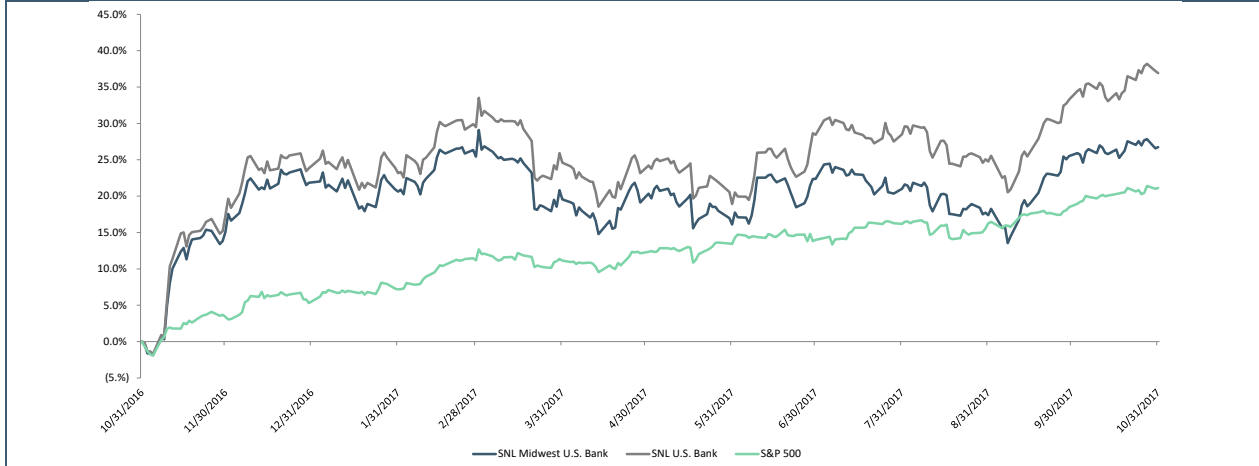


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Midwest Bank Index Performance (shown as % change)



Indices Performance (% change)

	<u>October 2017</u>	<u>LTM</u>		<u>October 2017</u>	<u>LTM</u>
S&P 500	1.8%	21.1%	SNL U.S. Bank	1.8%	36.9%
Dow Jones	3.6%	28.9%	SNL Midwest U.S. Bank	0.7%	26.7%
NASDAQ	3.2%	29.6%			

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
SVB Financial Group (SIVB)	\$219.28	17.2%	Marlin Business Services (MRLN)	\$21.90	(23.8%)
First Internet Bancorp (INBK)	\$37.70	16.7%	Customers Bancorp (CUBI)	\$27.34	(16.2%)
Financial Institutions (FISI)	\$32.80	13.9%	California First National (CFNB)	\$15.40	(14.9%)
RBB Bancorp (RBB)	\$25.07	9.5%	Home BancShares (HOMB)	\$22.48	(10.9%)
Entegra Financial (ENFC)	\$27.25	9.2%	Guaranty Bancshares (GNTY)	\$28.68	(10.3%)

Note: Price per share as of October 31, 2017. Consists of public banks listed on the NYSE and NASDAQ with a market capitalization greater than \$150 million.

