ISSUE 3 | 2018

UTAH BANKER

OFFICIAL PUBLICATION OF THE UTAH BANKERS ASSOCIATION

UBA NAMES NEW LEADERSHIP AT 110TH ANNUAL CONVENTION

The Utah Bankers Association represents fifty regional, community and industrial banks throughout Utah and is the voice for Utah's banking industry and its employees.

UTAH BANKERS ASSOCIATION
- SINCE 1908 -

4 Remember
By Howard Headlee, President

6 New Banks as Bellwethers
By Naomi Camper, Chief Policy Officer, American Bankers Association

8 110th Annual Utah Bankers Association Convention

10 Doug DeFries Elected To Head the Utah Bankers Association; Bankers Elect New Officers and Directors

11 40 Years Service Award

12 Bananas, Baking Soda and Bank Marketing
By Neal Reynolds, President, BankMarketing Center.com

14 Building a World-Class Construction Lending Program
Mike Lacey, Co-Founder, eDraw

16 Credit Reminders – Now is the Time to Review
By Jeff Goldstein

17 Utah Bankers Association Endorses BankMarketingCenter.com

18 Taking Care of Commercial Real Estate Customers in a Rising
By Sabrena Suite-Mangum

20 Rising Rates? Defend Your Portfolio's Market Value with Symmetrical Fundings
By John Biestman, Federal Home Loan Bank of Des Moines

22 Three Ways to Trigger Loan Marketing Success
By Stephenie Williams, market strategist for Lending Solutions, Harland Clarke

24 Reviewing the CFPB's Recent Complaint Report
By Zack Smith, Associate General Counsel, Compliance Alliance

25 Bankers on the Move

26 Bank Kudos

28 Associate Members

30 Lineup of UBA Conferences

The Bottom Line

By Howard Headlee, President, Utah Bankers Association

REMEMBER

As I share in the struggle of loved ones whose memory is failing them, I am reminded of the wonder of remembering. I'm not talking about recalling names and facts and figures, I am talking about re-discovering things that we once knew but have somehow forgotten.

Like remembering how much we enjoy certain experiences, like the beauty of a sunset at the beach, or the taste of certain foods or the company of childhood friends. Remembering the feelings I had when I went to college, graduated, got my first job, or had my first child, as I now re-live those experiences with my children. Remembering combines all the excitement of the present with rich memories of the past. It's the wonderful texture that comes with age.

When I am reminded of something that I really appreciate I often wonder how it was possible that I could have forgotten? We get distracted, we focus on other things. We sometimes focus more on the negative things that demand our immediate attention. I know that has been true with me ever since the financial crisis.

I had forgotten what a blessing it is to work in the banking industry. But fortunately, I was recently reminded while speaking with a group of college students exploring what they would do with their newly acquired skills and knowledge.

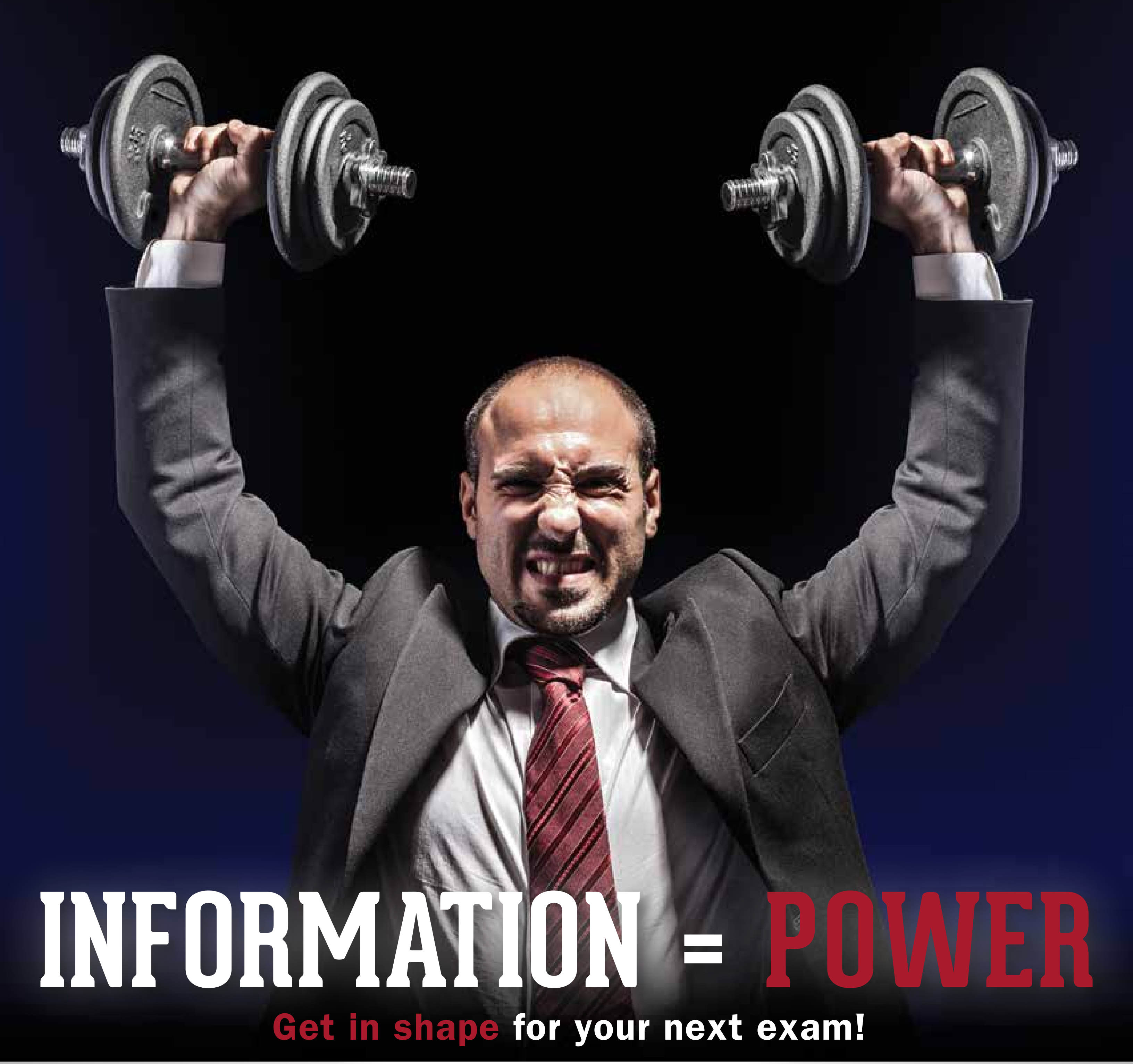
I can vividly remember that difficult time in life trying to balance my financial obligations and professional aspirations with a deep inner desire to make a difference and help others. As I discussed the role of banks with these young students, and saw their eyes light up as we explored the many different ways banks help people realize their dreams and the emphasis we place on building our communities through service and financial support, I realized that this is exactly what so many people, young and old, are looking for today.

The reaction of these students reminded me of why I love serving and promoting the banking industry. The media blame-game associated with the financial crisis distracted many of us from what we all really love about banking: our greatest success is only realized when we help others achieve their dreams.

We are living in a great age of opportunity. Looking past the current political turmoil, the fact remains that there is nothing any determined American cannot achieve. And real, FDIC insured banks and their amazing employees are at the ready to help people save, build and achieve their dreams.

I love sharing this vision with bank employees. For some it is a revelation, for others it is a reminder of their passion for this work. Communities cannot succeed without strong banks, and banks cannot succeed without strong communities. Our fortunes are inextricably tied. Every bank employee, regardless of their job description provides a key ingredient in this recipe for success; and therefore, every employee should be proud of the role they are playing in the success we are seeing all around us.

If the last ten years have caused you to forget what you love about banking, take time to remember! There has never been a better time for bankers, customers and communities to dream. ■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New Banks as Bellwethers

By Naomi Camper, Chief Policy Officer, American Bankers Association

When I joined ABA as chief policy officer in June, a task force of bankers with experience launching and running new banks were mid-way through their analysis of why "de novo" activity had stalled in recent years.

Their mission—as established by Ken Burgess, ABA's chair and die-hard de novo advocate—was to identify both challenges and solutions, in hopes of re-starting bank start-ups. As new as I was to ABA, I had no doubt why this was a critically important endeavor.

Just as banks are central to the economic vitality of the communities they serve, new bank charters signify the economic vitality of both the industry as well as our economy as a whole. New banks signal optimism, opportunity and growth potential.

The opposite—no new entrants—means less competition and fewer choices, which ultimately translates to less economic activity and growth, on which all banks depend for success. It may seem counter-intuitive, but existing banks are actually better off when we see a healthy pipeline of banks in formation—just as homeowners benefit when others are eager to buy into their neighborhood.

