the Independent Report
“Colorado banking at its best”
in this issue...

July/August 2018

IBC Preferred Providers ________________________ 3
IBC’s Associate Members ________________________ 4
IBC: Upcoming Community Banker Programs __________ 5
IBC: Announcing Scholarship Recipients! ____________ 10
ICBA: An Important Date in ICBA’s History ____________ 10
BBW: Cybersecurity Conference & Synergy ____________ 12
ICBA: CECL Standard Bears Down on Us ______________ 13
IBC: 45th Annual Convention in Vail! _______________ 14
IBC: Promoting Community Banking Careers __________ 15
CECL Regulatory Capital Phase-In ________________ 17
New Privacy and Cybersecurity Legislation ___________ 19
In Memory of Frederick A. Esgar ________________ 21
2018 U.S. Community Bank Market Report ____________ 22
Symposium for Community Bank Directors ___________ 24
Developing Mid-Level Employees _________________ 26
Who Knew Community Bankers Could Be So Cute?! __ 27
Portfolio Power with Barbell Structure ______________ 29
CEF Bankers Brief: Small Business Lending Partner __ 30
Community Banking Success Starts at the Core __________ 31
IBC: Free Legal Hotline for Member Banks ____________ 31
Enhancing Commercial and Business Sales __________ 32
Who Owns Your Brand and What Is It, Really? __________ 34
IBC: Regulatory Panel Roundtables _________________ 35
iHELP Student Loans ____________________________ 36
IBC: ATM Surcharge-Free Network _________________ 39

Cover by Bob Kissel: Bristle Cone Pine, Mount Goliath Nature Area, Mount Evans, CO. To see more of Bob’s photos visit his website at www.flickr.com/photos/rekissel/sets.
## 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.

<table>
<thead>
<tr>
<th>Contact</th>
<th>Company Name</th>
<th>Contact Information</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mary Ann Elliott-Supples</td>
<td>IBC Preferred Providers</td>
<td><a href="mailto:msupplies@bbwest.com">msupplies@bbwest.com</a></td>
<td>Grow your customer relationship with mobile payments technology; highly competitive unbundled pricing; quick approvals and startups and high-touch training and support from Bankers’ Bank of the Wests’ Merchant Services Program.</td>
</tr>
<tr>
<td>Chuck Allor</td>
<td>Deluxe</td>
<td><a href="mailto:charles.allor@deluxe.com">charles.allor@deluxe.com</a></td>
<td>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 manage inventory, a customized automated online ordering system and more!</td>
</tr>
<tr>
<td>Eddie Hook</td>
<td>Harland Clarke</td>
<td><a href="mailto:eddie.hook@harlandclarke.com">eddie.hook@harlandclarke.com</a></td>
<td>Harland Clarke offers: Payment Solutions (checks, card services, forms, etc.); Integrated Multichannel Marketing Services and Security Solutions.</td>
</tr>
<tr>
<td>Steve Thomas</td>
<td>IBT</td>
<td><a href="mailto:sthomas@ibtapps.com">sthomas@ibtapps.com</a></td>
<td>IBT’s Core Processing platform enables you to meet the specific challenges of the marketplace efficiently and effectively. IBT’s Core Processing with i2 Suite is the right way to do business for you and your customers, reducing costs, improving efficiencies and enhancing compliance.</td>
</tr>
<tr>
<td>Jim Iannuzzi</td>
<td>iHELP Private Student Loan</td>
<td><a href="mailto:jianzzu@ihelploan.com">jianzzu@ihelploan.com</a></td>
<td>An iHELP Private Student Loan helps families cover the gap between the cost of college and their financial resources. Students can also consolidate existing federal or private student loans with an iHELP Consolidation Loan. Funded by local community banks across the country, iHELP offers competitive fixed and variable rates, flexible repayment options and a single point of contact for borrowers.</td>
</tr>
<tr>
<td>Craig Johnson</td>
<td>OnCourse Learning</td>
<td><a href="mailto:cjohnson@oncourselearning.com">cjohnson@oncourselearning.com</a></td>
<td>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.</td>
</tr>
<tr>
<td>Ryan Schremmer</td>
<td>SBS CyberSecurity</td>
<td><a href="mailto:ryan.schremmer@sbscyber.com">ryan.schremmer@sbscyber.com</a></td>
<td>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!</td>
</tr>
<tr>
<td>Stacy Sheehy</td>
<td>S&amp;P Global</td>
<td><a href="mailto:Stacy.Sheehy@spglobal.com">Stacy.Sheehy@spglobal.com</a></td>
<td>S&amp;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&amp;P is the final word in business intelligence on financial institutions.</td>
</tr>
<tr>
<td>Brandon Tate</td>
<td>TRAVELERS</td>
<td><a href="mailto:btate2@travelers.com">btate2@travelers.com</a></td>
<td>Offering a wide range of customized insurance protection, Travelers SelectOne+ for financial institutions is designed to respond to the most recent trends in banking.</td>
</tr>
<tr>
<td>Lauren Gonnella Copeland</td>
<td>VanTiv</td>
<td><a href="mailto:lauren.gonnella@vantiv.com">lauren.gonnella@vantiv.com</a></td>
<td>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 VanTiv, now Worldpay is a low risk, high return proposition because of our payments expertise and proven results. Worldpay drives the IBC’s 46 location ATM surcharge-free network.</td>
</tr>
</tbody>
</table>
SUPPORT THE IBC’S ASSOCIATE MEMBERS!

Accounting / Compliance
- Anderson & Whitney 970-352-7990
- Bank Accounting and Consulting, LLC 303-916-2566
- BKD, LLP 303-861-4545
- Capco 720-325-4697
- Eide Bailly, LLP 303-770-5700
- FIS EGRC 720-325-4697
- Fortner, Bayens Levkulich & Garrison, PC 303-296-6033
- Garland Heart – Info Security | Compliance | Consulting 972-429-8200
- IBC Counsel 720-488-0220

Advertising / Equipment / Printing / Supplies
- Deluxe Strategic Sourcing 800-992-0304
- FF&S, Inc. 303-323-4341
- Harland Clarke 800-525-8848

Architects
- MG Architects 713-552-0707
- NewGround 888-613-0001

Career Advancement
- Graduate School of Banking at Colorado 800-272-5138

Computer Products / Consulting
- AccuSystems 719-583-8004
- Computer Services, Inc. 970-212-7104
- Convergint Technologies 847-620-5000
- DM Tech Solutions 214-883-4222
- FIS EGRC 720-325-4697
- Garland Heart – Info Security | Compliance | Consulting 972-429-8200
- SBS CyberSecurity 785-594-0503

Consulting / Marketing / Strategic Planning
- @Risk Technologies 800-426-0178
- AccuSystems 719-583-8004
- Bank Strategies 303-618-0056
- Bell State Bank 701-371-3355
- Expert Business Development 610-771-2121
- GLC Advisors 303-479-3840
- Kasasa 877-342-2557
- O’Connell Consulting Group 303-795-3539
- Oncourse Learning 866-806-9900
- The James Paul Group 877-584-6468
- S&P Global 434-951-6948

Correspondent Banking Service
- Bankers’ Bank of the West 303-291-3700
- Bell State Bank 701-371-3355
- CenterState Bank 303-773-0441
- TIB – The Independent Bankers Bank 972-650-6000
- INTRUST Bank 800-732-5120
- PCBB 888-399-1930

Data Processing / EFT / ATM / Card Processing / Merchant Services
- Bankers’ Bank of the West 303-291-3700
- BMA Banking Systems 801-887-0122
- D+H 800-815-5592

Data Processing / EFT / ATM / Card Processing / Merchant Services Continued
- IBT 512-606-1100
- ICBA Bancard / TCM Bank 800-242-4770
- Jack Henry & Associates 417-235-6652
- NuSource Financial, LLC 952-942-9191
- SHAZAM 515-288-2828

Insurance / Benefit Services
- Bank Financial Services Group 267-291-2130
- Corrigan & Company 805-963-2090
- Equias Alliance 469-252-1037
- Financial Designs Ltd. 303-832-6100
- Haas & Wilkerson Insurance 913-676-9259
- ICBA Reinsurance 888-790-6615
- Travelers 720-200-8416

Investments / Funding and Lending Partners
- 1st Mortgage Solution USA 303-651-7800
- The Baker Group 405-415-7200
- Colorado Enterprise Fund 303-860-0242
- Colorado Housing and Finance Authority 303-297-7329
- Colorado Lending Source 303-657-0010
- Community Reinvestment Fund, USA 303-870-9795
- Crescent Mortgage 970-278-9328
- D.A. Davidson 303-764-6000
- FHLBank Topeka – Denver Office 303-893-3452
- Gill Capital Partners 303-296-6260
- Hayden Outdoors 970-674-1990
- ICBA Mortgage 800-253-5556
- ICBA Securities 800-422-6442
- ICBA Reinsurance 888-790-6615
- Northland Securities, Inc. 303-801-3380
- Promontory Interfinancial Network 303-706-9265
- Shapiro Bieging Barber Otteson, LLP 970-225-6700
- Coan Payton & Payne, LLC 303-894-4416
- Jones & Keller 303-573-1600
- Lathrop & Gage, LLP 720-931-3228
- Lewis Roca Rothgerber Christie, LLP 303-623-9000
- Lindquist & Venum, LLP 303-573-5900
- Markus Williams Young Zimmerman 303-830-0800
- Move White, LLP 303-292-2900
- Polsinelli PC 303-572-9300
- IBC Counsel 720-488-0220
- Spencer Fane, LLP 303-839-3838
- Stinson Leonard Street, LLP 303-376-8400

