

APRIL 2016

OFFICIAL PUBLICATION OF THE COMMUNITY BANKERS OF IOWA

the COMMUNITY

BANKER UPDATE

HAPPY
**COMMUNITY
BANKING**
MONTH!



WEBINAR

APRIL 2016 WEBINAR LINE-UP

- Apr. 5 Managing IRA Beneficiary Designations & Distributions
- Apr. 6 Completing the SAR Line-by-Line
- Apr. 7 Audit Compliance Series: Auditing Basel III & the New Capital Planning Guidelines
- Apr. 12 The Top 10 Credit Risk Considerations in Agricultural Lending
- Apr. 13 ACH Rules Update 2016
- Apr. 14 Your Depositor Has Died: Actions to Take, Mistakes to Avoid
- Apr. 19 New Federal Regulations Targeting Student Accounts, Including Debit & Prepaid Cards: Effective July 1, 2016
- Apr. 20 HR Series: Managing Absenteeism & Leaves of Absence
- Apr. 21 Effective Management of Credit Report Disputes
- Apr. 26 Call Report Series: Examining Bank Assets, Liabilities & Income in Call Report Preparation
- Apr. 28 Regulator Expectations for Risk Assessment: Policies, Procedures & Steps in Obtaining Board Approval

Want To Attend A Webinar?

View a complete calendar and register for CBI-sponsored webinars and events at www.cbionline.org or Call Us at **515.453.1495** for more information.

Great accomplishments

start with
a solid plan.

FIRST
BANKERS' BANC
SECURITIES, INC.



MEMBER FINRA & SIPC

INVESTMENTS ARE NOT FDIC INSURED
NOT BANK GUARANTEED & MAY LOSE VALUE
FOR INSTITUTIONAL USE ONLY

WWW.FIRSTBANKERSBANC.COM



GOVERNMENT & AGENCY BONDS | MUNICIPAL BONDS
MORTGAGE BACKED SECURITIES | PUBLIC FINANCE
MUTUAL FUNDS/EQUITIES | CORPORATE BONDS
MUNICIPAL BOND CREDIT REVIEW | BOND PORTFOLIO ACCOUNTING
& ANALYSIS | ASSET/LIABILITY MANAGEMENT

888.726.2880

ST. LOUIS, MO • OVERLAND PARK, KS • LINCOLN, NE



In This Issue

April 2016 Webinar Lineup.....	2
Happy Community Banking Month!	4-5
CBC Program Spring Session Seminar	6
Join a CBI Functional Peer Group.....	7
Branch Transformation	8-9
IA Business Council Economic Outlook Survey ...	10
Save the Date: 45th Annual Convention	11
From the Top.....	12
Fine Points.....	13
Past Meets Present.....	14
CBI Member News.....	15
Rural Mainstreet Survey	16-17
Summer Intern Scholarship Program	18



Community Bankers of Iowa
1603 22nd St, Suite 102
West Des Moines, Iowa 50266
Phone: 515.453.1495
cbia@cbiaonline.org
www.cbiaonline.org

Are you staying current on community banking news? Get Some CommonCENTS

CommonCENTS is a weekly e-newsletter that keeps you informed of current organization activities and community banking news, delivered to your email inbox every Friday.

Is everyone at your bank receiving **CommonCENTS**? If not, send a list of the names and email addresses that you would like added to the recipient list to klee@cbiaonline.org.

If you would like to submit news and events from your bank for inclusion in the weekly e-newsletter, please contact Krissy Lee at klee@cbiaonline.org.



UPCOMING EVENTS CALENDAR

CBC Spring Seminar.....	April 20 - 21
<i>Hilton Garden Inn, Johnston • See pg 6</i>	
LOT Scholarship Program applications due	April 30
Summer Intern Scholarship Program applications due.....	May 1
<i>Deadline for banks wishing to participate • See pg 18</i>	
Money Smart Week Poster Contest.....	May 9
<i>Poster entries due to CBI office</i>	

GO LOCAL[®]

Celebrate Community Banking Month 2016



At a special CBI reception on March 29 at the Terrace Hill Mansion in Des Moines, Governor Branstad signed the proclamation declaring April as Community Banking Month in Iowa. A nationwide celebration, Community Banking Month recognizes the many contributions community banks make to their customers and communities each and every day. Spread the word about what makes local businesses and your bank an integral part of your community and encourage your customers to Go Local!

Have you heard of “Go Local?”

The Go Local campaign was launched in October 2011 with people encouraging others to purchase local food and eat at restaurants that use local food sources. Since then, the program has celebrated many milestones and continues to grow in popularity and geographic reach. The movement has since spread to small businesses of all kinds. One version of the Go Local idea asks people to visit a locally owned store or business instead of a chain store just once a week. The more enthusiastic participants push for people to do all their business with locally owned shops.

Through the Go Local initiative, CBI strives to provide community bankers with access to resources and information to help them sustain their own community's Go Local campaigns. With tips on partnering with local restaurants and small businesses, the Go Local initiative can have broader benefits than just generating business for the community banker. Go Local keeps business in the local community, generating revenue for small businesses, creating jobs and instilling a sense of community in all those who participate.

There are numerous ways to promote Community Banking Month and make your bank shine throughout April:

- **Customize a news release** and send it to your local media to share the positive story of community banks, while telling your bank's unique story.
- **Encourage your small business customers to take a selfie** in front of your community bank or with your community banker and post it on social media with the hashtag #BankLocally.
- **Offer an information session** for local prospective entrepreneurs who are interested in starting a small business.
- **Recognize Service.** Honor those people or organizations that make your town a better place to live.
- **Tie in new products and services.** While you are promoting Community Banking Month, include new services or products available to customers.

- **Share your bank's “fascinating facts”.** Tell everyone what makes community banks like yours great. Print trivia about your bank or community banking so your customers can see the facts.

No matter how you celebrate Community Banking Month, share your story with us! Enter CBI's Community Banking Month Best-of-the-Best Competition [opposite page] and show all of Iowa how your bank is supporting your community, spreading the community banking message and Making A Difference on Main Street!



Show Your Support

Go Local logo window clings are available to help you promote going local in your community. The clings are offered at no charge to CBI members. And while you're at it, make sure you have your 2016 CBI Member decal proudly displayed as well!

