
# Banking Industry Update

## Saltmarsh BankTalk 2026

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*See Page 28 for Important Disclaimers & Disclosures*

RAYMOND JAMES

# Biography | Brian Nestor


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## Biography

Brian Nestor has over 25 years of legal and financial advisory experience. Mr. Nestor is active in buy-side and sell-side mergers and acquisitions, corporate defense, special committee advisory, and public and private equity/debt capital transactions for depository institutions. Mr. Nestor received his Juris Doctor degree from the Notre Dame Law School, an MBA degree, magna cum laude, from the University of Notre Dame Mendoza College of Business, and a bachelor's degree in finance from Florida State University.

## Experience

K&S King & Spalding

WHITEFORD

## Education

ND

FLORIDA STATE UNIVERSITY VIRES ARTES MORES 1851

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# State of the Banking Market

# Current macroeconomic environment

## Despite headwinds, the broader stock market continues to perform well

*The current economy is characterized by modest expansion, elevated inflation and intensified geopolitical uncertainty*

### Headwinds

1. Implications of the Iran War
2. Continued inflationary pressures & interest rate clarity
3. Tariff and trade policy pressures
4. Labor market volatility
5. Policy uncertainty

### Tailwinds

1. Deregulatory agendas
2. Durable stock market
3. Resilient consumer spending
4. AI impact and capital investment boom

# Regulation is undergoing a generational, unprecedented change

## Key Trump cabinet and financial services picks


Marco Rubio
*Secretary of State*


Scott Bessent
*Treasury*


Todd Blanche
*Interim Attorney General*


Travis Hill
*FDIC*


Kevin Warsh
*New Fed Chair*


Paul Atkins
*SEC*


Jonathan Gould
*OCC*


Michelle Bowman
*Fed VC*


Kyle Hauptman
*NCUA*


Russ Vought
*CFPB*


Jamieson Greer
*US Trade Representative*


Kevin Hassett
*National Economic Council Director*

## A look into key regulatory changes

**Eased Financial Policy**

1. Increased threshold for enhanced supervision ($10B – $30B)
2. FASB double-counting eliminated
3. Enhanced Supplementary Leverage Ratio modified
4. FDIC special assessment rate reduced
5. Regional bank tax cuts
6. FDIC regulatory thresholds adjusted for inflation

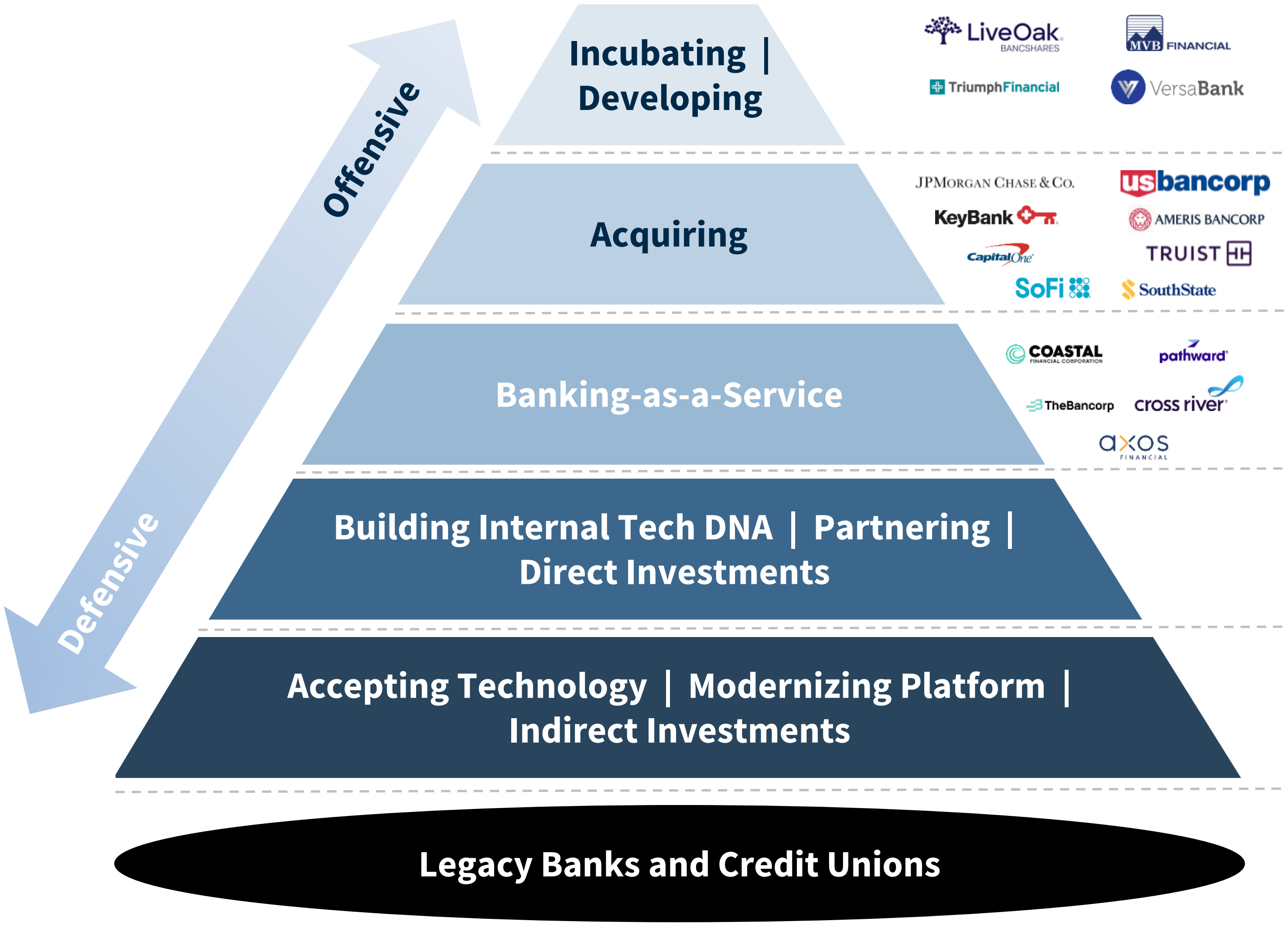
**Streamlined Processes**

1. OCC merger review process revised
2. Funding cut for SEC and CFPB
3. Large Financial Institution rating framework revised (proposed)
4. Branch establishment and relocation process streamlined (proposed)

**Encouraged Innovation**

1. GENIUS Act: stablecoin oversight federalized
2. Charter approvals for “Crypto Banks”
3. Small business lending data collection delayed
4. De-banking prohibited

# How banks are leveraging technology




**Incubating | Developing**
- Using in-house expertise to develop or incubate new technology solutions
- Very few banks / credit unions have the resources & expertise to effectively do this

**Acquiring**
- Generally larger players with significant capital resources
- Integrating technology as a distinct competitive advantage

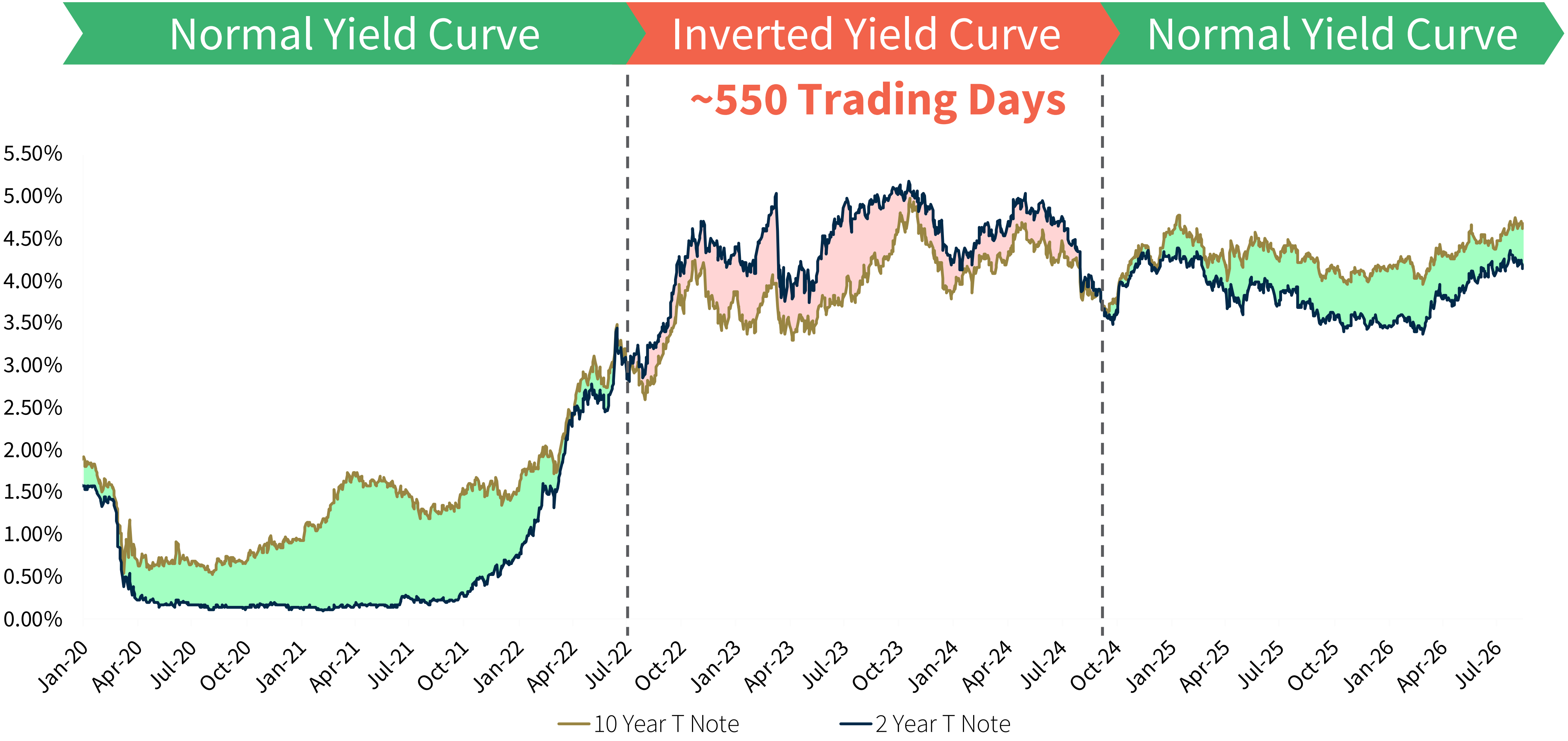
**Banking-as-a-Service**
- Integrating digital banking services into non-bank businesses

