



COMMUNITY BANKER UPDATE

SPRING 2023

Leadership Development Conference
March 30-31 • Hyatt Place, WDM

NEW: Community Banker University
Member Spotlight: Storey Kenworthy

Money Smart Week Poster Contest
LOT Scholarship Program

The Five Percenters: Current Bond Yields
What Drives Pricing in Midwest Bank Acquisitions?



From the CEO

Welcome to the new Community Banker Update! Beginning in 2023 we will be publishing Banker Update four times per year, both electronically and once again in PRINT. Like a lot of organizations over the last few years we moved almost all our communications to electronic. Email klee@cbiaonline.org and let us know what you think about **Community Banker Update** returning to print format.



Community Bankers of Iowa (CBI) is excited to share our latest news and changes to come in this year. First, our education offerings have expanded! In collaboration with Independent Community Bankers of America's (ICBA) Community Banker University (CBU), institute/certification programs, online certificate programs, resources & reference guides are now available for review on our website. And, by using the registration code **IA-CBI** when you sign up for Community Banker University offerings, a portion of your registration fees will benefit CBI and its efforts in Iowa. The new ICBA/CBI collaboration is a great way to help community banking thrive. This is in addition to the 125+ education webinars that CBI offers annually through CBI's Community Bankers Webinar Network via FinEd. These are high-quality, cost-effective solutions to community banks' training needs--take a look!

Second, we are also excited about changes we've made to CBI's 52nd Annual Convention in Okoboji, July 19-21. This year nearly all CBI convention activities will be held at Arnolds Park. Meetings will be held in the Majestic Pavilion, and the Expo and other receptions in the Roof

Garden Ballroom right next door. These facilities are both new and bright, and just steps away from the lake! We've also reduced to one big golf tournament

at Convention instead of two. The Annual Convention Golf Tournament will have flights for best ball teams and flights for "mixed pairs." The demand for golf on Friday afternoon has decreased over the years, so this is a move that makes sense and will allow bankers to return home much earlier in the day if they choose. Themed "Come Together", we think this year's Convention will have a great atmosphere for the whole family.



CBI looks forward in 2023 to continuing to provide quality educational resources, high-caliber events and advocacy efforts to benefit Iowa's independent community bankers. Be sure to subscribe to our weekly newsletters **Mid-Week Account**, which is focused on financial regulatory news and updates at the state and federal level and publishes each Wednesday, and the popular **CommonCENTS** issued on Fridays, containing CBI organization and Member news, educational articles and financial industry updates. Refer to the CBI website for the most recent information, resources, event calendar and more.

Let's all win by increasing knowledge, improving efficiency, investing in employees and developing future leaders while working together to support the industry we love - COMMUNITY BANKING! ■

Dave Caris
CEO - Community Bankers of Iowa

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Guest Speakers

*"Current Banking
Conditions in
Iowa"*



Jeff Plagge
Superintendent
Iowa Division
of Banking

*"The Federal Home Loan Bank
System"*



Lisa Cole
Vice President / Sr.
Relationship Manager
FHLB Des Moines

*"Maturing Your
Cybersecurity
Program"*



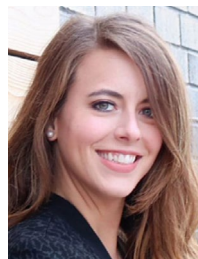
James Boyd
Vice President,
Information Security
SHAZAM

*"The Bond
Market and
Monetary Policy"*



Jim Reber
President & CEO
ICBA Securities

*"Iowa Legislative
Update"*



Brittany Lumley
Managing Director of
Government Affairs
LS2 Group

*"Human
Trafficking
in Iowa"*



Paul Pate
Iowa Secretary
of State

*"Maximizing
Your Ability
to Influence"*



Rowena Crosbie
President/Founder
Tero International



CBI Social
Thursday
March 30
4:00-7:00 pm
Smash Park

Consider attending and bringing your employees to the CBI Social Gathering, a special networking and entertainment reception to be held at Smash Park during the 21st Annual Leadership Development Conference. Join us for pickleball, appetizers and networking!

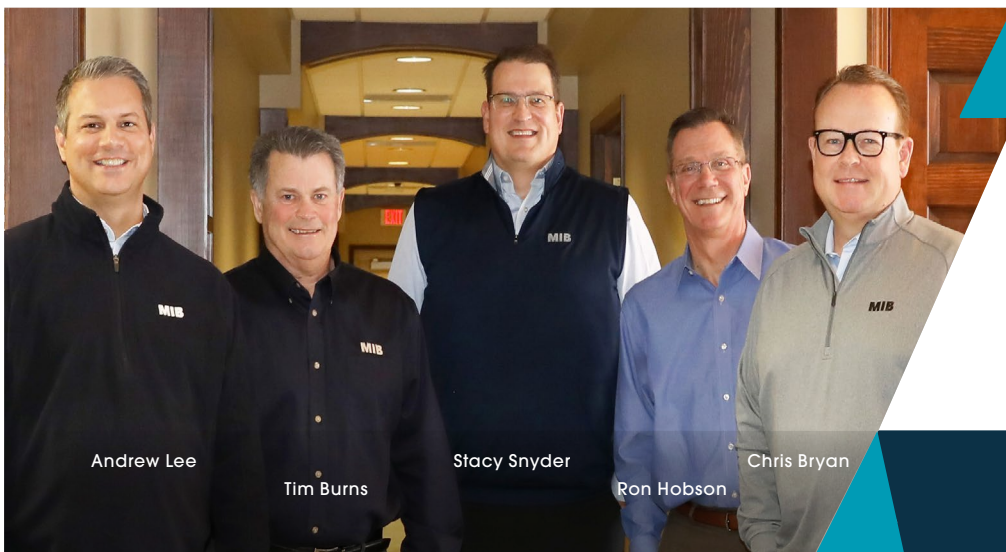
For more information, Event Guide,
and to register, visit cbiaonline.org.

