THE SHOW-ME Banker

JUNE 2022

THE VOICE FOR MISSOURI'S INDEPENDENT BANKERS

THE TOP FIVE THINGS IN IT THAT CAN SHUT DOWN YOUR BUSINESS

PAGE 14

MIBA
Missouri Independent Bankers Association

THE SHOW-ME Banker

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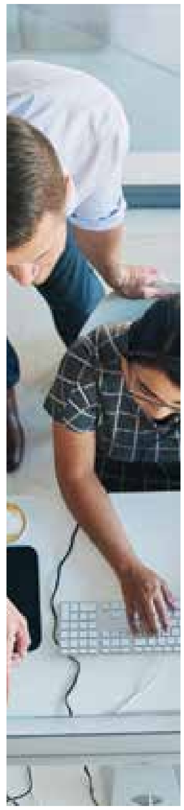
INSIDE THIS ISSUE



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Jack Hopkins

Community Bank of Raymore

“As a bank, we do not have tangible products to sell. We are trying to convince consumers and businesses to trust us with their money. We must also make them feel like they are getting a fair value.”

PRESIDENT'S MESSAGE

Marketing and Business Development

Why focus on marketing and business development?

New business is the lifeblood of every bank. We are always losing clients through life cycle events if for no other reason. Without replacing clients and expanding existing relationships, we would be out of business in no time.

What do you mean: marketing and business development?

My marketing professors at William Jewell College and Rockhurst College beat into me that all activities a business does to promote and sell products and services are marketing. Do you remember the four Ps? Product, price, place, and promotion.

“Indeed” defines business development as the identification of long-term methods to increase value through the development of relationships, markets, and customers.

Marketing Banks

As a bank, we do not have tangible products to sell. We are trying to convince consumers and businesses to trust us with their money. We must also make them feel like they are getting a fair value.

So how do we set our bank apart?

Traditional Community Banking Methods

1. **Word of Mouth**
   Word of mouth is still the best advertising. Recent surveys have shown that 81% of the respondents would trust a recommendation from a friend.

   How do you ensure your clients are referring your bank to potential clients? Do you ask them to refer people to you? Do you incent them in any way? Do you even know what your clients think of your bank? Avannis is an ICBA Preferred Service Provider that can help you survey your clients at a reasonable cost. We have used them for several years. You can use the feedback to reinforce associates who provide great service, and you can use it to improve areas where your clients feel improvement is needed.

2. **Affinity Marketing**
   Affinity marketing is a wonderful way to tie into a community. We can tie in with high school, college or professional teams through sponsorships, advertising, or other methods to help become a part of the group.

3. **Referrals From Within the Bank**
   Do you incent your associates to refer business to other areas of the bank? If not, is it because that is “just doing their job to do so?” Would it hurt to offer $10 cash incentives to refer clients to your financial services representative? Or $50 or $100 for helping get a loan application?

   We have used referral fees for years. In all honesty, while the money helps, the key benefit is the recognition that goes with giving the money away at our monthly staff meeting. It promotes competition, and the money is a visible way to help keep score.

4. **Giveaways**
   Many of you are too young to remember when we used to give away free toasters or dishes when you opened a new account. It became a running joke, but it worked. It gave us a way to set our banks apart in a tangible way. We continued to do periodic promotions offering gifts with new

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All of us are hopefully involved in some type of networking to generate new business for our banks. Participating in the chamber of commerce, Rotary, Kiwanis, Optimist, a networking club, etc., is a fantastic way to make contacts.

account openings until the last 10 – 15 years. The costs of the gifts we were giving away became too expensive over time.

We see several larger banks and credit unions in our market offering cash incentives to encourage people to open checking accounts. They must be weighing the lifetime value of the relationship against the cash incentive being offered.

5. **Networking**
   All of us are hopefully involved in some type of networking to generate new business for our banks. Participating in the chamber of commerce, Rotary, Kiwanis, Optimist, a networking club, etc., is a fantastic way to make contacts. At the end of the day, we all prefer to do business with someone we know and trust. These activities promote building relationships over time.

6. **Cross-selling**
   Do you all measure the number of products and services you sell to a client when they come in to open a new account? This tracking process can get out of hand, but there is value in knowing whether you have order takers or associates who know how to ask questions to learn how we can best meet our clients' needs.

   "Stop selling and start serving" is a phrase I like to use when people push back on tracking the products and services our clients purchase from us. If we only focus on meeting our clients' needs, how can we go wrong trying to be the bank that meets those needs?

7. **Product Bundling**
   Bundling products is nothing new. It is an old strategy that is now back in vogue. Giving clients an incentive to tie a checking and savings product makes the relationship much stickier.

Some Maybe-Non-Traditional-Community-Banking Ways to Set Our Bank Apart

1. **Direct mail**
   There is no better way to target people who should be our best prospects. It is proven that offering a compelling offer and targeting folks who are like our existing clients is a long-term winning technique. The drawback is that it is expensive.

   Using "pre-approvals" as a part of your direct mail campaign can improve results. Consult with your compliance officer, but "pre-approval" does not mean what you think.

2. **Using technology**
   Many of us are not attracting as many young clients as we would like. Using technology to attract and retain the younger generations can help change this trend. Younger people tend to be focused on convenience. They want to do business when they want, and online options meet their expectations.

   Are you opening new accounts online? If not, why aren't you? Are you lending money online? If not, is it because you do not have the expertise? Have you considered teaming up with a fintech? ICBA can help you find a partner that might be a good fit through their ongoing programs.

3. **Social Media**
   Gone are the days of relying on local newspapers to get your message out. Using social media to keep your brand and product and service offerings in front of clients and potential clients is cost-effective and very personal if done correctly. Again, if you do not have the expertise to do this in-house, finding someone to help you is not cost-prohibitive.

4. **Working With Other Banks to Share Costs and Expertise**
   I know it is hard for us to agree on almost anything, but sharing a fractional Chief Marketing Officer or working together to hire a firm to help market our banks just makes too much sense to ignore. Many of us do not compete directly and we have shared challenges and goals. Let us work together and accomplish more.

Summary

All of us have a marketing and business development plan in place whether it is in writing or not. Is it time to consider a few new tools to add to the mix to keep moving forward? If we do not continually evolve, we will eventually be unable to generate an acceptable return on investment. ■

CHIPPEWA VALLEY BANK

Tired of Borrowing Money Being More Complicated and Difficult Than it Needs to Be?

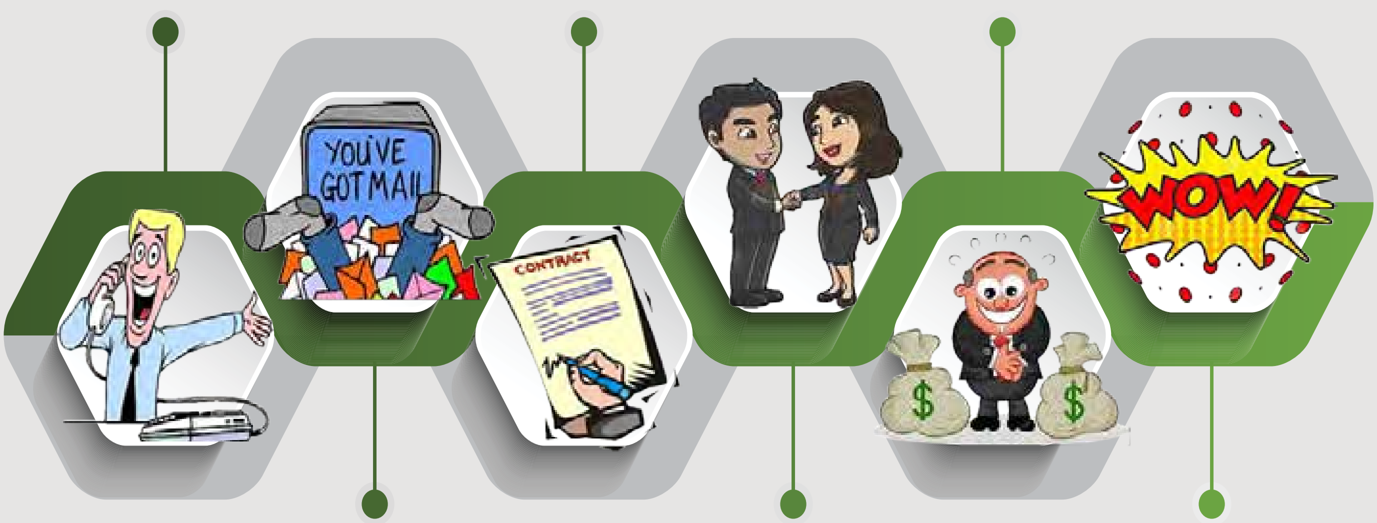
Bank Stock and Bank Holding Company Stock Loans Done the Simple Way