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# The Vault

A Midwest Bank  
Newsletter

## Select Public Trading Statistics (as of 10/31/2017)

### 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	349,089.1	2,563,074,000	0.49	2.39	55.78	16.10	8.40	150.3	192.1
Bank of America Corporation	BAC	NC	285,694.5	2,283,896,000	0.65	2.38	59.87	15.10	9.00	114.5	155.0
Wells Fargo & Company	WFC	CA	276,650.7	1,934,939,000	NA	2.88	60.79	NA	NA	151.9	183.4
Citigroup Inc.	C	NY	194,334.1	1,889,133,000	0.55	2.81	57.85	17.72	9.64	93.3	106.3
U.S. Bancorp	USB	MN	90,651.5	459,227,000	0.79	3.12	53.49	13.20	9.10	209.3	271.9
PNC Financial Services Group, Inc.	PNC	PA	65,084.8	375,191,000	0.85	2.94	58.74	13.70	9.90	153.5	197.9
Bank of New York Mellon Corporation	BK	NY	52,686.0	354,397,000	NA	1.17	64.88	14.00	6.80	142.5	329.8
BB&T Corporation	BBT	NC	38,846.5	220,340,000	0.60	3.50	58.51	13.90	9.90	145.2	237.0
State Street Corporation	STT	MA	34,117.0	235,986,000	0.00	1.36	66.99	15.60	7.40	176.8	293.0
SunTrust Banks, Inc.	STI	GA	28,660.0	208,252,000	NA	3.17	60.18	12.69	9.50	127.7	178.1
<b>Minimum</b>			<b>28,660</b>	<b>208,252,000</b>	<b>0.0</b>	<b>1.2</b>	<b>53.5</b>	<b>12.7</b>	<b>6.8</b>	<b>93.3</b>	<b>106.3</b>
<b>Mean</b>			<b>141,581</b>	<b>1,052,443,500</b>	<b>0.6</b>	<b>2.6</b>	<b>59.7</b>	<b>13.70</b>	<b>8.8</b>	<b>146.5</b>	<b>214.4</b>
<b>Median</b>			<b>77,868</b>	<b>417,209,000</b>	<b>0.6</b>	<b>2.8</b>	<b>59.3</b>	<b>14.0</b>	<b>9.1</b>	<b>147.7</b>	<b>195.0</b>
<b>Maximum</b>			<b>349,089</b>	<b>2,563,074,000</b>	<b>0.8</b>	<b>3.5</b>	<b>67.0</b>	<b>17.7</b>	<b>9.9</b>	<b>209.3</b>	<b>329.8</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 (%)
Northern Trust Corporation	NTRS	IL	21,268.4	131,400,200	0.13	1.30	68.49	15.40	8.00	229.1	243.9
Fifth Third Bancorp	FTIB	OH	20,388.2	142,264,000	NA	3.09	38.45	15.16	9.97	135.7	162.0
KeyCorp	KEY	OH	19,626.0	136,733,000	0.50	3.17	61.83	13.09	9.83	138.4	173.4
Huntington Bancshares Incorporated	HBAN	OH	14,917.1	101,988,126	NA	3.32	57.13	13.39	8.96	154.9	205.0
Commerce Bancshares, Inc.	CBSH	MO	5,910.5	24,979,141	NA	3.20	58.95	NA	10.16	231.3	244.9
Wintrust Financial Corporation	WTFC	IL	4,539.1	27,358,162	0.46	3.49	61.09	12.10	9.20	163.0	200.6
MB Financial, Inc.	MBFI	IL	3,853.8	20,116,535	0.48	3.81	60.67	11.68	8.59	149.6	253.5
Associated Banc-Corp	ASB	WI	3,824.5	30,064,547	1.01	2.85	62.22	13.04	7.93	126.6	187.3
First Midwest Bancorp, Inc.	FMBI	IL	2,371.9	14,267,142	0.61	3.89	58.13	11.79	9.04	127.2	212.8
First National of Nebraska, Inc.	FINN	NE	2,150.8	19,425,800	NA	6.46	57.21	12.86	10.47	107.9	117.7
<b>Minimum</b>			<b>2,151</b>	<b>14,267,142</b>	<b>0.1</b>	<b>1.3</b>	<b>38.4</b>	<b>11.7</b>	<b>7.9</b>	<b>107.9</b>	<b>117.7</b>
<b>Mean</b>			<b>9,885</b>	<b>64,859,665</b>	<b>0.5</b>	<b>3.5</b>	<b>58.4</b>	<b>13.2</b>	<b>9.2</b>	<b>156.4</b>	<b>200.1</b>
<b>Median</b>			<b>5,225</b>	<b>28,711,355</b>	<b>0.5</b>	<b>3.3</b>	<b>59.8</b>	<b>13.0</b>	<b>9.1</b>	<b>144.0</b>	<b>202.8</b>
<b>Maximum</b>			<b>21,268</b>	<b>142,264,000</b>	<b>1.0</b>	<b>6.5</b>	<b>68.5</b>	<b>15.4</b>	<b>10.5</b>	<b>231.3</b>	<b>253.5</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	670.8	3,519,658	0.41	3.62	61.54	NA	NA	163.7	222.3
Byline Bancorp, Inc.	BY	IL	587.6	3,305,442	0.93	4.21	68.62	16.08	11.95	130.8	154.8
First Mid-Illinois Bancshares, Inc.	FMBH	IL	487.1	2,794,456	NA	3.64	55.01	13.26	9.84	156.4	207.8
West Suburban Bancorp, Inc.	WNRP	IL	267.1	2,295,085	2.30	3.07	66.60	15.91	9.27	125.0	125.5
STAR Financial Group, Inc.	SFIGA	IN	210.6	1,865,869	0.79	3.58	71.03	13.71	10.34	103.5	106.4
First Business Financial Services, Inc.	FBIZ	WI	194.7	1,785,656	2.02	3.52	73.98	11.91	9.39	116.7	124.9
Marquette National Corporation	MNAT	IL	127.2	1,575,580	NA	3.55	77.20	NA	NA	89.2	118.6
<b>Minimum</b>			<b>127</b>	<b>1,575,580</b>	<b>0.4</b>	<b>3.1</b>	<b>55.0</b>	<b>11.9</b>	<b>9.3</b>	<b>89.2</b>	<b>106.4</b>
<b>Mean</b>			<b>364</b>	<b>2,448,821</b>	<b>1.3</b>	<b>3.6</b>	<b>67.7</b>	<b>14.2</b>	<b>10.2</b>	<b>126.5</b>	<b>151.5</b>
<b>Median</b>			<b>267</b>	<b>2,295,085</b>	<b>0.9</b>	<b>3.6</b>	<b>68.6</b>	<b>13.7</b>	<b>9.8</b>	<b>125.0</b>	<b>125.5</b>
<b>Maximum</b>			<b>671</b>	<b>3,519,658</b>	<b>2.3</b>	<b>4.2</b>	<b>77.2</b>	<b>16.1</b>	<b>12.0</b>	<b>163.7</b>	<b>222.3</b>



