JOHN W. ROSENTHAL CAPITAL MANAGEMENT, INC.

1st Quarter 2022 Letter to Investors

Important Notes to Readers:

1. Reminder: your Monthly Investor Statement(s) and Quick Overview Summaries are available via our secure online portal. The link to that site is: https://app.lpx.fund/. If you haven't registered, you may do so by clicking the link and following these instructions: Investor Registration and Access
2. If you have NOT already RSVP'd to our *2022 Annual Investor Meeting and Banking Industry Update,* to be held at 11:45 a.m. on Thursday June 2nd in the Downes Club (7th floor) at Corbett Family Hall (door 4) within Notre Dame Stadium on the campus of the University of Notre Dame, please email us with your reservations ASAP. john@rosenthalpartners.net
3. In an ongoing quest to make things more convenient, and easier to digest, we have combined our *General Newsletter* with our *Bank Performance Newsletter*. This "new and improved" communication will be sent to you four times a year in the middle month of each quarter. This and past newsletters are also posted on our website. You may review them by going to www.rosenthalpartners.net Login using the password – banksrus – to revisit any/all our updates.

The "Quarterly Letter to Investors" will now consist of four Sections and two Appendices:

Section 1 – A Recap of Investment Returns from the Funds
Section 2 – General Commentary on the Community Banking Industry and its Prospects
Section 3 – An Analysis of our Banks Earnings/Operating Performance
Section 4 – Conclusion
Appendix A – Net CAGR, 1-year, and Inception-to-Date Returns; and Sector Rotation Update (1/1/21 – 4/30/22)
Appendix B – Our Banks Operating and Performance Metrics

Taken together, this information should inform your views about your investment(s) with us. Please read on.

Section 1 – A Recap of Investment Returns from the Funds:

Results Table

2022	Fund 1[1]	Fund 2[1]	^BANK[2]	KRE[2]	S&P 500[3]	Rus. 2000[3]
Jan.	-2.1%	2.0%	-0.2%	1.1%	-5.3%	-9.7%
Feb.	1.2%	0.7%	2.1%	3.7%	-3.1%	1.0%
Mar.	-5.4%	-3.0%	-8.3%	-7.2%	3.9%	2.1%
Q1 '22	-6.3%	-0.4%	-6.5%	-2.8%	-4.6%	-6.9%
2021	37.7%	32.7%	39.7%	37.0%	26.9%	13.7%
2020	1.9%	-6.1%	-10.6%	-9.0%	16.3%	18.4%
2019	17.4%	22.7%	21.2%	27.1%	28.5%	23.7%

1. Average monthly net rate of return after fees/expenses
2. BANK is the Nasdaq Small Cap Bank Index and KRE are regional bank stock ETF's
3. Russell 2000 is a small-cap stock market index; S&P 500 tracks performance of 500 large companies

The table above presents the 1st quarter's performance – by month and quarter. We also included the full-year results from 2021, 2020, and 2019 at the bottom of the table to highlight our strong 3-year results. As to be expected, in some periods we out-performed our benchmarks or broader market indices, and in others we did not. *This quarter, Fund 2 delivered alpha and substantially outperformed against bank and broader market indices.* Fund 1 was in line with the indices – after having bested them, and Fund 2, in 2021. So, for the past 15 months, things have "evened out" between the two Funds. If you study the table closely, you will see that our long-standing claim of "providing strong upside opportunity with excellent downside protection" has been borne out by our results.

Preliminary results for Q2 are highlighted below.

2022	Fund 1[1]	Fund 2[1]	^BANK[2]	KRE[2]	S&P 500[3]	Russell 2000[3]
Apr 1. – Apr. 30	-9.6%	-9.1%	-8.3%	-10.2%	-9.2%	-11.0%

As noted in the March and April Quick Overview Summaries distributed previously, and presented in the two tables above, March and April were down months for bank stocks. Please see Section 2 below for more commentary.

Section 2 – General Commentary on the Community Banking Industry and its Prospects:

General Commentary: We presented "the numbers" right up front. Now it's appropriate and necessary to provide some "color" to our results. What are the issues affecting the market now? Like always, there are a complex set of variables influencing stock prices of all companies, including banks. Ukraine remains an issue. The uncertainty created by the lingering war ripples through to the global economy. Oil price increases (gasoline) are a key side effect of that conflict. And oil prices affect everything else. Supply chain issues are back in focus – especially with the drastic measures being imposed on large portions of the Chinese population due to Covid concerns. With supply chain issues comes renewed concern about global GDP growth/recovery. Surprisingly, GDP was down 1.4% on an annualized rate in Q1 '22. Covid variants – while apparently not as deadly nor as strong – also add to uncertainly. Inflation is an ongoing concern. But as you will read in detail below, higher interest rates are generally very good for banks in the long run. In the short run, new ambiguity about U.S. GDP growth and corresponding loan growth for banks has been re-introduced into the equation. Inflation also creates fresh worries about the ability of consumers and commercial borrowers to remain current on their debt obligations. Taken together, these factors have contributed to the downturn in bank stock prices in March and April.

As they say in infomercials on TV, "but wait…" **There's plenty of good news as well.** In fact, we view this recent dip as a buying opportunity. *For us and for you***.** We have used this occasion to buy more of some of our favorite bank stocks. You may want to use this as a chance to increase your asset allocation to banks/financials too. Why? Again, as we will explain in depth below, it's *mostly* about *interest rates*. But loan growth and asset quality remain bright spots too. And as you will read in Section 3, earnings from our banks have been strong with the majority of our companies exceeding analyst's forecasts. As we have routinely highlighted, banks have many ways to make money. Fee-based lines of business from *our* banks are very meaningful contributors to our portfolio company's overall bottom line. While fee income from residential mortgage loan origination activities is down from the torrid pace of late 2020 and all of 2021 (due to higher rates), revenue from wealth management, trust, cash management, card businesses, insurance, and a host of other niche or specialty lines offered by our banks remains good.

