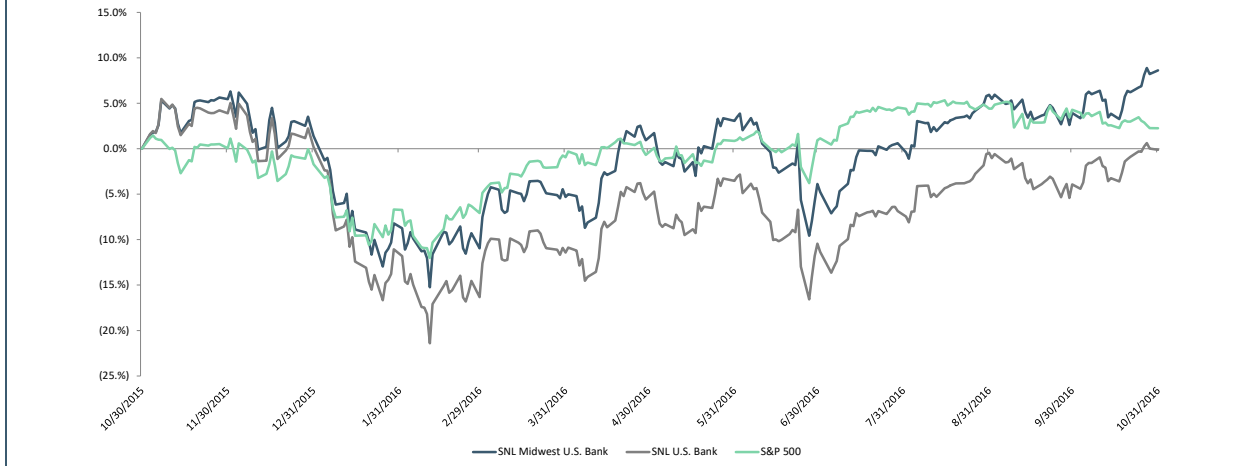


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Midwest Bank Index Performance (shown as % change)



Indices Performance (% change)

	<u>October 2016</u>	<u>LTM</u>		<u>October 2016</u>	<u>LTM</u>
S&P 500	(1.6%)	2.3%	SNL U.S. Bank	4.5%	(0.1%)
Dow Jones	(0.6%)	2.7%	SNL Midwest U.S. Bank	5.1%	8.6%
NASDAQ	(2.1%)	2.7%			

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 October)

Bank Name	Price/Share	Price Change	Bank Name	Price/Share	Price Change
Merchants Bancshares (MBVT)	\$43.00	32.8%	Flushing Financial (FFIC)	\$21.42	(9.7%)
KeyCorp (KEY)	\$14.12	16.0%	First Community (FCBC)	\$22.65	(8.7%)
Washington Trust (WASH)	\$45.90	14.1%	CNB Financial (CCNE)	\$19.55	(7.6%)
SVB Financials Group (SIVB)	\$122.27	10.6%	BBCN Bancorp (HOPE)	\$16.14	(7.1%)
Comerica Incorporated (CMA)	\$52.09	10.1%	Enterprise Bancorp (EBTC)	\$26.10	(6.8%)

Note: Price per share as of October 31, 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 10/31/2016)

