COMMUNITY CORNER

Oregon bankers sound alarm on CU-bank deals as local lenders dwindle

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By Rica Dela Cruz
Market Intelligence

Oregon's banking trade association is exploring options to stop credit unions from acquiring community banks in the state.

Oregon bank M&A has been muted over the past six years, with only six deals since 2020. All but two involved out-of-state buyers. Of those six deals, credit unions were buyers in half, including Gesa CU's recently announced deal to acquire Willamette Valley Bank. All three of those transactions have occurred in the past two years, and two involved out-of-state buyers. The Oregon Bankers Association is looking for ways to stifle these deals, taking cues from other states, Scott Bruun, president and CEO of the Oregon Bankers Association (OBA), said in an interview with S&P Global Market Intelligence.

"We think it's a very bad trend," Bruun said. "We believe strongly that this is super bad for Oregon's local communities," particularly because credit unions are not subject to the Community Reinvestment Act, so practices the acquired banks conducted under the CRA could cease, he added. "We think that's a huge loss," Bruun said.

The urgency is heightened by a steep decline in Oregon banks, Bruun said, with only nine state-headquartered banks remaining if the three currently pending deals close. Meanwhile, there are 47 credit unions headquartered in the state, according to Market Intelligence data.

While the OBA has not yet decided to specifically oppose the Gesa CU-Willamette transaction, it is considering various measures to prevent credit unions from buying banks in Oregon in the future. Options include measures modeled after Washington's law, which imposes taxes on credit unions acquiring banks in-state, and Mississippi's requirement that only Federal Deposit Insurance Corp.-insured financial institutions can buy banks chartered in the state, Bruun said.

A bill that would have required credit unions to "continue paying taxes on [the acquired bank] just like that bank had paid taxes" was introduced in Oregon's 2025 legislative session, but it died in the Senate Committee on Finance and Revenue, Bruun said. The OBA intends to introduce additional bills in the 2027 session, including legislation to expand the state's required due diligence for approving credit union-bank transactions, he said.

Currently, only a handful of states have enacted measures that restrict credit union-bank deals, and some could eventually unravel those restrictions, Honigman partner Michael Bell said.

"I expect to see states that have had trouble with these perhaps rethink their position and make changes, whether that's Washington or Colorado or South Carolina," Bell said in an interview. "I think continued efforts are underway to have those states have laws that make sense or get out of the way of the free market."

Washington's tax law

Washington's tax law is also creating a sense of urgency for Oregon, with Bruun saying the law could push more Washington credit unions to continue viewing Oregon banks as M&A targets. The law requires a credit union organized under Washington law that merges with or acquires a bank that is regulated by the Washington State Department of Financial Institutions to pay a 1.2% business and occupation tax.

The Independent Community Bankers of America said the Gesa CU-Willamette deal "circumvents" the law, which took effect Jan. 1.

"We don't blame Washington passing the law. It was the right thing to pass for Washington," Bruun said. "We need something similar in Oregon."

Gesa CU and McQueen Financial Advisors President and CEO Charley McQueen said the new law was not a factor in the Gesa CU-Willamette transaction. McQueen said his firm, which advised Gesa CU on the deal, and the credit union were already working on the transaction before the law took effect.

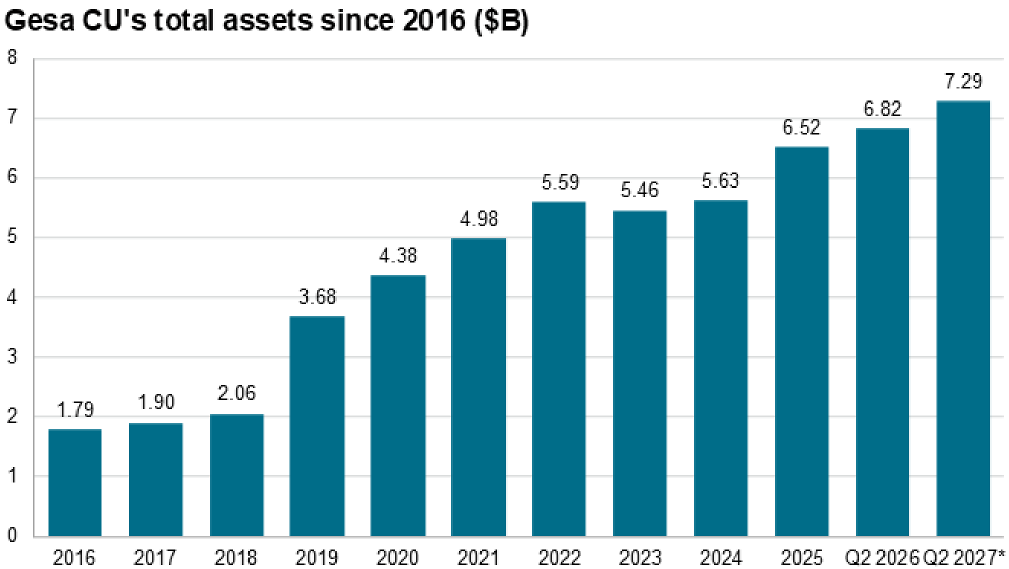
"The decision came down to the questions we ask about any opportunity. Would this be valuable to our existing members, to the bank's customers, and to the communities the bank serves? The answer was yes to all three," wrote Gesa CU Chief Retail Officer Keven Gray in an email.

