Hope Bancorp

Bankers. Experts. Neighbors.

# 2023
## Fourth Quarter
## Earnings Conference Call

January 30, 2024

# Forward Looking Statements & Additional Disclosures

This presentation contains statements regarding future events or the future financial performance of Hope Bancorp, Inc. (the “Company”) that constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements relate to, among other things, expectations regarding the business and economic environment in which we operate, projections of future performance, perceived opportunities in the market, statements regarding our business strategies, objectives and vision, and statements about our strategic reorganization. Forward-looking statements include, but are not limited to, statements preceded by, followed by or that include the words “will,” “believes,” “expects,” “anticipates,” “intends,” “plans,” “estimates,” “targets” or similar expressions. With respect to any such forward-looking statements, the Company claims the protection provided for in the Private Securities Litigation Reform Act of 1995. These statements involve risks and uncertainties. The Company’s actual results, performance or achievements may differ significantly from the results, performance or achievements expressed or implied in any forward-looking statements. The risks and uncertainties include, but are not limited to: possible further deterioration in economic conditions in our areas of operation; interest rate risk associated with volatile interest rates and related asset-liability matching risk; liquidity risks; risk of significant non-earning assets, and net credit losses that could occur, particularly in times of weak economic conditions or times of rising interest rates; the failure of or changes to assumptions and estimates underlying the Company’s allowances for credit losses; and potential increases in deposit insurance assessments and regulatory risks associated with current and future regulations. For additional information concerning these and other risk factors, see the Company’s most recent Annual Report on Form 10-K. The Company does not undertake, and specifically disclaims any obligation, to update any forward-looking statements to reflect the occurrence of events or circumstances after the date of such statements except as required by law.

# Q4 2023 Financial Overview

**Total Capital & TCE Ratio** *at 12/31/23*

**13.92%/8.86%**

**Total Deposits** *at 12/31/23*

**$14.8B**

**Gross Loans** *at 12/31/23*

**$13.9B**

**NPA/Total Assets** *at 12/31/23*

**0.24%**

**4Q23 Net Income & EPS**

**$26.5MM / $0.22**

*excluding notable items*

**$38.3MM / $0.32**

## Strong Capital & Liquidity

- Total capital ratio was 13.92% at 12/31/23, +69bps QoQ. All regulatory capital ratios expanded QoQ
- Tangible common equity ("TCE") ratio[1] was 8.86% at 12/31/23, +90bps QoQ

## Deposits

- Deposits of $14.8B at 12/31/23 (-6% QoQ) and 4Q23 avg. deposits of $15.3B (-3% QoQ). Planned reduction of brokered time deposits (-$450MM QoQ) and decrease in noninterest bearing DDA due to seasonality of fund flows from commercial customers in the residential mortgage industry (*customers unrelated to exit from residential mortgage warehouse line business*). Consumer deposits stable QoQ

## Loans

- Loans receivable of $13.9B at 12/31/23 (-3% QoQ) and 4Q23 avg. loans of $14.1B (-3% QoQ). Growth in residential mortgage, decrease in commercial and CRE loans. Exit from residential mortgage warehouse line business
- Gross loan-to-deposit ratio of 94% at 12/31/23

## Asset Quality

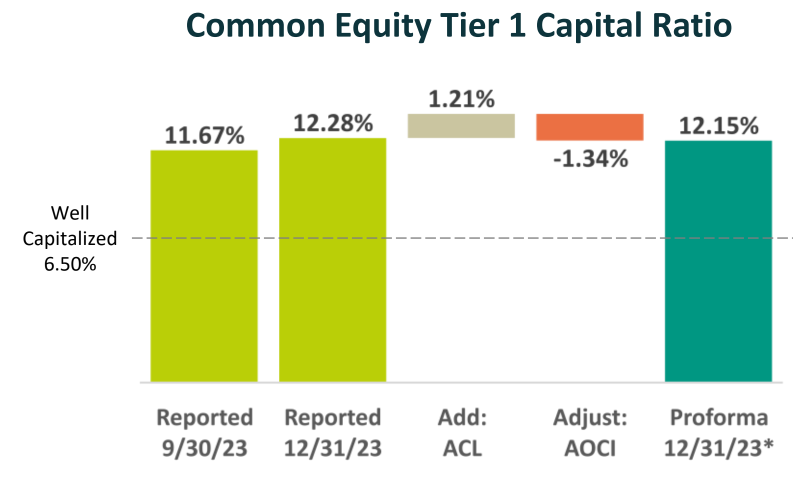
- Nonperforming assets ("NPA") of $46MM at 12/31/23, -26% QoQ. NPAs represented 24bps of total assets at 12/31/23, an improvement from 31bps at 9/30/23
- Criticized loans decreased 11% QoQ with reductions in both special mention and substandard loans
- 4Q23 net charge offs under $2MM, equivalent to 0.05% of average loans annualized

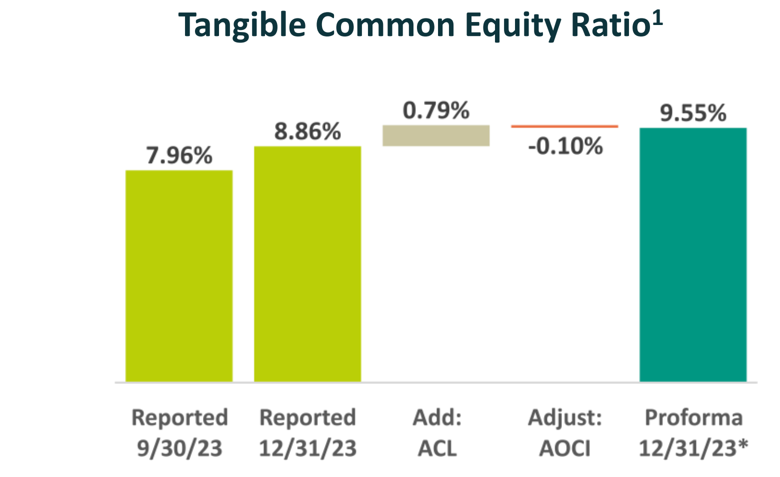
## Earnings

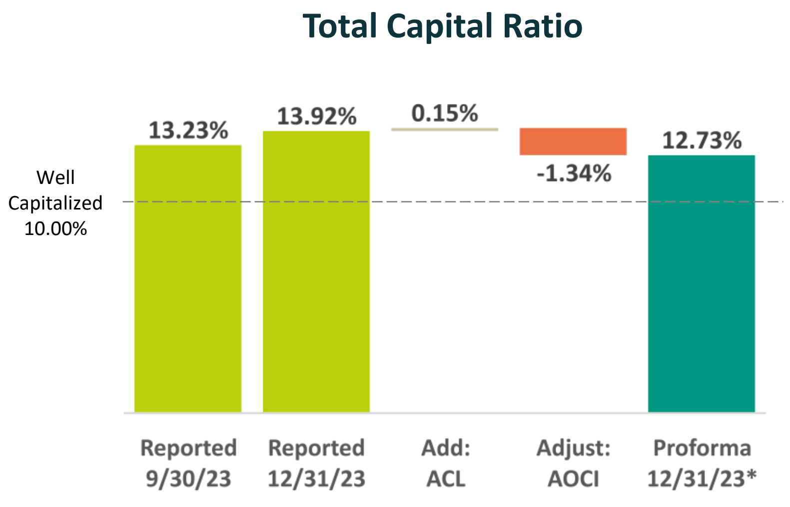
- 4Q23 net income: $26.5MM (-12% QoQ), or $0.22 per diluted share
- 4Q23 net income excluding notable items[1]: $38.3MM (+26% QoQ), or $0.32[1] per diluted share
- Notable items: restructuring charges ($9MM after tax) and FDIC special assessment ($3MM after tax)

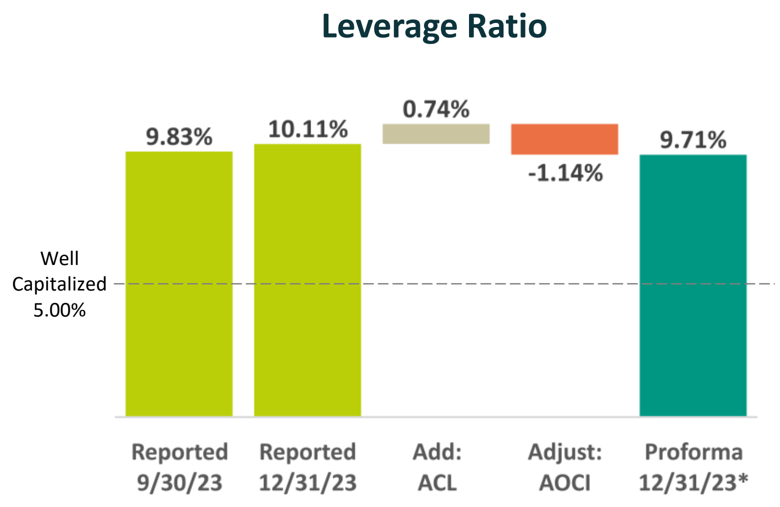
[1] TCE ratio, net income excluding notable items and earnings per share excluding notable items are non-GAAP financial measures. Quantitative reconciliations of the most directly comparable GAAP to non-GAAP financial measures are provided in the Appendix of this presentation.

