

DATA DISPATCH

# Credit unions launch bank buying spree with 5 deals in 1 week

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By Lauren Seay and Ronamil Portes

*Market Intelligence*

The number of bank purchases by credit unions is moving closer to last year's record total after a wave of announcements.

Five Star CU kicked off the spurt of five such deals in one week with its announced acquisition of OneSouth Bank on Aug. 28, and Michigan State University FCU quickly followed by announcing its purchase of McHenry Savings Bank on the same day. Both Five Star CU and Michigan State University FCU again struck bank deals on the same day when they announced their purchases of Wilcox County State Bank and Algonquin State Bank on Aug. 31, respectively. Between those days of double deals, Innovations Financial CU announced its purchase of First National Bank Northwest Florida on Aug. 29.

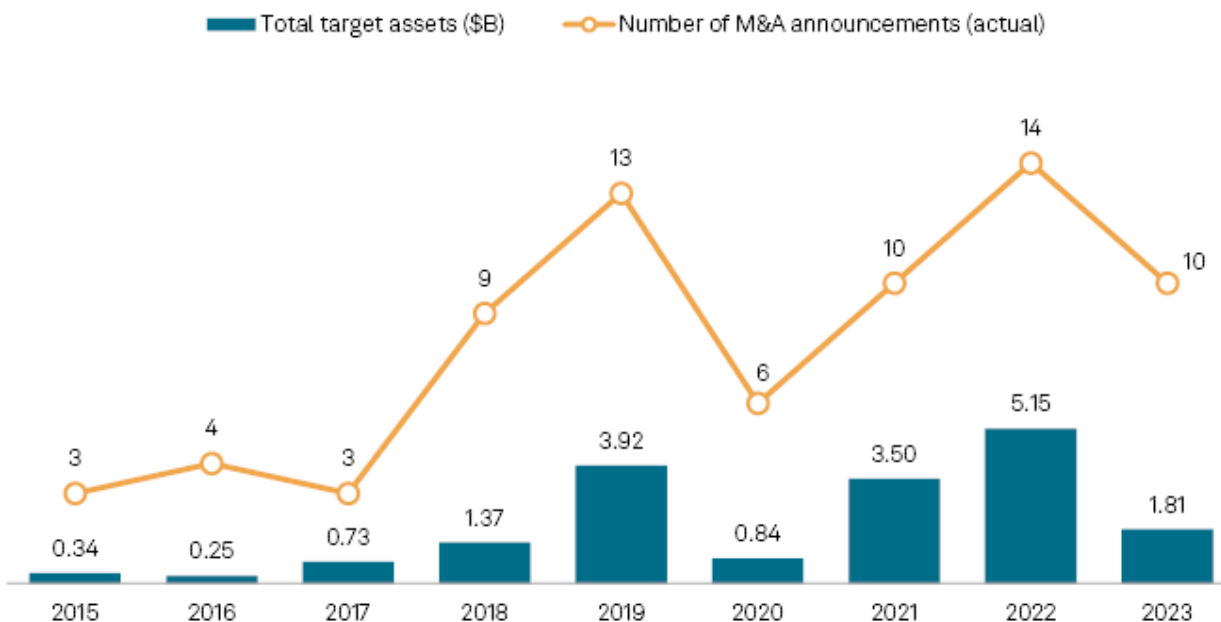
This year started off slow with just two deals in the first five months of the year, but the pace has kicked up and eight have been announced since June 1.

Ten bank acquisitions by credit unions have been announced so far in 2023, just four shy of the record of 14 such deals last year, excluding terminated transactions. Half of this year's deals were announced in the four days between Aug. 28 and Aug. 31.

Given the overall slow pace of US bank M&A, only 72 US bank deals have been announced through Aug. 31, and credit unions account for buyers in nearly 14% of those deals. Deal advisers said more deals are expected.

"As you can see, the pace has really accelerated. I do expect this to continue, certainly not [five] per week, but more deals are coming," said Michael Bell, partner and co-leader of the financial institutions practice at Honigman LLP. "There are forces at the smaller level of banking that are driving sale and strategies in credit union land that are driving buyers."

