2019 - 2020 Officers and Directors

**IBC Chairman**
Megan Harmon, Branch President/COO, The Eastern Colorado Bank

**IBC President**
PJ Wharton, President, Yampa Valley Bank

**IBC President-Elect**
Quentin Leighty, CFO, First National Bank Las Animas/Monument Branch

**IBC ICBA State Director**
Tom Chesney, President, AMG National Trust Bank

**District Directors**

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Kyle Heckman, President, Flatirons Bank
John Ezell, Senior Vice President, Redstone Bank
Robert Holt, Senior Vice President, North Valley Bank
Tom Ogaard, President, Native American Bank

**District B**
Shawn Osthoff, President, Bank of Colorado
Dan Allen, President, First FarmBank
Ed Rarick, President/CFO, High Plains Bank
Randy Younger, President, First National Bank Hugo-Limon

**District C**
Tony Perry, President, Park State Bank and Trust
Andrew Trainor, Regional President, Legacy Bank
Lora Rose, CFO, The State Bank
VACANCY

**District D**
Jay Rickstrew, Regional President, Alpine Bank
Mike Hurst, President, Del Norte Bank
Wade Gebhardt, Corporate President, Mountain Valley Bank
Joe Martinez, CLO, San Luis Valley Federal Bank

**IBC Advisory Board Members**
Bill Mitchell, President, Bankers’ Bank of the West
Eric Budreau, Partner, Eide Bailly
Christian Otteson, Shapiro Bieging Barber Otteson LLP
Brian Burke, President, New West Financial Services, LLC

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**Save the Date**

**Day at the Capitol**
**Monday, February 24**
Discover IBC’s 2020 legislative initiatives, advocate for our industry, build relationships with peers and legislators, and learn the legislative process.

**Ag and Natural Resources Conference**
**Thursday-Friday, April 16-17**
This one and one-half day conference provides niche training for you, Colorado’s agricultural lenders. Dr. David Kohl, Professor Emeritus, Virginia Tech, will keynote Friday!

**Calling All Superheroes!**
**Wednesday-Friday, September 23-25**
IBC’s 47th Annual Convention
Vail Marriott Mountain Resort
IBC’s Annual Convention is a not-to-be-missed event! Engaging education topics, industry-expert presenters, top-notch networking, and much more!

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**Connect**

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Follow us on Twitter: [twitter.com/ibcbanks](https://twitter.com/ibcbanks)

Connect with us on LinkedIn: [linkedin.com/company/independent-bankers-of-colorado](https://www.linkedin.com/company/independent-bankers-of-colorado)

Give us a call: 303.832.2000
INTRODUCTION

By Mike Van Norstrand, Executive Director IBC

Now that the whirlwind of my first two weeks in office is over, let me introduce myself as your next Executive Director of the Independent Banks of Colorado! I am grateful for this exciting opportunity and honored to succeed Barbara Walker, whose dedication to representing community banks was unparalleled.

Briefly, I am attorney with over 25 years’ experience as an in-house corporate lawyer. That experience includes a cumulative 18 years as a General Counsel/Senior Executive of two Colorado community banks, where beyond providing legal service and support for the banks’ collection, compliance, loan/title, contract/transactional, real estate, employment, bankruptcy, insurance and general business law work, I also served on Executive and other Committees directly responsible for strategic planning and overall management of bank operations.

Most of all though, my 14 years at Valley Bank & Trust in Brighton instilled in me the philosophical belief that independent banks fill a necessary and needed niche in their communities and I was part of a team with conviction to carry out that belief. The core of our mission was always to serve our neighbors, certainly through direct product offerings, but also through community service and support of local charities and other local investment. As a result, we always targeted areas to serve such as Dacono, Hudson, Strasburg and similar places that the big multi-state, non-locally owned or managed banks ignore or don’t understand.

Nothing here should be interpreted as an insinuation that big is bad. Colorado has several larger independent banks that maintain a core community bank mission and conviction. But as we all know, the success and viability of community banks of all sizes is constantly under attack. I have personally felt the fallout when independent banks cease to exist to serve local communities. To wit, as one small microcosm, for several years I’ve served on the Board of the Bankers Foundation of Colorado, a charity formed and managed by benevolent local bankers and friends of community banking. Unfortunately, the Foundation does not retain support when those banks cease to be independent and local. I’m sure you all have similar stories you could tell to describe the affects in your communities when that occurs.

Again, thank you for this opportunity to represent you. With my diverse substantive and practical combination of legal and community bank work, and my passionate belief and understanding of the role independent local banks do and must fill in our communities, I believe I am uniquely positioned to continue the ardent and zealous advocacy that you deserve and demand.

I intend to make my way around the state to visit with you all within the next six months. And at any time, please feel free to contact me with any questions, comments, or concerns you may have about me, or things I can do to better the mission.

Connect with Mike at MVannorstrand@ibcbanks.org.
Whatever you’re charting for the future, we’re here to help.

Put us to work for you.

See you in September at the IBC Convention in Vail

Bankers’ Bank of the West

bbwest.com

WE CHAMPION COMMUNITY BANKING
A Fond Farewell

“When I took office, I did not know what the year would bring. In January, our long-standing, fearless leader, Barbara Walker shared that it was time for her to retire. Barbara’s tenure of 22 years is not one that can be summed up in a few paragraphs. Our Board has decided to honor her service in a number of ways at convention.”

-Megan Harmon, IBC President and Branch President, COO, The Eastern Colorado Bank

IBC’s Board of Directors gathered July 12, 2019, at Garden of the Gods Resort & Club, to bid Barbara M.A. Walker, Executive Director, IBC, a fond farewell. After serving more than 20 years, Barbara retired July 31, 2019.

Throughout IBC’s 46th Annual Convention, Barbara was recognized for her years of dedicated service, vision, stewardship, and leadership.

IBC’s Board of Directors created and unanimously approved a resolution of appreciation recognizing Barbara’s service. PJ Wharton, CEO and President, Yampa Valley Bank and President, IBC, honored Barbara by reading the resolution during IBC’s Recognition Luncheon. The resolution highlighted Barbara’s principle: One Voice. One Mission. Community Banks.

