

KANSAS AG BANKERS (KAB) DIVISION

2023 Annual Report



Kansas Ag Bankers

A DIVISION of KBA

*A message from the KAB Division President
Mikel Hadachek, Astra Bank, Belleville*

Greetings from the KBA -

Kansas Ag Bankers (KAB) Division Board of Directors!

The 2023 farm operating year can be best described as challenging. There were many challenges that ag banking and our farm customers faced this past year. The first challenge was dry weather that affected most of Kansas, resulting in lower yields for many of our farm customers. Another challenge was lower grain prices. The grain prices at the end of 2023 were substantially lower than they were at the beginning of the year, which will negatively impact net farm income and our earned equity change for the year. On top of that, increasing interest rates with lower crop yields and grain prices make for a challenging year. However, I know that our ag bankers throughout our state will rise to these challenges and provide great advice and counsel to our farm customers to help them through this weather.

The KAB Board worked on two crucial areas this past year: the Access to Credit for our Rural Economy (ACRE) Act and the Rattlesnake Creek Basin water rights dispute. Formerly known as ECORA, ACRE was reintroduced in the U.S. Senate, co-sponsored by Senator Jerry Moran. Over the past year, the division board led its members in a grassroots advocacy campaign to support this federal legislation. **Thanks to the advocacy of ag and rural bankers across the state, Kansas Farm Bureau adopted a policy in December to support equal competition among ag lenders and access to credit for ag and rural borrowers.**

The Rattlesnake Creek Basin Taskforce was created under the KAB Division to focus on education efforts regarding the ongoing water rights dispute in the Rattlesnake Creek Basin. Chaired by KAB board member Robert Rugan, Western Market President for Farmers Bank & Trust in Great Bend, the task force assisted KBA staff in their advocacy efforts to educate Kansas policymakers in Washington D.C. and Topeka on the economic and agricultural impact of the dispute. **After increased efforts from Kansas ag groups, KBA, individual Kansas bankers, and individual Kansans with U.S. Senator Jerry Moran and Kansas Governor Laura Kelly and their strong support for the collective concerns, an agreement between the U.S. Fish and Wildlife Service and the Kansas Department of Agriculture was finally reached to collaborate on a new solution to the issue.**

The KAB Board is finishing the final plans for the 2024 Kansas Ag Bankers Conference, scheduled for March 6th and 7th in Manhattan. We have a great lineup of speakers and vendors scheduled for the conference, who will provide valuable information and timely insight on many issues pertinent to the ag economy today. This will allow our ag bankers to learn about these topics and return valuable information to their banks and customers. Also, the conference allows all attendees a great opportunity to network with their peers in the ag banking industry. The KAB Division is supported by the membership of 120 KBA member banks across Kansas. Your membership allows the KAB Board to work with various ag organizations, such as FFA, 4-H, KARL, Women Managing the Farm Conference, and many more. Our support of these groups is an essential investment in the next generation of leaders for our ag industry.

It has been a pleasure to serve as your President during the past year. I have really enjoyed working with an awesome Board that has as its goal to advance ag banking in the state of Kansas. I also appreciate all of the Kansas Bankers Association staff who do a lot of the work behind the scenes to help make our conference and other activities successful.

I look forward to seeing all of you in Manhattan at the 2024 Kansas Ag Bankers Conference on March 6th and 7th.



2023 KANSAS AG BANKERS CONFERENCE HIGHLIGHTS



David Kohl, Professor Emeritus, Virginia Tech, AgriVisions Solutions, LLC, presented the Business and Economic Outlook.

This year's 2023 Kansas Ag Bankers Conference had an exceptional line-up of presenters, 290 attendees, and 19 tradeshow sponsors in attendance. Dr. David Kohl kicked off the conference with the Business and Economic Outlook, a discussion of how 2023 could be best described as a transitional year as we move from the black swan pandemic with adaptive business and personal life strategies to position ourselves to navigate the world of uncertainty and chaos.

Next, Ed Elfmann, SVP of Agriculture and Rural Policy at the American Bankers Association, shared the Federal Ag Policy update with Doug Wareham, President & CEO. Elfmann previewed the 2023 Farm Bill debate and highlighted other federal issues that could impact Kansas bankers in the coming year. Elfmann shared that two of ABA's top legislative priorities are the Access to Credit for our Rural Economies (ACRE) Act, which is designed to trigger more competitive interest rates for ag real estate and rural housing loans, and the Secure and Fair Enforcement (SAFE)

Act, which would enable banks to provide banking services to legitimate cannabis-related businesses.

Jason Henderson, Purdue University, presented "Easy to Print Money, Hard to Undo: What's the Impact on U.S. Agriculture?". Henderson believes the dollar's value compared to foreign currencies might make U.S. ag assets like farmland even more attractive to foreign buyers. Keep an eye on this one as these trends unfold. "Putin, Russia and Ukraine" was presented by Jim Olson, Former CIA Chief of Counterintelligence and Faculty of the Bush School of Government and Public

Service at Texas A&M University. Olson talked about life as a spy, espionage threats, and the potential fallout of the war in Ukraine. He had a 31-year career with the CIA, including a tour in Moscow.



