

Good morning, Bank Slaters!

How are you doing? I can feel a crispness in the air. I guess fall is upon us.

Today let's talk about credit quality.

Regulators are paying closer attention, so it makes sense to stay on top of borrower issues before they default. That can be easier said than done since many clients will be hesitant to tell their lender they're having issues.

There are things you can look for before a loan becomes delinquent, which I highlighted in a recent [Forbes piece](#).

Here's a synopsis:

- 1) **Watch for overdrafts:** Tracking spikes in overdrafts, especially for borrowers with historically clean records, is a great way to see if there's a potential cash flow issue.
- 2) **Drawdowns on credit lines:** Commercial borrowers with ample cash inflows usually don't need to tap lines of credit. Those that repeatedly pull money out could have liquidity issues.
- 3) **Sharp decline in deposit balances:** Pay close attention to deposit balances. Many borrowers will dip heavily into savings before tapping credit lines.
- 4) **On-site red flags:** Lapses in property maintenance – uncut lawns, disarray inside a store or out-of-date magazines in waiting areas – are signs an owner is struggling to cover everyday costs. Empty tables or bars seats, particularly during 'peak' times, is another cause for concern.

Early detection can help you act sooner and address problems before they're insurmountable. What do you think? Let me know at [info@thebankslate.com](mailto:info@thebankslate.com).

It's headline time!

### **The Big Headline**

- The CFPB finally [weighed in on BNPL data](#) it obtained from five lenders, determining that the product should be treated and supervised like credit cards. This should be welcome news for traditional lenders that are interested in the product but have been leery about the regulatory climate.

## **M&A**

- U.S. Bancorp and Mitsubishi UFJ Financial Group have [pushed back the termination date](#) for U.S. Bancorp's proposed purchase of MUFG Union Bank [from Sept. 30 to Dec 31](#). The deal still needs regulatory approval.
- Republic First Bancorp in Philadelphia has [begun a strategic review](#) after receiving "inquiries by multiple parties expressing interest in one or more potential strategic transactions." It could lead to the bank's sale.
- Banc of California has [entered the payments space](#) after buying the parent of Deepstack Technologies for \$24 million in cash and stock.
- DLP Bancshares in Florida, which tried to buy a New York bank last year, has [acquired Community State Bank in Florida](#). The price wasn't disclosed.
- Allegiance Bancshares and CBTX [received Fed approval](#) three weeks after the Houston companies moved the deadline for their merger. The FDIC required the banks to make more mortgages to African-Americans.
- VisionBank of Iowa has [agreed to buy Legacy Bank in Iowa](#) in a deal expected to close late this year. The price wasn't disclosed.

## **Arrivals/Departures**

- SVB Financial Group in California [appointed Thomas King](#), an operating partner of Atlas Merchant Capital, to its board. He was CEO of investment banking at Barclays from 2014 to 2016.
- Colony Bankcorp in Georgia [split the roles of president and CEO](#). R. Dallis Copeland Jr. became Colony's president, succeeding Heath Fountain, who remains CEO.
- The OCC has named Nina Chen as its [new chief climate risk officer](#). She will lead the agency's climate risk efforts tied to supervision, policy and external engagement.
- Protego Trust Bank, a proposed federally chartered trust bank that would serve the digital asset needs of institutional investors, [hired Ron Totaro as its CEO](#). He previously served as CEO of Tassat Group.

## **(Fin)tech**

- Majority, a Miami neobank focused on U.S. immigrants, [raised \\$37.5 million](#) in Series B funding, consisting of \$30 million in equity from Valar Ventures and Heartland Capital and \$7.5 million in debt financing from a U.S. bank.
- Citizens Financial Group in Rhode Island agreed to buy College Raptor, an [online college planning platform](#) based in Iowa City.
- JPMorgan Chase in New York has [agreed to buy Renovite Technologies](#), a cloud-native payments technology company. The price wasn't disclosed.

## **Odds & Ends**

- Unity National Bank of Houston, the only black-owned bank in Texas, has entered into [a written agreement](#) with the OCC requiring the bank to improve its processes.
- Agility Bank in Houston [brought in \\$41 million in capital](#) – exceeding the \$30 million they were instructed to raise by the FDIC. The women-owned bank opened last spring.
- The Bancorp in switched to a [national bank charter](#) in advance of its move from Wilmington, Del., to Sioux Falls, S.D.
- First Seacoast Bancorp in New Hampshire [plans to raise up to \\$36.3 million](#) from its conversion from a mutual to a fully stock-owned company.
- Stearns Bank Minnesota has introduced [a small-dollar SBA loan](#) through one of its lending divisions.
- William Burnell, former chief credit officer at First NBC Bank in New Orleans, [pleaded guilty](#) to charges tied to the New Orleans bank's April 2017 failure.
- Neighborhood National Bank in California has been [freed from a 2016 consent order](#) with the OCC.

That's a wrap folks. May each of you have a productive and peaceful week.