

Beset by myriad forms of disruption, financial institution boards sometimes must focus on urgent tactical moves. But if they do so at the expense of strategic thinking, there may be a high price to pay.

In the face of changing demographics, new consumer preferences, a tight job market, complex regulations, and a changing tax code, "it's critical to provide directors with education on a wide variety of topics," according to **Nicholas Hahn**, CPA, director of Risk Advisory Services with RSM US LLP. "But it is also important to give them the tools they need to be successful and to allow them to

The Board's Role in the New World

By
Doris Green



think more strategically than tactically."

Many "boards of directors jumped 'into the weeds' relative to credit risk as we were entering and weathering the Great Recession,"

Hahn said. "While this tactical view was likely warranted at the time, it definitely pulled their focus from more strategic initiatives that could have positively influenced bank

management has followed a similar path." The pressure is on for directors to be knowledgeable about these substantial changes while not losing sight of the bank's mission.

John Knight, a partner with Boardman & Clark LLP, identified changes in technology, cyber security threats and the protection of customer data, and the appropriate oversight of vendors as some of the recent issues demanding attention from directors. "Also very important for director understanding," he said, "is the matter of strategic choices for banks, particularly in the current merger and acquisition environment."

(continued on p.10)

Is Your Board Prepared for the Future?

performance as the industry exited and began recovery from the Great Recession."

"The level of expectation relative to directors' knowledge and understanding of lending and deposit regulatory compliance and BSA/AML has increased substantially over the last few years," Hahn said. "Vendor

Ag Lenders Focus on Being Proactive in Tougher Times

» Farmers Need a Relationship Banker «

By *Becky Mahan*

With times getting tougher for Wisconsin's agricultural producers, lenders are closely watching conditions and proactively reaching out to customers.

"We had a tough 2016; 2017 showed some strength in the dairy market, which was helpful. The other commodities were pretty flat – corn and soybeans. Heading into 2018, the dairy market

is looking especially weak. And that's a real concern," said **Tim Buttke**, vice president of ag and commercial lending at Nicolet National Bank and chair of the WBA Ag Bankers Section.

Having meaningful conversations with customers early is important. "They're already thinking, 'How can we work with the bank to restructure a bit, perhaps, on payments?"

And how much relief does that give us?" If we're doing our jobs, they look at us as counselors and partners in this," the veteran lender and former farmer said.

(continued on p. 18)

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INSIDE

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See [p. 25](#) for clarification on how the Tax Cuts and Jobs Act (TCJA) impacts home equity loan interest itemization on tax returns.

Message from the Chair

2018 Forecast Looks Good in Wisconsin, Now What?

By David P. Werner

Wisconsin's economy ended 2017 on a strong note and will do even better in 2018. That's according to 100 Wisconsin bank CEOs and Presidents who participated in the WBA Bank CEO Economic Conditions Survey. The economic health for the state was good according to 80 percent of the respondents which is the highest rating by bankers in the last 10 years of the survey. And that's not even the most exciting news.

Even more fantastic than that, 53 percent of you believe it's going to be even better in 2018. That's great news to start the year off with.

That's the forecast. Here's the reality; economic growth and increased profitability doesn't happen by accident.



Message from the Chair

David P. Werner

You, your fellow bankers, and the association have worked hard over the past few years to create an economic and legislative environment which presents opportunities for our industry in Wisconsin. While we will be able to enjoy the fruits of those efforts in 2018, our work is not done.

Our recent Capitol Day efforts were aimed at creating even more opportunities for Wisconsin's banking industry. Over 200 bankers met with their legislators and staff on

several issues including eight technical issues that will create a position of conformity with certain federal regulations and Illinois. Additionally, we advocated for a budget request which would create a tax exemption for loans under \$10 million for small business and agricultural purposes.

Another opportunity is the recently passed tax reform legislation. While there are still many questions to be answered on what the impact will be on the banking industry, we do have quite a bit of information already.

To that end, the WBA held a free *Executive Briefing* phone seminar on this topic in January. If you were unable to listen in, the materials are available on the WBA website in the *Best Practices*

➤➤ WBA Bank CEO Economic Conditions Survey – pg. 23; WBA Capitol Day wrap-up – pg. 8; and Wisconsin Economic Forecast Luncheon recap – p. 13.

Library under *Resources*. Fair warning, it is in one of the few password-protected areas of the site because these materials were created specifically and only for WBA members. The materials touch on both C Corp and S Corp banks, as we have both in Wisconsin.

2018 is looking good for Wisconsin's banks. WBA will keep working to be sure it stays that way.

Werner is president and CEO of Park Bank, Milwaukee and current WBA Chair, Chair-Elect.

Looking for direction in the new year?

Our industry-focused professionals understand the banking sector and will help you identify and mitigate risk, proactively avoid issues and implement tax-saving strategies.

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Mary Clare Miske
Partner, Tax
414 777 5320
mary.miske@bakertilly.com

Kevin Schalk
Partner, Audit
414 777 5428
kevin.schalk@bakertilly.com

Sherrie Krowczyk-Mendoza
Partner, Risk Services
414 778 7494
sherrie.krowczyk-mendoza@bakertilly.com

Chris Tait
Principal, Technology
414 777 5515
christopher.tait@bakertilly.com



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Thank You! Wisconsin banks get involved in grassroots advocacy

By Jon Turke

Thank you to all of the banks who dedicated staff time to attending WBA's Capitol Day on January 16! Your efforts to promote the industry have a powerful impact and are vital to the success of WBA's advocacy efforts. Thanks to:

- » American National Bank, Beaver Dam
- » Associated Bank, Green Bay
- » BMO Harris Bank, Chicago
- » Badger Bank, Fort Atkinson
- » Bank of America, Charlotte, NC
- » Bank of Brodhead
- » Bank of Galesville
- » Bank of Luxemburg
- » Bank of Mauston
- » The Bank of New Glarus
- » Bank of Sun Prairie
- » Bank of Wisconsin Dells
- » Bankers' Bank, Madison
- » Baraboo State Bank
- » Capitol Bank, Madison
- » Charter Bank, Eau Claire
- » Citizens First Bank, Viroqua
- » Citizens State Bank, Hudson
- » Citizens State Bank of Loyal
- » Commerce State Bank, Hudson



Advocacy Update

Jon Turke

★ WBA Capitol Day ★
See pg. 8 for a wrap-up.

- » Community First Bank, Boscobel
- » Cornerstone Community Bank, Grafton
- » Coulee Bank, La Crosse
- » East Wisconsin Savings Bank, Kaukauna
- » The Equitable Bank, Wauwatosa
- » Farmers & Merchants Bank, Tomah
- » Farmers & Merchants State Bank, Waterloo
- » Federal Home Loan Bank of Chicago
- » First Bank Financial Centre, Oconomowoc
- » First Bank of Baldwin
- » First Business Bank, Madison
- » First Federal Bank of Wisconsin, Waukesha

- » First National Community Bank, New Richmond
- » Fox River State Bank, Burlington
- » Great Midwest Bank, Brookfield
- » Greenwoods State Bank, Lake Mills
- » Home Savings Bank, Madison
- » Horicon Bank
- » Huntington Bank, Columbus, Ohio
- » Intercity State Bank, Schofield
- » Ixonia Bank
- » JPMorgan Chase Bank, Columbus, OH
- » McFarland State Bank
- » MidWestOne Bank, Iowa City
- » Mound City Bank, Platteville
- » NBW Bank, Waupun
- » Nicolet National Bank, Green Bay
- » North Shore Bank, Brookfield
- » Northwestern Bank, Chippewa Falls
- » Oak Bank, Fitchburg
- » Old National Bank, Evansville, Ind.
- » Oregon Community Bank
- » The Park Bank, Madison
- » Park Bank, Milwaukee
- » Partnership Bank, Cedarburg
- » The Peoples Community Bank, Mazomanie
- » Peoples State Bank, Prairie du Chien
- » Peoples State Bank, Wausau
- » The Pineries Bank, Stevens Point
- » Pioneer Bank, Auburndale
- » Port Washington State Bank
- » Premier Community Bank, Marion
- » River Cities Bank, Wisc. Rapids
- » Royal Bank, Elroy
- » Securant Bank & Trust, Menomonee Falls
- » Spring Bank, Brookfield
- » State Bank Financial, La Crosse
- » State Bank of Cross Plains
- » The Stephenson National Bank and Trust, Marinette
- » Tomahawk Community Bank
- » U.S. Bank, Minneapolis
- » Union Bank & Trust Company, Evansville
- » Wells Fargo Bank N.A., San Francisco, Calif.
- » Wisconsin Bank & Trust, Madison
- » Wisconsin Bankers Association, Madison

Turke is WBA director – government relations.

Regulation B Update Allows Collection Options

Was Regulation B Updated to Permit the Collection of Disaggregated Ethnicity and Race Categories and Subcategories?

Answer: Yes. The rule allows creditors to collect an applicant's information using either the aggregate ethnicity and race categories or disaggregated ethnicity and race categories and subcategories.

The Consumer Financial Protection Bureau finalized a rule amending Regulation B (Reg B) on October 2, 2017. Reg B prohibits a creditor from inquiring about certain information, except to meet certain government monitoring (GMI) requirements. This includes information collection required by the Home Mortgage Disclosure Act (HMDA). The HMDA



Compliance Q&A

Scott Birrenkott

Visit www.wisbank.com to learn more about Reg C or Reg B matters and other compliance-related issues.

requirement under Regulation C (Reg C) was updated in October of 2015 to require additional GMI requirements. The final rule updates Reg B to ensure consistency in this respect, and facilitate compliance with Reg B and Reg C.

From a regulatory standpoint a creditor may use the previous Reg B method or the new Reg C method to collect GMI. A HMDA reporting bank is required to follow the Reg C method of disaggregated categories. A non-HMDA reporting

bank may use either method.

If your institution is a *Compliance Concierge™* system user, the WBA 130A-1 Information Requested for Government Monitoring Purposes is provided for GMI. This form is provided regardless of whether your institution is a HMDA reporter or not. This form replaces the old method, and uses the new disaggregated categories, as permitted. The old form will no longer be provided to ensure consistency with Reg C.

Please note as well that from a system standpoint, the above form should not be used with the FM1003 Uniform

Residential Loan Application (URLA), for which the FM1003 addendum should be used instead. The URLA is a form created by the secondary market. Because of the above, as instructed by the secondary market, an X will appear on the GMI collection of the FM1003.

As always, if you have any questions on Reg C or Reg B matters, or other compliance related concerns, call the WBA legal hotline at 608/441-1200 or email us at wbalegal@wisbank.com.

Birrenkott is WBA assistant director – legal. For legal questions, please email wbalegal@wisbank.com.

Note: The above information is not intended to provide legal advice; rather, it is intended to provide general information about banking issues. Consult your institution's attorney for specific legal advice or assistance.

When the Waters Recede

Solid, sound disaster recovery plan helps bank recover after flood

By Ally Bates

As **Keith Pollek** drove to work the morning of July 12, 2017 on flooded streets. There had been a huge rainstorm the evening before, but the rain had stopped at about 7 o'clock that morning and the sun had come out.

