UBB First for Your Success™

News, Analysis and Perspective for Community Banks by the Nation's **First** Bankers' Bank

Independent

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This Issue:

Longtime Friends Find Professional Home at UBB

In April, UBB welcomed Jimmy Maness as our new Correspondent Banking Officer, responsible for building relationships and developing business throughout Tennessee and his home state of North Carolina. The addition of Jimmy follows the hire of South Carolina based CBO, Trey Moore, two years ago and solidifies UBB's expansion and commitment to the Southeast region. UBB's geographic expansion is partially in response to the growing M&A activity impacting the banking industry but is also the result of a friendship between a dynamic correspondent banking sales team that was formed more than 16 years ago.

The duo who make up UBB's new Southeast sales team first met back in 2006 when Trey Moore and Jimmy Maness were working at Nexity Bank in Birmingham, Alabama. Trey was new to correspondent banking, and Jimmy mentored and trained Trey on the importance of creating long-term customer relationships, as Jimmy says, "assisting him any way I could to help him succeed." They became fast friends and a formidable sales team from 2011-2018, experiencing three bank mergers and acquisitions in addition to their bank becoming a large commercial bank with a small correspondent banking division. Seeing the organization's dwindling focus on correspondent banking, Jimmy left for a Fintech organization in 2019, and Trey began searching for a new opportunity to work with community banks in the correspondent banking field he came to love.

Longtime Friends continued pg 2

Dwight Larsen A note from the President

Summer is here, and event season is in full swing. I'll be making the rounds at a number of conventions and meetings this year and am looking forward to connecting with fellow community bankers everywhere I go. My travel schedule as of right now will take me to at least 12 more events hosted throughout seven different states during the remainder of 2022. Truly one of the best parts of my job is the opportunity to hear from customers and develop relationships with community bankers wherever I go, so please stop and say "hello" if you see me at an event this year.

South Carolina-based Correspondent Banking Officer (CBO), Trey Moore, has made an immediate impact for UBB in the Southeast Region since joining us in 2020. With an eye towards growth and the ongoing bank M&A environment, we expanded our presence in the Southeast by bringing on another experienced CBO, Jimmy Maness, to develop relationships in North Carolina and Tennessee. Jimmy and Trey have a long history of working together at several different correspondent banking providers. They are teaming up once again for UBB to develop relationships and earn the business of community banks in the Southeast region. This issue's cover story describes how a couple of communications from long-time friends and correspondent veterans fueled UBB's growth and service territory expansion. Learn even more about our new CBO, Jimmy Maness, by flipping over to our Employee Spotlight on page 4.

Mike Klinger, Vice President and BankValue Manager, reports on the valuation trends over the past few years, and USource Vice President, Bob Greening, explains why employees choose to pursue litigation against their previous and current employers.

Instant Payments are a hot topic in the industry. As we get closer to FedNow becoming a reality, there is potential for a lot of confusion and uncertainty about Instant Payments and FedNow. UBB has taken a leadership position on FedNow by participating in their pilot program and partnering with the innovative payment provider, VSoft, to create an Instant Payment solution called Pidgin. We've had a great response on our launch of the FedNow educational video series to provide information on Instant Payments. I encourage you and your team to view them. If you haven't been receiving the weekly emails, simply email our Operations Team to be added to the list. This month's Q&A is the beginning of a series aimed at keeping you well informed as the instant payments arena continues to change, starting with addressing if you need to integrate instant payments into your operations.

Tarboro Savings Bank was one of our first North Carolina banks to come onboard when we expanded to the Southeast. They reside in a community with a rich history and have been serving the banking needs of its citizens for more than a century. Turn to page 6 to see how Tarboro Savings Bank is *Keeping the Community in Community Banking*.

There is a lot to be excited about at UBB. Expansion, high-quality additions to our team, and new product development to name just a few. Everything we do at UBB is to position ourselves for the future, ensuring we have the resources, expertise, and solutions needed to help community banks compete and succeed. While we continue to experience a lot of change around us, one thing that will never change is our commitment to you to always be *First for Your Success*.

Longtime Friends from pg 1

Through continued correspondence, Jimmy and Trey discovered a need for a bankers' bank in the Southeast region. "'Bud', I said, 'the only way you get back to what we had is with a bankers' bank,'" recalls Jimmy Maness, "I encouraged him to pursue researching an expansion with a bankers' bank not currently calling in the Southeast." Trey started researching bankers' banks adding, "The current bankers' banks that had moved into the region showed a limited presence and commitment in the market."