Loan Review Services
- Eide Bailly, LLP 303-770-5700
- Fortner, Bayens Levkulich & Garrison, PC 303-296-6033
- IBC Preferred Providers
- Moss Adams, LLP 503-471-1277
- Kline & Associates, LLC 303-949-7702

Law Firms
- The Capstone Group (IBC Lobbyists) 303-860-0555
- Shapiro Bieging Barber Otteson, LLP 970-225-6700
- Coan Payton & Payne, LLC 303-894-4416
- Jones & Keller 303-573-1600
- Lathrop & Gage, LLP 720-931-3228
- Lewis Roca Rothgerber Christie, LLP 303-623-9000
- Lindquist & Venum, LLP 303-573-5900
- Markus Williams Young Zimmerman 303-830-0800
- Move White, LLP 303-292-2900
- Polsinelli PC 303-572-9300
- Shapiro Bieging Barber Otteson, LLP 970-225-6700
- Coan Payton & Payne, LLC 303-894-4416
- Jones & Keller 303-573-1600
- Lathrop & Gage, LLP 720-931-3228
- Lewis Roca Rothgerber Christie, LLP 303-623-9000
- Lindquist & Venum, LLP 303-573-5900
- Markus Williams Young Zimmerman 303-830-0800
- Move White, LLP 303-292-2900
- Polsinelli PC 303-572-9300

Loan Review Services
- Eide Bailly, LLP 303-770-5700
- Fortner, Bayens Levkulich & Garrison, PC 303-296-6033
- Moss Adams, LLP 503-471-1277
- Kline & Associates, LLC 303-949-7702
The Independent Bankers of Colorado’s June, July and August education schedule is now available. Register today to attend one or more of these not-to-be-missed programs! To learn more and to register click the title hyperlink.

**IBC Upcoming On-Site Conferences/Events**

**FDIC Banker Outreach Program**
Wednesday, July 18, 2018  
DoubleTree Hotel, 7801 East Orchard Road, Greenwood Village  
The IBC is partnering with the FDIC to bring you this important update on current banking issues. You will hear about current economic trends and regulatory issues. Topics include: Corporate governance, capital adequacy planning, cybersecurity, BSA, consumer compliance update and interest rates and liquidity. To register and learn more click here.

**BSA/AML Mile High Summit**
Tuesday, July 24, 2018  
Federal Reserve Bank of Kansas City, Denver Branch, 1020 16th Street, Denver  
You cannot afford to miss this Summit! Industry experts will cover the most crucial information you need to know about the Bank Secrecy Act and anti-money laundering. Continuing education credits awarded: 7.5 CRCM; 7.5 CAFP; 6 CAMS and 8 general CLE.

**45th Annual Convention – Come Celebrate with Us!**  
Wednesday – Friday, September 19-21, 2018  
Vail Marriott Mountain Resort, 715 West Lionshead Circle, Vail

**IBC and ProBank Austin Co-Sponsored On-Site Compliance Seminars**

Be sure to use the IBC registration form or use the IBC discount code 18IBC35 to $ave!

**Mortgage Lending: Start to Finish**  
Tuesday, September 11, 2018  
DoubleTree Hotel, 13696 East Iliff Place, Aurora

**2018 TRID Compliance: The Final Frontier**  
Wednesday, September 12, 2018

**2018 Mastering HMDA**  
Thursday, September 13, 2018  
DoubleTree Hotel, 13696 East Iliff Place, Aurora

**IBC and Community Bankers Webinar Network (Financial Education & Development Co-Sponsored Webinars)**

All webinars are held from 1:00-2:30 MST except where noted.

**ACCOUNTING & AUDITING**

**Tuesday, July 10** – Auditing Your Loan Portfolio: Consumer, Commercial & Real Estate

**Monday, July 23** – Understanding Tax Reform: Community Bank Taxation in 2018 and Beyond
**ACCOUNTING & AUDITING CONT.**

**Wednesday, July 25** – Call Report Series: Preparing Call Report Basic Lending Scheduled: Coding, Classifications and Loss Allowance

**Wednesday, August 8** – CECL: Making Strategic Decisions Regarding Methodologies, Processes and Governance

**Tuesday, August 14** – Fair Lending Comparative File Review

**Tuesday, September 18** – Call Report Series: Call Report Preparation: Schedule RC-R, Regulatory Capital and the Capital Conservation Buffer

**COLLECTIONS**

**Thursday, July 19** – Consumer Debt Series: Reducing Consumer Loan and Collection Losses: Workouts, Forbearance, Restructuring and More

**Thursday, August 2** – Securing Loans with Cash: Using Deposit and Brokerage Accounts to Reduce Loss Risk

**Tuesday, September 11** – Consumer Debt Series: Maximizing Recoveries on Charged-Off Loans

**COMPLIANCE**

**Tuesday, July 6** – Determining a Legal Entity for Purposes of Beneficial Ownership

**Tuesday, July 10** – Auditing Your Loan Portfolio: Consumer, Commercial & Real Estate

**Thursday, July 12** – Maintaining Required FDIC Records: Compliance, Issues and Retention

**Tuesday, July 17** – Loan Review: Consumer, Commercial and Real Estate

**Tuesday, August 7** – Cyber Series: Expanding and Improving Your Required IT Risk Assessment Program

**Thursday, August 9** – Commercial Loan Application Danger Zones

**Tuesday, August 14** – Fair Lending Comparative File Review

**Thursday, August 16** – Final Preparation for CFPB’s TRID Amendments, Effective October 1, 2018

**Tuesday, August 28** – Compliance Series: Regulatory Requirements for the Board and Senior Management

**Thursday, September 6** – Imaged Documents & Checks: Regulations & Legal Concerns

**Thursday, September 13** – New BSA Officer Training: Requirements & Real-life Scenarios

**Thursday, September 20** – Vendor Outsourcing: Due Diligence, Contracts, Risks & Oversight

**Friday, September 21** – HMDA Reporting: Lessons Learned, Common Mistakes & FAQs

**Wednesday, September 26** – Compliance Officer Training: Risk Assessments, Monitoring & Testing
DIRECTORS
Monday, July 23 – Understanding Tax Reform: Community Bank Taxation in 2018 and Beyond

Thursday, July 26 – Director Series: Assessing Credit Risk for Directors

Wednesday, August 8 – CECL: Making Strategic Decisions Regarding Methodologies, Processes and Governance

Tuesday, August 28 – Compliance Series: Regulatory Requirements for the Board and Senior Management

FRONTLINE / IRA / NEW ACCOUNTS
Wednesday, July 11 – IRA Series: Understanding IRA Beneficiary Designations, Death Distributions & Required Minimum Distributions

Thursday, July 12 – Maintaining Required FDIC Records: Compliance, Issues and Retention

Tuesday, August 21 – New Accounts Series: Opening Minor Accounts: Signature Cards, Access, Ownership

Thursday, August 30 – Managing Provisional Credit Under Reg E

Friday, September 7 – Handling Business Account Transactions: Dos, Don’t & Best Practices

Friday, September 14 – How to Originate & Onboard a New ACH Business: Set Up, Risk Assessment, Registry, Audit & Third-Party Senders

Thursday, September 27 – IRA Series: IRA Conversions, Recharacterizations & Excess Contributions

HUMAN RESOURCES
Tuesday, September 25 – Managing the Employment Termination Process: Before, During & After

INFORMATION TECHNOLOGY / SECURITY / FRAUD
Tuesday, July 24 – Wire Transfer Security: Regulatory Guidance, Risk Management and Monitoring

Tuesday, August 7 – Cyber Series: Expanding and Improving Your Required IT Risk Assessment Program

Wednesday, August 22 – Conducting the Annual Physical Security Review

LENDING
Tuesday, July 10 – Auditing Your Loan Portfolio: Consumer, Commercial & Real Estate

Tuesday, July 17 – Loan Review: Consumer, Commercial and Real Estate

Thursday, July 19 – Consumer Debt Series: Reducing Consumer Loan and Collection Losses: Workouts, Forbearance, Restructuring and More
LENDING CONT.
Monday, July 23 – Understanding Tax Reform: Community Bank Taxation in 2018 and Beyond

