



# BORROWED TIMES

## RMA KS Annual Meeting, Oil & Gas Regulatory Panel

By Steve Schoenecker

On April 21<sup>st</sup> the Kansas Chapter of the RMA held its 2016 Annual Meeting which included an Oil & Gas Regulatory panel. Three board members who are stepping off the board at the end of our 2015-2016 chapter year were formally recognized for their many years of service: Evan Funk, Sunflower Bank, Eric Walter, Citizen Bank of Kansas, and Blake Yakel, Intrust Bank. The slate of board members for 2016-2017 was then announced.

Jamie Jones, RMA Central Regional Manager, updated the attendees on the new RMA national scholarship program which was introduced in the fall of 2015. Two students in the Kansas area were awarded scholarships under this program – one who attends WSU (and currently works at Intrust Bank) and one who attends Kansas State University. Lynn Miller, Director of PayNet (sponsor for this event) spoke to the attendees for a few minutes about PayNet and services provided.

The oil & gas panel event portion of the evening was moderated by Dr. Jeremy Hill, Director of the WSU Center for Economic Development and Business Research. Dr. Hill introduced the panelists, who were Gary Storck, Senior Risk Examiner of the FDIC, Gary Williams, Lead Expert Support of the OCC, and Morris Korphage, PG, Former Director of the KCC Conservation District. Dr. Hill led the three panelists on a robust discussion of how bank examiners are currently



Gary Williams, OCC; Morris Korphage, Petroleum Geologist; Gary Storck, FDIC; & Dr. Jeremy Hill, WSU.

approaching their examination of oil & gas lending at banking institutions and the broad economic effects of the industry.

Because there is currently no breakout of oil & gas loans on call reports, banks will be required to complete a survey as part of their pre-examination packets. This survey will address both direct and indirect energy lending and banks will be required to identify their energy related loan portfolios in as much detail as possible (producers, midstream, transporters, etc.) The examiners will use this to complete their concentration reports. They also stated that the key management roles involved in assessing the risk in each bank's oil & gas portfolio would be to Identify, Quantify, and Mitigate the risk. In addition to the more obvious 'direct' loans to oil & gas borrowers, the representatives from the FDIC and the OCC stressed that they would be looking closely at borrowers who have a significant amount of 'indirect exposure' to the oil & gas industry, such as those whose customer base and/or accounts receivable contain a lot of oil & gas indus-

try related companies.

Morris Korphage updated the attendees with a wide array of current oil & gas statistics specifically related to Kansas. In March of 2014 (when oil was \$90/barrel) Kansas was issuing 731 drilling intent permits per month and the state produced roughly 49 million barrels of oil for the year. By March of 2016 (when oil was \$26/barrel), the state was issuing only 63 drilling intent permits per month, and the state was producing at a rate equal to approximately 45 million barrels of oil for the year. Also of note, during March of 2014, about 130 drilling rigs were operating in Kansas. By March of 2016, that number had fallen to 20 rigs (85% decrease in rig count). Every drilling rig requires a crew of 5 workers for each of three 8-hour shifts, resulting in a minimum of 15 employees per rig. When the hotel/motel lodging dollars spent (as well as dollars spent in restaurants and bars in Kansas) are factored in, it very quickly becomes apparent how far-reaching the impact of significant reductions in Kansas oil production are for our state.

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### Special points of interest:

- Oil & Gas Industry impacts our economy.
- RMA announced a new CECL Service.
- Internships will Boost Banking's Future.
- Value of RMA Annual Statement Studies.

Editor:  
Barbara Mize, Fidelity Bank

## Women in Banking 2016 Annual Meeting: 'Being a One & Only' with Dr. Peggy Elliott



By Mollie Smith

In February 2016, RMA-Kansas Chapter's *Women in Banking* group proudly hosted its annual breakfast and supply drive to benefit the Assistance League of Wichita (ALW). Over thirty-five area businesswomen gathered for the morning presentation, which has quickly become one of the group's most esteemed events with its unique format and philanthropic angle.