To request Go Local or 2016 CBI Member window clings email cbia@cbiaonline.org or call 515.453.1495.



SPECIAL COMMUNITY BANKING MONTH WEBINAR SALE: Buy Two Webinars, Get a Third Free!

In celebration of Community Banking Month in April, for a limited time, you can order two archived webinars and receive the third one free! All archived webinars can be downloaded and kept indefinitely. Archives contain a recording of the live event, including audio, visuals, handouts, and the speaker's email address for follow-up questions.

Offer expires April 30, 2016. Sale limited to archived webinars only. May not be used in conjunction with other coupons/discount offers. Visit cbiaonline.org/webinars.html for a list of all 2016 archived webinars, and for more information.



How do you encourage your customers and your community to “Go Local”?

ENTER CBI’S 2016 BEST-OF-THE-BEST COMPETITION!

Can Your Bank Capture the CBI Community Banking Month Best-of-the-Best Traveling Trophy?

How will your bank celebrate Community Banking Month and spread the “Making A Difference On Main Street” message? Let CBI know and your bank could win the Traveling Trophy and a pizza party for staff!

The winning bank will be announced and honored at the Kickoff Reception during our **45th Annual Convention** in Okoboji in July, and will also be featured in the August edition of *Community Banker Update* and the *CommonCENTS* newsletter.

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 2016 CBI Best-of-the-Best Competition entry form. **All submissions are due to the CBI office by May 13, 2016.**

For more information, entry forms and more, visit www.cbionline.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 13!

Welcome New CBI Members!

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

Community State Bank - Tipton
First State Bank - Sumner
Community Bank - Nevada
Maynard Savings Bank - Maynard
Citizens Savings Bank - Hawkeye
First State Bank of Colfax
Corydon State Bank - Corydon
Pocahontas State Bank - Pocahontas
Victor State Bank - Victor
Denver Savings Bank - Denver
Iowa State Bank - Sac City
First State Bank - Webster City



Trust
Personality
Experience
Integrity
Teamwork

Steph Weiland (L) Suzanne Meyers (C) Jim Christensen (R)

1 PARTNER 1 SOLUTION 1 SOURCE

Bank Architecture & Construction

- Pre-design
- Master Planning
- Site Development
- Architecture
- Project Management
- Construction
- Post-project Support
- Security & Signage

112 W. Park Lane, Waterloo
319-232-6554



Compliance Officers and Lenders: Attend This Valuable Education Session CBC Program Spring Session Seminar - April 20-21 in Johnston

CBI's Community Bankers for Compliance Program (CBC) Spring Seminar is coming up **April 20-21** at the Hilton Garden Inn in Johnston, Iowa. This two-day LIVE seminar provides you with up-to-date information, guidance for structuring and maintaining your bank's compliance program, and a forum to discuss issues and exchange ideas with other community bankers.

On Day 1 of this session you'll be presented with "RESPA in a TRID World", which will focus on what RESPA still requires, reviewing regulatory language, and recently changed exam procedures. The first portion of Day 2 will tackle Compliance Management and Risk Assessment, taking a look at compliance management systems from the viewpoint of regulators and the industry. The second portion of Day 2 will discuss the risk assessment process itself, in particular on Reg E, BSA, and TRID. *Send your bank's Compliance Officers and Lenders to get in-depth knowledge on these complex regulations!*

For current members of the CBC Program, attendance at the Spring Seminar is included with program enrollment. CBC members and non-members may choose to attend just one or both days of this informative regulatory policy seminar.

For more information and to register for the Spring Seminar or the full CBC Program, visit the Programs tab at www.cbionline.org or contact **Pretty Patel** at 515.453.1495 or ppatel@cbionline.org.

2016 Community Bankers for Compliance Program

SPRING SEMINAR SESSION APRIL 20-21, 2016

*Hilton Garden Inn
8600 Northpark Drive, Johnston, Iowa*

CBI Members:

\$350 for each 1-day session
\$150 for each additional representative

Non-Members:

\$550 for each 1-day session
\$250 for each additional representative

Register Online at www.cbionline.org



KNOW WHICH
CUSTOMERS ARE
READY TO BUY
WHAT AND WHEN

and spend less getting them.

**Deluxe®
Marketing
Services**

© 2013 Deluxe Enterprise Operations, Inc.
All right reserved. FF83MSHP

Start identifying your **BEST** customers and prospects and provide them relevant offers based on their predicted buying decisions. With Deluxe Marketing Services your financial institution can generate sustainable and measurable returns on investment at any point in the customer life cycle. And because our campaigns are so effective, you don't have to sacrifice growth to reduce marketing costs.

deluxe.com/identify



Share Your Experiences

Join A Community Bankers of Iowa Peer Group

CBI's Peer Groups promote the exchange of information and ideas in a confidential and non-competitive environment, and create a network of industry professionals with similar experiences where you can ask questions and share best practices.

CBI provides administrative assistance including meeting details, speaker resources, and other expertise to the following functional, non-competitive peer groups:

- **Human Resources Peer Group:** This group covers topics such as employee incentive programs, HIPPA, interviewing, job descriptions, and performance reviews.
- **Marketing Peer Group:** Bring your experiences with imaging campaigns, incentive programs, branding, target marketing, websites/social media and more.
- **Operations Peer Group:** Audits, core systems, disaster recovery, information security issues, and IT exams are among issues dissected in this group.
- **Lending Peer Group:** Join this group to give your input on consumer credit, loan structure, documentation and review, mortgage markets, regulatory compliance concerns and other issues important to lenders.
- **NEW!! Retail Peer Group:** This newly formed peer group will discuss the retail banker's responsibilities like account creation and management, developing business contacts, services promotion, financial advising and customer relationship management.

The ultimate goal of these forums is to help participants grow both professionally and personally and to improve the



SUGGEST A FUNCTIONAL PEER GROUP!

Are you looking for a peer group but can't find quite the right one? CBI wants to know!

Give us your ideas for new functional peer groups you'd like to see offered in future, and get more information on all CBI Peer Groups by visiting our website at

cbiaonline.org/peer-groups.html

performance of their banks. Becoming a peer group member gives you access to insider information on what is (and is not) working in the banking industry in Iowa.

If you would like more information on any of CBI's Functional Peer Groups, visit our website at cbiaonline.org/peer-groups.html or contact us at 515.453.1495 or cbia@cbiaonline.org.



