Financial Services Group

Investment Banking and Capital Markets Sector

U.S. MARKET UPDATE

SUMMER 2022

Review and Outlook:

U.S. Investment Banking and Capital Markets Sector

Introduction

Houlihan Lokey's Financial Services Group welcomes you to the newest edition of its semiannual recap of activity in the U.S. investment banking and capital markets sector. What a difference six months makes! When we published our previous report at the end of 2021, we noted early red flags across the sector amid headlines of record full-year fee pool levels. These red flags have since morphed into a full-scale meltdown in some segments of the market. In ECM origination, for example, all-time highs in early 2021 have become all-time lows. In M&A, an unsustainable 2021 fee pool bonanza has unwound, and while year-over-year declines look dismal, a return to pre-COVID-19 M&A levels is hardly a disastrous outcome.

History serves as a useful guide for understanding the impact of bear markets and recessionary periods on IB activity. As outlined in the charts on the following slide, the trajectory being traced today is largely consistent with the 2008 credit crisis, the 2012 Eurozone crisis, the 2016 China-driven commodities collapse, and the 2020 COVID-19 dip. However, none of these crises coincided with an inflationary environment, so we expect some differences in how the current downturn may unfold.

ECM Underwriting

ECM underwriting tends to get hit early and get hit hard, which has certainly been the case in 2022. Issuance from every major segment of the market—biopharma, software, SPACs, Asian cross-border listings, and PE exits—collapsed, resulting in the worst half-year for ECM fees in decades. However, ECM also rebounds sharply in the early stages of recovery, and we've heard anecdotally from life sciences bankers that an enormous backlog of biopharma offerings is now waiting for an open window. Unlike large-cap software companies, biopharma startups rely on equity issuance to fund working capital needs and do not have the luxury of waiting for an ideal market. Portions of activity have shifted to best-efforts structures like PIPEs and ATMs, but we expect fully underwritten deals to recover relatively quickly—good news for the independent investment banks that often derive 90%+ of their fees from the sector. Software deals will likely return more gradually, with would-be IPO candidates choosing to remain in the safe haven of late-stage VC funding longer.

SPACs are almost definitely heading into hibernation again, with just 15 IPOs launched in Q2 2022 compared to more than 300 at the height of the market in Q1 2021. In addition to recent de-SPACs' poor trading performance, the SEC has taken aim at the structure—proposals include removal of the safe harbor for forward projections and increased liability for underwriters. Shortly after the regulatory proposals were unveiled, Goldman Sachs announced its intentions to wind down SPAC activity; the bank's well-publicized entry and exit from SPAC banking in 2016 and 2022, respectively, likely bookend the latest boom. It's worth noting that SPACs have existed since the 1990s and have undergone several vanishing acts, always re-emerging in bull markets with a slate of enhanced investor protections and newly humbled sponsors.

Source: Refinitiv.

Review and Outlook:

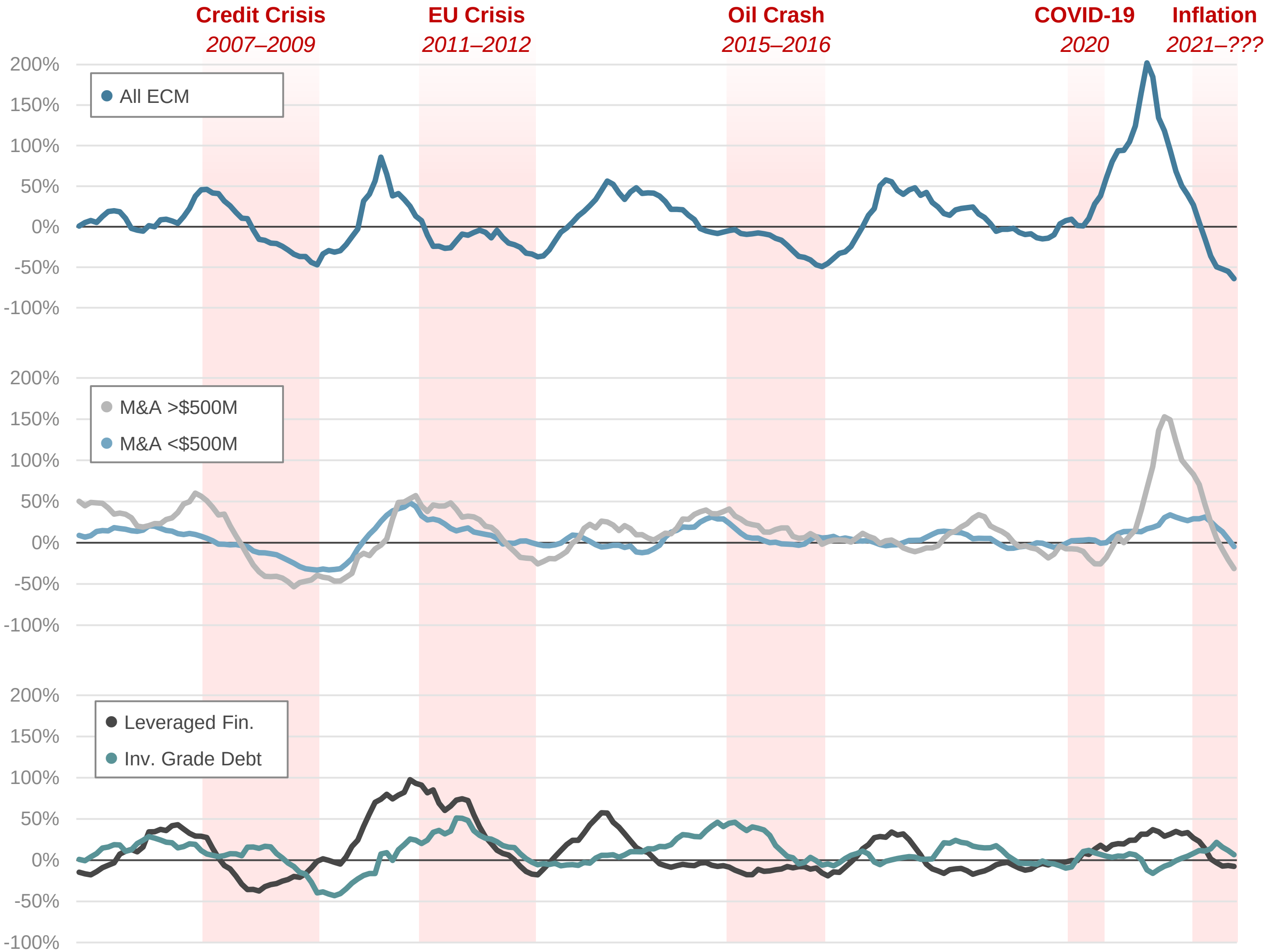
U.S. Investment Banking and Capital Markets Sector (cont.)

