UTAH BANKER
ISSUE 4 | 2019

EMERGING BANK LEADERS CONFERENCE

AFFORDABLE CARE ACT COMPLIANCE IN THE BANKING INDUSTRY

EDP GRADUATES HONORED

PAGE 15

OFFICIAL PUBLICATION OF THE UTAH BANKERS ASSOCIATION

UTAH BANKER

BUSINESS LOANS OF UTAH

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UTAH BANKERS ASSOCIATION

- SINCE 1908 -

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Howard Headlee
President
Utah Bankers Association

By serving people who work together, go to church together or otherwise know each other, real credit unions can make loans that a bank can't.

The current debate over state tax reform is a perfect example of why Utah is known as the best managed state with one of the top economies in the nation. Our leaders don't wait for a crisis to have difficult conversations. They look forward, identify problems and deal with them.

The current debate revolves around tax base erosion and its impact on key programs. Not everyone will agree on the solution, but the fact that they are trying to address the issue before we are in crisis is impressive.

Utah legislators have been tackling tax base erosion for many years. One particularly important example occurred back in 2003 when legislative leaders recognized some state credit unions had begun operating like banks. They studied the issue and despite enormous political pressure they passed a law that required a few of the most bank-like institutions to begin contributing income taxes to our schools.

However, to avoid paying school taxes on their millions in profits these fake credit unions ran to the federal credit union charter. Two years later in 2005, the Utah Legislature adopted a resolution to Congress urging them to fix the federal law. Legislators understood that every time an individual or a business moved their accounts or loans from a bank to one of these fake credit unions, support for our schools and teachers eroded.

As usual, the Utah Legislature's action proved to be visionary. Just last month, the Tax Foundation, the nation's foremost non-partisan voice on tax policy issued a report that came to the same conclusion. The report determined that: 1. Some [credit unions] have strayed from their original, tax-exempt purpose and are in direct competition with their taxed competitors (this is what drives tax-base erosion); 2. In those cases, the exemption cannot be justified on the grounds of sound tax policy, is not neutral and leads to an inefficient allocation of resources (the government is picking winners and losers).

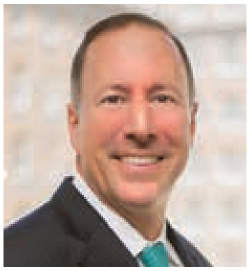
You can read the full report at: https://taxfoundation.org/repealing-credit-union-exemption/

The historical record is clear that the purpose of the credit union tax exemption was to help the working poor get access to credit, but the Government Accountability Office (GAO) has determined that these fake credit unions are no longer helping the poor. They are building their branches in wealthier census tracks, their members are more affluent than the average bank customer, and by every measurement, today banks are doing a better job of helping the poor. So why are taxpayers still subsidizing the fake credit unions?

Real credit unions play a critical role in our community. By serving people who work together, go to church together or otherwise know each other, real credit unions can make loans that a bank can't. This is because people who share a common bond are more likely to lend to each other; and perhaps most importantly, when people borrow from those they interact with they are more likely to pay the loan back. This is what the word credit UNION means, and that's why the law has always required credit unions to operate with a common bond among members.

So, when a credit union abandons its common bond, it is abandoning the working poor and should no longer qualify for a tax exemption. Quite frankly, it is no longer a credit union, it is simply a mutually owned bank — and mutually owned banks pay income taxes on their retained profits. That is precisely what the policy adopted by the Utah Legislature in 2003 requires.

Today, 75% of the credit union tax subsidy is now consumed by 5% of the largest, bank-like credit unions, and it is generating enough tax base erosion around the country that the Tax Foundation has taken notice. Their report reminds us that when it comes to dealing with problems proactively, Utah's legislature should be commended!



Rob Nichols
President and CEO
American Bankers Association

BUILDING SUCCESS IN WASHINGTON

Between the end of September and the end of October — at the same time, the House was beginning its impeachment inquiry — a remarkable thing happened. Representatives turned their attention to two different, pressing banking issues — cannabis banking and modernization of our anti-money laundering compliance framework — and advanced bipartisan legislation to address them.

Around the same time, federal regulators took action on several other priorities, from implementing sections of S. 2155, which made tailoring of regulation the law of the land and finalizing the new community bank leverage ratio, to raising the appraisal threshold for residential real estate transactions and proposing changes to the FDIC's national rate cap regulations.

For all the acrimony and dysfunction that seems to be defining our capital these days, Washington sure is producing some smart, commonsense banking policy. How have we managed to see so much progress on banking issues in such a divisive atmosphere? And what does this mean for banking as the 2020 elections approach?

I believe our industry's success in Washington starts with your hard work at home. While ABA and your state association are working to help you succeed in the future, you are the ones demonstrating the critical role banks play in the economy by making sure your customers and communities have what they need to thrive. And a national survey that ABA commissioned and released in October found that you are performing this role very well:

- Nine in 10 Americans are very satisfied or satisfied with their primary bank
- 96 % rate their bank's customer service as excellent very good or good
- 93 % rate their access to banking services as excellent or good

Results like these, including a recent Gallup poll that found the highest public opinion of banking in more than a decade, matter because they give policymakers more reason to support you.

We're also succeeding in Washington by making it clear that banking policy is bipartisan. No matter who holds the gavel in Congress or controls the White House, they need to understand banks and bankers today. So we've been working closely with leaders and lawmakers on both sides of the aisle and in both chambers to educate them on issues that are affecting your ability to serve your customers and communities.

Finally, we're succeeding in Washington because bankers continue to engage in the process. Bankers and state association executives in states that first legalized marijuana, for example, took the lead in educating their peers and lawmakers on the implications of leaving the cannabis industry unbanked. Those include the tax consequences, the public safety risks, and the impact on non-cannabis bank customers.

Other bankers are shaping outcomes by participating in their state's Washington Visit, analyzing regulatory proposals, conducting critical reviews of our comment letters, and responding to grassroots alerts.

All of this puts us in an excellent position as we head into an election year that, yet again, could shift the balance of power.

To further bolster the industry's position in advance of the 2020 elections, ABA is actively scaling our BankPac and our Voter Education initiatives with the intent of supporting Democratic and Republican candidates who understand and appreciate the important role banks of all sizes play in this country. At the same time, we're building out our new grassroots platform, Secure American Opportunity. That's where you'll find information on actionable policy issues and learn what you can do to shape the outcome, whether it's writing to your lawmakers or commenting on a regulatory proposal.

And while we don't and won't participate directly in the presidential race, we stand ready to correct the record if candidates misrepresent our industry or pursue policies that will harm your ability to serve your customers and communities. ■

E-mail Rob Nichols at nichols@aba.com.

WHEN IS THE LAST TIME YOUR BOARD REVIEWED THE CONTENTS OF THE BOARD PACKAGE?

By Darlia Forgarty, President, Compliance Alliance

If you have not reviewed the information that your board reviews on a monthly basis in over 12 months, you may not be providing the information you should.

The reports in the board package have traditionally been somewhat non-specific, often based on guidelines provided by the Office of the Comptroller of the Currency or FDIC. Our community bank boards have traditionally been focused on the analysis of the bank's financial performance. This approach was based on the philosophy of "more is better," so the bank made sure it provided everything the board needed to carry out its responsibilities.

A shift in the banking industry as well as the overall economy has complicated board reporting for banks of all sizes. Each required policy has its own reporting requirements, which may not necessarily be directly linked to board reporting, it does influence it and requires reporting standards. This is primarily because such documentation may be expected to serve as a partial record of the bank's processes and procedures for the benefit of regulators.

While financial performance analysis continues to play a significant part in reporting to the board, the inclusion of operational risk management and compliance management adds to the amount of information that bank officers are obligated to include in their presentation to bank directors. Considering that the data being reported to the Board comes under scrutiny from so many different avenues, and carries severe penalties for banks found not following a best practices; the importance of reporting has significantly increased. This can be quite challenging for smaller banks where senior management already finds themselves wearing more than one or even two hats.

Heightened risk and compliance considerations call for a more thorough, broader analysis. The reactive approach is not considered adequate and must be replaced with pro-active monitoring and reporting. In a nutshell, the reports have to be comprehensive, but meaningful. There is an implied obligation to educate the bank's directors regarding the best practices employed by the bank, so they can effectively make decisions based on the information they are presented.

For these reasons alone, banks need to reassess their approach to board reporting, if they haven't already.

The two key overall areas to reevaluate are content and delivery.

Board packages should be delivered well in advance of the scheduled board meeting to allow ample time to review the information before the time for discussion. Delivery encompasses more than just a timing factor.

An effective delivery incorporates the following:

- Easy-to-understand presentation
- Useful information
- Direct delivery from the data source, not a report that has been manually crafted by someone

It would be virtually impossible to meet all of the requirements for report delivery outlined above without the use of technology. The bank's IT system (platform) can produce timely and accurate information for reports to be included in the board package. Systems can accumulate data across business units, making it realistic to provide support data for ongoing risk assessments and for reporting at the business unit level. This technology can function not only as a comprehensive collection of financial information, but can also be used as the focal point for bank-wide risk management and control.

