



Notes from the Ambassador Bank Vault

October 12, 2017

**Mergers & Acquisitions: A Look at Wisconsin  
– E Pluribus Unum (“Out of Many, One” – words inscribed on the state flag)**

**Investment Thesis**

Bank consolidation activity in Wisconsin has slowed from last year’s torrid pace, but should maintain a steady course given the abundance of smaller community banks that may lack the necessary scale to successfully overcome industry-wide earnings, regulatory, and technological challenges. Along with succession issues, all of these hurdles may be overcome through mergers. We also believe that growing concerns that the dysfunctional political environment may delay (or prevent) many pro-growth/business policies from being enacted will convince some bankers that selling out may be the better option. Credit quality generally remains very good and should not impede consolidation activity for the foreseeable future.

Although banks are sold and not bought, the desire among all community banks to improve funding supports merger activity. Some institutions will find it more economical to gain new customers through acquisitions compared with organic growth. Although there are relatively few larger in-state banks with the capacity to acquire, several out-of-state banks appear to be willing buyers. Potential buyers, moreover, generally possess strong currencies that can justify higher acquisition premiums, although anecdotal evidence suggests there is a pricing disparity between the value that potential sellers expect to receive and that which buyers are willing to pay. Merger of equals often make financial sense, but social factors have historically limited these transactions.

Wisconsin, the focus of this *Industry Report*, is a fragmented banking market as there are numerous smaller community banks, and only a handful with assets greater than \$1 billion. Please see *Appendix A*. The nation’s largest banks have a lower overall deposit market share in the Badger State (vs. other states); and much of that presence is confined to the Milwaukee and Madison metropolitan areas. Wisconsin’s community banks also face tough competition from credit unions and other non-bank financial companies.

Deals, therefore, are likely to be smaller in size given that there are fewer mid-sized banks in Wisconsin. Smaller banks – for a variety of reasons – have generally received lower acquisition premiums compared with larger community banks. The median price-to-trailing 12-month earnings and price-to-tangible book value ratios were 22.1 times and 156% for banks with assets below \$1 billion for the nine months ending September 30, 2017. The same ratios over the same time period for banks with assets between \$1 and \$2 billion were 21.1 times and 209%, respectively, and 22.7 times and 244% for banks with assets between \$2 and \$10 billion. Please see Figure 9.











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## Highlights

-  Wisconsin has 199 regulated depository institutions of which 21 are publicly-traded banks and thrifts. Only three publicly-traded companies headquartered in the Badger State have total assets over \$2 billion. One of those (Bank Mutual Corporation) recently agreed to be acquired.
-  The top five banks have a combined Wisconsin deposit market share of 54%. U.S. Bancorp and Bank of Montreal are the market leaders with deposit shares of 21% and 13%, respectively. Associated Banc-Corp - by far the largest institution headquartered in Wisconsin - has a statewide deposit market share of 10% (excluding its pending acquisition of Milwaukee-based Bank Mutual, which has a 1.2% market share).
-  As of October 3, 2017 (when we went to press), there were six transactions announced in 2017 that involved Wisconsin-based sellers since January 1, 2017 vs. 17 and nine deals in 2016 and 2015, respectively. The pending acquisition of Bank Mutual by Green Bay-based Associated Banc-Corp, which was announced on July 20, 2017, is the largest deal with a Wisconsin seller in the past 15 months.
-  Associated Banc-Corp also acquired a wealth management family services firm on October 4, 2017, which management expects to be earnings accretive in 2018.
-  On the flip side, Eau Claire, Wisconsin-based Citizens Community Bancorp Inc. completed its acquisition of Minnesota-based Wells Financial Corp. in a cash and stock deal on August 18, 2017.
-  Companies with stronger currencies are typically the more active acquirers. Among the larger institutions, the more logical buyers of Wisconsin's community banks appear to be Bank of Montreal, Heartland Financial USA, Inc., Johnson Bank, MB Financial, Inc., Nicolet Bankshares, Inc., Old National Bancorp, and Wintrust Financial Corp. Associated Banc-Corp appears to be on the sidelines pending the completion and integration of its Bank Mutual acquisition. First American Bank Corporation, a privately held Illinois-based institution, is planning to enter the Wisconsin market as well with its proposed acquisition of Southport Bank in Kenosha.
-  Smaller institutions can combine to achieve economies of scale, including the ability to raise loans-to-one borrower limits. In April 2016, Nicolet Bancshares and Baylake Corp. completed its merger-of-equals (MOE). There should be more of this type of transaction as MOEs are often attractive strategically and financially. That said, they rarely occur due mainly to social considerations.
-  On a national basis, the core deposit premium (at announcement) was 8.2% for the nine months ending September 30, 2017, vs. 4.5% and 5.6% and 5.1% for the year ending December 31, 2016, and 2014, respectively. Core deposit premiums have increased, but are far below core deposit premiums that were paid 10 years ago by acquirers (median premiums for 2007 were 15.4%).
-  On an individual basis, banks are sold and not bought; and not necessarily for pure economic reasons. On an aggregate basis, however, it appears that major changes in the overall economy and regulatory environment have a more significant impact on bank merger activity.
-  Banks with total assets below \$1 billion or so typically receive lower acquisition premiums compared with larger banks. That said, smaller banks with strong core deposits and/or are located in attractive markets can expect to receive outsized deal premiums. Acquisition prices have increased for banks of all sizes in 2017. Please see Figures 8 and 9.

-  Rightly or wrongly, bank stock investors are paying more attention to tangible book value dilution and earn-back periods. Analysts and investors generally prefer earn-back periods of five years or less, although market sentiment does vary.
-  Wisconsin companies are generally well-capitalized. Publicly-traded companies with tangible capital ratios of 13% or more include BOSP Bancshares, Inc. and Waterstone Financial, Inc. NEB Corporation, which is privately held, has a tangible capital ratio of 21.7% (and total assets of \$1.8 billion).
-  Solid asset quality continued through the June 2017 quarter for Wisconsin banks, which should embolden potential buyers that they are not “buying problems”. Companies with superior asset quality or at least those that exhibit signs that the credit has improved are more desirable merger candidates.
-  Effective cyber-security is a major concern and entails constant vigilance rather than a one-time technology upgrade. Management and staff must exercise proper corporate governance and continually prove to regulators that complex operational risk issues are under control.
-  Banks of all sizes need to upgrade risk management systems, which will weigh down efficiency ratios and earnings in the short-run. **Companies that invest in technology and enhanced management systems should seek strategic partnerships to realize economies of scale.** One of the bigger cost elements related to compliance is staffing, and smaller banks, in particular, are more apt to sell as they often lack the critical mass of interest-earning assets and/or other revenue drivers to offset fixed costs.
-  Wisconsin is home to 5.8 million people, or 1.8% of the United States population. The median household income is approximately \$60,240 vs. the U.S. average of \$62,072.
-  According to the U.S. Bureau of Labor Statistics, the unemployment rate was only 3.4% in August 2017, vs. 4.4% for the nation. Wisconsin’s unemployment rate peaked at 9.2% in January 2010.

