

Hello again, Bank Slaters!

Enjoying the fall weather? I know some of you are covered in a blanket of snow (stay safe). I hope you all have good travel and some well-deserved time away from work over the Thanksgiving weekend.

Let's talk about potential contagion in the crypto space. The FTX bankruptcy set off a flurry of press releases from banks with ties to digital assets firms.

[Silvergate Capital](#) and [Signature Bank](#) said their FTX connections are limited to deposits. FTX accounts for less than \$1.2 of Silvergate's deposits and less than \$103 million at Signature, based on their most-recent numbers. [Customers Bancorp](#) said it holds no deposits tied to the once-booming crypto exchange.

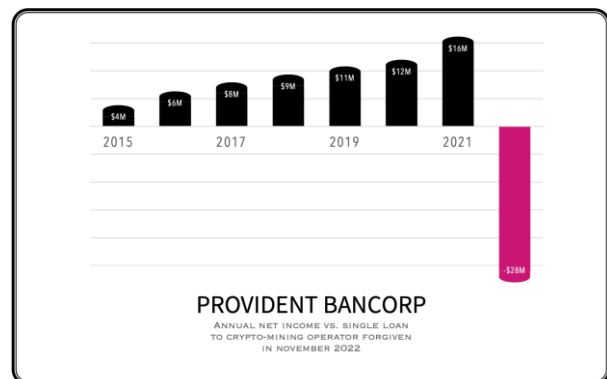
All of the banks said they have no outstanding loans to FTX. Customers added that it has no loans to any clients in the digital assets space.

Still, this will remain a topic of discussion for weeks to come. What's next? We have to watch for other falling dominoes to force more disclosures.

Silvergate is the [banking partner](#) for BlockFi, which filed for bankruptcy protection last week. I'm not saying Silvergate, or any other bank, is in trouble – but investors will want to hear more from them in coming weeks.

Another crypto-related disclosure came from Provident Bancorp in Massachusetts, which expects to report [a big third-quarter loss](#) tied to its dealings with crypto-mining firms. How big is that hit?

Look at this chart that my friend John Maxfield created that compares the writedown to the prior year's earnings.



SOURCE: Maxfield on Banks

Provident's bank had more than \$100 million of loans to such borrowers before writing off a roughly \$27 million loan.

What do you think? What will be the financial and reputational fallout? Let me know at [info@thebanksplate.com](mailto:info@thebanksplate.com). Let's take a gander at some headlines.

## **The Big Headline**

The Treasury Department [issued a report](#) that found that fintechs are creating new risks to consumer protection and market integrity in areas such as data privacy and regulatory arbitrage. The report called for more oversight of fintech's consumer finance activities. In my view, this could extend to banks that work closely with fintech, either through collaborative partnerships or areas like Banking-as-a-Service.

## **Another Big Headline**

An [AI tool](#) developed by researchers at two British universities could help governments decide whether or not to rescue a bank in crisis by predicting if the intervention will save money for taxpayers over the long term.

## **M&A**

- Washington Federal in Seattle [agreed to buy](#) Luther Burbank in California for \$654 million in a deal expected to close as early as the second quarter.
- First Community Bankshares in Virginia [agreed to buy](#) Surrey Bancorp in North Carolina for \$110.8 million.
- A group tied to, former HUD Secretary Ben Carson [received regulatory approval](#) to buy First State Bank in Oklahoma. It will be rebranded as Old Glory Bank.
- Wintrust Financial Illinois [agreed to buy](#) Rothschild & Co Asset Management US and Rothschild & Co Risk Based Investments. The deals are expected to close in the first quarter. The price wasn't disclosed.
- Climate First Bancorp in Florida [bought a climate and social justice platform](#) built by Ecountabl. The platform indexes data on 10,000+ companies, analyzing their environmental, social and governance performance.
- Citizens State Bank in Wisconsin [agreed to buy](#) Community Financial Bank in Wisconsin in a deal expected to close early next year. The price wasn't disclosed.
- Northstar Bank in Michigan [acquired](#) Cypress Capital Wealth Management in Michigan. The price wasn't disclosed.
- Ergo Bank in Wisconsin [agreed to buy](#) Farmers & Merchants Bank of Kendall in Wisconsin. The application was submitted last week.
- Commerce Bancshares in Missouri [agreed to buy](#) municipal bond underwriter and adviser L.J. Hart & Co. The price wasn't disclosed.

## **Arrivals/Departures**

- The White House plans to nominate Martin Gruenberg to [serve another term](#) as FDIC chairman.
- Visa said Ryan McInerney, its president, will succeed Alfred Kelly as CEO on Feb. 1. Kelly, who has been CEO since 2016, will remain chairman.
- Ed Najarian, a veteran banking analyst who semi-retired a decade ago, [joined EF Hutton](#) as senior managing director of its equity research department.
- Hills Bancorp. in Iowa, named Lisa Shileny as its [bank's president](#). She will remain the chief operating officer. Dwight Seegmiller remains the company's president and CEO and the bank's CEO.

## **(Fin)tech**

- The New York Fed plans to run [a 12-week proof-of-concept pilot](#) for a central bank digital currency (CBDC). The pilot will test the "technical feasibility, legal viability, and business applicability" of distributed ledger technology, as well as simulate tokens and explore regulatory frameworks. BNY Mellon, Citi, HSBC, Mastercard, PNC, TD Bank, Truist, U.S. Bancorp and Wells Fargo will participate.
- East West Bancorp and Customers Bancorp are among founding members of [Btech Consortium](#), a group formed to help banks collaborate on tech projects/investments.
- Daylight, a neobank focused on the LGBTQ+ community, plans to offer a family planning subscription service after [raising \\$15 million in new capital](#).

## **Odds & Ends**

- California BanCorp created [a specialty lending division](#) that includes asset-based lending and sponsor finance products. The nationwide platform will also offer treasury solutions to commercial clients.
- Friendly Hills Bancorp in California plans to [change the name](#) of its Friendly Hill Bank to First Pacific Bank by yearend.
- PL Capital, a well-known activist investor, is [seeking Fed approval](#) to own up to 19.9% of the stock in Evans Bancorp in New York.
- Burke & Herbert Financial Services in Virginia plans to [list its shares on the Nasdaq](#) in the next six months.
- Republic First Bancorp [rejected a effort](#) by a big investor to nominate a candidate for the Philadelphia company's board. The company said Philip Norcross isn't a shareholder of record and was ineligible to make a nomination.

- Santander Bank in Boston has started offering commercial equipment finance products to [health care organizations](#). The nationwide business is being led by John Pack, who previously served at Huntington Bank and TIAA Equipment Finance.
- The Fed has [terminated a 2010 written agreement](#) against Cecil Bancorp in Maryland. The company in 2022 returned to operational profitability for the first time since 2009.

There you have it. Enjoy the short week everyone!

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