### Table of Contents

| Section                   | Page |
|---------------------------|------|
| Market Observations       | 3    |
| Transaction Highlights    | 10   |
| Public Companies          | 13   |
| CFA Overview              | 20   |
Market Observations
Market Summary

Financial Services Market
The global financial services sector continues to grapple with geopolitical tensions, supply chain disruptions, and the possibility of a regional or global recession. The anticipated rate hikes by the U.S. Federal Bank are expected to cause financial strains, affecting lending and borrowing rates. According to a CNBC report, there is a 90% estimated likelihood that the Fed will raise interest rates to a range of 5.25% and 5.5%. This would result in higher borrowing and investment costs, potentially increasing the risk of loan defaults. IMF outlook of April 2023 forecasted the growth rate to fall from 3.4% in 2022 to 2.8% in 2023, before settling at 3% in 2024 with global inflation expected to fall to 6.6% in 2023 and 4.3% in 2024, still above pre-pandemic levels. The collapse of a few banks namely Silicon Valley Bank (SVB), which specialized in lending to start-ups, including FinTech, and Signature Bank, sparked investor fears, lawsuits, falling share prices, and US government intervention, led to disruption of the financial services that the bank provides to its clients. The compliance burden concerning legislation and regulation around digitalization, climate change and environmental, social, and governance (ESG) issues for financial institutions has increased significantly over the past decade and are considered to be persistent. Despite the challenges and shortcomings faced by the industry, the global financial market grew from $25.8 trillion in 2022 to $28.1 trillion in 2023 at a CAGR of 8.8% and is further expected to grow to $37.5 trillion in 2027 as reported by the Business research company. Such growth can be attributed to the adoption of digitalization and big data analytics.

Public Company Valuations
The CFA Select Financial Services Index went up by 3.73% in the second quarter of 2023 from Q1 2023 and the 12 months return on the Index increased by 11.0%. Our index for each of the subsector in this industry increased in the second quarter of 2023 except for Fintech which decreased by 0.24% compared to the previous quarter. Commercial & Consumer Finance outperformed all other indices with 7.6% increase in the second quarter of 2023. Insurance and Insurance services had the highest median EBITDA multiple with 17.1x. However, Banks & Trusts had the highest median revenue multiple with 4.1x. Insurance & Insurance Services had median revenue multiple with 1.2x while the median Book value multiple of Banks & Trusts stood at 0.7x. Commercial & Consumer Finance had median revenue and EBITDA multiples with 3.4x and 14.8x, while, Fintech had median revenue and EBITDA multiples of 2.4x and 14.5x, respectively.

Mergers and Acquisitions
The M&A transactions in the global financial services industry increased in the initial quarters of 2022 but started to decline since the fourth quarter of 2022. Unexpected events such as the collapse of major banks along with rising interest rates and inflationary pressures sent shockwaves through the banking sector that influenced the M&A activity in H1 2023. The macro environment that contributed to banking collapses thus far 2023 has impacted buyouts and leveraged buyouts (LBOs) in the North American financial services sector. However, for the rest of the year, it is anticipated that the M&A transactions in the industry would improve as strategic buyers look to Fintech to expand their technical capabilities and improve customer experiences along with catering to the changing needs of a stressed banking system. The scope of private equity (PE) participation in the financial services sector is expected to grow, driven by the chance to enter the industry at a reduced cost due to distressed companies.
Metaverse in Financial Services

The growing demand for Decentralized Finance (DeFi) along with the evolution of new platforms & applications that permit users to invest, trade, and virtually manage their assets, are propelling the growth of the global metaverse in the finance market as these solutions offer greater transparency, security, and accessibility in financial transactions with low fees & greater efficiency. The global metaverse financial services market was valued at $67.3 billion in 2022 and is estimated to reach $315.9 billion by 2030 growing at a CAGR of 21.3% from 2023 to 2030. The growing emphasis on Metaverse especially in the services provided by banking & other financial services can be expected as a result of the rapid adoption of metaverse initiatives by brokerage companies and banks to improve business offerings, the emergence of cryptocurrency as a large-scale alternative financial system, and the growing focus of fintech and smaller financial companies on developing their digital financial ecosystems. For instance, American Express has filed patents and trademarks to incorporate Metaverse to provide real-world payment card services. With the inclusion of cryptocurrency, Robo-advisories & virtual meetings, the metaverse will enable financial institutions to attain digital transformation.

