

**Bank Directors' Guide to Controlling Credit Risk**  
by Dr. William F. Staats .....\$9.95

**Key Concepts of Financial Management for Bankers (second edition)**  
by Dr. William F. Staats .....\$28.50

**The Basics of Bank Investments (third edition)**  
by Dr. Paul D. Cretien .....\$15.95

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278-0025) for additional  
information on these publications.*

## BANK DIRECTORS' GUIDE TO CONTROLLING CREDIT RISK

The Graduate School of Banking at L.S.U. has published a book entitled Bank Directors' Guide to Controlling Credit Risk. The author, Dr. William F. Staats, for thirty years was the Hermann Moyse, Jr., Distinguished Professor of Finance and Louisiana Bankers Association Chair of Banking at Louisiana State University. Dr. Staats was a founding director of a community bank and was appointed by the Federal Deposit Insurance Corporation as a founding director of the nation's first bridge bank. In addition, he has served as an expert witness in more than 25 legal cases involving the duties of bank directors and officers. Each of those cases involved a failed institution. Staats has examined the files related to several hundred loans at failed banks and savings and loan associations.

The 50-page paperback contains definitions of risk in banking, the elements essential to a sound loan policy, a discussion of the several steps in underwriting a loan, a description of major loan underwriting deficiencies, how to control credit risk at the portfolio level, how to maintain capacity to absorb credit losses, and how directors can monitor credit risk. This comprehensive coverage is explained clearly and concisely in the jam-packed 50 pages. In addition, Dr. Staats has interspersed the publication with real-world situations.

Single copies of the book are available for \$9.95 and the price per copy for seven copies or more sent to one address is only \$6.95.

## MOVING UP Updates on Graduate School of Banking at LSU Students and Graduates

ARKANSAS	MISSISSIPPI (CON'D)
<ul style="list-style-type: none"><li>James E. McJunkins ('95) President and Chief Executive Officer, Farm Credit MidSouth, Jonesboro</li></ul>	<ul style="list-style-type: none"><li>Henry A. Logue ('84) President and Chief Operating Officer, Merchants &amp; Planters Bank, Raymond</li></ul>
FLORIDA	MISSOURI
<ul style="list-style-type: none"><li>Susan Blackburn ('09) Tampa Bay Regional Executive, Sabadell United Bank, Tampa</li></ul>	<ul style="list-style-type: none"><li>Brian J. Lunt ('10) Assistant Vice President, Rockwood Bank, Eureka</li></ul>
KENTUCKY	SOUTH CAROLINA
<ul style="list-style-type: none"><li>Melissa L. Knight ('13) Vice President, Farmers National Bank, Lebanon, appointed to the Board of Directors of the bank and its holding company, Lebanon Banchares, Inc.</li></ul>	<ul style="list-style-type: none"><li>Fred L. Green, III ('87) Consultant, Plantation Federal Bank, Pawleys Island, will succeed Lloyd I. Hendricks as the President and CEO of the South Carolina Bankers Association on April 1, 2012</li></ul>
LOUISIANA	TENNESSEE
<ul style="list-style-type: none"><li>Jennifer Creger ('03) Senior Vice President, Operations Division, First National Bankers Bank, Baton Rouge</li><li>Kenneth W. Dunaway ('06) Senior Vice President, TIB-The Independent Bankers Bank, Baton Rouge</li><li>Patrice L. Oncale ('86) Vice President and Manager of Thibodaux Branch, Synergy Bank, Thibodaux</li></ul>	<ul style="list-style-type: none"><li>James S. "Scott" Cocanougher ('03) Chief Executive Officer, First Community Bank of Bedford County, Shelbyville</li></ul>
MISSISSIPPI	TEXAS
<ul style="list-style-type: none"><li>Dennis R. Bock ('08) Community Bank President, BankFirst Financial Services, Starkville</li><li>J. Gibson Eatherly ('06) Senior Vice President of Commercial and Agricultural Lending, Bank of Yazoo, Yazoo City, has been elected to serve as a director</li></ul>	<ul style="list-style-type: none"><li>Terry L. Fauble ('86) President, Huntington State Bank, Huntington</li><li>James D. Weichel ('06) Community Bank Manager, Mutual of Omaha Bank, Dallas</li></ul>

*In order to stay up-to-date with you and the news, we need your help. Please notify the school office of your promotions, moves, and any other information you think the other graduates would like to know. We would also appreciate notification of any changes in your mailing or e-mail addresses. You may send these updates directly to donw@gsblsu.org.*



# BancGrad Update

from the *Campus of Louisiana State University*

FEBRUARY 2012

## FROM THE DIRECTOR



An important part of the learning experience offered by the Graduate School of Banking at LSU is the diversity of the faculty and student body. Students/bankers learn from faculty members with diverse backgrounds, and from fellow students who have varied work, cultural, and educational experiences.

