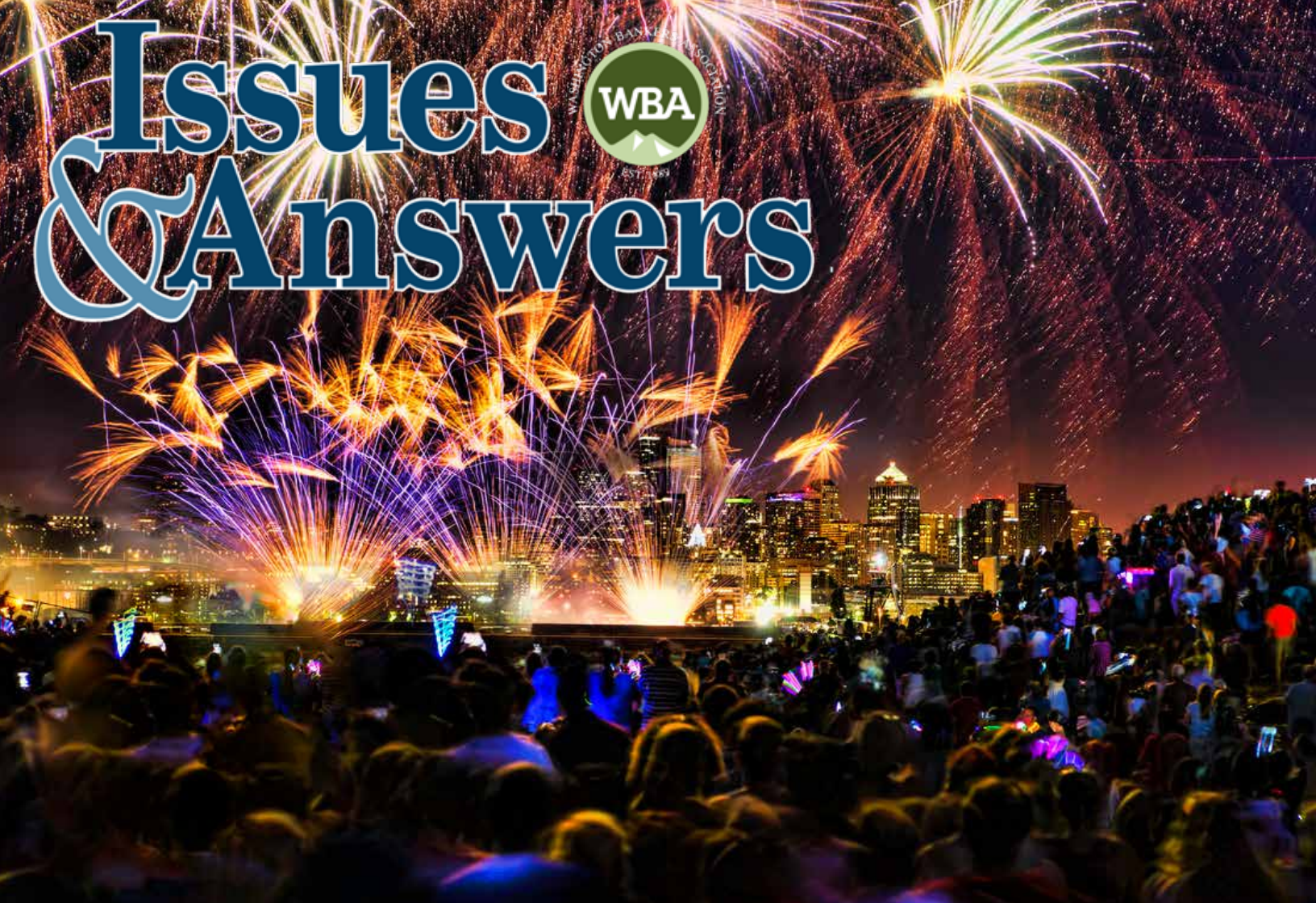


# Issues & Answers



July 2023

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*By Glen Simecek, President and CEO, Washington Bankers Association*

The late business magazine publisher and investor Malcolm Forbes said he never invested in companies; he always invested in management. It was his way of emphasizing

how critically important he felt a company's leadership was in determining its prospects.

This idea struck me as I looked around during our Annual Convention at the end of last month. I saw an impressive gathering of almost 400 leaders representing the banking industry from across Washington, Idaho, Nevada, and Oregon in Sunriver, Ore. It was great to gather in person again – something we won't take for granted anytime soon – and the collective talent and diversity in the room gave me many reasons for confidence in the future of our industry.

That confidence was underscored by what we heard from the CEO panel that discussed

regional banking in the Pacific Northwest. WBA Board Secretary/Treasurer and WaFd Bank President and CEO Brent Beardall was joined by Kevin Riley, president and CEO of First Interstate Bank, and fellow WBA board member Clint Stein, president and CEO of Umpqua Bank. They provided a thoughtful, realistic, and ultimately optimistic view of banks' role in supporting economic development. While acknowledging that they all compete against one another, each said that a stronger industry only helps everyone grow and that a diversity of options is necessary for consumers and businesses. Strong leadership demands recognizing challenges while presenting a positive vision for the future and establishing a realistic plan to make that vision a reality.

Another hallmark of strong leaders is a desire to continue learning. They embrace the growth mindset espoused by Microsoft CEO Satya Nadella, who is fond of saying, "Don't be a know-it-all. Be a learn-it-all."

