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Financial Services Group  
Quarterly Accounting and Reporting Update

 April 2, 2026

 2-3 ET | 1-2 CT

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## Financial Services Group Quarterly Accounting and Reporting Update

 April 2, 2026

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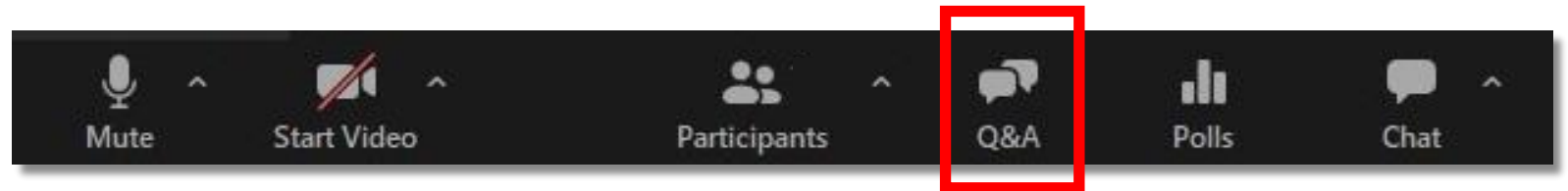
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# today's speakers

Host

Presenters



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# agenda:

## 1 2026 Regulatory Updates | Banking Regulation Reset

- Examine the key regulatory developments shaping the Fed's supervisory approach.
- Determine how community banks can anticipate changes in exam processes, challenge mechanisms, and risk management priorities.

## 2 M&A Lessons Learned

- Review notable M&A activity from 2025, including key trends, standout deals, and strategic lessons for both buyers and sellers.
- Examine how current market conditions are shaping the 2026 M&A environment and what to consider when planning for future transactions.

# Banking Regulation Reset

KEY TAKEAWAYS FOR 2026

Brent Binns

Senior Manager

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polling question #1

# Supervision is changing fundamentally

“It’s great to join the ABA again for its Washington Summit. Since last January, we have been working hard to reform our supervisory and regulatory approach to bolster economic growth, foster innovation, and promote stability in the banking sector. Today, I’d like to provide you with updates on a few of our key areas of focus.”

- FDIC Chairman Travis Hill, March 11, 2026

Regulators refocusing exams on material financial risks, not procedural or documentation deficiencies

Agencies conducting lookbacks of outstanding supervisory findings to ensure aligned with new philosophy

Consumer compliance exams reoriented toward actual harm to customers rather than strength of compliance management systems alone

Smaller institutions' exam frequency and scope being reduced

# Congressional Alignment: Housing for the 21st Century Act



Regulatory relief for smaller and community banks



De novo bank formation made easier



Greater flexibility around deposits and funding



Expanded support for CDFI, MDIs, and rural banks

# Culture shift



Michelle Bowman, Vice Chair of the Fed, pushing for greater transparency, accountability of examiners, and restraint in issuing findings



Examiner practices perceived as abusive or overly bureaucratic are being curtailed



Staffing cuts and leadership changes signal a rebalancing away from procedural compliance to core safety and soundness



# Capital rules are being simplified



Modifications to Community Bank Leverage Ratio (“CLBR”) are expected in the near term



New Basel III implementation proposals reduce complexity, remove “gold plating,” and improve risk sensitivity compared to 2023 proposal



Capital frameworks are being refined to encourage lending and economic activity, particularly for mortgages and consumer loans

# Revisiting liquidity frameworks





## BSA/AML: Risk based and technology enabled

Compliance resources should be directed to high-risk threats

Does not eliminate lower SAR filing obligations

Regulators are explicitly supportive of AI and advanced analytics to improve detection and reduce false positives

# Digital assets: Clarity over confusion

Payment stablecoins will not be eligible for FDIC pass-through deposit insurance

Tokenized deposits that meet legal definition of “deposits” will receive same regulatory and insurance treatment as traditional deposits

Regulators aim to clarify these rules before a crisis occurs

# Failed bank resolution and non-bank buyers

- Regulators plan to make it easier for non-bank entities to acquire failed banks
- FDIC exploring emergency “self charter” pathways to accelerate resolution timelines and reduce costs to the Deposit Insurance Fund
- Buyer pool needs to be broader



