Great Lakes Banker MAGAZINE

April, 2016 • Volume 1 • Number 2

On the Cover this month: Donnelly Penman & Partners: . Their team includes Left to Right: Roy Vorhees, Mark Cleland, Jeremy Lamb, John Barrett, Blake Searight, Nick Diehl. Seated Left to Right: Andrew Christians, John Donnelly, Greg Cunningham. Missing from picture: Jim Penman and Bonnie Somerville.

This Month Featuring....

...and So Much More!

In This Month's *Great Lakes Banker*

Features

Departments

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Donnelly Penman & Partners: Serving Banks Since 1984

By Charles M. Cooper

When John Donnelly and Jim Penman met in 1984, few would have guessed that their partnership would still be going strong over 32 years later. "Jim and I joined forces at the former investment banking firm First of Michigan Corporation and it was clear from the start that there was real synergy between us," said Donnelly. After leaving First of Michigan to join another local Detroit investment firm, Roney & Co. in 1993, Donnelly and Penman assumed important positions on the Executive Committee and grew the investment banking practice significantly. In 1997, Roney merged with the former First Chicago NBD Corporation, which thereafter merged with Banc One Corporation. "What we learned from our experience being part of a bank was that we were able to work very closely with the commercial lenders and offer investment banking advice on capital raising and merger advisory services to their banking clients," said Penman. Soon, the Roney division of Banc One Capital Markets was spun-off to Raymond James & Associates in 1999. After the whirlwind tour of several mergers, Donnelly and Penman determined it was time to start their own firm and in February of 2000 Donnelly Penman French Haggarty & Co. was born and today operates as Donnelly Penman & Partners.

About Donnelly Penman & Partners

John Donnelly
Managing Director

Jim Penman
Managing Director

Donnelly Penman & Partners is one of the largest independently owned, middle-market investment banking firms headquartered in the Midwest. The firm includes nine investment bankers and two support staff and provides a full range of corporate finance and financial advisory services to both public and private companies, including capital raising, mergers and acquisitions, and general financial advisory services, such as fairness opinions and valuations. The firm's expertise is in the financial services industry including depository and non depository, as well as the industrials area, primarily automotive and manufacturing. The firm is SEC Registered, a FINRA licensed broker dealer, and a member SIPC firm.

Financial Institutions Group

Andrew Christians, CFA,
Managing Director

Greg Cunningham
Assistant Vice President

The firm's Financial Institutions Group is co-headed by John Donnelly, a co-founder of the firm, and Andrew Christians, CFA, and Managing Director. The team also consists of Greg Cunningham, Assistant Vice President, John Barrett, Senior Associate, and Nick Diehl, Analyst. The department's activities are also bolstered by CFO, Mark Cleland, and Executive Assistant, Bonnie Somerville. "Mark worked with us at Roney & Co., where he was also CFO, and plays a vital role in our capital raises and broker dealer activities and Bonnie was also with us at Roney and has been with our team for close to 20 years," said Donnelly.

Prior to entering the investment banking business, Donnelly was a commercial banker with two large regional banks. "The reason I chose to specialize in the banking industry as an investment banker is that I have a tremendous amount of respect for bankers and the increased complexities of their business," said Donnelly.

Christians, a Chartered Financial Analyst (CFA), joined the firm in 2006 and leads many of the FIG group's complex transactions. "Many merger transactions involve complex models and we feel knowing the true value of a franchise before we go to market is critical in meeting client's expectations for the deal. You might say we measure twice and cut once," said Christians. Greg Cunningham joined the firm in 2011 and prior to joining DPP worked for a well-known turnaround consulting firm that assisted community and regional banks with working out distressed credits. "Greg's personality fits in wonderfully in the banking culture," said Donnelly.

John Barrett joined in late 2013 after spending two and a half years with a national investment banking firm specializing in financial institutions. John works with the Industrials team as well. Nick Diehl joined the firm in 2015 after two successful summer internships at DPP and graduation from college. "Both Cunningham and Diehl come from families with bank-centric professionals, so they have been exposed to the space from a young age," said Christians.

Regional and National Presence

While the firm is based in the Detroit suburb of Grosse Pointe, Michigan the firm's sphere of influence is beyond regional boundaries. In 2006, the firm formed, and has subsequently managed, the Donnelly Penman Financial Services Fund. At its peak, the Fund had 45 community bank investments in 19 states. This exposure has given the firm deep insights into the banking industry, both locally and nationally. "Our areas of concentration include the Southeast corner of the U.S., where we made investments in Florida, Georgia and North Carolina, and states such as Texas, Arizona, California, Oregon and Washington," said Christians.

In the Investment Banking practice, the FIG team has recently represented financial institutions in Michigan, Indiana, Ohio, Illinois, Minnesota, Florida, California, Missouri, Georgia, and North Carolina.

The Concept of Value

The concept of stock price value drives a lot of decisions for a bank. This may take the form of establishing value to establish or acquire stock through an ESOP, conducting shareholder repurchase programs in connection with the formation of a Sub-S corporation or going private to delist from SEC registration. Stock valuation is also important in setting option prices for employee incentive programs and for using stock currency in an M&A transaction. "We work very closely with bank management in understanding their future potential to make sure we capture the full value of the franchise," said Christians. The firm, with three Chartered Financial Analysts on staff, is well-grounded in valuation principles.

Raising Capital

The firm's principals have extensive experience in raising capital for publicly traded and privately held banks. The firm is a licensed as a broker dealer, as are the employees. This qualifies the firm to do both registered offerings and private placements.

Throughout his career, Donnelly has assisted over 20 banks establish themselves through de novo offerings including .including Crestmark Bancorp, Inc,Level One Bancorp, Mercantile Bank Corporation and Talmer Bancorp, Inc. (originally First Michigan Bancorp, Inc.) in Michigan, Tower Bancorp (now part of Old National Bancorp) and Heartland Bancshares (now part of Horizon Bancorp) in Indiana, and HomeBancorp, Inc. in Florida. "With the FDIC recently announcing that the supervisory period for *de novo* banks will be reduced from 7 years back to 3 years as well as a significant consolidation of community banks across the nation in recent years, we would expect to see more *de novos* forming, albeit at a more measured pace than in previous years," said Donnelly.

> The Company creed is **Creative Ideas, Precise Execution**, and that is what we try to accomplish each and every day.
>
> – John C. Donnelly

In addition to *de novo* bank capital raises, DPP specializes in difficult recapitalizations for banks facing credit or regulatory challenges. In recent years, DPP raised over $40 million of common equity for two Michigan banks and one Florida bank that were all below the minimum capital standards set by their primary regulator. "I am pleased to report that shortly after our capital raises, all three banks were soon released from their orders with one having been sold to another bank at a handsome profit and the other two performing extremely well," said Donnelly. Recently, DPP has raised $10 million of common equity through a recapitalization for critically undercapitalized First Citizens Financial Corporation in suburban Atlanta, GA, which is in escrow and pending regulatory approval.

DPP has also worked with mortgage banking and specialty finance companies on capital planning, including the initial institutional $25 million capital raise (pre-IPO) for Stonegate Mortgage (NYSE: SGM). Donnelly Penman has extensive relationships with both high net worth and institutional investors throughout the country that specialize in the financial institutions space.

Mergers & Acquisitions

DPP has demonstrated capabilities in merger advisory services. Conventional financial institution M&A activity has increased recently, most notably for shareholder liquidity, succession issues for management, or the need for capital. Other factors that are impacting merger activities are increased regulatory costs, challenges to achieving adequate return on equity to cover the cost of capital, need to achieve scale, looming debt obligations (i.e. TARP, SBLF, Trust Preferred Securities), and lack of growth opportunities, among others.

"We are often asked to go into the boardroom and update senior management and directors on current merger market conditions. DPP's initial consultation in usually pro bono and will update the boards on current trends in M&A, recent transactions in the marketplace, and projected values for the bank, if it elected to pursue a strategic acquisition," said Donnelly.

Firm Culture

The culture of the firm is one of teamwork. Each client assignment is staffed with a lead banker, but is backed up by each member of the department. "Our compensation structure rewards teamwork and this creates a spirit of co-operation and trust on every deal, which results in the highest level of service for the client," said Christians.

The firm is entirely owned by its employees who share in the overall profitability of the firm, not just their department. Employees are encouraged to participate in skill-set enhancement activities, including graduate school, the CFA program, MBA programs, and seminars and convention attendance. "Banking is a competitive business and our goal is to add value to the client by advising them with knowledge and experience that they cannot read in an article," said Christians.

Employees of the Firm

John C. Donnelly
Managing Director - Financials

James C. Penman
Managing Director - Industrials

Jeremy L. Lamb, CFA
Managing Director - Industrials

Andrew C. Christians, CFA
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Roy W. Vorhees, CPA
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Mark A. Cleland, CPA
Chief Financial Officer

Bonnie L. Somerville
Executive Assistant

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Publisher's Page

Great Lakes Banker: Issue Two and Going Strong

I cannot tell you how gratifying the response has been to the first issue of *Great Lakes Banker*, which we debuted at the 2016 MBA BEST Conference. The comments we've received have been overwhelmingly positive, likewise the interest from advertisers and subscribers. People mostly enjoy the expanded coverage that our new format permits. It's been great and we thank you all.

In keeping with that, this month we give you a peek into the Indiana Bankers Association's 2016 Mega Conference. It is probably the largest event of its kind and we are excited to be going. There is also a follow-up to David de Reyna's March article about Digital Assets and Estate Administration in Michigan, a look at shareholder strategy by Ed Schmidt of CAMELS Consulting and the fast-approaching 2020 workforce with Mark Angott, while Brian Solis discusses "mobile only" design in banking. All that's on top of our regular departments making for a packed, informative book that we know you'll enjoy.

Best Regards,

Greg O'Neil
Publisher, *Great Lakes Banker*

Great Lakes BANKER is a monthly news magazine that is devoted to the region's commercial banking industry and to the firms that function as suppliers to the banking industry of the Great Lakes. We also publish an annual banking snapshots and trends issue in August, which looks back to last year and forward to the upcoming year anticipating changes in the region's banking industry.

We accept display advertising in behalf of business firms who recognize the region's banking industry as being comprised of valuable business prospects.

Great Lakes BANKER focuses primarily on the commercial banking community in the Great Lakes region. *Great Lakes* BANKER is edited for the directors, presidents, CEOs, and employees of the region's commercial banks, and for the supplier firms that provide goods and services to that industry.

We publish a variety of by-lined columns authored by individuals considered to be knowledgeable in their respective fields of endeavor and who have a valuable message to share with the Great Lakes region's banking community. Opinions in these columns, however, are those of the authors and do not necessarily represent the opinions of the staff members of *Great Lakes* BANKER Magazine.

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Great Lakes Banker MAGAZINE

Welcome to *Great Lakes Banker*:

The Premiere Banking Magazine for the Great Lakes Region

Michigan, Ohio, Pennsylvania, New York, Illinois, Wisconsin, Minnesota; *Great Lakes Banker* covers them all from association news to financials, from law and regulation to the world of lending. If it's part of the world of banking, then you'll find it in our pages. That means:

- More exposure to important and useful regional and national banking news and information.
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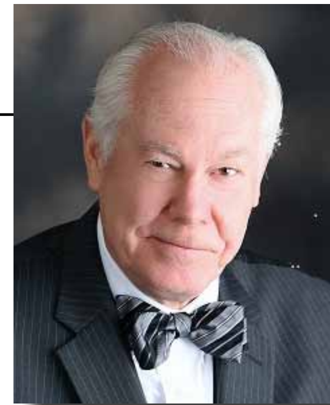
Implement a Shareholder Strategy Or Sell the Bank!



Edward E. Schmidt,
President, CAMELS Consulting Group, LLC

Selling the bank. It's a thought that has likely floated through the minds of most community bank executives and board members these days, given the rapid-fire mergers and acquisitions that are now commonplace in our industry. Even if it's only a fleeting thought, or a brief discussion in a board room, it's one that requires a decisive answer. Collectively, your bank's leadership must decide if the bank will remain independent, or if your institution will be positioned for a merger or acquisition. If the choice is independence, then a strategy for meeting shareholder expectations must be executed.

To sell or not to sell? It all comes down to exceeding shareholder expectations.

Obviously, preparing for a sale and preparing for the future as an independent bank are two very different endeavors. However, they both revolve around a single critical task: increasing shareholder value. If your bank is going to sell, it is highly likely that in some shape or form, the end game is to provide additional value for your shareholders that cannot be attained by staying independent. On the other hand, the decision to remain independent is essentially a pledge to continue providing—and increasing—shareholder value and liquidity, to meet investor expectations. After all, if you can't attract new shareholders the bank can't grow or move forward very rapidly, if it can do it at all. This is why shareholder succession planning is important.

For example, two institutions merging that in both instances have stock selling below book value coupled with lack of liquidity, will be tested in maintaining investor interest after the transaction is closed without an investor strategy in place.

Succession planning is a particularly poignant considering that the demographic profiles of community banks shareholders tend to skew to the "more mature" end of the age spectrum. Clearly, recruiting new shareholders who will be invested in the bank over the next ten, twenty or thirty years should be a key objective. To meet this objective, board members must think beyond the singular cash dividend and focus on the level of authorized shares, shares outstanding, stock dividends, ownership programs, and elevated investor relations.

To remain independent, go back to the basics of building shareholder value.

Let's look at the "nuts and bolts" of strategic value-building for your bank's shareholders:

- **Stock valuation**. The old saying, "If you don't know where you are, you can't get where you're going," applies here for a couple of reasons. 1) An accurate valuation of your bank's fair market value is the first step in benchmarking the price of your bank stock, the measure against which you can track your progress in regard to increasing shareholder value and stock liquidity. 2) Regular stock valuations drive investor interest—your existing shareholders want to know how their investment in your institution is performing and having regular communication in regard to the movement of your bank's share price satisfies this desire. For potential investors, up-to-date stock valuation information is a key decision-making factor and provides the basis, ultimately, for a purchase of bank stock.

- **New shareholder identification**. Do you know where your next investor is coming from? This is a crucial question that your bank's team needs to answer. A generic message about the importance of investing in your community bank because it's "the right thing to do" is not going to win you new shareholders in today's crowded and consolidation-centric environment. You need a program across the bank that dovetails shareholder development with business development, utilizing a prospecting strategy that tracks the investor sales funnel, similar to, and ideally, integrated with, that which is used for cultivating new commercial lending and financial advising client relationships.
- **New investment options.** Today's potential bank shareholder is looking for an investment that will provide value, not only from a community-building perspective, but based on ROI as well. Two options that fit the bill are dividend reinvestment plans (DRIPs) and self-directed IRA programs (utilizing bank stock). Both of these options can be economical, easy to implement and manage, and attractive to potential investors, while also addressing the continual challenge of maintaining stock liquidity.

Remaining independent requires a sharp focus on shareholder value.

A comprehensive strategy for creating shareholder value and rejuvenating your investor base will: provide a clear plan for increasing the future earnings potential of your institution, improve stock liquidity and enable you to attract the next generation of investors to your organization—all essential for ensuring that your bank can sustain its independence and leverage the importance of 'local ownership'. Remember, although brokerage firms would encourage you to list your stock … that listing comes with many pitfalls, especially if liquidity and lack of local investor interest are inherent issues for your bank.

Edward E. Schmidt is President and CEO of CAMELS Consulting Group, which helps banks increase shareholder value and stock liquidity, develop dividend and capitalization strategies, and address the need for shareholder succession. With more than 35 years of executive experience in the banking industry, Schmidt is a recognized expert financial witness and has completed more than 1,000 bank stock valuations over the course of his career.

Bridging Generational Gaps in 2020

By Mark Angott,
President & Owner of Angott Search Group

As we move towards the 2020 workforce, companies face an interesting demographic dynamic in terms of talent acquisition – a workforce comprised of millennials, Gen Xers, baby boomers and traditionalists. While each of these groups has their own generational differences, the most notable are the expectations and approaches to work between millennials, who will make up the majority of the workforce, and baby boomers. With the latest Bureau of Labor Statistics Occupational Outlook handbook projecting total employment to increase by 15.6 million jobs between 2010 to 2020, generational differences will become an additional component of diversity relations at the workplace. Recruiters and hiring staff must learn to recognize the combined value, perspectives and impact of successfully integrating these distinctly different generations into an organization's teams, ultimately improving the company's ability to develop solutions, products and services for the future.

