



Financial Services Quarterly Update

Q3 2017

Financial Services Trends

Financial Blockchain Adoption Continues¹

Worldwide, banks and other financial institutions are experimenting with and implementing blockchain technology to track finance related to trade. Through programs that automatically track goods and release payments, companies such as IBM are experiencing successful results from the digitization measures.

Surge of Voice Payment Technology²

Recently implemented technology in mobile banking applications now enables customers to conduct voice payments. Now, customers can send money simply by speaking to built-in voice recognition on a personal device and do not need to open the banking application. Payments are approved using fingerprint sensor verification technology.



Banks Develop Artificial Intelligence³

Many banks are in the process of implementing artificial intelligence programs such as machine-learning and natural language processing to better manage costs and develop insights into their customers. This initiative is an attempt to better the perceived industry trend of 80/20 (that banks spend 80% of their time collecting and organizing information and only 20% analyzing it for results).

Network-Based Security Threats⁴

As banks have improved efforts to quell physical ATM thefts, would-be thieves are resorting to network-based techniques to infiltrate machines. These techniques not only help them acquire the cash stored inside ATMs but also enable the logging of card data from bank customers for later use.

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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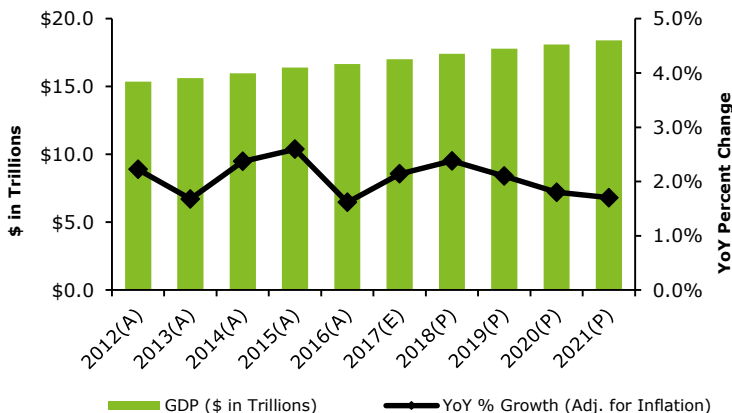
In the News

July 26, 2017⁵ – First Financial Bancorp and MainSource Financial group announced plans to merge in a \$1 billion deal. The merger will bolster both banks' positions in the Midwest community bank space. The combined entity will have approximately \$13.3 billion in assets.

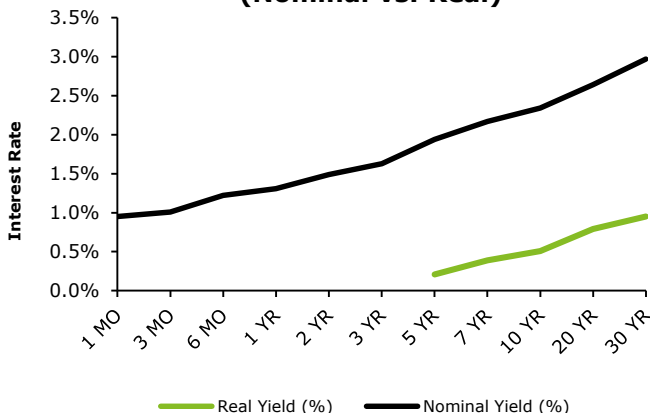
July 18, 2017⁶ – BGC Partners, Inc. announced plans to acquire Berkeley Point Financial LLC for \$875 million in an all-cash deal. Berkeley Point is a commercial real estate finance company with approximately \$509 million in assets. The company will become part of BGC's Real Estate Services segment, Newmark Knight Frank.

