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US banking deals insights

2015 update and outlook for 2016

January 2016

A publication from PwC's Deals Practice

At a glance

This publication provides perspectives on recent trends and outlooks relating to banking deals activity.

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Contents

Foreword

In today's banking environment, heightened regulatory and reporting requirements, combined with risk management considerations, disruptive technologies, and low interest rates, all present challenges to growth, innovation, and profitability.

In conversations, our banking and capital markets (BCM) clients tell us they have three major priorities: to find growth opportunities, to drive productivity, and to get ahead of risk management and regulatory issues.

In PwC's 19th Annual Global CEO Survey, 92% of BCM CEOs say they are confident about their revenue growth prospects over the next three years, in line with the CEO population across all sectors. But they are not entirely optimistic. Only 31% believe global economic growth will improve over the next 12 months, down from 41% last year and 56% the prior year. These executives are quite aware of the powerful forces that are reshaping the industry at an ever-increasing pace, with 71% saying more threats to their growth prospects exist now than did three years ago, up from 58% last year. At the same time, 55% anticipate more growth opportunities.

Overall, BCM CEOs recognize they face significant challenges and uncertainties. Two of the top threats BCM CEOs believe are impacting their organizations' growth prospects are over-regulation and speed of technological change. Furthermore, with low interest rates continuing to exert downward pressure on net interest margin, a majority of BCM CEOs plan to implement cost-reduction initiatives in the coming 12 months to help boost earnings.

These themes were reflected in deals during 2015 and are likely to continue in 2016. This publication is intended to share insights into the banking industry in the context of 2015 deals activity (i.e., mergers and acquisitions, equity offerings, and fluctuations in valuation multiples), including underlying drivers, and to present an outlook for 2016 and beyond. However, as a guide, it can only be a starting point.

PwC has a global network of multidisciplinary professionals who have deep, practical deals experience and assist many of today's largest banks with their most challenging issues in every segment of the banking industry: consumer and retail banking, commercial banking, wholesale banking, mortgage banking, securitizations, capital markets, and broker-dealers. We stand ready to help you achieve your strategic goals.

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Background

Significant historical events affecting deal activity in banking

In recent years, we have seen a lull in banking deal activity. The US banking sector has experienced significant peaks and troughs in terms of deal activity with waves of activity in 1990-1992, 1998-2000, and most recently 2008-2010. Consolidation during such times is often precipitated by a crisis, for example the Savings & Loan Crisis and the 2008-2009 Financial Crisis, as well as regulatory reform, such as the repeal of the Glass-Stegall Act and interstate banking laws. The significant historical events impacting deal activity since 1929 are depicted below.

1929

Stock market crash leading to Great Depression of the 1930s

1933

Introduction of the Glass-Steagall Act limiting commercial bank activities with investment banking activities

1980

Savings and Loan Crisis started – by the end of the decade a significant number of savings and loan institutions had closed down

1999

Repeal of Glass-Stegall

2008

Global Financial Crisis– considered by many as the worst financial crisis since the Great Depression

2009

The Great Recession caused by the aftermath of the Financial Crisis

2010

The Dodd-Frank Act Wall Street Reform and Consumer Protection Act of 2010 was signed July 21, 2010

2015

The rise of FinTech activities disrupting the banking sector

2019

New capital requirements effective under Basel III

Highlights of 2015 deals activity

Large M&A deals return

In 2015, deal values greater than $1 billion made up 76% of all deal value, marking the return of large deals to pre-Financial Crisis levels.

Source: S&P Capital IQ and PwC analysis

Source: Dealogic and PwC Capital Markets Watch

IPO activity normalizes

After record US banking IPO activity in 2014, IPOs returned to normalized levels. Deals in 2015 raised approximately $1 billion from 12 IPOs, down 93% in value from 2014.

Valuation multiples remain steady

Transaction and trading multiples remained steady amid interest rate uncertainty and tepid deal volume.

This publication provides a deeper analysis of deal activity in 2015 and beyond.

Banking deals in review

Mergers and acquisitions

Deal activity in 2015 was driven by the continuing impacts of regulation and the pursuit of size and scale that bring efficiencies required to remain competitive.

In 2015, a small number of large deals with values greater than $1 billion—some clearly driven by the effects of regulation—caused deal value to rise significantly, despite a drop in deal volume of 9% compared to the prior year. Deal value increased 66%, from $41.0 billion to $68.1 billion.