Wednesday, July 25 – Call Report Series: Preparing Call Report Basic Lending Scheduled: Coding, Classifications and Loss Allowance

Thursday, August 2 – Securing Loans with Cash: Using Deposit and Brokerage Accounts to Reduce Loss Risk

Wednesday, August 8 – CECL: Making Strategic Decisions Regarding Methodologies, Processes and Governance

Thursday, August 9 – Commercial Loan Application Danger Zones

Tuesday, August 14 – Fair Lending Comparative File Review

Thursday, August 16 – Final Preparation for CFPB’s TRID Amendments, Effective October 1, 2018

Thursday, August 23 – Stress Testing Your Loan Portfolio: Regulatory Expectations and Enhancing Credit Risk Management

Wednesday, September 5 – Complying with Req Z Rules for HELCOs: Disclosure, Documentation, Statements & Maintenance

Tuesday, September 11 – Consumer Debt Series: Maximizing Recoveries on Charged-Off Loans

Wednesday, September 12 – Mortgage Lender Training Part 1: Life-of-Loan Reg B Requirements, Including Application, Monitoring & Disclosures

Friday, September 21 – HMDA Reporting: Lessons Learned, Common Mistakes & FAQs

MARKETING

Wednesday, July 18 – Marketing Series: Developing, Maintaining and Sustaining Brand Loyalty

Wednesday, August 15 – Marketing Series: Advertising and the New Media Mix: What’s Right for Your Bank?

Wednesday, September 19 – Marketing Series: Measuring the ROI of Your Digital Marketing Strategy

OPERATIONS

Tuesday, July 6 – Determining a Legal Entity for Purposes of Beneficial Ownership

Friday, July 13 – Handling Federal Benefit Payments: Protections, POAs, Delinquency and Death

Tuesday, July 24 – Wire Transfer Security: Regulatory Guidance, Risk Management and Monitoring

Tuesday, July 31 – ACH Rules and Responsibilities for RDFIs
OPERATIONS CONT.
Thursday, August 30 – Managing Provisional Credit Under Reg E

Wednesday, September 5 – Complying with Reg Z Rules for HELOCs: Disclosure, Documentation, Statements & Maintenance

Thursday, September 6 – Imaged Documents & Checks: Regulations & Legal Concerns

Friday, September 14 – How to Originate & Onboard a New ACH Business: Set Up, Risk Assessment, Registry, Audit & Third-Party Senders

SENIOR MANAGEMENT
Tuesday, July 10 – Auditing Your Loan Portfolio: Consumer, Commercial & Real Estate

Tuesday, July 17 – Loan Review: Consumer, Commercial and Real Estate

Thursday, July 19 – Consumer Debt Series: Reducing Consumer Loan and Collection Losses: Workouts, Forbearance, Restructuring and More

Monday, July 23 – Understanding Tax Reform: Community Bank Taxation in 2018 and Beyond

Wednesday, July 25 – Call Report Series: Preparing Call Report Basic Lending Scheduled: Coding, Classifications and Loss Allowance

Thursday, July 26 – Director Series: Assessing Credit Risk for Directors

Tuesday, August 7 – Cyber Series: Expanding and Improving Your Required IT Risk Assessment Program

Wednesday, August 8 – CECL: Making Strategic Decisions Regarding Methodologies, Processes and Governance

Thursday, August 23 – Stress Testing Your Loan Portfolio: Regulatory Expectations and Enhancing Credit Risk Management

Tuesday, August 28 – Compliance Series: Regulatory Requirements for the Board and Senior Management

Tuesday, September 18 – Call Report Series: Call Report Preparation: Schedule RC-R, Regulatory Capital and the Capital Conservation Buffer

Thursday, September 20 – Vendor Outsourcing: Due Diligence, Contracts, Risks & Oversight
The Independent Bankers of Colorado (IBC) and Colorado’s independent community banks announce the recipients of their 23rd Annual Scholarship Competition!

Requirements of the scholarship competition were: A cumulative GPA of 3.0 or higher; attendance at a public or private Colorado or a contiguous state university, college, junior college, community college, vocational/trade school; a banking relationship at an IBC member bank, completion of an application and essay question.

The IBC awarded a total of two, one-time, $1,000 scholarships. Scholarships were awarded in two categories: Bank customer and bank employee or child of a bank employee.

MAKAYLA HUFFMAN, sponsored by The First National Bank of Las Animas, graduated from Las Animas High School in May and is the recipient in the child of a bank employee category. She will attend Adams State University and plans to major in Business and Microbiology.

The recipient in the bank customer category was: JONATHAN GERTNER, sponsored by Bank of Colorado. Jonathan graduated from Fort Morgan High School in May and plans to attend the University of Colorado at Colorado Springs. He plans to major in Chemical Engineering.

Makayla and Jonathan will be recognized during the IBC’s 45th Annual Convention on Thursday, September 20, 2018 in Vail, Colorado. We wish them both the best as they pursue their educational goals.

Thank you to the members of our High School Senior Scholarship Competition Selection Committee: Sara McLean, Garland Heart, Larry Martin, Bank Strategies; and Josie Bunch, Graduate School of Banking at Colorado.
technology companies, finding ways to level the playing field for community banks or finding solutions to spur de novo formation, community bankers are there, advocating, innovating and educating. S.2155’s positive momentum in both the Senate and the House is the latest example of what can happen when we community bankers come together and make our voices heard.

While we may not be passing around a hat these days, we at ICBA are always passing around big ideas for community bank growth and opportunity. We have your back, helping you drive change with policymakers, spur a culture of innovation at your bank, provide time- and money-saving products and services, and foster future industry leaders.

The possibilities for community banks are endless. We must seize every opportunity to drive prosperity for our customers and communities nationwide. That is the legacy that lives on through all of us today.

Rebeca Romero Rainey is president and CEO of the Independent Community Bankers of America® (ICBA), the leading advocacy organization exclusively representing community banks. She 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. She has met with President Obama and President Trump to discuss issues that are top of mind for community banks.

A third-generation community banker born and raised in Taos, N.M., Romero Rainey is the former Chairman and CEO of Centinel Bank of Taos. Upon graduating from Wellesley College, she returned home to Taos with the dream of continuing her family’s business of running the town’s only local community bank.

Her broader service to the community banking industry began when she joined the board of the Independent Community Bankers of New Mexico, where she served as president in 2007-08. She entered the national stage by becoming active within ICBA and serving on several committees. Romero Rainey also played a key role in the formation of ICBA’s Minority Bank Council and served as its first chairman. Later she was nominated to become a member of ICBA’s Executive Committee, and in 2016, became ICBA chairman.

Romero Rainey has also served on the Federal Deposit Insurance Corp. Advisory Committee on Community Banking and the Kansas City Federal Reserve Community Depository Institution Advisory Council. She has been featured on CSPAN, MSNBC, CNBC, NPR, and has testified before Congress, and delivered speeches before the Federal Reserve, OCC and FDIC.

Romero Rainey has a long history of community engagement and collaboration among community stakeholders. She is the co-founder of the Bridges Project for Education, a nonprofit focused on helping first-generation college students. She was also selected as Taos Citizen of the Year in 2009 and has been awarded the New Mexico Governor’s Award for outstanding women. In addition to graduating from Wellesley College, Romero Rainey holds a degree from the Pacific Coast School of Banking.
Community banking is a collaborative enterprise that produces ripple effects. You empower people, invest in small enterprises and agricultural businesses, and fuel the local economy. Community bankers generally hold that when you join others to achieve a common goal, the outcome surpasses what the individual participants could have accomplished separately. It’s no wonder that community banks play a critical role in the overall vitality of our country.

Your work is important. And our mission is to serve you as a non-competing provider of products and services, a source of industry expertise, and an industry advocate. We stand with the trade associations that voice community bank interests, too — the Independent Bankers of Colorado being one of the foremost.

2018 Cybersecurity Conference
by Bankers’ Bank of the West

**EDUCATION * INSIGHTS FROM EXPERTS * ROUNDTABLES * DUAL TRACK SESSIONS**

* CIOs  * CEOs & Presidents  * Bank Directors  
* Info Security & Info Technology Specialists

October 4 & 5 at the Denver Marriott in Westminster, Colorado

**SYNERGY**

Community banking is a collaborative enterprise that produces ripple effects. You empower people, invest in small enterprises and agricultural businesses, and fuel the local economy. Community bankers generally hold that when you join others to achieve a common goal, the outcome surpasses what the individual participants could have accomplished separately. It’s no wonder that community banks play a critical role in the overall vitality of our country.

Your work is important. And our mission is to serve you as a non-competing provider of products and services, a source of industry expertise, and an industry advocate. We stand with the trade associations that voice community bank interests, too — the Independent Bankers of Colorado being one of the foremost.

Bankers’ Bank of the West

www.bbwest.com
Member FDIC

WE CHAMPION COMMUNITY BANKING
Accounting is a passion of mine. I majored in it, became a CPA and worked for KPMG before becoming a community banker. While it might not be everyone’s cup of tea, accounting is of the utmost importance as the new Current Expected Credit Loss (CECL) standard bears down on us.

