THE OFFICIAL NEWSLETTER OF COMMUNITY BANKERS OF MICHIGAN • 2023 • Issue 2

COMMUNITY spirit

April is Community Banking Month!

FHLBank
INDIANAPOLIS

STEPPING UP FOR OUR COMMUNITIES

FHLBank Indianapolis is stepping up our impact – by committing more dollars to affordable housing and engaging more with our members and the communities they serve.

In 2023, FHLBank Indianapolis is increasing it's grant contributions by 25% to better support our member financial institutions and their partners to sustainably grow stronger and more resilient communities.

Learn more about how we are Stepping Up through our upcoming events and workshops planned for 2023:

fhlbi.com/resources/events/

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So much has changed in such a brief period of time. My last column was just two short months ago – but we are in a very different banking environment now. The failures of Silicon Valley Bank, Signature Bank and Silvergate Bank have reshaped the economic environment and our outlook for the rest of the year. Other banks have wobbled including Pacific Western, First Republic, Charles Schwab, and Credit Suisse is now owned by UBS. Banks stocks have fallen out of favor with the market as almost all prognosticators are now forecasting interest margin compression, credit issues for banks, and tightening of loan standards – all of which when combined with Fed rate increases will really slow the economy. A recession is much more likely - how long and how deep? We all wish we knew the answer to that.

The FDIC, the Federal Reserve, and the Office of the Comptroller of the Currency have been placed under the microscope for how these banks were allowed to take on so much risk without more forceful supervisory action to push back on the risky practices. There will be plenty of hearings and investigations, all of which will lead to much more onerous regulatory enforcement toward your bank, even though you and your bank were not responsible for the risky actions taken by these management teams. We have been through these cycles before, and we know what is coming our way. The CBM and the ICBA will be pushing back where we can, trying to find reasonable compromises where necessary, and in all cases advocating for your best interests.

The value of the CBM, an independent association focused only on the best interests of Michigan based banks, will be at its apex in the next few years. We are going to face some tremendous challenges and we will get through them together. We have a strong voice when we act as an industry – and when we lock in on our top priorities. The State of Michigan will need the support from all its banks if we are going to weather the coming storm. We will be there for you, and we will work to keep your bank one step ahead of whatever we see coming down the road.

The big banks are going to pull in their horns and pull back on lending in Michigan – some already have. They will significantly tighten their credit standards and their pricing will get less competitive except for the most important gold-plated deals. Their lenders will get assigned to workouts instead of looking for new business or servicing existing clients. They will close branches and lay people off. The credit managers will run the banks and they could care less how much business the bank loses, or which lenders jump ship. I am willing to put my money where my mouth is – if any of you think the big banks will not do this – let's bet a lunch on it. I could be eating well for a while. We know this will happen, so get your bank ready to take advantage of it if you can. You can win clients, pick up new referral sources and access to centers of influence, you can hire experienced bankers, and you may be able to pick up some valuable locations. Your bank can pick up more market share in a recession than almost any other time in the economic cycle, if you are in position to take advantage of what you know is coming. By the way, the CUs will start bleeding clients and talent too, another place for you to win if you are ready to go after it. You need to have your own house in order to win in this coming economic cycle, but the opportunities will be there.

Michael J. Tierney
CBM President & CEO

FDIC insurance costs are going to get raised substantially in the second half of the year. The costs to resolve SVB and Signature are projected at $22.5 billion or roughly 18% of the $128 billion FDIC deposit insurance fund. You can expect FDIC insurance rates to go up substantially, a 20-40% increase depending on your bank's rating is likely in the cards. The CBM and the ICBA are pushing to have the mega banks pick up the lion's share of the increases because it is those large bank failures that are responsible for the largest losses to the fund. Community banks should not bear a proportional share of the burden, but you will face higher costs as will banks of every size.

The Michigan banking industry is well prepared as we have solid underwriting practices, better reserves, and more capital than what we had going into the last economic downturn as well as solid interest rate management practices and sound credit underwriting. There are issues, as many banks felt the impact of the rapid rate increases in their bond portfolio values. This is real and it will impact liquidity at a number of banks. I hate using this word because the Fed bungled it so badly, but the AOCI issues many banks face is likely transitory. These bonds will gain value as interest rates come back down and as the bonds get closer to maturity. Banks that are underwater now on their bond portfolios in a big way are in a tough spot for the moment, but they may get the last laugh. If rates begin to come down and credit issues become more prevalent, these may be the banks who end up with the smoothest sail through the storm. We do not know where rates or the economy will go, but it will change, and we need to be prepared for any one of multiple scenarios to play out. Modeling many scenarios is critical for your bank – look at all kinds of possibilities and make sure you are positioned to effectively guide your bank through any of them. Make sure you have a robust liquidity and interest rate risk management program in place. Test your sources of liquidity and stay in contact with the partners that are your source of liquidity. Things can change quickly so the need for constant communication is high. If a liquidity partner runs into their own issues, you may have to change horses quickly and should have that planned out.

April is Community Banking Month, and now is your time to shine in your community and with your customers. With the recent bank failures in the news, it is important to set yourself apart from the big banks, and showcase your strengths. The ICBA recently launched a national public awareness campaign, to differentiate community banks from other financial institutions and to educate consumers on the benefits of banking locally. I encourage you, your employees and your bank to show your customers and community the community bank difference.

The ICBA Capital Summit is coming up soon. It will be held at the Renaissance Hotel in Washington, D.C. from May 14th to May 17th. We have new Congressional Reps to meet, and we want to say thank you to Senator Stabenow. This is the first year the Capitol is fully open again to visitors and we hope a large number of you will join us this year. We were not able to travel to Washington, D.C. in large numbers over the past few years due to COVID, so it is really important the voice of our bankers is heard on the Hill!!!

Our "Once in a Lifetime Event" at American Dunes in Grand Haven will be held for a second time on Monday, June 12th so you still have the opportunity to register and play "Your Most Heroic Round of Golf". We are fired up for this event! Bankers and associate members of the CBM from around the state are uniting for a noble cause – to support the families of the men and women who gave all to protect our freedom. Our goal is to again provide 20 scholarships through Folds of Honor to families of Michigan military veterans who died, suffer from a permanent disability, or earned a Purple Heart defending our country. We hope you will consider being a sponsor for the event and help fund one of the scholarships. Even if you are not a golfer, you can attend the cocktail hour and dinner and still support the cause while getting a chance to visit this unique place. If you are reading this and not signed up yet – reach out to us today before the event fills up.

Speaking of great golf – our annual banking event in the Upper Peninsula is July 18th and 19th. This event has grown every year and become one of my personal favorite events. We have more and more trolls, bankers and associate members from below the bridge, attending the event each year. I can tell you this – the reason the event has grown so much is that anyone who has ever attended never wants to miss it. We kick things off with golf and dinner at Greywalls on July 18th followed by great presentations at the Northern Center on the campus of NMU in Marquette on July 19th. Greywalls is a great test of golf and a beautiful course cut through solid rock with spectacular views of Lake Superior. Our dinners and evening receptions are some of the most fun events you will attend. Please join us this year - you will be glad you did.

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president's corner

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The CBM provides all kinds of training and forums for your team so be sure they are taking advantage of the programs we offer. We just completed our credit training class, and it was excellent. There was more demand than we could accommodate so we will be running another credit training program in the fall. Be sure to reserve spots soon for the next session. If you will be hiring credit analysts in May, June, or July be sure to reserve a spot for them now. You do not have to have the person's name to reserve a spot in the class. The reviews on this session were outstanding. We had it audited by three senior credit officers from three different banks and they all found it very well done – in fact some are now going to require it for all new credit hires. Our award-winning Community Bankers for Compliance Program (CBC) is going to be even more important for your bank in tough economic times. Compliance will take on added significance as regulators get out the magnifying glass looking for any and every issue at your bank. More than half of the banks in Michigan are in the program – banks from $50 million in assets to the largest banks in the state – your bank should be a member too. These are just two examples of hundreds of training sessions, forums and webinars provided by the CBM for your bankers. Make sure you are getting all the value you can from your CBM membership by signing your employees up for programs that will help them in their careers.

We have welcomed a number of new partners as associate members of the CBM. Please take a look at what they have to offer and how they can benefit your bank. They offer the best solutions to the issues your bank faces.

Hope to see most of you at American Dunes on Monday, June 12th. Keep the faith – we will get through any surprises, challenges, or opportunities the economy brings us in 2023.

Flourish

By Rebeca Romero Rainey, President and CEO of ICBA

To me, the community bank story is personal. Growing up in a small town and seeing first-hand the impact community banks make shaped not only my career path, but also how I define community. I witnessed how a bank's connection to its neighbors brings hope, prosperity and continued purpose for so many, demonstrating the importance of supporting one another so all can thrive.

> **"Through national advertising, media relations outreach, social media and more, we will differentiate community banks in the hearts and minds of Americans."**

I daresay that's a collective experience for most community bankers, one so familiar that we almost take it for granted. But too many Americans are in the dark about the community bank difference and the way it changes their community's potential. They don't realize the tremendous value in a community bank's ability to respond in times of need and crisis; they don't understand the resilience and flexibility that's afforded by working with a bank that is a true part of the community. They simply are unaware of the genuine difference a community bank relationship can make.

That's why it's important to tell our stories. If members of our community have not witnessed the community bank difference personally, they don't know what they're missing. When you're exposed to that impact over time, you see economic development in action—how people come together and how local deposits are used to support the greater good.

In today's landscape, there are lots of variables competing for our attention: industry change, regulatory pressures, competitive threats and more. But even with these factors at play, it's more important than ever for us to take a step back, remember why we do what we do and share that with the nation.

This is why ICBA is investing big in the future of our industry with the launch of a national campaign for community banks. The public awareness campaign, which has been two years in the making, officially launched at ICBA LIVE 2023. Through national advertising, media relations outreach, social media and more, we will differentiate community banks in the hearts and minds of Americans.

Rebeca Romero Rainey
President and CEO of ICBA

And we're making it as simple as possible for you and your community bank to plug into the campaign so our reach can be even greater. With an ICBA member-only national campaign toolkit, you'll receive access to research and industry insights, along with turnkey deliverables like ads, press releases, social media posts and more that you can use in your local market.

Because as we continue to prove, we are most effective when we work together. So, I encourage you to join us as we educate the American public and our target audience of community-minded millennials and show them the community banking difference. I truly believe this national campaign is central to ICBA's mission of creating and promoting an environment where community banks flourish.

So come along with us as we shine a light on community banking. Because now more than ever, it's our time to shine.

Where I'll be this month

I'm on the road rallying community bankers to tell their stories! I'll be speaking at the Independent Bankers of Texas Edge event and then joining colleagues at the Louisiana Bankers Association annual convention in Asheville, N.C.

