

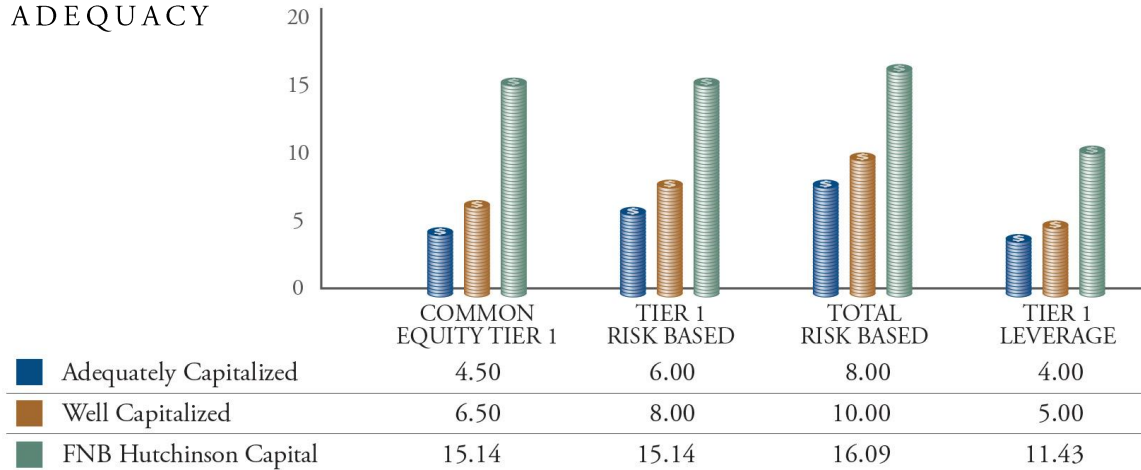


FIRST NATIONAL BANK OF HUTCHINSON

February 3, 2017

To assist you in complying with the Interbank Liabilities requirements of Regulation F, we are pleased to provide the following financial information as of December 31, 2016:

CAPITAL ADEQUACY



No Supervisory Concerns

ASSET QUALITY

Nonperforming Loans/Total Loans	.09%
Nonperforming Loans/Primary Capital	.47%
Loan Loss Reserve/Total Loans and Leases	1.21%
Net Loans and Lease Losses/Total Loans and Leases O.S.	.04%

EARNINGS

Net Income/Total Assets (ROA)	.72%
Net Income/Primary Capital (ROE)	6.33%
Earning Assets/Total Assets	91.79%

LIQUIDITY

Liquidity Ratio	26.61%
Total Loans and Leases/Total Deposits	69.37%

If you would like additional information please let me know.

