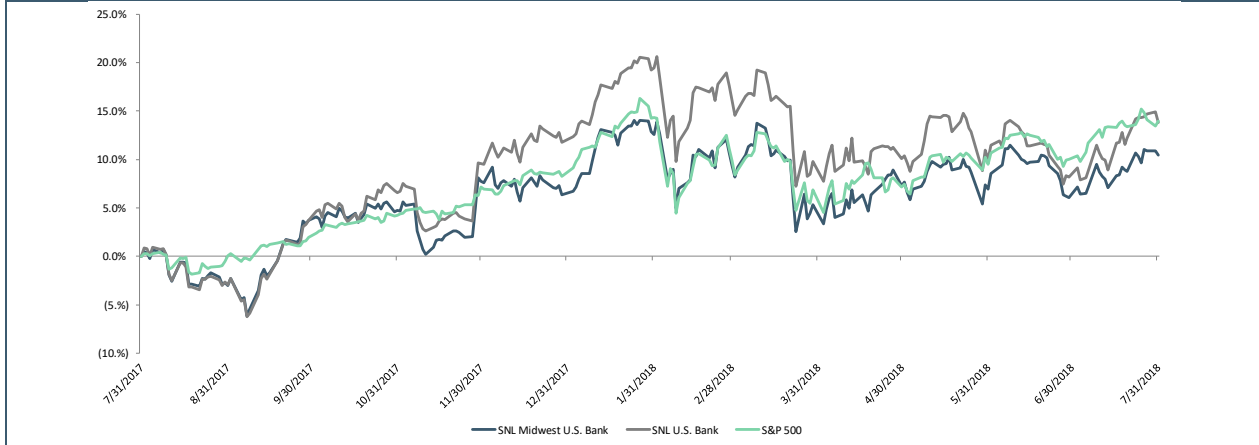


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Midwest Bank Index Performance (shown as % change)



Indices Performance (% change)

	<u>July 2018</u>	<u>LTM</u>		<u>July 2018</u>	<u>LTM</u>
S&P 500	3.3%	14.0%	SNL U.S. Bank	4.3%	13.9%
Dow Jones	4.6%	16.1%	SNL Midwest U.S. Bank	3.1%	10.4%
NASDAQ	1.4%	20.9%			

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
OFG Bancorp (OFG)	\$16.65	18.5%	First Foundation (FFWM)	\$15.72	(15.2%)
Farmers & Merchants (FMAO)	\$46.64	15.6%	Signature Bank (SBNY)	\$109.71	(14.2%)
First Financial Corp. (THFF)	\$51.40	13.3%	FCB Financial Holdings (FCB)	\$51.00	(13.3%)
Independent Bank Corp. (INDB)	\$88.40	12.8%	Ameris Bancorp (ABCB)	\$46.60	(12.7%)
TriState Capital Holdings (TSC)	\$29.40	12.6%	First of Long Island Corp. (FLIC)	\$21.80	(12.3%)

Note: Price per share as of July 31, 2018. 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 7/31/2018)

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	386,281.1	2,590,050,000	0.44	2.46	57.26	15.50	8.20	167.0	211.0
Bank of America Corp.	BAC	NC	308,437.2	2,291,670,000	0.55	2.38	58.36	14.80	8.40	128.3	184.2
Wells Fargo & Company	WFC	CA	275,916.5	1,879,700,000	1.00	2.93	65.19	16.93	9.51	153.2	182.8
Citigroup Inc.	C	NY	180,918.4	1,912,334,000	0.45	2.76	58.83	16.31	8.63	99.9	115.9
U.S. Bancorp	USB	MN	86,355.7	461,329,000	0.71	3.13	54.09	12.59	8.91	196.2	253.5
PNC Financial Services Group, Inc.	PNC	PA	67,244.9	380,711,000	0.75	2.98	59.32	12.60	9.40	156.9	201.6
Bank of New York Mellon Corporation	BK	NY	53,467.0	352,928,000	NA	1.26	65.12	13.80	6.70	140.8	310.2
BB&T Corporation	BBT	NC	39,349.6	222,681,000	NA	3.44	57.21	13.90	10.03	147.2	239.0
SunTrust Banks, Inc.	STI	GA	33,527.0	207,505,000	NA	3.27	59.56	12.67	9.82	151.1	211.6
State Street Corporation	STT	MA	33,506.2	248,308,000	NA	1.45	69.56	15.10	7.10	166.7	271.4
Minimum			33,506	207,505,000	0.4	1.3	54.1	12.6	6.7	99.9	115.9
Mean			146,500	1,054,721,600	0.7	2.6	60.4	14.4	8.7	150.7	218.1
Median			76,800	421,020,000	0.6	2.8	59.1	14.4	8.8	152.1	211.3
Maximum			386,281	2,590,050,000	1.0	3.4	69.6	16.9	10.0	196.2	310.2

