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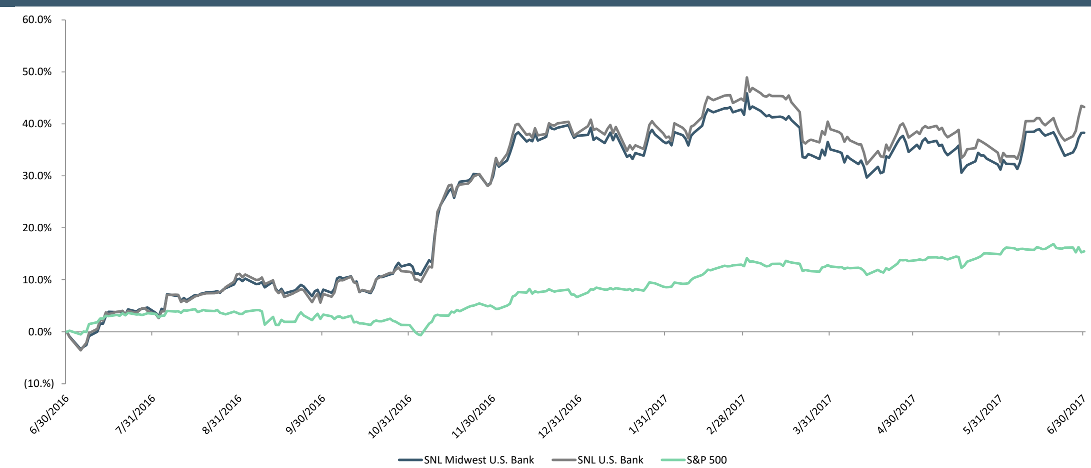
Midwest Bank Index Performance (shown as % change)



Indices Performance (% change)

	June 2017	LTM
S&P 500	(0.3%)	15.5%
Dow Jones	1.0%	19.1%
NASDAQ	(1.7%)	26.8%

	June 2017	LTM
SNL U.S. Bank	6.6%	43.2%
SNL Midwest U.S. Bank	3.9%	38.3%

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 June)

Bank Name	Price/Share	Price Change	Bank Name	Price/Share	Price Change
Bancorp, Inc. (TBBK)	$7.58	22.9%	Financial Institutions (FISI)	$29.80	(3.9%)
Enterprise Bancorp (EBTC)	$35.54	15.5%	Sun Bancorp (SNBC)	$24.65	(2.6%)
First Financial (FFIN)	$44.20	13.0%	MidWestOne Financial (MOFG)	$33.89	(2.2%)
CNB Financial Corp. (CCNE)	$23.97	12.1%	Arrow Financial Corp. (AROW)	$31.65	(2.2%)
Popular, Inc. (BPOP)	$41.71	11.0%	Bridge Bancorp (BDGE)	$33.30	(1.9%)

Note: Price per share as of June 30, 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 6/30/2017)

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	324,726.3	2,546,290,000	0.53	2.29	60.11	15.63	8.43	141.3	178.7
Wells Fargo & Company	WFC	CA	276,901.4	1,951,564,000	1.19	2.85	62.64	16.41	9.07	155.2	186.3
Bank of America Corporation	BAC	NC	241,433.1	2,247,701,000	0.73	2.38	66.20	14.38	8.84	99.6	141.0
Citigroup Inc.	C	NY	184,137.9	1,821,635,000	0.63	2.78	58.45	17.28	9.97	88.2	100.5
U.S. Bancorp	USB	MN	87,499.9	449,522,000	0.88	3.00	54.77	13.27	9.10	207.3	271.4
PNC Financial Services Group, Inc.	PNC	PA	60,424.8	370,944,000	0.90	2.76	60.49	14.06	9.93	145.0	186.8
Bank of New York Mellon Corporation	BK	NY	53,054.5	337,536,000	0.04	1.13	67.79	12.83	6.63	149.0	361.1
BB&T Corporation	BBT	NC	36,844.3	220,501,000	0.69	3.43	58.09	14.07	9.98	136.8	223.4
State Street Corporation	STT	MA	33,759.6	236,802,000	0.01	1.15	73.69	15.41	6.82	186.6	320.6
SunTrust Banks, Inc.	STI	GA	27,422.8	205,642,000	1.65	3.05	65.27	12.37	9.08	124.3	174.3
Minimum			**27,423**	**205,642,000**	**0.0**	**1.1**	**54.8**	**12.4**	**6.6**	**88.2**	**100.5**
Mean			**132,620**	**1,038,813,700**	**0.7**	**2.5**	**62.7**	**14.6**	**8.8**	**143.3**	**214.4**
Median			**73,962**	**410,233,000**	**0.7**	**2.8**	**61.6**	**14.2**	**9.1**	**143.1**	**186.6**
Maximum			**324,726**	**2,546,290,000**	**1.7**	**3.4**	**73.7**	**17.3**	**10.0**	**207.3**	**361.1**