# The Vault

A Midwest Bank  
Newsletter

## Valuation Summary (as of 10/31/2017)

Asset Size Index – Nationwide			Geographic Index		
	Price/Book (%)	Price/Tangible Book (%)		Price/Book (%)	Price/Tangible Book (%)
\$5B-\$10B	196.0	252.9	Mid-Atlantic	135.7	182.1
\$1B-\$5B	178.4	207.6	Midwest	183.5	231.7
\$500M-\$1B	149.9	157.8	New England	152.9	237.6
\$250M-\$500M	147.4	149.1	Southeast	125.6	173.7
< \$250M	NA	NA	Southwest	170.2	208.9
			Western	166.6	200.3

## Interest Rate Scorecard

Financial Yields	October 31, 2017	1 Month	3 Month	6 Month	1 Year
		Prior	Prior	Prior	Prior
2 Year T Note	1.60	1.47	1.34	1.28	0.27
5 Year T Note	2.01	1.92	1.84	1.81	0.82
10 Year T Note	2.38	2.33	2.30	2.29	1.95
30 Year T Bond	2.88	2.86	2.89	2.96	3.12
Prime Rate	4.25	4.25	4.25	4.00	3.25
3 Month LIBOR	1.38	1.33	1.31	1.17	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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A Midwest Bank  
Newsletter

## Select Mergers and Acquisitions & Capital Raising News

### ❖ First Busey Finalizes Mid Illinois, South Side Buy

October 2, 2017 – In Illinois, Champaign-based First Busey Corp. has closed its acquisition of Peoria-based Mid Illinois Bancorp Inc. Based on the buyer's five-day volume weighted average closing price of \$30.51 on September 29, the transaction had an implied value of approximately \$135.6 million. Mid Illinois' South Side Trust & Savings Bank of Peoria, which had \$662.8 million in assets as of June 30, will operate as a separate banking subsidiary until it is absorbed by Busey Bank. The consolidation of subsidiaries is expected to occur in the first quarter of 2018. Following the merger, First Busey is an approximately \$7.6 billion financial holding company.

