

Southeastern Independent Bank Review

Deal Alerts

On November 15, 2016, **the little bank, Inc.** ("LTLB," OTCQX: LTLB), Kinston, North Carolina, agreed to acquire Oxford, North Carolina-based **Union Banc Corp.** ("Union"), holding company for Union Bank & Trust Company. LTLB offered a fixed exchange ratio of 0.8843 of LTLB common stock for each share of Union common stock. Union will merge with LTLB in a stock transaction valued at approximately \$30.7 million, or \$11.94 per share, based on LTLB's closing price on November 14. The deal value represented 126.1% of Union's tangible book and 25.4x LTM earnings. LTLB shareholders will own approximately 60% of the combined bank, and Union shareholders will own 40%. The combined bank, which will be headquartered in Greenville, NC and operate under the Union Bank name, will have approximately \$665 million in assets and 15 banking facilities. The acquisition is expected to close in the second quarter of 2017.

On November 30, 2016, **Gateway Financial Holdings of Florida, Inc.** ("Gateway"), Daytona Beach, Florida, agreed to be acquired by **CenterState Banks, Inc.** ("CSFL," NASDAQ: CSFL), Winter Haven, Florida, in a \$142.5 million stock and cash transaction. Under the terms of the agreement, Gateway shareholders will receive either 0.95 shares of CSFL stock or \$18 per share in cash for all of Gateway's outstanding common and common equivalent shares, provided the aggregate cash payment constitutes 30% of the merger consideration. At announcement, the merger consideration represented 172.8% of Gateway's tangible book and 24.3x LTM earnings.

This was CSFL's second announced transaction over the past two months. On October 18, 2016, CSFL entered into

an agreement to purchase Platinum Bank Holding Co., Brandon, Florida, in an \$83.9 million stock and cash transaction. Upon completion of the Gateway and Platinum transactions in the second quarter of 2017, CSFL will have assets of approximately \$6.5 billion with 85 banking facilities in Florida.

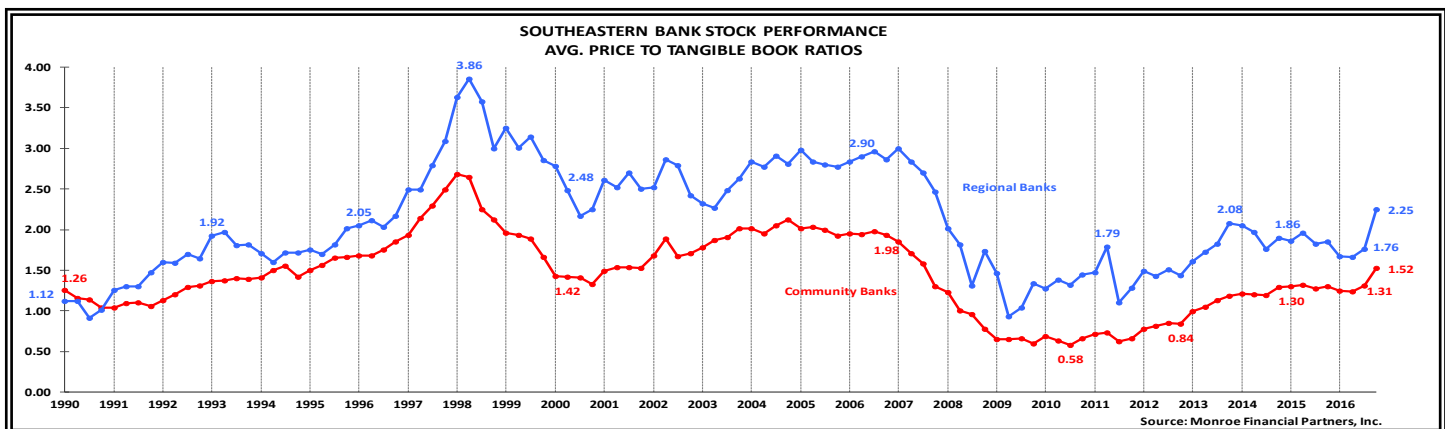
Monroe Financial Partners, Inc., led by Paula Johannsen, rendered fairness opinions to LTLB and Gateway in these transactions.

Market Review and Community Bank Valuations

Despite the stock market's worst start to a year ever, U.S. stocks bounced back as all three major indexes posted solid gains. The DJIA and S&P 500 finished the year up 13% and 10%, respectively, while the NASDAQ finished the year up 8%. Bank stocks benefited from a significant rally following the election and finished the year up 23%, bolstered by the expectation of improved economic growth, less regulations, rising interest rates, and increased spending on infrastructure.