Attend Community
Bankers of Iowa's
Wednesday
March 29

**Legislative
Reception**
5:00-7:00 pm
Iowa Taproom

Join us at this
complimentary reception
to meet Iowa's
legislators, state officials
and fellow community
bankers, and discuss
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and regulations are
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businesses.

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2023 Money Smart Week Poster Contest Now Open

It's time to encourage schools and students in your communities to

participate in the [Money Smart Week Poster Contest](#) as part of [Community Banking Month](#) festivities in April and the [Money Smart Week](#) campaign (this year April 15-21, 2023), hosted by the Federal Reserve Bank of Chicago to increase financial literacy among children.

From now until April 14, students in 2nd through 6th grades may create a poster and return it to their local participating community bank. Poster designs should answer the theme question "Why is it important to know about money?" Judging criteria include creativity, message, and depiction of the theme.

Three prize places will be awarded: Grand Prize - a \$600 Certificate of Deposit, 2nd & 3rd Places - each a \$300 Certificate of Deposit. The prize CDs will be set up by the bank who submitted the winning posters, but will be funded by the [CBI Education Foundation](#).

To assist you in sponsoring the Poster Contest in your area, download CBI's [Money Smart Week Poster Contest Marketing Kit](#). This kit includes rules and guidelines flyers, display posters, poster entry labels, a sample press release

for local community media outlets, and more. To download marketing materials visit our website at [cbiaonline.org](#) and look for "MSW Poster Contest" under the Events tab.

Teachers, parents and students should bring their completed poster entries to your participating community bank branches in time to be displayed in your banks during Money Smart Week, April 15-21, 2023. Participating community banks should submit all poster entries to the CBI office for judging by Friday, April 28, 2023. **In order to properly track and notify potential winners, all poster entries MUST have a completed poster entry label affixed to the BACK of the poster to be eligible--no exceptions! (Note: All posters submitted for judging cannot be returned.)**



Sponsor the Money Smart Week Poster Contest in your bank! Register to participate and download the marketing kit at [cbiaonline.org](#).

Winners will be chosen by May 9, 2023; the banks that submitted winning posters will be contacted with further directions. Contact Krissy Lee at klee@cbiaonline.org with questions. ■

How will you celebrate Community Banking Month? ENTER CBI'S 2023 BEST-OF-THE-BEST CONTEST!



How will your bank celebrate [Community Banking Month](#) and spread the "Making A Difference On Main Street" message? Enter CBI's 2023 [Best-of-the-Best Contest](#) and let us know. Your bank could win a year of bragging rights and a pizza party for staff!

To enter, send us your photos, tweets, activities and whatever else tells us how your bank celebrated Community Banking Month in April, along with a completed 2023 CBI Best-of-the-Best Competition [entry form](#). All submissions are due to the CBI office by May 19, 2023.

The winning bank will be announced and honored at the Kickoff Reception during our 52nd [Annual Convention](#) in Okoboji in July, and will also be featured in the Fall edition of [Community Banker Update](#) and [CommonCENTS](#) newsletters in August. For more information, visit [cbiaonline.org](#) and check out Community Banking Month under the Events header. ■



Show us your photos, tweets, facebook posts, videos, pins... everything that tells us how your bank hosted Community Banking Month festivities. And remember...make sure to enter by May 19!



COMMUNITY BANKERS OF IOWA
**LEADERS OF
TOMORROW**

2023 LOT Scholarship Program Accepting Applications

The [Leaders of Tomorrow](#) (LOT) is a program created by CBI to enhance the growth, leadership, and networking skills of future banking leaders. LOT also encourages the leadership development of the next generation of community bankers by annually presenting two scholarships to deserving high school seniors. The winning students will each be awarded a \$1,000 scholarship. Applicants will be evaluated on character, academics, community involvement, and essay content.

Requirements - All applicants must:

- Work at or have a parent, grandparent, or guardian who works at a bank that is a CBI member (secondary relatives such as siblings, aunts/uncles or cousins are not eligible);

- Write a brief, one-page essay detailing what role community banks play in their hometown;
- Submit a copy of high school transcript;
- Submit letters of recommendation from two non-relatives;
- Include all community or extra-curricular activities they participated in;
- Complete and return the [scholarship application](#). Or, apply online at [cbiaonline.org](#).