Ed Elfmann, SVP of Agriculture and Rural Policy at the American Bankers Association and Doug Wareham, KBA President & CEO, discuss the Federal Ag Policy Update.



Jim Olson, Former CIA Chief of Counterintelligence, Faculty of the Bush School of Government and Public Service at Texas A&M University, presented on Putin, Russia and Ukraine.

Randy Blach from CattleFax presented "Livestock and Protein Situation and Outlook," which shared that prices and profitability will again favor cattle producers in 2023. The cattle industry is entering 2023 with the smallest cattle supply since 2015, as drought caused the industry to dig deeper into the supply of feeder cattle and calves.

marketing is becoming more and more difficult for producers as the world evolves. Higher volatility and large annual swings can make even the best decisions feel wrong.

The 2023 Pioneer Award was given to Leonard Wolfe, Chairman, President and CEO of United Bank & Trust in Marysville. KAB Division President David White praised Wolfe for his leadership and dedication to advancing policies that have strengthened the ability of community banks to thrive and better serve their ag and rural customers. Congratulations Leonard!

Eric Snodgrass, Nutrien Ag Solutions, closed the conference with "High Impact Weather." He covered how disasters and their effects are impacting the agricultural industry. Droughts, floods, freezes, severe storms, wildfires, and winter storms all play a role in the agricultural market.

"Ag Market Update, What Gear to Use in 2023?" was presented by Paul Mussman, AgWest Commodities, who gave an ag market update on Thursday morning. Paul stated that ag



Paul Mussman, AgWest Commodities, presented on the Ag Market Update, What Gear to Use in 2023.

LEONARD WOLFE, KANSAS AG BANKER, RECOGNIZED FOR HIS EXCELLENCE IN BANKING

Leonard Wolfe, Chairman of the Board and President/CEO of United Bank & Trust, Marysville has been recognized by the American Bankers Association (ABA) and the Kansas Ag Bankers (KAB) Division for his dedication and service to the banking industry. This year, he received the KAB Division's Pioneer Award and the ABA's Bruning Award. At the 2023 Kansas Ag Bankers Conference, Leonard was recognized for his outstanding professionalism and leadership within the Kansas banking industry. Later, at the ABA's Ag Bankers Conference, he was recognized for his lifetime achievement in providing credit and financial guidance to agriculture producers and businesses in rural America.

Leonard embarked on his banking journey 44 years ago in Cedar Vale, KS, starting as an Ag Lender and Insurance Agent. After over seven years, he became the President of Home State Bank in Erie, KS, under the mentorship of Virgil Lair.

Following three years in Erie, Leonard managed Lair banks in Chanute, KS, overseeing operations in Erie, Thayer, and Parsons for the next nine years.

In 1998, Leonard joined Gold Banc, relocating to Clay Center, KS, to facilitate the merger of Peoples National Bank and Tri-County Bank. His role expanded to President of Peoples National Bank and Regional President, overseeing 12 banks from Alma to Colby. In July 2003, Gold Banc decided to sell its seven rural locations in Northern Kansas. With support from his wife Beth, Leonard successfully purchased and capitalized the banks, establishing United Bank and Trust on February 13th, 2004, where he serves as President/CEO and Chairman of the Board. Since then, United has expanded to include Manhattan, Beattie, Clyde, and Belleville locations.

Leonard has served on numerous committees and organizations in his banking career. He has served as Chairman of the Kansas Bankers Association and later in the Kansas Banking Commission. During his time as Chairman of the KBA, he was instrumental in repealing the Mortgage Registration Tax, which was unfairly levied against Kansas banks making home mortgage and ag real estate loans. When it was repealed, the Kansas consumers who banked locally were relieved from a \$51 million burden.

Leonard also served as Vice Chairman of the American Bankers Association's Agricultural Credit Task Force. During his term as Vice-Chair, he testified on behalf of fellow bankers before the U.S. House of Representatives Committee on Agriculture to help spotlight the inequities of the Farm Credit System. Later, as Chairman of the Task Force, he testified before the U.S. Senate Committee on Agriculture, Nutrition & Forestry and laid the groundwork for the Access to Credit for our Rural Economies (ACRE) Act, which has been introduced in both chambers of Congress.

The KAB Division sincerely appreciates and applauds Leonard for his extensive leadership and service to rural Kansas, agriculture, and the banking industry.

Congratulations, Leonard!



Leonard Wolfe, with his wife Beth and son Nick, being presented the 2023 KAB Division Pioneer Award



Leonard being presented with the American Bankers Association's Bruning Award, alongside David White, Past KAB Division President, and Doug Wareham, KBA President & CEO.