The Southeastern Independent Bank Review ("SIBR") banks posted an average price to tangible book ratio of 1.52x, a notable improvement from 1.31x in 3Q 2016 and 1.30x in 4Q 2015. The regional banks also improved to an average price to tangible book ratio of 2.25x, up from 1.76x in 3Q 2016 and 1.86x in 4Q 2015.

In the fourth quarter, the SIBR group also showed an improvement in performance ratios. Core ROAA increased to an average of 0.87%, up two basis points from 0.85% in the third quarter. The average net interest margin



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Southeastern Independent Bank Review

| Banks and Bank Holding Companies | | Trading Symbol | Market Ratios | | | | Share & Per Share Data | | | | | | |
|----------------------------------|--------------------------------|----------------|----------------------------|-------------------------|--------------------------|------------------|------------------------|--------------------|-------------------|--------------------------------|------------------------------|--------------------------|--------------------------|
| | | | Stock Price at 12/31/16 \$ | Price to Earnings X (a) | Price to Tangible Book X | Dividend Yield % | 3rd Qtr EPS 9/30/16 \$ | LTM EPS 9/30/16 \$ | Full Year 2015 \$ | Tang. Book Value/Sh 9/30/16 \$ | Indicated Annual Dividend \$ | Shares O/S 9/30/16 (000) | Monthly Volume (000) (b) |
| Location | | | | | | | | | | | | | |
| ALABAMA | | | | | | | | | | | | | |
| Auburn | Auburn National Bancorp. | AUBN | 31.31 | 14.2 | 1.34 | 2.9 | 0.54 | 2.20 | 2.16 | 23.34 | 0.90 | 3,644 | 41 |
| Birmingham | National Commerce Corp. | NCOM | 37.15 | 25.8 | 2.36 | nil | 0.43 | 1.44 | 1.02 | 15.74 | 0.00 | 10,929 | 516 |
| Thomasville | First US Bancshares Inc | FUSB | 11.11 | nm | 0.85 | 0.7 | 0.09 | 0.28 | 0.41 | 13.05 | 0.08 | 6,043 | 152 |
| Alabama average | | | | 20.0 | 1.52 | 1.8 | | | | | | | |
| FLORIDA | | | | | | | | | | | | | |
| Winter Haven | CenterState Banks | CSFL | 25.17 | nm | 2.81 | 0.6 | 0.32 | 0.77 | 0.85 | 8.96 | 0.16 | 48,046 | 4,083 |
| Jacksonville | Atlantic Coast Financial Corp. | ACFC | 6.80 | 20.6 | 1.22 | nil | 0.10 | 0.33 | 0.50 | 5.55 | 0.00 | 15,509 | 390 |
| Jacksonville | FirstAtlantic Finl Hldgs Inc | FFHD | 11.20 | 19.0 | 1.15 | 1.1 | 0.15 | 0.59 | 0.60 | 9.73 | 0.12 | 5,997 | 117 |
| Plant City | Sunshine Bancorp Inc | SBCP | 17.14 | nm | 1.44 | nil | 0.05 | (0.35) | (0.56) | 11.92 | 0.00 | 7,995 | 151 |
| Pompano Beach | Stonegate Bank | SGBK | 41.73 | 20.2 | 2.09 | 0.8 | 0.49 | 2.07 | 1.94 | 19.93 | 0.32 | 14,190 | 910 |
| Tallahassee | Capital City Bank Group Inc. | CCBG | 20.48 | nm | 1.79 | 1.0 | 0.17 | 0.65 | 0.53 | 11.41 | 0.20 | 16,807 | 451 |
| Florida average | | | | 19.9 | 1.75 | 0.9 | | | | | | | |
| GEORGIA | | | | | | | | | | | | | |
| Atlanta | Fidelity Southern Corp. | LION | 23.67 | 19.7 | 1.85 | 2.0 | 0.48 | 1.20 | 1.64 | 12.78 | 0.48 | 26,139 | 2,702 |
| Atlanta | State Bank Finl Corp. | STBZ | 26.86 | 20.0 | 1.92 | 2.1 | 0.34 | 1.34 | 0.77 | 13.99 | 0.56 | 36,886 | 2,044 |
| Darien | Southeastern Banking Corp. | SEBC | 13.25 | 11.8 | 0.84 | 3.0 | 0.30 | 1.12 | 0.85 | 15.76 | 0.40 | 3,129 | 4 |
| Moultrie | Southwest Georgia Financial | SGB | 19.99 | 13.2 | 1.30 | 2.2 | 0.38 | 1.52 | 1.32 | 15.33 | 0.44 | 2,548 | 38 |
| Georgia average | | | | 16.2 | 1.48 | 2.3 | | | | | | | |
| NORTH CAROLINA | | | | | | | | | | | | | |
| Charlotte | Park Sterling Corporation | PSTB | 10.79 | 29.2 | 2.03 | 1.5 | 0.12 | 0.37 | 0.37 | 5.32 | 0.16 | 53,302 | 3,646 |