Signifying Implication of Regulatory Technology (RegTech)

Over the past few years, financial institutions (FIs) have partnered with FinTech on various aspects of the business. While the principal focus was on customer-facing areas, companies have also started devoting attention to back-end aspects. With a lot of pressure from regulators on overall data compliance and governance, RegTech as a niche segment within the FinTech ecosystem has gained significance with the feature of simplifying regulatory compliance. Regtech companies work with financial services by using artificial intelligence, cloud computing, and big data to share information quickly and securely. According to Juniper Research, Financial institutions' global spending on RegTech is expected to reach $127 billion by 2024. It has been estimated annual gross cost savings from AI introduction for KYC that across banking and property sales, will exceed $700 million by 2023. So far in 2023, there have been 116 global RegTech deals, as per data from Dealogic. The total deal value was more than $13.5 billion. RegTech is assumed to play an increasingly crucial role in the financial industry as it evolves.

Embedded Finance

The global embedded finance industry is expected to grow by 39.4% on an annual basis to reach $267.5 billion in 2023 and is expected to grow steadily over the forecast period recording a CAGR of 28.5% during 2023-2029 to reach the valuation of $862.2 billion. As of June 2023, embedded finance has raised $1.34 billion in equity funding across 59 rounds. The assumption of increased investments and growth can be anticipated since fintech firms and banking institutions seek to capitalize on the growing shift towards embedded financial offerings, and hence, digital platforms and businesses are increasingly integrating financial services into their products and services to offer feasible solutions to their customers seamlessly and efficiently without redirecting them to a separate financial institution or website, thereby helping companies to reach more consumers, improve data analytics, increase customer retention, and create easier and more secure financial transactions. The feature of embedded finance is implemented as embedded payments, embedded lending, and embedded insurance.
**Standard Chartered boosts 2024 bitcoin forecast to $120,000**
*Reuters, July 10, 2023*

“The value of top cryptocurrency bitcoin could reach $50,000 this year and $120,000 by the end of 2024 Standard Chartered (STAN.L) said on Monday, predicting the recent jump in its price could encourage bitcoin "miners" to hoard more of the supply.”

**SUNRATE enhances cross-border payment capabilities with Visa Direct**
*PR Newswire, June 14, 2023*

“SUNRATE, the intelligent global payment and treasury management platform announces its collaboration with Visa, a world leader in digital payments, to enable SUNRATE customers to send and receive funds directly to eligible Visa debit and prepaid cards. At the start of this year, SUNRATE also launched its Visa virtual commercial card as part of its holistic online travel solution.”

**EU sets out plans to cut the price of financial products**
*Reuters, May 24, 2023*

“The European Union set out plans on Wednesday to cut how much retail investors pay banks and insurers for financial products to encourage investment and make its capital market deeper and more efficient. The retail investment package toughens up existing EU investment laws by including a ban on banks and insurers paying commission on sales of their products by brokers who gave no advice to customers, the EU’s executive arm, the European Commission said.”
Financial Services Industry

The M&A activity in the Financial Services industry decreased in Q2 2023. The number of M&A transactions decreased from 104 in Q1 2023 to 83 in Q2 2023. The number of sub-$50 million transactions decreased from 98 in Q1 2023 to 81 in Q2 2023. The number of transactions above $100 million decreased from 6 in Q1 2023 to 2 in Q2 2023. The total number of M&A transactions decreased 62.2% year on year from 220 in Q2 2022 to 83 in Q2 2023.

M&A Deal Summary Table | Count by Deal Size over Time

| Transaction Value | Q 3 | Q 4 | 2020 | Q 1 | 2021 | Q 2 | 2021 | Q 3 | 2021 | Q 4 | 2021 | Q 1 | 2022 | Q 2 | 2022 | Q 3 | 2022 | Q 4 | 2022 | Q 1 | 2023 | Q 2 | 2023 |
|-------------------|-----|-----|------|-----|------|-----|------|-----|------|-----|------|-----|------|-----|------|-----|------|-----|------|-----|------|-----|------|
| Not Disclosed     | 191 | 242 | 211  | 215 | 208  | 211 | 225  | 180 | 177  | 134 | 85   | 76  |
| Under $10 MM      | 9   | 9   | 12   | 12  | 8    | 13  | 10   | 9   | 10   | 6   | 3    |
| $10 - $25 MM      | 3   | 7   | 5    | 10  | 7    | 11  | 8    | 4   | 6    | 6   | 3    |
| $25 - $50 MM      | 4   | 5   | 9    | 10  | 7    | 4   | 6    | 5   | 4    | 4   | 2    |
| $50 - $100 MM     | 0   | 2   | 11   | 5   | 10   | 6   | 3    | 6   | 0    |
| $100 - $500 MM    | 12  | 16  | 19   | 10  | 10   | 15  | 7    | 7   | 6    | 4   | 2    |
| $500 MM+          | 9   | 12  | 9    | 8   | 11   | 10  | 11   | 7   | 16   | 5   | 2    |
| Total Transactions| 228 | 293 | 276  | 264 | 264  | 278 | 284  | 220 | 222  | 171 | 104  | 83  |
### Industry Metrics

