Zacks Small-Cap Research

May 4, 2011
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First Business Financial Services, Inc. (FBIZ-NASDAQ)

FBIZ: 2011 First Quarter Results

Current Recommendation	**Neutral**
Prior Recommendation	Outperform
Date of Last Change	01/30/2011
Current Price (05/03/11)	$12.92
Twelve- Month Target Price	**$14.25**

OUTLOOK

We are continuing our Neutral on First Business Financial Services, Inc. (FBIZ). FBIZ posted first quarter diluted EPS of $0.52, up 47% from the $0.35 reported last year, and well in excess of our $0.45 estimate. First quarter results were boosted by growth in net interest income from a higher net interest margin and a lower effective tax rate, partially offset by increased compensation from bonus accruals and a hike in the loan loss provision as the Company strengthened loss reserves. Relative to our estimate, the main reasons for the difference were a stronger net interest margin, generating correspondingly higher net interest income, and a lower effective tax rate. We are raising our 2011 diluted EPS estimate to $1.90 from $1.80 previously, reflecting the first quarter overage relative to our estimate, as well as the continuing benefit from a higher net interest margin and lower tax rate, partially offset by an increased loan loss provision. Our 2011 estimate represents a 33% increase over 2010's $1.42 (excluding a goodwill write-off). Our initial diluted EPS estimate for 2012 is $2.10, an 11% gain over 2011. We have also raised our target price and changed the holding period to twelve months from six months. Our new one-year $14.25 target price for FBIZ represents a total return of approximately 12%, consistent with our expectations for broader U.S. equity market gains during this period.

SUMMARY DATA

52-Week High	**$14.90**
52-Week Low	**$8.67**
One-Year Return (%)	**31.37**
Beta	**0.06**
Average Daily Volume (sh)	**6,321**
Shares Outstanding (mil)	**2.5**
Market Capitalization ($mil)	**$34**
Short Interest Ratio (days)	**0.65**
Institutional Ownership (%)	**11**
Insider Ownership (%)	**21**
Annual Cash Dividend	**$0.28**
Dividend Yield (%)	**2.17**
5-Yr. Historical Growth Rates	
Net Revenue (%)	**13.0**
Earnings Per Share (%)	**(3.1)**
Dividend (%)	**36.1**
P/E using TTM EPS	**8.1**
P/E using 2011 Estimate	**6.8**
P/E using 2012 Estimate	**6.2**
Zacks Rank	**3**

Risk Level	**Average**
Type of Stock	**Small-Value**
Industry	**Banks-Midwest**
Zacks Rank in Industry	**26 of 41**

ZACKS ESTIMATES

Net Revenue

(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
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	10.2 A	10.3 E	10.4 E	10.4 E	41.3 E
2012					42.9 E

Earnings per Share

(EPS is operating earnings before nonrecurring items)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
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	0.52 A	0.52 E	0.53 E	0.33 E	1.90 E
2012					2.10 E

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

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FIRST QUARTER RESULTS

FBIZ posted first quarter diluted EPS of $0.52, up 47% from the $0.35 reported last year, and well in excess of our $0.45 estimate. First quarter results were boosted by growth in net interest income from a higher net interest margin and a lower effective tax rate, partially offset by increased compensation from bonus accruals and a hike in the loan loss provision as the Company strengthened loss reserves.

Relative to our estimate, the main reasons for the difference were a stronger net interest margin, generating correspondingly higher net interest income, and a lower effective tax rate.

We are raising our 2011 diluted EPS estimate to $1.90 from $1.80 previously, reflecting the first quarter overage relative to our estimate, as well as the continuing benefit from a higher net interest margin and lower tax rate, partially offset by an increased loan loss provision. Our 2011 estimate represents a 33% increase over 2010's $1.42 (excluding a goodwill write-off). Our initial diluted EPS estimate for 2012 is $2.10, an 11% gain over 2011.

Below, we discuss first quarter results in more detail.

Net Interest Income

Net interest income increased 8% year over year to $8.5 million (and was modestly above our $8.4 million estimate), largely the result of 14 basis-point increase in the net interest margin to 3.14% (versus our 3.08% estimate), aided by 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 2.06% as the Company replaced higher cost maturing CDs with those at current lower market rates. This was partly offset by a 24 basis-point decrease in the loan yield to 5.94% and a 69 basis-point decline in the yield on the mortgage securities portfolio to 2.92%, as FBIZ invested cash flows from these obligations at current reduced market interest rates.

