



Correspondent Views

BANKERS' BANK OF THE WEST newsletter for community banks

PRESIDENT'S MESSAGE

Issue 1 • 2019

Many minds and voices expand visibility, influence of community banks

The relationship between a community bank, its customers, the business environment, and local conditions is close—and in many respects interdependent. As a group, community bankers stay well-informed, and their opinions are valued.

It's vital that people in our profession stay visible and make themselves heard. Community bankers did, in fact, respond impressively in December to the Federal Reserve's request for comments on how to best support faster payments in the U.S.

Recent announcements in trade publications confirmed that in Bankers' Bank of the West's market area alone, community bankers continue to share the benefit of their professional experience and articulate the views of independent financial institutions as well as their customer base.

Community bankers on the Wyoming Division of Banking board of directors are **Tom Bass**, Wyoming Bank & Trust; **Greg Dixson**, Hilltop National Bank; **Copper France**, Bank of Commerce; **Pete Lawton**, Bank of Jackson Hole; and **Brittanie Sharp**, Converse County Bank.

Gary Crum, Western States Bank, was appointed to the Community Depository Institutions Advisory Council for the Kansas City Federal Reserve. He represents Wyoming interests in that capacity.

Jeff Wallace, Wyoming Bank & Trust, and **Ashley Burt**, Gunnison Bank & Trust (Colorado), serve as directors on the Kansas City Fed Denver Branch Board. **Kyle Heckman**, Flatirons Bank (Colorado), recently became a director on the Kansas City Fed Board.

Community bank representation on the governor-appointed Colorado State Banking Board includes **Glen Jammaron**, Alpine Bank, and **Richard Martinez**, Young Americans Bank.

Kent Curtis, First Southwest Bank, and **Tom Ogaard**, Native American Bank, NA (both based in Colorado) serve on the board of the national industry group Community Development Bankers Association.

Appointed to the board at the Kansas City Federal Reserve Omaha branch was **Zac Karpf**, Platte Valley Bank (Nebraska).

Community bankers in the Nebraska state legislature include **Robert Clements**, American Exchange Bank; **John Stinner**, Western States Bank; and **Matt Williams**, Gothenburg Bank & Trust.

Teresa Molina, First New Mexico Bank, serves on the Dallas Federal Reserve board for the El Paso branch. **Alan Shettlesworth**, Main Bank (New Mexico), was selected as a new member of the FDIC Advisory Committee on Community Banking.

This is by no means a complete list of community bankers in our area who serve their profession, their communities, or the public good. A full list would probably cover every page of this newsletter. They are a simply few of the many who are committed to giving back to their profession and their communities.

There are countless ways for community banks to make a difference. Whenever you help educate the public on cybersecurity, participate in community service projects, sponsor a neighborhood document shredding event, write a thought-provoking letter to the editor, or raise funds for a nonprofit, your efforts have a positive influence.

And trade groups amplify what community bankers can achieve. Our banking associations draw us together for education, mentoring, discussion of common interests and differences of opinion, and social connections. They support our professional progress, build our network of contacts, keep us informed on issues that impact our business, and advocate on our behalf. In representing our many voices on the local, state and national levels, trade groups make our needs and views known.

Community banking is a noble profession. No matter how you go about working toward positive outcomes for your bank and your communities, you are in excellent company.



Bill Mitchell
President & CEO

TAKING NOTE

CYBERSECURITY CONFERENCE IN OCTOBER

Bankers' Bank of the West will present its 2019 **Cybersecurity in Community Banking Conference** Oct. 23 through 25 at the Doubletree by Hilton Denver/Aurora. Information will be available early in the summer.

To add yourself to the early notification list, send your contact detail—your name, bank, and postal address—to conferences@bbwest.com. Please specify “Cybersecurity” in the subject line.

ESSENTIAL PREPARATION FOR RULES CHANGES

The May 3 webinar to be conducted by WesPay for BBW customers will cover the 2019 changes in payments rules. To ensure your operations team has a solid grounding in those changes, as well as their possible impacts on risk and regulatory compliance, sign up for the convenient 90-minute session, “2019 Payments Rules Update.” (To request a complete listing of this year’s webinar series, email ops@bbwest.com.)

