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# 38th Annual Banking Seminar and Golf Event

August 25, 2025



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# Schedule

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8 – 8:30 a.m. — Registration and Welcome

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8:30 – 9 a.m. — Navigating the 2025 Regulatory Landscape: Key Compliance Priorities for Banks

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9 – 10 a.m. — The State of Banking: The Season of De-Regulation and OBBBA

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10 – 10:15 a.m. — Break

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10:15 – 10:35 a.m. — Swing Smart, Plan Smarter: Transitioning Ownership, Preserving Wealth

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10:35 – 11 a.m.— Modernizing Cyber Defense

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11 – 11:25 a.m. — Credit Portfolio Management in Today's Economic Turbulence

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11:25 – 11:40 p.m. — Break

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11:40 a.m. – 12:30 p.m. — Industry Insights Panel: Key Trends Shaping Your Customers' Future

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1 – 6 p.m. — Golf event: Shotgun format

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6 p.m. — Social hour and awards/prizes





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# Navigating the 2025 Regulatory Landscape

## Key Compliance Priorities for Banks

# Speakers



**Karen A. Leiter, CRCM, CAMS, CBAP**  
Principal  
Financial Services



**Katie Neuman-Lindstrom, MBA, CRCM, CERP**  
Director – Regulatory Compliance  
Financial Services



# Consumer Compliance Supervisory Highlights

- Top Violations
  - Truth-in-Lending Act/Regulation Z
    - Open-end periodic statements (PLOCs, HELOCs)
    - TRID - Loan Estimates and Closing Disclosures
  - Flood Disaster Protection Act
    - Adequate insurance not in place at time of making, increasing, extending, or renewing a loan
  - Truth-in-Savings/Regulation DD
    - Clear and conspicuous account disclosures
  - Electronic Funds Transfer Act/Regulation E
    - Failure to properly investigate error allegations
  - Home Mortgage Disclosure Act/Regulation C
    - Reporting inaccurate data



# Navigating 2025: Compliance Changes

- Small Business Lending Data Collection (1071)
  - Delayed 1 year\*
- Fair Lending – Executive Order
  - Changes to Disparate Impact
- CFPB Withdrawal of Guidance Documents
  - 67 interpretive rules, policy statements, and advisory opinions
- CRA Modernization
  - Proposal to rescind
- FDIC Signage/Advertising
  - Portions delayed



# AML/CFT Criticized Program Elements: Trends in Consent Orders

BSA/AML program

Action plan

Board oversight

Staffing assessment

BSA/AML training

Customer Due  
Diligence (CDD)

Third-Party Risk  
Management (TPRM)

- FinTech/Banking as a Service (Baas)

Suspicious activity  
monitoring and  
reporting program





# More Trends

Investigatory  
standards

Alert  
dispositions

Effectiveness  
testing

OFAC  
management

Poor KPI  
reporting to  
management

Source/Use of  
funds not  
documented

Staffing issues



*Thank you!*



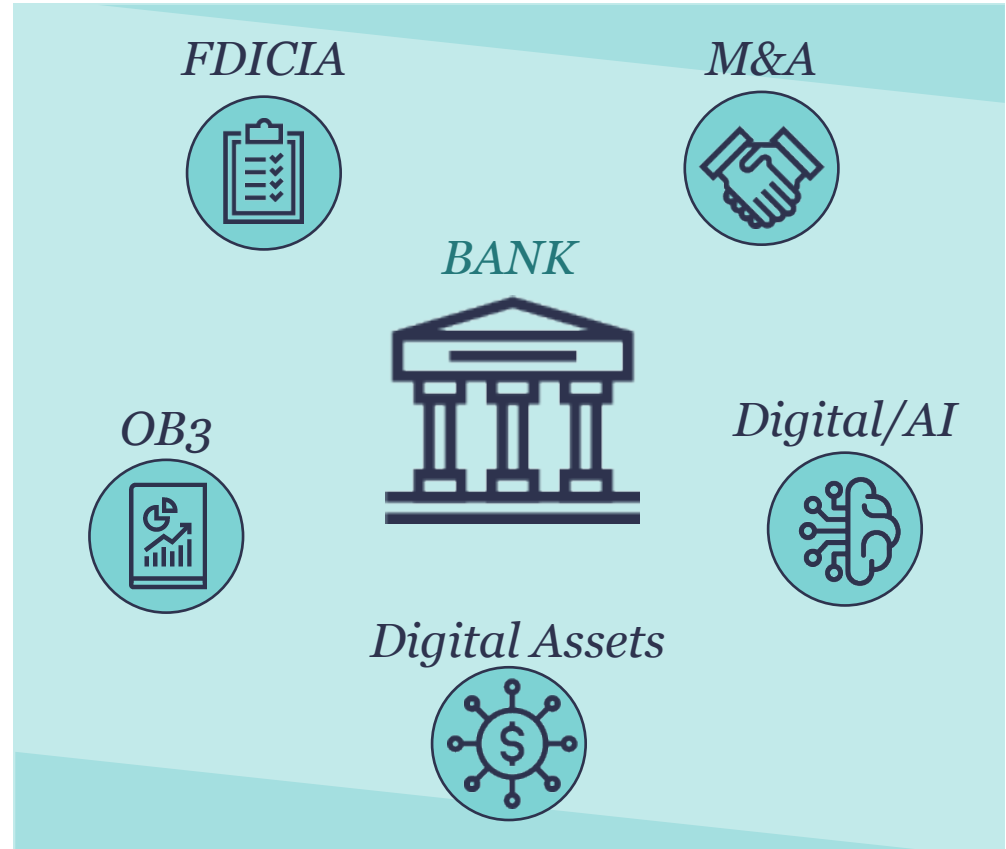
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# Hot Topics in Banking in 2025





# Break

10 – 10:15 a.m.





