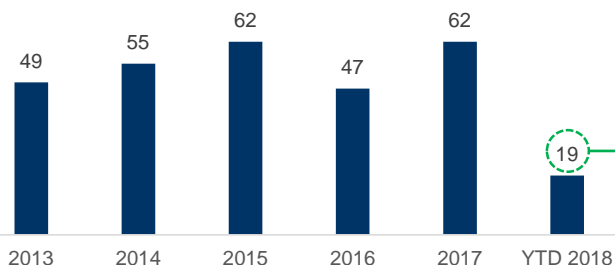


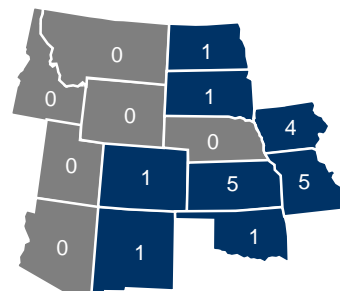
# COMMUNITY BANK M&A NEWSLETTER

## REGIONAL MERGERS & ACQUISITIONS STATISTICS

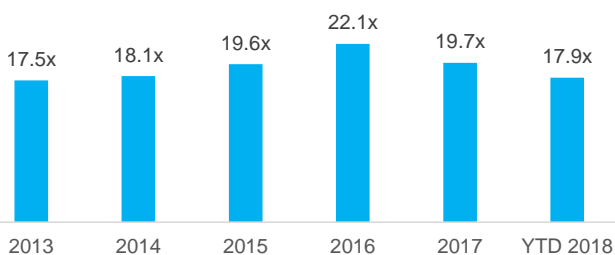
### Regional Bank Acquisitions



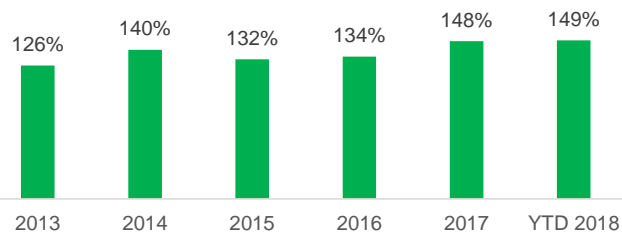
### 2018 Acquisition Activity by State



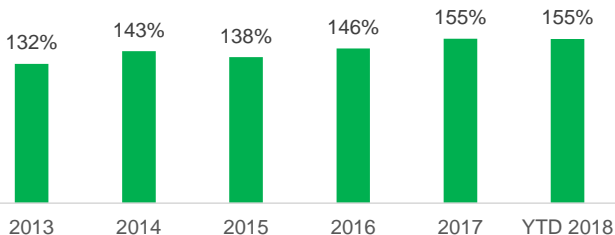
### Price / LTM Earnings



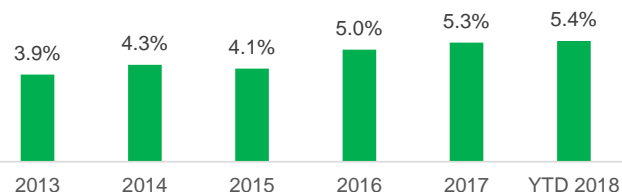
### Price / Tangible Book



### Price / Adjusted Tangible Book<sup>(1)</sup>



### Tangible Premium / Deposits



(1) Calculated on 8.0% of tangible assets

Note: YTD figures as of 4/30/2018; Pricing charts with average figures; Excludes P/E's <10x and >40x and Tangible Premium/Deposits >20%

Source: SNL Financial LC

## REGIONAL MERGERS & ACQUISITIONS ANNOUNCEMENTS

Announced on April 6<sup>th</sup>, an investor group led by Jeffrey Desich and Richard Desich agreed to acquire Palisade, CO-based **Colorado National Bank** (\$56M in assets), from **Colorado National Bancorp**, in an all cash deal valued at \$9M representing 185% of tangible book value. Desich group also committed to making an equity contribution of at least \$2M in cash immediately following closing. Colorado National Bancorp reached a deal after filing for Chapter 11 bankruptcy protection in November 2017.

On April 18<sup>th</sup>, Moline, IL-based **QCR Holdings** (\$4.0B in assets) agreed to acquire Springfield, MO-based **Springfield Bancshares**, the parent company of **Springfield First Community Bank** (\$563M in assets), in a cash-stock (10% / 90%) deal valued at \$87M representing 184% of tangible book value and 17.4x last twelve months net income. QCR will enter the state of Missouri (Greene County) with one branch and continue to operate Springfield First Community Bank under the Springfield charter and brand. QCR will expand its bank charters to five with the addition of Springfield. The transaction is expected to close in 2018 Q3.

