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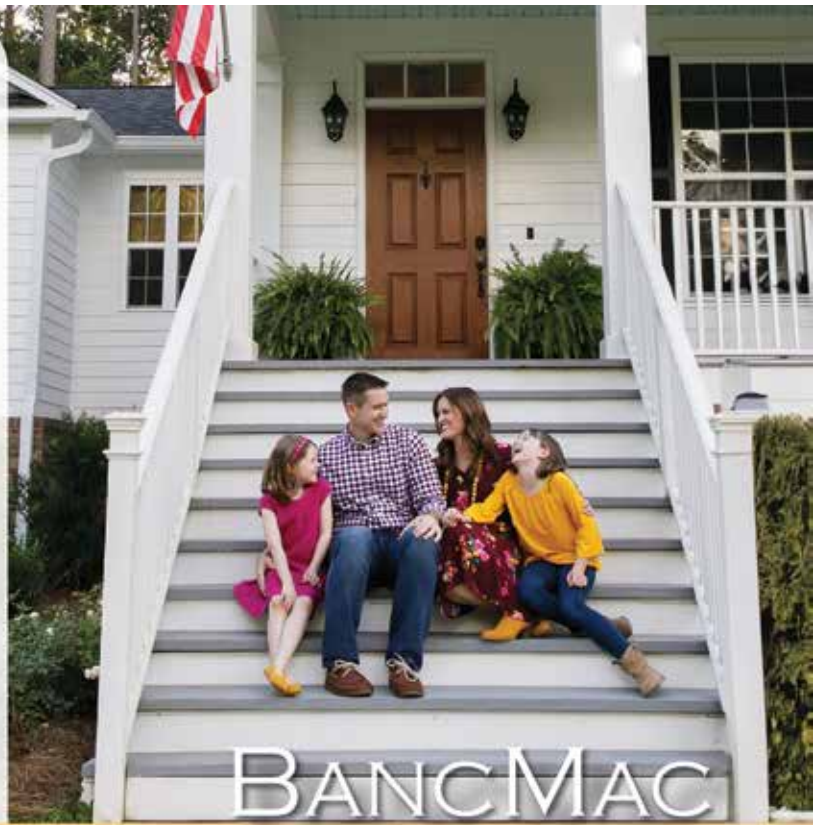
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Baker Asset/Liability Management School

The Baker Group pioneered Asset/Liability Management (ALM) more than forty years ago when we developed the first computer based ALM program designed specifically for community banks. Since then, we have spent four decades educating financial institutions how to effectively use ALM strategies to manage risk and maximize performance. The Baker Group has presented hundreds of seminars and conferences across the country and now we have brought that history of educational experience to an Asset/Liability Management School designed specifically for members of the ALCO and those needing to learn the fundamentals of ALM. The Baker ALM School will give attendees the knowledge to better understand the "who, what, why, and how" of ALM and the ALCO process.

WHAT YOU WILL LEARN

- Fundamentals of asset/liability management including what it is and why we do it
- Understanding the impact of the economy, monetary policy, and interest rates on the earnings and capital of the institution
- Regulatory expectations to ensure you are always in compliance with the latest guidance and prepared for your next exam
- Best practices for developing an effective ALCO process including appropriate policies, procedures, and risk limits
- Practical methodologies and recommendations for how to develop assumptions that are institution specific and regularly reviewed, stress-tested, and back-tested
- Review of the most important assumptions available in most models and which ones have the greatest impact on outcomes including:
 - Betas, rate sensitivities, and lags
 - Decay rates, NMD average lives, and maturity distributions
 - Discount rates and reinvestment rates
 - Prepayment rates
 - Rate scenarios including instantaneous vs. ramped and parallel vs. non-parallel
- Risk mitigation strategies for managing interest rate risk
- Incorporating investment portfolio management into asset/liability management
- How to develop an effective liquidity risk management process including forward looking dynamic cash flow modeling, stress testing, and contingency funding plans

WHO SHOULD ATTEND

This school is designed for Presidents, CEOs, CFOs, and members of the ALCO committee. Directors and anyone else involved in the asset/liability management process will also benefit from the Baker ALM School.

For your convenience, register for the school online at [GoBaker.com/alm-school/](https://www.GoBaker.com/alm-school/). Call Skoshi Heron at 888.990.0010 for more information.

11 hours of CPE credits will be earned for your attendance.



ALM SCHOOL SCHEDULE

Tuesday, August 20

Breakfast, Program, Lunch, Program, Adjourn, Dinner

Wednesday, August 21

Breakfast, Program, Conclusion

ACCOMMODATIONS

A block of rooms is available at the Omni Oklahoma City Hotel. Identify yourself as a Baker ALM School attendee when calling 405.438.6500. The special room rate will be available until **July 18, 2024** or until the room block is sold out. Hotel price: Deluxe \$209 + tax.



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EDUCATION & SPECIAL EVENTS THROUGH THE DECADES



*Graduates of the inaugural
Community Bankers School class.*

Education and Special Events has been a pillar of the Community Bankers Association of Illinois since 1983. For more than 40 years, CBAI has created education programs designed for community bankers. This has been a solid foundation for the association with a staff of impressive longevity. Over the years, the Education Department has grown from a staff of one to four full-time staff members today. This department not only conducts educational events, but they are also responsible for the spring Group Meetings and the annual convention.

Education

In 1981, ICBI established the Future Planning Committee that recommended the development of education seminars tailored to independent banks. They suggested focusing on profit planning, one-bank holding companies, bank directors, bank security, trust and legislative relations.

In July of 1983, the ICBI Educational Program commenced with seminars on "Building Profits Through Direct Sales," a professional sales training program for bank officers. Other topics scheduled during that year included "Creation of One Bank Holding Companies," "Asset/Liability Management for Community Banks," "Overview of

Bank Operations" and "How to Price and Market Deregulated Products." That same year, the ICBI approved amended bylaws to include an Education Committee that produced seven programs and 281 attendees.

In response to member demand for more educational offerings, ICBI hired Barbara Blough as the first director of education in June 1985. This position also included convention planning, publications and managing advertising programs.



CDD members enjoy a social event the evening prior to the conference.



CDD members participate in a team-building activity.



Graduates of the 2023 Community Bankers School class.

In 1987, the Education Committee began offering the Community Bankers for Compliance (CBC) program with Young & Associates, Inc. (Y&A). This program is still one of the most popular programs offered, with more than 30% of CBAI's membership participating. Since this program's inception, CBAI and Y&A have added an enhancement option to assist community banks with the ever-changing regulatory environment.

Also in 1987, the Education Committee took a major step and held the inaugural two-week, two-year School for Community Banking at Illinois Wesleyan University in Bloomington. More than 50 students enrolled in the first session, with the first class graduating in 1988. This school featured lectures, class exercises, special workout problems, small discussion groups and a computer-based simulation. This school was renamed to the Midwest School for Community Bankers in 1995 when several nearby counterpart associations joined to market to their community bankers. This school is still going strong and has changed its name from the Midwest School for Community Bankers to the Community Bankers School as it has expanded to include participants throughout the country. CBAI has collaborated with other community banking associations to offer this program as a stepping stone to graduate schools. The School has educated community bankers from more than a dozen states.

Throughout the years, CBAI has added several multiple-day institutes (mini-schools) to the training calendar, beginning in 1995 with the Residential Real Estate Lending Institute. Additional institutes have been offered in the areas of Consumer Lending, Commercial Lending, Ag Lending, IRA, BSA and Compliance (both basic and advanced). Developed throughout the years, these programs are still a staple of CBAI's educational offerings.

In early 1988, Sandra McAvoy, after serving as director of governmental relations for five years, became the director of education and public relations. In 1990, her title was changed to director of education and special events. She served in this role until her retirement in 2011 when Tracy McQuinn was promoted to the position of senior vice president of education and special events, having previously served as vice president of the department.

In 1992, CBAI created the Young Bankers Division (YBD), a professional organization for community bankers between the ages of 21 and 45, to further develop community bank leaders. This group came from the efforts of energized Community Bankers School students and was designed to nurture talents and cultivate a positive community banking attitude for the preservation of community banking. YBD's first meeting drew 77 members from 53 banks that combined leadership training with banking issues and networking opportunities. As part of their mission, participants were also encouraged to teach basic economics and community banking classes within their communities. YBD changed its name to the Career Development Division (CDD) in 2003 to be a better representative of its mission. This organization currently has 178 members and continues to hold a Fall Meeting and Annual Spring Conference. They also recognize a Banker of the Year and an Economic Educator of the Year. As part of the organization's mission, YBD/CDD has raised money for the Tribute to Community Banking and continues to raise money for Community BancPac and the Foundation for Community Banking scholarship program.



