



STRENGTHENING FINANCIAL INSTITUTIONS

Bank Merger and Acquisition Activity Through 2025

Released March 2026

Introduction

Following a challenging few years post-COVID, the banking industry saw a resurgence in the number of mergers and acquisitions in 2025. Approximately 5 percent of total banks were sold in 2025 compared to 2.5 percent in the COVID period. There is optimism that deal activity will remain strong in 2026, as many of the headwinds that existed in previous years have started to subside.

This white paper provides readers with an overall perspective of the banking merger and acquisition marketplace. The data includes industry-wide information on bank mergers and acquisitions since 2000, with a specific focus on the most recent four years. We also discuss the primary drivers of the decreased activity from 2022 to 2024 followed by the increased number of mergers in 2025. We conclude with our thoughts on the future of bank mergers and acquisitions.

KEY TAKEAWAY

As a leading provider of bank acquisition fair value determinations, we have deep insight and knowledge of the marketplace and combine sophisticated financial expertise with a thorough understanding of the required accounting.

CLIENT-FOCUSED SOLUTIONS

Since 2003, Wilary Winn has provided independent, objective, fee-based advice to financial institutions and now serves more than 600 clients across the country.

Our main service lines include:

- > ASSET LIABILITY MANAGEMENT (ALM)
- > CURRENT EXPECTED CREDIT LOSS (CECL)
- > MERGERS & ACQUISITIONS (M&A)
- > VALUATION OF LOAN SERVICING
- > FAIR VALUE DETERMINATIONS

Bank Merger and Acquisition Activity

We are frequently asked about bank merger and acquisition activity. Wilary Winn serves over 600 financial institutions, including 70 that are publicly traded. We have performed over 600 merger engagements since 2009, ranging in size from \$2M to as large as \$10B in total assets. Our work in this area allows us to be highly informed on the bank merger and acquisition marketplace.

This white paper is part of a series of annual updates relating to bank merger and acquisition activity. In this paper, we recap activity through December 31, 2025. We detail the primary factors impacting deal activity in recent years and conclude with our thoughts on where we believe the bank merger and acquisition marketplace is headed over the next few years.

In this paper, you will find industrywide information about the:

- Number of bank mergers and acquisitions
- Number of credit union acquisitions of banks
- Average pricing multiples
- Relationship between profitability and multiples
- Key drivers impacting the number of transactions and price-to-tangible book multiples

If you are interested in more details about a specific topic, please let us know.

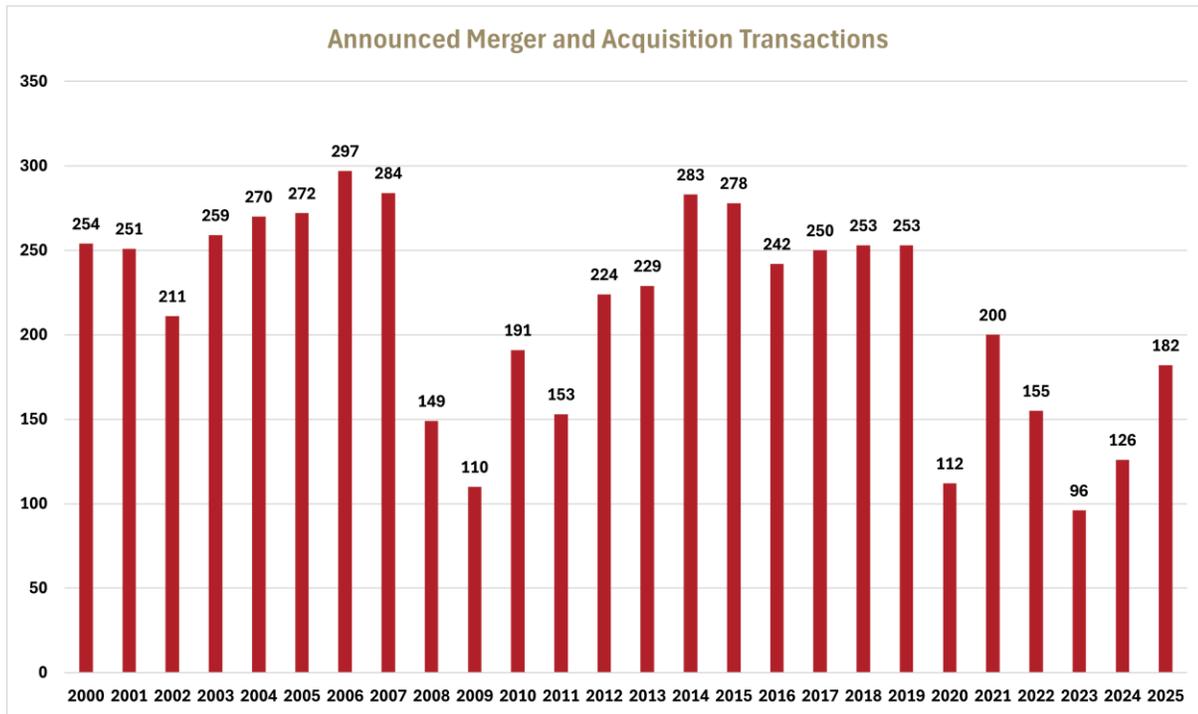
Industry Merger Statistics

The following chart tracks the number of bank mergers and acquisitions that have been announced each year since 2000. As shown, bank merger and acquisition activity has historically typically been above 200 transactions per year, except for 2008 through 2011 due to the great recession. The number of transactions fell in 2020 due to the COVID-19 pandemic but increased to more normalized levels in 2021. Transactions fell again with deal activity remaining slow from 2022 through 2024.

We attribute the decline in transactions in recent years prior to 2025 to a variety of factors, including a disconnect on pricing between buyers and sellers, large unrealized losses on investment securities, a smaller pool of potential sellers, weakening economic conditions and profitability, and increased regulatory scrutiny. Further discussion on the decline in the number of transactions from 2022 through 2024 is discussed in detail in our “Bank Merger and Acquisition Activity” white paper dated September 2024.

