

Midwest continues to dominate bank and thrift M&A activity

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By Robert Downey III

A look at SNL's bank M&A data shows that industry consolidation is continuing to pick up, with a high concentration of deals in the Midwest. More than a third of U.S. bank deals announced in the first four months of 2015 involve targets based in the Midwest, according to a recent analysis.

SNL identified whole and minority bank and thrift M&A transactions in the six SNL-defined U.S. regions, excluding U.S. territories, going back to 2005. In 2014, 288 deals were announced in the U.S., continuing the upward trend seen in the last couple of years. In 2013, there were 224 deals and in 2012 there were 220.

Year-to-date through April 30, 87 U.S. bank and thrift deals have been announced. This exceeds the number of announced deals for the same periods in 2014 and 2013, which saw 81 and 65 deals announced, respectively. Average deal values through April 30 increased from \$62.7 million and \$54.8 million in 2014 and 2013, respectively, to \$187.5 million thus far in 2015, with 2015's average significantly impacted by the \$5.33 billion Royal Bank of Canada/City National Corp. deal.

Midwest

Through April 30 of this year, the Midwest region has seen the most deals, with 33 deals announced. The largest is Midland, Mich.-based Chemical Financial Corp.'s pending acquisition of Holland, Mich.-based Lake Michigan Financial Corp., which was announced Jan. 6 with a deal value of \$188.1 million, or 220.8% of tangible book value. Keefe Bruyette & Woods Inc. is acting as financial adviser to the buyer, while Sandler O'Neill & Partners LP is advising the seller.

In 2014, the Midwest region saw 116 deals announced, the most of any region in SNL's analysis. Two of the largest Midwest acquisitions in 2014 were announced Dec. 15, 2014. Kansas City-based UMB Financial Corp.'s pending acquisition of Minneapolis-based Marquette Financial Cos. and Warren, Pa.-based Northwest Bancshares Inc.'s pending acquisition of Lorain, Ohio-based LNB Bancorp Inc., were valued at \$182.5 million and \$180.7 million, respectively.

Southeast

Year-to-date, the Southeast again has been second only to the Midwest in deal volume at 17 transactions. Los Angeles-based PacWest Bancorp's pending \$847.4 million acquisition of Durham, N.C.-based Square 1 Financial Inc., announced March 2 and valued at 262.5% of tangible book, is the largest pending transaction in the Southeast and the second largest in all of the U.S. Jefferies LLC is acting as financial adviser to the buyer, while Sandler O'Neill & Partners is advising the seller.

The Southeast region saw 56 deals announced in 2014. Among buyers of targets based in the Southeast region, as defined by SNL,

Lafayette, La.-based IBERIABANK Corp. was the most active, with three announced deals. The largest of the three was IBERIABANK's acquisition of Orlando-based Old Florida Bancshares Inc., which closed March 31 with a deal value of \$259.1 million, or 195.8% of tangible book. UBS Investment Bank acted as financial adviser to the buyer while Sandler O'Neill & Partners advised the seller. IBERIABANK, whose home state is classified as belonging to the Southwest region by SNL's regional definitions, also completed a Louisiana bank acquisition and a Texas deal in 2014.

Mid-Atlantic

In 2015, the mid-Atlantic region has seen 9 deals announced through April 30. The largest deal announced, by both deal value and deal value/tangible book was De Witt, N.Y.-based Community Bank System Inc.'s pending acquisition of Oneida, N.Y.-based Oneida Financial Corp., announced Feb. 24, with a deal value of \$142.1 million, or 202.1% of tangible book. RBC Capital Markets LLC is acting as financial adviser to the buyer while Keefe Bruyette & Woods Inc. is advising the seller.

In 2014, the mid-Atlantic region was home to the second-largest announced U.S. bank and thrift deal during that year. On Nov. 5, 2014, Winston-Salem-based BB&T Corp. announced its planned acquisition of Lititz, Pa.-based Susquehanna Bancshares Inc., for \$2.50 billion, or 172% of tangible book. Deutsche Bank Securities Inc. is acting as the buyer's financial adviser, while Keefe Bruyette & Woods is advising the seller.