The use of technology-produced reports supplies not only accurate data, but it also accumulates data over time which provides an active, dynamic benchmark against which bank performance can be measured. All the information in a data warehouse produced by the IT platform ties back to the source — the financials and the general ledger — allowing the bank's management team to walk into a meeting with the information they need to support their position. If auditors request reports to assist them in their analysis, the bank can go to the data warehouse and recreate reports if there is any question of potential irregularities.

Once we have the delivery issues addressed, we can focus on the actual reporting and Best Practices.

Board members greatly appreciate a shift towards a more efficient and effective agenda, with a focus on committee reports and presentation of only meaningful information about the condition and operations of the bank. Most directors only visit the bank once or twice a month, which makes a full understanding of the bank's plans and status very difficult. There needs to be an educational element in board meetings. Most directors have an ongoing need and desire for growth and development in their understanding of the banking industry. With education, directors can become more effective in their recognition and understanding of the risks to be monitored, as well as the factors that most influence a bank's strength and performance.

Financial and operational presentations by management should focus on informing the board members on what time it is; not how the watch was built. This approach can result in more interesting and informative board meetings and will likely result in greater interaction and participation by the board members.

There are no regulatory requirements on information that must be included in the monthly board package, the only requirement is that the board should receive and review enough information to effectively manage and oversee the bank. That being said, there are a few Best Practices for assembling information for your board's review.

Best Practice #1 – Provide the Board with Information, Not Data

Change the monthly financial report to something meaningful. Most boards need to know only about 20–30 key data points and ratios and how those numbers compare to budget, peer banks and prior year results to have a good handle on the condition of the bank.

The typical financial report at a bank board meeting is encompassed in a 25–30 page document that blurs into a very detailed, and often meaningless, presentation of pure data that is often difficult to follow.

Providing meaningful information in an understandable format is essential for the board members to identify and manage risk. Less is often more in effective board presentations.

Best Practice #2 – Encourage Board Participation

No board should have a Devil's Advocate who is in opposition to everything, but there should be an open enough relationship in the board room which allows for opposing views and occasional "no" votes. Many times there are meaningful questions that go unasked in the board room. Board members need to feel informed and comfortable enough to ask challenging questions, and also to say that they don't understand a proposal or a presentation.

In my experience, "why?" can be a very powerful question. I know several bank boards that have greatly benefited from a few independent thinking directors in the past years that lead up to the current economic downturn. Those directors had the insight and the courage to question the popular belief of the booming real estate market. More importantly, the culture of the boards on which they served allowed for real discussion of concerns expressed by directors.

> There is an implied obligation to educate the bank's directors regarding the best practices employed by the bank, so they can effectively make decisions based on the information they are presented.

Information to include in the board package:

Financial performance reports — These reports provide supporting information of the bank's health and profitability.

Risk management reports — Board reports should allow the bank's directors to assess the institution's ability to manage, monitor and control risks through the review of processes, policies, and practices.

Again, there are no regulatory requirements for these reports, and it is obviously different for each bank. Consider your bank's complexity and markets and require your management to provide information that will give you the ability to make informed and quality decisions.

Darlia Fogarty brings a wealth of knowledge and practical experience to Compliance Alliance banks and staff. Darlia served as a commissioned national bank examiner with the OCC for a large majority of her career, where she developed an expertise in compliance while administering examinations in banks of all sizes. She contributed as a member of the Retail Credit Team, with a strong knowledge of Compliance as well as all other areas of the banks operations and lending. Darlia also has many years of experience as a compliance officer/auditor and 4 years as a compliance/audit consultant.

As a speaker, Darlia travels to several conventions, meetings and schools throughout the year, and can often be found speaking at compliance schools and conferences. Her articles can be found in State Banking Association magazines, Compliance Alliance newsletters and several other publications.

4 Proven Ways to **Accelerate New Account Openings**

By Stephen Nikitas

HARLAND CLARKE®

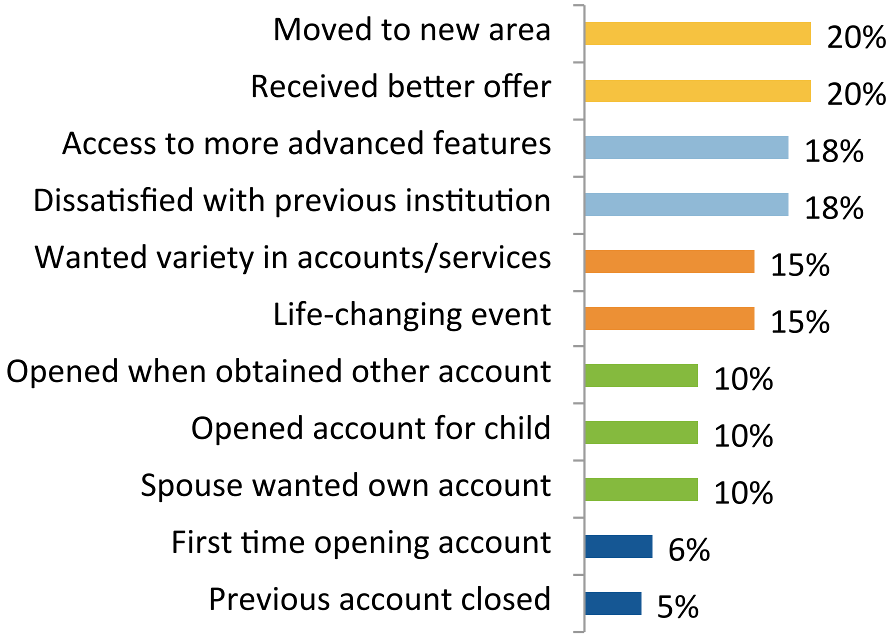
Let's face it ... when it comes to help with managing money, there's a lot of competition out there. Consumers have plenty of choices. They can turn to any of more than 12,000 U.S. banks and credit unions.[1] Unfortunately, many financial institutions rely on serendipity when it comes to customer acquisition. They think if they have a branch location somewhere along consumers' work or Saturday errand routes, then new customers will come.

However, you shouldn't take a "maybe" approach to customer acquisition. Instead, be strategic and aggressive when it comes to growing your customer portfolio by using one (or all) of the four methods below.

#1 – Promote Checking Accounts Above All Else

When acquiring new customers, you should always promote new checking accounts. Surprised? Everyone needs a checking account to manage finances. Checking accounts will likely appeal to those who are new in their careers or have recently moved into the area because of a job. They may also appeal to consumers who are generally dissatisfied with their current financial institution and are seeking a new banking relationship.

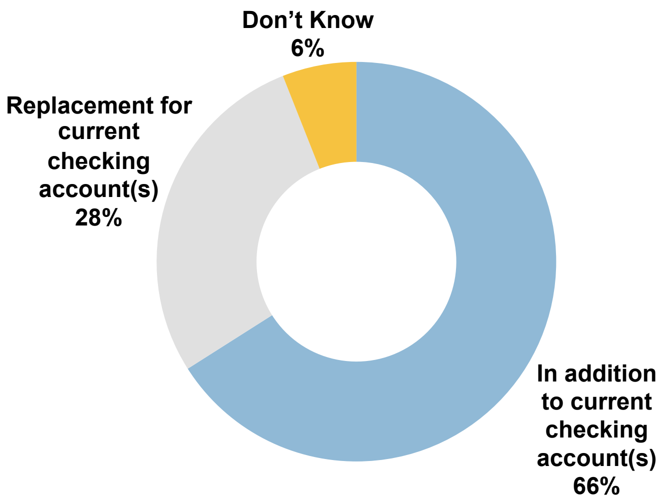
Reasons for Opening a New Checking Account at Time of Most Recent Opening



Source: Synergistics Research Corporation

It isn't just first-time account holders in search of new checking accounts; consumers are now more likely to have multiple checking accounts than ever before. Sixty-six percent of those shopping for a checking account are looking for a second or additional account.[2]