In our minds, solid community banks remain an appropriate and *defensive sector* in which to invest for the balance of 2022. Safety is key; and picking individual bank stocks which are the "best-of-the-best" is our forte. Unlike meme stocks and a host of other stocks trading on multiples of *sales*, our banks produce real tangible cash earnings and are trading at multiples of *earnings* – not some fictitious, hoped-for future valuation which is fickle at best and just plain phony at worst. *For the umpteenth time, we proudly restate that we are* ***long-term value investors*** *– and believe this philosophy and approach is the best path to building and sustaining wealth over time.*

Interest Rates and the Shape of the Yield Curve and its Impact on Bank Stock Prices: (A comprehensive primer):
We've promised a "deep dive" regarding interest rates and the shape of the yield curve in our Quick Overview Summaries – so, we proudly present that here. If you've heard it from us once, you've heard it 100 times: *rising rates are good for banks.* Why? As it happens, for virtually all banks (big or small), the biggest revenue producer for them is the difference between what they charge for loans/earn on investments; and what they pay for deposits or other funding sources. Expressed in dollars, this is called *net interest income*; and represented in percentage terms, *net interest margin*.

Managing the process of *pricing* for loans and deposits is referred to as the asset/liability (or ALCO) function. For us, it is tied with hiring the right people and loan underwriting as the most important management functions in a bank. You've heard us preach about asset quality and loan underwriting since we began our Funds. Given the low margins at which banks operate, they can ill-afford loan losses. That's why banks with a proven track record with loan underwriting and low loan losses is our most important financial screen.

Now, let's first talk about deposit accounts in much more detail than we usually do. Banks cannot afford to have *losses* with either loans OR deposit accounts – but unrecoverable overdrafts and outright fraud in deposit accounts tend to be much less frequent and far less significant than loan losses. So, the main "cost" of deposit accounts is the rate of interest paid on those accounts. As such, another very significant financial screen for us is what percentage of *non-interest-bearing* demand deposit accounts ("dda's") does a bank have? Obviously, the higher proportion of non-interest-bearing accounts (individual and/or corporate) a bank has, the better – because it keeps their overall funding costs low – in ANY kind of rate environment. As you might imagine, the real long-term value of those non-interest-bearing dda accounts has been *very muted* since the *overall level* of rates has been so low for a long time – even before Covid. We have always focused on owning banking companies with very strong non-interest-bearing accounts as part of their overall funding mix! Now that rates are rising, the value of those non-interest-bearing dda's will vastly increase.

Sticking with deposit costs for a while, solid community banks also did very well with PPP loans (even more so than big banks) which have boosted the overall levels of both non-interest-bearing (as well as interest-bearing deposit accounts) at their banks. If you are a depositor at virtually any bank, you know, first-hand, that the rate of interest being paid on your interest-bearing accounts is still VERY low. Banks have so much excess cash and deposits (liquidity) that they are **not** having to pay higher rates of interest to adequately fund the loan side of their balance sheets. At least not yet. Therefore, the yield curve for U.S. Treasuries does not currently correlate exactly to funding costs of banks – especially our community banks. **Margins stabilized at our banks this quarter – as you will read in the next section.** (Another key factor also contributing to rising margins is the continued forgiveness of super-low yielding, i.e., 1%, PPP loans). With the glut of cash and deposits in banks remaining, deposit costs should remain low, and margins should be going up for the balance of the year – for our core-funded community banks.

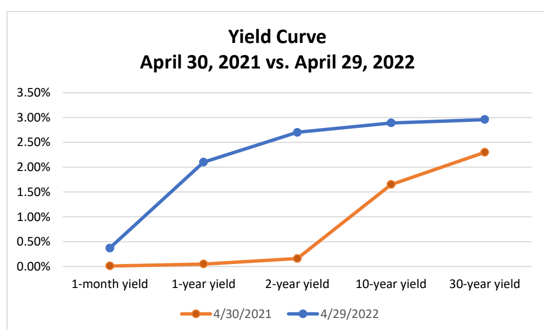
Here's a good time to insert a very important graph. Most of us think of a deposit as an asset, and for those who deposit in banks, they are. But for the bank, that deposit is just the opposite – it is a liability. Similarly, we typically think of a loan to an individual or corporation as a liability, but for a bank, it is an asset. See the graph below:

A Bank's Simplified Balance Sheet

Assets	**Liabilities**
Cash	Non-Interest-Bearing Deposits
Investment Securities	Interest Bearing Deposit
Loans	Other Borrowings
Property and Equipment	Other Liabilities
Other Assets	**Equity**
Total Assets	**Total Liabilities and Equity**

It's a little weird for folks to wrap their heads around this concept. But banks' balance sheets are "flip-flopped" compared to personal or corporate balance sheets. Matching the *duration* of assets and liabilities at an appropriate *spread* to produce net interest income/margin is the crucial process of asset liability management.

