

Flanagan State Bank
Advertising and Marketing
Policy & Procedures

Updated 6/26/2020

ADVERTISING AND MARKETING POLICY & PROCEDURES

GENERAL POLICY

It is the Bank's policy that all forms of marketing and advertising follow the designated approval path prior to use.

REQUESTS FOR APPROVAL OF ADVERTISING

Loan Production Offices

1. Officers or staff should send the request, along with any relevant information, to Bob Anderson, SVP Mortgage Banking Division and Rebecca Moorehead, Post Closing Manager. They will examine the request in relation to the approved budget and give approval or denial. If needed, one of them will reach out to the Director of Marketing, directly for help in determining any possible costs. If approved, Bob or Rebecca will copy Julie Betts, Director of Finance, and the Director of Marketing on the approval email.

Because all marketing and advertising done by the loan offices is a representation of Flanagan State Bank, if the proposed advertising is not part of a marketing plan for the office, and has not been previously authorized by management, the marketing idea must be approved by management before submission for budget purposes (or in conjunction with submission to Bob for budget purposes). Bob will copy the Director of Marketing on the approval email.

2. After budget approval is received, as well as management approval if needed, the request, along with any relevant information, should be forwarded to the Director of Marketing. The Director of Marketing will work with the requester on the development and implementation of the proposed advertising, as well as assist with any graphic needs. Marketing will forward the advertising to Compliance to evaluate whether all regulatory and disclosure requirements have been met and give feedback on any necessary changes. Marketing will also maintain copies of all advertising for review by examiners.

There may be a wait of up to three weeks for project completion and compliance approval. If a longer wait is expected, Marketing will inform the requestor as soon as possible. Loan offices should plan accordingly. If a request is submitted without sufficient notice, it may be denied.

3. After the advertising has been approved through both of the previous two steps, loan officers or staff can then contact Julie Betts with the invoice for either payment or reimbursement. Invoices should be submitted to Julie immediately upon receipt or should come addressed directly to Julie. Advertising that was not approved will not be reimbursed, regardless of previous participation. Requests for reimbursement must be submitted within 60 days of the transaction.

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Banking Offices - Lenders

1. Officers or staff should send the request, along with any relevant information, to Marketing who will obtain approval from Audrey Harlan and then work with the requestor on the development and implementation of the proposed advertising, as well as assist with any graphic needs. If approved, Marketing will send a copy of the approval email to Julie Betts. Marketing will obtain compliance approval for the advertising piece before it is utilized as well as maintain copies of all advertising for review by examiners.

There may be a wait of up to three weeks for project completion and compliance approval. If a longer wait is expected, Marketing will inform the requestor as soon as possible. Requestors should plan accordingly. If a request is submitted without sufficient notice, it may be denied.

2. After the advertising has been approved through both of the previous two steps, loan officers or staff can then contact Julie Betts, with the invoice for either payment or reimbursement. Invoices should be submitted to Julie immediately upon receipt or should come addressed directly to Julie. Advertising that was not approved will not be reimbursed, regardless of previous participation. Requests for reimbursement must be submitted within 60 days of the transaction.

Banking Offices – Non-Lending

1. Requests for advertising, along with any relevant information, should be sent to Audrey Harlan, President for approval. If approved, the requestor should send the approval email from Audrey to Marketing who will work with the requestor on the development and implementation of the proposed advertising. After the advertising piece is completed, Marketing will obtain compliance approval.

There may be a wait of up to three weeks for project completion and compliance approval. If a longer wait is expected, Marketing will inform the requestor as soon as possible. Loan offices should plan accordingly. If a request is submitted without sufficient notice, it may be denied.

2. After the advertising has been approved, the requestor can contact Julie Betts with the invoice for either payment or reimbursement. Invoices should be submitted to Julie immediately upon receipt or should come addressed directly to Julie. Advertising that was not approved will not be reimbursed, regardless of previous participation. Requests for reimbursement must be submitted within 60 days of the transaction.

Loan Officer Paid Marketing and Advertising

Even if a loan officer or mortgage group is paying for an advertising or marketing product out of their own pocket, or even if there is no monetary cost associated with the advertising or marketing, because the advertising is still a representation of Flanagan State Bank, the participation still needs to have management approval (if not previously approved) and to go through Marketing and Compliance before being purchased or used, to ensure all proper

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procedures are followed. If advertising is purchased or used without Marketing and Compliance approval, the officer or staff may lose the ability to run any advertising that is not paid for and managed directly by Flanagan State Bank.

Websites

All websites should be created in conjunction with the marketing department and should not go live until the site has marketing and compliance approval. The website domain will be owned by Flanagan State Bank, not a specific individual or office.

