




Wednesday, July 14, 2010 11:27 AM ET  **Exclusive**

## SNL Q2 '10 League Tables: Bank M&A anemic but evolving

By [Kevin Dobbs](#) and [Aarti Asarpota](#)

Compared with robust years of the past, bank M&A remains slow in the wake of the financial meltdown, but conditions appear to be improving.

Through the first half of 2010, [KBW Inc.](#)'s [Keefe Bruyette & Woods Inc.](#) served as financial adviser on the most bank and thrift deals – 18 – according to an SNL Financial analysis.

For the first six months of this year, [Sandler O'Neill & Partners LP](#) was second, advising on nine deals, and [FinPro Inc.](#) was third with four deals.

In terms of total deal value, Sandler O'Neill led the pack here, advising on transactions worth \$327 million in total. [Morgan Stanley](#) was second, advising on two transactions collectively worth \$241.7 million, followed by Keefe Bruyette & Woods, with the deals it worked on carrying a total value of \$194.6 million.

| <b>Bank and thrift financial adviser rankings</b> |               |   |                 |                        |
|---|---------------|---|-----------------|------------------------|
| 2010 year-to-date                                 |               |   |                 |                        |
| 2010 YTD rank                                     | 2009 YTD rank | Company                                 | Number of deals | Total deal value (\$M) |
| <b>Ranked by deal value</b>                       |               |   |                 |                        |
| 1   | 1             | Sandler O'Neill & Partners LP*          | 9               | 327.0                  |
| 2   | NR            | Morgan Stanley                          | 2               | 241.7                  |
| 3   | 2             | Keefe Bruyette & Woods Inc.*            | 18              | 194.6                  |
| 4   | NR            | Bank of America Merrill Lynch           | 1               | 191.7                  |
| 4   | 8             | Goldman Sachs & Co.                     | 1               | 191.7                  |
| 6   | NR            | RBC Capital Markets Corp.               | 1               | 158.3                  |
| 7   | NR            | Donnelly Penman & Partners Inc.         | 2               | 88.9                   |
| 8   | 10            | FinPro Inc.*                            | 4               | 87.4                   |
| 9   | NR            | Boenning & Scattergood Inc.             | 1               | 34.5                   |
| 10  | 11            | Stifel Nicolaus & Co. Inc.              | 2               | 29.5                   |
| <b>Ranked by number of deals</b>                  |               |   |                 |                        |
| 1   | 1             | Keefe Bruyette & Woods Inc.*            | 18              | 194.6                  |
| 2   | 2             | Sandler O'Neill & Partners LP*          | 9               | 327.0                  |
| 3   | 5             | FinPro Inc.*                            | 4               | 87.4                   |
| 4   | 3             | Howe Barnes Hofer & Arnett Inc.*        | 3               | 20.0                   |
| 4   | 11            | Sheshunoff & Co. Investment Banking LP* | 3               | NA                     |
| 4   | 11            | St. Charles Capital LLC*                | 3               | NA                     |
| 7   | 5             | Capital Corp. LLC*                      | 2               | NA                     |
| 7   | 9             | Carson Medlin Co.*                      | 2               | 9.9                    |
| 7   | NR            | Donnelly Penman & Partners Inc.         | 2               | 88.9                   |
| 7   | NR            | FBR Capital Markets & Co.*              | 2               | NA                     |
| 7   | 22            | FIG Partners LLC*                       | 2               | NA                     |
| 7   | 4             | Hovde Financial LLC*                    | 2               | NA                     |
| 7   | 22            | Morgan Stanley                          | 2               | 241.7                  |
| 7   | NR            | Northeast Capital & Advisory Inc.*      | 2               | 19.5                   |
| 7   | 5             | Stifel Nicolaus & Co. Inc.              | 2               | 29.5                   |

\* Deal value for at least one deal is not available.  
Year-to-date data is as of June 30.  
2010 YTD rankings are recalculated as of July 8.  
Based on announcement deal values.  
Terminated deals are not included.  
NR = not ranked; NA = not available  
In the event advisers merge or an adviser is purchased by the parent of another adviser, SNL retroactively adjusts historic rankings to the single, highest-level adviser. If the buyer is already receiving credit for a particular deal, it will not receive additional credit following the merger.  
Includes whole deals.  
In-house advisers are included.  
Source: SNL Financial

To be sure, many more failed banks lie ahead, casualties of recession, and they are sure to draw the attention of buyers interested in FDIC-assisted deals. But bankers and analysts say the pace of such failures is beginning to ease and that buyers are at least starting to look at open-bank targets.

Michael Iannaccone, president of MDI Investments, told SNL that activity among community banks, in particular, is likely to pick up by next year. He said buyers are showing interest in banks in the range of \$250 million in assets with sound infrastructures, in the black on an operating basis, adequately capitalized and located in major metropolitan markets poised for population growth.

