

DATA DISPATCH

Quality deposits command premium in bank M&A, valuations

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Market Intelligence

The market's long-standing premium for high-quality, low-cost deposit franchises continues to define bank valuations and sharpen the strategic focus of M&A in a higher-for-longer interest rate environment.

The valuation gap between banks with strong and weak deposit franchises remains wide. In the second quarter, the median price to tangible book value for public banks with above-median non-interest-bearing deposit concentrations stood at 156.8%, representing a premium of more than 22 percentage points over their below-median peers, an S&P Global Market Intelligence analysis found.

This valuation premium reflects the scarcity of such deposits. The industry's aggregate non-interest-bearing deposit mix has fallen significantly from its peak of 28.9% in the fourth quarter of 2021, stabilizing around 20.2% in recent quarters.

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Among the 10 banks with the highest price to tangible book multiples as of Sept. 21, all 10 had a cost of deposits below the 1.80% public bank median, and seven had a non-interest-bearing deposit concentration above the 22.15% median.

In stark contrast, the franchises of the lowest-valued banks consistently feature less attractive deposit metrics. Among the 10 banks with the lowest price-to-tangible book values, nine had a cost of deposits above the median, and nine had a non-interest-bearing deposit concentration below the median.

US banks by price-to-tangible book value

	Quarter ended June 30, 2026			
	Sept. 21, 2026, price/tangible book value	Cost of deposits	Noninterest- bearing deposits concentration	8-quarter avg. deposit growth
Company (top-level ticker)	(%)	(%)	(%)	(%)
Highest price/tangible book value				
Esquire Financial Holdings Inc. (ESQ)	336.4	1.03	28.36	4.9
Bank First Corp. (BFC)	316.2	1.54	27.14	5.5
JPMorgan Chase & Co. (JPM)	313.6	1.60	24.24	1.6
City Holding Co. (CHCO)	302.2	1.12	26.66	0.7
Pathward Financial Inc. (CASH)	293.9	0.01	95.71	-0.7
The Bancorp Inc. (TBBK)	292.8	1.63	88.94	0.9
Community Financial System Inc. (CBU)	289.7	1.07	25.60	1.4
Triumph Financial Inc. (TFIN)	286.6	1.58	38.42	4.6
First Financial Bankshares Inc. (FFIN)	278.8	1.48	25.48	1.8
Nicolet Bankshares Inc. (NIC)	269.6	1.77	23.66	8.6
Lowest price/tangible book value				
BCB Bancorp Inc. (BCBP)	59.1	2.08	19.87	-1.3
First Northwest Bancorp (FNWB)	61.7	2.03	15.69	-0.8
First Internet Bancorp (INBK)	70.3	3.28	3.03	1.7
Flagstar Bank NA (FLG)	71.9	2.53	18.27	-1.9
AmeriServ Financial Inc. (ASRV)	72.1	1.91	12.74	0.9
First Guaranty Bancshares Inc. (FGBI)	73.0	3.07	11.41	1.8
Eagle Bancorp Inc. (EGBN)	74.1	2.71	15.70	0.0
Fifth District Bancorp Inc. (FDSB) ¹	74.7	2.10	1.90	-1.1
Hoyne Bancorp Inc. (HYNE) ²	83.0	1.26	16.70	-2.1
FinWise Bancorp. (FINW)	85.9	3.12	24.71	6.5
US public banks median	149.5	1.80	22.15	1.4
Better than public banks median Worse than public banks median				

Data compiled Sept. 22, 2026.
Analysis limited to US banks trading on the Nasdaq, NYSE or NYSEAM as of Sept. 21, 2026; excludes banks with a mutual holding company ownership structure and other operating subsidiaries., as well as banks that had an IPO after June 30, 2026.
¹ Completed a mutual-to-stock conversion in July 2024.
² Completed a mutual-to-stock conversion in December 2025.
Financial data based on GAAP filings. Subsidiary's data from regulatory filings is used where holding company data is not available.
Source: S&P Global Market Intelligence.
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The focus on deposit quality is also a prominent theme in the M&A market. Bank acquirers have assigned a higher value to sellers with larger concentrations of non-interest-bearing deposits. In 2026, the median deal value for targets with a non-interest-bearing deposit concentration exceeding the industry median was 156.6% of tangible book value, roughly 17 percentage points higher than the median for targets with a below-median concentration.

