



THE KANSAS CORRESPONDENT BANKERS' BANK OF KANSAS

A NEW SOLUTION FOR PAYMENTS PROCESSING

BBOK knows, and you confirmed, that great customer service drives relationships. We prioritize customer care among our staff, and expect the same from our vendor partners.

BBOK is excited to announce our partnership with FiTech, a merchant services provider focused solely on community banks. FiTech delivers best-in-class payment technology serviced by a team dedicated to helping banks grow and maintain customer relationships.

Berin Lacevic joined the BBOK team in October after spending years in the merchant services industry. As the merchant services relationship manager, Berin's expertise and commitment to

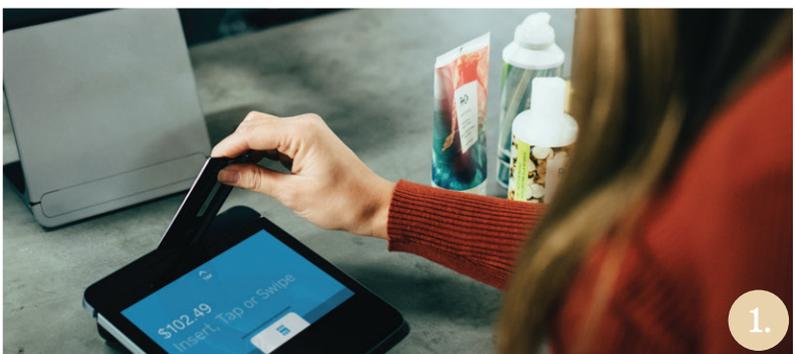
customer care can help your bank solidify valuable relationships with your business customers.



Berin Lacevic,
BBOK Merchant Services
Relationship Manager

Through our new merchant service agreement, BBOK bank customers get a competitive product backed by exceptional service to your bank's business customers.

As your existing merchant services contract gets set to expire, we encourage you to reach out to Berin to learn more about what BBOK Merchant Services powered by FiTech can do to strengthen your relationships with your valuable business clients. Berin can be reached at 800.999.5725.



A LETTER FROM BBOK PRESIDENT/CEO CALVIN COADY

It has been another busy quarter in this pandemic.



As I write this update, I am amazed and encouraged by the ways your bankers' bank has adjusted to this environment while longing for a return to our "old" normal. Like the entire banking community, we've experienced many challenges along the way, but I am constantly reminded of the positive changes and opportunities that come through adversity.

During the past quarter we completed our first virtual exam. We also put several new projects in motion that will strengthen our products and customer care in 2021 and beyond such as:

- A new merchant services solution which will roll out in 2021, born out of customer survey comments.
- Final implementations of our new Bank Card mobile app.
- Launching a new Bank Card marketing program.
- Finalizing a new correspondent secondary market residential real estate loan program.
- Interviewing applicants as we prepare for upcoming officer retirements.

Financially we are on track to have a similar year to last year while investing in new services and personnel. The financial results are easy to measure, but the feedback you gave us from the customer survey is priceless as we work to build you an even better bankers' bank.

We pay tribute to Cheryl Warashina who I had the privilege of working with for 22 years. We are all better for knowing her. One of the measures of success is the quality of people with whom we surround ourselves. Cheryl set a standard for us all.

Thank you for your continued support.

REMEMBERING CHERYL WARASHINA

It is with heavy hearts that we announce the passing of Cheryl Warashina on November 16, 2020.

For 27 years Cheryl was a familiar face to BBOK's investors and board members. Cheryl was one of BBOK's first employees and served as the unofficial historian for the bank, her quiet presence keeping BBOK Bancshares in meticulously detailed order.



A little over a year ago, Cheryl was diagnosed with stage 4 liver cancer. In true Cheryl fashion, her condition was known to only a few close colleagues. When she felt unable to work, she retired without the fanfare she deserved.

Cheryl made a significant impact on the organization and each one of us. She will be dearly missed at Bankers' Bank of Kansas.