CAREER DEVELOPMENT DIVISION BANKER OF THE YEAR

- | | |
|---|--|
| 1994 Jeff Rabenort,
The First National Bank of Okawville | 2008 Dale Boyer,
Citizens National Bank of Paris |
| 1995 Dan Gregorich,
Illini State Bank, Oglesby | 2009 Chris Gordon, Franklin Bank |
| 1996 Sheila Reichert,
The First State Bank of Vienna | 2010 Shelley Spratt, Havana National Bank |
| 1997 Doug Raupp, The Harvard State Bank | 2011 Amy Thiede,
Prairie Community Bank, Marengo |
| 1998 Gary Mueller, Palmer Bank, Chatham | 2012 Jennifer Beard,
Farmers State Bank, Elmwood |
| 1999 Doug Parrott, State Bank of Toulon | 2013 Dax Garrison,
Community Trust Bank, Irvington |
| 2000 Scott Schoonover,
The Farmers Bank of Liberty | 2014 Karrie Herzog Dodson, Shelby County
State Bank, Shelbyville |
| 2001 Mary Sulser,
Buena Vista National Bank, Chester | 2015 Kim McKee, North Central Bank, Ladd |
| 2002 Kerry Hoops, German-American
State Bank, German Valley | 2016 Kim McKee, North Central Bank, Ladd |
| 2003 Pam Roskens,
Citizens First State Bank, Walnut | 2017 Didi Drake, Bank of Chestnut |
| 2004 Burnel Beckman, The First National
Bank of Dieterich | 2018 Haley Guisti, North Central Bank, Ladd |
| 2005 Andrew Black, Princeville State Bank | 2019 Kim McKee, North Central Bank, Ladd |
| 2006 Jennifer Grealis, Bank of Palatine | 2020 Ryan Heiser, The Fisher National Bank |
| 2007 Kelly Green, Herrin Security Bank | 2021 Katie Ashworth,
CNB Bank & Trust, N.A., Carlinville |
| | 2022 Bob Stachowski,
The First National Bank of Sandoval |
| | 2023 Katie Ashworth,
CNB Bank & Trust, N.A., Carlinville |



CDD Chairwoman Kim McKee, North Central Bank, Hennepin, presents the Banker of the Year award to Shelly Spratt, Havana National Bank, in 2010.

Another key element to CBAI’s educational programs is Forums and Groups. These began in 1995 with two CEO Forums. CBAI currently offers eight CEO Forums, two CFO Forums, five Senior Lender Forums, six Human Resources Groups, three Marketing Groups, five Operations/Technology Groups and two Branch Managers Groups.

In 1999, CBAI began offering webinars. Two offerings in the first year turned into nearly 200 in 2024. CBAI has a great relationship with Financial Education and Development Inc. to offer these programs to provide an affordable way to train community bankers.

CBAI continues to grow education offerings through the addition of various schools, institutes, conferences and one-day seminars throughout the years to meet the needs of community bankers. CBAI’s educational agenda includes various one-day conferences for Women in Community Banking, a C-Conference designed for C-level community bankers, and a Directors’ Conference.

The Education & Special Events team is now responsible for more than 340 training programs, educating more than 9,100 bankers annually. Our mission is to educate community bankers from frontline staff to directors and everything in between. Our training consists of in-person, on-demand and webinars, as well as online training programs offered by the Independent Community Bankers of America (ICBA).





Convention

The first convention was held on May 15, 1975, at the Palmer House in Chicago with 120 members and guests participating. During this convention, the Independent Community Bankers in Illinois (ICBI) members adopted a constitution.

In 1976, at the second ICBI convention held in Springfield, the more than 500 attendees included 140 state legislators. During the third annual convention, the EFTS Committee was formed. The fifth annual convention in May 1979 was held in Springfield and featured former President Gerald Ford as a keynote speaker. He addressed the approximately 750 members and guests on economic conditions and foreign affairs.

During the 1983 convention, the bylaws were changed, and the convention was moved from being held in the spring to the fall, where it is still currently held.

In 1999, CBAI celebrated its 25th Anniversary with a convention in Springfield with nearly 900 attendees, including bankers, spouses, exhibitors, associate members and staff.

In 2014, CBAI celebrated its 40th Anniversary with a retro theme taking us back to 1974. This convention was held in Chicago and honored CBAI Executive Director Bob Wingert for his years of service with a fundraiser benefiting the Foundation for Community Banking. The event had 652 registrants and 100 exhibit booths.

Planning is well underway for the 50th Annual Convention in Springfield. This event is scheduled for September 19–21, 2024, at the Crowne Plaza.





CONVENTIONS

- 1975** (May 4) Chicago, IL
- 1976** (April 28–29) Springfield, IL
- 1977** (May 1–3) Springfield, IL
- 1978** (May 7–9) St. Charles, IL
- 1979** (May 16–17) Springfield, IL
- 1980** (April 27–29) French Lick, IN
- 1981** (May 4–6) Springfield, IL
- 1982** (May 10–11) Springfield, IL
- 1983** (May 10–12) Springfield, IL
- 1984** (September 23–25) Bloomington, IL
- 1985** (September 22–24) St. Louis, MO
- 1986** (September 28–30) Springfield, IL
- 1987** (September 25–29) Itasca, IL
- 1988** (September 16–19) St. Louis, MO
- 1989** (September 15–18) Peoria, IL
- 1990** (September 27–October 1) Chicago, IL
- 1991** (September 20–23) St. Louis, MO
- 1992** (September 17–20) Springfield, IL
- 1993** (September 16–19) St. Charles, IL
- 1994** (September 15–18) St. Louis, MO
- 1995** (September 21–24) Peoria, IL
- 1996** (September 19–22) Oak Brook, IL
- 1997** (September 18–21) Nashville, TN
- 1998** (September 24–27) St. Louis, MO
- 1999** (September 23–26) Springfield, IL
- 2000** (September 14–17) Lake Geneva, WI
- 2001** (September 19–21) Branson, MO
- 2002** (September 12–14) Indianapolis, IN
- 2003** (September 18–20) Springfield, IL
- 2004** (September 23–25) St. Louis, MO
- 2005** (September 15–17) Chicago, IL
- 2006** (September 14–16) Indianapolis, IN
- 2007** (September 27–29) Memphis, TN
- 2008** (September 11–13) Springfield, IL
- 2009** (September 24–26) Schaumburg, IL
- 2010** (September 30–October 2) Louisville, KY
- 2011** (September 22–24) Milwaukee, WI
- 2012** (September 20–22) St. Louis, MO
- 2013** (September 26–28) Springfield, IL
- 2014** (September 18–20) Chicago, IL
- 2015** (September 17–19) Nashville, TN
- 2016** (September 15–17) Kansas City, MO
- 2017** (September 14–16) Springfield, IL
- 2018** (September 27–29) St. Louis, MO
- 2019** (September 19–21) Springfield, IL
- 2021** (September 23–25) Chicago, IL
- 2022** (September 29–October 1) St. Louis, MO
- 2023** (September 21–23) Indianapolis, IN
- 2024** (September 19–12) Springfield, IL
- 2025** (September 18–20) Kansas City, MO
- 2026** (September 17–19) Indianapolis, IN

Group Meetings

CBAI’s Annual Group Meetings take the staff on the road to visit the state and meet our members. When the constitution was adopted in 1975, it established 11 Group areas that coincided with legislative districts. In 1988, Annual Group Meetings were added to the CBAI’s programming and attracted more than 600 bankers in 13 different groups throughout the state. Each of the 13 Group Directors who represented a geographical area, along with CBAI staff, discussed legislative issues, CBAI business and topics of common interest. At the 2017 Convention, the bylaws were changed and CBAI changed from 13 to 12 Groups throughout the state. This began in 2018, with Group Meetings conducted in 11 locations. (Chicago-area Groups 1 & 2 conducted a joint meeting.)

These meetings still provide a great opportunity for networking with peers, staff and vendors. These meetings continue to be held every spring throughout the state and currently have more than 800 bankers, staff and associate members attending. The Group Meetings still feature an association update, a legislative update and an educational program for community bankers.

The Education & Special Events team consists of Tracy McQuinn (27 years) as senior vice president, Melinda McClelland (21 years) and Jennifer Nika (13 years) as vice presidents and Tina Wilder (seven years) as administrative assistant. We are excited to celebrate 50 years this year and look forward to another 50-plus, providing quality programming to enhance community banking ■



It's Time to Enhance Your Contingency Funding Plan

Dale Sheller, Associate Partner and the Director of the Financial Strategies Group, The Baker Group, Oklahoma City, OK

Did you Know?

Approximately 8 million jobs were lost during the Great Recession of 2008.

The great financial crisis of 2008 brought a slew of new banking regulations and guidance. More specifically, it brought guidance related to best practices for liquidity risk management. As loan-related asset quality problems occurred during that financial crisis, many institutions were left in a less-than-desirable liquidity position. As a result, many of their off-balance sheet or contingent liquidity sources became impaired or unavailable as asset quality problems were severe enough to negatively impact their earnings and capital positions. The lack of access to readily available secondary liquidity sources left many banks scrambling for balance sheet funding. The need for a comprehensive, well-developed contingency funding plan (CFP) that sufficiently addresses potential liquidity events and emergency cash flow requirements soon became a regulatory requirement.

Recent Events

The importance of funding and liquidity risk management was starkly evident in recent bank failures. Silicon Valley Bank, Signature Bank and First Republic Bank faced liquidity challenges, leading to their downfall. While multiple factors contributed to these failures, inadequate liquidity management played a central role. As a direct result of the bank failures and tighter liquidity environment, the regulators released an “Addendum to the Interagency Policy Statement on Funding and Liquidity Risk Management: Importance of Contingency Funding Plan” in July 2023. The guidance reiterates the need for an actionable CFP that considers a range of possible stress scenarios. Additionally, the guidance called for depository institutions to test the operational readiness of their CFP by regularly testing their borrowing lines to ensure their staff are well versed in how to access the lines. Lastly, the guidance encourages depository institutions to incorporate the discount window as part of their contingency funding planning.

A Written Plan

All financial institutions, regardless of size or complexity, need to have a formal written CFP that clearly defines strategies for addressing liquidity shortfalls in emergency situations. While CFPs should be tailored to the business model, risk and complexity of the individual institutions, most CFPs require management to:

- Establish a liquidity event-management framework (including points of contact and public relations plans);
- Establish a monitoring framework;
- Identify potential contingent funding events;
- Identify potential funding sources;
- Require stress testing; and
- Require periodic testing of the CFP framework.