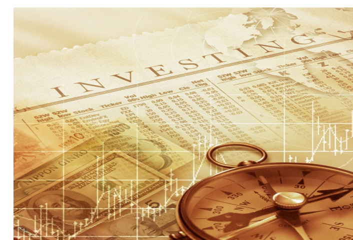
Now let's turn our attention to the loan side of the equation. The Fed raised the target Fed Funds rate by 25-basis points on April 16th and another 50-basis points on May 4th. While I don't borrow on my home equity line, it wasn't two days after these rate hikes, that I received notice in the mail that the rate on my HELOC has increased. Many, but not all, corporate borrowers are now paying more on their working capital lines of credit from banks. Some borrowers had "floors" or minimums on their borrowings. But with the 75-basis point increase, most have reached or exceeded their minimums – so banks are earning more on those commercial lines than before. Intermediate term loans for cars, equipment, and other borrowings are also increasing. Commercial and residential mortgage loan rates have popped meaningfully. Yields for banks on their investments have increased too. Simply put, higher rates are producing more net interest income for banks. And since the spread between what banks earn on loans and investments vs. what they pay on deposits is the largest source of revenue for virtually every bank, their net interest income is blossoming. Currently, banks are much more able to price their *loans* off the U.S. Treasury curve than they must price their *deposits* off that curve. So, let's talk about the U.S. Treasury yield curve.

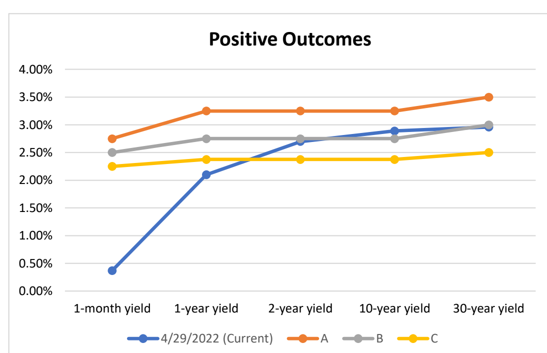


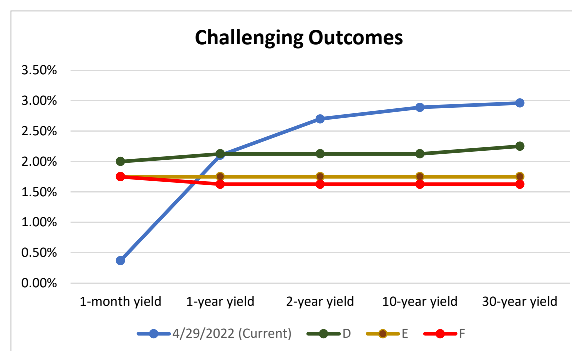
To the left is a graph comparing the yield curve today (blue line) vs. one year ago (orange line). As you can plainly see, the entire curve has moved up. Banks are certainly benefitting from the initial slight increase in the shorter end of the curve – but also from the longer end of the curve. It is also obvious that the yield curve has "flattened" – or, not gone up as much toward the long end as it has the short end. Why? We believe *part* of the answer to that is that the 10-year UST remains the "safe-haven investment" for the world. It's been a while since we've dusted off our Corporate Finance 101 textbooks – but corporate finance theory taught us that the 10-year UST is a function of the expected inflation rate over time, plus a nominal rate of interest. Both expected inflation and the nominal rate of interest are more uncertain than they have been in years – due to Covid, the war in Ukraine, supply chain issues, commodity prices, consumer demand and a host of additional variables. Inflation is the highest it has been in decades. We believe, inflation alone "should" be causing the 10-year UST to be higher than it is currently. But as the global safe-haven investment, demand for the 10-year UST is driving up the *price* and keeping the *yield* in check. If fear diminishes and confidence increases, we expect to see the yield on the 10-year rise a bit more before year-end. But that forecast depends on global events, more now, than in the recent past.

We have a pretty good handle on the fact that the Federal Reserve will raise short-term rates repeatedly and meaningfully to fulfill its mandate to manage inflation to 2%. How fast and how far they will go to accomplish this goal in the face of GDP that declined 1.4% annualized in Q1 is the stuff of daily debate by all the talking heads.

Let's try to summarize all this by presenting a couple of additional graphs below and comment on how various scenarios might impact bank stocks. We will start with the Positive Outcomes Graph and follow this with the Challenging Outcomes Graph. All of these "pictures" must be tempered by *how long* their shape might endure. And remember, the yield curve is in constant flux and these graphs are only a few of the nearly limitless possible shapes the curve could actually take – but for our purposes here, can represent certain general economic scenarios which may come to pass in the future.







In the Positive Outcomes Graph, we present 3 potential yield curve scenarios that will be good for banks. Line A shows a *fairly likely scenario* – with the short-end of the curve increasing further to 2.75% and the mid and long-end of the curve increasing to 3.25% and 3.5% respectively. This would be fine for bank's net interest income/margins. In this case, the 10-2 spread would be a reasonable 50 basis points. Line B shows the short-end of the curve increasing to 2.5%, but the longer end of the curve remaining where it is currently – around 2.75%. This would be ok for banks – but not as good as Line A. The 10-2 spread in this instance would be 25 basis points. Line C shows the short-end of the curve increasing even more modestly than in Line A or B to about 2.25% and the 10-year levels decreasing to 2.375% for an even flatter 10-2 spread of 12.5 basis points. This is the least favorable, but still a positive outcome – so long as the flat or slightly inverted yield curve doesn't last for a long period of time.

The corresponding economic environment for the lines A, B, and C might be described as follows:

- Line A: Fed tightens aggressively to fight inflation and GDP Growth remains neutral to positive
- Line B: Fed tightens strongly to battle inflation, but GDP growth is neutral to slightly down (a soft-landing)
- Line C: Fed tightens adequately attempting to stop inflation, but GDP growth is impacted and the curve is flat

In the Challenging Outcomes Graph, we present 3 potential yield curve scenarios that would be somewhat hurtful to banks and their net interest income/margin if they persisted for a longer period of time. Line D shows the short end of the curve topping out at a *less-than-expected* forecast rate of 2% should the Fed slow its anticipated rate of Fed Funds increases. And at the same time the yield on the 10-year coming back down to 2.125%. This would produce a paltry 12.5 basis point 10-2 spread. Line E shows a completely flat yield curve with the short term and 10-year rate at 1.75%, i.e, 0 basis point 10-2 spread. The worst-case scenario for these purposes, Line F, plots a 1.75% short term rate with an inversion of the 10-year rate down to 1.625%.