If you have a child, grandchild, or an employee who will be graduating high school this spring, please encourage them to apply to the [LOT Scholarship Program](#). **All applications must be received/postmarked by 11:59 pm Central, Friday, May 5, 2023.** For more information, call CBI at 515.453.1495 or email Krissy Lee at klee@cbiaonline.org. ■



*Want to let others know about
the **LOT Scholarship Program**?
Display this poster in your bank!*

*Download it at [cbiaonline.org](#):
find it under **Programs > Leaders
of Tomorrow > LOT Scholarship
Program**.*

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New Education Program

CBI is excited to announce Community Banker University, our new, expanded educational offerings in collaboration with Independent Community Bankers of America's (ICBA) education department. Community Banker University offers a variety of ways to educate, support and improve your staff's knowledge and efficiency: certification programs, a bank director program, self-guided online training, and a wealth of resources and reference guides.

And, you can show your support for CBI at no cost to you! For every ICBA training course, seminar and resource

purchased, ICBA will donate 10 percent of eligible purchases to CBI. When purchasing a course, program or resource materials, enter the state code **IA-CBI** during the checkout process.

This new Affiliate Education Program will ensure that collectively, we put community banks in contact with the training tools necessary to grow bankers' knowledge and skills. Learn more and view program offerings on our [website](#). ■

Knowledge at your fingertips

Community Banker University certification programs, online training, and a host of resources make it easier for you to find needed education.

MORE INFO



Show your support for CBI, at no cost to you!

Enter code **IA-CBI** during checkout.



Slips, Trips & Falls

TRAVELERS

According to the National Safety Council, slips, trips and falls are the third leading cause of injury in the workplace. Some of these incidents occur at banks with employees or customers. While these mishaps might be commonplace, there is a proactive approach banks can take to help reduce the risk of their employees and customers being injured in a slip, trip and fall. A smart place to start: Analysis of both the physical conditions of the premises and usage and traffic flow patterns, which can often identify potential hazards that should be addressed.

Some of the accident causes are well known: wet spots on floors, uneven walking surfaces, dirty doormats. Other factors, such as poor lighting, might not be as noticeable but can be equally dangerous.

"Banks should be aware of the potential for people falling and getting injured, and should take steps to ensure the premises are as safe as possible," said Laura Lundin, Vice President of Financial Institutions P&C at Travelers. "There are many ways to do this - maintain clean floor surfaces, ensure the space is well lit, schedule regular maintenance during low traffic times and conduct periodic walkthroughs to confirm everything looks safe. A little attention can go a long way."

Working with an insurance carrier is also recommended. Insurance providers can work with banks to:

- Help identify and assess exposures;
- Develop loss control strategies and improvements to minimize the frequency and severity of slip, trip and fall incidents;



- Provide training to help with slip, trip and fall prevention efforts.

If an accident does take place, be sure that it is documented and reported. This information can help prevent future incidents, and may be essential if a claim is filed against the bank. A standard, printed incident report is helpful in ensuring that all details are recorded. Documenting the details of the incident, collecting the names and a brief statement from the injured party and any witnesses, even taking photographs of the incident site can help. Slips, trips and falls rarely "just happen."

Implementing effective slip, trip and fall improvement requires the right tools, people and communications. The right insurance carrier can help your slip, trip and fall prevention team define and document the policies, procedures, roles and responsibilities needed to effectively reduce these incidents. They also can help your team develop the tools and communication materials needed to implement this process. ■

Travelers is committed to managing and mitigating risks and exposures, and does so backed by financial stability and a dedicated team - from underwriters to claim professionals - whose mission is to insure and protect a company's assets. For more on CBI Affiliate Member Travelers, visit www.travelers.com.



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CBI Endorsed Member Storey Kenworthy: *Keeping Iowa Money in Iowa By Supporting Local Business*

Storey Kenworthy is Iowa's largest, independently owned office products company. Currently under the leadership of the fourth generation of family owners, Storey Kenworthy has continued to grow and invest in Iowa since 1936. Even though they got their start in office supplies, the current product offering has expanded to include not only supplies, but custom printed items, apparel, promotional items, janitorial and breakroom products, and office furniture and design services. Even as they have expanded and grown over the years, the focus has always remained on providing best-in-class customer service.

Office supplies are an essential component of employee productivity. While often these items are not something you think about on a day-to-day basis, imagine trying to work without the pen sitting next to you. Or the paper in your printer. The coffee in your mug. Or the chair that you're sitting on. You just need these items to be there when you need them! Having the right supplies at the right time keeps people motivated, on task, and focused on doing their best work.

