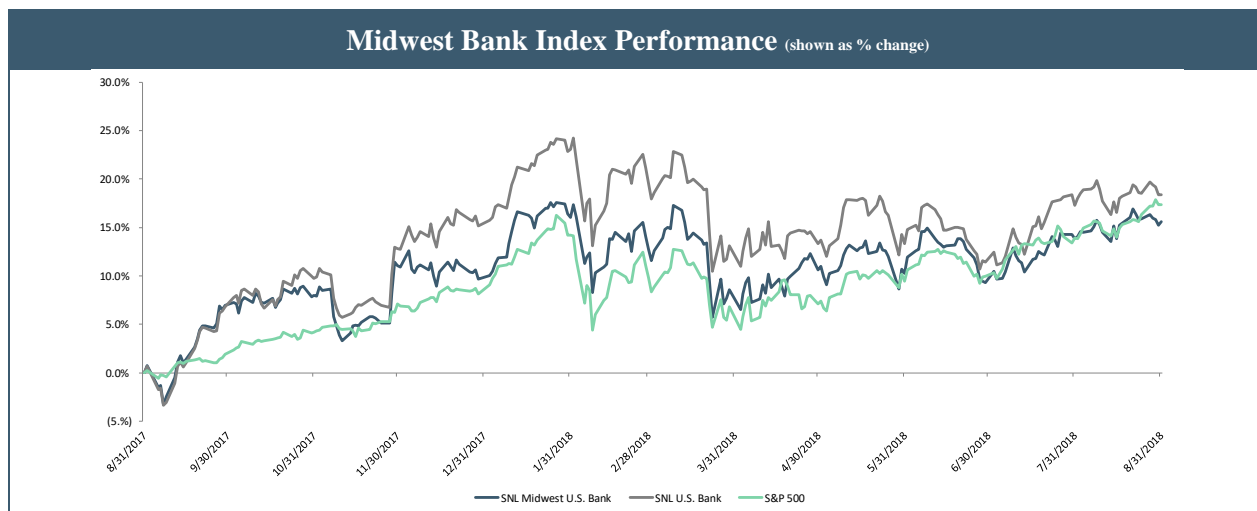


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### Indices Performance (% change)

	August 2018	LTM		August 2018	LTM
S&P 500	3.1%	17.4%	SNL U.S. Bank	0.3%	18.4%
Dow Jones	2.5%	18.3%	SNL Midwest U.S. Bank	1.3%	15.6%
NASDAQ	5.2%	26.1%			

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
First Citizens (FCNC.A)	\$475.01	14.2%	Ohio Valley Banc Corp. (OVBC)	\$42.15	(13.6%)
MidSouth Bancorp (MSL)	\$15.35	10.4%	Old Point Financial Corp. (OPOF)	\$26.60	(9.2%)
Northrim BanCorp (NRIM)	\$44.55	10.0%	First Business Financial (FBIZ)	\$22.16	(8.7%)
Seacoast Banking Corp. (SBCF)	\$31.62	8.5%	Two River Bancorp (TRCB)	\$17.06	(8.5%)
Howard Bancorp (HBMD)	\$17.45	8.4%	Century Bancorp (CNBK.A)	\$71.25	(7.9%)

Note: Price per share as of August 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 8/31/2018)

