

# COMMUNITY BANKER UPDATE



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# 2026 EVENT DATES

**2026 Economic Outlook:**  
January 16, 2026, Virtual

**Banking Technology Virtual Conference:**  
June 11, Virtual

**Board Meetings:**  
February 24, April 22, September 22 and November 17

**55th Annual Convention:**  
July 15-17, Roof Garden, Arnolds Park

**Legislative Reception:**  
February 24, Iowa Tap Room, Des Moines

**Fall Golf:**  
September 14, Hyperion Club, Johnston

**ICBA Convention:**  
March 6-9, San Diego

**Fall Management Conference:**  
October 15-16, Hyatt, Coralville

**Leaders of Tomorrow Conference:**  
April 2-3, Des Moines

**Fall Pheasant Hunt:**  
October 22, Doc's, Adel

**ICBA Capital Summit:**  
May 4-7, Washington D.C.

**Midwest Ag Conference:**  
November 19, Virtual

**FDIC Director's College**  
June 2, Sheraton, West Des Moines





# A YEAR OF GROWTH, CONNECTION, AND GRATITUDE

— Michael Gathman, CEO of Community Bankers of Iowa

As we wrap up another year of serving Iowa's community banks, we want to take a moment to say thank you for your trust, your involvement, and your ongoing commitment to strengthening the communities we all call home.

2025 was a year of momentum for CBI. We kept traditions alive with our Fall Golf Outing and Pheasant Hunt, expanded educational opportunities for our members, and continued advocating for the independent banks that power Iowa's communities.

In the fall, we hosted the inaugural Fall Management Conference, a new event designed to bring fresh ideas, practical strategies, and valuable networking to leaders across the state. We were thrilled with the strong turnout and the positive feedback, and we're already looking ahead to making next year's event even better.

We also saw record attendance at our Annual Convention, a true celebration of community banking in Iowa. Your engagement made it one of our most successful events yet.

And perhaps most visibly, we introduced a refreshed CBI brand and launched a new website modernizing our look while reinforcing a core truth: we're here for good. That message isn't just about stability and longevity; it's a promise to keep showing up, speaking out, and standing strong for Iowa's community banks.

As we head into a new year, we're excited to keep that momentum going with more advocacy, education, and connection to help you stay competitive and continue building thriving local economies.

From all of us at CBI, we wish you a joyful holiday season and a successful start to 2026.

*Happy New Year! – The Community Bankers of Iowa Team*

"As we head into a new year, we're excited to keep that momentum going with more advocacy, education, and connection to help you stay competitive and continue building thriving local economies."

— Michael Gathman





# Dare to be different.

Embracing uniqueness is at the center of what we do. Just like you, we understand the power of individuality. That's why we take a personalized approach, getting to know you, your accountholders and your goals. With SHAZAM, expect high-performing solutions, exceptional value and hands-on service empowering you to make a lasting impact on your community today and for years to come.



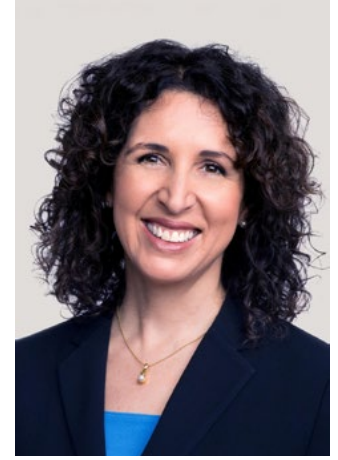
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# Flourish

## MARCHING INTO 2026 ON THE ADVOCACY FRONTLINE

— Rebeca Romero Rainey, CEO, ICBA



Looking back on the past year, we have advocacy successes to celebrate. From tax reform and the ACRE tax deduction for interest earned on agricultural real estate loans to President Donald Trump signing into law legislation to bar credit reporting agencies from selling “trigger leads” when consumers apply for a residential mortgage, we have seen developments that signal a deeper understanding of the role community banks play.

We’ve also witnessed a rising awareness of the ways community banks differ from other financial institutions. Rulewriting that speaks to a more level playing field has begun to emerge, and reforms at the banking agencies and Consumer Financial Protection Bureau are more accurately addressing the unique role community banks play in the financial services ecosystem. These and other wins mean our message is resonating in Washington and beyond.

But we are far from done.

### LET’S DIVE DEEPER

These wins only mark the tip of the iceberg; there’s a whole foundation of issues that we need to dive deeper to address. That’s why we implore you to get involved in our advocacy efforts. When you speak up on behalf of community bankers, you truly make an impact.

For instance, on trigger leads, I heard from a bank leader who said he had a residential lender in the bank who was appalled at what was happening. This lender got involved with ICBA, came to ICBA’s Capital Summit and met with her legislators to talk about the issue, and saw the issue resolved, in part because she took the time to speak up. Now, she’s shared that she’ll be a community bank advocate for life.

### PUSHING INTO THE FUTURE

So, as we close out the year, we should take a moment to reflect with pride on our successes, but then we must move on to what’s next. We cannot and will not let up on the

pressure we must exert on policymakers to ensure we have a level playing field to better support our communities.

