



## 2010 - 11 Annual Report

*CBA: Protect your value, Safeguard your reputation, Exert your influence*

### Executive Summary

**Disappointed with the outcome but pleased with our industry effort.** That's the summary on the issue of the year: interchange. We all know why this issue is so critical to banks: it is illogical government meddling that is exceptionally expensive to you. It is frustrating to have won a majority of the Senate (54 yes, 45 no), to have flipped 12 *no* votes a year ago to *yes* votes in 2011 (with none going from *yes* last year to *no* this year), to have convinced 15 of 16 freshmen Senators and to still not win. We're pleased with the efforts of Sen. Bennet and disappointed with Sen. Udall. But the highlight is the tremendous effort by bankers. The fight continues.

It has been and will be another year full of challenge for our industry. The Dodd/Frank Act is having a drastic impact on our industry as we endure more rule-making, compliance burdens and customer reactions on top of a weak economy and regulatory over-reaction. Despite great success in the 2011 Colorado Legislature in a split Legislature and with attacks from home builders and others, our challenges in Congress and with regulators and a distrusting public are great. The unknown implications of the DFA – "unintended consequences" – are most troubling. The additional pressure they put on banks is distressing. Next year we expect yet another attack in the Legislature from the credit unions. And we anticipate having to fight damaging initiatives on the November 2012 Colorado ballot.

We thank our members for vital continued support and precious input. We know you are busy resolving issues within your own bank just as we face industry challenges that continue and even accelerate – and especially exacerbate.

We promise to continue our intense CBA efforts to be "ahead of the curve" and produce the results you need. We focus on the right issues with positions determined by you, our member banks. CBA strives to deliver important services to help you survive and thrive in this hostile environment: government relations, public education, communications, and training. But most of all, our commitment to our member banks is unwavering when it matters the most.

**You Can Count on CBA: Yesterday, Today, and Tomorrow.** Contact us with concerns and questions

A handwritten signature in blue ink, appearing to read 'Don', is positioned below the text.

### Government Relations – *CBA Translates Concerns into Results*

Each year CBA focuses on protecting healthy work environments, promoting solutions that help banks and communities grow, and cleaning up unnecessary and costly burdens on the state level, federal level, and with our regulators. Our priorities are established by you, and thanks to a couple key factors we delivered strong results in 2010-11.

#### Keys to Success

- Strong banker volunteers guiding CBA
- CBA's trusted reputation
- Unduplicated access to public officials
- Many committed banker advocates
- Deep relationships with public officials
- Wide public education and outreach

Because of these factors, CBA was able to manage today's misguided public perceptions and successfully defeat special interest attacks on the state level, post a 99% success rate during a business-hostile state legislative session, and help Colorado Members of Congress spearhead federal solutions to major industry-wide problems.

## State Level Results

CBA monitored/tracked/lobbied 161 bills in 2011, our highest amount since 198 were tracked in 2006. 159 of the 161 outcomes were successful, with the two unsuccessful bills coming from low priority bills CBA supported. CBA took a Support stance on 8 bills, formal Opposition stance on 12 bills, and monitored/tracked 141 other bills. CBA dealt with 30 bills with a Tier 1 or 2 impact (high priority), reaching a successful conclusion on all 30. Of those 30 CBA was required to seek amendments on 11, successfully amending all 11 bills. CBA formally testified on behalf of the banking industry on key bills and monitored 50+ hearings ensuring negative surprises would not occur.

### 2011 Top State Concerns:

1. Ability to liquidate collateral (homebuilders)
2. Foreclosure deferment program extension
3. Foreclosure prevention counselor funding
4. Subsidized, unfair competition
5. Expansion of "unfair or deceptive practice"

### Elections:

CBA was a key member of the coalition that was successful in the defeat of three 2010 bad ballot measures, amendments 60 & 61 and Proposition 101. All posed risk to the general economy, but also specific concern to banks' financial statements.

### 2010-11 State Session Highlights:

1. Defeated the **homebuilder** industry's special interest proposal in the first committee hearing, protecting banks' access to collateral. This was the second year in a row CBA defeated this issue.
2. Supported the continuance of the successful **foreclosure deferment program** assisting banks and homeowners in the foreclosure process
3. Supported providing a stable funding mechanism for **foreclosure prevention counselors**, however once the bill was drastically amended, CBA opposed the altered bill and suggested parties work toward finding a solution out of session
4. Discouraged the creation of two highly flawed, **public utility-subsidized, energy efficiency financing** programs. CBA instead is working to find solutions out of session.
5. Quickly killed a bill that would have lowered the threshold for a court to determine an **unfair or deceptive practice**, opening up huge litigation risk for banks and businesses.

