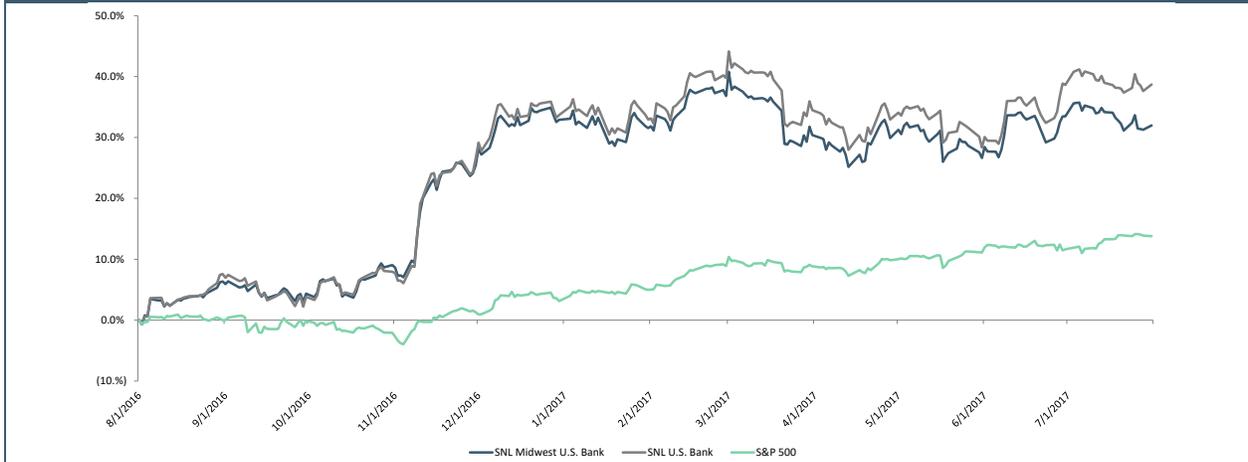


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Midwest Bank Index Performance (shown as % change)



Indices Performance (% change)

	<u>July 2017</u>	<u>LTM</u>		<u>July 2017</u>	<u>LTM</u>
S&P 500	1.9%	13.8%	SNL U.S. Bank	0.0%	38.7%
Dow Jones	2.5%	18.9%	SNL Midwest U.S. Bank	(1.1%)	32.0%
NASDAQ	3.4%	22.5%			

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 July)

Bank Name	Price/Share	Price Change	Bank Name	Price/Share	Price Change
Sierra Bancorp (BSRR)	\$27.40	11.6%	United Bankshares (UBSI)	\$34.50	(12.0%)
BancFirst Corp. (BANF)	\$53.38	10.5%	Northern Trust Corp. (NTRS)	\$87.51	(10.0%)
CNB Financial Corp. (CCNE)	\$26.36	10.0%	Hampton Roads (XBKS)	\$28.18	(9.3%)
Bank of Marin (MBRC)	\$66.65	8.3%	Union First Market (UBSH)	\$30.89	(8.9%)
Independent Bank (INDB)	\$71.35	7.1%	S.Y. Bancorp (SYBT)	\$35.85	(7.8%)

Note: Price per share as of July 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 7/31/2017)

Large U.S. National Banks:

Institution Name	Ticker	State	Market Capitalization (\$ in millions)	Total Assets (\$ in thousands)	NPAs/ Assets (%)	Net Interest Margin (%)	Efficiency Ratio (%)	Risk-based Capital Ratio (%)	Leverage Ratio (%)	Price/ Book (%)	Price/ Tangible Book (%)
JPMorgan Chase & Co.	JPM	NY	323,040.9	2,563,174,000	0.50	2.31	58.03	16.00	8.50	139.0	179.5
Wells Fargo & Company	WFC	CA	267,755.2	1,930,871,000	1.15	2.90	60.79	16.91	9.28	147.7	181.4
Bank of America Corporation	BAC	NC	237,596.0	2,254,529,000	0.69	2.33	61.89	15.10	8.90	96.9	140.2
Citigroup Inc.	C	NY	186,495.9	1,864,063,000	0.57	2.79	59.90	17.69	9.89	88.5	100.7
U.S. Bancorp	USB	MN	88,288.8	463,844,000	0.82	3.04	54.40	13.24	9.13	206.6	269.3
PNC Financial Services Group, Inc.	PNC	PA	61,721.8	372,190,000	0.89	2.85	60.43	13.74	9.86	146.8	189.8
Bank of New York Mellon Corporation	BK	NY	54,788.3	354,815,000	NA	1.16	65.51	13.20	6.70	150.4	354.2
BB&T Corporation	BBT	NC	38,238.9	221,192,000	0.58	3.46	58.76	14.10	10.10	140.3	226.9
State Street Corporation	STT	MA	34,863.9	238,274,000	0.00	1.26	66.83	15.24	6.99	184.8	310.5
SunTrust Banks, Inc.	STI	GA	27,495.5	207,223,000	1.61	3.13	61.38	12.75	9.55	123.2	172.0
Minimum			27,496	207,223,000	0.0	1.2	54.4	12.8	6.7	88.5	100.7
Mean			132,029	1,047,017,500	0.8	2.5	60.8	14.8	8.9	142.4	212.4
Median			75,005	418,017,000	0.7	2.8	60.6	14.6	9.2	143.6	185.6
Maximum			323,041	2,563,174,000	1.6	3.5	66.8	17.7	10.1	206.6	354.2

Large Midwest Banks:

Institution Name	Ticker	State	Market Capitalization (\$ in millions)	Total Assets (\$ in thousands)	NPAs/ Assets (%)	Net Interest Margin (%)	Efficiency Ratio (%)	Risk-based Capital Ratio (%)	Leverage Ratio (%)	Price/ Book (%)	Price/ Tangible Book (%)
Northern Trust Corporation	NTRS	IL	19,994.8	125,605,700	0.16	1.28	70.28	15.56	8.09	217.7	231.9
KeyCorp	KEY	OH	19,713.0	135,824,000	0.51	3.30	60.19	12.64	9.95	138.6	173.5
Fifth Third Bancorp	FTB	OH	19,670.6	141,067,000	0.99	3.00	63.30	15.22	10.07	130.8	156.0
Huntington Bancshares Incorporated	HBAN	OH	14,442.7	101,406,779	NA	3.30	57.63	13.33	8.98	150.7	200.1
Commerce Bancshares, Inc.	CBSH	MO	5,908.2	25,078,843	0.26	3.18	59.04	14.00	9.87	238.3	252.8
Wintrust Financial Corporation	WTFC	IL	4,203.1	26,929,265	0.48	3.42	61.33	12.00	9.20	154.5	191.1
Associated Banc-Corp	ASB	WI	3,624.7	29,769,025	1.09	2.83	64.77	13.01	8.09	121.5	180.2
MB Financial, Inc.	MBFI	IL	3,430.3	19,965,057	0.46	3.74	63.21	11.60	8.60	135.4	232.7
First National of Nebraska, Inc.	FINN	NE	2,301.7	19,272,983	1.03	6.12	61.31	13.73	11.34	111.6	121.4
First Midwest Bancorp, Inc.	FMBI	IL	2,281.9	13,969,140	NA	3.87	57.69	11.69	8.93	124.2	210.4
Minimum			2,282	13,969,140	0.2	1.3	57.6	11.6	8.1	111.6	121.4
Mean			9,557	63,888,779	0.6	3.4	61.9	13.3	9.3	152.3	195.0
Median			5,056	28,349,145	0.5	3.3	61.3	13.2	9.1	137.0	195.6
Maximum			19,995	141,067,000	1.1	6.1	70.3	15.6	11.3	238.3	252.8

Small Midwest Banks:

Institution Name	Ticker	State	Market Capitalization (\$ in millions)	Total Assets (\$ in thousands)	NPAs/ Assets (%)	Net Interest Margin (%)	Efficiency Ratio (%)	Risk-based Capital Ratio (%)	Leverage Ratio (%)	Price/ Book (%)	Price/ Tangible Book (%)
Horizon Bancorp	HBNC	IN	585.3	3,321,178	0.41	3.70	61.83	13.44	9.87	163.7	216.2
First Mid-Illinois Bancshares, Inc.	FMBH	IL	457.6	2,825,304	0.76	3.80	54.28	12.81	9.44	152.1	206.1
West Suburban Bancorp, Inc.	WNRP	IL	250.5	2,288,770	2.25	3.09	68.35	15.97	9.30	119.3	119.7
STAR Financial Group, Inc.	SFIGA	IN	198.1	1,857,356	0.87	3.58	71.85	13.71	10.61	99.6	102.5
First Business Financial Services, Inc.	FBIZ	WI	185.3	1,768,928	2.29	3.64	70.28	11.91	9.28	112.1	120.0
Marquette National Corporation	MNAT	IL	118.7	1,596,102	NA	3.54	75.58	NA	NA	84.9	113.5
Minimum			119	1,596,102	0.4	3.1	54.3	11.9	9.3	84.9	102.5
Mean			299	2,276,273	1.3	3.6	67.0	13.6	9.7	121.9	146.3
Median			224	2,073,063	0.9	3.6	69.3	13.4	9.4	115.7	119.8
Maximum			585	3,321,178	2.3	3.8	75.6	16.0	10.6	163.7	216.2



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Valuation Summary (as of 7/31/2017)

Asset Size Index – Nationwide			Geographic Index		
	Price/Book (%)	Price/Tangible Book (%)		Price/Book (%)	Price/Tangible Book (%)
\$5B-\$10B	186.3	240.8	Mid-Atlantic	129.3	177.1
\$1B-\$5B	173.4	200.2	Midwest	179.3	226.1
\$500M-\$1B	149.4	157.2	New England	154.4	243.3
\$250M-\$500M	145.1	146.5	Southeast	115.4	164.3
< \$250M	NA	NA	Southwest	164.2	200.8
			Western	161.1	196.3

Interest Rate Scorecard

Financial Yields	July 31, 2017	1 Month	3 Month	6 Month	1 Year
		Prior	Prior	Prior	Prior
2 Year T Note	1.34	1.38	1.28	1.19	0.27
5 Year T Note	1.84	1.89	1.81	1.90	0.82
10 Year T Note	2.30	2.31	2.29	2.45	1.95
30 Year T Bond	2.89	2.84	2.96	3.05	3.12
Prime Rate	4.25	4.25	4.00	3.75	3.25
3 Month LIBOR	1.31	1.30	1.17	1.03	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 Midwestern Banks Merging

July 8, 2017 – Alcester, South Dakota-based State Bank of Alcester is merging with Rock Valley, Iowa-based Premier Bank. The financial terms of the transaction were not disclosed. As of March 31, Premier Bank, a unit of Premier Holdings Ltd., had \$369.4 million in assets. State Bank of Alcester, a unit of First State Banking Corp., had \$122.4 million in assets as of the same date.

❖ Ozarks Heritage Financial Group Buying Financial Enterprises

July 11, 2017 – In Missouri, Gainesville-based Ozarks Heritage Financial Group Inc. is acquiring Clinton-based Financial Enterprises Inc. After the transaction, Financial Enterprises unit First National Bank of Clinton will merge into and operate as Ozarks Heritage unit Legacy Bank & Trust Co. Other terms of the transaction were not disclosed. The combined company is expected to have about \$237 million in assets, \$184 million in deposits, and \$191 million in gross loans, based on financial results as of June 30. Legacy Bank had \$163.0 million in assets, while First National Bank of Clinton had \$70.0 million in assets, both as of March 31.