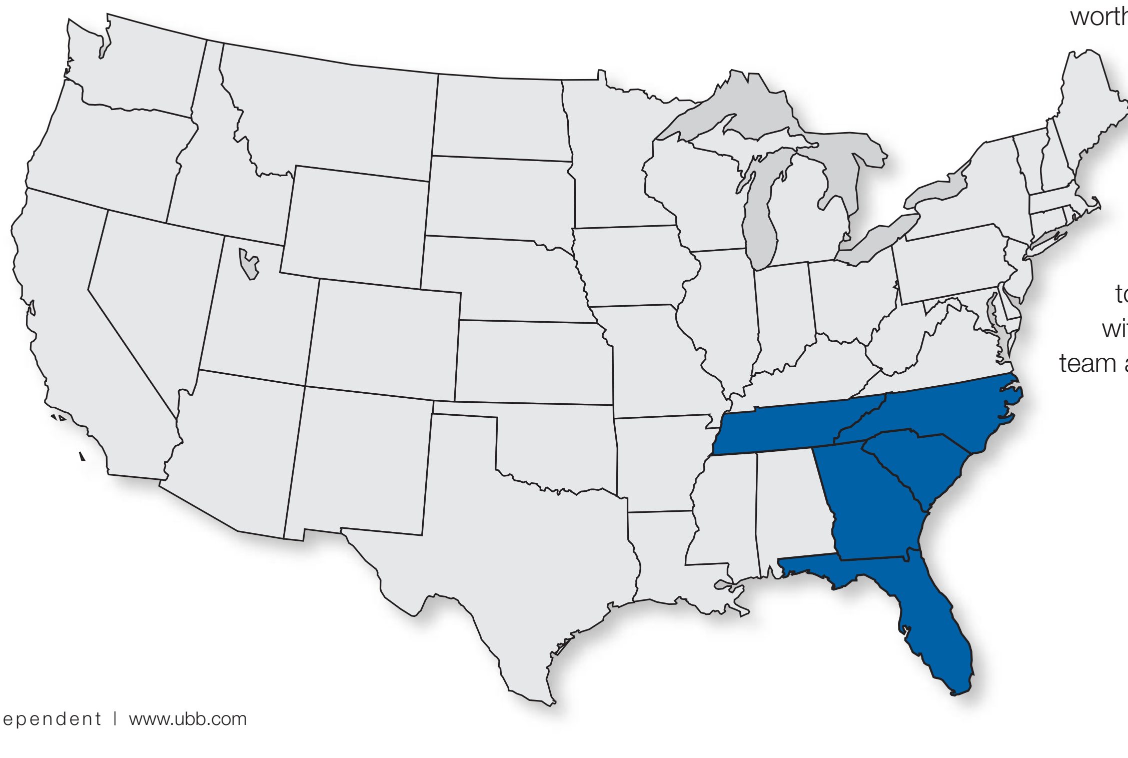
By June of 2020, Trey had made the decision to pursue UBB and presented an opportunity to expand our services into the Southeast region. "The *Nation's First Bankers' Bank* really stood out to Jimmy and me," Trey remembers. "After going through three mergers and acquisitions, we were impressed by the stability and experience." They were also impressed by the full-service approach and over 90 products and services that UBB offers stating, "UBB offered the resources that our banks needed to be successful. We would finally have something of value to offer the banks we serve."

The proposal and market analysis Trey and Jimmy developed supported their belief that the Southeast was underserved from a true correspondent banking perspective. In his proposal, Trey provided a 90, 180, and 365 day plan for launch. Intrigued by this opportunity and the prospects for expansion into a new territory, UBB invited Trey for a video interview, sealing the deal for Trey knowing that UBB was the right decision. "I was really impressed with the great people and the culture of serving community banks," commented Trey. "It was after I met everyone through the interview process I realized this was home."