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## Recent Deals with Wisconsin Sellers

Figure 1. Recent Bank Deals

Buyer/Target Name	Status	Completion Date*	Deal Value (\$MM)	Price/ Tangible Book (%)	Price/ LTM Earnings (X)	Core Deposit Premium (%)
First American Bank Corporation/ Southport Financial Corporation	Pending	9/18/2017	NA	NA	NA	NA
Bank First National Corporation/ Waupaca Bancorporation, Inc.	Pending	5/12/2017	76.1	105.3	NM	1.33
Advia Credit Union/ Peoples Bank	Completion	9/1/2017	NA	NA	NA	NA
First American Bankshares, Inc./ Commercial Bancshares, Inc.	Completion	8/9/2017	NA	NA	NA	NA
Royal Bancshares, Inc./ State Bank of Cazenovia	Completion	7/15/2017	6.7	104.7	50.0	1.0
Stratford Bancshares, Inc./ Spencer Bancorporation, Inc.	Completion	6/1/2017	NA	NA	NA	NA
Nicolet Bankshares, Inc./ First Menasha Bancshares, Inc.	Completion	4/28/2017	74.1	164.6	22.1	10.2
River Valley Bancorporation, Inc./ Integrity First Bank	Completion	4/7/2017	NA	NA	NA	NA
Monona Bankshares, Inc./ MCB Bankshares, Inc.**	Completion	1/7/2017	40.1	103.5	9.0	0.8
First State BancShares, Inc./ Rudolph Bancshares, Inc.	Completion	12/5/2016	NA	NA	NA	NA
River Holding Company/ Sparta Union Bancshares, Inc.	Completion	11/10/2016	22.0	113.5	19.6	3.7
North Shore Bank, FSB/ Layton Park Financial Group, Inc.	Completion	10/28/2016	5.7	122.4	NM	NA
Byline Bancorp, Inc./ Ridgestone Financial Services, Inc.	Completion	10/15/2016	105.0	181.2	8.3	21.0
Mackinac Financial Corporation/ Niagara Bancorporation, Inc.	Completion	8/31/2016	3.6	99.3	18.2	-0.1
Advia Credit Union/ Mid America Bank	Completion	8/1/2016	NA	NA	NA	NA
Boscobel Bancorp, Inc./ Rural Bancshares of Wisconsin, Inc.	Completion	6/17/2016	NA	NA	NA	NA
Calumet Bancorporation, Inc./ Calumet Bancshares, Incorporated	Completion	6/1/2016	NA	NA	NA	NA
Citizens Community Bancorp/ Community Bank of N. Wisconsin	Completion	5/16/2016	17.0	102.3	18.2	0.4
County Bancorp, Inc./ Fox River Valley Bancorp, Inc.	Completion	5/13/2016	28.9	120.2	48.3	3.2
Chippewa Valley Agency, Ltd./ State Bank of Drummond	Completion	5/6/2016	NA	NA	NA	NA
Mackinac Financial Corporation/ First National Bank of Eagle River	Completion	4/29/2016	12.5	94.3	39.3	-0.8
Nicolet Bankshares, Inc./ Baylake Corp.	Completion	4/29/2016	141.7	145.5	15.2	6.2
Wintrust Financial Corporation/ Generations Bancorp, Inc.	Completion	3/31/2016	30.0	129.3	42.9	15.1
West End Financial Corporation/ Gresham Bancshares, Inc.	Completion	2/22/2016	NA	NA	NA	NA
Centre 1 Bancorp, Inc./ Walworth State Bank	Completion	2/2/2016	NA	NA	NA	NA
Baylake Corp./ New Bancshares, Inc.	Completion	12/4/2015	9.7	103.1	NM	0.4
Hometown Bancorp, Ltd./ Farmers Exchange Bank	Completion	11/20/2015	NA	NA	NA	NA
Portage County Bancshares, Inc./ Bancroft State Bank	Completion	11/14/2015	NA	NA	NA	NA
Heartland Financial USA/ Community Banc-Corp. of Sheboygan	Completion	1/16/2015	52.0	190.5	5.6	6.6
Wintrust Financial Corporation/ Delavan Bancshares, Inc.	Completion	1/16/2015	38.0	143.7	31.1	7.9
NEB Corporation/ InvestorsBank	Completion	10/17/2014	NA	NA	NA	NA
Stephenson National Bancorp, Inc./ PWB Bancshares, Inc.	Completion	6/13/2014	NA	NA	NA	NA
Security Financial Services Corporation/ Bloomer Bancshares, Inc.	Completion	5/15/2014	NA	NA	NA	NA
Dairy State Bancorp, Inc./ Bank of Turtle Lake	Completion	1/7/2014	NA	NA	NA	NA
Lake Shore III Corporation/ Union Bank of Blair	Completion	12/28/2013	NA	NA	NA	NA
Farmers and Merchants Bank of Kendall/ Community State Bank	Completion	6/8/2013	NA	NA	NA	NA
Nicolet Bankshares, Inc./ Mid-Wisconsin Financial Services, Inc.	Completion	4/26/2013	10.2	38.3	NM	NA

Deals announced through October 5, 2017

\*Announcement date is listed for pending deals

\*\*Ambassador Financial Group prepared the buyer fairness opinion

Source: S&P Global Market Intelligence

**Figure 2. Recent Thrift Deals**

Buyer/Target Name	Status	Completion Date*	Deal Value (\$MM)	Price/ Tangible Book (%)	Price/ LTM Earnings (X)	Core Deposit Premium (%)
Associated Banc-Corp/ Bank Mutual Corporation	Pending	7/20/2017	482.3	167.2	28.8	NA
TCB Mutual Holding Company/ Merrill Federal Savings & Loan	Completion	11/5/2016	NA	NA	NA	NA
Old National Bancorp/ Anchor BanCorp Wisconsin Inc.	Completion	5/1/2016	443.4	123.2	3.2	4.7
Starion Bancorporation/ WPS Community Bank, FSB	Completion	4/10/2015	NA	NA	NA	NA
First Federal Bank of Wisconsin/ Bay View Federal SLA	Completion	5/17/2014	NA	NA	NA	NA
Landmark Credit Union/ Hartford Savings Bank	Completion	2/28/2014	NA	NA	NA	NA
Investor group/ Anchor BanCorp Wisconsin Inc.	Completion	9/27/2013	NA	NA	NA	NA

Deals announced through October 5, 2017

\*Announcement date is listed for pending deals

Source: S&P Global Market Intelligence

## Valuation Summary

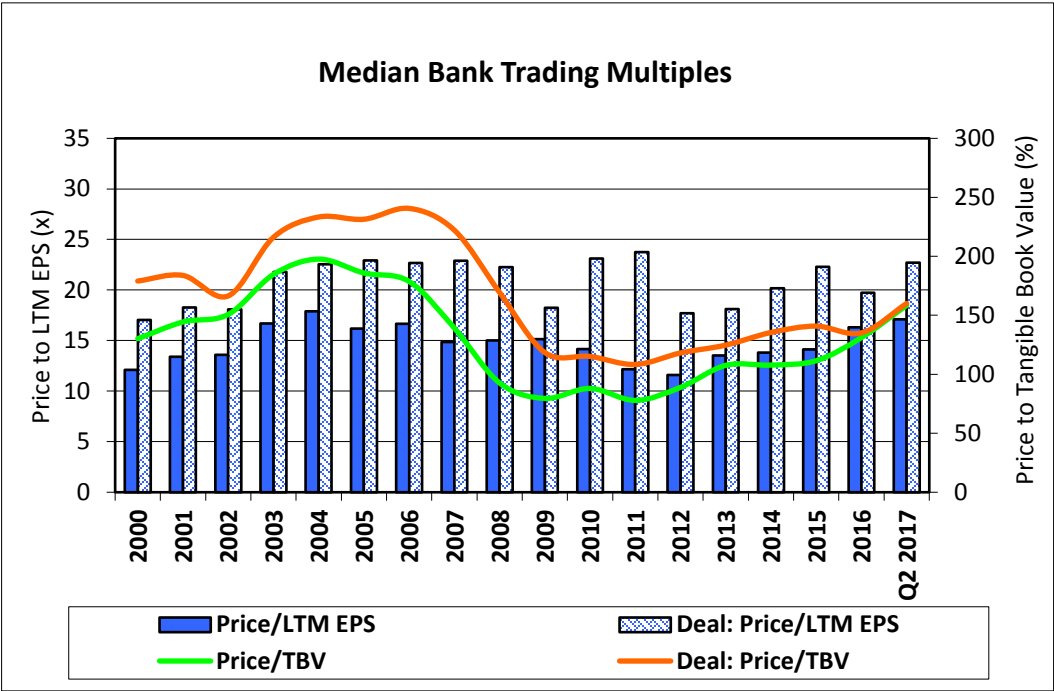
**Figure 3.**

Source: S&P Global Market Intelligence. Pricing data as of October 9, 2017. Financial data as of or for the period ending June 30, 2017.

