



Public Bank Stock Performance – January 2017

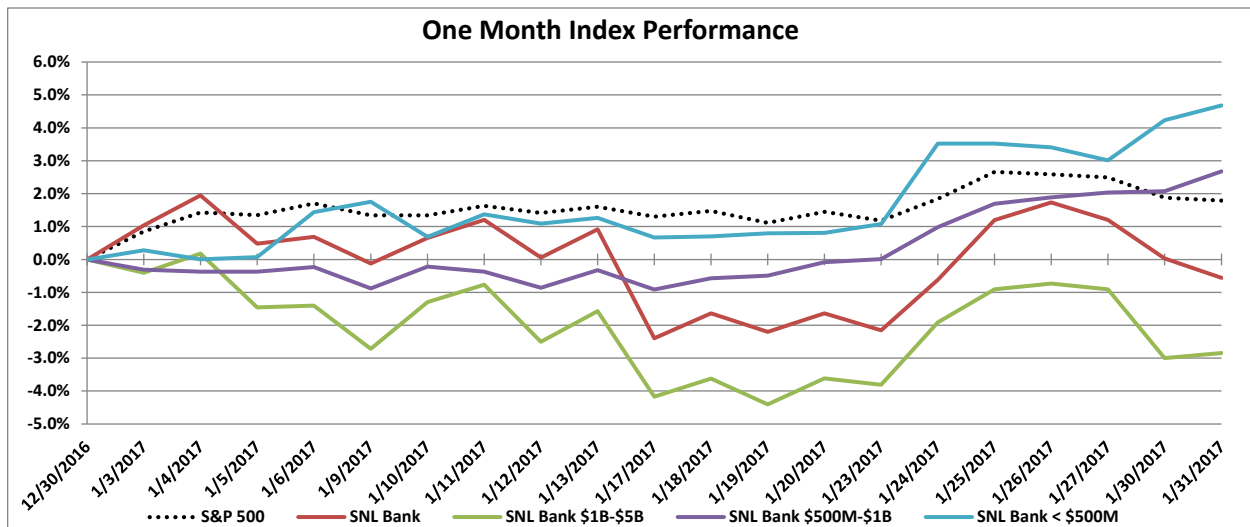
In January 2017, stock markets leveled off from the record-high pace set in November and December after Donald Trump won the presidential election. As investors took a break to reconsider the potential impact of the incoming administration, the SNL Bank Index decreased 0.6%. With the market already pricing in potential effects that could come from deregulation and tax cuts, investors are now weighing how much of the market's high hopes will be realized and impactful in 2017. Further, the potential downsides of major trade changes and the possibility that fiscal stimulus could push Federal Reserve policymakers to consider tightening policy is also reflected in market prices. Federal Reserve Governor Lael Brainard said that the U.S. economy is nearing full employment and that fiscal expansion can create inflationary pressures when the economy is at or near its full employment level. Some believe we will continue to see some volatility until the new administration provides more clarity regarding policy.

In economic news, the U.S. Labor Department announced that the economy added 156,000 jobs in December, falling short of the 175,000 estimate. However, it was wage growth that impressed the market, with hourly earnings rising 2.9% last year, which *The New York Times* cited as the highest annual performance since the recovery began. The U.S. Census Bureau and the U.S. Department of Housing and Urban Development announced seasonally adjusted sales of new single-family houses in December of 536,000, which was a 10.4% decrease from the revised November rate of 598,000 and lagged the consensus pace of 538,000. Further, the Conference Board Consumer Confidence fell during January after rising in December and now stands at 111.8, down from 113.3 in December.