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	22,318.1	121,488,700	0.18	1.33	68.96	15.04	8.15	245.4	261.5
KeyCorp	KEY	OH	20,541.1	134,476,000	0.57	3.10	61.37	12.69	9.81	147.4	183.6
Fifth Third Bancorp	FITB	OH	19,477.0	140,200,000	1.10	2.98	67.10	15.45	10.15	129.0	153.7
Huntington Bancshares Incorporated	HBAN	OH	14,697.9	100,045,506	1.25	3.26	58.32	13.26	8.76	156.9	210.4
Commerce Bancshares, Inc.	CBSH	MO	5,774.9	25,308,171	0.24	3.10	61.30	13.72	9.56	239.8	254.8
Wintrust Financial Corporation	WTFC	IL	4,255.5	25,778,893	0.55	3.34	62.88	12.22	9.29	159.7	201.3
Associated Banc-Corp	ASB	WI	3,838.5	29,109,857	1.22	2.82	64.32	13.05	8.05	129.8	193.9
MB Financial, Inc.	MBFI	IL	3,692.9	19,146,062	0.51	3.69	63.13	11.80	8.58	147.6	256.4
First Midwest Bancorp, Inc.	FMBI	IL	2,395.3	13,773,471	0.62	3.84	60.06	11.48	8.89	132.7	228.1
First National of Nebraska, Inc.	FINN	NE	2,339.1	19,272,983	1.03	6.12	61.31	13.73	11.34	113.5	123.4
Minimum			**2,339**	**13,773,471**	**0.2**	**1.3**	**58.3**	**11.5**	**8.1**	**113.5**	**123.4**
Mean			**9,933**	**62,859,964**	**0.7**	**3.4**	**62.9**	**13.2**	**9.3**	**160.2**	**206.7**
Median			**5,015**	**27,444,375**	**0.6**	**3.2**	**62.1**	**13.2**	**9.1**	**147.5**	**205.9**
Maximum			**22,318**	**140,200,000**	**1.3**	**6.1**	**69.0**	**15.5**	**11.3**	**245.4**	**261.5**

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	584.9	3,169,643	0.40	3.83	61.87	13.87	10.09	167.6	223.5
First Mid-Illinois Bancshares, Inc.	FMBH	IL	427.6	2,849,446	1.06	3.59	54.29	12.89	9.37	147.0	192.9
West Suburban Bancorp, Inc.	WNRP	IL	248.5	2,288,770	2.25	3.09	68.35	15.97	9.30	118.3	118.7
First Business Financial Services, Inc.	FBIZ	WI	201.2	1,800,590	2.20	3.51	71.48	11.55	9.26	122.6	131.3
STAR Financial Group, Inc.	SFIGA	IN	197.9	1,857,356	0.87	3.58	71.85	13.71	10.61	99.5	102.4
Marquette National Corporation	MNAT	IL	118.2	1,595,057	1.42	3.54	77.33	14.13	7.34	86.2	116.3
Minimum			**118**	**1,595,057**	**0.4**	**3.1**	**54.3**	**11.6**	**7.3**	**86.2**	**102.4**
Mean			**296**	**2,260,144**	**1.4**	**3.5**	**67.5**	**13.7**	**9.3**	**123.5**	**147.5**
Median			**225**	**2,073,063**	**1.2**	**3.6**	**69.9**	**13.8**	**9.3**	**120.5**	**125.0**
Maximum			**585**	**3,169,643**	**2.2**	**3.8**	**77.3**	**16.0**	**10.6**	**167.6**	**223.5**

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Valuation Summary (as of 6/30/2017)

Asset Size Index – Nationwide

	Price/Book (%)	Price/Tangible Book (%)
$5B-$10B	194.5	252.6
$1B-$5B	180.0	208.3
$500M-$1B	153.9	163.8
$250M-$500M	151.9	157.0
< $250M	NA	NA

Geographic Index

	Price/Book (%)	Price/Tangible Book (%)
Mid-Atlantic	130.6	177.4
Midwest	185.3	233.4
New England	155.8	249.0
Southeast	117.8	165.2
Southwest	168.6	206.6
Western	168.0	201.3