I first came to appreciate the importance of a dynamic banking industry—populated with banks old and new, large and small—when I worked for former Sen. Tim Johnson (D-S.D.) as staff director of the Senate Banking Subcommittee on Financial Institutions. The South Dakota bankers who visited the office made sure I knew it, and my later experience working for JPMorgan Chase only confirmed it.

That was in the early 2000s, when more than 100 new banks were chartered every year. Post-crisis, that number plummeted to fewer than two per year—and was yet another indicator that our economy and our industry had not yet fully recovered. The pace has started to pick up recently, along with the economy, but it's still anemic. And that's why Burgess convened the ABA De Novo Task Force, a banker-led effort to identify the essentials for de novo success and major impediments to increased de novo activity. Many banks on the task force were started just before the financial crisis. Their resilience and success through the crisis and its aftermath reminds us that new banks can succeed in any environment.

The task force agreed that successful de novo formation starts with selecting an experienced board and bank management team. De novos are poised for success when they combine their experience with a strong business plan and the capital necessary to support that plan. Unfortunately, the current requirements for new bank formation prove to be more complicated.

We recently presented our findings and proposed solutions to the FDIC, and the timing couldn't be better.

Not only is there new leadership at the agency willing to look into what may be impeding de novo activity, but the economy's robust growth presents the opportunity to ensure bank entrepreneurs—and the customers and communities they wish to serve—benefit from the rising tide.

If we can help change the course of de novo activity and facilitate new growth in the industry, we'll be shaping a vibrant future for banking. ■

Naomi Camper is chief policy officer at the American Bankers Association

110TH ANNUAL UTAH BANKERS ASSOCIATION CONVENTION

The 110th Annual Utah Bankers Association Convention was held at the Sun Valley Resort in beautiful Sun Valley, Idaho June 24-27. Over 350 bankers, guests and business partners attended the event. Special thanks to this year's convention committee, Jeff Coon, Comenity Capital Bank, chairman, and committee members, Roger Christensen, Bank of Utah, Nic Bement, First National Bank, Brian Bodily, AmBank, Dawna DeHart, Cache Valley Bank, Cory L. Gardiner, Zions Bank, and Ken Transtrum, First Bank. This year's convention was perhaps the best-ever, boasting presentation by two key regulators, Jelena McWilliams, Chairman of the FDIC and Randal Quarles, Vice Chairman of Supervision for the Federal Reserve Bank. Add other top speakers, near perfect weather, world renown entertainment, great attendance and the beauty of Sun Valley and you undeniably have a convention for the record books.

The event kicked off with an active and busy exhibit hall which hosted a wide range of business partners in forty booths. Bankers and families alike enjoyed the fun and inviting atmosphere while business partners had the chance to visit with bank executive management and key decision makers.

On Monday, bankers were provided with a fascinating outlook on the economy, from Peter Rupert, Professor of Economics, University of California, Santa Barbara. Kenneth L. Burgess, Chairman, FirstCapital Bank of Texas, NA, who currently serves as Chairman of the American Bankers Association, provided attendees with an update from Washington and Kathy L. Moe, Regional Director, FDIC provided an FDIC update.

Arguably the highlight of the convention occurred when Jelena McWilliams, newly appointed chairman of the FDIC flew to town to join attendees as the lunch speaker. In a personal and honest interview, hosted by Howard Headlee, she spoke candidly about her life experiences and the path she took to become Chairman. She then shared her perspective on the banking industry and shared her vision of a new and improved FDIC.

The final business session on Monday featured Dave Defazio, Partner, StrategyCorps, who spoke on the Amazon Prime Effect, and Robert Morgan, Vice President – Emerging Technologies, ABA who addressed the hot topic of the Fintech Landscape. Monday afternoon, bankers and their family members gathered for the always popular Bingo. Over 500 individuals joined in on the fun.

On Tuesday, after a day of recreation, Chairman Ron Ostler hosted a Chairman's reception and dinner. After dinner, seven bankers were recognized with 40 Year Service awards, (page 11) and the retiring board members were recognized. As the sun set on a beautiful Sun Valley day, attendees were entertained by the talents of music sensation Mary Chapin Carpenter in the Sun Valley Pavillion, sponsored by Zions Bank Correspondent Banking Group.

Retiring Board Members (left to right) Howard Headlee, Utah Bankers Association, Erich Sontag, Bank of American Fork, John Taylor, First Electronic Bank, Ron Ostler, Comenity Capital Bank

On Wednesday, the closing business session continued the superior agenda, featuring Randal Quarles, Vice Chairman of Supervision for the Federal Reserve Bank. Mr. Quarles shared his insider's vision for the Federal Reserve and his optimistic and positive plans for the future. Then, Dave Forsyth, incoming chairman of the Emerging Bank Leaders provided the annual EBL report. During the annual membership meeting, bankers elected new leadership for 2018/19, including Doug DeFries, President & CEO, Bank of Utah as UBA Chairman for the upcoming year. The convention was wrapped up with an inspiring presentation by nationally recognized speaker Hyrum Smith who shared with attendees his keys to happiness and inner peace. The UBA convention continues to be a family banking tradition which provides the perfect venue for networking, business and relaxation. Mark your calendar for next year's event, the 111th Annual UBA Convention is scheduled for June 23-26 in Sun Valley, ID. ■


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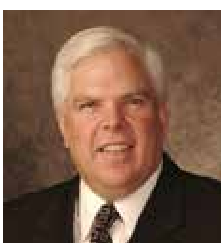
HONOR
Ron Ostler
UBA Chairman
2017/2018

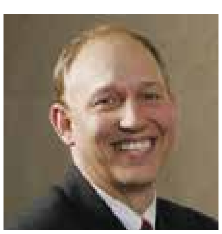
Doug DeFries Elected To Head the Utah Bankers Association;

Bankers Elect New Officers and Directors

Members attending the UBA's annual convention in Sun Valley have elected UBA officers and directors to serve on UBA's board for the 2018-19 association year. The new officers are:



CHAIRMAN: Doug DeFries, President, Bank of Utah, Ogden.



VICE CHAIRMAN: Kay Hall, Chief Financial Officer, Zions Bank, Salt Lake City.

2ND VICE CHAIRMAN: Kristin Dittmer, Chief Financial Officer, EnerBank USA, Salt Lake City.

IMMEDIATE PAST CHAIRMAN: Ron Ostler, Chairman, Comenity Capital Bank, Salt Lake City.

Beginning new terms on the UBA board are:
Deborah Culhane, President & CEO, Optum Bank, Wakefield;Wade Newman, President And COO, Celtic Bank, Salt Lake City; and Andrew Howard, President, AmBank, Provo.

Continuing their terms on the UBA board are:
Jan Bergeson, CRA Officer/Utah Market Leader, Ally Bank, Sandy; Matt Bloye, Region Bank President, Wells Fargo, Salt Lake City; Rob Carpenter, Executive Director, Region Manager, JPMorgan Chase, Salt Lake City; George Daines, Chairman & CEO, Cache Valley Bank, Logan; Terry Grant, Utah Market President, KeyBank, Salt Lake City; Gary Harding, President & CEO, Prime Alliance Bank, Woods Cross; Mark Herman, Market President, U.S. Bank, Salt Lake City; Kent Landvatter, CEO, FinWise Bank, Sandy; Carla Nguyen, District Manager, U.S. Bank, Salt Lake City; Curt Queyrouze, President & CEO, TAB Bank, Ogden; Frank Stepan, Executive Director, Morgan Stanley Bank, N.A., Salt Lake City Mike Watson, President & CEO, Capital Community Bank, Provo; Kirk Weiler, President & CEO, WEX Bank, Midvale; and Len Williams, President & CEO, People's Utah Bancorp, American Fork.

The Utah Bankers Association represents fifty regional, community and industrial banks throughout Utah and is the voice for Utah's banking industry and its employees.

40 Years SERVICE AWARDS

Seven bankers were honored with 40 Year Service awards at the 110th Annual UBA Convention held in Sun Valley, ID on June 26, 2018.

Honored at this year's event were: David Anderson, Executive Vice President, Bank of American Fork; Bonnie Gardner, Assistant Vice President, Central Bank; Kevin Johnson, Senior Vice President, Bank of American Fork; Kent Nelson, Executive Vice President, Brighton Bank; Roger Shumway, Executive Vice President, Bank of Utah; Steve Verno, Area President, Zions Bank and Craig A. White, President & CEO, Utah Independent Bank.

The award was designed to honor bankers within the banking industry who have given their time and service to the benefit of banking. To be eligible honorees must have achieved 40 years of continuous service in banking, be currently employed by a member institution, meet the established criteria for the award and be nominated by their Bank's CEO.