Early Warning Triggers

A key component of a sound CFP is early warning triggers. Early warning triggers serve as warning signs for identifying potential funding risks. They can be institution-specific or systemic. These triggers need to be measurable to properly alert management of potential funding risks. Some examples of common early warning triggers include the following:

- Deteriorating trends in loan performance, classified loans, nonperforming and past-due loans;
- Decline in regulatory capital levels;
- Significant decline in earnings performance;
- Internal issues that could lead to negative news coverage;
- Significant declines in overall deposits; and
- Elimination of committed credit lines by counterparties.

“Institutions should conduct stress tests regularly for a variety of institution-specific and market-wide events across multiple time horizons.”

Intertwine CFP with Stress Testing

Institutions should conduct stress tests regularly for a variety of institution-specific and market-wide events across multiple time horizons. Liquidity stress testing involves running various low-, moderate- and high-impact scenarios through the balance sheet to expose potential weaknesses or vulnerabilities. The results of stress tests should also play a key role in shaping the institution’s contingency planning. In short, liquidity stress testing exposes vulnerabilities, and the CFP provides a road map to address them, ensuring the institution can weather the storm.

Summary

In conclusion, community banks must recognize that a robust CFP is not just a regulatory requirement — it is a strategic imperative. By proactively addressing liquidity risk through a well-prepared CFP, community banks can safeguard their stability, protect their depositors and continue serving their communities effectively. It’s never a bad time to dust off your current CFP and make some enhancements. ■



Dale Sheller is an associate partner and the director of the Financial Strategies Group at The Baker Group. He joined the firm in 2015 after spending six years as a bank examiner with the Federal Deposit Insurance Corporation. Sheller holds a bachelor's degree in finance and a master's degree in business administration from Oklahoma State University, Stillwater. He works with clients on investment portfolio strategies, interest rate risk management, liquidity risk management and regulatory issues. Sheller regularly speaks at educational seminars nationwide and serves as a faculty member for multiple banking schools. Contact: 800/937-2257, dsheller@gobaker.com.



Managing D&O and Cyber Risk with Your CISO

*Patti Tobin, Producer, Financial Practices Division,
Community BancInsurance Services, A Gallagher Company, Springfield, IL*

Community banks systematically work to identify and mitigate the key vulnerabilities they have at any given time while understanding they cannot eliminate all cyber risks. The risk of “regulatory enforcement” has shifted from being a talking point. It’s a growing exposure, affecting a wide range of companies (such as your customers) and individual employees as well.

Chief information security officers (CISO) and other corporate cybersecurity employees are increasingly concerned about being swept into claims that could expose them to personal liability, thus, the extreme importance of directors and officers executive and cyber liability coverage protection.

Government agencies may look at individual employees for their roles in alleged cybersecurity failures and weaknesses.

Insureds continuously prioritize their cyber actions and investments based on their periodic reassessments of their changing risk exposures. The National Institute of Standards and Technology (NIST) cyber framework, in effect, treats cybersecurity as a journey during which organizations will continue to improve their readiness over time.

Several factors, including budgetary constraints, affect how community banks choose priorities along the way. Companies need to systematically work to identify and mitigate the key vulnerabilities they have at any given time while understanding they cannot eliminate all cyber risks.

Regulatory

Various governmental agencies have sought to fill the vacuum created by the absence of U.S. federal cybersecurity law. Further, there’s little, if any, administrative guidance to help comply with the evolving regulatory rules. As a result, it’s widely expected that there will be a significant increase in new enforcement actions.

Insurance

The availability of insurance coverage can depend in significant part on the nature of the particular pleadings, at least in the early stages of a claim. The relative novelty of some of the new enforcement claims means that there is no clear precedent for assessing coverage. Insurers — and probably courts — have to draw upon policy language, underwriter intent and the expectations of the parties to the insurance contract rather than on historical guidance in making their initial coverage determinations.

In this new era of collision between cyber and D&O liabilities, insureds need to review their cyber and D&O policies to know the insurance home(s) for these types of claims as they arise.

Steps for Now

Community banks can take many steps to reduce their and their employees’ potential liability from regulatory enforcement claims. Here are some suggestions:

- Perform and document periodic privacy impact assessments to help establish priorities and support the strategic investment decisions along its cyber journey.
- Confirm that all of the company’s public-facing statements about its cybersecurity practices, policies and history are aligned, consistent and accurately reflect the company’s actual behavior and experience with cyber events. Consider that disclosures appearing to discuss cyber risks hypothetically may be viewed as material or misleading if the insured has been affected by prior or ongoing cyber incidents.
- Coordinate communications across all departments internally and collaborate to ensure that external messages are consistent.

- Establish robust disclosure controls and processes with the participation of cybersecurity experts, IT personnel, insurance partner representatives and outside counsel.
- Conduct vigorous due diligence on third-party service providers because a cyber event against a service provider often means increased vulnerability for that service provider's customers.
- Keep the board of directors informed of the community bank's cyber priorities, the timeliness of remediation and budgetary constraints.
- Document activities NOT being undertaken currently and the reasons for the inaction. Share this information with the board so that directors will understand the risks and the remediation road map.
- The legal, security and IT departments should work together to manage how sensitive cyber matters — including perceived vulnerabilities at any given point in time — are communicated, documented and reported.
- Clarify how and to what extent CISOs or other officers should address and document intra- and inter-departmental communications about cyber vulnerabilities and priorities in their reports to management and the board. Community banks should expect that internal communications might become public by way of compelled disclosure via enforcement action or other litigation.
- Although CISOs may not be in a position to assess the materiality of particular cyber incidents, they may help determine if the incidents reveal significant vulnerabilities that should be taken into account in crafting the company's public disclosure.
- Update cyber incident response plans to address how cyber incidents are

to be reported and escalated, and require that cyber incident response plans provide for timely and efficient communication and collaboration across appropriate departments of the bank AND your insurance partner representative.

- Ensure that all relevant employee positions are included as insureds in D&O policies.
- Review both D&O and cyber insurance policies to assess potential coverage grants or restrictions that may arise from unconventional claims.
- Consider alternative strategies with your insurance partner representative for responding to ambiguous policy wording and the coverage gaps they may create.
- As always, when legal questions arise, seek guidance from counsel.

Regulators will continue to focus on the cyber realm, with effects likely to be felt in D&O and cyber insurance as well as on corporate risk management. The absence of settled and tested standards or administrative guidance will likely cause considerable uncertainty and concern

among community banks, boards of directors and employees.

The principal focus should remain on strengthening their cybersecurity defenses. Rather than waiting and watching, companies should undertake comprehensive reviews of their cyber and disclosure practices and procedures — and strengthen them to help protect themselves and their employees from costly threats to their balance sheets and reputations.

We strongly encourage our clients to engage internal and external resources for the large task ahead of them as the worlds of cyber insurance and D&O continue to collide. We can help; it's our commitment to the Community Bankers Association of Illinois. ■

For questions on this subject, please contact Community BancInsurance Services, A Gallagher Company, the exclusively endorsed insurance representative of CBAI/CBSC. Ask for Patti Tobin, CIC, insurance advisor, area financial institutions director at 217/414-4485 or patti_tobin@ajg.com.

This article is provided for informational purposes only and is not necessarily the views of Arthur J. Gallagher & Co.

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Community Banks are Fighting **Check Fraud** on the Front Lines

Scott Anchin, Vice President, Senior Operational Risk and Payments Policy, ICBA

Banks and their customers continue to be challenged by a rise in fraud and scams across payment types. Most significantly, check fraud has emerged over the past several years as a leading concern. Mail theft, increasingly sophisticated mechanisms for altering paper checks and check images, and coordination problems among financial institutions have led to mounting losses for community banks.

In 2023, ICBA wrote about how community banks can combat the rise of check fraud. In 2024, we noted in a written statement for a Senate Banking Committee hearing that community banks are uniquely positioned to prevent, detect and mitigate customer fraud. As relationship bankers, community banks know their customers in real and meaningful ways. These relationships help to prevent fraud on the front lines, promote access to fraud prevention services and give customers a personal resource when they fall victim to scams.

Combating Check Fraud is a Shared Responsibility

Check fraud is unique among common schemes in that no single party can solve the problem on its own. ICBA supports collaborative, industry-led efforts to combat check fraud:

- Federal and state law enforcement agencies should respond aggressively to investigate and prosecute instances of check fraud. The U.S. Postal Inspection Service, for instance, is working hard to stop mail theft at its source.
- Financial institutions should work together to share information and communicate openly when customers are affected by check fraud. Several industry groups, including Nacha, maintain directories to facilitate information sharing.
- Payment service providers and financial technology companies should continue to develop innovative solutions to help financial institutions prevent check fraud. ICBA's Thick-TECH Accelerator has supported several growth-stage providers of products related to check fraud.



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Market forces will also help to limit check fraud over time. As consumers and businesses accelerate the move to electronic payment networks, including the FedNow Service, check volume will continue to decrease. Fewer checks in circulation will naturally lead to fewer opportunities for fraudsters to steal and alter checks.

ICBA and Community Banks are Leading the Way

ICBA is working closely with community banks across the country, as well as with the broader industry, to help address check fraud:

- **Community bank task force** — In March, ICBA kicked off a check fraud task force. The task force is composed of more than 30 community banks and state bankers' associations, representing the full geographic breadth of ICBA's membership. Over the coming months, the check fraud task force will work collaboratively to help move the industry forward.
- **Industry working group** — ICBA also leads a fraud working group that brings together regulators, law enforcement agencies, trade associations and other government stakeholders to share information, identify best practices and discuss emerging approaches to combating check and other types of fraud. This group has built a considerable record of success in creating cooperation among entities.
- **Member education, training and resources** — ICBA is focusing resources on providing ongoing education to its members. ICBA recently hosted a comprehensive webinar on handling check fraud and featured a session on check warranties, indemnities and exchange rules at ICBA LIVE. ICBA's advocacy team is working to develop a comprehensive guide for community banks grappling with check fraud.

