



Public Bank Stock Performance – February 2017

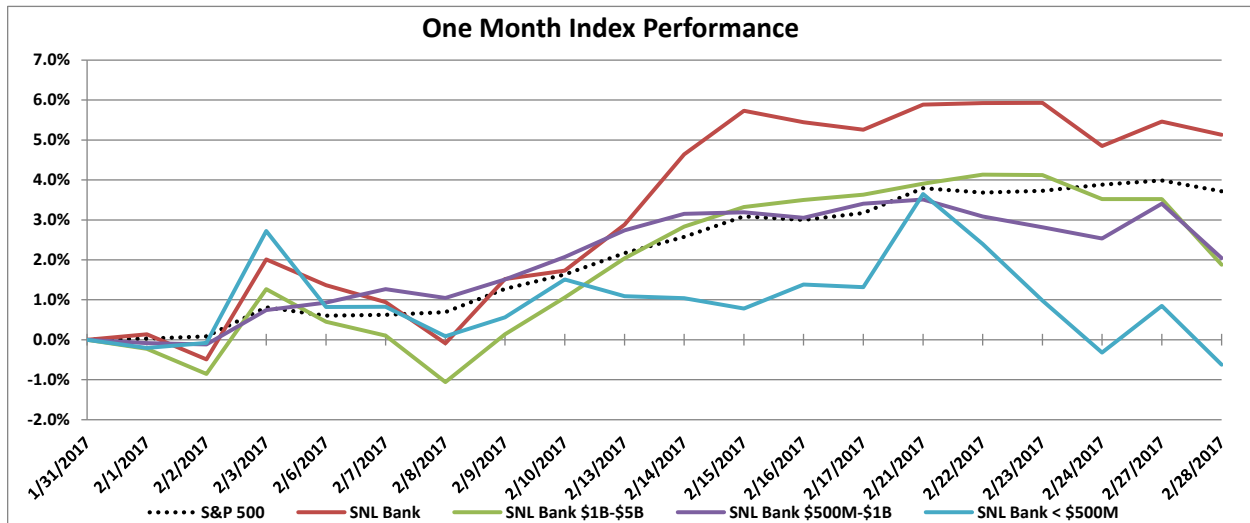
In February 2017, stock markets ticked back up after cooling off in January following the post-election run-up. As investors began seeing signs the new administration will focus on deregulation, the SNL Bank Index increased 5.1%. On February 3rd, the White House announced it was targeting the post-crisis legislation known as the Dodd-Frank Act. Further, in an appearance a week later, President Donald Trump was quoted as saying that incentive-based tax reform would be coming in the “not too distant future.” The President then signed an executive order calling on federal agencies to create regulatory reform task forces that will make recommendations to repeal or simplify existing regulations, saying the order would rein in regulatory burden and help companies grow their businesses. Trump’s deregulation efforts coupled with promises of lower corporate taxes are continuing to create optimism in the market that economic growth will strengthen. However, some believe that until these new administrative policies are implemented economic growth will not notably change and volatility will persist in the market.

In economic news, the latest ADP National Employment Report indicated private sector employment increased by 246,000 jobs in January, as the report revised the December 2016 total of jobs added down to 151,000 from 153,000. Real GDP increased at an annual rate of 1.9% in the fourth quarter of 2016 according to the second estimate released by the Bureau of Economic Analysis. Further, the Conference Board Consumer Confidence Index increased in February after showing a slight decrease in January, and now stands at 114.8, up from 111.6 in January. Further, the Present Situation Index and the Expectations Index both increased, from 130.0 to 133.4, and from 99.3 to 102.4, respectively.

