

Banking on BIG: Is Bank Industry Growth Becoming More about Bank Innovation & Growth?

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Handouts

1. PowerPoint Presentation

Resources available on Dorsey.com

Dorsey & Whitney LLP eUpdate: *District Court Issues Final Judgment In Action Challenging OCC's Fintech Charter - Now To The Court of Appeals* (October 24, 2019)

Link: <https://www.dorsey.com/newsresources/publications/client-alerts/2019/10/district-court-action-challenging-occ-fintech>

Dorsey & Whitney LLP eUpdate: *Preparing for LIBOR Substitution-Commercial and Consumer Lending Considerations* (September 19, 2019)

Link: <https://www.dorsey.com/newsresources/publications/client-alerts/2019/09/preparing-for-libor-substitution>

Dorsey & Whitney LLP eUpdate: *SBIC Annual Recertification of Institutional Investor Unfunded Commitments* (August 27, 2019)

Link: <https://www.dorsey.com/newsresources/publications/client-alerts/2019/08/sbic-annual-recertification>

Dorsey & Whitney LLP eUpdate: *National Financial Institutions—Developing A Project Plan To Comply With The California Consumer Privacy Act* (June 28, 2019)

Link: <https://www.dorsey.com/newsresources/publications/client-alerts/2019/06/national-financial-institutions-ccpa>

Dorsey Blog

Consumer Financial Services Legal Update Blog at <https://consumerfinancialserviceslaw.us/>

Materials are Available on www.dorsey.com at
<https://www.dorsey.com/newsresources/events/event/2019/11/corporate-counsel-symposium-2019-materials>

Banking on BIG: Is Bank Industry Growth Becoming More about Bank Innovation & Growth?

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James Ryan, Chief Executive Officer, Old National Bancorp

Jay Kim, Partner, Dorsey & Whitney LLP

Wednesday, November 6, 2019

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James Ryan – Chief Executive Officer Old National Bancorp

(NASDAQ Global Select Market: ONB, mkt. cap. \$3.1 billion)

- Jim Ryan is Chief Executive Officer for Old National Bancorp and was appointed to its Board of Directors on May 2, 2019. Previously, Mr. Ryan served as Senior Executive Vice President, Chief Financial Officer for Old National Bancorp and Director of Corporate Development and Mortgage Banking.
- With assets at \$20.4 billion, Old National Bancorp is the largest financial services bank holding company headquartered in Indiana. From its initial acquisition in 1985, Old National continues its traditional community-banking heritage. Old National boasts a 185-year history of solid performance as a result of the company's unflinching commitment to meeting the diverse needs of its clients, associates, and shareholders.
- Headquartered in Evansville, Indiana, Old National Bancorp has financial centers in Indiana, Kentucky, Michigan, Wisconsin and Minnesota. The company provides a comprehensive range of financial services including commercial and retail banking, wealth management, investments and mortgage banking.
- Through its acquisitions of Anchor Bancorp and Klein Financial, Minnesota has become Old National Bancorp's largest banking market, positioning the company as the 7th largest bank in the Twin Cities market.

Kevin O’Keefe – Principal, Investment Banking
Sandler O’Neill + Partners, L.P.

A Full-Service Investment Banking Firm Focused on Financial Services

- **Founded in New York in 1988 by professionals from leading Wall Street investment banks**
- **Singular focus on financial services companies; unsurpassed industry knowledge, transaction experience and market presence**
- **One of the largest teams serving financial institutions, with approximately 300 employees**
- **Business lines include M&A advisory, capital markets, equity sales and trading, equity research, balance sheet management, restructuring and mortgage finance**
- **Industry focus within financial services includes commercial banks and thrifts, credit unions, insurance underwriters and brokers, specialty finance, fintech, asset managers, broker dealers and exchanges**
- **In July 2019, announced merger with Piper Jaffray Companies, with Sandler O’Neill to become the primary financial services vertical under the newly named Piper Sandler Companies**

Our BIG Focus

- **Our Banking & Financial Industry Group brings together attorneys from across the firm’s practice groups and geographic platform**
- **In a regulated industry, we seek to anticipate, understand and assist clients in responding to industry developments, arising out of:**
 - **Emerging risks**
 - **Competitive pressures**
 - **Regulatory & policy changes**
- **In the banking industry, we focus on the opportunities and challenges across all sectors of the industry, from community banks, to regional banks, to GSIBs**

Why Grow & Innovate?

- **And to what end?**
 - To achieve overall scale
 - Diversification
 - Non-bank competition
 - Overcoming regulatory costs

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Growth Across the Power Curve

- **Companies in the top 20% generate 30 times the profit than the middle 60%**
 - The top 20 global banks generate 95% of the economic profit
- **The curve is relatively stable, with only 1 in 12 rising from the middle ranks to the top**
 - 90% of the bottom and middle quintile banks were unable to lift their rankings over the last 15-20 years
 - 50% of a company's position is determined by its starting point and success in navigating trends
 - 50% is determined by strategic choices
 - Resource allocation
 - Mergers, acquisitions & divestitures
 - Productivity improvements
 - Investments for differentiating future growth

