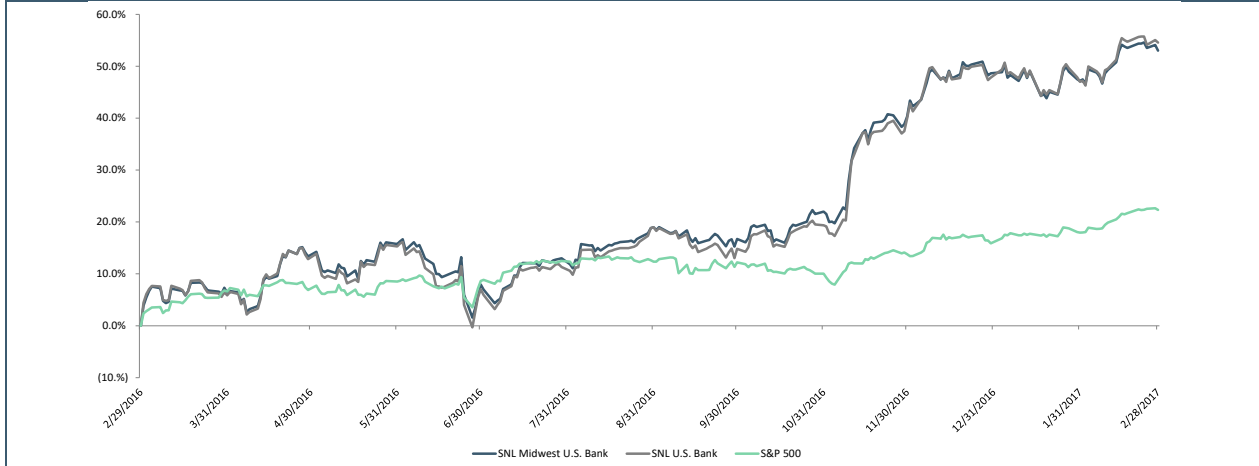


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## Midwest Bank Index Performance (shown as % change)



## Indices Performance (% change)

	<u>February 2017</u>	<u>LTM</u>		<u>February 2017</u>	<u>LTM</u>
S&P 500	3.7%	22.3%	SNL U.S. Bank	5.0%	54.5%
Dow Jones	4.6%	26.0%	SNL Midwest U.S. Bank	3.8%	53.0%
NASDAQ	3.2%	27.8%			

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
SVB Financial Group (SIVB)	\$190.89	10.5%	National Bankshares (NKSH)	\$37.90	(12.3%)
Chemical Financial (CHFC)	\$53.27	8.8%	First BanCorp (FBP)	\$6.38	(7.0%)
Cathay General Bancorp (CATY)	\$39.28	7.9%	Simmons First National (SFNC)	\$57.50	(5.1%)
Bank of America (BAC)	\$24.68	7.8%	Southwest Bancorp (OKSB)	\$26.65	(5.0%)
Sierra Bancorp (BSRR)	\$28.64	7.5%	First Community (FCBC)	\$27.02	(4.9%)

Note: Price per share as of February 28, 2017. 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 2/28/2017)

### 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 (%)
JPMorgan Chase & Co.	JPM	NY	323,691.3	2,490,972,000	0.58	2.23	58.34	15.48	8.38	141.5	179.3
Wells Fargo & Company	WFC	CA	289,594.9	1,930,115,000	1.26	2.88	61.22	16.04	8.95	164.5	198.3
Bank of America Corporation	BAC	NC	247,420.0	2,187,702,000	0.78	2.23	65.04	14.31	8.93	102.7	145.8
Citigroup Inc.	C	NY	165,716.1	1,792,077,000	0.67	2.88	60.46	17.33	10.09	80.5	91.7
U.S. Bancorp	USB	MN	93,173.9	445,964,000	0.93	2.99	54.50	13.22	9.04	223.3	294.0
PNC Financial Services Group, Inc.	PNC	PA	61,853.7	366,380,000	0.95	2.72	61.34	14.31	10.15	147.9	190.8
Bank of New York Mellon Corporation	BK	NY	48,905.7	333,469,000	0.05	1.17	67.34	13.02	6.57	140.0	344.0
BB&T Corporation	BBT	NC	38,980.8	219,276,000	0.70	3.34	58.11	14.12	9.98	145.5	238.9
State Street Corporation	STT	MA	30,444.4	242,698,000	0.01	1.10	81.14	15.99	6.50	168.9	291.1
SunTrust Banks, Inc.	STI	GA	29,234.2	204,875,000	1.68	3.02	63.60	12.26	9.22	131.1	183.4
<b>Minimum</b>			<b>29,234</b>	<b>204,875,000</b>	<b>0.0</b>	<b>1.1</b>	<b>54.5</b>	<b>12.3</b>	<b>6.5</b>	<b>80.5</b>	<b>91.7</b>
<b>Mean</b>			<b>132,901</b>	<b>1,021,352,800</b>	<b>0.8</b>	<b>2.5</b>	<b>63.1</b>	<b>14.6</b>	<b>8.8</b>	<b>144.6</b>	<b>215.7</b>
<b>Median</b>			<b>77,514</b>	<b>406,172,000</b>	<b>0.7</b>	<b>2.8</b>	<b>61.3</b>	<b>14.3</b>	<b>9.0</b>	<b>143.5</b>	<b>194.5</b>
<b>Maximum</b>			<b>323,691</b>	<b>2,490,972,000</b>	<b>1.7</b>	<b>3.3</b>	<b>81.1</b>	<b>17.3</b>	<b>10.2</b>	<b>223.3</b>	<b>344.0</b>

