



BANKERS' BANK  
— OF KANSAS —

ANNUAL  
*Report*

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BBOK Bancshares, Inc.  
and Subsidiaries

2023

## LETTER

# *from the President/CEO*

*2023 was a year of successes and challenges for Bankers' Bank of Kansas. From a financial perspective, our performance across the categories of core earnings has varied from year to year, primarily due to the 2022 and 2023 rate increases.*



*Teri Ginther*  
President/CEO

However, our overall core earnings have been fairly stable since 2021 when compared year over year and adjusted for nonrecurring events.

In 2023, net interest income was strong due to growth in the commercial and credit card portfolios and the benefit of rate increases, which, when coupled with our need to supplement funding due to tightening liquidity, increased interest expense. Non-interest expense was impacted by investments in software to facilitate faster payments and additional hires to add depth to our team. It was also increased by salary associated with our leadership transition, which was completed at year-end 2023 with Calvin Coody's retirement. We know you join the BBOK team in thanking Calvin for his leadership over many years and wishing him good health and happiness in his retirement.

Net-interest margin appears strong but does not include the earnings credit rebate expense, which is an offset to fee income. The earnings credit rebate was introduced in 2022 to provide customers with a means to offset fees and reward higher account balances. We would be happy to provide more information or analysis to ensure you are maximizing the benefit of our earnings credit rebate program.

The fed funds market, also affected by evolving dynamics in bank liquidity, proved to be interesting throughout 2023. After the bank failures last spring, we removed several banks from our upstream list and tightened our underwriting criteria for existing and new upstream banks. Our fed funds investment strategy remains focused on maximizing return, but we will not chase rate by taking undue risk.

Credit quality remained strong overall, but continued interest rate increases and inflationary effects on consumer spending resulted in increased credit card charge-offs. Our capital position remains robust. While we appreciate the comfort and stability strong capital provides, we also feel an obligation to put it to work. We are actively looking to invest in new and enhanced products and services, which will add value for our customers and our shareholders.

Two successes of note in 2023 included the introduction of a new cash management portal in July 2023 and expansion of our credit card market footprint. Our new portal – Path – not only brought enhanced features for us and our customers, but it was also a strategic investment to ensure we are prepared to support our customers' faster payments strategies. By partnering with other bankers, BBOK's credit card products are now offered in five states. We will continue to invest in our credit card products and look forward to growth in this line of business.

As we move forward into 2024 and the next chapter for BBOK, we remain committed to providing our core services at a fair price and with exceptional service. We are also mindful that our business model must evolve to keep pace with your bank's evolving needs, as well as your customers'. We look forward to engaging with you over the coming months to explore additional ways we can serve you.

We sincerely appreciate your business and thank you for your continued confidence and support.

A handwritten signature in black ink that reads "Teri Ginther". The signature is fluid and cursive, with a large, stylized "T" and "G".

2023

# Financials

OPERATING DATA	2023	2022	2021
Interest income	12,009,433	6,673,112	6,446,901
Interest expense	3,241,145	688,160	383,946
<b>Net Interest Income</b>	<b>8,768,288</b>	<b>5,984,952</b>	<b>6,062,955</b>
Provision for loan losses	758,000	770,000	590,000
Other income	6,656,434	8,850,373	9,807,183
Other expenses	13,173,910	11,767,836	11,953,745
<b>Income before taxes</b>	<b>1,492,812</b>	<b>2,297,489</b>	<b>3,326,393</b>
Taxes on income	356,294	502,504	786,707
<b>Net income</b>	<b>1,136,518</b>	<b>1,794,985</b>	<b>2,539,686</b>

