

Financial Results
Fourth Quarter 2023



Forward-Looking Statements & Non-GAAP Financial Measures

This presentation contains forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, including statements with respect to the financial condition, results of operations, trends in lending policies and loan programs, plans and prospective business partnerships, objectives, future performance and business of the Company. Forward-looking statements are generally identifiable by the use of words such as “believe,” “continue,” “could,” “decline,” “estimate,” “expect,” “grow,” “growth,” “improve,” “increase,” “may,” “pending,” “plan,” “position,” “preliminary,” “remain,” “rising,” “should,” “slow,” “strategy,” “well-positioned,” or other similar expressions. Forward-looking statements are not a guarantee of future performance or results, are based on information available at the time the statements are made and involve known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from the information in the forward-looking statements. Such statements are subject to certain risks and uncertainties including: our business and operations and the business and operations of our vendors and customers; general economic conditions, whether national or regional, and conditions in the lending markets in which we participate may have an adverse effect on the demand for our loans and other products; our credit quality and related levels of nonperforming assets and loan losses, and the value and salability of the real estate that is the collateral for our loans. Other factors that may cause such differences include: failures or breaches of or interruptions in the communications and information systems on which we rely to conduct our business; failure of our plans to grow our commercial and industrial, construction, SBA, and franchise finance loan portfolios; competition with national, regional and community financial institutions; the loss of any key members of senior management; the impacts of inflation and rising interest rates on the general economy; risks relating to the regulation of financial institutions; and other factors identified in reports we file with the U.S. Securities and Exchange Commission. All statements in this presentation, including forward-looking statements, speak only as of the date they are made, and the Company undertakes no obligation to update any statement in light of new information or future events.

This presentation contains financial information determined by methods other than in accordance with U.S. generally accepted accounting principles (“GAAP”). Non-GAAP financial measures, specifically tangible common equity, tangible assets, tangible book value per common share, tangible common equity to tangible assets, total interest income – FTE, net interest income – FTE, net interest margin – FTE, adjusted noninterest income, adjusted noninterest expense, adjusted noninterest expense to average assets, adjusted income before income taxes, adjusted income tax provision (benefit), adjusted net income, adjusted diluted earnings per share, adjusted tangible common equity, adjusted tangible assets and adjusted tangible common equity to adjusted tangible assets are used by the Company’s management to measure the strength of its capital and analyze profitability, including its ability to generate earnings on tangible capital invested by its shareholders. Although management believes these non-GAAP measures are useful to investors by providing a greater understanding of its business, they should not be considered a substitute for financial measures determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other companies. Reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures are included in the table at the end of this presentation under the caption “Reconciliation of Non-GAAP Financial Measures.”



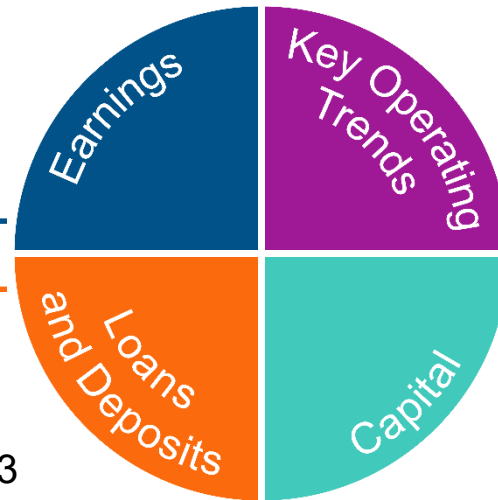
Fourth Quarter 2023 Highlights

- Net income of \$4.1 million
- Diluted earnings per share of \$0.48
- Total revenue increased to \$27.2 million
- Noninterest expense to average assets of 1.54%
- Tangible book value per share increased 4.7% to \$41.43

- Net interest margin of 1.58% and FTE net interest margin of 1.68%¹, both improving by 19 bps from 3Q23
- Pace of increase in deposit costs slowed to lowest point in past six quarters
 - Record SBA GOS revenue of \$6.0 million
 - NPAs to total assets of 0.20%
 - Office CRE less than 1% of total loans

- Total portfolio loan balances increased 2.8% from 3Q23
- Total deposits were relatively stable with 3Q23
- Continued optimization of loan portfolio
- Weighted average yield on new loans funded in 4Q23 was 8.85%

- Capital position remains solid
- TCE / TA of 6.94%¹; CET1 ratio of 9.60%
- Excluding AOCI and adjusting for normalized cash balances, adjusted TCE / TA was 7.66%¹
- Repurchased 40,000 common shares at an average price of \$18.78 under authorized repurchase program



¹ See Reconciliation of Non-GAAP Financial Measures in the Appendix



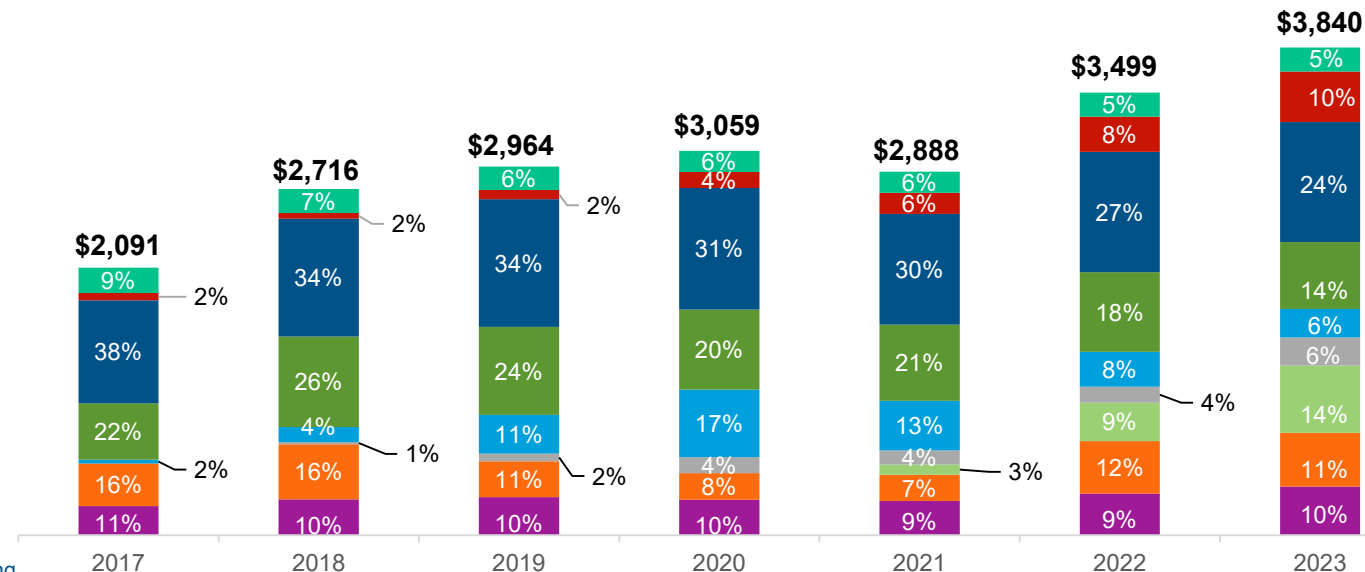
Loan Portfolio Overview

- Total portfolio loan balances increased 2.8% from 3Q23
- Commercial loan balances increased \$97.7 million, or 3.4%, compared to 3Q23
- Consumer loan balances increased \$10.4 million, or 1.3%, compared to 3Q23
- 4Q23 funded portfolio loan origination yields were 8.85%, relatively stable with 3Q23 and up 278 bps from 4Q22
- Office exposure continues to be less than 1% of total loan balances and is limited to suburban and medical

Loan Portfolio Mix¹

Dollars in millions

- Commercial and Industrial²
- Construction and Investor CRE
- Single Tenant Lease Financing
- Public Finance
- Healthcare Finance
- Small Business Lending
- Franchise Finance
- Residential Mortgage/HE/HELOCs
- Consumer



1 Percentages may not add up to 100% due to rounding

2 Includes commercial and industrial and owner-occupied commercial real estate balances

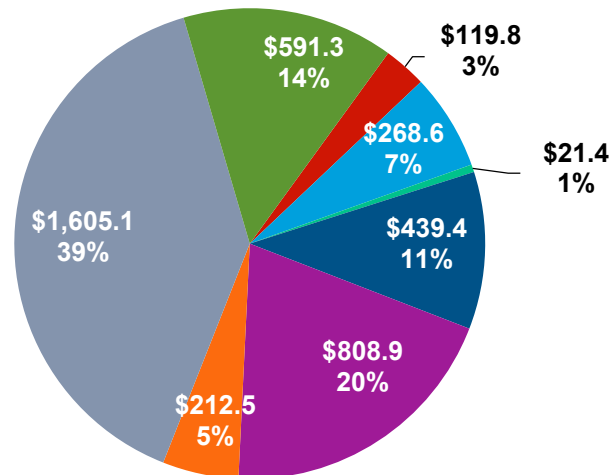


Deposit Composition

- Total deposits declined slightly by \$16.5 million, or 0.4%, from 3Q23 and are up 18.2% from 4Q22
- Diversified deposit base comprised of a combination of consumer, small business, commercial and public funds
- Deposit base is further diversified by product type among checking, money market/savings and CDs
- Deposit composition was relatively consistent with 3Q23; used liquidity to pay down higher cost brokered deposits

Total Deposits - \$4.1B as of 12/31/23

Dollars in millions



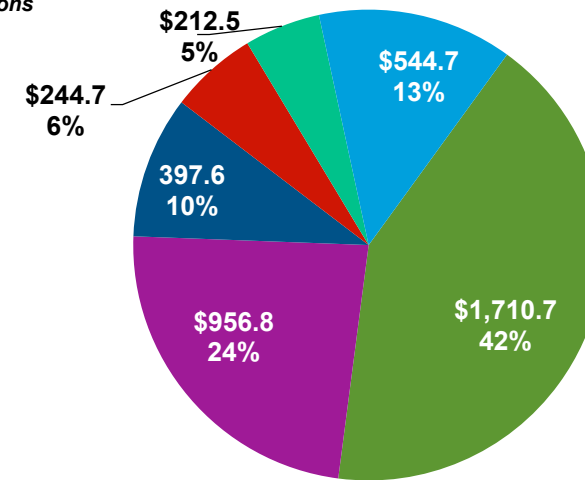
- Noninterest-bearing deposits
- Savings accounts
- Money market - SMB/Commercial
- Certificates of deposits
- Interest-bearing demand deposits
- Money market - Consumer
- BaaS deposits
- Brokered deposits

1 Money market – SMB/Commercial includes small business, commercial, CRE and public funds

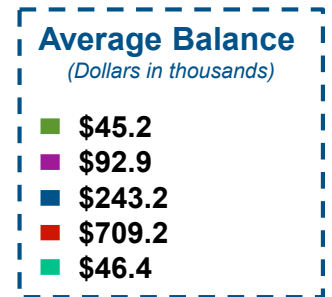
2 Public funds includes \$46.6 million of deposits that are classified as brokered for regulatory purposes

