

A Crowe Horwath LLP study produced in association with

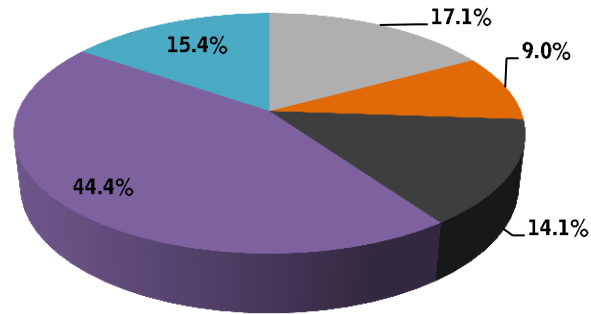
BankDirector.

2013 Bank M&A Research Summary Report

October 2012 | RESEARCH

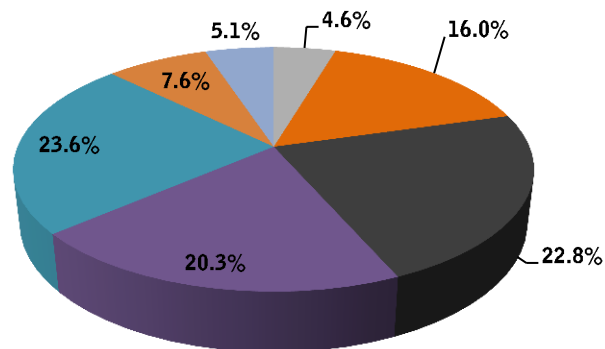


Crowe Horwath.

1. My current title is: (select only one)

Value	Count	Percent
CEO	40	17.1%
CEO & Board Chair	21	9.0%
Lead Director/Outside Director	33	14.1%
Outside Director	104	44.4%
Bank Officer (Not the CEO)	36	15.4%

Statistics	
Total Responses	234

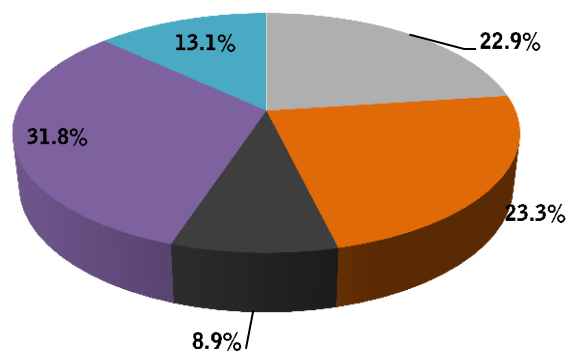
2. My bank's asset size is:

Value	Count	Percent
Under \$100 million	11	4.6%
\$100 million-\$250 million	38	16.0%
\$251 million-\$500 million	54	22.8%

\$501 million-\$1 billion	48	20.3%
\$1.1 billion-\$5 billion	56	23.6%
\$5.1 billion - \$10 billion	18	7.6%
Over \$10 billion	12	5.1%

Statistics	
Total Responses	237

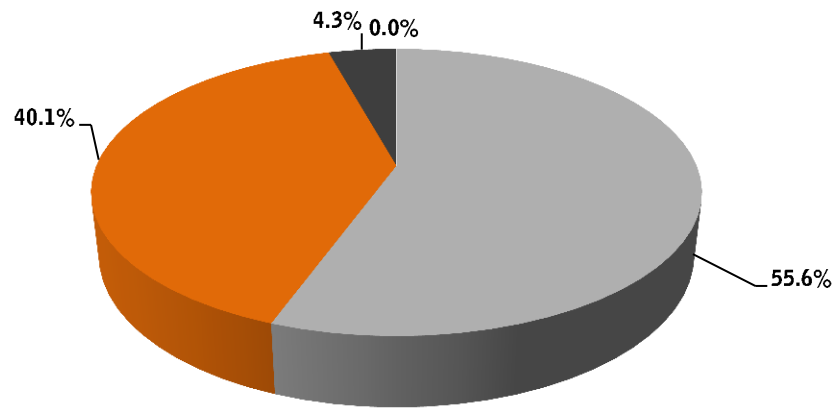
3. In which region is your bank headquartered?



Value	Count	Percent
Northeast	54	22.9%
Southeast	55	23.3%
Central	21	8.9%
Midwest	75	31.8%
West	31	13.1%

Statistics	
Total Responses	236

4. How is your bank ownership structured?



Value	Count	Percent
Public	129	55.6%
Private	93	40.1%
Mutual	10	4.3%
Private Equity/Investment Fund	0	0.0%

Statistics	
Total Responses	232

5. How many of the following types of acquisitions have your institution done in the last three years?

Acquisition Type	None		1		2		3		4		5 or more		Resps #
	%	#	%	#	%	#	%	#	%	#	%	#	
Healthy – Whole bank	70.30%	147	21.50%	45	5.70%	12	1.40%	3	0.50%	1	0.50%	1	209
Healthy – Branches	81.10%	150	9.70%	18	5.90%	11	0.50%	1	1.60%	3	1.10%	2	185
Healthy – Line of business	84.80%	145	9.40%	16	4.10%	7	0.60%	1	0.00%	0	1.20%	2	171
Healthy – Loan portfolio	87.50%	147	8.30%	14	1.80%	3	0.60%	1	0.60%	1	1.20%	2	168
FDIC Assisted	83.60%	148	4.50%	8	6.80%	12	2.30%	4	1.10%	2	1.70%	3	177

Healthy- Whole Bank						
Bank Asset Size	None	1	2	3	4	5
More than \$5 billion	44.8%	23.6%	22.9%	8.7%	0.0%	0.0%
\$1.1 billion-\$5 billion	49.0%	44.9%	6.1%	0.0%	0.0%	0.0%
\$501 million - \$1 billion	64.3%	23.8%	9.5%	2.4%	0.0%	0.0%
\$251 - \$500 million	89.6%	8.3%	0.0%	0.0%	2.1%	0.0%
Less than \$251 million	94.5%	4.1%	0.0%	0.0%	0.0%	1.4%

Healthy- Branches						
Bank Asset Size	None	1	2	3	4	5
More than \$5 billion	75.7%	7.2%	17.2%	0.0%	0.0%	0.0%
\$1.1 billion-\$5 billion	76.5%	8.8%	14.7%	0.0%	0.0%	0.0%
\$501 million - \$1 billion	75.0%	16.7%	2.8%	2.8%	0.0%	2.8%
\$251 - \$500 million	84.0%	8.0%	4.0%	0.0%	4.0%	0.0%
Less than \$251 million	89.5%	7.8%	0.0%	0.0%	1.4%	1.4%

