

Hi there, Bank Slaters!

I know we have a couple of days to (hopefully) step away from our day jobs. Find time to enjoy every minute. Do something nice for yourself and those close to you.

What should I discuss this week? Well, it seems clear we're entering a time where banking is becoming a riskier business.



Challenges are abundant, including the impact that higher interest rates could have on credit quality and valuation of securities portfolios, along with regulatory scrutiny and cybersecurity demands.

Rising risk isn't limited to bigger institutions – community banks are also susceptible to shocks.

Case in point – New Peoples Bankshares in Honaker, Va., recently reported a cyberattack and the OCC just ordered Lake Shore Bancorp in Dunkirk, N.Y., to beef up its IT processes after it reported a breach in its systems. New Peoples has \$813 million of assets, while Lake Shore has \$707 million.

I recently spoke with [Bank Director](#) about the growing need for chief risk officers at smaller financial institutions. Having a designated officer to oversee and coordinate all aspects of risk makes sense for most banks.

Here's what I told Bank Director:

*"You're going to have one member of the management team at board meetings talk about opportunities. It's the CRO's job to say, 'Here are the tradeoffs, the potential risks, the pitfalls and the things we need to be mindful of.'"*

The chief risk officer should have the ability to build a team to serve as a line of defense against all threats to the security of financial results, capital, and customer data. The CRO will also need to coordinate, as needed, with executives such as the chief credit officer and chief technology officer.

If your bank hasn't prioritized this – now's the time. What do you expect from your chief risk officer? Do you have one? I'd like to hear your thoughts. Reach out to me at [info@thebankslate.com](mailto:info@thebankslate.com).

How about a few headlines?

## **M&A**

- F.N.B. Corp. in Pittsburgh, which [agreed in May](#) to buy UB Bancorp, [wasn't among the first group of banks](#) contacted by UB Bancorp when the North Carolina company decided to find a buyer.
- American Challenger Development is again [looking to sell itself](#) after a plan to merge with Patriot National Bancorp in Connecticut was called off.
- Amerant Bancorp in Florida [increased its ownership stake](#) in its mortgage company from 57.4% to 80% after two former principals became full-time bank employees and relinquished their interest in the business. Amerant also contributed \$1 million in capital to the unit.
- First Lena Corp. in Illinois [agreed to buy](#) First Savanna Savings Bank in Illinois in a deal expected to close in the fourth quarter. The price wasn't disclosed.
- Bank of Montreal [agreed to buy](#) Radicle Group, an environmental strategies company in Calgary, in a deal set to close by the end of this year. The price wasn't disclosed.

## **Arrivals/Departures**

- Home BancShares in Arkansas had a "[mini mutiny](#)" of employees in some of the markets it entered through the April acquisition of Happy State Bancshares in Texas.

- Live Oak Bancshares in North Carolina added Casey Crawford, CEO of Movement Mortgage, [to its board](#).
- United Community Banks in South Carolina tapped an insider to become its [next Tennessee state president](#). John Wilson succeeded DeVan Ard, who passed away in June.
- The American Bankers Association named Brooke Ybarra, who joined the organization a year ago, to [lead its Office of Innovation](#).
- M&T Bank in New York hired Dominique Goss to [serve as executive director](#) of the M&T Charitable Foundation. She now oversees M&T's corporate giving strategy over 12 states.

### **Odds & Ends**

- Customers Bancorp in Pennsylvania is [will close five branches](#) in its home state. The company, which has expanded its commercial operations in other cities and invested in blockchain projects, will close the branches this fall.
- Organizers of the proposed Bank of Burlington in Vermont [received conditional approval](#) from the FDIC. They will need to raise \$33 million before the bank can open.
- Signature Bank in New York will [dial down CRE lending and fund banking](#) after seeing a large outflow of deposits during the second quarter. The bank lowered its forecast of quarterly loan growth for the second half of 2022 from \$4 billion to \$7 billion to \$1 billion to \$3 billion.
- Arizona Federal Credit Union in Phoenix [rebranded](#) as Arizona Financial Credit Union, while Fulda Area Credit Union in Fulda, Minn., is now Leading Edge Credit Union.
- The latest community bank to [cut into overdraft and NSF fees](#) is 1st Colonial Bancorp in New Jersey. The company said that, effective June 1, those fees were lowered from \$35 to \$15.

Voila! That's it for this week my friends. As always, thank you for the support.