We would like to express a special thanks to these individuals for their long standing service to the banking industry. Congratulations! ■

(Left to right) Craig A. White, Utah Independent Bank, Steve Verno, Zions Bank, Roger Shumway, Bank of Utah, Kent Nelson, Brighton Bank, Kevin Johnson, Bank of American Fork, David Anderson, Bank of American Fork

BANANAS, BAKING SODA AND BANK MARKETING

By Neal Reynolds, President, BankMarketingCenter.com

What do bananas and baking soda have to do with bank marketing? I thought you would never ask. Let's start with bananas…

If I were to hold up a bunch of bananas and ask an audience what they are, most would probably agree they are bananas. But if I held up a green banana and asked the same audience how many would buy this particular banana, less than half would raise their hands. And if I held up a banana that had already turned dark, even fewer would probably want to buy the banana.

As you can see, we are not really selling bananas. We are selling banana skins. People buy bananas based on what the banana skin looks like.

In light of this fact, a smart produce manager would market bananas in different ways, understanding that some people prefer ripe bananas, while others prefer green or darker bananas. Perhaps he could market the dark bananas alongside recipes for banana pudding and even place them next to the vanilla wafers. Maybe he could even add a headline like, "Ready for Grandma's Banana Pudding?"

He might market the green bananas to folks heading out on a vacation, with a headline like, "Traveling Bananas – they'll be ripe when you get there!"

A good marketer can take a product that many people think of as one thing and sell it in different ways.

Now let's talk about baking soda. This is a product that has been around for over a hundred years and there are thousands of ways to use it. A good marketer might list some of these many uses on the side of the package.

You can brush your teeth with it, freshen your mouth, put it in cat litter to eliminate odors, clean pots and pans with it, eliminate odors in the refrigerator, use it as an antacid, polish silver with it, or even clean batteries. That's how baking soda was marketed for years.

Then, one day a very smart marketer decided that she would put this same baking soda in a box with "Fridge-N-Freezer" on the front alongside a tagline that read, "30 Days of Freshness in Every Box." She also decided to charge $.10 more per box. And guess what? People started paying $.10 more a box just to have a picture of a refrigerator on the front of the packaging!

Then this very smart marketer decided that if people would pay more to have a picture of a refrigerator on the front of the box, they might pay even more to have a picture of a cat on the front. After all, people spend millions of dollars each year on their pets. They put a picture of a cat on the front of the box advertising it as "Cat Litter Deodorizer" with "Activated Baking Soda" and started charging over one dollar more per box! (I love the tagline "Activated Baking Soda." I wonder who would buy non-activated baking soda? I guess people are willing to pay more for their baking soda to be activated!)

This proved to be so successful that before you knew it, baking soda was in every aisle of the grocery store with many different product names and profit margins 10 times that of the old-fashioned baking soda in the plain old box.

This brings us to banking. I'm sure you are wondering, what do green bananas and baking soda have to do with banking? Well, it has everything to do with banking!

For hundreds of years, banks have marketed and advertised themselves as plain old generic banks. A few got creative and started calling themselves community banks.

Throughout history, we have given our kids piggy banks for them to put their money into as a savings account and taught them how to take it out in a real emergency (when it was time to buy some candy).

Most of us have grown up believing that you put your money in a bank and the bank keeps it for you until you need it. Historically, banks advertised CD's and money market accounts to get us to put the money in the bank, and promoted personal and business loans to lend it out – all while making a small margin in the middle.

As other "bank like" businesses such as Apple Pay, PayPal, Venmo, Square Cash and Bitcoin have become popular, smart bank marketers will need to apply the "green banana" concept to the banking industry. We need to realize that every individual and business has different banking needs.

For example, a large apartment community collects dozens of checks every day throughout the month. And each day, the apartment manager leaves at noon to take the checks to the bank and go to lunch. But before they go to the bank, they make copies of the checks and fax them back to headquarters to let them know which residents have paid their rent. Some more progressive apartment managers are scanning the checks and emailing them to corporate.

Both of these solutions are inefficient.

A smart bank marketing manager would target those apartment communities with personalized and customized marketing materials that explain how their bank can eliminate the pain of copying checks, faxing or emailing checks and going to the bank every day to deposit them.

These marketing messages would talk about the many benefits of mobile phone deposits or remote deposit capture and even include the apartment community's name or logo. It might even show the apartment managers how to promote direct deposit and online bill pay to their tenants.

A smart marketer could even create an additional piece targeting the apartment community's corporate headquarters, making them aware of the potential liabilities of having their managers driving around town with thousands of dollars on hand at any given time. The marketer could promote how corporate headquarters can track everything from their PC, tablet or phone seamlessly, while using digital technology and digital channels to build engagement and trust.

The smart bank marketer also knows how to use the data they have at their fingertips to promote other products and services. They can look at cash flows to determine if the business needs short term financing. Maybe the business is growing and needs a real estate loan. Or maybe they have a lot of cash sitting in the bank and need help with investments. Consumers want their banks to know them, look out for them, take care of them, and help prepare them for the future.

And, of course, customers utilizing mobile deposit and remote deposit capture are prime candidates for online bill pay and e-statements. In fact, that same smart marketer could develop an "Apartment Banking" product line that promotes all of the bank's services that an apartment community could use. They could even buy the web domain name ApartmentBanking.com for $9.99 and use it to promote their apartment banking product. (This name is still available, but you'd better hurry!)

The bottom line is this: there is no reason you can't have an Apartment Banking product – just like you can have "Cat Litter Baking Soda."

And this doesn't just apply to apartment communities. You can target different industries with this same concept. Find out what each industry needs that is unique and position your products around them.

Find the pain and position your bank as the solution. Sure, your bank can work with any industry, but you'll get more business – and possibly better margins – by positioning and marketing yourself in different "aisles." ■

BUILDING A WORLD-CLASS CONSTRUCTION LENDING PROGRAM

By Mike Lacey, Co-Founder, eDraw

The complexity of construction payments has led to major problems and pain among financial institutions, builders, borrowers, and subcontractors. With a wide array of different stakeholders on a construction project, each with a different set of priorities to protect, construction payments require extreme oversight and validation that can cost stakeholders significant time and money. Competing for these loans has also become increasingly difficult as differentiation between lenders is slim. How can your financial institution build a construction lending program that is scalable, profitable, and sustainable?

As a construction and development (C&D) lender, you are familiar with the pain surrounding construction finance. Urgent draw requests, builder errors, budget reviews, and compliance complexity are common problems that lead to department inefficiency and loss of profit. In a market fraught with problems and risk, some financial institutions leave themselves exposed, while others efficiently capture market share and generous profit margins.

How can a financial institution measure efficiency and department success? In our work with financial institutions across the country we have found the following results. The average lender spends approximately $4,880 per $1 million in volume on construction department employees. If outsourced, the lender will spend an average of $8,350 per $1 million. The best construction lenders spend $1,583 per $1 million. From this data it is clear that managing compliance, draws, and payments is better done in house rather than hiring a 3rd party fund controller. It is also clear that there are vast differences in department efficiencies that have substantial financial impact. Also, consider that the average lender hires an additional employee every $18 million in construction volume increase, however, the best financial institutions can stretch their employee hire to every $33 million. This data suggests that lenders can scale their construction loan volume with existing employees through better department efficiency. Surprisingly the gap is wide and financial institutions are leaving massive amounts of growth and profit on the table.

Is price a strategy lenders can use to compete for market share in construction lending? In order to attract the best borrowers and builders pricing should be considered and evaluated by the financial institution. However, market data suggests that there is very little difference in pricing between financial institutions in interest, fees, and LTV. In finding the happy medium on pricing, financial institutions should consider how they can reduce internal costs to minimize fees while achieving internal profitability goals.

Outside of competing on price, financial institutions claim the following as reasons to work with them: exceptional service, local draw processing, quick turnaround, and commitment to personal service. These claims hardly inspire a purchase decision and often times are overlooked.

Understanding the needs of your builders will make the difference for your financial institution's reputation in the construction space. Builders want to focus their time and energy on their projects and not on a complex loan process. Adding complexity, phone calls, and problems to the builders' to-do list is a sure way to lose future business. However, recognizing their needs and building an easy to use system that helps them, will help you build your construction portfolio. To win builders and clients, lenders must:

- Simplify the payment process.
- Communicate payment schedules automatically.
- Share project finance analysis.
- Help the contractor pay subcontractors quickly.