UBB welcomed Trey in August of 2020, officially marking UBB's entrance into the states of South Carolina, North Carolina, Georgia and Florida. Trey hit the ground running and has been on a remarkable start since joining UBB, connecting his community bank customers with over 130 solutions. Jimmy and Trey continued to stay in touch as Jimmy observed Trey's impact on community banking and satisfaction of working for a full-service bankers' bank. Jimmy soon realized that correspondent banking was still his passion and followed the same approach he and Trey developed more than two years earlier to present UBB with an opportunity to further expand. When considering the traction Trey was making in the new territory and factoring in Jimmy's extensive experience, UBB invited him for an interview. Much like Trey's initial interview, there was mutual interest from both parties, and the idea of further expanding UBB's presence in the Southeast appeared eminent.

Jimmy joined UBB in April 2022 as its new Correspondent Banking Officer, covering the state of North Carolina and signaling UBB's entrance into the state of Tennessee and surrounding areas.

Trey and Jimmy's friendship and professional relationships have come full-circle. "We recognize the route that brought us to UBB but also feel that we are at home and right where we belong to truly help our bank customers succeed. It's been a long road, but it's been worth it," commented Trey. "It's just amazing that after all we have been through, Jimmy and I are able to work together again with such a great team at UBB."



What Triggers Employees to Pursue Litigation towards Employers?

By: Bob Greening, Vice President, USource

By identifying and understanding the reasons why employees decide to sue their employers, many employment-related lawsuits likely could be prevented. Employers that learn to recognize employee warning signs and focus on improving certain aspects of their workplace environment through planning and training can reduce risking a possible employment lawsuit. Often an employee's demeanor serves as an indicator of potential trouble looming.

My supervisor doesn't listen!

Employees often just need to vent to management about work issues. While this may seem like an unproductive use of time, it's important for supervisors to listen and offer solutions to make employees feel heard. Front-line supervisors especially need strong listening and conflict-resolution skills to identify and resolve problems before they begin. Such skills, coupled with a thorough understanding of employer policies, will provide for prompt recognition and response to employment-related issues.

I had no idea I wasn't doing a good job.

Performance issues may cause more than just productivity problems when inexperienced or untrained supervisors fail to address unsatisfactory performance. These problems can be avoided by training and coaching supervisors to adopt effective communication skills, ensuring employees receive fair evaluations.

My co-workers gossiped about me after I left.

This is a common problem with an easy solution. Former employees do not want to be the subject of coworker gossip and will inevitably learn through friends or social media of anything being said about them. Therefore, employers should limit workplace discussions of former employees.

My employer is saying bad things about me to prospective employers.

When a former employee obtains new employment, the employee may not be as upset with the former employer and less likely to pursue a lawsuit. A prudent employer can assist a former employee in gaining new employment by limiting reference information to dates of employment, job title and duties.

Other people got away with the same thing.

Inconsistent discipline fosters an environment ripe for discrimination claims. Even if an employer did not engage in illegal discrimination when disciplining or terminating an employee, they must demonstrate that their decision was not based on a protected characteristic such as age, disability, national origin, race, religion or gender. Such a demonstration may prove particularly difficult when employees outside of the complaining employee's protected class were treated differently. Employers should avoid this predicament by strictly applying the same policies and disciplinary procedures to similar situations.

My co-workers' treatment of me prompted me to quit.

Although federal employment law does not require employers to provide employees with a civil and polite workplace, they do require that employers provide a safe work environment free from physical safety hazards and any form of workplace harassment. Employers that maintain a friendly and positive work environment may avoid situations where a former employee claims to be singled out by coworkers based on a protected characteristic.

Litigation continued pg 5

United Bankers' Bank
Call Report (unaudited)
3/31/2022

Balance Sheet (000's)

Assets:	
Cash and Due from Banks	$ 176,784
Investments	$ 243,860
Fed Funds Sold & Securities Purchased Under Agreement to Resell	$ 11,266
Loans	
Outstanding	$ 678,288
Loss Reserve	$ (12,258)
Other Assets	$ 40,188
TOTAL ASSETS	$1,138,128
Liabilities and Capital:	
Deposits	$ 878,056
Fed Funds Purchased	$ 132,171
Other Liabilities	$ 9,962
Equity Capital	$ 117,939
TOTAL LIABILITIES & CAPITAL	$1,138,128

INCOME STATEMENT (YTD)

Interest Income	$ 7,015
Interest Expense	$ 160
Net Interest Income	$ 6,855
Loss Provision	$ –
Net Interest Income (After Provision)	$ 6,855
Other Income	$ 5,616
Total Income	$ 12,471
Operating Expenses	$ 8,123
Securities Gains (Losses)	$ –
Net Income Before Taxes	$ 4,348
Tax	$ 1,146
NET INCOME	$ 3,202

Employee Spotlight

Jimmy Maness

Vice President, Correspondent Banking Officer
910-931-0163 • Jimmy.maness@ubb.com

Family Members: My wife, Diane and I have a blended family with 2 grown sons, 1 grown daughter (who will be married this year) and 3 grandsons.

