

# Oklahoma Risk Forecaster

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## From Your Chapter President

### Upcoming Events:

- May 25, 2016 Loan Underwriting and Documentation Lunch & Learn, Oklahoma City, OK
- May 26, 2016 Loan Underwriting and Documentation Lunch & Learn, Tulsa, OK
- August 2, 2016 Construction Loan Management: Administering the Construction Loan Process, Tulsa, OK

We are nearing the end of another fiscal year for the chapter which means my term as President will be completed. I am honored to have the opportunity to continue to build on the legacy of the chapter. Many of you may not be aware of the history of the chapter. In the early 1980's the Oklahoma chapter was dissolved and merged into the Texas chapter. A number of banks continued their membership; however, the chapter was not as active on a local level. In 2003, a group of around a dozen bankers got together and met over several months to discuss reestablishing the Oklahoma chapter. They all possessed a desire to revive the chapter and felt the timing was right. The first general membership meeting occurred in 2004 – a roundtable event/panel of Bank CEOs at Coles Garden. Since that time, the chapter has continued to flourish under the leadership of past presidents. The chapter is one of the most active in the nation and continues to qualify for the highest award level.

Thanks to all the Oklahoma Board members (past and present) for your hard work and dedication. Without you we would not be where we are today. And last but, definitely not least, thank YOU – our members – for supporting our events and continuing your membership. It has been a pleasure and a great learning experience to serve as the chapter President.

Chapter President  
Sandy Cox

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## Internships: An Age-Old Tradition That Will Boost Banking's Future

Each month, The RMA Journal highlights elements of RMA's Academic Program, which aims to bridge the financial services industry's talent gap by promoting banking careers and helping college students prepare for them. The Academic Program includes scholarships, training, free RMA student membership, chapter events, a certificate, and internships. This month's article focuses on RMA's new effort to promote industry internships.

With summer internship season fast approaching, RMA is challenging member institutions to use a new feature on the association's website.

As part of RMA's Academic Program, the association is hosting a Web page that links college students who are looking for internships with financial institutions that are offering them.

RMA strongly urges banks to post their internship opportunities and, if they do not already have positions to post, to create them. The association has provided tips and ideas on how to start an internship program on the Members Only page of its website. To get to the page, click on "Membership" at the top of the My Account page. Under the Membership Benefits column at left, click on "Members Only." The direct address to the Members Only page is [www.rmahq.org/members-only](http://www.rmahq.org/members-only).

For employers, the time-honored benefits of internship programs are many. As Internships.com points out, the programs are a way to find and groom future employees, and the "extra sets of hands help your employees be more productive." Perhaps one of the less-appreciated benefits is the fresh perspective a college student can offer.

Of course, internships are a two-way street. Often, they are more about boosting the prospects of a young person than a business.

That is the spirit guiding RMA's internship service. But in this case, banks can take pride in the fact that their internships are not only helping careers, but the financial industry itself, which needs innovative new talent to thrive in a changing technological, economic, and regulatory landscape.

Like other facets of RMA's Academic Program, the internship service targets the industry's growing talent gap, which is the result of baby boomer retirements and fierce competition from tech and other industries for the best and brightest students. As RMA President and

CEO Bill Githens noted in a recent American Banker article, education, internships, and mentoring are ways to inspire more young people to join the financial services fold.

Students can view financial industry internships on RMA's website by navigating from the Student Membership page to the Student Resource Center ([www.rmahq.org/src](http://www.rmahq.org/src)). It is up to member institutions to accept RMA's challenge and provide opportunities for future bankers.

Institutions can list available internships for no charge at [www.rmahq.org/career-center](http://www.rmahq.org/career-center).

Consider hiring an intern this summer, this fall, or anytime. Chances are, it will greatly benefit your financial institution, a young person, and even the entire industry.