He said the industry overall is moving into an era of moderate growth, one defined by modest GDP improvement overall and lower loan volume within the banking industry. Banks' bottom lines, as a group, will not anytime soon return to the peaks of the past decade, and there will be room for fewer banks, he said.

**Bank and thrift legal adviser rankings**

2010 year-to-date

| 2010 YTD rank                    | 2009Y rank | Company   | Number of deals | Total deal value (\$M) |
|----------------------------------|------------|---|-----------------|------------------------|
| <b>Ranked by deal value</b>      |            |   |                 |                        |
| 1                                | 16         | Kilpatrick Stockton LLP*                            | 5               | 223.3                  |
| 2                                | NR         | Simpson Thacher & Bartlett LLP                      | 1               | 191.7                  |
| 2                                | 10         | Wachtell Lipton Rosen & Katz*                       | 3               | 191.7                  |
| 4                                | NR         | Nutter McClennen & Fish LLP                         | 1               | 158.3                  |
| 5                                | NR         | Malizia Spidi & Fisch PC                            | 3               | 121.9                  |
| 6                                | NR         | Varnum LLP  | 2               | 88.9                   |
| 7                                | NR         | Warner Norcross & Judd LLP                          | 1               | 77.5                   |
| 8                                | NR         | Giordano Halleran & Ciesla PC                       | 1               | 72.7                   |
| 9                                | NR         | Dykema Gossett PLLC                                 | 1               | 50.0                   |
| 9                                | NR         | Sidley Austin LLP                                   | 1               | 50.0                   |
| <b>Ranked by number of deals</b> |            |   |                 |                        |
| 1                                | 2          | Honigman Miller Schwartz and Cohn LLP*              | 10              | 29.0                   |
| 2                                | 1          | Hunton & Williams LLP*                              | 5               | 32.1                   |
| 2                                | 7          | Kilpatrick Stockton LLP*                            | 5               | 223.3                  |
| 4                                | 19         | Bracewell & Giuliani LLP*                           | 4               | 20.0                   |
| 4                                | 49         | Howard & Howard Attorneys PC*                       | 4               | 16.2                   |
| 4                                | 49         | Skadden Arps Slate Meagher & Flom LLP & Affiliates* | 4               | NA                     |
| 4                                | 7          | Stinson Morrison Hecker LLP*                        | 4               | NA                     |
| 8                                | NR         | Haynie Rake & Repass PC*                            | 3               | 20.0                   |
| 8                                | 19         | Malizia Spidi & Fisch PC                            | 3               | 121.9                  |
| 8                                | 19         | Wachtell Lipton Rosen & Katz*                       | 3               | 191.7                  |

\* Deal value for at least one deal is not available.

Year-to-date data is as of June 30.

2010 YTD rankings are recalculated as of July 8.

Based on announcement deal values.

Terminated deals are not included.

NR = not ranked; NA = not available

In the event advisers merge or an adviser is purchased by the parent of another adviser, SNL retroactively adjusts historic rankings to the single, highest-level adviser. If the buyer is already receiving credit for a particular deal, it will not receive additional credit following the merger.

Includes whole deals.

In-house advisers are included.

Source: SNL Financial

At the same time, Iannaccone estimated, there are still some 1,200 banks battered by recession that could fail, liquidate or sell over the next three years. The FDIC, of course, will handle more failures this year and into next. But Iannaccone said at some point in the next couple of years, normal sales will begin to take on a larger share of transactions.

"I think the FDIC will increasingly incent banks to survive but shrink and then, if need be, to sell," he said.

"There's been a fundamental shift in our industry, in the amount of credit that will be extended and in the leverage people can take, so growth will be slower, and banks will have to adjust to the new reality," Iannaccone added. Deals "will be part of that adjustment."

Charles Wendel, president of Financial Institutions Consulting Inc., told SNL that "the pace of failures does indeed seem to be slowing." That, he said, "will eventually leave a lot of zombie banks — banks that won't fail but that also don't have much direction, so the direction will become finding a buyer. ... So at some point in the coming couple of years, I think this will lead to a whole new wave of consolidation."