# Strong Capital Ratios



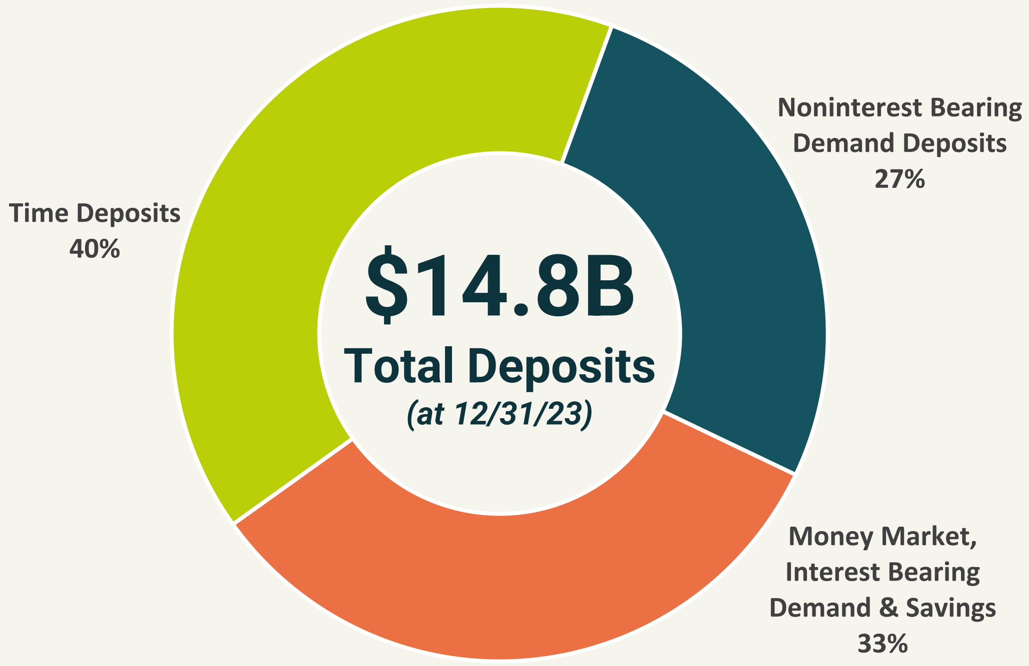

- **All regulatory capital ratios increased QoQ.** All regulatory capital ratios meaningfully above requirements for "well-capitalized" financial institutions
- **Proforma capital very strong**: Adjustments for the allowance for credit losses ("ACL") and hypothetical adjustments for investment security marks not otherwise already reflected in equity, still result in very strong capital ratios
- **Dividend**: Quarterly common stock dividend of $0.14 per share, equivalent to $0.56 per share annualized. Equivalent to a dividend yield of 4.64% at 12/31/23
- No stock buybacks during 4Q23
- **Equity:** Book value per common share of $17.66 & TCE per share[1] of $13.76 at 12/31/23. Equity increased 4% QoQ, reflecting a positive change in accumulated other comprehensive income ("AOCI") and growth in retained earnings. Tangible equity up 6% QoQ

1 TCE ratio and TCE per share are non-GAAP financial measures. Quantitative reconciliations of the most directly comparable GAAP to non-GAAP financial measures are provided in the Appendix of this presentation.

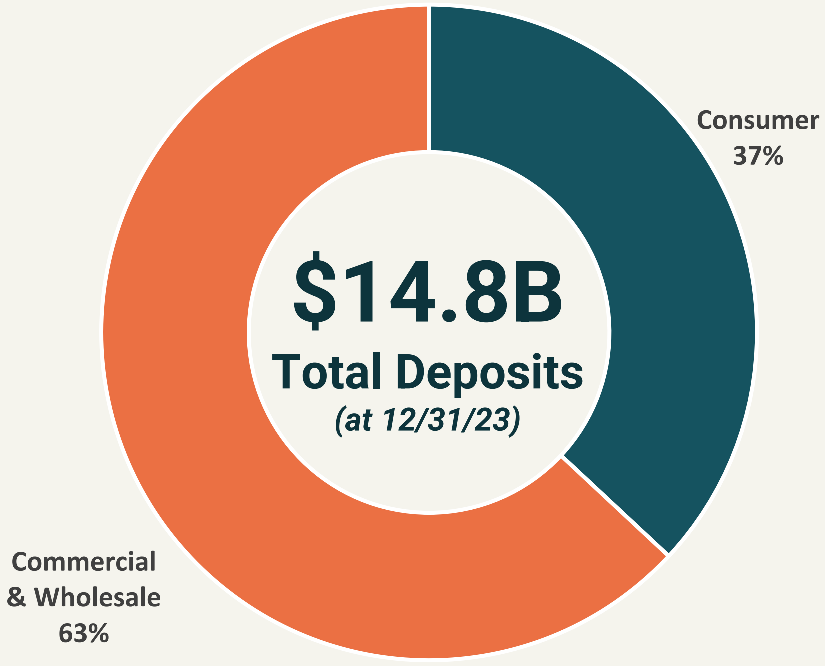
* Proforma ratios at 12/31/23 are non-GAAP financial measures and reflect (a) inclusion of on- and off-balance sheet ACL not already in capital; (b) treatment of held-to-maturity ("HTM") securities as if they were available-for-sale ("AFS"), with unrealized losses in AOCI; and (c) removal of the AOCI opt-out in calculating regulatory capital.

# Diverse & Granular Deposit Base

## Deposit Composition by Product Type



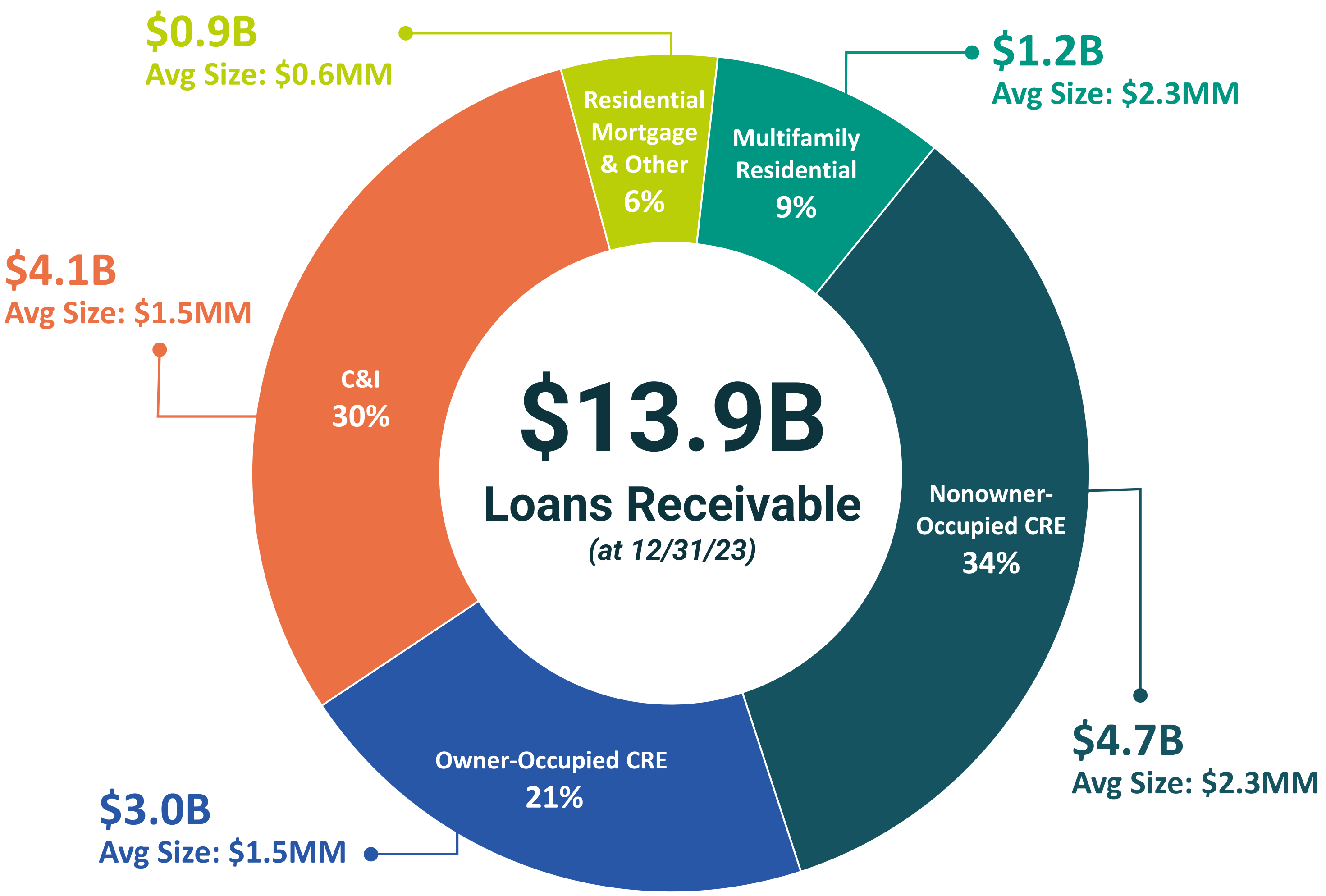

## Deposit Composition by Customer Type




- Total deposits of $14.8B at 12/31/23, -6% QoQ. 4Q23 average deposits of $15.3B, - 3% QoQ
- $450MM planned reduction of brokered time deposits
- 4Q23 noninterest bearing demand deposit flux QoQ reflects seasonality in fund flows from commercial customers in the residential mortgage industry (*unrelated to exit from residential mortgage warehouse line business*). Normally these funds rebuild in the new year

