EQUITY STRATEGY INSIGHTS

Musings on the Regional Bank Crisis

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Thomas Shipp, CFA
Quantitative Equity Analyst

Tucker Beale
Quantitative Analyst

EXECUTIVE SUMMARY

- LPL Research digs into the causes of recent bank failures, the overall crisis of confidence facing regional banks in the United States, and what has been done thus far to restore confidence in the system.

- We look at the peak to trough performance and valuations of bank stocks in the Great Financial Crisis, to frame the potential upside, and downside, today.

- We then take a deeper dive into the fundamentals of the top 50 regional banks (by deposits) in an attempt to remove the noise of the news cycle.

- Our quantitative analysis suggests there have been "banks thrown out with the bathwater", and we outline a framework for separating winners and losers using fundamental analysis and relative valuation.

LPL Research continues to monitor conditions in the regional banking sector, with the failure of **First Republic Bank (FRC)** and subsequent takeover by JPMorgan (JPM) on May 1 driving additional negative sentiment around the industry, and a "crisis of confidence" among depositors and investors alike. Since we last wrote in detail on the health of U.S. banks on March 13 after **Silicon Valley Bank (SIVB)** and **Signature Bank NY (SBNY)** failed (see Dissecting Recent Bank Failures), increased stress has been placed on regional banks in the U.S. Depositors are seeking out *perceived* safer (i.e. "too big to fail") banks and higher yielding alternatives, such as money market funds. Technology has enabled near frictionless movement of money, while the social media "town squares" allow customers, and short-selling speculators alike, to postulate on bank health, leading to downward pressure on bank stocks. The S&P Regional Bank Index is down ~35% from the end of February. The challenges of "deposit flight," alongside a slowing economy, sticky inflation, and the balancing act the Federal Reserve (Fed) must play, will continue to cloud the outlook.

And yet, there are glimmers of hope. We maintain our view that the banking sector overall is in a stronger position than in 2007-2009. In response to the SIVB and SBNY failures, the Fed created the Bank Term Fund Program (BTFP) lending facility, and in the approximately two months since that was opened banks have drawn ~$92 billion, providing an important backstop to balance sheets and hopefully building confidence with consumers. The first quarter earnings season was ugly for banks, but not as bad as feared, with just over half (~53%) of Russell 3000 regional banks beating or matching consensus earnings estimates, and commentary from regional bank management teams suggesting deposit flight stabilized in recent weeks. Recent reports of weekly deposit growth from the most vulnerable banks have mostly corroborated these comments.

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Is the worst behind us? Are investors seeing a March 2009-like opportunity? From the March 2009 bottom to 2009 year-end, bank stocks rose a median 52%, and 80%, on average. Or, are there more failures and equity losses in store, as there were in pockets, even after the stocks bottomed in 2009? Market timing is difficult, and not recommended. See **Figure 1**. Our analysis shows that on a fundamental level, dispersion exists among bank metrics and valuations, which suggest there are certainly single-stock opportunities to explore in the space for those willing and able to step out on the risk spectrum. However, given the headwinds facing the group broadly (earnings, increased regulation), we aren't quite ready to get positive on the stocks, despite the attractive valuations. LPL Research remains neutral on the financials equity sector broadly, though does currently recommend an out-of-benchmark allocation to preferred and capital securities, a fixed income sector that is concentrated within financials.

Strong performance off the bottom in 2009 during the GFC might entice "dip-buyers" seeking out a bottom. We urge discretion, as history shows additional downside

1 Historical analysis of the Great Financial Crisis provides context to current crisis

	Great Financial Crisis		
Russell 3000 Individual Bank % Change in Market Value	**Peak to Trough Drawdown**	**Trough to Year-end 2009 Recovery**	**Peak to Current Drawdown**
Median	-74.1%	52.0%	-37.5%
Mean	-70.0%	79.6%	-36.5%
Min	-99.7%	-84.3%	-99.1%
Max	-10.4%	866.2%	60.4%
25th Percentile	-56.8%	5.8%	-25.5%
75th Percentile	-90.5%	100.3%	-49.1%
S&P Regional Bank Select Industry Index	-70.0%	73.6%	-51.4%
S&P Bank Select Industry Index	-79.5%	77.9%	-43.6%
S&P 500 Financials Sector Index	-83.1%	131.3%	-22.1%

Valuations during the GFC dipped below current levels, though we continue to believe the current crisis is not as severe as the GFC, and that banks broadly are in much better financial condition.