Position of New Checking Accounts



Source: Synergistics Research Corporation

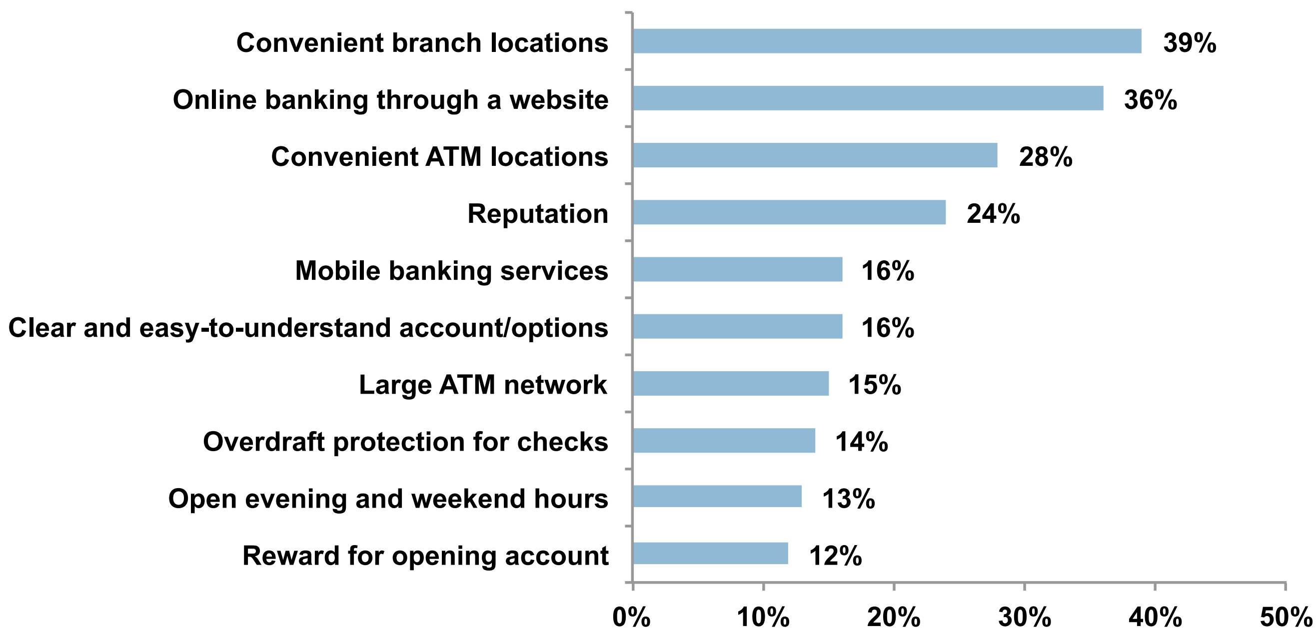
A checking account provides approximately $268 a year in revenue to a bank.[3] In addition to driving revenue for the institution, a checking account also opens the door to that new account holder acquiring more products and services as they grow in their relationship with the primary financial institution.

#2 – Make Doing Business Convenient

Branch locations still play a large role in the banking relationship. Be sure to include messaging about the ease of banking with your institution — a consistent, multichannel approach works best when marketing to prospective customers. Nearly a third of prospects cite direct mail and digital ads as the strongest vehicles a financial institution can use in order to make them aware of a product opportunity.

In the digital age, the concept of banking convenience is about offering more than just the closest branch locations. Mobile banking capabilities and multiple ATM locations now rank among the highest priority "must haves" for account holders.

"This is why I went to the financial institution to open a checking account ..."



Source: Synergistics Research Corporation

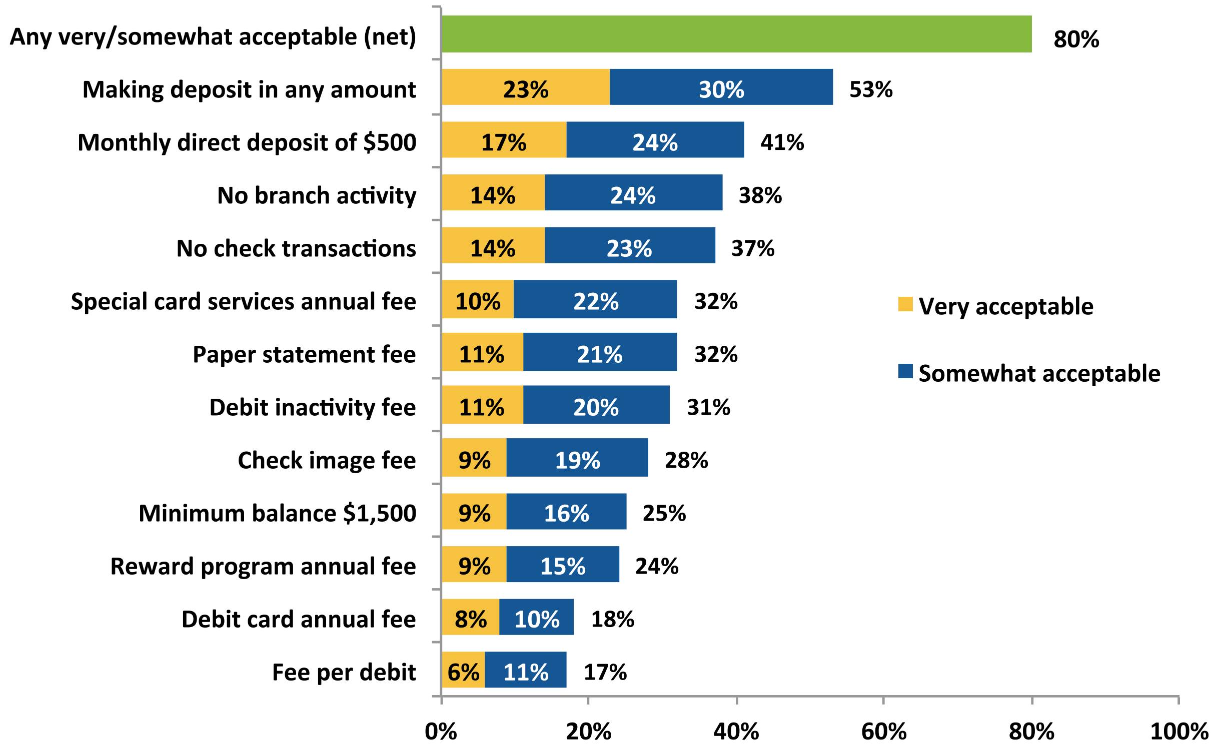
[2] Synergistics Research Corporation
[3] Moebs Services, 2011

#3 – Offer an Incentive

Don't forget to make an attractive offer when promoting a checking account as this is how many financial institutions actively lure new checking customers.[4] In some cases, the offers are rich — as high as $500. Don't let this intimidate you. The "Davids" of the banking world can go up against the "Goliaths" by relying on offers that will get noticed, even $50 to $100.

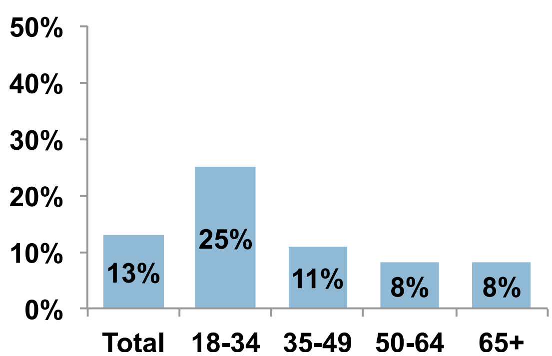
Similarly, don't discount how much of an incentive offering a free checking product can be, even if the promotion comes with stipulations such as a minimum balance or direct deposit requirement. Eighty percent of consumers are okay with institutions charging fees, so long as there are ways for them to get those fees waived.

"How Acceptable are Fees?"

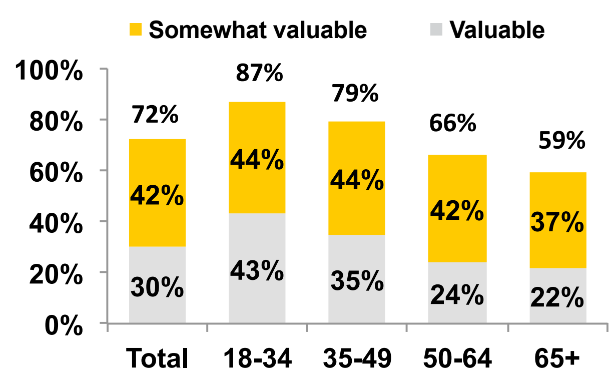


Incentives and rewards are especially important when it comes to courting younger demographics such as Millennials and Generation Z (iGen). Seventy-two percent of all consumers find reward programs valuable, but the overall perceived value and participation trends highest in ages 18–34.[5]

Participation in Relationship Rewards Programs (by Age)



Value of Relationship Rewards Among Non-users (by Age)



[4] The Financial Brand, 2015 State of Bank & Credit Union Marketing, February 3, 2015
[5] Synergistics Research Corporation

#4 – Target the Right Prospects

Taking the time to target account holders with whom you have a likelihood of establishing strong relationships with multiple product offers increases the likelihood of gaining a strong share of their wallet.

