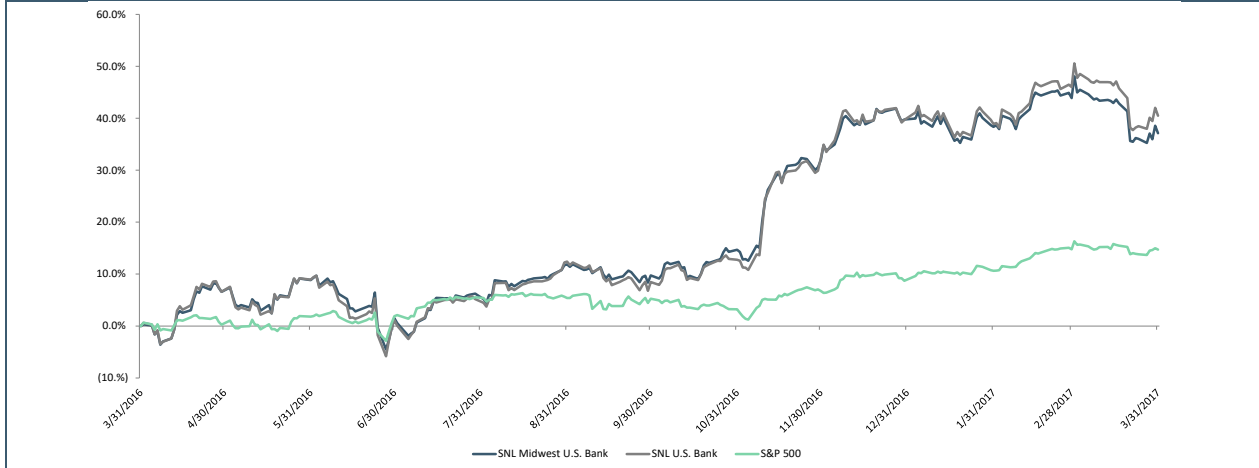


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Midwest Bank Index Performance (shown as % change)



Indices Performance (% change)

	<u>March 2017</u>	<u>LTM</u>		<u>March 2017</u>	<u>LTM</u>
S&P 500	(1.4%)	14.7%	SNL U.S. Bank	(6.7%)	40.5%
Dow Jones	(2.1%)	16.8%	SNL Midwest U.S. Bank	(7.4%)	37.1%
NASDAQ	0.1%	21.4%			

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 March)

Bank Name	Price/Share	Price Change	Bank Name	Price/Share	Price Change
Capital Bank Financial (CBF)	\$43.40	4.6%	First BanCorp (FBP)	\$5.65	(13.6%)
Enterprise Bancorp (EBTC)	\$34.76	3.1%	BBCN Bancorp (HOPE)	\$19.17	(13.4%)
PrivateBancorp (PVTB)	\$59.37	2.3%	Webster Financial (WBS)	\$50.04	(12.7%)
CenterState Banks (CSFL)	\$25.90	2.3%	Oriental Financial (OFG)	\$11.80	(12.3%)
Capital City Bank (CCBG)	\$21.39	2.1%	First Financial (FFIN)	\$40.10	(11.8%)

Note: Price per share as of March 31, 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 3/31/2017)

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	313,761.2	2,490,972,000	0.58	2.23	58.34	15.48	8.38	137.1	173.8
Wells Fargo & Company	WFC	CA	278,515.5	1,930,115,000	1.26	2.88	61.22	16.04	8.95	158.2	190.7
Bank of America Corporation	BAC	NC	236,181.7	2,187,702,000	0.78	2.23	65.04	14.31	8.93	98.1	139.3
Citigroup Inc.	C	NY	165,394.2	1,792,077,000	0.67	2.88	60.46	17.33	10.09	80.6	91.7
U.S. Bancorp	USB	MN	87,201.0	445,964,000	0.93	2.99	54.50	13.22	9.04	209.1	275.3
PNC Financial Services Group, Inc.	PNC	PA	58,455.4	366,380,000	0.95	2.72	61.34	14.31	10.15	139.8	180.3
Bank of New York Mellon Corporation	BK	NY	48,913.1	333,469,000	0.05	1.17	67.34	13.02	6.57	140.3	344.6
BB&T Corporation	BBT	NC	36,140.7	219,276,000	0.70	3.34	58.11	14.12	9.98	134.9	221.5
State Street Corporation	STT	MA	30,406.2	242,698,000	0.01	1.10	81.14	15.99	6.50	168.7	290.7
SunTrust Banks, Inc.	STI	GA	27,175.1	204,875,000	1.68	3.02	63.60	12.26	9.22	121.9	170.5
Minimum			27,175	204,875,000	0.0	1.1	54.5	12.3	6.5	80.6	91.7
Mean			128,214	1,021,352,800	0.8	2.5	63.1	14.6	8.8	138.9	207.9
Median			72,828	406,172,000	0.7	2.8	61.3	14.3	9.0	138.4	185.5
Maximum			313,761	2,490,972,000	1.7	3.3	81.1	17.3	10.2	209.1	344.6