We must lean in further and harder to represent the industry. In this world where everyone wants to call themselves a bank, we have to make sure legislators and regulators all understand the community bank difference.

We need you to engage to become even bigger advocates to ensure all of our communities have access to the financial services they deserve. So, rest up and enjoy this holiday season. We will see you in the starting lineup in January 2026.

On behalf of everyone at ICBA, I wish you a wonderful holiday season and prosperous start to the new year.

“We need you to engage to become even bigger advocates to ensure all of our communities have access to the financial services they deserve.”

— Rebeca Romero Rainey

### WHERE I’LL BE THIS MONTH

I’ll be spending some time on the road this month visiting our ICBA offices from Tampa to Sauk Centre to Memphis and, of course, at our home base in D.C.



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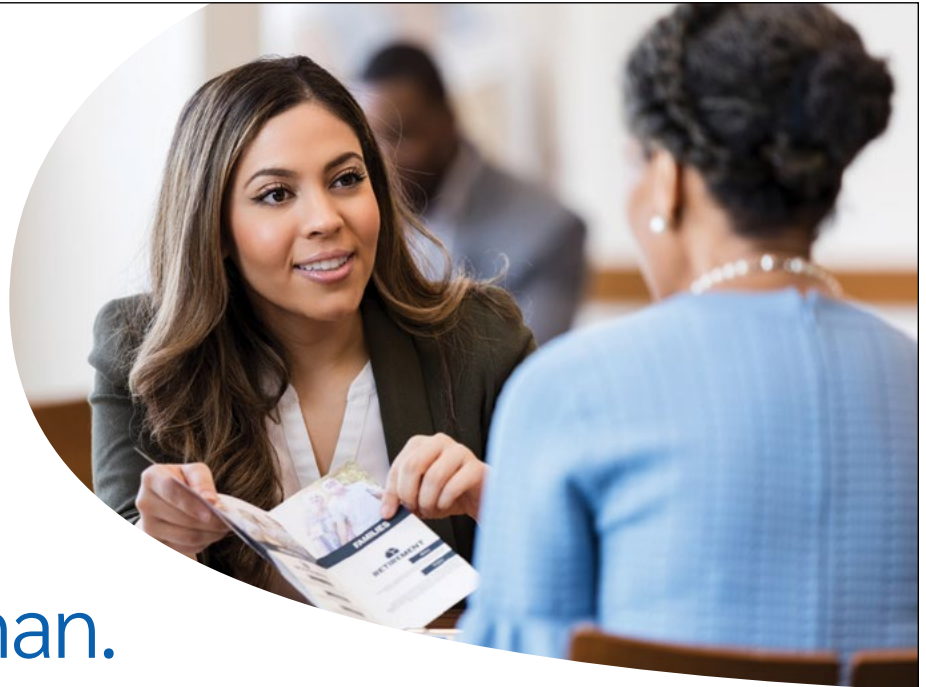


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# From the Top IT'S A WONDERFUL (COMMUNITY BANKING) LIFE

— Jack Hopkins, ICBA Chairman, President & CEO, CorTrust Bank, Sioux Falls, SD



While I may be biased, I believe that being a community banker is the best profession there is. There's just something about watching your customers realize their dreams—whether buying their first home, opening a small business or starting their kid's college fund—that is second to none. Every day, we get to make an important contribution to the lives and happiness of those we serve, and that's a unique gift.

But that feeling is mutual. I have had customers come up and thank me publicly for helping them out. For example, one time I was out in our local mall, and a contractor whom the bank had helped came up and introduced me to his daughter, saying, "Without Jack and his bank, we wouldn't have the nice things we have now." It was a moving experience and one that makes me honored to be part of this industry.

## THE EMPLOYEE EXPERIENCE

That sense of community extends to our employees as well. We take a very family-oriented approach to the work environment. We want our employees to feel like we are their second family, and we want them to feel the depth of commitment that we have to our community. So, we encourage them to serve on nonprofit boards, school boards and other opportunities to be an integral part of the great people we serve.

At some point, every community bank employee comes to the realization that small businesses are engines of the economy and community banks are the gasoline. They realize that what they are doing makes their community a better place to live, work and do business. In fact, a while back, we recruited a commercial lender from one of the larger banks in town. She decided to come work for us with the stipulation she'd only stay five years and then take an early retirement. Well, 15 years later at her retirement celebration, she told us that she'd wished she'd come to work for us long before she did, because working in community banking gave her the best 15 years of her career.

So, this December, as you reflect on the past year, take a minute to appreciate all those ways you have served your community. Recognize that every time we are able to help a customer, we're empowering them to fulfill their dreams, a feat not many other professions can claim. Coming from that perspective, I guess what they say is true: As community bankers, we really do have a wonderful life.

Wishing you and yours the very happiest of holiday seasons!

"Recognize that every time we are able to help a customer, we're empowering them to fulfill their dreams, a feat not many other professions can claim."

— Jack Hopkins

## MY TOP THREE

Best things about working at a community bank:

1. The customers
2. The employees
3. The communities we serve

# FROM THE FRONT LINES TO THE FRONT OFFICE

– Luke Brady, *President, Community Bankers of Iowa Board of Directors, President, Community Savings Bank*

When you grow up in a community banking household, it's not just a job. It's a way of life. For me, conversations about school and practice were shared around the dinner table right alongside discussions about lending, customer service, and regulatory updates. That early exposure sparked a passion that carried me from teller line to boardroom, and ultimately to my current role as President of the Community Bankers of Iowa Board of Directors.

