



Financial Institutions Group

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M&A Industry Insights

Summer 2024



Executive Summary

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North America was the most active region, with about 1,600 financial institution transactions observed in the last 12 months (LTM).



As financial institutions become more adept at coping with macroeconomic uncertainty, the outlook and sentiment for financial services M&A are expected to improve in 2024.



Stocks of European financial firms have moved in line with STOXX Europe 600, while U.S. financials have struggled to keep up with the performance of the S&P 500, which was heavily influenced by the performance of the mega-cap tech stocks.



The deal value recorded in the year to date (YTD) increased by 39% in 2024 compared to the same period last year.

Executive Summary

Overview

In this edition of the Financial Institutions Group (FIG) update from Kroll, we evaluate current market trends, prevailing investor sentiment and valuation developments in the featured subsectors.

Our top insights are detailed below:

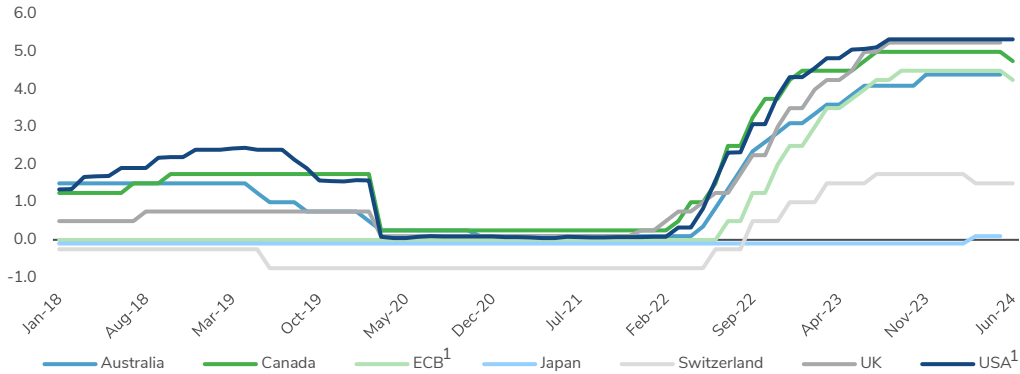
- The North American region has seen the largest number of financial institution transactions in the LTM, while APAC witnessed the highest multiples paid for its transactions.
- M&A deal activity expectations are likely to be high—driven by technological innovations, rising consumer expectations and stabilizing macroeconomic and geopolitical volatility.
- The global financial institutions market is expected to grow in revenue, from USD 25.5 trillion in 2022 to USD 58.7 trillion by 2031, at a compound annual growth rate (CAGR) of 9.7%.

Despite strong economic headwinds, the financial industry is regaining confidence regarding business opportunities, as central banks will be fine-tuning their monetary policy through 2024. Read more in our report and contact Kroll to learn how we help our clients stay ahead.

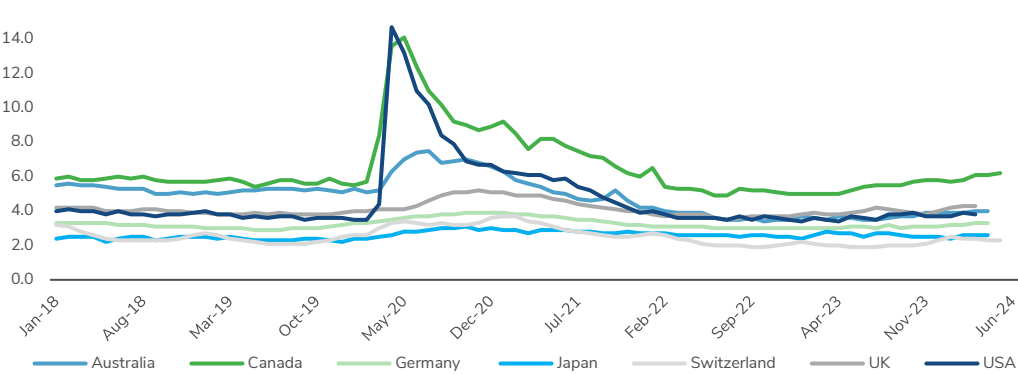
Economic Environment

Central Banks Beginning to Lower Fund Rates

Monthly Interest Rate (%) Development per Central Bank



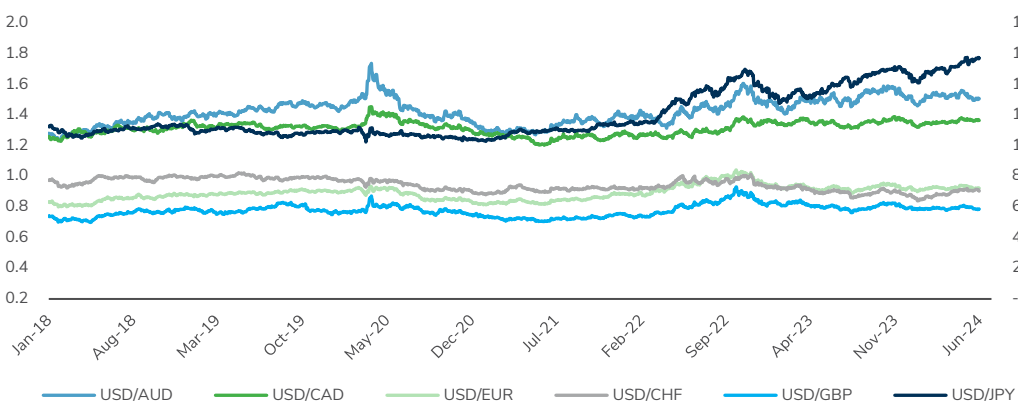
Unemployment Rate (%) by Highlighted Region



