



# 2013 YEAR IN REVIEW

One Mission. Wisconsin Community Banks.



# 2013 CBW Year in Review



**Stan Leedle**  
Choice Bank  
Oshkosh  
CBW Chairman

**B**rick upon brick, CBW continued to build a strong foundation for our local, independent community banks. Why is our CBW mission so important? The fact is Wisconsin community banks play a key role in local economic development projects and job creation through our focus on serving the financial needs of local families, businesses and farmers. According to a recent FDIC report community banks provide 46 percent of small business loans, 35 percent of commercial real estate loans, 66 percent of farm lending and 16 percent of residential mortgage loans.

Thanks to your efforts and our ICBA partnership, CBW successfully advocated in our state and national capitals for issues important to community banks. While CBW and ICBA staff play a tremendous role in our advocacy, nothing gets our elected leaders' attention more than the concerted efforts of many individual community bankers. This past year nearly 1,000 community bankers including several CBW members gathered in Washington for the annual ICBA Washington Policy Summit. CBW members met with the Wisconsin congressional delegation and federal financial regulators to discuss top issues affecting our industry.

More than 3,000 community bankers participated in CBW's education and training during 2013. CBW continues to partner with recognized industry experts to provide compliance training and educational programs that were developed specifically for community banks. The primary mission of CBW's education and training is to keep community banks informed and up to date as the banking laws, regulations, and hot topics change the way banks must operate to remain profitable and successful.

Keeping you informed on the latest news and information, CBW published our quarterly Banconomics Report highlighting industry benchmarks, 50 issues of our e-newsletter, *Wisconsin Community Banker Today*, providing weekly updates, calls to action, news briefs, and training opportunities, as well as CBW Legal and Compliance Updates on current issues. Finally our association bi-monthly magazine, *Wisconsin Community Banking News*, provided more in-depth news, interviews and feature stories about the state of the Wisconsin community banking industry.

We can be proud of what our association has accomplished on behalf of our industry last year. Based on CBW's solid foundation of success and with our continued commitment, we look forward with confidence to the year to come.

Stan Leedle  
CBW Chairman



## CBW Executive Committee



*Top row left to right:*

**Jerry O'Connor**  
The National Bank of Waupun  
Chairman Elect

**Fred J. Siemers**  
River Cities Bank  
Wisconsin Rapids  
Vice Chairman

**Paul Hoffmann**  
Monona State Bank  
Past Chairman



*Bottom row left to right:*

**Jim Tubbs**  
State Bank of Cross Plains  
Secretary/Treasurer  
& Past Chairman

**Steve Bell**  
Community State Bank  
of Union Grove  
Past Chairman

**Daryll Lund**  
CBW  
President/CEO

# CBW Regional and ICBA State Directors

## CBW Regional Directors

**NORTHWEST DISTRICT**

**Paul Kohler**, Charter Bank, Eau Claire  
**Tom Armstrong**, First National Bank, Park Falls  
**Jim Loe**, Pioneer Bank of Wisconsin, Ladysmith

**NORTHEAST DISTRICT**

**Marty Reinhart**, Heritage Bank, Marshfield  
**Brad Grant**, Calumet County Bank, Brillion  
**Sue Paoli**, First National Bank of Niagara

**SOUTHWEST DISTRICT**

**Steve Zeman**, Union State Bank, West Salem  
**Mary Bomkamp**, Highland State Bank  
**Doug Martin**, Livingston State Bank

**SOUTHEAST DISTRICT**

**Bill McDonald**, Greenwoods State Bank, Lake Mills  
**Dennis Doyle**, Great Midwest Bank, Brookfield  
**Thomas Oehler**, Peoples Bank, Elkhorn

## ICBA State Directors



**Rick Busch**  
 Royal Bank  
 Gays Mills  
 ICBA State Director

**John Slatky**  
 Bank of Luxemburg  
 ICBA State Director





*Top photo:*  
CBW members meet with House Financial Services Committee member Rep. Sean Duffy (R-WI) as part of the ICBA Washington Policy Summit.

*Bottom photo:*  
CBW President and CEO Daryll Lund and CBW Chairman Paul Hoffmann, Monona State Bank, testifying at a hearing in Madison.

