THE KANSAS BANKER

ISSUE 2 2021

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Our credit card portfolio conversion was a wonderful success because of BBOK's expertise with the platform, tremendous communication with our bank, and service driven mentality. Our customers see BBOK as an extension of us and that is exactly what we want. Their responsiveness to our customers' needs has been concrete and quick.

”

JOE FANNING, BANK OF THE FLINT HILLS

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Making the Case for Tax Equity

By Doug Wareham, President and CEO, Kansas Bankers Association

Moments before the bill signing ceremony held recently at our State Capital building, where Governor Laura Kelly signed Senate Bill 15 (economic recovery & tax equity) into law, I asked myself the following question: What was the overarching factor that led to achieving state-level tax equity for Kansas banks and their rural/agricultural borrowers? The answer to that question came to me when I witnessed KBA Chairman Jonathon Johnson and other Kansas bankers in attendance interact with Governor Kelly, State Treasurer Lynn Rogers and Republican legislative leaders, including Senate President Ty Masterson, Senate Financial Institutions Chairman Jeff Longbine and House Financial Institutions Chairman Jim Kelly, to name a few. In that brief moment, I was reminded that almost every Kansas policymaker, regardless of party affiliation, recognizes and truly appreciates the critically important role banks and bankers play across our state.

While the opinions and priorities of the 165 individual Senators and Representatives that comprise the Kansas Legislature vary greatly, I believe the near-unanimous support for Senate Bill 15 was a testament to the respect earned by banks and bankers that stepped forward this past year to support their customers and communities during one of the most tumultuous periods in our state's history. The health and economic crisis caused by COVID-19 forced individuals and businesses across Kansas to seek financial advice and financial relief. Most of those Kansans found the financial expertise and support they needed at their local bank. Banks answered the call by providing forbearance, restructuring loans, and helping more than 102,000 Kansas small businesses tap into nearly $7 billion in relief from the Paycheck Protection Program (PPP)

At a special ceremony held at the Statehouse, Kansas Governor Laura Kelly recently signed Senate Bill 15 (Economic Recovery & Tax Equity) into law.

alone. Yes, Kansas banks and bankers stepped up during this crisis, and Kansas policymakers noticed.

Achieving tax equity for ag real estate and rural housing loans was not an easy task. Team KBA invested significant time and resources for nearly three years, consistently reminding state lawmakers that a level playing field would benefit ag/rural borrowers. We also stressed that tax equity is paramount to preserving access to local credit and sustaining the community bank model long-term. I want to personally thank every Kansas banker, bank director and bank customer that helped us deliver a winning message at the Kansas Statehouse.

Rest assured, KBA is not resting on any laurels with the adoption of Senate Bill 15. Our tax equity efforts now shift to Congress and the adoption of the Enhancing Credit Opportunities for Rural Americans (ECORA). As a reminder, the ECORA Act creates a targeted federal income tax exemption further enabling banks to offer more competitive interest rates for ag real estate and rural housing loans. Kansas bankers should take pride in Senator Jerry Moran leading the charge for the ECORA Act in the U.S. Senate. Identical legislation has already been introduced (H.R. 1977) in the U.S. House of Representatives by Rep. Ron Kind (D-Wisconsin) and Rep. Randy Feenstra (R-Iowa). Kansas bankers are not alone. Advancing the ECORA Act is also a top legislative priority of the American Bankers Association and the Alliance of State Bankers Associations.

With Congress expected to tackle federal tax reform this fall, it's imperative that bankers nationwide garner support for the ECORA Act before those tax reform deliberations get underway. You've undoubtedly read that President Biden is publicly calling for an increase of the federal corporate income tax rate from 21% to 28%. With more than $5.3 trillion in supplemental spending authorized by Congress the past twelve months to battle COVID-19 and additional spending on infrastructure now at the top of the Biden Administration's priority list, it's difficult to see a path forward that doesn't include some level increase for both corporate and individual income taxes. Our industry and our customers' reality is any income tax rate increase will create an even more unlevel playing field with tax-exempt competitors, including the Farm Credit System. Now is the time for Congress to advance the ECORA Act to ensure farmers, ranchers and rural homeowners that rely upon their local bank are not caught in the tax and spend crossfire.

A Robust Recovery Requires Consistent 'Rules of the Road'

By Rob Nichols, President and CEO, American Bankers Association

Throughout the pandemic, the U.S. economy has been tested like never before and has more than proven its resilience. That's thanks in no small part to our large and diverse financial system: a network of financial institutions of all sizes, charters and business models dedicated to providing the products and services that consumers and businesses need to thrive.

The diversity of our financial system is something that is uniquely American. We must preserve that diversity — but we must do so in a manner that ensures a level playing field between providers of financial services and protects all consumers equally.

In ABA's recently released Blueprint for Growth — a banker-driven document that will serve as our advocacy north star in the year ahead — we identified the need to promote innovation and ensure consistent regulation as one of the top priorities for the industry in 2021.

This is not a new goal, but it remains important at this moment in time as we confront the challenges of modern life — from emerging technologies to a changing climate to recovering from a global pandemic.

Banks have always embraced innovation. Indeed, innovation has a vital role in increasing economic competitiveness, promoting financial inclusion and expanding access to banking services. But financial innovation only provides these benefits when undertaken in a safe, responsible manner.

This means that a consistent set of regulatory standards must be applied to financial services providers — credit unions, banks or fintech firms. Unfortunately, we've seen several instances in recent months of firms attempting to circumvent these regulatory standards by seeking charters that would allow them to access the banking system without being subject to the same rigorous regulatory standards applicable to the nation's banks.

A prime example of this is Figure Bank, which recently applied for a national banking charter through the OCC that, among other things, would allow it to operate without deposit insurance. If approved, this charter would enable Figure Bank to apply for membership in the Federal Reserve system while avoiding compliance with regulations like the Community Reinvestment Act.

We'll continue to oppose the approval of charters like these, and we'll continue to push back against any efforts that would enable new entrants into the financial services marketplace to cherry-pick which rules of the road apply to them.

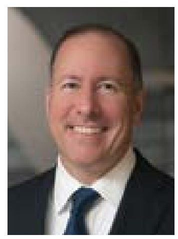
We'll also continue our efforts to advocate against further tilting the field for tax-advantaged entities like credit unions and the Farm Credit System. For example, we are pushing strongly against a recent National Credit Union Administration effort to further loosen the field of membership restrictions — a move that even the agency's former chairman blasted as "abandon[ing] rigorous and introspective analysis and its congressional mandate to stay clearly within the four corners of the Federal Credit Union Act."

Should policymakers accelerate attempts to push the Federal Reserve or the U.S. Postal Service into retail banking, we'll continue making the case that this kind of involvement is unnecessary because consumers are already well-served by a broad and diverse financial services sector. According to the FDIC, in 2019, the share of unbanked U.S. households reached a record low of 5.4%, and banks are working to close that gap through the Bank On movement. With a fast-growing number of banks signed on, Bank On-certified accounts are now offered in 28,000 branches nationwide, in 99 out of the 100 largest metropolitan markets and in all 50 states.

For us to convey this message, however, we must ensure that community banks have the capacity and ability to keep innovating. That's why we've been working diligently through ABA's Core Platforms Committee to smooth over some of the bumps in the road that have historically held banks back from rolling out new digital products and services that their customers want and that they need to remain competitive.

> Banks have always **embraced** innovation. Indeed, innovation has a **vital role** in increasing economic competitiveness, promoting financial **inclusion** and **expanding** access to banking services.

By supporting the digital transition — an effort that was well underway before the pandemic but is now accelerating at an even faster pace — America's banks can continue their work to support an economic recovery that is robust and inclusive.



Email Rob Nichols at nichols@aba.com.

CECL —
It's Time (Again)

By Michael Flaxbeard, BKD

Has it really been a year already? It's felt like 10 minutes — underwater while being attacked by a shark as you watch Kansas football. On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a global pandemic. Since then, community banks throughout Kansas and nationwide have adapted to working remotely, scrambled to fund billions of dollars of loans through the Paycheck Protection Program (PPP), and modified terms on thousands of loans to help our struggling community members and address shrinking margins brought on by incredibly low-interest rates. Kansas community banks tackled these challenges while helping our kids learn remotely, eating room temperature carry out, figuring out the mute button on Zoom calls and just hoping our new COVID puppies wouldn't bark during weekly check-in calls. Notice I didn't even mention navigating all of this during an election year. All of that to say — WHAT. A. YEAR!

I know what you may be thinking: "We are almost on the other side of this pandemic, my employees and customers are receiving vaccinations and finally coming back to the office and branches, and this guy has the gall to bring up CECL!?" In short, yes. But hear me out. Amid all of the COVID-19 accounting confusion, the adoption date for ASC 2016-13, Financial Instruments — Credit Losses (Topic 326), did not change. Your bank must adopt Topic 326, aka the current expected credit losses methodology (CECL), on Jan. 1, 2023, as reflected in your March 31, 2023, call report filing. The pandemic has most likely sidetracked adoption and implementation plans and you may feel like you are back to square one. Given mass adoption is less than 24 months away, CECL fervor will pick up in the coming months. Before the CECL conversation goes mainstream, allow me to dispel a few CECL myths, offer insight gleaned from the more than 150 publicly traded banks that have already adopted the standard, and offer a sensible solution to consider for your CECL problem.