Deposits by Customer Type - 12/31/23

Dollars in millions

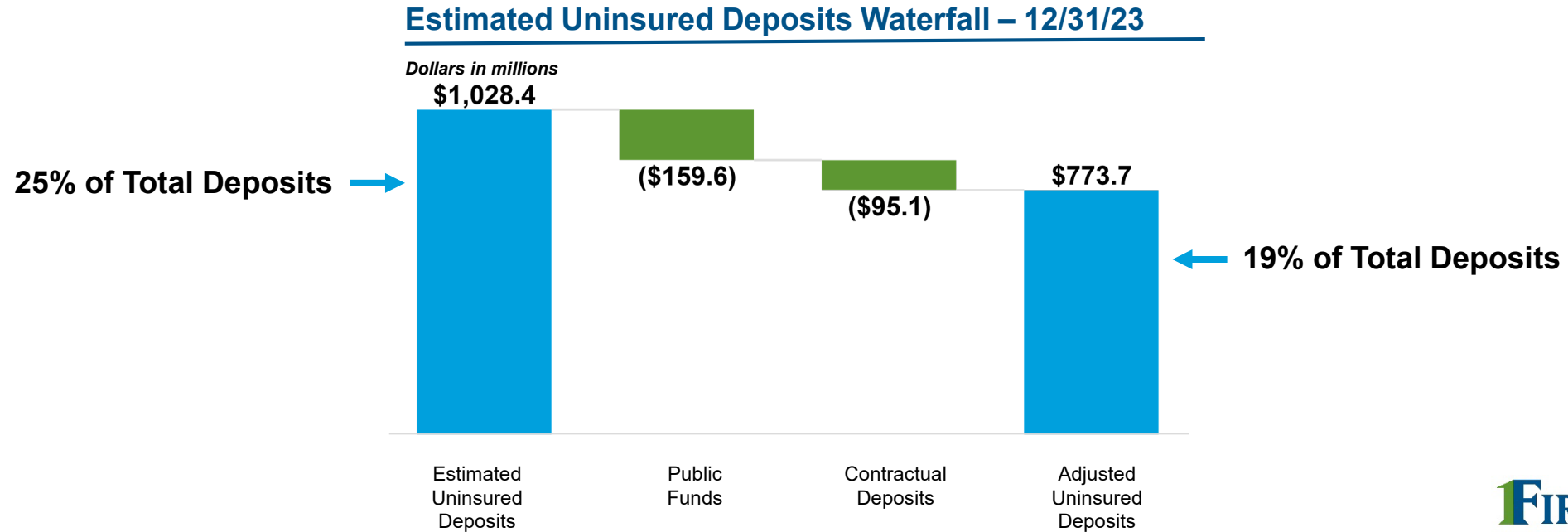


- Consumer
- Small Business
- Commercial
- Public Funds
- BaaS
- Brokered



Uninsured Deposit Balances

- Estimated uninsured deposit balances represent 25% of total deposits, up from 23% in 3Q23
- Uninsured balances include Indiana-based Public Funds which are insured by the Indiana Board for Depositories and neither require collateral nor are reported as “Preferred Deposits” on the Bank’s call report
- Uninsured balances also include certain large balance accounts under contractual deposit agreements that only allow withdrawal under certain conditions

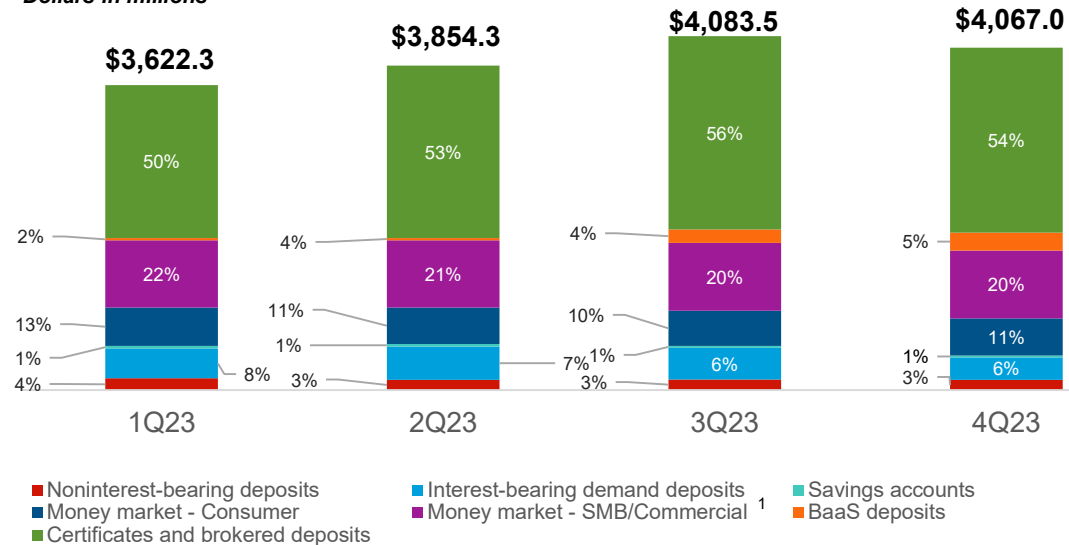


Liquidity and 4Q23 Deposit Update

- Cash and unused borrowing capacity totaled \$1.6 billion at year end
 - Cash balances down \$115 million since 3Q23
 - Currently represents 156% of total uninsured deposits and 208% of adjusted uninsured deposits
- Liquidity built in prior quarters deployed to fund loan growth and brokered deposit maturities
- Loans to deposits ratio increased to 94.4%

Total Deposits by Quarter

Dollars in millions



¹ Money market – SMB/Commercial includes small business, commercial, CRE and public funds

Cost of Funds by Deposit Type

	4Q23	3Q23	2Q23	1Q23
Interest-bearing demand deposits	1.71%	2.18%	1.68%	1.09%
Savings accounts	0.85%	0.85%	0.86%	0.86%
Money market accounts	4.12%	4.04%	3.88%	3.62%
BaaS – brokered deposits	4.38%	4.33%	4.03%	3.80%
Certificates of deposits	4.55%	4.37%	3.84%	3.12%
Brokered deposits	4.70%	4.74%	4.47%	3.93%
Total interest-bearing deposits	4.14%	4.09%	3.75%	3.24%

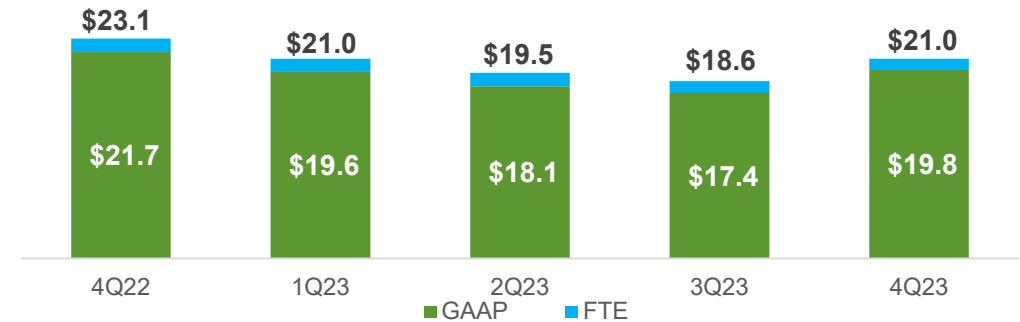


Net Interest Income and Net Interest Margin

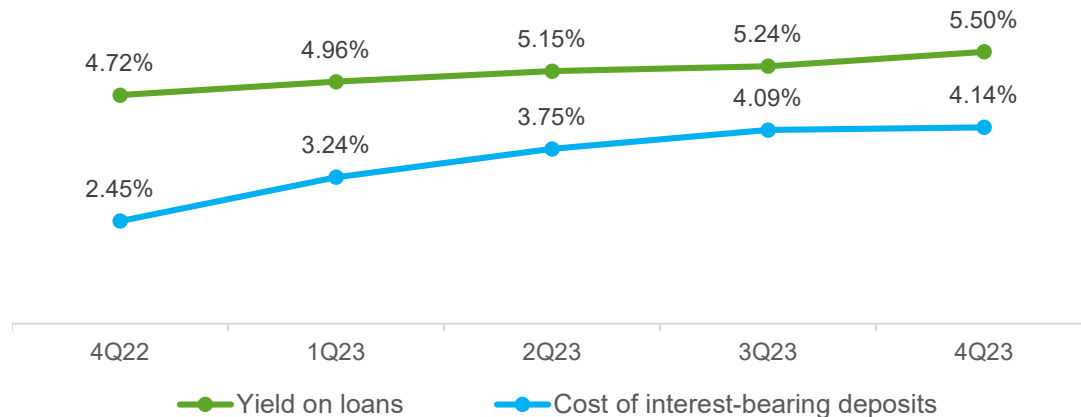
- Net interest income on a GAAP and FTE basis were up 14.0% and 12.9%, respectively, from 3Q23
- Improved loan mix and higher yields were partially offset by slightly higher funding costs
- Total loan portfolio yield impacted by loan beta lag effect on fixed rate portfolios
- Pace of increase in deposit costs slowest in past six quarters