The Women in Banking group (an affinity group of the Kansas Chapter RMA) aims to offer programming geared toward female business and banking professionals. The group's leader, Susan Downey (Carson Bank), saw that the event could serve a broader purpose and worked to tie in a local non-profit, The Assistance League of Wichita.

The ALW pioneers four major programs, one of which is the 'Bear Hugs' program-- which distributes plush teddy bears to area hospitals for children who have fallen victim to abuse or crisis situations. The Women in Banking group asked attendees to bring items to donate to the ALW to replenish their supplies.

The women of Wichita went above and beyond that day, showing their



*Mollie Smith of Intrust Bank, Cheri Koke of Cross First Bank, Dr. Peggy Elliott, and Susan Downey of Carson Bank*

**Dr. Peggy Elliott delivered an inspiring presentation on 'Being a One & Only'**



warmth by donating a mass of teddy bears, journals/pens and tote bags to the ALW supply drive. As if this wasn't enough—one of the attendees wrote a \$1,000 check to ALW after hearing of their mission. The display of generosity at a professional event was truly overwhelming to the ALW staff and the RMA volunteers alike.

The group was able to land Dr. Peggy Elliott as the featured speaker, who delivered her ever-inspiring 'Being a One & Only' presentation. Dr. Elliott is a much sought after motivational and inspirational speaker who has the ability to captivate an audience with her humor, wisdom and bold honesty.

Walking through her own trials and tribulations, Dr. Elliott's stories were raw and personal. She described the mechanics of the 'psychological majority' and how to navigate the imbalance when it presents itself in personal and professional situa-

tions alike. She challenged the group to rise above professional, racial and gender inequities—to approach diversity with an understanding mind and a relentless drive to bridge those gaps.

As the attendees mingled briefly after the presentation, there was an air of positivity in the room; these women were humbled and inspired in an unexpected way that day.

Dr. Elliott encouraged each woman in the room to thoughtfully and diligently carve out a spot for the one and only, *YOU*—a concept which will persist in the minds of these women well beyond the meeting.

## Internships: An Age-Old Tradition That Will Boost Banking's Future



Each month, *The RMA Journal* highlights elements of RMA's Academic Program, which aims to bridge the financial services industry's talent gap by promoting banking careers and helping college students prepare for them. The Academic Program includes scholarships, training, free RMA student membership, chapter events, a certificate, and internships. This month's article focuses on RMA's new effort to promote industry internships.

With summer internship season fast approaching, RMA is challenging member institutions to use a new feature on the association's website.

As part of RMA's Academic Program, the association is hosting a Web page that links college students who are looking for internships with financial institutions that are offering them.

RMA strongly urges banks to post their internship opportunities and, if they do not already have positions to post, to create them. The association has provided tips and ideas on how to start an internship program on the Members Only page of its website. To get to the page, click on "Membership" at the top of the My Account page. Under the Member-

ship Benefits column at left, click on "Members Only." The direct address to the Members Only page is [www.rmahq.org/members-only](http://www.rmahq.org/members-only).

For employers, the time-honored benefits of internship programs are many. As Internships.com points out, the programs are a way to find and groom future employees, and the "extra sets of hands help your employees be more productive." Perhaps one of the less-appreciated benefits is the fresh perspective a college student can offer.

Of course, internships are a two-way street. Often, they are more about boosting the prospects of a young person than a business.

That is the spirit guiding RMA's internship service. But in this case, banks can take pride in the fact that their internships are not only helping careers, but the financial industry itself, which needs innovative new talent to thrive in a changing technological, economic, and regulatory landscape.

Like other facets of RMA's Academic Program, the internship service targets the industry's growing talent gap, which is the result of baby boomer retirements and fierce competition from

tech and other industries for the best and brightest students. As RMA President and CEO Bill Githens noted in a recent *American Banker* article, education, internships, and mentoring are ways to inspire more young people to join the financial services fold.

Students can view financial industry internships on RMA's website by navigating from the Student Membership page to the Student Resource Center ([www.rmahq.org/src](http://www.rmahq.org/src)). It is up to member institutions to accept RMA's challenge and provide opportunities for future bankers.