### Session Summary:

CBA's broad expertise and wide range of banker volunteers allows us to keep every aspect of your business protected.

### 2011 State Issues CBA Encountered

Agriculture/Water Bills	Government Fee Transparency	Liens – subcontractors
ATM Usage	Government Red Tape	Liens – Taxes
Ballot initiative process	Homeowners insurance	Manufacture
Bank Fee Restrictions	HR - employee health insurance coverage	Mechanics lien
Business personal property tax	HR - unemployment benefits	Medical marijuana
Collateral protection	ID requirements	Outsourcing
Collective Bargaining	ID Theft	Paycheck Bounce, NSF
Congressional redistricting	Illegal Immigration	Payday Lending
Construction Prompt Pay	Insurance	Regulatory Oversight
Consumer credit information usage	Lending – Ag	Residential improvements
Consumer credit laws	Lending – clean energy	Small Business Credit Availability
Data Security Liability	Lending - Construction	State budget
Deadly force business intruders	Lending – CRE	Sunrise process
Debt collection	Lending – manufactured homes	Taxes & Tax Liens
Economic development	Lending – Motor Vehicles	Tort Reform
Foreclosure Deferment	Lending - Residential Real Estate	Trusts
Foreclosure Prevention Counseling	Lending C&I	Unemployment Insurance
Foreclosure Restrictions/Requirements	Licensure	Unfair Competition – Government
Government efficiency	Liens – HOA	Unfair Competition - Utilities
	Liens – mechanics	Workers' Compensation

## State Level Access and Outreach

In 2010 - 11 CBA continued to provide members with unparalleled access to legislators:

- **Private Daily lunches** between CBA, members and their legislators. Answer each other's questions, get to know them on a personal basis and make sure they understand our concerns.
- **Annual Legislative Luncheon** - 44 elected officials and 100 bankers attended.

2011 State Legislators	
CBA lobbied throughout Session	100%
Attended CBA event with members	62%
Attended CBA lunch with local members (annual luncheon, banker/legislator lunches)	44%

### State Level Advocacy – By the Numbers

3	Action Alerts
1	* Call Request
1138	Letters
# of Calls Unknown/Untracked	

In 2010 - 11 bankers took advantage of CBA's access to public officials and addressed the broad concerns about our industry directly. **Face-to-face meetings**, advocacy letters generated from **Action Alerts**, and **direct calls** to their offices helped our industry to avoid the misguided proposals facing other states.

\*We intentionally minimize direct call requests in order to maintain their effectiveness.

## Federal Level Results

The industry's focus throughout 2010-2011 surrounded the implementation of the **2319 page Dodd Frank Act (DFA)**. While most parties agreed reform was necessary in 2009-10, 2010-11 saw government, banks and regulators allocate a significant amount of DFA-related human capital. Regulators created over **230 new rules**. Congress spent months debating the fixes including the oversight structure of the new CFPB, and the failed debit card interchange fix. Bankers spent countless hours shifting business models, eliminating/shifting costs, and educating customers – all while attempting to understand what the industry will look like in 5 years.

### Top 5 2010-11 Federal Issues

1. Dodd Frank Act
2. Tester/Corker Amendment
3. Accounting Standards Oversight
4. Regulatory Overreaction Solutions
5. Credit Union MBL Expansion

**While the final Dodd Frank Act was far from acceptable, the industry was able to address some important concerns before its July 21<sup>st</sup>, 2010 adoption:**

### Regulatory Reform NOTABLE SUCCESSES

- Defeated bankruptcy cramdown
- Narrowed scope of CFPB from WH version
- Eliminated plain vanilla product mandates
- Protected supervisory authority of the Fed
- Preserved bank fees
- Secured accounting standards oversight in House version
- Strengthened too big to fail in the Senate version
- Protected political autonomy of the Fed
- Preserved dual banking system
- Preserved Thrift Charter
- Reinstated the "Barnett" federal preemption standards
- Blocked ability to regulate interest rates on state level
- Blocked Glass-Steagal like separations
- Obtained improvements to the risk retention provisions on mortgage loans
- Blocked burdensome bankruptcy provisions
- Secured ability for banks to pay interest on business checking accounts
- Secured a definition of "abusive" actions in House version
- Eliminated unnecessary reporting burdens regarding ATM usage
- Reduced or eliminated numerous compensation mandates

## Tester/Corker Amendment (Interchange)

Within 47 meetings/calls throughout the year, CBA along with Colorado bankers educated the two Colorado U.S. Senators on the impact the debit card interchange fee cap would have on bank customers, small businesses, Colorado communities – especially rural and lower income – and on bank employees and shareholders. Our efforts led Sen. Bennet deciding to co-sponsor the fix. 6 of 7 of Colorado’s Congressional Representatives signed on as a co-sponsor to the House version of the fix-it amendment.

