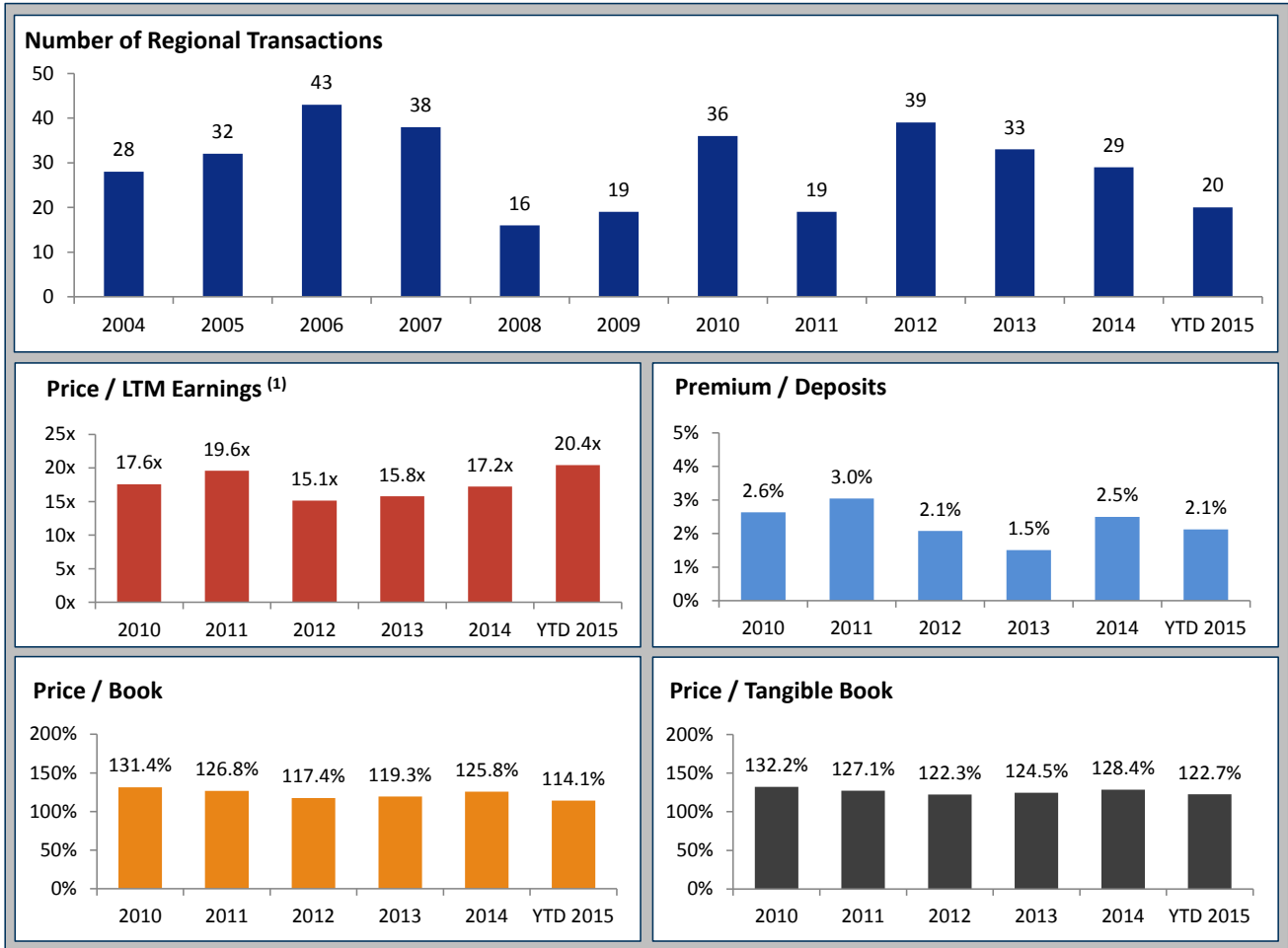


## Regional M&A Transaction Statistics



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

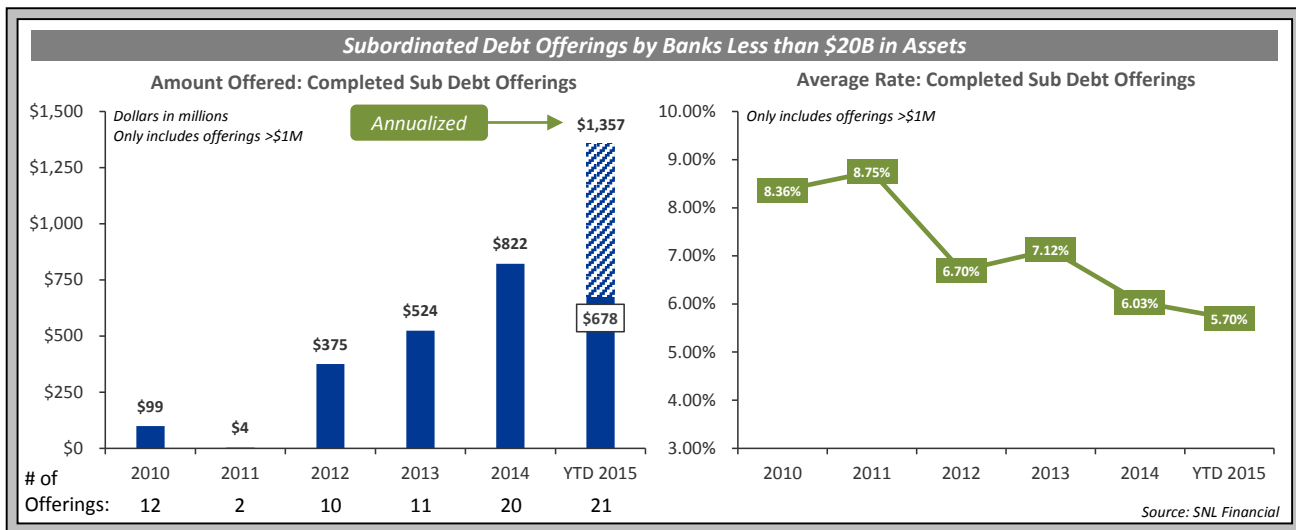
On June 16<sup>th</sup>, American Fork, Utah-based **People's Utah Bancorp** (\$1.4 billion in assets) closed its initial public offering ("IPO") that raised \$36.3 million through the sale of approximately 2.9 million common shares at \$14.50 per share. The \$14.50 offering price represents 14.8x earnings and 135.7% of tangible book value. Following the IPO, the company announced it has plans for expansion through acquisitions in the Greater Salt Lake City market.

On June 22<sup>nd</sup>, Kansas City, Missouri-based **Dickinson Financial Corp. II** (\$2.0 billion in assets) completed the consolidation of its five banking charters into two. Dickinson's resulting two bank subsidiaries will be Colorado Springs, Colorado-based **Academy Bank NA** (\$309 million in assets) and Fort Leavenworth, Kansas-based **Armed Forces Bank NA** (\$1.5 billion in assets). The company stated that the consolidation will streamline the organization by cutting costs and better aligning its capital and resources.



## Subordinated Debt Offerings on the Rise for Banks

For the first six months of 2015, there was a jump in subordinated debt (“Sub Debt”) offerings – as shown in the chart below. So far in 2015, there were 21 completed Sub Debt offerings (versus 20 in all of 2014) resulting in an annualized amount of \$1.4 billion to be offered in 2015 (compared to \$822 million 2014). Sub Debt rates have trended downward in the past two years. The average Sub Debt rate for 2015 was 5.7% for banks less than \$20 billion in assets.



The table below details the 21 Sub Debt offerings completed in 2015 including each Bank’s strategic reasons for the offering. The majority of banks listed mergers and acquisitions (“M&A”) and redeeming old debt or equity as drivers for their decision to issue Sub Debt. Given the low rates on Sub Debt, many banks continue to see Sub Debt as a cheap source of acquisition financing or as an opportunity to refinance more expensive debt. Five of the banks used Sub Debt to redeem SBLF funding, which is a funding source that will experience a rate increase in the middle of 2016.