- Average commercial & wholesale deposit account size: approx. $265,000
- Average consumer deposit account size: approx. $50,000
- Consumer deposit balances stable linked quarter and up 5% YoY

# Well-Balanced Loan Portfolio



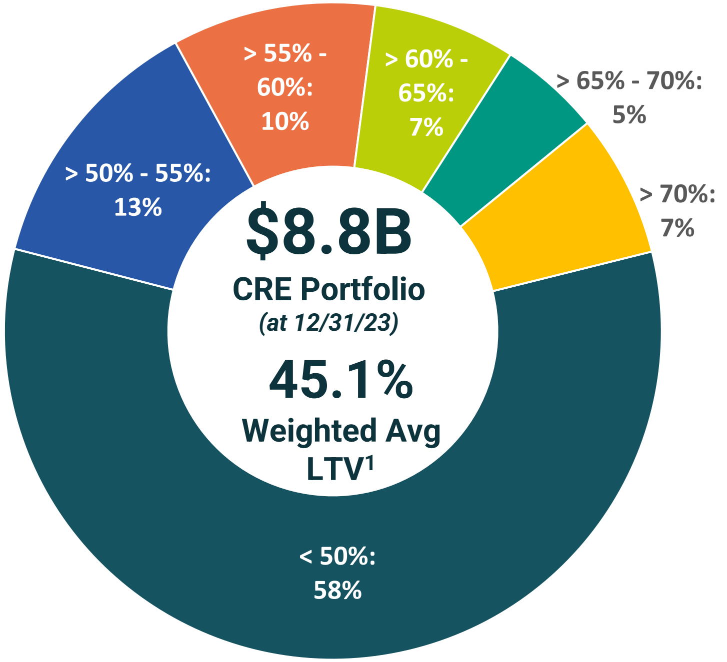

- Loan portfolio well-diversified across major loan types of nonowner-occupied CRE, C&I, owner-occupied CRE, multifamily residential ("MFR"), and residential mortgage
- Total loans receivable: $13.9B at 12/31/23, -3% QoQ. 4Q23 avg. loans of $14.1B, -3% QoQ
- 4Q23: growth in residential mortgage, offset by decreases in commercial and CRE loans
- Exit from residential mortgage warehouse line business contributed $65MM of QoQ decrease

# Diversified CRE Portfolio with Low LTVs

**$8.8B**
**CRE Portfolio**
*(at 12/31/23)*

| As a % of Total Loans: | Segment | Avg Loan Size: Weighted Avg LTV[1]: |
|---|---|---|
| 12% | Multi-tenant Retail $1,704MM | $2.3MM 42.5% |
| 9% | Industrial & Warehouse $1,226MM | $2.2MM 38.9% |
| 9% | Multifamily $1,226MM | $2.3MM 56.0% |
| 7% | Gas Station & Car Wash $1,031MM | $1.8MM 47.9% |
| 6% | Mixed Use $871MM | $1.9MM 42.0% |
| 6% | Hotel/Motel $796MM | $2.1MM 44.5% |
| 5% | Single-tenant Retail $663MM | $1.4MM 46.2% |
| 3% | Office $402MM | $2.2MM 52.3% |
| 7% | All Other $878MM | $1.5MM 39.2% |

## Total CRE: Distribution by LTV *(ex. SBA)*




[1] **Weighted average loan-to-value ("LTV"):** Current loan balance divided by updated collateral value. Collateral value updates most recent available appraisal by using CoStar market and property-specific data, including submarket appreciation or depreciation, and changes to vacancy, debt service coverage or rent/sq foot. LTVs disclosed prior to 2Q23 were based on starting point values. Calculations exclude Small Business Administration ("SBA") loans.

- **Total CRE loans** of $8.8B at 12/31/23, -2% QoQ. Portfolio consists of $4.7B of nonowner-occupied CRE, $2.9B of owner-occupied CRE, and $1.2B of MFR
- **CRE Office:** Represented less than 3% of total loans at 12/31/23, with no central business district exposure

# Granular CRE Portfolio, Diversified by Submarket

## CRE Portfolio by Size Segment

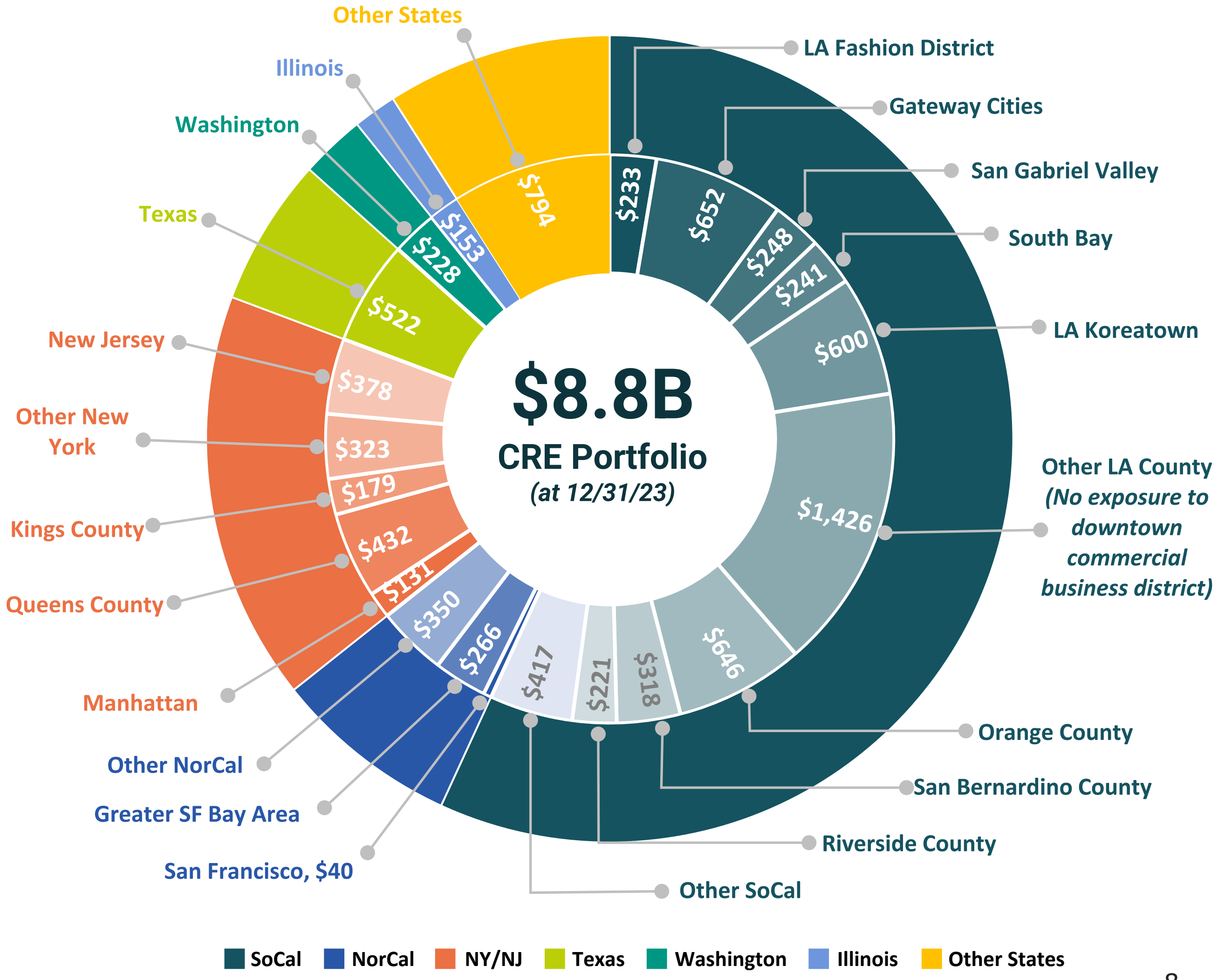
| Loan Size (at 12/31/23) | Balance ($ Millions) | # of Loans | Average Loan Size ($ Millions) | Weighted Average LTV [1] |
|---|---|---|---|---|
| > $30MM | $ 291 | 7 | $ 41.6 | 61.1% |
| $20MM - $30MM | $ 620 | 25 | $ 24.8 | 44.6% |
| $10MM - $20MM | $ 1,244 | 90 | $ 13.8 | 47.1% |
| $5MM - $10MM | $ 1,701 | 251 | $ 6.8 | 47.7% |
| $2MM - $5MM | $ 2,532 | 816 | $ 3.1 | 45.1% |
| < $2MM | $ 2,410 | 3,318 | $ 0.7 | 39.9% |
| **Total CRE Portfolio** | **$ 8,798** | **4,507** | **$ 2.0** | **45.1%** |

[1] **Weighted average LTV:** Current loan balance divided by updated collateral value. Collateral value updates most recent available appraisal by using CoStar market and property-specific data, including submarket appreciation or depreciation, and changes to vacancy, debt service coverage or rent/sq foot. LTVs disclosed prior to 2Q23 were based on starting point values. Calculations exclude SBA.