The corresponding economic environment for the lines D, E, and F might be described as follows:

- Line D: Fed tightens less than anticipated and economic activity slows such that the curve is almost flat & yields are down
- Line E: Fed slows tightening even more than anticipated and the yield curve is completely flat indicating a recession
- Line F: Fed drastically slows tightening and bond sales due to a deeper recession, and the curve inverts at the 10/2 horizon

Headlines about "certain parts/duration" of the yield curve inverting add to fears about how that will impact companies – especially interest rate sensitive entities – like banks. As we have put forth on many previous occasions, *psychology* impacts the markets significantly in the short run. *Performance* drives markets in the long run. The fundamental earnings performance of banks will be very good as rates rise. We believe their stock prices will follow over time.

Given all the uncertainty that exists in the world today, we did do some minimal hedging beginning in March. At this writing, the gains on our hedges are $791k for Fund 1 and $644k for Fund 2. The bottom line is that we are always attentive to when it may become appropriate to aggressively hedge or sell down positions to raise more cash within our Funds.

Section 3 – An Analysis of our Banks Earnings/Operating Performance:

Fund 1 Headlines

- **72% of our Banks in Fund 1 Exceeded Analyst's EPS Expectations this Quarter**
- **40% of our Banks is Fund 1 are rated Strong Buy, 24% are Rated Outperform, 24% are rated Market Perform and 12% are not rated.**
- **Year-Over-Year Wtd. Ave. "Pre-Provision" EPS for Banks in Fund 1 Increased 6% while, as Expected, "Bottom line" EPS Declined 13% YOY – Reflecting the Decrease/End of Negative Provisioning Expenses Prevalent Last Year.**
- **Loan Growth Exceeds Expectations – Banks in *Our Portfolio* Grew Loans More than Banking Industry as a Whole (Wtd. Ave. +6% in Our Portfolio vs. 1.5% Banking Industry Avg. Q/Q)**
- **Margins Stabilize with Wtd. Ave. NIM at 3.16% in Q1 '22 vs. 3.21% in Q4 '21**

Fund 2 Headlines

- **57% of our Banks in Fund 1 Exceeded Analyst's EPS Expectations this Quarter**
- **54% of our Banks is Fund 1 are rated Strong Buy, 21% are Rated Outperform, 11% are rated Market Perform and 14% are not rated.**
- **Year-Over-Year Wtd. Ave. "Pre-Provision" EPS for Banks in Fund 2 Increased 1% while, as Expected, "Bottom line" EPS Declined 6% YOY – Reflecting the Decrease/End of Negative Provisioning Expenses Prevalent Last Year.**
- **Loan Growth Exceeds Expectations – Banks in *Our Portfolio* Grew Loans More than Banking Industry as a Whole (Wtd. Ave. +3.1% in Our Portfolio vs. 1.5% Banking Industry Avg. Q/Q)**
- **Margins Stabilize with Wtd. Ave. NIM at 3.03% in Q1 '22 vs. 3.06% in Q4 '21**

We *expected* earnings to be strong again this quarter – and they were. Our banks posted larger loan growth than the industry as a whole. Generally speaking, "reserve releases" i.e., *zero or negative* provision for loan loss expenses, stopped or dramatically decreased this year after they were a driving force behind EPS growth in 2021; fee income remained good; but operating expenses are increasing and are likely to continue to increase in 2022. All these things considered, our banks did very well – which, over time, should continue to translate into higher stock prices.

Section 4 – Conclusion:

We remain constructive on community banks and believe they will continue to *outperform* the broader markets and most sectors of the market, throughout the remainder of the year. Banks are a solid defensive play at this point in the economic cycle. We advise a fully weighted allocation to financials as part of your overall portfolio.

As is obvious from the graph at the bottom of Appendix A, overweighting financials has served investors well in the recent past. If you wish to add to your investment with us, please let us know. If you have questions about our invitation to do so, or anything at all, as always, you may reach us by calling the office at 574-243-6501, John's cell: 574-276-1128, or Adam's cell: 440-667-5974. Or email: john@rosenthalpartners.net or adam@rosenthalpartners.net

With warmest personal regards and great gratitude,

John and Adam

Additional Investment Form

I wish to *increase* my investment by:________________________________
(Fill in any dollar amount ≥ $10,000)

Fund 1 Fund 2
(Circle the one(s) that you wish to increase your investment)

Name: ____

Email: ____

Best Phone #: ____

I understand you will forward additional paperwork for me to execute which will indicate that I continue to accept *all* the terms and conditions of the Limited Partnership Agreement.

Please return this form using any of the following options:

Scan and email to: john@rosenthalpartners.net
or

Fax to: 574-243-4377
or

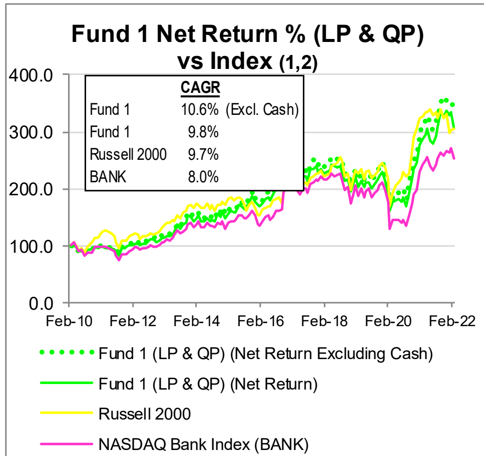
Mail to:
John W. Rosenthal Capital Management, Inc.
4220 Edison Lakes Parkway
Ste. 310
Mishawaka, Indiana 46545