Healthy- Line of Business						
Bank Asset Size	None	1	2	3	4	5
More than \$5 billion	57.1%	28.6%	10.7%	3.6%	0.0%	0.0%
\$1.1 billion-\$5 billion	64.7%	23.5%	11.8%	0.0%	0.0%	0.0%
\$501 million - \$1 billion	96.4%	0.0%	3.6%	0.0%	0.0%	0.0%
\$251 - \$500 million	95.3%	2.3%	0.0%	0.0%	0.0%	2.3%
Less than \$251 million	90.3%	8.3%	0.0%	0.0%	0.0%	1.4%

Healthy- Loan Portfolio						
Bank Asset Size	None	1	2	3	4	5
More than \$5 billion	80.0%	16.7%	0.0%	0.0%	3.4%	0.0%
\$1.1 billion-\$5 billion	78.1%	18.8%	3.1%	0.0%	0.0%	0.0%
\$501 million - \$1 billion	93.1%	6.9%	0.0%	0.0%	0.0%	0.0%
\$251 - \$500 million	86.0%	7.0%	4.7%	0.0%	0.0%	2.3%

Less than \$251 million	97.2%	0.0%	0.0%	1.4%	0.0%	1.4%
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FDIC Assisted						
Bank Asset Size	None	1	2	3	4	5
More than \$5 billion	56.6%	5.5%	20.5%	3.2%	8.7%	5.6%
\$1.1 billion-\$5 billion	78.1%	18.8%	3.1%	0.0%	0.0%	0.0%
\$501 million - \$1 billion	93.1%	6.9%	0.0%	0.0%	0.0%	0.0%
\$251 - \$500 million	86.0%	7.0%	4.7%	0.0%	0.0%	2.3%
Less than \$251 million	97.2%	0.0%	0.0%	1.4%	0.0%	1.4%

Healthy- Whole Bank						
Region	None	1	2	3	4	5
Northeast	67.3%	20.4%	12.2%	0.0%	0.0%	0.0%
Southeast	63.8%	25.5%	4.3%	4.3%	0.0%	2.1%
Central	68.4%	21.1%	5.3%	0.0%	5.3%	0.0%
Midwest	76.6%	17.2%	4.7%	1.6%	0.0%	0.0%
West	75.9%	24.1%	0.0%	0.0%	0.0%	0.0%

Healthy- Branches						
Region	None	1	2	3	4	5
Northeast	89.7%	2.6%	5.1%	0.0%	2.6%	0.0%
Southeast	81.1%	10.8%	2.7%	0.0%	0.0%	5.4%
Central	81.3%	12.5%	0.0%	0.0%	6.3%	0.0%
Midwest	71.2%	13.6%	12.1%	1.5%	1.5%	0.0%
West	92.6%	7.4%	0.0%	0.0%	0.0%	0.0%

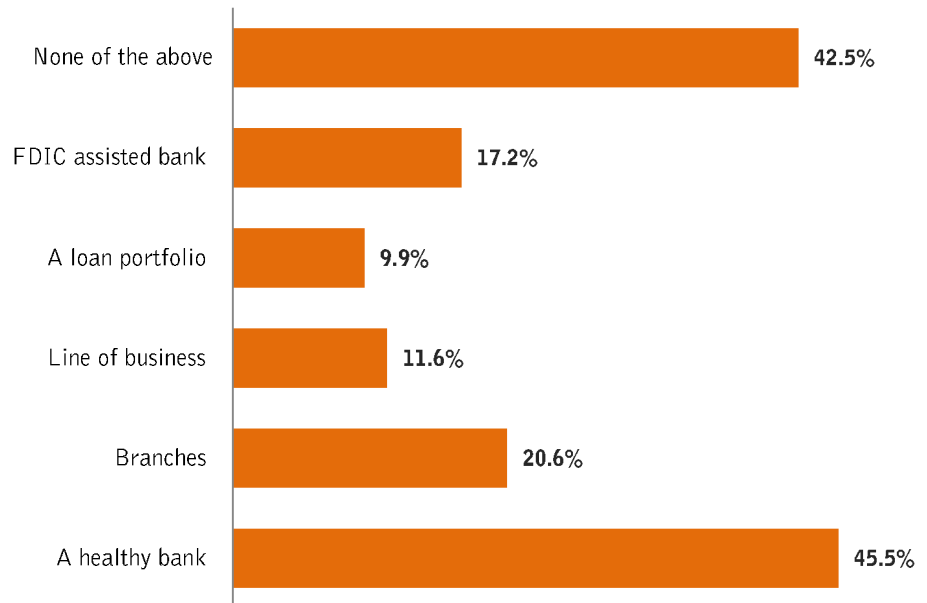
Healthy- Line of Business						
Region	None	1	2	3	4	5
Northeast	74.4%	18.6%	7.0%	0.0%	0.0%	0.0%
Southeast	88.2%	2.9%	5.9%	0.0%	0.0%	2.9%

Central	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Midwest	83.6%	12.7%	1.8%	0.0%	0.0%	1.8%
West	92.3%	0.0%	3.8%	3.8%	0.0%	0.0%

Healthy- Loan Portfolio						
Region	None	1	2	3	4	5
Northeast	85.7%	11.9%	2.4%	0.0%	0.0%	0.0%
Southeast	90.9%	3.0%	0.0%	3.0%	0.0%	3.0%
Central	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Midwest	83.3%	13.0%	1.9%	0.0%	0.0%	1.9%
West	88.5%	3.8%	3.8%	0.0%	3.8%	0.0%

FDIC Assisted						
Region	None	1	2	3	4	5
Northeast	89.5%	2.6%	5.3%	2.6%	0.0%	0.0%
Southeast	75.6%	9.8%	0.0%	7.3%	2.4%	4.9%
Central	92.3%	0.0%	7.7%	0.0%	0.0%	0.0%
Midwest	89.1%	1.8%	7.3%	0.0%	0.0%	1.8%
West	73.3%	6.7%	16.7%	0.0%	3.3%	0.0%

