

Stephens Bank Research

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1Q22 Earnings Trends

High Level 1Q22 Earning Trends

1Q22 Results	100 of the 100 largest banks have reported				
Company Level Medians	1Q21	2Q21	3Q21	4Q21	1Q22
Balance Sheet Q/Q					
Ann'l Deposit Growth	20.0%	7.0%	9.5%	8.5%	3.5%
Ann'l Loan Growth	0.3%	(3.6%)	(3.1%)	9.0%	7.4%
Income Statement YoY					
NII Growth	2.2%	2.9%	3.8%	2.3%	4.9%
Fee Income Growth	20.4%	8.7%	1.2%	2.9%	(4.0%)
Revenue Growth	6.6%	3.8%	2.3%	3.0%	2.6%
Expense Growth	4.8%	6.0%	3.9%	5.4%	6.0%
PPNR Growth	11.0%	5.8%	1.8%	(0.2%)	(1.5%)
EPS Growth	101.0%	67.7%	25.4%	9.9%	(13.4%)
Capital					
CET1	11.9%	11.8%	11.8%	11.7%	11.5%
TCE/TA	8.3%	8.3%	8.2%	8.0%	7.6%
Profitability					
NIM	3.02%	2.91%	2.81%	2.78%	2.80%
ROA	1.39%	1.33%	1.28%	1.15%	1.07%
ROE	9.1%	10.5%	10.8%	10.8%	10.4%
Efficiency Ratio	57.5%	57.2%	57.5%	59.2%	59.1%
Asset Quality					
NCOs	0.11%	0.07%	0.06%	0.07%	0.05%
NPAs	0.35%	0.32%	0.28%	0.26%	0.25%
LLR Ratio	1.42%	1.33%	1.26%	1.20%	1.17%

1Q22 Results	100 of the 100 largest banks have reported				
	1Q21	2Q21	3Q21	4Q21	1Q22
Consensus Estimates					
% Beat Deposits	93%	78%	83%	68%	67%
% Beat Loans	70%	56%	51%	70%	72%
% Beat NII	49%	62%	72%	66%	73%
% Beat Fees	74%	68%	74%	60%	44%
% Beat Revenue	69%	70%	78%	64%	62%
% Beat Expenses	47%	39%	25%	29%	50%
% Beat PPNR	74%	67%	76%	45%	59%
% Beat LLP	99%	93%	85%	75%	73%
% Beat EPS	94%	91%	90%	72%	79%
% Beat CET1	61%	57%	38%	45%	27%
% Beat TCE/TA	12%	43%	18%	36%	11%
% Beat NIM	27%	36%	57%	40%	62%
% Beat ROA	94%	87%	85%	65%	75%
% Beat ROE	80%	72%	74%	72%	81%
% Beat NCO	95%	91%	89%	77%	91%
% Beat NPA	91%	90%	79%	80%	71%
% Beat LLR	9%	16%	32%	14%	22%

Super Regional Coverage List / Valuation Table – Terry McEvoy, CFA

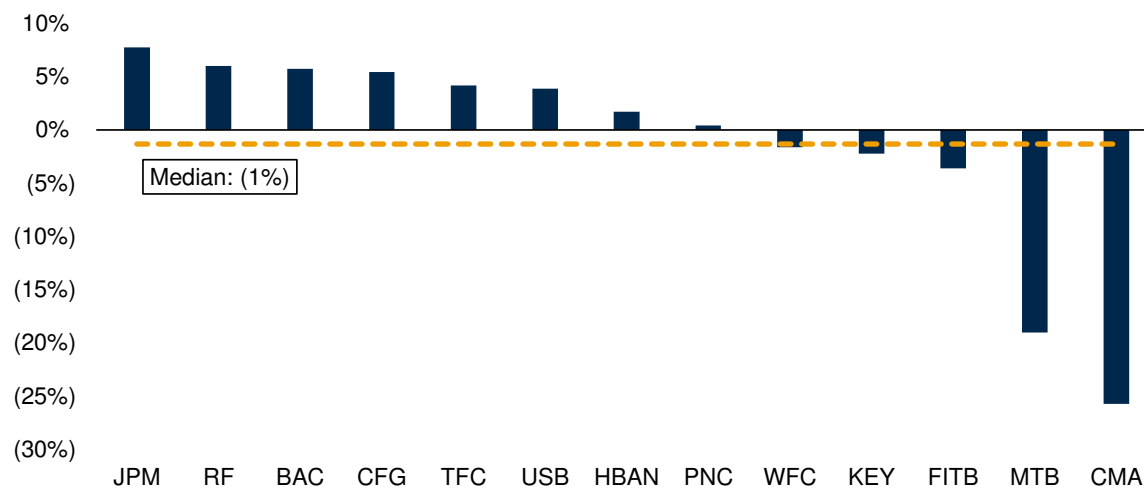
Super Regionals Valuation Table

Company	Ticker	Price	Coverage		Price /		Market Cap. ¹ /		Price /		'23 Profitability Levels			Capital	PPNR Growth	
			Rating	PT	'22 EPS	'23 EPS	'22 PPNR	'23 PPNR	BV	TBV	ROA	ROTCE	Efficiency	'21 TCE / TA	2022	2023
First Republic Bank	FRC	\$ 138.76	OW	\$204.00	16.0x	13.9x	10.1x	8.8x	2.0x	2.1x	0.85%	12.5%	61.4%	6.7%	22.2%	14.3%
PNC Financial Services Group, Inc.	PNC	\$ 154.27	EW	\$210.00	10.9x	9.3x	8.0x	6.6x	1.3x	1.6x	1.17%	21.9%	58.0%	6.0%	28%	21%
U.S. Bancorp	USB	\$ 47.96	EW	\$62.00	10.6x	8.9x	7.1x	5.6x	1.5x	2.1x	1.26%	22.7%	55.0%	5.2%	16%	26%
Truist Financial Corporation	TFC	\$ 45.94	OW	\$74.00	9.6x	8.3x	6.9x	5.5x	1.0x	1.8x	1.33%	22.6%	55.2%	5.9%	24%	24%
Zions Bancorporation, N.A.	ZION	\$ 52.78	EW	\$64.00	9.3x	8.2x	6.7x	5.7x	1.1x	1.3x	1.00%	18.4%	57.8%	5.4%	-1%	18%
Fifth Third Bancorp	FITB	\$ 35.57	EW	\$53.00	9.5x	8.1x	6.5x	5.4x	1.2x	1.6x	1.41%	20.1%	52.4%	6.9%	19%	20%
Huntington Bancshares Incorporated	HBAN	\$ 12.86	OW	\$17.00	8.6x	8.0x	6.3x	5.4x	1.7x	1.6x	1.28%	18.7%	54.7%	6.7%	80%	17%
Regions Financial Corporation	RF	\$ 19.50	EW	\$24.00	8.7x	7.8x	6.1x	5.4x	1.1x	1.7x	1.43%	22.9%	53.7%	6.3%	9%	14%
Comerica Incorporated	CMA	\$ 75.25	OW	\$108.00	9.8x	7.3x	7.0x	5.1x	1.3x	1.4x	1.46%	21.6%	51.2%	6.7%	28%	36%
KeyCorp	KEY	\$ 18.47	EW	\$25.00	7.9x	7.1x	5.5x	5.0x	1.1x	1.3x	1.34%	19.8%	56.8%	6.2%	10%	11%
Citizens Financial Group, Inc.	CFG	\$ 38.11	OW	\$59.00	8.1x	6.9x	6.5x	5.2x	0.8x	1.1x	1.14%	16.4%	53.9%	6.8%	32%	25%
Total Average	10 Banks				9.3x	8.0x	6.7x	5.5x	1.2x	1.6x	1.28%	20.5%	54.9%	6.2%	24%	21%

