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Bill Rosacker Retires after 51 Years of Banking Excellence

For 34 years, William "Bill" Rosacker has been at the helm of United Bankers' Bank (UBB) successfully leading the bank through three decades of industry highs, lows, crises, booms, recessions and evolutions. With his retirement on April 30th, Bill capped off his 51-year banking career at the ICBA Capital Summit in Washington D.C. doing what he's done throughout his legendary career; promoting the importance and need for a strong community banking industry.

Bill joined UBB back in 1985, when it was originally named the Independent State Bank of Minnesota. At that time, he inherited a struggling bank with a bleak outlook for the future. Rosacker hit the ground running leveraging his 16-year banking experience at F&M Marquette National Bank, as a correspondent banking and investments division manager and senior management committee member, to turn things around and lay a foundation to successfully grow the bank for generations to come.

Rosacker's faith in the bankers' bank model led him to one of his first major decisions as President, instituting a capital drive that would raise \$1.8 million during a tough banking economy in the mid-1980s. His customer service philosophy "if we don't take care of the customer, someone else will" would later lead UBB on a path toward territory expansion outside of Minnesota and prompting a name change to United Bankers' Bank. UBB's footprint continues to grow, noticeably through the bank's merger with Great Lakes Bankers Bank (GLBB) in 2016 and its most recent entrance into the states of Indiana and California. Today UBB provides services to over 1,000 community banks in 15 states throughout the West Coast, Rocky Mountains, Midwest and Great Lakes regions.

Bill Rosacker continued pg 2

Bill Rosacker A Note from the President



With this column, I'm writing my last note to you. I never thought this day would come, but after serving over half a century in community banking and with 34 of those unforgettable years at United Bankers' Bank, the time has come to retire. Over the years I've witnessed firsthand some of the most

turbulent, prosperous and innovative times impacting the banking industry. The constant evolution of community banking coupled with the challenges and opportunities posed by the need to adapt is something that always drove me and made working in our industry exciting. UBB has demonstrated great resiliency and strength over the last 34 years, and I've never been more optimistic about our ability to serve our community bank customers and maintain our position as an industry leader for future generations.

It has been a true honor of my life to lead UBB. There is not a better or more genuine industry in the world than community banking. At its core, it's all about building relationships and neighbors helping neighbors succeed for the shared common goal of a stronger, better community. What I will cherish most about my time at UBB are the countless relationships I've formed with fellow community bank leaders and the opportunity to lead a talented organization of people focused on the success of community banks and the communities they serve. All the current and previous UBB staff members I've had the privilege to work with over the past 34 years deserve a heartfelt thank you. You made my job at UBB the most enjoyable and rewarding one I've ever had.

Thank you from the bottom of my heart.
I wish you all well and continued success.

Farewell,
William "Bill" Rosacker

Under Rosacker's guidance, UBB has achieved growth from a \$30 million bank when he started to reaching over \$900 million in assets today. The number of employees at UBB has also grown, from fewer than 20 employees in 1985 to 132 today.

Bill's belief in his team transcends throughout the organization through his active participation in the development of a great working environment. Most recently for an employee recognition dinner, Bill traveled to the Ohio office to make sure his employees were taken care of the same way as in the Minnesota headquarters. He was a constant fixture at employee events from taking "Selfie with Elfie" photos in the winter holidays to drawing prizes for employee appreciation week. Prior to his retirement, he formed the UBB ImpACT team to develop tomorrow's leaders at the bank. This team, made up of non-managers, works to break down the silos that tend to appear in an organization between management and staff as a company grows both financially and geographically. The ImpACT team plans a range of activities and initiatives aimed at not only creating a better connection among UBB employees, but also connecting the employees to the communities in which they live. The end goal for the ImpACT team is a stronger culture and a more centralized and connected UBB.

A Community Banker for Life

Rosacker's leadership and involvement in community banking extended past the UBB office and into professional memberships, associations and involvements including Independent Community Bankers of America (ICBA), The Bank Holding Company

Association (BHCA), Electronic Check Clearing House Organization (ECCHO), The Bankers' Bank Council, Independent Bankers of Minnesota (ICBM) and Minnesota Bankers Association (MBA) making him a notable face in the community banking industry. Recently, Bill was celebrated by the ICBM for 50 years in banking and awarded the first ever Lifetime Achievement Award from *BankBeat* magazine in recognition of his impact on the community banking industry across the country.



Bill with his original Sr. Management Team

"My position at UBB has allowed me to engage with countless numbers of community bank and financial services industry leaders from around the country," states Rosacker, "I will always treasure the countless relationships I've formed with my fellow community bank leaders."