The community bank deadline for adopting the FASB’s new methodology might seem far away, but you should be preparing now.

The CECL standard requires entities to include a provision for future credit losses as they compute their allowance for loan losses. It begins taking effect in 2020, but for most community banks, the big day is Dec. 31, 2021, when implementation starts for non-public community banks that aren’t registered with the SEC. While that might feel like a lot of time, it will pass quickly. We need to work now to ensure a smooth transition.

Community banks should be preparing to add a forward-looking component to their allowance-for-loss calculation, and we should be discussing the new system with independent auditors to confirm agreement with the planned calculation. New information will be required for footnote disclosures in financial statements, so we need to extract it from our data-processing and core systems, and arrange it in the proper format. And we need to ensure our employees are prepared to gather and retain the data we’ll use to build and test models that work for us. Establishing and evaluating these processes will take time, so we can’t start too early.

ICBA and community bankers worked with the FASB and the banking regulators for years to make significant improvements to the CECL standard originally proposed in 2011. The rules are now more flexible and scalable, and will allow community banks to continue using their personal understanding of their local markets—instead of complex modeling systems—to determine their loan-loss reserves.

Allowing community banks to evaluate and adjust their loan-loss amounts using qualitative factors, historical losses and current systems has been essential to preserving the community banking model itself. As originally proposed, the CECL model would have superimposed a one-size-fits-all approach designed for homogeneous pools of commoditized loan products.

Community bankers made a lot of progress in helping to improve the standard, but we still have our work cut out for us to be ready for the 2021 launch. Accounting might not be a labor of love for everybody, but we can’t wait until the last minute to put in the work to implement the standard.

Timothy K. Zimmerman is chairman of the Independent Community Bankers of America® (ICBA), the only national advocacy organization that exclusively represents community banks.

CEO of Standard Bank in Monroeville, Pa., Zimmerman has been a community banker for more than 35 years and is chairman of ICBA’s Executive Committee and board of directors. He is also past chairman of the Federal Delegate Board and serves on the board of the ICBA Services Network and ICBA Securities.

He serves on the Policy Development and Nominating committees. He is the Executive Committee liaison to the Housing Finance Committee and serves on the Financial Accounting Standard Board’s Transition Resource Group for Credit Losses.

Zimmerman served as secretary on the Executive Committee from 2013-15. He also was chairman of the Mutual Bank Council and served on the Consumer Financial Services and Bank Education committees. From September 2012 to September 2015, Zimmerman served on the Consumer Financial Protection Bureau’s Community Bank Advisory Council, serving as vice chairman and chairman during his term. He has testified before the House Financial Services Subcommittee on Oversight and Investigations.

On the local level, Zimmerman has been a member of the Pennsylvania Association of Community Bankers for more than 20 years and regularly served on the board of directors. He is a board member and vice president of the Pittsburgh Civic Light Opera and chairman of its Audit and Budget and Finance committees. He also serves as coordinator for his bank’s Make-A-Wish Foundation annual campaign.

Zimmerman holds a Bachelor of Science degree from Indiana University of Pennsylvania and did graduate work at the University of Pittsburgh. He is a Certified Public Accountant in Pennsylvania and member of the American Institute of Certified Public Accountants and the Pennsylvania Institute of Certified Public Accountants.
Come Celebrate with Us!
45th Annual Convention
Wednesday – Friday, September 19 – 21, 2018
Vail Marriott Mountain Resort, Vail, CO

Independent Bankers of Colorado
One Mission. Community Banks.
The 2018 Colorado State FFA Convention and Career Show was held on June 5, 6 and 7 on the campus of Colorado State University – Pueblo. Over 1,300 FFA members from across the state, along with their parents and advisors, were in attendance. IBC Member Community Bankers were on hand during the Career Show to discuss a potential career in Community Banking as well explaining the positive impacts Community Banks have on the communities they serve.

The IBC thanks the following Community Bankers for volunteering their time to join IBC’s Maelynn Lewis and Dave Reyher at the IBC’s Career Booth in Pueblo to share their thoughts and the passion they have for our industry with the FFA students: María Holloway, Eastern Colorado Bank (Colorado Springs); Luke Smith, The State Bank (Falcon); TJ Martínez, First National Bank Rocky Ford (Rocky Ford); Cody Allen, First National Bank Las Animas (Las Animas); Quentin Leighty, First National Bank Monument (Monument); Alonna Crawford, Park State Bank and Trust (Woodland Park); Dusty Corliss, Bank of Colorado (Brush).

Over the next year, the IBC will be attending various state-wide functions where we’ll have the opportunity to work with high school students from differing organizations; telling them about community banking and asking them to consider a career in our industry.

We hope to see you there!
Your building, your vault, your money and your people: Protect them all.

At the heart of every community is its bank. And at the heart of every bank are its people. That’s where our coverage starts, but it extends so much further. In one comprehensive package, we provide community banks with everything from traditional property and casualty to management liability insurance. The right policy is still only one part of your insurance carrier’s value. Travelers partners with you to help educate your bank on emerging and potential risks, and provides tools and solutions to better prepare your bank for the future. Contact your independent agent today.
PROPOSED REGULATION ON CECL
REGULATORY CAPITAL PHASE-IN

By Derek Stahlman, Director - BKD CPAs and Advisors

On April 13, 2018, the Federal Reserve, Office of the Comptroller of the Currency and Federal Deposit Insurance Corporation issued a proposal to revise regulatory capital rules in anticipation of the adoption of Accounting Standards Update (ASU) 2016-13, Financial Instruments—Credit Losses (Topic 326), and the implementation of the current expected credit losses (CECL) methodology. The proposal also provides an option to phase in the day-one adverse effects of CECL implementation.

Proposed Revisions to the Capital Rules to Reflect the Change in U.S. Generally Accepted Accounting Principles

The proposal revises the capital rules to add “allowance for credit losses” (ACL) as a newly defined term in the capital rules, replacing “allowance for loan and lease losses.” This new term would include credit loss allowances related to loans and off-balance-sheet credit exposures as well as held-to-maturity debt securities.

The proposal also would redefine the term “carrying value” under the capital rules. The revised definition would provide that, for all assets other than available-for-sale (AFS) debt securities and purchased credit-deteriorated (PCD) assets, the carrying value wouldn’t be reduced by any associated credit loss allowance. Credit loss allowances on AFS securities required by the new accounting standard wouldn’t be eligible for inclusion in tier two capital since the carrying value of AFS securities is fair value and would already include any credit impairment. Under the proposal, the carrying value of PCD assets is revised such that for PCD assets the carrying value is calculated net of allowances. This also would exclude PCD allowances (both those calculated at acquisition and subsequently) from inclusion in tier two capital.

CECL Transition Provision

The implementation of CECL likely will have a day-one effect on most institutions, which is dependent on the economic environment at the time of adoption. The agencies have subsequently proposed an option to allow the regulatory capital effect of adopting CECL to phase in over a three-year period. The option must be elected in the first regulatory reporting period of CECL adoption, as subsequent election is not permitted. Institutions would identify the day-one effects of adopting CECL on retained earnings, the ACL and deferred tax assets. They would then reflect a portion of that effect each year over the three-year transition period. This would not only phase in the effect to tier one and tier two capital, but also would affect the amount of average total consolidated assets for purposes of calculating the tier one leverage ratio.

The proposal includes an illustration of the phase-in mechanics and considerations for how it would be treated in business combinations. The proposal also addresses additional requirements for advanced approaches for banking organizations. For more information, see the proposal’s press release and full document.

Contact your trusted BKD advisor if you have questions at 719.471.4290 (Colorado Springs) 303.861.4545 (Denver)
GREATNESS NEVER PEAKS.

Investment solutions you can rely on from people you can trust.

ICBA Securities can help you reach the pinnacle of success. From risk management to performance profiles to yield forecasting, we’ll work with your community bank to identify goals, increase your earnings and grow your franchise.

Scale new heights with ICBA Securities.

www.icbasecurities.com securities@icba.org 800-422-6442
COLORADO ENACTS NEW PRIVACY AND CYBERSECURITY LEGISLATION
By Selena Samale and Donna Gonzales, Stinson Leonard Street LLP, an IBC Associate Member

On May 29, 2018, Colorado passed House Bill 18-1128, which requires “covered entities” to comply with new rules regarding the security and disposal of “personal identifying information” (“PII”). The new law also provides an expanded definition of “personal information” and more stringent notification standards in the event of a security breach involving personal information.

If your business maintains, owns or licenses personal information, you need to comply by (1) implementing appropriate security procedures to protect PII; (2) ensuring that your vendors who handle PII have appropriate security procedures in place and are required to notify you of data breaches and assist you with remediation; (3) maintaining a written policy for document destruction when PII is no longer needed; and (4) implementing a data breach notification policy with notice provided to individuals no later than 30 days after determination that a breach occurred.

