VIRTUAL TOWN HALL

Old West Chapter
October 21, 2020
AGENDA

• Welcome
• Nebraska Credit Union League – A Macro View
• Cooperative Solutions Group – Helping Credit Unions Compete
• COVID-19 Response & Resources
• Advocacy: Priority #1
  • Election Implications
• Value-Added Resources
• League Cooperative Initiatives
• Moving Forward – Life After COVID-19
Our Mission:
• To promote, protect, and preserve the interest of our member credit unions.

Our Strategic Vision:
1. To revolutionize the operating environment for credit unions through expanding powers and removing barriers to serving consumers and businesses.
2. To embark on activities and actions that enable member credit unions to contend with constant change and compete in an evolving financial services marketplace by leveraging and aligning collective resources and talents.
3. To design and develop professional events and opportunities that meet the growing needs of member credit unions.
GOVERNANCE

Board of Directors

Chair – Cheryl Mascarello, CEO Four Points FCU
1st Vice Chair – Frank Wilber, CEO Liberty First CU
2nd Vice Chair – Mary Johnson, CEO Omaha Police
Linda Carter, CEO MembersOwn CU
Julie Haney, CEO Nebraska Energy FCU

Matt Hill, Vice President Creighton FCU
Tom Huston, Vice President Centris FCU
Dee Schriner, CEO Trius FCU
Bob Tinglehoff, Chair OPPD EFCU
Dues supported programs and services:

- Full-time lobbying activities at the state and federal levels
- Compliance and HR assistance via toll-free numbers
- Professional development programs and peer-group networking
- Field of membership expansion
- Small credit union support and resource repository
- On-site assistance in a variety of operational and technical areas
- Timely communications
- Statewide media outreach
- Interactive website
NEBRASKA CREDIT UNION LEAGUE – A MACRO VIEW

Credit Unions in Nebraska

• League Affiliation
  ➢ 59 affiliates
  ➢ 3 associates (non-Nebraska) League Members

• Credit Union Members & Asset
  ➢ 536,276 total members
  ➢ $5,324,581,747 total

• Charter Types
  ➢ 48 federal Charters
  ➢ 11 state Charters
# CHANGING OF THE GUARD

**New Nebraska Credit Union Leaders:**

- Cheryl Mathis, Omaha FCU
- Carrie Winter, Box Butte Public EFCU
- Michelle Cotner, Construction Industries CU
- Dennis Houston, NE Rural Electric CU
- Linda Bohac, Heartland Area FCU
- Mary Henke, Dale Employees FCU
- Radley Breuer, LPS Employees FCU

**Announced Retirement:**

- Gail DeBoer, Cobalt FCU
COOPERATIVE SOLUTIONS GROUP (CSG)

Purpose: To Help Credit Unions Compete
CSG’s purpose is to help credit unions compete by providing and supporting products and services, which have value and enable credit unions to compete and prosper in the financial services marketplace.
COOPERATIVE SOLUTIONS GROUP (CSG)

- CSG was incorporated under Nebraska law in 1972
- CSG is wholly owned by the Nebraska Credit Union League
- CSG functions as a business corporation under applicable provisions of state law.
COOPERATIVE SOLUTIONS GROUP (CSG)

Key Strategic Partnerships:
As COVID-19 required Credit Unions to adjust to meet the evolving needs of their members and communities, The League compiled numerous resources to assist and help inform credit unions of day-to-day operational changes and overall business continuity strategies. Resources included: business continuity plans, operational guidance, health & wellness information and products, small CU PPE grants and more.
COVID-19 Response & Resources

- Throughout the COVID-19 crisis the League has provided numerous resources to help credit unions navigate these largely unchartered waters
  - COVID-19 Web Resource Page
  - Numerous Webinars
  - Advocacy Activities
  - Impact Member Survey Report
Throughout the pandemic the League continually monitored Congressional and state action to ensure the interests of credit unions were considered and protected.

**Federal Action:** Congress passed, and the President signed into law, four emergency stimulus bills dealing with the COVID-19 crisis. In addition, legislation making important changes to the Paycheck Protection Program (PPP) was signed into law.
COVID-19 RESPONSE & RESOURCES

**Phase 1:** Provided $8.3 billion in emergency funding for developing, manufacturing and procuring vaccines and medical equipment.