#### Industry Financial Data and Ratios

| NAICs 5221 - Depository Credit Intermediation | Financial Metric          | Last 12 Mo | 2022 | 2021 |
|-----------------------------------------------|---------------------------|-----------|------|------|
| Current Ratio                                 |                           | 1.99      | 1.92 | 2.26 |
| Gross Profit Margin                          |                           | 87.82%    | 88.01% | 94.38% |
| Net Profit Margin                            |                           | 15.17%    | 12.64% | 30.37% |
| Accounts Receivable Days                     |                           | 756.96    | 645.88 | 734.57 |
| Accounts Payable Days                        |                           | 4162.4    | 2326.04 | 3879.57 |
| Debt-to-Equity Ratio                         |                           | 9         | 9.14 | 8.1  |
| Return on Equity                             |                           | 13.53%    | 10.44% | 12.55% |
| Sales per Employee                           |                           | --        | 148,952 |
| Profit per Employee                          |                           | --        | 47,967 |
| Sales Growth                                 |                           | 14.62%    | 13.50% | 1.06% |
| Profit Growth                                |                           | 6.60%     | 8.64% | 32.24% |

| NAICs 5222 - Nondepository Credit Intermediation | Financial Metric          | Last 12 Mo | 2022 | 2021 |
|-------------------------------------------------|---------------------------|-----------|------|------|
| Current Ratio                                  |                           | 3.45      | 3.61 | 3.77 |
| Gross Profit Margin                           |                           | 92.05%    | 92.21% | 91.13% |
| Net Profit Margin                             |                           | 17.26%    | 22.11% | 28.08% |
| Accounts Receivable Days                      |                           | 733.53    | 798.32 | 758.91 |
| Accounts Payable Days                         |                           | 48.01     | 53.53 | 45.22 |
| Debt-to-Equity Ratio                          |                           | 4.5       | 4.46 | 4.6  |
| Return on Equity                              |                           | 19.38%    | 21.94% | 34.25% |
| Sales per Employee                            |                           | --        | --    | $424,719 |
| Profit per Employee                           |                           | --        | --    | $12,731 |
| Sales Growth                                  |                           | 0.18%     | 1.44% | 18.85% |
| Profit Growth                                 |                           | 3.58%     | 5.05% | 25.52% |

| NAICs 5223 - Activities Related to Credit Intermediation | Financial Metric          | Last 12 Mo | 2022 | 2021 |
|----------------------------------------------------------|---------------------------|-----------|------|------|
| Current Ratio                                             |                           | 3.23      | 3.02 | 3.22 |
| Gross Profit Margin                                       |                           | 89.83%    | 89.52% | 92.03% |
| Net Profit Margin                                         |                           | 6.67%     | 11.34% | 18.88% |
| Accounts Receivable Days                                  |                           | 91.07     | 73.38 | 60.96 |
| Accounts Payable Days                                     |                           | 130.65    | 122.02 | 102.6 |
| Debt-to-Equity Ratio                                      |                           | 2.84      | 3.13  | 2.95 |
| Return on Equity                                          |                           | 14.21%    | 24.21% | 45.98% |
| Sales per Employee                                        |                           | --        | 24.21% | $32,768 |
| Profit per Employee                                       |                           | --        | 7,065  |
| Sales Growth                                              |                           | -1.61%    | -2.21% | 13.02% |
| Profit Growth                                             |                           | -2.69%    | -4.41% | 16.33% |