Northeast

The Northeast has historically been quiet on the M&A front, and 2015 thus far has not shown anything different, with only four announced deals totaling \$173.7 million. Camden, Maine-based Camden National Corp.'s pending acquisition of Gardiner, Maine-based SBM Financial Inc., announced March 30, is the largest Northeastern announced deal in 2015 at \$137.6 million, or 160.4% of tangible book. RBC Capital Markets LLC is acting as financial adviser to the buyer while Keefe Bruyette & Woods Inc. is advising the seller.

Southwest

The Southwest is home to Texas, the nation's most prolific state for bank deals dating back to 2005, and accounting for more than half of all the deals in the region since the beginning of 2014, but deal values tend to fall far short of the national average. The national average for bank deal values from 2005 through April 30, 2015, is \$201.4 million, but only \$85.8 million in the Southwest region.

In Texas, deals are aplenty, with eight of the 13 announced deals in 2015 in the Southwest based in the Lone Star state, and one of 2015's announced deals is the most expensive. Abilene, Texas-based First Financial Bankshares Inc.'s pending acquisition of Conroe, Texas-based FBC Bancshares Inc., announced April 1, has a deal value of

\$59 million, or 386.9% of tangible book. By comparison, the average deal price to tangible book value for bank and thrift deals in 2015 through May 1 was 151.2%. Vining-Sparks IBG LP is acting as financial adviser to the seller.

West

Among the announced deals in the West to close out 2014 was Walla Walla, Wash.-based Banner Corp.'s pending acquisition of Seattle-based Starbuck Bancshares Inc., announced Nov. 5, 2014, with a deal value of \$701.62, or 147.9% of tangible book. Sandler O'Neill &

Partners LP is acting as financial adviser to the buyer while Jefferies LLC is advising the seller. The Jan. 1, 2015, announced acquisition of Los Angeles-based City National Corp. by Toronto-based Royal Bank of Canada for \$5.33 billion, or 262.1% of tangible book, is the largest deal announced since June 2011 when McLean, Va.-based Capital One Financial Corp. acquired Wilmington, Del.-based ING Bank FSB for \$9.0 billion. Royal Bank of Canada is advised by RBC Capital Markets LLC and J.P. Morgan Securities LLC while City National is being advised by Bank of America Merrill Lynch and Sandler O'Neill. *i*

