on April 1, 2011.

Basel III

The Company estimates that it will need an additional $12-14 million of common equity to satisfy the regulatory capital requirements under Basel III. FBIZ expects that a long period of implementation combined with growth in retained earnings may be sufficient to meet this goal, and does not intend to shrink its balance sheet or issue dilutive common stock. However, FBIZ would consider a common share offering under the right circumstances.

OVERVIEW

First Business Financial Services, Inc. (FBIZ or the Company) is a bank holding company headquartered in Madison, Wisconsin, with $1.1 billion in total assets at December 31, 2010. FBIZ specializes in business lending for small-medium-sized companies with sales ranging from $2-50 million. As an adjunct to these services, FBIZ also offers banking services to business owners, executives, professionals, and high net worth individuals, though this is a less significant part of its business.

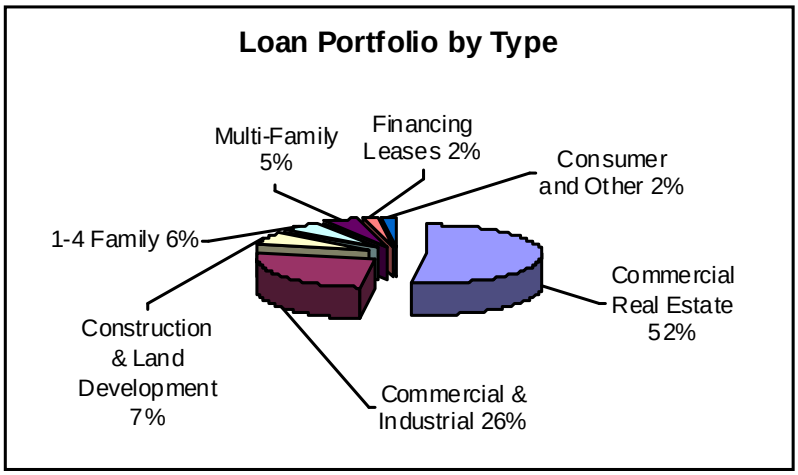
Banking operations are carried on through two banks, First Business Bank (FBB) located in Madison and First Business Bank-Milwaukee (FBB-Milwaukee), as well as First Business Trust & Investments (FBTI), a division of FBB that offers trust and investment services. FBB also has three loan production offices located in northeast Wisconsin in Appleton, Oshkosh, and Green Bay.

FBB owns two non-bank subsidiaries that engage in lending that is different than that typical for banks through five single-person business development offices, which are located in Minneapolis, Minnesota; Chicago, Illinois; St. Louis, Missouri; Detroit, Michigan; and Cleveland, Ohio. These subsidiaries include: First Business Capital Corp. (FBCC, with net income of $3.2 million in 2010), which is an asset-based commercial lender that provides secured lines of credit and term loans on equipment and real estate assets, primarily to manufacturers and wholesale distribution companies located throughout the United States; and First Business Equipment Finance, LLC (FBEF, with net income of $659,000 in 2010), which is a commercial finance company that finances equipment for small and middle market companies.

In addition, the Company has four non-bank subsidiaries that help manage other aspects of its business. These include: First Business Real Estate LLC (FBBRE, owned by FBB and having a $19,000 net loss in 2010), and First Business Bank-Milwaukee Real Estate LCC (FBBMRE, owned by FBB-Milwaukee and posting a net loss of $212,000 in 2010), which are limited liability companies that dispose of real estate and other assets acquired through foreclosure; First Madison Investment Corp. (FMIC, owned by FBB, earning net income of $5.1 million in 2010), which is located in the state of Nevada and manages a portion of the Bank's investment portfolio; and First Madison Capital Corp Nevada Corp (FMCCNC, owned by FBCC and generating net earnings of $813,000 in 2010), which is domiciled in Nevada and invests in loans purchased from FBCC.

Unlike other banks, FBIZ does not have a retail branch network. Instead, the Company typically provides custom-tailored banking services to its approximately 2,000 clients at client offices. This has a couple of important implications. First, FBIZ does not have the overhead and expense connected with owning a branch network. Second, FBIZ lacks the in-market deposit base typically associated with a retail bank and must fund a significant part of its operations through the wholesale-brokered deposit market.