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 (%)
JPMorgan Chase & Co.	JPM	NY	247,830.6	2,521,029,000	0.59	2.25	58.91	15.10	8.50	108.6	140.4
Wells Fargo & Company	WFC	CA	231,076.2	1,942,124,000	1.30	2.83	59.33	15.40	9.11	128.5	157.3
Bank of America Corporation	BAC	NC	166,733.3	2,195,314,000	0.83	2.23	61.87	14.20	9.10	68.2	99.6
Citigroup Inc.	C	NY	140,064.2	1,818,117,000	0.71	2.96	59.12	17.27	10.25	66.0	75.2
U.S. Bancorp	USB	MN	76,077.5	454,134,000	0.95	2.99	53.66	13.30	9.20	180.6	237.4
PNC Financial Services Group, Inc.	PNC	PA	46,509.5	369,348,000	0.96	2.71	61.20	14.20	10.10	110.4	142.0
Bank of New York Mellon Corporation	BK	NY	45,751.0	374,114,000	NA	1.06	65.80	12.60	6.60	126.5	304.3
BB&T Corporation	BBT	NC	31,807.8	222,622,000	0.68	3.40	58.10	14.00	9.80	117.8	193.0
State Street Corporation	STT	MA	27,082.4	256,140,000	NA	1.15	70.99	17.60	6.80	142.8	241.8
SunTrust Banks, Inc.	STI	GA	22,198.8	205,091,000	NA	2.97	63.20	12.57	9.28	97.0	133.7
Minimum			22,199	205,091,000	0.6	1.1	53.7	12.6	6.6	66.0	75.2
Mean			103,513	1,035,803,300	0.9	2.5	61.2	14.6	8.9	114.6	172.5
Median			61,294	414,124,000	0.8	2.8	60.3	14.2	9.2	114.1	149.7
Maximum			247,831	2,521,029,000	1.3	3.4	71.0	17.6	10.3	180.6	304.3

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	16,441.5	143,279,000	NA	2.90	55.10	14.87	9.80	106.5	126.3
Northern Trust Corporation	NTRS	IL	16,398.1	120,085,000	0.19	1.15	68.19	14.00	7.90	188.5	201.7
KeyCorp	KEY	OH	15,278.6	135,805,000	0.67	2.85	66.15	12.54	10.17	110.5	139.2
Huntington Bancshares Incorporated	HBAN	OH	11,498.7	100,765,412	NA	3.19	59.15	12.57	9.89	123.4	167.1
Commerce Bancshares, Inc.	CBSH	MO	4,820.6	24,734,468	0.27	3.09	60.64	13.39	9.58	200.0	212.6
PrivateBancorp, Inc.	PVTB	IL	3,604.9	19,105,560	0.86	3.25	48.99	12.41	10.43	191.4	201.7
Associated Banc-Corp	ASB	WI	3,054.5	29,152,764	1.32	2.78	61.94	12.49	7.64	104.5	157.5
MB Financial, Inc.	MBFI	IL	3,040.6	19,341,882	0.59	3.70	64.18	11.65	9.29	124.3	219.1
Wintrust Financial Corporation	WTFC	IL	2,790.0	25,321,759	0.55	3.26	64.60	12.10	9.00	115.1	145.6
First National of Nebraska, Inc.	FINN	NE	2,090.0	18,695,571	NA	5.95	49.33	13.80	11.07	102.0	111.0
First Midwest Bancorp, Inc.	FMBI	IL	1,572.0	11,578,197	0.64	3.61	60.18	12.25	8.90	123.7	174.2
Minimum			1,572	11,578,197	0.2	1.2	49.0	11.7	7.6	102.0	111.0
Mean			7,326	58,896,783	0.6	3.2	59.9	12.9	9.4	135.4	168.7
Median			3,605	25,321,759	0.6	3.2	60.6	12.5	9.6	123.4	167.1
Maximum			16,441	143,279,000	1.3	6.0	68.2	14.9	11.1	200.0	219.1

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	428.5	3,325,658	0.50	3.30	63.45	NA	NA	123.9	164.4
First Mid-Illinois Bancshares, Inc.	FMBH	IL	330.0	2,783,948	0.64	3.40	59.54	12.79	11.02	114.9	152.7
West Suburban Bancorp, Inc.	WNRP	IL	184.3	2,208,196	3.18	2.82	71.95	16.22	9.21	87.3	87.6
First Community Financial Partners, Inc.	FCFP	IL	164.6	1,246,598	NA	3.44	61.10	13.52	9.15	142.9	142.9
First Business Financial Services, Inc.	FBIZ	WI	164.1	1,772,438	1.58	3.50	65.61	11.44	8.75	102.7	110.2
STAR Financial Group, Inc.	SFIGA	IN	149.6	1,845,698	0.48	3.39	71.18	13.42	9.89	77.1	79.5
Marquette National Corporation	MNAT	IL	101.8	1,588,056	2.08	3.40	82.75	13.84	6.97	75.6	102.4
Minimum			102	1,246,598	0.5	2.8	59.5	11.4	7.0	75.6	79.5
Mean			218	2,110,085	1.4	3.3	67.9	13.5	9.2	103.5	120.0
Median			165	1,845,698	1.1	3.4	65.6	13.5	9.2	102.7	110.2
Maximum			429	3,325,658	3.2	3.5	82.8	16.2	11.0	142.9	164.4