How can you as the financial institution build an efficient department, attract builders, and compete on price? We have found that the lenders that are able to build simple internal processes have the lowest costs and the best retention of builders. Introducing construction payment software is a simple way to boost your department efficiency, increase profit, and increase market share. ■

With 13 years of experience in the construction industry and a degree in Construction Management from BYU, Mike founded eDraw after working for 10 years to build up, and then sell, a successful home building company. During his time building homes, he recognized major problems and inefficiencies with the way financial institutions process payments to contractors, and he knew there was a prime opportunity for innovation and disruption. Over the last few years, eDraw has grown to be a successful solution for financial institutions in the construction lending market.

Credit Reminders – Now is the Time to Review

By Jeff Goldstein, SVP, Regional Manager, PCBB

Although it is always a good time to review your credit guidelines, now may be an especially good time to do it. As the rate environment changes, you may find original scenarios changing along with the risk allowances. Knowing that, it would be prudent to review your credit rules to ensure that you are optimizing your opportunities and minimizing your risk. Although every banker knows what to look for, here are a few things to keep in mind.

Capture Pre-payment Penalty Income

There is a built-in way to provide you with pre-payment penalty income which should be captured. The standard clause ensures that if a borrower pays off more than 20% of the principal balance per year, there is a penalty fee due. Remember that this is not cumulative, but year by year. This is considerable income if the borrower wants to refinance at another bank or simply pay off the loan. However, oftentimes this penalty option is turned off or it is waived. The pre-payment clause in your core documentation system should be reviewed. If you feel that the standard penalty clause is not competitive, then it is always customizable for your market. This is an area to review before processing your loans since it is an easy area to recover fees and increase income.

Stress Test at the Loan and Portfolio Level

You will want to stress test robustly both at the loan and portfolio level. The testing should take one day with the correct tools, and it should be done quarterly to ensure that any changes do not negatively impact the bank's bottom line. Once you have the data, it should also be applied to capital to surface trends in capital adequacy. Regular stress testing and review help protect the bank and provide an opportunity to take additional action, if capital levels appear to be heading in the wrong direction.

Update Loan Information Regularly

Next, consider that when you are doing stress testing, frequency is important but so is the regular update of loan information. Keeping data current, including additional owners, change in owners' information and the value of underlying property (in the event of major market changes, re-zoning or renovations) for example, helps ensure your results are up-to-date and can be leveraged better. Debt service coverage ratios should be updated at least once per year to ensure continuing loan performance. Too often we see that once a loan is approved and funded, it is forgotten unless there are problems. Keep your systems up-to-date to have the best data available.

Stress Test New Loans up to 400bp

Consider that new loans should also be interest rate stress tested up to 400bp when underwriting them. This is a good regular practice to understand risks and exposures, but with the relatively low rate environment, it has been tempting to let this slide. Bankers should revisit this and also consider adding a few other important factors such as cash flow, LTV, loan type, guarantor strength (more on this next) and industry.

Remember Contingent Liability

Contingent liability is an important element of underwriting. Look at the guarantor to see what other debt they may have through other property loans, lines of credit etc. If there are other loans held by the guarantor, due diligence should be carried out to find out when those are due and how much they owe on a global basis. Ask whether a higher rate environment will result in problems with these loans as you underwrite the latest one for consideration.

Now is a good time and a good idea to review your underwriting practices and stress testing measures to be sure they work in the current environment. ■

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Dedicated to serving the needs of community banks, PCBB's comprehensive and robust set of solutions includes: cash management, international services, lending solutions and risk management consulting services, including CECL.

Utah Bankers Association Endorses BankMarketingCenter.com

The Utah Bankers Association is proud to announce the endorsement of BankMarketingCenter.com (BMC), a web-based marketing portal that empowers banks to produce professionally designed, bank-branded marketing materials in a matter of seconds. Through the endorsement, UBA members will save 20 percent on BMC's already low-cost monthly subscription fees.

BankMarketingCenter.com is a time and money saving game-changer.

Think about the amount you would pay for just one professionally designed ad or for a quality stock photo. Now, imagine spending an equivalent amount or less and having access to thousands of professionally designed marketing materials, as well as over 9 million stock photos.

For a nominal monthly fee, your bank will have access to BankMarketingCenter.com's full arsenal of more than 2,000 marketing materials, ranging from ads, direct mail pieces, statement stuffers, flyers, posters and more. BMC constantly is adding new materials so there's always something new to choose from. Creating custom and personalized materials is so easy, anyone can do it.

Once your marketing piece has been created, BMC's technology will route it through your bank's compliance approval process and then automatically send it to the printer or publisher of your choice. Your creation will be saved in the order history, which is very helpful for when the regulators come to town.

For large or brand-conscious banks, or for those who have an established inventory of marketing collateral, BankMarketingCenter.com has a solution for you too. Many BMC customers opt to having a private labeled marketing site built with only bank-approved materials. This allows banks to maintain their unique brand, decentralize marketing and empower employees, and move the marketing department away from production and into revenue generation.

BMC also has a digital signage solution that is just as turnkey and easily managed. Digital signs with professional graphics and videos grab customers' attention without the high cost of printing posters, flyers and tent cards. They're also a convenient way to cross-sell products, post announcements or holidays, stream news and weather, and much more. Choose from an extensive library of templates or build your own and have your ads running in seconds. You can preschedule your ads and specify which branches and what timeframes you'd like them displayed.

BankMarketingCenter.com puts your bank in complete control of the marketing production process, for a fraction of your current marketing costs. UBA members interested in learning more about BMC are encouraged to request an online demo by visiting www.bankmarketingcenter.com/?ref=UT or by contacting Keith Pagel at (678) 528-8041 or kpagel@bankmarketingcenter.com.

- **BankMarketingCenter.com Benefits**
- **20% discount for UBA members.**
- **Web-based and easy to use. No software required.**
- **Software routes ad materials through bank's compliance approval process.**
- **Order history allows ad materials to be reviewed by regulators.**
- **Professional advertising and marketing materials can be produced in seconds.**
- **Change ad copy, photos, layout size, fonts and font sizes.**
- **Select from over 9 million stock photos through Getty Images.**
- **Select and use local media and printers.**
- **Unarchive previous ads and edit them in seconds.**
- **Users can have their photo and personal info automatically appear on ad materials.**
- **Private labeled marketing sites can be developed for large banks.**
- **Letter templates eliminate bad grammar and misspelled words. Databases can be added, with completed letters produced and printed in seconds.**

Taking Care of Commercial Real Estate Customers in a Rising Interest Rate Environment

By Sabrena Suite-Mangum

While rising interest rates generally means an increase in profitability for the banking sector, (according to a June 2018 piece in Investopedia.com) as the increases in the interest rate directly increase the yield on their cash holdings, and the proceeds go directly to earnings; for commercial real estate customers, it often means uncertainty that can lead to panic. But John D. Evans president Mountain West Small Business Finance (MWSBF) a certified development company, explained that, "If you're taking care of your customers, spending time to understand their concerns regarding the changes in interest rates, and talking about solutions, the frustrations and concerns are easily mitigated." He adds that, "putting things in a historical context can also be beneficial to allying concerns as customers."

"While rates have increased from the historic lows, they are most likely to go higher from here, so now is still an excellent time to borrow," explains Matt Hunt, Chief Credit Officer for AVANA. Hunt, who has worked in the commercial real estate lending industry for 20 years and notes that compared to historical averages, rates remain relatively low today. "The historically low interest rate environment we have experienced over the past 10 years is the direct result of actions taken by the Federal Reserve and US government to help soften the blow of the Great Recession," he says. "The low rates were intended to be a short-term solution to free up liquidity in the market and stimulate investment and growth in the economy." But, he explains, "we have all grown accustomed to being able to borrow money at very cheap rates."

He recalls purchasing his first house in 1998 with a 7.25% interest rate on a 30-year mortgage and thinking, "I got an incredible interest rate." He says at the same time, the loans in the owner-occupied commercial real estate loan portfolio at the bank he worked for had an average interest rate of 10% in 2000.

Hunt says that just as homeowners have been able to borrow to purchase homes at rates in the 3.50% to 4.50% range for the past decade, businesses and investors have been able to acquire commercial real estate with financing at historically low interest rates ranging from 4.00% to 5.00%.

"This was an incredible opportunity," Hunt says, "but could never last. It is going to take time for us all to mentally adjust to the fact that interest rates are coming back to historical norms."

Skyler Peterson Newmark Grubb ACRES vice president industrial division adds that as interest rates increase: "Relationships and processes are more important than ever. As a result of the strong economy correlating to rise of interest rates, timing and efficiency in real estate markets such as this are very critical. By being more proactive with your customers and establishing efficient processes, this helps minimize pricing impacts and offsets some of the results of interest rate increases." He recommends his clients start the process early and have their financial statements ready to go. "This helps save time and minimize the risk to any major inflation to interest rates."

