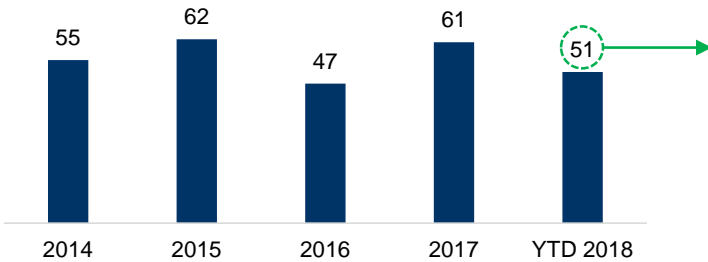


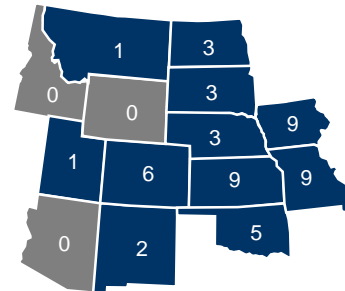
# COMMUNITY BANK M&A NEWSLETTER

## REGIONAL MERGERS & ACQUISITIONS STATISTICS

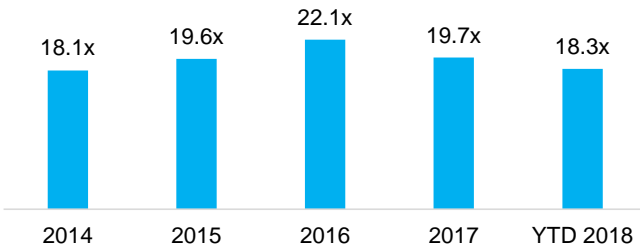
### Regional Bank Acquisitions



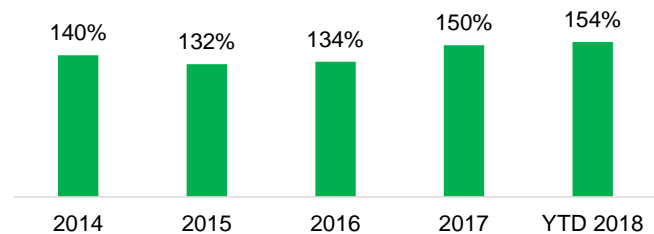
### 2018 Acquisition Activity by State



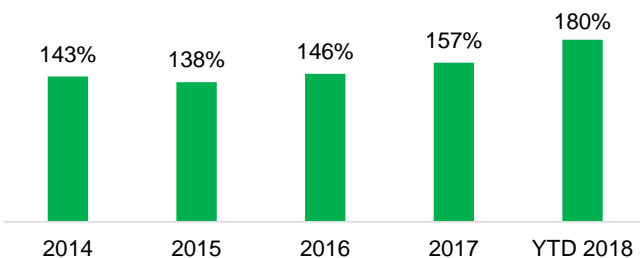
### Price / LTM Earnings



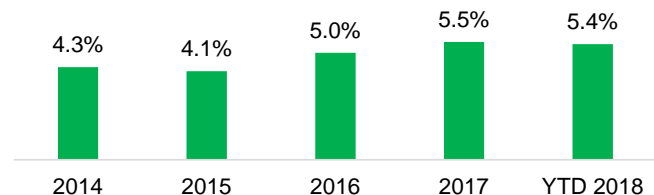
### Price / Tangible Book



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



### Tangible Premium / Deposits



(1) Calculated on 8.0% of tangible assets

Note: YTD figures as of 9/30/2018; 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

On September 24<sup>th</sup>, Derby, KS-based **Verus Bank** (\$143M in assets) signed an Agreement and Plan of Reorganization to merge with Kingman, KS-based **Citizens Bank of Kansas** (\$238M in assets). Financial terms of the transaction have not been disclosed. Citizens will expand in Sedgewick County, KS by three branches and enter Butler County, KS with two branches. Kevin Chase, Verus Chairman and CEO, says "We believe this is good for all involved," and he believes customers are "going to appreciate that we're partnering with another community, family-owned bank. We feel like we need to be a bigger institution to remain competitive and to take care of our customers." Verus president Kyle Russell will be president after the merger is complete in early 2019. Citizens Bank has announced that all employees of both banks will be retained. The Verus brand will remain in place for the time being and will be known as Verus Bank, a branch of Citizens Bank of Kansas during that time.