My first day working at the bank was one I'll never forget, September 11, 2001. I was a high school student, just starting to learn the basics: counting cash, handling night deposits. The world changed that morning, and while my duties were small, the importance of serving people during uncertain times made a lasting impression.

Over the years, I've worn many hats: Teller, Credit Analyst, Loan Officer, and now President of our bank. Since 2018, I've also had the privilege of serving on our board of directors. That broad experience, especially time spent on the frontlines, continues to shape how I lead today. There's no better place to truly understand the heartbeat of a community than from the front counter of a community bank. It's where relationships are built, trust is earned, and local economies move forward.



## THE CHALLENGE OF RELEVANCY

Community banks today face a growing challenge: staying relevant. We're not just competing with the bank across town anymore. We're up against credit unions with tax advantages, technology companies that offer banking-like services without the same level of regulation, and the Farm Credit system that's drifting far from its original mission.

Credit unions have long been a thorn in our side, but tech companies and Farm Credit present new and mounting pressures. Tech firms are luring customers with slick apps and frictionless interfaces, while Farm Credit's aggressive interest rates undercut traditional banks. Worse, their government sponsorship gives the illusion of support for riskier borrowers yet they often cherry-pick the best deals, leaving true community banks to step in where others won't.

Community banks have always been willing to work with people through good times and bad. That's a legacy worth protecting.

## BUILDING STRONG TEAMS AND STRONGER COMMUNITIES

At our bank, we believe in building teams that thrive. That means empowering our staff, not micromanaging. We trust our people to do what they do best and give them the flexibility they need to balance work and life. Our commitment isn't just to profitability, but to the well-being of our team and our community.

That mindset is what drew me to CBI's Leaders of Tomorrow (LOT) program years ago. It gave me a platform to grow, connect, and eventually serve on the CBI Board. LOT opened doors, introduced me to mentors, and helped me build a network of like-minded professionals I can turn to when tough decisions arise.

Today, as CBI Board President, one of my top priorities is expanding that network. We're focused on growing both overall CBI membership and LOT involvement. Every bank that joins makes our collective voice stronger whether we're advocating at the Statehouse in Des Moines or on Capitol Hill in Washington, D.C.

## LOOKING AHEAD

CBI's strength lies in its ability to bring people together to share ideas, tackle challenges, and support each other. That will only grow more important over the next 5 to 10 years.

Our role in shaping legislation, amplifying the voice of community banks, and fostering collaboration will be essential as our industry continues to evolve.

Throughout my career, I've received many valuable pieces of advice, but a few stand out: *"Move forward past issues that are over with."* *"Keep it simple."* And perhaps most importantly: *"Ask why?"*

That's the heart of community banking: continually learning, adapting, and serving with purpose.



*"Community banks today face a growing challenge: staying relevant."*

*— Luke Brady*

# THE POWER OF TEAMWORK IN FIGHTING FRAUD

— Quentin McConkey, *BTC Bank*



As a teenager standing under the bright lights of my hometown football games in Albany, Missouri, I learned the meaning and value of teamwork. That lesson stuck with me. After high school, it was reinforced during high-stress training at the Missouri State Highway Patrol Academy, where I trained to become a Trooper.

But in the corporate world—especially in banking—why isn't teamwork more prevalent?

I get it. Banks must compete with other financial institutions for loan and deposit customers. That's how we keep the lights on and the doors open. But what we face daily is bigger than any one bank. It's something that impacts the entire industry, regardless of size, assets, or location.

That thing I'm talking about? You guessed it—fraud.

Community banks, in particular, are feeling the sting. Every dollar lost to fraud can directly impact our bottom line. While larger banks may absorb those losses more easily, for us, they're not just drops in the bucket—they're waves.

To me, it doesn't matter who your customers are or where you're located. You could be across the street from a BTC Bank branch or in another state—it still doesn't matter. What matters is that your customers are being affected by fraud, and I care about that. So why can't we work together?

Earlier this year, I pitched the idea of forming a fraud committee to Matt Ruge, President of the Missouri Independent Bankers Association. The concept was simple: any bank could join at no cost, creating a space for us to connect and collaborate to slow the spread of fraud. Matt saw the value immediately and gave me the green light.

Fast forward a few months—I was in Des Moines speaking with Michael Gathman, CEO of Community Bankers of Iowa, and shared what we were starting in Missouri. Michael jumped on

board and has been instrumental in helping expand the effort. I'm now seeing firsthand the power of teamwork between banks and state associations.

Let me explain how the committee works.

Michelle Lawson has played a key role in organizing the group. She manages the member roster and email communications. We meet virtually every two months for one hour. About six weeks before each meeting, I reach out to the group to gather topics they're seeing and want to discuss. Based on that input, we invite a speaker to address those issues—usually for 20–30 minutes. The second half of the meeting is an open forum. Engagement has been better than I imagined. The conversations fill the entire hour, with nearly everyone participating.

