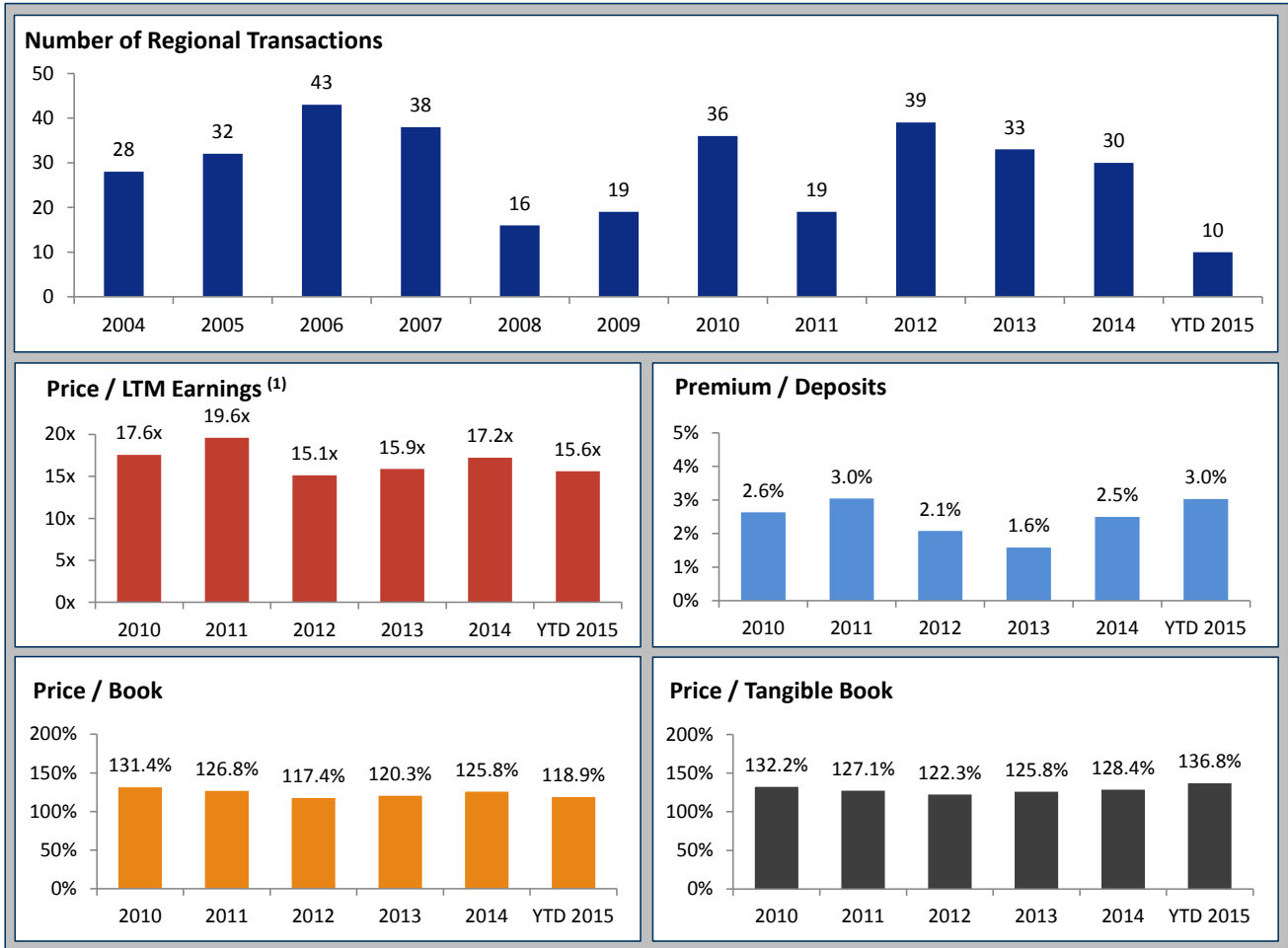


Regional M&A Transaction Statistics



Note: Includes announced transactions in AZ, CO, KS, MT, NE, NM, OK, UT and WY, excluding failed banks

Source: SNL Financial

⁽¹⁾ Excludes multiples smaller than 8.0x and larger than 40.0x

Regional M&A Transaction Overview

On April 16th, Dubuque, Iowa-based **Heartland Financial USA Inc.** (\$6.0 billion in assets) agreed to acquire Santa Fe, New Mexico-based **Community Bancorp of New Mexico Inc.**, parent company of **Community Bank** (\$181 million in assets) for approximately \$11.3 million in cash representing 135% of tangible book value. Heartland will expand by five branches in northern New Mexico and merge Community into its New Mexico charter, **New Mexico Bank & Trust**. The acquisition is expected to close in the third quarter of 2015. *KPMG Corporate Finance was the exclusive financial advisor to Community Bancorp of New Mexico Inc. in the transaction.*

On April 23rd, it was announced that Oskaloosa, Kansas-based **State Bank of Oskaloosa** (\$29 million in assets) is planning to merge with Everest, Kansas-based **Union State Bank of Everest** (\$259 million in assets). The merger will result in a combined entity with approximately \$288 million in assets and six branches in northeastern Kansas and northwestern Missouri. Terms of the transaction were not made publicly available.