Deal activity surged in 2025 with the number of announced transactions hitting 182, the highest level since 2021.

We attribute the increased number of deals in 2025 to pent up deal demand, stabilizing interest rates, technological needs, improved industry profitability, and a more favorable regulatory environment. Further discussion on the increase in the number of transactions is discussed in greater detail later in this white paper.

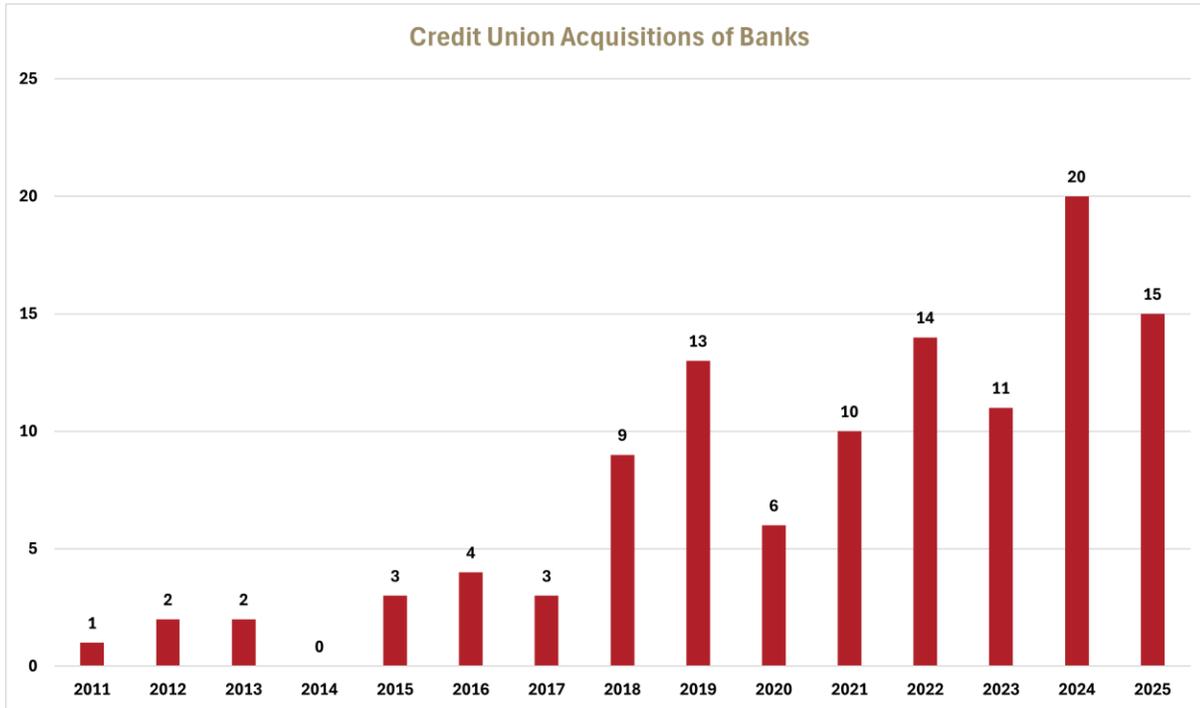


Source: S&P Capital IQ Pro

All bank and savings bank transactions located in the United States announced between December 31, 1999, and December 31, 2025.

Wilary Winn works with both banks and credit unions. In the past, credit union acquisitions of banks were relatively uncommon; however, credit unions are now a key player in the bank acquisition marketplace, as evidenced by the following chart. Although the number of actual transactions historically is quite small relative to the number of mergers and acquisitions that take place each year, this trend has become a hot topic in the industry. We note that the 20 announced deals in 2024 were an all-time record. However, the total number of announced transactions decreased in 2025, as competition for acquiring banks increased as traditional banks returned to the marketplace as buyers.

We expect credit unions to remain a player in bank mergers and acquisitions going forward. Further detail surrounding the strategic, tax, and regulatory considerations concerning these types of transaction can be found in our white paper titled [“Credit Unions Purchasing Community Banks.”](#)

