
The Bank Advisory Group
advises community banks across
the United States. We specialize
in bank mergers & acquisitions
— including brokering banks —
and bank stock valuations. For
more than 30 years, we have
guided bankers through
hundreds of M&A transactions
and over one thousand stock
valuations. Our knowledge
comes from experience. **Bankers**
tell us they value our know-how
and integrity — just ask them.

[Click on a topic to jump to that page.](#)

Competence	1
Candor	2
Control	3
Trust	4
Focus	5
Results	6
Mergers & Acquisitions	7
Brokerage	8
Valuations	9
Robert L. Walters	10
Stephen Skaggs	12
Daniel R. Jackson	13
Contact	14

It's true that we know banking. That knowledge is critical when you're facing possibly the most important financial decision you will ever make for your bank.

It's true that we know what makes a good deal. We know to ask for the right information and to identify the key provisions that impact short-term corporate risks and long-term shareholder value.

Closing a deal requires strategic thinking, business savvy and skillful negotiation.

It's actually more an art than a science.

Competence “We have used The Bank Advisory Group to purchase two separate banks each in excess of \$100 million. Simply stated, they have provided us with three key deal-making advantages. They know banking and what makes a good deal. They know how to analyze mergers in a way that clarifies the present and future value of the transaction. And they understand the intangibles that can be vital to the art of negotiations.”

Charlie Saeman, Chairman
State Bank of Cross Plains, Wisconsin
(\$812 million total assets)

We are thorough because we specialize in community banking and we've been working in this field exclusively for more than three decades. We approach every project with the same regard for completeness and accuracy.

Whether it's an acquisition analysis, a bid process, an appraisal of bank stock, or a fairness opinion letter, we let the facts speak for themselves. We tell it like it is.

That's the way we do business.

Candor “Over the past 20 years The Bank Advisory Group has been a trusted resource, providing valuable insight and advice concerning regulatory capital adequacy, new capital issuances, stock appraisals, corporate structure, and finally bank performance metrics. Bob Walters and his team of associates operate with the utmost integrity, intelligence and candor. You can trust The Bank Advisory Group to provide frank advice while maintaining the strictest confidence. To use a Texas term, they are ‘straight shooters’.”

Duane L. Fager, Chairman

Commerce Bank and Trust Holding Company / CoreFirst Bank & Trust, Topeka, Kansas
(\$1.0 billion total assets)

From our first conversation to the last handshake, we concentrate on what's best for your bank and your shareholders. We examine your needs and your unique situation. We lay out the tasks and challenges as we see them. And we always solicit your input.

We explain the issues at every step of the process. We list the pluses and minuses and offer our best judgment. You always know where you stand and what you can expect. There are no surprises.

You stay informed and in control.

Control “Faced with a once-in-a-lifetime event of selling our bank, we knew we needed assistance. After several interviews, we selected The Bank Advisory Group. Their technical knowledge and marketing expertise helped us through the process and secured an excellent value for our bank. We always felt comfortable, informed, and in control.”

John French, Former Chairman
InterBank, Elk City, Oklahoma
(\$150 million total assets)

Many of our clients have been with us since the inception of our company in 1989. They value our work, call us first when a new need arises, and refer us to other bankers.

We approach every client with the goal of developing a long-term professional relationship. Trust grows as we work together, in actions as well as words.

The best respect is mutual.

Trust “For over 15 years The Bank Advisory Group has acted as a key partner with our bank. The Group has assisted us with acquisitions, evaluated our stock for ESOP and estate purposes, and has provided us with an unvarnished perspective of our bank, including its financial trends and position relative to peers. The Bank Advisory Group has presented key facts, analyses, and implications that have been invaluable to our success in navigating both the challenges and opportunities of recent years.”

Robert A. Hulsey, President & CEO
American National Bank of Texas, Terrell, Texas
(\$2.2 billion total assets)

Our firm is large enough to handle your needs, yet small enough to work with you one-on-one. Our principals get directly involved with each project, assuring that you get the best we can offer.

As an objective third party, we guide you through a process that may sometimes seem chaotic and muddled by personal or community issues. We help you see the bigger picture and stay focused on the goal.

We are your harbor in the storm.

Focus “For our ownership, wrestling with the idea of selling the bank was difficult. The Bank Advisory Group presented the pros and cons in a very unbiased and unemotional way that put everything in perspective. Once the facts were laid out, it was a lot easier to go forward because at that point we were informed decision-makers. The process, while at times emotionally painful to us, was methodical and well executed by The Bank Advisory Group. I’m not sure we could have sold the bank without the professional assistance they provided. We were certainly pleased with the outcome.”

