THE

KANSAS BANKER

ISSUE 3 2021

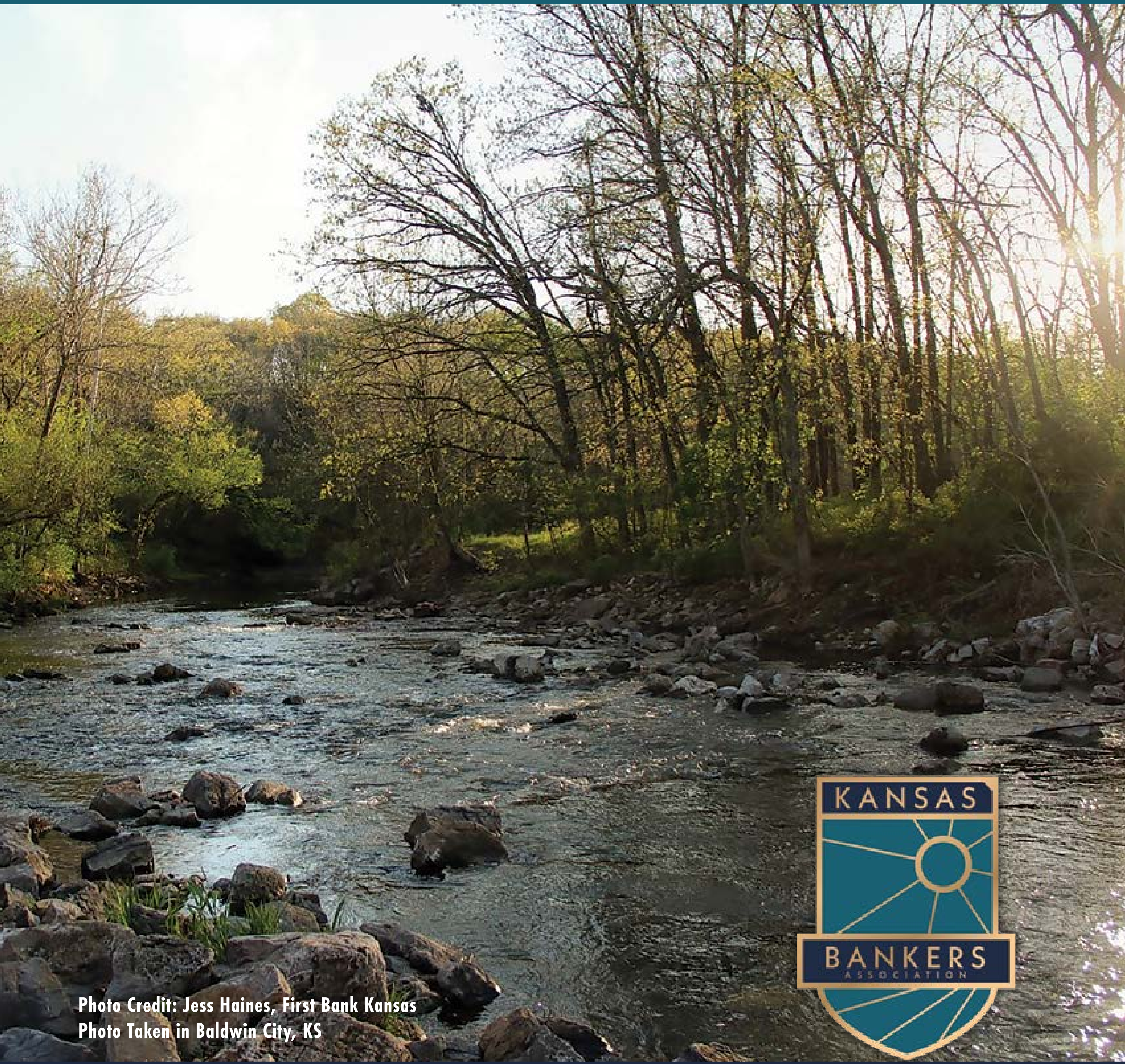


Photo Credit: Jess Haines, First Bank Kansas
Photo Taken in Baldwin City, KS

OFFICIAL PUBLICATION OF KANSAS BANKERS ASSOCIATION | MAY/JUNE 2021


NO
LOW
MEDIUM
HIGH
MAX

KANSAS BANKERS ASSOCIATION

Annual Report

By Doug Wareham, President and CEO, Kansas Bankers Association

I believe KBA's 2020-21 fiscal year will forever be remembered as a test of our individual and collective resilience and fortitude. The onset of the coronavirus pandemic, which reached Kansas in early March 2020, was a proverbial gut-punch that shuttered broad sectors of our economy, largely halted global travel and tourism, and pushed our health care industry beyond the point of exhaustion and vitally needed resources. With over 5,000 lives lost in Kansas and nearly 600,000 lives lost nationally to COVID-19, it's difficult to look back at the previous year without some degree of sadness and quiet reflection. While I personally knew a handful of individuals who succumbed to COVID-19 and deeply regret any loss of life, I am grateful that my personal family and professional family at the KBA office were able to overcome this historic health malady. My heart goes out to all that were less fortunate this past year.

When COVID-19 placed its initial grip on our state, I penned an article for *The Kansas Banker* magazine titled: Keep Moving Forward. Little did I know at that early moment of the health crisis I would subsequently witness Kansas bankers not only move forward, but become economic first responders for their customers and communities impacted by economic fallout triggered by the pandemic and accompanying lock-down orders. This past year, Kansas banks and Kansas bankers showed levels of resilience and fortitude worthy of recognition by Hollywood (not that I anticipate a call from Warner Brothers or Universal Studios anytime soon). I doubt a PG-13 movie centered on the fact that relationship banking saved thousands and thousands of businesses and millions of jobs is quite sexy enough for the movie elites in Tinseltown, but I still believe this story merits a feature film, or at least a Ken Burns documentary. I might just give Mr. Burns a call and suggest this project to him.

Since I've journeyed down the Hollywood rabbit hole, I might as well share one of my favorite movie quotes credited to my favorite fictitious movie character: Rocky Balboa. In the final film of the infamous Rocky series, Sylvester Stallone (aka Rocky) shared the following advice with his son:

"It ain't how hard you can hit; it's about how hard you can get hit and keep moving forward. How much you can take and keep moving forward. That's how winning is done."

Our strong network of Kansas banks, from the largest to the smallest, from the most rural to the most urban, proved they could take a hit for the communities and customers they serve. That same network of Kansas banks also proved they could hit back and did so to the tune of providing 126,282 paycheck protection loans totaling $7,379,599,034 and counting. As I shared above, this pandemic arrived as a gut-punch followed by several straight right hands that would have been a knock-out blow for thousands of Kansas businesses had it not been for the left hook provided in the form of PPP loans implemented by Kansas banks. I'll stop here with the movie analogies, but I'll never stop being extremely proud of the critically important role Kansas banks played this past year.

On behalf of the entire KBA staff team, I want to thank you for your leadership, resilience and fortitude this past year. It's an honor to work for this incredibly dynamic industry and we consider it our privilege to serve Kansas bankers. And never forget, we are always At Your Service!

KBA's Annual Report is now available at ksbankers.com/wpcontent/uploads/2021AnnualReport.pdf.

EXECUTIVE BENEFITS NETWORK

Tax-deferred growth and a tax-free benefit when tax rates are rising.

Come see what BOLI can do for your bank.

Insurance Illustration Composite Illustration							
PLAN YEAR	**PREMIUM**	**CUMULATIVE PREMIUMS**	**NET CASH VALUE**	**TOTAL INSURANCE**	**CSV ANNUAL INCREASE**	**CUMULATIVE CASH VALUE YIELD**	**TAX EQUIVALENT YIELD**
1	1,000,000	1,000,000	1,024,629	2,052,174	24,629	2.46%	**3.42%**
2	0	1,000,000	1,050,307	2,064,751	25,678	2.48%	**3.45%**
3	0	1,000,000	1,077,608	2,084,232	27,301	2.52%	**3.50%**
4	0	1,000,000	1,106,387	2,099,522	28,779	2.56%	**3.56%**
5	0	1,000,000	1,136,732	2,121,643	30,345	2.60%	**3.61%**
6	0	1,000,000	1,169,015	2,145,720	32,283	2.64%	**3.66%**
7	0	1,000,000	1,202,790	2,170,891	33,776	2.67%	**3.71%**
8	0	1,000,000	1,238,165	2,197,184	35,375	2.71%	**3.76%**
9	0	1,000,000	1,275,891	2,219,393	37,726	2.74%	**3.81%**
10	0	1,000,000	1,316,380	2,257,296	40,489	2.79%	**3.87%**
11	0	1,000,000	1,359,534	2,291,283	43,155	2.83%	**3.93%**
12	0	1,000,000	1,404,178	2,325,692	44,643	2.87%	**3.98%**
13	0	1,000,000	1,450,363	2,360,485	46,186	2.90%	**4.03%**
14	0	1,000,000	1,498,132	2,395,701	47,769	2.93%	**4.07%**
15	0	1,000,000	1,547,467	2,438,813	49,335	2.95%	**4.10%**
16	0	1,000,000	1,598,457	2,474,924	50,989	2.97%	**4.13%**
17	0	1,000,000	1,651,128	2,511,410	52,671	2.99%	**4.16%**
18	0	1,000,000	1,705,464	2,556,446	54,337	3.01%	**4.18%**
19	0	1,000,000	1,761,500	2,602,186	56,036	3.02%	**4.20%**
20	0	1,000,000	1,819,382	2,640,135	57,882	3.04%	**4.22%**
21	0	1,000,000	1,879,081	2,687,299	59,699	3.05%	**4.24%**
22	0	1,000,000	1,940,644	2,735,227	61,563	3.06%	**4.25%**
23	0	1,000,000	2,004,117	2,783,881	63,473	3.07%	**4.26%**
24	0	1,000,000	2,069,554	2,833,242	65,437	3.08%	**4.27%**
25	0	1,000,000	2,137,029	2,883,407	67,474	3.08%	**4.28%**

Hypothetical purchase in the amount illustrated above.
Earnings are tax-free if policies are held until death
Assumes an effective tax rate of: 28.00%

For a customized proposal for your bank, please contact:

Executive Benefits Network
4601 W 6th Street, Ste A | Lawrence, KS 66049
www.ebn-design.com | (785) 838-9800
jjones@ebn-design.com | nicole@ebn-design.com

The only Kansas-based BOLI firm, serving Kansas banks for over 25 years.