But Bill isn't fully leaving the banking community. In his retirement, he will continue to be an active part of the First National Bank of Bagley, the family bank his two children co-own, where he sits on the board of directors.

Bill leaves UBB in great shape and in the hands of a very seasoned and experience management team who will lead the bank into the next generation. Many of Bill's leadership principles are engrained into the DNA of United Bankers' Bank, ensuring his legacy will carry on for many years to come.

Bill is one of kind and will be missed by many. We wish him a very happy and healthy retirement and thank him for his service and memories that will last a lifetime.

Bill Rosacker joins Independent State Bank of Minnesota, the nation's first bankers' bank with \$30 Million in Total Assets

1985

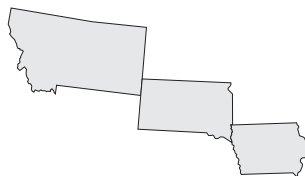


1988

Independent State Bank of Minnesota expands out of Minnesota and begins serving North Dakota banks

Independent State Bank of Minnesota is renamed to United Bankers' Bank (UBB) and expands into Iowa, Montana and South Dakota

1991



UBB increases its asset size to \$118 Million

1999

2000

UBB begins serving banks in Nebraska



Advantages await UBB Customers with the International Services Suite

By UBB Operations Team • (800) 558-6878

With UBB as your international partner, your community bank can take advantage of our full suite of online international services. To streamline functionality and simplify the user experience, UBB has integrated several international payment processes into our UNET.web online banking platform. Now UBB customers can conveniently process their own foreign currency orders, Canadian and foreign US dollar checks, and foreign wire transactions.

Wires

We are continuously improving our technology to better serve our customers and offer faster wire processing features. As part of this enhancement, we encourage you to utilize our online applications for both US and foreign dollar wires. UBB's Foreign (FX) wire platform can be directly linked via UNET, allowing customers the ability to create and verify wires through an automated and user-friendly interface, that will improve efficiency and increase cost savings without incurring additional expenses.

Training needed? Just let us know and our International Services Team of experts will make arrangements to meet your schedule!

Canadian Cash Letter

Our Canadian Cash Letter platform is also available as single sign-on through UNET.web, providing community banks with the ability to scan Canadian items at their bank and enabling them to receive faster credit. Checks scanned will be credited to the

bank within 1-2 business days, reducing the cost of mailing and eliminating the possibility of lost checks.

The platform's "quick quote" feature provides you an estimated exchange rate for your customer. And once a check is scanned, you will receive the exact exchange rate for it. There is also a reporting capability and the ability to export reports to Excel.

Foreign Currency

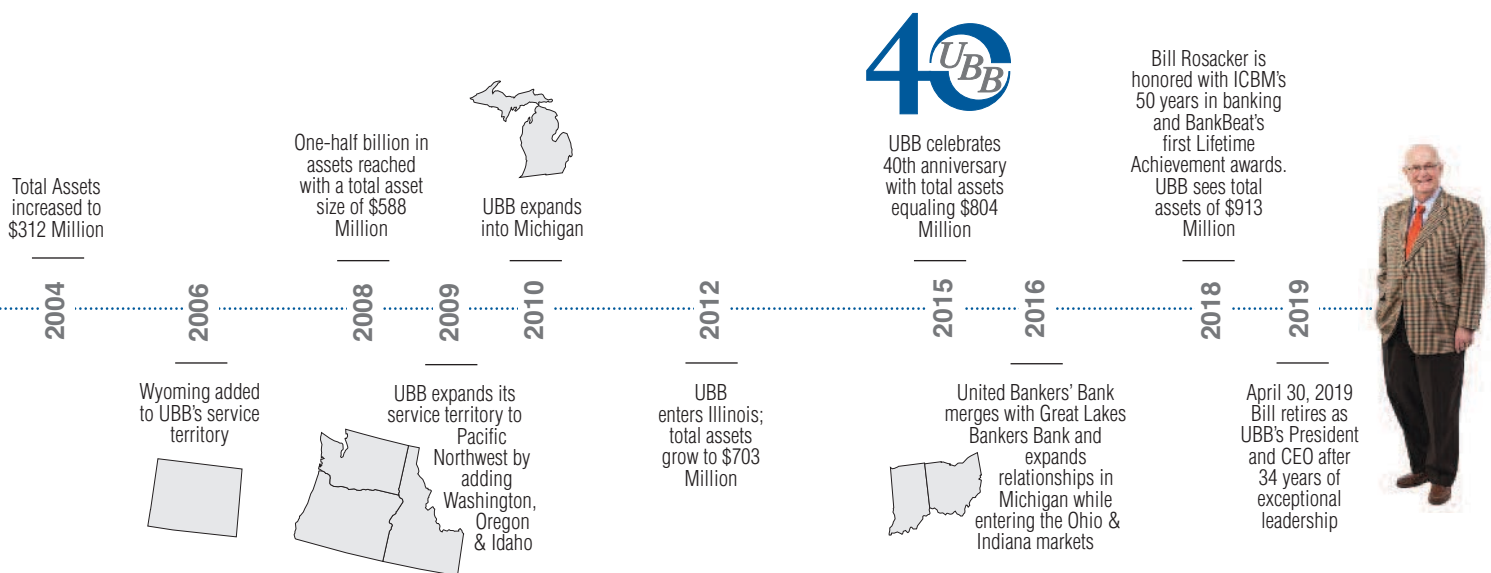
UBB offers an online foreign currency platform that allows banks to set-up branch locations for shipping/ordering convenience and consolidate both your foreign currency order and deposits in one online system.