Larry Kilgore, President
Southwest Bank, Fort Worth, Texas
(\$300 million total assets)

Selling a bank is not just about finding a buyer. It's more about creating a market: packaging your bank and enhancing competition among prospective bidders.

We know what potential buyers want to see in a bid book and how to engage them in a fair and professional bidding process. We analyze offers against objective criteria and help you single out the one that best meets your goals.

We measure our success by your success.

Results

“As issues came up in selling our bank, I felt like I was under the gun. The Bank Advisory Group explained what was happening and why, which kept me calm and reassured. In the end, they managed to get us a price that was unheard of in Wisconsin at that time. In addition, they secured continued employment — with significant raises in salary — for our key people. I was impressed! They certainly earned my highest confidence.”

Bradley O. Yocum, Former President and CEO
State Bank of Howards Grove (the HSA Bank), Wisconsin
(\$150 million total assets)

Mergers & Acquisitions

We advise community banks across the United States about merger & acquisition transactions. Since our founding in 1989, we have counseled hundreds of clients, performing services such as the following:

Buyers and Sellers

- > Assist with strategic planning.
- > Identify and assess acquisition candidates or potential acquirers.
- > Provide pricing, structure, and pro forma analyses.
- > Identify key regulatory issues and develop appropriate responses.
- > Issue fairness opinion letters.
- > Evaluate bids and acquisition proposals.
- > Assist with dissenting shareholder disputes.
- > Offer negotiation support and guidance.
- > Advise on the purchase or sale of branches.

Merger-of-Equal Transactions

- > Conduct pro forma analyses.
- > Determine exchange ratio.
- > Issue fairness opinion letters.

“Our bank has used The Bank Advisory Group for about ten years. They helped us move to a Subchapter S corporation, consider several acquisitions and acquire a bank. For these and other services, we have been very pleased. At one point, because of a conflict of interest, we had to go to another source. We were able to clearly see the difference: The Bank Advisory Group was a significantly more effective resource with capability and sophistication that delivers thorough and comprehensive solutions for complex transactions.”

Joe Henkel, President and CEO
Kleberg First National Bank of Kingsville, Texas
(\$457 million total assets)

Brokerage

Brokerage is a key service we offer to banks whose owners need or want to sell. The brokerage process typically consists of the following steps:

- > Analyze the financial status of the bank.
- > Assess current pricing dynamics in the bank mergers & acquisitions market.
- > Estimate a cash, fair-market evaluation range of the outstanding common stock.
- > Prepare a bid book.
- > List prospective bidders.
- > Obtain confidentiality agreements from interested bidders.
- > Submit a bid book to each prospective bidder.
- > Analyze offers.
- > Develop responses or counter-offers.
- > Negotiate terms of the letter of intent and/or definitive agreement.
- > Negotiate related transaction agreements.
- > Work with legal counsel to prepare necessary documents.
- > Issue a fairness opinion letter for shareholders.

“Selling a bank is a complicated process. Many issues need to be taken into consideration. The Bank Advisory Group made the entire process easy to understand and relatively pain free. When it comes to setting up the bidding process, putting the data together for the bid package, and negotiating the definitive agreement, The Bank Advisory Group are masters. I highly recommend them to anyone considering selling a bank.”

Kenneth Heiser, Former President and CEO
The First National Bank of Hudson, Woodbury, Minnesota
(\$400 million total assets)

Valuations

We have performed more than a thousand valuations of banks and bank holding companies across the United States. The reasons for valuations vary — from ESOPs and shareholder agreements to tax and estate planning, mergers & acquisitions, and stock offerings. In all these situations, the valuation is of little use unless it is clear, credible, and based on solid market and financial data.

While many valuation methodologies exist, we believe no single method is sufficient or even applicable to every situation. We understand the theory behind valuing bank stocks and take great pains to select the appropriate methods for a given bank.

In addition, we stay current on the latest rulings from the IRS and the Comptroller of the Currency and on judicial decisions affecting bank stock.

When we perform a valuation, a process that typically requires twenty to twenty-five business days, we produce a written document that reflects a bank's uniqueness along with the particular circumstances surrounding the appraisal.