## US credit union-bank M&A deals



Data compiled Aug. 31, 2023.

Analysis limited to whole-bank deals announced between Jan. 1, 2015, and Aug. 31, 2023, with a US credit union buyer and US bank or thrift target; excludes terminated deals.

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

Source: S&P Global Market Intelligence.

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### Deals big and small

While the number of deals has picked up in recent weeks, the size by total assets of the bank targets still lags behind recent trends. All 10 targets so far this year had under \$400 million in assets each, bringing the total target assets to just \$1.81 billion so far this year, compared to \$5.15 billion among the 14 targets last year, according to S&P Global Market Intelligence data.

Given the small size of the targets this year, the total average asset size of banks selling to credit unions stands at \$180.9 million, down from \$368.1 million among the 14 targets last year.

The average asset size of the credit union buyers this year is \$2.76 billion. Michigan State University FCU, which reported \$7.71 billion in assets at June 30, helped to boost that average: It is the fifth-largest credit union buyer ever based on total assets at the time of announcement.

Conversely, Innovations Financial CU is the fifth-smallest credit union buyer ever with just \$399.8 million in assets at June 30.

## US bank acquisitions by credit unions since 2022

Buyer	Target	Target city, state	Date announced	Total assets (\$M)*	
				Buyer	Target
● Michigan State University FCU	Algonquin State Bank	Algonquin, IL	08/31/23	7,713.4	144.6
● Five Star CU	Wilcox County State Bank	Abbeville, GA	08/31/23	773.2	178.5
● Innovations Financial CU	First National Bank Northwest Florida	Panama City, FL	08/29/23	399.8	169.2
● Michigan State University FCU	McHenry Savings Bank	McHenry, IL	08/28/23	7,713.4	322.4
● Five Star CU	OneSouth Bank	Macon, GA	08/28/23	773.2	212.2
● Harborstone CU	First Sound Bank	Seattle, WA	08/01/23	1,903.1	174.7
● Nusenda FCU	Western Heritage Bank	Las Cruces, NM	06/06/23	4,135.1	335.1
● All In Federal CU	SunSouth Bank	Dothan, AL	06/01/23	2,814.8	114.2
● Land of Lincoln CU	Nokomis Savings Bank	Nokomis, IL	04/28/23	391.1	27.9
● 4Front CU	Old Mission Bank	Sault Sainte Marie, MI	01/10/23	976.6	130.2
● Land of Lincoln CU	Colchester State Bank	Colchester, IL	12/21/22	374.0	82.1
● Alabama One CU	First Bank	Wadley, AL	12/19/22	956.8	130.4
● LGE Community CU	Greater Community Bank	Rome, GA	12/16/22	2,050.5	322.0
● Dort Financial CU	Flagler Bank	West Palm Beach, FL	12/13/22	1,428.2	489.3
● Veridian CU	American Investors Bank and Mortgage	Eden Prairie, MN	12/06/22	6,705.5	112.0
● Wings Financial CU	Settlers Bank	Windsor, WI	11/02/22	8,047.1	350.3
● NuMark CU	Pioneer State Bank	Earville, IL	06/01/22	623.8	135.2
● DFCU Financial	First Citrus Bancorp. Inc.	Tampa, FL	05/12/22	6,404.0	689.3
● CoVantage CU	LincolnWay Community Bank	New Lenox, IL	04/27/22	2,634.0	276.8
● Arizona FCU	Horizon Community Bank	Lake Havasu City, AZ	03/10/22	2,779.9	539.5
● 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

● Pending deal ● Completed deal

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\* Total assets as of the most recent quarter-end before deal announcement.

Source: S&P Global Market Intelligence.

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Among the five most recent deals, Five Star CU was the only credit union that had outstanding subordinated debt. The credit union held \$50 million at March 31, ranking 15th among credit unions with the most outstanding subordinated debt as of the first quarter.

