



**BANK7 CORP.**

**EARNINGS  
RELEASE**

January 30, 2019

Photography by Libby Greene/Nasdaq, Inc.



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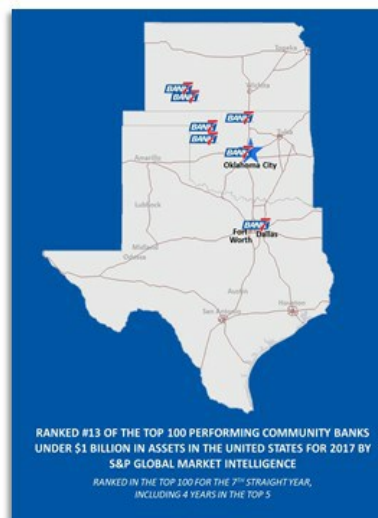
This presentation includes certain non-GAAP financial measures, including adjusted net income, adjusted earnings per share, adjusted return on average assets and adjusted return on average shareholders' equity. These non-GAAP financial measures and any other non-GAAP financial measures that we discuss 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 on Slide 15 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.

# Corporate Overview

NASDAQ: BSVN



- One of the Top Performing Community Banks in the United States<sup>(1)</sup>
- Track Record of Industry Leading Profitability and Expense Control
- Intense Focus on Underwriting Process and Asset Quality
- Scalable and Consistently Growing Platform



December 31, 2018	
Assets	\$771 million
Loans	\$600 million
Deposits	\$676 million

(1) Best-performing community banks of 2017 under \$1B in assets, S&P Global Market Intelligence - <https://platform.mi.spglobal.com/web/client?auth=inherit#news/article?id=43935321&cdid=A-43935321-11062>



## Fourth Quarter & Full Year Accomplishments



### All-time Highs

- The Company ended the year with \$ 770.5 million in total assets, \$599.9 million in total loans, \$675.9 million in total deposits, and \$86.5 million in tangible shareholders' equity – all of which are all-time highs.

### Record pre-tax Income

- The Company earned a record \$6.8 million in pre-tax income in Q4 2018 compared to \$4.6 million for the same period in 2017.
- The Company earned a record \$25.8 million in pre-tax income for the full year ended December 31, 2018, compared to \$23.8 million for 2017.

### Net Interest Margin Expansion

- For the quarter ended December 31, 2018, NIM (excluding loan fee income) increased to 4.85%, up from 4.51% for the same period in 2017.
- For the year ended December 31, 2018, NIM (excluding loan fee income) increased to 4.78%, up from 4.59% for 2017.

### Continued Organic Growth

- Total Assets increased \$66.9 million in 2018, or 9.5% year over year.
- Total loans increased \$36.9 million, or 6.6% year over year.
- Organic deposit growth of \$131.6 million, or 27.2% year over year.

### Operational Excellence

- Maintained excellent efficiency ratio of 37.04% in 2018, compared to 37.24% in 2017.
- Noninterest expense to average assets ratio of 2.05% in 2018, compared to 2.21% for 2017.

# Bank7 Corp. reports record pre-tax quarterly income for Q4 2018



## For the Year Ended December 31, 2018

### Balance Sheet

Total assets	\$770.5
Total loans	599.9
Total deposits	675.9
Noninterest-bearing deposits	201.5
Tangible shareholders' equity <sup>(1)</sup>	86.5

### Profitability

Net Income <sup>(2)</sup>	\$20.1
Return on average assets <sup>(2)</sup>	2.75%
Return on average tangible common equity <sup>(2)</sup>	26.4
Net interest margin	5.49
Net interest margin (excluding loan fee income) <sup>(3)</sup>	4.78
Efficiency ratio	37.0
Loans to deposits	88.8

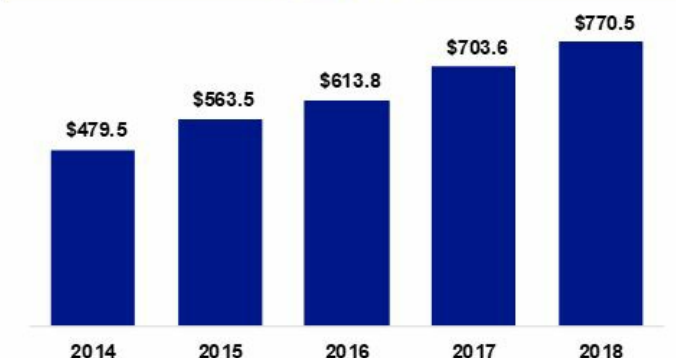
### Capital Ratios

Tangible shareholders' equity to tangible assets <sup>(1)</sup>	11.25%
Tier 1 leverage ratio <sup>(4)</sup>	11.26
Common equity tier 1 capital ratio <sup>(4)</sup>	14.78
Tier 1 risk-based capital ratio <sup>(4)</sup>	14.78
Total risk-based capital ratio <sup>(4)</sup>	16.03
Non-owner occupied CRE / total capital <sup>(5)</sup>	263.80