Pets: A Boston Terrier named Tater.

What do you listen to on your drive to work: Sports radio on Sirius XM.

Interests: Playing golf with friends and taking beach vacations with family. I enjoy Atlanta Braves baseball, UNC Tarheel basketball and football, Carolina Panthers football, and Carolina Hurricanes hockey. I also serve as the Finance Committee Chairman at my church.

If I could live anywhere in the world, I would live in: Kiawah Island, SC. It is my favorite beach and golf vacation spot.

If I could have one super power (besides flying), it would be: mind control (so much could be done to make the world better for everyone).

Many people don't know that: I played college baseball.

If I was not working in banking, I would: like to train for the PGA TOUR Champions (senior tour).

I started working at UBB in: March of 2022.

My favorite part of working for UBB: the people. Since day 1, everyone has been extremely friendly, encouraging and helpful.

The best advice I ever got was: Always do the right thing… no matter the circumstance and/or reward. And, following the truth is always the best course of action.

First For Your Success means: Our customers always come first! As a correspondent banker, I am an extension of each of my customers, so I have an implied fiduciary responsibility to put my customers' interests first… the first time and every time!

Diane & Jimmy at Zac Brown Band Concert

Jimmy's Boston Terrier, Tater

Litigation from pg 3

My supervisor is a jerk!
Employees may try to get revenge on a perceived "mean" boss by seeking out an employment attorney to attempt to connect the manager's behavior to an employment law violation. Employers should pay close attention to employee morale and identify and coach supervisors who have difficult employment relationships.

I was retaliated against for complaining.
Retaliation is one of the most common claims in employment-related lawsuits. The importance of not retaliating against an employee who complains about illegal activities cannot be overstated. First, it is forbidden under employment law! Employers should communicate procedures to employees and maintain strong complaint reporting and investigation policies. This will protect employees from retaliation, while ensuring supervisors are well-trained in the complaint and investigation process.

I couldn't explain why I got fired or laid off
Employees are usually embarrassed after they are terminated from employment and may not admit their shortcomings to family and friends. Some employees may even make up excuses by accusing the former employer of discrimination or other illegal motivation. An effort to "save face" may motivate an employee into filing a lawsuit. Employers can address such circumstances by agreeing to keep the reason for termination confidential.

I was the victim of discrimination.
Whenever an employee cannot explain an employment action, the employee—or the employee's attorney—may assume it is due to discrimination based on a protected characteristic under federal, state or local law. Accordingly, it is imperative that employers maintain robust Equal Employment Opportunity policies, treat employees equally in all employment actions, and accurately document employee achievements and performance issues. Finally, and most importantly, employers should ensure that supervisors receive proper training that allows them to effectively and consistently apply policies, communicate with employees, and address employee issues before they develop into potential legal concerns.

Bob Greening, Vice President, USource • 866-394-1984 • usource@ubb.com

UBB Welcomes

Jimmy Maness
Vice President, Correspondent Banking Officer for North Carolina and Tennessee

Michael Hahn
Vice President, Correspondent Banking Officer for Montana, Nebraska, South Dakota and Wyoming

Katie Ferrell
Vice President, Senior Compliance Consultant

Sandy Panella
Assistant Vice President, Compliance Consultant

How important is it to start receiving instant payments now?

A: While we believe every bank will want to connect to an Instant Payment platform at some point, there is still time for community banks to consider the options. Instant Payments is in its infancy.

Banks should consider the differences between RTP and FedNow, as well as customer interest and cost to implement. UBB has competitive options to support community banks in any path they choose to take.