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Valuation Summary (as of 10/31/2016)

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	165.5	218.0	Mid-Atlantic	102.1	141.7		
\$1B-\$5B	143.5	165.1	Midwest	155.5	196.7		
\$500M-\$1B	112.7	119.4	New England	123.2	194.3		
\$250M-\$500M	146.4	148.1	Southeast	92.5	131.7		
< \$250M	NA	NA	Southwest	135.5	168.8		
			Western	136.7	167.3		

Interest Rate Scorecard

Financial Yields	October 31, 2016	1 Month	3 Month	6 Month	1 Year
		Prior	Prior	Prior	Prior
2 Year T Note	0.86	0.77	0.67	0.77	0.27
5 Year T Note	1.31	1.14	1.03	1.28	0.82
10 Year T Note	1.84	1.60	1.46	1.83	1.95
30 Year TBond	2.58	2.32	2.18	2.66	3.12
Prime Rate	3.50	3.50	3.50	3.50	3.25
3 Month LIBOR	0.88	0.85	0.76	0.64	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

❖ Two Ohio State Banks Strike an Agreement to Merge

October 1, 2016 – In Ohio, Leesburg-based Southern Hills Community Bank (\$86.3 million) and Ripley-based Ripley Federal Savings Bank (\$67.1 million) have agreed to merge. The combined bank will operate under the Southern Hills Community Bank name. The combined bank will operate two branches in Brown County, to be ranked fourth with an 11.59% share of about \$499.63 million in total market deposits; and will operate three branches in Highland County, to be ranked fourth with a 3.15% share of roughly \$2.18 billion in total market deposits.

❖ Illinois-based United Community to Buy Liberty Bank

October 3, 2016 – In Illinois, Chatham-based United Community Bancorp Inc. will acquire Liberty Bank of Alton (\$328.2 million). Liberty Bank is a subsidiary of Liberty Bancshares Inc. United Community Bancorp, meanwhile, has four banking subsidiaries, all in Illinois. They are United Community Bank of Chatham (\$1.05 billion), Brown County State Bank of Mount Sterling (\$111.0 million), Marine Bank & Trust (\$253.4 million) of Carthage and Mercantile Bank of Quincy (\$467.2 million). United has another acquisition pending, Springfield-based Illini Corp., which has two subsidiaries of its own: Illini Bank (\$283.2 million) and Camp Point, Illinois-based Farmers State Bank of Camp Point (\$46.3 million). Illini in June terminated a merger agreement with a different bank, in order to be bought by United.

❖ Pennsylvania's First Commonwealth Acquiring DCB Financial in Ohio for \$106 Million

October 3, 2016 – Indiana, Pennsylvania-based First Commonwealth Financial Corp. (\$6.75 billion) will acquire Lewis Center, Ohio-based DCB Financial Corp (\$556.1 million) in a cash-and-stock transaction valued at approximately \$14.50 per share, or approximately \$106 million. The aggregate merger consideration is composed of 80% First Commonwealth Financial common stock and 20% cash. On a per-share basis, the purchase price equates to 176.8% of book and tangible book, 8.9x earnings, and 9.0x last-12-months core earnings. The purchase price also equates to 22.75% of deposits and 19.13% of assets. The one-day premium is 88.48%, based on DCB Financial's closing price of \$7.65 on September 30, and the one-month premium is 93.54%, based on DCB Financial's closing price of \$7.45 on September 2.

❖ Two Wisconsin Banks Strike Merger-of-Equals

October 6, 2016 – In Wisconsin, Stratford-based Stratford State Bank and Spencer-based Heritage Bank agreed to combine in a merger-of-equals transaction. Stratford State Bank (\$109.5 million) is a unit of Stratford Bancshares Inc., while Heritage Bank (\$104.8 million) is a unit of Spencer Bancorp Inc.