ICBA
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American Dunes
Folds of Honor Golf Outing

June 12, 2023

American Dunes

17000 Lincoln Street, Grand Haven

For more information call the CBM office

517.336.4430

From the Top

By Derek B. Williams, Chairman of ICBA

As I begin my tenure as ICBA chairman, I can't help but reflect on the road that has brought me here. I have always been active at the state and national levels, but I remember attending my first ICBA committee event and being blown away by the people I met; you immediately recognize you're with a group you want to be a part of, one that encourages and motivates you. That deep engagement continues to awe and inspire me every day, not only to be a better banker, but to grow as a leader and member of this community as well.

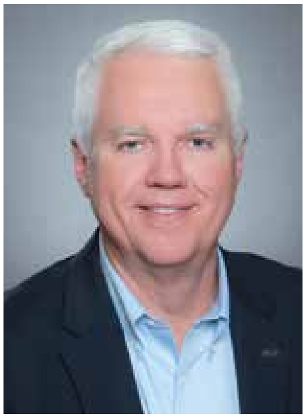
"For years, megabanks have said they would outperform us, that our business models wouldn't hold. But we are gaining ground instead of losing it, and that all stems from our relationship-first approach."

Yet, as we consider our roles in light of today's environment, we have to acknowledge that 2023 is shaping up to be a year of challenge. An uncertain economic environment, increasing regulatory scrutiny and demands, expanding competition—the list goes on. These elements, intensified by the internal pressures of hiring concerns, technology buildouts and operational developments, combine to deliver a murky picture of what awaits.

But navigating these storms is not new to community banks. We've made it through tough times—from the financial crisis to recessions and inflation and so much more—based on the strength of our business models. We are resilient and strong in our communities, precisely because we put our communities first.

For years, megabanks have said they would outperform us, that our business models wouldn't hold. But we are gaining ground instead of losing it, and that all stems from our relationship-first approach. We live in these communities, and we work, worship and connect with our customers. They know we are more than a bank; we are the heartbeat of the community.

I want this to be the resounding message this year: We are the pillars of our communities and should be proud of what we do. We make huge impacts on our communities and the people who reside in them. We touch a lot of lives, and what we do every day matters.



Derek B. Williams
ICBA Chairman

So, as we embark on Community Banking Month, I invite you to take this time to make a strategic effort to get out into your community and talk about the good things going on in your bank. Share success stories of business and consumer relationships and where community banking has helped. This is a time for us to talk about who we are and why we do what we do. It's our time to shine, simply by being true to who we are as leaders in our communities. I, for one, am ready to celebrate that.

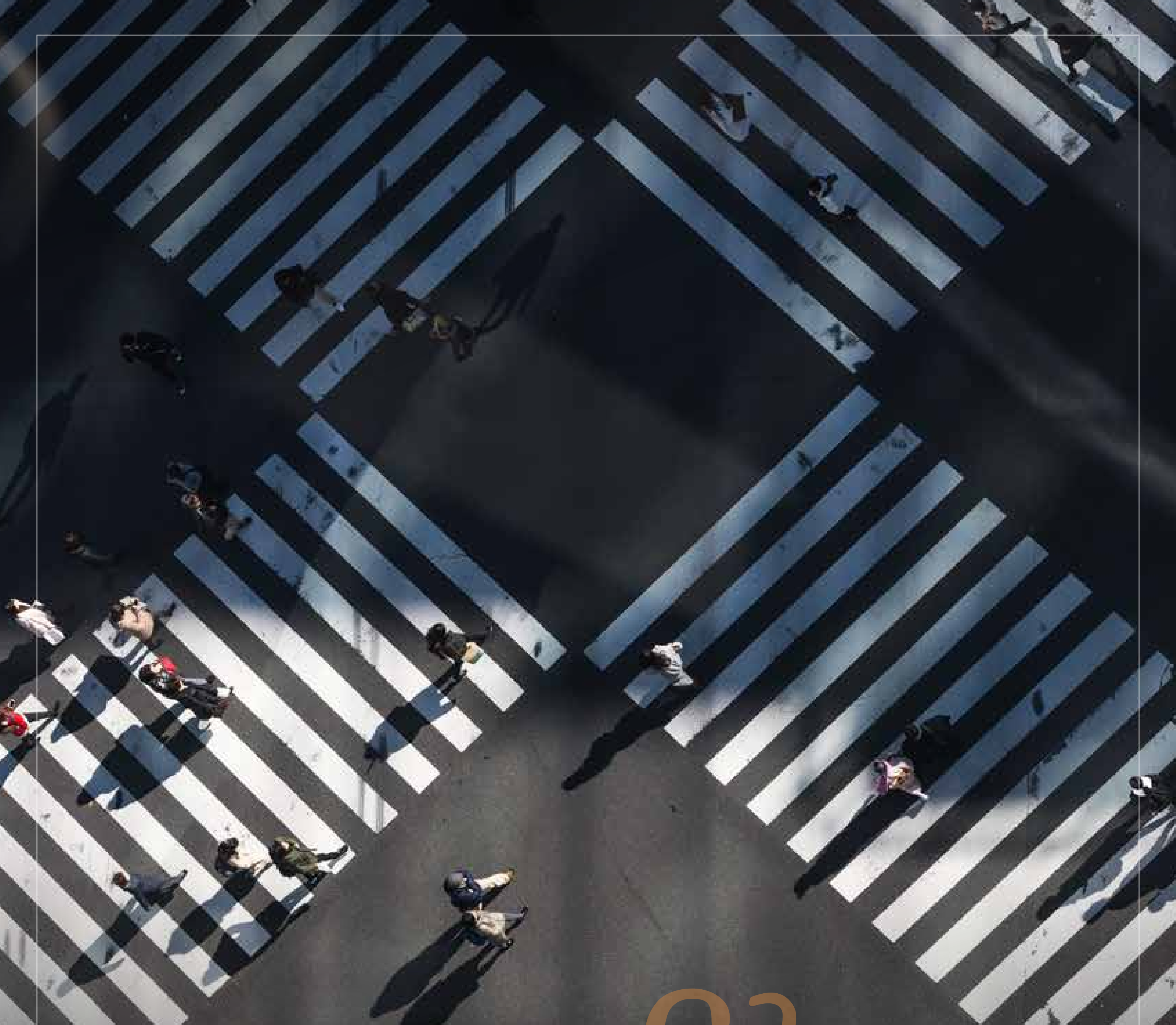
Quote of the month

"A leader is one who knows the way, goes the way, and shows the way."

John C. Maxwell, author, speaker and pastor

Connect with Derek **@DerekBWilliams**

ICBA
Independent Community Bankers of America®



Vendor Management. Again. Still.

James Harvin
Managing Director and Principal
JLH Associates, LLC

FIL-44-2008 has not gone away, but if your bank had any type of examination recently, you are already aware of this. Community banks have continued conducting vendor reviews as they emerge from the pandemic and also look to the market for new, high performing vendor options.

Additionally, most banks have formed third-party vendor risk management committees, even at the board level. Community banks continue to look for ways to keep up with regulatory-mandated management of third-party relationships in terms of overall risk, contracts, compliance, and performance.

One area that banks have been slow to look at in terms of program review or vendor options is the bank employee 401(k) plan. There are several reasons for this reluctance including changing a program that involves all employees' retirement funding probably being at the top of your list.

Other issues that provide hesitation for review include having a relationship with local firms involved with these types of investment programs as well as internal bank investment representatives who have programs that they are used to working with through their broker dealer.

Over the last year or so the CBM has seen this hesitation in reviewing 401(k) plans begin to lessen. We have assisted several Michigan banks in reviewing their existing plans as well at looking at other plan options. We believe one reason for this was the introduction by Community Bankers of Michigan of a new approach to a multiple employer plan (MEP) option, which I will touch on more later.

As we reviewed some of these bank plans and looked at current vendor options available for community banks, several things became apparent. Certainly, the continued fiduciary risks being borne by bank management as plan sponsors and fiduciaries is clear. More and more, bank management is looking to eliminate as much of this fiduciary risk as possible by using 3(21) and 3(38) options. Litigation is occurring more frequently with large penalties and fines attached.

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Litigation also continues to increase focus on plan performance, especially the high level of fees charged to participants. Improvements in technology have created a significant enhancement in transparency, exposing not only the level of plan fees being charged, but also how the fees are structured in the areas of recordkeeping and administration.

There are typically two primary ways fees are structured: on a fixed, per participant fee basis, and fees that are set as an additional percentage attached to plan investments. In the case of the latter, as the plan grows in size, the amount of fees borne by the participants increases without any renegotiation. We have also seen a combination of both methods!

There are also fewer vendor options available for review. In my opinion, a primary reason for the reduction in potential plan options is the cost and complexity of entry. Developing internet-based platforms to support programs demanded today is daunting.

I mentioned the introduction of an MEP - the 401(k) plan by the Community Bankers of Michigan. As we have become more familiar with this plan, some aspects of this approach are compelling.

As an MEP, all participating bank plans are pooled. In the 401(k) industry, the larger the overall plan, the greater the opportunity to drive down expense. The more banks who adopt the plan, the more expense continues to be driven lower. The initial comparison of fees shows the overall plan fees are reduced by about half with the CBM plan. This certainly has a positive effect on plan participant overall returns as well as reducing fiduciary liability and litigation risk.

Having a larger overall plan also provides the ability to access the most sophisticated participating plan partners with the most sophisticated technology platforms, increased ability to off-load fiduciary responsibility and as the plan grows, having the plan available to bring to bank customers.

In summary, perhaps now is a good time to revisit vendor relationships overall, and based on the current environment, a good time to review your bank 401(k) plan. Third-party reviews are a prudent effort from a regulatory risk management perspective, and perhaps just as important would be finding a vendor that can best meet the needs of your bank. JLH Associates, LLC is available to assist in plan review and RFP process management.

For more information, consultation and preferred, vetted vendor information in many critical areas, contact Kate Angles at Community Bankers of Michigan, kateangles@cbofm.org, 517.336.4430 or James Harvin, jharvin@jlhassociatesllc.com or 517.351.4158.

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"First National Bank of Michigan (FNBM) was one of the first banks to partner with Mackinac Credit + Compliance (MCC) after identifying a need for a shared resource to assist community banks in Michigan. FNBM seized the opportunity to have MCC support our Loan Operations and Credit Department teams. The experience and professionalism at MCC is second to none and FNBM will continue to use MCC to augment various areas in the future."

Daniel E. Bitzer, President + CEO
First National Bank of Michigan | Kalamazoo, MI

"The team at MCC stepped in quickly when we had a staffing issue and provided seamless and professional credit underwriting support to ensure timely loan write ups were completed for our lenders. Their help ensured client loan requests were adjudicated efficiently. We also engaged MCC for our recent compliance audit; they were thorough, timely and professional during the process, providing value-add recommendations to our team as to oversight and process best practices. Having known the principals of MCC for some time, their team is highly qualified and they provide a variety of different services, both granular day to day and longer term macro assistance. We are happy to partner with them. They are a long term resource to support our goals and strategies at Capitol."

