

Financial Results
Second Quarter 2024



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 and SBA 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 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 return on average assets, adjusted return on average shareholders’ equity, adjusted return on average tangible common equity, 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.”

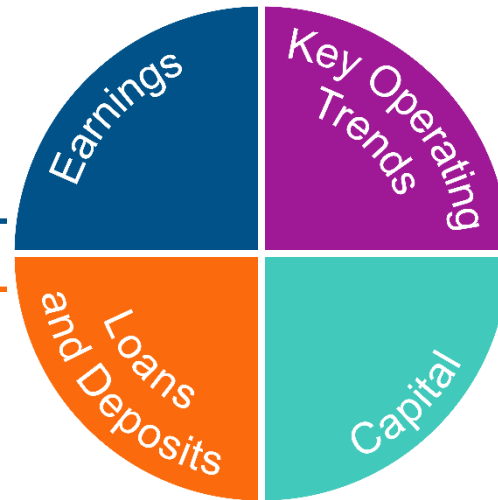
Second Quarter 2024 Highlights

- Net income of \$5.8 million and diluted EPS of \$0.67, up 11.5% and 13.6%, respectively, from 1Q24
- Adjusted net income of \$6.2^{1,2} million, up 20.2% from 1Q24
- Adjusted diluted EPS of \$0.72^{1,2}, up 22.0% from 1Q24
- Total revenue of \$32.4 million, up 11.3% from 1Q24; positive operating leverage

- Net interest margin of 1.67% and FTE NIM of 1.76%¹; both improved by 1 bp from 1Q24
- Yield on loan portfolio increased 10 bps from 1Q24 while deposit costs only increased 4 bps
 - Record SBA GOS revenue of \$8.3 million
 - NPAs to total assets of 0.24%
 - Office CRE less than 1% of total loans

- Total portfolio loan balances increased 1.3% from 1Q24
- Weighted average yield on new loans funded in 2Q24 was 8.88%
- Loans to deposits ratio of 92.7%
- Continued favorable shifts in the composition of loans and deposits

- Capital position remains solid
- TCE / TA of 6.88%¹; CET1 ratio of 9.47%
 - Excluding AOCI and adjusting for normalized cash balances, adjusted TCE / TA was 7.59%¹
 - Tangible book value per share increased 1.3% to \$42.37¹



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

² 2Q24 noninterest expense includes \$0.5 million of IT termination fees and \$0.1 million of anniversary expenses; see Reconciliation of Non-GAAP Financial Measures in the Appendix



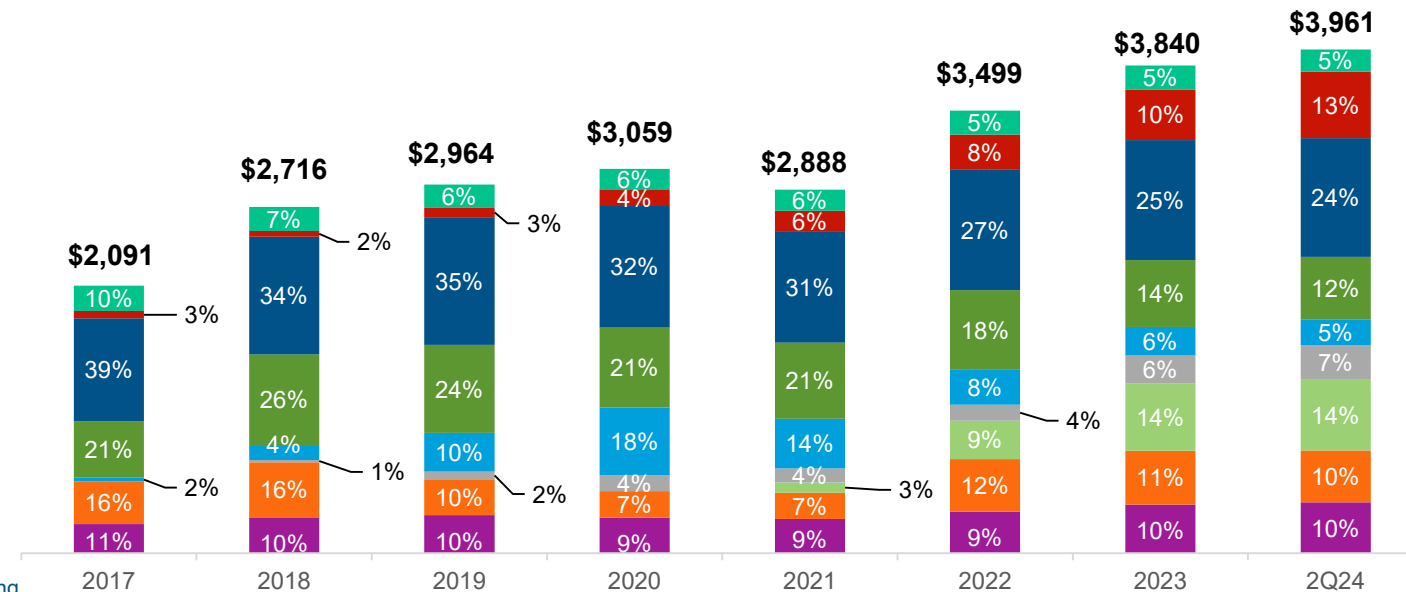
Loan Portfolio Overview

- Total portfolio loan balances increased 1.3% from 1Q24
- Commercial loan balances increased \$46.9 million, or 1.5%, from 1Q24
- Consumer loan balances increased \$7.0 million, or 0.9%, from 1Q24
- 2Q24 funded portfolio loan origination yields were 8.88%, up 4 bps from 1Q24 and up 46 bps from 2Q23
- Office exposure continues to be less than 1% of total loan balances and is limited to suburban and medical

Loan Portfolio Mix¹

Dollars in millions

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



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

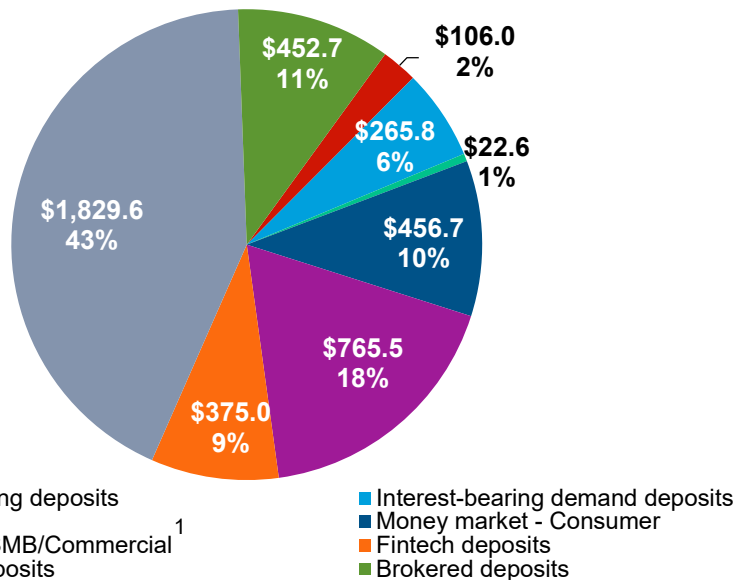
2 Includes commercial and industrial and owner-occupied commercial real estate balances

Deposit Composition

- Total deposits remained stable with 1Q24 and are up 10.9% from 2Q23
- 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
- Favorable deposit composition shift in 2Q24; used liquidity from new CD and fintech production to pay down higher cost brokered deposits

Total Deposits – \$4.3B as of 6/30/24

Dollars in millions

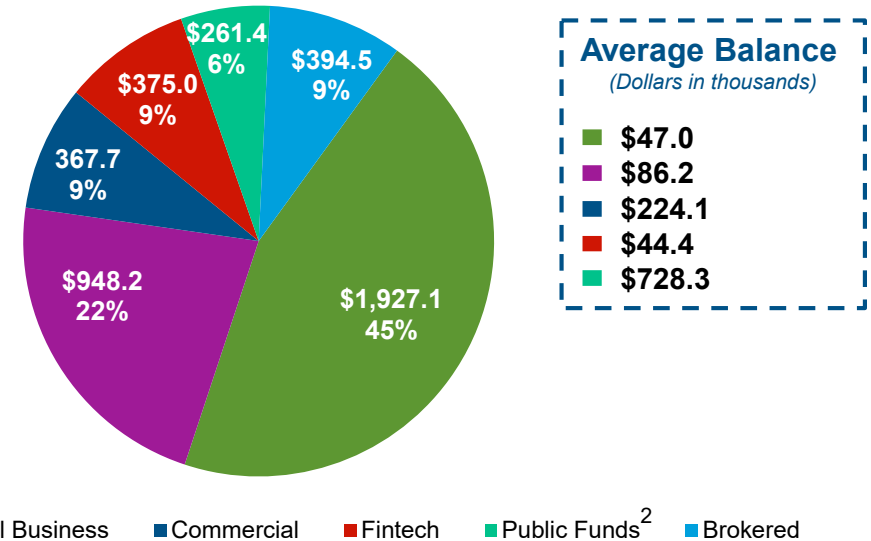


- Noninterest-bearing deposits
- Savings accounts
- Money market - SMB/Commercial
- Certificates of deposits
- Interest-bearing demand deposits
- Money market - Consumer
- Fintech deposits
- Brokered deposits

1 Money market – SMB/Commercial includes small business, commercial, CRE and public funds
 2 Public funds includes \$58.1 million of deposits that are classified as brokered for regulatory purposes

