

# Financial Results Third 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.”





# Third Quarter 2023 Highlights

- Net income of \$3.4 million
- Diluted earnings per share of \$0.39
- Total revenue increased to \$24.8 million
- Noninterest expense to average assets of 1.53%
- Tangible book value per share of \$39.57

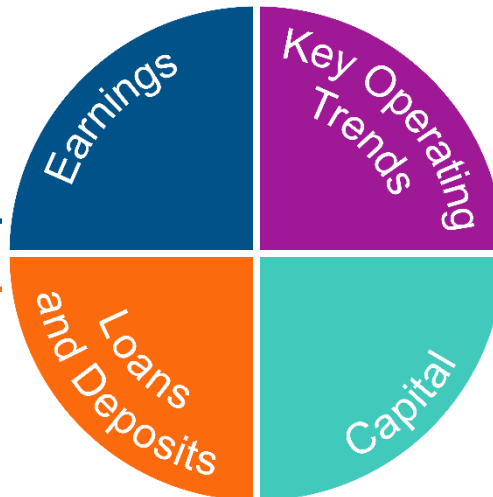
- Net interest margin of 1.39% and FTE net interest margin of 1.49%<sup>1</sup>
- Pace of increase in deposit costs slowed to lowest point in past five quarters

- SBA gain on sale revenue of \$5.6 million
- NPAs to total assets improved to 0.12%
- Office CRE less than 1% of total loans

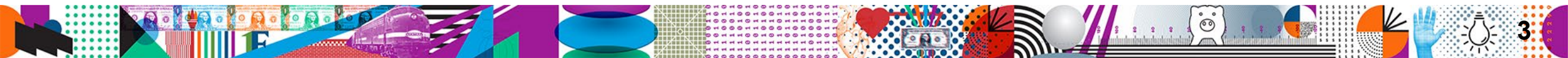
- Total deposits increased 5.9% from 2Q23
- Total portfolio loan balances increased 2.4% from 2Q23
- Yield on loans funded in 3Q23 increased to 8.92%, up 50 bps from 2Q23, under loan portfolio optimization strategy
- Loans to deposits ratio declined to 91.5%

- Capital position remains solid
- TCE / TA of 6.64%<sup>1</sup>; CET1 ratio of 9.59%

- Excluding AOCI and adjusting for normalized cash balances, adjusted TCE / TA was 7.77%<sup>1</sup>
- Repurchased 97,834 shares at an average price of \$18.29 under authorized repurchase program



<sup>1</sup> See Reconciliation of Non-GAAP Financial Measures in the Appendix



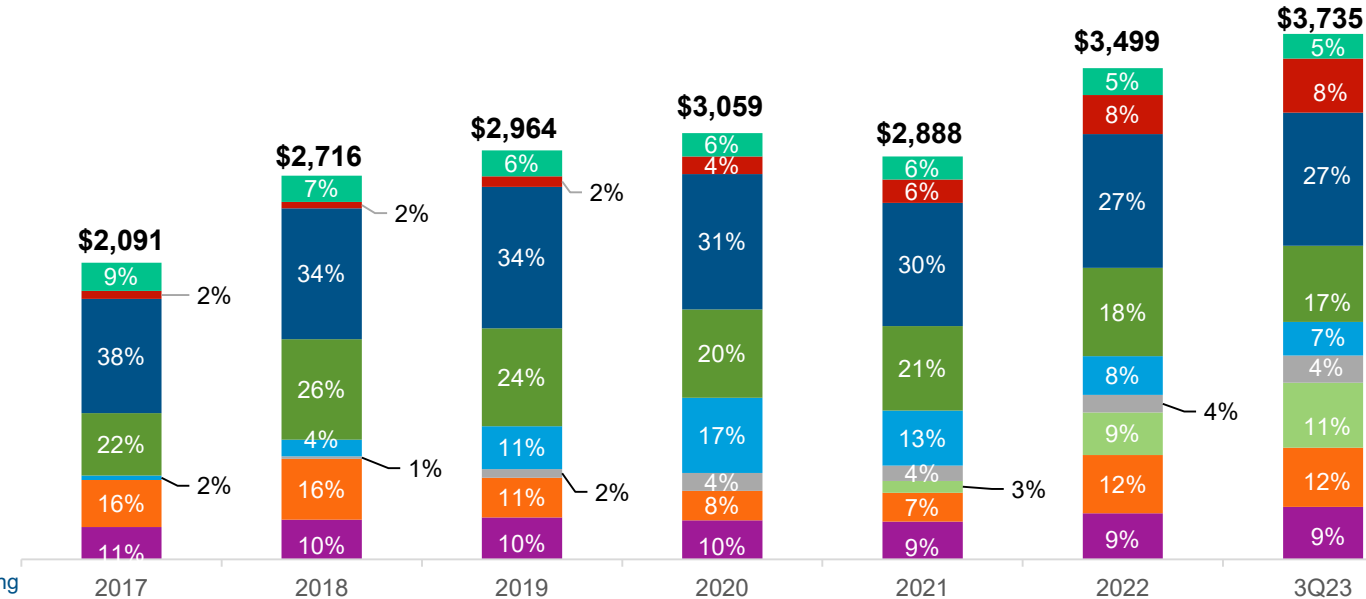
# Loan Portfolio Overview

- Total portfolio loan balances increased 2.4% from 2Q23
- Commercial loan balances increased \$77.2 million, or 2.7%, compared to 2Q23
- Consumer loan balances increased \$13.8 million, or 1.8%, compared to 2Q23
- 3Q23 funded portfolio loan origination yields were up 50 bps from 2Q23 and 362 bps from 3Q22
- Office exposure continues to be less than 1% of total loan balances and is limited to suburban and medical

## Loan Portfolio Mix<sup>1</sup>

Dollars in millions

- Commercial and Industrial<sup>2</sup>
- Construction and Investor CRE
- Single Tenant Lease Financing
- Public Finance
- Healthcare Finance
- Small Business Lending
- Franchise Finance
- Residential Mortgage/HE/HELOCs
- Consumer



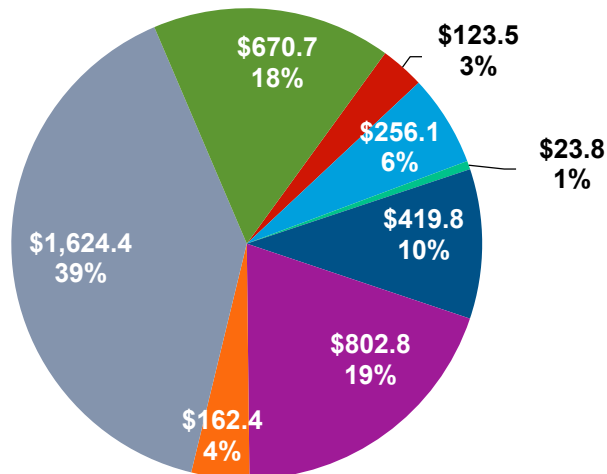
1 Percentages may not add up to 100% due to rounding  
 2 Includes commercial and industrial and owner-occupied commercial real estate balances

# Deposit Composition

- Total deposits increased \$229.2 million, or 5.9%, from 2Q23 and are up 27.9% from 3Q22
- 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
- Quarterly deposit growth driven by CD production priced ahead of Fed Funds increase in July and deposit maturities in 4Q23

## Total Deposits - \$4.1B as of 9/30/23

Dollars in millions



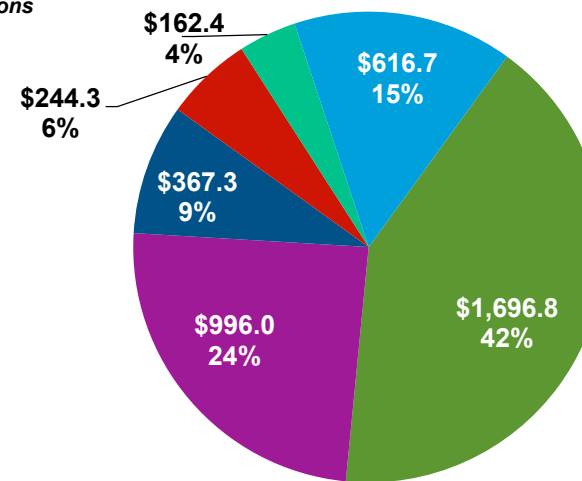
- Noninterest-bearing deposits
- Savings accounts
- Money market - SMB/Commercial<sup>1</sup>
- Certificates of deposits
- Interest-bearing demand deposits
- Money market - Consumer
- BaaS deposits
- Brokered deposits

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

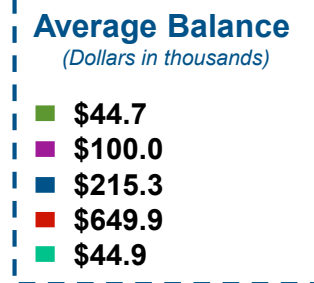
<sup>2</sup> Public funds includes \$54.0 million of deposits that are classified as brokered for regulatory purposes

