



Financial Services Quarterly Update

Q1 2017

Financial Services Trends

Banks Experience Slowed Loan Growth¹

Banks saw lower levels of growth in loans over the previous year in Q1. Strong investment banking practices at banks like J.P. Morgan and Citigroup helped to mitigate the slowdown, but many banks were heavily affected.

Bank Stocks Remain Strong²

The SNL Bank Index remains high – ending the quarter at 25.7% above its pre-election level. The index reached prices as high as 33.8% above its pre-election price during Q1, signaling continued hope for banks as a result of the Trump Administration's promise of regulatory reform.



Consumer Debt on the Rise³

While total loan growth has stalled, consumer lending has been on the rise in recent years. In February, credit card debt reached its highest level since January 2009, according to the Wall Street Journal. Additionally, credit card charge-off rates are up YoY from Q1 2016, which could signal trouble for banks and lower retail spending to come.

Rising Interest Rates Give Hope to Banks⁴

The Federal Reserve raised interest rates in March and may do so two more times during 2017. Rising interest rates will help boost banks' earnings per share, by up to 3.0% per rate increase, according to Goldman Sachs analysts.

In This Update

- Financial Services Trends
- Economic Outlook
- Industry Analysis
- Select M&A Transactions
- Appendix

This update will focus on news and trends in the following areas:

- U.S. Banks
- U.S. Specialty Finance

Who We Are

Deloitte Corporate Finance LLC is a leading global middle market M&A adviser. The firm's professionals have extensive knowledge and years of experience in the Financial Services space.

In the News

February 28, 2017⁵ – IBERIABANK Corporation announced a \$1.0 billion stock and cash acquisition of Sabadell United Bank, N.A. Sabadell United Bank is headquartered in Miami, FL and is a subsidiary of Barcelona-based Banco de Sabadell, S.A. IBERIABANK is headquartered in Lafayette, LA, and says that the proposed acquisition will allow the Company to increase its presence in Florida.

January 23, 2017⁶ – Pinnacle Financial Partners, Inc. and BNC Bancorp announced a definitive agreement that Pinnacle would acquire and merge with BNC in an all-stock transaction. Nashville, TN-based Pinnacle and High Point, NC-based BNC will create a top 50 public U.S. banking franchise by assets that operates in four states. The transaction is valued at \$1.8 billion.

Contacts

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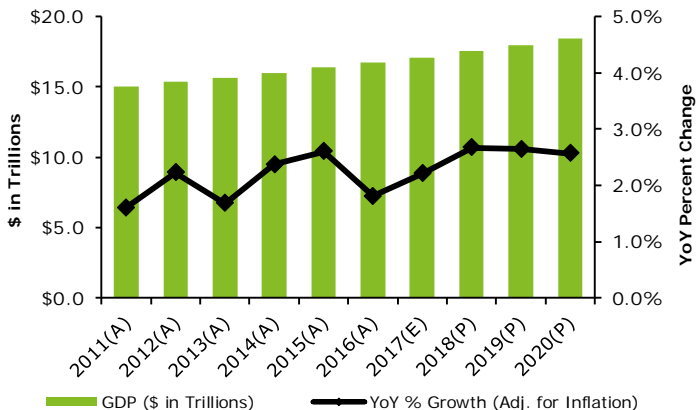
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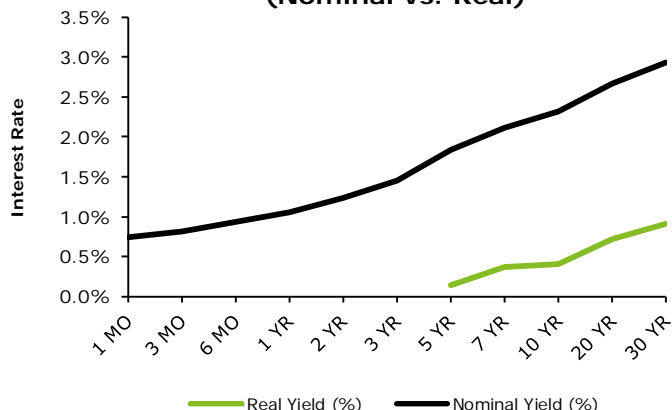
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Macroeconomic Outlook