And while many real estate customers may feel the need to do so, Hunt says there is no need to panic. "It's a very normal cycle in business. As rates go up, it should put downward pressure on real estate values, either holding them steady, or possible causing them to decrease slightly."

From Peterson's standpoint: "Activity in the local market has not slowed down. Most customers are experiencing the same up-tick in business, therefore they have more capital to account for the rising interest rates."

But "if you have a client who is concerned about rising interest rates," Peterson says, "you can ease their concerns by giving them a long term fixed rate today, and that is what the SBA 504 offers."

Evans, Hunt and Peterson say the new SBA 504 25 year fixed-rate loan is a great product that can help offset the total monthly payment that customers will pay, and is available for owner-occupied commercial real estate customers who work with their bank and certified development companies. (A certified development company is certified by the Small Business Administration of the Federal government to help small businesses with 504 long term fixed rate financing to purchase owner occupied real estate.)

Peterson explains that some customers are coming from a leasing situation, "so the total monthly amount becomes very important when considering loans and the properties they are looking to finance."

He recently had a client that completed an SBA 504 loan with MWSBF and said without the program, it would have been problematic for this client to leave his current leasing situation to pursue a purchase opportunity.

Hunt adds that, "the SBA 504 program also now includes a refinance product that will allow a small business owner that already has a building to refinance the debt on that building. This could be a great option for a business owner who has a variable rate on their building debt and is watching the monthly payment increase as rates go up. They can use this program to lock in a fixed interest rate on their building debt before interest rates go any higher."

And though Evans notes MWSBF is Utah's top SBA lender, and that the SBA 504 program is a good option for many small businesses, it's not a magic bullet. "That's why open and honest communication is so important," he says. "What's financially best for the production loan officer is not always in the best interest of the customer. But by laying all the options on the table, and helping customers understand the pros and cons of the various programs available for their unique situation, you're doing-right-by-the-customer, which really leads to a win-win." ■

Sabrena Suite-Mangum is a writer and public relations consultant whose clientele includes Mountain West Small Business Finance. She was named "Blogger of the Year" for the National Association of Development Companies (NADCO) in 2014

RISING RATES?

DEFEND YOUR PORTFOLIO'S MARKET VALUE WITH SYMMETRICAL FUNDING

John Biestman, Federal Home Loan Bank of Des Moines

We've been here before. Five years have passed since the 2013 "taper tantrum" that was precipitated by the Federal Reserve's mere mention of the wind-down of the central bank's long-time asset purchase program. Back then, the fixed income markets unraveled, investment portfolio market values diminished and members of the regulatory community challenged institutions to support increased capital levels as a result of deteriorating investment values.

Today, while no one can be certain of the direction of rates, the short-end of the yield curve is under the influence of well-telegraphed Fed tightening. Coincidentally, although the yield curve has been relatively flat, public debt levels have expanded non-linearly in recent years, causing concern for rising rates in the longer-end of the yield curve.

As market values erode on the left-hand side of the balance sheet, the logical question becomes: "Can the right-hand side of the balance sheet create offsetting gains in value?" With some help on the funding side, the answer can be "yes."

A Funding Counterweight to Declining Portfolio Market Value

Although investments that are classified as "Available for Sale" or "Held to Maturity" need not immediately have their market values flow directly to net income, their intrinsic values will rise and fall based on interest rate levels. The same phenomenon should hold true for liabilities. However, the asymmetrical properties of many funding sources prevent intrinsic value from being exercisable when rates rise. In theory, a debt issuer should be in the position of prepaying funding and gaining a credit for the debt's intrinsic value if prevailing interest rates are materially above the rate at which the debt was originally issued. What prevents the exercise of intrinsic value of funding is often found in the contractual terms of the funding instrument. Many sources of term funding, (e.g. brokered CD's and "asymmetrical" term advances) do not enable issuers to exercise intrinsic value prior to maturity in the form of a credit at the time of prepayment. Enter the concept of symmetrical funding.

Symmetrical Funding

Symmetrical funding structures, as exemplified by the Federal Home Loan Bank of Des Moines symmetrical advance, can create a gain in the event it is prepaid in an interest rate environment that is higher than what had existed when the advance was originated, via terminating the funding prior to maturity. To monetize the value, the borrower would simply need to prepay the funding prior to its maturity.

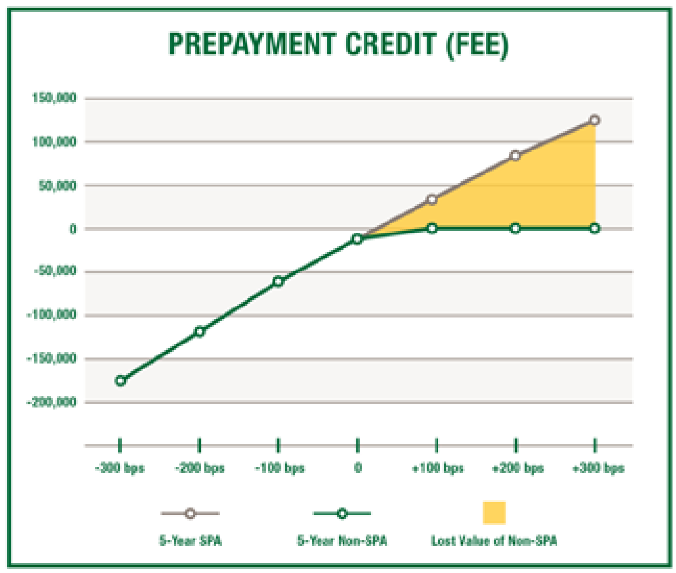


Figure 1 shows the lost value, or opportunity loss associated with the difference between an asymmetrical and a symmetrical advance, using the example of a five-year funding under a rising rate environment. For example, under a rate rise of 200 bps, a $1 million notional advance would represent a $77,358 credit vs. an asymmetrical advance that would not carry a credit at all. With a symmetrical feature, the borrower could simply pre-pay the advance and have their DDA credited for the $77,358 of intrinsic value. Conversely, if interest rates were to decline, a borrower, if they elected to prepay, would do so irrespective of the symmetrical prepayment feature being in place. However, if interest rates were to rise, a credit could be applied to a funding with a symmetrical prepayment feature, allowing a borrower to repay the advance at an amount below the outstanding par value.

Figure 1. Example of the Prepayment Credit and Fee Impact on Advances With and Without the Symmetrical Feature

Hedging the Investment Portfolio Using Symmetrical Funding

Symmetrical funding can be an effective means of offsetting losses in fixed-rate investments caused by higher interest rates, or for that matter, mortgages, loans and even credit losses.

As an example, as illustrated in Figure 2, consider a $653 million book value portfolio consisting of treasuries, agencies, municipal securities and mortgage-backed securities. The portfolio duration is 2.55 years. Again, the longer the duration, the more susceptibility to market value loss as a result of rising rates. Under varying parallel rate shocks, market value losses accumulate as rates rise – with deterioration of almost 20% in an up 300 bps scenario. This phenomenon is what has historically concerned the regulatory community in terms of available liquidity and capital. Alternatively, consider the simultaneous impact, this time on the positive side, of booking as a partial offset, $175 million in the form of laddered 2/3/4-year symmetrical funding. In an up 300 bps scenario, rising rate impact is somewhat cushioned, yielding a net market value loss of approximately 14%. While we are incrementally paying 11 bps in NIM impact in an up 300 bps scenario, we are recouping about 25% of the hit that we would otherwise take to tangible equity.

INVESTMENT CATEGORY	BOOK VALUE	ASSUMED DURATION	MARKET VALUE LOSS		
			+100 bps	+200 bps	+300 bps
Treasuries, Agencies & Munis	583,010,000	2.5	-14,575,250	-29,150,500	-43,725,750
Mortgage Pass-Through	0	0	0	0	0
Other MBS	70,268,000	3.0	-2,108,040	-4,216,080	-6,324,120
Total	653,278,000	2.55	-$16,683,290	-$33,366,580	-$50,049,870
% of Tangible Equity			-6.55%	-13.10%	-19.66%

ADVANCE CATEGORY	BOOK VALUE	MARKET VALUE GAIN		
		+100 bps	+200 bps	+300 bps
2-Year Symmetrical	50,000,000	985,000	1,945,000	2,890,000
3-Year Symmetrical	100,000,000	2,900,000	5,720,000	8,450,000
4-Year Symmetrical	25,000,000	947,500	1,857,500	2,735,000
Total	175,000,000	4,832,500	9,522,500	14,075,000
% of Tangible Equity		1.90%	3.74%	5.53%
Net Impact on Tangible Equity		-4.65%	-9.36%	-14.13%
Impact on NIM		-24 bps	-17 bps	-11 bps

Figure 2. Example Market Value Impact of Rising Rates on an Investment Portfolio that is Partially Funded with a Ladder of Symmetrical Term Advances vs. an Investment Portfolio without Symmetrical Term Advance Funding

The analysis in Figure 2 shows that the losses in the investment portfolio continue under rising rates, leading to substantial losses on the portfolio. However, by implementing a laddered, symmetrical funding structure for a portion of the investment portfolio, an investor can limit the net impact of rising rates as measured by the portfolio's net market value, and ultimately the institution's tangible equity.

