

TBB THE BANKERS BULLETIN

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TheBankersBank

ISSUE NO. 8

WHAT'S IN THIS ISSUE

Phone System Security

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PHONE SYSTEM SECURITY – ARE YOU SURE?

by Andrew Johansen, Forward In Technology



Office phone systems can be a security and legal liability. Most office administrators don't realize the extent of the risk and the ease of infiltration.

Phone communication used to be a service fully separate from other facets of a company's environment. The most concerned we'd be about telephone security was what we watched in spy movies with bugs or wiretapping.

Now telephony and data have merged into a unified communication system with voice flowing through ethernet connections. Many phone systems will integrate with CRM applications to provide a seamless experience in conversation and data access. With all this convergence, it's time that every company pay close attention to the telephony with the same enthusiasm that is given to computers, firewalls, cloud, and mobile devices.

So, what kind of risks are there and how do you go about narrowing or closing those vulnerability gaps? The best way to get started is to consider the following:

- 1** The phone provider should fully understand telephony security and cybersecurity – Many telecom companies were started in the mid and late 1900s with some knowledge about phone systems and how to configure these systems. A lot have grown to embrace and make the shift into VoIP. However, some of these providers did not learn about cybersecurity. Though VoIP data is often passing over the same cabling as secure business data, the telecom provider might not have configured the VoIP system with the same level of security that has been applied to the network data. Before you sign up with a phone provider, check

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into their compliance and accreditation; for instance, they should be affirmed with SOC 2, HIPAA, and PCI compliance.

2 Keep your phone system firmware up to date – When we check networks for vulnerabilities, many times we find that phone system related vulnerabilities exist only because the telecom provider has not regularly updated the firmware. For computers, auditors and examiners expect us to install updates almost immediately upon release. Sadly, this is not an expectation of the phone system, which leaves known security holes vulnerable to attacks by the most novice of hackers.

3 Secure the voice traffic – The traditional phone system used POTS (Plain Old Telephone System) lines. These analog lines use audio signals which can be intercepted and listened to live. Similarly, with VoIP if the voice traffic is not encrypted, a hacker can capture the packets on the network and play them back as audio. This is still extremely simple and requires no privileged access to the network. The solution is to encrypt the voice traffic while in transit and at rest. But be careful – some systems will say that they encrypt, but they might only encrypt the original handshake and not the actual

voice traffic. This is an example of Voice Over Misconfigured Internet Telephones – VOMIT.

4 Segment VoIP traffic – One of the many reasons to segment voice traffic from data traffic is security. With an increase in VoIP traffic hijacking, segmentation allows traffic to be better filtered of bad packets. Additionally, many bank examiners and auditors are asking about VoIP segmentation, which means it should be considered an important security measure to apply.

5 Check with your telecom provider about some common vulnerabilities – In our scanning of network vulnerabilities, we have found the following three to be the most common and concerning with regards to the phone systems.

/WEB-INF/ Information Disclosure Vulnerability (HTTP)

- CVSS Score: 10
- Comment: This is a major vulnerability, especially if a network has not been segmented, because it means a system is vulnerable to information leakage. As it pertains to phone systems, an attacker could potentially view sensitive information including but not limited to call logs, usernames, and phone

numbers.

Diffie-Hellman Ephemeral Key Exchange DoS Vulnerability (SSL/TLS, D(HE)ater)

- CVSS Score: 7.5
- The remote SSL/TLS server is supporting Diffie-Hellman ephemeral (DHE) Key Exchange algorithms and thus could be prone to a denial of service (DoS) vulnerability.
- Comment: While there is no risk of data being compromised, a DoS attack can render a branch, website, or even whole company unable to perform necessary job functions.

SSL/TLS: Deprecated SSLv2 and SSLv3 Protocol Detection

- CVSS Score: 5.9
- Comment: These deprecated protocols have multiple security flaws and nearly all technology has moved away from using them. Keeping hardware and software/firmware up to date eliminates this type of vulnerability.

So, talk with your provider and make sure that system you have is secure. If you find yourself in need of a better solution, Forward In Technology, Inc. has the staff, services, and products to give you the best features and security in a unified communications solution with SOC 2, PCI, and HIPAA compliance.



A MESSAGE FROM THE CEO

I would like to start with my gratitude to our shareholders and customers. It is your continued faith in our institution that has allowed us to thrive. We were able to show that gratitude to our past board members at our annual shareholder meeting in March where we had nearly all living board alumni in attendance. Their leadership, and your support, have shown literal dividends for The Bankers Bank.

Perhaps it is our conservative nature, but it feels as though we bankers are always observing headwinds in our industry. Today that headwind is liquidity, and as you know it is manifesting at several large regional institutions on the coasts. The failure of those institutions has actually shown the strength

of our community bank customers. Strong relationships, wise financial decisions and a more sustainable deposit base demonstrate why institutions like yours are so important.

