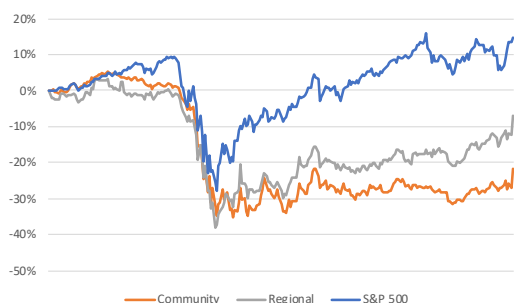
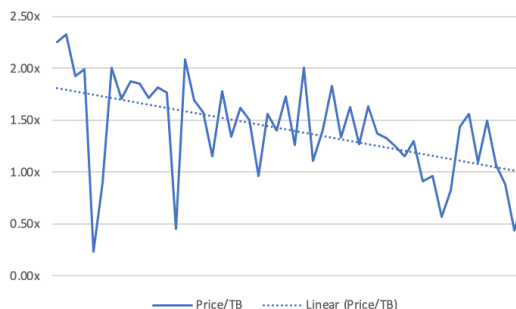


Nationwide Community Bank Stock Valuation & Deal Activity Last 12 Months

Stock Price



M & A Valuations



Deal Volume					
Q3 19	Q4 19	Q1 20	Q2 20	Q3 20	Q4 20 (thru Nov 10)
73	45	39	8	22	11

Falloff in bank stock and deal pricing reflects COVID credit risk and long term NIM pressure. Post COVID M & A volumes off from inability to accurately assess credit risk. Improving stock valuations reflects minimal realized credit issues, potential vaccine.

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

ALABAMA COMMUNITY BANK INDUSTRY NEWS (Note: Alabama banks < \$2.5B in Q3 assets)

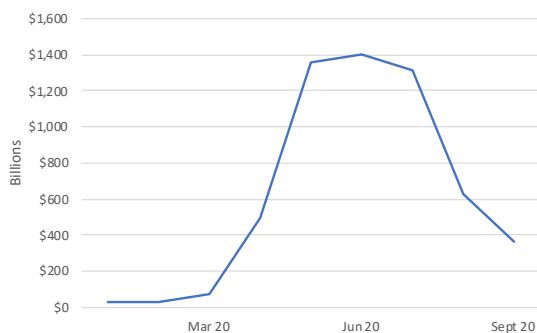
• **Q3 (Bold) vs Q2 (Regular) Performance Metrics**

ROA		NIM		Prov/Income		Eff Ratio		Loan Growth		Deposit Growth		Nonaccruals		NCO	
1.00%	1.06%	3.34%	3.49%	4.87%	6.99%	65.6%	63.2%	1.8%	9.5%	2.4%	11.9%	0.62%	0.64%	0.09%	0.11%

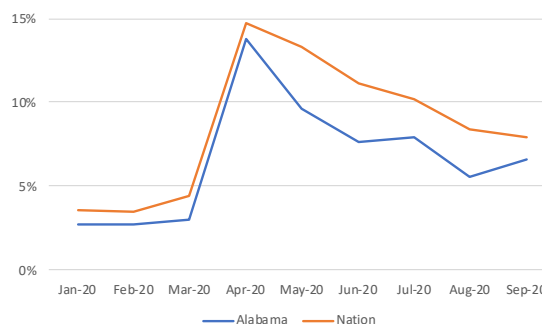
- **Credit Provision and Deferral Rates:** Statewide Community Bank Q3 Provision fell 31% from Q2 levels while CARES Act related loan deferrals fell 50 - 60% in banks reporting this data. PPP adjusted ALLL/Loans of 1.40% and leverage of 11.1% indicate good cushion for potential ongoing COVID issues. NPLs and NCOs reflect minimal *current* credit risk.
- **Net Interest Margin:** Through nine months 2020, deposit yields fell 66 bps and loan yields 61 bps for all Alabama banks vs a 150 bps fall in Fed Funds representing a deposit and loan beta of 44% and 41%, respectively. Declining NIM is a significant challenge to Alabama Community Banks.
- **PPP:** As of Q2 2020, Alabama Community Banks originated 25,937 loans totaling \$2.0B with an average loan size of \$79k.
- **Non-Interest Income ("NII"):** Overall Q3 NII rose 6% vs Q2 and 9% vs Q1 from strong Q2 and Q3 growth in Gain on Loan Sales and moderate growth in Other NII. Service charges continue at depressed levels, off 13% from Q1 but up 19% from Q2.
- **Stock Buy-in:** Since October 1, 7% of all publicly traded Community Banks have announced Stock Buyback programs, the highest level in 12 months.
- **October Alabama M&A Activity:** The \$647 million asset First Bank of Alabama of Talladega announced the acquisition of the \$90 million asset SouthFirst Bank of Sylacauga. No pricing disclosed.

Prov/Income=Quarterly Loan Loss Provision / Quarterly Net Interest Income + Quarterly Non-Interest Income

National Unemployment Insurance



Alabama and National Unemployment



Stimulus wind down resulted in falloff in National Unemployment Compensation, negatively impacting AL employment. Loss of stimulus impacts AL more than the nation as stimulus checks often exceeded take home pay in our state. Sources: FRED, S&P Global Market Intelligence.