



2023 Investor Presentation



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Cautionary Statement Regarding Forward-Looking Statements

This presentation, including any oral statements made regarding the contents of this presentation, contains certain statements that are not historical facts that may constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and are intended to be covered by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. When used in this presentation the words “believe,” “anticipate,” “expect,” “may,” “will,” “assume,” “should,” “predict,” “could,” “would,” “intend,” “targets,” “estimates,” “projects,” “plans,” and “potential,” and other similar words and expressions of the future, are intended to identify such forward-looking statements, but other statements not based on historical information may also be considered forward-looking, including statements about Bar Harbor Bankshares’ (the “Company”) future financial and operating results and the Company’s plans, objectives, and intentions. All forward-looking statements are subject to risks, uncertainties, and other factors that may cause the actual results, performance, or achievements of the Company to differ materially from any results, performance, or achievements expressed or implied by such forward-looking statements. These forward-looking statements are subject to known and unknown risks, uncertainties and other factors that could cause the actual results to differ materially from the statements, including, but not limited to: (1) deterioration in the financial performance and/or condition of borrowers of Bar Harbor Bank & Trust (the “Bank” or “BHBT”), including as a result of the negative impact of inflationary pressures on our customers and their businesses resulting in significant increases in credit losses and provisions for those losses; (2) the possibility that our asset quality could decline or that we experience greater loan losses than anticipated; (3) increased levels of other real estate owned, primarily as a result of foreclosures; (4) the impact of liquidity needs on our results of operations and financial condition; (5) competition from financial institutions and other financial service providers; (6) the effect of interest rate increases on the cost of deposits; (7) unanticipated weakness in loan demand or loan pricing; (8) adverse conditions in the national or local economies including in our markets throughout Northern New England; (9) changes in consumer spending, borrowing and saving habits; (10) the effects of civil unrest, international hostilities or other geopolitical events, including the war in Ukraine and recent hostilities in the Middle East; (11) inflation, interest rate, market, and monetary fluctuations; (12) lack of strategic growth opportunities or our failure to execute on available opportunities; (13) the ability to grow and retain low-cost core deposits and retain large, uninsured deposits; (14) our ability to effectively manage problem credits; (15) our ability to successfully implement efficiency initiatives on time and with the results projected; (16) our ability to successfully develop and market new products and technology; (17) the impact of negative developments in the financial industry and United States and global capital and credit markets; (18) our ability to retain executive officers and key employees and their customer and community relationships; (19) our ability to effectively implement and to adapt to technological changes; (20) risks associated with litigation, including reputational and financial risks and the applicability of insurance coverage; (21) the vulnerability of the Bank’s computer and information technology systems and networks, and the systems and networks of third parties with whom the Company or the Bank contracts, to unauthorized access, computer viruses, phishing schemes, spam attacks, human error, natural disasters, power loss, and other security breaches and interruptions; (22) changes in the reliability of our vendors, internal control systems or information systems; (23) ongoing competition in the labor markets and increased employee turnover; (24) the potential impact of climate change; (25) the impact of pandemics, epidemics, or any other health-related crises, including new outbreaks of COVID-19 and actions taken by governmental officials to curb the spread of such health-related crises, and the resulting impact on general economic and financial market conditions and on the Company’s and our customers’ business, results of operations, asset quality and financial condition; (26) our ability to comply with various governmental and regulatory requirements applicable to financial institutions; (27) changes in state and federal laws, rules, regulations, or policies applicable to banks or bank or financial holding companies, including regulatory or legislative developments; (28) the effects of and changes in trade and monetary and fiscal policies and laws, including the interest rate policies of the Board of Governors of the Federal Reserve System; (29) adverse impacts (including costs, fines, reputational harm, financial risks and the applicability of insurance coverage or other negative effects) from current or future litigation, regulatory examinations, or other legal and/or regulatory actions; and (30) general competitive, economic, political, and market conditions, including economic conditions in the local markets where we operate.

Other factors not identified above, including those described under the headings “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, our quarterly reports on Form 10-Q, and current reports on Form 8-K filed with the Securities and Exchange Commission (the “SEC”) and available on the SEC’s website at <http://www.sec.gov>, may also cause actual results to differ materially from those described in our forward-looking statements. Most of these factors are difficult to anticipate and are generally beyond our control. Given these uncertainties, you are cautioned not to place undue reliance on such forward-looking statements, and you should consider these factors in connection with considering any forward-looking statements that may be made by us. We undertake no obligation to release publicly any revisions to any forward-looking statements, to report events or to report the occurrence of unanticipated events unless we are required to do so by law.

