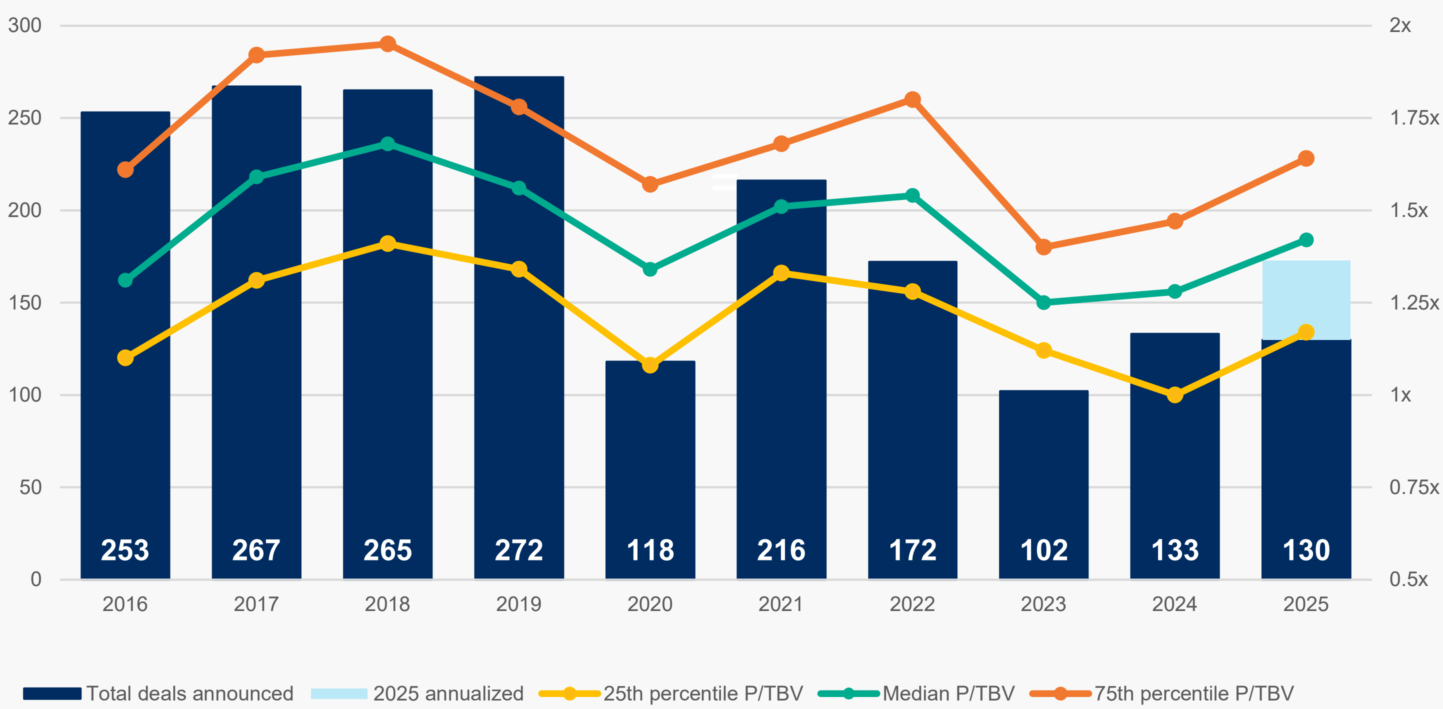
Q3 2025

Bank M&A Update

At the close of the third quarter of 2025, bank merger and acquisition (M&A) activity has accelerated meaningfully, extending the recovery that began earlier in the year. Total deal volume through 3Q2025 has surpassed comparable periods in 2023 and 2024, signaling a broadening resurgence in market confidence. Recent activity among regional and midsized banks highlights a clear shift in momentum, with M&A increasingly moving upmarket toward larger acquirers rather than being driven solely by community bank consolidation. This trend reflects improved regulatory clarity, stronger balance sheet positions, and the pursuit of greater operational scale as financial services organizations adapt to evolving capital and cost pressures. Together, these developments suggest that M&A activity is entering a more balanced and strategically diverse phase, with larger and smaller organizations engaging more actively as 2025 progresses.