Volatility Index



Foreign Currency Exchange Rate²

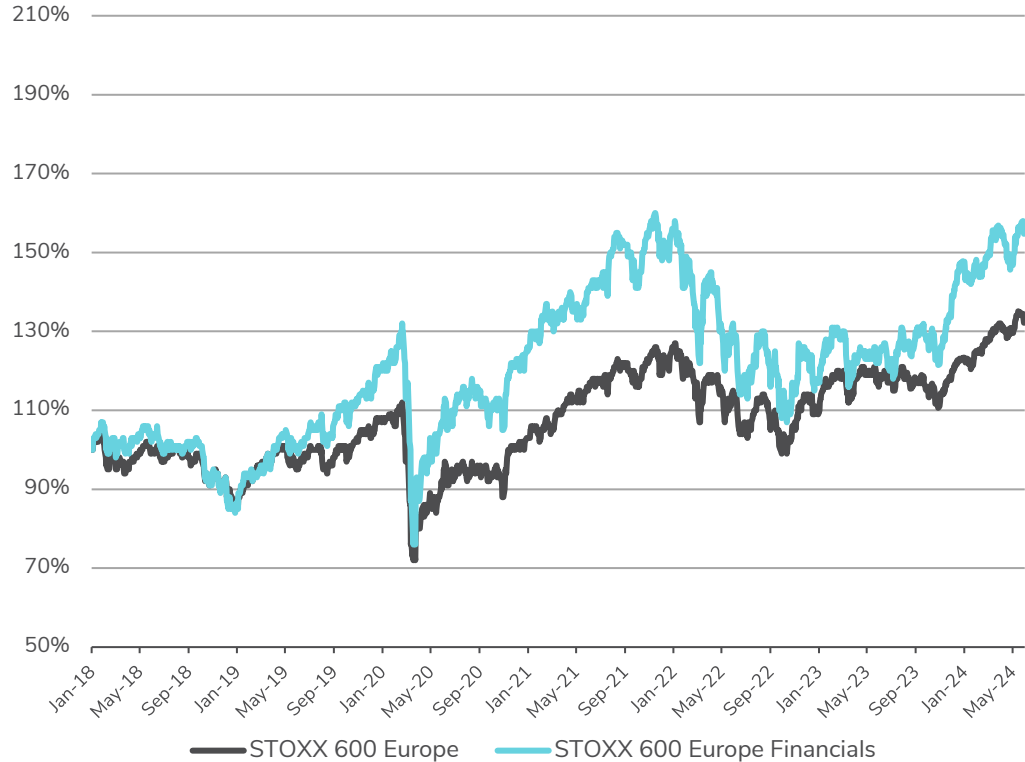


Sources: Central bank websites, government websites, Capital IQ
¹ Considered fixed rate tender for ECB and Federal Funds Rate for USA; ² USD/JPY plotted on secondary axis

Stock Market Overview

In Europe, financial institutions have outperformed the broader stock market.
 In the U.S., the performance was below the S&P 500, as the market remains heavily skewed to the mega-cap tech stocks.

Europe: STOXX 600



U.S.: S&P 500

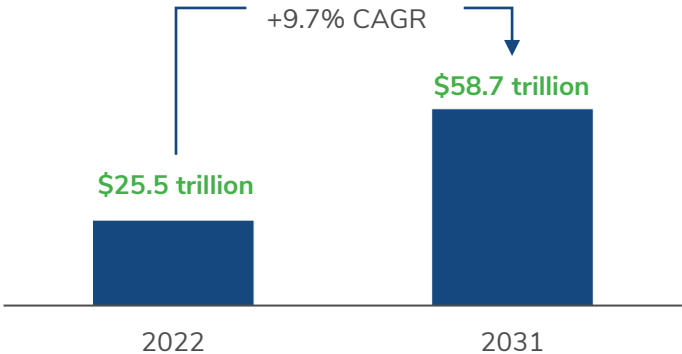


Source: Capital IQ as of May 31, 2024

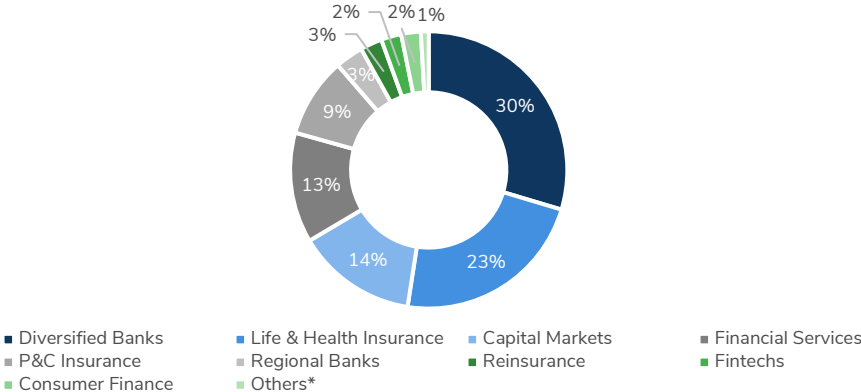
Financial Institutions Market Overview

Financial Institutions Represent ~USD 60 trillion Revenue¹ Market Globally

Market Size



Market by Segment



Commentary

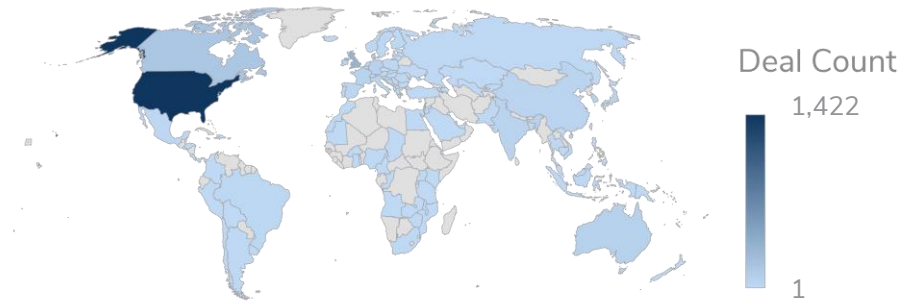
- The global financial institutions market is expected to grow in revenue, from USD 25.5 trillion in 2022 to USD 58.7 trillion by 2031, a CAGR of 9.7%.
- This expected market growth factors in the widespread digitization efforts of banks and other financial institutions, as well as steep increases in commercial lending activities in the market.
- Future growth in the financial institution market will be fueled by strategic partnerships, open banking and application programming interface (API) integration, a rise in use of generative artificial intelligence (AI) technology and innovation in product offerings.
- The start of monetary policy easing may lessen the pressure on the margins of the financial services market in the future.
- The global financial industry consists of the following segments: diversified banks, regional banks, fintechs, capital markets, financial services, property and casualty (P&C) insurance, life and health insurance, reinsurance, consumer finance and others.*

Sources: Boston Consulting Group, Capital IQ, Growth Market Reports, Research and Markets
¹ Revenue definition depends on the industry (e.g., banking: net interest income; insurance: net premium earned)
 * Others include insurance brokers and REITs

Deal Activity

Global Hot Spots for Financial Institutions Deal Activity

M&A Heat Map by Region and Deal Count (May '23–May '24)



Average Multiples (P/B) by Highlighted Region

Region	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024 ¹
North America	2.57x	2.69x	0.92x	1.19x	1.30x
Europe	2.06x	4.13x	3.28x	1.34x	0.78x
Asia Pacific	2.12x	2.39x	2.25x	2.34x	5.09x ²

Sources: Capital IQ, Deloitte, PwC, KPMG

¹ Until May 31, 2024; ² Skewed by the acquisition of Union Mobile Pay E-Commerce by Tianjin Tongrong E-Commerce and Qesqu by Adventure Inc.

Commentary

- North America saw the highest financial services deal count, at ~1,600 in the LTM, with the U.S. being the most active geography, with 1,422 inbound deals.
- APAC transactions presented the highest average price-to-book value (P/B) multiples at 2.7x, followed by Europe (2.4x) and North America (1.9x) in the LTM.
- Global M&A activities in the realm of financial institutions consisted of banking and capital markets, insurance, fintech, and asset and wealth management transactions.
- M&A is and will remain a key factor in the transformation of the financial industry as expected interest rate cuts occur, sellers recalibrate their expectations and buyers gain more confidence.
- In the banking industry, banks may capitalize on emerging stressed situations to acquire valuable technology assets.
- The asset and wealth management segment is expected to expand into private markets and other alternative investments as companies seek digital capabilities to serve newly emerging client segments.
- In the insurance segment, deal-making activity will be focused on enhancing core insurance capabilities and partnerships for services that go beyond the traditional insurance value chain.
- In the fintech segment, deal activity might increase as companies look to expand in previously untapped markets due to a surge in global demand for modern digital payment options.