6. Over the next 12 months, is your institution intending to buy any of the following? Select all that apply.



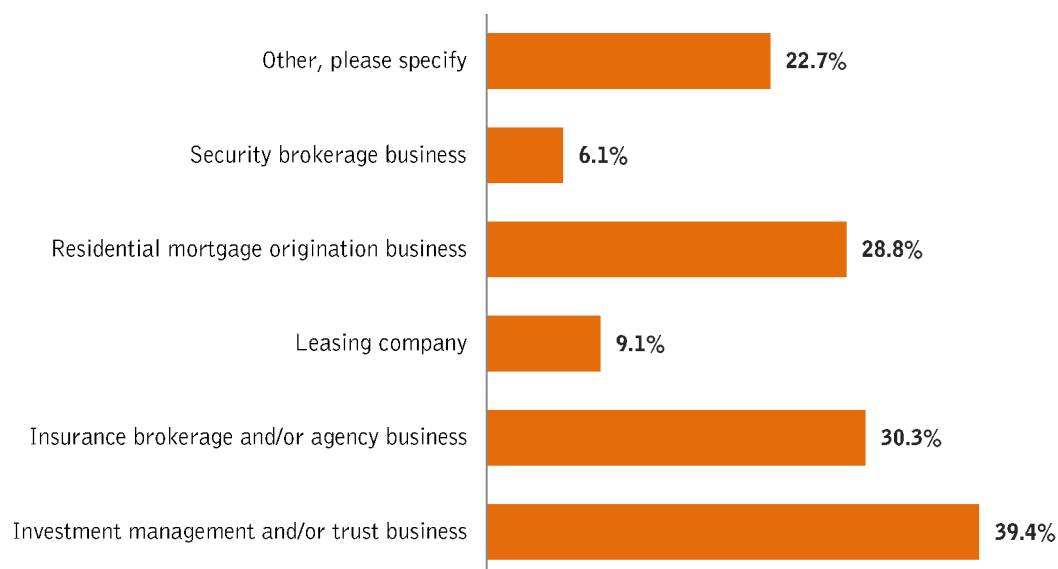
Value	Count	Percent
A healthy bank	106	45.5%
Branches	48	20.6%
Line of business	27	11.6%
A loan portfolio	23	9.9%
FDIC assisted bank	40	17.2%
None of the above	99	42.5%

Statistics	
Total Responses	233

Bank Asset Size	A healthy bank	Branches	Line of Business	A loan portfolio	FDIC assisted bank	None of the above
More than \$5 billion	34.7%	13.9%	8.7%	2.7%	18.3%	21.8%
\$1.1 billion-\$5 billion	36.3%	8.8%	14.3%	12.1%	14.3%	14.3%
\$501 million - \$1 billion	31.9%	14.5%	4.3%	5.8%	10.1%	33.3%
\$251 - \$500 million	23.1%	20.5%	3.8%	6.4%	12.8%	33.3%
Less than \$251 million	24.3%	7.6%	7.8%	2.2%	1.1%	57.0%

Region	A healthy bank	Branches	Line of Business	A loan portfolio	FDIC assisted bank	None of the above
Northeast	26.9%	12.8%	10.3%	7.7%	6.4%	35.9%
Southeast	31.1%	12.2%	6.8%	5.4%	16.2%	28.4%
Central	38.5%	15.4%	7.7%	0.0%	7.7%	30.8%
Midwest	28.4%	16.4%	6.9%	7.8%	12.9%	27.6%
West	37.5%	12.5%	8.3%	8.3%	12.5%	20.8%

7. Over the next 12 months, is your institution intending to make any of the following acquisitions outside of your core branch banking franchise? Select all that apply.



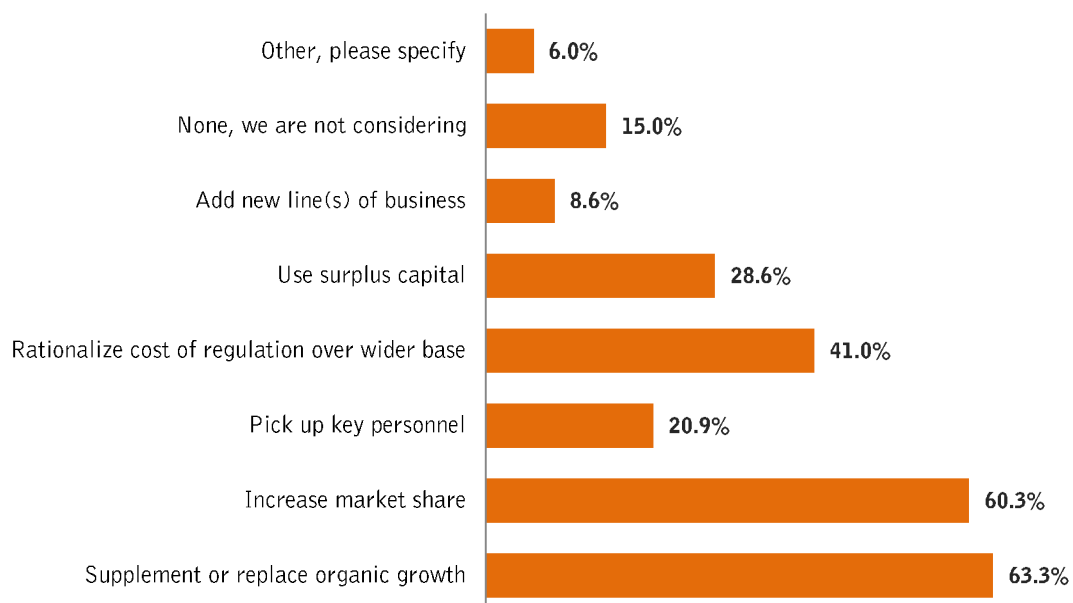
Value	Count	Percent
Investment management and/or trust business	26	39.4%
Insurance brokerage and/or agency business	20	30.3%
Leasing company	6	9.1%
Residential mortgage origination business	19	28.8%
Security brokerage business	4	6.1%
Other, please specify	15	22.7%

Statistics	
Total Responses	66

Bank Asset Size	Investment management and/or trust business	Insurance brokerage and/or agency business	Leasing company	Residential mortgage origination business	Security brokerage business	Other
More than \$5 billion	43.7%	6.3%	6.3%	31.3%	0.0%	12.5%
\$1.1 billion-\$5 billion	25.7%	28.6%	11.4%	20.0%	2.9%	11.4%
\$501 million - \$1 billion	37.5%	18.8%	0.0%	25.0%	6.3%	12.5%
\$251 - \$500 million	16.7%	33.3%	0.0%	25.0%	0.0%	25.0%
Less than \$251 million	38.3%	6.7%	3.4%	10.0%	6.7%	35.0%

Region	Investment management and/or trust business	Insurance brokerage and/or agency business	Leasing company	Residential mortgage origination business	Security brokerage business	Other
Northeast	26.1%	8.7%	8.7%	34.8%	0.0%	21.7%
Southeast	31.6%	26.3%	0.0%	26.3%	0.0%	15.8%
Central	28.6%	14.3%	0.0%	14.3%	14.3%	28.6%
Midwest	30.3%	36.4%	6.1%	12.1%	9.1%	6.1%
West	16.7%	0.0%	16.7%	16.7%	0.0%	50.0%

8. Thinking in terms of the reasons for buying another bank, what would you consider as the top reasons your institution might make an acquisition? Select only three (3) answers.

