

NRIM-Northrim BanCorp, Inc.

Solid Start to 2018—Increase EPS and Price Target - Maintain Rating on Valuation

- **Maintain “Market Perform” and Increase Price Target to \$38 (+\$2); 13x 2019 EPS plus excess capital**
- **Increase 2018 & 2019 EPS to \$2.47 and \$2.55**
- **Modest Loan Growth Expected, NIM has Upward Bias; Credit remains Stable**
- **ROAA forecast to expand to 1.15% in 2018; Capital levels are strong with TCE approaching 12%**

We continue to project solid EPS and profitability in the coming quarters; however, we see few catalysts for the shares to significantly outperform the Bank sector indices in the near term given continued weakness in the Alaskan economy. That said, there are some early signs of improvement in the Alaska economy including a tapering of job losses and new discoveries on the North Slope that could result in significant increases in oil production prospectively.

EPS Estimates Post 1Q18 EPS, we are increasing our 2018 and 2019 EPS to \$2.47 and \$2.55, respectively from \$2.18 and \$2.34. Our upward revisions reflect the 1Q18 Beat as well as our forecast for lower credit costs, expenses and tax rate which are partially offset by slightly lower Fees. We modestly boosted our 2019 NIM outlook.

Outlook. We expect loan growth to remain a challenge given the health of the local economy though 3-4% growth should be achievable in 2018 as NRIM continues to take share and benefit from new lenders and entrance into a new market. NIM has an upward bias given our outlook for higher rates and their positive impact on NRIM’s asset sensitive balance sheet. We estimate 65% of loans are variable rate and there are another \$140 Mil. in Securities that mature/reprice in 2018. We estimate the pick up in yield on these securities is ~120+ bps. Bottom line, even without rate increases the cumulative effect of past increases is expected to more than offset any increase in COF. On the funding side, NRIM has begun to notice an uptick in deposit pricing pressure. Importantly, we don’t expect them to get aggressive on Deposit pricing given our loan growth outlook and ample opportunity to further leverage its balance sheet given its low Loan/Deposit ratio (77%)

Our forecast calls for the Community Bank and Mortgage units to contribute \$2.10 and \$0.37, respectively, to full year 2018 EPS. We project Bank unit Net Interest income, Provision, Fees and Expenses of \$59, \$1.4, \$10.5 and \$50.7 Mil., respectively, with Mortgage revenues and expenses of ~\$22 Mil. and \$18.4 Mil. We have modestly lowered our provision forecast as we continue to feel more positive on credit given early signs of improvement in the economy and higher oil prices. Further, adversely classified loans are unchanged Y-O-Y at ~\$34.5 Mil. and inflows to classifieds remain low.

Please see important disclosures regarding FIG Partners’ equity rating system, distribution of ratings, and other report disclosures on the last page of this report.

NRIM: \$36.00

“Market-Perform” // Price Target: \$38.00

Summary Statistics

Exchange	NASDAQ
Market Cap (\$M)	\$247.4
Avg. Volume	9,804
Annual Dividend	\$0.96
Dividend Yield	2.67%
Tangible Book/Share	\$26.01
Price/Tangible Book	138%
Price/2018 EPS	14.6x
Price/2019 EPS	14.1x
Total Assets (\$M)	\$1,525
TCE/TA	11.85%
ROAA (2017)	1.14%
ROAE (2017)	8.69%

EPS Estimates

	2016	2017	2018	2019
Q1	\$0.49	\$0.52	\$0.58	
Q2	\$0.66	\$0.57	\$0.62	
Q3	\$0.67	\$0.43	\$0.65	
Q4	\$0.51	\$0.48	\$0.62	
FY	\$2.33	\$2.00	\$2.47	\$2.55

Industry Type	Bank
Headquarters	Anchorage, AK
Offices	14
Date Established	2002
CEO	Joseph M. Schierhorn
CFO	Jed W. Ballard

Source (all data): FIG Partners Research, S&P Global Market Intelligence



Maintaining Price Target

FIG Research Rating: "Market-Perform"

Price Target: \$38.00

Implied Gain/Loss versus Current Price: 5.6%

2019 Outlook			
2019 EPS	\$2.55	12.5x	\$31.94
Cash Dividends	\$1.06	1.0x	\$1.06
Excess TCE	\$5.00	1.0x	<u>\$5.00</u>
			\$38.00
Tangible Book 12/18	\$28.74	1.32x	\$38.00

