



# COMMUNITY BANKER UPDATE

## SPRING 2024

### CBI POSTER CONTEST

*Now Taking Applications:*

**LOT SCHOLARSHIP**

**BEST OF THE  
BEST CONTEST**

*Now Taking Nominations:*

**UP & COMING  
BANKER OF THE YEAR**

**ROBERT D. DIXON  
FOUNDERS' AWARD**

**Financial Institutions  
and Elder Financial Abuse**

***Portfolio Management:*  
Shop Talk**

**Bank Loan Quality Doesn't  
Align with Wall Street Metrics**



# A Letter From Dave Caris

As I reflect on my eight years as CEO of the Community Bankers of Iowa, I realize how blessed I've been to meet hundreds of community bankers and represent them at the state and federal levels. There is no finer group of professionals than community bankers. You are community-minded, ethical, social and business-oriented individuals who provide invaluable leadership to your communities, customers and employees. Iowa is very fortunate to have the fourth highest number of community banks in the nation headquartered in the state - 253 currently.



***“There is no finer group of professionals than community bankers.” – Dave Caris***

Having worked with and observed the Iowa community banks for the past eight years, I now know there is a dramatic difference in the culture and business model of community banks as compared to the mega banks. With community banks, decisions are made locally by people who typically have strong ties and a long history in the communities they serve. The recent pandemic and resulting PPP program really highlighted the differences between community banks and the mega banks, with community banks out performing their too big to fail competitors by quickly processing loans to help save countless small businesses.

As I retire from this wonderful community bank advocacy organization, I'm more convinced than ever that there is no way one banking association can adequately represent the interests of both mega banks and community banks. The Community Bankers of Iowa and Independent Community Bankers of America provide a critical service and voice to community banks, and their strong presence needs to continue for decades to come.

Thank you, community bankers and banks, for the opportunity to represent your interests for the past eight years! It's been a true pleasure, and I hope our paths will cross often in the future as I now head into retirement. ■



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**Here are a few of the featured speakers & topics**

- How Content Moves the Needle for Banks  
*Jordyn Swanson & Jess Doerr*  
Social Assurance
- The Perfect Storm  
*Mike Burke, SHAZAM*
- Digital Banking Showcase (Live Demos)  
*Dave DeFazio, Strategy Corps*
- Navigating Life's Turnovers  
*Coach Bill Busch*  
Motivational Speaker

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# 22nd Annual Leadership Development Conference

## March 28-29, 2024

Hyatt Place - West Des Moines



### Guest Speakers



**James  
Johnson**

*Superintendent  
Iowa Division  
of Banking*



**Rob  
Denson**

*President  
DMACC*



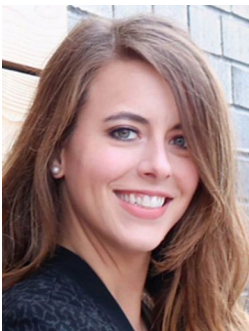
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*Virtual Data  
Protection Officer  
American Security  
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Development  
Consultant*



**Brittany  
Lumley**

*Managing Director of  
Government Affairs  
LS2 Group*



**John  
Lande**

*Attorney  
Dickinson  
Bradshaw*



**Sierra  
McConnell**

*Attorney  
Dickinson  
Bradshaw*



**Jann  
Freed Ph.D**

*Author, Speaker  
and Leadership  
Development Coach*

**For more information, Event Guide,  
and to register, visit [cbiaonline.org](http://cbiaonline.org).**

# 2024 CBI Event Schedule

*This is a tentative schedule; dates are subject to change.*

**March 26**

**CBI Legislative Reception**

Iowa Taproom - *Des Moines*

**March 28-29**

**CBI Leaders of Tomorrow 22nd Annual Leadership Development Conference**

Hyatt Place - *West Des Moines*

**April 30**

**CBI Poster Contest entries due**

See [Page 6](#) for more details.

**May 3**

**LOT Scholarship applications due**

See [Page 8](#) for more details.

**May 8**

**Best of the Best Contest entries due**

See [Page 6](#) for more details.

**May 24**

**LOT Up & Coming Banker of the Year nominations due**

See [Page 19](#) for more details.

**June 3**

**Robert D. Dixon Founders' Award nominations due**

See [Page 19](#) for more details.

**July 17-19**

**CBI 53rd Annual Convention**

Roof Garden / Majestic Pavilion  
*Arnolds Park, Iowa*

**September 9**

**CBI 17th Annual Golf Classic**

Hyperion Field Club - *Johnston, Iowa*

**October 17**

**CBI 5th Annual Pheasant Hunt**

Doc's Hunt Club - *Adel, Iowa*

**November 7**

**Midwest Ag Conference**

*Virtual event*

**Fall 2024: TBD**

**CBI Leaders of Tomorrow Business Meeting**

*Location to be determined*

**Other Industry Events:**

**April 9-11**

**SHAZAM Forum**

*Des Moines, Iowa*

**April 11**

**IA Division of Banking**

**Day with the Superintendent**

*Location to be determined*

**April 28-May 1**

**ICBA Capital Summit**

*Washington DC*

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# 2024 CBI Poster Contest Is Now Open

It's time to encourage schools and students in your communities to participate in the **CBI Poster Contest**

as part of **Community Banking Month** festivities.

