



MUTUAL ALERT

Credit Union Acquisitions of Banks Continues with December Announcements

Credit union acquisition of banks continued at an increased pace during 2022. The reasons for this are many but the most common is the ability of credit unions to pay cash for small commercial banks which do not have a wide range of bank suitors. There is no shortage of angst in the banking industry concerning this trend. However, small banks seeking an exit strategy are likely to continue to embrace credit unions. Politically, this may muddy the position of community bank trade groups who have heretofore remained steadfast in their opposition to credit union acquisitions of commercial banks. The principal argument raised is that such acquisitions shield what had been taxable earnings from taxation.

Notably AMB's opposition to credit union acquisitions of mutual banks has remained effective as very few of these transactions have been attempted and even fewer have been successful. We will remain vigilant in monitoring credit union attempts to combine with mutual thrifts and continue to advocate for a level playing field so as to permit mutual thrifts to acquire credit unions. Below is a chart from S&P Global which lists the credit union acquisitions of banks announced and completed in 2022. What is notable is the target banks are beginning to approach \$1 billion in assets. It remains to be seen at what point this trend will peak as credit unions do not have unlimited cash to fund these transactions. However, the credit union regulator, the NCUA, may facilitate alternative means by broadening the use of subordinated debt.

US bank acquisitions by credit unions since 2021

By announcement date

Buyer	Target	Target city, state	Date announced	Total assets (\$M)*	
				Buyer	Target
● 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	SB Bancorp Inc.	Windsor, WI	11/02/22	8,047.1	350.3
● Harvesters CU	First National Bank Northwest Florida	Panama City, FL	08/15/22	274.5	239.4
● Credit Union 1	Northside Community Bank	Gurnee, IL	06/03/22	1,237.6	311.5
● NuMark CU	Pioneer State Bank	Earlville, 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
● 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
● Orion FCU	Financial Federal Bank	Memphis, TN	08/11/21	1,022.2	751.2
● Alabama CU	Security Federal Savings Bank	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
● Wings Financial CU	Brainerd Savings and Loan Association	Brainerd, MN	01/25/21	6,431.6	70.3

● Pending deal ● Completed deal

Data compiled Dec. 20, 2022.

Analysis limited to whole-company deals announced between Jan. 1, 2021, and Dec. 20, 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.

© 2022 S&P Global.

Douglas Faucette
 America's Mutual Banks
 202 220 6961 O
 301 873 6195 C
 701 8th Street, N.W.
 Suite 500
 Washington D. C. 20001
dfaucette@lockelord.com
www.americasmutualbanks.com

December 28, 2022