Net Interest Income – GAAP and FTE¹

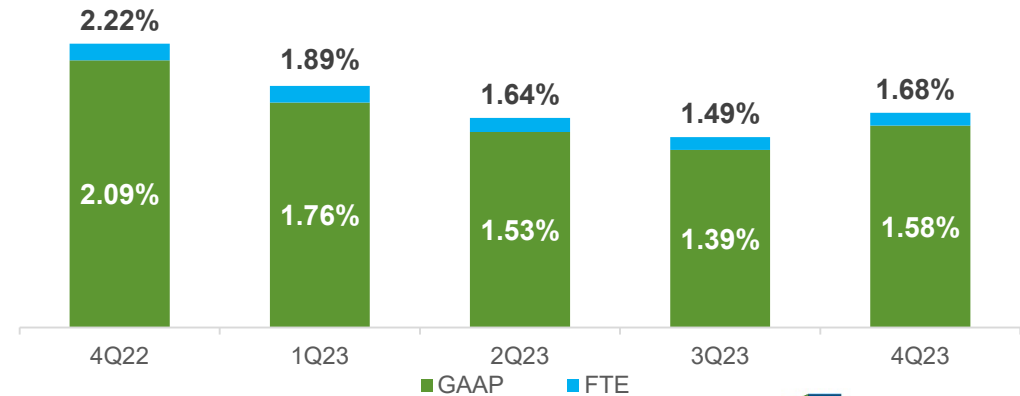
Dollars in millions



Yield on Loans and Cost of Interest-Bearing Deposits



Net Interest Margin – GAAP and FTE¹



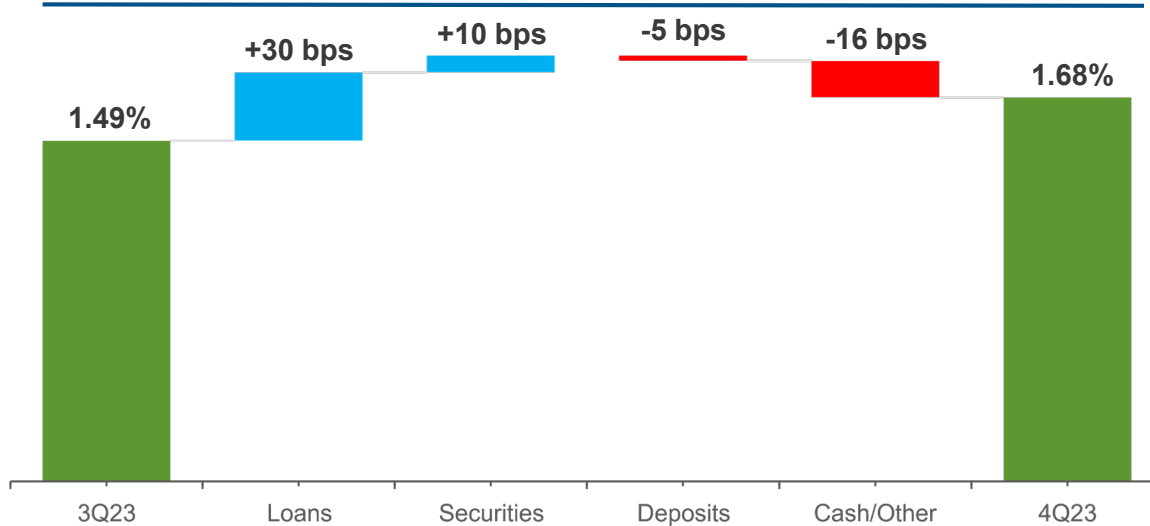
¹ See Reconciliation of Non-GAAP Financial Measures in the Appendix



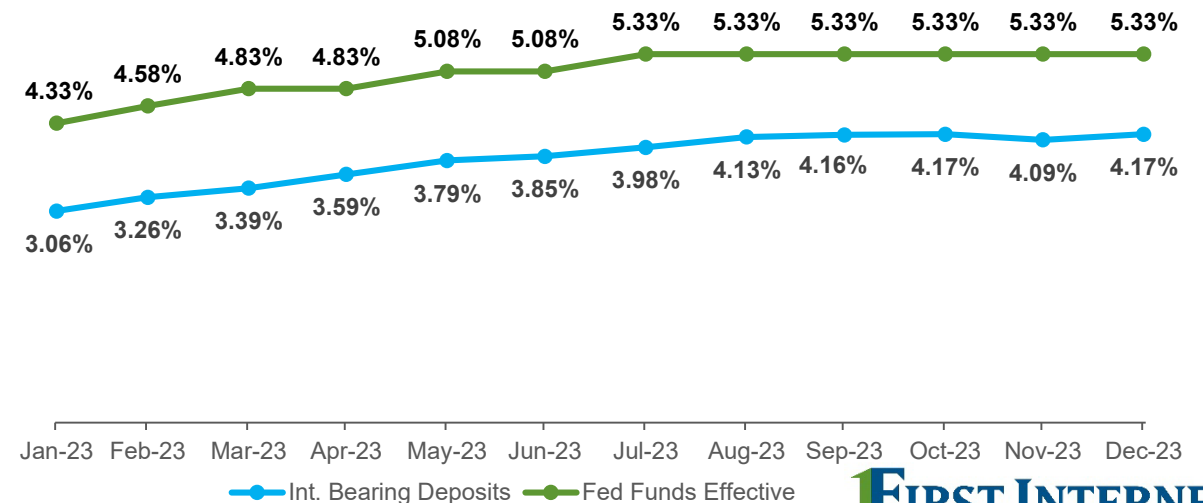
Net Interest Margin Drivers

- Linked-quarter FTE NIM¹ increased 19 bps due to higher earning asset yields, offset by slightly higher deposit costs
 - Weighted average yield of 8.85% on funded portfolio originations during 4Q23
 - Securities and other earning assets yields increased 40 and 27 bps, respectively, from 3Q23
- Deposit costs increased only 5 bps from 3Q23 to 4.14% for 4Q23
 - Deposit balances relatively stable with 3Q23
 - Money market and other non-maturity deposit pricing was stable during 4Q23
 - Weighted average cost of new CDs in 4Q23 was 4.97% vs. cost of maturing CDs of 4.34%, reflecting the narrowing repricing gap

Net Interest Margin – FTE¹ Linked-Quarter Change



Monthly Rate Paid on Int. Bearing Deposits vs. Fed Funds



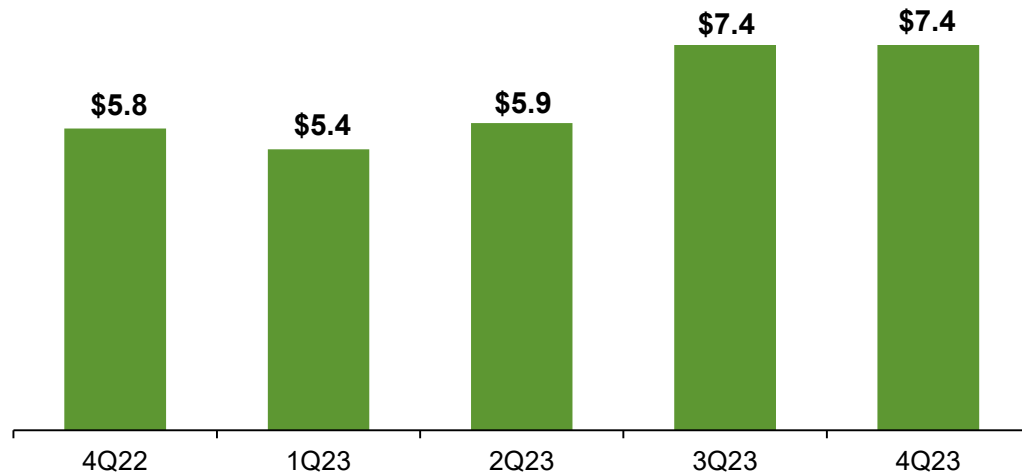
¹ See Reconciliation of Non-GAAP Financial Measures in the Appendix

Noninterest Income

- Noninterest income of \$7.4 million, consistent with 3Q23
- Gain on sale of loans of \$6.0 million, up 8.2%, compared to \$5.6 million in 3Q23
 - SBA loan sale volume increased 11.6% compared to 3Q23
 - Net gain on sale premiums increased by 11 bps from 3Q23
- Gain on sale of loans was offset by lower loan servicing revenue, net of loan servicing asset revaluation

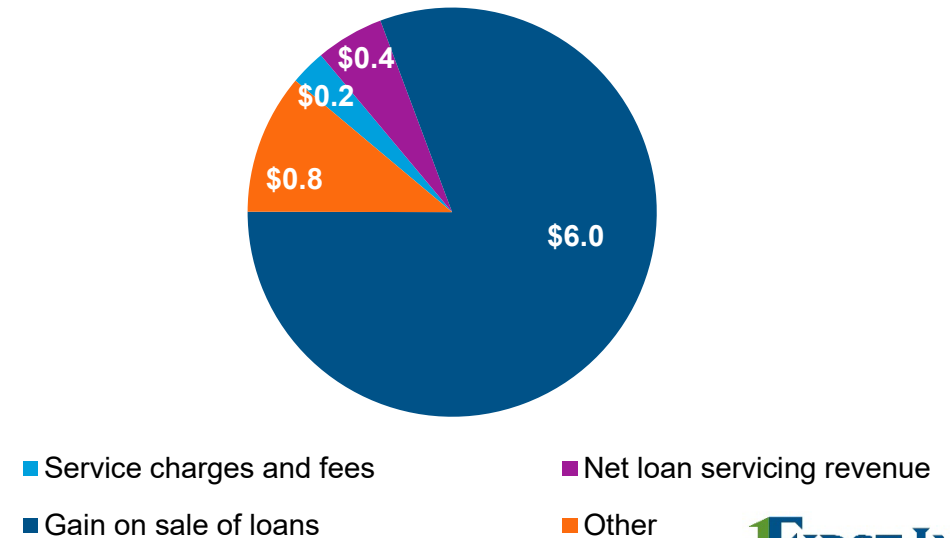
Noninterest Income by Quarter

Dollars in millions



Noninterest Income by Type

Dollars in millions

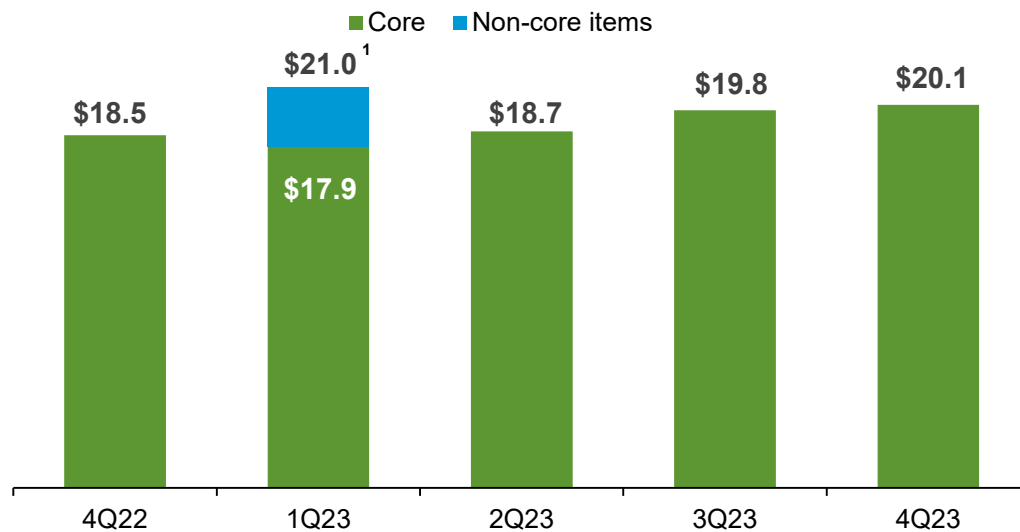


Noninterest Expense

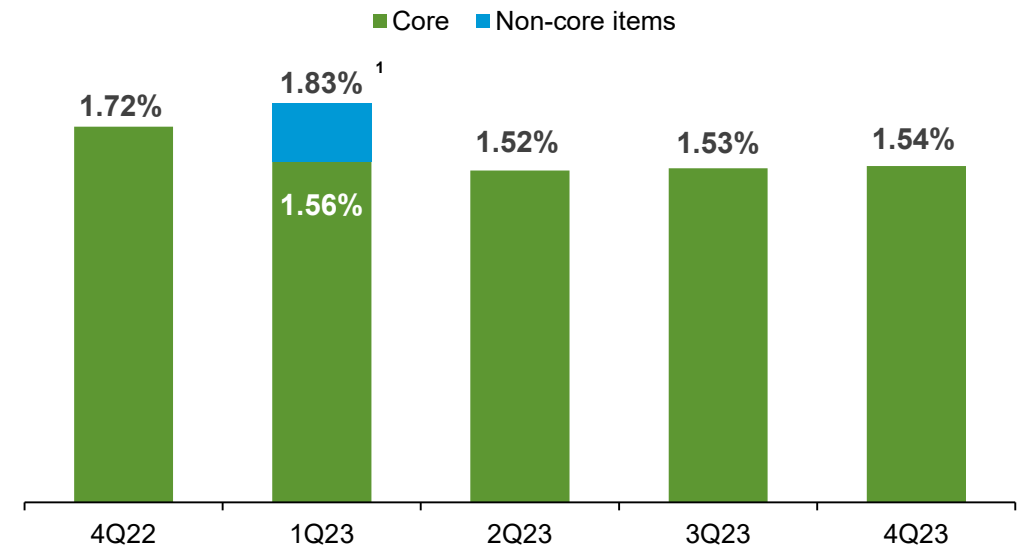
- Noninterest expense of \$20.1 million, compared to \$19.8 million in 3Q23
- Higher premises and equipment, consulting and professional fees and deposit insurance premium
- Partially offset by lower salaries and employee benefits and data processing expenses
- Lower noninterest expense to average assets reflects the cost savings from exiting the mortgage business in 1Q23