Deposits by Customer Type – 6/30/24

Dollars in millions



Average Balance
(Dollars in thousands)

- \$47.0
- \$86.2
- \$224.1
- \$44.4
- \$728.3

- Consumer
- Small Business
- Commercial
- Fintech
- Public Funds²
- Brokered

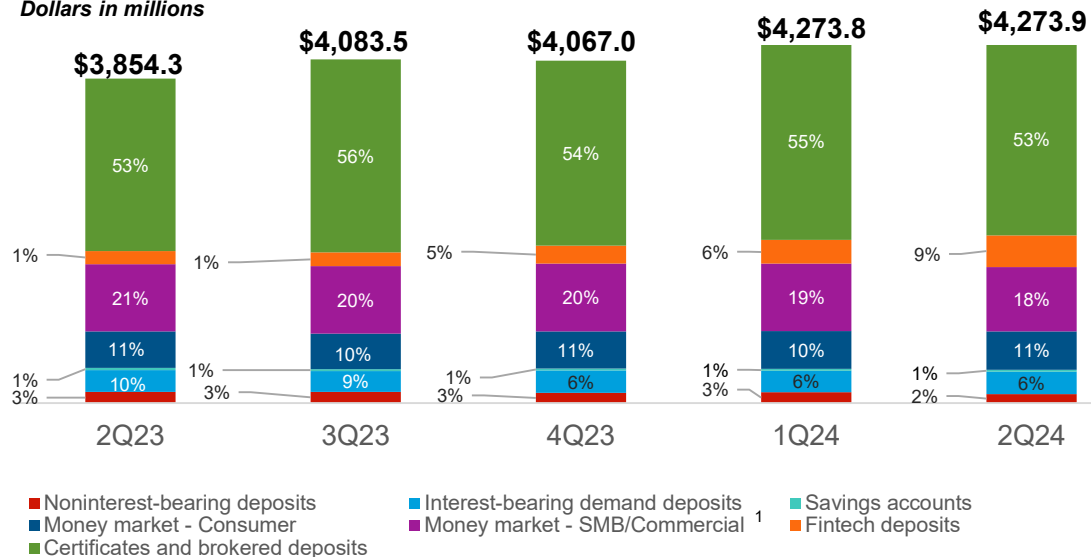


Liquidity and 2Q24 Deposit Update

- Cash and unused borrowing capacity totaled \$1.7 billion at June 30, 2024
 - Currently represents 150% of total uninsured deposits and 197% of adjusted uninsured deposits
- CD production supplemented by growth in fintech deposits drove shift in deposit mix
- Liquidity deployed to pay down higher-cost brokered deposits as well as fund loan growth and securities purchases
- Loan to deposits ratio remains favorable at 92.7%

Total Deposits by Quarter

Dollars in millions



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

Cost of Funds by Deposit Type

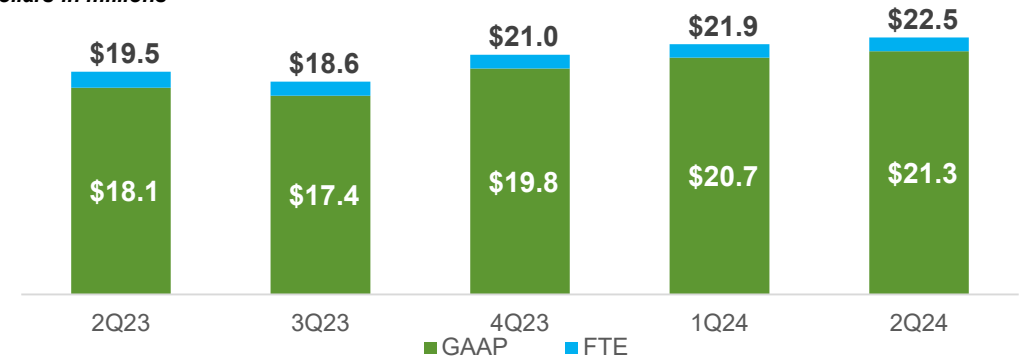
	2Q23	3Q23	4Q23	1Q24	2Q24
Interest-bearing demand deposits	1.68%	2.18%	1.71%	2.03%	2.18%
Savings accounts	0.86%	0.85%	0.85%	0.86%	0.84%
Money market accounts	3.88%	4.04%	4.12%	4.18%	4.23%
BaaS – brokered deposits	4.03%	4.33%	4.38%	4.39%	4.37%
Certificates of deposits	3.84%	4.37%	4.55%	4.70%	4.78%
Brokered deposits	4.47%	4.74%	4.70%	4.79%	4.78%
Total interest-bearing deposits	3.75%	4.09%	4.14%	4.25%	4.29%

Net Interest Income and Net Interest Margin

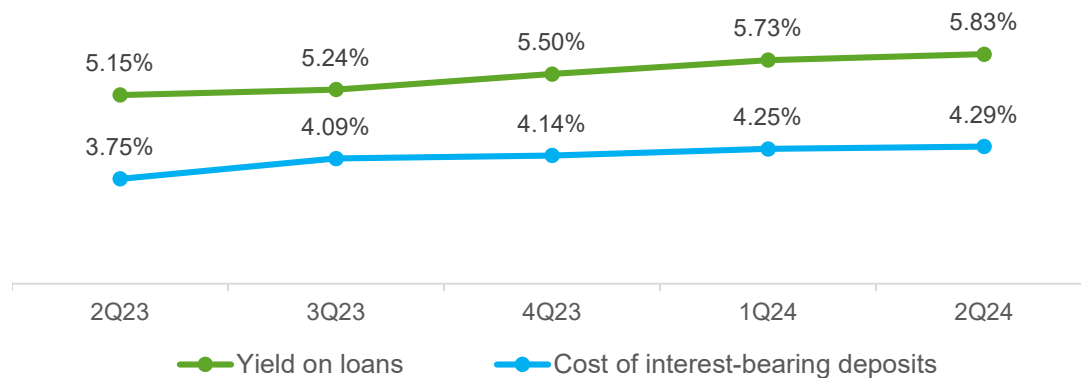
- Net interest income on a GAAP and FTE basis were up 2.9% and 2.6%, respectively, from 1Q24
- Improved loan mix and higher earning asset yields were partially offset by slightly higher funding costs
- Growth in net interest income and NIM impacted by loan payoffs and timing of new loan production
- Pace of increase in deposit costs decelerated further from 1Q24

Net Interest Income – GAAP and FTE¹

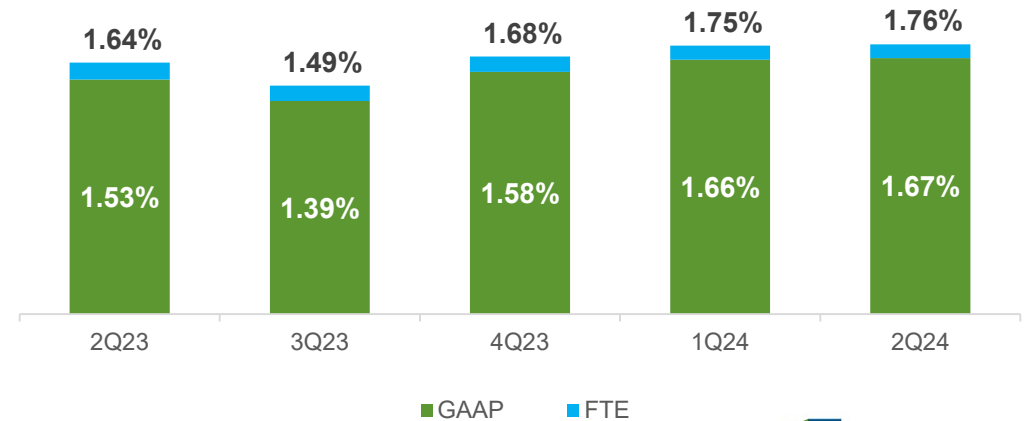
Dollars in millions



Yield on Loans and Cost of Interest-Bearing Deposits



Net Interest Margin – GAAP and FTE¹



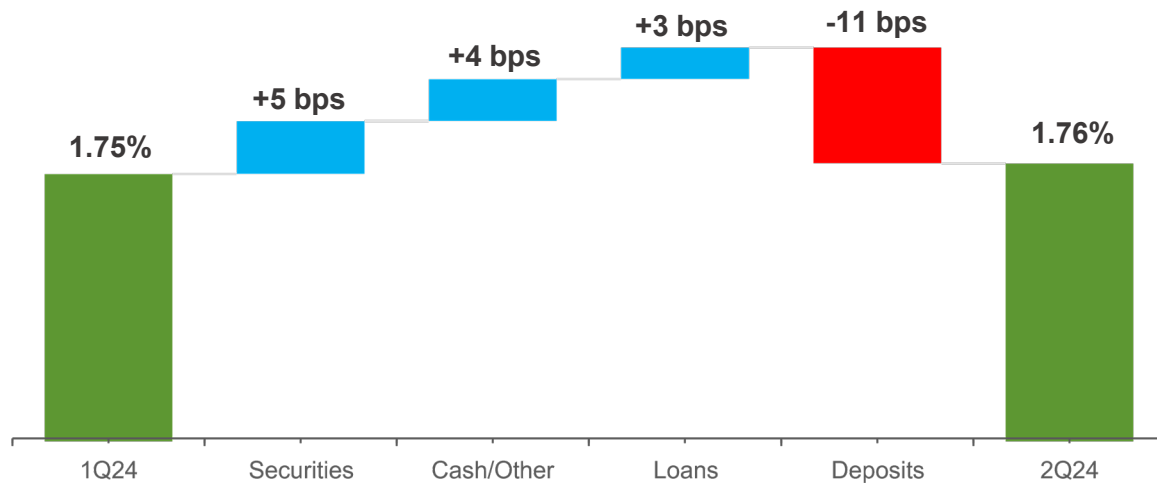
¹ See Reconciliation of Non-GAAP Financial Measures in the Appendix



