



October 19, 2022

Comments on our relationship with FHLB of Topeka

Adams Bank & Trust is an 106-year-old family institution. Todd Adams (CEO) and Chad Adams (President of Adbanc, Inc, the holding company of Adams Bank & Trust) represent the fourth generation of the family, with four members of the fifth generation in leadership positions. The \$1.3 billion bank has 22 branches in three states, Nebraska, Colorado, and Kansas. Currently the bank is experiencing a record amount of growth, asset quality and profitability.

To support this growth and provide relevant financial products to our customers at competitive prices, we utilize many services provided by the FHLB of Topeka. We believe our relationship to be extensive, collaborative, and transparent. Services we use at the FHLB are as follows:

OLOC Advances to balance the bank every business day;

Term Advances when needed to support loan growth and modify risk exposure;

Letters of Credit to pledge to our public/municipal/state depositing customers; and

Capital Stock investments of both Class A and B.

Utilizing FHLB services for decades, we have found them reliable, affordable, flexible, and competitive. When markets are experiencing volatile moves in interest rates and collateral values, FHLB has proven to be a valuable partner. Our bank has traditionally been a bank lending a high percentage of our deposits, and at times, has a loan deposit ratio of over 100%. Being a rural bank, despite our excellent track history, larger financial institutions and money center banks have proven unreliable during periods of stress. They feel uncomfortable with rural market exposures, and when the risk level is raised, are quick to limit, restrict, and increase pricing when times are difficult. FHLB has proven to be a steadier hand, with better communication and collaborative solutions.

Based out of Topeka, we are often able to meet with the FHLB staff at banker meetings in our three-state region. They call and visit our bank regularly. I frankly don't recall the last time a money center bank made a call on our institution to support our mission of providing relevant, competitively priced financial products to our customers. Using FHLB services, our product offering is enhanced, and more solutions can be crafted to meet our specific customer's needs.

Sincerely,

A handwritten signature in blue ink, appearing to read "Chad Adams", with a long, sweeping flourish extending to the right.

Chad S. Adams

President of Adbanc, Inc.

Holding company of Adams Bank & Trust