CALIFORNIA BANKERS ASSOCIATION

California Banker

ISSUE 6 2024

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CALIFORNIA BANKERS ASSOCIATION

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Thank you for your continued support and partnership. Wishing you and your teams a prosperous and successful New Year!

As we close out the year, we want to take a moment to thank you, our members, for the critical role you play in shaping California's banking industry. Your dedication and leadership drive the success of the California Bankers Association and the communities we serve. Together, we continue to build a resilient and innovative banking sector.

We recently released an Economic Impact Report, produced in partnership with Beacon Economics. This report provides valuable insights into the essential role of California's banks in the state's economy. You can find an in-depth analysis of the report on page XX of this magazine.

Advocacy Highlights

The Presidential General Election is now behind us. President-Elect Trump will return to the White House for a second term and Republicans have taken control of the U.S. Senate while maintaining the majority in the House of Representatives. Meanwhile, in California, Democrats continue to hold supermajorities in both the State Senate and Assembly along with occupying all constitutional offices.

Following the election, the Government Relations team held a strategic planning session to identify and prioritize key legislative initiatives for the upcoming legislative session. The Legislative Forum, which followed the strategic planning session, brought policymakers, industry experts, and banking leaders together for a robust exchange of ideas. Key sessions included:

- A panel discussion featuring Freshman legislators,
- An economic update from the Department of Finance,
- An exploration of artificial intelligence and its implications for banking,
- Updates on California's homeowner insurance challenges,
- A preview of upcoming banking legislation, and
- A recap on the evolving political landscape.

In December, the California Legislature convened for an organizational session while simultaneously opening the special session called by Governor Newsom focused on protecting California's values and "Trump-proofing" the state. While the legislative session won't truly get underway until January, lawmakers began introducing legislation.

We expect next year to be turbulent legislatively where we anticipate a host of measures directly impactful to our industry. We expect the reintroduction of legislation aimed at holding banks accountable for financial abuse targeting seniors. This may include proposals requiring banks to reimburse account holders for fraudulent payments. A renewed effort to create a state bank is likely to surface, in addition to proposals restricting fees, including overdraft protection and non-sufficient fund fees.

Recently, California's DFPI Commissioner, Clothilde Hewlett announced her retirement, effective at the end of 2024, marking the beginning of a new chapter for the Department of Financial Protection and Innovation. She was appointed by Governor Newsom in 2021.

Education & Events

In October we held a successful Bank Counsel Seminar. The program featured experts who tackled a wide range of issues facing the industry. We also celebrated excellence in banking law at the seminar, where two outstanding professionals were recognized. Mike Zandpour, Senior Vice President and Deputy General Counsel at City National Bank, received the Almon McCallum Award, and Barry Smith, Shareholder at Buchalter, was honored with the Robert Frandzel Award. We were pleased to recognize their extraordinary legal service and contributions to the banking industry.

Additionally, our virtual membership updates provided timely insights, including: an election updates from our Government Relations team following the November elections, and a banking roundtable discussion on the latest challenges and opportunities in banking featuring David Brager (Citizens Business Bank), James Beckwith (Five Star Bank), Kevin McPhaill (Bank of the Sierra), and Aaron Axton (KBW).

Looking ahead, we're thrilled to host the upcoming Bank Presidents Seminar, which will feature renowned speakers and address the most pressing issues facing our industry. This event will also unveil the 2024 Distinguished Banker, a moment we hope you'll join us to celebrate.

Thank you for your continued support and partnership. Wishing you and your teams a prosperous and successful New Year!

Bringing members together. Making our banks better.

Kevin Gould
President & CEO, California Bankers Association

A CONVERSATION WITH KEVIN GOULD

Q: As President and CEO of the California Bankers Association, what inspired you to take on this leadership role? Our bankers and their steadfast dedication to improving the lives of the individuals they touch inspired me to take on this role. I'm honored to be trusted with the opportunity to represent and advocate on behalf of our industry.

I'm energized when I get to spend time with bankers. The passion bankers have for their communities is palpable and infectious and it's a privilege to be in a position where we get to tell their story. When I meet with bankers and hear about the important work they are doing, it's empowering and strengthens my resolve to ensure that we have a strong and effective association that is working on their behalf.