A strong partnership with CBI and their members is key to success. Storey Kenworthy has been an Endorsed Member of Community Bankers of Iowa since 2011. Partnerships like this allow Storey Kenworthy to walk beside clients and help to meet, plan, and reach goals by creating solutions that allow people to thrive and do their best work. Beyond creating efficiency and simplicity, Storey Kenworthy provides value to CBI members in the form of special member pricing and discounts. A portion of all member purchases are paid to CBI in the form of a cash rebate. In the last 10 years, Storey Kenworthy has provided over \$130,000 to CBI to support programs and services.

Storey Kenworthy has always believed it's our duty to give back to the communities where our employees and clients live, work, and play.



Through the Storey Kenworthy Foundation for Giving, over \$150,000 annually is provided to local nonprofits in the form of grants, sponsorships, in-kind donations, and community project support. A committee of employees helps oversee various giving initiatives and help coordinate events that allow employees to be part of giving back through employer sponsored volunteer time off. ■

For more information on CBI Endorsed Member Storey Kenworthy visit www.storeykenworthy.com.



(L-R) CBI Director of Member Services Ross Dickinson, Storey Kenworthy Sales Manager James Thorson & Senior Client Relationship Executive Jessica Jenson pose with a check representing Storey Kenworthy's 2022 rebate to CBI.

Stay current on the latest state and federal regulatory news

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Mid-Week Account is a weekly e-newsletter that keeps you informed of current regulatory news and guidance at the State and Federal levels, delivered to your email inbox every Wednesday.

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**MID-WEEK
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March 8, 2023

**I WANT A PARTNER THAT PUTS
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Key senators urge SBA to address concerns with 7(a) proposals

Senate Small Business Committee Chairman Ben Cardin (D-Md.) and Ranking Member Joni Ernst (R-Iowa) expressed concerns with proposals that would undermine the Small Business Administration's 7(a) loan program.

In a joint letter, Cardin and Ernst called on the SBA to go back to the drawing board on its proposals to loosen underwriting requirements and lift the moratorium on the number of non-federally regulated institutions, including nonbank fintech companies, that can make loans under the 7(a) program. The senators said the proposed rules establish broad and sweeping



Recognize Your Community Banking Peers Nominate the Next Up & Coming Banker of the Year

Annually the Community Bankers of Iowa's [Leaders of Tomorrow](#) (LOT) group recognizes one community banker whose performance and achievements in banking have earned the respect of his or her peers as the [Up & Coming Community Banker of the Year](#). Now is the time to recognize and nominate an individual in your bank who exemplifies the best of the future of independent community banking! Nominees will be evaluated on their individual achievements in banking, bank performance, and community involvement.

Requirements for consideration include:

- Nominated individuals should exemplify the best in the future of community banking and be an integral part of their institution's leadership plan;
- Nominees must work at a bank that is a member of the Community Bankers of Iowa;
- Nominees should be a member of the Leaders of Tomorrow program, but it is not a requirement.

The Up & Coming Banker of the Year is an honor that will be recognized at a ceremony at CBI's [52nd Management Conference and Annual Convention](#), July 19-21, 2023 in Okoboji, Iowa. The honoree will be featured in an issue of CBI's weekly e-newsletter

[CommonCENTS](#), and the Fall edition of the [Community Banker Update](#).

Complete and return the nomination form by May 26, 2023, or make your nominations [online](#). Forms can also be [downloaded](#) on the CBI website. Submit forms to the CBI office **by Mail**: 521 E. Locust St, Suite 202, Des Moines, IA 50309; **by Fax** at 515.453.1498; or **by Email** at klee@cbiaonline.org. Contact 515-453-1495 with questions. ■



Submit nominations [online](#), or download a [Nomination Form](#) at cbiaonline.org.

Reward Those Who Serve Nominate an Iowa Community Banker for the Robert D. Dixon Founders' Award

Over the last 52 years the leadership of CBI has provided direction, support, and guidance to your association. Without them, the spirit of the original founders would not have resulted in the useful organization serving you today. Each summer, we take a moment to honor one of those leaders with the [Robert D. Dixon Founders' Award](#), recognizing a community banker that has not only modeled the best in community leadership, but also in service to the community banking industry.

It is now that time for community bankers across the state to enter nominations for this prestigious award. Please take a moment to think about the bankers you have known who have demonstrated devotion, leadership and involvement with the community banking industry and CBI, and suggest someone for recognition this year.

The Robert D. Dixon Founders' Award is an honor that will be recognized at a ceremony at CBI's 52nd Management Conference and [Annual Convention](#), July

19-21, 2023 in Okoboji. The honoree will be featured in an issue of CBI's weekly e-newsletter [CommonCENTS](#), and the Fall edition of the [Community Banker Update](#).

Make your nominations by May 26, 2023. The [nomination form](#) can be completed [online](#) at cbiaonline.org, or you can [download forms](#) and submit to the CBI office **by Mail**: 521 E. Locust St Suite 202, Des Moines, IA 50309; **by Fax** at 515.453.1498; or **by Email** to dcaris@cbiaonline.org.