## Deposits by Customer Type - 9/30/23

Dollars in millions

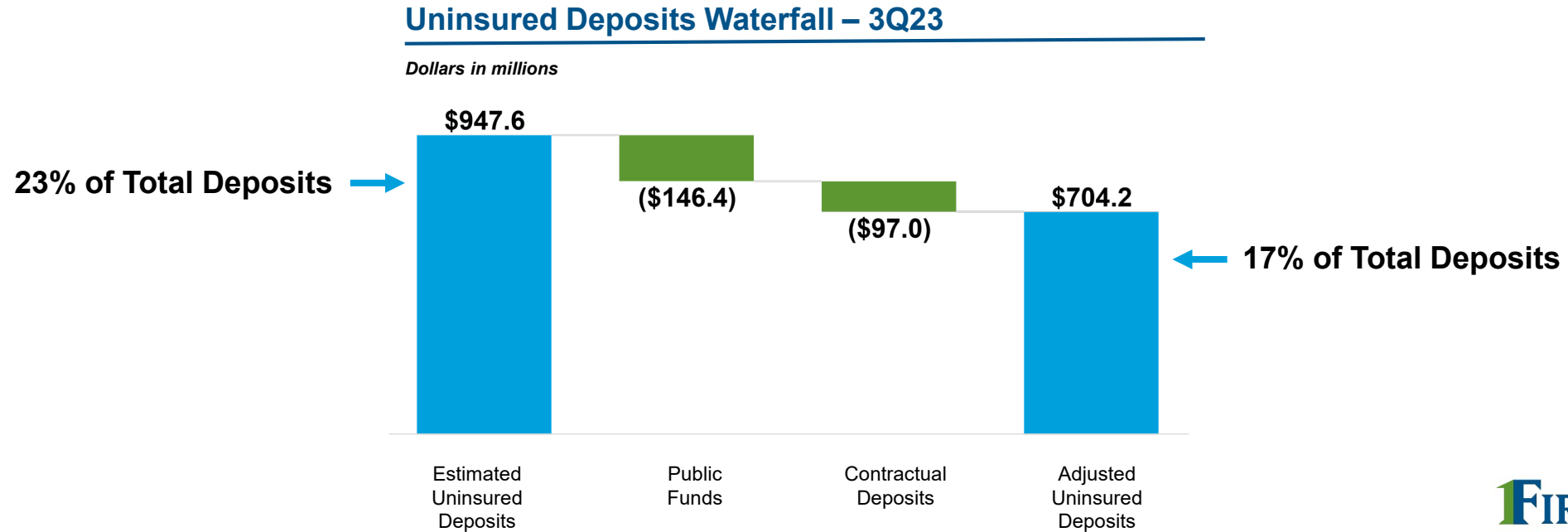


- Consumer
- Small Business
- Commercial
- Public Funds<sup>2</sup>
- BaaS
- Brokered



# Uninsured Deposit Balances

- Estimated uninsured deposit balances represent 23% of total deposits, down from 24% in 2Q23
  - Decrease driven primarily by new production in balances under the insured limit
- 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

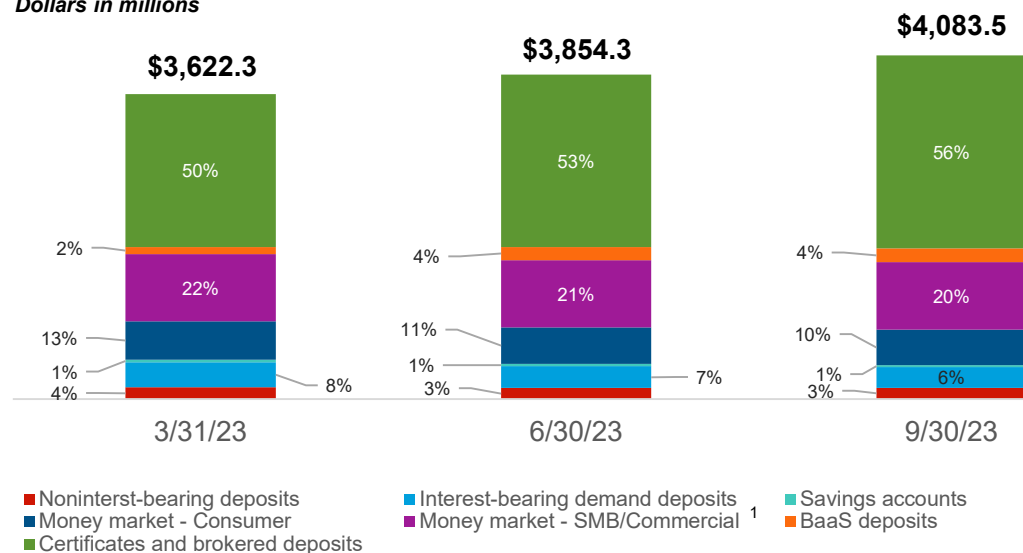


# Liquidity and 3Q23 Deposit Update

- Cash and unused borrowing capacity totaled \$1.7 billion at quarter end
  - Cash balances up over \$55 million since 2Q23
  - Currently represents 182% of total uninsured deposits and 244% of adjusted uninsured deposits
- CD production drove increased balance sheet liquidity
- Strong deposit growth lowered the loans to deposits ratio to 91.5%

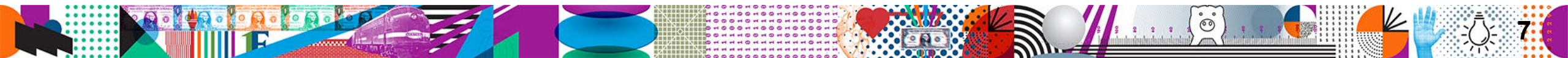
## Total Deposits – Recent Activity

Dollars in millions



## Cost of Funds by Deposit Type

	3Q23	2Q23	1Q23
Interest-bearing demand deposits	2.18%	1.68%	1.09%
Savings accounts	0.85%	0.86%	0.86%
Money market accounts	4.04%	3.88%	3.62%
BaaS – brokered deposits	4.33%	4.03%	3.80%
Certificates of deposits	4.37%	3.84%	3.12%
Brokered deposits	4.74%	4.47%	3.93%
<b>Total interest-bearing deposits</b>	<b>4.09%</b>	<b>3.75%</b>	<b>3.24%</b>



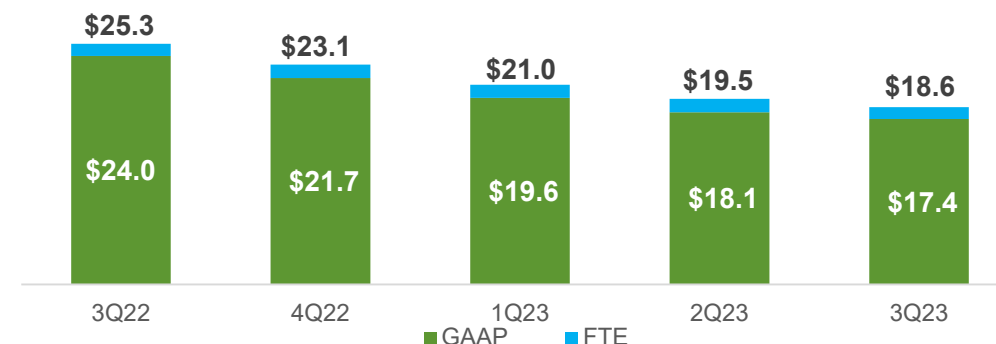


# Net Interest Income and Net Interest Margin

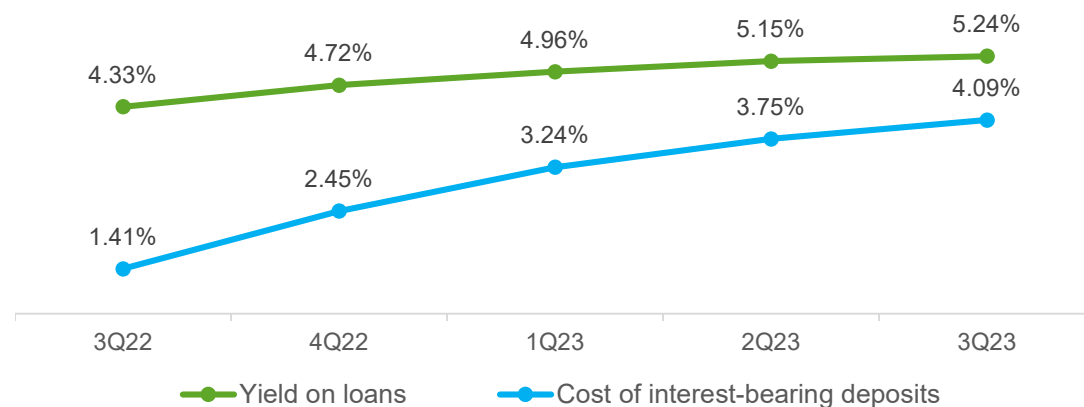
- Net interest income on a GAAP and FTE basis were down 4.2% and 4.4%, respectively, from 2Q23
- Improved loan mix and higher origination yields were offset by higher funding costs
- Total loan portfolio yield impacted by loan beta lag effect on fixed rate portfolios
- Pace of increase in deposit costs slowest in past five quarters

## Net Interest Income – GAAP and FTE<sup>1</sup>

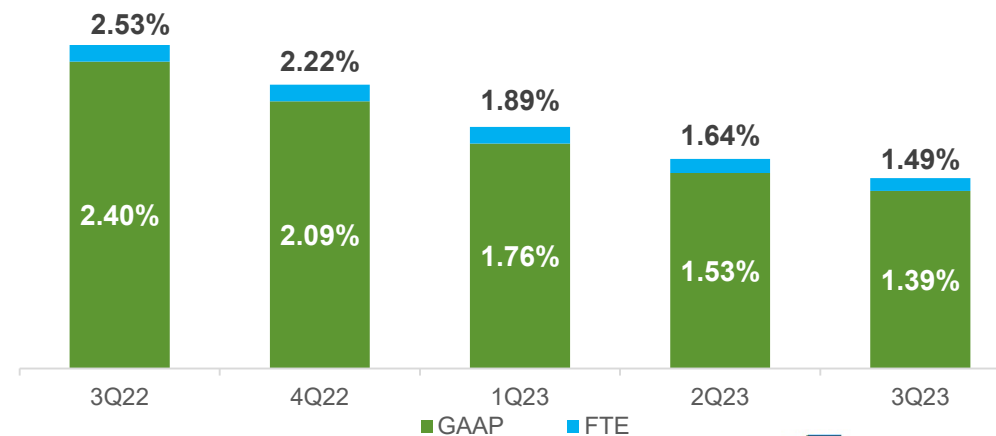
Dollars in millions



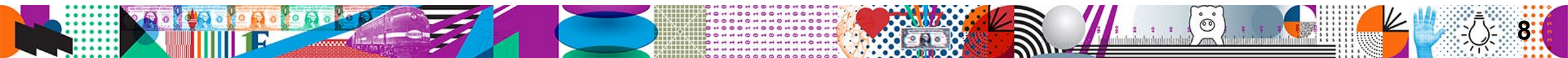
## Yield on Loans and Cost of Interest-Bearing Deposits



