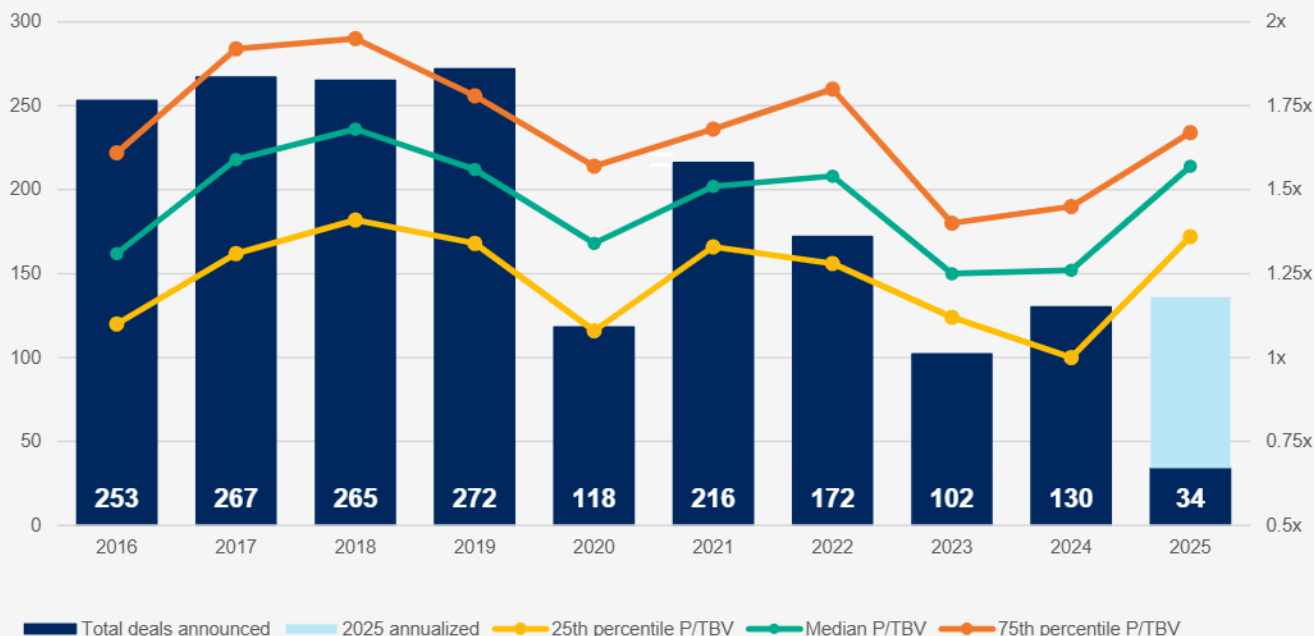


Bank M&A Update

At the start of 2025, bank merger and acquisition (M&A) activity experienced a continued rebound from the historical lows of 2023, with total deal activity in the first quarter surpassing first quarter deal activity of 2023 and 2024, respectively. While this trend is promising, significant headwinds remain that could materially affect deal activity. Most importantly, bank stocks in recent weeks have declined dramatically with the Trump administration's tariff-related policies and the resulting uncertainty. This sell-off has had a direct effect on valuations and buyers' purchasing power, as buyers' stock value often is used as currency in deals. As a result, this set of circumstances might lead to challenges in getting deals done and might put a pause on deals not yet announced. Additionally, while the bond market has seen decreases in rates in 2025, the resulting benefit of decreased interest rate marks might not outweigh the potential credit concerns if increased tariffs are fully implemented for the foreseeable future. These headwinds likely will continue to put downward pressure on M&A activity and could reverse the positive trends observed through 1Q2025.

