



PCE Industry Report

Banking, Finance & Insurance



Middle Market M&A Summary

Banking, Finance & Insurance

1st Quarter 2016

Key Highlights

- The average value of the top ten transactions was \$4.4 million
 - The largest transaction was the acquisition of The Chubb Corp by ACE Limited for \$31,551.3 million.
 - The smallest transaction was the acquisition of Security California Bancorp by Pacific Premier Bancorp for \$126 million.
- The Banking public company industry median P/BV multiple is 1.2x.
- Excluding Banking, public company industry median TEV/Revenue is 1.58x.
- The Banking public company industry median P/E multiple is 15.1x.
- Excluding Banking, public company industry median TEV/EBITDA is 8.11x.

Key Trends

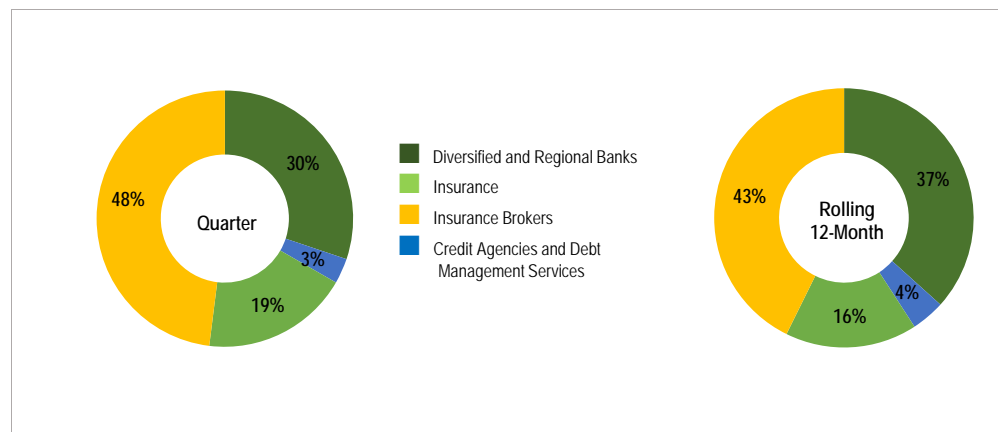
- The Insurance, Insurance Brokers, and Credit Agencies & Debt Management Services subsectors' transaction volume are trending positively, while the Credit Agencies & Debt Management Services subsector's are trending negatively.
- The Insurance Brokers subsector's transaction volume was the largest at 48% of the industry over the past quarter
- Almost half of retail banks worldwide believe that retail banking will become fully automated within five years. The drastic decline in the use of cash is attributed to the predicted proliferation of Android Pay, Samsung Pay, Apple Pay, and other various peer-to-peer lenders.
- Rising competition and softening of insurance pricing during 2015 has led to tighter profit margins. Expectation for a continued soft market has led many insurers to invest in technology to improve sales, distribution and customer service as well as enhance back-office operational efficiency and expense management.
- Challenges of globalization and international regulatory standards that govern insurance companies may slow M&A activity as US based insurers request for more procedural processes within the new set of international regulations.

Industry Trends During Quarter

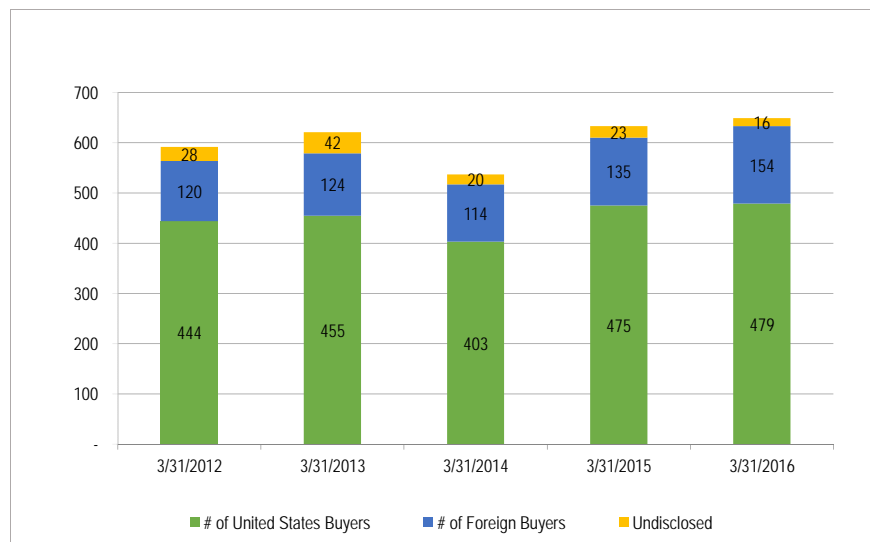
Sector	Transaction Volume	Implied Eq/Rev (P/BV for Banks)	TEV/EBITDA (Implied Equity/N.I. for Banks)
Diversified and Regional Banks	↓	↓	↑
Credit Agencies and Debt Management Services	↓	↑	↑
Insurance	↓	↑	↓
Insurance Brokers	↑	↑	↓

* Based on transactions with reported financial data only; historically ~ 30% to 40% of transactions report financial data

Transaction Volume as % of Industry



Rolling 12-Month Transaction Volume Trends by Buyer Origin



* Results exclude transactions that did not disclose buyer information

Source: S&P Capital IQ as of 4/28/2016 and PCE Proprietary Data

Largest Transactions Closed During Quarter by Transaction Value (\$ in millions)