"When I got to the bank, the parking lot was flooded and water was coming in the front door. We got a squeegee and a broom, and pushed the water back out the door," said Pollek, president and CEO of Fox River State Bank in Burlington. The bank may have hoped that was all they would need, but the rainstorm from the night before had come after weeks of rain in the area. Burlington sits at the juncture of the Fox and White rivers; news started to come in that the rivers were way past the flood stage upriver.

The bank started sandbagging, trying to beat the oncoming floods, but the water rose too quickly, so the staff put as many things up high and on top of tables as they could. Then the branch was closed and employees sent home before water started pouring into the bank in every possible way. The building ended up under 21 inches of water.

At 6 p.m., all the bank officers who could make it gathered at Pollek's home, where they reviewed Fox River State Bank's disaster recovery plan with flashlights and candles. One key person was missing: **Jeff Schmid**, the disaster recovery officer, was on a train coming back from New Mexico. Fortunately, Schmid was able to call in to the meeting via cell phone. There was a lot of work to be done to address the flooding, and to get the bank up and running again

The bank had used *Lessons Learned from Katrina* (<https://www.fdic.gov/regulations/resources/lessons/>) from FFIEC and FDIC to develop the plan, because Schmid knew that if anything was going to happen to the bank, it would most likely be a flood, so that greatly factored into the plan.

they needed to get to work right away.

Having a solid plan was critical to the bank's flood response. "Have a sound disaster recovery plan and execute it," explained Schmid. Considering how critical having a solid plan was to the bank's flood response, Schmid made sure to emphasize that "the disaster recovery plan was not something I just sat down and penned one day," he continued. The bank had used *Lesson's Learned from Katrina* from FFIEC and FDIC to develop the plan, because Schmid knew that if anything was going to happen to the bank, it would most likely be a flood, and so that greatly factored into the plan. This careful planning resulted in an effective recovery effort, and after this real test of the disaster recovery plan, neither Schmid or Polleck feel that any major changes need to be made to it.

Fox River State Bank's disaster recovery plan called for a disaster recovery team made up of officers. The disaster recovery team brought personal laptops and printers; each member had a flash drive with key information and websites that they use frequently. The bank was able to operate out of their second branch in nearby Lake Geneva,

which was mostly operational except for access to files and its in-house phone system that was based in Burlington.

Although the people of Burlington were well aware of the flooding, the bank had to make sure to get the word out. Relationship bankers had bank-owned cell phones they used to notify customers that they'd need to go to the Lake Geneva branch if they needed something, and announcements were posted to the bank's Facebook page and website.

Integral to the recovery efforts was a business impact analysis conducted a few years prior, which ranked critical functions of the bank and how long they could do without each. Every member of the disaster recovery team had a copy, and they met every four hours to compare their progress to the analysis. Throughout the recovery, they found that they were on or ahead of schedule. The bank's relationship with vendors, some of whom were able to respond within an hour, proved key to keeping on schedule.

It took three days for the waters to recede from the building, leaving behind a mess. There are very few things in this world built to withstand soaking in river water for several days. Massive amounts of wet confidential documents could not be salvaged and needed to be destroyed; the bank's shredding company brought bins for these documents right away so they could be hauled away to their facility that was able to handle wet paper. All these documents were backed up and the bank's backup company was on standby and able to send anything the bank needed electronically. Another vendor brought a

cube truck that staff could use to secure items, and the bank also brought in a vendor to clean up the lobby so that customers could return. All of these were among the key relationships that kept the recovery process moving.

The recovery process was transformative in many ways. Carpeting had to be ripped out, all the furniture had to be thrown away, and the bottom four feet of drywall had to be cut out of all the walls, but amazingly the bank only lost two out of the thirty computers in the building. The new furniture

The bank was able to make the best of a rather unfortunate situation thanks to careful planning and developing relationships with customers, vendors, and the banking community.

replacing the flood-damaged items have "80 percent fewer drawers," explained Schmid, to reduce paper documents, and everything at the bank is now stored and retrieved electronically.

Although there is never an opportune time for a branch to flood, mid-July with the Call Report due at the end of the month added another challenge. Fox River State Bank reached out to the Federal Reserve to see if they could get a deadline extension, but unfortunately, since there had not been a state of emergency declared at the federal level (Governor **Scott Walker** did declare a state of emergency at the state level), the Fed could not give them an extension.

(continued on p. 7)

Outreach Effort to Bank CEOs Proves a Rewarding Experience

By Jay Risch

Outreach and accountability are big priorities for Governor **Scott Walker**. Not long ago, the Governor demonstrated his personal commitment to outreach by holding listening sessions in all 72 of the state’s counties. The Governor also demands accountability from his administration; his cabinet agencies have set and are expected to meet various performance metrics and efficiency goals (you can find DFI’s at <https://performance.wi.gov/DFI.html>).

Shortly after the Governor appointed me Secretary of the Department of Financial Institutions in March 2017, I decided to embark upon an outreach and accountability project of my own. I committed to reaching out to the president/CEO of every state-chartered bank. I hopped in my car and had in-person meetings with bankers in Kenosha, La Crosse, Green Bay, Superior and points in between. I had phone conversations long



Department of Financial Institutions

Jay Risch

and short. If I got someone’s voicemail, I left my direct call-back number. I am pleased to report that as of November 15, I have now met with, spoken to or left a message for 180 bank leaders.

When I asked you to tell me about your last interaction with DFI, here’s what I heard. Overall, you are generally pleased with the Division of Banking. You said our state examiners are not in the “gotcha” business when they find something that needs correcting. While I am fully aware that financial institutions don’t exactly look forward to safety and soundness exams, you think you are getting some value out of it. Some of you singled out specific examiners

for being professional, reasonable and thorough. Other adjectives I heard included helpful, consultative and responsive. In the rare instances where you had some constructive criticism for us, we followed up on it.

When I asked you to describe local economic conditions, you told me about strong demand for housing and rising wages. Loan demand ranged from “OK” to “the best it’s been in 10 years.” I was not surprised to hear these bullish reports because Wisconsin banks are in great shape. Lending and income are up. Net worth and credit quality are solid.

Your overall outlook was quite positive, but you also shared your challenges with me too: skinnier margins, industry consolidation, competition from other financial institutions, finding qualified employees, aging populations, IT costs, low commodities prices, and over-regulation from Washington.

And I enjoyed sharing with you all the good things happening under the Governor’s leadership – another property tax cut, an improved state bond rating, budget surpluses, unemployment at all-time lows, and historic new investments in K-12 education, workforce training and rural broadband. Wisconsin’s future is bright.

I don’t think people hear the word “thanks” enough. So thanks for being there to meet the banking needs of your community. Thanks for lending to small businesses. Thanks for sponsoring the local Little League team. Thanks for your efforts to improve the financial literacy of your customers and communities. In order for the Wisconsin economy to continue to thrive in the future, strong state financial institutions are a crucial part of the equation.

Risch is Secretary of the Wisconsin Department of Financial Institutions.

When Waters Recede

(continued from p. 6)

The Fed was able to work closely with the bank as they got the report in late. Another regulator, DFI Secretary **Jay Risch**, reached out to Fox River State Bank to check in and make sure the bank was doing well, a gesture that Pollek attributes to the relationship built during Risch’s time with the WBA.

Another important set of relationships were those amongst community banks. “About a dozen small community banks reached out to ask what they could do to help,” said Pollek. Other banks offered to share teller lines and lend equipment.

Although the recovery went longer, Fox River State Bank

was only closed for four days. Both Pollek and Schmid give a great amount of credit to employees, directors, and their families for helping achieve that. The bank was able to make the best of a rather unfortunate situation thanks to careful planning and developing relationships with customers, vendors, and the banking community.

Bates is WBA administrative/communications assistant – legal.

Readers are encouraged to reach out to Polleck and Schmid at 262-767-8600 with questions.

Lessons Learned from Katrina may be viewed at: <https://www.fdic.gov/regulations/resources/lessons/>

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Capitol Day

On January 16, over 200 bankers traveled to Madison to let their legislators know about the important issues facing the banking industry as part of the tenth annual WBA Capitol Day. WBA broke its previous registration record with 219 bankers committing to speak face-to-face with legislators.



Special thanks to Bankers' Bank, the Federal Home Loan Bank of Chicago, and The KeyState Companies for their generous sponsorship of this year's Capitol Day.



Above left: Several bankers met with Wisconsin Senate Majority Leader **Scott Fitzgerald** (R-Juneau) on the issues of the day including a request for a Legislative Council Study on Government Lending and a banking omnibus bill which would align Wisconsin statutes in several areas with federal rules. This was in addition to the issue of a budget request for 2019 which would offer a tax exemption for small business and agricultural loans.



Above, right: During lunch at the Monona Terrace, Wisconsin Department of Revenue Secretary **Rick Chandler** discussed Wisconsin's economy and improving tax climate.



Left: The Assembly was in session during the day, but that didn't stop State Representative **Terry Katsma** (R-Oostburg) from stepping off the floor to discuss a tax exemption for small business and agricultural loans with WBA leadership as well as constituents.

See a list of the banks that attended Capitol Day on [p. 5](#).



Thank you to the over 200 bankers who took time out of their schedules to have their voices heard in Madison — many for the first time!

Above: Broad participation from across the state meant bankers met with over 73 percent of the legislature in the afternoon. In all, WBA members sat face-to-face with 31 out of 33 state senators and 66 out of 99 state representatives or their staff.



Leave Your Mark on Wisconsin's Banking Industry

Use your expertise to help shape the industry's future

WBA's committees and advisory boards help shape the industry by supplying fresh ideas, expert insight and valuable networking connections to key decisions the association is involved

with. Committee members influence the various education and training programs that WBA offers, the pro-banking legislation WBA's Government Relations team develops and the anti-banking legislation it works to prevent, and what resources are available to Wisconsin's banks and bank employees.

If you have a desire to influence your industry's future, consider lending your experience on one of the committees listed below, and find out for yourself how much *you* can impact Wisconsin's financial services industry.

To volunteer, please fill out the committee

nomination form found at www.wisbank.com/community/get-involved, or contact WBA's **Debbie Nabholz** at 608/441-1253 or dnabholz@wisbank.com to receive one. Nomination forms must be signed by the bank president or appropriate manager and returned to WBA no later than March 19, 2018.

COMMITTEES, SECTION BOARDS

Please visit www.wisbank.com/community/get-involved to download the nomination form.

