

**Investor Presentation
Second Quarter 2021**



Forward-Looking Statements & Non-GAAP Financial Measures

This presentation may contain forward-looking statements with respect to the financial condition, results of operations, trends in lending policies, plans, objectives, future performance or business of the Company. Forward-looking statements are generally identifiable by the use of words such as “anticipate,” “believe,” “continue,” “could,” “designed,” “estimate,” “expect,” “intend,” “may,” “optimistic,” “pending,” “plan,” “position,” “preliminary,” “remain,” “should,” “will,” “would” or other similar expressions. Such statements are not a guarantee of future performance or results, are based on information available at the time the statements are made and are subject to certain risks and uncertainties including: the effects of the COVID-19 global pandemic and other adverse public health developments on the economy, 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 that 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 we own or that is the collateral for our loans; 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 real estate, commercial and industrial, public finance and SBA loan portfolios; competition with national, regional and community financial institutions; the loss of any key members of senior management; fluctuations in interest rates; general economic conditions; 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 adjusted revenue, adjusted net income, adjusted diluted earnings per share, average tangible common equity, adjusted return on average assets, return on average tangible common equity, adjusted return on average tangible common equity, tangible common equity, tangible assets, tangible book value per common share, tangible common equity to tangible assets, net interest income – FTE, net interest margin – FTE, allowance for loan losses to loans, excluding PPP loans, adjusted noninterest income, adjusted noninterest expense, adjusted noninterest expense to average assets, adjusted income before income taxes, adjusted income tax provision (benefit), and adjusted effective income tax rate 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.”

A Pioneer in Branchless Banking

- Digital bank with unique business model and over 20 years of operations
- Highly scalable technology driven business
- Nationwide deposit gathering and asset generation platforms
- Attractive lending niches with growth opportunities
- History of strong growth and a clear pathway to greater profitability



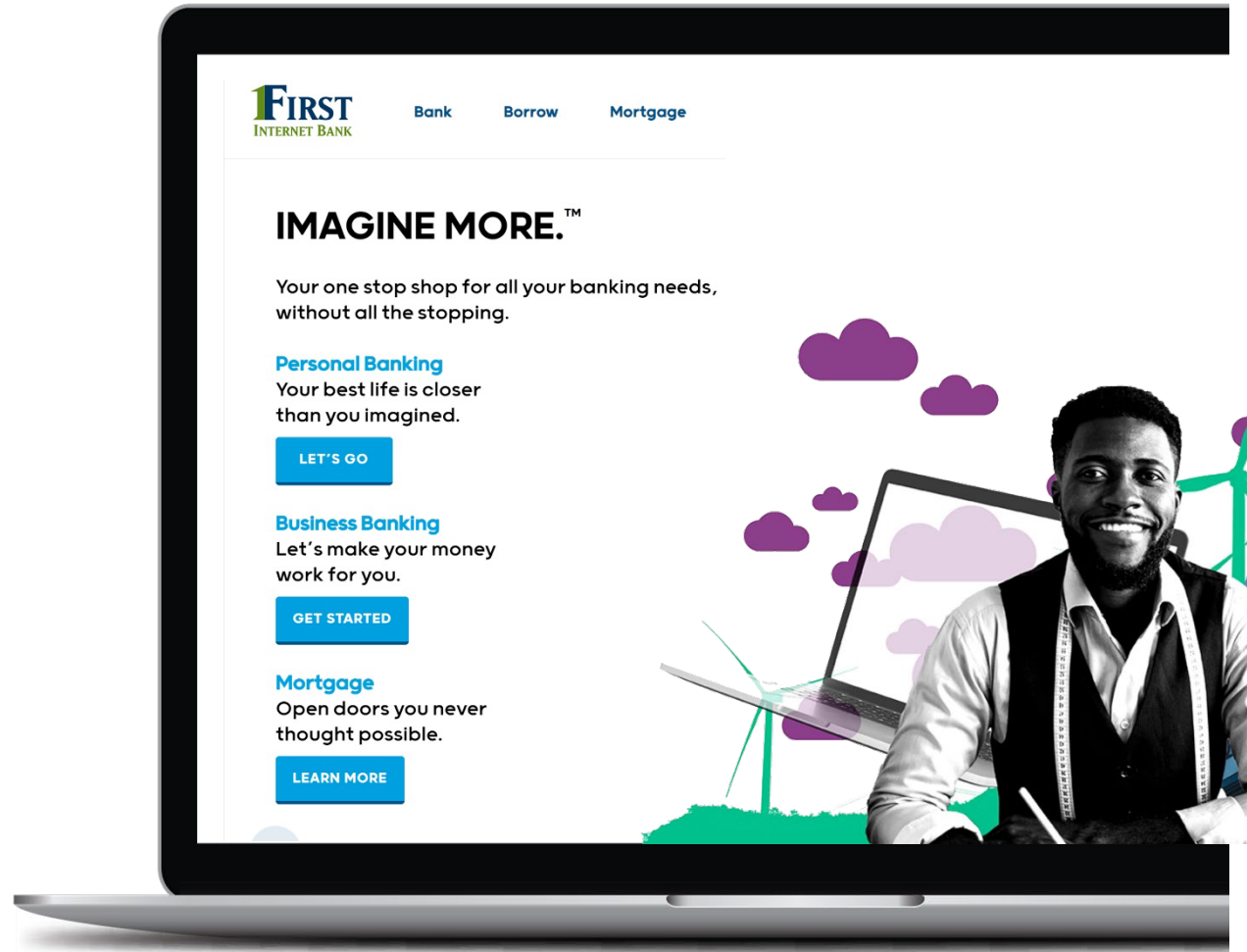
\$4.2B
Assets



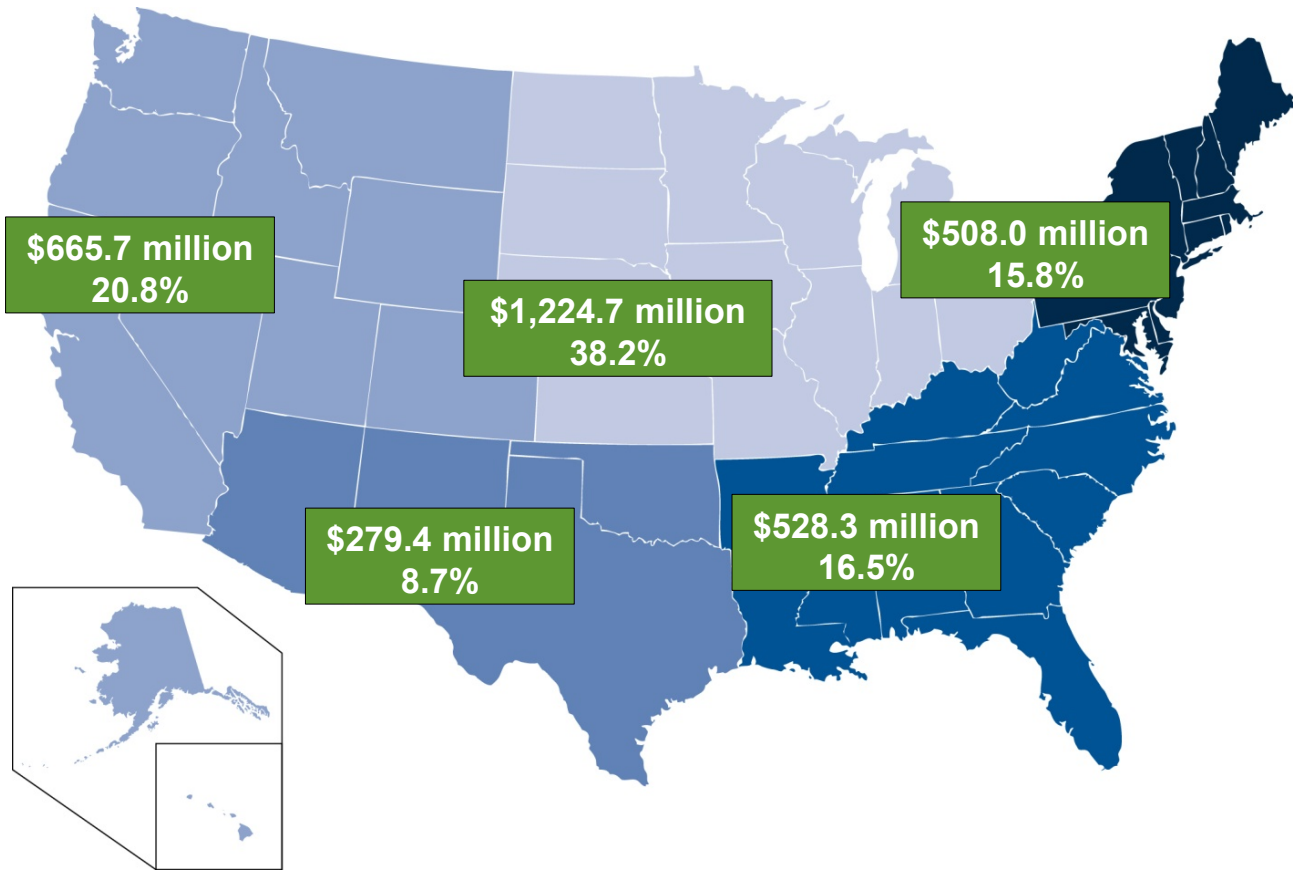
\$3.0B
Loans



\$3.2B
Deposits



Nationwide Branchless Deposit Franchise



\$3.2 Billion

Total Deposits*



18.2% 5-year CAGR



Nationwide consumer, small business and commercial deposit base



Innovative technology and convenience supported by exceptional service



Digital business model minimized operational disruptions due to COVID-19

* As of June 30, 2021; \$117 million of brokered deposits and \$1.6 million of balances in US territories/Armed Forces included in headquarters/Midwest balance