Noninterest Expense by Quarter

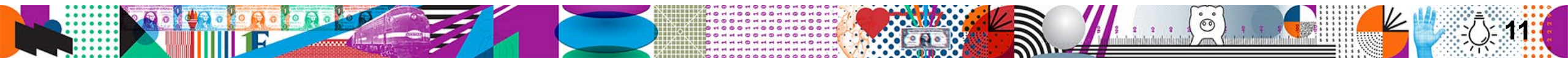
Dollars in millions



Noninterest Expense to Average Assets



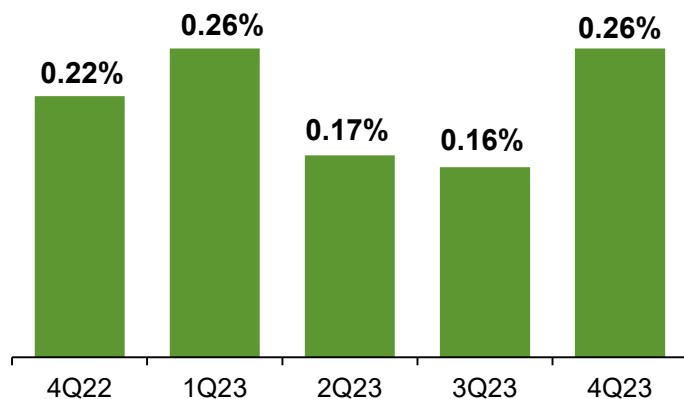
¹ 1Q23 noninterest expense includes \$3.1 million of mortgage operations and exit costs; see Reconciliation of Non-GAAP Financial Measures in the Appendix



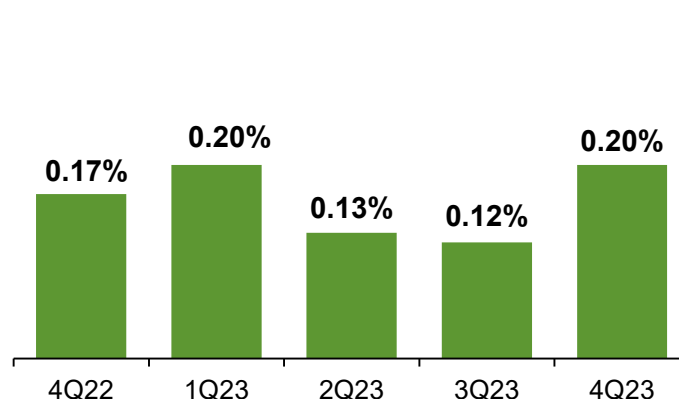
Asset Quality

- Allowance for credit losses to total loans of 1.01% in 4Q23, up 3 bps from 3Q23
- Quarterly provision for credit losses was \$3.6 million, compared to \$1.9 million in 3Q23
- Net charge-offs to average loans of 0.12%, compared to 0.16% in 3Q23
- Nonperforming loans to total loans increased to 0.26% from 0.16% in 3Q23
- Delinquencies 30 days or more past due of 0.31%, compared to 0.22% in 3Q23

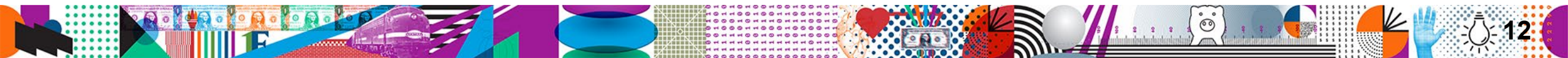
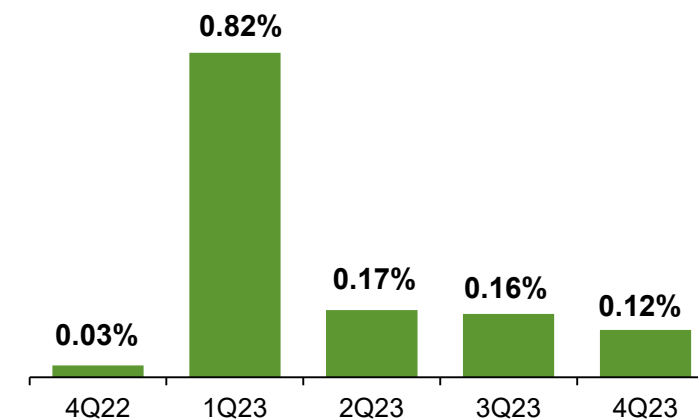
NPLs to Total Loans



NPAs to Total Assets



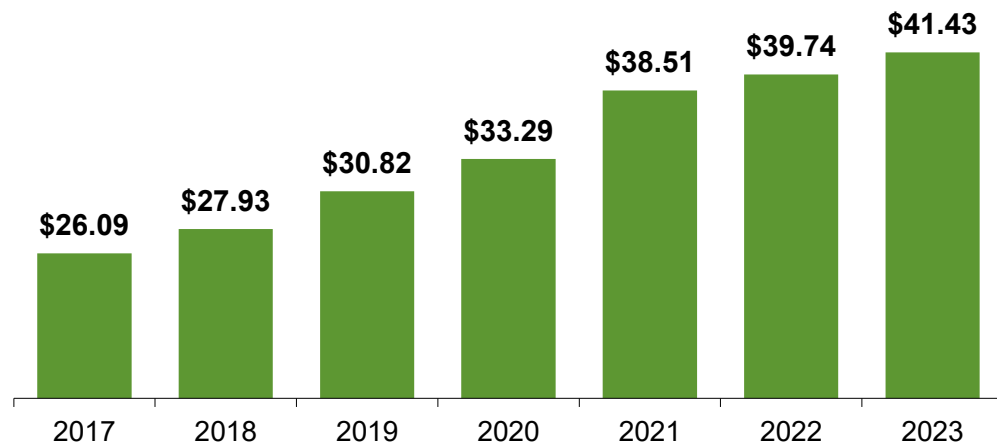
Net Charge-Offs to Avg. Loans



Capital

- Tangible common equity to tangible assets increased 30 bps to 6.94%¹ from 3Q23
- Tangible book value per share of \$41.43¹, up 4.7% from 3Q23
- Repurchased 40,000 shares at an average price per share of \$18.78 during 4Q23
- Since 4Q21, 1.4 million shares have been purchased at an average price per share of \$29.51

Tangible Book Value Per Share¹



Regulatory Capital Ratios – December 31, 2023²

	Company	Bank
Total shareholders' equity to assets	7.02%	8.62%
Tangible common equity to tangible assets ¹	6.94%	8.54%
Tier 1 leverage ratio	7.33%	8.95%
Common equity tier 1 capital ratio	9.60%	11.73%
Tier 1 capital ratio	9.60%	11.73%
Total risk-based capital ratio	13.23%	12.73%

¹ See Reconciliation of Non-GAAP Financial Measures in the Appendix

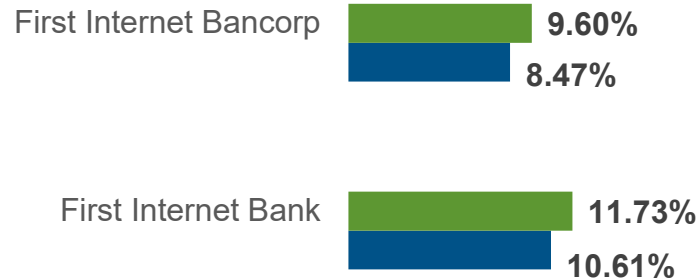
² Regulatory capital ratios are preliminary pending filing of the Company's and Bank's regulatory reports

Pro Forma Capital Impact of Unrealized Securities Losses

- Limited deployment of excess liquidity into the securities portfolio during the low-rate environment in 2020 and 2021
- Over 67% of securities are classified as available-for-sale and reported on the balance sheet at market value
- Capital ratios at both the holding company and bank, adjusted for **all** unrealized securities losses, remain well above regulatory minimum requirements
- Total after-tax unrealized securities losses represent 12.4% of tangible equity