THERE ARE MULTIPLE WAYS TO DO THIS:

1. Reach young consumers opening new checking accounts through mediums and messaging that resonates with them to build strong awareness of your bank and its products
2. Use saturation marketing via direct mail
3. Outsource to a knowledgeable third party to further increase account acquisition marketing's ROI (for example, with a product such as Harland Clarke's deposit and household acquisition solution)

Remember: Banks have a wealth of customer data at their fingertips that can be used to learn more about existing checking account holders. This information can be leveraged to target "lookalikes" in a market footprint and further accelerate account acquisitions. When the strategy is to attract new account holders, a strategic, data-driven acquisition campaign can give your financial institution a marketplace advantage.

Harland Clarke's deposit and household acquisition solutions offer financial institutions a highly targeted, turnkey acquisition program at saturation pricing.

How it works: Harland Clarke's proprietary data analytics technology enables institutions to target individuals (not neighborhoods) with offers based on consumer, demographic, lifestyle, purchase potential and other data. Campaigns offer a variety of options, are highly customizable, and provide the same low cost communications with a more focused mailing approach to increase marketing return on investment.

THE RESULTS

- Achieve higher response rates, with unmatched levels of personalization and customization at saturation prices
- Quickly find prospects for low-cost deposits and extend offers with targeted, effective communications
- Attract more low-cost, core deposits with highly targeted solution and highly customized direct mail
- Implement a turnkey program from analysis to creative and reporting

For more information about Harland Clarke's strategic, data-driven marketing programs designed specifically for financial institutions, please call **1.800.351.3843**, email us at contactHC@harlandclarke.com or visit **harlandclarke.com/Acquisition**.

About the Author

Stephen Nikitas has more than 30 years of experience in strategic planning, marketing, public relations and executive speechwriting. He has been a senior executive at financial institutions in New York, California and Massachusetts, developing and implementing sales and marketing programs that resulted in significant growth rates in loans, deposits and accounts. As a Senior Strategy Director at Harland Clarke, Stephen now provides consultative services to banks and credit unions, helping them to craft marketing and retail strategies and campaigns that take advantage of existing market and financial conditions in order to grow targeted portfolios.

To learn more about Harland Clarke, visit HarlandClarke.com.

2019 BANK EXECUTIVE WINTER CONFERENCE

The 9th Annual UBA Bank Executive Winter Conference, held December 6, 2019, at the Little America Hotel, was well attended by bank executive officers from across the state of Utah in a setting designed to provide executive management teams with a "New Year Risk Radar" to guide their banks through the industry's most pressing issues for the coming year.

This year's conference kicked off with a New Year Risk Radar Regulator Panel with representatives of the Federal Reserve, FDIC, OCC, Utah Department of Financial Institutions, and Jones Waldo. This year featured keynote speaker Former Utah Governor and U.S. Ambassador Jon M. Huntsman, who sat down with Utah Bankers Association President Howard Headlee for a fireside chat.

Other sessions included Dave Defazio, StrategyCorps, who addressed the "Evolving Battle for customers and Cross-Selling in a Mobile World;" and Eric Cook, WSI, who spoke about "Using Social Media and Online Tools to Build Your Brand, Grow Relationships, and Serve More Customers."

At lunch, graduates of the 2017 EDP program were honored by their respective bank management.

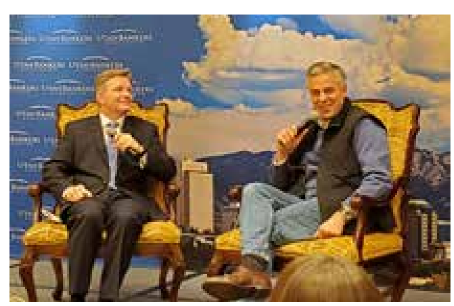












EDP GRADUATES HONORED

Graduates of the 7th class of the UBA Executive Development Program were honored at the UBA 9th Annual Bank Executive Winter Conference in Salt Lake City on December 6th. This is the seventh commencement in a program developed by the UBA to enhance and expand future banking executives understanding of all aspects of finance and leadership.

The Executive Development Program is a comprehensive course designed to cultivate the next generation of banking leaders. Exceptional instructors, with years of industry insights and experience, facilitate interactive course sessions that focus on the important economic, regulatory and competitive pressures facing the industry today.

Each month throughout 2019, the bankers attended daylong classes on a wide range of banking topics. According to UBA President Howard Headlee, “The cross-disciplinary curriculum provides a 30,000-foot perspective of the banking industry.” “The course provides broad exposure to different disciplines within banking organizations,” Headlee said. It also provides the bankers with introductions to colleagues at other banking institutions and future networking opportunities.

The graduates joined their classmates along with their respective bank management at the lunch honoring them during the UBA’s Bank Executive Winter Conference. ■

UBA UNVEILS BankTalentHQ – TALENT GATHERS HERE!

POST YOUR BANK'S JOBS FOR FREE FOR A LIMITED TIME

By Lindsay Scott

Finding and keeping top talent is high on the list of the many challenges Utah banks face. We hear over and over from our members about how difficult it is to attract quality employees and that the pool of available candidates has shrunk exponentially over the last decade due to a number of factors, including changing demographics, negative press and increasing regulations. The solution is BankTalentHQ.

BankTalentHQ is designed as a talent management resource for the financial industry and is brought to you by the Utah Bankers Association in partnership with other state banking associations across the country. BankTalentHQ is the premier talent management site for financial industry careers.

"The banking industry was lacking a dedicated and focused, full-service talent management site, and that's what BankTalentHQ brings," said Howard Headlee, President and CEO of the Utah Bankers Association. "BankTalentHQ will connect top talent — including candidates who currently are outside the industry — to your institution. It will be the one stop shop for your talent management needs."

The main focus for the website, located at banktalenthq.com, will be the job board, which will allow you to post job openings for your institutions, with the ability to purchase a single 30-day post or a discounted posting package to fill multiple vacancies. It will also allow internships to be posted at a discounted rate. Ancillary services currently being offered include industry news and articles, resume writing, career learning center, career pathing, and coaching. To make the site even more robust and tailored for your institution, additional services like executive recruitment and outplacement are in development. Lindsay Scott, Director of Education explains, "The goal is to create a national brand with a holistic talent management website for the financial services industry. It will continue to evolve as needs and trends arise."

BankTalentHQ will be marketing to ideal candidates outside of the industry to pique their interest in banking careers, the key to driving additional talent into the financial services industry. The intention is to show the full scope of available jobs, from operations and human resources to financial management and marketing. We are in an exciting industry with endless opportunities, and BankTalentHQ will help fuel the passion of potential candidates, drawing them into the industry.

In order to drive talented job seekers to the site, we need job posts from as many Utah banks as possible. The more jobs posted, the easier it will be to build the talent pool of resumes. For a limited time, we will be offering 50% OFF postings for Utah bank and Associate Members to assist in the progression of the site. Please connect with Lindsay Scott, at Lindsay@uba.org or 801-364-4303 for your Free Posting Promotion Code or if you have questions about BankTalentHQ. www.banktalenthq.com

WHERE DO NET INTEREST MARGINS GO FROM HERE?

By Dale Sheller

In June 2004, the Fed increased the federal funds rate by 25 basis points. That was the first of many rate increases to follow. Over the next two years, the Fed increased rates from 1.00% to 5.25%, a quick and aggressive tightening cycle when compared to today's cycle that has seen nine Fed rate increases over the span of 43 months. In the third quarter of 2007, the average net interest margin for all U.S. banks was 3.39%, very close to today's average margin of 3.36%. However, the Fed started cutting rates rapidly in late 2007 and found themselves zero-bound by the end of 2008. Net interest margins took an initial decline throughout 2008, but then when the Fed hit zero-bound in late 2008, average margins actually increased from 3.15% in the fourth quarter of 2008 all the way to 3.83% in the first quarter of 2010. Subsequently, over the next five years, margins compressed while rates remained near zero until the Fed started its current tightening cycle in December 2015.

What was the main reason for the year-long run of margin expansion from 2009 to 2010? Cheap and abundant deposits! Banks saw their cost of funds fall to historically low levels by quickly cutting their deposit rates. Even though deposit rates were being cut, that didn't stop the flow of funds into the banking system seeking the safety of the FDIC insurance during uncertain economic times. Cost of funds peaked out in late 2007 at a level approximately 55% of the then fed funds rate of 5.25%. Today's cost of funds is approximately 30% of the current fed funds rate of 2.50%. Yes, bank's cost of funds has steadily risen over the last few years; however, we are still at a historically low overall cost of funds.

Where do we go from here? Many anticipate the Fed to cut rates two to three times before the end of 2019. It is possible that we could see margins expand several more quarters, but then what? We have already seen a 100+ basis point drop in the intermediate to long end of the yield curve in less than a year. This movement, along with the inverted yield curve, has put immediate pressure on our asset yields. Loan yields have crept up slowly over the last few years; however, they haven't exploded as competition for loans has been intense. Many loans are priced off Wall Street Journal Prime, which will move downward with the Fed rate cuts. In preparation for lower rates, bankers may already be implementing interest rate floors and making more fixed rates loans as their customers and markets allow. Lastly, we won't have the benefit of dropping our cost of funds from a significantly higher level (55% of the fed funds rate) like we did in 2007 and 2008, which spurred initial margin expansion. We will find the floor on our cost of funds much more quickly this time around.