LEADERS OF TOMORROW

"CBI's LOT has been very beneficial to me, not only as a banker, but also as an individual. The group has shown me the ins and outs of the banking industry, but also has allowed me to grow as a leader in my bank, community and family. I can honestly tell you this has been one of the most beneficial groups for me."

LOT Member Matt Mueller
The State Bank, Spirit Lake

Visit cbiaonline.org or call 515.453.1495 for information on becoming a member of CBI's LOT program.

MAXIMIZE
YOUR POTENTIAL
WITH CBI'S
LEADERS OF TOMORROW



Branch Transformation: Getting It Right Pt 1 of 3

Reprinted from "Perspectives", a Glory Global Solutions newsletter. Part 2 will publish in the May issue of Community Banker Update, and Part 3 will appear in the June issue.

GLORY

It seems that scores of bankers and industry players are talking non-stop about Branch Transformation. Webinars about how it's done and conferences that thematically advance the discussion are in ample supply. Each of the technology suppliers has their

own 'take' on this, complete with charts about "how to get there," colorful infographics or whitepapers conveying the essentials of the 'journey' itself.

How Is Branch Transformation Working?

So what has all of this meant in terms of measurable advancements? In a recent Wall Street Journal article, Bob Meara of Celent was quoted as follows, "Most banks don't have a clear vision of where to take the branch."¹ This quote was among various manifestations of the branch transformation concept by spokespeople for most of the nation's largest, most prominent banks - each deeply immersed in their own version of branch transformation. Perhaps the first line of the article says it all, "Banks Just can't figure out what to do with their branches."² If the proof of the pudding is in the tasting, then have the array of changes to the bank's physical branches, staffing scenarios and technology enhancements made a difference in helping banks actually achieve their objectives?

Most financial institutions agree that branch transformation



is about delivering a differentiated and excellent experience when customers visit branches as a critical element in today's omnichannel delivery model. Branch transformation is also about attracting and building relationships with targeted customers and building a new, higher level of trust and engagement with them. It includes greater efficiency throughout the branch footprint. All this, of course, leads to greater growth and profitability for the banking organization.

Accenture recently released its 2015 North American Consumer Digital Banking Survey that reveals some significant shifts in consumer perceptions and perspectives that seem to indicate that Branch Transformation efforts to date may not be working as planned. This annual Accenture study showed a surprising increase in the percentage of those who view their banking relationships as simply "transactional." In the 2015 study, 79% of consumers surveyed characterized their banking relationship as transactional

your voice matters!

SAVE THE DATE



WASHINGTON POLICY SUMMIT

April 24-27, 2016

Hyatt Regency Washington on Capitol Hill, Washington, DC



as opposed to relationship/advice driven. This is a whopping 8% increase over the consumer response in 2014 to the same question!³ Such data does not exactly support the idea that the branches are being transformed successfully from transaction hubs to sales and service hubs.

Branches Need To Be Different, But How?

The Accenture Study also shows movement in the significance of the 'local' branch to consumers. In its 2013 research, 36% of individuals cited a convenient branch location as the top reason for staying with their bank. In fact in 2013, 48% of bank customers said they would likely switch banks if the local branch was closed. In the 2015 study, an overwhelming majority of 81% said they would not switch banks if their local branch closed.⁴ This 31% change in customer views over a two year period is significant.

Yet in the recent ORC International Future of the Bank study, the ability to go to a physical branch was cited as important to 88% of consumers and will continue to be important looking forward five years. However, also important and increasing in importance are the online and mobile banking services that allow today's consumers the ability to bank where they want and when they want. So branches in the future remain very much a part of a financial institution's omnichannel picture, but they must support the other remote and mobile channels.

Given these factors, we can safely say that branches will remain an important delivery channel, but they will need to morph to something quite different in the future. However, if the branch network is to be transformed, it seems reasonable that executives have some concept of what it is being transformed into. This is where things remain quite unclear.

In June 2015, Celent released Part 1 of a multi-year study tracking Branch Transformation progress entitled "These Early Days of Branch Channel Transformation". According to the survey, "81% of responding institutions agreed that branch channel transformation was 'imperative,' but there was no consensus on what branch transformation implies." Only 1 in 10 of the panelists indicated having a clear vision of that transformed future branch while 57% described branch transformation as requiring "radical changes to the branch operating model."⁵

With all these confusing signals about the transformed branch 'future state,' one thing that does seem clear is that branch staffing needs to be an integral part. If branches are to truly become a 'sales and service hub' rather than simply a transaction center, then staffing needs to take center stage! Branch staff must perform a wider variety of services efficiently while effectively executing selling and relationship-building strategies. The position that can accomplish these tasks is often called the "Universal Banker".

Universal Bankers trained to provide financial advice and counsel are key to winning business with tech-savvy millennials targeted by most financial institutions as well as with other consumers seeking financial advice. Perhaps surprising, millennials prefer face-to-face financial guidance from a trusted advisor rather than researching and performing complex transactions online according to a TD Bank 2014 study on banking habits.

Yet the Universal Banker concept needs some attention as well if performance expectations are to be met. According to Bancography's research, the average salary of a Universal Banker is \$31,900 annually, which is \$5,500 more than the average teller position. The problem is that Customer Service Reps earn \$37,900 per year on average, and Universal Bankers theoretically combine the teller and CSR functions to some extent.⁶

Quoting the Bancology April 2015 newsletter, "The relatively low salary point for universal bankers (sic) raises concerns for a job role that combines the demands of the teller and CSR functions, and bankers hoping to obtain such multi-tasking skills should likely target a salary at least at CSR levels."⁷

Key Questions Remain

The role of the branch is changing as are the expectations of those who use branches. It is important to understand who will go to branches and why. What are the consumers' expectations about the in-branch experience? What are the most appealing in-branch services that will resonate with targeted customers?

Nothing else, including new physical designs, snappy brand messaging, enabled and empowered staff and state-of-the-art technology really matters if they do not support the desired outcomes in light of these all important questions.

1 "Is This a Coffee Shop or a Bank?" *The Wall Street Journal*, C. Rexrode and R. Sidel, July 6, 2015.

2 *IBID*

3 *Banking Shaped by the Customer, 2015 North American Consumer Digital Banking Survey*, Accenture, Page 6, May 2015.

4 *IBID*, Page 4.