**GLC Advisors & Co., LLC acted as the exclusive financial advisor to Verus Bank in connection with the transaction.**

# COMMUNITY BANK M&A NEWSLETTER

## REGIONAL MERGERS & ACQUISITIONS ANNOUNCEMENTS (CONT.)

On September 13<sup>th</sup>, Ogden, UT-based **BOU Bancorp, Inc.** (\$1.3B in assets) agreed to acquire Provo, UT-based **AmBancorp**, the holding company for **American Bank of Commerce** (\$91M in assets). Financial terms of the transaction have not been disclosed. BOU will expand in Utah County, UT by two branches and enter Wasatch County, UT with one branch. The transaction is expected to close in Q4 2018.

On September 5<sup>th</sup>, York, NE-based **First York Ban Corp** (\$1.6B in assets) agreed to acquire Franklin, NE-based **Franklin State Bancshares, Inc.**, the holding company for **Franklin State Bank** (\$46M in assets) for \$11M in an all cash deal. GLC estimates the pricing as 123% of tangible book value and 13.2x last twelve months' earnings. First York will expand in Franklin County, NE by one branch. The transaction is expected to close in Q4 2018

## REGIONAL BANK INDEX

**The GLC Regional Bank Index decreased in September by 5.0%.** In September, Regional Bank stocks underperformed the SNL US Bank Index (down 4.5%), and underperformed the S&P 500 Index (up 0.4%). Regional Bank stocks were averaging a valuation of 18.5x LTM earnings and 225% of tangible book value. Regional Bank stocks traded at less than 90% of their 52-week high for the first time in 14 months.