HOW DO YOU FIGHT OFF MARGIN COMPRESSION?

1. Review your current asset liability management strategy. Ask yourself if your bank is well-positioned for a decline in interest rates. Today, the majority of banks are positioned for a rise in interest rates, as this was the focus for many years.
2. Resist the urge to stay short as inverted yield curves are often followed by falling rates, especially on the short end.
3. Protect the yield of your portfolio by deploying funds into the longer parts of the yield curve. The investment portfolio is a great tool for managing interest rate risk, as the investment portfolio "doesn't talk back." Today's treasury yield curve is inverted, but in order to find the best relative value, you must seek out investment yield curves that are not flat/inverted. Don't chase yield by sacrificing credit quality.
4. Shorten your liabilities by utilizing a healthy level of wholesale funding. Utilize brokered deposits or FHLB advances to shorten up your liability structure as needed.

Don't find yourself saying the four most dangerous words in investing: "This time is different." ■

Dale Sheller is Senior Vice President in the Financial Strategies Group at The Baker Group. He joined the firm in 2015 after spending six years as a bank examiner with the Federal Deposit Insurance Corporation. Sheller holds a bachelor 's degree in finance and a master's degree in business administration from Oklahoma State University. He works with clients on interest rate risk management, liquidity risk management, and regulatory issues. Contact: 800-937-2257, dsheller@GoBaker.com.

VA FISHER HOUSE DINNER EVENT

On Thursday, December 5th, the UBA Education Committee volunteered to help prepare a gourmet meal for the VA Fisher House located on the University of Utah campus. Led by master chef Ken Burnett, the Education Committee members spent about three hours preparing a delicious meal for those individuals staying at the Fisher House. The Fisher House is where military & veterans families can stay free of charge while a loved one is in the hospital. Homemade lasagna, butternut squash soup, green beans, fruit salad, garlic bread and rice pudding were served to about 35 people. All who partook were grateful and expressed their thanks for such a nice meal.

Danny Wood (Altabank), Jenny Bressler (Central Bank), Heather Kraus (Zions Bancorporation), Robyn Currah (Zions Bank), Heidi Foust (Fin Wise Bank), Maria Montoya-Elder (Fin Wise Bank), and Greg Behrmann (Ally Bank) were the UBA Education Committee members that volunteered. Ken Burnett was the mastermind behind the recipes and directed the volunteers in preparing the meal. ■

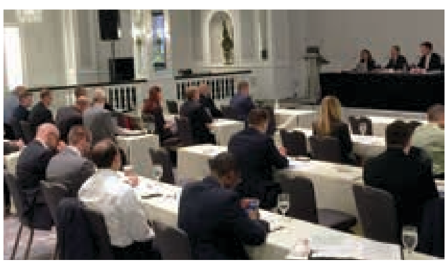
EMERGING BANK LEADERS CONFERENCE

The 2019 EBL Conference marked a successful year for the Emerging Bank Leaders. Approximately 65 bankers from across the state attended "Igniting Leadership, a Conference for Emerging Bank Leaders" on November 7th at Thanksgiving Point. The annual event featured presentations on timely topics from a mix of impressive industry and leadership experts, including:

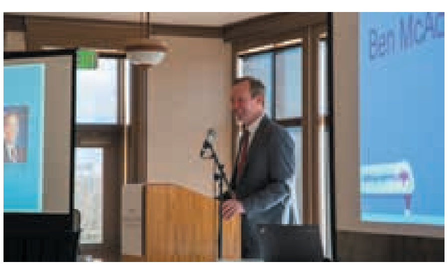
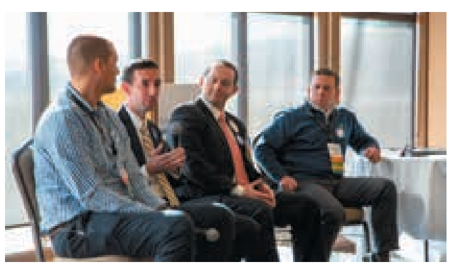
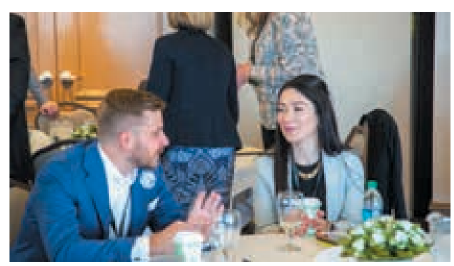
A Report from the Beltway from Utah House Speaker Ben McAdams; Innovative Leadership with Taylor Randall, Dean of the Utah University Business School; Howard Headlee, president of the UBA, shared how Banking Changes Lives!; The Customer Purchasing Journey with Jacob Heugly, Executive Vice President at Zions Bank; an engaging story about determination and strength from Amberley Snyder and her life-changing story of perseverance after a tragic accident that left her paralyzed. Highlights included "Leadership Insights" from UBA Chairman Kay Hall, Zions Bank and UBA Board Member Mark Packard, Central Bank, and Carla Ngyuen, U.S. Bank. ■

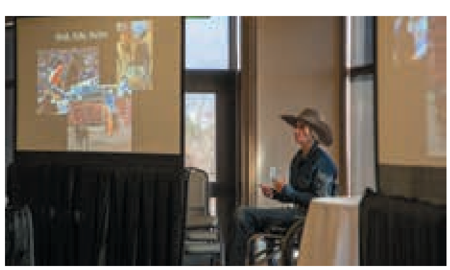
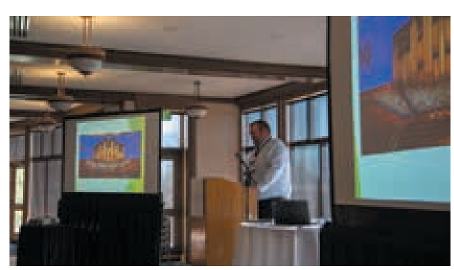






5 LESSONS I'VE LEARNED ABOUT LEADING LEADERS

By Charlie Knadler, President and CEO, EnerBank USA
This article was originally published in Utah Business

I have 300+ bosses. That might be surprising coming from a CEO, but it's true. I work for the CFO of our parent company who is the chairman of our board, the nine directors on our board, and each and every one of my employees. If I don't help them succeed in their roles, I've failed in my job, and that means 300 livelihoods are in my hands. How do I make sure I'm leading them to be successful for themselves and the company, especially the senior management team tasked with leading others throughout the organization?

For one, I learned a lot from watching my predecessor, Louise Kelly, lead until her retirement three years ago. When I joined EnerBank, I was very happy to be the chief credit officer. To me, that was the pinnacle of success. Louise, however, saw that I had potential to manage not only the credit and finance departments but possibly the entire company. Through good fortune and great mentoring, I became the CFO, and then when Louise knew she was going to retire, she trained me to be the new CEO before she retired. Now, after three years as CEO, here are five things I've learned about leading leaders.

1. BLOCKING FOR THE TEAM

One of the most important lessons I've learned was the need to "block" for the other senior managers so they can focus on the tasks that help their teams succeed. For example, in between board meetings, the vast majority of the communications with the board members and our chairman run through me to keep the senior leaders focused on achieving their department's goals. Yes, our HR manager is working with the HR manager for our parent company and our accounting is working with their accounting, but I am the primary point of contact with our chairman and the other members of the board, which ensures messages are communicated consistently to some of the most important of my "bosses." In that way, the board and our chairman get the entire picture of the operations of the company, not just one department's view.

For me, blocking for the senior leadership team has also positioned me to handle the difficult conversations with clients, partners, employees or the board. On my first business trip as CEO, I had to visit one of our larger customers to have what I anticipated would be a difficult conversation. And that first conversation was a challenge. But now, after experience with these difficult conversations, I'm 100% comfortable having the hard and direct conversations with anyone.

2. DON'T MICROMANAGE

At EnerBank, I point my senior leadership team in the right direction and then let them go. I am not a micromanager. If they are headed in the wrong direction, I nudge them in the right one. I've been told I give less feedback than most managers do, and some employees aren't used to that, but it works for me. If you are micromanaging, you are not allowing managers and employees to do their jobs, nor are you benefitting from the expertise they bring.

3. TRUST — AND BE TRUSTWORTHY

Not micromanaging also shows a level of trust that leaders at any level highly value. When you show you trust them by letting them do their jobs, listening and implementing their suggestions, they begin to buy into the plans and enjoy working for you and with you.