In addition, PJ read a synopsis of Barbara’s 20+ year career which highlighted the multitude accomplishments and achievements Barbara reached during her tenure.

Convention attendees expressed their gratitude by signing a farewell card. Both the resolution and card will be presented to Barbara.

IBC members, officers, and directors expressed their tremendous gratitude to Barbara for her years of service, vision, and leadership.
IBC Welcomes Joe Martinez to Board

Joe worked for SLV Federal as a loan officer from 1999 to 2006 and most recently had been a commercial loan officer and vice president for Alamosa State Bank. He is a Valley native and grew up in Sanford. He graduated from Sanford High School and received his Bachelor of Science in Finance in 1999 from Adams State University and his MBA with a concentration in Public Administration from ASU in 2012.

Joe serves on the Alamosa County Land Use Board as its chair, the Adams State University Foundation Board, the Adams State University Friends of Football Fundraising Committee and is an Alamosa Youth Football Assistant Coach. He has a strong history of service with a variety of other community organizations having served as chair for both the Alamosa Judicial Capital Commission “Referendum 1A” and the 12th Judicial District Judicial Performance Commission. He’s been a member of the ASU Athletic Booster Board, the ASU Gingerbread House Board, the SLV Comprehensive Community Mental Health Board and the Boys and Girls Club of the SLV, among others.

Leightly Appointed to Secure Savings Plan Board

The Board is charged with studying various approaches to creating a retirement savings plan for Colorado’s private sector workers. The Board is to submit a report of its finding to the legislature in February 2020.

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News to Note

Bank of Colorado Opens Branch
Congratulations Shawn Osthoff, President, Bank of Colorado and IBC board member, welcome to Littleton! Shawn Osthoff, President of Bank of Colorado states, “Littleton is an exciting community to be in, and we’re excited to provide a community banking option to the people and businesses in the area.” Bank of Colorado is locally-owned, community-focused bank, dedicated to meeting financial goals of its customer. Being a community bank means more than just being a bank in the community. It means being the community in a bank. On opening a branch on Main Street Littleton, CO.

Congratulations to Shawn and his team for a wonderful event!

Native American Bank Celebrates New Branch
On October 24, 2019, IBC attended the grand opening block party of Native American Bank’s new branch located at 201 North Broadway, Denver. The opening ceremony was rich in Native American heritage, tradition, and culture. Spectacular Native American art and artifacts accentuates the space.

Governor Jared Polis participated in the opening ceremony, as well as, Gloria Neal, Director of Public Affairs, Office of Denver Mayor Michael Hancock, and Jolon Clark, President, Denver City Council and District 7 Councilman. Ms. Neal presented Tom Ogaard, President, Native American Bank, with a signed proclamation declaring October 24, 2019 as Native American Bank Day. Congratulations to Tom Ogaard and his team for a most memorable grand opening event!
IBC Education and Training Program

Informative, cost-effective, relevant, convenient, and designed exclusively for you!

IBC has been a leader in webinar training for more than a decade and is committed to superior customer service. More than 150 webinars are presented annually. Speakers are industry experts with long-term, real-life, hands-on experience. Five easy ways to register: online, phone, fax, mail, and email. Satisfaction guaranteed!

November 2019
19 Robbery Preparedness: Meeting Your Annual Compliance Requirement
20 BSA Special Risks: Policy, Law Enforcement & Regulator Issues
21 When a Borrower Dies: Rules, Procedures & Liabilities
26 Understanding & Navigating ACH Rules for ODFIs

December 2019
3 IRS Reporting Requirements: 1098s, 1099s, TINs & Backup Withholding
4 ACH Error Resolution: Returns, Authorizations, WSUDs, Stop Payments & More
10 Business Accounts: Who is Authorized to Open, Close, Transact?
11 Dealing with Join Signers in Consumer Real Estate Lending
12 Safe Deposit Issues: Delinquency, Death & Abandonment
17 Securing Collateral: How to Complete & File USS-1 Financing Statement

January 2020
7 Lending to Hemp Businesses
8 BSA High-Risk Customers: Identifying, Enhanced Due Diligence & Monitoring
14 Deposit Account Series: Compliance at Account Opening
15 Incorporating Diversity & Inclusion into Your HR Policies
16 Accounting Nightmares: TDRs, Foreclosed Assets, Investments & More
21 Data-Driven Loan Pricing
22 2020 IRA & HAS Update Including Pending & Breaking Legislation
23 Top 10 Issues for the 2019 HMDA Report: Due March 1
28 Deposit Account Series: UCC 3 & 4 Check Issues: Stop Payments, Postdated, Stale-dated & Endorsements
29 Call Report Update 2020
30 Advanced Issues in Dormant Accounts, Unclaimed Property & Escheatment

February 2020
4 ACH Tax Refunds: Exceptions, Posting & Liabilities
5 Using the UBPR to Improve Bank Performance
6 Action Plan for Reg CC Rule Changes Effective July 1
11 Commercial Lending Series: Commercial Loan Documentation
12 Electronic & Imaged Documents: What to Keep, What to Destroy, What Holds Up in Court
13 Deposit Account Series: Banking Cannabis Businesses: Hemp, CBD, THC & More
19 Harassment Claims in a #MeToo World
24 Deposit Account Series: Deposit Operations Update 2020
25 HELOC Compliance: Disclosures, Documentation, Advertising, Amending & More
27 Managing Forced-Placed Mortgage & Auto Insurance

March 2020
3 Appraisal Compliance Checklist, Including New Threshold Limits
4 Call Report Preparation: Avoiding Common Errors
5 Commercial Lending Series: Managing a Commercial Construction Loan: Start to Finish
9 Understanding Marijuana Business Compliance for the Board
10 Common HMDA Violations & Challenges
11 Impact of Reg CC Rule Changes on ACH & RDC: Effective July 1, 2020
17 Qualifying Borrowers Using Personal Tax Returns Part 2: Schedules D, E & F
18 2020 ACH Rules Update, Including Emerging & Real-Time Payments
19 Consumer Loan Flood Insurance Forms Line-by-Line
23 Deposit Account Series: Advanced New Account Issues: POAs, Trusts, Estates & More
24 Commercial Lending Series: Commercial Flood Insurance Rules 7 Best Practices
25 Collecting SBA Loans: Critical Steps in Processing the SBA Guaranty
31 New Technology: Cash Recyclers, Pod Banking & Interactive ATMs

Professional development you can bank on!
IBC Legislative Excellence Awards

IBC’s Legislative Excellence Award honors lawmakers who understand the paramount issues facing community banks and the customers we serve. These recipients have the knowledge, experience and devotion needed to craft sound policy to support community banks, while balancing a broad spectrum of sound public policy.