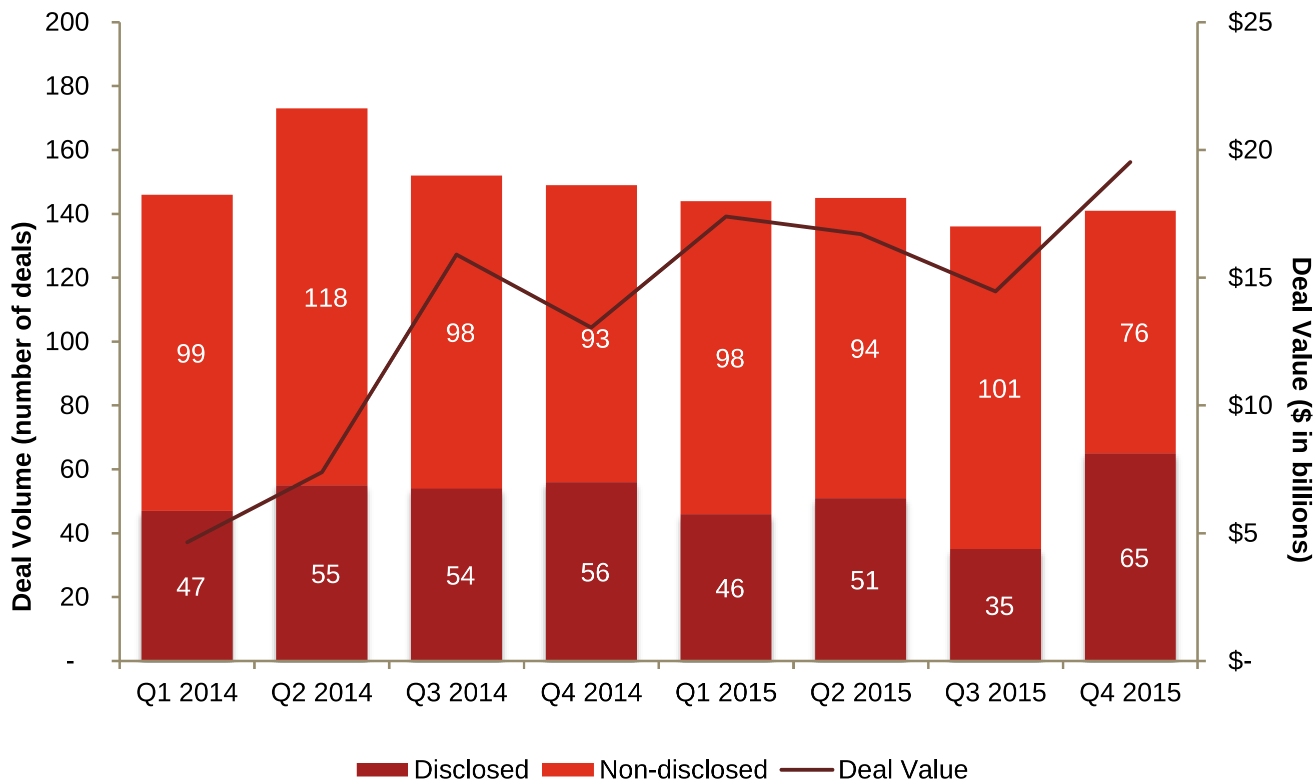
Large bank M&A activity returned to pre-Financial Crisis levels. While some smaller acquisitions have occurred in recent years, bank M&A with deal values greater than $1 billion returned in 2015 for the first time since 2012 when PNC acquired RBC's US retail banking division, RBC Bank, for $3.5 billion.

Many banks and nonbanks continue to reassess their business models in light of the current regulatory environment, and, in certain cases, divest non-core assets and businesses. The sale of GE Capital assets contributed significantly to the sharp increase in deal value fueled by strong demand from potential buyers seeking yield in a very low interest rate environment.

In the meantime, some banks faced continued pressure from shareholders due to relatively low levels of return on equity compared with pre-Financial Crisis norms in the high teens, leading to an increase in share repurchases in 2015.

These themes are reflected in the deal activity discussed in the following pages.

M&A deal volume and value trends (excluding share repurchases)



Source: S&P Capital IQ and PwC analysis

Mergers and acquisitions (continued)

Consolidation motivated by drive for scale and cost structure efficiency:

Traditional bank M&A volume has historically been led by banks seeking to scale their business and yield synergistic benefits by targeting competitors with overlapping market presence.

Springleaf's acquisition of OneMain Financial in 2015, an all-cash deal worth $4.3 billion, is an example of one lender strengthening its core businesses through inorganic growth. The deal supplemented Springleaf's existing unsecured, near-prime lending business and is expected to generate core net income of $830 million to $900 million, or $6.20 to $6.70 per share in 2017.

An example of classic in-market consolidation is KeyBank's $4.1 billion acquisition of First Niagara Bank in October 2015. A primary objective of the deal was to consolidate the two banks' franchises to create large-scale presence in Upstate New York and to generate cost savings through increased efficiency and scale.

The recent $2.0 billion New York Community Bank and Astoria Financial deal aims to create similar cost savings and benefits for two banks that focus on multifamily residential lending in the New York area.

In-market consolidation allows small- and medium-sized banks to combine their customer bases in their core markets and, after reducing costs by eliminating branch overcapacity, increasing their customers, revenues, and deposits-per-branch to allow them to better compete in the market.

Expansion into new or attractive areas: The focus on core activities by some banks brought opportunities for others to enhance and add to their businesses by expanding into new or specialized segments. For example, RBC acquired City National in a $5.4 billion cash-and-stock deal, adding to its current wealth management and capital markets presence with an expansion into private and business banking. Additionally, Capital One's acquisition of GE Capital's $8.5 billion healthcare loan portfolio marked the expansion of its capabilities in healthcare finance.

Vertical integration: Forward and backward integration within the value chain has provided opportunities to drive efficiency. For example, CIT Group's $3.4 billion acquisition of OneWest transformed CIT from a commercial lending and leasing platform into a wholesale lending and branch/online deposit-taking franchise. This boosted CIT's lending capabilities and secured $15.0 billion in retail deposits, a more diverse and cheaper funding source than commercial financing and brokered deposits.