### Asset Quality

Nonperforming assets to loans and OREO	0.45%
Nonperforming loans to total loans	0.43
Allowance for loan losses to total loans	1.31
Allowance for loan losses to nonperforming loans	299.5
Net charge-offs to average loans	0.004

## Total Assets



## Net Income & EPS <sup>(2)</sup>



Dollars are in millions, except earnings per share.

Financial data is as of or for the twelve months ended December 31 of each respective year.

(1) Tangible shareholders' equity and tangible shareholders' equity to tangible assets are non-GAAP financial measures. See non-GAAP reconciliation table for reconciliation to their most comparable GAAP measures.

(2) Profitability metrics are tax adjusted as if the Company were a C Corporation at the estimated tax rates for the respective periods. EPS calculation is based on diluted shares. Combined federal and state effective tax rates for 2017 and 2018 were 40.0% and 22.2%, respectively.

(3) Net interest margin (excluding loan fee income) is a non-GAAP financial measure. See non-GAAP reconciliation table for reconciliation to its most comparable GAAP measure.

(4) At December 31, 2018, Tier 1 leverage ratio, common equity Tier 1 risk-based capital ratio, Tier 1 risk based capital ratio, and total risk-based capital ratios were 11.13%, 14.61%, 14.61%, and 15.88% respectively for the Company.

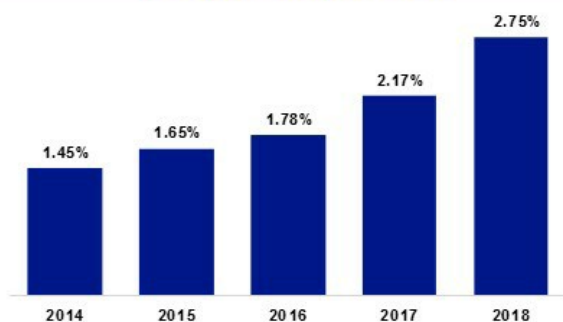
(5) Ratio is for the Bank only and represents total non-owner occupied CRE loans, including loans secured by multi-family residential real estate, investor CRE, and construction and land loans, divided by the Bank's total risk-based capital.

# Historical Performance

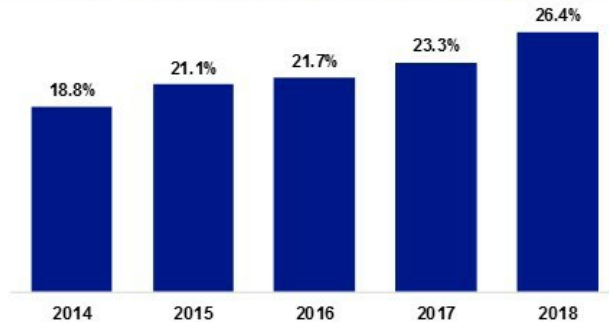


- We continue to produce excellent ROAA and ROATCE.
- We have maintained our excellent efficiency ratio.
- Our earnings have been further boosted by the Tax Cuts and Jobs Act.

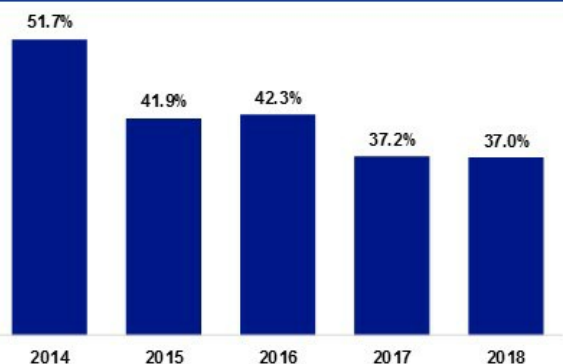
**Return on Average Assets <sup>(1)</sup>**



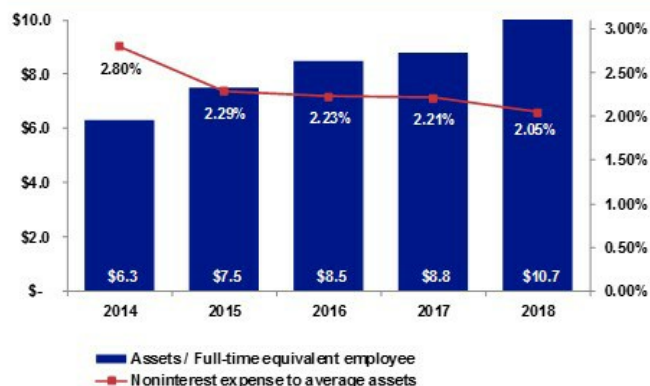
**Return on Average Tangible Common Equity <sup>(1)</sup>**



**Efficiency Ratio**



**Leveraging Our Employee Base**



Dollars are in millions

Financial data is as of or for the twelve months ended December 31 of each respective year.