**Phase 2:** Was largely geared toward shoring up nutrition assistance programs, stabilizing unemployment insurance and new emergency FMLA and sick leave requirements on small employers.

**Phase 3:** Congress passed the CARES Act providing an initial $349 billion in funds allowing the Small Business Administration to implement Paycheck Protection Program (PPP).

**Phase 3.5:** Congress passed the Paycheck Protection Program and Health Care Enhancement Act providing an additional $310 billion in funding for PPP of which $30 billion was allocated to financial institutions under $10 million in assets.
COVID-19 RESPONSE & RESOURCES

State Action:

• Created COVID-19 Resource Page on the League’s Web site
• Co-hosted credit union roundtable with Department of Banking & Finance
• Worked with NDB&F on virtual CU meetings and offsite examinations
• Worked with Governor Ricketts to ensure credit unions were designated as “essential services”
• Worked with Governor Ricketts and Secretary of State to move up the implementation date for remote/online notary
Advocacy is Priority #1

- While the League delivers the credit union message in Lincoln and Washington, D.C., the grassroots efforts of credit unions in the community are just as necessary. Educating lawmakers about the credit union difference and how the movement is helping their constituents is a critical part of our advocacy strategy of removing barriers. Credit union leaders need to take every opportunity to reach out to legislators and actively advocate on behalf of the movement.
Advocacy Is Priority #1

*If it is important to credit unions... it is essential to us*

**Advocacy Priorities:**
1. Protect the credit union tax exemption
2. Stand up to banker attacks on credit unions
3. Fight for expanded fields of membership
4. Reduce burdensome regulations... enact common sense regulations
5. Modernize the Federal Credit Union Act & State Credit Union Act
Advocacy is Priority #1

Advocating for the credit union difference

The League – CUNA – Credit Union 360-degree advocacy has been stronger than ever in this unprecedented year.

Together we’ve:

- Won significant expansion of field of membership powers by defeating the Nebraska Bankers Association’s challenge of MembersOwn CU FOM expansion and the American Bankers Association's legal challenge of NCUA’s new FOM rule.
- More than two dozen League/CUNA supported policy changes were made to help credit unions serve their members during the COVID crisis
- Elimination of Regulation D Transfer and withdrawal limits
- NCUA raised threshold requirement for residential real estate appraisals
- Increased remittance transfer threshold from 100 to 500 annually
- NCUA and the Dept. of Banking announced greater flexibility in conducting annual meetings due to the coronavirus
Advancing Communities

Advancing Communities is a campaign designed to demonstrate the economic value of credit unions and the credit union difference through the lens of community impact. It combines factual economic statistical data with real-life stories from credit union members. Consumers are more effectively served by credit unions than other financial service options and telling that story in a compelling manner is a powerful advocacy tool.

<table>
<thead>
<tr>
<th>NEBRASKA</th>
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<tbody>
<tr>
<td>CREDIT UNIONS</td>
<td>CREDIT UNION MEMBERS</td>
</tr>
<tr>
<td>58</td>
<td>421,924</td>
</tr>
<tr>
<td>JOBS</td>
<td>FINANCIAL BENEFITS PER HOUSEHOLD</td>
</tr>
<tr>
<td>2,949</td>
<td>$82</td>
</tr>
<tr>
<td>TOTAL FINANCIAL BENEFITS FOR NEBRASKA CONSUMERS</td>
<td>TOTAL ECONOMIC IMPACT FOR NEBRASKA</td>
</tr>
<tr>
<td>$34 Million</td>
<td>$469 Million</td>
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</tbody>
</table>
SCENARIO 1: KEEP AMERICA GREAT

Key Figures for Credit Unions

- President Donald Trump
- NCUA Chairman Rodney Hood
- Speaker of the House Nancy Pelosi
- Senate Majority Leader Mitch McConnell
- CFPB Director Kathy Kraninger
- House Financial Services Committee Chairwoman Maxine Waters
- Senate Banking Committee Chairman Pat Toomey