Heightened regulatory compliance requirements have taken a toll: A number of banks and nonbank regulated entities, especially nonbank Systemically Important Financial Institution designated institutions, have changed strategic direction and elected to divest loan portfolios, other financial assets, and businesses in the face of compliance costs, capital requirements, and oversight associated with an increasingly complex regulatory landscape.

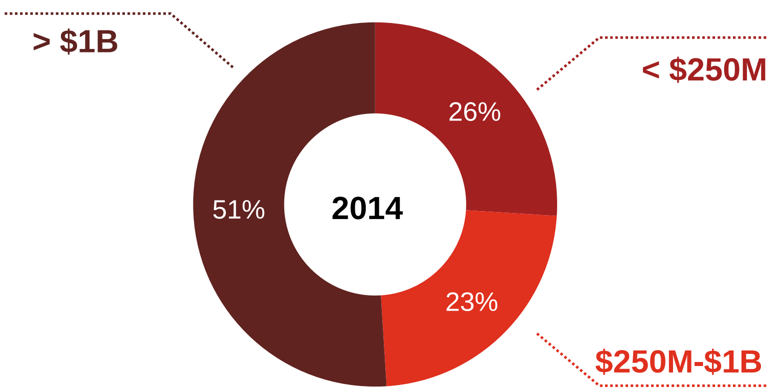
Activist shareholders and private equity investors have been more influential than ever before: Acting as both aspiring investors and activist shareholders, a number of private equity and hedge funds have been aggressively pursuing opportunities to build financial asset portfolios and also to capitalize on the global demand for financial assets by unlocking value in larger financial institutions. Given that private equity and hedge funds are not similarly regulated as banks, their investments in such assets may yield a higher rate of return on equity.

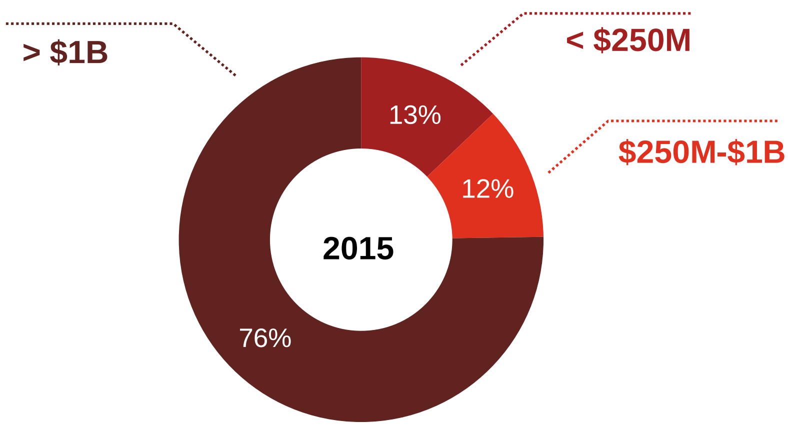
Increasingly, large banks chose share buy-backs as an alternative to inorganic growth: In 2015, total repurchase value of $45.4 billion increased $22.0 billion, or 94%, due to a significant number of share buy-backs, mostly by large banks. The increase in buy-backs shows that these banks were confident enough with their capital positions to include requests for share repurchases in their Fed-approved annual capital plans. As banks are under increased pressure to offer attractive returns to shareholders, executives viewed repurchases as a mechanism to help drive a higher internal rate of return and with a guarantee of execution that M&A cannot provide.

Mergers and acquisitions (continued)

Deal size was concentrated in the under-$1 billion range in 2014, driven by the consolidation of small- and medium-sized banks. That changed in 2015, which was dominated by deals in excess of $1 billion, driven by banks and conglomerates refocusing on core businesses and divesting non-core activities, often due to regulation, providing opportunities for other players to gain a foothold in a new market or to strengthen their market share.

Banking deals by size





Source: S&P Capital IQ and PwC analysis

Equity offerings

Normalizing equity capital markets activity in 2015 spilled into the banking sector.

The overall IPO market slowed in 2015 and struggled to maintain pace with the robust deal activity seen in 2013 and 2014. Banking IPOs exhibited a similar trend in 2015, with a dramatic drop in IPO volume and proceeds. But while proceeds from banking IPOs themselves slipped in 2015, proceeds from follow-on offerings rose sharply. Market volatility had a significant impact on the overall IPO market in the second half of the year, as banking IPOs faced additional sector-specific challenges, including regulation and disruptive business models. This led to several IPOs being postponed, including the anticipated IPO of loanDepot.

IPO activity: There were 12 banking IPOs in 2015 with total proceeds of just under $1 billion, down from 22 IPOs valued at $13.8 billion in 2014. Of the 10 largest IPOs in 2014, five were banking IPOs, including Citizens ($3.0 billion), Synchrony Financial ($2.9 billion), Ally Financial ($2.4 billion) and Santander Consumer USA ($1.8 billion). Some of the drivers for these IPOs were to boost capital, to divest of non-core operations, and to repay government debt after state bailouts during the Financial Crisis.