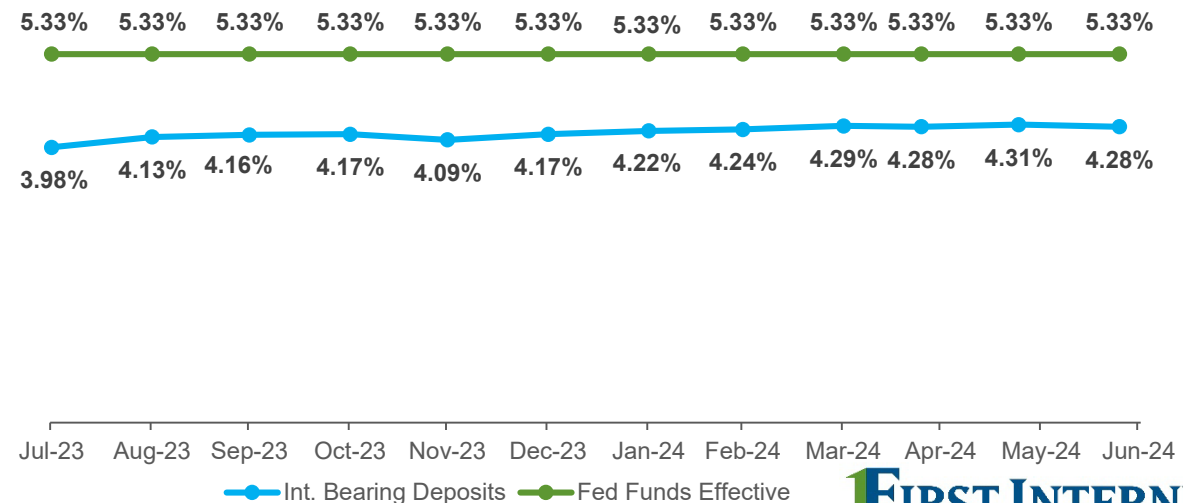
Net Interest Margin Drivers

- Linked-quarter FTE NIM¹ increased 1 bp due to higher earning asset yields, offset by slightly higher deposit costs
 - Weighted average yield of 8.88% on funded portfolio originations during 2Q24
 - Securities yields increased 21 bps from 1Q24 while other earning asset yields decreased 11 bps
- Deposit costs increased 4 bps from 1Q24 to 4.29% for 2Q24
 - Deposit costs impacted by higher average balances of CDs and growth in fintech partner deposits
 - Weighted average cost of new CDs in 2Q24 was 4.97% vs cost of maturing CDs of 4.88%
 - Cost of maturing CDs in 3Q24 is 5.05% and in 4Q24 is 5.03%

Net Interest Margin – FTE¹ Linked-Quarter Change



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



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



Noninterest Income

- Noninterest income of \$11.0 million, up 32.2%, from \$8.3 million in 1Q24
- Gain on sale of loans of \$8.3 million, up 26.9%, from \$6.5 million in 1Q24
 - SBA loan sale volume up 18.9% from 1Q24
 - Net gain on sale premiums increased 6 bps from 1Q24
- Increase of \$1.2 million in other income driven by distributions from fund investments

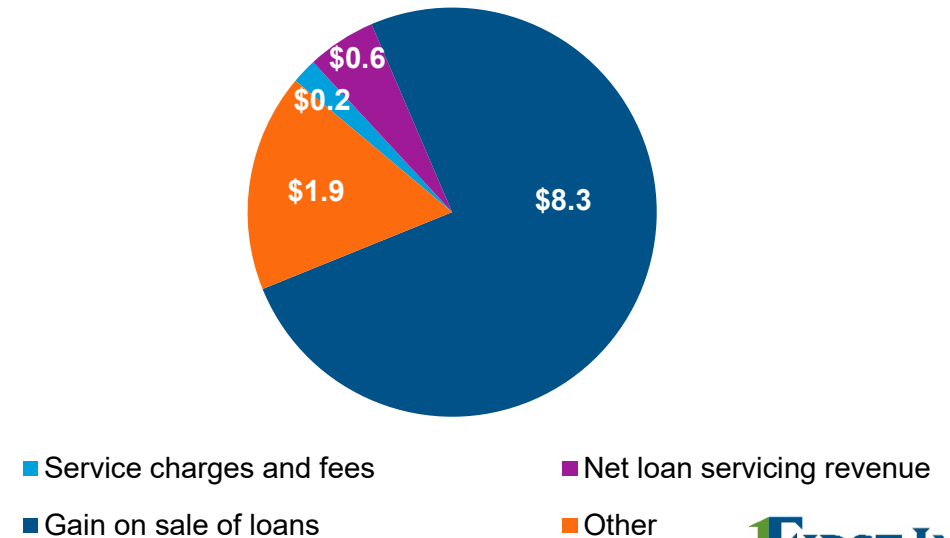
Noninterest Income by Quarter

Dollars in millions



Noninterest Income by Type

Dollars in millions

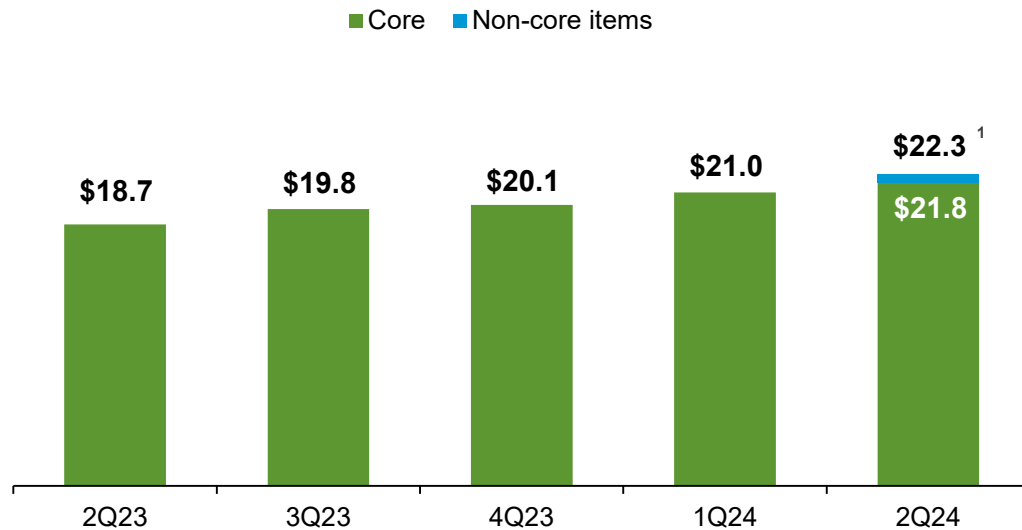


Noninterest Expense

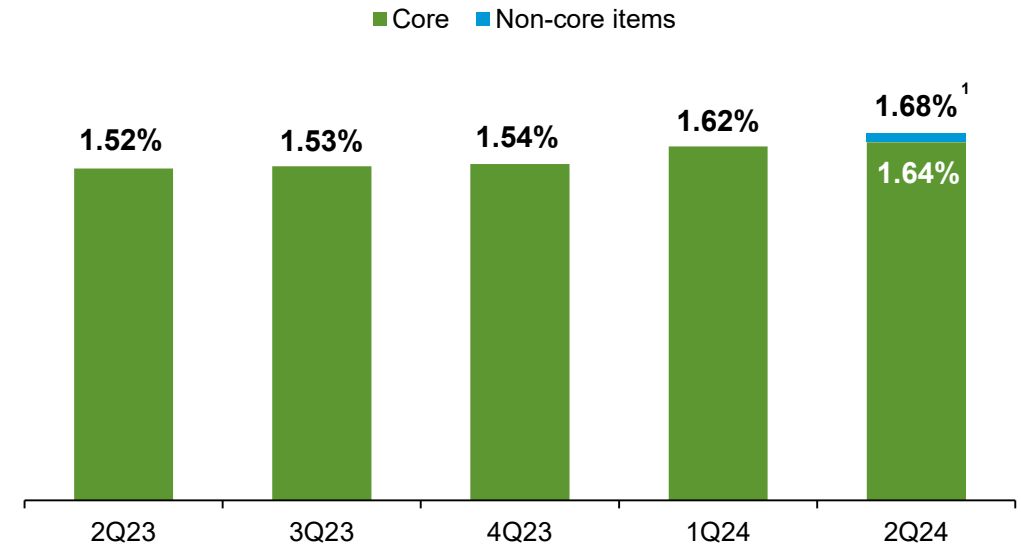
- Noninterest expense of \$22.3 million, up 6.2%, from \$21.0 million in 1Q24
- Excluding almost \$0.6 million of non-recurring items¹, noninterest expense totaled \$21.8 million, up 3.5% from 1Q24
- Excluding the nonrecurring items, the increase was driven by higher salaries and employee benefits, consulting and professionals fees and loan expenses