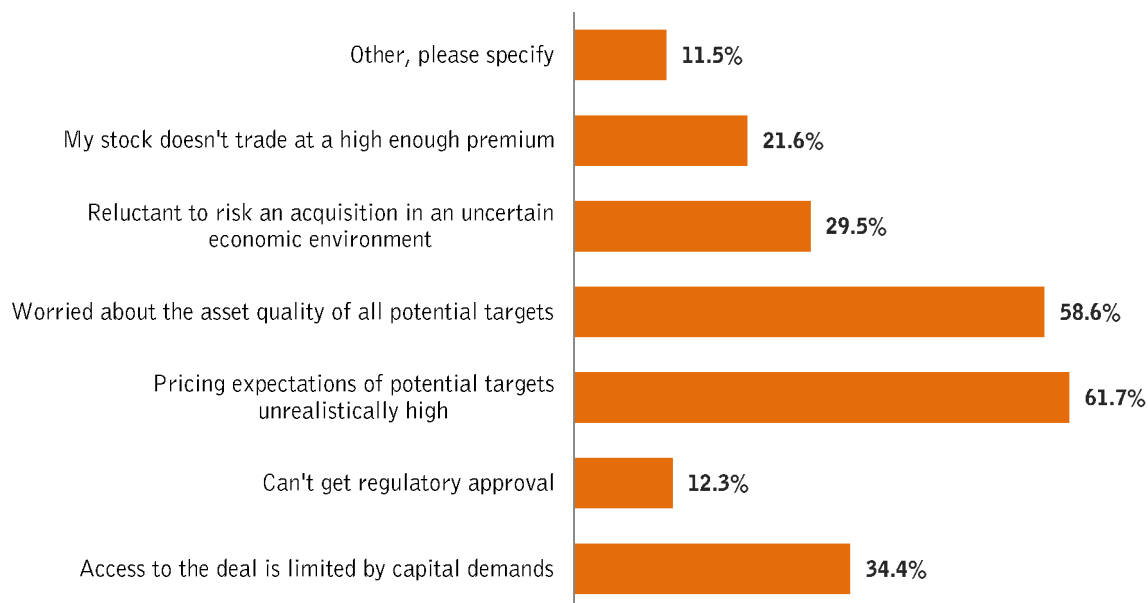


Value	Count	Percent
Supplement or replace organic growth	148	63.3%
Increase market share	141	60.3%
Pick up key personnel	49	20.9%
Rationalize cost of regulation over wider base	96	41.0%
Use surplus capital	67	28.6%
Add new line(s) of business	20	8.6%
None, we are not considering	35	15.0%
Other, please specify	14	6.0%

Statistics	
Total Responses	234

Acquisition Type	Supplement or replace organic growth		Increase Market Share		Pick up key personnel		Rationalize cost of regulation over wider base		Use surplus capital		Add new line(s) of business		None, we are not considering		Other	
	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#
A healthy bank	28.8%	83	26.4%	76	8.0%	23	16.7%	48	15.3%	44	2.1%	6	0.0%	0	2.8%	8
Branches	30.6%	38	25.0%	31	8.1%	10	16.9%	21	13.7%	17	2.4%	3	0.8%	1	2.4%	3
Line of business	29.7%	22	31.1%	23	8.1%	6	10.8%	8	10.8%	8	6.8%	5	1.4%	1	1.4%	1
A loan portfolio	29.0%	18	29.0%	18	9.7%	6	12.9%	8	11.3%	7	4.8%	3	1.6%	1	1.6%	1
FDIC assisted bank	28.9%	33	26.3%	30	5.3%	6	15.8%	18	20.2%	23	0.0%	0	0.0%	0	3.5%	4
None of the above	22.1%	46	21.6%	45	9.1%	19	17.8%	37	8.2%	17	3.8%	8	14.9%	31	2.4%	5

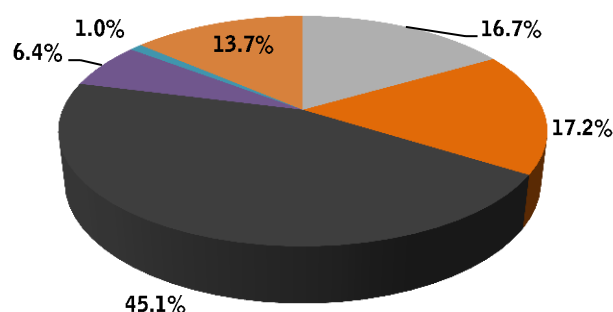
9. In terms of buying another bank, what do you consider your institution's top barriers to buying another bank? Select only three (3) answers.



Value	Count	Percent
Access to the deal is limited by capital demands	78	34.4%
Can't get regulatory approval	28	12.3%
Pricing expectations of potential targets unrealistically high	140	61.7%
Worried about the asset quality of all potential targets	133	58.6%
Reluctant to risk an acquisition in an uncertain economic environment	67	29.5%
My stock doesn't trade at a high enough premium	49	21.6%
Other, please specify	26	11.5%

Statistics	
Total Responses	227

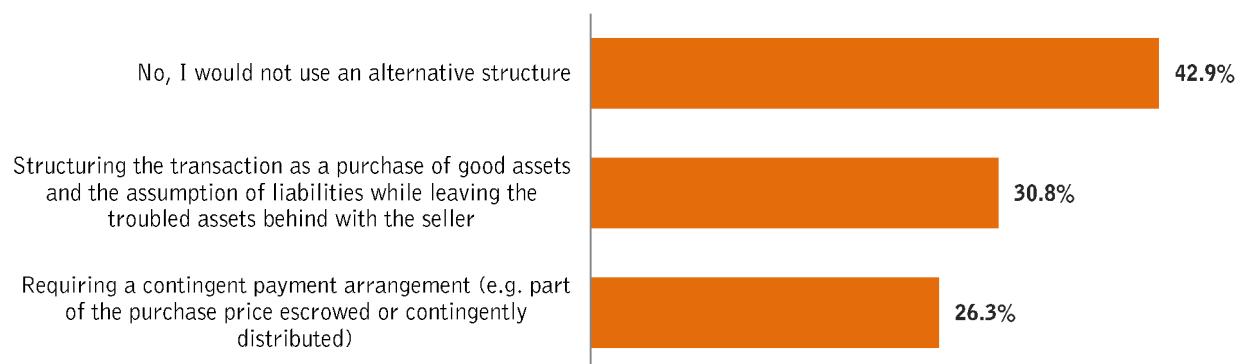
10. If your institution were to acquire another bank, how would you want to structure the transaction?