ECM falls sharply but rebounds equally quickly

Mid-market M&A is substantially more stable than large-cap

Opposite cycles for LevFin and investment-grade debt issuance

Some Long-Term Perspective: Rolling Y/Y Fee Pool Growth Since 2005



Source: Refinitiv.

Review and Outlook:

U.S. Investment Banking and Capital Markets Sector (cont.)

Private Markets

With companies expected to stay private longer, public capital markets service providers are increasingly looking to add touchpoints into private companies and their investors. Earlier this year, Mizuho acquired Dallas-based fund placement advisor Capstone Partners, adding institutional LP distribution capabilities to an already strong leveraged finance business. Banks are seeking distribution into retail channels, as well, to meet the continually growing mass-affluent demand for high-end PE strategies. In late June, Bank of America become the latest consortium investor in iCapital, a platform connecting wealth managers and private capital fund managers and which recently acquired structured note distribution platform SIMON from Goldman Sachs. Alternatives distribution players are even finding their place in the public markets: Forge, a tech-enabled private securities marketplace, successfully de-SPAC-ed in an incredibly challenging early 2022 market, trading well above $10.00 for much of the year.

M&A Advisory

In foreboding macro environments like today’s, M&A becomes bifurcated, with large-cap activity significantly underperforming the middle market. Smaller deals are far less reliant on public debt financing and shareholder support for transformational acquisitions. At the same time, many entrepreneur-led private companies are coming off record 2021 financial performance but now see storm clouds on the horizon. CEO psychology is driving these private companies to seek the certainty of a liquidity event while transactions can still be priced off 2021 performance.

For all the negativity around high-growth tech companies, the sector remains an active M&A market, particularly smaller deals. Systems integration and IT consulting businesses remain in demand, with end markets adopting digital transformation and remote-working strategies in the aftermath of the pandemic. The $2.0 billion in fees from tech deals below $500 million in 1H 2022 is roughly equal to the *full-year* 2019 fee pool.

Even as revenue estimates for publicly traded M&A advisory firms are cut, many private mid-market M&A boutiques are experiencing record performance and continuing to build their pipelines. These boutiques are also capitalizing on turmoil upmarket to win talent. If the downturn is prolonged enough, we may see the formation of a new crop of independent M&A boutiques, much as the 2008 Bear Stearns implosion birthed dozens of new firms.

Debt Issuance

Investment-grade debt issuance generally tends to be highly active in the early stages of a bear market, as issuers look to hoard capital and investors’ “flight to quality” drives corporate borrowing rates down. The market saw this dynamic in March, when the $131 billion raised was the largest monthly total since the pandemic, but issuance has since settled as secondary yields rise.

Source: Refinitiv.

U.S. Investment Banking and Capital Markets Sector (cont.)

Debt Issuance (cont.)

Leveraged finance issuance, on the other hand, declines steeply as risk assets sell off and refinancings and PE buyouts become untenable at prevailing rates. The current environment is notable because credit performance remains very strong—leveraged loan defaults tied an all-time low in April 2022—even as a number of recent leveraged loans and LBO bonds priced in the mid-80s to mid-90s. At these OID levels, originating banks likely incurred steep losses. With Bloomberg reporting that banks' balance sheets still hold $80 billion of leveraged loan exposure to be sold down, banks will be extremely cautious about new financing commitments. The combination of strong credit performance, elevated spreads, and sidelined banks creates a perfect opportunity for direct lenders to seize the spotlight. Years of strong fundraising have doubled direct lending AUM over the past five years to $1 trillion+, and lenders have been gaining traction upmarket through talent upgrades and PE relationships. Private lenders have maintained aggressive pricing in 2022, in some cases reportedly even pricing below a comparable broadly syndicated loan. While upending the traditional syndicated vs. private loan logic may not be sustainable in the long term, look for direct lenders to gain ground and muscle their way onto multibillion-dollar financings.

Equities

The investment banking doom and gloom of 2022 has been offset by resurgent secondary market volume in both equities, where volatility has driven volume and widened bid-ask spreads, and in fixed income, where buyside investors are realigning portfolios for inflation. What's different about today's equity trading surge vs. early 2021's is the lack of lucrative retail participation. *Bloomberg* reported that retail traders' share of overall volume fell to ~10% from a high of more than 20% last year, and a similar trend is occurring in the options market. Having been burned by crypto and NFTs, and with inflation eroding disposable income, retail attention is shifting from day-trading meme stocks to holding blue-chip dividend plays. While perhaps positive for Gen Z's retirement prospects, it will be a headwind for app-based trading platforms and market-makers that thrive on executing retail flow. Still, institutional volume growth has been enough to drive strong results at sellside equities desks, exchanges, and capital markets fintech providers.