Those looking to "learn it all" had plenty of

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## Issues & Answers – July 2023

*The official publication of the Washington Bankers Association is sponsored by Vericast and WBA Professional Services.*

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### 2022-2024 Board of Directors

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President & CEO, HomeStreet Bank

**Immediate Past Chair:** Joe  
Kiley, President & CEO, First  
Financial Northwest Bank

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**WBA PROS Chair:** Eric Pearson,  
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Bank

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Clayton DeHaan, Director, PNW  
Region Executive, Bank of America

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Washington Trust Bank

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Susan Horton, Chairman, President  
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Kerri Schroeder, Managing Director,  
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Region Manager, JPMorgan Chase

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Sound Community Bank

Clint Stein, President & CEO,  
Umpqua Bank

Dave Swartley, SVP/Managing  
Director State Government  
Relations, U.S. Bank

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opportunities to glean important information at the Convention. That included timely updates on national policy priorities from staff experts at the American Bankers Association and the Independent Community Bankers Association and a global economic update and forecast from Erick Ristuben, global chief investment strategist for Russell Investments. We also heard from Ryan McManus, founder and CEO of Tectonic, on Strategies and Leadership for a Digital Age and from Matthew Pieniazek, CEO of Darling Consulting Group, how asset liability management and ALCO can provide clarity to drive strategy. I think I can speak for everyone in attendance when I say that these featured presentations were uniformly excellent.

The breakout sessions were similarly wide-ranging, providing opportunities to address timely issues like cannabis banking, banking's "March Madness" events, banking as a service, and the always-important topic of human resources.

Another important role for leaders is to inspire their organizations. I can't think of many more inspiring stories than Jim Morris, the former relief pitcher for Tampa Bay, whose story was turned into a hit Disney movie called "The Rookie." Morris shared an uplifting and motivating message to close the convention.

I appreciated the opportunity to see so many of you at the event last week, and thank you again for joining us. Convention is one of my favorite events of the year, and it's easy to see why. It's a wonderful time; of course, the location can't be beaten to come together to learn, connect and grow.

Of course, strong leadership can't be wrapped up in a single event. It's a continual process that includes recognizing all the outside influences that can impact the success of your organization. So, I hope you'll consider joining us for some upcoming opportunities, including our annual trip to Washington, D.C. (October 16-18) and our Legislative Roundtable sessions that will begin in September. State and federal government oversight and regulation play an increasingly important role in our banks' operating environment, and we need your help to engage our lawmakers in understanding the implications of their policy deliberations.

And, as long as we're on the subject of leadership, I'd like to welcome two new WBA board members: Clayton DeHaan, Pacific Northwest regional executive for Bank of America, and Kerri Schroeder, managing director and PNW region chairwoman at JPMorgan Chase.

Finally, strong leaders are always open to feedback. So, if there's something more that our team at the WBA can do to help you and your organization, please let us know. In the meantime, thanks for everything you do for your employees, customers, and our communities.

### Contact Us

Contact the Washington Bankers Association at 601 Union  
Street, Suite 1720, Seattle, WA 98101

Call us at (206) 447-1700 and visit us on the  
web at [wabankers.com](http://wabankers.com).

### Connect With Us

Connect with the WBA online by following us on our social  
media accounts.

### On the Cover

Thousands of Seattle area residents gather every Fourth of July for the Independence Day fireworks celebration on Union Lake, as seen here from Gasworks Park.

*Photo courtesy of Seattle Municipal Archives*

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Washington-Bankers-  
Association](https://www.linkedin.com/company/Washington-Bankers-Association)

# Washington Bankers Association, HomeStreet Bank Host Fundraiser for Gubernatorial Candidate Mark Mullet

In early June, after Washington State Senator Mark Mullet announced he was running for Governor in 2024, the Washington Bankers Association and HomeStreet Bank hosted a fundraiser for the candidate.

Mullet, a former banker, small business owner, and state legislator for the last 11 years, has been a key advocate of banking policy in the Washington State Legislature. For many years, he chaired the Senate Business, Financial Services, Gaming & Trade Committee, which handles all banking-related policy, and was a member of the Ways & Means Committee.

Sen. Mullet was a vocal critic of the last-minute 2019 legislation that doubled bank B&O taxes in the state and has been a longtime supporter of financial education, a priority for the WBA. He has also been critical of proposals regarding creating a state-run bank and removing the first mortgage interest deduction, which would make housing more expensive.



During the WBA's Annual Convention in late June, the WBA Board of Directors voted to endorse Mullet.

Washington has a top-two primary system, meaning the top two candidates with the most votes, regardless of party in the primary election, advance to the general election.

To learn more about Mullet, visit [mulletforgovernor.com](http://mulletforgovernor.com).

## Pacific Northwest Capitol Hill Visit

### SAVE THE DATE!

October 16-18, 2023

Mayflower Hotel | Washington, D.C.

Make your lodging reservations by calling the Mayflower Hotel at 877-212-5752 and referencing the Idaho, Oregon and Washington Visit to get the discounted rate of \$359.

Meet with members of Congress

Hear from regulators and national associations

Network with your Pacific Northwest peers

Registration Information Coming in August!

2023

## VIRTUAL FINANCIAL TECHNOLOGY & SECURITY CONFERENCE

Featuring futurist Brett King, Ron Shevlin on AI tools for banking, and the popular Buzz Sessions!

Register online at [wabankers.com/fintech](http://wabankers.com/fintech)

# WBA Co-Sponsors Texas Bankers Compliance & Enterprise Risk Management School

Now more than ever, understanding the significance of compliance management systems (CMS) and enterprise risk management (ERM) is crucial in today's dynamic banking landscape. That's why the WBA is excited to partner with the Texas Bankers Association for its two-day virtual **Compliance & Enterprise Risk Management School** in August.

This event will cover the essential aspects of CMS and ERM and equip bankers with the knowledge and strategies for success. Compliance experts and risk management professionals will explore the powerful synergy between CMS and ERM during both days. The program has been specially designed to provide students with a comprehensive understanding of how these two disciplines align and work in tandem to enhance sustainability, integrity, and community impact.