Some of the many lessons we have learned (or relearned) from this banking trauma include:

- 1.** A bank run in the digital age can manifest faster than imagined, resulting in bank closures mid-day.
- 2.** Uninsured deposits ratios are an important predictor of customer confidence in uncertain times.
- 3.** Active management of assets and liabilities are fundamental to a healthy balance sheet.
- 4.** Social media/digital communications can stir depositor panic.

You should be proud of your team here at The Bankers Bank. We have great customer relationships and balance sheet management. While we can always use more deposits, we have many methods to fund our commitments, like our very popular money market account. As always, please let us know what we can do to help your bank flourish!

Sincerely,

Troy Appling, CEO



Right: John V. Anderson & Jim Patton, two of TBB's founding board members, at the shareholder meeting

2023 Bankers Bancorp BOARD OF DIRECTORS

The Annual Shareholder meeting was held at the Quail Creek Golf and Country Club on Friday, March 24th, where we announced the newly elected members of Bankers Bancorp Board of Directors, Chris Rector and John Robin. Get to know them below!



Past and present board members in attendance at the annual shareholder meeting.



CHRIS RECTOR
CLO, Regional President
Firststar Bank | Tulsa, OK

Chris Rector is the Chief Lending Officer and Regional President for Firststar Bank based in Sallisaw, Oklahoma. He also sits on Firststar's board and has been a shareholder since 2020. Rector has 23 years of lending experience. He holds a Bachelor's Degree in Business Management from Oral Roberts University and is a graduate of both ABA's National Commercial Lending School and OBA's Consumer and Commercial Lending School. Outside of serving the local banking community, Rector is involved with the Teachers Retirement System of Oklahoma; he is a Chair for the Investment Committee and was nominated by Governor Kevin Stitt to serve as a Trustee. He is also an owner/partner of a small plumbing company and proud father to two daughters, Raegan and Morgan.



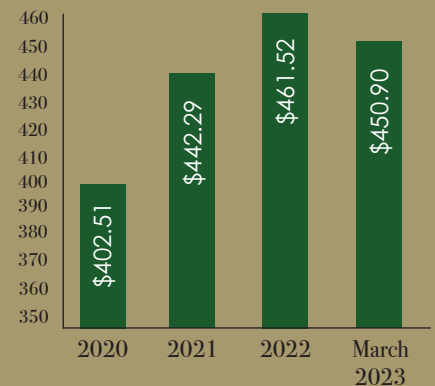
JOHN ROBIN
EVP, Head of Lending
Sooner State Bank | Tuttle, OK

John Robin is the Executive Vice President and Head of Lending at Sooner State Bank in Tuttle, Oklahoma. Robin is a graduate of the University of Oklahoma and the Graduate School of Banking, Colorado. In addition, he has attended numerous schools through the Oklahoma Bankers Association and has over 30 years of banking experience. He is very involved with various civic and professional groups and has held many leadership rolls including both President and Treasurer of the Northwest Oklahoma City Rotary, Chairman of the OBA's Commercial Lending School, Instructor of Junior Achievement in Oklahoma City, Board Member of the Edmond Soccer Club and Metropolitan Area Development Corporation, Member of both OBA's Government Relations and Fraud Council, and Instructor for several OBA schools.

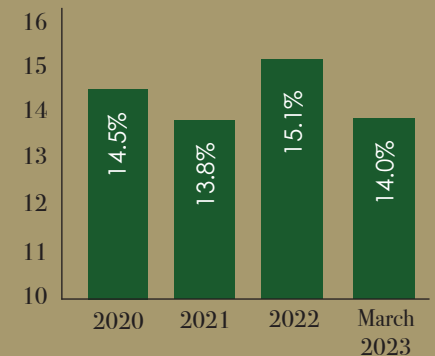
TBB BY THE NUMBERS

...a look into our Quarterly reports & profitability

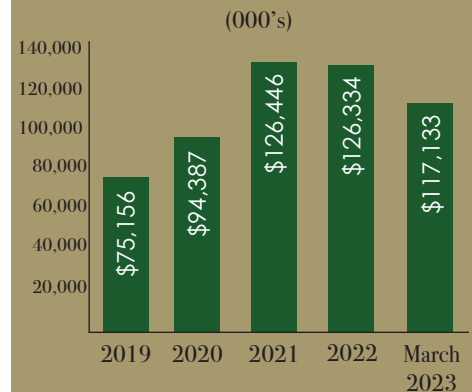
BOOK VALUE PER SHARE



CAPITAL RATIO - YEAR END (CBLR)



CORE DEPOSIT BALANCES





HOT TOPICS

by Kas Stewart, SVP & AAP

Malinda Rickel and I just returned from the annual NACHA conference. We have not attended for the last couple of years, so this one felt like it was bigger and better than any other. While the focus was certainly on Faster Payments, there were a variety of sessions to keep us busy! And you will be delighted to learn the ACH network is still alive and well and growing. In 2022, there were 30 billion ACH transactions totaling \$76.7 trillion. Possibilities for ACH in the future include a new processing window that will align with close of business in Pacific time; Additional ACH distributions on weekends and Holidays that will include settlement and funds availability, and increased dollar limits on

transactions. No time frames for any of those enhancements, just a peek into the future.