## Net Interest Margin – GAAP and FTE<sup>1</sup>



<sup>1</sup> See Reconciliation of Non-GAAP Financial Measures in the Appendix

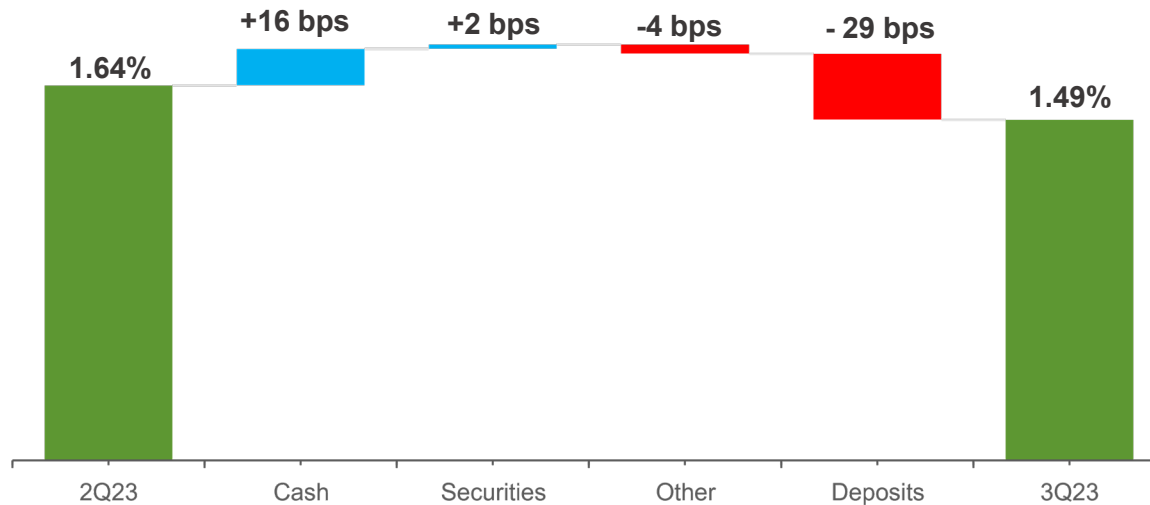




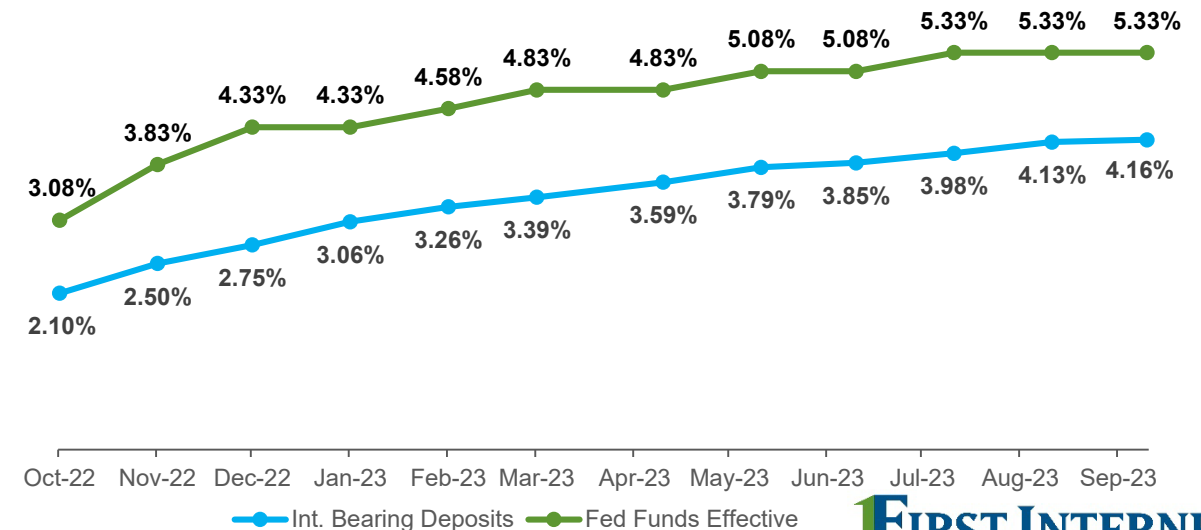
# Net Interest Margin Drivers

- Linked-quarter FTE NIM decreased 15 bps, due primarily to higher deposit costs, partially offset by higher earning asset yields
  - Weighted average yield of 8.92% on funded portfolio originations during 3Q23, up 50 bps from 2Q23
  - Other earning assets and securities yields increased 29 and 20 bps, respectively, from 2Q23
- Deposit costs increased 34 bps from 2Q23 to 4.09% for 3Q23
  - Strong deposit growth continued to outpace loan growth to provide greater liquidity
  - Carrying higher cash balances estimated to have negatively impacted NIM and FTE NIM by 10 - 12 bps

Net Interest Margin – FTE<sup>1</sup> Linked-Quarter Change



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



<sup>1</sup> See Reconciliation of Non-GAAP Financial Measures in the Appendix

# Noninterest Income

- Noninterest income of \$7.4 million, up 26%, compared to \$5.9 million in 2Q23
- Gain on sale of loans of \$5.6 million, up 14.4%, compared to \$4.9 million in 2Q23
  - SBA loan sale volume increased 22.1% compared to 2Q23
  - Net gain on sale premiums declined by 38 bps from 2Q23
- Other income increased \$0.5 million due to income from fund investments

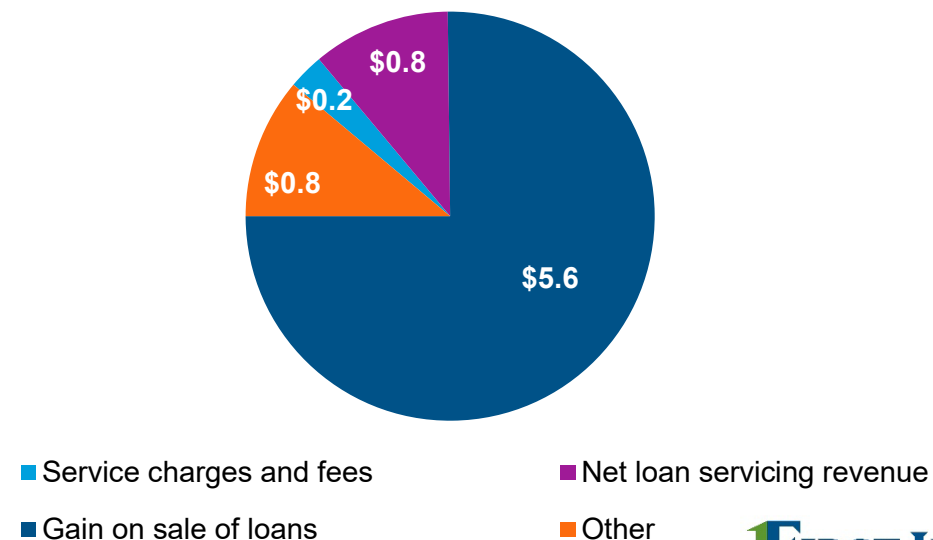
## Noninterest Income by Quarter

Dollars in millions



## Noninterest Income by Type

Dollars in millions

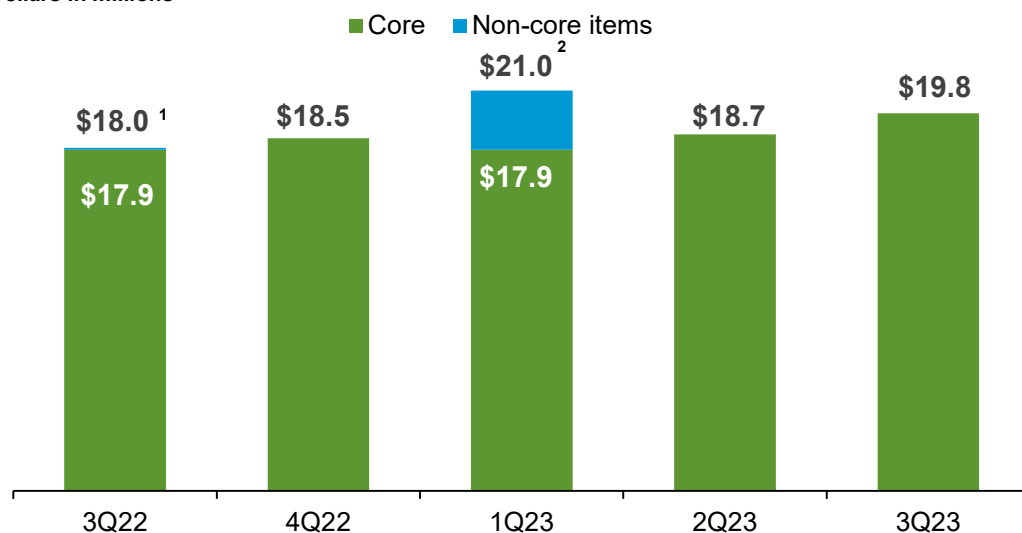


# Noninterest Expense

- Noninterest expense of \$19.8 million, compared to \$18.7 million in 2Q23
- Salaries and employee benefits expense reflects higher SBA and construction incentive compensation
- Increase in loan expenses driven by higher loan production and third party loan servicing fees
- Lower noninterest expense to average assets reflects the cost savings from exiting the mortgage business in 1Q23