2019 SYMPOSIUM DATES ANNOUNCED

The Western States Director Education Foundation has announced the dates and location of its 43rd Annual Symposium. Mark your calendar and plan to attend—together with your board members—Oct. 27 through 29. The event will be held at the Westin Kierland Resort & Spa in Scottsdale, Arizona.

The theme is **2020 and Beyond: A Vision for Community Banking**. Information will be posted to WSDEF.org when confirmed.

DESPITE THE FOG, OR BECAUSE OF IT



Photo by Lee Anderbery

In Unadilla, Neb., the 31st annual Groundhog Day parade attracted a joyful crowd despite the fog. Partially visible behind the groundhog-bedecked 1962 Ford Falcon (driven by Country-side Bank’s chairman) were Nebraska Gov. Pete Ricketts and First Lady Susanne Shore.

ABOUT

Correspondent Views is published by Bankers’ Bank of the West for independent community banks in our service area. Downloadable versions are posted to our website. If you prefer to receive newsletters by email, send your request to info@bbwest.com.

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Aiming to empower community banks with game-changing tools, support

Having worked at Bankers' Bank of the West since 2006 initially as a credit analyst and later as a correspondent services officer, **Scott Wintenburg** took on a new role at the start of the year: leadership of the BBW Bank Card Department. The appointment coincided with the retirement of former department head Mary Ann Elliott-Supplies from the full-time position.



Scott Wintenburg
SVP-Bank Card

Scott said his experience in calling on community banks was immediately applicable to his current role.

“To be effective as a partner, we’ve got to learn what the community bank is up against, where its opportunities lie, who its customers are, and so on,” he said. “Whether the conversation is about lending or safekeeping or bank card services, we start by taking the customer’s point of view and contributing to that bank’s progress.”

For Scott, one of the most appealing aspects of the bank card and electronic payments arena is its potential for community banks—in terms of competing with larger institutions, forming stickier customer relationships, and enhancing the bottom line.

“Regular advances in technology are opening up new possibilities, and in many ways leveling the playing field for community banks—which is great news for our customers,” he said.

Scott explained that in addition to providing day-to-day back-office support, training and customer service, the Bank Card team has been working on several new projects to be introduced later in the year.

“In the meantime, everyone in the department is in a friendly competition to promote the **BBW Payments Conference** in April. The value of the education, training and peer networking packed into that one event is just enormous.”

Especially for the back-office staff, the Payments Conference is an exciting opportunity for face-to-face conversations with customers they’ve often “met” over the phone.

Scott describes the team as a cohesive group with varied backgrounds and skillsets.

“They bring different strengths to the workplace, but they’re all on the same wavelength in terms of doing a great job for every customer.”

And speaking of strengths, KUDOS!

Two BBW Bank Card staffers—**Kate Holloway** and **Andrea Schneider**—have earned the designation of Certified Payments Professional.

Requirements for attaining a CPP, which is awarded by the Electronic Transaction Association, include three or more years’ experience in the payments industry, recommendation by a management-level individual in the payments industry, and successful completion of a rigorous, impartially proctored exam. Those holding a CPP must agree to adhere to the Electronic

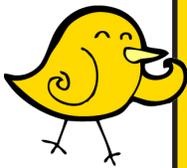
Transaction Association Code of Conduct. Relevant continuing education is a condition of recertification every three years.



Andrea Schneider
Bank Card Supervisor



Kate Holloway
Bank Card Project Officer



REGISTER NOW

2019 Payments Conference ■ April 23-25
at the Renaissance Denver Stapleton Hotel

WHO should attend:

- * CASHIERS * OPS STAFF/SUPERVISORS
- * CASH MANAGEMENT OFFICERS
- * E-BANKING & EFT SPECIALISTS
- * CARD SERVICES * CUSTOMER SUPPORT
- * COMMERCIAL RELATIONSHIP MANAGERS
- * DEPOSIT OPS * BRANCH & TELLER LEADS

WHAT to expect:

- * EXPERT PANEL ON BUSINESS ACCOUNT FRAUD
- * SESSIONS ON PAYMENT & BRANCH TRENDS
- * POINTERS: CYBERSECURITY ON A BUDGET
- * LAW ENFORCEMENT ON CRIME TRENDS
- * DATA BREACH UPDATE (& TIPS FOR AVOIDING)
- * PEER DISCUSSION & TRAINING SESSIONS