It was also inspiring to be encouraged to pursue the position by bankers and colleagues whom I have worked with during the 20 years that I have been with the association. Their confidence in my ability was reassuring and motivating.

Can you share your vision for CBA?

My vision for CBA is that the association exist as a strategic partner integral to the success of our member banks. Our goal is to make our banks better by bringing members together. I want the resources that the association brings to our members to be additive, whether that is accomplished by fiercely advocating on behalf of the industry, convening bankers at forums and gatherings where networking and knowledge can be shared, or facilitating the availability of solutions that improve the operating environment and enhance the way that bankers engage with their customers. My vision is that the association meaningfully contributes to a bank's financial success and that of their customers, communities and the broader economy.

The passion bankers have for their communities is palpable and infectious and it's a privilege to be in a position where we get to tell their story.

CONTINUED ON PAGE 8

> We welcome attendance at our visits to Washington, D.C. and to Sacramento where bankers have the chance to meet with legislators and regulators. These visits are often eye-opening and provide forums for relationship-building.

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What are you most excited about in the year ahead for CBA?

I am excited about the work we will do advocating at the state and federal level on behalf of our members. From a legislative and regulatory perspective, we will confront opportunities and challenges. While we know we will need to play defense, we are looking forward to being proactive and to helping policymakers arrive at thoughtful solutions. We are going to deploy tools that enhance our advocacy efforts while not lightening up on the important blocking and tackling customary to lobbying.

We are going to sharpen our communications and storytelling and will look to highlight the important contributions made by banks and we will hunt for proactive opportunities to increase our media presence as an additional way to share our perspective. We will deliver some fantastic forums featuring timely content delivered by compelling presenters.

Advocacy is a cornerstone of the CBA. What's your biggest opportunity and challenge for 2025?

As an organization sharply-focused on advocacy, our biggest opportunity is to proudly tell the story of how banks are inter-connected with their communities and the economy and through that storytelling to help policymakers arrive at thoughtful public policy outcomes that catalyze economic prosperity.

Our biggest challenge is navigating through an increasingly complex political environment that gravitates toward increased regulation of an industry that is already highly-regulated at the state and federal level where such over-regulation may ultimately stifle economic growth and the opportunity for banks to help consumers and businesses pursue financial success.

It goes without saying that there is going to be conflict between the state and federal government. CBA has, and will continue to be, a bipartisan organization. Irrespective of party affiliation, we will continue our practice of working with policymakers and external stakeholders to solve real problems. As we have done historically, we will roll up our sleeves and advocate for policies that amplify the superpower unique to banks in fueling economic growth.

What are the ways in which bankers can get more involved in the association?

CBA is a member-driven organization. The engagement of our members is critical to our success. From our board of directors to our policy committees that provide input on pending legislation and regulation, feedback and direction from our members is instrumental in guiding our efforts. We welcome attendance at our visits to Washington, D.C. and to Sacramento where bankers have the chance to meet with legislators and regulators. These visits are often eye-opening and provide forums for relationship-building.

Our conferences provide opportunities to stay up-to-date on the most current issues and serve as an excellent opportunity to network. We also offer a series of free, monthly, virtual sessions featuring influential thought leaders that include bankers, regulators, and other external stakeholders connected to the advancement of the industry.

What's something you want others to know about you?

I want others to know that I am deeply honored to be trusted with leading an organization representing banks doing business in California, and that I'm incredibly proud of the critical role that bankers play in advancing the financial success of their customers, the communities they serve, and the foundational support the industry provides to the broader economy.

I am thankful for the support the association and our members have given to me and the investment they have made to prepare me for my current role. The trust placed in me to lead our advocacy efforts, the ability to serve in senior management, and the encouragement to successfully complete a graduate level banking program at the Pacific Coast Banking School are just a few examples of how the association provided a pathway for upward mobility. I'm appreciative of the opportunities that working for CBA has provided to me and my family and my experience with the association has vastly exceeded my expectations.

I'm incredibly proud of the critical role that bankers play in advancing the financial success of their customers, the communities they serve, and the foundational support the industry provides to the broader economy.

California Bankers Association Releases Economic Impact Study Highlighting Statewide Economic Contributions of Banking Sector

In November, the California Bankers Association (CBA) released an economic impact study by Beacon Economics that examined the critical role banks play in supporting California's economy and the communities they serve. The study was authored by Christopher Thornberg, Ph.D., founding partner, and Miriam Valdes, Ph.D., manager, policy and economic development at Beacon Economics.

