

A tropical resort scene featuring numerous palm trees of varying heights against a blue sky with light clouds. In the foreground, a clear, turquoise swimming pool is visible, with lounge chairs and a thatched-roof structure on the right side. The overall atmosphere is serene and vacation-oriented.

RAYMOND JAMES

# Bank M&A in the Current Cycle: From Opportunity to Obligation

---

CBA Conference

May 2026

# Discussion outline

As bank M&A reemerges, boards face an increasingly complex set of decisions around growth, capital deployment, and risk. This session provides a board-level perspective on the current M&A landscape, including valuation realities, regulatory considerations, and the strategic forces driving consolidation.



## **The Current U.S. Banking Landscape**



## **Equity Market Overview & Outlook**



## **M&A Observations & Considerations**



## **Concluding Remarks – Preparation is Key**



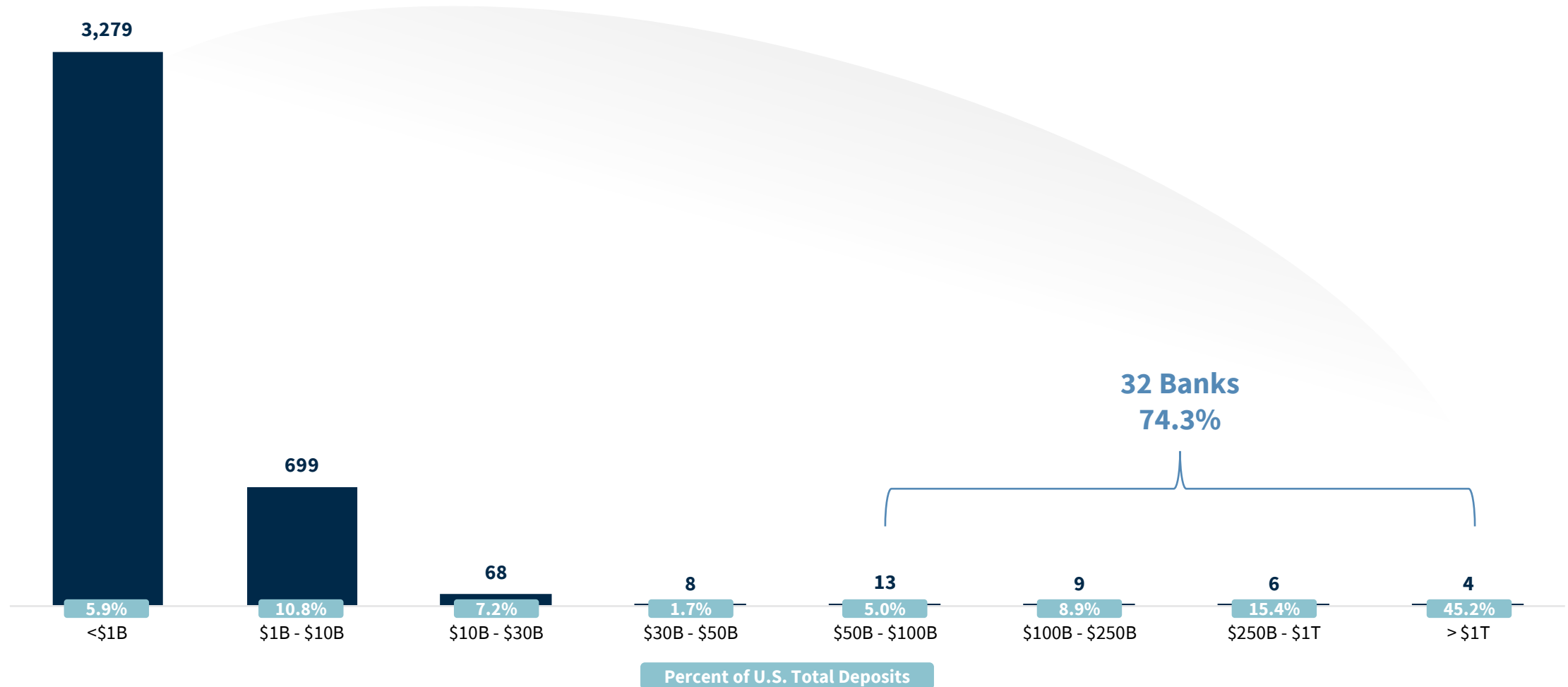
# The Current U.S. Banking Landscape

SECTION 01



# Banking landscape by deposits

The “big four” banks in the U.S. control nearly half of total deposits



