

VIRGINIA BANKERS ASSOCIATION

VBA MANAGEMENT SERVICES, INC. BOARD

Agenda

VBA Management Services, Inc. Board Meeting
Wednesday June 8, 2022 10:30am
VBA Office

- I.** Welcome
- II.** Potential Investment Presentation – JAM FINTOP Blockchain Fund
Adam Aspes, General Partner, JAM Special Opportunity Ventures
Matt Kelley, Director, JAM FINTOP Bank Network
- III.** Potential Investment Discussion
- IV.** Current Endorsed Provider Presentation – VCDC
Bernard Rogers, Director of Equity Funds & Investor Relations
Chris Sterling, Vice President & COO
- V.** Current Financials
 - Audit Committee Report
- VI.** Education & Training Report
- VII.** Consent Agenda
 - April MSI Board & May Executive Committee Minutes
 - Title Agencies Report
 - VMBA Report
 - Products & Services
- VIII.** Other Business
 - MSI Nominating Committee Report
- IX.** Adjourn to Executive Session

Future Board Meeting Dates:

Wednesday September 14th at 10am – VBA Office – Followed by Associate Member
Appreciation Event

Thursday December 8th at 10am – VBA Office

JAM FINTOP Blockchain Fund MSI Board Summary

Background: VBA was introduced to JAM FINTOP in December 2021 by a VBA member bank CEO. Staff had an initial meeting with key principles for the JAM FINTOP Network and Blockchain Fund in January and subsequently in April. During those discussions, JAM FINTOP explained their open Blockchain Fund and offered the opportunity for MSI to invest at below the minimum investment threshold. VBA staff has discussed the opportunity with the Executive Committees of the VBA and MSI and has reviewed how a potential investment fits into the VBA Investment Policy. It was determined that JAM FINTOP should be invited to the next MSI Board meeting for further education and consideration of investment.

Key Blockchain Fund Considerations:

- Partnership of two investment managers – Jacobs Asset Management and Nested Rails (FINTOP – Financial Technology Operating Partners, Nashville-based venture capital firm with \$176M under management). Combined partnership successfully launched their BankTech Fund with 66 community bank investors in April 2021
- Targeting \$120-\$200 Million in investment commitments to close the Fund at the end of June 2022.
- Targeting 20-30 portfolio companies that will help regulated financial services companies leverage blockchain for real world use cases. Plan to invest \$3-5M in each with strategy to reserve 30-40% for follow up investments. The Partnership will take a minority position in each invested company and seek to hold at least one board seat. Most investments will be new or existing senior preferred shares.
- Figure Technologies is a strategic partner. Figure developed Provenance as the open source decentralized blockchain network. Figure's CEO is Mike Cagney, former CEO at SoFi and actively involved in the Partnership as a Strategic Advisor.
- Other Strategic Advisors include the Mid-Sized Bank Coalition and PiperSandler.
- Initial focus for investment will be on digital asset custody infrastructure, digital identity, cybersecurity, data verification, compliance and backoffice solutions. They plan on building an ecosystem for financial companies to build on chain in a regulated framework. While partnering with Figure, the Partnership is taking a blockchain agnostic view and is not obligated to invest in any Figure transactions or projects.
- MSI would be a Limited Partner investor. There are Founders Interests for certain principles, General Partners and investment managers and they are expected to make at least \$3M commitment.
- Capital calls to Limited Partners will occur with at least 14 days notice. There is an initial 2% drawdown at Fund closing as an advanced payment on management fee.
- The stated minimum investment is \$500k, but subject to waiver and JAM FINTOP has indicated it would be waived for MSI.
- It is a 10-year commitment with a planned 5-year investment period that could be shorter if 70% of capital commitment has been invested or committed.
- The Partnership would provide MSI with annual audited financial statements, quarterly capital statements and tax information.
- All investors become part of the JAM FINTOP Network which includes monthly webinars with blockchain thought leaders and portfolio companies on emerging trends, quarterly meetings with Mike Cagney, working groups, and an annual symposium.