Implications

- More executive measures aim to boost economic growth and decrease regulation
- Further reform to Dodd-Frank regulations to be industry-friendly
- Potential areas of legislative bipartisanship:
  - Expanded use of Opportunity Zones
  - Funding major infrastructure package via public-private partnerships
- Responsive federal agencies.
- The bill will come due on COVID spending.
SCENARIO 2: MORE CHECKS ON TRUMP

Key Figures for Credit Unions

President Donald Trump
NCUA Chairman Rodney Hood
Speaker of the House Nancy Pelosi
Senate Majority Leader Chuck Schumer

Implications

- Oversight and investigations.
- Big battles over nominees.
- More pressure on administration’s regulatory relief actions.
  - Attempts to use Congressional Review Act
- Opportunities for bipartisan deals.
- The bill will come due on COVID spending.
SCENARIO 3: CHECKS ON BIDEN

**Key Figures for Credit Unions**

- President Joe Biden
- NCUA Chairman Todd Harper
- Speaker of the House Nancy Pelosi
- Senate Majority Leader Mitch McConnell
- Senate Banking Committee Chairman Pat Toomey
- CFPB Director Kathy Kraninger
- House Financial Services Committee Chairwoman Maxine Waters

**Implications**

- Administration and House will try to pick up where Obama left off
  - Regulatory Relief Rollback
  - Attempts to use Congressional Review Act
- Senate will try to hold Biden in check
  - Slow confirmation process / play defense on issues of contention
- Anticipate several Democratic departures from Congress to Administration
  - Sherrod Brown (Labor)
  - Jack Reed (Defense)
  - Elizabeth Warren (Treasury)
  - Andrew Cuomo (Justice)
  - Greg Meeks (Commerce/Trade)
- The bill will come due on COVID spending.
SCENARIO 4: UNIFIED DEMOCRATIC GOVERNMENT
‘BUILD BACK BETTER’

Key Figures for Credit Unions

- Administration and Congress will try to pick up where Obama left off.
  - Regulatory Relief Rollback
  - Community Reinvestment Act expansion
  - Attempts to use Congressional Review Act
- Anticipate fewer Senate Democratic departures from Congress to the Administration if Dems are in majority
- The bill will come due on COVID spending.
Value Added Resources

Compliance Made Easy

PolicyWorks
Dues Provided Compliance Support

PolicyWorks provides an array of compliance related services to member credit unions.

PolicyWorks compliance professionals offer member credit unions a Compliance “Hotline” providing phone and email support, rule summaries, monthly newsletters, a Q & A, sample policies and a compliance calendar.

PolicyWorks Contact Information:

• Compliance Hotline: 1.866.499.7350 ext. 2
• Email: Nebraska@policyworksllc.com
• Website: http://www.policyworksllc.com

infoSight
Dues Provided Online Compliance Resource

infoSight provides member credit unions with a go-to for online compliance information. This web-based compliance resource is to navigate and offers comprehensive answers to even the most complex of compliance questions.

infoSight allows member credit unions to stay up-to-date and informed on a myriad of ever-changing rules and regulations.

infoSight Contact Information:

• Dan Collins: dcollins@nebrcul.org or 402.651.7069
• www.nebrcul.org
Value Added Resources

HR On Demand

- HR on Demand Allows member credit unions to consult with a HR attorney for 20-minutes free of charge about any HR Issue. Simply identify yourself as a League member when calling or emailing Jackson Lewis. Chad Richter, Managing Partner oversees the Credit Union: HR on Demand Program.
- Chad’s Contact Information is:
  - Telephone: 402.391.1991
  - Email: richterc@jacksonlewis.com