Multiple Opportunities to Grow Deposits



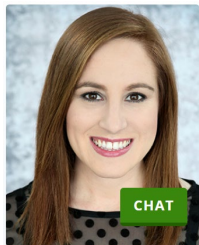
Capitalize on the enduring trend toward branchless banking – consumers and small businesses are increasingly moving their banking business online, ***especially following the experience of COVID-19***



Generate an increased level of lower-cost deposits as expansion of small-business, municipal and commercial relationships continue



Selectively target consumer deposits in tech-centric markets – building off success with Gen-Xers



Jenna B.
Relationship Banker

Draw on over 20 years of branchless banking experience to attract more customers with best practices such as dedicated online relationship bankers delivering a superior client experience

National and Regional Asset Generation Platform

Diversified Asset Generation Platform

Commercial — *National*



Single tenant lease financing
Small business lending



Public finance



Healthcare finance (via relationship
with Provide, f.k.a. Lendeavor)

Commercial — *Regional*



C&I – Central Indiana
C&I – Arizona



Investor CRE – Central Indiana



Construction – Central Indiana

Consumer — *National*



Digital direct-to-consumer mortgages



Specialty lending – horse trailers and
RVs

Entrepreneurial Culture Key to Success

First Internet Bank has been recognized for its innovation and is consistently ranked among the best banks to work for, enhancing its ability to attract and retain top talent

- American Banker's "Best Banks to Work For"
 - ✓ Eight years in a row
- "Top Workplaces in Central Indiana" – *The Indianapolis Star*
 - ✓ Eight years in a row including being #3 in 2021, #8 in 2020, #1 in 2019, #4 in 2018 and #2 on the list in 2017
- "Best Places to Work in Indiana"
 - ✓ Five time finalist
- "Best Small Business Checking Account" – *Newsweek* ranking of "America's Best Banks 2021"
- "Best Online Banks 2021" – *Bankrate* and *GoBanking Rates* annual "Best Banking" awards
- Top Rated Online Business Bank in 2017 – *Advisory HQ*
- TechPoint 2016 Mira Award "Tech-enabled Company of the Year"
- *Magnify Money* ranked #1 amongst 2016 Best Banking Apps (Banker's "Online Direct Banks")



Near-term Profitability Drivers



Continued deposit repricing combined with stabilized asset yields provides significant opportunity to increase net interest income and net interest margin

Annual interest expense savings of approximately \$26 million expected for 2021



SBA platform is hitting its stride following last year's accelerated sales and operations hiring

SBA gain on sale revenue expected to be in the range of \$13 – \$14 million for 2021



Loan pipelines have increased during the second quarter of 2021



Credit trends remain favorable with asset quality metrics among the industry's best – relatively low levels of nonperforming loans and nonperforming assets

Second Quarter 2021 Highlights

Earnings

- Diluted EPS of \$1.31; adjusted diluted EPS of \$1.11, up 178% from 2Q20¹
- Net income of \$13.1 million; adjusted net income of \$11.1 million, up 182% from 2Q20¹
- Total revenue of \$30.6 million; adjusted revenue of \$28.0 million, up 45% from 2Q20¹

Key Operating Trends

- Cost of interest-bearing deposits declined 13 bps from 1Q21 to 0.99%
- FTE net interest margin increased 7 bps from 1Q21 to 2.25%¹
- SBA loan sales contributed \$3.0 million of fee revenue
- Asset quality improved with NPAs to total assets of 0.25%

Loans and Deposits

- Total portfolio loan balances declined 3.3% from 1Q21
- C&I and investor CRE increased while healthcare finance, single tenant lease financing and public finance experienced net payoffs
- Non-time deposit balances increased 3.7% from 1Q21 while CDs were down 7.4%

Profitability and Capital

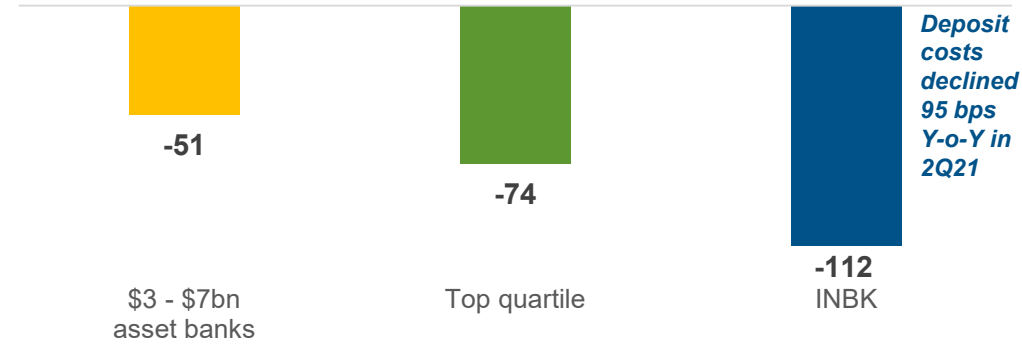
- ROAA of 1.25% and ROATCE of 15.09%¹
- Adjusted ROAA of 1.06%¹ and adjusted ROATCE of 12.79%¹
- Tangible common equity / tangible assets increased 31 bps from 1Q21 to 8.43%¹
- Regulatory capital ratios increased from 1Q21 and remain strong

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

Meaningful Outperformance vs. Peers

Deposit Cost Change¹

(in bps)

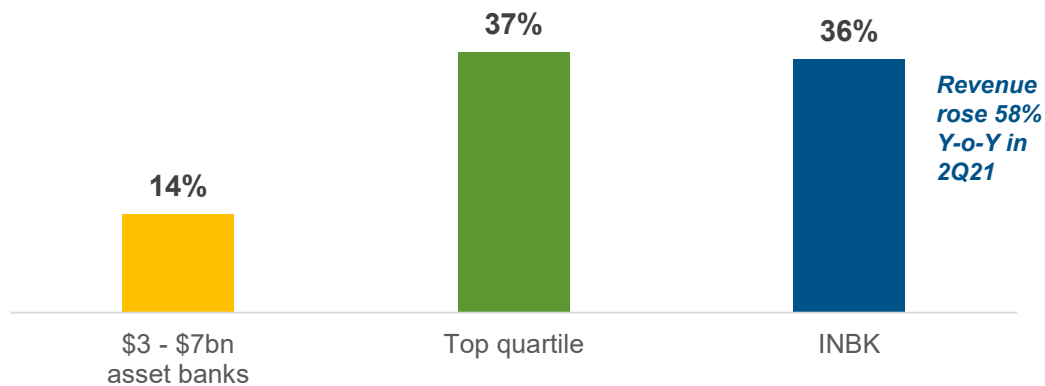


Net Interest Margin Change¹

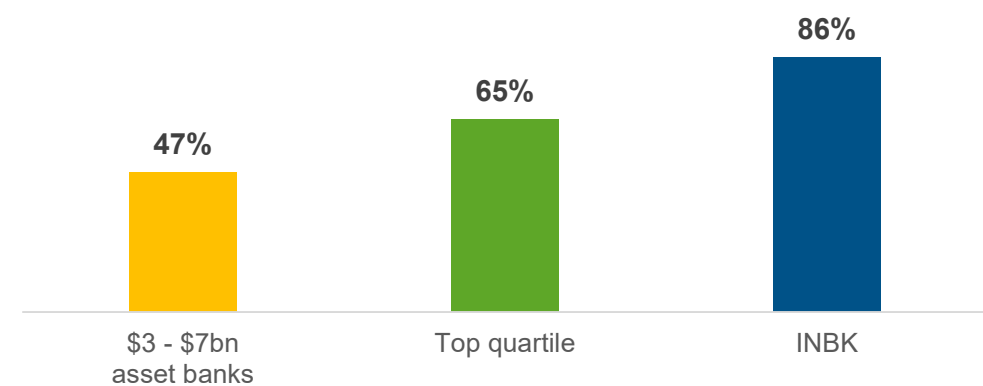
(in bps)



Revenue % Change¹



Share Price % Change²



Source: S&P Global Market Intelligence

¹ Change from 1Q20 – 1Q21; Orange indicates median of publicly traded \$3-\$7bn asset U.S. banks, green represents top quartile; peer data includes FTE net interest margin data if available

² Change from 6/30/2020 – 6/30/2021; Orange indicates median of publicly traded \$3-\$7bn asset U.S. banks, green represents top quartile

