

*BancFirst.*  
*Loyal To Oklahoma & You.<sup>SM</sup>*

### Relationship Banking

- ~150,000 retail households
- ~35,000 commercial relationships
- Largest state chartered bank in Oklahoma
- 108 locations, 58 Oklahoma communities, 30 County seats

### Specialty Expertise

- SBA Lending-largest producer in the state for over 25 years
- 2017 - BancFirst approved 117 loans for \$42.7 million. This represents 42% more loan approvals than the next largest lender in loan numbers, and 47% more in loan dollars, than the next top lender in the state. BancFirst has held the position of Oklahoma District Top SBA Lender for more than 20 years.

- Cash Management
- Trust Assets - \$5.5 billion
- Insurance Services – Property & Casualty, Personal and Commercial Lines, Bonds and Employee Benefits.

### 2017 Highlights

- Record earnings of \$86.4 million
- Total assets of \$7.3 billion (\$8.0 billion as of Q2 2018)



The image features the BancFirst logo at the top, with the tagline "Strong. Safe. Loyal." below it. Below the logo is a stack of Bank Director Magazine covers. The top cover shows a man in a suit and tie, with the headline "TECH SAVVY CEO" and "19th Fintech Special Report". Other covers in the stack include "THE SO", "MEN", "GH", and "CAS BANKS".

Ranked on the list of  
**SAFEST & STRONGEST BANKS  
IN THE NATION**  
10 consecutive years.  
Ranked by Bank Director Magazine

## COMMERCIAL LENDING

Whether the credit needs of your business are short-term or long-range, basic or specialized, BancFirst will tailor a plan to fit your needs.

- **WORKING CAPITAL LOANS**

The cycle of your business determines your cash flow requirements. Whether you need to finance account receivables, purchase inventory, or borrow short-term for other business purposes, a BancFirst working capital line of credit may help to provide the cash flow you need.

- **TERM LOANS**

For business expansion, equipment, or other long-term capital requirements, a term loan may be what you need to help your company grow. A BancFirst term loan may help ease the daily decisions necessary to effectively operate your business while preparing for the future.

- **CONSTRUCTION LENDING**

We specialize in commercial and residential construction lending. Builders have the use of our BancFirst mortgage lenders for permanent home loans, too.

- **REAL ESTATE LOANS**

Expanding your building? Moving to a new location? A real estate loan from BancFirst may give you the financial room you need to grow your business.

- **ENERGY LOANS – UPSTREAM / MIDSTREAM**

The oil and gas industry plays an important part in the economy of Oklahoma and BancFirst has the experience to help. Our energy specialists can assist in providing your oil or gas business the financial resources you need to acquire or explore properties or to assist in any aspect of your energy operations.

- **AGRIBUSINESS LOANS**

As long as settlers have been in Oklahoma, BancFirst has provided financing for Oklahoma farmers and ranchers. BancFirst has lenders who specialize in agribusiness and can work with you to develop the options you need to meet your financial demands. BancFirst is also one of Oklahoma's largest participants in the various guaranteed loan programs offered by the Farm Services Agency.

- **SPECIAL PURPOSE LOANS**

Business borrowing needs don't always fit into a neat, pre-defined category. BancFirst offers lenders with diverse backgrounds and specialized expertise who are familiar with the unique business demands of today's economy. They can structure a loan that fits your individual requirements.

- **SBA LOANS**

BancFirst is a Certified and Preferred Lender with the Small Business Administration. Our team of SBA specialists utilize their experience to tailor a loan to the individual needs of your business. Additional information is provided in our SBA Services section.