*The Federal Reserve Bank of Chicago has retired the Money Smart Week program, but the Poster Contest will live on - now in its 25th Year!* From now until **April 19\***, 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 2024 Poster Contest Marketing Kit. This kit includes rules and guidelines flyers, display posters, poster entry labels, and a sample press release for local community media outlets. Visit [cbiaonline.org](http://cbiaonline.org) and look for **“CBI Poster Contest”** under the Events tab to register your bank for the Contest, download marketing materials, and for more information. [Registering](#) helps us assist

parents, students and teachers in locating a participating community bank in their area.

Teachers, parents and students should bring their completed poster entries to participating community bank branches in their area; submission deadlines may vary by location. *(Note: All posters submitted for judging cannot be returned.)*

All posters being submitted for statewide judging must be received at the CBI office by **Tuesday, April 30, 2024**.

**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!**

Winners will be chosen by **May 2, 2024** and announced to the public by **May 10**; the banks that submitted winning posters will be contacted with further directions. Contact [Krissey Lee](mailto:klee@cbiaonline.org) at [klee@cbiaonline.org](mailto:klee@cbiaonline.org) with questions. ■

*\*As there is no longer a “Money Smart Week”, Poster Contest submission deadlines and in-bank display dates are the decision of each participating community bank. See the “Read Me” file included in the Marketing Kit.*



**Sponsor the CBI Poster Contest in your bank! Register to participate and download the marketing kit at [cbiaonline.org](http://cbiaonline.org).**

## How will you celebrate Community Banking Month? **ENTER CBI'S 2024 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 **2024 Best of the Best Contest** and let us know. Your bank could win a year of bragging rights and a lunch party for the staff!

To enter, send us your photos, tweets, activities and whatever else tells us how your bank celebrated community banking in 2023-24, along with a completed 2024 CBI Best of the Best Contest [Entry Form](#), or [enter online](#). All submissions are due to the CBI office by **Wednesday, May 8, 2024**.

The winning bank will be announced and honored at the Kickoff Reception during our **53rd Annual Convention** 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](http://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 8!**



# CBI Member Spotlight: Iowa Trust & Savings Bank Opens New Branch



Iowa Trust & Savings Bank, a community bank founded in 1929,

moved into their new building on the northwest corner of 156th Street and Hickman Road in Clive, in November of 2023.

The bank, which entered the Des Moines-area market in 2017, had outgrown its old location at 12035 University Ave. in Clive.

The project includes a two-story, 14,475-square-foot building with a brick and glass veneer. The building was designed by Simonson & Associates and the General Contactor was Hubbell Construction. The modern, attractive building really commands the corner at 156th and Hickman.

Iowa Trust has locations in Emmetsburg, Sac City, Panora, Bettendorf Loan Production Office (LPO) and Clive. ■



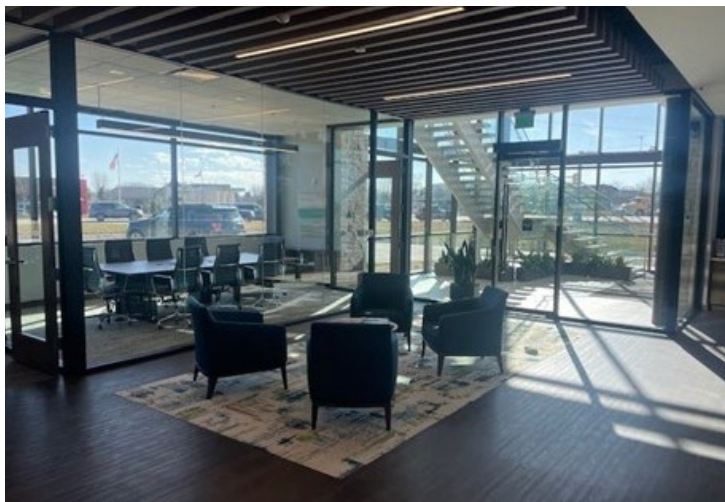
*The Iowa Trust Clive team moved to the new location in November, 2023.*



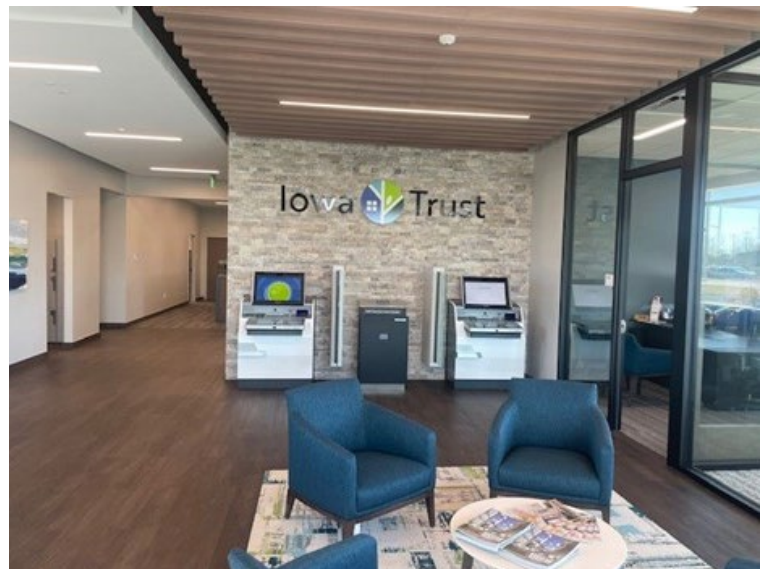
*Iowa Trust's Clive location sign displays the bank's recently updated branding.*



*Patio space above the drive through is a beautiful spot.*



*The modern, bright lobby looking out on the intersection of Hickman Road 156th Street.*



*Iowa Trust's lobby features interactive teller machines, as do the drive through lanes.*

# 2024 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 3, 2024.** For more call CBI at 515-453-1495 or email Krissy Lee at [klee@cbiaonline.org](mailto: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.*

**Identify leaders in your bank.  
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You identify the leaders at your bank.  
CBS prepares them for their future.