Perspective on the Paycheck Protection Program

By Rob Nichols, President and CEO, American Bankers Association

At the end of May, the government's Paycheck Protection Program came to a close. If Congress does not extend the program, we can expect the "Monday morning quarterbacking" about the program's impact on the economy, its design and implementation, and its ultimate cost to begin. Those are appropriate questions to ask as we consider the lessons learned from the nation's response to the coronavirus pandemic.

Here's what I know already: The biggest small business rescue program in U.S. history would have been an unmitigated failure without the extraordinary efforts of America's banks and their dedicated employees. It would never have produced the positive results it did without the incredible collaboration between ABA and our state association alliance partners.

It's easy to forget what the world was like when PPP first launched in April 2020. The nation's economy had largely shut down, many Americans were isolated in their homes, and businesses of all sizes were dealing with the stark new reality posed by COVID-19.

Banks across the country were trying to figure out how to keep the banking system fully functioning in the middle of a global pandemic and how to help their customers survive the economic disruption while also trying to figure out how to protect the health and safety of their employees and customers from an invisible threat.

It was against that backdrop that the federal government asked banks and other financial institutions to help the Small Business Administration launch the Paycheck Protection Program. On paper, the program dwarfed any previous SBA lending program in its history, and the agency was asked to launch it within days of lawmakers passing the CARES Act.

That launch, to be generous, did not go perfectly. SBA's technical systems, built for its more traditional 7(a) lending program, could not handle the incredible load demanded by a program of this scale. The agency staff was overwhelmed and was slow in issuing the guidance banks needed to begin processing loans, and the guidance they did release was sometimes contradictory.

From the start, ABA and our state association alliance partners encouraged banks to step up and participate in PPP despite all the obstacles, and step up you have. As of April 11, banks were responsible for 80% of the nearly 9.6 million PPP loans so far and 93% of the $755 billion in PPP funding. I am particularly pleased to see how banks of all sizes supported the program. From our largest members to our smallest, the commitment to our small business customers has been truly remarkable. We have been united in this effort.

Banks were able to step up because ABA, working with our state association partners, was able to keep members informed on the program and its many iterations. During daily Zoom calls in the early months of the pandemic, state association executives served as an early warning system, keeping us updated on operational issues popping up, which we relayed back to SBA. Meanwhile, ABA provided members and state associations the latest SBA changes in real time.

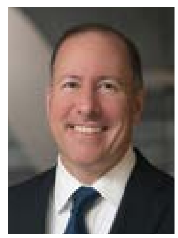
At one point, ABA hosted a PPP webinar for bankers, only to find that SBA employees in some parts of the country were trying to register. We came to learn that they were getting better information about PPP from ABA and the state associations than they were from SBA headquarters.

ABA and the state associations also partnered on targeted ad campaigns to encourage minority- and women-owned businesses to consider applying for PPP loans. This partnership was just one of many industry initiatives to ensure PPP funds reached every business that needed them.

PPP will always have its critics. Some people remain fixated on the large businesses and public companies that applied in the first wave, only to be shamed into returning PPP funds. To be fair, many of those businesses met the initial eligibility requirements set by Congress. Government watchdogs remain rightfully concerned with inexcusable examples of fraud and abuse, many spotted by banks working with law enforcement.

Others have suggested that banks earned a windfall from PPP. The reality is that for most banks, the cost of diverting staff from other lines of business to reset systems and oversee this massive new program made PPP lending a break-even business at best. And yet, all of those bankers also tell me they would participate again under similar circumstances because supporting PPP was the right thing to do for their customers, communities and the country.

I am hopeful we won't need another small business rescue program anytime soon. If we do need another PPP, please rest assured that we have learned some valuable lessons, and ABA and our state association alliance partners will once again be with you every step of the way.



Email Rob Nichols at nichols@aba.com.

Women in Banking Conference Recap

KBA Chairman Jonathan Johnson kicked off the 2021 Women in Banking Conference on March 25 and 26 for the first time, virtually.

The first speaker to present was LeeAnne Linderman, retired bank executive who shared, "Creating Your Own Professional Experience." Her presentation covered how women bankers can assure their professional presence delivers on the expectations through the community, their company, and their employees while still being authentic. Linderman offered tips, ideas, and hints of humor while answering the major question of how to be authentic to women's professional workplace.

Debbie Lundberg, author and life/business/leadership coach, next spoke on her presentation, "Leading Without Losing Your Femininity." Attendees experienced advice, empowerment, and perspective on being a female leader in a male-dominated industry.

The conference moved to breakout sessions in the afternoon where attendees could listen to three different topics.

Lundberg shared "Beyond Networking 101: Move From Card Collecting to Truly Connecting" that answered questions for those attendees who feel industry gatherings are awkward, stick closely to friends, and want to be memorable to others and how to approach different scenarios.

Tammy Bond, The Pacific Institute, presented "How to Effectively Change the Status Quo in Your Bank" which gave an in-depth perspective to attendees to want to make their employees feel empowered and how to provide them with the skills and confidence to assume an active and involved role in the workplace and to effect change.

Deborah Scanlon, BKD, presented "Fearless: Is Fear Holding You Back?" that shared how fear may be holding you back from reaching your fullest potential.

On day two, Tara Jarvis shared, "Grace Blankets-Warming Hearts, Blanketing Babies," describing her heartwarming story of the beginning of Grace Blankets and her daughter Piper Grace. She lived 10 months in the NICU at the Children's Mercy Hospital in Kansas City. Piper's life moved the Jarvis family to cherish every moment and to help others by providing NICU linens to multiple hospitals in Fort Worth, Arlington and many more locations.

Esther George, President of the Federal Reserve Bank of Kansas City, shared next on "Career Goals and Your Path." She highlighted her career path along with some of the challenges she has overcome. She shared messages of positivity for our industry and the career paths not only currently held by female bankers, but those being forged by female bank leaders as well.

In the next discussion, "How We Got Here," the Women Leaders Panel consisted of facilitator Deanne Engstrom from Country Club Bank in Olathe and panelists Julie Huber from Equity Bank in Wichita, Amy Fauss from CrossFirst Bank in Leawood, and Kathy Schwerdtfager from Tescott Bank in Tescott. This esteemed panel shared successes and struggles from their own careers, as well as their insights on work/life balance, how the COVID pandemic affected them and their banks, and many anecdotes.

The last speaker of the day was Kat Perkins, The Voice contestant, with her presentation "Fearless." Perkins competed on season six of NBC's The Voice and was a Top Four finalist. As part of her "Fearless 2.0 Campaign," Perkins shared about finding your passion, assuming leadership, developing and maintaining a positive attitude and working toward your dreams. As a part of her motto, she says, "Dream it, do it."

2021 WOMEN IN BANKING CONFERENCE SPEAKERS

TAMMY BOND

Vice President
The Pacific Institute

AMY FAUSS

Chief Operating Officer
CrossFirst Bank

ESTHER GEORGE

President
Federal Reserve Bank of
Kansas CIty

JULIE HUBER

Executive Vice President
Strategic Initiatives
Equity Bank

LEEANNE LINDERMAN

Retired Executive
Vice President
Zion's Bancorporation

DEBBIE LUNDBERG

Presenting Powerfully

KAT PERKINS

The Voice Contestant
Entertainer, Humanitarian

KATHY SCHWERDTFAGER

Chief Credit Officer
The Bank of Tescott

DEBORAH SCANLON

BKD

DEANNE ENGSTROM

Senior Vice President
Commercial Lending
Country Club Bank Branch

EDUCATION CALENDAR

KANSAS BANKERS ASSOCIATION

Conferences | Schools | Seminars/Workshops | Sunflower Webinars

June 2021

- **15 & 17** - **Teller Training** – Virtual
- **21-25** - **Schools of Lending Principles** – Manhattan
- **22** - **Reimagine ALCO** - Virtual
- **23** - **E-Notary** - Virtual
- **22-24** - **Relationship & Business Development School** – Lincoln, NE
- **24** - **HR Training** – Virtual

August 2021

- **5 -7** - **CEO & Senior Management Forum** – Colorado Springs
- **10** - **Credit Analysis** – Wichita
- **11** - **Cash Flow Analysis** – Wichita
- **18 - 20** - **MOKAN** – Kansas City
- **19** - **Hot Topics to Improve Efficiency and NIE** – Topeka
- **24 & 25** - **Supervisor Boot Camp** – Topeka

September 2021

- **8** - **CFO Discussion Forum** – Topeka
- **8 - 10** - **Advanced Agricultural Lending School** – Manhattan
- **8 - 10** - **YBOK Conference** – Wichita
- **14** - **CECL Workshop** – Wichita
- **15** - **CECL Workshop** – Hays
- **16** - **CECL Workshop** – Overland Park
- **30** - **BSA/AML** – Salina

October 2021

- **7 & 8** - **Annual Conference for Lenders** – Wichita
- **13** - **Information Technology Discussion** – Topeka
- **14** - **Problem Loan and Bankruptcy** – Salina
- **20 - 21** - **KBA Trust Conference** – Lawrence

Endorsed Vendor

Senior Housing Crime Prevention Foundation®

2020 Year in Review

CRA Partners®

Our mission is to protect and enhance the lives of senior citizens through our meaningful turnkey CRA compliance program for community-focused banks. To carry out this mission, we administer our proven crime prevention programs in CRA-qualified senior living facilities across the country. With the help of our bank partners, our programs are impacting the lives of senior citizens nationwide.

