

John Marshall Bancorp and Eagle Financial Services - Integrating Two Community Banks

Internal ID: S&F-STR-334

Topic: Mergers & Acquisitions, Corporate Strategy, Customer Strategy

Industry: Regional Banks

Source: Strategy & Finance

Publication date: 5 October 2026

License: Not specified

Decision date and information cutoff: 8 September 2026, end of day Eastern Time

Decision scope: Conditional post-close sequencing of operating, credit, customer and shared-service integration

Case convention: This is an author-created management decision exercise. The merger is signed but pending. The post-close assignment and integration alternatives are hypothetical. Company disclosures and announced transaction terms are historical. No private deliberations or actual integration plan are represented.

The decision

On 8 September 2026, John Marshall Bancorp and Eagle Financial Services announced that they had signed an all-stock merger agreement. At the cutoff, both shareholder votes and required regulatory approvals remained outstanding; the companies expected a close in early Q1 2027, subject to conditions. The transaction had not closed. [S1, release pp.1-2, lines 18-19, 63-65]

The merger would combine John Marshall Bank, based in Reston, with Bank of Clarke, based in Berryville. The release described a \$4.4 billion company and a contiguous franchise from the Shenandoah Valley through Northern Virginia to Washington, D.C. It said both banks would continue using their existing names in their legacy markets. [S1, lines 22-25, 45-46]

The agreement and release had already set the broad governance design: a 12-member board split six-six, Christopher Bergstrom as Executive Chairman, Brandon Lorey as CEO, and a combined executive team drawing from both banks. These terms are fixed for this exercise, not alternatives for students to renegotiate. [S1, lines 51-59; S2, §7.15, pp.80-81]

The open question is implementation. **If the transaction closes, how should the combined leadership sequence the integration of systems, processes, credit and deposit workflows, and shared services to pursue scale and broader capabilities while protecting customer relationships, credit discipline, and employee continuity?**

Assume you are advising a hypothetical integration-planning team preparing a conditional post-close recommendation for the announced leadership. You have no authority to change the transaction terms. Before closing, the agreement generally requires each company to operate in the ordinary course and preserve customer relationships and key employees, subject to consent rights and exceptions. It also limits specified lending, personnel and facility actions. The planning team must respect these restrictions; it cannot treat the pre-close period as unrestricted integration time. [S2, §6.1-6.3, pp.59-63]

Two banks, related but distinct propositions

John Marshall Bank served businesses, professional-service firms, nonprofits and individuals in the Washington-area market. Its FY2025 filing described relationship banking, disciplined loan and deposit growth, experienced bankers, and local knowledge and decision-making. At 30 June 2026, John Marshall reported \$2.40 billion in assets, \$2.01 billion in loans net of unearned income, and \$1.99 billion in deposits. [S3, Item 1, pp.4-8; S4, pp.1-2, lines 17-30]

Bank of Clarke served customers from the Shenandoah Valley through Northern Virginia. Its 2025 annual report described a commercial banking business as well as separate marine-lending and wealth-management segments. By June 2026, the company said it offered community banking, wealth management, mortgage and SBA banking, through 14 full-service branches, a drive-through facility and a loan production office. [S1, lines 90-92; S7, Item 1 and Note 27]

The two businesses therefore brought different customer offerings and operating histories. In its Q2 2026 filing, Eagle reported \$1.85 billion in assets, \$1.48 billion in net loans and \$1.60 billion in deposits. The merger release rounded Eagle's loans to \$1.5 billion gross and reported about \$599 million in wealth assets under management. Those loan figures use different bases and should not be added as if they were identical. [S1, lines 90-92; S5, MD&A p.59 and loan discussion pp.60-61]

The filings also show why "integration" might mean different things across the combined institution. Eagle's marine loan book had been closed to new business and continued to run off. Its June 2026 filing described commercial activity concentrated in relationship-based lending in core markets. John Marshall's annual report likewise described local customer knowledge as part of its banking approach. The public documents did not provide a detailed plan for systems, credit authority, customer migration, staffing or branch operations after closing. [S3, Item 1, pp.6-8; S5, pp.39-40, 61]

Exhibit 1. Operating scale at 30 June 2026

Measure	John Marshall Bancorp	Eagle Financial Services
Total assets	\$2.40bn	\$1.85bn
Loans	\$2.01bn, net of unearned income	\$1.48bn, net loans in 10-Q; ~\$1.5bn gross in merger release
Deposits	\$1.99bn	\$1.60bn
Full-service branches	8	14
Other stated facilities	-	1 drive-through facility; 1 loan production office
Wealth assets under management	Not shown in cited company snapshot	~\$599m

Sources: John Marshall Q2 release; Eagle Q2 Form 10-Q; joint merger release. [S1, lines 85-92; S4, pp.1-2; S5, p.59 and pp.60-61] Figures are issuer-reported; rounded amounts and loan definitions differ.