Common CECL Myths

Initially, I read the CECL standard issued by FASB because I am a glutton for punishment. Recently, I re-read the standard because confusion abounds within the industry as to what is required versus what has been projected from software providers, accounting nerds, and the largest and most complex financial institutions throughout the country. While this guidance has been well-intentioned and helpful to many, I believe it may have perpetuated myths in the marketplace surrounding the CECL standard.

Before addressing these common myths, let me provide a simple CECL refresher. Simply put, CECL requires loans to be presented at the net amount of what is expected to be collected. The allowance for credit losses is a valuation account deducted from the amortized cost basis of loans to present this net carrying value of what is expected to be collected. The main difference between CECL and today's incurred loss model is the time period for estimating losses. Under the incurred loss model, one reserves for losses that are probable at the reporting date. CECL requires that one reserves for credit losses that are expected over the remaining life. Below are common myths related to CECL followed by reality-based responses.

Quantitative and Qualitative Factors Within Your CECL Estimate

Myth: Quantitative information is required to support qualitative assumptions, such as current condition adjustments and forecast estimates.

Reality: Topic 326 does not require quantitative assessments to support current condition adjustments or forecast adjustments, which are qualitative assumptions, much like qualitative loss factors today. Topic 326 requires estimating expected credit losses over the contractual term of loans adjusted for prepayments. Historical credit loss experience of loans with similar risk characteristics, i.e., loan pools, generally provides a basis for an entity's assessment of expected credit losses.

An entity shall consider adjustments to historical loss information to reflect changes in current conditions and reasonable and supportable forecasts. These adjustments may be qualitative in nature. In plain English, the CECL gods say that one starts with historical loss information and adjusts for factors today and factors in the future. These factors are called the "current condition adjustment" and "forecasted loss adjustments." Nowhere within Topic 326 does it state current condition and forecast adjustments need to be quantitatively derived from complex statistical models, such as regression, that predict future losses based on historical relationships of loss to changes in economic indicators such as unemployment, commodity prices, interest rate movement, etc. There is no prescriptive method outlined in Topic 326 related to current condition forecast adjustments. The development of these critical assumptions can be performed in various ways, including top-level qualitative adjustments. With that being said, documentation of how qualitative assumptions were chosen, derived, and consistently applied is critical to successful adoption.

Peer Loss Information and the Historical Loss Window

Myth: The use of peer losses is required when developing historical loss analyses.

Reality: Topic 326 states historical loss information can be sourced from internal, external, or a combination of both when developing historical loss analyses. Nowhere in the topic does it state that external information, i.e., peer loss data, is required.

Myth: An institution needs many years of historical loss information to adequately estimate future credit losses.

Reality: Topic 326 does not state historical loss information is required for a full economic cycle or many years. Instead, it only states that management may use a historical period representing management's expectations for future credit losses. If management believes losses from 2010 are not representative of losses in 2024, that information should not be used. However, there may be a benefit in using a long-term historical loss average to supplement periods outside of a bank's forecast period, typically one to two years. Having more loss information at your disposal helps support reserves without heavy reliance on qualitative loss factors.

Software Applications

Myth: Financial institutions should purchase software that will help estimate credit losses to comply with the standard.

continued on page 12

continued from page 11

Reality: The CECL standard does not require the use of software when developing the estimate of credit losses. It does not require specific approaches when developing the estimate of expected credit losses. Instead, it explicitly states adopters should use judgment to develop estimation techniques that are applied consistently over time and should faithfully estimate loans' collectability. Admittedly, a little direction would be nice. While many early adopters found software beneficial, specifically through process automation, the standard does not require its use.

Myth: If my financial institution purchases software to assist in the CECL calculation, management can reply on its outputs.

Reality: This myth has been a challenge to overcome. While software applications can be powerful, helpful tools, management must be able to document their understanding of the conceptual design and assess the reasonableness and appropriateness of assumptions and the resulting allowance estimate. A software application in and of itself cannot tackle the CECL standard given its subjectivity.

Myth: Financial institutions with more than $1B in total assets are no longer "smaller and less complex."

Reality: The term "smaller and less complex" has been popularized through interagency guidance on CECL, risk management and compliance. The agencies have yet to define what exactly is "smaller and less complex." Until then, this classification remains subjective and based on more than an arbitrary asset size.

CECL Insights and Lessons Learned

Approximately 150 financial institutions adopted CECL as of Jan. 1, 2020. These early adopters are concentrated in publicly traded institutions. Of the approximately 220 banks in Kansas, no banks were included in the round of early adopters. Further, of the 220 banks in Kansas, 205 are under $1B in total assets, and 190 are under $500M in total assets as of Dec. 31, 2020. Expectations for the vast majority of banks in the state of Kansas will not be the same as those banks that adopted CECL as of January 1, 2020. However, there are some universal lessons learned, banks of any asset size should contemplate that.

Acquisitions Were a Significant Driver in Increased Reserves

Looking at the 10 CECL adopters less than $50B in assets as of March 31, 2020, with the most significant increases in reserves as a percentage of loans, all but one had an acquisition in 2018 or 2019. This increase in reserves upon adoption was expected as accounting for credit losses on acquired loans has materially changed as part of the CECL standard. Historically, purchased loans fell under separate guidance that didn't allow for recognizing an allowance at acquisition. Under the CECL standard, an allowance for credit losses is to be recorded on purchased loans, regardless of the purchase accounting discount on those loans. For more information on accounting for purchased loans under the CECL standard, see the archived BKD webinar on the topic at bkd.com/webinar/2018/12/cecl-business-combinations. If your institution anticipates an acquisition in the coming years or expects to have a large amount of acquired loans at the date of the adoption, reach out to a BKD Trusted Advisor™ to review the day-one accounting implications of CECL adoption.

Unfunded Commitments Had a Significant Effect at Adoption

Another effect of adopting the CECL standard was an overall increase in the allowance for unfunded commitments. With the adoption of CECL, increases on unfunded commitments were expected. Of the early adopters with less than $50B in total assets, 21% experienced a more significant effect from unfunded commitments at adoption than loans outstanding. Further, nearly half of these adopters indicated 20% or more of the total CECL allowance increase derived from reserves on unfunded commitments. This impact is due to the fact that many institutions did not previously record an allowance on unfunded commitments. CECL defines an approach and requires adopters to record an allowance for unfunded commitments that are not unconditionally cancelable.

Forecast Periods Were Generally One or Two Years

CECL requires "reasonable and supportable forecasts" when determining expected credit losses. "Reasonable and supportable forecasts" make the standard forward-looking, can be viewed as the biggest change within the standard, and are the most significant assumptions when estimating future credit losses. We reviewed public filings for 116 CECL adopters with less than $50B in total assets and noted 68 used either one (39 adopters) or two years (29 adopters). Twenty-three adopters did not disclose the forecast period. CECL does not require an entity to create an economic forecast over the contractual life of loans. Rather, for periods beyond which the entity can make reasonable and supportable forecasts, reversion to historical loss information is required.

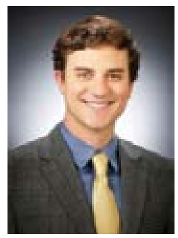
A Practical Solution

I completely get it. Planning, preparing, and researching for your upcoming CECL adoption is the last thing you want

> CECL **requires** "reasonable and supportable **forecasts**" when **determining** expected credit **losses.**

to do right now. Most of you reading these words represent true community banking and feel like this standard was not intended for your institution's size and complexity. You may not receive a financial statement audit and answer solely to state regulators and the FDIC or OCC. While the market is ripe with powerful software applications, you question if those solutions' cost and complexity are commensurate with your institution's risk and what is truly required. To this end, you are frustrated with the academic articles pontificating on one of the most confusing and subjective accounting standards ever written by our friends at FASB.

I have always been taught to never address a problem without offering a related solution—and I believe BKD has done just that. Our team has developed a CECL solution geared toward community banks that delivers the rare one-two punch: an understandable CECL tool coupled with a BKD Trusted Advisor who assists with developing and documenting your unique CECL calculation. Our aim is not to be just another software application. Instead, our goal is to work with management to develop a CECL calculation that is easy to use and easier to understand and comes with a BKD Trusted Advisor in tow. With our help, you can be "CECLing" independently (and accurately) after initial adoption. Lately, as it relates to CECL, I have felt that I have been shouting into the empty void where practicality and sensibility used to reside. Help me fill this void.



Michael is a member of BKD National Financial Services Group. He has experience providing audit and consulting services to both publicly traded and privately held financial institutions, including banks, credit unions, broker-dealers, investment funds and fintech firms.

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Endorsed Vendor

Make Customer Engagement Your Priority

For two decades, StrategyCorps has equipped Kansas bankers and their colleagues across the country with the power to be present in the lives of modern consumers living, banking, and searching for value in a fast-paced, digital world.