Aging Population = ↑Abuse

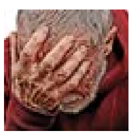
BY 2030
- all baby boomers will be older than 65
- 1 in 5 in the U.S. will be retirement age

BY 2035
- adults 65 and older will outnumber children for the first time in U.S. history

BY 2040
- adults 85 and older will increase by 126% compared to 2016

334,000

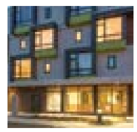
$6.3 BILLION



334,000 scams and financial abuse cases targeted the elderly, causing $6.3 billion in damages reported to authorities, while unreported amounts likely dwarf that figure.

ONLY 1 IN 14 cases of elder abuse is reported to adult protective services or law enforcement

Our Community Impact

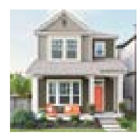


17,540
Affordable Rental Housing Units

$10.1m
in Economic Development

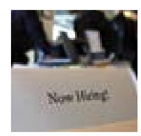
$250,000
in Affordable Healthcare Services

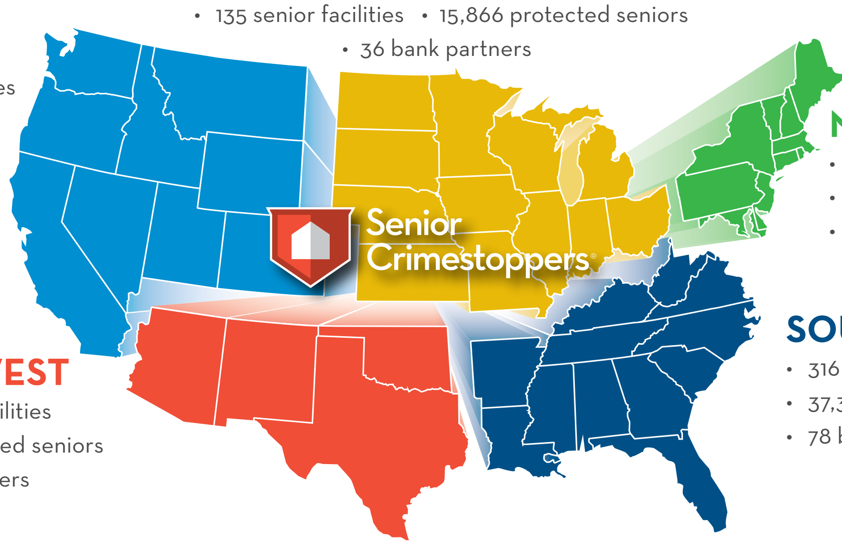
$21.4m
in Statewide Homeownership Programs and Down Payment Aid



1,289
Home Mortgages for Low-to Moderate-Income Families

$4.7m
in Job Creation and Small Business Development





MIDWEST
- 135 senior facilities
- 15,866 protected seniors
- 36 bank partners

WEST
- 54 senior facilities
- 6,810 protected seniors
- 7 bank partners

NORTHEAST
- 138 senior facilities
- 23,021 protected seniors
- 44 bank partners

SOUTHEAST
- 316 senior facilities
- 37,352 protected seniors
- 78 bank partners

SOUTHWEST
- 106 senior facilities
- 13,672 protected seniors
- 25 bank partners

shcpfoundation.org | @SHCPF | @CRA_Partners | 877-232-0859

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Senior Housing Crime Prevention Foundation®

Our Foundation offers three programs that all help to protect America's senior citizens. Which one is best for you? Compare program components here:

	Senior Crimestoppers	Senior Secure	Senior Sentry
Educational Video for Housing Facility Audience on Preventing Elder Financial Abuse	●	●	●
Preventing Elder Financial Abuse Toolkit for use by Banks	●	●	●
24/7 toll-free Tip Line for anonymous crime and incident reporting with rewards up to $1,000	●	●	○
Signage - Crime awareness/zero tolerance signage prominently displayed	●	●	○
Ongoing in-service education and training for facility staff	●	●	○
Time of your Life enrichment series	●	●	○
Wish Comes True grants	●	○	○
Personal in-room Lockboxes	●	○	○
CRA compliance credit	●	◐	○
Documentation and support for your CRA Exam	●	◐	○
Funding options * *Fully accredited 501(c)3*	Loan, Investment, or Grant*	Grant*	Grant*
Commitment period	7 years	3 years	1 year
Sponsorship Funding Model	$85 per resident	Flat fee per facility	Flat fee per facility
Sponsorship Amount	Based on # of residents in facility	$3500 CRA qualified $2500 non-CRA	$500 per facility

Capitalizing on Minority Business Community Engagement

By Jim Echols, CEO, Renaissance Management and Training Solutions, LLP

Less than two years ago, the United States reached its lowest overall unemployment rate in 50 years. The expanding economy and strong labor market even reduced African American and Hispanic unemployment rates to 5.5% and 3.9%, respectively. Yet, the past 18 months have brought the most severe health pandemic, COVID-19, since 1918, the deepest political divisions and conflict since the U.S. Civil War, and the most unsettling racial conflict and protests since the 1960s. In the absence of effective communication, our cultural, gender, political, racial, religious, and other diversity all contribute to conflict within our society.

Unfortunately, it appears that some resistance to vaccinations for COVID-19 has evolved into a political matter as some Americans perceived them and the mandated wearing of masks as an infringement upon the rights of individuals. Meanwhile, some racial minorities, particularly African Americans, lack trust in health services due to the impact of negative historical experiences. In both instances, communication and trust issues require an earnest attempt at effective conflict resolution.

I believe that most Americans are anxiously awaiting the easing of political tensions in our nation. As one who seeks to explore below the surface, it appears that political alignments

Success can be achieved when preparedness and opportunities intersect. The very best antipoverty program is educated, well-trained individuals with a job accepting personal responsibility for both themselves and their families.

are currently underway as dominant individuals and groups attempt to maintain their positions of economic, political and social power. In contrast, formerly disenfranchised individuals and groups seek to enhance their positions within our society; when leaders in business, civic organizations, faith-based communities, government, etc., apply pressure on elected officials, various conflict is inevitable.

When President Lyndon B. Johnson launched his "Great Society" and subsequent "War on Poverty" in 1964, I had recently entered my teen years. Like most members of the nation's African American communities, I was aware of my family's history of enslaved ancestors, racial segregation and "Jim Crow" laws which disenfranchised and removed economic, political, and social gains made by African Americans in the American South at the conclusion of the Civil War. Such laws were effectively enforced until 1965.

Reared in a very strict religious, working-class family, I viewed both the "Great Society" and "War on Poverty" as positive temporary pathways for underprivileged individuals to "lift off" to a greatly enhanced quality of life through education, training and employment opportunities. My parents informed my two siblings and me that we now had new opportunities beyond what they had experienced. They made clear that they expected us to take advantage of those opportunities and work hard at whatever jobs we acquired. Each of us became a college graduate and was a high achiever in our respective careers. It was always important for us to make our parents proud of us. Years later, I realized that many people failed to "lift off" with the support of government and for them, government and dependency became a way of life.

As I observed the lowest unemployment rates among African Americans in my lifetime during the fall of 2019, my discussions with others made me aware that many were not taking advantage of the vast opportunities available. It is now clearly apparent to me that there is a very serious gulf between many minority communities' perceptions and available opportunities, largely due to the culture within many of them, along with leadership that has failed the underprivileged and underserved. I was raised to believe that charity begins at home. Therefore, it is incumbent on those of us who have been blessed with both opportunities for our mentoring along with our hard work to serve those communities, whether as elected officials or through civic activities. I find little more gratifying than serving as a mentor or role model to help others experience the dignity of dedication, hard work and providing for themselves, their families, and future service to their communities. Nothing contributes more to success than personal responsibility.

After serving a great number of years in and around antipoverty work, I truly believe the very best system to provide effective "lift off" for our minority communities is a formal introduction, acquisition and sustainment of the principles of our American free enterprise system. It will require needed steps for the enlightenment of the leadership and informing, educating, and training for many. To realize the greatest progress, the business community should play the "leading" role, while government plays a "supporting" role. Active engagement of civic, faith-based, and nonprofit organizations should also be encouraged.