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An Inflection Point

- **Seven Transformative Shifts**

- 1) **Big tech as a growing disintermediation threat**
 - 2 in 3 consumers would trust Amazon to handle their financial needs and of those, 1 in 3 would likely open an Amazon checking account
- 2) **Banks are creating or joining ecosystems that reach adjacent markets, in part by viewing platforms as a service and becoming the platform of choice**
- 3) **All bank customer groups prefer digital channels, across age groups and wealth segments**
 - Although large and important segments are not unsatisfied with their digital experience
- 4) **“Good Banks” will be rewarded for demonstrating social responsibility**
- 5) **Next Generation technologies will help reduce costs**
- 6) **Managing expanded risks requires integration across the bank**
- 7) **Skilled digital talent is crucial**

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Legal & Regulatory Challenges

- **Regulatory Relief – treating symptoms but not always finding a cure**
 - AML/BSA and other compliance costs that can be mitigated by scale and perhaps technology
 - The Fed Tailoring Framework
 - Redefining borders after the easing of the \$10 and \$50 billion walls
- **LIBOR Transition**
- **Fintechs and Fintech Charters**
- **Cyber Risk**
- **RTP – FedNow vs. other industry platforms**
- **Building and maintaining regulatory goodwill**

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Strategic Growth through Mergers & Acquisitions

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Banking Sector Themes

Competitive Landscape

- As the pace of change in the financial services industry accelerates, companies with resources to enhance (or at least maintain) their competitive positions will thrive, while banks lacking sufficient infrastructure, product breadth, and capacity to innovate will lag
 - The next generations of banking customers will have access to, and will demand from their banks, a wide array of financial services, driven by technological advances and innovations which are largely initiated outside of the “regional and community banking space” (defined for this discussion as companies smaller than \$50 billion in assets)
 - ✓ Most sub-scale banks will continue their paths of “following versus leading”
 - ✓ The capacity for traditional “relationship banking” to provide regional and community banks with benefits related to pricing power and customer retention will wane, as customers’ financial technology comfort levels continue to grow
 - ✓ Broadening segments of the banking industry will tend toward commoditization through technology, leaving a smaller opportunity set of asset and deposit opportunities on which less well-positioned regional and community banks will be forced to focus
 - Example: the systemic reduction of participation rates in mortgage and auto lending by regional and community banks over the last 50 years
 - Example: the emergence of online deposit services across the industry over the last 20 years
 - Example: the acceleration of “outsider” entrants into financial services, such as Apple, Uber, etc.
 - On the revenue side, in many cases, organic growth alone will not suffice in the long run in the face of a systemically compressed net interest margin environment
 - ✓ Yes, the yield curve will eventually steepen, but continued developments in technology related to customer acquisition and servicing will exacerbate funding pressures

Banking Sector Themes

Competitive Interplay with M&A

- **In order to compete, M&A will likely play a key role in banks' strategic thinking**
 - In the last few years, with the lifting of regulatory roadblocks related to the \$50 billion asset threshold definition of a systemically important financial institution, regional banks have regained some optionality to pursue the construction of sizable, competitive and forward-thinking companies through M&A strategies
 - This re-emergence of regional bank M&A capacity has increased pressure on the smaller community banks (sub-\$5 billion in assets) to maintain their relevance
 - ✓ Example: touting superior service, agility and connectivity to customers has worked in the past as effective messaging by smaller banks against larger competitors, but the tangible value of these beneficial differences may begin to wane as the next cohort of regional banks emerge with greater resources and product sets borne out of technology
 - The banking sector is likely to continue to experience consolidation across most size spectrums, driven by:
 - a) The unprecedented scale of the "mega-banks" (e.g., JPM, BAC, WFC, C, etc.) pressuring the large regional banks,
 - b) The jockeying for position between the large regional banks (e.g., USB, BBT, PNC, FITB, KEY, RF, etc.) as they compete with both the mega-banks and the smaller regional banks,
 - c) The intensifying competition among the smaller regional banks in market share battles with both large regional banks and community banks, and
 - d) The significant challenges facing the community banks to produce economically attractive growth results on both sides of the balance sheet in the face of accelerating technology and delivery system advances being implemented across the industry

Risk Assessment of Strategic Alternatives

Risk Assessment of Example Strategic Paths Commonly Contemplated by Banks

- **Challenges facing most participants in the current banking markets create questions with regard to the probability of achieving future financial success related to a wide array of potential strategic paths**
 - Measuring the potential risk inherent in each path, and assessing the potential to mitigate these risks, are critical tasks for bank Boards and management teams

<ul style="list-style-type: none"> ✓ Risk present ✓ Risk possibly mitigated ✓ Risk likely mitigated 	Stand-Alone "Cautious Growth / Status Quo"	Stand-Alone "Accelerate Growth / Buy"	Transformational Merger / Initial Public Offering	Premium Merger or Sale for Stock
Liquidity for shareholders	✓	✓	✓	✓
Market diversification	✓	✓	✓/✓	✓
Yield curve pressures	✓	✓	✓/✓	✓
Funding costs	✓	✓	✓/✓	✓
Credit quality questions	✓	✓	✓	✓
Bearing ongoing costs of technology infrastructure	✓	✓	✓/✓	✓
Valuation protection from possible recession	✓	✓	✓	✓

Bank Stock Performance and Market Observations from Third Quarter Results



The bank equity markets have responded positively to earnings results this past quarter, driving a modest uptick in valuation levels; key themes include:

1. Overall NIM pressure, and expectations for continued NIM pressure in 2020; while deposit costs are lingering at somewhat elevated levels, yields available on new loans coupled with loan payoffs are causing overall NIM compression
2. Generally, deceleration in net loan growth (impacted by payoffs); most banks reporting competitive pressure on loan structuring
3. Core deposit collection continues to be a focus, characterized by intensifying competition from both traditional, local banks and technology-based deposit platforms
4. Mortgage production and fees rebounded in Q3, driven by the rate environment, helping to generate stronger fee income
5. Rise in non-interest expense levels due to spending on technology and key personnel (business producers, compliance functions)
6. Continued strong credit results; however, growing concern regarding emergence of "one-off" asset quality issues
7. Solid bottom-line results despite the aforementioned challenges within the banking industry; expectations for a difficult environment in 2020 for banks to produce strong EPS growth (in large part due to yield curve pressures)

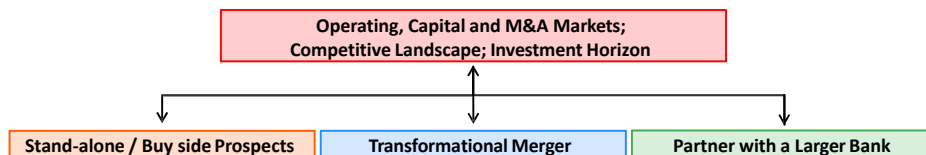
Source: S&P Global Market Intelligence; market data as of October 29, 2019

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Boardroom Questions Regarding Strategic Options

Key Questions Actively Considered in Bank Boardrooms

- What is our current and expected operating and competitive landscape? What is our capacity to grow earnings and franchise value in relation to market opportunities and headwinds?
- In the event of a recession, do we have sufficient capital and balance sheet strength to support pressures? Or do we risk needing to raise capital or identify a partner with greater resources?
- What is the management team and board's expected time horizon in this investment? How does our current or prospective liquidity position affect exit opportunities for our shareholders' investments in our Company?
- Are there acquisition targets available to us, and do we have the desire, currency and capacity to compete?
- Can we unlock value through a transformational merger or larger merger transaction? Does that possibility impact our thinking with regard to these prior questions?



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Panel Discussion Topics

- **Strategic Growth through M&A**
 - Is more industry consolidation inevitable, and is participation required?
 - How has easing of the \$10 and \$50 billion thresholds changed the M&A landscape?
 - Is there a new sweet spot for banks below \$250 billion?
 - How will this impact the regional and national geography of consolidation?
 - Will there be a shift between who is acquiring and who will be acquired?

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Snapshot of Old National

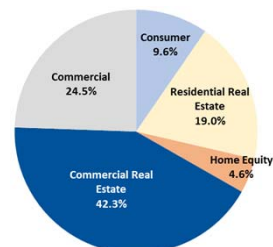
Summary Overview

Headquarters	Evansville, IN
Market Cap (millions)	\$3,061
P / TBV	177%
Dividend Yield	2.9%
LTM Average Daily Volume (<i>actual</i>)	851,837
Total Assets	\$20,439
Core Deposits	\$14,323
Trust Assets Under Management	\$11,884

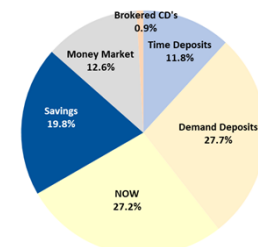
Company Description

- Largest bank holding company headquartered in Indiana with financial centers located in Indiana, Kentucky, Michigan, Wisconsin and Minnesota
 - 192 financial centers
 - 227 ATMs
- Focused on community banking with a full suite of product offerings:
 - Retail and small - medium size business
 - Wealth management
 - Mortgage
 - Investment services
 - Capital markets
- Guided by three strategic imperatives
 - Strengthen the risk profile
 - Enhance management discipline
 - Achieve consistent quality earnings

Loan Mix



Deposit Mix

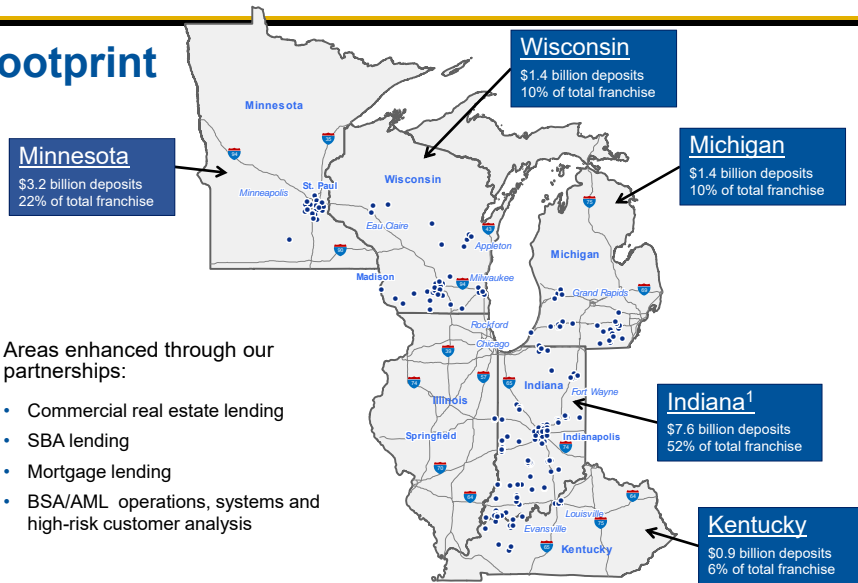


At or for the three-months ended September 30, 2019 Market data as of October 31, 2019 \$ in millions, except as noted

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Old National's Footprint



Areas enhanced through our partnerships:

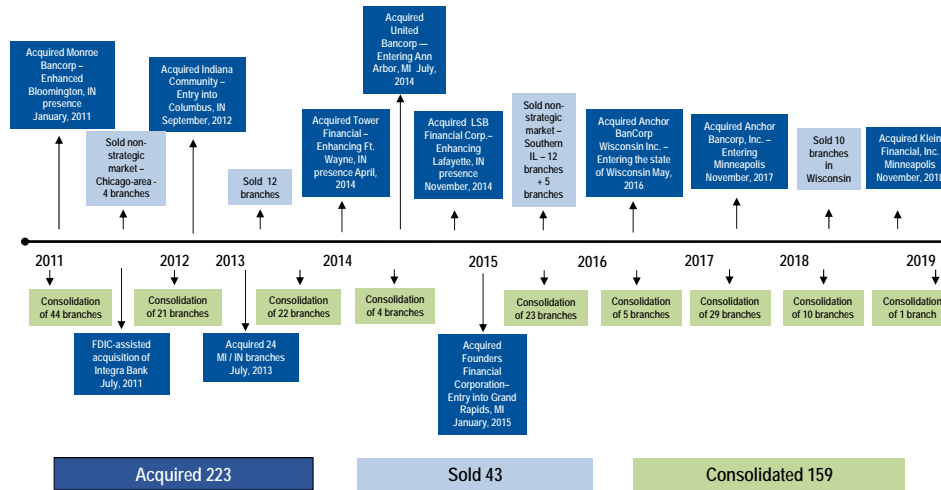
- Commercial real estate lending
- SBA lending
- Mortgage lending
- BSA/AML operations, systems and high-risk customer analysis

Source: S&P Global Market Intelligence using FDIC Summary of Deposits as of June 30, 2019 ¹ Includes \$0.2 billion of deposits in 2 Illinois branches located near the Indiana border

Our Transformational Journey



Transforming Old National's Landscape



Panel Discussion Topics

- **Balance Sheet Diversification**
 - Will loan portfolio diversification lead community banks, regional banks or banks in general to more non-traditional lending such as factoring, asset based lending or leasing?
 - What are the biggest challenges to growing and maintaining deposit relationships?
 - How do you define stable core funding if payment systems technology is the key?

Strategy to Drive Long-Term Shareholder Value

Basic Bank... Broader Reach	Larger balance sheet capabilities with a strong product offering, delivered in-market with unequalled client care – “Out-product Community Banks, Out-service Large Regionals”
M&A Repositioned Franchise with Better Growth Dynamics...	Positioned in faster-growth Midwestern markets with expanded client base and higher commercial density – MSAs where the business model works well and there is a service gap between the large regionals and the community banks
... and Embedded Operating Leverage	624bps+ positive operating leverage 3Q19 vs 3Q18; Continued branch rationalization and process improvement while reducing low-return businesses and lower growth markets (<i>insurance sale, exit Southern IL, sold and/or consolidated 202 branches since 12-31-2010</i>)
Granular & Diversified Loan Portfolio	Small average loan size with no significant industry concentrations; 3Q19 average commercial loan production size < \$1mm
Strong Credit Culture and Lower Risk Model	Conservative credit culture with below peer net charge-offs and lower-than-peer RWA/Assets; Lower volatility model by design
Quality Low-Cost Deposit Base	Below peer cost of total deposits (52bps) and low loans to deposit ratio of 84%; loans to non-maturity deposit ratio of 96%

Panel Discussion Topics

- **Technology, Diversification & Innovation**
 - Will the big banks lead and community and regional banks be left to follow?
 - Can banks compete with the agility and innovation of big tech and Fintechs?
 - Or will strategic partnerships and joint ventures become key?
- **Will access to capital restrict growth of community & regional banking organizations**
 - Capital options in the post TRUPs era, are sub-debt and other leverage effective replacements?
 - Emerging public banks, is this approach a solution or just a bridge?

Panel Discussion Topics

- **Stocking the Talent Pool**
 - How has the business you manage today changed from when you first began working with the industry?

 - How do these changes translate into challenges for your internal talent pool?
 - Digital talent
 - Innovation & agility
 - Diversification through partnerships and non-traditional acquisitions

 - How will it change how you utilize external advisors?

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On Being a Good Bank

- **If customers reward good banks, is this an area where community and regional banks have the advantage?**

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Commitment to Excellence



Appendices

- Old National Bancorp
- Sandler O'Neill + Partners, L.P.
- Fed Tailoring Framework

Franchise Evolution Built a Better Bank...

	2007	2012	3Q19	% Change 2012 to 3Q19
Franchise				
Number of Branches	115	180	192	7%
Core Deposits/Branch (\$Millions)	\$47	\$40	\$75	88%
Total Assets (\$Millions)	\$7,846	\$9,544	\$20,439	114%
Total FTE	2,494	2,684	2,778	4%
Assets/FTE (\$Millions)	\$3.15	\$3.56	\$7.36	107%
Median Household Income	\$48,673	\$49,221	\$65,019	32%
Projected Population Growth (2020-2025)	1.1%	1.4%	2.2%	57%
MSAs with Population > 500k	2	2	7	250%
Top 5 Markets (Rank)				
	Evansville, IN (#1)	Evansville, IN (#1)	Minneapolis, MN (#7)	
	Indianapolis, IN (#11)	Indianapolis, IN (#10)	Evansville, IN (#1)	
	Terre Haute, IN (#2)	Bloomington, IN (#1)	Indianapolis, IN (#13)	
	Jasper, IN (#2)	Jasper, IN (#2)	Madison, WI (#7)	
	Vincennes, IN (#1)	Terre Haute, IN (#2)	Bloomington, IN (#2)	
Businesses				
Total Businesses in All MSAs (000s)	193	215	742	245%
Total C&I Businesses in All MSAs (000s)	36	40	142	256%
Total Sales in All MSAs (\$Billions)	\$521	\$579	\$1,855	220%
GDP (\$Billions)	\$274	\$295	\$1,163	294%