**Building Internal Tech DNA | Partnering | Direct Investments**
- Hiring tech talent & finding trusted partners to help establish 'tech DNA'
- Partnering with and, in some cases, investing directly into tech companies

**Accepting Technology | Modernizing Platform | Indirect Investments**
- Foundational building blocks to effectively compete in today's environment (modernizing legacy systems, next gen core, digital banking, etc.)
- Investing in bank tech-oriented funds for further exposure to new technologies

**Legacy Banks and Credit Unions**
- Legacy systems with limited technology
- Declining value over time

# Yield curve normalization has paved path for earnings growth

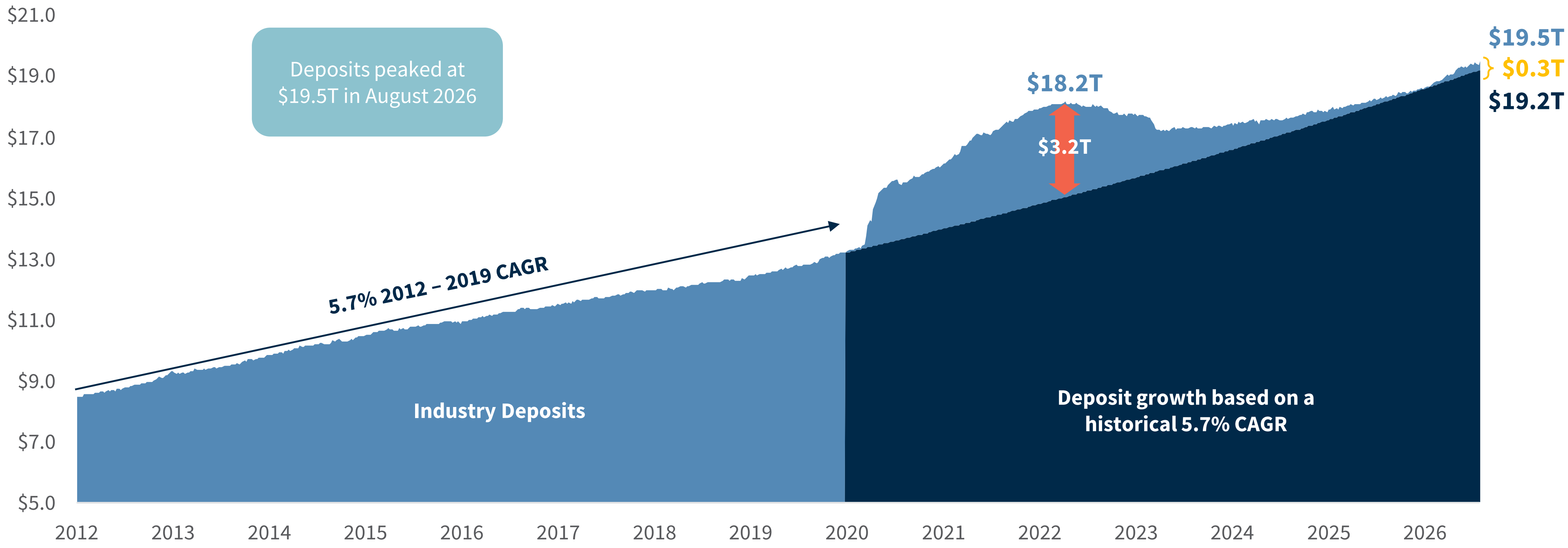



Note: Market data as of August 14, 2026
Source: S&P Capital IQ Pro

# Excess deposits have normalized

## Deposit competition is fierce

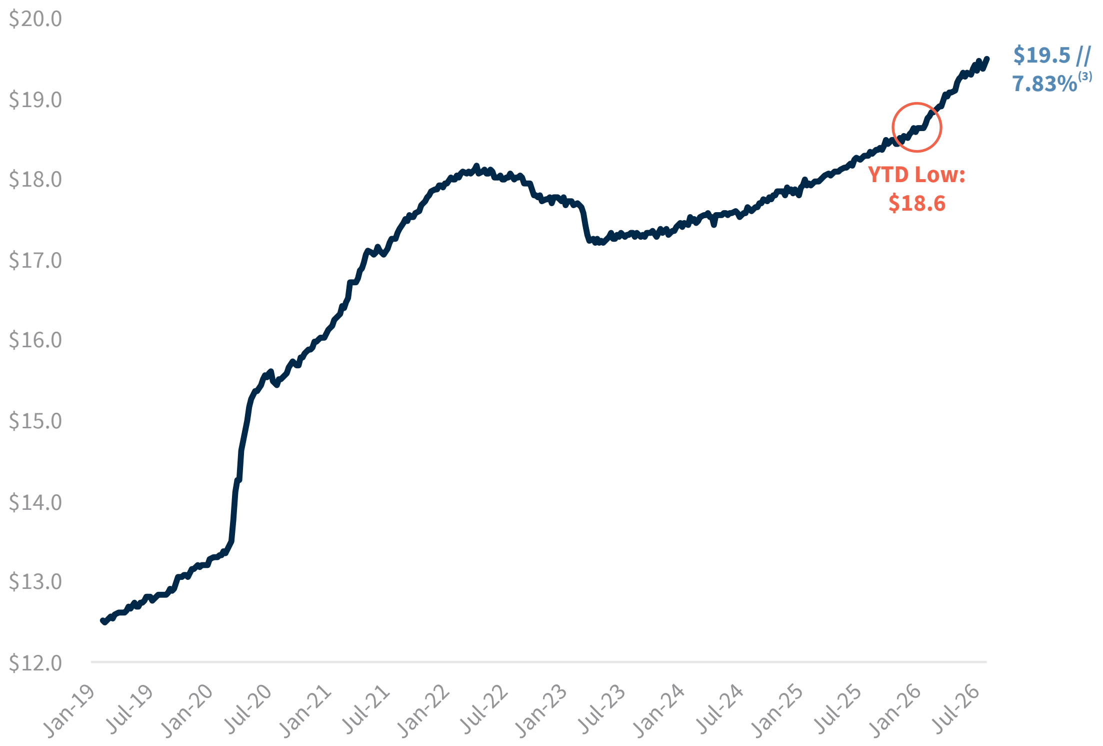
### Deposits at commercial banks and thrifts ($ trillions)



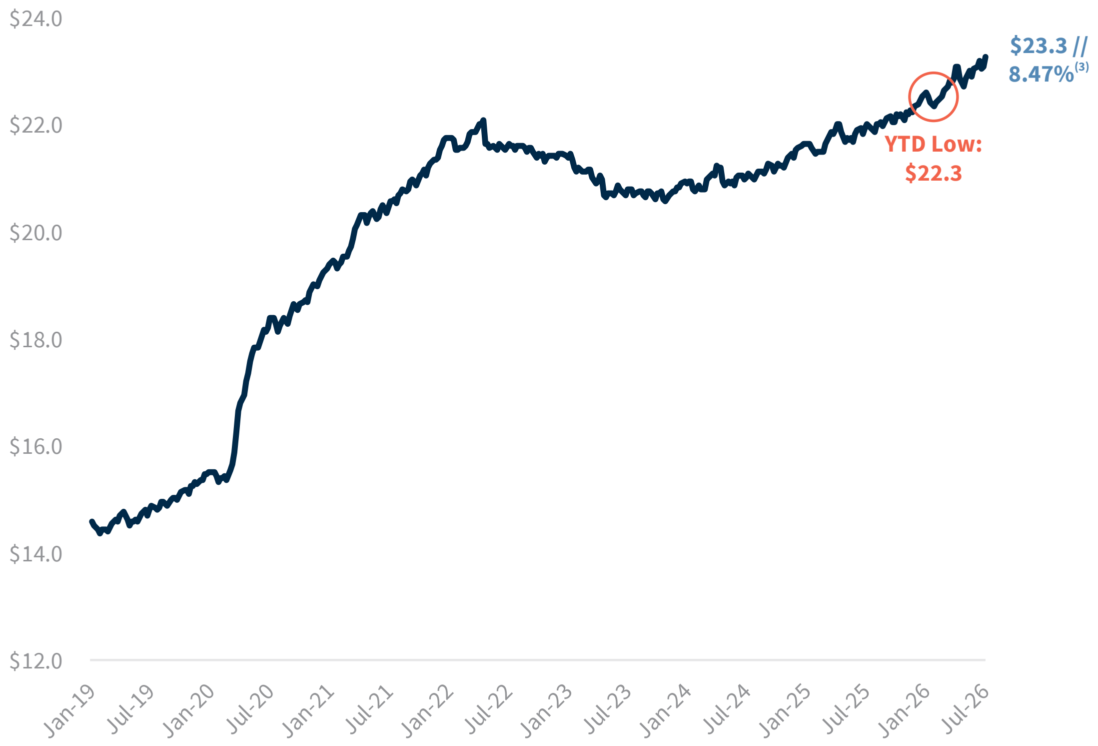

Note: Data for deposits at commercial banks reported weekly & updated as of August 5, 2026
Source: Board of Governors of the Federal Reserve System (US)

