The Top 10 Bank Acquirers

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Since the beginning of 2010, 567 commercial banks and thrifts have been purchased by publicly traded lenders as part of strategic acquisition, merger-of-equals or distressed asset deals. As bank officials pressed forward in this period of consolidation, hundreds of buyers and sellers alike chose to cut deals based on a belief that long-term success could be bolstered by M&A.

Some gobbled up failed banks as fast as possible. Others methodically looked for a few add-on deals close to home. They're spread across the country, from Florida to California.

However, the most successful acquirers all deployed capital that leveraged resurgent stock markets, an improving banking sector and wise deal-making that resulted in larger market share just as their communities sprang back to life.

In search of a list of the Top 10 best performing bank buyers from the perspective of investors, Bank Director digital magazine asked SNL Financial to analyze every publicly traded bank and thrift involved in a whole-bank acquisition since Jan. 1, 2010. The research service ranked each acquirer by total shareholder return over that period, providing an objective picture of how much value had been created for investors over time. The total return calculation reflects the percentage change of the company's stock price from Dec. 31, 2009 at the basis of 100 to June 16, 2015 with cash dividends reinvested. Bank Director digital magazine then compiled a list of the acquirers buying more than one other bank over the time period (119 total), to highlight the M&A-minded banks that created the most value for shareholders during this era of consolidation. A clear trend emerged: Small and midsize banks with depressed stock prices in 2010, but a balance sheet strong enough to support growth and acquisitions, delivered the strongest returns for investors.

"It's hard to judge based on a single point in time, but, ultimately, total shareholder return is what matters most to investors," Sandler O'Neill + Partners banking analyst Brad Milsaps says. "These banks clearly benefitted from a recovering market."

At the top of the list, Phoenix-based Western Alliance Bancorporation notched a total shareholder return of 907.4 percent. It outperformed all others as it benefitted from a strengthening Southwest geography and remarkable asset growth that fueled profits and a stock price that improved 582 percent.

"We're in rebounding markets," Western Alliance Chief Financial Officer Dale Gibbons says in an interview. "The Southwest was hit hard, and it is coming back strong."

Western Alliance shares (NYSE:WAL) closed at $5.13 on Jan. 1, 2010 and improved to prices near $35 per share when the rankings were completed this June. Add dividends to the equation and it's easy to see how the company scored such high returns.

Milsaps, who covers Western Alliance, says the lender is just now returning to share prices it experienced before the recession, but its post-recession recovery has been among the best. "As one of the only banks of its kind in that region to survive, so to speak, it has been able to attract a lot of customers from other banks," he says.

Western Alliance has also acquired three banks since 2010, all strategic add-ons to expand its territory in Arizona, Nevada and California. The deals included the 2015 purchase of San Jose, California-based Bridge Capital Holdings, the 2013 acquisition of Fountain Valley, California-based Centennial Bank and the 2012 purchase of Western Liberty Bancorp in Las Vegas.

Western Alliance in 2010 prepared for its expansion by issuing 7 million new shares and raising $75 million in debt offerings. Gibbons says focusing on strengthening the company's balance sheet and executing an organic growth strategy helped it grow to $11.3 billion in total assets from $5.8 billion in assets. About 80 percent of that growth can be attributed to organic expansion.