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First Harrison Bank is committed to protecting our customers' money and our shareholders' investment in the bank. We are constantly monitoring announcements about data breaches at various merchants, and putting strategies into place to protect our customers. Recently, due to multiple large data breaches at merchants located in our area, we are asking customers to use their PIN number. Because of this, some merchants have put signs up stating First Harrison Bank is having a problem. Many merchants are making announcements that customers will not be out any money, as if they are taking the loss. I want to address both of these issues.

We are asking customers to use their PIN number to protect them and our bank from additional financial loss. Using your PIN helps verify your identity and reduces the chance of fraud on your card. Some merchants have tried to suggest that our bank has been breached. We have not been breached. The PIN requirement is the best and most safe way to use your debit card. The reason we are at this point today is due to the merchant's data being breached and not the bank's.

Merchants whose systems have been breached are not taking any losses on the fraudulent debit card transactions. Sure, their reputation is hurt, and there is a reputational risk cost, but the dollar amount of the perpetrated fraud is being absorbed by your bank. Most businesses are not being held responsible for any of the financial loss.

We are sorry for any inconvenience this has caused our customers. If merchants were held to the same high standards of protecting customer data that our bank is held, this would not be happening. As long as merchants continue to have their computer systems compromised, there will continue to be inconvenience for bank customers. I would encourage you to ask each merchant how they protect the data they retain.

If you think you have been taken advantage of by one of these fraudsters, please come in to one of our offices and we will gladly get you a new debit card and PIN. Our bank can reissue your card and PIN on the spot. We are here to serve you and protect your financial balances and information.

Sincerely,

A handwritten signature in black ink, appearing to read "W. Harrod", written in a cursive style.

William W. Harrod, President/CEO  
First Harrison Bank