Please note that only CBI members are eligible to submit nominations for or to receive the Founders' Award. Contact 515-453-1495 with questions. ■





The Five Percenters

Current bond yields have long-term appeal



Written By: Jim Reber
President and CEO
ICBA Securities



I will be candid with you. Your correspondent is most assuredly not a professional journalist. And, being an accountant by trade, creativity isn't something

that comes naturally. Therefore, when composing these investment columns I often rely on some techniques I've learned from listening to the professionals. Among these are joke-writers, specifically those for nighttime talk shows and Saturday Night Live.

A few of these jokesters have said that several of our recent Commanders-in-Chief are "the gift that keeps on giving." It occurs to me that, on a decidedly different stage, my version of this font of material is the Federal Open Market Committee (FOMC). The FOMC's execution of monetary policy according to its dual mandate often results in wild swings in interest rates—and the resultant volatility in bond prices. The historic 2022 (and ongoing) hike in interest rates, while painful for bondholders, has at least produced a yield environment that is worthy of an investment column.

Very recent past

In 2020 and 2021, investment brokers were doing their best to help community banks make good decisions about how to invest the mountains of cash that were sitting on their balance sheets, earning next to nothing. In fact, a number of investments that were several years in duration earned well less than fifty basis points (0.5%). This is what happened when short-term rates were anchored at near zero, and the Fed wasn't "thinking about thinking about" changing anything.

In fact, "The quest for one percent" could have been the title of this very column barely a year ago. For an example, the five-year Treasury note issued in December 2021 has a coupon of 0.375%. Fifteen-year mortgage-backed securities (MBS) with 1% coupons were trading

for a while at prices above 100.00; today they're worth around 86 cents on the dollar.

Opportunity is present

So now, as 2023 is well underway, it's quite easy to buy a bond with a yield of 5% or higher. Thanks to overnight investments being in the high 4%'s as of this writing and quite possibly headed to the mid-5%'s, even short investments (particularly those with call options attached) can be found with 5.5% returns.

The inverted yield curve needs mentioning. The "2-to-10" part on the curve is reaching historic levels in both the degree and duration of inversion. It has produced a dilemma for portfolio managers. Intuitively, shorter bonds that yield more than longer ones sound sweet. This is a reminder that the bond market is predicting a recession, and it's sometime soon. Another consequence of the curve's shape and the rate cycle is that the municipal bond market currently does not offer relative value. Tax-equivalent yields out to 10 years are actually lower than the Treasury curve.

Home-made liquidity

Of course, all this 5% yield-opportunity stuff doesn't help a community bank that has no remaining liquidity to take advantage of it. From the looks of things, that includes a lot of institutions. The FDIC reports that Federal Home Loan Bank advances increased 32% in the fourth quarter of 2022 alone.

One strategy that comes to mind is the advance purchase of investments, financed by borrowed money that will be paid off by future bond portfolio cash flows. The general framework is this:

- Calculate your next two to three years' cash flows from investments
- Use wholesale funds to finance a matching term and amount
- Use the proceeds to buy bonds with prepayment protection at today's rates

The Five Percenters: Continued on Page 14

What Drives Pricing in Midwest Bank Acquisitions?

Written By: *Lindy Ireland*
Vice President and Shareholder
BCC Advisers



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The topic of bank value is a favorite discussion among bankers. If you are like most bankers, you have a sense of the multiples of

book value at which banks have recently traded in your area and around the state. Information about recent sales often spreads like wildfire throughout the banking community with the most extreme examples (and rumors!) getting the most airplay. In the bank valuation practice at BCC Advisers a question I am frequently asked in conversation with bankers is, “What are you seeing in bank multiples?” I’m happy to share that information – but it may not give you much of an indication of the value of your bank.

For this discussion, I reviewed bank sales involving target banks with specific characteristics: profitable community banks in the Central U.S. with assets under \$1.5 billion, not in a major metro area (i.e., not Chicago, Minneapolis, etc.). Multiples of book value in this group have ranged from .28 to 2.87 during the last five years – a very wide range for a group with a good deal of characteristic similarity. During 2022, bank sales were fewer and the range of multiples narrowed to between 1.10 and 1.86. The general rule over time is that more profitable, well-capitalized banks command higher multiples. No surprise there! A premium also appears to exist for larger banks and those in larger MSAs (Metropolitan Statistical Areas). However, the normal criteria seem to have been joined by other prevalent factors in recent years.

So what factors are impacting bank pricing now? Another way to ask this is, “What factors are motivating bank buyers?” Here are a few:

- **Market area expansion.** Acquiring a profitable existing bank rather than starting a de novo branch is a great shortcut for a bank to expand its market area. For this reason, a nearby bank may likely be

willing to pay more for your bank than one a few hours away.

- **Removing a competitor.** The acquisition of a nearby bank has the added advantage of removing a local competitor.
- **Acquiring experienced leadership.** A common stressor for banks in small towns in more rural areas (a common profile in Iowa) is addressing the loss of senior leadership – especially a lender. For a bank in a small community, the local area is often unfruitful recruiting ground and attracting a lending executive to relocate to a small Iowa town is an uphill battle in many cases. For a very small bank with one main lender (also common in Iowa), the risk is especially high and these banks are increasingly disappearing from Iowa’s landscape.