- > **WBA Agricultural Bankers Section Board**
- > **WBA BOLT Section Board**
- > **WBA Financial Crimes Committee**
- > **WBF (Wisconsin Bankers Foundation) Financial Literacy Advisory Board**
- > **FIPCO® Software Users' Committee**
- > **WBA Government Relations Committee**
- > **WBA Human Resources Committee**
- > **WBA Marketing Committee**
- > **WBA Mortgage Lending Committee**
- > **WBA Retail Banking Section Board**
- > **WBA Technology and Operations Committee**
- > **WBA Trust Banking Section Board**

Introducing the 2018 WBA Associate Member Package Companies

In 2016, the Wisconsin Bankers Association revamped its Associate Membership to create better promotional opportunities for its non-bank Associate Members. Since then, WBA continues to enhance the package structure to increase value and ease-of-use. The new 2018 WBA Associate Member Packages still offer all Associate Members the option of upgrading to a member package level of Gold, Silver or Bronze, but now those levels come with even more

tangible benefits. The packages provide these companies with priority access to different event sponsorships, advertising and other membership benefits depending on the level, all at a single purchase price. In addition, each package can be customized with discounted à la carte options and advertising to meet each member's unique marketing needs.

This allows WBA Associate Members, organizations that work closely with Wisconsin's banks, to streamline their outreach to the banking industry as a whole and WBA

members in particular. For example, the annual payment allows for much better budgeting calculations than the previous model of sporadic purchases throughout the year. It also provides Associate Members with a bird's eye view of the association's event calendar, making it possible for them to plan special deals and releases to coordinate with events that member banks will attend. Finally, Gold, Silver and Bronze Associate Members receive increased visibility with the WBA's

bank members, which provides invaluable connections and opportunities.

We thank our current Associate Members (listed below) who have demonstrated their dedication to Wisconsin's banking industry with their purchase of a 2018 WBA Associate Member Package.

If you are interested in learning more about the WBA Associate Member Packages, please contact WBA's **Daryll Lund** (dlund@wisbank.com) or **Nick Loppnow** (nloppnow@wisbank.com) today.

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SILVER ASSOCIATE			{	Silver	Baker Tilly Virchow Krause, LLP Eide Bailly LLP Plante Moran WIPFLI LLP
BRONZE ASSOCIATE					{
ASSOCIATE MEMBER					

Board's Future Role

(continued from p. 1)

» Prioritize Strategy

“Strategic thinking from a board is vital,” agreed **David Bue**, senior manager, with Strategic Advisory Services at Wipfli LLP. “These are unprecedented times—customer demographics are changing, public perceptions are changing, the competitive landscape is changing. Board governance needs to change as well.”

Even bank leaders who once prided themselves on being adaptable may suddenly feel lost in the disrupted environment. “It’s tough to grasp the reality that people don’t need to come to a bank anymore,” Bue said. “Banks often have board members who do not understand the pace of change happening in the industry,” he said. Yet they need to be asking: “Who is our next generation of customers? And why are they going to choose us?”

“Board members who have millennial children have an easier time grasping the new reality,” Bue said. But all need to prepare for a future that little resembles the past. “I don’t think they hear enough about the challenges to adopt sustainable revenue strategies.”

It’s impossible to overstate the importance of strategic planning to attract customers in a rapidly changing industry. Changes are largely driven by technology, according to Bue. Neither customer service nor bank locations primarily drive change today. “More than ever before, banks must learn to serve their customers when, where, and how they want to be served.”

Bue noted, “We’re losing nearly one community bank every day in the United States now. It’s unreal how quickly independent bank consolidation is happening.” As of June 30, 2017, there

The Board's Role in the New World



Is Your Board Prepared for the Future?



“When I meet with boards, I try to impress on them the reality of how quickly things are changing,” Bue said. “Although community banking remains an excellent business for those that can adopt new-era profitable growth strategies, if you can’t figure out what your competitive advantage will be, it’s time to consider selling the bank while you can, with value for ownership. Ultimately [the directors’] role is to be good stewards for the owners.”

If identifying a competitive advantage is not possible, “we should be asking when is a good time to sell or looking for someone to merge with,” Bue said.

A strategic plan does no good sitting on a shelf. Ideally, the board is highly engaged in the process. “When the board is deeply involved in a comprehensive planning process, then they own it,” Bue said, “and they can incorporate progress into their regular scheduled board meetings.”

Bue observed that an increasing number of community bank boards today consist of outside directors who contribute diversity and expertise. He recommended they establish a good committee structure, so that much of the work can be done outside of regular board meetings, which can then focus on strategic initiatives. Having an executive or compensation committee is key, to evaluate the CEO and ensure that compensation is tied to strategic goals and risk management.

were 5,787 banks remaining, compared to about 8,700 a decade ago. There are 212 banks headquartered in Wisconsin now, compared to 354 in 2000 and 302 in 2005.

Consolidation is due to the aging of executives, capital shortfalls, increased fatigue at the board and executive level, and the uncertainties of the community banking model going forward, according to Bue.

Rural areas often face the biggest challenges. While some big city banks are profitably growing their branches, many of the smallest community banks are struggling, Bue said. “Some rural banks that were once worth two times book value would now be lucky to get book value.

“Customers today aren’t as reliant on brick and mortar facilities,” he said. Years ago, everyone had to go to a bank. There were no ATMs, phone, or online banking. “This change is commodity and technology driven,” Bue explained. “It’s increasingly difficult to differentiate between institutions.”

Such disruption comes at a time when “a lot of bankers are getting older, and leadership teams are getting older and don’t have teams under them,” Bue said. Finding successors for management, bank ownership, and the

board of directors is a significant challenge for many organizations.

“Fifteen years ago, succession planning was important for risk management; today, with the challenges of technology and the break-even point going up every year, growing profitably is really important,” Bue said. “Management’s role is to execute the plan that the board owns and creates,” he added. Fifteen years ago, “a strategic plan could be on auto pilot,” but that’s no longer effective today.

» Fitting Into the New Reality

New era strategic planning should address how the bank is going to fit into this new environment. The plan should prioritize “playing offense” as a method to go out to build relationships with customers and prospects. Managers cannot wait for Millennials to come into the bank, according to Bue. “You have to have a workforce that’s really hungry for building relationships outside of the bank.”

Cutting-edge banks “build their front room (the growth engine) as their primary focus,” he added, “while their back room provides the operational efficiencies, credit discipline, and compliance expertise for the organization to run smoothly.”

(continued on p. 11)

Board's Future Role

(continued from p. 10)

» Evaluating and Elevating Board Performance

Evaluating board members can also be tied to these issues, as well as to the performance of the bank. "A well performing bank can be attributed to a variety of factors, such as performance by the bankers managing the bank, but it may also be attributable in part to the performance of the directors," John Knight said. "One of the best indicators I have found over the years regarding the performance by an individual director is what do the other directors say of this person. The other directors are often among the best judges of a director on the Board."

Another factor is a director's attendance, as

Banks should provide directors training on focused topics like compliance, but it's equally important for the directors to have a strong understanding of many of the other facets of the bank's business.

well as participation in discussions at the board meetings. Knight said, "One of the better indicators I have found is whether a director asks good questions in board discussions."

Hahn takes a broad view of director performance. Beyond net income, ROA, or ROE, "many institutions are starting to take a more holistic view of director performance." This "balanced scorecard" incorporates additional elements like the results of regulatory

examinations or employee and community engagement.

To assist the board in elevating its performance, Hahn stated, "Ultimately, each bank needs to understand their mission, core values and strategic plan, which should drive development of the individual metrics on the balanced scorecard."

Banks should provide directors training on focused topics like compliance, but "it's equally important for the directors to have a strong understanding of many of the other facets of the bank's business," Hahn said. "At the end of the day, it is up to the directors to determine their level of engagement, but it is important to [enable] them to think more strategically."

The success of the board is inseparable from the success of the entire bank team,

according to Knight. "Good and frequent director education and clear expectations and leadership of the directors from the chair of the board, CEO of the bank and the other directors," elevates board performance.

Bue noted that both WBA and FDIC offer excellent training opportunities for both new and seasoned board members. Mentoring and individualized training can help produce a resounding "Yes!" in response to the vital question, "Is your board prepared for the future?"

Green is a freelance writer for the Wisconsin Bankers Association.

Boardman & Clark LLP is a WBA Gold Associate Member.

Wipfli LLP is a WBA Silver Associate Member.

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Human Resource Management School. Apply by Feb. 9 for a scholarship to attend a program at the nation's leading and most progressive banking school. For details, contact WBA's **Nick Loppnow** at 608/441-1208 or nloppnow@wisbank.com.

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Every year, hundreds of Wisconsin bankers use a Wisconsin Bankers Foundation (WBF) Reading Raises Interest Kit to help them teach the youngest members of their community about the importance of saving and spending wisely. During the month of April, in conjunction with WBA's **Power of Community Week** and national Teach Children to Save Day on April 20, help promote

financial literacy by conducting a classroom presentation or visiting a daycare or youth group.

The WBF offers a *free* Reading Raises Interest Kit to every member bank branch. This year's kit features the book *A Chair for My Mother* by **Vera B. Williams** and includes a lesson plan and activities appropriate for Grades 1-3, along with several other resources to help you create an engaging, educational presentation:



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- A handout for students to take home, customizable with your bank's name and logo. ***New this year.**
- A sample press release.
- A sample letter to schools/youth groups, explaining the Reading Raises Interest program.
- A list of recommended books as alternatives.

- A follow-up survey to help us make next year's kit even better!

All kit orders must be received by **March 2, 2018** in order for the books to be shipped by April, so order your free* kit today at www.wisbank.com/ReadingRaisesInterestKits!

Contact **Mike Semmann** at 608/441-1206 or msemmann@wisbank.com for more details.

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Visit www.wisbank.com/calendars for more information.

Solid Growth for 2018 Predicted at Economic Forecast Luncheon

Bankers, business leaders, media gather for annual forecast

Sold economic growth throughout 2018 with full employment was the prediction by **Augustine Faucher**, chief economist, The PNC Financial Services Group, at the WBA Wisconsin Economic Forecast Luncheon.

Nearly 450 attendees were registered to hear Faucher in addition to **William Fruth**, president, Policom, at the event held in Madison on January 22. After WBA's **Rose Oswald Poels** gave an update on Wisconsin's banking industry, host **Jeff Mayers**, WisPolitics/WisBusiness, introduced Faucher.

"We do expect a little bit stronger growth, but over the longer term, growth will gradually return to its long-running level of about 2 percent or so," Faucher said. "You have consumers in good shape, you have businesses highly profitable, you have continued economic growth, you have a boost to business investment and consumer spending with the personal income tax and corporate income tax cuts we've seen."

Faucher also predicted the Federal Fund Rate would be increased three times over the next 11 months.



2018 WISCONSIN ECONOMIC FORECAST LUNCHEON
January 22 • Alliant Energy Center • Madison

Presented by: Wisconsin Bankers Association • In conjunction with: Wisconsin REALTORS Association.

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Above: **William Fruth** unveiled his list of Wisconsin's top metropolitan and micropolitan areas.

During the same event, Fruth unveiled his list of the strongest communities in the metropolitan and micropolitan areas of the United States. Fruth examined 933 communities and listed which four Wisconsin metropolitan areas (out of 383) and six Wisconsin micropolitan areas (out of 550) ranked in the top 20% nationally.