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

# Balance Sheet and Earnings Growth

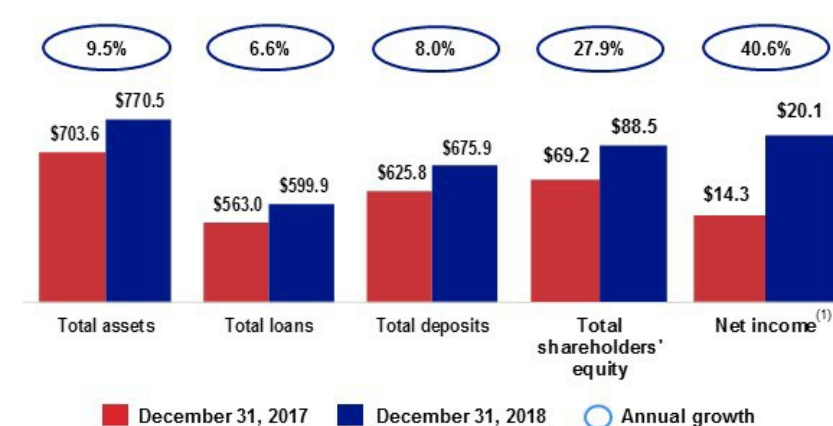


- In our first quarter as a public company, tangible book value per share grew by \$0.57, or 7.2%.
- YOY organic balance sheet growth remains strong.
- Net income YOY outpaced balance sheet growth.

**Tangible Book Value Per Share <sup>(2)</sup>**



**Balance Sheet and Earnings Growth**



Dollars are in millions, except earnings per share.

Financial data is as of or for the twelve months ended December 31 of each respective year.

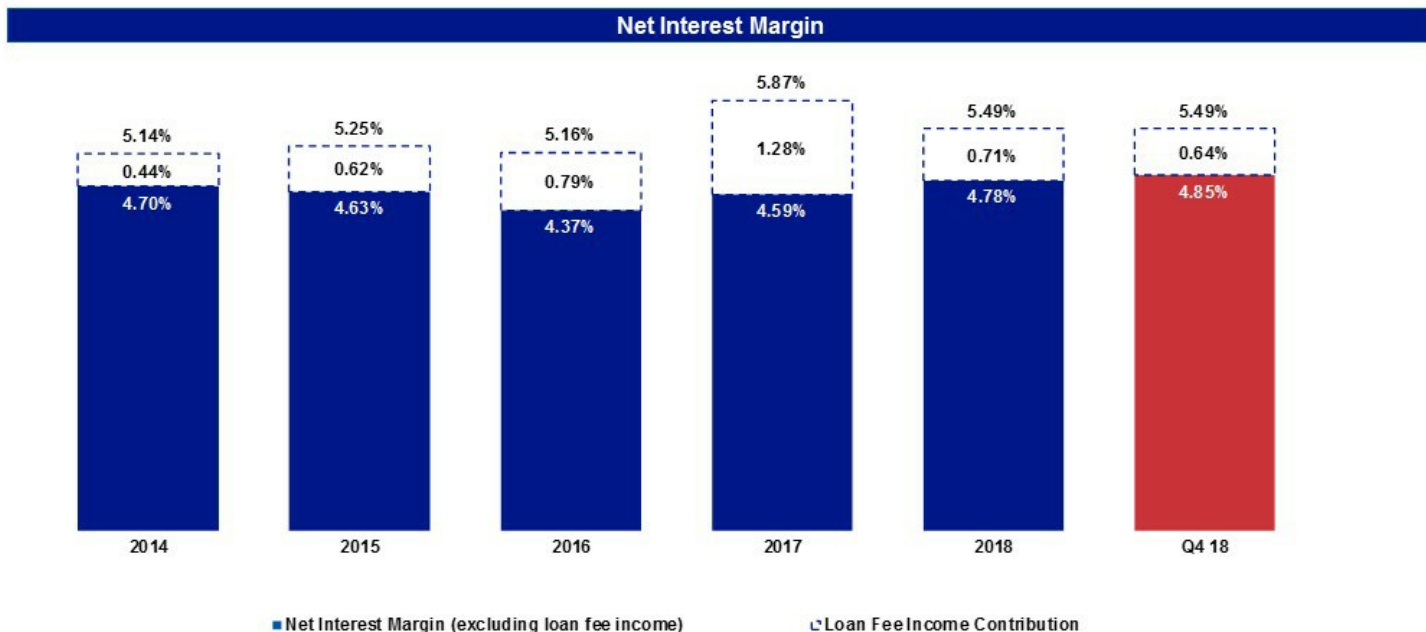
(1) Net income is tax adjusted as if the Company were a C Corporation at the estimated tax rates for the respective periods.