Program highlights include:

- **Unveiling the Convergence:** Learn how CMS and ERM differ and discover the common ground both share in achieving organizational goals. Gain insights into the latest industry trends and regulatory updates that affect banks of all sizes.
- **Integrated Learning Experience:** The curriculum incorporates ERM seamlessly, ensuring students receive a well-rounded education that equips them with practical tools and techniques to navigate complex compliance challenges effectively.
- **Hot Topics for Success:** Explore the cutting-edge topics critical for success in today's ever-changing regulatory environment. Stay ahead of the curve by gaining valuable knowledge on emerging compliance and risk management issues.

To register or learn more, visit the WBA website.

This fall, the WBA has two conferences planned featuring nationally-recognized speakers covering various topics, such as Chat GPT in finance, digital lending, and the industry's future.

The **2023 Credit & Lending Conference** will be held September 7-8 at the Washington Athletic

## Registration is Now Open for 2024 EDP

Registration for the 2024 Executive Development Program starting in January, is now open.

This comprehensive 12-month program was designed to cultivate the next generation of bank leaders. It is ideal for anyone aspiring to take the next step in their career and an excellent opportunity to invest in strong leaders.

EDP covers all aspects of running a bank and features a one-on-one mentorship program, pairing students with executives from within their organization to further student learning.

Over 400 students from Washington, Idaho, Oregon, Utah, Montana, and California have benefited from this program, graduating with increased knowledge of banking and all financial institution functions. Over half have been recognized and promoted within their organizations, including several roles within the C-Suite.

To learn more, visit [www.wabankers.com/edp](http://www.wabankers.com/edp).

Center in downtown Seattle.

The agenda includes Cornerstone Advisor's Chief Research Officer Ron Shelvin, who will cover Chat GPT and other AI tools, how some banks use it, and ways to consider implementing this new technology.

The event will also feature Jorge Sun, the co-founder of Lending Front. He will share his expertise on the latest lending and credit underwriting trends. With over a decade of experience in the fintech industry, Jorge has been instrumental in developing innovative lending technologies that have revolutionized lending institutions' operations.

Other sessions at the conference will include a regulator update and plenty of time for networking with fellow industry professionals.

In honor of Cybersecurity Awareness Month in October, we will host the **Virtual Financial Technology and Security Conference** on October 23-24.

This year's agenda includes future Brett King. As the founder and CEO of Moven, a mobile banking

**Continued on page 7**

## Events Calendar

**July 6** – Virtual Understanding Bank Performance

**August 7** – Virtual Commercial Lending Development Program

**August 7-8** – Virtual Compliance & ERM School

**Sept. 7-8** – Credit & Lending Conference, Washington Athletic Club

**Sept. 14** – Virtual Credit Analyst Development Program

**October 23-24** – Virtual Financial Technology & Security Conference

**October 30** – Virtual Understanding Bank Performance

**January 23, 2024** – Executive Development Program

To register or to learn more about any of the listed events, please visit [www.wabankers.com/calendar](http://www.wabankers.com/calendar).

# 2023 Annual Convention: Return to Sunriver

The 2023 Annual Convention hosted by the Idaho, Nevada, Oregon, and Washington Bankers Association took place from June 26-28 at the beautiful Sunriver Resort in Oregon. The event was a grand success, bringing together banking professionals across the Pacific Northwest for three days of learning, networking, and camaraderie.

OBA Chair Joan Reukauf and NBA Chair Ken Mundt presided over the first general session. The opening ceremonies, featuring the talented vocalist Deb Nelson, set an inspiring tone for the day.

The sessions covered a wide range of topics, starting with “Reimagining ALCO - Ensuring That Clarity Drives Strategy, Not Fear” by Matthew Pieniazek, president & CEO of Darling Consulting Group. This was followed by a behind-the-scenes conversation with ABA and ICBA Advocacy Experts, featuring Frank Pigulski and Sam Mayer, who shed light on national advocacy priorities.

After a refreshing break with exhibitors, the attendees gained insights into the economic landscape through an update provided by Erik Ristuben, Global Chief Investments Strategist at Russell Investments, and the morning concluded with Ryan McManus, Founder & CEO of Techtonic, sharing valuable strategies for leadership in the digital economy.

After lunch, two parallel breakout sessions took place. The first focused on “A Cannabis Banking Outlook,” led by Tony Repanich, president & CEO of Shield Compliance. The second, “A Lawyer, Banker, and Regulator Walk into a BaaS... Banking as a Service Panel,” featured esteemed panelists discussing the dynamics of Banking as a Service in an overflowing room.

The day concluded with additional breakout sessions on “Lessons From Banking’s March Madness” by Matthew Pieniazek and “Your Bank’s Biggest Asset: People” by Deborah Jeffries. For those who contributed to BankPAC, a special reception was held in the late afternoon to honor their support. An exhibitor reception and a group dinner at the picturesque Besson Commons outdoor space followed this. The day ended on a pleasant note with a screening of “The Rookie,” featuring the closing keynote speaker, Jim “The Rookie” Morris.

On the second day, the convention resumed with meetings and breakfasts for the IBA & ICBA, NBA, OBA, and WBA members. The second general session began with a CEO Panel on “Regional Banking in the Pacific Northwest,” bringing together prominent leaders from the banking sector, including Brent Beardall, Kevin Riley, and Clint Stein.



A brief break followed, giving attendees time to participate in exhibitor prize drawings and engage with the exhibitors once again.

The morning’s highlight was the keynote speech by Jim “The Rookie” Morris, former relief pitcher for the Tampa Bay Devil Rays. His inspiring talk on “Dream Makers: Surround Yourself with the Best to be Your Best” left a lasting impact on everyone present.