ICBA will continue to engage with its members to explore different mechanisms for collaborating to prevent, detect and mitigate fraud. ICBA also values its ongoing work and relationships with members of Congress and federal agencies. ICBA will continue to partner with these important stakeholders as the industry collectively works to reduce the burden of check fraud. ■



Scott Anchin is vice president of senior operational risk and payments policy for the Independent Community Bankers of America (ICBA). He can be reached at scott.anchin@icba.org.

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CBAI's
50th Annual
Convention & Expo

CBAI is excited to celebrate its 50th Anniversary this year with the 50th Annual Convention & Expo, “Fifty Years. One Mission. Community Banks,” scheduled for September 19–21, 2024, at the Crowne Plaza, Springfield, Illinois.

Thursday Golf Outing

The Golf Outing at CBAI's 50th Annual Convention & Expo on September 19, 2024, will be held at Piper Glen Golf Club. Located in Illinois' historic capital city of Springfield, Piper Glen has 18 holes of championship golf on 177 acres of lush, green, tree-surrounded and well-maintained scenic property.

The award-winning course at Piper Glen is a par 72, championship layout course, consisting of immaculate bent grass tees, fairways and greens. Strategically placed bunkers and water hazards, combined with the gently rolling countryside and existing wooded areas, make for a challenging round of golf for players of all abilities.

Friday Business Meeting Luncheon

During the Business Meeting Luncheon, CBAI members and guests hear more about the top regulatory, political and competitive issues confronting community banking today and what CBAI is doing about them.

Association Chairwoman Sheila Burcham, Bradford National Bank, Irvington, addresses the delegation on key events during her term; Incoming Chairman David Stanton, PeopleFirst Bank, Joliet, presents his views on the community banking profession looking forward; and ICBA Immediate Past Chairman Derek Williams discusses significant issues pending in Congress. CBAI President Kraig Lounsberry provides an Association update; CBAI Treasurer Jim Weast, Warren-Boynton State Bank, New Berlin, reviews the Association's financial position; and Career Development Division (CDD) Chairwoman Delaina Zellers discusses community banking and CDD. The delegation also elects CBAI officers for the annual period commencing October 1, 2024. Awards for Outstanding CBAI Member, Service Provider of the Year and Outgoing Chairman are announced at the luncheon, as well.

Don't miss out on celebrating this incredible milestone in community banking history! Not only does this year's convention feature fun-filled and exciting social events, but it also offers countless networking opportunities and hard-hitting educational topics. Expert speakers on the hottest community-banking issues fill an education agenda featuring 15 break-out sessions. Visit our more than 80-booth Exhibit Hall crammed full of the latest products and services for community banks. Be sure to visit the ICBA ThinkTECH Accelerator Hub in the Exhibit Hall to learn about cutting-edge, innovative solutions hand-picked for community banks! Presented by ICBA, visit this unique space to meet ICBA ThinkTECH Accelerator fintech companies and learn more about how these providers can help your community banks offer enhanced products and services to address the ever-evolving needs of community banks and their customers.

Early-bird registration is open until June 30. To assist in the planning process, we ask that you reserve your hotel room and register for the 50th Annual Convention & Expo as soon as possible. There is no penalty to register early! For more information or to register, call Tracy McQuinn at 217/529-2265, or visit www.cbai.com today. ■



Piper Glen Golf Course

Charting a Course for Responsible Overdraft Practices

John Cohron, Chief Executive Officer, ADVANTAGE powered by JMFA

Overdraft services continue to be a focal point for regulators and mainstream media. From the CFPB's much anticipated proposed rule alongside efforts by regulators to eliminate problematic overdraft practices, there is intense pressure for community banks and credit unions to evaluate their overdraft strategy to ensure it is consumer-focused and responsible. Embracing proactive measures to meet market demands and regulatory expectations is essential for achieving sustainable growth.

Rather than adopting a passive "wait-and-see" approach or making sweeping fee adjustments, conducting a thorough analysis of your program and fee structures is important. A consumer-friendly overdraft strategy begins with carefully reviewing your program through the lens of your account holders, prioritizing transparency.

Regulators consistently stress the importance of disclosure and clear communication. Providing upfront program details, including overdraft limits and fees, is crucial for prioritizing the needs of your account holders. It comes down to them being able to make an informed decision about using a valuable service that is easy to understand.

In fact, consumers have a need and are willing to pay for the service. A national survey conducted by Morning Consult found that:

- 88% of consumers found overdraft protection valuable.
- 77% of consumers who paid an overdraft fee in the past year were glad their payment was covered rather than being returned or declined.
- 63% percent of consumers think it's reasonable to be charged a fee for an overdraft.

As industry leaders and policymakers deliberate on the future of overdrafts, acknowledging these realities becomes imperative.

Implementing a proactive overdraft strategy should align with offering a valuable, better service.



“When you put overdraft best practices into motion today, you are planting the seeds of trust that can grow into stronger loyalty through all the stages of your account holders’ financial journey.”

When evaluating your overdraft strategy, three important areas to consider include:

- 1. Reducing consumer costs:** Demonstrating meaningful changes to your consumers is crucial. For instance, implementing a grace period and evaluating your fee are two ways to tackle fairness and reasonable fee structure issues. If you have the technological capabilities, employing strategies like low balance alerts and early direct deposit can lower costs for your account holders. Of course, understanding the impact of reactively making changes can be daunting — ensuring you have the right tools and expertise is paramount.
- 2. Mitigating institutional risk:** You can pull a few levers to ensure the stability and resilience of your financial institution. Reviewing disclosures, policies and procedures for AP/SN transactions and re-presented items are significant areas that require time and resources. Moreover, implementing robust risk management frameworks, conducting regular assessments of internal processes, and staying abreast of evolving regulatory requirements must be on your radar. By proactively identifying and mitigating potential risks, you can safeguard your organization’s operations and maintain trust among stakeholders. Often, the challenge is knowing where to look and having in-house expertise.
- 3. Minimizing examination risk:** Maintaining accurate records, implementing better internal controls and prioritizing transparency are key factors in reducing scrutiny. For example, are processes consistent across all branches? Are training resources for your staff up to date and readily available? Can your account holders easily access information about the service? There are several ways you can stay ahead and streamline the examination processes to reduce your risks.



Act now to show your account holders you are in their corner.

Redefining your overdraft strategy will ensure you can deliver on your mission to promote financial health and well-being. These are meaningful ways you provide a responsible overdraft service that your account holders can rely on.

When you put overdraft best practices into motion today, you are planting the seeds of trust that can grow into stronger loyalty through all the stages of your account holders’ financial journey. ■

Contact us for a complimentary analysis of your program, which could reveal new areas of opportunity and help you stay ahead of pending regulatory rules and examiner scrutiny.

Check out our webinar, “Overdraft Overhaul: Insights into the CFPB’s Game-Changing Proposal,” to learn more about the latest regulatory activity.

John Cohron serves as the chief executive officer at ADVANTAGE. With more than 20 years of experience managing consulting operations and technology development, he is a forward-thinking leader passionate about driving innovation and growth.

ADVANTAGE, powered by JMFA, is a trusted provider to the industry for overdraft consulting and a CBSC-preferred provider. We are focused on communication, transparency and improving outcomes for community banks and credit unions with a written 100% compliance guaranteed overdraft service. To subscribe to our news and updates, visit advantage-fi.com/newsletter.

Did You Know?

The average bank overdraft fee in the U.S. decreased in 2023 after four straight years of increased fees from 2018 and 2022.

Illinois Community Bankers Attend ICBA LIVE in Orlando

ICBA LIVE, the nation's largest annual gathering of community bankers, was recently held in Orlando with a large Illinois contingency in attendance. This year's convention theme was "Here for Good," which is a testament to the enduring legacy of community banks and their relationship-based business model focused on building better communities.

The event featured remarks from Air Force Lt. Col. Dan Rooney, classically trained pianist Jade Simmons, ICBA Chairman Derek Williams, ICBA Chairman-elect Lucas White and ICBA President and CEO Rebeca Romero Rainey. This year's event also featured more than 70 sessions and learning labs spanning six tracks and more than 200 exhibiting companies during the Expo. CBAI hosted a state reception on Friday, March 15, that was attended by nearly 100 Illinois community bankers, their guests, ICBA Leadership and other friends of community banking.





Doug Parrott

At the convention, **Doug Parrott**, president/CEO, **State Bank of Toulon**, was elected to the ICBA Board as the PAC Committee chairman. Parrott is currently serving as CBAI's Immediate Past Chairman. In 1979, Parrott received his associate's degree in science from Lake Land College and his agricultural economics degree from the University of Illinois, Champaign, in 1981. He also graduated from CBAI's Community Bankers School in 1988; the Graduate School of Banking, Madison, Wisconsin, in 1991; and the Moore School of Business Graduate School for Bank Investments and Financial Management, the University of South Carolina, in 2006. His banking career started in 1979 at Market Place National Bank, Champaign, as a teller; he began working at the State Bank of Toulon in 1982 as

the farm representative. Parrott became an assistant loan officer in 1984, assistant vice president in 1988 and vice president in 1993. In 1997, he was promoted to senior vice president and senior lending officer. In 2001, he became executive vice president, and in 2006 was elected the ninth president of the State Bank of Toulon. He was elected to the board of directors of State Bank of Toulon in 2003 and chairman of the board in 2018. Parrott was chairman of the CBAI Young Bankers Division (now Career Development Division) from 1994–1996, was the YBD Banker of the Year in 1998 and has served on the CBAI Foundation for Community Banking Board. Parrott previously was the Group 6 director for the Community Bankers Association of Illinois before his election to the board position of Northern Illinois Regional Chairman in 2014. ■



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CBAI's Annual "C" Conference

CBAI's Annual "C" Conference was held on February 14, 2024, at the Crowne Plaza.