Though client-facing brokers and research providers were actively targeted in last year's consolidation boom, 2022's activity has been centered around capital markets pipes and plumbing. Newly minted unicorn Clear Street raised a $165 million Series B at a $1.7 billion valuation to continue building its API-driven clearing, custody, and settlement suite. Clear Street reported +510% growth in equities volume since 2021, processing $3 billion+ daily for professional traders, market makers, and online brokers. In June, crypto exchange giant FTX acquired its white-label equities partner Embed Financial Technologies in order to enhance its FTX Stocks offering. The crypto collapse will likely push other digital asset players to integrate a traditional securities offering.

Sources: S&P Global, PitchBook, Bloomberg, Refinitiv.

Review and Outlook:

U.S. Investment Banking and Capital Markets Sector (cont.)

Consolidation

Despite challenges in the broader IB market, many industry- or product-specialized broker-dealers are thriving. Our recent experience has been that buyers remain open for acquisitions, albeit with heightened scrutiny on valuations and the sustainability of trailing results. Buyers see challenges mounting in their own business, which inhibit their general risk tolerance and also leads to skepticism about targets' growth prospects. To achieve strong transaction outcomes, sellers must be prepared to prove that growth has come from platform investments, successful product initiatives, and new coverage lanes—not just rising tides in the market.

We expect consolidation to continue at a measured pace; until animal spirits return to the market, institutional broker-dealer acquisitions may be led by buyers already active in the capital markets. This playbook was seen in Stifel's acquisition of ACXIT in June to enhance European coverage, and Raymond James' acquisition of SumRidge in March to add electronic fixed-income trading. That said, commercial banks are still inquiring about fee-based capital markets capabilities despite a more profitable rate environment. Huntington Bancshares made a major foray into M&A advisory services with its March 2022 acquisition of 175+ professional Capstone Partners. Regions Financial acquired IT-services-focused M&A boutique Clearsight Advisors, the bank's first transaction in the space since acquiring BlackArch Partners seven years ago. Unprecedented commercial bank merger activity in 2021 has created a new cadre of consolidators now large enough to derive real synergy value from an IB offering.

In a risk-off market, we also expect to see more tie-ups structured as minority stakes or partnerships—which have the added benefit of enabling investment in MBE/WBE targets. In the past few months, SMBC took a stake in cleantech IB Marathon, Alantra took a stake in French tech M&A boutique Avolta, and Apollo took a stake in full-service investment bank Siebert Williams Shank.

We hope this report sheds light on the trends and opportunities emerging from a newly turbulent market, and we look forward to discussing them with you further in the months ahead. Until then, we wish you all the best for summer!

Warmest Regards,

HOULIHAN LOKEY

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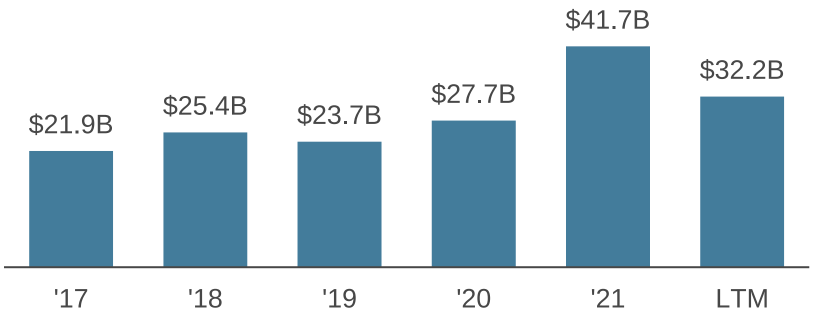
Sources: Company press releases, S&P Global.

M&A Advisory Market Review:

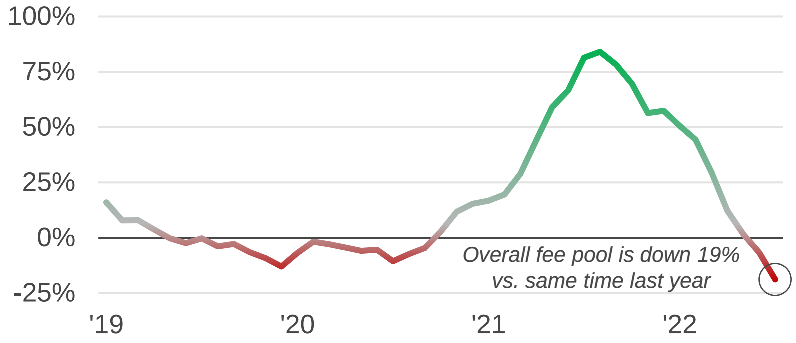
Large-Cap Lull Has Fee Pool Tracking to Pre-COVID-19 Level

- Renewed market volatility and the rising cost of debt financing had a chilling effect on large-scale M&A in 2022, causing further deceleration after the market plateaued in mid-2021.
- However, as usual in a dealmaking slowdown, the middle market has been stable, down just 9% year over year, compared to 33% for deals above $5 billion. A shaky economic environment is leading many private, founder-led companies to seek the certainty of a liquidity event; moreover, middle-market deals are less vulnerable to credit markets and public stock prices.
- Despite the Nasdaq plunge and headline negativity in the tech sector, it remains the largest M&A fee pool, with 2022 mega-deals announced both before (Activision Blizzard, Citrix) and after (Zendesk, VMware) the market slump. Though IPO markets are now hostile, tech consolidators are bolting on capabilities as digital transformation ripples through end markets.
- Real estate fees reached record levels, with Blackstone's four $1 billion acquisitions in 2022 and Prologis' $26 billion acquisition of Duke, marking the largest REIT acquisition since 2017.

