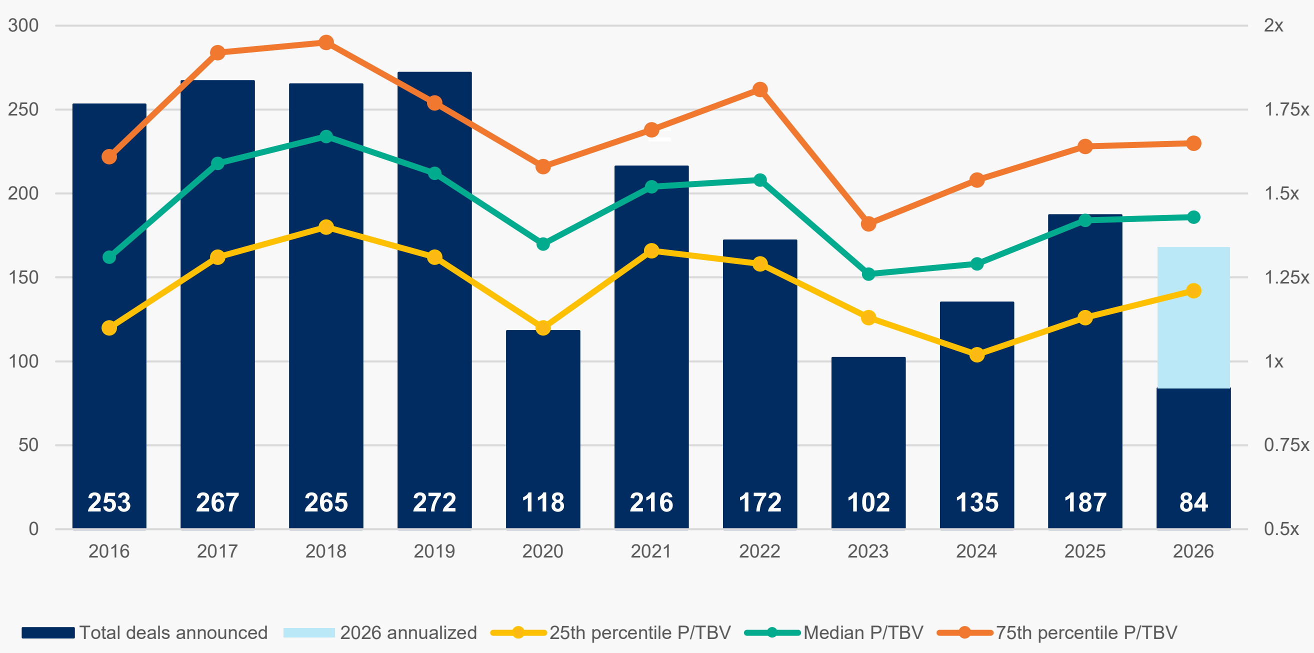
Q2 2026

Bank M&A Update

Bank M&A in the first half of 2026 is defined less by headline volume than by how buyers intend to create value. With price-to-tangible book value (P/TBV) pricing broadly unchanged from 2025, transaction economics depend more on achieving operational synergies and the quality of the underlying earnings stream. Average estimated cost savings rose to 34.6%, with an average realization period of 2.5 years, which placed greater weight on integration discipline and execution certainty. Directionally, the available 2026 data also show stronger profitability and operating efficiency among targets receiving higher multiples, which reinforces that strategic fit and demonstrated earnings capacity, not broad multiple expansion, are shaping valuation outcomes. Community and regional bank combinations continue to lead activity, with the Midwest accounting for more than half of bank-to-bank, nonterminated transactions and credit union buyers representing a smaller share of activity than in 2025. Overall, the first half points to a market characterized by improving deal flow, cautious optimism regarding stable pricing, and continued selectivity about strategic fit and financial quality.