The loan portfolio has a concentration in commercial real estate (about one-third of which is owner occupied), accounting for 52% of total loans at December 31, 2010. The rest of the lending book consists of commercial and industrial (accounting for 26% of total gross loans), construction and land development (7%), 1-4 family (6%), multi-family (5%), commercial financing leases (2%), and consumer and other (2%). Almost all loans are secured, usually by real estate, inventory, accounts receivable, equipment, machinery, or corporate assets. The liquidity portfolio, consisting of cash, short-term investments, and US agency mortgage obligations, represents 18% of total assets. Transaction and money market accounts accounted for 41% of total deposits at December 31, 2010, with certificates of deposit (CDs) at 8%, and brokered CDs at 51%.



In 2010, net interest income contributed 83% of net revenue. Other significant revenue sources include trust and investment services fee income (6% of net revenues), services charges on deposits (4 ½%), loan fees (3%), and increase in cash surrender value of bank-owned life insurance (2%).

FBIZ's 2011 business plan includes: (1) improving the overall quality of its loan portfolio, (2) minimizing loan loss specific reserves and charge-offs, (3) generating organic growth in the loan portfolio, (4) increasing its market share of in-market core deposits, and (5) increasing fee income.

VALUATION

FBIZ stock has underperformed the industry, with a year-to-date price decline of 8.5% compared to a median increase of 2.4% for banks in the Zacks small-cap index, as shown in the following table. At its current price, FBIZ is trading at a discount to the industry median P/E of 50% in 2011 (versus a discount of 52% at the time of our last report on January 31, 2011), based upon our 2011 FBIZ EPS estimate. This is far in excess of the average 16% P/E discount for FBIZ, based upon 5-year historical P/E averages.

Turning to Price/Tangible Book Value, which is the valuation favored by most investors at present, FBIZ is valued at 0.56X versus the industry median of 0.71X. This represents a 21% discount, or about the same as FBIZ's average historical discount of roughly 24% since the end of 2005.

Applying the 0.56X ratio to our estimated book value for FBIZ six months out results in a price target of approximately $12.75. When combined with the Company's current dividend yield, our new target price for FBIZ represents a total return of approximately 5%, in line with our expectations for broader U.S. equity market gains during this period. Therefore, we recommend a Neutral on FBIZ shares.

Industry Comparables- Small-cap Banks

		Price / Earnings Ratios					Return on Equity		Return on Assets		
	Pr Chg YTD	TTM* EPS	2011E	2012E	5-Yr Avg	Price/ Tang Book	TTM*	5-Yr Avg	TTM*	5-Yr Avg	Div Yld
FIRST BUS FINL	**(8.5)**	**9.9**	**6.8**		**13.5**	**0.6**	**6.6**	**6.3**	**0.33**	**0.35**	**2.3**
S&P 500	1.7	17.4	13.8	12.9	17.8	3.5	23.4	-----	8.7	-----	1.9
Median	**2.4**	**16.4**	**13.6**	**12.4**	**16.0**	**0.7**	**4.3**	**4.5**	**0.35**	**0.39**	**-----**
Average	5.8	24.6	19.4	12.3	19.5	0.8	(7.1)	2.0	(0.04)	0.34	1.3
High	75.5	195.0	108.3	24.1	45.0	2.2	14.3	15.8	2.03	2.61	7.0
Low	(57.3)	6.7	6.8	5.8	10.2	0.2	(226.9)	(27.4)	(4.24)	(1.69)	-----

*Trailing twelve months

First Business Financial Services, Inc.