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# Ownership Transition and Preserving Wealth

## Swing Smart, Plan Smarter

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# Agenda Items

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Understanding ownership transition

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Twealth: private client services

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Strategies for preserving wealth





# Ownership Transition Advisory





# Types of Ownership Transitions

Internal transfers

- Family members
- Existing partners/managers
- Employee buyout (ESOP)

External sales

- Private equity
- Family office
- Synergistic buyer
- Individual/entrepreneur



# Assessment and Roadmap



- Clarifying objectives
- Personal
  - Readiness
  - Business
  - Readiness
  - Attractiveness



## Critical Factors in Successful Transitions

Clear communication

Stakeholder alignment and engagement

Proper valuation

Comprehensive planning

- Profit gap
- Value gap
- Wealth gap



# Case Studies of Ownership Transitions

- Insights from real-life cases
  - Highly personalized
  - Dynamic
  - Spontaneous
  - Accelerated
  - Multi-disciplinary team

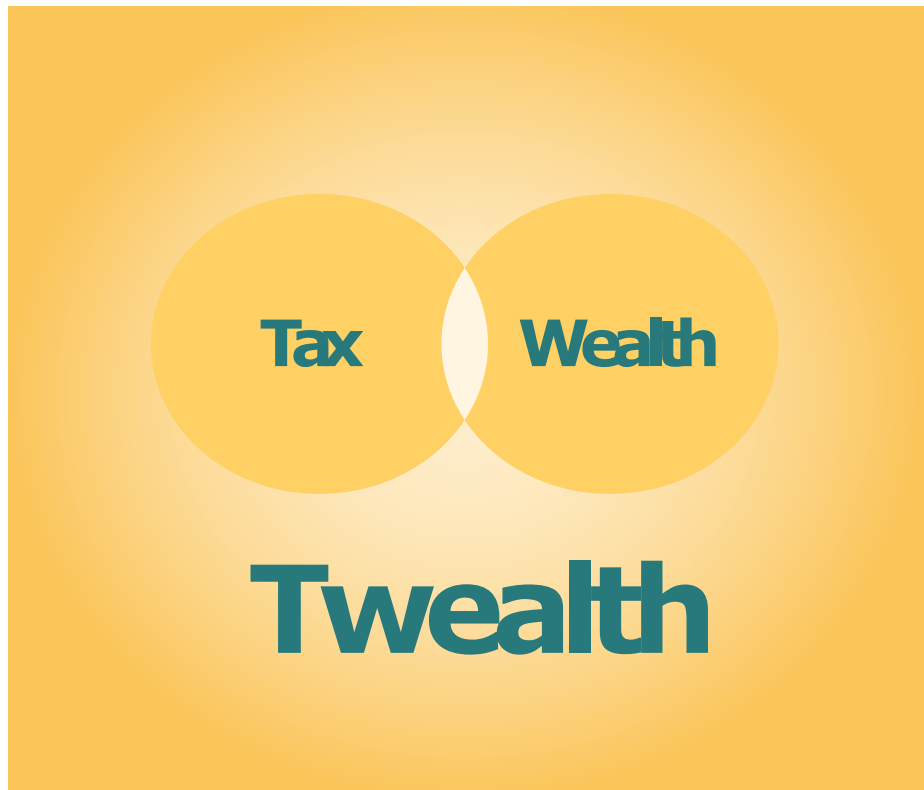




## Twealth: Private Client Services



# Twealth = Tax and Wealth



- Integration of tax and wealth
- Crafting a personalized plan
  - Creating a tailored financial plan aligns your strategy with your individual or business goals, ensuring a path to success
  - Estate planning



# Regular Review and Adjustment of Plans



- Monitoring
  - Crucial to stay aligned with changing market conditions and personal objectives
- Adaptability
  - Adjusting financial plans allows individuals and organizations to remain adaptable in a dynamic economic environment



# Strategies for Preserving Wealth





# Wealth Philosophy

## Rule #1

- Hippocratic oath

## Rule #2

- Stay focused
- Discipline
- Patience
- Extreme decisiveness



# Estate Planning and Trusts

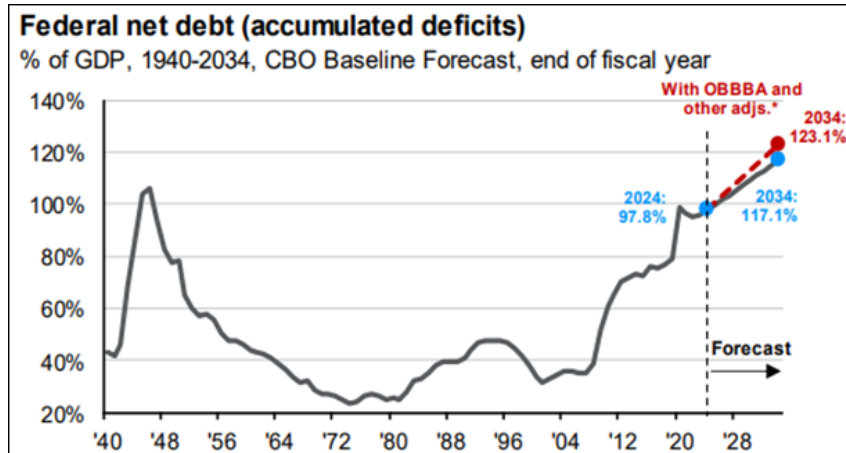
- Vehicles
- Life insurance
- Beneficiary security
- Asset titling



# Market Outlook and Strategies

## *Expect continued growth in the US Deficit*

- Interest rates higher for longer
  - Key takeaway: rising federal debt will put upward pressure on long-term yields in the years ahead.
  - As borrowing costs climb, businesses will pay more to fund growth, and consumers will feel the pinch through pricier mortgages, student loans, and everyday credit.



