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:

Finding New Ways To Grow

By Justin Fischer, CEO and Co-founder, RiskScout

Growth: Every bank board meeting discusses it. Branch acquisition is one path, but with many cores quoting a 12 month lead time for integrating, it's a long play. There's the M&A strategy, but that isn't always the right fit for some boards.

What if there was another way to grow? What if banks can implement an initiative in about a month, grow $10-100M or more in deposits, and create new fee revenue and lending options? What if this new source of revenue was in your own backyard and community? Higher risk businesses can fall outside a bank's risk comfort zone, but it's evident that there's a tremendous need for those businesses to be banked, and they can, in fact, be handled securely and profitably.

One example of a higher risk customer is with farmers Mark and Rebecca who have a multi-generational dairy farm in Wisconsin. The last decade has been incredibly tough for small farms, and their crushing debt added to their burden. As a last ditch effort, Mark and Rebecca started growing hemp, which was fetching a decent profit. They opened new accounts at the bank where their family had been banking for generations and embarked on a solid recovery path. About eight months after their account opening, the bank promptly shut down their accounts with a vague letter about risk. Mark and Rebecca were forced to scramble to try to find an institution that would serve their needs.

Countless businesses have similar stories all across the country in several different types of markets such as ATMs, Money Service Businesses, Cash Intensive Businesses,

Growth continued pg 2

Dwight Larsen A note from the President

As we prepare for winter, there are many notable changes occurring. Temperatures begin to cool materially, leaves have completely dropped from all the trees, and days get shorter. As I write this letter, I am reminded about all the changes UBB has seen in this past year. From resuming in-person events and launching new product partnerships, to the introduction of new employees and implementation of more efficient process improvements. This edition of *The Independent* highlights how UBB is continually adjusting to the needs of our customers and the changes in the community banking industry.

The foundation of UBB's business is built on the personal interaction and relationships formed with our customers. The pandemic put a temporary halt to our in-person events over the past year, forcing us to cultivate these relationships in a more virtual nature. So when the opportunity arose to host both our annual Ohio event at Blackwing Shooting Center and our Minnesota Fall Conference at Traxler's Hunting Preserve, we couldn't have been more excited. Be sure to read all about these events on page 7. While we are still to navigating the changes presented by the pandemic, UBB is looking forward to hosting a full slate of events in 2022.

In our last issue, we announced a new partnership with the company, RiskScout. RiskScout provides compliance solutions that allow financial institutions to enter highly profitable, emerging markets that might pose higher risks and compliance oversight. Our cover story, written by RiskScout CEO and Co-founder, Justin Fischer, details how they help community banks navigate new growth opportunities.

Regardless of your location, chances are you're impacted by the current hiring landscape. Banks have more employment openings to fill and are choosing from a smaller pool of qualified candidates. It's safe to say once you find your perfect candidate, you don't want to let them go. Bob Greening, our Vice President of USource, provides tips on how to successfully onboard and connect with newly hired employees to improve the chances of long-term retention.

Back in March, we welcomed Lisa Lyman to the UBB team as our Correspondent Banking Officer covering Southern Illinois, Indiana and Kentucky. Learn a little more about Lisa in our Employee Spotlight on page 4, then flip over to page 6 and see how First Federal Savings Bank in Washington Indiana is *Keeping the Community in Community Banking*.

Change is constant in our industry and continually driving the need to adjust and evolve how we operate. As we adapt to these changes, one thing that will always remain constant is our commitment to all the community banks we serve, and we will always be *First For Your Success*.

Growth from pg 1

Crypto, Hemp/CBD, and THC. These industries are very lucrative - and also very underbanked. Consider the fact that THC has gone from a sub-$8B market to over $20B in a couple of years. It's on its way to $70B+ in short order as more states adopt medicinal and recreational use. However, all of these markets have their varying degree of compliance and legality which tends to stress out the BSA team at most banks. The answer is typically NO to anything looking to be remotely close to any of them.

