Benchmarking for M&A success:

Where does shareholder value reside and how can you maximize its benefits?

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Assessment of current M&A landscape

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- High level of deal flow continues throughout 2018
- Predominately in-market transactions
- Targets generally have assets of less than $1 billion
- Decreasing opportunities for banks with assets of less than $500 million

KPIs as M&A drivers

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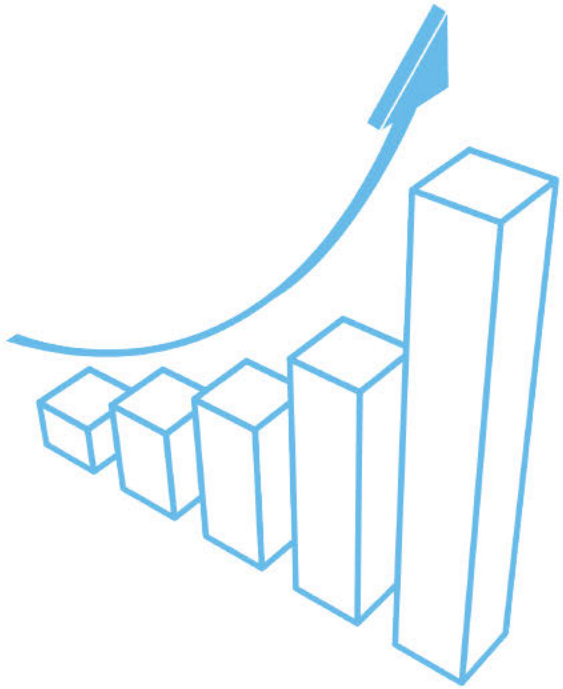
- Identifying critical strengths
- Understanding primary challenges
- Developing data-based M&A solutions
- Measuring M&A success through KPIs



Q3 2018 KPI observations

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Tier 1 capital **12.11%**	Return on average equity **10.41%**	Non-interest income to total income **14.33%**
Net loans and leases to assets **64.59%**	Yield on earning assets **4.41%**	Efficiency ratio **66.40%**
Loans to deposits **80.56%**	Cost of funds **0.63%**	ALLL to total loans and leases **1.34%**
NPAs + 90 days past due/assets **1.16%**	Net interest margin **3.83%**	Dividend payout **36.84%**

- Limited change in KPIs throughout 2018
- Capital levels remain strong
- Earnings are supported by good credit quality
- Community banks are becoming more efficient
- Cost of funds has not yet reflected rate increases

Responding to KPIs for M&A

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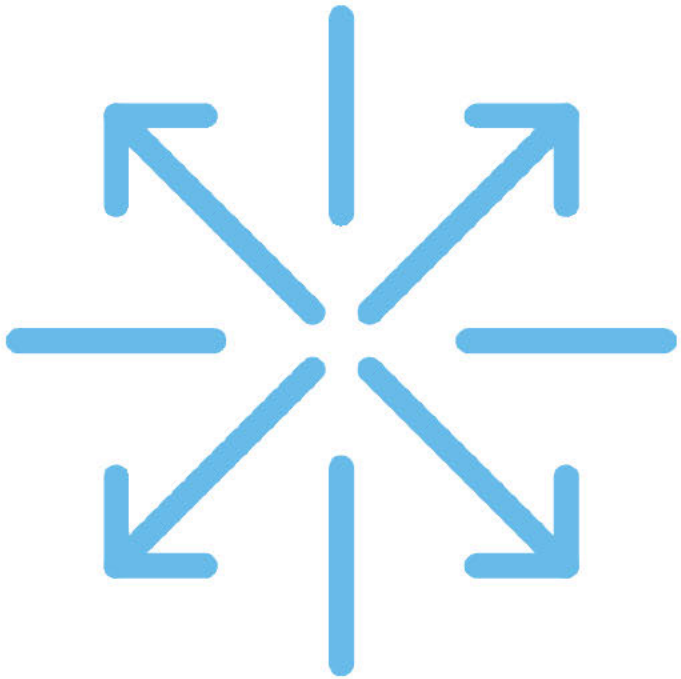
- Achieving capital adequacy and efficiency
- Improving return on average equity
- Maximizing operating efficiency
- Maintaining liquidity in a rising rate environment



Disclosure

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