Noninterest Expense by Quarter

Dollars in millions



Noninterest Expense to Average Assets



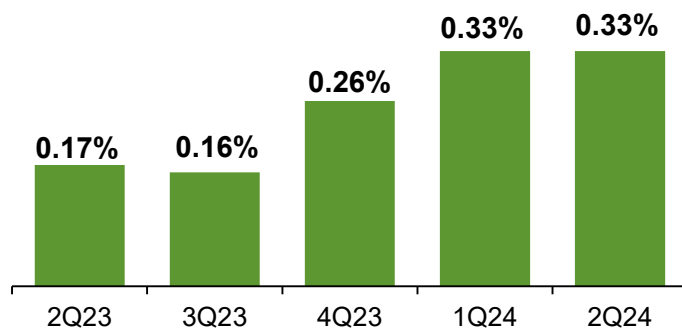
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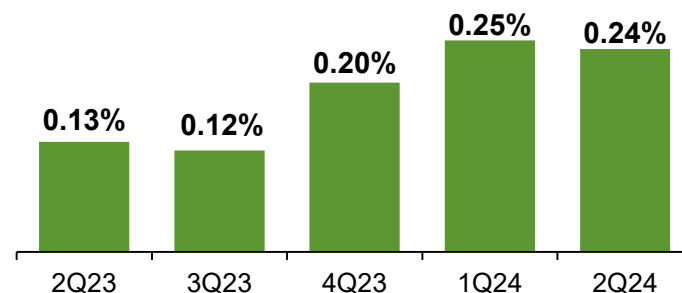
Asset Quality

- Allowance for credit losses to total loans of 1.10% in 2Q24, up 5 bps from 1Q24
- Quarterly provision for credit losses was \$4.0 million, compared to \$2.4 million in 1Q24
- Net charge-offs to average loans of 0.14%, compared to 0.05% in 1Q24
- Nonperforming loans to total loans remained stable with 1Q24 at 0.33%
- Delinquencies 30 days or more past due of 0.56%, compared to 0.53% in 1Q24

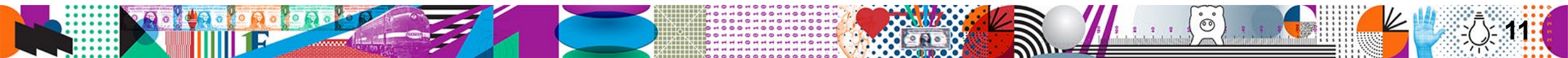
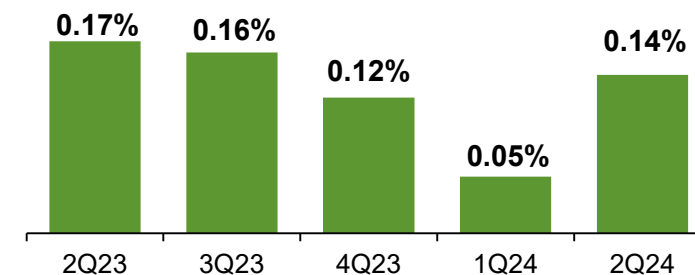
NPLs to Total Loans



NPAs to Total Assets



Net Charge-Offs to Avg. Loans



Capital

- Tangible common equity to tangible assets increased 9 bps from 1Q24 to 6.88%¹
- Tangible book value per share of \$42.37¹, up 1.3% from 1Q24
- CET1 and TRBC ratios at both the Company and the Bank, adjusted for **all** unrealized securities losses, remain well above regulatory minimum requirements
- Total after-tax unrealized securities losses represent 13.0% of tangible equity

Tangible Book Value Per Share¹



Regulatory Capital Ratios – June 30, 2024²

	Company	Bank
Total shareholders' equity to assets	6.96%	8.45%
Tangible common equity to tangible assets ¹	6.88%	8.37%
Tier 1 leverage ratio	7.24%	8.77%
Common equity tier 1 capital ratio	9.47%	11.47%
Tier 1 capital ratio	9.47%	11.47%
Total risk-based capital ratio	13.13%	12.58%

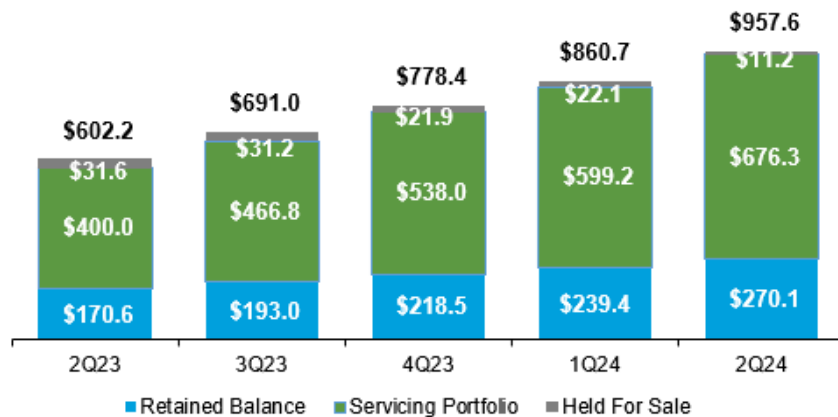
¹ See Reconciliation of Non-GAAP Financial Measures in the Appendix

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

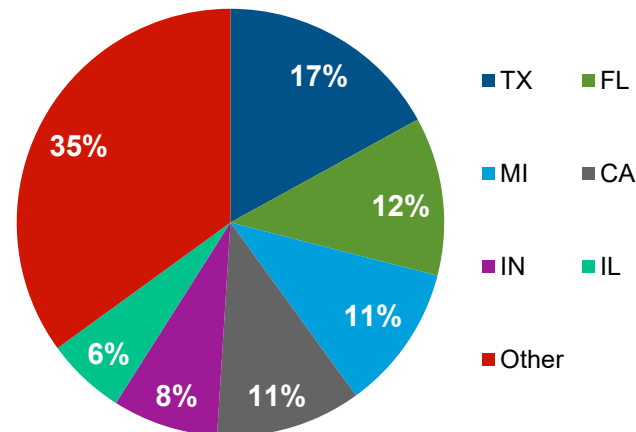
Small Business Lending

- \$270.1 million of retained balances as of June 30, 2024
- Nationwide platform providing growth capital to entrepreneurs and small business owners
- *6th largest Small Business Administration 7(a) lender for the SBA's year-to-date 2024 fiscal year*

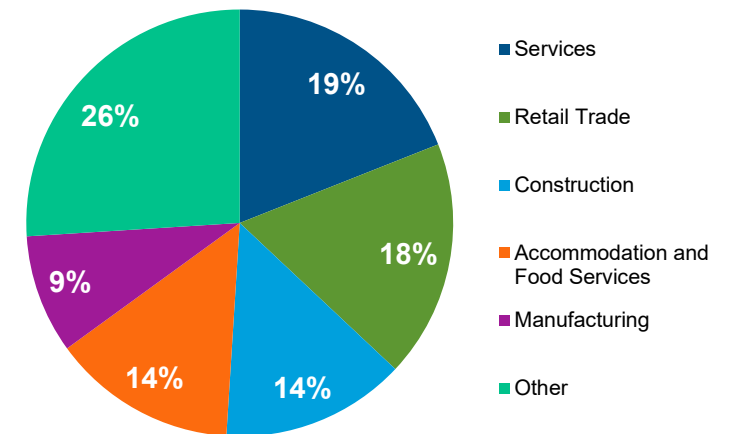
Managed SBA 7(a) Loans



Portfolio Mix by State



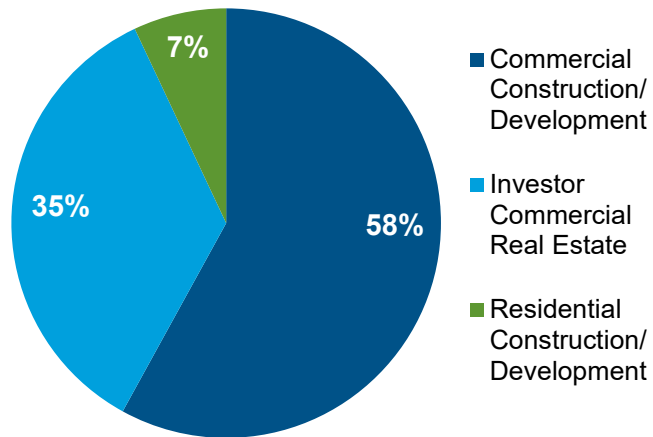
Portfolio Mix by Major Industry



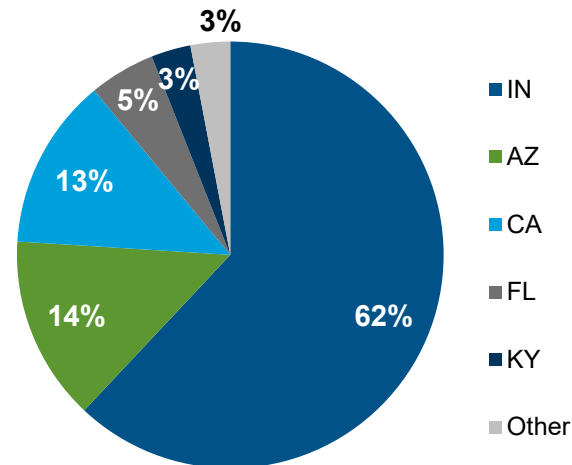
Construction and Investor Commercial Real Estate

- \$517.3 million of combined balances as of June 30, 2024
- Average current loan balance of \$8.2 million for investor CRE
- Average commitment sizes for construction
 - Commercial construction/development: \$25.1 million
 - Residential construction/development: \$2.1 million
- 2Q24 unfunded commitment balances
 - Commercial construction/development: \$490.4 million
 - Residential construction/development: \$38.3 million
- **Minimal office exposure; 1.6% of combined balances consisting of suburban and medical office space**

