THE
KANSAS BANKER
ISSUE 4 2020

Meet 2020-2021 Chairman
Jonathon Johnson

OFFICIAL PUBLICATION OF KANSAS BANKERS ASSOCIATION | JULY/AUGUST 2020

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ERIC GARRETSON, nbkc bank

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Q&A
With incoming Chairman **Jonathon Johnson**

How did you become a banker? Did you always aspire to be part of the financial industry?

Although I always had a positive view of bankers due to their community involvement where I grew up in Cherryvale, Kansas, banking was not on my career radar. After college graduation I served in the military for several years, then began to search for a job. The father of a good friend of mine, Gary Cotterill, was a local banker and gave me an opportunity to learn the industry.

I started my banking career at the First State Bank of Edna in Cherryvale, working for Gary Cotterill, who has been a wonderful friend and mentor.

To me the banking industry is one of the primary catalysts for the communities we serve, and it is a wonderful industry to be a part of.

Describe your education background. What did you study?

I have a B.S. from Pittsburg State University, and a Master of Divinity from Midwestern Baptist Theological Seminary — probably not the typical education for a banker. Over the years I've had the privilege of rounding out my education in several banking organizations. Furthermore, industry specific courses like the KBA's Ag Lending School and the Graduate School of Banking served to fill the gaps, along with on-the-job experience.

Beekeeping

Are there any specific individuals who had a major impact on your career, and how?

Well, first my dad, Dr. Marvin Johnson, who's now passed away. Dad was a school administrator and I learned the importance of integrity from him. He always told me to do a few things well, not a lot of things. Focus, vision, and compassion were also qualities that he modeled for me.

I had a college professor, Dr. Brian Sperry. He was the proverbial John Wayne kind of guy, with a firm handshake, who looked people in the eye. Mr. Sperry made an impression on me to develop integrity, a good work ethic and compassion for others. He was the kind of man I want to model.

Gary Cotterill was another gentleman I learned a lot from in regards to the banking industry and life. I worked for him twice in my career. He was a wonderful mentor.

The most important role model for my life is my Savior, Jesus Christ, who provides hope and direction for each and every day. From a leadership standpoint, He is the perfect example of a leader with passion, compassion, and clarity.

What is the most rewarding part of your career?

Dealing with people, whether it's staff, customers, or community. I enjoy people. People are the only thing of eternal significance we touch daily.

How has retail banking changed in the last five years?

We've evolved into a more digital environment. Digital platforms really are effective for providing services. As a result, there are many people, especially young people, who never set foot in a branch. That makes it challenging to create a relationship, but people still want that, too. Maybe the best thing we can give our customers is financial guidance and to find a balance between offering digital services while developing trust-based relationships.

What do you think will be some of the dominant trends within the financial industry in the next 5-10 years?

The trend toward digital banking is going to continue. The recent COVID event has

Offering a prayer

accelerated this in many ways as we find that our customers' behavior and desire for less contact has been changed. It will be important for community bankers to offer a balance of products and a conduit for our customer base to reach us in an effective and timely manner. We will continue to struggle to retain and grow our deposit base and will have to look to non-traditional sources for funding needs.

What have been some of the major challenges in creating a balance in customer branch and digital-based transactions?

Banks have to offer digital services, especially with the reality of COVID-19, but people still want to see people. In banking, you must be nimble. Some aspects of banking need less of a human touch than others. You have to position yourself as well as you can and cultivate a "cup half full" attitude.

What is the secret to creating a culture within a banking organization where customer satisfaction is paramount?

As a leader, think about the people as a team consisting of chess pieces, not checker pieces. Everyone achieves more when they work together, yet you have to figure out where each persons' talents and interests are and give them assignments to match. The biggest driver for making everything work is communication and empowerment of staff at all levels. Delegation with authority is imperative for the success of the team. Forward momentum is key and facilitated through our team's mission statement. Our team is diverse, so getting everyone to buy into the culture is challenging. As a leader, one needs to be flexible and work to unify team members. We strive to create a free-flowing team with authority delegated to the frontline staff level.

An important part of leadership is to leave things better than we find them. Core values matter. Our core values drive our culture, which redefines profit. The P stands for people — people are our greatest asset (employees, customers, community members), R — Respect — treat everyone with respect, O — Opportunity — provide opportunity through our culture for everyone to excel, F — Family — family comes first in all that we do, I — Integrity — integrity is all we have — it is priceless and drives every decision that we make, and T — Truth — truth is the basis for trust. Our team members, customers and community must be able to trust our bank. This is what PROFIT means in our culture.

As part of our leader team building process, I ask leaders within the bank to read four leadership books every year. It's a book club, essentially. So far, the books for 2019/2020 are:

1. *Extreme Ownership* by Jocko Willink and Leif Babin
2. *Know What You're FOR* by Jeff Henderson and John C. Maxwell
3. *Who Moved My Cheese?* by Spencer Johnson and Kenneth Blanchard
4. *Good to Great*, by Jim Collins

Getting people to read helps everyone get outside the box when it comes to the way they've been thinking. For example, "Know What You're FOR" offers great lessons because identifying what you're for changes what you do. Young people, in particular, need to identify not just what they want to do, but why they want to do it. Knowing "what" helps you know "why."

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KANSAS BANKERS ASSOCIATION

2020 Economic Outlook and Risk Management Conference

November 4-5
Virtual

Who should attend?

This program is designed for CEOs, CFOs, COOs, Presidents, Investment Managers, Bank Directors, and anyone involved in managing risk for the bank. Recommended for CPE credit.

Program Highlights

- *The 2020 Economy and Beyond*
  Dr. Ed Seifried
- *Leadership in the Era of Digital Transformation*
- *Beyond the Pandemic and After the Election*
- *The One Compass - Coach & the Cowboy*

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What is the biggest impact of being a KBA member? What makes it beneficial?

It's a chance to impact other people. You have the opportunity to work with peers and learn. Also, the association has a collective voice that is more powerful than any single voice. The educational elements of the organization are priceless, along with legal counsel that is industry specific. The KBA is a true friend and safe place for all Kansas bankers.

Are you involved in any civic or charitable organizations?

Yes. Over the years I've had the privilege of serving various organizations throughout the communities in which I've worked. It's important that we invest in others through service. If we are all wrapped up in ourselves, then that makes a small package. I've learned that it's not all about me, and that's one reason, among many, I am honored to serve KBA.

If you look back at your career and life, what would be three things that you have learned and that you would pass onto a younger member within the banking industry?

1. Be slow to speak and quick to listen. Don't burn bridges.

2. Look for a good mentor.

3. Understand that you've never arrived.

What are some professional moments that make you the proudest?

There have been several times during my career when people came together and accomplished great things. Seeing and participating as a team with others is rewarding. Leaving something or someone better than we found them is something I long to do daily.

What is your favorite way to spend your free time? Any unusual hobbies?