Noninterest Income

Noninterest income rose 3% year over year to $1.7 million (matching our estimate), largely due to solid growth in trust and investment services income (up 13% year over year to $0.6 million, aided by a 19% increase in assets under management to $425.8 million and improved pricing). In addition, FBIZ posted a 14% rise in loan fees to $0.3 million, due to increased fees from the asset-based lending unit. Negatively, service charges on deposits dropped 6% year over year (and 15% sequentially) to $0.4 million as more customers elected to maintain higher noninterest-bearing deposit balances with FBIZ, rather than maintain lower balances and pay higher pay fees. While the drop in deposit fees is a negative, FBIZ's net interest margin was helped due to these higher interest-free cash balances.

Loan Loss Provision

The loan loss provision increased 4% year over year to $1.4 million, and matched our estimate as the Company strengthened loss reserves, despite increased charge-offs. Net charge-offs rose to $0.9 million, or 0.40% of average loans (annualized), from $0.1 million, or 0.06% of average loans (annualized), in the comparable 2010 quarter, mainly the result of deterioration in collateral values backing up loans.

Noninterest Expense

Noninterest expense rose 3% year over year to $6.8 million and matched our estimate. Generally, the company maintained tight control over operating expenses, with most line items declining year over year. There were two major exceptions. Compensation costs increased 7% to $3.7 million, the result of higher bonus accruals, and marketing costs jumped 43% to $0.3 million as FBIZ increased efforts to generate new business.

Because net revenues rose 7% while noninterest expense increased only 3%, the Company's efficiency ratio improved, falling to 66.6% compared to 69.1% in 2010's first quarter.

Income Taxes

The Company's effective tax rate was 32.3%, compared to 43.4% in the year-ago quarter (inflated by certain one-time items) and our 38% estimate. The drop in the tax rate stems from tax benefits related to a chunk of private purpose tax-exempt loans FBIZ made at the tail end of 2010, and will continue over the lives of the bonds, which have maturities of 7-10 years. Thus, we have reduced our estimate of the effective tax rate to 32.5% from 38% previously.

Net Income

FBIZ posted net earnings of $1.35 million (or $0.52 per diluted share), up from $0.9 million ($0.35 per diluted share) reported in the year-ago quarter. This compares to our $1.1 million net income estimate ($0.45 per diluted share).

Profitability

FBIZ posted a 9.6% ROE and 0.48% ROA for the first quarter of 2011, compared to 6.5% ROE and 0.33% ROA for the first quarter of 2010.

Loans and Asset Quality

Loans decreased $9 million, or 1%, sequentially to $869 million during the first quarter, with the decline occurring in the commercial & industrial (C&I) and financing lease portfolios. While the outlook for loan demand in C&I and owner-occupied commercial real estate is improving, investor-owned commercial real estate and construction & land development remain weak. As a result, we are again reducing our estimate for 2011 growth in loans outstanding—this time to 2.5% from 4% (previously to 4% from 6%), with this offset by a higher estimate for the net interest margin. For 2012, we estimate loan growth at about 7%, with the net interest margin declining modestly. In 2010, loans increased 3%.

Asset quality measures deteriorated on a year-over-year basis, with nonperforming assets (NPAs) increasing 92 basis points to 4.77% of loans and related assets from 3.85% at March 31, 2010 as NPAs rose $8.5 million, or 26%, to $41.5 million. On a sequential basis, the NPA ratio rose 20 basis points from 4.56% at December 31, 2010. This deterioration was broadly based and affected all major loan categories, except for commercial and industrial, which experienced a 14% fall in nonperforming loans.

The loan loss allowance as a percent of nonperforming assets dropped to 41% at the end of the quarter from 47% at the end of March 2010. This was the result of higher nonaccrual loans and foreclosed assets as the loan loss allowance actually increased to $16.8 million, or 1.93% of gross loans, from $15.3 million, or 1.79% 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 March 31, 2011 (figures for December 31, 2010 are in parentheses), FBIZ 's loan portfolio divided 72.9% (74.8%) Category I, 14.0% (13.5%) Category II, 8.6% (7.2%) Category III, and 4.5% (4.5%) Category IV. Though Categories II and III showed modest detrioration during the first quarter, principally in the comercial real estate portfolio, importantly Category IV, the weakest loan category giving rise to the majority of loan losses, remained stable at 4.5%.