Success can be achieved when preparedness and opportunities intersect. The very best antipoverty program is educated, well-trained individuals with a job accepting personal responsibility for both themselves and their families. I am fully prepared to view most of my current and future endeavors through the lens of free enterprise and assist with building bridges to mend the gulf between the underprivileged and underserved and the available opportunities of mainstream business communities.

Jim Echols, CEO
Renaissance Management and Training Solutions, LLP
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Cell: 913-999-6557
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Website:
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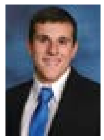
KANSAS BANKERS EDUCATIONAL FOUNDATION AWARDS SCHOLARSHIPS

The Kansas Bankers Association (KBA) is pleased to announce the recipients of 13 scholarships awarded by the Kansas Bankers Educational Foundation (KBEF), a 501(c)(3) corporation created and operated by the KBA. Seven scholarships have been awarded to children of Kansas bankers who met specified criteria. An additional six scholarships were awarded to recipients who are currently enrolled in one of two Kansas colleges/universities that offer banking-specific degrees and/or concentrations.

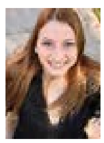
CHILDREN OF KANSAS BANKERS SCHOLARSHIPS

Tyler Heizelman, Wichita State University – $1,000
Father: LeRoy Heizelman, Union State Bank, Wichita. Tyler will be a senior at Wichita State University in the fall, majoring in marketing. Tyler is planning a career in bank marketing after graduation.

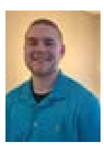
Jace Engel, University of Kansas – $500
Father: Matthew Engel, Farmers State Bank, Oakley. Jace will be a Senior at KU in the fall, majoring in finance. After graduation, Jace will launch his career in banking with a desire to work his way up to management.



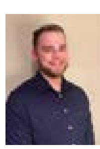
Noah Roberts, Pittsburg State University – $500
Mother: Susie Roberts, Bank of Labor, Kansas City. Noah will be a senior at PSU in the fall, majoring in automotive technology with a Minor in Business. Noah is interested in becoming a financial advisor.



Kylie Saville, Fort Hays State University – $500
Father: Greg Saville, First National Bank and Trust, Phillipsburg. Kylie will be a junior at Ft. Hays State University in the fall. After earning her degree in business marketing, she hopes to pursue her career goal of attaining the position of director of marketing.



Jared Swafford, Wichita State University – $500
Father: Brian Swafford, Southwest National Bank, Wichita. Jared will be a Senior this fall at Wichita State University, majoring in accounting. After graduation, he hopes to pursue a master's degree in accounting and earn his CPA license.

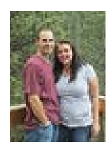


Justin Swafford, Wichita State University – $500
Father: Brian Swafford, Southwest National Bank, Wichita. Justin will be a Senior this fall at Wichita State University pursuing a Bachelor of Business Administration in accounting.

Sienna Wingerson, Kansas State University – $500
Father: Steven Wingerson, First National Bank and Trust, Smith Center. Sienna will be a junior at Kansas State University majoring in marketing. Her career goal is to work as a multi-media manager in north-central or northwest Kansas.

COLLEGE/UNIVERSITY BANKING SCHOLARSHIPS

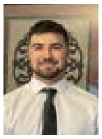
Mariah Rippe, Robbins Banking Institute, Fort Hays State University – $2,000
Mariah is a student majoring in finance with a concentration in banking. Her career goal is to complete her banking degree and become a loan officer or financial officer with a community bank.



Cheyenne McCall, Robbins Banking Institute, Fort Hays State University – $2,000
Cheyenne currently works as a consumer lender at a Kansas bank and looks to grow her career by obtaining her degree in finance with a concentration in Banking.

BENEDICTINE SCHOLARSHIPS

John Wetta, Byron G. Thompson Center for Integrity in Finance and Economics, Benedictine College – $1,000
John is from Wichita and studying finance. His career goal is to work in financial services.



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

Carson is from Topeka and studying Finance and Marketing. His career goal is to work in the areas of marketing and communications for financial institutions.

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

Alex is from Fort Scott and studying economics and philosophy. He plans to attend law school and pursue a career that utilizes his knowledge of the law, economics and financial institutions.

Dylan Caro Posada, Byron G. Thompson Center for Integrity in Finance and Economics, Benedictine College – $1,000

Dylan is from Kansas City and studying finance and management. He plans to pursue an MBA and then begin a career in management within financial institutions.

GSBC GRADUATES 6TH COHORT OF EXECUTIVE DEVELOPMENT INSTITUTE FOR COMMUNITY BANKERS®

The Graduate School of Banking at Colorado (GSBC) is pleased to announce the completion of its Executive Development Institute for Community Bankers® and the graduation of the participants in its sixth cohort.

Executive Development Institute for Community Bankers® (EDI) participants are up-and-coming C-level executives whose work efforts influence the future direction of their banks. EDI equips these community bank leaders for success with extensive leadership and bank management training, including 10-plus hours of individual executive coaching.

Twelve community bankers graduated from the 19-month program, which concluded Wednesday, April 21. Congratulations!

GSBC will welcome back the 11 members of the seventh cohort of EDI participants in October 2021 and is currently enrolling for a new cohort to begin at that time.

Front row- Evelyn Franco, Frontier Bank of Texas, Austin, TX, **Brittanie Sharp,** Converse County Bank, Douglas, WY, **Shannon M. Damron**, Tri-County Trust Co., Glasgow, MO, **Dwight D. Faulkner,** Bank of the Flint Hills, Wamego, KS, **Brian M. Weldon,** First Western Trust, Denver, CO, **James E. Randall,** Valley State Bank, Garden City, KS **Back row- James L. Smith,** FMS Bank, Windsor, CO, **Andrew M. Krab,** Adams Bank & Trust, Ogallala, NE, **Joseph A. O'Brien**, First Western Trust, Denver, CO, **Stephen C. Clements**, Citizens First Bank, Clinton, IA, **Joe Close,** Country Club Bank, Kansas City, MO, **Travis R. Simpson,** Northwest Bank, West Des Moines, IA

"EDI is filling a crucial void in banking education by offering an avenue for banks to develop a succession plan with peace of mind that the futures of their organizations are in good hands," said GSBC President Tim Koch. "It is reassuring to see these bankers' passion for the industry, their communities and their customers. GSBC is proud to have been a part of their development."

The Coming Bankruptcy Wave: A Bankruptcy Overview for Creditors

By Camber Jones, Spencer Fane

Experts predict a continuing rise in bankruptcy filings as COVID-related debt relief expires. This article is intended to provide creditors with a brief bankruptcy overview, including the most common types of bankruptcy cases, to enable them to more confidently participate in the bankruptcy process. Of course, bankruptcy is complex, and each case is uniquely nuanced. Creditors should contact a bankruptcy attorney for assistance in responding to specific bankruptcy filings.

1. The Petition

Every bankruptcy case is initiated by filing a bankruptcy petition. A debtor who files under any chapter of the Bankruptcy Code is required to file certain statements and schedules outlining its financial condition, including secured and unsecured debts. Creditors should review a debtor's petition, statements, and schedules to gain insight into, among other things, the debtor's intentions with regard to their debts and related collateral.

2. The Automatic Stay

The filing of a bankruptcy petition triggers an injunction called the "automatic stay," which temporarily halts most collection actions against a debtor or a debtor's property. It is imperative that creditors not violate the automatic stay. When a creditor receives notice of a bankruptcy filing, it should immediately cease all actions against the debtor, including wage garnishments, collections, foreclosures and repossessions.

3. Common Bankruptcy Types

Chapter 7

Chapter 7 is a "liquidation" bankruptcy. During a Chapter 7 case, a bankruptcy

> The result of a **successful bankruptcy** is the entry of an order discharging the debtor from liability for certain debts. While the discharge timing varies based on the type of case filed, in all cases, the discharge permanently bars creditors from taking any action to enforce or **collect discharged debts.**

trustee gathers and sells a debtor's nonexempt assets and distributes proceeds to creditors. Where there are no nonexempt assets available for sale, unsecured creditors do not receive distributions. Secured creditors generally retain their valid liens and the ability to enforce them after a bankruptcy case concludes.

Chapter 11

Chapter 11 is a "reorganization" bankruptcy. In these cases, the debtor, acting in a fiduciary capacity as a "debtor-in-possession," typically maintains possession and control of its assets and continues to operate its business during the reorganization process. Often, a creditors' committee is appointed to represent the interests of unsecured creditors.

Creditors in a Chapter 11 bankruptcy have the opportunity to vote on and object to confirmation of a debtor's proposed plan of reorganization. Because a debtor is highly motivated to confirm and effect such a plan, creditors often have substantial power to negotiate the treatment of their claims.

Certain debtors may elect to proceed under subchapter V of Chapter 11, which simplifies and condenses the bankruptcy process to make reorganization less expensive for smaller debtors. After a Chapter 11 plan is confirmed (approved by the court), payments will be made to creditors pursuant to its terms.

Chapter 12

Chapter 12 can be characterized as a hybrid of chapters 11 and 13 that provides a more streamlined bankruptcy process for "family farmers" or "family fishermen" who have regular annual income. Qualifying debtors can propose and implement a plan to pay all or part of their debts over the course of three to five years. Creditors do not vote on a Chapter 12 plan but may object to its confirmation. After a plan is confirmed, the Chapter 12 trustee will distribute funds per the plan's terms.