I keep bees; buy and sell Harleys; write devotional material; and enjoy physical fitness. We get around 40 gallons of good clover honey every year out of our beehives. Bees are unique and amazing.

I am also a chaplain with Racers for Christ at a local racetrack (Humboldt Speedway).

Tell us about your family.

I have been married to my beautiful wife, Michelle, since 1987. She is a middle school teacher. We have three sons and two grandchildren. One son is a musician, one is on active duty, and one is at Pittsburg State University. My grandson is 4 and my granddaughter is 2.

Harvesting honey

Raising sheep

Graduate School Scholarships

The Kansas Bankers Association is pleased to announce our graduate school scholarship recipients. These Kansas bankers were selected for their demonstrated leadership skills that benefit both their banks and their communities. Since graduate school programs have been cancelled for this year, the scholarships will carry over to the 2021 programs. Congratulations to these outstanding individuals!

FUTURE BANK LEADERS SCHOLARSHIPS

Scholarship recipients to the Graduate School of Banking at Colorado receive $1,460 per year for each year of attendance at the school.

ERICA HASKINS

American State Bank & Trust, Wichita

Erica serves as vice president/director of Treasury Management, where she leads the bank in Treasury sales and support as well as directing the daily operations of all Treasury support staff. She is active in the community and is currently a member of the Wichita Business Journal's Emerging Leaders class of 2020.

ERIK GAEDE

First State Bank, Hoxie

Erik began his banking career in Kansas City before moving back to Western Kansas and joining The First State Bank as a vice president and loan officer. He has completed the Schools of Banking's Commercial Lending School, Agricultural Lending School and, most recently, the Advanced School of Banking.

PROCHNOW EDUCATIONAL FOUNDATION SCHOLARSHIPS

Scholarship recipients to the Graduate School of Banking at the University of Wisconsin-Madison receive $1,500 per year for each year of attendance at the school.

ANTHONY STONEROCK

Community National Bank, Winfield

Anthony is a vice president and is responsible for a $20 million loan portfolio, review of appraisal documents and loan processes, and originating social media content. He is a graduate of the Schools of Banking's Principles of Commercial Lending School, as well as the Commercial Lending School.

CHASE SPERBER

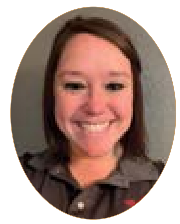
Farmers State Bank, Onaga

Chase began his banking career in 2016, joining Farmers State Bank as a loan officer in 2019. He has attended the Schools of Banking's School of Lending Principles, Relationship and Business Development School and Advanced School of Banking.

ADVANCED SCHOOL OF BANKING SCHOLARSHIP

KAYCIE SCHILLING

FNB Bank, Goodland



Kaycie began her banking career at FNB in credit review and then accepted a vice president position in lending. She has attended several Schools of Banking programs, including the School of Banking Fundamentals, Bank Compliance School, Agricultural Lending School, Relationship and Business Development School, and Advanced School of Banking.

Kansas Bankers Educational Foundation Scholarships

The Kansas Bankers Association (KBA) is pleased to announce the recipients of seven scholarships awarded by the Kansas Bankers Educational Foundation (KBEF), a 501(c)(3) corporation created and operated by the KBA. Two scholarships have been awarded to children of Kansas bankers who met specified criteria. An additional five scholarships were awarded to recipients who are currently enrolled in one of two Kansas colleges/ universities that offer banking-specific degrees and/or concentrations.

COLLEGE/UNIVERSITY BANKING SCHOLARSHIPS

MARIAH RIPPE

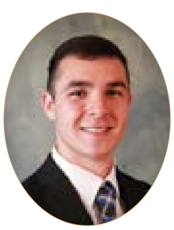
Robbins Banking Institute
Fort Hays State University — $2,000

Mariah is a student majoring in finance with a concentration in banking. Her career goal is to complete her banking degree and become a loan officer or financial officer with a community bank.

OLIVIA ENGLER

Robbins Banking Institute
Fort Hays State University — $2,000

Olivia will be a senior majoring in finance with a banking concentration and will continue graduate studies in finance at Fort Hays State University. Upon obtaining her graduate degree, Olivia plans to seek employment in a rural Kansas community bank.



ETHAN J. WARD

Byron G. Thompson Center for Integrity in Finance and Economics, Benedictine College — $2,000

Ethan will be a senior studying economics and finance. After graduation, he plans to attend law school to study corporate law, after which he will seek employment in a law firm or the banking industry.

JOHNATHAN C. TORGERSON

Byron G. Thompson Center for Integrity in Finance and Economics, Benedictine College — $1,000

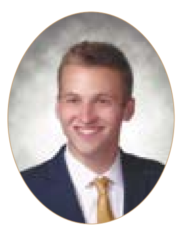
After graduating next spring with a degree in finance and accounting, Johnathan plans to sit for the CFA or CPA exam and pursue a career in banking.

WALTER (NATHAN) HUBER

Byron G. Thompson Center for Integrity in Finance and Economics, Benedictine College — $1,000

Nathan will graduate in the spring of 2021 with an accounting and finance degree. He is interested in becoming a CPA and pursuing a career in financial management.

CHILDREN OF KANSAS BANKERS SCHOLARSHIPS



JACKSON CONNALLY

Kansas State University — $2,000
Mother: Machelle VanTrump
Citizens State Bank & Trust, Ellsworth

Jackson will be a senior at Kansas State University majoring in financial services with a certificate in data analytics. He is planning a career in banking after completing his studies at Kansas State University.

BRADY ROCKERS

University of Kansas — $2,000
Father: Douglas Rockers
Bank of Greeley, Greeley

Brady will be a senior at the University of Kansas in the fall seeking a degree in finance and accounting. He intends to establish a career in banking upon graduating from Kansas University.

FIND GREAT TALENT IN ALL THE RIGHT PLACES

BankTalentHQ is dedicated to connecting talent in the financial services industry, and we are excited to announce our latest partnership with ***America's Job Exchange (AJE***) to make connecting even easier for your bank. We are committed to keeping diversity and inclusion at the forefront of the recruiting process. America's Job Exchange provides niche diversity sites and community-based recruiting to reach the candidates you need to succeed.

AJE's Diversity Recruitment solution offers intelligent job distribution across a highly-targeted network of diversity and niche industry sites. And since effective diversity recruiting is all about making connections, AJE also provides the tools needed for effective outreach and local community-based recruiting.

In today's business landscape, it is essential to support a diverse workplace. Employers large and small need to place a focus on diversity within their recruitment activity. But, where do you begin?

Cultivating a diverse candidate pool requires a diversity recruitment strategy. To develop a workforce rich in diversity, human resource managers should begin at the top of the hiring funnel. In constructing your hiring funnel, you should consider the quality and demographic sourcing of your candidates. Are you just posting a job on websites and hoping for the best? Is your current diversity recruitment activity driving results?