Source: FIG Partners Research & Forward Estimates

Deposit Premium Analysis

	<u>Current</u>	<u>Dec-18</u>	<u>Dec-19</u>
Market-Cap	247.4	252.3	259.9
TCE in \$\$	178.8	187.0	197.5
Total Deposits	1,260.8	1,286.1	1,318.5
CORE Deposits	1,159.9	1,157.5	1,186.7
Premium - Total	5.4%	5.1%	4.7%
Premium - CORE	5.9%	5.6%	5.3%

Maintain "Market Perform" and Increase Price Target to \$38 (+\$2); 13x 2019 EPS plus excess capital

Background and Risks

NRIM, a one-bank holding company and the parent of Anchorage, Alaska-based Northrim Bank, operates with \$1.5 Billion in Assets and 14 branches. Founded in 1990 after a period of dramatic consolidation in the Alaska banking industry, NRIM has grown into the second largest bank based in Alaska, accessible to nearly 90% of the state's population.

We see primary risks to include: (1) Slow or negative deposit growth and lack of increase in core deposit base; (2) Mergers and/or acquisitions which are not integrated properly such that key personnel are not retained and earnings are not expanded from the original base; (3) Adverse earnings impact from poor credit quality; (4) Recent trends have been excellent but may change.



NRIM Quarterly EPS Comparison

EPS Segment Breakdown	1Q17			2Q17			3Q17			4Q17			2017Y		
	Core Bank	Mortgage Operation	Aggregate Earnings	Core Bank	Mortgage Operation	Aggregate Earnings	Core Bank	Mortgage Operation	Aggregate Earnings	Core Bank	Mortgage Operation	Aggregate Earnings	Core Bank	Mortgage Operation	Aggregate Earnings
Net Interest Income	13,549	284	13,833	13,952	291	14,243	14,566	352	14,918	14,381	303	14,684	56,448	1,230	57,678
Loan Loss Provision	400	0	400	300	0	300	2,500	0	2,500	0	0	0	3,200	0	3,200
Fee Income	3,446	5,450	8,896	3,368	6,351	9,719	7,574	6,219	13,793	2,685	5,267	7,952	17,073	23,287	40,360
Earn Out Expense	(174)	174	0	0	0	0	(149)	149	0	193	(193)	0	(130)	130	0
Operating Expense	12,009	4,819	16,828	12,607	5,226	17,833	12,161	5,290	17,451	13,113	4,731	17,844	49,890	20,066	69,956
Pre Tax Income	4,760	741	5,501	4,413	1,416	5,829	7,628	1,132	8,760	3,953	1,032	4,985	43,963	30,637	24,882
Taxes	1,497	304	1,801	1,093	584	1,455	2,513	467	2,980	1,265	424	1,689	13,013	10,323	23,336
Net Income	3,263	437	3,700	3,320	832	4,152	5,115	665	5,780	2,688	608	3,296	14,386	2,542	16,928
Noncontrolling Interest	97	0	97	152	0	152	78	0	78	0	0	0	327	0	327
Net Income	3,166	437	3,603	3,168	832	4,000	2,357	665	3,022	2,688	608	3,296	11,379	2,542	13,921
Shares Outstanding	6.994	6.994	6.994	6.998	6.998	6.998	6.959	6.959	6.959	6.963	6.963	6.963	6.978	6.978	6.978
Earnings Per Share	0.45	0.06	0.52	0.45	0.12	0.57	0.34	0.10	0.43	0.39	0.09	0.47	1.63	0.36	1.99

EPS Segment Breakdown	1Q18		
	Core Bank	Mortgage Operation	Aggregate Earnings
Net Interest Income	14,036	227	14,263
Loan Loss Provision	0	0	0
Fee Income	2,518	4,944	7,462
Earn Out Expense	0	0	0
Operating Expense	12,394	4,401	16,795
Pre Tax Income	4,160	770	4,930
Taxes	659	209	868
Net Income	3,501	561	4,062
Noncontrolling Interest	0	0	0
Net Income	3,501	561	4,062
Shares Outstanding	6.968	6.968	6.968
Earnings Per Share	0.50	0.08	0.58