U.S. Gross Domestic Product¹

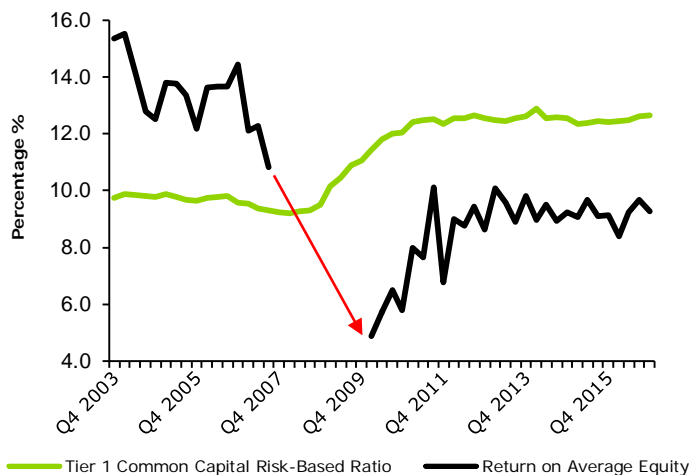


U.S. Treasury Yield Curve (Nominal vs. Real)²

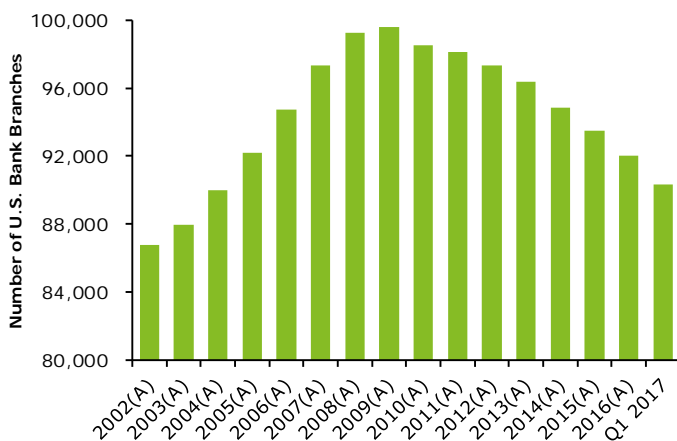


Banking Sector Outlook

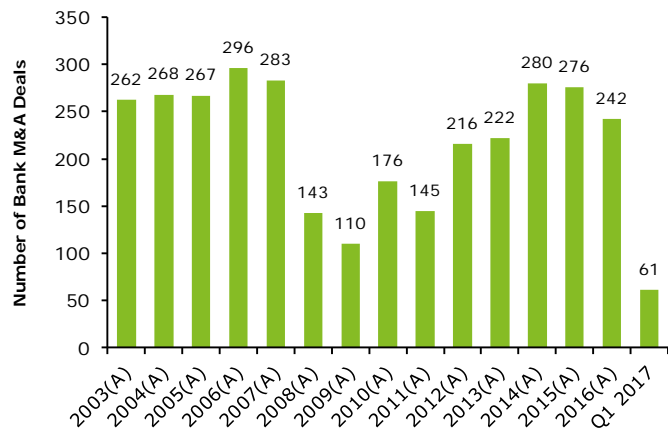
Commercial Bank Capital Ratios & ROAE³



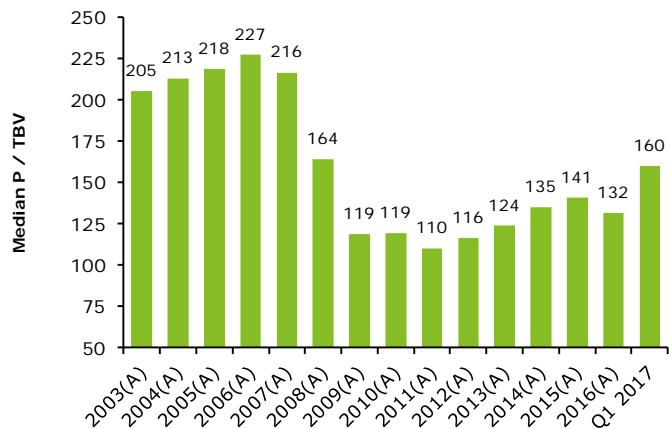
Number of U.S. Bank Branches⁴



Whole Bank M&A Volume⁵



Annual Transaction Price / TBV⁶

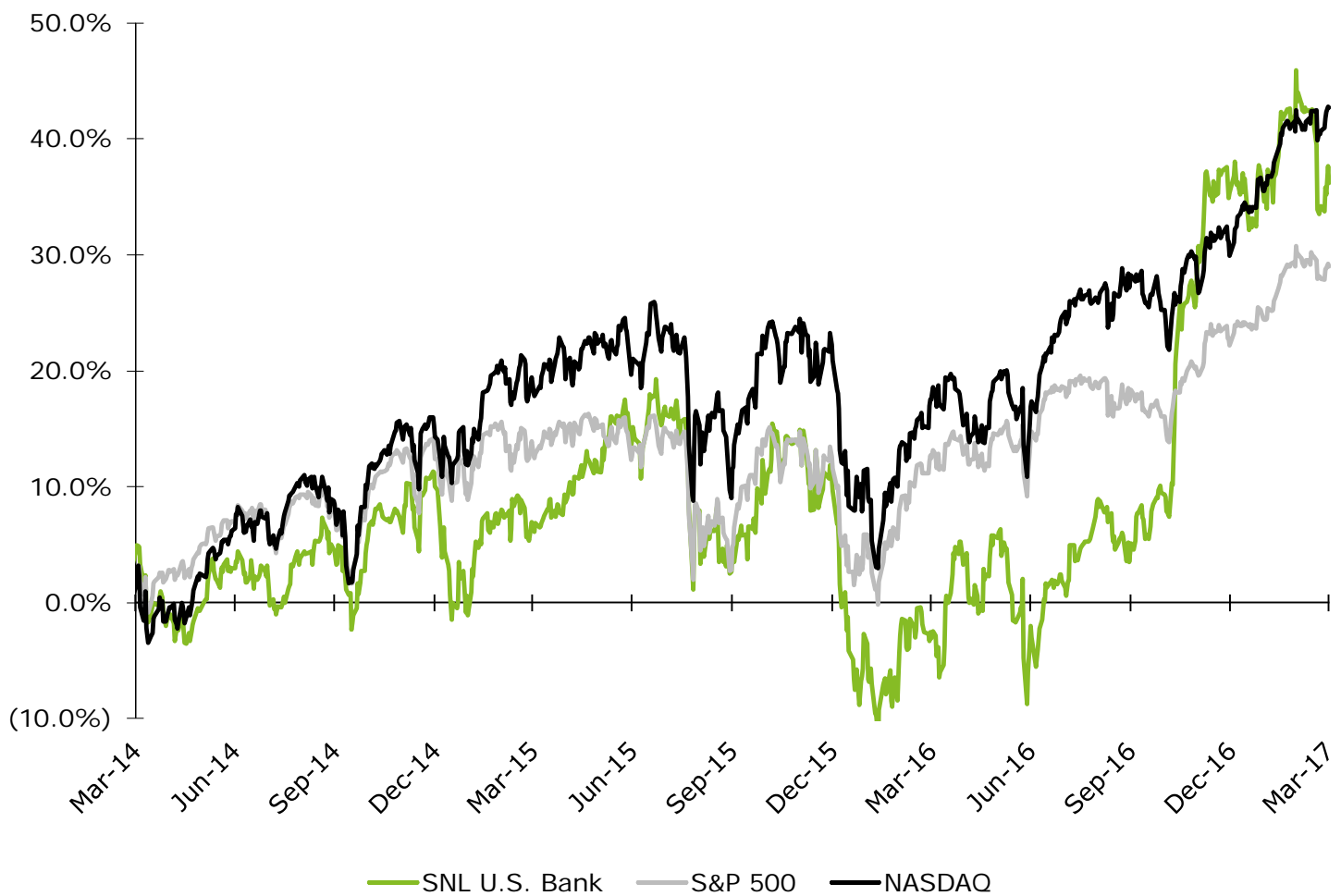


Banking Sector Breakdown & Trading Statistics¹

Sector	Number of Companies	YTD ⁱ		Quarterly ⁱⁱ					
		Price Change	Price / Book	Return on Assets	Net Interest Margin	Return on Equity	Efficiency Ratio	TE / TA	NPA / TA
Banks (<\$1B Assets)	518	4.9 %	105.3 %	0.80 %	3.6 %	7.8 %	72.0 %	9.6 %	1.1 %
Banks (\$1B-\$10B Assets)	254	(0.3)	164.2	0.96	3.6	9.3	60.7	8.9	0.7
Banks (\$10B-\$50B Assets)	43	(3.8)	158.6	0.95	3.3	8.2	60.8	8.7	0.8
Banks (>\$50B Assets)	21	(0.6)	140.7	0.95	2.9	8.6	61.3	9.2	1.0
Banking Sector Index	836	2.7 %	121.4 %	0.88 %	3.6 %	8.4 %	66.4 %	9.2 %	0.9 %

Public Comparables Three-Year Stock Market Performance²

SNL U.S. Bank	36.2%
S&P 500 Index	29.0%
NASDAQ Composite Index	42.7%



Footnotes:

- i. As of March 31, 2017.
- ii. As of the most recently available quarter.