Growing a diverse workforce will take more than putting jobs on ad-hoc websites.

BankTalentHQ

AMERICA'S JOB exchange®

Increases Job Applicants

Greater Visibility For Your Employer Brand

Builds Your Diverse Candidate Pipeline

Complements Your Exisiting Recruiting Methods

AJE has created a comprehensive Diversity Recruitment Package solely focused on providing your bank the tools to build a diverse workforce. AJE's Diversity Recruitment Package was designed purposefully to maximize bank job postings and expand visibility to employment seeking individuals from a large assortment of backgrounds. With AJE you can leverage the job distribution expertise and established industry relationships to meet your staffing goals.

AJE's Diversity Recruitment Package includes distribution to:

- One-Stop Career Centers – 2,500 state employment offices working directly with veterans and local job seekers for job placement.
- Community Based Organizations - Over 4,500 public and private nonprofit organizations, many focused on specific diversity hiring.
- JOFDAV & Disabled Persons – Leading websites focused on assisting veterans and other job seekers with disabilities.
- America's Job Exchange Main & Niche Sites – This includes americasjobexchange.com and their network of sites that cater to veterans and individuals with disabilities.

We know diversity and inclusion is important to your bank, and your needs are important to us! BankTalentHQ is dedicated to making your recruitment activity easy and effective, and we believe America's Job Exchange will take your strategies and successes to the next level. Don't waste another minute – head to www.banktalenthq.com and use code AJESPECIAL at checkout to receive 20% off the job posting package of your choice. This special promotion will end September 30th, 2020.

Talent Gathers Here!

Questions? Contact Brian Hoffman at bhoffman@banktalenthq.com or 217.789.9340 today!





Practicing Your Best Practices in a Pandemic

By Terri Thomas, SVP-Legal Department Director

The last few months have put stresses on banks in ways that could not have been previously imagined. It is easy for bankers trying to meet the needs of distressed customers to lose sight of day-to-day responsibilities. However, it is during a crisis that our best business practices become even more important. These practices not only help to keep staff on task, but they can improve a bank's ability to operate during the crisis. Some of the best practices that should be maintained during the pandemic are:

First, make sure that every employee position has been adequately trained and cross-trained. Day-to-day staffing is the big unknown with positive diagnosis and quarantine requirements occurring unexpectedly. Your bank does not want to find itself unable to complete required tasks because the only person who knows how to do the job is quarantined. Regulatory risk can be reduced by making sure that staff has been adequately trained and cross-trained.

Second, stick to your audit schedule. Examiners have notified banks that risk identification and management is going to be the focus of upcoming exams. This means banks need to identify weaknesses caused by the pandemic in investments, loans, regulatory compliance, and operations before the examiners discover them. The only way to identify these risks is to review what you are doing and how you are doing it. It is tempting to delay audits for a more convenient time, but the reality is that no one knows how long this crisis is going to last, and waiting for a more convenient time may mean waiting for a time that never comes.

Third, in maintaining the bank's audit schedule, be prepared to have the audit completed remotely. For the time being, on-site audits are not going to be possible in most banks. This means the bank and the auditor must be able to exchange documentation using remote access. If hiring an external auditor, make sure the auditor can quickly transition from on-site to remote audits, and that the auditor has a system that provides for secure document exchange and storage. Vendor due diligence is key.

If you have any questions as to these best practices or other legal and compliance issues facing your bank, contact the KBA Legal Department. We are here to help.

Keeping Customers Safe in a Remote Environment – Wire Fraud

These days more people are working remotely than ever before and many tasks previously done in person are happening online - including banking. Unfortunately, fraudsters are aggressively taking advantage of potential vulnerabilities that arise from this increased online activity.

Businesses are acclimating to the current unusual circumstances by offering additional services virtually. For community banks, this means working with customers by email or online, allowing electronic signatures on important documents, among other virtual services, which opens up the door for an exposed environment. Should these cyber criminals gain access to Personally Identifiable Information (PII), they can easily pose as the bank "customer", another financial institution, another party to the transaction, or even someone else within the bank looking to transfer funds.

While wire transfer fraud is certainly not a new source of loss for community banks, criminals have been exploiting the increase in electronic and remote banking. They are constantly finding different ways to perpetrate this type of fraud. Therefore, it's extremely important to stay vigilant while customers and employees are remote.

Security Alert – Wire Transfer Fraud involving Real Estate Loan Proceeds

There has been a significant uptick in wire transfer fraud schemes involving real estate loan proceeds and wire transfer instructions purportedly from a title attorney/agent or someone else in the bank. The transfer requests and wire transfer instructions are coming in via phone, fax and email. Whenever requests and instructions are received via phone, fax or email – whether from a customer, another financial institution, a title attorney, a real estate agent, or even someone else in the bank – consider having employees follow the same out-of-band verification procedures that would be performed on any other wire request. Not just with the initial request and instructions, but also with any change in the request of instructions (i.e., when new receiving bank account information is received).

Perform a Wire Transfer Risk Management "Check-up"

This could start by reviewing the requestor's account and confirm that the bank has a written agreement with the customer authorizing the bank to transfer funds on deposit in reliance on instructions received via phone, fax or email. Other considerations may include:

- Is it unusual for this customer to request a wire transfer?
- Has there been a recent transfer of funds into the account from a home equity line of credit? Fraudsters frequently target home equity lines of credit since customers are not as vigilant in checking the status of these accounts. Additionally, information on the existence of these accounts is publicly accessible.
- Are the funds being transferred to a foreign account?
- Does the customer seem to be in a great hurry to complete the transfer?
- Is the request coming from a legitimate email address? Fraudsters often use email addresses that are very similar to a customer's legitimate email address (i.e., using the number "1" in place of the lower case letter "l"). Review email addresses closely.
- Has the phone number on file for this customer recently been changed?
- Has the receiving bank account information, or any other material detail of the request, recently been changed?

Additional steps to help mitigate risk could include:

- Updating customer files with alternate phone numbers so that callbacks can be made to multiple phone lines.
- Using a multi-factor authentication method. Work with your customer in advance to record at least three different security questions and answers that only they would know the answer to. When performing a callback during a transfer request, ask the customer each question.
- Establishing alternate electronic verification methods, such as PIN numbers or security tokens.
- Executing a written agreement that details who is authorized to execute a transaction, which accounts are eligible for transfers, what security measures and verification steps are in place, which communication methods are used and who is liable (and for what) if fraud were to occur.
- Elevating all out-of-the ordinary requests, and encouraging employees to view every wire transfer request with a healthy dose of skepticism.

While it is understandable that the bank would like to make the transfer process as easy as possible for its customers and others involved, it is important for the bank to recognize the risks and take the necessary steps – before and after receiving the request – to protect its customer's money and its own money. Customers and others involved should understand that such measures are to their benefit, and they should appreciate the relatively minor inconveniences associated with verifying the legitimacy of the requests. With wire transfer fraud schemes becoming more frequent and complex, it is more important than ever for banks to protect themselves against this formidable risk.