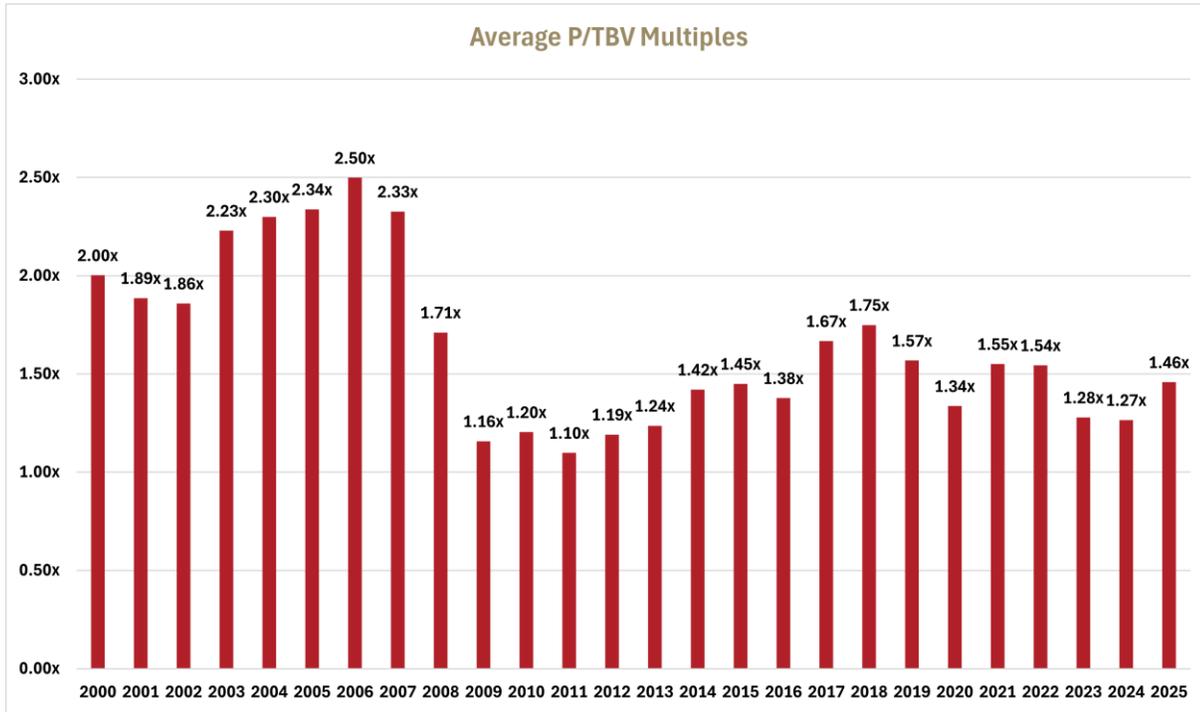


Source: S&P Capital IQ Pro

All credit union acquisitions of banks located in the United States announced between December 31, 2011, and December 31, 2025.

The average price-to-tangible book value (“P/TBV”) multiple by year for all bank transactions is shown in the table below. We note that the P/TBV multiple is the price paid or consideration provided by the buyer to the seller of the bank divided by the tangible book value. Following peak P/TBV multiples paid in the early 2000s, the P/TBV decreased significantly during the great recession. Thereafter, the average P/TBV multiple steadily recovered through 2019 before decreasing again in 2020 due to the COVID-19 pandemic. We note that the average P/TBV multiple compressed further in 2023 and 2024 due, in part, to compressed publicly traded bank stock prices coupled with unprecedented levels of unrealized losses of investment securities. However, the P/TBV rebounded to 1.46x in 2025.

We attribute the spike in the P/TBV in 2025 to increased competition for acquiring banks as deal activity ramps up. We further note that reduced unrealized losses on bank balance sheets has contributed to rising deal values. Further discussion on the increase in the P/TBV is discussed in detail later in this white paper.

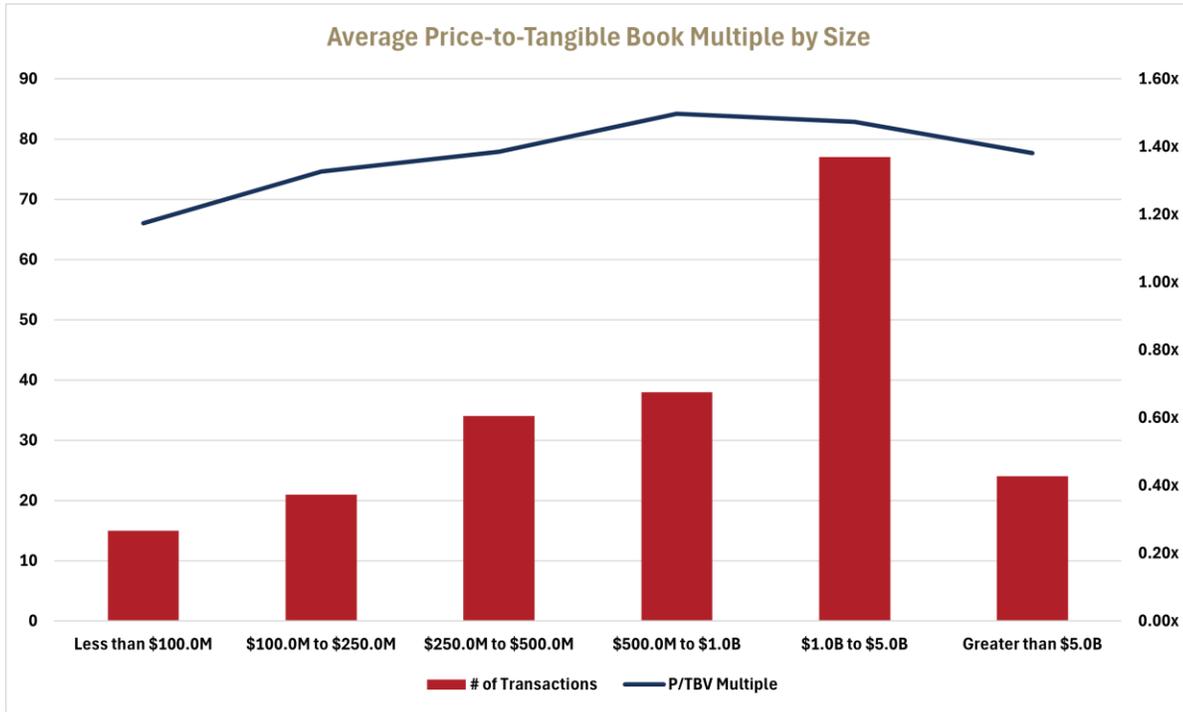


Source: S&P Capital IQ Pro

All bank and savings bank transactions located in the United States announced between December 31, 1999, and December 31, 2025.

Given the increase in deals and higher premiums in the market in 2025, we further analyzed the relationship between the P/TBV paid and the size of the target institution, as shown in the table below. For all deals where the target institution is less than \$1.0B in total assets, there is a strong positive correlation between the asset size of the target institution and the P/TBV paid. However, the table below shows that the average P/TBV slightly decreases when the target institution is greater than \$1.0B in total assets.