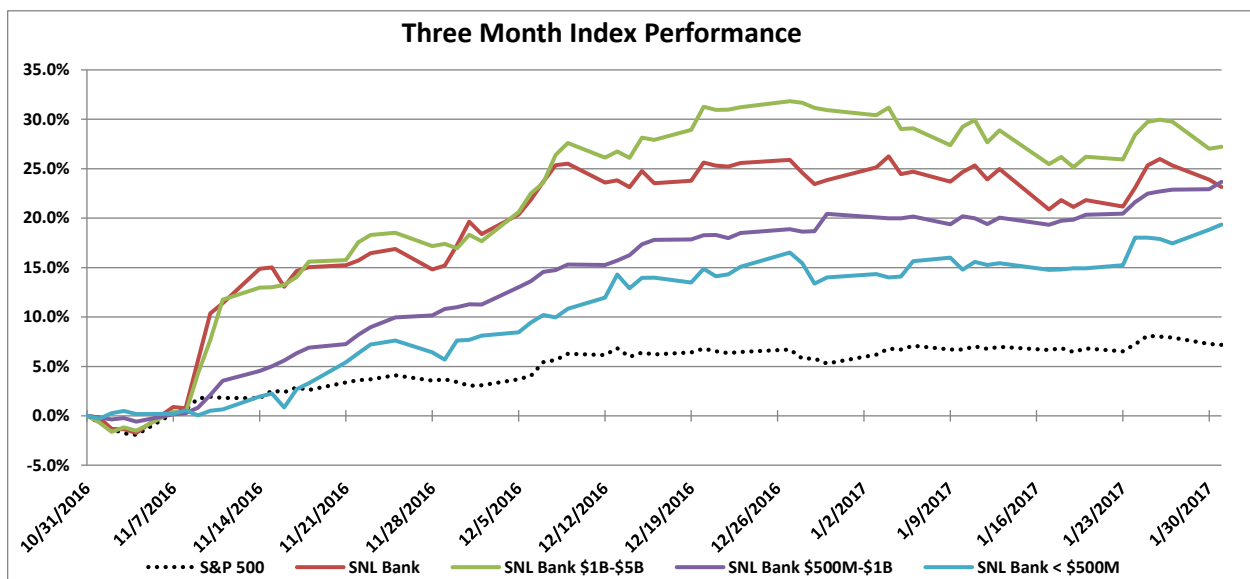
In other news, minutes released from the Federal Reserve suggested that participants on the FOMC were optimistic about the future when they voted to lift the central bank's interest rate by 25 basis points in December. While the market had mostly priced in the December hike, it was news to some participants that the FOMC members ramped up their 2017 monetary policy expectations from two rate hikes to three.

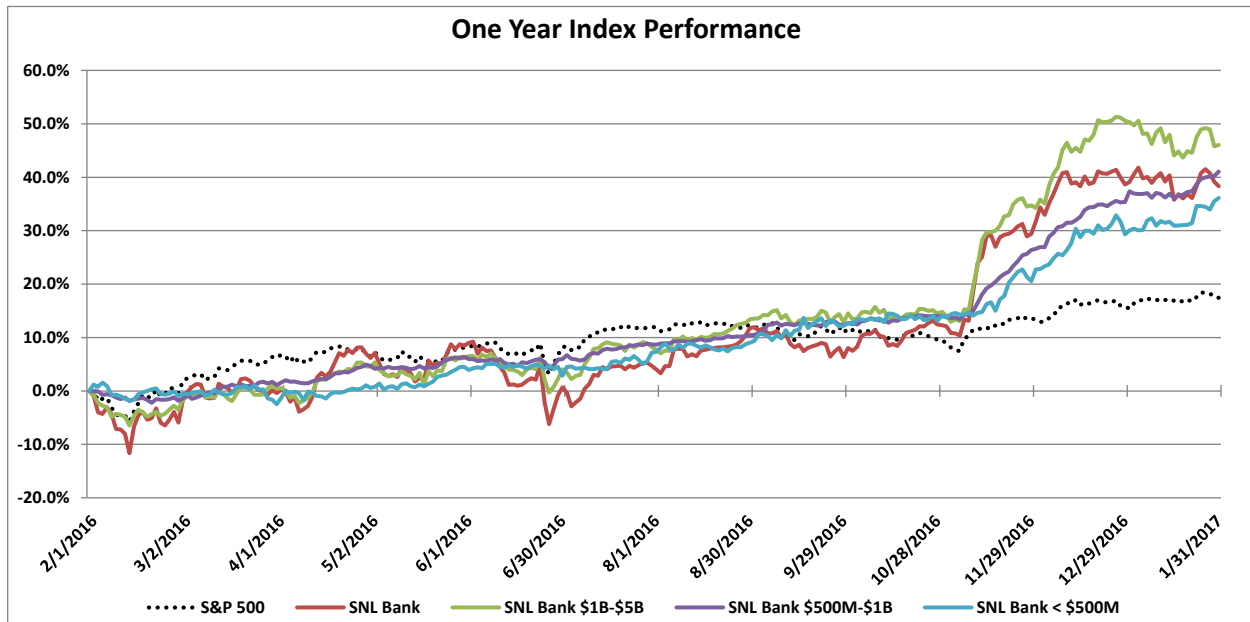
Bank M&A pricing was up year-to-date through January compared to year-to-date pricing through January 2016 on higher volume.