Preparing for the Coming Wave of Small Business Bankruptcy Filings

By Michael Fielding, Husch Blackwell LLP

Is your institution prepared for the coming wave of small business bankruptcy filings that will be crashing upon us later this year and early next year? The financial distress that COVID-19 is wreaking for small businesses is well known. But what many lenders do not realize is that Congress has orchestrated a perfect storm for small business bankruptcy filings. In February 2020 the Small Business Reorganization Act (SBRA) went into law which made it much cheaper and easier for small businesses to successfully file for Chapter 11 bankruptcy protection. But SBRA originally had one important limitation: to be eligible for this special relief the debts were capped at $2,725,625. But the Coronavirus Aid, Relief, and Economic Security (CARES) Act dramatically increased that debt limit to $7.5 million but Congress provided a one-year sunset clause meaning it drops back to the $2.725 million limit on March 27, 2021. This creates a huge incentive for small businesses that are financially struggling to file for Chapter 11.

Indeed, there is strong precedent that we will see a big uptick in bankruptcy filings as this deadline approaches. Back in 2005 Congress enacted several creditor-friendly amendments to the Bankruptcy Code. As the effective date of that new law approached, there was a large uptick in bankruptcy filings as debtors sought to take advantage of the favorable law. There is nothing to suggest that this same pattern will not be repeated this time.

What are the specific provisions of SBRA that incentivize small businesses to avail themselves of it?

- Expedited timelines including a conference within 60-days of filing regarding the case and a deadline on the 90th day for the debtor to file a plan of reorganization;

- Critical changes key procedural rules (e.g., the debtor does not have to file a disclosure statement regarding its financial condition but rather only has to submit its most recent financial statements);

- The debtor is the exclusive entity who may file a plan of reorganization;

- It is much easier to confirm a proposed plan including the fact that the "absolute priority rule" doesn't apply (meaning the owner of the company simply has to pay disposable income to creditors for 3-5 years and the owner retains full ownership of the company even if creditors are not paid in full);

- Even if all classes of creditors reject the plan the Court can still confirm it; and

- The appointed trustee has a supervisory role similar to Chapter 12 and 13 cases while leaving the debtor in possession of assets and control of the business.

Lenders whose small business commercial loans will undoubtedly begin to feel the impact of SBRA cases in the coming months. Given the incentive small business debtors have to take advantage of this law, the corresponding domino effect will be many banks will be faced with SBRA cases where the debtors seek to cramdown their loans and modify loan repayment terms — often in ways that lenders find very objectionable but which are legally permissible.

So what can lenders do now to mitigate their risk? The best medicine is preventative medicine. Lenders need to take a good, hard look at their small business loans that are struggling. They should closely analyze their key loan documents—promissory notes, mortgages, security agreements and guaranties—to make sure there are no defects and that proper perfection steps have occurred. Once they know where they legally stand vis-à-vis their debtor they should be prepared to have meaningful workout discussions with borrowers. Loan extensions or modifications are always short-term resolutions to help stave off a bankruptcy.

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Entering into forbearance agreements can provide borrowers with essential additional time to resolve their financial challenges (or liquidate key collateral) while simultaneously releasing the lender from any known or threatened lender liability claims. These loan workouts provide golden opportunities to fix any defects the lender may have found in the loan documents.

If, despite these preventative measures, a bankruptcy still seems likely, a lender may decide to take more aggressive action to enforce its loan documents such as by sending out turnover letters to account debtors for outstanding accounts receivable or seeking to repossess and liquidate personal property collateral. Alternatively, if the borrower signals bankruptcy is clearly going to happen, the lender may want to proactively negotiate with the borrower a cash collateral order or even provide debtor-in-possession financing which will enable the borrower to continue operating while in bankruptcy but providing the lender with key bankruptcy protections. Once the bankruptcy is filed, the lender should closely monitor the situation and make sure its rights are promptly enforced.

Unfortunately, there is not a "one-size-fits-all" approach to SBRA bankruptcy filings. Each is its own unique situation requiring close attention by a lender. But by proactively seeing the problems on the horizon, lenders can take steps now to be better prepared when the storm finally hits them.

BRIEFLY IN KANSAS BANKING

50 Years in Banking Recipients

Dick King, Southwest National Bank


Dick King

Dick began his banking career at Southwest National Bank in 1970 after graduating from Wichita State University and serving his country in the military. He later went on to graduate from the ABA National Graduate Trust School at Northwestern in Chicago where he received the designation of Certified Trust Financial Advisor. 1970 was a busy year for Dick, as he and his wife, Nancy, were married that September. They will celebrate their 50-year anniversary later this fall. Dick and Nancy have two children, David and Heather. David is the Wichita Market President of Equity Bank, and Heather lives in Dallas working as Director of Company & Franchise Development for Taco Bell.

Dick said that his most interesting, challenging, and satisfying time were the years of 1987-1993 when he was asked to be president of Southwest National Bank. The bank was in a difficult place and Dick felt that for the bank to be successful, the ownership needed to be unified. Dick thought he could help to do that so he stepped up to the plate and accepted the position. The ultimate purchase of the bank by Jerry Blue enabled the bank to grow and prosper and to become the highly rated bank that it is today. Dick has remained active in the bank since retirement, serving as a director and as chairman of the Bank's Trust Audit Committee.

Dick Rucker, Home Bank & Trust

Dick Rucker began his banking career 50 years ago in April of 1970. After graduating from Friends University in 1970 with a degree in Business Administration, he was hired at Home Bank & Trust Company of Eureka as assistant cashier. Dick went on to become cashier and eventually moved his way up to chairman/CEO. Dick is only the 7th President at Home Bank & Trust since opening their doors in 1904. Dick purchased the bank in 1986 and has seen many changes over the years. Highlights include branch banking with community banks, the change in allowing interest to be paid on deposit accounts (Regulation Q), learning and working through various economic downturns, and collaborating with the many different associates, fellow bankers, and customers.


Doug Wareham, Dick Rucker and Kathy Taylor.

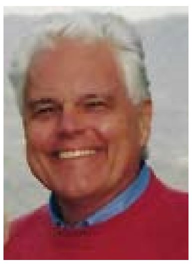
Dick actively supports local businesses, organizations and the school system. He is chairman of the Finance Committee at Friends University, former board member of the State Banking Board and board member of the South-Central Economic Development District, among other community and professional involvements. Dick is also a graduate of the Graduate School of Banking at Colorado, the American Institute of Banking, the American Bankers Association Commercial Lending School, KBA/NBA Commercial Lending School and the Kansas City Trust School.

Allison Grace Named President

Andover State Bank announced today that Allison Grace has been named president effective Aug. 3, 2020. This leadership appointment follows Brian Chamberlin's resignation to pursue other career opportunities. He will also resign as a board director.

