

BBW News

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A MESSAGE FROM THE PRESIDENT

Thoughts on professional integrity from a Main Street point of view

Since joining Bankers' Bank of the West, I've made an effort to visit as many of our customers as possible. I've had the privilege of visiting with bankers across the Great Plains and Rocky Mountain region as well as in the Four Corners states. Whether sitting across from a banker in a rural, suburban, or urban market, I've found that in one way or another they all reflected a common bond: pride in being a banker.

These individuals knew that theirs is an honorable profession—the number-one supporter of small businesses, farmers, homeowners, and towns or municipalities across their markets. Many of the banks were being run by descendants of their bank's founders. In fact, as many as five generations of families have been active in a few banks in our market. Just imagine the scale of that legacy—five generations of bankers having helped the citizens of their community fulfill their dreams.

As bankers, we have an impressive story to tell. This holds true in spite of the economically crippling events precipitated by Wall Street greed, compounded by the unintended consequences of government-sponsored enterprises and congressional actions, and further aggravated by over-reaction to market conditions by elected officials. After the smoke cleared on the financial firestorm, many levels of our society were left to deal with the painful repercussions, which have, in turn, festered into resentment.

One of the most troubling after-effects of the conflagration has been the impact of the "blame game" on the honored profession of banking. To be clear, the giant banks, Wall Street firms, Fannie Mae, and Freddie Mac deserved all the criticism they received. More to the point, thousands of community banks that played no role in catalyzing the disaster have been forced to deal with the smoke caused by 19 monolithic financial companies and government-sponsored enterprises.

But this is where the story takes a positive turn again. As in the past, it will be community bankers who will lead the country in recovering from the firestorm caused by others. It will be community bankers who correct the public's perception of the banking profession, which has taken a major reputational hit in the past five years thanks to the players previously mentioned.



Bill Mitchell
BBW President & CEO

Instead of putting our heads in the sand and hoping things improve on their own, we must, as community bankers, take the lead in helping small businesses and farmers grow their businesses, ultimately providing expansion for our country and future generations. It will be community bankers, not Wall Street firms or government officials, who restore the perception of bankers as leaders in their communities.

We are **all** currently re-establishing the honor of being a banker, ensuring that newcomers to the profession, whether descendants of current bankers or fresh recruits to the industry, will feel the same pride of purpose as you and I have felt throughout our careers, and will carry on the respected tradition of service through community banking.

This message was sparked by the comments of Richard Davis (US Bank) in his recent speech at a banking school.

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Taking note

■ People and pathways

Following is a briefing on some territory re-drawing and staffing changes at Bankers' Bank of the West in recent months:

Dallas Kiburz (executive vice president and chief credit officer) has become the principal calling officer for Utah banks; **Paul Harrison** (senior vice president-credit administration) is now the assigned calling officer for Arizona banks; **Tara Rosenbaum** (assistant vice president-correspondent services) has been awarded expanded Colorado territory. All three willingly accepted the new responsibilities in addition to their well-established roles. The new opportunities resulted from the July departure of former calling officer **Carl Gebhardt**, who relocated out of state to his hometown for family reasons.

BBW welcomed **Karen Pinkney** to the Electronic Funds Transfer team. **Jennifer Svitak** joined the bank in the role of executive assistant.

In late May **Chris Hill**, whose background in the financial services industry includes experience in finance, lending, IT, and operations, joined BBW as vice president of finance.

Bankers' Bank of the West is thankful for the dedication and professionalism of all of its outstanding employees, past and present.

■ And speaking of people

As loan demand gradually picks up, remember that lending has been a core service for BBW since 1980. Our lending division functions as an extension of your loan department, empowering you to stay flexible, meet the credit demands of your customers, and manage your industry concentration through loan participations.

Our expert guidance and ongoing support are complimentary, of course. As a collaborative team, we bring many decades of collective experience to the table. So next time you're looking for a noncompeting correspondent lending partner or simply an outside opinion on any deal, call us.

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Launching a prepaid program is as easy as one, two, three (good reasons)

MaryAnn Elliott-Supples, Senior Vice President
Bankers' Bank of the West Bank Card Division

Assuming you're goal-focused—after all, most successful bankers are—the fourth quarter is home-stretch for completing the objectives you set for yourself in early 2012.

Would you like to add *another* achievement to put you over the top? You still have time to roll out an easy-to-implement prepaid card program long before the New Year's Eve ball drops in Times Square.

Following are three compelling reasons to enroll in Bankers' Bank of the West's prepaid card program before year-end.

1. To fill in gaps in product offerings.

GIFT CARDS are popular not only during the holidays but year-round as well, requiring no wrapping paper when birthdays, weddings, showers and anniversaries come along.