# *BancFirst* **Loyal**

*To Oklahoma & You.™*



**Tulsa**



**Shawnee**



**Stillwater**



**Tahlequah**



**Lawton**



**Ardmore**

The primary focus of BancFirst Treasury Management team is to create value for our customers by:

- Improving client efficiencies
- Enhancing earnings
- Reducing back office expenses
- Improving Internal Controls

## Key Products that differentiate BancFirst in the Market Place

- Image/Archived Lockbox
- Business Online Banking
- Positive Pay for checks and ACH
- ACH/EDI
- Direct Deposit via Payroll Cards

- Improves internal control by separating mail opening and posting function
- Check and remittance documents imaged and archived on bank system for seven years
- Reduces mail, internal processing, and check clearing float
- Improves efficiencies of in-house client staff or reduce staffing levels

- Client assigned a unique PO box number
- BancFirst personnel open envelopes, image capture and archive checks and remittances, and deposits checks into clients account
- Client logs into BancFirst system to retrieve images and posts to A/R
- Alternatively BancFirst can create file to automate posting function
- Client view deposits and balance online




- Business Online Banking (BOB) allows secure access to account balance and activity detail 24/7

## Primary features:

- Multiple levels of security: Encrypted, firewall protected, one time pass code
- Online prior day and current day balance information for operating accounts
- Ability to download balance history to PDF,CSV/EXCEL,BAI,CSB
- Online images of checks posted to account
- Administrative capabilities provided to clients to designate users that can receive information only and/or initiate electronic transactions- requires dual control (activation by one user and approval by second)
- ACH, Wire, internal account transfer, stop payment electronic initiation capabilities
- Customizable Alerts: Pop up screens notifying key information is available

- Leading fraud detection service for checks and ACH (Electronic Funds Transfer)
- Identifies fraudulent checks and ACH transactions before they post to clients account
- Checks require either issue file created by client or BancFirst can create a 2-D bar code on clients check printing software
- ACH is based on policies set by client  
(originator ID,ACH SEC type, or amount range)

## Sample of the 2-D Barcode used for the SAND Positive Pay

<b>Blane Allen &amp; Co</b> 590 Congress Oklahoma City, OK	<b>BancFirst</b> Oklahoma City, OK IRD3-2DBC-1		<b>13001</b> <small>25-310440</small> Jun 11, 2003
<small>US Patents</small> Pay	*** Forty Four Dollars and 97 Cents	CAC:80781404 43	
To the order of		\$	**44.97
<b>WILLIAM F. BUCKLEY, JR.</b>		AUTHORIZED SIGNATURE	
⑈ 00013001⑈ ⑆ 103003632⑆ ⑈ 4005108636⑈			

- Direct deposit of payroll and auto-debit of monthly payments is the most common types of ACH transactions.
  - Employee / customer benefit
  - Collect account receivables
  - Electronically pay vendors
  - Reduced cost
  - Eliminate stop payments for lost checks

- EDI provides detailed reporting of ACH transactions.
  - Encrypted e-mail delivery of detail and addendum information.
  - Same day reporting provides for timely posting to accounting system.
  - Access to full addendum information for accurate posting of payments.



To Oklahoma & You

# Electronic Data Interchange (EDI)

## REMITTANCE ADVICE DETAIL REPORT

### RECEIVER INFORMATION

Receiver Name: CHOICE HLTH CTR  
DFI Account Number: 7527842780  
Receiving DFI ID: 103003632  
ID Number: 370047  
Settlement Date: April 13, 2009  
Transaction Description: Demand Credit - Auto Deposit  
Amount: \$76,932.26

### TRANSACTION DETAILS

Discretionary Data: 04301  
Entry Description: MEDICARE A  
SEC Code: CCD  
Service Class Code: 200 - ACH Entries Mixed  
Batch Number: 4659  
Priority: 01

### ADDITIONAL INFORMATION

000000001090410EFT01552141EFT0155214 775278427804301

### ORIGINATOR INFORMATION

Originator Name: MEDICARE PART A  
Company ID: 7752784278  
Originating DFI: 111000025  
Company Descriptive Date: 090410  
Effective Entry Date: April 10, 2009  
Transaction Type: 22