"We appreciate the hard work and contributions Brian has made during his 10 years of service, the last three as president and CEO," said Lyndon Wells on behalf of the board of directors. "Brian has allowed the bank to continue to grow and establish quality relationships. We wish him success, and we are fortunate to have someone of Allison Grace's caliber to lead us forward." Grace has been on the board of directors at Andover State Bank for 22 years and is the majority shareholder. She is also a bank employee of nearly 20 years, serves on industry association boards and participates in regional peer bank groups. "Allison is a visionary with a proven track record of leadership and customer-focused values," said Wells. "She has the right operational and communication skills to deliver strong financial performance." Grace said, "As a fourth-generation owner, I am honored and grateful for the opportunity to carry on my family's banking legacy. Our vision for the future matters to our employees, our customers and our shareholders. I believe in community banking. Putting people first has always been — and always will be — what makes us stand out."

Remembering Leo William "Bill" Stolzer

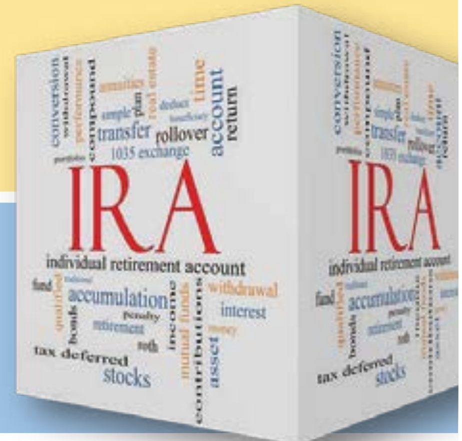


Leo William "Bill" Stolzer passed away on Saturday, June 20, 2020. He was born October 14, 1934, in Kansas City, Missouri to Leo Joseph and Lucille Hopp Stolzer. The son of a banker, Bill attended Bishop Hogan High School and graduated from Kansas State University in 1957. During his junior year at KSU, he met Kappa Kappa Gamma member Eleanor Griffith of Manhattan while at Kite's, a favorite college hangout. Bill and Eleanor were married on Aug. 17, 1957. Upon his officer commissioning, Bill became a B-66 Tactical Navigator/Bombardier stationed in England, where he and Eleanor made their home. Following the Air Force, Bill followed his father and father-in-law into community banking, joining T.J. Griffith at Union National Bank of Manhattan, Kansas. Bill eventually succeeded T.J. Griffith and ran Union National Bank for over 50 years in various capacities, including president, CEO and chairman. In 1969, Bill was instrumental in overseeing the construction of Union National Bank's modern six-story office building near downtown Manhattan. Bill was active in the Kansas Bankers and American Bankers Associations, was a member of the board of directors of the ABA and served as national treasurer in 1987. In addition to other business endeavors, Bill served over 50 years as chairman of the 100-year-old Griffith Lumber Company.

2020 FALL IRA WORKSHOPS

VIRTUAL

November 17 – Basic
November 18 – Advanced
November 19 – Advanced



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1.
a savings plan that offers tax advantages to an individual depositor to set aside money for retirement.

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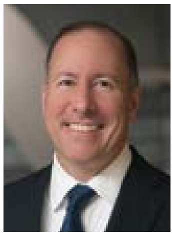
Running Toward the Challenge



By Rob Nichols, President and CEO, American Bankers Association

Is racism baked into our nation's systems of justice, health and education, or are there disproportionate correlations between race, poverty and crime? Are people too quick to accuse others of racism, or are those in positions of power too slow to recognize their role in perpetuating racial inequities? Is it fair that I posed these as either/or questions, or is all of the above true?

While issues surrounding racial justice and inequities are demanding the nation's attention, honest conversations seem too perilous to hold because of the way some frame the debate as binary. But that ignores the vast common and principled ground on which we all stand and distracts from a focus on meaningful solutions.

Bankers are community leaders, which means you run toward a challenge, not away from it. So as fraught as the situation may feel, ABA is engaging in an open dialogue of how the banking industry, both as employers and as facilitators of wealth creation, can further the principles everyone agrees on: That all Americans should have a truly equal opportunity to prosper and that economic inclusion is essential to creating such opportunity.

Implicit in this discussion is the belief that we each have a role to play in addressing longstanding inequities. Some may feel the problem lies elsewhere — in another community, city or state — and therefore, so must the solution. Others may think they've done all they can, to either great or limited effect.

But we are an industry that in recent years has developed entirely new ways of banking, and in recent months demonstrated remarkable fortitude and commitment to serving our customers through the pandemic. There is more we can — and must — do to address disparities and promote prosperity for all.

Many banks recognized this long before the pandemic hit and disproportionately harmed Black Americans, and long before the nationwide protests over the killing of George Floyd and others. Some in recent years have built rigorous diversity, equity and inclusion programs that are both inward facing (focused on employees) and external facing (focused on customers, communities and vendors). Some have pioneered new ways to qualify borrowers and bring those who have been marginalized into the banking system. We celebrate them every year with the ABA Foundation's Community Commitment Awards. Still others have partnered with Minority Depository Institutions and Community Development Financial Institutions to share compliance resources, expertise and more to better enable those institutions to meet the needs of their often under-banked customers.

ABA is tapping the experiences of these banks and leveraging the expertise of our own staff experts on diversity, equity and inclusion to provide others with tools and resources to make a difference at their own institutions. A new peer group for institutions with robust DE&I programs met for the first time in February and is helping us identify leading industry practices in this space that we can share with members. In April, we convened our Diversity, Equity and Inclusion Advisory Group, which is composed of individuals from banks of all sizes and whose mission is to help us nurture bank DE&I efforts. I was also

We cannot **shrug our shoulders** and declare these inequities someone else's problem. We cannot **fail to engage**. We are bankers, we are civic leaders and we must be **part of the solution.**

pleased to announce a strategic partnership this year with the National Bankers Association, the leading trade association for MDIs, to promote the health and well-being of underrepresented communities. And we are collaborating with and promoting MinBanc, which reimburses educational and professional development expenses of MDI bankers.

This is all to say that both ABA and the industry have a strong foundation upon which to build. And build we must. Unacceptable racial disparities in health, wealth, income, education and other measures of opportunity continue to grow — and the pandemic has laid bare these disparities. Proportionately, two and half times more Black Americans have lost their lives to COVID-19 than white Americans.

We cannot shrug our shoulders and declare these inequities someone else's problem. We cannot fail to engage. We are bankers, we are civic leaders and we must be part of the solution.

How Vendor Contract Renewals Can Offset Earnings Challenges

By Nick Lane, Director, Cornerstone Advisors

In the wake of the COVID-19 pandemic, financial institutions can quickly realize savings by renegotiating major vendor contracts.

Earnings rank high on the list of challenges banking executives are facing as they adapt to the "new normal" of COVID-19. While most Americans have been functioning under nearly two months of stay-at-home orders, banks have been operating under business continuity plans, limiting branch traffic to drive-thru and by appointment only, managing increased customer needs and, for those participating, dealing with the demands of the Paycheck Protection Program (PPP).