Millennials

Millennials entering the workforce have frequently been characterized as individuals born between 1980 and 2000, who are entitled, lazy, job-hoppers, overly ambitious and unaware of business etiquette. Regardless of how accurate these descriptions are, this generation has demonstrated that it is in search of meaning and purpose. "Millennials want more than just a job; they seek careers that hold their attention and fulfill their ambition, all while providing competitive pay and work-life balance," says Mark Angott, President for Angott Search Group. "They want to work for companies that have a reputable brand, as well as products and services of which they can be proud. Unlike older generations, that didn't have the same access to technology, millennials are driven by out-of–the–box thinking, collaborative approaches to solution and the ability to leverage the fastest, most efficient means of accomplishing goals."

Baby Boomers

A growing number of workers age 55 to 64 are continuing to work longer, yet in 2020 this generation of workers will only make up about 20% of the workforce. They have an entirely different approach to work than millennials and are often characterized as conscientious, dedicated, independent-minded workers that enjoy working alone on projects and then rejoining the team to reveal results. "Baby boomers can find it difficult to work with millennials, because they don't understand the younger generation's need for coaching, mentorship and collaborative work," says Angott. "They grew up in a time of stability, economic prosperity and opportunity when higher education and wider career options were becoming more accessible. Parents were away from the home more and children became latch-key kids. As a result, this generation tends to have a work ethic that is focused on self-reliance, paying your dues, putting in overtime and doing everything needed to accomplish tasks."

Despite the generational differences, millennials and baby boomers do have things in common. Both groups are focused on excellent job performance, and that can work to an organization's advantage. Millennials bring technology savvy and work efficiencies that can benefit companies. Baby boomers have the ability to provide millennials with insight on work etiquette, the company's culture and career tracking by demonstrating clear paths for advancement in the company. This type of relationship satisfies millennials' need for ongoing training, mentorship and collaboration, while providing baby boomers with job stability and value as experienced employees. Companies end up with improved work synergies and succession planning for the organization's future leaders.

We face an interesting paradox as the industry ushers in the next generation of workers. Adds Angott, "Recruiters and hiring managers will have to become knowledgeable about the different expectations of millennials and baby boomers, providing them with the growth opportunities they seek, while also leveraging their generational differences to create effective teams that can lead companies forward."

Mark Angott is the President & owner of Angott Search Group; he can be contacted at 248-650-4800 or *mangott@asgteam.com*. Following his graduation from Michigan State University with a degree in accounting, Mark began his career as a controller and chief financial officer before becoming an executive search consultant in 1981. He has been with the firm since its inception and is currently the organization's owner and president. During his tenure, Mark has specialized in recruiting for the banking and financial services industries and is nationally recognized as one of the leading recruiters in his field. As a result of his thirty-plus years of industry expertise, Mark is much sought after as a keynote speaker for various groups, associations and educational institutions, and he has become an often-quoted industry expert in both major newspapers and trade publications such as Michigan Banker Magazine, Hoosier Banker and American Banker. As a featured speaker, Mark has led or participated in educational seminars throughout Michigan, Indiana, Ohio and Texas, discussing topics such as succession planning, leadership, time management, behavior-based interviewing, and employee retention. Following his lead – and adopting his philosophy and core values – Mark's team believes in truly partnering with their clients. Their strength is their expertise in the marketplace and their proven track record in consistently providing intelligent solutions and superior talent.

It's Time for 'Mobile-Only' Design in Banking

As more people research, shop and buy financial services with their mobile device, a 'mobile-first' design strategy may not be enough.

By Brian Solis, Principal Analyst at Altimeter Group, a Prophet Company.

What's the biggest innovation that you recall in retail banking? The ATM? Mobile Banking? Taking pictures of checks for deposit? What if I told you Tinder and Uber were more significant innovations for the future of consumer banking than any of the above?

That's right, these two apps are completely changing how customers behave on mobile screens and more so, putting them at the center of their own "egosystem," forever changing expectations and preferences in how they wish to interact with companies. In a mobile-first world, the concept of banking is ripe for digital transformation.

There's a reason CapitalOne acquired renown UX design firm AdaptivePath. Did you know that 42 design firms have been acquired since 2004, with approximately 50% of the deals made within the last year?

While few are rooted in the banking space, the bigger trend toward design and user experience is about to trend across every consumer-facing industry. I believe the future starts with experience architecture, rethinking customer experiences based on other consumer segments that are changing how people interact with things and people. In fact, I dedicated an entire book to the subject, *X: The Experience When Business Meets Design.*

Everything begins with shifting perspective away from iteration to innovation. Iteration is rooted in legacy and thinks of banking literately: physical, desktop/web 1.0, Web 2.0/social and now mobile. Innovative design starts fresh, and is centered around human behavior and preferences and comes to life in new mobile-first and mobile-only engagement that mirrors societal evolution.

'Mobile-First' Gives Way to 'Mobile-Only' Customer Experiences

For the last few years, "mobile first!" has become the mantra among savvy digital marketers. But a mobile-first approach seems to be more of an ideology than it is a standard in digital design. Recent research shows that marketers still invest in mobile as an afterthought, or as a bolt on to more mainstream digital programs. For some reason, executives still need more convincing to properly fund and support mobile initiatives that span the entire customer journey not just pieces of it.

While mobile is often referred to as the second screen, the reality is that smartphones are really the first screen among connected banking consumers. It's always within reach, and it is the first place consumers go to communicate, research, and share.

As of last year, mobile platforms accounted for 60% of total digital media time spent according to ComScore, and mobile devices accounted for one in four of all online purchases as reported in IBM's Digital Analytics Benchmark.

The truth is that "mobile-first" should be the standard for all things digital. But here's the canary in the coalmine, if that metaphor even makes sense today. According to a study conducted by Nielsen, roughly half of consumers believe mobile is the "most important resource" in their purchase decision-making. And, more than a third said they only used mobile exclusively.

At this point, mobile-first may not be enough in banking (or any industry). To be successful, brands and agencies must think beyond mobile campaigns and start to think about mobile-only as a complete foundation for the next generation customer journey.

Right now, mobile tends to exist without an owner to take accountability in the customer experience. As a result, mobile strategies for the most part, are focused on an isolated aspect of customer engagement, whether it's marketing, commerce, loyalty, etc. and very specific instances within each.

This is because the whole lot of solitary programs is owned by different stakeholder groups that are strewn across the organization and not necessarily in tune or in alignment with one another. It's not uncommon for these departments to not collaborate with one another and thus, the mobile experience is discombobulated by design, and impossible to deliver anything but an integrated customer journey.

Catering to Mobile Users Throughout Consumer Journey

It is practically impossible for mobile-first consumers to undergo a digital experience on one screen, and therefor are forced, again by design, to multi-screen and/or channel hop to accomplish a desired task or goal. Some 90% of consumers move between devices to accomplish a goal, using an average of three different screen combinations each day.

They put up with this less than optimal experience because most CX strategies don't consider the user experience elements of device and native behavior to that device as a journey unto itself. Said another way, consumers deal with it because most brands don't cater to their mobile needs through every stage of the customer lifecycle so they have no choice.

But, at some point they will. And when they do, they'll defect. That's why it's time for mobile and marketing strategists to think beyond mobile-first and start thinking about mobile-only campaigns tied to mobile-only full funnel ecosystems.

Over the last year, my Altimeter Group colleague and I studied how brands were approaching mobile CX to better understand challenges and opportunities facing digital strategists. Starbucks, Zappos, Sephora, Intuit among others are beginning to explore a mobile-only approach in addition to integrating cross-channel strategies with omnichannel experiences. They're looking at mobile as a marketing channel to not only deliver native experiences to the mobile screen, but also cater to them along the entire journey and relationship, specific to mobile.

Bringing Mobile to the Forefront of Digital Design

Mobile is not only reshaping the consumer journey, it is rebooting the entire consumer experience in the process. How and when consumers transact with brands throughout the lifecycle is also moving to the small screen from research to purchase, to service and support, through loyalty and advocacy. Mobile is now both part of the customer experience and also emerging as a self-contained experiential platform.

Someone has to take the lead in bringing mobile to the forefront of digital design in banking. Investing in a mobile banking program just to check the box is no longer good enough. The reality is that mobile is now the first screen. Financial brands and their agencies must start taking the initiative to rethink the mobile customer journey. Doing so ensures that organizations can maintain (or regain) relevance among discerning consumers who are already becoming mobile-first and mobile-only. It's a mobile world, and the banking industry must design accordingly.

Brian Solis is Principal Analyst at Altimeter Group, a Prophet company. Solis studies the effects of disruptive technology on business and society. More so, he humanizes these impacts to help people see people differently and understand what to do about it. He is an award-winning author and avid keynote speaker who is globally recognized as one of the most prominent thought leaders in digital transformation and innovation. Brian has authored several best-selling books including *What's the Future of Business (WTF), The End of Business as Usual and Engage!*. His book *X*, explores the intersection of where business meets design to create engaging and meaningful experiences.

Are Negative Interest Rates Coming to U.S. Community Banks?

By Douglas E. Johnston, Jr.,
Five Management, LLC

Negative interest rates are a confusing topic and they may be coming to the U.S. this year. If so, they may bring with them significant changes to everyday banking for Americans. In 2014, leading European central banks initiated 'negative interest' terms for many new government bond issues to help stimulate the economy. Negative rates began where major buyers of low-risk government bonds agreed to accept a return less than their original investment at bond maturity. As government bond issues led the way for corporate bond activity, these once-improbable 'negative interest' bonds quickly captured over $2 Trillion of the European bond market, and they soon found homes within major bank bond portfolios. The Federal Reserve and U.S. banks are now looking at them.

The policy goal of negative rates is to help stimulate the economy by influencing the day-to-day operations of commercial banks as financial intermediaries. Whether it is in Europe, New York or Los Angeles, commercial banks have long performed the fundamental role of matching savers and depositors with borrowers. Negative rates are designed by policy-makers to modify this historical model, by encouraging more lending and by discouraging traditional savings.

In normal operations, commercial banks accept deposits and then re-deploy those deposits in two basic ways: 1) they lend most of their funds out to businesses and individuals, and 2) they invest the remainder in bonds – usually low-risk government bonds and large highly-rated corporate bonds. In the U.S., an average bank will dedicate about 75% of its surplus deposit funds toward loans and 25% toward the purchase of low-risk (and low-rate) bonds. A bank will usually earn far higher yields on its loan portfolio than from its bond portfolio, so it will therefore usually want to deploy more of its earning assets in more profitable loans.

In times of pending economic slowdown (now emerging across the globe) a bank often shifts toward investing a higher percentage of its surplus funds into 'safer' low-risk government and corporate bonds - rather than make higher-risk loans - as the economy weakens. But in an emerging negative-rate environment, the bank is mathematically 'penalized' if it remains invested in low-risk bonds – because it will realize either super-low or even negative yields on many bonds. Thus, in an emerging world of negative rates, banks will have an even more challenging task in balancing profitability and soundness/safety issues.

Since the days of Adam Smith, bank lending has been viewed as 'the grease of the wheels of commerce' in the economy. A borrower with new loan funds uses the money to buy equipment, and the equipment seller is thus able to hire more staff, and so on. Negative rates strike at the heart of the decision-making process for any bank, which becomes reluctant to make new loans. By 'forcing' banks to lend to businesses rather than invest in unprofitable bonds, negative rates are designed to produce stimulus via increased lending activity. Greater lending activity also accelerates the turnover or 'velocity' of the money supply, which is a parallel economic policy goal in a slowing economy.

However, negative rates clearly influence multiple sectors in unusual ways. They effectively penalize banks that do not lend enough to businesses and individuals in their markets, and they also penalize depositors and savers. At the same time that a bank sees that it must choose to make more higher-risk/higher-rate loans rather than invest in low-rate (or negative rate) bonds, its depositors also see low or negative rates on their CDs and MMAs. The average depositor is faced with the prospect of effectively paying negative interest 'rent' just to have an account, instead of being rewarded for savings. In this regard, negative rates encourage spending over saving, and thus they may herald the advent of a theoretical 'cashless' economy. Significantly, the European Central Bank and former US Treasury Secretary Lawrence Summers have recently called for the abolition of large-denomination E500 and $100 bills within the European and US economies.

Negative rates have virtually no measurable precedent in history, and so the long-term impacts of negative interest rates are not yet fully clear. Consequently, there are no current textbooks on the effects of negative rates. Even John Maynard Keynes, the legendary architect of much of the current global monetary system, did not anticipate negative rates.

The central banks of Japan and Sweden have recently announced their intentions to adopt expanded negative rate structures of their own. And on February 12, Federal Reserve Chairman Janet Yellen also acknowledged that the U.S. Fed will keep open the option of pursuing negative rates as a means of further stimulating the US economy. Should this happen, it will constitute a dramatic reversal from the Fed's widely anticipated December 2015 initiative to begin raising rates for the first time in many years.

As noted, the linkages and consequences of negative rates in Europe are becoming better understood. The Basel-based Bank for International Settlements, also known as the 'central bank for central banks,' noted in 2015 that it is closely monitoring the effects of negative interest rates and expanded monetary policy options across Europe. The Fed has noted negative rates are under active consideration in the U.S., and they may soon be with us among U.S. banks as a new economic stimulus measure.

Doug Johnston is an expert witness in finance and banking, and a global M&A consultant. He has designed, built and managed five bank offices in two states, and is a former President of a CAMELS 1-rated bank. He also has significant experience in mergers and acquisitions as former EVP-Finance & Administration and a 'Founding Father' of Platinum Equity, LLC, now the largest private company in Los Angeles.

VisionFund International and Opportunity International Partner to Expand Financial Inclusion for Unbanked Citizens of Democratic Republic Of Congo

Agreement between international NGOs will transform lives and change the face of poverty in the developing world.

Opportunity International, a next generation microfinance organization that invests philanthropic and social impact capital to spark and scale innovative solutions to global poverty, has entered into a share purchase agreement to sell a majority stake of its microfinance institution in Kinshasa, Democratic Republic of Congo (DRC) to VisionFund International, World Vision's microfinance arm.

Opportunity International will remain a 20% shareholder in the DRC microfinance institution and retain one board seat. VisionFund International and Opportunity International intend to focus on significantly expanding operations in and around Kinshasa before considering adding other regions, such as Lubumbashi, Katanga and Gemena. Both VisionFund International and Opportunity International plan to commit additional funding over the next three years to support this expansion. The transaction is subject to customary closing conditions and regulatory approval from the DRC Central Bank. "We hope this is the first of many partnerships with VisionFund International to accelerate our work to help lift more people out of poverty, transform their lives and strengthen their families and communities," said Vicki Escarra, Global CEO, Opportunity International. "VisionFund International shares our core values, Christian motivation and mission to increase financial inclusion of unbanked and underbanked clients in the DRC. This partnership combines the strengths and resources of two leading microfinance organizations to offer hope and dignity to some of the poorest families in the world."

Opportunity International has a loan portfolio of $1 billion with clients in Asia, Africa, Latin America and Europe while VisionFund International's predominantly wholly-owned portfolio is about $500 million and also includes clients in the Caribbean. In addition to loans to launch and expand businesses, both organizations provide ongoing business training and support. "More than two years ago, VisionFund International started exploring an entrance into DRC to support World Vision, and to expand our offerings in fragile states," said Scott Brown, President and CEO, VisionFund International. "We are delighted with this acquisition which creates a launch pad to grow our work, and helps to achieve our mission of impacting the lives of nine million children by 2019. As the two largest global Christian microfinance networks, together we will sustainably help families move out of poverty and into independence."

Kevin Jenkins, President of World Vision International, said, "We have been active in the DRC since 1984 and this strategic move by VisionFund International enables us to offer our full range of services to some of the most underserved communities in the world. Microbusiness loans will reinforce our efforts in the DRC to bring improved sanitation, better nutrition, education and effective medical support."

With 75% of the world's poor living in rural areas, VisionFund is focused on bringing microfinance services to those in agricultural and remote communities. Globally 64% of VisionFund's 1.2 million clients live in rural areas which has spurred VisionFund to develop tailored approaches such as using mobile technology to reach more families in remote areas. Recently VisionFund's approach to post-disaster lending - where higher-than-average loans with special terms are made to those whose businesses are affected by natural disasters to enable them to quickly restore livelihoods – has been hailed as highly innovative and attracted support from major global funding bodies.

Since 1971, Opportunity International has pioneered financial solutions through microfinance institutions (MFIs). Over the past 45 years, the organization has continually found new ways to adapt to changing conditions and target its resources to create a sustainable impact on the lives of clients in Africa, China, India and other areas of the developing world. "For example, when Opportunity International launched its Banking on Africa Campaign in 2007 we were serving 1.2 million or 1 in 550 people in Sub Saharan Africa," Escarra said. "We set a goal to impact 30 million people with loans, deposits and insurance by 2015. We're thrilled to have surpassed that goal. Even while the population in Africa has grown, we have cumulatively impacted 39 million lives, or 1 in 24 people on the continent."