KAB DIVISION SUPPORTS KANSAS FFA OPPORTUNITIES FAIR AND STATE OFFICER LEADERSHIP DEVELOPMENT

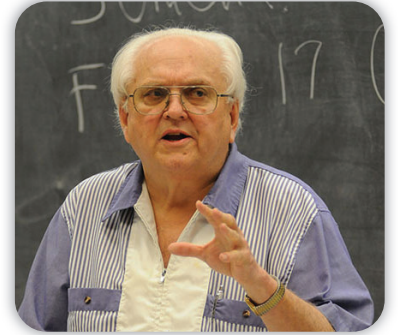


The Kansas Ag Bankers Division has been a longtime supporter of the mission of the Kansas FFA Foundation: to enable Kansas Agriculture Education and FFA programs to empower future leaders. To this end, the division has continued to sponsor the Kansas FFA Opportunities Fair and underwrite leadership development for the Kansas FFA State Officer team. As a result, thousands of FFA members have been exposed to Kansas banking and have learned of the leadership banks provide to their home communities.

AG POLICY ICON DR. BARRY FLINCHBAUGH INDUCTED INTO THE NATIONAL AG HALL OF FAME

An advocate and mentor to many, agriculture policy icon Dr. Barry Flinchbaugh was posthumously inducted into the National Agriculture Hall of Fame on October 5th, 2023. During his 49 years of teaching at Kansas State University, Dr. Flinchbaugh taught and mentored many students who, after graduating, became Kansas ag bankers. He also was active at the division's annual conference from 2009 until his passing in 2020.

"Dr. Barry Flinchbaugh was one of the best professors I had while I attended K-State. Dr. Flinchbaugh made his Ag Policy Class very entertaining while at the same time very educational and always up to date with the latest news from the political world. Dr. Flinchbaugh was also a great advocate for agriculture, and I don't think there was a USDA Farm Program passed during his lifetime that didn't have his input into the best programs that would help assist the farmers of America." – Mikel Hadachek, KAB Division President.



The KAB Division was a silver-level sponsor of the 2023 National Agriculture Hall of Fame Induction Ceremony. Dr. Flinchbaugh was inducted alongside Junius Groves, fellow Kansan, and Fabiola Cabeza de Baca, a pioneer in the cooperative extension service in New Mexico.

TASKFORCE CREATED TO MONITOR RATTLESNAKE CREEK BASIN

Water is the lifeblood of rural Kansas. Without it, rural economies will crash, and ag producers cannot grow crops or raise cattle. With the re-emergence of a water rights dispute in the Rattlesnake Creek Basin between the U.S. Fish and Wildlife Service and nearly 1,000 junior water rights holders, the KAB Division created the Rattlesnake Creek Basin Taskforce. This group was created to educate KBA staff on the issue and explore education initiatives for KBA member banks. Chaired by KAB Board Member Robert Rugan, Western Market President for Farmers Bank & Trust in Great Bend, the task force has kept the KBA Government Relations team apprised of meaningful developments in the dispute and their communications with the Governor's Office and elected officials in Topeka and Washington D.C. The task force also assisted the KBA Education & Conferences team organize the "Banking on Water Rights" panel discussion at the 2024 Kansas Ag Bankers Conference next year.



AGRICULTURE AND RURAL LEADERS IN KANSAS EXPOSED TO COMMUNITY BANKING



The KAB Division is proud to partner with the Kansas Agriculture and Rural Leadership (KARL) Program. The division and KARL are united in their goals to support Kansas agriculture and rural communities. As a KARL Domestic Study Tour sponsor (formerly the Blue Chip seminar), the KAB Division coordinated with the Federal Reserve Bank of Kansas City to host the current KARL Class at their branch last November. While there, KARL associates learned about the Federal Reserve and how community banks in rural ag-producing states sustain rural economies. The division hosted the KARL Associates at the KBA office in January. Doug Wareham, KBA President & CEO, spoke on the challenges Kansas community banks face and why rural communities must have a local bank.



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KAB DIVISION PARTNERS INCLUDE:



THANK YOU!

KBA - KANSAS AG BANKERS DIVISION 2023-2024 BOARD OF DIRECTORS

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KAB Division Provides Scholarships for College Students

In 2003, the Kansas Ag Bankers endowed \$100,000 to the Kansas State University Foundation to award scholarships to KSU students enrolled in Agricultural Economics. The fund was established to honor Kansas Ag Bankers and to provide financial assistance to students properly enrolled in the College of Agriculture. Eligible students must be undergraduates enrolled in the Department of Agricultural Economics, pursuing a career in banking or finance, reside in Kansas, and have a minimum grade point average of 3.2.

Three students were awarded scholarships in 2023. Lauryn Karr, a Junior studying Agribusiness, received \$3,125 total during the Spring and Fall semesters. Sarah Wood, a Spring 2022 senior who studied Agricultural Economics received \$1,050 last Spring. Ryan Feldkamp, a sophomore studying Agribusiness, received \$1,525 this Fall.



2023-2024 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	\$1,000
KBA Margin Management	\$4,000
KS Dept of Ag Growth Summit	\$500
Misc. Expense	\$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	\$134,500