GENERAL PURPOSE RELOADABLE CARDS will appeal to people who don't qualify for a checking account, need to provide accessible money to students away at school, or want to set aside money for budgeting purposes.

TRAVEL MONEY CARDS offer convenience and security, enabling your customers to simplify currency conversion, shelter their bank accounts and credit cards from the risk

of fraud, and avoid carrying large amounts of cash.

CORPORATE INCENTIVE CARDS give your business clients a low-cost way to reward customer loyalty, support sales contests, and provide rebates.

2. To strengthen customer relationships.

PREPAID CARDS enable you to fulfill your customers' needs, keep them coming back—and avoid sending them to your competitors for prepaid products.

COBRANDED CARDS will keep your bank at the top of your customers' minds and introduce your bank to new prospects.

3. To generate incremental revenue.

Your **PREPAID CARD** program will establish a **new source of revenue** for your bank, give potential customers an additional reason to establish a relationship with you, and create more cross-selling opportunities for your bank.

Give your customers the added convenience and flexibility of prepaid card products by enrolling in our program today. To obtain more details and request an enrollment form, call **Lynette Gregg** at **800-601-8630** or email lgregg@bbwest.com.

Trainer underscores relationship banking skills, essential tools for lenders

Developing the knowledge and skills that define an exceptional commercial lender is the focus of **Loan Officer Financial Management Training**, a two-day seminar to be led by **Kyle Enger**, founding partner and principal of BBI Financial, on **October 10** and **11** in Denver.

Traditionally, independent financial institutions have enjoyed an advantage over their much larger counterparts in the realm of building relationships. Enger's training program focuses on authentic



Kyle Enger

relationship banking skills, stressing deployable techniques and tools the commercial lender can put to work for both the business client and the community bank.

Topics include understanding the entrepreneur; building bank sales culture; communicating financial information; valuation of the business entity; using cash flow; and financial forecasting.

To receive details or reserve a seat at this skill-building program, call **Jackie Tall** at **303-313-8108**.

Interest rate risk management: Ask the Fed program review

Basil Blume, Bank Consultant

Managing interest rate risk is an evolving process and includes periodic reviews of regulatory guidance and industry best practices. This information can then be used to assess programs in place and determine if improvements may be made to better align interest rate risk (IRR) management with supervisory expectations and best practices.

The Federal Reserve Bank of St. Louis conducted a session on interest rate risk management in July 2012. The session was designed to clarify recent guidance and address questions regulators have received from the banking community. In addition, the session was intended to provide more information on areas that are included in supervisory expectations versus areas that are industry best practices.

The following paragraphs provide more information on the session and the steps the bank has completed, or needs to complete, for each area.

Approaches and measurements.

Institutions are expected to model earnings over a two-year period with interest rates reflective of current levels. Stress scenarios should include multiple rate environments with rate curves shocked, ramped and twisted. IRR models should produce results based on a static balance sheet over time, with dynamic simulations considered a best practice. An economic value of capital measurement should be employed for assessing long-term IRR. Model data should be sufficiently granular to support instrument characteristics and product stratification.

Sensitivity testing.

Assists in quantifying the impact of assumptions in the overall IRR results. Isolates key assumptions and determines the impact of changes for material areas.

Back testing and benchmarking.

Back testing should be comparable to the period being measured and the performance of key assumptions should be evaluated separately. Benchmarking compares valuation results with alternative systems for reasonableness.

Policies and procedures.

Comprehensive documents are expected to be in place, governing the entire IRR management process. Risk tolerance levels should be established for stress scenarios and strategies identified for managing IRR.

Internal controls and validation.

Institutions are expected to have an adequate system of internal controls to ensure the integrity of all IRR components. Effective controls include an independent review of the IRR management process along with a model validation review process.

Corporate governance.

The board of directors should understand and be regularly informed of the institution's IRR exposure, including enough aggregate information and supporting detail to understand the institution's sensitivity to changes in interest rates. The board should be provided information on the impact of key assumptions and inputs in the modeling process.

With sound interest rate risk management practices in place, institutions not only meet regulatory expectations, but have a better understanding of IRR enabling more effective implementation of mitigation tactics and strategies.

For more information, contact **Basil Blume** at **303-478-2718** or basilblume@aol.com.

In case you haven't heard

In response to numerous customer requests, Bankers' Bank of the West now offers an Agent Bank no-risk Visa® credit card program that can generate income for your community bank in the form of account referral fees and sales residual on credit card purchases.

Available through BBW's Bank Card Division are the Platinum Rewards Credit Card; Platinum Rewards Program; Business Credit Card; and Business Rewards Credit Card.