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	24,386.8	135,106,200	0.12	1.48	65.36	15.60	7.70	257.4	281.8
KeyCorp	KEY	OH	21,956.0	137,792,000	0.53	3.20	62.84	12.83	9.87	157.0	197.0
Fifth Third Bancorp	FTB	OH	19,768.8	140,695,000	0.77	3.20	57.15	15.21	10.24	134.7	161.7
Huntington Bancshares Incorporated	HBAN	OH	17,049.3	105,358,000	NA	3.28	57.41	13.97	9.65	166.0	214.3
Commerce Bancshares, Inc.	CBSH	MO	7,121.8	24,524,742	0.45	3.64	53.34	15.33	11.18	272.0	287.5
Wintrust Financial Corporation	WTFC	IL	4,944.9	29,464,588	0.58	3.62	61.17	12.10	9.40	165.7	201.7
Associated Banc-Corp	ASB	WI	4,604.6	33,652,647	0.90	3.02	61.94	13.36	8.32	129.8	198.2
MB Financial, Inc.	MBFI	IL	4,079.0	19,966,557	0.51	3.76	65.89	13.75	9.74	148.1	239.5
First Midwest Bancorp, Inc.	FMBI	IL	2,748.6	14,818,076	NA	3.90	58.57	12.07	8.95	145.9	243.1
First National of Nebraska, Inc.	FINN	NE	2,299.7	20,246,834	NA	6.50	60.29	14.11	10.82	112.5	122.4
Minimum			2,300	14,818,076	0.1	1.5	53.3	12.1	7.7	112.5	122.4
Mean			10,896	66,162,464	0.6	3.6	60.4	13.8	9.6	168.9	214.7
Median			6,033	31,558,618	0.5	3.5	60.7	13.9	9.7	152.6	208.0
Maximum			24,387	140,695,000	0.9	6.5	65.9	15.6	11.2	272.0	287.5

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 (%)
Byline Bancorp, Inc.	BY	IL	816.4	4,805,280	0.55	4.42	61.44	12.92	10.57	134.7	185.0
Horizon Bancorp, Inc.	HBNC	IN	806.0	4,076,611	0.45	3.69	57.72	13.07	9.94	171.3	237.6
First Mid-Illinois Bancshares, Inc.	FMBH	IL	616.1	3,369,473	0.81	3.79	54.34	13.97	10.99	149.8	198.8
West Suburban Bancorp, Inc.	WNRP	IL	294.8	2,270,951	2.50	3.36	65.22	15.80	9.68	137.7	138.1
STAR Financial Group, Inc.	FIGA	IN	229.8	1,957,067	1.59	3.83	65.44	13.58	10.73	111.3	114.4
First Business Financial Services, Inc.	FBIZ	WI	208.1	1,899,787	1.73	3.77	69.12	11.87	9.25	119.8	127.8
Marquette National Corporation	MNAT	IL	147.8	1,586,089	1.38	3.46	77.53	16.36	9.00	101.1	133.3
Minimum			148	1,586,089	0.5	3.4	54.3	11.9	9.0	101.1	114.4
Mean			446	2,852,180	1.3	3.8	64.4	13.9	10.0	132.3	162.1
Median			295	2,270,951	1.4	3.8	65.2	13.6	9.9	134.7	138.1
Maximum			816	4,805,280	2.5	4.4	77.5	16.4	11.0	171.3	237.6