Cristin Reid, Chair + CEO
Capitol National Bank | Lansing, MI

Upcoming Legislative Events

Sen. Mark Huizenga Reception
Thursday, April 20, 2023, 5:00 p.m. - 6:30 p.m.
Cascade Hills Country Club, Grand Rapids

Rep. Jaime Greene Breakfast Fundraiser
Thursday, April 27th, 2023 8:00 a.m. - 9:00 a.m.
Michigan Municipal League

Rep. Joseph Aragona Breakfast Reception
Wednesday, June 7, 2023, 8:00 a.m. - 9:30 a.m.
Governor's Room

Sen. Republicans Strolling Reception
Monday, June 12, 2023, 6:00 p.m. - 7:30 p.m.
Eagle Eye Golf Club

We appreciate your support of the PAC and CBM sponsored legislative events.
If you are a banker and have an interest in attending one of these events, please feel free to contact Michael Tierney or Kate Angles at 517.336.4430 for more details.

CFPB Proposal Would Shrink Safe Harbor for Credit Card Late Fees

Michael Kus
CBM Legal Consultant

The Consumer Financial Protection Bureau (CFPB) on March 29, 2023 published in the *Federal Register* a Proposed Rule that would amend the provisions of Regulation Z that establish the "safe harbor" amount for Credit Card late fee charges (88 FR 18906 - 18951). The CFPB had previously pre-released the content of the Proposed Rule in connection with a press release issued on February 1, 2023. With official publication of the Proposed Rule in the Federal Register, the clock has started ticking on the comment period. Interested parties have until May 3, 2023 to submit comments to the CFPB on the Proposed Rule.

Under the Proposed Rule:

- The Regulation Z safe harbor amount would dramatically shrink from $30.00 ($41.00 for a second late charge incurred within 6 months of a previous late charge) to $8.00 (with no provision for a fee increase for any subsequent late payment);
- Regulation Z would no longer provide for annual inflation adjustments for the safe harbor dollar amount for late fees (although inflation adjustments would remain in effect for other penalty fees);
- A late fee amount would no longer be allowed to exceed 25 percent of the required payment (currently, late fee amounts must not exceed 100 percent of the past due payment); and
- The costs that card issuers may take into account when conducting the cost analysis alternative to using the safe harbor amount would no longer include collection costs that are incurred after an account has been charged off pursuant to loan loss provisions.

The CFPB is also soliciting comment on whether card issuers should be prohibited from imposing late fees on consumers that make the required payment within 15 calendar days following the due date, effectively establishing a new baseline for late payment deadlines. They are also asking for comments on whether it would be appropriate, as a condition for using the safe harbor for late fees, to require card issuers to offer automatic payment options (for the minimum payment amount) or to provide consumers with automatic notification of the payment due date within a prescribed number of days before the payment is due, or both.

As explained by the CFPB in its preamble to the Proposed Rule, the proposed 73% reduction in the safe harbor amount stems from the CFPB's analysis of cost data that it has collected from card issuers since the passage of the Credit Card Accountability Responsibility and Disclosure Act of 2009 (CARD Act). The CARD Act added section 149 to the federal Truth In Lending Act. That section, codified at 15 U.S.C. § 1665d(a) states, in pertinent part:

> **(a) In General.** The amount of any penalty fee or charge that a card issuer may impose with respect to a credit card account under an open end consumer credit plan in connection with any omission with respect to, or violation of, the cardholder agreement, including any late payment fee, over-the-limit fee, or any other penalty fee or charge, shall be reasonable and proportional to such omission or violation.

The CARD Act tasked the Federal Reserve Board (FRB) with the responsibility of creating regulations to implement the new law. That resulted in Subpart G, *Special Rules Applicable to Credit Card Accounts and Open-End Credit Offered to College Students* (12 CFR §§ 1026.51 through 1026.61), being added to Regulation Z, effective June 29, 2010. The responsibility for Regulation Z has since been passed to the CFPB under the provisions of the Dodd-Frank Act.

The CARD Act authorized the various regulatory entities to develop regulations that considered the costs that creditors incurred when consumers violated the credit agreement, including costs associated with late payments. Regulators were also authorized to take into account ways that card issuers might deter such violations. It also allowed the regulatory authorities the latitude to create different rules for different types of fees and charges, and permitted development of a "safe harbor" amount for "any penalty fee or charge described under subsection (a) [*cited above*] that is presumed to be reasonable and proportional to the omission or violation to which the fee or charge relates." (15 U.S.C. § 1665d(e))

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By the time the Regulation Z Credit Card rules were established, the FRB had settled on a two-prong approach that card issuers could use for establishing the "reasonableness" of credit card fees. Card issuers were given the option of meeting the CARD Act's requirements by: (i) establishing their late charge based on a review of the card issuer's costs in processing late payments (as specified in 12 CFR 1026.52(b)(1)(i)); or (ii) by adopting a charge that did not exceed the "safe harbor" amount established by the FRB (12 CFR 1026.52(b)(1)(ii)). The regulation also provided for annual adjustments to the safe harbor amounts, based on changes in the Consumer Price Index (CPI).

When Subpart G was added to Regulation Z in 2010, the FRB had determined that the initial safe harbor amount for penalty charges, including late charges, would be $25.00, and it provided a $35.00 safe harbor amount for any subsequent late charge incurred within 6 months of a previous late charge. Based on changes in the CPI since it was first implemented, this amount has increased over time to the current $30.00/$41.00 safe harbor limits.

As explained in the preamble to the Proposed Rule, when assessing the costs of late payments for card issuers, the CFPB acknowledges that it has more and better data at its disposal in 2023 than the FRB had in 2009 and 2010. When § 1026.58, *Internet Posting of Credit Card Agreements,* was added to Regulation Z, it required card issuers that have 10,000 or more open credit card accounts to make quarterly submissions to the CFPB of copies of their credit card agreements, which include rate and fee information. As a result of this requirement, the CFPB now has over ten years' worth of information about the rates, fees and charges that the largest card issuers have been charging. The CFPB explained that it is also relying on data collected through use of the Federal Reserve Y-14M report. As noted on the FRB's website:

> The FR Y-14M report collects monthly detailed data on bank holding companies' (BHCs), savings and loan holding companies' (SLHCs), and intermediate holding companies' (IHCs) loan portfolios. The report is comprised of three loan- and portfolio-level collections and one detailed address matching collection. These consist of Domestic First Lien Closed-end 1-4 Family Residential Loan, Domestic Home Equity Loan and Home Equity Line, Address Matching, and Domestic Credit Card data collections. The number of schedules a firm must complete is subject to materiality thresholds and certain other criteria.
> (*https://www.federalreserve.gov/apps/reportingforms/Report/Index/FR_Y-14M*)

The preamble to the Proposed Rule describes the Y-14M data that the CFPB evaluated when arriving at its decision to reduce the Safe Harbor amounts (88 FR 18910):

> * * * * * Since June 2012, the Board has collected these data monthly from bank holding companies with total consolidated assets exceeding $50 billion. For this collection, surveyed financial institutions report comprehensive data on their assets on the last business day of each calendar month. These data are used to support the Board's supervisory stress test models and provide one source of data for the Bureau's biennial report to Congress on the consumer credit card market. These data contain reported information on the following four metrics used in developing this proposal:
>
> *Late Fee Income:* Reported net fee income assessed for late or nonpayment accounts in a given domestic credit card portfolio by card type (e.g., general purpose or private label). This is late fee income for the Bureau's purposes, as discussed in the section-by-section analysis of § 1026.52(b)(1)(ii).
>
> *Collection Costs:* Reported costs incurred to collect problem credits that include the total collection cost of delinquent, recovery, and bankrupt accounts. Issuers report these aggregate costs monthly for their domestic credit card portfolios and separately by credit card type. These reported costs do not include losses and associated costs.
>
> *Late Fee Amount:* Reported amount of the late fee charged on a particular account in a particular month.
>
> *Total Required Payments:* Reported total payment amount on a particular account in a particular month, including any missed payments or fees that were required to be paid in a particular billing cycle. This typically includes the minimum payment due, past due payments, and any amount reported as over the credit limit.

The CFPB estimates that detailed information on nearly 70 percent of outstanding balances on consumer credit cards over a nearly 10-year span were available for analysis with the Y-14M data. As stated in the preamble to the Proposed Rule, this data revealed that (88 FR 18908):

> [F]rom 2010 through the onset of the COVID-19 pandemic, issuers had steadily been charging consumers more in credit card late fees each year — peaking at over $14 billion in total late fee volume for issuers contained in the Y-14+ data in 2019. At the end of 2012, the average late fee for major issuers in the CCDB reached about $27.28. It

remained at about that level until rising to $28 in 2018 for issuers in the Y-14+, consistent with the first safe harbor adjustment for inflation in 2014. In 2019, the average late fee charged by credit card issuers in the Y-14+ rose to $31, approaching nominal pre-CARD Act levels. The total volume of late fees assessed by issuers in the Y-14+ declined to about $12 billion in 2020 given record-high payment rates and public and private relief efforts.

During its analysis, the CFPB also examined the nature of the information collected, and determined that it would propose to exclude some of the cost data when establishing the calculation methods for the safe harbor amount (88 FR 18910):

> Collection costs in the Y-14 data include both pre-charge-off and post-charge-off collection costs. * * * * * [T]he Bureau proposes to amend [the Reg Z Staff Commentary] to clarify that costs for purposes of the cost analysis provisions in § 1026.52(b)(1)(i) for determining penalty fee amounts do not include any collection costs that are incurred after an account is charged off pursuant to loan loss provisions.

As estimated by the CFPB, post-charge off costs accounted for about one-quarter of the total collection costs incurred by card issuers, most of which consisted of amounts paid to third parties. As a result, the collection costs the CFPB used when it determined what it believes is a "reasonable and proportionate charge" for the new safe harbor amount were based on roughly 75% of the annual collection costs included in the Y-14M reports.

The preamble to the Proposed Rule includes an explanation of the CFPB's rationale for the large reduction in the safe harbor amount for late fees (88 FR 18908):

> An analysis of credit card agreements found no evidence of any issuers using the cost analysis provisions to charge an amount higher than the safe harbor. Most large issuers have taken advantage of the increased safe harbors as adjusted for inflation by increasing their fee amounts. Eighteen of the top 20 issuers by outstanding balances contracted a maximum late fee at or near the higher safe harbor amount of $40 in 2020 based on analysis of the maximum late fee disclosed by an institution in agreements submitted to the Bureau's Credit Card Agreement Database in the fourth quarter of that year. Yet, the most common maximum late fee disclosed in agreements submitted to the Bureau was $25, as driven by the practices of smaller banks and credit unions not in the top 20 issuers by asset size. Finally, a small but growing number of issuers offer credit card products with no late fees.