National bank & thrift deal stats

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015 YTD
Mid-Atlantic											
Deal count	26	34	31	17	9	22	19	21	19	27	9
Total deal value (\$B)	7.28	45.84	14.19	3.51	0.38	0.95	10.33	5.19	0.98	4.83	0.43
Assets sold (\$B)	37.21	139.07	76.09	104.59	8.35	21.59	103.31	54.43	8.04	36.00	2.49
Deposits transferred (\$B)	23.99	107.81	64.50	63.30	6.17	17.41	97.70	33.13	6.63	27.73	2.09
Midwest											
Deal count	92	95	110	56	35	68	38	94	77	116	33
Total deal value (\$B)	4.38	8.10	27.02	6.24	0.19	4.59	0.27	1.45	1.73	2.39	0.50
Assets sold (\$B)	28.26	43.87	157.45	164.87	3.18	58.84	4.03	27.05	22.72	24.28	5.30
Deposits transferred (\$B)	20.50	31.80	86.71	107.44	2.68	44.04	3.25	22.23	17.91	20.74	4.34
Northeast											
Deal count	7	16	16	8	11	10	8	11	8	11	4
Total deal value (\$B)	0.14	3.83	6.80	0.34	0.13	1.92	0.80	0.20	0.53	0.47	0.17
Assets sold (\$B)	1.36	44.04	21.82	2.53	3.61	13.70	5.47	3.29	3.91	3.46	1.41
Deposits transferred (\$B)	1.12	30.52	14.39	1.91	2.77	8.71	4.13	2.57	3.10	2.71	1.12
Southeast											
Deal count	63	66	58	29	30	26	29	30	51	56	17
Total deal value (\$B)	3.61	15.75	16.92	16.64	0.47	0.41	3.73	0.68	3.49	4.27	1.73
Assets sold (\$B)	16.25	76.48	69.39	821.91	9.81	29.05	50.48	12.14	32.14	34.41	8.79
Deposits transferred (\$B)	12.83	55.72	49.63	455.05	7.55	23.71	41.39	10.24	25.94	28.37	7.43
Southwest											
Deal count	51	56	43	25	14	37	27	37	41	50	13
Total deal value (\$B)	8.33	5.10	1.27	0.71	0.07	1.70	1.53	2.02	2.05	1.29	0.10
Assets sold (\$B)	37.45	20.16	6.36	4.52	0.92	15.15	9.57	18.48	16.99	12.39	1.49
Deposits transferred (\$B)	29.34	16.81	5.39	4.03	0.81	11.95	7.78	14.84	14.73	9.98	1.32
West											
Deal count	30	32	24	7	10	18	28	27	28	28	11
Total deal value (\$B)	5.45	30.23	5.04	8.15	0.06	0.44	0.35	2.78	5.44	5.42	5.89
Assets sold (\$B)	24.88	147.85	25.99	273.70	20.28	28.88	8.23	16.68	26.14	36.82	35.33
Deposits transferred (\$B)	9.41	76.10	19.52	105.71	18.08	22.17	6.88	13.52	19.46	26.71	30.82
All regions											
Deal count	269	299	282	142	109	181	149	220	224	288	87
Total deal value (\$B)	29.18	108.86	71.25	35.61	1.31	10.01	17.01	12.33	14.21	18.69	8.82
Assets sold (\$B)	145.41	471.47	357.10	1372.11	46.16	167.21	181.08	132.08	109.93	147.36	54.80
Deposits transferred (\$B)	97.20	318.76	240.14	737.43	38.06	128.00	161.14	96.53	87.76	116.24	47.12

Data compiled on May 6, 2015.

Includes whole and minority deals involving bank and thrift targets based in the U.S., excluding U.S. territories, announced or completed since Jan. 1, 2005 through April 30, 2015.

All values are as of announcement date.

Source: SNL Financial

Top 5 bank & thrift M&A deals since 2005 (ranked by deal value)