A broader offering, with an integration choice

Management presented the combination as a way to broaden products, deepen local capabilities and create scale. It highlighted Eagle's wealth, mortgage and SBA activities. Its presentation showed fee income as 23.1% of Eagle revenue and 3.4% of John Marshall revenue for the Q2 2026 snapshot, and a 14.3% pro forma ratio. Those figures exclude Eagle's pretax gain on the sale of Bearing Insurance Group; the pro forma presentation also notes purchase-accounting assumptions. They are management-presented historical and modeled figures, not proof of recurring revenue, successful cross-selling, or realized diversification. [S6, pp.5-7, 12]

The companies' credit and funding situations also required attention during any combination. Eagle reported that total deposits were broadly stable in the first half of 2026, with core deposits up \$29.8 million and non-core deposits down \$35.2 million. Eagle's definition of core deposits excludes brokered/wholesale and specified large or intermediary balances. At June 2026, Eagle's gross loans-to-deposits ratio was 93.60%. The company said more than 86% of deposits were fully FDIC-insured. [S5, pp.60-61, 64]

In that same six-month period, Eagle recorded \$2.4 million of loan charge-offs, primarily a \$1.6 million partial write-down on one multifamily relationship; a \$3.6 million multifamily loan moved to nonaccrual during the second quarter. This is a dated portfolio fact, not a judgment on the whole bank or an effect of the merger. It raises an integration-design question: how can the combined organization preserve local borrower information while ensuring consistent review, escalation, and monitoring of credit risk? [S5, pp.52-53, 62-63]

Exhibit 2. Business and risk context

Evidence available by cutoff	Strategic relevance
Eagle reported three segments: community banking, marine lending and wealth management. The marine book was in runoff.	Integration must account for an existing portfolio that is being serviced, not expanded, alongside active community banking and wealth services.
At 31 December 2025, Eagle's loan mix was 47% commercial real estate, 24% residential real estate, 6% construction and farmland, 12% marine, 8% commercial and industrial, 2% consumer, and 1% other. Percentages are company-rounded and total 100%.	Common credit reporting and controls must be reconciled with the need to understand different lending products and borrower relationships.
At 30 June 2026, Eagle's H1 core deposits increased \$29.8m while non-core deposits fell \$35.2m; its gross loans/deposits ratio was 93.60%.	Customer retention and funding composition may deserve separate attention from total deposits. These figures do not predict post-merger runoff.
Eagle's wealth AUM was \$599.0m, up from \$544.1m one year earlier. The filing attributed trust-fee growth to higher AUM and estate settlements, partly offset by lower investment-sales revenue.	Wealth management adds a capability and fee stream, but the public data do not establish recurring cross-sell economics.

Sources: Eagle FY2025 Form 10-K, Item 7 p.41 and credit table p.44; Eagle Q2 2026 Form 10-Q, pp.52-53, 60-64. Amounts and percentages are issuer-reported. [S5, S7]

What the merger materials do-and do not-say about savings

The transaction presentation modeled cost savings equal to 15% of the two banks' combined noninterest expense. It assumed 75% of the savings would be phased in during 2027 and 100% thereafter, alongside \$24 million of one-time pretax transaction expenses. For footprint metrics, it included an assumption of one branch closure. Its illustrative pro forma model assumed a 31 December 2026 close, while the public release expected a close in early Q1 2027. [S6, pp.4, 13-14, 19]

These are assumptions in a company presentation, not an approved integration plan, guidance, or realized outcome. The presentation did not disclose a detailed sequence for systems, staffing, credit authority, customer communications or operating migrations. The merger agreement's ordinary-course restrictions also limit certain actions before close. [S2, §§6.1-6.3; S6, pp.13-14, 19]

Exhibit 3. Terms, forecasts and assumptions

Item	Publicly disclosed information	Classification
Exchange ratio	2.0 JMSB shares for each EFSI share	Signed agreement term
Expected closing	Early Q1 2027, subject to shareholder and regulatory approvals	Management expectation; uncertain
Combined governance	Six directors from each company; named combined leadership	Announced transaction design
Cost savings	15% of combined noninterest expense; 75% phased in 2027 and 100% thereafter	Company model assumption
One-time merger costs	\$24m pretax	Company model assumption
Branch footprint	One closure used in a presentation comparison	Illustrative assumption, not announced closure
Post-close system/credit/customer sequence	No detailed public plan disclosed	Unknown

Sources: joint release [S1], merger agreement [S2], transaction presentation [S6].