4. GET THE TEAM INVOLVED

Before I took on the position of CEO, Louise and I created a development plan to prepare me for the CEO role. For example, each year the CEO presents an update on the bank's performance to the senior executives and board of directors from our parent company. A few years earlier, Louise brought me along when she presented so I could observe the entire process. The following year, she gave me the lead in developing the plan, and we presented together. The year before she retired, I had primary responsibility for developing the plan and delivered the presentation on my own. So, while you want to block for the senior team to keep them focused, make sure you give them the right opportunities to learn and grow as leaders.

5. GIVE CREDIT WHERE DUE

Make sure you're praising your senior leaders – and any employee, really – when they have a success that helps your organization. Recently, we hit an important company goal by a very small margin, and we gave credit to everyone who had saved the company money because every dollar ended up counting. Showing appreciation is motivating, so more successes will follow.

Growing a strong, successful company requires a strong management team. Not only have these leadership strategies helped to develop a quality senior management team, but our senior leadership team has implemented similar strategies with the middle managers and so on. This has strengthened our middle management team and allowed the senior managers to be mentors like I'm trying to be for them, and Louise was for me. Building your own leadership skills — and helping your leaders build theirs — will help your company be successful and ultimately meet the expectations of your bosses, no matter how many you have. ■

2019 COMPLIANCE CONFERENCE

MONITORING ASSET AND LIABILITY BASE DURATION IS KEY TO EFFECTIVELY MANAGING INTEREST RATE RISK

By Brad Spears

In July, the Federal Reserve Open Market Committee (FOMC) cut the federal funds rate by 25 basis points (bps). This rate cut comes less than a year after the last in a series of nine rate increases instituted by the FOMC that began in December 2015 and ended in September 2018. From December 31, 2015 to September 10, 2019, the two-year Treasury yield has increased 61 bps. Three and six-month Treasury yields have increased 179 and 140 bps, respectively. Over a similar time period, the 10-year Treasury yield has contracted 27 bps. Due to the differing magnitudes of the increases along the short-end of the curve and yield contractions in the long-end of the curve, the yield curve has flattened significantly and remains inverted between the two-year and five-year points. This is in itself very troubling because an inverted yield curve is typically a harbinger of an impending economic slowdown or recession.

Historically, the yield curve has been an accurate leading indicator for economic conditions. Learning to interpret and the yield curve's slope and shape can assist portfolio and balance sheet managers in establishing investment, loan portfolio and liability strategies to maximize return and minimize interest-rate risk. The current yield curve shape should force asset liability managers to be particularly vigilant in managing the asset side and liability base duration. In particular, given that most bank balance sheets purport an asset sensitive risk profile, the prospect of a sustained rates falling scenario can have severe financial implications.

Many prudent investment and asset-liability managers use "duration" to measure weighted average time of portfolio cash flows and the aggregate level of price risk harbored in their investment or loan portfolios. Duration — the method used to estimate both of these issues — can also be used to value your certificate and wholesale funding portfolios.

British Economist Frederick Macaulay first introduced the concept of duration in 1938. He sought to create an instrument that would allow the prudent manager to estimate the timing of cash flows (principal and interest payments) from fixed-income bonds. He understood the premise that a two-year bullet investment, which pays semiannual interest, has an actual maturity of less than two years. Macaulay's duration model provided a way to estimate the weighted average time until principal and interest are received.

The calculation is based on the time value of money concept, which holds that a dollar today is more valuable than a dollar received in the future. In other words, the sooner a cash flow is received, the more valuable it is. Macaulay's duration proved to be very useful in measuring price volatility; however, it was proven to work only for instruments with fixed cash flow streams.

This wasn't a major concern until the advent of option-related investments such as collateralized mortgage obligations (CMOs), mortgage-backed securities, and callable investments, which contain cash flows streams that can be dramatically altered by interest rate movements. These optionable investments can harbor a significant amount of duration uncertainty, which can then lead to an enhanced interest rate risk profile. To overcome this shortcoming, economists created the "modified duration" and, more recently, "effective duration" methods. Effective duration is the most appropriate when analyzing these option-related instruments, but it's far too complex to cover in this article.

It was discovered that Macaulay duration could be modified to show the approximate percentage price change of a fixed-income investment when interest rates (yields) change. There are several properties of modified duration that are important to note. If all other factors remain constant, the longer the maturity of a bond or loan, the greater the modified duration. Modified duration is important because it provides a convenient way to approximate portfolio price risk. For example, if your aggregated investment portfolio has a modified duration of 2.8%, this means that when rates go up or down 100 basis points (bps), the total value of the portfolio will depreciate or appreciate 2.8%. This example is provided for context and does not take into account the convexity profile of your balance sheet.

In my prior life as an asset liability management consultant, I focused on creating duration (cash flow) certainty on both sides of the balance sheet for my clients. The first step in this process was typically to join a Federal Home Loan Bank. The reasons for doing so were innumerable, but one of the most important factors was the cash flow certainty of a FHLB bullet advance. In other words, the Macaulay duration is known at origination of the advance, and it only changes due to the expiration of time, not due to the movement of interest rates. Creating cash flow certainty on the liability side of the balance sheet, if properly structured, should allow a bank to add some cash flow volatility (optionality) on the asset side to enhance return without adding unnecessary risk. Banks can purchase CMOs, MBSs and callable investments to improve investment portfolio yields. They can also begin offering longer-term loan products with variable options and terms to attract more residential and commercial real estate loan business. At a recent conference, I heard a speaker make a simple and important observation: "Yields are estimates, but cash flows are facts." Duration is the catalyst behind the market value of equity (MVE) method of approximating interest rate risk that so many of you are familiar with. The principal behind the MVE calculation revolves around taking your entire balance sheet to market. The calculation is designed to approximate the deterioration in a bank's financial condition due to an adverse movement in interest rates. Effective interest rate risk management requires managing duration of the loan and investment portfolios, as well as the funding base.

The Member Solutions and Member Strategies teams at the FHLB Des Moines have powerful analytical tools that can assist your institution in evaluating strategic funding decisions and mitigating unwanted interest rate risk. They also have an extensive product knowledge base that can be leveraged to illustrate the benefits of using specific advances to maximize income and hedge risk. The key is actively measuring and monitoring asset and liability cash flows to complement funding decisions that are based on scenario analysis and net interest margin management. ■

To discuss funding options and strategies, please do not hesitate to call your VP/Relationship Manager or email the Member Strategies team at: strategies@fhlbdm.com.

Brad Spears is SVP/Director, Member Relationships for the Federal Home Loan Bank of Des Moines. Mr. Spears joined the Bank in 2015 and oversees a team of 10 relationship managers covering 13 states and over 1,350 members.

Prior to joining FHLB of Des Moines, Mr. Spears was VP/Senior Portfolio Strategist at CNBS, LLC, a regional broker dealer located in Overland Park, KS where had worked since February 1997. While at CNBS, he was directly responsible for managing client fixed income portfolios on a non-discretionary basis. He developed investment policies, formulated strategies, determined appropriate asset allocation and monitored client portfolios. Brad also conducted both economic and market research and presented the results to clients through original articles for publication and presentation to various audiences.

Brad earned a B.S. in Business Administration from Kansas State University in Manhattan, KS. Mr. Spears also previously held NASD series 7 and 66 registrations.

Many prudent investment and asset-liability managers use "duration" to measure weighted average time of portfolio cash flows and the aggregate level of price risk harbored in their investment or loan portfolios.

AFFORDABLE CARE ACT COMPLIANCE IN THE BANKING INDUSTRY

By Tonya Rule

The 2010 Affordable Care Act (ACA) was designed with the potential to make employee health care insurance easier to obtain, at a lower cost and with expanded coverage, but it has compliance features that can subject employers to harsh penalties. After almost 10 years since becoming law, employers are still sometimes confused or misinformed about their compliance responsibilities related to the ACA.

Tonya Rule, an Eide Bailly partner, has followed the compliance requirements of the ACA since its very beginning. Tonya helps employers understand the complexity in ACA compliance requirements, and when they misstep in those requirements, helps them reduce or eliminate the resulting penalties.

The following Q&A with Tonya will bring you up to date on what's happening in ACA compliance.

1. IS THERE ANYTHING ABOUT COMPLIANCE WITH THE ACA THAT IS DONE DIFFERENTLY FOR FINANCIAL INSTITUTIONS THAN FOR OTHER ORGANIZATIONS?

No. All Applicable Large Employers (ALE), defined as employers with 50 or more full-time equivalent employees, are required to comply with the ACA.

2. IF MY FINANCIAL INSTITUTION HAS FEWER THAN 50 EMPLOYEES, SHOULD I BE CONCERNED ABOUT THE ACA?

Yes, but only if you are member of a larger "controlled" group or you are offering a self-funded plan. If a small employer does offer a self-funded plan, Form 1094-B and 1095-B must be filed with the IRS.