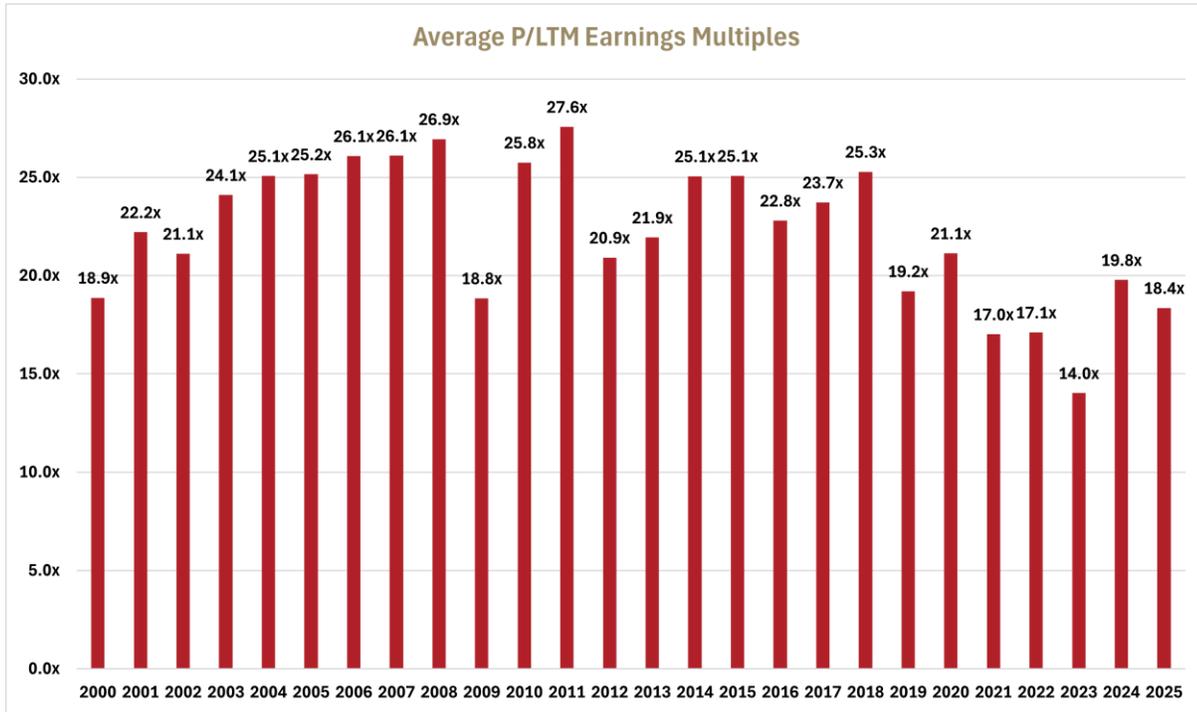
A majority of the transactions shown in the table below are for banks in the \$1B to \$5B range. While pricing tends to decrease slightly at this size (due to an emphasis for the combined institution to benefit from scale, improved efficiencies, overcome regulatory pressures, etc.), the average P/TBV paid for these larger deals is higher than all transactions where the target institution’s asset size was less than \$500.0M.



Source: S&P Capital IQ Pro

All bank and savings bank transactions located in the United States announced between December 31, 2022, and December 31, 2025. Excludes transactions where the deal value was not reported.

Additionally, the following chart shows the average price-to-last twelve-month (“P/LTM”) earnings multiple by year for all bank mergers and acquisitions since 2000. We note that the P/LTM multiple is the price paid or consideration provided by the buyer to the seller of the bank divided by the institution’s last-twelve-months earnings. We note that the P/LTM earnings multiples were higher in 2024 and 2025, as compared to the relatively lower multiples paid from 2021 to 2023.

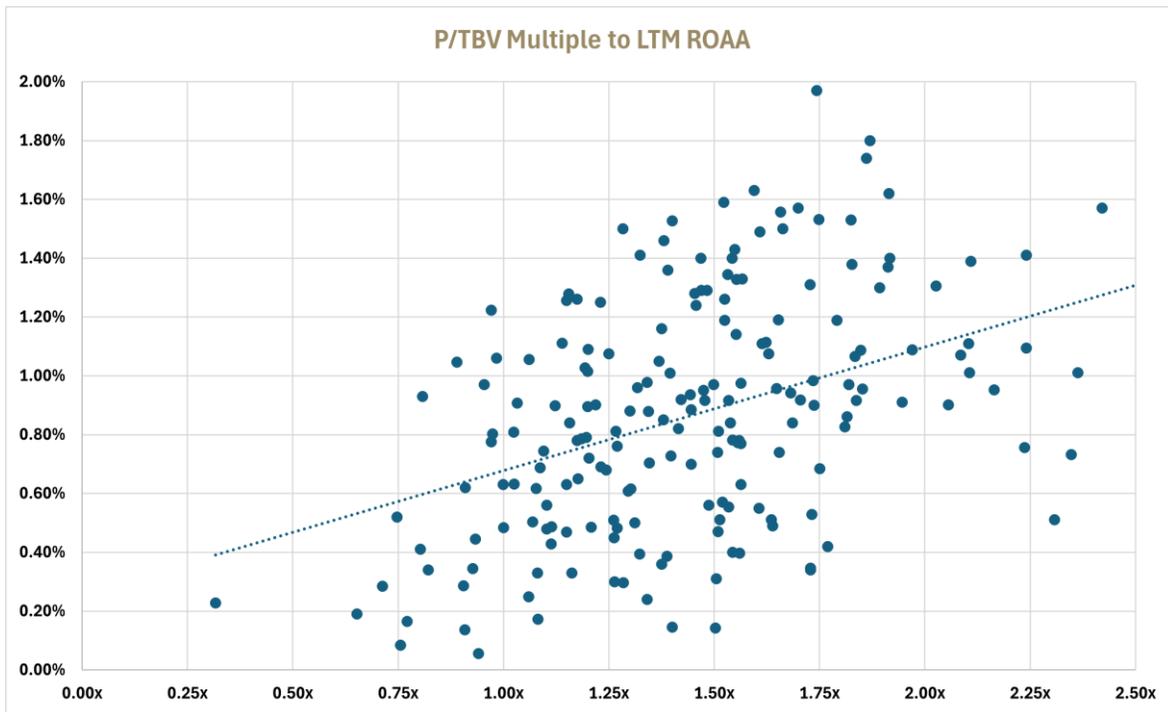


Source: S&P Capital IQ Pro

All bank and savings bank transactions located in the United States announced between December 31, 1999, and December 31, 2025.

