

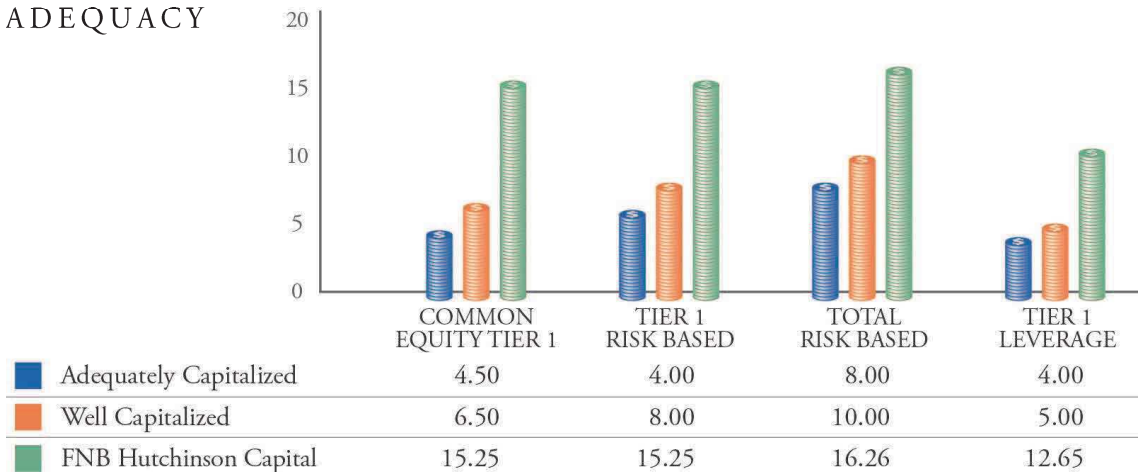


# FIRST NATIONAL BANK OF HUTCHINSON

February 11, 2020

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, 2019:

## CAPITAL ADEQUACY



**No Supervisory Concerns**

## ASSET QUALITY

Nonperforming Loans/Total Loans	.07%
Nonperforming Loans/Primary Capital	.36%
Loan Loss Reserve/Total Loans and Leases	1.25%
Net Loans and Lease Losses/Total Loans and Leases O.S.	.05%

## EARNINGS

Net Income/Total Assets (ROA)	1.19%
Net Income/Primary Capital (ROE)	9.62%
Earning Assets/Total Assets	93.27%

## LIQUIDITY

Liquidity Ratio	27.47%
Total Loans and Leases/Total Deposits	78.70%

If you would like additional information please let me know.