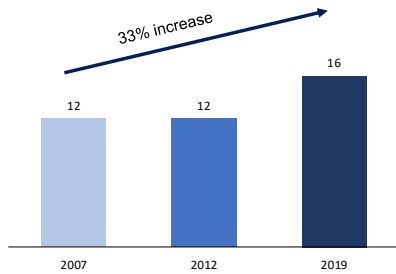
Source: S&P Global Market Intelligence

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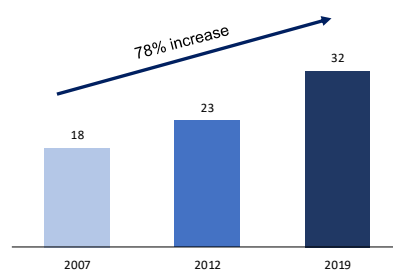
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... With Improved Scale

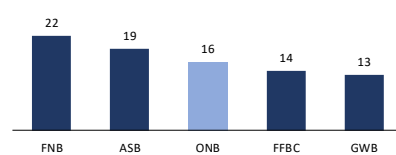
Number of MSAs with a Top 5 Rank



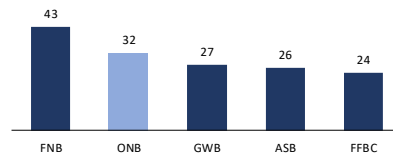
Number of MSAs with a Top 10 Rank



Number of MSAs with a Top 5 Rank



Number of MSAs with a Top 10 Rank

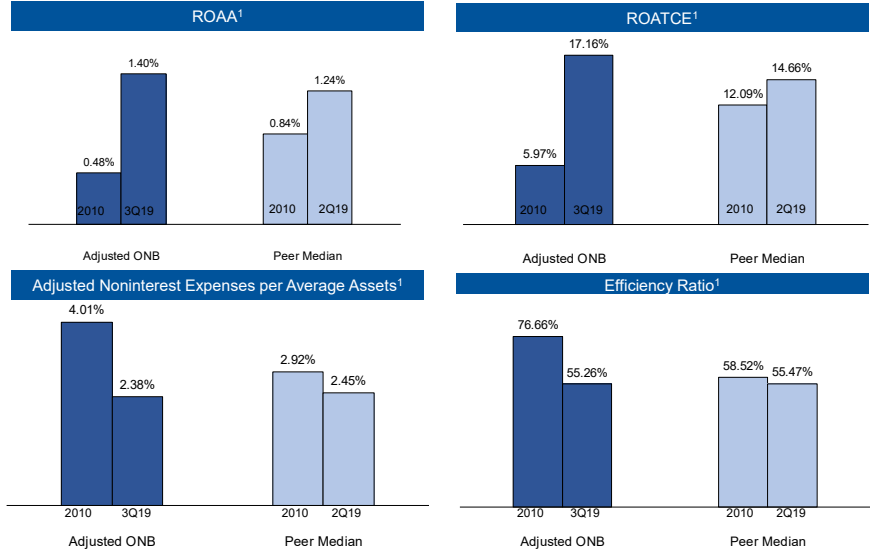


Source: S&P Global Market Intelligence using FDIC Summary of Deposits as of June 30, 2019

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Successful Execution and Integration Has Driven Improved Profitability



¹ Non-GAAP financial measure which Management believes is useful in evaluating the financial results of the Company – see Appendix for Non-GAAP reconciliations – Peer Group data per S&P Global Market Intelligence and as of most recent quarter available - See Appendix for definition of Peer Group

Sandler O'Neill + Partners, L.P.
Our Business Lines

Sandler O'Neill + Partners, L.P.

~300 Employees, Including 49 Partners

New York Atlanta Boston Chicago San Francisco

Investment Banking	Capital Markets	Conversions	Balance Sheet Management	Equity Sales & Trading	Research
<ul style="list-style-type: none"> 95 Bankers Leading M&A Advisor - 2018-2019YTD #1 by number of deals in all financial services (123) and #1 in banks & thrifts (90) 2017 #1 by number of deals in all financial services with disclosed deal value (53) and #1 in banks & thrifts (48) 	<ul style="list-style-type: none"> 7 Professionals Flexibility in capital issuance: Equity, Fixed Income Leading financial institutions market strategist Managed more bank and thrift equity offerings (200) than any other investment bank since 2011 Managed more subordinated debt or senior note offerings for banks under \$35 billion in assets (180) than any other investment bank since 2014 	<ul style="list-style-type: none"> Conversions: 6 dedicated professionals Leading advisor for conversion offerings - 123 offerings since 1995 with proceeds of over \$20 billion 	<ul style="list-style-type: none"> 74 Professionals Core expertise in analysis / strategy for securities, loans, deposits and wholesale funding MBS, CMO, Agency, Corporates, ABS & CMBS Sales/Trading Interest Rate Products desk focused on strategy, execution and monitoring of interest rate derivatives, repo, brokered CD's, sweep MMDA and FHLB advances Holistic approach to balance sheet strategy with Asset / Liability Management focus 	<ul style="list-style-type: none"> 30 Professionals Market maker in approximately 400 stocks Relationships with key institutional investors, with particular focus on buyers of financial institution securities Facilitator of share repurchase programs 	<ul style="list-style-type: none"> 34 Professionals 20 Research Analysts covering over 300 financial services companies 8 Sectors Covered <ul style="list-style-type: none"> Banks & Thrifts Specialty Finance eFinance Insurance Broker/Dealers Asset Management REITs Mortgage REITs
<p>Recapitalization and Advisory Services Group</p> <ul style="list-style-type: none"> 2 Professionals Provide advice related to recaps and restructurings, M&A, capital raising and other advisory services, primarily to the middle market 	<p>Mortgage Finance</p> <ul style="list-style-type: none"> 14 Professionals Over 1,000 loan portfolio transactions completed for \$46 billion announced deal value since 1995 Advises on sale, securitization and acquisition for all bank loan asset classes, including Energy Industry, Solar Loans, Tax Credit Products and MSRs 				

