

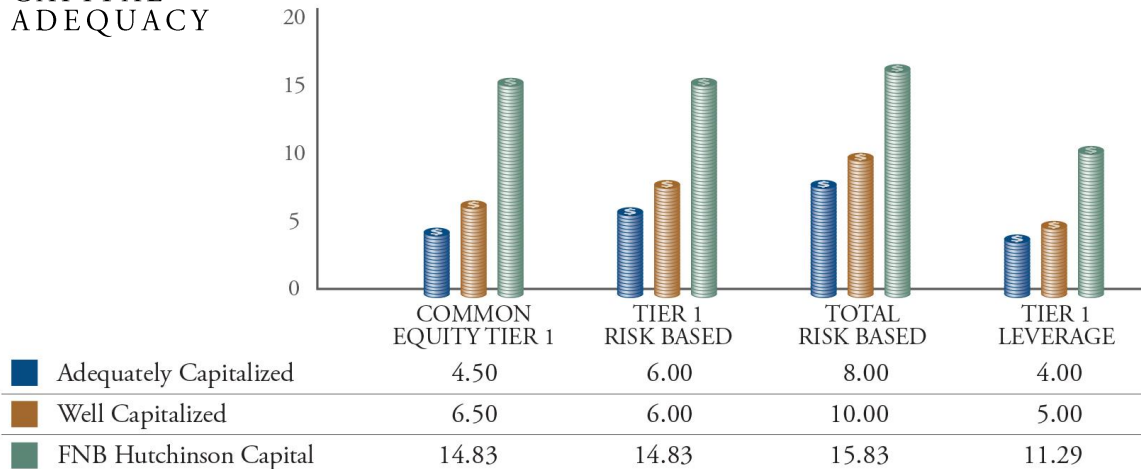


# FIRST NATIONAL BANK OF HUTCHINSON

February 1, 2018

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, 2017:

## CAPITAL ADEQUACY



**No Supervisory Concerns**

## ASSET QUALITY

Nonperforming Loans/Total Loans	.20%
Nonperforming Loans/Primary Capital	1.02%
Loan Loss Reserve/Total Loans and Leases	1.27%
Net Loans and Lease Losses/Total Loans and Leases O.S.	(.07)%

## EARNINGS

Net Income/Total Assets (ROA)	.77%
Net Income/Primary Capital (ROE)	7.00%
Earning Assets/Total Assets	93.07%

## LIQUIDITY

Liquidity Ratio	29.54%
Total Loans and Leases/Total Deposits	73.82%

If you would like additional information please let me know.