| Four Oaks | Four Oaks Fincorp Inc. | FOFN | 2.65 | 24.1 | 1.38 | nil | 0.03 | 0.11 | 0.62 | 1.92 | 0.00 | 33,780 | 93 |
| Mount Airy | Surrey Bancorp | SBYB | 11.30 | 13.5 | 1.08 | nil | 0.19 | 0.84 | 0.73 | 10.48 | 0.00 | 3,534 | 10 |
| Newton | Peoples Bancorp of NC Inc. | PEBK | 25.07 | 13.9 | 1.23 | 1.6 | 0.44 | 1.80 | 1.72 | 20.42 | 0.40 | 5,418 | 78 |
| Oak Ridge | Oak Ridge Financial Services | BKOR | 12.40 | 12.8 | 1.07 | nil | 0.30 | 0.97 | 1.14 | 11.56 | 0.00 | 2,387 | 23 |
| Southern Pines | First Bancorp | FBNC | 27.14 | 21.5 | 1.97 | 1.2 | 0.23 | 1.26 | 1.30 | 13.81 | 0.32 | 20,788 | 1,361 |
| Washington | First South Bancorp Inc. | FSBK | 11.95 | 17.6 | 1.38 | 1.0 | 0.20 | 0.68 | 0.49 | 8.68 | 0.12 | 9,495 | 128 |
| North Carolina average | | | | 18.9 | 1.45 | 1.3 | | | | | | | |
| SOUTH CAROLINA | | | | | | | | | | | | | |
| Beaufort | Coastal Banking Co. | CBCO | 15.01 | 7.8 | 1.12 | nil | 0.54 | 1.92 | 1.85 | 13.41 | 0.00 | 3,609 | 65 |
| Charleston | Bank of South Carolina Corp. | BKSC | 20.90 | 20.5 | 2.46 | 2.7 | 0.28 | 1.02 | 0.96 | 8.50 | 0.56 | 4,949 | 50 |
| Florence | First Reliance Bcsbs | FSRL | 5.94 | 11.6 | 1.05 | nil | 0.23 | 0.51 | 1.60 | 5.65 | 0.00 | 4,601 | 38 |
| Greenville | Southern First Bancshares Inc | SFST | 36.00 | 19.1 | 2.17 | nil | 0.51 | 1.88 | 1.55 | 16.61 | 0.00 | 6,383 | 277 |
| Lexington | First Community Corp. | FCCO | 18.05 | 18.6 | 1.55 | 1.8 | 0.25 | 0.97 | 0.91 | 11.63 | 0.32 | 6,703 | 101 |
| Spartanburg | Carolina Alliance Bank | CRLN | 12.20 | 20.9 | 1.22 | nil | 0.19 | 0.58 | 0.35 | 10.03 | 0.00 | 6,533 | 90 |
| South Carolina average | | | | 16.4 | 1.59 | 2.2 | | | | | | | |
| TENNESSEE | | | | | | | | | | | | | |
| Brentwood | Commerce Union Bancshares Inc. | CUBN | 21.51 | 19.2 | 1.74 | 1.0 | 0.30 | 1.12 | 0.86 | 12.39 | 0.22 | 7,763 | 159 |
| Franklin | Franklin Financial Network Inc | FSB | 41.85 | 18.9 | 2.26 | nil | 0.62 | 2.21 | 1.54 | 18.49 | 0.00 | 13,001 | 1,390 |
| Knoxville | SmartFinancial Inc. | SMBK | 18.56 | 24.7 | 1.26 | nil | 0.22 | 0.75 | 0.32 | 14.70 | 0.00 | 5,894 | 142 |
| Nashville | Truxton Corporation | TRUX | 28.00 | 14.1 | 1.60 | 2.6 | 0.50 | 1.99 | 1.92 | 17.50 | 0.72 | 2,641 | 7 |
| Tennessee average | | | | 19.2 | 1.72 | 1.8 | | | | | | | |
| VIRGINIA | | | | | | | | | | | | | |
| Altavista | Pinnacle Bankshares Corp. | PPBN | 28.88 | 13.6 | 1.22 | 1.4 | 0.59 | 2.13 | 1.79 | 23.69 | 0.40 | 1,524 | 12 |
| Berryville | Eagle Financial Services Inc. | EFSL | 25.75 | 15.4 | 1.11 | 3.4 | 0.40 | 1.67 | 1.97 | 23.15 | 0.88 | 3,482 | 15 |
| Charlottesville | Virginia National Bkshs Corp. | VABK | 28.50 | 12.8 | 1.16 | 1.8 | 0.59 | 2.23 | 1.23 | 24.57 | 0.52 | 2,369 | 15 |
| Danville | American National Bankshares | AMNB | 34.80 | 17.9 | 1.90 | 2.8 | 0.46 | 1.94 | 1.73 | 18.34 | 0.96 | 8,615 | 321 |
| Lynchburg | Bank of the James Finl Grp Inc | BOTJ | 15.17 | 16.9 | 1.30 | 1.6 | 0.24 | 0.90 | 1.07 | 11.65 | 0.24 | 4,378 | 41 |
| Timberville | F & M Bank Corp. | FMBM | 26.05 | 10.5 | 1.14 | 3.4 | 0.70 | 2.47 | 2.25 | 22.84 | 0.88 | 3,269 | 15 |
| Warrenton | Fauquier Bankshares Inc. | FBSS | 16.65 | nm | 1.15 | 2.9 | 0.19 | (0.23) | (0.16) | 14.46 | 0.48 | 3,753 | 33 |
| West Point | C&F Financial Corp. | CFFI | 49.85 | 13.6 | 1.39 | 2.6 | 0.91 | 3.66 | 3.68 | 35.92 | 1.32 | 3,460 | 155 |
| Virginia average | | | | 14.4 | 1.30 | 2.5 | | | | | | | |
| Southeastern average | | | | 17.4 | 1.52 | 1.9 | | | | | | | |
| Southeastern median | | | | 17.9 | 1.36 | 1.8 | | | | | | | |