Company leaders say StrategyCorps' continued success has come due to a consistent focus on three things: market-driven knowledge, product innovation and service intensity. One key has been its ability to help banks generate relevant replacement fee income when checking-related net interest income, interchange income and overdraft revenue trended down.

While net interest margins are being tightly squeezed, debit card interchange (nearly 30% of non-interest income) growth continues to be challenged and quality loan production remains questionable. StrategyCorps' solutions generate, on average, $500,000 of new revenue per billion of assets for its clients — even during the pandemic — to provide much-needed relief.

"We conduct our own industry research at StrategyCorps, which gives us the ability to understand what consumers want in checking products," said StrategyCorps regional director Chris Garrelts. "This allows us to create and deliver modern solutions that boost the bottom line and increase customer engagement and satisfaction."

StrategyCorps' accomplishments in helping banks build real, lasting relationships with their customers are made possible through two retail checking solutions: CheckingScore and BaZing.

Actionable Analytics to Design and Build Your Lineup

CheckingScore delivers a detailed analysis of every household to optimize a bank's retail checking performance, helping them answer questions like these:

- Which specific checking relationships are contributing the most to your bottom line? Which ones aren't?
- Which ones consider you their primary banking institution, and which ones are likely banking elsewhere?
- Where are the specific opportunities for lineup simplification, pricing changes and product improvements?
- What are the prescriptive action steps and product pathing to realize these opportunities? What are the financial returns?

This allows bank leaders to see what's working and not working financially in their current checking portfolio and to determine what's missing from their current checking products to better engage, acquire and retain customers.

Company **leaders say** StrategyCorps' continued **success** has come due to a **consistent focus** on three things: market-driven knowledge, **product innovation** and service intensity.

Using data securely collected from each financial institution, CheckingScore delivers easy-to-understand, personalized reports that reveal the specific product pathing and pricing necessary to optimize retail checking performance. Not only that, StrategyCorps' proprietary database tracks the performance of more than 7 million checking accounts — represented by nearly a billion data points — to show every client how their financial institution stacks up against peers across 20 key performance metrics.

"Our clients can make fully-informed decisions about exactly how to arm their checking lineup with products that have great revenue production to generate acceptable financial returns, meaningful product difference, and superior consumer appeal," Garrelts said. "This, in turn, allows them to compete — and beat — their competitors, especially the megabanks."

Simply put, CheckingScore is an analytical tool that ranks your customers' total relationships with your bank. It lets banks examine their checking relationships in ways they've never been able to before — and make the clear-minded choices needed for designing great products.

Saving Money + Protection = Great Checking Experience

With its white-label customizable capabilities, StrategyCorps' BaZing mobile rewards app brings modern benefits to the checking experience to create a powerful subscription pricing model that deepens customer relationships.

More importantly, in today's market — one in which COVID-19-related health and economic conditions have affected almost every consumer — Garrelts said StrategyCorps is most proud of its ability to provide its clients with value-focused benefits that help their customers save money and increase their sense of both safety and security.

"In an environment in which saving a dollar is worth more than investing one, we've been able to help account holders at each of our clients stretch their money and bring them peace in an era of economic instability," Garrelts said. "Whether it's discounts on much-needed prescription medications, the coverage that helps repair a broken cellphone a consumer needs to hear back from a potential employer, or identity theft protection, we're here to help."

With more than 400,000 discounts nationwide, plus services that bank customers may already be paying for today — like cellphone protection, roadside assistance and identity theft protection — banks across the Sunflower State can offer BaZing benefits that deliver impact and add tremendous value to their retail checking accounts.

"We make it easy and frictionless for your consumers to get and stay connected with these modern benefits," Garrelts said. "It's how we operate, and it's what bank customers expect."

Plus, BaZing gives banks an engaging, unique way to build deeper relationships within their communities. BaZing Local, StrategyCorps' local merchant acquisition program, provides the marketing and business development resources to connect local small businesses to client bank consumer checking relationships that are already local and loyal.

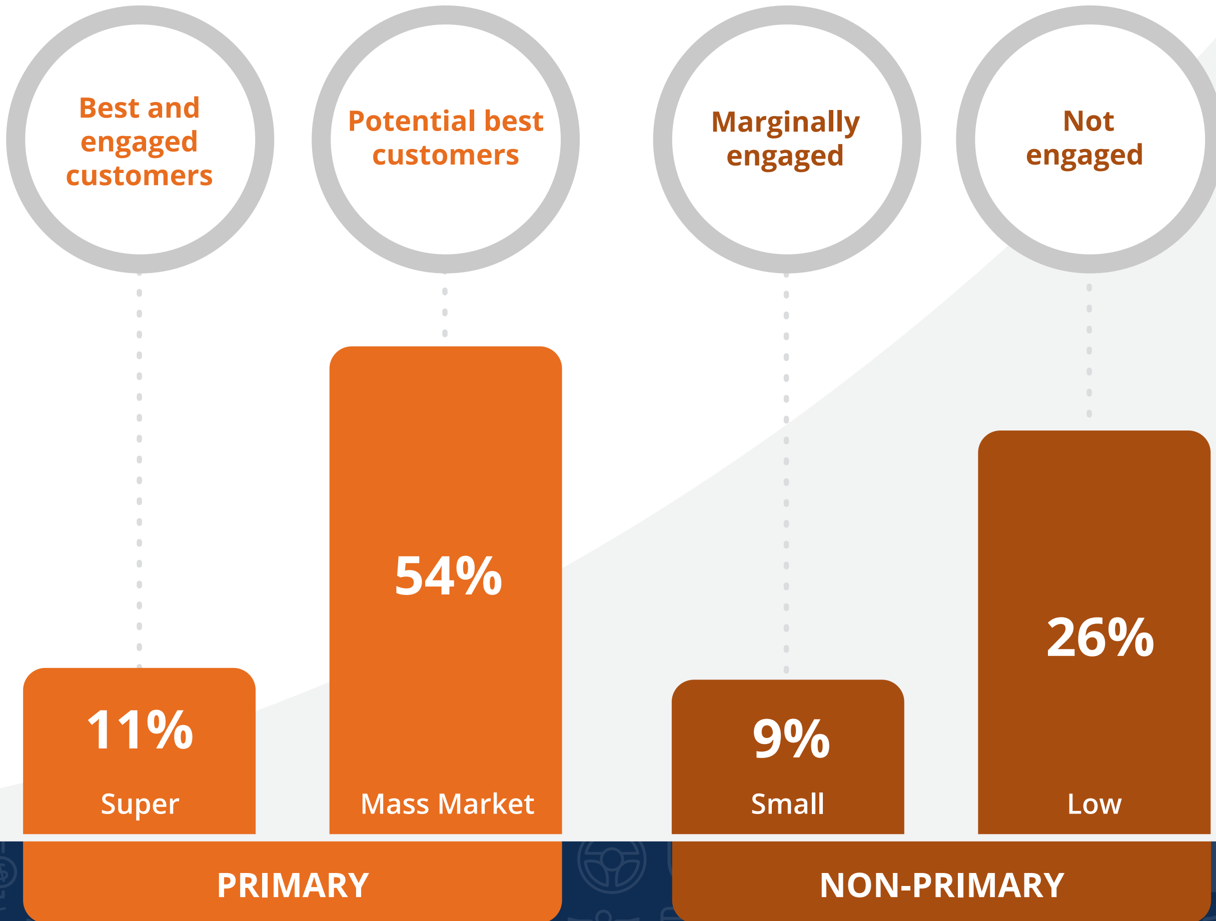
"Our BaZing Local team, working in collaboration with your bank, adds your small business customers and other popular merchants to our BaZing merchant discount network for only the cost of their point of sale discount," Garrelts said. "This makes your financial institution a true community connector between your checking customers and local merchants."

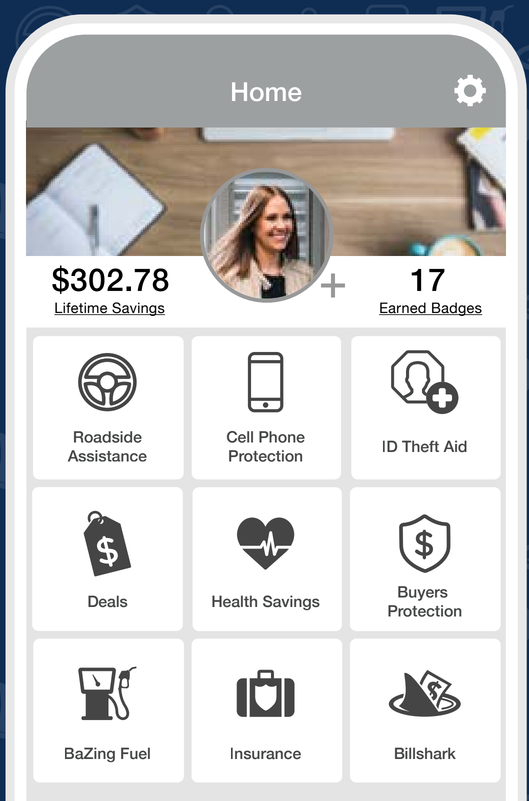
Prosper in a time when fee income is declining

Better products. Better consumer connection. A better bottom line. Your bank's retail checking lineup has to achieve all these to compete successfully today and in the future. This is what StrategyCorps' top-performing solutions deliver.