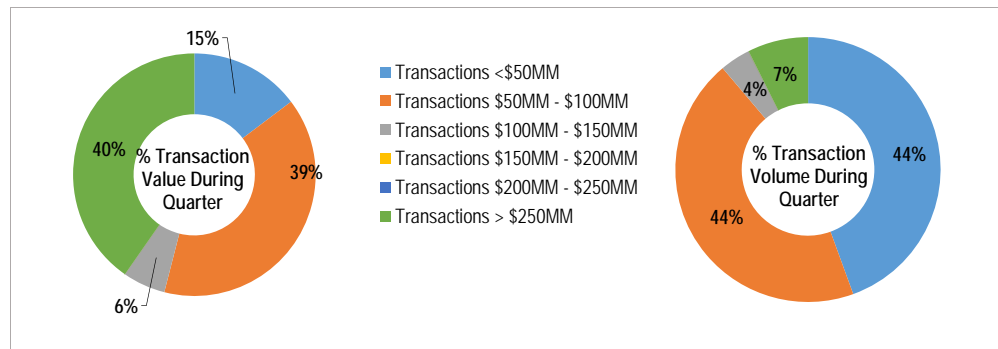
Sector	Target	Buyer	Transaction Value
Insurance	The Chubb Corporation	ACE Limited (nka:Chubb Limited)	\$31,551.3
Insurance	StanCorp Financial Group Inc.	Meiji Yasuda Life Insurance Co., Ltd.	\$5,795.9
Insurance	Symetra Financial Corporation	Sumitomo Life Insurance Company	\$4,413.7
Insurance	Genworth Life and Annuity Insurance Company, Certain in Force Blocks of Term Life Insurance	Protective Life Insurance Company	\$661.0
Insurance Brokers	HealthPlan Holdings, Inc.	Wipro Ltd.	\$460.0
Diversified & Reg Banks	Metro Bancorp, Inc.	F.N.B. Corporation	\$448.8
Diversified & Reg Banks	NewBridge Bancorp	Yadkin Financial Corporation	\$445.3
Credit Agencies & Debt Mgmt	NewStar Business Credit LLC	Sterling National Bank	\$349.9
Insurance	Zephyr Insurance Company, Inc.	Heritage Insurance Holdings, Inc.	\$134.0
Diversified & Reg Banks	Security California Bancorp	Pacific Premier Bancorp Inc.	\$126.1

Summary of Sector Transactions During Quarter (\$ in millions)

Transaction Volume	47
Number of Transactions with Disclosed Values	27
Transaction Value*	\$2,217.41
Average Transaction Value*	\$90.41
Median Transaction Value*	\$56.00

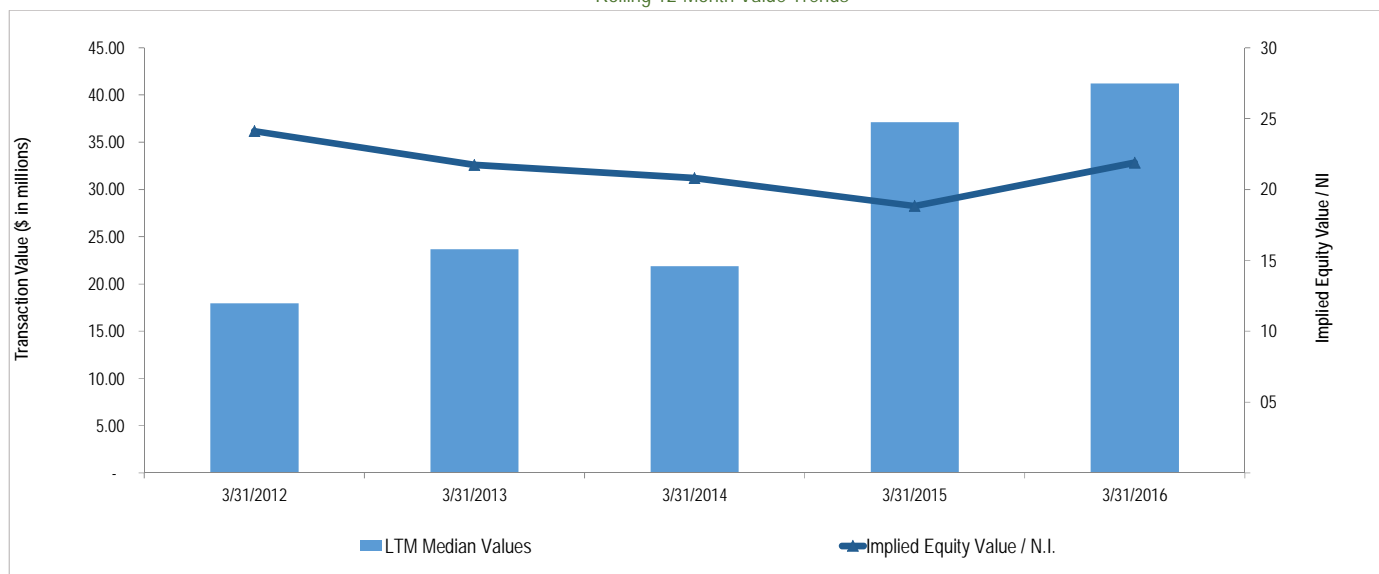
**Based on transactions with reported financial data only; historically - 30% to 40% of transactions report financial data.*

Transactions by Value & Volume



Private Sector Value Trends

Rolling 12-Month Value Trends



* Values and multiples may be skewed given data includes reported information only. While - 30% - 40% of transactions disclose values, only - 3% - 5% disclose EBITDA multiples. As a result, data may be a poor indicator of overall market performance.