We all know community bankers wear many hats. Our group includes a wide range of titles, but we share one common goal: helping each other out.

Another valuable resource the committee offers is real-time advice. If your bank is seeing something suspicious and you want to know if others have seen it too, you have a platform to ask. Or if you're exploring new tools or software, you can get peer feedback before making a decision.

Don't just take my word for it—here's what some of our members have to say:

- *"The battle against fraud is ongoing. While the risk and market areas may be different, collaborating with our peers and industry professionals about fraud trends and mitigation techniques allows us to gain insight we can't get fighting these battles alone. Everyone brings a unique perspective—and sometimes that's just the edge you need to stop the fraud."*

— Peggy Lottmann, Farmers & Merchants Bank

- *“Fraud is not static. Being part of a Fraud Committee with other bankers in my state allows us to share not only trends we’re seeing in different regions, but also resources and tips that help mitigate both customer and bank losses.”*

— Peggy Alexander, FCNB Bank

- *“Fighting fraud is bigger than just one person or one financial institution. It’s amazing to see a group of community bankers come together with a common goal of fighting fraud and educating ourselves and our customers.”*

— Kim Kohlbusch, Citizens Bank

- *“Being on the fraud committee has been not only informative, but helpful. It has shown that most banks combat the same fraud issues. I believe forming this committee was a positive step towards assisting banks in the fight against fraud.”*

— Christina Boyd, Community State Bank of Missouri

If you’d like to discuss or learn more about the committee, feel free to reach out to me at [Quentin.mcconkey@btcbank.bank](mailto:Quentin.mcconkey@btcbank.bank).



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# NAVIGATING THE HEADWINDS:

## *A Strategic Path Forward for Community Bank Mortgage Lending*

Community banks today are navigating one of the most challenging mortgage markets in recent history. Elevated interest rates have slowed loan origination volumes, squeezed margins, and forced institutions to re-examine their operating models. According to the 2024 Fannie Mae Mortgage Lender Survey, lenders are most concerned about (1) talent retention, (2) controlling costs and (3) streamlining business process. While many see a choice between staying the course or getting out of the game, a more strategic approach is emerging: leveraging shared resource models to build a more resilient and cost-effective operation.

### THE TALENT DILEMMA: RETAINING MORTGAGE LOAN OFFICERS (MLOS) IN A TIGHT MARKET

The mortgage industry is currently facing a significant talent drain. With low origination volume, many mortgage loan officers (MLOs) are struggling to sustain a living. Recent data shows that the number of active, producing MLOs has fallen by as much as 43% since its 2021 peak, prompting what some are calling a "talent crisis". For a small bank, the cost of retaining an in-house team of experienced originators, underwriters, and closers through lean times is immense.

One increasingly attractive solution is outsourcing through shared resource models. Rather than bearing the full cost salaries and benefits, a community bank can access highly skilled professionals on a per-transaction basis. By leveraging this model, banks can rely on seasoned MLOs, underwriters, and processors, freeing their in-house team to focus on strategic, relationship-driven tasks that support long-term success.

### THE RISING COSTS OF ORIGATION

Mortgage lending is resource-intensive business, especially for a smaller operation with low volume. It requires experienced staff, complex technology, and a deep understanding of ever-changing compliance regulations. The Mortgage Bankers

Association (MBA) reported that in 2023, the average cost to originate a loan for non-bank lenders exceeded \$8,000. Roughly half of that—over \$4,000 per loan—stems from underwriting, processing, compliance, and technology costs alone. For smaller institutions, this cost can be prohibitive, particularly when faced with just a handful of new loans each month.

Outsourcing these critical mortgage functions can dramatically reduce expenses. By partnering with a trusted provider like Community Mortgage, for example, a bank can offload these labor-intensive and time-consuming processes while ensuring accuracy and compliance. This leaner model enables institutions to maintain profitability, ensure high service quality, and redirect staff toward higher-value or customer-facing activities.

### BRIDGING OPERATIONS WITH TECHNOLOGY—WITHOUT THE HEFTY PRICE TAG

Today's borrowers expect a seamless digital experience: online applications, secure document portals, real-time updates, and more. For a small bank, developing and maintaining this technology stack on its own is often cost-prohibitive.

Through shared resource models or strategic partnerships, banks can gain immediate access to sophisticated technology platforms—tools that rival those of national lenders—without the massive investment. This approach allows community banks to:

- deliver a modern, competitive borrower experience,
- streamline operations and ensure compliance, and
- maintain their unique brand and personal touch.

### PREPARING FOR FUTURE GROWTH

Market conditions will not remain static. When interest rates decline, the industry expects a surge in refinancing activity. Community banks that fail to prepare now risk being overwhelmed, potentially losing customers to larger lenders with greater capacity.

The key is implementing a scalable strategy today. And here's the crucial point: outsourcing doesn't have to be an all-or-nothing proposition. You can build a hybrid model. For instance, banks may choose to retain their in-house team for conventional purchase loans while outsourcing higher-volume products, like jumbo loans or refinancing applications, to a trusted partner. This strategy allows banks to scale up as needed without risking their reputation or losing customers to a national competitor that can handle the volume.