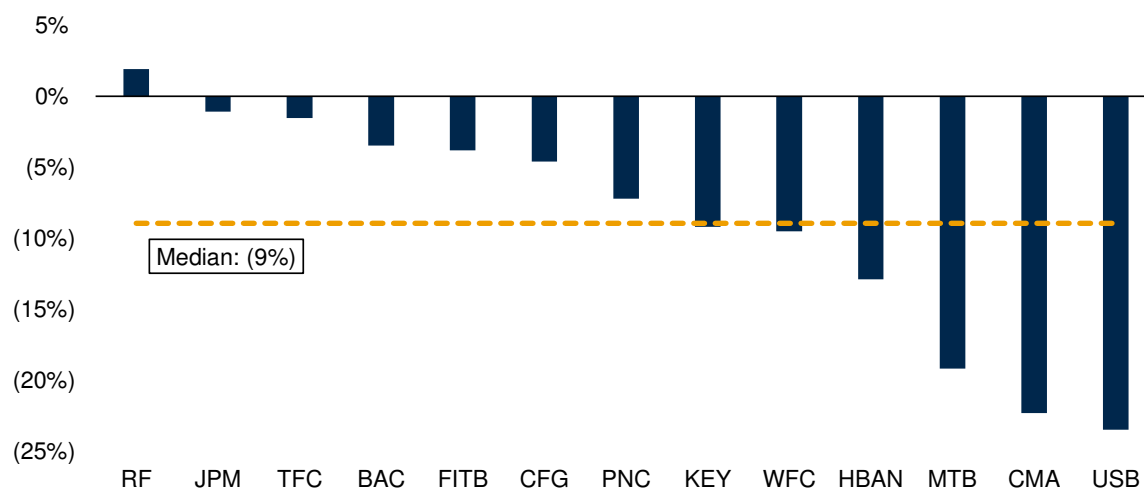
Super Regional Banks: Deposit Trends

Non-interest bearing deposit run-off drove deposit contraction

1Q22 Annualized Average Deposit Growth



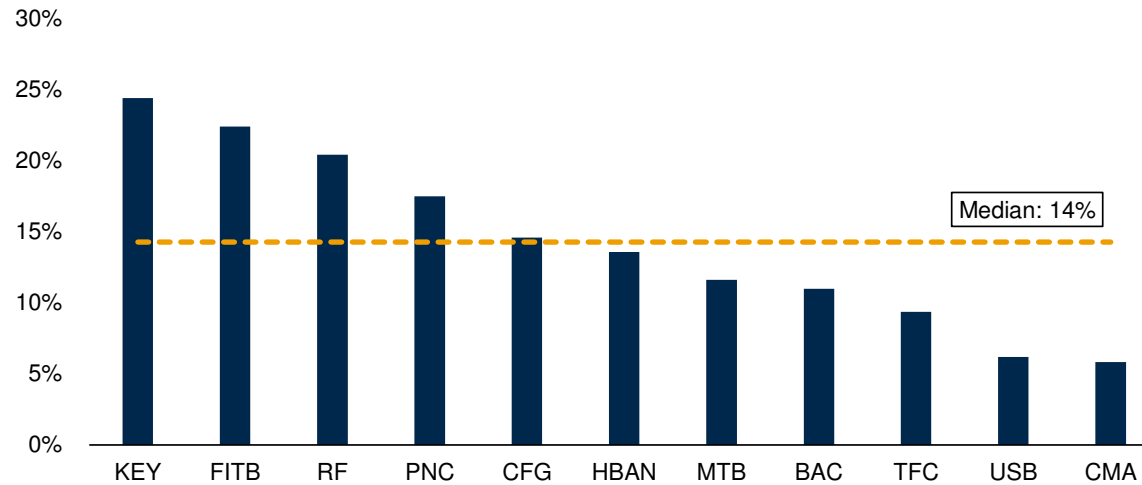
1Q22 Annualized Average Non-interest Bearing Deposit Growth



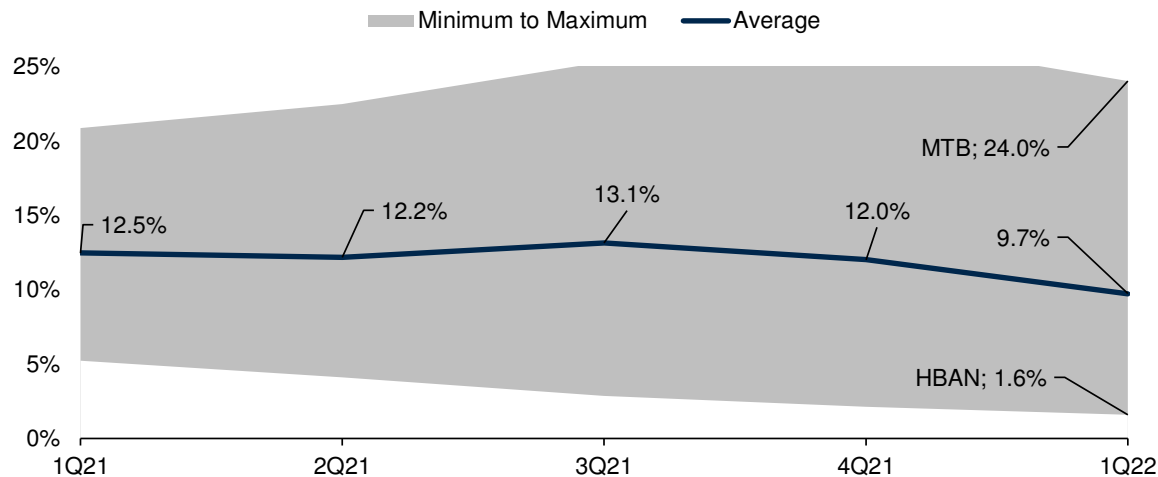
Super Regional Banks: Absorbing Excess Liquidity