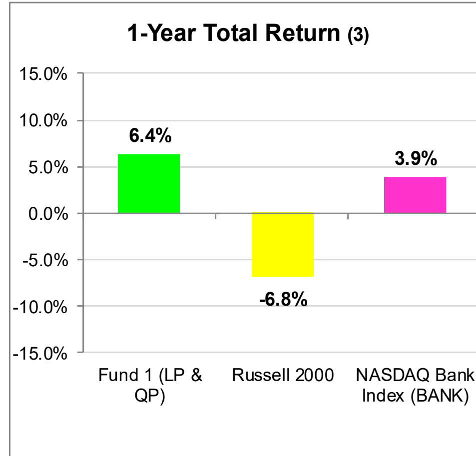
THERE IS NO NEED TO SEND CASH NOW

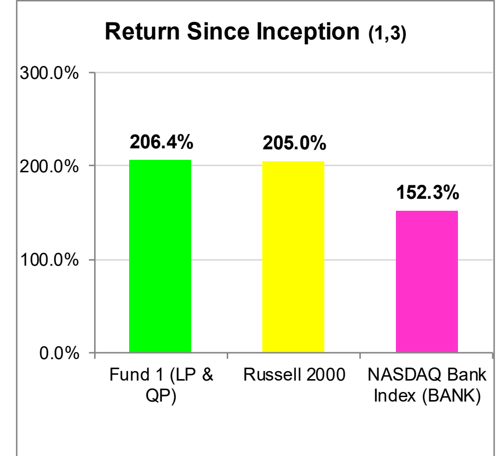
We will Invoice You at the Proper Time

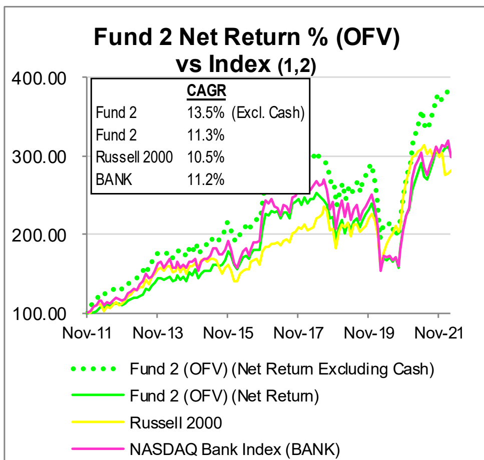
Questions – Please Call 574-243-6501

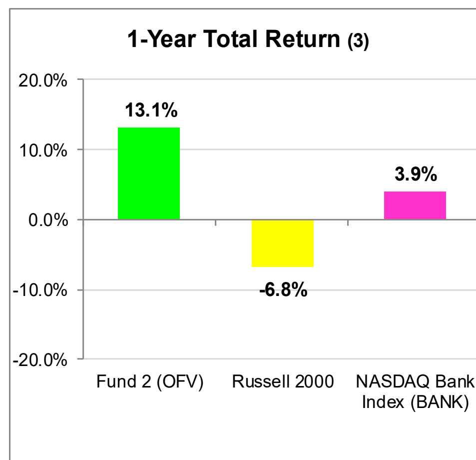
APPENDIX A

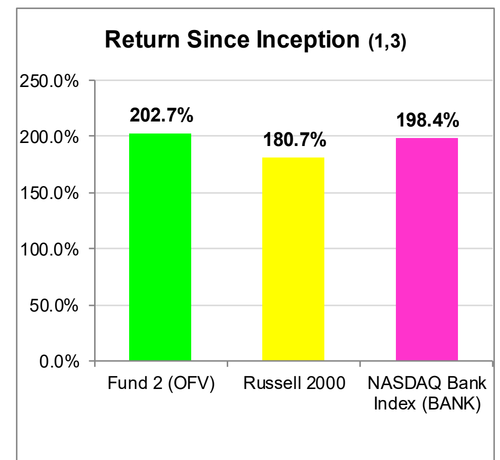








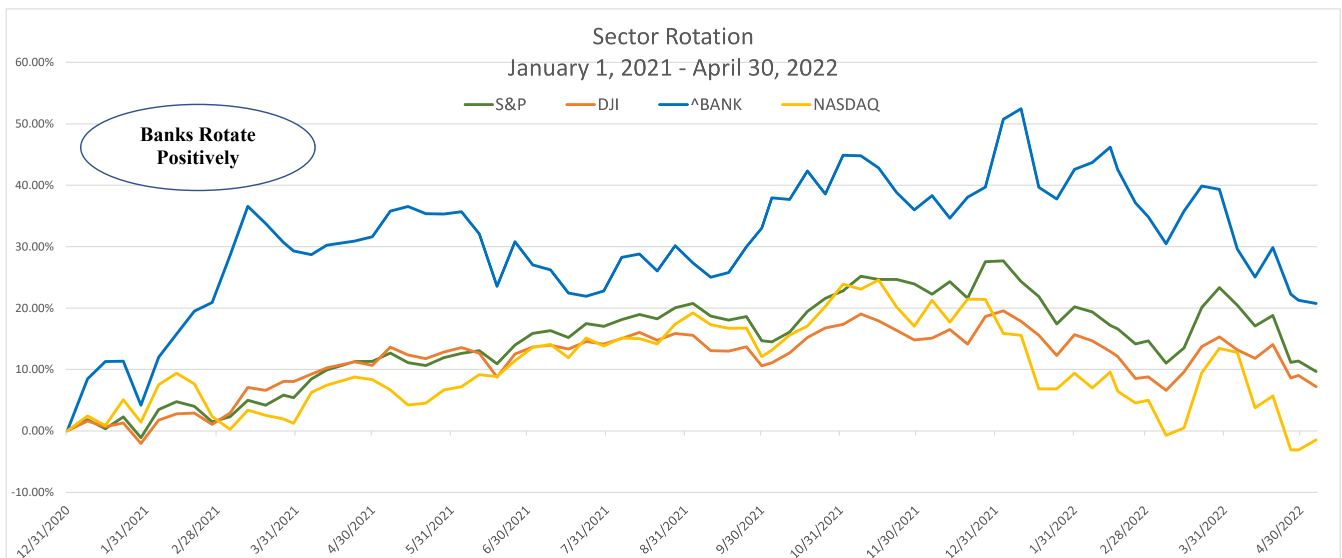




(1) For comparison purposes, inception date for Fund 1 uses March 2010 Fund 2 uses November 2011 monthly statement from LICCAR. CAGR = Compound Annual Growth Rate

(2) Net return (excluding cash) for Fund 1 = Fund 1 Total Return divided by prior month end market value of bank/security investments.

(3) Total return for Fund 1 (LP & QP) based on monthly statements compiled by LICCAR & Gryphon Group net of all expenses; Russell 2000 and NASDAQ Bank Index based on data provided by S&P Global Market Intelligence. (Based on ending index value, not total return).



APPENDIX B

Fund 1 Q1 2022 Recap

Ticker	Quarterly Record Pre-Prov. EPS?	Total Assets ($bils)	Pre-Provision EPS (1)	% Change from		Earnings Per Share	% Change from		Tg. CE / Tg. Assets		Net Interest Margin		Non Int. Inc. / Revenue		NPAs+90 PD/ Assets		Reserves / Total Loans		Loan Growth (Not Annualized)		Beta vs. S&P 500
			1Q '22	4Q '21	1Q '21	1Q '22	4Q '21	1Q '21	1Q '22	4Q '21	1Q '22	4Q '21	1Q '22	4Q '21	1Q '22	4Q '21	1Q '22	4Q '21	Quarter	YTD	
A		$26.1	$0.67	-3%	-19%	$0.61	33%	-28%	7.6%	8.6%	3.15%	3.24%	15%	16%	0.35%	0.38%	1.28%	1.28%	2.2%	2.2%	1.18
B		$3.3	$0.58	-15%	-35%	$0.57	-21%	-34%	8.5%	9.2%	2.79%	2.87%	58%	60%	0.16%	0.11%	1.72%	1.75%	3.4%	3.4%	0.63
C		$12.6	$1.20	14%	3%	$1.08	-6%	-15%	7.8%	10.9%	2.75%	2.89%	39%	37%	0.49%	0.70%	1.34%	1.36%	5.3%	5.3%	1.12
D	Yes	$7.1	$0.54	8%	12%	$0.50	9%	14%	9.2%	9.5%	3.12%	3.52%	32%	35%	0.69%	0.63%	0.36%	0.35%	11.1%	11.1%	1.49
E		$16.8	$1.12	-15%	0%	$1.27	-12%	-5%	7.2%	7.9%	3.14%	3.19%	14%	17%	0.15%	0.17%	1.36%	1.44%	0.7%	0.7%	1.32
F		$3.6	$0.46	4%	9%	$0.39	0%	5%	8.6%	8.9%	3.55%	3.54%	5%	4%	0.05%	0.06%	1.40%	1.42%	6.0%	6.0%	0.86
G		$5.4	$0.54	-10%	-25%	$0.41	-31%	-31%	6.7%	7.8%	3.51%	3.57%	14%	15%	0.23%	0.31%	0.78%	0.91%	17.5%	17.5%	1.21
