



# Banking Applications Activity Semiannual Report January 1–June 30, 2024

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*This report provides information regarding the applications filed by banking organizations and reviewed by the Federal Reserve as of the most recent reporting period ending on June 30 and December 31 of each calendar year.*

The Federal Reserve, in its role as a primary federal banking regulator, reviews applications submitted by bank holding companies (BHCs), state member banks (SMBs), savings and loan holding companies (SLHCs), foreign banking organizations, and other entities and individuals for approval to undertake various transactions, including mergers and acquisitions (M&A), and to engage in new activities.

The Federal Reserve reviews and acts on proposals filed under the Bank Holding Company Act (BHCA); the Bank Merger Act (BMA); the Change in Bank Control Act (CIBCA); the Federal Reserve Act (FRA); section 914 of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA); section 10 of the Home Owners' Loan Act (HOLA); the International Banking Act; and other provisions of law.<sup>1</sup>

## Overview of Activity

The Federal Reserve reviewed 382 proposals in the first half of 2024, of which 347 were approved, 30 were withdrawn, 0 were denied, 1 was mooted, and 4 were returned ([table 1](#)).<sup>2</sup>

Total dispositions for the first half of 2024 were higher than the first half of 2023. However, the relative composition of proposals was consistent with prior periods, with a majority being branch applications, M&A proposals, and CIBCA notices.

<sup>1</sup> For purposes of this report, the term *proposal* is defined as one filing, which may have been submitted pursuant to multiple statutes. For example, an applicant BHC with a subsidiary SMB could file to acquire another BHC, merge the target's subsidiary bank with its own SMB, and establish branches at the location of the target bank's branches. Therefore, this one proposal would include filings under the BHCA, the BMA, and the FRA. Further information on banking applications and regulation is available on the website of the Board of Governors of the Federal Reserve System (Board) at <https://www.federalreserve.gov/supervisionreg.htm>.

<sup>2</sup> A filing is mooted if the Federal Reserve determines that the filing is no longer necessary. A filing can be returned if the Federal Reserve determines upon initial receipt that the documentation and information contained therein is materially deficient.

<b>Table 1. Dispositions and processing times of all proposals, 2020–23 and 2023:H1 and 2024:H1</b>						
All proposals	2020	2021	2022	2023	2023:H1	2024:H1
<b>Dispositions</b>						
Approved	774	952	868	664	306	347
Withdrawn	41	32	46	68	34	30
Denied	0	0	1	1	1	0
Mooted	6	9	13	12	8	1
Returned	3	16	10	7	0	4
<b>Total</b>	<b>824</b>	<b>1,009</b>	<b>938</b>	<b>752</b>	<b>349</b>	<b>382</b>
<i>Percent withdrawn of total</i>	<i>5.0%</i>	<i>3.2%</i>	<i>4.9%</i>	<i>9.0%</i>	<i>9.7%</i>	<i>7.9%</i>
<b>Processing time (days)</b>						
Average	42	45	49	48	45	50
Median	30	37	37	34	32	43

Table 1 illustrates that the average and median number of days to approve a proposal during the first half of 2024 was higher, at 50 and 43 days, respectively, than during the first half of 2023, at 45 and 32 days, respectively. This increase in median processing time is the result of several proposals that had been pending for extended periods of time, which were dispositioned in the first half of 2024.

In the first half of 2024, applicants withdrew 30 proposals, representing 7.9 percent of the total dispositions over that period. Staff notes that 6 of these proposals raised issues relevant to statutory factors, such as financial, managerial, and competitive considerations. Nine proposals presented issues unrelated to supervisory or legal issues, and 15 did not give a reason for withdrawal.

Applicants may choose to withdraw a proposal for any reason and at any time prior to final disposition. An applicant may choose to withdraw a proposal after Federal Reserve staff informs the applicant that staff would not be in a position to make an approval recommendation because, in staff's view, the proposal does not satisfy one or more of the statutory factors related to the proposal.<sup>3</sup> For example, there may be deficiencies regarding financial or managerial considerations or with respect to compliance with the Community Reinvestment Act (CRA) or consumer compliance record of the applicant(s) or target organization(s). Other reasons proposals may be withdrawn include a business decision to no longer proceed with the transaction, a determination that another filing would be more appropriate, or an inability to provide required information. Applicants

<sup>3</sup> The Board's Supervision and Regulation Letter SR 14-2/CA 14-1 describes the Federal Reserve's general approach to proposals that may not satisfy statutory requirements for approval or otherwise raise supervisory or regulatory concerns. This guidance applies to all financial institutions supervised by the Federal Reserve, including those with \$10 billion or less in total consolidated assets. See Board of Governors of the Federal Reserve System, "Enhancing Transparency in the Federal Reserve's Applications Process," SR letter 14-2/CA letter 14-1 (February 24, 2014), <https://www.federalreserve.gov/supervisionreg/srletters/sr1402.htm>.

are not required to and often do not state their reasons for withdrawing proposals, though Federal Reserve staff often has a reasonable understanding of why it was withdrawn.

