

KANSAS AG BANKERS (KAB) DIVISION

2022 Annual Report



Kansas Ag Bankers

A DIVISION of KBA

*A message from the KAB Division President
David White, INTRUST Bank, NA, Wichita*

*Greetings from the KBA -
Kansas Ag Bankers (KAB) Division Board of Directors!*

On behalf of the Board, we would like to wish you all a Happy New Year and much success in the year ahead.

The 2022 operating year can be best described in one word: volatile. Volatility is an inherent part of the agriculture industry. But rarely have so many volatile things occurred simultaneously: drought, futures market rallies and subsequent crashes, input costs and supply issues and a rising interest rate environment not experienced in a generation. As Kansas ag bankers, our clients look to us as trusted advisors to help them navigate these challenges and opportunities. I am confident that as an industry we will rise to the challenge and assist our customers to achieve long-term success.



The KAB Division is finalizing the 2023 Kansas Ag Bankers Conference, which is scheduled for March 1st and 2nd in Manhattan. The speakers your Board and the KBA Staff have assembled will provide valuable and timely insight on many of the challenges I mentioned above, giving you substantial information to take back home to serve your respective banks and clients. Additionally, the conference presents a great opportunity to network with your peers in ag banking. And several vendors at the trade show will be present to inform us about the new and exciting resources available to be added to our tool kits.

The KAB Division is supported by the membership of 125 ag banks from across the state. Your membership allows KAB to collaborate with and support a variety of ag organizations including FFA, 4-H, KARL, Women Managing the Farm Conference and many others. Our support of these groups is an important investment in the next generation of leaders for the ag industry. And collaboration with these various groups has been instrumental in some of our recent policy and advocacy successes, such as the passage of the state-level ECORA.

It has been my pleasure to serve as your President for the past year. I have greatly enjoyed working with a very active and engaged Board that works to advance ag banking for the state of Kansas. I would be remiss not to acknowledge the significant contributions made by the Kansas Bankers Association staff, who do all of the heavy lifting to make the Board's ideas materialize and become reality.

I look forward to seeing you all in Manhattan at the 2023 Kansas Ag Bankers Conference on March 1st and 2nd.



2022 KANSAS AG BANKERS CONFERENCE HIGHLIGHTS



Jay Meyer, 2021 KAB President welcomed attendees to the 2022 Kansas Ag Bankers Conference in Manhattan.

Clear skies and eager minds made the 2022 Kansas Ag Bankers Conference a great turn out, which was held on March 2-3 at the Hilton Garden Inn and Conference Center in Manhattan, KS. This conference is held by the Kansas Ag Bankers Division and is meant to support, enhance and promote the agricultural banking industry. Ag bankers heard from a variety of knowledgeable and impactful speakers on topics such as: ag economics, lending, the Federal Ag Policy Update and much more. KAB Past President Jay Meyer, Centera Bank in Sublette, kicked off the conference with the welcome and introductions to attendees.

The first speaker of the conference was Dr. David Kohl, AgriVisions LLC, with "Agricultural Economic Update and the Road Ahead" and "Lending in the Agricultural Marketplace: 2022 and Beyond". Kohl presented common financial and business practices that will

proactively position the banker's business or customer regardless of the economic cycle. He also drew upon his decades of engagement and interaction with the agricultural industry to provide wisdom and actionable items that can be used with your agricultural customers. Topics include the high tech, high touch approach to building relationships, aligning with producer mindsets, assessing business IQ as it relates to financials, economics, and the growth of ag businesses of the future.

ABA's Senior Vice President of Agricultural & Rural Banking Policy Ed Elfmann and KBA President & CEO Doug Wareham provided a fireside 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 last year, and additional states are pushing the same legislation.



Dr. David Kohl, AgriVisions LLC presented "Agricultural Economic Update and the Road Ahead".



Elizabeth McCormick, US Army Black Hawk Helicopter Pilot, energized the audience with, "Soar 2 Success".

Success". She shared the professional development secrets for success with her stories of overcoming obstacles as a helicopter pilot while inspiring attendees to Soar 2 Success!

Andrew McCrea, farmer and rancher, shared 'Your Bank's Role in Creating Total Town Makeovers' after the second break-out session of the day. Attendees were able to learn how financial institutions can be a key catalyst that keeps small towns surviving and thriving. Kansas banks play an important role in what happens next to small towns supporting agriculture that are struggling to keep small businesses open, maintain quality schools and provide a place that younger people want to work and establish homes and families.