We note that there is a positive correlation between the P/TBV multiples and profitability. Conversely, we note that there is a negative correlation between P/LTM earnings multiples and profitability. These are exhibited in the following charts, which reflect transactions announced between December 31, 2022, and December 31, 2025.

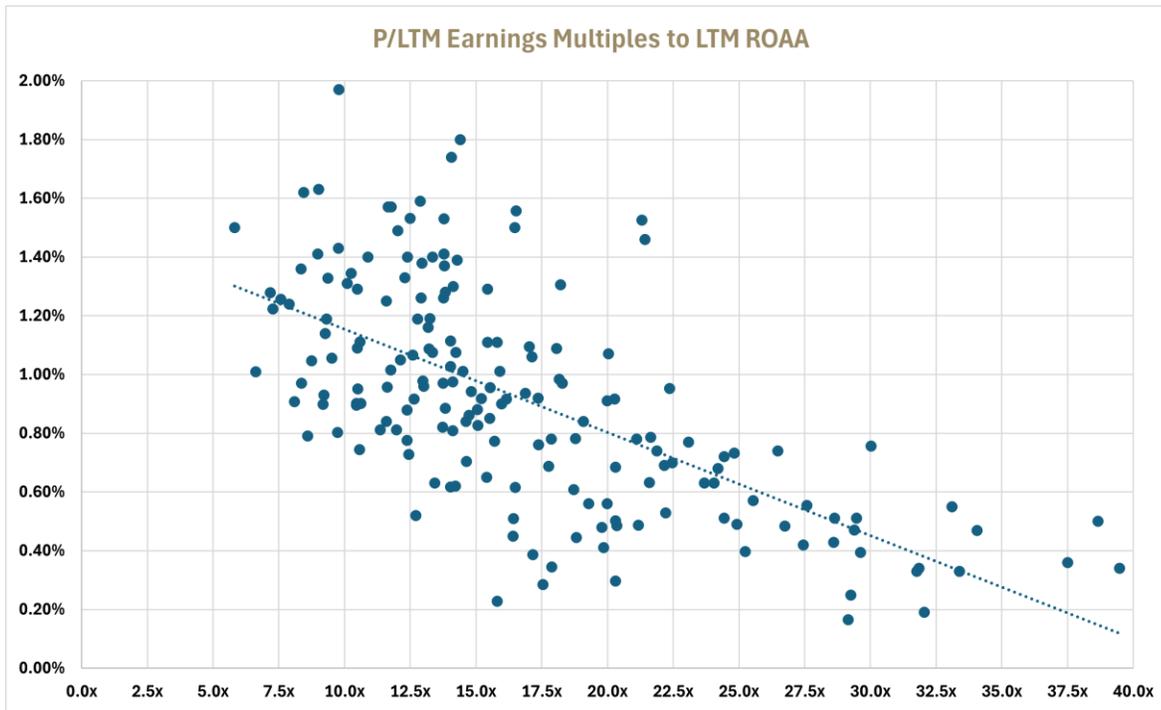
Not surprisingly, this correlation indicates that deal values tend to be higher for institutions with strong profitability. In aggregate, return on average assets (“ROAA”) has increased across the banking industry to 1.20% in 2025, following relatively lower returns from 2022 to 2024. This improved profitability has directly contributed to higher premiums in the market, as discussed in detail later in this white paper.



Source: S&P Capital IQ Pro

All bank and savings bank transactions located in the United States announced between December 31, 2022, and December 31, 2025.

Excludes transactions where the deal value was not reported, the P/TBV multiple was not available or not meaningful, or the LTM ROAA was not available, negative, or greater than 2.00%.



Source: S&P Capital IQ Pro

All bank and savings bank transactions located in the United States announced between December 31, 2022, and December 31, 2025.

Excludes transactions where the deal value was not reported, the P/LTM earnings multiple was not available, not meaningful, or greater than 50.0x, or the LTM ROAA was not available, negative, or greater than 2.00%.

Key Drivers of Deal Activity

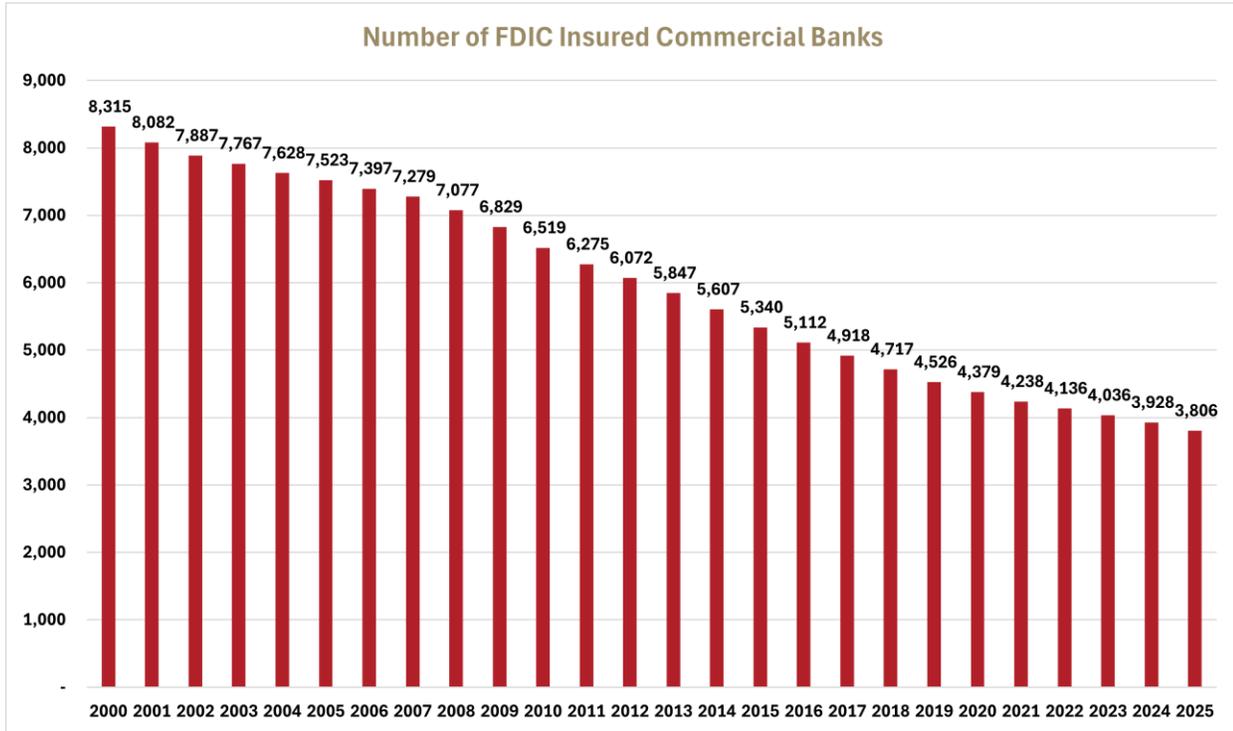
As discussed in the previous section, there was a pronounced decrease in the number of transactions and the P/TBV multiples paid from 2022 through 2024. Factors driving these trends is detailed in our “Bank Merger and Acquisition Activity” white paper dated September 2024.