Income Statement and Balance Sheet

(Dollars in millions, except per share data)

Summary Financial Data	12/05	12/06	12/07	12/08	12/09	12/10	12/11 E
Net interest income	17.7	18.9	23.2	26.3	28.1	32.0	33.9
Non-interest income	3.3	3.7	4.4	5.1	6.4	6.7	7.0
Total net revenue	21.0	22.6	27.6	31.4	34.5	38.7	40.9
Loan loss provision	0.4	1.5	2.9	4.3	8.2	7.0	6.5
Non-interest expense	14.4	15.7	19.7	21.9	24.5	25.7	26.9
Income taxes & other	2.1	1.7	1.7	2.1	0.8	2.4	2.9
Zacks adjusted income before NRI	4.1	3.7	3.3	3.1	1.0	3.6	4.6
GAAP net income	4.8	3.7	3.3	3.1	1.0	0.9	4.6
Diluted EPS before NRI	1.67	1.52	1.32	1.28	0.41	1.42	1.80
Reported EPS	1.93	1.52	1.32	1.28	0.41	0.37	1.80
Dividends per share	0.06	0.24	0.26	0.28	0.28	0.28	0.28
Liquid assets	108.5	119.3	114.9	132.8	235.0	204.2	205.4
Loans & leases, gross	539.7	648.3	781.6	852.8	854.5	878.0	913.6
Total assets	669.2	788.3	918.4	1,010.8	1,117.4	1,107.1	1,163.4
Core deposits	516.5	604.3	703.6	746.4	942.2	949.1	997.4
Purchased funds	73.2	88.4	105.0	129.5	58.2	41.2	45.0
Long-term debt	27.8	40.5	49.5	67.8	51.8	49.8	50.0
Shareholders' equity	41.8	45.8	48.6	53.0	54.4	55.3	59.2
Profitability							
Return on avg assets	0.67%	0.54%	0.39%	0.32%	0.10%	0.33%	0.41%
Return on avg equity	10.19%	8.65%	6.86%	6.11%	1.90%	6.46%	8.06%
Net interest margin	3.03%	2.87%	2.87%	2.81%	2.77%	3.04%	3.08%
Loan loss provision % avg assets	0.07%	0.22%	0.35%	0.44%	0.78%	0.64%	0.57%
Noninterest income % avg assets	0.54%	0.53%	0.53%	0.53%	0.61%	0.61%	0.62%
Noninterest expense % avg assets	2.36%	2.27%	2.34%	2.26%	2.33%	2.33%	2.37%
Preprovision pretax income % avg assets	1.09%	1.00%	0.95%	0.98%	0.95%	1.18%	1.23%
Tangible efficiency ratio	68%	69%	71%	70%	72%	66%	66%
Payout ratio	3%	16%	20%	22%	66%	75%	16%
Asset Quality							
Net charge-offs % avg loans	0.00%	(0.00)%	0.19%	0.28%	0.69%	0.57%	0.60%
Allowance % loans	1.25%	1.28%	1.26%	1.39%	1.65%	1.85%	1.90%
NPAs % loans & related assets	0.29%	0.17%	1.22%	2.25%	3.45%	4.56%	4.14%
Allowance % NPAs	439%	748%	103%	61%	48%	41%	46%
Liquidity & Funding							
Liquid assets % purchased funds	148%	135%	109%	103%	404%	496%	457%
Core deposits % loans	96%	93%	90%	88%	110%	108%	109%
Liquid assets % assets	16%	15%	13%	13%	21%	18%	18%
Loans % assets	81%	82%	85%	84%	76%	79%	79%
Capital Adequacy							
Total equity % assets	6.25%	5.80%	5.29%	5.24%	4.87%	5.00%	5.09%
Tangible equity % assets	5.85%	5.47%	5.00%	4.98%	4.63%	5.00%	5.09%
Tier 1 capital ratio	8.45%	6.24%	5.42%	6.48%	6.61%	6.65%	
Total capital ratio	10.43%	10.40%	10.22%	12.00%	12.15%	11.23%	
Parent Company Statistics							
Interest coverage	(1.2)X	(0.9)X	(1.1)X	(0.9)X	0.3X	0.2X	0.3X
Interest & dividend coverage	(1.1)X	(0.7)X	(0.9)X	(0.7)X	0.2X	0.2X	0.3X
Short-term debt coverage	8.7X	19.2X	16.9X	Lge	Lge	Lge	Lge
Total debt coverage	1.3X	1.4X	1.1X	0.9X	1.0X	1.0X	1.1X
Double leverage	144.0%	150.2%	169.1%	185.6%	187.0%	189.5%	184.8%

First Business Financial Services, Inc.