INFORMATION AT BBWEST.COM

Attention, Commercial Loan Officers	Attention, Ag Loan Officers
<p>LOAN OFFICER FINANCIAL MANAGEMENT October 9 and 10 ▪ Denver, Colorado</p> <p>Registration is open for the two-day skill-building seminar focused on building business acumen and credit skills in commercial lenders. The class will be led by Chris Carlson, a popular presenter at the nation’s top banking schools. Visit the newsroom at bbwest.com; select Events and Classes from the fly-out menu.</p>	<p>HOURLONG WEBINAR FOR COMMUNITY BANK AG LENDERS by Dr. David Kohl November 25 ▪ 2³⁰ pm Mountain (1³⁰ Central)</p> <p>Ahead of loan renewal season, world-renowned Dr. David Kohl, Professor Emeritus, Virginia Tech, will review global and domestic trends on the agribusiness radar screen. Plan to attend this session. Details to be available in June.</p>

Scams come in a wide variety of flavors, often with colorful fictitious back stories

Within the last month, con artists have targeted Bankers’ Bank of the West through phone phishing calls. In this instance the caller, claiming to be an IT professional, inquired about purported issues with our printers. He asked for model numbers and other identifying information.

The caller’s objective was to get information about the technology BBW uses. If we had supplied that information, his next step would have been to ship supplies—like paper and printer toner—to us at exorbitant prices, often upwards of \$1,000 per “order.”

This incident is a reminder that swindlers still use a variety of channels—from old-school rip-offs to advanced technology—to steal from businesses and everyday people.

In the case of phone phishing, asking for the caller’s name, company identification, and contact information will often put an end to a ruse. Common sense, a dash of skepticism and a willingness to question “authority” can help you avoid many traps like this—and its endless variations.



Credit for this story goes to **Ashlee Aleshire-Ash**, who joined Bankers’ Bank of the West in 2018 as an IT support specialist. She passed the CompTIA A+ 901 Exam in January. The 90-question test covers broad technology territory: security, networking, operating systems, IT operations, troubleshooting, and technical support.

A voracious reader, Ashlee thrives on researching and resolving technical issues much to the gratitude of all her colleagues. At home, she enjoys the company of Ichabod and Lottie, her poodle-mix companions.

REMEMBERING OUR ESTEEMED COLLEAGUE, ROLE MODEL AND FRIEND

Following his passing on January 31, 2019, Jim Williams is being remembered fondly by the many people whose lives he touched. Between 1989 and 2009, Jim worked for Bankers’ Bank of the West in the capacities of chief operating officer, chief financial officer, and senior vice president.

He was both valued for his professional contributions and highly regarded for the appreciation and support he showed all his colleagues at the bank. Jim demonstrated kindness in ways big and small—for example, by walking through the office each morning to individually greet each employee. His habit of sharing



Jim Williams
2009 photo

homemade green chili with coworkers on his birthday each year was a highly anticipated event.

Jim was firmly committed to the bank and the well-being of its community bank customers. One longtime colleague recalled that he spent New Year’s eve 1999 through the following morning at the office to monitor potential glitches triggered by a so-called Millennium Bug which, according to some predictions, could have caused havoc in computer networks. Though the bug didn’t materialize, Jim’s vigilance was exemplary and reassuring. He is sorely missed and warmly remembered.

FOUNDING MEMBER



Bankers' Bank of the West steps up, becomes a founding member of the U.S. Faster Payments Council

The newly formed Faster Payments Council embraces the goal of a safe, secure and ubiquitous payment system. It is an inclusive fee-based membership organization open to all stakeholders in the U.S. payment system, from providers of services—including financial institutions, operators networks, and providers of technology—to organizations making or representing those who make payments, to stakeholders with a professional interest in advancing the country's payment system.

As a founding member of the Council, Bankers' Bank of the West, along with several of its fellow bankers' bank allies, will stay informed, support progress toward payments safety, security, equity and ubiquity, and voice community bank interests. Learn more about the organization at FasterPaymentsCouncil.org.

Recent events across the country illustrate the need to tend, periodically test, correct, and expand on business continuity plans

*Debbie Wendt, SVP—Operations
Bankers' Bank of the West*

With more than the average number of severe illness outbreaks, damaging winter storms, school closures, and other catastrophes in recent memory, this is an ideal time to review common-sense business continuity practices. After all, even the most well-conceived plan will go stale if left untouched.