Buyer (ticker)	Target (ticker)	Target state	Completion date	Deal value (\$M)	Deal value/tangible book (%)
Mid-Atlantic					
Bank of New York Co. Inc. (BK)	Mellon Financial Corp. (MEL)	PA	07/01/07	16,864.4	NM
Capital One Financial Corp. (COF)	North Fork BanCorp. Inc. (NFB)	NY	12/01/06	14,567.8	490.2
Toronto-Dominion Bank (TD)	Commerce Bancorp Inc. (CBH)	NJ	03/31/08	9,157.3	306.6
Capital One Financial Corp. (COF)	ING Bank FSB	DE	02/17/12	9,000.0	102.2
PNC Financial Services Group Inc. (PNC)	Mercantile Bankshares Corp. (MRBK)	MD	03/02/07	6,027.1	377.7
Regional average deal value:				476.8	
Midwest					
Bank of America Corp. (BAC)	LaSalle Bank Corp.	IL	10/01/07	21,000.0	239.3
PNC Financial Services Group Inc. (PNC)	National City Corp. (NCC)	OH	12/31/08	5,603.7	36.6
Bank of Montreal (BMO)	Marshall & Ilsley Corp. (MI)	WI	07/05/11	4,096.0	97.6
Huntington Bancshares Inc. (HBAN)	Sky Financial Group Inc. (SKYF)	OH	07/01/07	3,592.1	309.3
National City Corp. (NCC)	MAF Bancorp Inc. (MAFB)	IL	09/01/07	1,918.4	277.1
Regional average deal value:				110.2	
Northeast					
State Street Corp. (STT)	Investors Financial Services Corp. (IFIN)	MA	07/02/07	4,493.6	492.8
Toronto-Dominion Bank (TD)	TD Banknorth Inc. (BNK)	ME	04/20/07	3,200.6	498.6
People's United Financial Inc. (PBCT)	Chittenden Corp. (CHZ)	VT	01/01/08	1,753.2	379.1
First Niagara Financial Group Inc. (FNFG)	NewAlliance Bancshares Inc. (NAL)	CT	04/15/11	1,498.0	165.3
People's United Financial Inc. (PBCT)	Danvers Bancorp Inc. (DNBK)	MA	06/30/11	488.9	184.1
Regional average deal value:				219.2	
Southeast					
Wells Fargo & Co. (WFC)	Wachovia Corp. (WB)	NC	12/31/08	15,127.2	57.3
Banco Bilbao Vizcaya Argentaria SA	Compass Bancshares Inc. (CBSS)	AL	09/07/07	10,163.9	452.1
Regions Financial Corp. (RF)	AmSouth BanCorp. (ASO)	AL	11/04/06	10,060.3	296.4
PNC Financial Services Group Inc. (PNC)	RBC Bank - USA	NC	03/02/12	3,450.0	97.3
Royal Bank of Canada (RY)	Alabama National BanCorp. (ALAB)	AL	02/22/08	1,670.3	302.3
Regional average deal value:				185.5	
Southwest					
Capital One Financial Corp. (COF)	Hibernia Corp. (HIB)	LA	11/16/05	4,977.4	279.6
Banco Bilbao Vizcaya Argentaria SA	Texas Regional Bancshares Inc. (TRBS)	TX	11/10/06	2,164.6	485.0
Zions BanCorp. (ZION)	Ameqy BanCorp. Inc. (ABNK)	TX	12/03/05	1,709.7	407.6
Hancock Holding Co. (HBHC)	Whitney Holding Corp. (WTNY)	LA	06/04/11	1,468.4	163.7
Comerica Inc. (CMA)	Sterling Bancshares Inc. (SBIB)	TX	07/28/11	1,028.9	229.7
Regional average deal value:				85.8	
West					
Wachovia Corp. (WB)	Golden West Financial Corp. (GDW)	CA	10/01/06	25,473.8	276.6
Royal Bank of Canada (RY)	City National Corp. (CYN)	CA	Pending	5,332.5	262.1
Bank of America Corp. (BAC)	Countrywide Financial Corp. (CFC)	CA	07/01/08	4,145.3	32.1
Mitsubishi UFJ Financial Group Inc.	UnionBanCal Corp. (UB)	CA	11/04/08	3,808.1	233.3
Wachovia Corp. (WB)	Westcorp (WES)	CA	03/01/06	3,416.7	224.4
Regional average deal value:				355.1	
National average deal value:				201.4	

Data compiled on May 6, 2015.

NM = Not meaningful. Deal value/tangible book ratio not collected for mergers of equals when new company is formed as result of merger.

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Source: SNL Financial

Top 5 bank & thrift M&A deals since 2005 (ranked by deal value/tangible book)