## EXPLORING COMMUNITY MORTGAGE AS A PARTNER

For community banks seeking to add, strengthen or streamline their mortgage operations, outsourcing to a trusted partner like Community Mortgage offers a practical, strategic path forward.

With our shared resource model, your bank can:

- focus on customer relationships,
- reduce operational costs, and
- gain access to expert talent and cutting-edge technology.

To learn more about how Community Mortgage can support your institution, contact us at [CommunityMortgage@bank](mailto:CommunityMortgage@bank). bank or call 515.223.2265.

Community Mortgage, powered by BANK, is an Equal Housing Lender.

## REFERENCES:

1. Mortgage Bankers Association (MBA) Report on Mortgage Production Costs, 2023.
2. Fannie Mae's *Mortgage Lender Survey*, 2024.
3. National Association of Mortgage Brokers (NAMB), industry reports on costs and origination efficiency.



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# COMMUNITY BANKERS OF IOWA ENDORSES FULL SHAZAM PRODUCT SUITE

SHAZAM®, the only nationwide independent, financial institution-owned debit network, card processor and core provider, is honored to announce an expansion of its endorsement from Community Bankers of Iowa to include SHAZAM's full suite of products and services they provide to community banks. This includes SHAZAM's premier debit card services, SHAZAM® Core™, digital banking and DocuCommand®, SHAZAM's information management system.

"Throughout our organization's history, SHAZAM has committed itself to providing choice and flexibility for financial institutions so they can best serve their accountholders," says Paul Waltz, SHAZAM President and CEO. "Our expanded partnership with CBI shows that Iowa community banks can continue to trust to SHAZAM as an essential resource for their prolonged success."

Community banks receive added value when partnering with SHAZAM due to the organization's structure and focus on their business partners. SHAZAM is owned by the financial institutions they serve, giving them a voice and a vote in the direction of the organization. They don't answer to shareholders, allowing them to reinvest their profits into the technology they build. Community bankers can also count on talking to a SHAZAM expert at a moment's notice. SHAZAM's client support team tops the industry at delivering fast, personalized service, with over 95% of all SHAZAM service calls being resolved the same day.

"When Iowa community banks choose SHAZAM, they're choosing a responsive partner who actively seeks ways to help our members compete and thrive," says Mike Gathman, CBI CEO. "Their cost-effective, innovative solutions, along with their superior customer service, results in a dynamic partnership that ensures community banks have the high-quality products and services they need to best serve their customers."

Learn more about how SHAZAM strengthens financial institutions at [shazam.net](http://shazam.net).

"Throughout our organization's history, SHAZAM has committed itself to providing choice and flexibility for financial institutions so they can best serve their accountholders."

— Paul Waltz



# INDUSTRY NEWS & UPDATES

Community bankers are a part of the backbone of Iowa’s local economies, going beyond banking to make a real impact. No matter if it’s donating to local organizations or causes, hosting or sponsoring events that give back, or serving as a community hub, they create positive opportunities that ripple far and wide. At CBI, we’re honored to work alongside you—providing the advocacy, education, and connections your bank needs to keep thriving.

*We’re here for Iowa’s community banks. And we’re here for good.*

## COUNTY BANK ACQUIRED BY FIDELITY BANK & TRUST

**DUBUQUE, IA** – James R. Kennedy, Jr., Fidelity Bank & Trust Chairman of the Board, announced the bank acquired County Bank of Sigourney, Iowa on October 17, 2025.

County Bank brings a strong tradition of community banking which began in 1884 and now has locations in Sigourney, Deep River, Gibson, Hartwick, Montezuma and Williamsburg. County Bank has strived to be the trusted banking partner of choice for the communities and customers they serve.

Dan O’Rourke, President of County Bank stated, “The acquisition of County Bank by Fidelity Bank & Trust is an incredible opportunity for the growth of banking services in our communities. While this is a bittersweet time for many of our customers, employees, and shareholders, Fidelity Bank & Trust shares the same ideals of community banking as County Bank. Our Board of Directors is extremely pleased that we were able to find a partner like Fidelity Bank & Trust to carry on the strong community banking tradition County Bank has worked so hard to achieve.”

Fidelity Bank & Trust currently has 30 banking locations in eastern Iowa, southwest Wisconsin and western Illinois where their mission is “Making hometown lives better.”

“We are excited to welcome County Bank into the Fidelity Bank & Trust family,” said Kennedy, Jr. “This partnership reflects our shared commitment to community banking, strong customer relationships, and local decision-making. Together, we will continue to build on County Bank’s legacy of service while bringing expanded resources and opportunities to the communities they serve,” he added.

### ABOUT FIDELITY BANK & TRUST

Fidelity Bank & Trust has been serving our hometowns since 1910. As Your Hometown Bank, we’re uniquely positioned to make a difference. We understand our community because we live and work here too. We’re more than financial services, we’re building relationships and creating opportunities that make life better for everyone. Visit [www.bankfidelity.bank](http://www.bankfidelity.bank) for more information. Member FDIC. Equal Housing Lender.