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



# Welcome New CBI Members!

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

## American Security & Privacy Sioux Falls

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**515.777.7071**




# Portfolio Management: Shop Talk 2024

*Another conversation with our consummate community banker, Charlie Brown.*



*Written By:*  
**Jim Reber**  
*President and CEO*  
**ICBA Securities**

 **ICBA Securities** “This is Jim Reber speaking.”

*“Hi Jim, this is Charlie Brown from Community Trust Bank calling. Do you have a minute?”*

*“Hi Charlie, I always do for you. Great to hear from you! Tell me about your 2023 results and your 2024 plans.”*

*“We’ve always been a glass-half-full bank, and although we didn’t set any records last year, we’re pretty close to as profitable as we’ve ever been. And we’ll take some credit for doing the blocking and tackling. We’ve got very low past-dues, and we like our collateral positions with our loan portfolio. So maybe we paid attention to what happened in 2008 and 2020 and learned something. We’ve also been able to leverage some fintech tools in our underwriting, so our efficiency ratios have improved somewhat.”*

*“That seems to be how community banks in general have done. Tell me about your net interest margin—that’s been a hot topic with boards, investors and, not least, examiners.”*

*“Well, it’s shrunk. I guess margins started coming down last April or so. But we’re still about where we were in mid-2022, and maybe we’ll see some relief this year. Clearly, cost of funds have come down since October. We’re currently doing a combination of brokered deposits and the Bank Term Funding Program (BTFP), which have turned out to be viable alternatives. Examiners have seen this at a number of other community banks, so they’re familiar with them.”*

*“Charlie, I’m used to hearing logic and forethought from you, and this sounds like a reasonable approach. What does loan demand look like for the year?”*

*“We’re expecting a slowdown, and that’s one reason I called you. Most of our loan portfolio was booked when rates were every bit of 300 basis points (3%) lower, and I expect a lot will pay off as they balloon or reset. What are my alternatives as a lender?”*

*“I can see several options. One is to get busy offering floating-rate loans. At the moment, since short rates are equal to or higher than longer ones, you wouldn’t have to suffer any loss in yield immediately, and you just might retain the credit. And a floater could sound good to a borrower in 2024. Also, in the past two years, community banks’ asset/liability positions have gone from ‘asset sensitive’ to ‘neutral,’ so adding in some floaters wouldn’t aggravate your rate risk posture.”*

*“But Jim, if rates really do begin to fall, won’t my margins begin to suffer even further?”*

*“I mentioned I had several ideas. One is to also buy some fixed-rate bonds that should stay around for a while but can also protect your margins if rates fall. For example, moderately seasoned 15-year mortgage-backed securities (MBS) with 4% coupons are available at prices well below par. Their average lives right now are about five years, so they’d be a great complement to your floating rate loans. And here’s where the story gets better. These bonds have borrowers’ rates of near 5%. In a lot of rate environments, they’re highly refi-able. Remember the prepayment avalanche in 2021? If this happens again, your yield will improve thanks to the discount book price. There’s a good chance they’d have some unrealized gains too.”*

*“Any other strategies the smart bankers are doing that I need to know about?”*

*“This is an idea for banks trying to take advantage of the yield curve shape, have low-rate risk exposure and maybe even are buying into the “higher for longer” theme. Investors can enter into a ‘pay fixed, receive floating’ rate swap and arbitrage their way into more than 100 basis points (1%) of margin right now. This trade really began making sense when the bond market rallied in the fourth quarter and short rates remained anchored to fed funds.”*

*“But what happens when the Fed starts signaling it’s going to start cutting rates?”*

**Shop Talk 2024: Continued on [Page 13](#)**



# Financial Institutions and Elder Financial Abuse

## Tips to Protect Your Customers and Reputation

By *Travelers*



According to the Federal Bureau of Investigation (FBI), millions of elderly citizens are targeted

annually with some form of [financial fraud](#), and many of these attempts are successful. It has been estimated that seniors lose approximately \$3 billion per year as a result of these scams, which are becoming more widespread and sophisticated.<sup>1</sup>

Surprisingly, much of the criminal activity is initiated by a friend or family member. A recent [study](#) by the University of Southern California revealed that 55% of respondents reporting any type of elder abuse categorized those acts as financial, and that family members were the most alleged perpetrators of elder financial abuse.<sup>2</sup>

### Risks for Financial Institutions to Assess

With these facts in mind, [banks](#) should maintain heightened sensitivity around transactions that involve elderly clients, particularly if these clients have historically managed their own finances and may be exhibiting signs of cognitive decline. Increased vigilance, in general, can assist in uncovering fraud. However, financial institutions should establish more thorough policies and procedures to increase their effectiveness in detecting such incidents.