What does it look like to actually roll out a higher risk program? West Town Bank is a community bank that noticed hemp businesses struggling in North Carolina and decided to help. They reviewed their compliance program, added key technology to automate their workflows, and rolled out their higher risk business line nationally. Within 12 months, they saw over $40M in deposits, great loan volume, and launched a merchant processing offering. They serve hemp businesses through relationships, automation, and key compliance controls As a result, they have sailed through regulatory examinations. Melissa Marsal, COO of West Town Bank, shared, "We needed to address these markets as they weren't going away, and we found that we could grow a significant business line by rolling up our sleeves and helping our community." With effective BSA compliance automation, banks can focus on growing revenue, not head count.

Underbanked businesses could be owned by your current customers. There will come a time when you identify them and have to decide how you will handle it. Will you kick out a family farm of 20 years? Or, will you develop policies, create classifications and educate your staff? If you bank one, you can bank thousands with the right tools, and banking thousands of these businesses is rewarding both in community and revenue.

Two of the biggest challenges for banks today are expertise and automation, especially with higher risk markets. At RiskScout, we start with education, then regulations and compliance policies courtesy of an experienced BSA staff. We leverage our platform to target the markets, states or regions, and to provide real-time automation of onboarding, business verification and ongoing compliance that existing tools can't cover. RiskScout is a turnkey BSA platform that also serves as an onboarding tool for these new markets. Publish the application, target it toward the market you want to serve and see the volume coming in virtually. The whole program can be launched to take the first customer application in less than one month.

How will your bank move forward with steady growth? As the adage goes: No one grows inside their comfort zone - doing the same business as usual will not be a viable strategy in the coming years.

Offer

UBB's partnership with RiskScout will involve direct collaboration between UBB and the high risk banking solution firm to align the needs of UBB's community bank customers with the services provided by RiskScout.

RiskScout and UBB are offering a complimentary consultation for a BSA Program Checkup, a comprehensive evaluation, to help UBB customers evaluate their programs. The checkup includes:

- Review your latest Audit or Examiner Results, Findings and Recommendations as well as your current BSA Risk Assessment.
- Discuss relevant details of your institution and risk appetite for new markets.
- Present any formal recommendation and suggestions after our conversation.

To learn more, contact your UBB correspondent banking officer.

About RiskScout

RiskScout provides a turnkey compliance technology solution to financial institutions to enter highly-profitable emerging markets such as private ATMs, Money Services Businesses, Hemp, Cannabis THC, Cryptocurrency, and others, which often necessitates maintaining considerable BSA/AML compliance protocols. RiskScout is designed and developed from the ground up by a deep bench of risk and compliance experts with BSA officer and examiner experience. RiskScout is providing community financial institutions and hard-working entrepreneurs with the innovative tools they need to grow and remain viable and competitive within their marketplace. For more information, visit www.riskscout.com.

Remember to Connect "Early and Often" with New Employees

By Bob Greening, Vice President, USource

As the competition for quality employees increases and hiring needs escalate, there's more pressure for banks to improve their onboarding process. The last thing a community bank wants to do is restart the time-consuming (and often expensive) hiring process because a new employee voluntarily leaves after just a few months.

It is critically important to talk with new employees soon after their first day to uncover potential or hidden issues. Don't wait until their performance or behavior indicates a potential problem or for their official performance review. By then, it may be too late, and the employee could be halfway out the door.

Make it a point to meet with new hires within their first 30-60 days at the bank. Start by reminding them you're glad they're here and you value their input. Ask some of the suggested questions listed below. Splitting the questions up into short discussions with various people in the company may put the new employee at greater ease. Ultimately, your goal is to discover what they do/don't like about the job, environment and/or bank and to be sure their expectations are being met. This will enable you to nip any problems in the bud!

