Under attack and pushing back. That’s the summary of banking this past year. Whether it is mountains of new constricting federal regulations, proposed expansions for subsidized competitors (credit unions), stifling foreclosure bills, proposed ballot initiatives for a state owned bank, federal court review of our foreclosure law, or any number of other subjects, banks are under the gun. CBA is here to push back. And we’ve done so with remarkable success. And we’ll keep doing so.

It has been and will be another year full of challenge for our industry. Despite good success in the 2013 Colorado Legislature, 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 and the rules rolling out of CFPB put on banks is distressing.

If banking is not heard it will be trampled, so CBA focuses on advocacy. We try to outwork and outthink adversaries. In short, we act ethically, work smart and work hard – to produce sustained excellence. In the West, “if you don't make dust, you eat dust.” CBA creates dust by pressure relentlessly applied. We take our role of being your advocate very seriously.

We are proud to enjoy a reputation for being good at advocacy: a strong track record in state legislative matters, and national recognition as a creative leader on DFA, Basel III, regulatory burden, Regulatory Feedback Initiative among others. We resourcefully defend banks in general about key issues including foreclosures and small business lending and initiate efforts like our web site addressing small business lending (www.SmallBizLending.org). We’ve added to our information services for bankers (www.ColoradoBankers.org) and our education for bankers, ranging from the American Institute of Banking and seminars on key current topics to the CBA-founded and sponsored Graduate School of Banking at Colorado (www.GSBcolorado.org). This year we introduced Compliance Alliance (www.ComplianceAlliance.com) to provide voluminous resources for bank compliance. To enhance banking’s advocacy effort, we created and launched the Center for Bank Advocacy: a training practicum – to develop skilled banking advocates.

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. We strive to deliver key services to help you survive and thrive in this hostile environment. But most of all, our commitment to our member banks is unwavering.
CBA’s advocacy on your behalf involves both government relations and public relations. In government relations our roles are to:

- protect banks from many attacks
- advocate new opportunities for banks
- inform members about issues and results
- elect better public officials
- block bad ballot initiatives
- increase banker involvement
- build better relationships with public officials
- oppose unnecessary redundant or excessively burdensome legislation and regulation and
- work proactively and positively with legislators, regulators, advocacy groups and others to produce efficient, effective results.

**State Government Relations**

- Our Colorado priorities remained on playing defense to block bad legislation.
- **143 bills** were monitored/tracked/lobbied with 100% success rate in 2013.
- We resoundingly defeated a very damaging foreclosure bill in the legislature by a 10-1 vote.
- CBA amended numerous bills to protect lenders’ lien priority.
- We also were in new venues. At the Title Board and in the Supreme Court, we worked to block five ballot initiatives in 2012 (foreclosures, state bank) and the state-owned bank initiative in 2013.
- That ballot initiative would have used all state tax and other revenues and state assets to create a state-owned bank.
- CBA was in court to protect key banking laws that were under attack including representations of authority by public entities and construction defects protection for lenders as well as homeowners.
- The foreclosure “due process” challenges in U.S. District court need to be resolved soon. CBA is confident the Colorado law provides due process; we are frustrated by the added legal actions, PR problems and legislative challenges it has spawned.
- We represented banking interests on numerous state-wide task forces (Elder Abuse, Amendment 64 (marijuana) Implementation Task Force Tax/Funding and Civil Law Working Group, and Wildfire).
- Bankers dined and discussed current issues with 51 of the 100 state legislators in 2013, during weekly private lunches and board dinners and at CBA’s annual Legislative Luncheon.
Federal Government Relations

- A few simple words constitute CBA’s priorities at the federal level: regulation/compliance, capital and competition. The specific issues include Basel III, regulatory pressure, QM and QRM and related regulations, disparate impact, overdraft revenue and TBTF. These issues impact the economy and banks and we are pressing Members of Congress on these and others including exam appeals, credit union member business loans, privacy notices, pressures pushing bank consolidation and Freddie and Fannie reform.