M&A Advisory Fee Pools ($ billions)

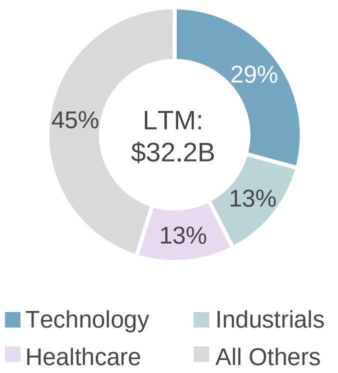


Rolling Y/Y Fee Pool Growth

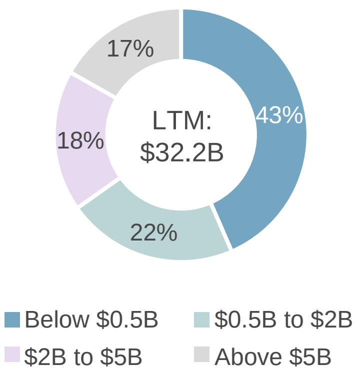


Overall fee pool is down 19% vs. same time last year

Sector Breakdown



Deal Size Breakdown



Growth by Sector

RE and Gaming	45%
Services	16%
Technology	-16%
Financials	-16%
Cons. and Retail	-19%
Industrials	-25%
Natural Resources	-27%
Media and Telecom	-36%
Healthcare	-36%
All Sectors	**-19%**

Growth by Deal Size

Below $0.5B	-9%
$0.5B to $2B	-24%
$2B to $5B	-17%
Above $5B	-33%
All Deal Sizes	**-19%**

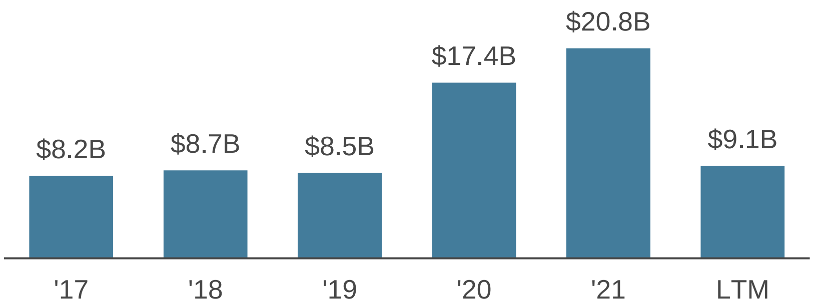
Source: Refinitiv.
Note: Based on announcement date and includes potential fees from pending transactions.

ECM Underwriting Market Review:

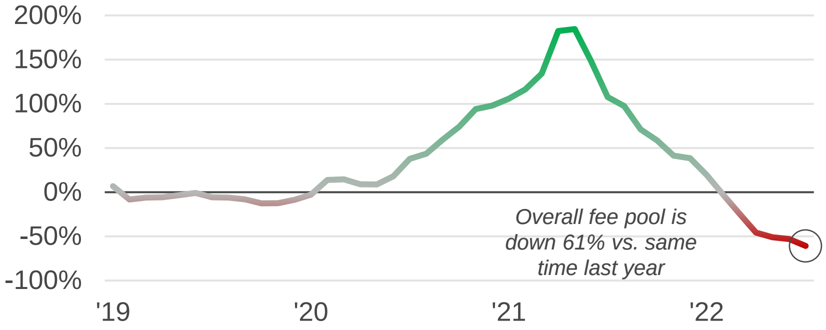
From Record High to Record Low in 18 Months

- The TTM reporting below understates the true magnitude of 2022's ECM shutdown, as it includes the final six months of 2021's relatively active new issues market. On a standalone basis, 1H 2022 was the lowest fee pool for a calendar half in at least 20 years, with fees down approximately 90% from record levels seen in 1H 2021.
- After more than 600 SPAC IPOs in 2021, there have been 69 in 2022 (and just 15 in Q2). This spring, the SEC proposed new rules around SPACs, which notably would restrict SPACs' use of forward projections—a key advantage for growth-oriented targets. In her dissent, SEC Commissioner Hester Peirce suggested the rules were "designed to stop SPACs dead in their tracks."
- SPACs generate the headlines, but biopharma and software always generated larger fees and have been the primary sources of ECM revenue for independent and bulge bracket investment banks, respectively. Both spaces have been largely dormant in 2022, though some biopharma offerings have shifted to PIPE or ATM structures not captured below.
- The anti-inflationary REIT and energy sectors were relative outperformers, benefiting from strong share prices and retail attention rotating from growth to dividend plays.

ECM Underwriting Fee Pools ($ billions)

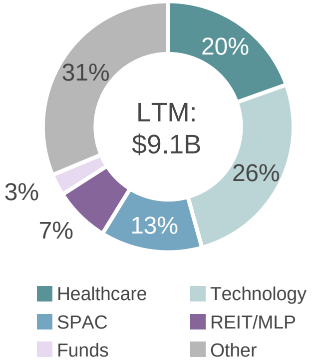


Rolling Y/Y Fee Pool Growth

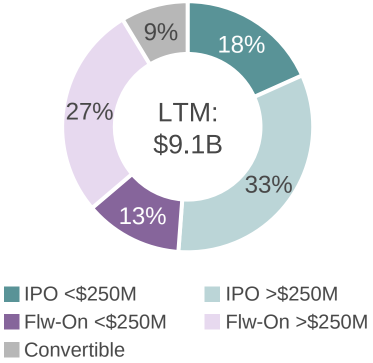


Overall fee pool is down 61% vs. same time last year

Sector Breakdown



Structure Breakdown



Growth by Sector

REIT/MLP	-27%
Funds	-46%
Technology	-51%
Other	-57%
Healthcare	-66%
SPAC	-77%
All Sectors	**-61%**