Source: SNL Financial LC

# COMMUNITY BANK M&A NEWSLETTER

## REGIONAL MERGERS & ACQUISITIONS ANNOUNCEMENTS (CONT.)

On April 19<sup>th</sup>, Ames, IA-based **Ames National Corp.**, the parent company of **First National Bank, Ames, Iowa** (\$760M in assets) agreed to acquire Osceola, IA-based **Clarke County State Bank** (\$111M in assets) from **United Bancorp** for \$15M in cash representing 133% of tangible book value and 11.2x last twelve months net income. Clarke County State Bank will merge into First National and Ames National will enter Clarke County, IA with three branches. The transaction is expected to close in 2018 Q3.

On April 30<sup>th</sup>, Topeka, KS-based **Capitol Federal Financial**, the parent company of **Capitol Federal Savings Bank** (\$9.1B in assets) agreed to acquire Topeka, KS-based **Capital City Bancshares**, the parent company of **Capital City Bank** (\$438M in assets), for \$38M in stock representing 143% of tangible book value and 26.3x last twelve months net income. Following the acquisition, Capitol Federal plans to continue its dividend policy of paying 100% of earnings.

Source: SNL Financial LC

## REGIONAL BANK INDEX

The GLC Regional Bank Index increased in April by 1.7%. In April, Regional Bank stocks outperformed the SNL US Bank Index (up 0.2%), and outperformed the S&P 500 Index (up 0.3%). Regional Bank stocks were averaging a valuation of 19.0x LTM earnings and 225% of tangible book value. Regional Bank stocks' 52-week highs remain elevated with the average regional bank stock trading near 93% of its 52-week high.

### Regional Bank Index Companies and Statistics (market data as of 4/30/2018)

Company Name	Ticker	State	MRQ		Market Cap (\$M)	Stock Price (\$ Actual)	% of 52-Week High (%)	4/30/2018 Return		Price/LTM Earnings (x)	Price/Tangible Book (%)
			Total Assets (\$M)	LTM ROAA (%)				Month (%)	YTD (%)		
BancFirst Corporation	BANF	OK	\$7,616	1.30	\$1,869	\$57.15	96.3	7.6	11.7	20.0	252.8
BOK Financial Corporation	BOKF	OK	\$33,361	1.06	\$6,590	\$100.68	95.8	1.7	9.0	18.7	218.4
Capitol Federal Financial, Inc.	CFFN	KS	\$9,116	0.87	\$1,676	\$12.47	83.2	1.0	(7.0)	17.3	126.3
CoBiz Financial Inc.	COBZ	CO	\$3,816	0.98	\$851	\$20.15	93.1	2.8	0.8	22.4	252.7
Commerce Bancshares, Inc.	CBSH	MO	\$24,611	1.41	\$6,772	\$63.52	98.7	6.0	13.8	20.1	280.2
Enterprise Financial Services Corp	EFSC	MO	\$5,383	1.10	\$1,175	\$50.85	100.0	8.4	12.6	21.1	275.0
Equity Bancshares, Inc.	EQBK	KS	\$3,176	0.91	\$558	\$38.13	93.7	(2.6)	7.7	21.1	209.2
First Interstate BancSystem, Inc.	FIBK	MT	\$12,273	1.03	\$2,297	\$40.50	94.6	2.4	1.1	18.5	251.9
Glacier Bancorp, Inc.	GBCI	MT	\$11,659	1.25	\$3,129	\$37.03	90.5	(3.5)	(6.0)	23.6	281.9
Great Southern Bancorp, Inc.	GSBC	MO	\$4,411	1.21	\$746	\$52.85	92.2	5.8	2.3	14.0	158.8
Great Western Bancorp, Inc.	GWB	SD	\$11,992	1.24	\$2,423	\$41.14	91.9	2.2	3.4	17.1	232.7
Guaranty Bancorp	GBNK	CO	\$3,722	1.20	\$822	\$28.50	95.3	0.5	3.1	19.1	257.1
Heartland Financial USA, Inc.	HTLF	IA	\$10,056	0.86	\$1,667	\$53.65	95.8	1.1	0.0	19.6	225.5
MidWestOne Financial Group, Inc.	MOFG	IA	\$3,242	0.63	\$395	\$32.27	86.3	(3.1)	(3.8)	19.9	148.6
National Bank Holdings Corporation	NBHC	CO	\$5,658	0.30	\$1,072	\$35.18	95.3	5.8	8.5	NM	208.1
People's Utah Bancorp	PUB	UT	\$2,163	1.17	\$595	\$31.85	96.1	(1.4)	5.1	26.5	253.4
Southern Missouri Bancorp, Inc.	SMBC	MO	\$1,850	1.11	\$314	\$34.90	86.4	(4.6)	(7.2)	15.6	179.4
UMB Financial Corporation	UMBF	MO	\$20,988	1.27	\$3,832	\$76.58	98.9	5.8	6.5	14.7	194.7
West Bancorporation, Inc.	WTBA	IA	\$2,092	1.21	\$396	\$24.35	87.4	(4.9)	(3.2)	16.3	222.3
Western Alliance Bancorporation	WAL	AZ	\$20,761	1.80	\$6,244	\$58.98	94.7	1.5	4.2	17.6	313.2
Zions Bancorporation	ZION	UT	\$66,481	1.05	\$10,788	\$54.75	96.0	3.8	7.7	17.8	178.0
<b>Regional Bank Index (Average)</b>			<b>\$12,592</b>	<b>1.09</b>	<b>\$2,582</b>		<b>93.4</b>	<b>1.7</b>	<b>3.4</b>	<b>19.0</b>	<b>224.8</b>
<b>SNL US Bank Index</b>								<b>0.2</b>	<b>(1.5)</b>	<b>16.7</b>	<b>200.2</b>
<b>S&amp;P 500 Index</b>								<b>0.3</b>	<b>(1.0)</b>		