### ❖ In Indiana, MutualFirst Buying Universal Bancorp for \$65.6M

October 4, 2017 – In Indiana, Muncie-based MutualFirst Financial Inc. will acquire Bloomfield-based Universal Bancorp for approximately \$65.6 million in cash and stock, based on the buyer's closing stock price of \$39.30 on October 2. Under the transaction, each Universal share may be exchanged for 15.6 MutualFirst common shares, plus \$250.00 in cash. Universal's subsidiary BloomBank will merge into MutualBank, creating a combined company with \$2 billion in assets and 40 branches. BloomBank had \$398.3 million in assets as of June 30; MutualBank had \$1.57 billion. The transaction is expected to be accretive to MutualFirst's 2018 EPS. If cost savings of 25% of BloomBank's noninterest expense are realized in 2019, the accretion is estimated to be 13%. Tangible book value dilution at closing is pegged at 3.1%, to be earned back in about 2.2 years as calculated under the crossover method. The transaction assumptions also include a gross loan credit mark of \$4.4 million. The companies calculate the price as 158% of tangible book value and 22.9x last-12-months earnings, or 14.8x last-12-months earnings after cost savings. They noted the core deposit premium would be 8.5%, and they expect an internal rate of return of about 18%. On an aggregate basis, the purchase price equates to 151.6% of book, 158.5% of tangible book, and 23.0x earnings. The purchase price also equates to 20.32% of deposits, 16.54% of assets and the tangible book premium-to-core deposits ratio is 9.07%.

### ❖ Midland States Acquiring Alpine Bancorp. For \$181M in Cash and Stock

October 16, 2017 – In Illinois, Effingham-based Midland States Bancorp Inc. will acquire Belvidere-based Alpine Bancorp. Inc. for approximately 4.5 million Midland shares and \$33.3 million in cash. Based on Midland's October 13 closing price of \$33.10, the transaction has an implied value of about \$181.0 million. Alpine, the parent company of Alpine Bank & Trust Co., had \$1.3 billion in assets, \$830 million in gross loans and \$1.1 billion in deposits as of June 30. It had a cost of deposits of 19 basis points and a loan-to-deposit ratio of 73%. Its wealth management business had about \$1.0 billion in assets under management at the end of the first half. Midland, the parent company of Midland States Bank and of CedarPoint Investment Advisors Inc., had \$4.49 billion in assets as of June 30. The combined company is projected to have approximately \$6.0 billion in assets and a wealth management business with almost \$3.0 billion in assets under administration. On an aggregate basis, the purchase price equates to 167.7% of book and tangible book and 18.1x earnings. The purchase price also equates to 16.01% of deposits, 14.20% of assets and the tangible book premium-to-core deposits ratio is 6.60%. Midland expects the transaction to be approximately 10% accretive to 2019 EPS. Tangible book value dilution is estimated at about 6%, to be earned back in approximately 3.5 years, based on the crossover method. To fund the cash portion of the transaction, Midland has completed a \$40 million private placement of subordinated debt to institutional investors. Net proceeds are estimated at \$39.4 million.

### ❖ In Ohio, Peoples Bancorp Buying ASB Financial for \$39.6M

October 24, 2017 – Marietta, Ohio-based Peoples Bancorp Inc. is acquiring Portsmouth, Ohio-based ASB Financial Corp. ASB shareholders will have the opportunity to elect to receive 0.592 shares of Peoples Bancorp common stock for each share of ASB common stock or \$20.00 cash per share, with a limit of 15% of the merger consideration being paid in cash. Based on Peoples' 20-day volume weighted average closing price of \$33.78 per share as of October 20, the aggregate transaction value is approximately \$39.6 million, or \$20.00 per share. The purchase price equates to 136.6% of book, 150.4% of tangible book and 14.5x earnings and last-12-months earnings, on a per-share basis. The purchase price also equates to 18.46% of deposits and 13.22% of assets. The premium to tangible book is 7.57% of its core deposits. The transaction also carries a one-day premium of 3.27%, based on the target's closing price of \$19.0 on October 24, and a one-month premium of 4.64%, based on ASB's closing price of \$18.75 on Sept. 25. Peoples, meanwhile, calculates the transaction value to be 153% of tangible book and 14.9x last-12-months earnings, as of June 30 figures. The premium to core deposits is 8.0%. It anticipates cost savings of 35% of noninterest expense, to be 75% realized in 2018 and fully realized in 2019. Peoples expects the transaction to be immediately accretive to estimated earnings before one-time costs. The costs are pegged at \$9.5 million. The tangible book value earnback is estimated to take under two years. The projected internal rate of return exceeds internal thresholds. As part of the transaction, American Savings Bank FSB will merge into Peoples Bank. As of September 30, Peoples Bancorp had \$3.55 billion in total assets; as of June 30, ASB Financial had approximately \$293.6 million in total assets, which included about \$241.5 million in total loans, and approximately \$210.4 million in total deposits.





