

Happy Monday, Bank Slaters!

After three straight weeks on the road, it was good to have a week at home. At the same time, I was pleasantly surprised that North Carolina, where I'm based, is enjoying a streak of good weather.

The FDIC just announced that First Citizens BancShares here in North Carolina [entered into a purchase and assumption agreement](#) to buy deposits and loans tied to Silicon Valley Bridge Bank.

I was recently quoted in an [American Banker article](#) looking at the unique structure of New York Community Bancorp's purchase of certain Signature Bank deposits and assets, noting that the [issuance of equity appreciation rights](#) to the FDIC means it is in the best interest of both the bank and the government that the deal succeeds.

Shifting a bit, I was at ICBA Live when news of the recent failures broke. I met with dozens of community bankers; here are four things I gleaned from those discussions.

- **Deposits are critical.** Having a sound strategy to attract/retain a diverse base of deposits is important. The conference's session on deposit strategies was standing room only.
- **Messaging matters.** Many executives took time away from the convention to send emails and press releases touting their banks' financial health and differentiating their models from those that took down SVB and Signature. They were fielding calls from clients – at early hours due to time zones.
- **Concern about assessments.** Community bankers are worried about potentially paying higher assessments to cover the costs of insuring uninsured deposits. Many are pushing for a tiered system to put more of the onus on bigger banks to foot the bill.
- **Why have deposit insurance caps?** Several bankers back increasing or removing the \$250,000 cap after the government ignored it when deciding to make all SVB and Signature depositors whole. One idea would replace the cap with other restrictions such as a cap on industry concentrations.

What about you? What are your takeaways from the last two weeks? Let me know at info@thebanksplate.com.

Let's see what transpired last week.

The Big Headline

The Fed said in an [86-page order](#) that it rejected Custodia Bank's application to join the Fed system because of insufficient risk management experience, an uncertain and non-viable business model and an over-reliance on "speculation and sentiment" in the crypto sector, among other things.

M&A

- Lone Star Bank in Houston [considered offers from two other suitors](#) – a bank and an investment group – before having serious talks with First Guaranty Bancshares in Louisiana.
- First Mid Bancshares in Illinois [agreed to buy](#) Blackhawk Bancorp in Wisconsin for \$90.3 million in a deal expected to close in the second half of this year.

Arrivals | Departures

- Vizo Financial Corporate Credit Union in North Carolina said Fred Eisel will succeed the retiring David Brehmer as [president and CEO](#) in January.

(Fin)tech

- The ICBA's first fintech accelerator of 2023 will [focus on retaining and attracting deposits](#) – a timely endeavor given the recent fluidity of accounts.
- First Carolina Bank in North Carolina expects to [bring in \\$525 million of deposits](#) after agreeing to support BankMobile's higher education business.

Odds & Ends

- PacWest Bancorp in Los Angeles [explored raising capital](#) but decided that it "would not be prudent." PacWest instead secured \$1.4 billion in fully funded cash proceeds from ATLAS SP Partners through a senior asset-backed financing facility. The company also said deposit volatility has "calmed."
- Organizers of Nova Bank in Alabama [received conditional FDIC approval](#). The founders must raise \$21.7 million of initial capital.
- Executives at First Republic Bank in San Francisco will [forego annual bonuses](#) for 2023. CEO Michael Roffler, Executive Chairman James Herbert II and all other executive officers will also forfeit vesting all performance-based incentives this year. Herbert will also waive his 2023 salary.

- SVB Financial Group in California [filed for Chapter 11 bankruptcy protection](#) a week after regulators seized its bank.
- AmeriServ Financial in Pennsylvania [filed a lawsuit](#) against Driver Management in an effort to invalidate the activist investor's bid to have three people stand for election to the company's board.

Another week in the books. Curious to see what happens in the days ahead.

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