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Valuation Summary (as of 7/31/2018)

Asset Size Index – Nationwide			Geographic Index		
	Price/Book (%)	Price/Tangible Book (%)		Price/Book (%)	Price/Tangible Book (%)
\$5B-\$10B	202.0	254.9	Mid-Atlantic	146.6	194.4
\$1B-\$5B	177.0	208.7	Midwest	185.0	232.6
\$500M-\$1B	171.3	179.7	New England	152.8	231.0
\$250M-\$500M	182.5	185.7	Southeast	134.5	194.3
< \$250M	NA	NA	Southwest	187.9	229.8
			Western	170.5	203.5

Interest Rate Scorecard

Financial Yields	July 31, 2018	1 Month	3 Month	6 Month	1 Year
		Prior	Prior	Prior	Prior
2 Year T Note	2.67	2.52	2.49	2.14	0.27
5 Year T Note	2.85	2.73	2.79	2.52	0.82
10 Year T Note	2.96	2.85	2.95	2.72	1.95
30 Year T Bond	3.08	2.98	3.11	2.95	3.12
Prime Rate	5.00	5.00	4.75	4.50	3.25
3 Month LIBOR	2.35	2.34	2.36	1.78	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

❖ QCR Holdings Completes Purchase of Springfield Bancshares

July 2, 2018 – Moline, Illinois-based QCR Holdings Inc. completed its acquisition of Missouri-based Springfield Bancshares Inc. The transaction is valued at approximately \$90.7 million, based on the closing price of QCR Holdings' common share. As a result of the transaction, Springfield First Community Bank became QCR Holdings' fifth independent charter. Timothy O'Reilly joined the board of QCR Holdings. He will continue as a director of Springfield First Community Bank. QCR Holdings' other four bank charters are — Bettendorf, Iowa-based Quad City Bank and Trust Co.; Iowa-based Cedar Rapids Bank and Trust Co.; Illinois-based Rockford Bank and Trust Co.; and Ankeny, Iowa-based Community State Bank. As of March 31, Springfield First Community Bank had one branch and more than \$560 million in assets and \$445 million in deposits. QCR Holdings had approximately \$4.03 billion in assets as of March 31.

❖ Investor Seeks to Acquire 66.36% Stake in First Bancshares of Cold Spring

July 4, 2018 – Investor John Dammermann seeks to acquire control of Minnesota-based First Bancshares Inc. of Cold Spring by purchasing 1,315.79 nonvoting shares, or a 66.36% stake, of the company. Terms of the transaction were redacted from the change in control notice that Dammermann filed June 7 with the Federal Reserve Bank of Minneapolis. First Bancshares intends to redeem an undisclosed number of its common stock from certain shareholders. In order to fund the transaction, the company will issue an undisclosed amount in preferred stock and obtain a bank stock loan. Dammermann and existing shareholders of the company will purchase the preferred stock. Granite Community Bank, a subsidiary of the company, had \$112.7 million in assets as of March 31.

❖ American Heartland Bancshares Seeks to Acquire Community Holdings Corp.

July 6, 2018 – Sugar Grove, Illinois-based American Heartland Bancshares Inc. filed an application with the Federal Reserve Bank of Chicago to acquire Palos Hills, Illinois-based Community Holdings Corp. and indirectly acquire unit First Secure Bank and Trust Co. As of March 31, American Heartland unit First Secure Community Bank had \$266.8 million in assets, while First Secure Bank and Trust had \$120.8 million in assets. Jay Bergman is chairman of both institutions. Bergman owned more than 90% of American Heartland when he proposed to buy Community Holdings in 2013.