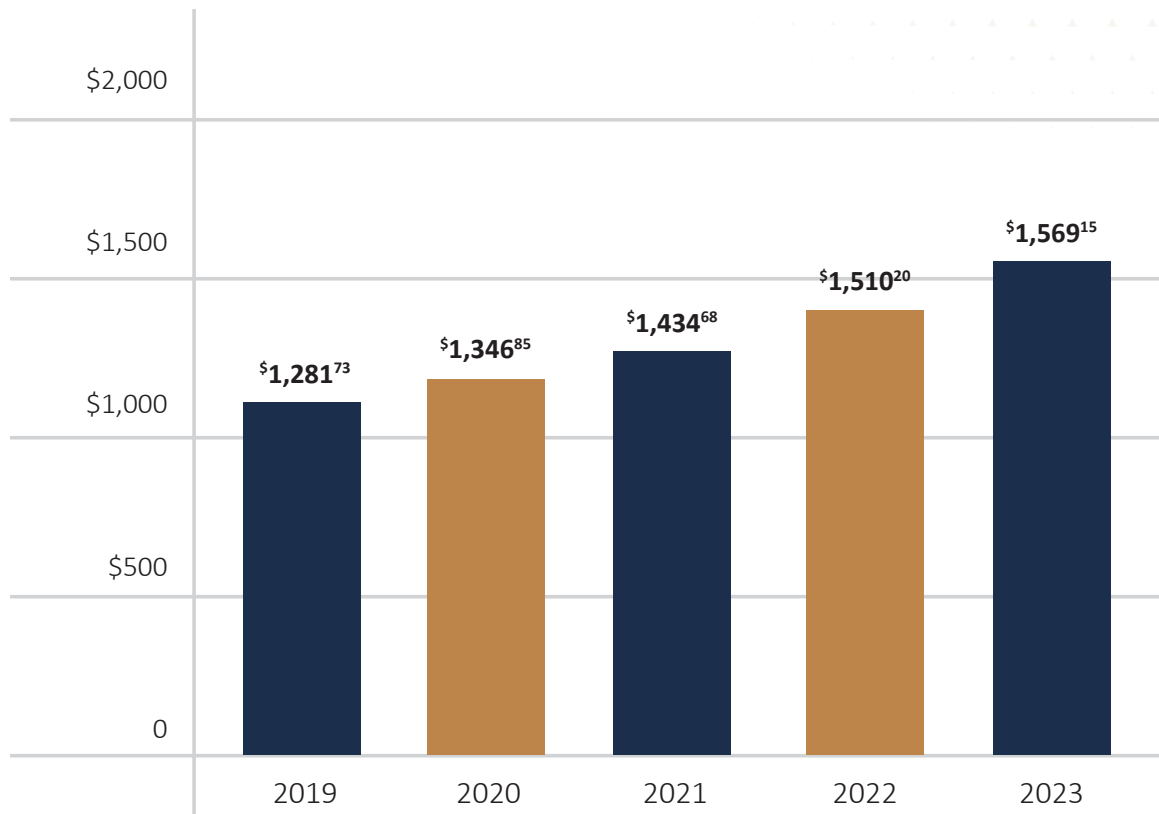
FINANCIAL CONDITION DATA			
Gross loans	138,677,965	127,467,283	108,561,999
Less: allowance for loan losses	2,716,752	2,678,388	2,352,630
<b>Net Loans</b>	<b>135,961,213</b>	<b>124,788,895</b>	<b>106,209,369</b>
Due from banks and federal funds sold	60,331,664	29,131,760	76,784,384
Investment securities and CDs with other banks	4,024,509	4,110,148	905,585
Property and equipment	1,444,789	1,412,039	1,137,684
Other investments	2,183,483	1,686,884	1,354,048
Other real estate owned	-	-	-
Other assets	9,908,861	9,654,537	9,574,564
<b>Total Assets</b>	<b>213,854,519</b>	<b>171,430,100</b>	<b>196,298,062</b>
Property and equipment	125,004,778	116,569,764	154,103,725
Other investments	50,333,000	17,236,000	5,403,000
Other real estate owned	3,995,447	3,706,661	4,569,955
Other assets	34,521,294	33,917,675	32,221,382
<b>Total Assets</b>	<b>213,854,519</b>	<b>171,430,100</b>	<b>196,298,062</b>

View the full 2023 audited financial statement on [BBOK.com](https://www.bbok.com).

2023

# *BBOK Bancshares, Inc.*

BOOK VALUE



## BBOK

# Leadership

## Officers

### LENDING

**Justin Sparks**

*EVP-Chief Credit Officer*

**Alison Clutter**

*VP-Lending*

**Wendy Wayman-Weir**

*VP-Mortgage Program Director*

**Cathy Gaines**

*AVP-Credit Administration*

**Diane Runnebaum**

*AVP-Senior Credit Analyst*

### BANK CARD

**Jen Caughron**

*SVP-Bank Card Manager*

**Karen Schultz**

*AVP-Bank Card Risk Manager*

### FINANCE

**Judy Davis**

*VP-Finance*

**Ann Sathngam**

*AVP-Finance Operations*

### PAYMENTS & DEPOSITS

**Daniel Hayden**

*VP-Payments and Deposits Manager*

### BUSINESS DEVELOPMENT

**Bryan Blundell**

*VP-Relationship Manager*

### MERCHANT SERVICES

**Berin Lacevic**

*Relationship Manager-Merchant Services*

### LOAN REVIEW

**Todd Schoenhofer**

*Manager-Credit Review Services*

**Andrew Smarsh**

*Loan Review Officer*

### COMPLIANCE

**Beth Seals**

*Enterprise Risk Manager*

### IT

**Hans Lagnevall**

*AVP-IT Manager*

### MARKETING

**Amanda Williams**

*VP-Marketing/Brand Director*

## Directors

**Tim Matlack**

*Chairman, BBOK Board  
President/CEO FNB Washington  
Washington*

**Tyler Bachman**

*EVP-Chief Credit Officer  
First Heritage Bank  
Overland Park*

**Josh Bailey**

*President & CEO  
Security State Bank  
Scott City*

**Michael Ewy**

*CEO  
Community State Bank  
Coffeyville*

**Teri Ginther**

*President/CEO  
Bankers' Bank of Kansas*

**Jonathan Holmes**

*President  
Valley State Bank  
Belle Plaine*

**Steven Niemack**

*President/CEO  
Stockgrowers State Bank  
Maple Hill*

**Thomas Pruitt**

*Vice Chairman, BBOK Board  
President/CEO, Peoples Bank &  
Trust Co.  
McPherson*

**Brian Unruh**

*Executive Director  
nbkc bank  
Kansas City*

**Christopher Wente**

*Golden Belt Bank, FSA  
Hays*