Discretionary Data:  
Company Name/ID#: CHOICE HLTH CTR  
Addenda Rec. Count: 1  
Trace Number: 111000021151175  
Reference Code:

- Payroll cards allow employers to pay all of their employees by direct deposit of payroll.
- Company benefits
  - Reduced payroll costs by using ACH
  - Increased staff efficiency by eliminating:
    - Check creation
    - Reconciliation of paid checks



COMMERCIAL CAPITAL  
SBA LENDING



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**Loyal** To Oklahoma & You.™



## Specialty Lending – SBA

### **SBA 7(a)**

Primary SBA lending product. SBA will guaranty a portion of a loan made by the bank. Loan proceeds can be used for most business applications. Maximum loan amount \$5,000,000.

### **SBA Express**

Loans are processed using banks internal documentation. Internally we use this program exclusively for revolving lines of credit. Maximum loan amount is \$350,000 and carries a maximum 50% guaranty.

### **Small Loan Advantage (SLA)**

Term loans to a maximum \$350,000. Applications are credit scored by SBA. Loans are processed using bank's internal documentation and policy and procedures. Loans up to \$150,000 carry 85% guaranty, over \$150,000 carry 75% guaranty.

### **Export Working Capital Program**

Lines of credit up to \$5,000,000. Proceeds used for financing exports. Terms are based on transaction cycle and may be renewed. Loans carry a 90% SBA guaranty.

### **International Trade Loan**

Term loans up to \$5,000,000. Proceeds used for fixed assets used in manufacture & sale of products sold internationally, either directly or indirectly. Loans carry a 90% SBA guaranty.

### **CAPline Revolving Line of Credit**

Loans used to finance receivables & inventory. Loan requires a borrowing base not to exceed 80% of receivables & 50% inventory. Lines over \$1,000,000 require annual field audit. Maximum loan amount \$5,000,000 and carries a maximum 75% guaranty. PLP processing available.

## Specialty Lending – SBA

### **Contract Line of Credit**

Loans are used to provide up to 100% financing of the labor and material costs of assignable contracts. Maximum loan amount \$5,000,000 and carries a maximum 75% guaranty. PLP processing available.

### **Small Contractor Line of Credit**

Loans are used to provide financing for residential construction and residential rehabilitation. Applicants must be full time builders that have been in business for at least one year. Maximum loan amount \$5,000,000. PLP processing available.

### **SBA 504**

Loans provide funding for the acquisition or renovation of plant, property, and equipment. Marketed as a 50/40/10 program. Bank finances 50% of a project with SBA funding 40% and the small business injecting 10% of the total cost. The major advantage of the program includes smaller down payments and below market fixed rates for 20-years.

- ❖ Created in 1953 to develop and aid small businesses in the U.S.

## **Types of Financing**

- ❖ Real Estate
- ❖ Franchises
- ❖ Inventory
- ❖ Accounts Receivable
- ❖ Equipment
- ❖ Business Acquisition
- ❖ Working Capital
- ❖ Refinancing

## Greater Risk Tolerance

- ❖ Longer Terms
- ❖ Lower Equity Requirements
- ❖ Higher Collateral Loan-To-Value
- ❖ Start-up Financing
- ❖ Unproven Management Experience

## *Eligibility*

- ❖ For Profit & Not Dominant
- ❖ Retail Sales – Less than \$7 million
- ❖ Wholesale – Less than 100 employees
- ❖ Manufacturing – Less than 500 employees
- ❖ Alternative Size Standard – Less than \$5 million income after tax and \$15 million net worth.