The data revealed that the largest credit card issuers were taking the greatest advantage of the safe harbor ceiling, while smaller banks and credit unions were on average charging roughly two-thirds of that amount.

The CFPB's data analysis revealed the extent to which late charges contribute to overall loan charges for different types of card issuers. It also revealed a correlation between the nature of a card issuer's portfolio and the likelihood that they would assess a late charge near the safe harbor maximums. The CFPB believes that card issuers' reliance on late charge revenue serves as a disincentive to assess late charges below the maximum safe harbor amount. As explained in the preamble (88 FR 18908):

> Some card issuers, however, may be disincentivized to lower late fee amounts below the safe harbor, given that the industry as a whole continues to rely on late fees as a source of revenue and many consumers may not shop for credit cards based on the amount of the late fee. For banks in the Y-14+ data, late fees represented 10 percent of charges to consumers in 2020, but individual card issuers' revenue from late fees varied. The share of late fees for individual issuers in the Y-14+ data ranged from a minimum of four percent to a maximum of 31 percent of total consumer charges in 2019. Among issuers there is a strong correlation between reliance on late fees and concentration of subprime accounts. Yet, the industry as a whole continues to rely on late fees as a source of revenue. Given the amount of revenue that late fees generate, card issuers may not have an incentive to charge late fees lower than the safe harbor amount.

Importantly, the CFPB's analysis of its Credit Card Agreement Database found that none of the major card issuers used the cost-analysis approach to justify a charge higher than the safe harbor amounts. The CFPB appears to have taken this to mean that the safe harbor amounts that were established by the FRB and subsequently administered by the CFPB were more than sufficient to cover a card issuer's "reasonable and proportional" costs of collection.

The CFPB's analysis also identified the segment of the population that pays the highest amount of late fees (88 FR 18909):

> Late fees represent over one-tenth of the $120 billion issuers charge to consumers in interest and fees, totaling over $14 billion in 2019. A small share of accounts in low credit score tiers incur a high proportion of late fees. Overall, the average deep subprime account in the Y-14 data * * * * * was charged $138 in late fees in 2019, compared with

(continued on next page)

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> $11 for the average superprime account. The higher incidence of late fees for accounts in lower tiers, combined with higher average charges for repeat late fees within six billing cycles of the initial late fee, drives this disparity.
>
> Credit card accounts in the Y-14 data held by cardholders living in the U.S.' poorest neighborhoods paid twice as much on average in total late fees than those in the richest areas. Cardholders in majority-Black areas paid more in late fees for each card they held with major credit card issuers in 2019 than majority white areas. And people in areas with the lowest rates of economic mobility paid nearly $10 more in late fee charges per account compared to people in areas with the highest rates of economic mobility.

The preamble to the Proposed Rule includes more in-depth explanations of the CFPB's reasons for shrinking the safe harbor amount for late charges, as well as its other proposals. The "Section-By-Section Analysis" portion of the proposed rule (beginning at 88 FR 18911) goes into great detail on the reasons why the CFPB is proposing such a significant cut. Interested parties are encouraged to read through this proposal in order to better understand the CFPB's position.

It is important to remember that card issuers may still rely on the cost-analysis approach when establishing late charges. While the proposed adjustment to that process (the exclusion of post-charge off amounts from the cost analysis going forward) will affect the cost calculation, card issuers may nevertheless use this process to establish their own "reasonable and proportional" cost. If that amount is higher than the proposed $8.00 safe harbor amount, lenders may assess the higher amount and still remain within the safe harbor.

It is clear from the preamble to the Proposed Rule that the CFPB has based its proposal on a detailed analysis of the data that it has collected. Commenters that do not agree with the CFPB's conclusions must be prepared to use a similar data-driven approach in justifying a different conclusion. The fact that the Proposed Rule was pre-released by the CFPB before its official publication in the *Federal Register* means that affected parties were effectively given nearly two months' time to marshal their arguments for a different conclusion. However, the 36-day window for officially submitting comments is still rather small. The old adage "speak now or forever hold your peace" would seem to apply in this case. Hopefully, the extra time given by the CFPB due to the delay in publication will allow for eloquent arguments.

Slips, Trips & Falls

By: CBM Preferred Partner Travelers

According to the National Safety Council, slips, trips and falls are the third leading cause of injury in the workplace. Some of these incidents occur at banks with employees or customers. While these mishaps might be commonplace, there is a proactive approach banks can take to help reduce the risk of their employees and customers being injured in a slip, trip and fall. A smart place to start: Analysis of both the physical conditions of the premises and usage and traffic flow patterns, which can often identify potential hazards that should be addressed.

Some of the accident causes are well known: wet spots on floors, uneven walking surfaces, dirty doormats. Other factors, such as poor lighting, might not be as noticeable but can be equally dangerous.

"Banks should be aware of the potential for people falling and getting injured, and should take steps to ensure the premises are as safe as possible," said Laura Lundin, Vice President of Financial Institutions P&C at Travelers. "There are many ways to do this – maintain clean floor surfaces, ensure the space is well lit, schedule regular maintenance during low traffic times and conduct periodic walkthroughs to confirm everything looks safe. A little attention can go a long way."

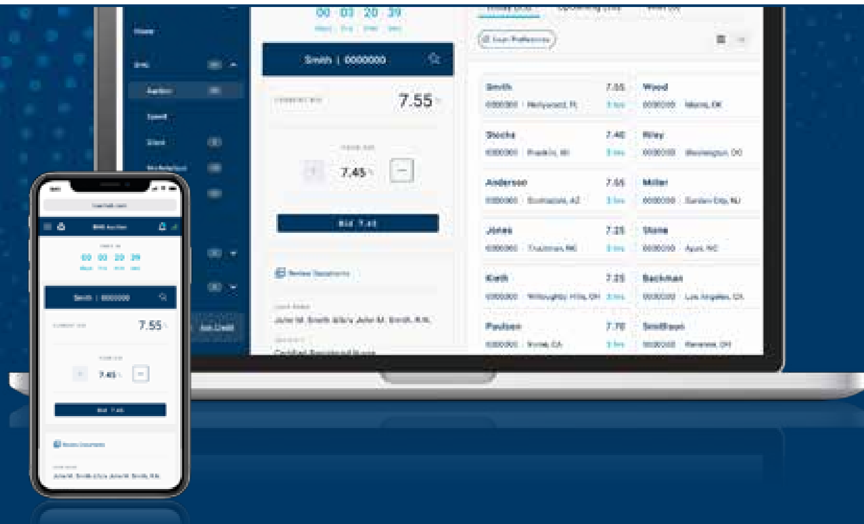
Working with an insurance carrier is also recommended. Insurance providers can work with banks to:

- Help identify and assess exposures;
- Develop loss control strategies and improvements to minimize the frequency and severity of slip, trip and fall incidents;
- Provide training to help with slip, trip and fall prevention efforts.

If an accident does take place, be sure that it is documented and reported. This information can help prevent future incidents, and may be essential if a claim is filed against the bank. A standard, printed incident report is helpful in ensuring that all details are recorded. Documenting the details of the incident, collecting the names and a brief statement from the injured party and any witnesses, even taking photographs of the incident site can help. Slips, trips and falls rarely "just happen."

Implementing effective slip, trip and fall improvement requires the right tools, people and communications. The right insurance carrier can help your slip, trip and fall prevention team define and document the policies, procedures, roles and responsibilities needed to effectively reduce these incidents. They also can help your team develop the tools and communication materials needed to implement this process.

Travelers is committed to managing and mitigating risks and exposures, and does so backed by financial stability and a dedicated team – from underwriters to claim professionals – whose mission is to insure and protect a company's assets. For more information, visit www.travelers.com.



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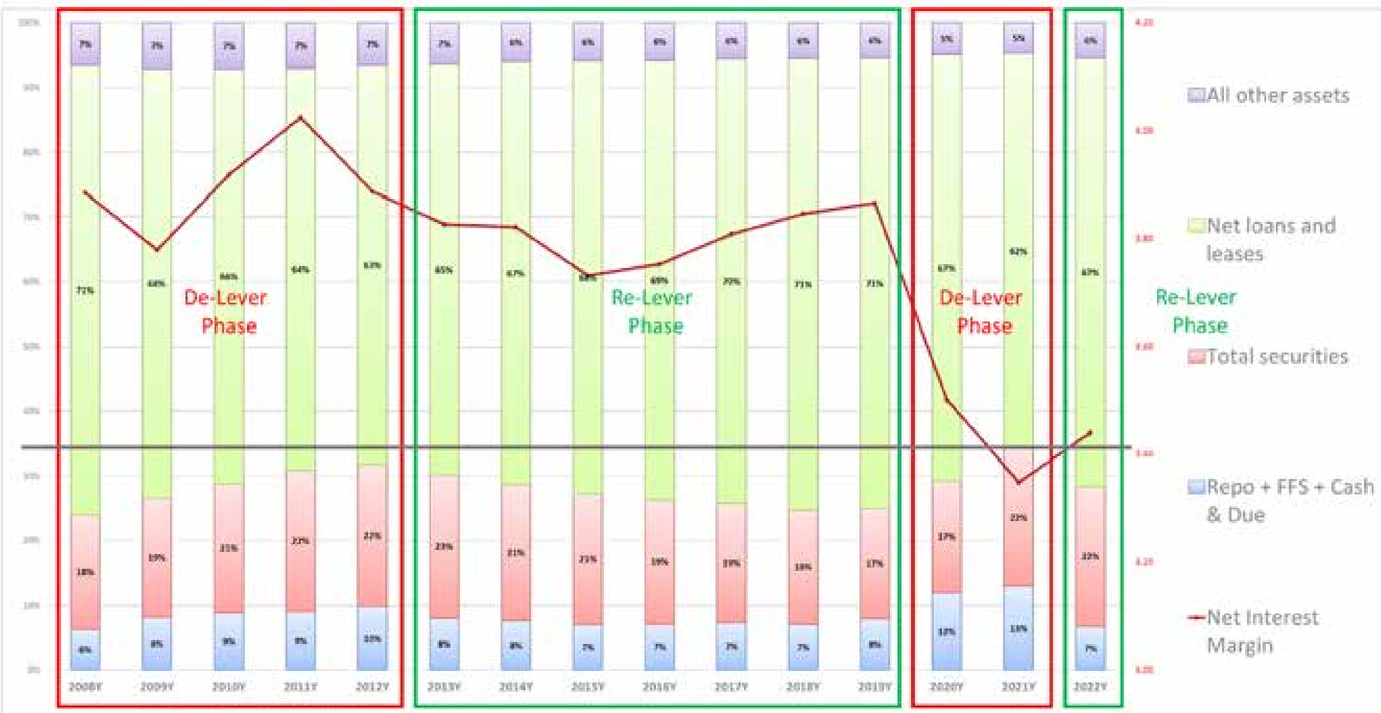
Is Your Net Interest Margin a Hostage to the FOMC? Q1-Q2 2023

If you were to chart a graph of your Net Interest Margin, does it move similar to the FOMC's Fed Funds Graph? If so, your NIM could be at the mercy of the Fed.

