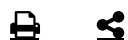


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# Investment banks capitalize on surge in credit union-bank M&A deals



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Investment banks are reaping the benefits of a recent surge in U.S. credit union-bank M&A deals.

There have been 18 deals announced since the beginning of 2021 in which a credit union is acquiring a bank. With five deals announced so far in the first quarter of this year, 2022 is on pace to blow past the 2019 figure of 14 deals announced, which is the most in a single year going back to 2015, according to S&P Global Market Intelligence Data.

In total, there have been 57 such deals announced since 2015, providing investment banks with plenty of opportunities to boost their advisory revenue figures.



## US credit union-bank M&A deals



Data compiled March 14, 2022.

Analysis limited to deals announced between Jan. 1, 2015, and March 13, 2022, with a U.S. credit union buyer and U.S. bank or thrift target; excludes terminated deals.

\* Total 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 13, 2022.

Source: S&P Global Market Intelligence

## Getting in on the trend

Peter Duffy, a managing director at Piper Sandler Cos. who has extensive experience working with credit unions, has noticed over the past few years that more investment banks are looking to advise credit union-bank deals

"Prior to say three to five years ago, your typical investment bank wasn't very involved. Now there are more of them involved, which speaks to the opportunity," Duffy said in an interview.

McQueen Financial Advisors II Inc. has landed 26 credit union-bank M&A deals since 2015, which is the most of any investment bank in that time frame, while Hovde Group LLC falls just behind with 21 deals, having advised the bank side on all 21 deals, according to Market Intelligence data.

## Top financial advisers for credit union-bank M&A deals since 2015

Firm	Deals advised		
	CU buyer	Bank target	Total
McQueen Financial Advisors II Inc.	26	0	26
Hovde Group LLC	0	21	21
Skyway Capital Markets LLC	6	0	6
Donnelly Penman & Partners Inc.	2	3	5
Mercer Capital Management Inc.	5	0	5
Olsen Palmer LLC	1	4	5
Janney Montgomery Scott LLC	0	4	4
Keefe Bruyette & Woods Inc.*	0	4	4
DD&F Consulting Group	1	2	3
Feldman Financial Advisors Inc.	3	0	3
Performance Trust Capital Partners LLC	2	1	3

Data compiled March 14, 2022.

Analysis includes pending and completed whole-bank or franchise deals with a U.S. credit union buyer and a U.S. bank target announced between Jan. 1, 2015, and March 13, 2022; terminated deals are excluded.

Only advisers credited with three or more qualifying deals are shown.

In the event advisers merge or an adviser is purchased by the parent of another adviser, S&P Global Market Intelligence retroactively adjusts to the single, highest-level adviser.

\* A Stifel company

Source: S&P Global Market Intelligence

While "on the bank side, there's no increased competition," interest and competition have risen among investment banks working to land deals advising credit unions, who are typically the acquirer in these types of combinations, said Kirk Hovde, head of investment banking at Hovde Group.

Skyway Capital Markets LLC has advised the buy side on six credit union-bank M&A deals since 2015, and "the number of credit unions that we are advising on pending or in deal discussions is 3x the number from the beginning of 2021," CEO Russell Hunt said in an emailed statement.

While these transactions are just a "fraction of [Skyway's] overall deal volume," Hunt wrote that the increased activity in the deal space has led to an increase in Skyway's revenue. Skyway saw revenue of \$64 million in 2021, compared to \$6 million in 2016, according to the company.

**No slowdown in sight**



GreenState CU has been one of the credit unions at the forefront of the trend. Chief Marketing Officer Jim Kelly noted that the credit union has seen an increase in potential deal opportunities in recent years.

"We have seen an increase in contacts looking to help advise and are bringing opportunities for review," Kelly wrote in an email to Market Intelligence.

Kelly believes that market momentum and, in some cases, slower organic growth within credit unions have spurred the surge in these deals. The allure of all-cash transactions is an additional reason these credit union-bank M&A deals will continue, Kelly wrote.

The opportunities for investment banks to land credit union-bank M&A deals in the near-future are sure to increase, said Michael Bell, a partner and co-leader of the financial institutions practice group at law firm Honigman LLP, which has worked on a variety of these types of deals.

"Pricing is friendly for sellers and for buyers [and] that means more deals. [Credit unions] are active in the space and awareness of them as a buyer keeps growing. ... I believe the space remains active and these deals remain relevant for years," Bell wrote in an email.

