

Hello Bank Slaters!

I've was on vacation last week, but I didn't want to leave you hanging. When the headlines start flowing again, they will be on a new website (www.thebankslate.com). There's still some work to do but feel free to look at past content and archives for my previous newsletters.

Let's talk about M&A activity. I'm moderating an M&A panel on Friday at the Ole Miss Banking & Finance Symposium. It will be a great conversation with Jude Melville from Business First, Lance Hall at Origin Bank and Christopher Olsen at Olsen Palmer.

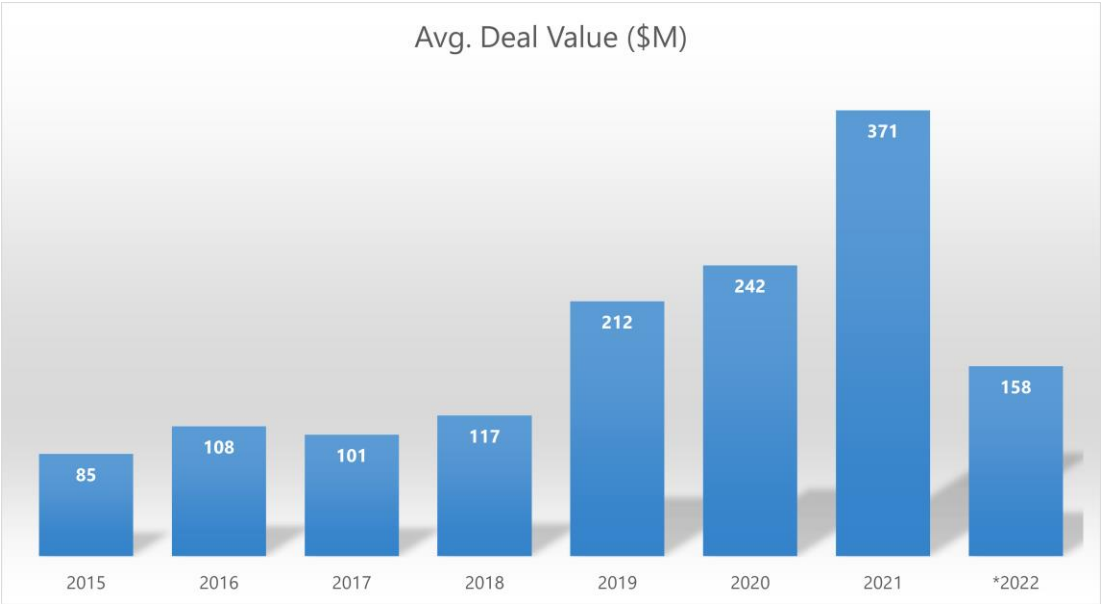
Today, we'll peruse some of the charts I will share at the conference.

M&A is on pace for 176 deals in 2022, one of the weakest years in recent memory. Several factors are at work. Banks that delayed deals early in the pandemic made them happen last year. Regulatory scrutiny has chilled larger mergers, and rising interest rates have given everyone a reason to reassess valuations, among other things.



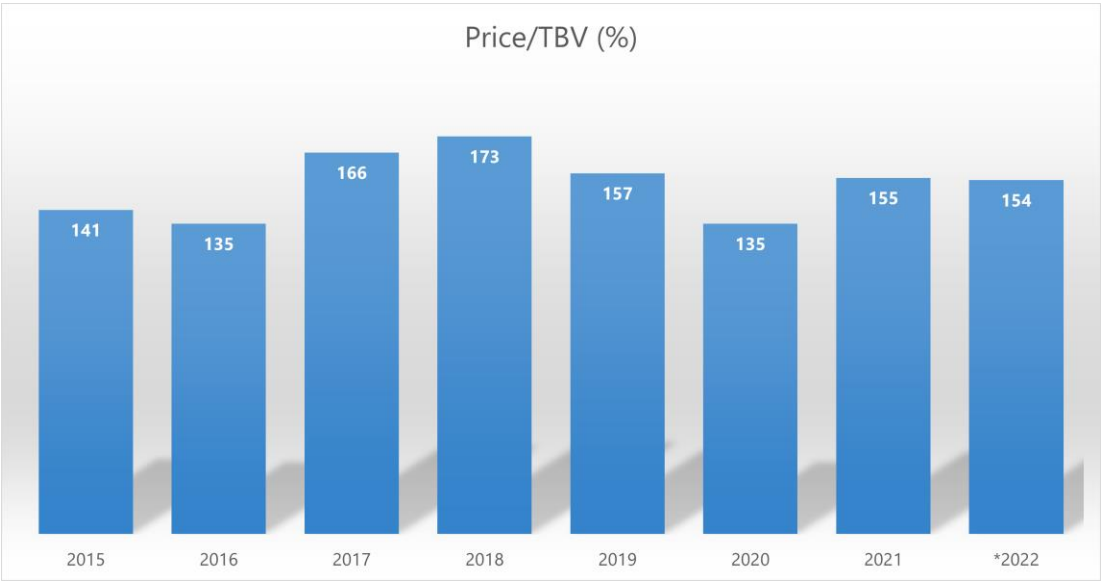
SOURCE: Compass Point Research & Trading (*as of 9/2)

The average deal size has fallen significantly. Very few big acquisitions have been announced this year and many that were announced in 2021 (USB-MUFG, UMPQ-COLB, NYCB-FBS) are waiting on regulatory approval.



SOURCE: Compass Point Research & Trading (*as of 9/2)

At least deal premiums, in terms of price to a seller's tangible book value (TBV), seem to be holding up. Still, average premiums remain below the levels that existing before the pandemic. Rising interest rates could have an impact by placing more value on banks with high amounts of low-cost deposits.



SOURCE: Compass Point Research & Trading (*as of 9/2)

Finally, these charts show the regulatory bottlenecks big deals are facing.



SOURCES: S&P Global Market Intelligence, company reports (*as of 8/23; **as of 9/30)

What are your thoughts on M&A? Do you think it will remain muted for the foreseeable future? Feel free to share your perspectives at info@thebankslate.com.

We'll have a full set of weekly headlines on Monday. Hope the week ahead goes well!

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