## Noninterest Expense by Quarter

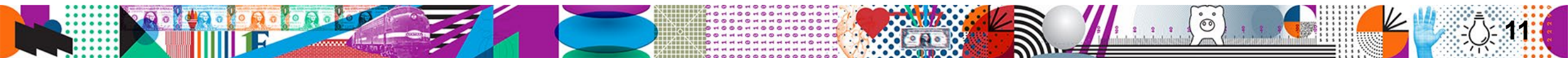
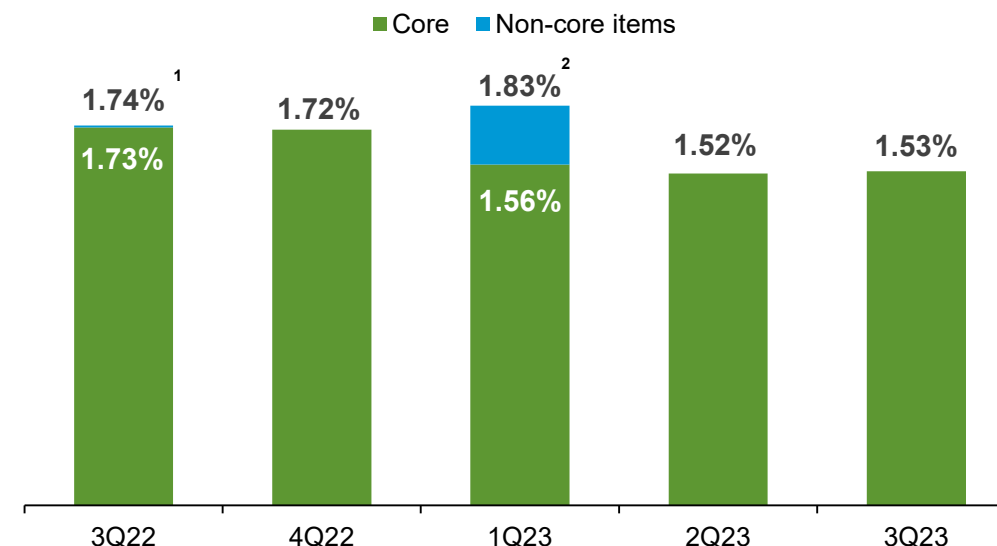
Dollars in millions



<sup>1</sup> 3Q22 noninterest expense includes a \$0.1 million write-down of software; see Reconciliation of Non-GAAP Financial Measures in the Appendix

<sup>2</sup> 1Q23 noninterest expense includes \$3.1 million of mortgage operations and exit costs; see Reconciliation of Non-GAAP Financial Measures in the Appendix

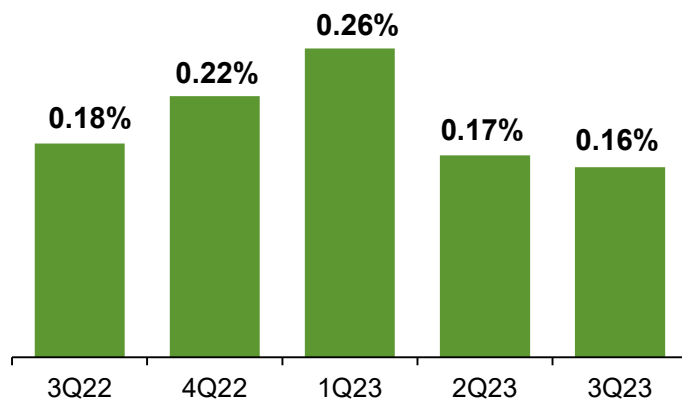
## Noninterest Expense to Average Assets



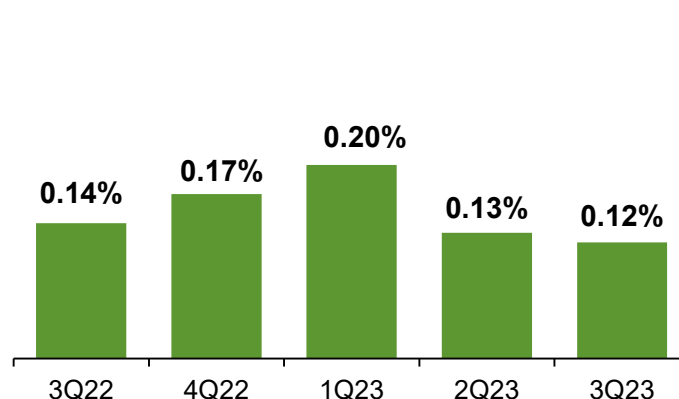
# Asset Quality

- Allowance for credit losses to total loans of 0.98% in 3Q23, down 1 bp from 2Q23
- Quarterly provision for credit losses was \$1.9 million, compared to \$1.7 million in 2Q23
- Net charge-offs to average loans of 0.16%, compared to 0.17% in 2Q23
- Nonperforming loans decreased \$0.3 million from 2Q23
- Delinquencies 30 days or more past due of 0.22%, compared to 0.09% in 2Q23

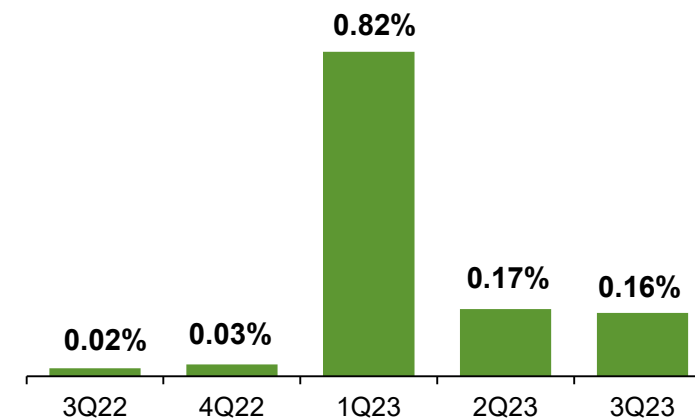
## NPLs to Total Loans



## NPAs to Total Assets



## Net Charge-Offs to Avg. Loans

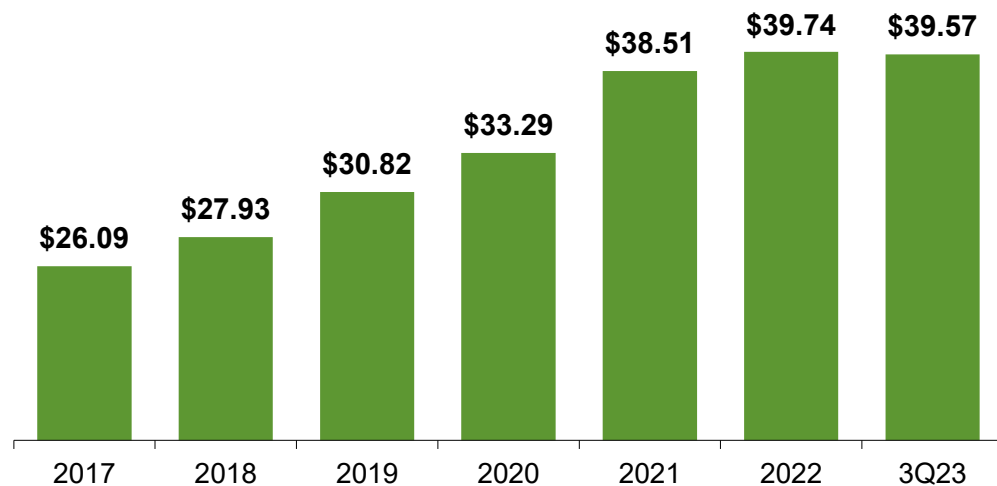




# Capital

- Tangible common equity to tangible assets decreased 43 bps to 6.64%<sup>1</sup> from 2Q23
  - Impacted by deposit growth and increase in cash balances; expect smaller balance sheet in 4Q23 with deposit maturities
- Tangible book value per share of \$39.57, relatively consistent with \$39.85 in 2Q23<sup>1</sup>
- Repurchased 97,834 shares at an average price per share of \$18.29 during 3Q23
- Since 4Q21, 1,364,978 shares have been purchased at an average price per share of \$29.83

## Tangible Book Value Per Share<sup>1</sup>



## Regulatory Capital Ratios – September 30, 2023<sup>2</sup>

	Company	Bank
Total shareholders' equity to assets	6.73%	8.35%
Tangible common equity to tangible assets <sup>1</sup>	6.64%	8.26%
Tier 1 leverage ratio	7.31%	8.97%
Common equity tier 1 capital ratio	9.59%	11.77%
Tier 1 capital ratio	9.59%	11.77%
Total risk-based capital ratio	13.18%	12.71%

<sup>1</sup> See Reconciliation of Non-GAAP Financial Measures in the Appendix

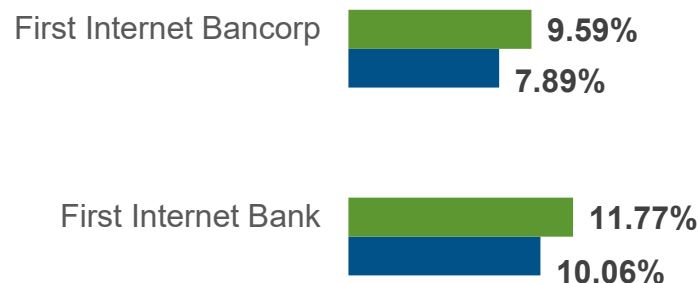
<sup>2</sup> Regulatory capital ratios are preliminary pending filing of the Company's and Bank's regulatory reports

# 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 66% 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 19.6% of tangible equity

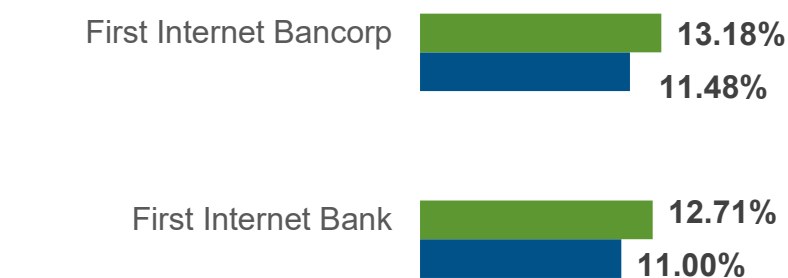
## Common Equity Tier 1 Capital Ratios <sup>1</sup>

