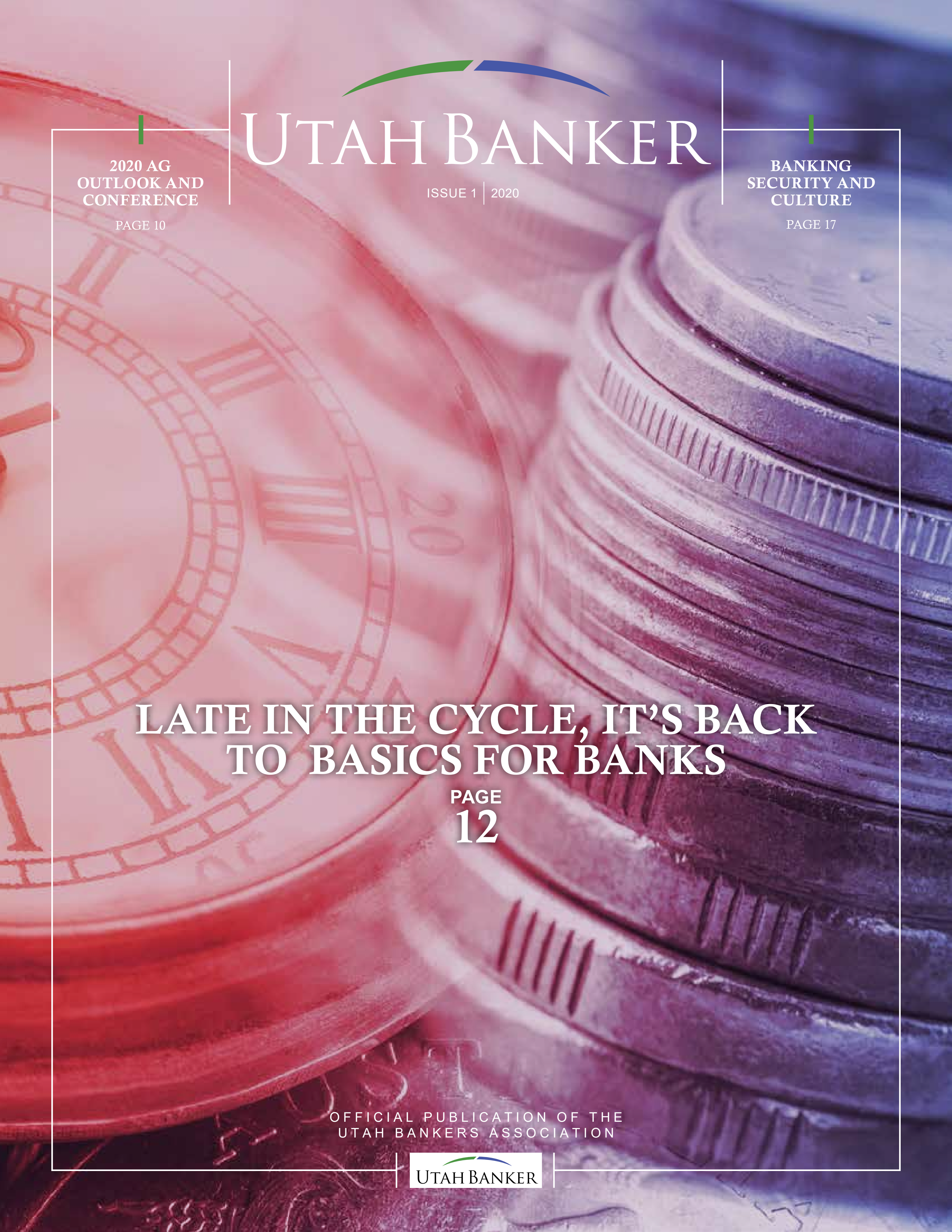


# UTAH BANKER

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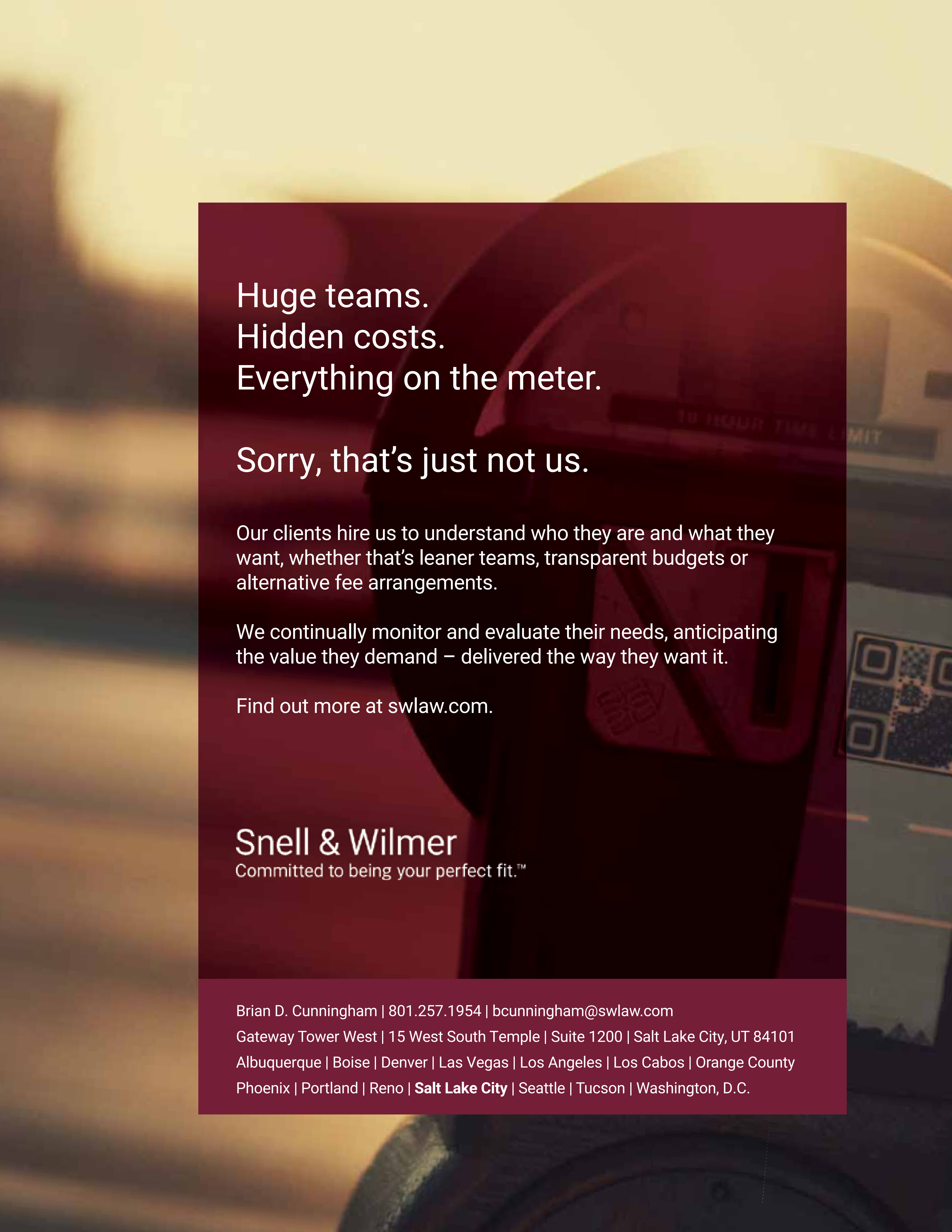
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CONTENTS



**Howard Headlee**
President
Utah Bankers Association

We all get tired of the non-stop partisanship coming out of Washington, D.C., but does anyone really understand what it costs the country? How does it impact us individually? How does it affect our communities and the lives we lead? The cost of the constant contention in Congress is sometimes hard to quantify, but it is real.

Most people in Utah know nothing about the Community Reinvestment Act (CRA) even though it has had a massive impact on our local community. The CRA is a law adopted back in the 1970s to address the issue of "redlining" in places like Chicago. The goal was to ensure that people in every community had access to basic financial services. But as a result of the unique growth of the banking industry in Utah, it has generated a significant benefit to Utah and resulted in the investment of billions of dollars into low-to-moderate income communities in Utah.

The CRA requires banks to provide services to the entire community where they are chartered. It was a short, pretty straightforward law that hasn't been substantially modified since 1977. And that has become a big problem because banking has changed quite a bit since then.

This is especially true in Utah. Since 1977, Utah has become one of the five largest banking states in America. We have many of the most successful traditional banks, both large and small, but we are also home to some of the most unique and innovative banks. These banks collect deposits and make loans all over the country, but when it comes to the CRA, the community they are required to serve is limited to Salt Lake County. This has resulted in billions of dollars of investments, grants and service hours flowing into our local community.

