The Bank Slate (Vol. LXI) **April 10, 2023**

Hello, Bank Slaters,

I hope everyone enjoyed the holiday weekend. I feel like it was a good time to take a deep breath, decompress and move forward into the heart of 2023.

Let's talk about Jamie Dimon's shareholder letter. JPMorgan Chase's CEO touched on everything from the bank's health to succession planning (apparently there's a "hit-by-the-truck" plan ready to go). Here are the things that jumped out when I read it.

Impact of bank failures: The current crisis isn't over and the repercussions will be felt for years. "Any crisis that damages Americans' trust in their banks damages all banks. ... While it is true that this bank crisis 'benefited' larger banks due to the inflow of deposits they received from smaller institutions, the notion that this meltdown was good for them in any way is absurd."

Credit access will be reined in: "While this is nothing like 2008, it is not clear when this current crisis will end. It has provoked lots of jitters in the market and will clearly cause some tightening of financial conditions as banks and other lenders become more conservative."

Still hopeful: Consumers are spending 7%-9% more than in 2022 and 23% more than they did pre-pandemic. Their balance sheets are in great shape; they have $1.2 trillion more "excess cash" in their checking accounts vs. pre-pandemic. Unemployment remains extremely low and wages are rising. Supply chains "are recovering, businesses are pretty healthy and credit losses are extremely low."

Thoughts on artificial intelligence: AI is "an extraordinary and groundbreaking technology." He said that AI and the data that feeds it "will be critical to our company's future success — the importance of implementing new technologies simply cannot be overstated."

A warning on climate change: "The window for action to avert the costliest impacts of global climate change is closing. ... The need to provide energy affordably and reliably for today, as well as make the necessary investments to decarbonize for tomorrow, underscores the inextricable links between economic growth, energy security and climate change. We need to do more, and we need to do so immediately."

What are your thoughts? Let me know at info@thebankslate.com.

Here are the other notable headlines from the last few days.

The Big Headline

Deposits at small and midsize U.S. banks are [inching back up](). Excluding the nation's 25 biggest banks, deposits rose roughly $5.9 billion on a seasonally adjusted basis during the week that ended March 22, according to Fed data. That represents a 0.1% increase from the prior week.

M&A

- NuMark Credit Union in Illinois agreed to buy Pioneer State Bank in Illinois in a deal expected to close in the fourth quarter. The price wasn't disclosed.
- Farmers Bank and Savings in Ohio, applied to buy Nelsonville Home and Savings in Ohio.
- South Plains Financial in Texas sold its insurance agency to Alliant Insurance Services for an undisclosed amount.

Arrivals | Departures

- Webster Financial in Connecticut tapped Luis Massiani to serve as its bank president. Massiani was bank president and COO at Sterling Bancorp when it sold to Webster in January.
- Montana's Credit Unions hired Gerry Singleton as its president and CEO. He will succeed Tracie Kenyon, who has led the association for nearly 22 years.
- HBT Financial in Illinois said J. Lance Carter will become president and CEO on May 24. Carter, president and CEO of HBT's bank, will succeed Fred Drake, who will remain chairman of HBT and its bank.

(Fin)tech

- Charlie Javice, founder of Frank, faces criminal charges tied to claims of "falsely and dramatically inflating" the fintech's client numbers prior to its sale to JPMorgan Chase.
- Aspiration, a climate-focused neobank, plans to lay off more than 180 employees between May 26 and June first, according to a WARN Act notice.
- The Bankers Helping Bankers Fund made its first investment, committing funds to RiskScout, a regtech firm that specializes in compliance automation.

Odds & Ends

- The FDIC hired Blackrock Financial Market Advisory to market $27 billion of securities tied to the failure of Signature Bank and $87 billion of securities associated with Silicon Valley Bank. The agency also plans to sell about $60 billion of former Signature loans this summer.

- Western Alliance Bancorp. in Phoenix said deposit balances have stabilized in the past two weeks.
- A group in Ocala, Fla., applied with the FDIC for deposit insurance for the proposed Gala Bank.
- First Republic Bank in San Francisco suspended payment of quarterly cash dividends on its outstanding noncumulative perpetual preferred stock "as a measure of prudent oversight."

Voila! Hope everyone has a great week!