The Leader in Community Bank Mergers and Acquisitions

Community Bank Performance and Value Trends

John Adams | Sheshunoff & Co Investment Banking | May 2018
Two Major Industry Events

Bank Prices and Profitability

• Higher M&A prices
• Record stock market pricing
• Meaningful regulatory reform
• Tax cut implications

Industry Consolidation

• Accelerating consolidation
• Banks are bulking up and partnering up
• Competition is intensifying
• Deposits are in demand
Industry Update:

Rapid consolidation is creating larger community banks and a focus on exit planning
Asset Distribution Among Banks and Thrifts

Total Industry Assets = $19.0 Trillion

Top 4 Banks:
- $8.7T in Assets
- 46% of Industry Assets

December 31, 2017 Data Consolidated by HC
Excludes any bank larger than $1 billion in assets with a deposits to assets ratio of less than 20%
Number of Banks by Size Group: 2006 vs. 2017

<table>
<thead>
<tr>
<th>Size Group</th>
<th>2006</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; $200M</td>
<td>5,693</td>
<td>2,562</td>
</tr>
<tr>
<td>$200M-$500M</td>
<td>1,758</td>
<td>1,430</td>
</tr>
<tr>
<td>$500M-$1B</td>
<td>665</td>
<td>617</td>
</tr>
<tr>
<td>$1B-$5B</td>
<td>466</td>
<td>510</td>
</tr>
<tr>
<td>&gt; $5B</td>
<td>186</td>
<td>190</td>
</tr>
</tbody>
</table>
ROAA by Size Group: 2006 vs. 2017

Change in Number of Banks by Size Group
with Median LTM ROAA

ROAA

- < $200M: 5,693
- $200M-$500M: 2,562
- $500M-$1B: 1,758
- $1B-$5B: 665
- > $5B: 140

2006 vs. 2017Q4 vs. 2017
Bank/Thrift Count by State- 2017
De Novo Activity Since 2000

Note: Of the 1,061 De Novos formed since 2000, 544 are still active (51%) while 8 were formed in Indiana with 2 still active (25%).

As of March 8, 2018

Note: Currently 6 De Novo applications pending that were filed during 2017 and 3 during 2018.
CEO Survey: Do We Need More Banks?

69% feel we don’t need more banks

- 31% Have the right number now
- 30% Have too many now
- 39% Need more banks

Based upon survey of CEOs in January of 2018
Changing Ecosphere of Community Bank Consolidation

10-Year Drought of De Novo Banks in metro areas:

- Fewer small metro banks available for purchase
- Existing metro banks are larger
- Fewer public banks with interest in acquiring smaller banks
- Existing public banks looking for targets larger than $500M
Bank and Thrift ROA – Change since financial crisis

The median bank in 2017Q4 earns 0.15% less on average assets.

This is 4bps < Q3 – some is tax-related.
Bank and Thrift Equity/Assets – Change since crisis

The median bank in 2017Q4 holds 0.85% more equity to assets. This is 19bps < Q3 – some is tax-related.
Bank and Thrift ROE - Change since financial crisis

The median bank in 2017Q4 earns 2.02% less on average equity.

Indiana median ROE for 2017Q4 was 7.69%.

This is 37bps < Q3 – some is tax-related.

35% Tax Rate Applied to S-Corps
CEO Survey: How Much Tax Savings on Bottom Line?

Based upon survey of CEOs in January of 2018

- Only 40% think more than half of tax savings will hit bottom line
- 27% think about half
- 27% think less than half

More than half  |  About half  |  Less than half

Based upon survey of CEOs in January of 2018
Efficiency by Size

Efficiency Ratio

Median Data, % of Average Assets, LTM December 31, 2017 Consolidated HC
Bank and Thrift ROAAs
% of the industry by bank

Note: 33% of Indiana banks had over 1% LTM ROAA

- Losing Money
- 0% to .50% ROAA
- 50% to 1.00% ROAA
- > 1.00% ROAA

35% Tax Rate Applied to S-Corps LTM December 31, 2017
Percentage of Banks with Loans/Deposits > 90%

The declining number of banks and improving economy are creating a demand for deposits – especially among banks < $10B in assets.

Note: 37% of Indiana based institutions had a loan/deposit ratio > 90% at year-end 2017.
CEO Survey: What Is Most Difficult to Grow?

Only 25% think loans will be the greatest challenge.