Institutions can list available internships for no charge at [www.rmahq.org/career-center](http://www.rmahq.org/career-center).

Consider hiring an intern this summer, this fall, or anytime. Chances are, it will greatly benefit your financial institution, a young person, and even the entire industry.

**RMA hosts a Web page that links college students who are looking for internships with financial institutions that are offering them.**

<http://www.rmahq.org/Search.aspx?srchtext=internship>



So, you want to be a banker...



## Sponsor for 2016 Annual Meeting!

Thank you to PayNet for providing sponsorship for RMA Kansas 2016 Annual Meeting!

PayNet is an internet-based platform that enables subscribers worldwide to access and analyze comparative data, reports, and tools from Hay Group Reward Information Systems. PayNet contains data covering 5 million individual records from over 12,000 of the world's leading organizations around the world.

PayNet has been generous enough to partially underwrite the cost of our April 21st Annual Meeting / Oil & Gas Regulatory Panel which was held at the Wichita Country Club. Their sponsorship of this event allowed the Kansas Chapter of the RMA to bring you this timely and informative panel event, full dinner, dessert, and two drink tickets for a cost of \$10 to \$15 less per person than what we would have otherwise charged.

If your bank, firm, or organization would like to learn more details about how they may assist in underwriting the cost of one of our upcoming events, please contact our current Chapter President, Steve Schoenecker, at 316-315-1626 or [StevenSchoenecker@BankSNB.com](mailto:StevenSchoenecker@BankSNB.com).

Steve will discuss with you what recognition benefits your bank or company will receive in connection with your sponsorship of one of our upcoming events.

## RMA Annual Statement Studies Testimonial by Cathy L. McEwen, CPA/ABV



"This RMA publication is the most-used book in our business valuation library..."

To whom it may concern:

I am a senior manager in the corporate finance department at Allen, Gibbs & Houlik, L.C. in Wichita, KS. As a valuation expert, I find the Risk Management Association's Annual Statement Studies, both in print and electronic versions, to be an invaluable resource. The peer benchmark common size data and ratios therein allow us to assess our subject company's comparative risk and performance; these gauges are critical

throughout the valuation process. Using the excerpted and properly-cited information in our valuation reports, subject company management can develop a plan to address operational areas which may need improvement. In addition to the corporate finance department, our audit unit often uses RMA data in a management letter to communicate further about a company's financial position and performance and provide a value-added service

after the audit is completed. This RMA publication is the most-used book in our business valuation library because of its utility and insight to our corporate finance and audit departments but most importantly to client management.

Respectfully submitted,

*Cathy McEwen*

## Upcoming Events

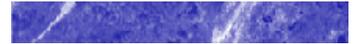
- June 24: **IT Roundtable**. Moderator: Kenneth Friedel. Location: Fidelity Bank, 100 E. English, 4th floor conference room.
- July 8: **Understanding and Interpreting Real Estate Appraisals**. All day class through RMA National. Location: Fidelity Bank, Carnegie Library Building.
- July ??: **Credit Managers Roundtable**. Date and Location to be determined.
- July or August: **YP-Bliss Climbing Gym**. Date and details to be determined.

## Upcoming RMA Classes FY 2016-2017

- Oct 2016: **Detecting Problem Loans**.
- Feb 2017: **Relationship Management—Using Credit as a Sales Tool**.
- May 2017: **Lending to Medical and Dental Practices**.

*Prices for RMA National classes are discount priced for Associate Members. If you are not a member, contact one of RMA KS Board members for membership information and application.*





## CECL—Is Your Bank Ready?

04/27/2016—Email from William F. Githens, CRC, RMA President and CEO.

The final ruling for the Current Expected Credit Loss (CECL) methodology is expected to be issued shortly, and the new standard will likely go into effect in 2019. Facing a major shift from the way banks' ALLL has been calculated in the past, accountants, auditors, bankers, and regulators agree that the quality, quantity, and comprehensiveness of data will be paramount and the complexity of the methodology used will increase dramatically.