Sincerely,

Mike Pritchett
Executive Vice President & Manager

Correspondent Bank Services

620.694.2311

Enclosure

FIRST NATIONAL BANK OF HUTCHINSON, THE
Hutchinson - KS

FINANCIAL PROFILE

	Dec 2016-YTD	Dec 2015-YTD	Dec 2014-YTD	Dec 2013-YTD	Dec 2012-YTD
Balance Sheet:					
Total assets	701,663	654,432	621,131	599,709	613,227
Percent change in total assets	7.22%	5.36%	3.57%	-2.20%	10.78%
Held-to-maturity secs (Amortized cost)	0	0	0	0	0
Available-for-sale secs (Fair value)	172,670	207,089	235,255	234,208	236,468
Total securities	172,670	207,089	235,255	234,208	236,468
Total loans & leases net of unearned inc	400,556	388,777	325,086	282,647	275,122
Allowance for loan & lease losses	4,863	4,570	4,283	3,996	4,282
Noninterest-bearing deposits	184,416	138,992	123,921	114,195	103,446
Noninterest-bearing deposits/Total depts	31.94%	25.81%	23.54%	21.78%	19.81%
Interest-bearing deposits	393,021	399,445	402,565	410,004	418,840
Interest-bearing deposits/Total deposits	68.06%	74.19%	76.46%	78.22%	80.19%
Total deposits	577,437	538,437	526,486	524,199	522,286
Total other borrowings	38,040	36,796	19,450	6,685	21,690
Total liabilities	621,365	580,066	550,123	534,676	547,618
Total loans/Depts	69.37%	72.20%	61.75%	53.92%	52.68%
Annualized percent change for current period:					
Percent change in total assets	7.22%	5.36%	3.57%	-2.20%	10.78%
Percent change in total loans	3.03%	19.59%	15.01%	2.74%	15.93%
Percent change in total deposits	7.24%	2.27%	0.44%	0.37%	11.97%
Capital:					
Equity capital	79,749	73,855	70,526	64,573	65,240
GAAP tangible capital	78,798	72,904	69,541	63,463	64,007
GAAP tangible common equity	78,798	72,904	69,541	63,463	64,007
Core (Tier 1) capital	77,605	70,158	69,357	64,928	61,540
Percent Change in Core (Tier 1) capital	10.61%	1.15%	6.82%	5.51%	7.59%
Risk-based capital	82,468	74,728	73,640	68,924	65,822
Risk-weighted assets	512,656	502,632	420,812	379,206	376,997
Risk-weighted assets/Total assets	73.06%	76.80%	67.75%	63.23%	61.48%
Equity capital/Total assets	11.37%	11.29%	11.35%	10.77%	10.64%
GAAP tangible capital/Total assets	11.23%	11.14%	11.20%	10.58%	10.44%
GAAP tangible capital/Tangible assets	11.25%	11.16%	11.21%	10.60%	10.46%
Tangible common equity/Tangible assets	11.25%	11.16%	11.21%	10.60%	10.46%
Tier 1 common capital/Risk-weighted assets	15.14%	13.96%	0.00%	0.00%	0.00%
Tier 1 Leverage Ratio	11.43%	11.04%	11.34%	10.88%	10.21%
Tier 1 Capital Ratio	15.14%	13.96%	16.48%	17.12%	16.32%
Total Capital Ratio	16.09%	14.87%	17.50%	18.18%	17.46%
Cash dividends declared on common stock	2,765	1,918	677	1,253	384
Dividend payout ratio	55.79%	38.32%	14.12%	29.48%	8.09%
Capital formation ratio	2.97%	4.38%	6.38%	4.59%	7.18%
NCOs/Ending equity capital	0.20%	0.12%	0.59%	0.44%	-0.59%
Profitability:					
Income (loss) before discontinued operations and extraordinary items	4,956	5,005	4,794	4,250	4,749
Subchapter S tax adjustment	0	0	0	0	0
Inc (Loss) bef disc opers and extra items					

(Sub S adj)	4,956	5,005	4,794	4,250	4,749
Return on average assets	0.74%	0.78%	0.78%	0.71%	0.83%
Return on average assets (Sub S adjusted)	0.74%	0.78%	0.78%	0.71%	0.83%
Return on average equity	6.42%	6.91%	7.09%	6.59%	7.53%
Return on average equity (Sub S adjusted)	6.42%	6.91%	7.09%	6.59%	7.53%
Yield on avg earn assets (tax adj)	3.57%	3.40%	3.28%	3.30%	3.47%
Cost of funds	0.20%	0.19%	0.21%	0.28%	0.50%
Net interest margin	3.43%	3.27%	3.12%	3.09%	3.10%
Noninterest income/Average assets	1.40%	1.39%	1.48%	1.54%	1.50%
Overhead expense/Average assets	3.38%	3.35%	3.35%	3.37%	3.31%
Efficiency ratio	74.32%	74.28%	75.07%	75.44%	75.22%
Number of full-time equivalent employees	183	183	178	174	169

Asset Quality:

Provision for loan & lease losses	450	375	700	0	350
Loan loss allowance/Total loans	1.21%	1.18%	1.32%	1.41%	1.56%
Loan loss allowance/NPLs	1300.27%	1920.17%	166.39%	137.84%	594.72%
90 day past due loans & leases/Total loans	0.00%	0.02%	0.03%	0.03%	0.02%
Nonaccruing loans & leases/Total loans	0.09%	0.04%	0.77%	0.99%	0.24%
NPAs/Total assets	0.06%	0.07%	0.50%	0.52%	0.18%
NCOs/Average loans	0.04%	0.03%	0.14%	0.10%	-0.15%
NPLs & debt secs/Equity cap+ALLL	0.44%	0.30%	3.44%	4.23%	1.04%
Earnings coverage of net charge-offs	4485.99%	7520.45%	1526.39%	1888.81%	-1629.50%
Adj Texas ratio (NPAs/Tang equity&ALLL)	0.52%	0.57%	4.18%	4.60%	1.61%

Liquidity:

Brokered deposits	67,437	19,248	8,003	10,474	303
Brokered deposits/Total deposits	11.68%	3.57%	1.52%	2.00%	0.06%
Brokered deposits/Total assets	9.61%	2.94%	1.29%	1.75%	0.05%
\$100000+ time deposits/Total assets	4.81%	4.85%	6.63%	7.41%	7.69%
Pledged securities/Total securities	75.57%	68.78%	60.59%	56.27%	58.61%
Int-earn assets/Int-bear liabs	150.54%	142.69%	140.08%	135.51%	129.85%

FIS Rating	2.71	2.67	2.78	2.76	2.76
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