Buyer (ticker)	Target (ticker)	Target state	Completion date	Deal value (\$M)	Deal value/tangible book (%)
Mid-Atlantic					
Capital One Financial Corp. (COF)	North Fork BanCorp. Inc. (NFB)	NY	12/01/06	14,567.8	490.2
TD Banknorth Inc. (BNK)	Hudson United Bancorp (HU)	NJ	01/31/06	1,898.7	446.7
TD Banknorth Inc. (BNK)	Interchange Financial Services Corp. (IFCJ)	NJ	01/01/07	480.7	442.3
Bank of America Corp. (BAC)	U.S. Trust Corp.	NY	07/01/07	3,300.0	425.1
National Penn Bancshares Inc. (NPBC)	Nittany Financial Corp.	PA	01/26/06	97.8	404.2
Regional average deal value/tangible book (%)					170.4
Midwest					
National Australia Bank Ltd. (NAB)	Great Western BanCorp. Inc.	NE	06/03/08	798.0	600.0
Eastwood Financial Corp.	Fortress Bank Minnesota	MN	06/07/07	29.0	577.3
Anita BanCorp.	First National Bancorp Inc.	MN	11/16/06	3.4	554.9
Merchants Financial Group Inc. (MFGI)	Jerema Inc.	MN	09/20/07	25.0	462.3
Centra Ventures Inc.	Community Pride Bank Corporation	MN	03/02/15	12.5	429.0
Regional average deal value/tangible book (%)					168.3
Northeast					
Toronto-Dominion Bank (TD)	TD Banknorth Inc. (BNK)	ME	04/20/07	3,200.6	498.6
State Street Corp. (STT)	Investors Financial Services Corp. (IFIN)	MA	07/02/07	4,493.6	492.8
People's United Financial Inc. (PBCT)	Chittenden Corp. (CHZ)	VT	01/01/08	1,753.2	379.1
Webster Financial Corp. (WBS)	NewMil Bancorp Inc. (NMIL)	CT	10/06/06	172.5	377.5
NewAlliance Bancshares Inc. (NAL)	Westbank Corp. (WBKC)	MA	01/02/07	116.5	304.2
Regional average deal value/tangible book (%)					185.1
Southeast					
Evolve Financial Group Inc.	Parkin Bancorp Inc.	AR	08/02/05	3.0	529.1
Banco Bilbao Vizcaya Argentaria SA	Compass Bancshares Inc. (CBSS)	AL	09/07/07	10,163.9	452.1
Bankshares Inc.	BankFirst Bancorp Inc.	FL	04/25/07	80.0	451.5
Commerce Bancorp, Inc. (CBH)	Palm Beach County Bank	FL	12/05/05	113.0	447.6
Royal Bank of Canada (RY)	FLAG Financial Corp. (FLAG)	GA	12/08/06	456.8	446.6
Regional average deal value/tangible book (%)					175.7
Southwest					
Grupo Financiero Banorte SA de CV	INB Financial Corp.	TX	11/16/06	259.0	667.4
Cullen/Frost Bankers Inc. (CFR)	Summit Bancshares Inc. (SBIT)	TX	12/08/06	364.1	496.6
Banco Bilbao Vizcaya Argentaria SA	Texas Regional Bancshares Inc. (TRBS)	TX	11/10/06	2,164.6	485.0
Prosper Bancshares Inc.	Prosper State Bank	TX	08/31/05	3.8	465.8
Trustmark Corp. (TRMK)	Republic Bancshares of Texas Inc.	TX	08/25/06	201.9	465.0
Regional average deal value/tangible book (%)					196.5
West					
First Community Bancorp (FCBP)	Community Bancorp Inc. (CMBC)	CA	10/26/06	266.7	455.4
CVB Financial Corp. (CVBF)	First Coastal Bancshares (FCST)	CA	06/22/07	35.7	415.4
Heritage Commerce Corp. (HTBK)	Diablo Valley Bank (DBVB)	CA	06/20/07	69.5	409.1
Wells Fargo & Co. (WFC)	Placer Sierra Bancshares (PLSB)	CA	06/01/07	644.7	401.7
Western Alliance Bancorporation (WAL)	First Independent Capital of Nevada	NV	03/30/07	118.0	396.5
Regional average deal value/tangible book (%)					181.7
National average deal value/tangible book (%)					177.4