Excess liquidity is declining as commercial loan growth returns

1Q22 Annualized C&I Growth ex. PPP



Interest-bearing Cash to Assets



Ticker	Cash to Assets
MTB	24.0%
JPM	18.4%
RF	15.7%
CMA	13.6%
FITB	9.7%
PNC	9.0%
WFC	9.0%
BAC	7.5%
USB	7.0%
CFG	4.5%
TFC	4.3%
KEY	2.1%
HBAN	1.6%

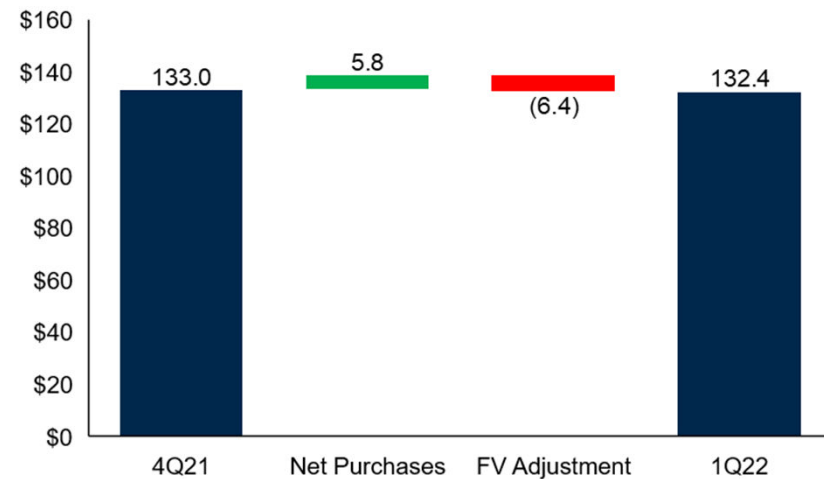
Super Regional Banks: Security Portfolio Trends

Companies securities purchases were partially offset by reduced market values

Period-end Securities Balances (\$mil.) and Annualized Growth

Ticker	4Q21	1Q22	Growth
MTB	7,156	9,357	123%
FITB	39,006	49,520	108%
CMA	16,986	18,810	43%
HBAN	41,601	43,472	18%
RF	29,380	30,248	12%
JPM	672,232	679,460	4%
WFC	537,531	535,916	(1%)
PNC	132,962	132,411	(2%)
BAC	982,627	969,800	(5%)
CFG	28,309	27,375	(13%)
USB	174,821	167,247	(17%)
KEY	52,903	50,552	(18%)
TFC	154,617	146,415	(21%)
Average	---	---	18%

Change in Period-end Securities Balance (\$bil.) Example: PNC



PNC's period-end securities fell Q/Q as the fair value adjustment offset the company's net purchases.

Super Regional Banks: Deposit Beta Commentary

Management commentary suggests in-line to lower deposit betas this cycle

Management Commentary

Ticker	Commentary
CFG	"...we expect our interest-bearing beta to be about 35% over this rate cycle, which is meaningfully lower than the last cycle. " - Vice Chairman & CFO, John Woods
CMA	"We still feel with all the liquidity and the economy that the first several hikes will be below 10%. " - CFO & EVP, Jim Herzog
FITB	"We expect deposit betas of around 15% on the first 125 basis points of Fed rate hikes..." - CFO & EVP, Jim Leonard
HBAN	"...we expect deposit betas of approximately 25% over the first 200 basis points this cycle compared to the mid-30s last cycle. " - CFO & EVP, Jim Leonard
KEY	"Yes, its [through-cycle beta] about 30%. That's what we saw in the last cycle, which was baked into our modeling in general." - CFO & Senior EVP, Zach Wasserman
PNC	"Our current rate outlook follows the forward curve and a beta assumptions beginning in the high-single digits in the second quarter and trending toward the 30% level later in 2022. " - Vice Chairman, CFO & Chief Administrative Officer, Don Kimble
RF	"So the full year in regard to the betas relative to what we expected at the beginning of the year, we have increased our betas consistent with the increase in the Fed rate hikes forecast. Along the lines of what we saw in the last cycle, maybe a little bit less just because we're working off such high levels. Very quiet - as you pointed out, very quiet on the first 100 basis points or so, but showing up - if our rate forecast is correct, showing up in the third and fourth quarter. " - CFO & EVP, Rob Reilly
TFC	"2/3's of pandemic-related deposit growth is assumed to have a 70% deposit beta which includes approx. \$5-\$10B of total deposit balance reduction in 2022 attributable to tightening monetary policy." - 1Q22 Earnings Presentation
USB	"The deposit betas we talked about earlier, we have those being phased in, and that's built into these numbers. So we're expecting 25% in the first 100, 35 in the next 100 and then 50 after that. " - CFO & Senior EVP, Daryl Bible
MTB	"But our expectation, especially early in the cycle, is that betas will move relativeley slow. And then as we get further into the development of the cycle, it will start to accelerate a bit. But to kind of give you some perspective, we would expect, probably through the full cycle of 2022, that betas on the consumer side will be less than 10% and then maybe slightly higher than that on a terminal basis. On the institutional side, we would expect through the 2022 cycle somewhere between 50% and 60% with a terminal level that's maybe a little bit higher than that." - CFO, Terry Dolan
BAC	"But really, we think the first 100 has relatively low deposit betas probably in the 10% to 15% range, probably towards the bottom end of that. " - CFO & Senior EVP, Darren King
JPM	"...unless there's a meaningful change in that position or meaningful loan growth you probably have deposit betas that are at the lower end of what we saw in the last tightening cycle." - CFO & Senior EVP, Darren King
WFC	"So we normally take a look at our deposit betas over the course of history. And if you go back to the last 3 out cycle, '15 through '19, on average, you can't - it's obviously, very different by account and line of business and client. But on average, it was somewhere between 20% and 25% for Bank of America. " - CFO, Alastair Borthwick
	"And the beta effectively, we don't expect to be that different than was in the past. There are a lot of pluses and minuses. You can argue a whole bunch of different ways, but the fact it won't be that much different, at least the first 100 basis point increase." - Chairman & CEO, Jamie Dimon
	"And so we've seen the least rate-sensitive deposits on the retail side and the consumer side growth as a percentage of the overall deposit base. And so that's definitely going to help lower the average betas that we'll see relative to what we saw in the last cycle. " - CFO & Senior EVP, Mike Santomassimo