Deal volume and price

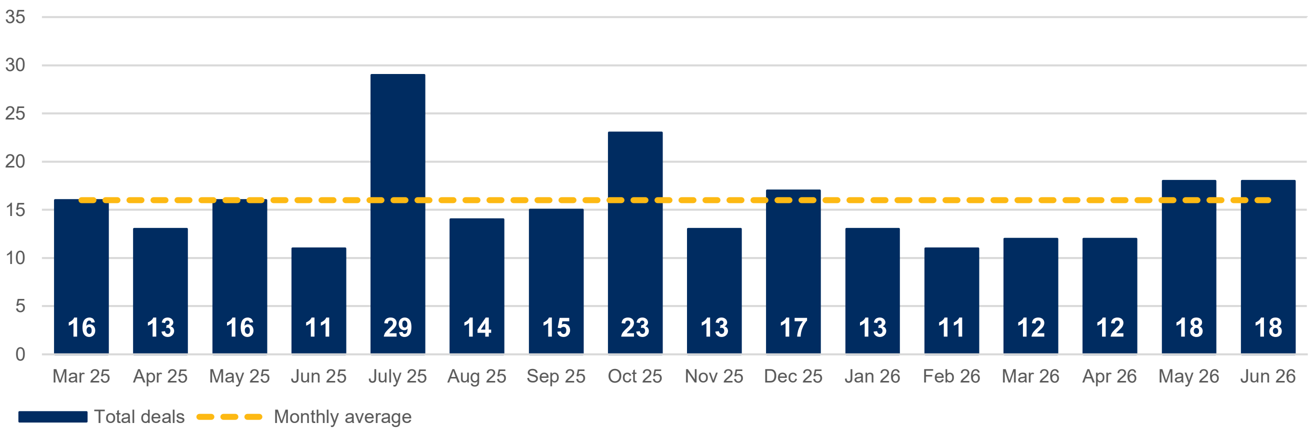
Through June 30, 84 transactions were announced, including 48 in Q2 compared with 36 in Q1. These numbers place 2026 on an annualized pace of approximately 168 deals, modestly below 2025 but above 2024. The seller mix shifted toward smaller organizations: 72 first-half transactions, or approximately 86% of the total, involved sellers with less than $1 billion in assets compared with approximately 70% in 2025. The $500 million to $1 billion segment alone recorded 17 announcements during the first half, nearly matching the 18 announced during all of 2025, while only 12 first-half transactions involved sellers above $1 billion. Pricing remained stable, with median P/TBV of 1.43x compared with 1.42x in 2025. The lower quartile increased to 1.21x while the upper quartile remained near 1.65x, which indicates firmer pricing at the lower end of the market rather than broad-based multiple expansion.



Q2 momentum

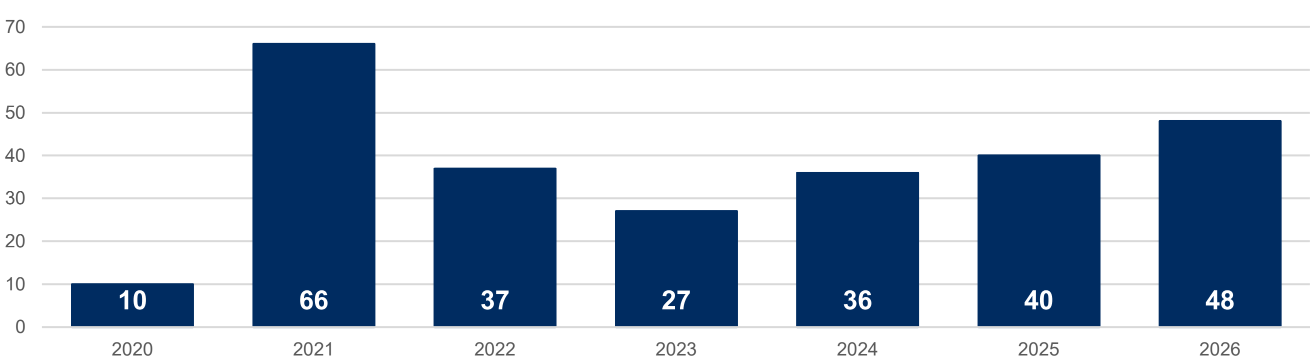
Q2 activity broadened, but transaction value remained concentrated in Q1. The second quarter generated 48 of the 84 announcements recorded during the first half, representing 57.1% of transaction count. However, Q2 accounted for only 10.2% of disclosed first-half deal value. This divergence indicates that the quarterly rebound was driven by a greater number of smaller community and regional bank transactions, while first-quarter value was concentrated in a limited number of larger announcements. The $97.8 million median deal value and lower median buyer asset size reinforce the shift toward smaller absolute transactions. Nevertheless, targets represented 19.6% of median buyer assets, nearly unchanged from 20.2% in 2025, which suggests that these transactions can remain strategically and operationally meaningful even at a smaller absolute scale.