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## Credit Risk Certification (CRC)

### Why CRC?

In today's rapidly changing financial services industry, you need practical, day-to-day knowledge that will help you excel in your profession. You need the latest skills—skills that are current and complete. And you need the demonstrated ability to serve a diverse base of clients. Plus, you need all of your knowledge, skills, and abilities to be validated by a respected organization like RMA.

For more information, visit <http://www.rmahq.org/crc>.



## Know Your City

The Oklahoma Chapter of RMA hosted a timely event for the Oklahoma region in March of this year. Members were presented insights from real estate professionals including Ford Price, Managing Partner at Price Edwards & Company, Catherine O'Connor, President and CEO of the Alliance for Economic Development of Oklahoma City, Darin Dalbom, Managing Director of the Oklahoma City office of Integra Resources-Tulsa/OKC for the OKC event, and Owen Ard, Senior Managing Director of Integra Realty Resources-Tulsa/OKC, Kian Kamas, VP of Economic Development and Ryan Carter, founder of Porthaven Partners for the Tulsa event. With expertise ranging from real estate valuation, real estate leasing and sales, and community development, listeners were given a broad perspective on local conditions.

While the headlines concerning the oil and gas industry have grabbed our attentions recently, industry leaders are cautiously optimistic about Oklahoma's real estate market. The economy in Oklahoma has become more diverse in recent years with further diversity forthcoming from firms such as



Boeing and Paycom that bring non-energy jobs to Oklahoma. Clearly energy related jobs are having an impact on the current real estate climate, but the consensus is it is too early to tell the impact. However, the market remains fairly strong.

Presenters point out a strong industrial market, particularly in the metro areas with some contraction occurring in outlying rural areas, strong cap rates in multifamily products with some subleasing of owner occupied office space occurring in the metros. An analysis was presented comparing the current oil cycle with the one experience in the 1980's with all

*Experts and city leaders are cautiously optimistic about Oklahoma's real estate market*



responders saying we are in a better position than we were then. The current downturn does not include a liquidity crisis, notes Integra Realty Resources, allowing for a more inelastic demand for real estate.

There are a number of bright spots for the area with some exciting development occurring. Oklahoma City has seen an expansion of the Boathouse District with the Riversport rapids opening this spring, expansions to Will Rogers World Airport moving forward and the development of the new Oklahoma Contemporary Arts Center. These and other developments provide Oklahomans with unique urban amenities that will not only improve residences' way of life, but may also attract the attention of companies looking to relocate or expand.





## Rise of the Underdark

Every year we as bankers hear horrific tales of credit card information stolen with both the banks and the individuals being damaged in the process. In most banks annual training is conducted to educate us on the steps needed to be taken to reduce the risk of information loss. With our understanding of pretext calling, shoulder surfing and dumpster diving firmly in place, one may question what happens if that information does get stolen? The information is sold, but how?

The Oklahoma Chapter along with co-sponsor Interworks, brought in Tim Leonard, Chief Information Officer of Commercial Bank of Texas, to delve into what is commonly called the Deep Web. Tim's presentation was based on his personal experience in the Deep Web arising out of an experiment he put into motion to find out how stolen information was being used. What he found and shared with attendees was much darker than any of us anticipated.



What began as a casual business lunch quickly turned into discussions that bring to mind images of Jack Ryan and James Bond and Jason Bourne. The world of buying and selling stolen information is more akin to espionage than common theft. Successful participants in the trade utilize a tradecraft that was born out of FBI and CIA manuals.

The profession of profiting from stolen credit card information is much more elaborate than one might imagine. As Tim put it, if the successful ones were to put the amount of energy into a legitimate profession they would likely be highly successful. The group learned that in order to be successful at this line of work it requires the ability to lead multiple lives. These individuals must be able to separate their day-to-day lives with the use of items such as "burn phones", "burn computers", and the like to ensure their own identities aren't detected by law enforcement. Tim took the experiment as far as obtaining such trade devices in order to learn the precise steps that are taken to obtain the stolen information. All of his activities required complete anonymity, with the exception of course of his unsuspecting spouse that would have questioned

multiple phones and late night trips to make phone calls.

