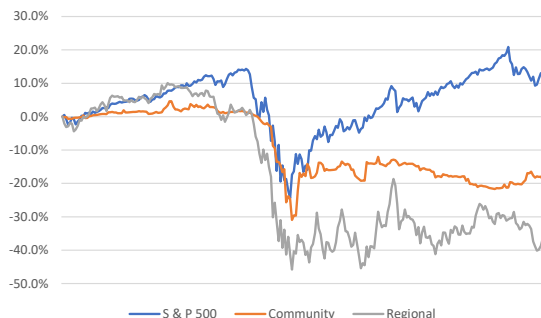
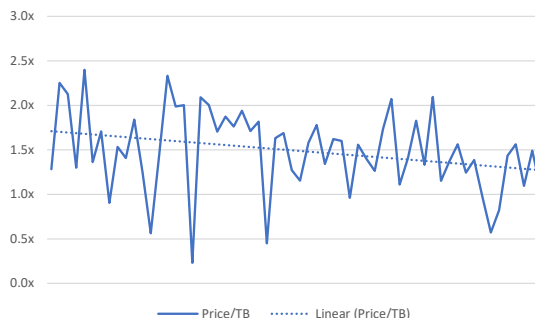


## Nationwide Community Bank Stock Valuation & Deal Activity Last 12 Months

### Stock Price



### M & A Valuations



Deal Volume					
Q2 19	Q3 19	Q4 19	Q1 20	Q2 20	Q3 20
66	73	45	39	8	22

Falloff in bank stock & deal pricing reflects COVID credit risk and long term NIM pressure. Post COVID M & A volumes off 73% from pre-COVID levels due to inability to accurately assess credit risk.

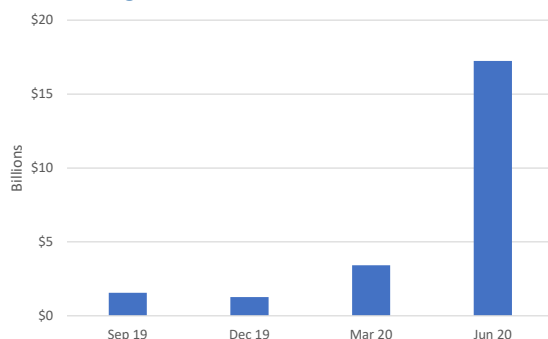
Note: Community banks are defined as having less than \$10B in assets.

### ALABAMA COMMUNITY BANK INDUSTRY NEWS (Note: Alabama banks < \$2B in Q2 assets)

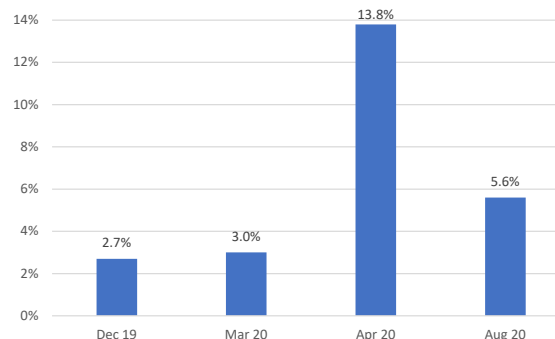
- **Q2 average ratios:** ROA = 1.11%, NPL = 0.64%, NIM = 3.59%, Deposit growth 11.8%, Loan growth 9.4%, Leverage 11.6%
- **Credit Provision & Deferral Rates:** Q2 Provision expense grew 81% in anticipation of COVID related losses, but Deferrals fell from 9.7% in June to 5.1% in August as underlying economy improves.
- **NIM:** Fell 17 bps in Q2 from fall in market rates and 1% PPP yield.
- **Service Fees:** Fell 33% in Q2 due to reduction in OD fees caused by strong liquidity build.
- **PPP:** Simplified forgiveness for loans < \$50k. No approval (yet) for forgiveness < \$150k and redeploying \$134B in unused PPP funding. Good news...banks do not need to report forgiven PPP loans to the IRS.
- **Real Time, localized economic data:** Using several websites, banks can obtain free, monthly, weekly, or daily economic data on a county or city basis to help guide credit strategy. Call Porter, White & Company for further information.
- **M & A regulations:** The Department of Justice is considering changes which will allow small community banks to merge with other banks in the same or contiguous counties.
- **Q3 Alabama M & A activity:** Alabama One Credit Union acquired First Bank of Linden and USAL Bancorp acquired Escambia County Bank. Both acquired banks had < \$100 million in assets. No pricing disclosed.

### Q3 ALABAMA ECONOMIC PERFORMANCE

#### Alabama Change in Personal Income



#### Alabama Unemployment



\$20 billion in increased Unemployment Insurance payments supported reopening economy and lowered unemployment.

Source: S&P Global Market Intelligence.