Super Regional Banks: Deposit Growth Commentary

Management commentary suggests muted deposit growth in 2022

Management Commentary

Ticker	Commentary
CFG	"...deposits have grown consistently over the last several decades under a number of different macroeconomic scenarios even through quantitative tightening..." - Vice Chairman & CFO, John Woods "So we're optimistic that the industry as a whole and we, in particular, given our significantly expanded product capabilities, will be able to continue to drive really strong deposit growth on both consumer and commercial side." - Vice Chairman & CFO, John Woods
CMA	"So I think you'll see <u>deposits kind of languish just slightly down from where they're at now</u> , probably over the next couple of years is our best guess." - CFO & EVP, Jim Herzog "But certainly, the Fed actions will cast a shadow over deposit growth, and those will continue over the next couple of years, most likely." - CFO & EVP, Jim Herzog
FITB	"I think from a deposit activity standpoint, we expect <u>continued strong consumer deposit growth</u> . And then we're <u>forecasting and perhaps it's conservative, a runoff in the nonoperational deposits within the commercial book</u> is we're just not going to chase rate-sensitive non-relationship deposit balances." - CFO & EVP, Jim Leonard
HBAN	"I haven't provided that guidance precisely, but <u>I do expect continued, let's call it, mid-single-digit deposit growth overall.</u> " - CFO & Senior EVP, Zach Wasserman
KEY	"...as far as the average balance sheet growth year-over-year, I think that <u>low-single digits or about 2% growth is appropriate.</u> " - Vice Chairman, CFO & Chief Administrative Officer, Don Kimble
PNC	"Collectively, we think that's going to cause - will cause deposit growth to slow, but <u>we actually think deposit growth is going to be positive for the system and for us.</u> " - Chairman, President & CEO, Bill Demchak
RF	"So we were - we had expected the \$5 billion to \$10 billion of deposits to start flowing out in the first quarter. We have maintained some pretty conservative deposit assumptions. But if you look at the growth and where it came from, it was in our consumer book. We continue to grow accounts and continue to be - have a high level of primacy with our retail customer and so our deposit base is our competitive advantage, and it's been that way for a long time, and we're looking to leverage that as we get into this higher rate environment." - CFO & Senior EVP, Dave Turner
TFC	"But I think right now, I think it's not a huge impact on what we've had to pay and we still have the deposits growing for us, so noninterest-bearing growth from us in this past quarter as well." - CFO & Senior EVP, Daryl Bible
USB	"...we look at the information and kind of how we think it's going to end up affecting, not only us, but I think the industry, so you're going to see that <u>deposit growth is going to slow. But I do - our expectation is that certainly, that deposit levels overall will grow slowly.</u> " - CFO, Terry Dolan
MTB	"I guess we're not anticipating additional runoff in the deposit portfolio right now. We'll go through, I think, the first 100 basis point I think, for us and generally for the industry, given the loan-to-deposit ratios in the industry, the deposits are likely to be sticky, and we won't see much movement due to rates." - CFO & Senior EVP, Darren King
BAC	"We pinpointed the peak rate paid to customers during the quarter reflected of this Fed tightening. We then went back and looked at the 12 months preceding growth rate in deposits. And in fact, during that 12 months preceding the peak, deposits grew 5%, driven by organic growth engine, our market share gains and overall economic growth." - Chairman & CEO, Brian Moynihan
JPM	"So it's worth noting for starters, that, in general, <u>industry-wide loan growth outlook is quite robust, and that should be a tailwind for system-wide deposit growth.</u> " - CFO, Jeremy Barnum
WFC	"We continued to see median deposit balances above pre-pandemic levels, up approximately 25% compared to 2020 but down from the highs observed in 2021." - President, CFO & Director, Charlie Scharf

Super Regional Banks: Management's Deposit Beta Assumptions

Management's deposit beta assumptions for this cycle and actual betas last cycle

Ticker	Current Cycle	Prior Cycle
CFG	35%	43%
CMA	30%	35%*
FITB	Dynamic: 34% for +100 39% for +200 25% for -25	38%
HBAN	30%	30%
KEY	30%	38%*
PNC	---	34%*
RF	~70% for 2/3rds of surge deposits 30% for 1/3rd of surge deposits 25%-30% for legacy deposits	29%
TFC	Dynamic: 25% for first 100 35% for second 200 50% after that	34%*
USB	Dynamic: 10% for consumer in 2022 50%-60% for institutional in 2022	40%*
ZION	Total Deposit Beta: +100 = 16% +200 = 17%	18%
MTB	10%-15% for first 100 Low-end of last cycle after additional rate hikes	30%*
BAC	20%-25%	20%-25%

Midwest Coverage List / Valuation Table – Terry McEvoy, CFA

Mid-Cap Midwest Valuation Table

Company	Ticker	Price	Coverage		Market Cap (\$ mil.)	Total Assets (\$ mil.)	P / E		P / B		Div. Yield (%)	2022E	2023E		2023E	
			Rating	PT			2022E	2023E	BV	TBV		Efficiency	ROA	ROTC	TCE / TA	CET1
Commerce Bancshares, Inc.	CBSH	\$67.30	NE	NE	\$8,125	\$34,987	17.8x	16.4x	2.7x	2.9x	1.58%	56.1%	1.39%	15.8%	10.5%	14.9%
UMB Financial Corporation	UMBF	\$89.61	NE	NE	\$4,337	\$40,606	11.1x	10.6x	1.6x	1.7x	1.65%	60.6%	1.02%	12.2%	6.3%	11.8%
Wintrust Financial Corporation	WTFC	\$83.04	OW	\$116.00	\$4,756	\$50,251	10.3x	9.8x	1.2x	1.4x	1.63%	60.1%	0.96%	12.7%	8.0%	9.4%
First Financial Bancorp.	FFBC	\$20.16	EW	\$26.00	\$1,904	\$16,009	10.1x	9.4x	0.9x	1.8x	4.55%	60.4%	1.24%	17.1%	8.1%	11.1%
Associated Banc-Corp	ASB	\$19.60	EW	\$24.00	\$2,939	\$35,104	10.6x	8.9x	0.8x	1.1x	4.07%	59.6%	0.87%	11.7%	7.7%	9.9%
First Merchants Corporation	FRME	\$38.82	OW	\$52.00	\$2,307	\$15,465	10.5x	8.8x	1.1x	1.7x	3.25%	50.3%	1.38%	17.3%	8.7%	11.8%
Old National Bancorp	ONB	\$15.42	OW	\$19.00	\$4,517	\$45,923	9.1x	7.9x	0.9x	1.6x	3.62%	52.0%	1.23%	17.1%	7.9%	11.0%
Heartland Financial USA, Inc.	HTLF	\$41.55	OW	\$59.00	\$1,760	\$19,239	9.2x	7.6x	1.0x	1.4x	2.59%	56.2%	1.19%	16.4%	8.0%	12.4%
Total	8 Banks															
Average of 7 Peer Banks					\$3,831	\$32,198	11.1x	9.9x	1.3x	1.7x	2.87%	56.9%	1.16%	15.0%	8.1%	11.5%