RateMap

- RateMap allows member credit unions to compare their rates with thousands of Nebraska financial institutions. Rates are updated daily to ensure accurate and timely information.
- The information can be accessed via the League’s website http://www.nebrcul.org under the Industry Resources Tab.
<table>
<thead>
<tr>
<th>Category</th>
<th>Current Rates (as of October 31, 2020)</th>
<th>Annual Benefits to Credit Union Members* (12 months ending March 31, 2020)</th>
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<tbody>
<tr>
<td>Auto Loans</td>
<td></td>
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<tr>
<td>Used Car Loans</td>
<td>3.44% 0.25%</td>
<td>$17.3 Million</td>
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<tr>
<td>New Car Loans</td>
<td>3.05% 0.18%</td>
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<tr>
<td>Home Loans</td>
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<tr>
<td>Home 62 to 642</td>
<td>4.52% 0.30%</td>
<td>$1.2 Million</td>
</tr>
<tr>
<td>Home 50 to 62</td>
<td>4.29% 0.30%</td>
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<tr>
<td>Credit Cards</td>
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<tr>
<td>Creditos Credit</td>
<td>12.67% 14.04%</td>
<td>$2 Million</td>
</tr>
<tr>
<td>Creditos 221</td>
<td>11.97% 13.68%</td>
<td></td>
</tr>
<tr>
<td>Creditos 369</td>
<td>12.63% 14.68%</td>
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</tr>
<tr>
<td>Other Loans</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal Loans</td>
<td>0.95% 0.76%</td>
<td>$2.8 Million</td>
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<tr>
<td>Savings &amp; Checking</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Savings</td>
<td>0.20% 0.19%</td>
<td>$4.7 Million</td>
</tr>
<tr>
<td>Checking</td>
<td>0.15% 0.14%</td>
<td></td>
</tr>
<tr>
<td>Money Market</td>
<td>0.39% 0.24%</td>
<td></td>
</tr>
<tr>
<td>Certificates of Deposit</td>
<td>0.15% 0.14%</td>
<td>$3 Million</td>
</tr>
<tr>
<td>ATM</td>
<td>0.08% 0.07%</td>
<td></td>
</tr>
</tbody>
</table>

*Benefits calculated based on average balances and interest rates.
Value Added Resources

CU Collaborate

- CU Collaborate is a membership tracking tool to assist credit unions looking to expand their field of membership and grow their credit union.
- League members can contact Sam Brownell at sbrownell@cucollaborate.com for a free membership analysis or you can visit their website at: https://www.cucollaborate.com

NE Quarterly Performance Report

- Each quarter, the Quarterly Performance Summary Report dissects the economic issues affecting credit unions, summarizes state and national performance data and provides peer group financial ratios and analysis.
- The League posts each new report at http://www.nebrcul.org on the News and Information page. We also update members via e-communications when new information becomes available.
NEWS & INFORMATION

Keeping member credit unions informed of the latest news and keeping a favorable image of Nebraska credit unions in the press is a high priority of the Nebraska Credit Union League.

It is important for members and non-members alike to understand the advantages credit union membership provides. Through positive public perception of credit unions, the league seeks to heighten credit union awareness to help retain current members and to attract new ones to the movement. The League coordinates communications through media relations, news releases, and special newspaper supplements.

CALLAHAN QUARTERLY PERFORMANCE SUMMARY

2020 Second Quarter Summary
2020 First Quarter Summary
2019 Fourth Quarter Summary
2019 Third Quarter Summary
2019 Second Quarter Summary

NEBRASKA CU QUARTERLY PROFILES

CU Profile - June 2020
CU Profile - March 2020
CU Profile - December 2019
CU Profile - September 2019
CU Profile - June 2019
League Cooperative Initiatives

- Open Your Eyes – The Open Your Eyes consideration and awareness initiative is based on nationwide research that is ongoing and real time. It is lifted by brand messaging aimed at overcoming critical obstacles. The campaigns' digital-first marketing efforts are optimized to reach key target audiences, primarily non-members ages 25-34.

- Credit unions are in an ongoing battle for positioning and relevance in the marketplace. The Open Your Eyes Campaign is designed to attract more consumers to credit unions and grow the industry.
  - **The Challenge:** 98% of non-members have heard of credit unions
  - Far too few can recall a credit union when asked to list options available for financial services
  - **The Opportunity:** 75% of non-members surveyed would consider a credit union after viewing the Open Your Eyes Campaign

- Credit Union Awareness helps credit unions break through barriers that block consumers from considering CUs for financial services. Open Your Eyes assists all credit unions in their work to:
  - Correct misperceptions held by consumers such as “I can’t join” or “it’s only local” that hold back our industry
  - Put credit unions at the forefront when considering financial services and products
  - Create opportunities to grow credit union memberships over time

[www.cuna.org](http://www.cuna.org)
Delivering compliance confidence.
Get to know Credit Union Compliance Management System™, a new membership benefit that will transform credit union compliance. It’s scalable. It’s centralized. It’s easy-to-use.