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	19,868.8	123,926,900	0.17	1.21	70.12	14.54	7.97	222.7	237.7
KeyCorp	KEY	OH	19,238.2	136,453,000	0.60	3.13	64.25	12.85	9.90	141.4	177.9
Fifth Third Bancorp	FTB	OH	19,065.8	142,177,000	1.15	2.87	62.24	15.02	9.90	128.2	153.1
Huntington Bancshares Incorporated	HBAN	OH	14,597.5	99,714,097	1.26	3.27	57.53	13.05	8.70	157.4	212.5
Commerce Bancshares, Inc.	CBSH	MO	5,716.0	25,641,424	0.25	3.05	60.18	13.32	9.55	242.8	258.5
PrivateBancorp, Inc.	PVTB	IL	4,751.0	20,053,773	0.80	3.29	47.62	12.49	10.28	247.0	259.9
Associated Banc-Corp	ASB	WI	3,718.8	29,139,315	1.25	2.81	62.56	12.68	7.83	126.6	190.9
Wintrust Financial Corporation	WTRF	IL	3,621.0	25,668,553	0.57	3.25	63.92	11.94	8.91	146.7	186.4
MB Financial, Inc.	MBFI	IL	3,586.8	19,302,317	0.58	3.69	64.36	11.63	8.38	145.5	256.2
First Midwest Bancorp, Inc.	FMBI	IL	2,424.9	11,422,555	0.76	3.46	63.37	12.23	8.99	153.2	216.3
First National of Nebraska, Inc.	FINN	NE	2,382.2	19,046,202	0.98	6.07	63.59	13.49	11.28	117.4	127.9
Minimum			2,382	11,422,555	0.2	1.2	47.6	11.6	7.8	117.4	127.9
Mean			8,997	59,322,285	0.8	3.3	61.8	13.0	9.2	166.3	207.0
Median			4,751	25,668,553	0.8	3.3	63.4	12.9	9.0	146.7	212.5
Maximum			19,869	142,177,000	1.3	6.1	70.1	15.0	11.3	247.0	259.9

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	582.0	3,141,156	0.43	2.86	71.50	13.87	10.44	170.6	228.4
First Mid-Illinois Bancshares, Inc.	FMBH	IL	422.3	2,884,535	0.70	3.45	54.06	12.79	9.19	150.4	200.0
West Suburban Bancorp, Inc.	WNRP	IL	232.3	2,244,293	2.47	2.78	73.83	15.34	9.34	112.4	112.8
First Community Financial Partners, Inc.	FCFP	IL	226.4	1,268,210	0.69	3.42	61.70	12.99	9.10	193.3	194.6
First Business Financial Services, Inc.	FBIZ	WI	226.3	1,780,699	1.54	3.91	65.83	11.74	9.07	140.0	150.1
STAR Financial Group, Inc.	SFIGA	IN	194.5	1,862,858	1.06	3.41	71.87	13.31	10.14	100.4	103.4
Marquette National Corporation	MNAT	IL	115.1	1,584,053	1.59	3.56	85.20	13.81	7.24	85.7	116.3
Minimum			115	1,268,210	0.4	2.8	54.1	11.7	7.2	85.7	103.4
Mean			286	2,109,401	1.2	3.3	69.1	13.4	9.2	136.1	157.9
Median			226	1,862,858	1.1	3.4	71.5	13.3	9.2	140.0	150.1
Maximum			582	3,141,156	2.5	3.9	85.2	15.3	10.4	193.3	228.4



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Valuation Summary (as of 3/31/2017)