Small-Cap Midwest Valuation Table

Company	Ticker	Price	Coverage		Market Cap (\$ mil.)	Total Assets (\$ mil.)	P / E		P / B		Div. Yield (%)	2022E	2023E		2023E	
			Rating	PT			2022E	2023E	BV	TBV		Efficiency	ROA	ROTC	TCE / TA	CET1
Lakeland Financial Corporation	LKFN	\$70.64	EW	\$79.00	\$1,790	\$6,572	17.7x	17.7x	3.0x	3.0x	2.29%	44.5%	1.55%	15.1%	10.7%	14.8%
Farmers & Merchants Bancorp, Inc.	FMAO	\$38.86	EW	\$39.00	\$508	\$2,686	14.9x	14.9x	1.8x	2.3x	1.96%	55.0%	1.23%	14.6%	9.5%	16.3%
Stock Yards Bancorp, Inc.	SYBT	\$52.49	EW	\$57.00	\$1,534	\$7,777	13.8x	13.8x	2.0x	2.9x	2.08%	52.5%	1.43%	17.0%	9.1%	11.8%
Byline Bancorp, Inc.	BY	\$23.08	EW	\$26.00	\$872	\$6,835	10.0x	10.0x	1.4x	1.4x	1.55%	57.3%	1.24%	12.4%	10.9%	11.2%
First Mid Bancshares, Inc.	FMBH	\$36.18	OW	\$42.00	\$739	\$6,632	9.5x	9.6x	1.1x	1.5x	2.42%	60.3%	1.15%	13.3%	7.6%	12.4%
Nicolet Bankshares, Inc.	NCBS	\$75.88	OW	\$113.00	\$1,016	\$7,320	10.5x	9.6x	1.2x	2.0x	NA	51.1%	1.37%	16.9%	11.0%	11.9%
Equity Bancshares, Inc. Class A	EQBK	\$30.94	OW	\$41.00	\$504	\$5,079	9.4x	9.2x	1.1x	1.3x	1.03%	63.1%	1.03%	12.8%	8.5%	11.7%
First Busey Corporation	BUSE	\$22.00	OW	\$28.00	\$1,216	\$12,568	10.2x	9.2x	1.0x	1.4x	4.17%	60.3%	1.04%	15.4%	7.5%	11.6%
Finward Bancorp	FNWD	\$38.40	OW/Vol.	\$52.00	\$165	\$2,098	8.3x	8.1x	1.0x	1.3x	3.22%	62.2%	0.96%	13.9%	7.3%	11.9%
MidWestOne Financial Group, Inc.	MOFG	\$28.63	EW	\$34.00	\$449	\$5,960	7.3x	7.7x	0.9x	1.1x	3.30%	61.0%	0.88%	12.2%	7.2%	9.8%
Civista Bancshares, Inc.	CIVB	\$20.83	OW	\$28.00	\$304	\$3,184	9.1x	7.7x	0.9x	1.3x	2.69%	61.6%	1.17%	15.5%	7.9%	12.5%
Horizon Bancorp, Inc.	HBNC	\$17.07	OW	\$23.00	\$744	\$7,420	7.4x	7.1x	1.1x	1.5x	3.50%	55.4%	1.35%	17.0%	8.6%	13.4%
Midland States Bancorp, Inc.	MSBI	\$25.31	EW	\$31.00	\$558	\$7,339	6.7x	6.7x	0.9x	1.2x	4.61%	55.0%	1.10%	16.2%	7.2%	8.4%
Total	13 Banks															
Mean							10.4x	10.1x	1.3x	1.7x	2.73%	56.9%	1.19%	14.8%	8.7%	12.1%

Midwest Banks: Overweight Rated Conviction List

Overweight Rated Midwest Bank Conviction List

Rank	Company Name	Ticker	Rating	Price	Price Target	Difference (%)	Market Cap (mil.)	Our Quick Thoughts
1	First Busey Corporation	BUSE	Overweight	\$21.87	\$28.00	28.0%	\$1,220	Outsized opportunities to expand highly-valued wealth management business and FirstTech (revenue up 16% YoY). Organic loan growth over the last four quarters. Conservative credit culture.
2	First Merchants Corporation	FRME	Overweight	\$38.83	\$52.00	33.9%	\$2,339	High-performing and sustainable business model produced above-consensus results in 1Q22, bullish on the opportunities in southeast Michigan following the closing of Level One, high ACL ratio (2.09%) and above-peer rate sensitivity.
3	Old National Bancorp	ONB	Overweight	\$18.38	\$19.00	3.4%	\$3,078	Decreased concern about cultural mis-match and increased potential for incremental hires in Chicago given Old National's stability, size, and scope of the company. Above peer profitability and low relative valuation to peers.
4	First Mid Bancshares, Inc.	FMBH	Overweight	\$36.33	\$42.00	15.6%	\$745	Strength in insurance and wealth management fees contributed to PPNR upside in 1Q22, higher farm land values, lower deposit beta profile and cost savings from Delta deal (conversion mid-June).
5	Heartland Financial USA, Inc.	HTLF	Overweight	\$41.22	\$59.00	43.1%	\$1,768	Commercial loans and new customers (14.9% Q/Q annualized and 322, respectively last quarter) and the strategic benefits of the charter consolidation stand out to us today. Management has a balanced view between evaluating acquisitions and adding new bankers/markets.
6	Civista Bancshares, Inc.	CIVB	Overweight	\$20.48	\$28.00	36.7%	\$304	Mid-single-digit loan growth targeted in 2022, repurchasing shares, Columbus market has outsized growth potential, and pending merger with Henry County Bank adds scale in the attractive Toledo market.
7	Equity Bancshares, Inc. Class A	EQBK	Overweight	\$31.04	\$41.00	32.1%	\$504	Solid Op. EPS and PPNR beat in 1Q22, organic loan growth accelerated (~14% annualized), credit trends showed convincing improvement, and smart reserve build.
8	Horizon Bancorp, Inc.	HBNC	Overweight	\$17.00	\$23.00	35.3%	\$746	New commercial hires impacted growth in 1Q22, and the company raised its 2022 outlook to 10%-14% growth for commercial and consumer loans. Closing seven branches later this year should help support growth and technology initiatives.
9	Nicolet Bankshares, Inc.	NCBS	Overweight	\$75.97	\$113.00	48.7%	\$1,023	The benefits of a consistent relationship-based operating strategy and the two bank acquisitions last year positively impacted earnings. Deals didn't slow organic growth (core loans in 1Q22 up 6.8% annualized) ROA and ROTCE are forecasted to be peer-leading at 1.37% and 16.9%, respectively, in 2022.
10	Wintrust Financial Corporation	WFC	Overweight	\$82.57	\$116.00	40.5%	\$4,790	High-single-digit organic loan growth and outsized NIM expansion position Wintrust well for 2022 and 2023. 50%+ of loans should reprice over the next three months. An MSR gain helped partially offset the change in AOCI with TBV only falling 0.5% Q/Q.
11	Finward Bancorp	FNWD	Overweight/Vol.	\$38.40	\$52.00	35.4%	\$165	Strategic build-out in Chicago accelerated by the acquisition of Royal Financial, strength in loan growth and pipelines, and differentiated digital platform. TBV decline received attention (down 27% Q/Q) with ~5% related to the acquisition.