Any existing website created by a division, office, loan officer, or other employee of the Bank prior to beginning its employment relationship with the Bank must register the website with the Director of Marketing immediately upon employment. The Director of Marketing will review the website for compliance with applicable regulations and consistency with the Bank's general standards of appearance and professionalism. The Director of Marketing will convey any changes that must be made to the website in order for it to remain active. Changes must be completed within 30 days of notification, or the website must be taken down.

Social Media Posts

All posts to social media sites are subject to the Bank's Social Media Acceptable Use Policy. No Bank business-related social media page may be created for any mortgage group, loan officer, branch or other Bank employee without the prior approval of the marketing and compliance departments. In addition, all posts made to mortgage group, loan officer, branch or other Bank business pages must be approved by marketing and compliance departments prior to posting, regardless of whether there is a cost involved or not.

Posts to social media sites should be generated through Gremlin Social whenever possible. These posts are held until they receive compliance approval through the site. Contact Marketing to get started using Gremlin.

Posts that are not able to be processed through Gremlin should be sent to compliance and marketing for approval prior to posting. This includes original posts and posts from other sources that the employee would like to share. Employees may share approved Flanagan State Bank posts from other social media pages to their page.

The Bank asks that individuals refrain from posting unapproved Bank-related business or product advertising to their personal social media pages, as this opens both the individual and the Bank up to unnecessary liability. Approved posts may be shared to employee personal pages with either pre-approved and provided wording added or without any additional business or product advertising content or wording added by the employee.

Radio, Television, and Video Ads

Loan officers, mortgage groups, or other employees wishing to contract with advertising agencies, radio stations, etc. should see Advertising and Marketing Vendors section of this

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policy. Certain information must be collected for this type of marketing, as with various other forms of marketing, for fair lending purposes such as the geographic and demographic reach.

In addition, scripts for radio and television advertisements, as well as video ads created for social media or website promotion, should be approved by the marketing and compliance departments *prior* to the recording of the advertisement or video.

Email Marketing

If a Loan Officer or other Bank employee would like to conduct an email marketing campaign, they must receive approval for all content and attachments to be sent prior to sending out the emails per the general marketing and compliance approval process. This includes both emails sent directly from Flanagan State Bank's email system as well as custom emails sent from any outside email system. All emails and email vendors will be checked to ensure they comply with privacy laws and the CAN SPAM Act as well as general compliance regulations.

The Compliance Department has approved several vendors that create email marketing content and send it out on a Loan Officer's behalf. Content from the approved vendors does not need to be reviewed prior to use, as long as the content remains unmodified.

Business to Business Marketing

All marketing, including B2B materials and content, needs to go through the general approval process and be retained for examination purposes.

B2B marketing used by the TPO department is not automatically approved for LPO or Banking office consumer use due to the additional regulations that consumer-directed content must meet. If you see something you would like to use for consumer-directed purposes, please always send your requests through the general approval process. Such materials and items may be available for use with some simple changes.

Pre-Approved and Customized Content

The Compliance Department has approved several vendors that create or provide marketing content for use by Loan Officers. Content from approved vendors does not need to be reviewed prior to use, as long as the content remains unmodified.

If the approved content is edited by the Loan Officer, the content must go through the general advertising approval process.

Copyrights and Trademarks

The Bank will not allow the use of copyright or trademark infringing content in its advertising. The Bank will only use photographs and other materials such as graphics, clip art, memes, etc. that it has legal rights to use. Legal rights mean we've paid for it, created it ourselves, or we are allowed to use the file under Creative Commons or other similar licenses. Discretion needs to be used in identifying the true copyright status of a file, as there are many fraudulent sites online

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that advertise files for use that are actually stolen from copyright owners. Even if a site claims that their files are free for use or the image is found in Google Images as free, the Bank could still be held responsible if we use someone else's copyrighted work without the owner's permission. To help reduce this risk, please refrain from using Google Images, meme generating sites, or unverified sites that claim to offer free files, and instead contact Marketing for a list of approved options.

Professionalism

Advertisements for the Bank and its offices and employees should be consistent with the Bank's general standards of appearance and professionalism. Advertisements that undermine the professionalism of the Bank, its employees, or the industry will not be approved. Advertisements that insult or promote a negative image of other companies, competitors, consumers, customers, or employees will not be approved.

Photograph Use Consent

Before using any photographs in an advertisement to promote a Bank product or service you must obtain the consent of any person(s) identifiable in the photograph. For minors, you must first obtain the consent of a parent or legal guardian. Contact Marketing if you need a copy of a photograph consent form.

REGULATORY REQUIREMENTS/RESTRICTIONS

Certain regulatory disclosures are required for almost all bank advertising. Some forms of advertising and marketing, such as lotteries are legally restricted. Proper approval must be obtained as described above before running any promotion or placing any advertising.

