

DATA DISPATCH

Credit union-bank M&A comes back to life with record-breaking deals

Wednesday, June 2, 2021 8:51 AM ET

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Market Intelligence

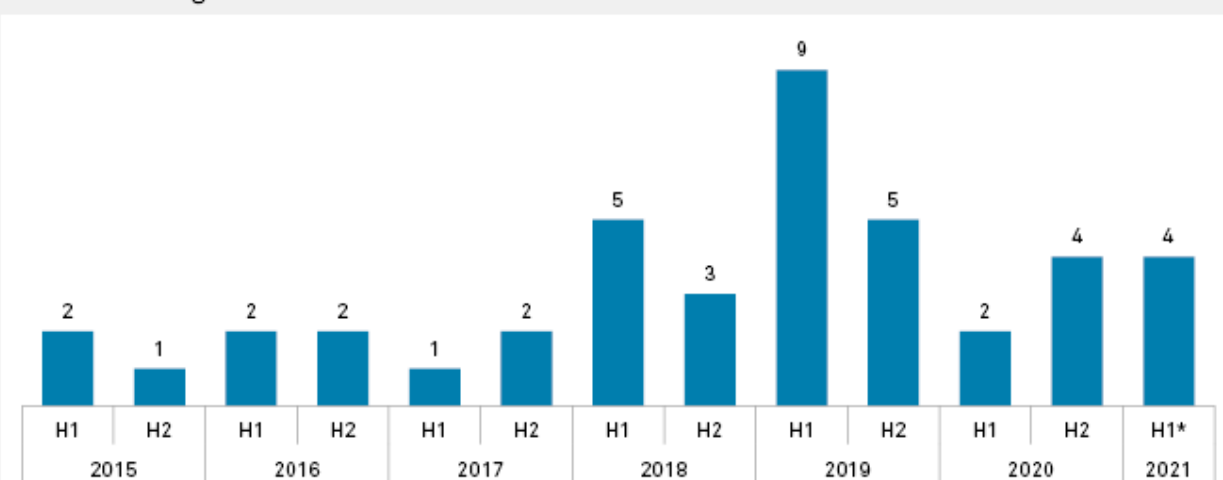
Recent credit union purchases of banks could be a precursor of more to come, much to banking industry groups' dismay.

Less than two months after Jacksonville, Fla.-based VyStar CU announced the largest ever bank purchase by a credit union, North Liberty, Iowa-based GreenState CU announced its acquisitions of Oak Brook, Ill.-based Oxford Bank & Trust and Omaha, Neb.-based Premier Bank, marking the first time a credit union struck two bank deals at once.

GreenState CU's deals mark only the third and fourth bank acquisitions announced by credit unions in 2021, but credit union-bank deals could soon pick up and rival the record amount of 14 such deals in 2019. At the onset of the pandemic, both buyers and sellers pulled back, but now interest is escalating, according to Michael Bell, partner and co-leader of the financial institutions practice group at Honigman LLP.

US credit unions' acquisition of banks

Number of merger announcements



Data compiled May 27, 2021.

Analysis limited to pending and completed deals announced from Jan. 1, 2015, to May 26, 2021, with a U.S. credit union as the buyer and a U.S. bank or thrift as the target.

* Data available through May 26, 2021.

Source: S&P Global Market Intelligence

"Two, three or four months ago [credit union buyers] came back like, 'Hey, Mike, this wasn't what we thought it was. We'd like to buy right now.' And that's what happened with sellers too," he said.

Bell said he is working on 10 credit union buys of whole banks or bank branches. "And there's plenty of others that are in some early stages or something, but I mean there's a good 10 real active somewhere along the line, not all guaranteed to finish, but we're in the middle of them spending time and money," he said.

While recent credit union-bank deals have been record breaking and riled banking industry groups, Bell said the deals in his current pipeline are up and down the size spectrum.