Midwest Banks: Earning Assets Trends

Excess Liquidity Absorbed as Loans and Securities Increase

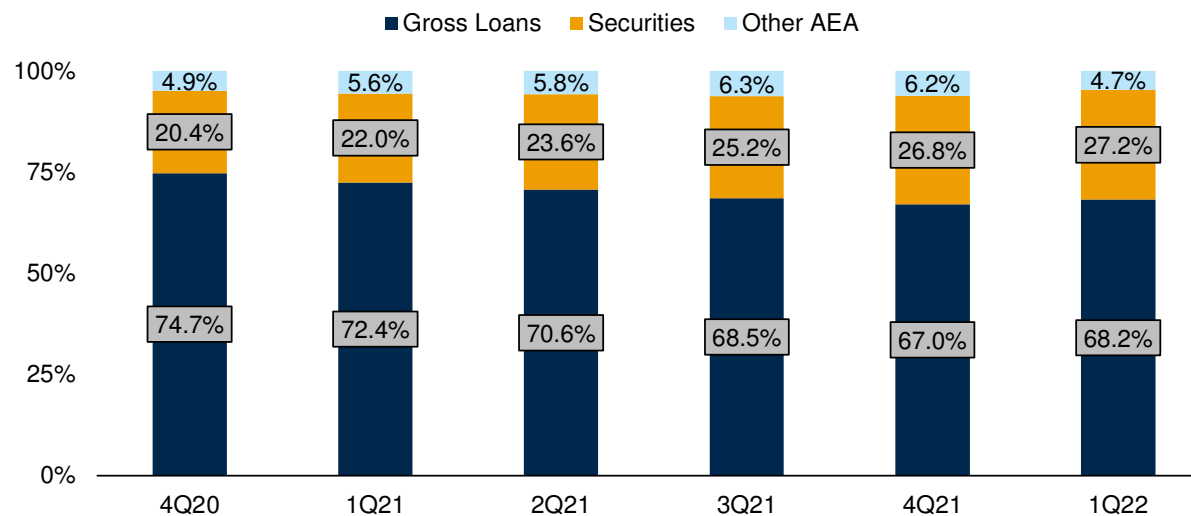
Annualized Loan Growth ex. PPP

Ticker	1Q21	2Q21	3Q21	4Q21	1Q22
BY	3.7%	15.7%	37.0%	8.1%	28.1%
MSBI	(23.9%)	(4.5%)	13.5%	28.4%	24.7%
FMAO	7.2%	20.9%	19.7%	11.7%	22.7%
HTLF	(8.1%)	12.4%	11.6%	12.4%	14.7%
EQBK	6.8%	26.7%	7.0%	19.0%	13.9%
FNWD	1.2%	5.0%	1.7%	9.6%	13.5%
HBNC	(27.5%)	(7.3%)	1.0%	2.4%	12.7%
SYBT	3.3%	10.9%	13.9%	7.0%	11.5%
CIVB	(4.9%)	10.6%	11.6%	6.1%	10.4%
FRME	0.0%	6.7%	5.8%	13.4%	7.2%
NCBS	1.4%	7.2%	(16.3%)	15.7%	7.1%
LKFN	(14.3%)	6.8%	(1.1%)	10.9%	7.0%
WTFC	6.6%	11.3%	13.6%	23.5%	6.7%
BUSE	(7.2%)	32.9%	10.5%	8.3%	6.2%
ASB	(5.6%)	3.8%	(1.8%)	11.8%	5.1%
FMBH	(25.8%)	(5.7%)	28.3%	9.4%	3.8%
MOFG	(14.0%)	(2.0%)	10.9%	(1.3%)	3.3%
ONB	(1.7%)	8.2%	5.1%	5.6%	1.0%
FFBC	(2.9%)	(5.9%)	3.4%	1.9%	(1.3%)
Average	(5.6%)	8.1%	9.2%	10.7%	10.4%

Key Takeaways

- Loan growth accelerated in 1Q22 with C&I behind the strength.
- The Midwest banks utilized their excess cash to fund loan growth and deployed more into the securities portfolio.