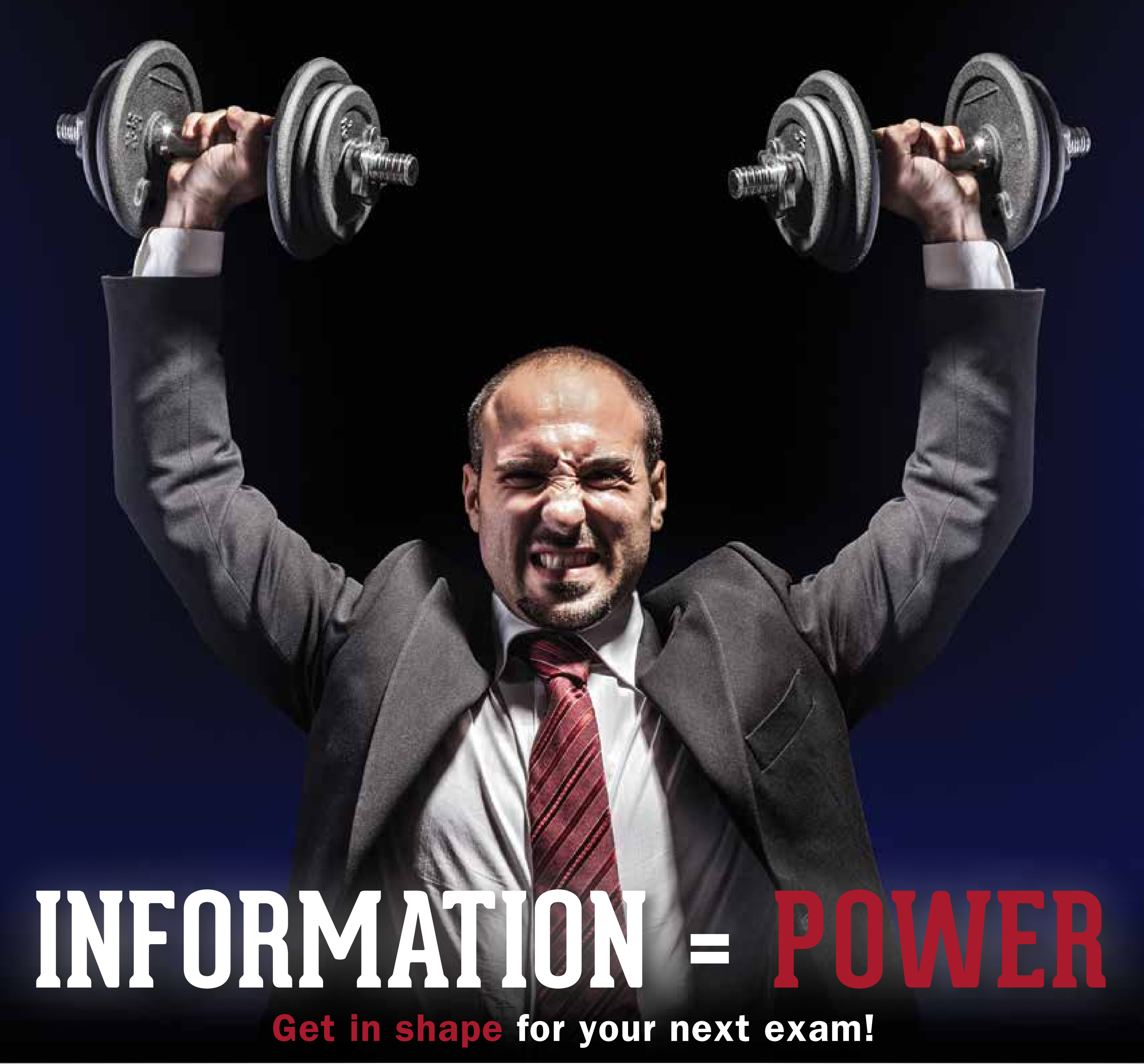
In national circles, Salt Lake County is commonly referred to as a CRA "hot spot" and frequently used by advocates as an example of why the 40-year-old law needs to be modernized. Another factor driving modernization is frustration with a lack of transparency and predictability as to what investments will qualify. This ambiguity can be used as a weapon by regulators looking for leverage during an examination or third parties hoping to receive additional financial support.

So it would seem like taking a fresh look at CRA after 40 years might make some sense? Not so fast. In Washington, D.C., everything depends on who is in power. In this case, a Trump nominee is proposing rules to modernize CRA; therefore, Democrats will oppose it and suggest everything associated with it is wrong. Republicans are on board and they know if they are going to get this done, they will have to act soon, before the Congressional Review Act (the other CRA) would allow Democrats to revoke their new rules should they take control of the Senate in November.

In the end, what should be a technical, data-driven discussion as to how to adapt this successful program to a rapidly changing environment to meet the evolving needs of various communities, becomes a political football. It's a shame because, under different circumstances, I am confident we could achieve a much better product. And the better the product, the better the outcomes for our communities.

Nonetheless, there is no sign of less political times in Washington, D.C., on the horizon, and some modernization is probably better than no modernization at all. So, we are left with some of the real problems with the current proposal: How do you define a local community for a bank that lends all across the country but has no local presence or understanding of a particular community's needs? How can we comment on the new standards before we have time to run the numbers? How can we avoid creating new "hotspots" in a handful of the largest states and not prioritizing the needs of the rest of the nation? And what about the potentially significant costs associated with the change for smaller institutions?

I don't have the answers to these questions, and because of the political climate in Washington, D.C., we probably don't have time to find them. The stakes are high for all banks, especially the smaller banks, as well as every community, especially Salt Lake County and the State of Utah. So, what is the cost of partisanship in Washington, D.C.? How does it impact our community? We are about to find out.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- Collaborate, discuss and network with industry colleagues.
- Leave with strategies and tools to thrive in an ever-changing environment.

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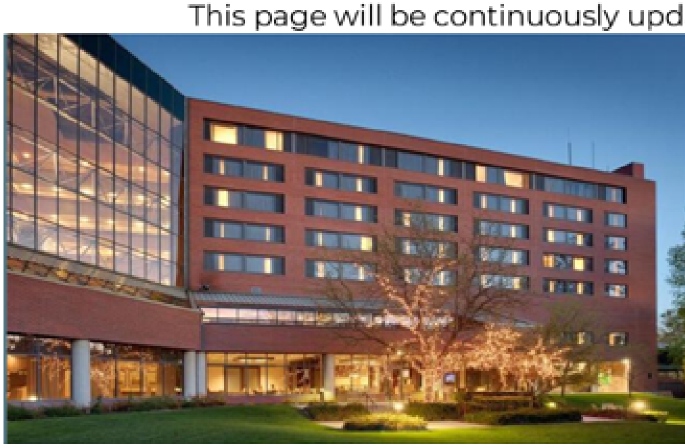

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# Considerations for Successfully Defining Your Target Market

By Julia A. Gutierrez

Watching the Super Bowl is as much about the commercials as it is about the game. If you stop and think about it, all the commercials are geared to a target audience. Simply put, target marketing is aiming your product or service towards a specific group of potential consumers. It involves concentrating your marketing efforts on a group of consumers who are most likely to buy and use your product. It can be the key to success for a business because marketing to the right group has the potential to attract new business and increase sales. Most successful business owners would agree that target marketing is one of the first steps in a good business plan and the most effective way to optimize your resources. As simple as the concept of target marketing may be, several challenges coincide with that notion. A great deal of brainstorming and planning are essential steps in the process of determining who should be included in this target group and what products or services would be most beneficial.

You wouldn't dive into a body of water without having some idea of what you're jumping into. Most importantly, you would find out about the depth, threats, or elements that could get in the way of a successful dive. Target marketing is no different. If you are going to dive into a very specific market, there are several factors to consider. So, let's talk about how this applies to financial institutions. In a perfect world, we could offer a "one size fits all" financial product and be perfectly successful, but unfortunately, it's not that easy. A range of factors should be considered to ensure you are effectively and efficiently reaching a targeted group of individuals who will benefit from the products or services being offered, resulting in the increase of sales and business. Before you can clearly define your target audience, you should, at a minimum, consider the following factors.

## IDENTITY AND ANALYZE

What type of product or service are you planning to market? Determine the features or characteristics you plan to incorporate into your financial product and then outline the benefits that the product may provide. Identify your potential customer base. Analyze your current customers and the products and services they are utilizing and think about whether other potential customers may also utilize these financial products or services. Often there is a correlation between certain products and the individuals using them. Therefore, evaluating the common interests and characteristics of your existing customer base may be beneficial to broadening that customer base. Identify the features and benefits of the products or services you are planning to offer. Determine how your product or service, based on its highlights, can improve the consumers' life, whether that be free ATM costs or low-interest lines of equity.