Macroeconomic Outlook

U.S. Gross Domestic Product¹

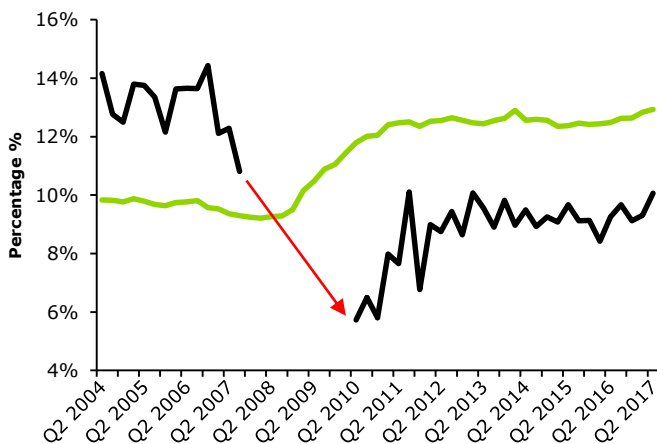


U.S. Treasury Yield Curve (Nominal vs. Real)²

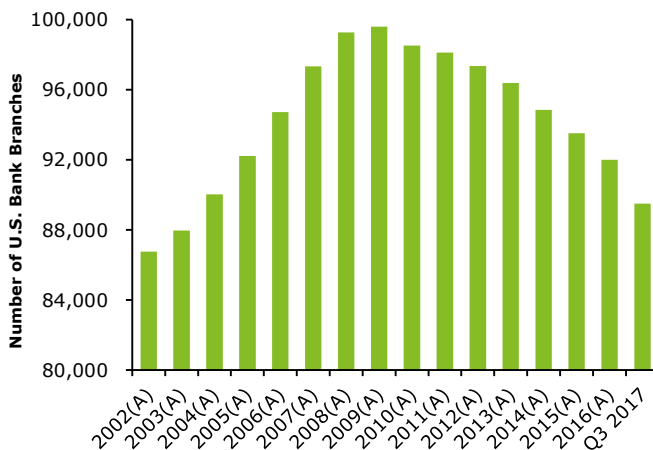


Banking Sector Outlook

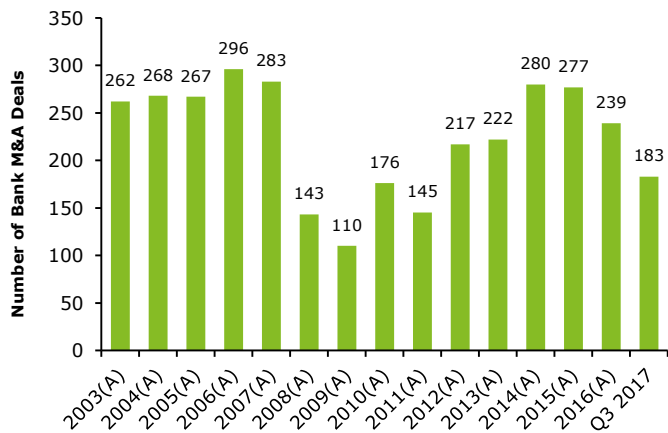
Commercial Bank Capital Ratios & ROAE³



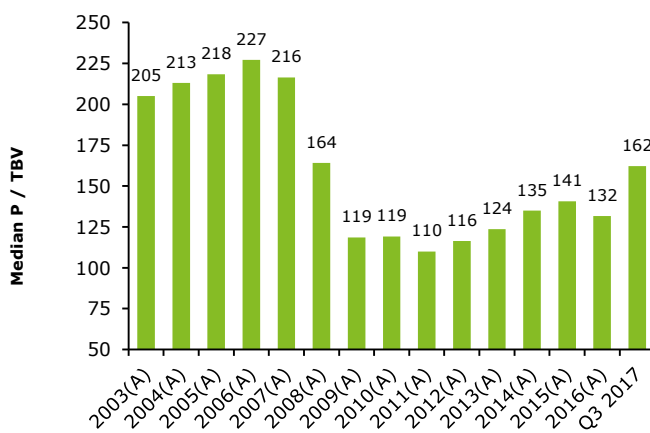
Number of U.S. Bank Branches⁴



Whole Bank M&A Volume⁵



Annual Transaction Price / TBV⁶



Banking Sector Breakdown & Trading Statistics¹

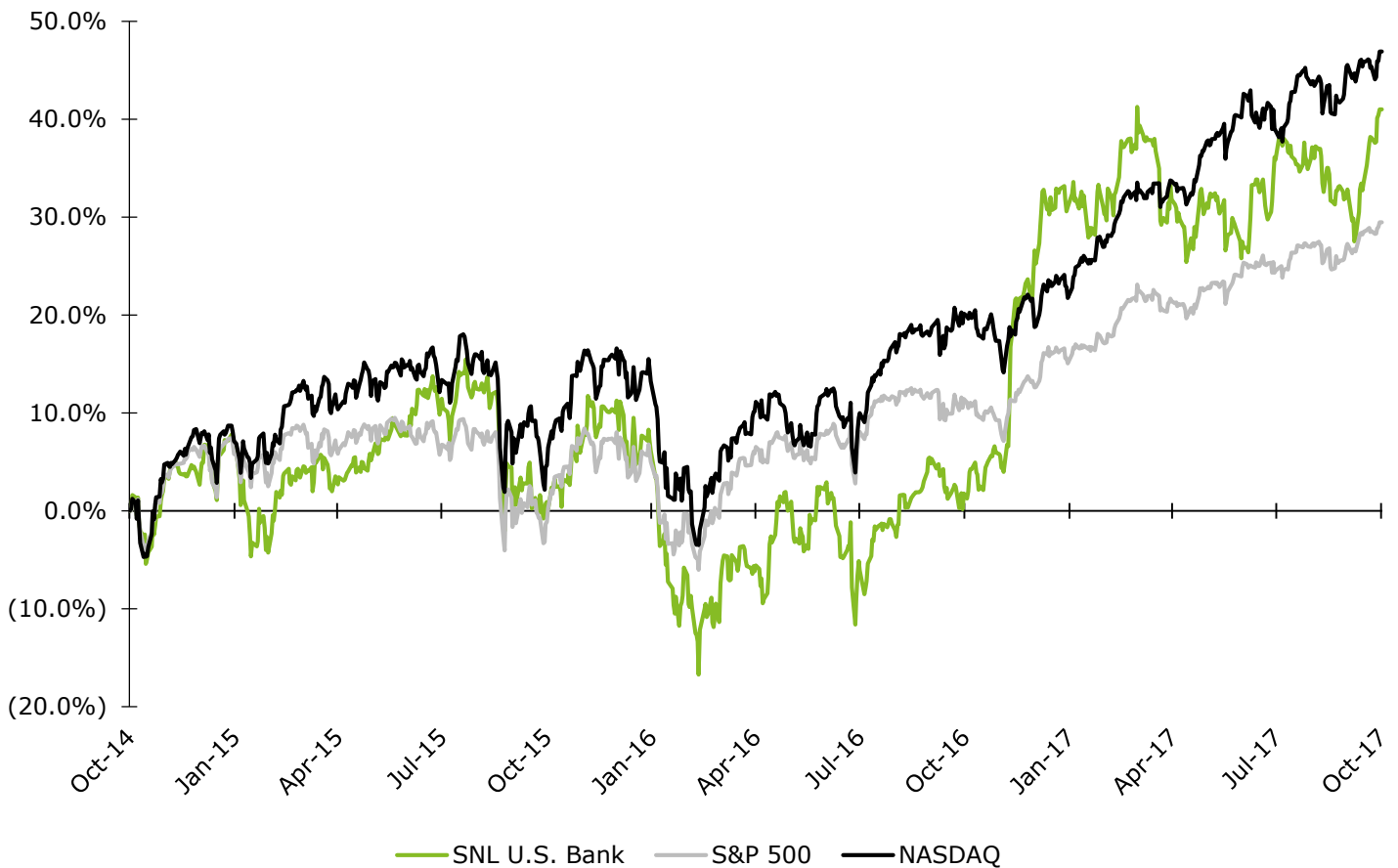
Sector	Number of Companies	YTD ⁱ		Quarterly ⁱⁱ					
		Price Change	Price / Book	Return on Assets	Net Interest Margin	Return on Equity	Efficiency Ratio	TE / TA	NPA / TA
Banks (<\$1B Assets)	518	12.9 %	112.5 %	0.81 %	3.7 %	7.8 %	71.2 %	9.7 %	0.9 %
Banks (\$1B-\$10B Assets)	254	4.8	154.0	1.01	3.6	9.3	59.5	9.2	0.7
Banks (\$10B-\$50B Assets)	43	(1.7)	145.8	1.03	3.4	9.0	57.9	9.0	0.8
Banks (>\$50B Assets)	21	5.6	142.4	1.10	3.0	9.5	60.3	9.3	0.9
Banking Sector Index	836	9.1 %	128.5 %	0.91 %	3.6 %	8.6 %	65.3 %	9.4 %	0.8 %

Notes:

- i. As of September 30, 2017.
- ii. As of the most recently available quarter.