For more information about how StrategyCorps can help your bank offer its best account lineup to the right customers and discover valuable benefits via the mobile app that customers will pay for, visit strategycorps.com.

NOT ALL RELATIONSHIPS ARE CREATED EQUAL.





Identify your primary and non-primary accounts, then deepen those relationships with the checking account benefits that your customers are demanding — and your competitors have failed to deliver.

We can help.

Build your best account lineup for the right customers today.

strategycorps

Chris Garrelts | Regional Director Sales
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KANSAS BANKERS ASSOCIATION

EDUCATION CALENDAR

Conferences | Schools | Seminars/Workshops | Sunflower Webinars

April 2021

- **7** - **Managing Problems Loans and Bankruptcy** – Virtual Seminar
- **13 & 20** - **Lending Fundamentals: State** – Virtual Seminar
- **15 & 21** - **Lending Fundamentals: Federal** – Virtual Seminar
- **26 - 30** - **School of Banking Fundamentals**– Manhattan

May 2021

- **10** - **Golf Classic** – Newton
- **11** - **Driving Strategic Value with Credit Loss Modeling** – Virtual
- **12 - 13** - **Small Business Lending** – Virtual
- **18** - **2021 Deposit Trends and Strategy Outlook** – Virtual

June 2021

- **8 - 9** - **Advanced Commercial Loan Underwriting** – Virtual
- **8 - 10** - **Operations School** – Manhattan
- **15 & 17** - **Teller Training** – Virtual
- **21 - 25** - **School of Lending Principles** – Manhattan
- **22 - 24** - **Relationship & Business Development School** – Lincoln, NE
- **24** - **HR Training** – Virtual
- **22** - **Reimagine ALCO** – Virtual

August 2021

- **5 -7** - **CEO & Senior Management Forum** – Colorado Springs
- **10** - **Credit Analysis** – Wichita
- **11** - **Cash Flow Analysis** – Wichita
- **18 & 19** - **Vendor Management** – Topeka
- **18 - 20** - **MOKAN** – Kansas City
- **24 & 25** - **Supervisor Boot Camp** – Topeka

FEATURING:

- **Michelle W. Bowman (invited)**
  FEDERAL RESERVE BANK
- **Buddy Hobart**
  FOUNDER & PRESIDENT, SOLUTIONS 21
- **Jerry Moran**
  UNITED STATES SENATOR
- **Elliot Eisenberg**
  ECONOMIST
- **And more!**

2021 CEO & SENIOR MANAGEMENT FORUM/ ANNUAL MEETING

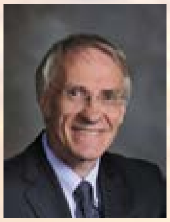
Aug. 5 - 7, 2021
The Broadmoor Hotel
Colorado Springs, CO

EDUCATE. LEAD. INSPIRE.

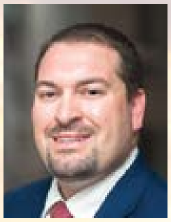
KANSAS BANKERS

Please make hotel reservations by calling 1-800-634-7711 and asking for the KBA room block. The Broadmoor has very limited availability outside the room block. Book your room today!

2021 **Kansas Ag Bankers Conference**

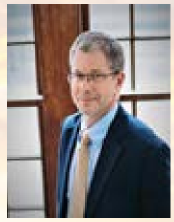


Dr. David Kohl, Professor Emeritus, Virginia Tech



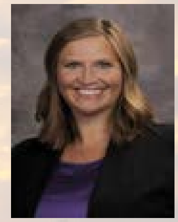
Ed Elfmann, Senior Vice President of Agricultural & Rural Banking Policy, ABA

Lee Friesen, Special Products Sales Manager, Diversified Crop Insurance Services



Tim Ohlde, CEO, Country Banker Systems LLC

Shan Hanes, CEO of Heartland Tri-State Bank



Kelsey Olson, Deputy Secretary, Kansas Department of Agriculture

Michael Fielding, Partner, Husch Blackwell

Doug Johnson, Ag Strategist, Moody's Analytics

Mike Jackson, VP & Loan Officer, Ford County State Bank

John Jilovec, Deputy Regional Director, FDIC

Damian Mason, Producer & Author, The Business of Agriculture

Randy Blach, CEO, CattleFax

Paul Mussman, President, AgWest

Eric Snodgrass, Atmospheric Scientist, Nutrien Ag Solutions

The 2021 Kansas Ag Bankers Conference was held virtually March 3-4, with over 200 bankers in attendance. KAB President Tim Smith, First State Bank, Plainville, opened the conference with comments and introductions. KBA chairman Jonathon Johnson also made a few remarks to conference attendees.

The first presenter, Dr. David Kohl, shared how the sudden impact and lasting effects of the COVID-19 pandemic have created accelerated changes. It also has created economic and financial ripples that will be felt for years to come by many business models in agriculture. The 2020s will be the decade of economic divide that will test agricultural lending's art and science.

He also explained how a management mindset would be a critical element for success for agriculture in the next decade. The pandemic has shaped disruptions in markets, consumer trends and how one navigates everyday life. While some will equate the disruption as negative, others will view it as an opportunity. This pandemic has added rocket fuel to change in business and society. In farm and ranch business management, teamwork with family members is critical for success.

The next presenter was Mike Beam, Kansas Secretary of Agriculture. Mike shared how The Cares Act Funding expanded the capacity of that state's food supply system. These grants allowed local food and agriculture businesses to expand their capacity to respond to their communities' food supply needs. "Local businesses are critical to providing food to Kansans, and that need was made clear," Beam said.

Aaron Popelka, Vice President of Legal and Governmental Affairs at Kansas Livestock Association, then gave an overview of HB 2204. This bill is intended to protect consumers from deceptive label practices by requiring disclaimers for plant-based foods.

ABA's Senior Vice President of Agricultural & Rural Banking Policy Ed Elfman and KBA President & CEO Doug Wareham provided a campfire chat on federal ag and rural banking policy. Taking center stage was Enhancing Credit Opportunities in Rural America (ECORA) tax equity legislation. This looks to gain traction this year after it was signed into law in Kansas in February, and additional states are pushing the same legislation.

There were four breakout sessions:

- Crop Insurance
- Financial & Marketing Analysis
- Ag Stress
- More Effectively Resolving Distressed Ag Loans in Kansas

Attendees then listened to a panel discussion, "Managing Credit Risk and Regulatory Relationships: Thinking Differently Together." Presenters were Doug Johnson, Ag Strategist from Moody's Analytics; John Jilovec, Deputy Regional Director from Kansas City Region of FDIC; and Mike Jackson, Vice President at Ford County State Bank in Spearville. The panel shared concerns, challenges and found opportunities in the current Ag Era.

The first day wrapped up with "The Business of Agriculture" presented by Damian Mason, Producer, Host and Author and Agriculturalist. Damian provided a discussion about trends and issues impacting the future of food and agriculture.

Day two started with Randy Blach, CEO of CattleFax, as he opened his outlook stating, "You think about the timing of the Tyson fire we had last year, and the market was depressed in September and October, we had a backlog, and the prices were lower than normal," Blach said. Over the past couple of years, the cattle industry has navigated two Black Swan events, with the most recent supply chain challenges because of the coronavirus pandemic. Randy Blach stated that nearly 1 million head of fat cattle were backed up as a result. "The slaughter is pretty well back on pace, but record tonnage is being put through the system. That is testing these markets that are still under-performing relative to the potential out front." The markets have somewhat recovered from lows in the summer of 2020. At that point, cattle were selling for $95 per hundredweight. Cash cattle prices are now around $114 per cwt. Blach realized that cattle producers are frustrated with the current market situation but believes a more optimistic outlook lies ahead. "There have been weather impacts the last couple of weeks that will shave some tonnage off these markets, and we're now in a situation where global demand for ag products will increase. This should be a nice run for the ag industry over the next three-to-four years."

Paul Mussman then provided his insightful presentation, "Update on Ag Markets and The Tools Farmers Can Use to Reduce Risk." Mussman shared tips for marketing and profitable decision-making amid a challenging economy.

The 2021 annual meeting of the Kansas Ag Bankers Division was called to order by KAB Division President Tim Smith from First State Bank in Plainville. KAB Secretary/Treasurer David White from Intrust Bank in Wichita reviewed the minutes from the 2020 annual meeting and the current financial report. Following an introduction of the board members by Tim Smith, the KAB Board honored the passing of Dr. Barry Flinchbaugh with a moment of silence. Past President Elsa Havel from Grant County Bank in Ulysses presented the nominating report. Following the nominating process, Jay Meyer from Centera Bank in Sublette was inducted as the new KBA Kansas Ag Bankers Division President. The Vice President is David White, and the Secretary-Treasurer is Mikel Hadachek from Astra Bank in Belleville.