This Conference, developed for the C-level community banker, included inspiring and educational general sessions, concurrent sessions and opportunities to network with fellow community bankers. This annual event attracted nearly 60 attendees from community banks across the state.

The conference opened with Jack Kasel's presentation entitled, "How Can Your Bank Drive More Profitable Relationships." Andrea Pringle from The Baker Group provided the session, "Strategies for Managing the Next Phase of the Rate Cycle." After a networking lunch, bankers then had the opportunity to attend breakout sessions geared toward their position at the bank.



Congratulations to Karla Koebele, The Peoples State Bank of Newton, winner of the "\$50 for 50" CBAI anniversary giveaway, presented by CBAI Chairwoman Sheila Burcham, Bradford National Bank, Irvington (L to R: Koebele and Burcham).



The conference ended with a “Check Fraud Solutions Showcase.” This Showcase, emceed by Andy Tinberg, CNB Bank & Trust, N.A., Carlinville (Oak Forest), began with a banker panel discussing their experiences with check fraud and what they have learned. Panelists included Mitch Borneman, Morton Community Bank; Jim Lampe, Germantown Trust & Savings Bank; and Lynn Bandy, Bank of Springfield. The Showcase continued with product demonstrations of solutions to help combat this critical issue. Demos were provided by Q6 Cyber, Verafin, Mitek Systems and SQN Banking Systems.

The Federal Home Loan Bank of Chicago and Independent Community Bankers of America (ICBA) graciously sponsored this event! ■

2024 Annual Capital Conference

Community bankers from across the state gathered in Springfield on February 21 to attend CBAI's annual Capital Conference.

This event is a great opportunity for community bankers to meet with their local legislators, legislative leaders and state regulators to advocate for the community banking profession. The day began with a leadership lunch with members from the Legislation and Regulation Committee and the Special Events Committee before their respective meetings. The Legislation and Regulation Committee discussed several state and federal legislative issues and priorities, such as check fraud, trigger leads and credit union acquisitions of banks, among others. Attendees heard from Susan Sullivan Kinney, senior vice president of congressional relations (ICBA); Acting Director of Banking Susana Soriano (IDFPR); Deputy Director of Banking Matt Jennings (IDFPR); and Jerry Peck, senior vice president of governmental relations (CBAI). House Minority Leader Tony McCombie and Senate Minority Leader John Curran also spoke to the group, providing very informative insights into the governor's budget that he had just announced earlier that day in his Budget Address/State of State to members of the Illinois General Assembly. The event concluded with a legislative reception where more than 60 senators and representatives were in attendance, including Lt. Gov. Juliana Stratton and State Treasurer Mike Frerichs. CBAI thanks the sponsors of the event and all the attendees for making the trip to Springfield to advocate for community banking. ■



(L to R) Illinois State Senator Win Stoller and Princeville State Bank President/CEO Andrew Black



(L to R) Illinois State Senator Sue Rezin, Grand Ridge National Bank President Gerry Johnson, and North Central Bank, Hennepin, President/CEO Kim McKee



Illinois State Senator Julie Morrison and CBAI Senior Vice President of Federal Governmental Relations David Schroeder



Illinois Lt. Gov. Julianna Stratton and PeopleFirst Bank, Joliet, President/CEO David Stanton



Senate Minority Leader John Curran

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House Minority Leader Tony McCombie

Commercial Lending Institute Meets for 2024 Session



The highly successful, three-day Commercial Lending Institute met March 11–13, 2024, at the Crowne Plaza in Springfield. Jeffery Johnson, president and founder of Bankers Insight Group of Atlanta, Georgia, led the instruction. Jennifer Beals and Wes Johnson from FORVIS also spoke at the institute. This institute graduated 19 students pictured above. ■

COMMERCIAL LENDING INSTITUTE

Row 1 (L to R)

Sarah Will, First Neighbor Bank, N.A., Toledo
 Sarh Hendrix, First Neighbor Bank, N.A., Toledo
 James Blievernicht, Dieterich Bank, Effingham
 Amber Weikle, First National Bank of Pana
 Luigi Fabi, First Federal Savings Bank
 of Champaign-Urbana
 *Kelly Greene, Rushville State Bank

Row 2 (L to R)

Greg Lardi, MidAmerica National Bank, Canton
 *Todd Lucas, Warren-Boynton State Bank, New Berlin
 Corey Lybarger, Dieterich Bank, Effingham
 Fredy Mareno, Arcola First Bank
 Justin Roley, Washington Savings Bank, Effingham
 Ryan Staley, Casey State Bank

Row 3 (L to R)

Jeffery Johnson, Bankers Insight Group,
 Atlanta, Georgia
 *Aldemo Marchiori IV,
 CNB Bank & Trust, N.A., Carlinville
 Kirk Dunbar, Community First Bank
 of the Heartland, Mt. Vernon
 Nicholas Grandt, The Peoples State Bank of Newton
 Justin Rubin, The Peoples State Bank of Newton
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▶ QUESTIONNAIRE

**Daniel Huggins***Accounting Officer**First National Bank in Pinckneyville***What do you find the most challenging about your job?**

The most difficult part of my job would be the ever-changing aspect of cyber and physical security. All the new advances in recent technology bring new challenges and new questions that need solutions. We must find out which advances can be used at a bank-level establishment and then figure out how to be as secure as possible with all the new technology. Thankfully, with the team we have, we can solve many of the questions before they become an issue.

What do you find the most rewarding about your job?

The most rewarding part of my job is noticing the impact we can have in our communities. We host a senior party every December where we have lunch for all our senior account holders and teach them about new types of fraud that we have noticed in the community.

“The most rewarding part of my job is noticing the impact we can have in our communities.”

The amount of appreciation you can feel from the community for helping with the event is outstanding because you know people appreciate your efforts to better protect them.

What quote most inspires you, and why?

The quote that inspires me the most is from Will Rogers, “Don’t let yesterday take up too much of today.” This quote inspires me because of the forward-moving mentality that comes from it. No matter what mistakes or hardships the past had, you have to keep focused on the present while learning from mistakes in the past.

How did you get involved with CBAI?

The 2022 Spring CDD meeting was the first time I had ever been to a CBAI-led function. I have been to every CDD meeting since I started and have attended multiple educational events, including the first year of the Community Bankers School, to further my understanding of the banking world. This has been especially helpful in my transition from a part-time teller to our loan department and now to my current role as financial, IT security and security officer. By being able to participate in these different events, I have been able to make many friendships and connections with many different people.

What are the biggest challenges your community bank faces today, and what are you doing to combat these challenges?

Fraud is always a large challenge for any bank. We have ensured that our

staff undergo continuous training to help prevent different forms of fraud that most customers may not notice. We will periodically offer brochures and other information packets on fraud so that we can help our customers be better informed on how to notice red flags. Doing this will hopefully prevent most cases of fraud from starting.

What is your favorite initiative that your bank has implemented to support your community?

First National Bank in Pinckneyville has taken an active approach to bettering our community through the youth. We offer five seniors from our local high school scholarships of \$1,000 per semester for four years of college. We will also bring in fourth-grade students from our local schools to tour the bank and learn how all the different functions work to garner interest in the banking world at a young age.

If you weren’t in banking, what would you be doing, and why?

If I wasn’t in banking, I would have gone into limnology, the study of freshwater biology. Most of my free time is spent on something related to fishing, whether it be cleaning/repairing reels and rods or studying which baits to use in different conditions. I enjoy learning more about the different factors that can affect fish, and I feel like studying limnology would help me better understand those variables. ■

CBAI Past Chairman Spotlight

Mark Field

*President/CEO, Liberty Bank
CBAI Chairman 2000–01*



*Shawn Davis (L) presents the 2021
Outstanding Member Award to Mark Field.*



(L to R) Steve Akers, Mark Field, Paul Pogue

When did you serve as chair of CBAI?

I was the very last “banker president” of CBAI, as we initiated the change in staff titles to reflect everyone’s duties more closely. So, I became “chairman” and Bob Wingert became “president and CEO.” That was during the 2000–2001 association term, so I guess that also made me the first chairman of the new millennium! That, plus six bucks, gets you a cup of coffee at Starbucks.

How long have you been in community banking?

I started my career as the “lawn officer” (I mowed the lawn) at what was then Kewanee National Bank, which eventually became a branch of the State Bank of Toulon. My dad had left GMAC to be a community banker in 1969, and he actually started at the State Bank of Annawan and then moved to Kewanee National within a year or two.

There was some common ownership between those two banks at the time. I grew up in the Kewanee bank in the 70s and then headed off to get my finance degree. I only got about three days off after graduating college before I started as a loan officer at our bank in Liberty in 1985. I have been here ever since.

How/why did you become involved with CBAI and the CBAI Board?

After joining Liberty, I quickly became an officer of what was then our county “banker’s federation,” and I became friends with eventual CBAI Chairmen Gary Edwards and Paul Pogue. They invited me to attend some CBAI functions early on, and I was hooked instantly. The CBAI staff folks were so kind and encouraging as well, and I knew I needed to help them to help all of our banks and all of our communities.

What did you enjoy the most about serving as chair?

