

The background of the slide features a close-up of the American flag on the left, showing the stars and stripes, and a stack of US dollar bills on the right, including a prominent \$100 bill. The text is overlaid on this background.

10 SIMPLE RULES FOR BUYING AN AMERICAN BANK

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It is our goal to make the process of either buying a new business or selling your current business as smooth and efficient as possible. We know how important confidentiality is to our sellers and we treat it with the utmost importance.



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10 Simple Rules For Buying An American Bank

What rules do you need to follow when buying a bank? You need to learn how to buy a bank as buying a bank is not an easy process. However, when you understand what is expected, you will know the way forward. You need to follow certain rules encouraged by FDIC to be eligible to bid on a failed bank.

Before buying a bank, there are several factors you must consider to be on the right side of the law and run your new investment smoothly. Here are 10 simple rules for buying an American bank.

1. Bans on mergers with over 10% can be sidestepped.

First and foremost, it's important to note that a covered investor should keep not less than 10% of the failed banks assets to cover the capital reserves. This rate is as opposed to the 5% minimum required by the bank. Your bank must stay well-capitalized before you make a purchase.



2. Learn how credit problems slow down M&A

Your deals can still go through, but it's important to note that it can be challenging to figure out what's in the portfolio. It would help if you had more than a month when there are credit concerns involved. Before purchasing a bank, ask about credit quality problems and get involved with a seller where there are no issues to save time.

3. It's better to invest in geographies and business lines

You must have a motive when purchasing a bank and a strategic plan. Hire experts to guide you on this investment, which will earn you more money. It's true than its better investment banking than commercial. Concentrate on banking benefits, and you are guaranteed more returns.

It would help if you took the time to check on the bank's background and strategic position. In America, banks located in towns are more profitable than those in rural areas.



4. No watch list from FDIC

FDIC does not publish a watch list on the bank troubles for you when looking for a bank for sale. However, there are various ways through which you can do your research and find out whether your investment option is worth a bid.

Please do not make any haste decisions when buying a bank to do your research and wait until it's too late to solve existing problems.

5. Local market if a major factor

The local market plays an important role more than the national share. After buying a bank, you will add customers at a local level, therefore the need to create strong foundations. Tailor your services to meet their needs.

6. Returns determine the price

Make sure you ask for the source of earnings and not the book value or any other measures. You can only determine whether the bank is worth looking at existing sources of earnings.



7. Banks are sold

The seller must be committed to meet the target and establish strong relations to help both parties agree.

8. Price on excess capital

You will get a prize for every excess capital bank if the bank is holding more than you need.

9. Fragmented industry

Note that not only a few banks have more than 10% share for the United States deposits even after three decades of consolidation.

10. Do research

It would help if you researched on the bank and understand whether the deposits are runoff between announcements. Moreover, closing banks should get below the cap.

Look no further! A visit at mergerscorp.com guarantees you an opportunity to buy or sell a privately held bank confidentially. MergersCorp M&A international is committed to aligning with all parties and create mutual satisfaction and success.



Our M&A Process

TARGET APPRAISAL	APPROACH	DUE DILIGENCE	NEGOTIATION & CLOSE	POST MERGER INTEGRATION (PMI)
Key Areas				
<ul style="list-style-type: none"> Target & market analysis; Initial assessment of synergies & value drivers; Indicative valuation; Go or No-Go decision; Preparation of transaction documents (NDA – Non-disclosure Agreement/LOI-Letter of Intent); Select Transaction team; Appoint advisors; Consider funding ability. 	<ul style="list-style-type: none"> Initial approach letter; Signing of NDA; Prepare & share initial information requests; Formulation of LOI (Letter of Intent) & possible negotiations; Initial meeting and Q&A; Circulate information on the Target to the Transaction team. 	<ul style="list-style-type: none"> Set scope of due diligence; Set up VDR (virtual data room); Coordinating of due diligence, further meetings and Q&A sessions; Consider points relevant to the Post-Merger (PMI) phase; 	<ul style="list-style-type: none"> Revisit indicative valuation & prepare detailed valuation based on due diligence findings; SPA negotiations with the seller; Development of final structure (share/asset deal) and final valuation; Approvals; Signing of SPA & Close. 	<ul style="list-style-type: none"> Consider the extent of integration; Development of 100 Day PMI Plan; Consider short & long term objectives; Estimate requirements to capture synergies; Determine resource needs & optimal allocation.
Parties Involved				
<ul style="list-style-type: none"> CFO; Head of M&A; Accountants; Corporate finance advisors; Consultants. 	<ul style="list-style-type: none"> Senior management; CEO, CFO, CTO; Strategy director; Head of M&A; Head of Business Development; Consultants. 		<ul style="list-style-type: none"> Company general counsel; Lawyers; Senior management. 	<ul style="list-style-type: none"> Company general counsel; Lawyers; Senior management/HR.

The background of the advertisement features a close-up of the American flag on the left, showing the stars and stripes. On the right, there is a stack of US dollar bills, including several \$100 bills and one \$1 bill, fanned out. The entire image has a dark, semi-transparent overlay.

LOOKING TO BUY A BANK?

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FOR MORE INFORMATION

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