Under the new legislation, key terms are defined as follows:

- **Covered Entity** is a person that maintains, owns, or licenses personal information in the course of their business, vocation, or occupation. Covered entity does not include a “third-party service provider”.

- **Personal Information** means: (a) a Colorado resident’s first name or first initial and last name in combination with any one or more of the following data elements that relate to the resident, when the data elements are not encrypted, redacted, or secured by any other method rendering the name or the element unreadable or unusable: social security number; student, military, or passport identification number; driver’s license number or identification card number; medical information; health insurance identification number; or biometric data; (b) a Colorado resident’s username or e-mail address, in combination with a password or security questions and answers, that would permit access to an online account; or (c) a Colorado resident’s account number or credit or debit card number in combination with any required security code, access code, or password that would permit access to that account. Personal information, however, does not include publicly available information that is lawfully made available to the general public from federal, state, or local government records or widely distributed media.

- **Personal Identifying Information** means a social security number; a personal identification number; a password; a pass code; an official state or government-issued driver's license or identification card number; a government passport number; biometric data; an employer, student, or military identification number; or a financial transaction device.11

- **Third-Party Service Provider** means an entity that has been contracted to maintain, store, or process PII on behalf of a covered entity.

The new rules impose the following obligations:

1. **Security Procedures.** Covered entities must implement and maintain reasonable security procedures and practices that are appropriate to the nature of the PII and the nature and size of the business and its operations.

2. **Third-Party Service Provider Controls.** Covered entities must take measures to protect PII disclosed to third party service providers. The covered entity can require its own security protection for the disclosed information, or it can require the third-party service providers to implement and maintain security procedures. Third-party service providers must promptly notify covered entities of any data breaches, share information regarding the breach, and cooperate with the covered entity to resolve the breach.

3. **Document Disposal.** Covered entities must develop and/or maintain a written policy for the destruction of any electronic or paper documents containing PII. Unless otherwise required by law, the policy must require that, when such documents are no longer needed, the covered entity shall destroy or arrange for the destruction of such documents within its custody or control that contain PII by shredding, erasing, or otherwise modifying the PII in the documents to make the PII unreadable or indecipherable through any means.

4. **Breach Notification Regarding Personal Information.** Covered entities must notify affected individuals in the most expedient time possible and without unreasonably delay, but not later than 30 days after the date of “determination that a security breach occurred.” The “determination that a security breach occurred” means “the point in time at which there is sufficient evidence to conclude that a security breach has taken place”.

The notice must include the following information: date (or estimated date or date range) of the breach; description of the Personal Information involved; contact information for the covered entity, consumer reporting agencies, and the Federal Trade Commission (“FTC”); and a statement that the resident can obtain information from the FTC and the credit reporting agencies about fraud alerts and security freezes.

In the event the covered entity determines that the Personal Information has been misused or is reasonably likely to be misused, the covered entity must also: direct the affected persons to change their password, security questions, or take other steps appropriate to protect their affected online account(s).

Continued on next page
A covered entity must also notify the Colorado Attorney General’s office in the most expedient time possible and without unreasonably delay, but not later than 30 days after the date of determination that a security breach occurred of any breach reasonably believed to affect 500 or more Colorado residents, and must notify credit reporting agencies if it is required to give notice to more than 1,000 Colorado residents.

A covered entity that maintains its own notification procedures as part of an information security policy for the treatment of Personal Information and whose procedures are otherwise consistent with the timing requirements of the new notification laws is deemed in compliance with the notice requirements when it notifies affected residents in accordance with its policies. In addition, regulated covered entities that maintain security breach procedures pursuant to their regulator’s laws, rules, regulations, and guidelines are deemed in compliance with the new notification provisions.

For more information, please contact Selena Samale (selena.samale@stinson.com) or Donna Gonzales (donna.gonzales@stinson.com), with Stinson Leonard Street, LLP.

i “Persons” are individuals, corporations, business trusts, estates, trusts, partnerships, unincorporated associations, or two or more thereof having a joint or common interest, or any other legal or commercial entity.
ii E.g., credit card or account number.
In Memory of Frederick A. Esgar
October 29, 1932 - May 20, 2018

A celebration of life for longtime Wiley, Colorado resident, Frederick A. Esgar was held on Thursday, May 24, 2018 at the Wiley United Methodist Church, with Zach Esgar officiating. Frederick rests at the Wiley Cemetery. He was preceded in death by his wife, Jayne Esgar, daughter, Ruthie Esgar, and his parents.

Frederick was born on October 29, 1932 at Wiley, Colorado to Arthur F. and Lorene M. (Tempel) Esgar. He passed away on May 20, 2018 at the Lamar Estates in Lamar at the age of 85.

The Esgar community banking family has served its customers for over 100 years. The Independent Bankers of Colorado (IBC) is proud to count Legacy Bank among its membership. The IBC thanks the Esgar family for its many years of generous support and hospitality. Frederick will be greatly missed.

Frederick is survived by his children, Dave (Julie) Esgar of Wiley, CO and Janet (Jeffrey) McClure of Ft. Collins, CO, grandchildren, Shea (Matt) Reinhardt, Leah (Zach) Manning, Zack (Kelsey) Esgar, Blake McClure and Rosie McClure as well as his great-grandchildren, Lylah, Royce and Nora Reinhardt, Paisley, Averly and Jolie Manning and Grant and Walker Esgar. He is also survived by other relatives and a host of friends.

Memorial contributions may be made to the Lamar Area Hospice, Wiley United Methodist Church and/or Wiley Housing Authority either direct or in care of the funeral home office.

Fortner, Bayens, Levkulich & Garrion P.C.

30th Annual Edition
Independent Bank Compensation Survey

All reports are free of charge.
New user-friendly online survey platform.

www.fblg-cpa.com
• Tax reform and interest rate increases will push returns on equity to the highest level since before the credit crisis. In our baseline scenario, which does not include the impact of an upcoming change to banks’ reserve methodology, returns on average assets and returns on average equity will climb as high as 1.15% and 9.87%, respectively, in 2018.

• Asset quality should remain strong in the near term, supported by increased optimism and the windfall of profits coming from tax reform. The influx of cash should spark more competition for loans, preventing yields from rising to previously expected levels.

• Competition will intensify as the Trump administration achieves some level of regulatory relief, which could eventually cause underwriting standards to slip.

• Community banks will see changes in their deposit bases before asset quality sours. Deposit betas, or the percentage of changes in market rates that banks pass on to customers, at community banks have lagged those of their larger counterparts; that trend should continue in 2018.

• The adoption in 2020 of a new accounting standard that changes the way banks reserve for loan losses could come right as credit quality begins to turn.

• That accounting standard, dubbed the Current Expected Credit Loss model, or CECL, will result in a sizable, one-time capital hit for the banking industry.

• Most banks should have ample capital to withstand the blow, but CECL could slow balance sheet growth as some institutions raise rates on loans and others look to rebuild their capital bases.

Outlook

S&P Global Market Intelligence anticipates that community bank margins and earnings will improve, buoyed by the passage of tax reform and continued increases in interest rates.

We expect that to occur in our base case scenario, which excludes the impact of a new reserve methodology, known as CECL, that banks will adopt in 2020. When including the impact of CECL, we project that while community banks will record slightly higher net interest margins, they will see lower capital ratios. S&P Global Market Intelligence created a base case scenario as well as a separate outlook including the impact of CECL to offer an apples-to-apples comparison between results before and after the adoption of the accounting standard. Projections in this report reflect our base case unless otherwise noted.

Assuming interest rates increase as expected, community bank earnings are projected to jump 19% in 2018. Earnings should dip modestly in 2019 as funding costs rise and impede margin expansion.

S&P Global Market Intelligence sees earnings falling again in 2020 as credit quality begins deteriorating. The projections also assume that in 2020, GDP growth will slow and the unemployment rate will move modestly higher. The benefits of higher interest rates should also wane as funding costs catch up with the expansion in earning-asset yields.

Read the full S&P Global Market Intelligence Community Bank Market Report at spgblobal.com/marketintelligence
Imagine a Core that treats you like you treat your customers.

**IBT Apps is a fully integrated core provider.**

We partner with community financial institutions and provide adaptable and comprehensive solutions designed to help them meet the various challenges of their marketplace while controlling costs and mitigating fraud.
The Symposium for Community Bank Directors
OCTOBER 28 – 30, 2018
Educating Community Bank Directors and
Senior Executives since 1976

THIS YEAR’S THEME
Keeping COMMUNITY in Banking

WHAT TO EXPECT WHEN ATTENDING
• Network with fellow board members from over 4 states
• Discover new perspectives for your bank culture
• Learn from top professionals and industry leaders
  • Sales-free zone - 100% education
• Limited attendance - capped at 150 directors/executives

PROGRAM HIGHLIGHTS:
What is in Store Economically for 2019
Elliot Eisenberg, Ph.D., The Bowtie Economist, Maryland

Taking a Look at Portfolio Concentrations Across the Western States
Alan C. Bush, Regional Manager, FDIC Division of Insurance and Research, Dallas, TX

Interest Rate Risk & Liquidity Management for 2018
James L. Reber, President and CEO, ICBA Securities, Memphis, TN

PANEL: Cybersecurity; Acquiring and Implementing Products and Vendors
Facilitated by Anne Benigsen, CISSP, Bankers’ Bank of the West, Denver, CO

REGISTRATION FEE
Director/Executive: $1,095
Spouses/Guests: $325

The JW Marriott Desert Ridge
Resort & Spa
Phoenix, Arizona
SPECIAL ROOM RATES FILL UP FAST!