The SNL Bank Index decreased 0.6% in January, and underperformed the S&P 500 which increased 1.8%, while banks between \$1 billion and \$5 billion lost 2.8%, banks between \$500 million and \$1 billion increased 2.7%, and banks below \$500 million posted an increase of 4.7% during the month.



Over the three month period ending January 2017, the SNL Bank Index increased 23.2% while the S&P 500 increased 7.2%. The trend remained over the prior twelve months as the SNL Bank Index increased 38.3% while the S&P 500 increased 17.5%.





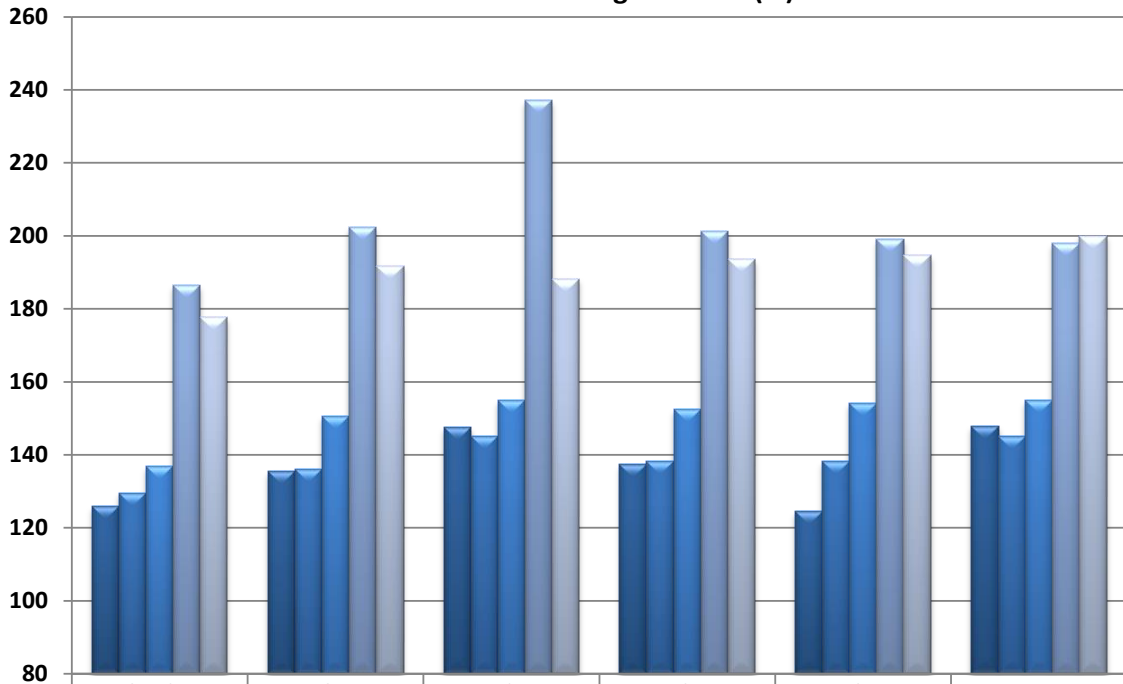
REGIONAL PRICING HIGHLIGHTS

The West region saw the largest increase in median price to tangible book (4.3%) in January passing the Northeast to become the highest median pricing among all regions. A 1.8% decrease in oil prices in January impacted a 5.1% tangible book multiple decline in the Southwest region, which is heavily tied to the energy sector. This is the first month in the last six which bank pricing decreased in the Southwest. While results were mixed in January, the Northeast, typically a strong performer, saw the largest decrease in median price to tangible book, losing 11.2%, dropping from the highest priced in December to the second lowest in January.