Coming Out in the Wash

Over the past ten years, depositories have experienced significant increases in liquidity. Much of this liquidity has been deployed in securities. Since 2008, increases in security portfolios consisted of 55% and 25% for banks and credit unions, respectively. Slackening post-crisis loan demand and significant margin compression caused many institutions to seek additional return by investing further out on the yield curve, exposing them to duration risk.

Market values of funding with the symmetrical prepayment feature offset fixed-rate security portfolio valuations. Therein lies the benefit: In a rising rate environment, the symmetrical prepayment feature can create unrealized gains on the liability side of the balance sheet that can be monetized. In reality, it can all (or, at least, partially) "come out in the wash." ■

3 WAYS TO TRIGGER LOAN MARKETING SUCCESS

Stephenie Williams, Market Strategist for Lending Solutions, Harland Clarke

After years of sustained practicality, consumers are borrowing again at a record pace. Many are beginning home improvements, buying new homes and autos, or financing their children's educations.

Consumer confidence reached 100.7% in October 2017[1]

What is driving the rosier outlook? Consumers are generally positive about their financial situations with consumer confidence reaching 100.7% in October 2017. Strong job growth and improved business conditions are also fueling consumer spending.[1]

Rising confidence, increased spending

As consumer expectations and spending increase, so does borrowing. Credit inquiries increased by three million, to 176 million, in just six months.[2] Total household indebtedness reached $11.85 trillion, a 2 percent increase over the prior quarter.[3]

Consumer borrowing — led by automotive — is revving up

Since the recession, consumers have been very confident taking on more overall debt. Auto loans and leases produced record-setting volume. Revolving consumer credit outstanding – loans that are given as a line of credit to be used when the consumer needs them, like credit cards – is inching toward $1 trillion.[4]

In addition to their increased economic confidence, consumers are more trustful of nontraditional channels, i.e., digital, to purchase products and loans. These disruptors contribute to increased lending competition, propelling financial institutions to be more resourceful in identifying, targeting, and acquiring creditworthy consumers.

Making borrowing easier is more important than ever

As technology improves and access to data increases, so do customer expectations for superior, friction-free service. Financial institutions know the importance of being customer-centric. This year's trends show 61% of organizations rank it a top three, compared to 54% last year. The trend around the use and application of data also increased in importance from last year, with 57% placing it the top 3 for 2018, compared to 53% for 2017.[5] Better use and application of data, which strongly influences customer experience, also increased in importance from last year, with 57% of those surveyed placing this in the top 3 for 2018, compared to 53% in predictions for 2017.[6]

Why a holistic approach to marketing makes sense

To generate sustainable loan growth today, financial institutions must rethink how to communicate with potential borrowers. Today's consumer is more informed than ever with more lending options from which to choose. With the speed and convenience of digital and consumers now in the driver's seat when choosing their lenders, modern day financial markets must look beyond conventional, seasonal push-marketing tactics and focus on strategies that engage prospects and account holders and achieve lending goals. A great way to start is by redefining "potential borrower" as anyone who pre-qualifies for a loan, credit card, or other product with your financial institution, whether

That's why a holistic loan marketing strategy -- one that both actively reacts to individuals currently shopping for loans, as well as proactively creates interest among those who are not -- makes so much sense in today's wide-open economic climate. An "always on" approach makes it possible to reach consumers in all stages of the decision-making process, increasing the likelihood of acquisition and sustained loan growth.

they are currently interested in borrowing or not, and engage them immediately and relevantly.

That's why a holistic loan marketing strategy -- one that both actively reacts to individuals currently shopping for loans, as well as proactively creates interest among those who are not -- makes so much sense in today's wide-open economic climate. An "always on" approach makes it possible to reach consumers in all stages of the decision-making process, increasing the likelihood of acquisition and sustained loan growth.

For example, actively responding to a credit inquiry will help you to stay engaged with current and potential new account holders. An offer made while a consumer is researching a product or service has far more relevance and saliency than one made outside the shopping window. Execute well on event-triggered marketing and you can expect your message to receive five times the response rate of non-targeted push messages.[7] Extending an offer while consumers are researching is highly cost effective. Selling to an existing account holder represents one-tenth the cost of acquiring a new account holder.[8]

Companies that execute well on event-triggered marketing can receive 5X the response rate of non-targeted push messages.

Conversely, proactively placing multi-product, recurring prescreened loans offers at the fingertips of pre-qualified loan candidates can instantly transform non-shoppers into borrowers. It delivers the ultimate friction-free consumer lending experience, while increasing the financial institution's loan volume, reducing loan acquisition costs, and streamlining loan processes. Give consumers easy access to multiple, preselected loan products and watch response rates and your total loan portfolio skyrocket.

A three-part holistic strategy for loan marketing success

1. Set up an alerts program to receive notification from multiple credit bureaus whenever a credit inquiry is submitted for your account holders. Using all three credit bureaus is best, as it will provide 75 percent more coverage.[9] Sixty percent of all loan shoppers will commit to a loan within a week of a credit bureau inquiry.[10] Monitoring these inquiries and then countering with a quick, preapproved offer via the channel to which shoppers are most likely to respond — whether mail, email, or phone — will help you stay one step ahead of the competition and win market share.
2. Adopt a turnkey program that sends multiple loan offers for home equity, auto, credit card, personal, and other loans through multiple channels — online, direct mail, mobile, email, branch and phone -- to account holders and prospects who meet specific underwriting criteria to access anytime, anywhere.
3. Create seamless, convenient experiences. Put loan offers at consumers' fingertips to accept anytime, anywhere. Quickly send offers via direct mail, email, and phone while they're shopping for loans. You will be creating quality customer experiences that can strengthen account holder loyalty, reduce attrition, and extend your brand.

In a perfect world, your account holders would never even think to inquire about a loan from a competing institution and you'd have the resources to get in front of every prospect. But economic and technological times have changed across multiple channels with myriad borrowing options now available. You can, however, effectively compete for your share of consumer loans with a three-part strategy that includes reactive alerts, proactive engagement, and quality customer experiences. ■

1 Consumers and the Economic Outlook – US – January 2018
2 Federal Reserve Bank of New York, Household Debt and Credit Quarterly Report, August 2015
3 Creditcards.com, Household Debt Report: Credit Card Balances Highest Since 2010, August 13, 2015
4 Consumer Attitudes toward Debt – US – November 2017
5 2018 Retail Banking Trends and Predictions, Digital Banking Report
6 Ibid.
7 Gartner, Five Event-Triggered Marketing Steps Marketers Aren't Doing, February 5, 2013
8 Harland Clarke Client Data, 2018
9 Ibid.
10 Ibid.

Stephenie Williams is the director, market strategist for Lending Solutions at Harland Clarke. Stephenie leads the company's team of Lending Engineers who are focused on helping clients understand and maximize the value of their loan portfolio

Reviewing the CFPB's Recent Complaint Report

By Zack Smith, Associate General Counsel, Compliance Alliance

The Bureau of Consumer Financial Protection (CFPB) routinely publishes reports breaking down complaints it receives. In a report published May 31, 2018 entitled, "Complaint Snapshot: Debt Collection (the Report), the CFPB discussed the average number of complaints received from January 1, 2018 through March 31, 2018, and compared those numbers to the same time period in 2017. The Report provided an overview of complaints the CFPB receives, as well as an additional section focusing on complaints regarding debt collection practices. An interesting trend was the significant increase in the number of complaints in the areas of "Money transfers or service, virtual currency" and "Credit or consumer reporting," which have more than doubled in the past year.

The categories with the most complaints — representing approximately 74% of the total complaints in March 2018 — were: "Credit or consumer reporting," "Debt collection," and "Mortgage." "Credit or consumer reporting" complaints made up approximately 37%, "Debt collection" complaints made up approximately 27% and "Mortgage" made up approximately 10% of the total complaints for March 2018. These three categories combined to make up a majority (69%) of the total complaints since the Bureau began receiving complaints.