Legal Disclaimer



Non-GAAP Financial Measures

This presentation contains certain non-GAAP financial measures in addition to results presented in accordance with accounting principles generally accepted in the United States of America (“GAAP”). These non-GAAP measures are intended to provide the reader with additional supplemental perspectives on operating results, performance trends, and financial condition. Non-GAAP financial measures are not a substitute for GAAP measures; they should be read and used in conjunction with the Company’s GAAP financial information. A reconciliation of non-GAAP financial measures to GAAP measures is provided in the Appendix to this presentation. In all cases, it should be understood that non-GAAP measures do not depict amounts that accrue directly to the benefit of shareholders. An item which management excludes when computing non-GAAP adjusted earnings can be of substantial importance to the Company’s results for any particular quarter or year. The Company’s non-GAAP core earnings information set forth is not necessarily comparable to non-GAAP information which may be presented by other companies. Each non-GAAP measure used by the Company in this presentation as supplemental financial data should be considered in conjunction with the Company’s GAAP financial information.

The Company utilizes the non-GAAP measure of core earnings in evaluating operating trends, including components for core revenue and expense. These measures exclude amounts which the Company views as unrelated to its normalized operations, including securities gains/losses, acquisition costs, restructuring costs, legal settlements, and system conversion costs. Non-GAAP adjustments are presented net of an adjustment for income tax expense.

The Company also calculates core earnings per share based on its measure of core earnings. The Company views these amounts as important to understanding its operating trends, particularly due to the impact of accounting standards related to acquisition activity. Analysts also rely on these measures in estimating and evaluating the Company’s performance. Management also believes that the computation of non-GAAP core earnings and core earnings per share may facilitate the comparison of the Company to other companies in the financial services industry. The Company also adjusts certain equity related measures to exclude intangible assets due to the importance of these measures to the investment community.

A Bank that Thinks Differently



Bar Harbor Bank & Trust is the only community bank headquartered in Northern New England with branches in Maine, New Hampshire and Vermont. The Bank is focused on exceptional commercial, retail and wealth management banking services in over 50 locations. Our business model balances earnings with growth by focusing on the following tenets:

- Employee and customer experience is the foundation of our performance, which leads to financial benefit to shareholders
- Geography, heritage, and performance are key while remaining true to a culture that has long-term commitment to its communities
- Commitment to risk management
- Service and sales driven culture with a focus on core business growth
- Fee income is fundamental to our profitability through trust and treasury management services, customer derivatives, and secondary market mortgage sales
- Investment in processes, products, technology, training, leadership, and infrastructure with a more mature model now committed to operating leverage
- Expansion of our brand and business to deepen market presence
- Opportunity and growth for existing employees while adding catalyst recruits across all levels as appropriate

How is Bar Harbor Bank & Trust different?



We have adhered to a strategy of prudent growth for over 135 years.

We take deposits from neighbors and lend to neighbors.

- We like to lend money. We have an investment portfolio, but we don't run it as a separate line of business and it is purposefully scaled with our priority being core bank lending assets.
- We don't compete solely on rate. Instead, we compete by providing superior service, solutions tailored to our customers' needs, and the convenience of our branch network and online capabilities.
- We don't have excessive concentrations in our deposit or loan portfolios.
- Only 8.7% of our deposits are uninsured either by the FDIC or collateral.¹

¹Data as of September 30, 2023

Overview of Bar Harbor Bank & Trust



Bank Overview

- We strive to be one of the most profitable banks in New England; and to provide exceptional service to people, businesses and communities we serve
- Business overview as of September 30, 2023
 - Over 50 locations spanning Northern New England¹
 - \$2.3 billion in AUM in wealth management and trust
 - Commercial LPO office in Portland, Maine
 - Diverse fee income sources have been developed
- Seasoned management team with strong market knowledge and industry experience
- Track record of generating growth
- Employee and customer experience is the foundation of superior performance, which we believe leads to financial benefit to shareholders
- Strong commitment to risk management
- Continued commitment to expanding customer services and products, while growing and diversifying our non-interest income sources
- Investment in process, products, technology, training, leadership and infrastructure
- Expansion of the Bank's brand and business to deepen market presence

Key Statistics as of September 30, 2023

(\$ in millions except Stock Price)

Assets	\$3,984
Net Loans	\$2,965
Deposits	\$3,140
Shareholder Equity	\$404
NPAs / Total Assets	0.17%
Core Return on Average Assets ²	1.11%
Core Return on Average Equity ²	10.72%
Net Interest Margin ²	3.18%
Closing Stock Price	\$23.63
Market cap	\$358
Price / LTM Core EPS	7.55x
Dividend Yield	4.74%

Source: Company filings, includes banking, lending and wealth management service locations across ME, VT and NH

¹Locations include banking, lending and wealth management services

²For a reconciliation of these non-GAAP financial measures to the comparable GAAP measures, see the Appendix



BAR HARBOR BANKSHARES



Customers • Culture • Team



Senior Executive Team



Curtis C. Simard

President & Chief Executive Officer

- Joined as President & CEO of Bar Harbor Bank & Trust in June of 2013
- Served as Managing Director of Corporate Banking for TD Bank
- Over 25+ years of industry experience