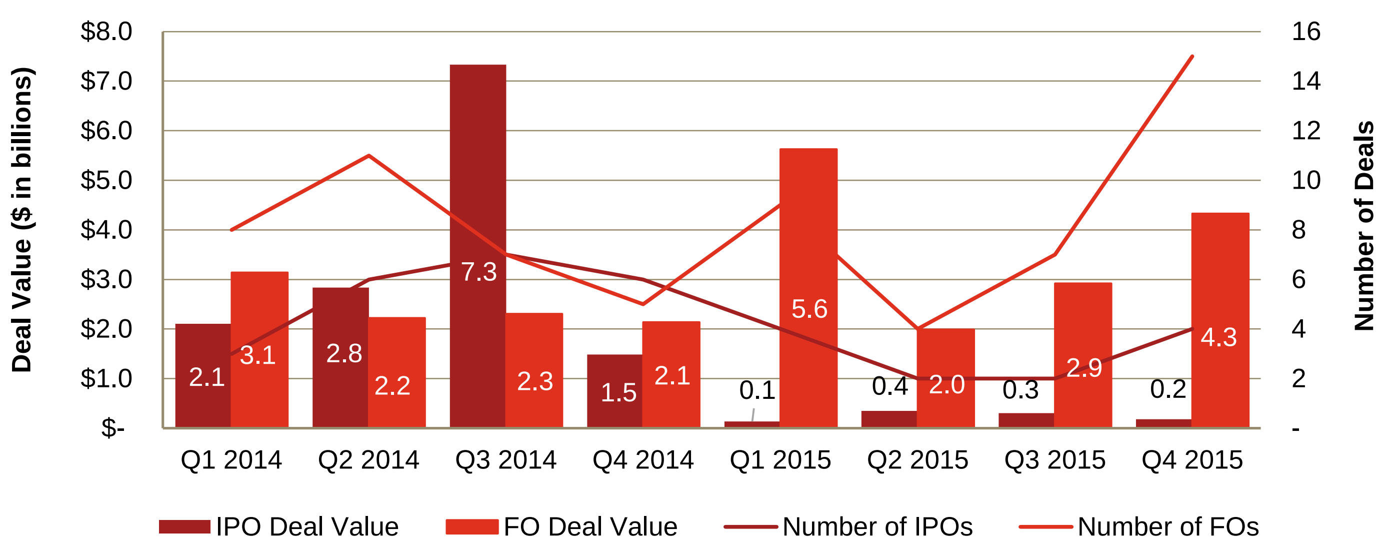
Follow-on equity offerings: The number of follow-on offerings rose 13% to 35 in 2015 from 31 in 2014, with proceeds up 52% to $14.9 billion from $9.8 billion.

Most of that increase can be attributed to $8.0 billion raised in three follow-on offerings by Citizens Financial Group, as part of Royal Bank of Scotland's plan to sell its US retail and commercial bank in order to repair its capital base following a state bailout in 2008.

Two other follow-on offerings in excess of $1 billion occurred during 2015:

- Springleaf's $1.4 billion secondary offering with proceeds used to help finance its acquisition of OneMain.
- HDFC Bank's $1.3 billion secondary offering to increase liquidity and to fund future growth.

US banking IPOs and follow-on offerings



Source: Dealogic and PwC Capital Markets Watch

Valuation multiples

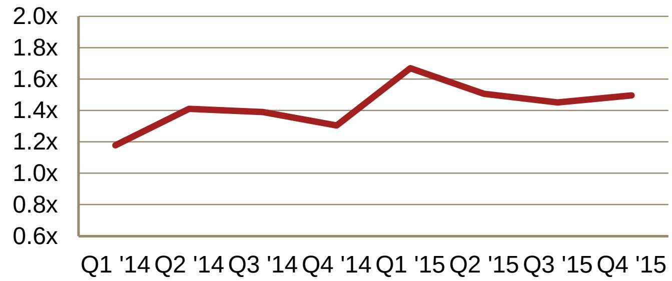
Valuation multiples are expected to remain steady as clearer views emerge on the interest rate environment. Multiples may increase as deal volume increases.

Transaction multiple trends: The average price/ tangible book value (P/TBV) multiple for precedent bank transactions was 1.5x in 2015, up slightly from 1.3x in 2014. Valuation multiples have been stable as the market continues to regain confidence, and as deal volume remains tepid amid regulatory capital requirements and continuing uncertainty about interest rates. Transaction multiples also are expected to hold steady in the short term as clearer views emerge on interest rate movements. Transaction multiples could increase as players long expected to consolidate (e.g., US regional banks) drive higher deal volume.

Trading multiple trends: P/TBV multiples exhibited by publicly-traded banks remained flat. Similar to transaction multiples, trading multiples are expected to be range-bound until more clarity on the interest rate environment is gained. We anticipate that any increase in trading multiples driven by increased deal volume will likely be isolated to those institutions that are viable acquisition targets.