Following the event’s adjournment, attendees could participate in thrilling activities during the afternoon. For adventure enthusiasts, whitewater

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rafting down the Deschutes River was offered, while others enjoyed a friendly golf tournament.

In the evening, the Closing Reception & Golf Awards ceremony was a perfect ending to the convention, celebrating the achievements of the participants and fostering lasting connections among the banking community.

The 2023 Annual Convention was a remarkable

gathering of banking professionals, providing valuable insights, networking opportunities, and memorable experiences for all attendees. The convention undoubtedly contributed to strengthening the bonds within the banking community of the Pacific Northwest and left everyone eagerly looking forward to next year's event.

The 2024 Annual Convention will be held Jun 26-28 at Skamania Lodge in Stevenson, Wash.



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startup changing how people manage their money, Brett will share his thoughts on the future of financial services, including the role of artificial intelligence, blockchain, and other emerging technologies.

Shevlin will also speak about AI tools at the conference, and the popular Buzz Session format will feature subject matter experts during the roundtable format, providing time for bankers to ask questions and learn from each other.

WBA also offers virtual sessions of our **Commercial Lending Development Program** and the **Credit Analyst Development Program** this August and September.

The CLDP, which begins in early August, helps bankers learn more about the bank's highly competitive commercial lending segment and builds a solid foundation for bankers to learn and grow. Industry leaders teach this eight-session program with decades of experience.

The CADP will begin in mid-September. It is ideal for new and experienced analysts better to understand their role in the industry and organization while providing skills needed for all economies.

Both programs are being offered virtually, giving bankers the flexibility and convenience to attend classes from where they need to be.

This year, the programs are being co-sponsored by our partners at the Montana Bankers Association and the West Virginia Bankers Association, so space is limited and expected to fill quickly.

After the success of its April and July classes, the WBA is hosting another virtual session of the **Understanding Bank Performance** program starting in late October.

This eight-session program will start on Oct. 30 and will help bankers of all levels understand bank performance; students will learn to assess and analyze a bank's financial performance using real data. Relevant for directors, solution providers, or anyone the bank works with to provide a foundation of industry knowledge, students will become familiar with balance sheets and income statements and learn how to apply key performance metrics to data in those documents. The program will finish with students going through a proforma capstone.

Please visit our website at [www.wabankers.com](http://www.wabankers.com) for more information about registration for our upcoming programs.

## Washington Bankers Association Welcomes Two New Members to Board of Director Roles

The Washington Bankers Association (WBA) announced that two new directors would join the Board of Directors during the Association's Annual Convention, held in Sunriver on June 26-28.

The WBA Board sets policy and is responsible for the prudent stewardship of the fiscal resources of the Association. Bankers are nominated by their peers to serve on the Board and are selected from institutions diverse in size, type, and geographic location.

Mark Mason, Chairman, President & CEO of HomeStreet Bank, and Chair of the WBA Board



of Directors, welcomed two new directors during the WBA Annual Meeting on June 28, including:

- Clayton DeHaan, Director, Pacific Northwest Region Executive at Bank of America
- Kerri Schroder, Managing Director, PNW Region Chair-

woman, and Region Manager at JPMorgan Chase

Founded in 1889, the Washington Bankers Association is Washington State's largest financial services trade association, representing more than 80 member commercial banks operating in every county of the state.

# 2023 CREDIT & LENDING CONFERENCE

SEPTEMBER 7-8

WASHINGTON ATHLETIC CLUB

Register online: [wabankers.com/credlend/](http://wabankers.com/credlend/)



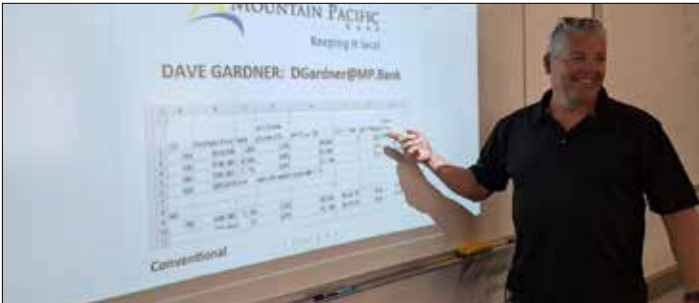
OREGON  
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## Peoples Bank Supports Imagine Children's Museum Breakfast

The team at Peoples Bank recently supported a local cause, attending the Imagine Children's Museum Breakfast in Everett.

The museum is working on an expansion effort, focusing on more exhibitions and space for children to explore and learn.



## Mountain Pacific Bank Loan Officer Presents to High School Students

This spring, Mountain Pacific Bank's Dave Gardner, a real estate loan officer, presented to a class of high school students.

He shared information about banking, credit, and buying a house.



## First Fed Bank Sponsors 30th Annual Juan de Fuca Foundation for the Arts Festival

First Fed Bank sponsored the 30th annual Juan de Fuca Foundation for the Arts Festival in Port Angeles in late May.

The event included over 40 musical acts, dance companies, and artists on four stages.

## FDIC Names Wheatland Bank Leader to Advisory Committee

The FDIC announced earlier this year that Sue Horton,

chairman, president, and CEO of Wheatland Bank, has been named to the agency's Advisory Committee on Community Banking.

Horton and eight other new members will share input on banking policy and regulatory matters.



## Kitsap Bank Supports Meals on Wheels

Kitsap Bank announced a \$5,000 donation to Meals on Wheels Kitsap in late April.

The organization has served elderly Kitsap residents since 1973, providing nutrition services, meals, and more through four community dining locations and two to-go sites.



## Washington Trust Supports The Salvation Army Spokane

Washington Trust Bank volunteered and supported National Salvation Army Week in late May by working with The Salvation Army Spokane.