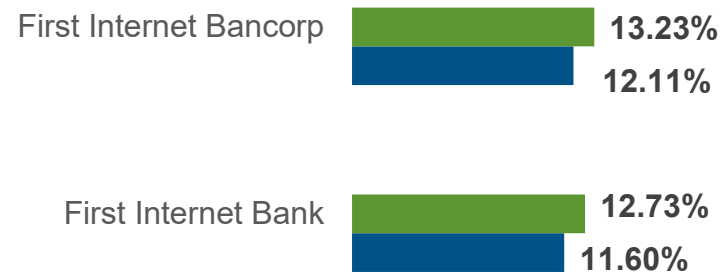
Common Equity Tier 1 Capital Ratios ¹

As of 12/31/23



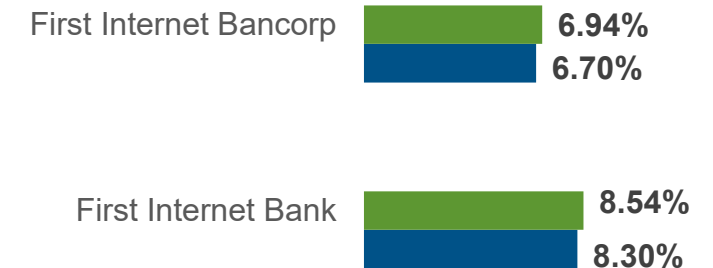
Total Capital Ratios ¹

As of 12/31/23



Tangible Common Equity / Tangible Assets

As of 12/31/23



Minimum Capital Required 7.00%

Minimum Capital Required 10.50%

Basel III Reported Adjusted ²

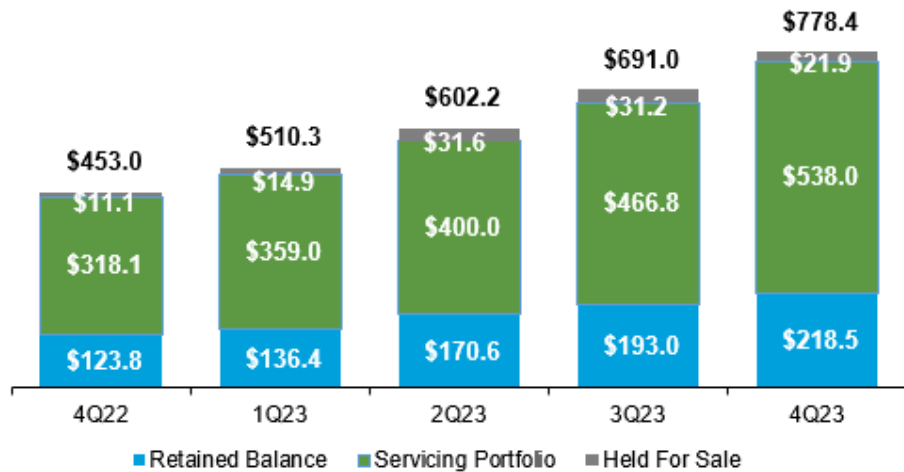
¹ Regulatory capital ratios are preliminary pending filing of the Company's and Bank's regulatory reports

² Adjusted for unrealized losses, after tax

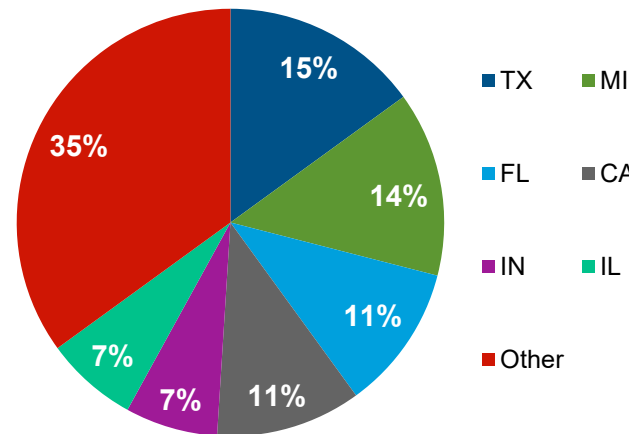
Small Business Lending

- \$218.5 million in balances as of December 31, 2023
- Nationwide platform providing growth capital to entrepreneurs and small business owners
- Full year 2023 originations up 139% over 2022
- 9th largest Small Business Administration 7(a) lender for the SBA's 2023 fiscal year
- Top 10 lender year-to-date for the SBA's 2024 fiscal year

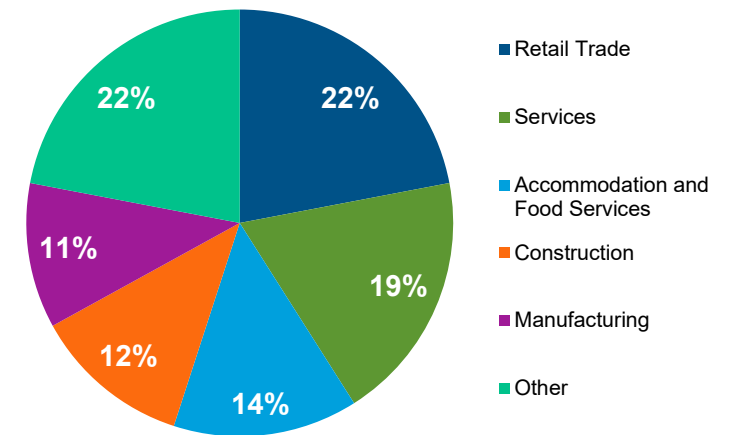
Managed SBA 7(a) Loans



Portfolio Mix by State



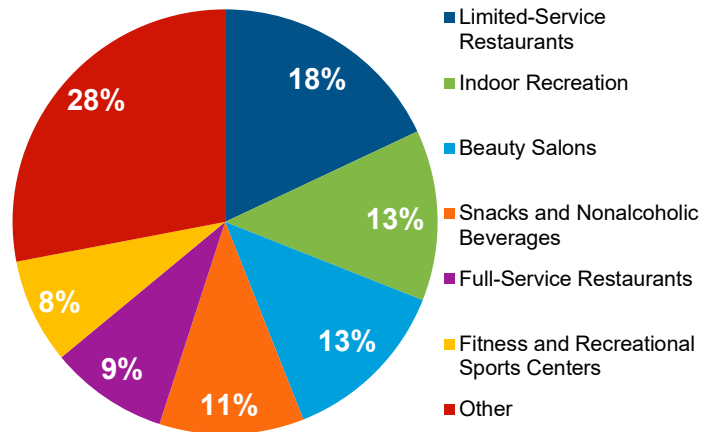
Portfolio Mix by Major Industry



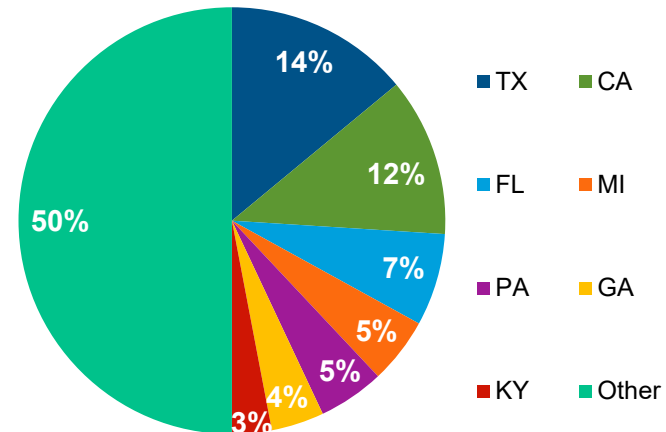
Franchise Finance

- \$525.8 million balances as of December 31, 2023
- Focused on providing growth financing to franchisees in a variety of industry segments
- Strong historical credit performance to date
- Average loan size of \$0.9 million

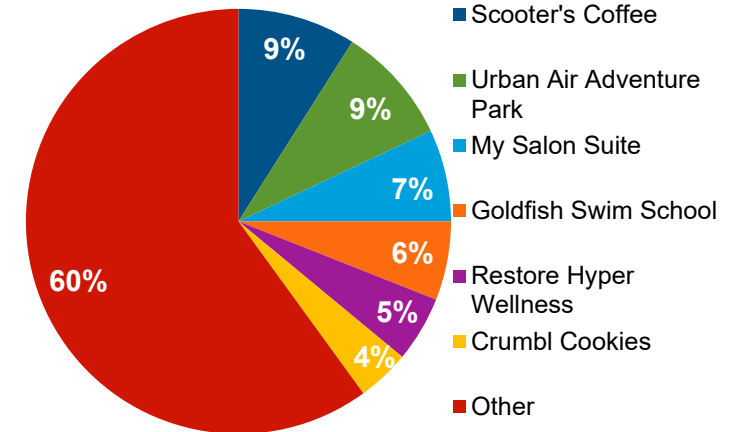
Portfolio Mix by Borrower Use



Portfolio Mix by State



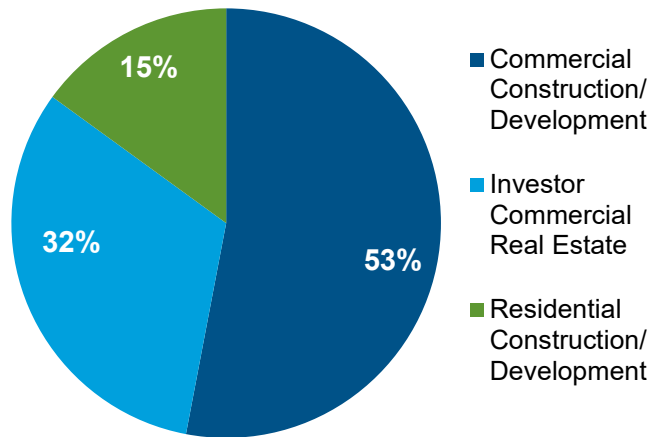
Portfolio Mix by Brand



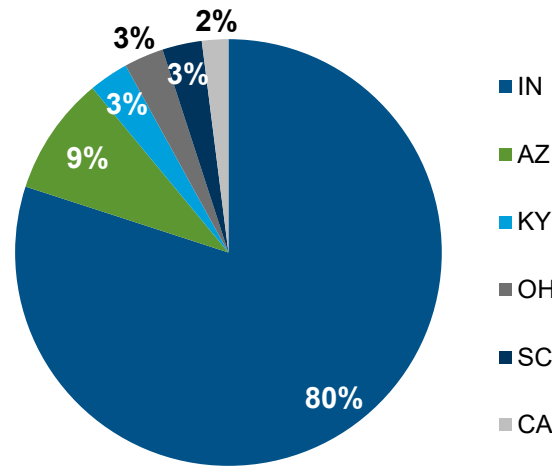
Construction and Investor Commercial Real Estate

- \$393.8 million in combined balances as of December 31, 2023
- Average current loan balance of \$5.5 million for investor CRE
- Average commitment sizes for construction
 - Commercial construction/development: \$20.9 million
 - Residential construction/development: \$3.0 million
- 4Q23 unfunded commitments up from 3Q23
 - Commercial construction/development: \$498.8 million
 - Residential construction/development: \$41.0 million
- **Minimal office exposure; 2.1% of combined balances consisting of suburban and medical office space**