As of 9/30/23



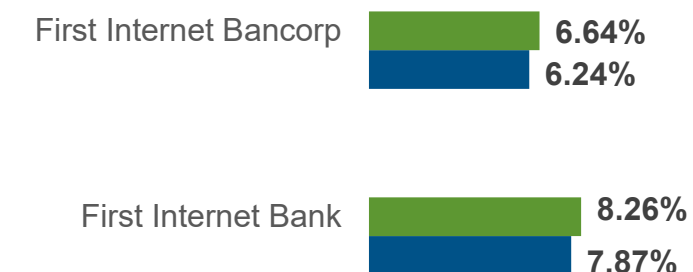
## Total Capital Ratios <sup>1</sup>

As of 9/30/23



## Tangible Common Equity / Tangible Assets

As of 9/30/23



Minimum Capital Required 7.00%

Minimum Capital Required 10.50%

■ Basel III ■ Reported ■ Adjusted <sup>2</sup>

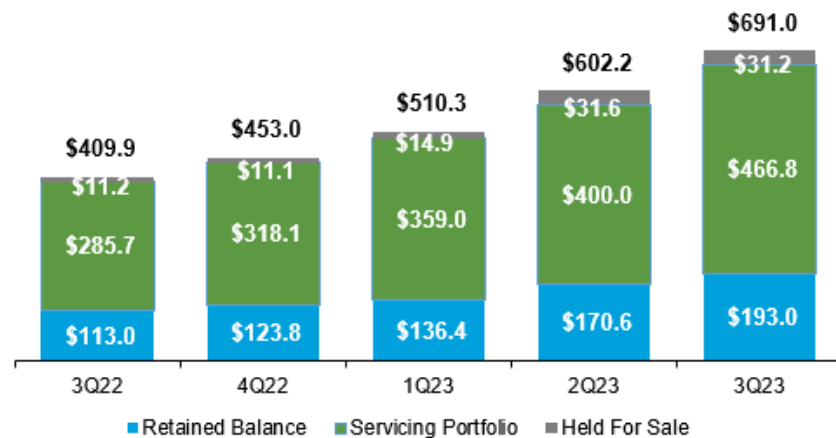
<sup>1</sup> Regulatory capital ratios are preliminary pending filing of the Company's and Bank's regulatory reports

<sup>2</sup> Adjusted for unrealized losses, after tax

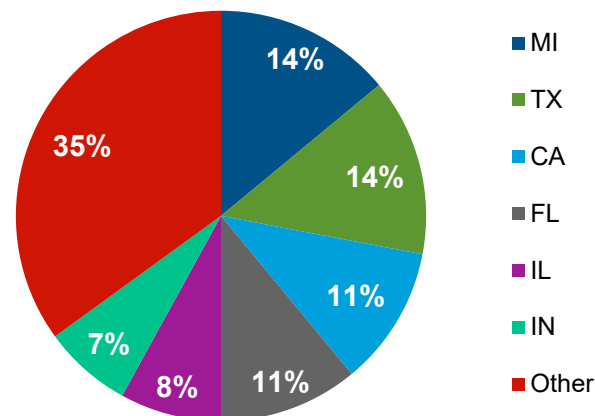
# Small Business Lending

- \$193.0 million in balances as of September 30, 2023
- Nationwide platform providing growth capital to entrepreneurs and small business owners
- Originations year-to-date 2023 up 165% over year-to-date September 30, 2022
- *9th largest Small Business Administration 7(a) lender for the SBA's 2023 fiscal year*

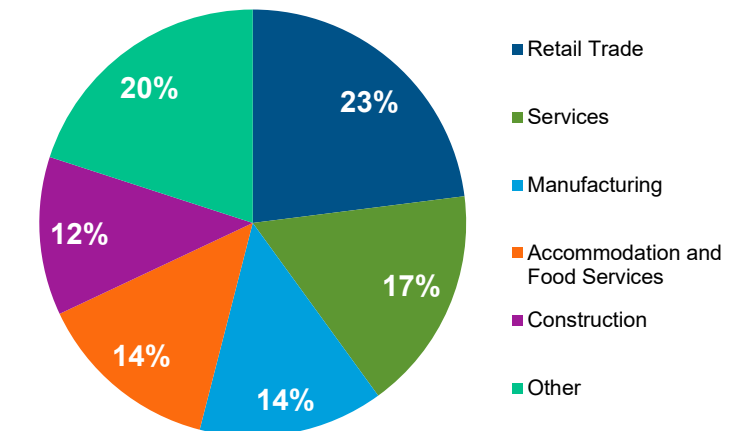
Managed SBA 7(a) Loans<sup>1</sup>



Portfolio Mix by State



Portfolio Mix by Major Industry

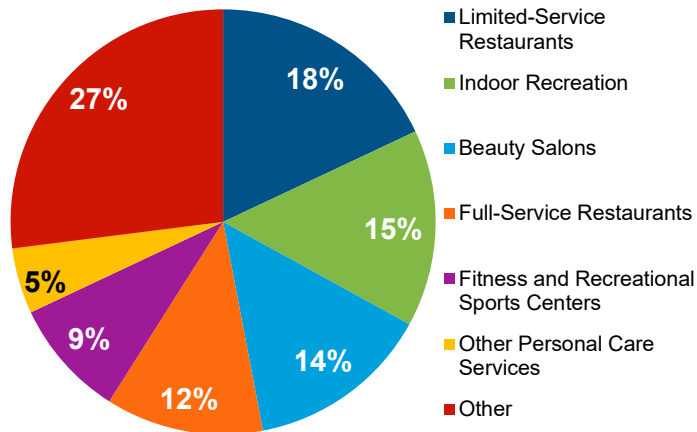


<sup>1</sup> Excludes PPP loans

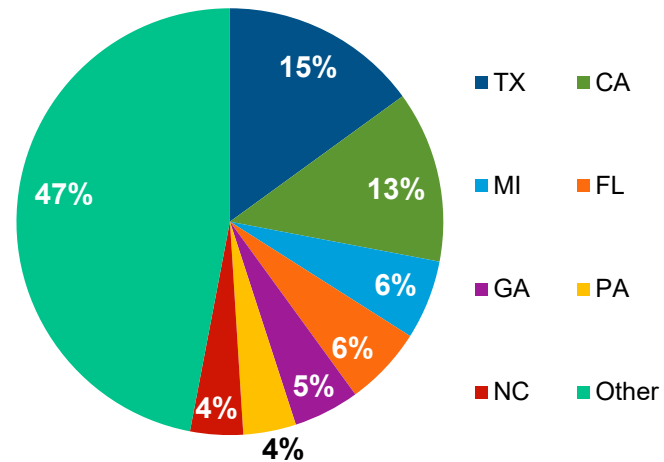
# Franchise Finance

- \$455.1 million in balances as of September 30, 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

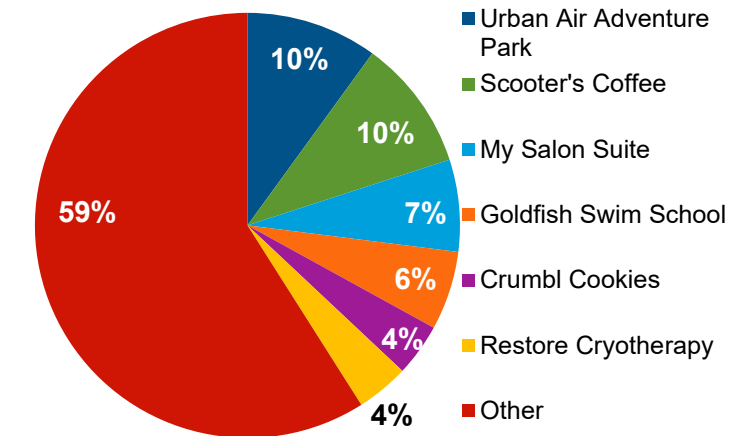
Portfolio Mix by Borrower Use



Portfolio Mix by State



Portfolio Mix by Brand

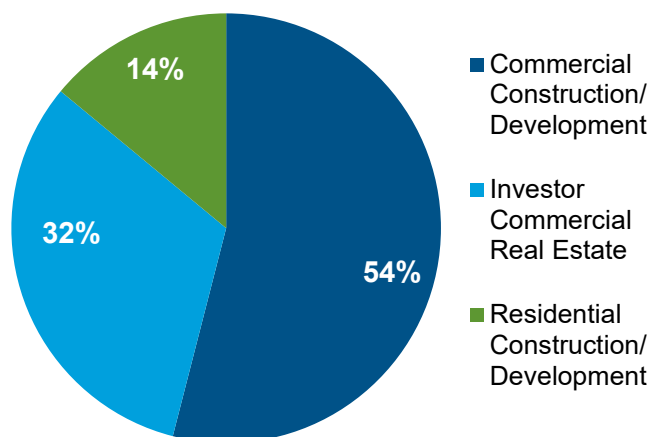




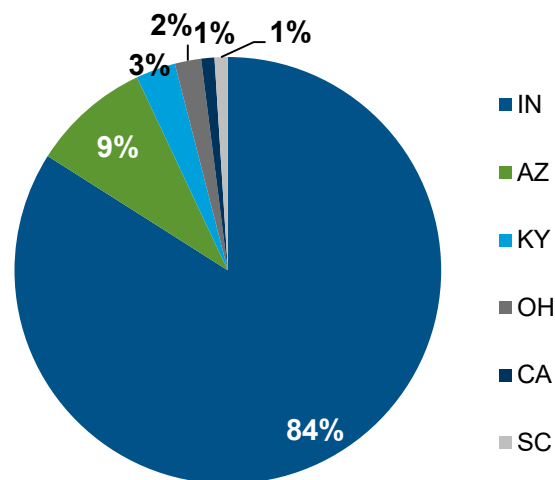
# Construction and Investor Commercial Real Estate

- \$381.9 million in combined balances as of September 30, 2023
- Average current loan balance of \$5.6 million for investor CRE
- Average commitment sizes for construction
  - Commercial construction/development: \$21.4 million
  - Residential construction/development: \$2.1 million
- Unfunded commitments as of September 30th, 2023, up from 2Q23
  - Commercial construction/development: \$486.4 million
  - Residential construction/development: \$41.0 million
- **Minimal office exposure; 3.4% of combined balances consisting of suburban and medical office space**