The comprehensive study examined and identified a number of direct economic impacts generated by banks, as well as the considerable contributions banks make to California's economy through indirect effects. Key findings include:

- Commercial bank operational activity and its economic ripple effects contribute $118 billion in total economic output to California's economy and support over 270,000 jobs across numerous sectors throughout the state.
- The commercial banking sector is a source of well-paying jobs for thousands of Californians. The average annual wages in California's commercial banking sector reached $141,000 in 2023, 61 percent higher than the weighted overall state wages and 24 percent above the national average for commercial banking roles.
- California's banking sector is nearly evenly split between males and females in most occupations, including management positions.
- Total fiscal impacts of commercial banking operations total more than $13.1 billion in tax revenue, including $5.4 billion in revenue to state and local government.
- As of the fourth quarter of 2023, California commercial banks provided $1.21 trillion in total loans and leases, a figure that represents approximately 30 percent of the state's GDP.
- In 2022, California banks provided $34.7 billion in small business loans and $334 million in farm loans, representing 15 percent of all CRA-designated small business and farm loans made in the United States.
- Besides CRA lending, California's banks support community development through their involvement with CDFI fund programs. Commercial banks are among the largest providers of private capital to CDFI funds, ensuring that essential financial resources reach underserved communities.

"This study affirms the vital role banks play in fostering economic resilience and growth in California," said Kevin Gould, President & CEO of the California Bankers Association. "From supporting small businesses to empowering communities, banks are integral to the prosperity of our state.

About Beacon Economics, LLC

Beacon Economics, LLC is an independent economic research and consulting firm with offices in Los Angeles and the San Francisco Bay Area. The firm delivers economic analysis and data sites that help their clients make informed, strategic decisions about investment, growth, revenue, policy, and other critical economic and financial issues. Their nationally recognized forecasters were among the first to predict the collapse of the housing market and foretell the onset and depth of the economic downturn that followed. Core areas of expertise include economic and revenue forecasting, market and industry analysis, economic impact studies, economic policy analysis, and international trade analysis.

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Newly Enacted Laws May Trigger Compliance Obligations

By Jason Lane, Senior Vice President and Director of Government Relations, California Bankers Association

During this past legislative session, CBA advocated on a myriad of legislative measures, and while important proposals related to automated decision making, privacy and elder financial abuse failed to advance, we attempted to negotiate compromises on several measures that will become law next year. In all, legislators introduced 4,821 bills this session and sent 2,252 to Gov. Gavin Newsom. We have highlighted a few measures that may require new compliance obligations.

AB 2067 (Dixon): Financial Institutions: Service of Process

Existing law permits financial institutions to designate a third-party agent as a central location for service of legal process. AB 2067 specifies that if the financial institution designates a third-party agent as a central location, the financial institution is also required to designate another central location. The measure prohibits each central location from being located in the same county as another designated central location. Some institutions may need to submit their second location to the Department of Financial Protection and Innovation.

AB 2837 (Bauer-Kahan): Civil Actions: Enforcement of Money Judgments

This measure places a number of new timelines and specific parameters on bank levies, wage garnishment, and claims of exemption. For example, among other provisions, AB 2837 requires a judgment creditor to take additional steps to verify a judgment debtor's address and provide notice of enforcement to a judgment debtor, by requiring a court to order the return of exempt property that has been levied upon, and limiting the time period during which an earnings withholding order may be enforced and the frequency with which such an order may be sought.

With a coalition of original lenders, debt collectors and debt buyers, CBA opposed AB 2837 and sought amendments that would remove our opposition by addressing our concerns related to the burden of proof of good cause in backdating of exemptions, allowing legal pleadings to be used to verify a debtor's address in the instance where they have signed up for a cease and desist list, and eliminate the requirement for a judgment creditor to file with the court. Because the author was unwilling to address our concerns, our coalition remained opposed to the measure, which was signed.

SB 1286 (Min): Rosenthal Fair Debt Collection Practices Act: Covered Debt: Commercial Debts.

