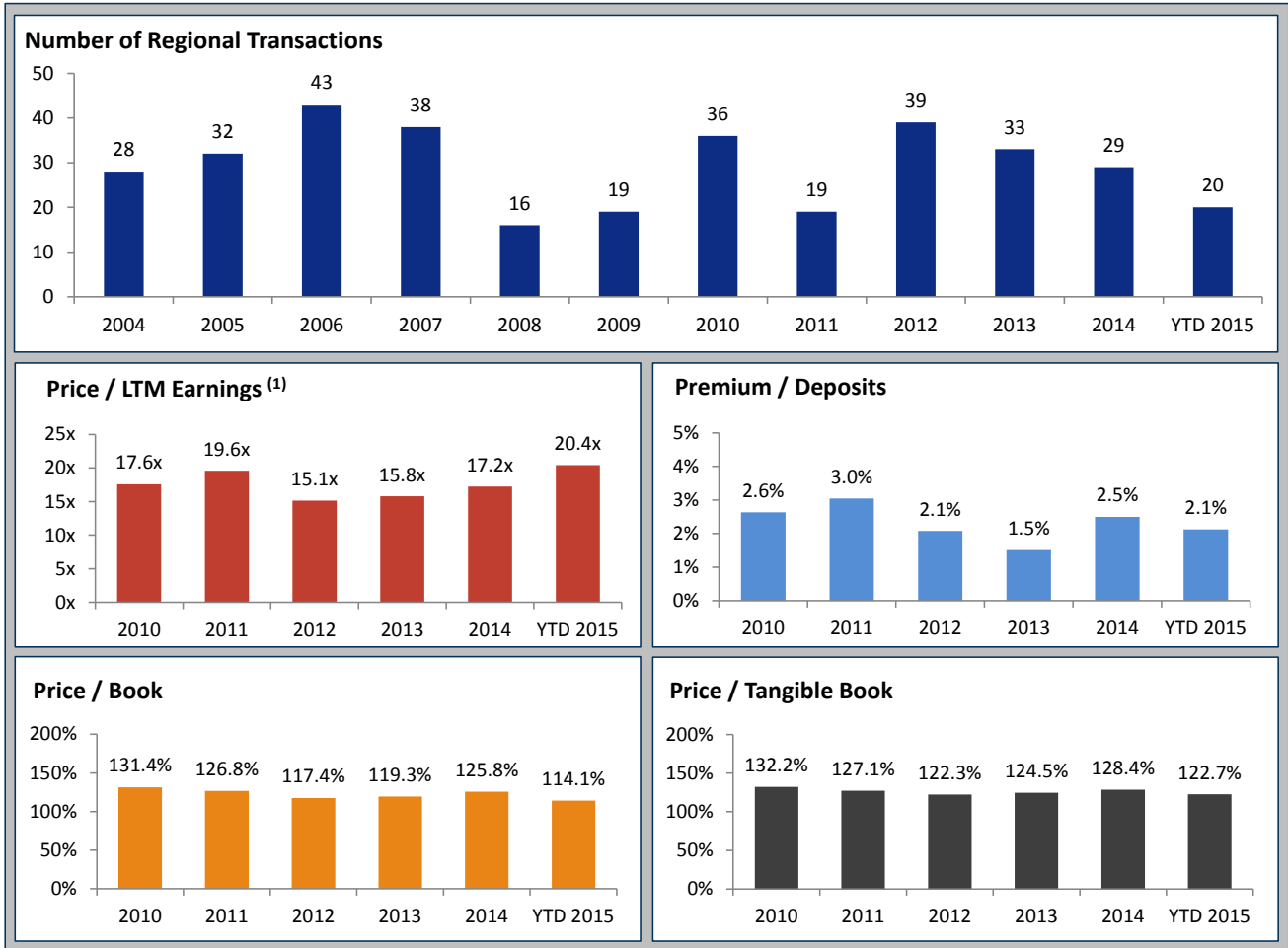


Regional M&A Transaction Statistics



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 May 29th, Dubuque, Iowa-based **Heartland Financial USA** (\$6.5 billion in assets) agreed to acquire Fresno, California-based **Premier Valley Bank** (\$648 million in assets) for approximately \$95 million (70% stock and 30% cash). The purchase price represents 12.5x LTM earnings and 164% of tangible book value. Heartland will enter the state of California through Premier's five branch network in central California. Premier will continue to operate as an independent charter maintaining its current name and management team. The transaction is Heartland's second this month (see page 2 for information on the first transaction) and third in 2015. The transaction is expected to close in the fourth quarter of 2015.