VBA Management Services, Inc.
Balance Sheet
April 30, 2022

	2022	2021
Assets		
Cash and Cash Equivalents	1,162,053	469,922
Investments	1,772,866	1,593,333
Accounts Receivable and Other Assets	208,760	80,438
Accrued Interest Receivable	1,304	3,106
<i>Current Assets</i>	3,144,983	2,146,799
Furniture & Fixtures	240,745	238,965
Automobiles	70,816	70,816
Less: Accumulated Depreciation	(271,756)	(252,491)
<i>Current Value</i>	39,805	57,290
Other Assets	295,268	229,650
Investment in LLC	1,045,000	1,045,000
Investment in Alliance of Bankers Associations	500	500
Investment in Canapi Ventures Fund, LLC	105,875	47,623
Investment in Infinex Stock	50,000	50,000
Investment in Compliance Alliance Stock	15,900	15,900
Total Assets	4,697,331	3,592,762
Liabilities		
Accounts Payable	66,127	58,935
Tax Liability	294,232	181,048
Deferred Income	-	10,417
Retirement Liability	295,268	229,650
Accrued Pension Expense	-	59,360
VBA Leadership Division Fund	3,757	3,757
Garrett Scholarship Fund	5,158	5,158
<i>Total Liabilities</i>	664,542	548,325
Owners Equity		
Retained Earnings	3,632,390	2,757,153
Common Stock	10,000	10,000
Additional Paid in Capital	103,567	103,567
Current Year Earnings	286,832	173,717
<i>Total Owners Equity</i>	4,032,789	3,044,437
Total Liabilities & Owners Equity	4,697,331	3,592,762

VBA Management Services, Inc.
Income Statement
For the Four Months Ending 4/30/2022

	YTD Actual	YTD Budget	Variance YTD	Prior Year YTD	Variance To Prior Year	2022 Annual Budget
Income						
Management Services						
Bankers Insurance Mgmt Fees	50,000	50,000	-	44,576	5,424	150,000
Title Management Fees	149,946	149,944	2	140,134	9,812	506,950
VMBA Management Fee	15,900	15,900	-	15,600	300	57,700
Consulting Services Income	5,000	5,000	-	10,000	(5,000)	20,000
Management Services	220,846	220,844	2	210,310	10,536	734,650
Education & Training						
Education & Conference	351,285	364,540	(13,255)	293,455	57,830	998,820
Sponsorships & Exhibitor Fees	261,705	285,194	(23,489)	167,050	94,655	559,575
E&T Products	7,089	10,000	(2,911)	12,810	(5,721)	30,000
ABA/AIB Products	2,585	2,500	85	(258)	2,843	7,500
Education & Training	622,664	662,234	(39,570)	473,057	149,607	1,595,895
Endorsements						
ABA Insurance Programs	-	-	-	-	-	18,500
Abrigo	-	-	-	5,000	(5,000)	5,000
Compliance Alliance	16,650	19,250	(2,600)	24,750	(8,100)	77,000
CRA Partners	-	125	(125)	-	-	500
Decision Dynamics	1,075	1,250	(175)	729	346	5,000
Banzai (formerly Everfi)	454	450	4	-	454	5,000
Genesys Technologies	-	1,250	(1,250)	-	-	5,000
Gradient Cyber (formerly @Risk Techn	-	250	(250)	-	-	1,000
Harland Clarke Check Program	19,995	15,000	4,995	-	19,995	60,000
Health Equity	-	250	(250)	-	-	1,000
Identity Theft Program	926	1,080	(154)	1,119	(193)	4,000
Infinex	20,000	20,000	-	20,000	-	60,000
KlariVis	4,225	4,225	-	-	4,225	7,500
Paycor	-	-	-	-	-	6,000
IntraFi Network (formerly Promontory)	-	-	-	-	-	5,000
PW Campbell	6,000	5,000	1,000	5,000	1,000	10,500
Q2 Software	-	-	-	-	-	800
ServisFirst	-	-	-	-	-	5,000
Shred-it	-	-	-	-	-	500
TBL Networks	-	250	(250)	-	-	1,000
Thomas Compliance	-	-	-	-	-	7,500
Global Payments (formerly TSYS)	39,246	39,333	(87)	35,243	4,003	118,000
UMB Bank	3,261	-	3,261	2,734	527	-
VCDC	-	-	-	-	-	4,000
WolfPac	-	-	-	3,988	(3,988)	-
Other Endorsement Income	-	1,667	(1,667)	-	-	5,000
Endorsements	111,832	109,380	2,452	98,563	13,269	412,800

VBA Management Services, Inc.
Income Statement
For the Four Months Ending 4/30/2022