Josephine Iannelli

EVP, Chief Financial Officer & Treasurer

- Joined in October of 2016
- Served as EVP CFO and Treasurer of Berkshire Hills Bancorp as well as other various management positions at PNC
- Over 25+ years of industry experience



Jason Edgar

President, Bar Harbor Wealth Management

- Joined in June of 2019
- Served as SVP, Director of Wealth Management at Berkshire Hills Bancorp and has over 20+ years industry experience



John Mercier

EVP, Chief Lending Officer

- Joined in April of 2017
- Over 30+ years of experience in lending throughout the Northeast



Marion Colombo

EVP, Director of Retail Delivery

- Joined in February of 2018
- Over 30+ years of experience, including Market President of Retail for TD Bank in Boston



Joseph Scully

SVP, Chief Information Officer & Director of Operations

- Joined in January of 2015
- Over 30+ years of experience in operations, technology & security experience, including the Department of Defense and Financial Institutions



John Williams

SVP, Chief Risk Officer

- Joined in December of 2014
- 10+ years in various risk management roles within banking



Alison DiPaola

SVP, Chief Human Resources Officer

- Joined in June 2013
- Extensive human resources experience including being SHRM-SCP certified
- Over 10+ years of industry experience



Joe Schmitt

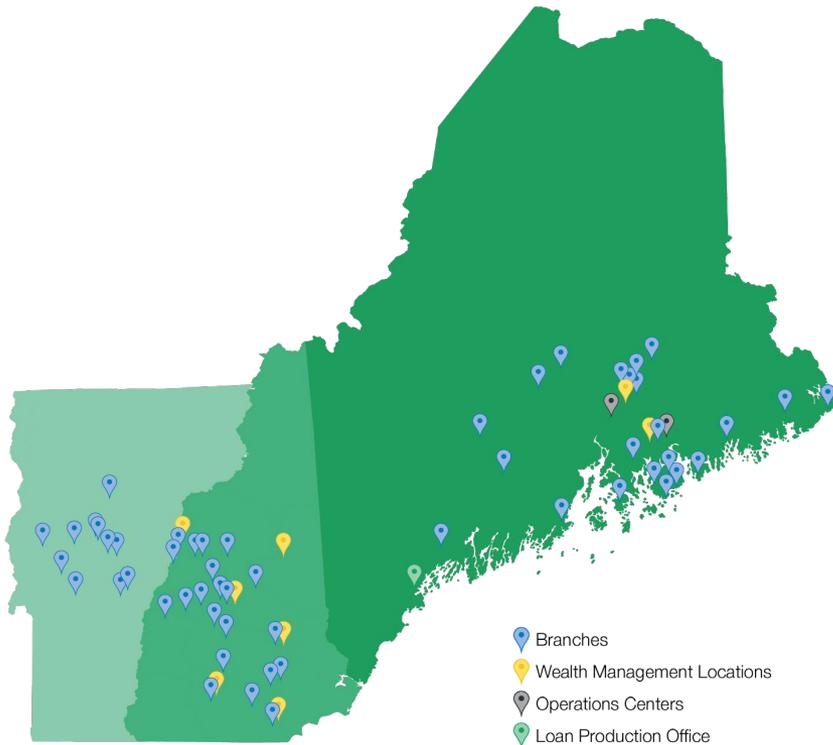
SVP, Director of Communications & Chief Marketing Officer

- Joined in September of 2017
- Over 25+ years of industry experience in Marketing and Product Management, including Head of Product Marketing at Santander and Chief Marketing Officer at Brookline Bank

Our Markets



The Bank serves a wide range of markets in Maine, New Hampshire and Vermont. Within our markets, tourism, agriculture, and fishing remain strong and continue to drive economic activity. These core markets have also maintained their strength through diversification into various services industries.



Maine

- 22 full-service branches in Downeast, Midcoast and Central Maine.
- Primary market areas: Hancock, Knox, Washington, Kennebec and Sagadahoc counties.

New Hampshire

- 21 full-service branches and two stand-alone drive-up windows in New Hampshire.
- Primary market areas: Nashua, Manchester, Concord, and Upper Valley, including Lebanon, Hanover, New London and Newport.

Vermont

- 10 full service-branches and one stand-alone drive-up windows in Vermont.
- Primary market areas: Central Vermont within the counties of Rutland, Windsor and Orange.

