



## STRENGTHENING FINANCIAL INSTITUTIONS

### Credit Union Merger Results Through 2025

Released May 2026

#### Introduction

This white paper provides readers with an overall perspective of the credit union merger marketplace. The data includes industry-wide information on the number of mergers in the most recent decade as well as the size of the transactions.

You will also find valuation metrics from the work we have performed, including the changes in the fair values of the equity acquired, loans, share deposits and the core deposit intangibles. We show the number of transactions resulting in goodwill or a bargain purchase and conclude with our thoughts on forthcoming trends.

#### KEY TAKEAWAY

Credit union merger activity remained steady in 2025 and included some of the largest mergers announced in credit union history. Additionally, persistent elevated interest rates continued to impact valuation results, most notably for the loan portfolio and the core deposit intangible.

#### CLIENT-FOCUSED SOLUTIONS

Since 2003, Wilary Winn has provided independent, objective, fee-based advice to financial institutions and now serves more than 650 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

## Merger Highlights Through 2025

In this paper, we recap credit union merger activity through the end of 2025, including recent merger trends and the growing number of credit unions purchasing banks. We also highlight how the current heightened interest rate environment affected merger valuation results. We conclude with our thoughts on where we believe the credit union merger landscape is headed over the next few years.

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

- Number of credit union mergers
- Size of the institutions merged-in
- Number of credit union purchases of banks

In addition, we provide insights from our own merger valuation work including the:

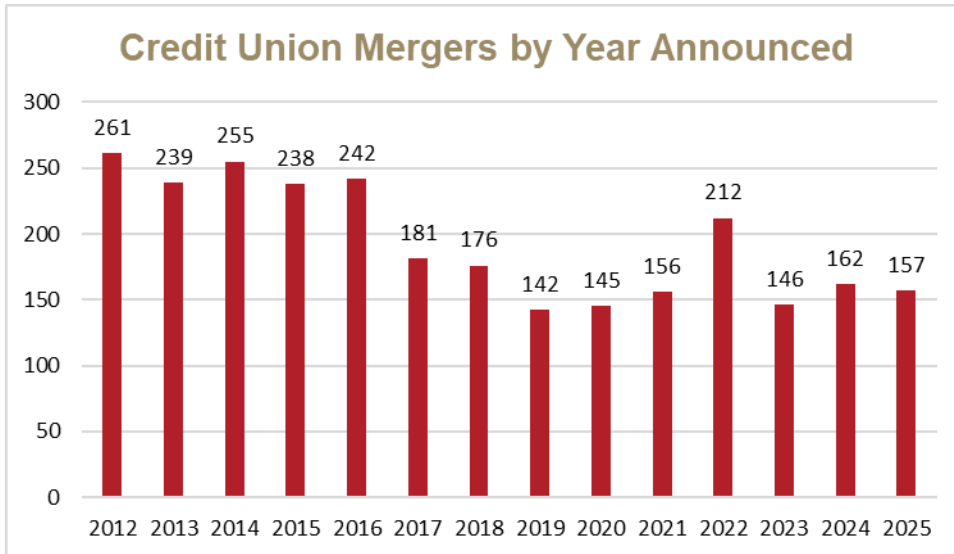
- Number of transactions which resulted in goodwill
- Trends in core deposit intangible values
- Average value of the financial assets and equity acquired, as well as liabilities assumed