Based upon survey of CEOs in January of 2018.
Loan to Deposits Impact on Net Interest Margin

Year-to-Date 2017 through December

Loans/Deposits > 80%
3,021 Institutions

Loans/Deposits 60% - 80%
1,611 Institutions

Loans/Deposits < 60%
1,014 Institutions
Publicly Traded Bank Stocks:

With More Homerun Hitters
Expect More Homeruns
Index Performance Since 2016

As of April 13, 2018
Publicly Traded Banks and Thrifts
Greater Than $2 Billion in Assets

Number of Banks by Price/Tangible Book as of April 13, 2018

- Median Price to LTM Earnings

- Number of Institutions by Price/Tangible Book range:
  - <1.0x: 2 institutions
  - 1.0 - 1.5x: 27 institutions
  - 1.5 - 2.0x: 68 institutions
  - 2.0 - 2.5x: 78 institutions
  - 2.5 - 3.0x: 41 institutions
  - >3.0x: 10 institutions

- Price/LTM Earnings intervals:
  - <1.0x: 18.0x
  - 1.0 - 1.5x: 18.2x
  - 1.5 - 2.0x: 18.8x
  - 2.0 - 2.5x: 20.7x
  - 2.5 - 3.0x: 21.8x
  - >3.0x: 23.0x
Publicly Traded Banks and Thrifts
Greater Than $2 Billion in Assets

Number of Major Exchange Traded Institutions Trading above 2.0x Tangible Book

- 9/30/2016: 50 institutions
- 4/13/2018: 129 institutions
As of April 13, 2018
Bank Stock Valuation in Relation to Market Cap

Median Price/TBV % by Market Capitalization

As of April 13, 2018
Effect of Increase in Number of High-Value Public Banks

- Lots of offers being made on solicited and unsolicited basis
- Higher prices for sellers fortunate enough to match up with them
- Pricing pressure on cash buyers
- Pricing divide in M&A transactions based upon currency
- Selling strategies involve courtship of certain buyers
- Takeover premiums have moved back into the stock values of certain companies
## Publicly Traded Indiana Banks, Assets > $500mm

