

Credit Union 1 to acquire Illinois-based peer Northside Community Bank

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Market Intelligence

Rantoul, Ill.-based Credit Union 1 agreed to acquire substantially all the assets and liabilities of Gurnee, Ill.-based Northside Community Bank, a subsidiary of AliKat Investments Inc. The transaction is expected to close in the fourth quarter of 2022 or the first quarter of 2023.

The deal is the second credit union-bank deal in Illinois announced in the last 48 hours and the ninth such announcement in 2022 as credit unions increasingly pursue bank acquisitions to achieve scale. With the transaction, CU 1 joins the growing number of credit unions, which typically have consumer-heavy loan balances, looking to bolster their commercial banking portfolios and add commercial talent through bank mergers in recent years.

"We are excited about the commercial lending expertise Northside represents," CU 1 President and CEO Todd Gunderson said in the news release.

The transaction will boost CU 1's total assets to about \$1.55 billion, according to S&P Global Market Intelligence data. CU 1 reported \$1.24 billion in total assets as of March 31, while Northside Community Bank reported total assets of \$311.5 million.

The announced transaction is CU 1's first whole-bank acquisition. In August 2021, the credit union entered into an agreement to purchase and assume certain deposits from West Valley Bancorp Inc.

Upon closing, the Northside Community Bank deal will add four branches around CU 1's legacy branch footprint in Illinois. The credit union also has three branches in the Las Vegas metropolitan area and one branch in Indianapolis.

The announcement continues a spree of Illinois-based community banks selling to credit unions. On June 2, NuMark CU announced its intentions to acquire Illinois-based Pioneer State Bank.

CU 1's bid for Northside Community Bank marks the third Illinois-based bank to sell to a credit union this year and the ninth such deal in the state since 2015, rivaling Florida, which has announced 13 in the same period.

Michael Bell, partner and co-leader of the financial institutions practice group at law firm Honigman LLP, which advised CU1, attributed the influx of deals in Illinois to the number of community banks in the state. According to S&P Global Market Intelligence data, 339 of the 396 banks headquartered in Illinois have less than \$1 billion in total assets as of March 31.

Deal advisers expect a record number of bank acquisitions by credit unions this year. The all-time high deal count was 14 in 2019.

"You are seeing an increased amount of activity in general due to the amount of sellers and buyers in the marketplace and pricing that remains stable," Bell said in an email. "More deals will be announced soon."

Financial terms of the deal were not disclosed. CU 1 was advised by the law firm Honigman LLP, while Raymond James & Associates was the financial adviser for the credit union. Hillworth Bank Partners was financial adviser to the seller, while Barack Ferrazzano Kirschbaum & Nagelberg LLP was its legal adviser.

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