Value	Count	Percent
All stock	34	16.7%
All cash	35	17.2%
A combination of cash and stock	92	45.1%
Straight exchange of shares	13	6.4%
None of the above	2	1.0%
Not sure	28	13.7%

Statistics	
Total Responses	204

11. If your institution were to acquire another bank, would you contemplate using one of the following alternative structures to accommodate for asset quality or earnings uncertainty to get the transaction done?



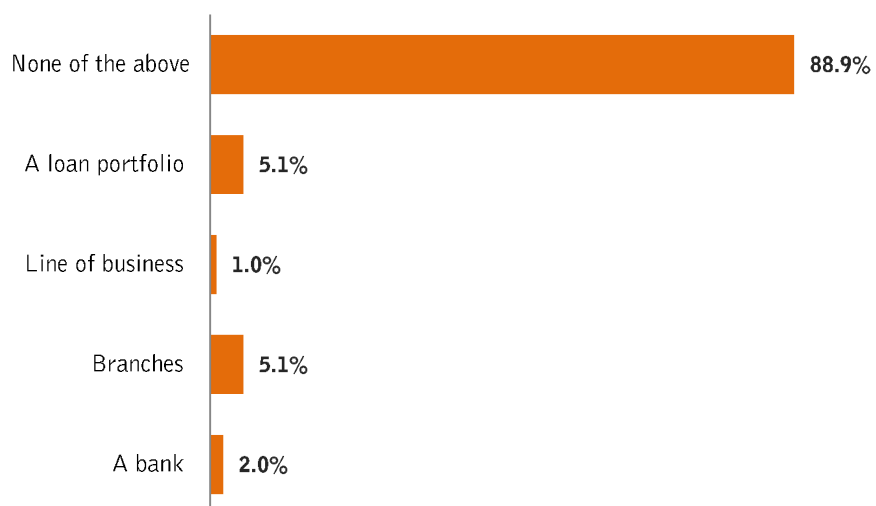
Value	Count	Percent
Requiring a contingent payment arrangement (e.g. part of the purchase price escrowed or contingently distributed)	52	26.3%
Structuring the transaction as a purchase of good assets and the assumption of liabilities while leaving the troubled assets behind with the seller	61	30.8%
No, I would not use an alternative structure	85	42.9%

Statistics	
Total Responses	198

12. During the last three years, has your bank sold any of the following?

Type	None		1		2		3		4		5 or more		Resps
	%	#	%	#	%	#	%	#	%	#	%	#	
Branches	91.80%	180	3.10%	6	0.50%	1	1.50%	3	1.00%	2	2.00%	4	196
Line of business	93.20%	179	6.80%	13	0.00%	0	0.00%	0	0.00%	0	0.00%	0	192
Loan portfolio	90.10%	172	5.80%	11	1.60%	3	2.10%	4	0.00%	0	0.50%	1	191

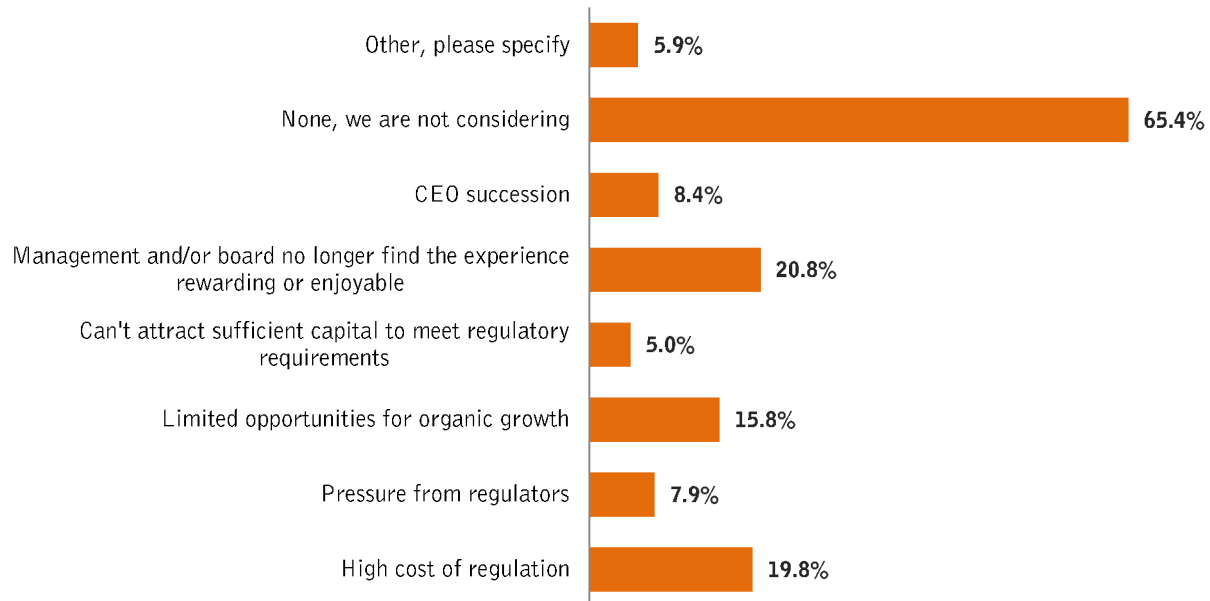
13. Over the next 12 months, is your institution intending to sell any of the following? Select all that apply.



Value	Count	Percent
A bank	4	2.0%
Branches	10	5.1%
Line of business	2	1.0%
A loan portfolio	10	5.1%
None of the above	176	88.9%

Statistics	
Total Responses	198

14. In terms of selling your institution, what would you consider top reasons you might sell your institution? Select only three (3) answers.



Value	Count	Percent
High cost of regulation	40	19.8%
Pressure from regulators	16	7.9%
Limited opportunities for organic growth	32	15.8%
Can't attract sufficient capital to meet regulatory requirements	10	5.0%
Management and/or board no longer find the experience rewarding or enjoyable	42	20.8%
CEO succession	17	8.4%
None, we are not considering	132	65.4%
Other, please specify	12	5.9%

Statistics	
Total Responses	202

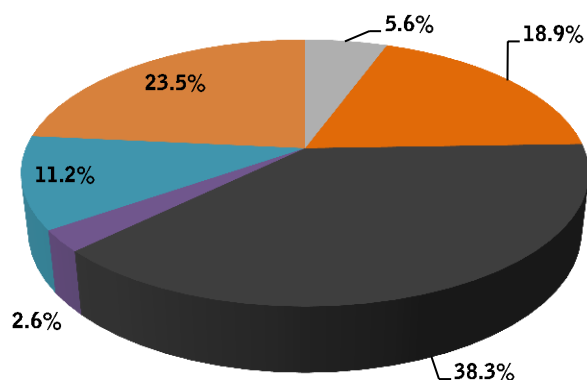
15: In terms of selling your institution, what are the top barriers to selling your bank? Select only three (3) answers.