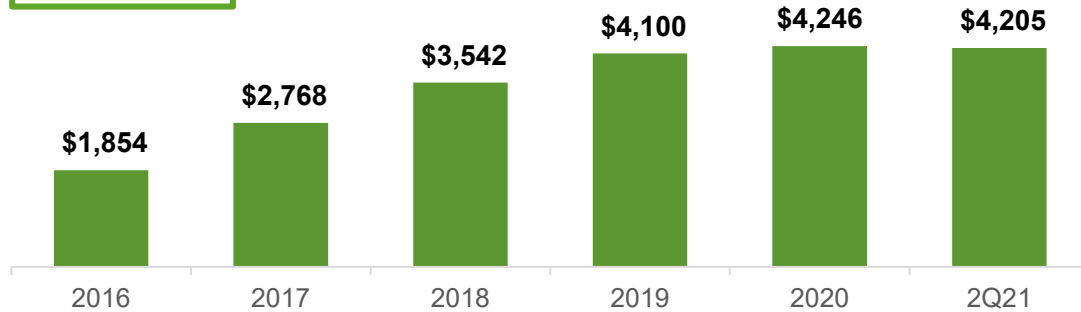
³ See Reconciliation of Non-GAAP Financial Measures in the Appendix

Equity Keeping Pace with Balance Sheet Growth

Total Assets

Dollars in millions

CAGR: 20.0% vs. Peers¹ at 14.5%



Total Loans

Dollars in millions

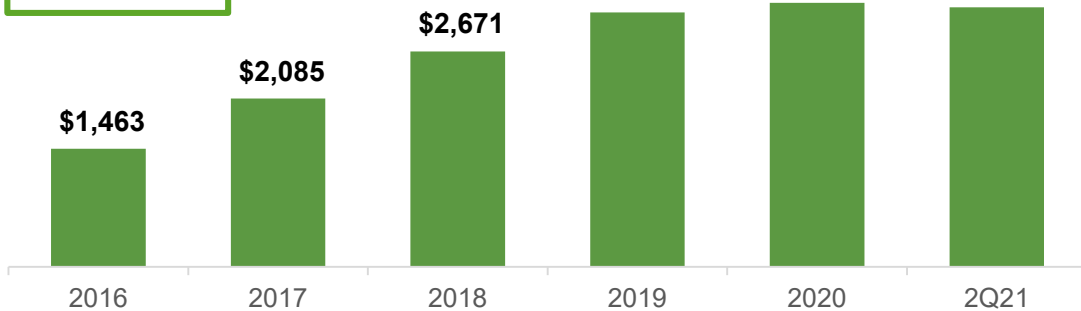
CAGR: 21.1% vs. Peers¹ at 14.4%



Total Deposits

Dollars in millions

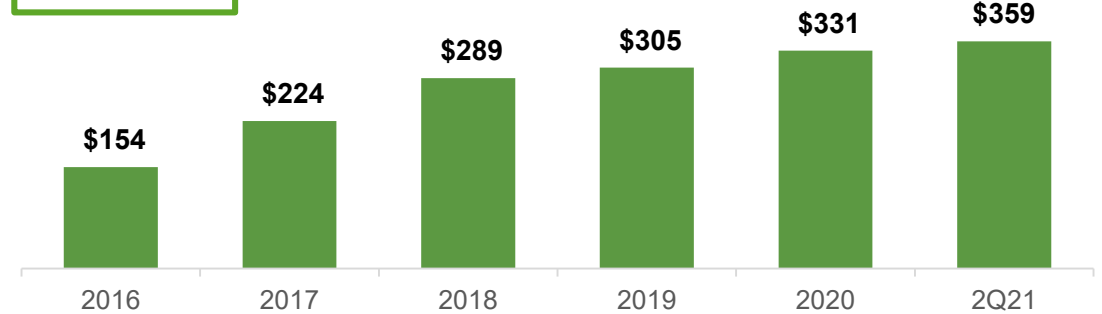
CAGR: 19.0% vs. Peers¹ at 15.4%



Shareholders' Equity

Dollars in millions

CAGR: 20.7%

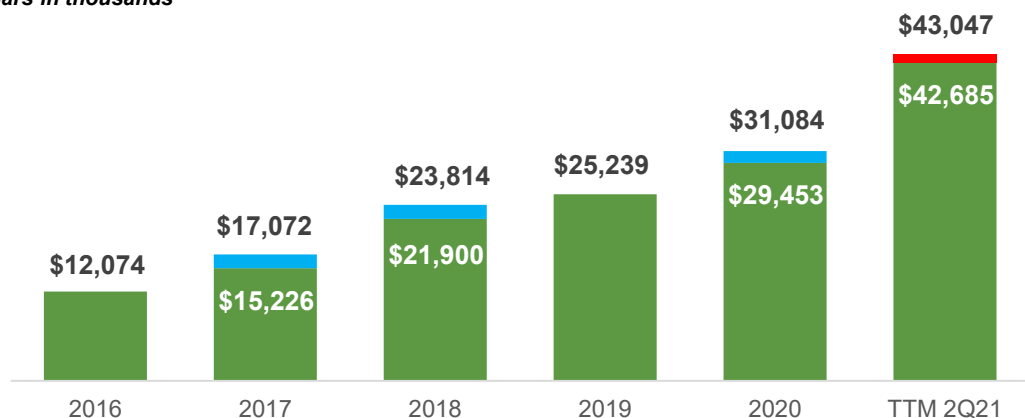


¹ Source: S&P Global Intelligence; peer data represents median value of publically traded Small Cap banks with a market capitalization between \$250 million and \$1.0 billion as of March 31, 2021. CAGR from 2016 through 2Q2021.

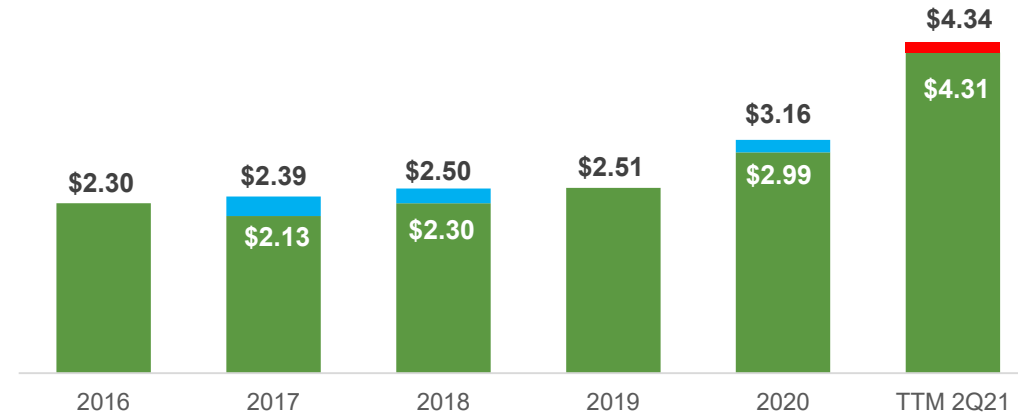
Consistent Earnings Growth and Increasing Profitability

Net Income^{1,2,3,4,5}

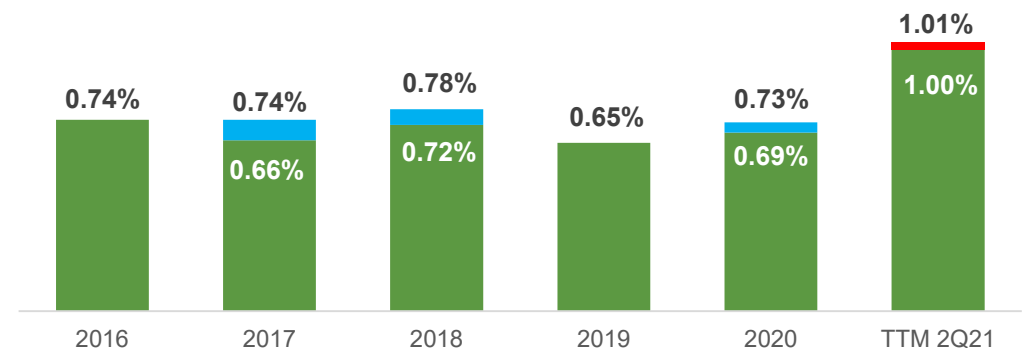
Dollars in thousands



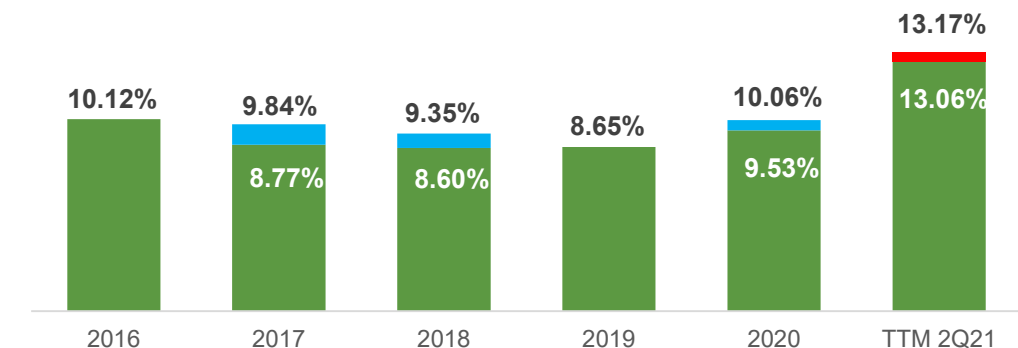
Diluted EPS^{1,2,3,4,5}



Return on Average Assets^{1,2,3,4,5}



Return on Average Tangible Common Equity^{1,2,3,4,5}



¹ See Reconciliation of Non-GAAP Financial Measures.

