



Financial Services Quarterly Update

Q4 2017

Financial Services Trends

Banks Positioned to Benefit Long-term from New Tax Legislation¹

As of January 23, 2018, bank stocks are up 6.5% since December 19, 2017, when the Senate approved the sweeping new tax bill. Though the tax cuts are expected to positively impact banks in the long-term, some institutions expect a decrease in earnings for Q4 2017 due to a decreased value for deferred tax assets.

Business Loans Experience Lowest Growth Since 2011²

As of December 20, 2017, bank loans to companies were only up 1.1% from 2016, yielding an average weekly growth rate of 2.7% for 2017. Historical growth rates in 2016 and 2015 were 9.3% and 11.6%, respectively. Some say that the low business loan growth rate may be returning to a normal level, while others say there is "pent-up demand"

from borrowers who have been waiting to borrow.



New Chief Appointed to the Consumer Financial Protection Bureau³

Regulatory relief appears to be continuing in the wake of Richard Cordray's departure from the Consumer Financial Protection Bureau. President Trump's new appointee, Mick Mulvaney, may limit the agency's scope and has announced he will not request additional funding for 2Q18.

Insurance Industry Reels from Natural Disasters^{4,5}

In a year already wrought with damages from three hurricanes and two earthquakes, California suffered its largest and most destructive fires in recent history. The fires created insured losses of roughly \$8 billion, bringing the total insured losses for the year to a record-high \$135 billion payout from insurers.

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.

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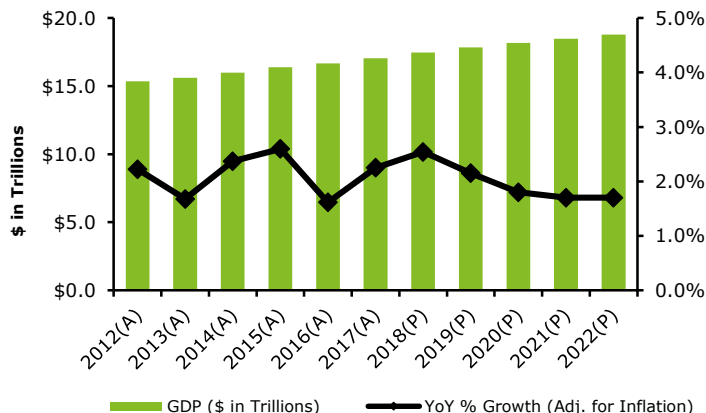
In the News

December 18, 2017⁶ – Total System Services, Inc. (NYSE:TSS), a global payment solutions provider, announced its agreement to acquire Cayan LLC, a payment technology company that focuses on payment integration. TSS will acquire Cayan LLC from Parthenon Capital Partners for approximately \$1.05 billion.

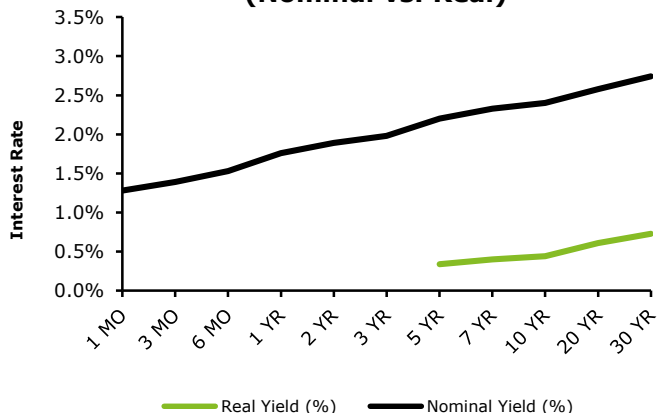
December 1, 2017⁷ – Banco Santander has agreed to sell Miami-based TotalBank to City National Bank of Florida for \$528 million. If regulators approve the acquisition, City National Bank of Florida will become the third-largest bank in Florida, housing almost \$13 billion assets and \$7.8 billion loans. TotalBank currently employs over 300 people across its 17 banking centers in the greater-Miami area.