Value	Count	Percent
Current pricing is too low	108	71.1%
Capital constraints on potential buyers	19	12.5%
My bank's asset quality is subpar	8	5.3%
Economic outlook is too uncertain and potential acquirers are risk adverse	51	33.6%
Regulatory outlook is too uncertain and potential acquirers are risk adverse	42	27.6%
There are no suitable buyers in my market	38	25.0%
My bank's shareholders have unrealistically high expectations about price	19	12.5%
Other, please specify	20	13.2%

Statistics	
Total Responses	152

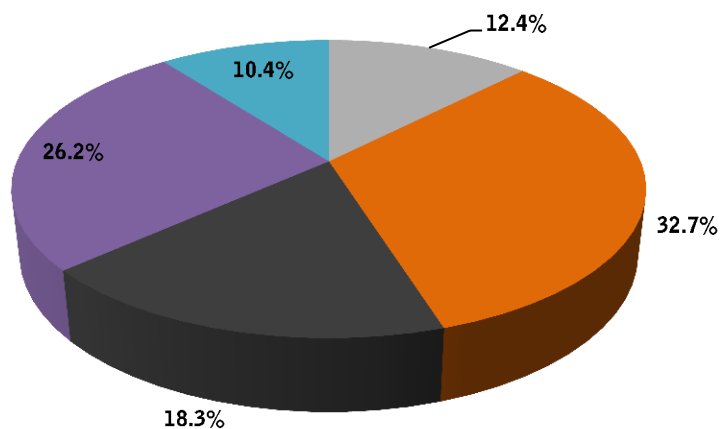
16. If your institution were to sell itself to another bank, how would you want to structure the transaction?



Value	Count	Percent
All stock	11	5.6%
All cash	37	18.9%
A combination of cash and stock	75	38.3%
Straight exchange of shares	5	2.6%
None of the above	22	11.2%
Not sure	46	23.5%

Statistics	
Total Responses	196

17. How likely would you be to consider a merger of equals?



Value	Count	Percent
Very likely	25	12.4%
Somewhat likely	66	32.7%
Somewhat unlikely	37	18.3%
Very unlikely	53	26.2%
Not sure	21	10.4%

Statistics	
Total Responses	202

By Title	Very likely		Somewhat likely		Somewhat unlikely		Very unlikely		Not sure	
	%	#	%	#	%	#	%	#	%	#
CEO/Chairman	20.4%	11	31.5%	17	16.7%	9	24.1%	13	7.4%	4
Lead Director/Outside Director	6.8%	8	31.6%	37	19.7%	23	28.2%	33	13.7%	16

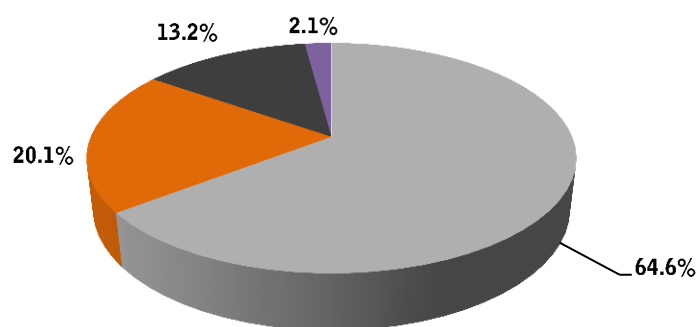
18. How prepared is your board in considering the following factors of an acquisition?

	Very unprepared		Somewhat unprepared		Neutral		Somewhat prepared		Very prepared		Not Sure		Resps
Acquisition Factors	%	#	%	#	%	#	%	#	%	#	%	#	#
Due Diligence	13.10%	26	4.00%	8	8.60%	17	28.30%	56	44.40%	88	1.50%	3	198
Strategic Fit	11.90%	23	4.60%	9	8.80%	17	28.40%	55	45.40%	88	1.00%	2	194
Pricing	12.40%	24	4.70%	9	14.50%	28	32.10%	62	34.20%	66	2.10%	4	193
Integration	12.80%	25	7.10%	14	15.80%	31	35.20%	69	27.60%	54	1.50%	3	196
Social Issues	10.90%	21	7.80%	15	18.20%	35	32.80%	63	26.60%	51	3.60%	7	192

CEO / Chairman	Very unprepared		Somewhat unprepared		Neutral		Somewhat prepared		Very prepared		Not Sure	
	%	#	%	#	%	#	%	#	%	#	%	#
Due Diligence	9.6%	5	9.6%	5	13.5%	7	27.0%	14	40.3%	21	0.0%	0
Strategic Fit	9.6%	5	3.8%	2	13.5%	7	27.0%	14	46.1%	24	0.0%	0
Pricing	13.5%	7	5.8%	3	17.3%	9	34.6%	18	28.8%	15	0.0%	0
Integration	13.5%	7	13.5%	7	15.4%	8	34.6%	18	23.1%	12	0.0%	0
Social Issues	8.0%	4	16.0%	8	8.0%	4	34.0%	17	30.0%	15	4.0%	2

Lead Dir / Outside Dir	Very unprepared		Somewhat unprepared		Neutral		Somewhat prepared		Very prepared		Not Sure	
	%	#	%	#	%	#	%	#	%	#	%	#
Due Diligence	13.9%	16	2.6%	3	7.0%	8	27.8%	32	46.1%	53	2.6%	3
Strategic Fit	12.6%	14	4.5%	5	8.1%	9	26.1%	33	46.8%	52	1.8%	2
Pricing	11.7%	13	3.6%	4	16.2%	18	27.0%	34	38.7%	43	2.7%	3
Integration	10.6%	12	5.3%	6	16.8%	19	33.6%	35	31.0%	35	2.7%	3
Social Issues	10.8%	12	4.5%	5	24.3%	27	27.9%	36	27.9%	31	4.5%	5

19. Does your board have directors with M&A experience?

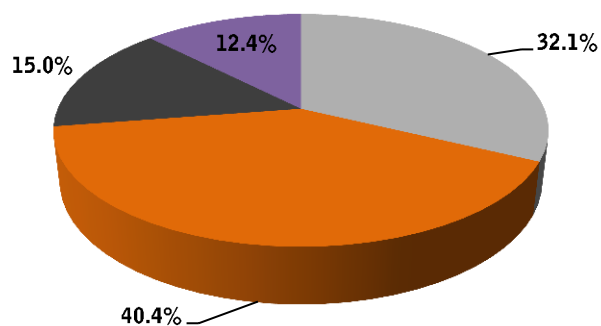


Value	Count	Percent
Yes – prior bank deals	122	64.6%
Yes – deals in their own business	38	20.1%
No	25	13.2%
Not Sure	4	2.1%