Source: S&P Capital IQ as of 4/28/2016 and PCE Proprietary Data



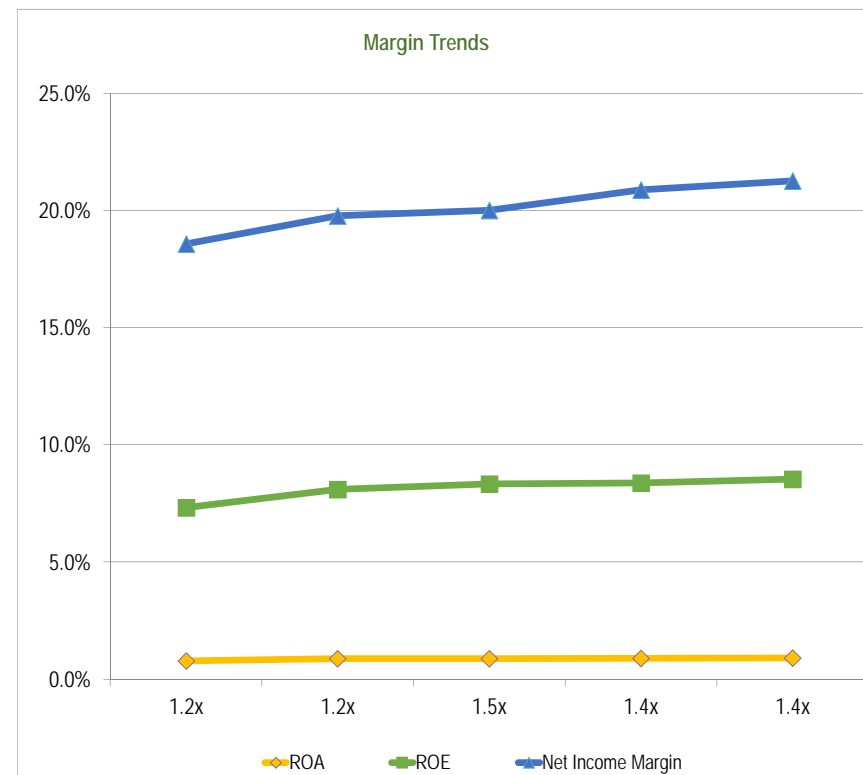
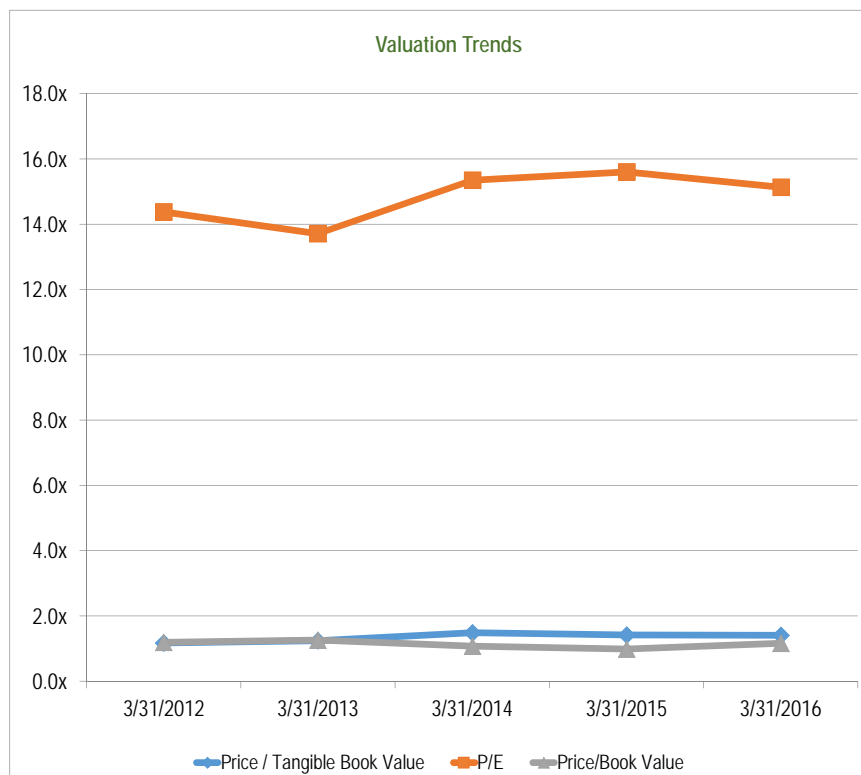
Diversified and Regional Banks

1st Quarter 2016

Summary of Public Comparables as of Quarter End (\$ in millions)

	Total Enterprise Value				Last Twelve Months	
	Market Cap	P/TBV	P/BV	P/E	3/31/2016 Trends	
Average	\$3,593	1.4x	1.2x	17.1x	P/TBV	↓
Median	\$332	1.4x	1.2x	15.1x	P/BV	↓
					P/E	↑

