

Hello fellow Bank Slaters!

We've made it to our 50th newsletter! I appreciate each of you who have signed up for these weekly updates, and I'm excited about the potential for this endeavor!

I recently shared my thoughts on managing a "sales slump" in an article by the [Forbes Financial Council](#). It was timely coming off the holiday season when retail sales taper off.

The discussion is also relevant for financial services companies that are heavily involved in seasonal businesses such as mortgages and insurance. Many decisions about 2023 spending should have been finalized during the budgeting process, but there are still ways to keep expenses in check in the early months of the new year.

Now is a good time to **review your costs**, particularly any looming contract renewals. It could pay off to get a head start examining those contracts. Consider bringing in an outside consultant, such as [SRM](#), to review the terms, conditions and pricing.

Go ahead and construct and **execute a tax strategy**. While you're frantically assembling receipts and meeting with your tax preparer, have constructive conversations about things you can do differently in 2023.

Figure out ways to **pay off larger expenditures incrementally** over time. See if you can take a hypothetical \$5000 expense and turn it into five \$1000 payments.

Finally, **stash a percentage of the cash** you bring in during a seasonal bump to ride out leaner periods. Just squirreling away a dollar or two from each paid invoice could be huge when it comes to weathering lead times.

What do you think? Am I missing any useful expense management hacks? Let me know at [info@thebankslate.com](mailto:info@thebankslate.com).

Let's see what transpired last week.

### **The Big Headline**

Disclosures that [Silvergate Financial](#) (\$4.3 billion in the fourth quarter) and [Signature Bank](#) (\$11.3 billion) relied heavily on FHLB advances to offset outflows of crypto-related deposits have [sparked debate](#) over the use of those advances. On the one hand, banks are legally allowed to turn to the FHLB. Critics, however, are characterizing the moves as a federal bailout.

## **Another Big Headline**

Federal regulators made news this week. The Fed set up parameters for its [pilot climate scenario analysis](#) for Bank of America, Citigroup, JPMorgan Chase, Goldman Sachs, Morgan Stanley and Wells Fargo. They have a July 31 deadline. Separately, acting Comptroller Michael Hsu said the OCC and other federal banking regulators would consider [breaking up big banks](#) that repeatedly fail to correct bad behavior.

## **M&A**

- First Community Bankshares in Virginia found itself negotiating one-on-one with Surrey Bancorp in North Carolina after another potential bidder backed out. Click [here](#) to read our behind-the-scenes take.
- Bank of Montreal [received approval](#) from the Fed and the OCC to buy Bank of the West in San Francisco. The deal is expected to close on Feb. 1.
- First Central Credit Union [agreed to buy a branch](#) in Marlin, Texas, from Citizens State Bank.

## **Arrivals/Departures**

- CapStar Financial Holdings in Tennessee hired Marc Gibson as [director of its SBA lending division](#).
- Florence Bank in Massachusetts named Matt Garrity [president and CEO](#). He succeeded Michael Lynch, a senior commercial lender who became interim president and CEO when Kevin Day retired in late November.
- Horizon Bancorp in Indiana said Thomas Prame will [become its CEO](#) in June. Prame, who will continue to serve as president, will succeed Craig Dwight, who will remain chairman.
- Newtek Business Services in Florida said Nicolas Young will become [president and COO of its newly acquired bank](#). Young was the company's chief risk officer.

## **(Fin)tech**

- Silvergate Capital in California, for the third time in recent weeks, [distanced itself from a crypto firm](#) seeking bankruptcy protection, noting that its ties to Genesis Global Holdco are limited to deposits. Still, it comes at a time when the bank is aggressively seeking to offset a large loss of deposits.
- Union Credit, a fintech that plans to offer speedy loan approvals and one-click loan activation for credit union members, [raised \\$5 million](#) in initial funding.

- Metropolitan Bank Holding in New York [reserved \\$35 million](#) in hopes it can resolve a probe by federal and state bank regulators into its ties to a former fintech client.
- Farmington State Bank in Washington, which gained notoriety when it was disclosed that FTX affiliate Alameda Research was an investor, plans to [get out of the crypto business](#). The bank also plans to stop doing business as Moonstone Bank.

## **Odds & Ends**

- Parke Bancorp in New Jersey is [missing a "significant" amount of cash](#) that was held by a third party for its cannabis-related clients. An armored car company Parke uses to store and transport cash reported the money missing from a vault that held about \$9.5 million in cash.
- BV Financial in Baltimore plans to become a fully stock-owned company. The company said Bay-Vanguard, its MHC, will undertake [a second-step conversion](#) later this year.
- Oregon Pacific Bank sold \$15.5 million of securities in the fourth quarter at a [pretax loss of \\$1.8 million](#). It then bought \$13.8 million of securities in a move that should create \$479,000 in annual interest income.
- Old National Bancorp in Indiana [formed 1834](#), a wealth management brand that combines several wealth advisory and investment management platforms. The name represents the year that Old National was formed.
- AmeriServ Financial in Pennsylvania responded to Driver Management, stating that its board tried to work with Driver before the investor went public with a proxy challenge. The letter, included in the regulatory filing, [got a little spicy at one point](#). Driver is also planning [a proxy challenge](#) at First Foundation in Dallas.
- Bank of Clarke County in Virginia [shortened its name](#) to Bank of Clarke, reflecting its expansion into other counties.
- Encore Bancshares in Arkansas [added Kelly Brown](#), a partner at investor Patriot Financial Partners, to its board. Brown founded First Wisconsin Bank & Trust, which was sold in 2008.

That's the rundown for last week. We'll likely see some more newsy nuggets and more community banks report fourth quarter and full-year earnings. Stay tuned!