Deal volume and price

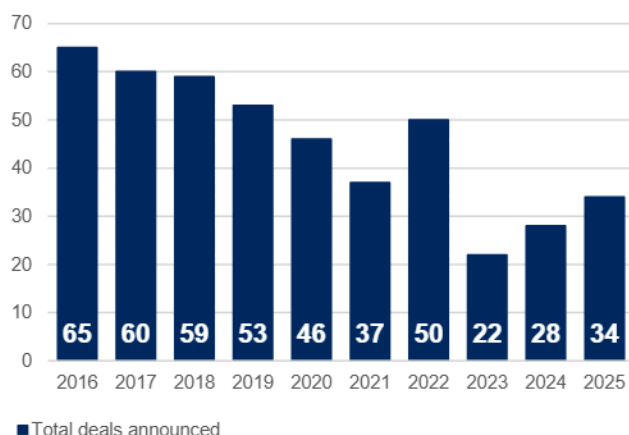
Total deal activity was modest throughout 1Q2025, amounting to a total of 34 deals. On an annualized basis, 2025 is on pace for approximately 136 deals, or approximately a 4.5% increase over 2024. While a simple annualization of the total deals throughout 2025 implies relatively flat year-over-year deal activity, recent years have given some indication that we can expect an uptick in deal activity as we progress through the year, all else being equal. Additionally, we have observed positive momentum from a pricing multiple perspective, in which multiples have begun reverting to historical means.



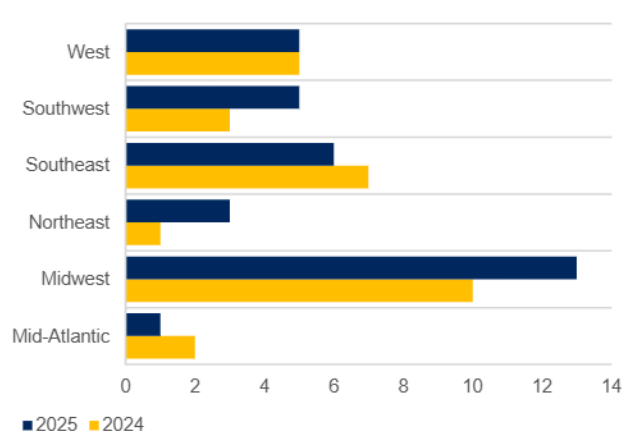
Quarter-over-quarter deal activity

Total announced deals increased from 28 to 34 quarter over quarter, with the Midwest region continuing to lead the activity. While first-quarter deal activity has increased 21% relative to 1Q2024 and 55% relative to 1Q2023, M&A activity is still far from historical norms, albeit trending in a positive direction. If historical years are any indication of what is expected to come this year, it's possible that deal activity could pick up in 2Q2025 and 3Q2025. However, significant political, regulatory, and economic uncertainties remain, which might keep buyers on the sidelines.