We've all heard the cliché don't fight the Fed and no one is trying to pick a fight here, but why not play the field like Switzerland and enjoy a steady and stable lifestyle with amazing views?

It's no secret that financial institutions are heavily Net Interest Margin dependent. This article will describe key variables that drive asset sensitivity for financial institutions, and how to reduce the volatility to have higher stable Net Interest Margins no matter what the Fed does. A term we like to call "Being Fed Neutral".

There are two main phases during an economic/credit cycle: De-lever & Re-lever. This is very clear when we look at earning asset mix trends for institutions over long periods of time below. Understanding these cyclical trends can help the ALCO anticipate loan demand, or lack of and how to continue adding stable earning assets. Equally important is maintaining sufficient liquidity to meet loan demand when it inevitably begins to dominate executive discussions.



Source: S&P Global Market Intelligence, Data for all banks Nationally <$15B as of 12/31/22

During the first phase, De-leveraging, borrowers are generally not adding to their total debt, or at a minimum reducing debt service because of uncertainty and lack of visibility over the coming months/years. During this phase, typically both monetary and fiscal policy are accommodative with the US Government increasing the pace of its debt accumulation to support struggling businesses and individuals. Financial institutions' balance sheets begin to see increases in cash while loan-to-deposit ratios decline from loans lagging deposit growth. From an interest rate perspective, typically during this phase in the cycle the yield curve is lower, and cash returns are minimal.

During the second phase, Re-leveraging, borrowers begin increasing debt levels as they gain confidence in their ability to service the increased debt load. Additional borrowings increase business activity accelerating money velocity, increasing asset values. Monetary and Fiscal policy become less accommodative, and the yield curve initially steepens before flattening out at a higher level. Loan-to-deposit ratios increase from deposits lagging loan growth.

A focus on sector selection within your earning asset mix is a key driver to stabilizing earning asset yields in a variety of rate environments. Within your opportunity set of earning assets, institutions should maintain a key focus on risk based pricing that not only considers credit risk premiums, but also incorporates optionality/call protection, liquidity, risk-weighting and interest rate risk.

While there are some outlier institutions with 90% of funding in non-interest bearing, or low-interest bearing accounts, most institutions have some beta on their cost of funds. Executing strategies to grow low-cost deposits in a low-rate environment rewards institutions in higher rate environments and allows for more proactive opportunities to manage earning assets for higher and stable yields over longer periods of time.

HUB's Take: Start taking control of your NIM! While it can be challenging to completely immunize your margin from Fed induced volatility, actively looking for opportunities to limit optionality in your asset base and reducing reliance on more volatile, higher beta funding can be a step in the right direction.

Many signs are pointing to lower non-interest income for the industry, resulting in bottom-line profitability becoming increasingly more dependent on the NIM as the Fed could be nearing the end of its tightening cycle. Translation: Pricing and structure decisions made in the coming months and quarters will drive your margin performance for years to come.

HUB is a Preferred Partner of the CBM.
Co-Authors: Todd Taylor, Managing Partner and Omar Hinojosa, Managing Partner HUB Taylor Advisors

ChoiceOne Bank Announces Franchise Expansion with Holland Loan Office

Sparta, MI – ChoiceOne Financial Services, Inc., and ChoiceOne Bank (NASDAQ: COFS) ("ChoiceOne") are pleased to announce the continued expansion of their community bank franchise with the opening of the Holland Loan Office in Ottawa County.

Vice Presidents and Commercial Loan Officers Craig Oosterhouse and David Huisman will oversee the Holland Loan Office located 151 Central Ave., Suite 100 in downtown Holland. They will build commercial banking relationships with the businesses, builders, real estate developers, and nonprofits in the area. This office will also host mortgage lenders.

"We are extremely pleased to announce another new Loan Office as we grow our community bank franchise in West Michigan," said ChoiceOne CEO Kelly Potes. "Craig and David have significant experience in the area, and comprehensive expertise as commercial lenders. This is the sixth new loan office we have opened recently as we expand our market footprint in West and Southeastern Michigan."

"As we celebrate our Quasquicentennial Anniversary this year, I am reminded of our history in West Michigan," said Potes. For 125 years now, ChoiceOne has been serving the families and businesses in Kent County. While much of the day-to-day banking has moved to digital and mobile platforms, our customers still enjoy one-on-one interactions with their bankers. Our new loan office will make these relationships more convenient for our friends in Holland."

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New CBM Associate Member Summary:

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The Small Business Company LTD provides small business content including articles, business templates, videos, checklists, calculators and more to banks allowing them to create resource centers for their small business customers.

By adding this increased small business exposure, banks generate more customer leads, facilitate more conversations, and create more brand awareness.

For more information contact Glen Senior, glen@tsbc.com

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Jeff Williams – jeffw@sprybrands.com – 765-649-4888

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Scott Eaton – seaton@srmcorp.com – 952-412-9552

Travelers – *Bank Insurance – Offering a wide range of commercial insurance coverages for financial institutions.*
Andrew Hatheway – amhathew@travelers.com – 317-818-0195

Trion Solutions, Inc. – *Professional Employer Organization – Payroll, benefits administration, regulatory compliance, workers comp, HR administration.*
Jeff Caponigro – jeff@trionworks.com – 248-498-9234

UPS – *Shipping – Overnight Shipping – Range of options for the synchronized movement of goods, information and funds.*
Barb Mackie – bmackie@ups.com – 517-272-3629

8 Types of Cybersecurity Risks in The Banking Sector

Radhika Lipton, RADD LLC

Cybersecurity measures have never been more necessary (and threatened) in banking than they are right now. The types of cybersecurity threats aimed at banks and their patrons are changing and morphing every day, becoming stealthier, more damaging, and much harder to detect.

That's why it's more important than ever to develop more advanced cybersecurity measures that match or rise above the different types of sophisticated cyber-attacks out there.

Banks taking the time to educate their staff is the first step to ensuring top-notch cybersecurity measures are in place – that includes educating even senior management on the different types of cybersecurity and information technology risks out there when it comes to banks, specifically.

Here are eight types of cyber threats that are presently being targeted at banks:

1.) Data breaches: One of the most significant risks in cybersecurity for banking is data breaches. The big data breach of the Equifax credit bureau in 2017 resulted in 147 million people's information being stolen from one of the top three credit bureaus we all assumed was Fort Knox safe. Data breaches are still alive and well, and don't just happen to the big-name financial groups out there. They can happen to small, hometown banks, too. This is why it's important for banks of all sizes to have the best cybersecurity and information technology security measures in place that fits their budget. Data breaches within a bank can result in unauthorized access to sensitive customer information, including financial data, personal identifiable information, and transaction history.

2.) Phishing attacks: Phishing attacks involve social engineering techniques that trick users into providing their personal information, such as login credentials or credit card details. These attacks can lead to identity theft, financial loss, and reputational damage for both the bank and its customers. Outside entities can closely mimic the bank via email or phone, often insisting the customer verify a password or their personal information. Banks can educate their customers on red-flag signs to look for, so they can spot a phishing attempt right away. Banks should also ensure to customers the exact ways they will attempt to contact their customers if they need information from them.

3.) Malware and ransomware attacks: Malware and ransomware attacks can infect banking systems and disrupt operations, leading to financial losses and customer data exposure. Ransomware attacks can result in significant financial losses and damage to the bank's reputation. Malware and ransomware can attack a bank's internal systems as easy as an employee clicking on an attachment in a phishing email. Malware can cause unauthorized alteration of the bank's systems or degradation of employees' hardware. However, there are great, affordable antivirus programs out there that can be a core part of the bank's information technology.

4.) Insider threats: Insider threats are a significant risk for banks, as employees can have access to sensitive information and systems. These threats can arise from disgruntled employees or from employees who accidentally or intentionally leak confidential information. We wish we didn't have to mention this one, but it is always one to consider. While not nearly as common as the others listed, it's always a possibility to keep on the bank's radar, especially if the bank's IT professional can't find anywhere in the system that an outside hacker tried to get in.

5.) Third-party risks: Banks often rely on third-party vendors for various services, such as payment processing and cloud storage. However, these vendors can also pose a significant risk to the bank's cybersecurity, especially if they have access to sensitive data or systems. Working with trusted and vetted third-party vendors is key. Banks should have a developed vendor management program in place, conduct thorough research on the security measures they take to protect the bank's customers' information, and make sure that they line up with the bank's own security standards.

6.) Distributed Denial of Service (DDoS) attacks: A DDoS attack is a type of cyberattack where multiple compromised systems are used to target a single system or network, overwhelming it with traffic and causing it to become unavailable to users. In the context of banking, DDoS attacks can be particularly devastating as they can prevent customers from accessing their accounts or conducting financial transactions. The consequences of a successful DDoS attack on a bank can be severe. It can result in significant financial losses, damage to the bank's reputation, and loss of customer trust. In some cases, DDoS attacks have also been used as a distraction, allowing attackers to carry out other types of cyberattacks such as data breaches or account takeover attacks.

7.) Mobile banking risks: As mobile banking becomes increasingly popular, cybercriminals are also targeting these platforms with malware, phishing, and other types of attacks. Mobile banking itself isn't a risk, it just provides a whole new threshold where cyber-attacks can happen. Making sure your bank's app and website have top-level security measures in place is key.

8.) Account Takeover Attacks: Account takeover attacks in banks are a type of fraud where an unauthorized person gains access to a customer's bank account, either by stealing their login credentials or by exploiting a vulnerability in the bank's systems. Once the attacker gains access to the account, they can carry out fraudulent transactions, transfer money to other accounts, and even steal the victim's identity. This can be done through a variety of cyber attacks: phishing, malware, social engineering, and/or weak authentication methods.

In a few years, there could be entirely new things on this list. The way hackers gain unauthorized access to sensitive information and money is forever changing and morphing into new threats.

After learning or re-learning all of that, now begs the question…. are banks up-to-date and up-to-snuff on their current security measures that are in place? If not, RADD LLC., is the expert when it comes to coaching and consulting on auditing banks' current security set-up, educating pertinent staff on their options according to budget, and helping banks design the security infrastructure that is sure to protect both the bank and its customers from cyber-attacks. To learn more about how RADD LLC. can help your cyber security program call Radhika Lipton at (833) 723-3552.

Mariner Wealth Advisors Hires Jason Pall, CFA®, FRM® as Institutional Client Advisor

Pall Brings Extensive Experience Managing Depository Institution Investment Portfolios

Overland Park, KS – Mariner Wealth Advisors, a national wealth advisory firm, announced that Jason Pall, CFA®, FRM® joined the firm at the end of February as an advisor. Jason will advise community banks and credit unions on the management of their investment portfolios and assist them with asset-liability management.

