



Financial Services quarterly update

Q1 2018

Financial Services trends

US bank stock prices continue to perform well¹

In the wake of the US presidential election, bank stock prices have increased 40.0 percent since November 8, 2016. This increase can be partially attributed to anticipated regulatory rollbacks regarding the financial industry as well as recent tax reform, which has now passed.

Shifting philosophy at the Consumer Financial Protection Bureau²

Following the departure of director Richard Cordray from the Consumer Financial Protection Bureau in November 2017, acting director Mick Mulvaney has outlined a vision for the government agency in which it acts with restraint and does not target companies without substantial evidence of wrongdoing. In February 2018,

Mulvaney further updated priorities to address outdated regulations.



US Senate advances plan to weaken Dodd-Frank Act³

A plan to scale back the Dodd-Frank Act, a post-financial-crisis banking ruleset, passed a vote by the Senate on March 6, 2018. If passed into law, the bill would exempt approximately two-dozen financial companies with assets between \$50 billion-\$250 billion from classification as systematically important financial institutions in the eyes of the federal government.

Slowing consumer and industrial loan growth⁴

While recent increases in rates for short-term loans have made floating-rate commercial loans more lucrative, banks are not making many more loans. Data from December 2017 shows that commercial loan growth was reported at 1.6 percent in Q4 2017, well below the quarterly average of 7.2 percent, measured since Q1 2013.

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:

- US Banks
- US 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

March 28, 2018⁵ – Renasant Corporation (NASDAQ:RNST) (Renasant) and Brand Group Holdings, Inc. (Brand) agreed to a \$452.9 million merger. The deal will be a combination stock/cash deal, with Brand shareholders receiving 32.87 shares of Renasant common stock and \$77.50 in cash per stock. The merger will help Mississippi-based Renasant and Atlanta-based Brand, both banks, expand their respective reaches in the Southeast.

February 12, 2018⁶ – Pacific Premier Bancorp, Inc. (NASDAQ: PPBI) (Pacific Premier) announced that it would acquire Grandpoint Capital Inc. (OTC Pink: GPNC) (Grandpoint) in a \$641.2 million stock transaction. Grandpoint is a Los Angeles-based bank holding company with 14 offices in three states. The transaction is expected to allow the combined company to build a stronger presence in Southern California.

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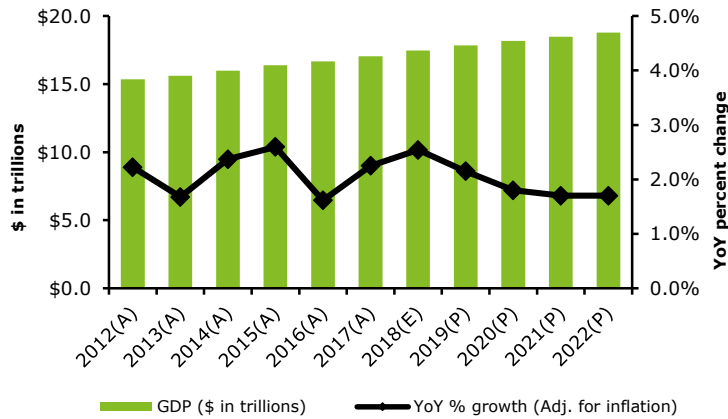
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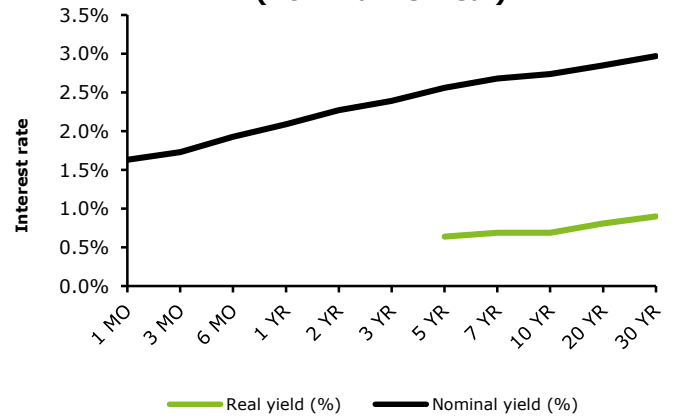
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Macroeconomic outlook