**James R. Kennedy**



**Dan O’Rourke**

# REFLECTIONS FROM THE FEDERAL RESERVE'S INAUGURAL COMMUNITY BANK CONFERENCE



— Dan Stocker, *President & CEO, 1st Iowa State Bank, Member Director, CBI Board of Directors*

I was truly honored to attend the inaugural Community Bank Conference hosted by the Federal Reserve Board of Governors in Washington, D.C., on October 9, 2025, and to represent both 1st Iowa State Bank and Iowa's community banking industry.

The event, thoughtfully organized by Vice Chair for Supervision Michelle Bowman, brought together just over 100 community bank CEOs from across the country for a meaningful day of dialogue and learning. I'm sincerely grateful to our Federal Reserve Bank supervisor, Katy Urbain, for the nomination and the opportunity to attend this event. Being able to visit with fellow Iowa banking leaders James Johnson, Superintendent of the Iowa Division of Banking and CEO of PCSB, and Damon Morrison, President and CEO of Pinnacle Bank greatly added to the experience.

The conference focused on the distinct challenges and opportunities facing community banks now and in the years ahead. While many of the issues discussed apply across the financial industry, I appreciated how intentionally the agenda reflected the realities and needs of community institutions like ours.

## REGULATION, RIGHT-SIZED

One of the most pressing discussions centered on modernizing regulatory thresholds. Current asset-based breakpoints, such as those at \$500 million and \$1 billion, haven't kept pace with the evolving landscape. The consensus was clear: static thresholds can unintentionally create headwinds for growing banks.

As Treasury Secretary Scott Bessent put it, "Regulations and insurance ensure that some banks are too big to fail. What we

need is an easing of regulations so that others aren't too small to succeed."

## INNOVATION IS NOT OPTIONAL

To stay relevant and resilient, community banks must continue to evolve especially in technology. Identifying the right solutions can be challenging, but one thing is certain: if we don't embrace digital progress, our customers will seek it elsewhere.

Topics like tokenized deposits, blockchain, and stablecoin were front and center, not as abstract concepts, but as emerging tools that will shape our industry's future. While the path forward is still unfolding, community banks must stay engaged and informed.

Artificial Intelligence (AI) was another key topic. While AI won't replace the personal relationships we're known for, it will change how we operate, reducing labor needs in some areas while creating new efficiencies and opportunities.

## PROTECTING OUR IDENTITY

Equally important was the concern over the steady decline in bank charters across the country. While consolidation has its place, it also risks eroding the community-centered model that so many of us believe in.

People still value personal connection. Community banks are woven into the fabric of their hometowns. We coach little leagues, donate to bake sales, serve on local boards, and show up when our neighbors need us. That kind

of service isn't easily replicated, and it's something worth protecting.

## PURPOSE AND MOMENTUM

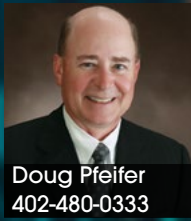
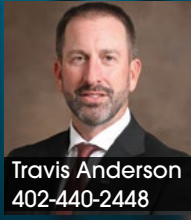
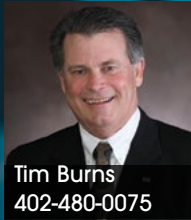
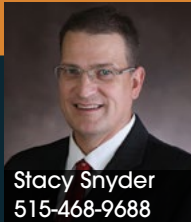
The conference featured a powerful lineup of speakers, including Federal Reserve Chair Jerome Powell, Vice Chair Michelle Bowman, Secretary of the Treasury Scott Bessent, CNBC's Jim Cramer, and banking leaders from across the country. But what stood out most wasn't just the names on the agenda, it was the sense of shared purpose in the room.

Community banking has a future, and we have a role in shaping it. I left the conference encouraged, not only by the conversations that took place, but by the people having them.

There's work to do, and challenges ahead, but also opportunity. We simply need to stay engaged, stay adaptive, and stay true to what makes us different.

"While many of the issues discussed apply across the financial industry, I appreciated how intentionally the agenda reflected the realities and needs of community institutions like ours.

— Dan Stocker



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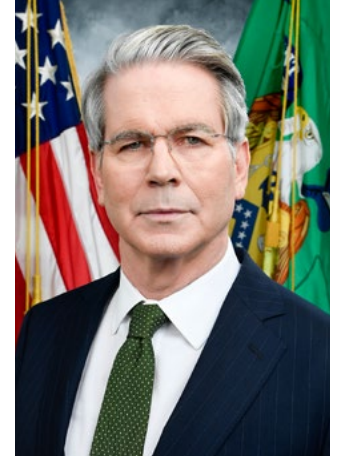
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## SECRETARY STATEMENTS & REMARKS

### *Remarks by Secretary of the Treasury Scott Bessent Before the Fed Community Bank Conference*



*As prepared for delivery*

Good morning. It's an honor to be with you today.

Unfortunately, the government is still shut down because members of the Senate refuse to support the clean government funding bill, which was passed by the House weeks ago. Across the Trump Administration, we are eager to get the government reopened so agencies can continue the work of the American people. This morning, I wish to focus on how we can better serve the American people, and the important role community banks play in that effort.

To begin, I would like to express my appreciation to Vice Chair Bowman for arranging this conference.

She and I are committed to protecting the role of community banks in our financial system. This conference is a testament to that commitment.