A group from the bank attended Sally's House's 21st birthday celebration, which provides safe, stable shelter for children who have been abandoned, abused, or neglected. The Salvation Army operates the program locally.



## North Cascades Bank Volunteers at Run For Your Mother 5K

The North Cascades Bank Wenatchee team recently volunteered at a local 5K race.

The Mothers of Preschoolers organization hosted the Run For Your Mother event, welcoming runners and walkers.



### First Fed Bank Announces First 2023 Club 100 Member

This spring, First Fed Bank announced that Robin Bookter was the bank's first Club 100 member of 2023.

Robin was recognized for volunteering over 100 hours with the Sequim Irrigation Festival. She is also the kickoff director, auction, and co-director for the Royalty Scholarship Pageant.



### WaFd Bank Supports Habitat for Humanity Seattle King County

WaFd Bank volunteered for the Habitat for Humanity Seattle King County Women Build event earlier this spring.

The crew helped work on a home for a family in need.

### Commencement Banker Named to South Sound Business Magazine List

This spring, South Sound Business Magazine hosted its annual 40 Under 40 event featuring Commencement Bank's Megan Stone.

Stone was nominated and chosen for her work impacting the community.



### First Financial Northwest Bank Volunteers with Habitat for Humanity

Members of the First Financial Northwest Bank and First Financial Wealth Services teams recently volunteered with Habitat for Humanity Seattle King County.

The group worked together to help build an affordable home for a community member.



### Baker Boyer Bank Volunteers On Trails

Baker Boyer Bank Yakima team members recently volunteered with the Cowiche Canyon Conservancy.

The group helped build gabions for new Konnowac Pass Loop Trail trail signs.



### Commencement Bank Employees Participate in Capital City Marathon

This spring, bankers from Commencement Bank participated in the annual Capital City Marathon in Olympia.

Five members of the team took part, crossing the finish line.

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## Industry News

### New Hires

Timo Norring  
Small Business Banker at Washington Trust Bank

Aaron Hannon  
Vice President and Commercial Banking Relationship Manager at Washington Trust Bank

Jake Mast  
Vice President and Commercial Banking Relationship Manager at Washington Trust Bank

Britni Babington  
Vice President and Commercial Banking Relationship Manager at Washington Trust Bank

Brittany Loyear  
Senior Vice President and Government Banking Group Lead at HomeStreet Bank

Dan Davidson  
Bellevue Market Manager at First Fed Bank

### Promotions

Chris Neros  
Chief Banking Officer at First Fed Bank

Scott Montgomery  
First Vice President and Maritime Manager at First Fed Bank

### Board of Directors

Gwen Gill  
Washington Business Bank

Darragh Buckley  
Washington Business Bank

Edward Chvatal Jr.  
Baker Boyer Bank

Jim Edmunds  
Banker Boyer Bank

Have Industry News to share with WBA? Email [megan@wabankers.com](mailto:megan@wabankers.com) or call (206) 344-3472.

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### Mountain Pacific Bank Volunteers at Girls on the Run 5K

Mountain Pacific Bank volunteers participated in the annual Girls on the Run 5K celebration this spring.

The bankers helped cheer on the event participants and celebrate the end of the program that works with local youth. They also provided backpacks and snacks to the participants.

### Liberty Bank Volunteers at Gala

Liberty Bank employees recently volunteered at a local Gala that the bank sponsored.

The event supported pet adoptions, and Kelly Garcia, Shelia Dennison, and Rhonda Morris volunteered as passionate advocates for the cause.

The bank's new building includes a community board featuring local pets, both dogs and cats, available for adoption.



### Peoples Bank Sponsors Farmer's Day Parade

In early June, Peoples Bank sponsored the annual Farmer's Day Parade in Lynden, where the bank initially started.

The bank had representation from each branch located within the county. The group handed out candy, offered rides on the hay wagon, and met with community members.

### Umpqua Bank Announces Charitable Foundation Awards

This spring, the Umpqua Bank Charitable Foundation announced it was awarding 78 grants to local nonprofits worth \$417,000.

"Each of the nonprofits selected displays an exemplary service mindset and a deep commitment to improving economic prosperity for under-resourced individuals, families, and small businesses," says Randy Choy, vice president of philanthropy programs and managing director of the Umpqua Bank Charitable Foundation. "We're honored to partner with them by investing in their critical work, and we look forward to supporting many more organizations in 2023 through our giving and volunteerism programs."

This is the first of three cycles in 2023. Organizations

were selected from hundreds of applications, focusing on a commitment to improving economic prosperity for under-resourced individuals, families, and small businesses in college, career and technical readiness, financial competency, housing stability and homeownership, entrepreneurship, and business expansion; small business support and financial guidance; family engagement and resiliency; vibrant and equitable neighborhoods; and technical and digital connectivity.

Recipients received grants between \$5,000 and \$10,000.



### Two BankWork\$ Programs Celebrate New Graduates

Career Path Services and YWCA Seattle King Snohomish celebrated new graduates from the BankWork\$ program this spring.

Career Path Services had eight graduates who completed the free eight-week training program that helps people get careers in the banking industry.

The YWCA program had 24 graduates also complete the program.



### U.S. Bank Celebrates Reopening of West Seattle Branch

U.S. Bank celebrated a grand reopening of the West Seattle branch this spring.

The bank donated \$5,000 to the West Seattle Food Bank for the opening.

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### Washington Trust Bank Receives Legacy Award

Washington Trust Bank received the 2023 Legacy Award from the Downtown Spokane Partnership earlier this spring.

Each year, the award is given to a company or individual that has left a mark on Spokane by creating a positive and sustainable transformation in the downtown area over a long period.

The bank was recognized as “an anchor institution in downtown Spokane, serving as a cornerstone of the local economy and symbol of stability.”