Note: Includes publicly traded banks headquartered in AZ, CO, IA, KS, MO, MT, ND, NE, NM, OK, SD, UT, WY; 3-month daily average volume greater than 10,000 shares and market capitalization greater than \$150 million; Excludes banks identified as the target in a merger/acquisition; Price / Earnings ratios greater than 40.0x and Loans / Deposits ratios less than 40.0% deemed non-meaningful ("NM")

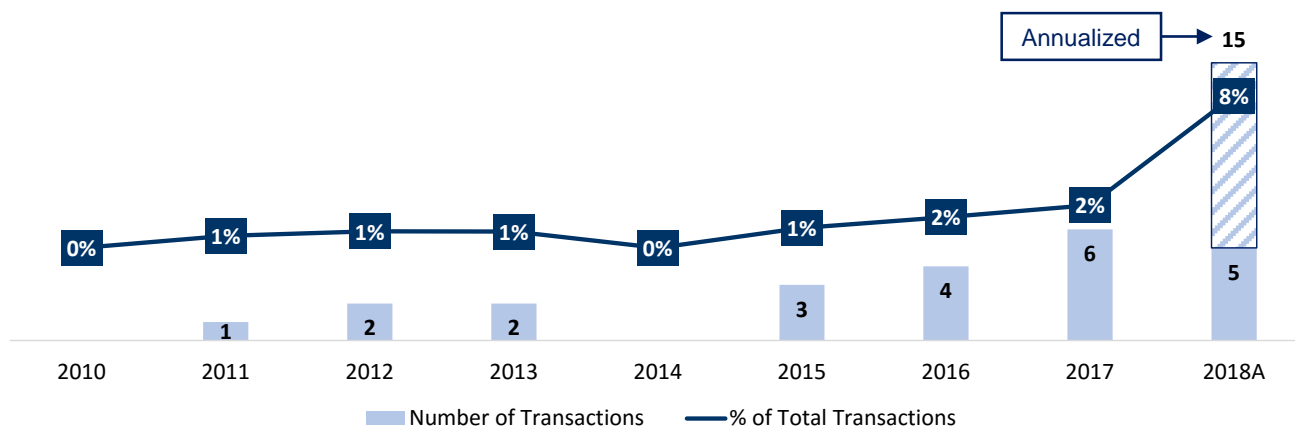
Source: SNL Financial LC

# COMMUNITY BANK M&A NEWSLETTER

## CREDIT UNIONS ARE ACTIVE BANK BUYERS IN 2018

The number of community banks that entered into agreements to sell to credit unions in 2018 has increased fourfold compared to the prior year. The number of credit union acquisitions of banks is approximately 8% of all bank transactions compared to only 2% of transactions in the prior year. Credit unions have become increasingly more active in community bank M&A as the number of these cross-industry transactions has increased annually since 2015.

### Annual Number of Announced Credit Union Acquisitions of Banks



Source: SNL Financial LC

In 2018, there have been five announced credit union acquisitions of community banks. For the year, credit unions' typical community bank targets are smaller in size (less than \$150M in assets) with breakeven profitability and elevated non-performing assets. Credit union buyers of community banks are typically larger (assets over \$1 billion) and are cash buyers given the organizations are private, non-profit entities by nature.