	Margins			Last Twelve Months	
	ROA	ROE	Net income	3/31/2016 Trends	
Average	0.91%	8.39%	21.61%	ROA	↑
Median	0.90%	8.53%	21.26%	ROE	↑
				Net Income Margin	↑



Source: S&P Capital IQ as of 4/28/2016 and PCE Proprietary Data



Credit Agencies and Debt Management Services

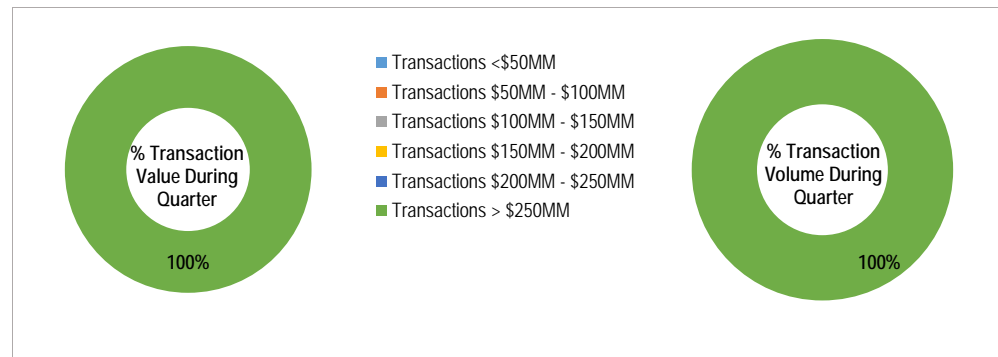
1st Quarter 2016

Summary of Sector Transactions During Quarter (\$ in millions)

Transaction Volume	5
Number of Transactions with Disclosed Values	1
Transaction Value*	\$349.90
Average Transaction Value*	\$349.90
Median Transaction Value*	\$349.90

**Based on transactions with reported financial data only; historically - 30% to 40% of transactions report financial data.*

