

Good morning, Bank Slaters!

Earnings season is just about over for banks, and I thought I'd dedicate some of this space to briefly talk about the mortgage market. A number of banks reported sharp declines in originations and mortgage revenue, and they're bracing for more challenges as interest rates rise and more potential homebuyers stay on the sidelines.

The Mortgage Bankers Association forecast in an April 13 report that overall mortgage originations will decline by 36% in 2022 from a year earlier, to about \$2.56 trillion. That will force lenders to make tough decisions, especially when it comes to staffing.

I noted a few instances of banks expanding or contracting in the space. I will highlight a handful of examples which would be indicative of moves others lenders are making - or will make in weeks to come.

- **Find a niche:** Codorus Valley Bancorp in York, Pa., [created a series of jumbo mortgages](#) it is marketing to doctors, entrepreneurs and private wealth clients. The company also launched an online mortgage app and hired a sales manager to build brand awareness and recruit/train lenders.
- **Find an acquisition:** Primis Financial in McLean, Va., decided to [buy a mortgage lender](#), agreeing to purchase SeaTrust Mortgage. The idea is that Primis can expand the lender's reach, potentially improving on SeaTrust's projected \$300 million of mortgage revenue for 2022.
- **Right-size:** BayFirst Financial in St. Petersburg, Fla., [laid off more than 60 mortgage employees](#) as originations slowed. The company, however, hired two mortgage production teams and added five loan production offices, including a program that offers loans to self-employed borrowers.

We'll undoubtedly see more banks tinker with their operations, adding services, launching apps and cutting jobs as they come to grips with a slowing market.

What are your plans in the mortgage space over the next six months? I'd like to hear what you're working on – hit me up at paul.davis.mba@gmail.com. Don't forget to visit [Bank Slate](#) for daily news updates and feel free to click on the [Donate button](#) to help us out!

Let's look at some headlines.

M&A

- Quaint Oak Bancorp in Southampton, Pa., [bought a 51% stake](#) in Oakmont Capital Holdings, an equipment finance company. The company did not disclose the price it paid.
- CoVantage Credit Union in Antigo, Wis., has [agreed to buy](#) LincolnWay Community Bank in New Lenox, Ill., in a deal expected to close in the fourth quarter. The credit union did not disclose the price.
- New York Community Bancorp in Hicksville and Flagstar, Mich., have [extended their merger agreement](#) to Oct. 31. They will now pursue a national bank charter, replacing the FDIC with the OCC when it comes to getting the \$2.6 billion merger approved.
- First Bancshares in Hattiesburg, Miss., has [agreed to buy](#) Beach Bancorp in Fort Walton Beach, Fla. First will pay \$117 million in stock in a deal that is expected to close by the end of this year.

Arrivals/Departures

- Finward Bancorp in Munster, Ind., [promoted Todd Scheub](#) to become its chief revenue officer and president of its bank. Scheub, who joined Finward in 1996, was the company's chief banking officer.
- National Capital Bank of Washington in Washington, D.C., hired Jimmy Olevson [as its president](#). Olevson previously served as chief lending officer at MainStreet Bank.
- Blue Ridge Bankshares in Charlottesville, Va., has a new [bank president](#). Judy Gavant will remain the company's chief financial officer.

Fintech

- Provident Bancorp in Amesbury, Mass., gained traction in its Banking-as-a-Service (BaaS) platform. Deposits with BaaS customers rose by 58% in the first quarter from a quarter earlier, to \$94.3 million.

- Coastal Financial in Everett, Wash., said loans in its BaaS division [increased by 49% in the first quarter](#) from a quarter earlier, to roughly \$515 million. BaaS-related deposits rose by 26% to \$900 million.
- Central Pacific Financial in Honolulu said Swell Financial, its first BaaS client, should [launch its first product this summer](#).
- Blue Ridge Bankshares said [fintech-related deposits](#) increased by 74% in the first quarter from a quarter earlier, to \$329 million. Loans associated with fintech fell by 10%, to \$21.5 million.
- Univest Financial in Souderton, Pa., is [upgrading its digital banking platform](#). The platform will combine its core operating systems and let the company “seamlessly sell existing products and services ... across an expanded footprint.” The company plans to launch the platform by the end of the first quarter of 2023.
- Orrstown Financial in Shippensburg, Pa., plans to [introduce a new treasury management app](#). The company, which hired a chief digital officer in 2021, will focus on robotic process automation (RPA) to gain efficiencies. It will also refine Abrigo, a commercial loan origination system it launched last year.

Miscellaneous

- Meta Financial in Sioux Falls, S.D., said it expects [rebranding expenses](#) to total \$15 million to \$20 million – far less than the \$60 million it will receive from a Facebook affiliate for [changing its name](#).
- South State in Winter Haven, Fla., will [eliminate NSF fees](#) and transfer fees to cover overdrafts. The changes will be start to take place in the third quarter and should reduce diluted annual earnings by about 8 to 10 cents a share.
- Bank on Women is [working with the Nasdaq](#) to give exchange-listed community banks access to more board recruiting services. The nonprofit, which looks to increase female representation in banking, said on the arrangement will give smaller banks access to its [database](#) of potential director candidates.

- B.S.D. Capital in Los Angeles is [now licensed](#) to participate in the SBA's 7(a) program. B.S.D., which operates as Lendistry, can originate 7(a) loans of up to \$5 million.
- Finward Bancorp in Munster, Ind., is [evaluating its branch network](#). The company plans to close two locations and is looking at four others for potential closure.
- Western Alliance Bancorp. in Phoenix has [formed an entertainment and media group](#). The group offers "a wide range of banking resources to TV, film and music producers across North America with the ability to lend in multiple currencies."

Have a fantastic weekend!

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