

# BSVN

Q3 2023  
Earnings Release

October 26, 2023



Consistently ranked by S & P Global Market Intelligence as one of the Top Performing Community Banks in the United States

	Q3 2023		Q3 2022	% Change	Q2 2023	% Change
	Actual	Adjusted <sup>(1)</sup>				
Total assets	\$ 1,772,399	10,907	\$ 1,580,952	12.1%	\$ 1,681,305	5.4%
Total loans	1,392,776		1,233,151	12.9%	1,276,282	9.1%
Total deposits	1,593,572		1,437,336	10.9%	1,508,225	5.7%
Net income	7,853		8,041	-2.3%	9,746	-19.4%
Pre-provision pre-tax earnings	14,370		12,760	12.6%	13,922	3.2%
Earnings per share	0.85		0.87	-2.7%	1.05	-19.7%
Net interest margin, ex. loan fees	4.50%		4.60%	-2.3%	4.71%	-4.5%
ROATCE	20.1%		25.4%	-20.9%	26.7%	-24.8%
Allowance for credit losses / total loans <sup>(2)</sup>	1.48%		1.07%	39.0%	1.28%	15.5%

- Consistent earnings growth, well capitalized, and sufficient liquidity
- Stable deposits, excellent liquidity, and a properly matched balance sheet
- Disciplined credit culture that adheres to a robust risk management framework resulting in excellent credit quality and a history of low loan losses
- Experienced and talented bankers focused on high-touch personalized service, targeting entrepreneurs and their commercial banking needs
- Positioned in dynamic markets, with a commercial banking emphasis delivering services via a branch-lite model
- Shareholder alignment due to 58% insider ownership

Dollars in thousands, all data as of September 30, 2023, unless indicated otherwise

(1) For impact of certain Q3 2023 items, see slide 3.

(2) BSVN adopted the CECL model (ASC326) on 1/1/2023 using the modified retrospective method. The presented allowance for periods prior to 1/1/2023 is under the incurred loss model (pre-ASC326).

## Record PPE & Strong Core Earnings

- Loan growth and expense discipline drove record PPE of \$14.37 million
- Continue to benefit from a low efficiency ratio of 33.61%, a 14.86% decrease as compared to Q3 2022, a quarterly record low
- Noninterest expense to average assets was 1.71%, an 8.08% decrease as compared to Q3 2022, a quarterly record low
- Strong core earnings despite an ACL provision of \$4.16 million

## Stable Quality Deposits & Liquidity

- Uninsured deposits represent 22.77% of total deposits, compared to 33.12% for Q3 2022; adjusted uninsured deposits represent 17.76% of total deposits, compared to 27.17% for Q3 2022<sup>(1)</sup>
- The sum of cash plus unpledged securities, and undrawn lines-of-credit equals \$482.29 million, which significantly exceeds adjusted uninsured deposits of \$283 million<sup>(1)</sup>, providing a 1.70x coverage, compared to 0.99x for Q3 2022

## Proven & Consistent Balance Sheet Management

- \$1.08 billion or 77.52% of loans reprice in 1 year or less, with \$870.27<sup>(2)</sup> million or 62.35% repricing daily
- Minimal AOCI impact; the average investment portfolio duration is ~2.3 years, with \$100 million of U.S. Treasuries or 55.87% of the total investment portfolio maturing in February of 2024

## Prudent Capital Management

- Strong earnings and low dividend payout ratio builds capital rapidly
- Capital ratios remain robust and exceed the “well capitalized” guidelines
- CET 1 Capital: 11.39%
- Tier 1 Leverage: 9.76%
- Debt free Balance Sheet
- No HTM securities

Dollars in thousands, all data as of September 30, 2023, unless indicated otherwise

(1) See slide 4 for adjusted uninsured deposit calculation

(2) Net of \$957.22 million of gross loans that reprice daily, and \$86.93 million of those loans that are at their ceiling

# Q3 Adjusted Financials

Earnings Release: Q3 2023



(Dollars in thousands, except per share data)

	For the Three Months Ended <sup>(1)</sup>		
	Sep 30, 2023	Adjustments	Adjusted Sep 30, 2023
<b>INCOME STATEMENT DATA</b>			
Total interest income	\$ 31,722	\$ 1,000	\$ 32,722
Provision for credit losses	4,159	(3,000)	1,159
Provision for income taxes	2,351	946	3,297
Pre-tax net income	10,204	4,000	14,204
Net income	7,853	3,054	10,907
Pre-provision pre-tax earnings	14,370	1,000	15,370
<b>BALANCE SHEET DATA</b>			
Allowance for credit losses	\$ 20,649	\$ (3,000)	\$ 17,649
<b>PERFORMANCE</b>			
Earnings per share(2)	\$ 0.85	\$ 0.33	\$ 1.18
Net interest margin	4.87	0.23	5.10
Net interest margin excluding loan fees	4.50	0.23	4.73

- Adjusted Financials provided to illustrate how BSVN would have performed without two events that occurred in Q3
  - Moved a single relationship to non-accrual status that resulted in a decrease of \$1 million in interest income on loans, and a corresponding specific reserve that increased the ACL provision by \$3 million
- Due to subsequent events, during Q4 we anticipate either an additional significant entry to our ACL or an actual write-down

Dollars in thousands, all data as of September 30, 2023, unless indicated otherwise

(1) Adjustments present Non-GAAP measurements. For other Non-GAAP measurements presented throughout the presentation, see reconciliations in the appendix on slides 21 and 22

(2) Diluted earnings per share

## Asset Sensitivity

		< 1 year	1 to 2 years	2 to 3 years	> 3 years	Total
Earning Assets:						
Cash and cash equivalents, and interest-bearing time deposits	\$	185,925	\$ 747	\$ -	\$ -	\$ 186,672
Gross Loans		1,081,930 <sup>(1)</sup>	113,735	67,974	132,099	1,395,738
Securities		102,416	6,451	4,738	53,533	167,138
<b>Total</b>	\$	1,370,271	\$ 120,933	\$ 72,712	\$ 185,632	\$ 1,749,548
<b>% of Total</b>		<b>78.32%</b>	<b>6.91%</b>	<b>4.16%</b>	<b>10.61%</b>	<b>100.00%</b>

### Uninsured Deposits | Cash/Liquidity

	Q3 2023
Uninsured Deposits	\$ 362,848
Less: Insider Deposits > \$1 Million	(61,774)
Less: Collateralized Deposits	(18,076)
<b>Adjusted Uninsured Deposits</b>	<b>\$ 282,998</b>

	Q3 2023
Cash and cash equivalents, and interest-bearing time deposits	\$ 186,672
Undrawn Lines-of-Credit	146,551
Unpledged Securities	149,062
<b>Cash/Available Liquidity</b>	<b>\$ 482,285</b>

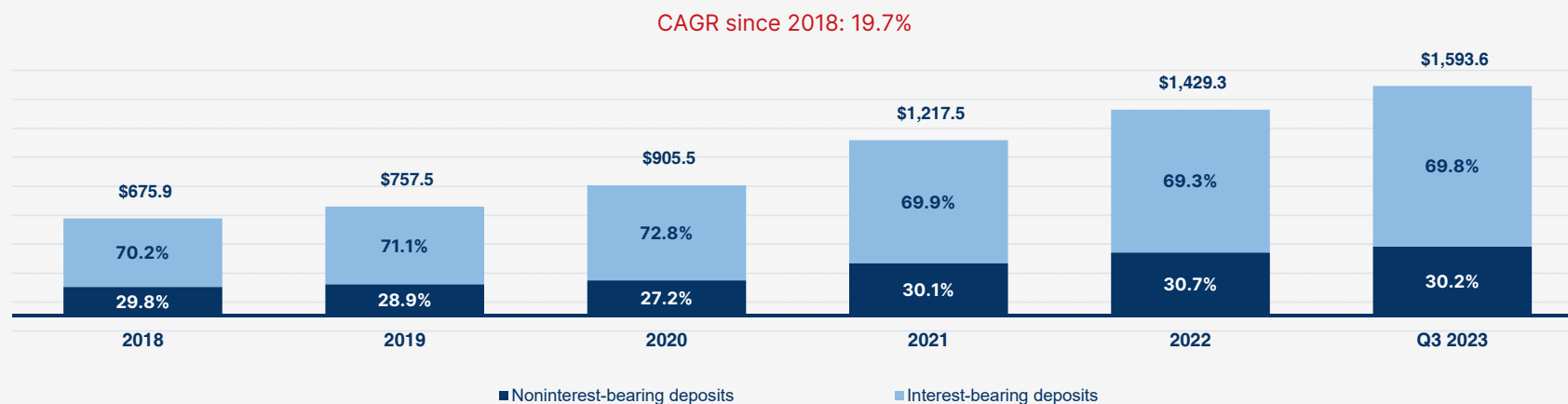
- Uninsured deposits total \$362.85 million or 22.77% of total deposits; however, after deductions for insider owned, and also collateralized deposits, adjusted uninsured deposits are \$283 million, which is 17.76% of total deposits
- Cash, securities, and undrawn lines of credit totaled \$482.29 million, providing a 1.70x coverage of adjusted uninsured deposits