Bank mergers, acquisition loans and refinances up to $50 million

1. Calling us is the first step.

3. CVB preparing the loan documents generally within 5 to 10 days.

5. CVB wires the funds.



2. You email us the appropriate documents of information.

4. Meeting the customer. We will come to you to sign loan documents.

6. Wow that was easy.

» Call Rick Gerber or Ryan Gerber at 1-866-282-3501 or email

rickg@chippewavalleybank.com
ryang@chippewavalleybank.com

FDIC

EQUAL HOUSING LENDER

Brad Bolton

Chairman of the ICBA

"Focusing on the "whys" helps employees see how decisions fit together in a perfect puzzle for high-performing success, and it motivates them to be contributors to that success."

FROM THE TOP

In community banking, we're not ones to rest on our laurels. We're always raising the bar for ourselves, our teams and our communities to ensure we provide the best possible services to our customers. It's our nature to be overachievers, exceeding our customers' expectations, so we continually grow to meet their needs in new ways.

And ongoing education is an integral part of our ability to do just that.

I am a firm believer in education. My dad went to banking school, and I was given the opportunity when the time came. It set the tone for my priorities as a bank leader. Beyond a business emphasis on capital adequacy, asset quality, management, earnings, liquidity and sensitivity (CAMELS), we have focused on building team knowledge. That's because it's our philosophy that the more expertise we have in house, the better our bank will perform.

As a leader, you, too, are an educator. Teaching the "why" behind a decision is as important as making the decision itself. Telling people why it matters and how it affects other aspects of your community bank signals where the bank's priorities lie and how they support its overall vision. Focusing on the "whys" helps employees see how decisions fit together in a perfect puzzle for high-performing success, and it motivates them to be contributors to that success.

I love that saying, "If you give a man a fish, you will feed him for a day; if you teach him how to fish, you will feed him for a lifetime," because that's exactly what we do at ICBA. Through ICBA LIVE, LEAD FWD, certification programs, webinars and a host of other knowledge-based activities, we don't just show your teams how to be better bankers. We teach them.

Having served on the Education Committee for several years and the Certification Board for a few terms, I can attest to ICBA's strong investment in future leaders. Sending your teams to these events makes them better educated and engaged employees. In turn, these employees will work even harder to take care of your customers, ultimately strengthening your bank's standing and performance.

Overall, what defines a leader is how many future leaders they nurture. You want your teams to think not like employees but like co-owners of your bank's successes. So, as we read about these top-performing community banks in this month's issue, let's not only look to their statistics but to the people behind them. Because when it comes to performance, it's the people who make the bank. ▪

My Top 3

Great leadership drives great performance, so in the spirit of continuous learning, the following are my top reads for that wisdom:

1. Book of Proverbs
2. The 360-Degree Leader, John Maxwell
3. Good to Great, Jim Collins

Connect with Brad at @BradMBolton

Rebeca Romero Rainey

ICBA President & CEO

@romerorainey

“Everything feeds into the customer experience, and that ability to meet and exceed customer expectations is what distinguishes us as community bankers.”

FLOURISH

“All in.” That phrase echoed throughout ICBA LIVE this year, and it’s an expression that I have fully embraced. Because it’s more than a saying; it’s a rallying cry for community bankers. Being all in means we put the needs of our customers and our communities first, in three distinct ways:

1. **We design “wow” moments.** Everything feeds into the customer experience, and that ability to meet and exceed customer expectations is what distinguishes us as community bankers. We constantly ask ourselves how to get to “yes” for our customers, not taking no for an answer. That resilience creates moments of customer surprise and delight – when we help them realize their dreams by going that extra mile.

2. **We support our customers’ financial life stories.** A community banker is on a journey with their customer through the ups and downs of life. For example, an agricultural farmer may have one season of good and productive crops and drought in the next one, leaving them in need of a different sort of bank support. Being a community banker means that we’re not looking at this experience as a single season. We see it as a full cycle. The relationship we’ve created offers us the opportunity to support that customer through the good and the bad, the challenging and the easy, and to meet their needs based on where they are on their path.

3. **We create a culture of connection.** In a community bank environment, you see first-hand that banking is not about transactions but about the people behind them. When you get a direct call from someone in your community who has a question or needs your support, you desire to carry the request all the way through to its natural conclusion. Because it’s not just a call; it’s a relationship. That passion stems from the culture, training and perspectives within the bank. It is who we are as community bankers.

This “all in” philosophy demonstrates precisely what it means to be a community banker. In fact, as we dive into this month’s issue and read the stories of the standout banks that are this year’s top performers, one common thread arises: They are all in — for their teams, their customers and their communities.

And at ICBA, we’re all in for you. We will continue to advance our mission in advocacy, education and innovation to ensure communities nationwide have access to community bankers — the bankers who will be all in for them. ▪

Connect with Rebeca @romerorainey.

A VIEW FROM THE CAPITOL

The IMPROVE the SBA Act

The Small Business Administration (SBA) has been in the spotlight for the last two years thanks to the pandemic.

As bankers are well-aware, the CARES Act established the Paycheck Protection Program (PPP) and Economic Injury Disaster Loan (EIDL) program to get emergency funding to American businesses at a historic pace with the help of smaller financial institutions. The PPP program did a lot of good and saved millions of jobs, thanks to many of you. But the pandemic also brought to light many of the shortcomings of the SBA.

As the Ranking Member of the committee with sole jurisdiction over this often-unaccountable agency, I recently introduced the *IMPROVE the SBA Act* to bring some much-needed reform. First and foremost, my bill would reform the SBA so the agency runs more efficiently to best serve small businesses without unnecessary regulation. Most small businesses don't have the resources to deal with superfluous paperwork and government hoops to jump through — and it shouldn't be necessary.

The bill would also ensure integrity in the SBA's counseling services and increase the agency's outreach to rural and smaller communities across the country, where small businesses can have an especially large footprint. And this bill would provide increased Congressional oversight and more transparency to the American public. According to the SBA Inspector General, the SBA's Economic Injury Disaster Loan (EIDL) Program alone has squandered up to $84 billion in fraudulent loans over the past two years. That's $84 billion coming out of taxpayers' pockets going to fraudsters who take advantage of weak safeguards and SBA staff who refuse to perform due diligence. Clearly my reforms are badly needed.

Most importantly for bankers, the *IMPROVE the SBA Act* would get the SBA out of the direct lending business — something history has shown it is clearly not equipped to do — and turn the agency into purely a guarantor. The reason the PPP was such a success was because loans were being made by smaller community banks who know their customers and have a relationship

The *IMPROVE the SBA Act* would prohibit the SBA from direct lending and reform disaster lending to better empower private sector lenders.

with them. These business owners, fighting to keep their doors open, weren't just a number in a database of millions like they would be if the federal government had been making these loans.

On the flipside, EIDL loans were disbursed by the federal government through the SBA and potentially had a 20% rate. While it has already been proven that the federal government has a long history of attempting to run direct lending programs without success, this certainly makes the point crystal clear.

The IMPROVE the SBA Act would prohibit the SBA from direct lending and reform disaster lending to better empower private sector lenders. The ICBA is one of the numerous groups that have already endorsed my bill. Small businesses are best served when the government lets you do what you do best and stops trying to compete with the private sector.