(2) Tangible book value per share is a non-GAAP financial measure. See Appendix for reconciliation to its most comparable GAAP measure.

# Net Interest Margin



- Management’s discipline to keep an asset sensitive balance sheet has enabled net interest margin to continue to expand due to a rising rate environment.
- Net interest margin excluding loan fee income grew 19 bps from 2017 to 2018.



Financial data is as of or for the twelve months ended December 31 of each respective year.



# Loan/Deposit Beta



Date	2014	2015	2016	2017	2018	Q4 '18
Net Interest Margin (incl. loan fee income) <sup>(1)</sup>	5.14%	5.25%	5.16%	5.87%	5.49%	5.49%
Net Interest Margin (excl. loan fee income) <sup>(2)</sup>	4.70%	4.63%	4.37%	4.59%	4.78%	4.85%
Cost of Funds on Interest-bearing Deposits	0.64%	0.66%	0.75%	1.02%	1.52%	1.79%
Cost of Funds on Transaction Accounts (subset from above)					1.49%	1.77%
Cost of Funds on CD's & CDAR's Deposits (subset from above)					1.55%	1.81%
Cost of Funds on Avg. Total Deposits	0.47%	0.49%	0.58%	0.77%	1.08%	1.20%
% of Avg. Non Interest-bearing Deposits to Avg. Total Deposits	26.32%	25.87%	23.71%	24.27%	28.50%	32.70%
Loan Yield (incl. loan fee income)	6.83%	6.87%	6.71%	7.69%	7.58%	7.79%
Loan Yield (excl. loan fee income)	6.29%	6.11%	5.76%	6.14%	6.71%	6.98%
Yield on Earning Assets (incl. loan fee income)	5.63%	5.76%	5.73%	6.60%	6.48%	6.56%
Loan Beta (excl. loan fee income) <sup>(3)</sup>					81.2%	77.2%
Deposit Beta <sup>(3)</sup>					42.7%	39.2%

- Loan and Deposit rates are calculated by taking total interest income or expense divided by average balances.
- For the prior eight quarters (01/01/17 – 12/31/18), our cumulative effective loan yield increased by 81.2% of the Fed rate increases and our deposit rates increased by 42.7% of the Fed rate increases.
- The Company is well-positioned to maintain its performance in a rising rate environment.
- Net interest margin (excluding loan fee income) has steadily increased and remains at a healthy level.

Financial data is as of or for the twelve months ended December 31 of each respective year.

(1) Net interest margin is the amount of net interest income, including loan fee income, supported by daily Avg. earning assets for the period presented.

(2) Net interest margin is the amount of net interest income, excluding loan fee income, supported by daily Avg. earning assets for the period presented.

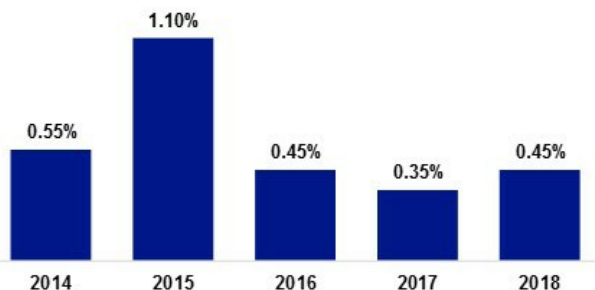
(3) Loan & Deposit beta are calculated using a baseline of the 2016 fed funds rate 0.75%.

Yield on loans (excluding loan fee income) and net interest margin (excluding loan fee income) are non-GAAP financial measures. See Appendix for reconciliation to their most comparable GAAP measures.