Representative Shannon Bird serves on the House Finance Committee and the House Business committee, both key committees for the IBC. As a Freshman stand-out, Representative Bird pushed back against caucus pressure to try to stop her voting against bad business bills. In her first year in the legislature, Representative Bird took the initiative to reach out to stakeholders like the IBC to learn more about our issues. She was always available to work with us on bills that impacted our customers and our industry in her district. Thank you to Rob Holt and the North Valley Bank team for hosting this presentation.

Again this year, Senator Bob Gardner was a leader in the Senate and in the Senate Judiciary Committee in protecting community banks from overreaching regulations related to remote notary, wage garnishments, and abandoned estate documents, just to name a few bills of the many in which he was engaged. Senator Gardner also works with the IBC to protect community banks through his service on the Uniform Laws Commission. Senator Gardner has been a long-time supporter of our industry and a previous IBC award recipient as both a Senator and a Representative in the Colorado General Assembly. We thank Quentin Leighty and The First National of Bank Las Animas, Monument Branch for hosting the presentation.

Champion of Main Street Award

IBC’s Champion of Main Street Colorado Award acknowledges lawmakers who work in the best interest of local communities. They keep “Main Street” a priority above the roar of competing interests at the statehouse.

This year we recognize House Speaker KC Becker who successfully protected community banks during the 2019 Session by listening to IBC concerns on key issues and stepping in when needed. Speaker Becker also played a key role in limiting the impacts of the onerous FAMILI leave bill and other bills that would impose significant burdens on small businesses by directing members of the House to work across the aisle and with industry representatives like the IBC impacted by such legislation. This is the second legislative award presented to this outstanding policy maker by the IBC. Thank you to Kyle Heckman and the Flatirons Bank team for hosting the presentation.
IBC Preferred Providers

IBC Preferred Providers are selected by bankers just like you, so give them special consideration when considering their proposals for your bank! To learn more about IBC’s Preferred Providers contact the IBC at 303.832.2000. Please note: IBC endorses the listed companies but not all products offered by the company.

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<tr>
<th>Company</th>
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<tr>
<td>IBC</td>
<td>Scott Wintenburg</td>
<td>303.291.3700 or 800.601.8630</td>
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<tr>
<td>DELUXE</td>
<td>Chuck Allor</td>
<td>719.599.4466</td>
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<td>IBT</td>
<td>Steve Thomas</td>
<td>512.616.1100 ext. 110</td>
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<td>iHELP</td>
<td>Spencer Aberle</td>
<td>605.622.4531</td>
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<td>iHELP</td>
<td>Craig Johnson</td>
<td>866.843.4222</td>
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<td>OnCourse Learning</td>
<td>Nick Podhradsky</td>
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<td>S&amp;P Global</td>
<td>Stacy Sheehy</td>
<td>866.843.4222</td>
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<td>TRAVELERS</td>
<td>Brandon Tate</td>
<td>720.200.8465</td>
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<td>Worldpay</td>
<td>Lauren Gonnella Copeland</td>
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Merchant services from Bankers’ Bank of the West help you grow customer relationships with mobile payments technology, competitive unbundled pricing, efficient approvals and startups, responsive support, and training.

Massive buying power and inventory expertise to help you consolidate, simplify, and save. By consolidating buying power you receive the best prices on the items you need. Use a single source to management inventory, a customized automated online ordering system and more!

IBT’s Core Processing platform enables you to meet the specific challenges of the marketplace efficiently and effectively. IBT’s Core Processing with iSuite is the right way to do business for you and your customers, reducing costs, improving efficiencies and enhancing compliance.

iHELP loans help families cover the gap between the cost of college and other forms of financial aid a family receives. The iHELP Refinancing loan helps families combine multiple federal and private student loans into a fixed-rate or variable rate loan with one easy and affordable payment monthly.

The IBC supports and recommends the following products and services supplied by our national association, the ICBA: ICBA Bankcard and TCM Bank, N.A.; ICBA Compliance & Risk Management; ICBA Mortgage; ICBA Reinsurance; and ICBA Securities.

At OnCourse Learning, formerly BankersEdge, our high-quality training is specifically tailored to the complex needs of banking institutions. We now offer four simplified training options that have been designed with employee-specific responsibilities in mind. Our courses have been repackaged into topic-specific series, with more than 550 courses and growing.

SBS is your cybersecurity partner. Our offerings include: TRAC™ – Cybersecurity risk management software; Cyber-RISK™ – Automated FFIEC cybersecurity risk assessment software; IT and Network Security Audits; Consulting Services; Full Service Vendor Management; Role-Based Certifications; Vulnerability Assessments; Penetration Testing and More!

S&P Global combines exclusive analysis and in-depth data in real time for the banking, financial services and insurance industries. From bank branch data and government assistance programs to executive compensation and league tables, S&P is the final word in business intelligence on financial institutions.

Travelers SelectOne+* for financial institutions is designed to respond to the most recent trends in banking.

Turn your card program into a growth opportunity. With 40 years in payments and card processing, we can quickly relieve you of the regulation and compliance burden. In the end, working with Worldpay is a low risk, high return proposition because of our payments expertise and proven results. Worldpay drives the IBC’s 24 location ATM surcharge-free network.
IBC welcomes new member InBank and new Associate Members Crowe LLP and First Insurance Services, Inc.