Strategy is working and the industry is taking notice



**Named one of the
World's Best Banks
2023**

By Forbes and Statista



**Named one of
America's Best Banks
2022**

By Newsweek



**Named one of the
Best-In-State
Banks 2023**

By Forbes and Statista



**Recipient of
Doing Well by
Doing Good 2022**

By Mastercard



**Named one of the 2 Dividend-Growing
Regional Banks To Buy**

By Seeking Alpha

**Named one of the 3 Regional Bank
Stocks to Buy After SVB's Collapse**

By RealMoney

Fostering Sustainable Communities



As a community bank, we recognize that we are successful when our customers and communities prosper

We make significant investments in technology, our people, and branches. Our more than 50 branches are staffed by friendly, knowledgeable bankers who are driven by their desire to help their customers achieve their goals

\$65M

invested in small business loan origination with 440 total loans

411

Organizations supported through charitable giving efforts

75%

of employees provided funds to support charitable giving efforts

36%

of women represented on Board of Directors

68%

of women in management

\$6.9M

currently committed to creating affordable housing

100%

employee ethics training

\$203K

in employee owned charitable giving through the program *Casual for a Cause* (since inception)

73%

of women in the BHB workforce

\$673,088

committed to nonprofits & educational organizations

6,394 hrs

Of employees volunteering at various organizations with 24 hours of paid volunteer time annually

100%

of operations reviewed to support an environmental conscience approach

Note: Information as of December 31, 2022





BAR HARBOR BANKSHARES



Delivering on Our Strategy



BHB: Investment Summary



- We set out to build a balanced Bank that is not reliant on any one business, with a strong risk-focused credit culture, and a judicious approach to managing capital through all market conditions. We intend to do this by:
 - Growing market share as our customer service differentiates us from our competition
 - Focusing on core earnings as we balance growth with profitability
 - Growing core transactional deposits over the long-term
 - Adhering to a disciplined credit culture with historic low charge-off rates
 - Diligently managing our interest rate sensitivity
 - Expanding non-interest income as a percentage of total revenue
 - Managing non-interest expenses while investing in infrastructure, digital platforms, call center, information technology and operations
- We have a talented team and firm culture in place to implement our strategies in all economic environments

2023 Year-to-Date Overview



- Poised for Continued, Profitable Growth
 - 1.18% core return on assets, compared to 1.12%
 - 4% annualized total loan growth, 7% annualized commercial loan growth
 - 4% annualized non-maturity deposit growth
 - 3.32% net interest margin, compared to 3.21%
 - 58% efficiency ratio, compared to 60% ¹
 - 0.17% non-performing assets ratio to total assets, compared to 0.20%
- Continue to “Think Differently” and “Work Together”

Note: Year-to-date financial measurements are as of September 30, 2023 and comparisons, if applicable, are against financial measurements as of September 30, 2022

¹ *For a reconciliation of these non-GAAP measures to comparable GAAP measures, see the Appendix*

Q3 2023 Overview



- 1.11% return on assets
- 10.72% return on equity
- Total loan growth remained flat for the quarter
- 3.18% net interest margin
- 59% efficiency ratio
- 0.17% non-performing assets ratio to total assets
- Book value per share of \$26.67

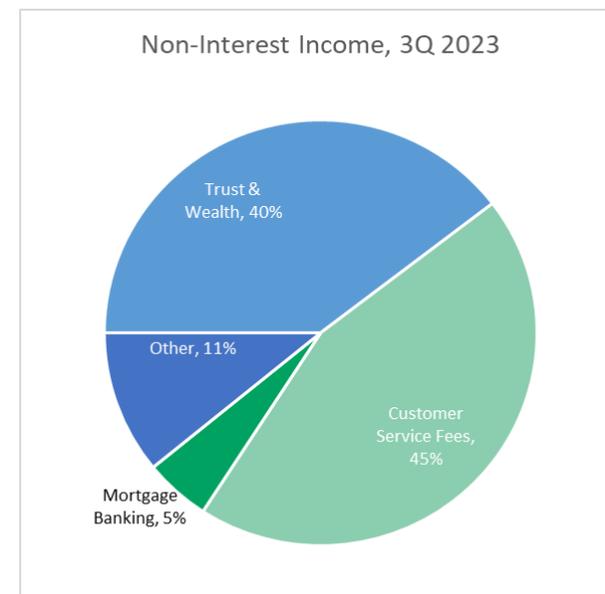
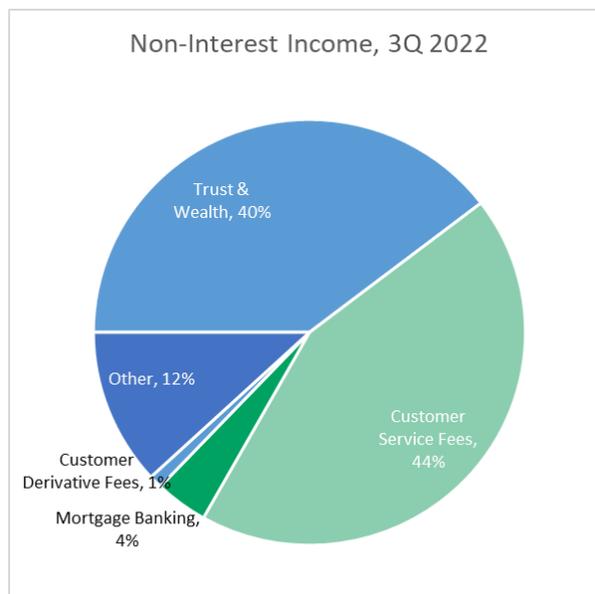
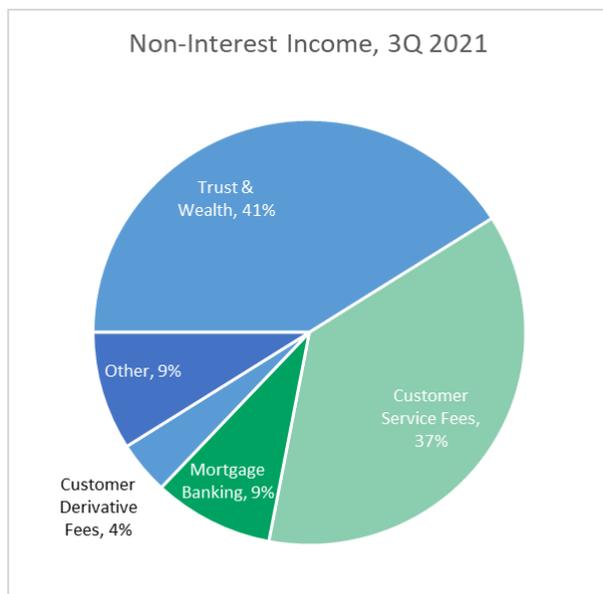
“Our business is based on longstanding, basic banking principles; take in deposits in the form of real currency and then lend that money back to our communities to make a meaningful difference. We remain committed to this while holding steadfast and resolute in navigating industry challenges, differentiating ourselves in the community bank space.”