❖ Illinois-based Athens Bancorp to Acquire In-State Peer NBP Financial

July 24, 2018 – Illinois-based Athens Bancorp Inc. seeks to acquire control of in-state peer NBP Financial Services Inc. The combined entity will be called AC Bancorp Inc. Concurrently, National Bank of Petersburg will merge into Athens State Bank, with the resulting bank to operate as Alliance Community Bank. The transaction is expected to be completed on or before September 30. The resulting bank will have \$244 million in deposits. The resultant bank will operate under the Athens State Bank's charter, but will be headquartered at National Bank of Petersburg's current main office at 321 N. Sixth St., in Petersburg, Illinois. The resultant bank's directors and senior executive officers will consist of a combination of the current directors and senior executive officers of Athens State Bank and National Bank of Petersburg. As of June 30, Athens State Bank had approximately \$132.0 million in assets, while National Bank of Petersburg had approximately \$150.6 million in assets.

❖ Ohio-based Richwood Bancshares Buying Home City Financial for \$31.7 Million

July 25, 2018 – Richwood, Ohio-based Richwood Bancshares Inc. has agreed to acquire Springfield, Ohio-based Home City Financial Corp. in an all-cash transaction valued at \$31.7 million, which represents 155% of Home City's tangible book value as of March 31. The transaction is set to close in the fourth quarter. Home City shareholders will receive \$37.32 per share in cash for each outstanding Home City common share. For any unexercised stock options of Home City, Richwood will pay in cash the spread between the exercise price of each option and the per-share merger consideration. Home City has 818,318 shares outstanding, as well as 42,800 option shares with a weighted average exercise price of \$10.45. The purchase price equates to 154.9% of book and tangible book and 15.4x earnings, on a per-share basis. The purchase price also equates to 18.92% of assets and 26.71% of deposits. The premium to tangible book amounts to 16.18% of core deposits. The transaction has a one-day premium of 24.82%, based on Home City's July 24 closing price of \$29.90, and a one-month premium of 29.13%, based on its June 25 closing price of \$28.90. Home City Financial, with its two full-service offices in Springfield, Ohio, had about \$167.5 million in assets, \$145.2 million in loans, \$118.6 million of deposits and \$19.7 million in common equity as of March 31. After transaction closing, Richwood Bancshares will have pro forma consolidated assets of about \$673.5 million with eight banking offices in Ohio. Upon transaction completion, Home City Federal Savings Bank branches will become branches of Richwood Banking Co.



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❖ NorthWest Indiana Closes Acquisition of First Personal Financial

July 26, 2018 – Munster, Indiana-based NorthWest Indiana Bancorp completed its acquisition of First Personal Financial Corp. of Orland Park, Illinois, in a stock and cash transaction. Under the terms of the transaction, First Personal Bank, a subsidiary of First Personal Financial, merged with and into Peoples Bank SB, a unit of NorthWest Indiana. With the completion of the acquisition, Peoples Bank will have about \$1.1 billion in assets, \$745.1 million in loans and \$947.7 million in deposits. With the acquisition, Peoples Bank's retail banking network will expand into the South Suburban Chicagoland market, bringing the total number of full-service banking centers to 19. The integration of First Personal Financial into the Peoples Bank brand will be completed during the third quarter. First Personal Bank President and CEO Randy Schwartz has been named Peoples Bank Chicagoland market president.

❖ WNB Holding Co. to Acquire First State Bank of Wabasha

July 27, 2018 – Winona, Minn.-based WNB Holding Co. filed an application with the Federal Reserve Bank of Minneapolis to acquire 100% of Wabasha, Minnesota-based First State Bank of Wabasha. WNB Holding is also seeking to acquire First State Insurance of Wabasha Inc. and indirectly engage in general insurance agency activities. First State Bank of Wabasha had \$118.3 million in assets, as of March 31.

❖ Arkansas-based First Security to Increase Stake in Kansas-based CrossFirst

July 31, 2018 – Searcy, Ark.-based First Security Bancorp seeks to increase its direct ownership in Leawood, Kansas-based CrossFirst Bankshares Inc., including warrants, to 6.976%, by acquiring up to an additional 442,105 common voting shares of CrossFirst at \$28.50 per share. According to a regulatory filing received by the Federal Reserve Bank of St. Louis on July 12, CrossFirst is selling 5,263,158 common voting shares through a private placement, at \$28.50 per share, and is planning to sell an additional 1,052,632 common voting shares at the same price. The company expects to raise a maximum of between \$150 million and \$180 million, with proceeds to be used for general corporate purposes. First Security seeks to buy up to 442,105 shares in CrossFirst's offering for \$12.6 million. First Security will use available cash resources to buy the shares.