CONDENSED STATEMENT OF CONDITION

SEPTEMBER 30 • 2020



AS FLEX WORK INCREASES, SO DOES IT SECURITY

Bank's IT departments have been busier than ever in 2020 as the coronavirus lockdown forced banks to very quickly transition a majority of staff to work from home. Successfully implementing the BBOK business continuity plan, BBOK's IT team completed a secure transition to a remote laptop and desktop environment for its employees.

"Having a VPN already tested, secure and in use was key to our ability to move quickly," says Scott Fowler, IT Manager. "We were able to expand our licenses, acquire equipment and reconfigure our work environment with very little disruption to our customers."

Initially, IT efforts were spent ensuring BBOK employees could share information in a timely manner in a way that did not compromise data confidentiality. Once equipment shuffling was complete, the department of four shifted its focus to ongoing training and security measures.

Implementing processes for people who have never connected remotely before required employee education on heightened threats, proper use of bank-issued hardware and multi-factor authentication.

Educating employees on good cyber practices has always been a priority for the BBOK IT team, but even more now with so many working remotely, says Fowler. "Employees are the first line of defense and we essentially need everyone in the bank to be trained phishing experts. We use the KnowBe4 security awareness application to help in these efforts."

The pandemic has provided a lot of stress and fraudsters continue to find ways to exploit it. Examiners and auditors have made it clear that they expect financial institutions to be vigilant with cybersecurity as more people have off-site access to potentially sensitive networks, applications and data. As BBOK continues to prioritize our IT processes to protect the bank and our customer's data, we encourage each of our bank partners to do the same and stay safe.

ASSETS

Due from Banks	31,183,969.53
Securities & Time Deposits	3,748,577.56
Net Loans	148,815,569.22
Federal Funds Sold	12,409,000.00
FRB/FHLB Bank Stock	705,350.00
Net Fixed Assets	1,053,343.06
Other Assets	8,811,472.92
TOTAL ASSETS	206,727,282.29

LIABILITIES

Total Deposits	167,496,833.63
Federal Funds Purchased	0.00
FHLB Advances	7,000,000.00
Other Liabilities	3,118,239.05
TOTAL LIABILITIES	177,615,072.68

EQUITY CAPITAL

Common Stock	750,000.00
Surplus	3,478,000.00
Undivided Profits	23,489,418.02
Net Unrealized Gain (Loss) on Securities	1,394,791.59
TOTAL EQUITY CAPITAL	29,112,209.61

TOTAL LIABILITIES & EQUITY CAPITAL

206,727,282.29

Securities in Safekeeping	7,101,327,349.00
Agent Federal Funds/EBA Balances	599,027,000.00
Loans Sold	132,648,710.12

TOTAL FUNDS UNDER MANAGEMENT

8,039,730,341.41

YTD STATEMENT OF INCOME

	SEPT 2020	SEPT 2019
Net Interest Income	4,080,981.63	4,657,832.21
Other Income	7,113,748.78	6,118,348.77
Other Expense	8,690,881.17	8,504,748.39
Net Operating Income	2,503,849.24	2,271,432.59
Provision For Loan Losses	705,000.01	315,000.00
Provision For Taxes	404,057.64	470,333.84
Net Income After Provisions	1,394,791.59	1,486,098.75

CAPITAL RATIOS

	BBOK	WELL CAPITALIZED PER REG F
Total Risk-Based Capital Ratio	21.98%	12.50%
Tier 1 Risk-Based Capital Ratio	20.72%	10.50%
Common Equity Tier 1 Ratio	20.72%	9.00%
Leverage Ratio	13.57%	5.00%
Past Due & Non-Accrual Loans to Total Loans	0.061%	

UNAUDITED BOOK VALUE

\$1,360.82

CREDIT QUALITY DURING A PANDEMIC



As the pandemic lingers, banks are increasingly challenged with balancing how to meet borrower needs while protecting the bank from increased credit risk. The pandemic's impact on credit quality may not be fully felt until well into next year, but prudent practices now may help lessen potential credit issues then. Also, regulators are advising banks to be cautious and keep their loan administration and underwriting practices up to expectations.

There are many proactive steps the BBOK Financial Services independent loan review team encourages banks to take during this time.