| NAICs 5231 - Securities & Commodity Contracts Intermediation & Brokerage | Financial Metric          | Last 12 Mo | 2022 | 2021 |
|------------------------------------------------------------------------|---------------------------|-----------|------|------|
| Current Ratio                                                          |                           | 2.9       | 2.83 | 4.52 |
| Gross Profit Margin                                                    |                           | 86.07%    | 85.45% | 87.20% |
| Net Profit Margin                                                      |                           | 19.42%    | 15.51% | 24.86% |
| Accounts Receivable Days                                               |                           | 96.01     | 92.94 | 89.03 |
| Accounts Payable Days                                                  |                           | 127.52    | 430.37 | 312.84 |
| Debt-to-Equity Ratio                                                   |                           | 2.15      | 2.98  | 2.45 |
| Return on Equity                                                       |                           | 46.86%    | 38.36% | 48.10% |
| Sales per Employee                                                     |                           | --        | --    | $617,702 |
| Profit per Employee                                                    |                           | --        | --    | $350,681 |
| Sales Growth                                                           |                           | 10.57%    | 4.36% | 17.82% |
| Profit Growth                                                          |                           | 17.32%    | 22.20% | 30.65% |

Source: Profit Cents
## Industry Metrics

### Industry Financial Data and Ratios

**NAICs 5239 - Other Financial Investment Activities**

| Financial Metric              | Last 12 Mo | 2022    | 2021    |
|-------------------------------|-----------|---------|---------|
| Current Ratio                 | 4.54      | 4.99    | 6.28    |
| Gross Profit Margin           | 93.51%    | 93.77%  | 94.42%  |
| Net Profit Margin             | 27.90%    | 25.94%  | 26.43%  |
| Accounts Receivable Days      | 132.4     | 112.64  | 117.44  |
| Accounts Payable Days         | 32.14     | 29.27   | 19.81   |
| Debt-to-Equity Ratio          | 2.27      | 2.21    | 2.34    |
| Return on Equity              | 37.95%    | 36.10%  | 49.01%  |
| Sales per Employee            | $236,128  | $236,128| $258,473|
| Profit per Employee           | $50,082   | $50,082 | $59,282 |
| Sales Growth                  | 8.03%     | 9.55%   | 19.30%  |
| Profit Growth                 | 2.05%     | 9.64%   | 47.71%  |

**NAICs 5241 - Insurance Carriers**

| Financial Metric              | Last 12 Mo | 2022    | 2021    |
|-------------------------------|-----------|---------|---------|
| Current Ratio                 | 3.51      | 3.3     | 4.13    |
| Gross Profit Margin           | 85.75%    | 88.55%  | 90.08%  |
| Net Profit Margin             | 11.49%    | 14.78%  | 18.79%  |
| Accounts Receivable Days      | 57.54     | 59.64   | 72.2    |
| Accounts Payable Days         | 139.18    | 307.05  | 214.95  |
| Debt-to-Equity Ratio          | 4.78      | 4.64    | 3.25    |
| Return on Equity              | 31.98%    | 34.93%  | 39.26%  |
| Sales per Employee            | --        | --      |         |
| Profit per Employee           | --        | --      |         |
| Sales Growth                  | 6.96%     | 8.61%   | 12.62%  |
| Profit Growth                 | -5.88%    | -9.31%  | 26.55%  |

**NAICs 5242 - Agencies, Brokerages, & Other Insurance Related Activities**

| Financial Metric              | Last 12 Mo | 2022    | 2021    |
|-------------------------------|-----------|---------|---------|
| Current Ratio                 | 3.67      | 3.36    | 3.85    |
| Gross Profit Margin           | 97.59%    | 97.63%  | 98.28%  |
| Net Profit Margin             | 15.86%    | 16.22%  | 17.85%  |
| Accounts Receivable Days      | 29.76     | 29.65   | 27.8    |
| Accounts Payable Days         | 37.21     | 40.75   | 27.99   |
| Debt-to-Equity Ratio          | 3.48      | 3.34    | 3.11    |
| Return on Equity              | 66.48%    | 65.06%  | 70.94%  |
| Sales per Employee            | $182,227  | $182,227| $155,503|
| Profit per Employee           | $32,444   | $32,444 | $27,899 |
| Sales Growth                  | 12.46%    | 12.76%  | 11.39%  |
| Profit Growth                 | 15.36%    | 13.45%  | 20.56%  |

**NAICs 5259 - Other Investment Pools and Funds**

| Financial Metric              | Last 12 Mo | 2022    | 2021    |
|-------------------------------|-----------|---------|---------|
| Current Ratio                 | 8.74      | 9.65    | 6.62    |
| Gross Profit Margin           | 90.61%    | 91.32%  | 88.05%  |
| Net Profit Margin             | 33.31%    | 35.16%  | 30.46%  |
| Accounts Receivable Days      | 466.98    | 615.68  | 204.25  |
| Accounts Payable Days         | 58.98     | 57.2    | 47.31   |
| Debt-to-Equity Ratio          | 1.97      | 1.89    | 2.28    |
| Return on Equity              | 17.09%    | 18.29%  | 27.13%  |
| Sales per Employee            | --        | --      | --      |
| Profit per Employee           | --        | --      | --      |
| Sales Growth                  | 4.49%     | 9.16%   | 22.86%  |
| Profit Growth                 | 14.47%    | 18.95%  | 47.93%  |