MORE INFORMATION, TO REGISTER
and BOOK YOUR GUEST ROOM
www.WSDEF.org

CONTACT: Lisa Livingstone
Program Executive
livingstoneassoc@gmail.com,
(303) 520-6457

“This year marks the 15th year I have attended the Symposium having always enjoyed great educational programs and peer to peer exchange focused on the never wavering mission of aiding and encouraging, all who attend, to keep community banking viable, competitive and most importantly “Independent”. If you are a community bank director, you owe it to your bank's future to be a part of the Symposium.” ~ Sean Ormand, President, First New Mexico Bank of Silver City, NM
Why choose Bell as your bank’s lending partner?

Leverage our large lending capacity, up to $20 million on correspondent loans. Our lending limits are high enough to accommodate what you need, when you need it.

- Commercial & ag participation loans
- Bank stock & ownership loans
- Bank building financing
- Business & personal loans for bankers

Call me at 701.866.4676

Based in Fargo, N.D., serving North Dakota, Colorado, Minnesota and Idaho

Together, let’s make it happen.

Tom Ishaug

Custom cybersecurity solutions based on your needs.

Gain a trusted cybersecurity advisor with CONSULTING services.

Receive NETWORK SECURITY testing tailored to your size and complexity of your organization.

Go beyond a checklist with a risk-based IT AUDIT, reviewing for compliance and adequacy.

Participate in uniquely designed, role-based cybersecurity EDUCATION.

Contact
Nick Podhradsky
605-770-3926
nick@sbscyber.com
www.sbscyber.com
DEVELOPING MID-LEVEL EMPLOYEES
Retention relies on keeping employees motivated and performing at their best
By Jeff Kelly, Vice President of Governance, Risk & Compliance, OnCourse Learning, an IBC Associate Member

Most financial institutions have formal training programs for new employees, but what about associates who are there for the long haul? Mid-career training and development programs for staff who have been with the organization in the five- to 15 year-range are just as important. These learning programs refresh and broaden skills, keep employees motivated to provide a great customer experience and give them tools to perform well. Ongoing training can also develop leadership skills.

To help financial organizations enhance learning initiatives for mid-level employees, OnCourse Learning interviewed three financial services training experts who shared their best practices. Jack Hubbard is chairman & chief experience officer and Bob St. Meyer is president and COO at St. Meyer & Hubbard, a company that focuses on improving sales performance. Tom Carlin is managing partner at Eensight, which provides lending training solutions for financial services organizations. OnCourse Learning is a partner with Eensight and St. Meyer & Hubbard.

These time-tested methods can develop and refine programs to enhance the skills of mid-level employees.

Identify skill gaps
After spending years in a certain role, employees likely need reinforcement in certain areas. A diagnostic assessment allows managers to measure each employee’s sales competencies to remediate skill deficiencies and arm them with the skills needed to perform their best.

Managers might find employees are rusty in key areas such as accounting or cash flow analysis and require a refresher to ensure they’re making smart lending decisions.

Carlin has some advice on how to tell employees about the diagnostic assessment.

“The assessment needs to be positioned the right way,” he said. “It needs to come from the top of the house. Employees should understand it won’t be used punitively but to identify skills gaps. The best way to do this is for senior managers to say they’ll take it themselves.”

Once the employee’s skill gaps are identified, customize the training to the individual — and convey why the training is important. For training to be effective, targeting specific and individualized skills is critical. For example, if 10% of a department’s employees need to work on cash flow basics, don’t make the entire team take that course. Doing so will demoralize the other 90% and wastes resources. Plus, it’s crucial to strategize how the training is offered. If the entire department is attending the training at the same time, performance and productivity can suffer.

Financial services organizations can choose from a wide array of education and training programs to find the ones that work best for their environment and the employees. This can include e-learning, classroom training and webinars, or a solution that combines all three elements.

Refresher courses designed for experienced employees are an ideal way to give this group the information it needs quickly, knowing time is a precious commodity. These courses enable them to brush up and keep current on regulatory and vital financial information.

“By the time they hit this time mark in their career, they need more sophisticated skills and classes, because they’ve absorbed the basic skills,” Carlin said.

Hold employees accountable
It’s also important to let the employee know why this training is important and what the organization expects them to learn from it. Managers should talk about the training in advance and discuss areas where the individual needs improvement so it is clear this is more than just an employer requirement.

“The manager should talk to the employee before training and ask them to think about two or three things they want to get better at as a result of the class,” St. Meyer said. “Because the manager is talking about it in advance, the employee is more likely to take it seriously — and know they will be held accountable.

“I like to position this communications cascade before and after the training,” St. Meyer said. “Employees need to be challenged to up their game.”

Continued on next page
DEVELOPING MID-LEVEL EMPLOYEES
Continued from prior page

Within a few days after training, the manager should schedule time to discuss what the employee learned and put a plan in place to keep the individual accountable. Ongoing mentoring gives employees the structure and accountability to ensure they actively use and retain new skills.

Develop leadership skills
Many managers struggle to determine which employees are best suited for a leadership role in the organization. To begin, think about what the criteria is for being a good manager. Good managers possess excellent communication, interpersonal and collaboration skills, along with patience. Employees who are the top performers will not necessarily make the best managers.

“Only 15% of high performers will be a good sales manager,” Hubbard said. “In fact, being promoted to a sales manager is a punishment for some, not a reward. Some top performers perceive a management role as a shackle which holds them back from doing what they do best, which is interacting with customers versus doing paperwork.”

“A manager needs skills mastery but doesn’t necessarily need to be the top performer,” St. Meyer said.

Leadership development courses help employees of all levels in an organization become more effective leaders. They tackle topics such as bringing out the best in employees, managing conflict, building a team environment and motivation during times of organizational change.

Whether the financial institution’s mid-level employees are on the management track or happily settled in sales or producer role, all will benefit from an ongoing investment in development and training. Managers need to identify each employee’s skill gaps, then provide training and mentoring to eliminate the gap, which makes them accountable to master the new — or enhanced — skills.

OnCourse Learning Financial Services is a full-service education and regulatory compliance provider in the banking, credit union, MSB, mortgage, insurance and gaming industries.

To learn more about how OnCourse Learning can help your organization remain compliant, please email Craig Johnson at cjohnson@oncourselearning.com or by calling him at 803-238-1010.

Who Knew Community Bankers Could Be So Cute!?

IBC Announces Winner of Mullet Contest!

Do you remember the IBC newsletter article in May, Is Your Website Wearing a Mullet? by Lauren O’Connell, president of O’Connell Consulting Group, Inc., a professional marketing firm that develops customized marketing solutions for community banks?

Lauren posed the question, “Do you recall that popular hairstyle from the 80’s – the mullet – with its signature “business up front, party in the back?” Perhaps you sported one?”

IBC announced Lauren’s contest to see who sported the best mullet in the 80’s! And the winner... pictured at age 16...

Kevin Ray
Vice President
The State Bank Falcon

Kevin wins a $50 gift card for Ted’s Montana Grill in CO Springs!

Way to go Kevin!
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.

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
As yields continue to set cyclical highs during 2018, many community bankers have asked us questions about what to invest their next purchases. Some of them have been surprised to hear an answer that I’ve been giving for the better part of this decade, even though absolute yields and the shape of the curve look nothing like the 2010s.

This answer is rooted in history and in forecasts. While the difference in yields between short maturities and longer ones is the smallest in 11 years (i.e. the curve has flattened), most bond analysts, economists and the Federal Reserve itself are predicting that we’ll see more of the same. And when it’s expected that yields will continue to converge into what looks like a straight line, the type of portfolio structure that performs the best is a “barbell.” This month, we review the structure and the advantages of such an exercise for your investment portfolio.

**Repetition and resistance**

By being disciplined and deliberate about your investments’ structure, you can take advantage of today’s yields and simultaneously hedge your risk against what looks to be on the cards for the next couple of years. The barbell is simple to build and easy to evaluate later. It just requires an investor to define what it considers to be suitable short-term and long-term investments. To be sure, community bankers have differing opinions on what counts as a long-term investment, but generally speaking, those with durations of five years and greater are considered as being on the high end of the price-risk scale.