Dollars in thousands, all data as of September 30, 2023, unless indicated otherwise

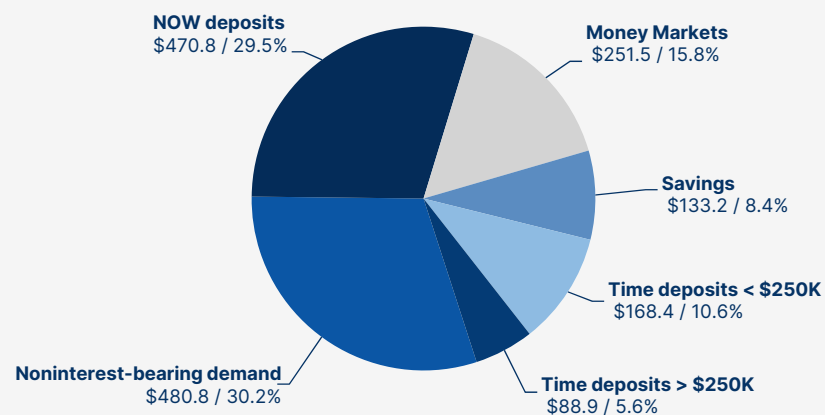
(1) Includes \$957.22 million of loans that reprice daily, with \$86.93 million of those loans being at their ceiling

# Deposit Growth & Composition

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## Deposit Composition



- Core and non-interest bearing accounts<sup>(1)</sup> have shown steady growth

Dollars in millions

(1) Includes interest bearing and non-interest bearing demand deposit, money market, and savings accounts

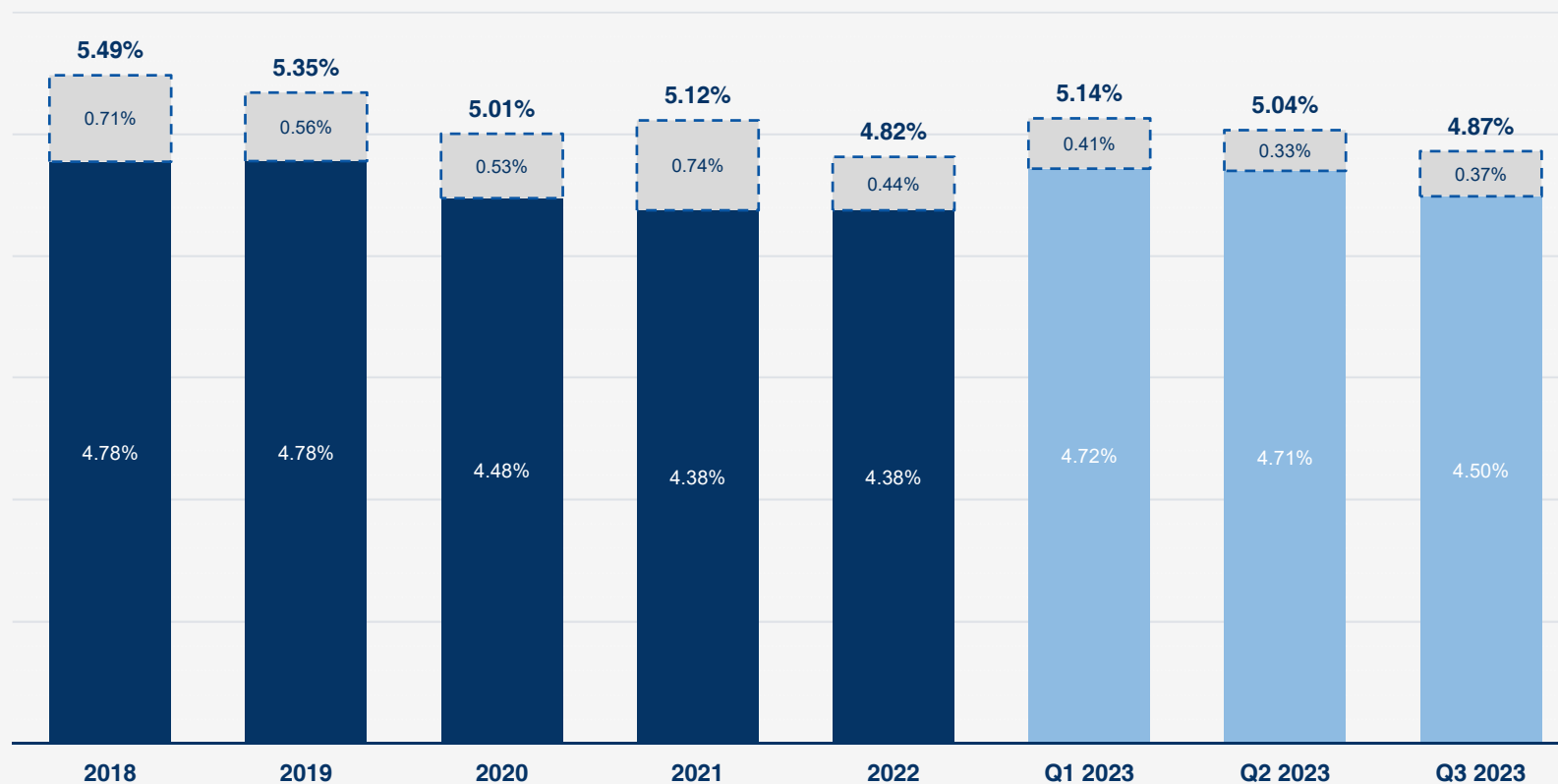
# Consistent Net Interest Margin

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- Net interest margin continues to show strength due to disciplined loan pricing, a healthy amount of non-interest bearing deposits, and asset sensitive balance sheet
- As noted on slide 3, there was a single relationship that moved to non-accrual status in Q3; this negatively impacted Q3 NIM by 23bps. Excluding that item, normalized core NIM, ex. loan fee income, was 4.73% for Q3

Loan Fee Income Contribution



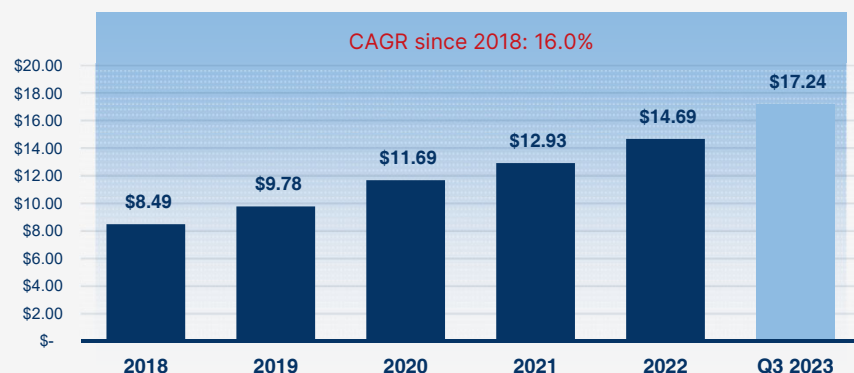
Financial data is as of or for the three months ended March 31, 2023, June 30, 2023 and September 30, 2023, and as of or for the twelve months ended of each respective year  
Net interest margin (excluding loan fee income) is a non-GAAP financial measure, see Appendix for reconciliation to the most comparable GAAP measure for this metric

# Consistent Capital & EPS Growth

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## Tangible Book Value Per Share



Consistently strong earnings increased TBV despite three factors:

- \$0.85 per share paid for an all-cash acquisition in Q4 2021
- \$0.95 per share AOCI unrealized loss from investments
- \$2.46 per share paid in cash dividends, since IPO

## Diluted Earnings Per Share



Year-to-date EPS:

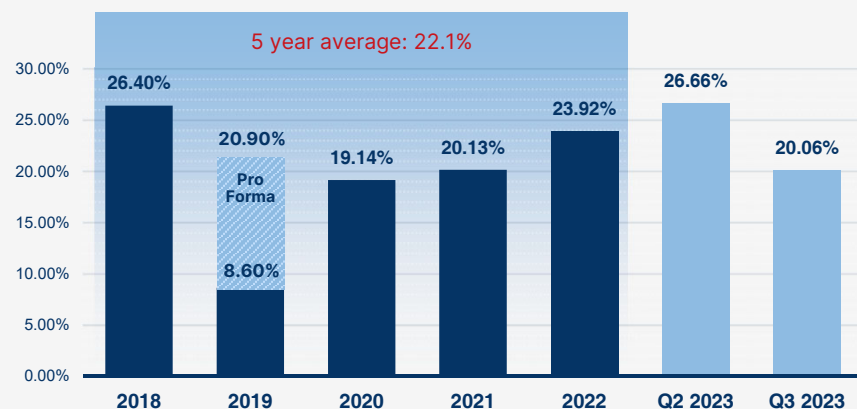
- \$2.94 for 2023, a 27.18% increase from 2022
- No share repurchases during the year

	YE 2018		Q3 2023		% Change	\$ Change
Total tangible shareholders' equity	\$	86,471	\$	158,342	83.1%	\$ 71,871
Shares outstanding		10,187.5		9,185.0	-9.8%	(1,002.5)
Tangible book value per share	\$	8.49	\$	17.24	103.1%	\$ 8.75
Cash dividends per share since IPO as a % of 2018 TBV per share					29.0%	\$ 2.46
Overall Increase:					132.1%	\$ 11.21

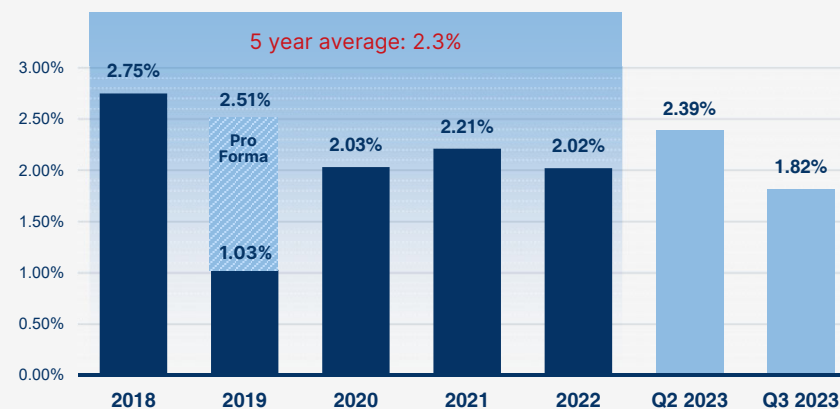
Dollars are in thousands, except for per share data

(1) Pro Forma 2019 is a non-GAAP financial measure which adds back the one-time, extraordinary compensation expense related to the non-cash executive stock transaction that took place during the period. See 2019 Pro Forma Net Income reconciliation table for detailed calculation of this measure.

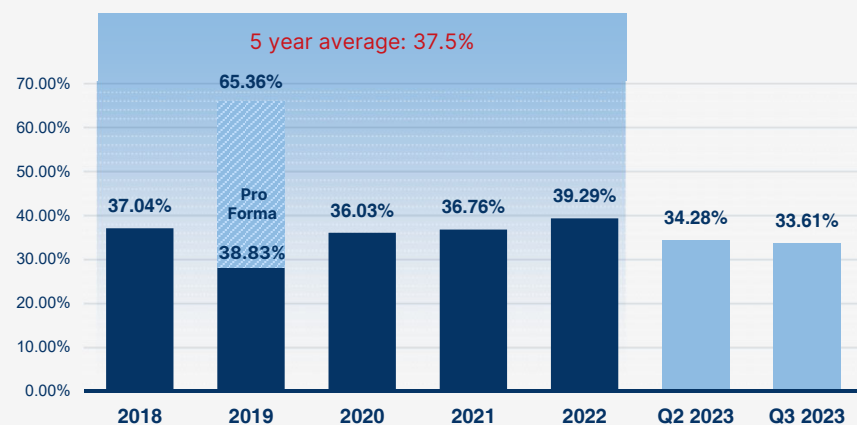
## Return on Average Tangible Common Equity <sup>(1)(2)</sup>



## Return on Average Assets <sup>(1)(2)</sup>



## Efficiency Ratio <sup>(2)</sup>



- Performance ratios remain strong and within historical ranges, despite an ACL provision of \$4.16 million during the quarter

Financial data is as of or for the twelve months ended December 31 of each respective year and for the three months ended June 30, 2023 and September 30, 2023

(1) Profitability metrics are tax-adjusted as if the Company were a C Corporation at the estimated tax rates for the respective periods

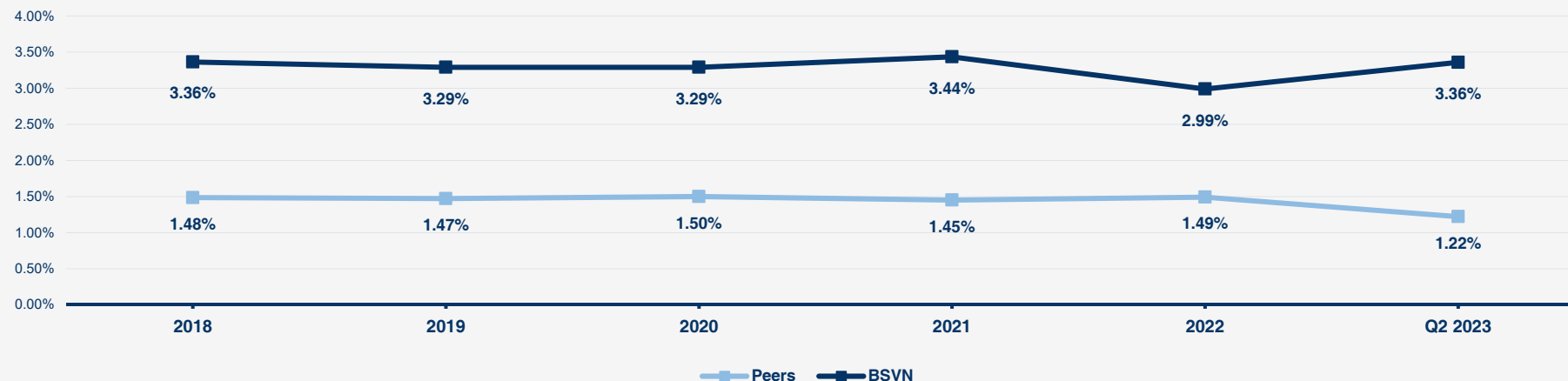
(2) Pro Forma YTD ROAA, ROATCE and efficiency ratio are non-GAAP financial measures, see Appendix for reconciliation to the most comparable GAAP measures for these metrics

# Consistently Outperforming Peers

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## PPE to Average Assets vs Peers



## Income Statement as a Percentage of Average Assets

	2019		2020		2021		2022		Q2 2023(3)	
	Peer Group Median(1)	BSVN(2)	Peer Group Median(1)	BSVN	Peer Group Median(1)	BSVN	Peer Group Median(1)	BSVN	Peer Group Median(1)	BSVN
Net Interest Income	3.41%	5.28%	3.19%	4.97%	3.09%	5.09%	3.25%	4.74%	3.02%	4.95%
Pre-provision pre-tax earnings	1.47%	3.36%	1.50%	3.29%	1.45%	3.44%	1.49%	2.99%	1.22%	3.36%
Provision Expense	0.09%	0.00%	0.29%	0.56%	0.02%	0.40%	0.08%	0.31%	0.04%	0.24%
Net Income	1.09%	2.51%	0.98%	2.03%	1.13%	2.21%	1.09%	2.02%	0.91%	2.39%
ROATCE	10.79%	20.92%	10.47%	19.14%	13.45%	20.13%	14.09%	23.92%	11.79%	26.66%
Net Interest Margin	3.67%	5.35%	3.41%	5.01%	3.33%	5.12%	3.47%	4.82%	3.24%	5.04%
Efficiency Ratio	63.72%	38.26%	62.26%	36.03%	61.82%	36.76%	61.05%	39.30%	66.64%	34.28%

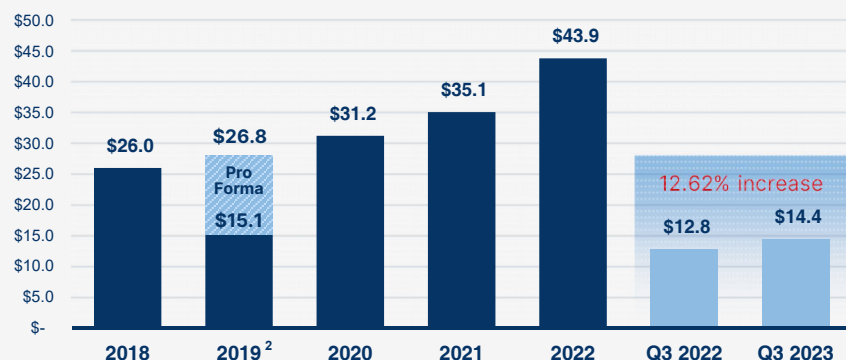
Dollars are in thousands

(1) Peer group is defined as exchange-traded banks nationwide with assets between \$500mm-\$5bn (145 banks); Source: S&P Global Market Intelligence.