## DEMOGRAPHICS AND PSYCHOGRAPHICS

Determine who may need the financial product or service you are considering. Take into consideration who will actually buy or utilize those products and services. This means first looking at your geographical location to establish the size of your potential marketing area. Build onto that concept by considering factors such as age, sex, income level, occupations, marital status, or the backgrounds of the targeted area. Psychographics include more personal characteristics. When analyzing your demographics, consider influences like lifestyle, behavior, interests or hobbies of the individuals your marketing group would include. For example, if you are planning to market a financial product in a college town, it would be advantageous to consider factors such as age, income level, and interests of your targeted area. These factors alone give you a clearer idea of what delivery methods may be most the most effective for reaching your based targeted group, and that, in turn, leads us into the next area of consideration.

## MARKETING RESOURCES AND METHODS

Often, we get caught up in using methods of delivery that we know are successful based on past data. Unfortunately, in the ever-evolving world of technology and social media, we may be selling ourselves short if we rely on the past when it comes to marketing. The targeted audience must be the focal point when choosing the best approach for advertising a specific set of financial products and services. If your audience is unlikely to use social media, perhaps a paper brochure would be an excellent form of marketing. However, if your audience is technologically driven, social media may be a better form of communication. The goal is to determine the best way to ensure your targeted audience receives your message.

## COMPETITION

What's better about the financial product you are offering than your competitors? Conduct an analysis of your competitors' offered products and services, as well as the customer base they are targeting. If your financial institution is offering the same product or a product with similar features, you want to either target a different area or uncover a niche in the market that they may be overlooking. If it seems like everyone in your area is focused on loan products, offering a deposit product with better features and customer service may just be the right idea to beat out your competition and expand your customer base. And who knows, you may be able to offer that loan product after all if your marketing can get that potential customer into your financial institution.

## REGULATORY COMPLIANCE AND LIMITATIONS

Compliance and constraints are always crucial factors that must be considered in marketing. Regulatory limitations can put a real damper on an entire marketing plan if not carefully researched and resolved. Now more than ever, regulators are taking a closer look at the marketing and advertising efforts of financial institutions. Words such as unfair, deceptive or abusive are those scary areas of compliance that we are all trying to avoid. While there are plenty of regulations that govern the marketing of financial products and services, if you are clear, concise, and fair, that is half of the battle for success from a regulatory standpoint. The considerations noted above serve as a compass for the direction to focus your marketing, but keep in mind that the final goal is to achieve a successful plan for target marketing while also serving your market fairly. Although you may focus on a target audience, keep in mind that this does not limit your customer base to that target group. After all, the utilization and benefits of your products or services should be offered fairly and equally to anyone meeting the requirements or standards of the offered product.

> In a perfect world, we could offer a "one size fits all" financial product and be perfectly successful, but unfortunately, it's not that easy.

## CONCLUSION

In the dynamic world of marketing, targeting your audience is the key to success. Focusing on the considerations discussed throughout can be the difference in defining your target audience and meeting those sales goals or leave gaps and failing to meet those objectives. Once you've met the challenge of targeting your market, assess your decisions and be willing to change your audience as the market evolves. Remember, the key to success is getting your message out. ■

**Julia A. Gutierrez brings years of financial industry experience to the Compliance Alliance team. She began her career in banking in 2000 while receiving her Bachelor of Business Administration degree in finance from the University of Alabama. Julia has served as a risk management and BSA officer, assisted in the development of an enterprise-wide risk management and compliance program for a de novo institution, assisted in the compliance remediation efforts for an institution referred to the DOJ, and was a senior compliance advisor for a large regulatory compliance consulting firm. In addition to her experience in the financial industry, Julia also serves as a commissioned officer in the United States Army Reserves. As a compliance officer with Compliance Alliance, Julia works in the education department, where she is a presenter for compliance training, seminars, workshops and conferences nationwide. She also assists with policy and document reviews, research and development of new training material, and product development.**

## WHY YOU SHOULD SIGN UP FOR THE

# EMERGING BANK LEADERS MENTORING PROGRAM

The Emerging Bank Leaders Mentoring program is a great way to tap into the knowledge and experience of high performing bank leaders across our industry. Finding a mentor may be the most important investment you make in your career and can help you develop your career path, address a specific situation you are needing help with, or increase your experience, education, and exposure.

Through the Mentoring Program, participants also have the opportunity to be a Mentor to someone. Being a mentor can help your career. You'll be challenged to stay at the top of your game to provide your mentee with the best advice. This will make you even better at what you do and a more valuable employee to your bank. When you share what you've learned and the mistakes you've made with an emerging banker, your organization will progress at a faster pace and with greater productivity. Ultimately serving as a mentor will likely also inspire fresh ideas as you learn from your mentee. If you are nearing the end of your career or are already retired, sharing your experience will help to keep you connected to the industry that you love.

Our Emerging Bank Leaders Mentor Match program reflects our commitment to you and your professional development. This unique online networking and career development tool helps you find, connect and share experiences with others. Your mentor or mentee can be in the same city or on the other side of the state, allowing you to expand your network even more throughout the banking industry.

"I enjoyed the time spent visiting with Rick Anderson about the banking industry. I am new to the industry and was unsure of certain parts of the financial industry. He educated me with his knowledge and helped me feel more comfortable with my current employment and its future."

— Bart Cowley, loan officer, Utah Independent Bank

"I have loved my experience with the mentoring program because I was able to connect with someone in a similar position to mine who had a similar transition into software leadership from a nonrelated field. We have been able to discuss the challenges of creating new roles, establishing best practices, and the people skills required to accomplish the transition successfully. Even though we have similar backgrounds and experience levels, we can learn from one another and make both banks more successful in a shorter period of time. This is the kind of connection that is much harder outside of the EBL. Thank you, thank you, thank you for the mentoring program and the EBL!"

— Dave Forsyth, product manager, Software Products, EnerBankUSA

"When I was facing a unique and critical challenge in my career I decided to reach out to a mentor with the EBL. I connected with a senior manager at another bank and learned that he had faced a similar challenge at a bank that he had previously worked for. We were able to meet and discuss his approach to his challenge and it gave me a sounding board on how to resolve my challenge. It was a great experience for me to not only connect with another banker in the industry and develop a deeper relationship but to also get practical, immediately implementable ideas to improve my daily job. My EBL mentoring experience has been a highlight of my year."

— Bryan Halverson, operations manager, VP Business Banking Service Center, Zions Bank

"As a mentee in the EBL Mentoring Match program, I have found it to be extremely rewarding, both personally and professionally. As well as gaining valuable banking insight and knowledge, I made a good friend. I would highly recommend any individuals who are looking to move up in this industry to give this program a try!"

— Eric Karjalainen, AVP/Commercial Loan Officer, Brighton Bank

"Being a Mentor has been helpful in reminding me of the basics of what I do each day. It is easy to get stuck in the weeds and having the opportunity to share my experience with a Mentee as well as answer their questions brings me full circle. I am grateful for the Mentee's I've worked with over the years!"

— Heidi Maestas, SVP, Northwest Bank

"The EBL mentoring program has been a great experience for me as I've had the opportunity to meet with an executive who walked me through his own career path that provided a lot of insight into some of the similar career decisions which I've faced in recent years. It's great to collaborate with someone who can speak from experience when offering career advice and other lessons learned in the industry. This is a great program!"

— Jeff Meyer, Vice President, Senior Portfolio Manager, Zions Bank

"It was my privilege to participate as a mentor in the UBA mentoring program last year. In particular, I had the opportunity to mentor Bryan Halverson, a banker that I have admired over many years. Our conversation ranged from management issues and challenges to career development and opportunities. I benefited as much or perhaps more than the mentee as it encouraged me to reflect upon past experiences as well as thoughts and ideas for improving my own career. Bryan is an outstanding banker with a great desire to improve his organization. Thanks for the opportunity."

— Arthur Newell, SVP Commercial Team Lead, Bank of Utah

"Being a mentee has been awesome. My mentor has shared ideas to shape my career path and clarify my goals. It's great to have a seasoned professional to share my ideas and get great feedback. Thanks for the Mentor Program UBA!"