# Deposits and the money supply have shown strong momentum

## H8 data since January 1, 2019 ($T)(1)



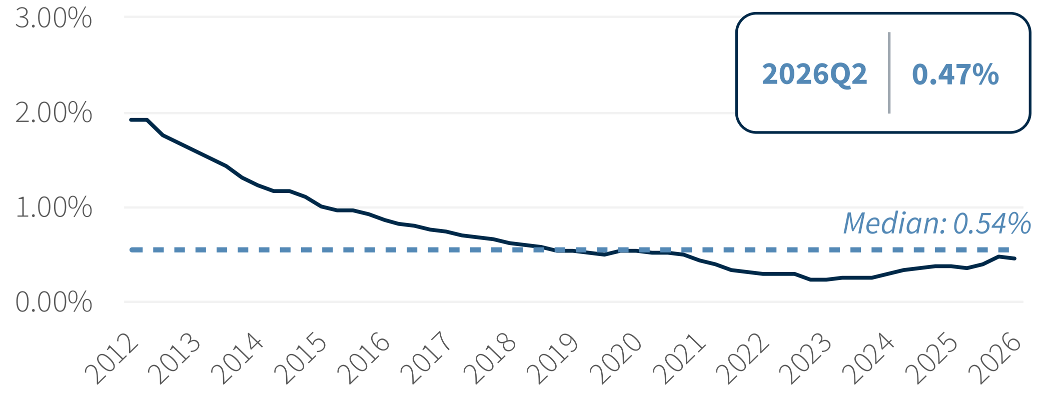

## M2 data since January 1, 2019 ($T)(2)



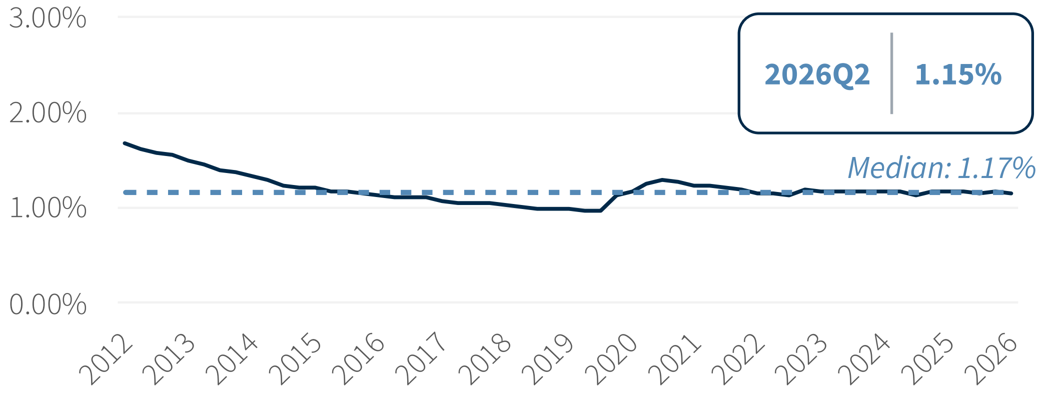

(1) Data as of August 5, 2026
(2) Data as of July 6, 2026
(3) Annualized growth rate since low
Source: Federal Reserve Bank of St. Louis; Federal Reserve Board

# Credit remains benign, although NCOs expected to tick up

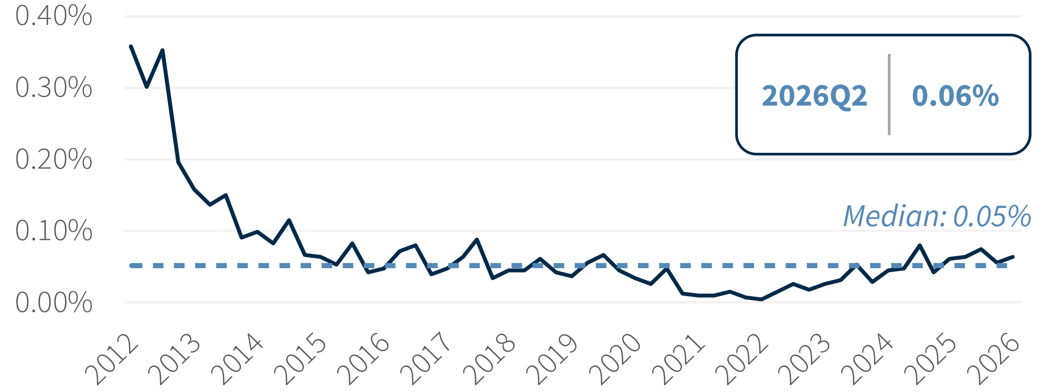
## NPAs / Assets Ratio




## LLR / Loans Ratio




## NCO / Avg. Loans Ratio




## 2026E and 2027E NCO / Avg. Loans Ratio

**2026E**

**0.12%**

**2027E**

**0.13%**

Note: Data represents median values of nationwide public banks with assets between $1.0 billion and $50.0 billion
Source: S&P Capital IQ Pro

# 2Q26 bank earnings snapshot

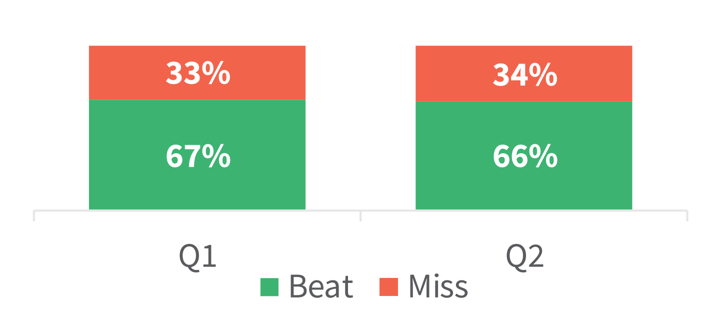
2Q results exceeding forecasts with favorable revenue trends

Asset quality remains healthy despite macro volatility

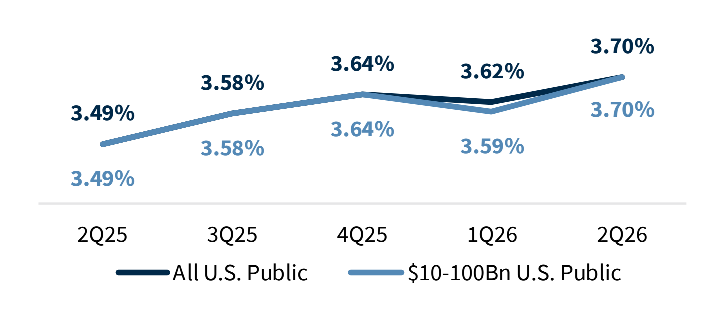
Profitability improves and capital ratios trend higher

2026 outlooks reiterated and core fundamental drivers intact

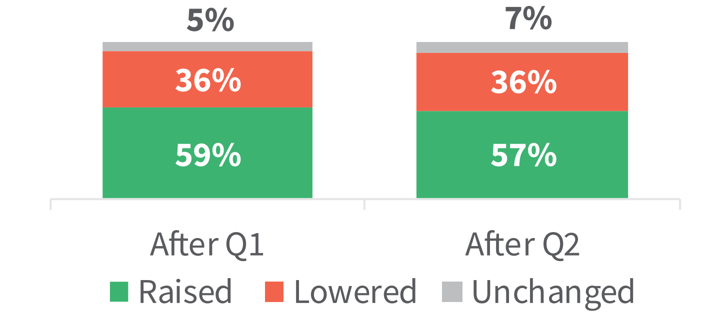
## Earnings Results



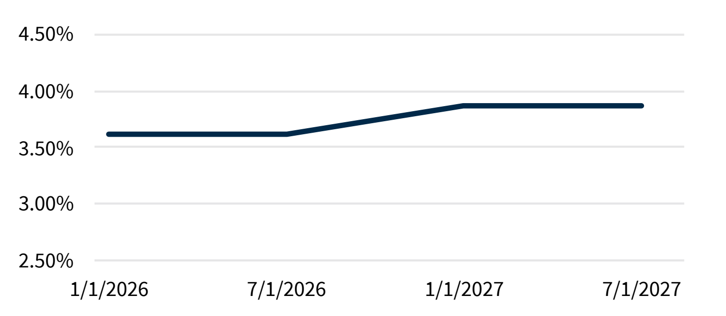

## Net Interest Margin Trend




## 2027E Consensus Estimates




## Fed Funds Forward Rates




## What to Expect in a Bull vs. Bear Case

### Bull Case

- Yield curve returns to a positive slope
- Increased M&A and capital markets activity
- Loan pipelines translate into loan growth
- Normalization of credit shifts to stabilization