¹ For a reconciliation of these non-GAAP measures to comparable GAAP measures, see the Appendix

Diversification of Non-Interest Income



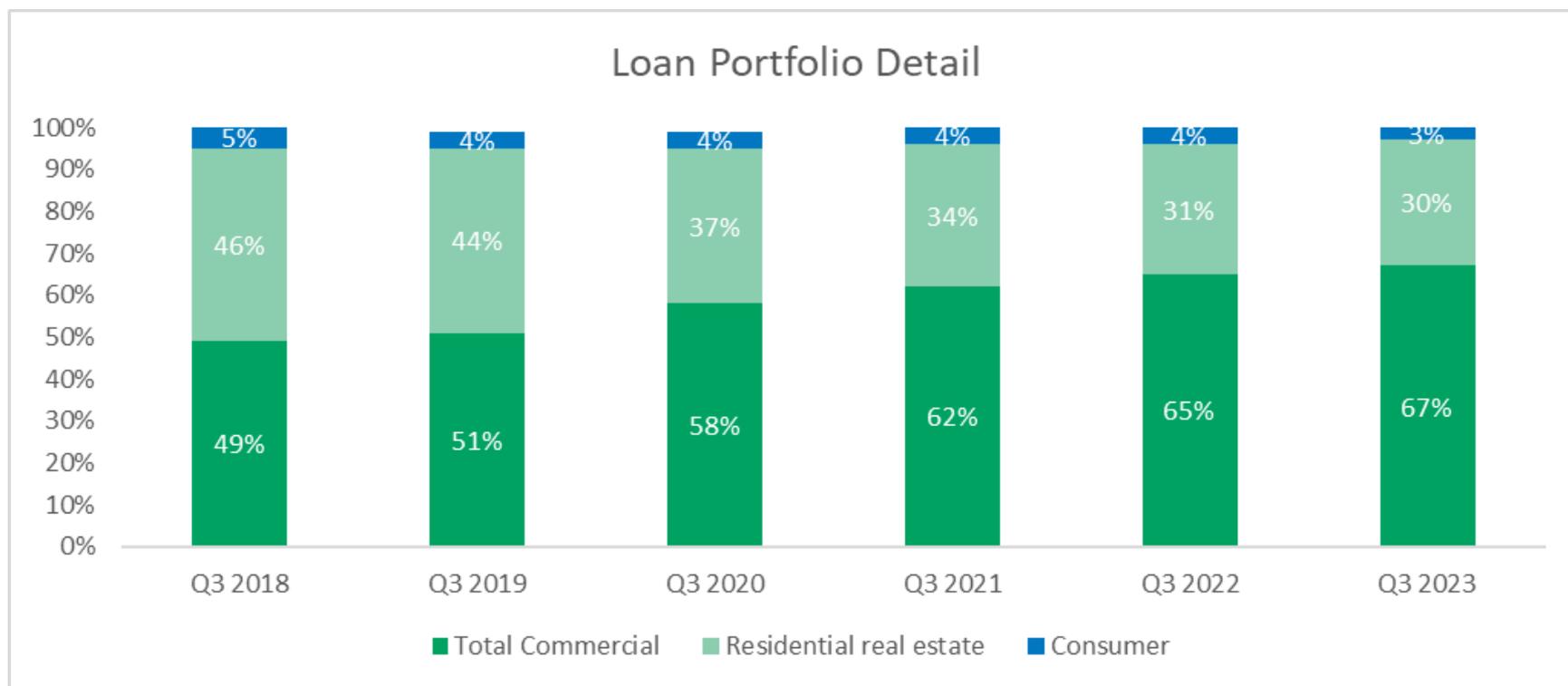
- We have diverse sources of non-interest income that continue to be a significant contribution in any rate environment
- Mortgage production is opportunistically managed between balance sheet and secondary market sales
- Bar Harbor Wealth Management continues to add new customers while navigating a tumultuous market