This measure proposes to add commercial debts of up to $500,000 that are entered into, renewed, sold or assigned on or after July 1, 2025, to the Rosenthal Fair Debt Collection

CBA advocated that the threshold going in should be lowered from $500,000 to $100,000; that issues around floor plan financing should be clearly addressed; and that a collector should be able to file a judicial proceeding in the county in which collateral that secures a commercial debt is located. Because proponents ultimately did not address those concerns, CBA remained opposed to the measure.

SB 399 (Wahab): Employer Communications: Intimidation

SB 399 prohibits an employer from subjecting, or threatening to subject, an employee to discharge, discrimination, retaliation, or any other adverse action because the employee declines to attend an employer-sponsored meeting or affirmatively declines to participate in, receive, or listen to any communications with the employer or its agents or representatives, the purpose of which is to communicate the employer's opinion about religious or political matters and requires an employee who refuses to attend a meeting as to continue to be paid. The measure imposes a civil penalty of $500 on an employer who violates these provisions.

AB 2424 (Schiavo): Mortgages: Foreclosure

This measure requires a notice be provided to specified parties that a third party, such as a family member, HUD-certified housing counselor, or attorney, may record a request to receive copies of any notice of default and notice of sale at specified times in the loan and foreclosure process and that receiving a copy of these documents may allow the third party to assist the borrower in avoiding foreclosure.

This measure prohibits a foreclosure sale until the expiration of 45 days if the trustee receives, at least five business days before the scheduled date of sale, a listing agreement for the sale of the property subject to the power of sale. If a scheduled date of sale has been postponed and the trustee receives, at least five business days before the scheduled date of sale, from the mortgagor or trustor a copy of a purchase agreement for the sale of the property, the measure requires the trustee to postpone the scheduled date of sale to a date that is at least 45 days after the date on which the purchase agreement was received by the trustee.

This measure requires the mortgagee, beneficiary, or authorized agent to provide to the trustee the fair market value of the property at least 10 days prior to the initially scheduled date of sale and prohibits the trustee from selling the property at the initial trustee's sale for less than 67 percent of the amount of that fair market value of the property. If the property remains unsold after the initial trustee's sale, the measure requires the trustee to postpone the sale for at least seven days and authorizes the property to be sold thereafter to the highest bidder.

AB 3100 (Low): Assumption of Mortgage Loans: Dissolution of Marriage

This measure requires a conventional home mortgage loan originated on or after January 1, 2027, and secured by owner-occupied residential real property containing four or fewer dwelling units with multiple borrowers, to include provisions to allow for any of the existing borrowers to purchase the property interest of another borrower on the loan by assuming the seller's portion of the mortgage under specified circumstances if the assuming borrower qualifies for the underlying loan, as determined by the lender.

AB 3279 (Committee on Judiciary): Client Trust Accounts (CTA)

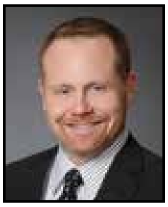
AB 3279 requires that on or after March 1, 2026, and annually on or before March 1 thereafter, a bank must electronically provide via secure file transport protocol or another format mutually acceptable to the financial institution and the State Bar, information for every client trust account actually known to the financial institution associated with an attorney's State Bar license number.

This obligation to provide information is only for those CTAs associated with an attorney's State Bar license number.

In order to effectuate this new requirement, On or before January 1, 2026, the State Bar must create a standard form for use by an attorney licensed to practice in California wherein the attorney must submit the attorney's license number and the name and account number of all applicable associated CTAs to the financial institution.

On or before March 1, 2026, and annually on or before March 1 thereafter, a bank must electronically provide via secure file transport protocol or another format mutually acceptable to the financial institution and the State Bar, the following for every client trust account known to the financial institution associated with an attorney's State Bar license number:

1. The name of the bank in which the CTA is held
2. The name of the attorney or law firm associated with the CTA
3. The account number of the CTA
4. The attorney's State Bar license number associated with the CTA
5. The CTA balance as of December 31 of the previous year. If December 31 is a holiday, the account balance as of the preceding business day may be reported. »



Jason Lane is Senior Vice President, Director of Government Relations for the California Bankers Association and manages California state tax policy for the association, which involves analyzing legislation and regulatory activity, and the development of policy positions for the association. Lane is one of three lobbyists at CBA and, in addition to his primary focus on taxation, he also lobbies on behalf of the association on issues related to the state budget, and consumer lending legislation.

