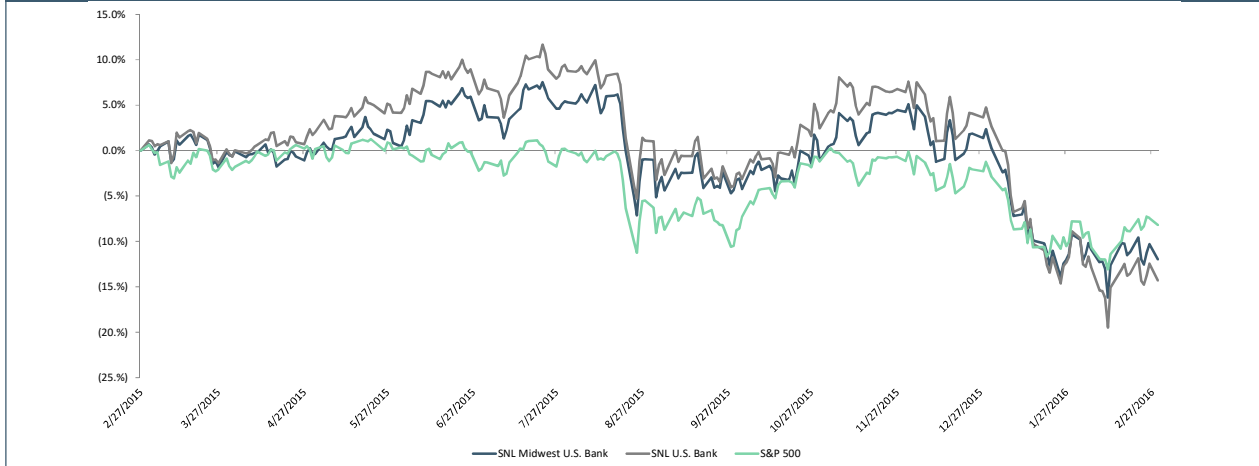


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A Midwest Bank
Newsletter

Midwest Bank Index Performance (shown as % change)



Indices Performance (% change)

	<u>February 2016</u>	<u>LTM</u>		<u>February 2016</u>	<u>LTM</u>
S&P 500	(0.4%)	(8.2%)	SNL U.S. Bank	(5.1%)	(14.3%)
Dow Jones	0.4%	(8.9%)	SNL Midwest U.S. Bank	(2.4%)	(12.0%)
NASDAQ	(1.4%)	(8.2%)			

Note: U.S. Bank index includes banks which trade on all Major Exchanges (NYSE, NYSE Amex, NASDAQ). Midwest region includes banks which trade on all Major Exchanges (NYSE, NYSE Amex, NASDAQ) headquartered in IA, IN, IL, KS, KY, MI, MN, MO, ND, NE, OH, SD, WI.

Movers and Losers (largest % changes in the month of February)

Bank Name	Price/Share	Price Change	Bank Name	Price/Share	Price Change
Oriental Financial (OFG)	\$5.82	13.2%	Bank of the Ozarks (OZRK)	\$37.84	(15.6%)
Southside Bancshares (SBSI)	\$23.42	9.7%	SVB Financial Group (SIVB)	\$88.85	(13.3%)
First Financial (FFBC)	\$16.77	6.2%	BNC Bancorp (BNCN)	\$20.28	(12.3%)
Bank of Hawaii (BOH)	\$63.50	5.4%	Synovus Financial (SNV)	\$26.59	(11.7%)
Chemical Financial (CHFC)	\$33.83	5.4%	PacWest Bancorp (PACW)	\$32.18	(11.4%)

Note: Price per share as of February 29, 2016. Consists of public banks listed on the NYSE and NASDAQ with a market capitalization greater than \$150 million.

