

## BANK MERGERS & ACQUISITIONS

A merger or acquisition involving mid-size to large financial institutions is a complex process. The institutions must complete mandatory tasks required by regulatory agencies prior to the legal date of the merger; they must issue guidelines related to organization and policy that define the merger integration vision; and they must plan and execute specific projects that are necessary for successful business unit integration.

Managing the process must therefore address:

- Completion of mandatory tasks prior to legal merger date;
- Issuance of guidelines that provide direction for merger integration project planning; and
- Merger integration project planning and issue management to control the multiple and complex interdependencies among merger integration teams.

Tasks which begin at the time of the announcement of the merger or acquisition and must be completed by “Day 1” include: filing appropriate legal and regulatory documents, integrating financial reporting, and consolidating operations.

Guidelines for the integration planning process and implementation projects include: addressing new organization structure and target staffing levels, communication of relevant changes to customers, customer retention, share-holders, and employees, human resource requirements related to compensation, training and outplacement.

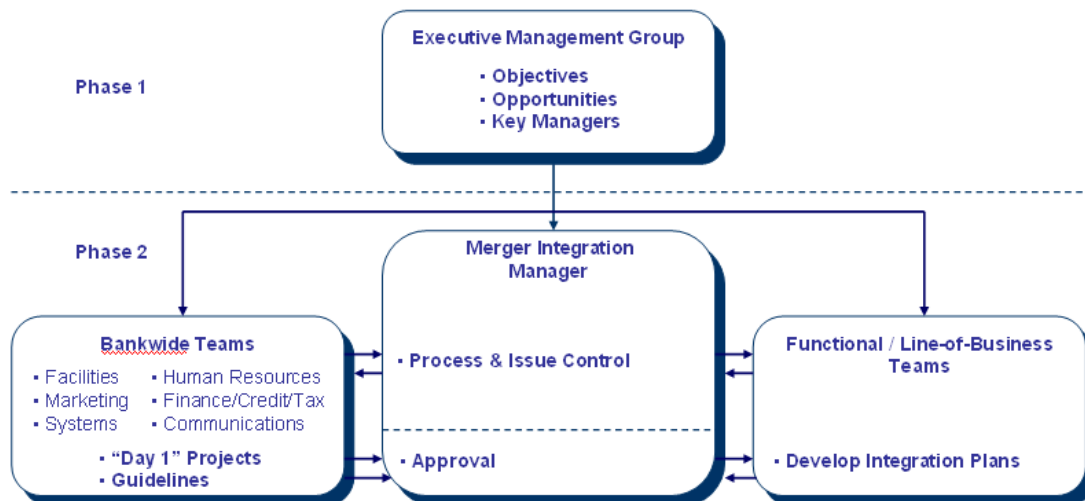
This allocation of activities becomes the basis for the Nolan project organization that consists of four elements:

- **Bank-wide Teams** that focus on bank-wide issues such as mandatory “Day 1” activities and merger integration guidelines;
- **Functional/Line-of-Business Teams** that deal with merger planning by business function and line-of-business required for the integration of business units;
- **Merger Integration Management Team** that is responsible for coordinating the activities of the first two elements and summarizing their results for the fourth element; and
- **Executive Management Group** is members of the executive management team.

### Planning Process Overview

The following exhibit documents the Planning Process relationships among the four elements of the merger integration organization. The Executive Management Group determines merger objectives, identifies strategic opportunities, and appoints key organization members. Bank-wide teams identify institutional issues, commence “Day 1” projects, develop environments for their respective areas and develop the integration plans for achieving them. They also identify assessment and implementation issues. The Merger Integration Management Team serves as the clearinghouse for assessment and implementation issues and assigns them to the appropriate team for disposition. This team also performs the function of project control, including the planning, prioritization, scheduling and monitoring of all activities in the merger integration planning process.