Eric Snodgrass closed the conference with his ever-popular weather update. Record-setting rains defined 2019 while flash drought, a derecho, 30 tropical cyclones, and western wildfires dominated weather headlines in 2020. Weather variability is the largest source of risk in production agriculture, and each year brings a new set of challenges to manage that risk throughout the growing season. Winter 2020-21 featured a fading La Nina, regional drought across Brazil and Argentina, and nearly 60% of the lower-48 was covered in some drought stage. So, what does this mean for planting season and into the summer? Snodgrass says the models are pointing to similar patterns that were present in 2020. "The corn and soybean belt will likely see above-average temperatures into May and June with some early-season drought. Then as the heat sets up, it will migrate west as we get into July and August," he says. He notes the climate has already reshaped parts of the 2021 growing season. Since 1948, between March and May, the primary corn and soybean belt states have measured a 2" increase in precipitation. As for temperatures, they've warmed about one degree.

Thanks to the following sponsors:
Platinum – Schools of Banking, Bajillion Agency, Country Banker, Bankers' Bank of Kansas, FarmerMac;

Gold – Ag Risk Solutions, INTRUST Bank NA;

Silver – First National Bank of Hutchinson, KBA Insurance Inc., FHLBank Topeka, Security 1st Title, Kansas Corn, Fort Hays State University Robbins College of Business and Entrepreneurship, Kansas Soybean Commission, AgWest Commodities.

The next Kansas Ag Bankers Conference will be on March 2-3, 2022, at the Hilton Garden Inn and Convention Center in Manhattan, Kansas.

2020/2021 **BLOK Session I**

At this year's virtual Public Affairs Conference, the 2019 BLOK class was congratulated on their delayed graduation due to the pandemic. In turn, the 2020 class was unable to complete their requirements, so sessions will resume in 2021.

The 2019 BLOK graduates are:

Derek Bailey
Great Western Bank, Shawnee

Chris Bilby
Home Savings Bank, Chanute

Jared Brown
Impact Bank, Wellington

Eric Clemenson
Arvest Bank, Mission

Kelli Galbrecht
CrossFirst Bank, Leawood

Darrin Golliher
Stockgrowers State Bank, Meade

Jeremy Hacker
United Bank & Trust, Concordia

Jacob LaRue
Bank of Commerce, Chanute

Jeff Martin
First Heritage Bank, Centralia

Blake Meyer
Denison State Bank, Holton

Don Reinsch
Central National Bank, Junction City

Suzan Saville
FHLBank Topeka, Topeka

Crissy Shumard
INTRUST Bank, N.A., Wichita

Carmelita Taylor
Astra Bank, Abilene

Lindsey Voss
Farmers Bank & Trust, Overland Park

Tyler Walden
Gibbs & Houlik L.C., Wichita

Chris Wente
Golden Belt Bank, Hays

Kristen Wesolowsky
Legacy Bank, Wichita

Amanda Williams
Bankers' Bank of Kansas, Wichita

Terry Wright
GNBank, Horton

The 2020/2021 class is comprised of:

Chris Bartlett
First National Bank of Kansas, Waverly

Lance Caldwell
IntraFi Network, Overland Park

Heather Campbell
KCoe Isom, LLP, Wichita

Shelly Coats
TriCentury Bank, Spring Hill

Ed Dewey
GNBank, NA, Bucklin

Andrew Ellner
Country Club Bank, Olathe

Tricia Fowler
Heartland Tri-State Bank, Arlington

Lacey Frehe
United Bank & Trust, Seneca

Alex Jones
Bank of Commerce, Neodesha

Denise Kissinger
INTRUST Bank, N.A., Lawrence

Christopher Kuckelman
Exchange Bank & Trust, Lansing

Jim Metz
Citizens State Bank & Trust Co., Lincoln

David Moore
Central National Bank, Lawrence

Kaylene Plummer
Farmers State Bank, Westmoreland

Brian Schwarz
First Bank Kansas, Salina

Jeff Steiner
FHLBank Topeka, Topeka

Grady Trumble
Legacy Bank, Wichita

Kelly VanZwoll
Kansas Bankers Association, Topeka

Brian Whitesell
Landmark National Bank, Manhattan

Blake Yakel
Equity Bank, Wichita

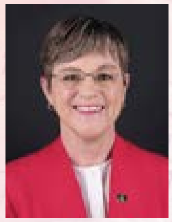
Aaron Zadina
Centera Bank, Greensburg

Thank you to the sponsors of the BLOK program!
Bankers' Bank of Kansas, CalTech, Central States Capital Markets, INTRUST Bank. N.A., KBA Insurance, Inc., IntraFi Network

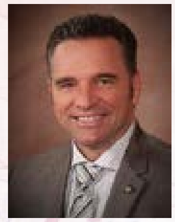
2021 **Public Affairs Conference**

Esther George
President
Kansas City
Federal Reserve

David Herndon
Kansas State Bank
Commissioner

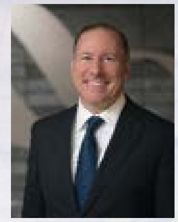


Laura Kelly
Governor of Kansas



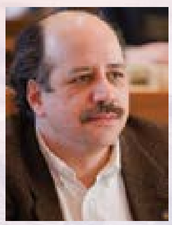
Ty Masterson
Senate President

Jerry Moran
U.S. Senator



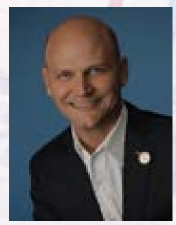
Rob Nichols
American Bankers
Association President
& CEO

Ron Ryckman
Speaker of the House



Tom Sawyer
House Minority
Leader

Derek Schmidt
Kansas Attorney
General



Scott Schwab
Secretary of State

Dinah Sykes
Senate Minority
Leader

KBA Chairman Jonathon Johnson kicked off the 2021 Harold A. Stones Public Affairs Conference. He thanked all attendees who took the time to learn about the banking industry's state and federal legislative priorities. Johnson introduced Harold Stones, who formerly served as KBA's Executive vice president and had recently retired as Kansas Director of Special Projects for U.S. Senator Pat Roberts, who was honored and commented on its history, which began in 1971. Johnson also introduced the new industry image campaign recently launched by the KBA, which included ads on social media that take viewers to KBA's landing page where they can learn the vitally important role banks play in communities across Kansas.

KBA SVP-Government Relations Alex Orel introduced the Kansas Legislative Leadership Panel. Panelists were Senate President Ty Masterson, Senate Minority Leader Dinah Sykes, Speaker of the House Ron Ryckman, and House Minority Leader Tom Sawyer. Orel asked panelists questions that included what they were putting on their agendas this year, including tax policy and regulatory reform and how they will address the COVID – 19 pandemic and state emergencies moving forward.

After the panel, Attorney General Derek Schmidt spoke about the unemployment insurance fraud claims that are being mailed to recipients saying they claimed employee benefits and payments and how he is trying to respond to them. Schmidt said he doesn't know-how much of the Kansas Unemployment Fund has been lost due to fraud, but estimates have shown more than $300 million. Kansas had the third-highest incident of unemployment fraud in the country. Schmidt stated that the fraudsters committing these financial crimes are mainly offshore, so they must get shut down, and prevention is the only solution to this problem. The Kansas legislature is working on addressing the issue.

Next up was Secretary of State Scott Schwab, who discussed the successful certification of Kansas' recent election

Attorney General Derek Schmidt **spoke** about the unemployment **insurance fraud claims** that are being **mailed to recipients** saying they claimed employee benefits and payments and how he is trying to **respond to them.** Schmidt said he **doesn't know** how much of the Kansas **Unemployment** Fund has been **lost** due to fraud, but **estimates** have shown more than $300 million.

results. Part of that success is attributed to the fact that the state's voting machines are never on a network to be hacked. Schwab also discussed the new Kansas Business One-Stop, a website for anyone interested in starting a business in the state. Resources include getting a license, paying taxes, and learning how to grow a small business.

Following Secretary Schwab, State Bank Commissioner David Herndon provided the audience with an overview of the Office of the State Bank Commissioner (OSBC) and a brief update on the state of Kansas banking. Commissioner Herndon also outlined the OSBC's legislative priorities for the 2021 legislative session and thanked the bankers in attendance for their leadership during the pandemic.

U.S. Senator Jerry Moran spoke next of his engagement in the Sweet Sixteen, consisting of 16 Republicans and 16 Democrats and the COVID-19 Relief Bill. Moran also talked about his support for KBA-supported Enhancing Credit Opportunities for Rural America (ECORA) Act and his plans to introduce the legislation in the 117th Congress. Moran said he is critical of several presidential executive orders, including those impacting the oil and gas industry, waters of the United States, and energy and agriculture.

Next, KBA Federal Affairs Committee chairman Kurt Knutson introduced Rob Nichols, President & CEO of the American Bankers Association (ABA). The ABA represents all 51 state banking associations, including Puerto Rico. Nichols stated that industry issues and needs don't change, but the tactics to deal with them must evolve.