Tim then gave a demonstration of the Deep Web itself, showing attendees exactly what is out there. The Deep Web is not something that is navigated in a standard Microsoft Internet Explorer application. It requires special software and, of course, a "burn computer" to the activities can't be traced back to you. It was shocking to see the darker side of the web, but in order to utilize the purchased information further steps had to be taken. Tim later discussed the means by which the purchased information is exploited for profit, steps that are classified to those who attended the event.

The experience gave all who attended a deeper respect for the work that is done on the law enforcement side to catch the criminals in this profession and provides a firm understanding of the importance of information security.





## Women-In-Banking Affinity Group

*“Weaknesses are strengths pushed to the extreme”*

The banking community, once dominated by men, has seen a shift in the last few decades with women becoming prominent and integral parts of the banking system. This is exemplified in the presence of a female Federal Reserve Chairperson. Oklahoma’s Chapter of the Risk Management Association established a Women in Banking affinity group. This isn’t a “girls only” club, though as both women and men are invited to participate in WIB events.

At the most recent event, participants were asked, “what personality type are you?” The group enjoyed an enlightening lunch with guest speaker Sheila Powers, a Certified Personality Consultant. Sheila described the four different personalities using the DICS factors; dominance, influence, steadiness and compliance. Throughout the presentation she stressed that each type of behavior is important and one type is not better than the other. Everyone is a unique blend of the four personality types.

The session was very informative as Sheila answered relevant questions including how best to get along with just about anyone. Her reminder to all that attended, “weaknesses are strengths pushed to the extreme”. Thank you to all who attended.



## Women in Banking Investing for Women

It is crucial that women feel empowered and confident when it comes to making investing decisions. A recent Women in Banking event provided an opportunity to learn more about their investments and how to invest for the future. The Tulsa event was presented by two investment bankers, Kelcy Flores and Fenny Jie, with the Private Bank of Oklahoma. The session covered the different categories of saving as well as ideas on how to invest for the future. The members learned about options for today's retiree compared to options for tomorrow's retiree. Members were advised to review spending habits when determining their investment strategy. The presentation centered around the five important "D"'s for retirees: Define, Deposit, Dollar Cost Averaging, Diversify and Detect. The members also participated in a detailed discussion involving potential risks and returns on investments.

In Oklahoma City, Janet Wedman, CTFA, and Vice President and Trust Client Advisor with Arvest Bank presented "Know What you Own". In addition to learning the types of investments, Janet also explained the concept of asset allocation and diversification. She provided the tools found on the internet to determine the mix and rating of your investment in a mutual fund. According to Janet, "Investing money is psychological. If you know what you own, that is what keeps you motivated". She also advised members to be thinking bargain shoppers and "buy stock on sale" when possible.

## How is Your Bank Performing?

### Developing Financial Professionals

The Developing Financial Professionals was enlightened during the recent luncheon with a presentation on "How is 'Your' Bank Performing". Two qualified CFO's shared their knowledge on bank financials and how to determine their bank's financial health.

In Oklahoma City, Kevin Lawrence, CFO and Treasurer of Bancfirst Corporation, explained the major components on a financial statement and the key ratios. The group reviewed the Uniform Bank Performance Report (UBPR) posted on the Federal Financial Institutions Examination Council (FFIEC) website. According to Kevin, the primary risk factors for banks include:

- Changes to the Oklahoma Economy, specifically oil prices and commercial real estate
- Threats to non-interest income including payment system changes, overdraft fees, and consumer regulation.
- Continued low interest rates.
- Competition paying interest on business checking accounts.
- Information security.
- Last, the members were able to compare key ratios for their bank with others in attendance.

In Tulsa, Steven Nell, EVP and CFO of Bank of Oklahoma, shared his thoughts on the topic. Steven walked us through how his perspective of bank performance changed as he progressed in his career, beginning as a manager and controller in BOK's management accounting department, transitioning to its corporate controller, and, ultimately, becoming the CFO.