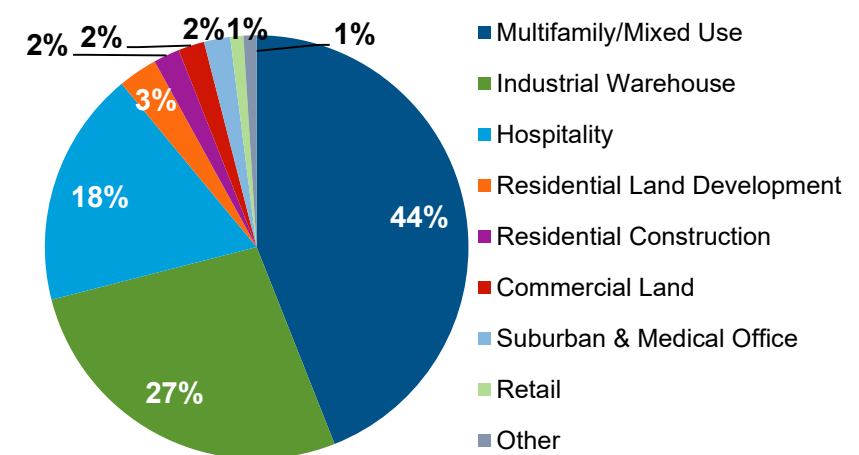
Portfolio by Loan Type



Portfolio Mix by State



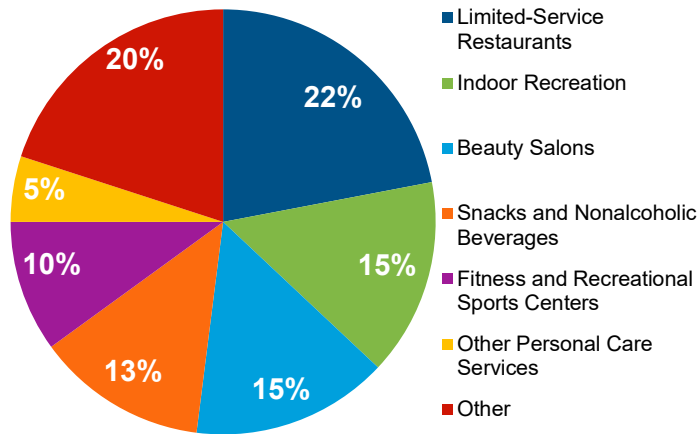
Portfolio Mix by Major Industry



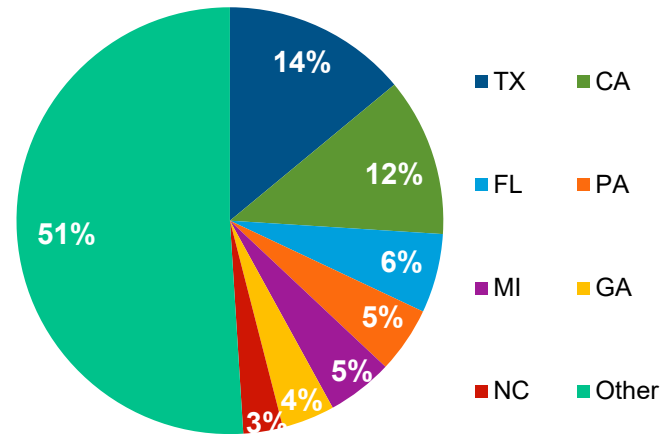
Franchise Finance

- \$551.1 million of balances as of June 30, 2024
- Focused on providing growth financing to franchisees in a variety of industry segments
- Strong historical credit performance to date
- Average loan size of \$832,000

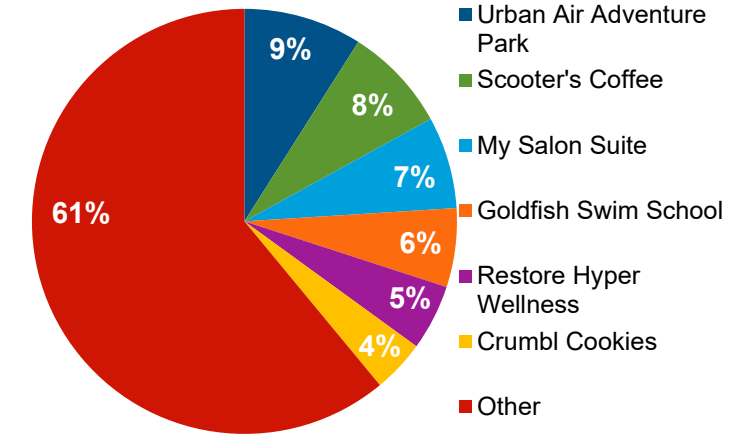
Portfolio Mix by Borrower Use



Portfolio Mix by State



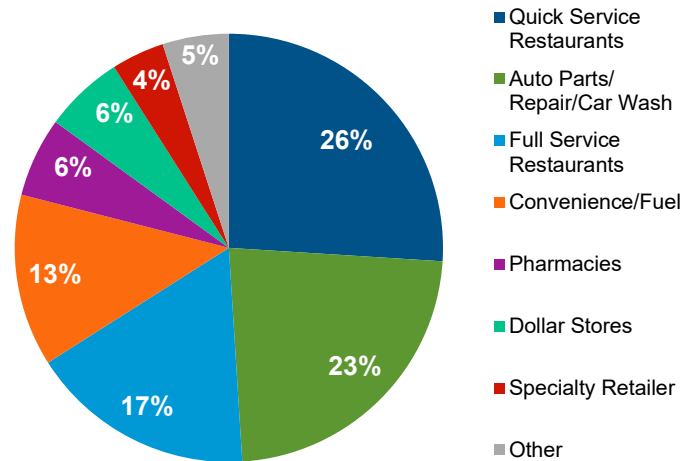
Portfolio Mix by Brand



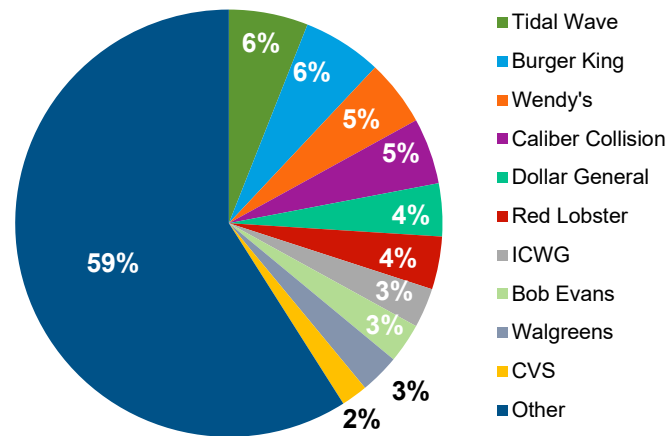
Single Tenant Lease Financing

- \$927.5 million of balances as of June 30, 2024
- 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**

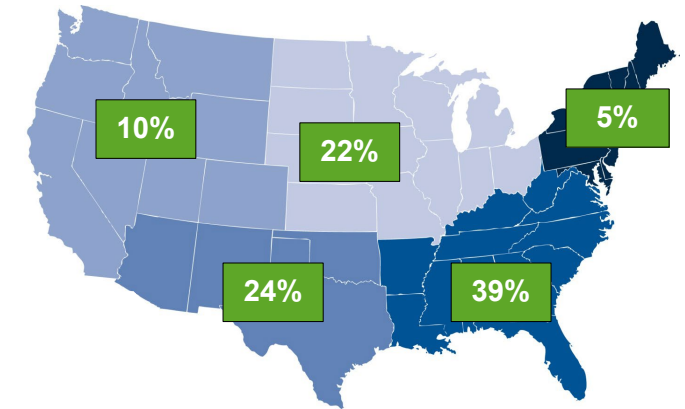
Portfolio Mix by Major Vertical



Portfolio Mix by Major Tenant



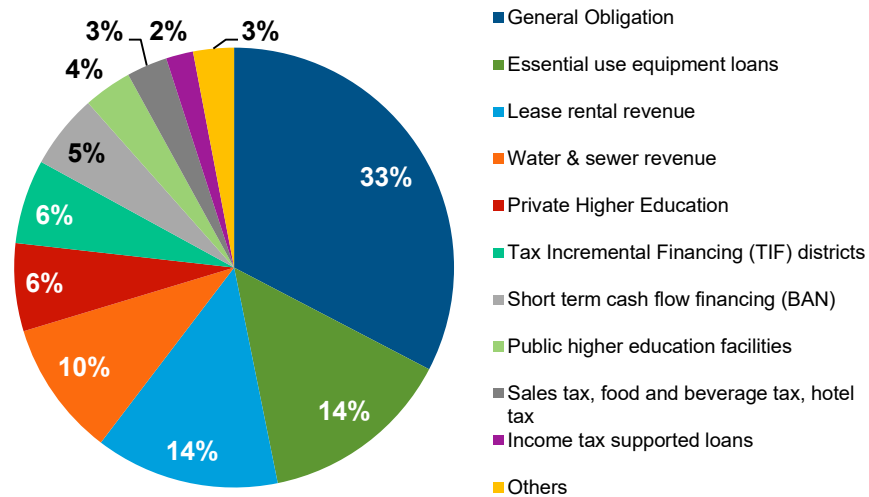
Portfolio Mix by Geography



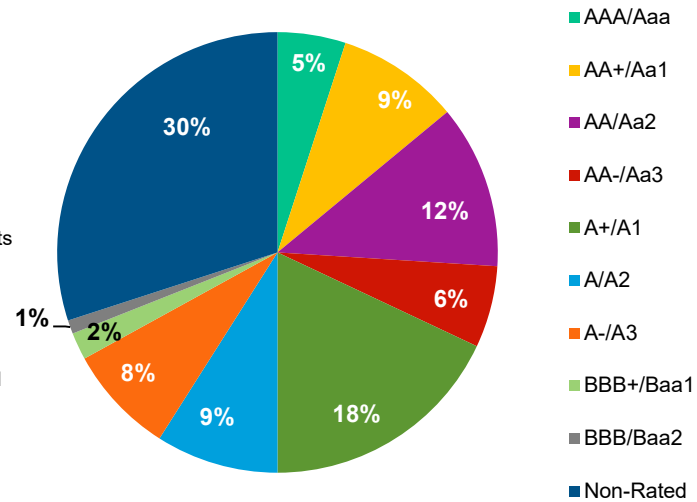
Public Finance

- \$486.2 million of balances as of June 30, 2024
- 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