	Great Financial Crisis			Current	
Russell 3000 Individual Bank Valuation Metrics	**Peak (YE 2006)**	**Trough (3/9/2009)**	**YE 2009**	**Peak (1/14/2022)**	**Current (5/17/2023)**
Median Price to Book (P/B)	2.2x	0.5x	0.8x	1.4x	0.9x
% Change		*-76.0%*	*59.4%*		*-40.0%*
Median Price to Tangible Book (P/TB)	3.0x	0.7x	1.2x	1.8x	1.1x
% Change		*-74.8%*	*55.7%*		*-38.6%*
Median Price to Cash Flow (P/CF)	13.3x	2.7x	5.1x	9.9x	5.4x
% Change		*-79.8%*	*89.2%*		*-45.2%*

Source: LPL Research, S&P Global, Bloomberg data as of 05/17/2023
Past performance is no guarantee of future results. Indexes are unmanaged and cannot be invested in directly.

Deposit Flight: Seeking Safety and Profit in a Digital World

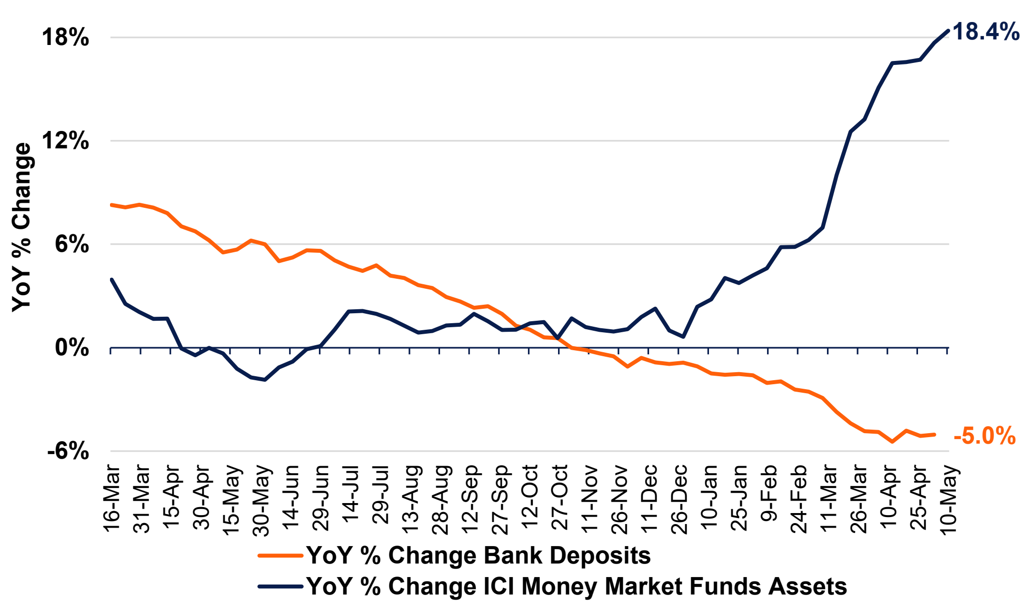
Deposits from regional banks have fled for the (perceived) safety of large banks and more profitable money market funds. Technological advances have enabled faster, easier movement of cash.

The challenge facing the U.S. banking sector, simply put, is a crisis of confidence. To oversimplify how we got here, recent bank failures started this crisis. Those failures were caused by unrealized losses on securities portfolios (SIVB), unrealized losses on loan portfolios (FRC), and unique business and customer concentration (SBNY, SIVB, FRC). Poor balance sheet management and the Fed's rapid interest rate increases to fight inflation were also key contributors. When confidence wanes in the banking system, people think first about their "risk-free" asset (i.e. cash).

As a general principle, cash gravitates to where it is treated best. To some depositors, "treated best" equates to **safety**; we have heard anecdotes about depositors leaving smaller regional banks for larger Systemically Important Banks (SIB) since the banking turmoil began with the SIVB collapse. For others "treated best" equates to **profit** (i.e. higher yields). We can see this phenomenon play out in the data, with assets in higher yielding money market funds growing at a steady pace since the Fed's rate hiking cycle began, and at a rapid pace since March. The exact mix of how much one favors safety and profit doesn't ultimately matter. All that matters is money is moving away from one institution to another. As we see in Figure 2, the year-over-year change in U.S. bank deposits went negative in November of last year and has continued to decline, with recent measures showing deposits down ~5% year on year.

Bank deposit growth has been on the decline for over a year, and went negative last November. Money market funds have skyrocketed since then.