Source: Bureau of Economic Analysis, Treasury Department, Congressional Budget Office, JP Morgan Asset Management (as of 8/4/2025).



# Conclusion

## Ownership transition

- Effective ownership transition is crucial for maintaining business stability and ensuring continuous growth across generations

## Twelfth: private client services

- Tax and wealth seamlessly integrated

## Wealth preservation

- Wealth preservation strategies help individuals and businesses protect their assets against inflation and market fluctuations



# Questions?



*Thank you.*

Derek Hicks, CFA, CFP  
Principal, Wealth Advisory  
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# Preparing for the Sunset of the FFIEC CAT Framework

August, 2025

# Learning Objectives

1

Recall the implications of the FFIEC CAT framework sunseting and the urgency of adopting a new cybersecurity framework.

2

Identify alternative frameworks and their suitability for different institution sizes and complexities.

3

Identify practical steps and strategies for transitioning to a new cybersecurity framework before the effective date.





# Risk and Maturity Frameworks

- FFIEC ACET is retired...
- How is your institution planning to address the retirement of the ACET cyber risk evaluation and communication tool?

## Answers

### Poll Results

37 Answers

We are transitioning to NIST CSF.

9/37

We are transitioning to CIS Critical Controls.

3/37

We are transitioning to CRI.

1/37

We do not have an active plan in place.

5/37

I did not know it was being retired.

19/37





## FFIEC CAT History

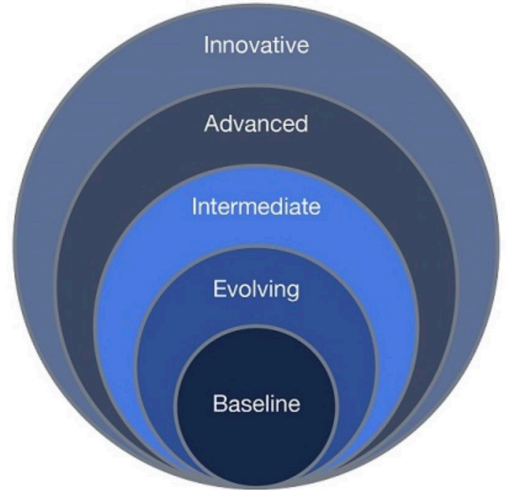
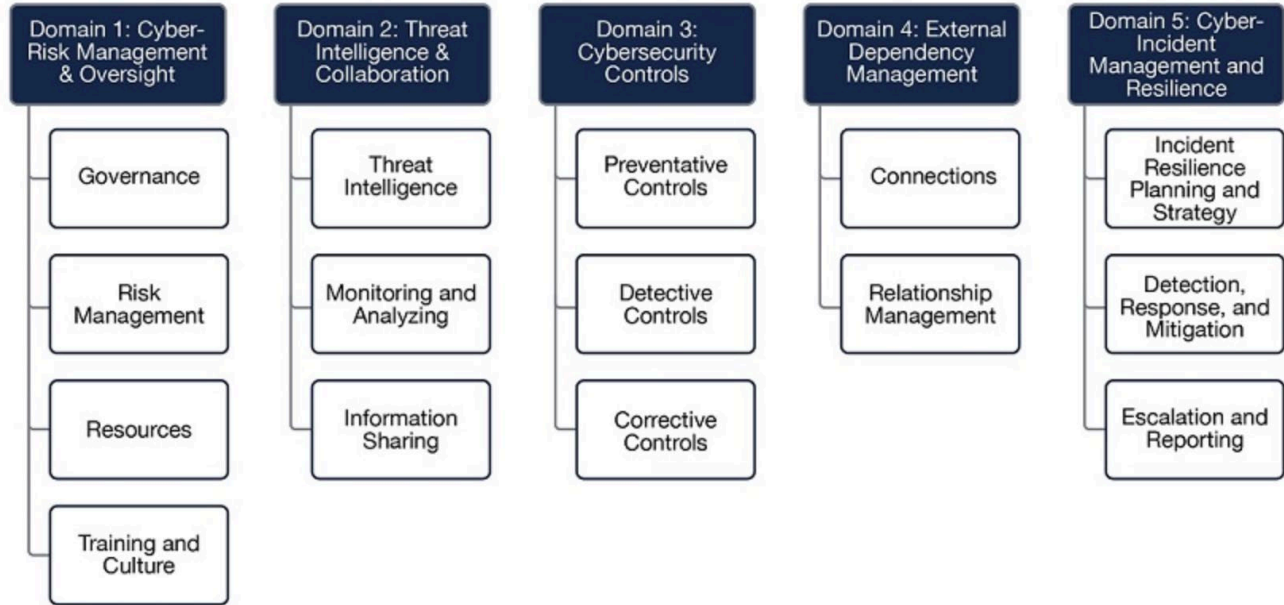


# FFIEC CAT History

- The FFIEC Cybersecurity Assessment Tool was introduced in 2015 to assist financial institutions in identifying cybersecurity risks and readiness.
- The tool evaluates cybersecurity maturity across different domains, ensuring alignment with regulatory requirements for financial institutions. A total of 494 questions were included within the assessment.
- Financial institutions were required to address questions to determine inherent risk profiles (least, minimal, moderate, significant and most)



# Risk and Maturity Frameworks



# Defining a Maturity Target

The FFIEC provided a general chart which shows the intersection of the Inherent Risk Level obtained using this Risk Profile and the Cybersecurity Maturity Levels.