The Colorado Agricultural Development Authority (CADA) Beginning Farmer Program is available to assist beginning farmers and ranchers in Colorado with purchases of land, breeding stock, or equipment.

For information on this program contact participating agricultural lenders or the:

Colorado Agricultural Development Authority
305 Interlocken Parkway
Broomfield, CO 80021
Tel: (303) 815-9543
Fax: (303) 466-8515

www.cadafarmloan.com

The Colorado Agricultural Development Authority (CADA) Beginning Farmer Program is available to assist beginning farmers and ranchers in Colorado with purchases of land, breeding stock, or equipment.

This program provides tax-exempt bonds to lenders who provide low-interest financing for approved purchases. Individuals who own insubstantial amounts or no farm land may qualify for up to $520,000 in tax exempt bonds under this program. Parent-child and other directly related person transactions are now allowed under this program.
SUPPORT THE IBC’S ASSOCIATE MEMBERS!

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This summer, we celebrated the 50th anniversary of the lunar landing. Half a century ago, we blasted into space and landed on the moon—powered by calculations completed on chalkboards and measured with slide rulers!

Back then, technology hadn’t quite caught up with the vision, but that common vision is what fueled the success of the Apollo mission. Everyone involved shared a collective dream and worked toward it.

While we community bankers are not landing people on the moon, I dare say we are in a similar position as we support the evolution of financial services. We are creating a new world, one in which financial technology grows to meet and exceed customer expectations. Community banks are facing a new paradigm of customer needs, and we’re looking for ways to provide the high-tech, high-touch solutions that support that demand.

That’s why ICBA’s ThinkTECH Accelerator is critical. As community banks, we need to be exploring ways to take advantage of technology, but we have to make smart decisions; most of us don’t have excess resources to experiment. The accelerator takes some of the guesswork out of the equation by showcasing companies and services that have been tested and vetted with community banks in mind.

During the first program, we uncovered a number of strong solutions, such as Invest Sou Sou’s social banking platform, which was named “Best of Show” at Finovate last May. MK Decision has now become an ICBA Bancard partner for loan origination. And my own community bank, Bank of Zachary, is working with Teslar to modernize our loan processes.

On the heels of these and other successes, we are kicking off the second ICBA ThinkTECH Accelerator program in January. I encourage you to visit The Venture Center in Little Rock, Ark., to witness the program firsthand. It’s truly amazing to see what these companies are imagining and how their offerings can take your institution to the next level.

Looking at the accelerator, our collective call to action is clear: We need to innovate, even when we’re unsure. Thankfully, we’re lining up companies geared to meet the specific needs of community banks. Consider this program as one small step to help you incorporate new, innovative solutions into your bank. Collectively, those individual steps will enable one giant leap for community banking.

My Top Three

This Thanksgiving, I will count my blessings that we no longer need to use these technologies:

1. Floppy disks (I confess I still have some in files, even though I have no way to read them anymore!)
2. Typewriters/adding-machine ribbons
3. Thermal paper for fax machines.

Connect with Pres @BankPres
By Rebeca Romero Rainey, President & CEO, ICBA

As Winston Churchill said, “To improve is to change; to be perfect is to change often.” That sentiment rings true for digital payments.

Today, community bankers hold a place at the digital payments table, both as drivers of change and as witnesses to the flurry of activity. From the forthcoming FedNow real-time payments service to card innovations and P2P opportunities, a plethora of new digital payments offerings now must factor into business strategies.

Evolving customer expectations reinforce the need for change. For example, according to Engagement Labs, Gen Z will account for 40% of all shoppers by next year—and this group pays with a digital-first mindset. In fact, research from Paysafe reveals that 70% of Gen Zers use banking apps daily and 53% prefer to shop in stores that accept contactless payments. And Accenture found that 68% want instant P2P payments. Clearly, this is a generation of customers who expect digital payments solutions.

With these elements in the mix, it may feel like planning your bank’s digital payments future is like trying to hit a moving target. That’s why ICBA and its payments services subsidiary, ICBA Bancard, have created two offerings to support community banks.

First, we have created the ICBA Bancard Digital Payments Strategy Tool and Guide, an interactive resource that helps community bankers create a custom digital payments strategy. This tool has been available to ICBA Bancard clients since September, and starting this month, it will be accessible to all ICBA members. I hope you’ll experiment with the tool—you can find it at strategy.icbabancard.com—to explore where you fall on your digital payments journey. It will help provide guideposts as you chart the course ahead.

We also launched the Payments Executive Brief Series, topical summaries designed to support community bankers as they build and grow a digital payments strategy. These informative briefs are being shared on ICBA’s Main Street Matters blog and in NewsWatch Today. They offer insights into payments industry changes and how they apply to community banks.

These resources, along with this issue of Independent Banker, address the topics at hand, but as we consider the transformation in digital payments, we also must embrace the opportunity that presents itself. In the spirit of Churchill, community banks will continue to improve through this change, ensuring they offer the perfect digital solutions for their customers.

Where I’ll Be This Month
I’ll be visiting with TCM Bank, an ICBA Bancard subsidiary, in Tampa, Fla., where we’re certain to discuss digital payments.

Connect with Rebeca @romerorainey
YOUR POTENTIAL IS OUR PASSION.

ICBA creates and promotes an environment where community banks flourish.

Independent Community Bankers of America® is the only national organization that exclusively represents the interests of community banks. With effective advocacy, best-in-class education, and quality products and services, helping your community bank reach its full potential is our passion.
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A World of Pure Imagination

This past September, bankers from across Colorado gathered in Vail for Independent Bankers of Colorado's 46th Annual Convention and it was a sweet affair! Bankers, vendors, and guests enjoyed informative breakout sessions, engaging entertainment, great food, family fun, and of course chocolate as they entered Willy Wonka’s Chocolate Factory. Thank you everyone for making this another successful event.

Thank You to Our Exhibitors!