2 **Bank Deposits Find More Profitable Home in Money Market Funds**



Source: LPL Research, Bloomberg as of 05/16/23

This rate hiking cycle has experienced more dramatic deposit flight than prior cycles due to depositors seeking both safety and profit, but that doesn't tell the whole story, in our view. Advances in technology, and the speed at which information and money can move, is the differentiator. Technology has enabled the near frictionless movement of cash to where it will be treated best, with the ability to move money with a few taps on a smartphone. And social media enables the instantaneous delivery of news and information, which can (and did in the case of SIVB) drive a run on a bank's deposits at a breakneck pace. Taken together, these factors have led to extreme pressure on the shares of regional banks. With the failure of FRC, investors are yet again parsing bank financial data to speculate on "who's next?" It's very hard for anyone to know exactly where this goes next, particularly given the fast moving and dynamic nature of the crisis. To help conceptualize the fundamentals across the regional banks, we have expanded our quantitative analysis on U.S. banks, with a focus on the regional banks.

Regional Bank Industry Analysis: The Good, The Bad, and The Ugly

Our quantitative analysis of regional bank fundamentals shows us that some names have likely been thrown out with the bathwater, while others are trading at levels in-line with better positioned banks.

Leverage our analysis to help separate the winners and losers: the well-positioned and relatively fully valued, the well-positioned but oversold, the cheap for a reason, and the challenged and expensive.

In order to gain further insight into the current banking crisis, we have expanded the quantitative analysis from March, when the focus was purely on SIVB/SBNY. The uncertainty has spread to the entire regional bank industry, which for this analysis we have defined as the top 50 banks outside of the top 7 U.S. banks by deposits. This cut-off gives us a clear separation, as bank # 7 has $400 billion in deposits while bank #8 has less than $200 billion. This cut-off also clearly separates the large cap banks from the mid and small cap banks.

In our view, the two primary headwinds facing the regional banks are solvency and earnings. We have collected several fundamental data points, defined below, we believe are important for investors to consider when analyzing regional banks in this environment. These data points span across the balance sheet (solvency) and the income statement (earnings/profitability). We analyze these metrics relative to current valuations (measured by price / tangible book value, P/TB), to visualize how the market is currently pricing these risks.

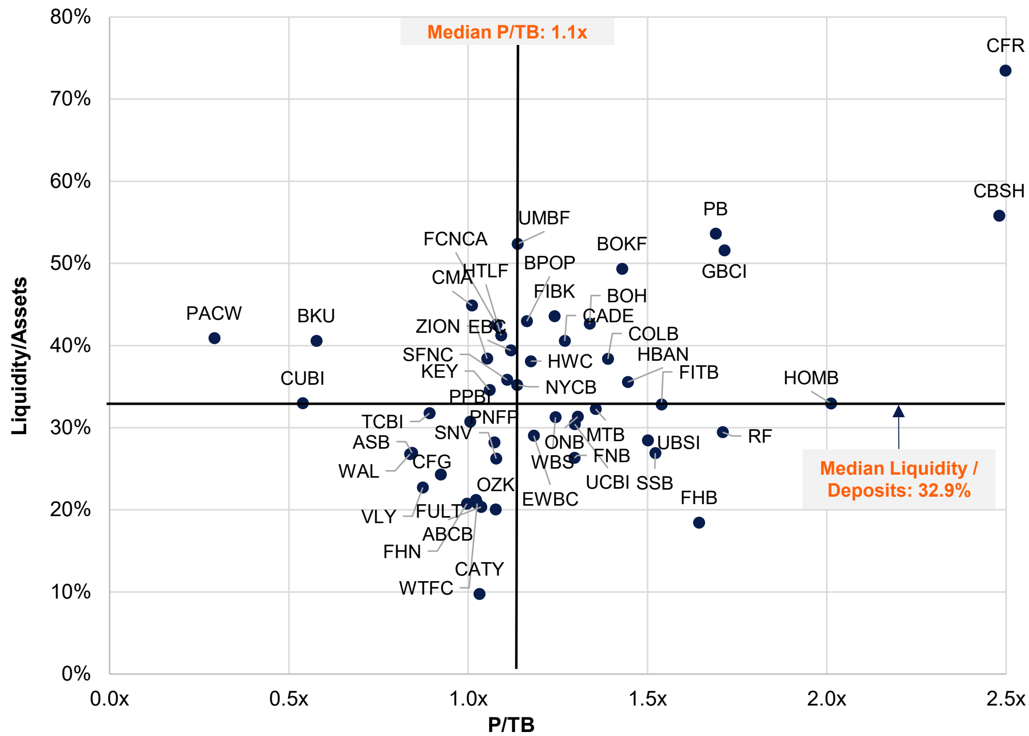
In analyzing the data, it is apparent to us that some banks have been thrown out with the bathwater, i.e. sold off too much relative to their fundamentals. On the flipside, we see banks that have challenged fundamentals trading above the median valuation of the group. In the exhibits that follow, we will show the 50 banks in our analysis plotted into four quadrants, helping you separate winners and losers. These scatter-plots show valuation on the X-axis and each of the three metrics defined below on the Y-axis. In all three exhibits, stocks on the left-hand side of the median valuation line we would consider relatively inexpensive, while stocks on the right-hand side would be considered relatively expensive.