Growth by Structure

IPO <$250M	-43%
IPO >$250M	-70%
Flw-On <$250M	-64%
Flw-On >$250M	-50%
Convertible	-61%
All Deal Sizes	**-61%**

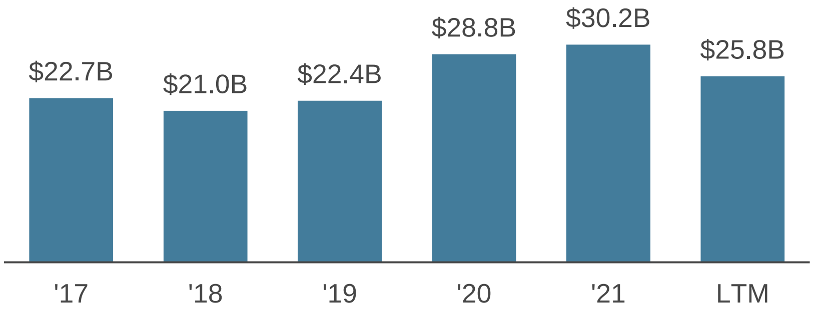
Source: Refinitiv.
Note: Deferred fees on SPAC IPOs fully recognized on IPO date.

Debt Financing Market Review:

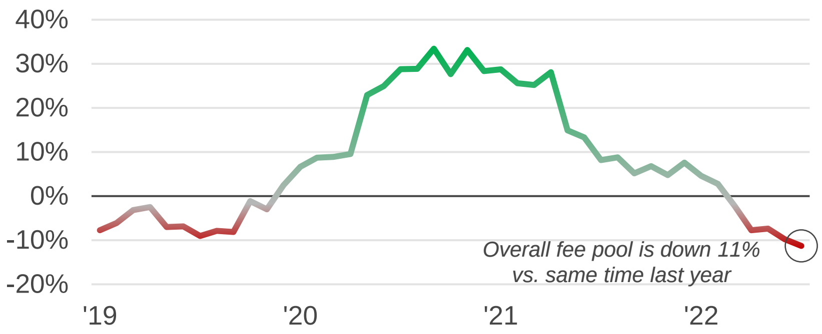
Rising Rates Driving a Shift From Bonds to Loans

- Compared to other IB lines, debt origination fees have been relatively stable, with the loan and bond markets counterbalancing one another during periods of interest rate movement.
- High-yield bonds bore the brunt of the inflationary environment. With yields doubling in the past year and hitting ~8.5%, the refi window closed and new money issuers turned to the loan markets.
- Structured credit has been a bright spot within DCM issuance—consumer/business health and credit performance have been resilient through 2022's macroeconomic turbulence. Nonagency RMBS issuance has kept pace with 2021's post-crisis record pace, even as pricing spreads widen to COVID-19-era levels.
- The relative underperformance in leveraged and PE-sponsored loan issuance is likely a reflection of the shift from broadly syndicated to private loans. Direct lending funds held a record $169 billion of dry powder as of year-end 2021, and several recent large-cap financings that stalled in the public debt markets partially shifted to private credit (e.g., Nielsen, CDK Global, Carvana).

Bond and Synd. Loan Origination Fee Pools ($ billions)

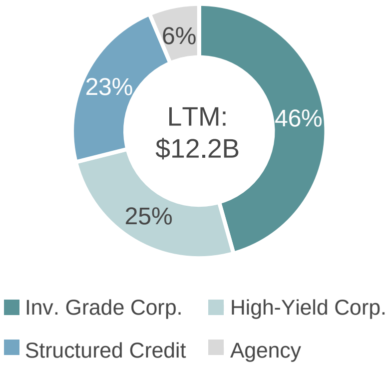


Rolling Y/Y Fee Pool Growth

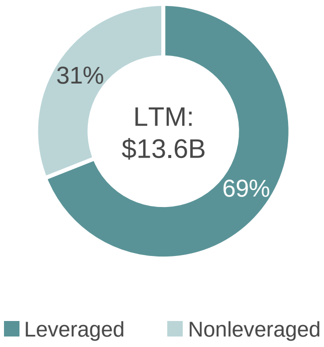


Overall fee pool is down 11% vs. same time last year

Bond Breakdown



Loan Breakdown



Bonds by Segment

Inv. Grade Corp.	-20%
High-Yield Corp.	-54%
Structured Credit	42%
Agency	-40%
All Bonds	**-28%**

Loans by Segment

Leveraged	5%
Nonleveraged	30%
PE-Sponsored	5%
Nonsponsored	16%
Acquisition-Related	36%
Refi / Other	0%
All Synd. Loans	11%

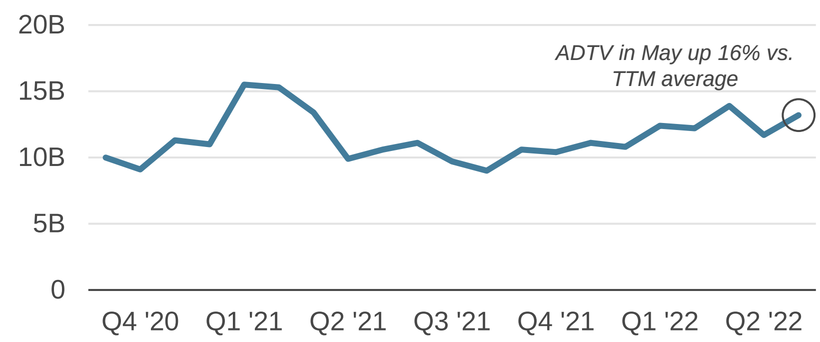
Sources: Refinitiv, S&P Global.
Note: Loan fees only include upfront arrangement fees on broadly syndicated loans; excludes directly placed loans, project finance, and tax-free munis.