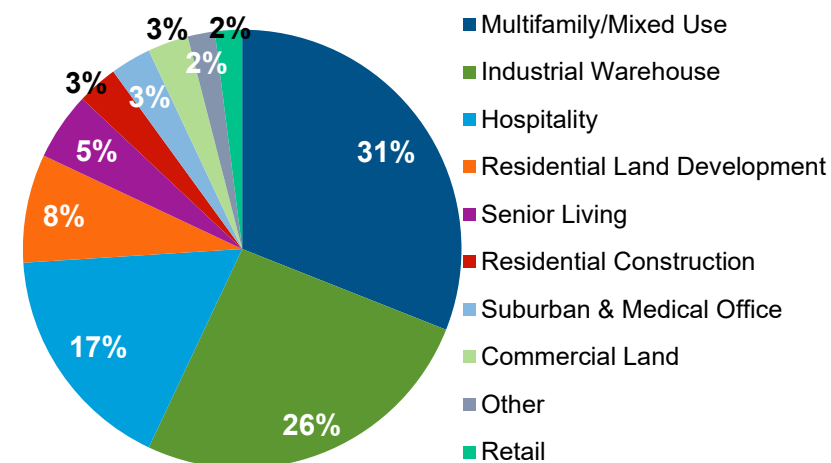
Portfolio by Loan Type



Portfolio Mix by State



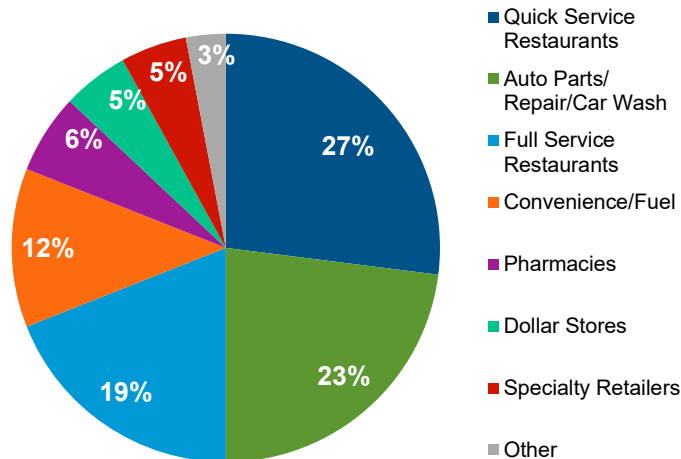
Portfolio Mix by Major Industry



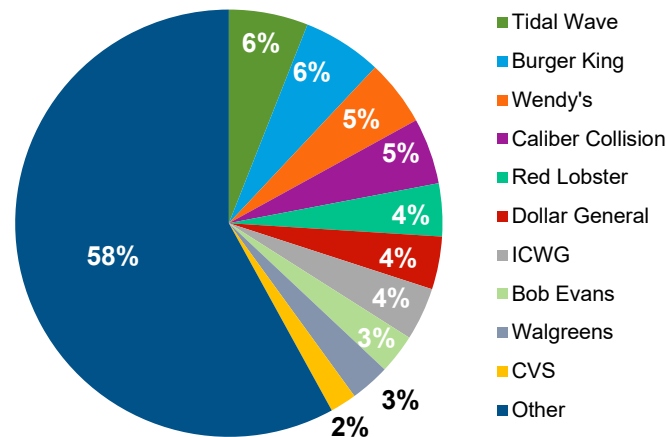
# Single Tenant Lease Financing

- \$933.9 million in balances as of September 30, 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***

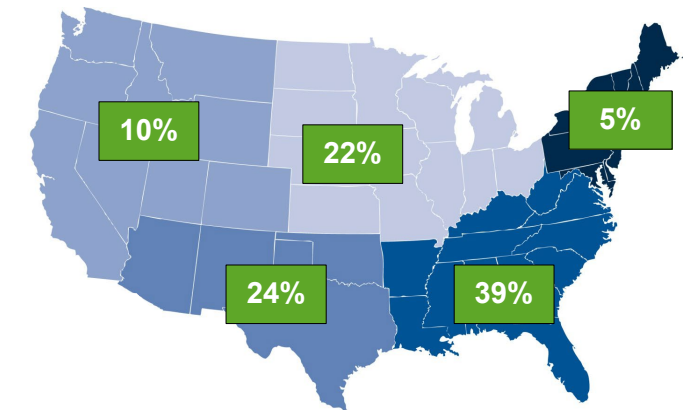
## Portfolio Mix by Major Vertical



## Portfolio Mix by Major Tenant



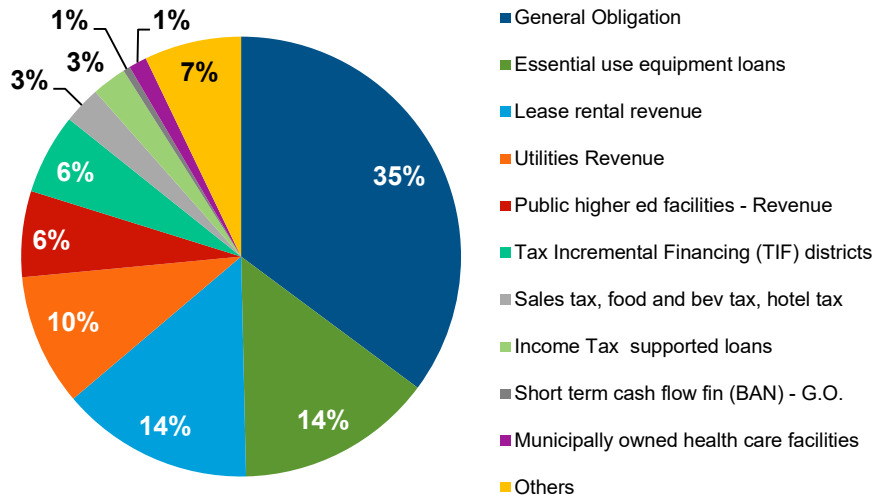
## Portfolio Mix by Geography



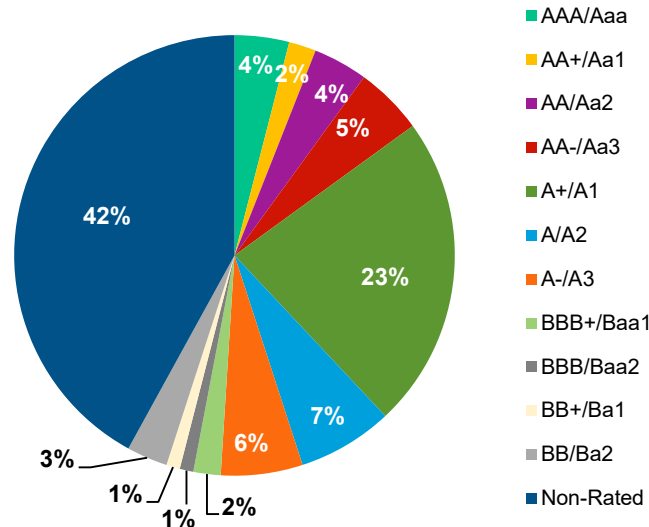
# Public Finance

- \$536.0 million in balances as of September 30, 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

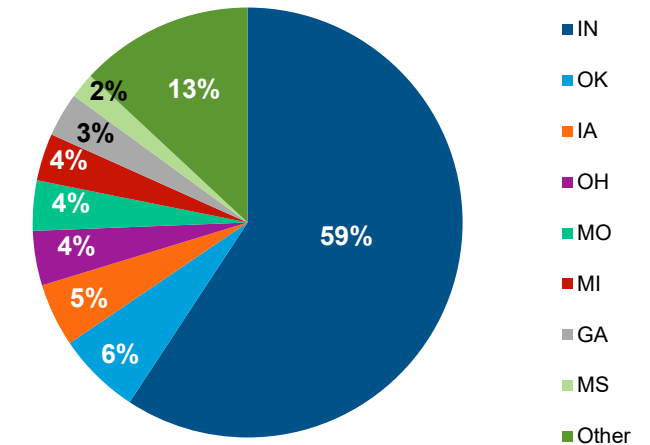
## Portfolio Mix by Repayment Source



## Borrower Mix by Credit Rating



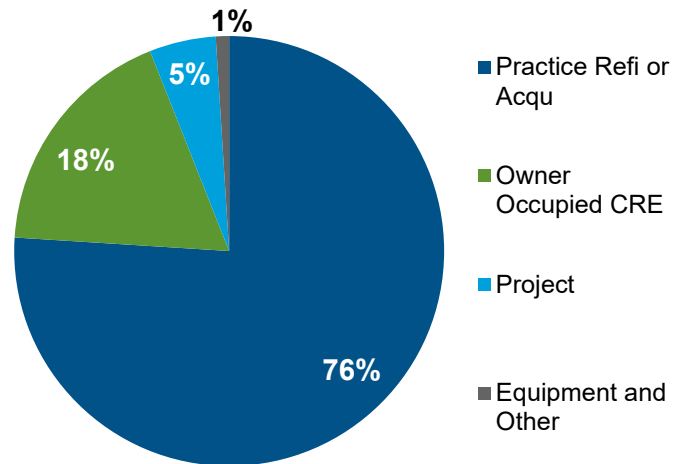
## Portfolio Mix by State



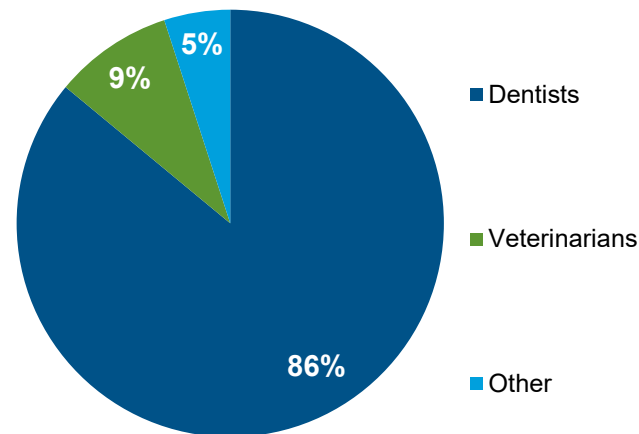
# Healthcare Finance

- \$235.6 million in balances as of September 30, 2023
- Average loan size of \$476,000
- No delinquencies in this portfolio