5 *CARAVAN Omnibus Survey, ORC International, The Future of Banking*, June 2015.

6 *Abstract - These Early Days of Branch Channel Transformation, Celent Branch Transformation Panel Part 1*, June 26, 2015 Jean-Marie Ubigau and Bob Meara.

7 *Bancology Newsletter*, April 2015, Bancography.

For more information about CBI Affiliate Member Glory Global Solutions, contact Jeff Glantz at jeff.glantz@us.glory-global.com or (319) 369-0295, or visit www.gloryglobalsolutions.com.

Commercial and ag participation loans | Bank stock & ownership loans | Bank building financing | Business & personal loans for bankers



Call me at
515.577.0070

Mary Voss

Based in Des Moines, IA,
serving Iowa, Nebraska
and South Dakota.

Bell
State Bank & Trust
bellbanks.com

Partner with us.

Our correspondent bankers will get you clear answers and fast decisions. As your partner, we will help you enhance your customer relationships. As your bank grows, we'll help you meet your needs.

Together, let's make it happen.

Member FDIC 

Iowa Business Council Releases First Quarter Results

Business Activity Expected to Cool Mid-Year

The Economic Outlook Survey is conducted quarterly by the Iowa Business Council to inform Iowa businesses and Iowans about projected trends in the state's economy, which may prove useful for business and economic planning purposes.

The sentiment of Iowa Business Council (IBC) members regarding economic activity in the state for the next six months edged lower from the previous quarter. The 2016Q1 IBC Overall Economic Outlook Survey Index (OSI) is 57 – three points less than last quarter (60) and eight points behind this time last year (65). *Historic high = 68 from 2012Q2 survey; Historic low = 35.3 from 2009Q1.*

The 2016Q1 survey was completed by the corporate members of the Council during the second half of February, the results of which were released today.

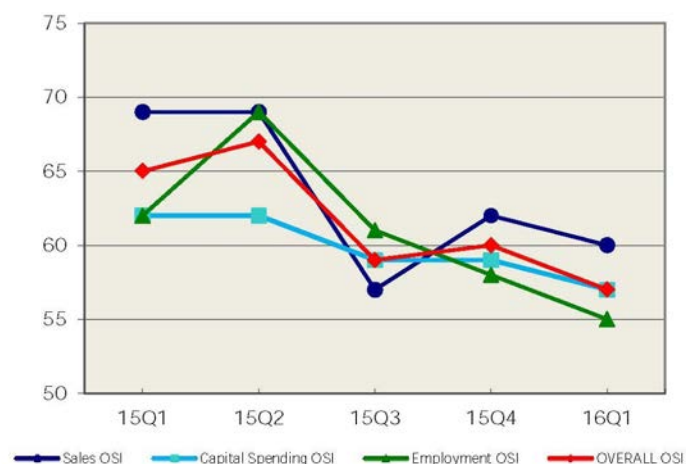
The 2016Q1 Sales OSI is 60, which is two points lower than last quarter (62) and nine points behind a year ago (69). Eighty-five percent of the CEOs expect steady or increased sales over the next six months – substantially higher (5%), higher (45%), or no change (35%). Fifteen percent of the survey respondents expect sales levels to decrease – lower (10%) or substantially lower (5%). *High = 75 from 2011Q1; low = 38 from 2009Q1.*

The 2016Q1 Capital Spending OSI is 57, which is two points lower than last quarter (59) and five points below the 2015Q1 survey (62). Eighty-five percent of IBC corporate members expect steady or increased capital spending levels through August 2016 – substantially higher (0%), higher (40%), or no change (45%). Fifteen percent of survey respondents expect capital spending, i.e., investments in facilities and equipment, to decrease – lower (15%) or substantially lower (0%). *High = 71 from 2007Q4; low = 31 from 2009Q1.*

The 2016Q1 Employment OSI is 55, three points lower than three months ago (58) and seven points behind this time last year (62). Eighty percent expect hiring levels for the next six months to remain steady or grow – substantially higher (10%), higher (20%), or no change (50%). Twenty percent expect employment needs to decrease – lower (20%) or substantially lower (0%). *High = 69 from 2015Q2; low = 37 from 2009Q1.*

“Volatility in global markets and currency exchanges is impacting business activity here in this country,” said Mike Wells, President and CEO of Wells Enterprises in Le Mars and 2016 Chair of the Iowa Business Council. “Until commodity prices rise and the U.S. dollar stabilizes, many business segments will be challenged to expand markets and add to their workforce.”

The quarterly Iowa Business Council Economic Outlook Survey incorporates a diffusion index, wherein each survey response falls on a 100-point scale. Using weighted averages, an index number is then calculated that measures the sentiment of IBC executives projecting business activity six months into the future. An Outlook Survey Index (OSI) of 50 indicates that the business sentiment of all survey participants is average; an OSI above 50, the sentiment is positive; below 50, the sentiment is negative. This index generates a numeric measure going forward that attempts to more precisely estimate the economic condition of business activity in Iowa.



OSI = 50 indicates sentiment is moderate; > 50 is positive; < 50 is negative.
NOTE: Rounding may cause the addition of percentages to equal more or less than 100%.

Table 1: IBC Economic Outlook Survey Index (OSI) (Last five quarters)					
	16Q1	15Q4	15Q3	15Q2	15Q1
OVERALL OSI	57	60	59	67	65
Sales OSI	60	62	57	69	69
Capital Spending OSI	57	59	59	62	62
Employment OSI	55	58	61	69	62

Table 2: IBC Economic Outlook 2016Q1 Survey Responses										
Quarter	Substantially Higher		Higher		No Change		Lower		Substantially Lower	
	16Q1	15Q4	16Q1	15Q4	16Q1	15Q4	16Q1	15Q4	16Q1	15Q4
Change in SALES over the next six months?	5%	5%	45%	55%	35%	30%	10%	5%	5%	5%
Change in CAPITAL SPENDING over the next six months?	0%	10%	40%	35%	45%	45%	15%	0%	0%	10%
Change in EMPLOYMENT over the next six months?	10%	5%	20%	40%	50%	35%	20%	20%	0%	0%

SAVE THE DATE



45th Management Conference & Annual Convention
JULY 13-15, 2016 • OKOBOJI, IA

Save the dates for CBI's 45th Management Conference and Annual Convention, coming in July to Okoboji, Iowa! At this year's meeting Iowa's community bankers will be "Navigating the Future", reinforcing a continued commitment to the support of the communities they serve.