Certainly, profitability is still a strong motivator, along with a buyer’s desire to increase lending limits or expand service offerings (insurance, trust, real estate, wealth management) and other factors specific to a buyer.

So that covers the likely motivations of a bank buyer. But what about the rest of the story? What is most likely to move a bank owner to sell? This is an easy one. With very few exceptions, the overriding reason a bank decides to sell is ownership succession. Iowa bank shareholders are an aging group on the whole, especially those with a controlling interest. In the absence of a clear ownership succession plan, the outcome is often the sale of the bank. This is sometimes coupled with a lack of a management succession plan. In some cases, when leadership retires, replacements are not readily available. Again, this is more prevalent in smaller communities.

What Drives Pricing: Continued on Page 14



This makes sense for any financial institution unless it has no borrowing capacity, is leveraged as far as is feasible or has exposure to rising rates. By all indications, most community banks have room on all these fronts.

Each time the bank pays down borrowings with existing cash flow, the bank is removing low-yielding bonds, relatively high-cost borrowings and is de-levering. All the while, it has greatly boosted its overall bond portfolio yield, and hasn't booked any losses on sales. And at the end of this two- to three-year period, voilà! The bank owns a high-yielding set of bonds, hopefully with unrealized gains, free and clear.

Of course, this isn't to say that bonds purchased early in 2023 won't have some dip in their values at least initially, if the FOMC continues to push rates higher. Generally, though, 5% yields have proven to be quite attractive over longer periods. A little creativity can help get those five percenters on board. That's something even a professional joke writer can't poke fun at. ■

Jim Reber is president and CEO of CBI Endorsed Member ICBA Securities, ICBA's institutional, fixed-income broker-dealer for community banks. He can be reached at 800-422-6442 or jreber@icbasecurities.com.

So, can multiples provide an indication of the value of your bank? Maybe. Recent sales are certainly a factor in determining bank pricing, but motivations of both the buyer and the seller are likely to affect the final negotiated price. ■

With over thirty years of experience in financial compliance, planning and analytical roles, Lindy's practice includes valuation and consulting for banks, ESOP companies, and those exploring employee ownership. For more information on CBI Affiliate Member BCC Advisers, visit www.bccadvisers.com.

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- Community Bank CEO

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- 📅 Monthly summary of the regional banking environment
- 📅 Direction and farmland prices and ag equipment sales
- 📅 Visibility to the issues facing community banks
- 📅 Advocacy for issues of community banks
- 📅 If you wish to be quoted, brings visibility to your bank in your community
- 📅 Investment: 5-10 minutes per month to complete survey (Sample survey here: <https://www.surveymonkey.com/r/JNQ7WD9>)

Your e-mail address and responses are always confidential.

To sign up: Contact **Ernie Goss**
ernieg@creighton.edu

Welcome New CBI Members!

Community Bankers of Iowa would like to welcome the following organizations to the association, and thank them for their support:

<p>Allied Payment Network Fort Wayne, IN</p> <p>American Bank & Trust Co., NA Davenport, IA</p> <p>BHG Financial Syracuse, NY</p> <p>Cambridge Investment Research Fairfield, IA</p>	<p>Econocheck Corp. Stockbridge, GA</p> <p>KlariVis Roanoke, VA</p> <p>Maxwell State Bank Maxwell, IA</p> <p>SimpleNexus Lehi, UT</p>
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Community Bankers School

July 9-14, 2023
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For more information, please contact Ross at
Community Bankers of Iowa at (515) 453-1495.

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Flourish

Written By: Rebeca Romero Rainey, President & CEO of [ICBA](#)



True relationships withstand the test of time, ebbing and flowing with the cycles of life, and such is the case with the community bank-customer connection. It's not unusual to hear about a community bank having served a family or a business for generations, and that's a testament to the strength of the relationship.

As we consider marketing in this month's issue, I took time to reflect on exactly what differentiates the community banker and how marketing can help in growing and retaining business. I kept coming back to the fact that for community banks, marketing often points to finding ways to educate, support and grow community, as well as customer knowledge and awareness. By extension, these promotional efforts assume a natural role in a community bank's journey, just enhancing what are already mission-critical initiatives.

For example, consider ICBA chairman Brad Bolton's Community Spirit Bank in Red Bay, Ala., and its work to share tips for financial resolutions in the local paper. Offering that information to the community helps individuals strengthen their financial savvy and supports a broader story of community bank leadership.

Or look to ICBA past chairman Bob Fisher's bank, Tioga State Bank, in Spencer, N.Y., and how it teams up with local television stations to support cause-related activities, like the No Shave November Cure the Blue 5K. Not only does this event help raise funds for an important program, it also demonstrates the bank's involvement with and commitment to its community.

These examples offer only a snapshot of what community banks all over the

country do to support their communities from a mission-based approach. In many cases, the added promotion these efforts deliver is a side benefit to serving the community.

"For community banks, marketing often points to finding ways to educate, support and grow community, as well as customer knowledge and awareness."