— Mark Taylor, Research Analyst, EnerBankUSA

**Take advantage of one of the greatest benefits of your EBL membership today and visit uba.org to sign up**

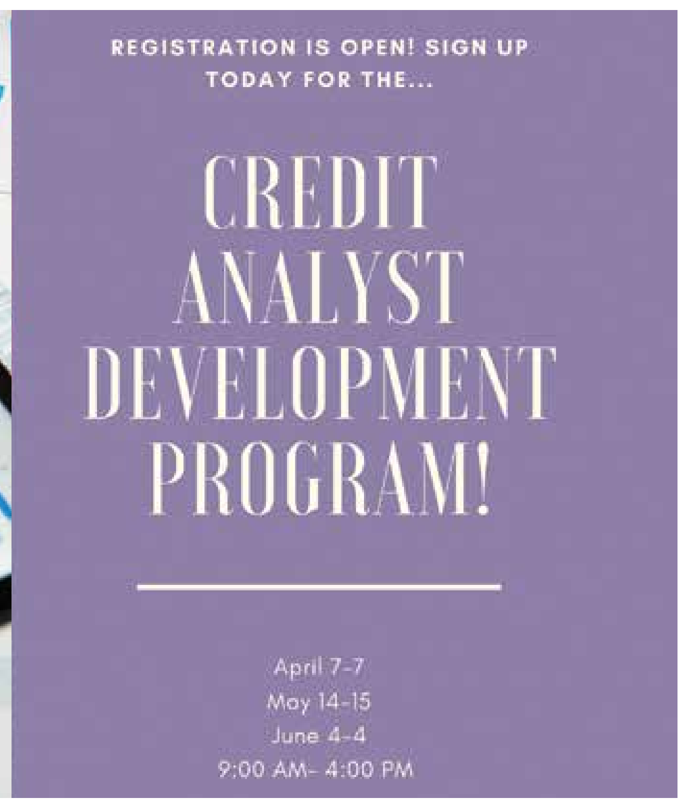
# 2020 AG OUTLOOK AND CONFERENCE

This year's Ag Outlook and Conference kicked off with a "State of Ag in Utah" report from former Commissioner Kerry Gibson. Gibson was followed by three concurrent workshops, "Hedge Funds, Agriculture Commodities" by Dr. Dillon Feuz, "Technology in Crop Production" by Cody Behrend and "Grazing Permits & Escrow Waivers" by Chad Horman. After the workshop, Day One was wrapped up with a delicious dinner and entertainment.

Day Two of the conference started with "Livestock and Branding," presented by Leann Hunting and Jed Pugsley from the Utah Department of Agriculture and Food. Following Leann and Jed we had the opportunity to hear from a Hemp Panel. The panel consisted of Monte McPherson, a grower here in Utah, Andrew Rigby from the Utah Department of Agriculture and Paul Allred from the Utah Department of Financial Institutions.

After a short break, we heard from Gibb Dyer, Ph.D. on Succession Planning. Following Gibb Dyer was Rusty Bastian, who shared with us his success story with Redmond Minerals. The conference was then wrapped up with lunch and the USU Ag Outlook presented by Dr. Dillon Feuz and Dr. Ryan Feuz from Utah State University.

This year's conference was a success with many great speakers and topics. We hope those who were unable to attend this year will be able to join us next year.



# HOW TO USE THE EXTRA TIME FOR CECL

By Jeff Goldstein, SVP, Regional Manager

The Financial Accounting Standards Board has officially put off the effective date for CECL until Jan. 1, 2023, for all but the largest financial institutions, and the ABA is pushing to have the standard set aside. But that's not a reason for your financial institution to sit on its hands. The delay gives you more time to get your data in order, a process that can provide you with other benefits, including taking your strategic planning to a higher level.

Many financial institutions haven't yet captured the data they'll need for CECL compliance, and those that have may find that the data is corrupt or lodged in multiple systems that can't be integrated. Start now to capture the correct data and ensure good data quality.

That process typically involves cleaning up the data you already have, to establish a clear starting point. Consider hiring a database administrator or a data business analyst for this process. Identify gaps in existing credit data or areas with inconsistently captured data. Make sure that you're collecting the right CECL data, and design data capture protocol that ensures you'll have the historical credit data you need when you need it for CECL compliance.

Then, look at loan demand over time with other institutional data. Correlate that data by collateral or type — mortgages, auto loans, credit cards and so forth. Once you have done that, you may need to divide it into smaller segments, such as geography, FICO score, cost center or loan officer. These categories should be chosen based on what makes sense for your institution.

When you are reviewing your data, start asking yourself if the data gives you information that might help you fine-tune your strategies. Analyzing your data can help you spot trends and see how your portfolios behave in different situations. The information can point to market direction, suggest how economic changes will affect your loans and indicate when you need to change strategies to protect against rising or sinking rates.

Sorted, analyzed data can help you forecast and reduce losses around interest rates, liquidity, market and regulatory capital, and credit. It can inform decisions around pricing and product offerings. Used wisely, the data you'll need for CECL compliance can also lead to lower overall risk and stronger, better-managed returns for everyone involved. So, it makes sense to use the extra time given by FASB wisely.

If you need more information on CECL and using the time wisely, please contact Jeff Goldstein.

Jeff Goldstein
SVP, regional manager
Phone: (415) 517-1012
jgoldstein@pcbb.com
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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 advisory services such as CECL FITTM.**

# LATE IN THE CYCLE, IT'S BACK TO BASICS FOR BANKS

By Scott Hildenbrand and Matthew Forgotson

The U.S. economy remains strong, but there are signs of late-cycle fatigue. The Federal Reserve Bank of Atlanta expects real GDP to advance 1.9% in the third quarter. If sustained, this would represent a marked deceleration from 2018's growth rate of 2.9% and the Trump Administration's goal of 3.0%.

U.S. businesses, facing steep tariffs and anticipating weaker demand for goods and services, are starting to curtail investment. Since corporate sales fund workers' wages, consumer spending could slow in turn. It's tough to envision right now because consumers are confident and spending briskly as the stock market reaches all-time highs. Unfortunately, confidence is an emotion, not a fundamental data point. Last year's fourth quarter reminded us that consumer sentiment can turn on a dime.

We also note that the Treasury yield curve, as defined by the spread between the yield on the three-month bill and the 10-year note, has been inverted for several months. According to the Federal Reserve Bank of Cleveland, "The rule of thumb is that an inverted yield curve indicates a recession in about a year, and yield curve inversions have preceded each of the last seven recessions (as defined by the National Bureau of Economic Research)." Based on the three-month/10-year spread for the week ending Aug. 23, the Federal Reserve Bank of Cleveland assigns a 44.1% probability of recession within the next 12 months, up from 35.4% in July. Recession is just about a coin toss.

Against this backdrop, Fed Funds Futures, which have done a better job predicting Federal Open Market Committee actions than the policymakers' own Dot Plot, are pricing in four rate cuts between now and year-end 2020. This stimulus could prolong the economic cycle, which might translate into higher demand for loans and contain credit costs near-term. However, unless the yield curve steepens — unless inflationary expectations percolate across the curve and the bid for safe-haven assets weakens — bank net interest margins and earnings will likely remain under pressure.

In such a challenging operating environment, banks must stay vigilant and focus on the fundamentals.

## BEST PRACTICES FOR CREATING FRANCHISE VALUE LATE IN THE ECONOMIC CYCLE

***Strengthen your core.*** We want better banks, not just bigger banks. Specifically, focus on improving core pretax, pre-provision return on assets (core PTPP ROA; core earnings excludes nonrecurring accruals, such as securities losses and one-time gains). Core PTPP ROA, to control credit volatility and tax strategies, exposes a bank's true earnings power. We believe that at this point in the cycle, focusing on return on assets (ROA) will drive a higher return on equity (ROE) over the long run.

***Align incentives with desired outcomes.*** Consider incorporating core PTPP ROA into your short- and long-term incentive plans. Doing so creates space for forward-looking, franchise-enhancing tactics (a securities portfolio optimization, liability restructure, lease termination, or branch rationalization, to name a few). Also, make sure that the weights assigned to loan and deposit origination, fee generation, and credit look-backs reflect your tactical objectives and risk tolerance.

***Weaponize the inverted swap curve to reduce funding costs.*** Recent simplifications to hedge accounting have made hedging much more viable for community banks. Various off-balance sheet strategies are worth exploring due to these changes and the inverted LIBOR swap curve. If the inverted Treasury curve is your nemesis (as it relates to asset yield erosion), then the inverted swap curve should be your best friend (as it relates to reducing funding costs).

One such strategy is to use a pay-fixed swap to hedge the rollover risk of short-term funding. This creates synthetic term rate protection at a meaningfully lower cost than a comparable term FHLB advance or brokered CD. This same strategy can also make prepaying above-market FHLB advances economical. Unfortunately, if the forward swap curve holds its current shape, the inversion that anchors these funding strategies will evaporate over the next 12 months. Bottom line, it's time to firm up your funding needs and put pen to paper.