The system's reporting capability allows you to see who is ordering what and select your branch delivery location. In addition, real time exchange rates tell you exactly what the exchange rate is going to be when your customer is in the branch.

There is no additional cost to your bank to set this system up (and your per order/deposit fees go down).

Our goals are to streamline your international processes, help you satisfy your customers' international requests, increase efficiencies and save you money.

If you are interested in any of these International Services, please reach out to your CBO today! You can also contact United Bankers' Bank Operations directly, by phone at 800-558-6878 or email at UBBIntlServices@ubb.com.



United Bankers' Bank
Call Report (unaudited)
3/31/2019

Balance Sheet (000's)

Assets:

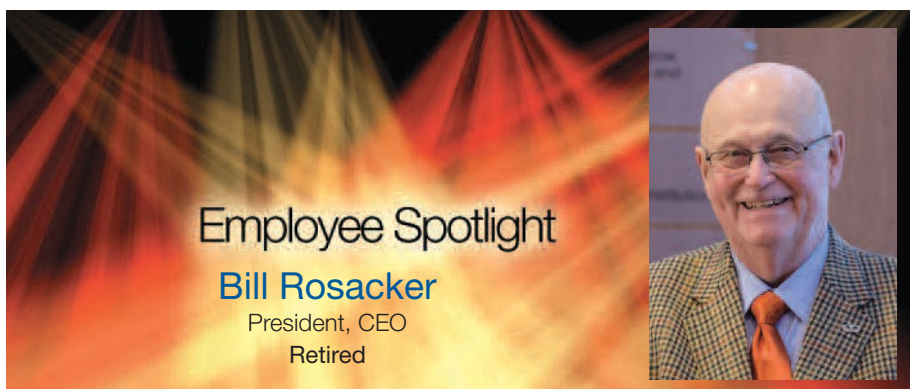
Cash and Due from Banks	\$ 85,357
Investments	\$ 40,671
Fed Funds Sold & Securities Purchased Under Agreement to Resell	\$ 52,154
Loans	
Outstanding	\$ 647,063
Loss Reserve	\$ (7,942)
Other Assets	\$ 28,974
TOTAL ASSETS	\$ 846,277

Liabilities and Capital:

Deposits	\$ 732,611
Fed Funds Purchased	\$ 4,700
Other Liabilities	\$ 6,501
Equity Capital	\$ 102,465
TOTAL LIABILITIES & CAPITAL	\$846,277

INCOME STATEMENT (YTD)

Interest Income	\$ 8,375
Interest Expense	\$ 2,306
Net Interest Income	\$ 6,069
Loss Provision	\$ 53
Net Interest Income (After Provision)	\$ 6,016
Other Income	\$ 3,796
Total Income	\$ 9,812
Operating Expenses	\$ 7,954
Securities Gains (Losses)	\$ -
Net Income Before Taxes	\$ 1,858
Tax	\$ 478
NET INCOME	\$ 1,380



What is the first thing you plan to do when you retire? Fly home from the ICBA Policy Summit in Washington, DC on May 1.

Interests: Travel, community banking, more community banking, and being with friends.

If I hadn't worked in banking I would have been: In the legal world.

I started working at UBB on: April 15, 1985.

My favorite part of working for UBB was: Working with our **Great** staff in ALL the departments. Also getting the UBB ImpACT team started - great young people in the bank.

The best advice I ever got was: Be myself, listen, care about people and always try to be your best.

First For Your Success means: Always have products and services that grow community banks.