Jason has over two decades of experience working at both banks and credit unions, where most recently as Treasury Director, he managed a $2 billion investment portfolio at The University of Wisconsin Credit Union. In addition, Jason had responsibility for ALCO reporting, interest rate risk modeling and served as the liaison with regulatory examiners. He started his career as a Senior Credit Analyst at CIB Marine Bancshares and was then promoted to Assistant Vice President, Treasury Risk Officer.

Jason has a Bachelor of Arts degree in Finance from Michigan State University, an MBA from Marquette University. He is a CFA® charter holder and holds the Financial Risk Manager (FRM®) certification. Jason is also the former President of the Madison CFA Society.

Associate Membership Bundles

Thank you to our associate members who are saving money and bundling their membership with other events and activities at the Community Bankers of Michigan.
You will see those bundling sponsoring events, attending and sponsoring at our convention, advertising in the *Community Spirit* magazine, and much more.
We appreciate the support of these associate partners, and ALL of our members!
One Mission. Community Banks.

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Thompson Phelan Group United Bankers' Bank

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Strategic Resource Management
Varnum

National General Lender Services Earns 17th Consecutive Call Center of Excellence Certification

CBM Preferred Partner, Seattle Specialty Insurance Services, a division of National General Lender Services (NGLS) has earned the independent Center of Excellence certification from BenchmarkPortal for call center excellence. NGLS is the only call center in the lender-placed insurance industry to obtain this level of excellence for 17 consecutive years. Further, this distinction has only been achieved by two other call centers in the entire United States.

Sustaining the Center of Excellence certification for 17 years is especially significant in light of the ever-changing expectations of clients and their customers. Award-winning customer engagement tools, combined with our philosophy of empowering our associates to take ownership of each call, are powerful contributors to our success.

"NGLS has a long tradition of promoting a culture of excellence throughout our operations, especially in the critical areas of direct interaction with our clients' customers," said Kimal Singhe, President of NGLS. "Achieving the Center of Excellence certification for this many years is proof positive that NGLS delivers on our commitments."

To learn more about CBM Preferred Partner, Seattle Specialty Insurance Services and how they can partner with you bank, contact Kate Angles at kateangles@cbofm.org or 517.336.4430.

Upcoming Webinars

FOR MORE INFORMATION AND TO ORDER, VISIT WWW.CBOFM.ORG; CLICK ON "WEBINARS" ON THE HOMEPAGE OR EMAIL CBM@FINANCIALEDINC.COM

4/11/2023 Morning	Check Returns: Past the Point of Redemption Marcy Cauthon, EPCOR
4/12/2023	Cryptocurrency Regulatory Expectations & Guidance Molly Stull, Brode Consulting Services, Inc.
4/13/2023	Introduction to Call Report Preparation Michael Gordon, Mauldin & Jenkins, LLC
4/18/2023 Morning	Cannabis Banking: Hemp, MRBs, & CBD Business Update Dawn Kincaid, Brode Consulting Services, Inc.
4/19/2023 Morning	A to Z on Endorsements Deborah L. Crawford, Gettechnical Inc.
4/20/2023 Morning	**Debt Resolution Series:** Lessons Learned from the FDCPA Collection Rule Changes Elizabeth Fast, Spencer Fane LLP

4/24/2023 Monday	Effective Management of Credit Report Disputes David A. Reed, Reed & Jolly, PLLC
4/25/2023	RDFI Returns: 2 Business Days vs. 60 Calendar Days – Understanding the Difference Kimberly Ellis, UMACHA
4/27/2023 **Morning**	**Credit Analysis Series:** Collateral Analysis: Evaluation, Weaknesses & Monitoring Value Robert L. Viering, RiverPointUSA LLC
5/2/2023 Morning	**New Accounts Series:** Minor Accounts Options & Transactions Mary-Lou Heighes, Compliance Plus, Inc.
5/3/2023 Morning	BSA Officer Part 3: BSA/AML Deep Dive for the New BSA Officer Dawn Kincaid, Brode Consulting Services, Inc.

5/4/2023 Morning	Safe Deposit Issues: Drilling, Unpaid Rent, Death & Unclaimed Property Elizabeth Fast, Spencer Fane LLP
5/9/2023 Morning	Liability with ACH Death Notification Entries (DNEs) & Reclamations Michele L. Barlow, Macha/PAR
5/10/2023 Morning	High-Risk Accountholders & Services Deborah L. Crawford, Gettechnical Inc.
5/11/2023 Morning	Consumer Real Estate Loans: Step-by-Step Dawn Kincaid, Brode Consulting Services, Inc.
5/16/2023 Morning	Credit Card Compliance: Issuance, Changes, Statements, Errors & More Mary-Lou Heighes, Compliance Plus, Inc.

5/18/2023 60 Min. a.m.	**Fraud Series:** Managing Faster Payments Risk & Fraud Kevin Olsen, Pidgin/Payments Professor
5/18/2023	Business Writing Boot Camp, Including Critique of Your Own Writing Sample Nancy Flynn, The ePolicy Institute
5/24/2023 60 Minutes	Designing Right-Size Risk Assessments Harrison Powers, CLA
5/30/2023	The Digital Dozen: 12 Digital Strategies You Should Be Using Today Eric C. Cook, WSI & The LinkedBanker
5/31/2023 Morning	ACH Basics for Operations Staff Michele L. Barlow, Macha/PAR
6/6/2023 Morning	Compliance Management Systems Mary-Lou Heighes, Compliance Plus, Inc.
6/7/2023	Branch Managers & Head Tellers: Managing the Critical Aspects Molly Stull, Brode Consulting Services, Inc.
6/8/2023	Creating a Seamless Accountholder Experience: Culture, Service, Retention Tim Tivis, Pinnacle Training Group

Webinar Times
Morning webinars are held at 11:00 a.m. EST
Afternoon webinars are held at 3:00 p.m. EST

Upcoming EVENTS

EVENT	2023 DATE	LOCATION
Retail Banking Forum	April 20	CBM Office, East Lansing
Credit Analyst Certification II	April 25-26	CBM Office, East Lansing
ICBA Capital Summit	May 14-17	Washington, D.C.
Community Bankers for Compliance II	May 18	The Henry Center, Lansing
Cybersecurity Fraud Conference	May 23	Soaring Eagle, Mt. Pleasant
CEO Leadership Network I	June 2	CBM Office, East Lansing
CLO Forum	June 6	CBM Office, East Lansing
Folds of Honor Golf Outing	June 12	American Dunes, Grand Haven
Credit Analyst Certification III	June 27-28	CBM Office, East Lansing
U.P. Executive Banking Forum	July 18-19	Marquette
Risk Management Forum II	July 27	CBM Office, East Lansing
HR Forum II	August 10	CBM Office, East Lansing
Compliance Lending School	August 15-16	CBM Office, East Lansing
Community Bankers for Compliance III	August 17	The Henry Center, Lansing
CFO Leadership Forum II	August 24	CBM Office, East Lansing
IT Forum I	August 29	CBM Office, East Lansing
Michigan Bank Directors' College	September 13	Traverse City
CBM Annual Convention & Expo	September 13-15	Traverse City

Community Bankers for Compliance 2023

Community Bankers of Michigan is pleased to sponsor the annual Community Bankers for Compliance Program (CBC) once again. Presented by Young & Associates, Inc., the CBC Program continues to be the longest running compliance training program in the country.

The CBC Program will allow your bank to stay up to date on the ever-changing bank regulations and will give guidance for structuring and maintaining your in-bank compliance program. Bankers who are responsible for regulatory compliance can discuss issues and exchange ideas with other community bankers.

Membership to the CBC Program consists of the following:

Quarterly Seminars. A compliance seminar is provided each quarter. The topic is selected based on the most recent industry and regulatory developments which may have an impact on community banks. Each person attending the program will receive a detailed manual, written in full narrative, that they can take back to the bank as a reference and training tool. **Sessions will be offered both in-person and virtually**

Monthly Newsletter. The *Compliance Update* newsletter is sent to program members each month. It provides an update of compliance issues that impact community banks.

Compliance Hotline. Members of the program may call the Young & Associates' toll-free number or visit their website for compliance questions that may arise daily. Young & Associates has many qualified compliance professionals available to answer your questions. This service ensures that your bank is just a phone call or click away from the information you need to answer your compliance questions.

CBC Members Only Web Page. This web page is reserved for banks that are registered members of the CBC Program. In it you will find timely information and tools provided by Young & Associates, Inc., that can be used to enhance the regulatory compliance function at your bank.

2023 CBC Dates

March 2nd ***(recording available)**
May 18th
August 17th
November 2nd

In-person sessions will be held at The Henry Center, Michigan State University, Lansing, Michigan. Can't make it in person? Join us for a full virtual experience on the session day or watch the recorded session later at your convenience.

Enroll your bank today! For a detailed brochure and to enroll, please visit www.cbofm.org
Questions??? Contact CBM at 517.336.4430 or info@cbofm.org

Forum Overview

This forum provides a platform for CLOs to exchange ideas, insights, and experiences related to lending strategies, risk management, regulatory compliance and other critical issues facing the industry. Participating in this forum provides an opportunity to connect with peers and gain valuable insights into industry trends and best practices.

Additional Benefits

- An excellent opportunity to network with other lending executives from community banks across the state of Michigan.
- Access to industry experts and thought leaders who can provide insights into the latest lending trends and emerging technologies. Learn about innovative lending strategies, best practices for risk management and regulatory compliance.
- This forum is designed to encourage collaboration and the sharing of ideas between CLOs. Collaborate with your peers to develop solutions to common industry challenges, such as improving the customer experience, reducing credit risk and driving growth.

Forum Details

Location:

Community Bankers of Michigan
James D. MacPhee Leadership Center
830 W. Lake Lansing Road, Suite 250

Time:

10:00 AM - 4:00 PM

Registration:

CBM Member In-Person/Virtual -$250
CBM Member 2nd Person -$225
Non-Member In-Person/Virtual -$350

Huron Valley State Bank Announces the Appointment of Marie Warner to Vice President - Commercial Lender

Marie Warner

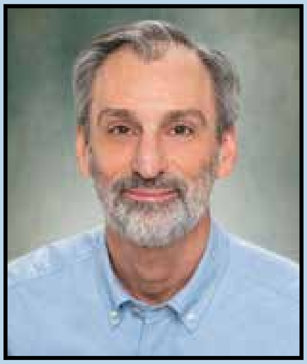
Milford, MI – Huron Valley State Bank recently announced the appointment of Marie Warner to Vice President – Commercial Lender. In her position, she will be concentrating on developing and expanding commercial relationships in the community.

Ms. Warner joined the team at Huron Valley State Bank in January of this year. She has over 20 years of banking experience. She most recently served as a Vice President - Commercial Business Banker at Independent Bank. She has extensive experience partnering with the branches to develop new business, while managing her existing book of business. Over the course of her career she has managed branches and viable programs dedicated to serving the needs of employer groups.