H	Yes	$2.8	$1.22	10%	138%	$0.46	-19%	-6%	7.3%	7.6%	4.39%	3.98%	43%	37%	0.08%	0.07%	1.97%	1.64%	12.7%	12.7%	1.43
I		$4.2	$0.33	-26%	-32%	$0.47	161%	-8%	7.1%	9.2%	3.27%	3.36%	23%	24%	0.42%	0.48%	1.17%	1.26%	-1.1%	-1.1%	0.85
J		$6.7	$0.71	-6%	0%	$0.31	-58%	-58%	7.0%	9.9%	3.10%	3.22%	25%	25%	0.23%	0.26%	1.23%	1.23%	21.6%	21.6%	0.91
K		$10.3	$0.40	-13%	-9%	$0.25	-42%	-44%	8.1%	8.3%	2.98%	3.01%	9%	9%	0.22%	0.25%	0.94%	0.97%	19.4%	19.4%	1.12
L		$6.6	$0.88	-5%	-1%	$0.92	-3%	2%	9.2%	10.7%	2.89%	3.00%	19%	18%	0.29%	0.31%	1.55%	1.58%	1.5%	1.5%	0.89
M		$8.6	$0.82	-3%	-1%	$0.76	15%	-14%	8.0%	8.4%	3.96%	4.05%	31%	28%	0.58%	0.54%	0.93%	0.96%	3.9%	3.9%	1.40
N		$6.9	$2.50	255%	12%	$1.66	-17%	-10%	6.5%	6.7%	4.73%	4.63%	57%	35%	0.55%	0.60%	2.35%	1.82%	1.2%	1.2%	1.29
O		$12.2	$0.53	19%	16%	$0.42	14%	-21%	8.1%	8.4%	3.13%	3.00%	12%	12%	0.29%	0.32%	0.56%	0.57%	5.6%	5.6%	0.94
P		$21.6	$0.73	-10%	-1%	$0.70	-21%	-3%	8.8%	9.5%	3.36%	3.56%	13%	12%	0.26%	0.15%	1.34%	1.38%	3.1%	3.1%	1.31
Q		$164.1	$0.53	1%	1%	$0.55	28%	-13%	5.9%	6.8%	2.81%	2.86%	36%	38%	0.55%	0.62%	1.57%	1.67%	1.8%	1.8%	1.41
R		$10.9	$0.51	-8%	-8%	$0.33	-47%	-45%	9.9%	11.1%	3.21%	3.19%	17%	20%	0.39%	0.50%	1.39%	1.40%	8.9%	8.9%	1.22
S	Yes	$121.8	$5.13	5%	39%	$5.30	22%	64%	6.1%	6.0%	1.96%	1.93%	6%	6%	0.43%	0.47%	0.69%	0.73%	2.4%	2.4%	1.29
T		$7.8	$0.90	1%	-3%	$0.29	-68%	-71%	6.9%	8.2%	3.06%	3.09%	28%	29%	0.26%	0.22%	1.38%	1.29%	16.3%	16.3%	1.01
U		$220.4	$7.69	21%	-8%	$7.92	27%	-21%	5.4%	5.7%	2.10%	1.93%	29%	33%	0.05%	0.06%	0.61%	0.64%	3.6%	3.6%	1.53
V		$6.1	$1.01	-6%	4%	$0.93	-9%	-30%	9.9%	9.5%	7.58%	7.73%	11%	12%	1.03%	0.97%	0.88%	0.87%	-2.9%	-2.9%	1.43
W		$3.5	$0.73	2%	1%	$0.78	10%	11%	6.7%	7.4%	2.82%	3.02%	9%	9%	0.25%	0.26%	1.11%	1.15%	1.2%	1.2%	0.97
X	Yes	$50.3	$2.33	24%	9%	$2.07	31%	-19%	6.9%	6.9%	2.58%	2.57%	36%	31%	0.20%	0.23%	0.70%	0.70%	1.4%	1.4%	1.33
Y		$91.1	$1.17	-11%	-3%	$1.27	-5%	-33%	5.4%	6.5%	2.56%	2.60%	23%	22%	0.52%	0.54%	0.93%	1.01%	0.8%	0.8%	1.07
Wtg. Avg.		**$39.5**		**9%**	**6%**		**-4%**	**-13%**	**7.6%**	**8.5%**	**3.16%**	**3.21%**	**25%**	**24%**	**0.36%**	**0.39%**	**1.12%**	**1.12%**	**6.0%**	**6.0%**	**1.20**