### 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 (%)
Fifth Third Bancorp	FTB	OH	20,603.7	142,177,000	1.15	2.87	62.24	15.02	9.90	138.5	165.4
KeyCorp	KEY	OH	20,129.7	136,453,000	0.60	3.13	64.25	12.85	9.90	149.2	187.8
Northern Trust Corporation	NTRS	IL	19,985.0	123,926,900	0.17	1.21	70.12	14.54	7.97	224.7	239.8
Huntington Bancshares Incorporated	HBAN	OH	15,354.4	99,714,097	1.26	3.27	57.53	13.05	8.70	166.2	224.4
Commerce Bancshares, Inc.	CBSH	MO	5,997.4	25,641,424	0.25	3.05	60.18	13.32	9.55	255.2	271.7
PrivateBancorp, Inc.	PVTB	IL	4,529.5	20,053,773	0.80	3.29	47.62	12.49	10.28	235.4	247.7
Associated Banc-Corp	ASB	WI	3,909.0	29,139,315	1.25	2.81	62.56	12.68	7.83	133.6	201.5
Wintrust Financial Corporation	WTRF	IL	3,860.9	25,668,553	0.57	3.25	63.92	11.94	8.91	156.4	198.7
MB Financial, Inc.	MBFI	IL	3,771.1	19,302,317	0.58	3.69	64.36	11.63	8.38	153.0	269.4
First Midwest Bancorp, Inc.	FMBI	IL	2,506.8	11,422,555	0.76	3.46	63.37	12.23	8.99	158.0	223.2
First National of Nebraska, Inc.	FINN	NE	2,352.2	19,046,202	NA	5.98	63.70	13.50	11.27	116.0	126.3
<b>Minimum</b>			<b>2,352</b>	<b>11,422,555</b>	<b>0.2</b>	<b>1.2</b>	<b>47.6</b>	<b>11.6</b>	<b>7.8</b>	<b>116.0</b>	<b>126.3</b>
<b>Mean</b>			<b>9,364</b>	<b>59,322,285</b>	<b>0.7</b>	<b>3.3</b>	<b>61.8</b>	<b>13.0</b>	<b>9.2</b>	<b>171.5</b>	<b>214.2</b>
<b>Median</b>			<b>4,530</b>	<b>25,668,553</b>	<b>0.7</b>	<b>3.3</b>	<b>63.4</b>	<b>12.9</b>	<b>9.0</b>	<b>156.4</b>	<b>223.2</b>
<b>Maximum</b>			<b>20,604</b>	<b>142,177,000</b>	<b>1.3</b>	<b>6.0</b>	<b>70.1</b>	<b>15.0</b>	<b>11.3</b>	<b>255.2</b>	<b>271.7</b>