- CBA organized early and strong opposition to the Basel III capital proposals: wrote a 15-page CBA comment letter (9,200 words, 19 separate issues); orchestrated the first letter to regulators from an entire Congressional delegation (later copied by 17 other states); urged Colorado bankers to provide comments to regulators (and hundreds did); obtained opposition from many other business groups due to the impact we explained it would have on them. We expect movement in June/July but there appear to be continuing differences between regulators. In Congress, we are promoting the “stop and study” bill to block implementation of Basel III until further study of its consequences.

- CBA is studying the impact of various DFA rules on the economy and bank customers and collecting real examples – to bolster our arguments to provide relief from excess regulation.

- Banks are struggling under QM & QRM: rules, policies/procedures, origination system changes, training, audits, loan officer compensation… The Mortgage Bankers Association estimates huge negative impact on customers’ ability to qualify for mortgages under various QM & QRM scenarios.

- CFPB’s Ability-to-Repay rule runs directly into HUD’s fair housing mandate under their “disparate impact” view. We’re voicing concerns about compliance with ability to pay causing noncompliance on prohibited discrimination.

- CBA initiated several lengthy meetings with Senator Mark Udall who previously sponsored credit union member business loan expansion legislation in order to discourage him from doing so again. He did so anyway.

- We spearheaded the national Regulatory Feedback Initiative to gather survey information about the examination process. It was tailored in 2011 after the original Colorado Bank Regulatory Issues Survey created by CBA in 2008. More than 1,700 surveys have been completed nationwide (more than 25% of all banks in U.S. have responded). CBA is leading enhancements like “flash surveys” on hot topics.

- CBA met with or formally contacted our Colorado Members of Congress 12-19 times for each of our nine Members of Congress in 2012-13 on topics including: DFA regulations, CFPB, regulatory burden, Basel III, banking marijuana businesses, credit union member business loans and bank examinations.

- CBA established a coalition of local groups to help in opposing Basel III including the Colorado Association of Commerce and Industry, Denver Metro Chamber of Commerce, Colorado Concern, Colorado Competitive Council and others

- Since January 2011, CBA’s Dodd Frank Task Force has reviewed the specific rules being proposed as a result of the 2010 legislation. Its goal is to provide Colorado banks with guidance regarding various rules and identify concerns that should be addressed through comment letter or banker involvement.
Government Relations – Other

- The Center for Bank Advocacy: A Training Practicum – an inaugural class of 11 enthusiastic participants from banks of varying size. We launched this year-long leadership program this January, dedicated exclusively to creating better advocates among bankers. Participants complete numerous sessions and attend various banker meetings, legislative hearings and a trip to Washington, D.C. Speakers have included: Former Speakers of the House Terrance Carroll and Frank McNulty, Deputy Attorney General David Blake and prominent business lobbyists and PR consultants.
- We are focused on educating Members of Congress with an in-bank “Take Your Congressman to Work Day” and a state legislator counterpart. Curriculum will include overviews, problems for customers, financial statements, loan underwriting (various kinds of loans), regulatory restrictions/requirements and especially compliance. Messages will include Basel III hurts banks’ ability to finance small business and nonbanks caused the meltdown for which banks are wrongly being blamed – and punished.
- CBA is planning the next 18 months of proactive and reactive advocacy at the state and federal levels, and in legislation, regulation, ballot initiatives, courts, public perceptions and election campaigns.

Public Relations and Information Services

- CBA’s public relations roles are to continue to: proactively and assertively defend and explain banking discuss with media inquiries for the industry and maintain relationships with media and desirable partner organizations.
- As the representative voice of more than 90% of the Colorado banking industry’s assets, CBA takes seriously the role of educating the public and providing the industry with resources. 2012-13 was a time when unfounded resentment of banks continued and consumer trust had dropped. CBA met the heightened attention with increased public education, amplified resources for bankers and proactive media education.
- We launched a new CBA www.ColoradoBankers.org website with database connectivity, allowing CBA members additional access and information. Traffic to the site has increased 27% since its end of January launch, and our letter-generating system for government relations has been enhanced.
- 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 continued promotion of www.SmallBizLending.org, launched in 2012. We are growing partnerships and social media visibility, as well as maintaining strong readership of the bi-monthly newsletter. Twitter followers have increased more than 30% since January 1.
- CBA is a sought-after resource for local and national journalists and is regularly quoted or mentioned in news coverage. That’s part of our role to explain banking.
- We posted at least two news updates daily on the CBA website as well as regular posts on Twitter.
- The CBA weekly newsletter was revamped to include a more thorough recap of the week’s news and details on information important to CBA members.
- We rebuilt www.Financialinfo.org, a CBA site to keep consumers financially savvy, and increased its traffic.
• Several times in 2012-13 CBA on request helped individual community banks deliver extremely sensitive messages to their community with success. CBA answered tough media questions that aren’t in a bank’s interest to handle. 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 is planning an initiative, dubbed “Amplify,” designed to enhance the industry’s PR and grassroots efforts and results.
• Dozens of presentations were made by CBA on the banking industry with hundreds of attendees.
• We are exploring installing video conferencing at CBA so we can facilitate communications for meetings, seminars, and group discussions.