### Large U.S. National Banks:

Institution Name	Ticker	State	Market		NPAs/ Assets (%)	Net Interest Margin (%)	Efficiency Ratio (%)	Risk-based Capital Ratio (%)	Leverage Ratio (%)	Price/ Book (%)	Price/ Tangible Book (%)
			Capitalization (\$ in millions)	Total Assets (\$ in thousands)							
JPMorgan Chase & Co.	JPM	NY	385,035.9	2,590,050,000	0.44	2.46	57.26	15.46	8.20	166.4	210.3
Bank of America Corp.	BAC	NC	308,861.7	2,291,670,000	0.55	2.38	58.36	14.75	8.35	128.5	182.1
Wells Fargo & Company	WFC	CA	281,647.7	1,879,700,000	1.00	2.93	65.19	16.93	9.51	156.3	185.0
Citigroup Inc.	C	NY	179,282.6	1,912,334,000	0.45	2.76	58.83	16.31	8.63	99.0	114.8
U.S. Bancorp	USB	MN	88,147.6	461,329,000	0.71	3.13	54.09	12.59	8.91	200.2	258.8
PNC Financial Services Group, Inc.	PNC	PA	66,646.0	380,711,000	0.75	2.98	58.82	12.60	9.36	155.5	199.8
Bank of New York Mellon Corporation	BK	NY	52,147.1	352,928,000	0.04	1.26	65.12	13.83	6.70	137.4	302.5
BB&T Corporation	BBT	NC	40,007.9	222,681,000	NA	3.44	57.21	13.90	10.03	149.7	243.0
SunTrust Banks, Inc.	STI	GA	33,891.3	207,505,000	1.55	3.27	59.54	12.67	9.82	154.2	216.0
State Street Corporation	STT	MA	32,975.0	248,308,000	0.00	1.45	69.56	15.09	7.10	164.1	267.1
<b>Minimum</b>			<b>32,975</b>	<b>207,505,000</b>	<b>0.0</b>	<b>1.3</b>	<b>54.1</b>	<b>12.6</b>	<b>6.7</b>	<b>99.0</b>	<b>114.8</b>
<b>Mean</b>			<b>146,864</b>	<b>1,054,721,600</b>	<b>0.6</b>	<b>2.6</b>	<b>60.4</b>	<b>14.4</b>	<b>8.7</b>	<b>151.1</b>	<b>218.0</b>
<b>Median</b>			<b>77,397</b>	<b>421,020,000</b>	<b>0.6</b>	<b>2.8</b>	<b>58.8</b>	<b>14.3</b>	<b>8.8</b>	<b>154.9</b>	<b>213.2</b>
<b>Maximum</b>			<b>385,036</b>	<b>2,590,050,000</b>	<b>1.6</b>	<b>3.4</b>	<b>69.6</b>	<b>16.9</b>	<b>10.0</b>	<b>200.2</b>	<b>302.5</b>

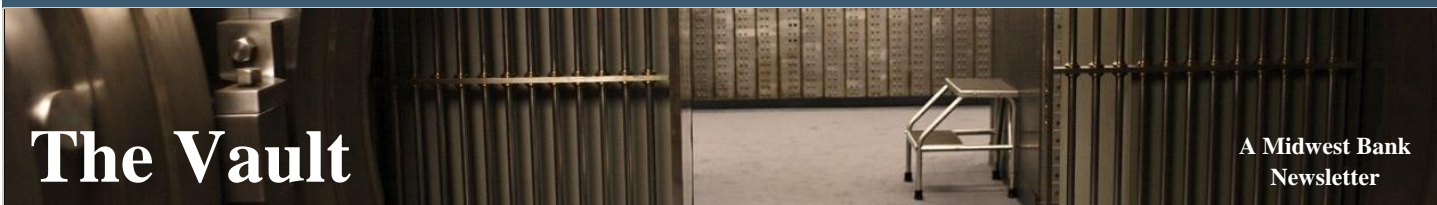
### Large Midwest Banks:

Institution Name	Ticker	State	Market		NPAs/ Assets (%)	Net Interest Margin (%)	Efficiency Ratio (%)	Risk-based Capital Ratio (%)	Leverage Ratio (%)	Price/ Book (%)	Price/ Tangible Book (%)
			Capitalization (\$ in millions)	Total Assets (\$ in thousands)							
Northern Trust Corporation	NTRS	IL	23,993.9	135,106,200	0.12	1.48	65.36	15.59	7.68	253.2	277.3
KeyCorp	KEY	OH	22,166.4	137,792,000	0.53	3.20	62.84	12.83	9.87	158.5	198.9
Fifth Third Bancorp	FTB	OH	19,610.4	140,695,000	0.77	3.20	57.15	15.21	10.24	133.9	160.8
Huntington Bancshares Incorporated	HBAN	OH	17,899.5	105,358,000	1.19	3.28	57.41	13.97	9.65	174.3	225.0
Commerce Bancshares, Inc.	CBSH	MO	7,576.2	24,524,742	0.45	3.64	53.34	15.33	11.18	289.3	305.8
Wintrust Financial Corporation	WTFC	IL	4,991.1	29,464,588	0.58	3.62	61.17	12.05	9.39	167.3	203.5
Associated Banc-Corp	ASB	WI	4,647.2	33,652,647	0.90	3.02	61.94	13.36	8.32	131.0	200.0
MB Financial, Inc.	MBFI	IL	4,080.3	19,966,557	0.51	3.76	65.89	13.75	9.74	148.2	239.6
First Midwest Bancorp, Inc.	FMBI	IL	2,803.9	14,818,076	0.46	3.90	58.57	12.07	8.95	148.7	247.8
First National of Nebraska, Inc.	FINN	NE	2,351.3	20,246,834	1.00	6.49	60.13	14.07	10.88	115.0	125.2
<b>Minimum</b>			<b>2,351</b>	<b>14,818,076</b>	<b>0.1</b>	<b>1.5</b>	<b>53.3</b>	<b>12.1</b>	<b>7.7</b>	<b>115.0</b>	<b>125.2</b>
<b>Mean</b>			<b>11,012</b>	<b>66,162,464</b>	<b>0.7</b>	<b>3.6</b>	<b>60.4</b>	<b>13.8</b>	<b>9.6</b>	<b>171.9</b>	<b>218.4</b>
<b>Median</b>			<b>6,284</b>	<b>31,558,618</b>	<b>0.6</b>	<b>3.5</b>	<b>60.7</b>	<b>13.9</b>	<b>9.7</b>	<b>153.6</b>	<b>214.3</b>
<b>Maximum</b>			<b>23,994</b>	<b>140,695,000</b>	<b>1.2</b>	<b>6.5</b>	<b>65.9</b>	<b>15.6</b>	<b>11.2</b>	<b>289.3</b>	<b>305.8</b>

### Small Midwest Banks:

Institution Name	Ticker	State	Market		NPAs/ Assets (%)	Net Interest Margin (%)	Efficiency Ratio (%)	Risk-based Capital Ratio (%)	Leverage Ratio (%)	Price/ Book (%)	Price/ Tangible Book (%)
			Capitalization (\$ in millions)	Total Assets (\$ in thousands)							
Byline Bancorp, Inc.	BY	IL	826.9	4,805,280	0.55	4.42	61.44	12.92	10.57	136.5	187.4
Horizon Bancorp, Inc.	HBNC	IN	783.7	4,076,611	0.45	3.72	57.38	13.07	9.94	166.6	231.0
First Mid-Illinois Bancshares, Inc.	FMBH	IL	628.3	3,369,473	0.81	3.79	54.34	13.97	10.99	152.7	202.7
West Suburban Bancorp, Inc.	WNRP	IL	296.9	2,255,630	2.20	3.31	66.98	15.88	9.83	136.8	137.3
STAR Financial Group, Inc.	FIGA	IN	234.5	1,937,352	1.45	3.78	66.22	13.91	10.37	111.7	114.7
First Business Financial Services, Inc.	FBIZ	WI	194.1	1,899,787	1.73	3.77	69.12	11.87	9.25	111.8	119.2
Marquette National Corporation	MNAT	IL	150.3	1,591,517	1.33	3.52	77.25	16.29	9.31	100.4	131.4
<b>Minimum</b>			<b>150</b>	<b>1,591,517</b>	<b>0.5</b>	<b>3.3</b>	<b>54.3</b>	<b>11.9</b>	<b>9.3</b>	<b>100.4</b>	<b>114.7</b>
<b>Mean</b>			<b>445</b>	<b>2,847,950</b>	<b>1.2</b>	<b>3.8</b>	<b>64.7</b>	<b>14.0</b>	<b>10.0</b>	<b>130.9</b>	<b>160.5</b>
<b>Median</b>			<b>297</b>	<b>2,255,630</b>	<b>1.3</b>	<b>3.8</b>	<b>66.2</b>	<b>13.9</b>	<b>9.9</b>	<b>136.5</b>	<b>137.3</b>
<b>Maximum</b>			<b>827</b>	<b>4,805,280</b>	<b>2.2</b>	<b>4.4</b>	<b>77.3</b>	<b>16.3</b>	<b>11.0</b>	<b>166.6</b>	<b>231.0</b>





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## Valuation Summary (as of 8/31/2018)