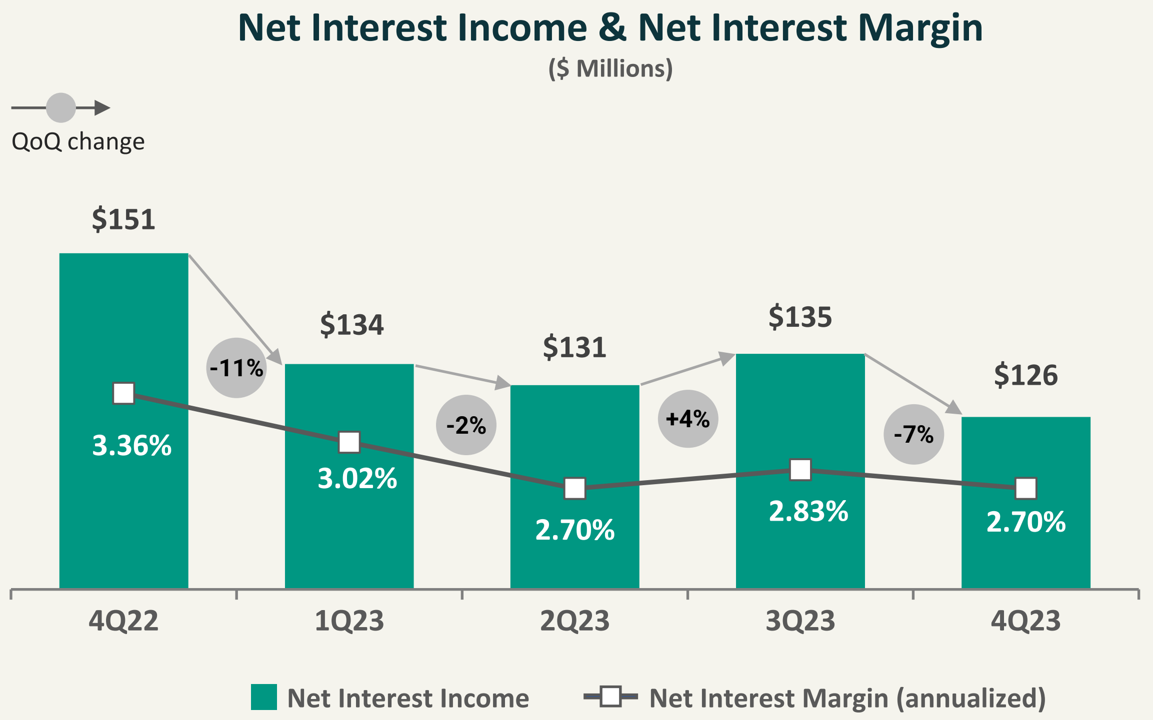
- Loan-to-value ratios are consistently low across segments by size and by property type
- Vast majority of CRE loans have full recourse and personal guarantees
- 99% of total CRE portfolio was pass-graded at 12/31/23

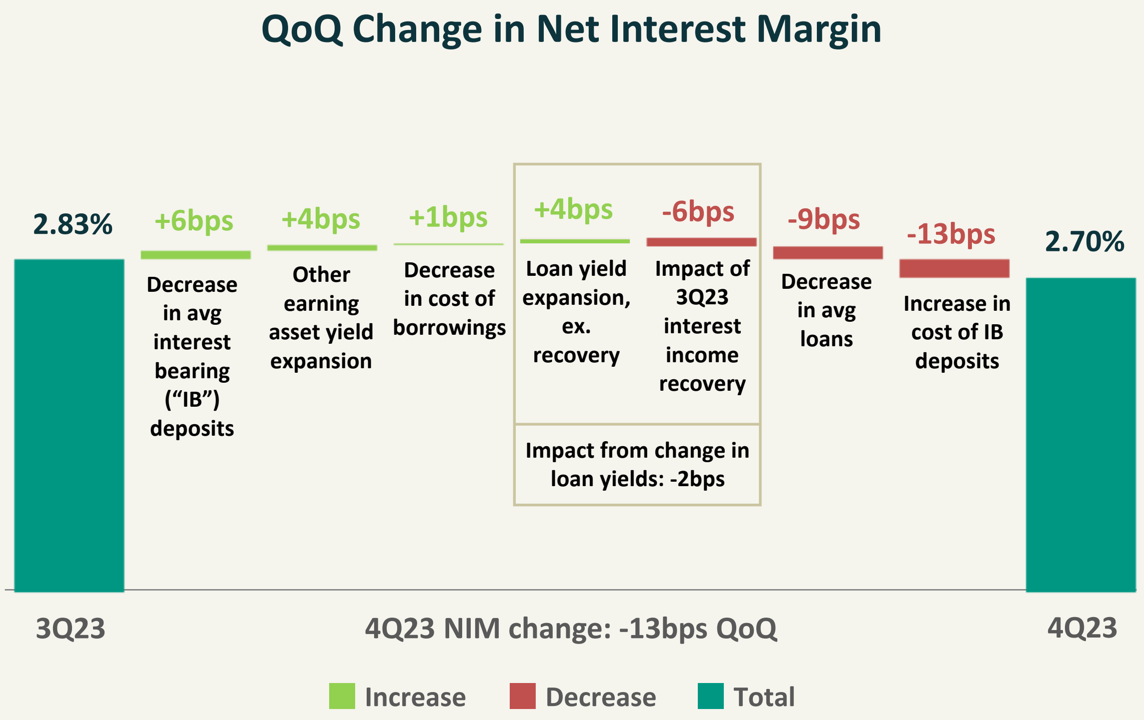
## CRE Portfolio by Geographic Submarket

($ Millions)