### Reducing the Risks of Elder Financial Abuse

In many cases, financial advisers develop a close working relationship with their elderly clients. These ties are derived not only from a solid knowledge of the customer's assets, income and goals, but also from a personal relationship that gives deeper insight into those clients' wishes and behaviors. Knowing the customer, coupled with a comprehensive training program, can act as a strong front-line tactic to prevent and expose elder financial abuse.

Financial institutions can follow guidance from the [Federal Deposit Insurance Corporation \(FDIC\)](#)<sup>3</sup> or [U.S. Securities and Exchange Commission \(SEC\)](#) to enact a program designed to protect elder customers from abuse. Below are tips to incorporate into a program for recognizing "at-risk" clients. Financial advisers and their employers have both long-standing and new relationships with elderly clients, and these organizations and professionals should consider implementing the following practices:

1. Be on the lookout for non-family members being added to banking or investment accounts.
2. Monitor large money transfers and changes in spending patterns, as these could be a sign that some form of abuse is occurring. A senior's spending habits are often predictable in frequency, volume and payees.

3. Be alert for large amounts of funds exiting accounts to payees who had not been previously paid in any manner.
4. Keep detailed notes in the form of dated, journal-type entries, recording any spending or personal behavior that seems unusual. These notes would be in addition to those kept on risk tolerance, goals, objectives, etc.
5. Follow up with clients via phone or email to discuss any sudden financial decisions that seem out of character.
6. In addition to making personal contact, encourage the client to engage an independent attorney to assist in their financial matters.
7. Understand the laws that apply to the financial abuse of an elder client. Follow prescribed protocols if any illegal activity is suspected.
8. Implement internal procedures to elevate circumstances which may present the need for further inquiry and analysis to the appropriate decision-makers.

"It's important not just to have a system in place to detect elder financial abuse, but to also act on situations where potential fraud or malicious intent has been identified," said Kristin Roger, Vice President and Head of Financial Institutions at Travelers. "We know banks want to serve as trusted advisors to their customers, and by taking simple steps, they can better protect their customers from potential financial harm."

Elder financial fraud is on the rise and counts as one of the more heinous abuses of trust that senior citizens might endure. Along with the financial damage inflicted on customers, incidents of elder financial fraud can cause serious reputational harm. Therefore, implementing a sound method of prevention, detection, identification and reporting of this criminal behavior is paramount. ■

### Sources

1. <https://www.fbi.gov/scams-and-safety/common-scams-and-crimes/elder-fraud>
2. <https://hscnews.usc.edu/study-financial-abuse-of-older-adults-by-family-members-more-common-than-scams-by-strangers>
3. <https://www.fdic.gov/consumers/consumer/news/april2019.html>

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# Hold On! Bank Loan Quality Doesn't Align with Wall Street Metrics

Written By: David Ruffin  
Principal of *IntelliCredit*  
A division of *QwickRate*



Well . . . at least not in real time.

I recently heard a senior lending officer proclaim, with obvious relief, “Looks like we’ve dodged the recession bullet. We’re refocusing on loan growth opportunities.” The Fed-orchestrated “soft landing” is, of course, what our industry desires, but history clearly warns that it can take years before the effects of macro events such as pandemics, rate shocks and rampant inflation actually show up in lower credit quality. Even as these triggering events subside or abate, the lesson is clear: we shouldn’t let our guard down yet.

## The Good

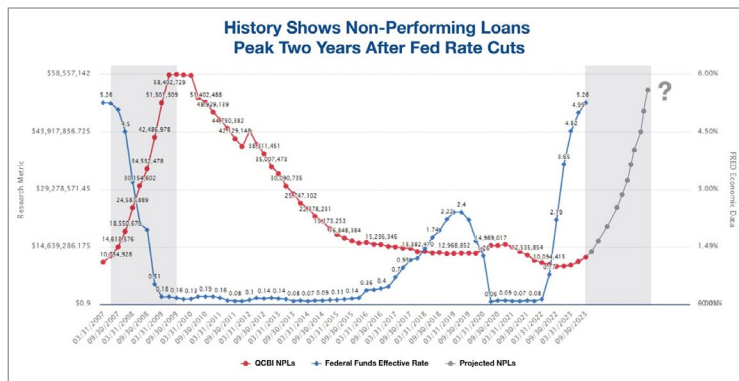
Despite weaknesses in specific sectors of the economy, overall job growth and unemployment have remained resilient in the face of perceived economic pressures. The inflation rate in December fell to 3.4% vs. 6.5% a year earlier, and the Federal Reserve has hinted at lowering interest rates soon in response. While current rates are moderate compared to standards set in the ‘70s and ‘80s, cutting interest rates will certainly be a boon for the nearly-decimated mortgage industry and other lenders.

## The Bad

Despite those promising economic indicators, other data signals potential challenges ahead.

- A December 2023 study by renowned academics for the *National Bureau of Economic Research* indicated that about 44% of banks’ office loans are underwater (equity-to-loan value) with vacancies soaring. The study noted that a 10% default rate on broader commercial real estate (CRE) loans would result in about \$80B in bank losses. Some fear that the drag of higher rates on the 1-4 family housing sector has created a multifamily housing bubble.
- The research group MSCI Real Capital Analytics reported last summer that the community and regional bank share of the U.S. CRE market had exploded from 17% to 27% just since the pandemic. While the smaller banks have increased their CRE loans, investors and larger institutions have shed CRE exposures due to credit quality concerns and heightened regulatory scrutiny.
- Weaknesses in the trucking sector were at the heart of a *recent Midwest bank failure* — the first credit quality focused closure in quite a while.