Public Comparables Three-Year Stock Market Performance²

SNL U.S. Bank	41.0%
S&P 500 Index	29.5%
NASDAQ Composite Index	46.9%



Recent Transactions¹

Recent Bank M&A Transactions*

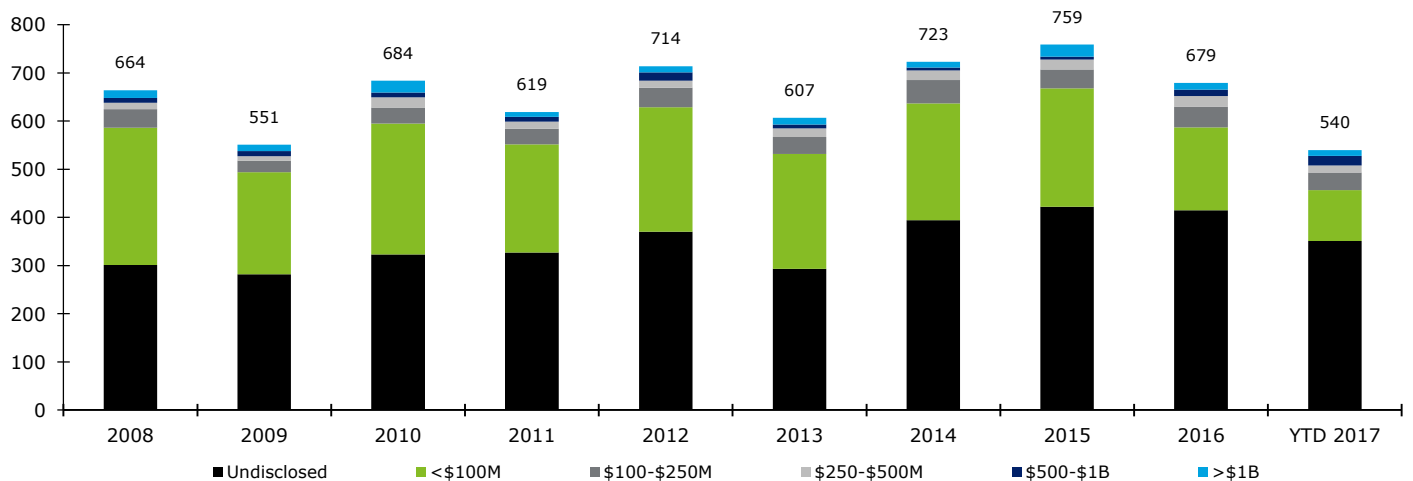
Announced Date	Acquiror	Target	Price (\$M)	Price / Book (%)
Sep-17	Old Line Bancshares, Inc.	Bay Bancorp, Inc.	\$127.6	189.6 %
Aug-17	Arvest Bank Group, Inc.	Bear State Financial, Inc.	388.2	199.3
Aug-17	National Commerce Corporation	FirstAtlantic Financial Holdings, Inc.	108.6	175.1
Aug-17	Howard Bancorp, Inc.	1st Mariner Bank	163.4	116.0
Aug-17	CenterState Banks, Inc.	HCBF Holding Company, Inc.	415.7	208.3
Aug-17	CenterState Banks, Inc.	Sunshine Bancorp, Inc.	177.0	181.1
Aug-17	Pacific Premier Bancorp, Inc.	Plaza Bancorp	226.2	186.6
Aug-17	Old National Bancorp	Anchor Bancorp, Inc.	303.2	190.5
Jul-17	Heritage Financial Corporation	Puget Sound Bancorp, Inc.	124.0	232.9
Jul-17	Valley National Bancorp	USAmeriBancorp, Inc.	815.7	246.1
Jul-17	First Financial Bancorp.	MainSource Financial Group, Inc.	1,003.2	266.4
Jul-17	Associated Banc-Corp	Bank Mutual Corporation	482.3	165.3