AccuSystems
The Baker Group
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Bank Compensation Consulting
BKD CPAs and Advisors LLP
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SHAZAM
Spry
Travelers
ValueTec Financial Equipment
West Gate Bank Mortgage
**Recognition and Thank You!**

**Ed Merritt**, Vice Chair, The Dolores State Bank, served twice on the IBC Board of Directors representing District D, first from 1995-1997, and again from 2014-2019. Ed also served as a member of IBC’s convention and Government Relations Committees. He also served as a Director of the IBC Education Foundation from 2011-2013.

Ed is a second generation community banker. The Dolores State Bank opened for business on January 5, 1959. Ed’s father, Dr. E.G. Marritt, and three other local business men, founded the bank.

We thank Ed for his proud community banking family legacy and for his nine years of commitment and service as an IBC Director.

**PJ Wharton**, President and CEO, Yampa Valley Bank, and IBC President-Elect, under our bylaws succeeds Megan Harmon, Chief Operating Officer, The Eastern Colorado Bank, and IBC President, as IBC President for 2019-2020.

PJ is bullish on the future of community banks and IBC. He is committed to fighting with you, and for you. We are extremely thankful for PJ’s guidance, time, and dedication in serving on IBC’s Executive Director Search Committee. In addition, PJ serves on IBC’s Government Relations and Convention Committee.

PJ we appreciate and admire your passion!

**John Sneed**, Chairman/CEO, FMS Bank, served as an IBC Director from 2001-2017 when he became President of IBC, and then Chairman in 2018. John also served throughout this time on IBC’s Government Relations Committee.

We are particularly thankful for John’s willingness to step in as IBC President when a bank acquisition resulted in unexpected IBC officer vacancy. John also served on IBC’s Executive Director Search Committee.

John put in many hours of governance to keep IBC strong during a time of significant changes.

**Rebeca Romero Rainey** is one of the nation’s foremost advocates of the community banking industry, with a focus on regulatory reform for our country’s nearly 5,700 community banks.

A third-generation community banker born and raised in Taos, New Mexico, she is the former Chairman and CEO of Centinel Bank of Taos. Rebeca’s broader service to the community banking industry began when she joined the board of Independent Community Bankers Association of New Mexico, where she served as president from 2007-2008. She also played a key role in the formation of ICBA’s Minority Bank Council and served as its first Chairman. Rebeca also served on ICBA’s Executive Committee, and in 2016 become ICBA Chairman.
MARKED IMPROVEMENT
FALLING RATES MEAN HIGHER BOND PRICES. BE CAREFUL WITH THAT.

By Jim Reber, President/CEO, ICBA Securities, IBC Preferred Provider

As this year has progressed and the mindset of fixed-income buyers nationally and globally has changed direction and picked up momentum, the reckoning in some cases seems flatly erroneous. Here are a few tidbits:

Austria’s 100-year bond, issued in 2017 at par, was worth more than double that recently.

In the U.S., the long bond went below 2% for the first time ever.

More than $17 trillion in debt globally had negative yields in August.

The U.S. 10-year note launched in November 2018 has risen by more than 14% since.

We could go on. Many of these metrics sound like we’re reading Babe Ruth’s or Wilt Chamberlain’s career statistics. They’re hard to believe.

But unless you own the Austrian 100-year bond or are long a bunch of U.S. 10-year notes, your community bank’s portfolio doesn’t have as much appreciation, or as low of a yield, as some of these statistical outliers. And for that, you can be glad.

**Closer to home**

As we enter the final lap of the year, portfolio managers often take stock of the bank’s earnings projections to see if any “tweaking” is needed. Since we know the bond portfolio is by far the easiest part of the balance sheet to liquidate, it makes sense to start there. You’re likely to find that you have a gain (no surprise) and that it’s broad-based (somewhat of a surprise). Many times, recently, community banks have discovered that the only bonds they own at net gains are their tax-free munis.

Not today, however, as most taxable bonds are above water, too. This includes all manner of mortgage securities, and possibly callable agencies as well, particularly if the agencies were initially purchased at discounts. Since banks’ average maturities have gradually declined in the past year as rates have fallen, the room for price appreciation has also shrunk, but still it’s not unusual to see a community bank portfolio with a 2% unrealized gain. That is a historically large position.

**It can pay to be choosy**

The reason the distinction between taxable and non-taxable is relevant is that the economic benefit of taking a gain on a tax-free bond is more limited. If one properly accounts for the tax liability that falls out from a sale at a gain, the true cost of selling that bond, as reflected in the “take-out yield,” is probably quite high.

In fact, the take-out yield is always the best place to start when considering bonds that are candidates for sale: the lower, the better. Again, in the current environment, some old rules of thumb might be suspended, such as the expectation that the shorter bonds will have the lowest takeout. With the curve inversion that existed for much of 2019, it’s possible that some intermediate-life investments are the best sale options.

**Give and take**

While your current unrealized gain posture may make for easier conversations during investment committee or board meetings, there are also some best practices if your community bank is considering some strategic liquidations. The first is to have your broker quantify what the “after” portfolio will look like, including prospective yields, cash flows, durations and sector weightings. It’s axiomatic that taking gains will likely result in your remaining yield being lower.
It's also time to remind ourselves that your tax consultant will usually advise against the acceleration of income tax liability, all things being equal. While issues like Alternative Minimum Tax (AMT) aren’t applicable anymore, a seller of bonds at gains could still be sacrificing short-term cash flow in exchange for current income. And that may be fully acceptable to the stakeholders.

Speaking of time, if your institution has decided to take some gains in the current year, today is a good day to pull the trigger. Liquidity in the bond market, even for the safe, highly salable and price-discoverable investments that community banks own, tends to dry up as we approach the end of the calendar year. Although you can count on the market's efficiency to return shortly after New Year's, that doesn’t help you in 2019.

So, you’ve got options. Sitting tight is always one of them. If taking some gains off the table, especially on securities you’re not committed to in the long term, is in your best interest, the rate environment and yield curve have delivered an early Christmas present.

Education on Tap

2019 webinar series concludes

The final segment of the 2019 ICBA Securities webinar series Community Banking Matters will take place on Nov. 5 at 10 a.m. CST. Tom Mecredy, manager of the Vining Sparks Community Bank Advisory Group, will present M&A and Community Bank Valuation Update. Free CPE is available. Visit icbasecurities.com to register.