### 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	575.8	3,141,156	0.43	2.86	71.50	13.87	10.44	168.7	225.9
First Mid-Illinois Bancshares, Inc.	FMBH	IL	412.5	2,884,535	0.70	3.43	57.52	12.79	9.19	147.0	189.8
First Community Financial Partners, Inc.	FCFP	IL	227.6	1,268,210	NA	3.42	61.76	12.99	9.10	200.2	198.9
First Business Financial Services, Inc.	FBIZ	WI	219.8	1,780,699	1.54	3.91	66.32	11.74	9.07	136.0	145.8
West Suburban Bancorp, Inc.	WNRP	IL	210.8	2,244,695	2.50	2.78	70.00	15.36	9.36	101.8	102.1
STAR Financial Group, Inc.	SFIGA	IN	209.4	1,863,111	0.94	3.45	74.01	13.20	10.38	106.4	109.5
Marquette National Corporation	MNAT	IL	116.7	1,570,769	1.54	3.52	76.01	13.86	7.15	85.7	115.7
<b>Minimum</b>			<b>117</b>	<b>1,268,210</b>	<b>0.4</b>	<b>2.8</b>	<b>57.5</b>	<b>11.7</b>	<b>7.2</b>	<b>85.7</b>	<b>102.1</b>
<b>Mean</b>			<b>282</b>	<b>2,107,596</b>	<b>1.3</b>	<b>3.3</b>	<b>68.2</b>	<b>13.4</b>	<b>9.2</b>	<b>135.1</b>	<b>155.4</b>
<b>Median</b>			<b>220</b>	<b>1,863,111</b>	<b>1.2</b>	<b>3.4</b>	<b>70.0</b>	<b>13.2</b>	<b>9.2</b>	<b>136.0</b>	<b>145.8</b>
<b>Maximum</b>			<b>576</b>	<b>3,141,156</b>	<b>2.5</b>	<b>3.9</b>	<b>76.0</b>	<b>15.4</b>	<b>10.4</b>	<b>200.2</b>	<b>225.9</b>



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## Valuation Summary (as of 2/28/2017)

Asset Size Index – Nationwide			Geographic Index		
	Price/Book (%)	Price/Tangible Book (%)		Price/Book (%)	Price/Tangible Book (%)
\$5B-\$10B	210.2	275.2	Mid-Atlantic	130.9	176.8
\$1B-\$5B	185.6	213.7	Midwest	194.4	246.3
\$500M-\$1B	146.0	154.6	New England	150.5	237.8
\$250M-\$500M	155.7	162.7	Southeast	126.1	177.4
< \$250M	NA	NA	Southwest	175.7	217.8
			Western	176.6	213.1

## Interest Rate Scorecard

Financial Yields	February 28, 2017	1 Month	3 Month	6 Month	1 Year
		Prior	Prior	Prior	Prior
2 Year T Note	1.22	1.22	1.11	0.84	0.27
5 Year T Note	1.89	1.94	1.80	1.23	0.82
10 Year T Note	2.36	2.49	2.32	1.62	1.95
30 Year T Bond	2.97	3.06	2.99	2.29	3.12
Prime Rate	3.75	3.75	3.50	3.50	3.25
3 Month LIBOR	1.06	1.04	0.94	0.83	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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## Select Mergers and Acquisitions & Capital Raising News

### ❖ In Illinois, MidAmerica to Buy Henry State

February 2, 2017 – MidAmerica National Bank of Canton, Illinois, plans to acquire Henry, Illinois-based Henry State Bank. As of December 31, 2016, MidAmerica, a subsidiary of MidAmerica National Bancshares Inc., had \$337.5 million in assets. Henry, a subsidiary of Henry State Bancorp Inc., had assets of \$99.4 million.

### ❖ Illinois-based Peers Combining in \$235.8M Transaction

February 6, 2017 – Champaign, Illinois-based First Busey Corp. is acquiring state peer Joliet-based First Community Financial Partners Inc. in a transaction valued at \$235.8 million. Terms stipulate that First Community shareholders will receive 0.396 of a First Busey share and \$1.35 in cash for each First Community share owned. Based on First Busey's five-day volume-weighted average closing price of \$29.31 as of February 3, the implied per-share purchase price is \$12.95. The transaction is expected to allow First Busey to enter the southwest suburban markets of the Greater Chicagoland area. First Community CEO Roy Thygesen will become the combined institution's executive vice president and market president for Northern Illinois post-merger. The purchase price equates to 198.3% of book, 20.4x last-12-months earnings and 22.2x core earnings, on a per share basis. The purchase price also represents 18.2x consensus estimate earnings, 21.74% of deposits and 18.56% of assets. As of December 31, 2016, Busey Bank had \$5.38 billion in assets, while First Community Financial Bank had \$1.27 billion in assets.

### ❖ Heartland Financial USA to Buy Citywide Banks for \$203M

February 13, 2017 – Dubuque, Iowa-based Heartland Financial USA Inc. has agreed to acquire Aurora, Colorado-based Citywide Banks of Colorado Inc. in a cash-and-stock transaction valued at around \$203 million in the aggregate, or \$207.98 per Citywide common share. The price is based on Heartland's February 10 closing share price of \$45.75. Citywide common shareholders will receive 3.3 shares of Heartland common stock and \$57 in cash for each share of Citywide common stock. The purchase price equates to 182.1% of book, 182.8% of tangible book and 19.9x earnings, on an aggregate basis. The purchase price is also 17.00% of deposits and 14.77% of assets and has a tangible book premium-to-core deposits ratio of 8.30%. Citywide Banks has approximately \$1.4 billion in total assets, \$1.0 billion in net loans outstanding and \$1.2 billion in deposits as of December 31, 2016, operating 12 banking centers in the Greater Denver market. With this transaction and the pending Founders Bancorp transaction, Heartland will have assets of \$9.8 billion and 124 full-service branches operating in 12 states.