DISCOVER CU CMS

WHY CUNA?
CUNA is the only national association that advocates for the entire credit union movement. We stand firmly in the corner of America’s credit unions, and work fiercely so you can better serve your members. As your strongest advocate, we promote, support, protect, unify and advance the
IMPACT RUSS ON OYE CAMPAIGN

As you know, we are experiencing a global pandemic. Brands are working to pivot, retarget, and adjust so as to not unintentionally offend, or be perceived as tone-deaf or tone out of touch with the marketing assets being used.

After a pause that began March 20, the campaign re-launched with consumers on May 18. Assets available for credit unions can be found in the COVID-19 section. We will be diligently reworking, updating and building more material as quickly as possible.

Should you have any questions, please don't hesitate to reach out to our team via our email address awareness@cuna.coop.
League Cooperative Initiatives

Credit Unions for Kids

- Credit unions for Kids is a nonprofit collaboration of credit unions, chapters, leagues/associations and business partners from across the country, engaged in fundraising activities to benefit 170 Children’s Miracle Network Hospitals.
- 100% of every dollar donated by members of the credit union community stays in the community.

Credit Union Fund of Nebraska

- The Credit Union Fund of Nebraska is a public charity operated by the League.
- To achieve its mission of “Promoting the shared value of people helping people” the Fund provides the Nebraska credit union community with grants and other financial assistance.

https://nebrcul.org/industry-resources/
Small CU COVID Grant

ADDITIONAL RESOURCES

- CUFN Brochure
- Grant Guidelines & How to Apply
- Grant Application
- Small CU Grant Application
- High School Scholarship Criteria
- High School Scholarship Application Form
League Cooperative Initiatives- YPCU

- Young Professionals for CU’s (YPCU) – YPCU aims to strengthen and engage young credit union professionals, generally between the ages of 18 and 35, through a wide variety of networking opportunities, educational seminars and community events.
- The skills acquired with a YPCU membership is paramount to the success they push their young professionals to strive for.
- YPCU keeps their young professionals current with industry trends and skills.
- For additional information check out their website at [http://www.ypcune.com](http://www.ypcune.com) or contact Derek Smith at derek@familyfocusfcu.org.
The AARP BankSafe Initiative

The BankSafe Initiative helps the financial industry better meet consumers’ financial needs and safeguard their assets.

The initiative focuses on four key areas:

• Preventing financial exploitation
• Empowering family caregivers
• Helping those with dementia
• Making banking tools and environments easier to access

With the average victim losing $120,000, prevention of financial exploitation is critical to AARP’s mission to empower people to choose how they live as they age. BankSafe meets this need by conducting research into consumer insights, facilitating partnerships between the aging network and the financial industry, and developing the innovative BankSafe training platform to help financial professionals identify and stop suspected exploitation.
Moving Forward – Life After COVID

What the “experts” are saying

- *Expect a slow recovery:* A recovery is not expected to really get underway until the middle of 2021.
- *Consolidation Ahead:* The number of credit unions has been steadily declining each year. Expect this contraction to accelerate especially during this low-rate, low growth environment.
- *Significant loan losses are expected:* Over the next year or two, credit unions should expect credit losses on a scale not seen since the financial crisis.
- *Impact on Profitability:* Return on Assets is not expected to recover to pre-COVID levels until 2023.
- *Revenue Growth:* Revenue pressures are expected to be high, specifically in the short term, but non-interest income may offer growth opportunities.
- *Loan Growth:* Loan Growth is expected to be suppressed until 2022.
- *Deposits:* Deposits should continue to grow, even in a near-zero interest rate environment. Higher savings, decreased spending, and cash hoarding by both consumers and businesses should supply ample levels of deposits.
Moving Forward – Life After COVID
COVID-19 is changing the financial services landscape

Personalized Experience
○ Both consumers and businesses are looking for more personalized banking experiences that are tailored to the problems they may be facing during and post COVID-19

Importance of “local”
○ Small businesses are heavily reliant on local financial institutions for funding and strategic resources through PPP and other local initiatives