That's precisely why these efforts are successful: They garner attention because they are the right things to do. These stories create a value proposition around why banking with a community bank is so vital, and the differentiation from megabanks and credit unions happens by leading with the community bank relationship model front and center.

So, as you think about your bank's planned storytelling this year, know that ICBA is standing by to help. We invite you to join us in this next step of our journey as we continue to tell the community banking story.

Because beyond promotion, what you do matters to the customers and communities you serve. You are and will remain a partner through your customers' lives and financial journeys. From a marketing perspective, that's an ideal place to be. ■

As well as being President & CEO for ICBA, Rebeca Romero Rainey is CEO of Centinel Bank in Taos, New Mexico. Connect with Rebeca on Twitter [@romerorainey](#).

From the Top

Written By: Brad M. Bolton, Chairman of [ICBA](#)



Serving as ICBA chairman has been one of the highest honors of my life. It's hard to put into words how special this experience is. The work you're doing every day puts real faces and names to the communities we're fighting for, and it has been a privilege to be your representative at the national level.

Yet, it takes the voices of many to make a true impact. That's why I've asked community bankers to sacrifice a few minutes every day to advocate for our industry. We are what stands between our customers and an overreaching federal government and regulatory system. We hold the line for Main Street America, which needs us.

In today's environment, that vigilance is critical to staying ahead of emerging threats. Each day brings forward new concerns, and we have to stay focused on who we are and who we represent. So, keep pressing forward in defending this great industry we get the opportunity to serve.

"I am grateful to have had the opportunity to serve as chairman.

I will continue to advocate for community banking, and for the rest of my career, stand side by side with you to fight our future battles."

For example, every community banker has a primary focus on how they can better serve their customers. It isn't about making more money, but how we respond to community needs. We should also remind policymakers that community bankers are small business owners, too. And even though we have fiduciary and regulatory responsibilities to remain profitable and provide a return to our shareholders, our focus always

comes back to how we can serve our customers better. In maintaining that focus on our relationship-centric mission, we will continue to thrive.

That's why it's vital for community banks to remain independent, and a big theme for me has been encouraging bank executives to identify their next generation of leaders. There are those within your institution who share your vision and passion. Support their development and groom them to take the reins. Without your bank, your communities are at risk. So, make a succession plan to ensure your bank remains the lifeblood of the community.

With that in mind, I implore you to keep fighting for Main Street. Keep raising your voices to advocate for your customers. Keep engaging with innovative companies to grow, evolve and better serve. Keep identifying future leaders to ensure the longevity of your institution, because your communities need you in their corner.

I want to close by saying I am grateful to have had the opportunity to serve as chairman. I will continue to advocate for community banking, and for the rest of my career, stand side by side with you to fight our future battles. With that passion leading, I'm confident we'll witness the continued growth and success of our beloved industry.

Reflections on community banking

1. Never take our community bank mission for granted; advocate for it.
2. Keep innovating and implementing new technologies for your customers.
3. Someone at your bank wants to lead it for the next generation. Let them. ■

Brad M. Bolton is President/CEO of Community Spirit Bank in Red Bay, AL. Connect with Brad [@BradMBolton](#)



Main Street Rural Economic Survey



Rural Mainstreet Economy Begins 2023 on Solid Note; Records Slow Growth for February Bank CEOs Rank Higher Input Prices as Greatest Farm Threat; Nine out of Ten Bankers Gauge Ethanol as Important to Economy

January 2023 Survey Results at a Glance:

- After six consecutive months of below growth neutral readings, the region's overall economic reading rose above the growth neutral threshold for a second straight month.
- In terms of 2023 threats to farms in their area, bank CEOs ranked higher input prices as the greatest threat, followed by higher interest rates.
- In terms of 2023 threats to rural bankers, bank CEOs ranked low loan demand as the greatest threat to rural banks, followed by rising regulatory costs.
- Farmland prices continued to expand.
- Despite higher interest rates, solid farm income pushed farm equipment sales higher.

OMAHA, Neb. – After six straight months of below growth neutral readings, the Creighton University Rural Mainstreet Index (RMI) climbed above the growth neutral threshold, 50.0, for a second consecutive month, according to the monthly survey of bank CEOs in rural areas of a 10-state region dependent on agriculture and/or energy.

Overall: The region's overall reading in January rose above the growth neutral threshold. The January index climbed to 53.8 from 50.1 in December. The index ranges between 0 and 100, with a reading of 50.0 representing growth neutral.

"The Rural Mainstreet economy continues to experience improving, but slow, economic growth. Almost 85% of bankers ranked rising input prices as the top economic challenge or threat to farmers in their area," said Ernie Goss, PhD, Jack A. MacAllister Chair in Regional Economics at Creighton University's Heider College of Business.

Larry Winum, CEO of Glenwood State Bank in Glenwood, Iowa, said, "All indications are that the Fed is going to continue to raise rates to get inflation under control. I think they should tap the brakes after the first quarter of 2023 and let the economy catch its breath."

Farming and Ranching: The region's farmland price index climbed to 66.0 from December's 65.4. This was the 28th straight month that the index has registered above 50.0.