Source: FIG Partners Research, S&P Global Market Intelligence

NRIM Snapshot

	1Q16A	2Q16A	3Q16A	4Q16A	1Q17A	2Q17A	3Q17A	4Q17A	1Q18A	% Change	
										Y/Y	LQ
Earnings Per Share (EPS)	\$0.48	\$0.63	\$0.44	\$0.51	\$0.55	\$0.51	\$0.79	\$0.03	\$0.58	6.6%	1796.8%
Tangible Book Value	\$22.78	\$23.30	\$24.61	\$24.70	\$25.06	\$25.40	\$26.00	\$25.70	\$26.01	3.8%	1.2%
Shares Outstanding EOP	6.88	6.88	6.88	6.90	6.91	6.91	6.85	6.87	6.87	-0.5%	0.0%
Net Interest Income	\$14.17	\$14.08	\$14.21	\$13.89	\$13.83	\$14.24	\$14.92	\$14.68	\$14.26	3.1%	-2.9%
Loan Loss Provision	\$0.70	\$0.20	\$0.65	\$0.74	\$0.40	\$0.30	\$2.50	\$0.00	\$0.00	-100.0%	
Total Fee Income	\$9.11	\$11.86	\$11.94	\$10.36	\$8.90	\$9.72	\$13.86	\$7.95	\$7.46	-16.1%	-6.2%
Gain/Loss on Securities	(\$0.02)	\$0.01	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		
Non-Interest Expense	\$17.37	\$19.37	\$21.19	\$18.35	\$16.61	\$18.47	\$17.69	\$18.34	\$16.80	1.1%	-8.4%
Pre-Tax Income	\$5.21	\$6.37	\$4.31	\$5.15	\$5.72	\$5.20	\$8.58	\$4.30	\$4.93	-13.9%	14.7%
Taxes	\$1.70	\$1.87	\$1.03	\$1.46	\$1.80	\$1.46	\$2.98	\$4.09	\$0.87	-51.8%	-78.8%
Tax Rate	33%	29%	24%	28%	31%	28%	35%	95%	18%	-44.1%	-81.5%
Net Income	\$3.51	\$4.51	\$3.28	\$3.70	\$3.92	\$3.74	\$5.60	\$0.21	\$4.06	3.6%	1798.1%
Total Core Revenue	\$23.30	\$25.93	\$26.15	\$24.25	\$22.72	\$23.96	\$24.33	\$22.64	\$21.73	-4.4%	-4.0%
Total Core Fee Income	\$9.13	\$11.85	\$11.94	\$10.36	\$8.88	\$9.72	\$9.42	\$7.95	\$7.46	-16.0%	-6.2%
Core Expenses	\$17.37	\$19.01	\$18.59	\$18.35	\$16.83	\$17.75	\$17.74	\$17.72	\$16.69	-0.8%	-5.8%
ROAA	0.94%	1.21%	0.86%	0.97%	1.05%	0.99%	1.47%	0.06%	1.09%	3.4%	1830.9%
ROAE	7.86%	9.70%	7.18%	8.24%	8.39%	7.73%	11.51%	0.43%	8.31%	-1.0%	1813.4%
Net Interest Margin	4.29%	4.27%	4.17%	4.07%	4.22%	4.26%	4.34%	4.31%	4.33%	2.6%	0.5%
Core Efficiency Ratio	73.7%	72.6%	70.4%	74.9%	73.2%	73.3%	72.1%	77.5%	76.1%	4.0%	-1.7%
Core Exp. / Avg. Assets	4.67%	5.11%	4.87%	4.82%	4.51%	4.71%	4.65%	4.66%	4.47%	-1.0%	-4.2%
Gross Loans	\$971	\$967	\$997	\$975	\$961	\$991	\$989	\$956	\$968	0.7%	1.2%
Intangibles	\$23.7	\$23.7	\$16.4	\$16.3	\$16.3	\$16.3	\$16.2	\$16.2	\$16.2	-0.6%	-0.1%
Total Deposits	\$1,247	\$1,256	\$1,278	\$1,268	\$1,247	\$1,234	\$1,258	\$1,258	\$1,261	1.1%	0.2%
Total Common Equity	\$180	\$184	\$186	\$187	\$189	\$192	\$194	\$193	\$195	2.9%	1.1%
Avg Assets	\$1,489	\$1,489	\$1,525	\$1,522	\$1,492	\$1,507	\$1,525	\$1,520	\$1,494	0.2%	-1.7%
Avg Loans	\$980	\$969	\$979	\$978	\$970	\$969	\$1,004	\$980	\$956	-1.5%	-2.5%
Avg Earning Assets	\$1,348	\$1,345	\$1,375	\$1,379	\$1,352	\$1,361	\$1,383	\$1,372	\$1,352	0.0%	-1.4%
Avg Deposits	\$1,237	\$1,235	\$1,264	\$1,265	\$1,231	\$1,245	\$1,263	\$1,255	\$1,234	0.2%	-1.7%
Loan / Deposit	77.8%	77.0%	78.0%	76.9%	77.0%	80.3%	78.6%	76.0%	76.7%	-0.4%	1.0%
TCE Ratio	10.61%	10.72%	11.12%	11.28%	11.57%	11.88%	11.82%	11.75%	11.85%	2.4%	0.9%
Net Charge-offs	\$673	(\$2)	(\$442)	\$525	\$204	\$132	\$1,097	\$2	\$1,012	396.1%	50500.0%
NPL's + 90 Days Past	\$14,890	\$22,455	\$24,197	\$19,523	\$20,979	\$29,513	\$32,432	\$29,798	\$28,225	34.5%	-5.3%
OREO	\$2,702	\$2,558	\$2,824	\$6,379	\$5,802	\$4,315	\$3,505	\$8,651	\$8,815	51.9%	1.9%
Total NPA'S	\$17,545	\$24,966	\$27,021	\$25,446	\$24,715	\$31,511	\$33,877	\$36,397	\$35,264	42.7%	-3.1%
NPA / (Loans + OREO)	1.80%	2.57%	2.70%	2.59%	2.56%	3.17%	3.41%	3.77%	3.61%	41.3%	-4.3%
NCOs / Avg Loans	0.27%	0.00%	-0.18%	0.21%	0.08%	0.05%	0.44%	0.00%	0.42%	403.7%	51804.2%