# Net Interest Income & Net Interest Margin

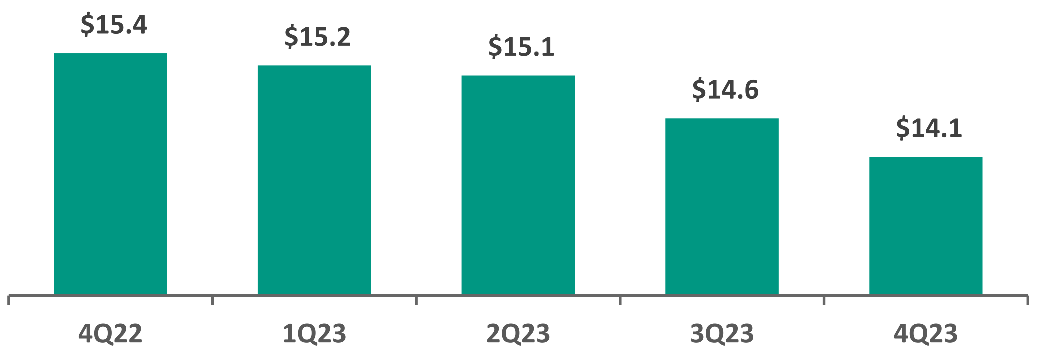


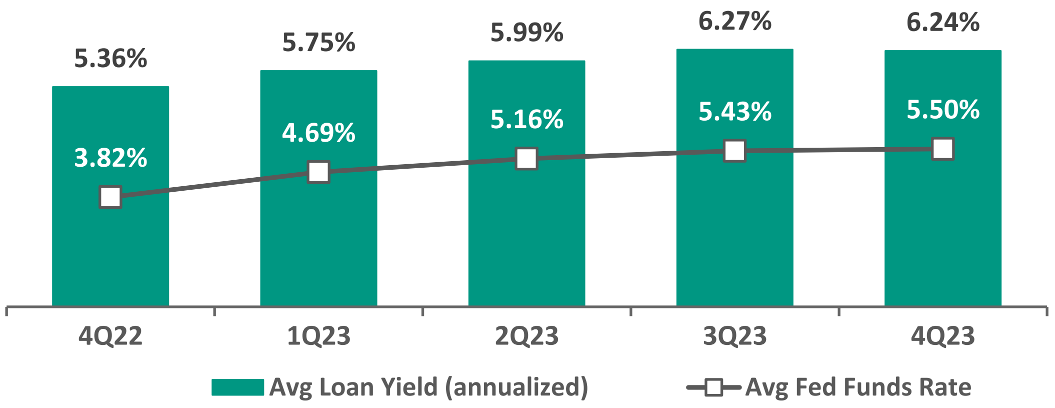



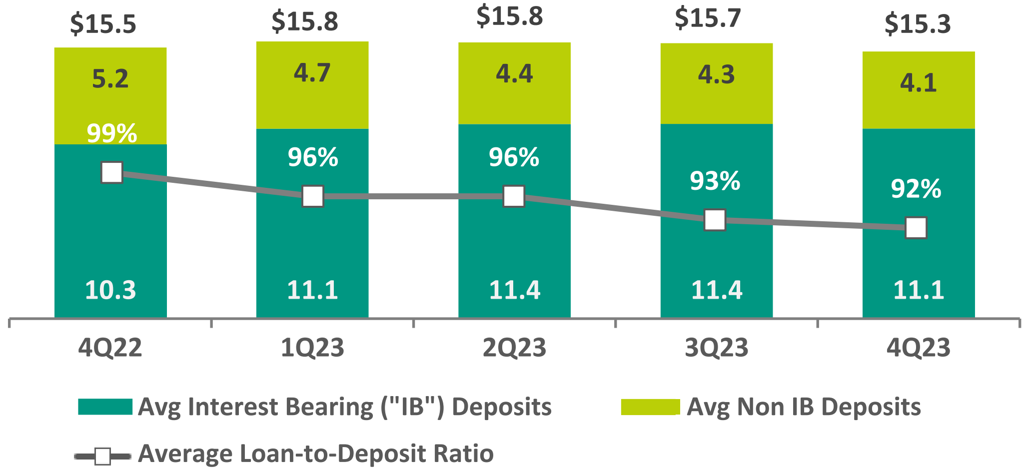

- 4Q23 net interest income ("NII") of $126MM, -7% QoQ from 3Q23
- 3Q23 NII included $3MM of recovered interest income. 4Q23 NII decreased -5% QoQ from 3Q23 ex. recovery. No material interest income recoveries in 4Q23
- Plan to pay off Bank Term Funding Program ("BTFP") funding when it matures, using interest-earning cash and equivalents

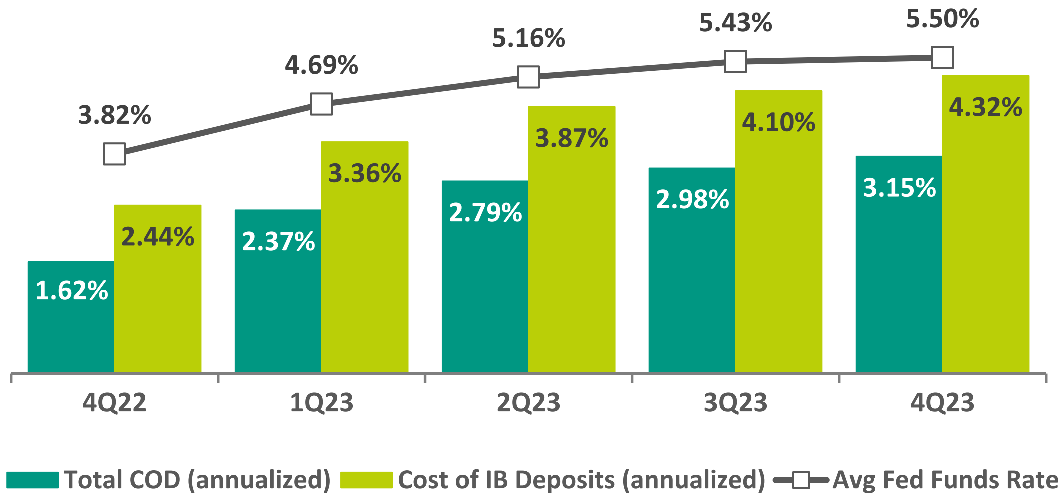
- 4Q23 net interest margin ("NIM") of 2.70%, -13bps QoQ. 4Q23 NIM down -7bps QoQ from 3Q23 ex. interest income recovery
- Positive impact from decrease in average IB deposit balances, expanding loan yields (*ex. recovered interest income from 3Q23*), expanding other earning asset yields, and decrease in cost of borrowings; offset by QoQ impact from interest income recovery, decrease in average loan balances, and higher cost of IB deposits

