

DATA DISPATCH

Illinois remains hot as out-of-state credit union scoops up another bank

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By Lauren Seay and David Hayes
Market Intelligence

Credit unions continued their spree of bank buys in what is expected to be a record year for such deals.

Antigo, Wis.-based CoVantage CU's announced acquisition of New Lenox, Ill.-based LincolnWay Community Bank marks the sixth credit union acquisition of a bank in 2022. With the deal, CoVantage CU will move into the state of Illinois, right outside of Chicago, and come close to passing \$3 billion in total assets.

US bank acquisitions by credit unions since 2021

Buyer	Target	Target city, state	Date announced	Total assets (\$M)*	
				Buyer	Target
● CoVantage CU	LincolnWay Community Bank	New Lenox, IL	04/27/22	2,634.0	276.8
● Arizona FCU	Horizon Community Bank	Laka 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
● 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 April 28, 2022.

Analysis limited to deals announced between Jan. 1, 2021, and April 28, 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

Nearly halfway there

Just four months into 2022, six credit union acquisitions of banks have been announced, almost to the halfway point of the record of 14 such deals in all of 2019.

The total assets of target banks are also approaching the halfway mark for the current record. So far in 2022, total

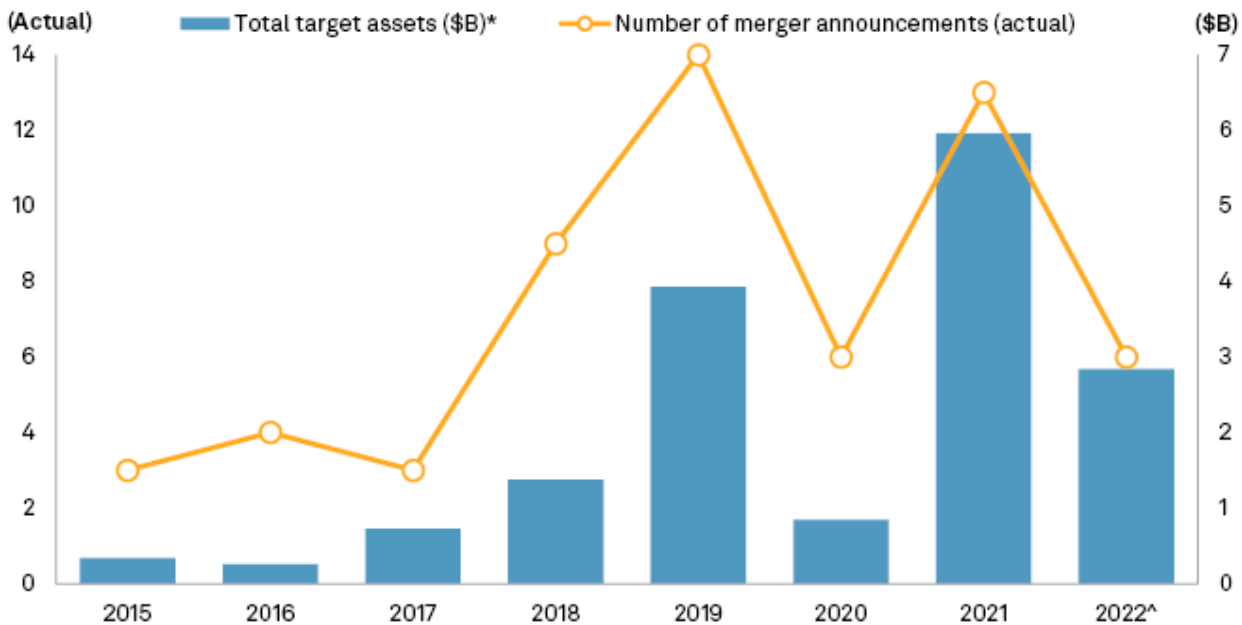
assets among the six bank targets stand at \$2.84 billion compared to the record of \$5.96 billion in total assets across 13 bank targets in 2021.

Michael Bell, a partner and co-leader of the financial institutions practice group at law firm Honigman LLP, still expects a record number of these deals in 2022. Conversations among banks and credit unions are not slowing down, and another two to three such deals are slated for announcement in the next few weeks, Bell said.

Meanwhile, traditional bank transactions have slowed, with only 10 announced in April compared to 24 in April 2021.

With the six deals announced, credit union acquisitions of banks have made up 10.5% of the 57 announced bank deals through April.