If you missed this year's event, or simply want to



Above: **Augustine Faucher** shared the national economic forecast as well as his predictions including Federal Fund Rate increases.

reexamine some of the speakers' insights, visit www.wisbank.com/2018WisEcon for a link to both presentations as well as other resources including the WBA Wisconsin Economic Report (a compilation of sector forecasts from state experts).

Right: WBA's **Rose Oswald Poels** gave an update on Wisconsin's banking industry as well as shared her predictions for 2018.



SEE FORECASTS AND PRESENTATIONS AT WWW.WISBANK.COM/2018WISECON.



Above: Over 400 bankers, business leaders and lawmakers gathered for the 13th annual Wisconsin Economic Forecast Luncheon on January 22 at the Alliant Energy Center in Madison.

Bulletin Board

News about people working in Wisconsin's financial institutions

Promotions and New Hires

Abbotsford

AbbyBank welcomes new member **Karen Piel** (pictured) to the bank's Board of Directors. Karen is currently employed by Marshfield Clinic Health System Foundation as their Charitable Gift Planning Officer, a role she has had since 2006. Previously, she was an estate planning attorney in the Wausau area.



Piel



Wand



K. Smith



Woodward



Hanson



Bence



Marquardt



Voltz



Peterson



Slaght



Arnold



Bosanic



Kok



Clark



Payne

Brodhead

Bank of Brodhead has promoted **Kellie Wand** (pictured) to chief compliance officer and secretary to the Board, **Kathleen Smith** (pictured) to assistant vice president – residential mortgage lending and Bank Secrecy officer and **Mark Woodward** (pictured) to assistant controller and residential mortgage lending officer.

Brookfield

Park Bank is pleased to announce the hiring of **Nick Hanson** (pictured) as a vice president, private banking.

Iowa City, Iowa

MidWestOne Financial Group, Inc., parent company of MidWestOne Bank, has announced the appointment of **David Lindstrom** as senior vice president, retail banking.

Ixonia

Ixonia Bank has hired **Jim Bence** (pictured) as assistant vice president of retail lending and **Steve Marquardt** (pictured) as a retail lender.

Luxemburg

Bank of Luxemburg recently promoted **Dillon R. Voltz** (pictured) to portfolio manager.

Manistique, Mich.

mBank is pleased to announce the promotions of **Clay Peterson** (pictured) to executive president, Western UP and Wisconsin market executive and managing director of retail banking

senior vice president; **Joanna Slaght** (pictured) to executive vice president, managing director of administration and regulatory compliance risk; **Sherry Arnold** (pictured) to senior vice president bank administration/training and development manager; and **Julie Bosanic** (pictured) to vice president, director of mortgage administration.

Markesan

Markesan State Bank announces the promotion of **Daniel Kok** (pictured) to chief operating officer (COO), while also continuing his duties as chief financial officer (CFO), and **Jon Clark** (pictured) to chief credit officer (CCO). Markesan State Bank has also hired **Michael Payne** (pictured) as senior vice president and loan officer.

Marshfield

Derek Blanchard (pictured) has joined Partners Bank as vice president – commercial lender.

Sun Prairie

Bank of Sun Prairie is excited to announce that **Dave Tiutzenko** (pictured) has joined the Bank as senior vice president, director of wealth management.

Superior

National Bank of Commerce has promoted **Tim Smith** (pictured) from credit analyst to commercial banker.

(continued on p. 15)

North Shore Event Benefits Local Food Pantry



North Shore Bank announced that its ninth annual Race for the Hungry event, held at Piggly Wiggly at 520 E. Northland Avenue in Appleton on December 27, raised \$695.85 in groceries and gift cards for the Apple Valley food pantry. Several Girl Scouts (pictured) from Ferber Elementary School raced through the supermarket aisles in small teams to fill the pantry's wish list.

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Have good news? To submit a notice, please email bulletinboard@wisbank.com. Or mail entries to *WBA Bulletin Board*, 4721 South Biltmore Lane, Madison, WI 53718. Send photos as JPEG files. Questions? Contact WBA's **Amber Seitz** at 608/441-1237 or aseitz@wisbank.com.

Bulletin Board

News about people working in Wisconsin's financial institutions

Promotions and New Hires

(continued from p. 14)

Union Grove

Community State Bank is pleased to announce the recent promotion of **Kris Mertins** (pictured) to enterprise risk management officer. Kris has been with CSB for over two decades and has filled many roles within the organization.



Blanchard



Tiutczenko



T. Smith



Mertins



Murphy



Vaklyes



De Ceuster



Oldenberg



Rankin



Riehle



Schneider (left) and Maurer (right)



Supple



Wieber

Waukesha

Waukesha State Bank is proud to announce the promotion of **Jane Murphy** (pictured) to bank manager.

Waukesha Investments, located at Waukesha State Bank, is proud to announce the promotion of **Joe Vaklyes** (pictured) to executive financial advisor.

Wausau

Peoples State Bank has hired **Mark Oldenberg** (pictured), CPA as CFO. Oldenberg will also serve as CFO of PSB holding, Inc., parent company of Peoples State Bank.

River Valley Bank has announced the addition of **Todd Kearney**, CPA as vice president business banking.

West Bend

National Exchange Bank & Trust is happy to announce **Dolf De Ceuster** (pictured) has recently been promoted to vice president – lending.

Anniversary

Tomahawk

Kathy Rankin (pictured) celebrated her 40th anniversary at Tomahawk Community Bank on December 27.

Retirement

West Bend

Jim Riehle (pictured), senior vice president – commercial lending, retired at the end of 2017, after 22 years with National Exchange Bank & Trust.

Congratulations

Madison

Jeff Supple (pictured), vice president and trust officer at State Bank of Cross Plains, recently completed his three-year Certified Trust and Financial Advisor™ program as an Honor Graduate from Cannon Financial Institute. Honor Graduate is Cannon's highest academic distinction.

Manitowoc

WBD Inc. has named Investors Community Bank CEO **Tim Schneider**, as one of 2017's eight WBD Elite Lending Partners. This honor is given annually in recognition of success in helping small business get the financing they need to grow, create jobs and build communities. Pictured above: Tim Schneider, Investors Community Bank CEO and **Mark Maurer**, vice president – senior business banking officer at Investors Community Bank have both been named WBD Elite Lending Partners, Schneider in 2017 and Maurer in 2015.

Announcements

Holmen

Coulee Bank opened a new full-service bank in Holmen,

Wisconsin on Dec. 11.

The new Holmen location will employ 4-7 local full time employees featuring local Holmen residents

Mark Kulig, retail banking manager; **Beth Lager**, mortgage lender; and **Brittany Culpitt**, universal banker.

Madison

After more than two years of construction, Old National Bank has opened their doors on a new bank branch and Wisconsin Corporate Offices in

Madison on the Capitol Square. The newly renovated space is nearly 33,000 square feet.

Wauwatosa

Investors Community Bank has furthered its commitment to micro and small businesses in Wisconsin by making a substantial investment in The Wisconsin Women's Business Initiative Corporation (WWBIC)'s Loan Opportunity fund. In 2017, WWBIC approved over \$8.7 million in loans and closed on \$6.5 million loans, and to date has lent over \$60 million.

WaterStone Bank has announced a new partnership with FCTI, Inc., a nationwide ATM network company, and Pick 'n Save to offer a network of 25 ATM locations at select Pick 'n Save locations in late 2017.

Associate Members

Milwaukee

Quarles & Brady LLP announced that **Michael Wieber** (pictured) has joined the firm's Labor & Employment Practice Group, Employee Benefits team, as Of Counsel in its Milwaukee office.

North Shore Bank Adds Shorewood Branch



North Shore Bank officially broke ground on its newest branch, located in Shorewood on December 12. The new branch, which will open in Spring 2018, will feature an updated design concept and new technology. Bank staff (left to right): **Sue Doyle**, senior vice president retail banking; **Dave Kane**, vice president of real estate and asset management; **Shannon Weber**, Shorewood area branch manager; **Jay McKenna**, president/COO; **Darrel Eisenhardt**, vice president of branch administration; and **Christen Baumann**, vice president and district manager.

WBA Supports Proposed Simplifications to Capital Rules

Summary of a recent comment letter below

WBA recently submitted comments in support of proposed simplifications to capital rules, focusing specifically on the treatment of certain assets and capital instruments, including trust preferred securities (TruPS), and the new definition of high volatility acquisition, development, or construction (HVADC). Among other things, WBA strongly urged the Agencies to completely exclude from the deduction from capital grandfathered existing TruPS held by banks. In addition, WBA urged that the current prospective suspension of HVCRE assets be finalized and the proposed HVADC not be implemented,

The WBA Legal Department advocates for the industry by writing comment letters to federal and state regulators on proposals affecting the industry and by filing friend-of-the-court briefs at the request of WBA members and per approval by the WBA Board of Directors.

but suggested alternatives if the Agencies were unwilling to adopt our initial request. A copy of the text of WBA's comment letter is available on the WBA's website here: www.wisbank.com/search?tag=Comment%20Letters.

For copies of this or other WBA comment letters, please contact the WBA Legal Department at 608/441-1200 or visit www.wisbank.com/CommentLetters.

Live Streaming Available for Call Report Update Workshop

Call Report Live Stream Workshop on March 26

Time is a precious commodity for everyone and it is becoming more difficult to attend training sessions. WBA realizes that and is offering a live streaming connection on March 26 for the upcoming WBA Call Report Update & Review Workshop.

Bank regulators highly recommend annual training in Call Report Preparation for those who prepare or review these reports. This recommendation extends to both new and experienced individuals.

This workshop will cover a variety of updates including revisions to the March 2017 Call Report and proposed changes to March and June

2018 as well as a detailed review of RCR under Basel III, including the proposed simplifications to the capital rules.

Participants receive a 250+ page manual, which will include materials covered during the seminar as well as additional information on other call report schedules. Best of all, this workshop is offering you the benefit of the knowledge combined with the convenience of no travel.

Manuals will be shipped to you prior to the workshop and there will be opportunities to ask questions via your computer throughout the day.

Please direct any questions about this or other WBA education programs to WBA's **Miranda Helt** at 608/441-1270 or mhelt@wisbank.com.

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Wisconsin Bankers Association

Calendar of Events

February – April 2018

Visit www.wisbank.com/education to find out more about these programs, register or browse a full list of WBA Education events. Please direct questions to the WBA Education Department at 608/441-1252 or wbaeducation@wisbank.com.

Conferences

- Agricultural Bankers Conference**
April 11-12 | Wisconsin Dells
- Women in Banking Conference**
April 17 | Wisconsin Dells

FIPCO Events

- Threat Intelligence Briefing
Feb. 15 | Stevens Point
(Visit www.fipco.com/events.)

Forums

- Compliance Forums
Feb. 20 | Stevens Point
Feb. 21 | Wisconsin Dells
Feb. 22 | Pewaukee

Peer Group Meetings

- 2018 Retail Banking Peer Group Meetings
April 10 | Monona
April 17 | Brookfield
April 18 | Appleton
April 18 | Eau Claire

Schools

- Commercial Lending School
Feb. 19-23 | Wisconsin Dells
- Residential Mortgage Lending School
Feb. 19-23 | Wisconsin Dells
- Real Estate Compliance School
March 13-15 | Wisconsin Dells
- Introduction to Commercial Lending School
March 20-22 | Wisconsin Dells
(See WBA Featured Events.)