- There’s a growing dichotomy between consumers living paycheck-to-paycheck (and running up credit card levels to historic heights) and those with strong balance sheets and investment resources. While this issue may be primarily affecting the credit union industry, it could impact bank performance as well.
- The below chart of historical data from the *QwickAnalytics® National Performance Trends Report* (based on the proprietary QwickAnalytics Community Bank Index (QCBI) of true community banks) clearly indicates an approximate two-year lag between the end of rate hikes and the peak of non-performing loans (NPLs). **This may be the most telling data supporting the continuing need for credit risk management vigilance!**



## The Now

It’s clear that, given all of the data listed above, those directly responsible for your bank’s credit portfolio performance must stay vigilant. Consider directing attention to these key areas:

- **Accept that regulatory scrutiny is increasing significantly**, particularly in the CRE arena. Be sure to reinforce your adherence to both the December 2006 Interagency Guidance on CRE Concentrations (*Fed SR7-1*) and the more recent June 2023 Prudent CRE Loan Accommodations and Workouts (*Fed SR23-5*). Be proactive in anticipating CRE repricing and performance, monitoring concentrations unique to your bank, and ensure that management and the board fully informed.
- **Enhance all aspects of loan review**—whether performed internally (annually) or by an external independent provider—and ensure the quality and experience levels of those performing the reviews are

*Bank Loan Quality: Continued on Page 13*



“The floating rate index, which remember is Secured Overnight Financing Rate (SOFR), usually stays highly correlated to fed funds. So, until the first rate cut actually happens, your ‘received’ rate will not move much; doesn’t matter what the Fed members say, it’s what they do. But you’ve put your finger on the decision to be made: How long of a contract do you use? Many bankers have been doing two-year terms recently.”

“Jim, I always manage to learn something when I talk to you or your Stifel colleagues.”

“Glad to help, Charlie. And keep me posted on how your year plays out. Thanks for your call.” ■

### Bond Academy registration open

There are still some slots available for the [ICBA Bond Academy](#) on **April 15-16, 2024**, at the Peabody Hotel in Memphis, Tenn. *Up to 11 hours of CPE credit are available.* The event is hosted by ICBA Securities and Stifel. For more information or to register, contact your Stifel sales rep or visit [www.icbasecurities.com](http://www.icbasecurities.com).

*Jim Reber ([jreber@icbasecurities.com](mailto:jreber@icbasecurities.com)) is president and CEO of CBI Endorsed Member ICBA Securities, ICBA’s institutional, fixed-income broker-dealer for community banks.*

up to the task. Remember, loan review is one of the most reliable tools for early detection of credit risk—a proven corollary to reduced loan losses.

- **Perform stress tests, preferably paired with loan reviews**, that go beyond providing theoretical losses. Also, focus on suspect borrowers who could potentially move the needle on losses higher.
- **Embrace practical and affordable portfolio analysis tools that provide early detection** of weakening trends and emerging hotspots, particularly within your bank’s lending concentrations. Your loan portfolio is your DNA, so know what it is telling you before regulators arrive. Smaller banks remain laggards in this area. Waiting for call report data to depict loan quality is a fool’s errand, because as they say, “Those horses are already out of the barn.”

We all join in the optimism of the lending officer ready to put recession fears behind them, but history and current conditions mandate that the industry keep its guard up and manage what appears poised to be the greatest level of credit stress since 2008’s Great Recession. ■

*David Ruffin is Principal of IntelliCredit, a division of QwickRate. His experience in the financial industry includes an emphasis on credit risk in roles that range from bank lender & senior credit officer to co-founder of IntelliCredit. Its technology is revolutionizing a decades-old loan review process. For more, visit [intellcredit.com](http://intellcredit.com) or email [info@intellcredit.com](mailto:info@intellcredit.com).*

# Realize your check program potential

## How to get the most out of your check program

» Review your check program performance and together we’ll identify ways to drive additional improvement

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Contact **Jeff Curran** | [jeff.curran@deluxe.com](mailto:jeff.curran@deluxe.com) | 641.428.0203

# Flourish

Written By: Rebeca Romero Rainey, President & CEO of ICBA



## Putting the person in personalized marketing

When it comes to community bank marketing, it's about the person, not the product. As relationship bankers, the client connection drives community bank decisioning around solutions, promotions and outreach. Through every communication, community banks seek to deepen their customer ties, not merely sell them on the next big thing.

With that, we again see how community banks truly differ from their megabank and nonbank counterparts. When I think about how others approach marketing, it's more about pushing the technology they provide or the products they offer. Others in financial services aren't stopping to realize individual stories; rather, they are simply in the act of the sell.

Community banks embody the polar opposite of that transactional approach and are focused on building connections. While you offer advanced technology and state-of-the-art solutions, you do so in a way that supports what your communities need. You are in the relationship for the long term.

For example, today, your customer may need a savings account or a home loan, but you will be there to support their future life goals and evolving needs over time, rather than providing a singular product. In short, community banks strive to ensure the people, families, small businesses and communities they serve stand to prosper over time.

It takes a lot to convey that fundamental difference. That's why the ICBA National Campaign is so important. Through these efforts, we're able to bolster the community bank story on a national platform, and individual community banks can amplify it on the ground in their own

communities. We want to take what you do, highlight your authentic approach to relationships and demonstrate the community bank difference, so you can leverage the momentum in your communities.