Finishing up the first day, the last speaker Elizabeth McCormick, US Army Black Hawk Helicopter Pilot, presented "Soar 2

Following the Kansas Ag Bankers Trade Show and Hospitality Reception, the Kansas Wheat Innovation Center hosted the Salute the Kansas Wheat Farmer Event that unveiled the Tribute Wall.



Randy Blach answers questions from the audience.

DAN SMITH NAMED THE RECIPIENT OF THE KANSAS AG BANKERS DIVISION'S 2022 PIONEER AWARD

The Kansas Ag Bankers, a division of the Kansas Bankers Association, is pleased to announce that Dan Smith, with Heartland Tri-State Bank, Elkhart, is the recipient of the 2022 Pioneer Award. The Pioneer Award is presented to an agricultural banker that exemplifies the best in agricultural lending by continually bringing credit to his profession and the entire agricultural banking community.

Dan's professional career started as a lender for Farm Credit in Guymon, OK in 1980. Dan then advanced to become the Special Credit Officer for Farm Credit in the mid 1980's. Additionally, he acquired his appraiser's license to become a better lender and more knowledgeable for his customers. After completing this assignment, Dan was looking for another opportunity which led him to First National Bank in Elkhart in 1989, later converted to Heartland Tri-State Bank. He has held a number of positions at the bank during that long tenure, but always stayed with his love - ag lending. He has served as Ag Loan Officer, Security Officer, Interim President, Sr. Vice President, Head of Lending and on the Board of Directors. While completing any tasks asked of the bank, he never stayed far from his love of ag lending and ag customers. Dan built a large portfolio of customers, some of whom has been customers for all 33+ years. His approach has always been to grow the bank's current customers first. His motto: "They know us and we know them, so grow them first before

chasing new loans." That approach has grown his own portfolio, been very successful for the bank and produced the most dedicated, loyal and successful customers the bank could hope to attain.

Dan has dedicated his career to ag banking with his retirement on the horizon. He grew up the son of a County Extension Agent in Boise City, OK. Thus, he grew up very involved with all kinds of animals and every aspect of 4-H. Dan and his two brothers cared for animals as well as livestock at the fair and the county livestock show annually. He grew up giving 4-H speeches and demonstrations as well as livestock judging which he capitalized on when he went to college at Panhandle State University. He was a member of the collegiate livestock judging team as well as working in the Meats Lab college. Being a member of the judging team continued to involve him in livestock as well as grow his public speaking ability. As many

of us, during the summers of both his high school and college days, he spent many hours in the seat of a tractor starting with planting all the way to harvesting wheat, corn and milo.

While in college, Dan married his high school sweetheart, Laura. The two have enjoyed a long marriage and raised two daughters. Dan and Laura are now enjoying watching three grandchildren grow and play school sports.



Chairman of the Board Bill Tucker presents Dan Smith with his award.



Dan Smith was not able to attend the 2022 Kansas Ag Bankers Conference and his family accepted his award on his behalf. Congrats Dan!



KBA - KANSAS AG BANKERS DIVISION 2022-2023 BOARD OF DIRECTORS

David White

President
INTRUST Bank, NA, Wichita

Brad Zimmerman

Secretary/Treasurer
Farmers Bank & Trust, Atwood

Robert Rugan

Farmers Bank & Trust, Great Bend

Lucas Sawyer

Prairie Bank of Kansas, Inman

Stephen Hendrickson

Citizens State Bank of Marysville, Hanover

Julie Voelker

Community State Bank, Coffeyville

Brett Wicker

Central National Bank, Gardner

Mikel Hadachek

Vice-President
Astra Bank, Belleville

Jay Meyer

Past President
Centera Bank, Sublette

Shelly Turner

Security State Bank, Scott City

Lindsey Martin

Bank of Protection, Ashland

Tricia Fowler

Heartland Tri-State Bank, Arlington

Greg Saville

First National Bank and Trust, Phillipsburg



KAB Division Provides Scholarships for College Students

The KSU Foundation inspires and guides philanthropy toward university priorities to boldly advance K-State. In 2003, the Kansas Ag Bankers endowed \$100,000 to the Kansas State University Foundation. That fund continues today, awarding scholarships to KSU students enrolled in Ag Economics. The purpose of this scholarship is to honor Kansas Ag Bankers and to provide financial assistance to students properly enrolled in the College of Agriculture at Kansas State University. To be eligible, the students shall be undergraduate students enrolled in the Department of Agricultural Economics in the College of Agriculture, pursuing a career in banking or finance, reside in Kansas and have a minimum grade point average of 3.2.