² 2017 reported net income of \$15.2 million included the revaluation of the Company's net deferred tax asset which reduced net income by \$1.8 million and negatively impacted Net Income, EPS, ROAA and ROATCE.

³ 2018 reported net income of \$21.9 million included a write-down of legacy other real estate owned which reduced net income by \$1.9 million and negatively impacted Net Income, EPS, ROAA and ROATCE.

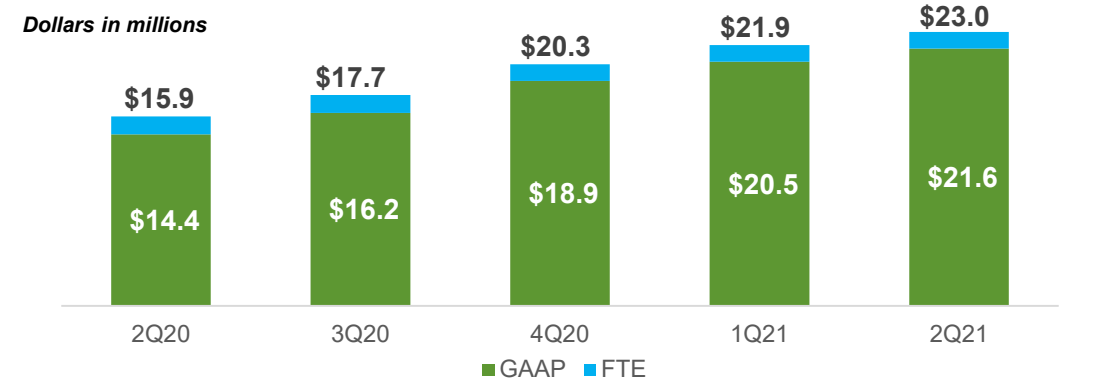
⁴ 2020 reported net income of \$29.5 million included a write-down of legacy other real estate owned which reduced net income by \$1.6 million and negatively impacted Net Income, EPS, ROAA and ROATCE.

⁵ TTM 2Q2021 reported net income of \$43.0 million included a write-down of legacy other real estate owned and a gain on sale of premises and equipment which, when combined, positively impacted net income by \$0.4 million and also positively impacted EPS, ROAA and ROATCE.

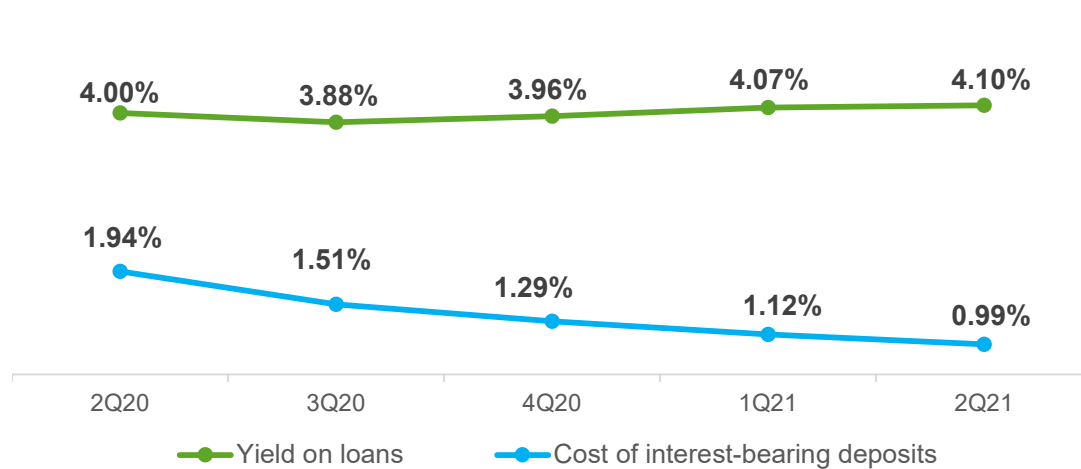
Net Interest Income and Net Interest Margin

- FTE net interest margin improved 7 bps from 1Q21
- Interest expense on deposits declined as higher cost CDs matured and were either replaced at lower rates or not renewed
- Interest income on loans was relatively stable while the average balance of loans, including loans held-for-sale, was down \$62.8 million, or 2.0%