Source: FIG Partners Research, S&P Global Market Intelligence

Earnings Model

	Annual				2017 Quarterly				2018 Quarterly				2019 Quarterly			
	2016A	2017A	2018E	2019E	1Q17A	2Q17A	3Q17A	4Q17A	1Q18A	2Q18E	3Q18E	4Q18E	1Q19E	2Q19E	3Q19E	4Q19E
Income Data: (\$ in Millions)																
Net Interest Income	\$56.4	\$57.7	\$60.0	\$63.4	\$13.8	\$14.2	\$14.9	\$14.7	\$14.3	\$14.8	\$15.4	\$15.5	\$15.1	\$15.6	\$16.3	\$16.5
Loan Loss Provision	\$2.3	\$3.2	\$1.4	\$2.7	\$0.4	\$0.3	\$2.5	\$0.0	\$0.0	\$0.4	\$0.5	\$0.5	\$0.4	\$0.7	\$0.8	\$0.8
Non-Interest Income	\$43.3	\$35.9	\$31.6	\$32.0	\$8.9	\$9.718	\$9.4	\$8.0	\$7.5	\$8.3	\$8.2	\$7.7	\$7.4	\$8.4	\$8.4	\$7.8
Gain/Loss on Loan Sales	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.000	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Gain/Loss on Securities	(\$0.0)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$0.0)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
One-Time Items	(\$3.0)	\$3.2	\$0.0	\$0.0	\$0.2	(\$0.6)	\$4.3	(\$0.7)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Non-Interest Expense	\$73.3	\$69.8	\$69.1	\$71.0	\$16.8	\$17.833	\$17.5	\$17.7	\$16.8	\$17.3	\$17.6	\$17.4	\$17.1	\$17.9	\$18.1	\$17.9
Pre-Tax Income	\$21.0	\$23.8	\$21.1	\$21.8	\$5.7	\$5.196	\$8.6	\$4.3	\$4.9	\$5.3	\$5.5	\$5.3	\$4.9	\$5.4	\$5.9	\$5.6
Taxes	\$6.1	\$10.3	\$3.9	\$4.0	\$1.8	\$1.5	\$3.0	\$4.1	\$0.9	\$1.0	\$1.0	\$1.0	\$0.9	\$1.0	\$1.1	\$1.0
Extraordinary Items	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Net Income	\$15.0	\$13.5	\$17.2	\$17.7	\$3.9	\$3.7	\$5.6	\$0.2	\$4.1	\$4.3	\$4.5	\$4.3	\$4.0	\$4.4	\$4.8	\$4.6
Noncontrolling segment income	\$0.579	\$0.327	\$0.0	\$0.0	\$0.1	\$0.2	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Net Income Avail. To Common	\$14.4	\$13.2	\$17.2	\$17.7	\$3.8	\$3.6	\$5.5	\$0.2	\$4.1	\$4.3	\$4.5	\$4.3	\$4.0	\$4.4	\$4.8	\$4.6
Avg. Shares O/S	7.0	7.0	7.0	7.0	\$7.0	\$6.998	\$7.0	\$7.0	\$7.0	\$7.0	\$7.0	\$7.0	\$7.0	\$7.0	\$7.0	\$7.0
Earnings Per Share (EPS)	\$2.07	\$1.88	\$2.47	\$2.55	\$0.55	\$0.51	\$0.79	\$0.03	\$0.58	\$0.62	\$0.65	\$0.62	\$0.57	\$0.63	\$0.69	\$0.65
Per Share Data:																
Reported Book Value	\$27.07	\$28.06	\$29.57	\$31.09	\$27.42	\$27.75	\$28.374	\$28.056	\$28.372	\$28.76	\$29.18	\$29.57	\$29.88	\$30.26	\$30.69	\$31.09
Tangible Book Value	\$24.70	\$25.70	\$27.21	\$28.74	\$25.06	\$25.40	\$26.00	\$25.70	\$26.01	\$26.40	\$26.82	\$27.21	\$27.53	\$27.90	\$28.34	\$28.74
