

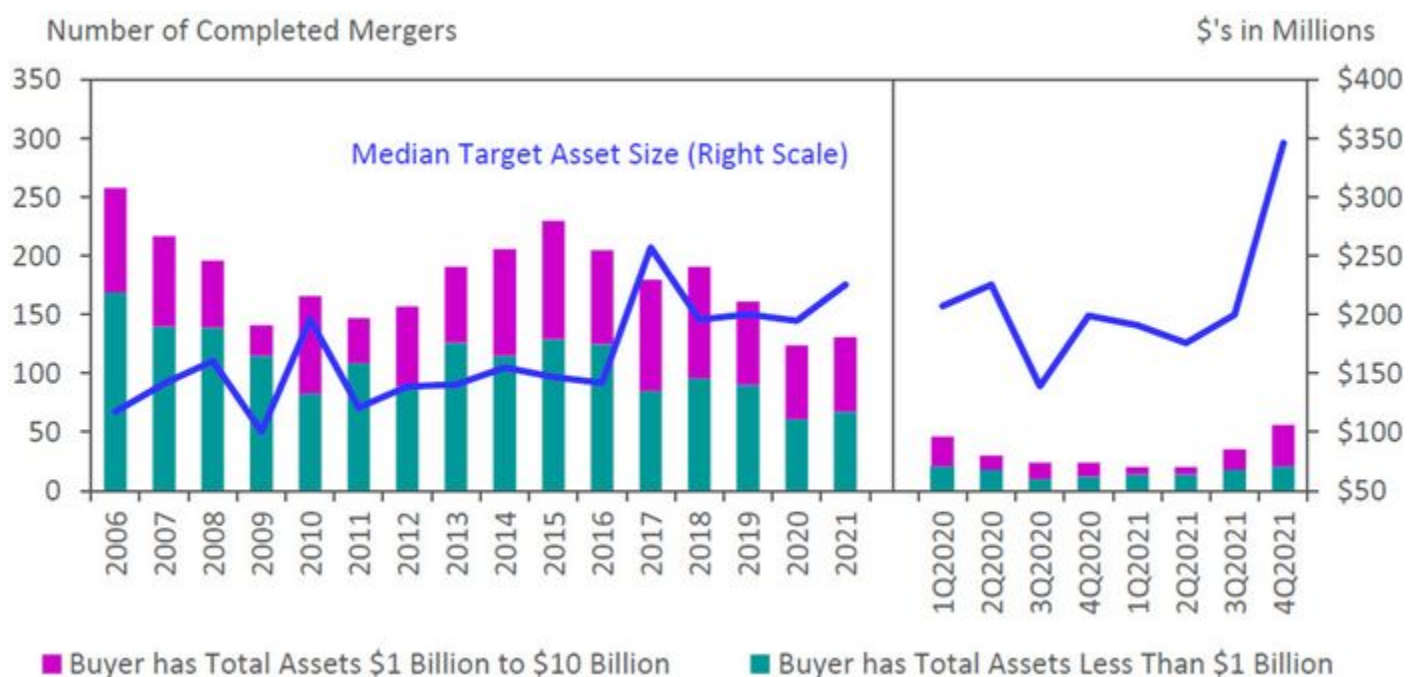


Community Banking Bulletin

Highlight: Merger Activity Started to Pick Up in the Second Half of 2021

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As the economy has started to rebound from the COVID-19 pandemic, merger activity at community banking organizations (CBOs) has also started to rebound.



Note: In 4Q2021, the spike in median target asset size was the result of a higher number of community banks being acquired which had total assets between \$1 billion and \$10 billion.

Source: National Information Center and Reports of Condition and Income.

- Over 95 percent of all commercial banks are considered CBOs, and amongst all completed commercial bank mergers, over 87 percent of the transactions are between CBOs. As banks have grown, so too have the asset sizes of target banks and buyer institutions. The median asset size of target banks has grown from \$117 million to \$225 million between 2006 and 2021, respectively. Similarly, the percentage of CBOs acquired by larger CBOs (those with assets between \$1 and \$10 billion) has increased from 34 percent in 2006 to almost 50 percent in 2021.

- Bank merger activity slowed throughout 2020 and the first half of 2021, as pandemic-related stresses took their toll on the broader economy. In fact, the number of community bank acquisitions in 2020 and in 2021 were lower than 2009, when the economy was still recovering from the global financial crisis.
- Following the first half of 2021, bank merger activity started accelerating, with the total number of completed bank mergers increasing in the third and fourth quarters. According to S&P; Global, there were also an additional 36 definitive CBO merger agreements in the second half of 2021 (mergers that were announced but not yet completed).

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