Ecosystem

Kroll FIG-Tracked Universe

Banks

Diversified Banks

Logos of diversified banks: Bank of America, Citigroup, HSBC, J.P. Morgan, UBS, Deutsche Bank, BNP Paribas, Barclays, Santander, ICBC, RBC Royal Bank, Nordea, UniCredit, Wells Fargo.

Regional Banks

Logos of regional banks: Bank of Kyoto, Citigroup, East West Bancorp, Truist, M&T Bank, Citizens Financial Group, Ningbo Bank, LB Financial, Huntington, Bayern LB, DEXIA, PNC, Regions, Sparda-Banken, The Bank of London, US Bancorp, Volksbanken Raiffeisenbanken.

Fintechs

Logos of fintech companies: Block, Alipay, Robinhood, Visa, Mastercard, Adyen, Caribou, Fleetcor, Global Payments, Gusto, Kucoin, Scalable Capital, Deel, Tonik, Trade Republic, Upvest, Klarna, SaltPay, Zilch, PayFit, PayPal, Fiserv.

Financial services

Financial Services

Logos of financial services: Fubon Financial, FPG, Greke, Sura, Challenger, AMP, Hyoport, Fuyo Lease, Exor, Banca Ifis, IBJ Leasing, First Pacific, NICE, Greke, Sabanci, GBL, Pargesa, Oresund, JSF, Meritz, Sura, Metro Pacific Investments, PSG Group Limited.

Consumer Finance

Logos of consumer finance: Alipay, FirstCash, Capital One, Intuit, Acom, BAJAJ FINSERV, Klar, Current, Chime, C6 Bank, N26, Greenlight, SoFi, SoftBank Group, Starling Bank, Lydia, Monzo, Varo, Revolut, Discover.

Capital Markets

Logos of capital markets: BlackRock, Goldman Sachs, Morgan Stanley, Davidson Kempner, Evercore, Citadel, Blackstone, Ares, Macquarie, Charles Schwab, Jefferies, Invesco, Owl Rock, Partners Group, Kröll, Permira, Stifel, TA Associates, Thomabravo, Raymond James, TPG, 3i.

REITs

Logos of REITs: Simon, Stag Industrial, Welltower, W.P. Carey, American Tower, Crown Castle, CareTrust REIT, AvalonBay Communities, Goodman, Equity Residential, Digital Realty, SBA, Prologis, Alexandria, Federal Realty, Medical Properties Trust, Realty Income, Equinix, Camden, Public Storage.

Insurance

Brokers

Logos of insurance brokers: Aon, NFP, Marsh McLennan, ACRI Sure, Brown & Brown Insurance, Gallagher, Lockton, BRP, AUB Group, Howden, HUB, MRH, PSC Insurance Group, Assured Partners, RYAN Specialty, Steadfast, TRUIST, Tryg, USI, WTW.

Life and Health

Logos of life and health insurers: Allianz, Aegon, MetLife, Brown & Brown Insurance, Axa, Liberty Mutual, Manulife, Prudential, Elevance Health, Pacific Life, PING AN, NN, AVIVA, Protective, Generali, SwissLife, Mutual of Omaha, Sun Life, Afac, Zurich.

P&C

Logos of P&C insurers: Allianz, Aegon, Zurich, Brown & Brown Insurance, Axa, Prudential, NN, RenaissanceRe, Generali, China Re, PING AN, ENSTAR, ERGO, PROGRESSIVE, BERKSHIRE HATHAWAY INC., TRAVELERS, HISCOX, CHUBB, AVIVA, RENAISSANCE RE, CHINA LIFE, ALLSTATE.

Reinsurance

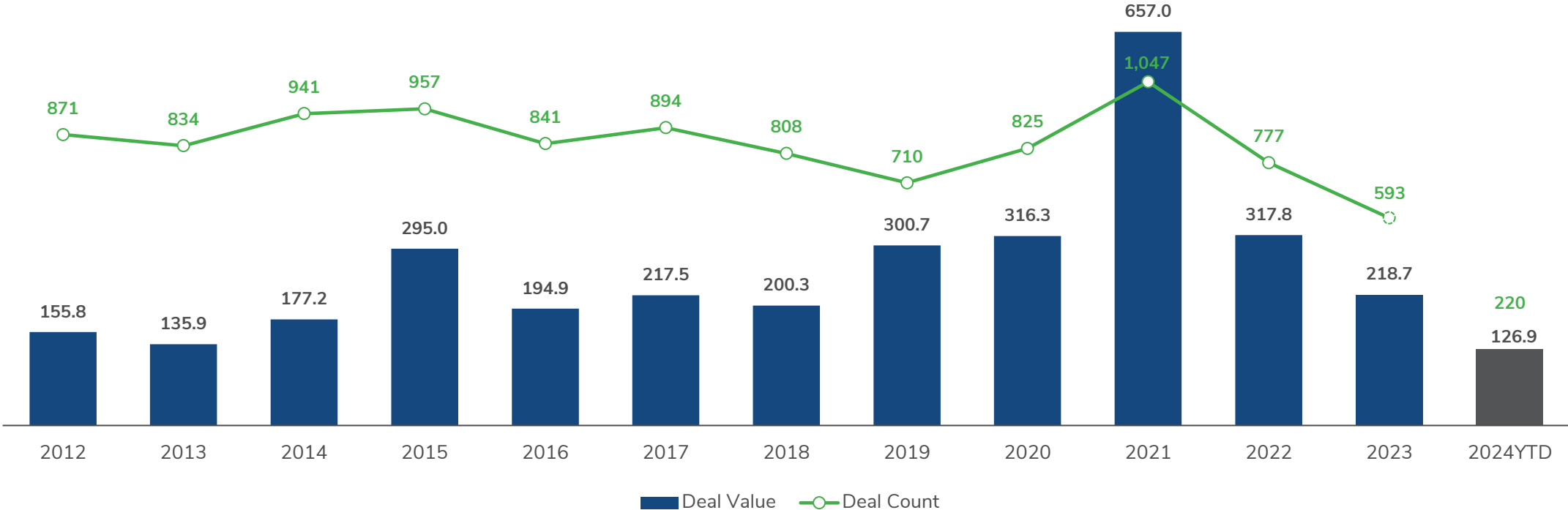
Logos of reinsurance: Allianz, Aegon, Zurich, Brown & Brown Insurance, Axa, Prudential, NN, RenaissanceRe, Generali, China Re, PING AN, ENSTAR, ERGO, PROGRESSIVE, BERKSHIRE HATHAWAY INC., TRAVELERS, HISCOX, CHUBB, AVIVA, RENAISSANCE RE, CHINA LIFE, ALLSTATE, Swiss Re, ZURICH, PeakRe, Deutsche Rück, hannover re, SCOR, RENAISSANCE RE, RGA, KOREAN RE, Munich RE.