Note: For certain performance metrics, if data was not reported, consolidated and/or bank regulatory data for the most recent quarter available may have been used.

(1) Pre-Provision EPS = Pre-provision net revenue per share assuming a 21% federal marginal tax rate and based on average diluted shares outstanding. Pre-Provision Net Revenue = Net Interest Income + Noninterest Income - Noninterest Expense

Fund 2 Q1 2022 Recap

Ticker	Quarterly Record Pre-Prov. EPS?	Total Assets ($bils)	Pre-Provision EPS (1)	% Change from		Earnings Per Share	% Change from		Tangible CE / Tangible		Net Interest Margin		Non Int. Inc. / Revenue		NPAs+90 PD/ Assets		Reserves / Total Loans		Loan Growth (Not Annualized)		Beta vs. S&P 500
			1Q '22	4Q '21	1Q '21	1Q '22	4Q '21	1Q '21	1Q '22	4Q '21	1Q '22	4Q '21	1Q '22	4Q '21	1Q '22	4Q '21	1Q '22	4Q '21	Quarter	YTD	
A		$8.0	$1.19	7%	-2%	$1.10	-1%	0%	9.8%	10.4%	3.14%	3.12%	28%	28%	0.45%	0.51%	2.41%	2.38%	0.9%	0.9%	1.04
B	Yes	$7.1	$0.54	8%	12%	$0.50	9%	14%	9.2%	9.5%	3.12%	3.52%	32%	35%	0.69%	0.62%	0.36%	0.35%	11.1%	11.1%	1.49
C		$12.1	$0.87	-11%	43%	$0.82	-1%	NM	7.3%	7.7%	3.14%	3.17%	7%	NA	0.55%	0.36%	0.86%	0.91%	0.1%	0.1%	1.10
D		$3.3	$0.58	-15%	-35%	$0.57	-21%	-34%	8.5%	9.2%	2.79%	2.87%	58%	60%	0.16%	0.11%	1.72%	1.75%	3.4%	3.4%	0.63
E		$3.6	$0.46	4%	9%	$0.39	0%	5%	8.6%	8.9%	3.55%	3.54%	5%	4%	0.05%	0.06%	1.40%	1.42%	6.0%	6.0%	0.86
F		$47.2	$0.66	6%	-20%	$0.60	NM	-22%	6.3%	7.5%	2.88%	2.92%	29%	28%	0.31%	0.39%	1.60%	1.64%	1.1%	1.1%	1.20
G	Yes	$1.3	$1.29	4%	25%	$1.15	4%	16%	5.2%	5.2%	2.81%	2.39%	14%	23%	0.00%	0.00%	1.24%	1.27%	3.5%	3.5%	0.17
H		$8.3	$0.86	-2%	17%	$0.75	-5%	-9%	10.0%	10.1%	3.65%	3.78%	5%	5%	1.43%	1.46%	1.15%	1.15%	2.2%	2.2%	1.15
I		$5.5	$0.32	-3%	-6%	$0.33	-18%	43%	11.3%	11.9%	3.25%	3.32%	11%	10%	0.70%	1.03%	1.27%	1.37%	2.2%	2.2%	NA
J		$2.7	$0.93	-9%	-5%	$1.02	1%	-9%	8.2%	8.4%	3.39%	3.39%	26%	27%	0.22%	0.25%	1.05%	1.08%	0.5%	0.5%	1.05
K		$10.5	$0.58	-5%	4%	$0.55	8%	10%	8.4%	8.4%	3.00%	3.18%	16%	17%	0.17%	0.17%	0.42%	0.46%	7.1%	7.1%	1.19
L		$36.3	$1.18	1%	11%	$1.40	-10%	16%	7.1%	7.7%	2.78%	2.82%	27%	27%	0.15%	0.20%	1.49%	1.61%	0.9%	0.9%	1.47
M		$7.4	$0.47	-2%	12%	$0.54	10%	17%	6.9%	7.6%	2.83%	2.88%	22%	20%	0.30%	0.30%	1.41%	1.48%	1.8%	1.8%	1.22
N		$9.7	$1.13	-9%	-24%	$1.02	-11%	-24%	8.4%	6.9%	2.59%	2.72%	34%	36%	0.10%	0.05%	0.39%	0.34%	3.9%	3.9%	1.11
O		$5.2	$0.72	22%	-18%	$0.73	-1%	-16%	7.5%	7.8%	2.54%	2.77%	23%	28%	0.13%	0.37%	0.98%	1.02%	3.0%	3.0%	1.06
P		$6.9	$2.50	255%	12%	$1.66	-17%	-10%	6.5%	6.7%	4.73%	4.63%	57%	35%	0.55%	0.60%	2.35%	1.82%	1.2%	1.2%	1.29
Q		$1.3	$0.27	-7%	25%	$0.23	-15%	14%	19.8%	20.5%	4.08%	4.32%	5%	6%	0.16%	0.30%	0.53%	0.54%	3.5%	3.5%	0.49
R		$8.1	$0.88	5%	-15%	$0.87	-28%	-19%	7.8%	8.7%	2.82%	3.08%	24%	17%	0.36%	0.40%	1.18%	1.22%	-0.7%	-0.7%	0.87