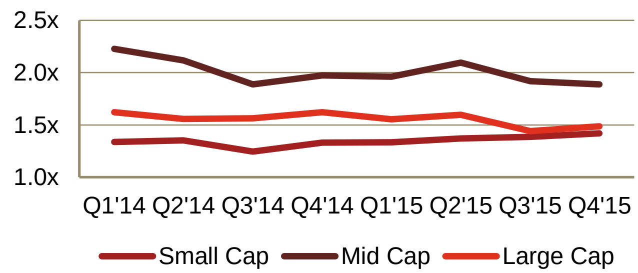
Purchase price allocation considerations: Based on a benchmarking analysis of purchase price allocations for bank acquisitions from 2013-2015, core deposit intangibles were the primary amortizable intangible assets typically recognized. In 2015, on average 10.2% of the total intangible assets was allocated to CDI, with the remainder being allocated to goodwill. Since the Financial Crisis, CDI values as a percentage of deposits have been at historical lows due to prevailing low interest rates. As rates continue to rise, the value of these amortizing intangibles will likely increase.

Transaction P/TBV multiples



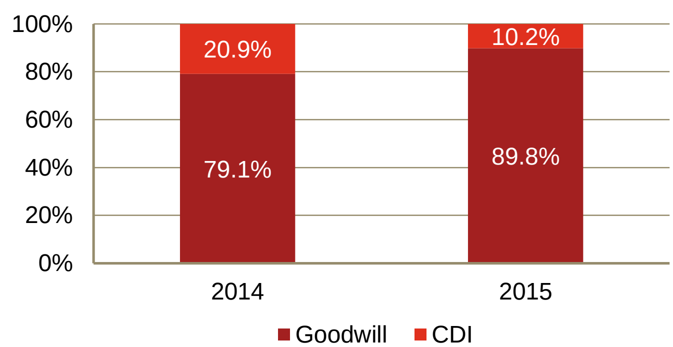
Source: SNL Financial and PwC analysis
Note: Trading multiples are presented on minority-control basis, while transaction multiples are presented on majority-control basis.

Trading P/TBV multiples



Source: S&P Capital IQ and PwC analysis
Note: Small-cap: less than $2 billion; mid-cap: between $2 billion and $10 billion; large-cap: greater than $10 billion.

Average allocation of intangible assets for deals during 2014 and 2015



Source: SNL Financial and PwC analysis

Outlook for 2016

Key deal drivers and outlook for 2016

Banking deal activity has been driven by regulatory pressure, margin compression, consolidation for scale, competition from the emerging FinTech sector, and activist shareholders clamoring for higher returns. We anticipate increased activity in 2016 and beyond as these trends accelerate.

Regulatory pressures speed pace of divestitures

Banks face added regulatory pressures related to Basel III, Dodd-Frank, and the FDIC's required resolution plans for additional stress testing and increased capital requirements. Similarly, in Europe regulatory reform has led some larger banks to focus on their core operations and shed certain capital-intensive businesses in the US.

Several major banking deals, including M&A and IPOs, have been driven by larger institutions' desire to reduce their balance sheets and shed assets, some in order to achieve SIFI de-designation. We anticipate more divestitures in the pipeline as new Basel III requirements are phased-in. Failure to maintain a capital conservation buffer will result in increasingly stringent restrictions on banks' abilities to pay dividends, other capital distributions, and discretionary bonuses to executive officers. We expect debt offerings to taper off as most banks approach desired funding ratios to meet regulator demands. These trends are creating opportunities for nonbanks, such as private equity firms not subject to the same regulation, to invest in the banking sector.

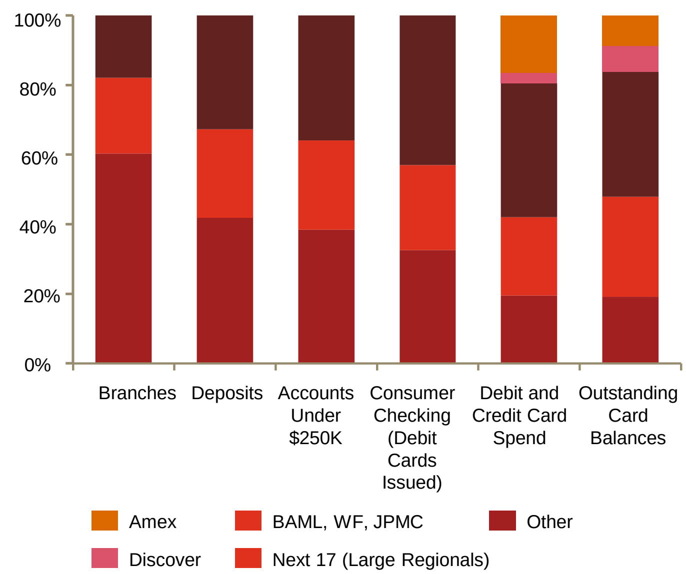
The reforms will also require banks to undertake significant process and system changes to achieve upgrades in the areas of stress testing, counterparty risk, and capital management infrastructure. The requirements for banks to increase common equity capital ratios from 3.5% to 4.5% and minimum Tier 1 capital from 4.5% to 6% will likely lead to more equity-raising efforts in 2016, especially for some of the small- and medium-sized banks.

Small- and medium-sized banks seek scale

The continuing trend for small- and medium-sized banks to build their balance sheets through acquisition is largely driven by the need to leverage economies of scale to offset increased regulatory compliance costs in order to effectively compete with larger banks. In 2014, selling banks had an average efficiency ratio (a measure of a bank's expense structure as a percentage of its revenue) of 81% versus an industry average of 63% according to SNL Financial data.