M&A Market Overview

M&A Market Overview

Global M&A Activity in Financial Institutions Sector

(in EUR billion)



Notable transactions include Capital One’s acquisition of Discover Financial (€32.7 bn), Liaoning Asset Management’s acquisition of Shengjing Bank (€22.9 bn) and Guolian Securities’ acquisition of Minsheng Securities (€15.8 bn).

Dealmaking slowed in 2023 for financial institutions amid macroeconomic concerns. The market is cautiously optimistic for 2024 on the back of potential rate cuts and the strategic need for companies to adapt and transform business models.

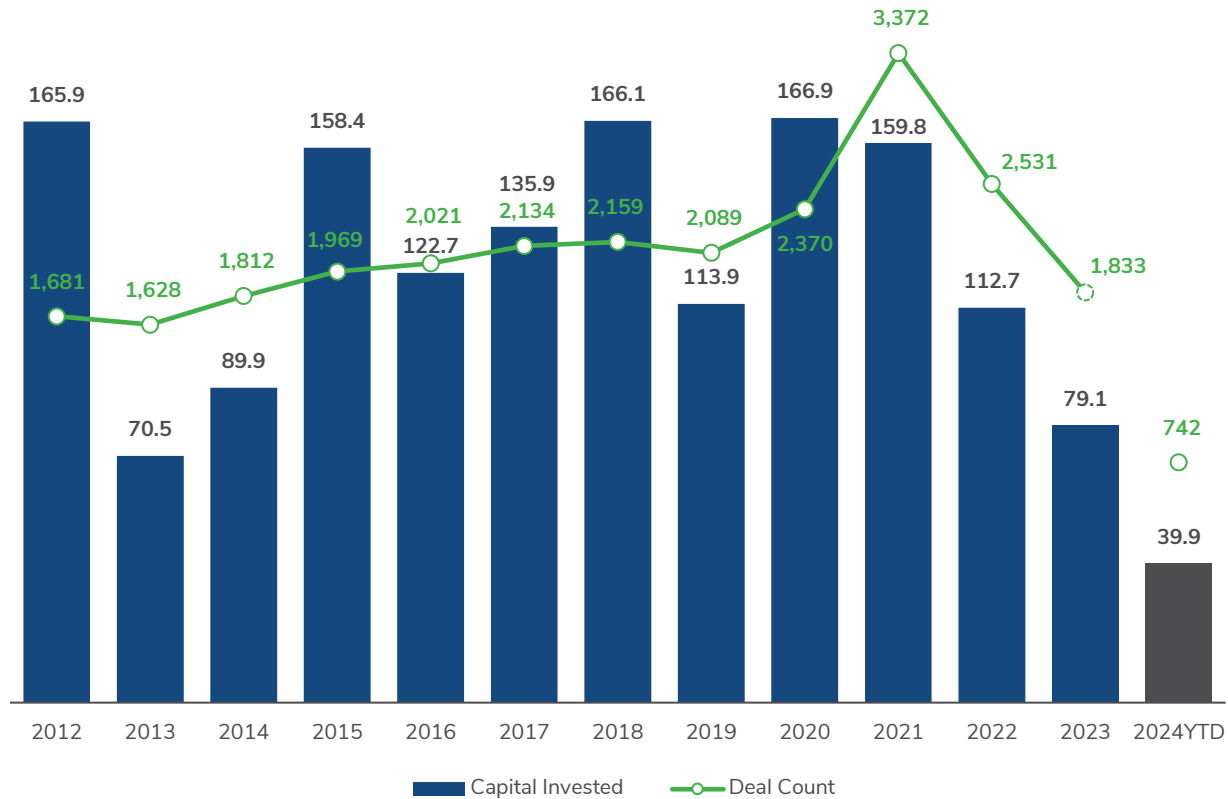
M&A activity in the space could rebound in 2024 as companies act on opportunities to purchase assets, such as fintech businesses, to build new capabilities.

Source: Capital IQ as of May 31, 2024
 Note: Deals with undisclosed transaction values are excluded; includes deals with majority stake only

M&A Market Overview

Global Financing in Financial Institutions Sector

Global Financing Activity (EUR bn)¹



Source: Capital IQ as of May 31, 2024

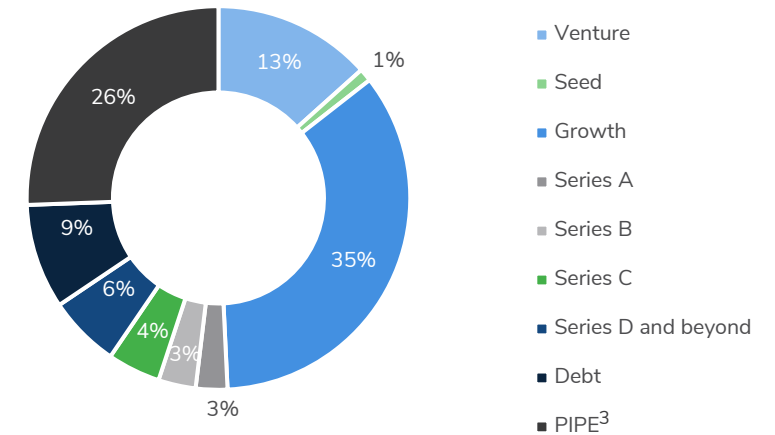
¹ Deals with undisclosed transaction values are excluded

² Seed includes accelerator, angel, bridge, crowdfunding, pre-seed, Pre-Series A and Pre-Series B

³ PIPE = Private investment in public equity












































Financing by Round^{1,2}





















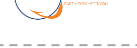















(2018–2024YTD, based on capital invested)



M&A Market Overview

Top Active Financial Institution Investors during LTM

Financial Investors		
Name	# of Inv.	Selected Investments
SEQUOIA	12	       
BainCapital	11	       
KKR	10	       
IFC International Finance Corporation WORLD BANK GROUP	8	     
WARBURG PINCUS	7	      
ANTLER	6	     