In contrast, the industry saw a significant increase in the number of bank mergers and the P/TBV multiples paid in 2025. This is driven by a variety of factors.

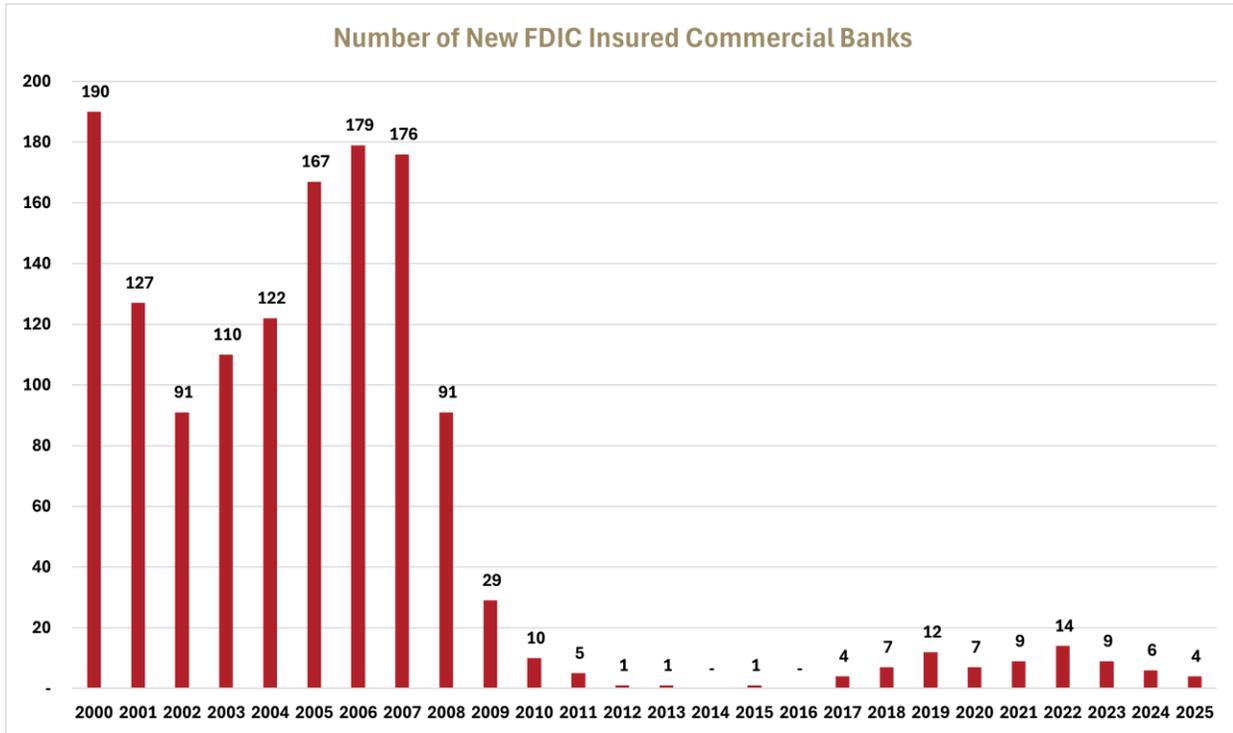
1. Pent Up Deal Demand

The number of bank mergers significantly slowed in recent years and bottomed out in 2023, as banks paused deal-making due to a variety of factors, including the high-interest-rate environment and regulatory landscape. Many deals that were in process were put on pause during this time, but are now restarting, similar to the jump in deals experienced in 2021 following pent-up demand from transactions paused during COVID-19.

While merger activity has surged in 2025, it's unlikely that the number of transactions will consistently hit the number of deals that occurred year-over-year prior to 2020 due, in part, to a smaller pool of sellers (due to consolidation) coupled with few new entrants to the banking industry. This is reflected in the following two charts.