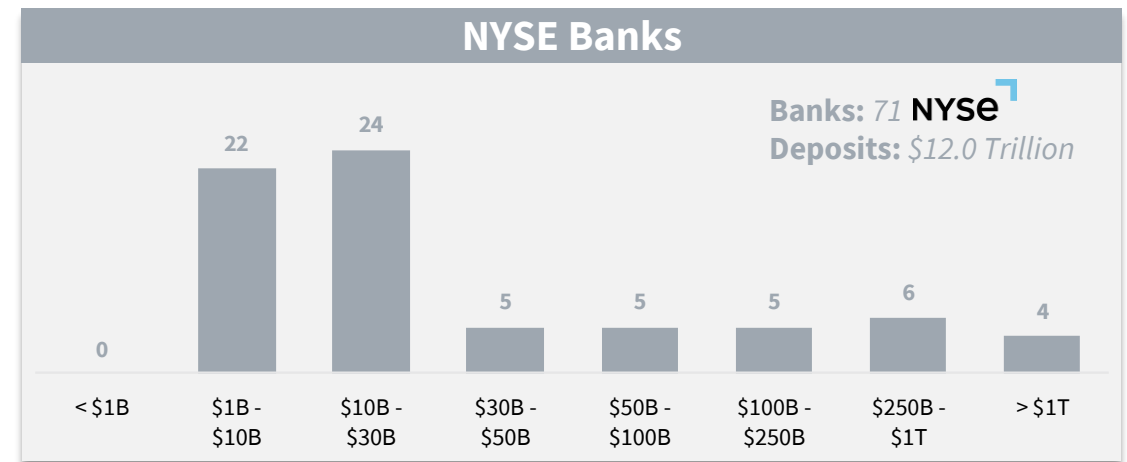
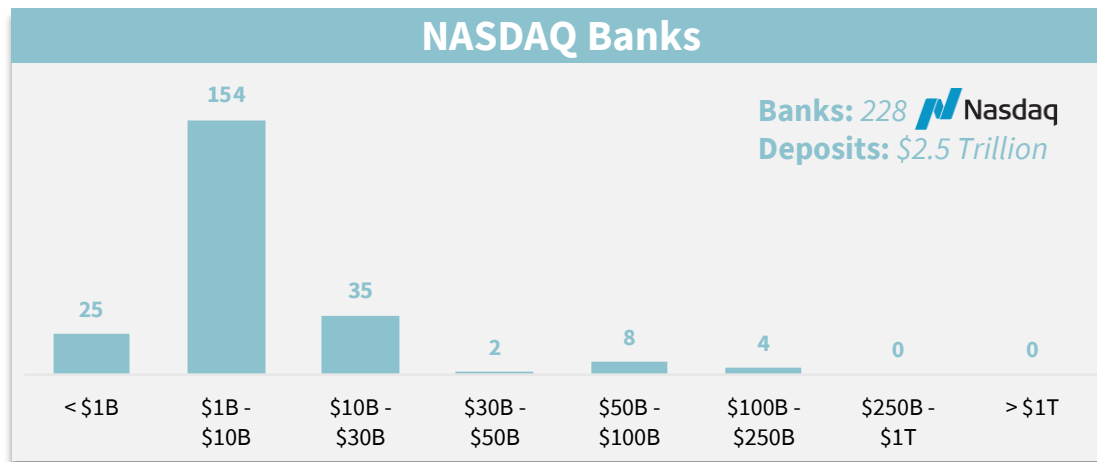
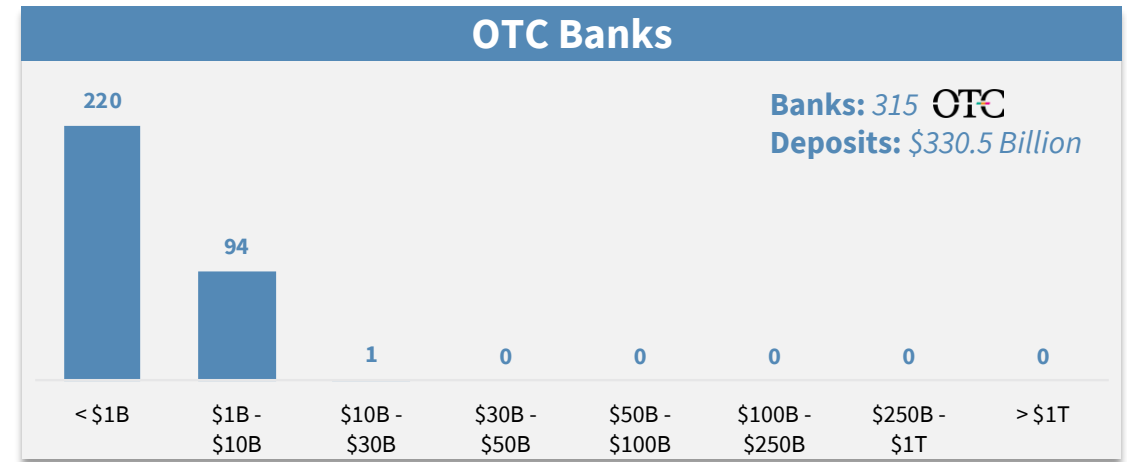
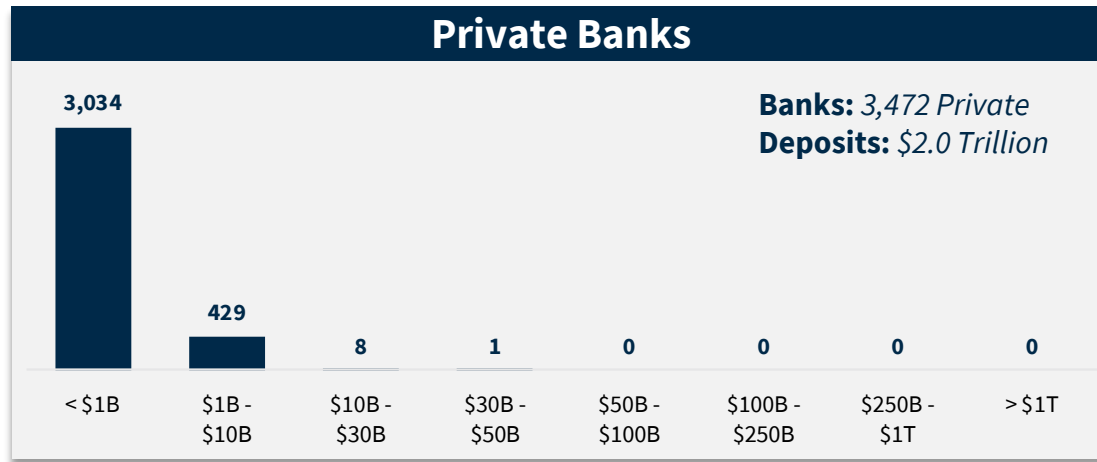
Source: S&P Capital IQ Pro

Note: Includes all banks headquartered in the United States, excludes U.S. branches of international banks

Note: Banks classified by total deposits as of most recently reported quarter

# Banking landscape by ownership structure and exchange

As scale grows, banks navigate towards the NYSE



Source: S&P Capital IQ Pro  
 Note: Includes all banks headquartered in the United States, excludes U.S. branches of international banks  
 Note: Banks classified by total deposits as of most recently reported quarter

# An industry in consolidation

**Since 2010, the number of FDIC-insured U.S. depositories has been reduced by more than 3,300 ...**

Challenges to remaining independent include:

- Lack of scale
- Margin / revenue pressure
- Talent development and acquisition
- Infrastructure spend
- Inability to adapt
- Management succession