Perhaps the single most important step that a bank can take right now is to capture and store loan level information on performing and non-performing exposures. When it comes to capturing loan level information on loans that have incurred a loss, one of the challenges is having a sufficient number of observations to use in your ALLL modelling.

**RMA is pleased to announce our new Community Bank CECL Service, a member-only service which will capture, store, and report on loan level loss information.**

**Here are a few highlights:**

• **Relevancy** – Our staff is working closely with the RMA Community Bank Council to ensure that this service is tailored to the needs of community banks.

• **Affordability** – The cost to join the service will be no more than \$500 per year. This is sub-

stantially below any market rate that you would encounter to participate in similar offerings.

• **History** – We have been, and will always be, a member-centric organization; one with a strong track-record of providing practical solutions to credit risk issues and establishing industry-wide sound standards.

• **Care & Cyber Security** - We are stewards of your data. Accordingly, our service will place a premium on confidentiality and the secure handling of your data. -No identifying information will be collected about your borrowers. -All observations will be identified only by masked identification numbers that you submit. -The data in this study will be exchanged through a website hosted on a SOC compliant server. - Rules are in place such that each data point that is reported on has sufficient diversity and critical mass to further ensure borrower and bank anonymity.

Let us know if you have any questions and if you would be interested in participating. If so, kindly provide contact information for the person at your bank who will serve as the point to receive further information. Simply send an email to [cecl@rmahq.org](mailto:cecl@rmahq.org).

Now is the time to get started.

Thank you for your time and, as always, we appreciate your continued support of RMA.

-William F. Githens-



### CECL—RMA

For a brief, high-level description of the vision for this service, please visit: <http://www.rmahq.org/community-bank-cecl-service/>

**JOIN. ENGAGE. LEAD.**

## 2015-2016 Kansas Chapter Board

### Kansas RMA President:

Steve Schoenecker  
Bank SNB, 8415 E 21st  
Wichita, KS 67206  
(316) 315-1626

### Kansas RMA 1st Vice President:

Ian Worrell, Intrust Bank  
105 N. Main St., POB 1  
Wichita, KS 67201  
(316) 383-1447

### Kansas RMA 2nd VP-Secretary:

Andy Watkins, Intrust Bank  
105 N. Main St., POB 1  
Wichita, KS 67201  
(316) 383-1414

### Kansas RMA Treasurer:

Barbara Mize, Fidelity Bank  
100 E. English, POB 1007  
Wichita, KS 67201  
(316) 268-7412

### Kansas RMA YP President:

Mollie Smith, Intrust Bank  
105 N. Main St., POB 1  
Wichita, KS 67201  
(316) 383-1728

### Kansas RMA Past Presidents:

- Blake Yakel, Intrust Bank  
105 N. Main St., POB 1  
Wichita, KS 67201  
(316) 383-1031
- Evan Funk, Sunflower Bank  
201 N. Main St.  
Wichita, KS 67202  
(316) 685-5441
- Cheri Koke, CrossFirst Bank  
9451 E. 13th St. North  
Wichita, KS 67206  
(316) 925-4817

### Other Board Members

Eric Walter, Citizens Bk of KS  
4820 E. Douglas  
Wichita, KS 67208  
(316) 272-5257

Elena Leth-Nissen, AGH  
301 N. Main, Suite 1700  
Wichita, KS 67202  
(316) 267-7231

Alison Dowell, RoseHill Bk  
107 N. Rose Hill Rd.  
Rose Hill, KS 67133  
(316) 776-2131 x2110

Jeff Rich, CornerBank  
10501 E. Berkeley Sq Pkwy  
Wichita, KS 67206  
(316) 265-2437 x4540

### 2016-2017 Slate of Officers

- **President**  
Ian Worrell
- **Vice President**  
Andy Watkins
- **Treasurer**  
Barbara Mize

Email:

[RMA.Kansas@yahoo.com](mailto:RMA.Kansas@yahoo.com)