❖ Equity Bancshares Buying Two Oklahoma-based Banks

July 17, 2017 – Wichita, Kansas-based Equity Bancshares Inc. is buying two Oklahoma-based banks, Newkirk-based Eastman National Bancshares Inc. and Tulsa-based Cache Holdings Inc., for about \$97.1 million, based on Equity's closing price of \$31.57 on July 14. Upon closing, Eastman National and unit Eastman National Bank of Newkirk, as well as Cache and unit Patriot Bank, will merge into Equity. Equity's footprint would enter Oklahoma with the transaction, its fourth state. Eastman shareholders will have the option to receive a fixed exchange ratio of 6.1389 Equity class A common shares and \$48.91 in cash for each share they held, for an aggregate consideration of around \$46.6 million, or around \$242.72 per share. For the Equity-Eastman transaction, the purchase price equates to 192.4% of book and tangible book, and 10.8x earnings on an aggregate basis. The purchase price also equates to 21.44% of deposits and 18.37% of assets, with a tangible book premium-to-core deposits ratio of 12.40%. Under the Equity-Cache transaction, Cache shareholders will have the option to receive a fixed exchange ratio of 53 Equity class A common shares and \$615.12 in cash for each share they held, for an aggregate consideration of around \$50.5 million, or around \$2,288.33 per share, subject to equity adjustments. In this transaction for Cache, the purchase price equates to 154.6% of book, 169.5% of tangible book and 13.2x earnings, all on an aggregate basis. The purchase price also equates to 18.59% of deposits and 15.78% of assets, with a tangible book premium-to-core deposits ratio of 43.46%. Combined, Equity expects the mergers to be 14%, or 32 cents, accretive to EPS in 2018 and accretive by 33 cents in 2019. The combined transactions are anticipated to be less than 5% dilutive to tangible book value with an earnback of 2.8 years, calculated via the crossover method. Equity expects its pro forma deposit costs will be 58 basis points. Upon the closings, which are expected in the fourth quarter, Equity will have completed five mergers since its initial public offering in 2015.

❖ Associated Banc-Corp Buying Bank Mutual in \$482M Transaction

July 20, 2017 – Associated Banc-Corp of Green Bay, Wisconsin, is acquiring Milwaukee, Wisconsin-based Bank Mutual Corp. in a transaction valued at \$10.38 per share, or \$482 million in total, based on Associated's July 19 closing price of \$24.60. Under the terms of the transaction, Bank Mutual shareholders will receive 0.422 shares of Associated common stock for each Bank Mutual common share held. The purchase price equates to 165.3% of book and tangible book, 28.8x earnings and last-12-months core earnings and 27.3x estimated 2017 EPS, on a per-share basis. The purchase price also equates to 25.35% of deposits and 18.07% of assets. The transaction carries a one-day premium of 12.23%, based on Bank Mutual's \$9.25 closing price on July 19 and a one-month premium of 12.84%, based on Bank Mutual's \$9.20 closing price on June 20. Subsidiary Bank Mutual will merge into Associated Bank NA. Bank Mutual President and CEO David Baumgarten will serve as a consultant to Associated President and CEO Philip Flynn, focusing on client retention and employee engagement. Bank Mutual Chairman Michael Crowley Jr. will join the resulting entity's board. The transaction is still subject to regulatory and shareholder approvals. The transaction is expected to close in the first quarter of 2018, and to be accretive to Associated's 2019 EPS, excluding one-time charges. Dilution to tangible book value is projected to be less than 1% at closing. Associated will expand in Wisconsin by 63 branches, to be ranked third with a 10.85% share of approximately \$143.41 billion in total market deposits. It will also expand in Minnesota by one branch, to be ranked eighth with a 0.70% share of approximately \$222 billion in total market deposits. According to the companies' earnings reports, Bank Mutual had \$2.71 billion in assets as of June 30; Associated had assets of almost \$30 billion.