Your plan will be unique to your bank. The most effective approach is to ask, and answer, some basic questions. Here are a few to start with.

- ▶▶ How long has it been since you verified the contact information for your key people—including cell numbers and alternate emails? Is that information readily accessible to employees who would need it in an emergency?
- ▶▶ What will you do if internet access is down?
- ▶▶ Have you provided your upstream banks, critical vendors and correspondent provider accurate information for key people—including cell phones, and alternate email addresses? What about contact information for secondary contacts?
- ▶▶ Are your PIN access codes up to date?
- ▶▶ Can your provider allow temporary system access via alternative authentication

channels if, for example, a fingerprint reader is unavailable? If so, be sure to make the necessary arrangements in advance.

- ▶▶ When did you last review and correct your “authorized persons” designations? How frequently is that information checked for accuracy—to take into account new employees, staff attrition and changes in job functions?
- ▶▶ Have you considered whether one of your branches could serve as a continuity site in case of natural disaster?
- ▶▶ Do you periodically test your plans by running through hypothetical scenarios with your critical people? Such “tabletop” tests can uncover weaknesses in your processes before an event occurs.



And a couple of reminders:

- ▶▶ Once a new employee at your bank has been set up by BBW as a BIDS user, your BIDS administrator can change the rights for a one-time purpose—which can prove useful in a contingency situation.
- ▶▶ Your BIDS administrators can view access levels for your users. This information is helpful when building, testing, and reconfiguring a business continuity plan.

Proposed leverage ratio for community banking organizations

*Chris Hill, SVP & Chief Financial Officer
Bankers' Bank of the West*

In November 2018, the federal banking agencies proposed to provide the option to qualifying community banking organizations with less than \$10 billion in assets (“banks”) to adopt the Community Bank Leverage Ratio. Its purpose is to be a simplified measure of capital adequacy and simplify the regulatory capital schedule on the call report.

The CBLR originated from the rulemaking mandated by the S.2155 regulatory reform law, which directed agencies to set a community bank leverage ratio between 8 and 10 percent. After careful consideration, the agencies went right down the middle and proposed that banks with a leverage capital ratio of at least 9 percent can be automatically considered in compliance with Basel III capital requirements and exempt from the complex Basel calculations.

Under the proposed rule, banks would be able to elect the community bank leverage ratio framework if they meet the 9 percent ratio and if they hold 25 percent or less of assets in off-balance sheet exposures, 5 percent or less of assets in trading assets and liabilities, 25 percent or less in mortgage servicing assets, and 25 percent or less in the temporary difference of deferred tax assets.

Banks that elect to use the proposed CBLR framework (“CBLR banks”) no longer would be required to report certain data on the call report, including tier 1 capital and the tier 1 leverage ratio, that are used as part of assessment calculations. A CBLR bank’s FDIC assessment base and rate would be calculated using the regulatory capital

items under the proposed framework; however, the proposed rule would provide it with the option to continue to use tier 1 capital, the tier 1 leverage ratio, or both, for assessments purposes.

While this simplified system seems straightforward, unified comment letters from the national banking organizations (for which Bankers’ Bank of the West is participating in a workgroup) are recommending the CBLR be 8 percent. In addition, other unclear considerations are being addressed including the ability to opt in and opt out of the CBLR, the ability for regulators to mandate an approach, the actions taken if a CBLR bank falls below the threshold, the calculation of the numerator, and the impact of accounting changes to capital (e.g. CECL and the guidance recognizing and measuring financial instruments and the right-of-use asset for leased property).

This proposal affects every community banking organization in the U.S., so it is important that your voice be heard. Once the workgroup has completed its draft, BBW will craft its own response letter, which our community bank partners may cosign. If you wish to write your own response, we will share the information with you.

Comment letters, which are due by April 9, can be sent to the FDIC, Federal Reserve Board of Governors, and/or OCC. The contact information and comment requirements for all three are available here: <https://www.federalregister.gov/documents/2019/02/08/2018-27002/regulatory-capital-rule-capital-simplification-for-qualifying-community-banking-organizations>.

To add yourself to the distribution list (for receiving information needed to draft a comment letter from your bank, once details are known), send your contact information to CBLR@bbwest.com.

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