Dividends	\$0.78	\$0.86	\$0.96	\$1.06	\$0.21	\$0.21	\$0.22	\$0.22	\$0.24	\$0.24	\$0.24	\$0.24	\$0.26	\$0.26	\$0.26	\$0.26
Pre-Tax, Pre-Provision EPS	\$3.77	\$3.41	\$3.23	\$3.51	\$0.90	\$0.80	\$1.586	\$0.707	\$0.722	\$0.83	\$0.86	\$0.93	\$0.76	\$0.89	\$0.95	\$1.01
CORE GAAP EPS	\$2.30	\$2.00	\$2.47	\$2.55	\$0.52	\$0.57	\$0.43	\$0.48	\$0.58	\$0.62	\$0.65	\$0.62	\$0.57	\$0.63	\$0.69	\$0.65
KEY Ratios:																
Net Interest Margin	4.20%	4.28%	4.42%	4.55%	4.22%	4.26%	4.34%	4.31%	4.33%	4.40%	4.45%	4.50%	4.52%	4.54%	4.56%	4.56%
Return on Avg Assets	1.00%	0.89%	1.14%	1.14%	1.05%	0.99%	1.47%	0.06%	1.09%	1.15%	1.19%	1.14%	1.05%	1.15%	1.22%	1.14%
Return on Avg Equity	8.25%	6.98%	8.69%	8.53%	8.39%	7.73%	11.51%	0.43%	8.31%	8.81%	9.04%	8.59%	7.79%	8.55%	9.17%	8.59%
Return on Tang. Common Eq.	8.51%	7.48%	9.43%	9.26%	8.88%	8.22%	12.44%	0.52%	9.12%	9.84%	10.06%	4.00%	8.70%	9.49%	10.14%	4.00%
Pre-Tax Pre-Provision ROA	1.75%	1.58%	1.49%	1.57%	1.69%	1.48%	2.89%	1.29%	1.35%	1.55%	1.57%	1.69%	1.40%	1.62%	1.68%	1.77%
Efficiency Ratio	73.46%	74.44%	75.35%	74.31%	73.25%	73.62%	71.15%	77.20%	76.62%	74.51%	73.87%	74.27%	75.71%	73.91%	72.56%	73.07%
Overhead Ratio	4.87%	4.62%	4.58%	4.57%	4.51%	4.73%	4.58%	4.65%	4.50%	4.62%	4.63%	4.56%	4.53%	4.67%	4.61%	4.48%
TCE/TA	11.28%	11.75%	12.03%	12.29%	11.57%	11.88%	11.82%	11.75%	11.85%	11.91%	11.97%	12.03%	12.14%	12.18%	12.25%	12.29%
Period-End Balances: (\$ in Millions)																
Earning Assets	\$1,369	\$1,367	\$1,411	\$1,478	\$1,360	\$1,346	\$1,395	\$1,367	\$1,383	\$1,390	\$1,404	\$1,411	\$1,400	\$1,419	\$1,452	\$1,478
Total Assets	\$1,527	\$1,519	\$1,571	\$1,623	\$1,513	\$1,493	\$1,523	\$1,519	\$1,525	\$1,540	\$1,555	\$1,571	\$1,575	\$1,591	\$1,607	\$1,623
Risk-Weighted Assets	\$1,297	\$1,280	\$1,344	\$1,412	\$1,258	\$1,296	\$1,297	\$1,280	\$1,292	\$1,311	\$1,331	\$1,344	\$1,357	\$1,378	\$1,398	\$1,412
Gross Loans HFI	\$975	\$956	\$999	\$1,050	\$961	\$991	\$989	\$956	\$968	\$977	\$992	\$999	\$989	\$1,004	\$1,034	\$1,050
Total Deposits	\$1,268	\$1,258	\$1,286	\$1,319	\$1,247	\$1,234	\$1,258	\$1,258	\$1,261	\$1,261	\$1,273	\$1,286	\$1,286	\$1,293	\$1,305	\$1,319
Intangibles	\$16	\$16	\$16	\$16	\$16	\$16	\$16	\$16	\$16	\$16	\$16	\$16	\$16	\$16	\$16	\$16
Total Common Equity	\$187	\$193	\$203	\$214	\$189	\$192	\$194	\$193	\$195	\$198	\$200	\$203	\$205	\$208	\$211	\$214