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*"We want to take what you do, highlight your authentic approach to relationships and demonstrate the community bank difference, so you can leverage the momentum in your communities."*

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It's working. As we close out year one of the National Campaign, we've seen a 2,000% year-over-year jump in organic traffic to [banklocally.org](http://banklocally.org). Fifty-five percent of those aware of the campaign indicate they believe community banks are very important to the local economy. In addition, 26% of millennials who recalled the campaign searched online to find a community bank, taking a meaningful step toward banking in a way that makes a difference.

So, we will keep supporting you in elevating the visibility of community banks. We'll stand beside you as you continue to demonstrate the positive impacts you make. We'll advocate for you to ensure your voice resonates across the U.S.

Because as a community bank, it's about the people you serve, not the products you offer, and in banking, that makes all the difference. ■

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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](https://twitter.com/romerorainey).





## Continuing the community bank legacy

As I reflect on my year as ICBA chairman, I'm proud to say that it's been a big win for ICBA and for community banks across the country, as our "one mission" has been on full display. From the exemption of community banks from the FDIC's special assessment to the determined opposition we showed for the CFPB's Section 1071 rule, our collective work has ensured that community banks and the communities we serve continue to flourish.

But serving as chairman has been about far more than industry successes. It's about the legacy I have been a part of and what we collectively accomplish. I am in complete awe of all the community bankers who have served in this role before me. ICBA has been triumphant in advancing our mission because so many noble people throughout history have given their time, supporting the dedicated staff who carry that same commitment to community banking.

When I became chairman, I set out to lift up community bankers around the country, reminding them that what they do matters, but as it turns out, I was the one who was inspired. Spending time with warm, gracious and committed community servants, I have seen just how connected we truly are. While the locations and the customs are different, community bankers everywhere are amazing people who put others first and believe that the greatest good comes from the sacrifices of those who care most. My life has been infinitely enriched by the bankers I have met this year and their unparalleled commitment to our field.

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*"ICBA has been triumphant in advancing our mission because so many noble people throughout history have given their time, supporting the dedicated staff who carry that same commitment to community banking."*

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Through it all, I've become even more certain of the importance of the individual bank. Each of us is unique because our communities are unique and our customers are unique—and we can never lose sight of that. If it matters to member banks, it must matter to ICBA.

As I close out my time at the helm, I have to say that it has been the single greatest honor and privilege of my community banking career to serve as ICBA chairman. I believe passionately in the community banking model and the good that we do every day for our customers, our family of employees, our stakeholders and our communities. We must continue to have faith that our banks and our people matter greatly to our communities. We must hold our heads high, knowing we make a true difference in the lives of the people we serve, because for now and always, that is what it means to be a community banker. ■

### Quote of the Month

"If I have seen further than others, it is by standing on the shoulders of giants."

— Isaac Newton  
English mathematician and physicist

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Derek Williams is President and CEO of Century Bank & Trust in Milledgeville, Georgia.

# Rural Mainstreet Economic Survey



## Rural Mainstreet Economy Slumps into Negative Territory for 4th Straight Month *More Than Half of Bank CEOs Expect 2024 Recession*

### December 2023 Survey Results at a Glance:

- For a fourth straight month, the overall Rural Mainstreet Index sank below growth neutral.
- Farm loan delinquencies fell to one-tenth of one percentage point over the past six months.
- More than half of bank CEOs expect a 2024 recession.
- According to the International Trade Administration, the export of agriculture products from the region declined from \$14.1 billion for the first ten months of 2022 to \$12.0 billion for the same period in 2023 for a 14.7% slump.

For a fourth straight month, the overall Rural Mainstreet Index (RMI) sank below growth neutral, according to the December survey of bank CEOs in rural areas of a 10-state region dependent on agriculture and/or energy.

**Overall:** The region's overall reading for December rose to 41.7 from 40.4 in November. The index ranges between 0 and 100, with a reading of 50.0 representing growth neutral.

"Higher interest rates and a credit squeeze are having a significant and negative impact on Rural Mainstreet businesses. Approximately 13.3% of bank CEOs indicated that their local economy was already in a recession while another 43.3% expect a recession in early 2024," said Ernie Goss, PhD, Jack A. MacAllister Chair in Regional Economics at Creighton University's Heider College of Business.

Jim Eckert, CEO of Anchor State Bank in Anchor, Ill. said, "Most farm incomes in our area will be down this year, especially due to low corn prices. But most of our farmers are coming off of good years and will be all right."

When asked to name the greatest 2024 economic threat for community banks, approximately four of 10 identified a downturn in farm income as the chief 2024 hazard.

**Farming and Ranching Land Prices:** The region's farmland price index increased to 67.2 from November's 66.7. "Creighton's survey continues to point to solid, but slowing, growth in farmland prices. Approximately, 41.4% of bankers reported that a downturn in farm income was the greatest threat to community banks in 2024," said Goss.

**Farm Equipment Sales:** The farm equipment-sales index for December was unchanged from November's weak 49.5. "This is the sixth time in the past seven months that the index has fallen below growth neutral. Higher borrowing costs and tighter credit conditions are having a negative impact on the purchases of farm equipment," said Goss.

"For a third consecutive month, several bankers voiced concerns over economic losses of pork producers in their area," said Goss.

Matthew Brown, Vice President of Ag & Commercial Banking with CBI Bank and Trust in Washington, Iowa, stated, "Still seeing significant stress with hog integrators in the area."