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

## Industry Merger Statistics

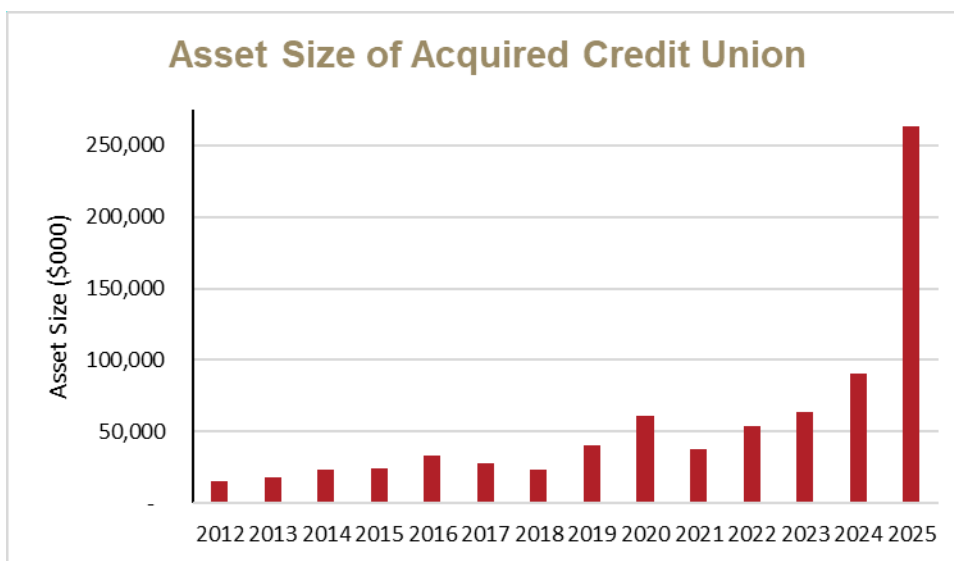
The following graph shows the number of credit union mergers approved by the NCUA each year since 2012. Consolidation in the credit union industry has slowed notably in recent years. From 2012 to 2018, the industry averaged 227 mergers annually, while approvals declined to an average of 160 per year from 2019 through 2025. The trough in 2020 reflects the significant operational and financial challenges credit unions faced during the COVID-19 pandemic, as many institutions shifted focus from long-term strategic initiatives to immediate operational priorities. In subsequent years, merger volumes stabilized, albeit at lower levels than those seen in the early-to-mid 2010s.

The decline in credit union merger activity is partially attributable to prior industry consolidation, which has reduced the number of potential merger partners. In addition, recent mergers have become increasingly strategic, with credit unions seeking greater scale to enhance member benefit and remain competitive in a rapidly evolving marketplace.



Based on NCUA approvals and the final quarter a call report was filed

While the total number of mergers has declined since 2018, the average asset size of merged-in credit unions has increased significantly. In 2025, the average asset size of a merged-in credit union increased significantly to \$263.4 million, driven by a few significant mergers of equals, as described on the following page. This significantly surpassed the previous high of \$90.2 million in 2024. These figures are notably higher than the average of \$23.9 million observed from 2012 to 2018. This trend reflects the effects of prior consolidation, which has reduced the pool of smaller credit unions, as well as a shift toward more strategic mergers aimed at achieving scale.