I enjoyed being the first chairman to attend ALL the CBAI group meetings throughout the state. I certainly gained a deeper appreciation for the efforts our staffers put in to help protect and advance our community banking industry. My record held until this past year, when my very good friend and the Best Man at my wedding, Doug Parrott, matched me by attending them all. I’ve got money against Sheila Burcham making the same commitment because I know that will encourage her to do it and take my \$100 bill!

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What are the most memorable events or accomplishments from your tenure?

It was cool to be the first YBD/CDD "alumnus" to become chairman of the association. I was the first group director for what then was Group 7.

How has community banking changed since your chairmanship?

I hate to see the consolidation of the industry continue, but I look at our bank, and it's gone from \$8 million in assets to over \$168 million since I've been here, and we are still one of the smaller banks out there. The costs and burdens of regulations bear down hard on us little guys, and it's a shame that we get treated the same as the big banks.

How has CBAI changed since your chairmanship?

Where it REALLY matters, the CBAI hasn't changed at all. They help educate our staff, they help represent us at both the state and national levels, and they help us gain access to services and technology at group prices we can actually afford. I can't imagine and don't even want to think about where we'd be if they weren't there for us every step of the way.

"There will ALWAYS be a place for well-run community banks."



What are your expectations for the future of community banking and the association?

There will ALWAYS be a place for well-run community banks. Look at what's happening in the UK in recent years with "Bank of Dave" (which is actually Burnley Savings & Loans, Ltd.). They were the first new bank charter in Great Britain in 150 years because they learned that people can't rely on big banks located far away to help them do what's right for their local communities. The same thing holds true in the U.S. of A., as well. Always has, and always will.

What are you doing now?

I am doing exactly the opposite of what most "old guys my age" are doing. I'm speeding up instead of slowing down as we are strategically positioning our community bank to continue into the future.

I'll slow down — someday. ■



Nominations for the Excellence and Innovation FORVIS Award are Now Being Accepted!

Nominations are being taken for the 2024 Excellence & Innovation FORVIS Award, presented by CBAI and the accounting firm of FORVIS. The purpose of the award is to recognize banks with an outstanding, innovative product/service or program. Your bank does not need to be a FORVIS client to enter. Nominations are due at the CBAI headquarters no later than Friday, May 31, 2024.

Last year, the winner was Beardstown Savings, s.b. This year, your bank could be the winner! Enter your bank now!

You can find the nomination form at www.cbai.com or send an e-mail to the CBAI Department of Communications at valeriej@cbai.com. We hope to receive your nomination soon!

CBAI's Career Development Division Spring Meeting



CDD members attended the Illinois men's basketball game versus Purdue, the evening before the conference.



CBAI Chairwoman Sheila Burcham, market president, Bradford National Bank, Irvington, provided CDD members with an association update.



The Annual Spring Meeting of CBAI's Career Development Division (CDD) was held March 5–6, 2024, at the Hyatt Hotel in Champaign. The meeting attracted nearly 70 CDD members. The conference kicked off at the University of Illinois men's basketball game versus Purdue. It was a nail-biter, with Purdue leaving with a win.

The morning of the 6th began with the popular networking session, followed by Jody Holland with Jody Holland Training. Holland presented the following topics: "Mindset Matters," "Managing Gen Z," "Unlock & Inspire a Team that Spans FOUR Generations" and "Developing Your Next Generation of Leaders."

The Business Meeting Luncheon was kicked off by CDD Chairwoman Delaina Zellers, German-American State Bank, German Valley, who provided an update to all CDD members, reporting that the recruitment of members continues throughout the year along with a financial report. Sheila Burcham, CBAI chairwoman and market president, Bradford National Bank, Irvington, presented a CBAI association update.

CDD raised \$164 by conducting a "dress-down" day, which benefited CBAI's Foundation for Community Banking scholarship program.

We would like to offer a special thank you to **the Federal Home Loan Bank of Chicago** for their sponsorship of the conference. ■



The Federal Home Loan Bank of Chicago Will Give You Free Money — *But Only if You Know to Ask Properly*

David Loundy, CEO/Chairman, Devon Bank, Chicago

I wondered if anyone reviewing the board documents would notice that we just closed a 3.5% commercial loan and what the comments would be if they did notice. I looked forward to explaining how a 3.5% loan would be more profitable than the ~7.5% loan that we would have otherwise made. I was not disappointed.

My bank just closed the loan at year-end. Our customer speculates in real estate as a “side hustle” from his day job. It was an everyone-wins, feel-good community development project. We financed a multiunit apartment building, several of the units of which are leased to a nonprofit that houses women escaping domestic violence. We financed the loan by taking an advance from the Federal Home Loan Bank of Chicago (FHLBC). The loan is a perfect example of why it is useful to not

only know about FHLBC’s products but also to make sure the right people throughout your organization know about them as well.

I found out about the loan by accident. Some documentation irregularities caused my bank’s loan operations staff to reach out to me with a question. They know in such cases to send me the loan write-up so that I have the context to better answer their questions. This is how I found out about the nature of the transaction. I immediately thought that it might be a good candidate for an FHLBC “Community Small Business Advance,” and I suggested we investigate it. We called and talked to the Community Investment folks at FHLBC and confirmed that the loan would fit the program.

Typically, when my bank funds a loan, the loan officer will work with the customer and loan operations to schedule a closing. Loan operations will then contact the controller and say we need funds by the closing date. The controller will figure out the best way to fund the loan and send the money to the title company on schedule. The problem is that often only the minimum necessary information is passed from department to department — the controller may not know the nature of the transaction — just how much is needed and when. The person in loan operations may not know what funding options are available. The loan officer may not know (or care) about funding options either. This is not an uncommon process, but it leads to the FHLBC having specialized, advantageous programs that can lead to better results for everyone. If the right people in your organization don't know about the available options AND about what transactions you are funding, the programs don't get used. As one of your elected representatives on the FHLBC Board, I have been encouraging the FHLBC to expand to whom they speak about these programs so that they are more likely to be used.

The FHLBC has three types of Community Advances (see www.fhlbc.com/community-investment/community-advances) — focused on community development, affordable housing and small businesses. These are discounted advances where the FHLBC subsidizes the advance rate to provide funding for members at lower rates where the ultimate project supports the FHLBC's statutory mission. Some may be small discounts, but in larger sizes; others may be substantial discounts, but with a maximum annual subsidy provided per member.

In the case of a Community Small Business Advance, it allows for the FHLBC member to get a zero percent advance, provided that the end customer rate is capped at 3.5% (increased to 4.5% in 2024), within a maximum allowance per member, and for the total program. In 2024, each member can reserve up to a total of \$500,000 in interest rate subsidy (not the same as the amount of the advance, which may be larger), which has to be reserved during the year, though the advance(s) that use the subsidy may be up to 10 years in term. The 2024 program is limited to \$10 million in subsidy on a first-come, first-served basis. The project being financed must be in Illinois or Wisconsin, in a census tract no higher than the Area Median Income, and with the end loan made to a qualified small business.

The loan we closed, as initially proposed, would have had a seven-something percent interest rate to our customer, and with incremental bank funding costs at five-something, we would have made a roughly 2%-ish spread. With the Small Business Advance, match-funded to the end-customer loan, our customer received a 3.5% rate, and my bank made about a 3.5% spread. (I say "about" because we need to buy FHLBC stock in proportion to the size of the advance, which then pays a dividend, lowering the effective advance rate further — to about a negative 19 basis points, which is then offset by the cost of FDIC insurance for the extra loan asset we add to my bank's balance sheet). The FHLBC is willing to subsidize the advance because it is helping members' communities by helping members that are also helping the member-owned cooperative better meet its statutory community development and housing goals. Everybody wins. The use-it-or-lose-it subsidy, provided for each member under this program annually, can be spread across multiple transactions or used to provide a greater subsidy to one transaction.

“If the right people in your organization don't know about the available options AND about what transactions you are funding, the programs don't get used.”

Expect that over time, FHLBC will be trying to deepen their connections within member banks and will be trying to increase training opportunities. The FHLBC's regulator, the Federal Housing Finance Agency, works to have the Federal Home Loan Banks increase funding for affordable housing. The FHLBanks are all being encouraged to provide increased funding for “mission assets” to increase the utilization of their programs and to track the impact of these programs. My bank could have easily missed the chance to get “free money” to fund this loan because the loan officer didn't know about the funding option, and the bank treasury didn't know about the nature of the loan. These are the kinds of missed opportunities that the FHLBC is trying to reduce — for your bank's benefit. ■

David Loundy is chairman and CEO of Devon Bank, Chicago, is a member of the CBAI and CBSC Boards and is an elected member-director of the Federal Home Loan Bank of Chicago. He can be reached by email at david@devonbank.com.

Did you Know?

At year-end 2023, FHLBC members had outstanding advances totaling \$65.3 billion.