For example - if the results of completing the Inherent Risk Profile indicated "Moderate" - then the institution should strive to have a Cybersecurity Maturity of "Evolving", "Intermediate" or "Advanced"

The Inherent Risk Results Tab calculates what your Cybersecurity Maturity Level is expected to be.

		Inherent Risk Levels				
		Least	Minimal	Moderate	Significant	Most
Cybersecurity Maturity Level for each Domain	Innovation					
	Advanced					
	Intermediate					
	Evolving					
	Baseline					

# Reasons for Sunsetting



Evolving cybersecurity landscape



Need for flexibility



Comprehensive frameworks



# Alternative Frameworks to Consider



# Available Tools and Frameworks

- NIST Cybersecurity framework (CSF)\*
- Center for Internet Security (CIS)\*
- Cyber Risk Institute (CRI)\*
- Cyber Security and Infrastructure Security Agency Cybersecurity performance goals (CISA)\*

\*Refer to appendix at the end of presentation





# Framework Overview

**NIST** - The first version was published in 2014 and was developed as result of an executive order. The NIST Cybersecurity Framework offers a flexible approach tailored to different organizational needs for managing cybersecurity risks. The framework emphasizes five core functions (Identify, Protect, Detect, Respond and Recover).

**CIS Controls** - They have been around for 25 years and was developed by experts in government agencies, private sector innovative labs and top security institutions. They have developed several benchmarks for securing organization's IT environments that are globally recognized. They evaluate cyber hygiene using 18 critical control areas.

**CRI** - The CRI Profile v2.1 tailors risk management for financial institutions by incorporating elements from multiple security frameworks. Tier levels have been outlined, and selection is based on overall complexity.

**CISA** - CISA provides resources and frameworks aimed at strengthening the security of critical infrastructure sectors across industries (federal government, SLTT governments, industry, small and medium businesses, educational institutions). Cross sector cybersecurity performance goals for financial services is to be released in winter 2025.



# Making an Informed Decision

## Assessment of Frameworks

- Organizations must conduct a thorough assessment of available cybersecurity frameworks to determine their suitability for specific needs.

## Comparison Criteria

- Comparing different frameworks involves evaluating various criteria such as effectiveness, cost, and compliance with regulations.

## Strategic Alignment

- The chosen framework should align with the organization's strategic objectives to validate effective cybersecurity management.





# Practical Next Steps in Adapting to Change



# Adjusting Your Programs: What Should You Do Now?

“The frameworks may change, but the fundamentals don’t.  
Proactive governance, documented controls, and visible  
accountability still win the day.”