Chapter 13

Chapter 13 provides a way for individuals with regular income to propose and implement a plan to pay all or part of their debts over the course of three to five years. Creditors do not vote on a Chapter 13 plan but may object to its confirmation. After a plan is confirmed, the Chapter 13 trustee will distribute funds per the plan's terms.

Proofs of Claim

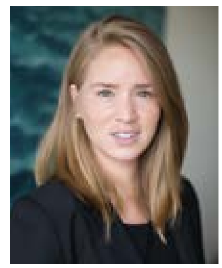
In most bankruptcy cases, in order to receive a distribution under a confirmed plan, a creditor must file a proof of claim, including supporting documentation. The treatment of a creditor's claim depends on whether it is secured or unsecured. Creditors should determine whether their debt is secured, confirm the status and location of any related collateral, and file a timely and complete proof of claim.

Discharge

The result of a successful bankruptcy is the entry of an order discharging the debtor from liability for certain debts. While the discharge timing varies based on the type of case filed, in all cases, the discharge permanently bars creditors from taking any action to enforce or collect discharged debts.

Regardless of the type of case filed, creditors should protect their interests by participating meaningfully in the bankruptcy process. This participation should include communicating early and often with the debtor and other parties-in-interest, promptly filing a proof of claim, carefully reviewing a debtor's proposed treatment of claims, and exercising the right to vote or object to a debtor's proposed bankruptcy plan when appropriate.

* On March 27 2021, President Biden signed the COVID-19 Bankruptcy Relief Extension Act. A bankruptcy professional can help creditors navigate the effect the Act may have on their rights and obligations in a bankruptcy case.



Camber Jones is an associate at Spencer Fane's Springfield, Missouri office. She is a member of the firm's Banking and Financial Services Group.


NEWS
BANK

> *If you always do what you have always done, you will always get what you have always got.*

MICHAEL EWY

KBA Chairman-elect
CEO, Community State Bank
Coffeyville, KS

KANSAS BANKERS ASSOCIATION

#Wisdom Wednesdays

The Difference Between Vendor Significance and Vendor Risk

By Leticia Saiid, CoNetrix

It can be tricky to separate the concepts of risk and significance when it comes to vendor management. Are they just two paths to say the same thing? Does one depend on the other? How does due diligence play into those ratings? If you've asked those questions before, or if this is your first time to see them, you've come to the right place. Let's explore this idea.

First, let's define vendor significance. Significance is about how much you rely on the vendor. How significant are they to your operations? A vendor could be insignificant, significant or even critical. For example, a vendor would be critical if you absolutely needed their services for your business to survive, like your core provider. A vendor would be insignificant if their failure would have minimal effect on your business, such as your office supplies vendor. You could get by with a little bit of help from Amazon or Walmart until you got a new vendor in place.

Next, let's define vendor risk. When talking about risk rating relationships with vendors, we often hear the question: is it inherent risk or residual risk? I believe it's neither. When it comes to your vendors, what you are looking at is transferred risk. Transferred risk is not the level of risk the vendor has before they apply controls, and it's not even the level of risk the vendor has after they apply controls. Some people may describe the due diligence process as applying controls and feel like the risk level selected is residual after getting and reviewing those documents. Not at all. Instead, what you find in due diligence, combined with the vendor significance, gives you an accurate representation of the transferred risk. It is the risk your bank is taking on by being in a relationship with the vendor, as-is. However, if needed, there are other measures you could pursue to reduce the transferred risk, such as certain insurance or requesting the vendor to gain certain certifications.

One thing to note is that significance and risk are not necessarily correlated. Imagine a vendor that is insignificant, perhaps an office cleaning service. They are insignificant because (1) there are many companies to choose from and (2) if you had to go without the service for a few days, it wouldn't be particularly harmful to the bank. At the same time, this vendor could be considered high risk from a security standpoint. Their staff has more access than the average person to your documents and assets. If they allowed access to bad actors, or if they shared proprietary information, that could cause a lot of damage. There is a high risk, even though the vendor is insignificant.

Here's what it looks like when we put all the pieces together. First, you determine significance by considering if the vendor were to have a breach, be temporarily unavailable, or be permanently unavailable, would that be a problem for us? If so, they are significant or maybe even critical, depending on your criteria.

Then, you can get more specific with those problems to determine what due diligence documents would be valuable to review. Here are a few examples.

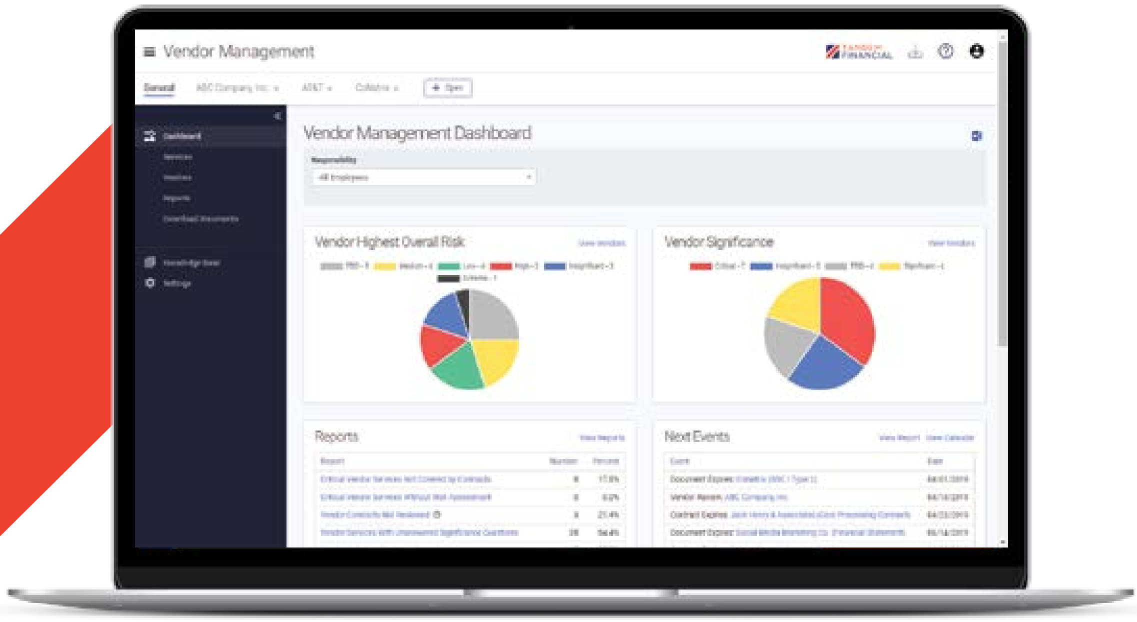
- If the vendor had a breach and that would be a problem, we need to review their SOC Audit Report to confirm they are considered secure by a qualified third party.
- If the vendor was to be temporarily unavailable, and that would be a problem, then we need to see enough of their BCP or SLA to make sure they have plans to keep our service moving.
- If the vendor was to go out of business and that would be a problem, we need to see their financials to confirm it looks like they are going to last a while.

If these things are not problems for us, then we don't need to look over, or even gather, the related documentation because it's not going to tell us anything we need.

Finally, knowing how significant the vendor is to us and knowing how stable and prepared they seem to be, based on the data in their due diligence, we can accurately define the transferred risk we are getting into by being in a relationship with the vendor.

After earning a B.A. and an M.A. in Mathematics, Leticia Saiid 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. In her free time, she enjoys mentoring college students, teaching phonics and solving jigsaw puzzles.

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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Long Live Your Margin

By BOK Financial

2020 may be behind us, but the year's historic economic shocks and financial market volatility will leave a lasting impact on our business markets and balance sheets. As we strategize for the future, the importance of a dynamic and scenario-driven ALCO decision-making process is abundantly clear — especially given it may be harder than ever to predict the path ahead and thus your bank's performance.

Marginal Momentum

Net interest margin (NIM) is, of course, a key performance metric, especially for community banks. Although NIM compression is not a new topic, banks overall had experienced margin improvement during the 2016–18 FOMC tightening cycle. This was a welcome change from the years of near-zero rates and flat margins. The industry's overall asset sensitivity was on full display as margins peaked to end 2018.

However, looking back at industry trends, banks' asset sensitivity increased over that period. The opposite tends to occur as well — when rates are low, the thinking is they must go higher, but when rates move higher, no one wants to catch that falling knife. An important takeaway is long-term margin performance suffers from these trends. When margins are improving, more should be done to reduce asset sensitivity and protect margin. The pandemic's effects have been substantial, but any shift in Fed policy to lower rates can swiftly change a bank's margin position.

Swirling Tailwinds

The good news first — it appears as if margins have stabilized a bit and despite margin pressures, 2020 income was strong. While the Fed has indicated a zero-bound target rate through 2023, the curve has steepened a bit, improving asset yields. The Fed's bond-buying spurred significant housing market activity, refinancing and the related fee income. The government's programs to stimulate consumer spending and help small businesses have improved economic activity, also boosting fee income.

Now to challenges ahead — the efforts above led to substantial consumer savings, increased business cash positions, and delivered a surge in bank deposits. Consumer spending isn't likely to overshoot, and small business optimism has weakened significantly. Other than PPP lending, consumer and commercial lending has declined, as have overall loan portfolios. Loan-to-deposit ratios have dropped significantly, and legacy assets continue to reprice or roll-off all together.