Source: S&P Global Market Intelligence

Sandler O'Neill + Partners, L.P.

Leading Financial Services
Investment Bank

Sandler O'Neill Products and Expertise

Coverage Breadth Industry leader in community bank coverage, covering over

Equity #1 in U.S. Bank equity offerings since January 1, 2009

Debt Bookrun approx. 54% of total subordinated debt and senior note offerings by banks with <\$25 billion in assets since 2014

M&A #1 in bank M&A. Advised on 178 transactions totaling \$53.7 billion since 2016. Financial advisor on 24 transactions between \$500 million and \$2 billion in deal value since 2013.

Balance Sheet Mgmt. Consisting of 80 professionals, core expertise in analysis and strategy for securities, loans, deposits and wholesale funding

Research Consisting of 32 professionals, 13 bank specific analysts covering 189 Community, Regional & Money Center banks

Equity	Debt	M&A
<p>August 2019 \$100mm</p> <p>CROSSFIRST Co-Manager Initial Public Offering</p> <p>August 2019 \$11mm</p> <p>HARBOR ONE Sole Marketing Agent Second Step Conversion</p> <p>June 2019 \$2mm</p> <p>COASTALSOUTH BANKSHARES, INC. Sole Placement Agent Private Placement</p>	<p>September 2019 \$20mm</p> <p>PROSPECT FINEST Sole Placement Agent Subordinated Notes</p> <p>September 2019 \$73mm</p> <p>Midland Sole Placement Agent Subordinated Notes</p> <p>September 2019 \$300mm</p> <p>Pinnacle Sole Book Running Manager Subordinated Notes</p>	<p>September 2019 \$25mm</p> <p>COWEN Sole Placement Agent Senior Notes</p> <p>September 2019 \$50mm</p> <p>FM Sole Placement Agent Subordinated Notes</p> <p>September 2019 \$20mm</p> <p>AMERICAN BANKSHARES Sole Placement Agent Subordinated Notes</p>
<p>September 2019 \$473mm</p> <p>REVERE BANK Aligner with USCB Financial Advisor to IPO</p> <p>August 2019 \$183mm</p> <p>First Midwest Bancorp, Inc. Aligner with USCB Financial Advisor to IPO</p> <p>August 2019 \$113mm</p> <p>Bankers of New Jersey Inc. Aligner with USCB Financial Advisor to IPO</p> <p>August 2019 \$68mm</p> <p>Peoples Community Bank Aligner with USCB Financial Advisor to IPO</p>	<p>September 2019 \$473mm</p> <p>UNITED COMMUNITY FINANCIAL GROUP Aligner with USCB Financial Advisor to United Community</p> <p>August 2019 \$113mm</p> <p>Bankers of New Jersey Inc. Aligner with USCB Financial Advisor to IPO</p> <p>August 2019 \$113mm</p> <p>Bankers of New Jersey Inc. Aligner with USCB Financial Advisor to IPO</p>	<p>September 2019 \$473mm</p> <p>UNITED COMMUNITY FINANCIAL GROUP Aligner with USCB Financial Advisor to United Community</p> <p>August 2019 \$113mm</p> <p>Bankers of New Jersey Inc. Aligner with USCB Financial Advisor to IPO</p> <p>August 2019 \$113mm</p> <p>Bankers of New Jersey Inc. Aligner with USCB Financial Advisor to IPO</p>

Bank M&A Transactions Since 2016

No.	Advisor	# of Transactions	Deal Value (\$mm)
1	Sandler O'Neill	178	53,720
2	Keefe, Bruyette & Woods	149	40,599
3	Hovde	82	4,858
4	Janney MontgomeryScott	63	5,569
5	Stephens Inc.	58	11,116

Source: S&P Global Market Intelligence. Includes all bankwide. First transactions between 2016 - 2 0019 YTD

Banks with Total Assets < \$25 Billion Subordinated & Senior Debt Offerings Since 2014

No.	Manager	# of Deals	Volume (\$mm)	Mkt. Share
1	Sandler O'Neill	113	7,289	53.6%
2	Keefe, Bruyette & Woods	46	3,030	21.8%
3	FIG Partners	26	562	12.3%
4	U.S. Bancorp	25	1,710	11.8%
5	Raymond James	17	803	8.1%
6	Stephens Inc.	13	1,206	6.2%
7	Ambassador	10	88	4.7%
8	Deutsche Bank	6	645	2.8%
9	Griffin	5	94	2.8%
10	Merrill Lynch	5	1,008	2.4%