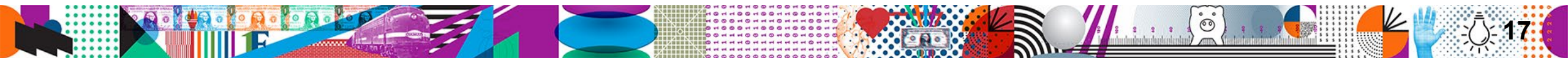
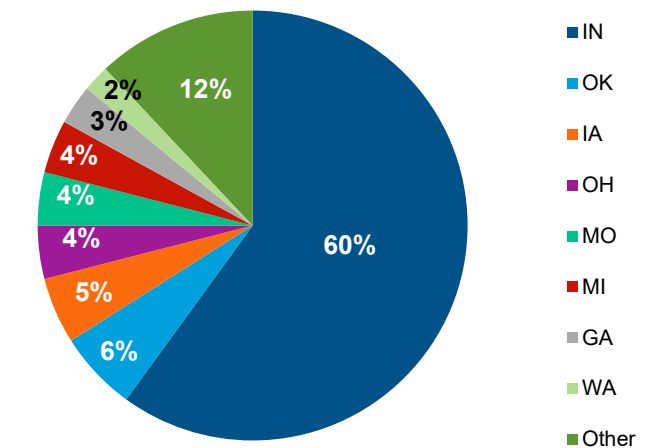
Portfolio Mix by Repayment Source



Borrower Mix by Credit Rating



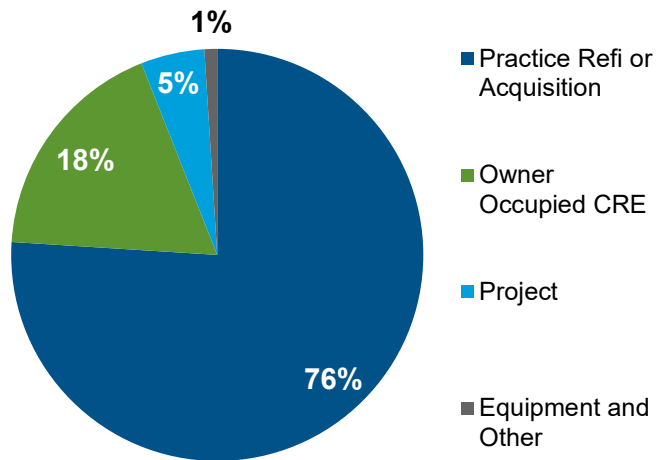
Portfolio Mix by State



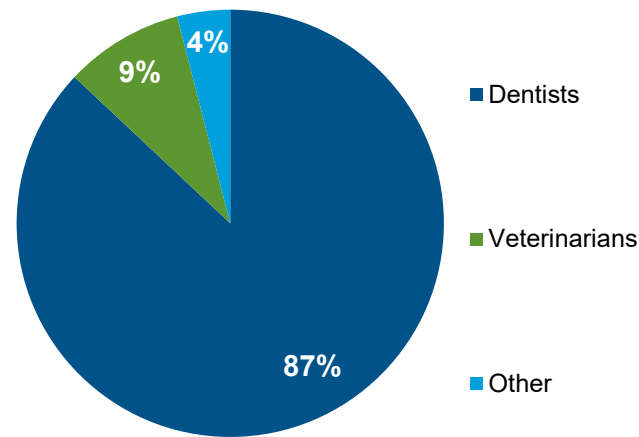
Healthcare Finance

- \$202.1 million of balances as of June 30, 2024
- Average loan size of \$430,000
- Strong historical credit performance to date
- No delinquencies in this portfolio

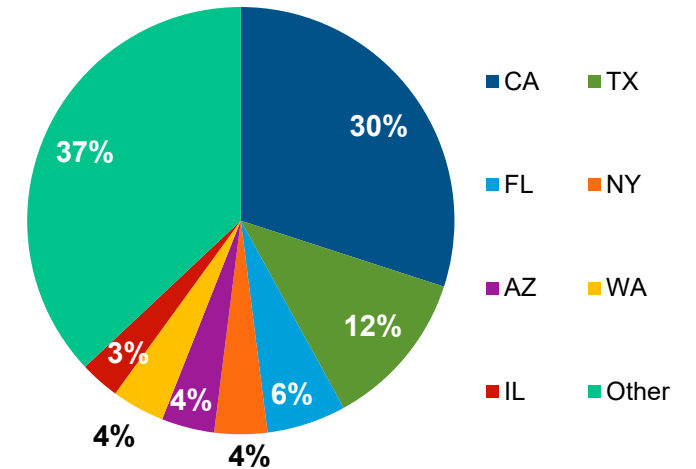
Portfolio Mix by Borrower Use



Portfolio Mix by Borrower



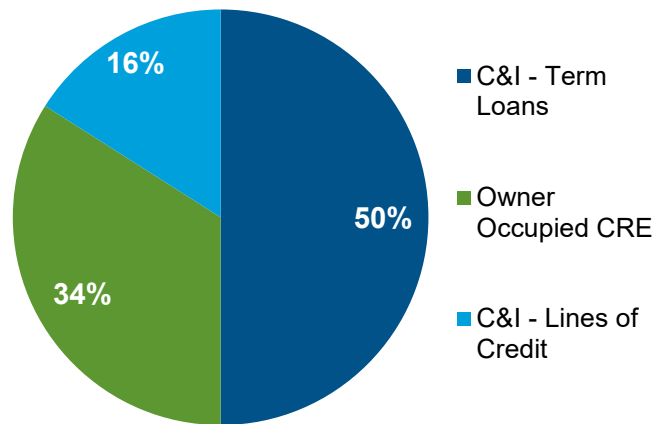
Portfolio Mix by State



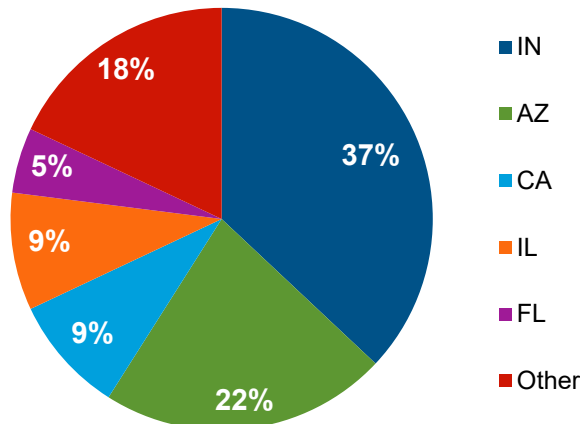
C&I and Owner-Occupied Commercial Real Estate

- \$173.7 million of combined balances as of June 30, 2024
- Current C&I LOC utilization of 25%
- Average loan sizes
 - C&I: \$553,000
 - Owner-occupied CRE: \$854,000
- **Minimal office exposure; 1.9% of combined loan balances consisting of suburban office space**