Excess cash build appears to be the most pressing issue. Collective actions have significantly reduced major credit issues, but earnings pressures are mounting. Without participation in new or refinance mortgage origination and if non-interest income isn't a significant driver of performance, both margin and income levels will likely struggle in 2021 and beyond.

An ALCO Call to Action

As we move forward, it is key to work through balance sheet scenarios and incrementally improve margin wherever possible. As we see it, there are three hypothetical scenarios to play out:

- **Scenario 1:** Status quo, keep excess cash — this is likely the worst outcome, as NIM shrinks and income declines.
- **Scenario 2:** Shrink the balance sheet, reduce deposits, improve NIM as a ratio — in this scenario, net income would marginally increase, but sub-optimally.
- **Scenario 3:** Deploy excess cash in the loans or securities, incrementally improve NIM — bottom-line net income optimized versus shrinking scenario; plus size and increased capital can maximize future opportunities

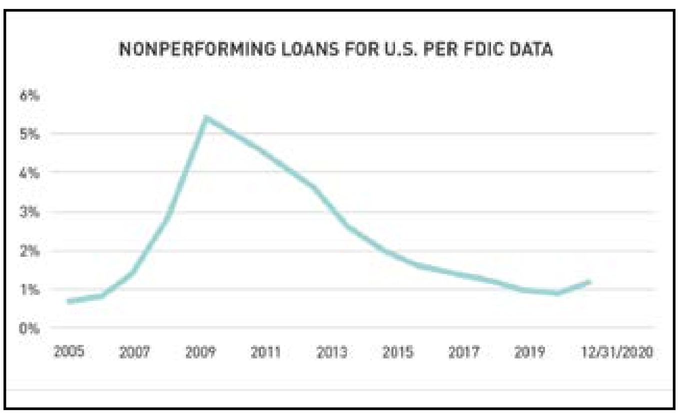
BOK Financial. Contact us at 866.440.6515. The opinions expressed herein reflect the judgment of the author(s) at this date, are subject to change without notice, and are not a complete analysis of any sector, industry, or security. The content provided herein does not constitute advice or a recommendation or offer to sell or a solicitation to deal in any security or financial product. It is provided for information purposes only and on the understanding that the recipient has sufficient knowledge and experience to be able to understand and make their own evaluation of the proposals and services described herein, any risks associated therewith and any related legal, tax, accounting or other material considerations. Recipients should not rely on this material in making any future investment decision. To the extent that the reader has any questions regarding the applicability of any specific issue discussed above to their specific portfolio or situation, you are encouraged to consult with a qualified lawyer, accountant, or financial professional.

Are There Still Credit Risks Related to the Pandemic?

By Mark Weitekamp, BKD

The short answer to that question is a resounding "Yes!" The economy is reopening, the vaccine is widely available, and face coverings and social distancing mandates are being lifted. Regarding the coronavirus pandemic, these are all good things. However, regarding a bank's loan portfolio, there may still be some lingering risks of which bankers will need to stay abreast.

If you rewind to this time last year, bankers really did not have an idea of how the pandemic would affect overall credit quality. The below graph shows that while nonperforming loans have ticked up since year-end 2019, overall credit quality has not suffered close to the level we all thought it might and is still much better than in the last credit crisis, although not quite as good as shown when considering the number of borrowers still in deferral and not reported as past due.



Source: fdic.gov

We are not out of the woods when it comes to the effects of the pandemic on a credit portfolio. Here are some things to think about in a few segments that still have looming questions:

Office & Retail Commercial Real Estate – What will the long-term effects of the pandemic be? Will office workers return to

the office? They may in the short term, but as leases roll off, will companies renew leases on all their office space, or will they reduce it and allow workers to work remotely to save occupancy costs more permanently? Brick-and-mortar retail had been on a slow decline prior to the pandemic. Will the decline accelerate, or are people anxious to get back to an actual shopping experience?

Senior Living Facilities – Given the effects of the pandemic on senior living facilities, will people transition to these facilities as they have in the past, or will technology and the improvements in home healthcare delay those transitions?

Hospitality Including Hotels, Event Spaces, Movie Theaters, etc. – These companies were hit especially hard during the initial stages of the pandemic and were forced to rely on government assistance. How will they perform without the assistance? Local employment also will have an effect on these companies. Are they able to find workers to reopen? Will the workers be more expensive? Are there remaining restrictions in place?

Apartments – There may be some unidentified risk in these properties due to government stimulus payments and moratoriums on evictions. As with hospitality companies, the local employment picture will affect these properties.

Here are some things to consider to help prevent some unnecessary surprises:

1. Pandemic-Related Loan Modifications – While there is still some uncertainty, pandemic-related loan modifications should now be the exception and not the rule. Make sure you are closely evaluating any continuing modifications and not just delaying the recognition of a bad loan. Analyze the business's fundamentals, and be realistic about the business's prospects for recovery.

2. Be Realistic About Appraisals – In your evaluations of appraisals, make sure you are considering whether the appraisal was pre-COVID-19 or more recent, as well as what the pandemic's short- and long-term effects are on the property's operating income. Have conversations with your appraisers to discuss local vacancy trends, cap rate trends, and other aspects that might be affecting real estate markets. Appraisers not only have local market knowledge but also can help you understand national trends that might affect your borrowers.

3. Analyze Concentrations – A concentration in any industry will act like one very large loan. Make sure to realistically stress test the concentration relative to bank capital for both potential movement to classified risk grades and potential loss given default.

4. Identify Problem Loans Quickly – As we continue to recover from the pandemic, the most important thing you can do is identify problem loans quickly. Borrowers have received assistance from Paycheck Protection Program loans, Economic Injury Disaster Loans, the U.S. Small Business Administration making loan payments, bank deferrals and modifications, economic stimulus checks, and other vehicles. Be realistic about a borrower's prospects without all the assistance. Do not wait for loans to be past due, as delinquencies are a lagging indicator of credit quality. You need leading indicators (such as current 2021 results compared to projections) because early problem identification often leads to improved results.

As we continue to evolve from the pandemic that has gripped us the past 15 months, it is more important than ever to maintain diligence over your loan portfolio—the biggest asset on your balance sheet—and not become lax due to the positive reports in the press. The benefit may be improved loan performance resulting in lower loan losses.

This article is for general information purposes only and is not to be considered as legal advice. This information was written by qualified, experienced BKD professionals, but applying this information to your particular situation requires careful consideration of your specific facts and circumstances. Consult your BKD advisor or legal counsel before acting on any matter covered in this update.

Mark Weitekamp is a member of BKD's National Loan Review Service division. He has spent the last 25 years working with large super regional banks as well as small commercial banks with credit underwriting, portfolio management, cash flow analysis and loan documentation

What Kansas Banks Need to Know About the LIBOR Transition

By Christopher Rockers, Nicholas Kenney and Ani Kaufmann Mamisashvili, Husch Blackwell LLP

As 2021 progresses, the use of LIBOR is drawing to an end. For decades, financial institutions have used LIBOR (the London Interbank Offered Rate) as the prevailing reference rate for determining interest rates in commercial and financial transactions. As a result of changes in the financial markets and as a response to the manipulation of LIBOR by several banks almost a decade ago, the United Kingdom's Financial Conduct Authority (the FCA) announced in 2017 it did not expect LIBOR to remain as an acceptable benchmark for the setting of interest rates beyond 2021.

Although the transition away from LIBOR to a new reference rate is less than established at this point, there are some settled ways to deal with the transition and trends in what reference rate will replace LIBOR. This article provides a brief overview of the current state of LIBOR, how financial markets are handling the transition to a new benchmark reference rate, and what reference rates to which the markets are transitioning.

I. The Current State of LIBOR

LIBOR is an interest rate average calculated from estimates submitted by a panel of leading banks in London. Over the decades, its use grew so prevalent that financial and commercial contracts totaling nearly $200 trillion include LIBOR as a "base" interest rate. For years, however, regulators worldwide have raised concerns that LIBOR is not a reliable benchmark, as it is not based on a significant number of observable transactions. For example, there are 16 financial institutions whose submissions are used to calculate the U.S. Dollar LIBOR, and some of these banks have even been accused in the past of colluding to manipulate LIBOR rates.

On March 5, 2021, Intercontinental Exchange (ICE) and the FCA confirmed that LIBOR will phase out by June 30, 2023, and one-week and two-month LIBOR will cease being published December 31, 2021. On March 9, 2021, the Alternative Reference Rate Committee (the ARRC) confirmed that ICE's announcement of a definitive cessation date for LIBOR tenors constituted a "Benchmark Transition Event," beginning the process of switching from LIBOR. While this "Benchmark Transition Event" does not require an immediate transition, it does signal that the "Benchmark Replacement Date" is expected to be on or immediately after the following dates for LIBOR: (i) December 31, 2021, for one-week and two-month LIBOR, and (ii) June 30, 2023, for Overnight, one-month, three-month, six-month, and 12-month LIBOR.

II. How to Transition from LIBOR and the New Reference Rate

It has been recommended that new contracts entered into before December 31, 2021, should either utilize a reference rate other than LIBOR or have robust fallback language that includes a clearly defined alternative reference rate after the publication of LIBOR ceases. The ARRC, a group of private-market participants convened by the Federal Reserve Board and the Federal Reserve Bank of New York (the N.Y. Fed), has proposed using the Secured Overnight Financing Rate (SOFR) as the LIBOR replacement.