Umpqua Business Barometer: Optimistic California Businesses Looking to Borrow, Expand and Tap into Technology in 2025

By Richard Cabrera, Head of Commercial Banking, Umpqua Bank

— Investment in AI and cybersecurity top of mind as companies focus on revenue, operational efficiency through digitization and expanding market share

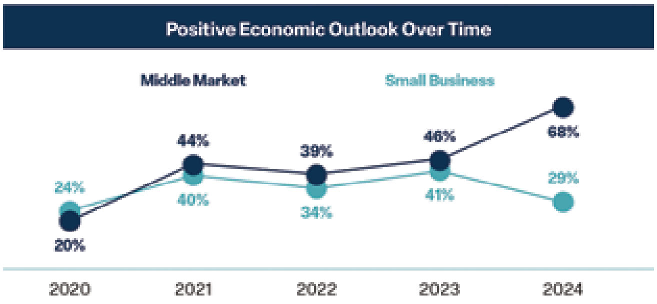
— Economic optimism gap widens between small and midsize businesses nationwide for the first time in six years

Umpqua Bank is dedicated to helping small to midsize companies navigate the ups and downs of the economy and move forward. That's why six years ago we launched our first annual nationwide study of these companies, including California businesses, with the aim of better understanding how decisionmakers feel about the economy, and to identify emerging trends that impact their success. It is an important undertaking to ensure we are always evolving and providing the best counsel and financial products that fit our customers' needs now and into the future.

Our 2024 survey is especially notable for the stark contrast and widening gap it found between the outlook and plans of small and midsize businesses. Optimism and key growth indicators of midsize businesses across the U.S. surged to six-year highs. For small businesses, optimism and key growth indicators are near pandemic-era lows.

It's clear that the higher interest rate environment and stubborn inflation of recent years has disproportionately impacted smaller enterprises. Midsize companies have had the scale and capital to adjust more quickly and grow. As a result, more of them are growth-minded than last year and in turn are investing in AI, automation and sophisticated tools to safeguard their operations and customers.

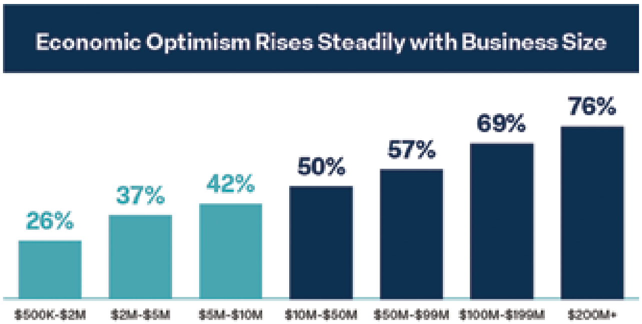
With fewer resources and tighter margins, smaller enterprises have been more focused on managing the pro-



longed financial challenges and risks associated with the current environment. This applies to planning ahead for 2025, too, with small businesses being more likely to delay adjusting their business plans until after the U.S. presidential election.

California thrives as optimism continues

California has seen its share of change over the last several years, including a population decrease and other challenges. Yet it continues to retain its position as the world's fifth largest economy and remains the headquarters of four of the seven "Magnificent Seven" stocks. Additionally, in 2023 the state reported its first yearly population increase since 2020. Hence, local businesses have been feeling optimistic, and this year is no different. More than half (56 percent) of California-based companies rate the economy excellent or good, similar to 2023 (58 percent).



Areas of Investment

Businesses in the Golden State are ready to borrow. More than half of those surveyed (58 percent) are likely to borrow to expand their business in the year ahead. Despite ongoing concerns about inflation, a potential recession and interest rates, decision-makers are still determined to find strategic ways to grow their business as they focus on increasing revenue (45 percent), improving operational efficiency (31 percent) and expanding market share (29 percent). And they're willing to take on debt to achieve these goals.

California companies' priority investment areas for the next 12 months include marketing (50 percent), AI (45 percent) and cybersecurity (37 percent). Considering the adoption of emerging technologies — which we'll delve into below — these categories are no surprise.