Asset Size Index – Nationwide			Geographic Index		
	Price/Book (%)	Price/Tangible Book (%)		Price/Book (%)	Price/Tangible Book (%)
\$5B-\$10B	208.4	261.8	Mid-Atlantic	146.2	193.7
\$1B-\$5B	177.3	209.4	Midwest	187.7	236.4
\$500M-\$1B	170.4	178.6	New England	153.0	231.0
\$250M-\$500M	179.9	183.2	Southeast	136.5	196.0
< \$250M	NA	NA	Southwest	192.5	236.3
			Western	174.8	207.4

## Interest Rate Scorecard

Financial Yields	August 31, 2018	1 Month	3 Month	6 Month	1 Year
		Prior	Prior	Prior	Prior
2 Year T Note	2.62	2.67	2.40	2.25	0.27
5 Year T Note	2.74	2.85	2.68	2.65	0.82
10 Year T Note	2.86	2.96	2.83	2.87	1.95
30 Year T Bond	3.02	3.08	3.00	3.13	3.12
Prime Rate	5.00	5.00	4.75	4.50	3.25
3 Month LIBOR	2.32	2.35	2.32	2.02	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

### ❖ Wintrust Financial Completes Purchase of Chicago Shore

August 1, 2018 – Rosemont, Illinois-based Wintrust Financial Corp. completed its acquisition of Chicago Shore Corp. Following the transaction, Delaware Place Bank, a unit of Chicago Shore, will merge into Wintrust Bank. The aggregate purchase price was approximately \$33.4 million. The transaction is not expected to have a material effect on Wintrust's 2018 earnings per share. As of June 30, Delaware Place Bank had approximately \$247 million in assets, approximately \$161 million in loans and approximately \$216 million in deposits. Wintrust has assets of approximately \$29 billion.

### ❖ BofI Federal Bank to Buy \$3B Deposits from Nationwide Bank

August 3, 2018 – San Diego-based BofI Federal Bank is buying approximately \$3 billion in deposits from Columbus, Ohio-based Nationwide Bank, including \$1 billion in checking, savings and money market accounts and \$2 billion in time deposit accounts. Nearly 100,000 deposit customers of Nationwide will transfer to BofI Federal Bank. The two digital banks expect the deposit acquisition and transfer to be completed in the fourth quarter. The BofI Holding Inc. unit will use excess capital to fund the transaction. The company expects the transaction to be immediately accretive to earnings and tangible book value. Nationwide informed its customers in May that it decided to transition away from retail banking and focus "more heavily on the property, casualty, financial services and other emerging businesses."

### ❖ OCC Approves Flagstar Bank's Purchase of 46 Wells Fargo Branches

August 8, 2018 – Troy, Michigan-based Flagstar Bank FSB on August 6 obtained approval from the Office of the Comptroller of the Currency to acquire 46 branches of Wells Fargo Bank NA, according to the regulator's website. Specifically, the Flagstar Bancorp Inc. unit secured the approval to purchase 29 branches in Indiana, 12 branches in Michigan, four branches in Wisconsin, and one branch in Ohio. Flagstar Bank's agreement to acquire 52 Wells Fargo Bank branches was announced on June 5.

### ❖ Farmers & Merchants to Acquire Limberlost in \$88.8M Stock-and-Cash Transaction

August 20, 2018 – Archbold, Ohio-based Farmers & Merchants Bancorp Inc., the holding company of Farmers & Merchants State Bank, has agreed to acquire Geneva, Indiana-based Limberlost Bancshares Inc., the parent of Bank of Geneva, in a stock-and-cash transaction valued at approximately \$88.8 million in aggregate. Under the terms of the transaction, Limberlost Bancshares shareholders will receive 1,830 common shares of Farmers & Merchants Bancorp for each outstanding share of Limberlost Bancshares common stock plus \$8,465 in cash. The merger consideration of about \$88.8 million is based on Farmers & Merchants Bancorp's closing stock price as of August 17. Excluding one-time transaction costs, Farmers & Merchants Bancorp expects the transaction to be approximately 12.8% and 15.5% accretive to first- and second-year EPS, respectively. Tangible book value per share at closing is expected to be diluted approximately 6.1% including the impact of an estimated \$5.5 million of combined pretax transaction costs. The tangible book value dilution is expected to be recovered in less than three years using the crossover method. The purchase price equates to 290.4% of book and tangible book, and 27.7x earnings. It is 30.97% of assets, 41.85% of deposits and the tangible book premium-to-core deposits ratio is 31.54%. As of June 30, Bank of Geneva had approximately \$287 million in assets, \$257 million in loans, \$212 million in deposits and \$30.6 million in consolidated equity. Following the merger, Farmers & Merchants State Bank will have approximately \$1.5 billion in assets.