The organization is now in a position to leverage its resources by investing in the highest-performing MFIs and developing partnerships in health care, education and agriculture—the three pillars of transformation widely recognised by the international development community as proven ways to help people break the cycle of poverty and improve their lives, families and communities.

This move to bring partners into its banks and microfinance institutions is similar to Opportunity International's decision in 2008 to bring other investors into MicroEnsure, which it launched in 2006 as the first organization to provide a financial safety net for families in developing nations. "Additional capital has enabled MicroEnsure to grow rapidly and provide microinsurance to millions of additional clients than would have been possible without the additional investors," Escarra said.

MicroEnsure was recently called a "game changer" and won the 2015 Transformational Business Award from The Financial Times and The World Bank's International Finance Corporation.

Regalii Announces Record Growth as Demand for Global Bill Pay Surges

Customers are paying over 153,000 global bill transactions per month, representing a 14X growth

Regalii, a global mobile bill pay API for financial institutions and banks, has announced record quarterly growth as end-customers are now paying more than 153,000 bills monthly, representing 14x growth over the same period in 2015. To accommodate its fast-growing pace and business, Regalii tripled its office space in January, when it moved to its new headquarters in downtown Manhattan. Additionally, the company has averaged one new hire per week, growing the staff to 25 members.

Regalii licenses its API to financial institutions and banks on a white-label basis. These institutions include Sigue Corp., IDT, Compartamos Bank, Paytoo Bank, Castle Checking (CFSC), La Nacional, Intercambio Express, *Davidsfinancial.com*, and *Sendcashglobal.com* among others. "We always knew the demand for this product was massive," said Regalli Co-Founder and CEO Edrizio de la Cruz, "but even I have been pleasantly surprised by this level of growth. We expect to be at a million transactions per month soon."

On the provider side, the Regalii API covers over 1,000 billers across 11 countries, including India, Philippines, Mexico, and the rest of Latin America. Regalii partners directly with bill providers to provide the fastest and most reliable global bill pay worldwide.

Regalii's white-label software provides millions of people an unprecedented opportunity to take control of their families' finances by allowing financial institutions and bank consumers to pay bills from their cell phones or in-store, from anywhere in the world. Via their API, a consumer in the States can pay her bills in the U.S. and her family's bills in Mexico, all from a mobile device.

The Regalii API works via web, mobile apps, as well as walk-in stores in order to accommodate consumers who aren't as tech savvy. Users can track any recurring bill – utilities, phone bills, tuition, insurance premiums and loan payments – and see live bill balances, due dates and receive reminders and savings tips – all at no extra charge. They can also choose to set up automatic bill pay. Regalii allows users to budget all of their family's finances back home to reduce the inherent risk of family members carrying large amounts of cash.

ICBA Statement on New FDIC *De Novo* Policy

Independent Community Bankers of America® (ICBA) President and CEO Camden R. Fine released this statement on the FDIC's new policy for *de novo* bank charters:

ICBA strongly supports today's FDIC announcement that it will reduce from seven years to three years the period of heightened supervisory monitoring of newly formed banks, or *de novo* institutions. As FDIC Chairman Martin Gruenberg said, the ICBA-advocated three-year period is much more appropriate and sensible in the current banking environment.

ICBA has been deeply concerned about the lack of de novo bank applications, with regulators approving just two *de novos* since 2011 compared with an average of 100 new banks formed per year since 1990, according to the Federal Reserve Bank of Richmond. In letters and meetings, ICBA has strongly urged the FDIC to review its practices and return to the three-year *de novo* review policy to ensure it is not unnecessarily inhibiting new bank formation.

Because access to community banking services is essential to communities across the nation, with one in three U.S. counties depending on community banks for mainstream banking services, regulatory burdens should not restrict *de novo* formation. ICBA looks forward to continuing to work with the FDIC, other banking agencies and Congress to implement additional reforms that will relieve the excessive regulatory burdens on community banks and encourage new community bank applications.

New NYBA Chairman and Vice Chairman Elected

The New York Bankers Association has elected Stephen S. Romaine, President and Chief Executive Officer of Tompkins Financial Corporation headquartered in Ithaca, New York, as Chairman and Jeffrey H. Barker, New York State Market President of Bank of America, n.a. as Vice Chairman for the 2016 one-year term. "A healthy banking industry is a fundamental component of a healthy economy. NYBA's primary mission is to ensure that our industry works collaboratively with government toward our mutual goal of prosperity for all New Yorkers. Our members care deeply about the well-being of the communities they serve," said Romaine.

"The members of the New York Bankers Association have elected a strong, experienced leader in Steve Romaine. We look forward to a busy and productive year with Steve as Chairman," said Michael P. Smith, President and CEO, of New York Bankers Association.

Romaine was appointed President and Chief Executive Officer of Tompkins Financial Corporation effective January 1, 2007. From 2003 through 2006, he served as President and Chief Executive Officer of Mahopac Bank. Prior to that, Mr. Romaine was Executive Vice President and Chief Financial Officer of Mahopac Bank.

As New York State President of Bank of America, Jeffrey H. Barker is the bank's local enterprise leader, focusing on business integration, building corporate reputation, championing local corporate social responsibility initiatives, and deepening relationships with community partners and leaders. He also leads numerous volunteer projects each year with nonprofit partners including United Way of New York City and Food Bank for New York City. "I am honored to serve in the role of vice chairman of NYBA at a time when the financial services industry, particularly in New York, is evolving at rapid rate. As our industry embraces new market opportunities amid growing regulatory challenges, NYBA plays an important role in unifying our diverse membership," said Barker.

"As a leader from a global bank, Jeff brings an important perspective to the work of the New York Bankers Association. For more than 120 years, NYBA's hallmark has been the ability to forge consensus from diversity, and Jeff's service will help us to continue that tradition," added Smith.

Statement on the Closure of North Milwaukee State Bank from Rose Oswald Poels, President and CEO of the Wisconsin Bankers Association

This is the first case of a bank closure in Wisconsin since 2013 and is a rare case where an institution was unable to recover as the rest of the industry has over the past few years. Recent numbers from the FDIC show Wisconsin banks continue to improve and grow in the role of helping businesses grow and families prosper. The industry as a whole is very strong and stable.

The most important thing for the public to remember is that insured deposits are safe through the Federal Deposit Insurance Corporation's (FDIC) Deposit Insurance Fund which is 100% funded by the banking industry, not taxpayers.

Bank depositors are protected from losses up to $250,000, and in many instances in excess of that amount, by the Federal Deposit Insurance Corporation (FDIC). Underscoring this point is the fact that North Milwaukee State Bank customers will have uninterrupted access to their deposits via existing branch locations or by writing checks or using their ATM/debit cards.

No one has ever lost a penny of FDIC insured deposits in the 80-year history of the agency. Wisconsin's banking community expresses its support to the affected employees of the North Milwaukee State Bank.

Pennsylvania Bankers Association Hosts Third Annual Women in Banking Conference

More than 200 female bankers and financial services professionals attended the Pennsylvania Bankers Association's third annual Women in Banking Conference in Hershey, PA. "The Women in Banking initiative provides opportunities for women to advance their careers, network with female executives, and become the next generation of senior leadership within the financial services industry, all while giving back to the community and the profession through volunteering and mentoring," said Patricia A. Husic, President and CEO of Centric Bank in Harrisburg, Founder of the Women in Banking Committee and Conference Chair, and Past Chair of the Association.

The Women in Banking Conference convened attendees at differing levels of management from across Pennsylvania, representing a diverse cross section of banks and financial services firms of all sizes. "Diversity is a critical component in banking. Not only does it help drive our economy and improve financial performance of our institutions, but it helps strengthen our workforce and our community connections," Husic continued. "The Pennsylvania Bankers Association's Women in Banking Conference provides the tools and support structures for the advancement of women in banking and finance."

The conference consisted of a networking breakfast, luncheon and educational sessions presented by national and regional speakers. Program speakers included:

- **The Honorable Robin L. Wiessmann:** Secretary, Pennsylvania Department of Banking and Securities
- **Lauren Manning:** Author of The New York Times bestseller, *Unmeasured Strength: Making Every Day Count*, and *YouBoard.net Co-founder & Chief* Strategist
- **Michelle Stacy:** Former president of Green Mountain's Keurig division
- **Panel of Female Bank CEOs**: Moderated by Bonnie McGeer, Executive Editor, *American Banker* magazine and including:
  - Jeane Coyle, President & CEO,Penn Community Bank, Perkasie
  - Patricia A. Husic, President & CEO, Centric Bank, Harrisburg
  - Charlotte B. McLaughlin, CEO, PNC Capital Markets, Pittsburgh
  - Evelyn F. Smalls, President & CEO, United Bank of Philadelphia, Philadelphia

The conference was supported by a total of seven sponsors, including PNC Capital Markets, Fulton Financial Group, PA Bankers Services Corporation, Griffin Financial, S.R. Snodgrass, Stevens & Lee and Approval Payment Solutions.

Over the past year, the Pennsylvania Bankers Association's Women in Banking initiative has supported new ways for its members to engage through regional group activities aligned to its six core principles: professional development, networking, mentoring, recognition, volunteerism and financial literacy. More than 130 women statewide have participated locally in activities ranging from leadership development to strategizing opportunities to achieve peak performance. This fall, one of the groups will launch a new partnership with the Girl Scouts to teach financial literacy skills and encourage young women to learn how to "Finance Their Dreams."

Regional Bank Financial News

University Bancorp 2015 Net Income $3,139,217, $0.618 Per Share

University Bancorp, Inc. (OTCQB: UNIB) announced that it had audited net income attributable to University Bancorp, Inc. common stock shareholders in 2015 of $3,139,217, $0.618 per share on average shares outstanding of 5,080,372 for the year, versus audited net income of $755,181, $0.16 per share on average shares outstanding of 4,722,776 for 2014. For 2015, additional income attributed to minority interest of $109,963 was earned and preferred stock dividends totaled $5,273. For 2014, loss allocated to non-controlling interests was $129,261 and preferred stock dividends totaled $65,209.

Results in 2015 were restrained by several non-recurring, unusual expenses net of unusual gains, which had an overall negative cumulative impact of $1,523,017, before tax.

Management currently projects budgeted annual net income in 2016 of at least $4,000,000 or $0.79 per share. This forecast takes our estimated results in the 1Q2016 plus our original budget for the final three quarters of 2016, adjusted for all known major changes. The re-forecast assumes no change in mortgage interest rates from current levels. The bank's budget assumes that mortgage originations will decline 15% at ULG and 7.8% at UIF over the balance of the year from 2015 levels. However, in March we had origination levels that were 20.7% ahead of the prior year, and applications in March were the second highest in the history of the bank, just 0.2% under the record set in May 2013. As a result, we began the second quarter with a level of locked loans in process towards closing that is at the highest level in the history of the bank even though we have not hit the seasonal peak of activity, which is typically April through July. The bank's net income would benefit substantially from any future increases in the Fed Funds interest rate, since our mortgage subservicing business manages approximately $100 million of off-balance sheet escrow deposit accounts from which we earn all interest income and which are invested in overnight interest earning deposits at the Federal Home Loan Bank of Indianapolis. In addition, the bank's most recent Asset Liability Management Report indicates that our bank's own consolidated assets and liabilities are positioned so that we would benefit from increases in short-term interest rates.

President Stephen Lange Ranzini noted, "2015 results for both net income and growth were excellent. Revenue in 2015 was 19.25% above the prior year level and our five year annual average revenue growth rate was 22.7%. Following a great year, we paid our first cash dividend in early 2016 in the amount of $0.107 per share."

PrivateBancorp Declares Quarterly Cash Dividend

Illinois-based PrivateBancorp, Inc. (NASDAQ: PVTB) has announced its Board of Directors declared a quarterly cash dividend of $0.01 per share for the first quarter 2016, payable on March 31, 2016, to stockholders of record on March 17, 2016. This dividend is unchanged from the prior quarterly dividend of $0.01 per share.

ISBA Announces First Quarter 2016 Dividend

Michigan-based Isabella Bank Corporation (OTCQX:ISBA), has announced that the Board of

Directors of the Corporation declared a first quarter cash dividend of $0.24 per common share at its regular meeting held on February 24, 2016. The dividend will be payable on March 31, 2016 to shareholders of record as of March 26, 2016. The closing stock price for ISBA on February 24, 2016 was $27.70. “I am pleased to announce our first quarter dividend for 2016 which represents a 4.35% increase over the cash dividend from the first quarter of 2015,” said Jae A. Evans, Chief Executive Officer of Isabella Bank Corporation.

The First Of Long Island Corp. Declares First Quarter Cash Dividend

The First of Long Island Corporation (Nasdaq: FLIC), holding company for New York’s First National Bank of Long Island, has declared a first quarter cash dividend in the amount of $.20 per share. This represents a 5.3% increase over the dividend of $.19 per share declared in the same quarter last year. The dividend was be paid on April 4, 2016 to shareholders of record as of March 18, 2016.

Central Bank Officially Becomes Midwestone Bank

MidWestOne Financial Group, Inc. (NASDAQ: MOFG), parent company of MidWestOne Bank and Minnesota’s Central Bank, have announced the completion of the merger of Central Bank into the charter of MidWestOne Bank on April 2, 2016. The merger of the banks is the final step in the merger with Central Bancshares, Inc., which was first announced in November 2014. “This is an exciting day,” said Charlie Funk, President and CEO of MidWestOne Bank. “Bringing MidWestOne Bank and Central Bank together will result in many positives. MidWestOne Bank has a customer-centered, hometown approach to banking, and we saw those same values in the way Central Bank operates. This like-minded approach to doing business makes the merger between our banks much easier.”

The combined bank, which is headquartered in Iowa City, Iowa, will have a total of 44 locations serving the greater Twin Cities metropolitan area, western Wisconsin, eastern Iowa, and southwest Florida. Funk continues to be the President and CEO of the Company. John M. Morrison, Central’s former Chairman, is the Chairman of the Company’s board of Directors, while Kevin W. Monson, the Company’s former Chairman, is Vice Chairman of the Company’s Board.

Baylake Corp. Declares Special Dividend Before Merger

Wisconsin-based Baylake Corp. (NASDAQ:BYLK), the parent company for Baylake Bank, has declared a special dividend of $0.40 per share on the Company’s common stock, payable on April 25, 2016 to shareholders of record on April 18, 2016. This dividend is to be paid prior to closing as permitted in the Agreement and Plan of Merger Agreement with Nicolet Bankshares, Inc., dated September 8, 2015. All required regulatory approvals have been received for the merger, and special meetings for both companies’ shareholders to approve the merger were scheduled for April 12, 2016. Assuming receipt of the requisite shareholder approvals and satisfaction of the remaining customary closing conditions, a closing date of April 29, 2016 is being targeted.

Lake City Bank Parent Announces 14% Increase in Quarterly Dividend

Lakeland Financial Corporation (Nasdaq Global Select/LKFN), parent company of Lake City Bank, announced that the Board of Directors approved a quarterly cash dividend for the first quarter of 2016 of $0.28 per share, payable on May 5, 2016 to shareholders of record as of April 25, 2016. The quarterly dividend represents a 14% increase over the quarterly dividend rate paid in 2015. "We are pleased to report another double digit dividend increase. Our consistent track record of producing high quality earnings has contributed to a strong capital position," said David M. Findlay, Lake City Bank President and Chief Executive Officer. "Our organic loan and deposit growth focus continues to create value for shareholders and we are pleased that this has led to record earnings for the sixth consecutive year in 2015 and to this healthy increase in our dividend."

Consumers Bancorp, Inc. Announces Quarterly Dividend

The Board of Directors of Ohio-based Consumers Bancorp, Inc. (OTCBB:CBKM), the holding company for Consumers National Bank, declared a quarterly dividend on the outstanding shares of the corporation's common stock, in the amount of $0.12 per share on February 10, 2016. The dividend was payable March 15, 2016, to stockholders of record at the close of business on February 22, 2016.

2016 First Quarter Dividend Declaration

Pennsylvania's Allegheny Valley Bancorp, Inc., (OTCQX: AVLY) the parent company of Allegheny Valley Bank of Pittsburgh has declared the 2016 1st quarter dividend in the amount of 46 cents ($ .46) per share in the form of a cash dividend and the issuance of a stock dividend of .002697 shares of common stock for each outstanding share of common stock of the Company. The issuance of the

.002697 stock dividend equates to 11 cents ($ .11) per share based on a stock price of $40.78, which is the Average Weighted Closing Price of AVLY Stock in the trailing 20 Market (Business) Days on which there was an active trade. The cash and stock

F.N.B. Corporation Declares Cash Dividendon Non-Cumulative Perpetual Preferred Stock, Series E

F.N.B. Corporation (NYSE: FNB) today announced that its Board of Directors' Executive Committee declared a quarterly cash dividend of $18.13 per share (equivalent to $0.45325 per depositary share or 1/40th interest per share) on F.N.B. Corporation's Non-Cumulative Perpetual Preferred Stock, Series E (NYSE: FNB PR E). The dividend is payable on May 16, 2016, to shareholders of record as of the close of business on April 29, 2016.