Source: Profit Cents
Transaction Highlights
Notable Transactions

In July 2023, FIS, a fintech company, has signed a definitive agreement with US-based private equity firm GTCR to sell a majority stake in its Worldpay merchant business. Through the deal, GTCR will acquire 55% of Worldpay, with FIS set to receive $11.7 billion in upfront net proceeds. FIS will retain a non-controlling 45% ownership interest in the firm, with the company's board of directors unanimously approving the transaction. The deal values Worldpay at $18.5 billion, including $1 billion of consideration contingent on the returns realised by GTCR exceeding certain thresholds.

In June 2023, Payments giant Visa acquired Brazilian issuer processor and core banking platform Pismo for $1 billion in cash. With the acquisition, Visa says it will be able to provide core banking and issuer processing capabilities across debit, prepaid, credit and commercial cards for customers via cloud-native APIs.

In June 2023, NASDAQ acquired financial services risk management and regulatory software provider Adenza for $10.5 billion from Thoma Bravo, a software investment firm. The acquisition, which comprises of $5.75 billion in cash and 85.6 million shares of Nasdaq common stock, will help Nasdaq expand its liquidity and integrity platforms, equipping it with risk management, regulatory, compliance and capital markets software.

In April 2023, CCFNB Bancorp, Inc. (OTCPK: CCFN) and Muncy Bank Financial, Inc. (OTCQB: MYBF) signed a definitive merger agreement to combine the two companies in a strategic merger of equals. The combined company would have approximately $1.6 billion in total assets, $1.2 billion of total deposits, $1 billion in total loans, and $144 million of combined shareholders’ equity based upon reported year end December 31, 2022 financial statements.

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## Select M&A Transactions

| Date     | Target Name                                                        | Acquirer Name                                                                 | Enterprise Value (MM) | Revenue | EBITDA |
|----------|-------------------------------------------------------------------|-------------------------------------------------------------------------------|-----------------------|---------|--------|
| 06/26/23 | Simply Green Home Services, Inc. /2 Subsidiaries                  | Financelt Canada, Inc.                                                        | NA                    | NA      | NA     |
| 06/22/23 | CoinTeller, Inc.                                                  | RockitCoin LLC                                                                | NA                    | NA      | NA     |
| 06/21/23 | Prestipay SpA                                                     | Cassa Centrale Banca-Credito Cooperativo del Nord Est SpA                    | NA                    | NA      | NA     |
| 06/07/23 | MTG Liquidity Ltd.                                                | SquaredFinancial (CY) Ltd.                                                    | NA                    | NA      | NA     |
| 06/02/23 | Stride Capital Corp.                                              | Servus Credit Union Ltd.                                                      | NA                    | NA      | NA     |
| 06/01/23 | Aliaswire /Payvus Business/                                       | Stone Point Capital LLC; Kessler Financial Services, LLC                    | NA                    | NA      | NA     |
| 06/01/23 | Platinum Home Mortgage Corp.                                      | Planet Home Lending LLC                                                       | NA                    | NA      | NA     |
| 05/31/23 | Validifi LLC                                                      | Ribbit Inc.                                                                   | NA                    | NA      | NA     |
| 05/18/23 | Centennial Bank (Conway, Arkansas)                               | Ameriprise Financial, Inc.                                                   | NA                    | NA      | NA     |
| 05/10/23 | Home Point Capital, Inc.                                          | Mr. Cooper Group, Inc.                                                        | 1,514.92              | 261.47  | -5.94  |
| 04/20/23 | AIG Insurance Co. JSC                                             | Oil Co. LUKOIL PJSC                                                          | NA                    | NA      | NA     |
| 04/07/23 | Home Point Financial Corp. /Wholesale Originations Business/      | The Loan Store, Inc.                                                          | NA                    | NA      | NA     |
| 04/05/23 | Haggett & Rogers Insurance Service Ltd.                          | Westland Insurance Group Ltd.                                                 | NA                    | NA      | NA     |
| 04/03/23 | Birmingham Bank Ltd.                                              | Better Holdco, Inc.                                                           | NA                    | NA      | NA     |
| 03/03/23 | Wyndham Capital Mortgage LLC                                      | SoFi Technologies, Inc.                                                      | NA                    | NA      | NA     |