382 bank failures

~202 acquisitions per year  
average since 2010

### Median Metrics

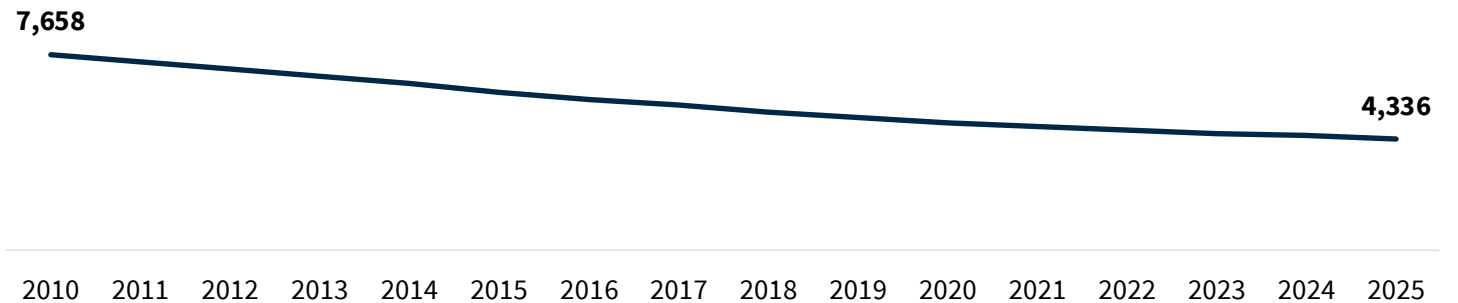
**\$182M** asset size of sellers

**\$37M** deal value

**139%** DV / TBV

**19.1x** DV / LTM earnings

## Industry consolidation since 2010





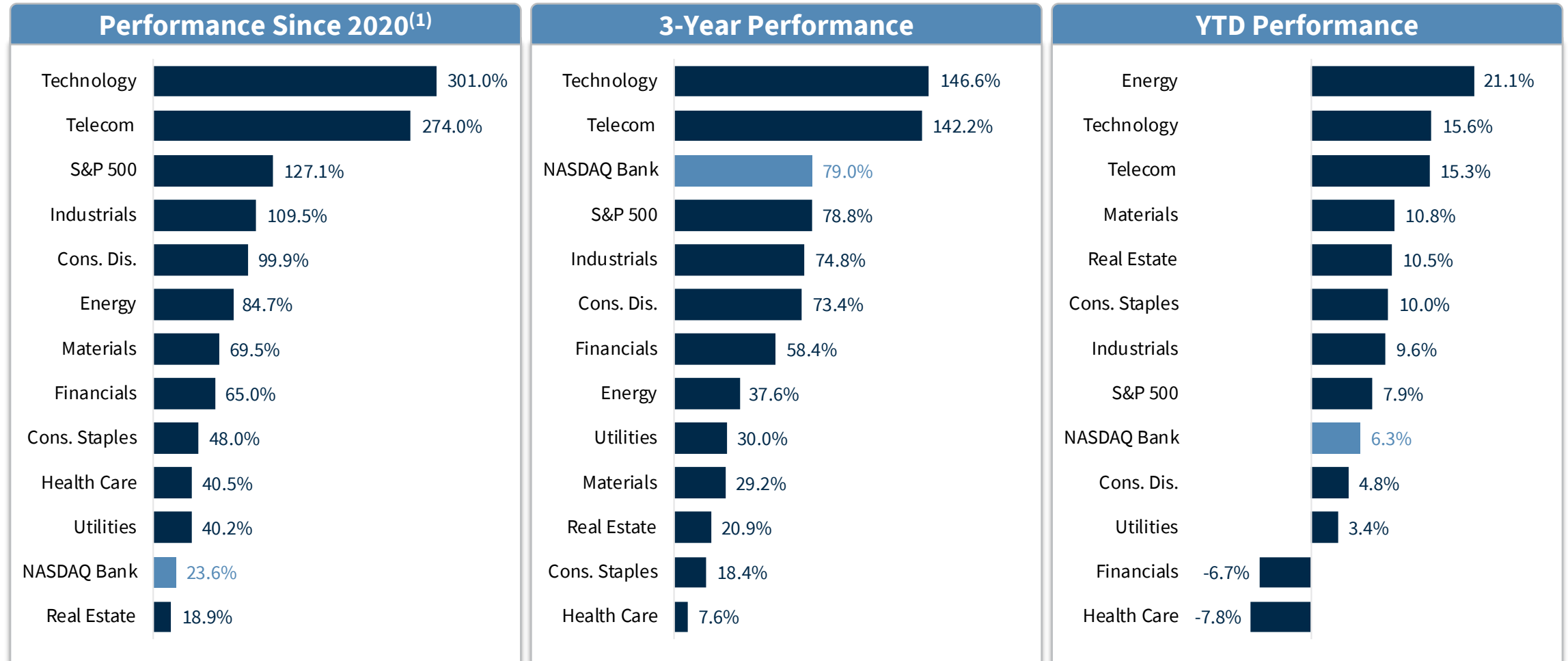
# Equity Market Overview & Outlook

SECTION 02



# Sector performance

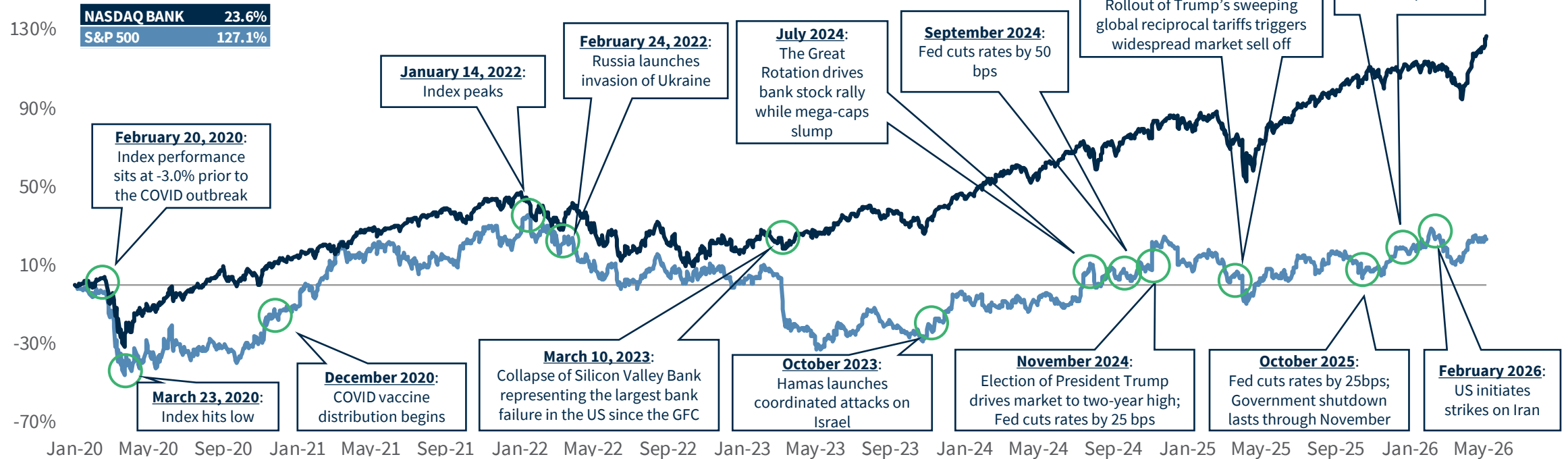
Bank stocks have improved since the banking crisis in 2023; however, they lag most other sectors since the beginning of the decade



Source: S&P Capital IQ Pro  
 Note: Market data as of May 8, 2026  
 (1) Price performance since January 2, 2020

# Bumpy ride for bank stocks

Bank stocks continue to lag the broader market amid evolving macro and policy dynamics