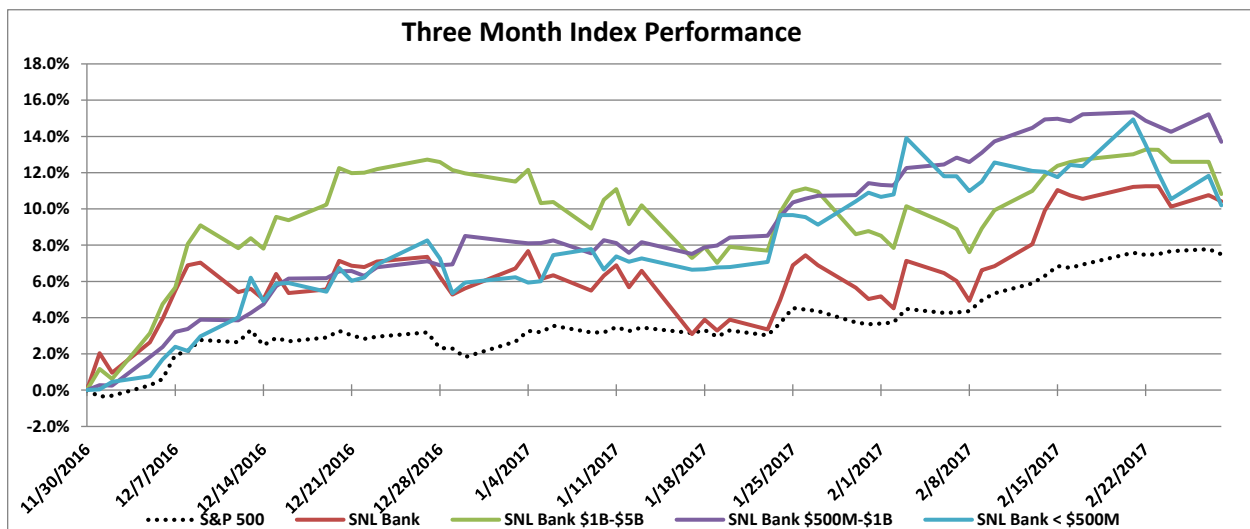
In other news, minutes released from the Federal Reserve suggested that participants expressed the view that it might be appropriate to raise rates again fairly soon if incoming information on the labor market and inflation was in line with or stronger than their current expectations or if the risks of overshooting the Committee’s maximum-employment and inflation objectives increased. The Fed’s monetary policymaking body announced Feb. 1st that it voted to hold the federal funds rate target range at 0.50% to 0.75%.

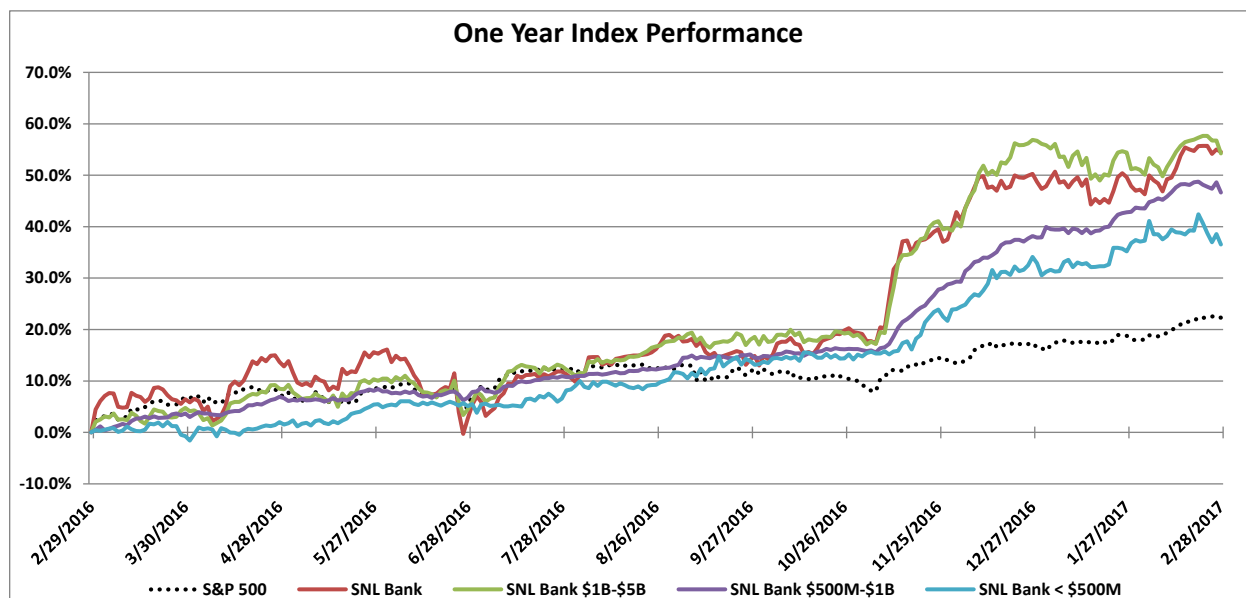
Bank M&A pricing was up year-to-date through February compared to year-to-date pricing through February 2016 on higher volume.