Interest Rate Scorecard

Financial Yields	June 30, 2017	1 Month Prior	3 Month Prior	6 Month Prior	1 Year Prior
2 Year T Note	1.38	1.28	1.28	1.20	0.27
5 Year T Note	1.89	1.76	1.96	1.93	0.82
10 Year T Note	2.31	2.21	2.42	2.45	1.95
30 Year T Bond	2.84	2.88	3.03	3.06	3.12
Prime Rate	4.25	4.00	4.00	3.75	3.25
3 Month LIBOR	1.30	1.20	1.15	1.00	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

- **Farmers National Banc Corp. Discloses Monitor Bancorp Transaction Terms**

June 1, 2017 – Canfield, Ohio-based Farmers National Banc Corp. disclosed the terms for its 85% stock and 15% cash consideration of its pending transaction with Big Prairie, Ohio-based Monitor Bancorp Inc. Under the transaction terms, Monitor shareholders will have the option to receive either 57.82 Farmers common shares or $769.38 in cash for each common share held. The aggregate consideration should not be less than 115% and not more than 125% of Monitor's adjusted shareholders equity of $6,030,220 as of March 31. As of March 31, Farmers had $2.03 billion in assets.

- **In Wisconsin, First American Bankshares to Acquire Commercial Bancshares**

June 1, 2017 – Fort Atkinson, Wisconsin-based First American Bankshares Inc., the parent of PremierBank, agreed to acquire Whitewater, Wisconsin-based Commercial Bancshares Inc. and unit Commercial Bank. Integration of the two banks is expected to be completed in the fourth quarter, with the combined bank employing more than 119 associates in 10 locations. As of March 31, PremierBank had $304.0 million in assets, while Commercial Bank had assets of $97.2 million.

- **QCR Holdings Buying Guaranty Bankshares in $44.2M Transaction**

June 8, 2017 – Moline, Illinois-based QCR Holdings Inc. will acquire all assets of Cedar Rapids, Iowa-based Guaranty Bankshares Ltd. in a 79%-stock-and-21%-cash transaction valued at roughly $44.2 million. Upon completion, Guaranty Bank will merge with and operate as branches of QCR Holdings unit Cedar Rapids Bank and Trust Co. The transaction is expected to be immediately accretive, with an internal rate of return in excess of 20%. QCR Holdings expects pretax expenses of $4.0 million, cost savings of roughly 30%, and EPS accretion for 2018 of 4% or more. On an aggregate basis, the purchase price equates to 144.2% of book and tangible book and 27.4x last-12-months earnings. The purchase price also equates to 20.70% of deposits and 16.56% of assets, and the tangible book premium to core deposits ratio is 6.68%. As of March 31, 2017, Guaranty Bank had $266.8 million in assets, total loans of $197.3 million and total deposits of $213.5 million. QCR Holdings had $3.38 billion in assets as of March 31, and its Cedar Rapids Bank unit had $931.3 million in assets.

- **Indiana-based Horizon to Acquire Michigan-based Wolverine**

June 14, 2017 – The acquisitive Horizon Bancorp of Michigan City, Indiana, is now buying Midland, Michigan-based Wolverine Bancorp Inc. Horizon, which closed three transaction in 2016 and has another acquisition pending, had earlier announced plans to expand in Michigan and eventually into Ohio. To acquire Wolverine, Horizon will exchange 1.0152 Horizon common shares and $14.00 in cash for each Wolverine common share. Based on the buyer's June 13 closing price of $27.50, the terms value Wolverine at $41.92 per share. Horizon expects the merger to be accretive to EPS by more than 5% in 2018. Tangible book value dilution is expected to be earned back in less than a year, using the crossover method. Cost savings, fully phased in, are pegged at 38%, and the internal rate of return is estimated to be approximately 17%. The purchase price equates to 141.3% of book and tangible book and 17.8x earnings, on a per-share basis. The purchase price also equates to 33.84% of deposits and 24.19% of assets. The tangible book premium is 17.38% of core deposits. The one-day premium is 31.20%, based on Wolverine's closing price of $31.95 as of June 13. The one-month premium is 32.74%, based on the target's closing price of $31.58 as of May 15. Wolverine Bank Federal Savings Bank, which had $379.8 million in assets as of March 31, will merge into Horizon Bank NA. Horizon Bank had $3.16 billion in assets and is looking to convert from a national bank to a state non-member bank.