SOFR is the interest rate that banks impose on each other in making loans secured by U.S. treasuries. It is a risk-free, daily, overnight rate and based on actual interbank transactions with daily volumes approaching $1 trillion. Because LIBOR is a credit-sensitive rate and SOFR is a risk-free rate, the financial markets have established spread adjustments that can be added to SOFR in order to align more closely with the former LIBOR rate. In other words, whereas LIBOR is forward-looking so borrowers know the interest rate for a given interest period at the beginning of the period, SOFR is backward-looking and based on actual transactions already collateralized by treasuries. Backward-looking SOFR is calculated daily and can be simple (Daily Simple SOFR) or compounded (Daily Compounded SOFR). LIBOR fallback rate language may include, however, a concept whereby SOFR is determined by looking forward to a specified period of time and published by an authorized benchmark administrator. Such forward-looking SOFR is referred to as Term SOFR.

The ARRC has recommended the use of Daily Simple SOFR over Daily Compounded SOFR due to the minimal difference between the two and avoidance of complications in calculations. We have seen at least one market participant in a new contract use Daily Simple SOFR as the starting reference rate with fallback language to Term SOFR once it is established or a different rate becomes more appropriate. We have also heard some discussion of using other reference rates, which may be credit-sensitive rates, and such credit-sensitive rates may include a rate referred to as AMERIBOR – but we have not seen AMERIBOR's or any other credit-sensitive rates' utilization in new transactions or specifically included in LIBOR fallback provisions.

III. How Can You Protect Yourself?

Going forward, you should address the legal and operational risks you might have with LIBOR transition. You should first examine your existing loan documents and other contracts and quantify any LIBOR exposure. If you have any contracts that use LIBOR as a reference rate, a review should be conducted on the actual language in each contract to identify how each contract will determine a replacement rate when LIBOR ceases. Fallback language that only addresses the temporary unavailability of LIBOR may not be sufficient to handle the permanent discontinuance of LIBOR. Moreover, if existing loan documents and other contracts include a fallback to the "prime rate", it still might not be an ideal long-term reference rate since the prime rate is usually higher than LIBOR and may not be an acceptable long-term replacement to your borrowers.

Lastly, for any loan documents or other contracts that use LIBOR, you should consider approaching your borrowers or other contract counterparties to propose amendments to provide clear and specific language that addresses how to transition to a new reference rate. If you use third-party vendors to produce your loan documents or maintain any of your operations systems, you should contact them regarding any upcoming steps they are taking to transition away from LIBOR and that their systems will be updated appropriately in a timely manner.

There is still a lot of uncertainty on what the LIBOR transition will bring, and although this transition may be disruptive in the short term, moving to SOFR or another similar benchmark reference rate should bring further stability to the financial markets over the long term.

Christopher Rockers is a Kansas City-based partner with Husch Blackwell LLP and co-leads the firm's LIBOR team.

Nicholas Kenney and Ani Kaufmann Mamisashvili are attorneys in Husch Blackwell LLP's Kansas City office and are members of the firm's Banking & Finance team.

Mark Stock BigIron Auctions

Big demand for used farm equipment creates a hot market and higher sales prices.

Due to the COVID-19 pandemic, raw materials are scarce, and heavy equipment makers have had to readjust how they are manufacturing farm equipment, which has caused production to slow down and delivery delays on new equipment to be common. The scarcity of equipment is causing a large demand for used machinery by buyers who aren't able to purchase anything new for a period of time, creating the perfect scenario for those who want to sell equipment or are contemplating retirement and selling off assets.

If you are working with farmers who have been debating the life-changing decision of retirement or are simply looking to sell equipment they are no longer using, now is the time to act. This greater demand for used equipment is resulting in higher final sales prices for sellers, which provides a more significant financial return and can put them in a better financial position for retirement. If a farmer is wavering or just recently made the decision to stick it out for one more year due to optimism in the ag market, they may be better off liquidating their assets now when buyers have more money in their pockets. There is no guarantee that prices will remain high. Retiring farmers can capitalize on higher returns now, while future retirees who choose to farm one more year risk obtaining less for their assets next year.

The pandemic has also changed the auction business, and farmers are turning to online auctions more than ever to sell used equipment and farmland. The benefits of an online auction are increasingly apparent and an excellent choice for your clients who want to retire and increase their capital. Sellers can take advantage of the hot market as well as showcasing equipment to a global buyer base, which means even more buyers bidding on equipment and driving up profits.

The **best online auction** companies will help your clients develop a strategy for liquidating their assets to help them reach their retirement goals. This means developing an entire marketing campaign around their auction.

They should know that not all auction companies are created equal. Many traditional auction companies have shifted to online auctions because of the pandemic, but they may not have the experience, online presence, or auction platform to do the best job, especially for larger auctions. Your clients could end up waiting a much longer period of time for auction proceeds, and they may not have as many buyers bidding or the ability to obtain the best price possible for their assets.

The best online auction companies will help your clients develop a strategy for liquidating their assets to help them reach their retirement goals. This means developing an entire marketing campaign around their auction. Because every retirement auction is different or has its own unique set of challenges to overcome, sometimes that means a marketing campaign needs to be designed with those specific hurdles in mind. Typical marketing includes a presence on digital channels, print and radio. For larger items, it's typical to have outdoor signage.

While seemingly obvious, it is also paramount to the auction's success that people know there is an event happening. Our experience has proven that most people are typically willing to travel about 250 miles to pick up purchased equipment. This means that the local community needs to know it's happening. Full-service online auction firms specialize in getting the word out and making the auction both an online and local event, with social distancing and COVID precautions in place.

Your clients should also work with experienced online auction companies that conduct UCC checks and, if a lien is found during the check, the auction company should communicate with the seller to find a solution. Also, auction houses that make it a priority to allow buyers to contact the sellers with questions or to test the equipment are vital. Building an environment of trust and transparency will almost always yield higher returns for your clients. Sellers accessible to buyers will have a more confident buyer base willing to bid higher. Lastly, your clients should ask the auction company to provide them with the bidding history on their items post-auction so that they can have full confidence in the proceedings.

The online retirement auction process can be complicated during an already emotional time, but an honest and reputable company can help farmers through the process. Taking advantage of the current selling market and high buyer demand can help farmers boost their personal finances and make the start of retirement a smooth and exciting process.

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BRIEFLY IN KANSAS BANKING

Loretta D. "Dee" Ledy Receives KBA 50 Year Club Award

In the 53 years of her banking career, Dee Ledy has served her community of Winfield working for different banks including where she started as a senior in high school at First Community Federal Savings and Loan Association to RCB Bank, where Dee works now. Dee loved the banking industry so much that she worked her way up the ladder to where she currently serves as Assistant Vice President of Real Estate, Consumer and Commercial Real Estate Lending.

Several highlights of Dee's impressive career include:

- First Federal S&L's conversion to computers
- Offering first-time adjustable rate mortgages
- Being involved in the design of the second-floor lending department when First Community Federal S&L built a new building in Winfield
- Traveling across the United States to verify mortgage loans her bank wanted to purchase from other lenders and to attend mortgage lending classes
- Keeping up with changing regulations in mortgage lending
- Managing up to 10 employees and helping three generations of customers realize their dreams to purchase, remodel or build a home

Dee has been married for 52 years, has two daughters and one grandson. She plans to continue her career and serve the upcoming fourth generation of banking customers.

Left to right: Doug Wareham, KBA President & CEO; Craig Myers, CFO, RCB Bank; Roger Mosier, President, RCB Bank; Dee Ledy; and Gregg Conklin, Winfield Market President, RCB Bank.

KBCS Welcomes Lewis Walton as a Compliance Auditor

Lewis Walton joined the KBA April 12 as a compliance auditor with Kansas Bankers Consulting Services. He is a recent graduate of KU Law. His accomplishments during law school include earning a certificate in Tax Law, as well as earning "Best Oralist" in the 28th Annual Duberstein Bankruptcy Moot Court Midwest Regionals. Lewis comes to the KBA with an extensive history in regulatory compliance. As the Applied Technology Director for Goodlife Innovations (a Kansas nonprofit), Lewis served as a HIPAA privacy officer and security officer for over 10 years. He also briefly held the same role for Lakeview Neuro Rehab Hospital in Waterford, WI, where he supervised implementation of the hospital's first electronic health record system.

Dan Coup Retirement

His first loan form was about the size of an envelope printed on just one side. Dan Coup figured out the interest on a separate sheet of paper by hand with a pencil.

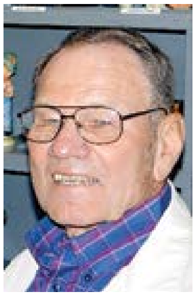
There have been many changes in banking over the past 51 years Coup has worked at the bank. Last month he retired as the president and chief executive officer at The First National Bank of Hope.

He passed those reins on to Dan Cook, who has been with the bank for 17 years. Coup will remain as chairman of the board.

Citizens State Bank Gives $25,000 Donation for New Ag Complex

Citizens State Bank, Marysville, recently gave a $25,000 donation to Marysville public schools to be used for the new ag complex at the junior-senior high school. The money is targeted to help pay off about $170,000 owed for a two-story, $3.1 million building. Leftover money from a $2.6 million school improvement bond and donations helped fund the project. Citizens State Bank assistant vice president Frank Shoemaker and vice president John Luebcke presented the check at Marysville High School's FFA work auction February 24.