> Register online for WBA events at www.wisbank.com/education.
> Register online for FIPCO events at www.fipco.com/events.

Seminars/Workshops

- Call Report Update & Review Workshop
Feb. 15 | Wisconsin Dells
March 26 | Live Streaming
- Agricultural Price Risk Management Workshop
Feb. 21 | Wisconsin Dells
- HR for Managers
March 1 | Madison
- Advanced IRA Workshops
March 14 | Wausau/Rothschild
March 15 | Madison
(See WBA Featured Events.)
- Security Officer Workshops
March 20 | Neenah
March 21 | Eau Claire
March 22 | Wisconsin Dells

Summits

- ICBA 2018 Capital Summit
April 8-11 | Washington, DC
- 2018 ABA Government Relations Summit
April 23-25 | Washington, DC

Webinars (online training)

- Loan Documentation Webinar (Three-Part) Series
Jan. 9 | Feb. 13 | March 13
- CRE Appraisals: Regulations and the Review Process
Webinar | Feb. 5
- Safe Deposit Liability Webinar | March 8
(See WBA Featured Events.)
(Register online for webinars at www.wisbank.com/education.)

WBA Featured Events

Upcoming Webinar, Workshops and School

Safe Deposit Liability Webinar

March 8 | Online

Banks are at risk when opening and closing a safe deposit box, as well as when allowing access to a box while a lessee(s) is alive. Understanding the proper procedures your bank should follow to help minimize your institution's risk is critical, particularly since this legal relationship is primarily governed by your contract with your lessee customer rather than dictated by state law. This webinar will review various aspects of liability that banks face when managing the safe deposit area and also offer several opportunities for your questions to be asked. Find more information as well as how to register at www.wisbank.com/events/wba-safe-deposit-liability-webinar.

Please direct any questions about this upcoming WBA education program to WBA's **Miranda Helt** at 608/441-1270 or mhelt@wisbank.com.

Advanced IRA Workshops

March 14 | Wausau/Rothschild March 15 | Madison
Advanced IRAs builds on the attendees' knowledge of IRA basics to address some of the more complex IRA issues their financial organizations may handle. This is an advanced session; previous IRA knowledge is assumed. The instructor uses real-world exercises to help participants apply information to job-related situations. This event will have two separate locations you can choose from and will each run from 8:30 a.m. to 4 p.m. Information and registration are available at <https://www.wisbank.com/events/wba-advanced-ira-workshops>.

Please direct questions about these upcoming workshops to WBA's **Miranda Helt** at 608/441-1270 or mhelt@wisbank.com.

Introduction to Commercial Lending School

March 20-22 | Wisconsin Dells

Curriculum for the spring 2018 WBA Introduction to Commercial Lending School is designed to provide bankers with a basic understanding of the principles and concepts of commercial lending. The material is geared toward bankers who are relatively new to commercial lending and want to develop strong lending skills. Topics covered by the coursework include loan structuring and investigation, cash flow, ratio calculation and trend analysis, collections and bankruptcies, lending to start-ups, commercial lending laws, lending decisions, documentation, government programs, and more! Read more about the school curriculum and reserve your spot today at www.wisbank.com/events/introduction-to-commercial-lending-school. Hurry! Enrollment is limited to 30 spots!

Please direct any questions about upcoming WBA education programs to WBA's **Miranda Helt** at 608/441-1270 or mhelt@wisbank.com.

WBA's social media efforts focus on communication, advocacy:

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Wisconsin Bankers www.linkedin.com/company/wisconsin-bankers-association

> Watch Us



Wisconsin Bankers www.youtube.com/WisconsinBankers

Proactive Ag Lenders

(continued from p. 1)

“Can we cut out some fat without cutting into the bone, basically, is what we discuss. Maybe scaling back a capital plan or two for the year, finding out what’s the break-even, what it’s going to take to cash-flow if milk price, for instance, is at \$13.80, or say, with premiums, \$15,” he continued. “You’re thinking ahead to the planting season and trying to have enough capital on hand to buy the spring inputs and go forward from there. But people don’t have a lot of working capital on hand right now, coming off this year.”

The Wisconsin ag economy – and what lenders can do to best help customers – will be the focus of the WBA Ag Bankers Conference, April 11-12 at the Kalahari Resort & Convention Center in Wisconsin Dells. (See promotional ad, below.)

» Ag Lending Environment

Across the country, 82 percent of ag lenders said they’ve seen a decline in farm profitability in the last 12 months, according to a survey released on October 31 by the American Bankers Association and the Federal Agricultural Mortgage Corp.

In the Chicago Fed district, ag credit conditions declined in the third quarter of 2017, with availability of funds for lending by ag banks down relative to a year ago for the first time in 11 years.

Repayment rates for non-real-estate farm loans were lower in the third quarter of 2017 compared with the same quarter in 2016, and loan renewals and extensions were higher. Remaining near their historically low levels, interest rates on farm loans moved little during the third quarter of 2017, according to the Chicago Fed.

Across the country, 82 percent of ag lenders said they’ve seen a decline in farm profitability in the last 12 months.

– American Bankers Association and Federal Agricultural Mortgage Corp. Oct. 31, 2017 survey

But that could soon change, said Dr. **David Kohl**, professor emeritus in the Agricultural and Applied Economics Department at Virginia Tech.

“We have very tight margins, and so any movement really creates volatility in the extremes. Contrast to five years ago, if the price of corn moved, we didn’t feel it as bad as we do today,” Kohl said. “And another one that producers and bankers haven’t been accustomed to for the past 10 years is going to be interest rate volatility, because the Fed will probably raise interest rates three, if not four, times in this next year.”

Ag lenders will need to be able to convey to their borrowers how interest rate sensitivity impacts the bottom line, Kohl said.

Yet another area of volatility will be the uncertain impact that negotiations on the North American Free Trade Agreement will have on commodity prices.

“It’s going to be really critical because the net farm income from international trade is about 20 percent of our net income nationwide, and so, if those NAFTA agreements are not tweaked, we could be in extreme volatility,” Kohl said. “Let’s take a state like Wisconsin, about one in seven days of our milk is exported – 39 percent goes to Mexico – so one of the things that you could see is a dollar change in milk price very, very quickly. It could influence not only cash flows, but it could also influence land values.”

(continued on p. 19)

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AGRICULTURAL BANKERS CONFERENCE

April 11-12 | Kalahari Resort & Convention Center | Wisconsin Dells

Check out www.wisbank.com/Ag for the full agenda and lineup of speakers, hotel room block information for the Kalahari and to register online!

► Dairy Market Situation and Outlook

Dr. Marin Bozic
University of Minnesota



Bozic



Elfmann



Henderson



Roberts

► Positioning Ag for Future Profitability

Dr. Jason Henderson
Purdue University

► Update from Washington

Edwin Elfmann
American Bankers Association

► US and Global Economic Outlook; Commodity Outlook

Dr. Matt Roberts
The Kernmantle Group

Register online at: www.wisbank.com/Ag

► Schedule

Wednesday, April 11 – 9 a.m. - 5:30 p.m.
Thursday, April 12 – 7:30 a.m. - Noon

► **Registration** – WBA Ag Section Members registration fee is \$275/attendee. The regular conference registration fee is \$350/attendee. Visit www.wisbank.com/Ag for more information.

► **Questions** – Please direct questions to WBA’s **Lori Kalscheuer** at 608.441.1250 or via e-mail at lkalscheuer@wisbank.com.

► **Hotel Accommodations** – Contact the Kalahari resort directly at 877-525-2427 and ask for the special WBA Ag Conference (Group Code: 38233) rate of \$112.00 plus applicable taxes. Room Rate and availability not guaranteed after March 11, 2018.

Proactive Ag Lenders

(continued from p. 18)

» Developments to Watch

“We have been able to maintain decent milk prices in a growing national dairy herd over the previous decade due to very strong growth of U.S. dairy exports. We have not been able to maintain that trend over the previous 18 months or so,” said Dr. **Marin Bozic**, dairy economist in the Department of Applied Economics at the University of Minnesota and associate director of Midwest Dairy Foods Research Center.

Small- and medium-sized dairies are going to find it increasingly hard to compete. We typically have a 3 to 5 percent attrition rate annually anyway, but the consolidation pace may pick up.

– Dr. Martin Bozic, Dept. of Applied Economics University of Minnesota Director, Midwest Dairy Foods Research Center

Bozic will present his market outlook and update on ag policy, at the conference. One area he will cover is expected changes to the Margin Protection Program for dairy producers.

“The program has not been working to the satisfaction of policy makers and a large number of dairy producers, and there’s a vigorous debate happening in the halls of Congress and among the key members of the House and Senate Agriculture Committees on how to reform that program,” he said.

Another major change that will affect the ability of dairy producers to manage their risk will be changes to crop insurance programs, which Bozic will also cover.

He also pointed to the emergence of the multi-farm dairy – operations such as



Milk Source in Wisconsin or Riverview Farms LLP in Minnesota – as a significant development to watch.

“Small- and medium-sized dairies are going to find it increasingly hard to compete. We typically have a 3 to 5 percent attrition rate annually anyway, but the consolidation pace may pick up,” he said. “Large partnerships, these multi-family dairies, some of them are able to draw in external cash when they build their next dairy. That is going to introduce a new supply-expansion dynamic as well.”

» Future of the Farm Bill

Another topic on ag lenders’ and customers’ minds is the new Farm Bill, and that will be the focus of conference speaker **Ed Elfmann**, senior vice president, agricultural and rural banking policy at the American Bankers Association.

A particular area of focus for the ABA will be raising the cap on Farm Service Agency loan programs to at least \$2.5 million, Elfmann said. “We want to make sure that those loan limits are set up not necessarily for right now, but for the next 10, 15, 20 years,” he said. “We’re trying to set up the loan programs not only so beginning farmers can start their own operations, which is very costly, but also

for well-established farmers to make sure that their business can stay strong through potential downturns.”

Another priority for ABA is streamlining, expediting and modernizing the loan process across U.S. Department of Agriculture lending programs. “That’s how we’re going to weather through tough times, by making sure that we have all the tools available,” he said.

Good resources for bankers – especially those newer to ag lending – to review are ABA’s *10 Tips for Tough Financial Times on the Farm* (www.aba.com/Tools/Function/Ag/Documents/10TipsToughFinancialTimes.pdf) and *10 Financial Tips for America’s Young and Beginning Farmers* (www.aba.com/Tools/Function/Ag/Documents/AgDayTipSheet.pdf).

A particular area of focus for the ABA will be raising the cap on Farm Service Agency loan programs to at least \$25 million.

– Ed Elfmann, Agricultural and Rural Banking Policy American Bankers Assn.

» Importance of a Plan

Dr. Kohl, a dairy producer himself, said that it’s never been more important for farmers to have a one-page written plan.