Statistics	
Total Responses	189

Bank Asset Size	Yes- prior bank deals	Yes- deals in their own business	No	Not Sure
More than \$5 billion	86.2%	13.9%	0.0%	0.0%
\$1.1 billion-\$5 billion	76.1%	19.6%	4.3%	0.0%
\$501 million - \$1 billion	58.1%	23.3%	14.0%	4.7%
\$251 - \$500 million	53.7%	22.0%	22.0%	2.4%
Less than \$251 million	57.4%	19.7%	21.3%	1.6%

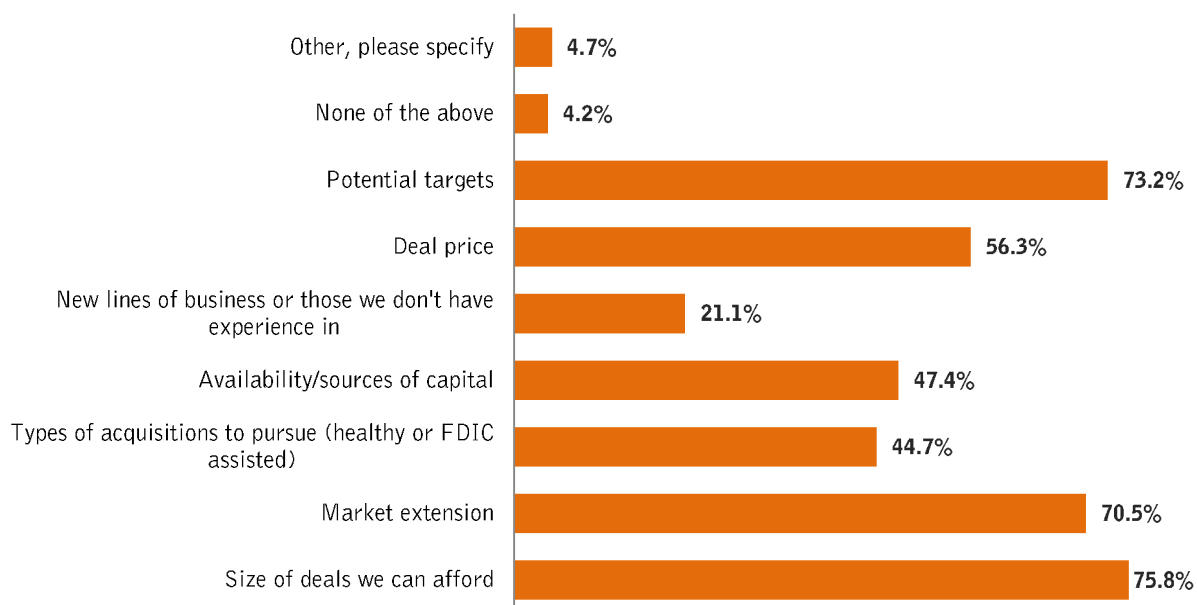
20. With what frequency does your board discuss either an acquisition or possible sale?



Value	Count	Percent
As a regular part of the agenda	62	32.1%
Only as opportunities arise	78	40.4%
Once a year at an annual strategy meeting	29	15.0%
Infrequently	24	12.4%

Statistics	
Total Responses	193

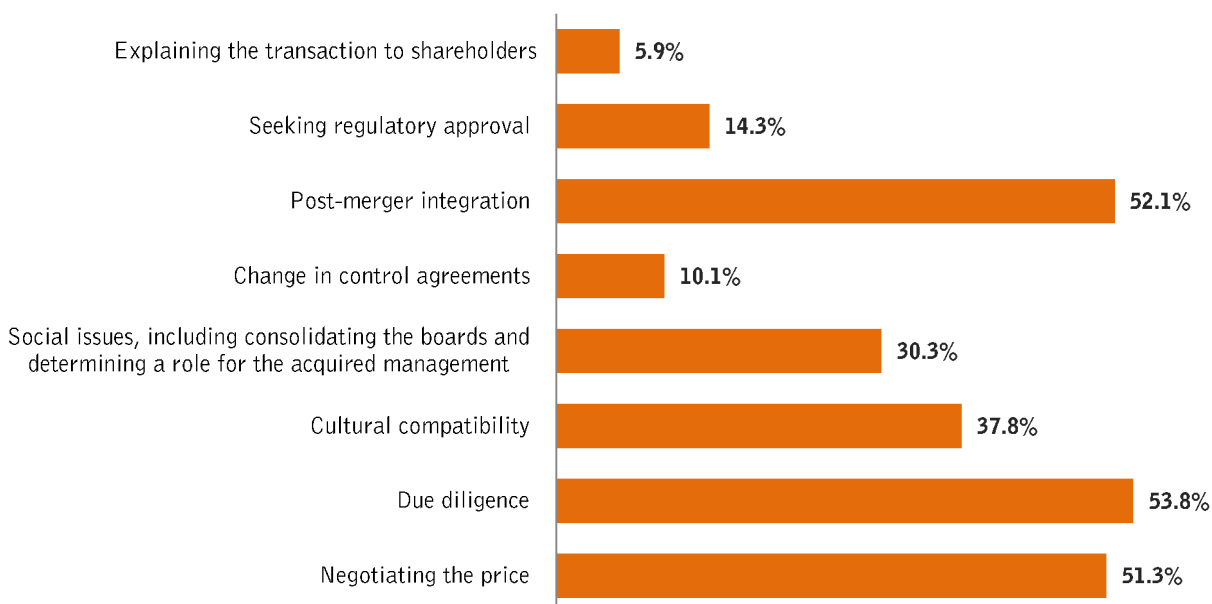
21. When acquisition opportunities are discussed by your board, which of the following are analyzed? Select all that apply.



Value	Count	Percent
Size of deals we can afford	144	75.8%
Market extension	134	70.5%
Types of acquisitions to pursue (healthy or FDIC assisted)	85	44.7%
Availability/sources of capital	90	47.4%
New lines of business or those we don't have experience in	40	21.1%
Deal price	107	56.3%
Potential targets	139	73.2%
None of the above	8	4.2%
Other, please specify	9	4.7%

Statistics	
Total Responses	190

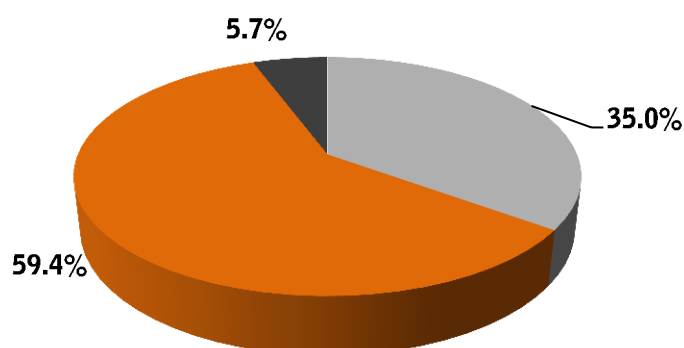
22. If your bank has done an acquisition during your time of service on the board, what were the top three most difficult aspects for the most recent acquisition? Select only three (3) answers.