Scheduled General Session speakers include new ICBA Chairman Rebecca Romero-Rainey, economist Peter Ricchiuti, political journalist Stephen Hayes, and motivational speaker Mack Dryden. Breakout sessions speakers include the popular Regulators' Panel, economist Ernie Goss, and Howard Hagen from Dickinson Law.

Registration for the Convention will open in May—visit cbiaonline.org for more info. Attendance at the 45th Annual Convention is open only to CBI Members. If you'd like to discuss becoming a CBI member, call us at 515-453-1495 or email cbia@cbiaonline.org.



For more information,
contact CBI at 515/456-1495.

**DON'T LOOK BACK
YOU'RE NOT GOING
THAT WAY**

July 10-15, 2016
Bloomington, IL



WE VALUE BANKS.

■ Business valuations for:

- ESOP administration
- Buy/sell agreements
- Gifting and stock transfers
- Estate settlement
- Stock offering

■ Commercial real estate appraisals

Greg Weber

greg@bccadvisers.com

515.777.7070

Lindy Ireland

lindy@bccadvisers.com

515.777.7071



**BCC
ADVISERS**

www.bccadvisers.com

An Iowa company serving Iowa banks.

Tell Your Story

Written By: Rebeca Romero Rainey, Chairman of ICBA

From the TOP



Wow, what a journey! For me as ICBA's new chairman, it's so exciting to think that it's only just begun.

As a third-generation community banker, I'm deeply honored to be your new ICBA chairman. I look forward to a year filled with meeting so many of you on my travels—having the chance to hear your stories and what you are doing to make your communities great. I also am so thrilled to think about all the amazing and powerful work we will accomplish—both at our community banks, in our communities and as an industry.

I loved seeing so many familiar faces, and meeting so many of you at ICBA's national convention in New Orleans last month. What a gathering it was! I was so energized by the educational workshops, networking events, Expo exhibits and, most importantly, my conversations with you—my fellow community bankers. Your stories and passion for what you do never cease to amaze me.

That's why during my convention speech I was so adamant about asking you to tell your community bank's story in the year ahead. We are all involved now in writing our industry's next chapter—how exciting is that!

At the convention I recounted when I first took over my family's community bank from my dad, Martin, and there were moments when I would tell him, "You are not going to believe what happened today."

He told me, "Rebeca, you need to start writing some of these stories down, because over the years you won't want to forget what happens, what changes, what stays the same and more importantly what the outcomes or lessons are." In many ways, he was telling me that I had the content for a great book. But that isn't just me—it's "we." We as community bankers have the content for many great stories, and we need to tell them.

"We are community bankers, and that is something different, something authentic, something to be proud of and something that matters."

Our stories are incredible, really an anthology of impact, change, resilience, growth and evolution. The collective story of community banking includes who you are, who we are, what we do, where we are today, our challenges and our opportunities. It also includes the history that came before us, and of the future we are developing together.

We need to tell our stories to everyone—our potential customers, our communities and our policymakers. We are community bankers, and that is something different, something authentic, something to be proud of and something that matters. Our economic weight is powerful, our impact is powerful and our story is powerful. We can't afford to let Wall Street, the megabanks, credit unions or the regulators tell our story—or inaccurately tell our story—for us.

Now more than ever, we need your voice as part of our industry's story, because together there's no telling what we can accomplish. We have every opportunity to make the most of our story and pave the way for a bright future for our industry and our communities.

I look forward to working with all of you over the next year as we tell our story. I know that good things will come of it.

Rebeca Romero Rainey is chairman and CEO of Centinel Bank of Taos, in Taos, N.M.

ICBA Has Your Back

Written By: Camden Fine, President and CEO of ICBA

FINE POINTS



Having your back. That's a principle that means a lot to ICBA, and it's one that means a lot to me personally. I learned about it firsthand as a cadet at the Virginia Military Institute. At VMI, we absolutely had to rely on each other on post and off, whether performing a difficult military maneuver or gathering together informally off campus.

That's why community banking resonates so strongly with me. Community bankers aren't just there for their customers during work hours on weekdays. You are there for them all day and every day to ensure they continue to thrive in every way. That's true of community bankers everywhere. It's what makes you community bankers.

Just as you have your customers' backs, ICBA has your back. It's what ICBA does. It's why the association was created. Without fail and without hesitation, you can count on ICBA to vigorously defend and promote your community bank and your industry's reputation. No other national association can be counted on to be there every single time your interests are threatened—no matter who opposes us.

"Community bankers...are there for [their customers] all day every day to ensure they continue to thrive in every way.... It's what makes you community bankers."

Of course, the megabanks want the public to believe that all banks are the same. But we all know that all banks are not the same. Community banks cannot and should not be associated with those that nearly destroyed our financial system and economy. Your institutions had nothing to do with the toxic mortgage-backed securities, credit default swaps and synthetic derivatives that tanked the global economy eight years ago. You and your institutions never strayed

from securely and honestly serving the true and essential financial needs of your customers and communities.

We cannot and will not allow megabanks to tarnish your sterling reputations. We must not allow them to usurp the positive image that community banks have rightfully earned among policymakers and the public. Thanks to your good work and the outspoken, persistent efforts of ICBA, nearly everyone understands that Wall Street megabanks and Main Street community banks are fundamentally different. Today even the regulators openly acknowledge the distinct differences hardwired into those separate business models.

This is why ICBA exists. Community banks must have distinct representation in Washington. That's precisely why ICBA and its nationwide members have achieved an extraordinary number of policy accomplishments for our industry, both this past year as well as consistently over so many years. ICBA has, virtually alone, spearheaded a successful push for tiered regulation for community banks—in which banking rules are proportionately scaled to an institution's size and risk. One-size-fits-all regulation doesn't work, and ICBA has successfully pressed that argument to policymakers.

Certainly, ICBA and community banks have more work to do in Washington, but we will get it done. Our institutions and communities will prevail. With and through ICBA, the only national association with the exclusive mission to ensure that community banks continue to flourish, we can accomplish almost anything when we stand together—when we have each other's backs.

ICBA has your back, and we always will. By our heritage and record of accomplishments, it is the essence of who we are and what we do.