The SNL Bank Index increased 5.1% in February, and outperformed the S&P 500 which increased 3.7%, while banks below \$500 million lost 0.6%, banks between \$1 billion and \$5 billion increased 1.9%, and banks between \$500 million and \$1 billion posted an increase of 2.0% during the month.



Over the three month period ending February 2017, the SNL Bank Index increased 10.4% while the S&P 500 increased 7.5%. The trend remained over the prior twelve months as the SNL Bank Index increased 54.5% while the S&P 500 increased 22.3%.





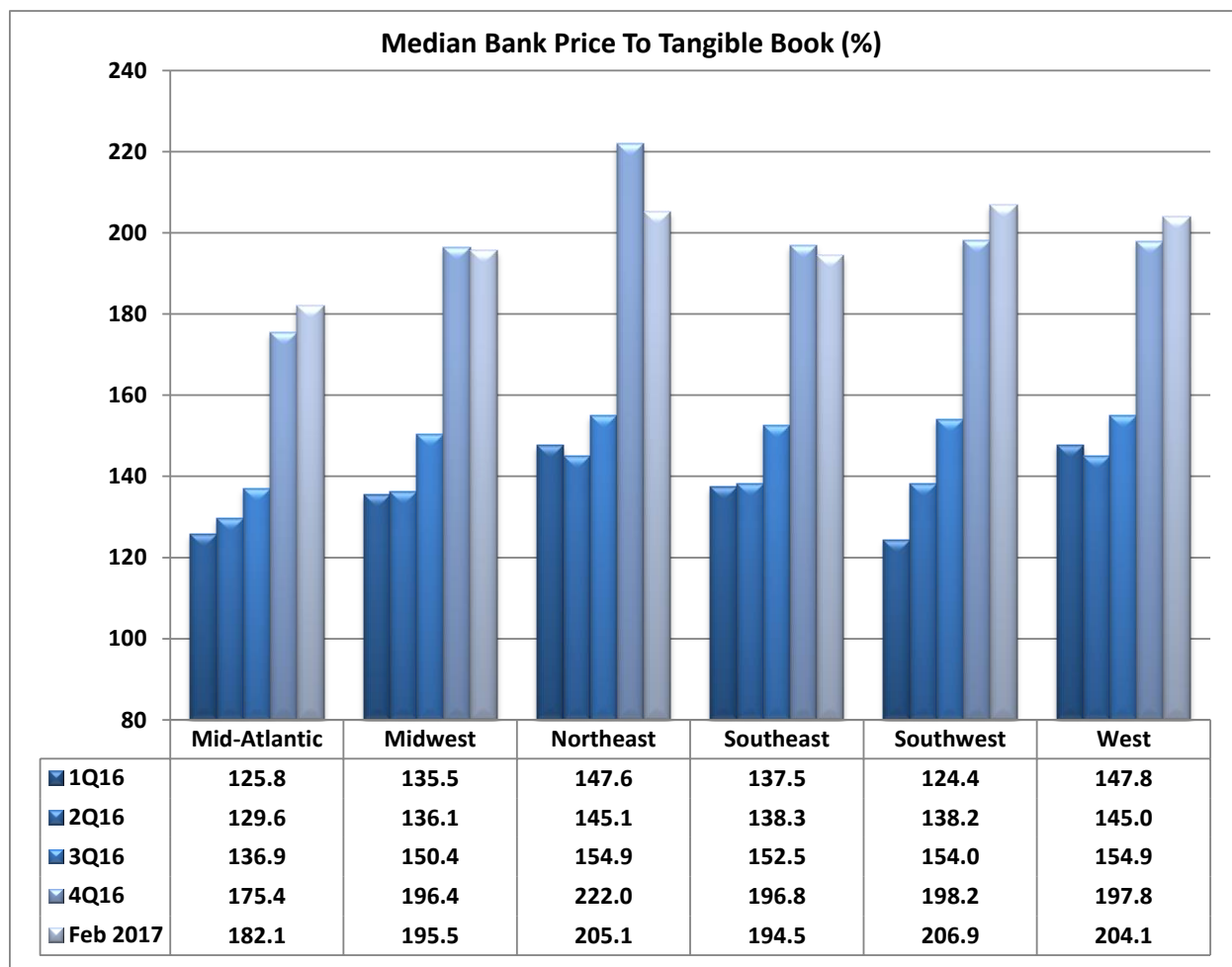
REGIONAL PRICING HIGHLIGHTS

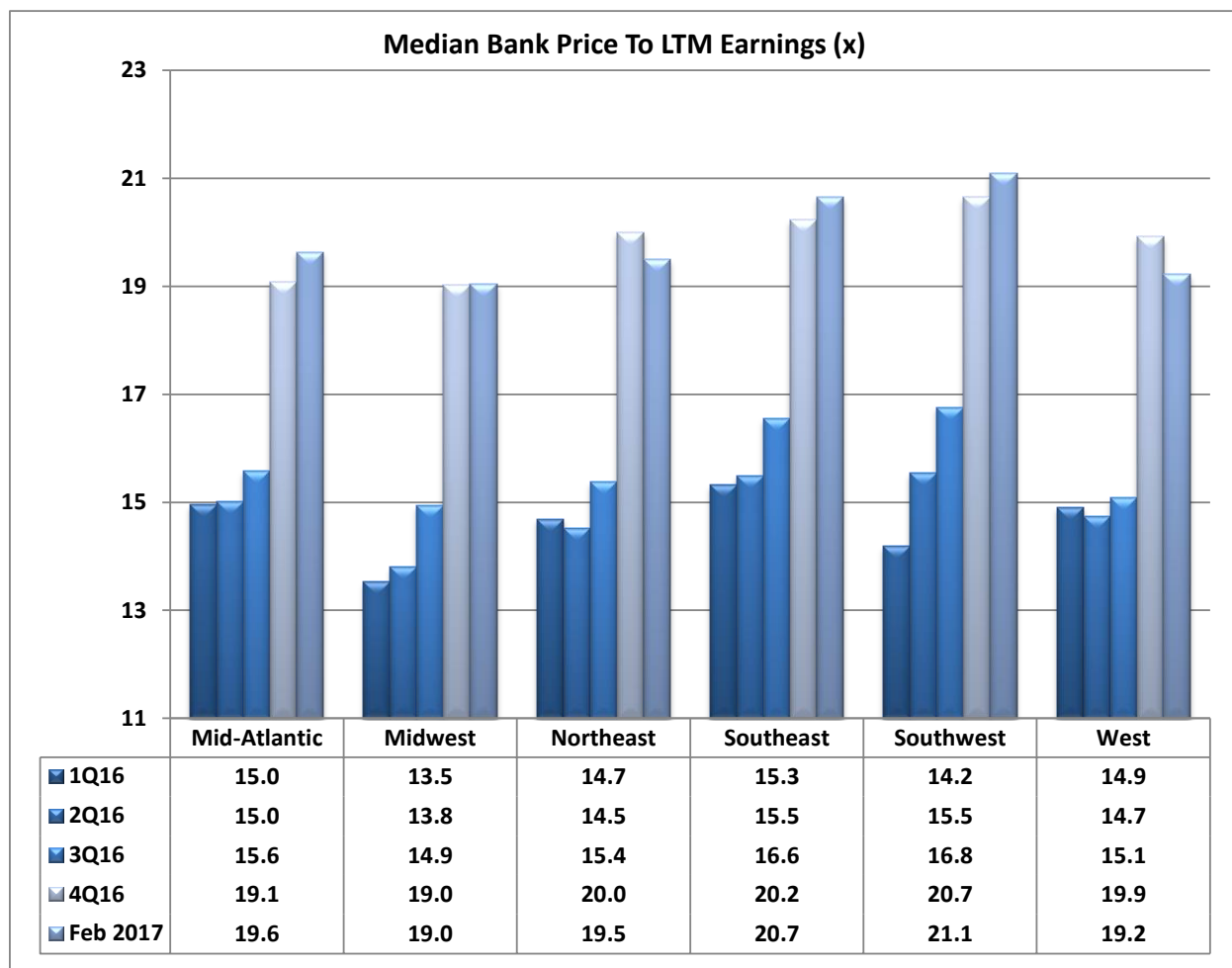
The Northeast region saw the largest increase in median price to tangible book (9.0%) in February passing the West to become the second highest price among all regions. A small 2.4% increase in oil prices in February impacted a 6.2% tangible book multiple increase in the Southwest region, which is heavily tied to the energy sector. This marks a return to increasing prices in the region as January was the first month in the previous six which bank pricing decreased in the Southwest. While all regions posted increases in February, the Southeast saw the smallest increase in median price to tangible book, gaining 0.5%.