US credit unions with multiple bank acquisitions since 2015

Buyer	Buyer city, state	Number of deals	Targets (state)
Achieva CU	Dunedin, FL	2	Preferred Community Bank (FL), Calusa Financial Corp. Inc. (FL)
Advia CU	Parchment, MI	3	Golden Eagle Community Bank (IL), Peoples Bank (WI), Mid America Bank (WI)
Crane CU	Odon, IN	2	Our Community Bank (IN), Community State Bank of Southwestern Indiana (IN)
GreenState CU	North Liberty, IA	3	Premier Bank (NE), Oxford Bank & Trust (IL), First American Bank (IA)
iTHINK Financial CU*	Delray Beach, FL	2	Oculina Bank (FL), Mackinac Savings Bank FSB (FL)
VyStar CU	Jacksonville, FL	2	Heritage Southeast Bancorp. Inc. (GA), Citizens State Bank (FL)

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* iTHINK Financial CU was previously known as IBM Southeast Employees' CU.

Source: S&P Global Market Intelligence

With its May 25 announcement, GreenState CU is now the second credit union to have announced at least three bank acquisitions. Another Midwest credit union, Parchment, Mich.-based Advia CU, has also announced three bank acquisitions.

With its three announced deals, GreenState CU holds the second and third spot for largest bank targets based on total assets at the time of announcement. Its acquisition of Fort Dodge, Iowa-based First American Bank was the largest bank acquisition by a credit union when it was announced in June 2019, but it was bumped into second place when VyStar CU announced its acquisition of Jonesboro, Ga.-based Heritage Southeast Bancorp., which has \$1.65 billion in total assets at March 31, two months ago. First American Bank had \$959.3 million in total assets when the deal was announced, but when the deal closed, the bank had \$675.0 million in total assets.

GreenState CU's announced acquisition of Oxford Bank & Trust is the third-largest bank target at announcement in a credit union-bank deal. Oxford Bank & Trust had \$759.4 million in total assets at March 31.

US bank acquisitions by credit unions since 2019

Buyer	Target	Target city, state	Announcement date	Total assets (\$M)*	
				Buyer	Target
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	10,011.8	1,571.2
Wings Financial CU	Brainerd Savings and Loan Association A Federal Association	Brainerd, MN	01/25/21	6,431.6	70.3
United Federal CU	Edgewater Bank	Saint Joseph, MI	10/27/20	3,250.3	228.5
Alabama One CU	First Bank of Linden	Linden, AL	09/03/20	716.9	82.1
Crane CU	Our Community Bank	Spencer, IN	08/19/20	699.9	73.9
Heritage FCU	Elberfeld State Bank	Elberfeld, IN	07/01/20	747.2	88.2
Crane CU	Community State Bank of Southwestern Indiana	Poseyville, IN	06/11/20	635.9	89.6
Tinker FCU	Prime Bank	Edmond, OK	04/30/20	4,398.5	281.8
Collins Community CU	First Savanna Savings Bank	Savanna, IL	11/21/19	1,232.0	11.8
First Commerce CU	Citizens Bank	Nashville, GA	09/16/19	620.2	248.1
Indiana Members CU	Commerce Bank	Evansville, IN	08/13/19	2,011.5	195.8
Three Rivers FCU	West End Bank SB	Richmond, IN	08/01/19	1,260.4	288.0
Corporate America Family CU	Ben Franklin Financial Inc.	Arlington Heights, IL	07/16/19	616.0	97.8
GreenState CU	First American Bank	Fort Dodge, IA	06/25/19	5,383.6	959.3
Verve a CU	South Central Bank NA	Chicago, IL	06/18/19	961.4	295.9
Arizona FCU	Pinnacle Bank	Scottsdale, AZ	06/03/19	1,688.5	236.4
MIDFLORIDA CU	Community Bank and Trust of Florida	Ocala, FL	05/03/19	3,486.9	733.3
Teachers CU	New Bancorp Inc.	New Buffalo, MI	04/26/19	3,383.6	112.2
Power Financial CU	TransCapital Bank	Sunrise, FL	03/27/19	654.7	204.1
FAIRWINDS CU	Friends Bank	New Smyrna Beach, FL	02/19/19	2,320.0	95.3
Addition Financial CU	Fidelity Bank of Florida NA	Merritt Island, FL	01/24/19	1,868.2	174.4
VyStar CU	Citizens State Bank	Perry, FL	01/14/19	8,055.9	279.7

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* Total assets as of the most recent quarter reported before deal announcement.

Source: S&P Global Market Intelligence

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