

OCC Releases it's Semi Annual Risk Perspective – Fall Edition

KEY TAKEAWAYS

- The COVID-19 pandemic and efforts to contain its spread in the United States caused a historic economic downturn in early 2020. Economic activity rebounded in the third quarter, but there is significant ongoing financial risk.
- Banks remain in strong condition with sound capital and liquidity levels. Bank profitability is stressed due to low interest rates and increasing levels of provisions for problem loans.

KEY RISK THEMES

- Credit risk is increasing as the economic downturn affects customer ability to service debts.
- Strategic risk is an emerging issue due to the impact on bank profitability from a historically low-rate environment and potential credit stress.
- Operational risk is elevated as banks respond to altered work environments and an evolving and complex operating environment. Cybersecurity threats are a key driver of the heightened operational risk environment.
- Compliance risk is elevated due to a combination of altered work environments and the requirement to quickly implement new federal, state, and proprietary programs designed to support businesses and consumers.

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CB Resource Products & Services



ERM



Strategic Plan



Capital Plan



CB BankAnalytics



Advisory Services

Trends & Observations

- ★ Two small banks failed in October. They won't be the last if COVID leaves some businesses ...
- ★ COVID Casts More Doubt On Future Of Bank Branches
- ★ Will Banks Fund the Next Wave of Fintech?
- ★ Bank-FinTech Collaboration Tackles SMB Finance Friction
- ★ Minnesota non-profit redirects deposits to help community banks
- ★ To weed out data bias, hire more Black analysts

Regulatory & IT

- ★ OCC Semi Annual Risk Perspective – Fall Edition
- ★ Former Wells CEO and chairman charged by SEC
- ★ Paycheck Protection Program Considerations During a Sale, Acquisition or Merger
- ★ Regulators grant relief to banks pushed past key asset limits by PPP
- ★ Banks, Build Vs Buy And The Great Digital Shift
- ★ CDFIs plug tech holes to close wealth gaps
- ★ CDFIs have untapped potential as game changers for minority-owned businesses

Shareholder Impact

Mergers & Acquisitions

- ★ OakStar Bancshares, Inc. and First Bancshares, Inc. Announce Merger

Other Banking News

- ★ Treasury's Mnuchin Declines to Extend 5 Pandemic Programs. Fed Says It Would Prefer They Stay.
- ★ Big Bank Bids Headed For Hill Hearings?
- ★ Analysis: Negative rate risk, QE overload may push central banks towards yield caps
- ★ Native American-Owned Banks by State
- ★ Here Are the Stocks Warren Buffett Has Been Buying and Selling
- ★ New Bank Charters May Lead to Confusion
- ★ Real-Time and One-Click Are the Future