S		$21.6	$0.73	-10%	-1%	$0.70	-21%	-3%	8.8%	9.5%	3.36%	3.56%	13%	12%	0.26%	0.15%	1.34%	1.38%	3.1%	3.1%	1.31
T		$39.2	$1.08	-13%	2%	$1.01	-11%	-20%	5.8%	6.5%	3.39%	3.27%	6%	16%	0.18%	0.19%	0.81%	0.87%	6.1%	6.1%	1.43
U		$164.1	$0.53	1%	1%	$0.55	28%	-13%	5.9%	6.8%	2.81%	2.86%	36%	38%	0.55%	0.62%	1.57%	1.67%	1.8%	1.8%	1.41
V		$13.0	$1.03	-3%	-16%	$0.96	-3%	-39%	8.7%	9.2%	3.45%	3.53%	17%	18%	0.36%	0.39%	1.09%	1.09%	1.8%	1.8%	1.08
W		$220.4	$7.69	21%	-8%	$7.92	27%	-21%	5.4%	5.7%	2.10%	1.93%	29%	33%	0.05%	0.06%	0.61%	0.64%	3.6%	3.6%	1.53
X		$16.7	$0.60	16%	-30%	$0.63	15%	-34%	8.4%	8.8%	2.65%	2.74%	40%	37%	0.10%	0.13%	1.02%	1.08%	4.2%	4.2%	1.07
Y		$10.5	$0.64	-13%	0%	$0.65	-21%	2%	9.8%	9.1%	3.17%	3.39%	17%	16%	0.55%	0.57%	0.94%	1.05%	4.1%	4.1%	1.33
Z		$1.9	$0.16	-17%	-14%	$0.15	-20%	-12%	13.1%	12.8%	2.85%	2.79%	8%	11%	0.00%	NA	0.07%	0.07%	2.0%	14.7%	0.52
AA	Yes	$50.3	$2.33	24%	9%	$2.07	31%	-19%	6.9%	6.9%	2.58%	2.57%	36%	31%	0.20%	0.23%	0.70%	0.70%	1.4%	1.4%	1.33
AB		$91.1	$1.17	-11%	-3%	$1.27	-5%	-33%	5.4%	6.5%	2.56%	2.60%	23%	22%	0.52%	0.54%	0.93%	1.01%	0.8%	0.8%	1.07
Wtg. Avg.		**$27.9**		**13%**	**1%**		**-1%**	**-6%**	**7.8%**	**8.1%**	**3.03%**	**3.06%**	**25%**	**25%**	**0.30%**	**0.32%**	**1.12%**	**1.13%**	**3.1%**	**3.3%**	**1.08**

Note: For certain performance metrics, if data was not reported, consolidated and/or bank regulatory data for the most recent quarter available may have been used.

(1) Pre-Provision EPS = Pre-provision net revenue per share assuming a 21% federal marginal tax rate and based on average diluted shares outstanding. Pre-Provision Net Revenue = Net Interest Income + Noninterest Income - Noninterest Expense

Legend: Our color coded legend above gives an overview of GREAT, GOOD and BELOW PAR – but oftentimes does not tell the whole story. We do NOT adjust earnings for one-time events such as acquisition costs. So, a "red" in one quarter may end up being a bit misleading. Furthermore, given the lines of business for certain of our banks, there is some seasonality to income; which makes quarterly comparisons difficult. Green is outstanding and represents banks which have posted EPS increases of more than 5%, whose net interest margin is up and whose non-performing loans are down. Yellow is good and represents banks which have posted EPS gains within a range, up or down, of 4.9%. Red represents banks which have posted EPS declines of greater than 5%, had a decrease in their net interest margin or an increase in non-performing loans.

Finally, as always, past performance may not be indicative of future results. Therefore, no current or prospective client should assume that the future performance of any specific investment, investment strategy (including the investments and/or investment strategies recommended by the advisor), will be profitable or equal to past performance levels