<table>
<thead>
<tr>
<th>Company</th>
<th>City</th>
<th>Ticker</th>
<th>Exchange</th>
<th>Total Assets ($000)</th>
<th>2017 ROAA (%)</th>
<th>Price/ Tg. Book (%)</th>
<th>Market Cap ($MM)</th>
<th>Dividend Yield (%)</th>
<th>Price/Earnings (x)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lakeland Financial Corporation</td>
<td>Warsaw</td>
<td>LKFN</td>
<td>NASDAQ</td>
<td>4,682,976</td>
<td>1.29</td>
<td>246.3</td>
<td>1,145.8</td>
<td>1.93</td>
<td>20.5</td>
</tr>
<tr>
<td>German American Bancorp, Inc.</td>
<td>Jasper</td>
<td>GABC</td>
<td>NASDAQ</td>
<td>3,144,360</td>
<td>1.35</td>
<td>245.7</td>
<td>757.8</td>
<td>1.82</td>
<td>18.7</td>
</tr>
<tr>
<td>First Merchants Corporation</td>
<td>Muncie</td>
<td>FRME</td>
<td>NASDAQ</td>
<td>9,367,478</td>
<td>1.17</td>
<td>245.2</td>
<td>2,042.1</td>
<td>1.75</td>
<td>19.5</td>
</tr>
<tr>
<td>Horizon Bancorp</td>
<td>Michigan City</td>
<td>HBNC</td>
<td>NASDAQ</td>
<td>3,964,303</td>
<td>0.97</td>
<td>234.1</td>
<td>761.2</td>
<td>2.01</td>
<td>20.8</td>
</tr>
<tr>
<td>1st Source Corporation</td>
<td>South Bend</td>
<td>SRCE</td>
<td>NASDAQ</td>
<td>5,887,284</td>
<td>1.21</td>
<td>204.3</td>
<td>1,344.2</td>
<td>1.76</td>
<td>19.2</td>
</tr>
<tr>
<td>Old National Bancorp</td>
<td>Evansville</td>
<td>ONB</td>
<td>NASDAQ</td>
<td>17,518,292</td>
<td>0.63</td>
<td>197.6</td>
<td>2,518.6</td>
<td>3.14</td>
<td>24.0</td>
</tr>
<tr>
<td>Merchants Bancorp</td>
<td>Carmel</td>
<td>MBIN</td>
<td>NASDAQ</td>
<td>3,393,133</td>
<td>1.84</td>
<td>194.6</td>
<td>623.8</td>
<td>1.10</td>
<td>9.5</td>
</tr>
<tr>
<td>First Farmers Financial Corporation</td>
<td>Converse</td>
<td>FFMR</td>
<td>OTCQX</td>
<td>1,647,280</td>
<td>NA</td>
<td>191.6</td>
<td>265.3</td>
<td>2.22</td>
<td>13.0</td>
</tr>
<tr>
<td>First Capital, Inc.</td>
<td>Corydon</td>
<td>FCAP</td>
<td>NASDAQ</td>
<td>758,956</td>
<td>0.99</td>
<td>186.4</td>
<td>137.5</td>
<td>2.25</td>
<td>18.4</td>
</tr>
<tr>
<td>MutualFirst Financial, Inc.</td>
<td>Muncie</td>
<td>MFSF</td>
<td>NASDAQ</td>
<td>1,588,932</td>
<td>0.78</td>
<td>181.8</td>
<td>313.0</td>
<td>1.97</td>
<td>22.3</td>
</tr>
<tr>
<td>First Savings Financial Group, Inc.</td>
<td>Clarksville</td>
<td>FSFG</td>
<td>NASDAQ</td>
<td>930,152</td>
<td>1.20</td>
<td>181.5</td>
<td>157.5</td>
<td>0.86</td>
<td>15.9</td>
</tr>
<tr>
<td>F.S. Bancorp</td>
<td>Lagrange</td>
<td>FXLG</td>
<td>OTC Pink</td>
<td>734,008</td>
<td>1.14</td>
<td>164.8</td>
<td>104.3</td>
<td>2.61</td>
<td>14.2</td>
</tr>
<tr>
<td>United Community Bancorp</td>
<td>Lawrenceburg</td>
<td>UCBA</td>
<td>NASDAQ</td>
<td>546,219</td>
<td>0.61</td>
<td>153.7</td>
<td>110.4</td>
<td>1.58</td>
<td>31.7</td>
</tr>
<tr>
<td>Farmers Bancorp</td>
<td>Frankfort</td>
<td>FABP</td>
<td>OTC Pink</td>
<td>546,218</td>
<td>NA</td>
<td>150.4</td>
<td>88.6</td>
<td>2.35</td>
<td>NA</td>
</tr>
<tr>
<td>NorthWest Indiana Bancorp</td>
<td>Munster</td>
<td>NWIN</td>
<td>OTC Pink</td>
<td>927,259</td>
<td>0.98</td>
<td>141.9</td>
<td>126.2</td>
<td>2.64</td>
<td>14.1</td>
</tr>
<tr>
<td>First Internet Bancorp</td>
<td>Fishers</td>
<td>INBK</td>
<td>NASDAQ</td>
<td>2,767,687</td>
<td>0.66</td>
<td>136.8</td>
<td>300.7</td>
<td>0.67</td>
<td>16.8</td>
</tr>
<tr>
<td>First Financial Corporation</td>
<td>Terre Haute</td>
<td>THFF</td>
<td>NASDAQ</td>
<td>3,000,668</td>
<td>0.98</td>
<td>134.8</td>
<td>509.2</td>
<td>2.45</td>
<td>17.5</td>
</tr>
<tr>
<td>Crystal Valley Financial Corporation</td>
<td>Middlebury</td>
<td>CYVF</td>
<td>OTC Pink</td>
<td>539,847</td>
<td>1.29</td>
<td>128.9</td>
<td>78.6</td>
<td>2.06</td>
<td>11.5</td>
</tr>
<tr>
<td>Bancorp. of Southern Indiana</td>
<td>Seymour</td>
<td>BCSCO</td>
<td>OTC Pink</td>
<td>513,237</td>
<td>0.57</td>
<td>116.1</td>
<td>57.7</td>
<td>2.35</td>
<td>19.8</td>
</tr>
<tr>
<td>STAR Financial Group, Inc.</td>
<td>Fort Wayne</td>
<td>SFIGA</td>
<td>OTC Pink</td>
<td>1,934,531</td>
<td>0.78</td>
<td>109.1</td>
<td>219.0</td>
<td>0.00</td>
<td>14.7</td>
</tr>
</tbody>
</table>

| Median                                      | 1,790,006    | 0.99   | 181.6    | 283.0    | 1.99    | 18.4               |
M&A Review:

M&A Pricing Trending Higher but Currency Matters More Than Ever
## Pricing Momentum for 2018 – Medians for Deals > 2x T. Book

<table>
<thead>
<tr>
<th></th>
<th>6 Deals last 5 Weeks</th>
<th>8 Deals first 12 Weeks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Assets of Seller</strong></td>
<td>$696M</td>
<td>$1.45B</td>
</tr>
<tr>
<td><strong>Price to T. Book</strong></td>
<td>2.20x</td>
<td>2.29x</td>
</tr>
<tr>
<td><strong>Price to 8% T. Book</strong></td>
<td>2.40x</td>
<td>2.58x</td>
</tr>
<tr>
<td><strong>Price to Earnings</strong></td>
<td>24.4x</td>
<td>26.3x</td>
</tr>
<tr>
<td><strong>Premium to Deposits</strong></td>
<td>13.1%</td>
<td>15.5%</td>
</tr>
</tbody>
</table>

As of April 9, 2018
Total Merger Activity

Data as of April 9, 2018

Approximate % of Institutions Involved in Failed and Healthy Deals:
- 2006: 3.4%
- 2007: 3.3%
- 2008: 2.0%
- 2009: 3.1%
- 2010: 4.3%
- 2011: 3.2%
- 2012: 3.8%
- 2013: 3.6%
- 2014: 4.5%
- 2015: 4.5%
- 2016: 4.0%
- 2017: 4.7%
- 2018: 3.6%

Est. 2018 Total Deals

- Healthy Deals: 206
- Failed Banks: 56

Years: 2006 to 2018

Bar Graph:
- Y-axis: Total Number of Deals
- X-axis: Year (2006 to 2018)
Transaction Volume Compared to Assets Acquired

Data as of March 8, 2018

![Graph showing the comparison of transaction volume to assets acquired over the years. The x-axis represents the years from 2006 to 2018, and the y-axis represents the number of transactions.]
Median Target Pricing vs. ROAA Performance
By Year

Data as of April 9, 2018
Median Target Pricing Trend Since January 1, 2017

Median Price/Tangible Book Value (x) by Month Since January 1, 2017

Median for 2017 of 1.60x

Data as of April 9, 2018
Deal Pricing by Asset Size of Seller
Since January 1, 2017

Data as of April 9, 2018
Deal Pricing and Volume by Consideration Type
Since January 1, 2017

PTB = Publicly Traded Bank
Data as of April 9, 2018
Deals with Publicly Traded Buyers Since January 1, 2017
(Which Included a Stock Component as Consideration)

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of transactions</td>
<td>103</td>
</tr>
<tr>
<td>Median size of buyer</td>
<td>$4.5B</td>
</tr>
<tr>
<td>Median size of seller</td>
<td>$0.6B</td>
</tr>
<tr>
<td>Median price to t. book paid to seller</td>
<td>1.85x</td>
</tr>
<tr>
<td>Median buyer trading price to t. book</td>
<td>2.10x</td>
</tr>
<tr>
<td>Median cost savings</td>
<td>35%</td>
</tr>
<tr>
<td>Median street reaction to buyer's stock price upon deal announcement</td>
<td>0.37%</td>
</tr>
</tbody>
</table>

Data as of April 9, 2018
Yearly Deal Count by Price to Tangible Book

Price to Tangible Book Value

- Less than Tg Book
- Tg Book to 1.25x
- 1.25x to 1.50x
- 1.50x to 1.75x
- 1.75x to 2.00x
- More than 2.00x

Data as of April 9, 2018
Trends in Transactions > 2x Tangible Book Value

2000 to 2006 Yearly Average of 116 Transactions Per Year > 2x Tangible Book Value

Data as of April 9, 2018
Large Transactions > $100MM Deal Value

Data as of April 9, 2018
Announced since January 1, 2017, Higher Pricing Multiple Activity (Based on Price to Tangible Book)