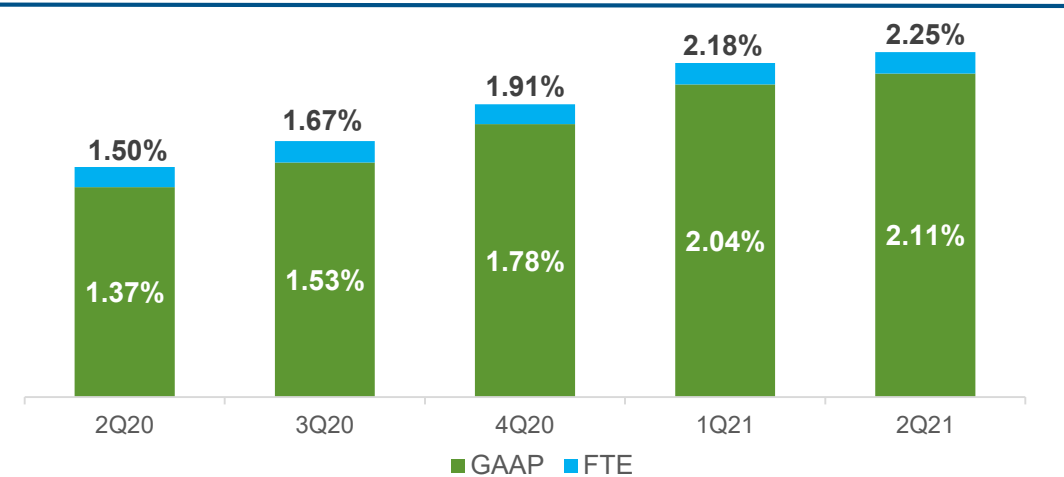
Net Interest Income – GAAP and FTE¹



Yield on Loans and Cost of Interest-Bearing Deposits



NIM – GAAP and FTE¹

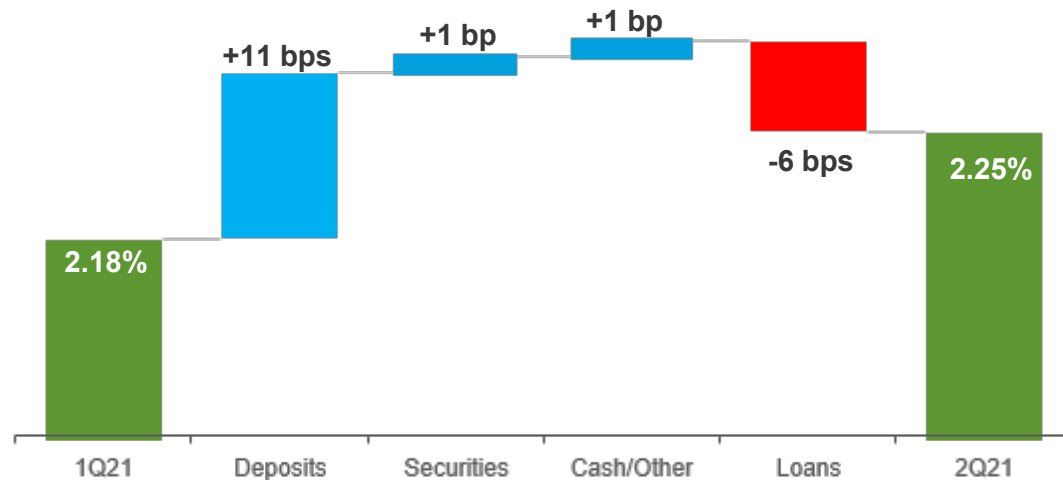


¹ See Reconciliation of Non-GAAP Financial Measures in the Appendix

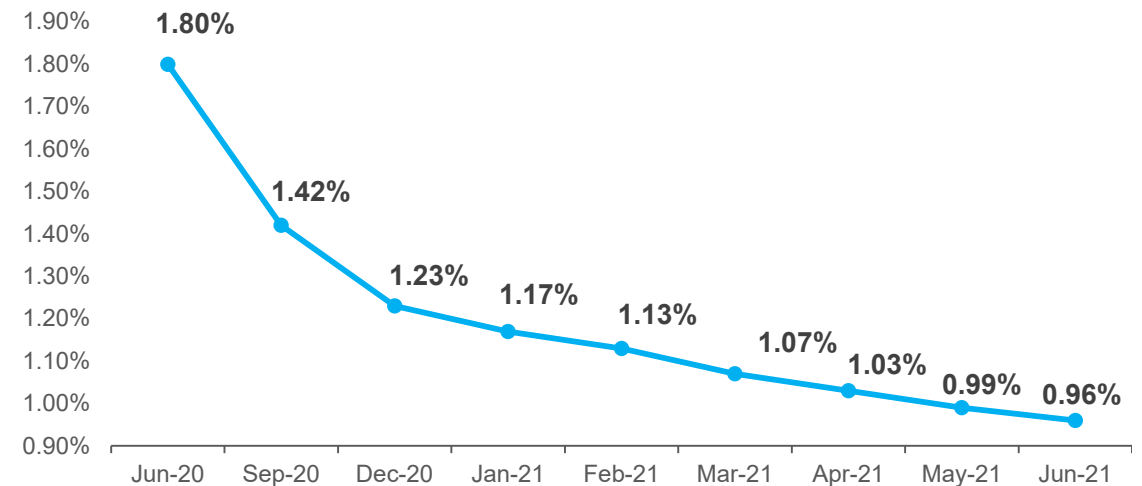
Net Interest Margin Drivers

- Linked quarter NIM improvement was primarily attributable to the continued impact of lower deposit costs
 - Impact of modestly higher loan yields offset by lower average loan balances
 - Interest-earning asset yields declined 5 bps from 1Q21 due to composition; expected to remain relatively stable in the near-term
- Ongoing opportunity to continue lowering deposit costs
 - Realized \$16.6 million of YTD 2021 interest expense savings compared to 2020
 - \$779 million of CDs with a weighted average cost of 1.35% mature in the next twelve months – replacement cost is currently in the range of 0.40%
 - Higher cost CD maturities partially offset by growth in lower cost non-time deposit accounts

NIM – FTE¹ Linked-Quarter Change



Monthly Rate Paid on Interest Bearing-Deposits



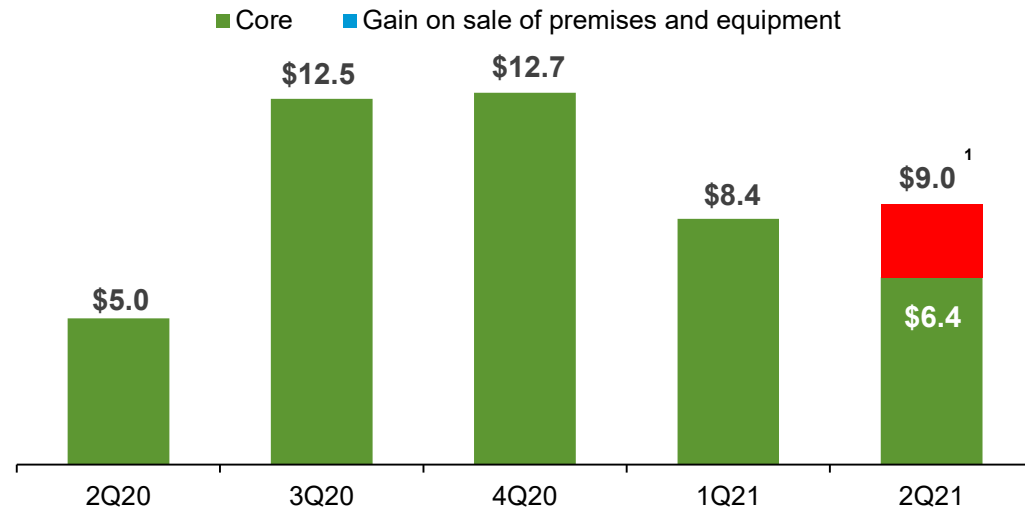
¹ See Reconciliation of Non-GAAP Financial Measures in the Appendix

Noninterest Income

- Noninterest income of \$9.0 million, compared to \$8.4 million in 1Q21 and \$5.0 million in 2Q20
- Mortgage banking revenue of \$2.7 million, compared to \$5.8 million in 1Q21 and \$3.4 million in 2Q20
- Gain on sale of loans of \$3.0 million, compared to \$1.7 million in 1Q21 and \$0.8 million in 2Q20
- Gain on sale of corporate headquarters of \$2.5 million in 2Q21

Noninterest Income

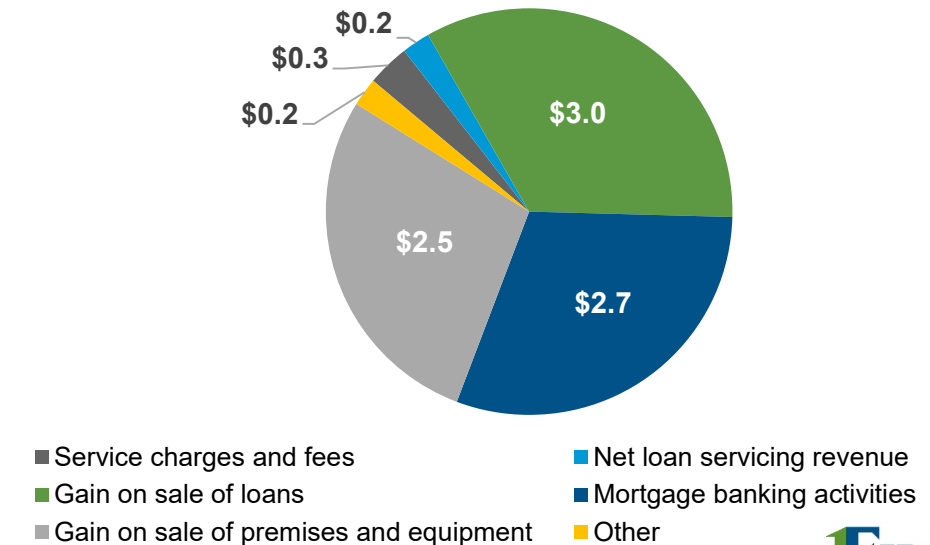
Dollars in millions



¹ Noninterest income includes a \$2.5 million gain on sale of premises and equipment; see Reconciliation of Non-GAAP Financial Measures in the Appendix

Noninterest Income 2Q21

Dollars in millions

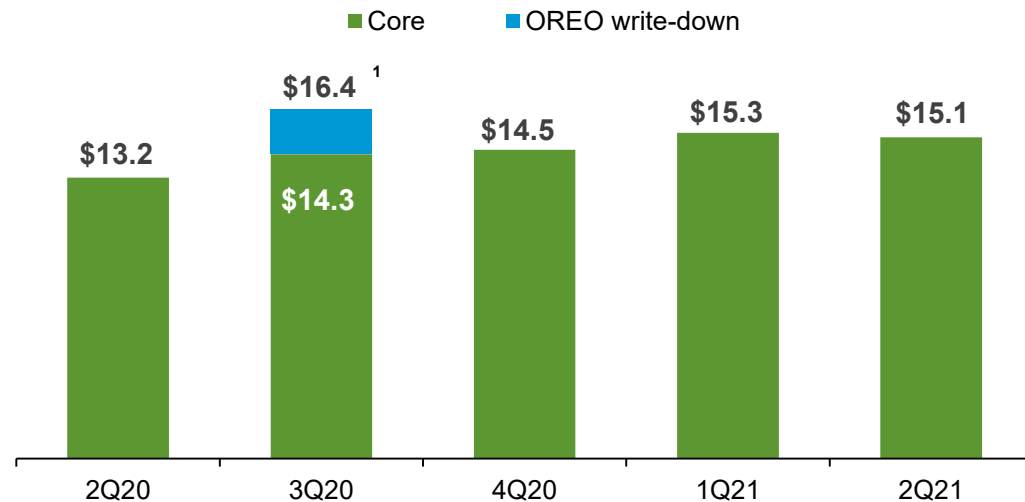


Noninterest Expense

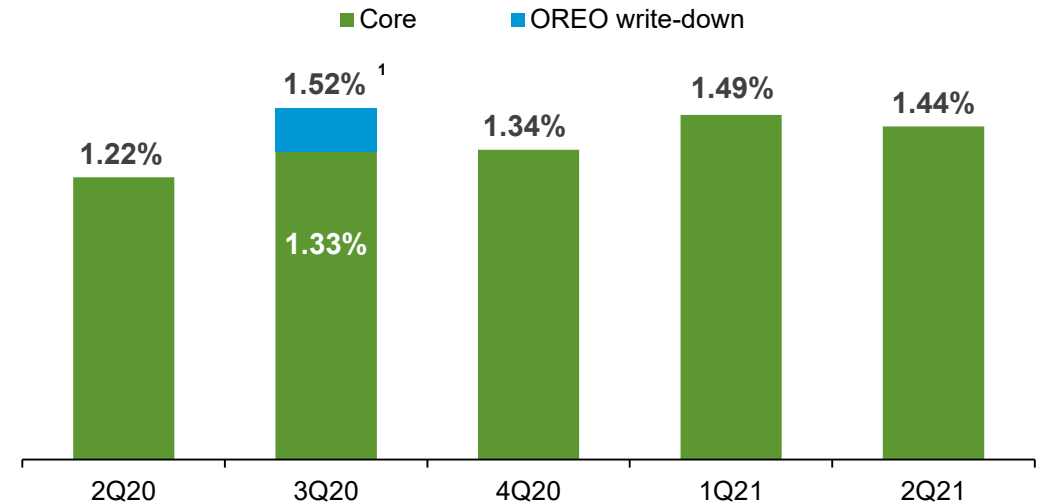
- Noninterest expense of \$15.1 million, compared to \$15.3 million in 1Q21 and \$13.2 million in 2Q20
 - Decrease in salaries and employee benefits from 1Q21 due mainly to lower medical claims expense
 - Decrease in deposit insurance premium due to year-over-year decline in total assets
 - Higher marketing expense due to increase in mortgage lead costs and sponsorships
- Noninterest expense / average assets remains well below the industry average