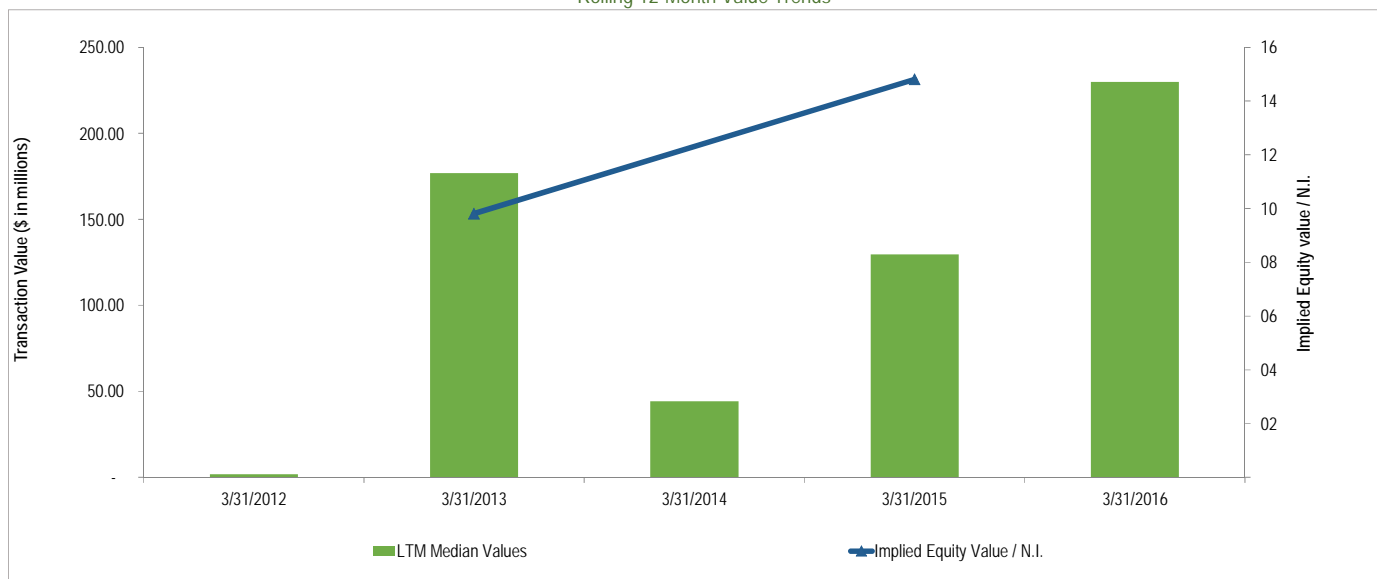
Transaction by Value & Volume



Based on transactions with disclosed financial data only

Private Sector Value Trends

Rolling 12-Month Value Trends



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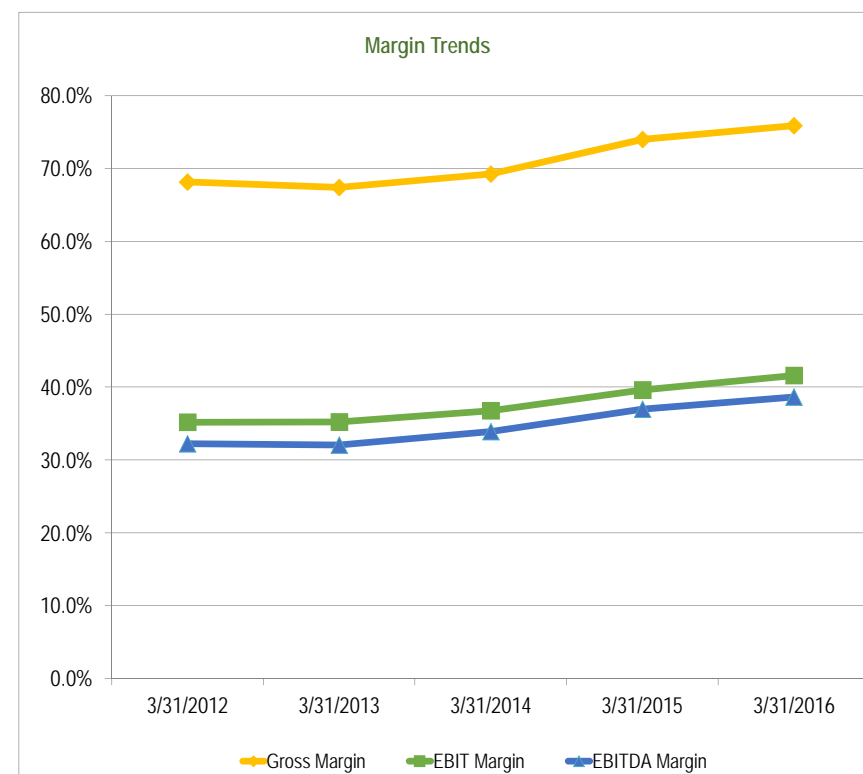
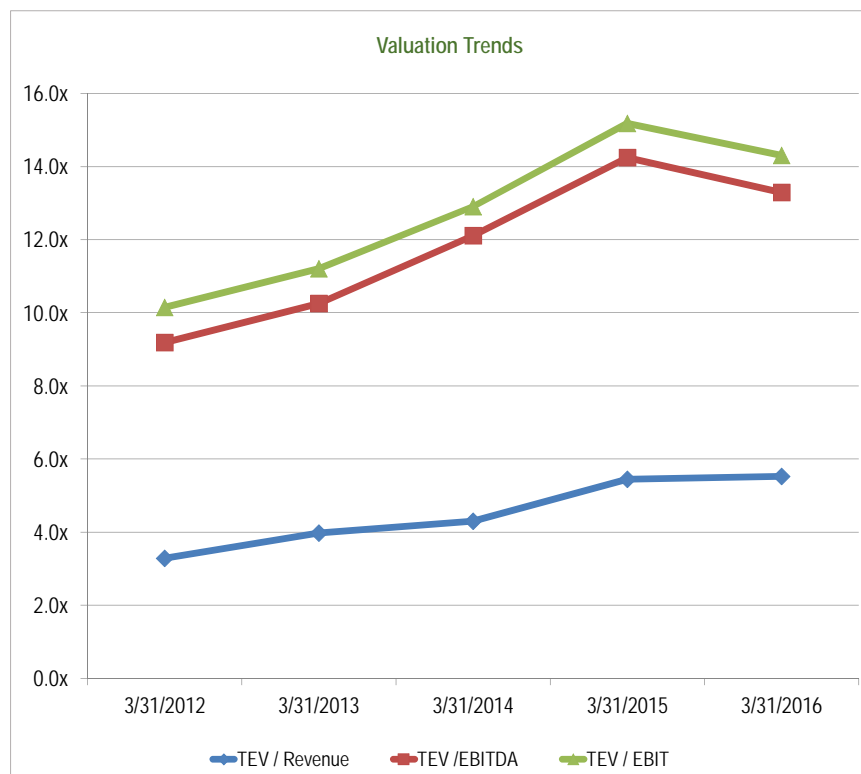
Credit Agencies and Debt Management Services

1st Quarter 2016

Summary of Public Comparables as of Quarter End (\$ in millions)

	Total Enterprise Value				Last Twelve Months 3/31/2016 Trends	
	Market Cap	Revenue	EBITDA	P/E		
Average	\$6,434	3.8x	3.8x	18.6x	TEV / Revenue	↑
Median	\$404	5.5x	5.5x	14.3x	TEV / EBITDA	↓
					TEV / EBIT	↓

	Margins			Last Twelve Months 3/31/2016 Trends	
	Gross Profit	EBITDA	EBIT		
Average	67.0%	29.1%	27.0%	Gross Margin	↑
Median	75.9%	41.6%	38.6%	EBIT Margin	↑
				EBITDA Margin	↑



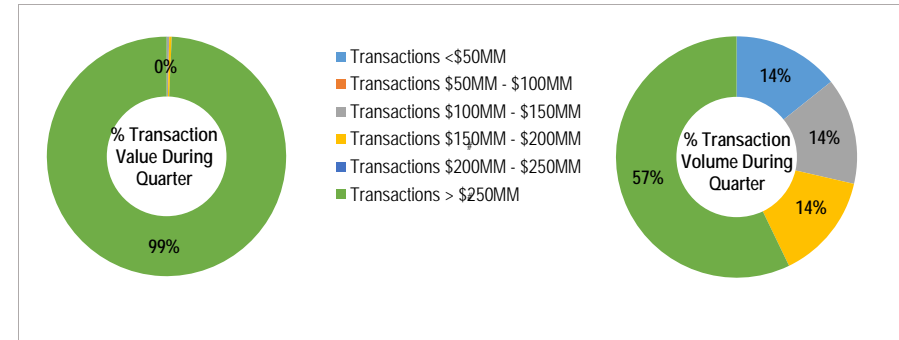
Source: S&P Capital IQ as of 4/28/2016 and PCE Proprietary Data