❖ Wintrust Acquiring Substantially All of Chicago-Area Bank's Loans, Deposits

July 31, 2018 – Rosemont, Illinois-based Wintrust Financial Corp.'s unit, Northbrook Bank & Trust Co. entered into an agreement to acquire certain assets and assume certain liabilities of American Enterprise Bank, a subsidiary of Buffalo Grove, Illinois-based A. E. Bancorp Inc. The terms of the transaction were not disclosed. The assets to be acquired include substantially all of American Enterprise Bank's loans, investment securities and customer deposits at closing, as well as other owned real estate. Excluded assets and liabilities include real property owned by American Enterprise Bank, other than OREO properties. The transaction is expected to close late in the fourth quarter. Headquartered in Buffalo Grove, Illinois, American Enterprise Bank has additional branch offices located in Highland Park, Illinois, and Schaumburg, Illinois. As of June 30, American Enterprise Bank had about \$199.0 million in assets, including approximately \$151 million in loans and approximately \$157 million in deposits. Northbrook Bank & Trust, as of June 30, had \$2.17 billion in assets.

❖ Bank M&A 2018

July 30, 2018 – Eighty-four bank M&A transactions were announced or completed during the second quarter, up from 59 in the first quarter and 69 in the second quarter of 2017. Aggregate transaction value rose to \$16.73 billion in the first half of 2018 from \$13.13 billion in the first half of 2017 as the median price-to-tangible book value for announced transactions jumped to 170.1%, compared to 158.4%. As of July 24, 158 bank and thrift transactions were announced this year for a combined \$21.11 billion and a median transaction value-to-tangible common equity ratio of 168.1%. Over the same time frame in 2017, 135 transactions worth \$17.78 billion were announced with a median transaction value-to-tangible common equity ratio of 159.9%.



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Select Industry News

❖ Seeking Yield, US Banks Maintain Sizable Exposure to Longer-Dated Bonds

July 2, 2018 – As long-term rates rose considerably in the first quarter, U.S. banks finally reduced their exposure to longer-dated bonds in the period, albeit modestly. Regulators have flagged banks in recent years for going further out the yield curve to bolster income. Banks sought exposure to longer-dated bonds because they generally offered more yield than shorter-term assets, but this strategy can bring risk if interest rates rise significantly. In that case, banks likely would hold on to below-market-rate securities for longer periods of time, while their funding costs move higher. That scenario has occurred over the last two quarters, with the average yield on the 10-year Treasury rising 51 basis points from the recent low in the fall of 2016. Funding costs, meanwhile, have risen 9 basis points over the last two quarters. The FDIC has consistently highlighted this interest rate risk. It noted in its most-recent quarterly bank profile that banks need to be particularly mindful of future downturns given the late stage of the current economic expansion, which stands as the second longest on record. Banks maintained large positions of longer-dated bonds but the exposure finally decreased in the first quarter after growing for several years. Bonds expected to reprice or mature in excess of 15 years equated to 31.21% of bank-held securities at the end of the first quarter, down slightly from 31.62% in the prior quarter. The exposure is still considerably larger than the 28.80% level reported at year-end 2016 and 26.25% at year-end 2015. Across the banking industry, the median exposure to securities expected to reprice or mature in excess of 15 years was 10.66% at the end of the first quarter, but a number of banks have considerably larger stakes in the bonds. Looking at banks with more than \$1 billion in assets, securities expected to reprice or mature in excess of 15 years equated to more than 15% of securities at 220 banks. Most banks in the industry disclosed a higher concentration of securities expected to mature or reprice in the less than three years, with the median across the industry equating to 22.75% of securities. Among banks with more than \$1 billion in assets, 162 institutions disclosed exposures to those bonds exceeding 40% of their portfolios. Investing in short-duration assets during the last two quarters could have proved wise, with long-term rates rising off the recent lows experienced in the fall of 2017. That decision could have been difficult as the 10-year Treasury fell to 2.05% in early September 2017, even in the aftermath of a pair of rate hikes by the Federal Reserve in March 2017 and June 2017. Banks that invested in longer-dated bonds during that time frame likely helped mitigate some of the pressure on security yields that came with falling long-term rates in the second and third quarters, when the 10-year Treasury yield averaged 2.25%, 20 basis points below the average in the first quarter. While positive in the short term, banks that reached further out the curve might have mortgaged the opportunity to put funds to work at higher rates over the longer term. Such investments emerged in the last six months as long-term rates rebounded amid improving economic conditions. The market also reacted to the prospect of tax reform in the U.S., and then yields rose even further after tax legislation was enacted.