Archival footage

ICBA Securities’ exclusive broker Vining Sparks maintains a library of webinar recordings that address a range of community bank topics. Included are a Bond Basics series, replays of Community Banking Matters and a catalog of the quarterly Economic Outlook webinars. For more information, visit viningsparks.com or contact your Vining Sparks sales rep.

Jim Reber, CPA, CFA (jreber@icbasecurities.com), is president and CEO of ICBA Securities, ICBA’s institutional, fixed-income broker-dealer for community banks.

Deposit Account Series
Jan 14 Compliance at Account Opening
Jan 28 UCC 3 & 4 Check Issues: Stop Payments, Postdated, Stale-Dated & Endorsements
Feb 13 Banking Cannabis Businesses: Hemp, CBD, THC & More
Feb 24 Deposit Operations Update 2020
Mar 23 Advanced New Account Issues: POAs, Trusts, Estates & More
Apr 7 10 Overdraft Hotspots, Including Regulations, Lawsuits & Guidance

Commercial Lending Series
Feb 11 Commercial Loan Documentation
Mar 5 Managing a Commercial Construct Loan: Start to Finish
Mar 24 Commercial Flood Insurance Rules & Best Practices
Apr 1 Commercial Loan Workouts, Restructuring & Loss Mitigation
Apr 28 Commercial Loans Secured by Real Estate
May 14 Analyzing Commercial Tax Returns: Forms 1065, 1120, 1120S & K-15

Growth & Transformation Series
May 27 Driving Engagement with Facebook, Twitter & Instagram
June 16 Banking Millennials: The Next Generation of Revenue
July 1 Digital Marketing Strategies: What's Working in 2020?
Aug 12 Leveraging LinkedIn for Lenders

Risk Officer Series
Sep 17 The 15 Worst Security Mistakes
Oct 8 A Year in the Life of a Compliance Officer: Tips, Tools & Annual Requirements
Oct 27 Advanced BSA Officer Training: Risk, Compliance & Real-Life Scenarios
Nov 17 Risk Management Officer: Expectations & Responsibilities

Cyber Series
Aug 13 Layered Cybersecurity: Finding the Best Strategy
Sep 9 Cybersecurity Assessment Tool 2.0 & GLBA Privacy
Oct 14 GLBA Security Expectations, Internal Controls & the Human Factor
Oct 28 Building & Sustaining a Cyber Intelligence Unit (CIU)
The London Interbank Offered Rate (LIBOR) has been used for over three decades as the global standard benchmark for pricing all types of financial transactions, from small business loans to globally syndicated derivative structures. Now, that will soon be changing and financial institutions will need to adjust their loans to a new benchmark, the Secured Overnight Financing Rate (SOFR).

What is involved in this transition?

LIBOR BACKGROUND
Following banking reforms instituted after the 2008 financial crisis, money market interbank funding activity experienced a sharp and sustained decrease in activity. As such, the surveyed rates underpinning LIBOR have increasingly relied on “expert judgment” as opposed to actual transactions. This reliance on fewer underlying transactions has created growing concern about LIBOR as an accurate reference for trillions of dollar transactions tied to LIBOR. The concern has accelerated over recent years, as the financial institutions providing the surveyed rates will no longer be required to do so after 2021.

SOFR BENCHMARK
Responding to these concerns, the ARRC established the Secured Overnight Financing Rate (SOFR) as the replacement index for USD LIBOR in 2018. The FRBNY then launched publication of SOFR on April 3, 2018 and publishes the index daily by 8:00 a.m. Eastern Time.

So, what is SOFR? SOFR is a broad based measure of the cost of borrowing cash overnight, collateralized by Treasury securities. As SOFR is a secured rate comprised of essentially “risk-free” funding, it will tend to be lower in rate versus LIBOR, which reflects interbank funding credit risk in its rate.

TRANSITION IMPACT
Due to the difference in calculation and sources between SOFR and LIBOR, spread adjustments will be necessary to maintain the consistency of transaction economics. In determining the necessary spread adjustment, it is very important to ensure consistency of the existing economics or at the very least minimize changes to economic value. The fair value of the transaction before and after the transition can be determined using LIBOR and SOFR yield curves respectively for the value assessment.

PROACTIVE SOLUTIONS
The good news for bankers is that we still have a few years before a full-fledged transition. Yet, there are some potential challenges you may need to address.

1. Watch for higher levels of contract variation and adjust your contracts, especially new commercial loans, according to the appropriate index
2. Address borrowers’ concerns over the loss of visibility into their cash flows with this change
3. Banks need to fine-tune pricing, terms and disclosures for any new LIBOR-linked lending over a period of time
4. Perform periodic assessment of economic impacts and spread adjustments necessary to preserve transaction economics
5. Track the SOFR vs. LIBOR relationship as you manage your existing loans and underwrite new transactions

For more information on rates and the transition to SOFR, contact Matt Helsing at mhelsing@pcbb.com.

1 Composed of tri-party repo, General Collateral Finance (GCF) repo and bilateral Treasury repo cleared through the Fixed Income Clearing Corporation (FICC)
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SECURITAS KNOWS SECURITY

For decades, Securitas has built its reputation on its security expertise and has become one of the largest and most trusted security providers in the world. Securitas Electronic Security, Inc. (SES) offers a full portfolio of video, access, intrusion, fire and integrated systems. Our robust services include monitoring, maintenance, inspections, managed & hosted solutions, embedded personnel, online services, and more. SES has a long history with financial institutions and is the leading provider of electronic security for financial institutions across North America.

In the business world, security threats are very real. That’s where we come in. It’s about looking at every aspect of your risk business profile and identifying your security threats, reducing business risks, improving operational efficiencies and managing compliance; while giving you a positive return on your security investment. As a leading systems integrator and alarm monitoring company, Securitas Electronic Security delivers the SES Difference, serving countless long-term customers with solutions and services that protect their people, assets and brand. Our unmatched North American coast-to-coast field organization, award-winning 24/7 UL-certified security monitoring, and expertise in systems integration in complex environments exemplifies the SES difference for our clients.