Average Midwest Earning Asset Mix



Midwest Banks: Deposit Trends

Non-interest Bearing Deposits Remained Elevated for the Midwest Banks

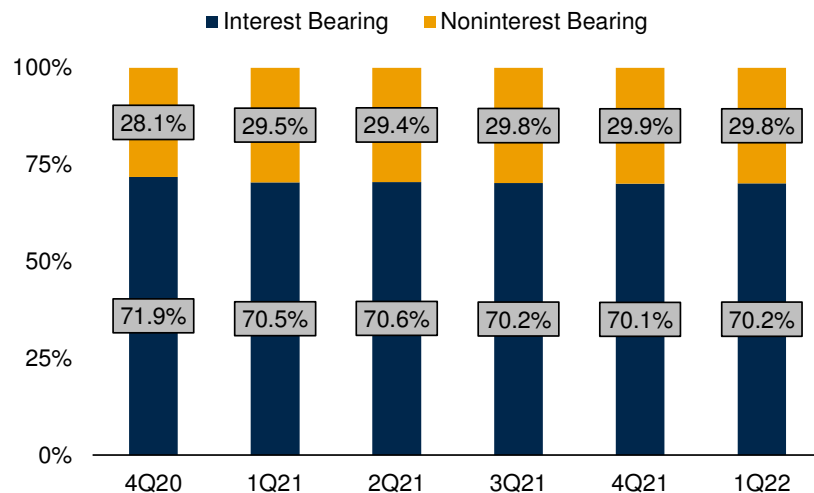
Annualized Deposit Growth

Ticker	1Q21	2Q21	3Q21	4Q21	1Q22
CIVB	52.3%	(11.8%)	5.3%	(3.0%)	32.8%
BY	22.9%	5.4%	5.2%	(0.3%)	29.1%
FMAO	22.0%	12.8%	2.6%	4.7%	11.0%
FNWD	19.8%	8.3%	3.2%	8.0%	7.9%
HTLF	15.5%	1.4%	10.4%	9.9%	6.1%
LKFN	15.3%	12.6%	1.5%	23.7%	5.9%
FRME	20.8%	8.4%	4.8%	12.4%	5.4%
HBNC	16.8%	5.1%	29.4%	(11.8%)	3.3%
WTFC	8.4%	9.8%	11.8%	21.5%	1.2%
ASB	18.0%	(6.0%)	8.6%	8.8%	(0.9%)
FFBC	13.6%	(4.5%)	5.5%	6.1%	(1.6%)
FMBH	11.9%	0.1%	21.0%	(2.6%)	(2.2%)
MOFG	21.8%	(0.2%)	13.8%	12.6%	(2.9%)
ONB	19.1%	0.4%	7.3%	8.2%	(3.3%)
MSBI	18.8%	(10.8%)	31.2%	36.4%	(3.5%)
EQBK	21.7%	5.8%	(2.7%)	12.1%	(3.7%)
BUSE	9.0%	66.0%	18.6%	(1.8%)	(6.6%)
SYBT	21.2%	18.3%	6.2%	33.4%	(11.2%)
NCBS	(1.0%)	3.9%	39.6%	(26.7%)	(14.5%)
Average	18.3%	6.6%	11.8%	8.0%	2.8%

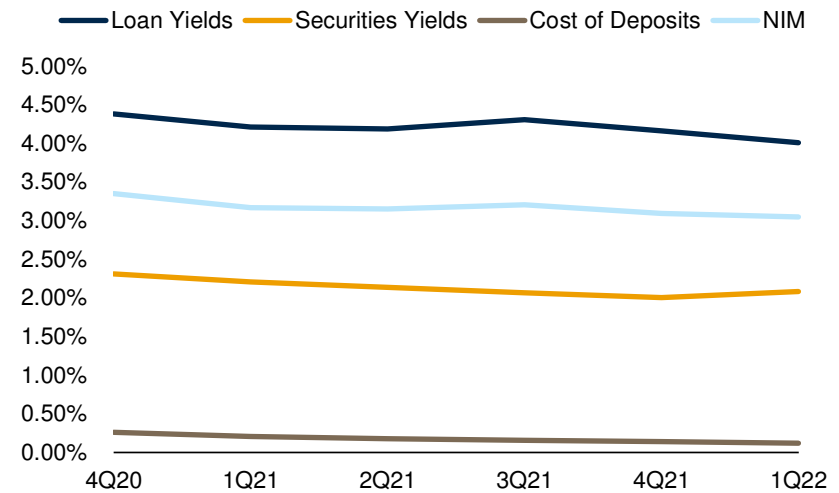
Key Takeaways

- Total deposit growth slowed in 1Q22.
- Contrary to the nation's largest banks, noninterest bearing deposits did not contract in our Midwest coverage.
- The deposit mix has held relatively steady over the past few quarters.
- NIM compression slowed as increased rates and further reduction in cost of deposits helped offset lower PPP fees.

Average Deposit Mix



Net Interest Margin and Key Yields



Midwest Banks: Midwest M&A

Slowing M&A in the Midwest

Midwest M&A

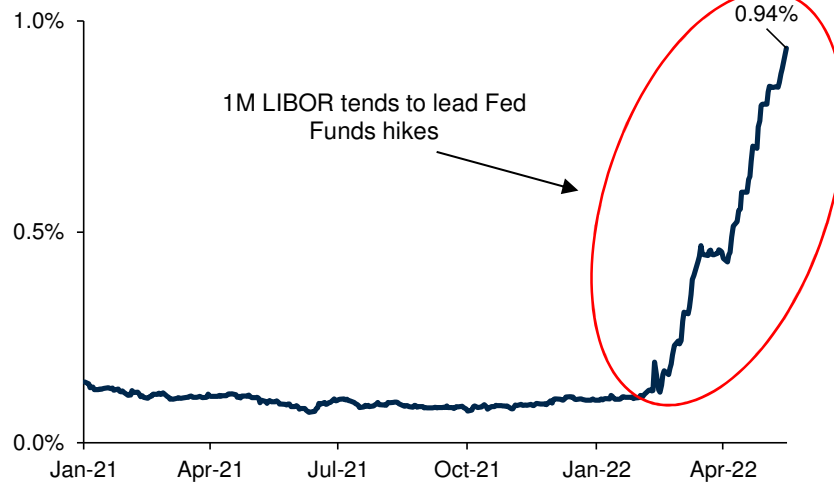
Announcement Date	Buyer	Target	Deal Value (\$mil.)	Value to TBV	Buyer 3-Month Rel. Perf. ¹	Pending?
3/30/22	Nicolet Bankshares Inc.	Charter Bankshares Inc.	158.0	1.7x	(2.7%)	Yes
1/19/22	Bank First Corporation	Denmark Bancshares Inc.	118.0	---	15.1%	Yes
3/24/22	Farmers National Banc Corp.	Emclaire Financial Corp	106.8	1.4x	1.5%	Yes
1/10/22	Civista Bancshares Inc.	Comunibanc Corp.	50.2	1.5x	7.1%	Yes
1/20/22	Private investors	My Anns Corp.	6.7	1.3x	---	Yes
2022 Ann'l	Total Deals: 70		87.9	1.5x	5.3%	---
2021	Total Deals: 86		531.9	1.5x	(2.7%)	---
2020	Total Deals: 49		449.7	1.4x	(3.2%)	---
2019	Total Deals: 105		155.3	1.5x	(1.1%)	---
2018	Total Deals: 105		167.5	1.7x	1.8%	---

Midwest M&A has slowed to 70 transactions on an annualized basis as bank stocks have declined ~17% YTD. However, public acquirers have outperformed the BANK index following announcing and acquisition, where the buyers have historically underperformed.