- **Cash/Liquidity as % of Total Deposits** Liquidity for this analysis is measured as cash, available-for-sale (AFS), and held-to-maturity (HTM) securities on each bank's balance sheet. Since the Fed's BTFP program will take these securities as collateral at par value, no adjustment has been made to the book value of these securities. We view this ratio as a measure of relative safety / coverage of a bank's total deposits. See **Figure 3.**
  - ◊ In the exhibit in **Figure 3**, stocks above the median liquidity/deposits line we would consider in a relatively stronger position in terms of solvency.
- **Commercial Real Estate (CRE) as % of Total Loan Portfolio** We have taken each bank's classification of commercial real estate (CRE) at face value, so we note the CRE classification is certainly applied differently across banks. This ratio is simply a measure of the percentage of each bank's loan portfolio that is classified as CRE. See **Figure 4.** **Note that CRE exposure on its own does not imply a risky loan portfolio, as deeper analysis must be done on the portfolio of CRE loans itself.**
  - ◊ In the exhibit in **Figure 4**, stocks below the median CRE/Loans line we consider in relatively stronger position in terms of risk related to CRE exposure.
- **Next 12 Months Consensus Pre-Provision Net Revenue (PPNR) as % of Tangible Book Value** PPNR is the commonly used banking industry metric for operating income, and is what the Fed uses in its bank stress tests. It is defined as interest income (interest received from loans, securities) less interest expense (interest paid on deposits, borrowings), prior to provisions set aside for defaults plus non-interest income less non-interest expense. Tangible book value equals common shareholders equity less intangible assets, such as goodwill, that is seen as a "liquidation value" of a bank. This ratio is measured as a projected operating cash flow coverage of the banks tangible liquidation value. See **Figure 5.**
  - ◊ In the exhibit in **Figure 5**, stocks above the PPNR/TBV line we would consider in a relatively stronger position in terms of profitability and cash-flow coverage.

Banks in the top left quadrant have a liquidity to deposits ratio above the median bank in our analysis, while valuations are below the median bank.

Banks above the median liquidity/deposits line we consider in a relatively stronger position in terms of solvency, while banks on the left-hand side of the median valuation line we consider relatively inexpensive.

