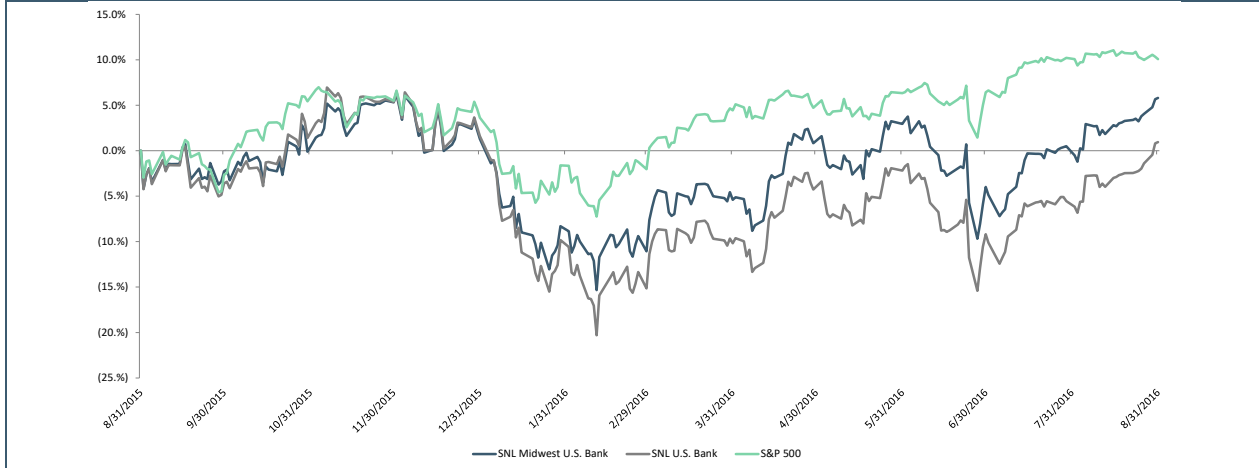


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Midwest Bank Index Performance (shown as % change)



Indices Performance (% change)

	<u>August 2016</u>	<u>LTM</u>		<u>August 2016</u>	<u>LTM</u>
S&P 500	0.0%	10.1%	SNL U.S. Bank	7.6%	0.9%
Dow Jones	0.0%	11.3%	SNL Midwest U.S. Bank	6.4%	5.8%
NASDAQ	0.6%	9.1%			

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 August)

Bank Name	Price/Share	Price Change	Bank Name	Price/Share	Price Change
National Bank Holdings (NBHC)	\$23.94	19.8%	Heartland Financial (HTLF)	\$36.32	(0.1%)
Bancorp, Inc. (TBBK)	\$6.19	18.4%	Century Bancorp (CNBKA)	\$43.88	(0.1%)
Popular, Inc. (BPOP)	\$39.31	17.2%	Bank of Marion Bancorp (BMRC)	\$48.72	(0.1%)
Lakeland Bancorp (LBAI)	\$13.65	15.8%			
Hancock Holding (HBHC)	\$32.63	14.9%			

Note: Price per share as of August 31, 2016. Consists of public banks listed on the NYSE and NASDAQ with a market capitalization greater than \$150 million.

Financial Institutions Group Contacts

Louis Rosenthal
(312) 283-0628
louis.rosenthal@thechicagocorp.com

Thomas C. Denison
(312) 283-0819
thomas.denison@thechicagocorp.com

Philip R. Clarke III
(312) 283-0803
philip.clarke@thechicagocorp.com

Stan Cutter
(312) 283-0804
stan.cutter@thechicagocorp.com



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Select Public Trading Statistics (as of 8/31/2016)

Large U.S. National Banks:

Institution Name	Ticker	State	Market Capitalization		NPAs/ Assets (%)	Net Interest Margin (%)	Efficiency Ratio (%)	Risk-based Capital Ratio (%)	Leverage Ratio (%)	Price/ Book (%)	Price/ Tangible Book (%)
			(\$ in millions)	Total Assets (\$ in thousands)							
Wells Fargo & Company	WFC	CA	256,313.8	1,889,235,000	1.41	2.86	59.41	15.14	9.25	143.6	173.7
JPMorgan Chase & Co.	JPM	NY	243,808.8	2,466,096,000	0.60	2.24	54.97	15.22	8.55	107.7	136.9
Bank of America Corporation	BAC	NC	164,705.5	2,186,609,000	0.84	2.02	66.39	13.95	8.88	68.2	97.4
Citigroup Inc.	C	NY	138,702.6	1,818,771,000	0.74	2.91	59.24	17.12	10.34	65.2	74.4
U.S. Bancorp	USB	MN	75,564.2	438,463,000	0.98	3.01	55.99	13.39	9.33	181.2	239.1
Bank of New York Mellon Corporation	BK	NY	44,490.0	372,351,000	0.09	0.98	67.74	11.73	5.80	123.6	301.3
PNC Financial Services Group, Inc.	PNC	PA	44,276.0	361,335,000	1.03	2.71	62.19	14.31	10.18	105.5	136.0
BB&T Corporation	BBT	NC	31,358.3	221,859,000	0.69	3.40	59.20	13.93	9.63	117.7	195.0
State Street Corporation	STT	MA	27,394.7	255,386,000	0.00	1.13	68.52	17.10	7.02	145.0	237.5
SunTrust Banks, Inc.	STI	GA	21,847.2	198,892,000	1.78	2.97	61.36	12.68	9.35	95.5	131.6
Minimum			21,847	198,892,000	0.0	1.0	55.0	11.7	5.8	65.2	74.4
Mean			104,846	1,020,899,700	0.8	2.4	61.5	14.5	8.8	115.3	172.3
Median			60,027	405,407,000	0.8	2.8	60.4	14.1	9.3	112.7	155.3
Maximum			256,314	2,466,096,000	1.8	3.4	68.5	17.1	10.3	181.2	301.3

Large Midwest Banks:

Institution Name	Ticker	State	Market Capitalization		NPAs/ Assets (%)	Net Interest Margin (%)	Efficiency Ratio (%)	Risk-based Capital Ratio (%)	Leverage Ratio (%)	Price/ Book (%)	Price/ Tangible Book (%)
			(\$ in millions)	Total Assets (\$ in thousands)							
Northern Trust Corporation	NTRS	IL	15,995.1	121,509,600	0.18	1.15	70.19	12.70	7.40	186.8	200.2
Fifth Third Bancorp	FTIB	OH	15,450.1	143,625,000	1.29	2.86	65.45	14.66	9.64	100.4	119.1
KeyCorp	KEY	OH	13,592.2	101,150,000	0.77	2.75	63.92	13.63	10.59	96.0	106.4
Huntington Bancshares Incorporated	HBAN	OH	10,860.5	73,954,017	1.81	3.04	63.29	13.49	9.55	122.4	137.7
Commerce Bancshares, Inc.	CBSH	MO	4,893.8	24,709,693	0.29	3.09	59.68	13.23	9.36	206.2	219.5
PrivateBancorp, Inc.	PVTB	IL	3,654.6	18,169,191	0.68	3.31	48.42	12.42	10.56	199.4	210.5
Associated Banc-Corp	ASB	WI	2,984.4	29,038,699	1.31	2.80	67.26	12.16	7.43	103.0	155.9
MB Financial, Inc.	MBFI	IL	2,890.0	15,995,790	0.77	3.79	64.75	12.81	10.41	141.6	226.7
Wintrust Financial Corporation	WTFC	IL	2,871.9	24,420,616	0.61	3.25	64.26	12.41	9.25	120.9	153.9
First National of Nebraska, Inc.	FINN	NE	2,089.7	18,783,090	1.00	5.85	64.08	13.37	10.86	105.4	115.1
First Midwest Bancorp, Inc.	FMBI	IL	1,591.4	10,995,810	0.63	3.71	60.30	10.68	8.94	127.2	180.6
Minimum			1,591	10,995,810	0.2	1.2	48.4	10.7	7.4	96.0	106.4
Mean			6,989	52,941,046	0.8	3.2	62.9	12.9	9.5	137.2	166.0
Median			3,655	24,709,693	0.8	3.1	64.1	12.8	9.6	122.4	155.9
Maximum			15,995	143,625,000	1.8	5.9	70.2	14.7	10.9	206.2	226.7

Small Midwest Banks:

Institution Name	Ticker	State	Market Capitalization		NPAs/ Assets (%)	Net Interest Margin (%)	Efficiency Ratio (%)	Risk-based Capital Ratio (%)	Leverage Ratio (%)	Price/ Book (%)	Price/ Tangible Book (%)
			(\$ in millions)	Total Assets (\$ in thousands)							
Horizon Bancorp	HBNC	IN	413.9	2,918,080	0.57	3.60	62.09	12.56	9.55	125.3	163.1
First Mid-Illinois Bancshares, Inc.	FMBH	IL	245.8	2,119,783	0.24	3.35	59.82	14.11	9.44	113.5	146.8
First Business Financial Services, Inc.	FBIZ	WI	198.3	1,819,069	1.38	3.59	62.36	11.44	8.63	125.2	134.4
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	153.6	1,125,362	0.62	3.39	59.93	14.14	9.77	138.3	138.3
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	105.3	1,588,056	2.08	3.40	82.75	13.84	6.97	78.0	105.6
Minimum			105	1,125,362	0.2	2.8	59.8	11.4	7.0	77.1	79.5
Mean			207	1,946,321	1.2	3.4	67.2	13.7	9.1	106.4	122.2
Median			184	1,845,698	0.6	3.4	62.4	13.8	9.4	113.5	134.4
Maximum			414	2,918,080	3.2	3.6	82.8	16.2	9.9	138.3	163.1