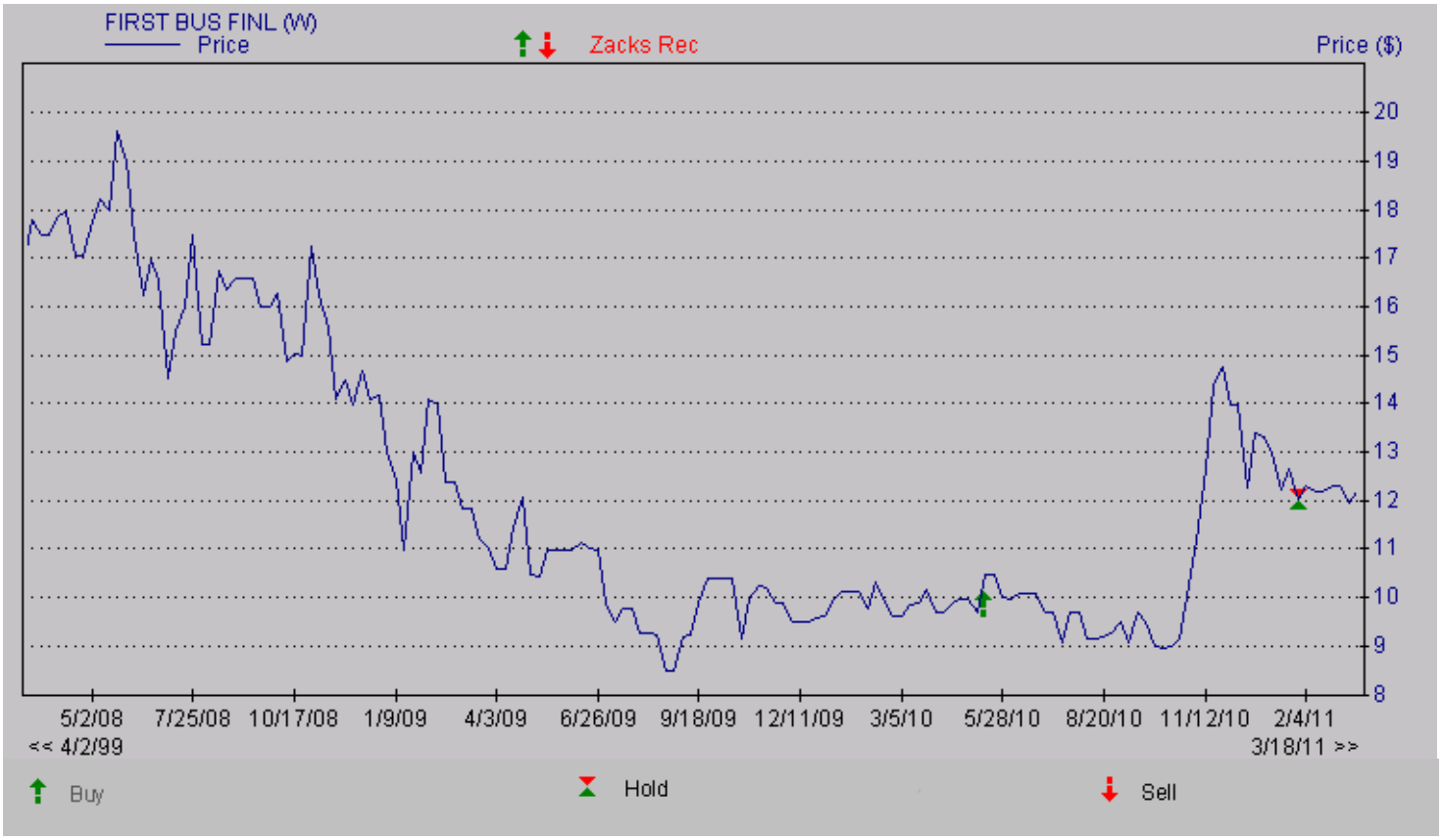
Income Statement and Balance Sheet

(Dollars in millions, except per share data)