- ❖ Loans under \$150,000 85% guaranty, over \$150,000 75% guaranty
- ❖ Most flexible SBA product featuring long-term financing for most business purposes
- ❖ Term based on use of proceeds not the collateral
- ❖ Maximum interest rates established by SBA
- ❖ \$5,000,000 maximum loan amount

- ❖ Loans over 7 years – Maximum rate is Prime + 2.75
- ❖ Loans less than 7 years – Maximum rate is Prime + 2.25
- ❖ Can be fixed or variable – fixed rates can be higher (currently 8.82% for loans over 7-years)
- ❖ Based on negotiation with lender
- ❖ SBA strips 55.0 bp times the guaranteed portion of loans

- ❖ SBA charges a guarantee fee ranging between 2% to 3.75% on the guaranteed portion of the loan
- ❖ Recent legislation allows the lender to take a state income tax credit equal to the amount of the guarantee fee paid on behalf of the borrower (Jan 1, 2021)



## *Recent SBA Changes*

- ❖ All term loans under \$350,000 must utilize SBA's credit scoring & must comply with SBA's fully secured guidelines
- ❖ Loans of \$25,000 or less require no collateral

## *Recent SBA Changes*

- ❖ Loans of \$25,001 - \$350,000 must follow bank's policy & procedure for loans of similar size, but must take lien on fixed assets.
- ❖ Loans greater than \$350,000 must be fully secured. If not fully secured a lien on personal R/E owned by principals is required.

- ❖ Fully secured
  - ❖ New equipment – 75% of NBV or 80% of liquidation appraisal
  - ❖ Used equipment – 50% of NBV or 80% of liquidation appraisal
  - ❖ Real Estate – 85% of the value, must meet bank's appraisal standards

- ❖ Fully secured (cont)
  - ❖ Inventory & Accounts – 10% of the NBV
  - ❖ Personal Residence – not required if equity is less than 25%
- ❖ Must justify principals personal liquidity
- ❖ Credit elsewhere increased scrutiny

- ❖ Startup loans must have a minimum 10% equity injection of total project cost
- ❖ Business acquisitions are considered startups and must meet 10% equity requirement
- ❖ Seller carry debt must be on standby for the life of the SBA loan to qualify as equity.
- ❖ Seller standby debt cannot exceed owner's injection

## **SBA Export Working Capital Program**

The purpose of the SBA-EWCP RLOC program is to support short-term working capital needs related to the conversion of export trading assets to cash.

***Use of Proceeds*** - EWCP loan proceeds may be used for the following:

- To acquire inventory for export or to be used to manufacture goods for export.
- To pay the manufacturing costs of goods for export.
- To purchase goods or services for export.
- To support Standby Letters of Credit related to export transactions.
- For working capital directly related to export orders.
- For foreign accounts receivable and inventory financing.
- To support indirect export.

The SBA Export Working Capital Program has three variations.

- Single Transaction Specific Loan – Non revolving Single Transaction
- Transaction Based – Revolving Line of Credit – Revolving and can support multiple transactions during the loan term.
- Asset Based Loans – Revolving line supported by a monthly borrowing base.

Advances on the RLOC are monitored by a borrowing base allowing the following advance rates under the SBA Export Working Capital Program.

- Up to 90% on purchase orders **(Traditional Bank Advance Rate – 0%)**
- Up to 90% on Letters of Credit **(Traditional Bank Advance Rate – Varies)**
- Up to 90% on Eligible Foreign Accounts Receivable **(Traditional Bank Advance Rate – 0%)**
- Up to 75% on Eligible Foreign Inventory located within the United States. (Includes Raw Materials, WIP, and Finished Goods. **(Traditional Bank Advance Rate of 50% on Finished Goods Only)**)

## Advantages of EWCP – Access Additional Working Capital

			<b>SBA - EWCP Advance Rate</b>	<b>Bank Advance Rate</b>
<b>Purchase Order</b>				
	Foreign Purchase Order	\$ 250,000.00	90%	0%
	<b>Net PO Financing</b>		\$ 225,000	\$ -
<b>Accounts Receivable</b>				
	Foreign Accounts Receivable	\$ 500,000.00	90%	0%
	<b>Net Accounts Receivable Financing</b>		\$ 450,000	\$ -
<b>Inventory</b>				
	WIP	\$ 200,000.00	75%	0%
	Raw Materials	\$ 150,000.00	75%	0%
	Finished Goods	\$ 200,000.00	75%	50%
	<b>Net Inventory Financing</b>	\$ <b>550,000.00</b>	\$ 412,500	\$ 100,000
<b>Total Collateral Value (Borrowing Base)</b>		\$ <b>1,300,000.00</b>	\$ 1,087,500	\$ 100,000
<b>Difference With EWCP vs Traditional Bank Financing</b>		\$ <b>987,500</b>		