Macroeconomic Outlook

U.S. Gross Domestic Product¹

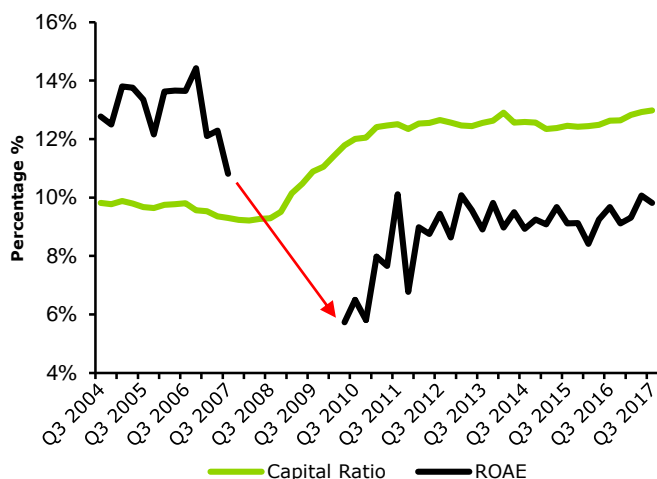


U.S. Treasury Yield Curve (Nominal vs. Real)²

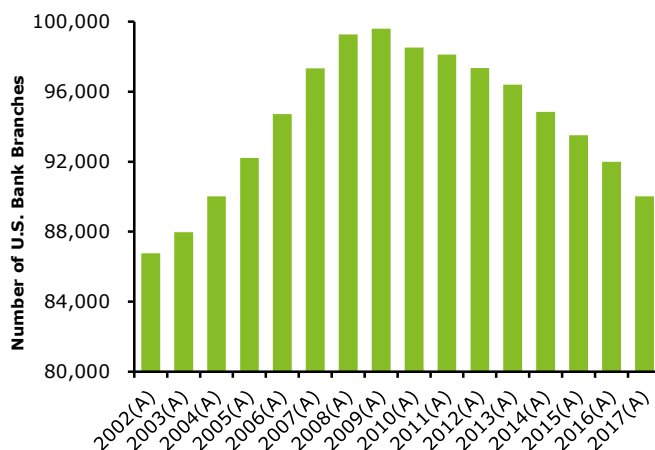


Banking Sector Outlook

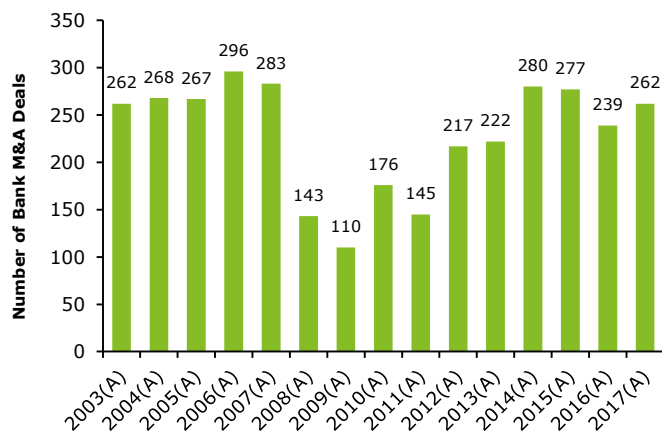
Commercial Bank Capital Ratios & ROAE³



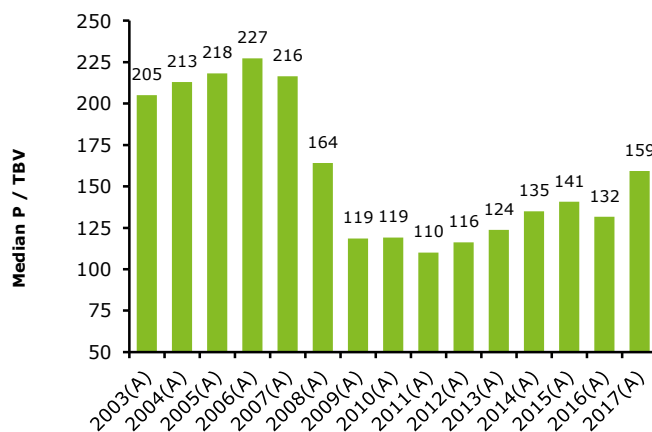
Number of U.S. Bank Branches⁴



Whole Bank M&A Volume⁵



Annual Transaction Price / TBV⁶



Banking Sector Breakdown & Trading Statistics¹

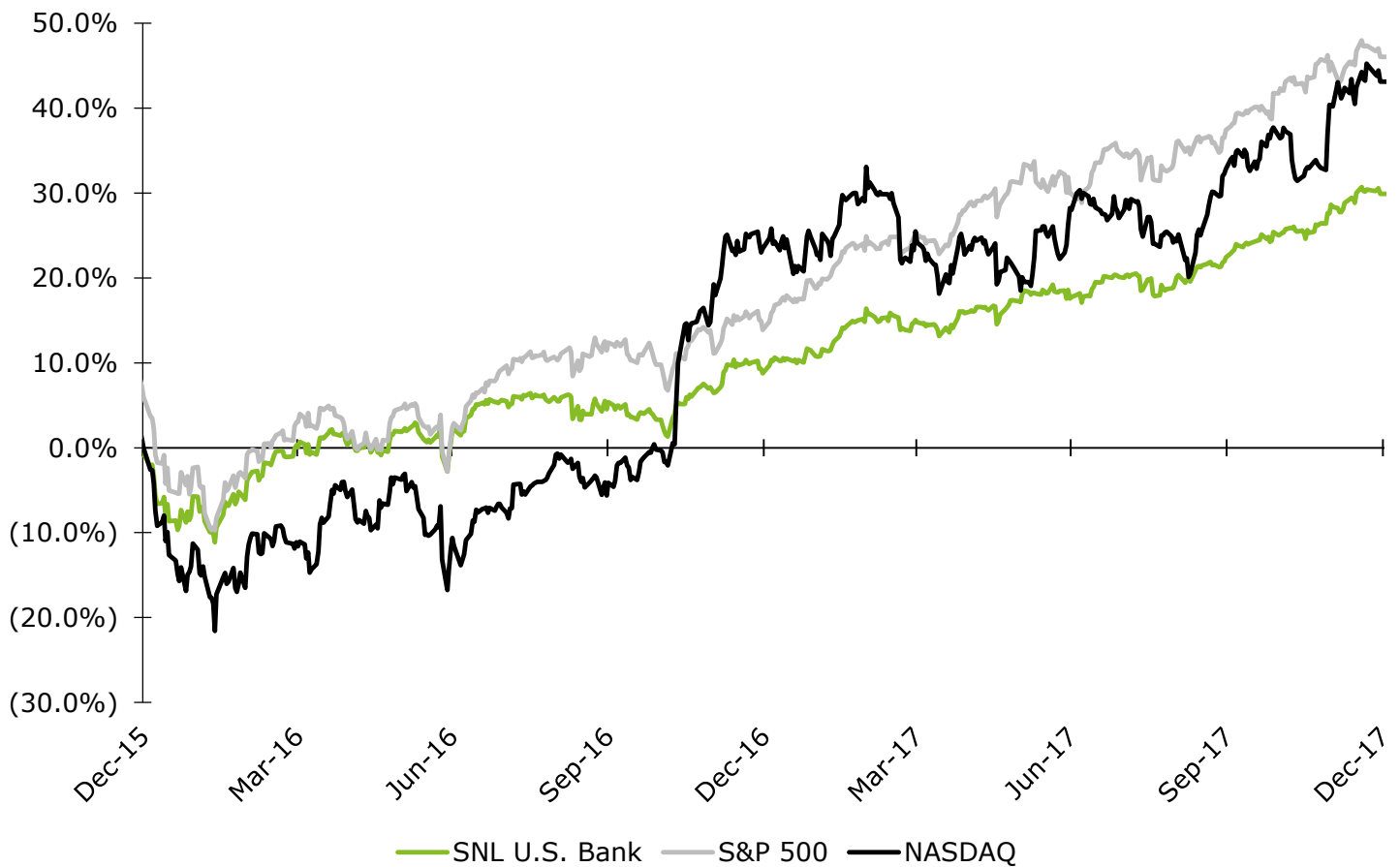
Sector	Number of Companies	YTD ⁱ		Quarterly ⁱⁱ					
		Price Change	Price / Book	Return on Assets	Net Interest Margin	Return on Equity	Efficiency Ratio	TE / TA	NPA / TA
Banks (<\$1B Assets)	518	18.0 %	112.5 %	0.81 %	3.7 %	7.8 %	71.2 %	9.7 %	0.9 %
Banks (\$1B-\$10B Assets)	254	3.6	154.0	1.01	3.6	9.3	59.5	9.2	0.7
Banks (\$10B-\$50B Assets)	43	(0.1)	145.8	1.03	3.4	9.0	57.9	9.0	0.8
Banks (>\$50B Assets)	21	12.3	142.4	1.10	3.0	9.5	60.3	9.3	0.9
Banking Sector Index	836	12.2 %	128.5 %	0.91 %	3.6 %	8.6 %	65.3 %	9.4 %	0.8 %