In a comparison between the first quarters of 2017 and 2018, the "Money transfers or service, virtual currency" complaint-category increased 184% — from an average of 352 complaints to 1,000 complaints. The Bureau also noted a majority of those complaints arose from issues with the availability of funds from virtual currency exchanges. In 2017, virtual currency (cryptocurrency) became a popular investment, and the leading currency was Bitcoin. Investors used virtual currency exchanges to purchase cryptocurrency, which, as with the development of all technology, experienced difficulties. The spike in complaints coincided with the drop in price of Bitcoin in January 2018 as investors sought to sell and withdraw their funds.

The second most significant increase from the first quarter 2017 to 2018 involved the average number of complaints regarding "Credit or consumer reporting," which increased 129% from an average of 4,848 complaints to 11,107 complaints. The Bureau attributed this increase in the average to improvements made to the complaint submission process in April 2017.

Since there are three more days in March than February, the amount of complaints was expected to increase slightly from February, which is what occurred with a 7% increase in complaints in March. Notably, "Prepaid card" complaints increased 21% and "Debt collection" complaints increased 14% in March.

An interesting decrease for March was that "Money transfer or service, virtual currency" decreased approximately 14% to 696. As noted previously, that category averaged 1,000 complaints each month for the first quarter of 2018. Comparing January 2018 to March 2018, there was an approximately 54% decrease in the number of complaints in March. The statistics indicate that January 2018 was an anomaly for the number of complaints in this category. In fact, January 2018 was the first time that the Office received more than 1,000 complaints for this category and coincided with the large price drop in Bitcoin.

Also, the Report includes a list of the average complaint per capita by state. It does not break down the type of complaints by state, but the list is interesting nonetheless as it shows the location of the complainants. Washington D.C. is the location of the most complaints per capita by a wide margin — nearly 60% more complaints per capita than the state with the second-most complaints, Delaware. In fact, Washington D.C. has more than 4 times the amount of complaints than 18 other states. This large discrepancy may likely be attributed to the fact that D.C. is the nation's capitol, and, thus, the D.C. citizens are more aware of the CFPB's ability to handle complaints. Generally, there are fewer complaints per capita in the Midwest states.

This report also compares the changes in the number of complaints per state from the first quarter of 2017 to the first quarter of 2018. The three states with the largest increase in complaints were: Mississippi with a 30% increase, Alaska with a 29% increase, and Louisiana with a 19% increase. South Dakota, North Dakota, and Maine all had a significant decrease in the number of complaints with decreases of over 40%. Overall, there was an increase in the number of complaints in only 13 states.

Debt collection remains one of the areas that consumers complain about most. When the CFPB receives a debt collection complaint, it contacts the companies for review and response. Over half of the debt collection complaints come from the "Other debt" and "I do not know" categories. Nearly 40% of those complaints were for "Attempts to collect debt not owed." A prevalent issue was the lack of written notifications about the existence of debt. Some consumers did not learn of existing debts until the debts appeared on their credit report. In fact, they had to request information about the debt, including the amount in collection, from the debt collector.

Tracking the types of complaints will be interesting over the coming months and years. Using the reports published by the CFPB, bankers have the ability to monitor the practices that are causing consumers the most problems, and an opportunity to correct any potential issues that may arise. To investigate the entire report, find it here: https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/bcfp_complaint-snapshot_debt-collection_052018.pdf ■

Zack serves as Associate General Counsel for Compliance Alliance working on our hotline aiding members with compliance questions. He received his B.B.A in finance from the University of Texas at Austin and his J.D. from Baylor Law School. Prior to joining C/A, Zack specialized in tax law where he represented clients in front of the IRS.

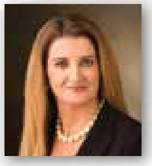
BANKERS ON THE MOVE

Jason Baum has been appointed by Bank of Utah's St. George Mortgage Loan and Business Office to serve the area as a mortgage lending expert. Jason has spent over 25 years working with small and homebased businesses as a consultant in sales, marketing, client relations, customer services and success planning. With this unique background, he is positioned to work with realtors, investors and clients to create the best results.

Ken Bennett joined State Bank of Southern Utah in April as Customer Care Manager to lead the way in building our Customer Care Center. Ken brings extensive career experience in managing call environments to State Bank and will ensure this new department maintains our mission of providing friendly, small town service to our customers over the phone.

Robert Bischoff has been recently promoted by Zions Bank as senior commercial banking regional director for Northern Utah area. The position also directs operations in Idaho and parts of Wyoming. Bischoff began his banking career with Zions Bank in 1989 as a part-time teller while attending Weber State University in Ogden. Over the past 30 years at Zions Bank, Robert has held a variety of positions including branch loan officer, commercial loan officer, and most recently as a commercial relationship manager in Zions Bank's Northern Utah Commercial Banking Center. He currently serves as a member of the Ogden-Weber Chamber of Commerce Board of Governors, a member of the Davis Chamber of Commerce Leadership Development Executive Committee, chair of the Boys and Girls Clubs of Weber-Davis Finance Committee, vice-chair of the Weber Housing Authority, and is actively involved with the Boy Scouts of America.

Olga Hoff has been promoted by Zions Bancorporation to director of Enterprise Retail Banking. Hoff will also be promoted to executive vice president and will be a member of the Executive Management Committee. Hoff joined Zions in 2003 as a project manager and most recently has been executive vice president and director of Consumer Lending and Card Operations. Hoff received both her bachelor's degree and Ph.D. from Utah State University with an emphasis in instructional technology.



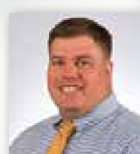
Stephanie Horne received the 2018 Roy W. Simmons Community Service Award—Zions Bank's top employee award. Horne has been with Zions Bank since 1997, and currently serves as executive vice president and director of Private Banking. Since 2008, Horne has served on the Intermountain Medical and Research Foundation's executive boards, assisting in all facets of the organizations mission. Last year, Horne received Intermountain's Legacy of Life Gold Caduceus Award for her dedication to the health care community. Horne has also volunteered her time as a board member at the Central Utah Art Center, the Utah Food Bank, the United Way Women's Leadership Circle, Go Red and the American Cancer Foundation.

Rodney Hunter, mortgage loan expert, will now serve in Bank of Utah's St. George Mortgage and Business Banking Office, after previously managing mortgage loan offices in Logan, Brigham City and Tremonton. Hunter has originated and processed nearly $18 million in residential home loans annually.

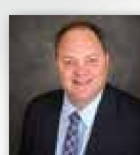
Jenna Lester has been named by KeyBank Equipment Finance to equipment finance officer of business banking. Lester will work with Key's business banking team to support customer finance operations in Utah. Lester completed the Key Equipment Finance Sales Accelerated Career Training (ACT) program in 2017. Sales ACT is a nine-month comprehensive training program designed to provide a thorough understanding of the equipment finance industry. "Jenna demonstrated strong business development skills through her participation in the Sales ACT program," said Scott Edwards, senior vice president, business banking sales director, Key Equipment Finance. "She has a lot of drive and tenacity, and I look forward to watching her excel in this important position."

LeAnne Linderman retired from Zions Bancorporation on Aug. 3. During her 26-year career, and under her leadership as director of Enterprise Retail Banking, Lindermann was well-known for her ability to help others network and move forward in their career development. Linderman was the first-ever female chairperson of the Utah Bankers Association in 2008, and prior to that launched the organization's annual Careers for Women in Banking Conference, which is now in its 15th year. As a member of the American Bankers Association's Leadership Team, she was instrumental in the formation of a similar annual women's conference on a national level. She was named several times as one the 25 Most Powerful Women in Banking by American Banker magazine.

Ida Ann Thompson has been appointed a mortgage lending expert by Bank of Utah's St. George Mortgage Loan and Business Office. Ida has worked 21 years as a successful senior mortgage banker, holding positions from sales, processing, underwriting, administrative assisting and management. She holds a degree in political science/pre-law from Norfolk State University and is fluent in both the English and Spanish languages.



Michael Trower has come to State Bank of Southern Utah as Branch Manager & Commercial Lender at our branch in Orderville. Michael brings experience in lending and building lasting relationships with customers and will be a tremendous community member to our customers in Orderville and the surrounding areas of Kane County.



Brian Young has been appointed by Bank of Utah to serve as area manager in the locally-owned bank's mortgage office in St. George. Young is an experienced banking area/division manager and has served more than 10 years in the mortgage industry. ■

BANK KUDOS

ALLY BANK
Kiplinger Names Ally Bank Best Internet Bank, Best Bank for Millennials

Ally Bank, Member FDIC, was named the Best Internet Bank and Best Bank for Millennials by Kiplinger. Kiplinger looked at banks that offer the best combination of high rates, low fees and a customer-friendly focus.