Next up was Federal Reserve Bank of Kansas City President Esther George describing what the regional economy looks like from her position. George said she had seen drawbacks from spending and buying durable goods until the end of last year. She said that we are also 10 million jobs short from the beginning of 2020, and there remains a significant gap that has yet to close. Of that deficit, about a third are in the leisure and hospitality industries which says that the pace of employment growth is likely to be lackluster until the pandemic subsides. One factor would be looking at the equity markets responding to positive news of the vaccine. Examples are these hardest-hit industries that have seen some of the most significant price gains, indicating they will bounce back strongly. The other dynamic that George looks to are industries that are positioned to support growth in the year ahead because retail businesses ran down their inventory in the earlier stages of the pandemic and the uncertainty of future sales prospects. With a sustained recovery, George thinks businesses will begin to restock and even create some gains. The third factor that George wants to consider is the additional financial support that passed at the end of last year, which also sets the stage for recovery because of, for example, the Paycheck Protection Program to sustain small businesses. George said that this did not look like a typical recession because they saw credit scores go up. Her outlook is relatively positive for the second half of this year, depending on the pandemic's progress.

Last but certainly not least, Kansas Governor Laura Kelly addressed the audience. She spoke on Senate Bill 15, KBA's signature tax equity and economic recovery legislation, saying she would sign it in its current form if it were to land on her desk. Governor Kelly also updated the progress with which vaccines are being distributed around the state.

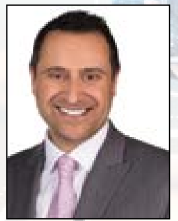
Thank you to all the sponsors and the bankers that tuned in for the 2021 Public Affairs Conference, and we look forward to seeing everyone back in person in 2022! If you are interested in sponsoring next years conference, please contact Alex Orel at 785-232-3444 or aorel@ksbankers.com

Tri-State Marketing and HR Conference

Sean Payant, Chief Consulting Officer, Haberfeld

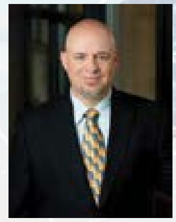
Rachel Harden, Public Relations Specialist, Bajillion Agency

Neal Reynolds, Bankmarketing-center.com



Joe Micallef, Sales Strategist & Coach, Grow UP Sales

Terri Thomas, EVP-Legal Department Director, KBA



Bobby Young, VP-Staff Attorney, KBA

Naomi Mercer, SVP, Diversity, Equity & Inclusion, ABA

Holly Hoffman, CBS Survivor Contestant

Nearly one hundred Kansas, Nebraska and Missouri bankers came together virtually on March 18 and 19 to enhance their marketing and management skills. The Tri-State Marketing and HR Conference, a partnership between the Kansas, Nebraska and Missouri Bankers Associations, featured a top-notch line-up of speakers that challenged participants to bring their best every day while making time to create a fun and collaborative workplace.

Sean Payant, Chief Consulting Officer at Haberfeld, started the day with his message, “Getting in the Game.” As an industry, we spend vast amounts of money, not to mention time and internal resources, to promote our institutions — to get people to choose us. We brand and we market. The marketing professional’s role is to get consumers — the team captains — to pick our financial institution first. For this to be most effective, however, there must be alignment between marketing and execution. Building true alignment between marketing and execution depends on four factors: product knowledge, customer service, accountability and incentives.

Next up was Rachel Harden, Public Relations Specialist at Bajillion Agency in Topeka, Kansas, who shared her vision for retaining and recruiting employees. She pointed out why marketing to current and future team members is just as important as marketing to new customers. Rachel showed the meaningfulness of working for your company and the ways people make an impact in their job. She explained how key messages, logos, values, visuals, and more are brand tools that help your employees feel connected and invested in their work.

Neal Reynolds with banbkmarketingcenter.com took center stage next with his presentation, “Bananas, Baking Soda and Bank Marketing.” What do bananas and baking soda have to do with bank marketing? The days of growing banks and businesses by growing the number of branches are long past. These days, starting even before the pandemic, customers are putting banks in a challenging position; on the one hand, they want relationships that they can trust, and on the other, they want all of their banking services in the palm of their hand.

Day one concluded with a presentation by Joe Micallef with Grow UP Sales. According to Joe, besides checking in on their clients, many bankers struggle to find ways to engage their clients and proactively assist them with their financial challenges. Now is not the time to sell to clients, but you can certainly save them from their financial anxieties. Joe provided marketing and sales teams advice on engaging clients today more confidently and offering tremendous value.

Day two featured KBA Legal Department Director Terri Thomas sharing how to communicate more effectively. Today's financial institutions understand that to compete, they must build and maintain successful team cultures. Unfortunately, if not understood and properly managed, pitfalls can hinder a financial institution from meeting its goals and create a negative and even hostile environment for management, employees and customers alike. Terri explained how perception influences our day-to-day interactions with others and how to identify and work with various social styles to establish successful relationships with co-workers and customers.

Following Terri was Bobby Young, VP-Staff Attorney at KBA. 2020, what a wild and wacky ride! Last year brought interesting changes to human resource management and employment law. He unfolded the new and trending HR and employment topics for 2021 and some lingering concerns from 2020.

Naomi Mercer, SVP, Diversity, Equity and Inclusion at ABA, said as a result of the COVID-19 pandemic and social change movements, a deliberate, effective approach to diversity, equity, and inclusion is more of a business imperative for banks than ever and an important reflection of community commitment. Naomi discussed the role DE&I issues have played in the crises and how banks can refocus on DEI moving forward.

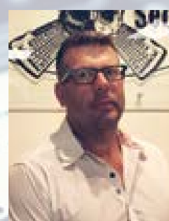
The conference concluded with a super-charged, energetic, and inspirational message by Holly Hoffman, CBS Survivor Contestant. She explained that unless we make a conscious effort to bring ourselves back to center and refocus, we begin to lose ourselves. It is never too late to find your purpose. She shared a simple tool to refocus and reprioritize you — Write a Note. As you "write yourself a note," you will begin to discover if you are where you want to be. You will encourage yourself to find purpose. No matter what stage of life you are in, we all need purpose. Define your life. Be confident. Be great. Be you.

Thank you, Graduate School of Banking at the University of Wisconsin-Madison and BankTalentHQ, for your generous sponsorship of this year's event.

2021 **Bank Technology and Operations Conference and Showcase**


Eric Cook, WSI


David Edwards, SBS Cybersecurity


Steve Stasiukonis, Secure Technology Solutions


Lee Wetherington, Jack Henry & Associates


Shawn Wilson, Bennington State Bank


ZB Serrato, CalTech

Over 150 bankers and vendors gathered virtually February 8-9 for the 25th Annual Bank Technology Conference & Showcase. Following opening remarks by KBA Past Chairman Kurt Knutson, President of Secure Network Technologies Steve Stasiukonis kicked things off with a talk on the Dark Web and how to access its controversial content. Stasiukonis demonstrated how and where data that is stolen and breached winds up on the dark market. He said that “crimeware” is big business now. Hackers with very little technical background can acquire kits on the dark web.

The annual conference included several concurrent sessions over the two-day event.

- How Do Hackers Hack-Methods Used Against Your Bank?
- Where’s Your ROI? How to Get the Biggest Return from Your Digital, Core and Payments Solutions
- Cybersecurity: It’s Not Just For IT
- Building a Culture in Cybersecurity to Safeguard Your Community Bank
- Tracking Your Data: Data Location and Flow Diagrams
- Reporting Critical Information Security Areas Upstream
- The $370B Small Business Opportunity for Banks: A Unified Strategy for Payments, Lending & Digital
- Remote Capture: A No-Hassle Approach to Provisional Credit
- Five Steps to Digitizing Your Bank in 2021 and Creating an Online Culture for Success

“The Rise of Full-Service Digital: How the Law of Least Effort is Driving the Future of Relationship Banking” was an enlightening presentation by Lee Wetherington of Jack Henry. Here’s what we know. Digital is no longer optional, self-service is not sufficient, and the unpredictable is becoming more probable. The pandemic has broadened the range of proficiencies among digital banking consumers. According to a J.D. Power Coronavirus Pulse Survey, roughly 12% of U.S. consumers now use digital banking a little more often, 16% a lot more often, and 4-5% are using it for the first time. Each of these segments reaches the limits of self-service at very different times and places inside digital channels. Fortunately, there's been a recent sea change in the "economy of action" and the associated "costs of effort" in and across options available to banking consumers. With the advent of "personal digital," high-quality engagement and personal service can be rendered in real-time at the limits of self-service no matter where those limits are encountered in digital channels.

Eric Cook, WSI, closed the conference with his thought-provoking presentation titled, "The Genie is Out of the Bottle — Connecting and Engaging with the New Consumer in a Post Pandemic World." People staying home to shelter in place, businesses closing, and a massive shift to online services across all industries have caused today's consumer to change their behavior — and chances are they won't ever go back to the "way it was," even if they could. Community bankers had to quickly adapt to staff working from home, no more lobby traffic, increased mobile banking usage, and embracing a "digital experience" whether they wanted to or not. As we look towards the future, will our customers be forever changed in how they interact with us? Most experts say "yes," and it's up to us to figure out how to market to and build relationships with our customers in this new post-pandemic world using online tools and social networking strategies.

There was also a KBA first-ever interactive trade show with 16 exhibitors.