# Broader Trends to Consider – Emerging Digital Pressure

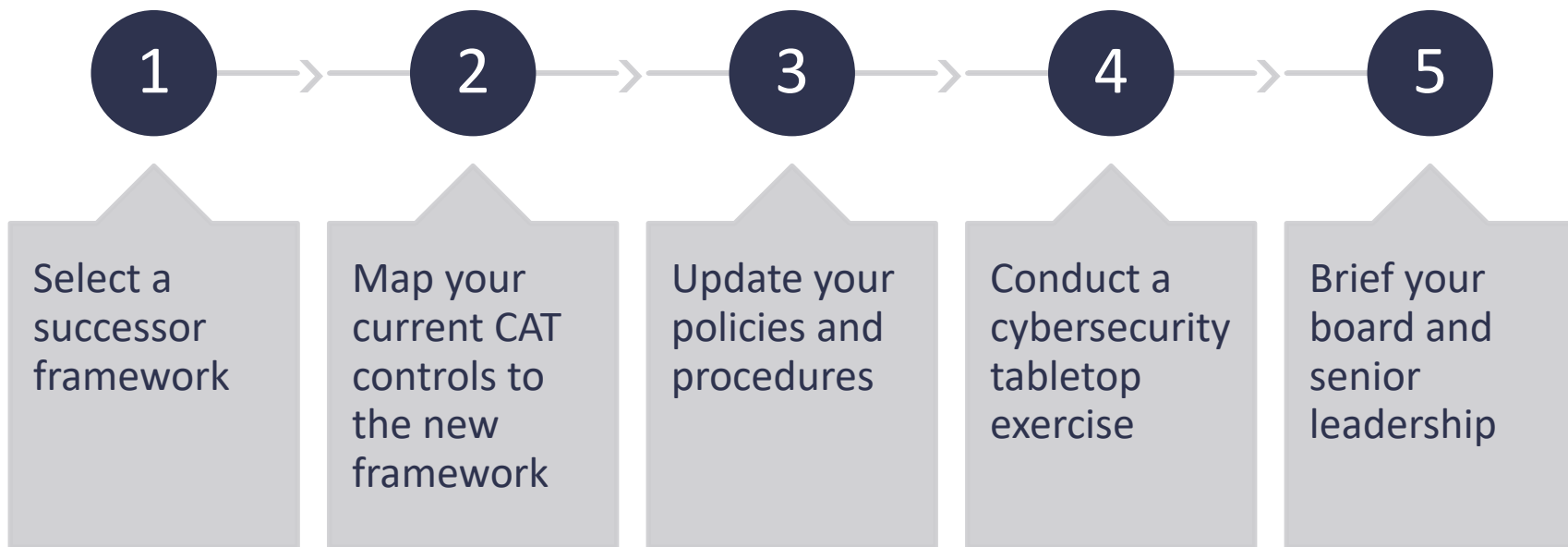
## Need for (Continuous) Monitoring

- Fintech partnerships
  - Bring agility, along with increased pace of change, and increased complexity in oversight
- AI adoption
  - Raises new types of risk — model bias, data drift, privacy implications
  - Need to understand the “powered by AI” pitch-what/how AI is actually being used
  - Clear understanding equips you to properly risk assess, risk rank, and prioritize controls



# Next Steps

Collaborative roadmap development focusing on removing key barriers to growth and accelerating scale.



*Thank you!*

Randy Romes  
[randy.romes@CLAconnect.com](mailto:randy.romes@CLAconnect.com)

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30-minute listening session



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# Appendix





# NIST

## Flexible Risk Management

- The NIST Cybersecurity Framework offers a flexible approach tailored to different organizational needs for managing cybersecurity risks.

## Core Functions

- The framework emphasizes five core functions:
  - Identify – understand assets, data and risks
  - Protect – safeguard systems and services
  - Detect – discover cybersecurity events quickly
  - Respond – take action to contain and mitigate
  - Recover – restore capabilities and operations

## Incident Management

- Effective incident management is critical, focusing on timely detection and recovery from cybersecurity incidents to minimize impact.



# CISA

## Identify Critical Assets

- Identifying critical assets is a key component of the CISA Cybersecurity Framework, helping organizations focus their defense efforts on the most important areas.

## Detecting Threats

- The framework emphasizes the importance of detecting threats in a timely manner to prevent potential damage and maintain security.

## Effective Response

- Responding effectively to identified threats is crucial for mitigating risks and protecting organizational assets.

## Continuous Monitoring

- Continuous monitoring and improvement of security measures are essential to provide defense against evolving cyber risks.



# CIS Controls (v8.1)

## Critical Security Controls

- The CIS framework includes 18 critical security controls that are essential for enhancing an organization's security posture.

### Three Implementation Groups (IG)

- These controls are organized into three groups:
  - IG1- An IG1 enterprise is small to medium-sized with limited IT and cybersecurity expertise to dedicate toward protecting IT assets and personnel.
  - IG2 - An IG2 enterprise employs individuals responsible for managing and protecting IT infrastructure. These enterprises support multiple departments with differing risk profiles based on job function and mission
  - IG3I - An IG3 enterprise employs security experts that specialize in the different facets of cybersecurity (e.g., risk management, penetration testing, application security). IG3 assets and data contain sensitive information or functions that are subject to regulatory and compliance oversight

### Identifying Vulnerabilities

- The framework assists organizations in identifying vulnerabilities within their systems to prevent potential security breaches.

### Continuous Monitoring

- Organizations implementing the framework can continuously monitor their security systems to stay protected against evolving threats.



# CRI Profile (v2.1)

## Guidance for Organizations

- CRI offers essential guidance to organizations aiming to strengthen their cybersecurity measures effectively.

## Core Functions

- The CRI profile includes a maturity model assessment for peer benchmarking and is designed to counter dynamic and evolving threats. The CRI profile is divided into seven core functions — govern, identify, protect, detect, respond, recover, and extend — which meet the regulatory expectations for the financial services sector. The framework developed by CRI helps organizations create robust systems to effectively respond to evolving cybersecurity threats.

## Tier Approach

- The framework is designed into distinct tiers and levels, providing a clear structure for evaluating cybersecurity maturity.
  - Tier 1: National/Super-National Impact – These institutions are designated most critical by one or more global regulatory agencies and/or bodies. This category assumes the gross cyber risk exposure of an institution or service categorized as Tier 1 would have the most potential adverse impact to the overall stability of a national economy, and potentially, the global market.
  - Tier 2: Subnational Impact – These institutions provide mission critical services with millions of customer accounts. This category assumes the gross cyber risk exposure of an institution or service would have the potential for a substantial adverse impact to the financial services sector and subnational regional economy but does not rise to the level of Tier 1.
  - Tier 3: Sector Impact – These institutions have a high degree of interconnectedness, with certain institutions acting as key nodes within, and for, the sector. The nature of the services that these institutions provide to the sector plays a significant role in determining their criticality.
  - Tier 4: Localized Impact – These institutions have a limited impact on the overall financial services sector and national economy. Typical characteristics include: (a) institutions with a local presence and less than 1 million customers (e.g., community banks, state banks) and (b) providers of low criticality services.



# Additional Resources

- [NIST - https://www.nist.gov/cyberframework](https://www.nist.gov/cyberframework)
- [CISA - https://www.cisa.gov/news-events/news/cybersecurity-performance-goals-sector-specific-goals](https://www.cisa.gov/news-events/news/cybersecurity-performance-goals-sector-specific-goals)
- [CIS - https://www.cisecurity.org/controls](https://www.cisecurity.org/controls)
- [CRI - https://cyberriskinstitute.org/the-profile/](https://cyberriskinstitute.org/the-profile/)





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# From Headwinds to Insights: Credit Portfolio Management in Today's Economic Turbulence

# Speaker Introduction



**David Heneke, CPA, CISA**

Principal

David Heneke is a principal with the CLA financial services group. He works on financial statement audits, internal audits, mergers and acquisitions, data analysis and asset liability management/CECL model validations. David began his career with CLA in 2005 and has spent his entire career working with financial institutions. He received his Master of Accountancy from the University of Iowa, with an emphasis on the management of information systems.