***Create shelf space for higher funding costs through a securities portfolio optimization.*** Take advantage of the rally in the

bond market to optimize your securities portfolio. Gain/loss neutral trades or loss trades can be tailored to enhance book yield and forward earnings. Since most of the unrealized loss is already housed in other comprehensive income, GAAP capital ratios should not move meaningfully (though regulatory ratios will decline).

Securities portfolio optimizations can be tailored to reduce credit risk or drive the balance sheet toward a neutral position (asset-sensitive institutions should think about adding duration and lockout; liability-sensitive institutions can capitalize on wider spreads for floating-rate bonds). As always, before green-lighting a strategy, assess the impact on the portfolio's duration, credit, and convexity profiles.

***Get back into the neutral zone.*** We have long argued that it is most efficient to run a neutral balance sheet. Bankers should manage spread, not speculate on rates. Asset-sensitive institutions can tack back to neutral by adding duration and lockout to their securities portfolios, originating longer duration loans, or shortening funding duration either organically or with plain vanilla derivative strategies.

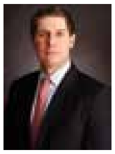
For their part, liability-sensitive institutions can capitalize on wider spreads for floating-rate bonds (CLOs, FFELP — 97% government guarantee, and SBA floaters — 0% risk weight, to name a few) or extend liability duration either organically or synthetically with pay-fixed swaps. Additionally, given the market's expectations of lower rates, floors are expensive but caps are cheap. Remember those floating-rate TruPS you've been meaning to cap? Now's the time.

***Price loans for late-cycle risk.*** The Federal Reserve's Senior Loan Officer Opinion Surveys show that banks are reluctant to increase loan rates over cost of funds. Ninety-two percent of respondents to the July 2019 survey said that loan rates over cost of funds remained unchanged or narrowed over the past three months for commercial and industrial loans or credit lines to large and middle-market firms.

Furthermore, 90% of banks that reported loosening credit standards cited more aggressive competition from other banks or nonbank lenders as a reason for doing so. In short, banks are letting other institutions dictate their risk-adjusted return parameters. This is very dangerous. Loan pricing models need to be recalibrated to the reality that we're late in the economic cycle. Bank managers must be willing to let irrationally priced loans flow to irrational competitors, not onto their balance sheet.

***Create "self-help" through expense rationalization.*** As revenue headwinds gain force, cost takeout will become increasingly important to sustain earnings growth. Branch networks remain ripe for review as consumers migrate to digital delivery channels. Once savings are identified, take a hard, honest look at your mobile and online budgets. If you're light, reallocate a portion of the brick and mortar savings, and let the residual fall to the bottom line. Remember that playing catch-up is always more expensive.

***Communicate Proactively with All of Your Stakeholders.*** It is essential to communicate strategic and tactical shifts, clearly and succinctly, to all of your stakeholders — customers, regulators, investors, and employees. All stakeholders should readily acknowledge that bankers have to navigate the trade-offs among soundness, profitability, and growth continuously with no margin for error. As you weigh your options, make sure that you can explain how your final decisions reinforce your commitment to these mutually dependent principles. ■



**Scott Hildenbrand is a managing director and head of balance sheet analysis and strategy in the financial services group at Piper Sandler. Hildenbrand heads the balance sheet analysis and strategy group, working with financial institutions on balance sheet strategy development, which includes interest rate risk management, investment portfolio strategy, retail and wholesale funding management, capital planning, budgeting, and stress testing. He also works closely with the firm's investment banking group to identify and develop strategic opportunities for clients involved in mergers and acquisitions. Previously, he was a principal and chief balance sheet strategist of Sandler O'Neill + Partners, L.P. Before that, Hildenbrand worked in Sandler O'Neill's interest rate products group, focusing on developing and implementing structured wholesale funding strategies for financial institutions. He spent his first four years at the firm in the asset/liability management group. Before joining Sandler O'Neill in 2004, Hildenbrand worked as a financial analyst in asset/liability management at Tower Federal Credit Union in Maryland. Hildenbrand serves as treasurer on the board of directors for Liam's Room, a not-for-profit organization that focuses on pediatric palliative care, a specialized approach to medical care for children with serious illnesses. He is a frequent speaker at industry conferences and seminars. He holds an MBA in finance from Loyola College in Maryland and a bachelor's degree with a concentration in accounting and finance from Gettysburg College.**

**Matthew Forgotson is a director of balance sheet analysis and strategy in the financial services group at Piper Sandler. Previously, Forgotson served as a director in Sandler O'Neill's balance sheet analysis and strategy group since 2018. Before that, Forgotson served as senior analyst and director in Sandler O'Neill's equity research department covering small and mid-cap banks and thrifts across the United States since 2010. For his work in 2017, Forgotson earned Thomson Reuters StarMine Awards for stock picking and earnings estimation. Forgotson started his career in Washington, D.C., working for Senator Joseph I. Lieberman and the Center for American Progress. Forgotson earned a B.A. in Political Science with Distinction from the University of Michigan as well as an MBA in finance from the Zicklin School of Business at Baruch College.**

# BANKER MEET-UP

On Jan. 29, 2020, members of the Emerging Bank Leaders community had the opportunity to get together at the bankers' meet-up at Blue Lemon Café in Salt Lake City.

Bankers from all different banks enjoyed having lunch together while having a lively discussion about 2020 being an election year, and how it will be interesting to be part of the dialogue on public policy in the finance industry.

Banker meet-ups are great ways to network and meet others in the banking industry. If you have not had the opportunity to attend, we encourage you to visit the Emerging Bank Leaders community online and find out when the next meet-up will take place. We look forward to seeing you all there!

# STATE TAX CREDITS AND INVESTORS

By Claudia O'Grady

In Utah, there are 276,710 renter households. Of these renter households, 117,590 have a household income of less than 50% of the state area median income and are considered very low-income households. A single income-earner would earn less than $11 per hour at a full-time job. More than half of those households pay over 50% of their income for housing expenses (e.g., rent and utilities), straining their ability to afford food, clothing, transportation and other basic needs. These families, veterans, and seniors are considered extremely cost-burdened. Multifamily rental projects that take advantage of the Low-Income Housing Tax Credit (LIHTC) help in creating affordable homes for these households.

LIHTC is the primary production program for affordable housing across the country. In Utah, the program produces over 2,000 units each year. Utah is one of the few states that has a state housing credit, which runs in parallel with the federal credit. The state housing credit program contributes in a significant way to the annual production of affordable rental units. The equity of the sale of state tax credits can be used to reduce rents to levels as low as 30% of area median income (AMI) or can be used to fill financing gaps.

In addition to helping Utah families acquire affordable housing, the state tax credit program is a great way for investors to offset state tax liability. The ownership structures of housing credit projects typically involve several layers. Investors in the federal housing credit assume a majority ownership interest in the limited liability company that owns the project. The managing member of the company is generally the housing developer and owns only 0.01% of the company. State housing credit investors must carry a small ownership of the LIHTC project, and this is achieved by having a fractional interest in the 0.01% stake. State housing credit investors also do not have to do any of the heavy lifting of underwriting and asset management because they enter into the partnership with a highly experienced seasoned investor who has purchased the federal credits. LIHTC projects are a high-performance asset class and are regarded as sound investments. Utah Housing Corporation regularly performs compliance audits on all developments to further protect the owners and investors.

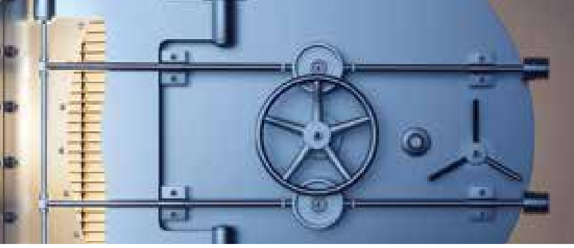
State tax credits provide a 10-year tax benefit to the investor. One dollar of state tax liability can be offset with a tax credit purchased at a deeply discounted rate. Credits are sold in allocations ranging from $15,000 per year for 10 years to sizable allocations of $300,000 per year for 10 years. The discount achieved on the purchase of the credit results in a significant yield to the investor.

Along with the economic benefits, this will also help investors meet their requirements under the Community Reinvestment Act (CRA) by meeting the needs of low- and moderate-income neighborhoods. Banks can receive favorable CRA consideration for community development activities, including those related to state tax credits.

Utah Housing Corporation (UHC), the state's leader in financing affordable housing, is a public corporation created by Utah legislation in 1975. Working with the private sector, Utah Housing provides mortgages for first-time homebuyers, finances rental properties and develops special needs housing. Receiving no appropriations from the State, Utah Housing Corporation has raised more than $16 billion in the capital markets for more than 97,000 home purchases and financed the debt and equity of 29,000 apartments since 1977. Utahns can visit Utah Housing's website at www.utahhousingcorp.org for more information about Utah Housing Corporation's impact on affordable housing in their communities.