Interest Rate Tracker (2021 – May 16, 2022)

Key Interest Rates

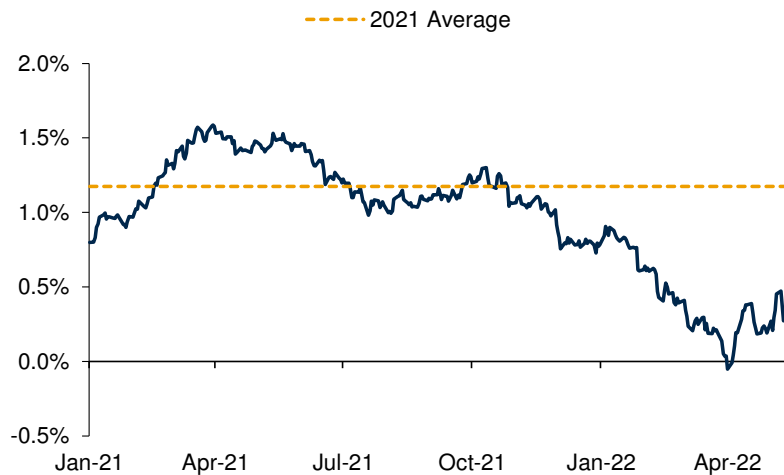
30 Day LIBOR



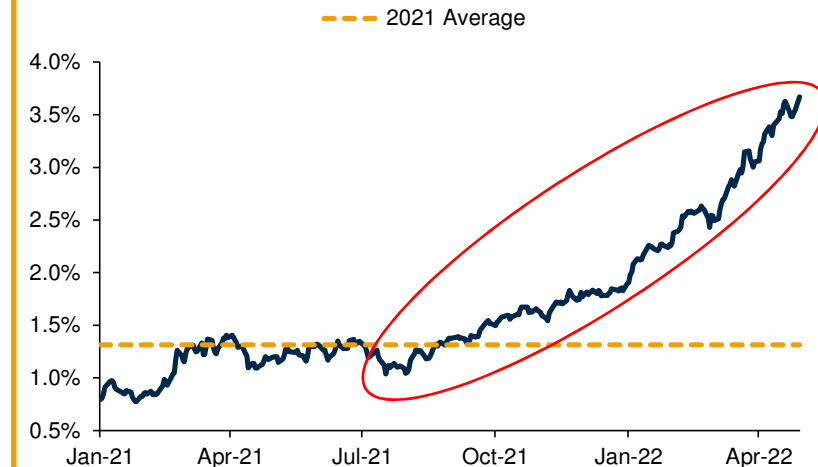
10 Year Treasury



10 – 2 Year Treasury Yield Spread



S&P U.S. MBS Index Yield to Worst



Companies Mentioned

Covered Companies Mentioned		
Ticker	Company	Price
ASB	Associated Banc-Corp	\$19.57
BUSE	First Busey Corporation	\$21.94
BY	Byline Bancorp, Inc.	\$23.08
CFG	Citizens Financial Group, Inc.	\$38.15
CIVB	Civista Bancshares, Inc.	\$20.83
CMA	Comerica Incorporated	\$75.66
EQBK	Equity Bancshares, Inc.	\$30.94
FFBC	First Financial Bancorp.	\$20.19
FITB	Fifth Third Bancorp	\$35.83
FMAO	Farmers & Merchants Bancorp, Inc.	\$38.87
FMBH	First Mid Bancshares, Inc.	\$36.23
FNWD	Finward Bancorp	\$38.40
FRC	First Republic Bank	\$139.84
FRME	First Merchants Corporation	\$38.87
HBAN	Huntington Bancshares Incorporated	\$12.97
HBNC	Horizon Bancorp, Inc.	\$17.07
HTLF	Heartland Financial USA, Inc.	\$41.60
KEY	KeyCorp	\$18.64
LKFN	Lakeland Financial Corporation	\$70.83
MOFG	MidWestOne Financial Group, Inc.	\$28.72
MSBI	Midland States Bancorp, Inc.	\$25.30
NCBS	Nicolet Bankshares, Inc.	\$75.88
ONB	Old National Bancorp	\$15.41
PNC	The PNC Financial Services Group, Inc.	\$155.85
RF	Regions Financial Corporation	\$19.83
SYBT	Stock Yards Bancorp, Inc.	\$52.48
TFC	Truist Financial Corporation	\$46.18
USB	U.S. Bancorp	\$48.47
WTFC	Wintrust Financial Corporation	\$83.08
ZION	Zions Bancorporation, National Association	\$53.18

Uncovered Companies Mentioned		
Ticker	Company	Price
BAC	Bank of America Corporation	\$34.97
BFC	Bank First Corporation	\$70.18
CBCZ	Comunibanc Corp.	\$54.44
CBSH	Commerce Bancshares, Inc.	\$67.09
DMKBA	Denmark Bancshares, Inc.	\$37.39
EMCF	Emclaire Financial Corp	\$35.14
FMNB	Farmers National Banc Corp.	\$14.79
JPM	JPMorgan Chase & Co.	\$118.67
MTB	M&T Bank Corporation	\$164.70
UMBF	UMB Financial Corporation	\$89.32
WFC	Wells Fargo & Company	\$42.33

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The research analyst principally responsible for preparation of this presentation has received compensation that is based on the firm's overall revenue which includes investment banking revenue.

Rating Definitions:

Company Stock Ratings: OVERWEIGHT (O) – The stock's total return is expected to be greater than the total return of the company's industry sector, on a risk-adjusted basis, over the next 12 months. EQUAL-WEIGHT (E) – The stock's total return is expected to be equivalent to the total return of the company's industry sector, on a risk-adjusted basis, over the next 12 months. UNDERWEIGHT (U) – The stock's total return is expected to be less than the total return of the company's industry sector, on a risk-adjusted basis, over the next 12 months. VOLATILE (V) – The stock's price volatility is potentially higher than that of the company's industry sector. The company stock ratings may reflect the analyst's subjective assessment of risk factors that could impact the company's business.

Distribution of Stephens Inc.'s Ratings (as of 03/31/22)

% Investment Banking Clients		
Rating	%	<u>(Past 12 Months)</u>
BUY	65.0	25.0
HOLD	39.0	20.5
SELL	0	0

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