## Key Market Considerations for Bank Stocks



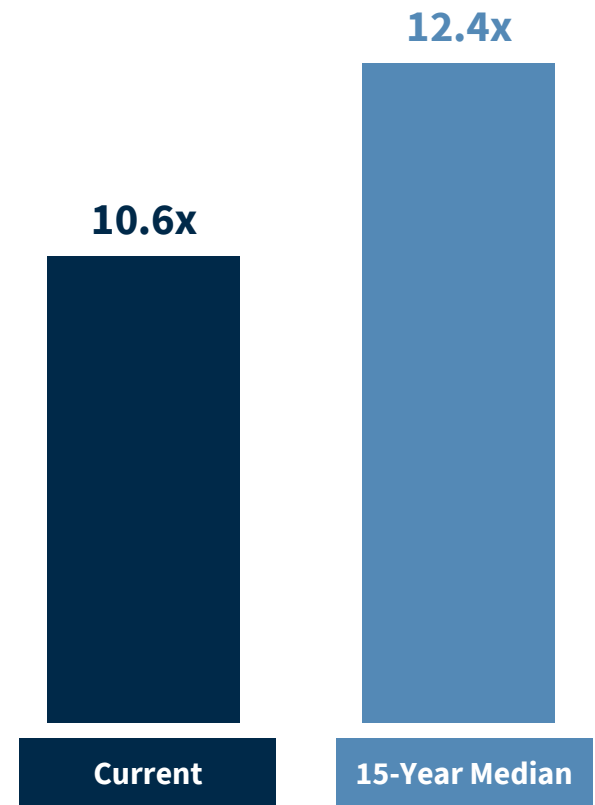
Source: S&P Capital IQ Pro  
Note: Market data as of May 8, 2026

# Bank valuation discount to the market widening

Consensus Forward (NTM) Earnings Multiples Since 2012



NASDAQ Bank P/NTM E



Source: FactSet  
Note: Market data as of May 8, 2026

# Bullish outlook for banks in 2026

Despite market volatility, several catalysts have impacted bank performance into 2026

## Top 10 catalysts for banks in 2026



### Deregulation

- Financial deregulatory agenda accelerating in 2026
- Current proposals regarding capital levels, deposit insurance, and oversight stand to significantly benefit banks



### Possible M&A acceleration given favorable outlook

- Deal activity slowed down in 1Q26 given geopolitical /macro uncertainty
- Current deregulatory environment serves to accelerate M&A



### Slowly normalizing yield curve

- Medium and long-term rates to remain near current levels
- Normalization accelerates post Iran War



### Increasing loan growth

- Growth in loans to non-depository financial institutions
- Pipelines driven by resilient economy, lower rates, and flexible capital usage



### Positive fee-based revenue momentum

- Momentum in wealth management, service charges, and market-related revenue
- Mortgage outlook improves despite current volatility



### Attractive capital return

- Banks are well-positioned to accelerate capital return
- Strong balance sheets and excess capital create flexibility for enhanced returns



### Credit remains benign

- Credit metrics remain benign through the year and continue to normalize
- Concerns rise slightly surrounding private credit



### Strong TBV growth

- Strengthening fundamentals drive improved earnings performance
- Strong balance sheets lead to continued opportunistic strategic capital deployments



### Profitability improvement with positive operating leverage

- NIMs expected to remain flat / modestly expand throughout the year
- Momentum in fee-based revenue supports improved operating leverage

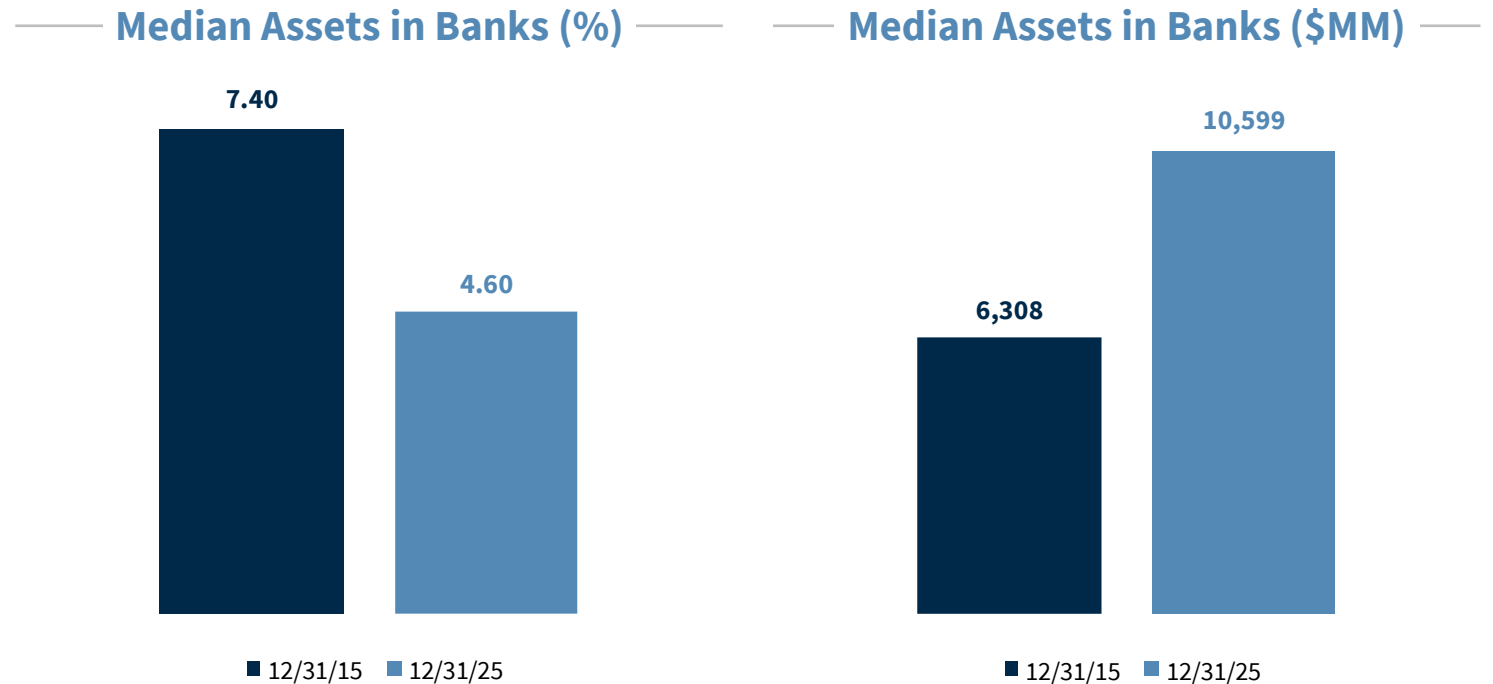


### EPS growth

- Robust loan growth fuels upward EPS revisions
- Deregulatory environment and M&A pipeline accelerate EPS growth

# Generalist activity in the banking sector

Generalist investors are underexposed to banks versus their ownership levels 10 years ago



## Observations

- Since 2015, most generalist investors have increased their holdings in banks; however, their allocation to the sector has decreased
- Generalist investors would need to purchase \$140B+ of bank equity securities to match their 2015 allocations