Educational Programs and Annual Meeting
• CBA hosted 250+ attendees at the 2012 Tri-State (CO, WY, MT) Meeting in Denver, which included 3 days of events and educational programming.
• We supported 10 education programs per month on average.
• CBA started a bi-monthly breakfast series, including topics on Mortgage Lending and QM & QRM.
• We held several special programs throughout the year, including how Basel III hurts banks, home buyers, small businesses and the economy and a fraud and robbery seminar for over 75 bankers and law enforcement individuals.
• The 2013 CBA annual meeting has been revamped to focus on issues key to Colorado bankers. More than 150 attendees will hear 24 speakers cover 18 topics in one and a half days.
• CBA’s various training courses range in format from 10 week college-esque online courses to full day seminars, to multi-hour long webinars. Events are posted at the www.ColoradoBankers.org calendar and reminders are given often in CBA’s Education correspondence.
• CBA hosted the Small Biz Lending Forum, including a chat with Governor Hickenlooper.
• CBA is adding programs and will provide an advance schedule of live and broadcast sessions. This will be supplemented with briefing “white papers” documents and videos.

Graduate School of Banking at Colorado
• The CBA-founded and sponsored Graduate School of Banking at Colorado (www.GSBcolorado.org) attracted 427 students for its 2012 summer session – with 465 registered for 2013 as of May 20, 2013. GSBC remains the premier community banking school in the U.S.
Compliance Alliance
- Designed to be the extra set of hands for your compliance department, Compliance Alliance provides the necessary tools and resources your bank needs. (www.ComplianceAlliance.com)

Membership and Organization
- CBA represents 90% of bank employees, branches and assets in Colorado.
- We added 7 new members this year – with ongoing efforts to increase that.
- We have more than 100 volunteer decision-makers.
- CBA operates with 5 staff members.

Finances
- CBA has a healthy balance sheet reflecting member equity of $1.7 million.
- Despite unexpected expenses fighting court battles and ballot initiatives, we anticipate ending 2012-13 at breakeven.

Affiliate Members
CBA works with a number of Affiliate Members that offer services ranging from:
- Asset/Risk Management
- Accounting, Audit
- Tax Consulting
- ATM and 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
- Risk and Compliance
- Technology Management
- Training/Education
- Wealth and Trust Management

Preferred Vendors
CBA partners with and endorses 18 preferred vendors each operating in a different line of servicing that banks utilize.
- Affiniscape
- Ascensus
- BKD, LLP
- Carreker
- Compliance Alliance
- Computer Services, Inc.
- Corporation for American Banking
- Eide Bailly LLP
- Encounter Collaborative
- Everfi
- GlobalVision Systems
- Office Depot
- Pentegra
- REO Deedwagon
- TriNet
- ValueCheck
- Xerox
CBA Leadership
CBA Officers:
2012-13 Chairman: Bruce Alexander – Vectra Bank Colorado
2012-13 Chairman Elect and 2013-14 Chairman: Koger Propst – Sturm Financial Group, ANB Bank
2012-13 Treasurer and 2013-14 Chairman Elect: Jeff Schmitz – Citywide Banks
2013-14 Treasurer: Mark Bower – Home State Bank
2012-13 Past Chair: Keith Dickelman – Home State Bank
2012-13 President/CEO: Don Childears – CBA (Non-voting)