### Bear Case

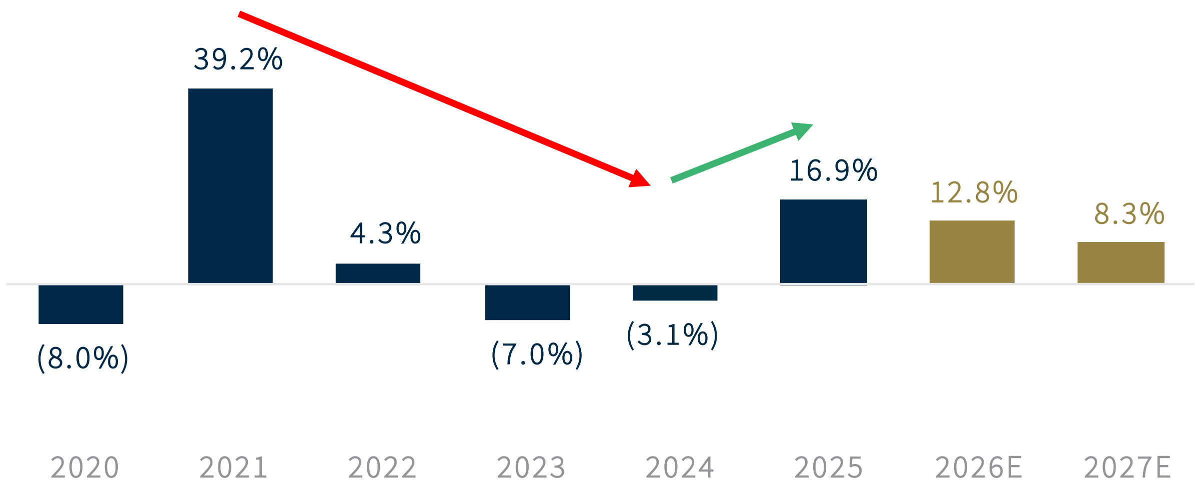
- Yield curve remains relatively flat and partially inverted
- Slower pace of bank M&A
- Weak commercial loan demand and lack of balance sheet growth
- Decelerating capital markets activity

Note: 2Q26 bank earnings are in progress; data as of August 3, 2026
Source: Raymond James Equity Research, CME Group

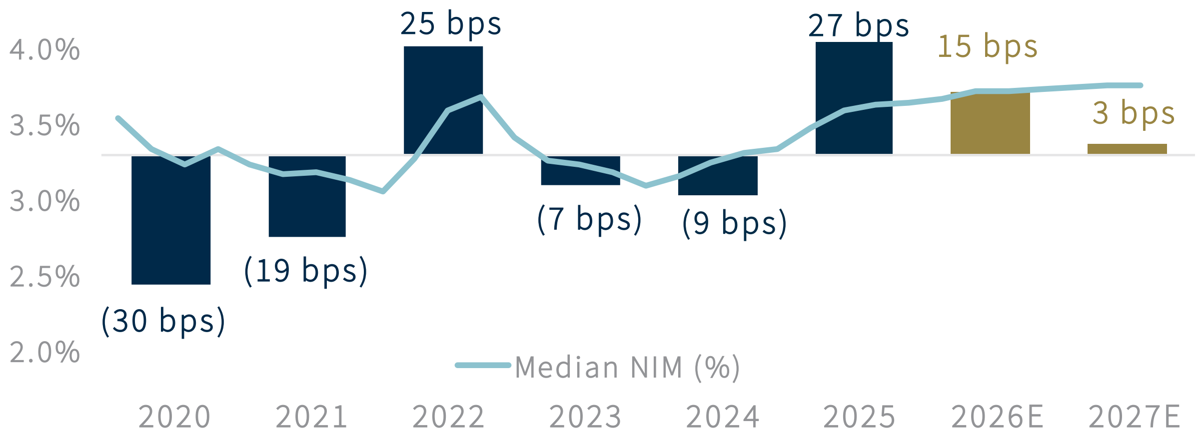
# Earnings continue to rebound

Projected EPS growth and net interest margin change for nationwide public banks with assets between $1 billion and $100 billion

## EPS growth (%)




## NIM change (bps)

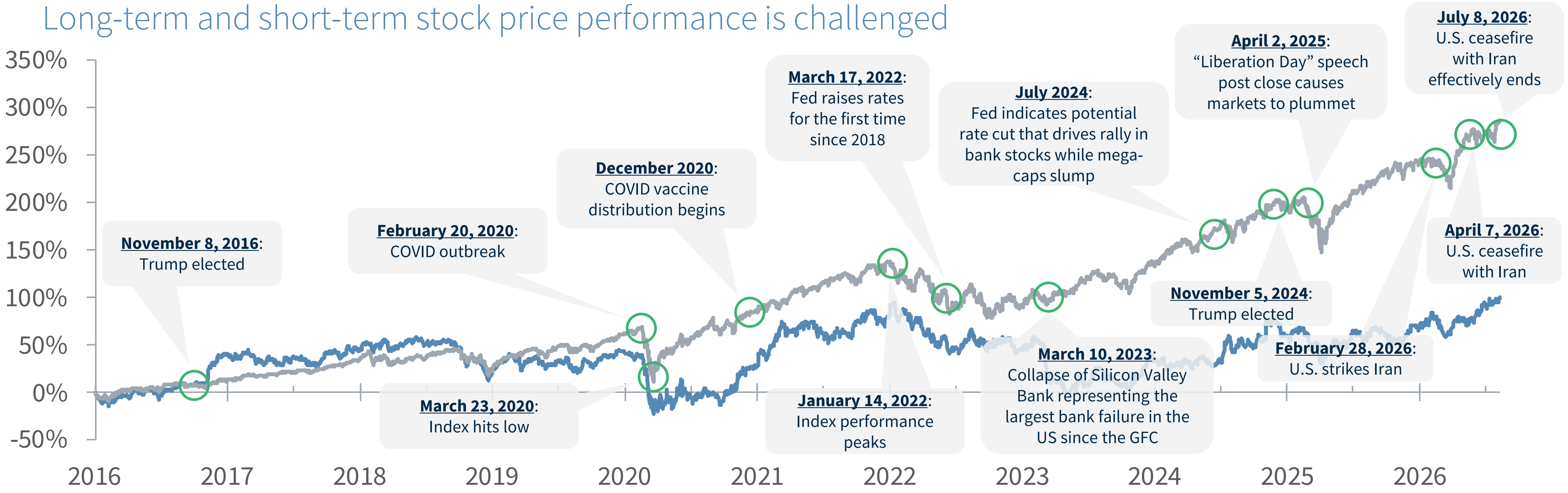



Source: S&P Capital IQ Pro

# Bank Valuation Environment

# A historical perspective: a lost decade in bank performance

## Long-term and short-term stock price performance is challenged




| | Since: | | | |
|---|---|---|---|---|
| | 1/1/2006 | 1/1/2016 | 1/1/2021 | 1/1/2025 |
| **% Change in NASDAQ Bank** | 78% | 100% | 57% | 27% |
| **% Change in S&P 500** | 514% | 287% | 110% | 33% |

Note: Market data as of August 14, 2026
Source: S&P Capital IQ Pro

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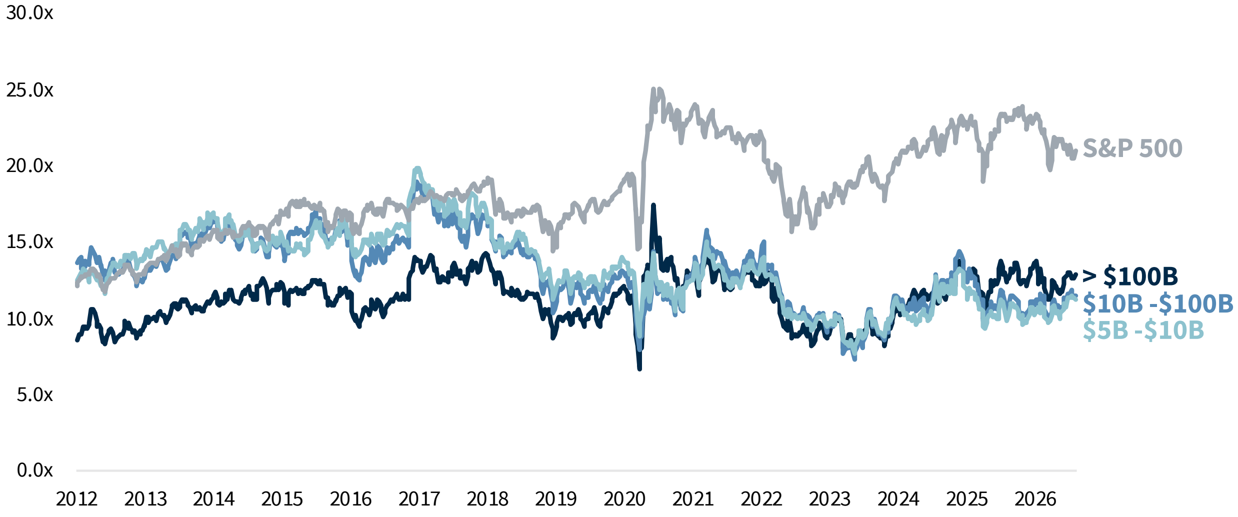
# Banks leading more recently but volatility remains


| | Price Performance | | | | |
|---|---|---|---|---|---|
| | Election Bump 2.0 | Rate Rally Pause | Tariffs & Uncertainty | Market Momentum | 2026 & Iran War |
| | 10/1/24 to 11/25/24 | 11/25/24 to 2/28/25 | 2/28/25 to 4/21/25 | 4/21/25 to 12/31/25 | 1/2/26 to Current |
| S&P 500 | 4.9% | (0.5%) | (13.4%) | 32.7% | 13.5% |
| KRE Bank Index | 25.9% | (9.9%) | (18.3%) | 27.7% | 19.5% |