FIG Partners LLC Distribution of Ratings

	Buy / Outperform	Hold / Market- Perform	Sell / Underperform
% Rated	44.9%	55.1%	0.0%
IB Client % in Category	22.8%	17.1%	0.0%

Equity Rating System as of July 1, 2003

Buy/Outperform “O” FIG expects that total return of the subject stock will outperform the industry benchmark (BIX) over the next 12 months

Hold/Market-Perform “M-P” FIG expects that total return of the subject stock will perform inline with the industry benchmark (BIX) over the next 12 months

Sell/Underperform “U” FIG expects that total return of the subject stock will under perform the industry benchmark (BIX) over the next 12 months

For purposes of FINRA rule 2711, outperform is classified as a buy, market perform is a hold and underperform is a sell. The industry benchmark that we use is the S&P Bank Index referred to as the BIX.

Ratings Changes for Northrim BanCorp (NRIM)



Additional Risks to Our Earnings Model Assumptions & Ratings:

Unexpected and/or rapid changes in interest rates may have significant negative impact on the company’s balance sheet. Likewise, persistently low interest rates, and/or a flat yield curve may add downward pressure to revenues and the absolute level of NIM-Net Interest Margin.

Declines in asset quality beyond our estimates due to an economic slowdown in the company’s operating footprint may require increased expenses for loan losses which could decrease profitability. Further, this may cause an increase in Net Charge-offs, Nonperforming loans, and Classified Assets.

New rules set forth by regulatory agencies could reduce future profitability by eliminating certain revenue items, adding additional expenses, or requiring this institution to hold more capital. A similar effect is possible if new legislation (local, state, or federal) is passed.

Any regulatory action or litigation against the company could impact future earnings and also affect the public market perception towards this stock.



Compliance

- The research analyst currently holds shares in the subject company.
- At the prior month end, neither FIG Partners LLC nor any of its partners or officers owned more than 1% of the outstanding equity securities of the subject company.
- There are no material conflicts of interest of the analyst or FIG Partners LLC at the time of this report.
- FIG has not been a manager or co-manager of a public offering of any securities of the recommended issuer within the last 12 months.
- FIG has not received investment banking compensation from the subject company in the last 12 months.
- FIG intends to seek investment banking compensation from the subject in the next three months.
- The subject company is a client of FIG.
- Neither the analyst nor anyone at FIG serves as an officer, director, or advisory board member of the subject company.
- FIG will usually make a market in the subject security and was making a market in this security at the time of this report's publication.
- All analysts are compensated based on a number of factors including the overall profits of FIG Partners LLC which includes investment banking revenues, but no analyst receives any compensation which is based on a specific investment banking service or transaction.
- To determine price target, our analysts utilize a variety of valuation techniques including but not limited to: peer analysis, absolute P/E, relative P/E, projected P/E, absolute P/B, relative P/B, projected P/B, deposit premium, and a discounted cash flow model.
- This research report reflects the analyst's actual opinion.
- No research analyst is subject to the supervision or control of any employee of the member's investment banking department.
- No employee of the investment banking department has reviewed or approved this report prior to publication
- The report has not been approved by the subject company, but may have been reviewed for factual accuracy except for the research summary, research rating and price target.
- The subject company has not promised directly or indirectly favorable research, a specific rating or a specific price target nor has the subject company been threatened with a change in research as an inducement for business or compensation.
- Additional information is available by request.
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