Asset Size Index – Nationwide			Geographic Index		
	Price/Book (%)	Price/Tangible Book (%)		Price/Book (%)	Price/Tangible Book (%)
\$5B-\$10B	201.1	263.0	Mid-Atlantic	126.5	171.5
\$1B-\$5B	182.5	209.8	Midwest	185.4	234.2
\$500M-\$1B	147.0	156.4	New England	147.2	233.3
\$250M-\$500M	160.0	167.6	Southeast	120.1	168.5
< \$250M	NA	NA	Southwest	166.5	206.3
			Western	170.3	205.3

Interest Rate Scorecard

Financial Yields	March 31, 2017	1 Month	3 Month	6 Month	1 Year
		Prior	Prior	Prior	Prior
2 Year T Note	1.27	1.22	1.20	0.77	0.27
5 Year T Note	1.93	1.89	1.93	1.14	0.82
10 Year T Note	2.40	2.36	2.45	1.60	1.95
30 Year T Bond	3.02	2.97	3.06	2.32	3.12
Prime Rate	4.00	3.75	3.75	3.50	3.25
3 Month LIBOR	1.15	1.06	1.00	0.85	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

❖ Heartland Financial Closes Founders Bancorp Transaction

March 1, 2017 – Dubuque, Iowa-based Heartland Financial USA Inc. completed its acquisition of San Luis Obispo, California-based Founders Bancorp. The transaction closed at an aggregate value of \$32.3 million, based on Heartland's closing price of \$49.55 per share as of February 28, in an approximate 30%-cash-and-70%-stock transaction. Founders Community had total assets of approximately \$197 million, net loans of \$103 million and total deposits of \$179 million, as of December 31, 2016.

❖ Ohio's Farmers National Buying Monitor

March 13, 2017 – In Ohio, Canfield-based Farmers National Banc Corp. is acquiring Monitor Bancorp Inc. of Big Prairie in an 85%-stock, 15%-cash transaction valued at approximately \$7.8 million. The purchase price equates to 130.1% of book, 130.2% of tangible book, and 24.5x earnings, on an aggregate basis. The purchase price also equates to 20.86% of deposits and 18.04% of assets. The tangible book premium-to-core deposits ratio is 5.42%. With the transaction, Farmers National Banc will have \$2 billion in total assets and 39 banking locations in Ohio. Monitor Bank had \$43.2 million in assets as of December 31, 2016; Farmers National Bank had \$1.95 billion. Farmers projects the transaction to be accretive to EPS, excluding one-time merger costs, beginning the first full year of combined operations. It will also be immediately accretive to tangible book value per share.

❖ First Busey Signs its 2nd Big Transaction of 2017, Buying Mid Illinois for \$133.4M

March 13, 2017 – Champaign, Illinois-based First Busey Corp. plans to acquire Peoria, Illinois-based Mid Illinois Bancorp Inc. in a 70%-stock, 30%-cash transaction worth approximately \$133.4 million. This is First Busey's second transaction in 2017, after the announced transaction for First Community Financial Partners Inc. worth approximately \$235.8 million in February. The transaction has an aggregate value of approximately \$133.4 million. The purchase price equates to 167.0% of both book and tangible book and 19.6x earnings on an aggregate basis. The purchase price also equates to 25.58% of deposits and 20.07% of assets and carries a tangible book premium-to-core deposits ratio of 11.72%. First Busey anticipates 8 cents per share earnings accretion in 2018 with fully phased-in cost savings, and tangible book value dilution of 1.7% with an earnback period of less than three years. It anticipates cost savings around 40% of Mid Illinois' noninterest expense base. The buyer also expects a one-time pretax charge of \$10 million related to the transaction. The transaction is expected to enhance First Busey's existing deposit, commercial banking and trust and investment presence in the Greater Peoria area. Mid Illinois reported total assets of \$665 million, total loans and leases of \$375 million and total deposits of \$519 million, as of December 31, 2016. First Busey had total assets of approximately \$5.43 billion for the period ending December 31, 2016.

❖ Nebraska-based Pinnacle Bancorp Buying AmFirst Bank

March 14, 2017 – Omaha, Nebraska-based Pinnacle Bancorp Inc. is purchasing McCook, Nebraska-based AmFirst Bank. As of December 31, 2016, Pinnacle Bank had assets of \$4.37 billion. AmFirst Bank, a unit of AmFirst Financial Services Inc., had \$260.3 million in assets as of December 31, 2016.