### Coalition Building

CBA established a coalition of local groups supporting the Tester Corker amendment including the **Colorado Association of Commerce and Industry, Denver Metro Chamber, the Black, Hispanic, Womens’, Asian, Native American chambers, Colorado Concern...**

### Notable Actions from CO CO Members of Congress

✓ Sen. Bennet Co-sponsorship of Tester/Corker Interchange fix amendment	✓ Rep. Perlmutter sponsorship of Accounting Standards Oversight Bill	✓ Reps. Tipton, Coffman, Gardner co-sponsorship of Perlmutter’s Amortization Bill
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## Dodd Frank Task Force

In January of 2011, CBA’s Dodd Frank Task Force began reviewing the specific rules being proposed as a result of the 2010 legislation. The Task Force’s goal is to provide CBA with the guidance and direction regarding the different rules and identify concerns that should be addressed through comment letter or banker involvement.

### CBA Dodd Frank Task Force

Topics Reviewed	Resources Created	Comment Letters Issued
19	9	2

## Access & Outreach

CBA gives bankers an elevated voice to reach our Members of Congress and encourage change. Colorado has great access to shape national banking policy – Sen. Bennet on the Banking Committee, Rep. Perlmutter on House Financial Services Committee, Rep. DeGette in Democratic leadership. In 2010-11 CBA’s strong relationships gave the banking community direct opportunities you can’t get anywhere else.

## Forward Thinking

In addition to our frequent meetings with the Governor, Cabinet members, Members of Congress and other key decision makers, CBA has unique access to future key decision makers. **We recently met with Elizabeth Vale, Deputy Director CFPB. We also plan to host a bank meeting with the Director of CFPB once the individual has been appointed.**

## 2010 - 11 Banker Advocacy (Federal)

Knowing your time is valuable, CBA mobilizes grassroots activism on a highly selective basis. In 2010-11 CBA asked bankers to contact public officials on 5 occasions representing 3 different issues. The debit interchange cap resulted in 80% of the activity generated by bankers over the past year.

## Congressional Communications

	Meetings w/ CBA Bankers		
	Formal Calls	CO	DC
<b>Bennet</b>	24	3	4
<b>Udall</b>	12	1	3
<b>DeGette</b>	3	2	2
<b>Polis</b>	3	1	2
<b>Tipton/Salazar</b>	4	2	3
<b>Gardner/Markey</b>	4	3	5
<b>Lamborn</b>	4	1	3
<b>Coffman</b>	4	2	3
<b>Perlmutter</b>	19	4	4
<b>Total</b>	<b>77</b>	<b>21</b>	<b>29</b>
<b>Total Communication: 127</b>			

## Federal Level Advocacy – By the Numbers

5	Action Alerts
4	Call Request
3	Positions Advocated

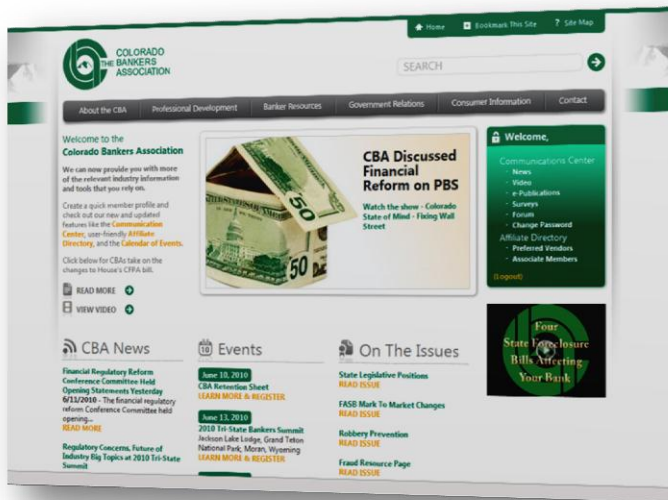
Colorado bankers utilized CBA's quick and efficient methods of activist communication, and generated record amounts of correspondence into our Congressional Delegation's offices.