Share and per share data has been adjusted for stock dividends and stock splits

(a) Based on trailing 12 months EPS; P/Es over 30 and under 5 are labeled "nm"

(b) YTD average monthly volume

nm = not meaningful

na = not available

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Southeastern Independent Bank Review

| Banks and Bank Holding Companies | Balance Sheet Highlights | | | | Performance Ratios | | | | | | | | |
|-------------------------------------|--------------------------|-------------|----------------|--------------|-----------------------|------|-------------------------|------------------------------|-------------------------|-------------------------|-----------------------|-------------------------|------------------------------|
| | \$millions (9/30/16) | | | | Year-to-date 9/30/16 | | | | | | | | |
| | Assets \$ | Loans \$ | Deposits \$ | Equity \$ | CORE (c) ROAA % | | Net Int. Margin % | Tng. Eq/ Tng. Assets % | Loans/ Deposits % | NPA/ Assets (d) % | NCO/ Avg. Lns % | Reserves/ Loans % | Efficiency Ratio (e) % |
| ALABAMA | | | | | | | | | | | | | |
| Auburn National Bancorp. | 851.7 | 427.9 | 751.9 | 85.1 | 0.95 | 9.5 | 3.04 | 10.0 | 56.9 | 0.24 | (0.27) | 1.07 | 59.6 |
| National Commerce Corp. | 1,779.3 | 1,420.2 | 1,499.9 | 232.2 | 1.00 | 8.1 | 4.20 | 10.4 | 94.7 | 0.31 | 0.07 | 0.84 | 60.1 |
| First US Bancshares Inc | 600.3 | 320.8 | 493.8 | 78.8 | 0.22 | 1.7 | 5.16 | 13.1 | 65.0 | 1.50 | 0.70 | 1.14 | 87.9 |
| Alabama average | | | | | 0.72 | 6.4 | 4.14 | 11.2 | 72.2 | 0.69 | 0.17 | 1.02 | 69.2 |
| FLORIDA | | | | | | | | | | | | | |
| CenterState Banks | 5,014.5 | 3,296.8 | 4,055.9 | 552.8 | 1.31 | 11.9 | 4.19 | 8.8 | 81.3 | 0.91 | (0.02) | 0.77 | 57.0 |
| Atlantic Coast Financial Corp. | 936.9 | 782.5 | 617.5 | 86.1 | 0.52 | 5.5 | 4.85 | 13.5 | 126.7 | 2.86 | 0.75 | 0.63 | 70.3 |
| FirstAtlantic Finl Hldgs Inc | 436.9 | 311.0 | 352.4 | 61.0 | 0.81 | 5.8 | 4.85 | 13.5 | 88.3 | 0.47 | 0.75 | 0.63 | 70.3 |
| Sunshine Bancorp Inc | 564.0 | 398.8 | 438.8 | 72.7 | 0.06 | 0.4 | 3.61 | 11.3 | 90.9 | 0.35 | 0.01 | 0.71 | 95.3 |
| Stonegate Bank | 2,936.3 | 2,292.9 | 2,491.1 | 346.1 | 1.17 | 9.6 | 3.90 | 9.8 | 92.0 | 0.78 | (0.03) | 0.82 | 51.1 |
| Capital City Bank Group Inc. | 2,753.2 | 1,568.0 | 2,315.1 | 276.6 | 0.33 | 3.3 | 3.21 | 7.2 | 67.7 | 2.04 | 0.05 | 0.88 | 84.8 |