## Rural Mainstreet Economy Slumps into Negative Territory for Fifth Straight Month *Farm Equipment Sales Fall as Farmland Prices Expand*

### January 2024 Survey Results at a Glance:

- For a fifth straight month, the overall Rural Mainstreet Index sank below growth neutral.
- Farmland prices expanded for the month. The last time the farmland price index fell below growth neutral was November 2019.
- Higher borrowing costs, tighter credit conditions and weaker grain prices pushed the farm equipment sales index below growth neutral for the seventh time in the past eight months.
- Of those farmers transitioning in the next decade, bank CEOs expect 53.8% to transfer ownership to heirs, and 42.3% anticipate the sale to other farmers in the area.
- Economic confidence remained very weak.

For a fifth straight month, the overall Rural Mainstreet Index (RMI) sank below growth neutral, according to the January survey of bank CEOs in rural areas of a 10-state region dependent on agriculture and/or energy.

**Overall:** The region's overall reading for January rose to 48.1 from 41.7 in December. The index ranges between 0 and 100, with a reading of 50.0 representing growth neutral.

"Higher interest rates, weaker agriculture commodity prices and

a credit squeeze are having a significant and negative impact on Rural Mainstreet businesses and on Rural Mainstreet farmers. Jim Eckert, CEO of Anchor State Bank in Anchor, Ill. indicated that unless crop prices improve, 2024 will not be a good year for area farmers," said Ernie Goss, PhD, Jack A. MacAllister Chair in Regional Economics at Creighton University's Heider College of Business.

**Farming and Ranching Land Prices:** The region's farmland price index fell to a still strong 64.0 from December's 67.2. The farmland price index has remained above growth neutral for every month since November 2019. "Creighton's survey continues to point to solid, but slowing, growth in farmland prices. Approximately, 28.0% of bankers reported that farmland prices expanded from December levels," said Goss.

**Farm Equipment Sales:** The farm equipment-sales index for January sank to 47.9 from December's weak 49.5. "This is the seventh time in the past eight months that the index has fallen below growth neutral. Higher borrowing costs, tighter credit conditions and weaker grain prices are having a negative impact on the purchases of farm equipment," said Goss.

Jim Eckert, CEO of Anchor State Bank in Anchor, Ill., said, "Input prices for 2024 are somewhat reduced from 2023, but cash rents are level."



# Rural Mainstreet Economy in Negative Territory for Sixth Straight Month

## 44% of Bankers Reported Worsening Farm Finances

### February 2024 Survey Results at a Glance:

- For a sixth straight month, the overall Rural Mainstreet Index sank below growth neutral.
- Almost three-fourths of bank CEOs named low farm commodity prices as the biggest risk for farms in 2024.
- More than four of 10 bankers named falling farm commodity prices as the biggest risk for community banks in 2024.
- Approximately 44% of bankers indicated that the financial positions of farmers in their area had weakened over the past six months.
- Farmland prices expanded for the 51st straight month.
- The farm equipment sales index slumped below growth neutral for the eighth time in the past nine months.

For a sixth straight month, the overall Rural Mainstreet Index (RMI) sank below growth neutral, according to the February survey of bank CEOs in rural areas of a 10-state region dependent on agriculture and/or energy.

**Overall:** The region's overall reading for February fell to 46.2 from 48.1 in January. The index ranges between 0 and 100, with a reading of 50.0 representing growth neutral.

"Higher interest rates, weaker agriculture commodity prices and a credit squeeze are having a significant and negative impact on Rural Mainstreet businesses and on Rural Mainstreet farmers," said Ernie Goss, PhD, Jack A. MacAllister Chair in Regional Economics at Creighton University's Heider College of Business.

Jeff Bonnett, CEO of Havana National Bank in Havana, Ill.,

reported that, "Commodity prices that are \$1.50 to \$2.00 per bushel (corn) less than break-even are obviously not sustainable."

**Farming and Ranching Land Prices:** The region's farmland price index fell to a still solid 57.7 from January's 64.0. The farmland price index has remained above growth neutral for 51 consecutive months. "Creighton's survey continues to point to solid, but slowing, growth in farmland prices. Approximately 19.2% of bankers reported that farmland prices expanded from January levels," said Goss.

Almost three-fourths of bank CEOs named low farm commodity prices as the biggest risk for farms in 2024.

According to trade data from the International Trade Association, regional exports of agricultural goods and livestock for 2023 were \$12.1 billion, which was down 8.7% from \$13.3 billion in 2022.

Approximately 44% of bankers indicated that the financial positions of farmers in their area had weakened over the past six months.

**Farm Equipment Sales:** The farm equipment sales index for February increased to a still weak 49.5 from January's 47.9. "This is the eighth time in the past nine months that the index has fallen below growth neutral. Higher borrowing costs, tighter credit conditions and weaker grain prices are having a negative impact on the purchases of farm equipment," said Goss.

Jim Eckert, CEO of Anchor State Bank in Anchor, Ill., said, "Our farmers are not projecting very profitable operations in 2024. Although some input costs are down from last year, weak grain prices for the 2024 crop are depressed and expected to remain so."