Notes:

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

Public Comparables Three-Year Stock Market Performance²

SNL U.S. Bank	29.9%
S&P 500 Index	46.1%
NASDAQ Composite Index	43.1%



Recent Transactions¹

Recent Bank M&A Transactions*

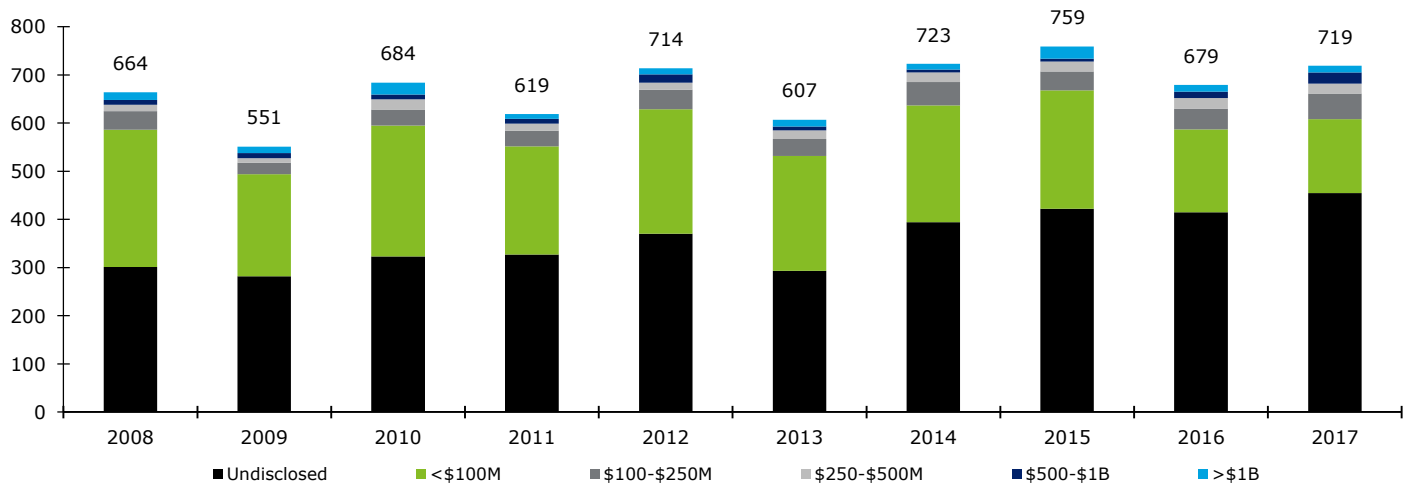
Announced Date	Acquiror	Target	Price (\$M)	Price / Book (%)
Dec-17	First Foundation Inc.	PBB Bancorp	\$105.9	202.9 %
Dec-17	First Citizens BancShares, Inc.	HomeBancorp, Inc.	116.7	NA
Dec-17	Heartland Financial USA, Inc.	First Bank Lubbock Bancshares, Inc.	185.6	239.6
Dec-17	TriCo Bancshares	FNB Bancorp	319.4	259.9
Dec-17	Banco de Credito e Inversiones SA	TotalBank	528.0	155.6
Nov-17	Independent Bank Group, Inc.	Integrity Bancshares, Inc.	164.3	202.5
Nov-17	Byline Bancorp, Inc.	First Evanston Bancorp, Inc.	169.0	172.6
Nov-17	Ameris Bancorp	Atlantic Coast Financial Corporation	146.7	160.5
Nov-17	Kearny Financial Corp.	Clifton Bancorp Inc.	401.2	138.7
Oct-17	Glacier Bancorp, Inc.	Inter-Mountain Bancorp., Inc.	170.9	232.2
Oct-17	IBERIABANK Corporation	Gibraltar Private Bank & Trust Co.	228.3	159.0
Oct-17	Midland States Bancorp, Inc.	Alpine Bancorporation, Inc.	182.7	173.3