1. Many borrowers have taken advantage of payment modifications or other credit reliefs offered by lenders. And more may be needed. As an institution, consider flagging these borrowers to closely monitor performance. The FDIC has stated financial institutions will not be criticized for taking reasonable pre-emptive actions to mitigate the adverse effects of the pandemic on borrowers.
2. Identify high-risk sectors, such as hotels, restaurants and food franchises, small retail businesses and office buildings. Is your portfolio concentrated in these areas? If so, keep concessions as short term as possible, and request ongoing interim information from borrowers so you can appropriately monitor performance and stay informed as conditions evolve.
3. Identify and confirm borrowers' availability to liquidity.

4. Create a plan that provides for stress testing of various segments in your commercial portfolio to anticipate the risk-rate changes that will be required for certain borrowers in troubled industries.
5. Contact borrowers with operating lines of credit to work through their individual status and help determine what may be required in the near and long term.
6. After year-end, consider obtaining company-prepared profit-and-loss or income statements if the borrower's tax data is not quickly available.

Now more than ever, it may be time to reassess the scope of your loan reviews. Should borrowers requesting or requiring modifications be a part of the current year loan review? Do you have enough depth in the sample of higher risk markets to accurately ascertain risk? Is your current review sample percentage a sufficient representation of the overall quality of your portfolio? Can external resources assist your internal review department to verify risk ratings?

Regulators continue to encourage independent loan quality assessments for a broader range of banks, and current conditions will likely heighten the expectations for monitoring and evaluation of credit quality and portfolio risk. For assistance addressing any loan review questions, call BBOK Financial Services Todd Schoenhofer at 800.999.5725.

2020 REMOTE HOLIDAY BINGO

Barking Dog in Zoom Meeting	What Day is it?	Child Videobomb	Longing for Potluck Thursday
Virtual Conferences	Suit on Top, Shorts on Bottom	"You're on Mute"	Accidental Screen Share
Elbow Bumps	Masked Smiles	Makeshift Desks	Unique Display Names
Did I brush my teeth?	Everyday is Pajama Day	Cat Got Your Keyboard?	Quarantine Mandates

Because of you we made it through. Our heartfelt gratitude for your unwavering support. In lieu of holiday gifts, BOK and our employees are continuing the tradition of making a donation to EmberHope and the Wichita Children's Home on behalf of all the banks in the BOK network.

Happy Holidays from Bankers' Bank of Kansas



THE HIDDEN VALUE OF LONG-TERM, FIXED-RATE LOANS

With a flat and low yield curve, borrowers' demand for long-term, fixed-rate loans is high. Borrowers are asking banks to extend loan portfolio duration at an inopportune time in the interest rate cycle – when the possibility for rising interest rates is much higher than the possibility for decreasing rates.

Bankers' Bank of Kansas and Pacific Coast Bankers' Bank have leveraged the combined strength of the bankers' bank community to provide banks between \$125M and \$10B in assets the opportunity to provide their customers with a long-term, fixed-rate product that allows banks to receive a floating rate loan with the borrower over the full term of the loan. Banks have convenient access to multiple loan pricing scenarios via computer or mobile phone.

THIS LOAN SOLUTION IS EASY TO INTEGRATE:

1. No additional regulatory compliance and reporting for the lender or borrower.
2. No regulatory capital to be held.
3. No collateral posting.
4. No additional accounting.
5. Marketing materials for borrower education.

Offering numerous lending solutions help community banks defend current loan portfolios against competition, and win new business. Adding a long-term, fixed-rate loan product to your portfolio at no cost to your bank means never worrying about valuable commercial customers going to the bank down the street. Your bank can manage interest rate and related credit risk while generating additional fee income. Fixed-rate loans can be used for a variety of asset classes with no closing costs to the bank or the borrower.

Contact Tim Binns at tbinns@bbok.com or 800.999.5725 for more information or to get started immediately.



BANKERS' BANK — OF KANSAS —

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This BBOK newsletter includes pertinent information for key bank officers. Please route to the following department heads.

- OPERATIONS
- LENDING
- INVESTMENTS
- COMPLIANCE