US gross domestic product¹

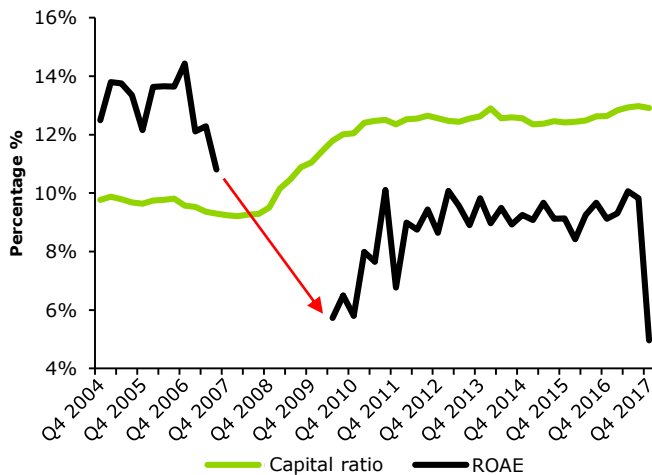


US Treasury yield curve (nominal vs. real)²

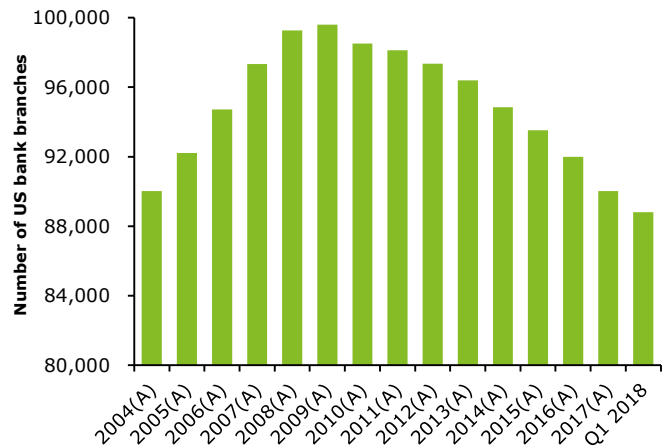


Banking sector outlook

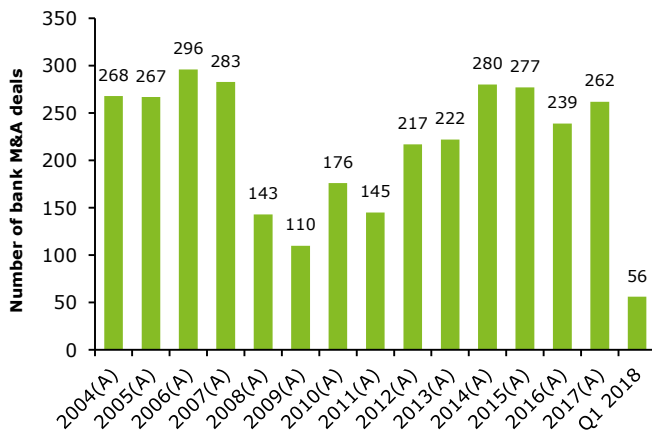
Commercial bank capital ratios & ROAE³



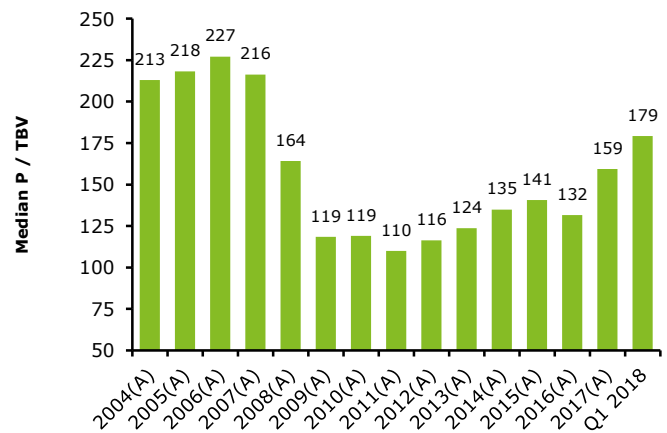
Number of US bank branches⁴



Whole bank M&A volume⁵



Annual transaction price / TBV⁶



Banking sector breakdown & trading statistics¹

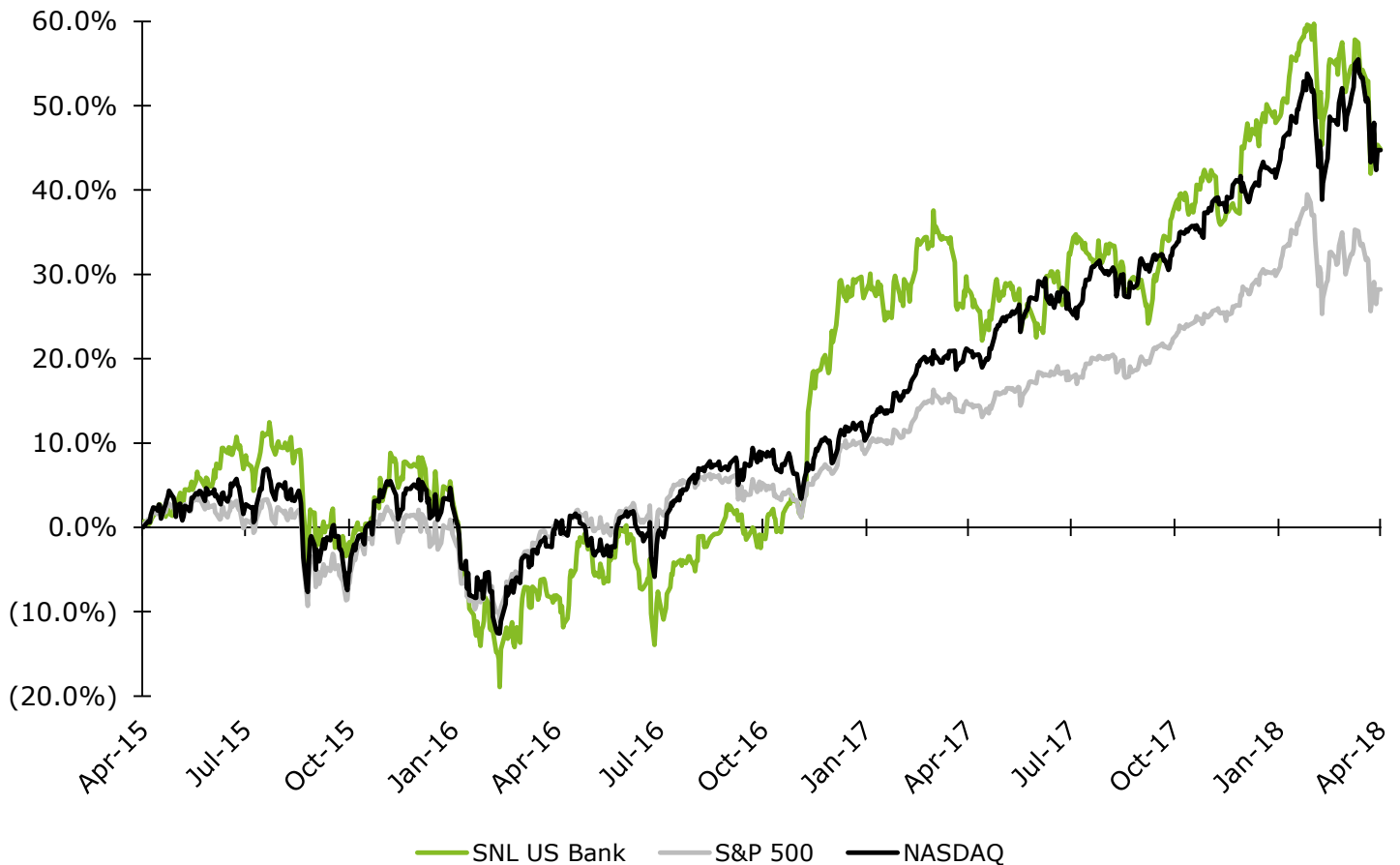
Sector	Number of companies	YTD ⁱ		Quarterly ⁱⁱ					
		Price change	Price / Book	Return on assets	Net interest margin	Return on equity	Efficiency ratio	TE / TA	NPA / TA
Banks (<\$1B Assets)	518	1.7 %	122.9 %	0.49 %	3.7 %	4.5 %	70.7 %	9.6 %	0.8 %
Banks (\$1B-\$10B Assets)	254	1.6	158.4	0.58	3.7	5.2	59.2	9.2	0.6
Banks (\$10B-\$50B Assets)	43	0.6	143.8	0.87	3.5	7.4	56.7	9.1	0.7
Banks (>\$50B Assets)	21	3.4	154.0	1.08	3.1	8.9	61.3	9.2	0.8
Banking Sector Index	836	1.6 %	136.2 %	0.54 %	3.7 %	5.1 %	64.9 %	9.4 %	0.7 %