Liquidity and Funding

FBIZ inreased cash and short-investments by $10 million during the first quarter and added $6 million to the mortgage securities portfolio, thereby increasing total liquid assets about $16 million to $220 million. In addition, the Company reduced purchased funds by $2 million. As a result, liquid assets to purchased funds increased to 561% at the end of March from 496% at the end of December.

The Company remains heavily reliant on brokered deposits, which were $491 million and represented 49% of total deposits at March quarterend (down from 51% at the end of December 2010). 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 could be financed with borrowing from the FHLB or Fed, in the event of a market meltdown.

Capital Adequacy and Dividends

The Company's capital adequacy ratios improved during the quarter. The Tier 1 capital ratio rose 27 basis points to 6.92% at the end of 2010's first quarter from 6.65% at December, 2010, and the Total capital ratio gained 41 basis points to 11.64% from 11.23%, largely due to growth in retained earnings.

On March 11, 2011, FBIZ declared its regular quarterly $0.07 cash dividend, paid 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 March 31, 2011. 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.

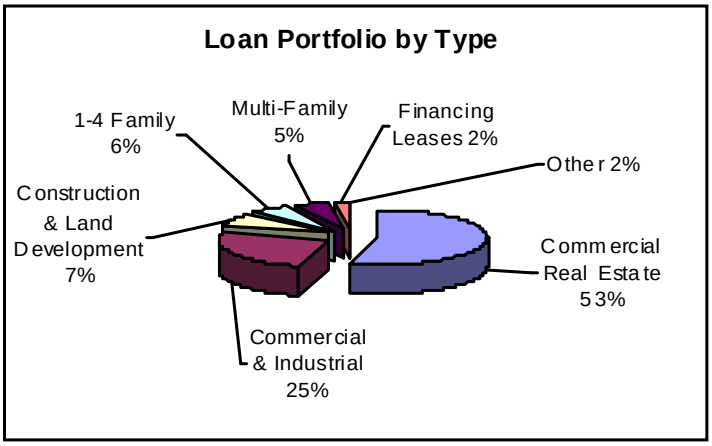
Banking operations are carried on through two banks, First Business Bank (FBB) located in Madison and First Business Bank-Milwaukee (FBB-Milwaukee), as well as First Business Trust & Investments (FBTI), a division of FBB that offers trust and investment services. FBB also has three loan production offices 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 53% of total loans at March 31, 2011. The rest of the lending book consists of commercial and industrial (accounting for 25% 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 20% of total assets. Transaction and money market accounts accounted for 42% of total deposits at March 31, 2011, with certificates of deposit (CDs) at 9%, and brokered CDs at 49%.

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 3.2% compared to a median increase of 1.6% 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 51% in 2011 (versus a discount of 50% at the time of our last report on March 21, 2011) and of 49% in 2012, based upon our FBIZ EPS estimates. 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 0.59X versus the industry median of 0.75X. This represents a 21% discount, or 3 percentage points better than FBIZ's average historical discount of roughly 24% since the end of 2005.

Applying the 0.59X ratio to our estimated book value for FBIZ one year out results in a price target of approximately $14.25. When combined with the Company's current dividend yield, our new target price for FBIZ represents a total return of approximately 11%, consistent 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	**(3.2)**	**10.5**	**6.8**	**6.2**	**13.5**	**0.59**	**6.6**	**6.1**	**0.33**	**0.34**	**2.2**
S&P 500	7.9	18.5	14.3	13.2	17.9	3.7	24.9	-----	9.7	-----	1.8
Median	**1.6**	**14.2**	**13.9**	**12.2**	**16.1**	**0.75**	**4.4**	**4.4**	**0.40**	**0.35**	**-----**
Average	4.4	17.3	17.6	13.4	19.6	0.8	(2.9)	1.4	0.15	0.30	1.3
High	83.5	39.2	44.5	29.9	44.5	1.8	15.6	15.8	2.19	2.54	6.6
Low	(89.8)	6.4	7.2	5.7	10.1	0.0	(150.5)	(30.1)	(3.56)	(1.78)	-----

*Trailing twelve months

First Business Financial Services, Inc.