Securities Trading Market Review:

Robust Trading Volumes Offsetting IB Slowdown

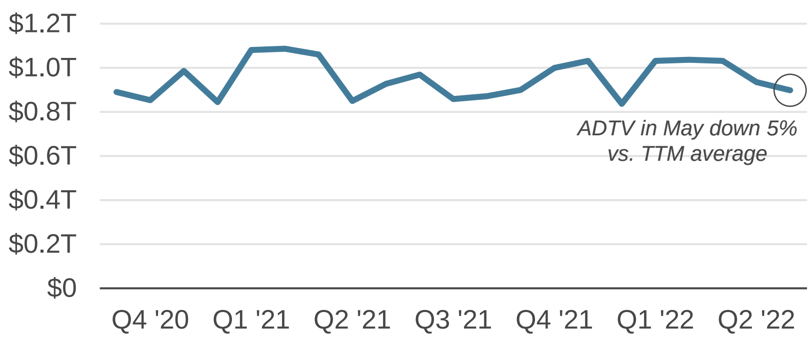
- Market volatility has supported volumes through 2022, though equities have not yet returned to the early 2021 peaks that were fueled by pandemic-era retail day traders. Data from J.P. Morgan shows retail inflows to equities remain net positive, though May 2022's $2 billion in net inflows was well below the $10 billion-$15 billion levels seen through much of the past year.
- Gensler's SEC is now exploring changes to the practice of payment for order flow, which had enabled the rise of $0 commissions, which in turn enabled the retail equities boom. An open auction system has been floated by market participants as a replacement, which would likely shift volume from electronic market makers back to the exchanges.
- Rumors of an FTX/Robinhood deal in June were quickly dismissed, but FTX instead acquired white-label equities platform Embed to help build out FTX Stocks. Other VC-rich crypto players will likely be exploring diversification into traditional securities brokerage to offset weakness in digital asset volumes.
- Overall, fixed-income volumes dipped mildly in Q2, though higher-commission corporate and muni volumes remain elevated as investors reposition their portfolios for rising rates.

Equities Monthly ADTV (share volume in billions)



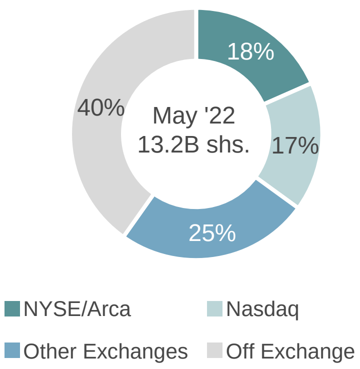
ADTV in May up 16% vs. TTM average

Fixed Income Monthly ADTV ($ volume in trillions)

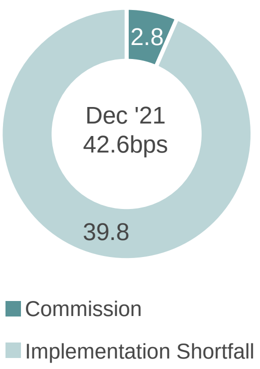


ADTV in May down 5% vs. TTM average

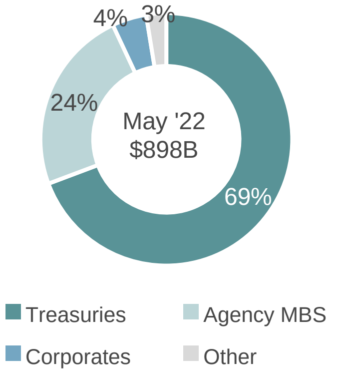
ADTV by Venue



Average Trade Cost



ADTV by Product



May '22 vs. TTM Avg.

Treasuries	-3%
Agency MBS	-18%
Corporates	10%
Munis	61%
Private MBS	26%
Federal Agency Secs	4%
ABS	15%
All Fixed Income	-5%

Sources: Virtu, SIFMA, J.P. Morgan.

Houlihan Lokey Coverage and Capabilities

Recent Houlihan Lokey Capital Markets Sector Transactions

Houlihan Lokey Financial Services Group

Asset and Wealth Management	Banking and Depositories	**Broker-Dealers and Cap. Markets**	Financial Technology	Insurance	Mortgage and Related Services	Specialty Finance and Challenger Banks

- With the legacy Freeman & Co. team, Houlihan Lokey is **among the most active advisors in the space,** with 20+ deals closed since 2019.
- Our reputation is unmatched as the **"banker's banker" on transactions in the investment banking/financial advisory sector**.
- The professionals involved in every broker-dealer/capital markets transaction executed by Freeman & Co. are still leading Houlihan Lokey's coverage today—**an unprecedented 25+ years of continuity**.

MIZUHO
has acquired
Capstone Partners
Buyside Advisor
Fund Placement Advisory

FOCALPOINT
has been acquired by
B. RILEY Financial
Sellside Advisor
Multisector Advisory

MARSHBERRY
has received a growth capital investment from
ATLAS MERCHANT CAPITAL
Sellside Advisor
Insurance, Wealth Mgmt. Advisory

REGIONS
has acquired
Clearsight Advisors Investment Banking
Buyside Advisor
Technology Advisory

DRIVEWEALTH
$750 Million Series D Preferred Financing at a valuation of $2.85 Billion
INSIGHT PARTNERS
Accel
GREYHOUND CAPITAL
SoftBank
POINT72 VENTURES
FLIGHT DECK
F Strategic Ventures
Base10
ALAVEDA RESEARCH
citi VENTURES
VETAMER CAPITAL
Exclusive Financial Advisor*
Embedded Equities Trading Platform

trade informatics
has been acquired by
AbelNoser
a portfolio company of
ESTANCIA CAPITAL PARTNERS
Sellside Advisor
Equities Trading and TCA