# Average Loans & Deposits, Yields & Rates

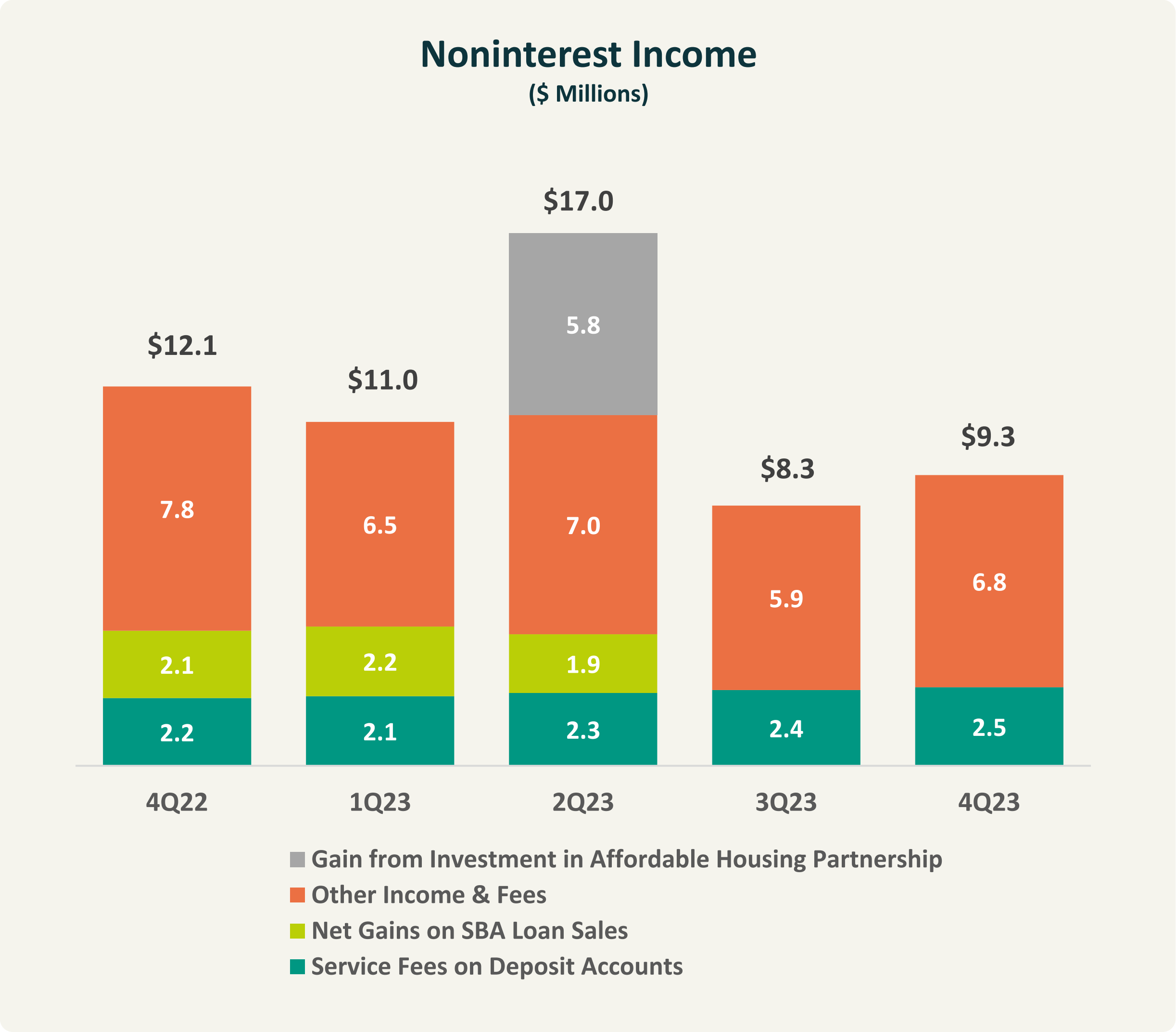


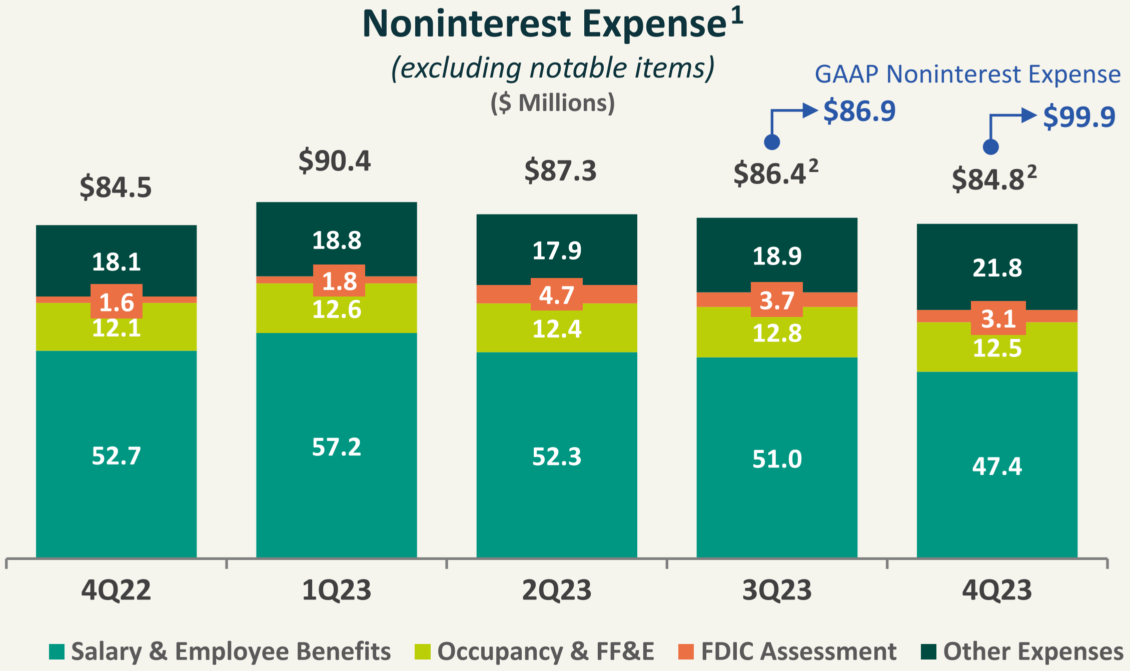



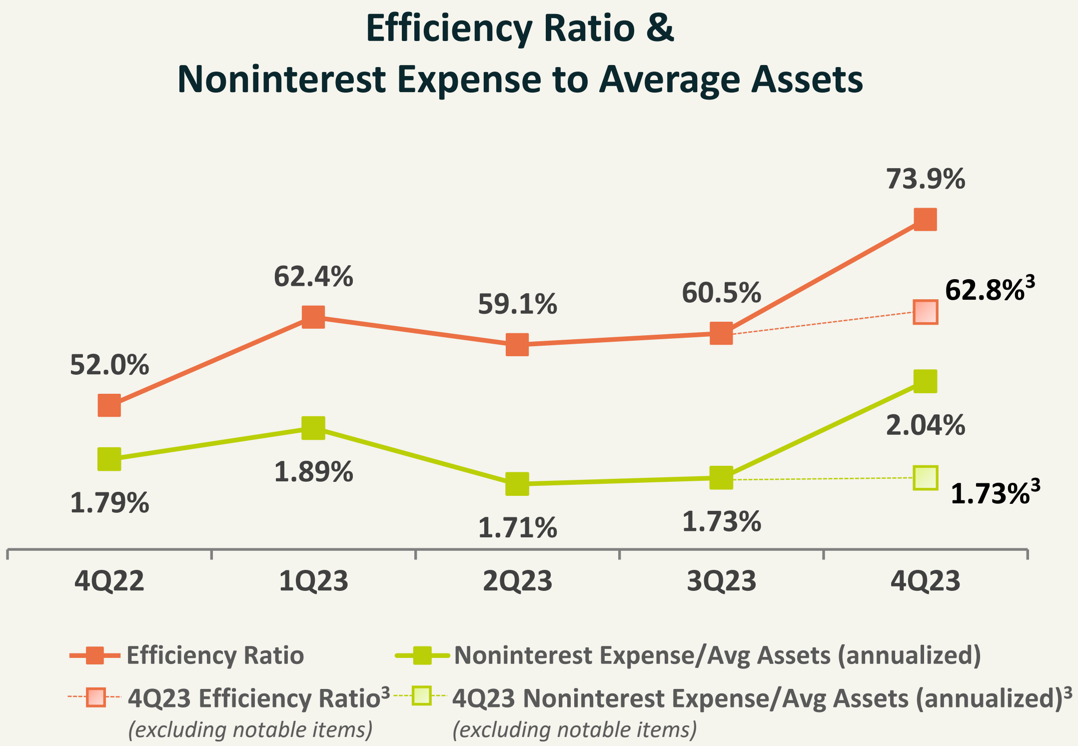
# Noninterest Income




- 4Q23 noninterest income of $9MM vs. $8MM in 3Q23
  - QoQ increase reflected growth across various fee income businesses
- No SBA loan gain on sales (“GOS”) in 2H23: more economic to retain SBA 7(a) loan production on balance sheet given the current premiums available in the secondary market
  - Plan to sell SBA 7(a) production when GOS premiums rebound

# Noninterest Expense & Efficiency



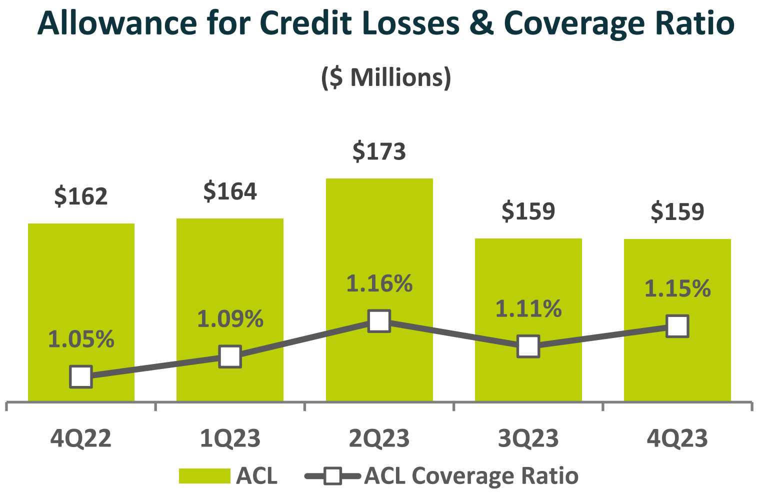

- 4Q23 GAAP noninterest expense of $100MM. Notable items: $11MM (pre-tax) restructuring costs & $4MM (pre-tax) of FDIC special assessment in 4Q23; $500,000 (pre-tax) restructuring costs in 3Q23
- 4Q23 noninterest expense excluding notable items[3] decreased -2% QoQ
- 4Q23 salaries and employee benefits expense of $47MM, -7% QoQ, reflected headcount reduction related to restructuring

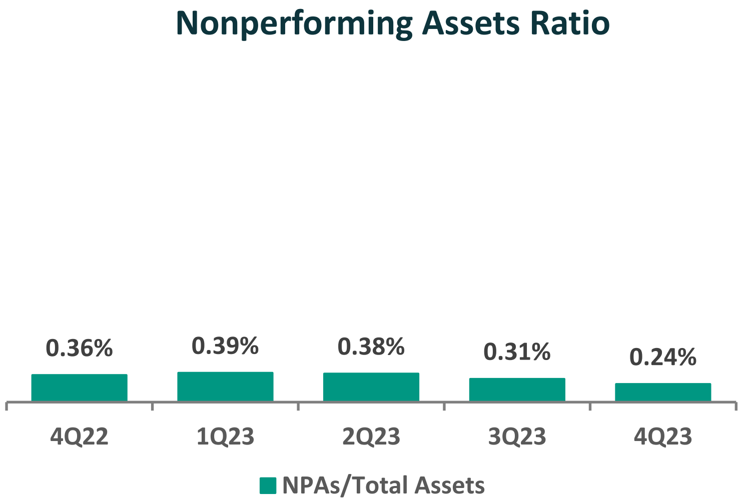
1 The Noninterest expense chart columns present noninterest expense excluding notable items.

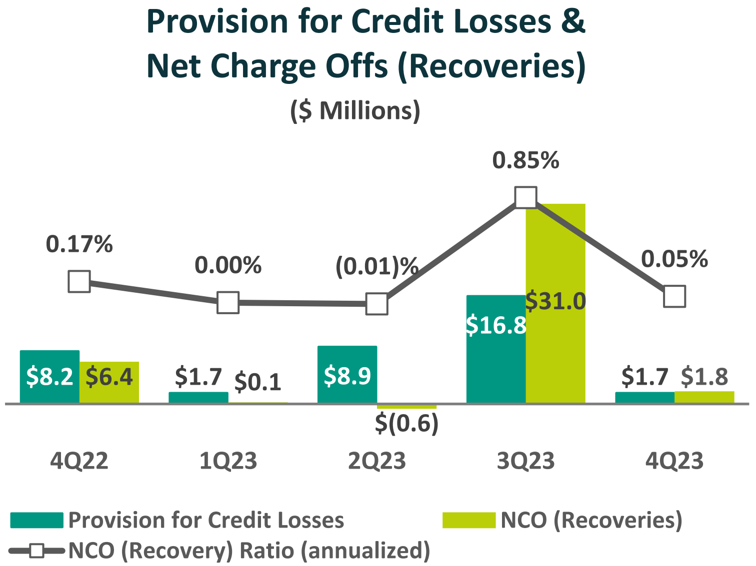
2 4Q23 noninterest expense excluding notable items totaled $84.8MM and. $86.9MM for 3Q23.