Opponents of the law believe it could have negative ripple effects. According to McQueen, it will lead to more Washington-based credit unions to seek out-of-state growth, which "is not good for the state."

That could limit buyer options for Washington banks. For a local bank considering its next steps, a credit union often offers a strong commitment to maintaining local banking, with local branches, staff and decisions, Gesa CU's Gray said.

"How the new law affects those options is a question for legislators, and our industry association, GoWest, has been engaging with them to raise awareness of the changes' impact on communities and community banks," the credit union executive added.

Gesa CU will expand its physical presence in Oregon by buying Willamette's five branches. The credit union's assets will grow to $7.29 billion from $6.82 billion as of June 30, according to Market Intelligence data.



Data compiled Aug. 10, 2026.
Analysis limited to Gesa CU's total assets since 2016.
* Pro forma data reflects the total assets of Gesa CU and Willamette Valley Bank as of the most recent quarter-end prior to deal announcement. The deal is expected to be completed in the first half of 2027.
Data based on regulatory filings.
Source: S&P Global Market Intelligence.

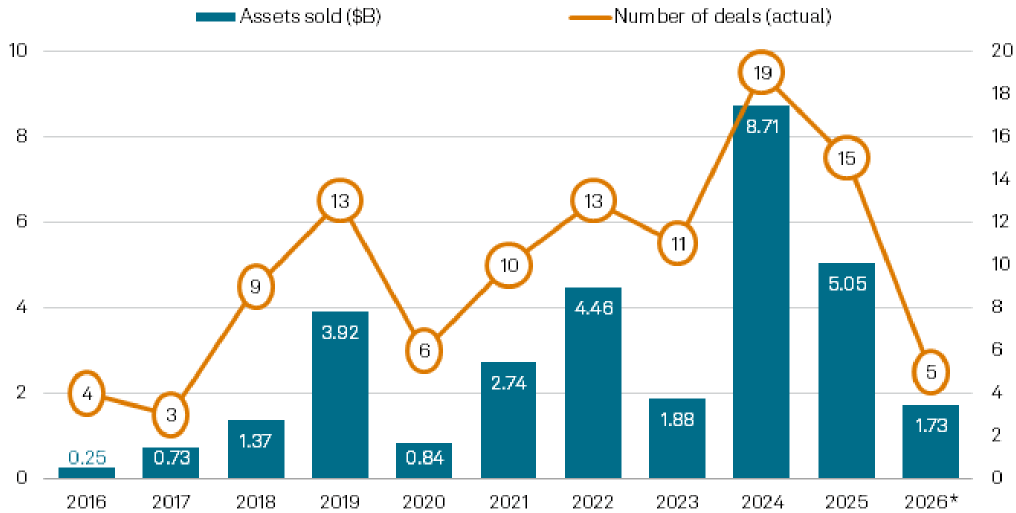
M&A outlook

So far this year, there have been only five credit union-bank deal announcements, versus 15 in 2025 and a record 19 in 2024, according to Market Intelligence data. Looking ahead, both Bell and McQueen expect continued credit union-bank deal activity across the US, with both in-state and out-of-state transactions.

Bell noted that the vast majority of deals will remain bank-to-bank, but credit union-bank transactions will continue as banks voluntarily choose to sell to credit unions.

"There are plenty of bank sellers and plenty of willing credit union buyers," Bell said.

US credit union-bank M&A deals announced since 2016



Data compiled Aug. 4, 2026.
Analysis limited to whole-bank and franchise deals announced between Jan. 1, 2016, and July 31, 2026, with a US credit union buyer and US bank or thrift target; excludes branch and terminated deals.
* Year to date through July 31, 2026.
Assets sold represent the total assets of the targets as of the most recent quarter available before announcement.
Source: S&P Global Market Intelligence.