RESOLUTION

No. 2026 - 04

Requesting that the Ohio Division of Financial Institutions and Federal Deposit Insurance Corporation deny, or decline to approve, any application, notice, or other request for regulatory approval related to the proposed acquisition of The Hicksville Bank, an Ohio state-chartered bank, by Interra Credit Union, an Indiana state-chartered credit union, because the proposed transaction raises substantial concerns regarding Ohio law, charter integrity, competitive equity, tax fairness, deposit insurance protections, and the continued strength and accountability of Ohio's banking system.

WHEREAS, the Ohio Banking Commission is established under Chapter 1123 of the Ohio Revised Code and is authorized to act in accordance with its statutory duties, including making recommendations to the Deputy Superintendent for Banks and the Superintendent of Financial Institutions on the business of banking and considering matters presented to the Commission; and

WHEREAS, the Ohio Banking Commission has a direct and substantial interest in matters affecting Ohio state-chartered banks, the safety and soundness of Ohio's banking system, the integrity of Ohio's banking laws, and the competitive structure of the financial services marketplace in this state; and

WHEREAS, Ohio has a strong and diverse financial services marketplace, including community banks, regional banks, savings institutions, and credit unions, each operating under distinct charters, statutory frameworks, tax obligations, regulatory duties, and public-policy responsibilities; and

WHEREAS, Ohio's state-chartered banks serve families, small businesses, farmers, nonprofit organizations, municipalities, and local communities across this state, while paying state Financial Institutions Tax and federal income taxes; and

WHEREAS, The Hicksville Bank is an Ohio-based, state-chartered community bank serving northwest Ohio and northeast Indiana, including communities in Defiance County and Williams County, Ohio; and

WHEREAS, on or about April 29, 2026, Interra Credit Union, an Indiana-based, state-chartered, privately insured credit union with approximately two billion dollars in assets, announced an agreement to purchase substantially all of the assets and liabilities of The Hicksville Bank in an all-cash transaction; and

WHEREAS, the proposed transaction would result in a tax-exempt credit union acquiring a tax-paying Ohio community bank and would represent a significant development in the national trend of large credit unions purchasing community banks; and

WHEREAS, if the proposed transaction is approved, depositors of The Hicksville Bank would no longer hold their deposits at an FDIC-insured Ohio state-chartered bank, but instead would become members of a credit union whose deposits are privately insured rather than federally insured; and

WHEREAS, Interra Credit Union's own public disclosure states that savings are insured to two hundred fifty thousand dollars per account and that, "by member's choice, this institution is not federally insured"; and

WHEREAS, deposit insurance structure is a core consumer-protection issue, and any transaction that would move Ohio bank depositors from federal deposit insurance to private deposit insurance warrants heightened scrutiny by federal and state banking regulators; and

WHEREAS, credit unions were created to serve a distinct, limited, member-focused purpose within the financial system, and their preferential tax treatment has historically been justified by that limited mission; and

WHEREAS, many large credit unions now operate as full-service financial institutions with multi-billion-dollar balance sheets, broad geographic footprints, commercial lending operations, and extensive consumer and business banking services; and

WHEREAS, credit unions are generally exempt from federal income tax and are not subject to the Ohio Financial Institutions Tax in the same manner as banks, allowing them to retain earnings tax-free and accumulate capital on terms not available to tax-paying banks; and

WHEREAS, this tax-exempt status can enable large credit unions to make all-cash acquisition offers for tax-paying community banks, creating a structural competitive imbalance not based on greater efficiency, stronger service, or superior local commitment, but on preferential tax treatment granted by public policy; and

WHEREAS, the use of a tax exemption to acquire tax-paying competitors raises fundamental questions of fairness, accountability, and tax policy, particularly when the acquired institution has long contributed to the public revenues that support Ohio communities; and

WHEREAS, when a tax-paying bank is acquired by a tax-exempt credit union, the transaction may permanently remove a tax-paying institution from the state and local tax base, foreclose future growth of that tax-paying institution, and shift the burden of funding public services to other taxpayers; and

WHEREAS, banks are subject to statutory and regulatory obligations that do not apply in the same manner to credit unions, including obligations under the federal Community Reinvestment Act to serve low- and moderate-income communities and to undergo regular public evaluations of that performance; and

WHEREAS, banks also play a central role in municipal finance, public depository relationships, small business lending, agricultural lending, local civic leadership, and community reinvestment throughout Ohio; and

WHEREAS, even if branches remain open after a transaction, the acquisition of a local Ohio community bank by a large, out-of-state credit union may alter the institution's incentives, governance, tax obligations, regulatory duties, deposit insurance structure, and local accountability; and

WHEREAS, Ohio law establishes specific procedures and limitations governing mergers, consolidations, and transfers of assets and liabilities involving Ohio state-chartered banks; and