(2) Excludes one-time, non-cash executive stock transfer compensation expense of \$11.8 million.

(3) As of Q2 2023, the latest data available.

PPE<sup>(1)</sup>



## ■ Record PPE:

- Quarterly PPE of \$14.4 million, an increase of 12.62% as compared to Q3 2022
- Year-to-date PPE of \$41.32 million, an increase of 33.88% as compared to YTD Q3 2022

## ■ Strong PPE was driven by:

- Disciplined loan pricing
- Rising rates and an asset sensitive balance sheet

## ■ Scale and achieve maximum productivity by:

- Utilizing a branch-lite model
- Hiring fewer but better FTEs
- Operating an efficient delivery system with a strict adherence to processes

Maximizing Employee Base<sup>(3)</sup>



Dollars are in millions

Financial data is as of or for the twelve months ended December 31 of each respective year and as of or for the three months ended September 30, 2023 and September 30, 2022

(1) Pre-provision, pre-tax earnings ("PPE") is a non-GAAP financial measure. See appendix for reconciliation to their most comparable GAAP measure

(2) Pro Forma 2019 is a non-GAAP financial measure which adds back the one-time, extraordinary compensation expense related to the non-cash executive stock transaction that took place during the period. See 2019 Pro Forma Net Income reconciliation table for detailed calculation of this measure

(3) Pro Forma noninterest expense to average assets is a non-GAAP financial measure. See appendix for reconciliation to their most comparable GAAP measure

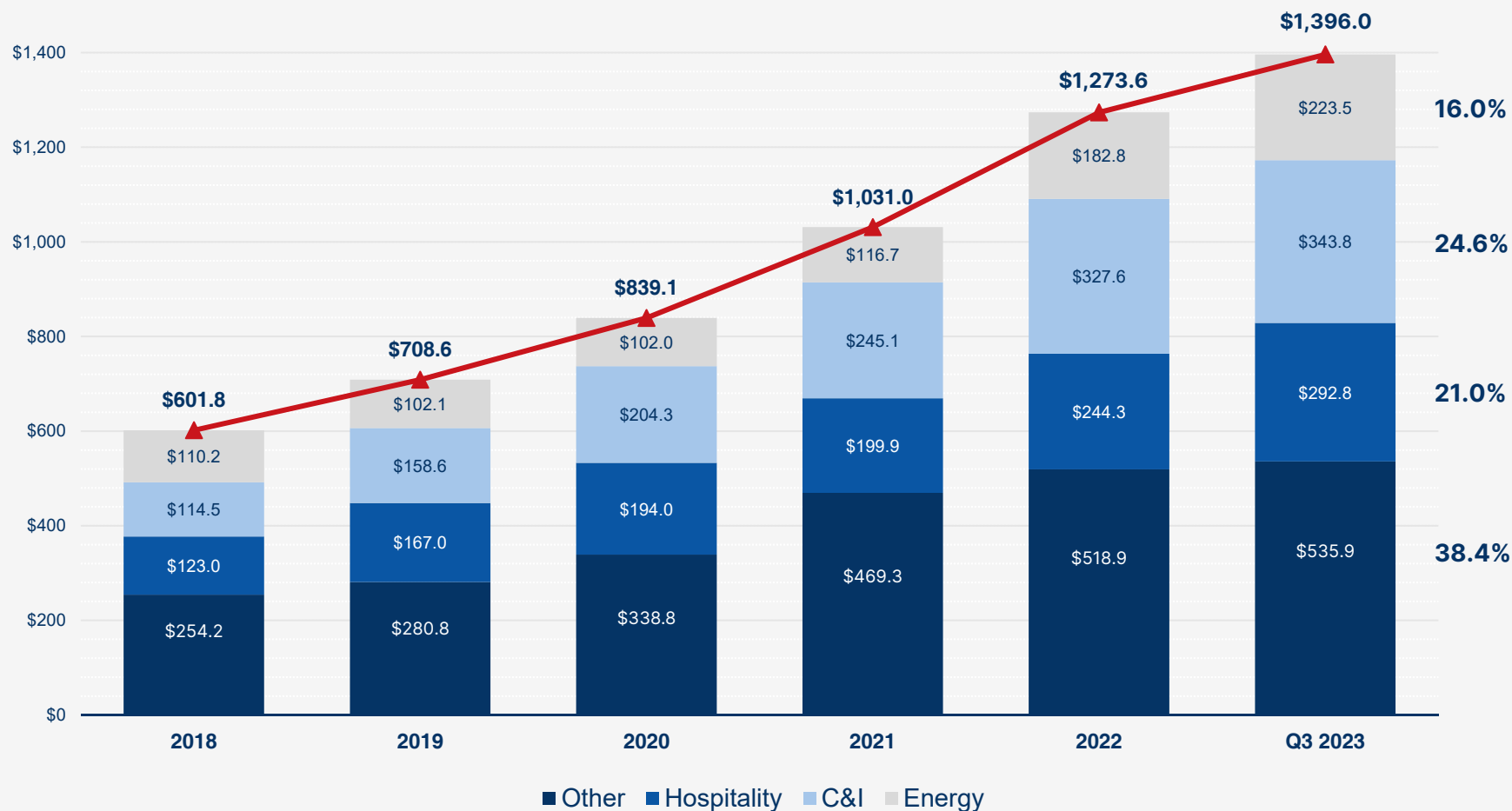
# Loan Portfolio Trends – Selected Categories

