

The Vault

A Midwest Bank
Newsletter

Midwest Bank Index Performance (shown as % change)



Indices Performance (% change)

	<u>April 2016</u>	<u>LTM</u>		<u>April 2016</u>	<u>LTM</u>
S&P 500	(0.4%)	(1.0%)	SNL U.S. Bank	5.9%	(4.9%)
Dow Jones	(0.1%)	(0.4%)	SNL Midwest U.S. Bank	6.3%	0.2%
NASDAQ	(2.8%)	(3.4%)			

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 April)

Bank Name	Price/Share	Price Change	Bank Name	Price/Share	Price Change
ViewPoint Financial (LTXB)	\$24.66	27.0%	Flushing Financial (FFIC)	\$19.95	(7.9%)
Oriental Financial (OFG)	\$8.83	26.7%	Enterprise Bancorp (EBTC)	\$24.13	(4.8%)
Texas Capital (TCBI)	\$45.82	25.4%	Suffolk Bancorp (SCNB)	\$23.99	(4.7%)
Regions Financial (RF)	\$9.38	18.9%	Cass Information Systems (CASS)	\$49.47	(4.5%)
Cullen/Frost Bankers (CFR)	\$63.99	11.1%	First Interstate (FIBK)	\$27.10	(4.1%)

Note: Price per share as of April 30, 2016. Consists of public banks listed on the NYSE and NASDAQ with a market capitalization greater than \$150 million.

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Select Public Trading Statistics (as of 4/30/2016)

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	253,693.6	1,849,182,000	1.48	2.90	59.91	14.91	9.26	144.5	178.3
JPMorgan Chase & Co.	JPM	NY	231,100.8	2,423,808,000	0.63	2.28	60.31	15.10	8.60	103.1	133.7
Bank of America Corporation	BAC	NC	149,559.1	2,185,498,000	0.87	2.04	75.35	13.40	8.70	63.0	90.6
Citigroup Inc.	C	NY	135,828.5	1,800,967,000	0.79	2.96	61.00	16.66	10.32	64.8	73.5
U.S. Bancorp	USB	MN	73,939.1	428,638,000	1.03	3.05	53.71	13.10	9.30	179.2	238.0
PNC Financial Services Group, Inc.	PNC	PA	43,802.2	360,985,000	1.04	2.76	61.60	14.40	10.20	105.1	135.9
Bank of New York Mellon Corporation	BK	NY	43,341.8	372,870,000	NA	1.00	69.26	12.20	5.90	120.7	298.5
BB&T Corporation	BBT	NC	27,680.6	212,405,000	0.73	3.42	58.37	14.60	10.10	110.1	173.8
State Street Corporation	STT	MA	24,643.6	243,685,000	NA	1.14	77.10	17.10	6.90	131.1	217.9
SunTrust Banks, Inc.	STI	GA	20,917.1	194,158,000	NA	3.03	62.22	12.39	9.50	92.8	128.8
Minimum			20,917	194,158,000	0.6	1.0	53.7	12.2	5.9	63.0	73.5
Mean			100,451	1,007,219,600	0.9	2.5	63.9	14.4	8.9	111.4	166.9
Median			58,871	400,754,000	0.9	2.8	61.3	14.5	9.3	107.6	154.8
Maximum			253,694	2,423,808,000	1.5	3.4	77.1	17.1	10.3	179.2	298.5

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	16,217.9	117,798,800	0.18	1.20	69.13	12.80	7.40	192.1	205.9
Fifth Third Bancorp	FTIB	OH	14,107.3	142,430,000	NA	2.89	64.17	14.66	9.57	94.1	112.3
KeyCorp	KEY	OH	10,351.7	98,402,000	0.84	2.88	65.96	13.17	10.73	96.1	106.7
Huntington Bancshares Incorporated	HBAN	OH	8,036.6	72,644,967	NA	3.09	64.21	13.17	9.29	125.5	141.7
Commerce Bancshares, Inc.	CBSH	MO	4,535.1	24,506,952	NA	2.94	61.69	NA	9.11	196.8	209.9
FirstMerit Corporation	FMER	OH	3,689.4	26,062,649	0.81	3.30	62.14	13.83	8.62	126.7	175.0
PrivateBancorp, Inc.	PVTB	IL	3,300.6	17,667,372	0.58	3.34	51.43	12.56	10.50	186.7	197.5
Associated Banc-Corp	ASB	WI	2,738.5	28,178,867	1.38	2.80	66.71	12.35	7.55	96.2	147.0
MB Financial, Inc.	MBFI	IL	2,559.7	15,575,653	0.96	3.77	62.99	12.65	10.38	127.6	206.8
Wintrust Financial Corporation	WTFC	IL	2,524.0	23,488,168	0.65	3.30	64.21	12.00	8.70	116.5	152.1
First National of Nebraska, Inc.	FINN	NE	2,007.8	18,509,333	NA	5.82	62.40	13.50	10.83	103.0	112.6
First Midwest Bancorp, Inc.	FMBI	IL	1,502.9	10,728,922	0.59	3.64	64.31	10.64	9.56	122.7	175.8
Minimum			1,503	10,728,922	0.2	1.2	51.4	10.6	7.4	94.1	106.7
Mean			5,964	49,666,140	0.7	3.2	63.3	12.8	9.4	132.0	161.9
Median			3,495	25,284,801	0.7	3.2	64.2	12.8	9.4	124.1	163.6
Maximum			16,218	142,430,000	1.4	5.8	69.1	14.7	10.8	196.8	209.9