Note: Market data as of August 14, 2026
Source: S&P Capital IQ Pro

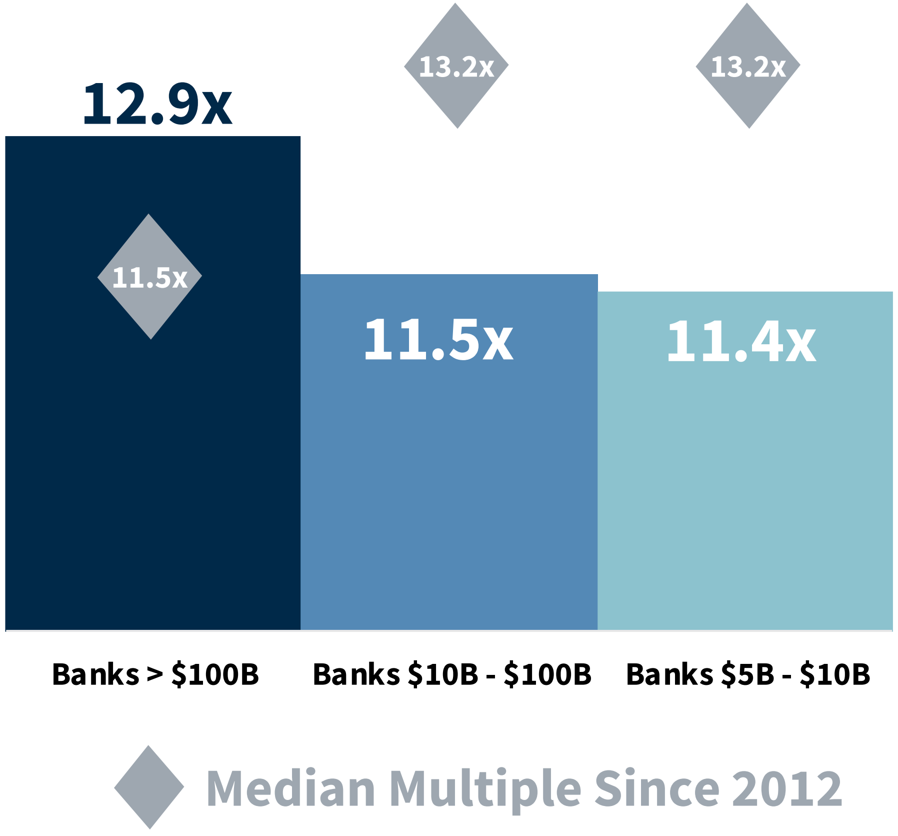
# And bank discounts to the market still exist

## Forward Earnings Multiples Since 2012




| | Current | Median Since 2012 |
|---|---|---|
| S&P 500 | 21.0x | 17.8x |
| Banks > $100B | 12.9x | 11.5x |
| Banks $10B - $100B | 11.5x | 13.2x |
| Banks $5B - $10B | 11.4x | 13.2x |

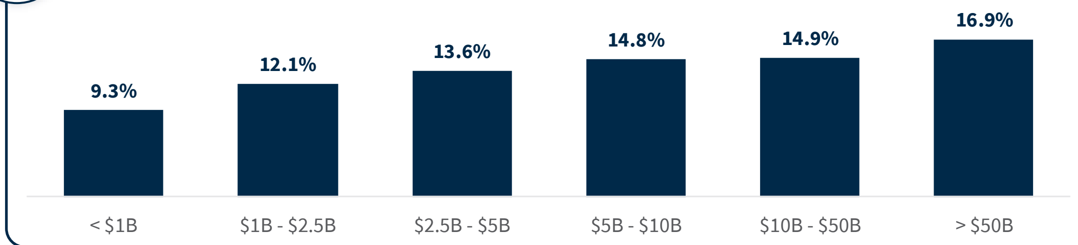
## Current Price / FWD EPS by Asset Size



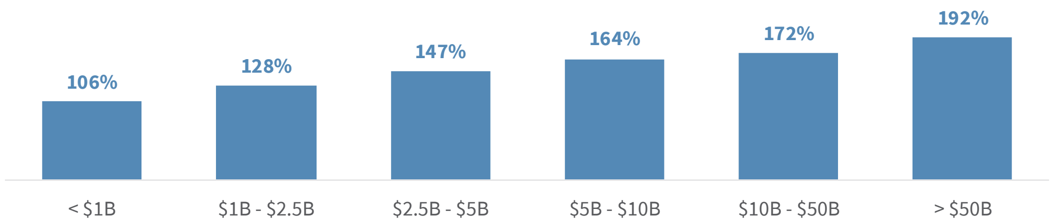

Note: Market data as of August 14, 2026; asset ranges utilize major exchange-traded banks
Source: S&P Capital IQ Pro

# Scale is critical to performance and valuation

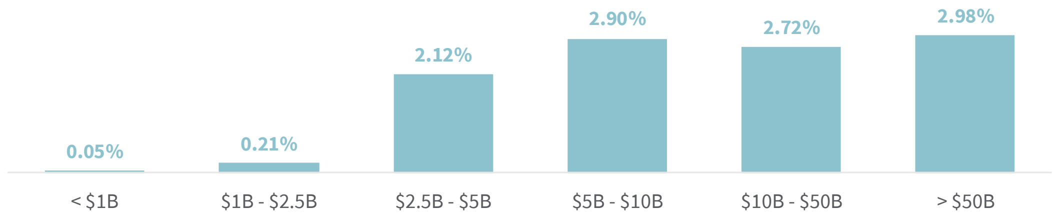
## Median ROATCE by Asset Size | MRQ[1]



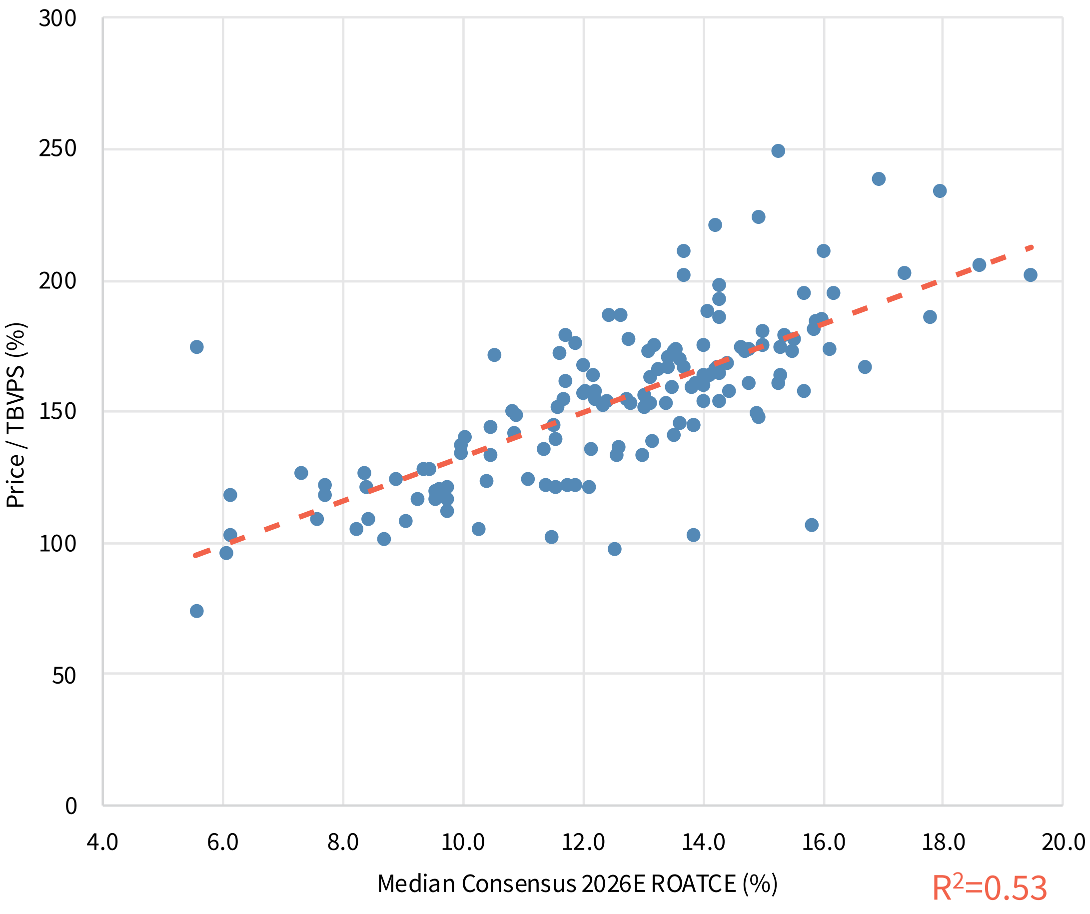

## Median Price / TBV by Asset Size | MRQ[1]




## Avg. Weekly Volume / Shares by Asset Size | MRQ[1]




## Valuation and Forward ROATCE Correlation[2]




(1) Includes nationwide publicly traded banks
(2) Includes all public US banks $1B to $20B; excludes banks +/- 2 standard deviations from the mean for both P/TBVPS and median consensus 2026E ROATCE; excludes merger targets
Note: Market data as of August 14, 2026
Source: S&P Capital IQ Pro