($ in millions)  
*Source: Factset*
Public Companies
Industry Performance

CFAW Select Financial Services Index

Source: FactSet
### Public Comparables

#### Insurance & Insurance Services

| Company                          | Share Price | Shares O/S | Market Cap | Enterprise Value | Revenues (LTM) | EBITDA (LTM) | Enterprise Value / EBITDA |
|----------------------------------|-------------|------------|------------|------------------|----------------|--------------|--------------------------|
| Allianz SE                       | $232.60     | 403        | $93,811    | $71,768          | $111,051       | NA           | 0.6x                      |
| Asia Financial Holdings Limited  | $0.45       | 931        | $416       | $166             | $209           | NA           | 0.8x                      |
| Aviva plc                        | $5.02       | 2,738      | $13,758    | ($2,146)         | $28,441        | NA           | 0.6x                      |
| AXA SA                           | $29.48      | 2,294      | $67,638    | $103,682         | $96,820        | NA           | 1.1x                      |
| Berkshire Hathaway Inc. Class B  | $341.00     | 1,296      | $441,926   | $753,353         | $316,672       | $51,177      | 2.4x 14.7x                |
| China Life Insurance Co. Ltd.    | $1.67       | 7,441      | $12,401    | $57,652          | $123,966       | NA           | 0.5x                      |
| Chubb Limited                    | $192.56     | 411        | $79,091    | $93,590          | $46,538        | NA           | 2.0x                      |
| MetLife, Inc.                    | $56.53      | 766        | $43,292    | $43,231          | $69,530        | NA           | 0.6x                      |
| ProAssurance Corporation         | $15.09      | 54         | $815       | $1,205           | $1,097         | NA           | 1.1x                      |
| Progressive Corporation          | $132.37     | 585        | $77,481    | $84,677          | $55,882        | NA           | 1.5x                      |
| Travelers Companies, Inc.        | $173.66     | 229        | $39,758    | $47,177          | $38,741        | NA           | 1.2x                      |
| Zurich Insurance Group Ltd       | $474.93     | 150        | $71,459    | $80,571          | $41,714        | NA           | 1.9x                      |
| Aon Plc Class A                  | $345.20     | 203        | $70,030    | $81,295          | $12,874        | $4,185       | 6.3x 19.4x                |

Mean: $108,940, $72,580, $27,681, 1.7x, 17.1x

Median: $71,768, $46,538, $27,681, 1.2x, 17.1x

Source: FactSet
# Public Comparables

## Commercial & Consumer Finance

| Company                          | Share Price | Shares O/S | Market Cap | Enterprise Value | Revenues (LTM) | EBITDA (LTM) | Enterprise Value / Revenues | Enterprise Value / EBITDA |
|----------------------------------|-------------|------------|------------|-----------------|----------------|--------------|----------------------------|--------------------------|
| Capital One Financial Corp      | $109.37     | 381        | $41,718    | $88,164         | $44,447        | NA           | 2.0x                       | NM                       |
| Credit Acceptance Corporation   | $507.93     | 13         | $6,513     | $10,840         | $1,851         | $1,373       | 5.9x                       | 7.9x                     |
| Discover Financial Services      | $116.85     | 250        | $29,206    | $41,894         | $17,835        | NA           | 2.3x                       | NM                       |
| LendingClub Corp                 | $9.75       | 109        | $1,060     | ($68)           | $1,283         | $428         | NM                         | NM                       |
| OneMain Holdings, Inc.           | $43.69      | 120        | $5,261     | $22,904         | $5,151         | $3,756       | 4.4x                       | 6.1x                     |
| SoFi Technologies Inc            | $8.34       | 941        | $7,847     | $11,448         | $2,017         | $277         | 5.7x                       | 41.3x                    |
| LendingTree, Inc.                | $22.11      | 13         | $287       | $845            | $823           | $11          | 1.0x                       | 76.6x                    |
| Sezzle Inc. Shs Chess Depository Interests Repr 1 Sh | $14.36 | 5 | $78 | $2,989 | $132 | ($8) | 22.6x | NM |
| Visa Inc. Class A                | $237.48     | 1,607      | $381,580   | $484,700        | $31,831        | $22,354      | 15.2x                      | 21.7x                    |
| Western Union Company            | $11.73      | 375        | $4,393     | $5,587          | $4,382         | $1,013       | 1.3x                       | 5.5x                     |
| Mean                             | $66,930     | $10,975    | $3,651     | 6.7x            | 26.5x          |
| Median                           | $11,144     | $3,199     | $721       | 4.4x            | 14.8x          |