Teaching at the 2012 Session will be about 50 seasoned faculty members from 21 states—from North Dakota to south Texas, and from Washington state to Delaware. Almost 80% of the faculty are either bankers or consultants, and most of the consultants are former senior bank officers. Thus, they are able to bring to the classroom practical solutions and recommendations to address present day banking problems. About 16% of the faculty members are academicians, and 6% are bank regulators.

The student body is extremely diverse and hail from small community banks, large regional institutions, and foreign banks. At the 2011 Session, 47% of the students were officers in banks with assets below \$500 million, 11% from banks in the \$1-\$5 billion category, and 14% worked in banks with assets greater than \$10 billion.

Since the 2000 Session, the school has enrolled bank officers from Mexican banks. At the 2011 Session, 44 Mexican bankers attended the school. Most were officers in Banorte, a bank having in excess of \$10 billion in assets. These bankers add significantly to the educational value of the school.

**Don L. Woodland**  
Executive Vice President and Director

## NEW FACULTY FOR 2012

The 2012 Session will feature several new courses and cases. In fact, 15% of the 2012 faculty will be new to the school. In the second week of the first-year curricula, bankers will have a new course in Credit Risk Management taught by John Barrickman from Florida. John has many years of banking and consulting experience in teaching bankers how to manage the risk in their loan portfolios.

Junior and senior bankers will have the option to elect the course "Effectively Managing the Consumer Bank" taught by John Matheny who is an ex-banker from Austin, TX. Second-year students will have a new required course "Banking Small Business" taught by Ryan Sheaffer from Seattle. Seniors will take a completely new course "Managing in the New Bank Regulatory Environment" taught by an experienced banker/consultant, J. Michael Woody.

Second-year students will, in the second week of the session, study asset/liability management under Mr. Darnell Canada from the Darling Consulting Group in Newburyport, Maine. Mr. Canada has extensive experience consulting in the area and in speaking to banking groups on the topic.

Junior bankers will also have two new case leaders, both senior officers at BB&T in North Carolina and graduates of the school. Tony Reitzel will lead a case dealing with term lending, and Bill Stallings will teach real estate finance.

First-year bankers will study a completely new case in bank financial analysis led by Harvey Church, Senior Executive Officer of First Farmers and Merchants National Bank in Columbia, TN, and a revised case taught by a new faculty member, Dr. Mark Griffiths from Miami University, Ohio. We welcome these new faculty members to the school.





## THE 63<sup>RD</sup> SESSION OF GSBSLU

*View of LSU Quad*



As a graduate of the School, you are in a unique position to recommend the program to your associates and others. Just call the school's office (1.888.278.0025) and we will contact the prospective students and send appropriate materials. Applicants may also apply on-line by clicking on **Application**.

The 63rd session will be held May 20 – June 1, 2012 on the L.S.U. campus, and we are currently accepting applications.

## THE CLASS OF 2014



*Banker Arriving at Campus Apartments*

Enrollment in the new class, the Class of 2014, is progressing satisfactorily. And, it appears that the class of 2014 will be a little larger than the Class of 2013. The number of bankers enrolled in early February is slightly greater than the number enrolled last year.

Bank management is facing substantial challenges in the present economic environment. Low loan demand, shrinking interest rate spreads, growing regulatory costs, and restraints make it increasingly difficult to yield a satisfactory return to stockholders. In these economic conditions, prudent management practices demand the banker to weigh carefully potential expenditures. Traditionally, among the first costs to fall under the manager's scrutiny are advertising expenditures and the cost of education and training. But, prudent managers know that cutting educational and training costs is a very myopic approach to expense control. Customers want to deal with competent bank staff which can only be attained through education and training. Expenditures in this area pay the bank handsome dividends.

## NEW SERVICE

The relatively large number of bank failures in 2011 has left some of our graduates unemployed, and budget constraints at banks have also placed graduates in the job market. We can certainly empathize with the young banker who has a family to support and has lost employment through no fault of his/her own.

To assist these bankers who have been adversely affected by economic conditions, the school is offering a new service to its graduates and current students who are **unemployed**. Positions available in banks will not be posted, but a banker seeking to hire a new officer may make contact with an unemployed graduate listed in the service. The school will not provide academic records to any bank without the concerning student's written approval, nor is the school able to supply personal recommendations to potential employers.

To be included in the service, an unemployed graduate or student must provide the following information which will be posted on our web page ([www.gsblsu.org](http://www.gsblsu.org)). The tab on our front page is "Job Search."