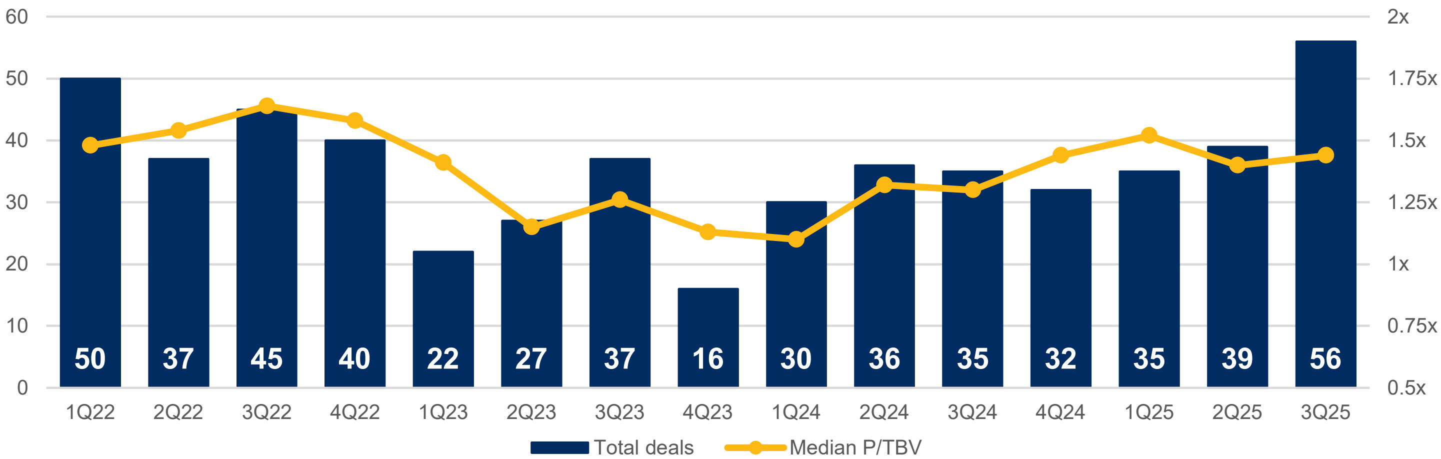
Deal volume and price

Through 3Q2025, the banking sector recorded a total of 130 announced deals, marking a steady increase from 2024's pace and putting the year on track for approximately 173 deals and a projected 30.1% year-over-year increase. Significant deal activity took place in 3Q2025 – a notable shift in deal momentum as pricing multiples and average target size remain stronger compared to recent years. The Midwest region continues to lead M&A activity, which demonstrates its historically dense banking footprint and stronger buyer confidence. Price-to-tangible book value (P/TBV) multiples are approaching pre-2022 levels, a reflection of improving sentiment among acquirers. Still, elevated capital costs, economic policy uncertainty, and shifting regulatory expectations continue to influence transaction timing and execution strategy, which leaves room for caution despite the upward trend.