**If you have an appetite for learning more about state tax credits, please contact Claudia O'Grady at cogrady@uthc.org**

**Author: Claudia O'Grady, VP of multifamily finance**



# BANK ALARMS

A security system is the foundation of banking. Without it, no customer in the world would feel comfortable leaving their assets in the bank's care.

What are the components of a modern security system? Some components are the same as they have always been: a bank vault and armed security guards. Others are more recent, such as the use of panic buttons, alarms, and continual high-end video surveillance. Analytics and access control systems are other additions. Typical products include the following:

- Alarm and audio systems
- Deal drawers
- Digital recording
- Night depositories
- Receiving safes and chests
- Remote teller systems
- Safe deposit boxes
- Ultra-thin Cast Strip (UCS) steel
- Vault doors
- Vision windows

Monitored video surveillance is important for a couple of reasons. The comprehensive coverage it provides can deter people from even trying to rob the bank, but it also provides a record of everything that happens inside the bank. To improve its role as a deterrent, it's important that some of the cameras be obvious and other cameras should be hidden. The cameras that are easy to identify are a reminder that someone is watching; place them high enough that they will be difficult to disable. The cameras should show all doors, exits (front and back), hallways, the main lobby, teller windows, and vaults.

Not all banks can afford to monitor the banks cameras themselves, but the ones that can't dedicate in-house security and personnel to the task can hire the work out to an external company. The monitoring company can watch the video feeds and send help promptly when needed. Even if a bank has an internal department to monitor video, however, there should still be an external monitoring service to help.

Picture detail matters. The bank's CCTV system should consist of 4k security cameras in order to capture the best

The comprehensive coverage it provides can deter people from even trying to rob the bank, but it also provides a record of everything that happens inside the bank.

possible pictures. Banks with older equipment should spend the money to get equipment upgraded because a poor image is almost useless.

Video analytics and software are also useful. As Malcolm Gladwell points out in his recent book, Talking to Strangers, most people (including security officers) are not good at figuring out there is a problem until it has become very obvious. As he puts it, they default to the idea that most people can be trusted, and it's a good thing they do. It's much more damaging to mistrust everyone, and be wrong most of the time, than to trust most people. Software can be a useful tool to help personnel identify the real threats more quickly and accurately than would be possible otherwise.

How long should video records be stored? Most keep the footage at least 90 days, but some keep the footage for 180 days or longer. After that, footage is often archived on an external storage server. The amount of storage needed depends on several different factors:

- Camera resolution; the better the resolution, the bigger the storage needs.
- The number of cameras being used.
- The system's bit rate and frame rate.

If a bank needs to store several hundred terabytes, it may need a server-based system. Even if a bank doesn't need as much storage as that, it will still probably need a few dozen terabytes.

Video surveillance is not the only thing banks need to have. They also need burglar alarms. The doors and windows both need sensors; glass should have glass-break detectors. Also, banks need smoke and fire detectors to protect against natural disasters and physical damage that could occur.

What about access control systems to supplement bolts, locks, and keys? Access throughout the building should be based on need and time of day. If an employee doesn't have a business reason for needing access to a particular part of the building, or only needs it during specific business hours, then the employee shouldn't have that access unless necessary. Biometric credentials are a nice supplement to proximity swipe cards.

Finally, banks can make use of bulletproof glass in front of teller windows and even on the windows for the building.

What about virtual banks? These are vulnerable to cybercriminals to an extent brick-and-mortar counterpoints are not. Although online banks use the same security measures as traditional banks, and can be insured by the FDIC to cover losses up to $250,000, that's small comfort if something physical is stolen, like gold coins. Traditional banks also offer personalized service while still providing many online features in addition to the physical ones. ■

UTAH BANKERS ASSOCIATION

# UPCOMING EVENTS

## *March*

### ABA Washington Summit

March 23- 25, 2020

Washington, DC

### Utah Legislative Recap with Robert Spendlove

March 25, 2020

Zions Bank, Salt Lake City

## *April*

### Women in Banking Conference

April 16, 2020

Salt Lake City, UT

## *June*

### 112th Annual UBA Convention

June 28 - July 1, 2020

Sun Valley, ID

# BANKING SECURITY AND CULTURE

By Benjamin (B.J.) Wright, Security Services, Inc.

As of October 2019, IBM estimated that the average total cost of a global data breach is now $3.92 million. If you consider just the U.S., it's $8.19 million with an average number of records per breach of 25,575. Cyberattacks are also becoming increasingly frequent. According to the University of Maryland in 2018, cyberattacks take place every 39 seconds.

What can you do to protect your bank?

- Get a state-of-the-art security system.
- Build a culture of security.

The first step toward a security-oriented culture occurs at the very top of the organization. Integrating a security system into the bank's business processes is expensive, so you need the support of key decision-makers. You can gain their support by presenting your case in terms of financial risks.

If a security problem takes down a server for two hours, the cost of that time is the number of employees who were affected multiplied by their hourly wage. According to the PayScale website, the average salary at U.S. banks is $69,000 annually. That is more than $33 per hour. If 50 employees earning $33 per hour were affected, the bank lost more than $1,650.

Evaluate each job role at the bank in terms of bank security. When changes need to be made to current systems, complete a security review before making changes to any current systems, and resolve any issues before implementation. Be sure to maintain any changes after implementation.

To create a security culture, communicate about it to all employees and then train them on an on-going basis. Train new employees, including senior management and security personnel, and also provide refresher courses. During performance evaluations, set aside time to evaluate each employee's role in maintaining security. Use email messages, posters and presentations. Also, include incentives for adopting new programs.

Why is it so important to get everyone involved? One person is enough to scuttle an entire program. Connect people to the process, encourage them to maintain security, and battle the tendency within the bank to ignore safety efforts because of self-interest or isolation.

To implement the new program, appoint a cross-functional task force that includes key stakeholders. Include experts in the following areas:

- Compliance
- Current laws
- Information technology and operations
- Security

The task force can:

- Provide advice and implement changes that will meet the organization's security needs.
- Monitor the existing systems and correct violations.

If you build a security culture that minimizes financial losses, it will help your bank be as safe and trustworthy as possible.

# BANKS MUST PLAN, ADAPT AND OVERCOME IN 2020

By Scott Hildenbrand and Matthew Forgotson

We've been arguing that the U.S. economy is at a crossroads 10 years into the expansion.

Bulls will tell you that economic expansions don't die of old age. They'll argue that the consumer, who accounts for two-thirds of our economy, is employed, confident, and spending money. They'll also suggest that trade tensions, particularly those between the U.S. and China, have constrained economic growth. Now that the Phase One accord is signed, animal spirits could give the expansion another shot in the arm. The stock market, in testing new highs, is pricing according to this outcome, they'll say.

Bears will cite the law of gravity: what goes up must come down. Most likely, they'll agree that trade is the gating issue. They'll also concede that there has been momentary progress in U.S.-China relations, while noting that Phase One, by definition, necessitates a Phase Two or Phase Three, which could trigger renewed market volatility. This volatility could feed into the real economy through cuts in consumer spending or further reductions in capex. Subsequent trade spats, a conflagration in the Middle East, or coronavirus, if uncontained, could chill global growth and dent confidence at home. At the bottom, bears are anxious about a self-fulfilling prophesy, of the same nature and scope that played out in 2018.

It's important to appreciate that the economic outlook can shift on a dime. For a recent example, let's rewind to November 2018. At that time, Fed Funds futures priced in two rate hikes through December 2019. There was a 95% probability of a hike by December 2019 and 0% probability of a cut. Federal Reserve Chairman Jerome Powell had suggested that Fed Funds were a long way from neutral, signaling that rate hikes would proceed unabated. Shortly after, the trade war stepped into high gear and global growth cooled, triggering a stampede to have safe assets. Within the next few months, the Federal Reserve monetary policy shifted 180-degrees. Instead of two hikes last year, there were three cuts.

Some have praised us for anticipating lower rates, but the truth is far less glamorous. Our team noticed that, after a decade of historically low rates, a disproportionate number of bank balance sheets were asset-sensitive, many wildly so. Banks were exposed to lower rates. Additionally, because the market expected higher rates, down-rate protection was cheap. We encouraged banks to spend some asset sensitivity — to prepare for lower rates — to remedy their exposure. Sound asset-liability management? Yes. A rate call? Absolutely not. The two are mutually exclusive in our minds.