At 2.07x tangible book, the Southwest region re-claimed the highest median price among all regions after having lost it to the West in January, as the region reported the second strongest ROAA (0.97%) and Net Interest Margin (3.56%). The Northeast continued to report strong pricing at 2.05x tangible book on strong loan demand reflected in the highest loan to deposit ratio (98.2%) and strong median NPAs/Assets (0.86%). The Mid-Atlantic region reported the lowest median tangible book price of any region at 1.82x, but was up 2.4% from January, while median pricing in the West reported a median 2.04x tangible book after gaining 2.0%. The Southeast and Midwest maintained their value reporting a median price to tangible book multiple of 1.95x and 1.96x, respectively.

On a median price to earnings basis, the Southwest reported the highest pricing for the sixth straight month at 21.1x LTM earnings while the Southeast followed closely reporting a 20.7x

LTM earnings. The Northeast gained the most on a price to earnings basis (6.2%) to 19.5x, and approximated the Mid-Atlantic (19.6x), West (19.2x), and Midwest (19.0x).





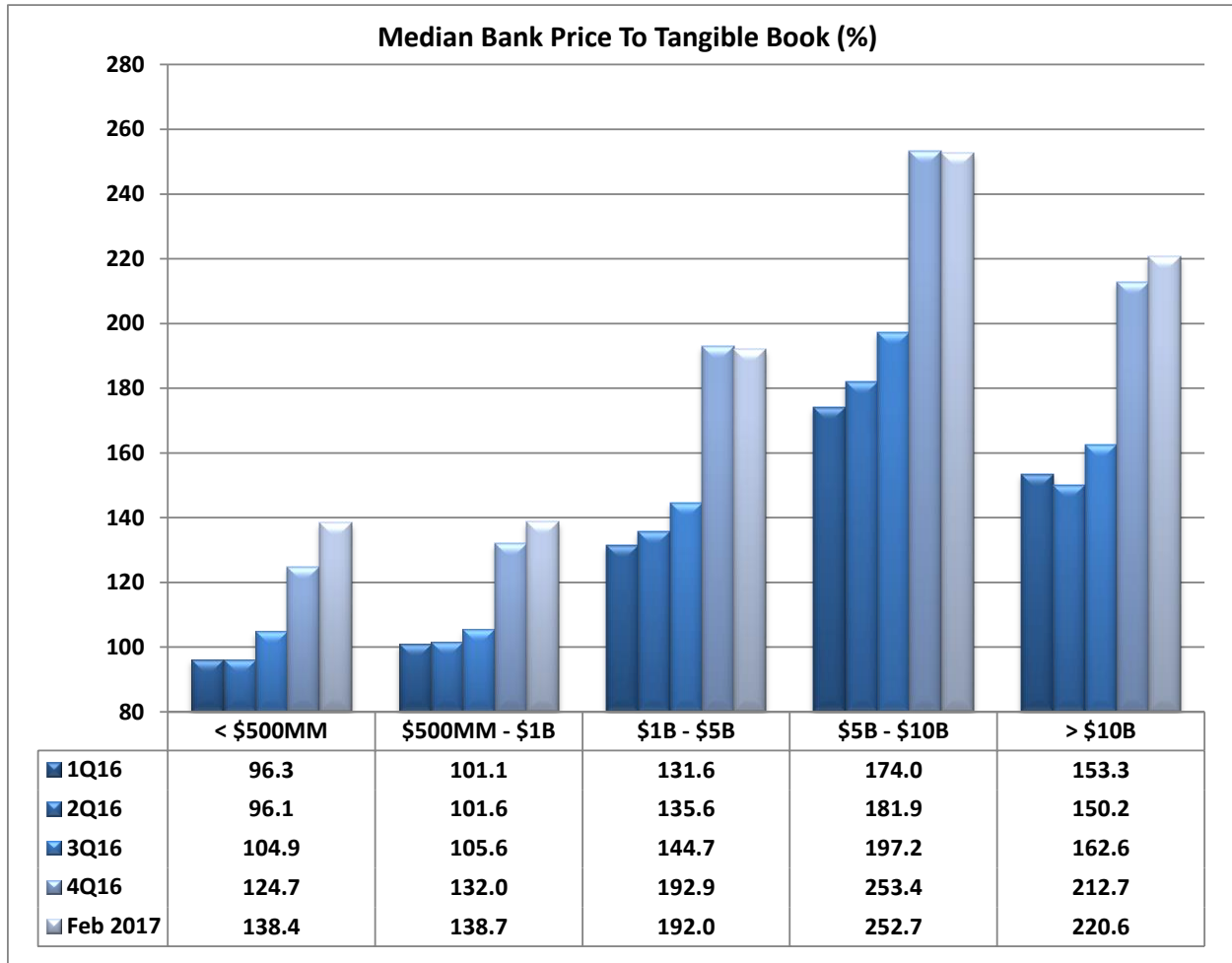
Region	Number of Companies	MRQ* Median Tg. Equity/ Assets (%)	LTM* Median ROAA (%)	MRQ* NPAs/ Assets (%)	MRQ* Loans/ Deposits (%)	LTM Net Interest Margin (%)
SNL Mid-Atlantic	68	8.28	0.89	0.68	94.5	3.41
SNL Midwest	73	8.90	0.97	0.98	91.2	3.52
SNL Northeast	20	7.80	0.86	0.86	98.2	3.19
SNL Southeast	86	9.23	0.93	0.88	89.1	3.56
SNL Southwest	28	9.31	0.97	0.94	87.6	3.56
SNL West	49	9.19	1.03	0.61	83.9	3.70