“Over the past 15 years, The Bank Advisory Group has consulted with our bank for multiple purposes, including bank acquisitions, stock repurchases, and ESOP valuations. The negotiating and structuring experience has been invaluable, and the stock valuations are so detailed that they are virtually unassailable. I have absolute confidence in The Bank Advisory Group. I wouldn't consider going to anybody else.”

Frank Morris, Chairman and CEO
First State Bank, Gainesville, Texas
(\$676 million total assets)

Robert L. Walters, Chairman

Bob Walters established The Bank Advisory Group in 1989. For ten years prior to that, Mr. Walters formed and headed the community bank merger & acquisitions and bank stock valuation advisory services of Sheshunoff & Company.

As a result, Mr. Walters has represented hundreds of banks through brokering selling banks, and through developing negotiating strategies, formulating pricing and transaction structure alternatives, and determining pro forma financial performance opportunities for bank buyers and bank merger partners. By representing selling banks, buyers of banks, as well as partners in “merger-of-equals” transactions for over three decades, Mr. Walters has compiled a depth and breadth of experience that is unparalleled in the community bank M&A advisory business.



Additionally, since 1980, Mr. Walters has participated in well over 1,500 client relationships involving the evaluation of both “control” and “minority” blocks of community bank stocks. In this regard, Mr. Walters has provided expert witness testimony regarding the valuation of community bank stocks, and the overall financial performance characteristics of the community banking industry. He is a recognized expert in quantifying the financial determinants of community bank value for both “control” and “minority” ownership positions, and he holds a Certified Valuation Analyst (CVA) designation from the National Association of Certified Valuators and Analysts (NACVA).

Mr. Walters is also the Managing Partner of The Bank CEO Network, an educational program founded in 1992 that provides current information on the banking industry to community bank presidents and chief executive officers throughout the United States. This constant and continuing interaction with community bank CEOs from throughout the United States affords Mr. Walters the opportunity to identify and analyze emerging trends within the banking industry.

In the late 1970s, Mr. Walters pioneered the use of the federal “Call Report” data to design numerous bank peer group financial analysis tools that have become nationally-recognized standards. Additionally, in the 1990s, Mr. Walters developed analytical tools utilizing financial and market price data derived from publicly-traded banking organizations that identify and correlate bank financial performance measures with bank stock market price performance. Consequently, Mr. Walters is well-recognized as an expert in the field of community bank financial performance analysis.

He started his career at Touche Ross & Co. in Austin, Texas, ending as a senior accountant. Mr. Walters graduated from Texas A&M University with a BBA in Accounting in 1972, and is a Certified Public Accountant (CPA). The Bank Advisory Group is not, however, a CPA firm.

Stephen Skaggs, Partner

Stephen Skaggs, a principal and organizing partner of The Bank Advisory Group, has consulted with hundreds of community banks nationwide in M&A transactions.

He has special expertise in determining bank pricing trends, brokering banks for sale, analyzing banks for purchase, and developing novel comparative financial analyses.



Prior to forming The Bank Advisory Group in 1989, he was a vice president in the Investment Banking Division at Sheshunoff & Co. from 1983 through 1989. In addition to conducting bank valuations, he conceived and designed many of the bank and thrift financial ratio analysis products and publications produced by Sheshunoff Information Services. He also co-authored the company's widely read publication, *Buying, Selling, Merging Banks*.

He began his career as a credit analyst with InterFirst Bank Dallas, followed by a position as an analyst in the Bank Holding Company Applications Division of the Federal Reserve Bank of Dallas. He received a bachelor's degree in finance from Texas A&M University in 1981.

Daniel R. Jackson, Partner

Daniel R. Jackson, a principal of The Bank Advisory Group since 1990, has worked extensively with community banks nationwide. In addition to evaluating M&A options, he has been involved in excess of a thousand fair market valuations of bank stock for M&A transactions, employee benefit plans, federal estate tax returns, and corporate reorganizations.

Mr. Jackson manages the firm's valuation services, and holds a Certified Valuation Analyst (CVA) designation from the National Association of Certified Valuators and Analysts (NACVA).



He began his career as a credit analyst with a subsidiary of InterFirst Corporation in Dallas and then served as a lending/credit administration officer with a community bank in Austin.

Beginning in 1986, he worked as a commissioned examiner with the Federal Reserve Bank of Dallas, including a period as an analyst with the Special Monitoring Unit for critically impaired banking organizations. He earned a bachelor's degree in accounting from The University of Texas at Austin in 1983.



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The Bank Advisory Group is not a CPA firm.