### Peoples Bank Volunteers at Sorticulture Garden Arts Festival

The Peoples Bank Everett team recently volunteered at the Everett Sorticulture Arts Festival.

The event celebrates garden arts, and the volunteers worked at a tent with information about the bank and community programs.



### Yakima Federal Savings & Loan Donations to Historic Downtown Prosser Association

In early June, Yakima Federal Savings and Loan announced a donation to the Historic Downtown Prosser Association.

A longtime business in the community, the bank donated \$20,000 to help continue improving downtown.

### Heritage Bank Supports Domestic Violence Services of Snohomish County

Heritage Bank Snohomish County team members recently volunteered and participated in the annual Domestic Violence Services of Snohomish County yearly event.

The organization works to help those impacted by domestic violence in the community.



### Banner Bank and Washington Trust Bank Participate in Spokane Habitat Blitz Build

Members of the Banner Bank Spokane team and Washington Trust Bank recently participated in the annual Blitz Build put on by Habitat for Humanity Spokane.

The team from Banner worked to build and raise the framework for a home in Deer Park that will help a local family in need.

The Crew in Blue from Washington Trust Bank also worked on a variety of projects throughout the day.



### WaFd Bank Foundation Supports Junior Achievement

In May, the WaFd Bank Foundation announced that it donated \$2,500 to the Junior Achievement program in South-eastern Washington.

The donation will help the program continue to reach young people in Walla Walla and help them reach economic success.

“As a volunteer for Junior Achievement for the past eight years, I have had the opportunity to teach in the classroom and inspire our young people to be all they can be,” said Anna Erickson, a longtime JA volunteer and WaFd Bank Branch Manager. “I have used communication, collaboration, creativity, and critical thinking skills to encourage students to turn “I can’t” into “I can.” Being a Junior Achievement volunteer has allowed me to present life-changing lessons in financial literacy, work readiness, and entrepreneurship using my professional experience and expertise to help young people prepare for their bright future.”

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### Sound Community Bank Supports UP Duck Daze Parade

Sound Community Bank's University Place and Tacoma branch teams recently represented the bank by participating in the annual UP Duck Daze Parade.

The group featured the bank's mascot, Sounder.



### Peoples Bank Volunteers at Camp Korey

Peoples Bank volunteers recently spent a day working at Camp Korey.

The group worked on the camp's Wizard's Alley, clearing program spaces inside and outside to help open up the opportunity for programs this summer.

### First Fed Banker Teaches Local Students

First Fed Bank's Caitlin Balser recently spent part of a day teaching a local elementary school the basics of financial education.

Balser taught the students about being financially responsible as part of the bank's partnership with Financial Beginnings Washington.



### Washington Trust Bank Sponsors BBQ During Shed Building Event

This spring, 37 students from five different high schools participated in a shed-building event for the Spokane Home Builders Association and Frame Your Future.

The event gave students a look into the construction world and featured a barbeque lunch provided by Washington Trust Bank and Josh Kerns, who staffed the event.



### KeyBank Participates in Neighbors Make the Different Day

KeyBank employees from greater Seattle participated in the annual Neighbors Make the Difference Day, featuring regional volunteer efforts.

Volunteers throughout Washington gave over 750 hours of their time to local organizations.

The event was launched in 1991 by a group of KeyBank employees in Alaska who volunteered for service projects. The concept quickly spread, and it went national in 1993 when the bank made it an official day of employee volunteerism.

"We all love our community and take pride in living in and supporting our neighbors," said Matt Hill, President and Commercial Banking Sales Leader for KeyBank's Seattle Cascades region. "We are proud to carry on the tradition of coming together to dedicate our time and talent, brighten lives and help transform our community in a meaningful way."



### U.S. Banker Volunteers with Local School

Tiffany Fritchman, a local goals coach for U.S. Bank, recently spent part of a day volunteering with a local school at the beach.

She helped support her kid's school trip to the beach to teach children about marine life and ways to preserve it.

### First Fed Foundation Awards 19 Grants

This spring, the First Fed Foundation announced its 2023 grants, giving away \$300,000 to 19 local nonprofits.

"Having received 47 applications totaling more than \$1.3 million in grant funding requests in this spring cycle, the First Fed Foundation Board is humbled by the depth of need in our communities. We're honored to support 19 nonprofit organizations that are creatively and effectively addressing those needs," said Norman J. Tonina, president of the Foundation's Board of Directors. "From providing

## Continued from page 12

affordable housing solutions to addressing food, housing, and healthcare insecurity and supporting those in our community who are most vulnerable, our grantee organizations are making a positive, much-needed impact each and every day.”

Grants went to local organizations in amounts from \$5,000 to \$50,000.



### JPMorgan Chase Volunteers with Habitat for Humanity in Seattle

The JPMorgan Chase Seattle team recently spent a day volunteering with Habitat for Humanity Seattle King County.

The group worked on the Yarrow Cottages in South Park as part of the organization’s continued work to provide affordable housing in local communities.



### KeyBank Launches Nosotros Latinos Seattle BRG

Recently, the Seattle area KeyBank team launched the Nosotros Latinos Seattle BRG, an employee resource group to share ideas and experiences.

The group, spearheaded by Jason Ortega Kalamí, will provide resources for employees and allies, events, and volunteer opportunities.



### Kitsap Bank Supports WWU’s SEA Discovery Center

In mid-June, Kitsap Bank announced it donated \$5,000 to Western Washington University’s SEA Discovery Center in Poulsbo.

The local center features marine life in interactive exhibits. Admission is by donation, which will help continue supporting operations.