As banking leaders look for ways to cut costs to minimize the impact of interest margin and noninterest income compression, vendor contracts should be in the crosshairs.

Renegotiating major vendor contracts can quickly generate hard-dollar cost savings for financial institutions.

From a financial perspective, interest margins and consumer spending are two areas where banks are going to feel the biggest impact of COVID-19:

- Interest margins will compress. While homeowners are refinancing to take advantage of historically low rates, the demand for new mortgages, consumer loans and auto loans, coupled with the slowing in new commercial real estate loans, will put a drag on loan production. Financial institutions participating in PPP are working day and night, handling applications for loans that pay a fixed rate of 1%.

- Consumer spend has reduced. The average bank generates 30% of its noninterest income from interchange. Meanwhile, card volumes have declined 15%-20%. Grocery and online spend have increased compared to other interchange categories, but these categories are traditionally on the lower end of interchange rates.

Core vendors are also facing challenges:

- New technology is taking a back seat. Interest in new technology always wanes during economic downturns as businesses pivot to operational efficiency.

- Payments revenue has declined. The dramatic drop in consumer spending translates to a significant impact on revenue from payments processing. The Big 3 core vendors are just as much payments processors as they are core vendors. On average, they generate 40% of their revenues from payments.

The word in the Cornerstone client trenches is that vendors are taking steps to proactively offset the pandemic's impact on their bottom lines. We've been told that sales agents are dismissing requests for three-and five-year term options in favor of seven-, eight- or even 10-year terms. By all indications, sales agents are being told to get out there and extend term.

In addition, we are hearing that vendor reps are engaging with customers well within the current term rather than the typical 12 to 18-month lead time on contract expiration dates. The goal is to renew early and extend term. At Cornerstone, we call this an "unsolicited bid." It's not just happening with the vendors' larger clients. An institution with less than $100 million in assets and three years left on its contract recently shared how

As banks look for ways to **reduce the impact** of COVID-19 on their net interest margins and noninterest income this year, **smart institutions** will take advantage of the **opportunity to reduce expenses** through the hard dollar savings in their vendor contracts.

its vendor (one of the Big 3) gave the institution a renewal proposal to add four years to the term.

These types of activities will allow vendors to report to the Street that, while new business growth is taking a hit, service contracts are up overall. Because markets are forward-looking, if vendors report contract extensions as positive forward guidance, it can have a positive impact on their share price. That's it in a nutshell: increased share price for vendors and less flexibility with longer terms for their clients. That is, if their clients let it happen.

Knowing the vendors' needs and priorities gives banks additional leverage to negotiate favorable renewals. Here are five tips for making the most of the opportunity:

1. Don't let contracts auto-renew

Amid COVID-19, FIs are inundated with additional responsibilities. For example, renegotiating a card processing contract could easily drop down on an institution's list of priorities, making auto-renewal the default course of action. Banks should recognize that even if the vendor hasn't reached out to discuss a renewal, now can be an opportune time to think proactively about reducing noninterest expense through renegotiated contracts. That being said, from a strategic standpoint, an embedded one-year auto-renewal clause in a contract can provide an institution with the flexibility it will need if it is considering a replacement of the service.

2. Consider starting early

Depending on the system, the sweet spot to begin negotiations under normal circumstances is 18 to 24 months prior to expiration. But these are not normal times, so it may be appropriate to start sooner, whether or not the vendor has contacted the institution. This is particularly true for an organization that needs to boost its remote delivery capabilities. Cost savings on existing products can fund investments in new products.

3. Be wary of unsolicited bids

A 10%-20% reduction in fees might sound good, but it's not a deal for an institution that is already paying 40% above market. An unsolicited bid is a clear signal that the institution is paying too much and the vendor needs to book the extension as revenue. This is the time to get pricing down to market — and not what the vendor says is market.

4. Don't agree to more term than is comfortable

While a seven-year (or longer) term may make sense in certain scenarios, these are the exceptions. Given the pace of change in technology, the ever-evolving vendor marketplace, internal growth and annual price escalators, a five-year contract is typically the sweet spot where an institution can achieve significant savings while maintaining a degree of flexibility. Rest assured — vendors want the business no matter what the term length is.

5. Get outside help

Banking executives are busier than usual and are likely to stay so for the foreseeable future. Reputable third-party professionals can provide authoritative access to market knowledge and do all the heavy lifting.

As banks look for ways to reduce the impact of COVID-19 on their net interest margins and noninterest income this year, smart institutions will take advantage of the opportunity to reduce expenses through the hard dollar savings in their vendor contracts.

Margin Management for Agricultural Lenders

Virtual | October 14, 2020

This program is designed to help bankers better understand the risk associated with lending to agricultural producers looking to protect their profit margins.

Presenters

Dustin Baker
Commodity & Ingredient Hedging (CIH)

As a manager on the education and research team, Dustin helps market participants gain a better understanding of agricultural margin management concepts and strategies. He also contributes to CIH publications focused on risk management for agriculture producers and buyers.

Scott Gerig
Commodity & Ingredient Hedging (CIH)

As a manager of business development at CIH, Scott introduces agriculture producers and lenders to effective margin management tools and services. His current focus is the crop and ethanol sectors, but he has also worked with the hog, beef, and dairy industries.

Introduction to the Futures Market and Profit Margin Management

Discussion of the futures market as a price discovery tool and a means to transfer risk between parties. Review contracting alternatives between the cash market and the futures market.

Introduction to Options and Option Pricing

Types of options, definitions, contract specifications, and terminology; components of option premium.

Projecting Margin Requirements

Review of performance bank requirements for futures and options positions, as well as stress testing to determine potential margin requirements.

Core Strategies

Review of basic futures and options positions typically used by crop and livestock producers to protect risk of lower and higher prices.

Understanding Account Statements

Review of brokerage statements to decipher cash and equity positions, open trade equity, net option value, liquidating value and margin requirements.

Group Exercises

Teams will manage a forward profit margin, using features and/or options, and managing those positions over the course of the historical simulation period.

Bankers are permitted to register one of their ag producers for the virtual workshop at a discounted fee.

Banker: $245 | Producer: $150

Recommended 6.5 hours CPE Credit.

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Simplifying Business Impact Analysis

To have an effective Business Continuity Plan (BCP), recovery plans must be based on a Business Impact Analysis (BIA). According to the FFIEC's Business Continuity Management booklet, BIA is "the process of identifying the potential impact of disruptive events to an entity's functions and processes." There are a lot of elements to capital BIA, but for the purpose of this article we are going to focus on the conceptual lower-case business impact analysis. This analysis will help you make informed decisions about when certain processes can be restored and help you determine appropriate Recovery Time Objectives (RTO).