Source: FDIC BankFind Suite



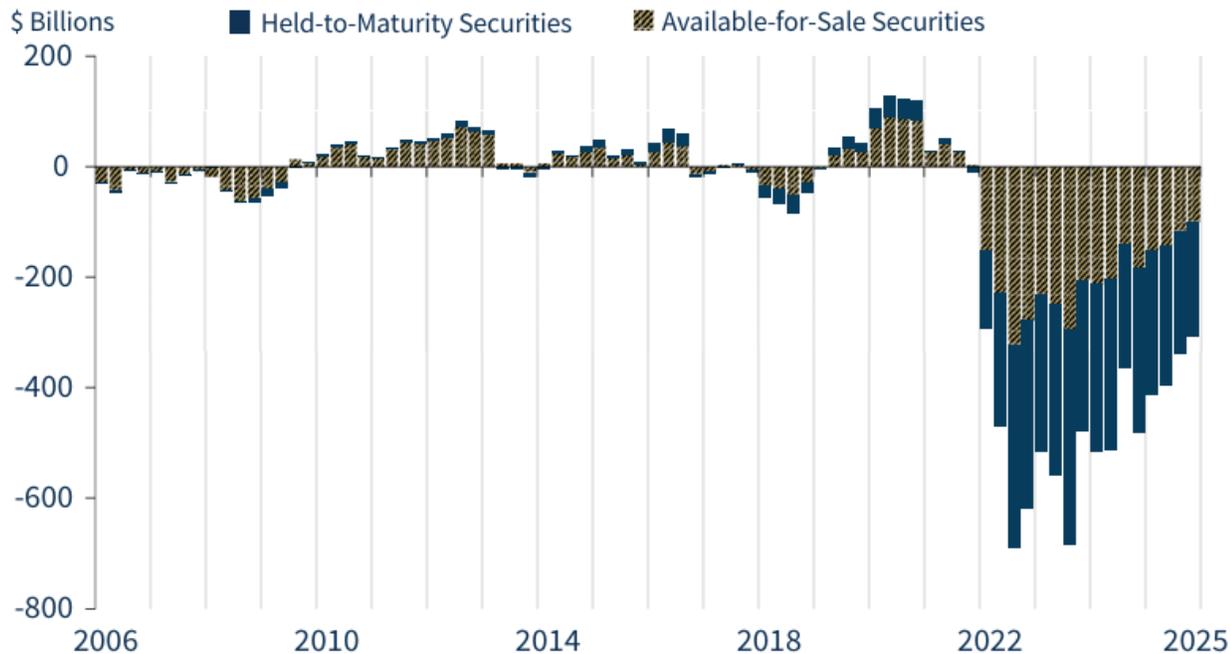
Source: FDIC BankFind Suite

We note that M&A transactions in 2025 equaled 4.63% of total banks at the beginning of the year. This compares with the recent peak percentage of 5.21% in 2015.

2. Stabilizing Interest Rates

Due to rising interest rates in 2022 and 2023, banks had unprecedented levels of unrealized losses on investment securities. However, the Federal Reserve began lowering interest rates in late 2024 with further rate cuts throughout 2025, resulting in a shrinking unrealized loss on investment securities, as shown in the table below.

Unrealized Gains (Losses) on Investment Securities



Source: FDIC.

Note: Insured Call Report filers only. Unrealized losses on securities solely reflect the difference between the market value and book value of non-equity securities as of quarter end. This chart does not reflect unrealized gains or losses in other parts of the balance sheet.

Unrealized losses on available-for-sale investment securities are reported in Accumulated Other Comprehensive Income (“AOCI”) and are excluded from regulatory capital ratios. Thus, while this issue is of concern to management teams, particularly in the event of stress on liquidity, the large negative effects of these losses do not significantly impact banks if these investments continue to be held. In the event of a sale of investments, these losses are then realized through net income and would directly decrease regulatory capital. Furthermore, the sale of a bank requires institutions to follow Business Combination (Topic 805) accounting, whereby the acquired institution is recorded at fair value. These unrealized losses are ultimately captured in goodwill, which is a deduction in regulatory capital for the acquiring institution. Most acquiring institutions are relatively averse to recording large amounts of goodwill through a transaction. Therefore, the discrepancy in how these unrealized losses were taken into consideration for regulatory capital for the selling institution versus the acquiring institution created difficulty when negotiating a price for the transaction in recent years.

The shrinking unrealized loss on investment securities in 2025 has allowed banks to re-enter the merger marketplace, ultimately increasing the pool of both buyers and sellers.

3. Technological Needs

In our previous bank merger update, we asserted that many institutions lack the resources and would seek acquisitions as a strategy to acquire superior technology and meet the technological demands of its customers. This was accelerated post-pandemic, as many customers have shifted to digital and mobile banking. Additionally, banks are increasingly recognizing the massive technological investment required to keep up with customer needs, strengthen cyber security, develop/invest in financial technology (“Fintech”), and incorporate artificial intelligence (“AI”) into the bank’s IT infrastructure.

Furthermore, banks benefit from the synergies and additional resources created from a business combination. For example, core banking system contracts tend to be one of the costlier, longer-term non-interest expense line items for a bank. In an acquisition, the combined institution will benefit from the lower costs of a single core system for the combined institution.