## Virtual Understanding Bank Performance

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# Four Growth Hacks For Increasing Household & Deposit Acquisition

*By Stephenie Williams, Vice President, Financial Institution Marketing Product & Strategy, Vericast*

As every banker knows, a healthy loan environment is essential for maintaining healthy banks (see the old adage that loans create deposits). Increased lending requires increased deposits to pay for the loans and maintain an optimal loan-to-deposit ratio (LDR). Now that we're facing an up-rate environment for the first time in a generation, profitability becomes more difficult, putting even more pressure on core deposits to provide a stable source of funds for lending activities as well as long-term profit potential.

The importance of core deposits can't be emphasized enough. In addition to a stable source of funds, they provide predictable costs and a reliable measurement of account holder loyalty. And rates paid on core deposits adjust more slowly, thus muting the impact on your institution's net interest margin (NIM) as our historically low-interest rate environment recedes.

All this to say that attracting, retaining, and growing core deposits is more important than ever — and that importance isn't going to change any time soon.

Many financial institutions have relied on organic growth to meet their deposit needs. Whether through their branch networks or their brand equity in the market, they've counted on new account holders walking through their doors and opening new accounts. Maybe they've tried one-off campaigns such as "refer a friend" or branch radius mailings, but these are typically few and far between.

## **Acquisition Marketing to the Rescue**

Organic growth only goes so far. To consistently grow core deposits, banks and credit unions need a proactive approach to capturing new account holders and deposit accounts. Competition is fierce. Account holder experience is vital and becoming more vital every day. The successful institution of the future is the one who's out there today, actively marketing to prospects in a targeted, strategic way.

If you're ready to boost household and deposit acquisition, here are four questions to ask yourself before diving in.

## **What Does Success Mean to You?**

This seems like a no-brainer, but it's important to define success in order to attain it. Growth can come in many shapes and sizes, but not all of them will work for your institution. Defining success before you begin allows you to establish key performance indicators (KPIs) and milestones to measure your progress against.

Are you looking to grow a certain segment? Are you looking to grow your wallet share with existing account holders? Do you want to grow new households?

For example, maybe you want to attract more millennials. If so, you need to know how many you're currently serving and how they feel about you. What do you have to offer them? How are you going to keep their business over the long term? To answer these questions, you have to understand the wants and needs of your prospects, in this case, millennials in your target area.

## **Who Are Your Best Account Holders?**

Not all account holders are created equal. A "quality over quantity" approach built around serving a smaller group that is more likely to engage with you over the long term and become evangelists for your brand is preferable to a "more is better" approach that doesn't take into account the costs of churn and attrition.

In order to know the best prospects to target, you need to understand who your best account holders are. Where do they live? What products do they buy from you? Through which channels do they engage with you? Are they ATM users? Do they prefer the drive-thru teller? Do they use your mobile app?

To attract your best account holders of tomorrow, gain a better understanding of your best account holders today.

## **What's Your Approach to Attracting and Engaging Prospects?**

Once you understand who your best prospects are, how are you going to attract them? What messaging will resonate with them, cutting through the endless noise they're bombarded with every day? What channels do they frequent?

Once you've got their attention, how are you going to engage them, to nurture them from a prospect, or lead to a happy account holder?

While there may seem like fewer answers than questions, and marketing can be a never-ending task, it's essential to stay focused on your core capabilities (what you can offer that no one else can) and how they overlap with what your best prospects want. A targeted approach with personalized messaging will help position you to capture account holders when they're ready to switch.

Above all, remember that cadence is key. Acquisition marketing is not a one-and-done campaign that you turn on and then off when you hit your numbers. It's a sustained, long-term approach to growing your business in a targeted, strategic and sustainable manner.

## **Does Your Customer Experience Measure Up?**

Consumers have radically changed how and why they make purchasing decisions. Gone are the days of simple price

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# FDIC Insurance – A Foundation in Turbulent Waters



*By Daniel Baker, Associate General Counsel, Compliance Alliance*

I have a picture of the La Jument lighthouse of Brittany, France, that hangs on the wall of my bedroom. This photograph, taken by Jean Guichard, depicts the lighthouse and a man standing alone amid turbulent seas as waves crash around it. I have seen this photograph multiple times throughout my few years, and usually, it is accompanied by

some type of quote that is either religious or secular. Ultimately, though, the feeling is the same. Peace. Peace in the storm. This picture hanging on my wall has reminded me of the important things. While the storm rages, as long as your foundation is solid, then all that is left is for the waves to break around you.

So, let's start firsts by taking a look at the storm today. At the time that I am writing this article, the Silicon Valley Bank, Signature Bank, and First Republic Bank have all made it onto the FDIC's Failed Bank List. In his address to the US Senate Committee on Banking, Housing, and Urban Affairs, FDIC Chairman Martin J. Gruenberg stated, "Risks to the outlook include the potential for weakening credit quality and profitability that could result in further tightening of loan underwriting, slower loan growth, and higher provision expenses. Commercial real estate (CRE) loan portfolios, particularly loans backed by office properties, face challenges should demand for office space remain weak and property values continue to soften. Higher interest rates and reduced property values may contribute to increased financing costs and make refinancing CRE loans more difficult."

This is where I tell you to breathe. Don't worry, this isn't some type of doom and gloom article about banks failing, market crashes, rampant unemployment, or global depression. We will leave the clickbait topics for another day and instead, we will focus on protecting our customers and what type of insurance has been extended to them.

As things stand now, the standard deposit insurance is \$250,000 per depositor, per insured bank, for each account ownership category. That means that if John and Jane Smith each have individual accounts with \$200 a Joint checking account with \$3,000, and \$50,000 in a savings account for an eventual down payment on a house, they are covered. 100% of their assets are covered by FDIC insurance. Historically, FDIC insurance has paid out on claims within a few days after a bank closing. This is usually done by either providing each depositor with a new account at a different bank, with amounts equal to what was in their account at the failed bank, or by issuing each depositor a check.