There are 32 million small businesses in America that spur economic growth, support nearly 61 million jobs, and spearhead innovation. Small and independently owned businesses are especially important in states like Missouri where we have many smaller and more rural areas. They help create good jobs and keep our local economies humming along, and they can't do that without the support of local lenders. My bill ensures that SBA does not go after your business but instead, acts as a partner to support your customers. It's better for small businesses, small banks, and the American taxpayers. ▪

Congressman Blaine Luetkemeyer

Missouri's 3rd Congressional District

"The reason the PPP was such a success was because loans were being made by smaller community banks who know their customers and have a relationship with them."

LEGAL EAGLE SPOTLIGHT

House Bill Could Change Bankruptcy Code Debt Limits for Subchapter V and Chapter 13 with Sunset Clause

By Andrea Chase and Eric Van Horn, Spencer Fane LLP

Subchapter V of Chapter 11 of the Bankruptcy Code is a fast-track small business bankruptcy option provided by the Small Business Reorganization Act of 2019 (SBRA).

Originally, the debt limit to qualify under Subchapter V was $2,725,625 of non-contingent, liquidated, secured and unsecured debts (excluding debts owed to affiliates or insiders). Under the Coronavirus Aid, Relief and Economic Security Act (CARES Act) signed into law on March 27, 2020, the limit was temporarily increased to $7.5 million for one year. That increase was extended for one additional year by the COVID-19 Bankruptcy Relief Extension Act of 2021 and expired on March 27, 2022, because legislation was not passed by Congress to extend it.

As detailed below, a bill that passed the United States Senate is now pending the House of Representatives to increase the debt limit back to $7.5 million for two years.

On March 14, 2022, Sen. Charles Grassley of Iowa introduced Senate Bill 3823 (S. 3823 or "the bill") entitled "Bankruptcy Threshold Adjustment and Technical Corrections Act" into the Senate, which proposed amendments to Subchapter V of Chapter 11 of the United States Bankruptcy Code and to Chapter 13 of the Code. The bill was initially co-sponsored on a bipartisan basis by Senators John Cornyn of Texas, Dick Durbin of Illinois, and Sheldon Whitehouse of Rhode Island and proposed to make permanent the debt limit of $7.5 million provided by Section 1182(1) of the Code for debtors to qualify for relief under Subchapter V.

Additionally, the bill indexes the $7.5 million debt limit to inflation allowing for the limit to be adjusted upwards every three years to account for changes in the Consumer Price Index for All Urban Consumers, published by the Department of Labor. The bill did not propose adjusting the debt limit on April 1, 2022, when other adjustments were made.

Among other amendments, the bill also seeks to make clear that in Subchapter V cases where a debtor ceases to be a "debtor in possession," the Subchapter V trustee is authorized by the code to operate the debtor's business.

For Chapter 13 cases (for individuals seeking to reorganize versus liquidate their debts and assets in Chapter 7), the bill proposes a new, increased, and combined debt limit of $2.75 million for both secured and unsecured, non-contingent debts.

... a bill that passed the United States Senate is now pending the House of Representatives to increase the debt limit back to $7.5 million for two years.

Under current law, the debt limit for such cases is lower and split between secured debts ($1,257,850) and unsecured debts ($419,275). The bill, therefore, increases by over $1 million the debt limit for Chapter 13 cases and simplifies the eligibility requirement. This change will expand the number of individuals eligible and could result in individuals who would otherwise have to file individual Chapter 11 bankruptcy cases to file under Chapter 13.

On April 7, 2022, the bill was passed by the Senate by unanimous consent, but with an amendment to make the Subchapter V and Chapter 13 debt limit increases temporary for two years instead of permanent.

On April 11, 2022, Rep. Joe Neguse of Colorado introduced a bill that mirrors S. 3823 into the House of Representatives (H.R. 7494) which is co-sponsored on a bipartisan basis by Rep. Ben Cline of Virginia. That bill is pending in the House of Representatives. The bill will need to pass the House before it can be considered for signing by the President.

As a result of the return to the lower Subchapter V debt limit, creditors, especially banks, credit unions, and other lending institutions may experience a decrease in the number of borrowers who file cases under Subchapter V and an increase in those who are now forced to file under traditional Chapter 11 unless and until the bill is passed into law. Additionally, banks and other lending institutions may become more frequently involved in Chapter 13 cases than before and may need additional awareness and guidance on how to navigate the Chapter 13 case and plan process. ▪

Andrea Chase and Eric Van Horn at partners at Spencer Fane LLP.

MEET YOUR

MISSOURI BANKER

Name: **Jenni Linton** **Title:** **Vice President -- Mortgage Lending**

Bank Name: **Bank of Old Monroe**

Each member of our team goes above and beyond each and every day for our external and internal customers. There is never a shortage of someone willing to reach out and give a helping hand

Where are your main bank and branches located? What is the market like?

Our main bank is in Old Monroe. We have branches in Moscow Mills, Troy, O'Fallon and Wentzville. With branches in both St. Charles and Lincoln counties, we are able to serve a vast array of clients ranging from farming and agriculture to residential construction and commercial lending.

What is something unique about your bank?

The Bank of Old Monroe was established by a group of farmers in 1906 and, through the years, has continued to serve that customer base while growing in our commercial presence. The bank is owned and operated by shareholders, some of whom are family members of the original founders. In addition to traditional banking services, BOOM has an investment services division that offers security and advisory services, including life insurance, full-service brokerage accounts, and 401(k) plans.

How did you get started in the banking business?

While working in college, I was fortunate to be part of a customer service team for a financial advisory firm. This experience made me realize that I valued relationship building and wanted to work in a field that allowed me to help individuals reach long-term financial goals. After graduating, I was hired at the Bank of Old Monroe as a Credit Analyst. I served in that role for a year before I was offered the opportunity to manage the mortgage department. Little did I know at the time that I would be leading a mortgage team through an unprecedented pandemic with historically low interest rates. This experience has helped me and my team grow both professionally and personally.

What is the most important thing you've learned from this career so far?

The Bank of Old Monroe and our team live by four very important pillars: trust, humility, integrity and servanthood. These guiding principles have taught me to always look beyond myself to take care of my team and customers first, and everything else will work itself out.

Tell us about the Bank's community investment efforts.

Our bank is invested heavily in the communities we serve. This includes monetary donations to local events and charitable organizations to volunteer our time and talents with agencies around the area. Our team recently partnered with Junior Achievement to sponsor an entire local elementary school to give lessons in financial literacy. Servant leadership is at the heart of community banking, and it is truly a privilege to be able to give back.

What is the Bank's biggest challenge in the area of internet banking/mobile banking?

I think our biggest challenge is probably the same as many other banks, which is protecting our customers' information. We have implemented many tools, but the digital world is always changing and evolving.

What's your favorite thing about your bank/banking in general?

My favorite thing about the Bank of Old Monroe is our people. Each member of our team goes above and beyond each and every day for our external and internal customers. There is never a shortage of someone willing to reach out and give a helping hand. Our culture fosters individual and collaborative growth and equips us with the tools needed to give our customers the highest level of personalized service.

If you didn't have a career in banking, what other career would you choose?

I would pursue a career in floral design. You are able to connect with people during some of life's biggest moments, just as you are able to with banking. I worked with my mother-in-law in her local flower shop during high school and college and really enjoyed it. ▪

A BACKGROUND ON

AARON PANTON

MIBA recently interviewed Aaron Panton about his life, career and work perspectives.

Aaron Panton is a first-generation banker, but he said, “I am hopefully setting the stage for there to be many more generations in the Panton family’s future.”

Aaron was born in Nashua, New Hampshire, in the southern part of the state near the Massachusetts border. However, he grew up in the far north of the state, in Littleton, near Mount Washington. His interests and hobbies include his family, coaching, travel and woodworking. “I try to build a few wood projects each year,” he said.

The path toward banking was indirect. Aaron attended Johnson & Wales University, and while there, he focused on culinary arts and hotel restaurant management. He changed direction shortly afterward and landed in financial services. He has since earned a degree from The Paul W. Barret, Jr. School of Banking in Memphis. Aaron said, “I became a banker because I really enjoy getting to know people, and helping them reach their business and personal financial goals is rewarding. As my career has progressed, I have seen that our impact as community bankers is significant in the communities we serve.”