### ❖ MidWestOne to Acquire ATBancorp in \$170.3M Cash-and-Stock Transaction

August 22, 2018 – Iowa City, Iowa-based MidWestOne Financial Group Inc. is acquiring Dubuque, Iowa-based ATBancorp in a cash-and-stock transaction valued at approximately \$170.3 million, based on the buyer's August 20 closing price of \$32.92 per share. The aggregate transaction consideration will consist of stock consideration at an exchange ratio of 117.5500x and \$34.8 million in cash. MidWestOne expects the transaction to be more than 15% accretive to its earnings per share in 2019 and 2020, excluding one-time transaction costs. The transaction is expected to close in the first quarter of 2019. On an aggregate basis, the purchase price equates to 150.4% of book, 155.8% of tangible book and 6.3x earnings. The purchase price also equates to 12.84% of assets, 16.03% of deposits and the tangible book premium-to-core deposits ratio is 6.83%. Upon closing, the combined company will have about \$4.7 billion in assets and more than 60 branches throughout Iowa, Minnesota, Wisconsin, Florida and Colorado. As of June 30, MidWestOne, the parent company of MidWestOne Bank, had approximately \$3.3 billion in assets, 24 branches in Iowa, 13 branches in Minnesota, four branches in Wisconsin, two branches in Florida and one branch in Colorado. Meanwhile, ATBancorp, the parent company of American Trust & Savings Bank, had approximately \$1.4 billion in assets, \$1.1 billion in deposits and \$1.1 billion in loans. It has 12 branches in Iowa and five branches in Southwest Wisconsin. It also has more than \$1.1 billion in trust assets under administration, which will be acquired pursuant to the transaction.





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## ❖ First Busey Inches Toward \$10B with Banc Ed Acquisition

August 22, 2018 – Champaign, Illinois-based First Busey Corp. will balloon to \$9.6 billion with its \$304.9 million transaction to buy Edwardsville, Illinois-based Banc Ed Corp., but analysts and bank management insist that First Busey can stay below the \$10 billion line for some time as it integrates the merger. On August 22, First Busey announced a 70%-stock-and-30%-cash transaction for Banc Ed, proposing to consolidate Busey Bank with Banc Ed unit Bank of Edwardsville. The combined company, which would have gross loans of \$6.4 billion and deposits of \$7.7 billion, would have 82 full-service locations with an increased presence in St. Louis. If approved, the merger would put the pro forma company into 7th place in deposit share ranking in the St. Louis metropolitan statistical area, up from Busey's current standing at 18th place. If approved, the transaction would push First Busey closer to the \$10 billion mark, at which point the company would face interchange fee caps imposed by the Durbin amendment. But Banc Ed's low loan-to-deposit ratio of 56.6% means that the merger would give the combined company some room to expand its loan portfolio without expanding its total assets.

## ❖ Two Iowa Banks Strike a Transaction

August 24, 2018 – Storm Lake, Iowa-based Security Trust & Savings Bank agreed to buy the assets and assume the liabilities, including deposits, of Rembrandt, Iowa-based First National Bank of Rembrandt, the Storm Lake Pilot Tribune reported August 24. The terms of the transaction were not disclosed in the news report. As of June 30, Security Trust & Savings Bank had \$193.0 million in assets. First National Bank of Rembrandt had assets of \$53.1 million as of the same date.