Source: S&P Global Market Intelligence. Includes all senior and subordinated note offerings between 2014 - 2019 YTD

Bank Equity Offerings Since 2009

No.	Manager	# of Deals	Volume (\$mm)
1	Sandler O'Neill	208	61,068
2	Keefe, Bruyette & Woods	200	67,606
3	Raymond James	91	23,630
4	J.P. Morgan	88	72,877
5	Goldman Sachs	57	60,998

Source: S&P Global Market Intelligence. Includes all bank and thrift common equity raises between 2009 - 2019 YTD

Sandler O'Neill Underwrote 76% of Bank IPOs Since 2014

From 2014 to the present, there have been 58 bank & thrift IPOs and Sandler O'Neill has underwritten 45 of them, more than any other investment bank

Source: S&P Global Market Intelligence

Sandler O'Neill + Partners, L.P.
Sandler O'Neill's Combination with Piper Jaffray

PIPER SANDLER COMPANIES

Established 1895
Piper Jaffray

Established 1988
Sandler O'Neill

- Piper Jaffray is a leading investment bank and institutional securities firm
- Proven advisory team combines deep product and sector expertise
- The firm is headquartered in Minneapolis with offices across U.S. and in London, Aberdeen and Hong Kong
- Sandler O'Neill is a full-service investment bank and broker-dealer
- The firm provides M&A, capital markets, fixed income and equity sales & trading services to financial institutions and their investors
- The firm is headquartered in New York with offices across the U.S.

Transaction Overview

- Piper Jaffray Companies to acquire 100% of Sandler O'Neill + Partners, L.P.
- Merged company will be named Piper Sandler Companies, combining two trusted and established firms with matching client-centric cultures
- Brings together Sandler O'Neill, the leading investment banking firm focused on the financial services industry, with the growing investment banking platform of Piper Jaffray
- Accelerates Piper Jaffray's goal of prioritizing and building the M&A advisory business, and adds strength in capital raising and a differentiated fixed income business while enhancing equities
- Expected to close in January 2020; subject to customary closing conditions and regulatory approvals

Sandler O’Neill + Partners, L.P.

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Principal, Investment Banking
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Kevin O’Keefe is a Principal of Sandler O’Neill + Partners, L.P., a leading full service investment banking firm focused solely on the financial services industry. Mr. O’Keefe provides investment banking advisory service to regional and community banks and thrifts, specialty finance companies, and financial technology companies in the areas of mergers and acquisitions, capital raising, capital management and funding strategies, defense and corporate strategies.

Mr. O’Keefe began his career in Sandler O’Neill’s Investment Banking Group over twenty three years ago in 1996 in the firm’s New York headquarters. In 2004, he moved to the newly established Atlanta office to help build Sandler O’Neill’s investment banking practice in the Southeast, while maintaining his coverage of Midwest financial institutions.

Mr. O’Keefe holds a BSBA from Georgetown University’s McDonough School of Business. He resides in Atlanta, Georgia with his wife and three daughters.

Fed Tailoring Framework Requirements for Domestic and Foreign Banking Organizations*

	Category I U.S. GSIBs	Category II ≥ \$700b Total Assets or ≥ \$75b in Cross- Jurisdictional Activity	Category III ≥ \$250b Total Assets or ≥ \$75b in nonbank assets, w/STWF, or off-balance sheet exposure	Category IV Other firms with \$100b to \$250b Total Assets	Other Firms \$50b to \$100b Total Assets
Capital	<ul style="list-style-type: none"> TLAC/Long-term debt Stress Testing <ul style="list-style-type: none"> Annual company-run stress testing Annual supervisory stress testing Annual capital plan submissions Risk-Based Capital <ul style="list-style-type: none"> CUSO surcharge Advanced approaches Countercyclical Buffer No opt-out of AOCI capital impact Leverage capital <ul style="list-style-type: none"> Enhanced supplementary leverage ratio 	<ul style="list-style-type: none"> Stress Testing <ul style="list-style-type: none"> Annual company-run stress testing Annual supervisory stress testing Annual capital plan submissions Risk-Based Capital <ul style="list-style-type: none"> Advanced approaches Countercyclical Buffer No opt-out of AOCI capital impact Leverage capital <ul style="list-style-type: none"> Supplementary leverage ratio 	<ul style="list-style-type: none"> Stress Testing <ul style="list-style-type: none"> Company-run stress testing every other year Annual supervisory stress testing Annual capital plan submissions Risk-Based Capital <ul style="list-style-type: none"> Countercyclical Buffer Allow opt-out of AOCI capital impact Leverage capital <ul style="list-style-type: none"> Supplementary leverage ratio 	<ul style="list-style-type: none"> Stress Testing <ul style="list-style-type: none"> Supervisory stress testing (company-run) Annual capital plan submissions Risk-Based Capital <ul style="list-style-type: none"> Allow opt-out of AOCI capital impact Leverage capital 	<ul style="list-style-type: none"> Risk-Based Capital <ul style="list-style-type: none"> Allow opt-out of AOCI capital impact Leverage capital
SCCL	<ul style="list-style-type: none"> Single-counterparty credit limit (SCCL) BHC/BHC level SCCL FBOs: Meet home country requirement 	<ul style="list-style-type: none"> SCCL BHC/BHC level SCCL FBOs: Meet home country requirement 	<ul style="list-style-type: none"> SCCL BHC/BHC level SCCL FBOs: Meet home country requirement 	<ul style="list-style-type: none"> SCCL FBOs: Meet home country requirement if global assets ≥ \$250b 	<ul style="list-style-type: none"> SCCL FBOs: Meet home country requirement if global assets ≥ \$100b
Liquidity (Holding Company)	<ul style="list-style-type: none"> Standardized <ul style="list-style-type: none"> Full daily LCR (100%) Proposed full daily NSFR (100%) 	<ul style="list-style-type: none"> Standardized <ul style="list-style-type: none"> Full daily LCR (100%) Proposed full daily NSFR (100%) 	<ul style="list-style-type: none"> IFB/STWF <ul style="list-style-type: none"> If w/STWF – 57% Reduced daily LCR and NSFR (75%) If w/STWF ≥ \$75b: Full daily LCR and proposed NSFR (100%) 	<ul style="list-style-type: none"> Standardized <ul style="list-style-type: none"> If w/STWF – 57% No LCR If w/STWF ≥ \$50b: Reduced monthly LCR and proposed NSFR (75%) 	
Liquidity (Combined Institution)	<ul style="list-style-type: none"> Reporting <ul style="list-style-type: none"> Report FR 2072a daily Internal <ul style="list-style-type: none"> Liquidity stress test (monthly) Liquidity risk management 	<ul style="list-style-type: none"> Reporting <ul style="list-style-type: none"> Report FR 2072a daily Internal <ul style="list-style-type: none"> Liquidity stress test (monthly) Liquidity risk management 	<ul style="list-style-type: none"> Reporting <ul style="list-style-type: none"> If w/STWF – 57%: Report FR 2072a monthly If w/STWF ≥ \$75b: Report FR 2072a daily Internal <ul style="list-style-type: none"> Liquidity stress test (monthly) Liquidity risk management 	<ul style="list-style-type: none"> Reporting <ul style="list-style-type: none"> Report FR 2072a monthly Internal <ul style="list-style-type: none"> Liquidity stress test (quarterly) Tailored liquidity risk management 	
Holding company	U.S. BHC Requirements	U.S. BHC Requirements	U.S. BHC Requirements	U.S. BHC Requirements	U.S. BHC Requirements