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	292.9	2,627,918	0.72	3.34	68.41	NA	NA	111.8	142.8
First Business Financial Services, Inc.	FBIZ	WI	220.2	1,790,132	1.18	3.59	63.00	11.24	8.44	141.9	152.6
First Mid-Illinois Bancshares, Inc.	FMBH	IL	210.5	2,119,644	0.22	3.26	65.49	14.19	9.35	114.0	155.8
West Suburban Bancorp, Inc.	WNRP	IL	175.9	2,172,276	3.51	2.99	84.07	15.22	9.33	87.1	87.4
First Community Financial Partners, Inc.	FCFP	IL	154.6	1,060,862	NA	3.36	65.14	14.99	9.72	144.8	144.8
STAR Financial Group, Inc.	SFIGA	IN	144.6	1,864,984	0.73	3.32	76.68	13.75	10.47	75.6	77.9
Marquette National Corporation	MNAT	IL	97.0	1,550,561	2.38	3.58	85.01	14.49	7.14	74.4	102.0
Minimum			97	1,060,862	0.2	3.0	63.0	11.2	7.1	74.4	77.9
Mean			185	1,883,768	1.5	3.3	72.5	14.0	9.1	107.1	123.3
Median			176	1,864,984	1.0	3.3	68.4	14.3	9.3	111.8	142.8
Maximum			293	2,627,918	3.5	3.6	85.0	15.2	10.5	144.8	155.8



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Valuation Summary (as of 4/30/2016)

Asset Size Index – Nationwide			Geographic Index		
	Price/Book (%)	Price/Tangible Book (%)		Price/Book (%)	Price/Tangible Book (%)
\$5B-\$10B	157.5	210.8	Mid-Atlantic	98.3	137.7
\$1B-\$5B	137.1	157.3	Midwest	154.9	193.9
\$500M-\$1B	109.1	115.4	New England	113.0	177.7
\$250M-\$500M	128.0	129.3	Southeast	89.9	127.4
< \$250M	NA	NA	Southwest	119.1	151.5
			Western	148.2	182.1

Interest Rate Scorecard

Financial Yields	April 30, 2016	1 Month	3 Month	6 Month	1 Year
		Prior	Prior	Prior	Prior
2 Year T Note	0.77	0.76	0.76	0.75	0.27
5 Year T Note	1.28	1.26	1.33	1.52	0.82
10 Year T Note	1.83	1.83	1.94	2.16	1.95
30 Year TBond	2.66	2.65	2.75	2.93	3.12
Prime Rate	3.50	3.50	3.50	3.25	3.25
3 Month LIBOR	0.64	0.63	0.61	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.





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A Midwest Bank
Newsletter

Select Mergers and Acquisitions & Capital Raising News

❖ In Iowa, Community Bancshares to Buy TruBank

April 5, 2016 – In Iowa, Indianola-based Community Bancshares Corp. will acquire Oskaloosa, IA-based TruBank (\$128.1 million). Community Bancshares will pay cash to acquire 3,920 shares, or 100% of TruBank's outstanding shares. The purchase price for the shares is \$2,650.26 per share, for a total of approximately \$11.0 million. This includes the assumption that TruBank parent IT&S of Iowa Inc. will distribute \$3 million of its subsidiary bank's excess capital to its stockholders before the transaction is consummated. Community Bancshares is the parent company of Community Bank (\$163.8 million) and the combined entity is expected to have approximately \$300 million in assets and eight banking locations.

❖ Illinois-based Midland States Bancorp Files for IPO

April 11, 2016 – Effingham, IL-based Midland States Bancorp Inc. filed a registration statement for a proposed initial proposed offering of its common stock, on behalf of the company itself as well as the selling shareholders. The proposed maximum aggregate offering price is \$120 million, estimated solely to calculate the registration fee.

The offering price includes the aggregate offering price of additional shares that the underwriters have the option to purchase. Sandler O'Neill & Partners LP, Keefe Bruyette & Woods Inc., D.A. Davidson & Co. and Stephens Inc. serve as underwriters for the offering. The company has not yet determined a price range for the planned offering. According to the Form S-1, the company has applied to list its common stock on the Nasdaq Global Select Market under the symbol "MSBI."

❖ West Shore Bank to Purchase West Michigan Bank & Trust

April 14, 2016 – In Michigan, West Shore Bank (\$390.3 million), a unit of West Shore Bank Corp., and West Michigan Bank & Trust (\$40.9 million) signed a definitive consolidation agreement. The transaction equates to a total aggregate amount of \$8.3 million in cash, with West Shore making \$3.8 million in aggregate cash payment and West Michigan making a pre-consolidated special cash dividend of \$4.5 million to its shareholders. On an aggregate basis, the purchase price equates to 134.9% of book and tangible book. The price is 12.09% of deposits and 10.46% of assets, and the tangible book premium to core deposits ratio is 3.60%.