Aaron has approximately 17 years of banking experience. He started in banking in 2005 when he worked for Regions Bank as a mortgage loan officer, then spent eight years with Wells Fargo as an area sales manager. He was responsible for all mortgage operations in Arkansas, rural Missouri, southern Illinois and western Kentucky. He spent a year at Ozarks Federal as their chief lending officer and has been at The Bank of Missouri for the past seven years.

Currently, Aaron is responsible for six branches in three Missouri communities: Scott City, Cape Girardeau and Jackson. “I am blessed to have the opportunity to be a regional president,” he said. “I have an amazing team. The people who are part of it are focused on the customers and the communities we serve.”

Several nonprofits also benefit from Aaron’s involvement. He currently serves on the Cape Area Chamber of Commerce as the past chair, and on the Codefi Foundation board. “Codefi is a very cool organization that brings skills and opportunities to entrepreneurs and students across the southern part of Missouri,” Aaron said. “I encourage you to check out all their work.” (Codefi focuses on rural innovation and economic development; the website address is https://www.codefiworks.com). And finally, Aaron serves on the Cape Girardeau Parks & Recreation Foundation board.

He has a strong interest in continual learning. “Continual learning is the process of acquiring new skills and knowledge over time. This process helps me develop both personally and professionally. I equate learning with growing, and if you’re not growing, you’re dying. To be successful in today’s world with the speed at which things change, you must be intentional about learning. Take it into your own hands. I believe that discomfort comes with growth. I try to put myself in situations or scenarios that stretch me and force me to look at things from a different perspective," he said.

The most rewarding part of Aaron's career: "The impact I get to make every day on the community where I live. I hope that the impact I have is always a positive one." Aaron values his MIBA membership. "

I think MIBA's statement of purpose sums it up," he said. "MIBA provides resources to independent community banks that allow them to continue to serve the community. MIBA is also a voice at the state and federal levels to protect the community bank's identity. I have really enjoyed the relationships I've formed within the association, and I have been fortunate to meet some very impressive bankers."

As a member of ICBA, Aaron was recognized in 2021 as an emerging community bank leader in a "40 under 40" article. He said, "The ICBA is an unbelievably valuable organization. It was a true honor to receive this recognition."

Mentors have been an important part of Aaron's career, just as they have been for so many people. "I have had many mentors throughout my career," he said. "The one who may have had the largest impact on me early in my career is a dear friend and former colleague, Tony Julianelle. Tony shared an important lesson early in my career. He taught me that I was responsible for my professional growth and nobody else."

Aaron expressed the three pieces of advice he shares with those he mentors: number one, read. Number two, make sure your perspective is diverse and always open to change. And number three details one of his favorite quotes by Patrick Lencioni: "If everything is important, then nothing is." He added, "Make sure you truly prioritize important things, both personally and professionally."

I have an amazing team. The people who are part of it are focused on the customers and the communities we serve.

When asked about the most important challenges facing the community banking industry, Aaron said, "There are many threats to our industry, but digitalization is the biggest. We must make sure we as an industry can 'be where they are.' The way our customers bank and want to bank is changing. We, as an industry, must listen to our customers, meet them where they are, and do so when they want it. Banking isn't nine to five, Monday through Friday anymore. Customers have more banking options now than ever, and as a community bank, we must stay nimble and truly listen to our customers and our community's needs."

Aaron suggested solving the challenges by "staying active, engaged, and intentional about listening to your customer's needs. Leverage and embrace technology!" Aaron's parents presently live in northern Vermont, and he has two sisters. One sister lives in northern Vermont, where she owns and operates an independent insurance agency with her husband; and the other sister, also in insurance and working for a large agency, lives in Louisville, Kentucky. Aaron's father is retired from manufacturing. Aaron and his wife, Cassie, have three children. Mia (14) will be a high school freshman next year. Elijah (11) will be in sixth grade, and Brody (9) is headed to the fourth grade.

In conclusion, Aaron said, "Love, learn and grow. Love what you do and who you are around. If you learn something every day, your growth is guaranteed!" ▪

THE TOP FIVE THINGS IN IT THAT CAN SHUT DOWN YOUR BUSINESS

By Thomas H. Douglas, JMARK
MIBA Endorsed Partner

For decades, the most significant and most valuable assets of most banks were physical: buildings, currency, and infrastructure. Today, the most valuable assets for the majority of institutions are digital. These include account data, customer information, intellectual property (plans, templates, standard operating procedures, etc.), correspondence, documents, spreadsheets, and certainly the data that lives in your core applications. Unfortunately, this means every bank could lose millions with the wrong keystroke. Here are the top five easily-made IT mistakes with the power to shut down your bank — and the opportunities they present to improve your business when handled well:

Threat #1: Poor backup and restoration, business continuity, and disaster recovery practices. Each of these requires a unique set of strategies and practices. Backup and recovery are about recovering lost data from day to day, including data that gets deleted or is lost due to drive failure. Business continuity addresses major system failures, such as a server environment or a storage area network failure, where the objective is to get the bank operating again quickly. The challenges in business continuity are mainly technological. Disaster recovery addresses the loss of an entire location or facility due to any disaster (whether natural or human-made) where the objective is also to get the bank operating again. Other non-technical challenges, such as building damage, personnel loss, or other factors, may also play a part during disaster recovery.

Opportunity: Good recovery plans should include all conceivable scenarios, from natural disasters to ransomware attacks. A well-made business continuity and disaster recovery plan will encompass daily backup and restoration practices as well. During the process of putting together your continuity plan, you will be able to uncover and address vulnerabilities in your systems as well as shore up your investment in cyber liability insurance.

Threat #2: Poor security management. Overlooking this one can quickly cause your bank to lose money. Even with a good recovery plan in place, security breaches cost hundreds of thousands — or even millions — of dollars in downtime, reputation, and opportunity costs, not to mention the cost and disruption of re-engineering the environment to ensure it does not happen again. There was a time when having "adequate" patch management, firewalls, and anti-virus software were enough. Those days are long gone. Good security management now includes twenty security controls recommended by the Center for Internet Security, encompassing everything from automation and alerting to remote access, logging, cloud solutions, security testing, monitoring, and so much more.

Opportunity: Every bank needs to invest properly in security as an essential operating cost. Doing so builds safety and security into your operations, which brings stability and trust from employees and customers. This stability and trust give you "permission" to invest in innovation, product development, and market expansion.

Threat #3: Sloppy IT. This is a situation of "death by a thousand cuts." Inefficiencies, people who leave because slow IT hinders their performance, data loss, not staying current with hardware and applications, no chance to innovate because IT is putting out fires constantly, stagnation — the list goes on. Sloppy IT is one of the leading causes of chaos and distractions within a business. Distracted people cannot focus on the future because they are constantly dealing with hourly or daily challenges just to operate. We all want "water cooler" talk to be about topics that move the business forward and contribute to a strong team culture, not focus on how people can't get their jobs done because of an IT issue.

Opportunity: On the other side of the coin, optimized IT will be the building block for innovation, collaboration, creativity, and improvements throughout your bank. Well-run technology contributes to efficient workflows, time-saving processes, customer acquisition and retention, and logistics and can even help reduce cost and waste in some areas. Do a technology assessment with a third-party MSP like JMARK to discover ways to improve the way IT supports your institution.

Threat #4: Poor vendor management. The biggest threat is data loss when your cloud service or another connected vendor (like an MSP) gets hit with ransomware, and the encryption impacts your core business operations. This could be due to a lack of due diligence when signing with the vendor or a change in the vendor's process or products that do not get fully vetted. We have all heard the stories about massive data breaches at Target and Home Depot. These came from connected vendors who did not properly manage the environment.

Opportunity: Fully vet potential vendors with the help of your managed services provider. While this may seem cumbersome, in the long run, this creates efficiencies because your IT provider can ensure that all the tools and applications you use every day will "play well" together. You may even be able to streamline some of the third-party services.

Threat #5: Failure to train. Every bank must now have a focus on technology and security training. There are multiple reasons for this, with security training for phishing and social engineering attacks being at the top of the list. But beyond security, training on software and applications, standard operating procedures, data management, and workflows that help people get the most out of their technology should also be done. Failure to train leads to complacency, which leads to a failure to innovate. When a business fails to innovate, it will eventually become the next Blockbuster — an outdated relic doubling down on obsolete services.