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Valuation Summary (as of 8/31/2016)

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	169.3	223.3	Mid-Atlantic	100.7	138.8
\$1B-\$5B	144.0	165.5	Midwest	156.6	194.3
\$500M-\$1B	110.5	117.1	New England	123.2	191.7
\$250M-\$500M	136.4	138.1	Southeast	94.1	132.2
< \$250M	NA	NA	Southwest	131.4	165.0
			Western	148.9	180.6

Interest Rate Scorecard

Financial Yields	August 31, 2016	1 Month	3 Month	6 Month	1 Year
		Prior	Prior	Prior	Prior
2 Year T Note	0.80	0.67	0.87	0.78	0.27
5 Year T Note	1.19	1.03	1.37	1.22	0.82
10 Year T Note	1.58	1.46	1.84	1.74	1.95
30 Year TBond	2.23	2.18	2.64	2.61	3.12
Prime Rate	3.50	3.50	3.50	3.50	3.25
3 Month LIBOR	0.84	0.76	0.69	0.63	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

❖ Old Second Bancorp to Acquire Talmer Bancorp's Chicago Branch

August 1, 2016 – Aurora, IL-based Old Second National Bank agreed to acquire the Chicago branch of Troy, MI-based Talmer Bank and Trust, including about \$82.3 million of deposits and approximately \$238.3 million of loans. Old Second Bancorp Inc. disclosed that the transaction includes the payment of a \$6.5 million deposit premium. Old Second Bancorp had approximately \$2.16 billion in total assets as of June 30. Old Second estimates a credit mark of \$2.4 million and pretax synergies of \$1.3 million, and expects the transaction to be accretive to earnings per share in 2017 by greater than 15%. The acquisition is expected to close in the fourth quarter.

❖ Milton Bancorp Transaction Pushes Ohio Valley Banc's Assets Closer to \$1B

August 5, 2016 – Wellston, OH-based Milton Banking Co. merged into Gallipolis, Ohio-based Ohio Valley Bank Co. immediately following the completion of the merger of Milton Bancorp Inc. into Ohio Valley Banc Corp. Ohio Valley Banc now has assets of about \$965 million, including roughly \$717 million in loans. Ohio Valley Bank now operates 19 branches and loan production offices in southern Ohio and western West Virginia.

❖ TIAA Buying EverBank Financial in \$2.5B All-Cash Transaction

August 8, 2016 – Teachers Insurance and Annuity Association of America agreed to acquire Jacksonville, FL-based EverBank Financial Corp (\$27.35 billion). Under the agreement, St. Louis-based TIAA-CREF Trust Co. FSB, a wholly owned bank subsidiary of TIAA, will merge into EverBank, a unit of EverBank Financial. EverBank Financial stockholders will receive \$19.50 per share in cash, or an approximate total of \$2.5 billion. On a per-share basis, the purchase price equates to 143.1% of book and 147.3% of tangible book, and 21.7x last-12-months earnings. The price is 13.25% of deposits and 9.11% of assets. The one-day premium is 4.61%, based on EverBank Financial's Aug. 5 closing price of \$18.64. The one-month premium is 28.37%, based on EverBank Financial's July 8 closing price of \$15.19.

❖ Bank M&A 2016 Deal Tracker – Transaction Volume Down YOY

August 12, 2016 – For the first six months of 2016, there were 156 transaction announcements in the banking sector with an aggregate disclosed transaction value of \$18.27 billion and a median price-to-tangible book ratio of 130.20%. The prior-year period saw 167 transaction announcements with an aggregate disclosed transaction value of \$11.12 billion and a median price-to-tangible book ratio of 135.78%.

❖ First Defiance Financial Strikes Cash-and-Stock Transaction to Buy Ohio Peer Commercial Bancshares

August 23, 2016 – Defiance, OH-based First Defiance Financial Corp. agreed to buy Upper Sandusky, Ohio-based Commercial Bancshares Inc. in a transaction valued at \$51.00 per share. The aggregate transaction value of \$63.0 million, based on the 20-day average closing price of First Defiance common stock of \$43.19 ended August 22, and includes an additional cash payment of about \$1.5 million to cancel outstanding stock options. On a per-share basis, the purchase price equates to 164.0% of book and tangible book and 15.9x last-12-months core earnings. The purchase price also equates to 21.43% of deposits and 18.85% of assets, while the tangible book premium-to-core deposits ratio is 10.55%.