This is where any good banker would start to question things. "That sounds too good to be true!" "Are my taxes paying for another program?"

The way that FDIC provides coverage is through something called the Deposit Insurance Fund ("DIF"). The DIF is backed by the full faith and credit of the United States and is funded from two distinct sources. First, the DIF is funded from premiums paid for by FDIC-insured institutions and, second, interest earned on funds invested in US government obligations. However, between the two of these, the largest contributions to the DIF are through the quarterly assessments of insured institutions.

A bank's assessment is determined by multiplying its assessment rate by its assessment base. As of 2011, as part of the Dodd-Frank Act, the bank's assessment base is determined by its

average consolidated total assets less its average tangible equity. Using this equation, the bank will end up paying assessments on its total liabilities vs just insured deposits.

The assessment rate, on the other hand, is based on risk. The FDIC risk-based system has evolved a lot since its early implementation back in 1993. Ultimately, the goal of a risk-based system is to reduce the subsidy that lower-risk banks provide higher-risk banks and provides incentives for banks to control, monitor, and reduce risks that could ultimately lead to a loss to the DIF. Over the years, the process and pricing have changed, and the system has become more complex. However, in so doing, the current system places a greater assessment burden on banks with higher risk profiles.

Bank supervisors use a CAMELS rating to classify the overall condition of a bank. Originally CAMEL, "C" stands for Capital Adequacy, "A" stands for Asset Quality, "M" stands for Management, "E" stands for Earnings, and "L" stands for Liquidity. Later on an "S" was added for Sensitivity to Market Risk was added. CAMELS rating range from 1 being the highest and showing that the bank has the greatest strength performance and risk management and the lowest amount of supervisory concern, to 5 with the weakest performance and risk management and highest amount of supervisory concern. For Small Banks (generally, those that are under \$10 billion in assets) are assigned an individual rate based on a formula using the CAMELS rating and financial data. Large banks (generally, those banks over \$10 billion) ratings are more complex and are based on one of two different scorecards. This scorecard combines CAMELS ratings, financial measures of the bank's ability to withstand asset-related and funding-related stress, and a measure of loss severity that estimates the potential losses to the FDIC in the event of failure.

These assessment rates are not stagnant, and they are subject to change. These rates decrease for the issuance of long-term unsecured debt, increase for the holding of long-term unsecured debt, and for large banks that are not well-rated, increase for significant holdings of brokered deposits.

Don't worry. You don't have to remember or memorize all of that. The FDIC has published some calculators for small banks, large banks, and highly complex banks.

But what is happening today?

On March 12th, 2023, the FDIC, in connection with the Federal Reserve Board and Treasury (collectively "The Regulators"), announced an increase in systemic risk in the banking industry. As part of this process, the FDIC also announced that it would be covering all deposits at Silicon Valley Bank and Signature Bank.

On May 11th, 2023, the FDIC board of directors issued a Proposed Rule on Special Assessment Pursuant to Systemic Risk Determination. In this proposed rule, the FDIC discussed how the Federal Deposit Insurance Act ("FDI ACT") requires the FDIC to recover any losses sustained by the DIF as a result of protecting uninsured depositors. As part of this, the FDIC can consider "the types of entities that benefit from any action taken or assistance provided". In general, the FDIC determines, large banks with large amounts of uninsured deposits benefit the most from the systemic risk determination, and 113 banking organizations would be subject to the special assessment. Banking organizations with total assets over \$50 billion would end up paying more than 95% of the special assessment. However, no bank under \$5 billion would be subject to the assessment. From this, the FDIC is proposing to collect the special assessment be-

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comparisons or what brands have the best features and benefits. Today's consumers evaluate each and every interaction they have with a brand, its products, and its people, and they compare it across industries and businesses.

Whether online or over the phone or in a brick-and-mortar store, or via a mobile app, account holders demand excellence each and every time.

Remember this as you proactively seek new account holders. They are comparing you not just against other financial institu-

tions in your market but against Amazon and Netflix and Spotify, and Uber. Meet their expectations, and you will continue to win the day. Fail to meet them, and you will soon be left behind.

*Stephenie Williams specializes in consumer acquisition marketing optimization for the financial services industry. Her experience spans more than 25 years in the financial services, retail and automotive industries. Williams helps clients achieve their key KPIs through the deployment of data-driven audience selection, creative messaging, and measurement.*

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ginning with the first quarterly assessment of 2024, due payable June 2024.

What this means in layman's terms. The FDIC covered deposits not traditionally insured for Silicon Valley Bank and Signature Bank. However, no meal comes free, so the FDIC is going to up the cost to large banks. Taxpayer's dollars will not pay for this.

The FDIC has contemplated change. Three options have been presented as potential, viable, options.

1. Limited Coverage – basically increasing the current limits on the current system
2. Unlimited Coverage – it is what it sounds like
3. Targeted Coverage – specific increases for specific types of accounts (i.e., businesses getting insured more than personal accounts)

Of these three options, right now the FDIC is leaning towards targeted coverage. However, to invoke this change, Congressio-

nal action would be required.

The FDIC acts as a foundation and support for many banks. When all else fails, the purpose of the FDIC is to protect the customer and make them whole, or at least more whole. So even though there may be storm clouds and winds driving the waves, our foundation has not yet failed.

Remember, when everything seems to be crashing down, take a breath, find your peace in the storm, and look at it again.

*Daniel Baker serves C/A as Associate General Counsel and is the host the Banking Matters Podcast. He attended Michigan State University College of Law. During law school, he worked in a variety of compliance and legal positions for software companies, and Alpine Title. He also holds a Bachelor of Science in Business Management from Utah Valley University. Dan is one of our go-to presenters for webinars, both B2B and Monthly Training Webinars, and is one of our featured authors for ACCESS magazine.*



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