| <b>Bank and thrift branch deal financial adviser rankings</b> |            |  |  |
|---|------------|--|--|
| 2010 year-to-date   |            |  |  |
| 2010 YTD rank   | 2009Y rank | Company                                | Total Number of deals deposits (\$000) |
| <b>Ranked by total deposits</b>                               |            |  |  |
| 1   | 4          | Hovde Financial LLC                    | 8 1,185,024                            |
| 2   | 3          | Keefe Bruyette & Woods Inc.            | 8 1,133,290                            |
| 3   | 1          | Sandler O'Neill & Partners LP          | 3 1,042,000                            |
| 4   | NR         | Financial Performance Partners LLC     | 1 171,500                              |
| 4   | 6          | Stifel Nicolaus & Co. Inc.             | 1 171,500                              |
| 6   | NR         | Sheshunoff & Co. Investment Banking LP | 1 85,000                               |
| 7   | 13         | RP Financial LC                        | 1 54,400                               |
| 8   | NR         | FBR Capital Markets & Co.              | 1 52,276                               |
| 9   | NR         | Norman Backues & Associates            | 1 50,000                               |
| 10  | 14         | Howe Barnes Hoefer & Arnett Inc.       | 1 40,000                               |
| <b>Ranked by number of deals</b>                              |            |  |  |
| 1   | 4          | Hovde Financial LLC                    | 8 1,185,024                            |
| 1   | 3          | Keefe Bruyette & Woods Inc.            | 8 1,133,290                            |
| 3   | 1          | Sandler O'Neill & Partners LP          | 3 1,042,000                            |
| 4   | 8          | Capital Corp. LLC                      | 2 36,241                               |
| 5   | 8          | Austin Associates LLC                  | 1 28,000                               |
| 5   | NR         | Carson Medlin Co.                      | 1 20,086                               |
| 5   | NR         | Danielson Associates                   | 1 21,200                               |
| 5   | NR         | FBR Capital Markets & Co.              | 1 52,276                               |
| 5   | NR         | Financial Performance Partners LLC     | 1 171,500                              |
| 5   | 8          | Howe Barnes Hoefer & Arnett Inc.       | 1 40,000                               |
| 5   | NR         | Norman Backues & Associates            | 1 50,000                               |
| 5   | 8          | RP Financial LC                        | 1 54,400                               |
| 5   | NR         | Sheshunoff & Co. Investment Banking LP | 1 85,000                               |
| 5   | 8          | St. Charles Capital LLC                | 1 25,757                               |
| 5   | NR         | Sterne Agee & Leach Inc.               | 1 22,290                               |
| 5   | 2          | Stifel Nicolaus & Co. Inc.             | 1 171,500                              |

Year-to-date data is as of June 30.  
2010 YTD rankings are recalculated as of July 8.  
Based on deposits at announcement.  
Terminated deals are not included.  
NR = not ranked; NA = not available  
In the event advisers merge or an adviser is purchased by the parent of another adviser, SNL retroactively adjusts historic rankings to the single, highest-level adviser. If the buyer is already receiving credit for a particular deal, it will not receive additional credit following the merger.  
In-house advisers are included.  
Source: SNL Financial

Others echoed that thinking.

"I am hearing from a lot of companies that say they are getting more phone calls than before from people perhaps looking to sell — more than just a few months ago," Frank Barkocy, director of research at Mendon Capital Advisors Corp., told SNL. "And a big part of that is management and boards are fatigued. They are tired of dealing with credit issues and don't want to have to deal with all the new regulations that are coming, and so they are looking."

Jim Gardner, co-founder and chairman of [Commerce Street Capital LLC](#), agreed.

"There are shareholders and boards, a lot of them, that are tired of fighting the wars and are ready to sell," Gardner told SNL.

Many banks, he said, got so deep into real estate lending in the past decade that they now find they don't know how to do anything else. "You just can't rely on real estate anymore," with housing and commercial markets in the midst of long slumps. "Yet I see a lot of banks out there that are baffled by how to do a C&I loan. And I think that will ultimately cause a lot of mergers. Some banks just won't be able to make the conversion — or they'll try and make a mess of it — and so they'll have to sell."