Following Mr. Fine

More than 1,000 people are following Camden Fine's tweets @Cam_Fine— are you? Visit www.twitter.com/cam_fine.

Past Meets Present

Owning your community bank's story (and telling it!)



Written By: Chris Lorence
EVP and Chief Marketing Officer, ICBA

Everyone has a story to tell, and today that story, told well, can make all the difference in the world. Community banks, like many successful locally owned and operated businesses, often are recognized as fixtures in their communities. Even many of your buildings, often iconic and known for generations as “the bank,” have long served as landmarks dependably displaying the local time and temperature. Unfortunately, in today’s fast-changing world, conventional and established may be misconstrued as outdated or irrelevant.

So how do you overcome a possible perception of being out of step while remaining authentic to your impressive past?

The fact is your community bank, no matter how many years it has been in business, has always been evolving. You’ve added branches. You’ve added technology. You’ve added products and services. You may have even changed your culture, but you’ve, no doubt, held true to your core principles of why you’re in business in the first place. If people do business with you, they undoubtedly know your story, or at least a version of your story of their own experience. As you seek to grow your customer base, increase revenues and invest in your community, your story should constantly be in the forefront of, and be relatable to, your current and potential customers.

Community banks and community bankers have thrived for decades by networking and handling the business of banking with the utmost discretion and decorum. Your deals are often struck outside the office while drinking coffee with clients. Your relationships often begin with a referral from an existing client. And your business development projects are frequently driven by face-to-face conversations at non-banking events and gatherings. As a community banker, you’re in the business of lending money, and part of our story is that people borrow money as a normal part of life and business.

Why then shouldn’t you promote the fact that you lend money and people are happy that you do? Our society’s culture has shifted, and as a result borrowing money is no longer an awkward issue to discuss. Our culture has shifted so much that people now evangelize in public forums via social media and testimonial-focused websites about their banking experiences and borrowing habits. As a community bank, those evangelists and testimonials need to be part of your story and need to be incorporated as



part of your marketing, your business development and your differentiator in the marketplace.

As a community banker, you should be actively telling your story in your community, but you shouldn’t be the only one telling it. Your customers, both old and new, should be raving about you—and be prompted to do so in any medium they feel comfortable. Your story also should be current and based on what you’re doing in the community now.

Are you financing a new building or community development project? Put up a sign that says so. This can help you be seen as actively engaged beyond what people might otherwise think you do. Are you adding new technology or functionality that makes your bank more accessible? Make that part of a marketing campaign that reaches beyond your existing customers. People may have assumed you’re “old skool” without even asking what your capabilities are. Do you love making small-business loans and feel especially connected to the entrepreneurial spirit of your community? Have window decals printed for your small-business customers to display saying, “Another Locally Owned, Locally Operated Small Business Powered By XYZ Community Bank.”

Think about the elements of your story as short vignettes to be told on their own. For example, if one of your bank buildings has a particularly interesting architectural design or historical significance, play that up. Hold an open house there to educate and showcase its uniqueness. For the open house, ask local vendors to provide food and drinks and feature an art display by a local artist. By doing this, suddenly you’ve welcomed the community in, not just to talk about banking but to learn about your story.

Our industry is unique and the lifeblood in many communities in our country. The time has come in our history to do more than just raise our visibility, but to use our impressive past to attract our future customer.

Chris Lorence (chris.lorence@icba.org) is ICBA’s executive vice president and chief marketing officer.



News from CBI Affiliate & Associate Members

Small Business Administration Announces 2016 Lender Roundtables

The Small Business Administration's Iowa District Office has announced the first of five Lender Roundtables scheduled for 2016. The first session will be held at the West Des Moines City Council Chambers on Monday, April 25 from 1:00-4:00 pm.

The Lender Roundtable will include:

- **A brief overview and update of the SBA 7(a) program** - including information on the SBA Veteran's Advantage Program and important changes to origination, servicing and liquidation of 7(a) loans.
- **Presentations from SBA Resource Partners** SCORE, America's SBDC Iowa, and the Women's Business Center - on how their services can assist your small business customers.
- **A presentation from a Certified Development Company on the SBA 504 Loan Program** - SBA's best tool for long term, fixed-asset financing.
- **An introduction and overview of SBA One** - SBA's new platform for loan origination, servicing and liquidation.
- **A Q&A Session with Iowa District Office Staff.**

Additional Lender Roundtables will be scheduled in June in Cedar Rapids, Council Bluffs, Davenport and Sioux City. Seating is limited. Register to attend by emailing thomas.lentell@sba.gov.

Iowa Title Guaranty Spring Conference



IOWA TITLE GUARANTY

Iowa Title Guaranty has heard a wide-array of questions from Iowa real estate professionals surrounding TRID implementation. Industry experts will be addressing these questions and detailing common mistakes, liability and more at the Iowa Title Guaranty Spring Conference on April 26 at Prairie Meadows.

Q: Who should attend the Iowa Title Guaranty Spring Conference?

A: Anyone serving in any capacity of the title and real estate industry - closers, Realtors, abstractors, attorneys and lenders.

Highlights:

- ALTA Best Practices Implementation, Eugene McCullough, Pershing Yoakley and Associates
- Post-TRID Implementation Update, Sally Freudenberg, Wells Fargo
- TRID Post-Implementation Challenges, Common Mistakes and Liability, Richard Horn, Richard Horn Legal, PLLC
- Information Security: From Laws Rules & Regulations to Implementation, Christopher J. Gulotta, Real Estate Data Shield, Inc.
- A Path Forward, Steve Gottheim, American Land Title Association.

More information, including registration, is available at TitleGurantyEvents.com.

**See full lists of CBSI providers at
cbiaonline.org/services--insurance.html**



**Join the growing list of Endorsed Partners
of Community Bankers of Iowa!**
For more details on the endorsement process,
please contact Jackie Haley, Membership
Services Director at 515.453.1495
or jhaley@cbiaonline.org.

CBI Member Benefits: Did You Know About Community Bankers Services & Insurance (CBSI)?

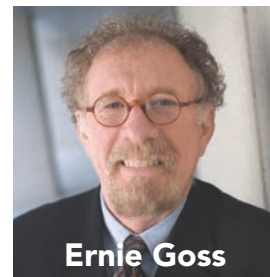
Save money AND support your association! Providing best of breed services, products and insurance to member banks has been the mission of Community Bankers Services and Insurance (CBSI) since 1984. CBSI provides exclusive CBI-member pricing on a range of products and services and the benefits of joint purchasing power, while at the same time benefiting the association.