AI and Digitalization

Compared to a year ago, decision-makers, especially those at midsize firms, have made significant progress in their understanding and potential of generative AI. In California, 45 percent of surveyed businesses list AI as a top investment priority, with the most likely applications focused on IT, cybersecurity, and sales and marketing. Within the next 12 months, a strong majority expect to see significant benefit from implementation on their productivity levels (64 percent), competitive advantage (60 percent), acceleration of products and services (57 percent) and profitability (55 percent). With their heightened focus on operational productivity, 80 percent of California businesses surveyed are likely to digitize new areas to improve efficiency.

Securing Payment Systems

The Federal Trade Commission reported that in 2023 consumers lost more than $10 billion to fraud — a nearly 15 percent increase from 2022. For businesses, the FBI's Internet Crime Complaint Center (IC3) put last year's financial losses from cyber-related fraud at more than $12 billion. Instances of phishing continue to be the largest fraud threat to California businesses, which confirm these are the most frequent types of attacks that they have experienced in the last 12 months. Seven in 10 business leaders report they are investing accordingly in the protection of payment systems now and into 2025. These same decision makers believe that generative AI will most help their IT/cybersecurity efforts.

Setting Your Clients Up for Success

Based on Umpqua's survey, it is crucial for banks to guide their clients through the uncertainties of the coming year,

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Navigating FDIC Proposals: Essential Insights for Banks and Fintech Partners

By Jason Cave, Strategic Advisor, Regulatory Affairs, R&T Deposit Solutions

Over the summer, the FDIC Board in Washington, D.C., diligently addressed critical issues in banking and fintech, introducing several proposals that have sparked significant debate and offer valuable insights for industry stakeholders.

Brokered Deposits Proposal and New Deposit Information Request

Among the recent FDIC proposals, the brokered deposits initiative and the Request for Information on Deposits stand out due to their potential long-term impact on how banks and investment managers source and manage deposits. These proposals are technical yet substantive, and it's crucial for industry participants to engage in the rule-making process. At R&T Deposit Solutions, we encourage clients to provide feedback to the FDIC to help shape rules that effectively address industry concerns.

BaaS Risks Amid Basel III Delays

While Basel III remains stalled, attention has shifted to the risks within the Banking as a Service (BaaS) model, particularly following the April 2024 Synapse Financial Technologies bankruptcy due to severe liquidity issues and regulatory challenges making them unable to meet customer demand and maintain their operations. Smaller regional banks, heavily reliant on BaaS for revenue, have been significantly impacted. The Synapse case underscores the governance and control challenges in BaaS models, especially for banks where fintech partners drive substantial customer acquisition.

The FDIC, along with the OCC and Federal Reserve, has heightened expectations for third-party risk management, emphasizing that banks must take proactive steps to ensure robust back-office processes. Partnering with experienced entities like R&T Deposit Solutions can provide a critical advantage in navigating these challenges.

Regulatory Shifts in Response to Synapse's Collapse

The FDIC's response to Synapse's bankruptcy includes more than just updated guidelines. A June 20, 2024, letter from Synapse's bankruptcy trustee, former FDIC Chair Jelena McWilliams, prompted FDIC Chair Gruenberg to propose an overhaul of brokered deposit rules. This proposal, discussed in the July 30 FDIC Board meeting, suggests reverting to pre-2020 brokered deposit rules, which has sparked heated debate within the industry.

New Custodial Account Record-keeping Proposals to Address Synapse-like Risks

The FDIC Board recently approved a proposal to address perceived risks arising from bank-fintech arrangements in the wake of the Synapse fintech failure by requiring banks and their partners to maintain timely and accurate deposit records so that the FDIC can quickly pay insured deposit claims to beneficial owners underlying the custody accounts upon the failure of the bank.

Industry Reactions and Strategic Adaptations

The FDIC's proposal has generated significant industry pushback, with 11 trade groups requesting the proposal's withdrawal or additional data to justify its approach. As the FDIC continues to emphasize the importance of traditional bank-depositor relationships, banks and fintechs must reassess their partnerships and strategies to align with evolving regulatory expectations.

For those in the BaaS space, particularly newer entrants since the 2020 rule change, the proposed rules could significantly impact funding strategies. It's crucial to review current arrangements and prepare for various regulatory scenarios.

Looking Ahead: Data-Driven Regulatory Engagement

The FDIC's Request for Information on Deposits presents a unique opportunity for banks and their partners to contribute valuable data that will shape future regulations. By providing insights into deposit stability, particularly post-SVB crisis, banks can help the FDIC create a balanced regulatory framework that fosters innovation while ensuring safety.