# Speaker Introduction



**Nicholas Wilcox**  
Manager

Nicholas is a manager at CLA and specializes in credit risk management services to financial institutions through independent loan review and other consulting services. He has over 12 years of experience working in community banks with a focus on call report filings, managing board level reporting, CECL development and ACL reporting, liquidity management and testing, ALCO forecasting, and managing annual budgets. Nicholas brings a hands on, inside perspective to his clients.

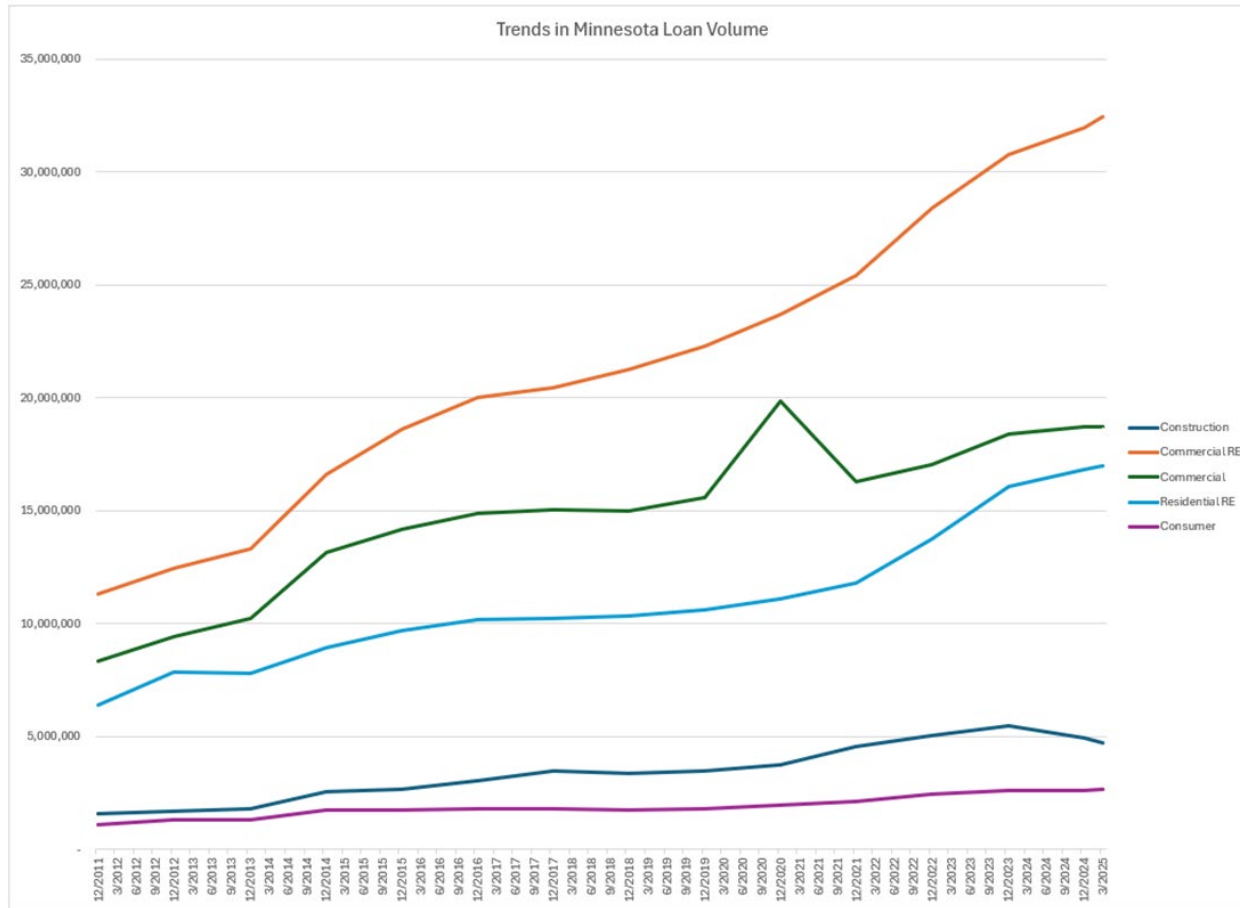




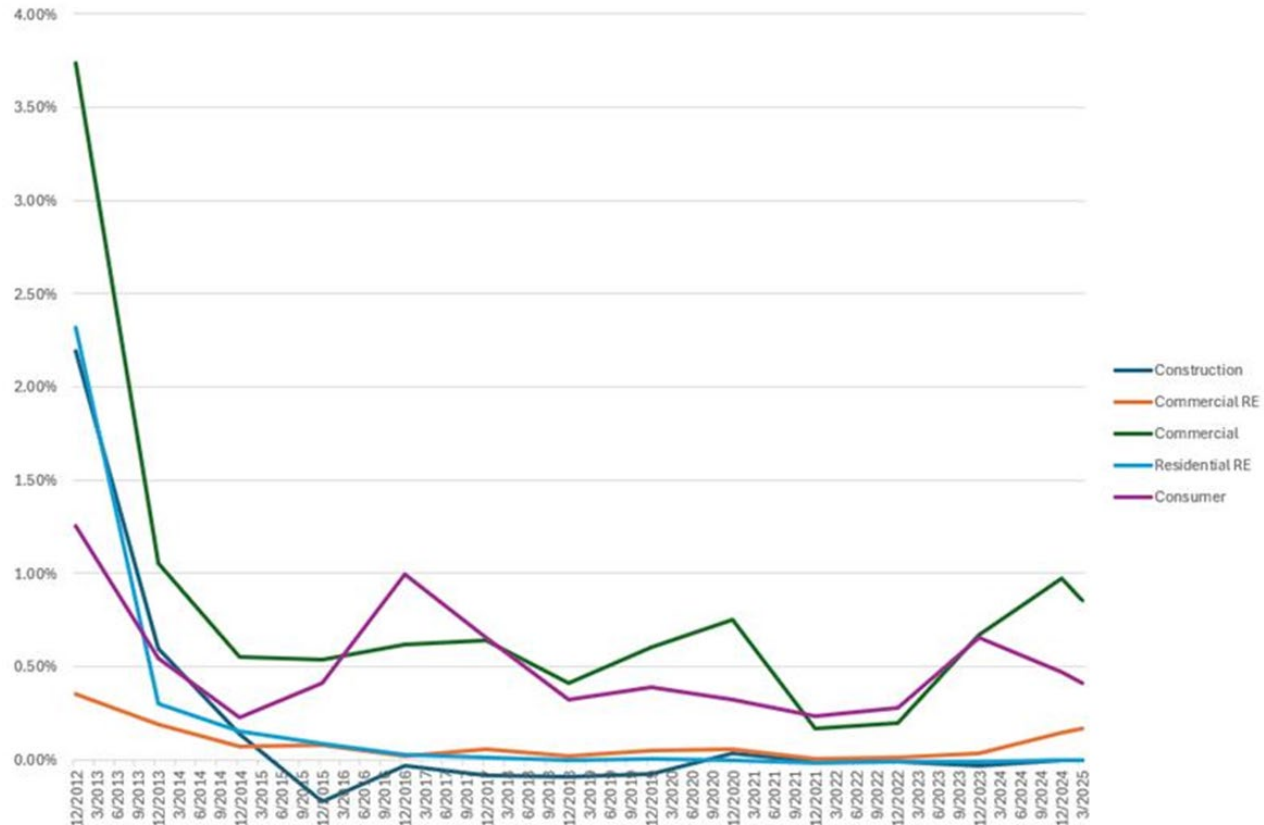


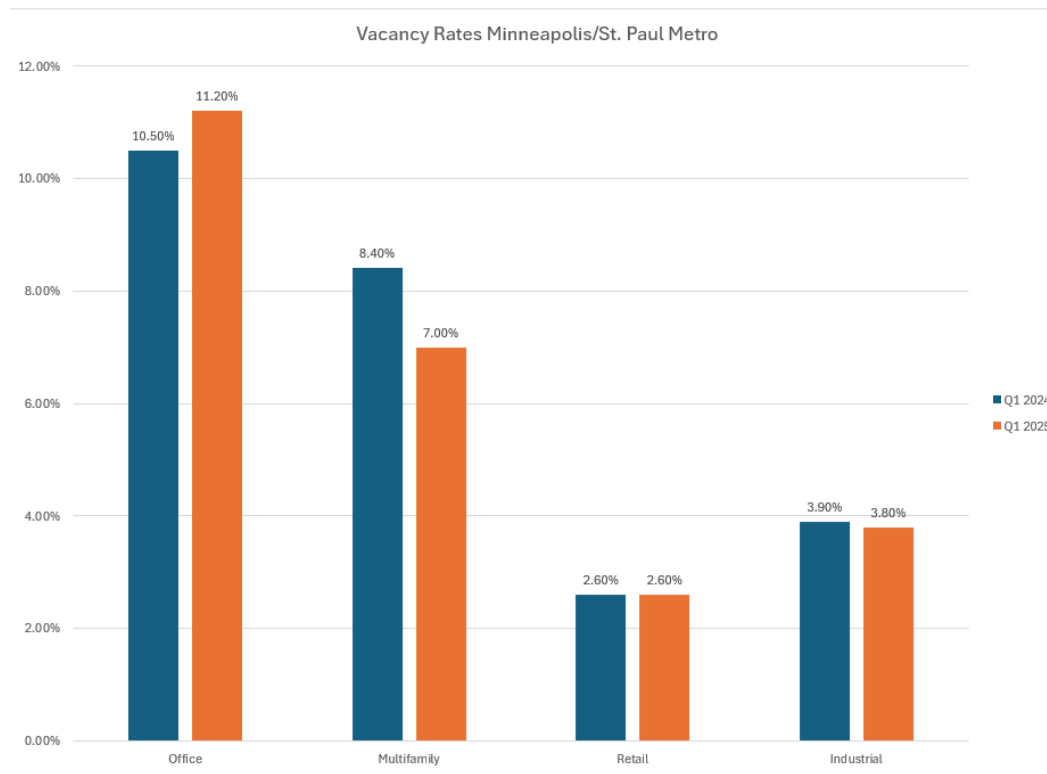
## Current Trends





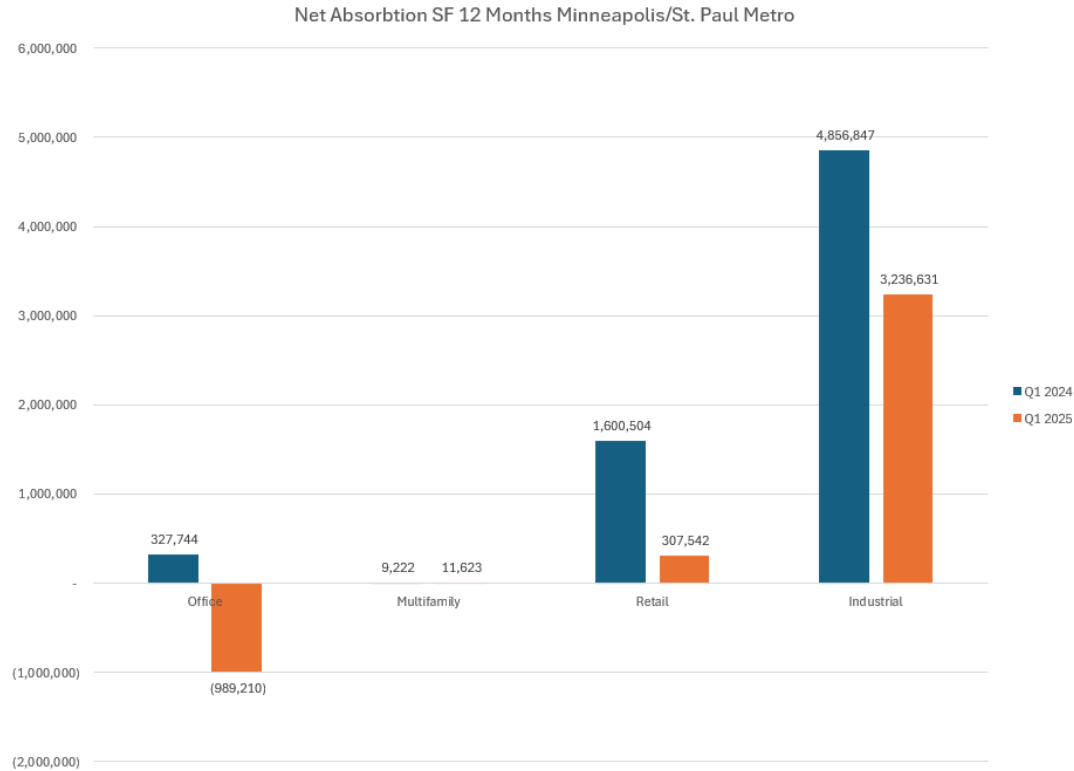
# Net Charge-off Rates for MN Banks





Source: [Commercial Real Estate Metro Market Dashboard](#)





Source: [Commercial Real Estate Metro Market Dashboard](#)





# Regulatory Priorities



# OCC Supervision Priorities – 2025 (Financial)

## Credit

- Effectiveness of risk identification
- Refinance and renewal risk
- Concentration risk management practices (emphasize on CRE)
- Stress testing and implications to capital
- Adequacy of credit risk review

## Allowance for credit losses (ACL)

## Asset and liability management

## Capital



# Re-Evaluate Underwriting Standards

Challenging  
underlying  