H2C Hammond Hanlon Camp LLC
has been acquired by
FIFTH THIRD BANK
Sellside Advisor
Healthcare Advisory

MGEX
Minneapolis Grain Exchange
has been acquired by
MH Miami International Holdings Inc.
Financial Advisor
Exchanges

GAIN CAPITAL
has been acquired by
INTL FCStone
$236,000,000
Sellside Advisor*
Global FX Execution and Technology

theValenceGroup
has been acquired by
PIPER SANDLER
Sellside Advisor
Chemicals Advisory

S|P SHARESPOST
has been acquired by
Forge
Sellside Advisor
Private Securities Marketplace

KippsDeSanto Investment Banking
has been acquired by
Capital One
Sellside Advisor*
Aerospace and Defense Advisory

ETC
has been acquired by
PEAK6
the parent company of
APEX Clearing
Sellside Advisor*
Clearing and Mini-Prime

MERCURY CAPITAL ADVISORS
and its wholly-owned subsidiary
MERCURY iFunds
have been acquired by
INVESTCORP
Sellside Advisor*
Fund Placement Advisory

Janney
has acquired
FIG Partners
Buyside Advisor*
Full-Service Financial Services Inv. Bank

PetskyPrunier Investment Bankers
has been acquired by
cg/Canaccord Genuity
Sellside Advisor*
Technology Advisory

*Selected transactions were executed by Houlihan Lokey professionals while at other firms acquired by Houlihan Lokey or by professionals from a Houlihan Lokey joint venture company. Tombstones included herein represent transactions closed from 2019 forward.

Case Study: Mizuho

Houlihan Lokey Advises Mizuho Americas on Its Acquisition of Capstone Partners

- On July 1, 2022, Mizuho Americas (Mizuho) completed its acquisition of Dallas-based Capstone Partners (Capstone), a leading independent, middle-market placement agent focused on fundraising and advisory services to private equity, credit, real assets, and infrastructure investment firms.
- Founded in 2001, the Capstone team includes 40 experienced professionals globally.
- Mizuho is an integral part of the Japan-based Mizuho Financial Group, one of the largest financial institutions in the world with ~900 offices and 60,000 employees in nearly 40 countries. As of December 31, 2020, its total assets were $2.1 trillion.
- The deal underscores Mizuho’s commitment to enhancing its investment banking offering and furthering the suite of solutions for clients in the alternative investment market, specifically financial sponsors.
- It also reinforces the bank’s leading capital-raising and distribution capabilities through Capstone’s global network of 1,500+ limited partners across the U.S., Europe, and Asia with expanded opportunities for cross-selling complementary investment banking solutions.
- In recent years, Mizuho has been expanding its investment and corporate banking franchise, leveraging its flagship investment-grade bond and loan businesses to grow its noninvestment-grade and financial sponsors franchise, lead IPO and SPAC transactions, and provide M&A services on notable transactions.

MIZUHO

has acquired

Capstone Partners

Buyside Advisor

HOULIHAN LOKEY

Case Study: FocalPoint

Houlihan Lokey Advises FocalPoint on Its Sale to B. Riley Financial

- On January 18, 2022, FocalPoint, a leading independent investment bank based in Los Angeles, agreed to be acquired by B. Riley Financial (NASDAQ:RILY; B. Riley) for a total consideration of up to $175 million.
- Founded in 2002, FocalPoint specializes in M&A, private capital advisory, financial restructuring, and special-situation transactions. The firm employs approximately 50 investment banking professionals with deep industry specialization in high-growth sectors.
- The transaction, which will create revenue synergies for both companies, comes as FocalPoint is experiencing significant momentum with $17 billion in closed transactions spanning a successful 20-year history.
- B. Riley provides collaborative capital-raising and business advisory solutions spanning investment banking and institutional brokerage, private wealth and investment management, financial consulting, corporate restructuring, and more.
- The combination is expected to more than quadruple B. Riley's pro forma M&A advisory business while enhancing its debt capital markets and financial restructuring capabilities.
- Furthermore, the combination builds on the momentum and execution capabilities of both firms and is in line with B. Riley's stated intent to expand in M&A advisory and fixed income.
- Strategic and financial sponsor clients will now have access to both firms' proven execution capabilities and a full suite of end-to-end services from a single platform.

FOCALPOINT

has been acquired by

B | RILEY
Financial

Sellside Advisor

HOULIHAN LOKEY

Case Study: MarshBerry

Houlihan Lokey Advises MarshBerry on a Growth Investment From Atlas Merchant Capital

- On January 10, 2022, MarshBerry, a leading financial advisory, consulting, and analytics firm serving the insurance distribution and wealth management industries, received a significant growth capital investment from Atlas Merchant Capital (Atlas).
- Through a suite of industry-specific services, MarshBerry helps insurance agents and brokers, specialty distributors, private equity firms, and wealth management firms build, enhance, and sustain value.
- Based in New York and London, Atlas was founded by Bob Diamond and David Schamis, who (together with their partners) form a complementary partnership with extensive operating and investing expertise across the financial services landscape.
- The new partnership with Atlas will help MarshBerry accomplish its growth goals by improving and expanding services to create even better outcomes for clients.
- Furthermore, this partnership provides access to additional resources to help execute on strategic growth initiatives, including expanded client solutions and acquisitions domestically and in Europe.