❖ Treynor Bancshares/TS Contrarian Bancshares JV Buying Illinois Bank

October 7, 2016 – Treynor, Iowa-based TS Banking Group agreed to buy Clinton, Illinois-based First National Bank and Trust Co. (\$109.0 million), a unit of First Clinton Bancorp. Inc. The terms of the transaction were not disclosed. Treynor Bancshares Inc. will enter De Witt County, Illinois, with one branch, to be ranked second with a 24.82% share of approximately \$319.56 million in total market deposits. TS Banking Group is a joint venture between Treynor Bancshares Inc. and TS Contrarian Bancshares Inc., the Treynor-based bank holding companies of Treynor State Bank (\$324.8 million) and Bank of Tioga (\$315.8 million), respectively.

❖ Illinois-based First American Attempts Oak Park River Forest Bankshares Takeover

October 10, 2016 – In Illinois, First American Bank Corp. is urging fellow Oak Park River Forest Bankshares Inc. stockholders to tender their shares of the Oak Park-based company. First American is offering them a price that pegs Oak Park River Forest's value at \$29.5 million. First American, the parent of Elk Grove Village-based First American Bank (\$3.47 billion), already owns 11.00% of Oak Park River Forest, the parent of Community Bank of Oak Park River Forest (\$301.3 million).

❖ Missouri-based Enterprise Financial to Acquire Jefferson County Bancshares for \$130.6 million

October 11, 2016 – In Missouri, Enterprise Financial Services Corp is acquiring Jefferson County Bancshares Inc. for approximately \$130.6 million in cash and stock. The consideration will be made up of 3.3 million Enterprise shares and about \$26.6 million in cash. The target's shareholders can elect to exchange each Jefferson County share held for \$85.39 or 2.75 Enterprise common shares. The transaction is expected to close in early 2017. The purchase price equates to 134.4% of book and 146.1% of tangible book, and 19.8x last-12-months earnings. The purchase price also equates to 17.09% of deposits and 14.11% of assets, and the tangible book premium to core deposits ratio is 5.98%.



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Enterprise expects to record merger-related charges of about \$10 million pretax, but to reach cost-saves of \$8.0 million, before taxes, when the acquisition is fully phased in. The transaction will likely be accretive to EPS in 2017, not counting the one-time charges, while 2018 EPS accretion is estimated at 19 cents per share. Tangible book value could be diluted by 3.6%, but the earnback period is projected to be less than 3.25 years. Enterprise and Jefferson County are the parent companies of St. Louis-based Enterprise Bank & Trust (\$3.74 billion) and Hillsboro, Mo.-based Eagle Bank and Trust Co. of Missouri (\$927.7 million), respectively.

❖ Heartland Financial to Buy Founders Bancorp for \$29M

October 31, 2016 – Heartland Financial USA Inc. of Dubuque, Iowa, is acquiring San Luis Obispo, California-based Founders Bancorp in a 70%-stock and 30%-cash transaction. The transaction is valued at \$21.87 per share, or \$29.1 million in total. On a per-share basis, the purchase price equates to 154.7% of book and tangible book, and 26.6x last-12-months earnings. The purchase price also equates to 17.50% of deposits and 15.81% of assets. The one-day premium is 63.58% based on Founders Bancorp's October 28 closing price of \$13.37. The one-month premium is 63.21% based on Founders Bancorp's October 3 closing price of \$13.40.

❖ Bank M&A 2016 Deal Tracker

October 24, 2016 – Bank M&A volume in 2016 has declined compared to the same period a year earlier. Through October 15, there were 199 transaction announcements in the banking sector with an aggregate disclosed transaction value of \$20.07 billion and a median price-to-tangible book ratio of 129.25%. The prior-year period saw 213 transaction announcements with an aggregate disclosed transaction value of \$14.49 billion and a median price-to-tangible book ratio of 136.39%.