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A Midwest Bank
Newsletter

Select Public Trading Statistics (as of 2/29/2016)

Large U.S. National Banks:

Institution Name	Ticker	State	Market		NPAs/ Assets (%)	Net Interest Margin (%)	Efficiency Ratio (%)	Risk-based Capital Ratio (%)	Leverage Ratio (%)	Price/ Tangible	
			Capitalization (\$ in millions)	Total Assets (\$ in thousands)						Book (%)	Book (%)
Wells Fargo & Company	WFC	CA	238,199.3	1,787,632,000	1.50	2.94	59.52	15.45	9.37	138.9	167.4
JPMorgan Chase & Co.	JPM	NY	206,635.9	2,351,698,000	0.62	2.25	62.40	15.12	8.49	93.1	119.1
Bank of America Corporation	BAC	NC	129,276.9	2,144,316,000	0.92	2.17	69.91	13.16	8.60	55.6	80.7
Citigroup Inc.	C	NY	114,534.5	1,731,210,000	0.81	3.02	61.32	16.69	10.18	55.9	63.7
U.S. Bancorp	USB	MN	66,921.4	421,853,000	1.01	3.08	53.03	13.27	9.46	165.5	220.9
PNC Financial Services Group, Inc.	PNC	PA	40,744.9	358,493,000	1.02	2.73	61.80	14.62	10.15	99.3	129.0
Bank of New York Mellon Corporation	BK	NY	38,072.6	393,780,000	0.09	0.99	71.24	12.52	5.96	108.2	273.9
BB&T Corporation	BBT	NC	25,099.3	209,947,000	0.65	3.37	58.39	14.26	9.77	101.6	162.2
State Street Corporation	STT	MA	21,912.9	245,192,000	0.00	1.07	73.17	17.38	6.88	119.0	199.7
SunTrust Banks, Inc.	STI	GA	16,755.8	190,817,000	1.75	3.01	62.17	12.54	9.69	76.4	107.2
Minimum			16,756	190,817,000	0.0	1.0	53.0	12.5	6.0	55.6	63.7
Mean			89,815	983,493,800	0.8	2.5	63.3	14.5	8.9	101.3	152.4
Median			53,833	407,816,500	0.9	2.8	62.0	14.4	9.4	100.5	145.6
Maximum			238,199	2,351,698,000	1.7	3.4	73.2	17.4	10.2	165.5	273.9

Large Midwest Banks:

Institution Name	Ticker	State	Market		NPAs/ Assets (%)	Net Interest Margin (%)	Efficiency Ratio (%)	Risk-based Capital Ratio (%)	Leverage Ratio (%)	Price/ Tangible	
			Capitalization (\$ in millions)	Total Assets (\$ in thousands)						Book (%)	Book (%)
Northern Trust Corporation	NTRS	IL	13,597.1	116,749,600	0.19	1.12	70.72	13.21	7.45	163.7	175.8
Fifth Third Bancorp	FITB	OH	11,952.1	141,082,000	1.43	2.87	47.61	14.13	9.54	82.6	99.2
KeyCorp	KEY	OH	8,815.6	95,133,000	0.55	2.89	66.09	12.97	10.72	84.3	94.0
Huntington Bancshares Incorporated	HBAN	OH	6,956.5	71,044,551	1.83	3.11	63.63	12.64	8.79	112.0	127.0
Commerce Bancshares, Inc.	CBSH	MO	4,114.7	24,604,962	0.28	2.97	61.28	13.28	9.23	186.6	199.5
FirstMerit Corporation	FMER	OH	3,253.8	25,524,604	0.84	3.32	60.52	13.74	8.63	114.6	159.7
PrivateBancorp, Inc.	PVTB	IL	2,727.0	17,259,421	0.45	3.31	47.66	12.37	10.35	160.0	169.7
Associated Banc-Corp	ASB	WI	2,574.9	27,715,021	1.01	2.83	67.35	12.62	7.60	92.4	142.1
MB Financial, Inc.	MBFI	IL	2,248.8	15,585,007	1.07	3.90	63.78	12.54	10.40	114.1	187.3
Wintrust Financial Corporation	WTFC	IL	2,058.2	22,917,166	0.70	3.32	67.13	12.21	9.09	97.9	128.1
First National of Nebraska, Inc.	FINN	NE	2,018.4	18,346,653	1.03	5.93	61.49	13.24	10.80	106.7	117.0
First Midwest Bancorp, Inc.	FMBI	IL	1,308.0	9,732,676	0.61	3.62	64.62	11.15	9.40	113.6	161.3
Minimum			1,308	9,732,676	0.2	1.1	47.6	11.2	7.5	82.6	94.0
Mean			5,135	48,807,888	0.8	3.3	61.8	12.8	9.3	119.0	146.7
Median			2,990	25,064,783	0.8	3.2	63.7	12.8	9.3	112.8	150.9
Maximum			13,597	141,082,000	1.8	5.9	70.7	14.1	10.8	186.6	199.5