## BANKS FACE GUSTY HEADWINDS IN 2020

We continue to marvel at the massive disconnect between market and bank management sentiment. Investors have been bidding up bank stocks, as part of a broader rotation into economically sensitive sectors, but the fact remains that banks face gusty earnings headwinds in 2020.

Piper Sandler's Equity Research Department recently updated its aggregate model, formally adjusting forward expectations for all of the banks and thrifts we cover. For 2020, Piper Sandler analysts expect median EPS growth of 1.5%, reflecting NIM pressure, slowing balance sheet growth, tough fee comps, and potentially more volatile credit costs post-CECL.

The key pressure point, as one might expect, is net interest income. Here, our analysts expect median NII growth of 2.8%, which would be the group's weakest growth since 2013. NII growth is a function of 7.0% loan growth offset by 11 bps of NIM compression, with the latter representing the group's weakest performance since 2007.

Also, recall that over the past couple of years, lower-than-expected credit costs have offset thinner-than-anticipated top-lines, allowing for moderate earnings growth. Credit leverage seems to have run its course for most banks, with allowance-to-loans ratios well below pre-crisis levels. Additionally, most banks will have to absorb structurally higher provisioning expenses once CECL takes effect. The bottom line is this: if top-lines underwhelm, lower credit costs might not be able to save earnings.

## FACING SUCH UNCERTAINTY, STRENGTHEN YOUR CORE

Specifically, we want banks to focus on strengthening core pretax, pre-provision ROA (PTPP ROA). Core PTPP ROA excludes one-time accruals such as securities losses, debt extinguishment charges or lease termination expenses. It also isolates for credit and tax accruals, exposing a bank's underlying earnings power and allowing for apples-to-apples benchmarking to regional and highly valued peers.

As shown below, the median PTPP ROA for banks with assets between $1 billion and $10 billion held pretty firm in 3Q19. While instructive, unfortunately, such an analysis is backward-looking. The forward look is more challenging, with the flat yield curve and structurally higher funding costs pressuring NIM.

Still, there are numerous strategies to drive earnings, bolster relative returns, and create franchise value. These include, but are certainly not limited to, executing a gain/loss neutral or loss trade to fortify NIM and nudge the balance sheet back to neutral (CECL adopters should seriously consider taking advantage of noisy 1Q20 results to optimize their securities portfolios), executing a bulk loan sale to create capacity for future growth, building out a back-to-back swap program to drive fees, and capitalizing on the inverted swap curve to get off the retail curve and reduce funding costs.

## FOR EVERY YIN IN THE MARKET, THERE IS A YANG

The key is to know where to look. For example, just about every bank bemoans the flat yield curve because it's bad for new loan margins. Still, the inverted swap curve can help banks fight back with lower funding costs. Specifically, banks can use spot-starting or forward-starting pay-fixed swaps to synthetically extend the duration of their transaction deposits, short-term FHLB advances, or brokered CDs at a lower cost than comparable term funding. Banks have also been using pay-fixed swaps to lock in the rate on trust preferred debt, lock in the cost of future debt issuance, and blend-and-extend existing swaps to reduce funding costs.

Importantly, swapping a floating-rate liability to fixed qualifies a cash flow hedge. As such, changes in fair value flow through other comprehensive income, not earnings. The cash flow hedge also creates accounting symmetry in AOCI. So if rates move higher, the pay-fixed swap will be more valuable, offsetting the concurrent decline in the fair value of the AFS securities portfolio. Of course, if rates move lower, the pay-fixed swap will be less valuable, muting the increase in fair value of AFS securities.

## THREE MORE GOALS FOR THE COMING YEAR

First, know your balance sheet exposure to different curve shapes, not just parallel shocks. Once identified, make sure that you have a firm grasp of all on- and off-balance sheet tactics to remedy them.

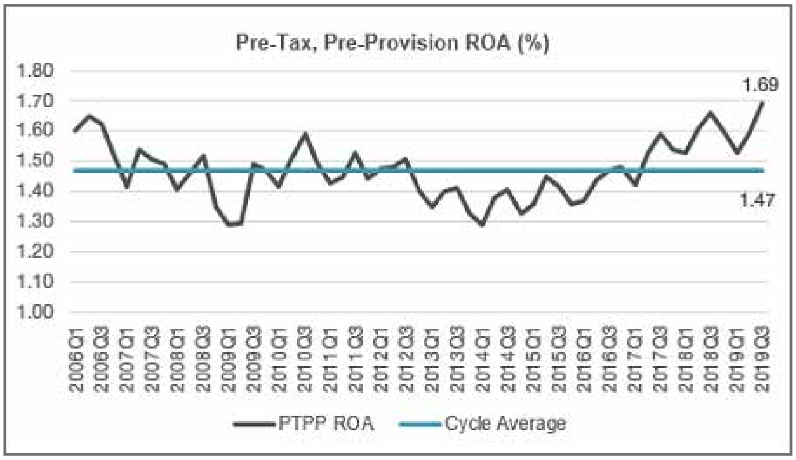
Next, focus on earnings quality, not earnings quantity (ROA vs. ROE). Get better, not just bigger. To do so, make sure to weave core pretax, pre-provision ROA into your short- and long-term incentive plans.

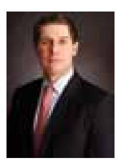
Finally, communicate proactively with all of your stakeholders — your owners, your regulators, your employees, and, of course, your customers. Proactive communication maximizes the return on effort and creates relationship goodwill for when the cycle turns. Above all, resist the temptation to duck and cover as earnings growth decelerates. Rather, explain to these constituents, confidently and succinctly, how short-term tactical decisions will create franchise value over the long run. ■

| Composition Analysis | | | | Contribution (bps) | |
|---|---|---|---|---|---|
| Account | 3Q19[1] | 3Q18 | Cycle Avg. | Year-Year | Cycle Avg. |
| Interest Income | 4.26 | 4.11 | 4.51 | 0.15 | (0.25) |
| Interest Expense | 0.91 | 0.70 | 1.14 | (0.21) | 0.23 |
| **Net Interest Income** | **3.40** | **3.44** | **3.39** | **(0.04)** | **0.01** |
| Noninterest Income | 0.78 | 0.72 | 0.76 | 0.06 | 0.02 |
| Noninterest Expense[2] | 2.59 | 2.62 | 2.78 | 0.03 | 0.19 |
| **PTPP ROA[3]** | **1.69** | **1.66** | **1.47** | **0.03** | **0.22** |
| Loan Loss Provision | 0.08 | 0.08 | 0.19 | 0.00 | 0.11 |
| **Pre-Tax ROA** | **1.58** | **1.54** | **1.22** | **0.04** | **0.36** |

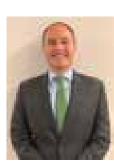
[1] Medians for banks with assets between $1 billion and $10 billion at 9/30/19.
[2] Noninterest income does not include securities gains/losses.
[3] Individual lines may not articulate due to use of medians, securities gains/losses, preferred dividends, discontinued operations, or other discrete accruals.

*Source: Regulatory data as aggregated by S&P Global Market Intelligence*



Scott Hildenbrand is a managing director and head of balance sheet analysis and strategy in the financial services group at Piper Sandler. Hildenbrand heads the balance sheet analysis and strategy group, working with financial institutions on balance sheet strategy development, which includes interest rate risk management, investment portfolio strategy, retail and wholesale funding management, capital planning, budgeting, and stress testing. He also works closely with the firm's investment banking group to identify and develop strategic opportunities for clients involved in mergers and acquisitions. Previously, he was a principal and chief balance sheet strategist of Sandler O'Neill + Partners, L.P. Before that, Hildenbrand worked in Sandler O'Neill's interest rate products group, focusing on developing and implementing structured wholesale funding strategies for financial institutions. He spent his first four years at the firm in the asset/liability management group. Before joining Sandler O'Neill in 2004, Hildenbrand worked as a financial analyst in asset/liability management at Tower Federal Credit Union in Maryland. Hildenbrand serves as treasurer on the board of directors for Liam's Room, a not-for-profit organization that focuses on pediatric palliative care, a specialized approach to medical care for children with serious illnesses. He is a frequent speaker at industry conferences and seminars. He holds an MBA in finance from Loyola College in Maryland and a bachelor's degree with a concentration in accounting and finance from Gettysburg College.



Matthew Forgotson is a director of balance sheet analysis and strategy in the financial services group at Piper Sandler. Previously, Forgotson served as a director in Sandler O'Neill's balance sheet analysis and strategy group since 2018. Before that, Forgotson served as senior analyst and director in Sandler O'Neill's equity research department covering small and mid-cap banks and thrifts across the United States since 2010. For his work in 2017, Forgotson earned Thomson Reuters StarMine Awards for stock picking and earnings estimation. Forgotson started his career in Washington, D.C., working for Senator Joseph I. Lieberman and the Center for American Progress. Forgotson earned a B.A. in Political Science with Distinction from the University of Michigan as well as an MBA in finance from the Zicklin School of Business at Baruch College.