## ❖ Illinois' 16 Bank Deals Lead the Country in 2018

August 15, 2018 – Merger and acquisition activity has continued apace this year, even as pricing has climbed. Through July 31, 170 bank and thrift transactions have been announced this year, up from 142 transactions announced during the first seven months of 2017. Illinois' 16 bank transactions lead the nation so far this year and the state has already surpassed the 15 transactions announced in all of 2017. Texas had the second-most bank transactions this year at 13. The Midwest has already seen 79 transactions announced this year for a combined \$7.22 billion, compared to 89 transactions worth \$4.22 billion in full-year 2017. Transaction value has also soared in Illinois this year. The state's 16 bank transactions were worth a combined \$5.12 billion this year through July compared to \$1.02 billion for all of 2017. Much of the uptick, however, was due to Fifth Third Bancorp's \$4.62 billion acquisition of MB Financial Inc. announced May 21. By comparison, the second-largest Illinois-based bank acquisition announced this year was Triumph Bancorp Inc. \$134.5 million transaction for First Bancorp of Durango Inc. Fifth Third Bancorp's acquisition of MB Financial was the first billion-dollar transaction for a bank in Illinois since Canadian Imperial Bank of Commerce's \$4.92 billion acquisition of PrivateBancorp Inc., which was announced in 2016. Not surprisingly, the Chicago metro area's nine transactions so far this year outpaced every other metro area. The Atlanta and Houston metro areas tied for second with six transactions apiece. Cadence Bancorp's \$1.37 billion acquisition of State Bank Financial Corp. announced May 13 topped the charts for the Atlanta metro area, while Veritex Holdings Inc.'s \$1 billion merger with Green Bancorp Inc. announced July 24 was the top transaction in the Houston metro area.



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## Select Industry News

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### ❖ Community Banks Post Improved Efficiency Ratios as Earnings Season Rolls On

August 2, 2018 – Community banks continued posting strong second-quarter results, aided by improved margins and a decline in expense ratios. Among banks and thrifts with less than \$10 billion in assets that reported earnings as of July 27, the median efficiency ratio fell to 61.30%, a 15-basis-point improvement year over year. Meanwhile, the median net interest margin rose to 3.67% from 3.59%, and median return on average assets jumped to 1.12% from 0.94%. Quincy, California-based Plumas Bancorp posted the lowest efficiency ratio among banks and thrifts below \$1 billion in assets at 51.07%. Stoughton, Massachusetts-based Randolph Bancorp had the highest efficiency ratio at 116.11%. Randolph is the only community bank in this analysis to post an efficiency ratio over 100% so far. The company completed a mutual-to-stock conversion in July 2016.

### ❖ Community Banks Post Double-Digit Operating Revenue Growth in Q2

August 9, 2018 – Community banks posted strong second-quarter earnings, helped by double-digit operating earnings growth year-over-year. U.S. banks and thrifts below \$10 billion in assets reported median year-over-year operating revenue growth of 10.6% in the second quarter. Expenses were also kept in check as the median efficiency ratio improved to 61.76% from 62.33% in the second quarter of 2017. Net charge-offs as a percentage of average loans remained at 0.03%. Among banks with less than \$1 billion in assets, Columbus Grove, Ohio-based United Bancshares Inc. reported the highest year-over-year growth in operating revenue, at 48.5%. Forty-nine of the 56 companies in this category reported positive revenue growth in the second quarter. Elmira, New York-based Elmira Savings Bank's 5.9% operating revenue drop was the worst among all banks and thrifts under \$1 billion in assets.

### ❖ U.S. Bank and Thrifts Trim Branch Count by Net 63 in July

August 15, 2018 – U.S. banks and thrifts continued to scale back branch networks across the country in July, shuttering 116 branches while opening just 53. Over the last 12 months, U.S. banks and thrifts have closed 2,610 branches while opening 921. As of July 31, there were 88,098 active bank and thrift branches in the U.S. New York and Pennsylvania's eight net closures led the country in July, followed by Florida's seven. No state had more than one net opening during the month. By region, the Mid-Atlantic lost a net 22 branches in July, more than any other region. The Northeast had two net openings. Wells Fargo & Co. shuttered 27 branches in July, by far the most of any bank, followed by Banc of America Corp. at 16.