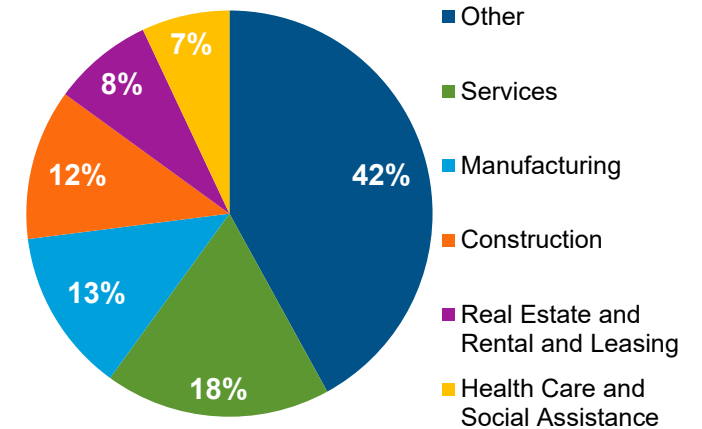
Portfolio by Loan Type



Portfolio Mix by State



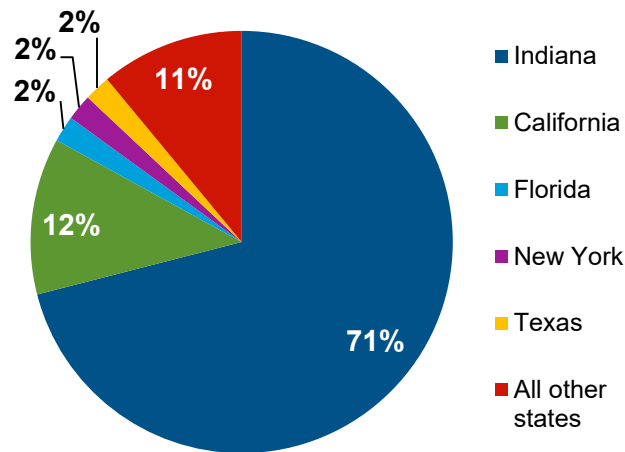
Portfolio Mix by Major Industry



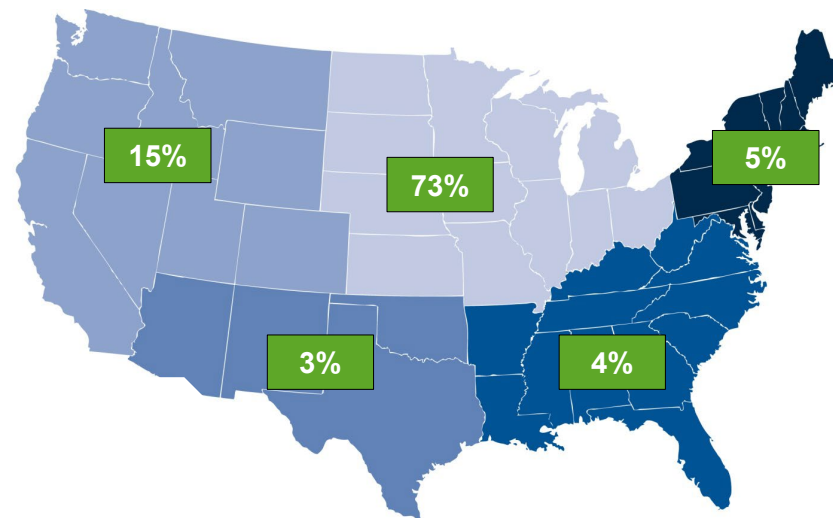
Residential Mortgage

- \$404.0 million of balances as of June 30, 2024 (includes home equity balances)
- Historically direct-to-consumer originations centrally located at corporate headquarters
- Focused on high quality borrowers
 - Average loan size of \$208,000
 - Average credit score at origination of 742
 - Average LTV at origination of 80%
- Strong historical credit performance

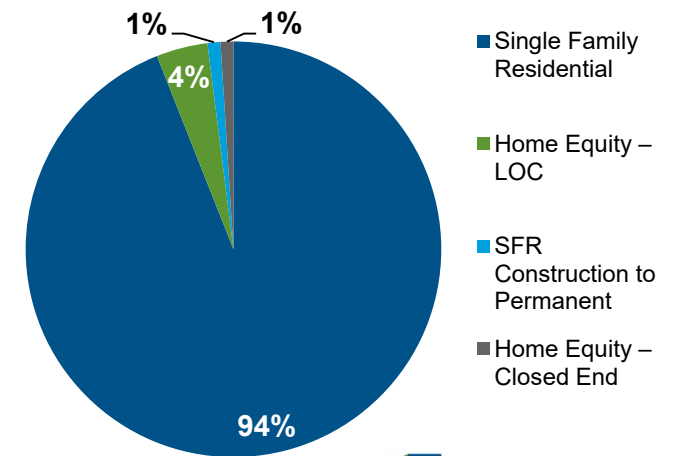
Concentration by State



National Portfolio with Midwest Concentration



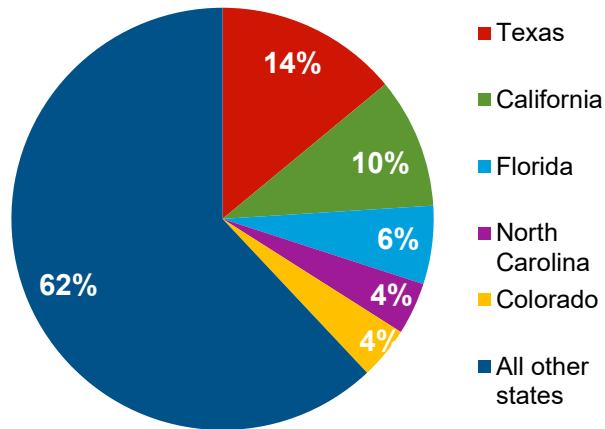
Concentration by Loan Type



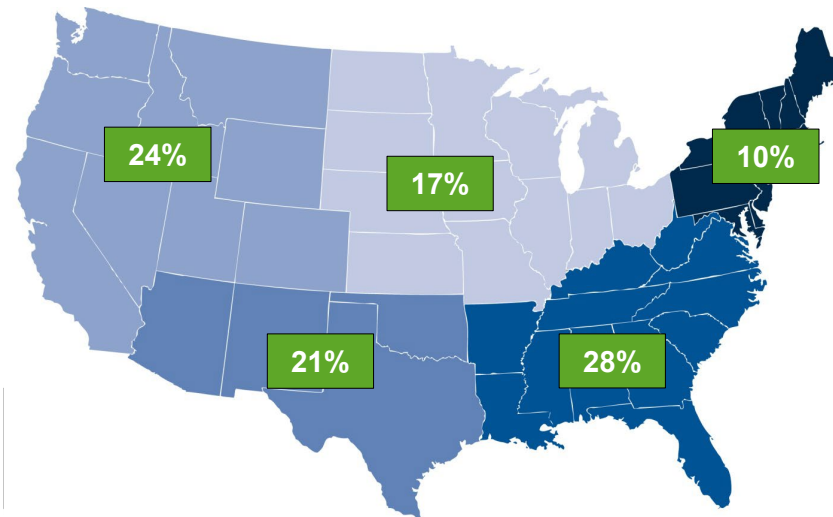
Specialty Consumer

- \$396.5 million of balances as of June 30, 2024
- Direct-to-consumer and nationwide dealer network originations
- Focused on high quality borrowers
 - Average credit score at origination of 778
 - Average loan size of \$27,000
- Strong historical credit performance

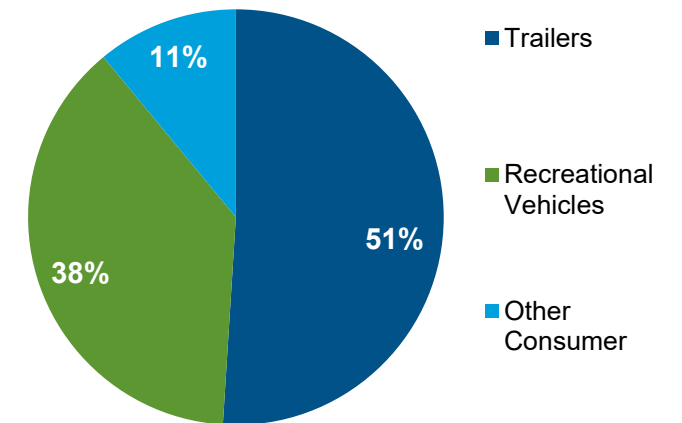
Concentration by State



Geographically Diverse Portfolio



Concentration by Loan Type

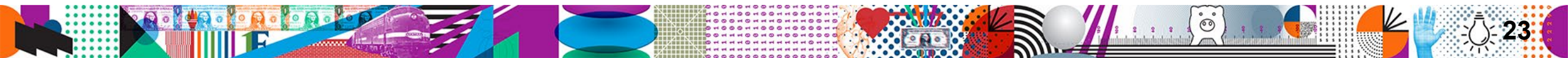


Appendix

Loan Portfolio Composition

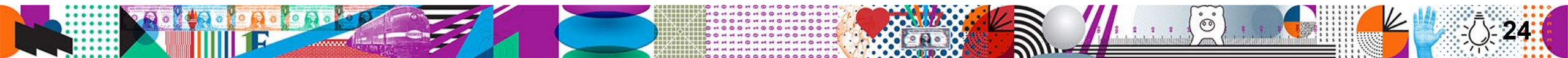
<i>Dollars in thousands</i>	2021	2022	2023	1Q24	2Q24
Commercial loans					
Commercial and industrial	\$ 96,008	\$ 126,108	\$ 129,349	\$ 133,897	\$ 115,585
Owner-occupied commercial real estate	66,732	61,836	57,286	57,787	58,089
Investor commercial real estate	28,019	93,121	132,077	128,276	188,409
Construction	136,619	181,966	261,750	325,597	328,922
Single tenant lease financing	865,854	939,240	936,616	941,597	927,462
Public finance	592,665	621,032	521,764	498,262	486,200
Healthcare finance	387,852	272,461	222,793	213,332	202,079
Small business lending	108,666	123,750	218,506	239,263	270,129
Franchise finance	81,448	299,835	525,783	543,122	551,133
Total commercial loans	2,363,863	2,719,349	3,005,924	3,081,133	3,128,008
Consumer loans					
Residential mortgage	186,770	383,948	395,648	390,009	382,549
Home equity	17,665	24,712	23,669	22,753	21,405
Trailers	146,267	167,326	188,763	191,353	197,738
Recreational vehicles	90,654	121,808	145,558	145,475	150,151
Other consumer loans	28,557	35,464	43,293	43,847	48,638
Total consumer loans	469,913	733,258	796,931	793,437	800,481
Net def. loan fees, prem., disc. and other ¹	53,886	46,794	37,365	35,234	32,657
Total loans	\$ 2,887,662	\$ 3,499,401	\$ 3,840,220	\$ 3,909,804	\$ 3,961,146

¹ Includes carrying value adjustments of \$25.6 million, \$26.9 million, \$27.8 million, \$32.5 million and \$37.5 million associated with public finance loans as of June 30, 2024, March 31, 2024, December 31, 2023, December 31, 2022 and December 31, 2021, respectively.