Still it’s a good time to be an ag banker. In good times, all customers think about is interest rates. In tough times, they want a relationship banker and they want an agricultural bank.

– Dr. David Kohl, Agricultural and Applied Economics Department, Virginia Tech

“They need to have their goals in writing, short-term and long-term, because that makes them critically think: Do they want to be in business, how big do they want to be, do they want to scale down? And then I think one of the things that our ag borrowers are going to have to start doing is doing a projected cash flow. And, not just have the banker do it for them, because the thing is, it makes them think about production, prices, financing, marketing – and cash flow is 80 percent of a business plan,” he said.

“For us it’s going to be extremely important to understand, to offer good advice to our borrowers about the right strategy. In some cases, when there are producers that are reaching retirement age, maybe that’s the best option for them,” said Buttke of Nicolet National Bank. “It’s not easy, and it does test our skills as bankers, frankly.”

Still, it’s a good time to be an ag banker, Kohl said. “In good times, all customers think about is interest rates. In tough times, they want a relationship banker and they want an agricultural bank.”

Mahan is a freelance writer for the Wisconsin Bankers Association.

Attend the *WBA Agricultural Bankers Conference* on April 11-12 in Wisconsin Dells to hear more from speakers Dr. Martin Bozic and Ed Elfmann.

Strategic Connections

Making the Customer Experience Your 2018 New Year's Resolution

By Laura Wiegert

"Eighty percent of CEOs believe they offer a superior customer experience; only eight percent of their customers agree."— **Tim Suther**, Vice President, Global Multichannel Marketing Services, Acxiom.



Strategic Connections

Laura Wiegert

"We know it's a marathon, not a sprint, and we have made a long-term commitment to CX because we believe it will be the differentiator for current and future customers."

As the competition for customers continues to heat up, every bank wants an advantage that helps them not only win new customers, but retain existing ones. A formal customer experience (CX) program is a great way to do that.

What is CX?

In its simplest form, customer experience is defined as the interactions a customer has with a company and its products. In other words, it is your customers' perceptions of their relationship with your brand, which determine how they interact with your company throughout their life cycle at your bank.

Why does CX matter?

The benefits of focusing on CX are many. A solid

program can foster brand loyalty, increase profitability, provide enhanced value to the customer, retain more customers, result in higher product utilization per customer and create raving fans. If that isn't enough, consider these statistics from Foresee. Their research indicates that customers of financial institutions who have a great customer experience are:

- » 76% more likely to buy additional services
- » 63% more likely to continue their relationship with the bank
- » 86% more likely to recommend the bank
- » 58% more likely to trust the bank.

How do you approach CX?

A CX program is a

systematic approach to discover and improve areas where customers interact with your bank. How a company approaches CX may vary, but there are key tools such as customer personas and journey maps that set the foundation.

» *Customer personas* are fictional personalities you develop to represent your target customers. They go deeper than generalized customer segments by having individual names and stories that reflect personal attributes and behavioral characteristics such as needs, motivations, attitudes and pain points.

» *A customer journey map* is a visual representation of all the experiences your customers have with you. Journey mapping allows you

to understand how the customer moves through your bank at all touchpoints, whether in branch or online. This allows you to look for gaps or service opportunities that may result in improved experiences.

Both help provide an in-depth understanding of who your customers are, what they need and how they interact with your company. But more importantly, they allow you to share customer insights across the organization and help teams take targeted action to **improve the customer experience.**

Our bank's CX approach

However you choose to start, remember that a CX program is multifaceted and will vary from bank to bank. We recently launched ours at Investors and will soon be developing personas and mapping our customers' journeys. Led by Marketing, the team is also charged with managing our bi-annual

(continued on p. 21)

Wisconsin Bankers Association

Power of
COMMUNITY

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DATES:

APRIL 16-20, 2018

What is the WBA
Power of Community Week?

The WBA Power of Community campaign will bring together our member bankers to celebrate your commitment to the communities you serve. During the week, we encourage all bankers to engage in one or more community service activities.

Commit to participating online at

www.wisbank.com/BanksPowerWI

Questions: Contact WBA's Lori Kalscheuer at lkalscheuer@wisbank.com or at 608-441-1250.

Who Moved My Step-Ups?

Population of government agency bonds is evolving

By Jim Reber

Not so long ago, a wildly popular variety of government agency bonds was struggling to get to market fast enough to meet investor demand. Chances are your community bank owned some, or a lot, of these bonds, known as “step-ups.” Lately, the ever-changing dynamics of supply and demand have made the build-out more difficult and the attractiveness less so. Since we’re in the community banking business, and most everything we touch is somehow cyclical in nature,



it bears examining why step-ups are at least temporarily on hiatus and what could spark their triumphant return.

But before we do, let us revisit the basic structure. These step-ups are issued by the usual suspects: Fannie Mae, Freddie Mac and the Federal Home Loan Bank. They have good liquidity, are pledgeable and are 20 per risk weighted, so they meet all those safety and soundness criteria. Their maturities can vary from three years to 15. Their “lockouts,” which are the periods from issue until the first call date, can be as short at three months and as long as three years. The one thing they have in common: a stated interest rate, or coupon, that will rise in the future if the bond isn’t called by the issuer.

Comparison Shopping

Beyond the promise of a higher rate in the future (if the bond still exists), step-ups can have very different structures. For one, the steps can be one-time-only (which is comparatively rare), or they can be multi-steps. For another, the height of the steps can be miniscule (as small as 12.5 basis points, or .125 percent, annually) or as large as two percent annually. For still another, most step-ups can be called at any interest payment date, but a few have one only call date. Your broker should show you all the possible outcomes during the pre-purchase phase.

In the end, the reason step-ups have appeal to community banks is that they provide protection against rising rates. Portfolio

Since we’re in the community banking business, and most everything we touch is somehow cyclical in nature, it bears examining why step-ups are at least temporarily on hiatus and what could spark their triumphant return.

managers realize that they are sacrificing yield today for some potential upside later. The trick is to buy enough yield in the future to make up for the lost revenue today, which involves guesswork, as the following illustrates.

In March 2017, Fannie Mae issued a fixed rate bond that matured 3/29/2021 with a coupon of 2.125 percent. It also issued a step-up that matured 3/29/2022 with a beginning coupon of 1.75 percent. Both bonds were callable in six months, which meant September 2017. In fact, both were called, so the first investor’s holding period yield was 37.5 basis points higher for the same six months. The breakeven date was March 2020, which now will never happen.

Market Headwinds

With that as a background, let’s examine the difficulty in launching step-ups in today’s market. As short rates rise relative to longer rates, the underwriters struggle to rob enough coupon from the front end of the cash flows to make the back coupons attractive to risk-averse investors. Remember that portfolio managers are comparing fixed rate callables with step-ups, as we saw in our example. In the two years between January 2016 and January 2018, the yield curve between one and 10 years flattened 100 basis points.

To demonstrate, we can refer back to our Fannie Mae

step-up from 2017. That bond, which you remember was called in September 2017, would have had a terminal coupon of 4.00 percent had it lasted five years. Today, in a much higher short-term rate environment, a similar step-up would begin with a coupon of about 2.00 percent but would have a terminal coupon of only 3.00 percent. Plenty of portfolio managers are deciding that a fixed rate callable is a better option at the moment.

Proof in the Underwriting

Now let’s look at some more numbers for evidence. Back in the steep curve days of say, 2011, nearly half of all agency issues had some type of stepped-up coupon structure. Even as late as a year ago, nearly a quarter of the new bonds had built-in yield protection. In December 2017, step-ups accounted for less than five percent of newly hatched bonds.

Community banks in general own fewer agencies than before. In the past six years, the sector’s weightings have gone from about 18 percent of the total portfolio to about 11 percent today. I would suspect that given the continued rising demand for well-structured mortgage products and high-quality municipal bonds, and their attendant shrinking spreads, agency bonds can make a comeback among community banks—especially when we see the yield curve begin to steepen. The evolution of the agency bond market will continue to respond to investor demand, and that will include step-ups.

Reber is president and CEO of ICBA Securities and can be reached at 800/422-6442 or jreber@icbasecurities.com. ICBA Services Network is a WBA Gold Associate Member.

Strategic Connections

(continued from p. 20)

customer survey; which includes digging deeper into actionable insights and benchmarking our Net Promoter Score.

Our cross-functional team is also tackling some “low hanging fruit” we feel are quick wins that will enhance the customer experience, such as creating standardized communication expectations for employees and discussing banking innovations to ensure we stay on top of trends.

We know it’s a marathon, not a sprint, and we have made a long-term commitment to CX because we believe it will be the differentiator for current and future customers.

Make the customer experience your top priority for 2018!

Wiegert is senior vice president – marketing at Investors Community Bank, Manitowoc, and a member of the 2017-2018 WBA Marketing Committee.

Financial institutions directory for 2018 now available

The 2018 edition of the *American Financial Directory®* has arrived and is available for purchase. The



To order copies visit www.fipco.com or call 800/722-3498.

\$100 per directory. Quantities are limited, so order soon!

ad-free directory features the same collection of institution information, without the distraction of ads and non-bank details.

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Data Integration Key to Efficient Operations

Robust interfaces enhance productivity, efficiency

Automated systems are instrumental in streamlining productivity and reducing the potential for lending and compliance mistakes. These efficiencies can be enhanced even more when the systems used are able to share data between them.

As a result of FIPCO's strong relationships with various service providers and host vendors, *Compliance Concierge™* can do just that through its robust interfaces. Current interfaces include (but are not limited to):

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FIPCO's interfaces can help you bridge the import/export gap with our newly-released Desktop Underwriter DU 3.2 Export interface. You can also

support the new data collection requirements for 2018 HMDA reporting. We're offering several HMDA interfaces and can help you find the perfect fit for your institution. You'll also confidently prepare for Fannie Mae and Freddie Mac's 9/25/17 Uniform Closing Disclosure (UCD) mandate with our assistance.

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Information for every Wisconsin depository institution and branch by city

This annual bank directory has the most current Wisconsin financial institution information, including every depository institution and branch by city. The handy size includes almost 300 directory pages.

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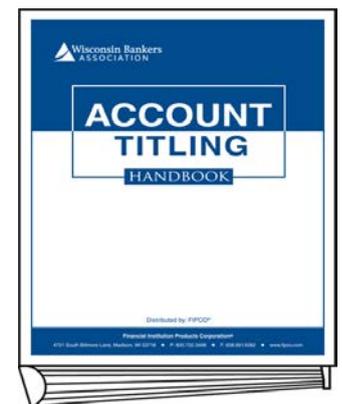


WBA Account Titling Handbook – 2017 Edition Now Available

This comprehensive handbook gives you guidance for opening accounts from basic to some of the most unique accounts you'll ever find! This is a valuable resource for anyone who works with account titling.

