

How to Use This Manual

As the banking industry continues to evolve, the need for up-to-date information regarding mergers and acquisitions is essential to remain a viable player — whether your institution is growing, downsizing, or in the market to buy or sell a branch. This manual addresses the issues you must examine when entering the process of buying or selling a banking institution. This manual will help you understand the basic legal, accounting, regulatory, tax, and the all important pricing issues that arise during the buying or selling process. In addition, the manual will help you become a more effective negotiator on behalf of your institution.

We have organized this guide into five sections. Part I, Dynamics of Mergers and Acquisitions, is an introductory section explaining the major reasons to acquire or sell and the intricacies involved with these transactions. This section also addresses the methods available, such as bank holding companies or employee stock ownership plans, to remain viable without growing.

Part II, Assessing the Acquisition or Sale, outlines the issues you should analyze when looking for acquisitions or deciding to sell. This section also provides detailed information on how to determine the true value of a bank that you are considering purchasing or selling.

Part III helps you prepare for unsolicited offers, should your institution be faced with this complicated dilemma.

Part IV discusses thrift acquisitions, in particular acquisitions by bank holding companies. The chapter discusses the options available to purchasers, whether to continue operating the thrift as a separate subsidiary, convert the thrift into a free-standing bank subsidiary, or merge it into an existing bank subsidiary.

The final section, Part V, Integrating Bank Operations and Staffs, talks about the process of bringing the separate entities together and addresses the organizational changes you should consider to reach the merged entity's full potential.

In the back of the manual, we reprint forms, laws, and regulations affecting mergers and acquisitions in Appendixes A through I, and Appendixes K and L. Appendix J provides current data on whole institution transactions, Appendix M provides current acquisition reports, and Appendix N provides information on Reg Y, Bank Holding Companies and Change in Bank Control.