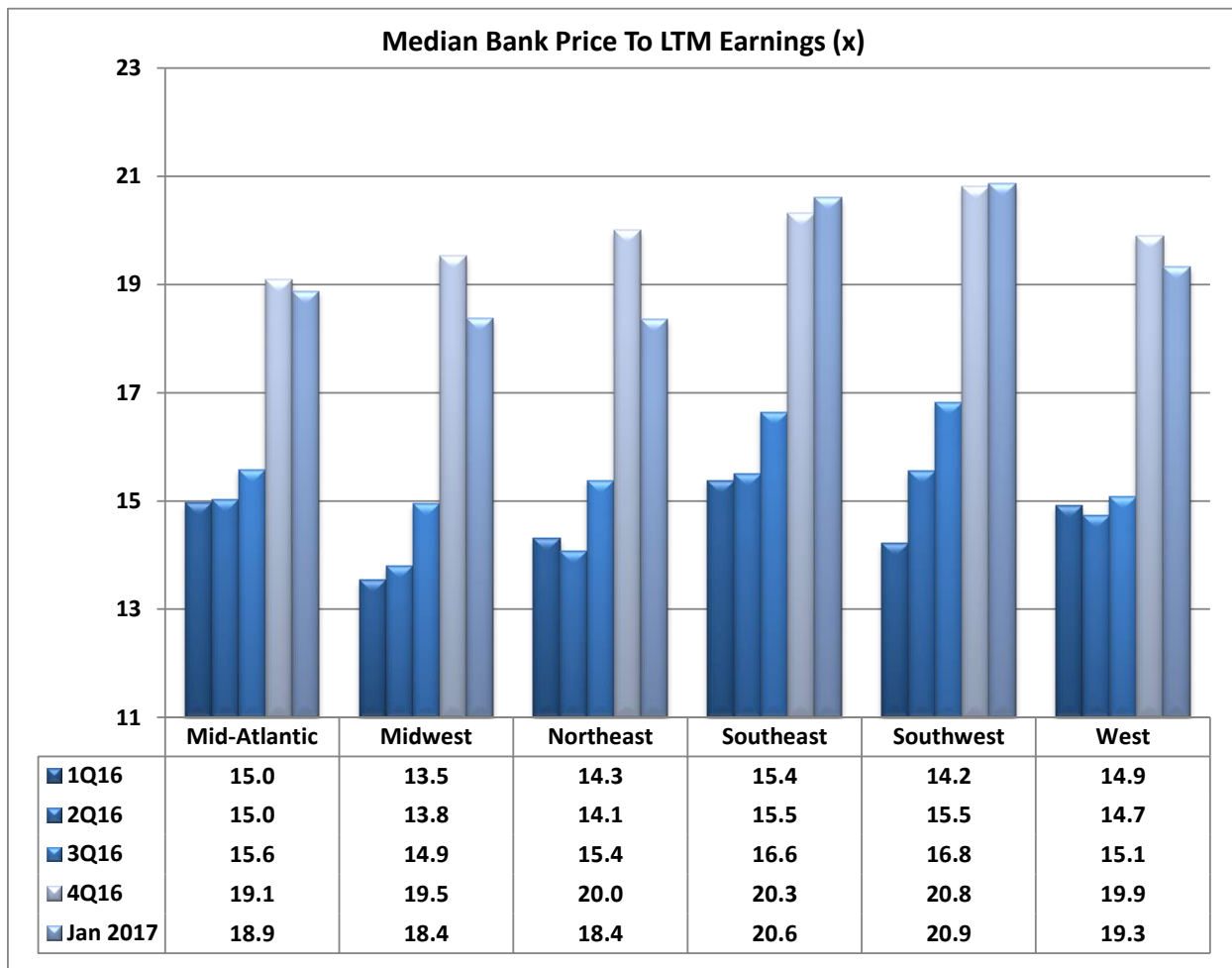
At 2.00x tangible book, the West region claimed the highest median price among all regions, dethroning the Northeast which sat at the top for the four previous months, as the region reported the strongest ROAA (1.03%) and Net Interest Margin (3.70%). The Northeast continued to report strong loan demand reflected in the highest loan to deposit ratio (98.5%) and strong median NPAs/Assets (0.77%, the lowest level). The Mid-Atlantic region reported the lowest median tangible book price of any region at 1.78x, but was up 1.9% from December 2016, while median pricing in the Southwest reported a median 1.95x tangible book after dropping 5.1%. The Southeast maintained its value reporting a median price to tangible book multiple of 1.94x compared to 1.92x in December 2016.

On a median price to earnings basis, the Southwest reported the highest pricing for the fifth straight month at 20.8x LTM earnings while the Southeast followed closely reporting a 20.6x LTM earnings (up 1.0%, the only group to increase in a price to earnings basis), followed by the West (19.3x), Mid-Atlantic (18.9x), and Midwest and Northeast (both at 18.4x) on the low end.