| Florida average | | | | | 0.70 | 6.1 | 4.10 | 10.7 | 91.2 | 1.24 | 0.25 | 0.74 | 71.5 |
| GEORGIA | | | | | | | | | | | | | |
| Fidelity Southern Corp. | 4,395.6 | 3,783.9 | 3,538.9 | 347.8 | 0.81 | 10.3 | 3.34 | 7.6 | 106.9 | 1.27 | 0.07 | 0.79 | 75.7 |
| State Bank Finl Corp. | 3,616.4 | 2,410.2 | 2,959.3 | 561.1 | 1.45 | 9.3 | 4.71 | 14.5 | 81.4 | 0.79 | 0.11 | 1.13 | 59.0 |
| Southeastern Banking Corp. | 407.4 | 193.1 | 356.8 | 49.3 | 0.85 | 7.3 | 3.59 | 12.1 | 54.1 | 2.33 | (0.12) | 1.80 | 74.6 |
| Southwest Georgia Financial | 443.0 | 287.2 | 364.3 | 39.1 | 0.92 | 10.3 | 4.20 | 8.8 | 78.9 | 0.31 | 0.03 | 1.08 | 71.3 |
| Georgia average | | | | | 1.01 | 9.3 | 3.96 | 10.7 | 80.3 | 1.18 | 0.02 | 1.20 | 70.1 |
| NORTH CAROLINA | | | | | | | | | | | | | |
| Park Sterling Corporation | 3,226.9 | 2,384.2 | 2,484.3 | 358.7 | 0.87 | 7.7 | 3.66 | 9.0 | 96.0 | 0.44 | (0.03) | 0.49 | 63.6 |
| Four Oaks Fincorp Inc. | 722.9 | 490.2 | 560.2 | 64.9 | 0.46 | 5.2 | 3.73 | 9.0 | 87.5 | 0.92 | (0.02) | 1.97 | 80.8 |
| Surrey Bancorp | 268.1 | 214.9 | 221.1 | 41.0 | 1.27 | 8.3 | 4.56 | 15.3 | 97.2 | 1.62 | 0.10 | 1.77 | 59.0 |
| Peoples Bancorp of NC Inc. | 1,097.6 | 715.8 | 861.9 | 110.6 | 0.94 | 8.8 | 3.96 | 10.1 | 83.0 | 0.44 | 0.08 | 1.12 | 73.1 |
| Oak Ridge Financial Services | 381.0 | 299.8 | 325.1 | 27.6 | 0.67 | 8.5 | 3.75 | 7.2 | 92.2 | 1.04 | 0.02 | 1.24 | 79.3 |
| First Bancorp | 3,537.5 | 2,655.6 | 2,910.8 | 364.9 | 0.77 | 7.3 | 4.06 | 8.2 | 91.2 | 1.96 | 0.25 | 0.93 | 70.5 |
| First South Bancorp Inc. | 985.8 | 689.8 | 859.8 | 88.3 | 0.69 | 7.6 | 3.67 | 8.4 | 80.2 | 0.84 | 0.03 | 1.23 | 76.2 |
| North Carolina average | | | | | 0.81 | 7.6 | 3.91 | 9.6 | 89.6 | 1.04 | 0.06 | 1.25 | 71.8 |
| SOUTH CAROLINA | | | | | | | | | | | | | |
| Coastal Banking Co. | 613.0 | 432.6 | 420.0 | 49.3 | 1.18 | 15.8 | 3.86 | 7.9 | 103.0 | 2.09 | 0.27 | 1.14 | 87.0 |
| Bank of South Carolina Corp. | 409.6 | 271.3 | 365.4 | 42.1 | 1.20 | 12.1 | 3.63 | 10.3 | 74.3 | 0.76 | 0.03 | 1.38 | 57.9 |
| First Reliance Bcshs | 409.5 | 300.1 | 327.3 | 26.0 | 0.89 | 9.2 | 4.25 | 6.3 | 91.7 | 1.43 | (0.00) | 0.90 | 78.4 |
| Southern First Bancshares Inc | 1,289.7 | 1,123.2 | 1,045.1 | 106.0 | 1.02 | 12.5 | 3.65 | 8.2 | 107.5 | 1.26 | 0.15 | 1.29 | 55.8 |