### Regional Bank Index Companies and Statistics (market data as of 9/30/2018)

Company Name	Ticker	State	MRQ		Market Cap (\$M)	Stock Price (\$ Actual)	52-Week High (%)	9/30/2018 Return		Price/Earnings LTM (x)	Price/Tangible Book (%)
			Total Assets (\$M)	LTM ROAA (%)				Month (%)	YTD (%)		
BancFirst Corporation	BANF	OK	\$7,623	1.38	\$1,963	\$59.95	92.4	(6.0)	17.2	19.6	256.7
BOK Financial Corporation	BOKF	OK	\$33,833	1.13	\$6,366	\$97.28	92.4	(5.1)	5.3	16.8	207.2
Capitol Federal Financial, Inc.	CFFN	KS	\$9,049	0.90	\$1,752	\$12.74	85.0	(3.6)	(5.0)	17.5	131.3
Commerce Bancshares, Inc.	CBSH	MO	\$24,525	1.55	\$7,039	\$66.02	91.7	(7.1)	18.2	19.1	284.1
Enterprise Financial Services Corp	EFSC	MO	\$5,510	1.27	\$1,228	\$53.05	91.7	(5.8)	17.5	18.5	274.7
Equity Bancshares, Inc.	EQBK	KS	\$3,712	0.84	\$620	\$39.26	89.5	(3.3)	10.9	22.6	216.1
First Interstate BancSystem, Inc.	FIBK	MT	\$12,236	1.15	\$2,715	\$44.80	95.4	(3.6)	11.9	18.1	262.9
Glacier Bancorp, Inc.	GBCI	MT	\$11,898	1.29	\$3,642	\$43.09	93.6	(5.7)	9.4	26.0	321.8
Great Southern Bancorp, Inc.	GSBC	MO	\$4,569	1.15	\$783	\$55.35	90.4	(6.7)	7.2	15.4	162.9
Great Western Bancorp, Inc.	GWB	SD	\$12,009	1.31	\$2,485	\$42.19	92.8	(3.1)	6.0	16.2	232.4
Heartland Financial USA, Inc.	HTLF	IA	\$11,302	0.87	\$1,999	\$58.05	94.1	(4.5)	8.2	20.9	246.7
Independent Bank Group, Inc.	IBTX	TX	\$10,017	1.15	\$2,021	\$66.30	84.4	(4.3)	(1.9)	18.6	262.8
MidWestOne Financial Group, Inc.	MOFG	IA	\$3,276	0.65	\$407	\$33.31	89.1	(0.7)	(0.7)	19.6	150.4
National Bank Holdings Corporation	NBHC	CO	\$5,647	0.44	\$1,157	\$37.65	91.2	(6.2)	16.1	NM	217.6
People's Utah Bancorp	PUB	UT	\$2,162	1.30	\$635	\$33.95	88.4	(6.1)	12.0	24.3	261.8
Southern Missouri Bancorp, Inc.	SMBC	MO	\$1,886	1.17	\$335	\$37.27	92.2	(6.8)	(0.9)	15.6	184.0
Triumph Bancorp, Inc.	TBK	TX	\$3,795	1.24	\$1,003	\$38.20	85.8	(10.0)	21.3	21.3	209.1
UMB Financial Corporation	UMBF	MO	\$20,531	1.32	\$3,552	\$70.90	88.7	(5.8)	(1.4)	13.0	177.2
West Bancorporation, Inc.	WTBA	IA	\$2,197	1.19	\$383	\$23.50	84.4	(2.7)	(6.6)	15.6	210.0
Western Alliance Bancorporation	WAL	AZ	\$21,367	1.88	\$6,024	\$56.89	89.8	(1.3)	0.5	15.8	288.0
Zions Bancorporation	ZION	UT	\$66,457	1.09	\$9,749	\$50.15	85.7	(5.9)	(1.3)	15.5	162.2
<b>Regional Bank Index (Average)</b>			<b>\$13,029</b>	<b>1.16</b>	<b>\$2,660</b>		<b>89.9</b>	<b>(5.0)</b>	<b>6.9</b>	<b>18.5</b>	<b>224.8</b>
<b>SNL US Bank Index</b>								<b>(4.5)</b>	<b>(1.8)</b>	<b>15.4</b>	<b>195.2</b>
<b>S&amp;P 500 Index</b>								<b>0.4</b>	<b>9.0</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")

# COMMUNITY BANK M&A NEWSLETTER

## DE NOVO BANK REBIRTH

Community banking de novo activity has picked up steam once again. Although the levels are not as high compared to 2005 when the FDIC approved 237 applications in a single year, the current market is heating up. There are currently 18 banks in organization waiting to be approved, while six more have already been approved this year. Moreover, the market has seen a sharp increase in established de novo banks since 2016.