F.N.B. has total pro-forma assets of more than $20 billion, including the recently completed merger with Metro Bancorp, Inc. and planned acquisition of Pittsburgh-area Fifth Third branches, and more than 300 banking offices throughout Pennsylvania, Maryland, Ohio and West Virginia

FICO: ATM Compromises in U.S. Jumped Six-Fold in 2015

FICO Card Alert Service sees changing patterns as criminals take quick-hit approach; non-bank terminals are main targets.

The number of ATMs in the U.S. compromised by criminals rose 546% in 2015 over 2014, analytic software firm FICO reported. The number of ATM compromises in 2015 was the highest ever recorded by the FICO® Card Alert Service, which monitors hundreds of thousands of ATMs in the U.S. Criminal activity was highest at non-bank ATMs, such as those in convenience stores, where 10 times as many machines were compromised as in 2014. FICO first reported on the sharp growth in ATM fraud on its blog last May.

FICO also reported that ATM compromises were taking place over fewer days. The average duration of an ATM compromise fell from 36 days in 2014 to 14 days in 2015. The average number of cards affected by a compromise was cut in half. "Criminals are taking a quick-hit approach to ATM theft and card fraud," said TJ Horan, Vice President of Fraud Solutions at FICO. "They are moving faster to make it harder for banks to react and shut down the compromises. They are targeting non-bank ATMs, which are more vulnerable. In 2015, non-bank ATMs accounted for 60% of all compromises, up from 39% in 2014."

ATM compromises in 2015 also spread out across the country, whereas in 2014 the compromises were concentrated in large cities on the East Coast and West Coast. Horan said that ATM operators need to increase the frequency of their inspections, looking carefully for any signs of tampering. "To protect themselves from this kind of fraud, cardholders should be more vigilant," Horan said. He offered the following tips for consumers:

- If an ATM looks odd, or your card doesn't enter the machine smoothly, consider going somewhere else for your cash.
- Contact your card issuer if you have completed a transaction and suspect that your card or PIN may have been compromised.
- Check your card transactions frequently, using online banking and your monthly statement.
- Ask your card provider if they offer account alert technology that will deliver SMS text communications or emails to you in the event that fraudulent activity is suspected on your payment card.
- Update your address and cell phone information for every card you have, so that you can be reached if there is ever a critical situation that requires your immediate attention.

FICO works closely with banks and card issuers to identify fraud trends and shut down card fraud. In addition to FICO® Card Alert Service, FICO offers the FICO® Falcon® Platform, the leading card fraud solution, which protects 2.6+ billion cards worldwide.

Tavant Technologies Launches Game-changing Mortgage Data Integration Platform

With expert advice and in-depth analysis, MyBankTracker provides comprehensive credit card information and tools all in one placeapproach; non-bank terminals are main targets.

Tavant Technologies, America's leading innovative mortgage technology provider, announced today the launch of 'Tavant FinConnect', a game-changing solution for the mortgage industry. Tavant FinConnect is a modern mortgage data and services hub that connects the internal and external systems of the mortgage ecosystem to enable a digital mortgage experience.

"Tavant FinConnect addresses the inefficiencies in the loan application lifecycle and enables lenders, servicers, and their business partners to reimagine the home purchase and refinance experience. FinConnect is an integration platform and a comprehensive fabric of connectivity to myriad sources of data and services that simplifies the whole borrower journey through the mortgage process. It provides the lender the most up-to-date and consistent data about the borrower directly from the source, resulting in a borrower experience that is seamless, touchless, transparent, digital - in one word magical," said Mohammad Rashid, Head of Consumer Lending and Capital Markets Practice at Tavant Technologies. "We provide RESTful APIs that were built 'by developers for developers' to make the integration faster and simpler. Tavant FinConnect also includes a development SDK that allows developers to create additional integration pathways on the platform," he added.

"We have been providing innovative mortgage technology solutions for more than 16 years. Our solutions have significantly enhanced the end-user experience for lenders. We have been listed among the most innovative technology firms in the U.S. housing economy for more than two years in a row now," added Vibhor Mishra, Director of Marketing, Tavant Technologies. "Tavant FinConnect is yet another promise to the industry of our commitment to continuous innovation."

In the Community

Comerica Bank Announces "Comerica Park Perks" Program

Bank customers receive access to VIP game-day experiences during 2016 Detroit Tigers home games.

Comerica Bank is partnering with the Detroit Tigers on the "Comerica Park Perks" program, which provides special benefits such as a VIP gate entrance at Comerica Park, VIP pregame parties, ticket giveaways and discounts, and more for Comerica Bank customers. The program reflects Comerica's commitment to raise the expectations of what a bank can be and its long-term relationship with the Detroit Tigers organization.

Each home game in 2016, Comerica customers will have access to exclusive VIP game-day opportunities by showing their Comerica Bank debit, ATM or credit card. "We want Comerica Bank customers to benefit from our partnership, as the official bank of the Detroit Tigers, in a way that enables them to enjoy the park like never before," said Mike Ritchie, President of Comerica Bank-Michigan. "We put our customers first and look forward to sharing the excitement of the 2016 Tigers season with them." The Comerica Park Perks program benefits include:

- **Comerica VIP Gate entrance to Comerica Park.** Beginning April 9, Comerica customers and their families will be permitted early entry to Comerica Park two hours before game time to watch batting practice by showing their Comerica Bank card and game tickets. The Comerica Bank VIP entrance lane will be located at Gate C, on the corner of Adams and Brush Streets.
- **Exclusive VIP pregame parties.** Pregame parties will be held at Cheli's Chili Bar every Saturday home game from May 21 thru Sept. 24. Comerica customers can show their Comerica Bank card to get access for up to four people to a private event to enjoy complimentary food and drinks, music and photo opportunities with Tigers alumni. Pre-registration is required for the VIP pregame parties and will be granted for the first 130 registrants per event. For the latest party details or to register, visit *Comerica.com/YourPark*.
- **Ticket discounts for select games.** Exclusive ticket discounts will be provided to Comerica Bank customers for Monday through Thursday home games in April and May.
- **Detroit Tigers Kids Club membership discount.** By using a Comerica Bank card at the Comerica Park Tiger Kids Club kiosk between sections 119 and 120 (in the Big Cat Court), customers will receive a discount on new memberships to the Detroit Tigers Kids Club. Tigers Kids Club members are offered unique items and opportunities, including a Miguel Cabrera backpack and hat, invitations to meet and greets and other exclusive Kids Club members events, and a Detroit Tigers Kids Club Passport, which provides ticket and merchandise discounts, opportunities to run the bases and one free tour of Comerica Park.
- **VIP Tickets Sweepstakes.** In addition to the exclusive perks for customers, Comerica Bank is hosting the Comerica VIP Tickets Sweepstakes, open to the public between April 5 and Aug. 14, for a chance to win a pair of tickets to a Tigers home game. Participants are encouraged to enter once per day through the "Comerica VIP Tickets" tab on the Comerica Cares Facebook page and to check the page frequently for updates on available game dates. Winners will be selected at random. No purchase necessary.

For more information about the Comerica Park Perks program, visit *www.comerica.com/yourpark.*

ChoiceOne Bank Supports Habitat for Humanity of Kent County

BriAnne McKee, Habitat for Humanity of Kent County Executive Director, and the Habitat Kent team accepting check from ChoiceOne Bank President, Kelly Potes; CEO, Jim Bosserd; and Marketing Officer, Angela Anderson.

Michigan-based ChoiceOne Bank recently donated $15,000 to support Habitat for Humanity of Kent County, and will donate another $15,000 in 2017. The donation this year is helping fund Habitat Kent's Homebuyer Financial Education Program to provide financial education for qualified homebuyers in Kent County. The $15,000 in 2017 will help leverage a $2.5M community investment to build and preserve low-income housing for 120 homeowners through Habitat Kent's Building Blocks strategy. "We are pleased to support Habitat for Humanity of Kent County," said Kelly Potes, President of ChoiceOne Bank. "As the local community bank, we are honored to bring people together to build homes, communities and hope. This is the mission of Habitat Kent and it speaks to our mission as well. We look forward to a continuing partnership with this exceptional organization."

Habitat Kent's homeownership program provides critical access to affordable homeownership and is designed to make it easier for low- to moderate-income borrowers to make the transition from renters to homeowners. In addition to a down payment and monthly mortgage payment, homeowners invest hundreds of hours of their own labor into building their home and the homes of others through Habitat Kent's sweat equity agreement. Potes said this year's donation from ChoiceOne Bank goes towards specific financial educational programs for homebuyers that are facilitated by Habitat Kent. "It is part of their requirement for sweat equity hours necessary to buy a home," he said.

Part of Habitat Kent's Building Blocks strategy is to help make homeownership affordable with volunteer labor and donations. Instead of giving houses away, Habitat Kent empowers people to build and own their home alongside volunteers and pay an affordable mortgage.

Voya Financial Awards Scholarship for Veterans and Their Spouses

New York-based Voya Financial, Inc. (NYSE: VOYA), has announced that it has awarded its second scholarship to help a veteran and/or their spouse further a career in financial services. The recipient is Jill Shively.

Shively, a Los Angeles-area resident, is a volunteer at the local Veterans Affairs hospital where she assists homeless veterans with their benefits. Shively has worked in the insurance industry for more than 10 years and plans to use the educational funding to advance her financial advising and management skills. She aspires to become a Chartered Financial Consultant (ChFC®) and Certified Financial Planner (CFP®). Shively's husband is an Army veteran.

The scholarship was granted through The American College of Financial Services to help advance diversity in the financial industry. Voya Foundation, the charitable arm of Voya Financial, funded the award. "Supporting The American College of Financial Services and granting this scholarship highlight Voya's investment in the communities where we live and work. Further, it encompasses our commitment to financial literacy and helping all Americans retire better," said Angela Harrell, head of Voya Foundation and Voya Financial's Office of Corporate Responsibility. "Jill's volunteerism efforts in assisting veterans and her dedication to the financial industry align with Voya's core corporate responsibility mission."

"The American College is excited about our partnership with Voya in supporting financial education," said Ted Digges, Executive Director of the school's Penn Mutual Center for Veterans Affairs. "Jill is a great example of what we want recipients to represent. We are proud to have her as a scholarship recipient and look forward to watching her continued academic and professional success."

The American College of Financial Services is a non-profit, accredited, degree-granting college founded in Bryn Mawr, Pennsylvania, in 1927. Scholarship recipients are independently selected based on their application and without any conditions to their future career path or professional affiliation. To learn more about the veterans' center and scholarship opportunities, visit *Veterans.TheAmericanCollege.edu.*

Citi and Curtis Granderson Launch Mets-Themed Citi Perks Sweepstakes

Prizes from #CitiPerksSweepstakes include First Pitch at Citi Field®, Tickets, Signed Memorabilia.

Three-time All-Star Curtis Granderson of the reigning National League champion New York Mets helped Citi launch the Citi Perks Sweepstakes today that will give fans a chance to win Mets tickets, signed memorabilia and even a chance to throw out a ceremonial first pitch at Citi Field this season. Granderson was joined by Citi's Head of Global Public Affairs, Ed Skyler; President & CEO of Motivate, Jay Walder; and Mr. Met at a Citi Bike kiosk in Midtown for the launch of the sweepstakes that will run for the next two months.

Participants can enter for a chance to win by posting a picture of themselves and one of the 350 bikes from Citi Bike with Mets-themed branding at kiosk locations throughout the city and post it to Twitter or Instagram with the hashtag *#CitiPerksSweepstakes*. Four winners will be selected at random each week for the duration of the sweepstakes and could receive Mets tickets, access to viewing batting practice and a signed Granderson baseball and Mets jersey. One grand prize winner selected at random and named in June will win the opportunity to throw out a ceremonial first pitch at Citi Field this season. “Baseball is back. The Mets took this city on a thrilling ride last fall and we can't wait to see what they have in store this season,” said Skyler, who joined Granderson at a midtown Citi Bike kiosk location to launch the sweepstakes. “The Citi Perks Sweepstakes is a great way to engage Mets fans and celebrate the start of what we hope is going to be another great season.”

“I can't wait to welcome fans back to Citi Field for tomorrow's home opener, and I'm excited for the launch of the sweepstakes,” said Granderson. “With the Citi Perks Sweepstakes, people can get some exercise, take a photo and enter for a chance to win an amazing prize.”

The sweepstakes is a part of the Citi Perks program, a season-long program featuring special benefits and surprise experiences for Mets fans and Citi cardmembers. Throughout the Mets season, Citi Perks provides Citi cardmembers with the opportunity to receive exclusive deals such as discounted tickets, and much more. For more information, visit *mets.com/citiperkssweepstakes.*

Independent Bank Launches Financial Literacy Campaign: Pour into Sweet Savings

Independent Bank has launched a financial literacy campaign, Pour into Sweet Savings, on April 17th, 2016 to promote teaching children the value of saving. It can be a challenge to teach the concept of money, and in an effort to help educate children on this important topic, Independent Bank will be giving away free lemonade stand kits at all of their branches (while supplies last) to each child who currently has, or who opens a new, Independent Bank Swift! savings account April 17 – July 1, 2016. The account is free for children under 18, and a great tool to help them become familiar with the importance of saving.

Each Pour into Sweet Savings lemonade stand kit includes everything the child will need to start learning about saving, as well as how they can start their own lemonade stand and jumpstart their entrepreneurial spirit. The kit will include lemonade packets and stickers to place on cups to get their lemonade stand ready to go, as well as a book with savings tips and a deposit log to keep track of their earnings. As an added incentive, the child who deposits the most money into their Swift! savings account April 17 – July 31, 2016 at each branch will also win a free lemonade stand to take home.

Money Smart Week® Wisconsin Scheduled for April 23 – 30

April is National Financial Literacy Awareness Month.

Dozens of communities across the state will celebrate Money Smart Week® Wisconsin, April 23 – 30, with hundreds of events focused on improving the personal financial awareness of Wisconsin citizens, the Department of Financial Institutions (DFI) announced. Money Smart Week® Wisconsin is the highlight of April as National Financial Literacy Awareness Month, a joint effort by state and federal government agencies and private-sector organizations to raise awareness of the importance and value of financial literacy.

"I commend Wisconsin's business community for its support of financial literacy awareness efforts," said DFI Secretary Lon Roberts. "The seminars and workshops scheduled throughout April will help our citizens, young and old alike, improve their financial capabilities. These efforts are good for consumers and good for Wisconsin's economy."

The Governor's Council on Financial Literacy, in partnership with the Federal Reserve Bank of Chicago, is spearheading Money Smart Week® Wisconsin, the celebration of which was proclaimed by Governor Scott Walker earlier this year.

Communities have scheduled free events to teach consumers of all ages about personal finance during the week. A listing of scheduled events can be found at *www.moneysmartweek.org* (click on the "Find Events" box, then click on Wisconsin "WI" on the map). Initiatives being planned include:

- "The Big Read," a statewide event for children in grades PreK-4 during Money Smart Week®. At dozens of locations across the state, adults will read "Start Saving, Henry!" by Nancy Carlson. More than 2,000 complimentary copies of the book will be distributed. The book giveaway is being funded by DFI and the Office of Financial Literacy, along with local sponsors.
- Wisconsin Teach Children to Save Day on April 29, sponsored by the Wisconsin Bankers Association.
- National Credit Union Youth Month sponsored by the Credit Union National Association (CUNA) and the Wisconsin Credit Union League.
- National Credit Education Month sponsored by CBM Credit Education Foundation Inc.
- April is Financial Literacy Month, sponsored by the National Jump$tart Coalition for Personal Financial Literacy and Wisconsin Jump$tart Coalition for Personal Financial Literacy. Find out more information at w*ww.jumpstart.org/faq.html.*

More information about Money Smart Week® Wisconsin and its events can be found at *www.moneysmartweek.org.*

Associated Bank's "Grand Slam Challenge" Fan Experience at Miller Park is a Hit!

As part of their partnership with the Milwaukee Brewers™, Associated Bank launched a new "Grand Slam Challenge" fan experience at Miller Park on Opening Day. Baseball fans lined up to participate in the interactive batting game and photo booth with a Miller Park wall backdrop, which is located in the Field Level Concourse behind Section 113.

During the 2016 baseball season, fans can participate in the "Grand Slam Challenge" game and swing a motion sensor bat to challenge their hitting skills. The game offers each player five pitches to rack up points, with a leaderboard to showcase the "top hitters" each day. All participants will receive a personalized trading card photo they can share through their social networks as well as a commemorative photo of Hank the Ballpark Pup.