Opportunity: Training creates confidence. Your employees will feel safe and know that they are contributing to keeping the bank (and thus their jobs) safe. They will also have the confidence to do their best work, which will lead to proactive problem-solving, innovation, and improved morale.

Final Thoughts

Technology plays a part in every aspect of modern business operations, from workflows to communication, marketing, customer service, and beyond. Poor IT can cause disastrous results when not properly configured and optimized; however, great IT can provide the foundation for your bank to break new ground, accelerate your success, and achieve stable, long-term growth. ▪

At JMARK, we love helping banks turn IT threats into opportunities. If you would like to learn how we can de-risk your bank and properly protect your digital assets, please reach out to Tom@JMARK.com.

Even with a good recovery plan in place, security breaches cost hundreds of thousands — or even millions — of dollars in downtime, reputation, and opportunity costs, not to mention the cost and disruption of re-engineering the environment to ensure it does not happen again. There was a time when having "adequate" patch management, firewalls, and anti-virus software were enough.

2022 MIBA PAC HONOR ROLL

Contributors to the MIBA Political Action Committee are recognized for their generosity on the Association's website and at the MIBA Annual Convention and Exhibition. Different levels of contribution have been set to recognize supporters of our Political Action Committee fund and to make the Association's membership more aware of this important facet of our work on behalf of the political agenda of community banks across Missouri.

Note: personal or corporate campaign contributions to any PAC are not deductible in any amount for federal tax purposes.

PRESIDENT'S FAIR SHARE LEVEL
$10 per Million in Deposits up to 250M Cap

- Adrian Bank
- Bank of Advance
- Bank of Iberia
- Bank of Old Monroe
- Bank of St. Elizabeth
- Blue Ridge Bank & Trust, Independence
- BTC Bank, Bethany
- Citizens Bank, New Haven
- Community Bank of Pleasant Hill
- Community Bank of Raymore
- Community State Bank of Bowling Green
- Exchange Bank of Missouri, Fayette
- Farmers & Merchants Bank, St. Clair
- First Independent Bank, Aurora
- Jonesburg State Bank
- Metz Banking Company, Nevada
- Midwest Independent BankersBank, Jefferson City
- Midwest Regional Bank, Festus
- New Frontier Bank, St. Charles
- Northeast Missouri State Bank, Kirksville
- Peoples Bank & Trust Co., Troy
- Peoples Bank of Altenburg
- Peoples Bank of Wyaconda
- Peoples Savings Bank, Hermann
- Preferred Bank, Rothville
- Regional Missouri Bank, Marceline
- Security Bank of the Ozarks, Eminence
- Sherwood Community Bank, Creighton
- The Bank of Missouri, Perryville
- The Bank of Salem
- The Missouri Bank, Warrenton
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- Town & Country Bank, Salem

PLATINUM LEVEL
$750 and up

- Bank 21, Blue Springs

GOLD LEVEL
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- Community Point Bank, Russellville
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$200-$399

- 1st Advantage Bank, St. Peters
- Callaway Bank, Fulton
- Chillicothe State Bank
- Farmers State Bank
- Silex Banking Company
- State Bank of Missouri, Concordia

Individual

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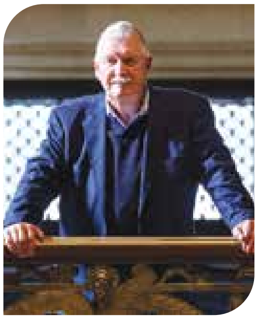
- Carl Blochberger, Tipton
- Sue Ann Loesch, Jefferson City
- H.E. Blankenship, California
- Bobby Schatzer, Latham
- Lori Woratzeck, California
- Calen Bestgen, Tipton
- David Johansen, Syracuse
- Karen, Messerli, California

MIBA LOBBYING
REPORT



Andy Arnold

Arnold & Associates

As I write this, we are in the last week of the Missouri Legislature's 2022 regular session. With five days to go, we are still working to pass legislation that would definitively criminalize ATM smash-and-grabs; the issue has been added to several bills we are pushing across the finish line.

Today, (Monday) the House passed a third congressional map that they expect the Senate to take up and pass. The Senate is not so keen to tackle the issue. Maps have been one of the hottest topics of discussion since early January when the consensus among the Legislature was that maps would only be a minor distraction this Session. With four days left, those predictions don't look so good.

The Young Bankers were in town in the middle of last month and we were able to meet with House Financial Institutions Chairman Rick Francis, Senate Local Government & Elections Chairwoman Sandy Crawford, as well as State Treasurer Scott Fitzpatrick's staff. What did we learn from those conversations? Politics sometimes requires us to accept a harsh reality. If we don't pick and choose our battles, we may fade into the echo chamber from which we continuously seek to differentiate ourselves.

Politics sometimes requires us to accept a harsh reality.

Salvation will come Friday, May 13th, at 6:00 p.m. Any pending legislation will be dead and rendered harmless. The contention accrued every day of the 2022 regular session will dissipate, and we will begin the process of planning for 2023.

FIVE STRATEGIES FOR STRENGTHENING YOUR BANK'S CYBERSECURITY POSTURE

By Steve Sanders, CSI, Chief Information Security Officer

In its seventh annual survey, CSI asked banking executives from across the nation about their top strategies and priorities for 2022. The results were used to inform the 2022 Banking Priorities Executive Report, which details the challenges and opportunities in today's financial landscape.

When asked about the one issue that will most affect the financial industry in 2022, it's no surprise that cybersecurity (26%) outranked the other two leading issues – recruiting/retaining employees (21%) and regulatory change (14%).

What Did Bankers Identify as the Top Cybersecurity Threats for 2022?

According to the 2022 results, an overwhelming majority of bankers view employee-targeted phishing (57%) as the top cybersecurity threat, with customer-targeted phishing (51%) following closely. Often the result of social engineering schemes, 48% of bankers worry about the threat of ransomware.

As cybercriminals enhance their tactics to continue targeting data-rich institutions, this concern is well-founded. Ransomware is a type of malware that locks out the authorized user once installed and encrypts the available data to hold for ransom, posing an operational and reputational risk. Incidents of ransomware have risen, with the global attack volume skyrocketing by more than 150% for the first half of 2021 compared to the previous year.

The current geopolitical climate, greater reliance on digital channels and increased turnover in a variety of industries have created an environment ripe for vulnerabilities. And cybercriminals are wasting no time exploiting the weaknesses and vulnerabilities of systems to launch sophisticated attacks.

Unfortunately, the availability and automated nature of modern ransomware allows an attack to be initiated with limited upfront costs and maintenance from criminals. Since ransomware attacks pose little risk to the hacker, provide a quick payout for criminals and are carried out relatively easily and anonymously, institutions should remain on high alert to identify and combat these threats.

How to Strengthen Your Bank's Cybersecurity Posture

As incidents of ransomware and other attacks increase in frequency and sophistication, consider the following strategies to enhance your bank's cybersecurity posture:

1. **Prioritize Cybersecurity Training:** With 41% of bankers emphasizing employee/board cybersecurity training, most understand that the "people factor" represents an institution's biggest potential weakness. To create a cybersecurity-focused culture, ensure employees are familiar with the latest threats and know how to identify the warning signs. If employees fail social engineering tests, revisit your strategy to provide real examples of phishing as well as incentives for employees to do their part.

2. **Raise Customer Awareness:** Only 18% of bankers identified customer cybersecurity training as a top tactic in 2022, but it's important to remember that banks benefit significantly from an informed customer base. Since

customers, especially those newest to digital banking, are another component of the "people factor," institutions must ensure they reinforce the importance of good cyber hygiene through cybersecurity awareness programs, which could include videos and gamification.

3. **Update Your Incident Response Plan (IRP):** Institutions must consider all the operational, financial and reputational implications of being held hostage to ransomware. Your bank's IRP should include planning for data and system backups, communication plans, business continuity plans if employees or customers are unable to access your systems and dealing with the attackers. You don't want to confront those issues for the first time during a ransomware attack. With 23% of bankers reporting IRP testing as a top tactic to combat cyber threats, remember that maintaining a tested IRP puts your bank in a stronger position to withstand an attack.