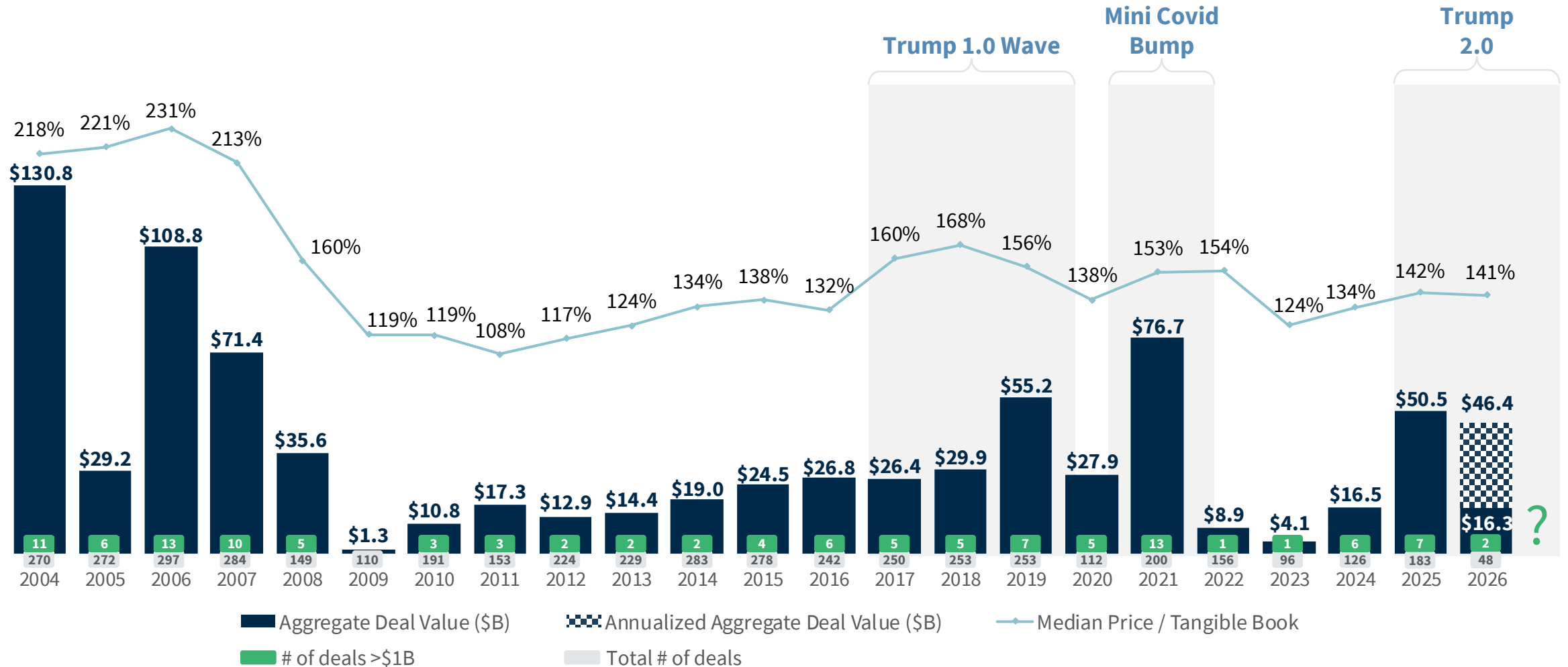


# M&A Observations & Considerations

SECTION 03



# Depository M&A activity by year



Source: S&P Capital IQ Pro  
 Note: Includes all U.S. depository M&A deals; excludes terminated deals

# M&A logic in the current environment



## Continued focus on size and scale

- Efficiency improvements
- Long-term driver of value



## Driver of EPS Growth

- EPS-based valuation metrics will continue to gain favor



## Footprint and business model allows for wide-ranging opportunities

- Modern, tech-forward models are best positioned to succeed



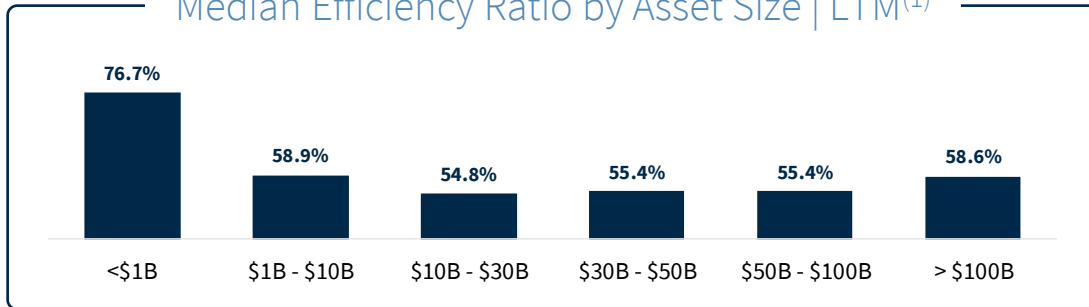
## Unique opportunities during times of crisis



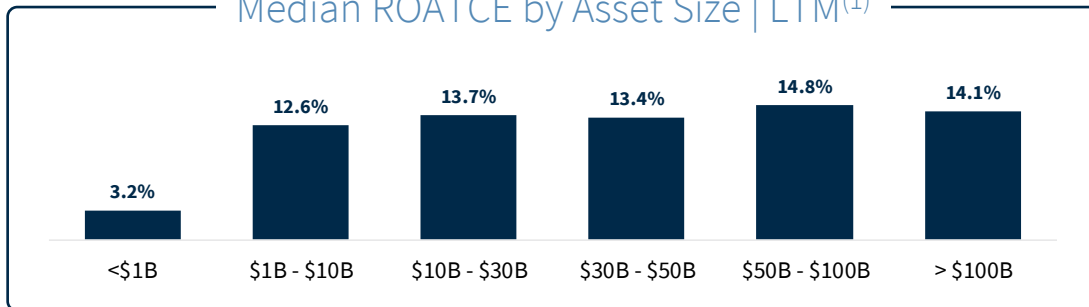
## Leveraging management expertise

# Size and scale still drive value

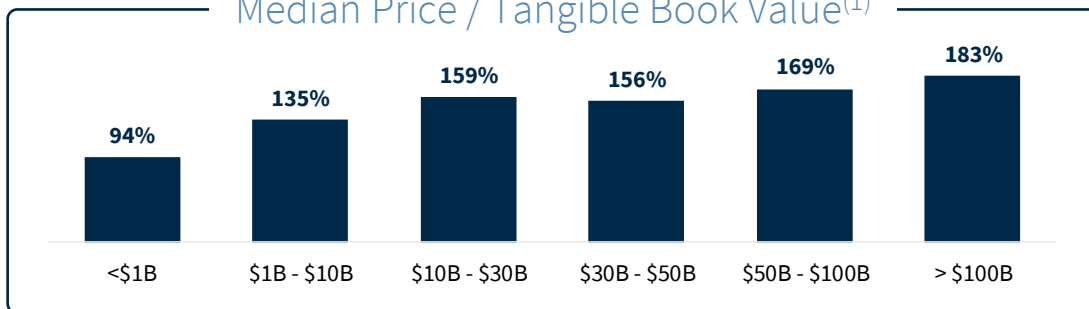
Median Efficiency Ratio by Asset Size | LTM<sup>(1)</sup>