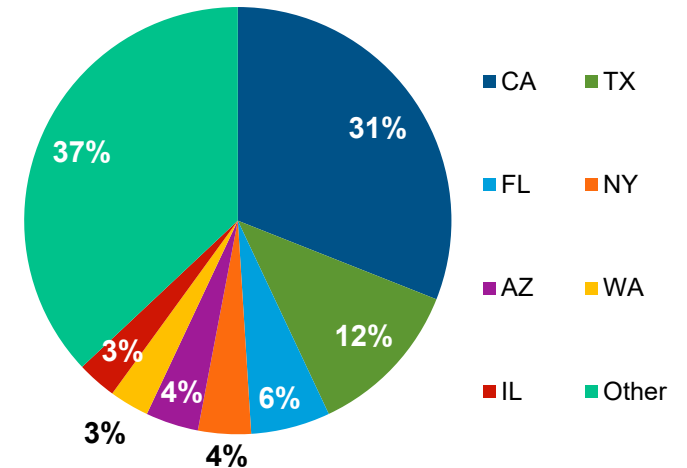
## Portfolio Mix by Borrower Use



## Portfolio Mix by Borrower



## Portfolio Mix by State

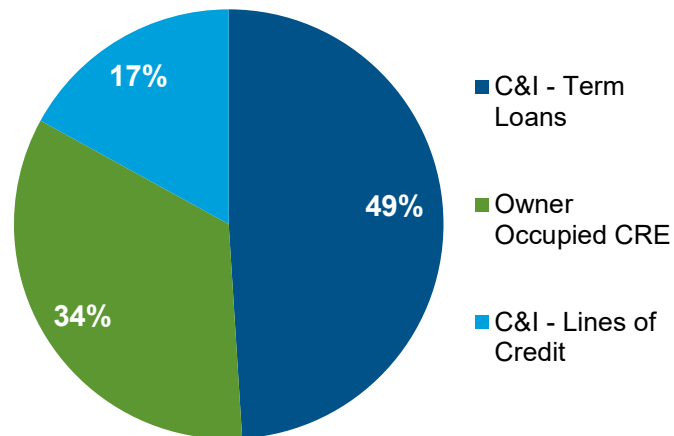




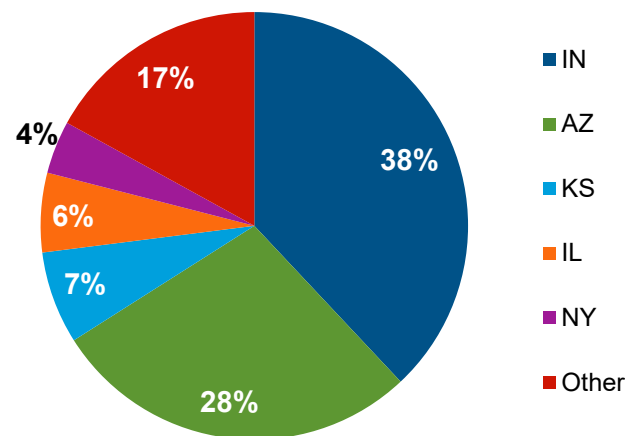
# C&I and Owner-Occupied Commercial Real Estate

- \$172.8 million in combined balances as of September 30, 2023
- Current C&I LOC utilization of 46%
- Average loan sizes
  - C&I: \$651,000
  - Owner-occupied CRE: \$821,000
- **Minimal office exposure; 2.0% of combined loan balances consisting of suburban office space**

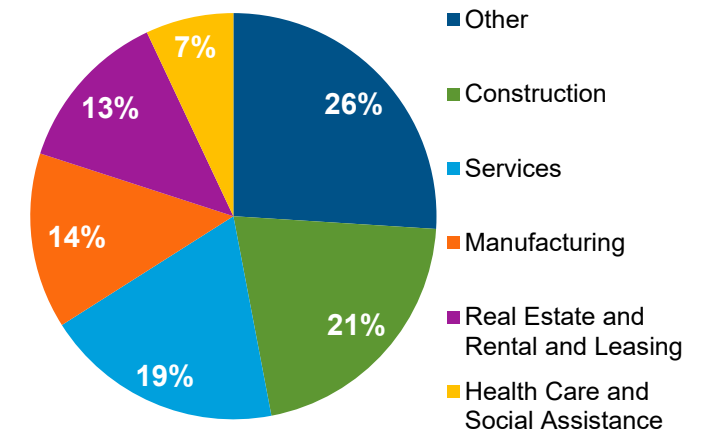
Portfolio by Loan Type



Portfolio Mix by State



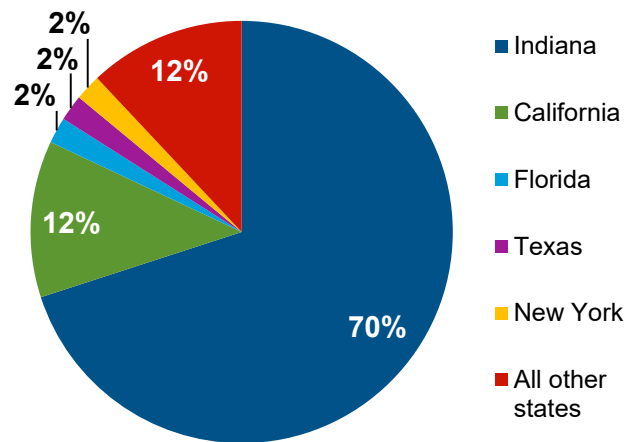
Portfolio Mix by Major Industry



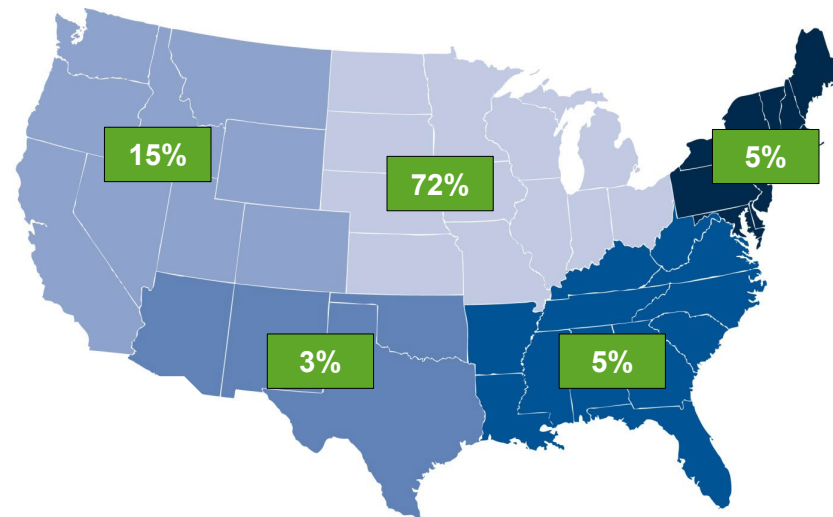
# Residential Mortgage

- \$417.0 million in balances as of September 30, 2023 (includes home equity balances)
- Historically direct-to-consumer originations centrally located at corporate headquarters
- Focused on high quality borrowers
  - Average loan size of \$206,000
  - Average credit score at origination of 742
  - Average LTV at origination of 80%
- Strong historical credit performance

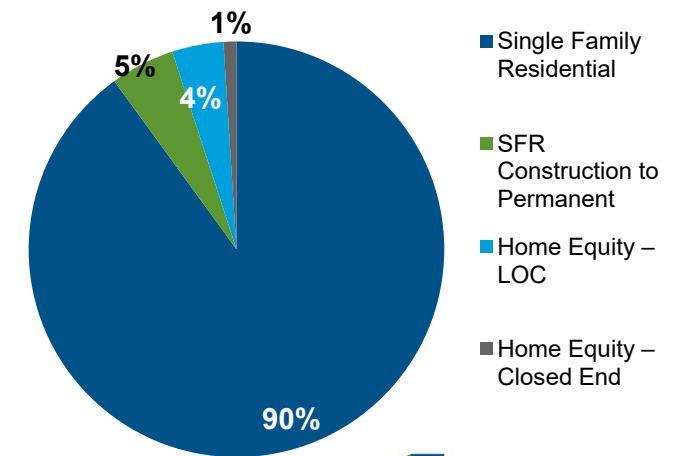
## Concentration by State



## National Portfolio with Midwest Concentration



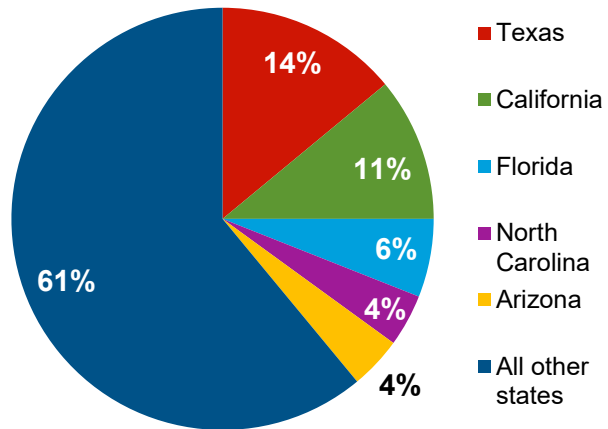
## Concentration by Loan Type



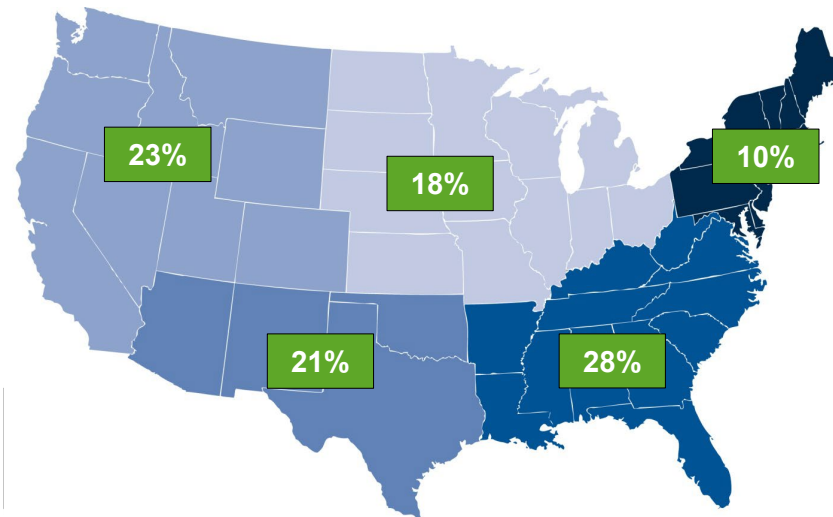
# Specialty Consumer

- \$369.5 million in balances as of September 30, 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 \$25,000
- Strong historical credit performance