Total deals by month



	2024	2025	YTD 2026
Median deal value	$87M	$172M	$97.8M
Median buyer assets	$1.95B	$2.02B	$1.21B
Median seller assets	$317M	$320M	$287M
Seller assets / buyer assets	22.6%	20.2%	19.6%

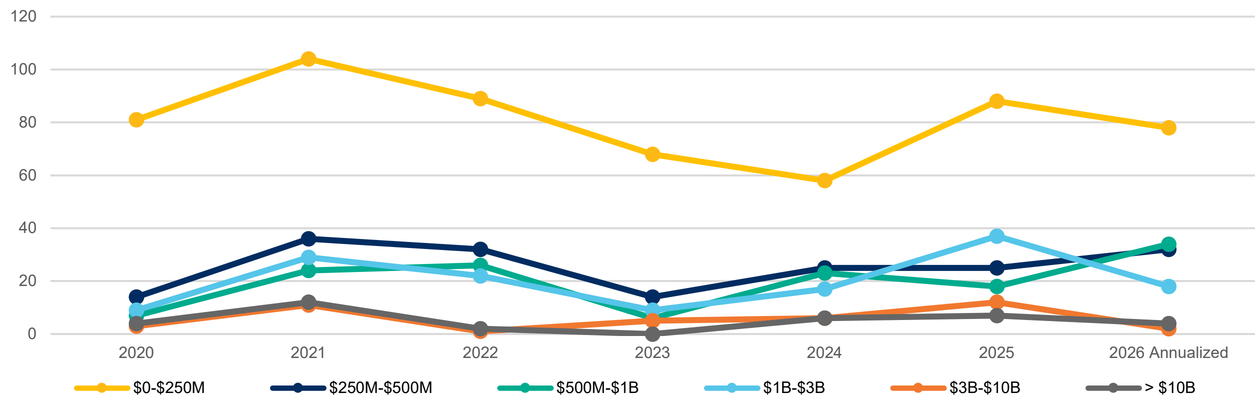
Q2 historical deal total activity



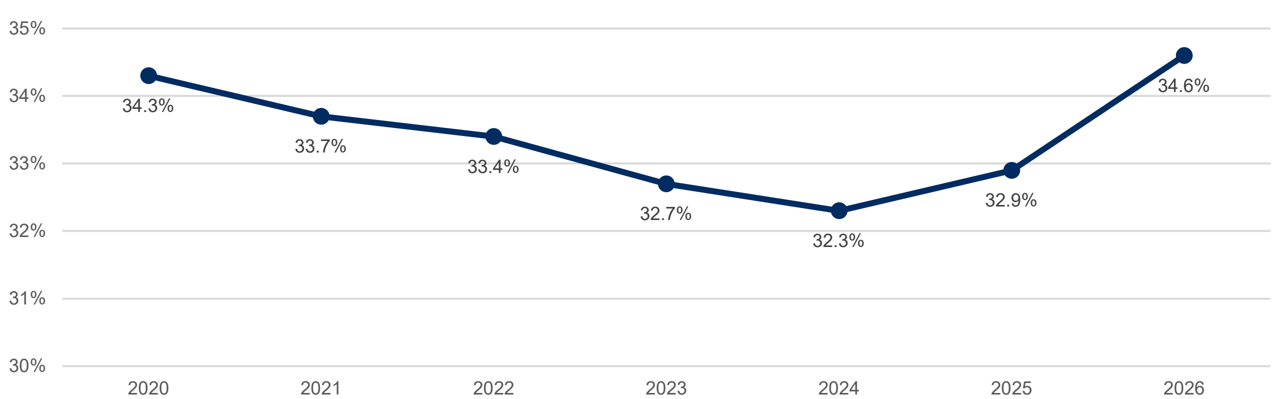
Transaction activity shifts toward sub-$1 billion sellers