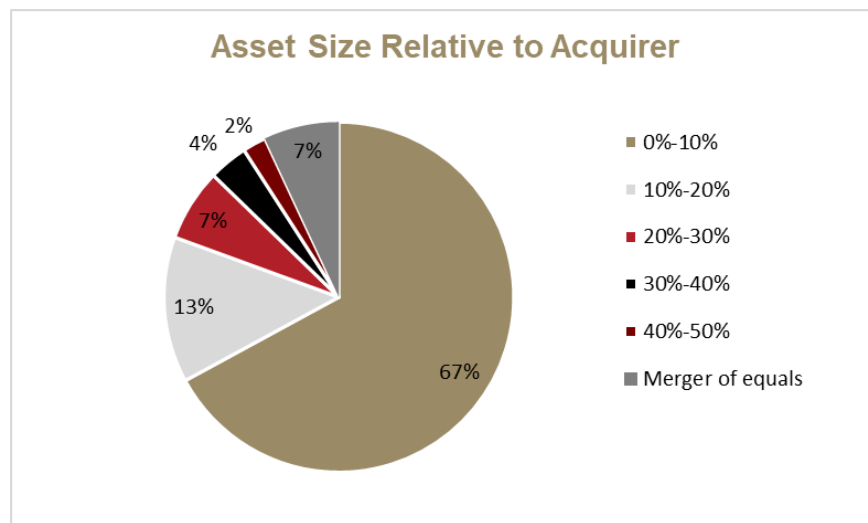


Based on asset size of merging-in institution as of announcement date

Furthermore, we note that the number of mergers of equals over the past seven years has contributed to an increase in the average asset size of the merged-in credit union. There have been 14 mergers where the merging-in credit union has exceeded \$1.0 billion in total assets since 2019, as compared to just two mergers in the ten preceding years. These include:

- Gesa Credit Union merger with Inspirus Credit Union in 2019
- SchoolsFirst Federal Credit Union merger with Schools Financial Credit Union in 2019
- TruStone Financial Federal Credit Union merger with Firefly Federal Credit Union 2020
- State Employees Federal Credit Union merger with Capital Communications Federal Credit Union in 2022
- New England Federal Credit Union merger with Vermont State Employees Credit Union in 2022
- Merrimack Valley Credit Union merger with RTN Federal Credit Union in 2023
- TwinStar Credit Union merger with Northwest Community Credit Union in 2023
- Spire Credit Union merger with Hiway Credit Union in 2023
- Virginia Credit Union merger with Member One Credit Union in 2024
- Rivermark Community Credit Union merger with Advantis Credit Union in 2024
- Boulder Valley Credit Union merger with Meritrust Federal Credit Union in 2025
- Digital Federal Credit Union merger with First Technology Federal Credit Union in 2025
- UNIFY Financial Credit Union merger with CommunityAmerica Credit Union in 2025
- Ent Credit Union merger with Wings Financial Credit Union in 2025

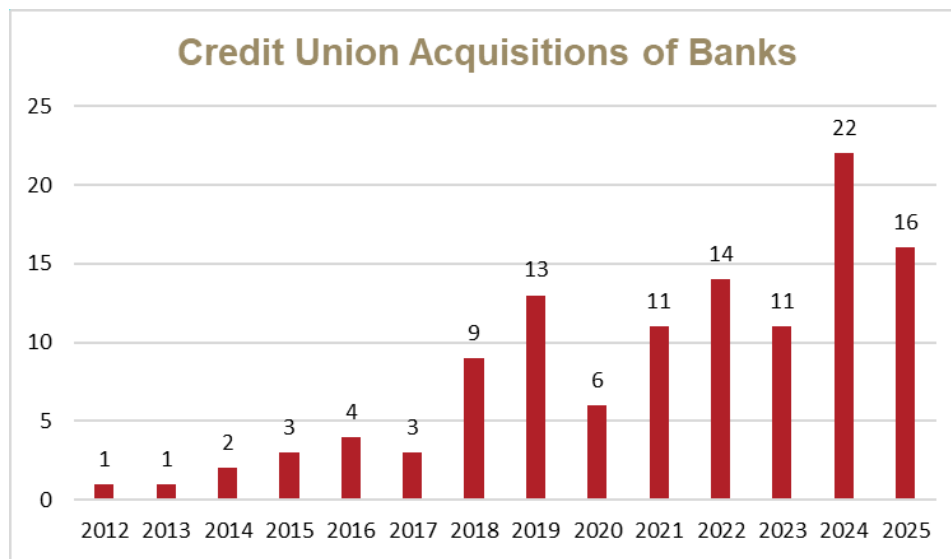
Despite the increase in total assets acquired, most mergers since 2019 consisted of a credit union merging with an institution that had less than 10% of the acquirer’s total assets. Notably, only 7% of mergers were classified as a merger of equals over this same time period.