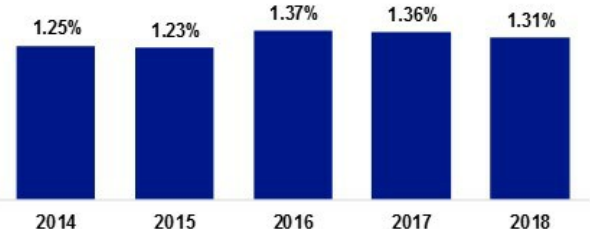
# Asset Quality



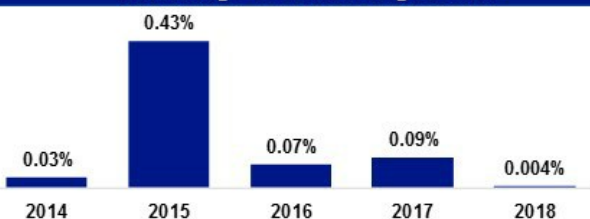
## Nonperforming Assets to Loans and OREO



## Allowance for Loan Losses to Total Loans

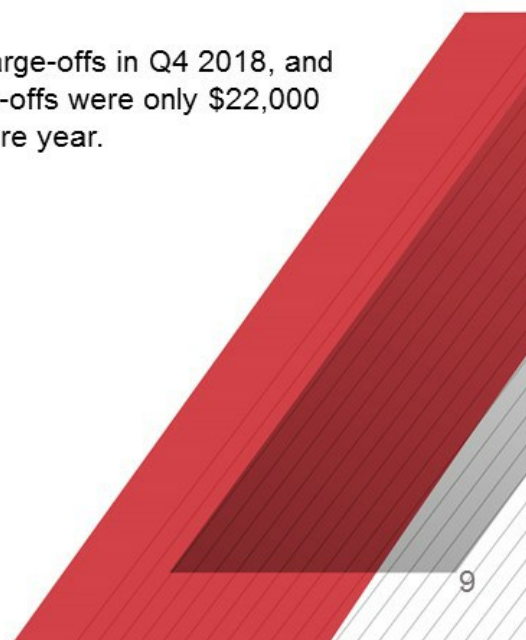


## Net Charge-Offs to Average Loans



Financial data is as of or for the twelve months ended December 31 of each respective year.

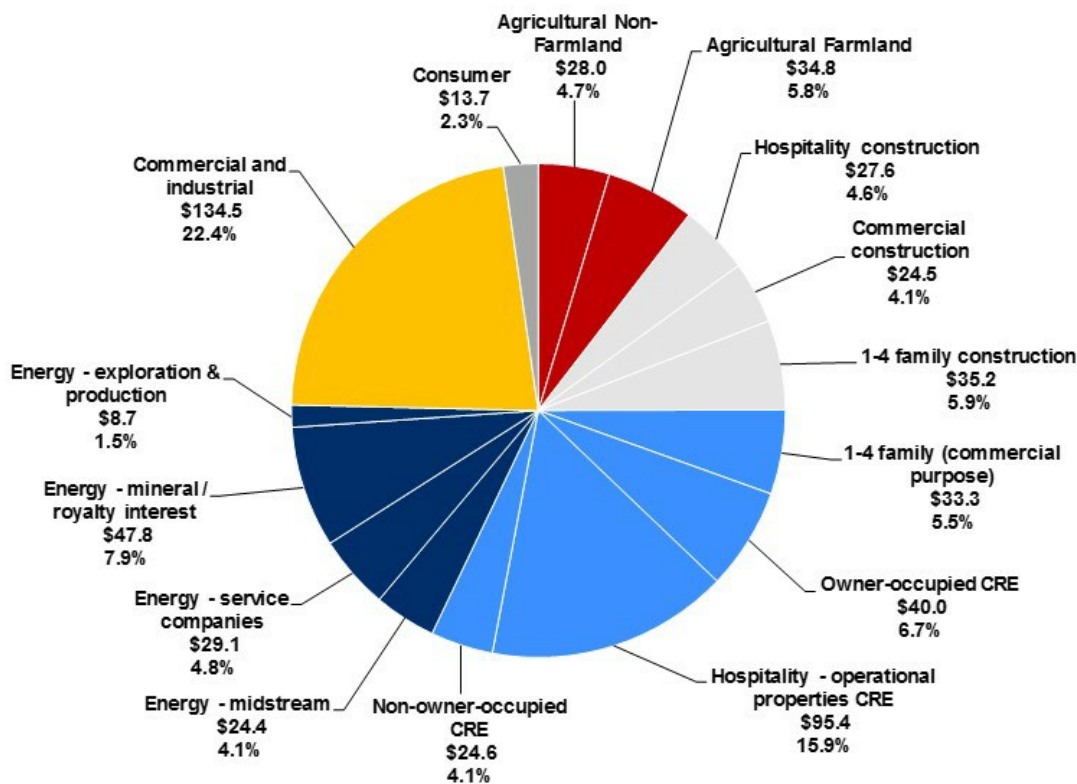
- Asset quality remains strong.
- We continue to maintain a strong loan loss reserve.
- Quality underwriting and disciplined lending practices have led to low nonperforming loans.
- No net charge-offs in Q4 2018, and net charge-offs were only \$22,000 for the entire year.