Notes:

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

Public comparables three-year stock market performance²

SNL US Bank	44.9%
S&P 500 Index	28.2%
NASDAQ Composite Index	44.7%



Recent transactions¹

Recent bank M&A transactions*

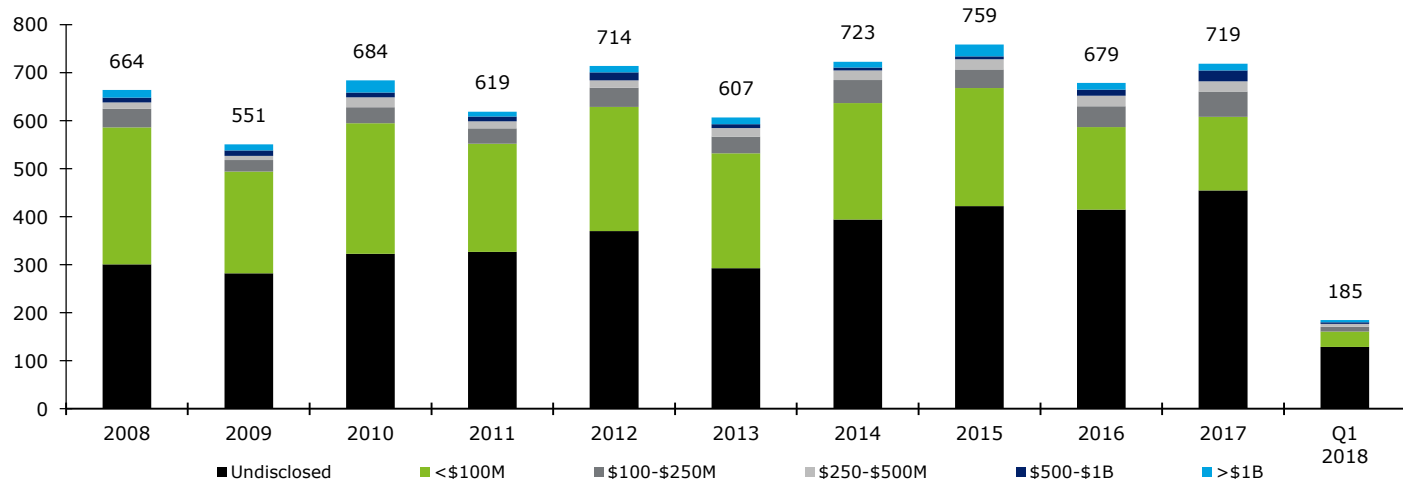
Announced date	Acquiror	Target	Price (\$M)	Price / Book (%)
Mar-18	Renasant Corporation	Brand Group Holdings, Inc.	\$452.9	235.5 %
Mar-18	HarborOne Bancorp, Inc. (MHC)	Coastway Bancorp, Inc.	125.6	173.8
Mar-18	Civista Bancshares, Inc.	United Community Bancorp	118.7	164.7
Feb-18	First Choice Bancorp	Pacific Commerce Bancorp	112.5	193.9
Feb-18	CVB Financial Corp.	Community Bank	878.3	247.4
Feb-18	Pacific Premier Bancorp, Inc.	Grandpoint Capital, Inc.	641.2	212.2
Feb-18	Mechanics Bank	Learner Financial Corporation	124.9	170.1
Jan-18	Ameris Bancorp	Hamilton State Bancshares, Inc.	405.0	204.7
Jan-18	Meta Financial Group, Inc.	Crestmark Bancorp Inc.	321.2	404.0

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

Recent specialty finance M&A transactions

Announced date	Acquiror	Target	Price (\$M)	Total assets (\$M)
Feb-18	Ocwen Financial Corporation	PHH Corporation	\$361.1	\$64.7
Feb-18	Kayne Anderson MLP Investment Company	Kayne Anderson Energy Development Company	191.3	109.8
Feb-18	WMIH Corp.	Nationstar Mortgage Holdings Inc.	1,927.9	122.2
Feb-18	Patriot National Bancorp, Inc.	Hana Small Business Lending, Inc.	83.0	NA
Jan-18	Ameris Bancorp	US Premium Finance Holding Company	59.1	NA
Jan-18	NTC Group, Inc.	Tenax Aerospace, LLC	220.0	NA
Jan-18	United Community Banks, Inc.	Navitas Credit Corp.	130.0	NA