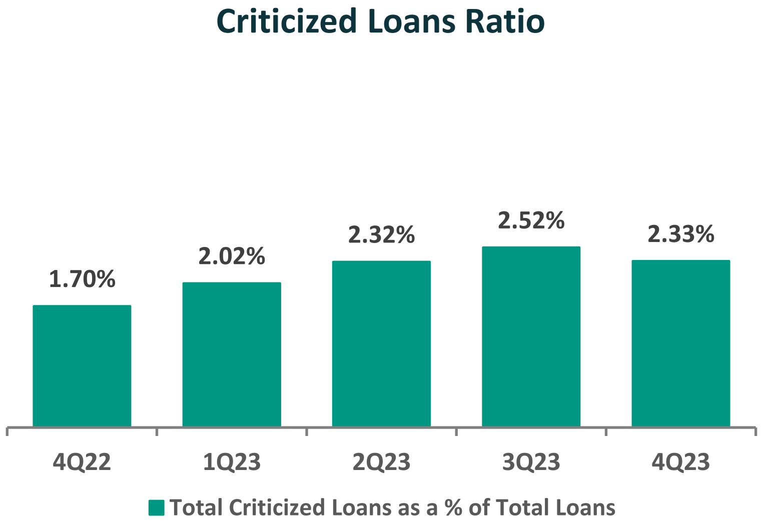
3 Noninterest expense excluding notable items, efficiency ratio excluding notable items and noninterest expense/average assets (annualized) excluding notable items are non-GAAP financial measures. Quantitative reconciliations of the most directly comparable GAAP to non-GAAP financial measures are provided in the Appendix of this presentation.

# Asset Quality Metrics




- Allowance for credit losses ("ACL") stable QoQ at $159MM at 12/31/23. Coverage ratio: 1.15% of loans receivable at 12/31/23, +4bps from 1.11% at 9/30/23
- Net charge offs ("NCO") less than $2MM in 4Q23. 4Q23 annualized NCOs ratio very low at 5bps of average loans
- Nonperforming assets ("NPA") of $45MM at 12/31/23, -26% QoQ
- NPA ratio improved to 24bps of total assets, -7bps QoQ
- Total criticized loans were $322MM at 12/31/23, -11% QoQ, reflecting decreases in special mention and substandard loans

# Strategic Reorganization

## *Realignment Around Lines of Business and Products, to Better Serve Client Base & Run Bank More Efficiently*

***Four Distinct Business Groups:***

| RETAIL BANKING | COMMERCIAL BANKING | CORPORATE & INSTITUTIONAL BANKING | FEE-BASED BUSINESS GROUP |
|---|---|---|---|
| Separated from commercial banking to oversee all retail banking activities, mortgage, branch network | Consolidation under one leader to foster consistency of client experience, standardize processes, and improve efficiency | Expansion and deepening of total banking relationships and corporate deposit opportunities | Partner with all Business Groups to drive growth in operating deposit accounts, accelerate fee-based revenue, and expand customer wallet share |
| Focus: consumer deposits, residential mortgage, and community investment | Focus: Korean subsidiary, traditional commercial, business banking, SBA and CRE | Focus: middle-market, corporate & institutional banking, specialized industries | Focus: treasury management solutions, FX and interest rate risk management |

**Completed Actions**

- Optimized production capacity
- Reduced workforce
- Wind down of non-core businesses

**Planned Near-term Actions**

- Branch rationalization, *subject to customary notices & approvals*
- Operational process improvements
- Streamlined back-office operations

**Expected Benefits**

- Consistency in delivery of excellent client service
- Empowered deposit growth engines and enhanced revenue generation
- More efficient allocation of resources and minimized redundancies
- Sustainably expanded profitability

**Medium-Term Targets***

***Outlined on Slide 16***

** Please see detailed footnote on Slide 16 defining "Medium-Term Targets".*

# Management's Financial Outlook for 4Q24* vs. 4Q23

| | 4Q23 ($ Millions) | Outlook for 4Q24* *vs. 4Q23* | Anticipated Drivers |
|---|---|---|---|
| **Average Loans** | **$ 14,053** | ***Low single-digit % growth*** | ▪ Reorganized frontline pivoting to growth<br>▪ Expecting payoffs to moderate in 2024; 2023 included strategic exits<br>▪ Anticipating loan growth to be weighted toward 2H 2024<br>▪ Expecting to maintain average loan-to-deposit ratio below 95% |
| **Net Interest Income** | **$ 126** | ***Low single-digit % decline*** | ▪ Forward curve assumptions: 5 cuts starting in May, Fed Funds Upper Target of 4.25% @ 12/31/24<br>▪ Planning to pay off BTFP at the end of March/early April: corresponding decline in interest earning cash balances and decrease in net interest income<br>▪ Expecting positive impact from loan growth and improved cost of funds |
| **SBA Loan Gain on Sale** | **$ –** *(no sales)* | ***Return to SBA sales when market conditions warrant*** | ▪ Current market premiums low; more economic to keep production on balance sheet<br>▪ Expecting secondary market premiums to increase when benchmark interest rates fall<br>▪ Anticipating selling SBA 7(a) production in 4Q24 |
| **Noninterest Expense[1]** *(excluding notable items)* | **$ 85** | ***>5% decrease*** | ▪ Anticipated cost savings from restructuring, partially offset by:<br>  ▪ Annual merit increases<br>  ▪ Planned hiring to support business development and revenue generation<br>  ▪ Continued investment in technology to improve operational efficiency & customer experience |
| **Operating Leverage** | **N/A** | ***Positive operating leverage*** | ▪ Expecting to generate positive operating leverage: decrease in expenses exceeds pressure on net interest income<br>▪ Gains on sale of SBA loans would be incrementally additive to the operating leverage |
| **ACL Coverage** | **1.15%** | ***Stable ACL coverage*** | ▪ Based on current economic outlook, expecting stable ACL coverage |

* The Financial Outlook for 4Q24 is presented as of January 30, 2024, reflects the Company's updated financial outlook for 4Q24 vs. actual results in 4Q23, and will not be updated or affirmed unless and until the Company publicly announces such update or affirmation. The Company's financial outlook for 4Q24 is dependent on macroeconomic factors, including, but limited to, changes to market interest rates, and reflects expectations as of the date of this presentation. The Financial Outlook for 4Q24 contains forward-looking statements and actual results or conditions may differ materially and adversely from those included in the Financial Outlook for 4Q24. Please refer to the "forward-looking statements" on Slide 2 of this presentation.

[1] Noninterest expense excluding notable items is a non-GAAP financial measure. Quantitative reconciliations of the most directly comparable GAAP to non-GAAP financial measures are provided in the Appendix of this presentation.

# Medium-Term Targets*

***Anticipated positive impact from strategic reorganization expected to drive operational efficiencies and greater returns in the medium term.***

## High single-digit % growth

Targeting balanced growth across all business lines in normalized operating environment

Planning to maintain loan-to-deposit ratio <95%

### Loan Growth


## >10%

Targeting medium-term annual revenue growth to outpace loan growth

- Loan growth
- Accelerated fee income growth
- Expanding net interest margin due to improved funding mix

### Revenue Growth


## <50%

Targeting efficiency ratio improvement driven by revenue growth, expense management discipline, and operational process improvement

### Efficiency Ratio


## >1.2%

Targeting attractive levels of returns driven by improved profitability

### Return on Avg Assets

* The Medium-Term Targets reflect the Company's current projections for 2026 and beyond. The Company's Medium-Term Targets are presented as of January 30, 2024, reflect the Company's current outlook for 2026 and beyond, and will not be updated or affirmed unless and until the Company publicly announces such update or affirmation. Macroeconomic assumptions underpinning the Company's Medium-Term Targets reflect the current forward interest rate curve and assumes ongoing positive economic growth over the medium term, but at a slower pace when compared with 2023. The Company's Medium-Term Targets and current projections for 2026 and beyond are each dependent on macroeconomic factors, including, but not limited to, changes to market interest rates, and reflects expectations as of the date of this presentation. The Medium-Term Targets and macroeconomic assumptions contain forward-looking statements and actual results or conditions may differ materially and adversely from those included in the Medium-Term Targets. Please refer to the "forward-looking statements" on Slide 2 of this presentation.