Bank stock prices, which appeared to have stalled following the strong year-end 2016 rally, rocketed higher in September 2017. The Nasdaq Bank Index increased 9.5% (not annualized) and the S&P Bank Index rose 6.6% (not annualized). Although bank stock valuation metrics appeared rich, investors seemed encouraged by recent Fed pronouncements regarding the prospect of higher interest rates, potential regulatory relief, and the initial Congressional blueprint for tax reform, which included low corporate tax rates. Seasoned bank investors, however, still appear concerned that earnings may not be quite enough to fuel further bank stock gains.

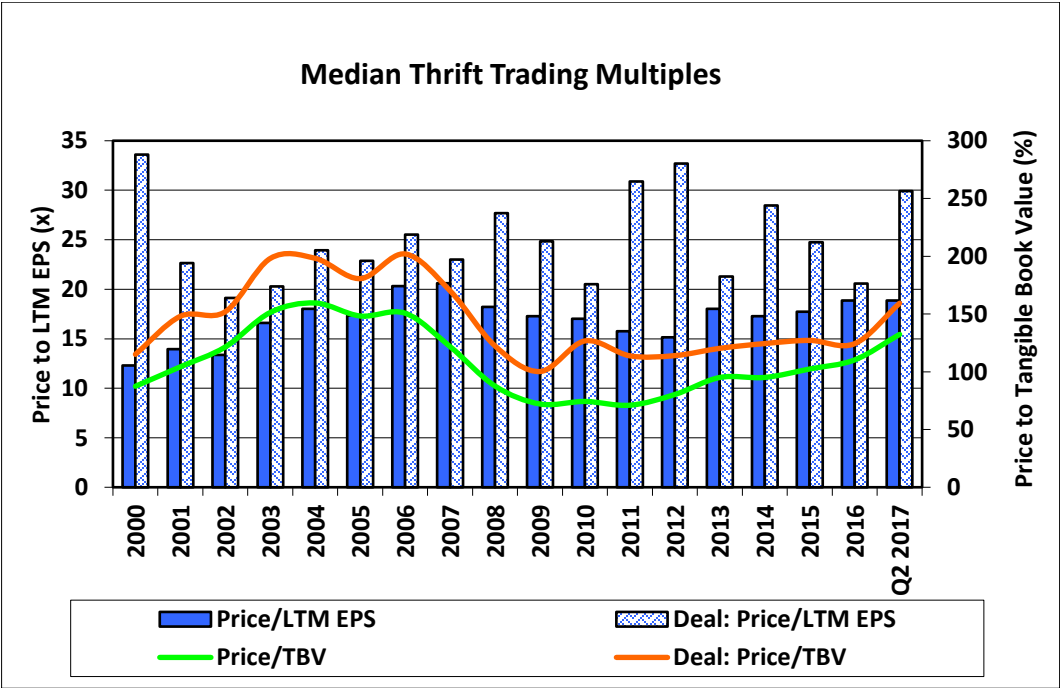
	Median LTM P/E (x)	Median Price/ TBV (%)
Wisconsin Banks	16.4	127
Midwest Banks	16.9	132
All U.S. Banks	17.8	139

Figure 4.



Includes all publicly traded U.S. banks  
Source: S&P Global Market Intelligence

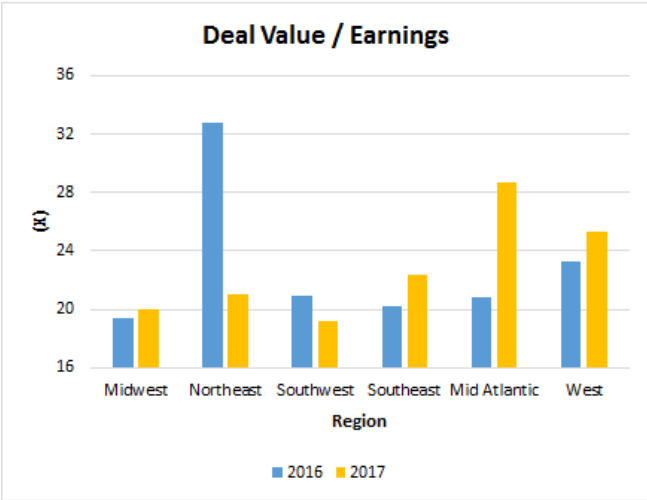
Figure 5.



Includes all publicly traded U.S. thrifts  
Source: S&P Global Market Intelligence

National Deal Pricing Trends

Figure 6.



Source: S&P Global Market Intelligence

Figure 7.

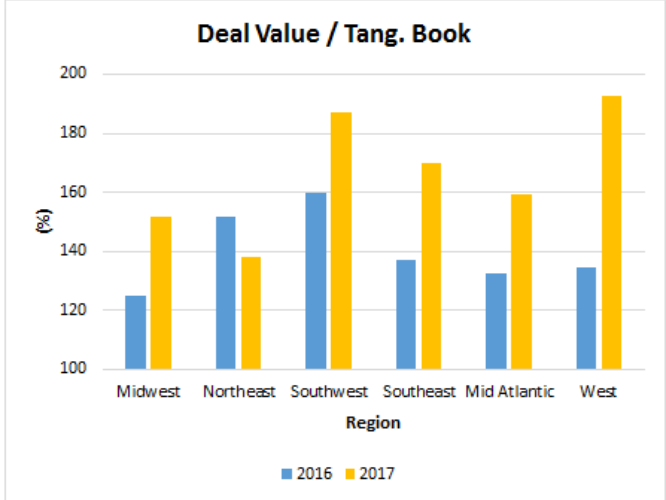
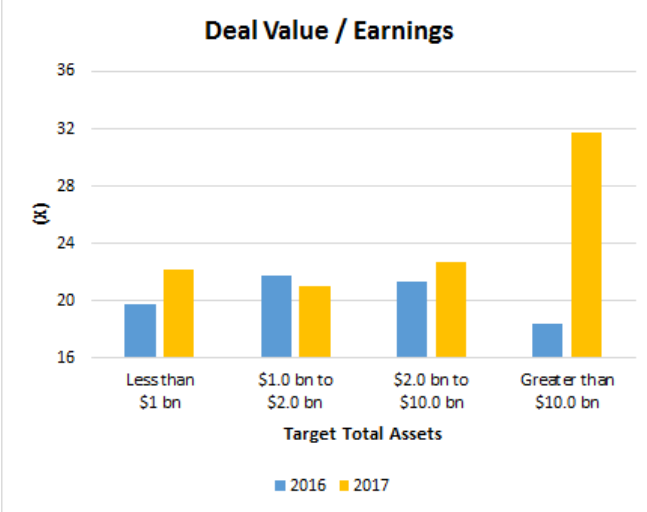
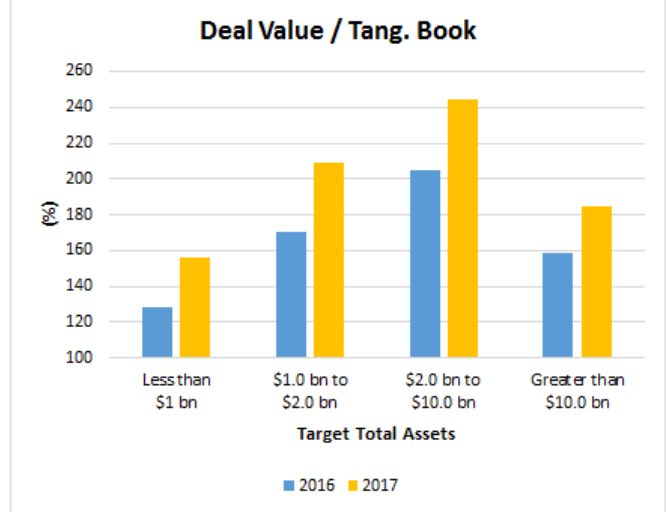