Change in footprint
○ Financial institutions of all sizes experiencing a shift in their footprint and operational strategies; less reliance on physical locations to conduct business and grow wallet share

Reduced Interest Rates
○ Fed reduction in interest rates will meaningfully shrink net interest margins
Moving Forward – Life After COVID
COVID-19 is changing the financial services landscape

**Digital Acceleration**
- More core banking functions will move online, some functions may include loan approvals, increased digital deposit limits, financial advice

**Tightening of Regulations**
- Tightening of regulations post COVID-19 to ensure strict compliance with government policies, may increase overhead costs (non-interest expense)
Moving Forward – Life After COVID

Six Key Action Steps Credit Union Leaders May Want to Consider as They Navigate Post COVID-19 Pandemic:

1. **Think Big.** Extraordinary times call for bold ideas.
2. **Create a resilient foundation.** Focus on business and operational resiliency with an eye toward maximizing long-term value.
3. **Transform business models to absorb future shocks better.** Seek new pockets of growth to drive growth in fee income. Going forward, with suppressed Net Interest Margins, credit union leaders should focus more intensely on noninterest income.
4. **Embrace digital migration.** COVID-19 has accelerated the migration to digital interfaces in the financial services industry.
5. **Reimagine the role of branches.** The current crisis has demonstrated that deposit-gathering and member service can be successfully executed outside of the branch network. Credit unions can focus on acquiring new members and providing products through digital channels.
6. **Realize the future of work is here.** The distributed workforce model during the crisis has only accelerated changes in work as well as where it gets done. Credit unions will need to understand not just changes to the nature of work (the what and the how) but also the workforce (the who) and the workplace (the where) – and the myriad ways in which they are interrelated.
### Moving Forward – Life After COVID

**Opportunities & the Path Forward**

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<tbody>
<tr>
<td>Next 3-6 months</td>
<td>0.5 – 2 years</td>
<td>2+ years</td>
</tr>
<tr>
<td>◦ Focus on initiatives to retain key and long-term members</td>
<td>◦ Refine/reimagine product offerings to further differentiate from banks</td>
<td>◦ Focus marketing efforts to reach attractive new member demographics</td>
</tr>
<tr>
<td>◦ Seek to optimize opportunities given new normal</td>
<td>◦ Assess branch and ATM footprint to better align to meet member needs</td>
<td>◦ Look for collaborative opportunities to invest in new technologies</td>
</tr>
<tr>
<td>◦ Focus investments on improving member experience and meeting needs</td>
<td>◦ Invest in digital capabilities to improve online banking, online account open, mobile banking, etc.</td>
<td>◦ Invest for the future – digital capabilities, data analytics, etc.</td>
</tr>
</tbody>
</table>
# Moving Forward – Life After COVID
Member Expectations and Behaviors are Evolving

Source: Boston Consulting Group REBEX Pulse Study 2020

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<tr>
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<tbody>
<tr>
<td>More than 23%</td>
<td>On average 15%</td>
<td>More than 16%</td>
<td>More than 17%</td>
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</table>

- More than 23% of customers have increased their usage of digital banking during the COVID-19 outbreak.
- On average, 15% of respondents enrolled into online banking for the first time as a result of the COVID-19 crisis.
- More than 16% of customers are planning to use branches less, while 49% of customers would sign up for a product in another channel if their preferred channel (branch) were unavailable.
- More than 17% of customers trust their bank more since the start of the crisis, while 8% trust their bank less.
League Staff Contacts

**League Staff Contacts:**
Main numbers: 800-950-4455 or 402-333-9331

**Direct Dial #s:**
- Scott Sullivan, President/CEO - 402-331-1151
- Dan Collins, Chief Solutions Officer – 402-333-2491
- Brandon Luetkenhaus, Chief Advocacy Officer - 402-333-9424
- Amy Shaw, Chief Initiatives Officer - 402-333-9405
- Marilou Lonergan, Accounting/HR - 402-333-9536
- Melissa Mausbach, Administrative Assistant - 402-333-9461
THANK YOU FOR YOUR SUPPORT

The League is your Strongest Advocate
And Strives to be a Whole Lot More!