When evaluating 2026 versus 2025 transactions, the seller mix shifted decisively toward smaller organizations: 72 first-half transactions, or approximately 86% of the total, involved sellers with less than $1 billion in assets, up from approximately 70% of 2025 transaction count. The $500 million to $1 billion segment alone recorded 17 transactions during the first half, nearly matching the 18 announced during all of 2025, while only 12 first-half transactions involved sellers above $1 billion. On an annualized basis, sub-$1 billion activity is tracking above 2025 even as the overall transaction pace remains modestly lower, which indicates that 2026 consolidation is being driven primarily by community and smaller regional bank combinations. At the same time, average estimated cost savings increased to 34.6% from 32.9% in 2025, reaching their highest level since 2019. The increase underscores the continued importance of operating leverage and disciplined integration in supporting transaction returns as activity shifts toward smaller sellers.

Total deals by target asset size



Average estimated cost savings by year



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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 2026. This summary highlights key regional developments and patterns in the M&A landscape. Note: The following data excludes credit union-related and terminated deals and reflects the median of each metric besides total transactions.

Mid-Atlantic

	YTD 2026	2025
Total transactions	4	13
Deal value	$97.80M	$99.09M
P/TBV	1.38x	1.07x
P/E	20.34x	16.42x
Buyer asset size	$3.03B	$4.29B
Seller asset size	$838.48M	$737.74M

Southeast

	YTD 2026	2025
Total transactions	9	33
Deal value	$147.97M	$180.00M
P/TBV	1.94x	1.64x
P/E	14.22x	14.68x
Buyer asset size	$3.27B	$3.16B
Seller asset size	$786.01M	$456.37M

Midwest

	YTD 2026	2025
Total transactions	41	70
Deal value	$79.09M	$132.08M
P/TBV	1.47x	1.31x
P/E	13.97x	14.30x
Buyer asset size	$829.68M	$871.67M
Seller asset size	$243.57M	$120.80M

Southwest

	YTD 2026	2025
Total transactions	16	35
Deal value	$1.02B	$299.05M
P/TBV	1.47x	1.51x
P/E	20.44x	14.50x
Buyer asset size	$1.17B	$2.00B
Seller asset size	$215.81M	$763.52M

Northeast

	YTD 2026	2025
Total transactions	5	8
Deal value	$6.16B	$153.33M
P/TBV	1.65x	1.00x
P/E	12.81x	32.96x
Buyer asset size	$3.0B	$5.61B
Seller asset size	$1.21B	$759.84M

West

	YTD 2026	2025
Total transactions	4	12
Deal value	$105.67M	$219.03M
P/TBV	1.25x	1.50x
P/E	33.59x	17.92x
Buyer asset size	$1.82B	$3.61B
Seller asset size	$231.35M	$946.78M

Looking ahead

As bank M&A enters the second half of 2026, the data support a view of steady, selective consolidation rather than a broad-based surge. Q2's stronger transaction count and stable P/TBV levels show that buyers and sellers are finding a workable valuation range, but the lower annualized pace, smaller median deal value, and concentration of disclosed value in Q1 indicate that market depth remains uneven. Market-expansion transactions continue to represent the dominant geographic strategy at 60.0% of 2026 activity, while the in-market share increased to 21.3% and partial-overlap transactions declined to 18.8%. These patterns suggest that buyers are favoring clearly defined combinations, either entering new markets or building density in existing ones, and are likely to continue prioritizing earnings durability, operating efficiency, deposit franchise quality, and execution certainty through the remainder of the year.

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80+

Years in business

28%

Revenue from financial services sector*

5,800+

Professionals*
(Includes subsidiary offices)

*As of April 2026

Source: Data compiled from S&P Global.

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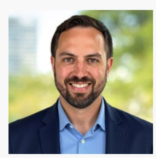
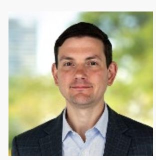
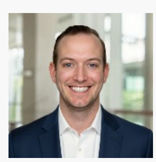


Kevin Brand
Partner, Advisory
+1 720 221 9854
kevin.brand@crowe.com



Patrick Vernon
Partner, Advisory
+1 202 552 8052
patrick.vernon@crowe.com



Connor Thomas
Senior Manager, Advisory
+1 317 853 5649
connor.thomas@crowe.com

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