❖ Bank M&A 2016 Deal Tracker

April 25, 2016 – As of April 15, there have been 74 transaction announcements during 2016 in the banking sector, with an aggregate disclosed transaction value of \$6.63 billion and a median price-to-tangible book ratio of 129.25%. This was lower than the prior-year period, which saw 76 transaction announcements with an aggregate disclosed transaction value of \$8.43 billion and a median price-to-tangible book ratio of 140.79%.

❖ First Mid-Illinois Bancshares, First Clover Leaf Financial Strike \$90M Cash-and-Stock Transaction

April 26, 2016 – Mattoon, IL-based First Mid-Illinois Bancshares Inc. (\$2.11 billion as of Dec. 31, 2015) and Edwardsville, IL-based First Clover Leaf Financial Corp. agreed to merge in a transaction valued at roughly \$90 million. First Mid-Illinois will be the surviving entity when the merger closes, which is expected to occur during the second half of the year. The transaction is expected to be accretive to EPS in the first year, with a tangible book value dilution earnback period of four years.

The purchase price equates to 131.1% of tangible book value and 19.4x last-12-months earnings. On a per-share basis, the purchase price equates to 111.5% of book and 130.2% of tangible book. The transaction value is 16.79% of deposits and 13.67% of assets, and the tangible book premium to core deposits is 4.46%. The one-day premium is 33.10%, based on First Clover Leaf's April 25 closing price of \$9.60. The one-month premium is 35.93%, based on First Clover Leaf's March 28 closing price of \$9.40.



The Vault

A Midwest Bank
Newsletter

❖ Lizton Financial to Acquire Indiana Business Bancorp for \$12.5M

April 26, 2016 – Lizton, IN-based Lizton Financial Corp. agreed to acquire Indianapolis-based Indiana Business Bancorp (\$68.3 million as of December 31, 2015) in a cash transaction valued at about \$12.5 million. On a per-share basis, the purchase price equates to 104.3% of book and tangible book and 15.8x last-12-months earnings. The purchase price is also 27.68% of deposits and 17.98% of assets, and the tangible book premium to core deposits ratio is 1.20%. The one-day premium is 45.00%, based on Indiana Business Bancorp's April 25 closing price of \$5.00. The one-month premium is also 45.00%, based on Indiana Business Bancorp's March 28 closing price of \$5.00.

❖ Mackinac Financial Closes First National Bank of Eagle River Buy

April 29, 2016 – Manistique, MI-based Mackinac Financial Corp. (\$739.3 million) completed its acquisition of Eagle River, WI-based First National Bank of Eagle River (\$127.8 million) on April 29. The acquisition is Mackinac's first outside of Michigan and is expected to boost the company's assets to \$860 million, loans to \$700 million and core deposits to approximately \$600 million.

❖ Ghanaian-American Family Business Group Acquires Small Chicago Bank

April 29, 2016 – Groupe Nduom, a family business group of Ghanaian and American origin, has acquired Chicago-based Illinois-Service Federal Savings and Loan Association (\$101.0 million). The terms of the transaction were not disclosed.

Select Industry News

❖ Home Equity Loan Balances Fall Again in Q4'15

April 4, 2016 – Home equity loans and lines of credit declined on the balance sheets of the nation's largest banks during the fourth quarter of 2015, as pay-downs of equity lines and balances outpaced new originations. The final three months of 2015 marked the 28th consecutive quarter of declines in home equity loans and lines of credit in the banking industry. The aggregate balance among U.S. banks and thrifts dropped 1.5% to \$533.14 billion as of December 31, 2015. Although HELOC originations have climbed gradually since 2010, the recent surge in this line of business pales in comparison to the peak level of originations in 2004. The balance sheet decline was especially pronounced at the 'Big Four' U.S. banks. Wells Fargo & Co.'s home equity loans declined \$1.85 billion from the linked quarter.

❖ Banks, Thrifts Close 289 Branches in Q1'16

April 18, 2016 – The U.S. saw 289 net bank and thrift branch closures in the first quarter, closing 500 branches and opening 211. There were 92,639 bank branches at the end of the first quarter, 1,637 less than a year earlier. With 52 net closings, Citigroup Inc. was the leading branch closer in the first quarter. Over the past four quarters, the bank had 80 net branch closures.

❖ St. Louis Fed Names Chair, Vice Chair

April 20, 2016 – Federal Reserve Bank of St. Louis named Kathleen Mazzarella chair and Suzanne Sitherwood deputy chair. The change in board leadership is a result of former chair Rakesh Sachdev vacating his position due to his new role as CEO of Platform Specialty Products Corp., in West Palm Beach, FL. Mazzarella was appointed to the board in 2015 and previously served as deputy chair. Sitherwood was appointed to the board in 2016. The appointments are effective April 7.

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