### ❖ First Merchants Buys Independent Alliance for \$251.3M in Stock

February 17, 2017 – Muncie, Indiana-based First Merchants Corp. is increasing its stake in Fort Wayne, Indiana-based Independent Alliance Banks Inc. (iAB) from 12.1% to 100%. Based on First Merchants' February 16 closing price of \$42.10 per share, the merger agreement values Independent Alliance's shares at \$69.59 each. Since First Merchants bought 12.1% of Independent Alliance for \$19.8 million in cash in November 2016, the transaction value for the remaining shares is approximately \$251.3 million. The purchase price equates to 232.4% of book, 265.1% of tangible book, 32.96% of deposits and 26.09% of assets. The purchase price is also a tangible book premium of 22.52%, 27.8x last-12-months earnings and 28.1x last-12-month core earnings. iAB had assets of \$1.09 billion at the end of 2016; First Merchants had \$7.18 billion. Combined assets are estimated at \$8.3 billion, with 122 banking offices in 31 Indiana counties, as well as two counties in both Ohio and Illinois.

### ❖ Investor Group Picking Up Iowa-based Farmers & Merchants Bancorp

February 22, 2017 – A group of investors has agreed to acquire Winterset, Iowa-based Farmers & Merchants Bancorp. The group consists of Interstate Enterprises Ltd. and members of the Farmers & Merchants Bancorp board of directors along with affiliates. The directors will be purchasing the shares through subscriptions in a private placement that allows certain Iowa residents to purchase up to 23,735 shares, which may be increased by an additional 4,000 shares of Farmers & Merchants Bancorp common stock. Terms of the transactions were not disclosed in the filing.

### ❖ Bank M&A 2017 Deal Tracker

February 27, 2017 – Through February 15, there have been 31 transaction announcements in the banking sector with an aggregate disclosed transaction value of \$4.34 billion and a median price-to-tangible book ratio of 163.3%. The prior-year period saw 24 transaction announcements with an aggregate disclosed transaction value of \$5.66 billion and a median price-to-tangible book ratio of 129.6%.



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## Select Industry News

### ❖ As Most Lenders Pull Back from Multifamily, Other Plow Ahead

February 3, 2017 – Despite signs of lower rents and more supply in certain U.S. multifamily markets, some lenders still see opportunity in writing apartment loans. Since 2010, apartment sale prices have more than doubled, and many markets have had years of double-digit rent growth. Bank regulators announced in late 2015 that they would pay "special attention" to risks associated with commercial real estate. It was a reminder of guidance from 2006 that advised additional risk mitigation policies if construction loans equaled at least 100% of capital or if a bank's overall commercial real estate portfolio grew 50% in three years and exceeded 300% of capital. In the aggregate, lenders have pulled back slightly on multifamily lending. For the 12 months ended September 30, 2016, aggregate U.S. multifamily loan volume was down 2% year-over-year. Yet many lenders continue to push ahead with commercial real estate lending. As of the 2016 third quarter, 521 banks hit at least one of the regulatory criteria, marking the sixth consecutive quarter the number of banks breaching the concentration markers increased.

### ❖ Regional Banks See Big QQQ Margin Jumps in Q4'16

February 8, 2017 – U.S. regional banks expanded their net interest margins during the fourth quarter of 2016, leading to strong normalized earnings and operating revenue growth on a year-over-year basis. Analyzing the financial results of 29 public U.S. banks and thrifts with total assets between \$20 billion and \$50 billion as of December 31, 2016, median year-over-year operating revenue growth for the group was 7.6% in the fourth quarter of 2016, down from the previous quarter's pace of 9.7%. For normalized EPS, the group's median growth rate was 10.0%, up from 8.9% in the previous quarter. The regional banks' standardized median net interest margin was 3.25%, up 10 basis points from the previous quarter and up 2 basis points from the last quarter of 2015. Of the 29 regionals, almost half posted higher NIMs on a year-over-year basis, with Kansas City, Missouri-based UMB Financial Corp. seeing the most significant improvement, up 3.02% from 2.78%.