- **Colorado National Bank Holdings to Buy Peoples for $143M**

June 26, 2017 – Greenwood Village, Colorado-based National Bank Holdings Corp. will acquire Peoples Inc. of Lawrence, Kansas, in a 25% cash, 75% stock transaction valued at $143 million, based on the buyer's June 23 closing price of $31.55. National is the holding company of NBH Bank, which had $4.71 billion in assets at the end of the first quarter. Peoples is the holding company of Colorado Springs, Colorado-based Peoples National Bank, which had $376.2 million in assets, and of Peoples Bank in Lawrence, Kansas, which had $490.1 million. Peoples shareholders will receive approximately $36.3 million in cash and approximately 3.4 million National common shares in aggregate, subject to adjustments, which equates to ownership of 11% in the resulting entity. The purchase price equates to 173.0% of book, 160.5% of tangible book and 7.2x last-12-months earnings, on an aggregate basis. It is 19.91% of deposits and 16.57% of assets. The tangible book premium is 8.50% of core deposits.

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The transaction brings National approximately $865 million in assets, $483 million in loans held for investment and $719 million in deposits. It is also expected to transform National's residential mortgage business with a complementary franchise-centric retail mortgage business that originates more than $1.0 billion in mortgages annually. Under the terms of the transaction, Peoples will divest or wind down its national mortgage business before the year's end. Assuming cost savings of approximately 12% of Peoples' expense base, excluding the business to be wound down, 75% of the savings will be phased-in in 2018. When fully phased in, the transaction is expected to be approximately 19% accretive to EPS and to have an internal rate of return of about 20%. It is estimated to be less than 5% dilutive to tangible book value, which will be earned back in less than three years.

❖ Bank M&A 2017 Deal Tracker

June 30, 2017 – Through June 15, there have been 109 transaction announcements in the U.S. banking sector with an aggregate disclosed transaction value of $16.21 billion and a median transaction value-to-tangible common equity ratio of 158.6%. The comparable prior-year period saw 110 transaction announcements with an aggregate disclosed transaction value of $8.05 billion and a median transaction value-to-tangible common equity ratio of 126.9%.

Select Industry News

❖ More Banks Concentrated in CRE Despite Slowdown in Lending

June 1, 2017 – The number of banks and thrifts concentrated[1] in commercial real estate increased to 530 in the first quarter, despite a slowdown in total CRE loan growth during the period. Commercial real estate loan growth at banks declined to a year-over-year rate of 9.8%, down from growth of 10.9% in the fourth quarter of 2016 and growth of 13.4% in the first quarter of 2016. All four of the loan types that comprise CRE saw slower growth in the first quarter, matching the slower growth among bank loans overall. At the same time, more banks were concentrated in CRE at the end of the first quarter, growing to 530 from 518 as of December 31, 2016, and 503 at the end of the first quarter of 2016.

❖ Funding Mix of Recent Sellers Trends Toward Noncore Deposits

June 6, 2017 – Recent midsize sellers have had a few things in common, such as good loan growth and high sale valuations, yet they also share a surprising similarity: an above-peer amount of noncore deposits. Those deposits have not seemed to deter buyers, who continue to pay up for these franchises given their ability to grow loans and offer scale in desirable locations. Buyers anecdotally have viewed these funds with a wary eye, but recent transactions indicate that sellers may offer attractive features beyond their funding base or an opportunity to roll off their higher-cost funds. The median concentration of core deposits at the 20 most-recent sellers that had at least $1 billion in assets was 78.29%. That is much lower than the industry median of 89.71%. These banks also had a higher median of time deposits and wholesale funds compared to the industry. Among banks above $1 billion in assets that have sold since 2015, those with the greatest concentrations in time deposits had a cost of funds that was 10 basis points higher than the industry median.

❖ Construction Loans Continue Rising in Q1'17

June 9, 2017 – Construction loans, both residential and nonresidential, have grown steadily for the past several years, a trend that continued into the first quarter of 2017. Total construction loans reached $319.17 billion as of March 31, a 12.0% increase from the first quarter of 2016 and a 2.0% increase from the fourth quarter of 2016. U.S. banks and thrifts held $248.47 billion in nonresidential construction loans at the end of March, a 12.2% increase year-over-year. Meanwhile, residential construction loans hit $70.70 billion, an 11.4% increase. Total delinquent construction loans decreased in the first quarter to $3.26 billion, down from $3.30 billion in the fourth quarter and $3.90 billion in the year-ago quarter. Wells Fargo & Co., the U.S.'s largest construction lender among banks and thrifts, posted $24.29 billion in construction loans at the close of the first quarter, more than twice the amount of No. 2, U.S. Bancorp. The 3rd largest lender, Bank of America Corp., seems to have stepped back from the category over the last year as its residential construction loan portfolio fell 30.4% to $1.05 billion and its nonresidential construction loan portfolio fell 1.7% to $8.13 billion as of March 31.