4. **Conduct Vendor Due Diligence:** Even if your internal systems and employees are prepared for a cybersecurity attack, your bank is vulnerable if an external vendor does not adhere to the same defense standards. Appropriate cybersecurity due diligence and regular monitoring should be conducted on all third-party vendors, especially any external vendor who has access to your sensitive data or systems. This process is critical to mitigate risk of supply chain attacks, which have surged in the past year.

> The current geopolitical climate, greater reliance on digital channels and increased turnover in a variety of industries have created an environment ripe for vulnerabilities. And cybercriminals are wasting no time exploiting the weaknesses and vulnerabilities of systems to launch sophisticated attacks.

5. **Implement Multi-Factor Authentication (MFA):** Incorporate MFA into all applications where employees — or customers — must enter their credentials. With MFA, multiple authentication factors are required to verify a user's identity, preventing unauthorized account access. This verification strengthens resiliency and provides an effective defense against the two largest threat vectors: social engineering and phishing. When confronted with this extra obstacle, many hackers will move to a less secure target.

Maximize Protections with a Layered Approach to Cybersecurity

As institutions navigate the changing cybersecurity landscape, embracing a layered approach to cybersecurity will maximize protections for your bank.

Implementing multiple layers of security — including cybersecurity training and tools — makes it more difficult for cybercriminals to infiltrate your systems and keeps employees and customers secure.

Download CSI's 2022 Banking Priorities Executive Report for additional insight into bankers' perceptions of cyber threats, technology, compliance and more. ■

Steve Sanders serves as CSI's chief information security officer. In his role, Steve leads CSI's information security vision, strategy and program and chairs the company's Information Security Committee. He also oversees vulnerability monitoring and awareness programs as well as information security training. With over 15 years of experience focused on cybersecurity, information security and privacy, he employs his strong background in audit, information security and IT security to help board members and senior management gain command of cyber-risk oversight.

NEWS FROM YOU

Regional Missouri Bank



The Regional Missouri Bank (RMB) Board of Directors announces the following employee promotions from their recent Board Meeting:

Ashley Rowe – promoted to Vice President/ Internal Auditor & Loan Review. Ashley joined RMB in 2013. Throughout her career, Mrs. Rowe has worked as a Teller, Operations/IT officer and most recently in Audit and Loan Review. Prior to joining RMB, Ashley acquired 13 years of banking experience.

Devon Lynn – promoted to Assistant Vice President/Private Banker. Devon joined RMB in 2021. Before joining RMB, Mrs. Lynn served as a general manager and marketing coordinator for a premium meat retailer. She is active with the Salisbury FFA Alumni Association.

Stephanie Moore – promoted to Assistant Vice President/Internal Auditor. Stephanie joined RMB in 2019. She worked as a Teller, Personal Banker Representative, Cashier and Internal Auditor throughout her career. Prior to joining RMB, Stephanie had eight years of banking experience.

Regional Missouri Bank has been your local community bank since 1908. Patrick Kussman, President and CEO, stated, "Our goal is to support the growth of the communities we serve. Regional Missouri Bank is locally owned and has a very rich history of being involved in each of our communities. We are large enough to serve any of your financial needs but small enough to care and keep our customers as the priority. Our bankers are your friends and neighbors. Because we live and work in the communities we serve, RMB employees strive for the success and financial advancement of our neighborhoods. RMB clients receive friendly, prompt and personalized service from our knowledgeable staff. Please join us in congratulating these employees on their recent promotions." ▪

Pony Express Bank

Pony Express Bank is excited to announce the promotion of **Kevin Page** to Vice President of Corporate Finance. Kevin joined the bank in 2020 alongside his sister Lynsey Waldman (VP of Marketing) as the fifth generation in their family to choose a career in community banking. He has been working closely alongside his father, Scott Page (CEO & President) and uncle, Tom Page (Executive Vice President) as they continue the process of transitioning the 132-year-old bank into its next era of family-owned leadership.

"It has been incredibly rewarding to have my son Kevin join our team here at Pony Express. Over the last year-and-a-half, Kevin has proved himself a valuable asset to this organization and his youthful energy and intense desire to learn this business from the ground up have only re-affirmed our initial thoughts that he'd be a great fit for this bank. We hope his promotion serves as a signal to our employees, customers, and the northland community that Pony Express Bank is taking the right steps to continue the leadership of this bank well into the future," CEO Scott Page said when making the announcement. ▪

Mid America Bank Announces Leadership Changes

Mid America Bank is pleased to announce that **Mark Luebbert** has transitioned to Executive Chairman of the Board of Directors, effective April 1. In this role, he will oversee several functions of the bank's holding company, including strategic projects. Luebbert has over 36 years of banking experience and has been with Mid America Bank for 16 years, where he currently serves as the Bank's President & Chief Executive Officer. During this time, the bank grew from $90 to $850 million in assets, including the recent acquisition of Bank of St. Elizabeth.

To fill Luebbert's current position, **Steve Linton** has been promoted to President & Chief Executive Officer. In this position, he will be responsible for the overall leadership of the bank and its culture. He will work with the Mid America Bank team to develop and implement strategy, target operational efficiencies, and evaluate opportunities for business expansion. "I am honored to serve in this role for an organization that has such a long legacy of, and vision for, serving the communities where it operates," commented Linton.

Linton has more than 30 years of banking experience and has served as Mid America Bank's Executive Vice President for the last year. "We are delighted to have Steve take over the day-to-day leadership of Mid America Bank," said Mark Luebbert. "Over the last year, Steve has been a great addition to our team and we're looking forward to his leadership as he guides the bank to its next phase of growth and development," added Luebbert.

Mid America Bank was established in 1914, and prides itself on being a proud locally owned and operated bank that's good for you and your community too! Visit them online at midambk.com. ▪

Blue Ridge Bank and Trust Co. Promotes Four

Blue Ridge Bank and Trust Co. is pleased to announce the promotion of four of its staff members: **Sheila Kleoppel** was promoted to Vice President of Core Processing; **Tara Sturtevant** was promoted to Vice President of Treasury Services; **Michael Hackett** was promoted to Vice President of Information Technology; and **William Murillo** was promoted to Assistant Vice President of Commercial Lending.

Vice President Sheila Kleoppel has been a valued team member of Blue Ridge Bank for over 40 years. She currently oversees the bank's core systems operations and serves as the administrator for various systems platforms. Kleoppel plays a key role in the implementation of new products and services.

Vice President Tara Sturtevant oversees the bank's treasury services department. She is responsible for assisting commercial clients with their cash management needs and the reduction of their administrative efforts and expenses. She has 20 years of banking experience, all with Blue Ridge Bank, with the majority spent in the treasury services department.

Vice President Michael Hackett joined Blue Ridge Bank in 2018 and is the Lead Network Administrator. His responsibilities include design; install, configure and maintain IT systems; and provide business and systems analysis. He holds an Associate Degree in Computer Science.

Assistant Vice President William Murillo started his career at Blue Ridge Bank in 2019 as a credit analyst for commercial loan review. He was recently promoted to Assistant Vice President and Commercial Loan Officer in the commercial loan division. His responsibilities include building and developing relationships with members of the community and providing commercial loan products to businesses in the Kansas City metro area. Murillo is a graduate of Avila University in Kansas City, Missouri, and has a Master of Business Administration.

Blue Ridge Bank and Trust Co. is an independently owned community bank established in 1958 with eight branch locations and over $750 million in assets. ▪

NEWS FROM YOU

Sarah, Trevor, and Will are excited to announce the birth of

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On Monday, September 12th, the MIBA will hold its 45th Annual Convention Golf Tournament at **THE COVE, A Robert Trent Jones Sr. Signature Golf Course**

The Tournament tees off at **10:00am**. Entry fee per person is $150- includes 2 mulligans, breakfast with Bloody Mary & Mimosa Bar, lunch, refreshments, cart and green fees.

FBBS FIRST BANKERS' BANC SECURITIES, INC. — **BEVERAGE CARTS & HOLE IN ONE CONTEST**

FMB — **GOLF GIVEAWAYS**

You must be a fully registered convention attendee or exhibitor to participate in the tournament

The Great Escape

The bond market braces for the Fed's wind-down of its balance sheet

By Jim Reber

ICBA Securities

If bond investors — you — were running low on things to worry about for the rest of the year, I've got some terrific news: the $9 trillion portfolio owned by our central bank will begin to shrink. Soon. And at a feverish pace, I might add.