## CBA Communication/Information/Resources

As the representative voice of 90% of the Colorado banking industry's assets, CBA takes the role of educating the public and providing industry resources seriously. 2010-11 was a time when resentment of banks nationally was at an all time high and consumer trust had dropped. CBA met the heightened attention with increased public visibility, increased resources for bankers, and proactive media education. Education and engagement focused at the local level produced dividends.

### Banker Outreach

**Website:** CBA's website organizes all CBA resources, opportunities and communication into one convenient space for members...



### 2011 ColoradoBankers.org

273	Newsbytes
4	New Federal Issue Pages
6	New State Issue Pages
1	Regulatory Issue Pages
73	CBA Info Documents
5	Videos
5	Action Alerts
6	CBA Special Updates
6	Magazines produced
2286	Magazine distribution per issue

**Informational Resources:** Our industry is undergoing the most dramatic regulatory and structural changes in the past 80 years. CBA provided members with helpful talking points, position papers, stats and analysis that are meant to save you time, and educate your employees & customers.

### CBA Resources Created on the Dodd Frank Act

FDIC New resolution authority	Appraisal Management Companies	Interchange summary
Municipal advisor rule	Interchange comment letter	Interchange effect on small businesses
Risk retention	Ability to repay comment letter	Dodd Frank - Impact on Customers
Ability to repay	Dodd Frank Pricing and Cost summary	Dodd Frank Act Executive Summary

**Fraud & Robbery Prevention Summit:** CBA organized a special ½ day seminar to give members strong materials and up-to-date advice on the two most prolific financial crimes occurring today. The seminar focused on bringing in experts to address bankers and law enforcement under the same roof. 60 plus bankers and law enforcement officials attended the half day event with speakers from the FBI and Colorado Bureau of Investigation, discussing topics from Robbery Prevention to Mortgage Fraud to Corporate Identity Theft.

**Educational Offerings – 3<sup>rd</sup> Party:** Through six different 3<sup>rd</sup> party providers, CBA makes 110 different education/training courses available to Colorado bankers per year. They range in format from 10 week college-esque online courses to full day seminars, to multi-hour long webinars. Events are posted at the [Coloradobankers.org](http://Coloradobankers.org) calendar, and reminders are given once a week in CBA's *Education* correspondence.



### Graduate School of Banking at Colorado

The CBA-founded Graduate School of Banking Colorado (GSBC) attracted **372 students** for their 2010 summer session – **66 of which came from Colorado**. GSBC remains the premier community banking school out of the graduate banking schools in the U.S.



### Public/Community/Media Outreach

**Community Outreach:** Educating and clearing up misconceptions is valuable to our industry's local reputation and helps develop good relationships with public officials. CBA spoke directly to businesses, legislators and concerned citizens throughout Colorado and assisted bankers with resources and research.

Noteworthy CBA Presentation Groups	
✓	Snell Wilmer Business Group
✓	Colorado County Treasurers
✓	Investor Roundtable
✓	Turnaround Management Association
✓	Many Others

**Proactive Media Engagement:** CBA discussed federal issues such as interchange, and local issues such as bank closures with numerous editorial boards or editors of papers throughout Colorado. CBA ran opinion editorials and Letters to the Editor in 13 newspapers on three different issues, and conducted 153 interviews. Only two stories contained CBA content that turned out less than satisfactory.

### Media Engagement on Behalf of Banks:

**Media Shielding:** CBA answered the tough media questions that aren't in your interest to engage in. We help educate your reporters and your editors to promote responsible, informed coverage. **CBA's reputable media relationships can be a huge benefit** when your bank needs to get a message out, and saves you headaches before they begin.

### CBA Message Outreach By the Numbers (7/10 – 6/11)

115	Media contacts
3	National media interviews
84	Local stories contributed towards
34	# of Print and TV outlets met with
8	Media inquiries referred to CBA by member banks
2	Assisted member banks with proactive local messaging
25+	Presentations to businesses & consumers

**In 2010-11 CBA fielded 8 stories passed along to us from member banks for CBA to Handle**

**Individualized Messaging:** On four occasions throughout 2010-11, CBA weighed in and helped individual community bank members deliver extremely sensitive messages to their community with success.