## Tables 1-4 summarize survey findings.

**Table 1: Rural Mainstreet Economy December 2023 / January 2024 / February 2024: One Year Ago and Last Two Months (index > 50 indicates expansion)**

	December 2022	January 2023	February 2023	November 2023	December 2023	January 2024	February 2024
Area economic index	50.1	53.8	50.1	40.4	41.7	48.1	46.2
Loan volume	72.1	58.0	48.1	57.9	80.9	71.9	66.0
Checking deposits	48.1	70.0	38.5	56.0	41.4	62.0	48.0
CDs and savings instruments	51.9	72.0	57.7	58.0	65.5	62.0	60.0
Farmland prices	65.4	66.0	63.5	66.7	67.2	64.0	57.7
Farm equipment sales	60.4	61.4	52.1	49.5	49.5	47.9	49.5
Home sales	33.3	38.5	37.0	32.0	43.3	38.0	35.4
Hiring	49.1	53.9	48.1	49.1	49.0	50.0	49.0
Retail business	45.5	51.9	50.0	44.2	46.6	46.0	44.0
Confidence index (area economy 6 months out)	29.6	40.4	44.4	21.2	43.3	38.5	40.4

**See next page for more results tables. Continue reading the December 2023, January & February 2024 Rural Mainstreet Reports on our Community Banking News Blog, under the News tab at [cbionline.org](http://cbionline.org).**

Table 2: Rural Mainstreet December 2023	Percentage of bankers reporting				
	Down 5% - 10%	Down 1% - 4%	Little or No Change 0%	Moderately Higher 1% - 4%	
Your bank's farm loan delinquencies over the past six months are:	3.6%	3.5%	82.2%	10.7%	
	Farm Loan Delinquencies	Hiring Talent	Rising Interest Rates	Drought Conditions	Downturn in Farm Income
What will be the biggest economic challenge for agriculturally dependent community banks for the next 12 months:	3.5%	6.9%	20.6%	27.6%	41.4%
	Already in Recession	Modest Recession	Soft Landing	Hard Landing	No Recession Now or in 2024
Your U.S. recession assessment for 2024:	13.3%	43.4%	40.0%	0.0%	3.3%

Table 3: Rural Mainstreet January 2024	Percentage of bankers reporting				
	6% to 10%	11% to 15%	16% to 20%	21% to 30%	31% to 40%
What percentage of your farm clients do you expect to face a generational transition during the next decade?	11.5%	19.2%	11.5%	23.1%	34.7%
	Threat		Opportunity	Both Threat and Opportunity	
Do you view generational transitions on the farm as a threat or opportunity for your bank?	0.0%		19.2%	65.4%	
	Heirs	Farmers in Area	Farmers Outside Area	Corporate Buyers	International Buyers
What will be the likely transfer of ownership of most farms?	53.8%	42.3%	0.0%	0.0%	0.0%

Table 4: Rural Mainstreet February 2024	Percentage of bankers reporting				
	Lack of Farm Bill	U.S. Global Recession	Higher Input Costs	Low Farm Commodity Prices	
Which of the following is the greatest threat to farm operations for the next 12 months:	3.9%	11.4%	11.6%	73.1%	
	Significantly Weakened	Weakened	Little or No Change	Improved	Improved Significantly
Over the last six months, what has been the change in farmer financial positions in your area:	0.0%	44.0%	48.0%	8.0%	0.0%
	Farm Loan Defaults	Low Loan Demand	Farm Credit Competition	Rising Regulatory Costs	Falling Farm Commodity Prices
Which of the following represents the greatest threat to regional banking operations over the next 12 months:	7.7%	15.3%	15.6%	19.2%	42.3%

For historical data and forecasts, visit: [www.creighton.edu/economicoutlook](http://www.creighton.edu/economicoutlook).

Follow Ernie Goss on Twitter [www.twitter.com/erniegoss](https://www.twitter.com/erniegoss)



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

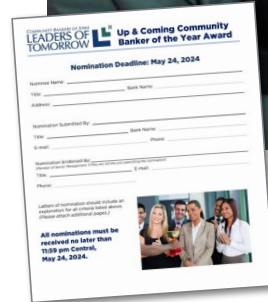
Annually the Community Bankers of Iowa's [Leaders of Tomorrow](#) (LOT) group recognizes one community banker whose performance and achievements in banking have earned the respect of his or her peers as the [Up & Coming Banker of the Year](#). Now is the time to recognize and nominate an individual in 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 53rd Annual [Convention](#), July 17-19, 2024 in Arnolds Park, Iowa. The honoree will be featured in an issue of CBI's weekly e-newsletter [CommonCENTS](#), and the Fall edition of [Community Banker Update](#).

Make your nominations by Friday, May 24, 2024, either [online](#) or by downloading a [Nomination Form](#). Look for Up & Coming Banker of the Year in the Awards section under the Convention tab on our website. Contact Krissy Lee at [klee@cbiaonline.org](mailto:klee@cbiaonline.org) with questions. ■



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

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

Over the last 53 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 53rd Management Conference and [Annual Convention](#), July 17-19, 2024 in Okoboji. The honoree will be featured in an issue of CBI's weekly e-newsletter [CommonCENTS](#), and the Fall edition of [Community Banker Update](#).

### Make your nominations by Friday, June 3, 2024.

Nominations can be completed [online](#) at [cbiaonline.org](http://cbiaonline.org), or you can [download forms](#) and submit to the CBI office **via Email** to [mgathman@cbiaonline.org](mailto:mgathman@cbiaonline.org), **by Mail**: 521 E. Locust St Suite 202, Des Moines, IA 50309, or **by Fax** to (515) 453-1498.

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



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