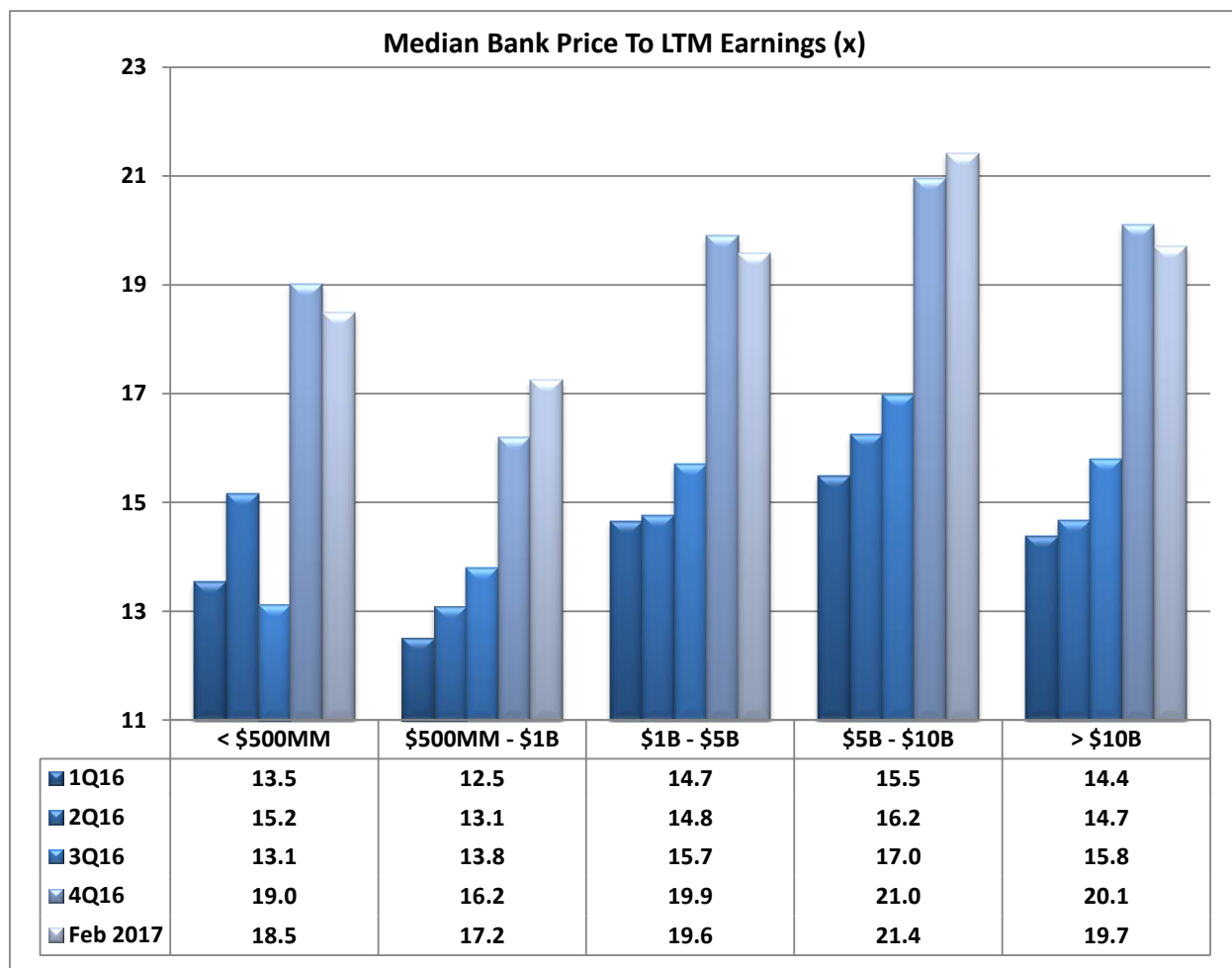
* Most Recent Quarter/Last Twelve Months (4Q16 for 97.5% of institutions)

PRICING BY SIZE

The disparity of pricing based on size remained during February as the two largest groups saw median tangible book pricing multiples increase to an average price to tangible book multiple of 2.37x while the two smallest groups grew to an average price to book multiple of 1.39x multiple. The banks between \$5 billion and \$10 billion reported a median price of 2.53x tangible book (up 1.8% from January), remaining the highest priced group, followed by banks greater than \$10 billion at a median of 2.21x (up 2.3% from January). The smallest banks, those below \$500 million, were up 5.3% in February to a median of 1.38x, but are the lowest priced group as banks between \$500 million and \$1 billion increased 3.3% during the month of February to a median of 1.39x. Mid-sized banks, those between \$1 billion and \$5 billion, increased 1.8% since January and were priced at a median 1.92x tangible book, essentially midway between the smallest and largest public institutions.