- Name and year of graduation from GSBSLU (*name will not be posted on the Web*)
- Contact information - email address
- Asset size of previous employer
- Position desired (*e.g. commercial lending, operations, funds management*)
- Number of years banking experience in commercial lending, etc.
- Preferred location (*city, state, or region*)

This information will appear on our website in the following sample format:

*"GSBSLU 1999 graduate with 10 years' experience in commercial lending in a \$500 million bank seeks position in a southeastern state. For a complete resume, contact [jjjones@yahoo999.com](mailto:jjjones@yahoo999.com)."*

Unemployed graduates interested in the program should send the above information to Don Woodland at [donw@gsblsu.org](mailto:donw@gsblsu.org). We hope this service is of value to our graduates.



The school has a page on Facebook which you will want to check from time to time. Announcements will be posted there regarding new faculty, new trustees, recruitment activities, and other school developments of interest to students and graduates. Please send us any of your professional activities that you wish your fellow bankers to know about and we will post them on our wall. Information about access to Facebook may be found on our website at the bottom of our home page.

## Check It Out

Email addresses for students and graduates are listed on our website, but only if requested. If you would like to have your email address shown in the directory, please send your address to [donw@gsblsu.org](mailto:donw@gsblsu.org) and request that it be listed on our home page.

## Attention Alumni

A new page has been added to the school's website. The page is intended to make it easier for you, our alumni, to refer potential students to the school.

Go to our home page and click on **Students** at the top of the page, then on **Attention Alumni** on the left side of the page. A form will appear which permits the sending of a recommendation. Alumni who send recommendations will receive a nice gift from the school. We look forward to receiving your suggestions of candidates.

## SIMULATED BANKERS

Perhaps the most effective teaching platform offered by the school is the bank simulation program taught in the senior year of the school as a capstone course. It is designed to bring together material taught in the prior two years. The faculty consist of six experienced bankers who are CEOs of their banks, an experienced administrator, and three examiners from state and federal agencies to assure that the simulated bankers follow the rules of the game.

The school has allocated substantial resources to assuring that the simulation model maintains its value as a teaching tool. The school has pooled resources with two other graduate banking schools to make the changes necessary in this very complicated computer program to enhance its teaching effectiveness. Among the changes and modifications which have been made and which will be implemented at the 2012 session are the following:

- The development of new starting points for the bank to be managed.
- Construct new and different economic variables which may be changed during the eight quarter management periods.
- Develop new elasticity factors for the loan portfolio so that the loan portfolio may be expanded more readily.

Other relatively minor changes in the simulation will be made. This work is being directed by a team from the school and its partners. Dr. Ernie Swift from Atlanta, GA, represents our school and brings to the table many years of experience in teaching and in the administration of the simulation. We expect that at the 2012 Session the simulation will again be the top-ranked course by the students.



*Students Studying Simulation Results*

## SPEAKER SERIES

For many years bankers attending the school were treated to an evening speaker both weeks of the session. The talks were delivered in the LSU Union Theatre on the first Tuesday evening of the session and on Monday evening of the second week. Due to the complete renovation of the Union building, including the Theatre, which required several years to complete, the speaker series was discontinued. With the 2012 session the speaker series will be resumed.

The speaker on Tuesday, May 22 will be Dr. Thomas J. Cunningham, Senior Economist and Regional Executive of the Federal Reserve Bank of Atlanta. Dr. Cunningham will address current economic conditions.

Dr. Cunningham received his undergraduate degree in economics from California State University, Fresno, and a Master of Philosophy and PhD in Economics from Columbia University. He joined the Fed of Atlanta in 1985 as an economist with the macropolicy group.

## WANT TO LEARN MORE?

Bank study projects are an integral part of the learning experience of the school. Students spend almost as much time completing the projects as they do attending the annual session.

The value the projects contribute to the learning experience of the school is well documented, but it is encouraging to know that for some students the projects stimulate a desire to learn more about the topics addressed in the projects. Following the completion of projects, several students have asked for references to books or seminars which would contribute to their learning more about the subject. The school is pleased to accommodate these thoughtful and ambitious students.

## NEW TRUSTEES

The school is administered by a Board of Trustees which is made up of the CEOs of sponsoring state banker associations, and a banker from each of these states who is a graduate of the school. These appointed trustees serve two-year terms and may be reappointed for a second consecutive term.

At the annual board meeting last fall, five new trustees were in attendance. Those attending were:

- Joseph L. Evans ('10) President, The Heritage Bank, Lucama, NC
- Tucker A. Longabach ('04) Executive Vice President/CFO/COO, Gateway Bank of Florida, Daytona Beach, FL
- Geoffrey R. McGoffin ('10) President, RCB Bank, Skiatook, OK
- J. R. "Rick" Pierce ('83) Vice President, Simmons First National Bank, Pine Bluff, AR
- Randall E. Snider ('86) President and CEO, Community Bank of Parkersburg, Parkersburg, WV

The principal role of the appointed trustee is to represent and market the school in their respective states. We are delighted to have this excellent group of bankers serving on our board.