- Why do you think we selected you as an employee? (This question may surprise the new employee but, at same time, boost their confidence!)
- What do you like about the job specifically and the bank overall? Can you compare the bank/job to our explanation during the hiring process and orientation? Is there anything you don't understand about your job specifically or the bank in general?
- What's been going well? What are the highlights of your experiences so far and why?
- What hasn't gone well, and are there any lowlights you have encountered?
- Do you have enough, too much or too little time to do your work?
- How do you see your job relating to the bank's mission? (Hopefully, you've already presented the mission before hire and at orientation.)
- What do you need to learn to improve, and what can the bank do to help you become more successful in your job? (To keep from building false expectations, this question should only be asked if you are prepared to follow up with the request.)
- Which co-workers have been helpful since you arrived? (This helps the bank identify which employees can be influential to retaining the new hire.)
- Who do you talk to when you have questions about work, and do you feel comfortable asking?
- Does your supervisor clearly explain what the bank expects of you?

When your supervisor offers constructive criticism or corrects your work,
how do you feel about it?

- How well do you get along with co-workers? Have you had any uncomfortable situations or conflicts with supervisors, co-workers or customers?
- Do you believe your ideas are valued?

Finish the discussion by asking employees if they have any questions or suggestions on how the job can be managed better. This overall approach helps to demonstrate the bank's genuine interest in its employees and goes a long way towards increasing your bank's employee retention.

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

United Bankers' Bank
Call Report (unaudited)
9/30/2021

Balance Sheet (000's)

Assets:	
Cash and Due from Banks	$ 293,226
Investments	$ 240,685
Fed Funds Sold & Securities Purchased Under Agreement to Resell	$ 5,892
Loans	
Outstanding	$ 663,156
Loss Reserve	$ (12,225)
Other Assets	$ 36,387
TOTAL ASSETS	$1,227,121
Liabilities and Capital:	
Deposits	$ 913,779
Fed Funds Purchased	$ 183,197
Other Liabilities	$ 7,977
Equity Capital	$ 122,168
TOTAL LIABILITIES & CAPITAL	$1,227,121
INCOME STATEMENT (YTD)	
Interest Income	$ 20,320
Interest Expense	$ 1,318
Net Interest Income	$ 19,002
Loss Provision	$ –
Net Interest Income (After Provision)	$ 19,002
Other Income	$ 18,702
Total Income	$ 37,704
Operating Expenses	$ 23,799
Securities Gains (Losses)	$ –
Net Income Before Taxes	$ 13,905
Tax	$ 3,653
NET INCOME	$ 10,252

Employee Spotlight

Lisa Lyman

Vice President, Correspondent Banking Officer
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Family Members: Husband of 34 years, Jim and five grown children, Tim, Tom, Kim, Joey, and Jeff.

Pets: We have two rescue dogs - Penny, a 14 year old mixed chow/shepherd and Pan, a seven year old mastiff. We also have a cat named Sophie.

What do you listen to on your drive to work: I spend a lot of time driving, so I listen to audio books.

Interests: My hobbies include genealogy and coin collecting. I am also always working on a new project at my house or one of my children's houses.

If I could live anywhere in the world, I would live in: I wouldn't want to live anywhere other than Northern Kentucky. We have a variety of seasons, and my entire extended family lives in the area.

If I could have one super power (besides flying), it would be: Teleportation including time travel. Teleportation would save me a tremendous amount of driving time, and time travel would allow me to really view history.

Many people don't know that: I've been in banking for 40 years, and I started as a teller at the age of 14.

If I was not working in banking, I would: My passion has always been banking, and I can't picture myself in any other role.

I started working at UBB in: March 2021.

My favorite part of working for UBB: Since I started at UBB, everyone has made me feel so welcome. I love correspondent banking and working for a company completely dedicated to the business. As opposed to large banks with correspondent banking as a small part of their overall business, it is refreshing that everything at UBB focuses around correspondent banking.

The best advice I ever got was: Be your best at all times. You never know what the future will bring, so always make the most of the present.

First For Your Success means: Providing a variety of products and services to equip and empower our clients to make educated and strategic decisions to grow their business, remain competitive, and meet the growing needs of their banking customers. The success of community banks is the number one priority.