Summary of Sector Transactions During Quarter (\$ in millions)

Transaction Volume	29
Number of Transactions with Disclosed Values	7
Transaction Value*	\$42,726.61
Average Transaction Value*	\$7,095.68
Median Transaction Value*	\$2,537.34

**Based on transactions with reported financial data only; historically - 30% to 40% of transactions report financial data.*

Transactions by Value & Volume



Based on transactions with disclosed financial data only

Private Sector Value and EBITDA Multiple Trends

Rolling 12-Month Value & Multiple Trends



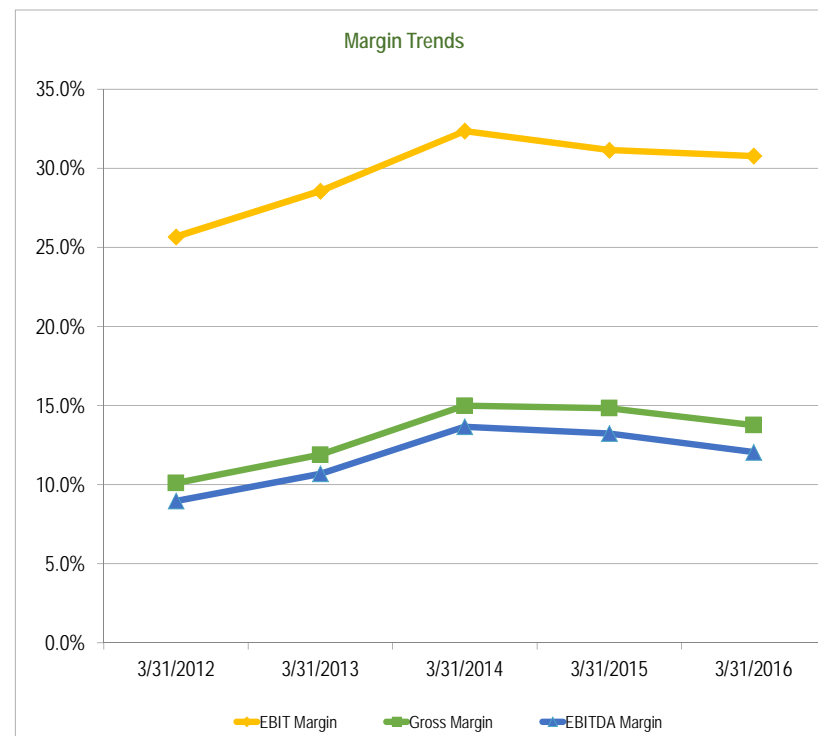
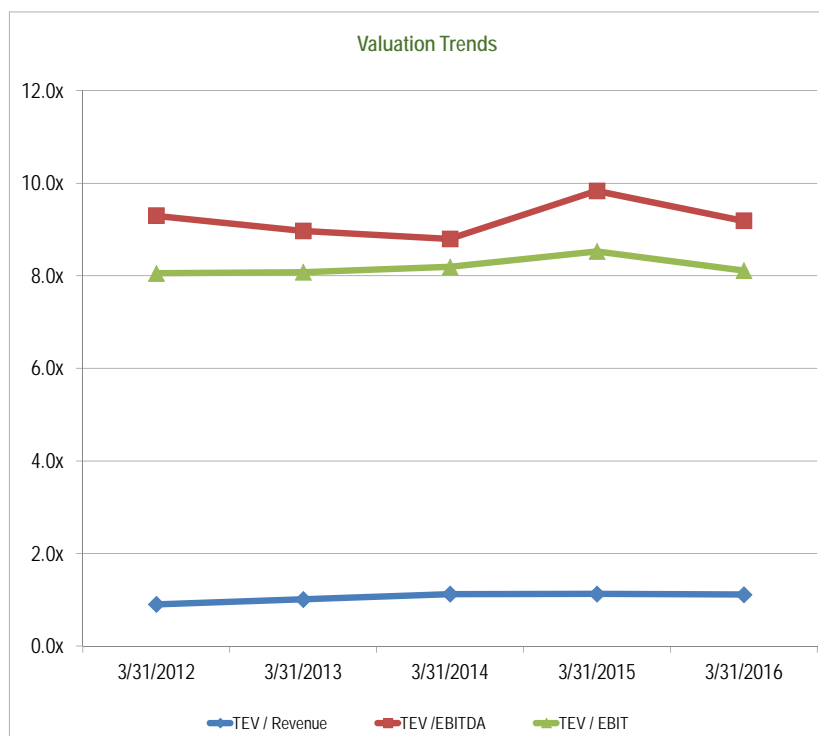
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Summary of Public Comparables as of Quarter End (\$ in millions)

	Total Enterprise Value				Last Twelve Months 3/31/2016 Trends	
	Market Cap	Revenue	EBITDA	EBIT		
Average	\$5,833	1.7x	9.6x	11.5x	TEV / Revenue	↓
Median	\$1,242	1.1x	8.1x	9.2x	TEV / EBITDA	→
					TEV / EBIT	↓