Based on asset size of merging-in institution as of announcement date

Wilary Winn works with both credit unions and banks. 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.”](#)

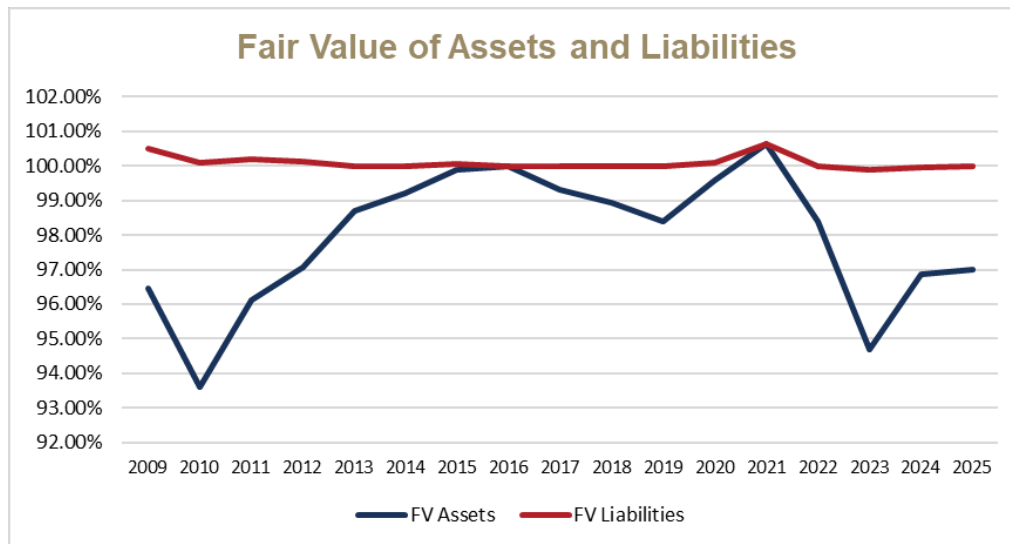


Based on data from S&P Capital IQ Pro

## Wilary Winn Merger Financial Statistics

Wilary Winn serves nearly 300 credit unions, including 40 of the top 100. We have performed over 700 merger valuation engagements since 2009, ranging in transaction size from \$2.0 million to as large as \$10.0 billion in total assets. We note that all valuation work is performed on the **acquired** institution.

Purchase accounting requires that the merged-in institution’s balance sheet be recorded at fair value. To estimate the value of the acquired credit union, we begin by estimating the fair value of the equity acquired. We then estimate the fair value of the financial and non-financial assets and liabilities. Our third step is to estimate the value of the core deposit intangible. Next, we estimate the value of the trade name. Our final step is to estimate the amount of goodwill or bargain gain arising from the merger. The following charts reflect data compiled from valuation work we have performed since 2009.