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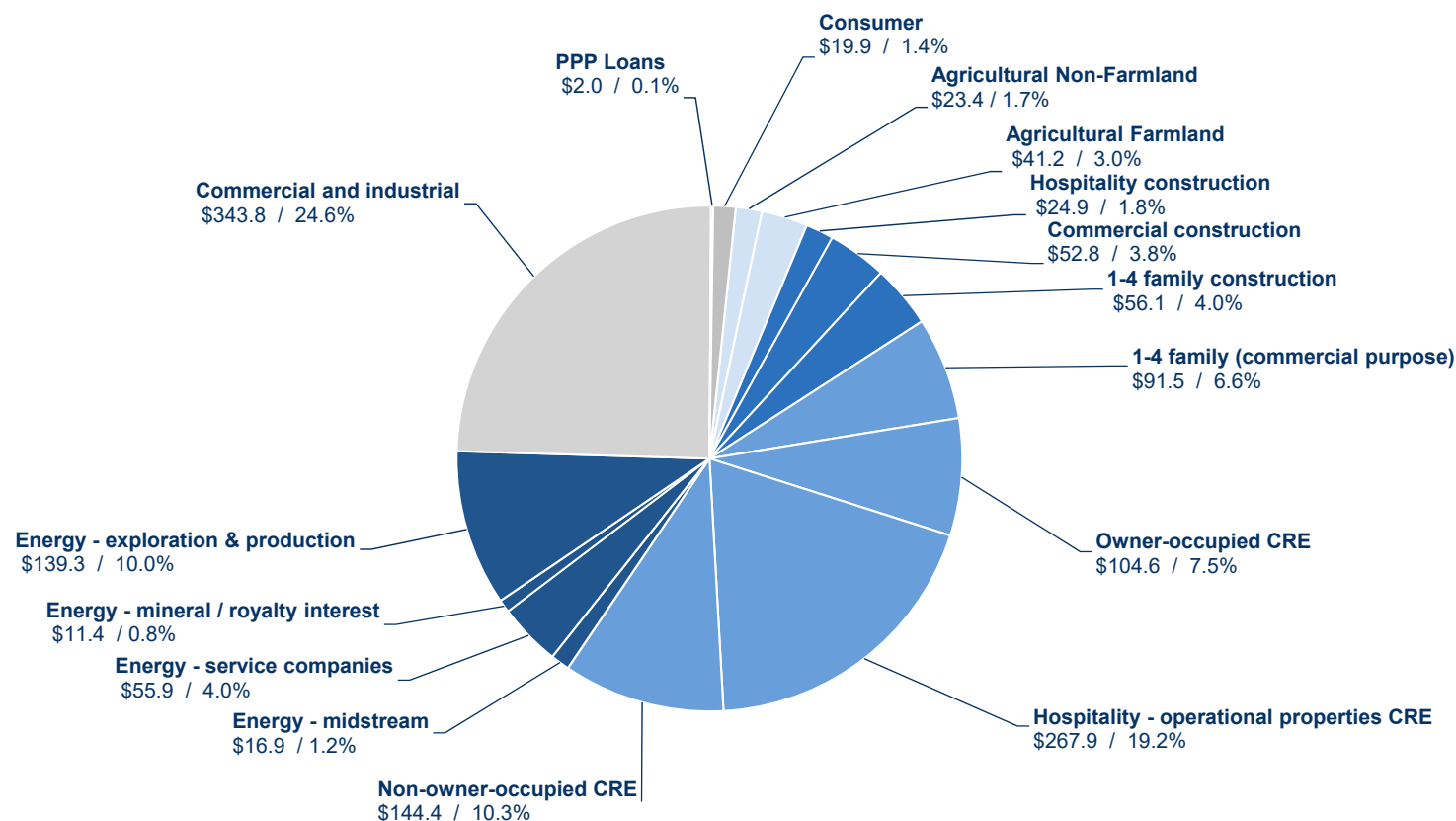
## Loan Portfolio Trends

CAGR Since 2018: 19.4%



# Loan Portfolio Distribution

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## Loan Portfolio Selected Categories

Industry		Q3 2023	% of Total Loans	Q2 2023	% of Total Loans
Commercial & Industrial	\$	343.80	24.63%	\$ 327.13	25.58%
Hospitality		292.80	20.97%	271.96	21.26%
Energy		223.50	16.01%	172.29	13.47%

# Net Charge-Offs to Average Loans

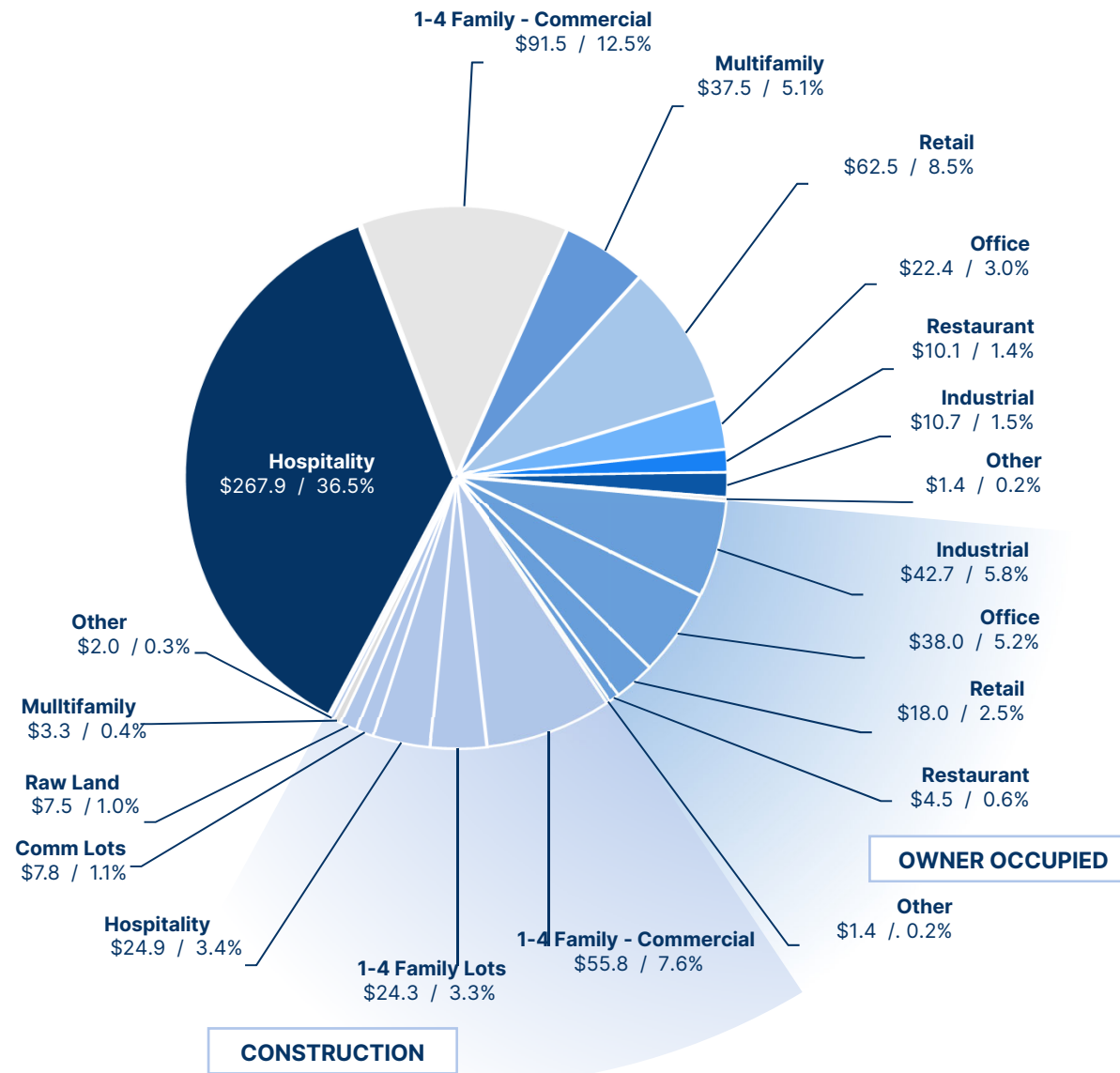
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## Low historical charge-offs due to:

- Disciplined approach to lending
- Geographic footprint in high growth metros with thriving economies (OK and TX)
- Management team with long history of making loans with low historical loss levels
- Tenured lending staff with 80% of balances from team members with > 10 years of common experience

(1) Excludes years impacted by the COVID-19 Pandemic; 2020 and 2021.



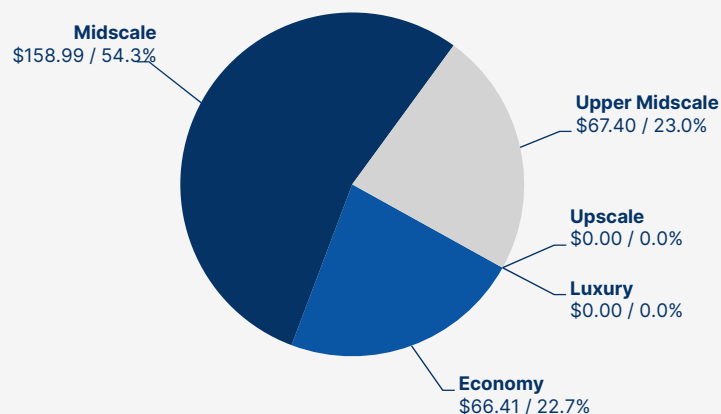
- Diverse commercial real estate lending activity in Texas and Oklahoma with an emphasis in the DFW, Oklahoma City, and Tulsa metros
- Minimal office and retail loans with over-weighting in each segment to owner-occupied properties
- No office exposure to downtown metropolitan locations
- Office Loan Average Size:
  - Owner Occupied — \$0.80 million
  - Non-Owner Occupied — \$0.93 million
- Construction lending activity primarily in Oklahoma City and the Dallas metroplex with an emphasis on entry level homes with established homebuilders
- Limited lot and development lending activity
- Hospitality niche managed by seasoned professionals with proven track record through various economic cycles