3 Liquidity as % of Total Deposits (Y-Axis) vs. Price to Tangible Book (X-Axis)

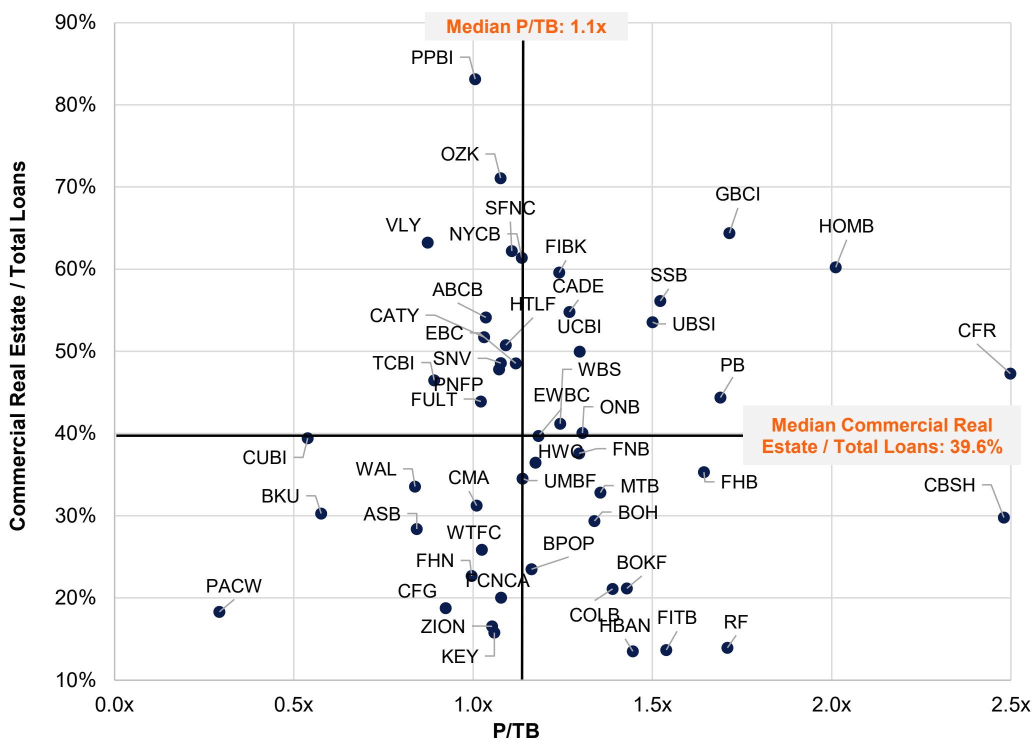


Source: LPL Research, Company data, FactSet as of 05/17/23
Past performance is no guarantee of future results.

Banks in the bottom left quadrant have CRE exposure and valuations below the median bank in our analysis.

Banks below the median CRE/ Loans line we consider in a relatively stronger position in terms of risk related to CRE exposure. while banks on the left-hand side of the median valuation line we consider relatively inexpensive.

4 CRE as % of Total Loans (Y-Axis) vs. Price to Tangible Book (X-Axis)

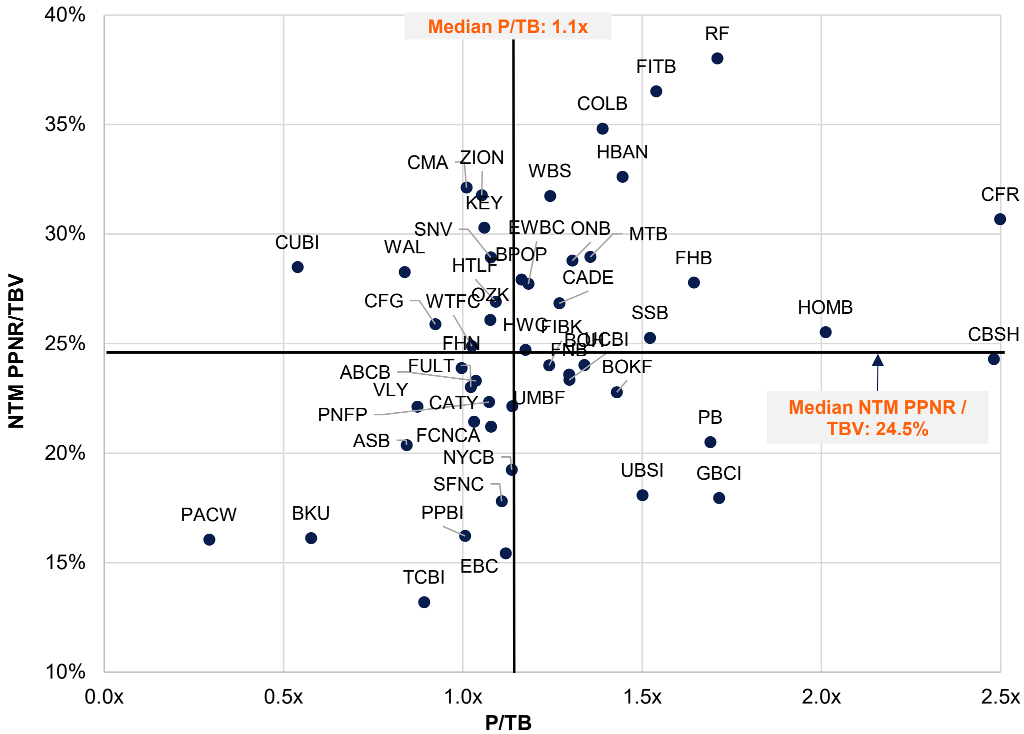


Source: LPL Research, Company data, FactSet as of 05/17/23
Past performance is no guarantee of future results.

Banks in the top left quadrant have expected PPNR relative to tangible book value above the median bank in our analysis, while valuations are below the median bank.

Banks above the PPNR/TBV line we would consider in a relatively stronger position in terms of profitability and cash-flow coverage, while banks on the left-hand side of the median valuation line we consider relatively inexpensive.

5 PPNR as % of Tangible Book Vaue (Y-Axis) vs. Price to Tangible Book (X-Axis)



Source: LPL Research, Company data, FactSet as of 05/17/23
Past performance is no guarantee of future results.