WHEREAS, Section 1115.11 of the Ohio Revised Code authorizes an Ohio state-chartered bank to consolidate or merge with another state bank, certain out-of-state banks, a national bank, a federal savings association, a savings bank, or a savings association, but does not identify credit unions as permissible merger counterparties; and

WHEREAS, Section 1115.14 of the Ohio Revised Code authorizes an Ohio state-chartered bank to transfer assets and liabilities to, and acquire assets and liabilities from, another state bank, certain out-of-state banks, a national bank, a savings bank, or a savings association, but does not include credit unions among the permissible counterparties for such transactions; and

WHEREAS, Ohio law defines "bank" or "banking corporation" for purposes of Chapters 1101 to 1127 of the Ohio Revised Code and expressly provides that the term does not include a credit union; and

WHEREAS, Ohio's credit union merger statute separately provides for mergers of credit unions with other credit unions, further demonstrating that the General Assembly has treated banks and credit unions as distinct charter types governed by distinct statutory frameworks; and

WHEREAS, the omission of credit unions from the list of permissible counterparties in Ohio's state bank merger and asset-transfer statutes should be given effect, and federal regulators should not approve a transaction that Ohio law does not authorize; and

WHEREAS, there is no corresponding federal or other authority empowering a bank to sell substantially all of its assets and liabilities to a credit union such that it can be relied upon as a basis to invoke the parity and "wildcard" statutes provided for in Chapters 1101 to 1127 of the Ohio Revised Code; and

WHEREAS, the proposed transaction between Interra Credit Union and The Hicksville Bank is not merely a private business transaction, but a matter of substantial public concern involving Ohio's tax base, Ohio's community banking system, deposit insurance protections for Ohio customers, the integrity of Ohio's financial institution statutes, and the balance between differently chartered financial institutions; and

WHEREAS, the Federal Deposit Insurance Corporation should give full effect to Ohio law and to the public-policy judgments of the Ohio General Assembly when reviewing a proposed transaction involving an Ohio state-chartered bank;

NOW, THEREFORE, BE IT RESOLVED BY THE OHIO BANKING COMMISSION:

RESOLVED, that the Ohio Banking Commission respectfully requests that the Ohio Division of Financial Institutions and the Federal Deposit Insurance Corporation deny, or decline to approve, any application, notice, or other request for regulatory approval related to the proposed acquisition of The Hicksville Bank by Interra Credit Union; and be it further

RESOLVED, that the Ohio Banking Commission finds that the proposed transaction raises substantial concerns under Ohio law because Ohio's state bank merger and asset-transfer statutes do not authorize an Ohio state-chartered bank to transfer substantially all of its assets and liabilities to a credit union; and be it further

RESOLVED, that the Ohio Banking Commission urges the Ohio Division of Financial Institutions and the Federal Deposit Insurance Corporation, in reviewing this and any similar transaction, to give full effect to Ohio's statutory framework governing state-chartered banks and to refrain from approving any transaction that would permit a tax-exempt credit union to acquire a tax-paying Ohio bank in a manner inconsistent with Ohio law; and be it further

RESOLVED, that the Ohio Banking Commission further urges the Ohio Division of Financial Institutions and the Federal Deposit Insurance Corporation to consider the transaction's effect on deposit insurance protections, including the fact that The Hicksville Bank's depositors would be moved from an FDIC-insured bank to a privately insured credit union; and be it further

RESOLVED, that the Ohio Banking Commission finds that it is not appropriate to utilize the parity and "wildcard" statutes provided for in Chapters 1101 to 1127 of the Ohio Revised Code in manner that would permit this or any similar transaction; and be it further

RESOLVED, that the Ohio Banking Commission affirms that Ohio's financial services marketplace should be governed by principles of safety and soundness, fairness, transparency, charter integrity, deposit protection, community accountability, and equal responsibility; and be it further

RESOLVED, that the Ohio Banking Commission further affirms that public policy should not allow one class of tax-exempt financial institutions to use its preferential tax status to acquire tax-paying competitors, thereby removing tax-paying community banks from Ohio's banking system and tax base; and be it further

RESOLVED, that the Chair of the Ohio Banking Commission, the Commission Secretary, or their designee is authorized and directed to transmit a duly authenticated copy of this Resolution to the Chairman and members of the Board of Directors of the Federal Deposit Insurance Corporation; the Ohio Superintendent of Financial Institutions; the Director of the Ohio Department of Commerce; the Governor of Ohio; the President of the Ohio Senate; the Speaker of the Ohio House of Representatives; the members of the Ohio congressional delegation; and such other persons or entities as the Chair or Secretary determines appropriate.

CERTIFICATION

The undersigned hereby certify that the foregoing Resolution was duly adopted by the Ohio Banking Commission at a meeting held on June 10, 2026, at which a quorum was present and voting.

Kathleen L Fisch

Kathleen Fischer, Secretary

Date: 6·10·2026