# Diversified Loan Portfolio



## Gross Loan Portfolio Composition by Purpose Type



Dollars are in millions. Data as of December 31, 2018.

# Deposit Composition



## Commentary

### Our Deposit Strategy

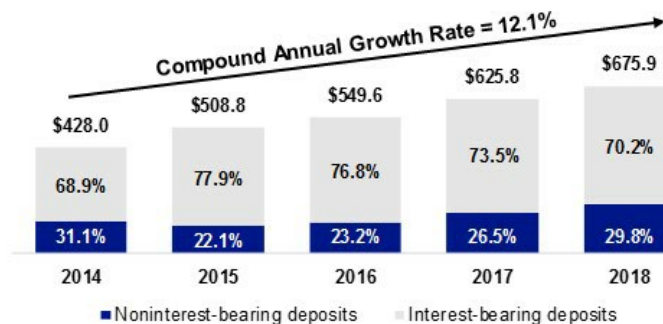
- Gather deposits from commercial clients through a suite of targeted deposit offerings, including a variety of remote deposit and cash management products.
- Commercial loan customers are a strong source of deposit accounts, and we consistently seek to develop deposit relationships with our borrowers.
  - 83.4% of our loan customers also had a deposit relationship with us as of December 31, 2018.
- Offer consumers traditional retail deposit products through our branch network, along with online, mobile and direct banking channels.

### Core Deposits

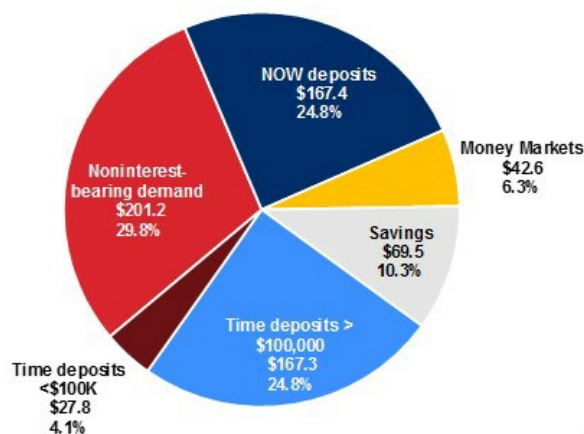
- Core deposits are deposits obtained directly from our depositors and exclude deposits obtained from listing services and brokered deposits that are obtained through an intermediary.
- Total organic deposit growth YOY was \$131.6MM or 27.2%; however, \$24.6MM or 18.7% of that growth related to IPO funds deposited by shareholders and an additional \$24MM or 18.2% resulted from a few large business transactions where companies were sold or recapitalized by private equity groups and deposited money in the bank. Total organic deposit growth excluding the above factors was still an impressive \$83MM, or 17.2%.
- Core deposits totaled \$615.9 million, or 91.1% of total deposits, as of December 31, 2018, up from 89.9% as of September 30, 2018.

Dollars are in millions.  
Financial data is as of or for the twelve months ended December 31 of each respective year.

## Historical Deposit Growth



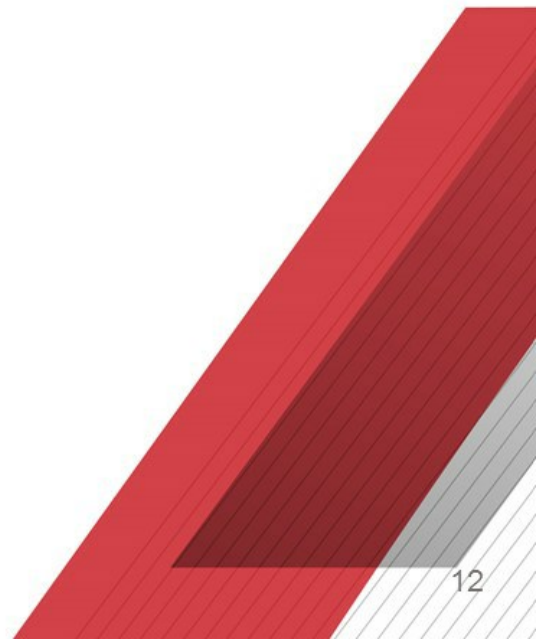
## Deposit Composition as of December 31, 2018







# Appendix



# Bank7 Corp. Financials



## For the Year Ended December 31,

(Dollars in thousands, except per share data)