We're into new territory for a number of reasons. The most obvious is that the mountain was double its size the last time a wind-down started. Another reason is that inflation, in case it's escaped your notice, is at a 40-year high. Still, another is that consumers no longer believe that prices will get back into the 2%-per-year box they've been confined to for the better part of a decade. So, this high-wire act has some drama attached.

THE OLD PLAYBOOK

Way back — hyperbole — in 2013, then-Fed Chairman Ben Bernanke announced the last unwinding without much warning and begat the Great Taper Tantrum. Bond yields rose a lot, even though the Fed's balance sheet didn't actually start to shrink for several years. And even when it did, it was a very gradual process.

For example, the initial amounts in 2018 that rolled off were pegged at $10 billion per month. That's a lot of zeros by most everyone's reckoning but were small enough to be the equivalent of, as then-Fed Chairman Janet Yellen said, "watching paint dry." And while the monthly caps eventually rose to $50 billion, the market, by and large, shrugged off the wind-down. To be sure, rates rose in absolute terms between 2016 and 2018 as the Fed hiked a total of 10 times, but there were very logical and measured market reactions to these events.

THE PLAYBOOK, 2022-STYLE

What will this time's great escape look like? For starters, the amounts that'll be leaving the party will be much larger even at the outset. Indications are the number will be around $95 billion per month. That could increase depending on how quickly inflation behaves to the Federal Open Market Committee (FOMC)'s liking. There's also the matter of the other mandate, maximum employment. What happens if consumption begins to dwindle as consumers can't afford to keep buying goods and services, and the labor market dries up?

At the moment, the overriding concern is that inflation expectations are quite high, spurring the FOMC to act and talk aggressively to get prices under control. And there's a lot of raw material to work with: according to Bloomberg, the Fed owns one-fourth of all Treasury securities and an astonishing 40% of the agency mortgage-backed securities (MBS) market.

THREE WIND-DOWN STRATEGIES

When you get right down to it, there are only three ways to get rid of a bunch of bonds. They are determined by when the bonds will mature, how quickly the investor wants to get rid of them and how much runoff is desired. (For all investors not specifically central banks, the market gain or loss contained in the portfolio can impact which strategy is employed. It's irrelevant to the Fed.)

"Bond yields rose a lot, even though the Fed's balance sheet didn't actually start to shrink for several years. And even when it did, it was a very gradual process."

First, the investor cannot reinvest all the proceeds running off. In the case of the Fed, over $2 trillion will simply mature in the next two years, so if the objective is to shrink by around $1.1 trillion per year, it will buy some, but not all, of what is rolling off. Secondly, if it wants to speed up the timetable, the Fed can reinvest none of the proceeds. Both cases are examples of passive Quantitative Tightening (QT).

The third, and potentially the most market-changing, is to actively sell some of the holdings. It's been a while since the Fed used this technique, as all of the runoff back in 2018-2019 fell under the passive QT label. This option has been floated because most of the cash flow from its MBS holdings is from prepayments of loans, and since mortgage rates have skyrocketed this year, very few homeowners can now benefit from refinancing. So, actually selling some securities into the open market could be in play, and a seller of the Fed's scale could certainly affect the market.

Where does the Great Escape end? It's anyone's guess, particularly since the Fed will attempt a very public, highly complicated soft landing in the midst of all this. But, if the size of the balance sheet relative to Gross Domestic Product reverts to the pre-pandemic levels, it would settle out at near $4.5 trillion, around 2026.

Fasten your seat belts. ▪

When you get right down to it, there are only three ways to get rid of a bunch of bonds. They are determined by when the bonds will mature, how quickly the investor wants to get rid of them and how much runoff is desired.

Jim Reber (jreber@icbasecurities.com) is president and CEO of ICBA Securities, ICBA's institutional, fixed-income broker-dealer for community banks.

New ICBA Securities endorsed brokerVining Sparks and Stifel Financial have completed their merger, and for the first time since 1989, ICBA Securities has a new endorsed broker. Stifel representatives will be on-site at a number of ICBA affiliate events later this year. For more information, visit stifel.com.

RATE CHANGES AND THE HOMEBUYING JOURNEY

Article By Flat Branch Mortgage
MIBA Endorsed Partner

Rates are a hot topic in the housing market lately, understandably so. The market is finally starting to slow down, and we have unprecedented conditions with rising rates, as well as home values. This can make for an interesting homebuying experience if you don't know how to navigate the market. There are a few ways rising interest rates may affect the homebuying journey, as well as a few tips to better navigate it.

What determines mortgage rates?

Several factors determine how a borrower will get the specific rate on a mortgage, but much of the mortgage rate is determined by the market itself. It's natural to assume the Federal Reserve controls rates, but that's not necessarily the case.

The Federal Reserve does have the power to control short-term rates they provide to banks and lenders. Lenders then take these base rates and use them to determine their own rates. This is why you'll often hear the term "rate shopping" in reference to buying a home. Different lenders might provide different rates depending on how much risk they're willing to take on to finance a home.

In cases where the economy needs a boost, like with the COVID-19 pandemic, the Federal Reserve will lower base rates in order to inject buying power into the market. Once the economy begins to recover, base rates begin to go back up. Lenders typically follow the Federal Reserves' trends, so you'll see your rates rise as the Federal rates climb. Personal factors are also a big variable in determining a specific mortgage rate.

What does today's market look like?

Today, we've started to navigate uncharted waters in the housing market. Rates are beginning to rise as the economy stabilizes, but inventory is at an all-time low. Because of supply and demand, this means home prices are reaching historic highs. Luckily for homeowners, this means a higher return on investment if they decide to sell their home. However, homebuyers will find it's more important than ever to set themselves up for success before looking for homes. This means getting pre-qualified early, securing financing as quickly as possible, and ensuring that finances are in order.

There's a lot of talk about a "bursting bubble" in the housing market due to current conditions, but it's important to remember this is highly unlikely. After the 2008 financial crisis, important safeguards were put in to place to ensure your investment into homeownership is a sustainable one. Buying and owning a home is still one of the soundest investments a person can make as a consumer. It's just more important than ever to know how to navigate the market conditions and work with a team of experts who can help to have homebuying success.

What can you do to navigate rate changes?

As a homebuyer, most of the journey relies on the conditions of the market. From inventory to federal rates, a variety of factors can make it more difficult to purchase the dream home. However, with a few tools you can use to help set your borrowers up for success.

A Borrower's Financial Landscape

While the base rate is the decision of the Federal Reserve and the lender, securing the best rate for a borrower is all dependent on the borrowers' financial landscape. A better financial landscape can be created by decreasing the debt-to-income ratio, cleaning up credit score, and putting more down. Exploring different loan programs will also help provide more options.

Extended Lock

With the current inventory problem many homebuyers are facing, some borrowers may decide to opt for new construction. While new construction will alleviate inventory issues, rising rates might end up costing more on the mortgage since building takes more time. Flat Branch Mortgage Services program offers a rate lock for up to 240 days. This will help avoid rising rates while keeping the flexibility your borrowers need to make their new home perfect. Finding and buying a dream home is becoming an increasingly arduous process for your borrowers, from climbing prices to rising rates, but with the right tools and right team, you can have homebuying success. Ready to explore your options? Reach out to Flat Branch Mortgage Services to discuss these programs and how you can implement them for your lending base. ▪

NEW ASSOCIATE MEMBERS

Shield Compliance, LLC
500 Union St., Ste. 310
Seattle, WA 98101
Contact: Richard Drennen at Richard.Drennen@shieldbanking.com
Website: www.shieldbanking.com

Shield Compliance simplifies how financial institutions manage risk and satisfy operational demands associated with serving cannabis customers. Its purpose built AML/BSA compliance management solution automated processes, unlocks revenue, and scales operations.