Bankers are located next to the Grand Slam Challenge to answer questions and help fans sign-up for Brewers Checking and Debit Card. New customers can receive a $150 bonus* for opening a Brewers Checking account and receive their Brewers Debit Card immediately. In addition, by showing their Brewers Debit Card they will receive a 10% discount at the Brewers Team Store by Majestic, exclusive access to the Associated Bank Check In Gate at Miller Park, and 2-for-1 ticket discounts on select games.

Fans will also have the opportunity to apply for the new Brewers Credit Card where they can earn up to 25% bonus rewards. All fans who apply for the Brewers Credit Card at Miller Park will receive a free Brewers baseball hat.**

"Associated Bank has been a proud commercial banking partner of the Brewers and home of Brewers Checking and the Brewers Credit Card," said Christopher Piotrowski, Executive Vice President and Chief Marketing Officer at Associated Bank. "Our partnership includes unique fan engagement activities to share our love of baseball and support our great team."

**Offer expires December 31, 2016. A $100 minimum deposit is required to open a new account. Please visit www.associatedbank.com/brewers150 for terms and conditions.*

***By completing an application for a Brewers credit card from April 4, 2016 until September 25, 2016 during Milwaukee Brewers home games, applicant will receive a free hat. Subject to credit approval.*

Welcome to the 2016 IBA Mega Conference

Tuesday, May 3 to Thursday, May 5, 2016 ● Indiana Convention Center, Indianapolis IN.

The Indiana Bankers Association Mega Conference remains the largest, most comprehensive state banking event in the country, and *Great Lakes Banker* is happy to join everyone here. We look forward to the seminars and events and to learn about the tools and resources, targeted strategies, and practical takeaways on offer ranging from talent management, to compliance, to payments and mobile banking technology.

Agenda

Tuesday, May 3rd

Noon **Golf Outing**

Location: Brickyard Crossing Golf Course in Indianapolis.
Format: Four-man, Best-ball Scramble. Shotgun start.
Prizes: Awarded to the first, second and third-place teams.
Golf Fee: $150 or one Mega Buck (includes greens fees, cart rental, box lunch and prizes).

3:00pm – 7:00pm Exhibit Setup

6:30pm – 7:30pm Associate Member Appreciation Reception

Wednesday, May 4th

7:30 – 9:00am Registration and Breakfast in the Exhibit Hall

9:00 – 10:00am Session 1

Directors: *Innovation in Banking: Impossible, Improbable or Inevitable?*
David Peterson, i7 Strategies

Human Resources: *Attracting Tomorrow's Talent*
Mark Angott & Charlie Tudor, Angott Search Group

Retail Banking: *eServices Strategy-A Roadmap for Success*
Kathleen Craig, HT Mobile Apps

Risk Management: *Building an Effective ERM Strategy That Works*
Joe Wheeler, CSI

Sales/Customer Svc.: *The Most Excellent, Authentic and Heartfelt Approach to Customer Service*
Crystal Jonas

Trust: *Be a Black Belt in Trustee Self-Defense*
Rodney Retzner, Krieg DeVault LLP

10:00 – 10:30am Break in the Exhibit Hall

10:30 – 11:30am Session 2

Directors: *Capital and Expansion: Alternatives, Objectives,and Strategies*
John Tanselle, SmithAmundsen LLC and
Mike Renninger, Renninger & Associates LLC

Human Resources: *Aligning Performance Management with Your Total Rewards Strategy*
Cassandra Faroutte, Total Reward Solutions

Retail Banking: *Making Mortgages a Relationship Product*
Daryl Jones, Cornerstone Advisors

Risk Management: *ALM Regulatory Expectations*
Doug Hensley, PCBB

Sales/Customer Svc.: *This Ain't Your Daddy's Treasury Service: A New Model for Cash Management*
David Peterson, i7 Strategies

Trust: *Unique Asset Administration – Dos and Don'ts*
Brad Davidson, Unique Asset Partners LLC

11:45 – 1:45pm Lunch & Keynote
High Impact by Coach Bob Knight

2:00 – 3:00pm Session 3
Directors: *Seven Critical Items That Every Board Member Needs to Know*
Scott M. Polakoff, FinPro

Human Resources: *The End of an Era…Why Employers Should Rethink Workplace Wellness*
Nicole Fallowfield, Gibson

Retail Banking: *What Value Are Your Branches Driving?*
Timothy Reimink, Crowe Horwath LLP

Risk Management: *Credit Stress Testing: What Examiners Expect, and Steps to Deliver*
Shawn O'Brien, QwickRate

Sales/Customer Svc.: *How Informed Coaching Can Accelerate Sales Performance*
Heather Haas, Advisa

Trust: *Planning for Health Care? What You Don't Know About Retirement Will Hurt You*
Dan McGrath, Jester Financial Technologies

3:00 – 3:30pm Break in the Exhibit Hall

3:30 – 4:30pm Session 4
Directors: *The Economic Forecast*
Elliot F. Eisenberg, Ph.D.,GraphsandLaughs LLC

Human Resources: *Hot Trends in Employment Law*
Dave Swider,Bose McKinney & Evans

Retail Banking: *Who Moved my Customers? Transforming Branch Operations and Staff*
David Peterson, i7 Strategies

Risk Management: *Compliance With 2015 FFIEC Management Booklet Update*
Chad Knutson, Secure Banking Solutions

Sales/Customer Svc.: *Ignite: Enlighten Us, but Make it Quick*

Trust: *Digital Assets: Your Secret Weapon to Deepen Client Relationships*
Evan Carroll, Evan Carroll and Associates

4:30 – 5:30pm **Mega Celebration in the Exhibit Hall**
Gather in the exhibit hall to enjoy food, drink and entertainment, visit with old friends, make new ones, and peruse the latest in banking products and services.

6:00 – 7:30pm **Future Leadership Division Networking Reception at Loughmiller's Pub**
For FLD current members as well as those interested in joining.

Thursday, May 5th
7:30 – 9:00am **Registration and Breakfast in the Exhibit Hall**

9:00 – 10:00am **Session 1**

Business Lending: *Outlook for Credit and Bank Profitability*
Chris Nichols, CenterState Bank

Compliance: *Identifying and Mitigating Your Risks with Same-Day ACH*
Mary Gilmeister, AAP, NCP, WACHA

Financial Mgmt: *Financial Performance:Giving Directors the Right Data*
Greg Dingens, Monroe Financial Partners

Marketing: *Don't Be Intimidated by Content Marketing*
Kristin Sundin Brandt, Sundin Associates Inc.

Operations & Tech: *Blue Goldfish: Using Technology, Data and Analytics to Drive Differentiation and Customer Advocacy*
Evan Carroll, Evan Carroll and Associates

Strategic Thinking: *Developing and Empowering the Future Millennial Leaders of Your Organization*
Aaron McDaniel

10:00 – 10:30am **Break in the Exhibit Hall**

10:30 – 11:30am **Session 2**

Business Lending: *Strong Underwriting Starts Here*
John Cochran, Cochran Associates LLC

Compliance: *Preparing for the New HMDA*
Mark Kruhm, CRCM, American Bankers Association

Financial Mgmt: *The CFO of the Future*
Bob Koncerak, BankForward Consulting LLC

Marketing: *Connecting With Today's Digital Consumer*
Eric Cook, WSI Consulting

Operations & Tech: *Top 10 Baseline Cybersecurity Controls Banks Aren't Doing*
Chad Knutson, Secure Banking Solutions

Strategic Thinking: Bitcoin: Digital Dollars or Counterfeit Currency?
Steve Stasiukonis, Secure Network Technologies

11:45 – 1:30pm Lunch & Keynote
Brace For Impact by Dave Sanderson

1:45 – 2:45pm Session 3

Business Lending: *Small Business Digital Lending: Your Best Revenue Growth Opportunity*
Robert C. Giltner, R.C. Giltner Services

Compliance: *Is That New Whiz-Bang Service Going to Put You in UDAAP Jail?*
Melissa Blaser, Wipfli LLP

Financial Mgmt: *Preparing for the FASB's CECL Model*
Emily Bogan, Sageworks

Marketing: *25 Smartphone Video Tips, Tricks and Tactics You Can Use Today*
Rocky Walls, 12 Stars Media

Operations & Tech: *Hashtags to Security Holds: Using Social Networking to Compromise a Financial Institution*
Steve Stasiukonis, Secure Network Technologies

Strategic Thinking: Shareholder Succession: Is This the Way out of Consolidation?
T.W. Shannon, Premier Consulting Partners

2:45 – 3:00pm Break in the Exhibit Hall

3:00 – 4:00pm Session 4

Business Lending: *Improving Your Negotiating Skills: Tips Learned in the Trenches*
Michael P. Alerding, Alerding CPA Group

Compliance: *Insights From the Regulators*

Financial Mgmt: *Maximizing Your Profit Opportunities*
Susan M. Kappel, CBAP, Wipfli LLP

Marketing: *5x5: Five Proven Tactics in Five Critical Areas of Bank Marketing*
Allen Howie, Idealogy Financial Marketing

Operations & Tech: *Why Core IT Service Providers Have a Big Advantage in Negotiations, and What You Can Do About It*
Aaron Silva, Paladin fs

Strategic Thinking: *Is There an App for That? Of Course There Is!*
Eric Cook, WSI Consulting

On Tuesday and Wednesday Nights...

Join IBA Chairman Mike Head in the Chairman's Suite at the JW Marriott Indianapolis. It will be a great time to meet old friends and make new ones.

From the Vendor Floor at the 2016 MBA BEST Conference

The Michigan Bankers Association's 2016 BEST Conference was a great event. Here's a look at some of the wonderful vendors that helped to make it a success, including a couple of young men who just might follow in their father's footsteps.


CROs in Financial Risk Management Join Leading Risk Americas Convention in NYC

The Risk Americas series returns to NYC next month for the 5th Annual Risk and Regulation Convention set to take place on May 3 – 4, 2016 at the Hilton Midtown. Risk Americas traditionally brings together senior financial risk and regulation professionals from around the globe to address critical challenges within financial risk management. Following extensive research conducted by the Center for Financial Professionals, the Risk Americas 2016 agenda now features CROs from AQR Capital, Lazard Group, Citibank Canada, Lloyds Banking Group, Prudential Financial, Credit Suisse, Investors Bank, TCF Bank, Inter American Development Bank, and Canadian Western Bank amongst others.

The Convention is tailored to deliver a custom made experience with the opportunity for participants to attend a single stream throughout the two days, or combine sessions across streams to gain a broader perspective. Before breaking into the multiple streams, each day opens with Keynote Plenary sessions with CROs and regulatory representatives who will review the role of the CRO, risk appetite, risk management in the age of volatility and machine learning among other key talking points.

The Risk Americas agenda was the result of extensive industry research and insights from a distinguished Blue Ribbon panel and over 50 industry professionals. As expected, one of the streams at the Convention will focus on Stress Testing and Model Risk, covering CCAR & DFAST, regulatory challenges, PPNR modelling and model risk frameworks. With the recent submission for large institutions under CCAR, attendees will be eagerly anticipating the opportunity to hear from the Federal Reserve Bank of New York review and analyze the 2016 CCAR tests.

Soner Tunay, Head of Risk Analytics at Citizens Bank will be attending this year's Risk Americas and running a complementing Masterclass on Stress Testing - PPNR and scenarios. According to Soner, "PPNR is the new frontier in risk modelling. It is not only a new field but also an area where integration to Bank's day to day activities and ultimately to credit loss forecasting is paramount. We will look at the big picture of PPNR modelling and where it will be most effective."

Another featured stream at the Risk Americas Convention will focus on the evolving operational risk. As this silo continues to grow, the importance for regulations to be met are higher now than ever. Attendees will particularly enjoy hearing from Heads of operational risk from US Bank, TIAA-CREF, Intesa Sanpaolo and KPMG to discuss and debate effective operational risk frameworks to help mitigate the risk.

New to Risk Americas for 2016 is the stream on Liquidity Risk and Capital Management. A topic area quickly emerging as a key consideration for financial risk professionals with a great opportunity for professionals to prepare for TLAC, NSFR and LCR implementations. Christian Pichlmeier, Head of Liquidity Risk, at MUFG Union Bank N.A who returns to the Convention this year said, "The Center for Financial Professionals staff are very friendly and outstanding, the Convention is handled professionally very well and the content is in sync." The full agenda and speaker line up is now available to view at *http://www.risk-americas.com.*

2016 Annual Technology, Compliance & Risk Management Forum

May 9 – 11, 2016 • Hilton Albany • 40 Lodge St • Albany, NY 12207

NYBA's Annual Technology, Compliance & Risk Management Forum offers IT, compliance, risk management, information security, audit, physical security and fraud management professionals the latest on emerging trends, best practices, and regulatory guidance. From new regulatory mandates to cyber crime, technology planning, risk management and information security best practices, you'll have the chance to explore issues important to your organization. It's also a great opportunity to meet one-on-one with vendors providing the latest technology, compliance and risk management solutions. Forums on Information Systems and Security, Cyber Security, Payments, Risk Management and Compliance include:

- The Evolving Threat Landscape: Preparing for the Inevitable
- Cyber Crime: Regulatory Expectations, Examinations and the Cybersecurity Assessment Tool
- Incident Response: Taking It to the Next Level
- Third Party Risk Management: Integrating Cybersecurity, Enhanced Due Diligence and Ongoing Monitoring
- Evolving Payments Channels, P2P and Digital Wallets
- Mobile Devices and Mobile Apps: Protecting the Bank and Your Customers
- Next Generation Controls: Sandboxing, Network Access and More
- Navigating EMV Issues in 2016
- Fraud and Electronic Financial Crime
- Technology Service Provider Contracts
- Managing the Legal Risks of Data Breaches
- Integrating New ATM Technologies: Added Value Transactions
- Cybersecurity and Digital Forensics
- Latest in BSA/AML Compliance
- Current Issues in Consumer Compliance Examinations: Regulatory Perspectives
- Model Risk: Governance and Validation
- HMDA Challenges Ahead: Preparing for Change
- Three Lines of Defense: Integrating Compliance Across the Organization
- Fair Lending and UDAAP: New Concerns for 2016
- Compliance Roundtable Discussion

The New York Bankers Association is registered with the New York State Board for Public Accountancy as a sponsor of continuing professional education (CPE). The 2016 program qualifies for up to 11.5 hours CPE. CRCM credits are pending. For more information on the program, contact Elisa Legg at *elegg@nyba.com,* or at 212-297-1679.

Digital Banking 2016 Conference: The User Experience Quest

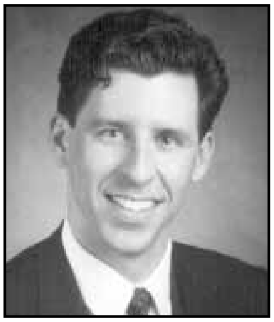
June 20 – 22, 2016 • The Roosevelt New Orleans • New Orleans, LA

The quest for a good user experience on mobile devices and websites, in call centers and payment services, is the underlying theme to this year's Digital Banking conference. Every bank wants to strengthen human relationships in its digital channels – to reestablish bonds lost with drops in branch traffic and to better compete with bank rivals and fintechs – and is fine-tuning those channels accordingly.

This year's conference will feature bank technology leaders who will give you an inside look at the latest in the digital channel. These speakers include:

- **Manolo Sanchez**, Chairman and CEO of BBVA Compass, will explain how his bank is reimagining banking with in-house development, fintech partnerships and an open innovation culture.
- **Gavin Michael**, Chase's Head of digital for consumer and community banking, will be on hand for a fireside chat. He will no doubt tell about the website makeover the bank is undergoing, its shift to agile development and how it wants to speak more naturally to customers through its digital channels.
- **Michelle Moore**, Head of digital banking at Bank of America, will share the bank's efforts to create an ideal customer experience.
- **Charaka Kithulegoda**, CIO of Tangerine Bank, will explain how his bank is rethinking call center technology for the modern age.
- **Andres Wolberg-Stok**, Director of Citi Fintech, will offer his vision for why the Internet of Things matters to banks and the opportunities for them therein.
- **Suresh Ramamurthy**, CEO of CBW Bank, one of the first banks in the U.S. to offer real-time payments, will talk about overcoming the challenges to faster payments.

Check the rest of the speakers, as well as the other events and activities at the Digital Banking 2016 conference at: *http://www.americanbanker.com/conferences/digitalbanking*. We look forward to seeing you in June.