Median Bank Price To Tangible Book (%)



	Mid-Atlantic	Midwest	Northeast	Southeast	Southwest	West
■ 1Q16	125.8	135.5	147.6	137.5	124.4	147.8
■ 2Q16	129.6	136.1	145.1	138.3	138.2	145.0
■ 3Q16	136.9	150.4	154.9	152.5	154.0	154.9
■ 4Q16	186.4	202.4	237.1	201.2	199.1	198.0
■ Jan 2017	177.8	191.8	188.2	193.6	194.7	200.1



Region	Number of Companies	MRQ* Median Tg. Equity/ Assets (%)	LTM* Median ROAA (%)	MRQ* NPAs/ Assets (%)	MRQ* Loans/ Deposits (%)	LTM Net Interest Margin (%)
SNL Mid-Atlantic	69	8.28	0.89	0.79	94.6	3.41
SNL Midwest	73	8.88	0.98	0.98	90.5	3.52
SNL Northeast	20	8.05	0.86	0.77	98.5	3.19
SNL Southeast	86	9.19	0.93	0.94	89.0	3.57
SNL Southwest	28	9.36	0.97	0.86	88.6	3.56
SNL West	49	9.21	1.03	0.79	83.9	3.70

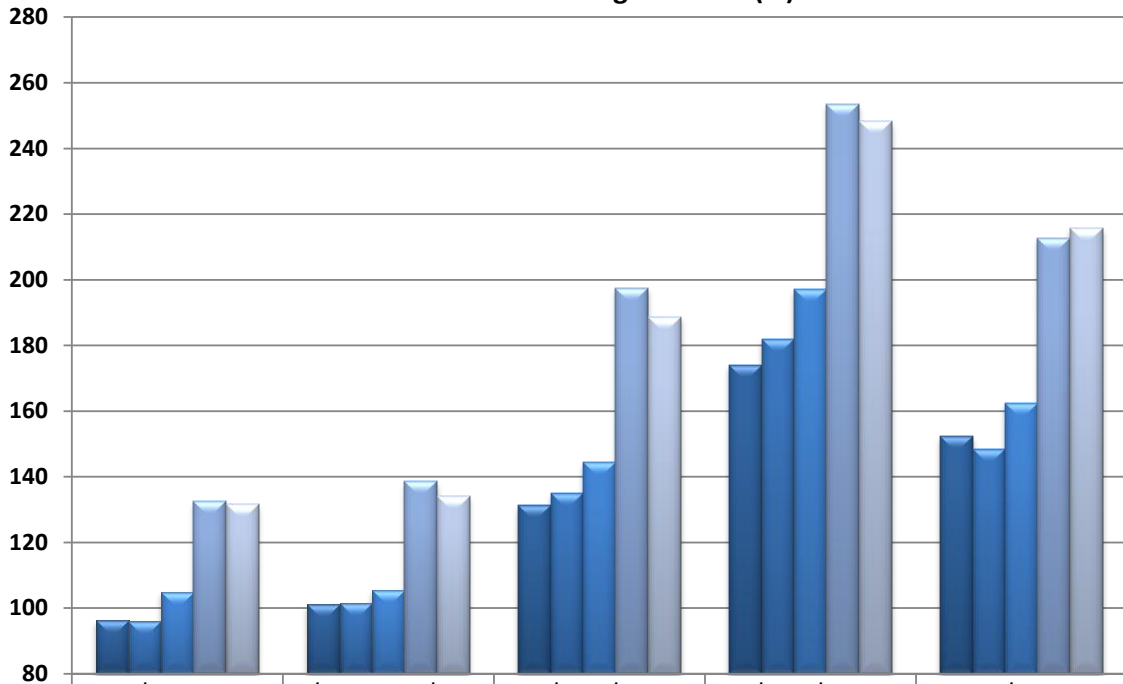
* Most Recent Quarter/Last Twelve Months (4Q16 for 89.8% of institutions)