Small Midwest Banks:

Institution Name	Ticker	State	Market		NPAs/ Assets (%)	Net Interest Margin (%)	Efficiency Ratio (%)	Risk-based Capital Ratio (%)	Leverage Ratio (%)	Price/ Tangible	
			Capitalization (\$ in millions)	Total Assets (\$ in thousands)						Book (%)	Book (%)
Horizon Bancorp	HBNC	IN	288.9	2,652,401	0.75	3.41	65.98	13.99	9.82	113.6	146.4
First Mid-Illinois Bancshares, Inc.	FMBH	IL	205.0	2,114,499	0.21	3.31	60.69	14.25	9.20	115.4	160.7
First Business Financial Services, Inc.	FBIZ	WI	183.6	1,782,892	1.44	3.63	58.79	11.11	8.63	121.8	131.3
West Suburban Bancorp, Inc.	WNRP	IL	169.5	2,172,276	3.51	2.99	84.07	15.23	9.33	83.9	84.2
STAR Financial Group, Inc.	SFIGA	IN	146.0	1,734,735	0.83	3.39	73.42	13.71	10.68	77.1	79.6
First Community Financial Partners, Inc.	FCFP	IL	131.3	1,040,652	NA	3.29	56.07	14.69	9.36	127.4	127.4
Marquette National Corporation	MNAT	IL	103.4	1,526,325	2.56	3.49	85.28	15.14	7.13	78.4	107.2
Minimum			103	1,040,652	0.2	3.0	56.1	11.1	7.1	77.1	79.6
Mean			175	1,860,540	1.6	3.4	69.2	14.0	9.2	102.5	119.5
Median			170	1,782,892	1.1	3.4	66.0	14.3	9.3	113.6	127.4
Maximum			289	2,652,401	3.5	3.6	85.3	15.2	10.7	127.4	160.7



The Vault

A Midwest Bank
Newsletter

Valuation Summary (as of 2/29/2016)

Asset Size Index – Nationwide			Geographic Index		
	<u>Price/Book (%)</u>	<u>Price/Tangible Book (%)</u>		<u>Price/Book (%)</u>	<u>Price/Tangible Book (%)</u>
\$5B-\$10B	148.3	196.7	Mid-Atlantic	89.8	125.0
\$1B-\$5B	130.3	148.9	Midwest	141.2	177.6
\$500M-\$1B	105.2	111.3	New England	104.0	164.6
\$250M-\$500M	140.1	141.1	Southeast	81.3	114.4
< \$250M	NA	NA	Southwest	97.5	123.3
			Western	140.5	169.5

Interest Rate Scorecard

Financial Yields	February 29, 2016	1 Month	3 Month	6 Month	1 Year
		Prior	Prior	Prior	Prior
2 Year T Note	0.78	0.76	0.92	0.72	0.27
5 Year T Note	1.22	1.33	1.64	1.52	0.82
10 Year T Note	1.74	1.94	2.22	2.19	1.95
30 Year T Bond	2.61	2.75	3.00	2.92	3.12
Prime Rate	3.50	3.50	3.25	3.25	3.25
3 Month LIBOR	0.63	0.61	0.41	0.33	0.47

Note:

Mid-Atlantic region includes banks which trade on all Major Exchanges (NYSE, NYSE Amex, NASDAQ) headquartered in DE, DC, MD, NJ, NY, PA, PR.
 Midwest region includes banks which trade on all Major Exchanges (NYSE, NYSE Amex, NASDAQ) headquartered in IA, IN, IL, KS, KY, MI, MN, MO, ND, NE, OH, SD, WI.
 New England region includes banks which trade on all Major Exchanges (NYSE, NYSE Amex, NASDAQ) headquartered in CT, ME, MA, NH, RI, VT.
 Southeast region includes banks which trade on all Major Exchanges (NYSE, NYSE Amex, NASDAQ) headquartered in AL, AR, FL, GA, MS, NC, SC, TN, VA, WV.
 Southwest region includes banks which trade on all Major Exchanges (NYSE, NYSE Amex, NASDAQ) headquartered in CO, LA, NM, OK, TX, UT.
 Western region includes banks which trade on all Major Exchanges (NYSE, NYSE Amex, NASDAQ) headquartered in AZ, AK, CA, HI, ID, MT, NV, OR, WA, WY.





