

LEADING THE PARADE

by [Steve Brown](#)

As we have written about before, the hypocrisy and muddled thinking regarding TARP capital from Washington D.C. and the public is astounding. Since it is getting, worse, we are now assuming that this trend isn't going away anytime soon. As such, we are ascribing to that old saying - "when they are trying to run you out of town, get in front and call it a parade."

While not exactly being run out of town, bank bashing seems to be the new pastime. As such, banks of all ilk are missing out on an important marketing opportunity by not better substantiating what they are doing with their capital. While this is especially true for banks that are recipients of TARP, it can apply to all banks. For the next several months at least, banks should consider putting out a series of releases to their local press and political representatives (local, state and Federal) detailing what they are doing in the community with their capital and liquidity.

Step one is to create a metric or series of metrics that you feel comfortable reporting on an ongoing basis. This could be as simple as highlighting the volume of gross new loan production each quarter (or month) or as complicated as providing a breakdown of new loans and refinancings that take place in each lending category. Whatever the case, the objective is to start giving the public information about what is happening with capital and deposits. While banks may argue that you do enough reporting (as banking is one of the few industries that actually has detailed information about operations available to the public), clearly it is not enough. One reason why Washington and the public feels like banks are taking advantage of the taxpayer is that, as an industry, we are not doing enough to provide the proper education. Giving everyone ongoing, quantifiable numbers is the right step in that direction.

In addition to numbers, banks should consider releasing a series of case studies or narratives about specific instances where your bank made a difference in the community. This puts a face behind the numbers and gives the press release that extra punch, allowing reporters to follow-up. Maybe you can get a quote that has impact from a recent happy customer. Maybe you can provide customers that will serve as references. Maybe you even invite these customers to a community/press event. The trick here is to provide tangible support for your bank that is relevant given the economic downturn. In this manner, the next time banking is accused of the high treason of taking capital

without lending, you will not only have the numbers on your side, but you can say, "I think you ought to call Joanne Billups who owns XYZ Equipment Rental. She seemed pretty happy with her new 10Y fixed rate building loan."

In the same vein, make sure that at least annually, you provide the press and community leaders with everything your bank has done in their districts - Loans, deposits, grants, donations, charity hours, whatever. Having more legislative support is helpful in this day and age. In addition, some banks have used the current

times as an opportunity to make a plea for more DDA/MMDA

deposits in order to support loan growth.

Bankers are a humble bunch, so we know that most never toot

their own horn. However, now is the time to start raising your

profile for the good of the industry, as well as your bank. If you have an effective press release tailored for these economic times that you think other bankers may want to see, forward it over, as we would love to take a look. If not, consider what you could be doing to help turn the current bank bashing parade around.

BANK NEWS

#10 Through #13

On Friday the FDIC closed Sherman County Bank (\$129.8mm, NE), Riverside Bank of the Gulf Coast (\$539mm, FL), Corn Belt Bank and Trust (\$272mm, IL) and Pinnacle Bank (\$74mm, OR). Heritage Bank (\$429mm, NE) paid a 6% premium for \$85mm in deposits and purchased \$22mm in assets. TIB Bank (\$1.48B, FL) will pay a 1.3% premium for Riverside's \$424mm in non-brokered deposits and will acquire \$125mm in assets. Carlinville National Bank (\$177mm, IL) will pay a 1.75% premium on \$234mm of non-brokered deposits and will purchase \$61mm in assets. Washington Trust (\$4.1B, WA) assumed all \$64mm in deposits of Pinnacle and signed a loss sharing plan on \$66mm in assets.

Stimulus & Comp

What is wrong here? The Treasury wants only strong banks to sign up for CPP capital and then Congress penalizes them by limiting executive pay? For banks that took \$25mm or less in capital, the highest paid employee of the institution that took TARP funds is limited to incentive compensation at 33% their normal rate. We would love to go into more details, but they are still murky.

Foreclosure Moratorium

BofA, Citigroup, JP Morgan and Wells agreed to freeze new home forecloses until 3/6/09.

CU Guarantee

The NCUA has expanded its debt guarantee to \$7.8B from \$4.9B.

Copyright 2021 PCBB. Information contained herein is based on sources we believe to be reliable, but its accuracy is not guaranteed. Customers should rely on their own outside counsel or accounting firm to address specific circumstances. This document cannot be reproduced or redistributed outside of your institution without the written consent of PCBB.