As both a leading security integrator and award-winning security monitoring provider, SES offers a true single-source partnership. With a sole on business security and vertical market specialization, we provide solutions for specialized markets such as retail, commercial, financial, transportation, petro-chemical, healthcare, logistics and unique enterprise locations among many others. Specialized markets need specialized solutions. We are a pure play integrator leveraging the world’s leading security technology to provide the most advanced and comprehensive solutions available today. We choose the technology best suited to compliment your security goals and stay current in today’s technology environment.

SES is the leading company leveraging centralized processes to ensure a consistent experience from a single site to thousands of locations. From retail locations to global enterprises, projects are designed, engineered and commissioned to the highest of industry standards at the SES Engineering Center of Excellence (CoE). Each deployment is engineered to the precise standards and requirements of our clients. Uniformity and consistency are the guiding principles of our design and engineering. Our CoE and local branch infrastructure allows us to provide the highest level of service and support in response to the distinct needs of global, national and regional business clients. We believe successful partnerships result from a positive customer experience aligned to all relationship and delivery touchpoints. Excellence is everything we do for our clients. We are here to support and protect you and your business. Get to know SES today.

Connect with Securitas Electronic Security, Inc. (SES)
steve.crider@securitases.com
Join fellow bankers and innovators at ICBA LIVE to support the community banking industry. This is the ultimate gathering for community bankers serious about starting the new decade with supercharged networking, education and exploration.

REGISTER EARLY TO RECEIVE PERKS: WWW.ICBA.ORG/LIVE2020

THE FUTURE OF COMMUNITY BANKING IS SO BRIGHT, BETTER BRING TO ORLANDO

MARCH 8–12
GAYLORD PALMS RESORT & CONVENTION CENTER

#ICBALIVE2020
2,000 CONSUMERS TOLD US THEIR WORST CYBERSECURITY FEARS

HERE'S WHAT YOU CAN DO TO HELP YOUR CUSTOMERS CONQUER THEIR CONCERNS

By Steve Sanders, CSI, IBC Associate Member

Today's consumers are inundated with troubling cybersecurity news, on practically a daily basis. When word of the Capital One data breach broke, consumers again were left scrambling to figure out if their personal information was included in the 106 million exposed records. They are weary, to say the least.

So, how can financial institutions help restore their peace of mind? To find out, CSI polled more than 2,000 American consumers about the cybersecurity threats and challenges surrounding them and their financial institutions. The result? Consumers (unsurprisingly) want to know how to better protect themselves, and are quite open to their bank showing them how. Almost three-fourths (74 percent) said that they would likely participate in a cybersecurity awareness program if offered by their financial institution.

This insight presents banks with a tremendous, inexpensive opportunity to increase their value and retain more customers.

If You Host It, Customers Will Come

Per our poll, consumers ages 18 to 44 are the most likely (75 percent) to attend a bank-sponsored cybersecurity education program, and interest from those age 45 and older is close behind (73 percent). So if your institution hosts a cybersecurity awareness program, people will come. By doing so, you create a win-win for consumers and your institution.

Here are just a few of the benefits:

• Bolster your institution's reputation as an active corporate citizen
• Increase the potential for new business as you share your knowledge
• Create more cyber-aware customers able to thwart malicious cyberactivity
• Reduce your own risk from cybercrime as a result

The Keys to a Successful Event

To really capitalize on this opportunity, you much be intentional and deliberate in your planning:

• Create a guest list: Of course you should include your existing customers, but don't stop there. Cement your status as a local hero by inviting the community at large.
• Save the date: The bad guys aren't waiting, so don't procrastinate. Host your event as soon as you can properly plan it. If possible, consider scheduling it in October, which is National Cybersecurity Awareness Month (NCSAM), “a collaborative effort between government and industry to raise awareness about the importance of cybersecurity and to ensure that all Americans have the resources they need to be safer and more secure online.”
• Don't stop at one: Reach the broadest audience by hosting several sessions conveniently scheduled for various demographics, i.e., mornings for senior citizens and stay-at-home parents, evenings or weekends for working adults.
• Remember: location, location, location: Select a venue conducive to a group meeting and one that projects a professional and credible atmosphere. Also make sure the location is conveniently accessible and big enough to comfortably house your entire guest list.
• Pick a partner: Pairing up with your local chamber of commerce, an area civic organization or academic institution is a great way to reach the broader community.
• Give more than advice: Everyone loves free stuff. This is a great opportunity to...
hand out bank-branded items like pens, mugs, etc. You could also give away a more valuable door prize.

- **Bring in the experts**: Technology can be a dry and complicated topic, so pick a speaker with the cybersecurity chops to inspire confidence and motivate them to heed the advice.

**The Makings of a Useful Message**
Beyond the logistical details, ensure you craft an informative message, including these topics:

- **Practicing good cyber hygiene**: [CSO Online](#) shares several basic cyber-hygiene tips that you can share:
  
  - **Use secure access points**: Only connect devices through private Wi-Fi networks or use a virtual private network (VPN) to encrypt a public Wi-Fi network.
  
  - **Install updates**: As soon as hardware and software updates are available, download them to protect against known vulnerabilities.
  
  - **Protect yourself**: Always use strong, unique passwords and incorporate multi-factor authentication whenever it’s available.
  
  - **Practice safe emailing**: Beware of opening links or attachments from unknown or suspicious persons.
  
  - **Use anti-malware protection**: Explain that this isn’t just for computers and laptops anymore. Consumers need to think about mobile and other Internet-connected devices.

- **Protecting Online Footprints**: The NCSAM 2019 Toolkit is a great resource for anyone hosting a cybersecurity awareness program. It also suggests talking about these online safety tips:
  
  - Personalize privacy settings
  
  - Post safely to social media
  
  - Understand the Internet of Things (IoT)
  
  - Protect from social engineering
  
  - Stay safe with e-commerce

- **Responding to a data breach**: Explain the key actions consumers should do after a data breach, including finding out what information was stolen and if their personal data was included, as well as putting fraud alerts on affected debit and credit cards and credit reports.