Father Daughter Dance at Lisa's daughter, Kim's, wedding

Lisa and her husband, Jim

NCP Exam Prep Series

The National Check Professional (NCP) Certification testing dates have been set!

Bankers with their NCP certification have an expertise in current check payments landscape. They have a working knowledge of the check payments system including products and operations, relevant rules and laws, industry standards and fraud and risk mitigation considerations. If you are looking to strengthen the credibility and customer service levels of your bank's operations team, consider NCP certification.

UBB is once again offering online NCP Certification exam prep training sessions from January 18, 2022 to March 29, 2022 with an optional 2-day review workshop. Our exam prep sessions provide registrants insight and resources to help them achieve their NCP certification. Visit www.ubb.com/events for more details.

ID TheftSmart's Auto-Activation Feature Offers an Easier Enrollment Option

Q: My bank offers UBB's ID TheftSmart credit monitoring program. In the past, we signed our bank customers up for the service while they were in our lobby only to have them forget to complete the steps to activate the service. How does the new "Auto-Activation" feature address this?

A: The Auto-Activation feature automatically checks your customer's registration information against the credit bureau files and (if it all matches) will activate your customer's monitoring services at the time of enrollment. No more waiting for your customers to complete the process when they get home! The service will be activated before they leave your bank, and they will begin receiving credit alerts once they are enrolled.

Tim Henry, Vice President, Managing Agent - United Bankers Agency • 952-886-9524 • tim.henry@ubb.com

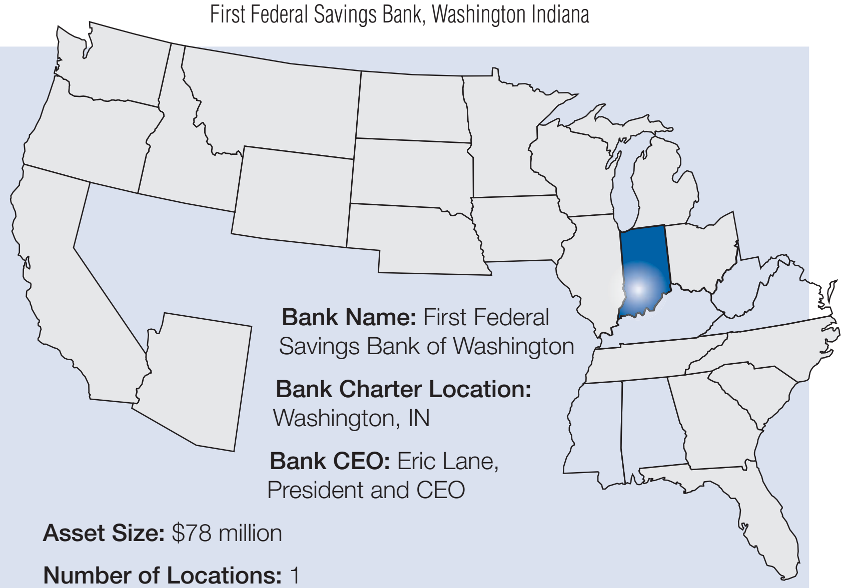
Keeping the *Community* in Community Banking

First Federal Savings Bank of Washington • Washington, IN

Located approximately 30 minutes east of the Illinois border, Washington Indiana is a city of pride and progress with a rich architectural history. Many houses in this area are listed on the National Register of Historic Places with architecture styles such as Classical Revival at the Daviess County Courthouse. First Federal Savings Bank has been serving Daviess County for over 126 years and is Washington's only locally owned bank.

We sat down with Eric Lane, President and CEO of First Federal Savings Bank, to find out more about how they are *Keeping the Community in Community Banking*.