	Margins			Last Twelve Months 3/31/2016 Trends	
	Gross Profit	EBITDA	EBIT		
Average	33.2%	17.1%	15.9%	EBIT Margin	↓
Median	30.8%	13.8%	12.1%	Gross Margin	↓
				EBITDA Margin	↓



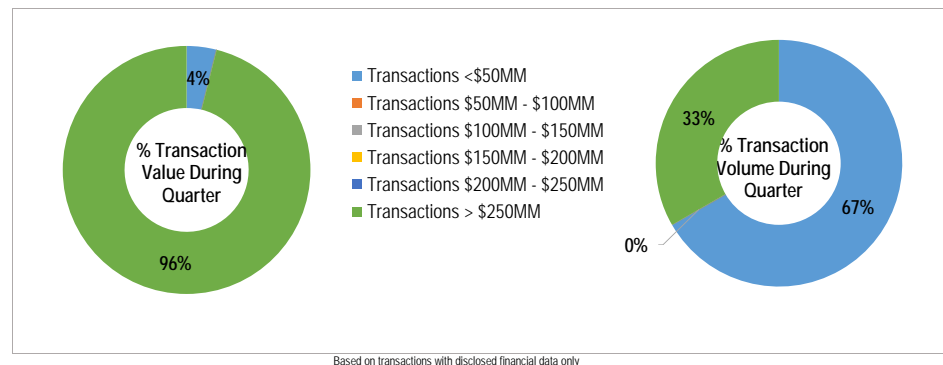
Source: S&P Capital IQ as of 4/28/2016 and PCE Proprietary Data

Summary of Sector Transactions During Quarter (\$ in millions)

Transaction Volume	75
Number of Transactions with Disclosed Values	3
Transaction Value*	\$478.70
Average Transaction Value*	\$159.57
Median Transaction Value*	\$16.50

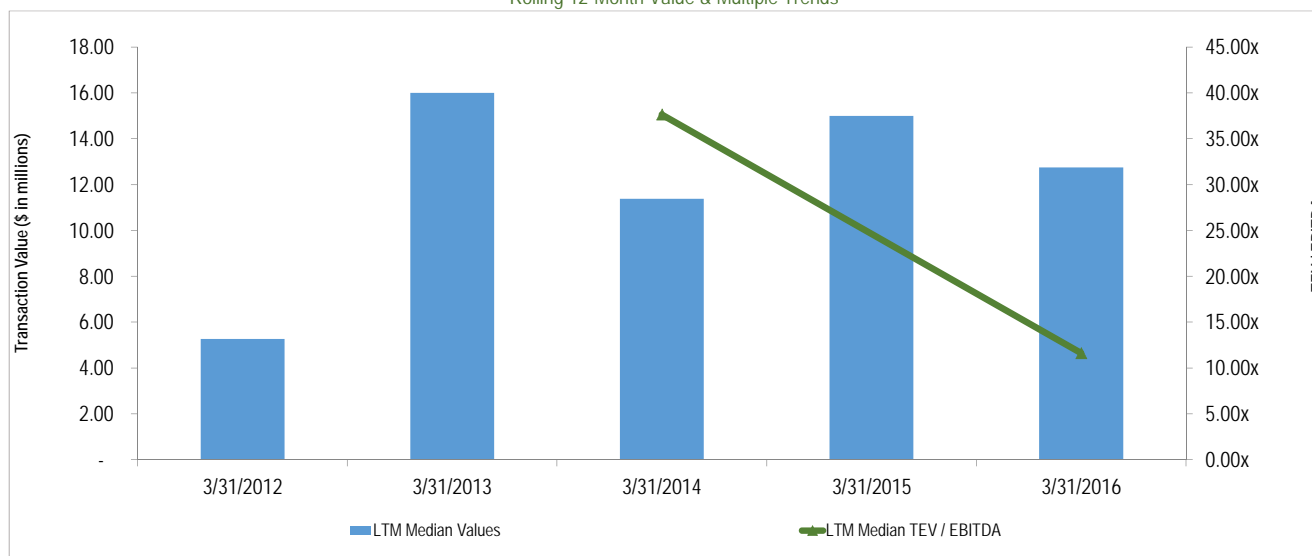
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Transactions by Value & Volume