The Vault

A Midwest Bank
Newsletter

Select Mergers and Acquisitions & Capital Raising News

❖ Indiana-based Horizon Bancorp to Acquire Kosciusko Financial in Cash-and-Stock Transaction

February 5, 2016 – Michigan City, IN-based Horizon Bancorp agreed to acquire Mentone, IN-based Kosciusko Financial Inc. and its unit, Farmers State Bank, through a stock-and-cash merger. Under the terms of the transaction, Kosciusko Financial shareholders will have the option to receive \$81.75 per share or 3.0122 shares of Horizon Bancorp common stock for each Kosciusko Financial common share or a combination, provided the overall shares exchanged consist of 65% stock and 35% cash. Based on the February 3 closing price of \$23.99 per share of Horizon Bancorp common stock, the transaction has an implied valuation of approximately \$22.5 million. On an aggregate basis, the purchase price equates to 141.5% of book and tangible book and 20x last-12-months earnings. The purchase price also equates to 18.32% of deposits and 15.19% of assets and the tangible book premium to core deposits ratio is 6.30%.

❖ Heartland Financial Completes Purchase of CIC Bancshares

February 8, 2016 – Dubuque, IA-based Heartland Financial USA Inc. completed its acquisition of Denver-based CIC Bancshares Inc., the parent of Centennial Bank. The aggregate purchase price was \$83.5 million, subject to certain adjustments, with approximately 20% of the consideration paid in cash and 80% in Heartland Financial common stock. Heartland Financial expects the transaction to be accretive to earnings in the first full year following the systems integration, which is planned for mid-2016.

❖ Citizens Community Federal Buying Community Bank of Northern Wisconsin for \$17M in Cash

February 16, 2016 – Altoona, WI-based Citizens Community Federal NA (\$581.8 million), a unit of Eau Claire, WI-based Citizens Community Bancorp Inc., agreed to acquire Rice Lake, WI-based Community Bank of Northern Wisconsin (\$152.5 million), a subsidiary of Old Murry Bancorp Inc., for approximately \$17 million in cash. Under the terms of the agreement, Citizens Community Federal will pay total consideration equal to the book value of Community Bank, as of the month-end prior to the effective time of the merger, including interest, plus \$5 million.

The purchase price equates to 102.3% of book and tangible book and 18.2x last-12-months earnings, on an aggregate basis. The purchase price also equates to 12.81% of deposits and 11.14% of assets and the tangible book premium to core deposits ratio is 0.36%. Additionally, Community Bank will announce a dividend to Citizens Community Federal if Community Bank's book value as of the month-end period prior to the effective date exceeds 8% of Community Bank's total average assets. The transaction is expected to be accretive to earnings in fiscal 2017 with a projected earnback period of 3.5 years.

❖ Michigan-based County Bank Corp., Capac Bancorp to Merge in All-Stock Transaction

February 18, 2016 – Lapeer, MI-based County Bank Corp, the parent of Lapeer County Bank & Trust Co., signed a definitive agreement to merge with Capac, MI-based Capac Bancorp Inc., the parent of CSB Bank, in an all-stock transaction. The transaction value is 91.1% of book and tangible book and 16.4x earnings, on a per-share basis. It is also 9.24% of deposits and 8.27% of assets. The tangible book discount-to-core deposits ratio is 0.95%. As of December 31, 2015, Lapeer County Bank & Trust had approximately \$323.9 million in assets, while CSB Bank had assets of about \$245.3 million. The combined bank will have 14 offices in three counties and total assets of approximately \$570 million, making it the 16th largest bank in assets and 14th largest in deposits in Michigan.

❖ Bank M&A 2016 Deal Tracker

February 24, 2016 – For 2016, 25 transactions have been announced in the banking sector with an aggregate disclosed transaction value of \$5.64 billion and a median price-to-tangible book ratio of 125.93%.