	2010				2011			
Summary Financial Data	**Q1 A**	**Q2 A**	**Q3 A**	**Q4 A**	**Q1 E**	**Q2 E**	**Q3 E**	**Q4 E**
Net interest income	7.9	7.7	8.1	8.3	8.4	8.4	8.5	8.6
Non-interest income	1.6	1.7	1.7	1.7	1.7	1.7	1.8	1.8
Total net revenue	9.5	9.4	9.8	10.0	10.1	10.1	10.3	10.4
Loan loss provision	1.3	1.1	1.9	2.7	1.4	1.5	1.6	2.0
Non-interest expense	6.5	6.5	6.4	6.2	6.8	6.7	6.7	6.7
Income taxes & other	0.8	0.6	0.5	0.5	0.8	0.7	0.8	0.7
Zacks adjusted income before NRI	0.9	1.2	1.0	0.6	1.1	1.2	1.2	1.0
GAAP net income	0.9	(1.5)	1.0	0.6	1.1	1.2	1.2	1.0
Diluted EPS before NRI	0.35	0.46	0.38	0.24	0.45	0.48	0.48	0.40
Reported EPS	0.35	(0.60)	0.38	0.24	0.45	0.48	0.48	0.40
Dividends per share	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07
Liquid assets	219.0	203.0	217.3	204.2	204.5	204.8	205.1	205.4
Loans & leases, gross	855.2	845.0	879.9	878.0	882.4	886.8	900.1	913.6
Total assets	1,101.8	1,073.9	1,122.8	1,107.1	1,118.1	1,129.3	1,146.2	1,163.4
Core deposits	922.3	896.4	955.9	949.1	958.6	968.2	982.7	997.4
Purchased funds	60.2	60.2	44.2	41.2	45.0	45.0	45.0	45.0
Long-term debt	49.8	49.8	49.8	49.8	50.0	50.0	50.0	50.0
Shareholders' equity	55.5	54.3	55.5	55.3	56.3	57.3	58.4	59.2
Profitability								
Return on avg assets*	0.33%	0.43%	0.35%	0.21%	0.41%	0.43%	0.43%	0.36%
Return on avg equity *	6.46%	8.22%	6.96%	4.21%	8.16%	8.56%	8.46%	7.05%
Net interest margin	3.00%	2.96%	3.12%	3.08%	3.08%	3.08%	3.08%	3.08%
Loan loss provision % avg assets*	0.49%	0.39%	0.72%	0.95%	0.50%	0.53%	0.56%	0.69%
Noninterest income % avg assets*	0.59%	0.62%	0.61%	0.63%	0.62%	0.62%	0.62%	0.61%
Noninterest expense % avg assets*	2.39%	2.40%	2.33%	2.21%	2.46%	2.38%	2.35%	2.33%
Preprovision pretax inc.% avg assets*	1.07%	1.05%	1.26%	1.35%	1.16%	1.23%	1.26%	1.27%
Tangible efficiency ratio	69%	70%	65%	62%	68%	66%	65%	65%
Payout ratio	19%	(11)%	18%	30%	16%	15%	15%	17%
Asset Quality								
Net charge-offs % avg loans*	0.06%	0.62%	0.64%	0.95%	0.36%	0.59%	0.63%	0.84%
Allowance % loans	1.79%	1.79%	1.78%	1.85%	1.91%	1.93%	1.92%	1.90%
NPAs % loans & related assets	3.85%	3.87%	3.65%	4.56%	4.48%	4.39%	4.27%	4.14%
Allowance % NPAs	47%	46%	49%	41%	43%	44%	45%	46%
Liquidity & Funding								
Liquid assets % purchased funds	364%	337%	492%	496%	454%	455%	456%	457%
Core deposits % loans	108%	106%	109%	108%	109%	109%	109%	109%
Liquid assets % assets	20%	19%	19%	18%	18%	18%	18%	18%
Loans % assets	78%	79%	78%	79%	79%	79%	79%	79%
Capital Adequacy								
Total equity % assets	5.04%	5.06%	4.94%	5.00%	5.03%	5.08%	5.09%	5.09%
Tangible equity % assets	4.80%	5.05%	4.94%	5.00%	5.03%	5.07%	5.09%	5.09%
Tier 1 capital ratio	6.71%	6.82%	6.59%	6.65%				
Total capital ratio	12.25%	11.48%	11.15%	11.23%				

*Annualized.

HISTORICAL ZACKS RECOMMENDATIONS



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