Recent Transactions¹

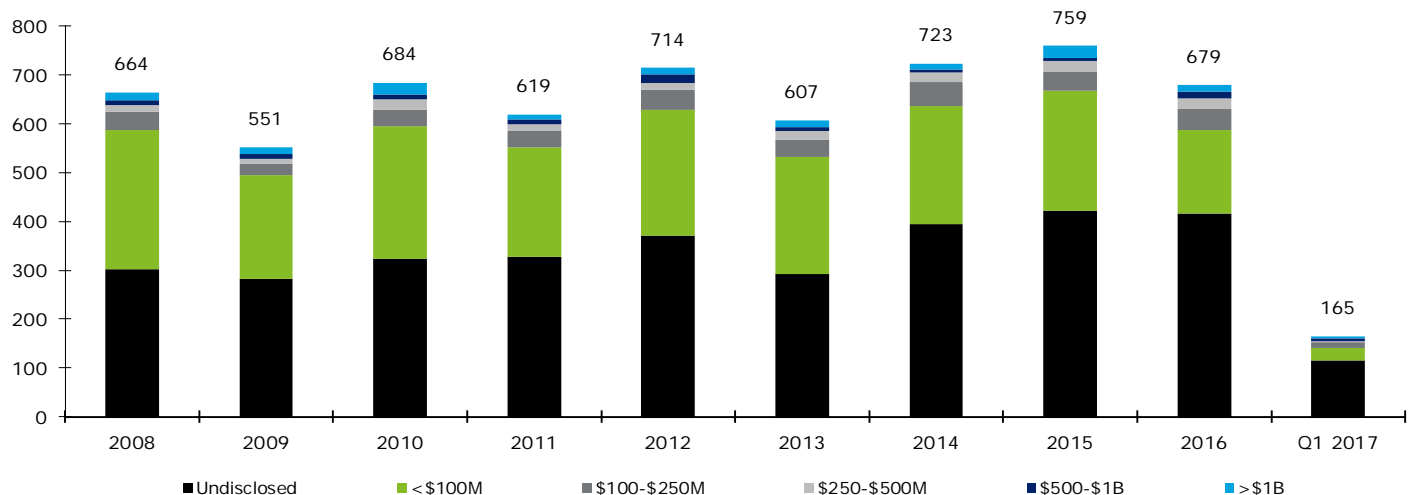
Recent Bank M&A Transactions*

Announced Date	Acquiror	Target	Price (\$M)	Price / Book (%)
Mar-17	Home BancShares, Inc.	Stonegate Bank	\$779.7	196.8%
Mar-17	First Busey Corporation	Mid Illinois Bancorp, Inc.	133.4	167.0
Feb-17	IBERIABANK Corporation	Sabadell United Bank, N.A.	1,028.0	167.1
Feb-17	First Merchants Corporation	Independent Alliance Banks, Inc.	249.7	232.4
Feb-17	Heartland Financial USA, Inc.	Citywide Banks of Colorado, Inc.	202.7	182.1
Feb-17	FB Financial Corporation	American City Bank/Clayton Bank and Trust	204.7	172.2
Feb-17	First Busey Corporation	First Community Financial Partners, Inc.	235.4	198.3
Jan-17	Bryn Mawr Bank Corporation	Royal Bancshares of Pennsylvania, Inc.	127.7	223.6
Jan-17	Midland States Bancorp, Inc.	Centrue Financial Corporation	173.8	140.3
Jan-17	Simmons First National Corporation	First Texas BHC, Inc.	462.0	208.2
Jan-17	Pinnacle Financial Partners, Inc.	BNC Bancorp	1,760.6	191.7
Jan-17	Renasant Corporation	Metropolitan BancGroup, Inc.	190.2	206.7
Jan-17	Columbia Banking System, Inc.	Pacific Continental Corporation	659.4	233.0

Recent Specialty Finance M&A Transactions

Announced Date	Acquiror	Target	Price (\$M)	Total Assets (\$M)
Feb-17	PNC Financial Services Group, Inc.	C & V Business	NA	\$1,100.0
Jan-17	Home Point Capital L.P.	Stonegate Mortgage Corporation	209.9	\$1,391.8
Jan-17	United Rentals, Inc.	NES Rentals Holdings II, Inc.	965.0	NA
Jan-17	Ameris Bancorp	US Premium Finance Inc	456.0	NA

Annual Bank and Specialty Finance M&A Transaction Volume and Deal Value²



*Transactions with purchase price greater than \$100 million.