| First Community Corp. | 915.3 | 527.7 | 765.9 | 84.2 | 0.70 | 7.5 | 3.34 | 8.6 | 68.9 | 0.70 | 0.02 | 0.96 | 70.8 |
| Carolina Alliance Bank | 626.4 | 475.6 | 517.6 | 71.1 | 0.70 | 6.2 | 3.86 | 10.6 | 91.9 | 0.92 | (0.02) | 1.01 | 74.8 |
| South Carolina average | | | | | 0.95 | 10.6 | 3.77 | 8.6 | 89.5 | 1.19 | 0.08 | 1.11 | 70.8 |
| TENNESSEE | | | | | | | | | | | | | |
| Commerce Union Bancshares Inc. | 920.0 | 675.9 | 659.9 | 109.2 | 1.05 | 9.0 | 3.95 | 10.6 | 102.4 | 0.92 | (0.04) | 1.30 | 72.6 |
| Franklin Financial Network Inc | 2,703.2 | 1,680.9 | 2,218.0 | 209.6 | 1.06 | 13.1 | 3.43 | 7.4 | 75.8 | 0.06 | 0.01 | 0.93 | 51.8 |
| SmartFinancial Inc. | 1,040.7 | 797.1 | 860.8 | 105.2 | 0.58 | 5.7 | 4.05 | 9.5 | 92.6 | 0.66 | 0.00 | 0.62 | 75.9 |
| Truxton Corporation | 398.2 | 280.5 | 330.1 | 46.2 | 1.24 | 11.5 | 3.13 | 11.6 | 85.0 | 0.23 | 0.00 | 1.07 | 64.1 |
| Tennessee average | | | | | 0.98 | 9.8 | 3.64 | 9.8 | 88.9 | 0.47 | (0.01) | 0.98 | 66.1 |
| VIRGINIA | | | | | | | | | | | | | |
| Pinnacle Bankshares Corp. | 422.1 | 338.4 | 381.5 | 36.6 | 0.71 | 7.7 | 3.74 | 8.6 | 88.7 | 0.53 | 0.05 | 0.85 | 75.2 |
| Eagle Financial Services Inc. | 668.4 | 514.3 | 581.0 | 80.7 | 0.90 | 7.5 | 4.11 | 12.1 | 88.5 | 2.26 | 0.07 | 0.91 | 71.5 |
| Virginia National Bkshs Corp. | 569.5 | 430.9 | 495.2 | 59.3 | 1.00 | 9.7 | 3.46 | 10.2 | 87.0 | 0.49 | (0.00) | 0.76 | 65.7 |
| American National Bankshares | 1,615.5 | 1,088.0 | 1,306.0 | 203.7 | 1.03 | 8.1 | 3.54 | 10.1 | 83.3 | 0.42 | 0.01 | 1.17 | 59.4 |
| Bank of the James Finl Grp Inc | 560.0 | 465.1 | 507.4 | 51.0 | 0.68 | 7.3 | 3.79 | 9.1 | 91.7 | 0.94 | 0.10 | 1.06 | 73.4 |
| F & M Bank Corp. | 745.3 | 661.3 | 527.8 | 87.5 | 1.34 | 11.1 | 4.32 | 11.4 | 125.3 | 1.87 | 0.26 | 1.14 | 60.4 |
| Fauquier Bankshares Inc. | 623.9 | 457.3 | 545.4 | 54.3 | 0.62 | 7.1 | 3.50 | 8.7 | 83.8 | 0.73 | (0.22) | 0.97 | 82.7 |
| C&F Financial Corp. | 1,425.0 | 1,039.4 | 1,089.1 | 139.7 | 0.96 | 10.0 | 6.32 | 8.8 | 95.4 | 0.91 | 1.58 | 3.57 | 64.7 |
| Virginia average | | | | | 0.91 | 8.6 | 4.10 | 9.9 | 93.0 | 1.02 | 0.23 | 1.30 | 69.1 |
| Southeastern average | | | | | 0.87 | 8.4 | 3.95 | 9.9 | 88.1 | 1.02 | 0.13 | 1.11 | 70.0 |
| Southeastern median | | | | | 0.90 | 8.2 | 3.83 | 9.7 | 88.6 | 0.87 | 0.03 | 1.04 | 71.0 |