- **Dealing with identity theft**: It also is important to discuss what consumers should do if their identities are stolen.

- **Institutional defenses**: Finally, take the opportunity to discuss how your institution protects itself and its customers and their personal data from cyber intrusion.

**More Helpful Insight from CSI’s Consumer Cybersecurity Poll**
Consumer receptivity to a bank-sponsored cybersecurity education program is just one of the takeaways from our survey. Download CSI’s 2019 Consumer Cybersecurity Poll Executive Report to gain valuable insight about consumers’ thoughts surrounding cybersecurity.
Many community banks are grappling with digital transformation. While advances in technology are nothing new, the speed at which these shifts are occurring can make it hard to manage. As community bankers, how do we keep up—or even get ahead—of the rapid pace of change? We at ICBA have given considerable thought to these questions and have created and curated several resources to help.

**ThinkTECH Network and core processor guide**

It is essential to understand that the future of community banking entails engaging with core processors and partnering with fintechs for innovation. To that end, we created the ICBA Core Processor Resource Guide and ICBA ThinkTECH Network.

The guide focuses on helping community banks cultivate strategic partnerships with their core processors. Specifically, it provides practical steps and insights for managing that relationship and ensuring it aligns with your bank’s long-term business goals and objectives.

Another valuable tool is the ICBA ThinkTECH Network, a curated directory of community bank-friendly, vetted fintechs. The resource provides comprehensive company profiles that include solutions, reviews and testimonials to help facilitate partnerships.

**ThinkTECH Accelerator**

We want to foster dialogue between community bankers and fintechs, especially early stage fintechs that are solving specific problems for banks. With that goal in mind, ICBA launched its first ThinkTECH Accelerator in late 2018 as a means to educate fintechs about community banking and create an outlet for community banks to engage directly with fintechs to identify challenges and potential solutions.

**Publications and social media**

Reading is another critical tool for educating yourself about industry developments and cultivating innovation. I recommend a two-pronged approach: reading industry publications and Twitter, which I use as an educational source. When I speak at conferences, I include a list of approximately 20 publications and Twitter feeds I read regularly. Included on my list are American Banker, FinXTech, the Financial Brand and EPC News, as well as Mobile Business Insights, FMS and the Community Banking Brief. I follow fintech and thought leaders on Twitter, both inside and outside the industry. A few of my favorites are @Chris_Skinner, @JimMarous, @leewetherington and @rshevlin.

**ICBA conferences and educational events**

ICBA conferences and resources are valuable tools for staying current. Two that are top of mind are our annual conference—ICBA LIVE—and Community Banker University. We also sponsor two conferences: the FinXTech conference, held in September, and the Fi FinTech conference, hosted annually each November, both of which I recommend.

The race toward innovation will only accelerate. Avoidance isn’t a strategy. Educate yourself now and continue to educate your team as you look for new ways to innovate.

Kevin Tweddle (kevin.tweddle@icba.org) is chief operating officer of the ICBA Services Network
Darryl W. Biggerstaff Scholarship

DARRYL W. BIGGERSTAFF 2019 COMMUNITY BANKER SCHOLARSHIP RECIPIENTS

During IBC’s 46th Annual Convention, we were honored to announce the recipients of the 2019 Darryl W. Biggerstaff Community Banker Scholarship!

Cody Allen
Assistant Vice President / Loan Officer
The First National Bank of Las Animas, Las Animas
Under $1 billion in assets

Jared Houghton
Vice President
Bank of Colorado, Basalt
$1 billion or more in assets

Cañon National Bank (chartered as Fremont National Bank) was a Founding Member Bank of the Independent Bankers of Colorado (IBC). Darryl W. Biggerstaff, a founding officer, director and shareholder of the bank, also served as Chairman of the IBC from 1978-79. Cañon National Bank was acquired by Glacier Bancorp, Inc. in November 2015 and is now part of Bank of the San Juans. The Darryl W. Biggerstaff family, in December 2015, bequeathed $50,000 to IBC to establish The Darryl W. Biggerstaff Community Bankers Scholarship Fund. At the direction of the Biggerstaff family, the funds are designated for the furtherance of community banker education. Scholarship recipients must be employed at an IBC Member Bank to be eligible for the scholarships.

Since 2016, IBC’s board of directors elected to further and enhance community banker education by providing scholarships to the Graduate School of Banking at Colorado. The Graduate School of Banking at Colorado’s (GSBC) capstone program is a 25-month graduate school of banking. GSBC’s Annual School Session is hosted each July on the campus of the University of Colorado in Boulder, Colorado. IBC provides two $1,000 scholarships for year three to the top performing community banker employed at an IBC Member Bank in Colorado. First- and second year projects and exam grades are compiled to determine the highest-performing students.

Congratulations Cody and Jared on your outstanding academic achievements! We wish you continued success in your community banking career.
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*2018 industry benchmarking data
IBC’s 24-ATM SURCHARGE FREE NETWORK!

The Independent Bankers of Colorado’s alliance of community banks offers your customers access to 24 surcharge-free ATMs throughout Colorado.

As a member of the Independent Bankers of Colorado, you waive surcharges to the customers of banks belonging to our network, while retaining the option to charge non-member customers who use your ATMs.

Our alliance means that community bank customers will remain with their community-based banks, yet be able to access a broad choice of surcharge-free ATM locations.

**LOCATIONS**

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<td>Greenwood Village</td>
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<td>321 4th Street</td>
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<td>409 Harrison Avenue</td>
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<td>145 West Sherman</td>
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</table>

For information about how your bank can join our network, please call Lauren Gonnella Copeland at 513-900-4661 or lauren.gonnella@vantiv.com
Travelers is delivering nearly $4 million in dividends to qualifying policyholders. Are you in?

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• Travelers ICBA insurance program’s Policyholder Safety Group Dividend plan produced dividends of nearly $4 million for 2017 with over $60 million paid in the past 35 years.
• Industry-leading risk management solutions and insurance protection tailored to community banks.
• Financial strength you can rely on.

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