Select Industry News

❖ Severe Enforcement Actions Pile Up at Wells Fargo Bank

October 12, 2016 – Wells Fargo Bank NA's Sept. 6 cease and desist order became the bank's sixth active severe enforcement action from a federal banking regulator, more than any other bank in the U.S. According to the OCC's order, Wells Fargo's compensation programs pressured its employees into opening deposit and credit card accounts for customers without their approval. The company was also hit with a combined \$185 million in fines and penalties, split between a \$100 million fine from the Consumer Financial Protection Bureau, a \$35 million civil money penalty from the OCC and a \$50 million settlement with the City and County of Los Angeles. The \$100 million penalty is the largest fine the CFPB has ever issued. Wells Fargo stated that it fired 5,300 employees as a result of the fake account conduct and has removed product sales goals going forward for retail bankers.

❖ JP Morgan Reclaims No. 2 Mortgage Lending Spot from Quicken Loans

October 12, 2016 – A credit union jumped into the top 20 list of mortgage originators for 2015 while mortgage banks continued to win market share, according to the latest data from the Home Mortgage Disclosure Act. Wells Fargo Bank NA remained at the top of the rankings with \$140.14 billion in funded loans in 2015 for a 7.6% market share. JPMorgan Chase Bank NA posted strong year-over-year growth at 48%, allowing the bank to leapfrog Quicken Loans Inc. for the No. 2 spot. The other money-center banks rounded out the top five with Bank of America NA at No. 4 and Citibank NA at No. 5. In aggregate, the top five lenders accounted for nearly 21% of U.S. mortgages.

JPMorgan reclaimed the No. 2 spot after ceding it to Quicken in the 2014 rankings. The bank's holding company had cut thousands of mortgage employees in 2014, and bank executives said they were consciously pulling out of certain products due to government penalties. The bank has stuck to that commitment, as loans insured by the Federal Housing Administration represented just 0.29% of its 2015 total, compared to 6.05% in 2013. But the bank appears to again be deriving growth from the sector, driven by refinancing activity. Across the industry, funded loans jumped by 33% year over year, aided by low rates spurring refinancing activity.

❖ Card Issuers See Delinquencies Climb Again in September

October 19, 2016 – Delinquencies at U.S. credit card issuers continued to rise in September, while the charge-off rate declined for the majority of issuers during the month. Among large issuers, Capital One Financial Corp. saw the largest delinquency rate jump, to 2.03% in September from 1.94% in August. Discover Financial Services saw delinquencies increase to 1.51% from 1.44%. Citigroup Inc. had the largest decline in its charge-off rate, falling to 2.09% in September from 2.61% in August. Capital One also experienced a large decline in its charge-off rate to 1.65% from 1.83%.



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❖ Mobile Makes an Impact, but Won't Stop Some Credit Unions from Building Branches

October 20, 2016 – Despite the increasing migration toward mobile, consumers still want face-to-face interaction for certain transactions, so some credit unions will continue to build branches. Pelican State Credit Union has 11 branches, but with a membership spread across the state of Louisiana it continues to expand its footprint. Pelican is not alone. U.S. credit unions opened nine more branches than were closed during the third quarter of 2016. A total of 94 branches were opened during the period, while 85 closed. As of Sept. 30, there were 21,199 branches in the U.S., up 55 from a year earlier.

❖ U.S. Bank Branches Fall at Faster Pace in Q3

October 20, 2016 – U.S. banks and thrifts cut a net 732 branches in the third quarter, 934 closing and 202 openings, pushing the industry's total branch count to 91,624, as of September 30.

❖ Nonbanks Coming Close to Overtaking Banks in Mortgage Market Share

October 26, 2016 – Nonbanks gained mortgage market share in 2015, continuing a path that seems certain to see the less-regulated institutions overtake banks. In 2015, nonbanks accounted for 48% of all U.S. mortgage activity, up from 45% the previous year, according to recently released data via the Home Mortgage Disclosure Act, or HMDA. The last time nonbanks accounted for that much mortgage activity was 2006, the year before the subprime crisis began. Nonbanks accounted for 55% of mortgages that year, plunging the next year as bankruptcies wiped out the more aggressive nonbank subprime lenders.

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