The top 20 consumer banks account for the largest share of checking accounts, debit cards and credit cards.

Market shares by consumer banking category top 20 US retail banks in deposits at March 31, 2015



Source: FDIC Summary Data, the Nilson Report, and Strategy& analysis

Key deal drivers and outlook for 2016 (continued)

These advantages have historically been driven by perceived stronger brands and broader branch and ATM networks. More recently, younger consumers have been attracted to the largest banks' superior online and mobile capabilities. During the last decade the three largest consumer banks have parlayed these advantages to further gain market share.

As a result, there's a renewed imperative for regional banks to consolidate in-market to build the operating scale and per-branch customer and fee revenue levels necessary to remain competitive. Regional banks require consolidation, branch network optimization, and operating model redesign to reduce staff, increase sales and service ratios, and to generate cost savings for reinvestment.

Investments in brand and digital, along with the analytics capabilities to support them, are the key areas for reinvestment to regain competitiveness against the largest national consumer banks.

Low rates compressing margins

Despite the Federal Reserve's recent interest rate increase, the pace and timing of future increases and the impact they may have on industry activity remains unclear. The era of low interest rates has continued to drive NIM compression and placed pressure on bank profitability, with NIM off more than 100 basis points from 2010 (3.89%) to 2015 (2.87%) according to data from SNL Financial with Strategy& analysis. This, coupled with regulatory compliance costs, has further led institutions to explore inorganic growth opportunities, which we expect to continue.

Some banks will emerge as winners in the higher interest rate environment

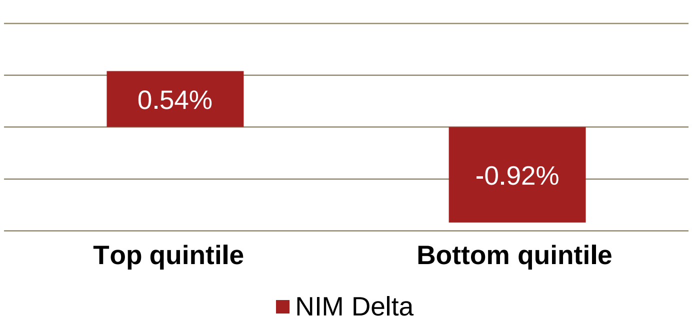
Further interest rate hikes in 2016 and beyond are expected to increase NIM among banks with rate-sensitive asset portfolios as deposit rate betas* are likely to lag loan yields.

During the last cycle of Fed interest rate increases (2004 to 2007), banks with high core deposit-to-loan ratios were less susceptible to changes in short-term interest rates, and they were able to drive greater NIM growth by lagging deposit costs. The top 20% of the banks with the largest NIM increases represented institutions with the greatest commercial and industrial loan mix.

This same peer group also saw an average price-to-book ratio increase of 15% during this time, as compared with a 31% decline amongst the bottom 20%. As rates increase, we anticipate institutions with significant core deposits and a concentration in commercial and industrial loans to command more attractive deal premiums.

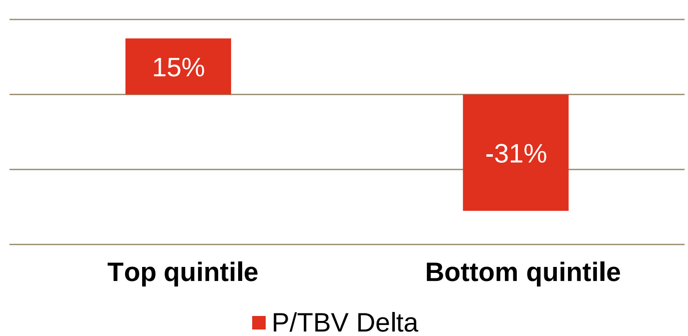
*Deposit beta measures how responsive management's deposit repricing is to the change in market rates.

Average NIM increase during the previous rising rate environment (Q1 2004 – Q3 2007)



Source: SNL data and Strategy& analysis

Correlation between NIM and P/B increase during previous rising rate environment (Q1 2004 – Q4 2007)



Source: SNL data and Strategy& analysis

Key deal drivers and outlook for 2016 (continued)

The portion of the US money supply held in bank deposits compared to Money Market Mutual Funds is at a quarter-century high. However, we caution that banks who lag deposit interest rates in a rising rate environment will likely suffer deposit outflows faster than observed in previous increasing rate environments.

Furthermore, a trillion dollars of "bank" deposits are now held in online or brokerage-linked FDIC insured accounts. These non-traditional banks represent a growing threat to traditional banks' deposit base. Accordingly, more sophisticated strategies to manage customer deposits will be required to optimize the balance between NIM and deposits as rates increase.

Impact of shareholder activism

About one third of the banks with $1 billion to $50 billion in assets have a return on tangible equity lower than 9%, according to data from SNL Financial with Strategy& analysis. Depressed returns on capital, in many cases lower than the cost of capital, have led to activist investors looking to drive shareholder value through restructuring, sales, or share repurchases.

