

THE SPM CREDIT UNION

MERGER DECISION CHECKLIST

Is a merger good for us? And if so, should we survive or merge in?

For the CEO, board and merger steering committee

Credit union	
Potential partner	
Completed by	
Date	

How to use this checklist

- Gather the facts first.** Run your charter in [THE SPM CREDIT UNION EFFICIENCY ANALYSIS](#). If you have a partner in mind, run both charters in [THE SPM CREDIT UNION MERGER ANALYSIS](#). Many items are answered directly by those reports.
- Answer every item Yes or No.** Score 1 point for each Yes. If unsure, answer No and note what you need to find out.
- Check the deal-breakers.** One deal-breaker stops the merger, whatever the score.
- Total each part and read the conclusion.**

Scoring at a glance

Section	What it tests	Items	Points
Part 1 A. Need	Pressures we cannot solve well alone	10	1 per Yes
B. Benefit	What the combination would deliver	8	1 per Yes
C. Fit	Whether the two can come together	8	1 per Yes
Deal-breakers	Any Yes stops the merger	5	Stop / Go
Part 2 S. Survivor	Signs you should lead the combination	8	1 per Yes
M. Merging	Signs you should merge into the partner	8	1 per Yes

Conclusion 1

Is a merger good for us?

Good for you, likely with a better partner, not with this partner, stay independent, or not yet decided.

Conclusion 2

Survivor or merging partner?

Be the survivor, be the merging credit union, or structure a merger of equals.

Part 1. Is a merger good for us?

A. Need Pressures we cannot solve well alone

#	Question	Answer
A1	Our efficiency ratio is above our peer median and has not improved in the last 8 quarters.	☐ Yes ☐ No
A2	Profit per member is below our peer median, and organic growth will not close the gap within 3 years.	☐ Yes ☐ No
A3	Return on assets has been below 0.50% for 4 or more of the last 8 quarters.	☐ Yes ☐ No
A4	Membership has been flat or declining for 2 or more years.	☐ Yes ☐ No
A5	Our field of membership or market limits how much we can grow.	☐ Yes ☐ No
A6	We cannot afford the technology members expect (digital, data, cybersecurity) from our own earnings.	☐ Yes ☐ No
A7	We cannot recruit or keep key talent (CEO succession, lending, compliance, IT).	☐ Yes ☐ No
A8	Compliance and regulatory costs are rising faster than revenue.	☐ Yes ☐ No
A9	Our net worth ratio is falling, or we are close to the 7% well-capitalized level.	☐ Yes ☐ No
A10	Our board has no clear CEO succession plan for the next 3 to 5 years.	☐ Yes ☐ No

Need score (A): _____ / 10

B. Benefit What the combination would deliver

#	Question	Answer
B1	The Merger Analysis shows the combination beating our standalone results on at least half of the 12 key measures.	☐ Yes ☐ No
B2	The combination ranks at or above the new peer median on profit per member, or reaches it with midpoint synergies.	☐ Yes ☐ No
B3	Quick-win economies of scale in the first 12 months are at least 1% of combined operating expense.	☐ Yes ☐ No
B4	Combined scale funds technology, products or services neither credit union could afford alone.	☐ Yes ☐ No
B5	Members of both credit unions gain something concrete: better rates, lower fees, more products or more access.	☐ Yes ☐ No
B6	The combination fills a gap: new markets, field of membership, deposits to fund loans, or loans to use deposits.	☐ Yes ☐ No
B7	Capital stays well capitalized after the merger, with room to absorb integration costs.	☐ Yes ☐ No
B8	The new peer group is one we can compete in, not one where we would sit in the bottom quarter.	☐ Yes ☐ No

Benefit score (B): _____ / 8

C. Fit Can the two credit unions actually come together?

#	Question	Answer
C1	Our missions, member focus and community commitments are compatible.	☐ Yes ☐ No
C2	Our cultures and service philosophies are compatible.	☐ Yes ☐ No
C3	Our boards agree on governance: board seats, leadership, and the future name and brand.	☐ Yes ☐ No
C4	Our core and digital platforms can be converted to one within 18 months.	☐ Yes ☐ No
C5	Lending, credit and risk policies are close enough to harmonize without losing members.	☐ Yes ☐ No
C6	Our branch networks complement each other, or overlap in ways that create savings.	☐ Yes ☐ No
C7	Staff can be retained, redeployed or reduced through attrition without harming service.	☐ Yes ☐ No
C8	We have, or can hire, the people to run an integration while running the credit union.	☐ Yes ☐ No