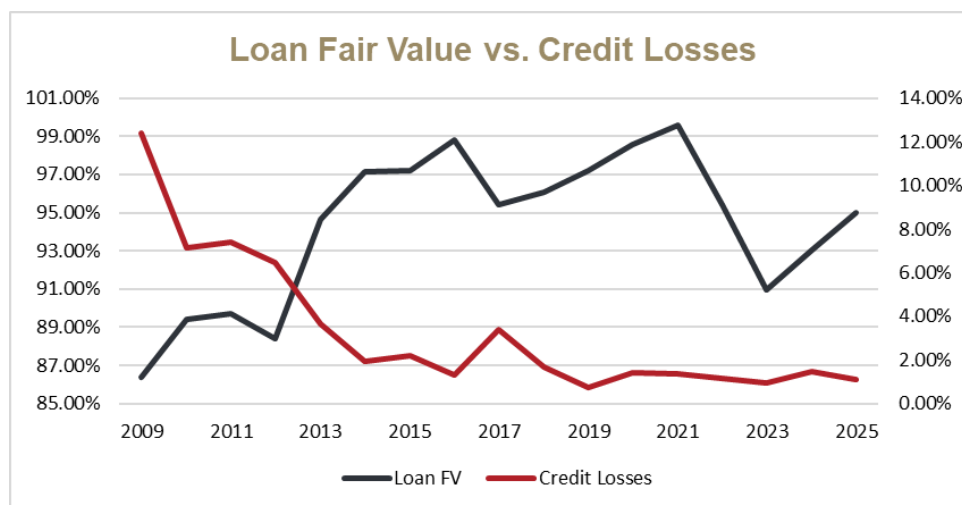
The fair value of assets and liabilities calculated in our valuation work is shown in the chart above. While the fair value of liabilities has remained relatively consistent throughout time, the fair value of assets has moved considerably since 2009. We attribute the volatility in the fair value of assets primarily to the shifts in the fair value of the investment and loan portfolio. The fair value estimates on our clients' acquired loan portfolios improved markedly after 2010, resulting from lower expected credit losses, as the credit quality of the loan portfolios improved due to enhanced underwriting standards and healthier economic conditions coming out of the Great Recession. As a result, the fair value of acquired assets increased through 2016. Thereafter, we have seen a trend where changes in market rates have now been the driver of our asset fair value marks. This trend has been especially relevant over the past six years, where the fair value of assets rose considerably in 2020 to 2021 due to the significant reduction of market interest rates resulting from the Federal Reserve's zero interest rate policy during the COVID-19 pandemic. However, the fair value of assets decreased substantially in 2022 and 2023 during the Federal Reserve's rate hiking cycle. Specifically, rising market interest rates during this period resulted in large devaluations of the acquired investment and loan portfolios, as many of these assets were longer-term, earned fixed rates, and had been brought onto balance sheets during the low-rate environment that was present in previous years.

Overall, the fair value of acquired assets rebounded in 2024 and 2025 as investment and loan portfolios began to reprice upward in the heightened interest rate environment. Additionally, the softening of market interest rates resulting from the Federal Reserve's rate cuts over the past two years also helped to raise the fair value of acquired assets.

## LOANS

Wilary Winn’s loan valuations include both a mark-to-market discount rate difference and a lifetime credit loss estimate. As shown in the graph below, there was an inverse relationship between our lifetime credit loss mark and the overall fair value of the loan portfolio through 2019. Beginning in 2020, the mark-to-market discount rate difference became the primary driver of fair value changes in acquired loan portfolios instead of expected credit losses. As previously mentioned, fair value marks peaked in 2021, reflecting the low-interest-rate environment at that time. Since then, acquired loans have been marked at larger discounts, as rising interest rates have significantly reduced the value of these assets. Notably, lifetime credit loss estimates trended lower from 2020 through 2023, driven in part by the federal government’s massive COVID-19 stimulus programs, which contributed to historically low levels of delinquencies and net charge-offs.

Overall, the fair value of acquired loan portfolios improved in 2024 and 2025 as the heightened rate environment of recent years continued to support repricing of loan portfolios. Additionally, the Federal Reserve’s easing of monetary policy in the last two years, including multiple rate cuts, led to a softening of market rates. This combination of upward repricing and a more favorable rate environment contributed to a rebound in the fair value of acquired loan portfolios over the past two years. At the same time, lifetime credit loss estimates increased in 2024 as credit performance normalized back to pre-pandemic levels. However, lifetime credit loss estimates decreased to lower levels in 2025.