# Banks in favor | *investor wish list*

## Key characteristics of banks currently "in favor" per recent investor survey results

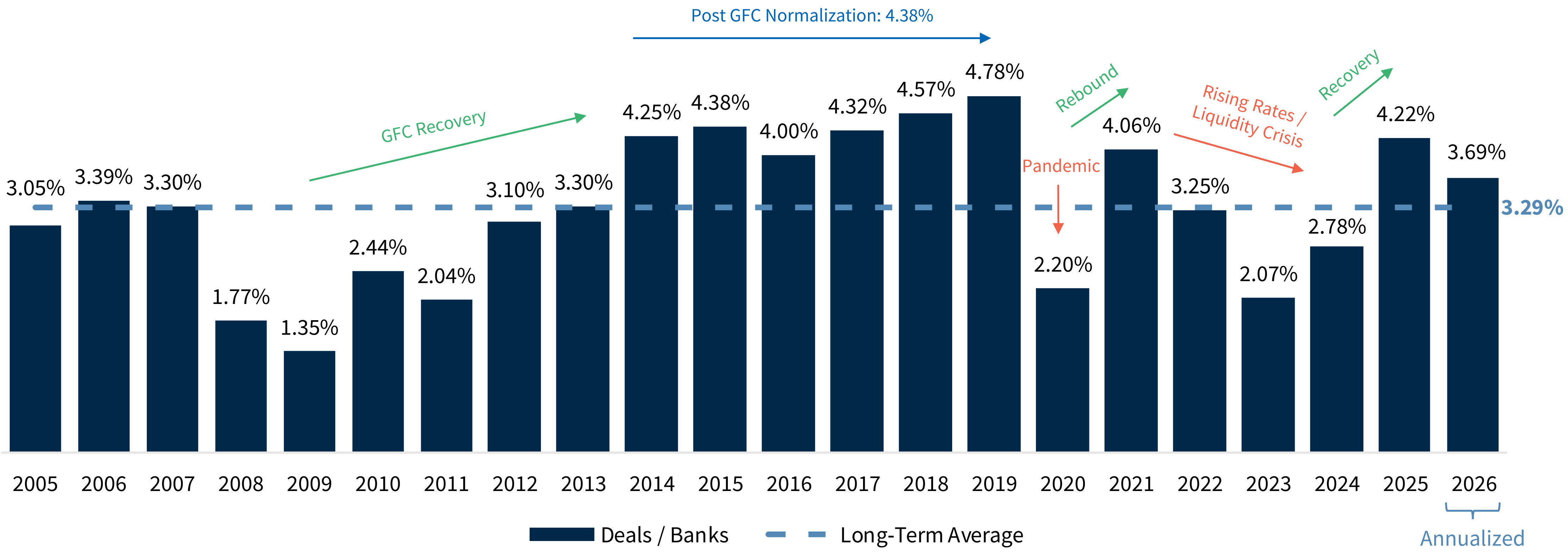
- Improved NII from NIM expansion
- Preserved capital for potential M&A
- Uses buybacks to benefit EPS
- Strong growth opportunities
- Offensive capital raises
- Lower CRE / C&D conc.; strong asset quality
- Strong markets with sticky deposit bases
- Revenue diversification
- Strategic thinkers with openness to unique opportunities

**Size, scale and profitability continue to be the "constant" driver of value**

# M&A Overview

# Consolidation continues to be a major industry theme

## Activity levels are expected to improve as the public valuation framework has become highly conducive to M&A




Note: Includes all pending and completed US bank M&A deals
Source: S&P Capital IQ Pro, FDIC

# Evolution of the banking landscape since 2000

## Largest banks continuing to gain market share

### MRQ

| | Top 4 | $100B+ | $50B - $100B | $10B - $50B | $1B - $10B | < $1B | |
|---|---|---|---|---|---|---|---|
| # of banks | 4 | 37 | 28 | 132 | 928 | 3,143 | |
| % of banks | < 1% | 1% | 1% | 3% | 22% | 74% | 95% |
| deposits ($) | $8.1T | $6.5T | $1.1T | $1.8T | $2.0T | $0.8T | |
| deposits (%) | 40% | 32% | 6% | 9% | 10% | 4% | 14% |

### 2000

| | Top 4 | $100B+ | $50B - $100B | $10B - $50B | $1B - $10B | < $1B | |
|---|---|---|---|---|---|---|---|
| # of banks | 4 | 5 | 12 | 84 | 444 | 9,471 | |
| % of banks | < 1% | < 1% | < 1% | < 1% | 4% | 95% | 99% |
| deposits ($) | $1.0T | $0.3T | $0.5T | $1.1T | $0.8T | $1.0T | |
| deposits (%) | 21% | 7% | 11% | 23% | 17% | 21% | 38% |

Source: S&P Capital IQ Pro, FDIC

# Credit union activity continues to be meaningful

## By the Numbers

**106** Completed Deals

**11** Pending Deals

**17** Terminated Deals

**280** Average Days to Completion

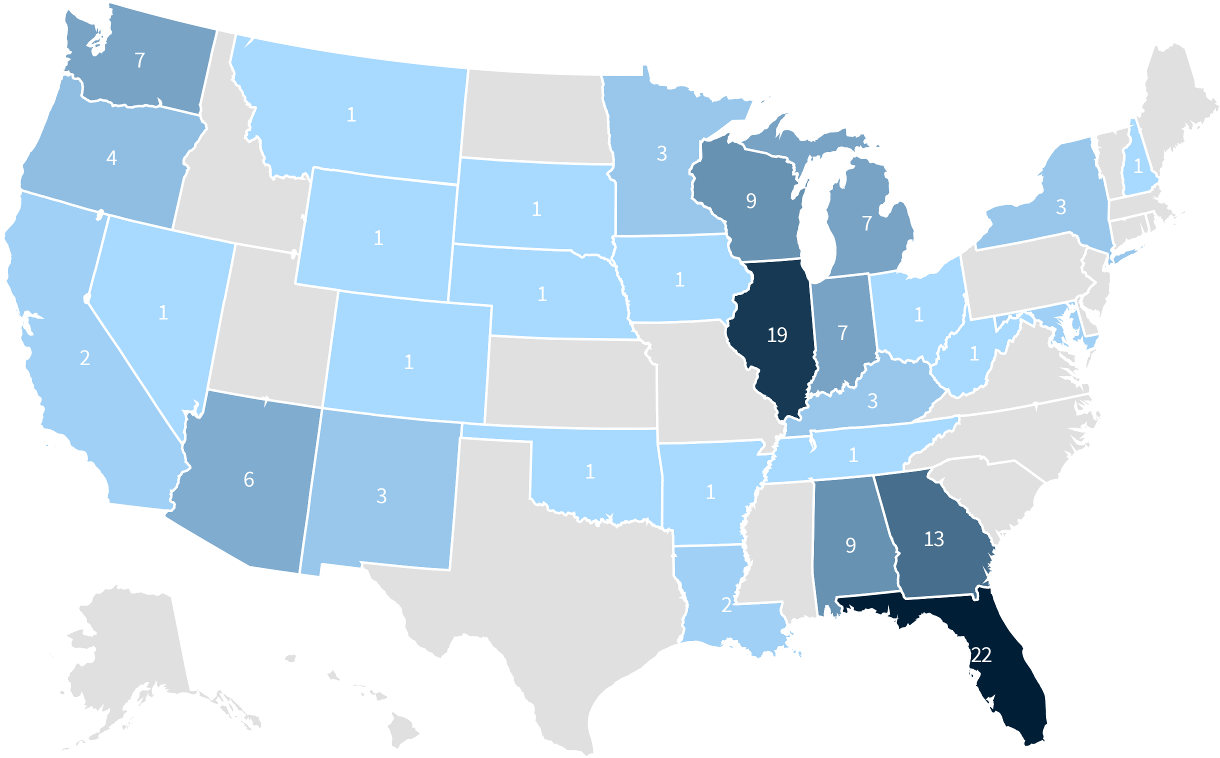
## Deals by Asset Size

**Credit Union M&A Activity Since 2011 - By Asset Size**

| Year | Total | < $100 MM | $100-250 MM | $250-500 MM | $500-750 MM | $750 MM - $1 Bill | +$1 Bill |
|---|---|---|---|---|---|---|---|
| 2011 | 1 | 1 | | | | | |
| 2012 | 2 | 1 | 1 | | | | |
| 2013 | 2 | 2 | | | | | |
| 2014 | 1 | 1 | | | | | |
| 2015 | 3 | 1 | 2 | | | | |
| 2016 | 4 | 3 | 1 | | | | |
| 2017 | 6 | 4 | 1 | 1 | | | |
| 2018 | 9 | 3 | 5 | 1 | | | |
| 2019 | 17 | 3 | 8 | 3 | 2 | 1 | |
| 2020 | 7 | 4 | 2 | 1 | | | |
| 2021 | 12 | 4 | 1 | 3 | 1 | 2 | 1 |
| 2022 | 16 | 2 | 4 | 6 | 3 | 1 | |
| 2023 | 11 | 2 | 7 | 2 | | | |
| 2024 | 23 | | 4 | 8 | 7 | 2 | 2 |
| 2025 | 15 | 4 | 4 | 5 | | 1 | 1 |
| 2026 | 5 | | 2 | 3 | | | |
| | 134 | 35 | 42 | 33 | 13 | 7 | 4 |