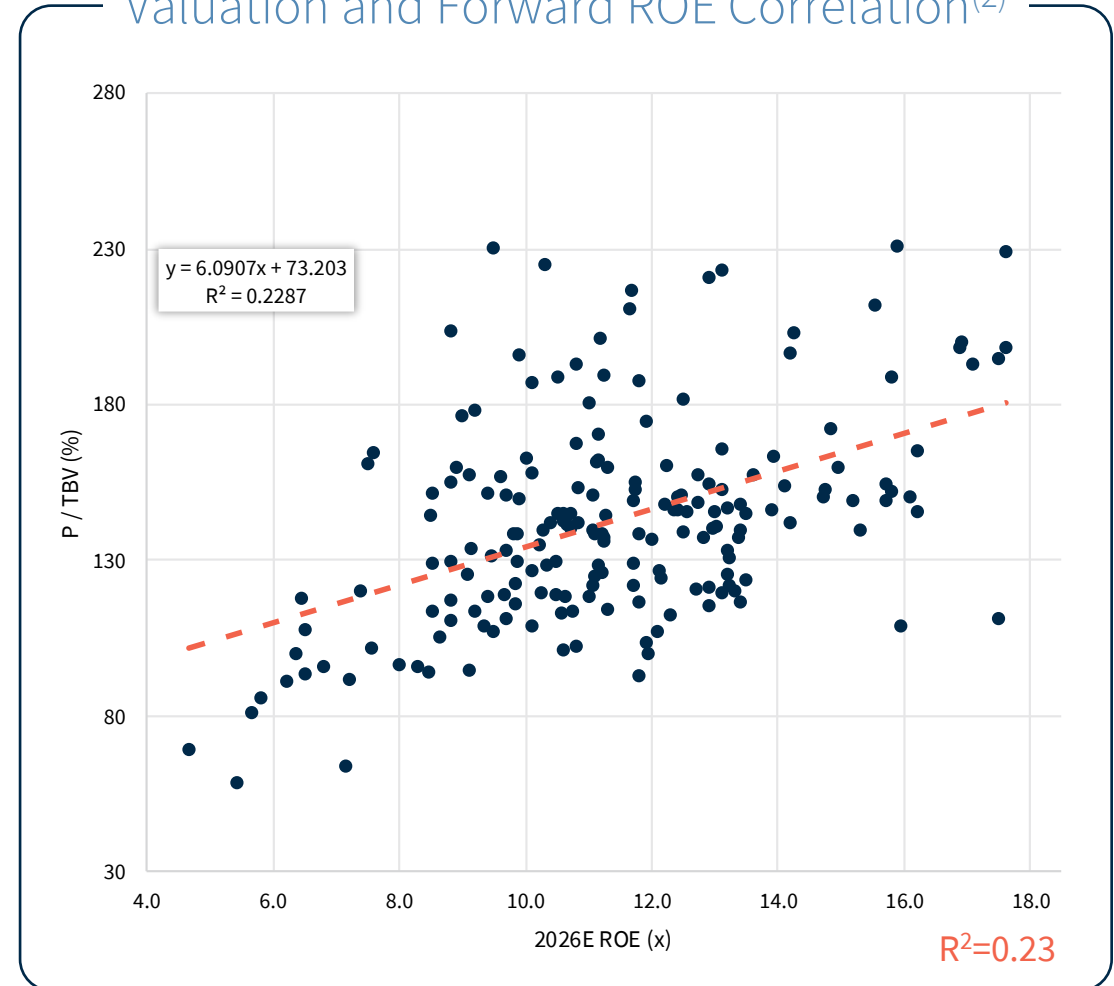
Median ROATCE by Asset Size | LTM<sup>(1)</sup>



Median Price / Tangible Book Value<sup>(1)</sup>



Valuation and Forward ROE Correlation<sup>(2)</sup>



Source: S&P Capital IQ Pro

Note: Market data as of May 8, 2026

(1) Includes nationwide major exchange-traded banks; excludes merger targets

(2) Includes all public US banks \$1B to \$50B; Excludes banks +/- 2 standard deviations from the median for both P/TBVPS and median consensus 2026E ROE

# Characteristics of a “well received” deal



## Compelling rationale

- Strategic: Franchise enhancing (market extension or product extension)
- Financial: Cost savings driven; potential for revenue synergies
- Risk: Cultural alignment; minimal integration risk



## Valuation

- Multiples paid in-line with current M&A market
- Particular focus on tangible book multiples and earn back period
- Must be able to justify transaction paying “above market”
- “Pay-to-trade” ratio in focus



## Financial impact

- EPS Impact: Accretion in first full year (excluding deal costs)
- TBVPS Impact: Earnback period of 3 to 4 years. < 3 years ideal for bank deals
- IRR: Should be greater than cost of capital (~15% minimum)



## Assumptions

- Use of “reasonable and supportable” assumptions
- Utilization of third parties / financial advisors to support key assumptions
- Detail behind purchase accounting adjustments



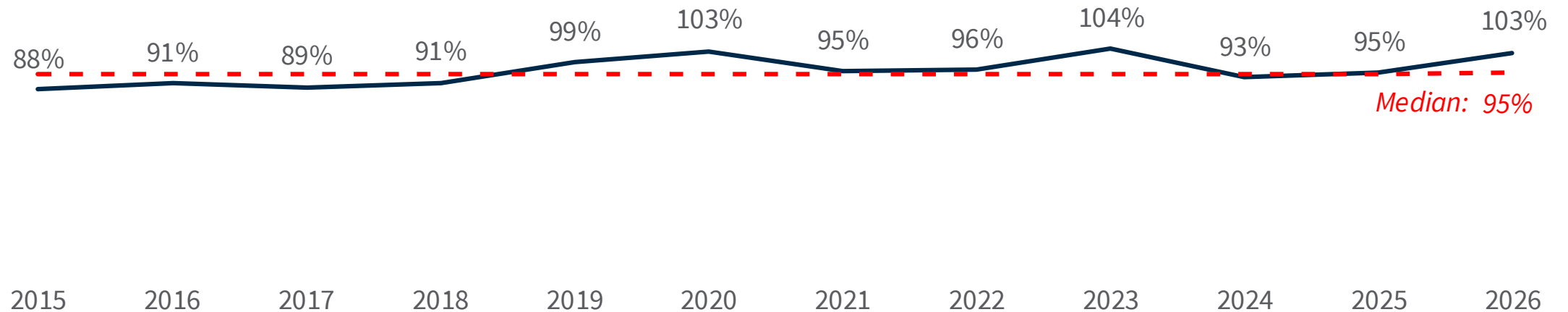
## Deal structure / protections

- Optimal consideration mixture
- Appropriate deal protection
- Regulatory considerations