❖ Topeka Bancorp Buying Kansas-based Kaw Valley Bancorp

March 15, 2017 – In Kansas, Topeka Bancorp Inc. agreed to acquire Topeka-based Kaw Valley Bancorp Inc. and Kaw Valley Bank. Kaw Valley's Gerald Lauber will continue as president of the bank. Kaw Valley Bank, which is majority owned by Kaw Valley Bancorp, had assets of \$397.4 million as of December 31, 2016.

❖ Citizens Community Bancorp Buying Wells Financial in a \$39.8M Transaction

March 17, 2017 – Eau Claire, Wisconsin-based Citizens Community Bancorp Inc. agreed to acquire Wells, Minnesota-based Wells Financial Corp. in an approximately \$39.8 million cash-and-stock transaction. The purchase price equates to 124.3% of book, 125.0% of tangible book and 16.8x earnings, on a per-share basis. The purchase price also equates to 16.4x last-12-month core earnings, 17.23% of deposits and 14.92% of assets. The transaction carries a one-day premium of 27.30%, based on Wells Financial's closing price of \$40.20 on March 16, and a one-month premium of 30.38%, based on its closing price of \$39.25 on February 17. The transaction is expected to generate earnings accretion of more than 50% in the first full year after completion. Citizens anticipates a three-year earnback period for tangible book value dilution. Upon closing, the combined company is expected to have \$940 million in assets, \$725 million in loans, \$750 million in deposits and 25 locations.



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❖ Arlington Bank Chose First Merchants' All-Stock Bid Over Stock-and-Cash Offer

March 18, 2017 – First Merchants submitted two proposals to acquire Arlington Bank. One involved a stock-and-cash transaction where Arlington Bank shareholders would receive a fixed exchange ratio of 1.8732 First Merchants common shares and \$25.62 per share in cash, equating to \$93 per share, or about \$71 million in aggregate consideration based on First Merchants' closing price of \$35.97 on December 16, 2016. That proposal would result in an approximate 72% stock and 28% cash split, based on the First Merchants stock price at that time. The other one involved an all-stock transaction where Arlington Bank shareholders would receive a fixed exchange ratio of 2.7245 First Merchants common shares in exchange for each outstanding Arlington Bank share. This proposal would equate to \$98 per share, or about \$74.8 million, based on the First Merchants stock price on December 16, 2016. Arlington Bank's board elected to proceed with the all-stock proposal.

❖ Ohio Peers Combining in \$29.5M Transaction

March 22, 2017 – Columbus Grove, Ohio-based United Bancshares Inc. is buying Gahanna, Ohio-based Benchmark Bancorp Inc. in a cash transaction valued at approximately \$29.5 million. The purchase price equates to 166.5% of book, 168.4% of tangible book and 5.2x last-12-months earnings, on an aggregate basis. The purchase price also equates to 24.35% of deposits and 20.22% of assets and has a tangible book premium-to-core deposits ratio of 14.86%. Union Bank had assets of \$631.7 million as of December 31, 2016, while Benchmark Bank had assets of \$132.3 million. The combined company is expected to have approximately \$765 million in assets, \$487 million in gross loans and \$634 million in deposits.

❖ Bank M&A 2017 Deal Tracker

March 24, 2017 – Through March 15, there were 46 transaction announcements in the banking sector with an aggregate disclosed transaction value of \$8.08 billion and a median price-to-tangible book ratio of 160.8%. The prior-year period saw 48 transaction announcements with an aggregate disclosed transaction value of \$6.19 billion and a median price-to-tangible book ratio of 123.4%.

Select Industry News

❖ MSR Demand Surged in Q4'16, Slowed Somewhat after Fed Rate Hike

March 1, 2017 – Demand for mortgage servicing heated up considerably in the fourth quarter of 2016 amid a significant bond rout following the presidential election, though it cooled to a degree late in the period and into early 2017. As investors piled into equities at a rapid pace in the post-election period, government bonds took a hit with the yield on the 10-year Treasury rising more than 60 basis points to levels above 2.50%. On December 15, 2016, one day after the Federal Reserve approved a 25 basis-point increase in the benchmark rate, Treasury yields climbed as high as 2.60%. At the same time, the Federal Open Market Committee projected that the Federal Funds Rate could reach 1.4% by the end of 2017, according to median forecasts. For the fourth quarter of 2016, the carrying value of aggregate mortgage servicing assets among U.S. bank holding companies increased to \$38.36 billion as of December 31, 2016, from \$31.64 billion at the end of the third quarter of that year. That represents an increase of 21.2% on a quarterly basis. It also marked the highest increase in at least 15 quarters, and only the fifth double-digit rise dating back to the fourth quarter of 2012.