On April 30th, Sioux Falls, South Dakota-based **Great Western Bancorp Inc.** (\$9.8 billion in assets) announced its parent company, **National Australia Bank Ltd.** (\$773.0 billion in assets), will increase the number of shares it is planning to sell in a secondary offering of Great Western common stock. The new number of total shares that will be offered is 20 million at an offering price between \$21.50 and \$21.87 per share (Great Western's stock price closed at \$21.50 on April 30th). Excluding overallotment options, the secondary offering will result in National Australia Bank having a 33.7% ownership in Great Western, down from its current ownership of 68.2%. The stock offering is expected to close on May 6th.

Western States Regional Bank Index ("WBI")⁽¹⁾

Regional bank stocks, as measured by the WBI, fell slightly in April by declining 0.6% after recording consecutive gains in the prior two months. The WBI continued to be down on a year-to-date ("YTD") basis by 1.6%. Nationally, bank stocks, as measured by the S&P Bank index, increased for the month of April, gaining 2.1% compared to a gain of 0.9% recorded by the S&P 500 during the same time period. On a YTD basis, the S&P Bank Index posted a loss by declining 2.2% compared to the S&P 500 gaining a modest 1.3%.

Bank Name	Symbol	State	Market Cap (\$ in mil)	Stock Price 4/30/15	Stock Price Change		Price / LTM EPS	Price / Book	Price / Tang. Book	NPAs ⁽²⁾ / Assets	LTM ROAA
					Monthly	YTD					
BancFirst Corporation	BANF	OK	\$897	\$57.72	(5.3%)	(8.9%)	14.0x	144.0%	157.9%	0.39%	1.02%
BOK Financial Corporation	BOKF	OK	\$4,439	\$65.19	6.5%	8.6%	15.5x	133.8%	152.5%	1.15%	1.02%
Capitol Federal Financial Inc.	CFFN	KS	\$1,684	\$12.00	(4.0%)	(6.1%)	20.7x	114.3%	114.3%	0.35%	0.76%
CoBiz Financial, Inc.	COBZ	CO	\$479	\$12.01	(2.5%)	(8.5%)	16.0x	190.6%	192.4%	0.52%	1.03%
Commerce Bancshares, Inc.	CBSH	MO	\$4,091	\$42.71	0.9%	(1.8%)	16.6x	182.8%	201.7%	0.28%	1.13%
First Interstate BancSystem, Inc.	FIBK	MT	\$1,232	\$27.06	(2.7%)	(2.7%)	14.7x	134.4%	176.2%	0.91%	1.02%
Glacier Bancorp, Inc.	GBCI	MT	\$1,980	\$26.34	4.7%	(5.1%)	17.3x	188.8%	218.5%	1.47%	1.41%
Guaranty Bancorp	GBNK	CO	\$350	\$15.74	(7.2%)	9.0%	22.2x	162.1%	167.3%	0.70%	0.73%
National Bank Holdings Corporation	NBHC	CO	\$703	\$19.00	1.0%	(2.1%)	NM	92.6%	102.8%	1.55%	0.18%
Southwest Bancorp, Inc.	OKSB	OK	\$326	\$17.23	(3.1%)	(0.7%)	15.4x	120.8%	121.6%	0.64%	1.13%
UMB Financial Corporation	UMBF	MO	\$2,285	\$49.79	(5.9%)	(12.5%)	17.3x	135.4%	163.0%	0.18%	0.81%
Western Alliance Bancorporation	WAL	AZ	\$2,751	\$30.92	4.3%	11.2%	17.5x	281.1%	288.7%	1.22%	1.53%
Zions Bancorporation	ZION	UT	\$5,754	\$28.34	4.9%	(0.6%)	17.1x	89.3%	106.4%	0.62%	0.69%
Average⁽¹⁾			\$2,075		(0.6%)	(1.6%)	17.0x	151.5%	166.4%	0.77%	0.96%
					<i>S&P Bank</i>	2.1%	(2.2%)				
					<i>S&P 500</i>	0.9%	1.3%				

⁽¹⁾ WBI Index is an equally weighted mean of stock price changes on a monthly and year-to-date basis derived from the 13 regional banks listed above