**Record year for CU/Bank M&A**

## Deals Announced by State

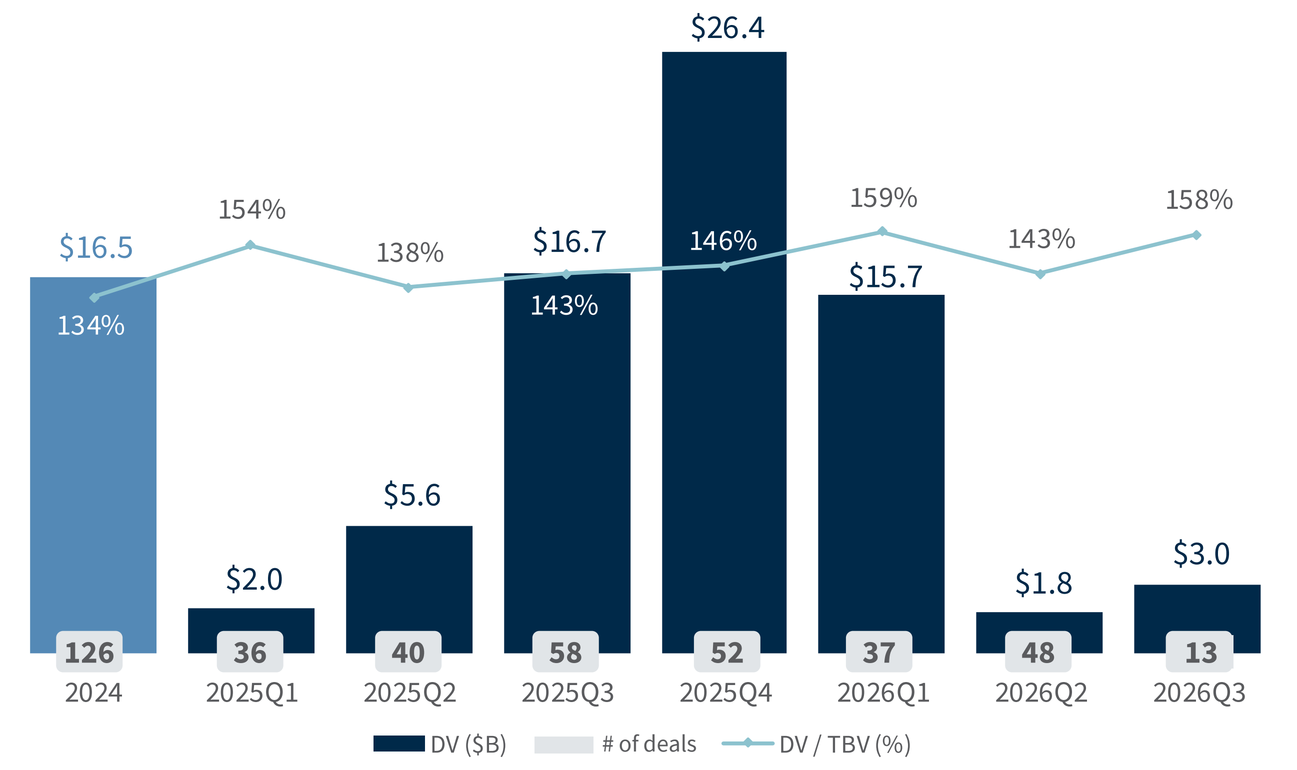



Note: Data as of August 14, 2026; excludes branch acquisitions
Source: S&P Capital IQ Pro

# Bank M&A pricing picks up amid improving outlook

## Favorable backdrop supported by strong bank valuations, but macro/geopolitical overhang persists

### Bank M&A Activity




### Notable Raymond James Transactions

August 2026
Closed
HANCOCK WHITNEY
OFB BANCSHARES, INC.
**DV ($MM):** $378
**DV / TBV:** 212%

January 2026
Closed
TowneBank
Dogwood State Bank
**DV ($MM):** $462
**DV / TBV:** 203%

October 2025
Closed
SeacoastBank
Citizens First Bank
**DV ($MM):** $828
**DV / TBV:** 178%

January 2025
Closed
SouthState
INDEPENDENT BANK GROUP
**DV ($B):** $2.0
**DV / TBV:** 148%

January 2025
Closed
UNITED BANKSHARES, INC.
The Piedmont Bank
**DV ($MM):** $270
**DV / TBV:** 155%

Note: Includes all U.S. depository M&A deals; excludes terminated deals; data as of August 14, 2026
Source: S&P Capital IQ Pro

# Return of regional bank M&A

## Notable transactions announced in 2025

**Buyer:** First Citizens Bank
**Target*:** BMO

**Announcement:** 10/16/2025
**Branches:** 138
**Deposits:** $5.7B
**Deposit Premium:** 5%

**Buyer:** PNC
**Target:** FirstBank

**Announcement:** 9/8/2025
**DV:** $4.1B
**P/TBV:** 239%

**Buyer:** Fifth Third
**Target:** Comerica

**Announcement:** 10/6/2025
**DV:** $10.9B
**P/TBV:** 175%

**Buyer:** Pinnacle Financial Partners
**Target:** Synovus

**Announcement:** 7/24/2025
**DV:** $8.3B
**P/TBV:** 186%

**Buyer:** Columbia Banking System Inc.
**Target:** Pacific Premier Bancorp, Inc.

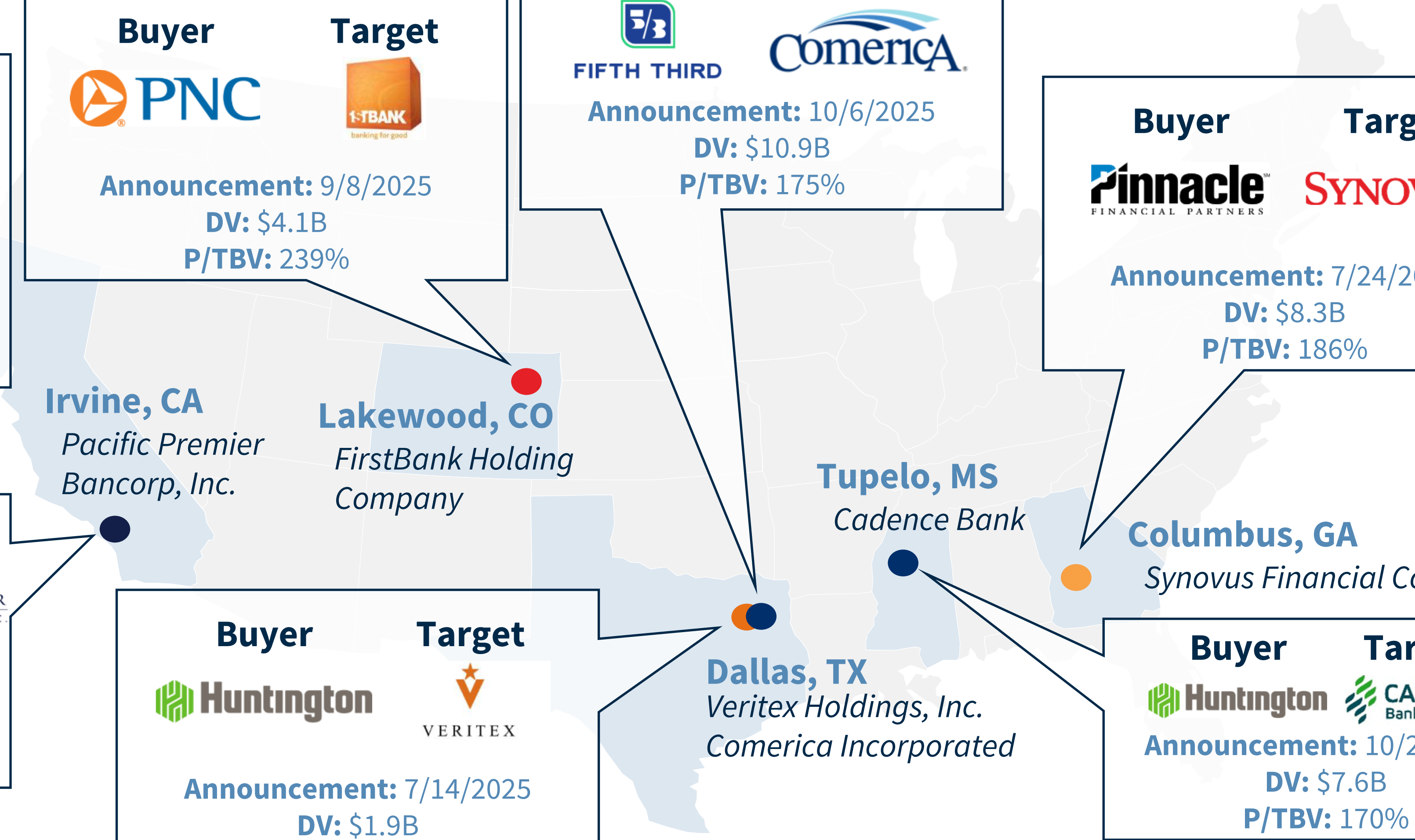
**Announcement:** 4/23/2025
**DV:** $2.0B
**P/TBV:** 99%