PRICING BY SIZE

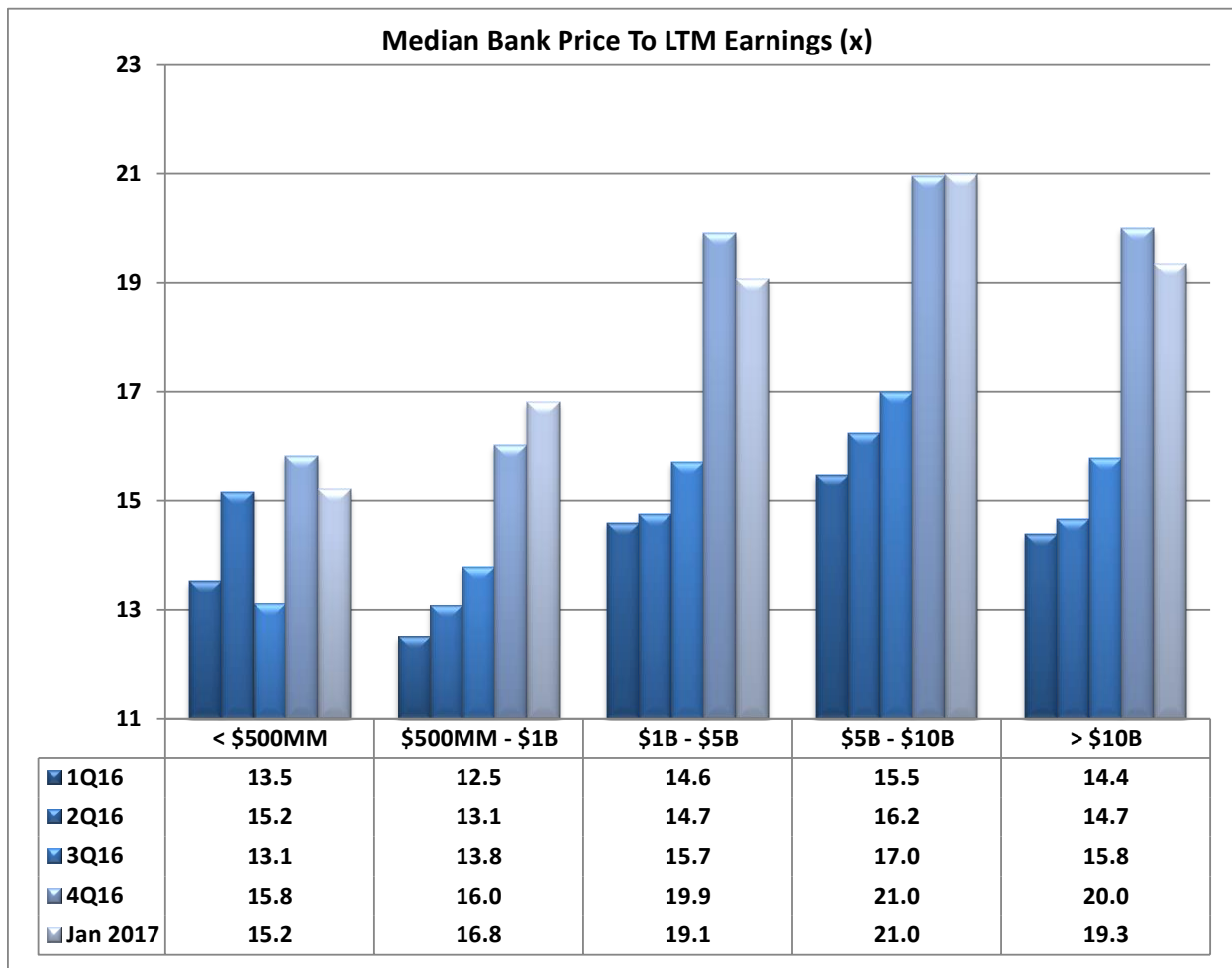
The disparity of pricing based on size shrank during January as the two largest groups saw median tangible book pricing multiples drop to an average price to tangible book multiple of 2.32x while the two smallest groups grew to an average price to book multiple of 1.33x multiple. The banks between \$5 billion and \$10 billion reported a median price of 2.48x tangible book (down 4.9% from December 2016), remaining the highest priced group, followed by banks greater than \$10 billion at a median of 2.16x (up 0.1% from December 2016). The smallest banks, those below \$500 million, were up 6.3% in January to a median of 1.32x, but are the lowest priced group as banks between \$500 million and \$1 billion increased 3.1% during the month of January to a median of 1.34x. Mid-sized banks, those between \$1 billion and \$5 billion, decreased 1.7% since December 2016 and were priced at a median 1.89x tangible book, essentially midway between the smallest and largest public institutions.