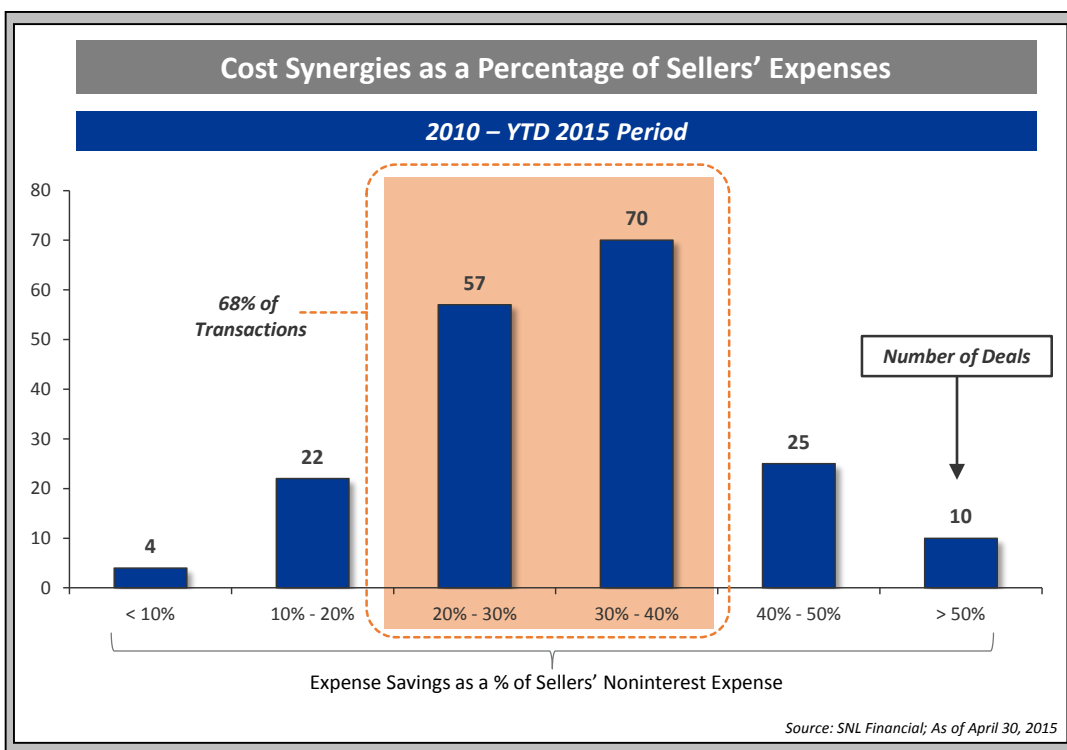
⁽²⁾ Non-performing assets include non-accrual loans, loans 90+ days past due and OREO

Source: SNL Financial

Cost Savings Expectations in Bank Acquisitions

One of the main consideration points and valuation drivers in bank acquisitions is the elimination of duplicative or unnecessary expenses when combining the operations of the buyer and the seller. Typically, these cost savings come in the form of reduced technology expenses, reduced regulatory expenses, and duplicative staff roles.

The following analysis attempts to answer the question: what is the expected percentage of expenses eliminated in a bank acquisition? The chart below contains publicly announced expected cost eliminations as a percentage of sellers' total noninterest expense in bank acquisitions. Because this information is typically disclosed by publicly traded bank acquirers, the majority of the data below pertains to acquisitions involving larger, publicly banks (median buyer asset size of approximately \$869 million and median seller asset size of approximately \$131 million).



In the most recent five year period, the above chart shows the majority of transactions (70 transactions, or approximately 37% of total transactions) had cost synergies between 30% and 40%. Overall, approximately 68% of transactions had cost savings between 20% and 40% of sellers' noninterest expense. Out of deals with publicly announced potential cost savings data, the median percentage of noninterest expense cost savings was approximately 30% over the prior five year period.

In our experience, transactions involving smaller buyers and sellers tend to have similar levels of cost savings (between 20% and 40% of the seller's noninterest expense).

An additional determinant of cost savings in bank acquisitions is whether the seller is in the buyer's existing market or represents an expansion into new territory for the buyer. Generally, in-market deals generate greater cost savings for the buyer. For the transactions in the above chart, deals involving buyers and sellers in similar markets realized cost savings of 31% compared to cost savings of 26% for out-of-market acquisitions.

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cutting through complexity has been acquired by 	cutting through complexity has acquired a branch of 	cutting through complexity has been acquired by 	cutting through complexity has been acquired by Strategic Growth Bancorp, Inc.	cutting through complexity has acquired 	cutting through complexity has been acquired by

⁽¹⁾ Includes transactions completed by KPMG CF professionals while employed at another firm, substantially all of whose assets were acquired by KPMG CF

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