Bill with Executive team at 2018 Employee Appreciation



Bill at the UBB Annual Shareholders Golf Event

Get to Know: UBB Operations

From wires, ACH and international payments, to cash letter clearings, online banking and more, the friendly professionals in UBB Operations provide the knowledge and support community banks need to ensure their bookkeeping and backrooms are operating efficiently. Lead by EVP, Chief Operations Officer, Mary Williams, this team of Minnesota and Ohio based customer

service experts continually raise the bar when it comes to providing industry leading service, technology and innovation to meet the ever-evolving needs of community banks. UBB's operational team prides themselves on going above and beyond to help their customers. Take a minute to get to know UBB Operations.



Customer Service Team led by Jillian Johnson, Operations Customer Service Officer
Left to Right: Kelly Musta, Amanda Marshall, Pam Austin, Diane Iacono, Jillian Johnson, Sharon Becker



Operations Support Team led by Cha Thao-Vang, Operations Support Supervisor
Left to Right: Steve Rateau, Cha Thao-Vang, Craig Hetzel, Yelena Grigorieva, Tamara Umberhandt



Wires Support Team led by Anjanie Badhwa, Wires Support Operations Supervisor
Left to Right: Arlun Xiong, Anjanie Badhwa, Diane Schmidt, Sheng Xiong, Not Pictured – Shari Armon



Ohio Operations Team led by Cassie Orloske (*inset*), Data Controller & Operations Support Supervisor
Back: Sonja Kesselring, *Middle:* Joyce Springer and Barbara Binckley, *Front:* Barbara Runyon



Management Team led by Mary Williams, EVP Chief Operations Officer
Left to Right: Mary Williams, Jillian Johnson, Cha Thao-Vang, Anjanie Badhwa, Wendy Hagen, not pictured - Cassie Orloske



Keeping the *Community* in Community Banking

Farmers State Bank • West Salem OH

The quaint community of West Salem, Ohio can be found between Cleveland and Columbus on Route 42, originally the main route before the construction of I71 in 1966. Take a stroll down Main Street and past the historical City Hall and Opera House sits Farmers State Bank, a pinnacle of the West Salem community for over 100 years. While the Farmers State Bank family has expanded over time to include offices in the Ashland, Marshallville, and Rittman communities, their dedication to “old-fashioned customer service” has never wavered.

We spoke to President and CEO, Marlene Barkheimer, to learn how Farmers State Bank is *Keeping the Community in Community Banking*.

What is your community most known for?

Remnants of West Salem's past glory days include a passenger train station (no longer used) and a town hall with an opera house on the second floor.

Drag racing track - Dragway 42 opened in 1957. Area residents talk about taking their souped-up vehicles to the track to challenge others. It was recently reopened after a change in management with a full schedule of races posted for the season.

How is your bank involved in the community?

We partnered with Banzail financial education and sponsor their program in four area school districts. This program provides a financial literacy curriculum for local schools to help educate students on the importance of managing their finances. Bank employees also volunteer for classroom visits upon a teacher's request.

Regular support of area events such as West Salem's Town & Country Firemen's Festival, Rittman's Sleepwalker Festival and Marshallville's Historical Days provides an avenue for local staff to interact with area residents in a fun environment. We help with floats for the parades and free activities for kids using paid employees to staff the event. When events overlap with branch operation hours, staff from other offices cover to provide time for the area employees to participate. It's a bank wide effort.

Do you have any goals or programs in place to encourage bank employees to be active in the community?

Besides the paid time provided to help at area events, all employees are given 8 hours of PTO time for a community involvement project of their choice.



Farmers State Bank Main Office, West Salem, OH



Farmers State Bank Team Celebrating Pet Day



This provides time for parents to chaperon a school field trip or someone to help at a church event. We have employees that spend time at pet shelters and county fairs with this option.

What makes community involvement important to you and your bank?

Having worked with many not-for-profit companies, I can attest to the need of volunteers to make things happen at any organization. Even the best are limited in their ability to help their community by their need to find volunteers. By encouraging our staff to participate, we know it makes our communities better.

What do you like best about your community?

West Salem is small town personified. It's a step back to a simpler time when you knew your neighbors and knew they were willing to help you as you are willing to help them, no questions asked. It's not unusual to pull off to the side of the road to respond to a text and have someone stop to ask if you need any help. It doesn't get better than that!

What do you like best about being a community banker?

We are a small enough bank to where we still care about each customer as an individual and make decisions that we see is in their best interest. Sometimes that means not giving them something they want, like when we think they are the victims of a scam, but always trying to look out for them.