February 2023 Survey Results at a Glance:

- For a third straight month, the region's overall economic reading hovered slightly above growth neutral, indicating slow growth.
- Farmland prices have now advanced for 29 straight months.
- Farmers have expanded their purchases of farm equipment for 25 of the past 27 months.
- In 2022, the 10-state region accounted for approximately three-fourths of all U.S. ethanol production.
 - Roughly 91.3% of bankers with an ethanol plant in their economy indicated that it was an important industry for their local economy.
 - Only 7.7% of bankers surveyed have an ethanol plant in their economy and rank it as a relatively unimportant industry in their area.
- Approximately 63.0% of bank CEOs support capture and sequestration of CO2 from ethanol plants in their area provided farmers receive adequate compensation for pipelines crossing their farmland.

OMAHA, Neb. – For a third straight month, the Creighton University Rural Mainstreet Index (RMI) climbed above the growth neutral threshold, 50.0, according to the latest monthly survey of bank CEOs in rural areas of a 10-state region dependent on agriculture and/or energy.

Overall: The region's overall reading in February remained above the growth neutral threshold. The February index declined to 50.1 from 53.8 in January. The index ranges between 0 and 100, with a reading of 50.0 representing growth neutral.

"The Rural Mainstreet economy continues to experience slow economic growth. Only 7.4% of bankers reported improving economic conditions for the month with 85.2% indicating no change in economic conditions from January's slow growth," said Ernie Goss, PhD, Jack A. MacAllister Chair in Regional Economics at Creighton University's Heider College of Business.

Farming and Ranching: The region's farmland price index decreased to 63.5 from January's 66.0. This was the 29th straight month that the index has advanced above 50.0.

[CLICK TO READ MORE OF JANUARY'S SURVEY](#)

[CLICK TO READ MORE OF FEBRUARY'S SURVEY](#)

Tables 1-3 summarize survey findings. Click each table to view larger.

**Table 1: Rural Mainstreet Economy January / February 2023:
One Year Ago and Last Two Months (index > 50 indicates expansion)**

	January 2022	February 2022	December 2022	January 2023	February 2023
Area economic index	61.1	61.5	50.1	53.8	50.1
Loan volume	28.8	40.4	72.1	58.0	48.1
Checking deposits	76.9	80.8	48.1	70.0	38.5
Certificates of deposit and savings instruments	42.3	34.6	51.9	72.0	57.7
Farmland prices	88.5	78.8	65.4	66.0	63.5
Farm equipment sales	72.9	72.0	60.4	61.4	52.1
Home sales	65.4	63.5	33.3	38.5	37.0
Hiring	61.1	61.5	49.1	53.9	48.1
Retail business	57.4	57.7	45.5	51.9	50.0
Confidence index (area economy 6 months out)	61.1	51.9	29.6	40.4	44.4

Table 2: Special Questions in January 2023 Report

#1 Please rank the following threats to farms in your area for 2023 from highest threat (1) to lowest threat (6). A lower score indicates greater threat.		#2 Please rank the following threats to rural banking operations for 2023 from highest threat (1) to lowest threat (6). A lower score indicates greater threat.	
	Average Scores		Average Scores
Higher input prices	1.27	Low loan demand	2.31
Higher interest rates	2.46	Rising regulatory costs	2.62
Supply chain disruptions	3.76	Worker shortage	3.00
A cut in federal financial support	4.19	Farm Credit competition	3.04
U.S./global recession	4.44	Falling farmland prices	4.85
Tariffs and trade restrictions	4.77	Farm loan defaults	5.19

**Table 3:
Rural Mainstreet Economy February 2023**

Percentage of bankers reporting

	No ethanol plant in area or no opinion	Not an important industry	Important	Very important	The most important industry in area
How important are ethanol plants to your local economy:	11.6%	7.7%	26.9%	42.3%	11.5%
	Very resistant and will require use of imminent domain		Will accept pipelines with adequate compensation		Do not know, or no opinion
Regarding the capture, underground delivery and sequestration of CO2 from ethanol plants, most farmers in your area:	23.1%		38.6%		38.3%
	No. Should be transported by rail or truck	Yes. Assuming adequate compensation	Absolutely not. Will require imminent domain		Do not know, or no opinion
Do you as a banker support captured CO2 from ethanol plants being transported via pipelines in your area?	7.5%	63.0%	14.7%		14.8%

For historical data and forecasts, visit: www.creighton.edu/economicoutlook.

Follow Ernie Goss on Twitter www.twitter.com/erniegoss

IS YOUR COMMUNITY BANK BOND PORTFOLIO PERFORMING?

Meet Jim.

Jim meets with community bankers across the U.S. to discuss ICBA Securities' investment products, services, and education through our exclusively endorsed broker, Stifel. Investing through ICBA Securities is a direct investment back into the community banking industry.

When Jim is on the road, he always takes time to enjoy local restaurants and share on social media.

As an ICBA member, you've got Jim's help investing.

Learn more at
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