

DATA DISPATCH

Credit unions kick-start 2022 with 4 bank deals in 11 days

Tuesday, March 8, 2022 1:07 PM ET

By Lauren Seay and David Hayes
Market Intelligence

Credit unions started 2022 off with a bang, scooping up four U.S. banks in less than two weeks.

Summit CU is the latest credit union to announce a bank purchase with its plan to acquire West Bend, Wis.-based Commerce State Bank. That March 3 announcement came on the heels of a hot end to February when three such deals were announced in the span of one week.

The total assets of banks being acquired by credit unions in deals announced in 2022 is now \$2.03 billion, more than one-third of the way to the 2021 full-year total of \$5.96 billion, according to S&P Global Market Intelligence data.

Michael Bell, partner and co-leader of the financial institutions practice group at law firm Honigman LLP, said activity will not slow down anytime soon, predicting at least 20 to 25 announcements this year. The current yearly record is 14 such announcements in 2019.

US bank acquisitions by credit unions since 2021

Buyer	Target	Target city, state	Date announced	Total assets (\$M)*	
				Buyer	Target
● Summit CU	Commerce State Bank	West Bend, WI	03/03/22	4,830.6	837.1
● Barksdale FCU	HomeBank of Arkansas	Portland, AR	02/28/22	2,028.7	73.8
● Robins Financial CU	Persons Banking Co.	Forsyth, GA	02/28/22	3,880.1	429.5
● Georgia's Own CU	Vinings Bank	Smyrna, GA	02/21/22	3,419.4	685.6
● Avadian CU	Citizens State Bank	Vernon, AL	12/17/21	1,103.8	85.4
● GreenState CU	Midwest Community Bank	Freeport, IL	10/25/21	7,971.9	367.1
● Dupaco Community CU	Home Savings Bank	Madison, WI	09/30/21	2,629.6	182.7
● Scott CU	Tempo Bank	Trenton, IL	08/20/21	1,548.6	92.9
● FAIRWINDS CU	Citizens Bank of Florida	Oviedo, FL	08/19/21	3,773.3	491.7
● Royal CU	Lake Area Bank	Lindstrom, MN	08/12/21	3,764.2	438.4
● Orion FCU	Financial Federal Bank	Memphis, TN	08/11/21	1,022.2	751.2
● Alabama CU	Security FSB	Jasper, AL	08/05/21	1,290.2	39.0
● Lake Michigan CU	Pilot Bancshares Inc.	Tampa, FL	06/16/21	9,993.3	656.0
● GreenState CU	Oxford Bank & Trust	Oak Brook, IL	05/25/21	7,474.8	759.4
● GreenState CU	Premier Bank	Omaha, NE	05/25/21	7,474.8	383.3
● VyStar CU	Heritage Southeast Bancorp. Inc.	Jonesboro, GA	03/31/21	10,749.5	1,645.2
● Wings Financial CU	Brainerd S&L Association	Brainerd, MN	01/25/21	6,431.6	70.3

● Pending deal ● Completed deal

Data compiled March 4, 2022.

Analysis limited to deals announced between Jan. 1, 2021, and March 4, 2022, with a U.S. credit union buyer and U.S. bank or thrift target; excludes terminated deals.

* Assets as of the most recent quarter-end before deal announcement.

Source: S&P Global Market Intelligence

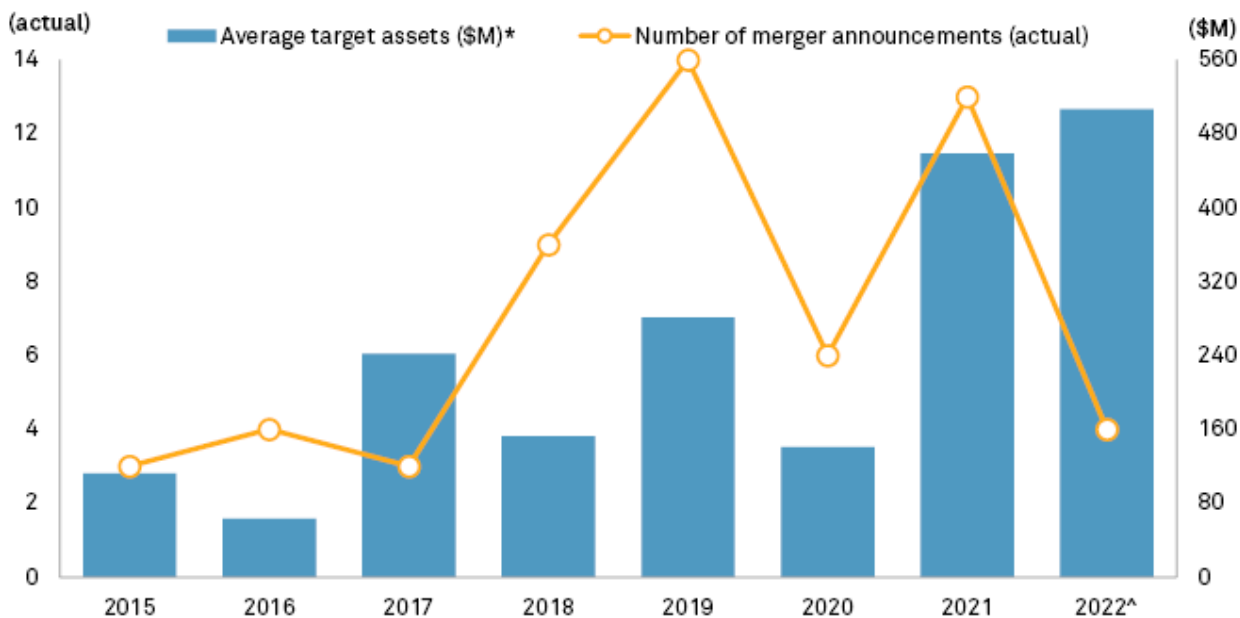
Deal size swelling

Besides the quickening pace of deals, transactions are also getting larger. Among the four deals announced this year, the average total target assets is \$506.5 million, above the average of \$458.7 million across the 13 deals announced in 2021.