## Advocacy

Wisconsin community banks have fought hard to earn a sterling reputation for outstanding customer service, smart banking practices and commitment to their communities. This past year, the community banking industry continued to fight for fair and equitable financial regulations and relief from unnecessarily burdensome policies. CBW is the exclusive advocacy voice for community banking in Madison and works in close partnership with ICBA on critical issues in Washington D.C.

Among the top advocacy priorities in Madison were advancing CBW-introduced bills to raise coverage levels under the public deposit guarantee program, and expanding the liability protections for bank subsidiaries. In addition, CBW supported a bill to modify various administrative rules at the Department of Financial Institutions.

At the federal level, CBW worked in partnership with ICBA to address critical issues such as stopping expanded credit union business-lending powers, raising the Securities and Exchange Commission registration threshold, modifying and delaying the Basel III capital rules, and ensuring relief from new mortgage regulations.

*The following is a summary of the key issues addressed by CBW and ICBA.*

### Basel III Capital Rules

The final Basel III capital rules, approved by the federal banking agencies included a number of ICBA-CBW advocated changes. Included within these changes are allowing banks to continue using the Basel I risk weights for residential mortgages, having the option not to include accumulated other comprehensive income (AOCI) as regulatory capital and allowing bank holding companies to continue including the proceeds from trust-preferred securities as regulatory capital.



### Qualified Mortgage Rule Makes Special Accommodations for Community Banks

The Consumer Financial Protection Bureau's final "ability to repay/qualified mortgage" rule, makes significant accommodations for community banks. The rule provides a compliance safe harbor for loans meeting the definition of "qualified mortgage" and includes within this safe harbor balloon mortgage loans originated and held in portfolio by small creditors serving predominantly rural or underserved areas as well as creating a two-year transition period during which balloon loans made by "non-rural" small creditors can obtain QM status.

### Municipal Advisor Rule Exempts Traditional Banking Products and Services

In a victory for the CBW supported, ICBA Plan for Prosperity, the Securities and Exchange Commission approved a final rule that exempts banks that provide only traditional banking services to municipal customers from registration as municipal advisors under the Dodd-Frank Act.

# Membership



Commercial Bank, Whitewater Board of Directors accept Community Bankers of Wisconsin's 100th Anniversary year award.

## CBW Community Bank Members

Wisconsin community banks employ over 18,000 individuals, hold more than \$74 billion in assets, \$60 billion in deposits and \$50 billion in loans to consumers, small business and the agricultural community.

## CBW Corporate and Associate Members

Nearly 100 companies offer bank-related products/services to community banks. The CBW Associate Member Advisory Council advises CBW on partnership opportunities of interest to CBW members.

## CBW Lifetime Service Awards

CBW initiated a special CBW Lifetime Service Award in 2009, to acknowledge the key role that employees have played in the success of their banks and communities. This award recognizes employees that have served their customers, communities and banks. The service includes employee participation at work and outside of work that benefitted customers and their communities. At this year's annual conference, CBW honored 32 individuals who had at least 30, 40, or 50 years of service to the banking industry.

## 12th Annual CBW Member Appreciation Days

CBW held our 12th Annual Member Appreciation Days in three locations around the state with more than 150 bankers in attendance. The annual events enable members to hear updates on state and national issues and network with peers while allowing CBW the opportunity to say thank you to our members for their support of the association.

## Community Banking Month

Governor Walker declared April as Community Banking Month recognizing that community banks continue a strong tradition of giving back to their communities and aiding in the economic vitality of Wisconsin.



CBW has developed the BOLT program designed to provide an environment where energized and motivated members have opportunities for:

- peer networking,
- educational growth,
- leadership development for the next generation of community bankers.

BOLT's Mission Statement:

**Building Exceptional Leaders  
Through Involvement.**

## Membership *continued*



CBW Member Appreciation Days flag event winners at University Ridge Golf Course.



In the past year CBW has distributed over 4,000 **Go Local** window clings to our member banks to promote local banking, shopping and dining. The window cling reinforces the importance of building and supporting local economies.