Alternatives for the integration-planning team

The following are hypothetical approaches. The public materials do not identify them as management proposals.

A. Front-load common platforms and shared processes. Move toward common systems, reporting, operating processes and support functions as early as readiness allows. Establish consistent credit policies and controls across both banks while retaining the announced brands and leadership design. This approach could create coordination and cost opportunities sooner, but would require strong conversion, customer-service and employee safeguards.

B. Stage integration around readiness and relationship continuity. Put common risk limits, compliance standards, reporting definitions and customer-protection measures in place first. Sequence systems and shared-service changes through pilots and readiness gates,

retaining local relationship input and servicing continuity while common workflows mature. This approach may protect information and reduce disruption, but could delay some efficiency benefits and prolong parallel work.

C. Maintain a more federated operating model for longer. Preserve a high degree of local operating and customer-facing autonomy, integrating only essential controls, data exchange and compliance processes initially. This may protect local responsiveness, but could leave duplicated support costs and uneven processes in place, complicating the pursuit of scale.

Before closing, any proposed implementation action must remain within the agreement's covenants, consent requirements and exceptions. No option changes the announced board, leadership, legacy brand or market terms.

Assignment

Prepare a concise recommendation memo for the hypothetical integration-planning team:

1. Choose an integration approach or a clearly sequenced hybrid. Specify what should become common first and what local authority, teams or customer practices should be protected.
2. Explain how your approach addresses the two banks' different portfolios and capabilities, including Eagle's wealth, mortgage, SBA and marine-runoff activities.
3. Identify the main execution risks and the evidence that should trigger a pause, acceleration or redesign.
4. Propose a small set of measures for synergy realization, deposit/customer continuity, credit quality, employee continuity and operational readiness. State which are public baseline facts and which require management data or hypothetical thresholds.
5. Respect the signed transaction terms and pre-close covenants. Treat the close date, approvals and all post-close outcomes as unknown.

Discussion questions

1. Which activities benefit most from common standards or systems, and which rely on local knowledge or customer continuity?
2. Is a faster conversion preferable when the investor presentation assumes savings ramping during 2027, or should the team prioritize readiness gates? What would change your answer?
3. How should leadership balance consistent credit oversight with local borrower context, especially given Eagle's portfolio mix and recent multifamily credit developments?
4. What evidence would demonstrate genuine product diversification rather than a pro forma claim? How should the team handle AUM, wealth fees and EFSI's runoff marine book?
5. What should be measured before and after close, and what public evidence is insufficient to set a numerical target?

Sources and conventions

S1. John Marshall Bancorp and Eagle Financial Services, joint merger release, 8 September 2026, [SEC Exhibit 99.1](#), cited lines 18-19, 22-25, 45-46, 51-59, 63-65, 85-92.

S2. Merger Agreement dated 7 September 2026, [SEC Exhibit 2.1](#), §§6.1-6.3, pp.59-63; §7.15, pp.80-81.

S3. John Marshall Bancorp FY2025 Form 10-K, [SEC filing](#), Item 1, pp.4-8.

S4. John Marshall Bancorp Q2 2026 earnings release, 22 July 2026, [SEC Exhibit 99.1](#), pp.1-2.

S5. Eagle Financial Services Q2 2026 Form 10-Q, [SEC filing](#), pp.39-40, 52-53, 59-64.

S6. John Marshall/Eagle merger investor presentation, 8 September 2026, [SEC Exhibit 99.2](#), pp.4-7, 12-14, 19.

S7. Eagle Financial Services FY2025 Form 10-K, [SEC filing](#), Item 7 p.41; credit discussion and "Nonperforming assets and related ratios," p.44.

All public information is limited to that available by 8 September 2026 EOD ET. Subsequent proxy materials, regulatory decisions, shareholder results, closing, and realized performance are excluded.