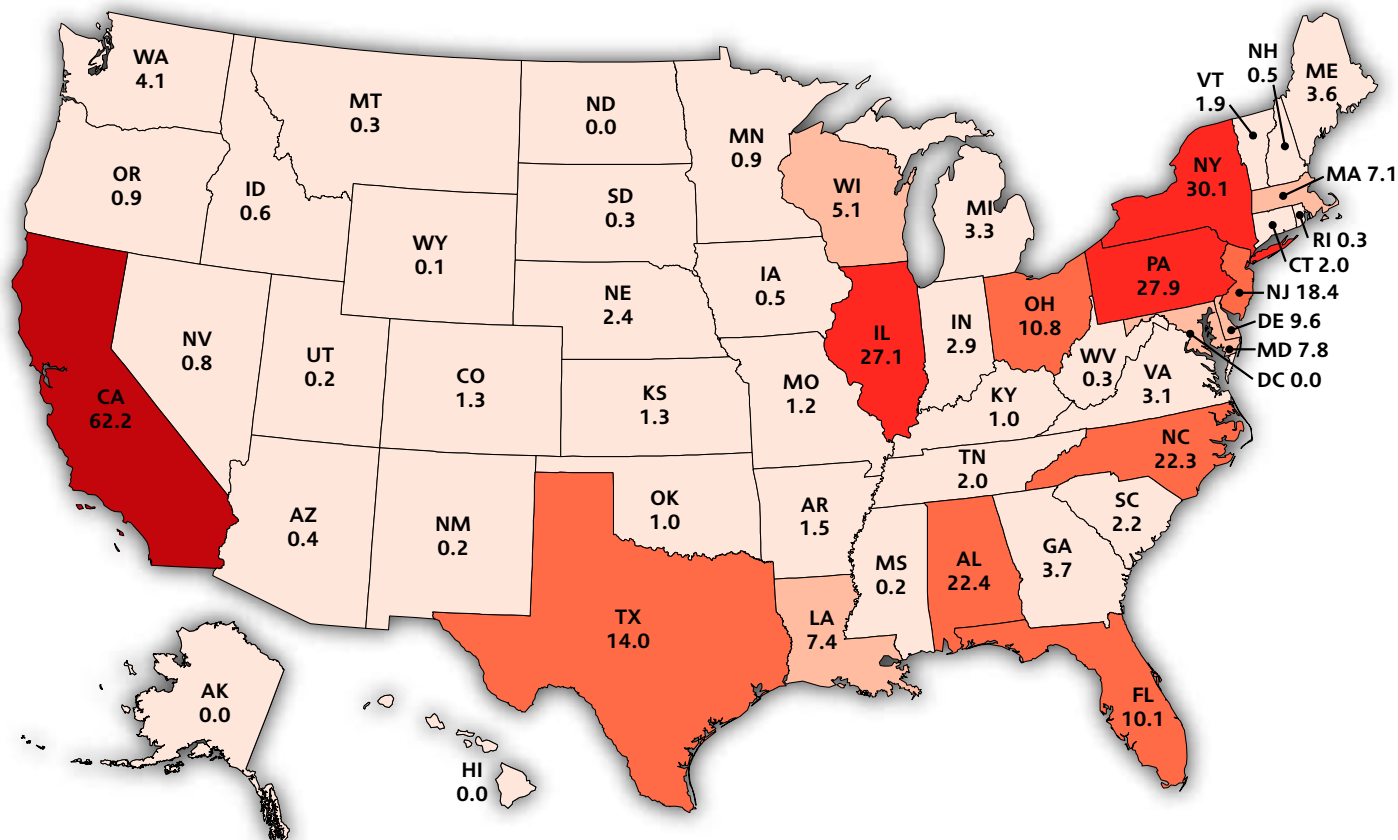
Data compiled on May 6, 2015.

Includes whole and minority deals involving bank and thrift targets based in the U.S., excluding U.S. territories, announced or completed since Jan. 1, 2005 through April 30, 2015.

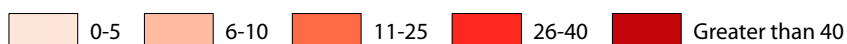
All values are as of announcement date.

Source: SNL Financial

US bank & thrift M&A deals since 2005 by aggregate deal value



Deal value (\$B)



Data compiled May 6, 2015.

Includes whole and minority deals involving bank and thrift targets based in the U.S., excluding U.S. territories, announced or completed since Jan. 1, 2005, through April 30, 2015.

Branch deals and government-assisted deals are excluded.