MARSHBERRY

has received a growth capital investment from

ATLAS MERCHANT CAPITAL

Sellside Advisor

HOULIHAN LOKEY

Case Study: Regions

Houlihan Lokey Advises Regions Financial on Its Acquisition of Clearsight Advisors

- On December 31, 2021, Regions Financial (Regions) acquired Clearsight Advisors (Clearsight), a leading M&A advisory firm serving clients in the technology, professional services, data and information services, and digital and technology-enabled services sectors.
- Clearsight follows a research-driven, thematic approach toward building relationships across the sectors served by the company, enabling it to deliver a deep understanding of market trends and business strategies.
- With $156 billion in assets, Regions is a member of the S&P 500 Index and is one of the nation's largest full-service providers of consumer and commercial banking, wealth management, and mortgage products and services.
- The acquisition represents another avenue for the bank to broaden its specialty capabilities for existing technology sector clients while reaching new clients that can leverage Regions' experience and resources to help them reach their financial objectives.
- Furthermore, the acquisition is the latest example of Regions building additional revenue diversification by delivering more high-value, fee-based financial services and originations.

REGIONS

has acquired

Clearsight Advisors
Investment Banking

Buyside Advisor

HOULIHAN LOKEY

Houlihan Lokey Financial Services Group

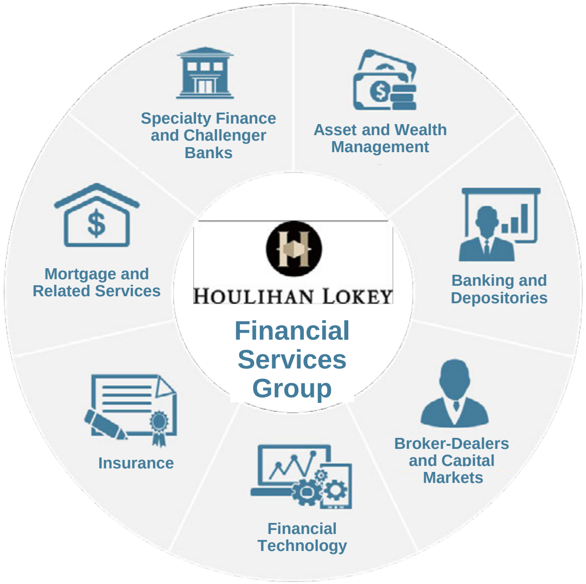
2016–2021 M&A Advisor Rankings North America and Europe Financial Sector(1) Transactions With Disclosed Deal Values Up to $1.0 Billion

Rank	Advisor	Deals
1	**Houlihan Lokey**	**73**
2	Barclays Capital	65
3	J.P. Morgan	55
4	Morgan Stanley	54
5	Piper Sandler	53
6	BofA Securities	49
7	Goldman Sachs	47
8	Raymond James	43
9	Stifel/Keefe, Bruyette & Woods	42
10	KPMG	40

Source: SNL Financial.
(1) Rankings exclude depository transactions.

No. 1 ranked M&A advisor to nondepository financial services companies cumulatively over the past three-, five, seven- and 10-year periods

- Global: One of the largest, most experienced, and most active financial services teams of any independent investment bank
- 65+ dedicated financial services/fintech professionals based in New York and London, with additional offices in Miami, Los Angeles, and Boston
- Exceptional momentum with 150+ completed transactions since 2019
- Deep domain knowledge and entrenched relationships with marquee clients across every sector of financial services
- Long-term, relationship-driven approach toward clients with senior participation on all engagements
- Conflict-free, independent advice hired for our intellectual capital and sector expertise by the industry's highest profile clients, despite no lending relationship



Product Capabilities

- M&A Advisory
- Private Capital Markets
- Financial Restructuring
- Illiquid Financial Assets
- Board and Special Committee Advisory
- Valuation Services
- Fairness Opinions

The Leading Independent, Global Advisory Firm

HOULIHAN LOKEY

Houlihan Lokey is the trusted advisor to more top decision-makers than any other independent global investment bank.

2,200+	35	$5 Billion+	HLI LISTED NYSE	$2 Billion+	~25%	No
Employees	Locations	Market Cap		Annual Revenue	Employee-Owned	Debt

Corporate Finance

- No. 1 Global M&A Advisor
- Leading Capital Markets Advisor Raising More Than $100 Billion in Past Five Years

2021 Investment Banking Rankings All Global Transactions

Rank	Advisor	Deals
1	**Houlihan Lokey**	**549**
2	Goldman Sachs	511
3	JP Morgan	508

Source: Refinitiv.
Excludes accounting firms and brokers.

Financial Restructuring

- No. 1 Global Restructuring Advisor
- $3.0 Trillion of Aggregate Transaction Value Completed

2021 Global Distressed Debt & Bankruptcy Restructuring Advisory Rankings

Rank	Advisor	Deals
1	**Houlihan Lokey**	**63**
2	Rothschild	38
3	Moelis	34

Source: Refinitiv.

Financial and Valuation Advisory

- No. 1 Global M&A Fairness Opinion Advisor
- 1,000+ Annual Valuation Engagements

2002 to 2021 Global M&A Fairness Opinion Advisory Rankings

Rank	Advisor	Deals
1	**Houlihan Lokey**	**952**
2	JP Morgan	889
3	Duff & Phelps, A Kroll Business	889

Source: Refinitiv.
Announced or completed transactions.

Financial Sponsors Coverage

- No. 1 Global Advisor to Private Equity Firms
- 1,000+ Sponsors Covered Globally

2021 Most Active Global Investment Banks to Private Equity Firms

Rank	Advisor	Deals
1	**Houlihan Lokey**	**323**
2	Deloitte	218
3	William Blair	183

Source: PitchBook.

\+ GCA

Houlihan Lokey acquired GCA in October 2021, significantly expanding the firm's geographic reach in Europe and Asia and creating the most active global M&A advisory firm.

Combined Global Presence:

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