*Source: FactSet*
### Public Comparables

#### Fintech

| Company                                      | Share Price | Shares O/S | Market Cap | Enterprise Value (LTM) | Revenues (LTM) | EBITDA (LTM) | Enterprise Value / Revenues | Median Revenue Multiples |
|----------------------------------------------|-------------|------------|------------|------------------------|---------------|-------------|-----------------------------|-------------------------|
| Ally Financial Inc                           | $27.01      | 302        | $8,147     | $31,726                | $14,297       | NA          | 2.2x                         | 6.8x                    |
| Live Oak Bancshares, Inc.                    | $26.31      | 44         | $1,167     | $387                   | $668          | NA          | 0.6x                         | 2.2x                    |
| China Binary New Fintech Group               | NA          | NA         | NA         | NA                     | $11           | ($15)       | NM                          | NM                      |
| Lexinfintech Holdings Ltd, Sponsored ADR Class A | $2.29      | 139        | $318       | $848                   | $1,634        | NA          | 0.5x                         | 5.9x                    |
| Nyogin Fintech Ltd                           | $0.61       | 94         | $57        | $48                    | $14           | ($2)        | 3.5x                         | 0.0x                    |
| Golden Rock Global PLC                       | $0.04       | 23         | $1         | $1                     | $0            | ($0)        | NM                          | NM                      |
| Advantech Co., Ltd.                          | $11.95      | 856        | $10,236    | $9,684                 | $2,286        | $469        | 4.2x                         | 5.9x                    |
| Block, Inc. Class A                          | $66.57      | 544        | $36,231    | $38,759                | $18,561       | $886        | 2.1x                         | 0.0x                    |
| Zuora, Inc. Class A                          | $10.97      | 129        | $1,417     | $1,372                 | $406          | ($73)       | 3.4x                         | 4.8x                    |
| PayPal Holdings, Inc.                        | $66.73      | 1,116      | $74,952    | $74,844                | $28,161       | $5,563      | 2.7x                         | 0.0x                    |
| Fiserv, Inc.                                 | $126.15     | 610        | $76,903    | $100,203               | $18,452       | $7,380      | 5.4x                         | 6.6x                    |
| PagSeguro Digital Ltd. Class A               | $9.44       | 204        | $1,924     | $4,660                 | $2,997        | $1,267      | 1.6x                         | 4.8x                    |
| StoneCo Ltd. Class A                         | $12.74      | 281        | $3,583     | $3,895                 | $886          | ($4)        | 4.4x                         | 0.0x                    |
| CrowdWorks, Inc.                             | $9.13       | 15         | $141       | $101                   | $86           | $7          | 1.2x                         | 0.0x                    |

**Mean** $20,502 $6,318 $1,407 2.6x 18.4x  
**Median** $3,895 $1,260 $7 2.4x 14.5x

*Source: FactSet*
Public Comparables

### Banks & Trusts

| Company                                      | Share Price | Shares O/S | Market Cap | Enterprise Value (LTM) | Revenues (LTM) | EBITDA (LTM) | Enterprise Value / EBITDA |
|----------------------------------------------|-------------|------------|------------|------------------------|----------------|--------------|--------------------------|
| Agricultural Bank of China Limited Class H  | $0.39       | 30,739     | $12,081    | $185,392               | $9,760         | 3.2x         | 61.1x                    |
| Barclays PLC                                 | $1.95       | 15,530     | $30,283    | ($204,366)             | $44,925        | 5.8x         | NM                       |
| BNP Paribas S.A. Class A                     | $62.97      | 1,234      | $77,729    | $130,263               | $9,770         | 4.4x         | 58.4x                    |
| Citizens Financial Group, Inc.               | $26.08      | 484        | $12,622    | $27,904                | $10,360        | 2.7x         | 13.7x                    |
| Credit Suisse Group AG                       | $0.91       | 4,002      | $3,655     | $198,673               | $22,292        | 8.9x         | 95.1x                    |
| HSBC Holdings Plc                            | $7.90       | 19,721     | $155,875   | $114,433               | $962           | 2.2x         | 265.2x                   |
| PNC Financial Services Group, Inc.           | $125.95     | 398        | $50,160    | $109,347               | $28,665        | 4.7x         | 23.0x                    |
| Royal Bank of Canada                         | $95.61      | 1,386      | $132,481   | $232,878               | $69,759        | 4.6x         | 24.7x                    |
| Societe Generale S.A. Class A                | $25.97      | 821        | $21,312    | $128,710               | $56,603        | 2.3x         | 53.9x                    |
| State Street Corporation                     | $73.18      | 319        | $23,318    | $43,142                | $15,659        | 2.8x         | 15.4x                    |
| Goldman Sachs Group, Inc.                    | $322.54     | 332        | $107,228   | $696,695               | $93,388        | 7.5x         | 30.6x                    |
| Morgan Stanley                               | $85.40      | 1,670      | $142,628   | $416,575               | $73,936        | 5.6x         | 23.5x                    |
| Citigroup Inc.                               | $46.04      | 1,947      | $89,628    | $658,819               | $117,691       | 5.6x         | 30.3x                    |
| **Mean**                                     |             |            |            | **$293,962**           | **$8,905**     | **4.5x**     | **57.9x**                |
| **Median**                                   |             |            |            | **$255,137**           | **$5,856**     | **4.1x**     | **30.4x**                |