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❖ In Indiana, First Savings Financial to Buy First National Bank of Odon

July 21, 2017 – First Savings Financial Group Inc. of Clarksville, Indiana, is acquiring Odon, Indiana-based First National Bank of Odon for \$265.00 per share, or approximately \$10.6 million in cash. Under the transaction terms, the payout may be adjusted downward if First National shareholders' equity at the end of the month immediately prior to close is below \$8.0 million. As of June 30, First Savings Financial had total consolidated assets of \$874.1 million. First National had \$99.2 million in assets, \$35.8 million in loans, \$91.0 million in deposits and \$8.0 million in stockholders' equity. The purchase price equates to 132% of First National's tangible book value and 15.0x its last-12-month earnings. On an aggregate basis, the purchase price equates to 132.3% of book and tangible book and 15.0x earnings. The purchase price also equates to 11.65% of deposits and 10.68% of assets and the tangible book premium to core deposits ratio is 2.87%.

❖ More Details on Mid-America/Morgan Transaction Emerge

July 24, 2017 – Ellis, Kansas-based Mid-America Financial Corp.'s transaction with Fort Morgan, Colorado-based Morgan Financial Corp. will see each Morgan Financial share exchanged for \$20.73 in cash. The aggregate value of the transaction is approximately \$14.6 million. Mid-America will pay the consideration using cash on hand as well as proceeds from a private placement, where it expects to raise no less than \$3.0 million, and/or debt secured from a third party financial institution. Mid-America has already secured a \$3.0 million loan commitment. Mid-America's subsidiary, Golden Belt Bank FSA is requesting permission to pay Mid-America an \$8.77 million dividend in connection with the merger. The bank will also acquire Northern Colorado Title Services Co. Inc., a real estate-related financial and information services subsidiary of Morgan Financial's Morgan Federal Bank; Mid-America will acquire no nonbank subsidiaries in the parent merger.

❖ First Financial Crosses \$10B Threshold with \$1B Acquisition of Competitor, MainSource Financial

July 25, 2017 – MainSource Financial Group Inc. of Greensburg, Indiana, will merge into Cincinnati-based First Financial Bancorp. in an all-stock transaction valued at approximately \$1.0 billion, based on First Financial's \$28.10 closing price on July 25 and including outstanding options and warrants. First Financial Bank will absorb MainSource Bank. As of June 30, First Financial had \$8.7 billion in assets, \$5.9 billion in loans and \$6.5 billion in deposits. MainSource had assets of approximately \$4.6 billion. The combined company, which will go under the First Financial brand and be headquartered in Cincinnati, will have approximately \$13.3 billion in assets, \$8.9 billion in loans, \$10.0 billion in deposits and \$4.0 billion in assets under management. The parties estimate that the crossing of the \$10 billion-in-assets threshold will mean \$12 million in annual revenue lost due to the Durbin amendment, which caps interchange fees, plus \$2 million in annual regulatory costs. First Financial expects the transaction will be accretive to its 2018 EPS by 9 cents and to 2019 EPS by 17 cents, excluding approximately \$63 million in restructuring charges. The transaction is projected to be dilutive to tangible book value per common share by 64 cents, inclusive of all restructuring charges, with an earnback period of around 3 years using the crossover method. First Financial shareholders will own 63% of the resulting entity; MainSource's will own 37%. The merger is expected to close in early 2018, pending shareholder and regulatory approvals. First Financial CEO Claude Davis will become executive chairman for three years and then transition to non-executive chairman. MainSource CEO Archie Brown Jr. will be president and CEO. On a per-share basis, the purchase price equates to 202.6% of book, 266.4% of tangible book and 22.4x earnings. The purchase price also equates to 19.6x last-12-month core earnings, 31.76% of deposits and 24.79% of assets. The transaction carries a one-day premium of 15.31%, based on MainSource Financial's July 24 closing price of \$33.45, and a one-month premium of 19.01%, based on its June 26 closing price of \$32.41. An internal rate of return of 17.5% is projected by the companies. Cost savings are estimated to be \$43 million, with 40% of cost saves from consolidation of 45 to 50 banking centers. In the first year post-transaction completion, 75% of cost saves are expected to be realized and 100% thereafter.