4. Improved Industry Profitability

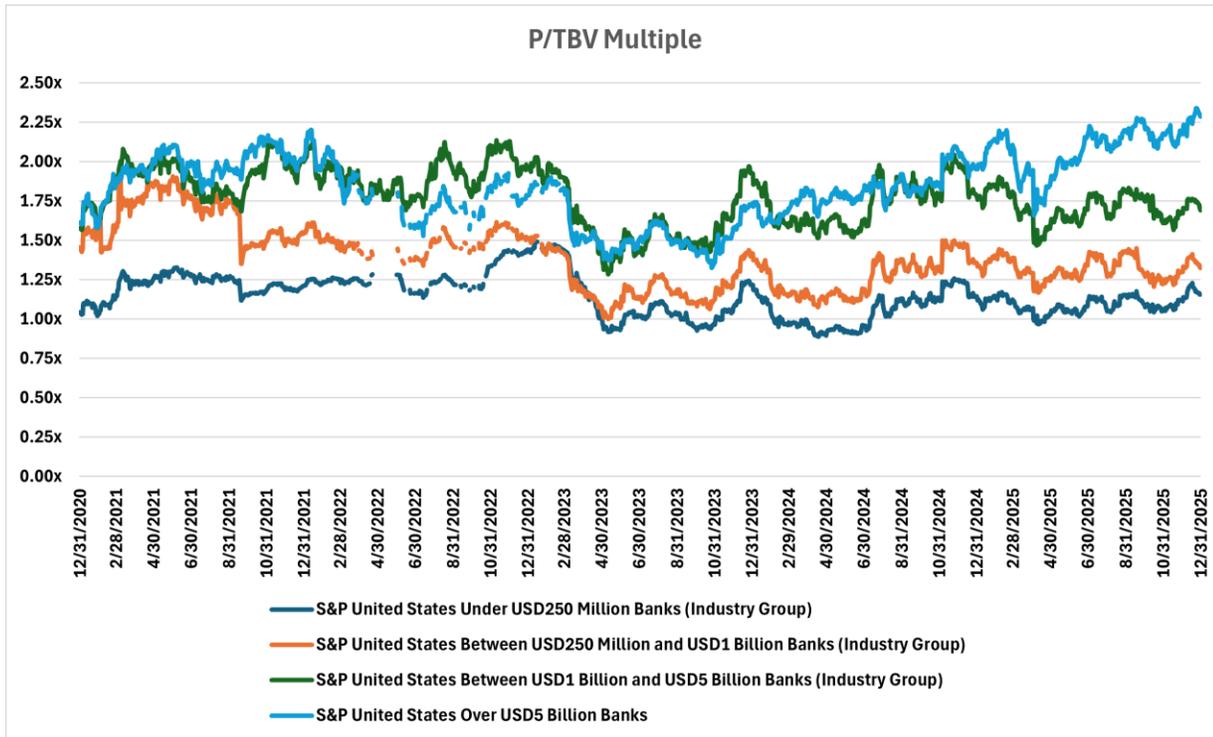
The banking sector has generally remained resilient in the heightened rate environment of the past few years. Following slower growth in 2023 and 2024, loan growth has increased in 2025 driven by the Fed cutting rates. On that same note, banks incurred net attrition in deposits in 2022 and 2023 followed by slight growth in 2024. Deposits rebounded with stronger growth in 2025. The industry grappled with asset quality concerns in recent years, but delinquencies and net charge-offs all trended downward in 2025. Lastly, net interest margin (“NIM”) improved in 2025 and efficiency ratios decreased. Overall, following lower levels of returns from 2022 to 2024, return on average assets (“ROAA”) increased to 1.20% in 2025.

While earnings pressures in recent years reduced profitability and tempered bank merger and acquisition activity, improved performance in 2025 has contributed to a more active merger and acquisition landscape. Banks are more apt to enter the market as sellers during periods of strong performance in order to receive the highest bid for their shareholders. Additionally, buyers are more likely to have the adequate capital to undertake an acquisition during periods of strong financial performance.

We note there are typically two differing forms of consideration in a bank acquisition: cash or stock. In recent years, we have seen a shift to banks using stock as the primary form of consideration in larger deals. As a result, we analyzed P/TBV for publicly traded banks, as shown in the table below. In general, the S&P Banks Over \$5.0 billion Index has increased since 2023, whereas the other Indexes shown have fluctuated over the same period.

Historically, sellers have typically negotiated for P/TBV multiples of 1.50x or greater, as shown previously in this white paper. In transactions in which the acquiring bank uses its stock as currency, any increase in stock value would increase the amount of capital available to undertake acquisitions due to shareholder and tangible book accretion.

As a result, the pool of prospective buyers and the prices willing to be paid are impacted by P/TBV dilution or accretion.



Source: S&P Capital IQ Pro

5. More Favorable Regulatory Environment

During the Biden administration, the Federal Trade Commission, Justice Department, Office of the Comptroller of the Currency (“OCC”), and the Federal Deposit Insurance Corporation (“FDIC”) all issued updated guidance relating to heightened scrutiny of bank mergers. This resulted in a longer approval process and removed the expedited review procedures related to bank merger and acquisition activities. In 2025, the FDIC voted to rescind its 2024 merger guidelines, reverting to its pre-2024 framework. Additionally, Congress passed a resolution to repeal the OCC’s 2024 merger rule.

Loosening regulatory restrictions has shortened the approval process and reinstated expedited review procedures.

We further note that the Financial Accounting Standards Board (“FASB”) provided long awaited relief for one of the industry’s most significant CECL pain points: non-PCD (“purchase credit deteriorated”) loans acquired in a business combination required a Day 1 provision despite the fair value determination already reflecting expected losses. The Accounting Standard Update (“ASU”) was issued and is effective for annual reporting periods beginning after December 15, 2026, although early adoption is permitted. In summary, the specifics for acquired loans are as follows:

- At acquisition, a financial institution will estimate and record an allowance for credit loss, which is then added to the purchase price.

- Favorable and unfavorable changes in expected credit-related cash flows will run through the allowance and credit loss expense.
- Non-credit premium or discount will be accounted for based on the effective yield after the gross-up for the allowance.

ASU 2025-08 represents a significant improvement to purchase loan accounting since the CECL standard's introduction, as it simplifies purchase accounting, improves comparability, and better reflects economic reality.

Looking Forward

There is optimism regarding the future of mergers and acquisitions, as we expect to see the number of deals continue to approach historical levels. We believe the following trends will drive the bank merger and acquisition marketplace over the next few years.

- As interest rates fall, unrealized losses on investment securities will continue to shrink. This will allow banks with previously large unrealized losses to enter the merger marketplace, ultimately increasing the pool of both buyers and sellers.
- Despite improved financial performance at the aggregate level, smaller institutions continue to struggle to grow and maintain deposits in the elevated interest rate environment. We anticipate these banks will ultimately seek acquisition partners due to the higher percentage of regulatory costs to total costs incurred in operating a small financial institution.
- Banks are increasingly recognizing the massive technological investment required to keep up with customer needs, strengthen cyber security, develop/invest in Fintech, and incorporate AI into the bank's IT infrastructure. As a result, many institutions will seek mergers as a means to keep up with technological demands.
- Loosening regulatory restrictions will shorten the approval process. Additionally, FASB's updated ASU for acquired loans in a business combination will encourage further deal activity.
- We expect to continue to see an increase in the number of mergers of equals. Banks of moderate size view the opportunity to merge as a means to quickly achieve economies of scale to better compete in the ever-evolving financial services industry.
- While credit union purchases of banks are expected to continue, these transactions face regulatory headwinds as banking trade associations continue to push back on these deals. In particular, banking trade groups are pushing to revoke tax-exempt status on larger credit unions that engage in bank acquisitions.