Once we’ve identified the target investments, the portfolio manager will simply purchase roughly similar amounts of both and keep the weightings balanced through ongoing monitoring. By having a collection of bonds that are heavy on both ends of the maturity spectrum, you’ve successfully built a barbell.

**Classic structure**

Among the bonds that meet community banks’ criteria of liquidity and credit quality are those issued by the Small Business Administration (SBA). They are direct obligations of Uncle Sam, and new issue volumes continue to set records, so the SBA market continues to broaden and deepen. Two of the more visible products are 7(a)s, which are true floating rate instruments, and Development Company Participation Certificates (DCPCs), which are fixed rate pools with long average lives.

It makes logistical sense to consider them together for a barbell. For one thing, credit quality is unsurpassed. For another, one would be hard-pressed to find two bonds with more disparate price-risk profiles. For still another, we can address premium risk that attaches to the 7(as) by pairing them with a DCPC that is available at a price below par. Finally, at this point in the rate cycle, both ends of the barbell yield much more than they would have a year ago, so an investor today has a big head start over 2017.

**End of cycle projections**

We created a hypothetical barbell portfolio by modeling equal amounts of 7(a)s and 20-year DCPCs. (The latter generally are issued with 10- or 20-year maturities.) We made note of their market values and yields as of April 30, 2018, and in a 75-basis point (0.75%) higher environment over the next year. This rate-hike assumption was driven by both the fed funds futures market and by the Fed’s most recent projections.

Here are the more important weights and measures:

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>Mid-2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yield</td>
<td>2.72%</td>
<td>3.05%</td>
</tr>
<tr>
<td>Effective Duration</td>
<td>3.18 years</td>
<td>3.34 years</td>
</tr>
<tr>
<td>Market Value</td>
<td>105.27</td>
<td>102.78</td>
</tr>
</tbody>
</table>

These results are probably conservative in that we are assuming a parallel shift upward in the yield curve. What’s more likely to happen is further flattening, by virtue of short rates reacting more in step with continued Fed tightening, and longer rates moving very little in comparison. A flattening would help preserve the market value of the DCPC, resulting in the price declining less than is displayed.

**Stretch before you lift**

As always, a word of advice from your trainer. These securities will probably produce very little cash flow in the early stages, especially if the pools are new. In fact, the fixed rate securities have prepayment penalties for the first 10 years. As they season, it’s more likely the floaters will have faster prepayments, so you’ll need to monitor your positions to keep the fixed/floating balance in place.

So, if your bond portfolio is suffering from a lack of recent energy or isn’t built to run with the tailwinds from the Fed’s monetary policy, take a trip to your favorite broker’s financial fitness center. A session in barbell lifting can help flex your community bank’s economic muscle.

**Visit viningsparks.com or contact your Vining Sparks sales rep for more details.**

Jim Reber can be reached at (800) 422-6442 or jreber@icbasecurities.com.

---

**Barbell Demo**

ICBA Securities’ exclusive broker Vining Sparks can develop a specific portfolio strategy using selected investments for any community bank. This modeling will display the current and projected returns and market prices for all investments in the strategy over a range of interest rate horizons.

Visit viningsparks.com or contact your Vining Sparks sales rep for more details.
Have you declined a viable small business candidate for a $50,000-$250,000 loan but know the owner would qualify under more flexible criteria?

We can help, using our SBA-guaranteed Community Advantage (CA) loan program offering affordable financing and technical assistance.

Below are some of the businesses we’ve qualified for CA loans thanks to referrals from Colorado bankers like you:

**Dragonfly Apparel** (Denver)

**Neighborhood Music School** (Aurora)

**Yampy’s Coffees Crepes Cocktails** (Steamboat Springs)

**LoCoFood Distribution** (Fort Collins)

Contact me for more information on our CA loan or other mission-based financing:

Lewis Hagler | Director of Credit
720.473.4055 | lewis@coloradoenterprisefund.org

CEF is a nationally certified Community Development Financial Institution and Small Business Microlender.
The success of a bank hinges largely on its relationship with its core partner. This is especially true for community bankers since the needs for each are specific to the demands of its business. For community bankers to retain market share in an ever-evolving market, it is valuable for them to choose a core solution that is intuitive, and an active partner that is willing and able to do what they need to stay competitive.

When Valerie Holden, executive vice president, of Champion bank in Parker, Colo., was asked how their partnership with IBT Apps’ helps them stay competitive, she shared, “When we bring in staff that are used to using the larger core systems, they’re surprised at IBT Apps’ ease of use. Recently, we were in need of loan maintenance training for our new employees and for current employees that needed a refresher. After voicing our need to the IBT Apps’ support team, they created a customized online training and we were able to get all of our employees up to date, at no fee to us. This kind of partnership, that caters to our needs, is what helps us stay competitive.”

Champion Bank is a small independent community bank that stays competitive with larger banks because of its partnership with IBT Apps. Holden also spoke on the exceptional support from the IBT Apps executives and team. “If faced with a product issue, all it takes is one phone call and we are able to connect directly to an IBT Apps support member. This ongoing support from IBT Apps is why we continue to be an extremely satisfied customer today.”

Mark Dittman, CEO, IBT Apps, stated, “At IBT Apps, communication and adaptability to our clients’ needs are core values for our business. Our purpose is to defend community bankers from the restraints big-box vendors inflict on them by overcharging and preventing them from integrating with the fintech vendors of their choice. By listening to our clients and embracing the fintech companies they need to integrate with, we lower costs and provide community bankers with the partnerships they need. We will continue to empower our clients through open integration and by building and offering ongoing training on our products at no cost to them.”

By providing a system that is adaptable to the needs of its clients and a partnership that is above the rest, IBT Apps continues to be a trusted core partner to community banks.

To learn more about IBT Apps and its products, visit ibtapps.com or call 512-616-1100 | 1101 Arrow Point Dr., Ste. 305 | Cedar Park, TX 78613 | sales@IBTapps.com 512-616-1100 | IBTapps.com

The IBC Legal Hotline

Free Legal Advice for IBC Member Banks

As a member of the Independent Bankers of Colorado, your bank can receive free legal advice through our Legal Hotline. Attorneys at the law firm of Shapiro Bieging Barber Otteson LLP staff the Legal Hotline as a benefit to member banks.

Member banks can defray a significant amount of their IBC membership dues by taking advantage of this exceptional free member bank service!

Member banks are permitted to contact Shapiro Bieging Barber Otteson LLP on simple legal-related questions involving the member bank.* Services provided through the Legal Hotline include responding to inquiries on the following issues:

- Regulatory
- Consumer Audit
- Compliance
- Uniform Commercial Code Uniform Consumer Credit Code

Shapiro Bieging Shapiro Otteson LLP will also review agreements and provide recommendations in conjunction with the Legal Hotline.

* Shapiro Bieging Barber Otteson LLP reserves the right to charge the member bank for services required to respond to complex or time-consuming inquiries. This will not be done without prior notice to the member bank.

Take advantage of this free member value-added service!

Receive the information you need when you need it!

Contact the IBC for additional information at 303.832.2000.
ENHANCING COMMERCIAL AND BUSINESS SALES

COULD YOUR BANK BE HAVING A BIGGER IMPACT?
By Connie West, Regional Vice President, The James Paul Group, an IBC Associate Member

There are several steps in a business product sale. This is the last of 3 articles that will explore how to present the professional image of the bank while increasing results.

Advise: Creating a Collaboration

Your next step in the process of securing a new business customer is to work together with the customer towards your shared goals. You’ll do this by using the information from the previous steps to identify and discuss possible options, explore how the options will satisfy the customer’s concerns, needs and problems by discussing the advantage and disadvantage of each option. It’s a balancing act to find the best solution for them. Advise on the best solution and help them work through the decision. This process will help the customer prioritize their criteria and realize specifics on how the solution options will improve business results. Working through this process will minimize any customer resistance and makes the closing flow naturally.

Now you can acknowledge what has been accomplished during the meeting, request a commitment by asking the customer solution questions and address any resistance they might have with open ended questions, clarifying information and proof. Now it’s time to ask for and Close the business. There are several ways to approach closing business naturally, the method used will depend on the situation and the flow of the conversation. We teach five different ways to ask for the business that are all professional, low pressure and fit naturally into the conversation. The goal is to establish clear next steps. Now you just need to sign the paperwork, Thank and welcome your new customer.

Once the new client is set up, it’s time to build additional value for a long-term relationship with that client. This includes having a written account development plan on how to advance that client. Parts of this plan will include Relationship Reviews, building high levels of product awareness, identifying buying influences and their personal objectives (remember, people buy, businesses don’t) and communicating with multiple areas of the business. Don’t just let the relationship happen or think you’ve got everything there is to get. Your goal is to Serve. Work to improve your customer’s business performance; referrals will follow. (and will be next issue’s topic)

This might seem like a drawn-out process but once learned and practiced, it can be done in a few minutes and greatly improve results. For help putting it all together, contact Connie West at The James Paul Group. Let us help you have a positive IMPACT on your business customers and increase the success of business account sales.