Income Statement and Balance Sheet

(Dollars in millions, except per share data)

Summary Financial Data	12/06	12/07	12/08	12/09	12/10	12/11 E	12/12E
Net interest income	18.9	23.2	26.3	28.1	32.0	34.4	35.7
Non-interest income	3.7	4.4	5.1	6.4	6.7	6.9	7.2
Total net revenue	22.6	27.6	31.4	34.5	38.7	41.3	42.9
Loan loss provision	1.5	2.9	4.3	8.2	7.0	6.7	6.3
Non-interest expense	15.7	19.7	21.9	24.5	25.7	27.3	28.5
Income taxes & other	1.7	1.7	2.1	0.8	2.4	2.3	2.6
Zacks adjusted income before NRI	3.7	3.3	3.1	1.0	3.6	5.0	5.5
GAAP net income	3.7	3.3	3.1	1.0	0.9	5.0	5.5
Diluted EPS before NRI	1.52	1.32	1.28	0.41	1.42	1.90	2.10
Reported EPS	1.52	1.32	1.28	0.41	0.37	1.90	2.10
Dividends per share	0.24	0.26	0.28	0.28	0.28	0.28	0.28
Liquid assets	119.3	114.9	132.8	235.0	204.2	221.1	222.4
Loans & leases, gross	648.3	781.6	852.8	854.5	878.0	899.4	964.0
Total assets	788.3	918.4	1,010.8	1,117.4	1,107.1	1,152.2	1,235.0
Core deposits	604.3	703.6	746.4	942.2	949.1	990.7	1,051.5
Purchased funds	88.4	105.0	129.5	58.2	41.2	45.0	45.0
Long-term debt	40.5	49.5	67.8	51.8	49.8	50.0	50.0
Shareholders' equity	45.8	48.6	53.0	54.4	55.3	59.4	64.1
Profitability							
Return on avg assets	0.54%	0.39%	0.32%	0.10%	0.33%	0.44%	0.46%
Return on avg equity	8.65%	6.86%	6.11%	1.90%	6.46%	8.62%	8.88%
Net interest margin	2.87%	2.87%	2.81%	2.77%	3.04%	3.14%	3.11%
Loan loss provision % avg assets	0.22%	0.35%	0.44%	0.78%	0.64%	0.60%	0.53%
Noninterest income % avg assets	0.53%	0.53%	0.53%	0.61%	0.61%	0.61%	0.60%
Noninterest expense % avg assets	2.27%	2.34%	2.26%	2.33%	2.33%	2.42%	2.39%
Preprovision pretax income % avg assets	1.00%	0.95%	0.98%	0.95%	1.18%	1.24%	1.21%
Tangible efficiency ratio	69%	71%	70%	72%	66%	66%	66%
Payout ratio	16%	20%	22%	66%	75%	15%	13%
Asset Quality							
Net charge-offs % avg loans	(0.00)%	0.19%	0.28%	0.69%	0.57%	0.57%	0.54%
Allowance % loans	1.28%	1.26%	1.39%	1.65%	1.85%	2.00%	2.00%
NPAs % loans & related assets	0.17%	1.22%	2.25%	3.45%	4.56%	4.45%	3.90%
Allowance % NPAs	748%	103%	61%	48%	41%	45%	51%
Liquidity & Funding							
Liquid assets % purchased funds	135%	109%	103%	404%	496%	491%	494%
Core deposits % loans	93%	90%	88%	110%	108%	110%	109%
Liquid assets % assets	15%	13%	13%	21%	18%	19%	18%
Loans % assets	82%	85%	84%	76%	79%	78%	78%
Capital Adequacy							
Total equity % assets	5.80%	5.29%	5.24%	4.87%	5.00%	5.15%	5.19%
Tangible equity % assets	5.47%	5.00%	4.98%	4.63%	5.00%	5.15%	5.19%
Tier 1 capital ratio	6.24%	5.42%	6.48%	6.61%	6.65%		
Total capital ratio	10.40%	10.22%	12.00%	12.15%	11.23%		
Parent Company Statistics							
Interest coverage	(0.9)X	(1.1)X	(0.9)X	0.3X	0.2X	0.3X	0.3X
Interest & dividend coverage	(0.7)X	(0.9)X	(0.7)X	0.2X	0.2X	0.3X	0.3X
Short-term debt coverage	19.2X	16.9X	Lge	Lge	Lge	Lge	Lge
Total debt coverage	1.4X	1.1X	0.9X	1.0X	1.0X	1.1X	1.3X
Double leverage	150.2%	169.1%	185.6%	187.0%	189.5%	184.9%	179.8%

First Business Financial Services, Inc.