3. HOW IS FULL-TIME EQUIVALENT EMPLOYEE STATUS DETERMINED?

The threshold is 120 hours for a full-time employee for ALE determination. Part-time employee hours are added up, then divided by 120 to get to a full-time equivalent employee. It's important to remember that the ALE determination is always done on the previous calendar year's hours. If it is determined that an employer is an ALE and they make an offer of affordable and adequate insurance, that offer needs to be made to substantially all full-time employees to avoid the "pay or play" penalties. Once it is determined that an employer is an ALE, it's important to remember that the hours test for subsequent years is increased to 130 hours a month.

4. WHO WITHIN AN ORGANIZATION THAT IS SUBJECT TO THE ACA HANDLES THE COMPLIANCE OF THE ACA?

There is a misconception that insurance companies will file an entity's ACA compliance forms. However, insurance companies only file the forms they are required to file, not the forms ALE's are required to file. Most of the time, a client's payroll department is tasked with ACA compliance. They need to work closely with the HR Department to manage who has been offered, has accepted or has waived healthcare coverage and whether the coverage is deemed affordable and adequate.

5. WHAT IS THE COMPLIANCE ISSUE THAT IS CAUSING EMPLOYERS THE MOST HEADACHES?

Adequate documentation is incredibly important in ACA compliance. Confirming that appropriate boxes are checked, social security numbers are valid, and an insurance offer has a response is essential; these are usually the biggest problem areas. The compliance burden also involves documenting appropriate measurement periods and knowing your number of full-time equivalent employees.

6. WHAT GOVERNMENT AGENCY IS RESPONSIBLE FOR CHECKING A COMPANY'S COMPLIANCE WITH THE ACA?

The Internal Revenue Service has this responsibility.

7. HOW DOES THE IRS TEST OR VERIFY COMPLIANCE WITH THE ACA?

IRS employees compare information provided by an employer with information obtained from the marketplace Exchange. Discrepancies are then written up in an IRS 226J letter that is sent to employers who appear to be noncompliant. The letter can include very large penalty amounts.

To reduce discrepancies, employers should be diligent about reviewing their Forms 1094-C and 1095-C before submitting them to the IRS. Just one box left unchecked can cause substantial penalties. We assist employers by reviewing their 1094/1095-C forms every year. Only 2.4% of client forms that we reviewed last year were correct, which could lead to many potential penalties being assessed down the road.

they were required to do so. Notice 972CG is issued under IRC section 6721 and applies a penalty of $260 for each information form that is filed late. The penalty can add up fast. If an employer were to file 150 forms late, that would amount to a $39,000 penalty. This penalty increases to $270 per form starting in 2019.

10. IS THERE ANYTHING NEW ON THE HORIZON THAT COULD HELP COMPANIES STAY COMPLIANT WITH THE ACA?

Individual Coverage Health Reimbursement Arrangement (ICHRA) is a new health reimbursement arrangement that can be used by employers of any size starting January 1, 2020. An ICHRA is funded solely by the employer and can be used by employees for medical expenses, including individual insurance premiums. Offering an ICHRA will count as Minimum Essential Coverage (MEC) and, if it is deemed affordable, it will satisfy the employer mandate for large employers.

There are some drawbacks with the ICHRAs. Employers cannot offer an ICHRA and group insurance to the same class of employees. Additionally, employees also must attest to being enrolled in insurance prior to receiving a disbursement from the ICHRA; employers must provide employees with a notice detailing the effect that ICHRAs have on the PTC; and ICHRAs need to be offered on the same terms to the same class of employees. Older employees and employees with additional dependents can receive additional money. Employers should seek professional advice before setting up an ICHRA.

8. ARE MEMBERS OF A CONTROLLED GROUP OF BUSINESSES HANDLED SEPARATELY FOR COMPLIANCE WITH THE ACA?

Yes and no. If an employer is part of a controlled group, all entities in the group are combined as one for the ALE determination. However, each entity is responsible for their own forms and penalties.

9. ARE THERE PARTICULAR FORMS OR LETTERS THAT ARE BEING SENT OUT THAT INDICATE A PROBLEM WITH ACA COMPLIANCE?

Yes. The main notices are:

IRS Letter 226J: The IRS sends Letter 226J if even one employee at an ALE qualifies for a Premium Tax Credit (PTC) through the Exchange and the ALE offers inadequate or unaffordable insurance.

IRS Letter 5699: The IRS sends Letter 5699 when the IRS thinks an employer is an ALE that has neglected to file the correct forms, 1094-C or 1095-C.

IRS Notice 972CG: The IRS started using this Notice with the 2017 filing season. It sends a Notice 972CG when forms are filed late or incorrectly. The most common reason this Notice is sent out is if an employer did not file their Form 1094-C or 1095-C on time or did not file electronically if

11. IF A BUSINESS IS JUST GETTING STARTED AND A LOT OF THE ACA COMPLIANCE REQUIREMENTS ARE BASED ON PRIOR YEAR INFORMATION, HOW DOES THE NEW BUSINESS BECOME OR STAY COMPLIANT WITH THE ACA?

It is important to know and stay on top of the changing rules and regulations. Gaining clarity around the rules and knowing whether you are an ALE will be important for compliance.

As stated earlier, the ALE determination is based on a company's prior calendar year hours. However, a new business, or a business acquisition, must be looked at in the current year to determine if they are an ALE. If a new business anticipates having 50 or more full-time equivalent employees in their first year of business, they will be considered an ALE and will need to offer affordable and adequate health insurance to avoid the ACA pay or play penalties. Additionally, if an entity acquires another entity, they will be deemed a large employer if the resulting company, or controlled group, has 50 or more full-time equivalent employees.

For example, let's say Holding Company (HC) owns Bank (A) and decided to purchase Bank (B) in August of 2019. The HC has 2 FT employees, Bank (A) has 40 FT employees and Bank (B) has 20 FT employees. As of the date of acquisition, the combination of HC, Bank (A) and Bank (B), is an ALE, having 62 FT employees, and must offer affordable and adequate insurance to all their 62 FT employees to avoid the ACA pay or play penalties. Before the acquisition takes place, the HC should make sure that appropriate health insurance is in place for the newly combined group.

HOW CAN I MAKE SURE I'M IN COMPLIANCE?

The Affordable Care Act affects everyone. Working with an ACA specialist can help you make sense of the complexities, so you can make confident decisions and avoid penalties. Contact Tonya Rule, CPA, Partner-in-Charge of Affordable Care Act Compliance and Consulting with questions or for additional information.

Eide Bailly Partner Tonya Rule helps businesses with the rules surrounding the Affordable Care Act. She assists large employers with the compliance requirements, Forms 1094-C and 1095-C, and she also advises them on very technical rules that many employers and advisors aren't aware of. In addition, she works with small businesses who are planning on expanding their current operations to make sure they are doing everything from measuring their employees correctly to deciding on the best insurance plan for their business. Tonya regularly works with clients on various ACA IRS notices and has been very successful in getting most of these penalties abated.

BANK KUDOS

BANK OF UTAH

Bank of Utah volunteers participated in Project Homeless Connect on Oct. 25, 2019, a one-day, one-stop event in Salt Lake City that brought together community volunteers to provide services for people at risk of or experiencing homelessness. Project Homeless Connect reported more than 909 volunteers from 104 organizations provided services for 1,084 guests.

Bank of Utah was an event sponsor and provided financial services to attendees at the Salt Palace Convention Center. Other services included housing intake, employment assistance, flu and hepatitis shots, pet care, massages, bike maintenance, substance abuse, vocational, mental health, and veterans services.

"What a terrific event," said Bank of Utah's Mary McBride, who participated. "We were excited to learn that 219 people got new glasses, 273 folks got dental cleanings and/or tooth extractions, 340 got haircuts, 91 people were helped at the legal center, 566 people received Turtle Shelter Project vests, and 2,500 burritos were devoured!"

Bank of Utah will continue its efforts to serve people in need by sponsoring its annual Warm Bodies, Warm Souls warm clothing drive, which will benefit 12 Utah charities. Arctic Circle and Red Hanger Dry Cleaners co-sponsor the event that runs from Nov. 18 to Dec. 15, 2019.

KEY BANK

KEYBANK RECOGNIZED AS LEADING DISABILITY EMPLOYER

For the third year, KeyBank has been recognized by the National Organization on Disability (NOD) as a Leading Disability Employer. This annual recognition is designed to commend organizations that are leading the way in disability hiring and encourage additional companies to tap into the many benefits of hiring talent with disabilities.

"The commitment to diversity and inclusion runs deep within our culture at KeyBank," said Terry Grant, president of KeyBank's Utah market. "Earning a NOD Disability Employer seal is a source of pride for us, and we will continue working to provide supportive experiences for people with disabilities who engage with and work for KeyBank."

KeyBank has a number of programs and activities in place to support people with disabilities and caregivers, including a Champions of People with Disabilities business networking group, encouragement of voluntary self-identification, talent acquisition efforts, and more.