Appendix

Public Comparables Analysis¹

Company (Ticker)	YTD		Quarterly					
	Price Change	Price / Book	Return on Assets	Net Interest Margin	Return on Equity	Efficiency Ratio	TE / TA	NPA / TA
(\$ in Millions)								
Banks (Assets <\$1B) (518)*								
Median	4.9 %	105.3 %	0.80 %	3.6 %	7.8 %	72.0 %	9.6 %	1.1 %
Mean	10.5 %	108.9 %	0.86 %	3.7 %	7.5 %	74.6 %	10.1 %	1.4 %
Banks (Assets \$1B-\$10B) (254)*								
Median	(0.3) %	164.2 %	0.96 %	3.6 %	9.3 %	60.7 %	8.9 %	0.7 %
Mean	0.9 %	167.0 %	0.92 %	3.6 %	9.0 %	61.6 %	9.2 %	0.9 %
Banks (Assets \$10B-\$50B) (43)								
International Bancshares Corporation	(13.2) %	156.1 %	1.19 %	3.3 %	8.2 %	54.9 %	12.5 %	0.8 %
Hilltop Holdings Inc.	(8.6)	157.0	1.13	3.8	7.6	85.1	12.7	0.2
Sterling Bancorp	1.3	170.6	1.20	3.5	9.1	43.2	8.1	0.7
Old National Bancorp	(4.1)	135.2	0.91	3.6	7.3	64.8	7.9	1.1
Central Banccompany, Inc.	3.4	106.7	1.04	3.4	7.7	59.5	11.4	0.8
First BanCorp.	(16.0)	82.1	0.80	4.4	5.3	56.8	14.7	9.3
United Bankshares, Inc.	(8.4)	167.6	1.10	3.6	7.5	45.4	9.9	0.9
Trustmark Corporation	(11.0)	158.6	0.88	3.5	7.5	67.5	8.7	0.8
Cathay General Bancorp	(1.3)	165.6	1.37	3.4	10.6	45.7	10.3	1.0
BancorpSouth, Inc.	(2.9)	168.8	1.03	3.5	8.7	67.9	9.7	0.7
Western Alliance Bancorporation	(0.5)	270.6	1.63	4.6	14.8	42.0	9.4	0.8
Washington Federal, Inc.	(3.8)	153.4	1.11	3.0	8.3	47.4	11.7	2.1
Bank of Hawaii Corporation	(7.1)	325.6	1.07	2.8	15.0	57.7	6.9	0.4
MB Financial, Inc.	(9.6)	160.5	0.98	3.7	7.4	64.4	8.3	0.6
PrivateBancorp, Inc.	10.0	225.4	1.22	3.3	12.5	47.6	9.1	0.8
F.N.B. Corporation	(7.1)	137.3	0.95	3.4	8.0	55.4	7.2	0.6
Fulton Financial Corporation	(5.6)	154.3	0.90	3.2	7.9	66.6	8.6	1.0
First National of Nebraska, Inc.	8.9	106.5	0.75	6.1	6.8	63.6	9.9	1.0