By Leticia Saiid, CoNetrix

Prepare the Definitions

The first step in simplifying a BIA is to define ratings, categories, and labels of any kind. Definitions are foundational to an effective analysis process.

Criticality Levels

Criticality Levels are necessary for defining which processes require more immediate attention than others. Consider creating a set of levels such as: Critical, Urgent, Important, Normal, and Nonessential. If you work for a smaller institution, you may find you need fewer level options.

The definition of each criticality level is its corresponding Maximum Tolerable Downtime (MTD). This is the amount of time your business can tolerate without the process. For Critical processes, you may only tolerate minutes, but for Nonessential processes you might tolerate weeks.

Business Impact Categories

When considering downtime of a business process, consider the ramifications this downtime may have on your organization. The kind of impacts that concern you will determine your categories. At a minimum, you should consider the Compliance, Financial, Operational, and Reputational impacts to your organization, should a process be unavailable.

For each category, provide clear definitions for each rating. For example, consider the following impact level definitions for the Compliance category:

- **Insignificant:** Negligible compliance, contractual, regulatory, or legal concerns.
- **Low:** Potential for compliance, contractual, regulatory, or legal issues with minor implications.
- **Medium:** Confirmed compliance, contractual, regulatory, or legal issues with moderate implications.
- **High:** Major penalties and/or costs related to compliance, contractual, regulatory, or legal issues.
- **Extreme:** Extreme penalties related to compliance, contractual, regulatory, or legal issues (e.g., jail time for employees, closing of the institution, etc.).

Analyze Impact

Make a list of your business processes. Business processes are a combination of the people, resources, and procedures that achieve a goal, such as Accounting, Information Technology, Lending Operations, Cash Management, and Regulatory Reporting.

Review one process at a time. Gather a group of people who deeply know and understand the process and how the lack of the process could impact the institution in different ways over different periods of time. Identifying the impact level for each category at each timeframe allows you to determine the MTD for this process.

Example Analysis

Let's look at an example business impact analysis with the Mobile

Deposit Capture process and the Reputational impact category. If a disruption to this process occurred, what impact would this have on the organization? Don't spend too much time thinking about why the process is unavailable. Knowing why a process is unavailable is irrelevant to how long your organization can tolerate going without it before the missing piece begins to affect the organization's mission, customer experiences, other business functions or compliance requirements.

After one hour, the institution may have a few unhappy customers, but the impact would overall be Insignificant. Even after one day, the impact might still be Low. If the process was down for three days, clients may really start to notice and could be upset (Medium). After one week, the organization would likely have to do a lot of work to regain trust (High). If the process was unavailable for 60 days, the impact might be Extreme, as clients could be lost and damage our reputation with the community. See the image below for an example of what the ratings could look like.

Potential Impacts

Impact Category	2 hours (Critical)	24 Hours (Urgent)	72 Hours Important	7 Days (Normal)	30 Days (Nonessential)
Compliance	Insignificant	Insignificant	Insignificant	Low	Medium
Financial	Insignificant	Low	Medium	High	Extreme
Operational	Insignificant	Insignificant	Medium	Medium	Medium
Reputational	Insignificant	Low	Medium	High	Extreme
Highest	Insignificant	Low	Medium	High	Extreme
Average	Insignificant	Low	Medium	High	High

When this assessment is performed for each category, the level of tolerance can be identified before a disruption becomes too detrimental for the business. That is the process' maximum tolerable downtime, and thus, criticality level. In this example, perhaps the impact is generally low prior to three days, so this process is set as Important. This means, in the event of a widespread business disruption, other higher priority processes will be given attention before this one, until the three-day mark is reached.

Override for Dependent Processes

Don't forget about process dependencies. This could completely override the criticality level you determine through the BIA process. If there is another process with a shorter MTD which depends on this one to function, you must shorten the MTD of this process to have it ready to support the dependent one. Another option would be to reconsider the relationship between the two processes or reconsider if the other process has an accurate MTD.

Leticia Saiid has been in the information security industry and providing public speaking for eight years. Leticia has a passion for clear and concise communication. After earning a B.A. and an M.A. in Mathematics, Leticia joined CoNetrix, where she served as the Tandem Software Support Manager for several years. She built and directed Tandem's first team of support specialists. Leticia now serves as chief of staff, where she focuses on corporate strategy, employee development and training. Leticia is Security+ certified, has published various security blog posts and articles, and has presented multiple conference sessions over information security topics.

Growing Your Customer Relationships Digitally

By Chris Babcock, CEO, Apiture

Now, more than ever, financial institutions need to stay close and support their customers

Even in the best of times, customers rely on strong relationships with their bank or credit union to support them through each phase of their financial lives. From a first credit card account for a college bound senior, to a young adult starting a new job and opening a retirement account, to a new family buying a house, a financial institution that can share these experiences and customer journeys each step of the way is more likely to hold onto a customer for life through a digital relationship.

A strong digital banking experience is always a cornerstone to building and maintaining these relationships, but in these unprecedented and trying times of social distancing and protection from COVID-19, these digital channels are of paramount importance.

Digital Channels in a Socially Distant World

The world has changed dramatically almost overnight since the start of COVID-19, often forcing businesses to either close their doors completely or innovate with digital solutions. For financial institutions, responding to new restrictions in the way our world interacts requires a robust, fully featured digital online and mobile presence.

More than 10 million Americans have filed for unemployment since the onset of COVID-19, and the number keeps growing. People are more worried about their financial health than ever before, and they are looking to their financial institution relationships for support. Banks and credit unions are considered essential, and they have the responsibility to continue service throughout the duration of the current pandemic even though both patrons and staff are demanding ways to limit in-person transactions and activities. Functionality such as depositing checks, withdrawing funds, and applying for loans are all required during this time of crisis through digital banking relationships. The time for each financial institution to showcase their value is now. Times like these can create loyal customers for life.

Promoting Digital Financial Services

While certain customer segments such as Gen Z are very comfortable with digital technology, many bank and credit union customers in both the Baby Boomer and Gen X segments have not completely made the leap to leveraging digital solutions. Boomers themselves hold two-thirds of all deposits and will continue to be the wealthiest generation until 2030. Reasons for slower adoption of digital services include comfort, trust, and lack of training. The COVID-19 pandemic and its disruptions to day to day life provide a renewed urgency and heightened digital activity for financial institutions to promote alternatives to in-person services. While tellers, loan processors, and administrative personnel are kept from their normal day-to-day duties, financial institutions have an opportunity to potentially repurpose staff temporarily to encourage inactive digital users to get started with online or mobile interfaces today. Examples include:

- Creating a walk-through video of highly demanded services and promoting them online;
- Running a marketing campaign promoting digital services to end users;
- Placing assets and direct links on the financial institution website and emailing customers with targeted notifications;
- Establishing a support center function that assists users in creating a digital account or activating digital services such as mobile check deposit; and
- Tailoring communications to all users or particular customer segments.