For more information, call **800-601-8630** and speak with **Lynette Gregg** (lgregg@bbwest.com).

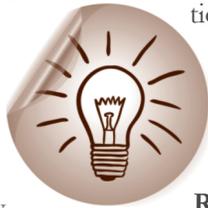
Access to another option for wire transfers

*Debbie Wendt, Vice President of Operations
Bankers' Bank of the West*

In November of 2011, the Federal Reserve Bank implemented a new wire format capable of incorporating more data elements and modified edit rules.

The new release supports a business code known as the Customer Transfer Plus (CTP) message, which accommodates certain enhancements that have been identified as useful to businesses—most notably, added capacity for incorporating information in wire transfer payment orders.

The CTP message enables corporate originators of wire transfers to include up to 9,000 characters of remittance information in a wire transfer payment order, which can facilitate end-to-end processing.



At the same time, the Federal Reserve Bank continues to support the familiar Customer Transfer (CTR) message as well. Financial institutions can choose either type of message for any customer transfer.

BIDS users with domestic wire rights can access CTP Wire Transfer templates through BIDS from the **Transaction Requests** menu. If you have questions about this wire transfer feature, please speak with one of BBW's wire transfer specialists at **303-291-3770**.

*Do you have a BIDS question or a BIDS tip to pass along to fellow users? Call **Debbie Wendt** (303-291-3700) to share your ideas.*

Customer alert: You've got mail

Early this month, a postal mailing to Bankers' Bank of the West customers with demand deposit accounts announced the availability of several online education programs at special pricing as a result of a joint effort between BBW and the Viewpoint® payments association, Viewpoint Clearing & Association Services.

All of the featured web-based programs are aimed at providing critical payments education to operations staff, enabling your key employees to perform at the highest level possible for your bank.

Included in the mailing were instructions on how to register—at special pricing—for exclusive 2012 webinar sessions on these topics, among others:

- Check Risk Management
- ACH Rules Update
- Reason Return Codes and NOC Codes
- ACH Origination Risk

Viewpointe is also extending special pricing to BBW customers enrolling staff in the 2012 "Certification at Your Desk" webinar education series.

If you have related questions or cannot locate your mailed materials, call **303-291-3700** and speak with anyone on the BBW Operations team.

IT Corner— workstation preferences

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of incompatibility with certain websites. You should expect a setup like this to be priced in the \$550 to \$650 range.

Normally I take the additional step of uninstalling as many preinstalled applications as possible because we have our own preferred antivirus, and because some of the HP-branded applications are known to cause issues with the fingerprint readers required to access our BIDS online portal.

For banks in a thin client environment, I recommend a machine that runs Windows XPe SP2 or better—in other words, XP embedded. Some machines that run WinCE or a custom operating system like WyseOS won't be able to run the fingerprint software required to access BIDS. You might also take into account that several of our customer banks have mentioned other incompatibilities that have prompted them to adopt either WinXPe thin clients or full standalone personal computers.

In the end, there is no one-type-fits-all workstation solution, but this might give you a general idea of what might be appropriate for your bank environment.

TECH CORNER:

*Tips from BBW's Information Technology Staff
(Response by Andrew)*

Question: What computer workstations do you recommend?

Answer: This can be a tricky call, as different machines are appropriate for different workplace environments. A larger bank with many branches probably has dedicated information technology people who have determined the best fit for the bank. But what about smaller organizations or branches where someone who happens to know a little about computers has become the default “in-house” IT support?

Bankers' Bank of the West used to order custom-built computers from a local computer store. But when we noted shortcomings in both the support and the price, we looked for a different solution. For about half the cost, we found we could get name-brand personal computers with one to three years of support.

People often become loyal to a brand for any number of reasons. For our company, Hewlett Packard has become the workstation vendor of choice. But it took time, some trial-and-error, and evaluation to reach that decision. At this point we have a better grasp of what HP offers, and which products best fit our organization.

As a rule, I would recommend the “Advanced” business desktop for most users—typically a model number in the 6000s—and the “Elite” business desktop for users doing graphics or video work, which would typically be a model number in the 8000s. Some time back, BBW was purchasing the “Essential” business desktops (with a model number in the 3000s) until we determined it lacked some of the features we find useful from a security standpoint.

Most of these desktops are going to be fine, from a performance perspective, to last several years in a business environment. We usually order a machine with four gigabytes of random access memory, and we are now deploying Windows 7 64-bit. Be sure to investigate before making a large purchase, though. You may decide to stick with 32-bit if you anticipate any compatibility issues with your vendors or existing programs.

More often than not, I also uninstall Internet Explorer 9 and revert to the older Internet Explorer 8. Besides creating a more familiar user experience, this has also resulted in fewer instances

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