Texas Capital Bancshares, Inc.	6.6	208.7	0.86	3.1	10.5	56.2	9.2	0.9
UMB Financial Corporation	(1.7)	195.2	0.86	3.0	8.6	70.2	8.3	0.5
First Hawaiian, Inc.	(13.7)	196.2	1.21	3.0	9.0	46.0	7.9	0.3
IBERIABANK Corporation	(5.0)	133.6	0.85	3.4	6.6	60.8	10.4	1.6
TCF Financial Corporation	(13.2)	154.8	0.95	4.3	8.6	68.1	10.5	1.7
PacWest Bancorp	(3.4)	147.4	1.60	5.5	7.6	40.1	11.5	1.1
Valley National Bancorp	1.0	135.5	0.88	3.3	8.7	62.8	7.5	0.6
Prosperity Bancshares, Inc.	(3.1)	136.9	1.26	3.3	7.6	41.3	8.3	0.2
Hancock Holding Company	3.2	133.5	0.88	3.3	8.2	63.0	8.6	1.6
Wintrust Financial Corporation	(4.4)	154.0	0.85	3.3	8.1	63.9	8.6	0.6
Umpqua Holdings Corporation	(5.6)	105.6	1.12	3.8	7.1	57.7	9.1	0.3
BankUnited, Inc.	(1.0)	162.3	0.92	3.7	10.5	59.6	8.4	0.5
Commerce Bancshares, Inc.	(2.6)	249.9	1.16	3.1	11.4	60.2	9.2	0.3
Webster Financial Corporation	(7.4)	207.1	0.89	3.1	9.1	63.7	7.7	1.1
First Horizon National Corporation	(7.5)	202.0	0.77	3.0	8.4	71.6	8.8	1.5
Associated Banc-Corp	(2.2)	128.2	0.76	2.8	7.1	62.6	7.5	1.3
Cullen/Frost Bankers, Inc.	1.9	195.9	1.12	3.5	10.8	58.9	7.9	0.3
Synovus Financial Corp.	(0.4)	179.3	0.91	3.3	9.4	60.9	9.5	1.2
First Citizens BancShares, Inc.	(5.5)	141.5	0.63	3.2	6.9	73.5	8.6	0.8
BOK Financial Corporation	(4.4)	165.7	0.61	2.7	6.0	75.3	8.7	0.8
East West Bancorp, Inc.	1.7	213.8	1.28	3.3	12.9	49.7	8.5	0.6
Signature Bank	(0.3)	227.1	1.19	3.2	12.7	31.2	9.2	0.7
Popular, Inc.	(6.8)	88.4	(0.04)	4.3	(0.3)	66.3	11.9	4.6
People's United Financial, Inc.	(5.7)	124.9	0.75	2.8	6.0	61.8	7.8	0.8
SVB Financial Group	8.1	246.3	0.89	2.7	10.9	61.1	8.5	0.3
Median	(3.8) %	158.6 %	0.95 %	3.3 %	8.2 %	60.8 %	8.7 %	0.8 %
Mean	(3.4) %	168.3 %	0.99 %	3.5 %	8.7 %	58.7 %	9.3 %	1.1 %