We care about all our customers. We recently built a new main office and added a shelter for the Amish customers that use our office. We felt that if we were upgrading our facility, we needed to upgrade our hitching posts as well.

MLO Compensation at Community Banks

By Jeff Thompson, CRCM

The Dodd-Frank Act brought the banking world a slew of new requirements, including changes to Regulation Z that limit the amounts and types of compensation that can be paid to mortgage loan originators (MLOs).

As most community banks do not necessarily pay loan originators on a commission basis, but rather salary those employees, many may have assumed that the rules did not apply to them. Some of those bankers are learning a hard lesson from their regulators that the rules may apply to salaried employees, particularly those that receive periodic bonuses as part of their total compensation.

The compensation rules are found at 12 CFR 1026.36-*Prohibited acts or practices and certain requirements for credit secured by a dwelling*. Specifically, this section defines compensation to include salaries, commissions and any financial or similar incentive. Section 36(d) is entitled *Prohibited payments to loan originators*. These rules discuss the three different types of compensation detailed below.

The first type of compensation is based on something other than a term of the transaction, or the terms of multiple transactions for a single MLO. A term of transaction does not include the loan amount, provided that the compensation is based on a fixed percentage of the amount of credit extended, possibly subject to minimums and maximums.

The second type of compensation includes contributions to a defined contribution plan that is a designated tax-advantaged plan or benefit. The plan must be under a defined benefit plan that is a designated tax advantaged plan. These contributions must also be based on something other than a term of the transaction.

The third type of compensation falls under a “non-deferred, profits-based compensation plan,” such as periodic bonuses. These types of payments are

permissible if the compensation is not, directly or indirectly based on the term of the originator’s transactions that are subject to the rules, AND the compensation paid to an individual MLO does not, in the aggregate, exceed 10 percent of the individual MLO’s total compensation corresponding to the time period for which the payment is based. There is also a caveat allowing bonuses for MLOs who consummate 10 or fewer deals a year.

As used in this rule, a non-deferred, profits-based compensation plan is any compensation arrangement where an individual loan originator may be paid variable, additional compensation based in whole or in part on the mortgage-related business profits of the person paying the compensation. This also includes affiliate income in certain instances. In short, if you pay bonuses to any MLO that are based on the profitability of the mortgage portfolio, in whole or in part, the bonuses are limited to 10% of the employee’s total compensation.

For example, assume your senior mortgage lender is paid a base salary of \$85,000/year, and is eligible for the bank’s total bonus pool paid out at year-end. When the individual bonuses are calculated, based on the overall profitability of the bank, the officer receives a bonus of \$10,000 from the bonus pool for all employees. This brings the officer’s total compensation to \$95,000, which means the bonus represents 10.52% of the MLO’s total compensation, and is therefore illegal under this section of Regulation Z. While your senior mortgage lender’s compensation might be based on several factors that have nothing to do with the mortgage loan portfolio, the bonus would still be deemed illegal.

We are aware of banks that have been caught completely off guard by this section of the rules. We recommend that all community banks carefully review the compensation paid to any registered MLOs to ensure that bonuses paid do not exceed the limitations and that your future examinations do not garner unnecessary violations of law.

If you have any questions regarding this rule or how it applies to your specific institution, we’d be happy to help.



For more information contact: 800.314.7782 or
Jeff.Thompson@ubb.com or Kassia.Holt@ubb.com.



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Bloomington, MN 55431-1467

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If you have questions about our
products and services, please
call us at 1-800-752-8140.
www.ubb.com • Member FDIC



MINOR MONITORING

Protecting Children Against Identity Theft



Why are minors at risk of ID Theft?

Children's identities are considered extremely valuable by thieves because they essentially offer a clean slate. Children have no credit reports, so thieves could potentially use their identities for years without being detected.



How can monitoring a minor's SSN help?

Active monitoring helps detect ID Theft sooner, reducing any long-term effects. The longer the ID Theft goes undetected, the harder it may be to resolve, and the more difficult it may be to secure credit, including student loans when needed.



How Minor Monitoring Works

- Kroll monitors for any credit activity that includes an enrolled child's SSN.
- If activity is detected, the enrolled adult will receive an alert, prompting a call to a Kroll Licensed Private Investigator.
- The Kroll Licensed Private Investigator will conduct additional research to determine if the alert indicates a legitimate credit history for the child (such as a bank account), a simple reporting error, or if credit accounts have been opened fraudulently.
- If a credit history has been created for the child, full identity restoration services will be provided.

Interested in requesting pricing or receiving more information about this service?

Visit www.ubbidtheft.com or call 952-886-9524