Steven walked the group through different quarterly segmentations of key ratios for a few specific banks that failed in 2008, and compared them to the same ratios of banks that are still around today. He discussed how credit problems lead to liquidity problems that lead to capital problems. He mentioned that, while there are some significant indicators of a bank's performance within the UBPR, the UBPR itself is fairly limited in telling the whole story about how 'your' bank is performing. The presentation ended with a relevant question and answer exchange.

## Upcoming Lunch-and-Learn Loan Underwriting and Documentation Best Practices

Join the OK Chapter as we are treated to a presentation from Eide Bailley covering areas including financial statement analysis, tax return analysis, loan file review and best practices for loan file documentation. Attendees will learn about common mistakes in the loan underwriting and documentation process.

### Speaker:

**Phil Traxler** has over 30 years of banking/finance experience and provides a wide range of risk management consulting services to Community Banks' Senior Management and Board of Directors including interest rate risk analysis, loan loss methodology, risk rating review and loan file review.

### Details

#### Oklahoma City

Arvest Bank  
3900 N Lincoln Blvd  
Oklahoma City, OK  
Wednesday, May 25<sup>th</sup>, 2016  
11:30 a.m. to 1:30 p.m.

#### Tulsa

Spirit Bank  
1800 S Baltimore Ave  
Tulsa, OK  
Thursday May 26, 2016  
11:30 a.m. to 1:30 p.m.

Price: \$15 for Members  
\$20 for Non-Members

*Lunch will be provided.*

## Registration Now Open!!! Construction Loan Management Administering the Construction Loan Process

Commercial real estate construction projects, even small ones, occur over a length of time, usually 12 to 24 months. This long process exposes the bank to risks it cannot control: weather, interest rate increases, supplier difficulties, and, of course, the usual industry, business, and management risks. At community and small regional banks, staffs working in traditional credit risk are required to accomplish the task of administering and monitoring construction lending without the aid of a specialized real estate staff. Additionally, administration of the loan depends on more than the bank's policies and procedures—it also is influenced by the conditions of the approval, the commitment letter to the customer and the elements of the construction loan agreement.

Construction Loan Management: Administering the Construction Loan Process covers the key components of managing risk in commercial construction lending—from individual loans to build commercial and multi-family residential buildings to lines of credit for residential homebuilders. In contrast to RMA's Analyzing Construction Contractors and Real Estate Fundamentals in Commercial Lending, this course will not focus on credit risk assessment of contractors and/or the underlying real estate project; it will only briefly review elements of the decision to extend credit on a construction project or to a residential builder.

This one-day course, either instructor-led or held in-bank, will include lecture with extensive examples of problems, sample reports and documents, short quizzes, and case examples (bring a calculator).

### Details

Tulsa  
Spirit Bank  
1800 S Baltimore Ave  
Tulsa, OK  
Thursday May 26, 2016  
8:30 a.m. to 5:00 p.m

### Credits:

8.00 NASBA CPE Hour(s)  
8.00 CRC CEU(s)



## Recognizing Past Presidents

As the Oklahoma Chapter prepares to transfer under new leadership in the following fiscal year, we wanted to take the opportunity to thank past Board Presidents for their devoted leadership and service to the Board and the Chapter. Without them the Chapter wouldn't be as successful as it is today. If you see one of these past Presidents in your office or at an event, take the time to thank them for helping the Chapter be what it is today

- **Matt Wilson**, BOK Financial Corp, served as President for the 2004-05 fiscal year and the 2005-06 fiscal year.
- **Darryl Schmidt**, BancFirst, served as President for the 2006-07 fiscal year.
- **Michael Gibson**, Commerce Bank, served as President for the 2007-08 fiscal year.
- **Danny Williams**, SpiritBank NA, served as President for the 2008-09 fiscal year, 2009-10 fiscal year and 2013-14 fiscal year. Danny remains an active Board Member
- **B. Scott Wrigley, CRC**, MidFirst Bank, served as President for the 2010-11 fiscal year.
- **Fawn Sachleben**, Citizen Bank of Edmond, served as President for the 2011-12 fiscal year.
- **Christopher White**, InterBank, served as President for the 2012-13. Chris remains an active Board Member.