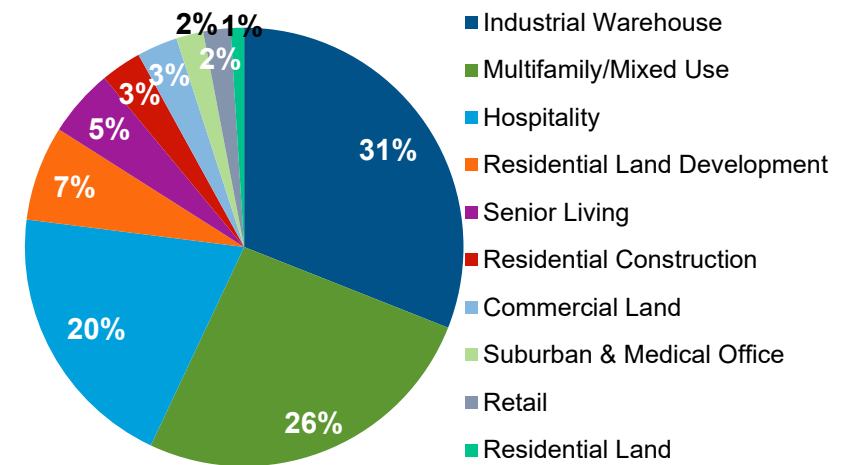
Portfolio by Loan Type



Portfolio Mix by State



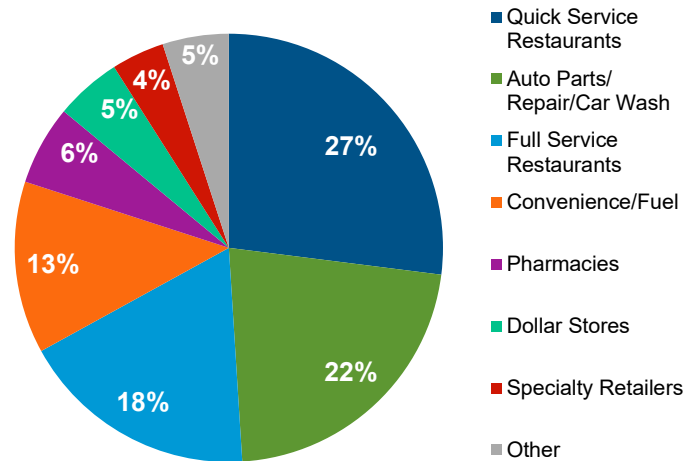
Portfolio Mix by Major Industry



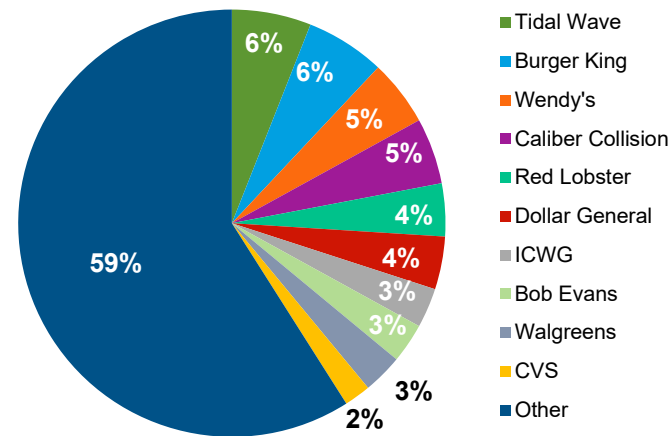
Single Tenant Lease Financing

- \$936.6 million in balances as of December 31, 2023
- Long-term financing of single tenant properties occupied by historically strong national and regional tenants
- Weighted-average portfolio LTV of 46%
- Average loan size of \$1.3 million
- Strong historical credit performance
- No delinquencies in this portfolio
- **Minimal office exposure; 1.3% of loan balances consisting of medical office space**

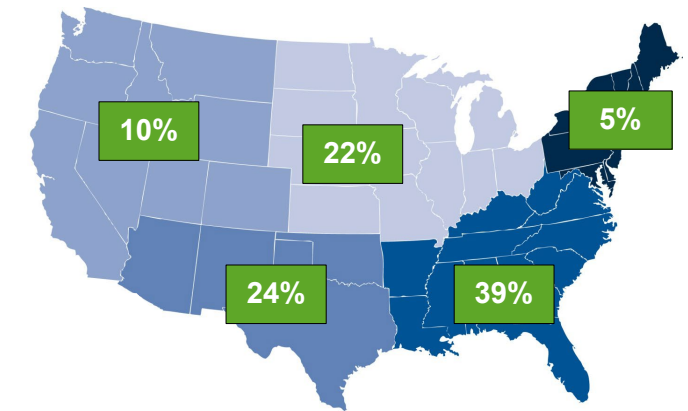
Portfolio Mix by Major Vertical



Portfolio Mix by Major Tenant



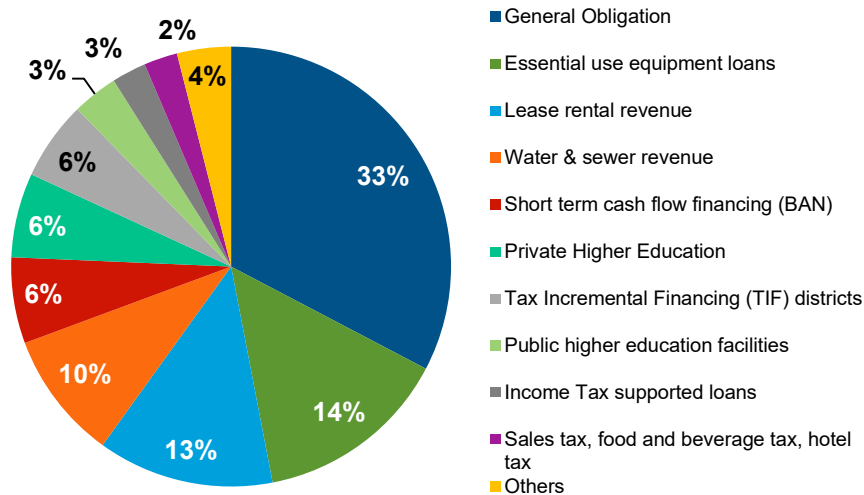
Portfolio Mix by Geography



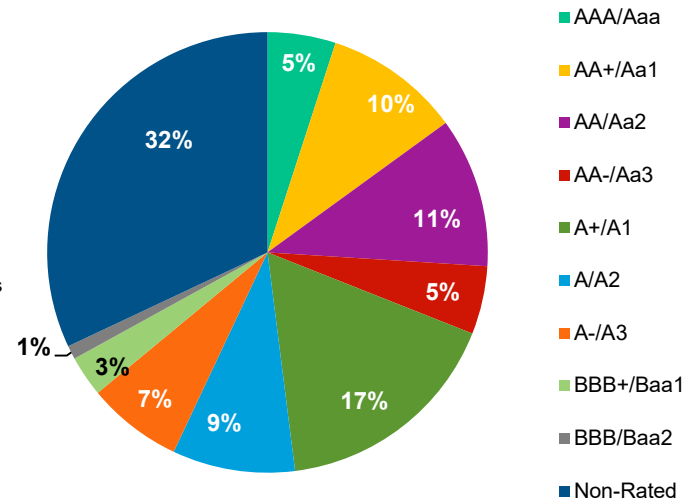
Public Finance

- \$521.8 million in balances as of December 31, 2023
- Provides a range of credit solutions for government and not-for-profit entities
- Borrowers' needs include short-term financing, debt refinancing, infrastructure improvements, economic development and equipment financing
- No delinquencies or losses since inception

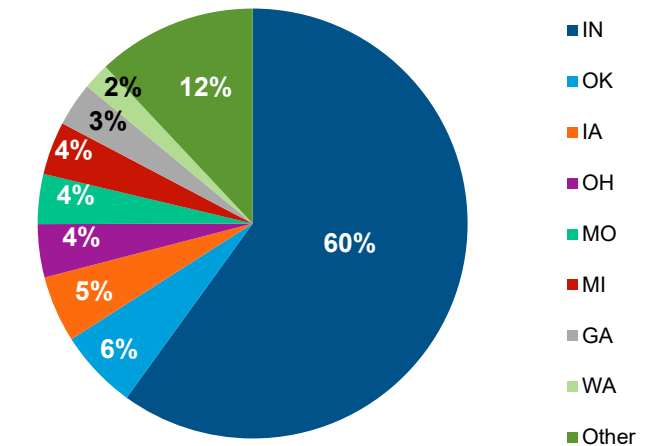
Portfolio Mix by Repayment Source



Borrower Mix by Credit Rating



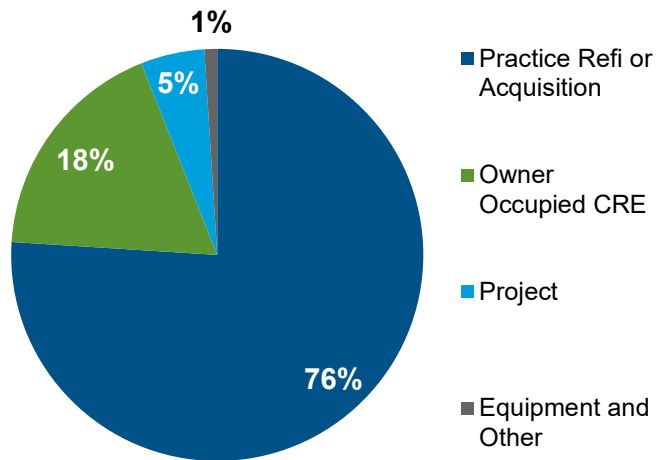
Portfolio Mix by State



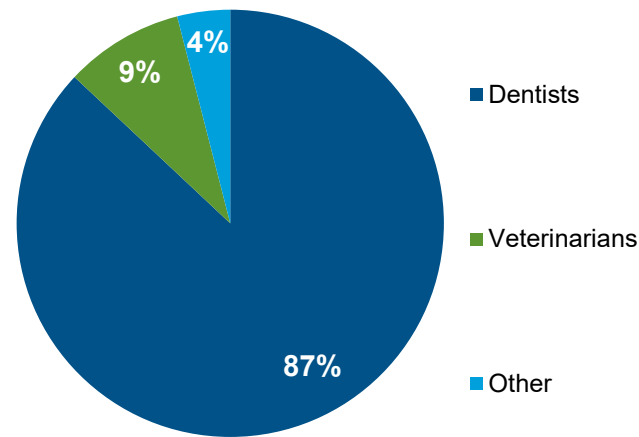
Healthcare Finance

- \$222.8 million in balances as of December 31, 2023
- Average loan size of \$459,000
- Strong historical credit performance to date
- No delinquencies in this portfolio