Select Industry News

❖ Bank Industry Profits Hit Record High in 2015, Despite Record Low in Loan Yields

February 10, 2016 – The U.S. banking industry earned net income of \$163.63 billion in 2015, the highest net income of any year since 1991. The profit increase was driven by loan growth and expense reduction, offsetting a record low in interest income earned on loans. Meanwhile, the industry's provision for loan losses climbed higher in the fourth quarter. Aggregate net income among commercial banks, savings banks and savings & loan associations in the U.S. grew by 7.5% between 2014 and 2015, after falling by 1.39% between 2013 and 2014. The largest four



The Vault

A Midwest Bank
Newsletter

banks, JPMorgan Chase Bank NA, Bank of America NA, Wells Fargo Bank NA and Citibank NA, together earned 42.7% of the industry's income in 2015. Though the dollar amount of net income was at an all-time high, the industry's return on average assets is still low compared to prior years. In 2015, ROAA was 1.05%, higher than 1.03% in 2014, but the industry's ROAA was greater than 1.10% in all years between 1997 and 2006.

❖ Big Banks Expand Lending in Q4'15, Look for More Despite Threats

February 10, 2016 – The biggest banking companies in the country collectively grew their loan books during the final quarter of 2015, benefiting from strength in commercial-and-industrial, multifamily and consumer lending. Among the 10 largest commercial banks by assets in the U.S. with loan to asset ratios greater than 25%, the median loan level rose 1.80% during the fourth quarter. Median C&I loans rose 4.29% from the previous quarter, while median multifamily lending climbed 3.68% and consumer loans grew 2.92%. Across the entire U.S. commercial banking sector, fourth-quarter median loans were up 2.48%, with advances in C&I, multifamily and commercial real estate.

❖ Delinquent Loans up QQQ at US Banks and Thrifts

February 11, 2016 – Delinquencies at U.S. banks and thrifts continued to increase when adjusted to exclude government-guaranteed assets. Across all banks and thrifts, adjusted delinquent loans accounted for \$144.61 billion as of December 31, 2015, a 2.04% increase compared to the previous quarter. Adjusted delinquent loans have risen for the past two consecutive quarters disrupting 11 periods of quarter-over-quarter decline. Provisions as a percentage of net charge-offs rose steadily quarter over quarter, as banks continued to expand their ability to absorb loan losses. In the fourth quarter of 2015, the ratio rose almost 16 percentage points from third quarter 2015 to 113%, the highest since fourth quarter 2009.

❖ Smaller Banks Report Lower ROAA Amid Challenging Environment

February 12, 2016 – Returns on average assets remained under pressure for some community banks, as they grappled with margin pressures in the prolonged low-rate environment, based on banks with less than \$10 billion in assets that had reported results for the quarter ended December 31, 2015, as of February 5. In this analysis, the smallest banks typically reported lower ROAA. Among banks with \$5 billion to \$10 billion in assets, median ROAA was 0.99% for the quarter. Median ROAA was 0.86% among banks \$1 billion to \$5 billion in assets, and 0.75% among the sub-\$1 billion group. Smaller banks also tended to report higher efficiency ratios. Banks with \$5 billion to \$10 billion in assets reported a median efficiency ratio of 58.59% for the fourth quarter of 2015. The median was 64.95% among the \$1 billion to \$5 billion group and 71.66% among banks with less than \$1 billion in assets.

❖ Multifamily Loans Continue to Increase in Q4'15

February 19, 2016 – Multifamily loan volume continued to increase quarter over quarter, with 19 quarters of steady gains. The balance of multifamily loans held by U.S. banks and thrifts was \$344.05 billion at December 31, 2015, up 4.57% compared to the previous quarter. Past due and nonaccrual multifamily loans continued to decline with banks and thrifts reporting \$1.41 billion in fourth-quarter 2015, drastically down from \$10.39 billion for the same period in 2010.

❖ Banks Continue Chopping Branches in January

February 22, 2016 – Banks and thrifts shuttered 164 branches and opened 77 branches in January. The net closing of 87 branches pushed the total number of U.S. bank and thrift branches down to 92,873 as of January 31. A growing consumer preference for mobile and online banking has fueled bank branch trimming across the country as companies look to cut costs and concentrate on more technology-based services.

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