Private Sector Value Trends

Rolling 12-Month Value & Multiple Trends



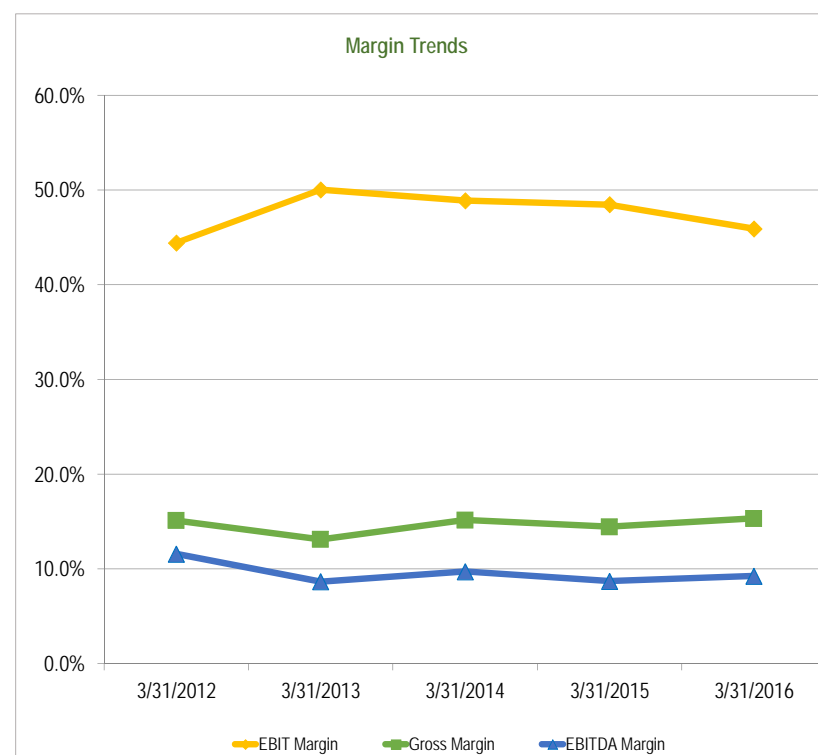
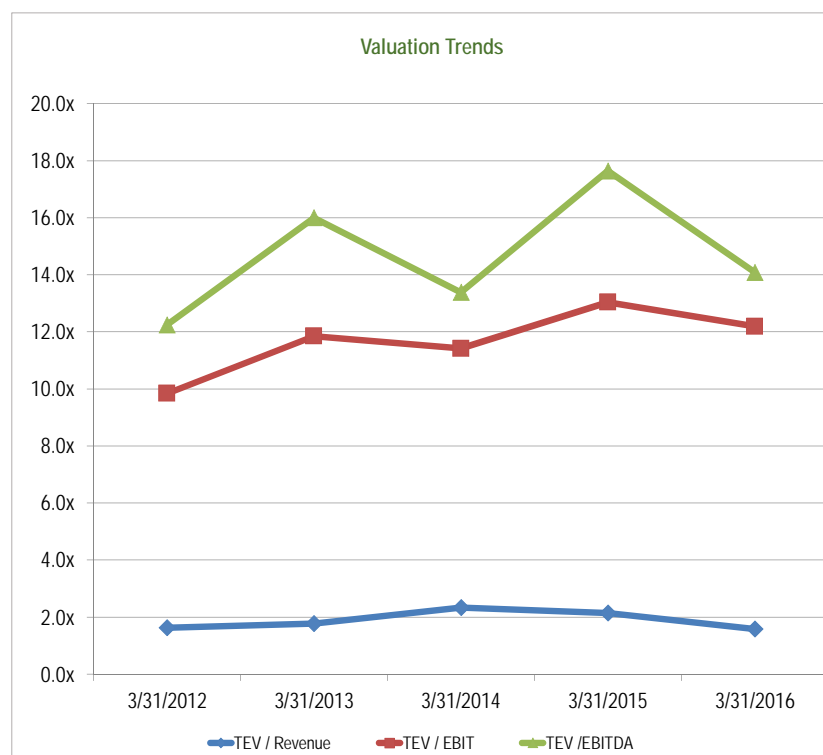
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Summary of Public Comparables as of Quarter End (\$ in millions)

	Total Enterprise Value				Last Twelve Months	
	Market Cap	Revenue	EBITDA	EBIT	3/31/2016 Trends	
Average	\$6,375	1.6x	12.7x	24.0x	TEV / Revenue	↓
Median	\$326	1.6x	12.2x	14.1x	TEV / EBIT	↓
					TEV / EBITDA	↓

	Margins			Last Twelve Months	
	Gross Profit	EBITDA	EBIT	3/31/2016 Trends	
Average	55.9%	14.6%	10.2%	EBIT Margin	↓
Median	45.9%	15.3%	9.2%	Gross Margin	↑
				EBITDA Margin	↑



Source: S&P Capital IQ as of 4/28/2016 and PCE Proprietary Data

About PCE

When you're navigating the critical and sometimes challenging phases of the business life cycle, nothing is more important than getting the right advice at the right time. At PCE, that's our specialty. Providing clients with the insightful strategies, creative solutions, and expert guidance they need to address the challenges they face today and achieve the goals they set for tomorrow.

PCE, a leading financial services firm for mid-market companies, offers a full range of services:

- M&A (mergers & acquisitions)
- Growth Capital – Equity & Debt
- Business Valuation
- ESOP (Employee Stock Ownership Plans)
- Financial & Management Consulting
- MBO (management buy outs)
- Bankruptcy
- Restructuring
- Fairness and Solvency Opinion
- Management Consulting
- Succession Planning
- Strategic Analysis
- Litigation Support

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- Banking, Finance & Insurance
- Building Products & Construction
- Business Services
- Consumer & Food
- Diversified Industrials
- Healthcare
- IT & Telecom
- Power & Energy
- Transportation & Logistics

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Data Assumptions

This report represents transaction activity as mergers & acquisitions, consolidations, restructurings and spin-offs. Targets are defined as U.S. Based companies with either foreign or U.S. based buyers. Transaction information provided is based on closed/announced dates only.

Glossary

EBIT - Earnings Before Interest and Taxes
EBITDA - Earnings Before Interest, Taxes, Depreciation, Amortization
LTM - Last Twelve Months
TEV - Total Enterprise Value