On a median price to LTM earnings basis, banks with assets less than \$500 million were up the most of any group at 21.5% in February to a median of 18.5x (no longer the lowest priced group) as all groups increased in price to earnings. Banks over \$10 billion increased the least in price to earnings at 1.9% to 19.7x. The Banks with assets between \$500 million and \$1 billion increased 2.6% on a price to LTM earnings basis during February to 17.2x despite reporting the lowest median ROAA (0.78%) and weakest asset quality (1.30% NPAs/Assets), but remained the lowest priced group. Banks between \$1 billion and \$5 increased 2.8% in February to 19.6x earnings.





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	9	8.58	0.86	0.68	94.4	3.66
\$500MM - \$1B	44	9.32	0.78	1.30	91.6	3.56
\$1B - \$5B	149	8.90	0.93	0.98	91.3	3.60
\$5B - \$10B	46	8.86	1.03	0.63	91.1	3.57
> \$10B	65	8.75	0.98	0.79	88.7	3.23

* Most Recent Quarter/Last Twelve Months (4Q16 for 97.5% of institutions)

Mergers & Acquisitions by Region

Bank consolidation continued at a higher pace in 2017 as 37 transactions have been announced year-to-date compared to 35 through February 2016. Approximately 59% of the

transactions announced year-to-date through February 2017 reported pricing terms, while 63% of the transactions through February 2016 reported terms. Median year-to-date pricing through February 2017 was substantially higher at a 34.5% increase on tangible book (1.74x), 20.6% increase on price to 8% tangible book (1.75x), 16.4% increase on LTM earnings (21.2x), and 40.7% increase on deposits (21.7%) compared to transactions announced through February 2016. The West region had three transactions with a median price to tangible book multiple of 1.83x and price to LTM earnings of 19.9x, while the Midwest had 8 transactions announced (4 with pricing) with a median price to tangible book multiple of 2.12x, the highest of any group on the highest ROAA (1.00%) and median price to LTM earnings of 19.8x. The South also reported 8 transactions (7 with terms) at a median price to tangible book of 1.85x and price to LTM earnings of 22.4x. 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 on a low median ROAA of 0.37%. The North Central region reported seven transactions through February, three which announced terms at a median price to tangible book of 1.56x and price to LTM earnings of 17.7x. The South region reported 7 transactions with terms (out of a total of 8 through February) with a median price to tangible book of 1.85x and price to LTM earnings of 22.4x.

M&A Banks & Thrift Transactions Announced Year to Date through February 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	5	2	1.92	1.85	23.5	18.1
North Central	7	3	1.56	1.58	17.7	19.5
South	8	7	1.85	1.72	22.4	21.6
Midwest	8	4	2.12	2.41	19.8	26.0
Southwest	6	3	1.28	1.37	34.6	16.2
West	3	3	1.83	1.79	19.9	22.5
United States	37	22	1.74	1.75	21.2	21.7

Year to Date through February 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	168,700	9.3	9.3	1.7	0.39	4.44	4
North Central	65,439	10.5	9.9	0.7	0.88	8.28	1
South	707,032	10.1	9.2	0.4	0.66	7.77	9
Midwest	293,462	11.4	11.5	0.7	1.00	9.18	4
Southwest	131,434	10.8	10.0	0.2	0.37	3.09	2
West	1,371,919	10.9	8.5	1.3	0.92	9.25	12
United States	217,462	10.70	9.89	0.8	0.86	7.96	4