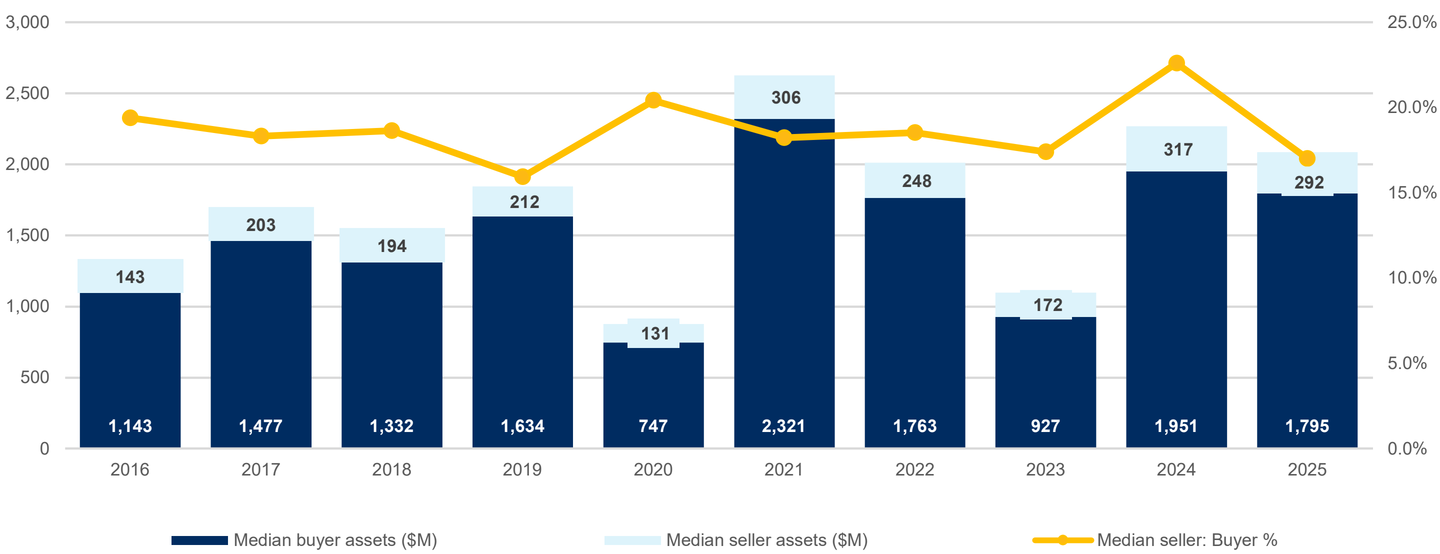
Total deals by quarter

Total deal activity accelerated notably in the third quarter of 2025, which demonstrates the strongest quarterly volume in more than three years. The 56 announced transactions represent a sharp uptick from recent quarters and signals renewed momentum across the banking M&A landscape. This increase suggests that acquirers, particularly larger community and regional banks, are taking advantage of improved regulatory clarity and faster approval timelines to advance transactions that had been delayed earlier in the year. While deal volume has risen, the mix of transactions remains balanced and reflects a combination of smaller community bank mergers and midsized strategic combinations that collectively point to a more active and confident market environment heading into year-end.



Buyer and seller size analysis

Despite several larger transactions announced in 2025, median buyer and seller asset sizes have returned to more historical norms, easing off the highs of 2024. This shift suggests that larger banks might now be prioritizing the quantity of deals rather than focusing solely on larger, more strategic acquisitions as faster regulatory approval timelines have encouraged a steadier cadence of smaller transactions. Even so, overall deal activity remains strong, underscoring continued momentum and confidence among both community and regional organizations.



Deal metrics by region

The following data provides a comprehensive overview of M&A activity segmented by region and offers insights into the geographic trends and dynamics shaping the market in 2025. This summary highlights key regional developments and patterns in the M&A landscape. Note: The following data excludes credit union-related and terminated deals.

Mid-Atlantic

	2025 YTD	2024
Total transactions	8	13
Deal value	$44.28M	$68.37M
P/TBV	1.07x	1.01x
P/E	26.74x	17.03x
Buyer asset size	$2.37B	$7.63B
Seller asset size	$499.47M	$1.56B

Southeast

	2025 YTD	2024
Total transactions	24	21
Deal value	$194.86M	$57.87M
P/TBV	1.64x	1.33x
P/E	19.25x	15.71x
Buyer asset size	$2.80B	$1.66B
Seller asset size	$429.34M	$351.66M

Midwest

	2025 YTD	2024
Total transactions	49	45
Deal value	$122.48M	$84.39M
P/TBV	1.37x	1.33x
P/E	13.59x	N/A
Buyer asset size	$932.24M	$871.67M
Seller asset size	$96.32M	$143.84M

Southwest

	2025 YTD	2024
Total transactions	22	17
Deal value	$207.24M	$1.04B
P/TBV	1.54x	1.51x
P/E	14.08x	16.45x
Buyer asset size	$2.00B	$2.92B
Seller asset size	$547.99M	$142.79M

Northeast

	2025 YTD	2024
Total transactions	7	7
Deal value	$153.33M	$564.15M
P/TBV	1.00x	1.39x
P/E	32.96x	14.22x
Buyer asset size	$5.24B	$5.21B
Seller asset size	$682.20M	$1.60B

West

	2025 YTD	2024
Total transactions	7	5
Deal value	$211.42M	$118.27M
P/TBV	1.51x	0.93x
P/E	15.07x	16.14x
Buyer asset size	$7.07B	$2.36B
Seller asset size	$1.33B	$1.01B

Conclusion

The strong pickup in deal activity during the third quarter has provided renewed momentum for the banking M&A market heading into the final months of 2025. With volume at its highest level in more than two years, the resurgence underscores improving confidence among buyers and sellers and a willingness to reengage in strategic discussions after a period of restraint. Larger regional acquirers have become increasingly active, as have community banks, which reflects a broader and more balanced mix of transactions across the industry. Deal structures and pricing continue to normalize, with valuations approaching pre-2022 levels and transaction pacing returning to a more consistent rhythm. As the market enters the fourth quarter, the tone remains cautiously optimistic and is marked by sustained activity, disciplined execution, and growing confidence that the recovery in bank M&A is taking hold.

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Source: Data compiled from the Securities and Exchange Commission's Electronic Data Gathering, Analysis, and Retrieval (EDGAR) database (https://www.sec.gov/search-filings) and other publicly available filings and data.

*As of June 2025
**As of March 2025