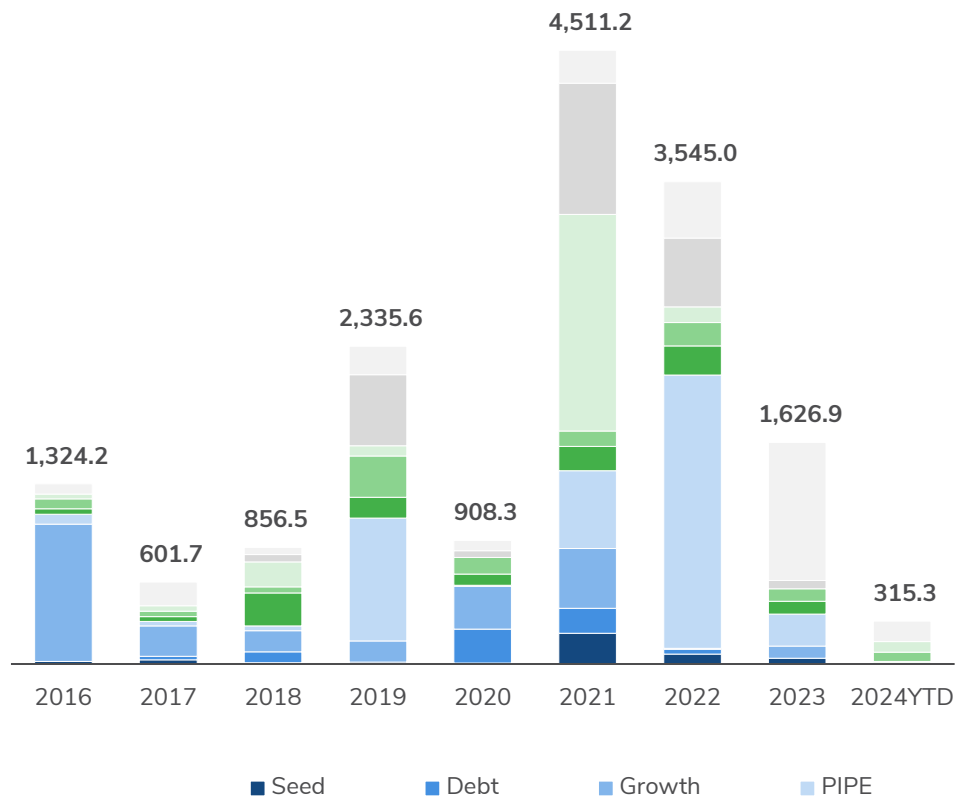
Strategic Investors		
Name	# of Inv.	Selected Investments
inszone	46	     
HUB	38	     
Gallagher	31	      
WORLD	26	     
RISK strategies	19	     
BrokerLink	17	       

Source: Capital IQ
 Note: LTM to May 2024; includes only the investments made by the parent company

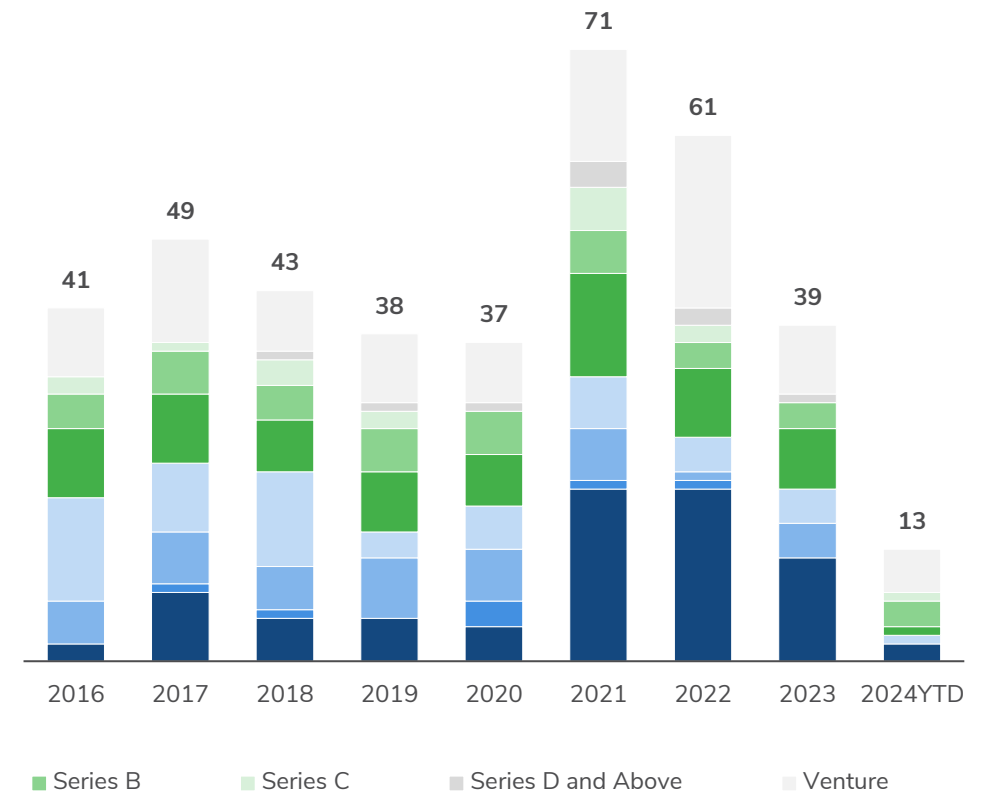
M&A Market Overview

DACH¹ Financial Institutions Funding by Value and Number of Rounds

DACH Funding by Value (EUR million)



DACH Funding by Number of Rounds



Source: Capital IQ as of May 31, 2024

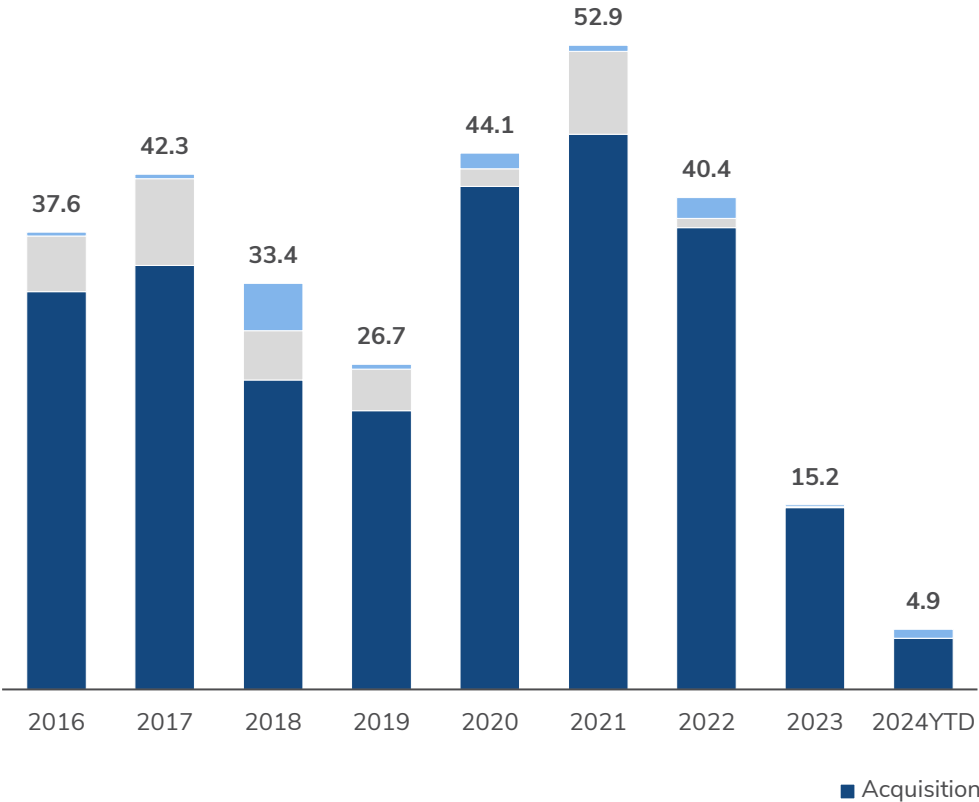
Note: Funding rounds with undisclosed transaction values are excluded; seed includes accelerator, angel, bridge, crowdfunding, pre-seed, Pre-Series A and Pre-Series B; includes transactions for which the target is headquartered in Germany, Switzerland or Austria