(c) Amounts have been adjusted to exclude all nonrecurring items (including securities gains)

(d) NPA ratio = (loans 90 days PD + restructured loans + nonaccrual loans + OREO) / total assets; net of loss sharing and other guaranteed bals

(e) Efficiency ratio = overhead expenses/(net interest income + noninterest income)

nm = not meaningful

na = not available

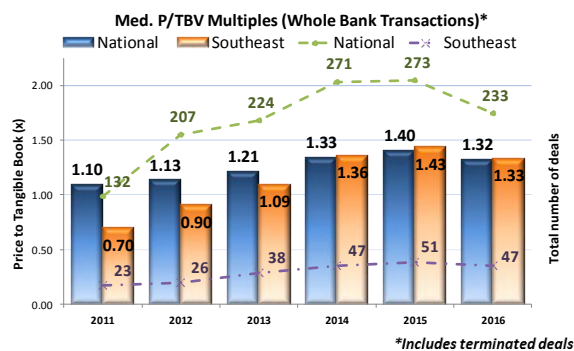
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decreased a modest one basis point to 3.95%. The average tangible equity to tangible assets ratio decreased slightly to 9.9% from 10.0%. Asset quality continues to improve as the average nonperforming assets ratio decreased from 1.05% to 1.02%, and average net charge-offs increased to 0.13%, up two basis points from 0.11% of loans.

Merger Corner

There were 233 transactions announced nationally in 2016, representing a 15% decrease from the 273 transactions announced in 2015. Valuation multiples also declined as the national median price to tangible book multiple in 2016 was 1.32x, below the 1.40x median in 2015. However, deals announced since the election have posted higher valuation multiples, as the national median price to tangible book multiple for deals announced after the election was 1.64x, well above the 1.30x median for deals announced prior. Therefore, future sellers may have higher expectations than those that struck deals in the past year. Higher priced currencies for buyers along with expected higher earnings for sellers may justify future higher valuations.

Of the 233 transactions announced nationally, 47 were in the Southeast region, representing an 8% decrease from the 51 Southeast transactions announced in 2015. Valuation multiples in the Southeast also decreased as the region's median price to tangible book multiple in 2016 was 1.33x, compared to 1.43x in 2015.



November 15, 2016

the little bank, Inc.


We Want to Know You

Kinston, North Carolina

Has agreed to acquire

Union Banc Corp.


Oxford, North Carolina

THE UNDERSIGNED SERVED AS
A FINANCIAL ADVISOR TO
the little bank, Inc.


Serving Community Banks Since 1968

November 30, 2016

Gateway Financial Holdings of Florida, Inc.


Daytona Beach, Florida

Has agreed to be acquired by

CenterState Banks, Inc.


Winter Haven, Florida

THE UNDERSIGNED SERVED AS
A FINANCIAL ADVISOR TO
Gateway Financial Holdings of Florida, Inc.


Serving Community Banks Since 1968

MONROE FINANCIAL PARTNERS, INC.

MERGERS & ACQUISITIONS - CAPITAL RAISING - MARKET MAKING
VALUATIONS & FAIRNESS OPINIONS - CAPITAL & STRATEGIC PLANNING

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