Ally Bank won the awards, according to Kiplinger, by keeping "its account offerings simple" with no monthly maintenance fees and strong yields. Ally Bank, with millennials making up more than 50 percent of its new bank customers, also was lauded for its voice-enabled banking features – Ally AssistSM and the Ally SkillSM for Amazon® Alexa. Ally Assist is voice-enabled help via the Ally Mobile app and the Ally Skillsm enables customers to check savings rates and account balances and even transfer funds on their Amazon® Alexa-enabled device.

"Our customers are at the center of everything we do, whether that is something like rolling out a new savings product or providing on-the-go digital access through technology enhancements," said Di Morais, president of Consumer and Commercial Banking Products for Ally Bank "We also understand we must continually innovate to provide our customers with best-in-class banking."

Kiplinger noted that Ally Bank, which has a 96-percent customer retention rate, provides a strong suite of digital banking tools plus live 24x7 customer service by phone or online chat. Phone wait times are even posted on the website and average less than one minute. Consumers also can engage with Facebook Messenger or Ally's dedicated customer service Twitter feed @ AllyCare.

BANK OF UTAH
Utah Bank of Utah Sponsored Another Successful Weber Pathways TrailFest 2018

On June 30, hikers and cyclists enjoyed Weber Pathway's second annual TrailFest sponsored by Bank of Utah. The celebration of the county's trail network provided families a free opportunity to get active, discover and play along the Centennial Trail.

Bank of Utah served on the event organization committee, volunteering and publicizing the event. The bank's volunteers greeted people at a trail check-in station where they could check the trail map and get information about nearby checkpoints, trail activities and potential challenges. Bank volunteers stamped TrailFest passport books and distributed water, sunscreen and other helpful items for hikers.

TrailFest participants enjoyed muddy trail demonstrations, tubing on the Ogden River, science learning projects, digging for "fossils," and hanging out the TrailFest Expo and Festival after their morning full of trail events. "We were proud to be the presenting sponsor of TrailFest again this year," said Roger Christensen, senior vice president of marketing and communications for Bank of Utah. "Weber Pathways did a wonderful job creating a successful event that appealed to both nature enthusiasts and newcomers. With the terrific improvements made on the trail system, a community celebration was more than fitting."

BRIGHTON BANK
Butlerville Days

Brighton Bank recently teamed up with Cottonwood Heights as a sponsor for the annual Butlerville Days celebration held at Butler Park on July 23rd and 24th. Brighton Bank was delighted to support the celebration as the Bank was founded in the Cottonwood Heights area, formerly known as Butlerville, in 1978.

This event grew significantly this year with approximately 35,000 attendees enjoying Brighton Bank Bingo, carnival rides, inflatable slides, live music, food and a wonderful fireworks show for a grand finale to the event. Supporting the communities we serve is part of what defines Brighton Bank. Developing Relationships...Building Communities.

40th Anniversary Branch Celebrations

Brighton Bank is celebrating its 40th Year of Serving Utah Communities. During the month of July, celebrations were held at each of the bank's branches and customers were invited to visit us for refreshments and to enter a drawing to win and Amazon Echo and Smart Plug.

FIRST NATIONAL BANK
First National Bank Celebrates its 113th Birthday

To celebrate First National Bank's 113th birthday, bank employees participated in a week of community giving. "Our legacy as a bank has always been rooted in the communities that we serve and so it was only fitting that we celebrate by giving back in unique and meaningful ways," remarked VP of Sales & Marketing, Brady Stratton. The week-long celebration consisted of superhero meet & greets at a local safe harbor shelter, breakfast for the Layton City Police Department, flower planting at the city office building, purchasing cups of coffee for people at local coffee establishments, and buying lunch for high school students and others at a local mall food court. Both the employees and those that were served were uplifted in more ways than one!

KEYBANK
KeyBank Donates $200,000 to First Step House

First Step House is launching a new employment program in collaboration with KeyBank and Salt Lake County Housing and Community Development (HCD). The Employment Preparation and Placement (EPP) program is an innovative, evidence-based approach to improve hiring opportunities for people managing a substance use disorder and co-occurring behavioral health condition. The KeyBank Foundation has committed a three-year, $200,000 foundational community impact grant to enable the program launch.

The long-term goals of the First Step House Employment Preparation and Placement program are to increase long-term employment outcomes for patients receiving treatment for substance use disorders and co-occurring behavioral health conditions, and to increase community prosperity by improving the financial well-being of those receiving treatment for a chronic behavioral health condition. The EPP program targets people with a substance use disorder who have experienced homelessness and have a history of criminal involvement.

"The work First Step House is doing impacts so many and the KeyBank Foundation is excited to help them grow these programs that will help change lives," said Terry Grant, president of KeyBank's Utah market. "It is an honor to award this grant, which will help First Step House to continue to make positive change."

Sandy Area Chamber of Commerce Launches KeyBank Business Accelerator Academy

The Sandy Area Chamber of Commerce recently launched the KeyBank Business Accelerator Academy. The KeyBank Business Accelerator is a hands-on program for existing business owners that provides the knowledge and know-how to create and manage a customized, three-year strategic growth plan.

The program is funded by a $120,000 foundational community impact grant made by KeyBank to the Sandy Chamber Economic Development Foundation. The Sandy Chamber Economic Development Foundation was formed to oversee and help raise resources to support the Sandy Chamber Business Institute. The grant from KeyBank is the largest ever received by the organization.

As the signature program of the Sandy Chamber Business Institute, the KeyBank Business Accelerator Academy provides practical business education, a supportive business network and access to capital and contracting for companies.

"The KeyBank Business Accelerator Academy will give small business owners the knowledge and connections they need to take their businesses to the next level," said Terry Grant, president of KeyBank's Utah market. "We are proud to support this important work and look forward to watching program participants implement their growth plans and expand their businesses."

KeyBank Earns "Outstanding" Marks for Community Reinvestment

KeyBank earned its ninth consecutive "Outstanding" rating from the Office of the Comptroller of the Currency (OCC), for exceeding the terms of the Community Reinvestment Act (CRA) exam. KeyBank is one of the only U.S. national banks among the 25 largest to be rated "Outstanding" by the OCC for nine consecutive review periods, since the Act's passage in 1977.

"KeyBank's commitment to helping clients and communities thrive is at the heart of how we do business," said Beth Mooney, KeyCorp Chairman and CEO. "It's not enough to simply satisfy compliance requirements; as a responsible bank, we believe in balancing mission and margin by going above and beyond to invest in the community. KeyBank's decades long record of 'Outstanding' ratings on the CRA exam is a testament to the character of our people and their long-standing commitment to serving all communities."

KeyBank Launches Instant Payment Solution

KeyBank has launched an instant payment solution with Ingo Money. Through Ingo Push, Ingo Money's turn-key push payment platform, KeyBank business clients can disburse guaranteed funds in real-time.

Ingo Money enables businesses, banks and government agencies to meet consumer demand for instant money proceeds while saving time and money. Through Ingo Money's platform, KeyBank commercial clients will be able to quickly and easily turn slow, expensive paper checks and ACH deposits into instant, fully guaranteed funds that are immediately available in their customers' accounts.

Bank Kudos— *continued on page 30*

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The latest collaboration with Ingo Money exemplifies KeyBank's model of partnering with companies whose solutions align with the broader strategy of delivering innovations that make clients' businesses grow, avoid risk and be profitable. It marks the most recent in a series of relationships with emerging fintech providers.

ZIONS BANK
Zions Bank has Incredible Impact on Local Communities

In recent months, Zions Bank has had an incredible impact on local communities in Utah and Idaho through its annual Paint-a-Thon project, which benefits low-income and veteran families. This year, hundreds of Zions Bank volunteers and their families helped spruce up yards and painted the exteriors of more than 40 homes. An estimated 11,000 gallons of paint have been used to paint more than 1,100 homes since the annual project began in 1991.

Zions Bank Helps High School Students Attend a Special Performance of Hamilton

Special funding through Zions Bank helped students from more than 40 Utah high schools attend an all-student matinee performance of the award-winning Broadway show “Hamilton” at the Eccles Theater in Salt Lake City on May 4, 2018 for just $10 (a Hamilton bill). After weeks of studying a special integrated curriculum about Alexander Hamilton, the performance provided more than 2,300 students an opportunity to experience the musical in person. They also participated in a Q&A with members of the “Hamilton” cast, and watched peers perform songs, poetry, rap, scenes and monologues about the Founding Fathers on stage.

LINEUP OF UPCOMING UBA CONFERENCES

Fall Compliance Conference
October 23-25, 2018, Westgate Resort, Park City

Emerging Bank Leaders Conference
November 14, 2018, Thanksgiving Point, Lehi

Bank Executive Winter Conference
November 30, 2018, Little America Hotel, Salt Lake City

Ag Outlook and Conference
February 7-8, 2019, Dixie Center, St. George

Check the UBA website, www.uba.org for additional information and to register for all events.

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