Thank you to our sponsors: **GOLD**: KBA Insurance; **SILVER**: CalTech, DCI; **BRONZE**: Network Box USA, Artic Wolf

The 2022 Bank Technology Conference and Showcase will be held February 7-8 at the Wichita Hyatt Regency Hotel.

PICTURING KANSAS

We want your snapshots of Kansas events, landscapes, weather, wildlife and more.

"making friends with the pigs"

How Do You Picture Kansas?

Pictures to be submitted for the 2022 calendar need to be taken June 1, 2020 – May 31, 2021. E-mail high-resolution digital files (300 dpi at 4" x 6" in TIFF or JPEG format) to Julie Taylor at jtaylor@ksbankers.com.

To order official KBA 'Scenes of Kansas' calendars, contact Julie Taylor at jtaylor@ksbankers.com.

Dianna Fisher of SJN Bank of Kansas, St. John submitted this photo of her granddaughter "making friends with the pigs", taken by her daughter-in-law Rachel Fisher in Stafford County.

CREATING VALUE, MAKING YOUR TRAINING BUDGET GO FURTHER

By Brenda L. Unruh, SVP — Director of Education & Conferences, Member Services, Kansas Bankers Association

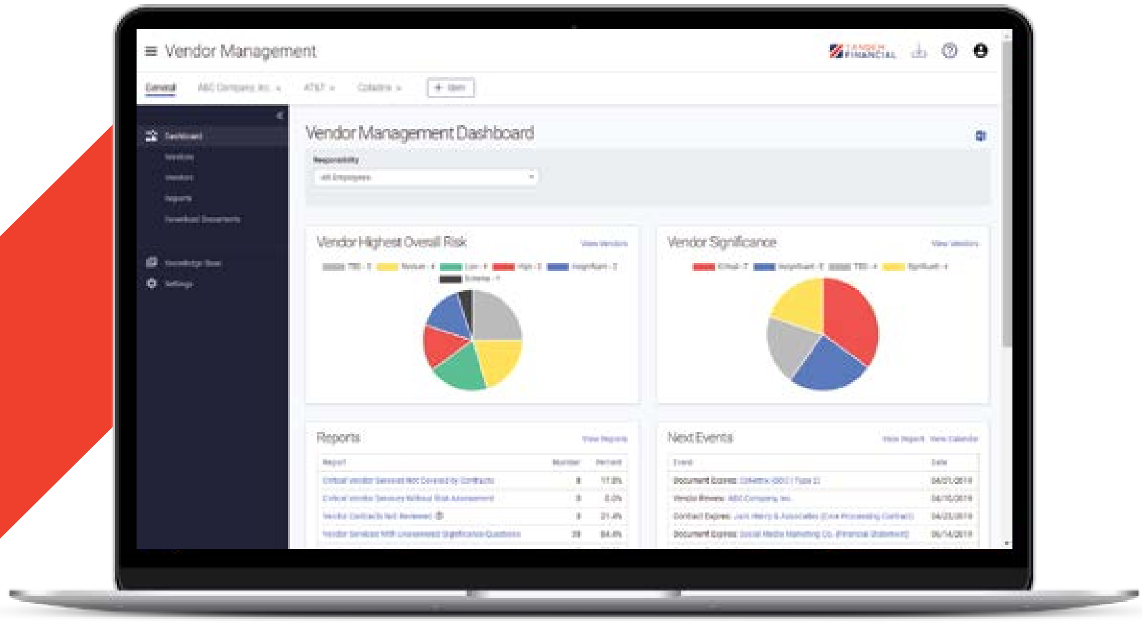
A few weeks ago, I took a phone call from a banker who was clearly upset and almost angry. Rather forcefully, he inquired why he had to pay $900 to attend one of our events, just because his bank's asset size was on the larger end of our bank pricing scale. He noted that his competition only had to pay one-third of this price due to their asset size. I asked him if he had planned to train his entire staff by having them all attend the conference he was registering for, and he seemed quite confused by this question. This was my opportunity to explain just how the KBA is creating value for our banks by making their training budgets go further! When we price an event using the bank asset pricing, we allow each of our banks to train their entire staff! Once I explained this to him in detail, he was no longer upset about paying the $900 when he could suddenly have over 30 of his staff members attend the event, even though they worked at several different branches. He very clearly saw this as an amazing opportunity and took advantage of it!

When the pandemic began to unfold and we were forced to shut down in-person events, the KBA Leadership Team and the Education & Conferences Team made a conscious decision to continue to bring our member banks the same high-quality programming that everyone had become accustomed to. Our goal was to bring greater value in the most cost-effective virtual way to benefit as many bankers as possible. Because of this, we've continued to see excellent attendance at our virtual events, and we sincerely thank you for your ongoing support of YOUR association!

As we look forward to the late summer and fall of 2021, we anticipate bringing LIVE events back, beginning with our CEO & Senior Management Forum/Annual Meeting at the Broadmoor in Colorado Springs on August 5-7. If you plan to attend, please make your room reservations now. Both Wednesday and Thursday nights of our room block are currently sold out. However, when you call the Broadmoor, please ask to be placed on the waitlist if one or more of your selected dates is sold out. The Broadmoor staff is excellent about contacting our bankers as rooms become available, typically beginning in June.

We look forward to seeing you soon!

Manage vendors, not spreadsheets.



Manage your third-party risk with Tandem

Instead of working in complicated spreadsheets and documents across a variety of network folders, Tandem Vendor Management provides a simplified and streamlined interface for organizing your vendor management program.

With software designed for banking compliance, you can:

- Manage and store information pertaining to vendors, including documents and responsibility.
- Automate the collection of due diligence documentation.
- Track events through the calendar view.
- Conduct and report on vendor reviews.

Available BCP integration and consulting services makes third-party management even less of a burden.

- ✔ Visualize your risk exposure
- ✔ Assign responsibility and various levels of access to users
- ✔ Store unlimited vendor records and related files
- ✔ Access vendor contact information on-the-go with the Tandem mobile app
- ✔ Add as many user and admin accounts as needed
- ✔ Identify missing or incomplete vendor data with reports
- ✔ Set up email reminders for contract and document dates
- ✔ Create and monitor the status of tasks assigned to users

Watch a demo at **tandem.app/no-spreadsheets**

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BRIEFLY IN KANSAS BANKING

Kansas Bank Gets New Name
First State Bank & Trust Co will become Fusion Bank.

After 125 years, the First State Bank & Trust Co., founded in Larned, Kansas in 1896, is getting a new name. Effective February 22, this long-established Kansas business will open under the new name Fusion Bank.

For most of the bank's 125 years, it was not inconvenient that so many other banks in the state and the country were also named First State Bank, or some variation began with the word "First." But once branch banking was approved in the 1980s, bank business territories began to overlap, and similar names became confusing. Add to that the explosion of the internet and mobile world in more recent years and the confusion multiplied.

Choosing a new name for a 125-year entity could be a daunting task, but the team knew what they wanted the name to represent.

Sharon Lessard, EVP, explains, "The new name has meaning for us. To be the best bank for our customers, we work for our customers, and we work to create a fusion of traditional Classic Banking with outstanding Online and Mobile technology. Our bank is a fusion of personal and digital; traditional and technical; heritage and future; local and everywhere. Additionally, we wanted to keep our iconic "Flying F" logo, so we were hoping for a meaningful name that begins with the letter 'F.' Fusion Bank was the perfect solution."

The newly named Fusion Bank has locations in Larned, Pratt and Overland Park and can be found at fusion.bank.

Bank of Hays promotes new Senior V.P. and Commercial Lender

The Bank of Hays was founded with a single mission — to serve the community. This work is at the heart of everything we do, and it has to be in the hearts of everyone on our team. For this reason, we believe that our employees are our most valuable asset, and when we get the opportunity to recognize and promote them, we couldn't be more proud.

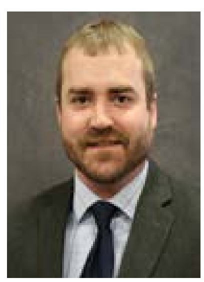
Randy Walker, the Bank of Hays CEO, said, "I'm excited that our Board of Directors has approved these promotions effective immediately. Please join me in congratulating Jaden and Josh."

Jaden Richardson, newly appointed Commercial Lender

Jaden Richardson grew up in Ness City, Kansas, before attending Fort Hays State University. He graduated in 2018 with a Bachelor's Degree in Accounting and a Bachelor's Degree in Finance/Banking. In 2017, he started at Bank of Hays as a teller and, through hard work and dedication, moved into credit analysis in 2019. Jaden is eager to begin his position as a Commercial Lender at Bank of Hays.

In addition to serving the community's financial needs, Jaden has been involved with CARE Council, Relay for Life, and the Hays Bowling Association.

Josh Dreher, newly appointed Senior Vice President



Josh Dreher has been an employee of Bank of Hays since March of 2006. After graduating from Fort Hays State in May of 2009 with a Bachelor's Degree in Business Management, he became a full-time commercial loan officer. Josh specializes in all types of conventional and government-guaranteed loan programs for small business customers. Josh looks forward to making an even greater impact in his new role as Senior Vice President.