❖ Credit Unions More than Double Banks' YOY Growth in Business Lending

June 13, 2017 – Credit unions continue to grab an increasingly larger share of the commercial business in the U.S. The National Credit Union Administration's new rule on member business lending should help credit unions close the gap even more. At the end of the first quarter of 2017, U.S. credit unions had a total of $62.72 billion in business loans outstanding. That represented 15.2% year-over-year growth. By comparison, banks grew business loans by 6.2%, but had nearly $3.92 trillion at the end of the most recent quarter.

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❖ U.S. Banks Closed Over 200 Branches in May

June 16, 2017 – U.S. banks and thrifts continued to cut branches across the country in May, shutting down 261 branches, while opening just 54. As of May 31, there were 90,219 active bank and thrift branches in the U.S. During the first five months of 2017, U.S. banks and thrifts shuttered a net 752 branches, with the Midwest accounting for over 46% of those closures, thanks in large part to Huntington Bancshares Inc.'s branch consolidation in Ohio and Michigan following its acquisition of FirstMerit Corp. along with the failure of Guaranty Bank (MHC) on May 5. Wisconsin's 40 net closures led the country in May, followed by Georgia's 34 net closures. First Citizens BancShares Inc. was credited with 110 branch closures during May, by far the most among any bank or thrift in the country, due almost entirely to the 107 in-store branches belonging to the failed Guaranty Bank (MHC). Of the 107 branches closed, 38 were in Wisconsin, 34 were in Georgia, 16 in Michigan, 10 in Minnesota and nine in Illinois. In addition, First Citizens Bancshares closed three of its own branches, two in South Carolina and one in Georgia.

❖ Big Banks Pull Back on Provisioning Despite Emerging Credit Concerns

June 21, 2017 – The largest U.S. banks have reduced provisioning for loan losses. Smaller banks, on the other hand, have elevated provisioning, providing community banks with a larger buffer against loan losses if delinquencies rise. A key measure of provisioning looks at the amount set aside for losses relative to the bank's net charge-offs for the quarter. If the amount exceeds 100%, it means banks have provisioned more than their loans lost, typically resulting in an increase of aggregate reserves. If the ratio is below 100%, banks have likely released reserves, providing a boost to profits but shrinking the bank's buffer against a credit downturn. After years of releasing a mountain of reserves built up from the 2008 credit crisis, banks with more than $250 billion in assets increased the ratio of provisioning to charge-offs to above 100% in the first and second quarters of 2016. Since then, the ratio has fallen below the key threshold and declined again in the 2017 first quarter, reaching 85%. Meanwhile, banks with less than $10 billion in assets have continued to build reserves, posting a ratio of provisioning to charge-offs of 147% in the first quarter of 2017.

❖ Fed's Review Concludes Big Banks Have Strength to Deploy More Capital

June 28, 2017 – All 34 banking companies subject to the Federal Reserve's seventh annual Comprehensive Capital Analysis and Review (CCAR) emerged from the 2017 process with approved capital plans, representing a collective vote of confidence in the U.S. banking system's health. Industry observers had anticipated the favorable June 28 outcome, following the Fed's separate but related annual stress testing of the nation's largest banks. Results from those stress exams, released June 22, showed that all of the companies had solid capital levels. The Fed said the 34 banks could weather a recession marked by a national jobless rate of 10% and continue to lend as well-capitalized companies. The CCAR assessments effectively build off of the stress tests. Getting what amounts to a passing CCAR grade means the big banks can level off their capital builds and in many cases move forward with more aggressive share buybacks or dividend hikes, moves that reward investors. It marked the first time that all participants received the Fed's approval, though Capital One Financial Corp. got a conditional pass and will have to resubmit before year-end to address some Fed concerns. While capital plans vary by company, the overall CCAR result also is important for the industry because the 34 companies involved represent more than three-fourths of U.S. banking assets.

1. CRE Concentration Criteria - Regulators use the following two criteria to identify if a bank is potentially exposed to CRE risk: 1. CRE loans are greater than 300% of risk-based capital and CRE loans have grown by more than 50% during the prior three years, and 2. Construction and land development loans, a component of CRE loans, are above 100% of risk-based capital. A bank is considered concentrated in CRE if it exceeds one of the two thresholds and as a result could see increased regulatory supervision.

The Vault is a monthly newsletter published by The Chicago Corporation's Financial Institutions Group. To subscribe, please visit www.thechicagocorp.com.