❖ Bank M&A 2017 Deal Tracker

July 20, 2017 – Through July 15, there have been 126 transaction announcements in the U.S. banking sector with an aggregate disclosed transaction value of \$17.04 billion and a median transaction value-to-tangible common equity ratio of 158.6%. The comparable prior-year period saw 138 transaction announcements with an aggregate disclosed transaction value of \$15.15 billion and a median transaction value-to-tangible common equity ratio of 126.5%.



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Select Industry News

❖ Credit Unions Continued to Add Branches in Q2

July 13, 2017 – U.S. credit unions opened more branches than they closed in the second quarter, bucking the long-running trend among bank peers shuttering branches. The credit union industry added a net 11 branches during the second quarter — 77 openings, 66 closings — bringing the total credit union branch count to 21,237 as of June 30. Grand Rapids, Michigan-based Lake Michigan CU opened three branches in the second quarter, more than any other credit union in the country. At the state level, Michigan topped the list with five net openings during the second quarter, followed by Oregon and Tennessee with four net openings each. Connecticut, Florida and Ohio each saw three net closures. Over the last year, Virginia and Tennessee have led the nation with nine net openings each, while New Jersey has 10 net closures.

❖ Banks, Thrifts Close Net 96 Branches in June

July 13, 2017 – U.S. banks and thrifts continued to cut branches across the country in June, shutting 156 branches, while opening just 60. As of June 30, there were 90,113 active bank and thrift branches in the U.S. During the first six months of 2017, U.S. banks and thrifts shuttered a net 855 branches, with the Midwest accounting for over 43% of closures. During June, however, the Southwest and Southeast regions led the U.S. with 30 and 29 net closures, respectively. By state, Texas' 26 net closures led the country in June, followed by Florida's 18. Capital One Financial Corp. closed 37 branches in June, 21 of which were located in Texas. Wells Fargo & Co. closed the second most branches at 30, while opening just two. Meanwhile, both Bank of America Corp. and JPMorgan Chase & Co. closed a net 11 branches during the month.

❖ U.S. Economy 'Humming Along,' Which Should Keep CU Failures in Check

July 21, 2017 – Despite a brief run of conservatorships, the number of credit unions flagged for unsafe and unsound practices was on par with recent years during the first half of 2017. Two credit unions failed, one was closed and six were placed into conservatorship in the first six months of the year. Altogether, 19 credit unions closed or failed in 2016, compared to 18 in 2015, 23 in 2014 and 19 in 2013. By comparison, there have been six bank failures so far in 2017. There was a streak in late June that saw a conservatorship announced on three consecutive business days. Most recently, the National Credit Union Administration placed Woodside, New York-based Lomto FCU into conservatorship because of unsafe and unsound practices. None of the credit unions placed into conservatorship in 2017 has yet to fail or merge.

❖ Community Banks Start Earnings Season Reporting Higher Margins in Q2'17

July 28, 2017 – So far a majority of community banks have started the second-quarter earnings season posting higher net interest margins year-over-year. On June 14, the Federal Reserve raised interest rates by 25 basis points for the second time so far in 2017, and the fourth time since December 2015, helping to boost margins across the banking industry. Among community banks with less than \$1 billion in assets that reported earnings up to July 21, median net interest margin hit 3.73% in the second quarter, up 8 basis points from the year-ago quarter. Community banks with total assets between \$1 billion and \$5 billion have reported a median net interest margin of 3.57%, compared to 3.54% in the second quarter of 2016. Dallas-based Triumph Bancorp Inc. reported the highest NIM among all such community banks at 6.14%, down 35 basis points from the year-ago quarter. According to the company's 10-Q, the decline in NIM resulted in part from a decrease in yields on interest-earning assets and an increase in average cost of funds. The largest community banks, those with total assets between \$5 billion and \$10 billion, reported a median net interest margin of 3.59% for the quarter ended June 30, up 12 basis points year over year.

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