CBSI has done the research for you! Endorsed service providers undergo a rigorous due diligence process and are ultimately chosen by a panel of community bankers. Critical due diligence is always performed when launching new services. The review process for each program is intended to ensure that no service program is undertaken unless it will prove to be beneficial for the membership.

CBSI and its partners continue to work together to enhance member products and services. The CBSI Board of Directors meets quarterly to review endorsed vendors and consider new partnerships, often suggested by members. Your bank and your association will benefit when you have a choice of the best providers.

So...is YOUR bank reaping the benefits of Community Bankers of Iowa Services and Insurance products and services?

Main Street Economic Survey



Rural Mainstreet Economy Remains Very Weak for March: Farm Equipment Sales Slump to Record Low

March Survey Results at a Glance:

- For a seventh straight month, the Rural Mainstreet Index fell below growth neutral.
- Farm equipment sales decline to record low level.
- Farmland price index falls below growth neutral for 28th straight month. Farmland prices down by an estimated 6.7 percent over the past year.
- Despite much weaker farm income, bank CEOs expect farm loan defaults to rise by only 5 percent over the next 12 months. Loan restructuring more common.

OMAHA, Neb. – The Rural Mainstreet Index (RMI), which ranges between 0 and 100, increased to 40.2 from February's 37.0 and January's 34.8.

Overall: "This is the seventh straight month the overall index has moved below growth neutral. Recent declines are the result of lower agriculture and energy commodity prices and downturns in manufacturing. Since June of last year, prices for farm products have fallen by approximately 11 percent, and fuel by roughly 25 percent," said Ernie Goss, Jack A. MacAllister Chair in Regional Economics at Creighton University's Heider College of Business.

Farming and Ranching: The farmland and ranchland price index for March tumbled to 20.2 from February's 29.8. This is the 28th straight month the index has moved below growth neutral.

As in previous months, there is a great deal of variation across the region in the direction and magnitude of farmland prices, with prices growing in some portions of the region. On average, bankers reported an average decline of 6.7 percent over the past year. Only 4.4 percent of bankers reported an increase in farmland prices over the past 12 months, and approximately 4.6 percent detailed farmland price declines of more than 20 percent over the same period of time.

Jeffrey Bonnett president of the Havana National Bank in Havana, Illinois, reported sales of 775 acres of tillable land for \$13,000 per acre. According to Bonnett, "This is above average ground in the area we serve, but with the low interest rate environment, land values seem to be holding steady."

The March farm equipment-sales index sank to a record low of 6.7 from February's 11.3. "Weakness in farm income continues to constraint the sale of agriculture equipment across the region. Reductions in farm prices have negatively affected the agriculture equipment dealers and manufacturers in the region," said Goss.

Banking: The March loan-volume index soared to 72.1 from last month's 48.9. The checking-deposit index rose to 53.4 from February's 44.6, while the index for certificates of deposit and

other savings instruments dipped to 38.6 from 39.8 in February.

This month, bankers were asked to estimate the change in farm loan defaults for their lending areas over the past year. On average, bankers reported an increase of approximately 2 percent in loan defaults over the past 12 months. Bank CEOs expect farm loan defaults to expand by only 5 percent over the next 12 months.

Several bankers did report restructuring of debt due to low agriculture commodity prices. But as indicated by Bonnett of Havana National Bank, "Obviously this practice is a Band-Aid until commodity prices get back in line. Farmers will not be able to sustain in such a low price environment for too many more harvests."

Hiring: Contrary to other economic indicators, Rural Mainstreet businesses increased hiring for the month with a March hiring gauge of 60.3, up from 48.9 in February. "Even with the March upturn, the Rural Mainstreet employment is down almost 1 percent from this time last year. This contrasts to an employment gain of 1.5 percent for urban areas of the region," said Goss.

In parts of the region, labor shortages were reported. For example, Dirk Meminger, CEO of Sauk Valley Bank in Sterling, Illinois, reported, "Our area businesses continue with many unfilled positions, across industries, professional as well as various levels of skill sets."

Confidence: The confidence index, which reflects expectations for the economy six months out, moved slightly lower to 30.1 from 30.4 in February, indicating a very pessimistic outlook among bankers. "As in previous months, bankers see few factors pointing to improvements for the Rural Mainstreet economy," said Goss.

Home and Retail Sales: Home sales remain the bright spot of the Rural Mainstreet economy with a March index of 55.8 which was an increase from 51.1 in February. The March retail-sales index fell to a very weak 30.1 from 37.0 last month. "Home sales held up for the month, but rural retailers have yet to experience retail sales gains resulting from declines in fuel costs," said Goss.

Each month, community bank presidents and CEOs in nonurban agriculturally and energy-dependent portions of a 10-state area are surveyed regarding current economic conditions in their communities and their projected economic outlooks six months down the road. Bankers from Colorado, Illinois, Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota and Wyoming are included. The survey is supported by a grant from Security State Bank in Ansley, Neb.

This survey represents an early snapshot of the economy of rural agriculturally and energy-dependent portions of the nation. The Rural Mainstreet Index (RMI) is a unique index covering 10 regional states, focusing on approximately 200 rural communities with an average population of 1,300. It gives the most current real-time analysis of the rural economy. Goss and Bill McQuillan, former chairman of the Independent Community Banks of America, created the monthly economic survey in 2005.

Colorado: Colorado's Rural Mainstreet Index (RMI) advanced to 51.9 from 43.9 in February. The farmland and ranchland price index expanded to 58.8 from February's 56.1. Colorado's hiring index for March rose to 63.8 from February's 54.3.

Illinois: The March RMI for Illinois increased to 37.8 from 32.5 in February. The farmland-price index sank to 16.0 from February's 21.2. The state's new-hiring index climbed to 48.2 from last month's 45.5.

Iowa: The March RMI for Iowa advanced to 50.2 from February's 40.4. Iowa's farmland-price index for March fell to 39.1 from 45.9 in February. Iowa's new-hiring index for March rose to 56.6 from 54.5 in February.