**Subordinated Debt Offerings in 2015 (banks Less than \$20 Billion in Assets)**

Bank Name	City, State	Total Assets (\$'000)	Offering Completion Date	Amount Offered (\$'000)	Amount Offered/ Tang. Equity	Interest Rate	Reasons for Debt Offering			
							M&A	Growth	Redeem SBLF	Redeem Debt or Equity
Enterprise Bancorp, Inc.	Lowell, MA	\$2,022,228	1/30/2015	\$15,000	9.3%	6.00%				x
Community Financial Corporation	Waldorf, MD	\$1,082,878	2/3/2015	\$23,000	19.7%	6.25%			x	
Nicolet Bankshares, Inc.	Green Bay, WI	\$1,215,285	2/17/2015	\$8,000	7.5%	5.00%	x			x
First NBC Bank Holding Company	New Orleans, LA	\$3,750,617	2/18/2015	\$60,000	14.0%	5.75%				x
Cornerstone Community Bancorp	Red Bluff, CA	\$149,115	3/2/2015	\$5,000	36.4%	NA		x		
DNB Financial Corporation	Downingtown, PA	\$723,330	3/5/2015	\$9,750	15.3%	4.25%			x	
York Traditions Bank	York, PA	\$300,231	3/27/2015	\$5,000	15.2%	6.25%			x	
Heartland Financial USA, Inc.	Dubuque, IA	\$6,051,812	3/30/2015	\$75,000	16.5%	5.75%				x
Univest Corporation of Pennsylvania	Souderton, PA	\$2,235,321	3/30/2015	\$50,000	23.0%	5.10%	x	x		
Financial Institutions, Inc.	Warsaw, NY	\$3,089,521	4/9/2015	\$40,000	18.5%	6.00%	x	x		
Eastern Virginia Bankshares, Inc.	Tappahannock, VA	\$1,181,972	4/22/2015	\$20,000	16.9%	6.50%	x	x		x
Nicolet Bankshares, Inc.	Green Bay, WI	\$1,204,402	4/28/2015	\$2,000	1.8%	5.00%	x			x
First Bank	Hamilton, NJ	\$677,458	4/30/2015	\$22,000	34.1%	6.75%	x	x		
Country Bank Holding Company, Inc.	New York, NY	\$526,034	5/15/2015	\$6,000	NA	NA			Did Not Disclose	
Bay Banks of Virginia, Inc.	Kilmarnock, VA	\$393,598	5/28/2015	\$7,000	18.8%	6.50%		x		
Fulton Financial Corporation	Lancaster, PA	\$17,363,341	6/8/2015	\$150,000	9.7%	4.50%				x
Valley National Bancorp	Wayne, NJ	\$18,980,010	6/16/2015	\$100,000	7.6%	4.55%	x			
Xenith Bankshares, Inc.	Richmond, VA	\$992,737	6/19/2015	\$8,500	9.2%	6.75%			x	
Eagle Bancorp Montana, Inc.	Helena, MT	\$559,365	6/19/2015	\$10,000	20.9%	6.75%	x	x		
CoBiz Financial Inc.	Denver, CO	\$3,090,226	6/22/2015	\$60,000	19.1%	5.63%			x	
Nicolet Bankshares, Inc.	Green Bay, WI	\$1,204,402	6/29/2015	\$2,000	1.8%	5.00%	x			x
<b>Average</b>		<b>\$3,180,661</b>		<b>\$32,298</b>	<b>15.8%</b>	<b>5.70%</b>	<b>9</b>	<b>7</b>	<b>5</b>	<b>8</b>
<b>Median</b>		<b>\$1,204,402</b>		<b>\$15,000</b>	<b>15.9%</b>	<b>5.75%</b>	<b>Total</b>			

Source: SNL Financial

cutting through complexity  has been acquired by an (pending) 	cutting through complexity  has been acquired by an (pending) 	cutting through complexity  Horizon Community Bank completed an equity financing	cutting through complexity  has been acquired by 	cutting through complexity  has been acquired by 	cutting through complexity  has been acquired by a <b>Private Investor</b>
cutting through complexity  has been acquired by an <b>Investor Group</b>	cutting through complexity  has been acquired by 	cutting through complexity  has been acquired by 	cutting through complexity  has acquired a branch of 	cutting through complexity  Assisted in the sale of bank subsidiary	cutting through complexity  has been acquired by 
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 <b>Strategic Growth Bancorp, Inc.</b>	cutting through complexity  has acquired 	cutting through complexity  has been acquired by 

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

### Wesley A. Brown

Managing Director

[wesleybrown@kpmg.com](mailto:wesleybrown@kpmg.com)

303.295.8883

### Adam C. Fiedor

Director

[afiedor@kpmg.com](mailto:afiedor@kpmg.com)

303.295.8873

### Michael D. Richter

Director

[michaelrichter@kpmg.com](mailto:michaelrichter@kpmg.com)

303.295.8847

### Michael P. Fleschner

Associate

[mfleschner@kpmg.com](mailto:mfleschner@kpmg.com)

303.295.8875

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