Shareholder activism has historically looked different in financial services than in other industries. Much of this can be attributed to the pressures of regulation, but to believe that regulation can stifle shareholder activism would be misplaced. As exhibited by past deals, such as Hudson Valley Holding, which merged with Sterling Bancorp in late 2014, and the recent New York Community Bank-Astoria Financial deal, activist shareholders can indeed drive change within the banking industry.

Moreover, targets are not limited to small participants, as shown by several recent activist campaigns that have targeted various financial institutions. We expect this sort of activity to increase, evidenced by longtime activist PL Capital, which recently announced a new fund focusing on banks with assets of between $3 billion and $75 billion.

Growth in financial technology ("FinTech")

We expect the pace of growth of the influence of FinTech to increase significantly in 2016, requiring banks to reassess the way they compete. FinTech disruptors are tapping into high-return profit segments historically captive within traditional banking institutions.

We expect disruptors across marketplace lending, wealth management, and electronic payments to increase pricing and fee pressures, and to splinter traditional banks' customer base.

Marketplace lending

FinTech investors are attracted to the higher rates of return from marketplace lending of up to 100% or more, as compared to traditional bank lending, which has historically yielded around 5% to 7%, depending on the nature of the loan. Lending disruptors, including LendingClub, Prosper, Enova, and Avant, are using technology to simplify application and loan approval processes through online and mobile applications.

In addition to taking a portion of the market share historically dominated by traditional lenders, some FinTech lenders are targeting high-yield, high-risk customer segments that have had difficulty obtaining credit from traditional banks, which deemed these loans unacceptably risky. A number of traditional lenders have responded by seeking to acquire, form alliances with, or provide capital to the lending disruptors. We may also see increased M&A activity in FinTech as a way to expand customer base and reduce competition, and traditional banks may look to diversify their offerings and loan portfolios by acquiring one of these disruptors.

Wealth management activities

The growth of robo-advisors, online wealth management services that provide automated portfolio management advice, poses a competitive threat by potentially displacing the financial advisor and increasingly commoditizing portfolio construction, asset allocation, rebalancing, risk assessment, and account aggregation. The low-fee, high-transparency business model of robo-advisors could lead to fee compression at other banks' wealth management arms or a reduction in assets under management if banks choose to retain current delivery model and pricing structures.

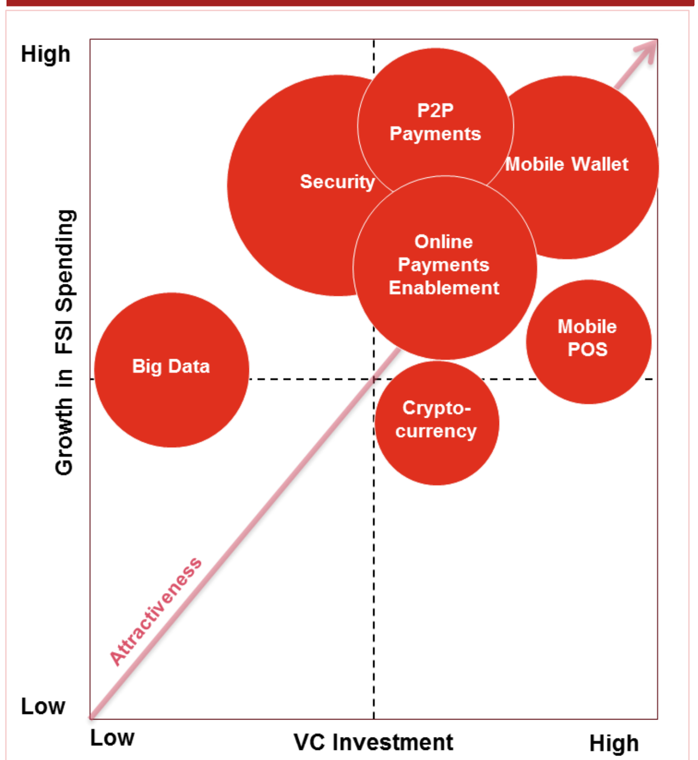
The emergence of robo-advisors has prompted M&A activity with Northwestern Mutual acquiring LearnVest, BlackRock acquiring FutureAdvisor, and Deutsche Bank partnering to develop AnlageFinder. We anticipate additional activity as robo-advisors continue their growth trajectory and as traditional wealth management institutions look to partner with or acquire robo-advisors to address new customer needs.

Payments

We also anticipate FinTech activity will negatively affect the traditional payments value chain by providing lower cost electronic payment options and other value-added services. With growing pressure from issuer interchange and automated clearing house profit pools, we see incumbents significantly increasing investment in data-driven business models to offset growing challenges from new entrants.

Blockchain technology advances also stand poised to disrupt the payments landscape. In 2015, BBVA participated in a $75 million series C funding for Coinbase, Barclays partnered with Safello to test banking services on blockchain, and Commonwealth Bank of Australia formed a partnership with Ripple Labs. Banks are now eager to harness the power of blockchain technology, in a belief that it could lead to significant cost reductions. For the banking sector, blockchain technology offers the opportunity to overhaul existing banking infrastructure and increase the speed of settlements and trade executions, although it's expected that regulators will want to be assured that it can be done securely.

Payments innovation spending areas in 2014 by financial services institutions



Source: Strategy&

Bubble size represents relative volume of financial services institution spending.