The newly revised WBA Account Titling Handbook includes:

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Bankers Strongly Optimistic, Confident on 2018 Wisconsin Economy

Bank CEO economic survey receives highest rating in 10 years

Bankers are strongly optimistic and confident on what 2018 holds for Wisconsin's economy. That's according to 100 Wisconsin bank CEOs and

presidents who contributed to the latest WBA Bank CEO Economic Conditions Survey.

The survey was conducted in December with 80% of the bankers rating Wisconsin's current economic health as "good." That was the highest rating by bankers in the last 10

years of the survey. Equally encouraging is the fact that 53% believe Wisconsin's economy will grow over the first six months of 2018.

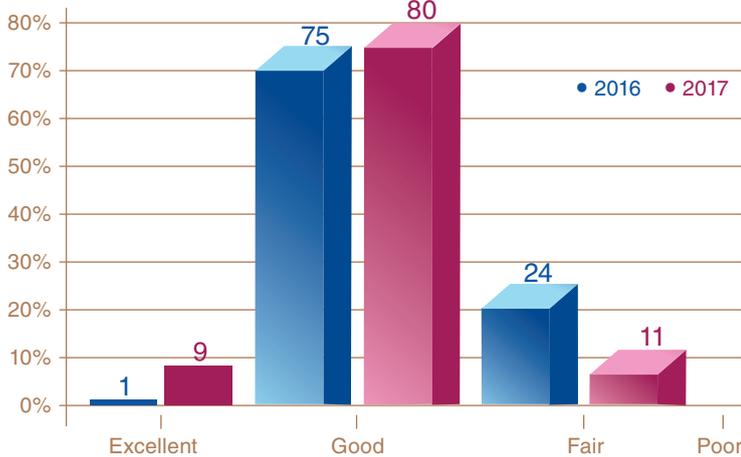
Business loans seem to be fueling that optimism with 59% saying that current demand is good with another

3% stating it is "excellent." Demand for business loans will also increase according to 53% of respondents.

Below is a summary of the survey results.

**Statistics are shown as a percentage of total responses.*

> How would you rate the current health of the Wisconsin economy?

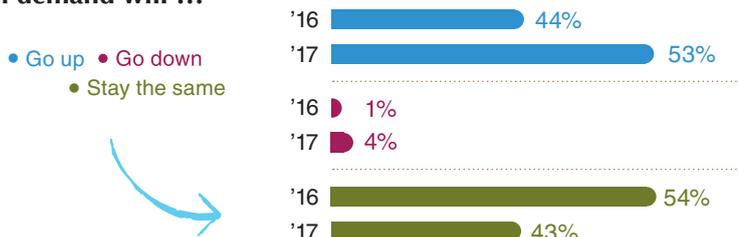


> In the next six months, do you expect the Wisconsin economy to ...

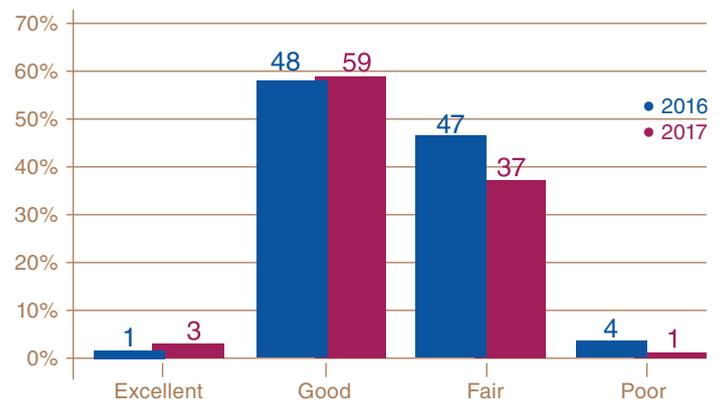


Commercial Lending

> In the next six months, do you anticipate that business loan demand will ...

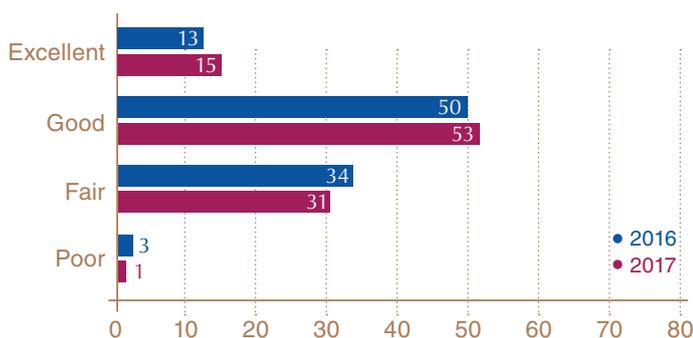


> Rate the Current Demand for business loans in the market(s) you serve ...



Residential Real Estate

> Rate the current demand for residential real estate loans in the market(s) you serve ...



Ag Lending

> Rate the current demand for ag loans in the market you serve ...



Managing Compliance

WBA school designed for bank compliance leaders

The 2018 Compliance Officer School will be held April 4-6 at the WBA Office in Madison. This program is designed to provide bankers with the necessary tools to develop, implement and manage a compliance program. It is geared toward bankers who have been asked to expand their role in compliance management and enhance the bank's compliance program.



WBA Compliance Officer School

April 4-6

Wisconsin Bankers Association Office
Madison

» To register, visit www.wisbank.com/events/compliance-officer-school.

Curriculum Topics:

- » Compliance Officer Role and the Stakeholders
- » Compliance Program Components
- » Regulators – What do they require?
- » Resources and Research Skills
- » Policy and Procedures
- » Risk Assessments
- » The Three Lines of Defense: Front Line/ Departments; Compliance/ Risk; Independent Audit
- » Outsourcing Management
- » Examination Management: Violations, Process and Documentation
- » How to Respond to a Proposed Rule
- » Compliance Advocacy

Students will also participate in a case study intended to draw all the elements of the curriculum together.

Each group will present their case study on the final day to receive their diploma.

This school will *not* cover specific rules and regulations, but instead will provide the tools and skills that are

necessary for implementing and managing a successful bank compliance program. Prior compliance training and/or working knowledge of the various rules and regulations may be helpful for attendees.

Who Should Attend?

Compliance officers, risk managers and individuals who are responsible for the management of the bank's compliance department or individuals who address compliance issues in their daily activities will benefit from this school.

For more information about the school and to register, please visit www.wisbank.com/events/compliance-officer-school. Enrollment is limited to 30, so register today!

WBA Women in Banking Conference | April 17



Glacier Canyon Lodge & Convention Center
45 Hillman Road | Wisconsin Dells

» Invest In Your Women Leaders...

WBA encourages bank management to consider sending top performing women to the WBA Women in Banking Conference as an investment in their futures with your bank. Check out www.wisbank.com/Women for the full agenda and lineup of speakers, hotel room block information, and to register online!

- ▶ **GRIT: Living Your Life with Passion, Perseverance, and Purpose**
Dr. Cindra Kamphoff, High Performance Coach and Professional Speaker



Kamphoff



Oswald Poels



Schuld

- ▶ **WBA Welcome and Banking Industry Update**
Rose Oswald Poels
Wisconsin Bankers Association

- ▶ **Digital Transformation: Strategies & Solutions for a New Banking Paradigm**
Maria Schuld, FIS



- ▶ **Speed Networking – Make New Connections and Share Ideas!**

Register online at: www.wisbank.com/Women

- ▶ **Schedule – Tuesday, April 17**
 - 8-9 a.m. – Registration and Continental Breakfast
 - 9 a.m. – Conference Begins
 - 3:45 p.m. – Conference Adjourns

- ▶ **Registration** – Take advantage of **TEAM PRICING!** Your bank's first two attendees will be \$245/each. Each additional attendee will be \$175/each. Visit www.wisbank.com/Women for more information. *All registrations must be entered together for team pricing.

- ▶ **Questions** – Please direct questions to WBA's **Lori Kalscheuer** at 608.441.1250 or via e-mail at lkalscheuer@wisbank.com.

- ▶ **Hotel Room(s)** – Contact the Glacier Canyon Lodge directly at 800.867.9453 and ask for the special WBA Women in Banking Conference rate of \$99.⁹⁹ plus applicable taxes and \$19.⁹⁵ resort fee per night (Leader #658779). Room rate is not guaranteed after **March 17, 2018**.

» 4+ Hours of Sessions » Speed Networking Session » 140+ Bankers Expected

Tax Reform Impact on Home Equity Loans

Tax Cuts and Jobs Act (TCJA) eliminates interest itemization on tax returns

By Rose Oswald Poels

There continues to be much confusion around the impact of the new tax law on home equity lines of credit and home equity loans. While bankers should not be providing tax advice as taxpayers should be consulting with their own professional advisor, WBA realizes it is helpful for bankers to have a general understanding of the impact their loan products have on borrowers to not only answer general questions but also to guide bank product development and marketing strategies. This article will attempt to explain the tax law changes as it relates to home equity loans.

The general rule for taxpayers itemizing deductions is that effective for tax years beginning after December 31, 2017, and before January 1, 2026, the Tax Cuts and Jobs Act (TCJA) no longer allows a deduction for interest on home equity debt regardless of when the home equity debt was originally incurred, and regardless of the lien position of the home equity debt. In other words, there is no grandfathering treatment for existing home equity loans and the rules apply whether the loan is a first, first-lien equivalent, or true second mortgage on a principal residence and/or second home. For taxpayers who will not benefit from itemizing deductions under the new law, this analysis is inapplicable.

The only important exception to this general rule for home equity debt is if the purpose of the debt qualifies under the tax code as "acquisition indebtedness." Under the tax code, acquisition indebtedness of a principal residence and/or second home is debt that is incurred in acquiring, constructing, or substantially improving a



Executive Briefing Update

Rose M. Oswald Poels

qualified residence. "Qualified residence" is also a defined term under the tax code but generally includes the taxpayer's principal residence and one and one other residence of the taxpayer. Acquisition indebtedness also includes indebtedness from the refinancing of other acquisition indebtedness, but only to the extent of the amount of the refinanced indebtedness. It is the responsibility of the taxpayer, not the bank, to keep track of debt that is acquisition indebtedness compared to debt that is for other purposes.

Under the new law, the aggregate amount a taxpayer may treat as acquisition indebtedness can't exceed \$750,000 (\$375,000 for married persons filing separately). **Any** acquisition debt (whether a traditional closed-end mortgage or home equity debt qualifying as acquisition indebtedness) incurred on or before December 15, 2017 is instead subject to the \$1,000,000 (\$500,000 for married persons filing separately) acquisition debt limit. Note that in applying the \$750,000/\$375,000 acquisition debt limit to any indebtedness incurred after December 15, 2017, the \$750,000/\$375,000 limit must be reduced (but not below zero) by the amount of any indebtedness incurred on or before December 15, 2017 that is treated as acquisition indebtedness for purposes of the qualified residence interest (QRI) deduction for the tax year.