"Warner is a great addition to our already strong lending team," said Steven Peacock, Executive Vice President, Senior Commercial Lender. "She brings a wealth of knowledge from her experience on the retail side and has extensive experience in business lending."

"I feel a tremendous pride being part of the Bank and making an impact in the community where I live and work. I look forward to building relationships in our marketplace and helping our customers reach their goals while building a solid foundation of partnership with our branches," said Ms. Warner.

Huron Valley State Bank Announces the Appointment of Jeremy Runyon to Assistant Vice President and Operations Manager



Jeremy Runyon

Milford, MI – Huron Valley State Bank, is pleased to announce the appointment of Jeremy Runyon to Assistant Vice President and Operations Manager. In his role, he will be overseeing operations, and assisting in cash management, compliance, preparing for audits and examinations, updating operational policies and procedures, and some general ledger and accounting activities.

Mr. Runyon joined the team at Huron Valley State Bank in October of 2022. He has over 25 years of operations experience. He most recently served as Treasury Solutions Process Manager at First Merchants Bank.

"This is a newly created position and we are fortunate to have Jeremey at the helm of our operations," said Jack Shubitowski, President and CEO, " His has a great knowledge in various areas of the bank and complements the team we already have in place. His leadership and experience have already proven to be an asset to the bank."

"I am fortunate to be part of a community bank that believes in its core values and employees treat one another like family. The culture is second to none and I am excited to be part of our continued growth," said Mr. Runyon.

Chelsea State Bank Announces 2023 Woman of CSB Award

Chelsea, MI – Chelsea State Bank presented the third annual Woman of CSB Award to Betty Campbell on Monday, March 6, 2023 during an intimate celebration with her family for her exemplary dedication to the Chelsea Community and 37 years of service to Chelsea State Bank.

Betty Campbell

"It has been my distinct honor to work with Betty prior to her retirement last year," said Joanne Rau, President & CEO, Chelsea State Bank. "She is a beloved member of the Chelsea Community and led our Downtown Branch with grace, professionalism and kindness. Her dedication to the Chelsea Community, former team members and customers, and her notable leadership style made Betty an outstanding candidate for this award. "

Betty started her career at Chelsea State Bank in 1985 as a teller. From there, she worked as the teller trainer and then vault/head teller. In December 2011, she then became Branch Manager and a Banking Officer for the Downtown Branch. During her extensive tenure at the Bank, she also participated in a variety of community focused events.

Betty retired from the Bank in May 2022 and is now spending time with her family.

"I enjoyed all of the employees and customers that I had the privilege of working with throughout the years. I certainly miss these interactions with being retired," said Betty Campbell.

Kalamazoo County State Bank Welcomes Loan Officer Ryan Hamilton

Ryan L. Hamilton

Schoolcraft, MI – Kalamazoo County State Bank (KCSB) is pleased to welcome Ryan L. Hamilton as a Loan Officer for the Bank. He will work at the Main Office at 223 North Grand Street in Schoolcraft.

"It's a pleasure to welcome Ryan to our KCSB loan team," said KCSB President and Chief Executive Officer D. Scott Hines. "Ryan has a diverse background in banking with exceptional experience in mortgage lending. As we celebrate our 115th Anniversary this year, we continue to focus on helping the families and businesses in our communities with their financial wellbeing. Ryan's extensive banking knowledge will prove invaluable as we meet our customers' needs and grow our community bank franchise."

Hamilton joins KCSB with nearly 30 years of banking experience working at various financial institutions including several regional banks. Beginning his career in branch management, his last 20 years were concentrated on mortgage lending for the families in Southwestern Michigan. He has a Bachelor of Business Administration from Western Michigan University, Kalamazoo.

Active in his community, Hamilton volunteers with Generous Hands by packing backpacks for kids, United Way by speaking to groups on the benefits of giving and other activities at Loaves & Fishes. He is a former Vicksburg Rotarian.

Returning to his roots, Hamilton said, "I chose to work at KCSB because of the small town feel the Bank has, yet we can do most anything a bigger, regional bank can do. I am excited that I was able to come back home and serve the people of my hometown in Vicksburg and our surrounding communities. KCSB is where I opened my first ever savings account."

Honor Bank Announces Jess Ashmore as the 2022 Employee of the Year

Traverse City, MI – Honor Bank announced that the 2022 Employee of the Year is Vice President and Traverse City Union Street Branch Manager, Jess Ashmore. Ashmore has been with Honor Bank since the fall of 2018 after spending several years with other local financial institutions. She is a regular community volunteer and member of the Traverse City Optimist Club. Honor Bank President and CEO, Norm Plumstead, shared "We are so grateful for the success at our Traverse City Union branch, thanks to Jess's investment of her heart, soul, and professionalism the last several years. Furthermore, Jess was nominated for this award by her peers because of her excellence with team members and clients. Thank you and congratulations!"

Jess Ashmore

Pracilla Venhuizen

Honor Bank Announces the Hiring of Pracilla Venhuizen, Human Resources Manager

Honor, MI – Honor Bank announced the hiring of Pracilla Venhuizen as the organization's new Human Resources Manager. Pracilla brings over a decade of local experience in both human resources and financial institution management. Honor Bank President and CEO, Norm Plumstead, shared "We are excited to have Pracilla join our growing organization and bring her diverse experiences to our team of Honor Bankers. We can't wait to see where Pracilla will take Honor Bank next. Welcome, Pracilla!"

Theresa Erickson Named Bank Manager at Huron Community Bank

Huron Community Bank is proud to announce the appointment of Theresa Erickson to Branch Manager. Theresa has been an Ogemaw County resident since birth, graduating from Ogemaw Heights High School, and continuing her education at Kirtland Community College, where she received a certificate in lending and accounting. Later she furthered her education in the area of finance through Perry School of Banking.

Theresa has been employed in the the field of banking for the past 42 years, and her commitment to the community is very evident in the various boards she has served as a member of including the Rose City DDA/Planning Committee as Secretary, Ogemaw County EDC, and the West Branch/Rose City Educational Support Partnership.

Theresa's dedication to her community complements her promotion to branch manager. "It enables me to remain an active participant in building and maintaining relationships with customers. That's what I look forward to most working at Huron Community Bank," said Erickson. As a Branch Manager, she will remain focused on the community and helping it grow and become stronger every day.

Phelan Appointed to Vice President of Compliance, BSA and Security Officer

Huron Community Bank is proud to announce the promotion of Paul Phelan to Vice President of Compliance, BSA and Security Officer. Paul has been with Huron Community Bank since 1989, advancing from part-time teller, through Consumer and Commercial Lending as well as Branch Mangement before his current position. When asked to choose his favorite aspects about Huron Community Bank, Paul said, "There are just too many great things to pick favorites."

Paul's desire to serve his community is not only evident in his work at Huron Community Bank, but also in the number of services and support he has lent the local communities. He has served several terms on his local school board, as well as being a township trustee and volunteer firefighter for over 30 years. All positions underscore Paul's ongoing love and dedication for the local community.

Paul has many goals as Compliance, Bank Secrecy and Security officer, but his primary emphasis remains clear. " My main objective is to remain focused on the implementation of new technology that will help Huron Community Bank keep up with its growth and ever increasing responsibility in this area." Huron Community Bank congratulates Paul on this latest achievement in a valued career.

Huron Community Bank Announces the Promotion of David Ozug to Credit Manager

Huron Community Bank is excited to announce the promotion of David Ozug to Credit Manager. David has been active in the field of banking for over 30 years, with the majority of his time and experience earned throughout Huron Community Bank serving as Accounting Assistant, Loan Reviewer and Senior Credit Analyst.

David believes that Huron Community Bank's greatest attribute is easy to define." Our focus as a bank on supporting the local community and establishing a relaxed yet professional atmosphere is unparalleled in the region," said David.

As Credit Manager, David will continue to improve the efficiency of the commercial credit analysis function of the bank while providing management and the board with the most accurate and relevantly detailed information to make credit decisions. Huron Community Bank congratulates on David on his ongoing commitment to banking excellence throughout the region.

ChoiceOne Bank Announces Executive, Senior Management Promotions

Sparta, MI – ChoiceOne Financial Services, Inc., and ChoiceOne Bank (NASDAQ: COFS) ("ChoiceOne") are pleased to announce the promotions of Adom J. Greenland, Bradley A. Henion, Eric Dyson, Trenton Hancock, Bart Jonker, Robert G. Michel and Adam J. Schlusler.

"As we celebrate our 125th Anniversary this year, we are extremely pleased to announce the promotions of Adom, Brad, Eric, Trent, Bart, Bob and Adam," said ChoiceOne CEO Kelly Potes. "These individuals all have extensive experience in their respective fields and broad knowledge of the financial industry. Their leadership, wisdom, strategic thinking and foresight will help lead our quest to grow our community bank franchise and maintain our vision to be the best bank in Michigan."

Adom J. Greenland

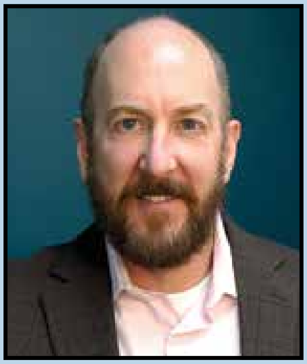
Adom J. Greenland is promoted to Executive Vice President. Greenland was appointed to his current position as Secretary, Chief Financial Officer and Treasurer of ChoiceOne and ChoiceOne Bank in January 2022. Prior to this appointment, Greenland served as Secretary and Chief Operating Officer of ChoiceOne and ChoiceOne Bank. Greenland, a Certified Public Accountant, has been a Senior Vice President of ChoiceOne Bank since November 2015 and a Vice President of ChoiceOne Bank since 2013. Before joining ChoiceOne, Greenland was a Senior Manager with PricewaterhouseCoopers, a global accounting and consulting firm.

Greenland has a Master of Business Administration (MBA) in Accounting and a Bachelor of Science in Accounting both from Michigan State University, East Lansing.

Bradley A. Henion

Bradley A. Henion is promoted to Executive Vice President. Henion has been a Senior Vice President and Chief Lending Officer of ChoiceOne Bank since November 2015. Henion has over 25 years of lending experience both in commercial and agribusiness lending. Before joining ChoiceOne Bank, Henion was President of a community bank in Grand Rapids. His career has also included Senior Vice President positions with other financial institutions where he managed significant commercial loan portfolios.

Henion is a graduate of the prestigious ABA Stonier Graduate School of Banking in partnership with the Wharton School of the University of Pennsylvania, Philadelphia. He has a Master of Business Administration (MBA) in Finance from Baker College, Owosso, and a Bachelor of Science in Accountancy from Ferris State University, Big Rapids.