## Information

### Wisconsin Community Banking News

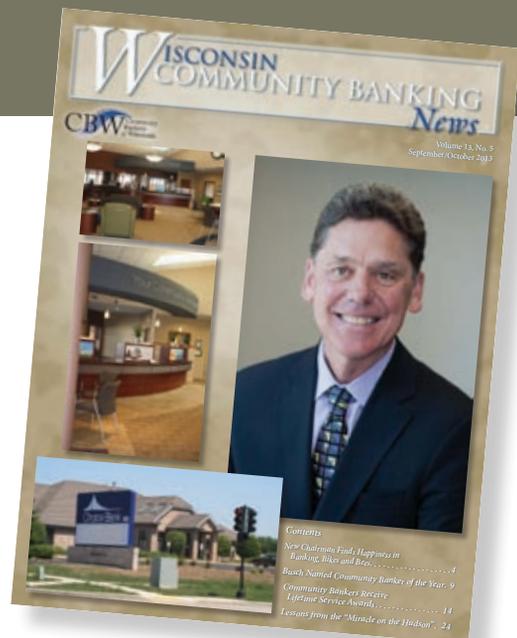
The bi-monthly magazine features association news, community bank profiles, industry trends, regulatory updates, Member Appreciation Days, and conference coverage. In addition, CBW provides timely information through the weekly Wisconsin Community Banker Today e-newsletter.

### CBW Banconomics Report

This quarterly report provides an update on Wisconsin financial and economic trends customized by various asset sizes.

### CBW Legal & Compliance Services Consortium

CBW partners with Godfrey & Kahn to provide members with legal advice on bank compliance, regulatory and other legal questions.



## Profitability

### ATM Access

CBW manages a statewide, non-surcharge ATM network for customers of Wisconsin community banks. ATM Access has also partnered with



Minnesota's In-Balance Network, which gives ATM Access customers over 650 surcharge-free terminals in Wisconsin and Minnesota.

### Community Bankers Financial Services Insurance Agency (CBFS)

Owned by CBW and the Independent Community Bankers of Minnesota, CBFS is a full service insurance agency dedicated exclusively to serving the insurance needs of community banks. CBFS insures over 250 banks in the upper Midwest.

### ICBA Services Network

CBW partners with ICBA to provide a wide variety of financial service products.



## Education



*Left:*  
Bankers enjoyed prize drawings in the exhibit hall at the 2013 annual conference.

*Above:*  
Richard Busch, Royal Bank, Gays Mills, was named 2013 Community Banker of the Year. Presenting the award is CBW Chairman Stan Leedle, CBW Past Chairman Paul Hoffmann, and CBW's Daryl Lund.

### Webinars

CBW provided over 130 educational webinars this year for all bank departments, from frontline employees to senior management and directors. Compliance issues were a main topic in this year's line-up. An estimated 2,500 bankers participated in one or more webinars during 2013.

### Community Bankers for Compliance Program (CBC)

For the eleventh straight year CBW sponsored the Community Bankers for Compliance Program (CBC) in conjunction with Young & Associates. Young & Associates is a nationally recognized compliance consulting firm that specializes in compliance training and consulting for community banks. The purpose of the CBC program is to provide in-depth training in the banking compliance regulations. The program consists of quarterly full-day seminars based on the most recent industry and regulatory developments, access to the Young & Associates toll-free compliance hotline, and a CBC Members Only website hosted by Young & Associates that provides timely compliance information and tools. In 2013 around 90 banks participated in CBC and over 150 bankers attended one or more of the workshops.

### Security Officer Workshop

The CBW annual Security Officer Workshop is designed to provide the mandatory training that is required for the Security Officer and to discuss the current trends and recommended best practices with respect to the crimes involving financial institutions.

The 2013 CBW Security Officer Workshop emphasized best practices and recommended policies and procedures to minimize the potential for loss. This year, in addition to the mandatory training, the workshop conducted a mock security risk assessment, reviewed the latest scams, frauds, crimes, and internal thefts that have resulted in losses to financial institutions in Wisconsin. Over 200 community bankers attended the 2013 CBW Security Officer Workshop.

### CBW Management Conference & Expo

The annual conference is the premier community banking conference in Wisconsin offering timely educational sessions, networking with peers, and the largest bank trade show in the state representing over 65 vendors. A highlight of the conference is always the Community Banker of the Year Award presented to recognize someone who has made an outstanding effort in service to his/her bank, to their community and to the banking profession.