Total outstanding credit union subordinated debt has been rising every quarter since at least the first quarter of 2020 as credit unions increasingly avail themselves of the option to support organic and inorganic growth.

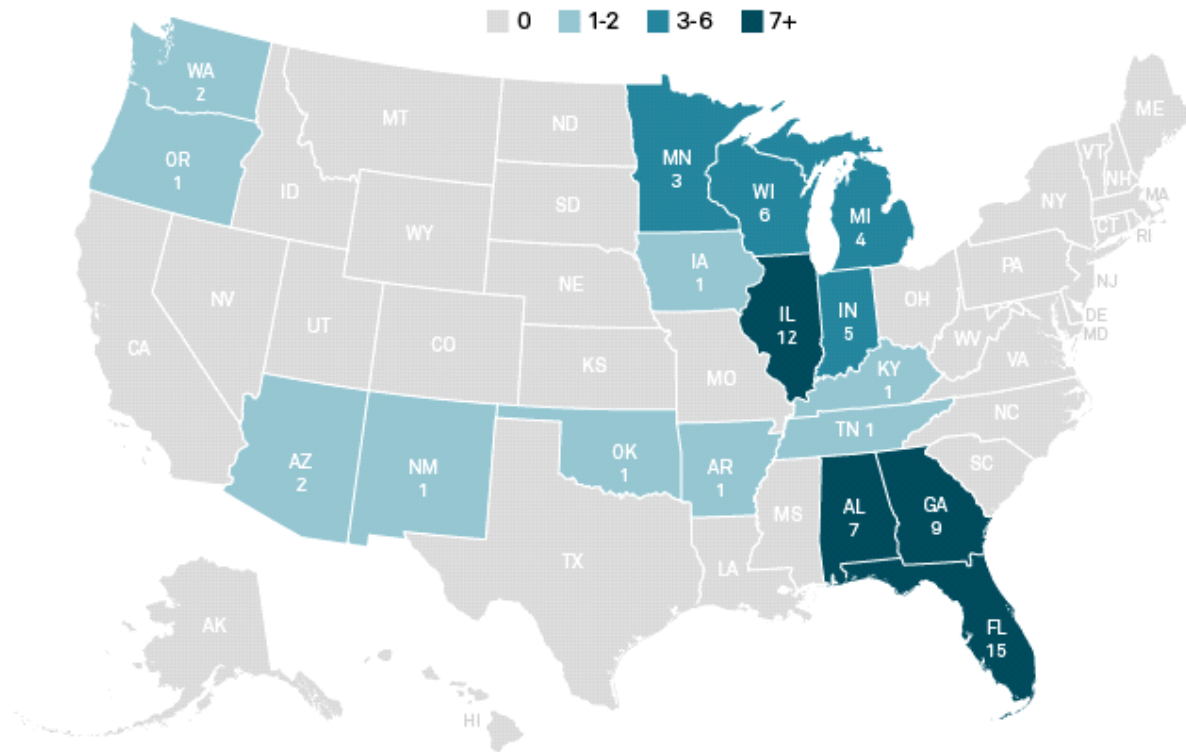
### Southeast reigns supreme

The Southeast remains a hotbed for credit union-bank deals, with three of the latest five coming in that region. Alabama-based Five Star CU's purchase of two Georgia-based banks are the eighth and ninth such deals in the Peach State, while Florida-based Innovations Financial CU's transaction with fellow Florida-based First National Bank Northwest Florida is the 15th such deal in the Sunshine State.

Michigan State University FCU's acquisitions of McHenry Savings Bank and Algonquin State Bank are the 11th and 12th

deals in Illinois, respectively. Illinois has the second-most credit union-bank deals behind Florida.

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



Data compiled Aug. 31, 2023.  
 Includes whole-bank deals announced between Jan. 1, 2015, and Aug. 31, 2023, with a US credit union buyer and US bank or thrift target; excludes terminated deals.  
 Data shown is based on target bank headquarters.  
 Source: S&P Global Market Intelligence.  
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