**Buyer:** Huntington
**Target:** Veritex

**Announcement:** 7/14/2025
**DV:** $1.9B
**P/TBV:** 152%

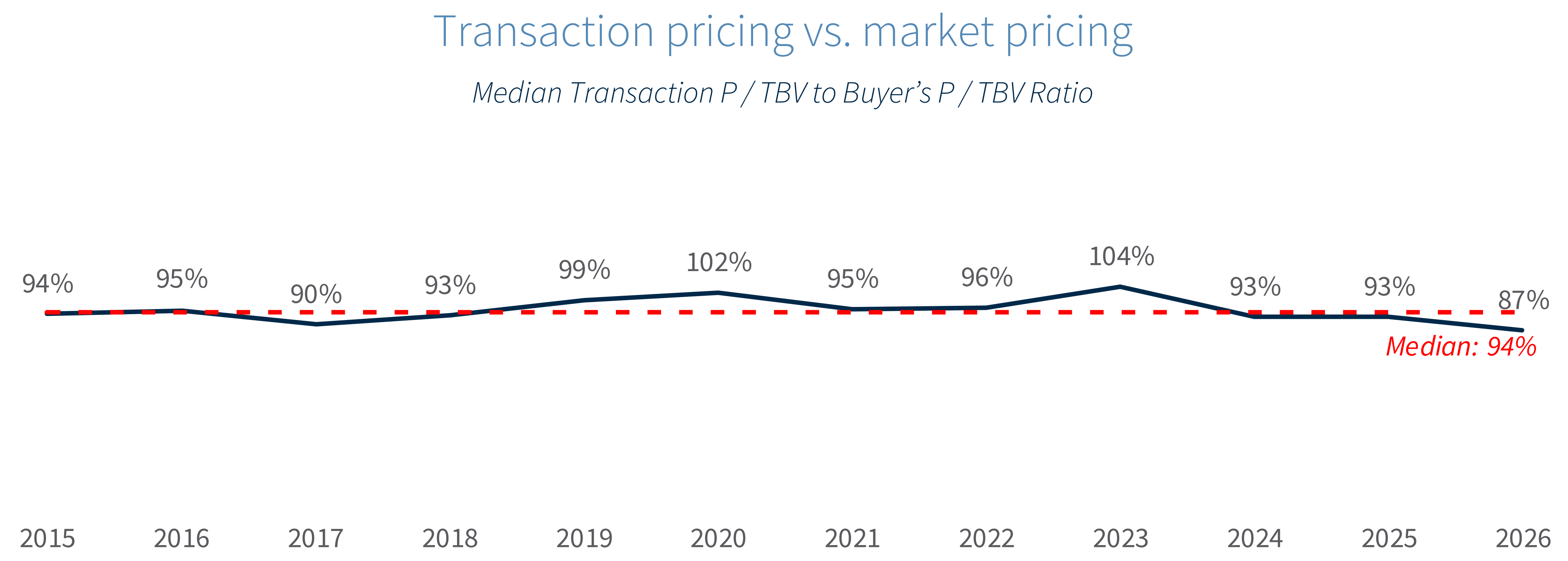
**Buyer:** Huntington
**Target:** Cadence Bank

**Announcement:** 10/27/2025
**DV:** $7.6B
**P/TBV:** 170%




* Denotes branch acquisition
Source: S&P Capital IQ Pro

# M&A pricing tightly correlated with the market

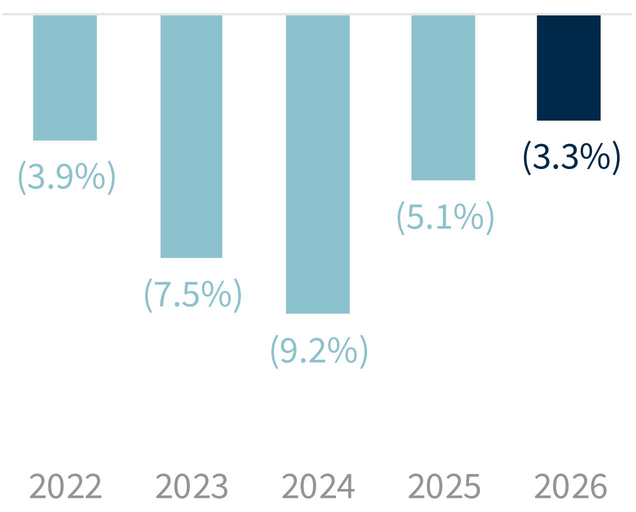



Note: Includes all transactions with announced deal values greater than $25 million
Source: S&P Capital IQ Pro

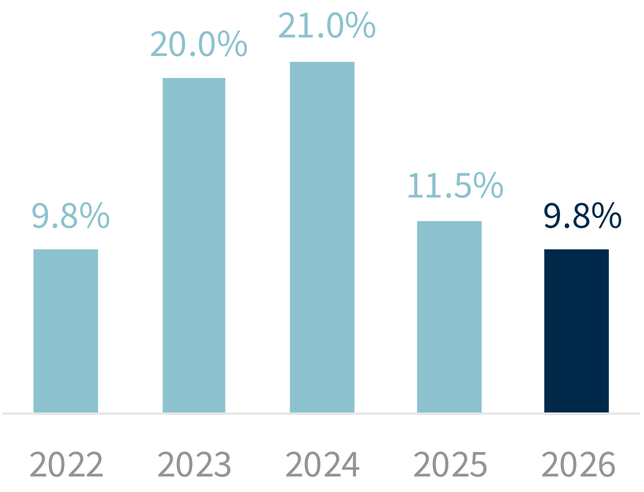
# Moderating TBV impacts

## Reported GAAP deal metrics for nationwide transactions

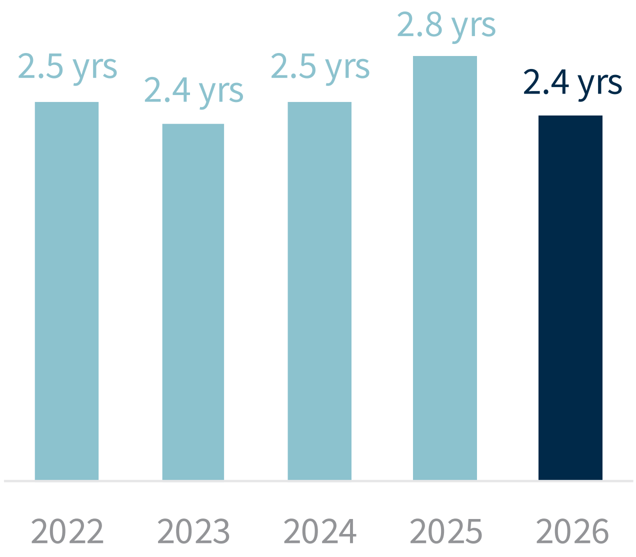
### TBV dilution




### EPS accretion




### Earnback

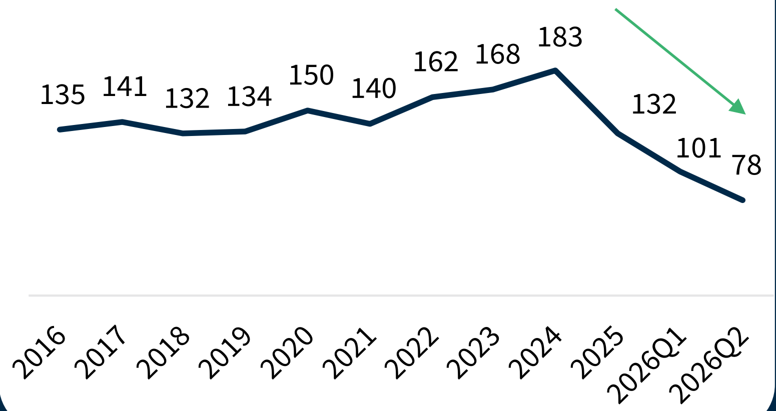



Note: 2022 metrics for transactions with announced deal values greater than $100 million, 2023 - 2026 metrics for all transactions with reported metrics; median values shown
Source: S&P Capital IQ Pro, company filings

# Key M&A characteristics investors look for

- *Size, scale and profitability continue to be the "constant" driver of value*
- *Deregulatory agenda allowing quicker approvals*

## Median Days to Close for M&A




| Key bank characteristics and M&A themes currently "in favor" with investors |
|---|
| A compelling rationale across strategic, financial and cultural/integration factors |
| Strong markets with sticky deposit bases |
| Improved margins and funding base |
| Further growth opportunities |
| Revenue diversification |
| Meaningful EPS accretion with positive first full year accretion |
| Deal multiples paid in line with current M&A market |
| Digestible TBVPS dilution (for deal size) and reasonable earnback |
| Reasonable pay-to-trade ratio (i.e., below 100%) |

Source: Raymond James Investment Banking, Raymond James Equity Research

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