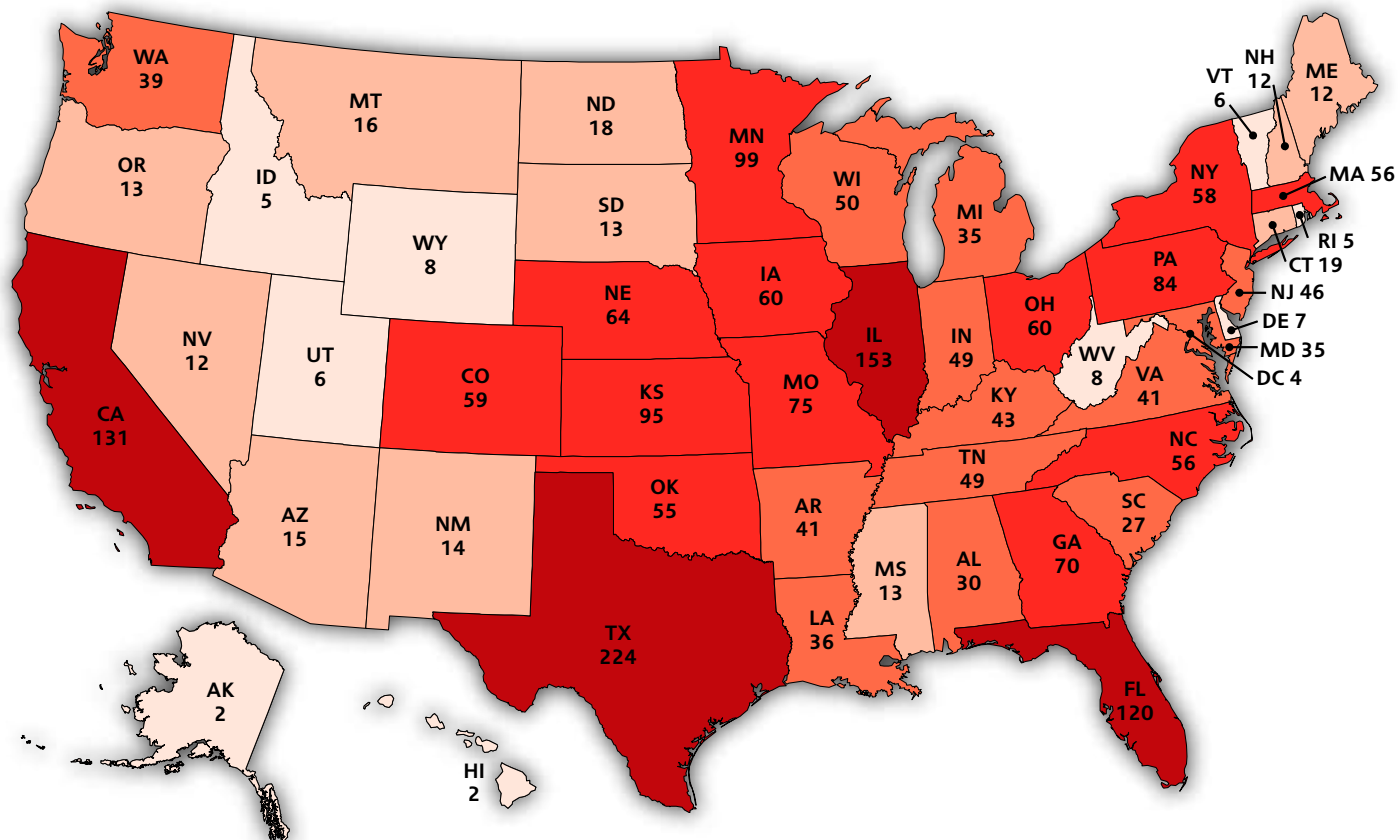
Excludes terminated deals.

All values are as of announcement date.

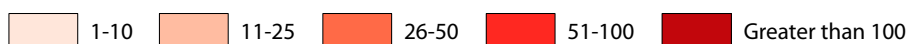
Source: SNL Financial

Map credit: Alip Artates

US bank & thrift M&A deals since 2005 by deal volume



Deal volume



Data compiled May 6, 2015.

Includes whole and minority deals involving bank and thrift targets based in the U.S., excluding U.S. territories, announced or completed since Jan. 1, 2005, through April 30, 2015.

Branch deals and government-assisted deals are excluded.

Excludes terminated deals.

Source: SNL Financial

Map credit: Alip Artates