# M&A pricing tightly correlated with the market

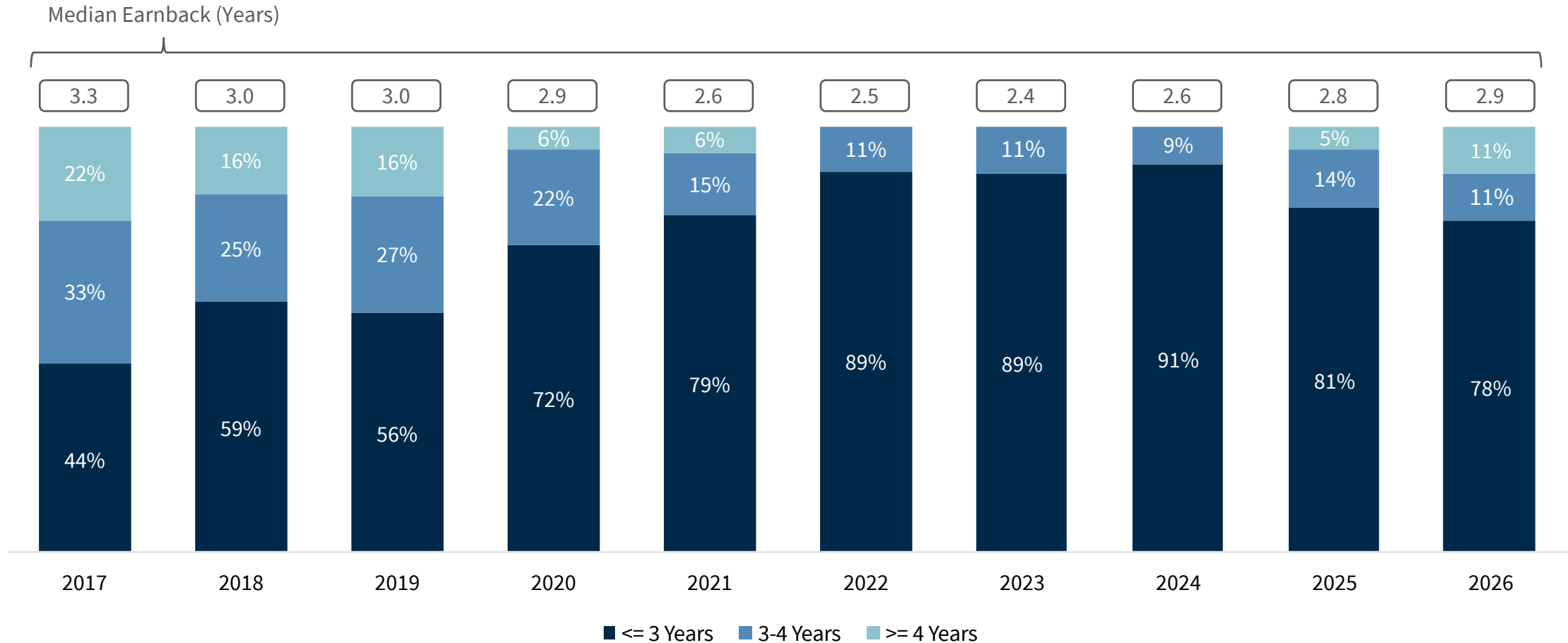
## Transaction pricing vs. market pricing

*Median Transaction P / TBV to Buyer's P / TBV Ratio*

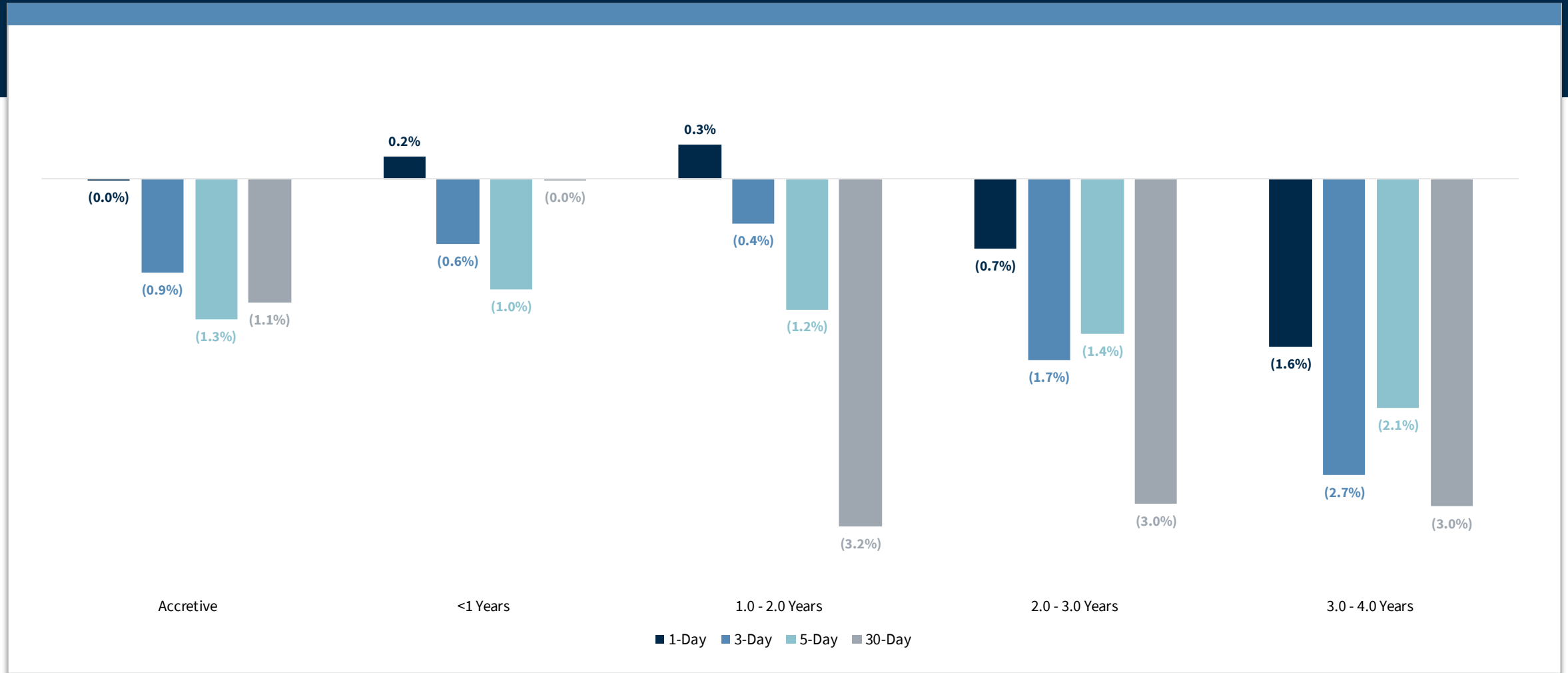


# Buyers are maintaining discipline – *defending TBV*

Buyers remain focused on earnback – with the majority of deals since 2020 reporting an earnback of less than 3 years



# Price performance since announcement by earnback<sup>(1)</sup>



Source: S&P Capital IQ Pro

Note: Includes all transactions with disclosed deal metrics since 2023 // Transactions with reported earnback periods greater than 4 years are excluded due to an inadequate sample size

(1) Price performance relative to the Nasdaq Bank Index

# Key M&A hot topics



## Market Conditions

Market Volatility  
Economic Outlook  
Looming Credit?