¹ DACH = Germany ("Deutschland"), Austria, Switzerland

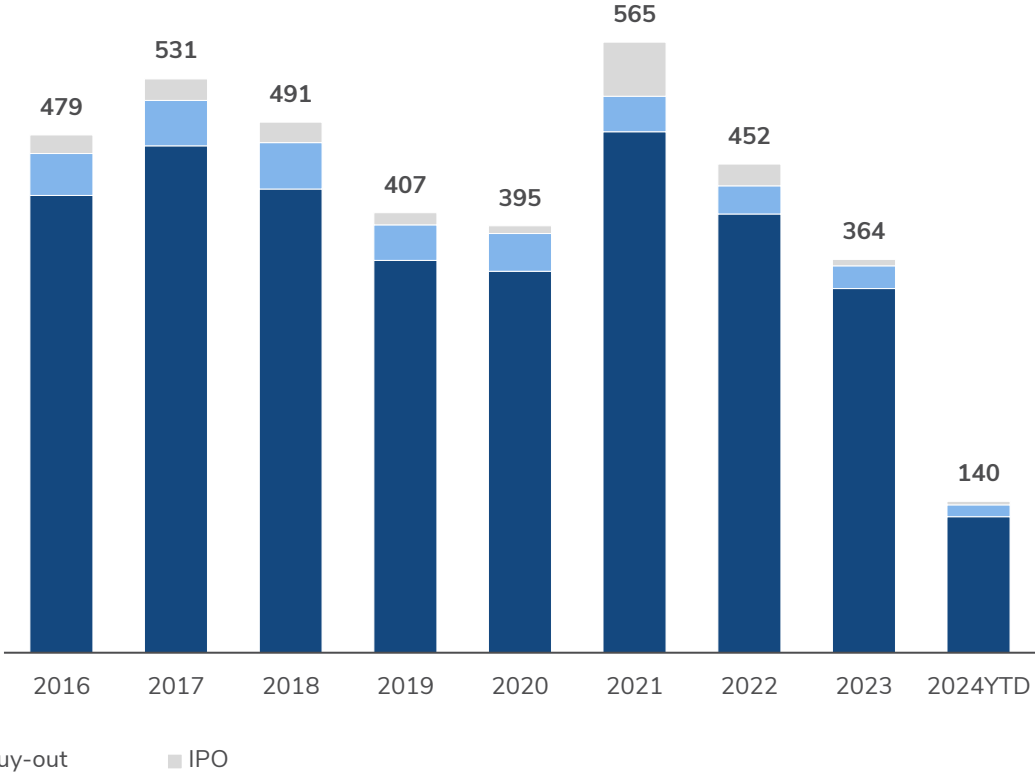
M&A Market Overview

EU Financial Institution Transactions by Value and Number

EU Transactions by Value (EUR bn)



EU Transactions by Number of Deals



Source: Capital IQ as of May 31, 2024

M&A Market Overview

Recent Transactions in the Financial Institutions Market (Selection)

<p>€32,797 mn Deal</p> <p>DISCOVER</p> <hr/> <p>Capital One</p>	<p>€22,886 mn Deal</p> <p>盛京銀行 SHENGJING BANK</p> <hr/> <p>Liaoning Asset Management Co., Ltd.</p>	<p>€15,840 mn Deal</p> <p>民生證券 MINSHENG SECURITIES</p> <hr/> <p>国联證券 GUOLIAN SECURITIES</p>	<p>€11,692 mn Deal</p> <p>worldpay from FIS</p> <hr/> <p>GTCR</p>	<p>€11,646 mn Deal</p> <p>Truist Insurance Holdings</p> <hr/> <p>CLAYTON DUBBLER & RICE</p> <p>MUBADALA STONE POINT CAPITAL</p>	<p>€11,573 mn Deal</p> <p>NFP</p> <hr/> <p>AON</p>	<p>€11,408 mn Deal</p> <p>GLOBAL INFRASTRUCTURE PARTNERS</p> <hr/> <p>BlackRock</p>	<p>€4,689 mn Deal</p> <p>nuvei</p> <hr/> <p>Advent International GLOBAL PRIVATE EQUITY</p> <p>CDPQ NOVACAP</p>
<p>€3,531 mn Deal</p> <p>corebridge financial</p> <hr/> <p>NISSAY</p>	<p>€3,339 mn Deal</p> <p>VIRGIN MONEY UK</p> <hr/> <p>nationwide</p>	<p>€3,196 mn Deal</p> <p>AMERICAN EQUITY INVESTMENT LIFE INSURANCE COMPANY</p> <hr/> <p>Brookfield</p>	<p>€2,707 mn Deal</p> <p>Portfolio of ~2k cml multi-family Real estate loans of WaFd Bank</p> <hr/> <p>BANK OF AMERICA</p>	<p>€2,557 mn Deal</p> <p>ASSETMARK.</p> <hr/> <p>GTCR</p>	<p>€2,371 mn Deal</p> <p>Global Atlantic FINANCIAL GROUP</p> <hr/> <p>KKR</p>	<p>€2,300 mn Deal</p> <p>Liberty Seguros</p> <hr/> <p>GENERALI</p>	<p>€2,198 mn Deal</p> <p>IDFC IDFC LIMITED</p> <hr/> <p>IDFC FIRST Bank</p>
<p>€1,954 mn Deal</p> <p>HTLF BANK</p> <hr/> <p>UMB</p>	<p>€1,861 mn Deal</p> <p>INDEPENDENT FINANCIAL</p> <hr/> <p>SouthState</p>	<p>€1,809 mn Deal</p> <p>ally Lending</p> <hr/> <p>synchrony</p>	<p>€1,742 mn Deal</p> <p>NWLI National Western Life Group, Inc.</p> <hr/> <p>PROSPERITY LIFE GROUP</p>	<p>€1,550 mn Deal</p> <p>Degroof Petercam</p> <hr/> <p>INDOSUEZ CREDIT AGRICOLE GROUP</p> <p>CLdN</p>	<p>€1,522 mn Deal</p> <p>华融金融租赁股份有限公司 CHINA HUORONG FINANCIAL LEASING CO., LTD.</p> <hr/> <p>中信集团 CITIC Group 共 创 新 可 能</p>	<p>€1,500 mn Round</p> <p>sumup</p> <hr/> <p>Goldman Sachs Asset Management and others</p>	<p>€1,395 mn Deal</p> <p>THE Ardonagh GROUP</p> <hr/> <p>MARKERSTUDY GROUP</p>