### Income Statement Data:

	2018	2017	2016	2015	2014
Total interest income	\$ 46,800	\$ 42,870	\$ 33,153	\$ 28,361	\$ 23,665
Total interest expense	7,168	4,739	3,303	2,504	2,090
Provision for loan losses	200	1,246	1,554	2,566	1,218
Total noninterest income	1,331	1,435	1,643	2,005	2,092
Total noninterest expense	14,967	14,531	13,121	11,483	12,063
Provision (benefit) for income taxes	797	-	-	-	-
Pre-tax Net income	25,796	23,789	16,817	13,813	10,386
Net income – C Corp <sup>(1)</sup>	20,077	14,280	10,435	8,288	6,232

### Balance Sheet Data:

	2018	2017	2016	2015	2014
Cash and cash equivalents	\$ 159,849	\$ 130,222	\$ 103,665	\$ 95,357	\$ 85,182
Total loans	599,910	563,001	502,482	460,265	385,140
Allowance for loan losses	7,832	7,654	6,873	5,677	4,829
Total assets	770,511	703,594	613,771	563,513	479,516
Interest-bearing deposits	474,744	459,920	422,122	396,247	294,832
Noninterest-bearing deposits	201,159	165,911	127,434	112,523	133,211
Total deposits	675,903	625,831	549,556	508,770	428,043
Total shareholders' equity	88,466	69,176	55,136	45,314	39,075

### Share and Per Share Data:

	2018	2017	2016	2015	2014
Earnings per share (basic) – Pre-tax Net Income	\$ 3.18	\$ 3.26	\$ 2.31	\$ 1.90	\$ 1.43
Earnings per share (basic) – C Corp <sup>(1)</sup>	2.48	1.96	1.43	1.14	0.86
Earnings per share (diluted) – Pre-tax Net Income	3.13	3.26	2.31	1.90	1.43
Earnings per share (diluted) – C Corp <sup>(1)</sup>	2.44	1.96	1.43	1.14	0.86
Dividends per share	0.84	1.34	0.96	1.04	0.50
Book value per share	8.68	9.49	7.57	6.22	5.36
Tangible book value per share <sup>(2)</sup>	8.49	9.19	7.24	5.86	4.98
Weighted average common shares outstanding–basic	8,105,856	7,287,500	7,287,500	7,287,500	7,287,500
Weighted average common shares outstanding–diluted	8,238,753	7,287,500	7,287,500	7,287,500	7,287,500
Shares outstanding at end of period	10,187,500	7,287,500	7,287,500	7,287,500	7,287,500

(1) Net income and earnings per share are tax adjusted as if the Company were a C Corporation at the estimated tax rates for the respective periods. EPS calculation is based on diluted shares. Combined federal and state effective tax rates for 2017 and 2018 were 40.0% and 22.2%, respectively.

(2) Represents a non-GAAP financial measure. See non-GAAP reconciliations table for reconciliation to its more comparable GAAP measure.

# Bank7 Corp. Financials



(Dollars in thousands, except per share data)

Performance Ratios:	For the Year Ended December 31,				
	2018	2017	2016	2015	2014
Return on average:					
Assets – Pre-tax	3.53%	3.62%	2.86%	2.75%	2.41%
Assets – C Corp <sup>(1)</sup>	2.75	2.17	1.78	1.65	1.45
Shareholders' equity – Pre-tax	33.01	37.43	33.29	32.87	29.51
Shareholders' equity – C Corp <sup>(1)</sup>	25.69	22.47	20.65	19.72	17.71
Yield on earnings assets	6.48	6.60	5.73	5.76	5.63
Yield on loans	7.58	7.69	6.71	6.87	6.83
Yield on loans excluding fees	6.71	6.14	5.76	6.11	6.29
Cost of funds	1.11	0.80	0.62	0.55	0.53
Cost of int bearing deposits	1.52	1.35	0.75	0.66	0.64
Cost of total deposits	1.08	0.77	0.58	0.49	0.47
Net interest margin	5.49	5.87	5.16	5.25	5.14
Net interest margin excluding loan fees	4.78	4.59	4.37	4.63	4.70
Noninterest expense to average assets	2.05	2.21	2.23	2.29	2.80
Efficiency ratio <sup>(2)</sup>	37.04	37.24	42.31	41.93	51.71
Loans to deposits	88.76	89.96	91.43	90.47	89.98
<b>Credit Quality Ratios:</b>					
Nonperforming assets to total assets	0.35%	0.28%	0.37%	0.90%	0.44%
Nonperforming assets to total loans and OREO	0.45	0.35	0.45	1.10	0.55
Nonperforming loans to total loans	0.43	0.34	0.43	0.92	0.34
Allowance for loan losses to nonperforming loans	299.50	404.55	319.53	133.80	367.78
Allowance for loan losses to total loans	1.31	1.36	1.37	1.23	1.25
Net charge-offs to average loans	0.00	0.09	0.07	0.43	0.03
<b>Capital Ratios:</b>					
Total shareholders' equity to total assets	11.48%	9.83%	8.98%	8.04%	8.15%
Tangible equity to tangible assets <sup>(3)</sup>	11.25	9.55	8.62	7.61	7.61
Common equity tier 1 capital ratio <sup>(4)</sup>	14.78	12.58	11.33	10.42	N/A
Tier 1 leverage ratio <sup>(4)</sup>	11.26	10.53	9.67	9.39	9.32
Tier 1 risk-based capital ratio <sup>(4)</sup>	14.78	12.58	11.33	10.42	10.01
Total risk-based capital ratio <sup>(4)</sup>	16.06	13.83	12.58	11.61	11.15