2022-2023 KAB BUDGET

Income

Dues (\$100 per bank)	\$17,550
Interest Income	\$500
AG Bankers Conference	\$117,950
Total Income	\$136,000

Expense

KBSI Administrative Fee	\$15,000
Conference Expense	\$63,000
Board Meetings	\$3,000
Board Travel/Special Events	\$1,500
ABA Conference (President)	\$3,500
ABA Conference (Kansas Night)	\$1,500
Printing/Letterhead	\$500
Postage	\$500
FFA Donation	\$7,500
KARL Donation	\$7,500
4-H Donation	\$2,500
Ag in Classroom Donation	\$1,000
KS Water Cong/Conf	\$500
KBA Margin Management	\$4,000
KS Dept of Ag Growth Summit	\$500
Misc. Expense	\$2,500
Women Managing the Farm	\$5,000
Kansas Wheat Innovation Wall	\$2,500
Kansas Commodity Classic	\$5,000
Fed Affairs Rep	\$3,000
KBA Staff Travel	\$3,500
Promotions/Advertising	\$2,500
Total Expense	\$136,000



Kansas Ag Bankers

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KAB DIVISION PARTNERS INCLUDE:



KANSAS
FFA FOUNDATION



THANK YOU!

KAB DIVISION SUPPORTS FFA CAREER SHOW AND STATE OFFICER LEADERSHIP DEVELOPMENT

Kansas Ag Bankers (KAB) has a very long and proud history of supporting the Kansas FFA Foundation, which supports FFA members and agricultural education professionals across Kansas. For several years, the collective financial support donated by the KAB Division has underwritten the cost of the Kansas FFA Career Show held in conjunction with the State FFA



Convention every June. The career show features employment opportunities with ag-related businesses across Kansas and it provides our Kansas Bankers Association (KBA) with a front row promotion seat for career opportunities in Kansas banks. In addition to supporting the FFA Career Fair, KAB Division financial support also helps underwrite the leadership development training for the six members of the Kansas FFA State Officer Team. These young agricultural leaders, charged with spearheading training and development programs for the nearly 10,000 Kansas FFA members, participated in a Community Banking 101 training session at the KBA office highlighting the critical economic development and sustainability role banks play in rural Kansas communities.



KAB SPEARHEADS SUPPORT FOR FARMER TRIBUTE WALL AT KANSAS WHEAT INNOVATION CENTER

The partnership between Kansas ag bankers and Kansas wheat producers dates back to the very first Kansas banks opening their doors for business in the mid-1850's. The availability of local agricultural credit and steadily improved production practices has led to Kansas becoming referred to as The Wheat State and globally referred to as The Breadbasket to the World. Kansas wheat has been, and moving forward will continue to be, a critically important commodity for Kansas farmers and for our overall Kansas economy. KBA's Kansas Ag Bankers (KAB) Division recognizes the importance of wheat production, not only for Kansas producers, but for the long-term viability of the Kansas economy. The KAB Division is proudly supporting a tribute wall at the Kansas Wheat Innovation Center, which supports getting improved wheat genetics in the hands of Kansas wheat producers. The total amount raised from the Kansas ag banking industry was \$88,000!



KAB PARTNERS WITH KANSAS AGRICULTURE AND RURAL LEADERSHIP (KARL)

The KAB Division is focused on providing first-class educational opportunities for agricultural bankers, as well as providing much needed support for leadership organizations that promote Kansas agriculture and rural Kansas communities. KARL also embraces leadership development in service to agriculture and Kansas communities. The KAB Division is now supporting the KARL Blue Chip seminar, which is experienced by each KARL Class (since 2009). KAB and KARL together can help Kansas work through the inherent cycles in agriculture that impact rural Kansas. KAB will be providing information and insights that can educate KARL associates about the important role of community banks in rural Kansas and across America. Doug Wareham, KBA President and CEO, addressed KARL Class XV in Hays, Kansas earlier this year, and the first training session for KARL Class XVI is slated for the KBA office in Topeka in early 2023. The total amount raised from the Kansas ag banking industry was \$88,000!



AG REAL ESTATE & RURAL HOUSING TAX EXEMPTION TAKES EFFECT JANUARY 1, 2023



Your Kansas Ag Bankers (KAB) Division played an instrumental role the past three years in supporting KBA's efforts to achieve state-level tax equity on ag real estate and rural housing loans in Kansas. Those efforts hit paydirt in 2021 with the adoption of state legislation that exempted interest income from ag real estate and rural housing loans from the 4.375% Kansas Privilege Tax. Kansas banks and their customers will begin experiencing the benefits of this exemption on January 1, 2023. The KAB Division remains engaged and supportive of federal efforts to achieve a similar exemption at the federal level to ensure Kansas banks can effectively compete with non-bank farm and rural housing lenders.