	YTD Actual	YTD Budget	Variance YTD	Prior Year YTD	Variance To Prior Year	2022 Annual Budget
Insurance Services						
Commission Income	9,673	10,000	(327)	12,753	(3,080)	30,000
Insurance Services	9,673	10,000	(327)	12,753	(3,080)	30,000
Publications & Products						
Records Retention Guide	1,317	990	327	306	1,011	990
Salary & Directors Survey Income	-	-	-	-	-	13,500
Thumbprint Signature	-	200	(200)	411	(411)	600
VBA Career Center	551	833	(282)	-	551	2,500
Virginia Banking Income	1,420	2,500	(1,080)	10,200	(8,780)	15,000
Publications & Products	3,288	4,523	(1,235)	10,917	(7,629)	32,590
Other Income/(Loss)						
Interest Income	4,411	5,833	(1,422)	6,349	(1,938)	20,000
Gain/Loss on Investments	(30,682)	-	(30,682)	5,580	(36,262)	-
Non Operating Income/(Loss)	(26,271)	5,833	(32,104)	11,929	(38,200)	20,000
Total Income	942,032	1,012,814	(70,782)	817,529	124,503	2,825,935

VBA Management Services, Inc.
Income Statement
For the Four Months Ending 4/30/2022

	YTD Actual	YTD Budget	Variance YTD	Prior Year YTD	Variance To Prior Year	2022 Annual Budget
Expenses:						
Salaries and Benefits	433,718	493,559	59,841	453,854	20,136	1,455,000
Professional Fees	10,304	10,304	-	5,573	(4,731)	20,680
Board & Committee Expenses	171	200	29	-	(171)	6,500
Consulting	7,779	7,990	211	10,332	2,553	21,450
Contributions	3,954	3,954	-	-	(3,954)	11,500
Depreciation	5,643	6,879	1,236	6,638	995	20,640
Education & Conference	103,410	158,812	55,402	81,384	(22,026)	1,060,250
Equipment Maintenance	32,758	36,008	3,250	38,587	5,829	63,500
Insurance	12,111	12,614	503	11,436	(675)	14,845
Memberships/Subscriptions	5,645	5,640	(5)	5,520	(125)	11,500
Occupancy Expense	19,772	19,773	1	18,776	(996)	59,320
Office Supplies	1,858	2,533	675	2,331	473	7,600
Postage	140	333	193	48	(92)	1,000
Property Tax	-	35	35	32	32	2,500
Records Retention Guide	790	-	(790)	365	(425)	-
RFI Annual Fee	-	-	-	-	-	1,500
Telephone	4,918	6,483	1,565	4,738	(180)	19,450
Thumbprint Expense	-	215	215	211	211	500
Education/Training	3,410	5,040	1,630	2,650	(760)	10,500
Travel	7,924	7,973	49	472	(7,452)	26,600
Virginia Banking	-	-	-	-	-	7,100
Miscellaneous Expenses	895	1,000	105	865	(30)	3,000
Total Expenses	655,200	779,345	124,145	643,812	(11,388)	2,824,935
Pretax Income / (Loss)	286,832	233,469	53,363	173,717	113,115	1,000

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Income						
Management Services	220,846	220,844	2	210,310	10,536	734,650
Education & Conference	622,664	662,234	(39,570)	473,057	149,607	1,595,895
Endorsements	111,832	109,380	2,452	98,563	13,269	412,800
Insurance Services	9,673	10,000	(327)	12,753	(3,080)	30,000
Publications & Products	3,288	4,523	(1,235)	10,917	(7,629)	32,590
Non Operating Income/(Loss)	(26,271)	5,833	(32,104)	11,929	(38,200)	20,000
Total Revenues	942,032	1,012,814	(70,782)	817,529	124,503	2,825,935
Expenses						
Salaries and Benefits	433,718	493,559	59,841	453,854	20,136	1,455,000
Professional Fees	10,304	10,304	-	5,573	(4,731)	20,680
Board & Committee Expenses	171	200	29	-	(171)	6,500
Consulting	7,779	7,990	211	10,332	2,553	21,450
Depreciation Expense	5,643	6,879	1,236	6,638	995	20,640
Education & Conference	103,410	158,812	55,402	81,384	(22,026)	1,060,250
Office Insurance	12,111	12,614	503	11,436	(675)	14,845
Occupancy Expense	19,772	19,773	1	18,776	(996)	59,320
Office Expenses	39,674	45,357	5,683	45,704	6,030	91,550
Publications & Products	790	215	(575)	576	(214)	9,100
Travel and Education	11,334	13,013	1,679	3,122	(8,212)	37,100
Miscellaneous Expense	10,494	10,629	135	6,417	(4,077)	28,500
Total Expenses	655,200	779,345	124,145	643,812	(11,388)	2,824,935
Pretax Income (Loss)	286,832	233,469	53,363	173,717	113,115	1,000