Reconciliation of Non-GAAP Financial Measures

<i>Dollars in thousands, except for per share data</i>	2018	2019	2020	2021	2022	2023	2Q24
Total equity - GAAP	\$288,735	\$304,913	\$330,944	\$380,338	\$364,974	\$362,795	\$371,953
Adjustments:							
Goodwill	(4,687)	(4,687)	(4,687)	(4,687)	(4,687)	(4,687)	(4,687)
Tangible common equity	<u>\$284,048</u>	<u>\$300,226</u>	<u>\$326,257</u>	<u>\$375,651</u>	<u>\$360,287</u>	<u>\$358,108</u>	<u>\$367,266</u>
Common shares outstanding	10,170,778	9,741,800	9,800,569	9,754,455	9,065,883	8,644,451	8,667,894
Book value per common share	\$28.39	\$31.30	\$33.77	\$38.99	\$40.26	\$41.97	\$42.91
Effect of goodwill	(0.46)	(0.48)	(0.48)	(0.48)	(0.52)	(0.54)	(0.54)
Tangible book value per common share	<u>\$27.93</u>	<u>\$30.82</u>	<u>\$33.29</u>	<u>\$38.51</u>	<u>\$39.74</u>	<u>\$41.43</u>	<u>\$42.37</u>



Reconciliation of Non-GAAP Financial Measures

<i>Dollars in thousands, except for per share data</i>	2Q23	3Q23	4Q23	1Q24	2Q24
Total equity - GAAP	\$354,332	\$347,744	\$362,795	\$366,739	\$371,953
Adjustments:					
Goodwill	(4,687)	(4,687)	(4,687)	(4,687)	(4,687)
Tangible common equity	<u>\$349,645</u>	<u>\$343,057</u>	<u>\$358,108</u>	<u>\$362,052</u>	<u>\$367,266</u>
Total assets - GAAP	\$4,947,049	\$5,169,023	\$5,167,572	\$5,340,667	\$5,343,302
Adjustments:					
Goodwill	(4,687)	(4,687)	(4,687)	(4,687)	(4,687)
Tangible assets	<u>\$4,942,362</u>	<u>\$5,164,336</u>	<u>\$5,162,885</u>	<u>\$5,335,980</u>	<u>\$5,338,615</u>
Common shares outstanding	8,774,507	8,669,673	8,644,451	8,655,854	8,667,894
Book value per common share	\$40.38	\$40.11	\$41.97	\$42.37	\$42.91
Effect of goodwill	(0.53)	(0.54)	(0.54)	(0.54)	(0.54)
Tangible book value per common share	<u>\$39.85</u>	<u>\$39.57</u>	<u>\$41.43</u>	<u>\$41.83</u>	<u>\$42.37</u>
Total shareholders' equity to assets	7.16%	6.73%	7.02%	6.87%	6.96%
Effect of goodwill	(0.09%)	(0.09%)	(0.08%)	(0.08%)	(0.08%)
Tangible common equity to tangible assets	<u>7.07%</u>	<u>6.64%</u>	<u>6.94%</u>	<u>6.79%</u>	<u>6.88%</u>
Total interest income	\$58,122	\$63,015	\$66,272	\$68,165	\$70,961
Adjustments:					
Fully-taxable equivalent adjustments ¹	1,347	1,265	1,238	1,190	1,175
Total interest income - FTE	<u>\$59,469</u>	<u>\$64,280</u>	<u>\$67,510</u>	<u>\$69,355</u>	<u>\$72,136</u>
Net interest income	\$18,145	\$17,378	\$19,807	\$20,734	\$21,327
Adjustments:					
Fully-taxable equivalent adjustments ¹	1,347	1,265	1,238	1,190	1,175
Net interest income - FTE	<u>\$19,492</u>	<u>\$18,643</u>	<u>\$21,045</u>	<u>\$21,924</u>	<u>\$22,502</u>
Net interest margin	1.53%	1.39%	1.58%	1.66%	1.67%
Adjustments:					
Effect of fully-taxable equivalent adjustments ¹	0.11%	0.10%	0.10%	0.09%	0.09%
Net interest margin - FTE	<u>1.64%</u>	<u>1.49%</u>	<u>1.68%</u>	<u>1.75%</u>	<u>1.76%</u>

¹ Assuming a 21% tax rate

Reconciliation of Non-GAAP Financial Measures

<i>Dollars in thousands, except for per share data</i>	2Q23	3Q23	4Q23	1Q24	2Q24
Noninterest expense	\$18,670	\$19,756	\$20,056	\$21,023	\$22,336
Adjustments:					
IT termination fees	-	-	-	-	(452)
Anniversary expenses	-	-	-	-	(120)
Adjusted noninterest expense	<u>\$18,670</u>	<u>\$19,756</u>	<u>\$20,056</u>	<u>\$21,023</u>	<u>\$21,764</u>
Noninterest expense to average assets	1.52%	1.53%	1.54%	1.62%	1.68%
Effect of IT termination fees	0.00%	0.00%	0.00%	0.00%	(0.03%)
Effect of anniversary expenses	0.00%	0.00%	0.00%	0.00%	(0.01%)
Adjusted noninterest expense to average assets	<u>1.52%</u>	<u>1.53%</u>	<u>1.54%</u>	<u>1.62%</u>	<u>1.64%</u>
Income before income taxes - GAAP	\$ 3,648	\$ 3,083	\$ 3,558	\$ 5,610	\$ 5,993
Adjustments:					
IT termination fees	-	-	-	-	452
Anniversary expenses	-	-	-	-	120
Adjusted income before income taxes	<u>\$3,648</u>	<u>\$3,083</u>	<u>\$3,558</u>	<u>\$5,610</u>	<u>\$6,565</u>
Income tax provision (benefit) - GAAP	\$ (234)	\$ (326)	\$ (585)	\$ 429	\$ 218
Adjustments: ¹					
IT termination fees	-	-	-	-	95
Anniversary expenses	-	-	-	-	25
Adjusted income tax provision (benefit)	<u>\$ (234)</u>	<u>\$ (326)</u>	<u>\$ (585)</u>	<u>\$ 429</u>	<u>\$ 338</u>

¹ Assuming a 21% tax rate

Reconciliation of Non-GAAP Financial Measures

<i>Dollars in thousands, except for per share data</i>	2Q23	3Q23	4Q23	1Q24	2Q24
Net income - GAAP	\$ 3,882	\$ 3,409	\$ 4,143	\$ 5,181	\$ 5,775
Adjustments:					
IT termination fees	-	-	-	-	357
Anniversary expenses	-	-	-	-	95
Adjusted net income	<u>\$3,882</u>	<u>\$3,409</u>	<u>\$4,143</u>	<u>\$5,181</u>	<u>\$6,227</u>
Diluted average common shares outstanding	8,908,180	8,767,217	8,720,078	8,750,297	8,656,215
Diluted earnings per share - GAAP	\$ 0.44	\$ 0.39	\$ 0.48	\$ 0.59	\$ 0.67
Adjustments:					
Effect of IT termination fees	-	-	-	-	0.04
Effect of anniversary expenses	-	-	-	-	0.01
Adjusted diluted earnings per share	<u>\$0.44</u>	<u>\$0.39</u>	<u>\$0.48</u>	<u>\$0.59</u>	<u>\$0.72</u>
Return on average assets	0.32%	0.26%	0.32%	0.40%	0.44%
Effect of IT termination fees	0.00%	0.00%	0.00%	0.00%	0.03%
Effect of anniversary expenses	0.00%	0.00%	0.00%	0.00%	0.01%
Adjusted return on average assets	<u>0.32%</u>	<u>0.26%</u>	<u>0.32%</u>	<u>0.40%</u>	<u>0.48%</u>
Return on average shareholders' equity	4.35%	3.79%	4.66%	5.64%	6.28%
Effect of IT termination fees	0.00%	0.00%	0.00%	0.00%	0.39%
Effect of anniversary expenses	0.00%	0.00%	0.00%	0.00%	0.10%
Adjusted return on average shareholders' equity	<u>4.35%</u>	<u>3.79%</u>	<u>4.66%</u>	<u>5.64%</u>	<u>6.77%</u>
Return on average tangible common equity	4.40%	3.84%	4.72%	5.71%	6.36%
Effect of IT termination fees	0.00%	0.00%	0.00%	0.00%	0.39%
Effect of anniversary expenses	0.00%	0.00%	0.00%	0.00%	0.10%
Adjusted return on average tangible common equity	<u>4.40%</u>	<u>3.84%</u>	<u>4.72%</u>	<u>5.71%</u>	<u>6.85%</u>

1 Assuming a 21% tax rate

Reconciliation of Non-GAAP Financial Measures

<i>Dollars in thousands</i>	2Q24
Tangible common equity	\$367,266
Adjustments:	
Accumulated other comprehensive loss	30,587
Adjusted tangible common equity	<u>\$397,853</u>
Tangible assets	\$5,338,615
Adjustments:	
Cash in excess of \$300 million	(96,786)
Adjusted tangible assets	<u>\$5,241,829</u>
Adjusted tangible common equity	\$397,853
Adjusted tangible assets	<u>\$5,241,829</u>
Adjusted tangible common equity to adjusted tangible assets	<u>7.59%</u>