As an example, assume a taxpayer had a first mortgage of \$150,000 of which \$100,000 was from refinancing the original acquisition mortgage and \$50,000 was cash taken out for college costs. The \$100,000 would be acquisition debt and the \$50,000 would be home equity debt. Assume that same taxpayer also took out a \$25,000 home equity line of credit for the sole purpose of remodeling the kitchen. That debt would qualify as acquisition debt because it is for the purpose of improving a qualified residence. In this example, the total acquisition debt would be \$125,000 – the portion of the mortgage loan used for acquisition and the home equity line of credit. The interest on the portion of the mortgage

loan (\$50,000) that was used for college costs would be nondeductible. Tracing rules apply that consider the least advantageous debt to be paid off first, so principal on the first mortgage would be applied to the home equity portion first.

Again, it is important to not give your customers tax advice as often bankers do not know how debt proceeds, particularly home equity debt proceeds, are spent by borrowers. It is expected that the IRS will issue guidance on this and other aspects of the TCJA.

NOTE: While the likelihood is small, it is possible the IRS guidance document will incorporate or interpret items in a way that is unexpected. WBA will inform the membership as such guidance is published.

Oswald Poels is WBA president and CEO.

This article is a clarification of the tax law changes relating to home equity loans addressed during WBA's Executive Briefing on Tax Reform on Jan. 11.

WBA Washington Summits

★

✓ *Add your voice in support of our industry by attending a WBA Washington Summit in April. Register online at:*

WBA / ICBA Capital Summit
April 8-11 | Washington, DC
www.icba.org/events/icba-capital-summit

WBA / ABA Government Relations Summit
April 23-25 | Washington, DC
www.aba.com/Training/Conferences/Pages/GRS.aspx

★

Questions: Contact WBA's **Jon Turke** at jturke@wisbank.com or 608/441-1215.

WBA Perspective *Industry briefings for Wisconsin bankers*



There's certainly no shortage of information channels in this day and age. You can find out news from around the globe in newspapers, online and even on your smartphone. If you don't have time to sift through hundreds of articles and news bytes, here's what you need to know about what's going on in the banking industry this month:

Rose Oswald Poels is WBA president and CEO
ropoels@wisbank.com | 608/441-1200
Twitter: @RoseOswaldPoels

Advocacy

ABC Act Introduced; Fed Version Mirrors State Efforts



The Access to Business Capital (ABC) Act, introduced on the federal level by Congressman **Rod Blum** (IA-01) and Congressman **Charlie Christ** (FL-13), helps promote lending to Main Street businesses and farmers. Also known as H.R. 4424, it assists local job creators who have struggled to secure loans following the financial crisis. WBA members may recognize the intent behind the bill as it **directly mirrors** the Association's efforts in Wisconsin on the state level. The strongest supporter of H.R. 4424 has been the Council for Sound Tax Policy (CSTP). With support from WBA, CSTP was created by a small group of people and organizations who came together for a common cause of enacting fair tax policy on a federal level. **Peter Prickett**, former WBA Chair, is the current CSTP Chairman. WBA fully supports the CSTP's efforts on the federal level.



Regulatory News

DHS Moves to New Data Match Vendor at End of January

Last August, the Department of Health Services terminated all data matching contracts with financial institutions after the expiration of the contract between DHS and Health Management Systems Inc. (HMS). DHS will be entering a contract with Accuity Asset Verification Services similar to what Minnesota has done. At the time of printing, contracts were expected to be sent out at the end of January. WBA hopes to get a sample contract to send out beforehand so you have a heads up on what is coming.



WBA News

WBA Rings in the Holidays Through Giving



The WBA raised \$1,000 through staff donations for a local family during the holidays. WBA worked with the Family Support & Resource Center (FSRC) in Madison to bring a little cheer to a very deserving family of five. Pictured (left to right): WBA's **Rose Oswald Poels**, **Miranda Helt**, **Jody Roos**, **Jennifer Babb** (FSRC), **Deb Rufer**, and **Daryll Lund**.



Advocacy

Tax Reality; Change Starts Now. WBA is Providing the Road Map

WBA curated a variety of resources to help you determine how the new tax law will affect your bank. You can find the resources on our Tax Reform page at www.wisbank.com/TaxReform. We will continue to update this page as more information and resources become available.



Financial Literacy

Governor Walker Honors 18 with Financial Literacy Award

On January 5, 2018, Governor **Scott Walker** announced 18 individuals, businesses, and organizations as recipients of the 2017 Governor's Financial Literacy Award, as selected by the Governor's Council on Financial Literacy. Several partners who work directly with Wisconsin banks and the Wisconsin Bankers Foundation, as well as a bank, were recipients this year. A full list of the recipients is available on the WBA website.



Regulatory News

FDIC Regional Ombudsman Meets with WBA



As part of our continuing regulatory advocacy efforts, WBA's **Rose Oswald Poels** (right) and **Daryll Lund** (left) met in January at the WBA Office with FDIC Regional Ombudsman **Dan Marcotte** (center). Several topics were discussed during the hour-long meeting including liquidity risk management, the process for dissolution of investment subsidiaries, and banking trends. WBA also learned that with the promotion last summer of former FDIC Chicago Regional Director **Anthony Lowe** to the position of FDIC Ombudsman and Director of Office of Ombudsman, the national Ombudsman office is being relocated to Chicago from Washington D.C. In addition, **John Conneely** was named FDIC Chicago Regional Director replacing Mr. Lowe effective January 1, 2018, having most recently served as deputy regional director for the FDIC's New York region. Marcotte emphasized during the meeting that he encourages bankers who may have any questions or concerns regarding FDIC matters or exams, to contact his office for assistance.

Bankers Marketplace

HELP WANTED

Chief Information Officer

Leads IT strategic and operational planning to achieve business goals by fostering innovation, prioritizing initiatives, and coordinating the evaluation, deployment, and management of current and future IT systems across the organization. Responsible for the annual development of the IT Strategic plan and aligning IT goals to those of the organization. This is a new position for SNB-T. We are looking for a hands-on leader to take our IT initiatives to the next level. Works where others come to vacation! We are located in the beautiful Upper Peninsula of Michigan. The Copper Country offers year-round recreation, a vibrant arts community and two universities. To apply for this position, send a resume and cover letter to: Superior National Bank & Trust, Attn: Human Resources, P.O. Box 450, Hancock, MI 49930.

Commercial Loan Officer

Premier Bank has an opening for a Commercial Loan Officer. The Commercial Loan Officer is responsible for monitoring the quality and integrity of a loan portfolio, maintaining profitability of loan investments made, providing recommendations on sound lending practices compliant with regulatory directives, the bank's lending philosophy and loan policies. Proven performer in developing and building new business relationships. Maintains a community presence by becoming active in local service groups, networking groups, Boards or business groups as desired. Qualified candidates will have a Bachelor's degree in finance, business administration or a related field of study, plus five to ten years of commercial lending experience or related lending activity; preferably in a bank environment. High level of interpersonal, organizational and communications skills required. Must have ability to understand and analyze financial statements and tax returns. If interested, please send resume and salary requirements to tburlage@hrservicesandsolutions.com.

Consumer Loan Officer

Premier Bank of Fort Atkinson has an immediate opening for a Consumer Loan Officer. This position is responsible for managing existing client relationships as well as actively seeking and developing new relationships. Responsible for the origination of residential mortgage loans, home equity loans and consumer loans while cross-selling the bank's deposit products to satisfy customer needs, meet established lending guidelines and provide maximum profitability to the bank with a minimum level

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of risk. This includes obtaining loan applications as well as coordinating and assisting in the processing and closing of loans. Responsible for maintaining a quality loan portfolio through proper underwriting and diligent collection efforts to minimize delinquency and charge-offs. Qualified candidates will have a Bachelor's degree in finance, business administration or a related field of study and five or more years of selling a business strategy or intangible service, or three or more years of experience in residential mortgage lending; or the equivalent combination of education and experience. If interested, please send resume and salary requirements to tburlage@hrservicesandsolutions.com.

Full Time Controller

Do you want to be a part of a successful, progressive, and team orientated organization? The Stephenson National Bank & Trust, Marinette, Wis., is seeking an experienced Controller to manage our Accounting department, Holding Company and Finance reporting. If you meet the position requirements, located on our website Career Page at www.snbtc.com, submit your resume for consideration! The Stephenson National Bank & Trust is a 143-year old independent community bank with over \$1.1 billion in Bank, Mortgage, and Trust & Investment assets under management. Mail Resume to: The Stephenson National Bank & Trust, Human Resources Department, P.O. Box 137, Marinette, WI 54143 or email resume to: employment@snbt.com. Equal Opportunity Employer.

Administrative Team Assistant

FIPCO is seeking an Administrative Team Assistant. This person is responsible for providing a wide variety of administrative support for individuals and departments to ensure efficient operation of the office. This person is also responsible for providing outstanding customer focused support (internal and external) and to see that duties are completed accurately, delivered with high quality and in a timely manner. Qualifications: This person is required to have: Be a positive, creative thinker with a passionate attitude; Solid communication and "people" skills, proficiency in developing written communications; Strong organizational and time management skills; Ability to work in an entrepreneurial environment

– self-starter, wearing multiple hats; Demonstrate strong work ethic and willingness to work as needed to hit deadlines and get the job done; Keen eye for details and execution oriented personality; Determination and drive to work toward targets/goals; Be coachable and competitive; Ability to work well independently and as part of a team. In addition, the ideal candidate would have: Associate degree or related experience; Experience with Microsoft Office Suite, Traverse, Basecamp and/or Hubspot; Knowledge of banking operations, compliance and/or software. Interested persons should submit a current resume and dated letter explaining his or her qualifications to vice president – finance and administration (applications@wisbank.com). A copy of the job description is available upon request.

Technology and Integration Support Specialist

FIPCO is seeking a Technology and Integration Support Specialist. This person is responsible for providing outstanding customer support (internal and external) for FIPCO software, interfaces, hardware, and hosted environment. The person will also be involved with software and interface installations, release development and deployment

and related troubleshooting. After hour and on-call work is required. Qualifications: This person is required to have: Experience with Microsoft Server 2008 and 2012; Be a positive, creative thinker with a passionate attitude; Solid communication and "people" skills, proficient with helping customers achieve their goals through telephone, email and web support channels; Strong organizational and time management skills; Ability to work in an entrepreneurial environment – self-starter, wearing multiple hats; Demonstrate strong work ethic and willingness to work as needed to hit deadlines and get the job done; Keen eye for details and execution oriented personality; Determination and drive to work toward targets/goals; Be coachable and competitive; Ability to work well independently and as part of a team. In addition, the ideal candidate would have: Associate degree or related experience; Experience with Microsoft, Java and Oracle; Familiarity with Axosoft, Basecamp and/or Hubspot; Knowledge of banking operations, compliance and/or software. Interested persons should submit a current resume and dated letter explaining his or her qualifications to vice president – finance and administration (applications@wisbank.com). A copy of the job description is available upon request.

WISCONSIN BANKER

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Wisconsin Banker is published by Wisconsin Bankers Association, 4721 South Biltmore Lane, Madison, WI 53718; Telephone: 608/441-1200; Fax: 608/661-9381; www.wisbank.com.

Eric Skrum, Editor
(608) 441-1216
eskrum@wisbank.com

Advertising:
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