

# M&A VALUATIONS

## PROBLEM

*“When we’re ready to buy or sell a bank, we need an easier and more cost-effective way to evaluate the market — to ensure we don’t pay too much or receive too little. We don’t want to trust an investment bank with this due diligence too soon: not only will they cost us a fortune, they’ll likely tell us only what we want to hear, just to get the deal done.”*

## SNL SOLUTION

SNL’s **Merger Model** allows you to analyze prospective deals and different scenarios without involving an investment bank prematurely in the process. Create pro-forma financial statements to assess opportunities. Run a quick discounted cash flow/cost-of-equity analysis to determine the value of your bank or your M&A target.

	FY2014	FY2015	FY2016	FY2017	FY2018
NET INCOME BEFORE	\$17,801	\$18,347	\$20,280	\$21,808	\$23,020
NET INCOME PROJECT	\$14,100	\$15,117	\$16,112	\$17,068	\$18,018
UNADJUSTED INCOME	31,820	34,164	38,958	38,114	41,802
AFTER TAX	0	0	0	0	0
PRO FORMA NET INCOME	1,170	1,170	1,170	1,170	1,170
PRO FORMA DILUTED SHARES	0	0	0	0	0
PRO FORMA EPS	\$11.11	\$11.15	\$12.45	\$12.45	\$12.45
PRO FORMA DIV	\$11.02	\$10.98	\$12.38	\$12.38	\$12.38
ROAA (%)	0.0%	1.0%	2.0%	3.0%	4.0%
Efficiency Ratio (FTE) (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Beginning Tangible Common Equity (TCE)	114,176	117,749	126,583	139,241	153,165
Net Income	12,293	12,030	4,977	7,220	9,609
Earnings Per Share	NA	NA	NA	NA	NA
TCE before Distributions	122,726	133,803	147,183	161,902	178,091
TCE/TA before Distributions (%)	10.89	10.79	10.79	10.79	10.79
Ending (Required) TCE	114,176	117,749	126,583	139,241	153,165
Ending (Required) TCE/TA (%)	11.08	11.23	11.23	11.23	11.23
Capital Distributions (Inflows)	(3,543)	(4,490)	(5,983)	(6,580)	(7,249)
Present Value of Capital Distributions	(3,543)	(4,490)	(4,381)	(4,302)	(4,151)
Present Value of Terminal Value					71,617
Projected Value of Firm					46,554

	2013Y	03/14 LTM	Remainder of 2014Y Est.	2015Y Est.	2016Y Est.	2017Y Est.	2018Y Est.	2019Y Est.
Total Assets	1,030,420	1,048,546	1,127,187	1,239,906	1,363,897	1,500,287	1,650,316	1,815,348
Asset Growth Rate (%)	3.93	10.47	7.30	10.00	10.00	10.00	10.00	10.00
Amortization of Intangibles	0	0	0	0	0	0	0	0
Intangible Assets	0	0	0	0	0	0	0	0
Tangible Assets (TA)	1,030,420	1,048,546	1,127,187	1,239,906	1,363,897	1,500,287	1,650,316	1,815,348
Average Assets	1,039,483	1,087,867	1,183,547	1,301,902	1,432,092	1,575,302	1,732,832	
ROAA (%)	1.25	1.20	0.61	0.61	0.61	0.61	0.61	0.61
Efficiency Ratio (FTE) (%)	61.49	62.41	71.10	71.10	71.10	71.10	71.10	71.10
Beginning Tangible Common Equity (TCE)			117,749	126,583	139,241	153,165	168,462	185,330
Net Income	12,293	12,030	4,977	7,220	9,609	12,030	14,440	16,850
Earnings Per Share	NA	NA	NA	NA	NA	NA	NA	NA
TCE before Distributions			122,726	133,803	147,183	161,902	178,091	195,900
TCE/TA before Distributions (%)			10.89	10.79	10.79	10.79	10.79	10.79
Ending (Required) TCE	114,176	117,749	126,583	139,241	153,165	168,462	185,330	203,864
Ending (Required) TCE/TA (%)	11.08	11.23	11.23	11.23	11.23	11.23	11.23	11.23
Capital Distributions (Inflows)			(3,543)	(4,490)	(5,983)	(6,580)	(7,249)	(7,941)
Present Value of Capital Distributions			(3,543)	(4,490)	(4,381)	(4,302)	(4,151)	(3,975)
Present Value of Terminal Value								71,617
Projected Value of Firm								46,554



**LEARN MORE** about identifying the most profitable M&A opportunities. Contact an SNL expert today: [SNLInfo@SNL.com](mailto:SNLInfo@SNL.com); 866-296-3743; [SNL.com/BankTools](http://SNL.com/BankTools)