Sincerely,

Mike Pritchett  
Executive Vice President & Manager

Correspondent Bank Services

620.694.2311

Enclosure

The First National Bank of Hutchinson  
Hutchinson - KS

FINANCIAL PROFILE

	Dec 2017-YTD	Dec 2016-YTD	Dec 2015-YTD	Dec 2014-YTD	Dec 2013-YTD
<b>Balance Sheet:</b>					
Total assets	756,496	701,663	654,432	621,131	599,709
Percent change in total assets	7.81%	7.22%	5.36%	3.57%	-2.20%
Held-to-maturity secs (Amortized cost)	0	0	0	0	0
Available-for-sale secs (Fair value)	176,291	172,670	207,089	235,255	234,208
Total securities	176,291	172,670	207,089	235,255	234,208
Total loans & leases net of unearned inc	431,093	400,556	388,777	325,086	282,647
Allowance for loan & lease losses	5,492	4,863	4,570	4,283	3,996
Noninterest-bearing deposits	193,653	184,416	138,992	123,921	114,195
Noninterest-bearing deposits/Total depts	33.16%	31.94%	25.81%	23.54%	21.78%
Interest-bearing deposits	390,390	393,021	399,445	402,565	410,004
Interest-bearing deposits/Total deposits	66.84%	68.06%	74.19%	76.46%	78.22%
Total deposits	584,043	577,437	538,437	526,486	524,199
Total other borrowings	84,945	38,040	36,796	19,450	6,685
Total liabilities	673,534	621,365	580,066	550,123	534,676
Total loans/Depos	73.81%	69.37%	72.20%	61.75%	53.92%
<b>Annualized percent change for current period:</b>					
Percent change in total assets	7.81%	7.22%	5.36%	3.57%	-2.20%
Percent change in total loans	7.62%	3.03%	19.59%	15.01%	2.74%
Percent change in total deposits	1.14%	7.24%	2.27%	0.44%	0.37%
<b>Capital:</b>					
Equity capital	82,512	79,749	73,855	70,526	64,573
GAAP tangible capital	81,561	78,798	72,904	69,541	63,463
GAAP tangible common equity	81,561	78,798	72,904	69,541	63,463
Core (Tier 1) capital	81,059	77,605	70,158	69,357	64,928
Percent Change in Core (Tier 1) capital	4.45%	10.61%	1.15%	6.82%	5.51%
Risk-based capital	86,551	82,468	74,728	73,640	68,924
Risk-weighted assets	546,767	512,656	502,632	420,812	379,206
Risk-weighted assets/Total assets	72.28%	73.06%	76.80%	67.75%	63.23%
Equity capital/Total assets	10.91%	11.37%	11.29%	11.35%	10.77%
GAAP tangible capital/Total assets	10.78%	11.23%	11.14%	11.20%	10.58%
GAAP tangible capital/Tangible assets	10.79%	11.25%	11.16%	11.21%	10.60%
Tangible common equity/Tangible assets	10.79%	11.25%	11.16%	11.21%	10.60%
Tier 1 common capital/Risk-weighted assets	14.83%	15.14%	13.96%	0.00%	0.00%
Tier 1 Leverage Ratio	11.29%	11.43%	11.04%	11.34%	10.88%
Tier 1 Capital Ratio	14.83%	15.14%	13.96%	16.48%	17.12%
Total Capital Ratio	15.83%	16.09%	14.87%	17.50%	18.18%
Cash dividends declared on common stock	3,611	2,765	1,918	677	1,253
Dividend payout ratio	63.24%	55.79%	38.32%	14.12%	29.48%
Capital formation ratio	2.63%	2.97%	4.38%	6.38%	4.59%
NCOs/Ending equity capital	-0.37%	0.20%	0.12%	0.59%	0.44%
<b>Profitability:</b>					
Inc (loss) bef disc ops & extra items	5,710	4,956	5,005	4,794	4,250
Subchapter S tax adjustment	0	0	0	0	0
Inc(Loss) bef disc ops&extra(Sub S adj)	5,710	4,956	5,005	4,794	4,250
Return on average assets	0.82%	0.74%	0.78%	0.78%	0.71%
Return on average assets (Sub S adjusted)	0.82%	0.74%	0.78%	0.78%	0.71%
Return on average equity	6.93%	6.42%	6.91%	7.09%	6.59%
Return on average equity (Sub S adjusted)	6.93%	6.42%	6.91%	7.09%	6.59%
Yield on avg earn assets (tax adj)	3.66%	3.57%	3.40%	3.28%	3.30%

Cost of funds	0.34%	0.20%	0.19%	0.21%	0.28%
Net interest margin	3.38%	3.43%	3.27%	3.12%	3.09%
Noninterest income/Average assets	1.34%	1.40%	1.39%	1.48%	1.54%
Overhead expense/Average assets	3.14%	3.38%	3.35%	3.35%	3.37%
Efficiency ratio	69.67%	74.32%	74.28%	75.07%	75.44%
Number of full-time equivalent employees	173	183	183	178	174
Asset Quality:					
Provision for loan & lease losses	325	450	375	700	0
Loan loss allowance/Total loans	1.27%	1.21%	1.18%	1.32%	1.41%
Loan loss allowance/NPLs	649.94%	1300.27%	1920.17%	166.39%	137.84%
90 day past due loans & leases/Total loans	0.01%	0.00%	0.02%	0.03%	0.03%
Nonaccruing loans & leases/Total loans	0.19%	0.09%	0.04%	0.77%	0.99%
NPAs/Total assets	0.11%	0.06%	0.07%	0.50%	0.52%
NCOs/Average loans	-0.07%	0.04%	0.03%	0.14%	0.10%
NPLs & debt secs/Equity cap+ALLL	0.96%	0.44%	0.30%	3.44%	4.23%
Earnings coverage of net charge-offs	-2774.67%	4485.99%	7520.45%	1526.39%	1888.81%
Adj Texas ratio (NPAs/Tang equity&ALLL)	0.97%	0.52%	0.57%	4.18%	4.60%
Adjusted NPAs/Total assets	0.11%	0.06%	0.07%	0.50%	0.52%
Liquidity:					
Brokered deposits	110,259	67,437	19,248	8,003	10,474
Brokered deposits/Total deposits	18.88%	11.68%	3.57%	1.52%	2.00%
Brokered deposits/Total assets	14.57%	9.61%	2.94%	1.29%	1.75%
\$100000+ time deposits/Total assets	7.15%	4.81%	4.85%	6.63%	7.41%
Pledged securities/Total securities	74.19%	75.57%	68.78%	60.59%	56.27%
Int-earn assets/Int-bear liabs	149.28%	150.54%	142.69%	140.08%	135.51%
FIS Rating	2.1	2.71	2.67	2.78	2.76

All \$'s are in thousands

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