Noninterest Expense

Dollars in millions



Noninterest Expense / Average Assets



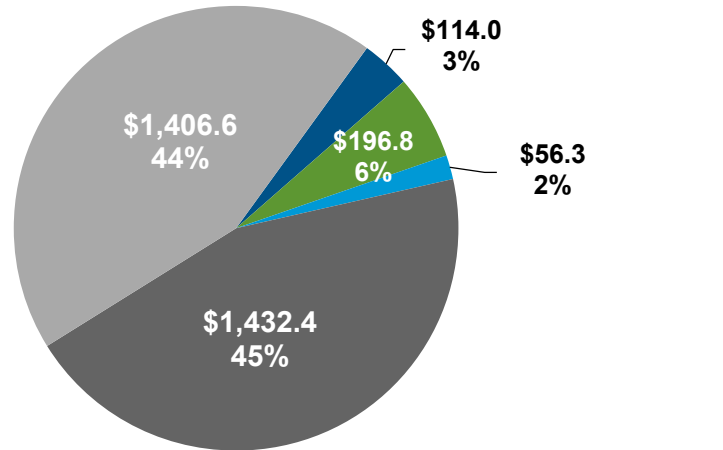
¹ Noninterest expense includes the \$2.1 million write-down of other real estate owned; see Reconciliation of Non-GAAP Financial Measures in the Appendix

Deposit Composition

- Total deposits declined \$11.5 million, or 0.4%, compared to 1Q21, and decreased \$174.6 million, or 5.2%, year-over-year
- Non-time deposit balances increased by \$64.1 million compared to 1Q21
- CD and brokered deposit balances decreased \$75.5 million compared to 1Q21
- Cost of interest-bearing deposits declined 13 bps from 1Q21 to 0.99%

Total Deposits - \$3.2B as of 6/30/21

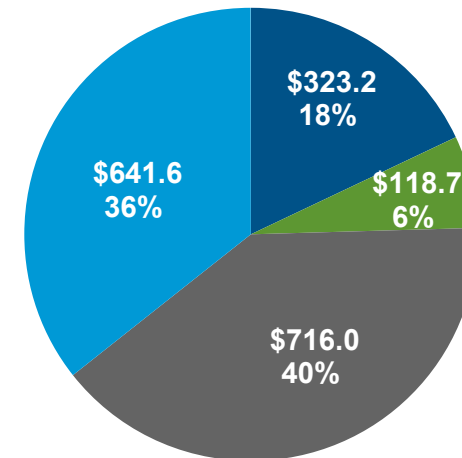
Dollars in millions



- Noninterest-bearing deposits
- Savings accounts
- Certificates and brokered deposits
- Interest-bearing demand deposits
- Money market accounts

Total Non-Time Deposits - \$1.8B as of 6/30/21¹

Dollars in millions



- Commercial
- Public funds
- Small business
- Consumer

¹ Total non-time deposits excludes brokered non-time deposits

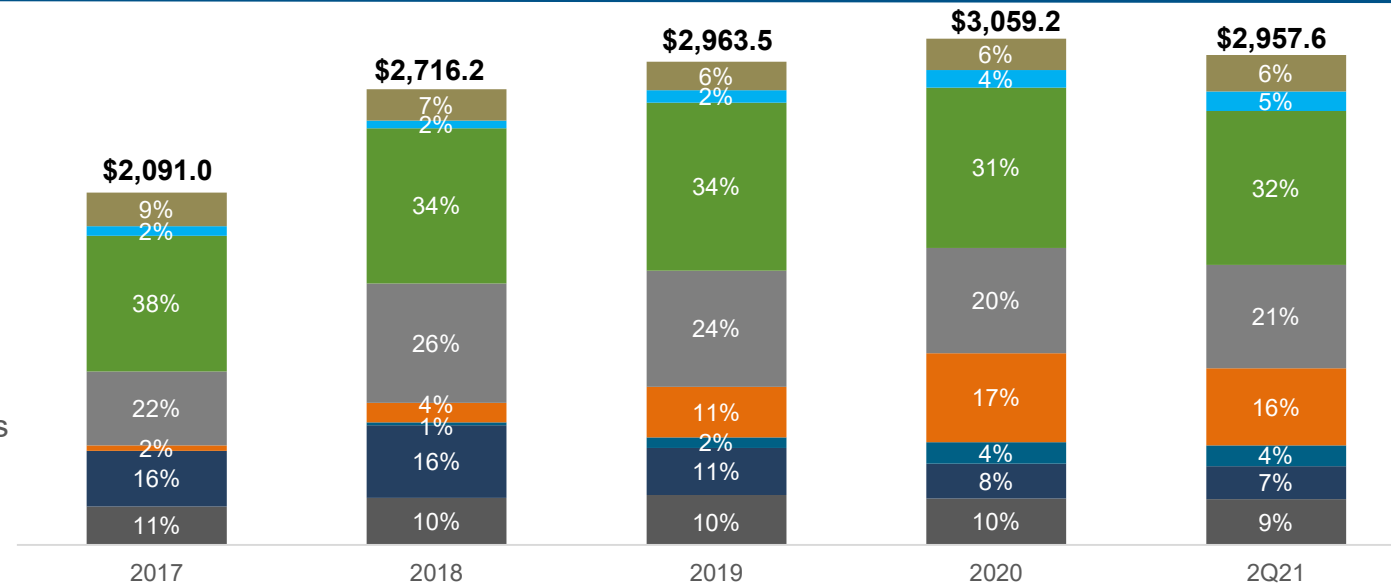
Loan Portfolio Overview

- Total loan portfolio balance declined 3.3% from 1Q21, and was comparable to 2Q20
- Commercial loan balances decreased \$85.1 million, or 3.4%, compared to 1Q21, driven primarily by net payoffs in healthcare finance, single tenant lease financing and public finance, partially offset by growth in commercial and industrial and investor commercial real estate
- Consumer loan balances declined \$11.9 million, or 2.5%, compared to 4Q20 due primarily to prepayment activity

Loan Portfolio Mix¹

Dollars in millions

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



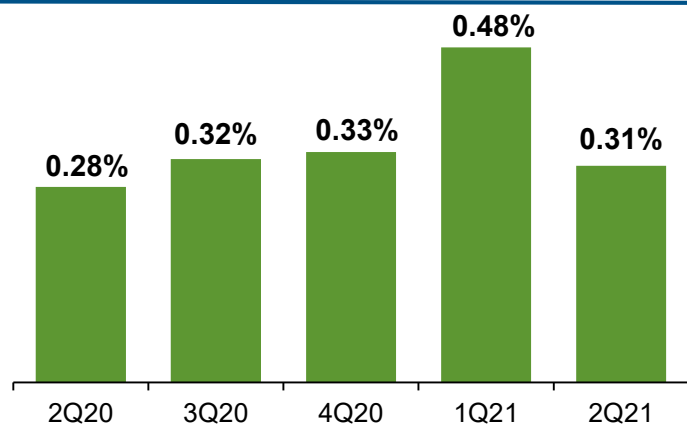
¹ Percentages may not add up to 100% due to rounding

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

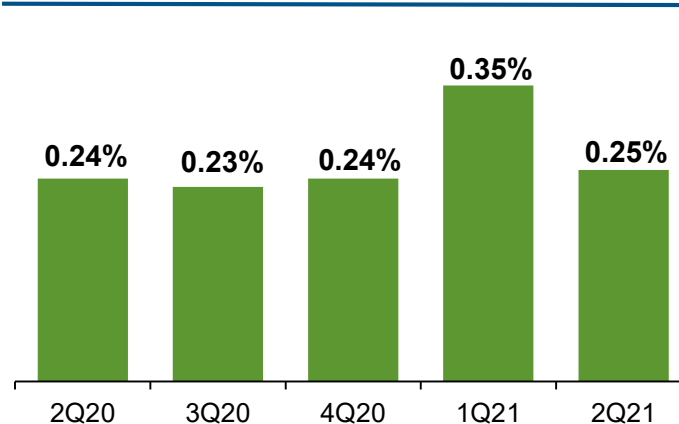
Asset Quality

- Asset quality metrics remain among the industry's best, driven by a strong credit culture and lower-risk asset classes
- Allowance for loan losses to total loans of 0.95% in 2Q21, or 0.96% excluding PPP loans¹
- Quarterly provision for loan losses of \$21,000, compared to \$1.3 million in 1Q21 and \$2.5 million in 2Q20
- Nonperforming loans declined \$5.3 million from 1Q21 due to positive developments on two loan relationships
- Net charge-offs to average loans increased to 0.35%, due primarily to outcome of NPL reduction and elimination of specific reserves
- Delinquencies 30 days or more past due of 0.07%, compared to 0.23% in 1Q21 and 0.25% in 2Q20