At R&T Deposit Solutions, we are committed to helping clients navigate the evolving regulatory landscape and strategically manage their funds to ensure their continued success. »

2025 GSB SCHOOLS

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HUMAN RESOURCE MANAGEMENT SCHOOL
April 28 - May 2, 2025

Designed for financial services HR professionals to help tie together important banking and HR issues, this school will expand your knowledge of the business of banking, human resource management and employee performance.

FINANCIAL MANAGERS SCHOOL
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This school goes beyond the basics to present best practices and solutions to today's most critical financial management decisions. Designed by experienced CFOs to provide the tools you need to build a solid foundation in asset/liability management.

BANK CYBERSECURITY SCHOOL
October 13 - 17, 2025

This school will give you the practical insights to mitigate the risk of fraud. Includes an in-depth, interactive study of the latest IT security best practices, including information security law, IT security management, virtualization, infrastructure, network penetration testing, ethical web hacking, AI and mobile defense.

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Details TBA

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California Bankers Association Honors Legal Leaders with Prestigious Awards at the 2024 Bank Counsel Seminar

The California Bankers Association (CBA) is proud to announce the recipients of two esteemed awards presented during the 2024 Bank Counsel Seminar, celebrating excellence in legal service and contributions to the banking industry.

Mike Zandpour, Senior Vice President and Deputy General Counsel at City National Bank, was honored with the Almon McCallum Award, which recognizes distinguished and exemplary legal service in the banking sector. Zandpour's leadership and impact have made significant contributions to banking law and the advancement of legal practice within the financial industry.

Barry Smith, Shareholder at Buchalter, received the Robert Frandzel Award, recognizing his outstanding contributions to the California banking industry. This award underscores Smith's exceptional work in providing invaluable legal counsel and his commitment to the development and progress of banking regulations and practices.

"Both Mike Zandpour and Barry Smith have set high standards for legal excellence in our industry," said Kevin Gould, President & CEO of the California Bankers Association. "Their dedication and service exemplify the qualities that these awards represent, and we are proud to celebrate their outstanding achievements."

The Almon McCallum and Robert Frandzel Awards are presented annually at the CBA Bank Counsel Seminar, bringing together distinguished legal professionals and banking leaders to honor those who have made meaningful contributions to the industry.

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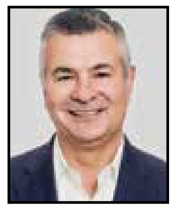
using insights from our Business Barometer, we recommend exploring the following topics:

- **Generative AI / Operational Efficiency:** Review how each of your clients is thinking and looking to implement AI and determine if financing is needed to take on projects that will be most beneficial to their enterprise.
- **Cybersecurity and Year-round Awareness:** Given rising cybersecurity threats, California-based respondents continue to make investment in financial tools to protect their payment systems a top priority. Now is a good time to collaborate with your clients to assess the latest and emerging threats and what they can do to stay ahead to protect their business from fraud and strengthen our global financial infrastructure.
- **Strategic Borrowing for Growth:** Explore with clients strategic borrowing to expand their businesses. Midsize companies, in particular, are willing to take on debt to achieve growth. Assess if financing is needed to support their goals in increasing revenue, improving operational efficiency, and expanding market share.

As we close out a year marked by geopolitical shifts, a presidential election, and interest rate pressures, uncertainty is likely to persist into 2025. It is crucial for banks to continue to do what we do best by preparing our clients for the unknowns in the year ahead through strategic guidance, financial planning, and risk management solutions.



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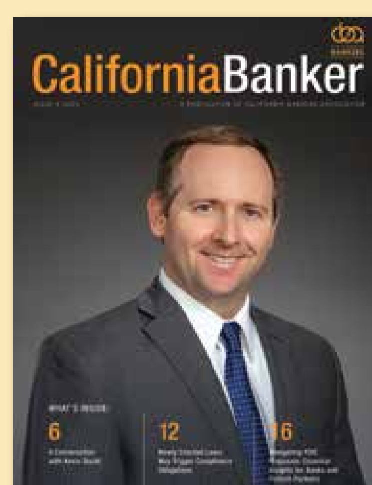

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