On May 27th, Alexandria, Virginia-based **Armed Forces Benefit Association** (\$623 million in assets) closed the sale of its Colorado Springs, Colorado-based subsidiary, **5Star Bank** (\$169 million in assets) to **Little London Bancorp Inc.**, an investor group led by 5Star President and CEO Mike League. The sale represented an announced transaction price of \$14.8 million resulting in 21.4x LTM earnings and 109% of tangible book value. *KPMG Corporate Finance was the exclusive financial advisor to Armed Forces Benefit Association in the transaction.*



cutting through complexity

On May 27th, Stillwater, Oklahoma-based **Southwest Bancorp Inc.** (\$2.0 billion in assets) agreed to acquire Edmond, Oklahoma-based **First Commercial Bancshares Inc.** for approximately \$42 million (51% stock and 49% cash). The sale price represents 22.5x LTM earnings and 140% of tangible book value. The deal expands Southwest Bancorp's footprint by five branches in Oklahoma County, Oklahoma and also provides entry into Arapahoe County, Colorado with one branch. The transaction is expected to close in the fourth quarter of 2015.

On May 15th, Dubuque, Iowa-based **Heartland Financial USA** (\$6.5 billion in assets) agreed to acquire Scottsdale, Arizona-based **First Scottsdale Bank NA** (\$106 million in assets) in an all-cash deal totaling approximately \$18 million. The purchase price represents 105% of tangible book value. First Scottsdale will merge into Heartland's Arizona charter Phoenix, Arizona-based **Arizona Bank & Trust** (\$487 million). The transaction is expected to close in the third quarter of 2015.

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

Regional bank stocks, as measured by the WBI, gained in May by increasing 2.1%. The WBI moved to positive territory on a year-to-date ("YTD") basis by 0.5%. Nationally, bank stocks, as measured by the S&P Bank index, increased for the month of May, gaining 2.5% compared to a gain of 1.0% recorded by the S&P 500 during the same time period. On a YTD basis, the S&P Bank Index posted a slight gain by increasing 0.2% compared to the S&P 500 increasing 2.4%.

Bank Name	Symbol	State	Market Cap (\$ in mil)	Stock Price 5/29/15	Stock Price Change		Price / LTM EPS	Price / Book	Price / Tang. Book	NPAs ⁽²⁾ / Assets	LTM ROAA
					Monthly	YTD					
BancFirst Corporation	BANF	OK	\$901	\$58.29	1.0%	(8.0%)	14.1x	145.4%	159.5%	0.37%	1.02%
BOK Financial Corporation	BOKF	OK	\$4,452	\$64.68	(0.8%)	7.7%	15.4x	132.8%	151.3%	0.86%	1.02%
Capitol Federal Financial Inc.	CFFN	KS	\$1,703	\$12.10	0.8%	(5.3%)	20.9x	115.3%	115.3%	0.33%	0.76%
CoBiz Financial, Inc.	COBZ	CO	\$482	\$11.82	(1.6%)	(10.0%)	15.8x	187.6%	189.3%	0.41%	1.03%
Commerce Bancshares, Inc.	CBSH	MO	\$4,303	\$44.61	4.4%	2.6%	17.3x	190.9%	204.0%	0.25%	1.13%
First Interstate BancSystem, Inc.	FIBK	MT	\$1,222	\$27.24	0.7%	(2.1%)	14.8x	135.3%	177.4%	1.11%	1.02%
Glacier Bancorp, Inc.	GBCI	MT	\$2,122	\$28.14	6.8%	1.3%	18.5x	201.7%	233.5%	1.08%	1.41%
Guaranty Bancorp	GBNK	CO	\$353	\$16.48	4.7%	14.1%	23.2x	169.7%	175.2%	0.72%	0.73%
National Bank Holdings Corporation	NBHC	CO	\$710	\$19.12	0.6%	(1.5%)	NM	94.6%	105.0%	1.21%	0.18%
Southwest Bancorp, Inc.	OKSB	OK	\$335	\$17.70	2.7%	2.0%	15.8x	124.1%	124.9%	0.57%	1.13%
UMB Financial Corporation	UMBF	MO	\$2,372	\$51.79	4.0%	(9.0%)	18.0x	140.9%	165.6%	0.21%	0.81%
Western Alliance Bancorporation	WAL	AZ	\$2,805	\$31.35	1.4%	12.8%	17.7x	285.0%	292.7%	1.14%	1.53%
Zions Bancorporation	ZION	UT	\$5,812	\$28.88	1.9%	1.3%	17.4x	91.0%	108.4%	0.75%	0.69%
Average⁽¹⁾			\$2,121		2.1%	0.5%	17.4x	155.0%	169.4%	0.69%	0.96%
					<i>S&P Bank</i>	2.5%	0.2%				
					<i>S&P 500</i>	1.0%	2.4%				