Annual bank and specialty finance M&A transaction volume by deal value²



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
Banks (Assets <\$1B) (518)*								
Median	1.7 %	122.9 %	0.49 %	3.7 %	4.5 %	70.7 %	9.6 %	0.8 %
Mean	4.0 %	127.0 %	0.35 %	3.8 %	3.7 %	73.4 %	10.2 %	1.2 %
Banks (Assets \$1B-\$10B) (254)*								
Median	1.6 %	158.4 %	0.58 %	3.7 %	5.2 %	59.2 %	9.2 %	0.6 %
Mean	2.7 %	162.5 %	0.52 %	3.7 %	4.7 %	60.1 %	9.4 %	0.8 %
Banks (Assets \$10B-\$50B) (43)								
Associated Banc-Corp	(2.2) %	126.1 %	0.67 %	2.8 %	6.2 %	64.6 %	7.6 %	1.0 %
BancorpSouth, Inc.	0.6	137.8	1.07	4.6	12.5	68.7	8.1	0.3
Bank of Hawaii Corporation	(3.2)	295.0	1.01	3.0	14.0	56.3	7.0	0.4
BankUnited, Inc.	(1.0)	143.8	5.60	3.5	59.8	52.8	9.7	0.7
BOK Financial Corporation	7.2	172.8	0.87	2.9	8.2	67.1	9.6	0.6
Cathay General Bancorp	(6.2)	172.9	0.67	3.7	5.2	47.7	10.4	0.9
Central Banccompany, Inc.	3.4	116.5	0.81	3.4	5.8	59.1	12.0	0.7
Commerce Bancshares, Inc.	7.1	231.9	1.52	3.3	13.9	66.3	10.4	0.5
Cullen/Frost Bankers, Inc.	11.4	190.5	1.30	3.7	12.4	54.1	8.5	0.5
East West Bancorp, Inc.	2.0	228.9	0.91	3.6	8.8	47.2	9.1	0.5
F.N.B. Corporation	(2.5)	103.9	0.31	3.5	2.2	53.1	7.1	0.5
First BanCorp.	18.7	60.2	0.80	4.5	5.2	56.7	15.0	8.2
First Citizens BancShares, Inc.	(4.2)	145.2	0.62	3.4	6.5	70.9	9.1	0.7
First Hawaiian, Inc.	(6.8)	160.8	0.27	3.0	1.8	46.5	7.9	0.2
First Horizon National Corporation	(6.1)	155.9	(0.62)	3.3	(5.5)	79.5	7.6	1.0
First National of Nebraska, Inc.	3.8	113.5	0.03	6.6	0.3	56.2	8.9	1.0
Fulton Financial Corporation	(0.8)	140.6	0.68	3.3	6.1	67.6	8.7	1.0
Hancock Holding Company	3.2	146.2	0.82	3.5	7.7	56.7	7.7	1.5
Hilltop Holdings Inc.	(7.6)	127.2	0.40	3.7	2.9	81.5	12.4	0.3
IBERIABANK Corporation	1.0	117.1	0.15	3.7	1.1	57.4	9.1	0.9
International Bancshares Corporation	(1.1)	142.7	1.49	3.6	9.9	52.8	13.1	0.8
MB Financial, Inc.	(9.2)	138.4	2.86	3.7	20.7	65.2	10.3	0.6
Old National Bancorp	(2.9)	123.1	(0.45)	3.5	(3.5)	65.6	7.7	0.9
PacWest Bancorp	(1.8)	130.4	1.36	5.0	6.8	42.1	10.5	0.8
People's United Financial, Inc.	(0.7)	116.2	0.96	3.1	7.4	56.0	7.8	0.7
Popular, Inc.	16.7	71.7	(0.94)	4.2	(7.6)	61.7	10.2	4.0
PrivateBancorp, Inc.	9.3	238.1	1.15	3.3	11.8	54.4	9.4	0.9
Prosperity Bancshares, Inc.	3.8	127.3	1.20	3.2	7.0	39.2	9.1	0.2
Signature Bank	2.9	187.2	1.09	3.1	11.5	33.4	9.3	0.9
Sterling Bancorp	(7.6)	134.8	(0.45)	3.7	(3.1)	41.1	8.8	0.7
SVB Financial Group	1.1	295.5	0.92	3.2	11.5	50.3	8.4	0.4
Synovus Financial Corp.	3.6	201.0	0.38	3.6	4.0	58.8	9.3	0.9
TCF Financial Corporation	(12.9)	146.8	1.77	4.6	16.0	67.0	11.0	1.2
Texas Capital Bancshares, Inc.	(0.9)	215.0	0.71	3.5	8.1	54.4	8.7	0.5
Trustmark Corporation	(2.0)	137.3	0.46	3.5	4.0	65.8	8.8	0.8
UMB Financial Corporation	0.4	164.5	2.16	3.2	20.8	68.9	9.2	0.4
Umpqua Holdings Corporation	2.8	114.1	1.28	3.9	8.2	63.2	9.2	0.4
United Bankshares, Inc.	1.1	112.6	0.38	3.8	2.2	47.6	9.8	1.0
Valley National Bancorp	10.8	127.7	0.44	3.2	4.1	65.5	7.8	0.7
Washington Federal, Inc.	1.0	147.2	1.35	3.3	10.2	47.6	11.1	1.7
Webster Financial Corporation	(1.8)	202.1	1.06	3.4	10.4	61.8	8.2	1.1
Western Alliance Bancorporation	2.2	267.9	1.79	4.7	16.2	40.8	9.6	0.6
Wintrust Financial Corporation	4.6	161.6	1.01	3.5	9.3	64.5	9.0	0.6
Median	0.6 %	143.8 %	0.87 %	3.5 %	7.4 %	56.7 %	9.1 %	0.7 %
Mean	0.9 %	157.9 %	0.93 %	3.6 %	8.4 %	57.6 %	9.4 %	1.0 %