# Hospitality Loan Portfolio Detail

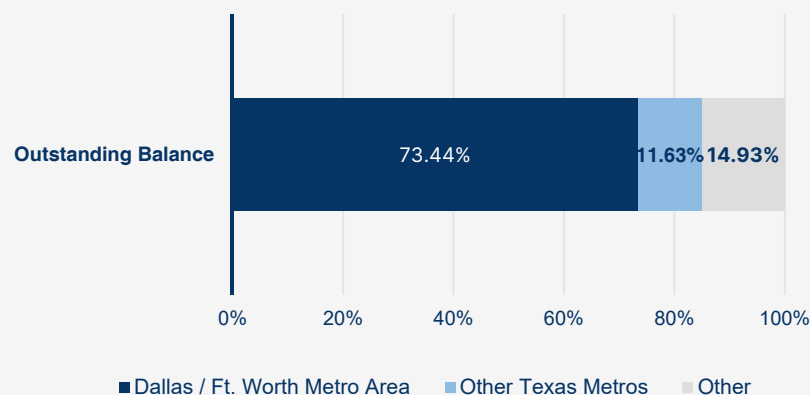
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## Hotel Portfolio by Class



## Hotel Portfolio by Location



- No historical NCOs in the hospitality segment
- Blue collar portfolio that is well-protected by the “cycle-down” effect of a recession
- Geographically concentrated in TX (85%) and other markets with favorable economic conditions
- Loans personally guaranteed by experienced owner/operators with operating history spanning decades of economic cycles
- Diversified lending to many reputable brands
- Consistent underwriting fundamentals with disciplined equity requirements, debt coverage ratio requirements, personal recourse, and rapid amortization
- Average loan size of \$5.72 million

## Total Assets

CAGR Since 2014: 16.1%



# Earnings-driven Capital Shock-absorption

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Earnings-driven cushion far exceeds regulatory capital minimums as illustrated over a two-year period, consistent with DFAST parameters<sup>(1)</sup>

	Regulatory Minimum Target Ratios	Q3 2023 Capital Ratios	Excess Capital to Target Ratio Expressed in % <sup>(2)</sup>	Excess Capital to Target Ratio Expressed in \$ <sup>(3)</sup>	Add: PPE Cushion <sup>(4)</sup>	Total Shock Absorption Ability Prior to Hitting Reg Minimums
Tier 1 Leverage	5.00%	9.76%	95.14%	\$ 81,626 + \$	108,612 =	\$ 190,238
CET1	7.00%	11.39%	62.67%	\$ 64,597 + \$	108,612 =	\$ 173,209
Tier 1 Risk Based Capital	8.50%	11.39%	33.96%	\$ 42,509 + \$	108,612 =	\$ 151,121
Total Risk Based Capital	10.50%	12.64%	20.37%	\$ 31,493 + \$	108,612 =	\$ 140,105

Dollars are in thousands

above assumes no cash dividends and is simply an illustration and should not be considered a projection or forward-looking guidance of any kind

(1) DFAST = Dodd-Frank Act Stress Test

(2) Excess capital to target ratio expressed in % is the difference between the actual ratio and regulatory minimum divided by the regulatory minimum

(3) Excess capital to target ratio expressed in \$ is the excess capital % multiplied by either average assets or risk-weighted assets, assuming a static balance sheet over the next 24 months

(4) Trailing twelve months PPE of \$54.3 million extrapolated over two years

# Appendix



	For the Three Months Ended				For the Year Ended December 31				
	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Sep 30, 2022	2022	2021	2020	2019	2019
(Dollars in thousands, except per share data)									
<b>INCOME STATEMENT DATA</b>									
Total interest income	\$ 31,722	\$ 30,042	\$ 27,380	\$ 21,691	\$ 78,749	\$ 56,289	\$ 53,314	\$ 51,709	
Total interest expense	10,976	9,544	7,374	2,646	9,322	3,053	6,153	9,516	
Provision for credit losses (1)	4,159	1,011	475	2,348	4,468	4,175	5,350	-	
Total noninterest income	1,007	794	672	840	2,939	2,250	1,665	1,308	
Total noninterest expense	7,390	7,377	7,649	7,133	28,641	20,397	17,592	28,432	\$ 16,636
Provision for income taxes	2,351	3,158	2,947	2,363	9,619	7,755	6,618	6,844	6,836
Pre-tax net income	10,204	12,904	12,554	10,404	39,257	30,914	25,884	15,069	26,866
Net income	7,853	9,746	9,607	8,041	29,638	23,159	19,266	8,225	20,030
<b>BALANCE SHEET DATA</b>									
Cash and cash equivalents	\$ 169,490	\$ 196,456	\$ 177,389	\$ 147,241	\$ 109,115	\$ 204,852	\$ 153,901	\$ 117,128	
Interest-bearing time deposits in other banks	17,182	10,455	4,976	1,494	5,474	3,237	16,412	30,147	
Securities available for sale, at fair value	167,138	169,923	172,969	174,534	173,165	84,808	-	-	
Nonmarketable equity securities	1,251	1,238	1,215	1,193	1,209	1,202	1,172	1,100	
Total loans	1,392,776	1,276,282	1,279,363	1,233,151	1,270,457	1,028,401	836,613	707,304	
Allowance for credit losses (1)	20,649	16,377	15,452	13,153	14,734	10,316	9,639	7,846	
Total assets	1,772,399	1,681,305	1,660,539	1,580,952	1,584,169	1,350,549	1,016,669	866,392	
Interest-bearing deposits	1,112,745	1,110,637	1,067,104	939,568	989,891	850,766	658,945	538,262	
Noninterest-bearing deposits	480,827	397,588	424,455	497,768	439,409	366,705	246,569	219,221	
Total deposits	1,593,572	1,508,225	1,491,559	1,437,336	1,429,300	1,217,471	905,514	757,483	
Total shareholders' equity	167,907	161,780	154,006	135,819	144,100	127,408	107,319	100,126	
<b>SHARES OUTSTANDING AT END OF PERIOD</b>									
Earnings per share (basic)	\$ 0.86	\$ 1.06	\$ 1.05	\$ 0.88	\$ 3.26	\$ 2.56	\$ 2.05	\$ 0.81	\$ 1.96
Earnings per share (diluted)	0.85	1.05	1.04	0.87	3.22	2.55	2.05	0.81	1.96
Dividends per share	0.21	0.16	0.16	0.12	0.52	0.45	0.41	0.60	
Book value per share	18.28	17.67	16.83	14.90	15.78	14.04	11.87	9.96	
Tangible book value per share (2)	17.24	16.62	15.77	13.86	14.69	12.93	11.69	9.78	
Weighted average common shares outstanding—basic	9,158,027	9,153,077	9,146,932	9,100,789	9,118,728	9,056,117	9,378,769	10,145,032	10,192,930
Weighted average common shares outstanding—diluted	9,273,595	9,247,101	9,264,247	9,209,754	9,232,333	9,091,536	9,379,154	10,147,311	10,195,209
Shares outstanding at end of period	9,184,975	9,154,934	9,151,977	9,115,739	9,131,973	9,071,417	9,044,765	10,057,506	10,206,931

(1) BSVN adopted the CECL model (ASC326) on 1/1/2023 using the modified retrospective method. The presented allowance for periods prior to 1/1/2023 is under the incurred loss model (pre-ASC326).