Source: FactSet
Regardless of industry, publicly traded companies often trade at premium valuations to privately held companies. This is reflected in M&A transactions and can lead to unrealistic value expectations for some business owners. The chart below illustrates this variance and shows that the variance has been both long term and growing.

Transactions between private buyer and private seller tend to be small by comparison and thus do not benefit from a “size” premium that is associated with transactions in general. While this chart does not breakout private equity transactions, our analysis indicates those transactions usually fall between public and private and move closer to public as size increases.

Note: Each data point in this chart is based on a minimum of 10 transaction multiples. If there are not enough transaction multiples for a particular year or quarter, the data are not included.

DealStats Value Index Report Q2-2023
CFA Overview
About CFA

Who We Are / What We Do

Corporate Finance Associates (CFA) is an independent international investment banking firm serving middle-market businesses. For over 60 years Corporate Finance Associates has been advocating on behalf of business owners who are restructuring a company, either through divestiture, merger, acquisition or recapitalization. Combining the knowledge and leverage of a larger bank with the customer focused detail of a boutique firm, from inception to completion, our senior principals provide hands-on expertise to clients buying, selling or recapitalizing a business. 

This Financial Services Industry Practice Group was established to draw on the experience of CFA advisors, many of whom as former business owners and CEOs, have first-hand knowledge and have completed many transactions in this industry. Working with your local CFA representative, you can be sure that the collective wealth of knowledge is available to every CFA client.
Local Service, Global Reach

Where We Are

With offices across the USA and in Austria, Belgium, Brazil, Germany, Hong Kong, India, Ireland, Italy, Mexico, Netherlands, Poland, Spain, Switzerland and the United Kingdom providing middle-market companies with a wide range of M&A, financial advisory services and access to capital resources.
Delivering Results

Drive

Making it Happen
Beyond taking initiative, the CFA team embodies a competitive spirit. It is manifested in our drive to find new opportunities to get the job done. We believe that persistence and tenacity are positive values. They guide us in our work for you.

Creativity

Fresh Solutions
We achieve superior results by interpreting information differently from others in our industry. In today's market it is not enough to follow precedents; one must build on the firm's foundation and produce creative solutions through imaginative and original work.

Knowledge

Sorting Out Noise
We serve you best when we work across external and internal boundaries and use our collective knowledge from national and international offices to manage the outcome of complex transactions in your favor.

Founded in 1956 • 70 Managing Directors • 37 Offices Worldwide • Billions in M&A Transactions
Industry Practice Groups

Financial Services

The Financial Services practice group is a multi-disciplinary team of investment banking advisors within Corporate Finance Associates. Collectively, the Financial Services Practice Group advises companies in all sectors of the animal health industry regarding mergers, acquisitions, recapitalizations, and financial resources. This Practice Group is comprised of advisors with extensive experience working with companies in the financial services industry. We specialize in advising middle market companies in the following sectors:

- Asset Management
- Banks and Thrifts
- Financial Technology
- Insurance Companies
- Mortgage Finance Companies
- Specialty Commercial and Consumer Finance Companies

Whether you want to acquire, merge, sell, or finance, let CFA’s industry knowledge, international resources and proven dealmaking skills work for you. We research, identify, qualify, advocate, negotiate and help steer you through the mine fields of due diligence to maximize your value and secure your objective.
Select Industry Transactions

Financial Services Industry News | Summer 2023 | Page 26