Baysinger Joins KANZA Bank Board of Directors

KANZA Bank is pleased to announce Jennifer Baysinger as the newest member of the KANZA Bank Board of Directors. Baysinger brings a wealth of business and legislative expertise combined with multiple facets of entrepreneurial leadership experience. She has more than 25 years of experience launching, growing and selling businesses. As a fifth-generation Kansan raised in a family of independent oil producers, she knows firsthand the importance of a strong and prosperous business community. Growing up in rural Kansas, she also understands and appreciates the value of relationships.

"Jennifer's impressive background in business, along with her commitment to the values of our bank, make her an excellent addition to our team," John Boyer, KANZA Bank Chairman, said.

Currently, Baysinger serves as Vice-President of Political Affairs for the Kansas Chamber of Commerce. She and her husband, Blake, also own Wichita Collision and Dent Center. The Baysinger's have three sons and live near Andover.

Chief's Superfan and Kansas Banker Holds World Record

The Spain-based Official World Record organization on Jan. 25 certified Curt Herrman, Information Technology Director and Vice President at Manhattan's Community First National Bank, of having the world's largest collection of Kansas City Chiefs-related memorabilia. "The fruit of his passion for Curt Herrman has led him to collect these pieces for 52 years," the award certificate said. "At present, his collection amounts to 642 pieces." Herrman has collected Chiefs memorabilia since 1970, the year K.C. got its first Superbowl win.

Bennington State Bank Announces Promotions

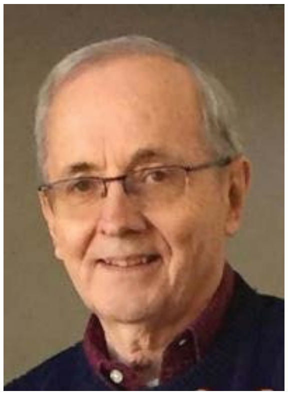
The Bennington State Bank (BSB), a leading independent community bank in Central Kansas, has announced several key leader promotions. The strategic appointments will play a key role in supporting the company's expansion, growth and goals. The Board of Directors unanimously elected Darren Gragg to succeed Burk Matthews as President and Chief Executive Officer of The Bennington State, effective Jan. 31, 2021. Matthews will continue as President Emeritus for the next several years.

Others promoted are:

- Kory Tinkler, Executive Vice President, Chief Credit Officer
- Brett Mitchell, Executive Vice President, Chief Banking Officer
- Evette Beckman, Senior Vice President, Chief Operating Officer
- Brandy Felzien, Senior Vice President, Chief Wealth Officer
- Joshua Marquardt, Senior Vice President, Wamego Market President
- Debra Adams, Vice President, Treasury Management Officer
- Ryan McMillan, Vice President, Loan Officer
- Dakota Rohleder, Vice President, Loan Officer
- Shannon Bosch, Assistant Vice President, Loan Officer

IN MEMORY

Phil Perry
Dec. 13, 1942-Feb. 22, 2021



Phillip Thomas Perry was born on Dec. 13, 1942, to Lee and Addie Perry in Caldwell, KS. After graduating from Caldwell High School in 1960, Perry attended the University of Kansas for two years and graduated from Emporia State University in 1965 with a B.S. in Business Management. He became a national bank examiner for 10 years and was then appointed as a regional director in the 10th National Bank Regional Headquarters in Kansas City. In 1968, following the "Pueblo" incident, Perry's Air National Guard unit was activated, and he spent one year in Kun San, South Korea. After his tour of duty, Perry returned to Wichita, resuming his job as a bank examiner. He was later transferred to Columbia, MO. After meeting his wife and having their daughter, the Perry's returned to Caldwell in 1980 as Executive Vice President of Caldwell State Bank and became the President and CEO three years later.

Gerard "Jerry" W. Lehman
Jan. 14, 1942-Dec. 10, 2020

Gerard "Jerry" Lehman, age 78, of Towanda, KS, passed away on Dec. 10, 2020. He graduated from Towanda High School in 1960 and married his high school sweetheart, Loretta (Starr), in 1963. They were married for 57 years. Gerard graduated from Pittsburg State College in 1964 with a Bachelor's degree in business administration. At age 16, he was hired at Towanda State Bank as a janitor. He later became a teller, loan officer, Vice President, President for 30 years, and later Vice President again. Gerard was employed at Towanda State Bank for 58 years and received his 50-year pin in banking in 2010 from the Kansas Bankers Association in Topeka, KS. He also served as the director and chairman of the board for Towanda State Bank.

Richard William "Bill" Poquette
Feb. 16, 1936-March 12, 2021

Richard "Bill" Poquette, 85, Lenexa, Kansas, passed away on Friday, March 12, at his home. Bill was born Feb. 16, 1936, the son of Dick and Caroline Poquette, in Cheboygan, MI. Bill was the former Managing Editor with BankNews Media and served with BankNews Publications, which produced the Kansas Directory for Financial Institutions and other banking publications, for 50 years. When Poquette retired, he said he received greetings from people he coached throughout his career, letting him know how much he helped them and how much it had meant to him. This especially was special to Poquette since he had been helped as he had helped others that he could pass on through mentorship. "Always keep that attitude of learning and eagerness to listen," Poquette had quoted. "I've covered a lot of banking conferences, talked to a lot of important banking people, and it felt like I was always learning something. I never lost that. When they responded, it was a thrill they saw what I wrote and responded, even to disagree with me."

Donald "Don" B. Mense
April 30, 1938-March 15, 2021

Donald B. Mense, Hoxie, Kansas, 82, passed away on Monday, March 15, 2021, at K.U. Medical Center, Kansas City, Kansas. He was born April 30, 1938, in Grinnell, Kansas, to Ben and Hilda (Ostmeyer), the oldest of four children. Don graduated from Grinnell High School in 1955 and attended Benedictine College in Atchison, Kansas. He enlisted in the U.S. Army and spent two years serving his country while Flo, his wife, attended nursing school. He returned home to his farm and married Flo on Nov. 26, 1960. They were blessed with 60 years of marriage. In Hoxie, Don began his banking career at the Hoxie State Bank. He served over 50 years at the bank, 30 of those as bank president. Although he enjoyed many of the relationships he built with his bank customers and colleagues, he never lost his passion for farming and the love of the land. He continued to farm in his spare time and through his retirement years. He was an active member of the Hoxie community. He was a member of the St. Frances Cabrini Catholic Church, Knights of Columbus, Rotary Club and Elks Club. He also served on many advisory boards through his years and enjoyed giving back to the community.

Anna M. McMorris
Dec. 11, 1926-Jan. 22, 2021

Anna M. McMorris, 94, died on Friday, Jan. 22, 2021, at the Rossville Healthcare and Rehab Center in Rossville.

Anna was born to Mathias and Edith Brubaker Rodenbaugh at St. Marys on Dec. 11, 1926. She attended Immaculate Conception Catholic Grade School and graduated from Immaculate Conception High School. Anna attended Clark's School of Business in Topeka.

Anna worked for the Kansas Bankers Association in Topeka for 38 years until her retirement.

"Long Term Care insurance is an excellent benefit that provides an alternative to liquidating retirement assets. The peace of mind that it has given us is invaluable and the cost is fully deductible to the bank and non-taxable to the executive. I'm glad that EBN brought it to our attention. EBN has been great to work with."

Robert Leftwich, CEO Impact Bank

The "Triple Tax Advantage" of Long Term Care Insurance

Long Term Care Insurance that is provided through a business is one of the only **discriminatory benefits** that provides a **Triple Tax Advantage**:

1. The company can deduct the LTC premiums as a business expense.

2. The employee does not pay income tax on the LTC premiums.

3. When long term care benefits are paid on behalf of the employee, the benefits are not taxable.

Purchasing LTC Insurance Individually

Sample: Male, age 55, non-smoker, in good health

Initial Monthly Benefit:	$6,000
Elimination Period:	12 weeks
Benefit Period:	3 years
Inflation:	3%
Monthly Benefit at age 80:	$12,563
Pre-Tax Earnings 38%	**$5,183**
Individual Annual Cost:	**$3,756**

Providing LTC Insurance Through an Employer

Sample: Male, age 55, non-smoker, in good health

Initial Monthly Benefit:	$6,000
Elimination Period:	12 weeks
Benefit Period:	3 years
Inflation:	3%
Monthly Benefit at age 80:	$12,563
Employer After-Tax Annual Cost:	**$2,704**
Employee Cost:	**$0**

Long term care insurance is a valuable benefit that can be provided at little cost to the employer to retain and reward **top executives and their spouses**. The benefit is **entirely portable**. It can be paid for until the employee's retirement at which point the policy can be transferred over to the employee, or the policy can continue to be provided by the employer as a post-retirement benefit.

Additional Tax Benefits:

- C Corporations can deduct 100% of the LTC insurance premiums as a business expenses.
- S Corporations, Partnerships, and LLCs can deduct 100% of the LTC premium up to the eligible premium limit. An employee with no ownership pays no income tax.

2021 Eligible Premium Limits:

Under age 41:	$450
41 - 50:	$850
51 - 60:	$1,690
61 - 70:	$4,520
Over 70:	$5,640

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