As you all know better than most, regulation has gradually suffocated the banks that are closest to the men and women who work the jobs, pay the bills, and take out the loans that fuel growth in small-town America—banks that not only know their customers by name but also their financial hopes and dreams. In other words, banks like yours.

To reverse course, early this year, I called for a fundamental reset of financial regulation. No longer will regulation serve to entrench big banks and empower Washington bureaucrats to the detriment of community banks and the clients they serve.

President Trump has charted a new course for our economy—one that strengthens both the shop floor and the trading floor. This is the era of Parallel Prosperity, where Main Street and Wall Street grow *together*.

And who will turn this vision into reality? The men and women in this room.

Community bankers are laying the foundation for America's Golden Age—one loan, one family, and one small business at a time.

My job as Treasury Secretary is to make it easier for you to do your job. To that end, we have worked hard the first eight months of this Administration to empower community banks to take back control of their own future.

This morning, I will discuss *why* the Trump Administration has sought to empower community banks, *how* we have done it, and *where* we go from here.

### THE PRESIDENT'S VISION FOR COMMUNITY BANKS

First, why.

Community banks are essential to America's heartland.

They provide the capital that binds small towns together: Community banks make the charitable contribution for the new playground. They make the loans for small businesses, farmers, and first-time home buyers. They employ local leaders and teach financial literacy in our schools.

Parallel Prosperity, as I mentioned before, is the idea that Main Street and Wall Street can grow together. And community banks play an instrumental role in driving growth on the Main Street side of the ledger.

To expand opportunity for all Americans, the banks that serve Main Street must have the same chance to succeed as the banks that serve Wall Street. But the post-crisis regulatory framework has instead become a threat to the community bank model.

Since 2010, we've lost 3,600 community banks, a reduction of over 45 percent. Community banks' share of bank assets has fallen from 23 percent to 15 percent. Their share of

outstanding bank loans has fallen from 27 percent to 20 percent. Their share of outstanding bank CRE loans has fallen from 52 percent to 41 percent. This represents an acceleration of trends that pre-date the 2008 financial crisis. And in a disturbing new development, de novo chartering has dropped precipitously, averaging just 6 new banks per year since 2010. For comparison, in the years prior to 2008, there were 100-plus new banks chartered each year.

The post-crisis framework has left a trail of destruction in its wake by reinforcing the larger economic dynamics that have hollowed out the American heartland while enriching the money centers in coastal cities.

To be clear, the financial crisis underscored the need for new regulations. The purpose of Dodd-Frank was to end “too big to fail.” But it ended up creating “too small to succeed.” These new regulations entrenched the dominance of the largest banks by rewarding economies of scale and necessitating effective lobbying operations in Washington. What followed was a community bank bottleneck that left America’s hometowns reeling.

President Trump and this administration have seen what the heavy hand of government has done to community banks and the families you serve. And he has set out to fix it.

Why? Because we know that the Main Street revival starts with a community bank comeback.

## **PROGRESS REPORT**

How have we positioned community banks to succeed?

Let’s start with the early wins.

Just days after President Trump was sworn into office, the Administration began rolling back the regulatory excesses of the Biden years. The regulators ended the politicized use of reputation risk in supervision. They proposed to rescind an embarrassingly complicated 60,000-word Community Reinvestment Act rule. And they retracted a merger policy statement that was both bad policy and bad law.

The previous Administration pushed for rules and guidance that micromanaged corporate governance, entangled the bank regulators in climate-risk management, unduly restricted brokered deposits, precluded responsible bank innovation in crypto and other blockchain technologies, and imposed arbitrary restrictions on incentive compensation. These Biden-era proposals were bad for banks, bad for business, and bad for America. So President Trump slashed all of them.

To restore the strength of community banks, the new Administration has replaced this old, draconian agenda with a new, more constructive agenda.

The FDIC, for example, has recommitted to tailoring by proposing to raise and index asset thresholds. It has streamlined examination procedures and branch applications. And it has started work to reestablish a supervisory appeals body.

Not to be outdone, the OCC has implemented its own reforms. Comptroller Gould has been on the job for only 12 weeks. But he has already reduced assessments on smaller banks by 30 percent, reversed the plan to merge community bank supervision into large bank supervision, and replaced community banks’ formulaic examination schedules with a more risk-based approach.

Vice Chair Bowman, meanwhile, has long advocated for revisiting the community bank leverage ratio. I expect that effort will soon culminate in a proposed reduction in the community bank leverage ratio.

The CFPB, for its part, has started to revamp the Section 1071 reporting requirements and reconsider the open banking rule. And it has withdrawn more than 60 interpretive rules and other guidance documents.

Following the Administration’s example, Congress has also taken up the effort. It has nullified the CFPB’s overdraft rule and prohibited the furnishing of mortgage-related trigger leads.

The House Financial Services Committee has likewise advanced two dozen important reforms to community bank regulation, while the Senate Banking Committee held a hearing and hopefully will soon mark-up an expansion of FDIC insurance on noninterest-bearing transaction accounts.

There is still much to look forward to on the regulatory front. This includes two new proposals that will reset the culture of supervision.

Two days ago, the FDIC and the OCC proposed a rule that would codify the recently adopted prohibition on using reputation risk as a basis for supervisory criticism.