### Credit Union Acquisitions of Banks in 2018

Announce Date	Buyer Information			Target Information						
	Buyer	City, State	Total Assets (\$000)	Target	City, State	# of Branches	Total Assets (\$000)	Tax Adjusted ROAA (%)	NPAs/Assets (%)	TE/TA (%)
3/28/2018	Mid Oregon Federal Credit Union	Bend, OR	289,101	Certain assets and liabilities	Bend, OR	1	20,482	(2.43)	0.00	1.8
3/22/2018	LGE Community Credit Union	Marietta, GA	1,292,480	Georgia Heritage Bank	Dallas, GA	2	94,708	NM	3.35	11.7
3/12/2018	Evansville Teachers Federal Credit Union	Evansville, IN	1,469,619	American Founders Bank, Inc.	Louisville, KY	2	113,362	(0.01)	5.73	10.7
2/20/2018	Superior Choice Credit Union	Superior, WI	413,653	Dairyland State Bank	Bruce, WI	5	79,146	0.53	1.00	9.8
2/14/2018	Achieva Credit Union	Dunedin, FL	1,555,141	Preferred Community Bank	Fort Myers, FL	3	117,626	0.37	0.54	11.4
<b>Median</b>			<b>1,292,480</b>			<b>2</b>	<b>94,708</b>	<b>0.18</b>	<b>1.00</b>	<b>10.7</b>
<b>Average</b>			<b>1,003,999</b>			<b>3</b>	<b>85,065</b>	<b>(0.39)</b>	<b>2.12</b>	<b>9.1</b>

Source: SNL Financial LC

Despite the pick-up in credit unions acquiring banks, many questions remain on the cultural integration and regulatory issues involved in completing successful cross-industry transactions. Additionally, credit union buyers must structure their community bank acquisitions as asset purchases (not stock purchases) given rules and regulations around owning stock as any transaction premium would be taxed at ordinary rates. This structural rigidity can be problematic from a tax standpoint for bank sellers that are organized as C-Corporations.

# COMMUNITY BANK M&A NEWSLETTER

## GLC'S PREMIERE INVESTMENT BANKING PRACTICE

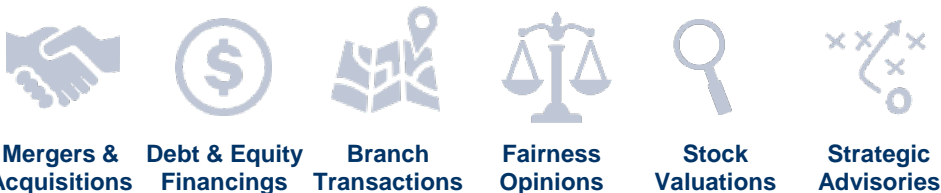
### About Our Firm

GLC Advisors & Co. delivers objective, senior-level expertise to clients through a variety of advisory assignments including: M&A, financing/debt advisories, restructurings/recapitalizations, fairness opinions, and valuations. Offices are located in New York, San Francisco, and Denver. GLC Advisors is affiliated with GLC Investment Advisors, an investment firm which provides debt and equity capital for leveraged buyouts, strategic acquisitions, recapitalizations and growth financings for middle market companies.

### About Our Team

GLC's Denver-based Financial Services Group has 30+ years of collective M&A experience in the Financial Services Industry while completing 80+ successful transactions and financing engagements and nearly 90 valuations and strategic advisory assignments. The team has been consistently ranked as one of the most active M&A groups in the nation by SNL Financial LC and frequently speaks at industry conferences and conventions, including state banking associations.

### GLC's Financial Services Offerings



**Mergers & Acquisitions**

**Debt & Equity Financings**

**Branch Transactions**

**Fairness Opinions**

**Stock Valuations**

**Strategic Advisories**

### Recent Transactions

 <p>INTERNATIONAL BANK</p> <p>has been acquired by (pending)</p> <p><b>FFP Group, Inc.</b></p>	 <p>Valley Bank &amp; Trust</p> <p>has been acquired by</p> <p><b>TRIUMPH</b></p>	 <p>First State Bank of Colorado</p> <p>has been acquired by</p> <p><b>TIG Bancorp</b></p>	 <p>Legacy Bank and Trust</p> <p>has acquired</p> <p><b>FIRST NATIONAL BANK</b></p>	 <p>AMFIRST FTBANK</p> <p>has been acquired by</p> <p><b>Pinnacle Bank</b></p>
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