# BANK KUDOS

## CAPITAL COMMUNITY BANK

### CCBANK UPDATES BRAND THAT REFLECTS COMMITMENT TO UTAH

Capital Community Bank announced that it has launched a refresh to its brand that reflects the bank's commitment to the prosperity of Utah Valley and the state of Utah. As part of its branding refresh, beginning now and running through November, the bank will shorten its name to CCBank, launch a new website and logo, and install new exterior and interior signage at its five branch offices located in Provo, Pleasant Grove, Orem, Salem and Sandy.

"For over 25 years, we have worked to build a community bank focused on the financial well-being of our clients, local businesses, and nonprofit organizations, and we want our brand to reflect our dedication to that mission," explained Mike Watson, CCBank's president and CEO. "With a refresh of our brand and continued marketing efforts, we enter the next phase of our bank's history poised for continued growth and personalized service to our clients." CCBank's new logo features a stylized representation of the state of Utah bracketed by two interwoven 'C' shapes, which visually represents the bank's commitment to the community and its pride in contributing to the well-being of the state of Utah.

## ENERBANK

### ENERBANK SCHOLARSHIP HELPS BUILD THE HVAC FUTURE WITH QUALIFIED WORKERS

EnerBank USA®, the national consumer lender that helps strategic business partners and independent home improvement contractors increase their sales, announced the awarding of the first-ever EnerBank USA Funding the Future Scholarship to Jordan Brill, a student at Ohio Business College, as part of the EGIA Foundation's second annual scholarship program.

The EGIA Foundation builds a better home service industry workforce by positioning HVAC as a first-choice career option. Ms. Brill received $2,500 toward her HVAC education among 15 HVAC students total who were bestowed scholarships from the EGIA Foundation.

"EnerBank is excited to be part of building the future generation of the HVAC workforce and promoting the wages and ownership opportunities available to these professionals," said Charlie Knadler, President and CEO of EnerBank and Founding Board Member of the EGIA Foundation. "Jordan is really deserving of our first company scholarship. We wish her tremendous success in her HVAC career. We're proud to be part of the EGIA Foundation program."

The Bureau of Labor Statistics estimates the current HVAC technician shortage at 70,000, and 115,000 new HVAC-R professionals will be needed to meet the demand by 2022. The EGIA Foundation Scholarship Program was created to help increase the number of qualified workers entering the HVAC industry by lowering the costs associated with proper education and training and promoting HVAC as a first-choice career. The foundation also works to change stigmas associated with work in the trades and to raise awareness of the well-paying, valued and increasingly higher-tech careers that are available.

"I never really knew what I wanted to do when I 'grew up' until I started to research and discover what all of my options were to best support my daughter and build the life for her that she deserves," said Ms. Brill. "After interviewing technicians in the field, I became overwhelmingly inspired to pursue a career in HVAC-R. Being able to critically think, strategize and develop solutions when I go to work every day makes me excited that I will be able to reach my potential and make a difference with my career of choice."

The EGIA Foundation is now accepting applications for yet another class of enthusiastic students who are pursuing an education in HVAC as part of the 2020 Scholarship Program. The program is open until January 30, 2020, with awards counting toward the 2020-21 academic year. As the EGIA Foundation continues to grow and evolve, the Scholarship Program will begin awarding grants in other industry vocations, such as solar PV, plumbing, home performance, and more. To apply for the EGIA Foundation Scholarship, visit www.EGIAFoundation.org/Scholarship.

EnerBank USA is a charter donor of the EGIA Foundation. For more information about EnerBank and its services for contractors and program sponsors in the home improvement industry, visit enerbank.com.

## STATE BANK OF SOUTHERN UTAH

### STATE BANK OF SOUTHERN UTAH ANNOUNCES THE OPENING OF ITS NEWEST LOCATION

State Bank of Southern Utah is pleased to announce the opening of its newest location, Delta, partnering with its Fillmore branch to further serve its customers in Millard County. Delta is SBSU's 15th branch. The branch is staffed by Justin Taylor, commercial lender; Amie Brinn, branch operations manager; Tiesha Ashton, universal banker; and Bobette Fowles, Laura Schena and Shanae Yarbrough as tellers.


## ZIONS BANK

### ZIONS BANK HONORS MILITARY VETERANS

In honor of Veterans Day, Zions Bank branches in Utah paid tribute to military veterans in the month of November with honorary displays and recognition events.

At Zions Bank's Bountiful branch, Ashton Lee Smith, a World War II veteran and Purple Heart recipient, was recognized for his military service.

Smith, 99, who served the U.S. Army's 149th Infantry Regiment of the 38th Infantry Division from 1944-1946, was presented with a military challenge coin by Brian Garrett, Zions Bank's military relation director and State Command Chief Master Sergeant of the Utah National Guard. Within the military, challenge coins are used to recognize outstanding service.

### ZIONS BANK HELPS SECURE $1.8 MILLION IN AFFORDABLE HOUSING GRANTS

A collaborative effort between Zions Bank and community housing providers will create affordable housing opportunities for nearly 200 low-income families and individuals from Brigham City to Escalante.

As a member of The Federal Home Loan Bank of Des Moines, Zions helped secure $1.8 million in Competitive Affordable Housing Program grants for six Utah affordable housing projects in Salt Lake City, Park City, Brigham City, Escalante, and Tropic.

Since becoming a member of FHLB Des Moines in 2017, Zions Bank has helped secure nearly $4.3 million in affordable housing awards to build or rehabilitate 335 housing units in Utah.

### ZIONS RANKS AMONG BEST BANKS

Forbes ranked Zions Bancorporation 53rd on its 2020 list of best banks. Forbes' 11th annual look at America's Best Banks ranks the 100 largest publicly-traded banks and thrifts based on their growth, credit quality, and profitability.



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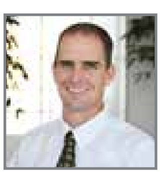
# BANKERS ON THE MOVE

## CAPITAL COMMUNITY BANK

CCBank has hired **David Frances** as chief credit officer, where he will primarily focus on the bank's loan credit reviews and approvals, among other senior leadership responsibilities. Frances has over 30 years of bank lending experience and is relocating to Provo from Albany, Oregon. He will work alongside Carl Gallegos, executive vice president, who will continue to oversee the bank's credit operations.

## CENTRAL BANK

**Matt Carter** has been promoted to bankcard manager and vice president at Central Bank. Carter has worked in the banking and finance industry for more than 20 years and has accumulated extensive experience in commercial and SBA lending that will be beneficial in his new roles.



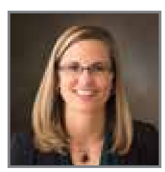
**Jason Packard** has been promoted to executive vice president at Central Bank. Packard will continue to serve as the Springville office manager, where he was appointed in 2012. Packard has worked at Central Bank for 20 years, all the while culminating a vast knowledge of commercial lending and the banking industry.

**Matt Simonsen** has been promoted to vice president and manager of Central Bank's Payson office. Simonsen has extensive knowledge of commercial lending and will be a great asset to Central Bank in Payson and the surrounding areas.

## SALLIE MAE

**Sam Bentley** recently relocated to Sallie Mae Bank's Salt Lake City office from Newark, Delaware. As director of counterparty credit risk management, he is responsible for managing the credit risk of critical third parties and counterparties. He earned a bachelor's degree from Wake Forest University and is pursuing an MBA from the University of Delaware.

## ZIONS BANK



**L. Kelly Peterson** has been named executive vice president over Zions Bank's Real Estate Banking Group, and **Jennifer Christopulos** has been named executive vice president and director of Zions Bank's Utah Corporate Banking Group.

Zions Bank has appointed **Robert Bischoff, Steve Brough and Phil Meeks** as executive vice presidents over Commercial Banking. Bischoff will oversee the Northern Utah/Idaho Commercial Banking Group, Brough will lead the Utah South Commercial Banking Group, and Meeks will direct the Salt Lake Commercial Banking Group. ■

UTAH BANKER

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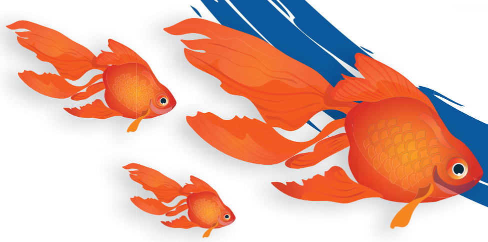
— Vince Medeiros, Publisher, Think Quarterly, google



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