### Merger Integration Planning Process Overview

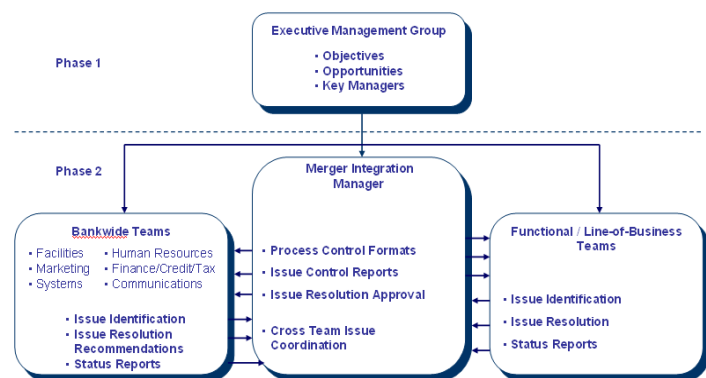


## An Overview of the Nolan Approach

### Communications Process

The next exhibit illustrates the communications process among the four elements. The primary controller of communications is the Merger Integration Manager. This person controls all communications related to Issue Identification and Resolution and coordinates communication between the Bank-wide Teams and the Functional/Line-of-Business Teams.

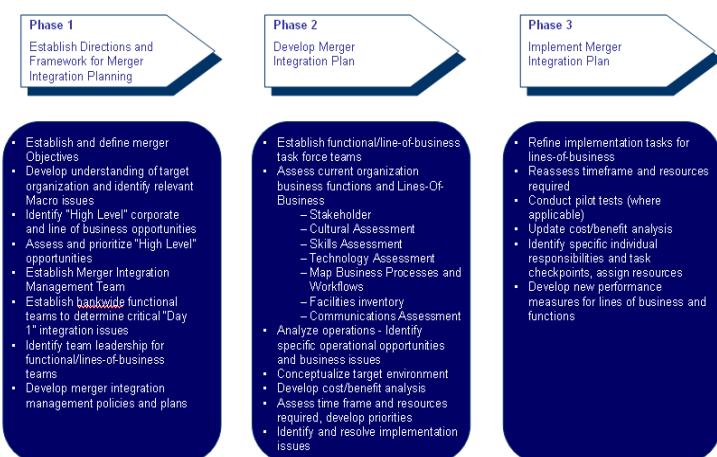
### Merger Integration Communications Process Overview



### Baseline Description

This is merely an overview of the many activities that must be accomplished to carry out the process. Phase 1 can begin during merger discussions and should begin no later than when an agreement to merge is completed. Both Phase 1 and 2 should be completed by the "Day 1" date. Phase 3 will require several months to complete.

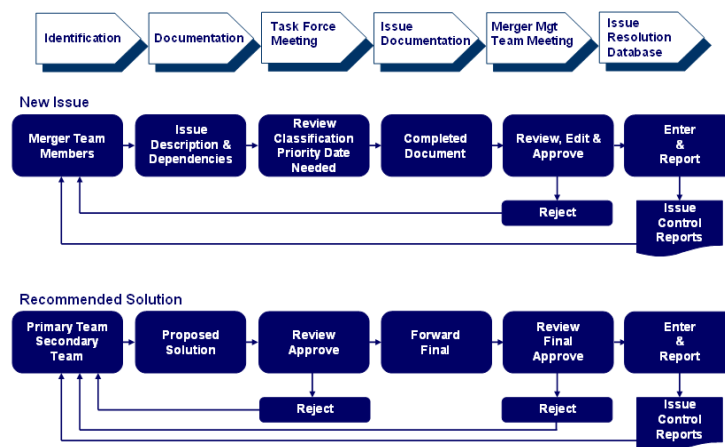
### Nolan Baseline Process Description



### Issue Identification and Resolution

The final exhibit below provides an overview of the Issue Identification and Resolution process. This process is critical for all teams to complete their merger integration plans. In most instances, several full-time staff plus considerable part-time assistance is required to keep this process on track and on time.

### Merger Integration Planning Issue Resolution Process



### Benefits of Our Assistance

- **Lower Cost** – Reduction of steps to complete a process will lead to reduced cost. Reduced cost relative to capacity and cost avoidance are primary benefits of our assistance.
- **Acceleration of Benefits** – Effective planning and execution of the integration plan will ensure that the cost savings and revenue generating opportunities expected from the acquisitions will be realized in the shortest possible timeframe.
- **Capacity Improvements** – With simplified work processes capacity will be improved while costs will be held to existing or lower relative levels.
- **Customer Satisfaction** – A primary benefit of our assistance is customer satisfaction. Better products and services, clearly communicated changes and faster, more accurate processing resulting from the integration planning process will result in fewer errors and less confusion for acquired bank customers.
- **Staff Endorsement** – You can expect your employees who are affected by the acquisition to embrace the changes that result and be advocates of the new processes.

With over 37 years of consulting experience in the financial services industry, the Robert E. Nolan Company has the experience and expertise to make your merger or acquisition a success.