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:

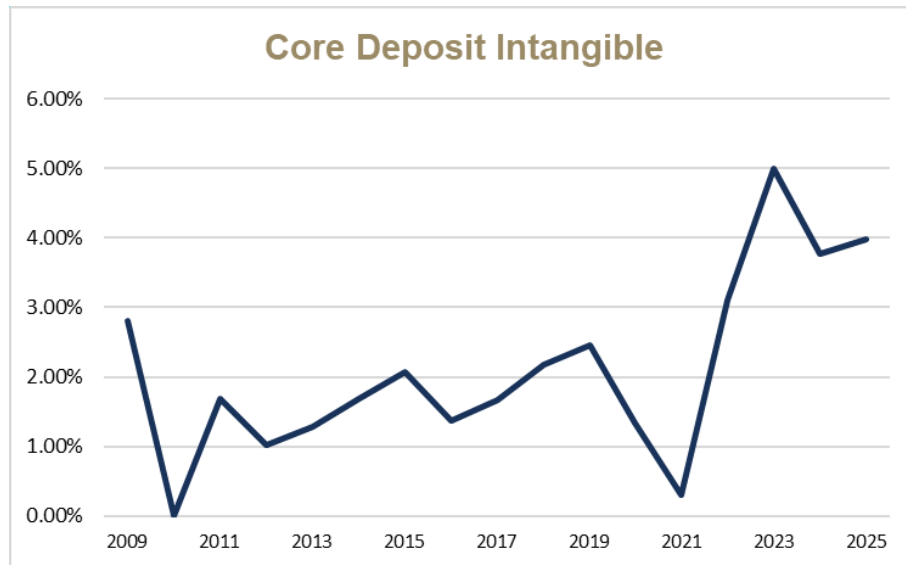
- At acquisition, a financial institution will estimate and record an allowance for credit loss, which is then added to the purchase price.
- Favorable and unfavorable changes in expected credit-related cash flows will run through the allowance and credit loss expense.
- Non-credit premium or discount 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.

## SHARE ACCOUNTS AND CORE DEPOSIT INTANGIBLES

The premise underlying the core deposit intangible is that a rational buyer is willing to pay a premium to obtain a group of core deposit accounts that are less expensive than the buyer's marginal cost of funds. Wilary Winn's calculations of the core deposit intangible from 2009 through 2025 are shown in the following chart. During the post-recession period, core deposit intangibles generally ranged from 1.00%-3.00% of total core deposits. However, core deposit intangibles reached near-zero levels in 2020 and 2021, as significant decreases in borrowings costs (i.e., the marginal cost of funds) resulted in the spread between the cost to borrow and the cost to maintain the deposits shrinking considerably. Thereafter, core deposit intangibles increased rapidly in 2022 to 2023 due to increases in alternative funding costs, while the rates paid on deposits at most institutions increased at a much slower pace. Notably, this wide spread between the cost to maintain the core deposits and the cost to borrow slightly narrowed in 2024 and 2025, resulting in slightly lower yet still elevated levels when compared to historical norms.

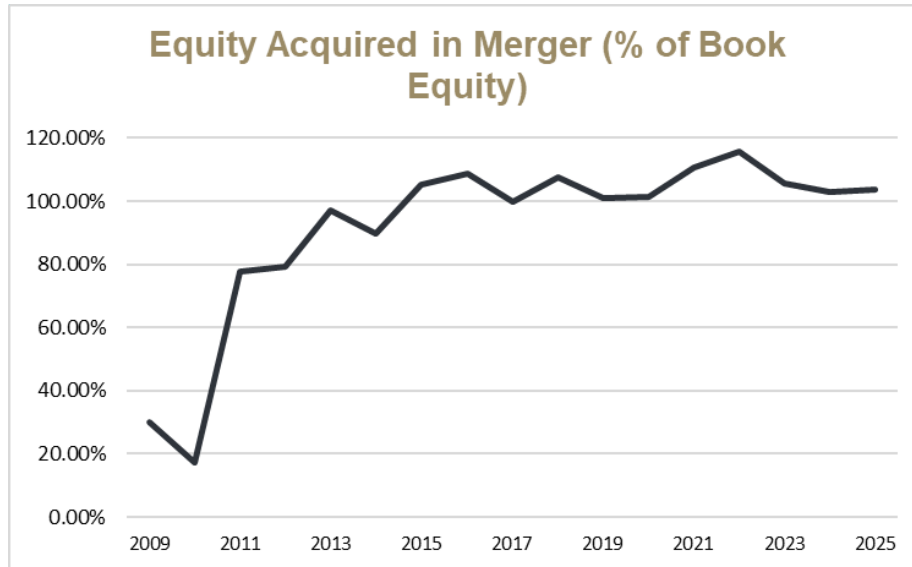
Wilary Winn notes that the core deposit intangible is typically the most expensive accounting cost related to a merger, as this intangible asset must be amortized over time as a decrease in non-interest income.