Fit score (C): _____ / 8

Deal-breakers Any Yes stops the merger, or requires it to be redesigned

#	Deal-breaker	Answer
X1	Members would lose meaningful value (pricing, services or access) with no clear offsetting gain.	☐ Yes ☐ No
X2	Combined capital would fall below well capitalized before merger accounting, with no credible plan to restore it.	☐ Yes ☐ No
X3	The merger is driven mainly by personal arrangements for executives or directors rather than member benefit.	☐ Yes ☐ No
X4	Either board is not committed, or a member vote would very likely fail.	☐ Yes ☐ No
X5	A serious unresolved regulatory, legal or asset-quality issue exists at either credit union.	☐ Yes ☐ No

Part 1 conclusion

Result	Conclusion
Any deal-breaker = Yes	Not now. Resolve the deal-breaker or look at a different partner.
B 6 or more and C 6 or more	A merger is good for you. Go to Part 2.
A 6 or more, B 4 to 5, C 5 or more	A merger is likely good for you, but only with a stronger partner or terms. Go to Part 2, then test other partners.
A 6 or more, but B or C 4 or less	You need to change, but not with this partner. Look for a better-fit partner, or an alliance or credit union service organization (CUSO).
A 3 or less and B 5 or less	Stay independent for now. Revisit each year using the Efficiency Analysis.
Anything else	Not yet decided. Close the unsure items, then score again.

Part 2. Survivor or merging credit union?

Answer both sets honestly. Each Yes scores 1 point for that set.

S. Signs you should be the survivor

#	Question	Answer
S1	We are the larger credit union by assets and members.	☐ Yes ☐ No
S2	Our efficiency ratio and profit per member are better than the partner's.	☐ Yes ☐ No
S3	Our net worth ratio is higher, or at least well capitalized with room to absorb integration costs.	☐ Yes ☐ No
S4	Our core, digital and data platforms are stronger and are the ones both should use.	☐ Yes ☐ No
S5	Our leadership team has depth and a succession plan, and can lead a larger organization.	☐ Yes ☐ No
S6	We have run an integration or major conversion before, or can staff one.	☐ Yes ☐ No
S7	Our brand is stronger in the combined market.	☐ Yes ☐ No
S8	Our board has the capacity and commitment to govern a larger, more complex credit union.	☐ Yes ☐ No

Survivor score (S): _____ / 8

M. Signs you should be the merging credit union

#	Question	Answer
M1	We are the smaller credit union by assets and members.	☐ Yes ☐ No
M2	Our efficiency ratio and profit per member trail the partner's, with no realistic path to close the gap alone.	☐ Yes ☐ No
M3	Our capital is lower or under pressure, and the partner's would protect our members.	☐ Yes ☐ No
M4	The partner's technology, products and rates would give our members more than we can.	☐ Yes ☐ No
M5	We face a CEO or key leadership succession gap.	☐ Yes ☐ No
M6	Our members would get better value as part of the partner than on their own.	☐ Yes ☐ No
M7	The partner commits to a local presence, community commitments and fair treatment of our staff.	☐ Yes ☐ No
M8	Our board's priority is the best future for our members, not keeping our charter.	☐ Yes ☐ No

Merging score (M): _____ / 8

Part 2 conclusion

Result	Conclusion
S is 3 or more points higher than M	Be the survivor. Lead the integration and use the Merger Analysis to set targets against the new peer group.
M is 3 or more points higher than S	Be the merging credit union. Negotiate member value, local presence, board representation and staff commitments into the merger agreement.
S and M within 2 points	A merger of equals. Decide the surviving charter on capital, technology and leadership, agree governance and brand up front, and expect a longer integration.

Final decision summary

Decision	Result
Deal-breakers present?	☐ Yes ☐ No
Need (A) / Benefit (B) / Fit (C)	___ / 10 ___ / 8 ___ / 8
Is a merger good for us?	☐ Yes ☐ Likely, with a better partner ☐ Not with this partner ☐ Stay independent ☐ Not yet decided
Survivor (S) / Merging (M)	___ / 8 ___ / 8
Our role	☐ Survivor ☐ Merging credit union ☐ Merger of equals
Next step	

Next steps if the answer is yes

1. Run the Merger Analysis with the partner's charter and share it with both boards.
2. Agree integration principles: member value, capital, leadership, board seats, brand and staff.
3. Confirm NCUA merger requirements, including the member vote and disclosure of merger-related financial arrangements, with NCUA and legal counsel.
4. Set up an integration management office, with owners and dated targets for each quick win.
5. Track the combined credit union every quarter after close.

Ready to act?

Contact SPM for strategic execution assistance for merger and post-merger strategic planning and execution. To discuss in detail what SPM can do for your credit union, email Info@SPM.Consulting.

This checklist is a decision aid for directors and management. It is not legal, accounting or regulatory advice. Confirm regulatory requirements with NCUA and counsel.