The FDIC and the OCC also proposed a rule that would define “unsafe or unsound practice or condition.”

While simply defining a term might seem like a small thing, it marks a big step forward.

*Continued on next page*

Only in the world of unaccountable regulators could a key concept have gone undefined for so long. The past failure to define this term led to supervisory criticisms focused on processes or documentation related to governance, model management, and third-party risk management. In other words, topics that often had little or nothing to do with a bank's actual financial condition. This regulatory myopia was the driving force behind the spring 2023 bank failures.

Once finalized, a clear focus on material financial risk will put an end to this nonsense.

I am also optimistic about AML/CFT reform. In my meetings with community bankers, they list CTR filings, structuring SARs, and process-focused examinations among their top concerns.

Today, FinCEN released FAQs to address pain points on some of these issues, including triggers for structuring SARs, continuing activity reviews, and the absence of any requirement to document a decision not to file a SAR. These are commonsense yet consequential reforms that will ease regulatory burdens without undermining law enforcement efforts.

As part of our broader campaign to modernize illicit finance regulation, FinCEN and the bank regulators are hard at work on a new rule to define the requirements for an effective AML/CFT program. My expectation is that a proposal will re-center supervision where it should be: on the effectiveness of a bank's AML/CFT program. I likewise expect that that proposal will position FinCEN as a gatekeeper for AML/CFT enforcement.

This will be a significant departure from the past, with its zero-tolerance focus on process and documentation and wide latitude for supervisory expectations and judgments that are not always consistent with the law or our national security priorities. A focus on higher value activities will also better serve our law enforcement and national security objectives.

## THE ROAD AHEAD

These are all important victories, to be sure. But much work remains. So where do we go from here?

Going forward, Treasury will continue to drive reforms to improve regulatory tailoring, re-focus the culture of supervision, and modernize our illicit finance regulation.

Specific priorities will include: reforms to the rating system; new processes for monitoring examiners' compliance with supervisory policy; mechanisms for independent appeals of supervisory criticisms; coordination to avoid duplicative examinations by different regulators; and a review of the core platform providers, including contract terms that prevent community banks from innovating for the future.

For community banks to go back on the offensive, we need to take a closer look at the dynamics that have undermined the community bank model—and work to fix them.

To that end, as I have said before, Treasury is focused on ensuring that modernization of our capital framework ends the capital arbitrage that drives bank lending to nonbanks. This will likely entail reduced capital requirements for large banks on mortgage loans, investment-grade corporate loans, and some other important exposures. We must therefore ensure parity by giving smaller banks at least the option to benefit from those reduced requirements.

Treasury has also supported congressional efforts to modernize the deposit insurance framework. I am encouraged to see emerging bipartisan support for increasing FDIC insurance limits on noninterest-bearing transaction accounts.

In addition to these efforts, Treasury is taking an informed and careful approach to Fannie Mae and Freddie Mac. Any actions on the GSEs must not increase borrowing costs and must preserve what works in the current system. That includes the prohibition on volume-based discounts for large lenders, as well as the cash window and other features that preserve equal secondary market access for small lenders.

## CONCLUSION

Now allow me to close with a call to action.

Before President Trump took office, community banks spent decades on defense.

But under President Trump's leadership, the game has changed. The playing field will be more even.

The ball is in your hands again. What happens next is up to you.

So my advice? Go on offense. Retake market share. Chase after customers. Champion technology. Leverage the new regulatory landscape to your advantage. And expand your role in the American economy.

The community bank comeback will help pave the way for America's Golden Age. Recognize the outsize role you play in this effort. And embrace it. Because if you lead the way, Main Street will follow.

Thank you.

# CBI FALL GOLF CLASSIC

## *Event Recap*



Brian Lane, Kent Petersen, Brad Lane and Kurt Johnson from Security Savings Bank enjoy a beautiful day at Hyperion for the CBI Fall Golf Classic.



Stacy Snyder, Micah Lang, Jeremy Bunkers and Doug Pfeifer from MIB and American Bank



Bill Sullivan & Will Thompson from Two Rivers Bank & Trust pictured with Ben Miller & Kennedy Backes from Bankers Trust



Bill Beck, Westside Bank, Blake Horbach, Templeton Savings Bank, Maureen Beck, Westside Bank and Dan Stocker, 1st Iowa State Bank

# 2025 FALL PHEASANT HUNT

## Event Recap

Thank you to our sponsors for making this event possible.



# FALL MANAGEMENT CONFERENCE

## *Event Recap*

In November, we hosted our inaugural Fall Management Conference in Coralville which brought together Iowa's community banking leaders for a day of learning and strategy on succession planning.

A sincere thank you to all our attendees, speakers, and partners who made this event a success. We look forward to building on this momentum in the seasons ahead!



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# MEMBER APPRECIATION PARTY

## Event Recap

We're grateful for the Member-Partner companies whose ongoing support, innovative products, and generous sponsorships help strengthen Iowa's community banks—and for the service providers who stand behind our banks throughout the year.

Your partnership makes everything we do possible.

Thank you for making our Member-Partner Appreciation Party a success! We look forward to growing these strong relationships in the year ahead.



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