Sincerely,

Mike Pritchett  
Executive Vice President & Manager

Correspondent Bank Services

620.694.2311

Enclosure

FINANCIAL PROFILE

	Dec 2019-YTD	Dec 2018-YTD	Dec 2017-YTD	Dec 2016-YTD	Dec 2015-YTD
<b>Balance Sheet:</b>					
Total assets	782,438	719,833	756,496	701,663	654,432
Percent change in total assets	8.70%	-4.85%	7.81%	7.22%	5.36%
Held-to-maturity secs (Amortized cost)	0	0	0	0	0
Available-for-sale secs (Fair value)	132,332	154,233	176,291	172,670	207,089
Total securities	133,608	154,233	176,291	172,670	207,089
Total loans & leases net of unearned inc	491,003	481,430	431,093	400,556	388,777
Allowance for loan & lease losses	6,160	5,989	5,492	4,863	4,570
Noninterest-bearing deposits	252,297	213,574	193,653	184,416	138,992
Noninterest-bearing deposits/Total depts	40.44%	36.58%	33.16%	31.94%	25.81%
Interest-bearing deposits	371,603	370,225	390,390	393,021	399,445
Interest-bearing deposits/Total deposits	59.56%	63.42%	66.84%	68.06%	74.19%
Total deposits	623,900	583,799	584,043	577,437	538,437
Total other borrowings	55,975	43,600	84,945	38,040	36,796
Total liabilities	685,867	632,133	673,534	621,365	580,066
Total loans/Depts	78.70%	82.47%	73.81%	69.37%	72.20%
Total Loans/Tot earn assets	66.72%	71.63%	60.75%	61.73%	62.46%
Annualized percent change for current period:					
Percent change in total assets	8.70%	-4.85%	7.81%	7.22%	5.36%
Percent change in total securities	-13.37%	-12.51%	2.10%	-16.62%	-11.97%
Percent change in total loans	1.99%	11.68%	7.62%	3.03%	19.59%
Percent change in total deposits	6.87%	-0.04%	1.14%	7.24%	2.27%
Percent change in total other borrowings	28.38%	-48.67%	123.30%	3.38%	89.18%
<b>Capital:</b>					
Equity capital	96,121	87,250	82,512	79,749	73,855
GAAP tangible capital	95,170	86,299	81,561	78,798	72,904
GAAP tangible common equity	95,170	86,299	81,561	78,798	72,904
Core (Tier 1) capital	93,723	86,705	81,059	77,605	70,158
Percent Change in Core (Tier 1) capital	8.09%	6.97%	4.45%	10.61%	1.15%
Risk-based capital	99,883	92,694	86,551	82,468	74,728
Risk-weighted assets	614,384	599,380	546,767	512,656	502,632
Risk-weighted assets/Total assets	78.52%	83.27%	72.28%	73.06%	76.80%
Equity capital/Total assets	12.28%	12.12%	10.91%	11.37%	11.29%
GAAP tangible capital/Total assets	12.16%	11.99%	10.78%	11.23%	11.14%
GAAP tangible capital/Tangible assets	12.18%	12.00%	10.79%	11.25%	11.16%
Tangible common equity/Tangible assets	12.18%	12.00%	10.79%	11.25%	11.16%
Tier 1 common capital/Risk-weighted assets	15.25%	14.47%	14.83%	15.14%	13.96%
Tier 1 Leverage Ratio	12.65%	12.00%	11.29%	11.43%	11.04%
Tier 1 Capital Ratio	15.25%	14.47%	14.83%	15.14%	13.96%
Total Capital Ratio	16.26%	15.46%	15.83%	16.09%	14.87%
Cash dividends declared on common stock	3,498	1,805	3,611	2,765	1,918
Dividend payout ratio	37.66%	22.34%	63.24%	55.79%	38.32%
Capital formation ratio	6.64%	7.60%	2.63%	2.97%	4.38%
NCOs/Ending equity capital	0.24%	0.40%	-0.37%	0.20%	0.12%
<b>Profitability:</b>					
Inc (loss) bef disc ops & extra items	9,288	8,078	5,710	4,956	5,005
Subchapter S tax adjustment	0	0	0	0	0
Inc(Loss) bef disc ops&extra(Sub S adj)	9,288	8,078	5,710	4,956	5,005
Return on average assets	1.27%	1.13%	0.82%	0.74%	0.78%
Return on average assets (Sub S adjusted)	1.27%	1.13%	0.82%	0.74%	0.78%
Return on average equity	10.02%	9.60%	6.93%	6.42%	6.91%
Return on average equity (Sub S adjusted)	10.02%	9.60%	6.93%	6.42%	6.91%
Yield on avg earn assets (tax adj)	4.32%	3.99%	3.66%	3.57%	3.40%
Cost of funds	1.17%	0.87%	0.41%	0.20%	0.19%
Net interest margin	3.57%	3.41%	3.38%	3.43%	3.27%
Noninterest income/Average assets	1.32%	1.40%	1.34%	1.40%	1.39%

Overhead expense/Average assets	3.20%	3.14%	3.14%	3.38%	3.35%
Efficiency ratio	68.48%	68.66%	69.67%	74.32%	74.28%
Number of full-time equivalent employees	170	171	173	183	183
Asset Quality:					
Provision for loan & lease losses	402	850	325	450	375
Loan loss allowance/Total loans	1.25%	1.24%	1.27%	1.21%	1.18%
Loan loss allowance/NPLs	1765.04%	1820.36%	649.94%	1300.27%	1920.17%
90 day past due loans & leases/Total loans	0.02%	0.00%	0.01%	0.00%	0.02%
Nonaccruing loans & leases/Total loans	0.05%	0.07%	0.19%	0.09%	0.04%
NPAs/Total assets	0.54%	0.06%	0.11%	0.06%	0.07%
NCOs/Average loans	0.05%	0.08%	-0.07%	0.04%	0.03%
NPLs & debt secs/Equity cap+ALLL	0.34%	0.35%	0.96%	0.44%	0.30%
Earnings coverage of net charge-offs	4843.72%	2770.54%	-2774.67%	4485.99%	7520.45%
Adj Texas ratio (NPAs/Tang equity&ALLL)	4.18%	0.47%	0.97%	0.52%	0.57%
Adjusted NPAs/Total assets	0.54%	0.06%	0.11%	0.06%	0.07%
Liquidity:					
Brokered deposits	0	0	110,259	67,437	19,248
Brokered deposits/Total deposits	0.00%	0.00%	18.88%	11.68%	3.57%
Brokered deposits/Total assets	0.00%	0.00%	14.57%	9.61%	2.94%
\$100000+ time deposits/Total assets	5.37%	4.33%	7.15%	4.81%	4.85%
Pledged securities/Total securities	63.41%	72.37%	74.19%	75.57%	68.78%
Int-earn assets/Int-bear liabs	172.12%	162.42%	149.28%	150.54%	142.69%
FIS Rating	2.06	1.98	2.18	2.44	2.4

All \$'s are in thousands

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