- > 2.0x Tg Book
- 1.75x – 2.0x Tg Book
- 1.50x – 1.75x Tg Book

As of April 9, 2018
## Recent M&A Involving Indiana Banks

| Buyer                                      | ST  | Target                  | City        | ST | Total Assets ($000) | Equity/ Assets (%) | NPAs/ Assets (%) | ROAA (%) | Loans/ Dep. (%) | # Brn. | Ann Date      | Price/ Tg Book (x) | Price/ 8% Tg Book (x) | Price/ LTM Earnings (x) | Price/ Assets (%) | Price/ Deposits (%) | Prem/ Deposits (%) |
|--------------------------------------------|-----|-------------------------|-------------|----|---------------------|--------------------|-------------------|-----------|----------------|--------|---------------|-----------------------|-------------------|----------------------|-------------------|
| Civista Bancshares Inc.                    | OH  | United Community Bancorp| Lawrenceburg| IN | 546,219             | 13.19              | 0.39              | 0.61      | 64.14          | 8     | 3/12/2018     | 1.65                  | 2.07              | 33.96                | 21.72             | 25.68               | 10.09             |
| NorthWest Indiana Bancorp                  | IN  | First Personal Financial Corp. | Orland Park | IL | 145,814             | 7.98               | 3.66              | 0.29      | 76.75          | 3     | 2/21/2018     | 1.34                  | 1.34              | NM                  | 10.70             | 11.99               | 3.04              |
| MutualFirst Financial Inc.                | IN  | Universal Bancorp        | Bloomfield  | IN | 398,308             | 10.43              | 1.20              | 0.78      | 83.22          | 13    | 10/4/2017     | 1.59                  | 1.76              | 23.02                | 16.54             | 20.32               | 7.50              |
| Old National Bancorp                      | IN  | Anchor Bancorp Inc.      | Saint Paul  | MN | 2,055,961           | 8.13               | 0.45              | 0.88      | 91.93          | 18    | 8/8/2017      | 1.91                  | 1.84              | 17.08                | 14.75             | 17.66               | 8.39              |
| First Financial Bancorp                    | IN  | MainSource Financial Group | Greensburg  | IN | 4,042,475           | 8.89               | 0.62              | 1.06      | 83.01          | 96    | 7/25/2017     | 2.66                  | 3.03              | 22.43                | 24.88             | 31.87               | 19.91             |
| First Savings Financial Group             | IN  | Dearmyn Bancorp Inc.     | Odon        | IN | 99,228              | 7.21               | 0.06              | 0.74      | 39.38          | 2     | 7/21/2017     | 1.48                  | 1.43              | 17.70                | 10.68             | 11.65               | 3.78              |
| Horizon Bancorp                            | IN  | Wolverine Bancorp Inc.   | Midland     | MI | 379,325             | 17.11              | 1.60              | 1.21      | 119.76         | 3     | 6/14/2017     | 1.41                  | 1.88              | 17.84                | 24.19             | 33.84               | 9.90              |
| Horizon Bancorp                            | IN  | Lafayette Community Bancorp | Lafayette  | IN | 171,693             | 11.69              | 1.18              | 0.58      | 91.37          | 4     | 5/30/2017     | 1.67                  | 1.96              | 33.80                | 19.54             | 22.48               | 9.03              |
| Piper Holdings Inc.                        | IN  | Farmers State Bank       | Brookston   | IN | 71,844              | 8.43               | 1.05              | -0.01     | 88.74          | 3     | 4/4/2017      | 1.56                  | 1.59              | NM                  | 13.12             | 15.30               | 5.47              |
| First Merchants Corp.                      | IN  | Independent Alliance Banks Inc | Fort Wayne | IN | 1,087,610           | 9.99               | 0.57              | 0.94      | 87.75          | 19    | 2/17/2017     | 2.65                  | 2.64              | 27.84                | 26.11             | 32.99               | 20.55             |
| First Merchants Corp.                      | IN  | Arlington Bank           | Upper Arlington | OH | 309,026             | 10.84              | 0.48              | 1.39      | 88.91          | 3     | 1/25/2017     | 2.26                  | 2.71              | 18.28                | 24.53             | 28.64               | 15.98             |

**Number of Deals:** 11  
**Minimum:** 71,844 7.21 0.06 -0.01 39.38 2  
**Average:** 846,137 10.36 1.02 0.77 83.18 16  
**Median:** 379,325 9.99 0.62 0.78 87.75 4  
**Maximum:** 4,042,475 17.11 3.66 1.39 119.76 96  
**Price/ Tg Book:** 1.65 2.07 33.96 21.72 25.68 10.09  
**Price/ 8% Tg Book:** 1.34 1.34 NM 10.70 11.99 3.04  
**Price/ LTM Earnings:** 1.91 1.84 17.08 14.75 17.66 8.39  
**Price/ Assets:** 2.66 3.03 22.43 24.88 31.87 19.91  
**Price/ Deposits:** 1.48 1.43 17.70 10.68 11.65 3.78  
**Prem/ Deposits:** 1.34 1.34 17.08 10.68 11.65 3.04  