### ❖ Deposits Drop and Profits Hit New Highs at U.S. Banks in Q2

August 16, 2018 – Rising interest rates helped push U.S. banking profits to yet another all-time high in the second quarter, but they also sent some depositors looking elsewhere for higher returns. Deposits at U.S. banks and thrifts fell by 2.9% in the second quarter to \$13.137 trillion, the first quarterly drop in three years. Year-over-year deposit growth was barely positive at 0.2%, the lowest annual growth rate since the fourth quarter of 1993. The cost of deposits rose 11 basis points to 0.58% in the second quarter. Among the 10 largest U.S. commercial banks and thrifts by assets, only Citibank NA posted a quarter-over-quarter increase in total deposits. Six of the 10 companies posted year-over-year increases in deposits. Deposits at JPMorgan Chase Bank NA, the country's largest commercial bank by assets, fell by 2.1% quarter-over-quarter.

### ❖ U.S. Bank Margins Jump in Q2

August 20, 2018 – While funding costs increased at a quicker pace in the second quarter, rising short-term rates also offered a considerable boost to loan yields, allowing net interest margins in the U.S. banking industry to rebound. The Federal Reserve has raised the target fed funds rate three times in the last nine months, and the moves have led to notable increases in deposit costs. Bank loan yields, particularly yields on commercial and industrial credits, have also surged, helping the industry's fully taxable-equivalent net interest margin jump in the second quarter to 3.37%, up 8 basis points from 3.29% in the first quarter of 2018 and 16 basis points from 3.21% a year earlier.



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## ❖ Legacy, Digital Banks Risk Overpaying for Deposits as Rate Battle Heats Up

August 21, 2018 – The field of banks competing for deposits with high-yield savings products is becoming increasingly crowded. But those depositories, from the incumbent digital players to the banks with traditional branch networks now entering the fray, may need to start questioning whether those customers are worth the cost, experts say. For years, a handful of digital banks have offered accounts that attracted consumers through high yields and digital convenience. Without branch networks, those companies, including Ally Financial Inc., Synchrony Financial and, more recently, Goldman Sachs Group Inc.'s Marcus, were better able to shoulder the cost of offering high rates. Now, some legacy banks are launching similar account products to build more traditional deposit funding. The efforts might help them keep up with heightened competition and access to new markets, but the retail funding is also prized because it helps banks comply with liquidity rules that apply to the nation's largest institutions. While the approaches are in the early days, one industry banker cautioned against paying up for a high-yield seeking customer. Since the beginning of 2017, digital banks and some national banks have been raising savings rates to attract deposits. Marcus' most recent hike, to 1.85% on August 9, was the digital bank's fifth increase in 2018. Ally Financial advertises a 1.80% interest rate on its savings account, slightly higher than the 1.75% rate offered by Discover Financial Services and American Express Co. Capital One Financial Corp., another high-rate payer, offers 1.75% for savings accounts with a minimum balance above \$10,000. For accounts with no minimum balance, it pays 1.00%. The entrance of several large banks — with expansive traditional branch networks — adds another layer of competition for the digital players. JPMorgan Chase & Co., PNC Financial Services Group Inc., Citizens Financial Group Inc. and Citigroup Inc. recently announced or launched digital deposit-gathering initiatives. Citizens Financial's national digital channel, called Citizens Access, offers 2.00% annual interest on balances of at least \$5,000.

## ❖ Multifamily Loan Growth Slows at U.S. Banks, Thrifts in Q2'18

August 31, 2018 – Year-over-year multifamily loan growth continued slowing in the second quarter, dropping to its lowest pace in over five years at U.S. banks and thrifts. At the end of June, the U.S. banking industry reported \$418.96 billion in multifamily loans, a \$7.94 billion increase since the end of March and a \$20.50 billion increase from the year-ago quarter. Delinquent multifamily loans accounted for 0.23% of total multifamily loans as of June 30, down 3 basis points both from March 31 and the year-ago quarter. JPMorgan Chase & Co., the nation's largest multifamily lender among banks and thrifts, reported \$70.87 billion in multifamily loans at the end of the second quarter, a 0.5% increase over the previous quarter and a 2.9% increase year over year. M&T Bank Corp., the U.S.'s 14th-largest multifamily lender, reported that 1.65% of its multifamily loans were delinquent or in nonaccrual status at the end of June, a 26-basis-point improvement year over year, but still the highest delinquency ratio among the top 25 lenders.

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