assumptions

Larger  
downpayments

More conservative  
loan-to-value  
standards

Implement use of  
financial loan  
covenants

Greater scrutiny of  
collateral

Increased  
documentation  
requirements





# Risk Rating Considerations



Risk rating systems should be tailored to the institution



Emphasize should be placed on ability-to-repay



Periodically evaluated and adjusted as macro-environment risk changes



Ratings should be applied accurately and timely

# Monitoring Portfolio Health Through Data



Define loan segments with similar risk characteristics



Verify systems and procedures are commensurate with the level of inherent credit risk



Determine key quantitative factors to analyze portfolio health (i.e. credit score, debt-to-income, debt service coverage ratio, loan-to-value, etc.)



Identify loan segments with increasing or elevated credit risk



Automate historical data and use predictive modeling to predict future risks

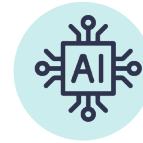
# Concentration Risk Management



Board and  
management  
oversight



Portfolio  
management



Management  
information system  
(MIS)



Market analysis



Credit underwriting  
standards



Portfolio stress  
testing and  
sensitivity analysis



Credit risk review  
function

# Loan Portfolio Stress Testing

Scenario development

Sensitivity analysis

- Interest rates, capitalization rates, debt/yield calculation, etc.
- Economic indicators – GDP, inflation, unemployment rates
- Geographic factors – local housing market conditions, natural disasters
- Industry sectors – agriculture, commercial and industrial, consumer, CRE
- Borrower creditworthiness - leverage position, liquidity, financial covenants, capitalization rates
- Regulatory changes

Reporting and communication

Continuous improvement



Schedule a complimentary meeting with CLA to discuss your credit risk at your bank by scanning the QR code.



Thank you.

David Heneke, CPA, CISA

Principal

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Nicholas Wilcox

Manager

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# Break

11:25 – 11:40 a.m.





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# Industry Insights Panel: Key Trends Shaping Your Customers Future



# Speakers



Travis Whiting  
*Principal*  
*Financial Services*  
*Group*



Aaron Traut  
*Principal*  
*Manufacturing*



Brendan Kurvers  
*Principal*  
*Agribusiness, Food,*  
*and Beverage Group*



Eric Kirschner  
*Principal*  
*Construction*

# *Industry Perspectives*

## Navigating A Rapidly Changing Marketplace With Confidence: The 4 T's



*Thank you for attending!*



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