

Hi Bank Slaters!

I was interviewed earlier this week for [an article](#) looking at a terminated bank merger. First Century Bancorp. in Georgia, which agreed in November to [sell itself](#) to First Internet Bancorp, [walked away from the deal](#) after the parties were unable to reach an accord on an extension.

First Internet said it offered to boost its offer by 6%, to \$85 million, but First Century wanted more than \$92 million (a 16% increase). What happened between November and now to bolster First Century's pricing expectations?

The Fed increased interest rates in March for the first time since 2018, and earlier this week announced the biggest hike in more than two decades. The Fed is expected to keep moving rates upward to combat inflation.

First Century is in a better position now versus last fall, from a rate perspective, since two-thirds of its deposits are noninterest bearing. It doesn't feel forced to sell, and its cheap core funding could command a higher price should it ever decide to find a buyer.

Banks with low cost funding should command higher prices, though it could take time since most banks still have an abundance of deposits. Banks and credit unions will also try and increase deposit prices as slowly as possible.

First Internet, for its part, decided to show restraint and look at other opportunities. That could be another challenge for banks looking to sell.

What do you think? How much do you value noninterest-bearing deposits? Are you in the market to buy banks with low cost of funds? Feel free to share your thoughts at paul.davis.mba@gmail.com.

Now onto the headlines...

M&A

- Seacoast Banking Corp. of Florida has [agreed to buy](#) Drummond Banking Co. in northern Florida. Seacoast will pay \$173 million for the parent of Drummond Community Bank in a deal expected to close early in the fourth quarter.

- United Community Banks in Georgia [has agreed to buy](#) Progress Financial in Alabama. United said it will pay \$271.5 million in stock for Progress in a deal expected to close in the fourth quarter.
- A judge has urged Bremer Financial and the trust that owns it to resolve longstanding differences and [find a buyer](#) for the St. Paul, Minn., bank. Ramsey County District Judge Robert Awsumb made the assessment as part of a [103-page ruling](#) issued on April 29.
- Sunnyside Bancorp in New York is [close to being sold](#). The company has secured regulatory approval to sell to Rhodium BA Holdings, a private equity group. The sale should close by May 31.

Arrivals/Departures

- The Consumer Bankers Association [named a successor](#) for the retiring Richard Hunt. Lindsey Johnson, president of U.S. Mortgage Insurers since 2015, will become CBA president and CEO on July 5.
- Lewis Critelli, who is retiring as president and CEO of Norwood Financial, will [become the Pennsylvania company's chairman](#) after he [steps down](#) on May 9.
- Origin Bancorp in Louisiana has added the CEO of a CDFI to its board. Daniel Chu, CEO of Tricolor Holdings, [was elected as a director](#) on April 27.
- California BanCorp in California [has a new president](#). Thomas Sa was also named president of the bank, succeeding Steven Shelton, who remains CEO.

Fintech

- Truist Financial in North Carolina has acquired Long Game, a [gamified finance mobile app](#). Long Game uses prize-linked savings and casual gaming to motivate smart financial behavior.
- ConnectOne Bancorp in New Jersey is working with Nymbus on a suite of [digital business banking products](#). ConnectOne said the partnership will allow it to target new market segments.
- Midland States Bancorp in Illinois is working with LendingPoint to [fund consumer loans](#) using the AI-driven fintech's national network of point-of-sale relationships. Midland States said it expects outstanding balances to increase by \$200M-\$250M over the next couple of years due to the partnership.

- A Chicago company that provides AI solutions for lenders has [resubmitted an application](#) for deposit insurance for a proposed de novo bank. Organizers of BetaBank also increased the amount of initial capital they plan to infuse into the bank.

Miscellaneous

- The Fed, FDIC and OCCr of the Currency have issued a series of proposed updates to the Community Reinvestment Act. Remore more about those [here](#).
- Bank of America will [pay a \\$10 million fine](#) to the Consumer Financial Protection Bureau to address how the bank processed garnishment notices.
- A group of shareholders looking to oust CEO Vernon Hill has urged Republic First Bancorp in Philadelphia to [hold a special meeting](#). George Norcross III, Gregory Braca, Philip Norcross and Avery Conner Capital Trust sent a written request company's board earlier this month.
- Sterling Bancorp in Michigan has started discussions with the OCC and DoJ to [resolve longstanding issues](#) tied to its now-defunct Advantage Loan Program. The company said talks are under way and investigations by both agencies "have progressed significantly."
- Citizens Bank of Edmond in Oklahoma has [launched a mortgage platform](#) that focuses on VA financing. Jill Castilla, the bank's president and CEO, said in [a LinkedIn post](#) that the decision to create [ROGER](#) came after an unsuccessful attempt to use VA financing to buy a home.

There you have it. Hope everyone finds time to disengage over the weekend. Busy week for me coming up, with three conferences over a seven-day stretch.