(1) Return on average assets and shareholders' equity are tax adjusted as if the Company were a C Corporation at the estimated tax rates for the respective periods.  
 (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 its more comparable GAAP measure.  
 (4) Ratios are based on Bank level financial information rather than consolidated information. At December 31, 2018 Tier 1 leverage ratio, common equity Tier 1 risk-based capital ratio, Tier 1 risk based capital ratio, and total risk-based capital ratios were 11.13%, 14.61%, 14.61%, and 15.86% respectively for the Company.

# Non-GAAP Reconciliations



	For the Year Ended December 31,				
	2018	2017	2016	2015	2014
<i>(Dollars in thousands, except per share data)</i>					
<b><u>Tangible Shareholders' Equity</u></b>					
Total shareholders equity	88,466	69,176	55,136	45,314	39,075
Goodwill and other intangibles	(1,995)	(2,201)	(2,407)	(2,613)	(2,819)
Tangible Shareholders Equity	<u>86,471</u>	<u>66,975</u>	<u>52,729</u>	<u>42,701</u>	<u>36,256</u>
<b><u>Tangible Assets</u></b>					
Total assets	770,511	703,594	613,771	563,513	479,516
Less: Goodwill and other Intangibles	(1,995)	(2,201)	(2,407)	(2,613)	(2,819)
Tangible assets	<u>768,516</u>	<u>701,393</u>	<u>611,364</u>	<u>560,900</u>	<u>476,697</u>
<b><u>Average Tangible Common Equity</u></b>					
Average shareholders equity	78,148	63,558	50,523	42,025	35,192
Less: Average goodwill and other Intangibles	(2,087)	(2,304)	(2,510)	(2,716)	(2,008)
Average Tangible Common Equity	<u>76,061</u>	<u>61,254</u>	<u>48,013</u>	<u>39,309</u>	<u>33,184</u>
End of period common shares outstanding	10,187,500	7,287,500	7,287,500	7,287,500	7,287,500
Book value per share	8.68	9.49	7.57	6.22	5.36
Tangible book value per share	8.49	9.19	7.24	5.86	4.98
Total shareholders' equity to total assets	11.48%	9.83%	8.98%	8.04%	8.15%
Tangible shareholders' equity to tangible assets	11.25%	9.55%	8.62%	7.61%	7.61%
<b><u>Loan interest income (excluding loan fees):</u></b>					
Total loan interest income, including fees	44,279	41,450	32,254	27,730	23,137
Loan fee income	(5,121)	(8,331)	(4,539)	(3,069)	(1,840)
Loan interest income excluding loan fees	<u>39,158</u>	<u>33,119</u>	<u>27,715</u>	<u>24,661</u>	<u>21,297</u>
Average Total Loans	583,821	539,302	481,028	403,669	338,625
Yield on loans	7.58%	7.69%	6.71%	6.87%	6.83%
Yield on loans (excluding loan fee income)	6.71%	6.14%	5.76%	6.11%	6.29%
<b><u>Net interest margin (excluding loan fees):</u></b>					
Net interest income	39,631	38,131	29,849	25,857	21,576
Loan fee income	(5,121)	(8,331)	(4,539)	(3,069)	(1,840)
Net interest income excluding loan fees	<u>34,510</u>	<u>29,800</u>	<u>25,310</u>	<u>22,788</u>	<u>19,736</u>
Average Earning Assets	721,935	649,757	578,832	492,703	419,995
Net interest margin	5.49%	5.87%	5.16%	5.25%	5.14%
Net interest margin (excluding loan fee income)	4.78%	4.59%	4.37%	4.63%	4.70%