Loans – Focus on Profitability



- Continue to prudently evaluate our loan portfolio mix & strategy
- As of Q3 2023, Commercial Loans have increased from 49% to 67% of the Loan Portfolio since Q3 2018



Credit-Oriented Culture



Asset Quality Remained Strong at Q3 2023

- Total delinquencies remain low at 0.25% of total loans
- Non-accruing loans were steady at 0.23% of total loans
- Net loan charge-offs of \$24 thousand in Q3 2023 and \$70 thousand YTD in 2023
- Q3 2023 Allowance for Credit Losses remains well funded at 0.94% of total loans and 414% of non-accruing loans
- Continue to maintain \$0 in Bank-owned Real Estate (OREO) from foreclosure activity
- Pass Rated loans ratio stable at 96%, with positive external feedback on ongoing credit administration and portfolio management

Delinquent & Non-performing Loans / Total Loans

	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Accruing Delinquent Loans	0.10%	0.09%	0.26% ¹	0.11%	0.16%
Non-Accruing Loans	0.27%	0.23%	0.26%	0.22%	0.23%
Total Delinquent and Non-Accruing Loans	0.37%	0.32%	0.52%	0.33%	0.39%

¹ The increase was primarily a function of timing given the 31st day lands on a business day and a group of customers typically make payments about 30 days in arrears which become reportable as overdue. Accordingly, we do not believe the increase was an indication of deteriorated credit quality.

Commercial Real Estate – Office Exposure



Office portfolio remains sound amid industry challenges

Total outstanding office loans of \$245 million, or ~ 8% of total loans, at Q3 2023

- 85% of total Office Exposure is pass-rated, with no loans rated Substandard or worse
- Weighted average risk rating of 4.00 for Office, compared to 4.06 for total portfolio
- 97% of total office exposure within New England market area
- Largest office exposure is to BHBT's largest borrower - a RR 3 credit, with total office exposure of \$46 million over 2 properties and a weighted-average LTV of 53%
- Exposure is spread across 67 relationships and 96 loans
- Total commitments of \$251 million include undrawn LOCs and SWAP exposure

Commercial Real Estate – Office (\$'000s)

	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Total Office Commitments	\$242,578	\$260,094	\$258,041	\$254,003	\$251,383
Weighted Average Interest Rate	4.07%	4.74%	4.93%	5.06%	5.24%
Weighted Average Risk Rating	3.73	3.84	3.89	4.04	4.00