# The Vault

A Midwest Bank  
Newsletter

## ❖ TS Banking Group to Buy Oklahoma-based City Bank and Trust

October 28, 2017 – Treynor, Iowa-based TS Banking Group agreed to acquire Guymon, Oklahoma-based City Bank and Trust Co. The financial terms of the transaction were not disclosed. TS Banking Group is a joint venture between Treynor Bancshares Inc. and TS Contrarian Bancshares Inc., both based in Treynor. Treynor Bancshares is the parent of Treynor State Bank, which had \$399.9 million in assets as of June 30. TS Contrarian Bancshares is the parent of Bank of Tioga and First National Bank and Trust Co., which had assets of \$325.5 million and \$139.9 million, respectively, as of June 30. City Bank and Trust, a unit of Docking Bancshares Inc., had \$160.0 million in assets as of September 30.

## ❖ Bank M&A 2017 Deal Tracker

October 18, 2017 – Through October 15, there were 189 transaction announcements in the U.S. banking sector with an aggregate disclosed transaction value of \$22.36 billion and a median transaction value-to-tangible common equity ratio of 162.4%. The comparable prior-year period saw 191 transaction announcements with an aggregate disclosed transaction value of \$21.31 billion and a median transaction value-to-tangible common equity ratio of 127.9%. Full year 2016 had 241 transaction announcements with an aggregate disclosed transaction value of \$26.79 billion and a median transaction value-to-tangible common equity ratio of 130.6%.

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## Select Industry News

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### ❖ Banks Continue to Amass Funding, Shutter Branches

October 3, 2017 – The U.S. banking industry continues to amass deposits at a steady clip even as banks collectively forge ahead with branch closures, extending a long-running trend. The FDIC's annual Summary of Deposits spanning the 12 months that ended June 30, 2017 shows that the industry grew total deposits 5.20% over the latest reporting period. Among the top 15 bank holding companies, 11 of them grew their funding levels, and overall deposits held by the group swelled 5.74%. The growth came even as banks shuttered far more branches than they opened. The Summary of Deposits shows 89,857 U.S. branches at June 30, down from 91,838 a year earlier. This marks a continuation of an uninterrupted trend that dates to the aftermath of the 2008 financial crisis. The 2017 figure is down from the 99,550 branches operated by U.S. banks at June 30, 2009, the last point at which the FDIC's report showed branch counts rising.

### ❖ JPMorgan Overtakes Bank of America as Largest Deposit-Holder in US

October 9, 2017 – JPMorgan Chase & Co. usurped Bank of America Corp. as the largest deposit-holding bank in the U.S. JPMorgan grew deposits by 7.9% over the 12 months ended June 30, 2017, to a balance of \$1.312 trillion. Bank of America, on the other hand, increased its deposits balance by 5.3% to a tally of \$1.288 trillion. As of June 30, the gap in deposits between the two big banks was valued at \$24.10 billion. Deposits at the "Big Four" U.S. banks — JPMorgan, Bank of America, Wells Fargo & Co. and Citigroup Inc. — grew by a combined 6.5% year over year as of June 30. These four companies held roughly 36.8% of the country's deposits as of June 30 and the top 50 banks and thrifts combined held 72.3% of U.S. deposits. The majority of the states and territories posted year-over-year gains in total deposits. South Dakota had a high 18.1% deposit growth tally for the 12-month period, while Nevada and New York were close behind with growth figures of 13.1% and 10.1%, respectively. Deposits at Utah, on the other hand, dropped 17.1% year-over-year. This was the highest decrease seen in any state or territory during the 12 months ended June 30, 2017. The drop was largely affected by an almost \$100 billion decrease in deposits of a Goldman Sachs Group Inc. branch located in Salt Lake City.