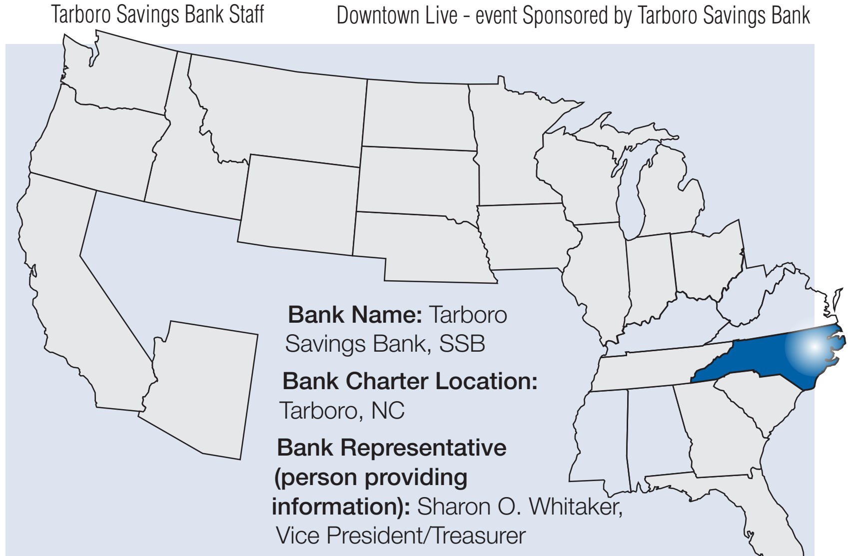
Keeping the *Community* in Community Banking

Tarboro Savings Bank, SSB • Tarboro, NC

Located east of Raleigh North Carolina, on the banks of the Tar River, you'll find the historic city of Tarboro. This landmark community was founded in 1733, and Tarboro Savings Bank has been serving its citizens for more than a century. Tarboro Savings Bank is especially proud to be Edgecombe County's only home based bank, and they exemplify that by placing their community at the center of everything they do. We sat down with Sharon Whitaker, Vice President and Treasurer at Tarboro Savings Bank, to find out how they are *Keeping the Community in Community Banking*.

Tarboro Savings Bank Staff

Downtown Live - event Sponsored by Tarboro Savings Bank



Bank Name: Tarboro Savings Bank, SSB

Bank Charter Location: Tarboro, NC

Bank Representative (person providing information): Sharon O. Whitaker, Vice President/Treasurer

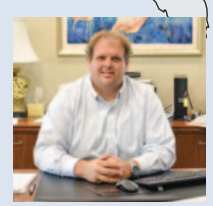
Asset Size: $56,294,000

Number of Locations: 1

Number of Employees: 7

Year Bank was Incorporated: 1906

City Population: 10,721 as of 2020 Census



Daniel Dupree, President and CEO

What is your community most known for?
Tarboro, NC is the 9th oldest incorporated town in North Carolina. Recognized by the National Park Service since 1977, the 45-block Tarboro Historic District has more than 300 contributing structures including residences, historic churches and 19th century storefronts to name a few.

The gateway to the Tarboro Historic District is the Tarboro Town Common, a 15-acre park with a canopy of tall oaks which surround the town. The Town Common contains war memorials & is the second oldest legislated town common in the country (second to Boston, MA).

Within the historic district is the Blount-Bridgers House, an 1808 Federal-style mansion which operates as a museum. It holds several important collections & works by Hobson Pittman, a nationally recognized artist and Tarboro Native. Also listed on the Register of Historic Places is Calvary Episcopal Church.

How is your bank involved in the community and what programs does your bank have to encourage community involvement?
We, at Tarboro Savings Bank, strive to participate in as many areas of community involvement as possible.

Each year, Tarboro Savings Bank, SSB sponsors the North Carolina Symphony on the Commons where local residents enjoy an evening of great music and a picnic under the tall oaks of the Town Common. We also sponsor Downtown Live featuring live bands and food trucks throughout the summer, as well as, a summer league AAA baseball team, local fishing tournaments, Meals on Wheels and numerous scholarships.

What makes community involvement important to you and your bank?
Giving back to our small community touches many lives and families and ensures we are continually present in the community we serve.

What do you like best about your community?
This community is HOME! Almost like "Mayberry", everyone knows everyone, and we are always willing to lend a helping hand.