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Acquirers have consistently highlighted low-cost, durable deposit franchises as a core component of deal rationale. In the [acquisition](#) of [TriCo Bancshares](#), for example, acquirer [First Hawaiian Inc.](#) [pointed](#) to the target's "premier deposit franchise" with a 1.26% cost of deposits. Similarly, [Esquire Financial Holdings Inc.](#) in its [acquisition](#) of [Signature Bancorp. Inc.](#) [cited](#) the target's "low-cost core commercial deposit franchise" with a 35% non-interest-bearing deposit mix as a key strategic benefit.

Both deals ranked among the top 10 most expensive US bank deals by price to TBV so far this year.

The data also suggest that M&A has become a critical strategic tool for banks with high-quality deposits but facing challenges with organic growth. While many of the most expensive M&A targets in 2026 featured superior deposit cost and mix metrics, they also often reported below-median deposit growth, indicating that a sale can be a pathway to realizing the value of a strong but slow-growing franchise.

US bank deals by deal value-to-tangible book value, 2026

Buyer (top-level ticker)	Target	Target's financials for the most recent quarter ¹				
		Deal value (\$M)	Deal value/TCE (%)	Noninterest-bearing deposits/deposits (%)	Cost of deposits (%)	8-quarter avg. deposit growth (%)
Optus Financial Corp.	M&F Bancorp Inc.	103.24	284.88	21.29	1.18	0.6
● Community Financial System Inc. (CUB)	ClearPoint Federal Bank & Trust ²	40.00	218.77	0.00	1.16	0.8
Banco Santander SA (SAN)	Webster Financial Corp.	12,225.06	203.18	14.31	1.88	1.5
● Hancock Whitney Corp. (HWC)	OFB Bancshares Inc.	355.05	200.00	21.48	2.20	1.5
● First Hawaiian Inc. (FHE)	● TriCo Bancshares	2,039.06	198.34	31.15	1.27	0.5
United Community Banks Inc. (UCB)	Peach State Bancshares Inc.	100.88	193.92	28.38	1.82	1.9
Chime Financial Inc. (CHYM)	● Central Service Corp.	592.03	191.88	91.44	0.16	4.5
● Prosperity Bancshares Inc. (PB)	● Stellar Bancorp Inc.	1,998.98	180.81	36.46	1.68	0.0
● Esquire Financial Holdings Inc. (ESQ)	Signature Bancorp. Inc.	393.02	178.81	37.02	1.23	1.4
● Northrim Bancorp Inc. (NRIM)	PBCO Financial Corp.	167.31	170.09	37.08	1.36	-0.8
Bank7 Corp. (BSVN)	Century Financial Services Corp.	137.96	169.39	27.35	1.01	-1.0
Stock Yards Bancorp Inc. (SYBT)	Field & Main Bancorp Inc. ²	105.67	166.38	18.14	2.24	1.7
● Bank First Corp. (BFC)	PSB Holdings Inc.	203.09	163.16	25.19	1.96	0.3
● First Bancorp (FBNC)	First Carolina Bancshares Corp.	166.24	157.56	26.27	1.44	2.0
First National of Nebraska Inc. (FINN)	InBankshares Corp.	246.83	151.31	26.23	1.49	-0.1
● Banner Corp. (BANR)	Pacific Financial Corp.	176.97	153.86	36.96	1.01	1.6
Valley National Bancorp (VLY)	Providence Financial Corp.	70.19	150.80	19.74	1.46	1.5
Independent Bank Corp. (IBCP)	HCB Financial Corp.	95.91	147.26	0.00	2.09	-0.2
North Shore Bank	1895 Bancorp of Wisconsin Inc.	195.50	156.83	28.94	1.82	0.0
ODNB Financial Corp.	National Capital Bancorp Inc.	108.78	143.66	0.00	0.00	0.0
Industry median³			143.18	20.98	1.76	1.2
● Top 50 deposit franchise⁴						

Data compiled Sept. 22, 2026.

TCE = tangible common equity.

Analysis includes US whole-bank deals announced in 2026 by deal value-to-tangible common equity at announcement. Excludes branch, minority-stake, government-assisted and terminated deals, as well as bids and thrift merger conversions.

¹ Financial data based on regulatory filings as of June 30, 2026, unless otherwise stated. Subsidiary data used where consolidated financials not available.

² Financial data as of March 31, 2026.

³ Financial data is for quarter ended June 30, 2026 for all US banks and thrifts. Excludes nondepository trusts and companies with a foreign banking organization charter.

⁴ Ranked among the best 50 deposit franchisees in their respective asset categories in S&P Global Market Intelligence's most recent deposit rankings.

Source: S&P Global Market Intelligence.

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