(2) Represents a non-GAAP financial measure. See non-GAAP reconciliations table for reconciliation to most comparable GAAP measure for this metric

(3) All pro forma amounts relate to the one-time, non-cash executive stock transfer which occurred in September 2019. These amounts remove the compensation and related tax impact from net income. See detail and reconciliation on slide 24 of this presentation

# Bank7 Corp. Performance Ratios

Earnings Release: Q3 2023



	For the Three Months Ended				For the Year Ended December 31				
	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Sep 30, 2022	2022	2021	2020	2019	2019
(Dollars in thousands, except per share data)									
<b>RETURN ON AVERAGE(1)</b>									
Assets	1.82%	2.39%	2.43%	2.12%	2.02%	2.21%	2.03%	1.03%	2.51%
Tangible common equity	20.06	26.66	28.01	25.36	23.92	20.13	19.14	8.61	20.92
Shareholders' equity	18.89	25.02	26.15	23.72	22.13	26.41	18.82	8.44	20.53
Yield on earnings assets	7.44	7.39	7.03	5.74	5.46	5.42	5.67	6.55	
Yield on loans	8.52	8.40	8.09	6.69	6.51	6.16	6.37	7.58	
Yield on loans excluding fees	8.06	7.98	7.57	6.15	5.96	5.30	5.76	6.88	
Cost of funds	2.83	2.58	2.07	0.76	0.70	0.33	0.73	1.37	
Cost of int bearing deposits	3.90	3.53	2.94	1.15	1.05	0.48	1.05	1.89	
Cost of total deposits	2.83	2.58	2.07	0.76	0.70	0.33	0.73	1.37	
Net interest margin	4.87	5.04	5.14	5.04	4.82	5.12	5.01	5.35	
Net interest margin excluding loan fees	4.50	4.71	4.72	4.60	4.38	4.38	4.48	4.78	
Noninterest expense to average assets	1.71	1.81	1.93	1.86	1.96	1.95	1.85	3.56	2.08
Efficiency ratio (2)	33.61	34.28	36.62	39.48	39.29	36.76	36.03	65.36	38.26
Loan to deposit ratio	87.40	84.62	85.77	85.79	88.89	84.47	92.39	93.38	
Liquidity ratio	20.85	23.52	20.57	21.13	16.17	28.42	25.48	19.22	
<b>CREDIT QUALITY RATIOS</b>									
Nonperforming assets to total assets	2.88%	1.03%	0.00%	1.15%	1.13%	0.77%	1.63%	0.38%	
Nonperforming assets to total loans and OREO	3.67	1.35	1.43	1.47	1.42	1.01	1.98	0.47	
Nonperforming loans to total loans	3.67	1.35	1.43	1.47	1.42	1.01	1.98	0.47	
Allowance for credit losses to nonperforming loans	40.41	94.86	84.24	72.41	81.95	99.37	58.29	235.47	
Allowance for credit losses to total loans	1.48	1.28	1.21	1.07	1.16	1.00	1.15	1.11	
Net charge-offs to average loans	0.00	0.00	0.00	(0.00)	0.01	0.39	0.43	(0.00)	
<b>CAPITAL RATIOS</b>									
Total shareholders' equity to total assets	9.47%	9.62%	9.27%	8.59%	9.10%	9.43%	10.56%	11.56%	
Tangible equity to tangible assets (3)	7.88	8.53	8.74	8.04	8.52	8.75	10.42	11.37	
Tier 1 leverage ratio (4)	9.75	9.71	9.48	9.01	9.18	10.55	10.78	11.65	
Tier 1 risk-based capital ratio (4)	11.39	11.89	11.35	11.04	11.26	11.53	13.51	14.28	
Total risk-based capital ratio (4)	12.64	13.10	12.50	12.10	12.42	12.54	14.75	15.42	

(1) Annualized.

(2) Efficiency ratio is calculated by dividing noninterest expense by the sum of net interest income on a tax equivalent basis and noninterest income

(3) Represents a non-GAAP financial measure, see non-GAAP reconciliations table for reconciliation to the most comparable GAAP measure for this metric

(4) Ratios are based on Bank level financial information rather than consolidated information. At September 30, 2023, Tier 1 leverage ratio, Tier 1 risk based capital ratio, and total risk-based capital ratios were 9.76%, 11.39%, and 12.64% respectively for the Company

(5) All pro forma amounts relate to the one-time, non-cash executive stock transfer which occurred in September 2019. These amounts remove the compensation expense and related tax impact from net income. See detail and reconciliation on slide 24 of this presentation

# Non-GAAP Reconciliations

Earnings Release: Q3 2023



	For the Three Months Ended				For the Year Ended December 31			
	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Sep 30, 2022	2022	2021	2020	2019
<i>(Dollars in thousands, except per share data)</i>								
<b>TANGIBLE SHAREHOLDERS' EQUITY</b>								
Total shareholders equity	\$ 167,907	\$ 161,780	\$ 154,006	\$ 135,819	\$ 144,100	\$ 127,408	\$ 107,319	\$ 100,126
Goodwill and other intangibles	(9,565)	(9,642)	(9,718)	(9,480)	(9,939)	(10,122)	(1,583)	(1,789)
Tangible shareholders' equity	158,342	152,138	144,288	126,339	134,161	117,286	105,736	98,337
<b>TANGIBLE ASSETS</b>								
Total assets	\$ 1,772,399	\$ 1,681,305	\$ 1,660,539	\$ 1,580,952	\$ 1,584,169	\$ 1,350,549	\$ 1,016,669	\$ 866,392
Less: goodwill and other intangibles	(9,565)	(9,642)	(9,718)	(9,480)	(9,939)	(10,122)	(1,583)	(1,789)
Tangible assets	1,762,834	1,671,663	1,650,821	1,571,472	1,574,230	1,340,427	1,015,086	864,603
<b>AVERAGE TANGIBLE COMMON EQUITY</b>								
Average shareholders equity	\$ 164,964	\$ 157,945	\$ 149,018	\$ 135,968	\$ 144,097	\$ 117,053	\$ 102,359	\$ 97,431
Add back: average net unrealized loss on debt securities	8,680	8,180	8,897	7,315	10,198	-	-	-
Less: average goodwill and other intangibles	(9,616)	(9,692)	(9,911)	(10,172)	(9,939)	(2,030)	(1,684)	(1,893)
Average tangible common equity	164,028	156,433	148,004	133,111	144,356	115,023	100,675	95,538
End of period common shares outstanding	9,184,975	9,154,934	9,131,973	9,115,739	9,131,973	9,071,417	9,044,765	10,057,506
Book value per share	18.28	17.67	16.83	14.90	15.78	14.04	11.87	9.96
Tangible book value per share	17.24	16.62	15.77	13.86	14.69	12.93	11.69	9.78
Total shareholders' equity to total assets	9.47%	9.62%	9.27%	8.59%	9.10%	9.43%	10.56%	11.56%
Tangible shareholders' equity to tangible assets	8.98%	9.10%	8.74%	8.04%	8.52%	8.75%	10.42%	11.37%
<b>LOAN INTEREST INCOME (Excluding loan fees):</b>								
Total loan interest income, including fees	\$ 28,880	\$ 26,885	\$ 25,352	\$ 20,466	\$ 74,403	\$ 55,768	\$ 52,450	\$ 48,200
Loan fee income	(1,579)	(1,359)	(1,611)	(1,676)	(6,278)	(7,787)	(5,035)	(4,443)
Loan interest income excluding loan fees	27,301	25,526	23,741	18,790	68,125	47,981	47,415	43,757
Average total loans	\$ 1,344,038	\$ 1,283,341	\$ 1,271,081	\$ 1,213,080	\$ 1,143,380	\$ 905,804	\$ 823,228	\$ 636,274
Yield on loans	8.52%	8.40%	8.09%	6.69%	6.51%	6.16%	6.37%	7.58%
Yield on loans (excluding loan fee income)	8.06%	7.98%	7.57%	6.15%	5.96%	5.30%	5.76%	6.88%
<b>NET INTEREST MARGIN (Excluding loan fees):</b>								
Net interest income	\$ 16,587	\$ 20,498	\$ 20,006	\$ 20,466	\$ 69,427	\$ 53,236	\$ 47,161	\$ 42,193
Loan fee income	(1,579)	(1,359)	(1,611)	(1,676)	(6,278)	(7,787)	(5,035)	(4,443)
Net interest income excluding loan fees	15,008	19,139	18,395	18,790	63,149	45,449	42,126	37,750
Average earning assets	\$ 1,691,463	\$ 1,631,497	\$ 1,579,625	\$ 1,499,622	\$ 1,441,140	\$ 1,038,773	\$ 940,890	\$ 789,009
Net interest margin	4.87%	5.04%	5.14%	5.04%	4.82%	5.12%	5.01%	5.35%
Net interest margin (excluding loan fee income)	4.50%	4.71%	4.72%	4.60%	4.38%	4.38%	4.48%	4.78%