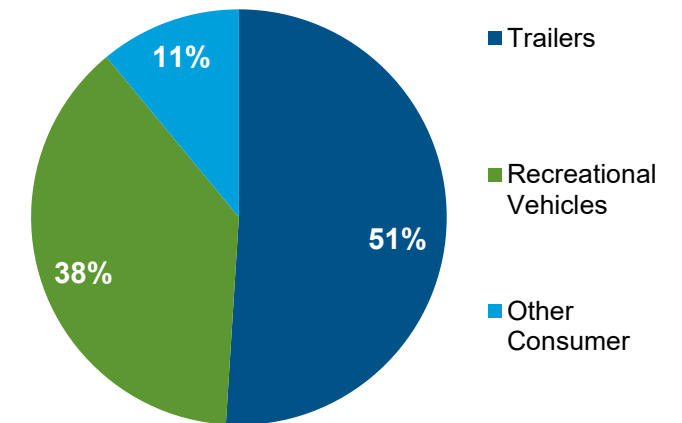
## Concentration by State



## Geographically Diverse Portfolio



## Concentration by Loan Type



# Appendix



# Loan Portfolio Composition

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

<sup>1</sup> Includes carrying value adjustments of \$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 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>	2016	2017	2018	2019	2020	2021	2022	3Q23
<b>Total equity - GAAP</b>	\$153,942	\$224,127	\$288,735	\$304,913	\$330,944	\$380,338	\$364,974	\$347,744
<b>Adjustments:</b>								
<b>Goodwill</b>	(4,687)	(4,687)	(4,687)	(4,687)	(4,687)	(4,687)	(4,687)	(4,687)
<b>Tangible common equity</b>	<u>\$149,255</u>	<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>\$343,057</u>
 <b>Common shares outstanding</b>	 6,478,050	 8,411,077	 10,170,778	 9,741,800	 9,800,569	 9,754,455	 9,065,883	 8,669,673
 <b>Book value per common share</b>	 \$23.76	 \$26.65	 \$28.39	 \$31.30	 \$33.77	 \$38.99	 \$40.26	 \$40.11
<b>Effect of goodwill</b>	<u>(0.72)</u>	<u>(0.56)</u>	<u>(0.46)</u>	<u>(0.48)</u>	<u>(0.48)</u>	<u>(0.48)</u>	<u>(0.52)</u>	<u>(0.54)</u>
<b>Tangible book value per common share</b>	<u>\$23.04</u>	<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>\$39.57</u>

# Reconciliation of Non-GAAP Financial Measures

<i>Dollars in thousands, except for per share data</i>	3Q22	4Q22	1Q23	2Q23	3Q23
Total equity - GAAP	\$360,857	\$364,974	\$355,572	\$354,332	\$347,744
Adjustments:					
Goodwill	(4,687)	(4,687)	(4,687)	(4,687)	(4,687)
Tangible common equity	<u>\$356,170</u>	<u>\$360,287</u>	<u>\$350,885</u>	<u>\$349,645</u>	<u>\$343,057</u>
 Total assets - GAAP	 \$4,264,424	 \$4,543,104	 \$4,721,319	 \$4,947,049	 \$5,169,023
Adjustments:					
Goodwill	(4,687)	(4,687)	(4,687)	(4,687)	(4,687)
Tangible assets	<u>\$4,259,737</u>	<u>\$4,538,417</u>	<u>\$4,716,632</u>	<u>\$4,942,362</u>	<u>\$5,164,336</u>
 Common shares outstanding	 9,290,885	 9,065,883	 8,943,477	 8,774,507	 8,669,673
 Book value per common share	 \$38.84	 \$40.26	 \$39.76	 \$40.38	 \$40.11
Effect of goodwill	(0.50)	(0.52)	(0.53)	(0.53)	(0.54)
Tangible book value per common share	<u>\$38.34</u>	<u>\$39.74</u>	<u>\$39.23</u>	<u>\$39.85</u>	<u>\$39.57</u>
 Total shareholders' equity to assets	 8.46%	 8.03%	 7.53%	 7.16%	 6.73%
Effect of goodwill	(0.10%)	(0.09%)	(0.09%)	(0.09%)	(0.09%)
Tangible common equity to tangible assets	<u>8.36%</u>	<u>7.94%</u>	<u>7.44%</u>	<u>7.07%</u>	<u>6.64%</u>
 Total interest income	 \$39,099	 \$45,669	 \$52,033	 \$58,122	 \$63,015
Adjustments:					
Fully-taxable equivalent adjustments <sup>1</sup>	1,280	1,384	1,383	1,347	1,265
Total interest income - FTE	<u>\$40,379</u>	<u>\$47,053</u>	<u>\$53,416</u>	<u>\$59,469</u>	<u>\$64,280</u>
 Net interest income	 \$23,994	 \$21,669	 \$19,574	 \$18,145	 \$17,378
Adjustments:					
Fully-taxable equivalent adjustments <sup>1</sup>	1,280	1,384	1,383	1,347	1,265
Net interest income - FTE	<u>\$25,274</u>	<u>\$23,053</u>	<u>\$20,957</u>	<u>\$19,492</u>	<u>\$18,643</u>
 Net interest margin	 2.40%	 2.09%	 1.76%	 1.53%	 1.39%
Adjustments:					
Effect of fully-taxable equivalent adjustments <sup>1</sup>	0.13%	0.13%	0.13%	0.11%	0.10%
Net interest margin - FTE	<u>2.53%</u>	<u>2.22%</u>	<u>1.89%</u>	<u>1.64%</u>	<u>1.49%</u>

<sup>1</sup> Assuming a 21% tax rate

# Reconciliation of Non-GAAP Financial Measures

<i>Dollars in thousands, except for per share data</i>	3Q22	4Q22	1Q23	2Q23	3Q23
<b>Noninterest income</b>	\$4,314	\$5,807	\$5,446	\$5,871	\$7,407
<b>Adjustments:</b>					
Mortgage-related revenue	-	-	(65)	-	-
<b>Adjusted noninterest income</b>	<u>\$4,314</u>	<u>\$5,807</u>	<u>\$5,381</u>	<u>\$5,871</u>	<u>\$7,407</u>
 <b>Noninterest expense</b>	 \$17,995	 \$18,513	 \$20,954	 \$18,670	 \$19,756
<b>Adjustments:</b>					
Write-down of software	(125)	-	-	-	-
Mortgage-related costs	-	-	(3,052)	-	-
<b>Adjusted noninterest expense</b>	<u>\$17,870</u>	<u>\$18,513</u>	<u>\$17,902</u>	<u>\$18,670</u>	<u>\$19,756</u>
 <b>Noninterest expense to average assets</b>	 1.74%	 1.72%	 1.83%	 1.52%	 1.53%
Effect of write-down of software	(0.01%)	0.00%	0.00%	0.00%	0.00%
Effect of mortgage-related costs	0.00%	0.00%	(0.27%)	0.00%	0.00%
<b>Adjusted noninterest expense to average assets</b>	<u>1.73%</u>	<u>1.72%</u>	<u>1.56%</u>	<u>1.52%</u>	<u>1.53%</u>



# Reconciliation of Non-GAAP Financial Measures

<i>Dollars in thousands, except for per share data</i>	3Q22	4Q22	1Q23	2Q23	3Q23
Income (loss) before income taxes - GAAP	\$ 9,423	\$ 6,854	\$ (5,349)	\$ 3,648	\$ 3,083
Adjustments:					
Mortgage-related revenue	-	-	(65)	-	-
Mortgage-related costs	-	-	3,052	-	-
Effect of write-down of software	125	-	-	-	-
Partial charge-off of C&I participation loan	-	-	6,914	-	-
Adjusted income before income taxes	<u>\$9,548</u>	<u>\$6,854</u>	<u>\$4,552</u>	<u>\$3,648</u>	<u>\$3,083</u>
Income tax provision (benefit) - GAAP	\$ 987	\$ 503	\$ (2,332)	\$ (234)	\$ (326)
Adjustments: <sup>1</sup>					
Mortgage-related revenue	-	-	(14)	-	-
Mortgage-related costs	-	-	641	-	-
Write-down of software	26	-	-	-	-
Partial charge-off of C&I participation loan	-	-	1,452	-	-
Adjusted income tax provision (benefit)	<u>\$ 1,013</u>	<u>\$ 503</u>	<u>\$ (253)</u>	<u>\$ (234)</u>	<u>\$ (326)</u>
Net income (loss) - GAAP	\$8,436	\$6,351	\$ (3,017)	\$ 3,882	\$ 3,409
Adjustments:					
Mortgage-related revenue	-	-	(51)	-	-
Mortgage-related costs	-	-	2,411	-	-
Write-down of software	(26)	-	-	-	-
Partial charge-off of C&I participation loan	-	-	5,462	-	-
Adjusted net income	<u>\$8,410</u>	<u>\$6,351</u>	<u>\$4,805</u>	<u>\$3,882</u>	<u>\$3,409</u>
Diluted average common shares outstanding	9,525,855	9,343,533	9,024,072	8,908,180	8,767,217
Diluted earnings (loss) per share - GAAP	\$ 0.89	\$ 0.68	\$ (0.33)	\$ 0.44	\$ 0.39
Adjustments:					
Effect of mortgage-related revenue	-	-	(0.01)	-	-
Effect of mortgage-related costs	-	-	0.27	-	-
Effect of write-down of software	0.01	-	-	-	-
Effect of partial charge-off of C&I participation loan	-	-	0.60	-	-
Adjusted diluted earnings per share	<u>\$0.90</u>	<u>\$0.68</u>	<u>\$0.53</u>	<u>\$0.44</u>	<u>\$0.39</u>

1 Assuming a 21% tax rate

# Reconciliation of Non-GAAP Financial Measures

<i>Dollars in thousands</i>	3Q23
Tangible common equity	\$343,057
Adjustments:	
Accumulated other comprehensive loss	41,197
Adjusted tangible common equity	<u>\$384,254</u>
 Tangible assets	 \$5,164,336
Adjustments:	
Cash in excess of \$300 million	(221,205)
Adjusted tangible assets	<u>\$4,943,131</u>
 Adjusted tangible common equity	 \$384,254
Adjusted tangible assets	<u>\$4,943,131</u>
Adjusted tangible common equity to adjusted tangible assets	<u>7.77%</u>