Building Trust and Loyalty That Outlasts Any Crisis

Online and mobile digital channel adoption will continue to grow as people recognize the value of digital solutions and the need for greater control of their finances through features such as automated budgeting, person-to-person payment integration and mobile check deposit. There has never been a time more important than now for banks and credit unions to deliver innovative digital solutions to their customers. Answering the call today can create the trust and loyalty in a customer or small business that can last a lifetime.

To learn more about delivering best-in-class digital experiences for financial institution customers, visit apiture.com.

> The COVID-19 pandemic and its disruptions to day to day life provide **a renewed urgency** and **heightened digital activity** for financial institutions to promote alternatives to **in-person services.**

Pub. 9 2020 Issue 4

Financial Recovery Planning: **Don't Lock Down Your Lending**

By Patrick Gilbert, BKD

Some financial institutions have been criticized in the past for their reactionary — or "fix-on-failure" — approach to serving the needs of their customers. While certain banks have taken major strides in overcoming this criticism, the perfect storm of regulation, competition, and increasing pressure to be a trusted advisor to the commercial customer still lingers for many.

However, looking forward to the post-COVID-19 world, there exists a unique opportunity for lenders — especially those willing to address any historically reactive lending processes related to troubled debt and financial recovery planning. In fact, those who proactively engage customers now to help them see their businesses differently will likely build customer loyalty, avoid potential loan loss and effectively manage ever-changing credit risk dynamics.

Here are three proactive business planning steps you can take now to help borrowers not only survive but thrive in the future.

1. Plan With a Curve — No One's Future Is Flat

Over the last few months, enormous pressure has been placed on lenders to ensure a critical flow of capital and maintain cooperation in response to federal economic stimulus. Many commercial customers would not have survived without these measures, highlighting the need for a strong banking relationship. As helpful as these measures have been, they are only intended to deal with immediate liquidity pressure. While customers scrambled to get in line, and banks sought to respond, there has not been much time to think about the problems that lie on the horizon.

Yet for each borrower, the impact of COVID-19 and the subsequent recovery brings with it a series of problems that will unfold over set time horizons. These unique "problem horizons" vary for each borrower and may include issues such as covenant violations, customer credit issues, reductions in force or the need to restructure debt.

In the past, many lenders have been reactionary in how they've addressed these issues. But given the breadth of COVID-19's impact across industry and supply chains, lenders must help each borrower plan across multiple time horizons. Each problem horizon should be matched with a "planning horizon" that includes critical business planning steps addressing customers, vendors, employees, inventory and financing options. The planning horizon should embed scenario planning capabilities to analyze not only an evolving set of business-specific changes, but also business environment changes.

2. Perform "Bottom-Up" Rather Than "Top-Down" Financial Analysis

The challenge most borrowers face is that they have never been forced to rethink how to approach business planning in the way now required. Instead, most borrowers have become accustomed to managing their businesses using top-down, aggregate-level financial analysis, which isn't discrete and does not provide the same level of flexibility needed to evaluate changing scenarios. In turn, they provide this same broad brushstroke analysis to their lenders and often expect them to weigh in on strategic decision making.

Consequently, we advise lenders to help borrowers begin to analyze their businesses from the “bottom-up” using transaction-level data. As it relates to recovery planning, the first step is to construct a dynamic 13-week cash flow roller to identify critical liquidity gaps. The cash flow model should include multiple discrete data sources, which feed into the model, so the uncertainty regarding the timing and amount of various cash flows can be evaluated.

The second tool we advise building is a bottom-up unit-level economic model. The purpose of the economic model is to analyze the two largest unknown dynamics affecting profit variability: the effect of changes to your volume and mix. This model has several components, including a unit-level sales and margin model, which looks at contribution margins by different segments of the business (such as customer, item, product line or business unit) and effects of planned cost-saving initiatives and then feeds into projection tools to forecast changes in mix and product volume on a longer-term basis.

3. Realign Operating Models and Business Strategies

While the bottom-up economic model is built to evaluate changes in the business, it is also critical to evaluate changes to the business. This may include assumptions about economic recovery or additional regulation. Nonetheless, we advise lenders to help borrowers identify specific drivers of change to evaluate the impact on future profitability. As operating models change and are realigned to new business strategies, risk profiles will change, too. The lender who is involved at this level should be able to not only better assess risk but also identify opportunities.

Right now, every lender is faced with opportunities. Those who are proactive in the financial recovery planning process will serve their customers well, not just for the next few months but for many years to come.

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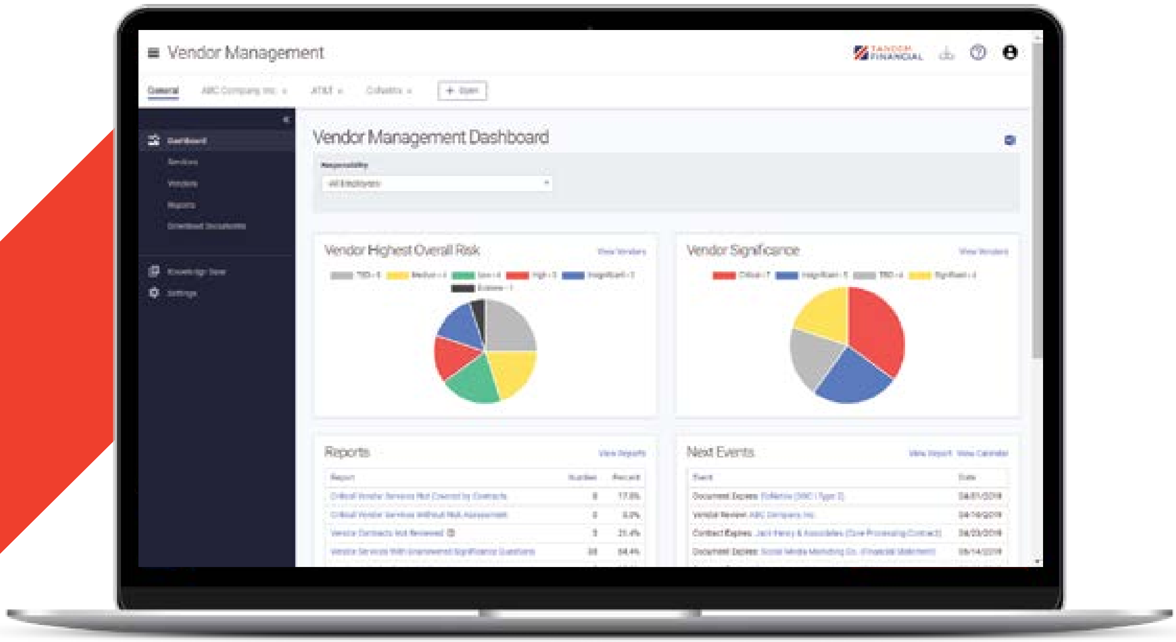
Manage vendors, not spreadsheets.



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