On a median price to LTM earnings basis, banks with assets between \$1 billion and \$5 billion were down the most of any group at 7.5% in January to a median of 19.1x as all groups dropped in price to earnings. Banks \$1 billion and larger traded at a median price to LTM earnings of 19.3x while banks below \$1 billion traded at median price to LTM earnings of 16x. The Banks with assets between \$500 million and \$1 billion decreased the least on a price to LTM earnings basis during January (1.2%) to 16.8x despite reporting the lowest median ROAA (0.80%) and weakest asset quality (1.31% NPAs/Assets). Banks below \$500 million remained the lowest priced group at 15.2x while maintaining the lowest median tangible equity to tangible assets (8.51%).

Median Bank Price To Tangible Book (%)



	< \$500MM	\$500MM - \$1B	\$1B - \$5B	\$5B - \$10B	> \$10B
1Q16	96.3	101.1	131.3	174.0	152.4
2Q16	96.1	101.6	134.8	181.9	148.4
3Q16	104.9	105.6	144.4	197.2	162.5
4Q16	132.4	138.5	197.3	253.4	212.7
Jan 2017	131.5	134.2	188.7	248.2	215.5



Asset Size	Number of Companies	MRQ* Median Tg. Equity/ Tg. Assets (%)	LTM* Median ROAA (%)	MRQ* NPAs/ Assets (%)	MRQ* Loans/ Deposits (%)	LTM Net Interest Margin (%)
< \$500MM	10	8.51	0.94	0.93	94.7	3.66
\$500MM - \$1B	44	9.37	0.80	1.31	90.9	3.57
\$1B - \$5B	148	8.92	0.93	0.96	90.8	3.60
\$5B - \$10B	46	8.86	1.03	0.70	91.1	3.57
> \$10B	66	8.75	0.97	0.76	88.7	3.25

* Most Recent Quarter/Last Twelve Months (4Q16 for 89.8% of institutions)

Mergers & Acquisitions by Region

Bank consolidation saw a significant increase in January 2017 with 23 transactions announced compared to 17 reported during January 2016. Approximately 61% of the transactions announced year-to-date through January 2017 reported pricing terms, while 71% of the transactions through January 2016 reported terms. Median pricing in January 2017 was substantially higher at a 26.0% increase on tangible book (1.63x), 18.3% increase on price to 8% tangible book (1.73x), 32.1% increase on LTM earnings (21.4x), and 41.0%

decrease on deposits (22.1%) compared transactions announced in January 2016. The West region had two transactions with a median price to tangible book multiple of 2.20x, while the one transaction reported a 2.24x multiple, the highest of any group as the target had the highest ROAA (1.64%). The Southwest region reported the lowest pricing multiples on the three transactions which disclosed terms and reported a median price to tangible book of 1.28x but median price to LTM earnings of 34.6x. The Midwest reported six transactions in January, two which announced terms at a median price to tangible book of 1.78x and price to LTM earnings of 11.6x. The South region reported 3 transactions with terms (out of a total of 3 in January) with a median price to tangible book of 2.18x and price to LTM earnings of 23.8x.

M&A Banks & Thrift Transactions Announced Year to Date through January 2017 Median Pricing by Region	Number of Transactions	Number of Transactions With Terms	Price/ Tg Book (x)	Price/ 8% Tg Book (x)	Price/ LTM Earnings (x)	Price/ Deposits (%)
East - New England	1	1	2.24	2.09	9.8	21.6
North Central	5	3	1.56	1.58	17.7	19.5
South	3	3	2.18	1.99	23.8	21.6
Midwest	6	2	1.78	2.13	11.6	26.0
Southwest	6	3	1.28	1.37	34.6	16.2
West	2	2	2.20	2.36	20.4	26.5
United States	23	14	1.63	1.73	21.4	22.1

Year to Date through January 2017 - Median Performance by Region for M&A Deals	Total Assets (\$000)	Equity/ Assets (%)	Tg Equity/ Assets (%)	NPAs/ Assets (%)	ROAA (%)	ROAE (%)	# Brn.
East - New England	811,368	7.0	7.0	1.7	1.64	18.32	13
North Central	65,439	10.5	9.9	0.7	1.02	6.91	1
South	1,117,987	9.4	9.0	0.4	0.66	7.77	12
Midwest	257,154	12.0	12.0	0.7	1.03	8.96	3
Southwest	131,434	10.8	10.0	0.2	0.37	3.09	2
West	1,396,577	13.0	11.7	1.6	1.34	11.00	10
United States	217,462	10.89	9.91	0.7	0.92	7.77	4