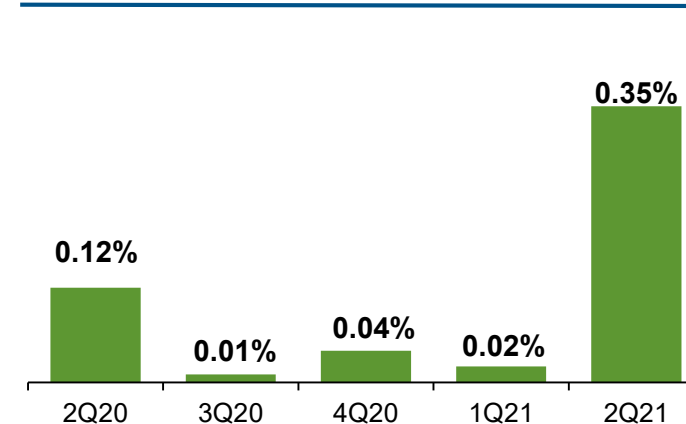
NPLs / Total Loans



NPAs / Total Assets



Net Charge-Offs / Average Loans

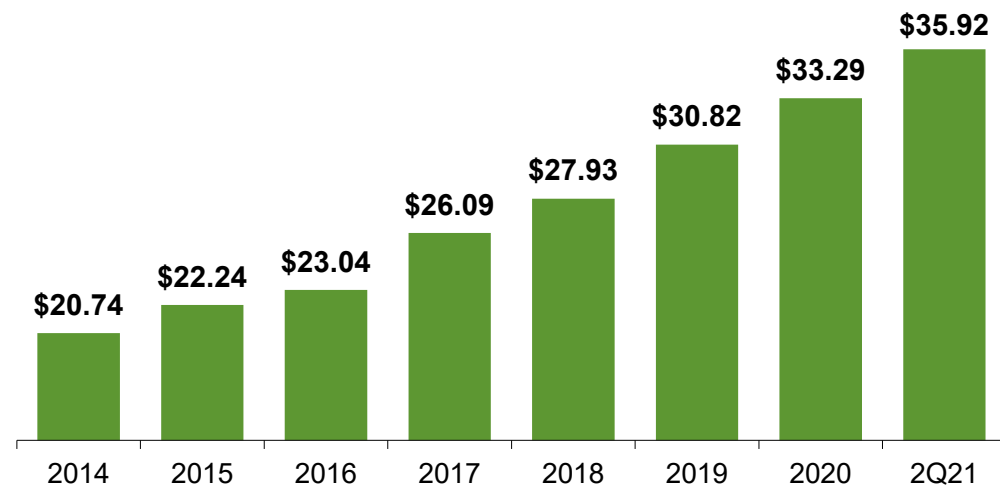


¹ See Reconciliation of Non-GAAP Financial Measures in the Appendix

Capital

- Strong capital generation during the quarter resulted in the tangible common equity to tangible assets ratio increasing 31 bps to 8.43%
- Tangible book value per share of \$35.92, increasing 16.2% since 2Q20
- Regulatory capital ratios remained strong at the Company and Bank levels

Tangible Book Value Per Share¹



Regulatory Capital Ratios – June 30, 2021²

	Company	Bank
Total shareholders' equity to assets	8.53%	9.45%
Tangible common equity to tangible assets ¹	8.43%	9.35%
Tier 1 leverage ratio	8.70%	9.61%
Common equity tier 1 capital ratio	12.23%	13.54%
Tier 1 capital ratio	12.23%	13.54%
Total risk-based capital ratio	15.51%	14.48%

¹ See Reconciliation of Non-GAAP Financial Measures

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

Reconciliation of Non-GAAP Financial Measures

	2016	2017	2018	2019	2020	TTM 2Q21
Total revenue - GAAP	\$53,766	\$64,523	\$71,027	\$79,756	\$100,877	\$119,718
Adjustments:						
Gain on sale of premises and equipment	-	-	-	-	-	(2,523)
Adjusted revenue	<u>\$53,766</u>	<u>\$64,523</u>	<u>\$71,027</u>	<u>\$79,756</u>	<u>\$100,877</u>	<u>\$117,195</u>
Net income - GAAP	\$12,074	\$15,226	\$21,900	\$25,239	\$29,453	\$43,047
Adjustments:						
Write-down of other real estate owned	-	-	1,914	-	1,631	1,631
Net deferred tax asset revaluation	-	1,846	-	-	-	-
Gain on sale of premises and equipment	-	-	-	-	-	(1,993)
Adjusted net income	<u>\$12,074</u>	<u>\$17,072</u>	<u>\$23,814</u>	<u>\$25,239</u>	<u>\$31,084</u>	<u>\$42,685</u>
Diluted average common shares outstanding	5,239,082	7,149,302	9,508,653	10,044,483	9,842,425	9,907,926
Diluted earnings per share - GAAP	\$2.30	\$2.13	\$2.30	\$2.51	\$2.99	\$4.34
Adjustments:						
Effect of write-down of other real estate owned	-	-	0.20	-	0.17	0.17
Effect of net deferred tax asset revaluation	-	0.26	-	-	-	-
Effect of gain on sale of premises and equipment	-	-	-	-	-	(0.20)
Adjusted diluted earnings per share	<u>\$2.30</u>	<u>\$2.39</u>	<u>\$2.50</u>	<u>\$2.51</u>	<u>\$3.16</u>	<u>\$4.31</u>

Reconciliation of Non-GAAP Financial Measures

	2016	2017	2018	2019	2020	TTM 2Q21
Total average equity - GAAP	\$124,023	\$178,212	\$259,416	\$296,382	\$313,763	\$331,484
Adjustments:						
Average goodwill	(4,687)	(4,687)	(4,687)	(4,687)	(4,687)	(4,687)
Average tangible common equity	<u>\$119,336</u>	<u>\$173,525</u>	<u>\$254,729</u>	<u>\$291,695</u>	<u>\$309,076</u>	<u>\$326,797</u>
Return on average assets	0.74%	0.66%	0.72%	0.65%	0.69%	1.01%
Effect of write-down of other real estate owned	0.00%	0.00%	0.06%	0.00%	0.04%	0.04%
Effect of net deferred tax asset revaluation	0.00%	0.08%	0.00%	0.00%	0.00%	0.00%
Effect of gain on sale of premises and equipment	0.00%	0.00%	0.00%	0.00%	0.00%	(0.05%)
Adjusted return on average assets	<u>0.74%</u>	<u>0.74%</u>	<u>0.78%</u>	<u>0.65%</u>	<u>0.73%</u>	<u>1.00%</u>
Return on average shareholders' equity	9.74%	8.54%	8.44%	8.52%	9.39%	12.99%
Effect of goodwill	0.38%	0.23%	0.16%	0.13%	0.14%	0.18%
Return on average tangible common equity	<u>10.12%</u>	<u>8.77%</u>	<u>8.60%</u>	<u>8.65%</u>	<u>9.53%</u>	<u>13.17%</u>
Return on average tangible common equity	10.12%	8.77%	8.60%	8.65%	9.53%	13.17%
Effect of write-down of other real estate owned	0.00%	0.00%	0.75%	0.00%	0.53%	0.53%
Effect of net deferred tax asset revaluation	0.00%	1.07%	0.00%	0.00%	0.00%	0.00%
Effect of gain on sale of premises and equipment	0.00%	0.00%	0.00%	0.00%	0.00%	(0.64%)
Adjusted return on average tangible common equity	<u>10.12%</u>	<u>9.84%</u>	<u>9.35%</u>	<u>8.65%</u>	<u>10.06%</u>	<u>13.06%</u>

Reconciliation of Non-GAAP Financial Measures

<i>Dollars in thousands</i>	2016	2017	2018	2019	2020	2Q21
Total equity - GAAP	\$153,942	\$224,127	\$288,735	\$304,913	\$330,944	\$344,566
Adjustments:						
Goodwill	<u>(4,687)</u>	<u>(4,687)</u>	<u>(4,687)</u>	<u>(4,687)</u>	<u>(4,687)</u>	<u>(4,687)</u>
Tangible common equity	<u>\$149,255</u>	<u>\$219,440</u>	<u>\$284,048</u>	<u>\$300,226</u>	<u>\$326,257</u>	<u>\$339,879</u>
Common shares outstanding	6,478,050	8,411,077	10,170,778	9,741,800	9,800,569	9,823,831
Book value per common share	\$23.76	\$26.65	\$28.39	\$31.30	\$33.77	\$35.07
Effect of goodwill	<u>(0.72)</u>	<u>(0.56)</u>	<u>(0.46)</u>	<u>(0.48)</u>	<u>(0.48)</u>	<u>(0.47)</u>
Tangible book value per common share	<u>\$23.04</u>	<u>\$26.09</u>	<u>\$27.93</u>	<u>\$30.82</u>	<u>\$33.29</u>	<u>\$34.60</u>