## EQUITY

The chart below shows the fair value of the equity acquired in mergers as a percentage of book equity for all merger valuations performed by Wilary Winn since 2009. Wilary Winn employs three valuation methods to estimate the overall value of the entity: discounted cash flow, guideline transaction, and guideline public company. The discounted cash flow method is considered an income approach, whereas the guideline transaction and guideline public company methods are considered market approaches. As shown in the chart, the fair value of equity acquired in mergers rose sharply following the Great Recession and has generally remained near or above par since 2015. Wilary Winn notes that premiums paid for credit unions tend to be lower than bank premiums seen in the marketplace. We attribute this to bank shareholders' direct access to earnings in the form of share prices and direct dividends, whereas credit unions typically pay out earnings to members in the form of increased services, lower loan rates, and higher deposit rates over time.

Since 2023, the fair value of equity acquired in mergers decreased from the highs of the preceding years. This trend was driven largely by the compression of the market multiples applied in the guideline transaction and guideline public company methods. Specifically, price-tangible book value multiples contracted in response to liquidity pressures faced by many financial institutions, elevated funding costs leading to lower net interest margins, and a more uncertain economic environment. These factors, along with broader market volatility and a heightened rate environment, contributed to the reduced fair value of equity acquired in mergers.



## GOODWILL AND BARGAIN PURCHASE

Under the purchase accounting rules, the value of goodwill is the “plug” or the difference between the fair value of equity and the fair values of the net assets recorded on the acquisition date. The accounting rules presume that goodwill will be recorded on “day one.” The rules contemplate the recording of a bargain purchase when the fair value of the net assets exceeds the fair value of equity recorded. However, bargain purchases are intended to be relatively rare events. In fact, the rules require that an acquirer “double check” its work before recording a bargain purchase.

Only 12% of our valuations resulted in a bargain purchase gain, which we generally see only when the institution being merged-in is distressed or in NCUA-assisted transactions.

## Merger Industry - Looking Forward

While future merger activity remains uncertain, we continue to see a relatively strong level of mergers year-over-year. We believe the following trends will drive the credit union merger marketplace over the next few years.

- With forecasted Federal Reserve rate cuts unclear for the remainder of 2026, we expect that credit union’s funding costs will remain elevated as competition for core deposits remain high. As a result, we anticipate smaller institutions will continue to struggle to maintain profitability and will ultimately seek merger partners due to the pressure on institutions' net interest margins and the higher percentage of fixed regulatory costs to total costs when operating a small financial institution.
- Credit quality continued to normalize over the last year following a period of historically strong loan performance due to the governmental assistance provided to borrowers in

response to the pandemic. However, delinquencies and net charge-offs remain on the rise, weighing on credit unions' earnings. While capital levels remain relatively strong across the industry, we believe many smaller institutions will seek to be merged-in before their capital erodes to unacceptable levels.

- Credit Unions are increasingly recognizing the massive technological investment required to keep up with member needs, strengthen cyber security, develop/invest in Fintech, and incorporate AI into the credit union's IT infrastructure. As a result, many institutions will seek mergers as a means to keep up with technological demands.
- We expect to continue to see an increase in the number of mergers of equals. Credit unions 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 institution industry.
- Loosening regulatory restrictions for mergers will shorten the approval process. Additionally, FASB's updated ASU for acquired loans in a business combination will encourage further deal activity.
- 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.