Source: Capital IQ, Mergermarket

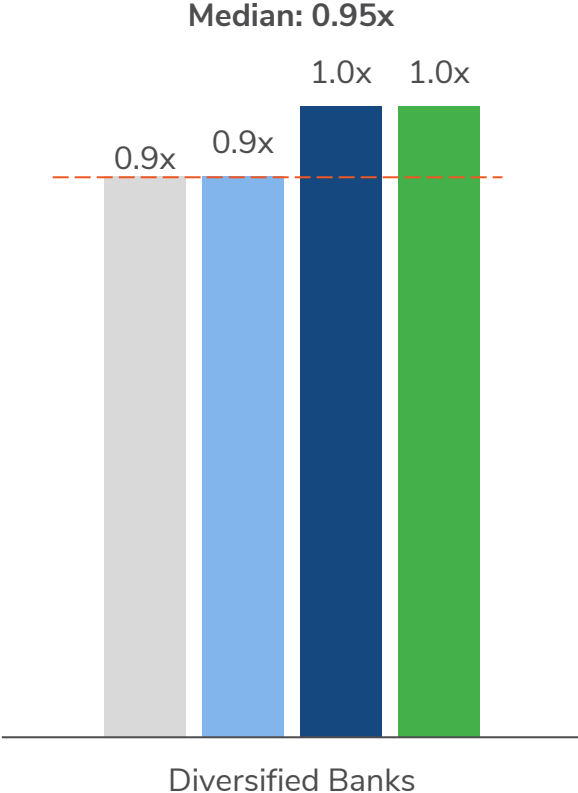
Global Public Trading Analysis

Subsector Summary

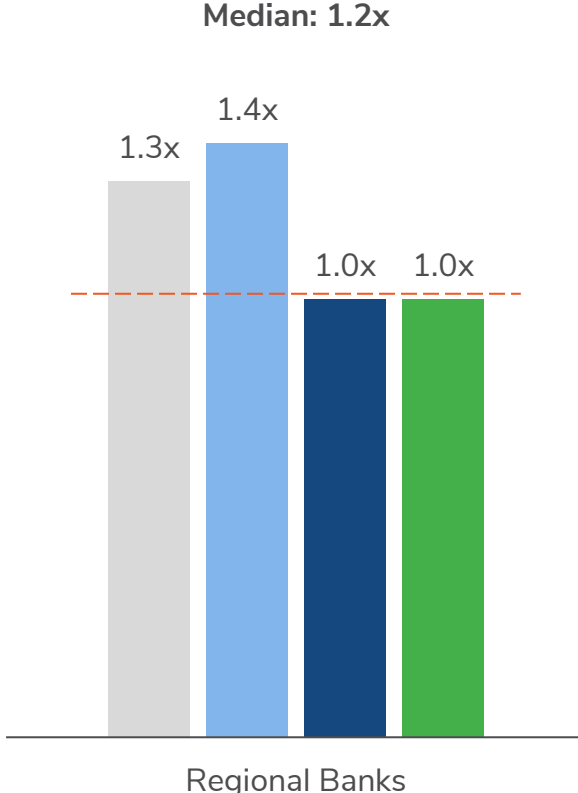
Global Public Trading Analysis

Subsector Focus: Banks

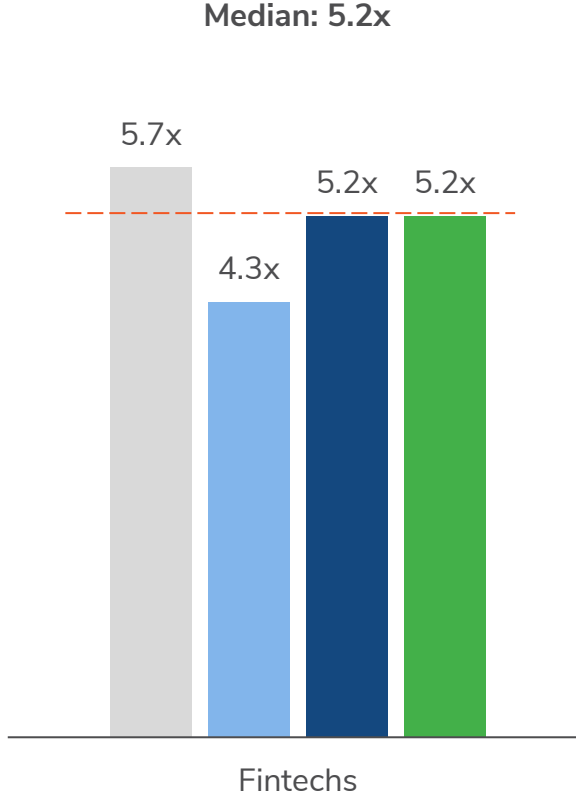
Multiples of P/B



Multiples of P/B



Multiples of EV/Revenue



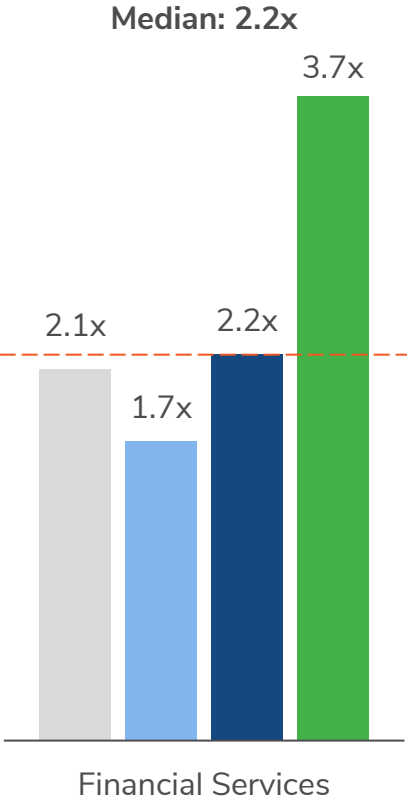
■ 2021 ■ 2022 ■ 2023 ■ 2024E - - Median

Source: Refinitiv, Capital IQ as of May 31, 2024

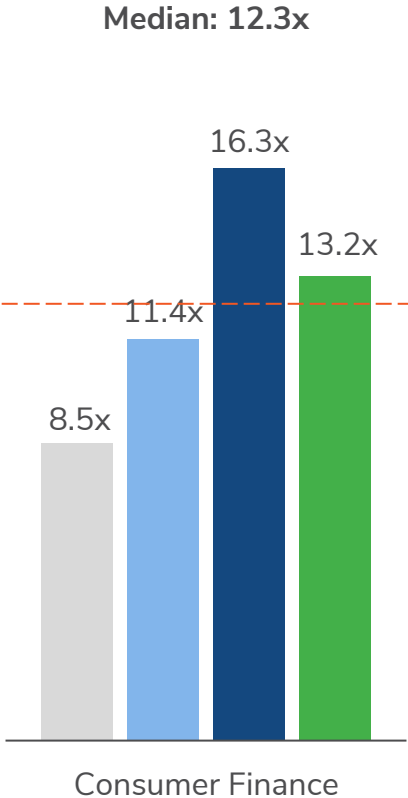
Global Public Trading Analysis

Subsector Focus: Financial Services

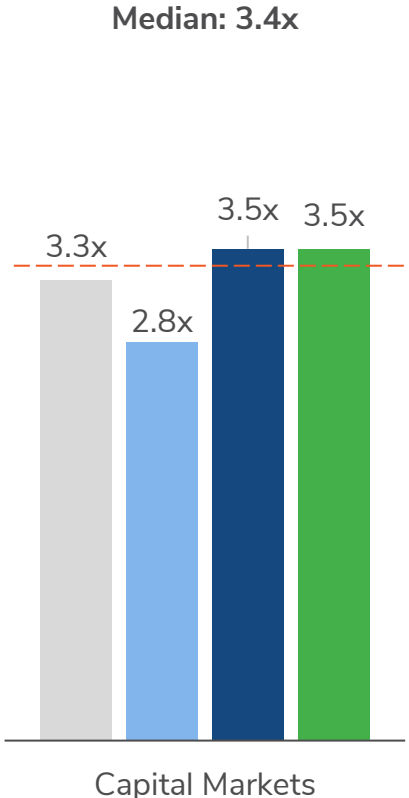
Multiples of EV/Revenue



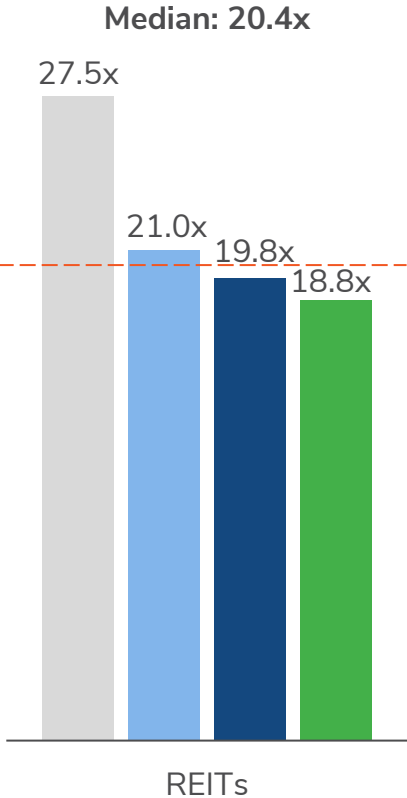
Multiples of P/E



Multiples of EV/Revenue



Multiples of EV/EBITDA