Figure 8.



Source: S&P Global Market Intelligence

Figure 9.



## **Wisconsin: Steady M&A Pace Should Continue**

Geography and demographics along with formerly restrictive branch banking laws resulted in many smaller Wisconsin community banks, and a lesser presence of systemically important financial institutions (SIFIs), compared with more densely populated states. Larger institutions with a statewide deposit market share include U.S. Bancorp (21%), Bank of Montreal (13%), JPMorgan Chase (7%) and Wells Fargo (3%). Johnson Financial Group, which is a private bank, is the sixth largest market share leader with 2.3% of the state's deposits. Associated Banc-Corp, by far the largest locally headquartered bank based on total assets of \$29.8 billion and a 10% deposit market share, theoretically would make an attractive acquisition candidate for a relatively large acquirer wishing to enter Wisconsin. The Bank of Montreal substantially grew its position through the acquisition of Marshall & Isley Corporation in 2011. Marshall & Isley, which was headquartered in Milwaukee, had total assets of approximately \$53 billion.

**Wisconsin fits in with our global view that the banking industry will continue to consolidate to alleviate irrational pricing decisions and achieve economies of scale.** Deal flow should stay active for the foreseeable future as both potential buyers and sellers have the means and motivation to enter into strategic partnerships. Merger activity has been fairly steady across the nation, including Wisconsin, over the past few years due in large part to the abundance of smaller community banks. Deals that involve Wisconsin-based sellers will likely be concentrated in more active markets (i.e., Eau Claire, Green Bay, Madison, and Milwaukee) where buyers have a better chance of accelerating earnings growth. Franchises located in slow growing and rural markets can also be desirable because of their core deposits. Smaller banks, particularly those located in less attractive markets, are less likely to find willing suitors at the "right price" should independence no longer be considered the best strategic option.

There have been approximately 8,000 bank mergers (excluding government-assisted) since 1990 – over 4,100 banks were sold between 1990 and 2000. There were also roughly 2,000 bank failures in the United States since 1990. As a result, the number of banks has declined from approximately 15,000 in the mid-1980s to roughly 5,300 today.

**Increased CRE loan concentration has attracted more boardroom attention along with regulatory scrutiny.** Bank regulators, including The Office of the Comptroller of the Currency ("OCC"), the Board of Governors of the Federal Reserve System ("Fed"), and the Federal Deposit Insurance Corporation ("FDIC") have greater concerns regarding low capitalization rates and fast-appreciating property values. These agencies also noted that CRE loan underwriting standards have eased and certain risk management practices at some institutions that cause concern include a greater number of underwriting policy exceptions and insufficient monitoring of market conditions. The agencies specified supervisory criteria that they intend to focus on to reduce portfolio risk: (1) total construction, land development and other land loans representing 100% or more of total risk-based capital; (2) total CRE loans representing 300% or more of total risk-based capital; and (3) if the outstanding balance of the institution's CRE and/or construction loan portfolio increased 50% or more during the prior 36 months.

**Institutions with outsized CRE loan portfolios may expect regulators to require more detailed plans to identify, measure, and monitor CRE concentrations; raise underwriting standards; slow growth; and/or to raise capital.** We believe that some management teams will prefer to sell the institution instead. Anecdotal evidence suggests some Wisconsin institutions are slowing growth and/or tightening underwriting standards as a result.

Despite more widespread shareholder activism, consolidation activity could be restrained by managements' desire to remain independent for social and other reasons, rather than strictly adhering to the discipline of maximizing shareholder value. Considerations for potential sellers include the flattening yield curve, ongoing technology and cyber-security costs, regulatory demands, succession planning, edgy shareholder activists, and attractive deal premiums.



**On a national scale, the stock price performance of acquirers was generally strong over the past 3 years or so.** From the time that deals were announced in 2014, 2015 and 2016 through March 15, 2017, the stock prices of the buyers have outperformed the SNL U.S. Bank and Thrift Index by a median of 6.2%. We generally attribute such performance to the overall market and deals that were reasonably valued and made sense strategically. We opine that low premium deals afford higher price potential on a combined basis because management does not need to extract cost savings that hurt, rather than help, long-term profitability.

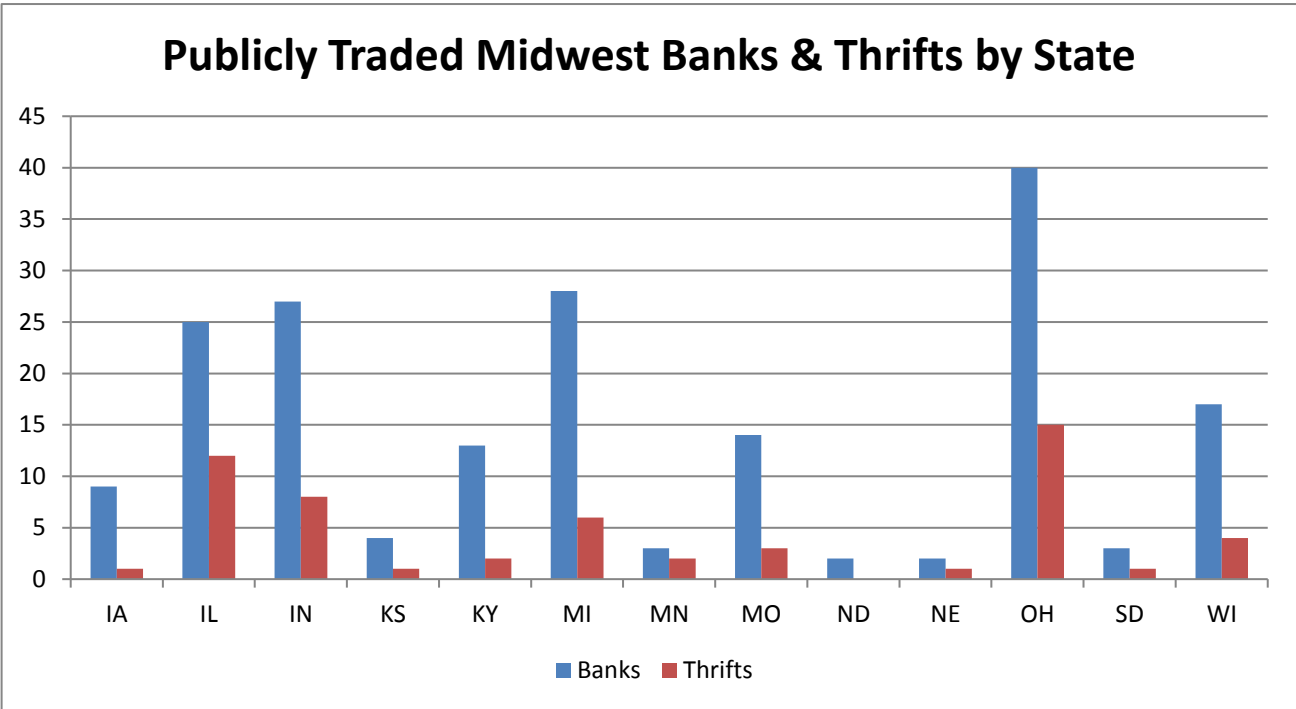
**Examples of recent Wisconsin deals are shown below.**