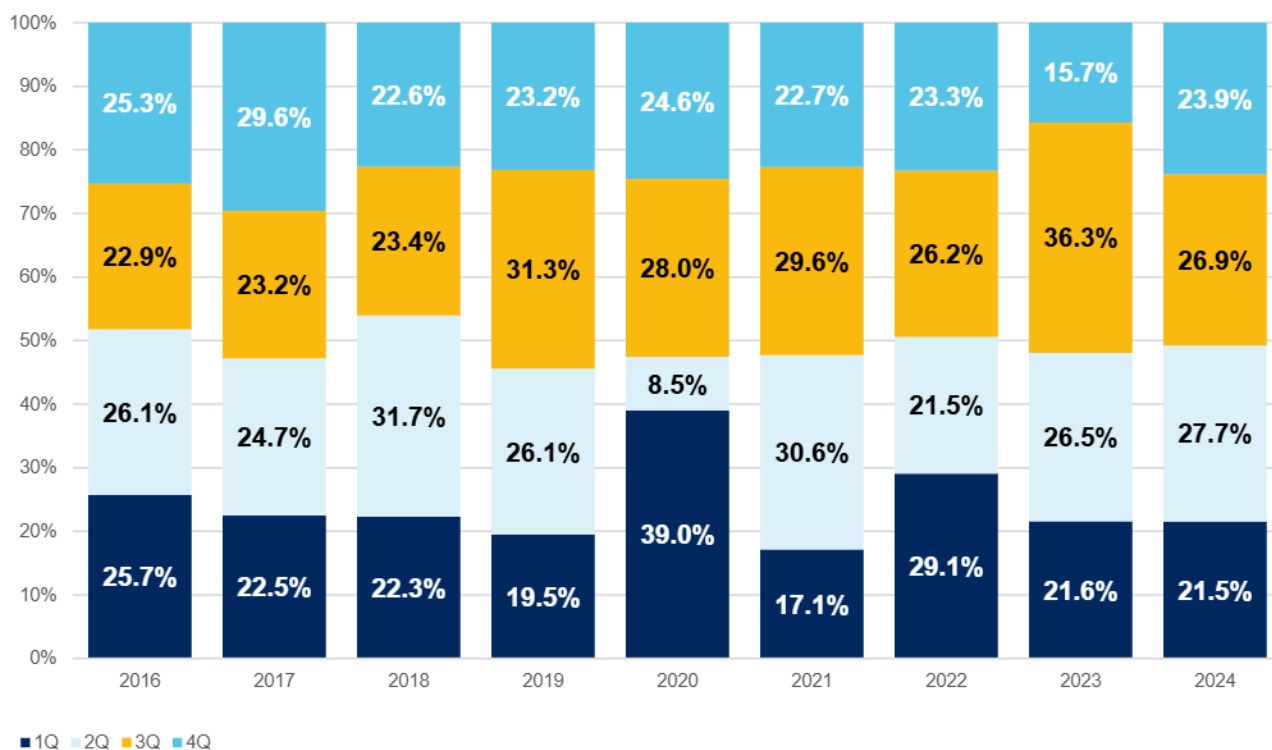
1Q deal total activity



1Q deal activity, by region



Deal composition by quarter



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

	1Q25	4Q24
Total transactions	1	4
Deal value	\$209.26M	\$126.13M
P/TBV	0.96x	1.28x
P/E	12.26x	13.57x
Buyer asset size	\$6.19B	\$14.35B
Seller asset size	\$2.19B	\$2.26B

Southeast

	1Q25	4Q24
Total transactions	5	5
Deal value	\$156.13	NA
P/TBV	1.58x	1.50x
P/E	9.47x	NA
Buyer asset size	\$13.16B	\$4.21B
Seller asset size	\$734.08M	\$344.36M

Midwest

	1Q25	4Q24
Total transactions	11	9
Deal value	\$196.51M	\$727.86M
P/TBV	1.31x	1.30x
P/E	NA	NA
Buyer asset size	\$1.14B	\$835.71M
Seller asset size	\$124.75M	\$182.93M

Southwest

	1Q25	4Q24
Total transactions	5	4
Deal value	NA	\$27.0M
P/TBV	NA	NA
P/E	NA	NA
Buyer asset size	\$945.39M	\$475.08M
Seller asset size	\$336.61M	\$157.50M

Northeast

	1Q25	4Q24
Total transactions	3	4
Deal value	\$39.95M	\$852.73M
P/TBV	NA	1.36x
P/E	NA	15.30x
Buyer asset size	\$983.38M	\$11.60B
Seller asset size	\$681.27M	\$2.82B

West

	1Q25	4Q24
Total transactions	4	NA
Deal value	\$153.95M	NA
P/TBV	1.87x	NA
P/E	16.74x	NA
Buyer asset size	\$9.06B	NA
Seller asset size	\$992.72M	NA

Conclusion

In 1Q2025, M&A in the banking sector was initially set up for a continued rebound off the 2023 lows as pent-up demand, the prospect for lower interest rates, improved asset values, and indications of faster and more collaborative regulatory approvals began to materialize into deal activity. However, recent political headwinds and economic ramifications are likely to have a negative effect on bank M&A in the short term. This uncertainty can delay buyers and sellers from reengaging and finalizing negotiations or prevent some deals from materializing. However, if this market uncertainty proves to be short-lived, other drivers present for 2025 could be positive from an M&A perspective and continue the increased volume and pricing trends observed through 1Q2025.

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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 Oct. 21, 2024

**As of July 2024

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