### ❖ Community Banks Showing Improved Efficiency Ratios in Q4'16

February 10, 2017 – Larger community banks, or those with \$5 to \$10 billion in assets, reported the lowest efficiency ratios, at a median of 57.41%. The median efficiency ratio for banks with less than \$1 billion in total assets was 70.05% for the fourth quarter of 2016, down 2.7 percentage points from the year-ago quarter. Banks with total assets between \$1 billion and \$5 billion reported a median efficiency ratio of 61.76%, down 3.7 percentage points from the year-ago period. Banks with between \$5 billion and \$10 billion in assets reported the lowest median efficiency ratio for the fourth quarter of 2016 of 57.41%, compared to 59.52% a year ago.

### ❖ U.S. Bank and Thrifts Continue Cutting Branches in 2017

February 15, 2017 – U.S. banks and thrifts closed 157 branches and opened only 68 branches in January. As of January 31, there were 90,901 active bank and thrift branches in the U.S. Only two banks ended the month with net openings: Albany, Texas-based Albany Bancshares Inc. and Sanibel, Florida-based Sanibel Captiva Community Bank had two each. In contrast, Evansville, Indiana-based Old National Bancorp closed a net 19 branches in January, which was the most in the industry. Citigroup Inc. followed with 18 closures in January and no openings. The other three members of the "big four" — Bank of America Corp., Wells Fargo & Co. and JPMorgan Chase & Co. — ended January with four, four and two net closures, respectively.

### ❖ Community Banks Posted Increased Profits Even as NIM Declined in Q4

February 16, 2017 – Publicly traded community banks enjoyed rising profits in the final quarter of 2016, even if net interest margin dipped for most. Among major exchange-traded banks and thrifts with less than \$10 billion in assets, median year-over-year operating revenue growth was 9.05% for the final quarter of 2016, compared to 7.64% for the final quarter of 2015. Meanwhile, median return on average assets was 0.90%, compared to 0.85%. Net interest margin, however, fell to 3.55% from 3.61% over the same period. For the smallest community banks, those with less than \$1 billion in total assets, median operating revenue growth was up 1.4 percentage points year over year to 7.9% for the fourth quarter of 2016. Median operating revenue growth at banks between \$1 billion and \$5 billion in assets hit 9.9% in the quarter ended December 31, 2016, up 1.9 percentage points from the year-ago quarter. Nine of the top 10 banks by operating revenue growth in this asset range closed on an acquisition in 2016. The median growth rate for banks with total assets between \$5 billion and \$10 billion was 8.6% for the fourth quarter of 2016, compared to 9.5% in the year-ago quarter.



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## ❖ Auto Loans Continue Upsurge in Q4'16

February 22, 2017 – Auto loans at U.S. banks and thrifts were up again in the fourth quarter of 2016, but credit quality showed slight deterioration. Since auto loan data was fully reported in 2011, outstanding loans, the delinquency ratio and the net charge-off ratio are all at peak values. Total auto loans at U.S. banks and thrifts grew to \$441.84 billion as of December 31, 2016, up 0.9% from the third quarter of 2016 and 6.5% year over year. Delinquent and nonaccrual auto loans increased to 2.24% as of December 31, 2016, up 13 basis points year over year and net charge-offs as a percentage of average auto loans jumped to 0.89%, up 15 basis points compared to the year-ago quarter. Wells Fargo & Co. continued to remain the nation's largest auto lender in the fourth quarter, despite a decline in its auto balance by \$583 million from the previous quarter.

## ❖ C&I Loan Growth Streak Ends After 25 Quarters

February 24, 2017 – Commercial and industrial loans at U.S. banks and thrifts declined in the fourth quarter of 2016 for the first time since the second quarter of 2010. As of December 31, 2016, C&I loans totaled \$1.936 trillion, down 0.4% from the previous quarter. Credit quality trends were mixed in the fourth quarter. The delinquent C&I loan ratio of 1.56% was down two basis points quarter over quarter and up 53 basis points compared to the year-ago quarter. C&I net charge-offs as a percentage of average C&I loans were up seven basis points from the linked quarter and up 11 basis points from a year ago to 0.50%. C&I loan concentration declined for the third consecutive quarter. As of December 31, 2016, C&I loans accounted for 20.8% of total loans and leases at U.S. banks and thrifts, down 25 basis points from the previous quarter. This is the highest quarter-over-quarter decrease since the first quarter of 2010 when the concentration declined 98 basis points to 15.7%. Detroit-based Ally Financial Inc. added \$3.04 billion in total C&I loans during the fourth quarter of 2016, the most among all banks and thrifts, bringing its outstanding balance to \$44.78 billion at December 31, 2016.

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