

Skiing Around Adversity To Embrace Challenge

by [Steve Brown](#)

In the run-up to the Sochi Winter Olympics, we have watched our favorite athletes prepare (some successfully and others out of the running even before the games have begun). Enormous disappointment for skier Lindsey Vonn, the most winning World Cup alpine skier in American history, but with a blown knee she won't participate in the Olympics. There is always someone coming up the ranks though and skier Mikaela Shiffrin looks to be a star. She won the World Cup Slalom title last winter at the unprecedented age of 18 and we think her philosophy for ski racing has some great takeaways for bankers.

One of her favorite things to say is to embrace adversity. There is plenty of adversity in ski racing, awful weather and treacherous snow conditions, plus one mistake on a race course can bring an end to a season. The only way a racer can do well in these circumstances is to have prepared for it. If a racer trains on nasty days and therefore knows how to deal with rough conditions, it dramatically increases the likelihood of achieving success.

The same can be said for bankers, who are living in an environment that feels pretty adverse much of the time, with increasing regulation and incessant competition. Banks have been waiting for economic headwinds to subside and could use some sunshine to help navigate the blizzard of regulations, but it still seems over the next mountain. Banks are doing their best to stay on-course when they hit icy patches of inconsistent enforcement from regulators or get caught in the ruts of margin compression. Shiffrin says she always reminds herself that whatever the weather or environment on any given race day, that every racer has the same conditions. The same follows for banks, so take heart that everyone in your market is experiencing the same challenges you are so has the same opportunities.

What matters is how your bank interprets and responds to the conditions that surround you. If short and long term planning goals are based on unrealistic expectations for asset and earnings growth, it is easy to skid into a cycle of negative psychology. Be realistic, be persistent and stay focused to overcome challenges. Decide if adversity is a threat to avoid or challenge to pursue. There is a huge difference between an attitude of "Bring it!" vs. "This sucks and we're not having fun".

What can banks do to "bring it"? Stay in touch with your best customers and express your enthusiasm - there is something in every market to be excited about. Check with good customers for satisfaction and ask who they know that also needs your services. Express excitement about projects and people inside the bank too. Look for new businesses in town to call on and introduce your bank. Have in mind what is different about your bank and express it with conviction. Sometimes it's an effort to tell the sunny side of a story in tepid economic times, but it is imperative for success. Your customers and prospects want to know that you believe in your bank and its potential and are there to help them and their business no matter the weather.

Finding the desire to embrace the current banking environment can be an effort at times, so think like an Olympian to overcome. Embrace adversity as you have a positive attitude, then tune in for the Olympics and watch rising star Shiffrin. Our prediction is for a gold medal in slalom and top three for giant slalom.

ECONOMY & RATES

Yesterday

Yields climbed 3bps by the close of business trading as investors took in a fresh dose of optimism over the House passing a measure on the debt ceiling.

Today

As investors prepare for [retail sales](#) to show a slowdown for the month of January, yields are down 2bps this morning.

Rates As Of: 02/13/2014 08:46AM (PST)

| Treasury | Yields | MTD Chg | YTD Chg |
|-----------|--------------|----------|---------|
| 3M | 0.03 | 0.00 | 0.00 |
| 6M | 0.07 | 0.00 | 0.00 |
| 1Y | 0.11 | 0.00 | 0.00 |
| 2Y | 0.32 | 0.00 | 0.00 |
| 5Y | 1.51 | 0.00 | 0.00 |
| 10Y | 2.74 | 0.00 | 0.00 |
| 30Y | 3.69 | 0.00 | 0.00 |
| FF Market | FF Target | Fed Disc | |
| 0.00 | 0.25 | 0.00 | |
| Prime | Unemployment | Oil | |
| 3.25 | 0.00 | \$0 | |

[More Market Rates](#)

BANK NEWS

M&A

First Interstate Bank (\$7.5B, MT) will acquire Mountain West Bank (\$642mm, MT) for about \$72.8mm in cash and stock.

M&A

Horizon Bank (\$1.8B, IN) will acquire home mortgage originator 1st Mortgage of Indiana (IN) for an undisclosed all-cash sum.

M&A

Iberiabank (\$13.1B, LA) will acquire First Private Bank of Texas (\$350mm, TX) for \$64mm, or about 1.64x tangible book.

Customer Security

The National Institute of Standards and Technology (a sub agency under the Commerce Department) has released voluntary standards designed to help U.S. companies better protect themselves against cyber attacks. Banks should encourage customers to implement these standards to better protect themselves.

Ag Lending

The USDA projects U.S. farm incomes will tank 27% this year to the lowest level since 2010, as crop prices decline sharply (supply has outstripped demand). Meanwhile, livestock prices are expected to increase 0.7% this year (lower feed prices and more demand for dairy).

Lower Delinquency

TransUnion reports delinquency rates on single-family mortgages have fallen for 8 straight quarters to the lowest level since 2008. The percentage of homeowners at least 2 months late on their mortgage payments fell

to 3.85% in 4Q 2013 vs. 5.08% at the same period in 2012.

Small Biz

The Thomson Reuters/PayNet Small Business Lending Index, which measures the amount of small business financing climbed to its highest level since 1Q 2007 in Dec., setting the table for more lending opportunity for community banks.

Robbing Peter

The Employee Benefit Research Institute reports 21% of 401(k) participants eligible to borrow against their account have done so.

Copyright 2018 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.