Eric Dyson

Eric Dyson is promoted to Senior Vice President. He was promoted to Vice President, Head of Loan Operations in January 2022. Dyson joined ChoiceOne Bank nearly five years ago as Retail Lending Director overseeing mortgage and consumer lending sales and operations. With over 30 years of lending experience working at several community banks in Michigan, Dyson has focused his banking career on mortgage underwriting, processing, closing, secondary markets and credit.

He is a graduate of the University of Michigan, Dearborn, with a Bachelor of Science in Finance.

Trenton Hancock

Trenton Hancock is promoted to Senior Vice President. In 2022, he was promoted to Head of Retail Banking. Hancock joined ChoiceOne in 2016 as Vice President, Regional Manager. Prior to joining ChoiceOne, Hancock's career included 22 years in the financial services industry as Vice President at a national bank and Vice President Regional Manager of a large regional bank. He was also licensed in Securities, Life and Health as a registered representative with John Hancock Insurance.

Hancock holds a Bachelor of Arts with a major in Business Administration and an emphasis in Economics from Michigan State University, East Lansing. He is a graduate of the Graduate School of Banking at the University of Wisconsin – Madison. Hancock has his Second Degree Black Belt in Taekwondo. Hancock is a member of the Muskegon Rotary Club and a volunteer with the United Way, Habitat for Humanity, Kid's Food Basket in Muskegon County and True North in Newaygo County.


Bart Jonker

Bart Jonker is promoted to Senior Vice President, Risk Management, Compliance Officer. Jonker joined ChoiceOne in 2017 as Vice President, Risk Management. He has over 35 years of experience in Michigan banking, from small community banks to large regional institutions, primarily in compliance and risk management roles. Jonker holds certifications from the Institute of Certified Bankers (CRCM – Certified Regulatory Compliance Manager, as of 2001) and the Association of Certified Anti-Money Laundering Specialists (CAMS – Certified Anti-Money Laundering Specialist, as of 2010).

Jonker has a Bachelor of Science in Advertising and Public Relations from Grand Valley State University, Allendale.

Active in his community, Jonker sits on the Lakeshore Fair Housing Center Advisory Board. He is the Secretary-Treasurer and founding Board Member of the Legends Performing Arts Association, an Open Class representative for the Drum Corps International Board Consortium and Treasurer and founding Board Member of the Devonwood Condominium Association, Inc.


Bob Michel

Robert G. (Bob) Michel is promoted to Senior Vice President. Michel joined ChoiceOne Bank in 2016 as Vice President, Operations. He has 35 years of banking experience with various banks from multi-state regional banks to community banks. In his position, Michel oversees and directs multiple teams within the overall Operations Department including Deposit Operations, Loss Prevention/Fraud, Treasury Services, Facilities, and Couriers.

Michel has a Bachelor of Science Administration in Managerial Economics and Finance from the University of Michigan, Dearborn.


Adam J. Schlusler

Adam J. Schlusler is promoted to Senior Vice President. Schlusler joined ChoiceOne Bank in 2022 as Vice President and Wealth Advisor. With over eight years of experience in the financial services industry, Schlusler served as Vice President and Senior Relationship Manager with a large regional bank where he was the lead relationship manager for high and ultra-high net clients and their families throughout Flint and the Great Lakes Bay Region. Prior to joining the financial services industry, Schlusler was a practicing attorney, focused on estate planning, probate, business and other litigation.

Schlusler holds a law degree from Michigan State University College of Law, East Lansing and has a Bachelor of Arts in Political Science and Legal Studies from Central Michigan University, Mount Pleasant. Schlusler also has a License to Practice Law in Michigan and has his Certified Trust and Financial Advisory (CTFA) designation offered by the American Bankers Association (ABA).

Active in his community, Schlusler is a Character and Fitness Committee member for the State Bar of Michigan, a Trust Counsel Committee member for the Michigan Bankers Association, a Board member of the Lapeer County Scholarship and Student Loan Fund, and Board member, Finance Committee, Policy & Personnel Committee member for Central Church of the Nazarene.

Chrissy Allen Promoted to Branch Administrator

Huron Community Bank is proud to announce the promotion of Chrissy Allen to Branch Administrator. Chrissy has been with Huron Community Bank for 28 years, beginning as a part time teller before moving to many roles including Head Teller, Customer Service Representative, and Retailing Banking Manager.

Chrissy sees Huron Community Bank's greatest attribute as its customer service which establishes strong relationships throughout the community. " Customer Service is extremely important to me and I feel that is where Huron Community Bank outshines all others," said Chrissy.

As Branch Administrator, Chrissy looks forward to working more closely with all of Huron Community Bank's branches in assisting them with their development and growth.

community connections

John Castle and Kurt Miller Receive Legacy Award

Southern Michigan Bank & Trust Chairman and CEO John Castle, and President Kurt Miller, were honored with the Legacy Award at the Coldwater Area Chamber of Commerce Annual Community Awards Dinner.

Recognizing the long-lasting impact that has taken place during a person's career, the Legacy Award embodies a significant commitment to economic growth and community investment, making Branch County a better place to live.

When John Castle and Kurt Miller joining Southern Michigan Bank & Trust in 2002, they knew they wanted to lead the bank with purpose and support a culture of philanthropy and giving back.

Jon Harpst, Sunrise Rotary Foundation Director, submitted their nomination to the chamber. Jon states "The footprint they created during their tenure can be seen everywhere. From the Service Clubs and non-profits that Southern supports to the projects they make happen, all of this has come as a result of the shared leadership of John and Kurt."

Along with monetary donations, Southern remains instrumental in directing funding for local projects and area businesses. They also take pride in volunteerism. As volunteers themselves, John and Kurt maintain a flexible work environment that enables the ability for employees to serve on boards, commissions and service clubs.

With a near combined 100 years of banking, John and Kurt have led Southern Michigan Bank & Trust to grow into an organization with 14 branches across 6 counties, 230 employees, and an asset size of $1.3 billion. Southern achieved this growth, all while carrying their mission, "To be a trusted partner working for the betterment of our communities."

Huron Valley State Bank Announces the Promotion of Steven Peacock, Executive Vice President and Senior Lender

Steven Peacock

Milford, MI – Huron Valley State Bank announced the promotion of Steven Peacock to Executive Vice President and Senior Lender. Mr. Peacock joined the Bank in April of 2010 as Senior Vice President/Senior Lender. He is responsible for managing all aspects of the bank's lending portfolio including commercial, consumer and residential loans. He also leads a team of lenders and support staff and oversees the credit administration and analysis functions of the bank.

He has almost forty years of experience in financial services primarily in small business banking. He started his career as a Credit Analyst and was quickly promoted to Assistant Vice President of Commercial Lending. He was promoted again to Vice President of Middle Market Commercial Lending, and later Vice President / Area Manager Business Banking. He spent the first twenty years of his career at Security Bank / First of America / National City in Commercial Lending. Then he took the role of Vice President of Business Banking for Citizens Bank in Oakland County. He holds an MBA from Wayne State University and a B.S. in Business Administration from Central Michigan.

"Steve has consistently demonstrated strong leadership and vison with an unwavering commitment to our commercial clients, our employees and the community. Steve has been instrumental with developing our strategic vision and ensuring our future growth and success through succession planning, market expansion, leveraging our human capital and development of technology," said Jack Shubitowski, President and CEO. "He has his pulse on the commercial customer experience and finding unique solutions for our customers to achieve success. We are fortunate to have Steve on our Executive Team".

"I am honored to take on a larger role at Huron Valley State Bank and help us grow to the next level," said Peacock. "I am also incredibly humbled to be part of a Bank that can truly make a difference in the lives of others. My team of Lenders and Analysts are experienced solution providers that can innovatively structure a program to help our customers meet their goals and manage their operations." Mr Peacock is active in the Huron Valley and Plymouth Chamber of Commerce. He served twelve (12) years as an Ambassador of the Huron Valley Chamber.

County National Bank Announces Promotions

Hillsdale, MI – Joseph R. Williams, President and CEO of County National Bank ("CNB"), is pleased to announce the recent promotions of several CNB team members.


Rachael Carpenter

Rachael Carpenter has been promoted to Vice President – Senior Wealth Management Operations Officer. Rachael joined CNB in 2022 as Assistant Vice President – Wealth Management Operations Officer. She has 12 years in the banking industry, which includes experience in wealth management operations and as a financial controller in community banking. Rachael is a Certified Public Accountant and is also LEAN Office certified.


Abba Reeve

Abba Reeve has been promoted to Vice President – Controller. Abba joined CNB in 2018 as Assistant Vice President – Controller. She has 15 years of experience in the financial industry. Abba holds a Bachelor's degree in business administration with a concentration in accounting and also attended Financial Managers School through the Financial Managers Society. She has served on the Finance Committee for the Jackson Friendly Home since 2016 and also coordinates support for the Salvation Army's Adopt a Family program during the holidays.


Amber Yoder

Amber Yoder has been promoted to Assistant Vice President – Community Engagement Officer. Amber joined CNB in 2018 as a Marketing Specialist. She has 25 years of experience in marketing and communications. Amber holds a Bachelor's degree in journalism with an advertising concentration from Central Michigan University. She currently serves as the Treasurer for St. Peter's Free Clinic and she regularly volunteers for Junior Achievement and bank-sponsored events.

Oxford Bank Announces Promotions

Oxford, MI – Oxford Bank Corporation ("the Company") (OTC Bulletin Board: OXBC), the holding company for Oxford Bank ("the Bank"), announced the appointment of two executive leaders, Michael ("Mick") Goik, President, Oxford Commercial Finance and Matthew Lowman, Oxford Bank Executive Vice President, and Chief Risk Officer, to the Oxford Bank Board of Directors, effective immediately.

Chairman, CEO and President David Lamb commented, "Both the Company's and Bank's Board of Directors made this appointment to recognize the value that Messrs. Goik and Lowman can bring to our deliberations on a range of issues as our organization becomes larger and more complex. Together they represent the leadership of our lending businesses which are both our largest revenue generators and the area of the Bank that entails the most significant risk management. Both executives have extensive experience and a consistent record of success in growing financial institutions through strong sales and credit cultures. Matt has spent the majority of his career operating within traditional commercial banking and providing leadership of growing conventional banks as both a Chief Lending Officer and Chief Risk Officer. Mick has held senior positions, including President, within an industry leading specialty bank focused exclusively on commercial and alternative finance products that included asset-based lending, factoring, and leasing." Lamb added, "Both leaders are intensely focused day-to-day on their respective business lines, and we believe that the knowledge sharing through Board of Directors membership will allow more insight on each other's business as well as other important aspects of the combined Bank."

Lead Independent Director Karen Mersino noted, "The Board and Management have a deep commitment to improvement every day. I believe this appointment will positively add to our discussions and further enhance the Directors' governance and oversight while also further assisting in setting the strategic direction of the collective Company. The Board is looking forward to this enhanced relationship with two key leaders of business lines that are our principal revenue contributors."

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