-  On August 17, 2017, Green Bay-based, Associated Banc-Corp. agreed to acquire Milwaukee-based Bank Mutual Corporation in an all-stock deal valued at approximately \$482.3 million. Bank Mutual shareholders will receive 0.422 shares of Associated stock for each share of Bank Mutual stock. The pending transaction was valued at 165.7% and 25.7 times Bank Mutual's tangible book value and trailing 12-month earnings, respectively. The tangible core deposit premium was 10.2%. Management projected cost savings of 45% of Bank Mutual's noninterest expense and an earn-back period of less than 3.5 years using the crossover method. Associated and Bank Mutual have total assets of \$29.8 billion and \$2.7 billion, respectively.
-  Bank First National Corporation, headquartered in Manitowac, agreed to purchase Waupaca-based, Waupaca Bancorporation on May 12, 2017. The cash and stock deal was valued at \$76.1 million and was priced at approximately 105% of Waupaca's tangible book value. The core deposit premium was 1.33%. The deal facilitates Bank First's entrée into Waupaca County, with five branches and a 34% deposit market share. As of June 30, 2017, Waupaca had total assets of approximately \$450 million.
-  On April 28, 2017, Green Bay-based Nicolet Bancshares completed its acquisition of Neenah-based First Menasha Bancshares, Inc. The stock and cash deal value at the time of announcement (November 4, 2016) was \$74.1 million, but increased to \$84.4 million at the time of completion. The acquisition was valued at 186.4% of tangible book value and 27.1 times trailing 12-month earnings at the time of completion. First Menasha had total assets of approximately \$464 million and 5 branch offices.
-  On September 1, 2017, Advia Credit Union, which is based in Parchment, Michigan, completed its acquisition of Elkhorn-based Peoples Bancshares. Peoples had total assets of approximately \$237 million and four locations in Wisconsin. Advia acquired Wisconsin-based, Mid America Bank in 2016.
-  Eau Claire-based Citizens Community Bancorp completed its acquisition of Wells, Minnesota-based Wells Financial Corp. on August 18, 2017. The aggregate deal value was \$40.7 million. As of June 30, 2017, Wells Financial had \$266.9 million in assets, \$232.4 million in deposits and \$197.2 million in gross loans. The combined institution is expected to have more than \$934 million in total assets.
-  Byline Bancorp, headquartered in Chicago, expanded into Wisconsin through its acquisition of Brookfield-based Ridgestone Financial Services, Inc. (total assets \$433.2 million). The cash and stock deal was completed on October 10, 2016, and was valued at \$105 million. The transaction was priced at 168% of tangible book value and 6.8 times trailing 12-month earnings at completion. The core deposit premium was 23.6%.

Due to Office of the Comptroller ("OCC") regulations that preclude a federally-chartered thrift from being acquired for a three year period following its initial mutual to stock conversion, thrifts that converted to stock form in 2014 become eligible to be taken over in 2017. These conversion regulations are generally followed by the FDIC for state-chartered institutions. According to S&P Global Market Intelligence, on a national basis, 42 of the 92 thrifts that completed second-step conversions between 2009 and 2013 have either been acquired or entered into merger agreements. Recently-converted Wisconsin institutions are shown below.

-  **Home Bancorp Wisconsin, Inc. (OTC Pink: HWIS)** Headquartered in Madison, Home's standard conversion was completed in April 2014, and generated gross proceeds of approximately \$9 million. Total assets are approximately \$148 million, the tangible common equity capital ratio is about 8.0% and the stock trades at approximately 93% of tangible book value.
-  **Waterstone Financial, Inc. (NASDAQ: WSBF)** Waterstone, based in Wauwatosa, completed its second step offering in January 2014. The company generated net proceeds of \$253 million. Waterstone has total assets of approximately \$1.9 billion, a tangible common equity capital ratio of 22% and the stock trades at approximately 142% of tangible book value.
-  **Westbury Bancorp Inc. (NASDAQ: WBB)** Located near Milwaukee in West Bend, Westbury's conversion was completed in April 2013. The company raised approximately \$52 million in the offering. Westbury has total assets of \$795 million, a tangible common equity capital ratio of 10.0%, and the stock trades around 99% of tangible book value.
-  Other Recent Conversions. Brookfield, Wis.-based FFBW Inc., the mid-tier stock holding company of First Federal Bank of Wisconsin, commenced trading on October 11, 2017 and increased 15.3%. FFBW raised \$29.5 million in gross proceeds in its oversubscribed mutual holding company conversion and offering.

Figure 10.



Source: S&P Global Market Intelligence

Wisconsin, home to 5.8 million individuals, is the nation’s 20th most densely populated state and 23rd biggest in size. The median household income (\$60,240) is slightly below that of the country as a whole. Wisconsin features urban and suburban areas, particularly the Milwaukee and Madison markets, but much of the state is considered rural.

**Milwaukee Metro Market Area.** The Milwaukee metropolitan area is located near Lake Michigan in southeastern Wisconsin. This area is home to approximately 1.6 million people and is the state’s largest in terms of population. The median household income is about \$61,200, which is in-line with that of the nation as a whole. Milwaukee, which is a port city, is one of America’s important industrial cities. The area’s manufacturing leaders are in lithographic commercial printing, medical diagnostic instruments, and high-tech industries. Last, but not least, almost 11% of the country’s beer is produced there. Major employers include AT&T, Aurora Health Care, BMO Harris, Briggs & Stratton, Harley-Davidson, and Columbia St. Mary’s (health system).

Figure 11. (Source: Destination360)



**Madison Metro Market Area.** Madison is the state’s capital with a population of 660,000. The city is centrally located and is home to the University of Wisconsin, which boasts an undergraduate student body of approximately 30,000. The region is one of the state’s wealthier and more diverse with a median household income of approximately \$70,000. Many top national brands are based in the Madison Region including Epic Systems, American Family Insurance, American Girl, Trek Bicycle, Lands’ End and John Deere.

**Fox River/Green Bay Market Area.** Located about 115 miles north of Milwaukee, Green Bay has a total population of 321,000. Based on U.S. Census data, Green Bay’s population and household income is projected to grow 2.6% and 6.8% over the next five years. The median household income is approximately \$59,500. Also known as “Titletown” due to its NFL football team, the local economy is driven by the paper production industry, with transportation and health care as significant industries. Major employers include Associated Banc-Corp, Bellin Health, Georgia-Pacific, Aurora Health Care, and St. Vincent Hospital.

**Eau Claire Market Area.** Eau Claire is in west-central Wisconsin, and has a population of approximately 167,000 people. The median household income was only \$57,700, however the U.S. Census projects that should increase 9.4% over the next five years. Major private employers include Mayo Clinic Health System, Sacred Heart Hospital, Menard Inc., Philips-Medisize, and United Healthcare.