The Bottom Line

Uncertainty remains for the regional banks, though it is our hope we will soon move past the questions of solvency, which would allow fundamental analysis to provide more confidence on valuations. Increased regulatory scrutiny, higher deposit insurance costs, and higher capital requirements are surely coming to smaller regional banks as a result of the recent crisis. Leaving aside the debate over whether that is the correct policy response, these actions will surely crimp the earnings outlook for the foreseeable future, and drive further consolidation in the industry. However, we think much of the sector has re-rated to valuations that can support this reduced cash flow and earnings generation profile. Our analysis shows decent dispersion in valuation and fundamental metrics, and we have outlined a framework to begin to separate winners and losers at the individual stock level.

LPL Research and the Strategic and Tactical Asset Allocation Committee (STAAC) remains neutral on the financials equity sector broadly, though we do currently recommend an out-of-benchmark allocation to preferred and capital securities, a fixed income sector that is highly concentrated within financials.

We have shared a truncated table of the collected financial metrics referenced in our analysis on page 6. See **Figure 6.** Please reach out to LPL Research for a copy of the data table and charts.

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By The Numbers - Top 50 Publicly Traded U.S. Regional Banking Institutions, Sorted by Deposits

	Ticker	Name	State	Market Capitalization ($mil)	Total Assets ($mil)	Total Liquidity* ($mil)	Total Deposits ($mil)	Deposit Growth QoQ (%)	Total Loans & Leases ($mil)	Commercial Real Estate Loans BS ($mil)	Tangible Book Value ($mil)	Pre-Provision Net Rev. (PPNR) NTM ($mil)	Price to Tangible BV (P/TB)	Liquidity* as a % of Total Deposits	CRE as a % of Tot. Loans	Est. NTM PPNR as a % of Tangible BV
1	CFG	Citizens Financial Group, Inc.	RI	$12,768	$222,256	$41,816	$172,194	-4.72%	$154,688	$28,999	$13,825	$3,578	0.9x	24.3%	18.7%	25.9%
2	FITB	Fifth Third Bancorp	OH	$17,202	$208,657	$53,501	$162,975	-0.4%	$122,857	$16,776	$11,176	$4,081	1.5x	32.8%	13.7%	36.5%
3	MTB	M&T Bank Corporation	NY	$19,901	$202,956	$51,365	$159,075	-2.7%	$133,531	$43,831	$14,684	$4,251	1.4x	32.3%	32.8%	29.0%
4	HBAN	Huntington Bancshares Incorporated	OH	$14,494	$189,070	$51,635	$145,278	-1.8%	$121,179	$16,377	$10,028	$3,270	1.4x	35.5%	13.5%	32.6%
5	KEY	KeyCorp	OH	$9,521	$197,519	$49,843	$144,148	1.1%	$119,971	$18,938	$8,985	$2,722	1.1x	34.6%	15.8%	30.3%
6	FCNCA	First Citizens BancShares, Inc. Class A	NC	$19,002	$214,658	$59,562	$140,050	56.6%	$138,288	$27,719	$17,625	$3,736	1.1x	42.5%	20.0%	21.2%
7	RF	Regions Financial Corporation	AL	$15,820	$154,135	$37,853	$128,460	-2.5%	$98,057	$13,676	$9,253	$3,518	1.7x	29.5%	13.9%	38.0%
8	NYCB	New York Community Bancorp, Inc.	NY	$8,088	$123,706	$29,849	$84,800	44.4%	$82,547	$50,671	$7,119	$1,369	1.1x	35.2%	61.4%	19.2%
9	ZION	Zions Bancorporation, N.A.	UT	$3,876	$88,573	$26,577	$69,208	-3.4%	$56,331	$9,317	$3,681	$1,169	1.1x	38.4%	16.5%	31.8%
10	CMA	Comerica Incorporated	TX	$5,015	$91,127	$29,029	$64,706	-9.4%	$54,926	$17,159	$4,965	$1,595	1.0x	44.9%	31.2%	32.1%
11	FHN	First Horizon Corporation	TN	$5,830	$80,729	$12,738	$61,440	-3.2%	$59,045	$13,398	$5,853	$1,398	1.0x	20.7%	22.7%	23.9%
12	BPOP	Popular, Inc.	PR	$4,198	$67,676	$26,191	$60,954	-0.4%	$32,645	$7,669	$3,609	$1,008	1.2x	43.0%	23.5%	27.9%
13	WBS	Webster Financial Corporation	CT	$6,401	$74,844	$17,296	$55,298	2.3%	$50,927	$20,988	$5,149	$1,634	1.2x	31.3%	41.2%	31.7%
14	EWBC	East West Bancorp, Inc.	CA	$6,910	$67,245	$15,893	$54,737	-2.2%	$48,918	$19,433	$5,844	$1,620	1.2x	29.0%	39.7%	27.7%
15	SNV	Synovus Financial Corp.	GA	$4,047	$61,840	$13,098	$49,954	2.2%	$44,045	$21,396	$3,755	$1,086	1.1x	26.2%	48.6%	28.9%
16	VLY	Valley National Bancorp	NJ	$3,728	$64,310	$10,811	$47,591	-0.1%	$48,660	$30,777	$4,269	$944	0.9x	22.7%	63.2%	22.1%
17	WAL	Western Alliance Bancorp	AZ	$3,812	$71,047	$12,744	$47,587	-11.3%	$46,435	$15,583	$4,549	$1,286	0.8x	26.8%	33.6%	28.3%