Reconciliation of Non-GAAP Financial Measures

<i>Dollars in thousands</i>	2Q20	3Q20	4Q20	1Q21	2Q21
Total equity - GAAP	\$307,711	\$318,102	\$330,944	\$344,566	\$358,641
Adjustments:					
Goodwill	<u>(4,687)</u>	<u>(4,687)</u>	<u>(4,687)</u>	<u>(4,687)</u>	<u>(4,687)</u>
Tangible common equity	<u>\$303,024</u>	<u>\$313,415</u>	<u>\$326,257</u>	<u>\$339,879</u>	<u>\$353,954</u>
Total assets - GAAP	\$4,324,600	\$4,333,624	\$4,246,156	\$4,188,570	\$4,204,642
Adjustments:					
Goodwill	<u>(4,687)</u>	<u>(4,687)</u>	<u>(4,687)</u>	<u>(4,687)</u>	<u>(4,687)</u>
Tangible assets	<u>\$4,319,913</u>	<u>\$4,328,937</u>	<u>\$4,241,469</u>	<u>\$4,183,883</u>	<u>\$4,199,955</u>
Total shareholders' equity to assets	7.12%	7.34%	7.79%	8.23%	8.53%
Effect of goodwill	<u>(0.11%)</u>	<u>(0.10%)</u>	<u>(0.10%)</u>	<u>(0.11%)</u>	<u>(0.10%)</u>
Tangible common equity to tangible assets	<u>7.01%</u>	<u>7.24%</u>	<u>7.69%</u>	<u>8.12%</u>	<u>8.43%</u>
Total average equity - GAAP	\$306,868	\$313,611	\$323,464	\$335,968	\$352,894
Adjustments:					
Average goodwill	<u>(4,687)</u>	<u>(4,687)</u>	<u>(4,687)</u>	<u>(4,687)</u>	<u>(4,687)</u>
Average tangible common equity	<u>\$302,181</u>	<u>\$308,924</u>	<u>\$318,777</u>	<u>\$331,281</u>	<u>\$348,207</u>
Return on average shareholders' equity	5.15%	10.67%	13.64%	12.61%	14.88%
Effect of goodwill	<u>0.08%</u>	<u>0.16%</u>	<u>0.20%</u>	<u>0.18%</u>	<u>0.21%</u>
Return on average tangible common equity	<u>5.23%</u>	<u>10.83%</u>	<u>13.84%</u>	<u>12.79%</u>	<u>15.09%</u>

Reconciliation of Non-GAAP Financial Measures

<i>Dollars in thousands</i>	2Q20	3Q20	4Q20	1Q21	2Q21
Net interest income	\$14,426	\$16,232	\$18,865	\$20,525	\$21,607
Adjustments:					
Fully-taxable equivalent adjustments ¹	1,437	1,424	1,400	1,356	1,394
Net interest income - FTE	<u>\$15,863</u>	<u>\$17,656</u>	<u>\$20,265</u>	<u>\$21,881</u>	<u>\$23,001</u>
Net interest margin	1.37%	1.53%	1.78%	2.04%	2.11%
Adjustments:					
Effect of fully-taxable equivalent adjustments ¹	0.13%	0.14%	0.13%	0.14%	0.14%
Net interest margin - FTE	<u>1.50%</u>	<u>1.67%</u>	<u>1.91%</u>	<u>2.18%</u>	<u>2.25%</u>
Allowance for loan losses	\$24,465	\$26,917	\$29,484	\$30,642	\$28,066
Loans	\$2,973,674	\$3,012,914	\$3,059,231	\$3,058,694	\$2,957,608
Adjustments:					
PPP loans	(58,948)	(58,337)	(50,554)	(53,365)	(39,682)
Loans, excluding PPP loans	<u>\$2,914,726</u>	<u>\$2,954,577</u>	<u>\$3,008,677</u>	<u>\$3,005,329</u>	<u>\$2,917,926</u>
Allowance for loan losses to loans	0.82%	0.89%	0.96%	1.00%	0.95%
Effect of PPP loans	0.02%	0.02%	0.02%	0.02%	0.01%
Allowance for loan losses to loans, excluding PPP loans	<u>0.84%</u>	<u>0.91%</u>	<u>0.98%</u>	<u>1.02%</u>	<u>0.96%</u>
Noninterest income	\$4,973	\$12,495	\$12,657	\$8,375	\$8,962
Adjustments:					
Gain on sale of premises and equipment	-	-	-	-	(2,523)
Adjusted noninterest income	<u>\$4,973</u>	<u>\$12,495</u>	<u>\$12,657</u>	<u>\$8,375</u>	<u>\$6,439</u>
Noninterest expense	\$13,244	\$16,412	\$14,513	\$15,317	\$15,075
Adjustments:					
Write-down of other real estate owned	-	2,065	-	-	-
Adjusted noninterest expense	<u>\$13,244</u>	<u>\$14,347</u>	<u>\$14,513</u>	<u>\$15,317</u>	<u>\$15,075</u>
Noninterest expense/average assets	1.22%	1.52%	1.34%	1.49%	1.44%
Effect of write-down of other real estate owned	0.00%	0.19%	0.00%	0.00%	0.00%
Adjusted noninterest expense/average assets	<u>1.22%</u>	<u>1.33%</u>	<u>1.34%</u>	<u>1.49%</u>	<u>1.44%</u>

¹ Assuming a 21% tax rate

Reconciliation of Non-GAAP Financial Measures

<i>Dollars in thousands</i>	2Q20	3Q20	4Q20	1Q21	2Q21
Total revenue - GAAP	\$ 19,399	\$ 28,727	\$ 31,522	\$ 28,900	\$ 30,569
Adjustments:					
Gain on sale of premises and equipment	-	-	-	-	(2,523)
Adjusted revenue	<u>\$ 19,399</u>	<u>\$ 28,727</u>	<u>\$ 31,522</u>	<u>\$ 28,900</u>	<u>\$ 28,046</u>
Income before income taxes - GAAP	\$3,664	\$9,806	\$14,145	\$12,307	\$15,473
Adjustments:					
Write-down of other real estate owned	-	2,065	-	-	-
Gain on sale of premises and equipment	-	-	-	-	(2,523)
Adjusted income before income taxes	<u>\$3,664</u>	<u>\$11,871</u>	<u>\$14,145</u>	<u>\$12,307</u>	<u>\$12,950</u>
Income tax provision (benefit) - GAAP	\$ (268)	\$ 1,395	\$ 3,055	\$ 1,857	\$ 2,377
Adjustments:					
Write-down of other real estate owned	-	434	-	-	-
Gain on sale of premises and equipment	-	-	-	-	(530)
Adjusted income tax provision (benefit)	<u>\$ (268)</u>	<u>\$ 1,829</u>	<u>\$ 3,055</u>	<u>\$ 1,857</u>	<u>\$ 1,847</u>
Net income - GAAP	\$3,932	\$8,411	\$11,090	\$10,450	\$13,096
Adjustments:					
Write-down of other real estate owned	-	1,631	-	-	-
Gain on sale of premises and equipment	-	-	-	-	(1,993)
Adjusted net income	<u>\$3,932</u>	<u>\$10,042</u>	<u>\$11,090</u>	<u>\$10,450</u>	<u>\$11,103</u>

Reconciliation of Non-GAAP Financial Measures

<i>Dollars in thousands</i>	2Q20	3Q20	4Q20	1Q21	2Q21
Diluted average common shares outstanding	9,768,227	9,773,224	9,914,022	9,963,036	9,881,422
Diluted earnings per share - GAAP	\$ 0.40	\$ 0.86	\$ 1.12	\$ 1.05	\$ 1.31
Adjustments:					
Effect of write-down of other real estate owned	-	0.17	-	-	-
Effect of gain on sale of premises and equipment	-	-	-	-	(0.20)
Adjusted diluted earnings per share	<u>\$0.40</u>	<u>\$1.03</u>	<u>\$1.12</u>	<u>\$1.05</u>	<u>\$1.11</u>
Return on average assets	0.37%	0.78%	1.02%	1.02%	1.25%
Effect of write-down of other real estate owned	0.00%	0.15%	0.00%	0.00%	0.00%
Effect of gain on sale of premises and equipment	0.00%	0.00%	0.00%	0.00%	(0.19%)
Adjusted return on average assets	<u>0.37%</u>	<u>0.93%</u>	<u>1.02%</u>	<u>1.02%</u>	<u>1.06%</u>
Return on average tangible common equity	5.23%	10.83%	13.84%	12.79%	15.09%
Effect of write-down of other real estate owned	0.00%	2.10%	0.00%	0.00%	0.00%
Effect of gain on sale of premises and equipment	0.00%	0.00%	0.00%	0.00%	(2.30%)
Adjusted return on average tangible common equity	<u>5.23%</u>	<u>12.93%</u>	<u>13.84%</u>	<u>12.79%</u>	<u>12.79%</u>
Effective income tax rate	(7.3%)	14.2%	21.6%	15.1%	15.4%
Effect of write-down of other real estate owned	0.0%	1.2%	0.0%	0.0%	0.0%
Effect of gain on sale of premises and equipment	0.0%	0.0%	0.0%	0.0%	(1.1%)
Adjusted effective income tax rate	<u>(7.3%)</u>	<u>15.4%</u>	<u>21.6%</u>	<u>15.1%</u>	<u>14.3%</u>