Closing thoughts

Closing thoughts

Since the Financial Crisis, banking deals have been more muted than in certain other industries. However, deals activity has picked up from its low point in 2009 and, we believe, is poised to grow in the foreseeable future. Recent developments and trends suggest that the US banking sector is ripe for consolidation. Medium-sized banks have been losing to larger, national brands in new customer acquisition. The adverse effects on cost ratios driven by branch overcapacity are compounded by low average customer numbers and low fee revenues per branch compared to their larger competitors.

Nimble, unregulated FinTech players are emerging in response to changing customer behaviors and expectations driven by experiences outside financial services, leading to a threat to traditional banking activities such as lending, payments, and wealth management. In 2016, these factors will continue to influence the sector and, we believe, contribute to deal activity, including the continued formation of joint ventures and alliances with traditional banks.

We expect the current regulatory environment and shareholder activism will continue to affect deal activity across the financial services industry.

As an indicator of what the deal market in financial services may look like in the coming year, MetLife announced on January 12, 2016 its plans to divest a substantial portion of its US retail business from its core operations, stating that the regulatory environment helped drive the company's decision. MetLife is the second of the four nonbank SIFIs to announce plans to divest certain operations, the other being GE Capital, which announced its intentions to apply for SIFI de-designation in the first quarter of 2016.

M&A can be an effective strategic lever, helping executives formulate a view on whether they can drive inorganic growth, create scale and efficiencies as an acquirer, generate potential positive returns to shareholders, or to drive shareholder value by divesting non-core businesses. Furthermore, FinTech players may look to the capital markets to fund growth and expansion. However, optimism about the level of deal activity in 2016 and beyond may be impacted by recent changes in the current global economic environment, including the slowdown of growth in China, its effects on the US capital markets, as well as the anticipated expansion of regulation, as we see what the future holds for the banking sector.

Data and methodology

The information presented in this publication was derived from various sources.

M&A information was sourced from S&P Capital IQ (a division of McGraw-Hill Financial) and includes deals for which the target company was located in the United States of America and the industry classification of the target company falls into one of the following categories: banks, diversified financial services, consumer finance, investment banking and brokerage, or diversified capital markets. Certain adjustments have been made to the information to exclude transactions that are not specific to the banking sector. This analysis includes all individual mergers and acquisitions between January 1, 2014 and December 31, 2015, with a deal status of announced, closed, or effective.

Share repurchase information was sourced from S&P Capital IQ (a division of McGraw-Hill Financial) and includes companies where the geographic location of the issuer is the United States of America and the industry classification of the issuing company falls into one of the following categories: banks, diversified financial services, consumer finance, investment banking and brokerage, or diversified capital markets. Certain adjustments have been made to the information to exclude transactions which are not specific to the banking sector. This analysis includes all individual buybacks between January 1, 2014 and December 31, 2015, with a deal status of announced, closed, expired, or suspended.

IPO and follow-on information was sourced from Dealogic Equity Capital Markets Analytics and the PwC Capital Market Watch. For the IPO data, US IPOs include IPOs that listed their stock for the first time on either the NYSE or the NASDAQ, including companies uplisting from the OTC markets that raise capital and list on the NYSE or NASDAQ for the first time, foreign-listed and private companies that raise funds in the US and list on the NYSE or NASDAQ for the first time. IPOs do not include unit investment trusts, commodity trusts, fully classified closed-end funds, BDCs, demutualizations and best-efforts offerings. For follow-ons, the following parameters were excluded: closed-end funds, spot secondary, best efforts, pre-arranged placements, and accelerated bookbuilds/bought deals with undisclosed selling shareholders. Only those listed on NYSE, NYSE Market, NASDAQ, or Nasdaq Small-Cap are included in follow-ons. Deal values exclude over-allotments for both IPOs and follow-on offerings.

About PwC's Deals Practice

PwC's Deals Practice professionals help corporate and private equity executives navigate transactions to increase value and returns. In today's increasingly daunting economic and regulatory environment, experienced deals specialists assist clients on a range of transactions from smaller and mid-sized deals to the most complex transactions, including domestic and cross-border acquisitions, divestitures and spin-offs, capital events such as IPOs and debt offerings, and bankruptcies and other business reorganizations. First we help clients with strategic planning around their growth and investment agendas and then advise on the business-wide risks and value drivers in their transactions for more empowered negotiations, decision making and execution. Clients can then expedite their deals, reduce their risks, capture and deliver value to their stakeholders, and quickly return to business as usual.

Our local and global deal strength is derived from our deal professionals in the US and across a global network of firms, including Strategy&, which spans 75 countries. The result is deals capabilities that include a unique combination of front-end strategy and deal origination, diligence, and post-deal value capture. In addition, our network firm PwC Corporate Finance provides investment banking services within the US.

Companies who do not follow a disciplined approach to integration may not be as successful with their deals as those who do. A disciplined approach to integration helps achieve early wins, build momentum, and instill confidence among stakeholders. An integration roadmap can be helpful in pinpointing and executing a clear integration strategy before a deal is final. Adherence to some fundamental tenets of deal integration can guide companies along the path to a successful integration and allow managers to focus their efforts on sound strategy execution. Although every integration effort is unique, a company's integration process should not be.

Acknowledgements

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