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

Recent Specialty Finance M&A Transactions

Announced Date	Acquiror	Target	Price (\$M)	Total Assets (\$M)
Sep-17	IPFS Corporation	Premium Assignment Corporation	NA	\$1,400.0
Aug-17	Colony NorthStar, Inc.	NorthStar Real Estate Income Trust, Inc.	NA	2,479.9
Jul-17	BGC Partners, Inc.	Berkeley Point Financial LLC	875.0	NA
Jul-17	Finbond Group Ltd.	Blake Enterprises LLC	9.6	NA

Annual Bank and Specialty Finance M&A Transaction Volume and 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	12.9 %	112.5 %	0.81 %	3.7 %	7.8 %	71.2 %	9.7 %	0.9 %
Mean	17.6 %	117.6 %	0.77 %	3.7 %	7.3 %	73.2 %	10.3 %	1.2 %
Banks (Assets \$1B-\$10B) (254)*								
Median	4.8 %	154.0 %	1.01 %	3.6 %	9.3 %	59.5 %	9.2 %	0.7 %
Mean	7.3 %	159.6 %	0.96 %	3.6 %	9.2 %	60.0 %	9.5 %	0.8 %
Banks (Assets \$10B-\$50B) (43)								
Associated Banc-Corp	(2.8) %	127.9 %	0.79 %	2.8 %	7.3 %	64.8 %	7.7 %	1.1 %
BancorpSouth, Inc.	2.9	164.1	1.03	3.5	9.0	66.9	9.4	0.5
Bank of Hawaii Corporation	(6.0)	291.6	1.08	2.9	14.8	54.7	7.0	0.4
BankUnited, Inc.	(5.6)	139.5	0.94	3.8	10.3	57.4	8.7	NA
BOK Financial Corporation	8.9	160.8	1.09	2.8	10.4	63.2	9.3	0.9
Cathay General Bancorp	5.3	159.7	1.47	3.6	10.9	45.5	10.9	1.1
Central Banccompany, Inc.	10.1	108.8	1.06	3.3	7.8	59.3	11.8	0.7
Commerce Bancshares, Inc.	0.2	233.4	1.27	3.2	12.1	59.0	10.0	0.3
Cullen/Frost Bankers, Inc.	8.7	195.9	1.14	3.7	10.8	55.3	8.7	0.3
East West Bancorp, Inc.	17.8	230.6	1.35	3.5	13.0	50.0	9.0	0.5
F.N.B. Corporation	(12.3)	106.8	0.98	3.4	6.8	54.3	7.2	0.6
First BanCorp.	(23.9)	68.6	0.94	4.6	6.1	57.1	15.4	7.9
First Citizens BancShares, Inc.	5.3	138.2	1.57	3.3	17.1	71.2	8.8	0.7
First Hawaiian, Inc.	(12.6)	167.4	1.19	3.0	9.0	47.0	8.0	0.2
First Horizon National Corporation	(4.3)	167.4	1.28	3.1	13.7	69.1	8.8	1.3
First National of Nebraska, Inc.	6.0	110.9	1.01	6.2	9.3	56.6	10.0	1.0
Fulton Financial Corporation	(0.8)	151.6	0.95	3.3	8.3	66.9	8.7	1.0
Hancock Holding Company	9.7	147.6	0.79	3.4	7.5	61.0	7.6	1.3
Hilltop Holdings Inc.	(13.5)	133.6	1.92	4.0	13.3	78.7	12.3	0.3
IBERIABANK Corporation	(1.3)	123.3	0.95	3.7	5.9	57.9	13.1	1.2
International Bancshares Corporation	(1.7)	128.9	1.35	3.5	9.1	56.0	12.9	0.6
MB Financial, Inc.	(5.0)	145.8	0.92	3.7	6.8	63.2	8.4	0.5
Old National Bancorp	1.1	123.9	1.05	3.4	8.3	63.0	8.4	1.0
PacWest Bancorp	(8.4)	124.4	1.71	5.2	8.2	40.3	11.8	1.1
People's United Financial, Inc.	(6.0)	111.4	0.65	3.0	4.9	59.7	8.1	0.8
Popular, Inc.	(17.8)	81.4	0.93	4.3	7.2	55.8	11.4	4.3
PrivateBancorp, Inc.	(15.7)	238.1	1.15	3.3	11.8	54.4	9.4	0.9