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## Appendix A: Wisconsin Bank & Thrift Highlights

### Bank Highlights:

Company Name	Ticker	Market Cap (\$MM)	Total Assets (\$000)	Tang. Common Equity/ Tang. Assets (%)	NPAs/ Loans & OREO (%)	LTM ROAA (%)	LTM ROAE (%)	Price/ LTM EPS (X)	Price/ Tang. Book Value (%)
Associated Banc-Corp	ASB	3,730.6	29,769	7.1	1.19	0.79	7.3	17.7	185
Bank First National Corporation	BFNC	239.1	1,308	9.6	0.22	1.21	12.8	15.5	192
Baraboo Bancorporation, Inc.	BAOB	39.7	392	NA	NA	NA	NA	NA	NA
Blackhawk Bancorp, Inc.	BHWB	84.5	690	10.3	1.41	1.01	9.4	12.7	120
BOSP Bancshares, Inc.	BSPB	38.2	352	14.1	0.05	1.19	8.2	11.4	77
Capital Commerce Bancorp, Inc.	CCMB	22.2	208	NA	NA	NA	NA	NA	NA
Choice Bancorp, Inc.	CBKW	41.6	353	8.6	NA	0.96	11.2	12.9	137
CIB Marine Bancshares, Inc.	CIBH	26.3	640	3.5	NA	0.70	6.2	13.2	118
Citizens Community Bancorp, Inc.	CZWI	81.6	666	9.2	1.28	0.65	6.6	23.6	121
County Bancorp, Inc.	ICBK	201.3	1,287	9.5	1.77	0.65	6.0	18.7	165
Denmark Bancshares, Inc.	DMKBA	67.4	461	13.0	NA	0.59	4.5	NA	112
First Business Financial Services, Inc.	FBIZ	197.8	1,769	8.8	2.71	0.42	4.5	16.4	128
Nicolet Bankshares, Inc.	NCBS	597.9	2,826	8.3	0.93	1.28	10.5	21.0	268
Oconomowoc Bancshares, Inc.	OCNB	78.8	1,119	6.9	0.89	0.60	8.6	12.18	103
PSB Holdings, Inc.	PSBQ	104.9	847	8.6	0.71	1.04	11.9	12.2	144
S.B.C.P. Bancorp, Inc.	SBBI	55.9	899	NA	NA	NA	NA	NA	91
Tri City Bankshares Corporation	TRCY	184.8	1,414	10.2	0.58	0.86	8.5	16.5	129
	<b>Median</b>	<b>81.6</b>	<b>847</b>	<b>9.0</b>	<b>0.93</b>	<b>0.83</b>	<b>8.3</b>	<b>15.5</b>	<b>128</b>
	<b>Average</b>	<b>340.7</b>	<b>2,647</b>	<b>9.1</b>	<b>1.07</b>	<b>0.86</b>	<b>8.3</b>	<b>15.7</b>	<b>139</b>

### Thrift Highlights:

Company Name	Ticker	Market Cap (\$MM)	Total Assets (\$000)	Tang. Common Equity/ Tang. Assets (%)	NPAs/ Loans & OREO (%)	LTM ROAA (%)	LTM ROAE (%)	Price/ LTM EPS (X)	Price/ Tang. Book Value (%)
Bank Mutual Corporation	BKMU	473.1	2,711	10.7	0.44	0.62	5.8	28.6	163
FFBW, Inc.	FFBW	76.2	236	14.5	1.51	0.19	1.3	NA	NA
Home Bancorp Wisconsin, Inc.	HWIS	11.1	148	8.0	0.00	0.10	1.2	NM	94
Waterstone Financial, Inc.	WSBF	573.4	1,886	21.6	0.94	1.99	8.7	18.3	141
Westbury Bancorp, Inc.	WBB	78.8	796	10.0	0.05	0.43	4.3	25.1	99
	<b>Median</b>	<b>78.8</b>	<b>796</b>	<b>10.7</b>	<b>0.44</b>	<b>0.43</b>	<b>4.3</b>	<b>25.1</b>	<b>120</b>
	<b>Average</b>	<b>242.5</b>	<b>1,155</b>	<b>13.0</b>	<b>0.59</b>	<b>0.67</b>	<b>4.2</b>	<b>24.0</b>	<b>124</b>

Financial data as of or for the three months ending June 30, 2017

Pricing data as of October 11, 2017

Source: S&P Global Market Intelligence

## Appendix B: Deposit Market Share by County

State: Wisconsin

Total Population: 5,797,217  
 Median Household Income: \$60,240  
 Projected HH Income Change 2017-2022: 8.59%

Rank	Institution	Ticker	Branch Count	Total Deposits in Market (\$mm)	Total Market Share (%)	Deposits Per Branch (\$mm)
1	U.S. Bancorp	USB	133	35,363	23.1	266
2	Bank of Montreal	BMO	203	19,433	12.7	96
3	Associated Banc-Corp	ASB	163	15,040	9.8	92
4	JPMorgan Chase & Co.	JPM	68	10,199	6.7	150
5	Wells Fargo & Company	WFC	56	4,763	3.1	85
6	Johnson Financial Group, Inc.	-	38	3,315	2.2	87
7	Nicolet Bankshares, Inc.	NCBS	37	2,373	1.6	64
8	PNC Financial Services Group, Inc.	PNC	32	1,966	1.3	61
9	Bank Mutual Corp.	BKMU	58	1,872	1.2	32
10	Wintrust Financial Corp.	WTFC	24	1,731	1.1	72
11	Old National Bancorp	ONB	46	1,669	1.1	36
12	North Shore Bank, FSB	-	47	1,594	1.0	34
13	NEB Corp.	-	34	1,412	0.9	42
14	First Business Financial Services, Inc.	FBIZ	2	1,317	0.9	658
15	Tri City Bankshares Corp.	TRCY	37	1,253	0.8	34
16	Bank First National Corp.	BFNC	12	1,148	0.8	96
17	TCF Financial Corp.	TCF	18	1,013	0.7	56
18	County Bancorp, Inc.	ICBK	4	995	0.7	249
19	Waterstone Financial, Inc.	WSBF	13	982	0.6	76
20	Oconomowoc Bancshares, Inc.	OCNB	15	876	0.6	58

Source: S&P Global Market Intelligence

County: Brown, WI

Total Population: 263,275  
 Median Household Income: \$59,245  
 Projected HH Income Change 2017-2022: 6.64%

Rank	Institution	Ticker	Branch Count	Total Deposits in Market (\$mm)	Total Market Share (%)	Deposits Per Branch (\$mm)
1	Associated Banc-Corp	ASB	15	2,512	33.0	167.5
2	Nicolet Bankshares Inc.	NCBS	8	1,012	13.5	126.6
3	Bank of Montreal	BMO	9	873	13.2	97.0
4	Wells Fargo & Co.	WFC	5	403	6.5	80.5
5	JPMorgan Chase & Co.	JPM	5	359	5.9	71.8
6	Denmark Bancshares Inc.	DMKBA	4	314	4.8	78.6
7	Bank Mutual Corp.	BKMU	7	286	4.4	40.8
8	Huntington Bancshares Inc.	HBAN	4	241	3.5	60.3
9	Johnson Financial Group Inc.	-	3	205	3.2	68.2
10	U.S. Bancorp	USB	3	200	2.3	66.5
11	Bank First National Corp.	BFNC	2	143	2.2	71.6
12	North Shore Bank FSB	-	6	142	2.2	23.7
13	G. W. Bancorp. Inc.	-	2	79	1.2	39.4
14	Bay BanCorp. Inc.	-	2	70	1.1	35.1
15	Heartland Financial USA Inc.	HTLF	1	42	0.8	41.6
16	County Bancorp Inc.	ICBK	1	39	0.6	39.3
17	Luxemburg Bancshares Inc.	-	1	38	0.6	37.8
18	M.S.B. BanCorp. Inc.	-	1	36	0.5	35.5
19	First Berlin Bancorp	-	1	30	0.5	29.6