KEYBANK SECURES $23.5 MILLION OF FINANCING FOR SANDY AFFORDABLE HOUSING PROPERTY

KeyBank Community Development Lending and Investment (CDLI) announced recently that is has secured $23.5 million of construction and permanent financing for the Wasatch Residential Group (WRG), a real estate development, construction, finance and asset management company based in Salt Lake City to construct Arcadia Apartments II in Sandy, Utah.

The 177-unit affordable family housing apartment development, which will be limited to 60% area median income, will consist of 52 one-bedroom, 82 two-bedroom and 43 three-bedroom units. The project is adjacent to Arcadia Apartments I, previously developed by WRG, and will share access to amenities including a pool, hot tub, and fitness room.

"Helping neighborhoods thrive in Utah is our priority," said Terry Grant, president of KeyBank's Utah market. "Whether it's a mortgage for a first-time homebuyer or a small business loan in a struggling neighborhood, each investment in the Utah community is making a difference. When the neighborhoods of Utah succeed, we all succeed."

KeyBank Real Estate Capital also announced that it has secured a $140.3 million Fannie Mae Credit Facility for Keller Investment Properties, based in Centerville, Utah, to refinance three multifamily properties in Utah and Arizona. This includes the Park at City Center in Sandy and the Quail Cove Apartments in Layton.

ZIONS BANK

ZIONS RANKS AS TOP SBA LENDER FOR 26 YEARS

Zions Bank has ranked as the state's top provider of SBA 7(a) loans for the 26th consecutive year. In 2019, Zions Bank helped Utah businesses grow so that they could create 468 new jobs and retain 496 existing positions, according to SBA data. Loans approved by Zions Bank represent 16% of the 1,074 SBA-backed loans approved in the Utah District during the last fiscal year.

Zions Bank continues to be a leader in marketing SBA loans to businesses owned by women and people of color, which accounted for 28% of the loans approved by Zions Bank in Utah and Idaho during the fiscal year 2019. In Idaho, Zions Bank approved 54 SBA 7(a) loans in 2019, totaling $12.5 million, marking 18 consecutive years as the Boise District's top lender.

WOMEN EXECUTIVES HONORED BY AMERICAN BANKER MAGAZINE

American Banker magazine's October 2019 "Most Powerful Women in Banking" issue lists Zions Bancorporation among one of five Top Banking Teams in the nation.

As of year-end 2018, women comprise 51% of Zions Bancorporation's corporate officer positions, and female executives make up 20% of the company's Executive Management Committee. Twenty women from across the $70 billion-in-assets company are listed as team members. The honorees were celebrated at an awards dinner in New York City on Oct. 3.

The magazine also ranks Zions Bancorporation Chief Information Officer Jennifer Smith as No. 18 on its "25 Women to Watch List," highlighting her leadership over the company's core banking systems replacement project. Additionally, the magazine honored retired Enterprise Retail Banking EVP LeeAnne Linderman with a Lifetime Achievement Award at the awards dinner.

In 2011, 2017, and 2018, Zions Bancorporation was listed by the publication as a Top Team. Zions Bank's women leaders have also been highlighted as a Top Team six times by the annual publication.

ZIONS BANK HONORED WITH HISPANIC CHAMBER AWARD

Zions Bank received the 2019 Corporate Partner of the Year Award from the Utah Hispanic Chamber of Commerce for its commitment to Hispanic/Latino small businesses. Chamber president and CEO Alex Guzman presented the award at a convention on Oct. 10 in Salt Lake City.

The Utah Hispanic Chamber of Commerce was established in 1991 by a handful of entrepreneurs who had a vision for diversity in commerce. In recent years, the UHCC has become an important organization and a voice for the Hispanic business community in Utah. Its mission is to provide leadership, opportunities for economic growth, professional development, and community involvement for their members.

"The chamber celebrates the various Latino cultures here in Utah by bringing all of the various groups together on the business side," said Robert Rendon, senior vice president and Community Development Director for Zions Bank. "We're proud to partner with the chamber and embrace the Hispanic/Latino community."

BANKERS ON THE MOVE

BANK OF UTAH

Bank of Utah promoted **Eric DeFries** from vice president-team lead residential construction and consumer lending, to senior vice president mortgage risk and operations. DeFries now oversees the bank's mortgage operations group and serves as the department's point of contact for regulatory matters.

Respected commercial lending expert, **Bradley Stucki,** has joined Bank of Utah as senior vice president commercial lending team lead at the bank's Business and Home Loan Office, in St. George, Utah. Previously Stucki served as vice president and branch manager for People's Town & Country Bank, where he helped grow its presence in that market.

Bank of Utah reported changes in leadership positions in its Logan branch. **Jodi Miller** has transitioned from branch manager to assistant vice president team lead in treasury management services, overseeing services for bank customers from Bountiful, to Cache Valley, to Tremonton, Utah. USU graduate Greg Carter has been hired as branch manager. He previously served as a personal banker for Key Bank.

CENTRAL BANK

Jeanna Tuckett has been promoted to Assistant Compliance/BSA Officer. Tuckett is a Certified Community Bank Compliance Officer (CCBCO) and has more than 20 years of experience working in the banking industry.

Tyler Mendenhall joins Central Bank as a Senior Mortgage Loan Officer. Mendenhall has more than 11 years of experience in the banking and mortgage industry and will be a great asset to Central Bank's Mortgage Department.

ENERBANK

Executive Vice President of Sales and Marketing, John Harris, has retired from Enerbank. Mr. Harris joined the bank in 2004, and his strategic direction helped the home improvement lender achieve exceptional growth while building out a high-performing sales and marketing team that continues to drive industry-leading results. He has played a pivotal role in shaping strategy and policy for the bank.

Mr. Harris has provided for a smooth transition by mentoring Joel Cannon as his eventual replacement, and Mr. Cannon

now takes the reins as EnerBank's new Senior Vice President of Sales and Marketing, empowered to drive results that will continue to place EnerBank as a market leader for years to come.

STATE BANK OF SOUTHERN UTAH

Justin Taylor joined State Bank of Southern Utah as a Commercial Loan Officer to serve its customers in Millard County. Justin will be based at State Bank's recently announced 15th branch, located in Delta, UT. Justin's knowledge and experience will be a tremendous asset to SBSU's customers in the Delta community.

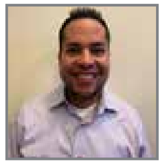
U.S. BANK

Jeffrey R. Thomas has joined the U.S. Bank team as the Salt Lake City Business Banking Leader. Jeff has more than 20 years' experience in banking, including roles as SVP/Director of Business Development at Rock Canyon Bank and as a Senior Vice President at Zions Bank overseeing business banking, executive banking and branches. In this new role, Jeff will lead U.S. Bank's business banking sales managers and be responsible for growing our business banking in Salt Lake City.

Jimmy Choi was named Digital Lead for the Salt Lake City market, where he will lead U.S. Bank's digital efforts across the region. Jimmy has been working in the startup and tech industry for the past five years, including serving as the CEO for a fintech company providing financial education to Millennials and as the director of a business incubator. Jimmy is currently serving on the board of directors for the Utah Asian Chamber of Commerce.

Additionally, U.S. Bank has hired three new Business Banking Relationship Managers in Diverse Markets, who will build, develop, and manage new and expanded client relationships with emerging business customers in Salt Lake City. The three new Business Banking Relationship Managers are:

- Leslie Nuon, who joins U.S. Bank from Zions Bank, where she most recently served as a Relationship Manager in Business Banking. She is the current Chairwoman of Utah Bankers Association's Emerging Bank Leaders Board, and she serves on several other boards in Utah, including the American Bankers Association's Emerging Leaders Board and the Utah Asian Chamber of Commerce. Leslie is fluent in both Cambodian and Chinese.



- Marlon Morales, who has 19 years in the financial services industry, most recently at Zions Bank where he was a Business Banker in the Provo Region. Prior to that, Marlon's experiences include branch management and working as a Community Relations Banker with Diverse Markets focusing in the Latino Market. He's served on the board of Esperanza Charter School, Alzheimer's Association of Utah, Hispanic Rotary Club, Pete Suazo Business Resource Center and works closely with the Utah Hispanic Chamber of Commerce.
- Jaime Alonso, who brings over 19 years of banking experience, most recently at Zions Bank, and is deeply involved in the Latino community. He serves on the board of Latinos In Action, Federacion de Mexicanos Unidos en Utah, Mexican Consulate Board Member, Habitat for Humanity, League of United Latin American Citizens-LULAC, and Pete Suazo Business Resource Center. Jaime is also very passionate about soccer and received a soccer scholarship to play for Westminster College, where he earned his Bachelor of Arts in International Business with a double minor in Marketing and Spanish Literature.

ZIONS BANK

Yrene Luque is the new director for Zions Bank's Business Resource Center in downtown Salt Lake City at 310 S. Main Street. In addition to providing one-on-one business counseling, Luque will develop educational events within the business community, including seminars for existing and prospective small business owners.

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