Hope Bancorp

# 2023
## Fourth Quarter
Earnings Conference Call

# Q&A

# Appendix

# Summary Income Statement

| *($ in thousands, except per share and share data)* | 4Q23 | 3Q23 | QoQ % change | 4Q22 | YoY % change |
|---|---|---|---|---|---|
| Net interest income before provision for credit losses | $ 125,916 | $ 135,378 | (7)% | $ 150,521 | (16)% |
| Provision for credit losses | 1,700 | 16,800 | (90)% | 8,200 | (79)% |
| Net interest income after provision for credit losses | 124,216 | 118,578 | 5 % | 142,321 | (13)% |
| Noninterest income | 9,280 | 8,305 | 12 % | 12,110 | (23)% |
| Noninterest expense | 99,891 | 86,873 | 15 % | 84,518 | 18 % |
| Noninterest expense excluding notable items[1] | 84,844 | 86,373 | (2)% | 84,518 | – % |
| Income before income taxes | 33,605 | 40,010 | (16)% | 69,913 | (52)% |
| Income tax provision | 7,124 | 9,961 | (28)% | 18,210 | (61)% |
| **Net income** | **$ 26,481** | **$ 30,049** | **(12)%** | **$ 51,703** | **(49)%** |
| **Net income excluding notable items[1]** | **$ 38,338** | **$ 30,425** | **26 %** | **$ 51,703** | **(26)%** |
| **Earnings Per Common Share - Diluted** | $0.22 | $0.25 | | $0.43 | |
| **Earnings Per Common Share excluding notable items[1] - Diluted** | $0.32 | $0.25 | | $0.43 | |
| **Weighted Average Shares Outstanding - Diluted** | 120,761,112 | 120,374,618 | | 120,102,665 | |

[1] Noninterest expense excluding notable one-time items, net income excluding notable one-time items, and diluted earnings per common share excluding notable one-time items are non-GAAP financial measures. Quantitative reconciliations of the most directly comparable GAAP to non-GAAP financial measures are provided in the Appendix of this presentation.

# Summary Balance Sheet

| *($ in thousands, except per share data)* | 12/31/2023 | 9/30/2023 | QoQ % change | 12/31/2022 | YoY % change |
|---|---|---|---|---|---|
| Cash and due from banks | $ 1,928,967 | $ 2,500,323 | (23)% | $ 506,776 | 281 % |
| Investment securities | 2,408,971 | 2,260,837 | 7 % | 2,243,195 | 7 % |
| Federal Home Loan Bank ("FHLB") stock and other investments | 61,000 | 60,433 | 1 % | 61,761 | (1)% |
| Loans held for sale, at the lower of cost or fair value | 3,408 | 19,502 | (83)% | 49,245 | (93)% |
| Loans receivable | 13,853,619 | 14,306,193 | (3)% | 15,403,540 | (10)% |
| Allowance for credit losses | (158,694) | (158,809) | — % | (162,359) | (2)% |
| **Net loans receivable** | **13,694,925** | **14,147,384** | **(3)%** | **15,241,181** | **(10)%** |
| Goodwill and intangible assets | 468,385 | 468,832 | — % | 470,176 | — % |
| Other assets | 565,866 | 619,053 | (9)% | 592,157 | (4)% |
| **Total assets** | **$ 19,131,522** | **$ 20,076,364** | **(5)%** | **$ 19,164,491** | **— %** |
| Deposits | $ 14,753,753 | $ 15,739,859 | (6)% | $ 15,738,801 | (6)% |
| FHLB and Federal Reserve Bank borrowings | 1,795,726 | 1,795,726 | — % | 865,000 | 108 % |
| Other liabilities | 460,800 | 510,355 | (10)% | 541,362 | (15)% |
| **Total liabilities** | **$ 17,010,279** | **$ 18,045,940** | **(6)%** | **$ 17,145,163** | **(1)%** |
| **Total stockholders' equity** | **2,121,243** | **2,030,424** | **4 %** | **2,019,328** | **5 %** |
| | | | | | |
| Book value per share | $17.66 | $16.92 | 4 % | $16.90 | 4 % |
| Tangible book value per share[1] | $13.76 | $13.01 | 6 % | $12.96 | 6 % |
| Tangible common equity ratio[1] | 8.86% | 7.96% | | 8.29% | |
| Loan-to-deposit ratio | 93.9% | 91.0% | | 98.2% | |

[1] TCE per share and TCE ratio are non-GAAP financial measures. Quantitative reconciliations of the most directly comparable GAAP to non-GAAP financial measures are provided in the Appendix of this presentation.

# Appendix:  Non-GAAP Financials

*Management reviews select non-GAAP financial measures in evaluating the Company's and the  Bank's financial performance and in response to market participant interest. Reconciliations of the most directly comparable GAAP to non-GAAP financial measures utilized by management are provided below.*

## Return on Average Tangible Common Equity (ROTCE)

| *($ in thousands)* | | 4Q23 | | 3Q23 | | 4Q22 |
|---|---|---|---|---|---|---|
| Average stockholders' equity | $ | 2,048,335 | $ | 2,079,092 | $ | 1,997,460 |
| Less: Average goodwill and core deposit intangible assets, net | | (468,622) | | (469,079) | | (470,442) |
| **Average TCE** | **$** | **1,579,713** | **$** | **1,610,013** | **$** | **1,527,018** |
| Net income | $ | 26,481 | $ | 30,049 | $ | 51,703 |
| **ROTCE (annualized)** | | **6.71%** | | **7.47%** | | **13.54%** |

## Tangible Common Equity (TCE)

| *($ in thousands, except per share info)* | | 4Q23 | | 3Q23 | | 4Q22 |
|---|---|---|---|---|---|---|
| Total stockholders' equity | $ | 2,121,243 | $ | 2,030,424 | $ | 2,019,328 |
| Less: Goodwill and core deposit intangible assets, net | | (468,385) | | (468,832) | | (470,176) |
| **TCE** | **$** | **1,652,858** | **$** | **1,561,592** | **$** | **1,549,152** |
| **Total assets** | **$** | **19,131,522** | **$** | **20,076,364** | **$** | **19,164,491** |
| Less: Goodwill and core deposit intangible assets, net | | (468,385) | | (468,832) | | (470,176) |
| **Tangible assets** | **$** | **18,663,137** | **$** | **19,607,532** | **$** | **18,694,315** |
| **TCE Ratio** | | **8.86%** | | **7.96%** | | **8.29%** |
| **Common shares outstanding** | | **120,126,786** | | **120,026,220** | | **119,495,209** |
| **TCE per share** | **$** | **13.76** | **$** | **13.01** | **$** | **12.96** |

# Appendix: Non-GAAP Financials

*Management reviews select non-GAAP financial measures in evaluating the Company's and the Bank's financial performance and in response to market participant interest. Reconciliations of the most directly comparable GAAP to non-GAAP financial measures utilized by management are provided below.*

## Profitability Ratios Excluding Notable Items

| *($ in thousands)* | | 4Q23 | | 3Q23 | | 4Q22 |
|---|---|---|---|---|---|---|
| **Net income** | **$** | **26,481** | **$** | **30,049** | **$** | **51,703** |
| Notable items: | | | | | | |
| FDIC special assessment expense | | 3,971 | | – | | – |
| Restructuring costs | | 11,076 | | 500 | | – |
| **Total notable items** | | **15,047** | | **500** | | **–** |
| Tax provision | | 3,190 | | 124 | | – |
| Less: total notable items, net of tax provision | $ | 11,857 | $ | 376 | $ | – |
| **Net income excluding notable items** | **$** | **38,338** | **$** | **30,425** | **$** | **51,703** |
| Diluted common shares | | 120,761,112 | | 120,374,618 | | 120,102,665 |
| **EPS excluding notable items** | **$** | **$0.32** | **$** | **0.25** | **$** | **0.43** |
| Average assets | | 19,600,942 | | 20,059,304 | | 18,863,726 |
| **ROA excluding notable items** | | **0.78%** | | **0.61%** | | **1.10%** |
| Average equity | | 2,048,335 | | 2,079,092 | | 1,997,460 |
| **ROE excluding notable items** | | **7.49%** | | **5.85%** | | **10.35%** |
| Average TCE | $ | 1,579,713 | $ | 1,610,013 | $ | 1,527,018 |
| **ROTCE excluding notable items** | | **9.71%** | | **7.56%** | | **13.54%** |

## Efficiency Ratios Excluding Notable Items

| *($ in thousands)* | | 4Q23 | | 3Q23 | | 4Q22 |
|---|---|---|---|---|---|---|
| **Noninterest expense** | **$** | **99,891** | **$** | **86,873** | **$** | **84,518** |
| Less: notable items: | | | | | | |
| FDIC special assessment expense | | (3,971) | | – | | – |
| Restructuring costs | | (11,076) | | (500) | | – |
| **Noninterest expense excluding notable items** | **$** | **84,844** | **$** | **86,373** | **$** | **84,518** |
| Revenue | $ | 135,196 | $ | 143,683 | $ | 162,631 |
| **Efficiency ratio excluding notable items** | | **62.76%** | | **60.11%** | | **51.97%** |
| Average assets | | 19,600,942 | | 20,059,304 | | 18,863,726 |
| **Noninterest expense/average assets excluding notable items** | | **1.73%** | | **1.72%** | | **1.79%** |