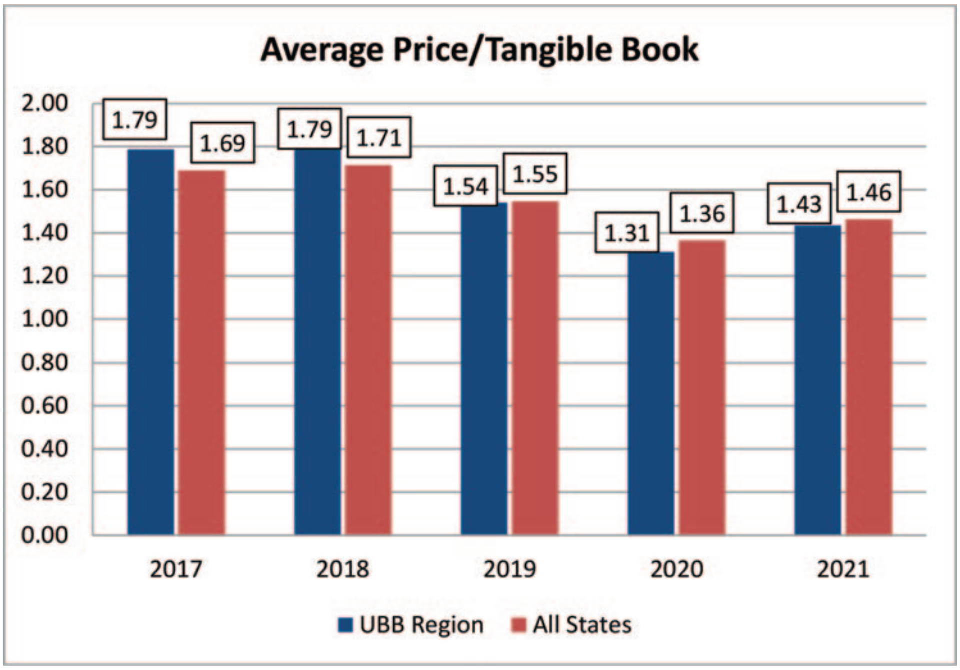
What do you like best about being a community banker?
Being a community banker has provided me with the opportunity to serve the families of Tarboro & Edgecombe for the past 33 years. I have had the privilege of raising my family while watching other families prosper in our quaint little town. A visit to Tarboro Savings Bank, allows you to come in, sit down and talk with any one of our employees including our President and CEO, Daniel Dupree. Chances are, before you leave, we've discovered I know your mom/dad, grandmother, siblings and most of your relatives. This is what community banking is all about.

Valuation Trends – On the Road to Recovery?

By Mike Klinger, Vice President, BankValue Manager

In the BankValue division of United Bankers' Bank, our job requires us to track community bank valuations across the region. One of the key pieces of a robust bank valuation is the "Market Approach", which relies on Price to Earnings, Price to Equity, and other valuation multiples derived from whole bank transactions. These multiples are always changing and can move significantly in response to shocks that impact the industry, such as a global pandemic.

If we look at the trend in the average Price to Tangible Book Value resulting from mergers and acquisitions across the country and in UBB's service territory[i], we see that, since 2018, it has generally been in decline.



i DC, MD, IL, IN, IA, MI, MN, NE, ND, OH, SD, FL, GA, NC, SC, TN, VA, AZ, CA, ID, MT, OR, WA, WY.

Valuation levels in UBB's service territory have generally tracked the broader national averages closely with some years seeing higher averages in the UBB service territory and some years with slightly lower averages. The most noteworthy information contained in the graph (Average Price/Tangible Book) is that valuation levels peaked in 2017 and 2018 and trended downward over the past three years. That being said, much of the impact of valuation levels in 2020 were due to COVID-19. Over a decade ago, receiving more than two times tangible book value was not unheard of for particularly attractive banks in metropolitan areas. Now, average price to tangible book value multiples have stagnated in the 1.40 – 1.60 range.

One thing to keep in mind when looking at average pricing multiples is they often don't tell the whole story. While the publicly available numbers are certainly meaningful in that they do reflect prices paid in actual transactions, the details of those transactions can contain provisions that, when considered and adjusted for, might make the actual price paid in the transaction higher or lower than the stated price. Also, a large percentage of the transaction prices are never released to the public. For example, over the last five years, there have been almost 60 transactions reported in Minnesota, but the price was released in only five of them.

While average values appear to be recovering to levels similar to before the pandemic, there are transactions occurring at relatively high multiples. We expect this to continue as long as there are aggressive buyers willing to pay premiums for institutions that have the characteristics they desire (asset quality, growth, profitability, and key people).

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