

The background of the slide features a collage of symbolic elements: the stars and stripes of the American flag, a white model airplane, a wooden hourglass, and several US one hundred dollar bills. The text is overlaid on the flag portion of the image.

THE 5 ESSENTIAL STEPS TO BUYING A BANK

MERGERS CORP

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At MergersCorp M&A International we help our clients confidentially buy and sell privately held businesses, aligning the interests of all parties for mutual success and satisfaction.

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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The 5 Essential Steps To Buying A Bank

How to buy a bank has never been an easy feat. It takes months of negotiations and evaluations to identify a target institution. But with careful planning through the help of an advisory team, you reap abundant benefits of investing in an American bank. If you are considering purchasing a bank for sale there are various phases you need to understand.

A. Assemble Your Team

You need a team of experts including lawyers to guide you through the transactions. Get financial advisors to review the agreement so you don't misinterpret facts and figures from the seller. A Certified Public Accountant can help you better with tax planning, due diligence review, cash flow projections, business valuations, and bank valuation. Understand the most appropriate financing options and repayment terms.



B. Write Down Your Goals

Are you planning to add a new financial product to appeal to a wider customer base? Or do you want to venture into completely new markets? Your goals should answer the question of 'why invest in a bank?' When your 'why' is clear, only then can you create a business plan. Then you can start looking for employees and changing the operations as needed. Define your goals beforehand so you can focus on the opportunities with the exact features you are looking for. You need to create a workforce culture that aligns with those objectives.

C. Due Diligence

Even if the bank on sale has audited the financial statements, you cannot just rely on their reports. It is imperative that you carry out your due diligence to know the accounts collectibles, receivables, fixed assets, and other inventories. Find out if the bank has complied with tax filing. Due diligence also touches on the operations of the organization. Look at the qualitative issues around the financials. The earning history should explain how well the bank has been performing and its sustainability in the future. Be very keen on peculiar trends, transactions with certain entities, non-recurring expenses, and a change of accounting methods.



D. Negotiation Around the Buying Price

Negotiating a contract is not all about the agreed-upon value of the bank. The terms of payment can have significant effects during closing. Rarely will you be asked for cash upfront. It is good to use an escrow company to protect you as the buyer in case of any pending litigations, tax issues, misinterpretations of statements, and capital adjustments that come after closing.

E. Funding

After negotiating and finally signing the deal, you buy a bank through funding. Will you be using personal funds or a pool of money from a number of investors? Work with a financial advisor to determine how much capital is available as well as the repayment schedule. If the seller is financing a certain percentage, they might give favorable terms and repayment periods. A successful bank purchase also means satisfaction to the seller because they will be fully paid. Apart from funding the purchase, plan for extra investments that follow closing. Perhaps the capital equipment needs replacement or there is a need for new software.



How MergersCorp Can Help?

Not sure exactly where to buy a bank? Come to MergersCorp™ M&A International for professional assistance. We have helped thousands of investors acquire and merge big businesses including American banks. Contact us at <https://mergerscorp.com/> and let us know your goals. Talk to us if you want to sell the business anonymously.



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, with its 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?

CONTACT US NOW
FOR MORE INFORMATION

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