18	WTFC	Wintrust Financial Corporation	IL	$4,025	$52,874	$8,876	$42,718	-0.4%	$39,566	$10,239	$3,928	$977	1.0x	20.8%	25.9%	24.9%
19	CFR	Cullen/Frost Bankers, Inc.	TX	$6,663	$51,246	$30,995	$42,184	-4.0%	$17,486	$8,272	$2,667	$818	2.5x	73.5%	47.3%	30.7%
20	COLB	Columbia Banking System, Inc.	WA	$4,380	$53,994	$15,964	$41,586	148.8%	$37,091	$7,821	$3,152	$1,097	1.4x	38.4%	21.1%	34.8%
21	CADE	Cadence Bank	MS	$3,475	$51,693	$15,990	$39,407	1.2%	$31,283	$17,141	$2,738	$735	1.3x	40.6%	54.8%	26.8%
22	SSB	SouthState Corporation	SC	$4,895	$44,924	$9,793	$36,402	0.1%	$30,696	$17,229	$3,216	$812	1.5x	26.9%	56.1%	25.3%
23	PNFP	Pinnacle Financial Partners, Inc.	TN	$3,848	$45,120	$10,208	$36,179	3.5%	$30,298	$14,484	$3,587	$801	1.1x	28.2%	47.8%	22.3%
24	ONB	Old National Bancorp	IN	$3,821	$47,843	$10,944	$34,918	-0.2%	$31,822	$12,748	$2,928	$843	1.3x	31.3%	40.1%	28.8%
25	FNB	F.N.B. Corporation	PA	$4,044	$44,146	$8,997	$34,190	-1.7%	$30,673	$11,528	$3,120	$736	1.3x	26.3%	37.6%	23.6%
26	BOKF	BOK Financial Corporation	OK	$5,370	$45,524	$16,076	$32,581	-5.5%	$22,750	$4,815	$3,757	$856	1.4x	49.3%	21.2%	22.8%
27	UMBF	UMB Financial Corporation	MO	$2,879	$40,607	$16,729	$31,932	-2.2%	$21,813	$7,526	$2,531	$560	1.1x	52.4%	34.5%	22.1%
28	ASB	Associated Banc-Corp	WI	$2,343	$40,703	$8,172	$30,332	2.3%	$29,207	$8,292	$2,779	$566	0.8x	26.9%	28.4%	20.4%
29	HWC	Hancock Whitney Corporation	MS	$3,080	$37,547	$11,273	$29,613	1.9%	$23,405	$8,536	$2,623	$648	1.2x	38.1%	36.5%	24.7%
30	PACW	PacWest Bancorp	CA	$656	$44,303	$11,529	$28,188	-16.9%	$25,771	$4,719	$2,244	$360	0.3x	40.9%	18.3%	16.0%
31	PB	Prosperity Bancshares, Inc.(R)	TX	$5,844	$37,829	$14,477	$27,004	-5.4%	$19,334	$8,582	$3,459	$709	1.7x	53.6%	44.4%	20.5%
32	BKU	BankUnited, Inc.	FL	$1,386	$37,189	$10,438	$25,723	-6.5%	$24,893	$7,535	$2,404	$387	0.6x	40.6%	30.3%	16.1%
33	CBSH	Commerce Bancshares, Inc.	MO	$6,257	$32,005	$13,774	$24,684	-5.7%	$16,536	$4,924	$2,522	$613	2.5x	55.8%	29.8%	24.3%
34	FIBK	First Interstate BancSystem, Inc. Class	MT	$2,439	$31,638	$10,506	$24,107	-3.9%	$18,246	$10,872	$1,966	$472	1.2x	43.6%	59.6%	24.0%
35	SFNC	Simmons First National Corporation Cl	AR	$2,100	$27,583	$8,046	$22,452	-0.4%	$16,555	$10,298	$1,894	$337	1.1x	35.8%	62.2%	17.8%
36	UBSI	United Bankshares, Inc.	WV	$4,052	$30,182	$6,339	$22,285	-0.1%	$20,631	$11,052	$2,700	$488	1.5x	28.4%	53.6%	18.1%
37	OZK	Bank OZK	AR	$4,049	$28,971	$4,466	$22,283	3.6%	$22,062	$15,684	$3,761	$981	1.1x	20.0%	71.1%	26.1%
38	TCBI	Texas Capital Bancshares, Inc.	TX	$2,478	$28,597	$7,044	$22,180	-3.0%	$20,075	$9,333	$2,778	$366	0.9x	31.8%	46.5%	13.2%
39	UCBI	United Community Banks, Inc.	GA	$2,621	$25,872	$6,693	$22,005	10.7%	$17,125	$8,559	$2,020	$472	1.3x	30.4%	50.0%	23.3%
40	FULT	Fulton Financial Corporation	PA	$1,903	$27,112	$4,517	$21,317	3.2%	$20,670	$9,074	$1,863	$429	1.0x	21.2%	43.9%	23.0%
41	FHB	First Hawaiian, Inc.	HI	$2,192	$24,884	$3,920	$21,282	-1.9%	$14,221	$5,020	$1,334	$370	1.6x	18.4%	35.3%	27.8%
42	BOH	Bank of Hawaii Corp	HI	$1,530	$23,932	$8,740	$20,491	-0.6%	$13,825	$4,059	$1,143	$274	1.3x	42.7%	29.4%	24.0%
43	GBCI	Glacier Bancorp, Inc.	MT	$3,262	$27,802	$10,392	$20,148	-2.2%	$15,519	$9,992	$1,902	$341	1.7x	51.6%	64.4%	17.9%
44	ABCB	Ameris Bancorp	GA	$2,213	$26,088	$4,047	$19,898	2.2%	$19,998	$10,825	$2,136	$498	1.0x	20.3%	54.1%	23.3%
45	CATY	Cathay General Bancorp	CA	$2,228	$22,032	$1,820	$18,649	0.8%	$18,317	$9,476	$2,161	$463	1.0x	9.8%	51.7%	21.4%
46	EBC	Eastern Bankshares, Inc.	MA	$2,148	$22,721	$7,309	$18,542	-2.3%	$13,675	$6,637	$1,919	$296	1.1x	39.4%	48.5%	15.4%
47	CUBI	Customers Bancorp, Inc.	PA	$689	$21,752	$5,844	$17,724	-2.4%	$14,639	$5,771	$1,280	$365	0.5x	33.0%	39.4%	28.5%
48	HTLF	Heartland Financial USA, Inc.	CO	$1,222	$20,183	$7,291	$17,681	1.0%	$11,495	$5,836	$1,119	$301	1.1x	41.2%	50.8%	26.9%
49	HOMB	Home BancShares, Inc.	AR	$4,378	$22,518	$5,747	$17,446	-2.8%	$14,387	$8,665	$2,177	$555	2.0x	32.9%	60.2%	25.5%
50	PPBI	Pacific Premier Bancorp, Inc.	CA	$1,888	$21,362	$5,289	$17,208	-0.8%	$14,172	$11,781	$1,877	$304	1.0x	30.7%	83.1%	16.2%