VIRGINIA BANKERS ASSOCIATION

EDUCATION & TRAINING

2nd Quarter Recap ←

- **Performance Excellence Conversation Series with Dave Martin:** 5 banks registered; Live session on May 20 had 30 participants from 4 banks.
- **VBA Connect|Protect Experience Virtual Sessions:** 34 sessions taking place March-June with over 140 participants.
- **VBA Women's Mentorship Program:**
 - May Meet-ups: Hosted by members of VBA's Executive Women in Banking Peer Group; 23 participants from 7 banks
 - Mid-Program "Slay Like a Mother" Workshop with Katherine Wintsch; 20 participants from 9 banks
- **VBA/VACB Bank Directors' Symposium:** 118 participants from 26 banks
- **Spring Bank Supervisor School:** 15 participants from 9 banks
- **VBA Internship Program:** 36 interns from 11 banks
- **Virtual Seminars & Schools:**
 - NEW Managing Remote Employees: 27 participants from 9 banks
 - Internal Audit Seminar: 12 participants from 7 banks
 - VBA|YHB Accounting Peer Exchange: 17 participants from 15 banks
 - VBA|NCBA Compliance School: 41 participants from 25 banks



Looking Ahead →

- **VBA Annual Convention:** Nearly 375 registered attendees to date
- **2022 Virginia Bankers School of Bank Management:** 202 students
 - Highest number of applicants in recent history; incoming first year class of 94 students
- **Partnerships with Other State Banking Associations/Organizations:**
 - Community Reinvestment Coalition of Virginia (CRCVA) CRA DIY Performance Context Webinar
 - Mid-Atlantic Bank Executives Forum (DE|MD|PA|VA|WV)
 - Exploring the Future of Work (DE|MD|PA|VA|WV)
 - ABA|MBA|VBA Diversity, Equity and Inclusion Summit
- **Women's Mentorship Program:** Closing Event
- **2022-2023 Management Development Program Orientation**



Save the Date

VBA Annual Convention
June 19-22 | Virginia Beach

Virginia Bankers School of Bank Management
July 24-29 | Charlottesville

CFO Conference
August 22-24 | Richmond

Mid-Atlantic Bank Executives Forum
September 11-13 | Leesburg

Exploring the Future of Work
September 13 (kick-off) | Leesburg

ABA|MBA|VBA Diversity, Equity and Inclusion Summit
September 15 | Virtual

Lending & Credit Conference
October 16-18 | Charlottesville

Leadership Conference
October 27-28 | Richmond

Women's Mentorship Program Kick-off
November 2022 | Richmond

Women in Banking Conference
December 1 | Manakin-Sabot

VBA Banker Day & Financial Forecast
January 12, 2023 | Richmond

Executive Leadership Institute
Kicks off January 2023 | Richmond

DATE: May 7, 2022

FROM: John J. Brough, VBA Management Services, Inc., Chairman

RE: Virginia Bankers Association Management Services, Inc., Election of Directors

In accordance with the Virginia Bankers Association Management Services, Inc. bylaws, a Nominating Committee, appointed by the Chairman, agreed upon a recommended slate of Directors to be presented for election at the June 20th VBA Annual Meeting.

The Nominating Committee's recommended slate of Directors is as follows:

Chairman: **James Black**, President & CEO
Touchstone Bank, Prince George

Nominees for a Three-Year Term (Class of 2025)

Zirkle Blakey, III	SVP & CFO, CornerStone Bank NA, Lexington
John W. (Will) Clements, II	President & CEO, The Bank of Southside Virginia, Carson
Patricia A. Ferrick	President, FVCbank, Fairfax
Edward C. Martin	CAO, American National Bank & Trust, Roanoke
Julie K. Sturt	VP, Regional Retail Sales Manager, United Bank, Richmond

Nominee for a Unexpired Two-Year Term (Class of 2024)

Andrew J. (Andy) Peden	Chief Lending Officer, John Marshall Bank, Reston
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Directors Whose Terms Expire in 2024

James R. Black	President & CEO, Touchstone Bank, Prince George
Dennis A. Dysart	President & COO, First Bank, Strasburg
Aubrey H. (Todd) Hall, III	President & CEO, First National Bank, Altavista
Sherri A. Sackett	EVP & COO, Select Bank, Forest

Directors Whose Terms Expire in 2023

Barton Black	COO, EVP, Chief Strategy & Risk Officer, F&M Bank, Timberville
Frank Bell	SVP & Market Executive, Chesapeake Bank, Richmond
John J. Brough	CEO, Chain Bridge Bank, McLean
Christopher B. Snodgrass	President & CEO, The Bank of Marion, Marion
Vernon M. Towler	President & CEO, Farmers Bank, Windsor

Please direct any questions to Matt Bruning at 804-819-4704 or mbruning@vabankers.org.