Marketing efforts will be reviewed to ensure that target markets are not selected using a prohibited basis: race, color, religion, national origin, sex, marital status, age, handicap, familial status, receipt of public assistance income, or because an applicant has in good faith exercised any rights under the Consumer Credit Protection Act. In addition, advertising to all of the Bank's assessment area will be included in the overall plan (as applicable to the products being marketed).

The Bank will not allow any advertising or marketing that violates the RESPA Section 8 kickback rules, nor will the Bank reimburse for such advertising or marketing. Any advertising or marketing with a realtor or other settlement service provider is subject to the Joint Marketing section of this policy and must be approved beforehand by the compliance department.

JOINT MARKETING

In order to comply with the requirements set out in RESPA Section 8, all joint marketing requests will be evaluated on a case-by-case basis to ensure that the advertising costs paid by each party are reasonably related to the value of the goods or services received in return. Each party must pay for their pro rata share of the advertisement, promotion, event, material, etc.

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Loan officers should not agree to any joint marketing terms prior to submitting a Joint Marketing Compliance Form (see Appendix A) to the marketing and compliance departments and receiving approval.

ADVERTISING AND MARKETING VENDORS

Individual employees may not contract with vendors without the express approval of management. All contracts will be written between the vendor and Flanagan State Bank, not the individual employee. All new vendors must go through the Bank's vendor management approval process.

A loan officer or mortgage group wishing to contract with an advertising or marketing vendor must follow the same process as outlined in the "Requests for Approval of Advertising" section of this policy. In addition, certain information will be requested from the vendor for the vendor management approval process. After the advertising vendor is approved, the contract may be signed by the office's Branch Manager. A copy of the signed contract must be sent to Marketing.

COMMON MEDIUMS USED FOR ADVERTISING AND MARKETING

As defined by various regulations and laws many of the communications the Bank issues to the public and its' customers are forms of advertising.

The following are common mediums the Bank may use for advertising and marketing:

1. Billboards; signs, and banners;
2. Ads in magazines, newspapers, phonebooks, and directories;
3. Direct mail marketing and form letters;
4. Email marketing or CRM systems;
5. Television or radio ads;
6. Video or digital ads created for social media or website promotion;
7. Flyers, handouts, calendars and pamphlets;
8. Business signage, both exterior and interior;
9. Clothing items, hats, buttons, pens;
10. Information on the Bank's website, or an LPO website;
11. Social media presence and participation;
12. Lists of names used for marketing purposes;
13. Special offers to waive fees or specially structure accounts;
14. Lotteries, drawings, giveaways, gifts, and contests;
15. Links to other companies' websites;
16. Allowing other companies to advertise their products or services on bank premises;
17. Advertisements for products added to customer statements or receipts;
18. Customer promotions;
19. Joint marketing ventures; and
20. Events or event sponsorships.

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When in doubt as to whether a promotion is considered advertising, and is therefore subject to this policy, officers and staff are directed to contact Marketing for assistance.

Serious or repeated violations of this policy, such as the use of advertising materials that have not properly been approved through the process described in this policy, will result in disciplinary action to be decided at management's discretion. In addition, any materials or vendors in use that have not been approved in advance may be discontinued, regardless of whether the loan officer or mortgage group has already paid for the product or service. No reimbursements will be made for unapproved products or services.

Questions regarding this policy should be directed to Robert Anderson, Senior Vice President/Mortgage Banking Division or Marketing.

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APPENDIX A

Joint Marketing Compliance Form

“No person shall give and no person shall accept any fee, kickback or other thing of value pursuant to any agreement or understanding, oral or otherwise, that business incident to or part of a settlement service involving a federally related mortgage loan shall be referred to any person.” RESPA Section 8

In order to comply with the requirements set out in RESPA Section 8, all joint marketing requests will be evaluated on a case-by-case basis to ensure that the advertising costs paid by each party are reasonably related to the value of the goods or services received in return. Each party must pay for their pro rata share of the advertisement.

This form should be completed for each request and approved by the Compliance Department.

Joint Marketing Idea:

Joint Marketing Partner:

<p>Flanagan State Bank Costs:</p> <ul style="list-style-type: none"> • Design (at \$60/hr.) = • Printing = • Mailing or Distribution = • 3rd Party Service Charge/Fee = • Other: • Other: <p>FSB Cost Total = Cost % =</p>	<p>Partner Costs:</p> <ul style="list-style-type: none"> • Design = • Printing = • Mailing or Distribution = • 3rd Party Service Charge/Fee = • Other: • Other: <p>Partner Cost Total = Cost % =</p>
<p>Flanagan State Bank Value Received:</p> <p><i>Examples: Portion of advertisement space, access to marketing exposure, etc.</i></p> <p>Estimated FSB Value Share (%) =</p>	<p>Partner Value Received:</p> <p><i>Examples: Portion of advertisement space, access to marketing exposure, etc.</i></p> <p>Estimated Partner Value Share (%) =</p>

Cost percentage must roughly equal value share percentage.