	Price to Tangible BV (P/TB)	Liquidity* as a % of Total Deposits	CRE as a % of Tot. Loans	Est. NTM PPNR as a % of Tangible BV
Median	1.1x	32.9%	39.6%	24.5%
Average	1.2x	34.5%	39.8%	24.9%
Min	0.3x	9.8%	13.5%	13.2%
Max	2.5x	73.5%	83.1%	38.0%

Source: LPL Research, Bloomberg, Factset, Federal Reserve 5/17/2023
* Regional Banks are defined the top US banks by deposits, starting at the 8th ranked US bank.
Company & Regulatory data is as of 3/31/2023 or 12/31/2022, whichever is most recent and available
Past performance is no guarantee of future results

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The PE ratio (price-to-earnings ratio) is a measure of the price paid for a share relative to the annual net income or profit earned by the firm per share. It is a financial ratio used for valuation: a higher PE ratio means that investors are paying more for each unit of net income, so the stock is more expensive compared to one with lower PE ratio.

Earnings per share (EPS) is the portion of a company's profit allocated to each outstanding share of common stock. EPS serves as an indicator of a company's profitability. Earnings per share is generally considered to be the single most important variable in determining a share's price. It is also a major component used to calculate the price-to-earnings valuation ratio.

All index data from FactSet.

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