## Mergers and Acquisitions

There were 49 total approved M&A proposals in the first half of 2024, compared to 46 in the first half of 2023 (table 2).<sup>4</sup> Approved M&A proposals accounted for 14.1 percent of total approved proposals in the first half of 2024, which is commensurate with 2023 but lower than prior years.

Mergers and acquisitions	2020	2021	2022	2023	2023:H1	2024:H1
<b>Dispositions</b>						
Approved	144	184	155	96	46	49
Withdrawn	14	6	11	20	12	6
<i>Percent M&amp;A of total approved proposals</i>	18.6%	19.3%	17.9%	14.5%	15.0%	14.1%
<b>Processing time (days)</b>						
Average	69	65	87	80	73	100
Median	45	45	48	49	47	55

Average processing time for M&A proposals increased significantly from the first half of 2023 at 73 days, versus the first half of 2024 at 100 days. This was due to several proposals that had been pending for extended periods of time and were resolved during the first half of 2024. M&A proposals are generally more complex than other proposals because they typically require review of more than one banking organization. As a result, M&A proposals often take more time to process. As table 2 illustrates, the average and median number of days to approve an M&A proposal in the first half of 2024 were 100 days and 55 days, respectively. In comparison, the average and median number of days to approve all proposals in the same period were 50 days and 43 days, respectively (see table 1).

Circumstances that can contribute to delays in processing include

- consideration of novel supervisory or policy issues that may affect relevant statutory factors,
- incomplete or untimely responses to requests for additional information from an applicant,
- inability of the applicant to obtain timely financing to consummate the transaction,
- consultations with other regulatory agencies,

<sup>4</sup> M&A proposals include proposals filed by BHCs, SLHCs, or SMBs that seek approval to acquire an ownership interest in or to merge with another banking organization, as well as BHC and SLHC formations.

- completion of background checks on principal shareholders or policymakers,
- holding public meetings, and
- consideration of adverse public comments.

In reviewing M&A proposals, the Federal Reserve considers the structure and ownership of the resulting banking organization, as well as any policy issues presented by the proposal, and is required to consider various statutory factors, including

- the applicant's current and pro forma financial condition and future prospects;
- managerial resources (including management's record of compliance with applicable laws and regulations, such as those related to consumer protection and anti-money-laundering);
- the convenience and needs of the communities to be served (including the institutions' overall record of performance under the CRA, their overall consumer compliance records, results of recent fair lending examinations, and other potential effects of the proposal on the convenience and needs of the communities to be served); and
- the effects of the proposal on competition and on the financial stability of the United States.

With limited exceptions, all M&A proposals are subject to public notice and comment.<sup>5</sup> In instances where the Federal Reserve receives one or more timely and substantive adverse public comments,<sup>6</sup> additional time is typically needed to provide the applicant the opportunity to respond to the comments and for the Federal Reserve to evaluate the comments and the applicant's response. Although comments may concern any of the statutory factors that the Federal Reserve must consider in connection with a proposal, adverse public comments often raise concerns regarding the convenience and needs statutory factor, including the applicant's CRA and fair lending records. In most cases, proposals subject to a timely and substantive adverse public comment are acted upon by the Board.<sup>7</sup> Applicants are encouraged to respond to all substantive adverse comments.

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<sup>5</sup> Applicants are generally required to publish notice of proposals that are subject to public comment in newspapers serving certain communities in which the applicant and target has operations. In addition, the Federal Reserve publishes notices in the *Federal Register* for certain types of proposals and also posts the weekly H.2A on the Board's website, which lists all proposals that have been filed with the Federal Reserve that are subject to public comment. See <https://www.federalreserve.gov/apps/h2a/h2aindex.aspx>. These notices inform the public of the opportunity to submit written comments on the proposal.

<sup>6</sup> Section 225.16 of the Board's Regulation Y provides that a comment will be considered substantive "unless it involves individual complaints, or raises frivolous, previously considered, or wholly unsubstantiated claims or irrelevant issues." The Board's Supervision and Regulation Letter 9710 provides additional guidance regarding certain types of comments that the Federal Reserve does not consider substantive. See Board of Governors of the Federal Reserve System, "Guidance on Protested Proposals," SR letter 97-10 (April 24, 1997), <https://www.federalreserve.gov/boarddocs/srletters/1997/sr9710.htm>.

<sup>7</sup> Provided the proposals meet the statutory factors for approval, the Federal Reserve Banks can approve under delegated authority proposals that do not receive any substantive adverse public comment; do not raise significant legal, policy, or supervisory issues; or otherwise are not required to be acted upon by the Board. See 12 C.F.R. § 265.20.

Table 3 compares processing times for M&A proposals that receive public comments with those that did not. The number of dispositioned proposals that have been protested has decreased since 2022. Protested proposals for the first half of 2023 and the first half of 2024 are essentially at minimal levels of 2.2 percent and 4.0 percent of total proposals, respectively.