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

Recent Specialty Finance M&A Transactions

Announced Date	Acquiror	Target	Price (\$M)	Total Assets (\$M)
Dec-17	CBC Holdings LLC	CBC Settlement Funding, LLC	\$10.5	NA
Nov-17	New Residential Investment Corp.	Shellpoint Partners, LLC	150.0	NA
Nov-17	Finbond Group Ltd.	America's Financial Choice, Inc.	7.0	NA
Oct-17	Accord Financial Corp.	CapX Partners	9.0	NA
Oct-17	ECN Capital Corp.	Triad Financial Services, Inc.	100.0	NA
Oct-17	Nelnet, Inc.	Great Lakes Educational Loan Services, Inc.	150.0	NA
Oct-17	First Eagle Holdings, Inc.	NewStar Financial, Inc.	517.0	82.9
Oct-17	Navient Corporation	Earnest Operations, LLC	155.0	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	18.0 %	112.5 %	0.81 %	3.7 %	7.8 %	71.2 %	9.7 %	0.9 %
Mean	26.0 %	117.6 %	0.77 %	3.7 %	7.3 %	73.2 %	10.3 %	1.2 %
Banks (Assets \$1B-\$10B) (254)*								
Median	3.6 %	154.0 %	1.01 %	3.6 %	9.3 %	59.5 %	9.2 %	0.7 %
Mean	8.2 %	159.6 %	0.96 %	3.6 %	9.2 %	60.0 %	9.5 %	0.8 %
Banks (Assets \$10B-\$50B) (43)								
Associated Banc-Corp	1.8 %	127.9 %	0.79 %	2.8 %	7.3 %	64.8 %	7.7 %	1.1 %
BancorpSouth, Inc.	1.0	164.1	1.03	3.5	9.0	66.9	9.4	0.5
Bank of Hawaii Corporation	(3.4)	291.6	1.08	2.9	14.8	54.7	7.0	0.4
BankUnited, Inc.	8.1	139.5	0.94	3.8	10.3	57.4	8.7	NA
BOK Financial Corporation	12.9	160.8	1.09	2.8	10.4	63.2	9.3	0.9
Cathay General Bancorp	10.5	159.7	1.47	3.6	10.9	45.5	10.9	1.1
Central Banccompany, Inc.	15.8	108.8	1.06	3.3	7.8	59.3	11.8	0.7
Commerce Bancshares, Inc.	1.7	233.4	1.27	3.2	12.1	59.0	10.0	0.3
Cullen/Frost Bankers, Inc.	8.4	195.9	1.14	3.7	10.8	55.3	8.7	0.3
East West Bancorp, Inc.	19.8	230.6	1.35	3.5	13.0	50.0	9.0	0.5
F.N.B. Corporation	(13.6)	106.8	0.98	3.4	6.8	54.3	7.2	0.6
First BanCorp.	(24.2)	68.6	0.94	4.6	6.1	57.1	15.4	7.9
First Citizens BancShares, Inc.	13.5	138.2	1.57	3.3	17.1	71.2	8.8	0.7
First Hawaiian, Inc.	(15.8)	167.4	1.19	3.0	9.0	47.0	8.0	0.2
First Horizon National Corporation	(0.1)	167.4	1.28	3.1	13.7	69.1	8.8	1.3
First National of Nebraska, Inc.	9.6	110.9	1.01	6.2	9.3	56.6	10.0	1.0
Fulton Financial Corporation	(5.3)	151.6	0.95	3.3	8.3	66.9	8.7	1.0
Hancock Holding Company	12.1	147.6	0.79	3.4	7.5	61.0	7.6	1.3
Hilltop Holdings Inc.	(15.8)	133.6	1.92	4.0	13.3	78.7	12.3	0.3
IBERIABANK Corporation	(6.9)	123.3	0.95	3.7	5.9	57.9	13.1	1.2
International Bancshares Corporation	(2.7)	128.9	1.35	3.5	9.1	56.0	12.9	0.6
MB Financial, Inc.	(6.1)	145.8	0.92	3.7	6.8	63.2	8.4	0.5
Old National Bancorp	(3.6)	123.9	1.05	3.4	8.3	63.0	8.4	1.0
PacWest Bancorp	(8.6)	124.4	1.71	5.2	8.2	40.3	11.8	1.1
People's United Financial, Inc.	(3.1)	111.4	0.65	3.0	4.9	59.7	8.1	0.8
Popular, Inc.	(18.8)	81.4	0.93	4.3	7.2	55.8	11.4	4.3