One of the announcements you may have seen recently is the Federal Reserve's move to a Seven Day Accounting structure that will be effective June 12, 2023. Banks who have subscribed to the Federal Reserve Account Management Information service (AMI) may want to do some testing, but that is not necessary for others. This change is in preparation for the launch of FedNow in July of 2023. This change will not significantly impact you until you begin participating in FedNow. If you need more information on this process, there is a Resource Center on the

frbservices.org website.

The Bankers Bank is continuing to prepare for the FedNow launch and we find there is still confusion about how this service will work and what steps your bank needs to take to participate, either at launch or later. One of the most important pieces of the puzzle is how your bank will receive/send transactions. Many core providers are developing a solution for their users. If you have interest in FedNow and have not discussed this with your core, you should start there. If you would like to discuss the product and the role that The Bankers Bank has in this project, please call.



REGISTER NOW
at tbb.bank

The Bankers Bank 34th Annual GOLF CLASSIC 6.12.2023 at Oak Tree

Need Capital?

The Bankers Bank can help you with any of your capital needs!



Traditional Bank Stock Loan

- No fee
- No pre-payment penalty
- P&I payments
- Collateralized
- Guarantors may be required
- Competitive rates
- Fixed or Floating



Modified Bank Stock Loan

- Minimal fee
- No pre-payment penalty
- Interest only 5 years
- Collateralized
- Guarantors may be required
- Competitive rates
- Fixed or Floating



Sub-Debt* Offering

- Origination fee
- Interest only 5 years
- No collateral
- No guarantors

*Provided by TBB subsidiary First Bankers' Banc Securities, Inc. Member FINRA & SIPC. Investments are not FDIC insured, not Bank Guaranteed & may Lose Value.

Hybrid Bank Stock Loan

Traditional and Sub-Debt blended

Other terms and conditions may apply

Contact Rick Lindsey, CLO, to set up a consultation and discuss your options.

RLindsey@tbb.bank | 405-848-8877



OBA CONVENTION HIGHLIGHTS

2023

Each year The Bankers Bank sends a handful of employees to the Oklahoma Bankers Association Annual Convention. The event is always chock-full of education and camaraderie, but this year was extra special for a few select staff members. Kas Stewart, Amanda Martin and Courtney McDaniel were all recognized for their hard work and success in banking and they took some fancy hardware home with them! TBB is very proud to have them on the team. We know our customers appreciate them and their dedication, friendship and knowledge.



KAS STEWART
SVP, Calling Officer

Kas Stewart was inducted into the Oklahoma Bankers Association “50 Year Club” and honored for her years of service to the banking industry. What an accomplishment! She started her banking career with the Federal Reserve but The Bankers Bank is proud to have called her their own for 18 years. Kas is loved and respected by bankers throughout the state of Oklahoma; some might say she knows everything and everyone related to banking. She encourages the next generation to find a job they love so that they never have to work a day in their life.

Kas lives in Oklahoma City, Oklahoma with her husband, Mike, and their sweet pup, Mable. She spends her days on the road as a Calling Officer, bringing her knowledge and expertise to customers from Boise City to Idabel and everywhere inbetween. Kas and Mike love cars, especially fast ones. Both have been involved in drag racing as owner, participant, pit crew or spectator since the 60’s. Their car of choice is a top fuel dragster. They also enjoy Formula 1 and Hot Rod Reunions.



AMANDA MARTIN
AVP, Calling Officer

Congratulations to Amanda Martin for graduating from the Oklahoma Bankers Association Emerging Leaders Academy. Amanda has been a “Road Warrior” at The Bankers Bank for three and a half years and has made her way through several OBA schools during that time including both the Operations and Intermediate Schools. Amanda has a background in marketing for financial institutions and has worked hard to understand the banking operations side of things since joining TBB.

Amanda is a proud mom to nine-month-old Graham. Her husband, Cole, is also a banker and the three of them live in Oklahoma City, Oklahoma, with their two extra-large and fluffy dogs, Chloe and Kylo. Amanda serves on both her neighborhood association board and the Community Bankers Association of Oklahoma’s Horizon Bankers board. By day, Amanda loves building relationships with bankers across Oklahoma as a Calling Officer. By night, she enjoys fitness, travel near and far, hiking and family time.



COURTNEY MCDANIEL
Card Services Accounting Clerk

Courtney McDaniel graduated from the Oklahoma Bankers Association Emerging Leaders Academy - way to go, Courtney! She is a rockstar employee at The Bankers Bank who always goes above and beyond. She dedicates time and energy to her job as well as many extra-curricular activities at the bank including social committees, volunteer groups, party planning and more. Courtney has worked at TBB for six and a half years and has spent time in both the lending department and the credit card department. With all that experience, her future with TBB is bright.

Courtney lives in Yukon, Oklahoma, with her husband, Jake, their daughter, Madison, and a herd of dogs and cats! She is a board member for her local fire department (of which her husband is a volunteer fire fighter) and enjoys spending time with family and going to concerts when she is out of the office.