ALEX YARBER

MICHAEL C. SPRAGG

MIKE DANIEL

DIANNE GILLMOR KRUMSEE

SEAN MULVANEY

Yarber Boosts Commercial Lending Expertise of Doeren Mayhew's Financial Institutions Group

Doeren Mayhew, a top 100 CPA and advisory firm, has added Alex Yarber, CPA, CFE, CRC to its national Financial Institutions Group practice. With more than 23 years' experience in financial institution lending operations, Yarber brings extensive knowledge in commercial, indirect and consumer lending to the group's expansive lending service line-up.

A graduate from Michigan State University, Yarber began his career as a commercial relationship manager for a large regional bank and spent the next 13 years performing commercial and retail loan advisory services for community banks, credit unions and CUSOs through Doeren Mayhew, as well as his own consulting company, The Yarber Group. He has worked with portfolios exceeding $1.5 billion. Additionally, Yarber has experience testifying as an expert witness in indirect lending matters. Most recently he was the vice president of lending at Astera Credit Union in Lansing, Mich.

Taking on his new role as a Commercial & Retail Lending Senior Manager on April 4, 2016, Yarber will evaluate credit risk management systems, help clients determine product line pricing and profitability, assist in developing sound underwriting policies and procedures, create loan growth strategies to help build a sustainable portfolio of lending products and much more.

"We are excited to have Alex rejoin Doeren Mayhew's Financial Institutions Group to assist clients in the credit-risk management process," said Robin D. Hoag, CPA, CGMA, CMC, a shareholder in the Financial Institutions Group. "His high-caliber skillset related to commercial, consumer and indirect lending will round-out Doeren Mayhew's powerhouse of intellectual capital and lending experience." Holding the designation of being Credit Risk Certified, Yarber is an active member of the Risk Management Association, as well as the Association of Certified Fraud Examiners.

Controlling Interest in The Old Fort Bank Sold to the Employees

Michael C. Spragg, President & CEO of Ohio's Old Fort Banking Company and Gillmor Financial Services, Inc., has announced that the Federal Reserve Bank of Cleveland, acting pursuant to authority delegated by the Board of Governors of the Federal Reserve System, approved the application by The Old Fort Banking Company Employee Stock Ownership and 401(k) Plan-ESOP Component Trust, Old Fort, Ohio, to become a bank holding company by acquiring approximately 45 percent of the common stock of Gillmor Financial Services, and thereby indirectly acquiring control of The Old Fort Banking Company, both of Old Fort, Ohio, pursuant to Section 3(a)(1) of the bank holding Company Act.

The completion of the acquisition and ESOP transaction took place on December 22, 2015. "What has been accomplished is not only historic, but it has achieved the objectives of many hard-working individuals and assists in preserving a vital community asset, The Old Fort Banking Company. We are not aware of any holding company which was able to take its ESOP from 0 percent to 45 percent in a single, integrated transaction…which is a true testament to our management team, associates, and board of directors," said Spragg.

Employee ownership in companies in the United States can be accomplished in a variety of ways. Employees can buy stock directly, be given stock as a bonus, receive stock options or obtain stock through a profit-sharing plan. But by far the most common

mechanism of employee ownership of businesses takes place through ESOPs, a form of employee benefit plan similar in some ways to a profit-sharing plan. In an ESOP, a company sets up a trust fund, into which it contributes new shares of its own stock or cash to purchase existing shares. Alternatively, the ESOP can borrow money to purchase new or existing shares, with the company making cash contributions to the plan to enable it to repay the loan.

The ESOP established by The Old Fort Banking Company has a total value of approximately $15 million. The plan is a retirement vehicle that doesn't require employees to make matching contributions, unlike a 401(k), which the bank also offers its employees. Additionally, there are no taxes paid on any employee's ESOP earnings until after the employee's stock is bought out of the plan, either at his or her retirement or when he or she is no longer employed by the bank. "The ESOP will profoundly influence the way our associates view working at The Old Fort Banking Company," said Spragg.

"It gives our associates a sense of ownership and pride, ultimately resulting in enhanced client service. They feel like they are not working for someone else, they feel like they are working for themselves," says Mike Daniel, Chief Financial Officer. "You think more about what you can do to have a positive impact on the bottom line, about working more efficiently. Even little things, like not wasting supplies, can be important, because the more the bank profits, the more our associates have going into the ESOP." According to Daniel, that kind of profit-minded thinking is becoming infused within the bank's corporate culture. "Our associates take ownership of their delivery of service and when we need something, we can go to them and say, 'Look, this is in your best interest. This will increase the value of the bank's stock and is going to make your retirement better.'"

Congress authorized the creation of ESOPs in 1974 when it passed the Employee Retirement Income Security Act. "For all the bad things you might want to say about government, ESOPs are one of the great things they did," said Daniel. "Old Fort began its ESOP on the recommendation of Mr. Spragg as a method to buy a substantial portion of stock from a majority shareholder, Board Chairman, Dianne Gillmor Krumsee, without having to change control or to sell the bank to someone else. Instead, the employees end up owning the bank rather than an outside party."

Spragg knew how important it was for Ms. Gillmor Krumsee to preserve the Gillmor family legacy and that she also wanted to stay involved. "After all the blood, sweat and treasure the Gillmors had invested in building the bank, Ms. Gillmor Krumsee no doubt hoped that it would continue to thrive, in a form she would recognize, long after she was gone. Much of the Gillmor identity and worth was tied up in the bank. Selling to an outsider included the risk of substantial change to the very heart of the community bank," said Spragg.

Dianne Gillmor Krumsee shares her family's commitment to providing a fiscally strong locally owned bank, focused on serving the needs of the community. Her grandfather Howard J. Fry, her father Paul M. Gillmor, and her brother Paul E. Gillmor provided leadership to grow the Old Fort Bank with that commitment. Dianne Gillmor Krumsee's desire to carry on Old Fort Bank's tradition of leadership and community banking resulted in the formation of the ESOP which fulfills that goal, strengthening the bank's ties to the community while ensuring the continuing success of the organization.

Sean Mulvaney Joins WordCom, Inc

Marketing intelligence veteran Sean Mulvaney has joined WordCom as Vice President of Product Development. Most recently working with Speedeon and as Director of Sales – National Accounts in the marketing services division at Deluxe Corp., Sean spent the bulk of his career with ACTON Marketing (Deluxe purchased ACTON in 2013). At ACTON, as Managing Partner – Financial Services, he helped grow one of the leading providers of financial marketing services to banks and credit unions across the country.

According to Chris Wachtel, President & CEO of WordCom, "The expertise that Sean brings to WordCom's 35 years of financial marketing will be a tremendous benefit to our team and our clients. Not only will he be able to provide us with the resources to develop new tools and products to support our clients' needs, but the respect he has built over the years in this industry is a tremendous addition."

Monroe Bank & Trust Receives Financial Education Innovation Award Presented by NASDAQ and EverFi

Monroe Bank & Trust (MBT) was honored at the second annual Innovation in Financial Education Awards presented by NASDAQ and EverFi. The award recognizes MBT's significant efforts to improve the financial capability of Americans through unique digital learning initiatives. Thirty-five institutions across America were honored with this distinction at a ceremony hosted at the NASDAQ Marketsite in New York City.

Honorees were selected based on a set of criteria that included the scale and reach of their financial education initiatives, the duration of their commitment, and unique employee volunteering activities that supplement their programs. MBT was the only Michigan-based bank to receive the award.

"Helping students and adults develop a foundation of financial understanding and capability is absolutely critical," said EverFi Founder and CEO Tom Davidson. "The organizations we're recognizing here today are tackling this issue head on and taking positive steps to prepare millions of individuals with the critical financial management skills needed to move our country forward."

MBT is committed to providing students with the skills and knowledge needed to successfully navigate the increasingly complex financial world we live in. MBT was the first in Michigan to partner with EverFi in 2011 and has since brought the MBTeach High School Financial Education program to 20 local high schools at no cost to schools or taxpayers. The program has reached over 3,500 students since 2011. The web-based course uses the latest in simulation and gaming technologies to bring complex financial concepts to life for today's digital generation.

"We are honored to receive this innovation award and hope that students and their families gain a greater knowledge of personal finance thru this curriculum," said MBT President & CEO Doug Chaffin. MBT Financial Education Officer Jennifer Tucker explained, "By reaching students at their high schools we can teach them positive habits before they go off to college, many times before they get their first job," She continued, "When good financial decisions are made at an early age, it's a win-win for the entire community."

While more states are implementing standards in personal finance, only 17 states require high school students to take a course in personal finance, according to the Council for Economic Education (CEE). Administered by teachers in a classroom setting, the course offers over six hours of programming on a variety of financial topics including credit scores, insurance, credit cards, student loans, mortgages, taxes, stocks, savings, 401k's and other critical concepts that map to national financial literacy standards. The platform tracks the unique progress and performance of every student.

MBT VP, Julian Broggio & AVP, Jennifer Tucker receive the Innovation in Financial Education Award as Monroe Bank & Trust is featured at the NASDAQ Marketsite in New York City.

STIFEL

Company	Ticker	Closing Price 04/15/2016	Price Change YTD	Current Dividend Yield	Price to TTM Diluted EPS	Price to Tangible Book Value	Total Assets ($MM)	TTM ROAA	TTM ROAE	Net Interest Margin	Efficiency Ratio
Birmingham Bloomfield Bancshares, Inc.	BBBI	$8.69	12.13%	0.00%	8.44x	93.6%	$244	0.86%	9.71%	4.05%	64.73%
Capital Directions, Inc. [(1)(3)]	CTDN	$47.00	-1.16%	0.00%	23.62x	188.0%	$122	0.65%	8.08%	2.72%	80.13%
Century Financial Corporation	CYFL	$15.00	19.52%	3.33%	11.54x	88.2%	$288	90.00%	7.24%	3.41%	72.00%
Chemical Financial Corporation	CHFC	$36.89	20.40%	2.82%	14.7x	200.7%	$9,189	1.02%	9.44%	3.58%	59.03%
ChoiceOne Financial Services, Inc.	COFS	$22.75	-1.09%	2.99%	12.1x	134.5%	$568	1.04%	8.39%	3.78%	68.04%
CNB Corporation	CNBZ	$19.25	37.50%	2.60%	13.85x	97.4%	$272	0.63%	7.14%	3.03%	82.88%
Comerica Incorporated	CMA	$39.40	-15.88%	2.13%	13.78x	100.1%	$71,877	0.74%	6.92%	2.60%	67.69%
Commercial National Financial Corporation [(2)]	CEFC	$9.75	20.37%	5.33%	12.5x	142.1%	$385	0.71%	11.52%	3.06%	69.27%
County Bank Corp	CBNC	$28.50	28.09%	3.79%	8.77x	85.6%	$324	1.09%	9.68%	3.49%	69.30%
Eastern Michigan Financial Corp	EFIN	$17.50	9.72%	2.74%	10.23x	67.8%	$293	0.69%	6.83%	3.09%	73.72%
Fentura Financial, Inc.	FETM	$14.15	42.93%	1.41%	7.57x	109.7%	$446	1.13%	15.50%	3.90%	72.93%
HCB Financial Corporation	HCBN	$20.85	3.47%	2.69%	12.87x	78.9%	$302	0.57%	6.48%	2.91%	82.53%
Isabella Bank Corporation	ISBA	$27.65	22.89%	3.47%	14.4x	159.2%	$1,668	0.95%	8.33%	3.10%	64.76%
Independent Bank Corporation	IBCP	$14.79	13.33%	2.16%	17x	132.3%	$2,409	0.86%	7.89%	3.58%	77.16%
Macatawa Bank Corporation	MCBC	$6.82	25.37%	1.76%	17.95x	152.2%	$1,730	0.79%	8.68%	2.97%	73.37%
Mackinac Financial Corporation	MFNC	$10.27	-13.33%	3.89%	11.29x	89.0%	$739	0.76%	7.41%	4.32%	71.75%
MBT Financial Corp.	MBTF	$8.09	62.12%	1.48%	15.26x	125.2%	$1,342	0.93%	8.67%	3.15%	71.74%
Mercantile Bank Corporation	MBWM	$22.22	5.71%	2.88%	12.34x	133.8%	$2,904	0.94%	8.19%	3.83%	64.27%
Southern Michigan Bancorp, Inc.	SOMC	$26.50	25.89%	2.72%	10.47x	118.4%	$583	1.02%	8.82%	3.90%	67.09%
Talmer Bancorp, Inc.	TLMR	$18.74	33.48%	1.07%	22.05x	174.8%	$6,596	0.95%	8.04%	3.74%	65.97%
University Bancorp, Inc. [(4)(6)]	UNIB	$7.70	14.07%	0.00%	12.22x	277.0%	$182	2.40%	16.23%	3.76%	89.74%
West Shore Bank Corporation	WSSH	$24.00	7.14%	3.50%	11.71x	88.6%	$390	0.71%	7.78%	3.52%	76.53%
BANK AVERAGE			16.94%	2.40%	13.39x	129.0%	$4,675	4.97%	8.95%	3.43%	72.03%
First Federal of Northern Mich Bancorp, Inc.	FFNM	$6.80	23.86%	2.35%	6.87x	78.4%	$336	1.03%	11.03%	2.97%	87.50%
Sturgis Bancorp, Inc. [(5)]	STBI	$10.45	17.42%	3.06%	11.48x	82.1%	$369	0.71%	7.86%	3.54%	78.51%
Wolverine Bancorp, Inc.	WBKC	$25.67	7.18%	0.00%	16.56x	91.6%	$418	0.89%	5.17%	3.46%	57.82%
THRIFT AVERAGE			16.15%	1.81%	11.64x	84.0%	$374	0.88%	8.02%	3.32%	74.61%

For additional information: *Please contact Stifel, Nicolaus & Company, Incorporated in Grand Rapids at (616) 942-1717.*
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Paul C. Drueke - Senior Vice President/Investments Toll-Free (877) 619-1405

Financials are GAAP if available, otherwise regulatory. If bank is not a consolidated reporter, small parent company equity is used for TCE / Tangible Assets and TTM ROAE.

Yields and availability are subject to change.
Dividend Yields do not include special dividends.

TTM: Valuation information is for the trailing 12 months (TTM) as of 12/30/2015

(1) TTM: Valuation information is for the trailing 12 months (TTM) as of 12/31/2014.
(2) Price TTM Diluted EPS and Tangible Book Value is for the trailing 12 months(TTM) as of 12/30/2014.
(3) Total assets is for the trailing 12 months as of 12/31/2015
(4) Efficiency Ratio is for the trailing 12 months (TTM) as of 12/31/2013
(5) EPS is for the trailing 12 months(TTM) as of 12/31/2014
(6) TTM ROAE is for TTM 9/31/2015

Price to TTM Diluted EPS is the stock price as a multiple of the trailing 12 months earnings per share. (Share price divided by EPS for the trailing 12 months.)
TTM ROAA is the trailing 12 months return on average assets (or net income as a percentage of average assets).
TTM ROAE is the trailing 12 months return on average equity (or net income as a percentage of average equity).
TTM Efficiency Ratio is net interest expense as a percentage of net interest income for the trailing 12 months.

Source: SNL Interactive www.snl.com

DFS Approves Goldman Sachs Bank Purchase of GE Capital Bank

Goldman Bank USA will acquire certain limited assets and assume substantially all deposit liabilities from GE Capital Bank.

The New York State Department of Financial Services (DFS) has approved the application of Goldman Sachs Bank USA (GS Bank), a New York State chartered state member bank subsidiary of The Goldman Sachs Group, Inc., to acquire certain limited assets and assume substantially all of the deposit liabilities of GE Capital Bank, based in Holladay, Utah, an industrial bank subsidiary of General Electric Capital Corporation.

"DFS's approval of this transaction provides funding diversification for GS Bank and the opportunity to serve the needs of consumers and communities," said Department of Financial Services Acting Superintendent Maria T. Vullo. "New York is the financial capital of the world because of the continued strength of its financial markets and the rigorous regulatory framework that supports and encourages business while protecting consumers."

Under the terms of the acquisition, GS Bank will assume approximately $17 billion of GE Capital Bank's deposits, including retail on-line deposits, as well as certain technology of GE Capital Bank. Goldman Bank will hire employees of GE Capital Bank to operate the on-line retail deposit platform.

As part of DFS's approval, GS Bank must ensure that its online deposit platform is accessible to a majority of consumers within its Community Reinvestment Act assessment area. GS Bank must notify DFS immediately of any plans to expand the on-line deposit platform, including any retail lending, which would be subject to separate DFS approval.

In addition, GS Bank must implement enhancements to its compliance programs, including its BSA/AML/sanctions compliance programs, to encompass its new on-line deposit platform.