❖ US Banks and Thrifts Cut a Net 115 Branches in June

July 23, 2018 – U.S. banks and thrifts continued to scale back their branch networks across the country, shuttering 174 branches, while opening just 59 in June. During the last 12 months, U.S. banks and thrifts closed 2,848 branches while opening 920. As of June 30, there were 88,234 active bank and thrift branches in the U.S. New Jersey's 25 net closures in June led the country, followed by Wisconsin's 16 closures. Meanwhile, Tennessee and Alabama had two net openings during the month. By region, the mid-Atlantic and Midwest each had 42 net closings. No region saw net openings for the month. Wells Fargo & Co. closed 22 branches in June, the most by any banking institution in the country. Fifth Third Bancorp led the nation with six net openings.

❖ So Far in Q2 Earnings, Community Banks Report Improved Margin, Profitability

July 27, 2018 – So far, most community banks are reporting improved margins and profitability for the second quarter. Among public banks with less than \$10 billion in assets that reported second-quarter results as of July 20, the median net interest margin was 3.69%, up from 3.59% in the second quarter of 2017. In addition, the median return on average assets increased year over year to 1.15% from 1.00% and the median efficiency ratio improved to 60.20% from 60.46%. Among banks with less than \$1 billion in assets, Quincy, California-based Plumas Bancorp reported the highest net interest margin at 4.75%. Seven of the 14 companies in this asset category reported improved net interest margins, while 12 reported a higher return on average assets. Philadelphia, Mississippi-based Citizens Holding Co. reported the lowest net interest margin in the category, at 3.14%.

❖ Differences with the Fed Accompany Bumpy Stress-Test Results

July 30, 2018 – As policymakers consider raising the bar on large banks' stress tests, companies want more predictability in the annual testing and capital planning exercise. In aggregate, the banking industry's stress tests this year were closer to the Federal Reserve's version. Still, some banks saw significant differences in their results, including banks that had some difficulty in passing the test. Morgan Stanley and Goldman Sachs Group Inc. both posted supplementary leverage ratios that were below the regulatory minimum in the latest capital planning exercise, contributing to conditional nonobjections of their capital plans. Both banks reported stress-test results that were significantly different from the



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Fed's calculations, and next year's exercise could be even tougher. Some Fed members have advocated for implementation of the countercyclical capital buffer, and the regulator is considering the stress capital buffer, a rule that would raise the minimum capital ratio needed to pass a stress test. With potentially higher capital ratios in next year's test, the stress-test troubles attracted attention during each bank's earnings call.

❖ Big Banks Turn to Nationwide Digital Accounts in Renewed Hunt for Deposits

July 31, 2018 – A number of large banks — all with expansive traditional branch networks — are unveiling digital initiatives to reach new customers. These launches come at a time when interest rate increases have made deposits increasingly competitive. The efforts also follow in the footsteps of other companies that have offered digital banks for years — potentially forcing these incumbents to play defense. The roster of banks that launched or announced they would launch digital deposit-gathering initiatives in the past several months included Citigroup Inc., JPMorgan Chase & Co., PNC Financial Services Group Inc. and Citizens Financial Group Inc. But not all superregionals piled onto the trend: U.S. Bancorp announced it would pursue a more traditional approach of cross-selling to existing customers.

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