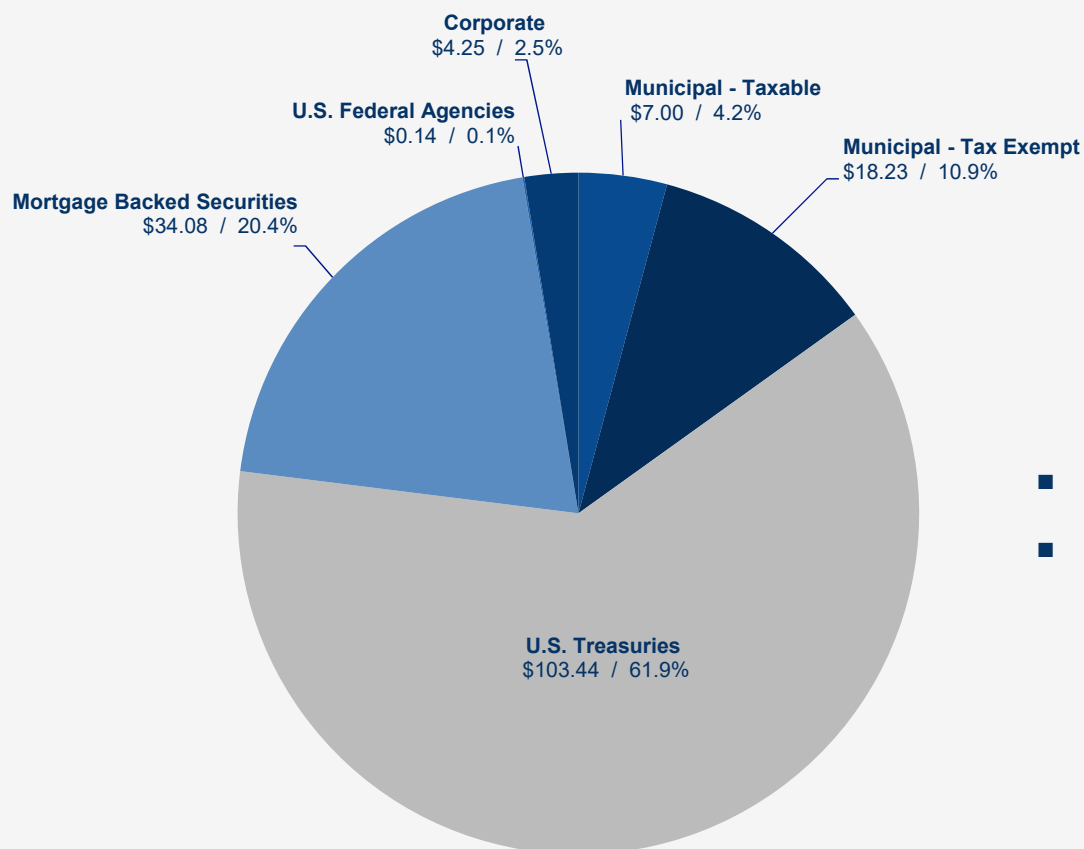
# Non-GAAP Reconciliations -- Continued

Earnings Release: Q3 2023



	For the Three Months Ended				For the Year Ended December 31			
	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023	Sep 30, 2022	2022	2021	2020	2019
<i>(Dollars in thousands, except per share data)</i>								
<b>PRE-PROVISION PRE-TAX EARNINGS</b>								
Pre-tax net income	\$ 10,204	\$ 12,904	\$ 12,554	\$ 10,404	\$ 39,257	\$ 30,914	\$ 25,884	\$ 15,069
Add back: Provision for credit losses	4,159	1,011	475	2,348	4,468	4,175	5,350	-
Add back: (Gain)Loss on sales/calls of AFS debt securities	7	7	1	8	127	-	-	-
Pre-provision pre-tax earnings	14,370	13,922	13,030	12,760	43,852	35,089	31,234	15,069

## Available-for-Sale Securities Portfolio



■ **Weighted Average Duration: 2.3 Years**

■ **Book Yield: 1.75%**

Dollars are in millions.

(1) All mortgage-backed securities and collateralized mortgage obligations are issued and/or guaranteed by U.S. government agencies or U.S. government-sponsored entities.

(2) Total investment securities of \$167.1 million as of September 30, 2023

# 2019 Pro Forma Net Income Reconciliation

Earnings Release: Q3 2023



On September 5, 2019, the largest shareholders, Haines Family Trusts, contributed approximately 6.5% of their shares (656,925 shares) to the Company. Subsequently, the Company immediately issued those shares to certain executive officers, which was charged as compensation expense of \$11.8 million, including payroll taxes, through the income statement of the Company. Additionally, at the discretion of the employees receiving shares to assist in paying tax withholdings, 149,425 shares were withheld and subsequently canceled, resulting in a charge to retained earnings of \$2.6 million.

	For the Year Ended: Dec. 31, 2019
<i>(Dollars in thousands)</i>	
<b>PRO FORMA NET INCOME</b>	
Total Interest Income	\$ 51,709
Total Interest Expense	9,516
Net Interest Margin	42,193
Provision for Loan Losses	\$ -
Noninterest Income	\$ 1,308.00
Noninterest Expense	\$ 28,432.00
Less: Stock Transfer Comp. Expense	(11,796)
Pro Forma Noninterest Expense	16,636
Pro Forma Pre-Tax Income	\$ 26,865.00
Pro Forma Income Tax Expense	\$ 6,836.00
Pro Forma Net After-Tax Income	\$ 20,029.00



This presentation and oral statements made regarding the subject of this presentation contain forward-looking statements. These forward-looking statements are subject to significant uncertainties because they are based upon: the amount and timing of future changes in interest rates, market behavior, and other economic conditions; future laws, regulations, and accounting principles; changes in regulatory standards and examination policies, and a variety of other matters. These other matters include, among other things, the impact of COVID-19 on the United States economy and our operations, the direct and indirect effect of economic conditions on interest rates, credit quality, loan demand, liquidity, and monetary and supervisory policies of banking regulators. These forward-looking statements reflect Bank7 Corp.'s current views with respect to, among other things, future events and Bank7 Corp.'s financial performance. Any statements about Bank7 Corp.'s expectations, beliefs, plans, predictions, forecasts, objectives, assumptions or future events or performance are not historical facts and may be forward-looking. These statements are often, but not always, made through the use of words or phrases such as "anticipate," "believes," "can," "could," "may," "predicts," "potential," "should," "will," "estimate," "plans," "projects," "continuing," "ongoing," "expects," "intends" and similar words or phrases. Any or all of the forward-looking statements in (or conveyed orally regarding) this presentation may turn out to be inaccurate. The inclusion of or reference to forward-looking information in this presentation should not be regarded as a representation by Bank7 Corp. or any other person that the future plans, estimates or expectations contemplated by Bank7 Corp. will be achieved. Bank7 Corp. has based these forward-looking statements largely on its current expectations and projections about future events and financial trends that Bank7 Corp. believes may affect its financial condition, results of operations, business strategy and financial needs. Bank7 Corp.'s actual results could differ materially from those anticipated in such forward-looking statements as a result of risks, uncertainties and assumptions that are difficult to predict. If one or more events related to these or other risks or uncertainties materialize, or if Bank7 Corp.'s underlying assumptions prove to be incorrect, actual results may differ materially from what Bank7 Corp. anticipates. You are cautioned not to place undue reliance on forward-looking statements. Further, any forward-looking statement speaks only as of the date on which it is made and Bank7 Corp. undertakes no obligation to update or revise any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events, except as may be required by law. All forward-looking statements herein are qualified by these cautionary statements.

Within this presentation, we reference certain market, industry and demographic data, forecasts and other statistical information. We have obtained this data, forecasts and information from various independent, third party industry sources and publications. Nothing in the data, forecasts or information used or derived from third party sources should be construed as advice. Some data and other information are also based on our good faith estimates, which are derived from our review of industry publications and surveys and independent sources. We believe that these sources and estimates are reliable, but have not independently verified them. Statements as to our market position are based on market data currently available to us. Although we are not aware of any misstatements regarding the economic, employment, industry and other market data presented herein, these estimates involve inherent risks and uncertainties and are based on assumptions that are subject to change.

This presentation includes certain non-GAAP financial measures, including pro forma net income, tax-adjusted net income, tax-adjusted earnings per share, tax-adjusted return on average assets and tax-adjusted return on average shareholders' equity. These non-GAAP financial measures and any other non-GAAP financial measures that we discuss in this presentation should not be considered in isolation, and should be considered as additions to, and not substitutes for or superior to, measures of financial performance prepared in accordance with GAAP. There are a number of limitations related to the use of these non-GAAP financial measures versus their nearest GAAP equivalents. For example, other companies may calculate non-GAAP financial measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of Bank7 Corp.'s non-GAAP financial measures as tools for comparison. See the table in the appendix of this presentation for a reconciliation of the non-GAAP financial measures used in (or conveyed orally during) this presentation to their most directly comparable GAAP financial measures.