Prosperity Bancshares, Inc.	(8.6)	119.5	1.22	3.1	7.4	41.8	8.8	0.2
Signature Bank	(14.0)	207.8	0.14	3.1	1.5	36.8	9.3	1.1
Sterling Bancorp	5.3	163.3	1.15	3.4	8.9	41.9	8.0	0.6
SVB Financial Group	8.7	237.5	1.04	3.0	13.2	55.5	8.3	0.3
Synovus Financial Corp.	11.9	187.4	0.99	3.5	10.2	58.6	9.6	1.1
TCF Financial Corporation	(27.6)	120.7	1.11	4.5	10.1	67.4	10.5	1.3
Texas Capital Bancshares, Inc.	9.6	196.8	0.96	3.5	9.8	54.2	9.0	0.6
Trustmark Corporation	(7.2)	139.5	0.70	3.5	6.2	65.2	8.6	0.9
UMB Financial Corporation	(2.8)	180.7	0.84	3.1	8.3	68.3	NA	0.4
Umpqua Holdings Corporation	3.8	102.1	0.92	3.9	5.7	63.5	9.1	0.3
United Bankshares, Inc.	(19.4)	127.1	0.81	3.4	4.9	44.8	9.7	0.9
Valley National Bancorp	3.2	134.8	0.86	3.2	8.3	61.1	7.5	0.7
Washington Federal, Inc.	(2.2)	145.8	1.17	3.1	8.7	48.0	11.7	1.9
Webster Financial Corporation	(2.8)	193.6	0.94	3.3	9.5	61.4	7.9	1.2
Western Alliance Bancorporation	7.6	252.0	1.71	4.6	15.7	41.3	9.5	0.6
Wintrust Financial Corporation	8.3	156.9	0.99	3.4	9.3	61.3	8.8	0.5
Median	(1.7) %	145.8 %	1.03 %	3.4 %	9.0 %	57.9 %	9.0 %	0.8 %
Mean	(2.0) %	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	12.5 %	97.5 %	0.93 %	2.3 %	7.8 %	61.9 %	9.1 %	0.7 %
Bank of New York Mellon Corporation	10.6	144.7	1.14	1.2	9.8	65.5	5.8	0.0
BB&T Corporation	(0.1)	134.6	1.22	3.5	8.9	58.8	9.5	0.6
Capital One Financial Corporation	(4.7)	89.2	1.18	6.9	8.5	50.4	10.2	0.9
Citigroup Inc.	20.1	86.5	0.83	2.8	6.8	59.9	11.2	0.6
Citizens Financial Group, Inc.	5.6	91.1	0.85	3.0	6.4	62.0	9.1	1.1
Comerica Incorporated	10.6	161.4	1.14	3.0	10.2	57.5	10.4	0.9
Fifth Third Bancorp	3.4	127.1	1.05	3.0	8.8	63.3	10.1	1.0
First Republic Bank	12.8	251.7	0.96	3.2	10.3	56.4	8.6	0.1
Huntington Bancshares Incorporated	4.8	153.8	1.08	3.3	10.3	57.6	8.4	1.2
JPMorgan Chase & Co.	9.5	138.4	1.10	2.3	11.0	58.0	8.4	0.5
KeyCorp	3.1	143.9	1.23	3.3	10.8	60.2	9.3	0.5
M&T Bank Corporation	2.7	164.1	1.26	3.4	9.4	52.8	10.0	1.0
Northern Trust Corporation	2.6	241.8	0.90	1.3	10.7	70.3	7.6	0.2
PNC Financial Services Group, Inc.	14.2	142.4	1.17	2.9	9.5	60.4	10.1	0.9
Regions Financial Corporation	5.5	109.2	1.02	3.3	7.5	62.6	9.9	1.6
State Street Corporation	20.6	177.9	1.11	1.3	11.3	66.8	6.3	0.0
SunTrust Banks, Inc.	7.7	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	(1.5)	151.7	1.21	2.9	11.4	60.8	9.3	1.2
Zions Bancorporation	9.3	123.6	1.03	3.5	8.6	60.3	10.4	1.0
Median	5.6 %	142.4 %	1.10 %	3.0 %	9.5 %	60.3 %	9.3 %	0.9 %
Mean	7.3 %	145.5 %	1.08 %	3.0 %	9.5 %	60.1 %	9.1 %	0.8 %

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