### BANKS IN ORGANIZATION

2017 DE NOVO  
BANK APPLICATIONS



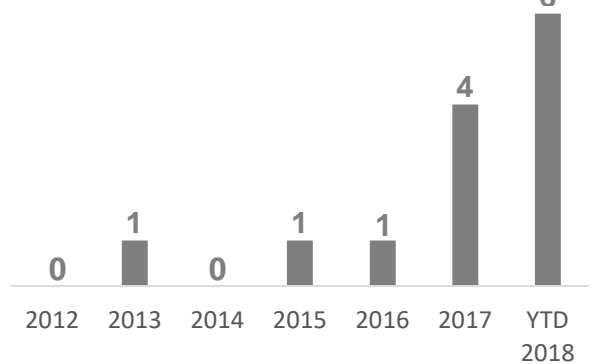
YTD 2018 DE NOVO  
BANK APPLICATIONS



Currently 18 banks in organization for De Novo Applications YTD 2018

### DE NOVO ACTIVITY

BANK DE NOVOS PER YEAR



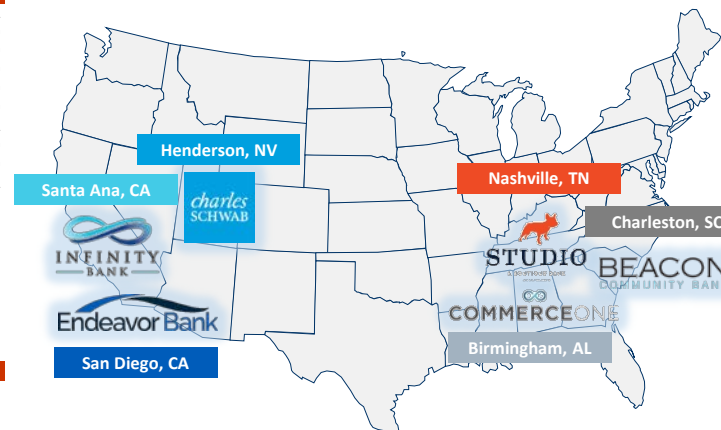
De novo activity up due to an increase in bank valuations and decreased regulatory scrutiny

The combination of regulatory changes, market highs and industry consolidation has created an environment where de novo banks can again form and succeed. The FDIC is encouraging the next wave of de novos as the application process has been made easier by lowering the de novo period from seven to three years. Additionally, the new wave of de novo applications have generally been to form banks in underserved geographies with little to no community bank presence (e.g. Arizona or Nevada). For new bank formations, the median capital required by the regulators for 2018 has been \$41M as shown in the table below.

### LIST OF BANKS IN ORGANIZATION

Date Filed	Institution	City, State	Max Capital Raised (\$000)
9/28/2018	AmeriNat Bank	Las Vegas, NV	NA
8/31/2018	American Bank & Trust	Monroe, NC	26,400
8/27/2018	Dogwood State Bank	Raleigh, NC	75,000
8/7/2018	Piermont Bank, National Association	New York, NY	100,000
7/10/2018	MOXY Bank	Washington, DC	25,000
6/28/2018	Nelnet Bank	Salt Lake City, UT	100,000
6/11/2018	Carolina State Bank	Greensboro, NC	NA
5/25/2018	Generations Commercial Bank	Seneca Falls, NY	2,500
5/15/2018	Watermark Bank	Oklahoma City, OK	36,000
5/14/2018	Community Bank of the Carolinas	Winston-Salem, NC	NA
5/7/2018	Ohio State Bank	Bexley, OH	25,000
4/27/2018	New Valley Bank & Trust	Springfield, MA	0
3/19/2018	Gulfside Bank	Sarasota, FL	20,000
3/16/2018	Tarpon Coast Bank	Port Charlotte, FL	NA
3/15/2018	MiCommunity Bank	Bloomfield Township, MI	30,000
3/5/2018	Spirit Community Bank	Statesville, NC	30,000
2/12/2018	Coastal Community Bank, N.A.	Hollywood, FL	NA
1/19/2018	Marathon International Bank	Washington, DC	25,000
1/9/2018	Catalyst Bank	Las Vegas, NV	20,000
<b>Rumored Banks in Organization</b>			
NA	Scottsdale Community Bank	Scottsdale, AZ	NA
NA	VisionBank	Washington, DC	NA
NA	Gainey Business Bank	Scottsdale, AZ	NA
NA	Credit Union Trust	Farmington Hills, MI	NA
NA	Discovery Business Bancorp	Chandler, AZ	NA
Average			26,400
Median			40,993

### LOCATIONS OF 2018 DE NOVOS



Note: Data as of 10/4/2018; Source: SNL Financial LC, Bank Director, FDIC

# 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 35+ years of collective M&A experience in the Financial Services Industry while completing 80+ successful transactions and financing engagements and 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




has been acquired by  
(pending)



has been acquired by

**InBankshares Corp.**



has been acquired by



has been acquired by

**TIG Bancorp**



has acquired



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