Quilo
40245 W. 137th Terr.
Leawood, KS 66224
Contact: Bob Vedder at bob@quilosolutions.com
Website: quiloit.com

Quilo is a closed-end, unsecured, personal, fixed installment loan. It enables consumers to apply for a loan to pay down high-interest credit card balances, replenish their checking accounts for prior large purchases, or utilize loan proceeds loaded on a prepaid virtual MasterCard to make new purchases. Quilo also allows banks to provide POS financing to all its commercial merchants to boost sales and revenue.

Vantage Point Solutions
2211 N. Minnesota St.
Mitchell, SD 57301
Contact: Natalie Reed at Natalie.reed@vantagepnt.com
Website: www.vantagepnt.com

Vantage Point Solutions has the industry experts and comprehensive services and solutions to help financial institutions face ever-Increasing compliance, technology, and security challenges. Our team stays up-to-date on recent regulatory changes, significant and emerging IT and security risks, and state-of-the-art technology solutions, to offer a holistic approach to protecting your organization. Customer service. Custom solutions. It's who we are.

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ICBA CAPITAL SUMMIT

DATES AND EVENTS

MIBA

JUNE

WED., JUNE 1 *10:00 a.m. – 11:30 a.m.*
When a Business Owner Dies, Sells, or Delegates Authority

WED., JUNE 1 *2:00 p.m. – 3:30 p.m.*
Faster Payments Basics

THURS., JUNE 2 *2:00 p.m. – 3:30 p.m.*
Interpreting Call Reports for the Board

MON., JUNE 6 *10:00 a.m. – 11:30 a.m.*
HMDA Bootcamp Basics

TUES., JUNE 7 *2:00 p.m. – 3:30 p.m.*
Measure It to Manage It: Understanding Analytics &How to Determine Online Success

THURS., JUNE 9 *10:00 a.m. – 11:30 a.m.*
ACH Series: Electronic Payment Fraud: When Is Your Institution Liable?

MON., JUNE 13 *2:00 p.m. – 3:30 p.m.*
BSA: Russian Sanctions & National Risk Assessments

JUNE 14-15
Coaching Essentials

TUES., JUNE 14 *2:00 p.m. – 3:30 p.m.*
New UDAAP Exam Parameters: Beyond Fair Lending

WED., JUNE 15 *10:00 a.m. – 11:30 a.m.*
Frontline Series: Maintaining Business Accounts: Changing Principals, Changing Signers, Resolutions, Changing Products & More

THURS., JUNE 16 *2:00 p.m. – 3:30 p.m.*
Decoding the Examination Process:10 Essential Techniques to Thrive During Your Next Exam

JUNE 16-17
Commercial Credit Analysis

TUES., JUNE 21 *10:00 a.m. – 11:30 a.m.*
Consumer Lending Series: Consumer Lending Collateral Considerations & Documentation

WED., JUNE 22 *2:00 p.m. – 3:30 p.m.*
Commercial Lending: Risks, Rewards, Controls & Common Mistakes

THURS., JUNE 23 *2:00 p.m. – 3:30 p.m.*
Identity Theft Red Flags & FACT Act Compliance

TUES., JUNE 28 *2:00 p.m. – 3:30 p.m.*
Mortgage Loan Origination: Critical Timing Requirements

THURS., JUNE 30 *10:00 a.m. – 11:30 a.m.*
Overdrafts Under Fire: Clarifying the Confusion

JULY

THURS., JULY 14
Elder Abuse Seminar

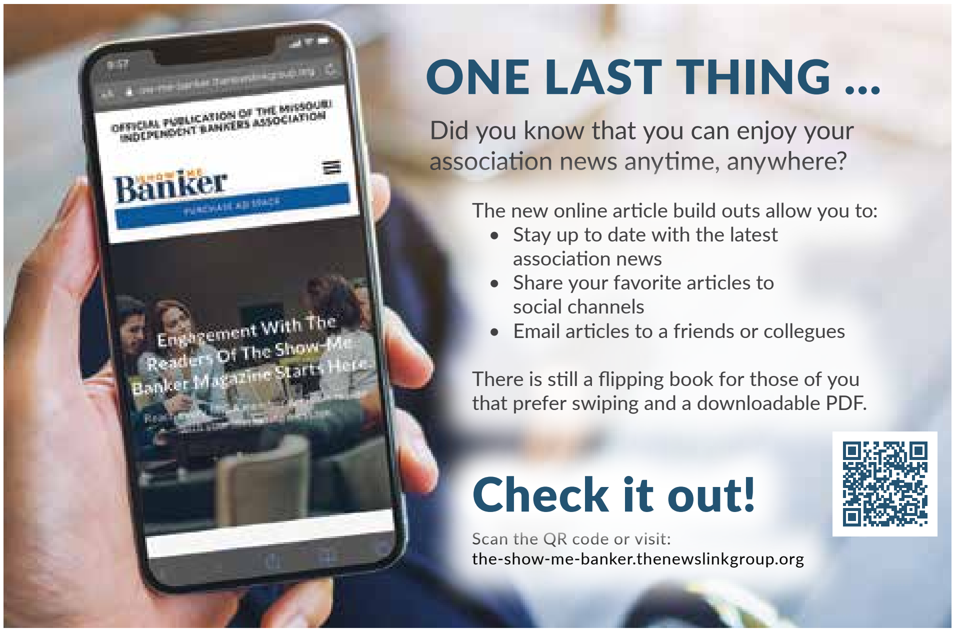
JULY 18-20
Summer Board Meeting

AUGUST

THURS., AUGUST 4
Leadership Division Meeting
Top Golf

WED., AUGUST 17
Ag Summit

TUES., AUGUST 23
CBC 3rd Quarter Meeting



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Registration is **now open** to all Member & Non-member vendors.

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Interest Rate Risk and Investment Strategies Seminar

October 19-21, 2022 | Oklahoma City, OK

The Skirvin Hotel

The Skirvin Hotel
One Park Avenue
Oklahoma City, OK 73102
405.272.3040

WHO SHOULD ATTEND

Financial institutions' CEOs, CFOs, investment officers, board members, and those who are directly or indirectly responsible for financial management functions will benefit from this seminar. ***There is no cost for this seminar.***

ACCOMMODATIONS

A block of rooms is available at The Skirvin Hotel. Identify yourself as a Baker Seminar attendee (or group code TBG3) when calling **+1 (800) HILTONS**. The special room rate will be available until the room block is sold out.

AGENDA

Wednesday, 19th
Twin Hills
Golf 1:00 pm

Thursday, 20th
Breakfast 7:30 am
Seminar 8:30 am
Lunch 12:00 pm
Adjourn 4:00 pm
Dinner 7:00 pm

Friday, 21st
Breakfast 7:30 am
Seminar 8:30 am
Conclusion 12:00 pm

For your convenience, register for the seminar online at **GoBaker.com/oklahoma**. Call Skoshi Heron at 888.990.0010 for more information.

Two years after the pandemic left financial institutions drowning in excess liquidity at historically low interest rates, the industry faces a new challenge… rising interest rates. The Fed has quickly pivoted from supporting the economy to fighting inflation and institutions are now facing the first rising rate environment in years. Regulators have watched with concern as loan and investment durations extended to record highs in a search for yield and will have a renewed focus on the Investment Portfolio and Interest Rate Risk Management. Portfolio managers can no longer be reactive, but must be proactive in managing their investment portfolio and balance sheet in the face of rising rates and a flattening yield curve. This seminar will examine all of these concerns and present actionable strategies to better prepare your institution for the uncertainty ahead.

Join us for an in-depth discussion of the following topics:

- **Economic and Market Update —** Review of current economic conditions and the outlook for growth, inflation, and interest rates
- **The Powell Pivot —** Update on rate hikes, tapering, and the outlook for Federal Reserve monetary policy
- **Interest Rate Risk —** How to ensure you are prepared for the heightened regulatory focus coming in the years ahead
- **Liquidity Risk Management —** Best practices for managing liquidity risk as rates rise
- **Investment Portfolio Strategies —** Adapting your strategy and finding the best relative value for rising rates and a flattening yield curve
- **MBS/CMO Market —** Balancing prepayment and extension risk in an uncertain mortgage rate environment
- **Municipal Market Update —** The latest on managing municipal credit risk and finding the best relative value

11 hours of Economics and Finance CPE credits will be earned for your attendance.

The Baker Group

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