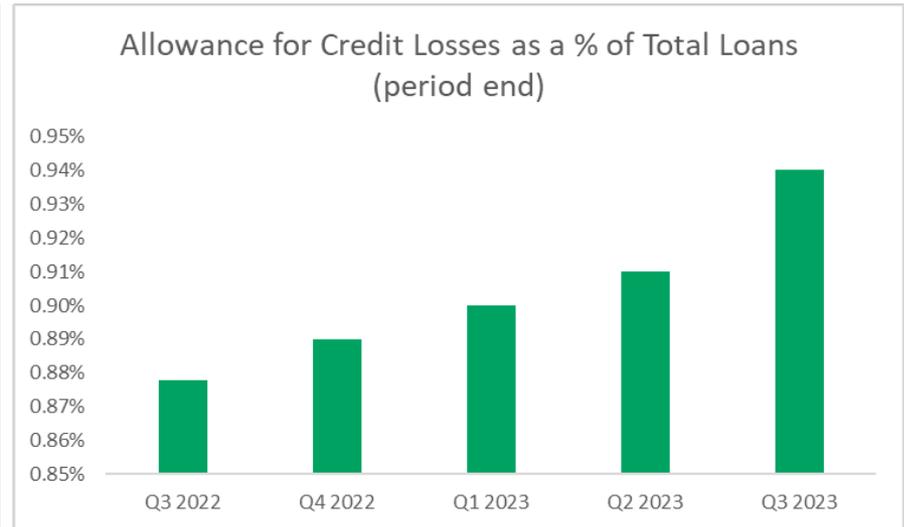
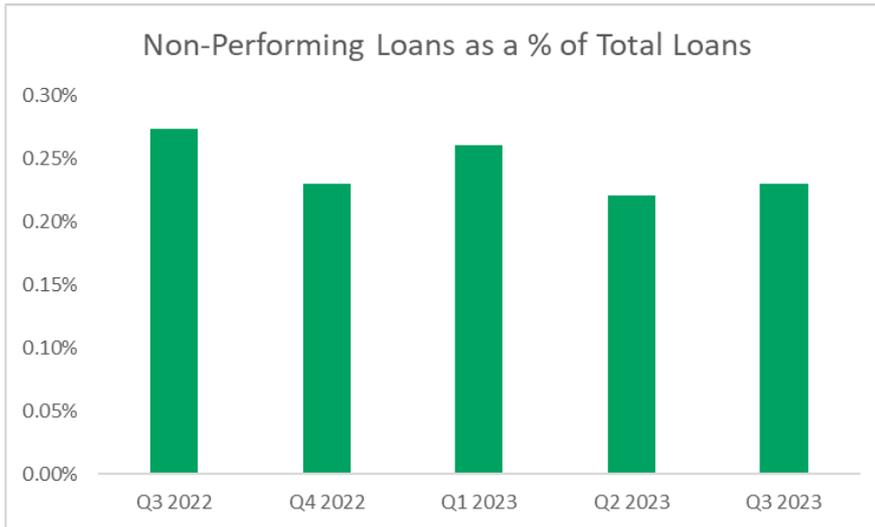
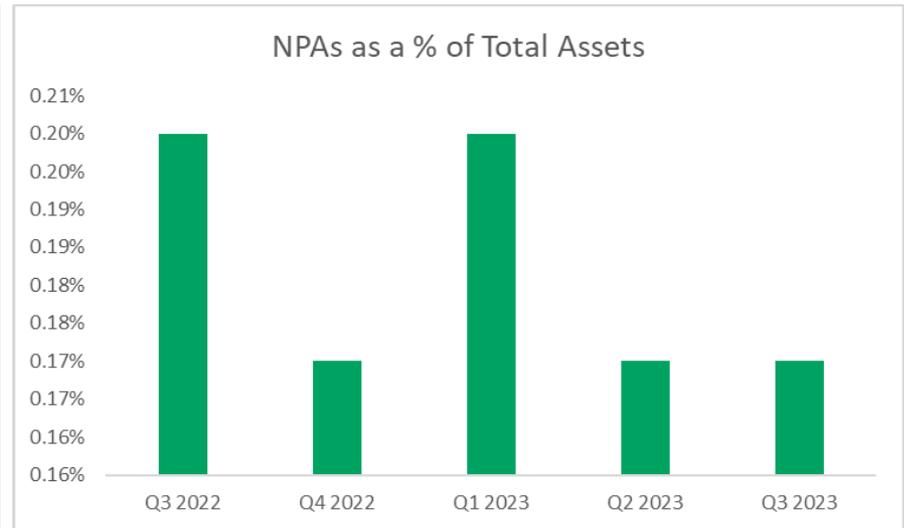
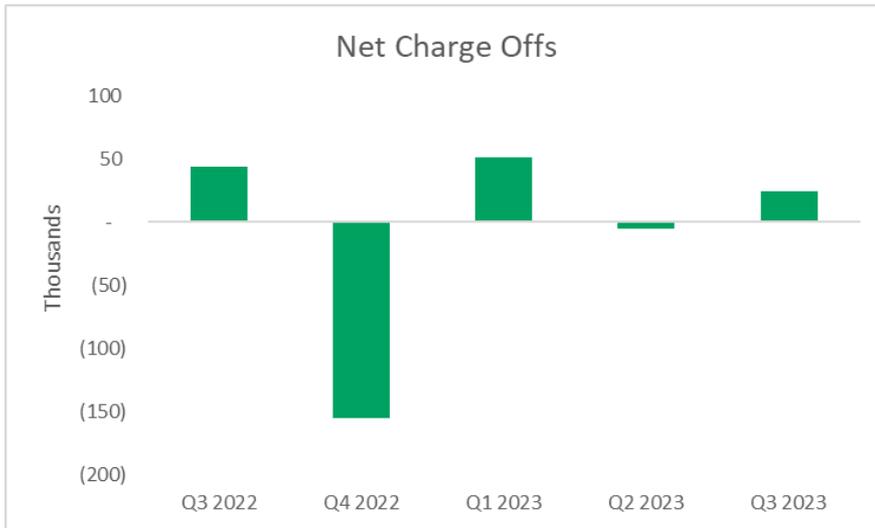
Commercial Real Estate – Office Exposure