CBA Board of Directors:
Chad Adams – Adams Bank & Trust
Bruce Alexander – Vectra Bank
Jim Basey – Centennial Bank
Mark Bower – Home State Bank
Nathan Christian – Wells Fargo
Keith Dickelman – Home State Bank
Mark Driscoll – First National Bank
Jonathan Fox – Fowler State Bank
Michael Hobbs – Guaranty Bank
David Kelly – FirstBank of Colorado
Michael League – Five Star Bank - AFBA
Robert Likos – Bank of America
Todd Munson – JPMorgan Chase
Bob Ostertag – Colorado Business Bank
Stuart Pattison – Colorado Community Bank
Koger Propst – Sturm Financial Group, ANB Bank
Michael Robinson – Bank of the West
Hassan Salem – US Bank
Jeff Schmitz – Citywide Banks
Bill Sullivan – Colorado State Bank and Trust
Craig Walker – First State Bank of Colorado
Margo Young-Gardey – Alpine Bank

CBA has enhanced its Board composition with new members starting in summer 2013 and is focused on getting more women and minorities involved.

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
Amanda Averch – CBA Director of Communications – with CBA since 2012
Fritz Mackey – Executive Assistant – with CBA Since 2012
Craig Umbaugh – Hogan Lovells, CBA Legal Counsel since 1989
Margie Mellenbruch – Accountant
## CBA Scorecard

CBA provides this simple scorecard to highlight what CBA does for the industry.

<table>
<thead>
<tr>
<th>Membership</th>
<th>90%+ of Employees, Branches and Assets in CO</th>
<th>Recent examples of hot topic programs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>• 60+ – Fraud/Robbery</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• 50+ – Small Business Lending</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• 150+ – QM Seminar</td>
</tr>
<tr>
<td>Board Members</td>
<td>23</td>
<td>Information Updates</td>
</tr>
<tr>
<td>Banker volunteers on Committees</td>
<td>50+</td>
<td>Magazines</td>
</tr>
<tr>
<td>CBA bankers appointed to Business or Government Task Forces</td>
<td>Dozens</td>
<td>Attendance at Annual Legislative Luncheon</td>
</tr>
<tr>
<td>Employees</td>
<td>5</td>
<td>Annual Meeting attendance</td>
</tr>
<tr>
<td>Bills worked in 2013 Legislature</td>
<td>143</td>
<td>Education Updates</td>
</tr>
<tr>
<td>Colorado Lobbying success ratio</td>
<td>100%</td>
<td>Total Education Programs</td>
</tr>
<tr>
<td>CO Members of Congress met with CBA on current issues</td>
<td>100% – and often</td>
<td>Examples: CBA estimates of banking’s impact</td>
</tr>
<tr>
<td>Times CO Members of Congress were formally contacted by CBA</td>
<td>134 (for 9 Members of Congress from CO)</td>
<td>Media Interviews</td>
</tr>
<tr>
<td>Discussions with Senior Federal Banking Regulators (Fed Governors, FDIC V-Chair, CFPB Deputy Director…)</td>
<td>9</td>
<td>Public presentations on financial turmoil and condition</td>
</tr>
<tr>
<td>Legislators to lunch at CBA with Bankers</td>
<td>11 key leaders</td>
<td>Sales in four months for CBA’s new compliance service: Compliance Alliance</td>
</tr>
<tr>
<td>Bankers to lunch at CBA with Legislators</td>
<td>70</td>
<td>Banks responding to CBA-created Regulatory Feedback Initiative (national survey based on CBA’s previous work)</td>
</tr>
<tr>
<td>State Task Forces where CBA represents CO banking</td>
<td>3</td>
<td>Students at CBA’s Graduate School of Banking at Colorado</td>
</tr>
<tr>
<td>CBA Dodd/Frank Act explanation</td>
<td>45 pgs., copied by dozens of associations nationwide</td>
<td>CBA annual budget</td>
</tr>
<tr>
<td>CBA’s Basel III comment letter</td>
<td>15 pages, 9,200 words, 19 separate issues</td>
<td>CBA net worth</td>
</tr>
</tbody>
</table>

**ROI** – CBA has been told that out of the countless investments a bank makes, the ROI from CBA greatly exceeds all others. We believe that’s because CBA produces results – for banks.