### Credit Union Acquiring Bank

**Terms not Disclosed**

<table>
<thead>
<tr>
<th>Buyer</th>
<th>ST</th>
<th>Target</th>
<th>City</th>
<th>ST</th>
<th>Total Assets ($000)</th>
<th>Equity/ Assets (%)</th>
<th>NPAs/ Assets (%)</th>
<th>ROAA (%)</th>
<th>Loans/ Dep. (%)</th>
<th># Brn.</th>
<th>Ann Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Evansville Teachers FCU</td>
<td>IN</td>
<td>American Founders Bank Inc.</td>
<td>Louisville</td>
<td>KY</td>
<td>113,362</td>
<td>10.74</td>
<td>5.73</td>
<td>-0.01</td>
<td>103.66</td>
<td>2</td>
<td>3/12/2018</td>
</tr>
</tbody>
</table>

**Number of Deals:** 11  
**Minimum:** 71,844 7.21 0.06 -0.01 39.38 2  
**Average:** 846,137 10.36 1.02 0.77 83.18 16  
**Median:** 379,325 9.99 0.62 0.78 87.75 4  
**Maximum:** 4,042,475 17.11 3.66 1.39 119.76 96  
**Price/ Tg Book:** 1.65 2.07 33.96 21.72 25.68 10.09  
**Price/ 8% Tg Book:** 1.34 1.34 NM 10.70 11.99 3.04  
**Price/ LTM Earnings:** 1.91 1.84 17.08 14.75 17.66 8.39  
**Price/ Assets:** 2.66 3.03 22.43 24.88 31.87 19.91  
**Price/ Deposits:** 1.48 1.43 17.70 10.68 11.65 3.78  
**Prem/ Deposits:** 1.34 1.34 17.08 10.68 11.65 3.04  

---

**Page 41**
Branch Sales: Median Premium to Deposits

Data as of April 9, 2018
Pricing Limitations on Buyers – Intangible Assets

- **Purchase Price Minus Seller’s Tangible Equity**
  - **Intangible Assets**
    - **Reduce Tangible Book Value Per Share**
    - **Reduce Regulatory Capital Ratios**
  - Cured Over Time By EPS Accretion
Who Can Afford to Pay a High Price?

**Cash Buyer**
- Must be substantially larger than target (i.e. 10x or more)
- Experiences immediate tangible book value dilution
- Enjoys immediate EPS accretion (often significant)

**Stock Buyer**
- Must have high-trading value stock but can be closer in size
- Intangibles from purchase are offset by stock issue price
- EPS accretion is muted by new shares issued
Three Categories of Merger Transactions (not MOEs)

<table>
<thead>
<tr>
<th>Category</th>
<th>ROAA Range</th>
<th>Price to 8% T. Book</th>
<th>Price to Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>75 Deals</td>
<td>0.25% to 0.80%</td>
<td>1.67x</td>
<td>27x (ROAA 0.61%)</td>
</tr>
<tr>
<td>38 Deals</td>
<td>$100M to $500M ROAA &gt; 0.80%</td>
<td>1.88x</td>
<td>17x (ROAA 1.03%)</td>
</tr>
<tr>
<td>39 Deals</td>
<td>&gt;$500M ROAA &gt; 0.80%</td>
<td>2.27x</td>
<td>20x (ROAA 1.00%)</td>
</tr>
</tbody>
</table>

Important to know which pond you are in

Data as of April 9, 2018
Strategic Thinking for 2018

Board clarity and unity are key – know what you want to do

• Stay updated on industry and M&A metrics
• Reevaluate stock buybacks, dividend plans, etc.
• Work toward a unified vision of success: standalone and M&A
• Understand the value drivers for your bank and others

Embrace the new realities created by industry consolidation

• The average bank is getting larger every year
• Know the few remaining banks you can buy
• Understand who could pay you top dollar and why
• Some sellers will consider private stock
• It may take two steps to get where you want to be
The Consistent Leader in Community Bank M&A

Contact Info
John Adams
512-703-1561
jadams@smslp.com

Sheshunoff & Co Investment Banking
800-279-2241 | www.smslp.com/investment-banking