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## 2015–2016 Oklahoma Chapter Officers

Sandy Cox	<i>Bank SNB, President</i>	Chris White	<i>InterBank, Programming</i>
Josh Merry	<i>YNB, 1<sup>st</sup> Vice President, Communications</i>	Fawn Sachleben	<i>Citizen Bank of Edmond, Programming</i>
Cindy Tipton	<i>MidFirst, Secretary</i>	Kevin Paul	<i>First Oklahoma Bank, Programming</i>
Aaron Williams	<i>BOKF, Education Chair</i>	David Martin	<i>Security Bank, Education</i>
Nicholas Davis	<i>MidFirst, Education Chair, Newsletter</i>	Caitlin Lierly	<i>Mabrey Bank, Developing Financial Professionals</i>
Alex Gifford	<i>Spirit Bank, Developing Financial Professionals Chair</i>	Jennifer Pietila	<i>BOKF, Women in Banking</i>
Ashley Colston	<i>Arvest, Developing Financial Professionals Chair</i>	Yvonne Kinsey	<i>Arvest, Women in Banking</i>
Danny Williams	<i>Spirit Bank, Membership</i>	Connor Lankford	<i>MidFirst, Developing Financial Professionals</i>
James Finch	<i>First Fidelity, Membership</i>	Trevor Montgomery	<i>Grand Bank, Co-Treasurer</i>
Caleb Dupuis	<i>First United Bank &amp; Trust ERM Committee</i>	Lexi Garrison	<i>Valliance Bank, Co-Treasurer</i>
Eric Ernst	<i>BOKF, ERM Committee</i>		
Bill Glover	<i>Bank SNB, Programming</i>		



## Welcome New Institutional Members!

We are pleased to announce three new Institutional Members to the Oklahoma Chapter of the Risk Management Association. Membership in RMA provides countless networking opportunities and exposure to the industry's key decision makers and managers. RMA's local and national events keep you up to date on industry trends and issues while allowing you to meet new people and swap successes with peers.

Becoming a member also gives you a voice in the industry. A forum to share your ideas and have them valued is extremely satisfying and beneficial for your professional growth. Welcome new Member Banks!

- Firststar Bank NA, Sallisaw, OK
- First State Bank, Tahlequah, OK
- Oklahoma State Bank, Guthrie, OK



Please join me in congratulating the RMA Oklahoma Chapter for being selected as one of the top three chapters nominated for a Chapter Excellence Award. The chapter was recently selected in the categories of Programming and Communications. The RMA Chapter Excellence Award allows chapters to nominate a chapter event or chapter initiative for special recognition. The award is segmented and judged in five separate categories, as follows:

- Membership
- Programming/Educational Events
- Communications
- Academic Involvement
- Community Involvement

This year there were a total of 38 submissions. In the first round of judging, the top three submissions in each of the categories was selected. The second round of judging will determine the winner in each category and will be voted on by all 2015-2016 chapter board members. Chapter voting will be open through June 3, 2016, and the winners will be announced at the 2016 Chapter Leaders Conference.



## Get Involved & Stay Connected

Our chapter presents opportunities for individuals to get involved. Chapters rely on the talents of volunteers to stage many of their programs, conduct membership development efforts, and promote the ideals of the Association. To find out more about how you can get involved in our chapter, email us at [rmaoklahoma@gmail.com](mailto:rmaoklahoma@gmail.com)

To stay updated on upcoming classes and audio conferences you can find more information on our chapter website and the chapters LinkedIn page.



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