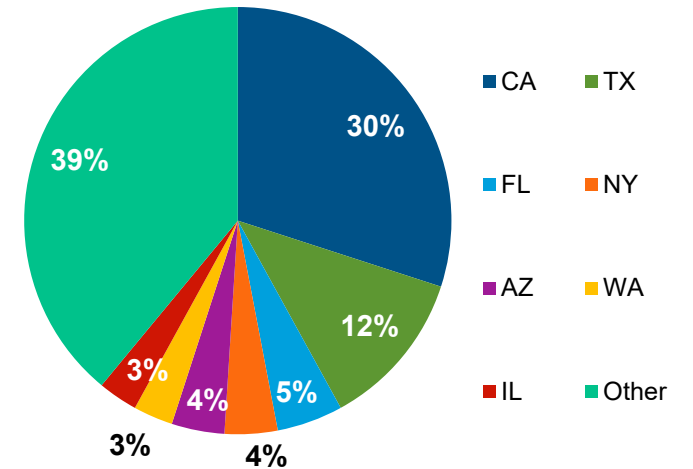
Portfolio Mix by Borrower Use



Portfolio Mix by Borrower



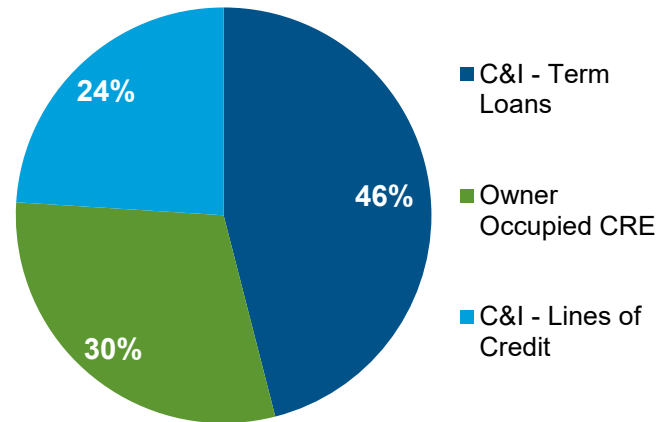
Portfolio Mix by State



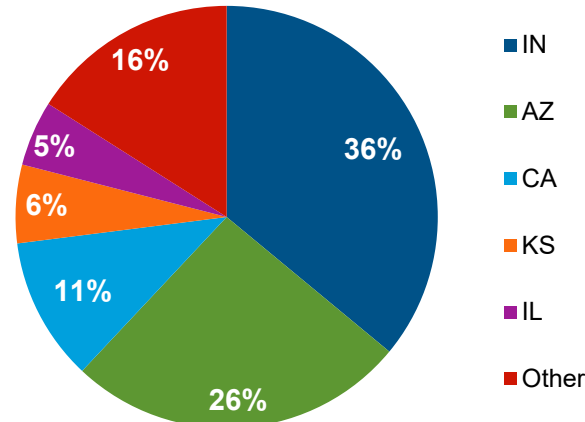
C&I and Owner-Occupied Commercial Real Estate

- \$186.6 million in combined balances as of December 31, 2023
- Current C&I LOC utilization of 45%
- Average loan sizes
 - C&I: \$768,000
 - Owner-occupied CRE: \$855,000
- **Minimal office exposure; 1.7% of combined loan balances consisting of suburban office space**

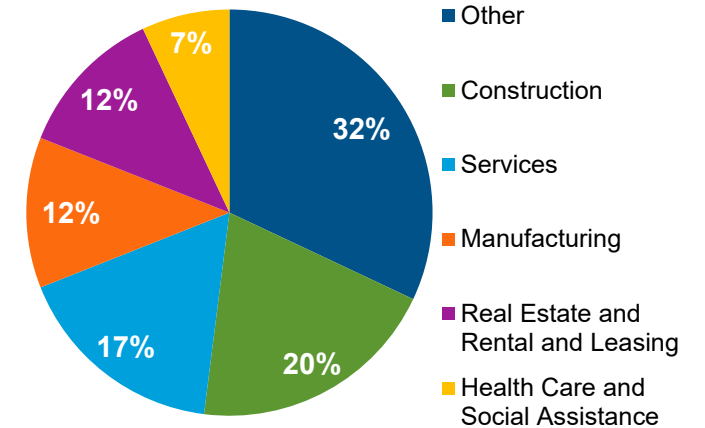
Portfolio by Loan Type



Portfolio Mix by State



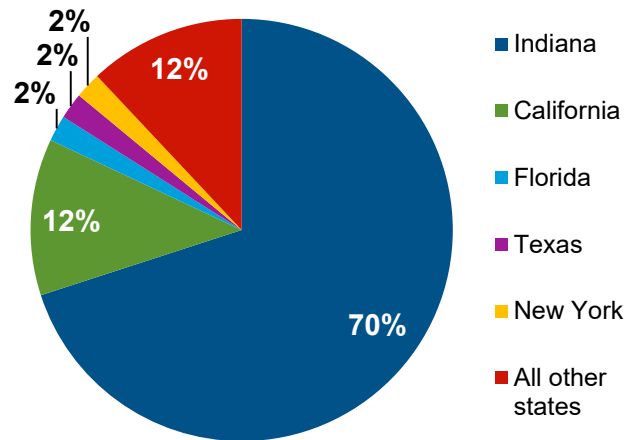
Portfolio Mix by Major Industry



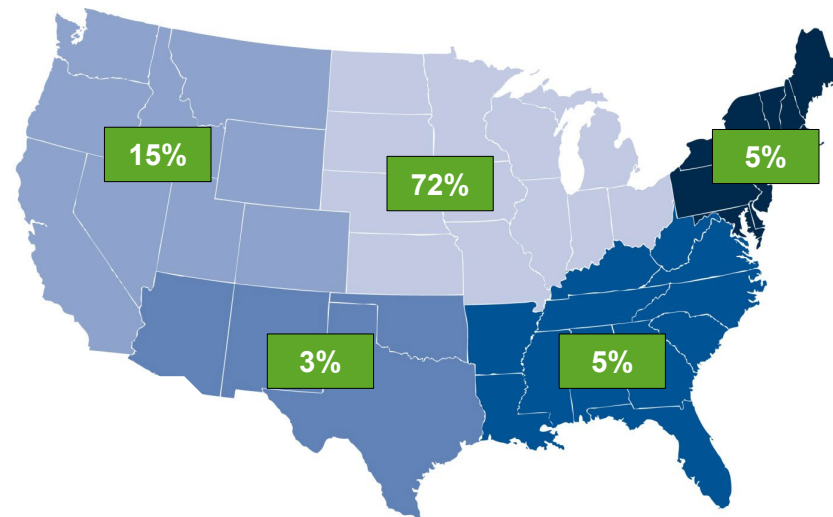
Residential Mortgage

- \$419.3 million in balances as of December 31, 2023 (includes home equity balances)
- Historically direct-to-consumer originations centrally located at corporate headquarters
- Focused on high quality borrowers
 - Average loan size of \$208,000
 - Average credit score at origination of 742
 - Average LTV at origination of 80%
- Strong historical credit performance

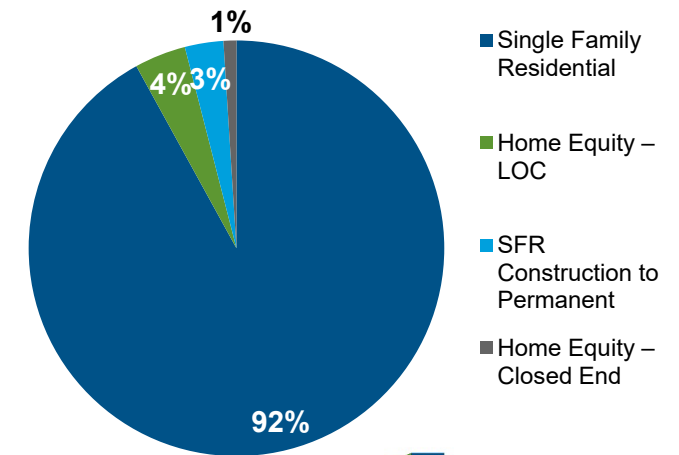
Concentration by State



National Portfolio with Midwest Concentration



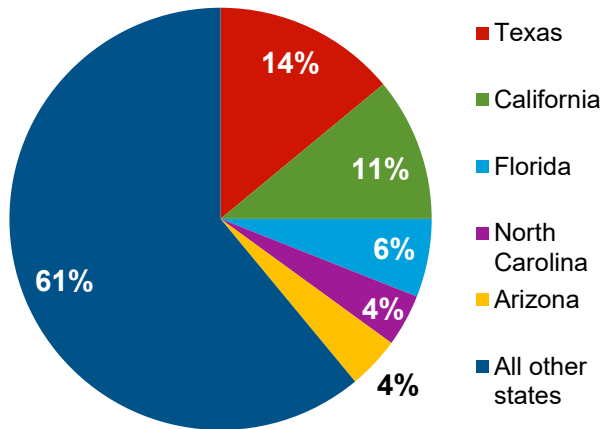
Concentration by Loan Type



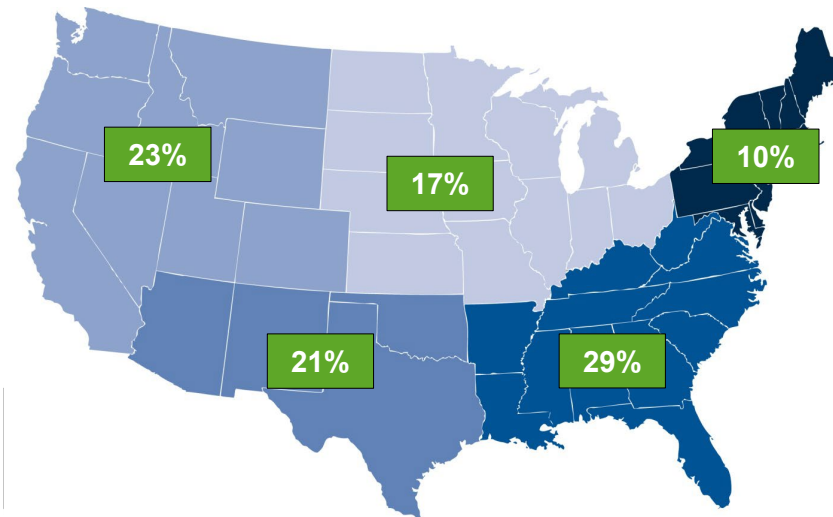
Specialty Consumer

- \$377.6 million in balances as of December 31, 2023
- Direct-to-consumer and nationwide dealer network originations
- Focused on high quality borrowers
 - Average credit score at origination of 778
 - Average loan size of \$27,000
- Strong historical credit performance