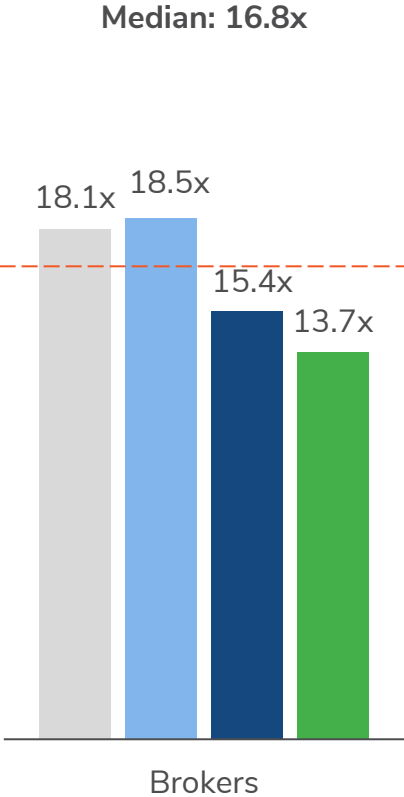
■ 2021 ■ 2022 ■ 2023 ■ 2024E - - Median

Source: Refinitiv, Capital IQ as of May 31, 2024
 Note: EV = Enterprise Value; P/E = Price Earnings Ratio; EBITDA = Earnings before interest, taxes, depreciation & amortization

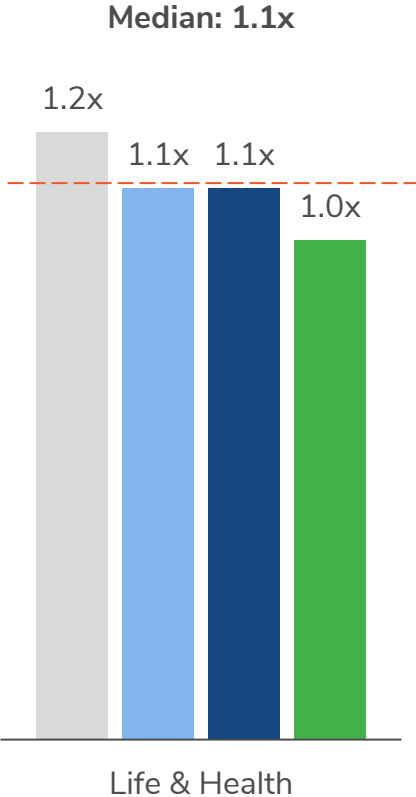
Global Public Trading Analysis

Subsector Focus: Insurance

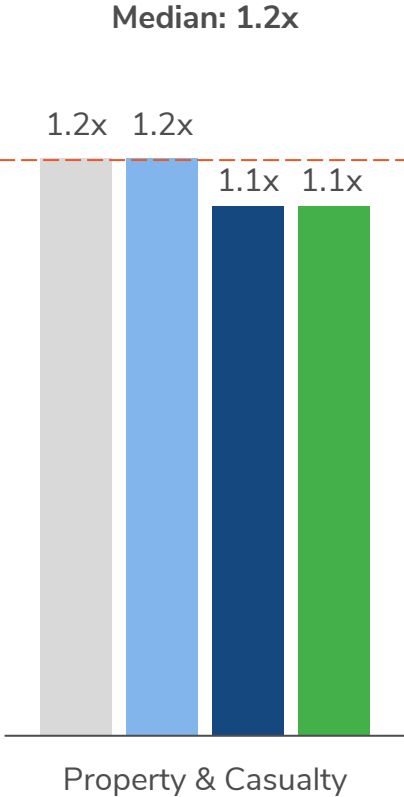
Multiples of EV/EBITDA



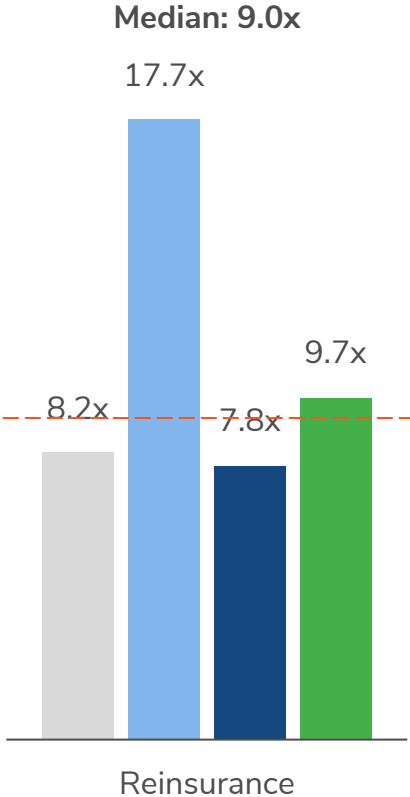
Multiples of P/GWP



Multiples of P/GWP



Multiples of P/E



■ 2021 ■ 2022 ■ 2023 ■ 2024E - - Median

Source: Refinitiv, Capital IQ as of May 31, 2024
 Note: P/GWP = Price to Gross Written Premiums Ratio



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