First Federal Savings Bank, Washington Indiana



Bank Name: First Federal Savings Bank of Washington

Bank Charter Location: Washington, IN

Bank CEO: Eric Lane, President and CEO

Asset Size: $78 million

Number of Locations: 1

Number of Employees: 18

Year Bank was Incorporated: 1895

City Population: 12,400

First Federal Savings Bank team - Largest Financial Institution Donor for local United Way

What is your community most known for?
For starters, we have the "Hatchet House," which is the 14th largest high school gym in the country. Currently, seven State Championship banners hang from the rafters there. Washington was a former rail hub and destination shopping area for commuter traffic crossing the U.S. There is a large agricultrual industry in the county along with three building material companies that construct commercial and residential projects throughout the Midwest. Also, an Amish community of more that 5,000 residents lives near the town of Washington.

How is your bank involved in the community and what programs does your bank have to encourage community involvement?
We were recently recognized as the largest financial institution donor for the local United Way Campaign. Our staff participates in leadership roles for various economic development and civic organizations such as our local Community Foundation. We dedicate staff to work during the County 4H Fair while on company time and assist with facilitating the local Pick an Ornament Christmas Toy Drive every year.

What makes community involvement important to you and your bank?
We are adamant that investing in your community is more than just dollars. It also requires time and effort. We encourage our staff to assume leadership roles in the organizations where they are involved, if available. It makes them more visible in the community and demonstrates our level of care.

What do you like best about your community?
Daviess County is a very paternalistic community. The local businesses and individuals genuinely want to see their neighbors succeed and make the resources available to make that happen. This sentiment is shown in our local political environment. Regardless of the party, the common theme is what is the right thing to do?

What do you like best about being a community banker?
We get to make a difference in people's lives, a real and tangible difference. I enjoy the feeling that our community involvement provides results that are changing people's livelihood for the better. ALL decisions at our bank are made within our four walls. There is no central office to blame when things don't go your way, so we strive to do our best. Every. Single. Day.

UBB Returns to Hosting In-Person Events

This past October marked our return to hosting in-person regional events. We started the month off with a bang…literally, with our Ohio Seminar & Shoot at the Blackwing Shooting Center in Delaware Ohio on October 6th. Bankers spent the morning in sessions covering topics such as bank holding company loans and loan participations, benefits of developing a community wide culture of financial literacy and updates on the current interest rate environment and investment landscape. Following lunch, attendees tested their aim at the trap shooting range and Blackwing's new, state-of-the-art interactive pistol range.

After a one year hiatus, we resumed our annual Fall Conference in Le Center Minnesota at Traxler's Hunting Preserve on October 18th. Topics covered during the morning session included bank pricing and performance trends, the disconnect between interest rates and inflation, and CRA benefits of sponsoring a financial literacy program in local schools. Following lunch, attendees chose between the sport shooting course and the live bird hunt. A delicious wild game dinner was served accompanied by recaps of the day's events.

With the disruption and subsequent cancellation of in-person events due to COVID, the chance to resume in-person meetings brings the realization of the importance of personal networking as well as an appreciation of reconnecting with a familiar face. We would like to extend a big thank you to everyone who attended our recent events, and we look forward to reconnecting with more bankers throughout our territory as we prepare to host a full slate events in 2022.

UBB's Tyson Doke with Jake Finlinson from Banzai,
Adam Traxler from The First National Bank of Le Center,
Troy Loosbrock from State Bank of Lismore,
Dan Nicolai from Castle Rock Bank, and
Brady Folkestad from Lakeview Bank
at Minnesota's Fall Conference.

Lee Lyon and Rob Etherington both from CenterBank,
UBB's Elizabeth Woodruff,
Mike Pultz Riverside Bank of Dublin, and
John Compton First Federal Savings
showing "great American pride"
at the Ohio Shooting Event.

Announcements

UBB Certification
Congratulations to Ria Majaraj, VP and Operations Manager. Ria earned her certification as an Accredited Payments Risk Professional (APRP). She started at UBB in 2020 and, in addition to her APRP, has her AAP certification.

UBB 2020 Annual Report Wins National Graphic Design Award
Our 2020 Annual Report has won an American Graphic Design Award. It was one of more than 10,000 entries that were submitted, with a highly select few chosen as winners.

UBB Independent

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If you have questions about our products and services, please call us at **1-800-752-8140.**
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