Contact Connie at cwest@jamespaulgroup.com or toll free at 877-584-6468.

IMPACT your customers – impact your bottom line.
**EXPENSE MANAGEMENT FROM DELUXE STRATEGIC SOURCING**

**Consolidate, simplify and save.** Leverage massive buying power to increase your efficiency and reduce expenses. From end-to-end, we handle supply fulfillment and distribution on your behalf, saving you time, money and hassle so you can focus on more value-added tasks.

**Upfront Assessment**
Get an in-depth analysis of your current procedures, pricing and processes, along with tailored strategies you can use to improve.

**Ordering Automation**
Control and track what users order from a custom ecommerce website, restrict item availability by user login and more.

**Consolidated Buying Power**
Get the products, items and supplies you need at the best price - our expert procurement professionals source across the globe and handle all the logistics on your behalf.

**Metrics Tracking**
Drive program results with standard and customized reports to identify usage, shipment, and cost-saving opportunities.

Take advantage of this proven cost-management strategy and drive your efficiency ratio down. [fi.deluxe.com/solutions](http://fi.deluxe.com/solutions)
WHO OWNS YOUR BRAND AND WHAT IS IT, REALLY?
By Lauren O’Connell, past director of the IBCEF and president of O’Connell Consulting Group, Inc., a professional marketing firm that specializes in developing customized marketing solutions for community banks to help them acquire new profitable customers and motivate existing customers to buy more and refer your bank more often.

O’Connell Consulting Group is an Associate Member of the IBC. Lauren can be reached at 303-795-3539 or Lauren@oconnellconsultinggroup.com

Do you know that you do not own your institution’s brand? The marketplace owns it.

In case you wonder how that is possible, here’s a definition that I find easy to understand – and it should be no surprise that it’s much more than your logo or colors:

**Brand = Reputation + Expectations + Experience**

Your brand is the sum of your reputation, which sets expectations on what people should experience when they interact with you. They will unconsciously compare what they expect to what they experience – so all three components must be consistent for you to have a strong brand.

The best example of a strong brand and brand image, frankly, are these guys:

You got it – pirates! Their reputation is well known. If you are unfortunate enough to encounter them, you will expect to be robbed and probably harmed, and you will be. Perfect branding!

However, you do influence your institution’s brand by the things you say and do through the image you project, your marketing and communications, and all sales and customer service interactions. The actions and attitudes of your employees and Directors outside of the bank also influence how others think about you. And let’s not forget about the media and the stories they cover about banking and your people and institution.

So, is there value in a strong brand? Absolutely – a strong brand builds trust which is a huge driver in why people buy. A strong brand contributes to a bank’s bottom line and specifically influences success in the following areas:

- Asset quality – helps you attract and keep strong credits
- Deposit mix – builds loyalty so you keep more of your core deposit customers and do not have to rely on high rate promotions to attract new customers
- Profitability – helps you keep your profitable customers so you are not constantly churning

Our advice – be proactive in influencing your brand. Define the reputation you want to be known by - make sure all your outgoing communications and image are well thought out, consistent and set the right expectations -- and then deliver the right experience.

If you find yourself wondering what this means for your brand, give me a call. I’d love to help you find out.
The 2018 IBC Banker Roundtable Meetings were held recently across four locations in the state. Dates and locations for the meetings were Wednesday, June 13, The First National Bank of Durango; Tuesday, June 19, FMS Bank, Greeley; Wednesday, June 20, Banker’s Bank of the West, Denver; and Thursday, June 21, United Methodist Church Fellowship Hall, Wiley (Host, Legacy Bank).

Bankers attending the meeting heard an update on legislative issues impacting banks as well as an update on the recent activities of the IBC Next Generation of Bank Leaders (NGBL) Committee.

Bryson Patterson, Regional Export Manager for the United States Small Business Administration provided an update on changes in the various SBA lending programs which streamline processes for participating community banks that utilize SBA lending programs.

Panelist offered thoughts from a regulatory perspective on the following topics: banking conditions in Colorado, industrial hemp and the cannabis industry, credit underwriting trends, cyber security, interest rate risk, liquidity and capital. Additionally, questions from bankers in attendance were also taken and addressed by the panelist.

To wrap up each of the meetings, Kendrik de Koning, Senior Managing Director, TransWestern Capital Advisors, LLC presented Build, Buy or Sell? Strategies for Optimizing and Realizing Value.

The 2018 series of Roundtables were again a successful event for the IBC. Thanks to all the host banks, moderators, panelists, presenters and attendees for their participation.
Helping Your Customers Invest in Education

Strengthening Your Community and Your Bottom Line

✔ Profitable - earn an average net return of 4.5% while building a relationship with prime customers

✔ Safe - 100% of principal and interest are insured; no startup costs and no minimum commitment

✔ Hassle Free - all administration and compliance managed by Reunion Student Loan Finance Corporation

✔ Convenient - continue to help customers finance their education with an insured, low risk student loan product

Build a banking relationship with tomorrow’s top earners, today.

Learn More at www.iHELPloan.com

RSLFC
Connecting With You

Independent Bankers of Colorado
Preferred Provider

(800) 745-3509
partner@ihelploan.com
Non-interest income profitability gaps? With ICBA Reinsurance’s payment protection program your community bank can earn investment income on premium reserves and access additional profits via insurance underwriting gains. Eligible shareholders also receive tax-advantaged dividends.

Bridge non-interest income gaps with ICBA Reinsurance.
BANK DESIGN SPECIALISTS
RETAIL BANKING • BRANCH TRANSFORMATION • PROTOTYPE DESIGN • HEADQUARTERS

MGARCHITECTS.COM

713-552-0707
877-331-5118
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**

<table>
<thead>
<tr>
<th>Location</th>
<th>Bank</th>
<th>Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canon City</td>
<td>Legacy Bank</td>
<td>1010 Royal Gorge Boulevard</td>
</tr>
<tr>
<td>Colorado Springs</td>
<td>Legacy Bank</td>
<td>1580 East Cheyenne Mountain Boulevard</td>
</tr>
<tr>
<td>Colorado Springs</td>
<td>First State Bank</td>
<td>1776 South Nevada Avenue</td>
</tr>
<tr>
<td>Falcon</td>
<td>The State Bank</td>
<td>7495 McLaughlin Road</td>
</tr>
<tr>
<td>Fort Morgan</td>
<td>FMS Bank</td>
<td>520 Sherman Street</td>
</tr>
<tr>
<td>Fowler</td>
<td>Fowler State Bank</td>
<td>201 Main Street</td>
</tr>
<tr>
<td>Greeley</td>
<td>FMS Bank</td>
<td>2425 35th Avenue</td>
</tr>
<tr>
<td>Greenwood Village</td>
<td>First American State Bank</td>
<td>8390 East Crescent Parkway</td>
</tr>
<tr>
<td>Hugo</td>
<td>First National Bank Hugo</td>
<td>321 4th Street</td>
</tr>
<tr>
<td>La Junta</td>
<td>The State Bank</td>
<td>10 Colorado Avenue</td>
</tr>
<tr>
<td>La Junta</td>
<td>The State Bank</td>
<td>1100 Carson Avenue</td>
</tr>
<tr>
<td>La Junta</td>
<td>The State Bank</td>
<td>124 Colorado Avenue</td>
</tr>
<tr>
<td>Lamar</td>
<td>Legacy Bank</td>
<td>210 East Olive Street</td>
</tr>
<tr>
<td>Leadville</td>
<td>First National Bank of Hugo</td>
<td>409 Harrison Avenue</td>
</tr>
<tr>
<td>Limon</td>
<td>First National Bank of Hugo</td>
<td>981 2nd Street</td>
</tr>
<tr>
<td>Naturita</td>
<td>Citizens State Bank Ouray</td>
<td>Highway 141 and 87</td>
</tr>
<tr>
<td>Ouray</td>
<td>Citizens State Bank Ouray</td>
<td>600 Main Street</td>
</tr>
<tr>
<td>Pueblo</td>
<td>Legacy Bank</td>
<td>101 North Main Street</td>
</tr>
<tr>
<td>Pueblo</td>
<td>Legacy Bank</td>
<td>730 Desert Flower Boulevard</td>
</tr>
<tr>
<td>Pueblo West</td>
<td>Legacy Bank</td>
<td>7 East Spaulding</td>
</tr>
<tr>
<td>Ridgway</td>
<td>Citizens State Bank Ouray</td>
<td>145 West Sherman</td>
</tr>
<tr>
<td>Rocky Ford</td>
<td>The State Bank</td>
<td>301 North Main Street</td>
</tr>
<tr>
<td>Silverton</td>
<td>Citizens State Bank Ouray</td>
<td>1202 Greene Street</td>
</tr>
<tr>
<td>Wiley</td>
<td>Legacy Bank</td>
<td>220 Main Street</td>
</tr>
</tbody>
</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!