* Certain requirements for a foreign bank are determined by the risk profile of its intermediate holding company, whereas other requirements are determined by the risk profile of the firm’s combined U.S. operations. Capital and standardized liquidity standards are determined by the risk profile of the intermediate holding company and other standards are determined by the risk profile of the firm’s combined U.S. operations. Other foreign banks with limited U.S. presence and global assets of \$100 billion or more would be subject to certain minimum standards.† The proposed net stable funding ratio (NSFR) rule will not be finalized as a result of the tailoring final rule.

Glossary: wSTWF – weighted short-term wholesale funding; HCs –bank, savings and loan, or intermediate holding company; CUSO – combined U.S. operations; AOCI – accumulated other comprehensive income; CCAR – Comprehensive Capital Analysis and Review; LCR – liquidity coverage ratio.

Fed Tailoring Framework

List of Domestic Firms by Projected Category (based on estimated data) * |

	Category I U.S. GIBs	Category II ≥ \$700 Total Assets or ≥ \$75 in Cross-Jurisdictional Activity	Category III ≥ \$200 Total Assets or ≥ \$75 in NIA, eSTWF, or Off-Balance sheet exposure	Category IV Other firms with \$100 to \$200 Total Assets	Other firms \$50 to \$100 Total Assets
U.S. Domestic Banking Org.		Bank of America Bank of New York Mellon Citigroup Goldman Sachs JP Morgan Chase Morgan Stanley State Street Wells Fargo	Northern Trust Capital One Charles Schwab PNC Financial U.S. Bancorp	ABY Financial American Express BB&T Corp. Citizens Financial Discover Fifth Third Huntington KeyCorp M&T Bank Regions Financial SunTrust Inc. Synovus Financial	Comerica Inc. CIT Group Inc. E*TRADE Financial NY Community Bancorp Silicon Valley Bank

List of Foreign Firms by Projected Category (standards vary by legal entity)

	Category I U.S. GIBs	Category II ≥ \$700 Total Assets or ≥ \$75 in Cross-Jurisdictional Activity	Category III ≥ \$200 Total Assets or ≥ \$75 in NIA, eSTWF, or Off-Balance sheet exposure	Category IV Other firms with \$100 to \$200 Total Assets	Other firms \$50 to \$100 Total Assets
Intermediate Holding Company			Barclays* Credit Suisse Deutsche Bank HSBC Tovaris-Dominica UBS	Bank of Montreal BNP Paribas MIFG Royal Bank of Canada Scotiabank	BBVA
Combined U.S. Operations		Barclays Credit Suisse Deutsche Bank MIFG	HSBC Mitsubishi Royal Bank of Canada Tovaris-Dominica UBS	Banco Santander Bank of Nova Scotia Bank of Montreal BBVA BNP Paribas BPCF Societe Generale Sumitomo Mitsui	Canadian Imperial Credit Agricole I & C bank of China Nobuhiroki Kabobank

* Projected categories are based on data for Q1 2019. Actual categories would be based on 4-quarter averages. For certain measures for foreign banks, conservative assumptions were used to estimate incomplete data.

* Identifies firms that would be subject to Category III standards with weighted short-term wholesale funding of more than \$75 billion. Firms subject to Category III standards with weighted short-term wholesale funding of \$75 billion or more would be subject to full standardized liquidity requirements.