❖ Multifamily Loans Continue to Grow, but at a Slower Pace in Q4

March 3, 2017 – Multifamily loan growth slowed in the final quarter of 2016 to the lowest pace in over three years. Aggregate multifamily loans at U.S. banks and thrifts hit \$382.72 billion as of December 31, up 2.3% from the previous quarter and 11.2% from the year-ago quarter. This was the slowest quarter-over-quarter growth since the first quarter of 2013 and slowest year-over-year growth since the third quarter of 2013. Delinquent multifamily loans accounted for 0.31% of total multifamily loans as of December 31, unchanged since the third quarter, but down 10 basis points from a year ago. According to the Federal Reserve's January 2017 Senior Loan Officer Opinion Survey, a "modest net fraction" of banks reported both weaker demand for multifamily loans in the fourth quarter and an expectation that multifamily loan quality would deteriorate somewhat over 2017. The nation's largest multifamily lender, JPMorgan Chase & Co., added \$2.12 billion in multifamily loans in the fourth quarter, pushing its total portfolio to \$66.58 billion. During 2016, JPMorgan added \$7.74 billion in multifamily loans while its percentage of delinquent multifamily loans fell by eight basis points to 0.22%.



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❖ Failed Banks, Class of 2017

March 6, 2017 – On March 3, the Utah Department of Financial Institutions closed Cottonwood Heights, Utah-based Proficio Bank and appointed the FDIC as receiver, marking the third bank failure of 2017. Since the beginning of 2013, only 58 banks or thrifts have failed, down significantly from the crisis-era peak of 157 failures in 2010 alone. Last year, only five banks were closed.

❖ Ag Loans Grew at a Slower Pace in Q4'16

March 15, 2017 – Total agriculture loans at U.S. banks and thrifts continued to grow in the fourth quarter of 2016, but at a slower pace compared to the third quarter. Farm loans grew 6.0% year over year to \$95.77 billion, while agricultural production loans shrank 2.1% to \$79.90 billion. According to a January 20 report from the Federal Reserve Bank of Kansas City, non-real estate agriculture loan volume dropped almost 40% in the fourth quarter on a year-over-year basis. This was due largely to a "prolonged decline" in farm revenue, which caused potential borrowers to curb expenses and made new farming purchases like feeder cattle cheaper, thus requiring less financing. Last year, the price of most agriculture commodities except soybeans fell in value. Meanwhile, delinquencies continued to rise, reaching 1.53% of total farm and agricultural production loans, up from 1.16% a year earlier. According to the Kansas City Fed report, demand for renewals and extensions was the highest in survey history for several Midwestern districts during the third quarter. John Deere Capital Corp. remained the country's largest agriculture lender with \$14.77 billion in agricultural production loans. However, this was a 6.7% drop year-over-year for the company. Total agriculture loans at the nation's largest bank, JPMorgan Chase & Co., fell by 31.6% year over year, the largest decline among the top 20 bank and thrift agriculture lenders.

❖ Expectations Simmer for More Bank M&A in Chicago

March 16, 2017 – The colossal Chicago banking market consolidated substantially over the past 10 years, particularly among small community lenders. The number of banks and thrifts under \$1 billion in assets in the metropolitan area fell from 220 in 2006 to 106 by the end of 2016 driven largely by M&A. There were 66 whole-bank transactions announced in Greater Chicago over the past 10 years. That compares with 66 in the New York City area and 53 in the Los Angeles metro. However, Chicago remains relatively flush with community banks. The New York metro area had 83 banks under \$1 billion in assets at the close of 2016; L.A. had 50. Analysts say Chicago has long had more community banks because it is home to many small businesses that historically have preferred borrowing from local lenders. Now, many of those local banks need more scale, so the Windy City is ripe for further transaction activity. With heavy competition and regulatory burdens impacting small banks, dozens of them could potentially sell, analysts say. Larger community and regional lenders also want to increase their size to gain efficiencies and better compete with national banks, which motivates them to shop as buyers.

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