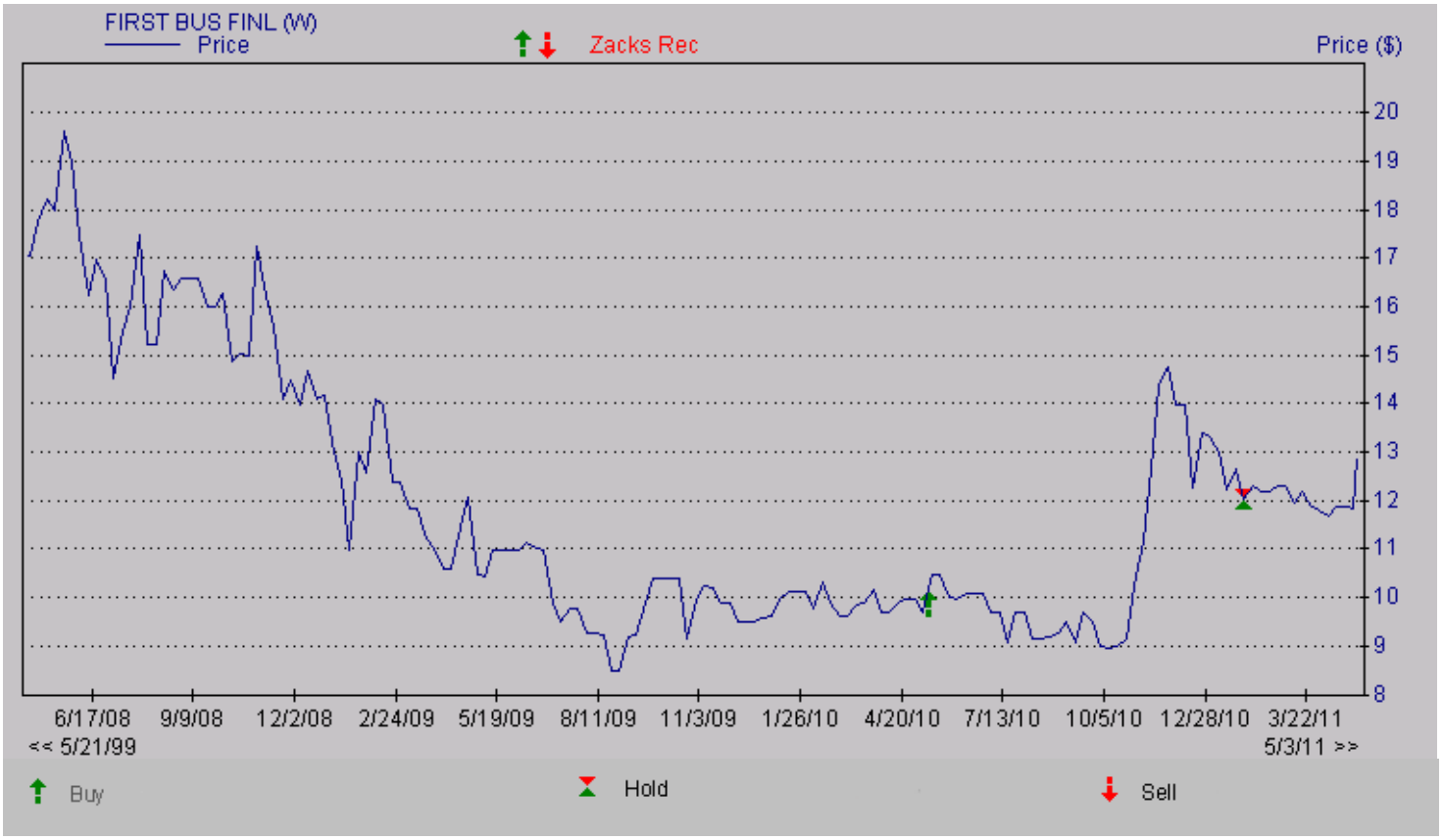
Income Statement and Balance Sheet

(Dollars in millions, except per share data)