US credit union-bank M&A deals



Data compiled April 28, 2022.

Analysis limited to deals announced between Jan. 1, 2015, and April 28, 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 April 28, 2022.

Source: S&P Global Market Intelligence

Illinois remains hot

CoVantage CU's announced acquisition of Illinois-based LincolnWay Community Bank marked the first such deal in the state in 2022 but the eighth since 2015 — the second-most among all states.

A number of states have moved to stifle credit union acquisitions of banks either through legislation or by the state regulator denying state-chartered banks' permission to sell to credit unions. The Community Bankers Association of Illinois in March told S&P Global Market Intelligence that it hopes to pursue legislation in the state.

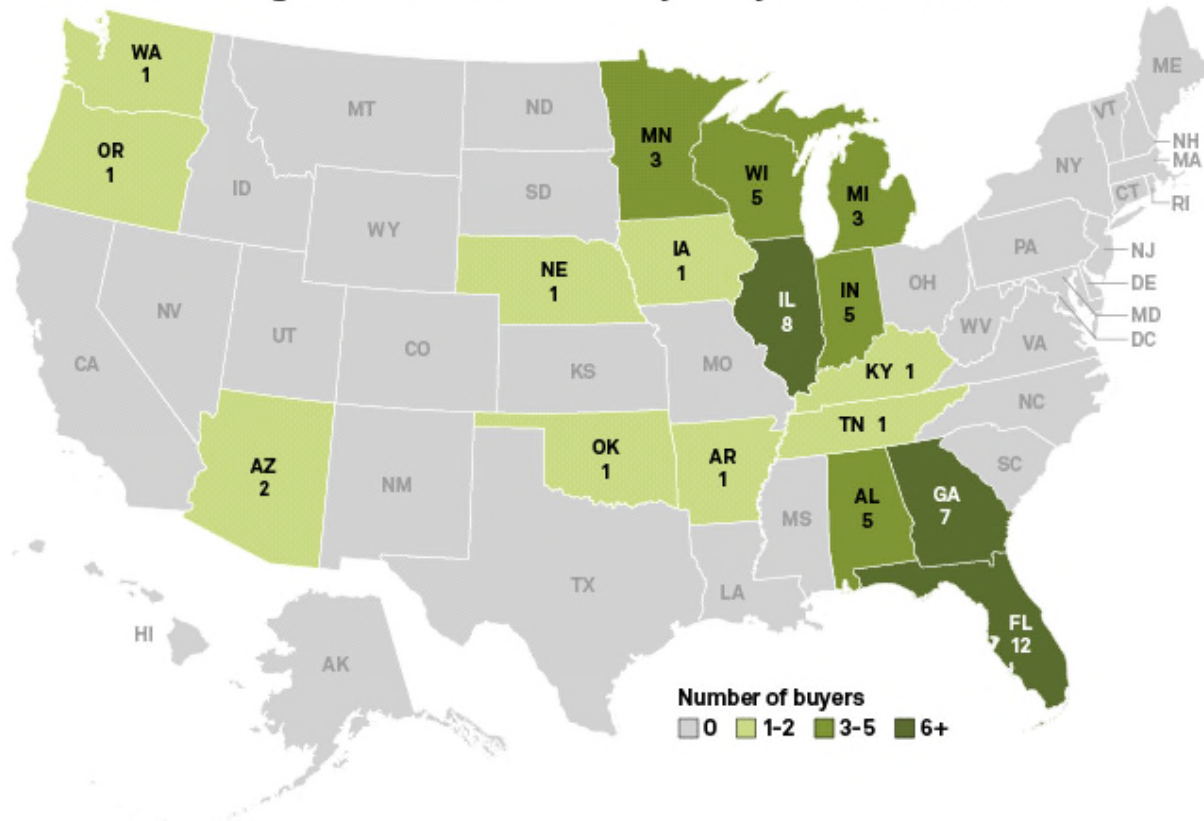
But putting a stop to these deals in a state where there is a history of approvals would prove difficult, Bell said.

"In a state where there's a lot of precedent and a long history, it would take a substantial material legislative move, and that's very difficult to do," Bell said. "In a state like Mississippi, where nothing's ever been done, that's a much easier road than something with a lot of precedent."

Bell, who has worked on more than 45 such deals across the U.S., said state regulators in Illinois have been open to

these deals.

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



Data compiled April 28, 2022.
 Includes deals announced between Jan. 1, 2015, and April 28, 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

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