## **Export-Import Bank of the United States**

**BancFirst maintains a delegated authority Working Capital Guarantee Program with U.S. Ex-Im Bank**

**Loans:**

BancFirst provides a loan to purchase raw materials and labor, and fund overhead costs incurred to fulfill export sales orders. EXIM provides a 90% guarantee to BancFirst.

**Credit Insurance:**

U.S. Ex-Im Express Insurance (ranging from 90%-100%) that covers export sales for both commercial and political risk at cost effective rates for shipments with terms up to 180 days

Both U.S. Ex-Im products above subject to Ex-Im's current Country Limitation Schedule

## EXIM – Credit Insurance Example

Account Receivable and Inventory Certificate -Traditional Bank Structure		
Traditional BB based on Domestic AR only)		
<b>Accounts Receivable</b>		
Domestic Accounts Receivable	\$	5,200,000.00
Foreign Accounts Receivable	\$	12,500,000.00
Less: Ineligible Foreign Receivables	\$	(12,500,000.00)
Less: > 90 Days	\$	(325,000.00)
Net Accounts Receivable	\$	4,875,000.00
Advance Rate		80%
<b>Net Accounts Receivable</b>	<b>\$</b>	<b>3,900,000.00</b>
<b>Total Eligible Accounts Receivable</b>	<b>\$</b>	<b>3,900,000.00</b>
<b>Inventory</b>		
Inventory	\$	4,500,000.00
Advance Rate		50%
<b>Net Premium Finished Goods</b>	<b>\$</b>	<b>2,250,000.00</b>
<b>Total Eligible Inventory (Capped at 50% of total)</b>	<b>\$</b>	<b>2,250,000.00</b>
<b>Total Collateral Value (Borrowing Base)</b>	<b>\$</b>	<b>6,150,000.00</b>



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Account Receivable and Inventory Certificate - Proposed Structure (Proposed BB including advance rate for insured foreign receivables)		
<b>Accounts Receivable</b>		
Accounts Receivable	\$	5,200,000.00
Less: > 90 Days	\$	(325,000.00)
<b>Net Accounts Receivable</b>	\$	<b>4,875,000.00</b>
Advance Rate		80%
<b>Net Accounts Receivable</b>	\$	<b>3,900,000.00</b>
<b>Total Eligible Accounts Receivable</b>	\$	<b>3,900,000.00</b>
<b>Inventory</b>		
Inventory	\$	4,500,000.00
Advance Rate		50%
<b>Net Premium Finished Goods</b>	\$	<b>2,250,000.00</b>
<b>Total Eligible Inventory (Capped at 50% of total)</b>	\$	<b>2,250,000.00</b>
<b>Insured Foreign Accounts Receivable</b>		
Foreign Accounts Receivable - Insured	\$	12,500,000.00
Less: > 180 Days	\$	-
<b>Net Accounts Receivable</b>	\$	<b>12,500,000.00</b>
Advance Rate		90%
<b>Net Accounts Receivable</b>	\$	<b>11,250,000.00</b>
<b>Total Eligible Foreign Accounts Receivable</b>	\$	<b>11,250,000.00</b>
<b>Total Collateral Value (Borrowing Base)</b>	\$	<b>17,400,000.00</b>
<b>Traditional Borrowing Base Value</b>	\$	<b>6,150,000.00</b>
<b>Difference</b>	\$	<b>11,250,000.00</b>



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