The one-day premium is 51.60%, based on Commercial Bancshares' closing price of \$34.50 on August 22, and the one-month premium is 39.47%, based on Commercial Bancshares' closing price of \$37.50 on July 22. Commercial Bancshares had assets of \$342 million, loans of \$298 million and deposits of \$301 million as of June 30. First Defiance had assets of about \$2.41 billion as of June 30. Upon completion of the transaction, which is anticipated to occur in the first quarter of 2017, the combined organization is expected to have assets of roughly \$2.8 billion.

❖ Chemical/Talmer Transaction Closed

August 31, 2016 – Troy, MI-based Talmer Bancorp Inc. (\$6.91 billion) merged into Midland, MI-based Chemical Financial Corp. (\$9.51 billion), as the two institutions closed their cash-and-stock transaction, valued at about \$1.7 billion. Talmer Bank and Trust will continue to operate as a separate subsidiary of Chemical until its planned consolidation into Chemical Bank, set to occur sometime during the fourth quarter. After consolidation Talmer Bank will operate under the Chemical Bank name. As of June 30, Chemical and its affiliates had, on a pro forma basis, \$17.2 billion in consolidated assets, \$12.7 billion in consolidated loans, and \$12.7 billion in consolidated deposits, with 262 locations primarily in Michigan, Northeast Ohio and other contiguous states.



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Select Industry News

❖ Banks Closing Branches in Wealthy and Low-Income Areas Alike

August 3, 2016 – As banks and thrifts continue to cut branches across the U.S., even wealthier areas are being affected. Between July 1, 2015, and June 30, 2016, a net 1,623 bank and thrift branches were cut across the U.S.: 452 in "upper-income" census tracts, 745 in "middle income" tracts, 347 in "moderate income" tracts and 79 in "low-income" tracts. This is the seventh year in a row that more branches were shuttered than opened across all four income designations.

❖ Big Banks Increase Loans Amid Lingering Low Interest Rate Environment

August 10, 2016 – The largest banks in the U.S. continued to increase loans in the second quarter, driven by an increase in multifamily and consumer loans. The top 10 commercial banks in the U.S. grew loans a median of 1.74% quarter over quarter compared to a 2.11% aggregate for all commercial banks. Commercial real estate loans grew by a median of 0.62% for the big banks, compared to 2.07% for the industry. Home equity loans for the entire sector declined, with the largest banks decreasing by a median 2.01% and the industry as a whole falling 1.39%. Despite the increase in loan growth, net interest income for banks was only up slightly quarter over quarter as net interest margins across the industry are being pressured by the low interest rate environment.

❖ Auto Loan Delinquencies at Banks Inch Up

August 26, 2016 – Auto loans at banks increased again in the second quarter, though delinquent auto loans ticked up to the highest second-quarter rate since the data began to be fully reported in 2011. Total auto loans at U.S. banks and thrifts grew by 2.1% during the second quarter of 2016 and increased by 8.3%, compared to the year-ago quarter. Delinquent auto loans rose by 12.34% quarter-over-quarter to \$7.78 billion or 1.81% of total auto loans, and by 14.26% from the year-ago quarter when they were 1.71% of total auto loans.

Wells Fargo & Co. maintained its No. 1 position with \$61.96 billion in auto loan holdings as of June 30, up 7.2% from the year-ago quarter. The company's auto loans delinquency ratio, defined as auto loans that are 30 or more days past due or nonaccruing as a percent of total auto loans, was 2.14% at the end of the second quarter, compared to 2.05% a year-ago. About 27% of the company's outstanding auto loans are subprime, or below a FICO score of 640.

❖ C&I Loan Delinquencies Continue to Rise

August 30, 2016 – Commercial and industrial loans at U.S. banks and thrifts hit \$1.932 trillion as of June 30, marking another all-time high and the 24th consecutive quarterly increase. Delinquent C&I loans grew for the sixth consecutive quarter to 1.59% of total C&I loans, up 8 basis points from the first quarter and 76 basis points year over year as energy woes continued to take a toll. C&I net charge-offs hit \$2.17 billion in the second quarter, which was almost exactly double the charge-offs posted a year earlier.

The nation's largest bank, JPMorgan Chase & Co., added \$5.04 billion in C&I loans in the second quarter, pushing its total C&I portfolio to \$156.71 billion. The bank's C&I delinquency ratio hit 1.58% at the end of June, more than double where it stood a year earlier. The country's largest C&I lender, Bank of America Corp., decreased its C&I portfolio by \$453 million in the second quarter to \$242.73 billion. Approximately 0.8% of BofA's C&I loans were delinquent at the end of the quarter, compared to 0.67% a year earlier.

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