Source: S&P Global Market Intelligence



**County: Dane, WI**

**Total Population:** 542,178  
**Median Household Income:** \$71,336  
**Projected HH Income Change 2017-2022:** 12.27%

<u>Rank</u>	<u>Institution</u>	<u>Ticker</u>	<u>Branch Count</u>	<u>Total Deposits in Market (\$mm)</u>	<u>Total Market Share (%)</u>	<u>Deposits Per Branch (\$mm)</u>
1	Bank of Montreal	BMO	18	2,833	18.3	157
2	Associated Banc-Corp	ASB	18	2,326	11.8	129
3	U.S. Bancorp	USB	11	1,757	8.2	160
4	First Business Financial Services Inc.	FBIZ	1	1,111	8.0	1,111
5	JPMorgan Chase & Co.	JPM	5	960	6.8	192
6	Old National Bancorp	ONB	17	823	6.6	48
7	S.B.C.P. Bancorp Inc.	SBBI	9	742	4.8	82
8	Monona Bankshares Inc.	-	8	641	4.5	80
9	Park Bancorp. Inc.	-	13	619	4.2	48
10	Wells Fargo & Co.	WFC	4	457	3.5	114
11	Johnson Financial Group Inc.	-	3	434	3.1	145
12	DMB Corp. Inc.	-	2	421	2.6	210
13	Northern Bankshares Inc.	-	4	359	2.3	90
14	Capitol Bankshares Inc.	-	13	299	2.0	23
15	BOSP Bancshares Inc.	BSPB	4	270	1.8	68
16	Oregon Bancorp Inc.	-	3	239	1.5	80
17	Oak Financial Inc.	-	1	233	1.3	233
18	SB Bancorp Inc.	-	2	199	1.3	99
19	Heartland Financial USA Inc.	HTLF	4	161	1.3	40
20	Starion Bancorp.	-	3	128	0.8	43

Source: S&amp;P Global Market Intelligence

**County: Kenosha, WI**

**Total Population:** 168,246  
**Median Household Income:** \$61,465  
**Projected HH Income Change 2017-2022:** 9.83%

<u>Rank</u>	<u>Institution</u>	<u>Ticker</u>	<u>Branch Count</u>	<u>Total Deposits in Market (\$mm)</u>	<u>Total Market Share (%)</u>	<u>Deposits Per Branch (\$mm)</u>
1	JPMorgan Chase & Co.	JPM	5	653	27.1	131
2	Johnson Financial Group Inc.	-	5	446	18.5	89
3	Bank of Montreal	BMO	6	342	14.2	57
4	TCF Financial Corp.	TCB	4	299	12.4	75
5	Southport Financial Corp.	-	3	233	9.7	78
6	U.S. Bancorp	USB	5	157	6.5	31
7	Wintrust Financial Corp.	WTFC	2	85	3.5	43
8	Associated Banc-Corp	ASB	3	73	3.0	24
9	North Shore Bank FSB	-	3	58	2.4	19
10	Union Bancorp. Inc.	-	1	32	1.3	32
11	Tri City Bankshares Corp.	TRCY	1	30	1.2	30

Source: S&amp;P Global Market Intelligence



**County: Marathon, WI**

**Total Population:** 135,767

**Median Household Income:** \$59,650

**Projected HH Income Change 2017-2022:** 7.61%

<u>Rank</u>	<u>Institution</u>	<u>Ticker</u>	<u>Branch Count</u>	<u>Total Deposits in Market (\$mm)</u>	<u>Total Market Share (%)</u>	<u>Deposits Per Branch (\$mm)</u>
1	Bank of Montreal	BMO	6	680	20.9	113
2	PSB Holdings Inc.	PSBQ	5	542	16.6	108
3	River Valley BanCorp. Inc.	-	5	468	14.4	94
4	Associated Banc-Corp	ASB	4	349	10.7	87
5	Abby Bancorp Inc.	-	4	317	9.7	79
6	U.S. Bancorp	USB	5	174	5.3	35
7	Marathon Savings Bank	-	3	130	4.0	43
8	Bosshard Banco Ltd.	-	3	127	3.9	42
9	Stratford Bancshares Inc.	-	2	122	3.7	61
10	Advantage Community Bancshares Inc	-	3	92	2.8	31
11	Time Federal Savings Bank	-	1	67	2.0	67
12	Wells Fargo & Co.	WFC	2	35	1.1	18
13	Citizens Bancshares of Loyal Inc.	-	2	35	1.1	17
14	Nicolet Bankshares Inc.	NCBS	2	33	1.0	17
15	Forward Mutual Holding Company	-	1	26	0.8	26
16	Banner Bancorp Ltd.	-	1	21	0.6	21
17	PB Holdings of Marshfield LLC	-	1	12	0.4	12
18	Rosholt BanCorp. Inc.	-	1	12	0.4	12
19	WoodTrust Financial Corp	-	2	11	0.3	5
20	Community Financial Bank	-	1	5	0.1	5

Source: S&P Global Market Intelligence

County: Milwaukee, WI

Total Population: 949,014  
 Median Household Income: \$48,927  
 Projected HH Income Change 2017-2022: 9.90%

Rank	Institution	Ticker	Branch Count	Total Deposits in Market (\$mm)	Total Market Share (%)	Deposits Per Branch (\$mm)
1	U.S. Bancorp	USB	32	28,948	54.3	905
2	Bank of Montreal	BMO	40	6,559	12.3	164
3	JPMorgan Chase & Co.	JPM	12	4,706	8.8	392
4	Associated Banc-Corp	ASB	20	3,927	7.4	196
5	Wells Fargo & Co.	WFC	9	1,523	2.9	169
6	PNC Financial Services Group Inc.	PNC	18	1,462	2.7	81
7	Tri City Bankshares Corp.	TRCY	24	836	1.6	35
8	Waterstone Financial Inc.	WSBF	8	659	1.2	82
9	North Shore Bank FSB	-	19	641	1.2	34
10	First Citizens BancShares	FCNB	8	587	1.1	73
11	Bank Mutual Corp.	BKMU	14	561	1.1	40
12	Bankmanagers Corp.	-	4	515	1.0	129
13	TCF Financial Corp.	TCB	11	480	0.9	44
14	Johnson Financial Group Inc.	-	3	435	0.8	145
15	PyraMax Bank FSB	-	6	277	0.5	46
16	Canadian Imperial Bank of Commerce	-	1	245	0.5	245
17	Equitable Bank S.S.B.	-	4	228	0.4	57
18	Great Midwest Bank S.S.B.	-	5	134	0.3	27
19	Northern Trust Corp.	NSTR	1	124	0.2	124
20	Capital Commerce Bancorp Inc.	CCMB	1	106	0.2	106

Source: S&P Global Market Intelligence

County: Outagamie, WI

Total Population: 186,499  
 Median Household Income: \$64,684  
 Projected HH Income Change 2017-2022: 8.07%