Value	Count	Percent
Negotiating the price	61	51.3%
Due diligence	64	53.8%
Cultural compatibility	45	37.8%
Social issues, including consolidating the boards and determining a role for the acquired management	36	30.3%
Change in control agreements	12	10.1%
Post-merger integration	62	52.1%
Seeking regulatory approval	17	14.3%
Explaining the transaction to shareholders	7	5.9%

Statistics	
Total Responses	119

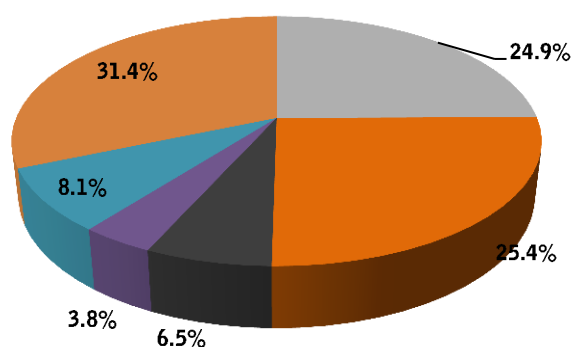
23. If your bank has made an acquisition during your time of service on the board, to what degree did the acquisition meet your expectations?



Value	Count	Percent
Exceeded expectations	43	35.0%
Met expectations	73	59.4%
Below expectations	7	5.7%

Statistics	
Total Responses	123

24. Is there a minimum asset size that banks need to be today to be competitive?



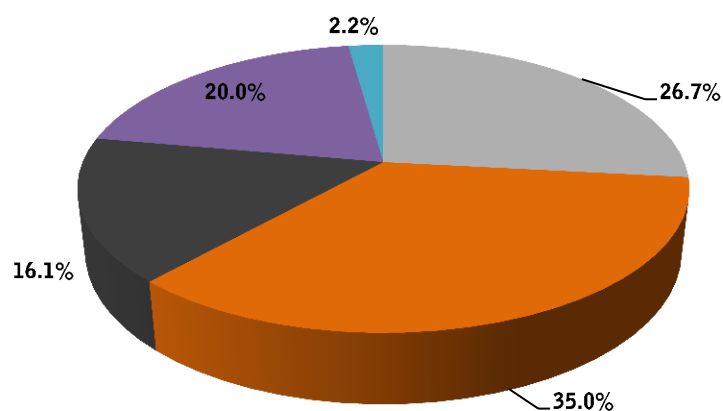
Value	Count	Percent
More than \$500 million	46	24.9%
More than \$1 billion	47	25.4%
More than \$5 billion	12	6.5%
More than \$10 billion	7	3.8%

Some other amount	15	8.1%
Size isn't a determination of competitive strength	58	31.4%

Statistics	
Total Responses	185

Respondent's Asset Size	Under \$100M		\$100M - \$250M		\$251M - \$500M		\$501M - \$1B		\$1.1B - \$5B		\$5.1B - \$10B		More than \$10B	
	%	#	%	#	%	#	%	#	%	#	%	#	%	#
More than \$500M	0.0%	0	26.1%	12	32.6%	15	23.9%	11	15.2%	7	2.2%	1	0%	0
More than \$1B	2.1%	1	2.1%	1	8.5%	4	34.0%	16	46.8%	22	6.4%	3	0%	0
More than \$5B	0.0%	0	8.3%	1	0.0%	0	8.3%	1	41.7%	5	25.0%	3	16.7%	2
More than \$10B	0.0%	0	0.0%	0	0.0%	0	0.0%	0	28.6%	2	28.6%	2	42.9%	3
Some other amount	0.0%	0	40.0%	6	20.0%	3	26.7%	4	6.7%	1	6.7%	1	0%	0
Size isn't a determination of competitive strength	6.9%	4	15.5%	9	32.8%	19	15.5%	9	17.2%	10	5.2%	3	6.9%	4

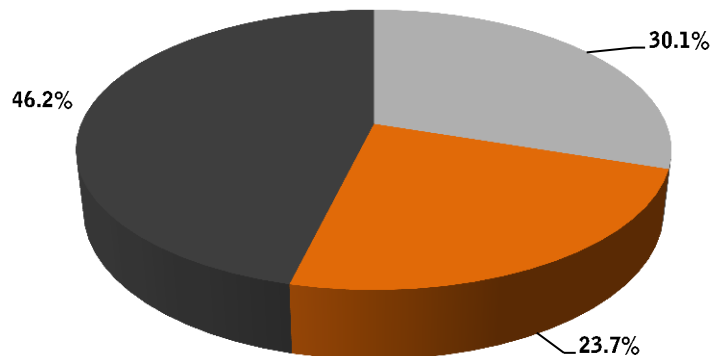
25. There were 178 bank deals in 2010, 152 in 2011 and 143 through the first six months of 2012. How many deals do you think there will be in 2013? (Note: Deals include recapitalization transactions where control was acquired)



Value	Count	Percent
<175	48	26.7%
175-200	63	35.0%
200-225	29	16.1%
> 250	36	20.0%
Other	4	2.2%

Statistics	
Total Responses	180
Sum	16,825.0
Avg.	182.9
StdDev	11.6
Max	200

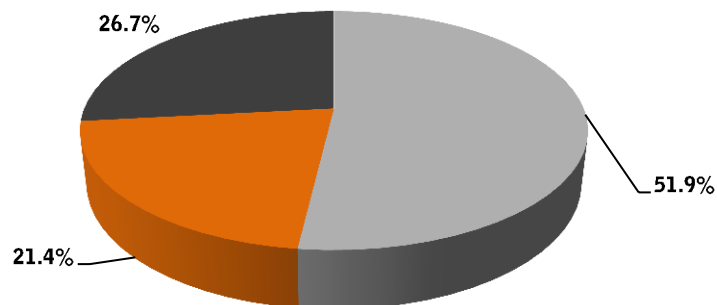
26. Are the federal banking regulatory agencies putting pressure on small banks to sell out because they have a bias against small institutions?



Value	Count	Percent
Yes	56	30.1%
No	44	23.7%
I don't know	86	46.2%

Statistics	
Total Responses	186

27. Do you feel that it is more difficult to get regulatory approval to make any kind of acquisition than it was five years ago?



Value	Count	Percent
Yes	97	51.9%
No	40	21.4%
I don't know	50	26.7%

Statistics	
Total Responses	187