

May 13, 2013

Northwest Indiana bank with Chicago presence sold

The parent of Munster, Ind.-based Citizens Financial Bank, which has eight south suburban branches, has agreed to sell to Muncie, Ind.-based First Merchants Corp. in a deal valued at \$114.7 million.

Citizens, with \$1.1 billion in assets, was thought to be a target of several Chicago-area banks like Rosemont-based Wintrust Financial Corp. that are actively in the market of acquisitions. Instead, another Indiana player, First Merchants, took the prize with a bid just over the book value of Citizens parent CFS Bancorp Inc.

Crain's reported last month that CFS was being shopped.

Chicago-based investment banking boutique River Branch Holdings LLC managed the sale for CFS, and New York-based Sandler O'Neill & Partners LP represented First Merchants.

The stock sale will entitle shareholders of CFS to receive 0.65 shares of First Merchant stock, valuing CFS at about \$10.49 per share based on First Merchant's closing price May 10.

CFS has 20 branches, 12 of which are in northwest Indiana and the remainder in Chicago's south suburbs.

The deal will create Indiana's second-largest financial holding company, with \$5.4 billion in assets and nearly 100 branches, most of which are in Indiana. Citizens branches will be rebranded as locations of First Merchants Bank.

The deal is expected to be completed in the fourth quarter.

The deal also is a winner for Naperville-based activist investment firm PL Capital LLC, CFS Bancorp's largest shareholder. PL Capital principal John Palmer sits on the CFS board.

By Steve Daniels