## **Products & Services**

### **Affiliate Members**

CBA works with 50 Affiliate Members that offer services ranging from:

- Asset/Risk Management
- Accounting, Audit
- Tax Consulting
- ATM/ Payment Cards
- Bank Operations
- Consulting Services
- Compensation/Retirement Services
- Correspondent Services
- Data Processing
- Fraud Protection
- Human Resources
- Insurance Products & Services
- Law Firms
- Lending Resources
- Resources
- Technology Management
- Training/Education
- Wealth and Trust Management

### **Preferred Vendors**

CBA partners with and endorses 19 preferred vendors each operating in a different line of servicing that banks utilize.

- ABA Travel Money Program
- Ascensus
- BancInsure
- BKD, LLP
- Carreker
- Colman & Company, LLC
- Computer Services, Inc.
- Corporation for American Banking
- Deluxe Financial Services
- Eide Bailly LLP
- Encounter Collaborative
- Fortent
- GlobalVision Systems
- Office Depot
- SEI US
- TriNet
- UVeritech
- ValueCheck
- Xerox



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## 2010-2012 CBA Leadership

### CBA Officers:

2009/10 & 2010/11 Chairman: Ed Sauer – The Bank at Broadmoor  
 2010-11 Chairman Elect: Keith Dickelman – Bank of the West  
 Treasurer: Bruce Alexander – Vectra Bank Colorado  
 2011-12 Treasurer: Koger Propst – FirstBank s  
 Past Chair: Dave Baker – FirstBank Holding Company  
 President: Don Childears– CBA (Non– Voting)

### CBA Board of Directors:

Mark Bower– Home State Bank  
 Nathan Christian– Wells Fargo  
 Mark Driscoll– First National Bank  
 Kevin Erickson– Summit Bank and Trust  
 Jonathan Fox – Fowler State Bank  
 David Kelly– FirstBank of Colorado  
 Robert Likos– Bank of America  
 Todd Munson– JPMorgan Chase  
 Bob Ostertag– Colorado Business Bank  
 Koger Propst– FirstBank of Colorado  
 Michael Robinson– Bank of the West  
 Hassan Salem– US Bank  
 Jeff Schmitz– Citywide Banks  
 Vance Wagner– American National Bank  
 Craig Walker– First State Bank of Colorado  
 Margo Young-Gardey– Alpine Bank

### Experienced, Dedicated Staff:

**Don Childears**– CBA President/CEO – serving CBA since 1975  
**Jenifer Waller**– CBA Sr. Vice President – bank and bank regulatory experience since 1987  
**Amanda Rogowski**– CBA Director of Marketing – with CBA since 2000  
**Tim Powers**– CBA Director of Communications – with CBA since 2005  
**Rachel Robles-Lopez** – Executive Assistant – Since 2011  
**Craig Umbaugh**– Hogan & Hartson, CBA Legal Counsel since 1989  
**Melanie Layton, Jim Cole, & Garin Vorthmann**– CBA Lobbyists – since 1982  
**Margie Mellenbruch**– Accountant

## CBA 2010 - 11 Scorecard

<b>Membership</b>	90% of Branches and Assets in CO	<b>Special Free Summits on Hot Topic Issues</b>	● 80+ Attended Fraud & Robbery Summit
<b>Board Members</b>	20	<b>Electronic Information Updates</b>	1 Update/Day on Website, 1 Update/Week with Email
<b>Banker Volunteers on Committees</b>	140+	<b>Magazines</b>	1 (6 Issues/Year)
<b>Bankers Appointed to Business or Government Task Forces</b>	Dozens	<b>Education Updates</b>	Average 1/Week Online
<b>Employees</b>	5	<b>Total Education Programs</b>	Average 10+/Month
<b>Bills Worked in 2010 Legislature</b>	150+	<b>Banking Surveys</b>	● Colorado Bank Regulatory Issues Survey ● 2010 DFA Impact +2 others
<b>Colorado Lobbying Success Ratio</b>	99%	<b>Media Interviews</b>	115
<b>CO Members of Congress Met with CBA on Current Issues</b>	100% - and often	<b>Public Presentations on Financial Turmoil</b>	25+ presentations; hundreds of attendees
<b>Times CO Members of Congress Were Formally Contacted by CBA</b>	127	<b>Students at GSBC</b>	372; 66 from CO
<b>Legislators to Lunch at CBA with Bankers</b>	14 of the 100 in 2011		
<b>Bankers at CBA Lunches with Legislators</b>	44 in 2011		
<b>Attendance at Annual Legislative Luncheon</b>	144		