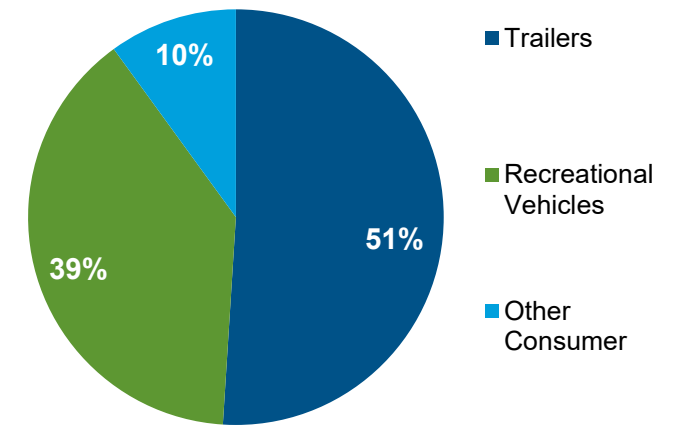
Concentration by State



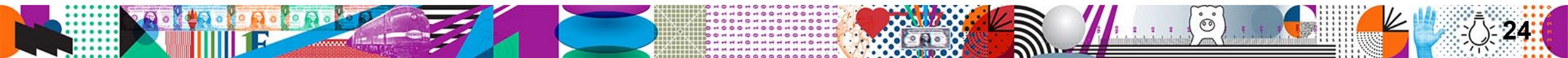
Geographically Diverse Portfolio



Concentration by Loan Type



Appendix



Loan Portfolio Composition

<i>Dollars in thousands</i>	2020	2021	2022	1Q23	2Q23	3Q23	4Q23
Commercial loans							
Commercial and industrial	\$ 75,387	\$ 96,008	\$ 126,108	\$ 113,198	\$ 112,423	\$ 114,265	\$ 129,349
Owner-occupied commercial real estate	89,785	66,732	61,836	59,643	59,564	58,486	57,286
Investor commercial real estate	13,902	28,019	93,121	142,174	137,504	129,831	132,077
Construction	110,385	136,619	181,966	158,147	192,453	252,105	261,750
Single tenant lease financing	950,172	865,854	939,240	952,533	947,466	933,873	936,616
Public finance	622,257	592,665	621,032	604,898	575,541	535,960	521,764
Healthcare finance	528,154	387,852	272,461	256,670	245,072	235,622	222,793
Small business lending	125,589	108,666	123,750	136,382	170,550	192,996	218,506
Franchise finance	-	81,448	299,835	382,161	390,479	455,094	525,783
Total commercial loans	2,515,631	2,363,863	2,719,349	2,805,806	2,831,052	2,908,232	3,005,924
Consumer loans							
Residential mortgage	186,787	186,770	383,948	392,062	396,154	393,501	395,648
Home equity	19,857	17,665	24,712	26,160	24,375	23,544	23,669
Trailers	144,493	146,267	167,326	172,640	178,035	186,424	188,763
Recreational vehicles	94,405	90,654	121,808	128,307	133,283	140,205	145,558
Other consumer loans	36,794	28,557	35,464	37,186	40,806	42,822	43,293
Total consumer loans	482,336	469,913	733,258	756,355	772,653	786,496	796,931
Net def. loan fees, prem., disc. and other ¹	61,264	53,886	46,794	45,081	43,127	40,340	37,365
Total loans	\$ 3,059,231	\$ 2,887,662	\$ 3,499,401	\$ 3,607,242	\$ 3,646,832	\$ 3,735,068	\$ 3,840,220

¹ Includes carrying value adjustments of \$27.8 million, \$29.0 million, \$30.5 million, \$31.5 million, \$32.5 million, \$37.5 million and \$42.7 million related to terminated interest rate swaps associated with public finance loans as of December 31, 2023, September 30, 2023, June 30, 2023, March 31, 2023, December 31, 2022, December 31, 2021 and December 31, 2020, respectively.



Reconciliation of Non-GAAP Financial Measures

<i>Dollars in thousands, except for per share data</i>	2017	2018	2019	2020	2021	2022	2023
Total equity - GAAP	\$224,127	\$288,735	\$304,913	\$330,944	\$380,338	\$364,974	\$362,795
Adjustments:							
Goodwill	(4,687)	(4,687)	(4,687)	(4,687)	(4,687)	(4,687)	(4,687)
Tangible common equity	<u>\$219,440</u>	<u>\$284,048</u>	<u>\$300,226</u>	<u>\$326,257</u>	<u>\$375,651</u>	<u>\$360,287</u>	<u>\$358,108</u>
Common shares outstanding	8,411,077	10,170,778	9,741,800	9,800,569	9,754,455	9,065,883	8,644,451
Book value per common share	\$26.65	\$28.39	\$31.30	\$33.77	\$38.99	\$40.26	\$41.97
Effect of goodwill	(0.56)	(0.46)	(0.48)	(0.48)	(0.48)	(0.52)	(0.54)
Tangible book value per common share	<u>\$26.09</u>	<u>\$27.93</u>	<u>\$30.82</u>	<u>\$33.29</u>	<u>\$38.51</u>	<u>\$39.74</u>	<u>\$41.43</u>

Reconciliation of Non-GAAP Financial Measures

<i>Dollars in thousands, except for per share data</i>	4Q22	1Q23	2Q23	3Q23	4Q23
Total equity - GAAP	\$364,974	\$355,572	\$354,332	\$347,744	\$362,795
Adjustments:					
Goodwill	(4,687)	(4,687)	(4,687)	(4,687)	(4,687)
Tangible common equity	<u>\$360,287</u>	<u>\$350,885</u>	<u>\$349,645</u>	<u>\$343,057</u>	<u>\$358,108</u>
Total assets - GAAP	\$4,543,104	\$4,721,319	\$4,947,049	\$5,169,023	\$5,167,572
Adjustments:					
Goodwill	(4,687)	(4,687)	(4,687)	(4,687)	(4,687)
Tangible assets	<u>\$4,538,417</u>	<u>\$4,716,632</u>	<u>\$4,942,362</u>	<u>\$5,164,336</u>	<u>\$5,162,885</u>
Common shares outstanding	9,065,883	8,943,477	8,774,507	8,669,673	8,644,451
Book value per common share	\$40.26	\$39.76	\$40.38	\$40.11	\$41.97
Effect of goodwill	(0.52)	(0.53)	(0.53)	(0.54)	(0.54)
Tangible book value per common share	<u>\$39.74</u>	<u>\$39.23</u>	<u>\$39.85</u>	<u>\$39.57</u>	<u>\$41.43</u>
Total shareholders' equity to assets	8.03%	7.53%	7.16%	6.73%	7.02%
Effect of goodwill	(0.09%)	(0.09%)	(0.09%)	(0.09%)	(0.08%)
Tangible common equity to tangible assets	<u>7.94%</u>	<u>7.44%</u>	<u>7.07%</u>	<u>6.64%</u>	<u>6.94%</u>
Total interest income	\$45,669	\$52,033	\$58,122	\$63,015	\$66,272
Adjustments:					
Fully-taxable equivalent adjustments ¹	1,384	1,383	1,347	1,265	1,238
Total interest income - FTE	<u>\$47,053</u>	<u>\$53,416</u>	<u>\$59,469</u>	<u>\$64,280</u>	<u>\$67,510</u>
Net interest income	\$21,669	\$19,574	\$18,145	\$17,378	\$19,807
Adjustments:					
Fully-taxable equivalent adjustments ¹	1,384	1,383	1,347	1,265	1,238
Net interest income - FTE	<u>\$23,053</u>	<u>\$20,957</u>	<u>\$19,492</u>	<u>\$18,643</u>	<u>\$21,045</u>
Net interest margin	2.09%	1.76%	1.53%	1.39%	1.58%
Adjustments:					
Effect of fully-taxable equivalent adjustments ¹	0.13%	0.13%	0.11%	0.10%	0.10%
Net interest margin - FTE	<u>2.22%</u>	<u>1.89%</u>	<u>1.64%</u>	<u>1.49%</u>	<u>1.68%</u>

¹ Assuming a 21% tax rate

Reconciliation of Non-GAAP Financial Measures

<i>Dollars in thousands, except for per share data</i>	4Q22	1Q23	2Q23	3Q23	4Q23
Noninterest income	\$5,807	\$5,446	\$5,871	\$7,407	\$7,401
Adjustments:					
Mortgage-related revenue	-	(65)	-	-	-
Adjusted noninterest income	<u>\$5,807</u>	<u>\$5,381</u>	<u>\$5,871</u>	<u>\$7,407</u>	<u>\$7,401</u>
Noninterest expense	\$18,513	\$20,954	\$18,670	\$19,756	\$20,056
Adjustments:					
Mortgage-related costs	-	(3,052)	-	-	-
Adjusted noninterest expense	<u>\$18,513</u>	<u>\$17,902</u>	<u>\$18,670</u>	<u>\$19,756</u>	<u>\$20,056</u>
Noninterest expense to average assets	1.72%	1.83%	1.52%	1.53%	1.54%
Effect of mortgage-related costs	0.00%	(0.27%)	0.00%	0.00%	0.00%
Adjusted noninterest expense to average assets	<u>1.72%</u>	<u>1.56%</u>	<u>1.52%</u>	<u>1.53%</u>	<u>1.54%</u>



Reconciliation of Non-GAAP Financial Measures

<i>Dollars in thousands, except for per share data</i>	4Q22	1Q23	2Q23	3Q23	4Q23
Income (loss) before income taxes - GAAP	\$ 6,854	\$ (5,349)	\$ 3,648	\$ 3,083	\$ 3,558
Adjustments:					
Mortgage-related revenue	-	(65)	-	-	-
Mortgage-related costs	-	3,052	-	-	-
Partial charge-off of C&I participation loan	-	6,914	-	-	-
Adjusted income before income taxes	<u>\$6,854</u>	<u>\$4,552</u>	<u>\$3,648</u>	<u>\$3,083</u>	<u>\$3,558</u>
Income tax provision (benefit) - GAAP	\$ 503	\$ (2,332)	\$ (234)	\$ (326)	\$ (585)
Adjustments:¹					
Mortgage-related revenue	-	(14)	-	-	-
Mortgage-related costs	-	641	-	-	-
Partial charge-off of C&I participation loan	-	1,452	-	-	-
Adjusted income tax provision (benefit)	<u>\$ 503</u>	<u>\$ (253)</u>	<u>\$ (234)</u>	<u>\$ (326)</u>	<u>\$ (585)</u>
Net income (loss) - GAAP	\$ 6,351	\$ (3,017)	\$ 3,882	\$ 3,409	\$ 4,143
Adjustments:					
Mortgage-related revenue	-	(51)	-	-	-
Mortgage-related costs	-	2,411	-	-	-
Partial charge-off of C&I participation loan	-	5,462	-	-	-
Adjusted net income	<u>\$6,351</u>	<u>\$4,805</u>	<u>\$3,882</u>	<u>\$3,409</u>	<u>\$4,143</u>
Diluted average common shares outstanding	9,343,533	9,024,072	8,908,180	8,767,217	8,720,078
Diluted earnings (loss) per share - GAAP	\$ 0.68	\$ (0.33)	\$ 0.44	\$ 0.39	\$ 0.48
Adjustments:					
Effect of mortgage-related revenue	-	(0.01)	-	-	-
Effect of mortgage-related costs	-	0.27	-	-	-
Effect of partial charge-off of C&I participation loan	-	0.60	-	-	-
Adjusted diluted earnings per share	<u>\$0.68</u>	<u>\$0.53</u>	<u>\$0.44</u>	<u>\$0.39</u>	<u>\$0.48</u>

1 Assuming a 21% tax rate

Reconciliation of Non-GAAP Financial Measures

<i>Dollars in thousands</i>	4Q23
Tangible common equity	\$358,108
Adjustments:	
Accumulated other comprehensive loss	29,375
Adjusted tangible common equity	<u>\$387,483</u>
Tangible assets	\$5,164,336
Adjustments:	
Cash in excess of \$300 million	(105,898)
Adjusted tangible assets	<u>\$5,058,438</u>
Adjusted tangible common equity	\$387,483
Adjusted tangible assets	\$5,058,438
Adjusted tangible common equity to adjusted tangible assets	<u>7.66%</u>