Mergers and acquisitions	2020	2021	2022	2023	2023:H1	2024:H1
<b>Proposals not receiving adverse public comments</b>						
Approved	140	177	139	94	45	47
<i>Processing time (days)</i>						
Average	64	62	73	76	66	100
Median	45	45	47	49	47	55
<b>Proposals receiving adverse public comments</b>						
Approved	4	7	16	2	1	2
Percent M&A receiving adverse public comments of total M&A proposals	2.8%	3.8%	10.3%	2.1%	2.2%	4.0%
<i>Processing time (days)</i>						
Average	232	160	208	263	364	119
Median	193	134	165	263	364	119

## Pre-filing Process

The Federal Reserve has established a pre-filing process through which prospective applicants may receive information about filing requirements, timing, and applicable forms associated with a proposal.<sup>8</sup> This process also helps to identify information that may be needed in connection with issues that the Federal Reserve typically considers with a particular type of filing, such as supervisory and statutory compliance, competition, or financial stability issues. While use of the pre-filing process can reduce delays in processing a subsequent application, it does not resolve or predetermine the outcome of any substantive issue or otherwise dispose of the application. Not all pre-filings result in a final filing.

The Federal Reserve reviewed 13 pre-filing proposals in the first half of 2024, compared to 19 in the first half of 2023. Most pre-filings concerned BHC M&A proposals.

<sup>8</sup> For a description of the pre-filing process, see Board of Governors of the Federal Reserve System, "Implementation of a New Process for Requesting Guidance from the Federal Reserve Regarding Bank and Nonbank Acquisitions and Other Proposals," SR letter 12-12/CA letter 12-11 (July 11, 2012), <https://www.federalreserve.gov/supervisionreg/srletters/sr1212.htm>.

## Consumer Compliance and CRA

In evaluating M&A proposals, the Federal Reserve reviews the consumer compliance (including fair lending) and CRA records of the acquiring and target organizations as part of its assessment of the managerial and convenience and needs statutory factors. Unaddressed consumer compliance, fair lending, or CRA weaknesses in an organization may result in longer processing times and pose barriers to approval. With respect to M&A proposals, an applicant should ensure that its consumer compliance program, policies, and procedures are adequate to ensure successful integration of the target and that the combined organization would maintain satisfactory consumer compliance and CRA programs following consummation.

## Community Banking Organizations

Table 4 provides the volume and processing times of the proposal types most commonly submitted by small and large community banking organizations (CBOs). *Small CBOs* are organizations with under \$1 billion in assets, and *large CBOs* are organizations with \$1 billion to \$10 billion in assets. For the first half of 2024, average processing times for M&A proposals were 118 days for small CBOs and 59 days for large CBOs, compared to the average of 100 days for all M&A proposals (see table 2). The volume of approved proposals for large CBOs in the first half of 2024

<b>Table 4. Proposals from community banking organizations (CBOs), volume and processing times (days) of approved proposals, for year 2023, 2023:H1, and 2024:H1</b>									
Proposals by applicant asset size	2023			2023:H1			2024:H1		
	Approved (number)	Average (days)	Median (days)	Approved (number)	Average (days)	Median (days)	Approved (number)	Average (days)	Median (days)
<b>Under \$1 billion</b>									
Change in control	85	59	58	45	60	58	58	74	59
Federal Reserve membership	10	12	13	4	12	13	1	0	0
FIRREA	20	6	2	8	6	2	17	7	2
Mergers and acquisitions	66	76	48	32	59	45	21	118	53
Branch establishment	41	26	26	19	24	27	15	24	20
<b>Total</b>	<b>222</b>			<b>108</b>			<b>112</b>		
<b>\$1 billion–\$10 billion</b>									
Change in control	26	128	59	14	75	57	18	67	59
Federal Reserve membership	3	15	15	2	15	15	1	30	30
FIRREA	2	0	0	0	0	0	8	9	7
Mergers and acquisitions	24	84	60	11	84	60	21	59	49
Branch establishment	70	28	27	39	30	27	25	32	23
<b>Total</b>	<b>125</b>			<b>66</b>			<b>73</b>		

was higher than in the first half of 2023 due to more proposals in most categories that more than offset a decline in branch filings. The overall volume of approved CBO filings in the first half of 2024 was somewhat higher than the first half of 2023.

## **Current Initiatives to Enhance Applications Processing**

The Federal Reserve is pursuing initiatives broadly related to improving the applications process. The Board continues to evaluate how the Federal Reserve performs merger analysis.<sup>9</sup>

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<sup>9</sup> See, e.g., Michael S. Barr, “Making the Financial System Safer and Fairer” (speech at the Brookings Institution, Washington, D.C., September 7, 2022), <https://www.federalreserve.gov/newsevents/speech/barr20220907a.htm>.