NYMBA Spearheads Reinstatement of the Refund of the Special Additional Mortgage Recording Tax

On April 1, 2016, the New York State Budget was passed. The budget included the following language:

PART LL, Section 1. Paragraph (b) of subdivision 9 of section 210-B of the tax law, as added by section 17 of part A of chapter 59 of the laws of 2014, is amended to read as follows:

(b) Carryover or refund. In no event shall the credit herein provided for be allowed in an amount which will reduce the tax payable to less than the fixed dollar minimum amount prescribed in paragraph (d) of subdivision one of section two hundred ten of this article. If, however, the amount of credit allowable under this subdivision for any taxable year, including any credit carried over from a prior taxable year, reduces the tax to such amount or if the taxpayer otherwise pays tax based on the fixed dollar minimum amount, any amount of credit not deductible in such taxable year may be carried over to the following year or years and may be deducted from the taxpayer's tax for such year or years. In lieu of carrying over to the following year or years, the unused portion of credits attributable to the special additional mortgage recording tax paid by the taxpayer as mortgagee with respect to mortgages of real property principally improved or to be improved by one or more structures containing in the aggregate not more than six residential dwelling units, each dwelling unit having its own separate cooking facilities, such taxpayer may elect to treat such unused portion as an overpayment of tax to be credited or refunded in accordance with the provisions of section ten hundred eighty-six of this chapter, except that no interest shall be paid on such overpayment.

- *2. This act shall take effect immediately and shall be deemed to have been in full force and effect on the same date and in the same manner as part A of chapter 59 of the laws of 2014, took effect.*

Upon learning that the 2014 budget eliminated the refund, effective with the 2015 tax year, the New York Mortgage Bankers Association contacted the New York State Assembly and Senate; explaining the impact on non-depository lenders, and requesting a correction in the 2016 budget, retroactive back to January 1, 2015. In addition, we asked our members to contact their legislators. As a result, there was bipartisan support in the NYS legislature for the correction, and it was added to both the Assembly and Senate One House bills, and inserted into the final bill, passed by both the Assembly and Senate.

Our sincere thanks go out to everyone who assisted in this effort. Loss of the refund would have had a devastating impact on mortgage bankers doing business in the State of New York when filing their 2015 tax returns.

Landmark Victory For Americans Saving For Retirement: U.S. Dept. of Labor Forces Brokers to Disclose Hidden Fees

A new regulatory standard requiring those who advise retirement investors to act in the best interests of their clients was approved. This measure is expected to save hard-working Americans billions of dollars in fees while driving much needed pro-consumer reforms of the stock brokerage, mutual fund and insurance industries.

Rebalance IRA, a leading investment firm, played a central role in helping to achieve this pro-consumer victory. The Firm is a key member of the Save Our Retirement coalition and Managing Director Scott Puritz testified before the U.S. Senate as it evaluated the new rule. During his testimony, Puritz noted: "The story we see over and over again is all too familiar- a client at a brokerage firm who is stunned to find out that their so-called trusted retirement investment advisor does not have a fiduciary responsibility." He added that most American workers assume that their retirement advisor acts in their best interest, exercising a fiduciary responsibility. Unfortunately, the reality is that investment advisors often recommend the funds that pay them the largest commissions and fail to disclose a second level of fees charged by the mutual funds and shared with the advisor.

The U.S. Department of Labor finalized the landmark federal rule, ending an epic five-year political struggle against armies of lobbyists and multiple congressional bills aimed at derailing the regulation. The current, vague requirement that an investment be "suitable" to a client will be replaced by an unequivocal standard that requires anyone offering retirement investment advice to clearly put clients' interests ahead of their own.

"This is an extraordinary victory for the American consumer," said Puritz. "The U.S. Department of Labor has estimated that consumers lose over $17 billion through excessive fees every year, draining investment accounts of money needed for retirement. Regrettably, this is an industry built upon hiding fees and offering conflicted advice. When fully implemented, the U.S. Department of Labor's new rule requires putting the interests of retirement savers first and mandates a much higher level of disclosure regarding fees and potential conflicts of interest. Once consumers finally are armed with accurate information, the transformative power of the free market system has the potential to drive fees lower and dramatically expand the quality of retirement investing options. Labor Secretary Thomas Perez and his team should be commended for persevering in the face of serious opposition by the brokers."

"All too often, investors in retirement plans pay higher fees than they should and their accounts contain high-cost funds that reward the provider of advice rather than the client," said Professor Burton G. Malkiel, one of America's foremost economists and a member of the Rebalance IRA Investment Committee. "Business models that depend on selling high-cost, low-value retirement investment products aren't going to cut it any more. The fiduciary standard will accelerate the process of changing outmoded and ineffectual financial business models to better address the needs of small investors."

IDFPR Banking Division Enforcement Actions for February 2016

The Banking Division of the Illinois Department of Financial and Professional Regulation (IDFPR) has announced that the Directors of Banking, Michael J. Mannion; Financial Institutions, Francisco Menchaca; and Professional Regulation, Jay Stewart signed the following enforcement orders in the month of February 2016. These actions were as follows:

- **Millennium Bank, Des Plaines** agreed, without admitting or denying guild, to a Consent Order (2016 DB 04), effective February 26, 2016, that would correct what the FDIC and the IDFPR allege to be unsafe banking practices related to the Bank Secrecy Act. The Order covers requirements for management and staff, training, a revised BSA compliance course, a due diligence program, monitoring and reporting suspicious activities, and correcting violations. Both the Bank and the regulatory agencies involved agreed on the action.
- **The State Bank of Blue Mound,** Blue Mound received Termination Letter, dated January 28, 2016, which terminates Written Agreement (2012 DB 38), dated August 1, 2012, which gave the Federal Reserve Bank of Chicago additional authority over the State Bank of Blue Mound. The termination of this agreement is effective October 31, 2015, the date The State Bank of Blue Mound merged into the First National Bank of Pana.

KPMG Forensic Leaders Pen *The New Era Of Regulatory Enforcement: A Comprehensive Guide For Raising The Bar To Manage Risk*

KPMG's Richard Girgenti and Timothy Hedley Provide Valuable Insight on Mitigating Risk While Optimizing Performance in Today's Complex Regulatory Environment.

In *The New Era of Regulatory Enforcement: A Comprehensive Guide for Raising the Bar to Manage Risk* [McGraw-Hill Education, April 2016], authors Richard H. Girgenti, J.D., National and Americas Leader for KPMG LLP's Forensic Advisory Services, and Timothy P. Hedley, Ph.D., KPMG's Global Lead for Fraud Risk Management Services, provide valuable insight into challenges companies face in conducting business in the new regulatory environment.

In today's global and digital world, the increasingly complex regulatory and business landscape has created unprecedented challenges and risks for businesses in all industries. Girgenti and Hedley, also co-authors of *Managing the Risk of Fraud and Misconduct: Meeting the Challenges of a Global, Regulated, and Digital Environment* [McGraw-Hill, 2011], supported by KPMG professionals with varied areas of regulatory and enforcement knowledge, delve into government policies, strategies and tactics driving enforcement activity, and the most effective approaches for preventing, detecting, and responding to enterprise and industry risks.

"As organizations attempt to navigate this changing regulatory landscape, they face new risks and uncertainty resulting from a new regime of enforcement that is global in nature. Those that fail to effectively manage these risks find themselves facing record fines and penalties," says Girgenti. "Our aim is to provide organizations with knowledge and support to build and sustain an effective compliance environment and culture of integrity, the foundation for sustained high business performance."

The New Era of Regulatory Enforcement provides clear guidance on what organizations need to do to mitigate risks, as well as insight into:

- Public policies driving increased enforcement activity;
- Government expectations for organizational compliance and integrity;
- Tools and techniques deployed by the government to identify, investigate and ensure organizational compliance; and
- Steps prudent organizations must take to prevent, detect and, as necessary, respond to regulatory enforcement risks.

"Effectively managing risk is an imperative for business leaders. Those organizations that will lead the way will not only seek to comply with regulations, but will also work tirelessly to create an environment of trust with employees, customers, regulators, and shareholders based on sound ethical principles and behavior. This is not only a prescription to manage risks but a way forward to strengthen a company's reputation and help ensure sustainable success," says Hedley.

The New Era of Regulatory Enforcement covers topics that are top of mind for organizations as they navigate the regulatory landscape, including anti-bribery and corruption; anti-money laundering and trade sanctions; market manipulation; financial reporting fraud; unfair, deceptive and abusive consumer finance practices; off-shore tax evasion; and fraud and misconduct in the healthcare and life sciences industries.

ODFI Report for February 2016

The Ohio Division of Financial Institutions has released its report for February, covering Ohio-chartered banks, credit unions, savings and loan associations, and savings banks. This month's report focuses on Ohio-based Fifth Third Bank, which:

- Closed a banking office located at 4400 West 95th Street, Oak Lawn, Illinois 60453 and consolidated the accounts with an existing branch located at 9400 South Cicero Avenue, Oak Lawn, Illinois 60453. Effective February 16, 2016.
- Closed a banking office located at 2900 Thornhills Avenue SE, Grand Rapids, Michigan 49546 and consolidated the accounts with an existing branch located at 6485 28th Street SE, Grand Rapids, Michigan 49546. Effective February 16, 2016.
- Closed a banking office located at 725 Baldwin Street, Jenison, Michigan 49428 and consolidated the accounts with an existing branch located at 530 Baldwin Street, Jenison, Michigan 49428. Effective February 16, 2016.
- Closed a banking office located at 115 East Greene Street, Piqua, Ohio 45356 and consolidated the accounts with an existing branch located at 123 Market Street, Piqua, Ohio 45356. Effective February 17, 2016.
- Closed a banking office located at 111 West 1st Street, Dayton, Ohio 45402 and consolidated the accounts with an existing branch located at 1 South Main Street, Dayton, Ohio 45402. Effective February 17, 2016.
- Closed a banking office located at 204 South Union Street, Traverse City, Michigan 49684 and consolidated the accounts with an existing branch located at 102 West Front Street, Traverse City, Michigan 49684. Effective February 17, 2016.
- Closed a banking office located at 1220 North Bosworth Avenue, Chicago, Illinois 60642 and consolidated the accounts with an existing branch located at 1209 North Milwaukee Avenue, Chicago, Illinois 60642. Effective February 17, 2016.

Banking and Securities Department Announces Quarterly Report on Enforcement Orders

Pennsylvania's Department of Banking and Securities issued 16 enforcement orders during the first quarter of 2016. Fines and assessments for these orders totaled $287,300, including:

Comprehensive lists of enforcement orders administered by the Department of Banking and Securities are available online at *www.dobs.pa.gov* under "Public Info." Consumers can make inquiries or file a complaint against any company or individual regulated or licensed by the Department of Banking and Securities online or by calling 1-800-PA-BANKS (800-722-2657).

Update to Digital Assets and Estate Administration

In last month's Great Lakes Banker magazine, we published an article written by David de Reyna about Digital Assets and Estate Administration in Michigan. Shortly thereafter, on March 29, 2016, Michigan Governor Rick Snyder signed into law House Bill No. 5034, which created the "fiduciary access to digital assets act." This Act specifically allows a fiduciary acting under a Will or Power of Attorney, Personal Representative, Conservator, or Trustee to use any online tool to direct the digital custodian to disclose or not to disclose to a designated recipient some or all of the user's digital assets, unless the digital custodian has been specifically directed otherwise. The Act further directs the digital custodian to provide the contents of the digital assets to the fiduciary upon request and with the appropriate documentary evidence etc. However, the Act is clear that it is does not change or impair the rights of the digital custodian under its existing terms-of-service agreements, which may or may not allow access by a fiduciary. With the enactment of this Act, Michigan is now the 10th state to have a law specifically addressing the after-death treatment of a person's digital accounts and assets.

Why There's a Place for Panama-style Financial Privacy

By Nigel Green, CEO and Founder, deVere Group

Panama should be applauded for its "pro-active approach to enhance its effectiveness and credibility" as an offshore financial center, but it should not lose or devalue the financial privacy it offers. The Central American country has announced that it is creating an 'international panel of experts' to help enhance transparency in its offshore financial industry in the wake of a leak of millions of documents from Panamanian law firm Mossack Fonseca, which, it is claimed, show that it helped some wealthy clients evade tax.

Over the last several years, most major offshore financial centers have now embraced a new era of heightened transparency, regulation, and cooperation. This must be welcomed. Yet the Panama Papers case highlights that more work is still needed in some areas. With this in mind, I wholeheartedly champion Panama's pro-active approach to enhance its effectiveness and credibility as an international financial hub. However, it should not lose or devalue the legitimate financial privacy it offers.

There are many bonafide advantages of the offshore system for the global economy and individuals. These include allowing those who qualify to do so to use legal international investment products to form part of a robust and sensible financial planning strategy. Another major benefit of such centers include that they allow companies to avoid getting taxed twice on the same income. But for many, one of the key 'plusses' is the legitimate financial privacy that's offered for those who live in countries where there is economic, political, and/or social unrest.

For instance, there is a real and present danger of kidnap in some parts of Latin America for high net worth individuals and their loved ones who keep their wealth 'onshore'. As such, there is a place and a need for financial privacy to protect themselves. But let's be clear: there is an important distinction between financial privacy and financial secrecy. Exchanging information between bonafide government authorities for relevant tax matters is, typically, entirely legitimate. Sharing financial information with anyone else, such as your competitors, or indeed anyone else for that matter, is not. Privacy can be necessary. Overarching secrecy is not.

I am confident that this new Panama panel will help enhance the offshore industry for the better if it does not lose sight of its highly treasured positive values. This is especially important as the industry is set to grow exponentially in the coming years as individuals and companies become ever more globalized and as turmoil heightens in many areas of the world.

HSA Bank Shares Insights on the Proposed Cadillac Tax, Effective in 2020

HSA Bank, a division of Webster Bank, N.A., released a new brief entitled Now is the Time to Plan for the Cadillac Tax, written by Kevin Robertson, senior vice president at HSA Bank. The Cadillac Tax is a provision of the Patient Protection Affordable Care Act (ACA) designed to help fund the expansion of insurance coverage and encourage employers to make their health plans more efficient. It was initially set to go into effect in 2018, and has been delayed to 2020, a welcome delay by most employers.

In the brief, the Cadillac Tax is defined and reasons for the delay are discussed (disproportionate impact on workers where higher wages were traditionally traded for richer health benefits, the tax will likely impact nearly all plans over time, and variations in the geographic effects of the tax). Implications of the delay (allowing lawmakers more time to address concerns may only be putting off the inevitable) as well as things employers should watch for in the coming months are also pointed out. Charts are included to show how the Cadillac Tax rises as health plan costs rise.

"The Cadillac Tax will loom large for employers until more concrete reform is enacted, most likely sometime between the presidential election this year and 2020, the year in which the tax is currently set to take effect," said Robertson. "Meanwhile, CDH/HSA plans continue to provide the best bet for those employers planning for the worst effects of the tax." Download a complimentary copy of the Cadillac Tax brief today at *www.hsabank.com/hsabank/campaign/planning-for-the-cadillac-tax.*

Look Back – Look Ahead: How 2015 Trends will Evolve in 2016

This time of year, you can't turn around without seeing another article about trends: how fashion will change, where interest rates are headed, what Millennials will be into. And there's a reason — what happened in the past 12 months doesn't just end once the ball drops in Times Square. The trends that shaped the financial sector in 2015 will continue to evolve and influence the industry in the New Year. To help your financial institution keep pace, here are some significant trends that emerged in 2015, plus some insight into how they will continue in 2016:

- **Customer Service Grows up to Become Retail Experience**. Community financial institutions (CFIs) have always been renowned for their emphasis on customer service. Perhaps as a result of shifting consumer sentiment, 2015 saw CFIs beginning to think in terms of overall retail experience, notes Melissa Thinger, Vice President of Retail Experience Development for Kasasa®. "Community banks and credit unions historically and currently pride themselves on providing friendly smiles and the kind of warm familiarity that goes with knowing their customers by name," Thinger says. "I definitely see that kind of service as being extremely valuable, especially during a time where distrust of megabanks is still top of mind to consumers. In 2016, I expect CFIs will begin to think more about the overall retail experience they provide. I've even begun to hear community banks and credit unions use the words 'retail experience' instead of 'customer service.'"

  What's the difference? Thinger says retail experience essentially takes customer service to the next level by ensuring the institution's values are a part of the goals it sets for employees. This message is communicated through consistency of experience at the beginning of the customer-institution relationship and throughout every interaction with customers. "Think about companies that are known for their retail experience, such as Starbucks, Nordstrom, and Zappos," Thinger says. "You always know how you will be treated, and therefore you have built trust in them and comfort in the consistency, regardless of the location of that particular retail shop."

- **Stepping up Their Omni-channel Game**. The concept of omni-channel marketing has taken root in other industries, and CFIs that began to delve into the concept in 2015 will need to step up their game in the coming year, predicts John Waupsh, Kasasa's Chief Innovation Officer.