| <b>Bank and thrift branch deal legal adviser rankings</b> |            |  |                 |                        |
|---|------------|--|-----------------|------------------------|
| 2010 year-to-date   |            |  |                 |                        |
| 2010 YTD rank   | 2009Y rank | Company  | Number of deals | Total deposits (\$000) |
| <b>Ranked by total deposits</b>                           |            |  |                 |                        |
| 1   | NR         | Bracewell & Giuliani LLP                               | 4               | 1,145,500              |
| 2   | 2          | Luse Gorman Pomerenk & Schick P.C.                     | 2               | 597,290                |
| 3   | NR         | Day Pitney LLP   | 1               | 575,000                |
| 4   | NR         | John S. Daniels  | 1               | 495,100                |
| 5   | 8          | Sullivan & Cromwell LLP                                | 1               | 420,000                |
| 6   | 3          | Bryan Cave LLP   | 1               | 350,000                |
| 6   | NR         | Schiff Hardin LLP                                      | 1               | 350,000                |
| 8   | 66         | Barack Ferrazzano Kirschbaum & Nagelberg LLP           | 3               | 252,802                |
| 9   | 68         | Stinson Morrison Hecker LLP                            | 2               | 195,505                |
| 10  | 31         | Ice Miller LLP   | 3               | 177,800                |
| <b>Ranked by number of deals</b>                          |            |  |                 |                        |
| 1   | NR         | Bracewell & Giuliani LLP                               | 4               | 1,145,500              |
| 2   | 21         | Barack Ferrazzano Kirschbaum & Nagelberg LLP           | 3               | 252,802                |
| 2   | 21         | Ice Miller LLP   | 3               | 177,800                |
| 4   | NR         | Howard & Howard Attorneys PC                           | 2               | 71,300                 |
| 4   | 21         | Kilpatrick Stockton LLP                                | 2               | 135,400                |
| 4   | 9          | Luse Gorman Pomerenk & Schick P.C.                     | 2               | 597,290                |
| 4   | 21         | Stinson Morrison Hecker LLP                            | 2               | 195,505                |
| 8   | 21         | Baker Donelson Bearman Caldwell & Berkowitz PC         | 1               | 24,000                 |
| 8   | 21         | Barnes & Thornburg LLP                                 | 1               | 3,200                  |
| 8   | 9          | Bryan Cave LLP   | 1               | 350,000                |
| 8   | NR         | Day Pitney LLP   | 1               | 575,000                |
| 8   | 9          | Dickinson Mackaman Tyler & Hagen PC                    | 1               | 40,000                 |
| 8   | NR         | Frost Brown Todd LLC                                   | 1               | 3,200                  |
| 8   | NR         | Huddleston Bolen LLP                                   | 1               | 73,400                 |
| 8   | 9          | Hunton & Williams LLP                                  | 1               | 20,086                 |
| 8   | 21         | Jackson Walker LLP                                     | 1               | 85,000                 |
| 8   | NR         | John S. Daniels  | 1               | 495,100                |
| 8   | NR         | Jones Day  | 1               | 171,500                |
| 8   | 21         | Michael Best & Friedrich LLP                           | 1               | 117,000                |
| 8   | 21         | Ober Kaler Grimes & Shriver                            | 1               | 21,200                 |
| 8   | 21         | Paul Foster Law Offices P.C.                           | 1               | 15,000                 |
| 8   | NR         | Schiff Hardin LLP                                      | 1               | 350,000                |
| 8   | 21         | Sexton Bender Maher Hill & Steinman P.C.               | 1               | 40,505                 |
| 8   | NR         | Shumaker Loop & Kendrick LLP                           | 1               | 28,000                 |
| 8   | NR         | Snell & Wilmer L.L.P.                                  | 1               | 25,757                 |
| 8   | NR         | Sorling Northrup Hanna Cullen & Cochran Ltd.           | 1               | 30,842                 |
| 8   | 21         | Sullivan & Cromwell LLP                                | 1               | 420,000                |
| 8   | NR         | Verrill & Dana LLP                                     | 1               | 22,290                 |
| 8   | NR         | Wallace Owens Landers Gee Morrow Wilson Watson & James | 1               | 15,000                 |
| 8   | NR         | Ziemer Stayman Weitzel & Shoulders LLP                 | 1               | 50,000                 |

Year-to-date data is as of June 30.  
2010 YTD rankings are recalculated as of July 8.  
Based on deposits at announcement.  
Terminated deals are not included.  
NR = not ranked; NA = not available  
In the event advisers merge or an adviser is purchased by the parent of another adviser, SNL retroactively adjusts historic rankings to the single, highest-level adviser. If the buyer is already receiving credit for a particular deal, it will not receive additional credit following the merger.  
In-house advisers are included.  
Source: SNL Financial

Gardner and Barkocy said the best of the smallest banks can compete with anybody in the business, but many small banks, with \$300 million in assets or less, will have to merge or find buyers in order to gain girth to compete with the increasingly large mega-banks.

"I don't know that they are too small to compete, but it takes very good management to compete at that level, and it's very hard to get and keep top management at that level," Gardner said. "So I do see mergers taking place there."

Observers do not expect the M&A front to really begin to open up until late this year or next, after banks make sense of pending regulatory changes and higher capital requirements that most in the industry hope will be made clear by the end of the year.

"The potential buyers, of course, want to be sure of what capital guidelines will be and what the financial regulatory changes will really look like," Barkocy said. "But I think that picture will be clearer by the end of the year, and by year-end I think we will also see more action in terms of open-bank transactions."

Gardner said banks that are preparing now will be best positioned when M&A momentum does build.

"We're seeing banks realize they need to get rid of problem assets," Gardner said. "Banks, it seems, have two choices — raise capital at some discounted price, or raise it by getting rid of problem assets. I think that banks that do the latter, many of them, have the desire and will have the ability to take advantage of others' failure to do so by making acquisitions."