⁽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

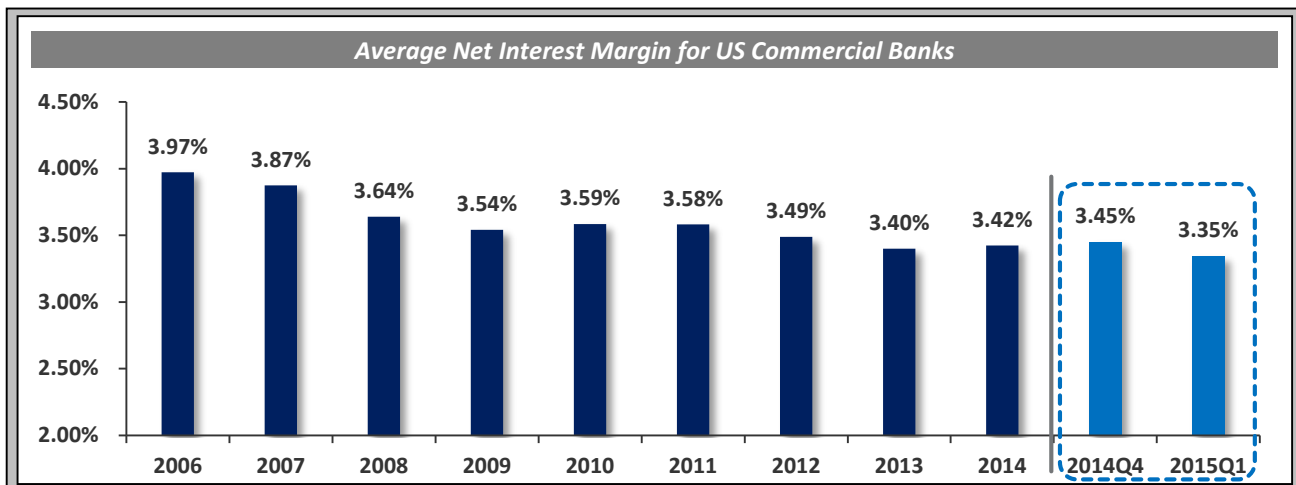
⁽²⁾ Non-performing assets include non-accrual loans, loans 90+ days past due and OREO

Source: SNL Financial

Net Interest Margin: Are We at the Bottom Yet?

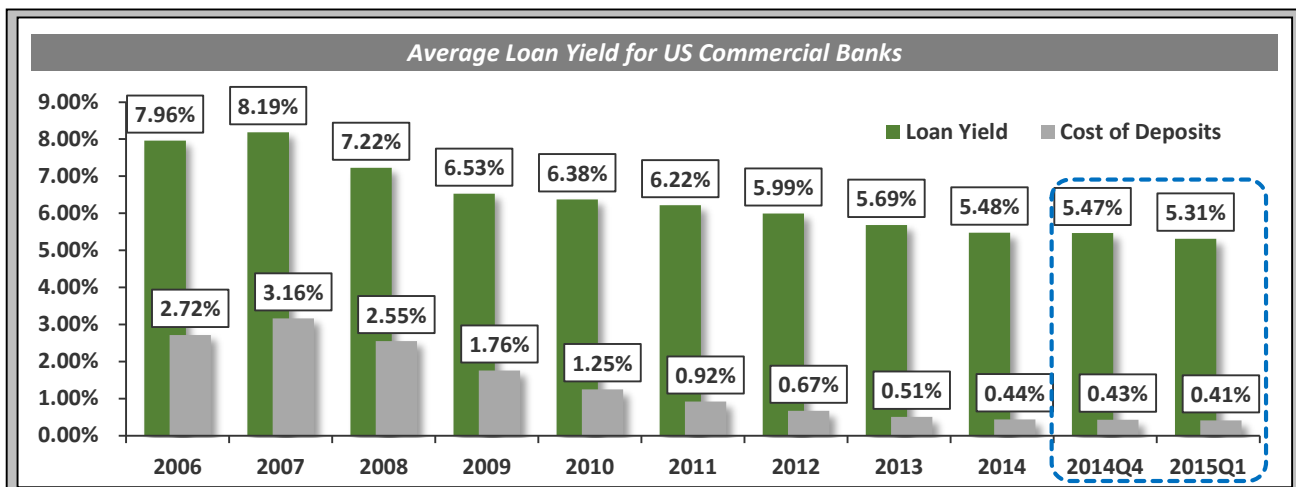
It is no surprise to anyone that bank net interest margins are at historic lows. For the last several years, bankers have been anticipating a rise in interest rates that has not materialized, placing continued pressure on net interest margins.

For the full year of 2014, the average net interest margin for all banks ticked up slightly to 3.42% from 3.40% in 2013, hinting at a possible reversal in declining net interest margins, helped by the median Loans/Deposits ratio for banks, which increased to 73% from 71% in 2013. However, for 2015Q1, the average net interest margin for all banks sunk to 3.35%, a decrease from 3.45% recorded in 2014Q4, ending hopes for a reversal in falling net interest margins. The chart below displays annual average net interest margins for all banks since 2006 and the most recent two quarters.



Source: SNL Financial

There were three drivers behind 2015Q1's decline in net interest margins from 2014Q4: loan yields continued to fall, cost of deposits remained flat, and Loans/Deposits ratios slightly declined. Many banks continue to alter loan terms and structure to win new business in the low rate environment resulting in lower loan yields, which in turn, push down net interest margins. This trend continued in 2015Q1 with the average loan yield for all banks decreasing to 5.31% from 5.47% in 2014Q4. As loan yields decreased in 2015Q1, the average cost of deposits continued to trend near all-time lows. Additionally, the average Loans/Deposits ratio for all banks decreased to 72% in 2015Q1 from 73% in 2014Q4.



Source: SNL Financial

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⁽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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