  An omni-channel approach employs multiple sales platforms with the goal of providing customers a seamless experience, whether they are completing a transaction at the branch or conducting business through the institution's website or mobile app. "This will be the year CFIs get truly serious about competing in an omni-channel world," Waupsh says. "From digital in-branch sales tools to responsive, search engine optimized websites and retargeted advertising to mobile deposit account opening, community banks and credit unions will spend the bulk of 2016 stepping up their omni-channel game."

- **Building Culture and Branding**. "Community financial institutions already have a significant advantage when it comes to culture," says Kasasa CEO Gabe Krajicek. "Consumer sentiment of megabanks remains low, while community banks and credit unions have historically been known for their commitment to customers and the local community."

  "Branding is the name of the game in 2016," agrees Chief Marketing Officer Keith Brannan. "We recently polled our clients and 97% of institutions we talked to expect the demand for deposits to increase or remain the same. With everyone chasing deposits, the institutions who have sharpened their marketing messages and product promotions are most likely to come out on top."

- **Turning to Tech for Analytics**. CFIs are already using technology effectively for regulatory compliance, mobile adaptation, risk management and cyber security. In 2015, community banks and credit unions built risk-management programs by working with third parties that provided "compliance in a box" solutions. More institutions also focused on building their online and mobile platforms. "In 2016, I expect community banks and credit unions to be able to answer the question, 'What do customers want?' by using data analytics," says Pradeep Ittycheria, Chief Technology Officer for Kasasa. "Investment in analytics solutions that analyze customer data, preferences, and third-party financial relationships will form the basis of most of a CFI's marketing efforts. Data-driven marketing will help institutions target their limited marketing budgets and compete effectively in a crowded financial market."

As the financial environment and consumer expectations continue to evolve, the CFIs that keep pace will be poised to one day reflect on 2016 as a year of success.

Thirty-six Million Homeowners are Planning to Make Home Renovations this Year

Home exterior or yard improvements are the most popular.

Thirty-six million homeowners are planning to renovate their homes in the next 12 months, according to a new *Bankrate.com* (NYSE: RATE) report. Home exterior or yard renovations such as driveways, decks, patios, pools, landscaping or fencing are the most popular option, followed by new flooring and new windows, roofing or siding.

"With more homeowners deciding to make upgrades to their homes this year, it's a sure sign that they're generally feeling more secure about the economy and in the housing market as well," said Mike Cetera, *Bankrate.com*'s Personal Loans and Credit Analyst. "It's refreshing to see, especially since it wasn't too long ago that the housing market crashed."

For homeowners looking to finance their renovations, Cetera suggests visiting *Bankrate.com* to compare personal loan offers, which can be as low as 5.5% for people with good credit. However, personal loans aren't the best choices for everyone, so Cetera also recommends homeowners to consider home equity loans and lines of credit, which charge lower interest rates but require homes as collateral. Additionally, people with good credit can qualify for a 0% balance transfer credit card for as long as 21 months.

The homeownership rate is lowest among millennials, but millennials who own homes are more likely to be planning renovations than other age brackets. Surprisingly, homeowners with lower income and less education are just as likely to be planning renovations as those with higher income and more education.

Princeton Survey Research Associates International obtained telephone interviews with a nationally representative sample of 1,000 adults living in the continental United States. Interviews were conducted by landline (500) and cell phone (500, including 293 without a landline phone) in English and Spanish by Princeton Data Source from March 17 – 20, 2016. Statistical results are weighted to correct known demographic discrepancies. The margin of sampling error for the complete set of weighted data is plus or minus 3.8 percentage points.

For more information, visit *www.bankrate.com/finance/consumer-index/money-pulse-0416.aspx.*

Ally Financial Announces Acquisition of TradeKing Group

Expands digital financial services offering to include wealth management.

Ally Financial Inc. (NYSE: ALLY) has signed an agreement to acquire TradeKing Group, Inc., a digital wealth management company. The transaction is expected to close in the third quarter and includes an online broker/dealer, a digital portfolio management platform, and educational content and social collaboration channels. The transaction is subject to regulatory approval from the Financial Industry Regulatory Authority (FINRA) and compliance with the Hart-Scott-Rodino Antitrust Improvements Act, as well as satisfaction of other customary closing conditions.

"The addition of wealth management is the next key step in Ally's digital product evolution and will create a powerful combination of segment-leading direct banking and innovative investment services in a single integrated customer experience," said Ally Chief Executive Officer Jeffrey Brown. "This transaction presents a compelling opportunity for customers and a logical growth opportunity for Ally. The trend toward digitally-based financial services continues to gain momentum with consumers in general, and we see even greater opportunities ahead as the millennial generation begins to require a broader selection of financial products, including wealth management. We see strong alignment between Ally's loyal and digitally-savvy customer base and TradeKing's innovative, client-centric business. This transaction positions Ally to further capitalize on emerging market trends, drive additional efficient deposit growth and diversify our revenue stream by adding fee-based income, all of which we believe will enhance shareholder value over time." Earlier this year, Ally also announced it would add credit card and mortgage products to its Ally Bank franchise.

Financial Outlook

Ally will purchase TradeKing for approximately $275 million, subject to certain purchase price adjustments, representing approximately $250 million in premium to the acquired net assets. The transaction is expected to have a marginal impact on Ally's 2016 and 2017 results due to transaction costs, and be accretive in 2018 with meaningful growth potential in the future as consumer preferences drive a greater shift toward digital wealth management services.

The TradeKing acquisition will not impact Ally's plan to pursue common stock dividends and a common stock repurchase program as part of its 2016 capital plan, which is subject to regulatory approval. Ally plans to move forward with the redemption of approximately $700 million of its Series A Preferred Stock outstanding; however, Ally will indefinitely defer the redemption of approximately $500 million of its trust preferred securities in support of this transaction.

TradeKing

TradeKing's offering consists of an online broker/dealer for self-directed investors, professionally-managed portfolios through an automated and fully-transparent online process, and an extensive set of educational content and social collaboration channels. TradeKing has approximately $4.5 billion in client assets, including approximately $1.1 billion of cash and cash investments, 260,000 funded accounts and 20,000 daily average revenue trades (DARTs). TradeKing has received 4 stars in Barron's Online Broker Survey for 10 consecutive years and was recently, once again, recognized on Barron's Online Broker Survey as one of the "Best for Options Traders."

"Ally and TradeKing have a shared philosophy in bringing customers and clients an exceptional digitally-oriented experience, with award-winning customer service and competitive products," said Diane Morais, CEO and President of the Ally Bank subsidiary. "We look forward to welcoming the TradeKing team to the Ally family as we aim to deliver additional products and services to our combined set of customers under the Ally brand, which is a recognized leader in digital financial services."

Commenting on the future customer opportunities, Morais said, "Ally has a loyal and growing base of customers who have a need for wealth management services and continually ask us to expand our offering. We also believe there is an opportunity to offer TradeKing clients competitive deposit products that can enhance their overall savings strategies, and we are optimistic about the future potential of the franchise we are building."

TradeKing is headquartered in Fort Lauderdale, FL, and also has a significant presence in Charlotte, N.C. TradeKing's seasoned management team and workforce of approximately 180 team members will join Ally following the closing of the transaction and advance the growth strategy.

Don Montanaro, CEO of TradeKing said, "We are thrilled to have found a partner who shares our core philosophy of delivering a great client experience digitally and through multiple channels. This is great news for our clients and our teammates, as we will continue to bring innovation and outstanding value to the marketplace, only now with the power and breadth of services of the Ally brand in our corner. We look forward to being part of this modern digital financial services company."

Ally was advised on this transaction by Goldman, Sachs & Co., Jarrett Lilien and Sullivan & Cromwell LLP. TradeKing was advised by Bank of America Merrill Lynch and Cooley LLP.

PHFA Honors its Top Lending Partners: Mortgage America Named Top Lender for Three Years Running

The Pennsylvania Housing Finance Agency honored its top lending partners for 2015 during its annual homeownership awards event at its headquarters. These lending partners play a key role in assisting homebuyers throughout the state in the application, processing, and closing of affordable PHFA home loans.

Brian A. Hudson, Sr., PHFA Executive Director and CEO, recognized these outstanding organizations in their efforts to assist Commonwealth families and individuals to achieve the dream of homeownership. “The exceptional efforts of these lenders in originating PHFA home loans throughout the state help support PHFA’s mission to bring affordable housing options to Pennsylvania residents,” said Hudson. “PHFA applauds the role they play as our valued partners.”

Out of approximately 81 lending partners, the Top-10 were presented awards during the event and were recognized for home loans funded by PHFA in 2015. The honored partners are, in ranking order: Mortgage America, Howard Hanna Financial Services Inc., Residential Mortgage Services Inc., Mortgage Network Inc. dba MNET Mortgage Corp., West Penn Financial Service Center Inc., Jersey Shore State Bank, Meridian Bank, Liberty Mortgage Corporation, Huntingdon Valley Bank, and Boulevard Mtg. Co. of PA. This is the third year in a row that Mortgage America has received the top honor.

Also honored in special categories were: Residential Mortgage Services Inc. for Most Keystone Advantage Loans and Most New Construction Loans: Mortgage America for Most Loans to Minority Homebuyers, Most Refinance Loans, and Most Mortgage Credit Certificates; Waterstone Mortgage Corporation for Best Quality Underwriting Submissions; Welcome Home Finance LP for Best Quality Post-Closing Submissions; Howard Hanna Financial Services Inc. for Most Loans to Veterans; Jersey Shore State Bank for Most HOMEstead Loans; Prosperity Home Mortgage LLC for Top New Lender; and Liberty Mortgage Corporation for Most Years of Service to the PENNVEST Homeowner Septic Loan Program.

The Pennsylvania Infrastructure Investment Authority (PENNVEST) and PHFA honored Liberty Mortgage Corporation during the event for their support of the PENNVEST Homeowner Septic Loan Program. Liberty Mortgage has served as the program’s longest participating lender learning the program from scratch when it was new, and now continuing its service as the program is revamped to help more homeowners.

“Liberty Mortgage has been an outstanding partner along with PHFA, in the implementation of this important funding option for homeowners. We here at PENNVEST appreciate the long-standing association we’ve been able to share, and look forward to continuing that relationship as we move the program forward with new innovative approaches to resolving non-point source water quality issues,” said Paul Marchetti, PENNVEST Executive Director.

“PHFA appreciates Liberty Mortgage Corporation’s participation in the Homeowner Septic Program throughout the years,” said Hudson. “Their commitment to the program has helped bring relief to Pennsylvania residents facing high costs associated with on-lot septic system repairs or first-time sewer connections, and fostered water quality improvements that are so integral to housing in communities across the state.”

Home-Related Delinquencies Fall Sharply in Fourth Quarter As Housing Market Recovers

Consumer delinquencies in key home-related categories fell sharply in last year's fourth quarter as home values steadily increased, according to results from the American Bankers Association's Consumer Credit Delinquency Bulletin. Installment loan delinquencies remained near historical lows, matching the third quarter's composite number.

Home-related delinquencies were down significantly in two out of three categories, with home equity loan and line delinquencies continuing a downward trend and approaching their 15-year averages for the first time since the recession. Home equity loan delinquencies fell 23 basis points to 2.68% of all accounts and home equity line delinquencies fell 13 basis points to 1.18% of all accounts. Property improvement loan delinquencies rose 5 basis points to 0.92% of all accounts.

"It's been a long, rocky road, but home equity delinquencies have finally worked their way back to historical norms," said James Chessen, ABA's Chief Economist. "The strong and consistent rise in home prices over the last three years has restored equity, which makes keeping loans current even more of a top priority for homeowners. With rising home equity and shrinking delinquencies becoming the status quo, banks are more willing to extend new home equity loans and lines to qualified borrowers."

The composite ratio, which tracks delinquencies in eight closed-end installment loan categories, remained at 1.41% of all accounts in the fourth quarter. This figure is 13 basis points below the fourth quarter 2014 composite ratio and remains well below the 15-year average of 2.24%. The ABA report defines a delinquency as a late payment that is 30 days or more overdue.

Bank card delinquencies fell slightly in the fourth quarter, decreasing two basis points to 2.52% of all accounts. They remain well below their 15-year average of 3.70%. "A confluence of factors have kept delinquencies very low," said Chessen. "The economy's better, jobs are up, wages have grown and consumers are keeping a watchful eye on their finances. Even during the holiday spending season when temptation to overspend reaches its peak, consumers did a good job of ensuring expenses did not outpace income."

Chessen anticipates that continued consumer discipline and steady economic conditions will help keep delinquencies near historically low levels for the foreseeable future. "The national savings rate is at one of its healthiest points since the recession and trending upward, which means people are well-positioned to repay their debts," said Chessen. "Disciplined saving, along with steady job growth and climbing household wealth, signal that delinquency levels are likely stay near these historic lows for some time." The fourth quarter 2015 composite ratio is made up of the following eight closed-end loans (all figures are seasonally adjusted based upon the number of accounts):

- Personal loan delinquencies fell from 1.52% to 1.44%.
- Direct auto loan delinquencies rose from 0.74% to 0.75%.
- Indirect auto loan delinquencies rose from 1.51% to 1.54%.
- Mobile home delinquencies fell from 3.59% to 3.16%.
- RV loan delinquencies rose from 0.95% to 0.96%.
- Marine loan delinquencies rose from 1.09% to 1.14%.
- Property improvement loan delinquencies rose from 0.87% to 0.92%.
- Home equity loan delinquencies fell from 2.91% to 2.68%.

In addition, ABA tracks three open-end loan categories:

- Bank card delinquencies fell from 2.54% to 2.52%.
- Home equity lines of credit delinquencies fell from 1.31% to 1.18%.
- Non-card revolving loan delinquencies fell from 1.71% to 1.63%.

The Back Page

New Poll: 87% of Americans say Financial Literacy Should be Taught in Schools

Millennials Report Receiving More Financial Education than Previous Generations.

Is financial literacy an important-enough skill that it should be taught alongside reading, writing and arithmetic? Most Americans seem to think so, according to a recent survey from RBC Wealth Management-U.S. and City National Bank.

The survey, conducted in mid-March, found that 87% of Americans believe that financial literacy should be taught in schools. Of those in favor of incorporating financial literacy into the classroom, 15% said instruction should begin as early as elementary. The rest (72%) said it should be taught in middle and high school. “Having a basic understanding of how money, investing and our broader financial system works is critical in our society today. Yet there is a growing realization, particularly in the wake of the last financial crisis, that many people don’t understand budgeting, investing or how simple financial products like loans work,” said Tom Sagissor, President of RBC Wealth Management-U.S. “That puts them at a disadvantage not only during their working years, but as they begin to contemplate retirement.”

The same survey found that more than one-third of American adults (35%) received no instruction on investing, whether from their parents, school, or someone else. Another 39% said they simply taught themselves. “Money has long been considered a taboo topic, even among family,” said Malia Haskins, Vice President, Wealth Strategist at RBC Wealth Management-U.S. “We’ve seen many of our clients struggle with how to talk to their kids about money. In fact, many ask their financial advisor to have the conversation with their kids because they aren’t comfortable doing so themselves.” Still, data suggests this trend may be changing.

While 38% and 37%, respectively, of Baby Boomers (ages 55 and older) and GenXers (ages 35 to 54) said no one taught them about investing, only 29% of Millennials (ages 18 to 34) claim to have had the same experience. In fact, 29% of Millennials said they learned about investing from their parents and 22% said they learned in school. That’s a vastly different experience than that of Baby Boomers, only 10% of whom said they received such instruction at home and 9% of whom said they did in the classroom.

This positive trend appears to be continuing with the next generation. Among parents today with kids between the ages of 16 to 22, 83% say they think they’ve done a decent job of teaching their kids about money.

RBC Wealth Management-U.S. has long supported financial literacy through various grants and sponsorships and time volunteered by employees. The firm is a founding member of The Stock Market Game, created in 1991 to increase student’s financial literacy, emphasize the importance of investing and help young people gain a better understanding of the U.S. economic system. The firm is also a longtime supporter of Twin Cities-based BestPrep, which helps administer the Stock Market Game in Minnesota and operates several other financial literacy programs including Financial Matters and eMentors.

City National Bank’s Dollars + Sense financial literacy program is part of its broader commitment to low- and moderate-income communities. Through Dollars + Sense, City National brings both the American Bankers Association “Teach Children to Save” curriculum and EverFi, one of the nation’s leading financial education technology companies, to K-12 students throughout the communities it serves. City National also partners with FDIC Money Smart to provide financial education to low- and moderate-income adults. Research shows that the FDIC Money Smart curriculum can positively influence how consumers manage their finances, and these changes are sustainable in the months after the training.

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