*Individual companies not broken out due to sector size.

Appendix

Public Comparables Analysis¹

Company (Ticker)	YTD		Quarterly					
	Price Change	Price / Book	Return on Assets	Net Interest Margin	Return on Equity	Efficiency Ratio	TE / TA	NPA / TA
<i>(\$ in Millions)</i>								
Banks (Assets >\$50B) (21)								
First Republic Bank	1.3 %	246.4 %	1.01 %	3.2 %	10.6 %	54.7 %	9.0 %	0.1 %
Zions Bancorporation	(2.7)	126.2	0.89	3.4	7.1	64.4	10.6	1.1
Huntington Bancshares Incorporated	0.5	155.4	0.95	3.3	9.2	57.5	8.1	1.3
Comerica Incorporated	(0.6)	153.2	0.88	2.6	8.5	60.4	9.9	1.0
KeyCorp	(2.6)	145.3	0.67	3.1	6.1	64.3	9.3	0.6
Northern Trust Corporation	(3.4)	229.0	0.91	1.2	11.1	70.1	7.5	0.2
M&T Bank Corporation	(1.3)	160.2	1.05	3.1	7.9	56.3	9.9	1.0
Regions Financial Corporation	0.7	110.1	0.95	3.2	7.0	62.5	9.6	1.7
Citizens Financial Group, Inc.	(3.7)	93.5	0.76	2.9	5.7	62.5	9.0	1.2
Fifth Third Bancorp	(6.1)	136.1	1.10	2.9	9.5	62.2	9.9	1.1
SunTrust Banks, Inc.	(0.3)	120.9	0.92	3.0	7.8	63.6	8.7	1.7
BB&T Corporation	(4.9)	141.9	1.16	3.3	8.6	58.1	9.3	0.7
State Street Corporation	0.5	164.7	1.02	1.1	11.0	81.1	5.8	0.0
Capital One Financial Corporation	(2.5)	97.1	0.90	6.9	6.6	54.3	9.6	1.0
PNC Financial Services Group, Inc.	1.9	136.0	1.12	2.7	9.0	61.3	10.5	1.0
Bank of New York Mellon Corporation	(1.5)	140.7	1.01	1.2	8.9	67.3	5.9	0.1
U.S. Bancorp	0.1	208.6	1.33	3.0	12.4	54.5	8.7	0.9
Citigroup Inc.	(1.3)	80.0	0.79	2.9	6.3	60.5	11.4	0.7
Wells Fargo & Company	(0.6)	156.6	1.09	2.9	10.5	61.2	9.0	1.3
Bank of America Corporation	4.7	91.9	0.85	2.2	6.9	65.0	9.2	0.8
JPMorgan Chase & Co.	0.7	134.7	1.06	2.2	10.7	58.3	8.4	0.6
Median	(0.6) %	140.7 %	0.95 %	2.9 %	8.6 %	61.3 %	9.2 %	1.0 %
Mean	(1.0) %	144.2 %	0.97 %	2.9 %	8.6 %	61.9 %	9.0 %	0.8 %

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