## Deal Focus

Need for EPS Growth  
Scarcity Value  
Buyer Capital &  
Currency Strength

## Impacts

Deal Marks &  
Interest Rate Impact  
TBV & EPS  
Accretion/Dilution

## Capital

Will Pro Forma  
Capital Ratios Be  
Sufficient If We  
Enter a Recession?

## Diligence

Cost Savings  
Credit Quality  
Purchase  
Accounting Marks

## Regulatory

Quicker Approvals  
Repeal of Prior  
Administration  
Policy Statements  
Ability to Further  
Leverage Capital

# Important considerations for buyers

▶ Opportunity to drive growth, enhance competitive advantage, and unlock synergies by combining strengths, expanding market reach, and increasing operational efficiency

## CONSIDERATIONS & POTENTIAL BENEFITS

### STRATEGIC RATIONALE

- Economies of scale: gain efficiency through cost savings or revenue synergies
- Increased share liquidity and market capitalization
- Diversify business mix
- Add immediate liquidity – acquired balance sheet fully marked to market
- Grow market share
- Access to new markets
- Remove a competitor

### EVALUATION OF M&A PARTNER

- Business model
- Franchise value
- Cultural fit
- Asset quality
- Execution risk
- Financial implications
- Management and lending talent
- Loan and deposit portfolio composition
- Growth prospects
- Other similar opportunities or transaction alternatives

# Operational readiness

What's needed to be a buyer?

## Financial Capacity & Discipline

- Capital flexibility: pro forma capital, liquidity, and earnings dilution tolerance
- Pre-aligned valuation framework (not built from scratch on each deal)
- Defined return thresholds and walk-away points
- Clarity on funding mix (cash vs. stock) and shareholder implications
- Sensitivity analysis on key assumptions (cost saves, credit marks, rate environment)
- Alignment with investors on M&A strategy and financial guardrails

## Repeatable Execution Infrastructure

- Internal deal team with clear roles (strategy, finance, legal, HR, tech)
- External advisors aligned early (bankers, legal, diligence providers)
- Diligence playbook: what matters, what doesn't, where risk typically hides
- Dedicated internal resources vs. part-time deal staffing
- Clear data room and information flow processes
- Post-mortem reviews after each deal to refine approach

## Integration Readiness (Pre-Signing)

- Identified integration leader and governance structure
- High-level Day 1 and 100-day plan
- Early views on systems, cost saves, and organizational design
- Defined synergy targets with ownership and accountability
- Technology and core systems conversion roadmap
- Retention strategy for key employees and producers

## Speed & Decision Making Capability

- Tight internal approval process (no ambiguity on who decides what)
- Ability to move quickly in competitive situations
- Alignment between management and board before going live
- Pre-scheduled board touchpoints for potential transactions
- Clear escalation paths for key issues during a live deal
- Willingness to act decisively with imperfect information

# Board & cultural preparation

## Alignment on Strategy & Risk Appetite

- Agreement on why M&A is part of the strategy
- Clear boundaries: size, geography, risk tolerance
- Alignment on acceptable outcomes (earnings dilution, integration risk, etc.)
- Shared understanding of valuation discipline and return expectations
- Alignment on pace of M&A activity (opportunistic vs. programmatic)
- Early discussion of downside scenarios and failure cases

## Governance & Decision Clarity

- Defined roles: management vs. board vs. advisors
- Streamlined approval process for live deals
- Avoid “shadow decision-making” or late-stage surprises
- Clear documentation of decision rights and approval thresholds
- Consistent cadence of updates during active processes
- Pre-alignment on what requires full board vs. committee approval

## Communication Strategy

- Clear narrative for employees, investors, and customers
- Early identification of sensitive issues (roles, locations, branding)
- Consistent messaging from board and management
- Timing and sequencing of announcements
- Prepared responses for investor and analyst questions
- Dedicated internal communication channels during integration

## Leadership Integration Mindset

- Willingness to make tough decisions early
- Alignment on pace of integration vs. preservation of franchise value
- Recognition that integration is a leadership - not just operational - exercise
- Clear accountability for integration outcomes at the executive level
- Realistic expectations on timeline and disruption
- Commitment to follow-through beyond Day 1 and initial milestones

# Important considerations for sellers

## Timing pressures



- Management succession
- Infrastructure planning
- Need for liquidity

## Standalone prospects



- Future outlook
- Growth prospects: organic and via acquisitions
- Ability to achieve projections
- Ability to withstand market downturns
- Execution risks

## Macroeconomic trends



- Economic environment
- Regulatory environment
- Industry outlook
- M&A trends
- Is bigger better?

## Buyer universe



- Bank valuations / capacity to pay
- Overall buyer appetite
- Number of interested parties
- Prospects of potential buyer (stock deal)
- Competitive environment

# A phased approach to the M&A conversation



## Housekeeping

- Establish an internal framework for a process
- Confidentiality!
- Internal preparation and organization
- Identify strengths and weaknesses



## Current market valuation

- Understand the current market environment
- Review macroeconomic and local market trends
- Develop credible projections
- Evaluate implied valuation



## Establishing the process

- Assess potential transaction partners
- Understand key transaction assumptions / drivers and impacts
- Develop a bespoke process
- Develop a process to evaluate proposals



# Concluding Remarks – Preparation is Key

SECTION 04



# Measure twice, cut once

1



Where are we?  
What do we have?  
Where are we heading?

2



Educate, evaluate, and plan  
What are our options?

3



Look at ourselves from a  
buyer's perspective  
What might we deliver to  
another?

4



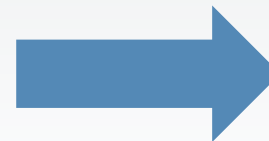
**Take action** (only when  
prepared and when  
conditions provide for a  
reasonable probability of a  
satisfactory outcome)

## Housekeeping & Preparation

Measure Twice



Develop objectives and  
understand alternatives



Cut Once

Key Themes

- Confidentiality
- Maintain optionality
- Clear objectives
- Understand realistic value