Kansas: The Kansas RMI for March sank slightly to 37.0 from February's 37.5. The state's farmland-price index for March slumped to 12.3 from February's 28.1. The new-hiring index for Kansas declined to 44.9 from 48.0 in February.

Minnesota: The March RMI for Minnesota jumped to 44.7 from February's 39.2. Minnesota's farmland-price index sank to 28.8 from 30.1 in February. The new-hiring index for the state advanced to 52.8 from last month's 48.7.

Missouri: The March RMI for Missouri slumped to 25.1 from 39.2 in February. The farmland-price index tumbled to

15.8 from February's 37.9. Missouri's new-hiring index declined to 32.1 from February's 51.5.

Nebraska: The Nebraska RMI for March expanded to 48.9 from 37.0 in February. The state's farmland-price index grew to 38.0 from February's 29.8. Nebraska's new-hiring index climbed to 56.2 from 48.6 in February.

North Dakota: The North Dakota RMI for March increased to a regional low of 14.7 from February's 14.3, also a regional low. The farmland-price index fell to 10.7 from 15.6 in February. North Dakota's new-hiring index expanded to 33.2 from February's 11.8.

South Dakota: The March RMI for South Dakota sank to 39.2 from 40.3 in February. The farmland-price index tumbled to 15.8 from 48.9 in February. South Dakota's new-hiring index fell to 50.0 from February's 55.6.

Wyoming: The March RMI for Wyoming grew to 34.5 from February's 32.1. The March farmland and ranchland-price index slumped to 10.7 from 14.6 in February. Wyoming's new-hiring index fell to 41.5 from February's 43.1.

Tables 1 & 2 summarize survey findings

Next month's survey results will be released on the third Thursday of the month, April 21.

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

	Mar. 2015	Feb. 2016	Mar. 2016
Area economic index	43.6	37.0	40.2
Loan volume	64.9	48.9	70.7
Checking deposits	56.4	44.6	53.3
Certificates of deposit and savings instruments	44.7	39.8	39.1
Farmland prices	39.4	29.8	22.8
Farm equipment sales	15.2	11.3	6.7
Home sales	55.5	51.1	55.8
Hiring	52.2	48.9	51.2
Retail business	40.4	37.0	35.6
Confidence index (area economy six months out)	47.8	30.4	30.1

Table 2: The Rural Mainstreet Economy, March 2016

	Percentage of bankers reporting				
	Decreased More than 20%	Decreased 10% - 20%	Decreased 1% - 9%	No Change	Increased 1% - 4%
What has been the change in the price of an acre of cropland in your area over the past year?	4.5%	22.2%	48.9%	20.0%	4.4%
	Unchanged	Up 1% - 9%	Up 10% - 20%	Up More than 20%	
Regarding farm loan defaults in your area over the last year. What was the change?	73.8%	21.4%	4.8%	0.0%	
	Unchanged	Up 1% - 9%	Up 10% - 20%	Up More than 20%	
Regarding farm loan defaults in your area for next year. What do you expect?	33.3%	55.6%	8.9%	2.2%	

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

For historical data and forecasts, visit our website: <https://www.creighton.edu/economicoutlook/>

For ongoing commentary on recent economic developments, visit our blog at: <http://www.economicstrends.blogspot.com/>

Now Taking Applications for Summer Intern Scholarship Program

The application period for the 2016 Summer Intern Scholarship Program is now open. CBI member banks are encouraged to include any summer jobs offered in the bank and that are eligible for the program by completing a Participation Agreement by May 1, 2016. Scholarships are reserved on a first-come, first serve basis.

Funded and administered by the CBI Education Foundation, the purpose of the program is to encourage college Sophomores and Juniors in the finance, accounting, business, agribusiness, marketing, and management disciplines to find summer positions in community banks in Iowa.


Internships may last 10-12 weeks depending on the school schedule of the student. The student will be awarded a \$1,000 Scholarship for the subsequent school year upon completion of the Summer Internship experience.

The CBI Education Foundation is an IRS-approved 501(c)(3) organization. Contributions made by both personal and corporate donors are tax deductible to the fullest extent of the law. The



Foundation is governed by the Council of Presidents, former presidents of Community Bankers of Iowa.

Contributions of any size are accepted and encouraged. For more info about the Summer Intern Scholarship Program or the CBI Education Foundation and to learn how your bank can participate, visit our website, call 515.453.1495 or email cbia@cbiaonline.org.



SAVE A TREE AND PASS THE WORD

Get a sneak preview of *Community Banker Update*!
Change your subscription preference to electronic magazine format and see the latest edition BEFORE the print edition!

(Name) _____

(Email) _____

Know anyone in your organization that could benefit from this newsletter? Add them to the subscription list so they'll receive their own electronic copy each month:

(Name) _____

(Email) _____

(Name) _____

(Email) _____

(Name) _____

(Email) _____

(Name) _____

(Email) _____

(Name) _____

(Email) _____

(Name) _____

(Email) _____

Duplicate this page to add more recipients. Please FAX this entire page to 515-453-1498 or email klee@cbiaonline.org.

Consider YOUR NEEDS MET



SHAZAM is a financial services company offering you choice and flexibility to use the products and services that meet **YOUR** needs.

We believe community financial institutions must stay in control of their future. Since 1976, we've been providing community financial institutions with choice and innovation to compete in the market. From debit cards to core processing to marketing services and more, **we deliver.**

Call SHAZAM today.

Delivering Unlimited Possibilities
855-314-1212 | shazam.net | [@SHAZAMNetwork](https://twitter.com/SHAZAMNetwork)



Industry Leader | Trusted Advisor | Results Driven



Vining Sparks is not just a vendor or some firm trying to sell us something ...

they are our most important partner & trusted advisor

- client feedback

Community Bank Balance Sheet Case Study

▲ 30%

NIM Improvement

additional case studies on the reverse

Balance Sheet Goals

- Protect current income
- Increase future income
- Reduce overall Interest Rate Risk

Balance Sheet Strategies

- Hedged deposit costs & added long duration fixed rate wholesale funding to protect against rising rates & runoff
- Replaced low relative value securities with floating munis & SBAs
- Sold long duration loans & bank started offering fixed/floating loans to borrowers

Balance Sheet Impact

- Reduced +300 EVE risk by 40%
- Improved +300 EAR by 80% & NIM 30%
- Income neutral (accretive +300)
- 12 month breakeven on onetime loss