PrivateBancorp, Inc.	(0.1)	238.1	1.15	3.3	11.8	54.4	9.4	0.9
Prosperity Bancshares, Inc.	(2.6)	119.5	1.22	3.1	7.4	41.8	8.8	0.2
Signature Bank	(7.8)	207.8	0.14	3.1	1.5	36.8	9.3	1.1
Sterling Bancorp	5.1	163.3	1.15	3.4	8.9	41.9	8.0	0.6
SVB Financial Group	35.8	237.5	1.04	3.0	13.2	55.5	8.3	0.3
Synovus Financial Corp.	16.4	187.4	0.99	3.5	10.2	58.6	9.6	1.1
TCF Financial Corporation	(0.2)	120.7	1.11	4.5	10.1	67.4	10.5	1.3
Texas Capital Bancshares, Inc.	13.5	196.8	0.96	3.5	9.8	54.2	9.0	0.6
Trustmark Corporation	(10.8)	139.5	0.70	3.5	6.2	65.2	8.6	0.9
UMB Financial Corporation	(6.1)	180.7	0.84	3.1	8.3	68.3	NA	0.4
Umpqua Holdings Corporation	10.7	102.1	0.92	3.9	5.7	63.5	9.1	0.3
United Bankshares, Inc.	(24.6)	127.1	0.81	3.4	4.9	44.8	9.7	0.9
Valley National Bancorp	(3.9)	134.8	0.86	3.2	8.3	61.1	7.5	0.7
Washington Federal, Inc.	(0.4)	145.8	1.17	3.1	8.7	48.0	11.7	1.9
Webster Financial Corporation	3.9	193.6	0.94	3.3	9.5	61.4	7.9	1.2
Western Alliance Bancorporation	14.8	252.0	1.71	4.6	15.7	41.3	9.5	0.6
Wintrust Financial Corporation	13.9	156.9	0.99	3.4	9.3	61.3	8.8	0.5
Median	(0.1) %	145.8 %	1.03 %	3.4 %	9.0 %	57.9 %	9.0 %	0.8 %
Mean	1.0 %	156.9 %	1.07 %	3.6 %	9.2 %	57.2 %	9.5 %	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	31.0 %	97.5 %	0.93 %	2.3 %	7.8 %	61.9 %	9.1 %	0.7 %
Bank of New York Mellon Corporation	12.3	144.7	1.14	1.2	9.8	65.5	5.8	0.0
BB&T Corporation	5.8	134.6	1.22	3.5	8.9	58.8	9.5	0.6
Capital One Financial Corporation	12.1	89.2	1.18	6.9	8.5	50.4	10.2	0.9
Citigroup Inc.	22.8	86.5	0.83	2.8	6.8	59.9	11.2	0.6
Citizens Financial Group, Inc.	17.1	91.1	0.85	3.0	6.4	62.0	9.1	1.1
Comerica Incorporated	25.9	161.4	1.14	3.0	10.2	57.5	10.4	0.9
Fifth Third Bancorp	12.2	127.1	1.05	3.0	8.8	63.3	10.1	1.0
First Republic Bank	(6.4)	251.7	0.96	3.2	10.3	56.4	8.6	0.1
Huntington Bancshares Incorporated	9.3	153.8	1.08	3.3	10.3	57.6	8.4	1.2
JPMorgan Chase & Co.	22.6	138.4	1.10	2.3	11.0	58.0	8.4	0.5
KeyCorp	10.5	143.9	1.23	3.3	10.8	60.2	9.3	0.5
M&T Bank Corporation	9.1	164.1	1.26	3.4	9.4	52.8	10.0	1.0
Northern Trust Corporation	11.4	241.8	0.90	1.3	10.7	70.3	7.6	0.2
PNC Financial Services Group, Inc.	22.3	142.4	1.17	2.9	9.5	60.4	10.1	0.9
Regions Financial Corporation	19.8	109.2	1.02	3.3	7.5	62.6	9.9	1.6
State Street Corporation	23.2	177.9	1.11	1.3	11.3	66.8	6.3	0.0
SunTrust Banks, Inc.	16.4	122.0	1.03	3.1	8.8	61.4	9.0	1.6
U.S. Bancorp	4.1	203.2	1.34	3.0	12.4	54.4	8.6	0.8
Wells Fargo & Company	8.3	151.7	1.21	2.9	11.4	60.8	9.3	1.2
Zions Bancorporation	17.7	123.6	1.03	3.5	8.6	60.3	10.4	1.0
Median	12.3 %	142.4 %	1.10 %	3.0 %	9.5 %	60.3 %	9.3 %	0.9 %
Mean	14.6 %	145.5 %	1.08 %	3.0 %	9.5 %	60.1 %	9.1 %	0.8 %

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