*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
Banks (Assets >\$50B) (21)								
Bank of America Corporation	0.3 %	124.0 %	0.44 %	2.4 %	3.5 %	61.3 %	8.9 %	0.6 %
Bank of New York Mellon Corporation	(4.3)	144.8	1.34	1.2	11.5	73.0	5.9	0.0
BB&T Corporation	4.2	146.2	1.18	3.4	8.9	61.7	9.2	NA
Capital One Financial Corporation	(3.8)	109.0	(1.07)	7.0	(7.7)	52.1	9.7	0.8
Citigroup Inc.	(9.2)	105.4	(3.96)	2.7	(35.1)	57.4	9.7	0.5
Citizens Financial Group, Inc.	(1.6)	102.9	1.76	3.1	13.4	58.1	9.2	1.0
Comerica Incorporated	10.8	188.4	0.63	3.3	5.6	56.8	10.3	0.8
Fifth Third Bancorp	4.3	140.0	1.45	3.0	12.3	63.1	10.0	0.9
First Republic Bank	9.0	205.2	0.92	3.1	10.0	58.3	8.6	0.1
Huntington Bancshares Incorporated	3.4	160.2	1.68	3.3	16.2	55.7	8.3	1.2
JPMorgan Chase & Co.	1.9	159.5	0.66	2.4	6.6	58.4	8.3	0.5
KeyCorp	(3.1)	154.0	0.57	3.1	5.2	62.9	9.0	0.5
M&T Bank Corporation	7.7	170.9	1.07	3.6	7.9	54.7	10.2	1.0
Northern Trust Corporation	3.7	242.0	1.16	1.4	14.1	67.6	6.9	0.1
PNC Financial Services Group, Inc.	4.6	156.8	2.21	2.9	18.0	74.8	10.3	0.8
Regions Financial Corporation	7.0	127.5	1.08	3.4	8.2	60.9	9.4	1.4
State Street Corporation	3.1	187.7	0.69	1.4	6.6	67.4	6.4	0.0
SunTrust Banks, Inc.	4.9	134.7	1.44	3.2	12.0	62.7	9.4	1.6
U.S. Bancorp	(6.5)	203.4	1.47	3.1	13.6	58.4	8.8	0.8
Wells Fargo & Company	(14.2)	162.1	1.31	2.9	12.0	66.8	9.3	1.0
Zions Bancorporation	4.0	141.2	0.75	3.5	6.4	61.5	10.2	0.8
Median	3.4 %	154.0 %	1.08 %	3.1 %	8.9 %	61.3 %	9.2 %	0.8 %
Mean	1.2 %	155.5 %	0.80 %	3.0 %	7.1 %	61.6 %	8.9 %	0.7 %

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