COMING ATTRACTIONS

MAY 2024

- 1 **3rd Quarterly CBC Program** — Chicago Marriott, Naperville
- 1 **Loan Documentation for Administrators & Lenders** — Shazam Education Center, Springfield
- 1 **CEO Forum Group I** — CBAI West Conference Room, Springfield
- 1 **BSA for the Boardroom: Annual Training Made Understandable** 🗣️
- 1–2 **ICBA Seminars: FDICIA Seminar** — Embassy Suites Minneapolis Airport
- 2 **Bank Operations Bootcamp** — Shazam Education Center, Springfield
- 2 **Loan Participations for Community Banks** — CBAI West Conference Room, Springfield
- 2 **20 Types of Legal Ownership Plus CIP, CDD & Beneficial Ownership** 🗣️
- 3 **CEO Forum Group V** — Chicago Marriott, Naperville
- 6 **Group 10 Meeting** — Annbriar Golf Course, Waterloo
- 6 **CFO Forum Group II** — Shazam Education Center, Springfield
- 6 **Senior Lender Group V** — Chicago Marriott, Naperville
- 6 **New Data Privacy Requirements: More Consumer Protections** 🗣️
- 7 **Group 11 Meeting** — Effingham Country Club
- 7 **Cybersecurity Threats, Trends & Proactive Strategies for Financial Institutions** — Shazam Education Center, Springfield
- 7 **Senior Lender Group II** — CBAI West Conference Room, Springfield
- 7 **The RDC Duplicate Dilemma** 🗣️
- 8 **ICBA Seminars: Call Report Seminar** — Livestream Event
- 8 **Group 12 Meeting** — Kokopelli Golf Club, Marion
- 8 **2024 Security Officer Workshop** — Shazam Education Center, Springfield
- 8 **Senior Lender Group I** — CBAI West Conference Room, Springfield
- 8 **Board Approved Policies: Tips & Samples to Streamline Your Process** 🗣️
- 9 **ACH for Beginners: Essentials, Common Issues, Acronyms & Timeframes** — Shazam Education Center, Springfield
- 9 **Senior Lender Group III** — CBAI West Conference Room, Springfield
- 9 **When a Business Owner Dies, Sells, or Delegates Authority** 🗣️
- 9–10 **ICBA Seminars: Advanced Call Report Seminar** — Livestream Event
- 9–10 **ICBA Education – Enhancing Organizational Value Conference** — Embassy Suites Riverwalk, San Antonio
- 10 **Senior Lender Group IV** — CBAI West Conference Room, Springfield

- 13 **Group 7 Meeting** — Crestwicke Country Club, Bloomington
- 14 **Group 4 Meeting** — The Oaks at River's Edge, Pontiac
- 14–15 **Reg Z University** — Shazam Education Center, Springfield
- 14 **Minor Accounts In-Depth** 🗣️
- 14–16 **ICBA Seminars: Audit Institute** — Livestream Event
- 15 **Writing New Account Procedures** 🗣️
- 15 **ICBA Seminars: Financial Statement Analysis Seminar** — Livestream Event
- 16 **CEO Forum Group II** — Doubletree by Hilton, Mt. Vernon
- 16 **Writing Concise, Complete & Effective Loan Presentations** 🗣️
- 16 **ICBA Seminars: Cash Flow Analysis Seminar** — Livestream Event
- 20 **Group 3 Meeting** — Lake Carroll Golf Course, Lanark
- 21 **Group 5 Meeting** — Soangetaha Country Club, Galesburg
- 21 **Annual Anti-Harassment Training** 🗣️
- 22 **Fraud, Forensics & Incident Response: Managing & Mitigating Data Breaches** 🗣️
- 23 **CFO Forum Group I** — Shazam Education Center, Springfield
- 23 **CEO Forum Group IV** — Grizzly Jack's Grand Bear Resort, Utica
- 23 **Opening Business Accounts: Entities, Setup, Authority & More** 🗣️
- 28 **Examiner Expectations for Credit Risk Management** 🗣️
- 29 **Conducting a Physical Security Review & Risk Assessment** 🗣️
- 30 **Avoiding Liability Under the Bank Secrecy Act** 🗣️

JUNE 2024

- 3 **Dissecting Beneficial Ownership Access: Final Part II Regulation & Compliance Guide** 🗣️
- 4 **Operations/Technology Group D** — Doubletree by Hilton, Mt. Vernon
- 4 **Accepting Powers-of-Attorney on Deposit Accounts** 🗣️
- 4–6 **ICBA Seminars: Compliance Institute** — ICBA Livestream Event
- 5 **Operations/Technology Group A** — Shazam Education Center, Springfield
- 5 **Operations/Technology Group C** — CBAI West Conference Room, Springfield
- 5 **Consumer First: Regulation E for Debit Cards** 🗣️
- 6 **CEO Forum Group III** — Shazam Education Center, Springfield
- 6 **Operations/Technology Group E** — Grizzly Jack's Grand Bear Resort, Utica
- 6 **Analytics to Measure Website & Digital Marketing Activity: A Year into GA4 & Beyond** 🗣️



- 6 ICBA Seminars: Bank Credit Portfolio Management for Senior Managers** — Livestream Event
- 6 ICBA Seminars: Credit Portfolio Management for Bankers** — Livestream Event
- 7 Operations/Technology Group B** — Chicago Marriott, Naperville
- 10 Group 9 Meeting** — Jacksonville Country Club
- 11 Loan Portfolio Management** — Shazam Education Center, Springfield
- 11 Developing & Enforcing an Effective Social Media Policy** 📺
- 11–13 ICBA Seminars: Compliance Institute** — Livestream Event
- 12 HR Law Update** — Shazam Education Center, Springfield
- 12 Liquidity Risk Management** 📺
- 12 ICBA Seminars: Analyzing Your Bank's Financial Statement** — Livestream Event
- 13 Trust Seminar** — Shazam Education Center, Springfield
- 13 Consumer Loan Underwriting 101** 📺
- 13 ICBA Seminars: Commercial Real Estate Lending Seminar** — Livestream Event
- 13 ICBA Seminars: Bank Director Forum Session 2** — Livestream Event
- 17 Group 6 Meeting** — Spring Lake Country Club, Quincy
- 18 Accurately Completing the CTR Line-by-Line** 📺
- 20 CBSC & CBAI Board Meeting** — Shazam Education Center, Springfield
- 20 Hire Right the First Time** 📺
- 24 Group 8 Meeting** — Mattoon Country Club
- 25–26 Auditing BSA** — Shazam Education Center, Springfield
- 25 Troubled Loan Modifications: Evaluating, Tracking & Reporting** 📺
- 26 Check Breach of Warranty Blues** 📺
- 27 Successful Compliance Auditing & Monitoring** 📺
- 30–31 ICBA Seminars: Vendor Management Seminar** — Livestream Event

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Member News



Gans

Leticia Gans, PeopleFirst Bank, Joliet, was recently appointed to the Community BancService Corporation (CBSC) Board. Gans has been in the banking industry for more than 20 years. Launching her career with New Lenox State Bank, she served at their New Lenox and Frankfort offices in bookkeeping and accounting management roles. Gans joined PeopleFirst Bank in 2006 as the bank prepared to open its doors. Gans is leading PeopleFirst Bank's deposit, retail and IT operations. She has her roots in Will County, having graduated from Joliet Central High School and later completing her bachelor's degree in business administration at Robert Morris College.



Saar

Robin Wilhelms Saar, First State Bank Shannon-Polo-Lake Carroll, was recently appointed to the Community BancService Corporation (CBSC) Board. After working in the engineering field for more than 20 years, Saar joined the bank in 2002 as executive vice president and wealth group program manager. In 2019, Saar was named First State Bank Shannon-Polo president and chairman of the board, as well as Shannon Bancorp chairman. Saar is the third president of the bank, following her father and grandfather. Saar's daughter, Cassandre Mlakar, a fourth-generation community banker, joined the bank in 2009 and serves as vice president of the wealth group. Saar received a master's degree focused in banking and financial support services from Sheshunoff Graduate School of Banking, Louisiana State University, Baton Rouge, and a Bachelor of Engineering, Industrial Engineering and Industrial Management from Purdue University, West Lafayette, Indiana.

BankORION recently announced the retirement of long-time chairman of the board and former CEO **James R. Dingman**. Dingman joined BankORION on March 15, 1976, as a management trainee, retired from the role of CEO in 2017, and had been with the bank for 48 years.

Mark B. Werning was newly elected to the board of directors for BankORION. **Alan F. Wright** was appointed to the role of chairman of the board. Wright has been a member of the board of directors since 2003.

BankORION also announced the promotions of **Valerie A. Johnson** to vice president, director of operations & project development; **Aleshia V. Chiesa** to vice president, director

of marketing & culture; **Lindsey J. Uttech** to assistant vice president, director of human resources; **Jill E. Lievens** to assistant vice president, fraud & card services manager; **Susan A. Wright** to assistant vice president, consumer lending officer; **Marni R. Bannerman** to deposit operations officer; **Brad S. Butcher** to commercial loan officer; and **Chris R. Blake** to information systems officer & network administrator.



(L to R) Mahair and Black

Mike Mahair, president of **State Street Bank and Trust Co., Quincy**, has been honored with CBAI's 50 Years in Banking Award. Lesa Black, vice president of services, presented this distinguished accolade to him in recognition of his remarkable five decades of service and contribution

to the banking industry. Mahair began his banking career at Gem City Savings and Loan in Quincy after graduating from Quincy College. He joined State Street Bank in 1998 as senior vice president and was named president in 2005. His dedication, expertise and commitment to excellence have left a positive mark on the banking community and State Street Bank.



Ridgely



Smerdon

After 38 years of service to **Citizens National Bank of Albion**, **Jan D. Ridgely** retired in April of 2024. **Kevin Smerdon** was named president upon Ridgely's retirement. Ridgely joined the bank in 1986 and worked under longtime mentor Marilyn Wolfe. In 1999, Ridgely took the reins as president and was elected to the board of directors. In his mid-thirties at the time, Ridgely became the youngest president in the bank's history.

Ridgely's tenure as president was marked by growth and strengthened customer relationships. As the new president, Ridgely noticed that tough times in the agricultural sector had caused many banks to shy away from farm loans, considering them too high-risk. Ridgely and Citizens National Bank of Albion chose the opposite course, making it clear that the bank valued "every" relationship and not just the seemingly low-risk ones.