Summit CU and Commerce's tie-up is the largest among the four deals announced this year based on the buyer's \$4.83 billion in total assets and the seller's \$837.1 million in total assets at Dec. 31, 2021.

Commerce originally struck a deal to be acquired by Nicolet Bankshares Inc. in February 2020, but the transaction was ultimately terminated after the onset of the COVID-19 pandemic. Now, Commerce is the third-largest bank set to be acquired by a credit union ever, behind Heritage Southeast Bancorporation Inc., which had \$1.65 billion in total assets at the time of its deal announcement with VyStar CU, and First American Bank, which had \$959.3 million in total assets when it announced it would be acquired by GreenState CU.

US credit union-bank M&A deals



Data compiled March 4, 2022.

Analysis limited to deals announced between Jan. 1, 2015, and March 4, 2022, with a U.S. credit union buyer and U.S. bank or thrift target; excludes terminated deals.

* Average target assets as of the most recent quarter-end prior to deal announcement for all deals announced that year.

^ Data is year-to-date as of March 4, 2022.

Source: S&P Global Market Intelligence

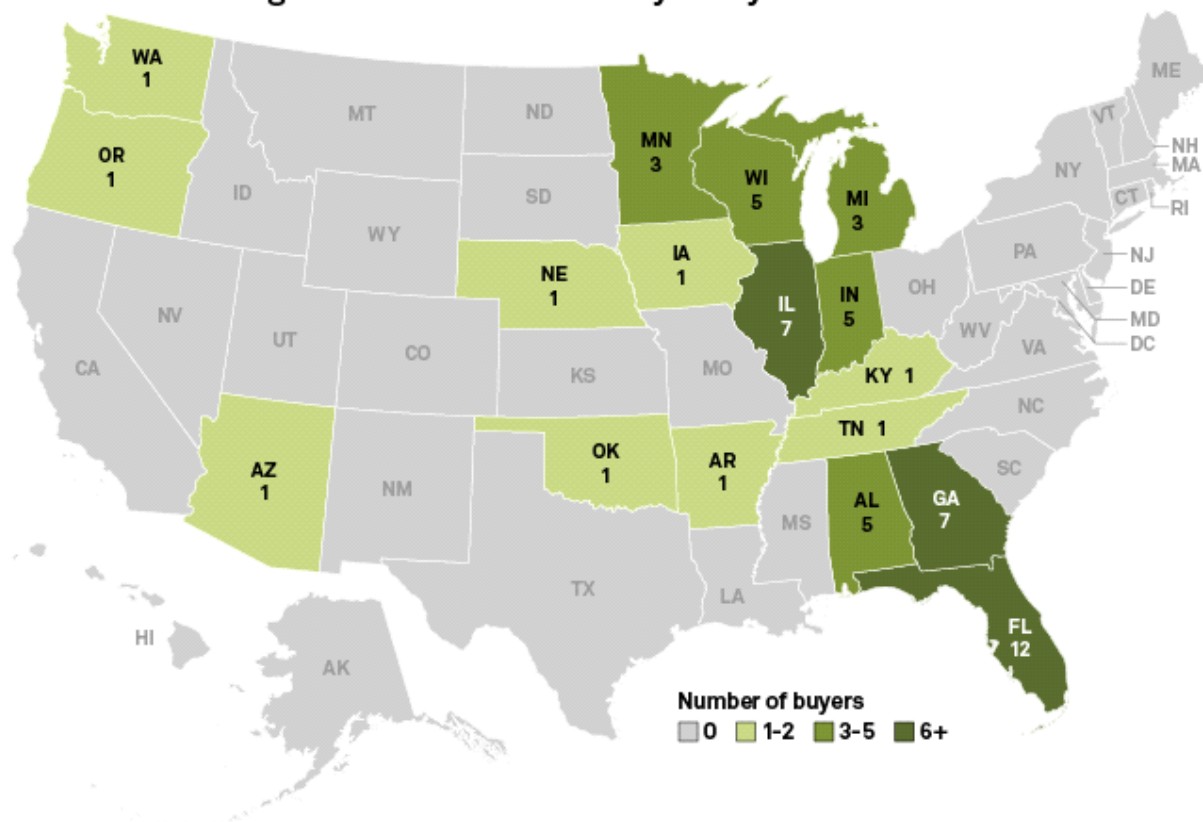
Expanding geography

Two of the four deals announced this year involved Georgia-based targets, bringing the total to seven such deals involving banks in the Peach State since 2015. Credit union purchases of banks have remained mostly concentrated in a handful of states, but Barksdale FCU's announced acquisition of HomeBank of Arkansas marks the first such deal involving an Arkansas-based target.

In some cases, credit union purchases of banks in new states have drawn ire from bankers and subsequently received increased state-level regulatory scrutiny. In Tennessee and Nebraska, litigation is pending involving two deals announced last year. In 2020, both Iowa and Colorado barred state banks from selling to credit unions.

Bell said he expects resolutions to the legal action in Tennessee in the next 60 days, and in Nebraska in roughly three to four months.

US bank M&A targets with credit union buyers by state since 2015



Data compiled March 4, 2022.

Includes deals announced between Jan. 1, 2015, and March 4, 2022, with a U.S. credit union buyer and a U.S. bank or thrift target; excludes terminated deals.

Data shown is based on target bank headquarters.

Map credit: Arleigh Andes

Source: S&P Global Market Intelligence

This article was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global.