### ❖ Nonbanks Overtake Banks in Mortgages for 1<sup>st</sup> Time Since '06

October 13, 2017 – For the first time since the lead-up to the 2008 financial crisis, nonbanks originated more mortgages than banks. However, some experts think it might be more of a blip than a long-running trend. In 2016, nonbanks originated 50.5% of all mortgages by loan value, up from 47.6% the previous year and well above the trough of 31.9% in 2008. The nonbank portion includes nonbank units owned by bank holding companies. Banks have been losing mortgage market share in recent years in part due to an intentional paring of certain government programs following multibillion-dollar settlements with the Justice Department. Lenders faced fines for errors in the loan documents and incurred additional liability for loans purchased from mortgage brokers. Most famously, some of the largest banks exited certain programs such as loan insurance from the Federal Housing Administration. With banks stepping back, nonbank lenders, including some that launched after the crisis, have won share. In 2016, loanDepot.com LLC jumped into the top 5 of mortgage originators in just its seventh year of business.



# The Vault

A Midwest Bank  
Newsletter

## ❖ Failed Banks, Class of 2017

October 17, 2017 – The Office of the State Bank Commissioner of Kansas closed Farmers and Merchants State Bank of Argonia and appointed the Federal Deposit Insurance Corp. receiver, marking the seventh bank failure of 2017 and the first Kansas failure since July 2012.

## ❖ Banks, Thrifts Close Over 150 Branches in September

October 19, 2017 – U.S. banks and thrifts continued to close their branches across the country in September, shutting down 169 branches while opening just 50. As of September 30, there were 89,598 active bank and thrift branches in the U.S. During the first three quarters of the year, U.S. banks and thrifts closed a net 1,687 branches, with the Midwest region accounting for over 43% of the closures. In September, closures in the region totaled 46. By state, Ohio led the nation with 17 net closures, followed by Michigan and Texas with 16 apiece. Huntington Bancshares Inc. closed 35 branches across the U.S. in September, the most of any company. Thirty of the 46 net closures in the Midwest region were attributable to Huntington Bancshares. Out of the 30, the bank shut down 14 branches in both Michigan and Ohio. The remaining two closings in the Midwest region were in Indiana and Wisconsin. Over the course of the last 12 months, Huntington Bancshares has closed a net 144 branches, 123 of which were in Michigan and Ohio. A number of the closures are connected to the bank's acquisition of FirstMerit Corp., which was completed August 8, 2016. Huntington Bancshares has since been consolidating its branch network in the Midwest region, and the closures in September can be linked to the bank's earlier announced consolidation plan for the third quarter. In addition, three of the 'Big 4' banks continued to cut their branch footprint in September with JPMorgan Chase & Co. and Wells Fargo & Co. slashing 19 branches each, while Bank of America Corp. closed 10 offices.

## ❖ Loan Growth Weakens at Large U.S. Banks Due to Paydowns, Tax Reform Uncertainty

October 30, 2017 – Loan growth at the largest U.S. banks nearly screeched to a halt in the third quarter. Lenders attributed the slowdown to uncertainty around tax reform, an unexpected spike in payoffs and intense competition driving higher pricing and riskier structures. Among banks with at least \$50 billion in assets, the median year-over-year increase in total net loans and leases was just 1.3% in the third quarter, down from 2.7% in the second quarter and 7.3% a year ago. Smaller banks reported significantly higher loan growth; the median growth rate was 10.3% for banks with \$1 billion to \$9.99 billion of assets. The analysis only included banks with data available as of October 27, so large banks U.S. Bancorp and Citigroup Inc. were excluded. Both reported soft loan growth for the quarter. While there was not any single factor driving down loan growth, several themes emerged during earnings calls, including uncertainty around tax reform. Republicans have discussed lowering the corporate tax rate as well as altering how businesses can deduct investments, so some businesses are holding off in case the new tax structure presents significant savings on large investments.

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