	2010				2011			
Summary Financial Data	**Q1 A**	**Q2 A**	**Q3 A**	**Q4 A**	**Q1 A**	**Q2 E**	**Q3 E**	**Q4 E**
Net interest income	7.9	7.7	8.1	8.3	8.5	8.6	8.7	8.7
Non-interest income	1.6	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Total net revenue	9.5	9.4	9.8	10.0	10.2	10.3	10.4	10.4
Loan loss provision	1.3	1.1	1.9	2.7	1.4	1.5	1.6	2.3
Non-interest expense	6.5	6.5	6.4	6.2	6.8	6.8	6.8	6.9
Income taxes & other	0.8	0.6	0.5	0.5	0.7	0.7	0.6	0.3
Zacks adjusted income before NRI	0.9	1.2	1.0	0.6	1.3	1.3	1.4	0.9
GAAP net income	0.9	(1.5)	1.0	0.6	1.3	1.3	1.4	0.9
Diluted EPS before NRI	0.35	0.46	0.38	0.24	0.52	0.52	0.53	0.33
Reported EPS	0.35	(0.60)	0.38	0.24	0.52	0.52	0.53	0.33
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	220.1	220.5	220.8	221.1
Loans & leases, gross	855.2	845.0	879.9	878.0	868.7	873.0	886.1	899.4
Total assets	1,101.8	1,073.9	1,122.8	1,107.1	1,112.9	1,118.4	1,135.2	1,152.2
Core deposits	922.3	896.4	955.9	949.1	956.9	961.7	976.1	990.7
Purchased funds	60.2	60.2	44.2	41.2	39.2	45.0	45.0	45.0
Long-term debt	49.8	49.8	49.8	49.8	49.8	50.0	50.0	50.0
Shareholders' equity	55.5	54.3	55.5	55.3	56.3	57.5	58.7	59.4
Profitability								
Return on avg assets*	0.33%	0.43%	0.35%	0.21%	0.48%	0.48%	0.49%	0.31%
Return on avg equity *	6.46%	8.22%	6.96%	4.21%	9.62%	9.47%	9.48%	6.00%
Net interest margin	3.00%	2.96%	3.12%	3.08%	3.14%	3.15%	3.15%	3.12%
Loan loss provision % avg assets*	0.49%	0.39%	0.72%	0.95%	0.50%	0.54%	0.56%	0.79%
Noninterest income % avg assets*	0.59%	0.62%	0.61%	0.63%	0.59%	0.62%	0.62%	0.61%
Noninterest expense % avg assets*	2.39%	2.40%	2.33%	2.21%	2.39%	2.45%	2.42%	2.41%
Preprovision pretax inc.% avg assets*	1.07%	1.05%	1.26%	1.35%	1.20%	1.25%	1.28%	1.24%
Tangible efficiency ratio	69%	70%	65%	62%	67%	66%	65%	66%
Payout ratio	19%	(11)%	18%	30%	13%	14%	13%	21%
Asset Quality								
Net charge-offs % avg loans*	0.06%	0.62%	0.64%	0.95%	0.40%	0.51%	0.55%	0.81%
Allowance % loans	1.79%	1.79%	1.78%	1.85%	1.93%	1.97%	1.98%	2.00%
NPAs % loans & related assets	3.85%	3.87%	3.65%	4.56%	4.77%	4.68%	4.56%	4.45%
Allowance % NPAs	47%	46%	49%	41%	40%	42%	43%	45%
Liquidity & Funding								
Liquid assets % purchased funds	364%	337%	492%	496%	561%	490%	491%	491%
Core deposits % loans	108%	106%	109%	108%	110%	110%	110%	110%
Liquid assets % assets	20%	19%	19%	18%	20%	20%	19%	19%
Loans % assets	78%	79%	78%	79%	78%	78%	78%	78%
Capital Adequacy								
Total equity % assets	5.04%	5.06%	4.94%	5.00%	5.06%	5.14%	5.17%	5.15%
Tangible equity % assets	4.80%	5.05%	4.94%	5.00%	5.06%	5.14%	5.17%	5.15%
Tier 1 capital ratio	6.71%	6.82%	6.59%	6.65%	6.92%			
Total capital ratio	12.25%	11.48%	11.15%	11.23%	11.64%			

*Annualized.

HISTORICAL ZACKS RECOMMENDATIONS



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