Other challenges Ridgely faced included serving a larger population. So, during a five-year span, beginning in 2002, Citizens National Bank of Albion grew from one facility to four. Branches were added in Olney, Mt. Erie and Crossville. Seven

years later, in 2014, because of similar philosophies, Citizens National Bank of Albion acquired the Bank of Lawrence County and its Bridgeport location. During this growth, the Ridgely and the bank never lost sight of its true strength — serving the community. In fact, by furthering its area of influence, the bond with its customers became even tighter.



Niebrugge

Tom Niebrugge retired from the board of directors for **Dieterich Bank and Prime Banc Corp.** on February 20, 2024, after being a part of community banking for 49 years. His leadership and genuine friendship have been staples of Dieterich Bank for several years. Niebrugge entered the banking profession in July of 1975. At the time, Dieterich

Bank was an \$8 million community bank with one location. He began his banking career as a teller and, from there, learned the various aspects of banking. Niebrugge served as CEO of Dieterich Bank from 1982 to 2012. He was appointed to the board in 1984 and served as chairman of the board from 1988 to 2017. He retired from his employment position with the bank in 2017 and now has officially retired from the board of directors upon reaching the mandatory retirement age. Niebrugge has been an integral part of the organization for 49 years, guiding the bank from \$8 million in assets to \$1.3 billion in assets and 13 branch locations in South Central Illinois and the Metro East regions today.

After 36 years, **R. Keith Douglass** of **Tompkins State Bank**, Avon, will retire at the end of 2024. Douglass has been serving as the bank's CEO for the past 17 years. Along with the announcement of his upcoming retirement, he has also announced that he is stepping down as CEO and will finish the remainder of his tenure with the bank as the chief investment officer. As a result, **Brad Clark** has been promoted to CEO/senior credit officer, and **CL Cummings** has been promoted to president. Brad Clark was hired at Tompkins State Bank in 2009 and was named president in 2019. CL Cummings has been with Tompkins since 2005 and was promoted to executive vice president in 2019.

Community State Bank, Galva, (CSB) recently announced several promotions. **Kraig Gale** was named chief operations officer. Gale is responsible for overseeing the overall operational functions of the bank, with a continued focus on the bank's information technology systems and cybersecurity. Gale will also be highly involved with the Bookkeeping and Credit Department areas. He will celebrate his 25th year with CSB later this year.

Chanda Dowell was named chief administration officer at Community State Bank. Dowell is responsible for ensuring that CSB complies with all federal and state employment

laws, managing the bank's human resources areas and benefits enrollment and management. She will also continue to manage both the bank's external and internal communications and our social media presence. She has been with CSB since 2015.

Ben Nelson was named senior vice president. Nelson is responsible for maintaining and growing the bank's presence in the Kewanee market. He will have a strong focus on commercial and agricultural customers in our Kewanee/Galva markets. He joined Community State Bank in 2000.

Chris Gordon was named market president. Gordon is responsible for managing the bank's Franklin market by gathering/maintaining deposits and working with the bank's loan customers in the area. He will also continue to serve as the head of retail banking. Gordon has been with the bank since 2001.

John J. Hunt was recently appointed to the board of directors of **Itasca Bank & Trust Co.** Hunt is the executive vice president and chief lending officer for the bank and has been with the senior management team since 2011. His extensive management experience with community banks throughout the Chicagoland area spans over three decades.

Jamie Shimer, JD, was recently appointed vice president and senior trust officer at **Itasca Bank & Trust Co.** She brings a vast range of experience, first in private practice, where she was an experienced litigator and elder law advocate, and most recently as a trust officer at a suburban community bank.

CeCe Rocha was recently appointed treasury management officer at **Itasca Bank & Trust Co.** She has worked in the financial and investments industry for the past two decades and is experienced in working with all types of businesses.

BankORION recently announced the addition of **Matt Maslowski** as the chief operations officer. Maslowski joins BankORION with many years of operating experience in the banking industry. He graduated with a Bachelor of Science as well as an MBA from the University of Mary in Bismark, North Dakota.

The board of **City National Bank of Metropolis** recently announced officer promotions at its annual shareholders' meeting in March. **Jared Quint** was promoted to president of the bank. **Landon Bremer** and **Ben Girtman** were advanced to vice presidents. **McKell Hillebrand** and **Lisa Parmer** were promoted to assistant vice presidents. **Thomas F. Mittendorf** will continue as chief executive officer and the chairman of the board as well as **City National Bancorp, Inc.**



Dasch

Brenda Dasch recently retired after working 42 years for the **Clay City Banking Company**. Dasch mainly worked as a teller but had other duties during her service. The bank thanks her for 42 years of loyalty and dedication and wishes her many more happy years during retirement.

The Independent Community Bankers Association of America® (ICBA) recently announced several new committee appointments from Illinois:

Andrew A. Black, Princeville State Bank — vice chairman, Education Committee; **Michael Gill, Flora Bank & Trust** — Digital Assets Subcommittee; **Mary Jo Homan, First National Bank in Pinckneyville** — Housing Finance Committee; **Jason Knoedler, Bank of Springfield** — vice chairman, Housing Finance Committee; **Jennifer Marantz, Bank of Springfield** — Bank Innovations and Solutions Committee; **Andrew Tinberg, CNB Bank & Trust, N.A., Carlinville (Oak Forest)** — Digital Assets Subcommittee; **James Weast, Warren-Boyn-ton State Bank, New Berlin** — Cyber and Data Security Committee.

In all, 20 Illinois bankers are currently serving on ICBA committees.

The boards of directors for **First Southern Bank, Marion** and **Midwest Community Bancshares, Inc.**, elected **Ray Altmix** as chairman of the boards.



Josh Dickey

Josh Dickey, First National Bank in Tremont, was recently appointed to the Community BancService Corporation (CBSC) Board. He started his banking career in 2009 as a teller for United Community Bank in Chatham. In 2013, he joined the First National Bank in Tremont as a loan officer, focused on mortgage lending. In 2024, he was named the bank's president/CEO. He is a graduate of CBAI's Community Banker's School and holds a bachelor's degree in political science from Southern Illinois University, Edwardsville. ■

Missed an edition?

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to catch back up



Welcome Members

NEW BANK MEMBER

Streator Home Savings Bank
Heather Scott, Vice President/
Compliance/IT

NEW ASSOCIATE MEMBERS

Anthony Cole Training Group

Jeni Wehrmeyer, COO/CMO
8160 Corporate Park Drive,
Suite #100
Cincinnati, OH 45242
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Robert Villanueva,
Executive Vice President
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Foundation Report

Board and committee members of the CBAI corporate family donating travel expenses to the Foundation are **David Albin, Longview Capital Corporation, New-man; Sheila Burcham, Bradford National Bank, Irvington; Dan Graham, Flora Bank and Trust; Rick Hiatt, Morton Community Bank; Mary Jo Homan, First National Bank in Pinckneyville; David Loundy, Devon Bank, Chicago; Chad Martin, Goodfield State Bank; Gregg Roegge, Rushville State Bank; Ken Scott, Preferred Bank, Casey; Jason Semple, Dieterich Bank, Effingham; David Stanton, PeopleFirst Bank, Joliet; and Dianna Torman, OSB Community Bank, Ottawa.**

The Foundation received \$200 from CBSC and CBAI board members as a result of the “dress-down” board meeting in February.

The Career Development Division (CDD) held a “dress-down” day at the CDD Spring Meeting in March and collected \$164 to donate to the Foundation.

Princeville State Bank held dress down days during Community Banking Week to support the Foundation and had 100% participation from bank staff. ■

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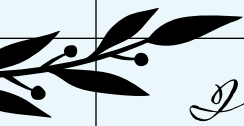


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In Memoriam

John S. Albin, 95, of Newman, died Saturday (April 20, 2024) at home surrounded by his loving family. He was born on Oct. 28, 1928, in Newman, to Leonard B. and Grace H. (Harrington) Albin. He married Marjorie A. Albin on Sept. 10, 1949, and spent 71 wonderful years together until her passing in September 2021. He was also preceded in death by his parents, Leonard and Grace Albin, and one son, Marty Albin.

John is survived by two children, Perry (Cathy) Albin and David Albin; five grandchildren, Mariane (Will Breckenfeld) Albin, David M. Albin, Nancy Albin, Cori (Aaron) Richardson and Andrew (Felicity) Albin; seven great-grandchildren, with one on the way; and a very close family friend, Will Coolley.

John graduated from Newman High School in 1946. He was the captain of the football team his senior year and had an undefeated season. After high school, he continued his education by attending Millikin University for two years and played for the Millikin football team. He transferred to the University of Illinois, where he was a member of the FarmHouse Fraternity and graduated Bronze Table and received a Bachelor of Science in agriculture.

John was a farmer for more than 50 years and was involved in agriculture all his life. John was honored as The News-Gazette's Farm

Leader of the Year and received the Prairie Farmer Master Farmer award. He was the national president of the American Shropshire Sheep Association, president of the Illinois FBFM board for many years and was elected to the Newman CUSD 303 school board for several years, where he served as president for part of his tenure. He also dedicated 30 years to Parkland College's board as board chairman.

John and Marjorie founded **Longview Capital Corporation** in 1978, a multi-bank holding company focused on agriculture in rural areas. Beginning as one of the smallest banks in Illinois, it has grown to a financial institution with 17 locations through purchasing and branching. John and Marjorie were awarded the Cozad Entrepreneur of the Year Lifetime Achievement Award.

John attended Wesley Chapel Church all his life. He and Marjorie had a close circle of friends in the Newman area who enjoyed various activities like bridge club and going out dancing. John was a member of the Tri-City Country Club, where he and Marjorie enjoyed time spent with their friends. He was also a member of the UI Foundation and was a loyal fan of the Illinois football team. John and Marjorie traveled to Mexico for many years, enjoying the fruits of their labor. ■

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