Rank	Institution	Ticker	Branch Count	Total Deposits in Market (\$mm)	Total Market Share (%)	Deposits Per Branch (\$mm)
1	Bank of Montreal	BMO	7	754	21.7	108
2	JPMorgan Chase & Co.	JPM	5	671	19.3	134
3	Associated Banc-Corp	ASB	3	350	10.1	117
4	American National Bancorp Inc.	-	1	224	6.4	224
5	Wells Fargo & Co.	WFC	3	221	6.3	74
6	Independent Bancorp. Limited	-	6	184	5.3	31
7	East Wisconsin Savings Bank S.A.	-	1	175	5.0	175
8	U.S. Bancorp	USB	3	154	4.4	51
9	Nicolet Bankshares Inc.	NCBS	3	133	3.8	44
10	County Bancorp Inc.	ICBK	1	103	3.0	103
11	Wolf River Bancorp Inc.	-	3	98	2.8	33
12	Brogan Bankshares Inc.	-	1	77	2.2	77
13	Old National Bancorp	ONB	2	61	1.8	31
14	Huntington Bancshares Inc.	HBAN	1	53	1.5	53
15	Waupaca BanCorp. Inc.	-	2	41	1.2	21
16	North Shore Bank FSB	-	2	41	1.2	20
17	Bank First National Corp.	-	1	36	1.0	36
18	Hometown Bancorp Ltd.	-	1	33	0.9	33
19	Abby Bancorp Inc.	-	1	21	0.6	21
20	Bank Mutual Corporation	BKMU	1	16	0.5	16

Source: S&P Global Market Intelligence

**County: Ozaukee, WI**

**Total Population:** 88,829  
**Median Household Income:** \$81,951  
**Projected HH Income Change 2017-2022:** 2.70%

<u>Rank</u>	<u>Institution</u>	<u>Ticker</u>	<u>Branch Count</u>	<u>Total Deposits in Market (\$mm)</u>	<u>Total Market Share (%)</u>	<u>Deposits Per Branch (\$mm)</u>
1	Bank of Montreal	BMO	8	626	24.6	78
2	Port Bancshares Inc.	-	7	481	18.9	69
3	U.S. Bancorp	USB	4	338	13.3	84
4	Associated Banc-Corp	ASB	3	192	7.5	64
5	Wells Fargo & Co.	WFC	1	158	6.2	158
6	JPMorgan Chase & Co.	JPM	1	117	4.6	117
7	Partnership Community Bancshares	-	2	109	4.3	55
8	Community Bancshares of Wisconsin	-	1	100	3.9	100
9	Bank Mutual Corp.	BKMU	3	94	3.7	31
10	Commerce Financial Holdings Inc.	-	1	76	3.0	76
11	Oconomowoc Bancshares Inc.	OCNB	2	75	2.9	37
12	North Shore Bank FSB	-	2	74	2.9	37
13	PNC Financial Services Group Inc.	PNC	2	61	2.4	30
14	PyraMax Bank FSB	-	1	32	1.3	32
15	Johnson Financial Group Inc.	-	1	10	0.4	10

Source: S&P Global Market Intelligence

**County: Racine, WI**

**Total Population:** 195,279  
**Median Household Income:** \$63,298  
**Projected HH Income Change 2017-2022:** 9.33%

<u>Rank</u>	<u>Institution</u>	<u>Ticker</u>	<u>Branch Count</u>	<u>Total Deposits in Market (\$mm)</u>	<u>Total Market Share (%)</u>	<u>Deposits Per Branch (\$mm)</u>
1	Johnson Financial Group Inc.	-	10	1,076	35.2	108
2	Bank of Montreal	BMO	6	347	11.4	58
3	Union BanCorp. Inc.	-	5	270	8.9	54
4	JPMorgan Chase & Co.	JPM	3	226	7.4	75
5	Tri City Bankshares Corp.	TRCY	6	219	7.2	37
6	Wintrust Financial Corp.	WTFC	3	155	5.1	52
7	North Shore Bank FSB	-	5	149	4.9	30
8	Associated Banc-Corp	ASB	4	142	4.6	35
9	U.S. Bancorp	USB	2	124	4.1	62
10	Well Fargo & Co.	WFC	2	122	4.0	61
11	TCF Financial Corp.	TCB	2	99	3.2	49
12	Fox River Financial Corp.	-	1	73	2.4	73
13	First Citizens Bancorp	-	1	17	0.6	17

Source: S&P Global Market Intelligence

County: Washington, WI

Total Population: 134,933

Median Household Income: \$74,545

Projected HH Income Change 2017-2022: 8.07%

Rank	Institution	Ticker	Branch Count	Total Deposits in Market (\$mm)	Total Market Share (%)	Deposits Per Branch (\$mm)
1	Westbury Bancorp Inc.	WBB	7	528	19.0	75
2	Bank of Montreal	BMO	5	453	16.3	91
3	Commerce Financial Holdings Inc.	-	1	284	10.2	284
4	JPMorgan Chase & Co.	JPM	3	242	8.7	81
5	Associated Banc-Corp	ASB	4	210	7.5	52
6	Oconomowoc Bancshares Inc.	OCNB	3	195	7.0	65
7	FNB Hartford Bancorp Inc.	-	3	173	6.2	58
8	U.S. Bancorp	USB	3	161	5.8	54
9	SBN Community Bancorp Inc.	-	1	135	4.9	135
10	PNC Financial Services Group Inc.	PNC	4	129	4.6	32
11	Waterstone Financial Inc.	WSBF	1	68	2.4	68
12	NEB Corp.	-	3	55	2.0	18
13	Sword Financial Corp.	-	1	27	1.0	27
14	Bank Mutual Corp.	BKMU	1	16	0.6	16
15	Capital Commerce Bancorp Inc.	CCMB	1	15	0.5	15

Source: S&P Global Market Intelligence

**County: Waukesha, WI**

**Total Population:** 400,759  
**Median Household Income:** \$84,711  
**Projected HH Income Change 2017-2022:** 9.00%

<u>Rank</u>	<u>Institution</u>	<u>Ticker</u>	<u>Branch Count</u>	<u>Total Deposits in Market (\$mm)</u>	<u>Total Market Share (%)</u>	<u>Deposits Per Branch (\$mm)</u>
1	Bank of Montreal	BMO	18	1,806	15.1	100
2	JPMorgan Chase & Co.	JPM	13	1,237	10.3	95
3	Associated Banc-Corp	ASB	15	1,084	9.1	72
4	U.S. Bancorp	USB	6	1,011	8.5	169
5	Wintrust Financial Corp.	WTFC	16	998	8.3	62
6	Waukesha State Bank	-	19	769	6.4	40
7	Oconomowoc Bancshares Inc.	OCNB	8	595	5.0	74
8	Citizens Bank Holding Inc.	-	12	578	4.8	48
9	Wells Fargo & Co.	WFC	3	408	3.4	136
10	North Shore Bank FSB	-	7	387	3.2	55
11	Great Midwest Bank S.S.B.	-	2	300	2.5	150
12	PNC Financial Services Group Inc.	PNC	7	278	2.3	40
13	Bankmanagers Corp	-	1	234	2.0	234
14	Waterstone Financial Inc.	WSBF	4	232	1.9	58
15	Spring Bank	-	1	209	1.7	209
16	First Business Financial Services Inc.	FBIZ	1	206	1.7	206
17	Tri City Bankshares Corp.	TRCY	6	168	1.4	28
18	Byline Bancorp Inc.	-	1	164	1.4	164
19	Westbury Bancorp	WBB	1	161	1.4	161
20	TCF Financial	TCF	5	136	1.1	27

Source: S&P Global Market Intelligence