“This is refocusing, not deregulation”



polling question #2

# M&A Lessons Learned

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polling question #3

# M&A Activity



# Largest Deals in 2025

## Largest pending US bank deals announced since 2025

Ranked by announced deal value

Buyer (ticker)	Target	Target city, state	Announcement date	At announcement		
				Deal value (\$M)	Deal value/tangible common equity (%)	Deal value/deposits (%)
Fifth Third Bancorp (FITB)	Comerica Inc.	Dallas, TX	10/06/25	10,854.5	165.31	17.34
Huntington Bancshares Inc. (HBAN)	Cadence Bank	Houston, TX and Tupelo, MS	10/27/25	7,594.9	170.00	17.29
Nicolet Bankshares Inc. (NIC)	MidWestOne Financial Group Inc.	Iowa City, IA	10/23/25	888.3	165.74	15.81
CVB Financial Corp. (CVBF)	Heritage Commerce Corp	San Jose, CA	12/17/25	811.3	151.15	16.98
FirstSun Capital Bancorp (FSUN)	First Foundation Inc.	Dallas, TX	10/26/25	758.3	55.81	8.82
Associated Banc-Corp (ASB)	American National Bank	Omaha, NE	12/01/25	603.7	124.38	12.94
OceanFirst Financial Corp. (OCFC)	Flushing Financial Corp.	Uniondale, NY	12/29/25	567.3	79.87	7.65
TowneBank (TOWN)	Dogwood State Bank	Raleigh, NC	08/19/25	491.2	223.71	24.94
Enova International Inc. (ENVA)	Grasshopper Bancorp Inc.	New York, NY	12/11/25	387.9	332.44	30.47
Burke & Herbert Financial Services Corp. (BHRB)	LINKBANCORP Inc.	Camp Hill, PA	12/18/25	358.2	152.49	13.35
Park National Corp. (PRK)	First Citizens Bancshares Inc.	Dyersburg, TN	10/27/25	317.3	168.00	14.53
Farmers National Banc Corp. (FMNB)	Middlefield Banc Corp.	Middlefield, OH	10/22/25	292.7	160.14	18.04
Prosperity Bancshares Inc. (PB)	Southwest Bancshares Inc.	San Antonio, TX	10/01/25	269.5	153.34	12.65
Fulton Financial Corp. (FULT)	Blue Foundry Bancorp	Rutherford, NJ	11/24/25	242.6	77.11	16.25
First Merchants Corp. (FRME)	First Savings Financial Group Inc.	Jeffersonville, IN	09/25/25	240.8	NA	13.87
MIDFLORIDA CU	Prime Meridian Holding Co.	Tallahassee, FL	04/22/25	194.9	216.40	22.40
Community West Bancshares (CWBC)	United Security Bancshares	Fresno, CA	12/17/25	191.8	143.68	17.83
Credicorp Ltd. (BAP)	Helm Bank USA	Miami, FL	12/29/25	180.0	168.54	17.57
Heritage Financial Corp. (HFWA)	Olympic Bancorp Inc.	Port Orchard, WA	09/25/25	176.6	151.33	12.78
HBT Financial Inc. (HBT)	CNB Bank Shares Inc.	Carlisle, IL	10/20/25	170.2	120.00	11.11
<b>Group median</b>					<b>153.3</b>	<b>16.0</b>

Data compiled Jan. 9, 2026.

NA = not available

# Time to Close

## Median days to completion for US bank deals since 2021

		Median days to close by announcement date <sup>1</sup>				
		2021	2022	2023	2024	2025 <sup>2</sup>
Target's total assets <sup>3</sup>	<\$500M	128	153	154	156	120
	\$500M-\$1B	144	192	196	193	144
	\$1B-\$25B	171	197	227	219	148
	>\$25B	407	272	N/A	N/A	142
	All deals	143	165	175	185	131

Data compiled Jan. 9, 2026.

N/A = not applicable.

# M&A Outlook

Financial institutions appear to be cautiously optimistic about the M&A outlook

~43%

of FI executives have indicated they are somewhat or very likely to buy another institution by the end of 2025, up from 35% in 2023\*

~55%

of FI's believe that their stock valuation would be attractive enough to acquire an institution that meets their acquisition criteria\*

~21%

the amount KBW Nasdaq Bank Index has gone up from Q1 2024 (~50% from Q1 2023)

\*Source: BankDirector 2025 Bank M&A Survey

# Acquisition Method (ASC 805)

The acquisition method requires the following steps:

1. Identify the acquirer
2. Determine the acquisition date
3. Recognize and measure the identifiable assets acquired and the liabilities assumed
4. Recognize and measure goodwill or gain from bargain purchase (rare)

# M&A Accounting Best Practices

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- Build a strong purchase accounting workbook
  - Deal value calculation
  - Net asset reconciliation
  - Goodwill reconciliation
  - Supporting schedules for FV marks and adjustments
  - DTA/DTL

# M&A Accounting Best Practices

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- Allowance for credit losses
  - Credit mark
    - Ensure the model utilized to calculate the PCD and Purchased Financial Asset credit mark is reasonable and supportable
    - The actual ACL recorded may be different than the credit mark, but it shouldn't be materially different
  - Impact of acquired portfolio on ACL model
    - New loan segments
    - Impact to qualitative factors
    - Impact on peer group



polling question #4

# Thank you

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