Kolzisek Will Head Citizens Board



Citizens State Bank & Trust Co., Ellsworth, announce that Don Kolzisek, Holyrood, was elected chairman of the board of directors at the annual stockholders meeting January 27, 2021. Kolzisek has served on the bank's board since 1987 and has a vast history of community service.

Norman John Steffey
November 28, 1929 – March 20, 2021

Norman was born in Topeka, KS, on Thanksgiving Day, November 28, 1929. He grew up on his family farm near Ozawkie, and he attended the University of Kansas. He served in the U.S. Air Force during the Korean War with the rank of Staff Sergeant with a year tour of duty in Iceland, then received a BS in Business Administration from Kansas State University. Norm started his career as a bank examiner for the Federal Deposit Insurance Corporation. He worked for the First State Bank of Burlingame and the Wyandotte County State Bank before purchasing the controlling interest of the Edwardsville State Bank where he served as President and CEO for 20 years. He served on several state and local banking committees during his banking career and was heavily involved in community affairs.

KBA GOLF CLASSIC

SPONSORED BY **KBA INSURANCE, INC.**

May 10, 2021 • Newton, Sand Creek Station

TEAM EVENTS AND RESULTS

FIRST FLIGHT

1ST PLACE

Ron Johnson, Community National Bank, Seneca
Mike Fahrbach, First National Bank, Hutchinson
Gregg Lewis, First Option Bank, Paola
Bruce Schriefer, Schriefer Consulting, Wichita

2ND PLACE

Andrew Manley, Kansas Bankers Tech, Salina
Dahx Marrs, Kansas Bankers Tech, Salina
Brian Boyer, Advantage Trust Company, Salina
Ryan Peschka, Berkley Capital Management, Salina

3RD PLACE

Emil Scherlacker, (ret) KS StateBank, Manhattan
Brad Gehring
Steve Miller
Nick Morton

4TH PLACE

Thadd Taylor, Community Bank, Topeka
Tim Krueger
Tina Saia, Security 1st Title, Wichita
Robert Wilson, Landmark National Bank, Topeka

SECOND FLIGHT

1ST PLACE

Mike Ewy, Community State Bank, Coffeyville
Joe Jones, Executive Benefits Network, Lawrence
Brandon Young, Intrust Bank, Wichita
Charles Derby, First State Bank, Lawrence

2ND PLACE

Ed Dewey, GNBank, Bucklin
John Lehman, GNBank, Girard
Craig Meader, First National Bank, Waverly
John Rogers, Purple Wave, Manhattan

3RD PLACE

Chad Alexander, Peoples Bank, McPherson
Ryan Biegert, Peoples Bank, McPherson
Matt Morrow, Peoples Bank, McPherson
Bryce Brewer, Peoples Bank, McPherson

4TH PLACE

Sam Jackson, First State Bank, Plainville
Tim Smith, First State Bank, Plainville
Kelton Schuckman, First State Bank, Hill City
Bryant Muir, First State Bank, Hill City

THIRD FLIGHT

1ST PLACE

Mike Brown, Security 1st Title, Wichita
Eric Stofer, Kansas Bankers Association, Topeka
Mark Devane, Central National Bank, Topeka
Sara Girard, Central National Bank, Topeka

2ND PLACE

Larry Fief, Bank of Tescott, Salina
Adam Lackey, Bank of Tescott, Lindsborg
Mike Sample, Bank of Tescott, Lindsborg
Travis Shaft, Bank of Tescott, Salina

3RD PLACE

Chris Endicott, FHLB, Topeka
Rocky Anderson, Alliance Bank, Topeka
Doug Glenn, States Resources Corp, Omaha
Paul Bures, The Capital Corporation, Prairie Village

4TH PLACE

Jason Zimmerman, Community National Bank, Chanute
Eric Grooms, Community National Bank, Augusta
Chad Estes, Community National Bank, Fredonia
Mike O'Malley, Community National Bank, Neodesha

FOURTH FLIGHT

1ST PLACE

Tom Burkhart, Carson Bank, Mulvane
Scott Nelson, Carson Bank, Mulvane
Walter Johnson, First State Bank, Healy
Bob Wray, The Capital Corporation, Prairie Village

2ND PLACE

Ken Glennon, GNBank, Holton
Kent Schwerdt, Kaw Valley Bank, Topeka
Tony Konrade, Heritage Bank, Topeka
Chuck Kirmse, First State Bank, Tonganoxie

3RD PLACE

Ryan Gilliland, FHLB, Topeka
Dave Lesperance, Heritage Bank, Topeka
Tom Thull, FHLB, Topeka
Alex Orel, Kansas Bankers Association, Topeka

4TH PLACE

Jared Brown, Impact Bank, Wellington
Dave White, Intrust Bank, Wichita
Alan Campbell, Impact Bank, Wellington
Alex Williams, The Halstead Bank, Halstead

INDIVIDUAL EVENTS AND RESULTS

Longest Putt #2 - $100.00 Gift Certificate: Ryan McLaughlin, KBA Insurance, Inc., Topeka
Longest Drive #14 - $100.00 Gift Certificate: Steve Miller
Closest to Pin #3 - $100.00 Gift Certificate: Robert Wilson, Landmark National Bank, Topeka
Closest to Pin #7 - $100.00 Gift Certificate: Rolf Gunderson, Wichita
Closest to Pin #13 - $100.00 Gift Certificate: Brad Edwards, Chisholm Trail State Bank, Wichita
Closest to Pin #17 - $100.00 Gift Certificate: Mike Fahrbach, First National Bank, Hutchinson

DOOR PRIZES

iPad:

Kyle Russell, Citizens Bank, Ellsworth

Rolf Gunderson, Wichita

Ron Johnson, Community National Bank, Seneca

$100 CASH:

Troy Hutton, First National Bank, Hutchinson
Dan Biddle, Union State Bank, Arkansas City
Larry Fief, Bank of Tescott, Salina
Amber Groene, Union State Bank, Arkansas City
Mike O'Malley, Community National Bank, Neodesha
Emil Scherlacker, (ret) KS StateBank, Manhattan
Brad Rucker, Home Bank & Trust, Eureka
Jason Zimmerman, Community National Bank, Chanute
Tom McGavran, Citizens State Bank, Ellsworth
Richard Roberts
Brock Stuhlsatz, Citizens Bank, Derby
Mark Devane, Central National Bank, Topeka
Jonathan Rothrock, Citizens State Bank, McPherson
Greg Waters, The Peoples Bank, Pratt
Kelly Mason, Legacy Bank, Wichita

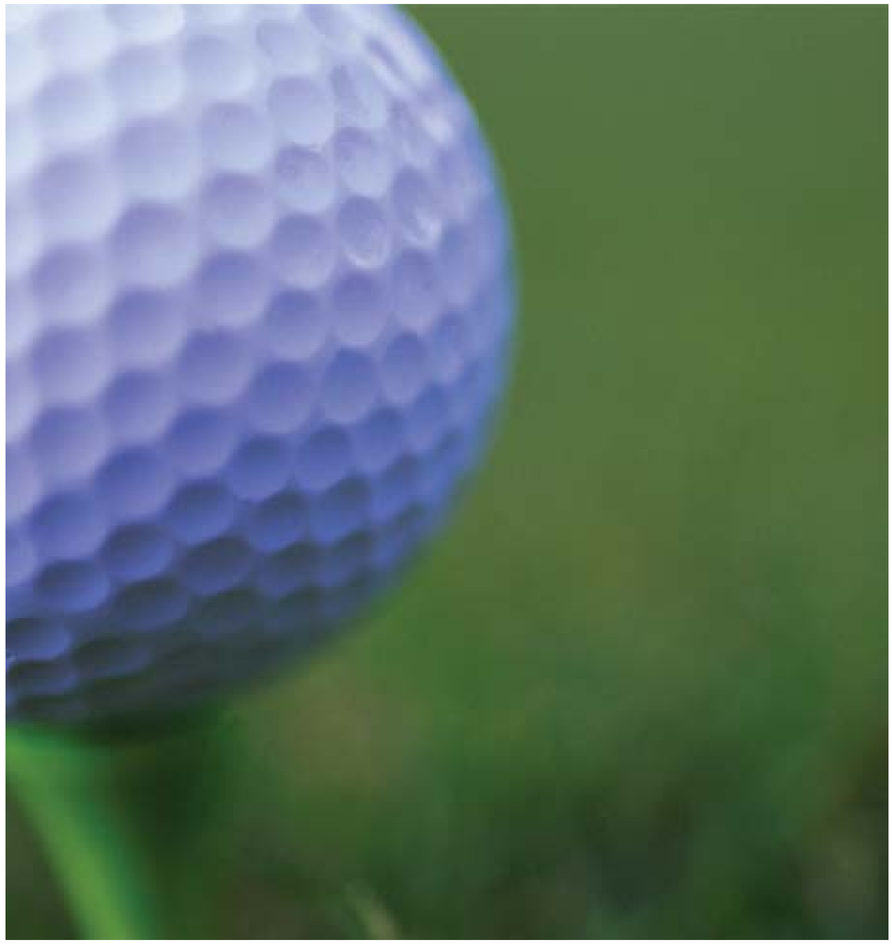
$100 Gift Certificates to Pro Shop:

Mike Fahrbach, First National Bank, Hutchinson

Keith Ball, Home Bank & Trust, Eureka

Mike Pritchett, First National Bank, Hutchinson

Brad Gehring



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