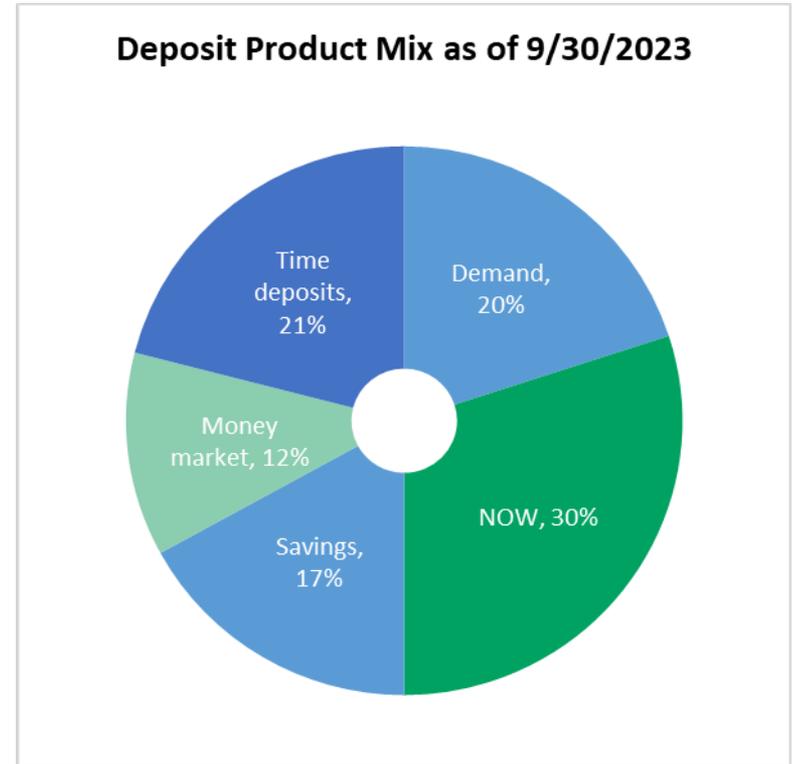
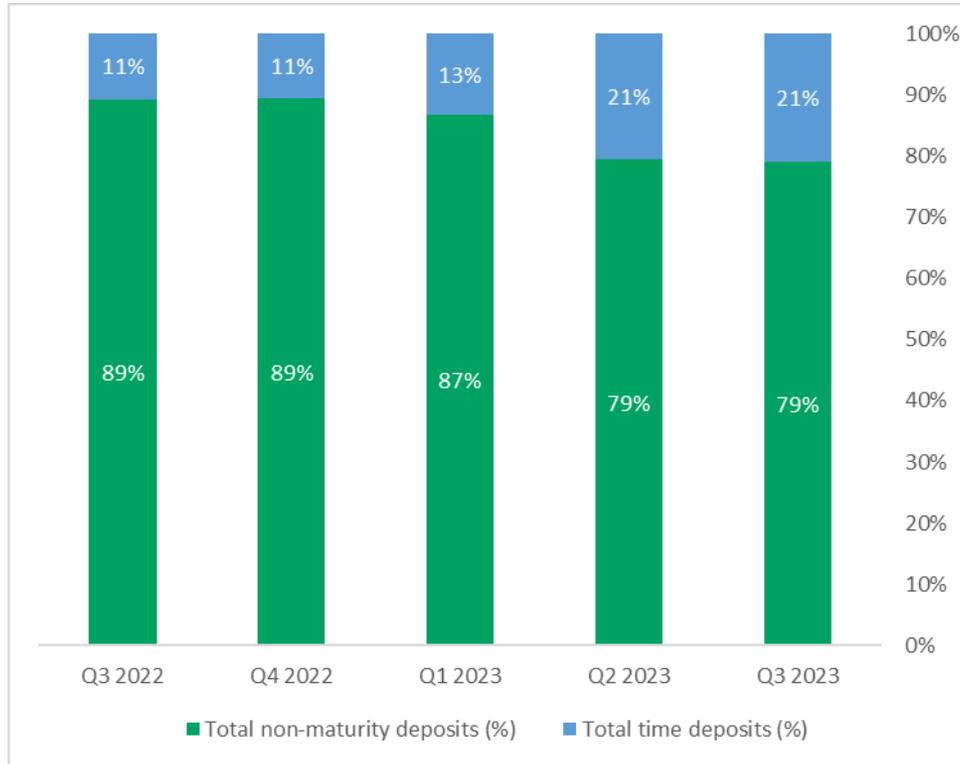
Heightened monitoring amid industry challenges

- In Q2 2023, \$42.2 million of CRE-Office loans were downgraded, including 4 loans totaling \$33.6 million that migrated to Risk Rating 6. These 4 loans have a weighted average loan-to-value of 66.5% and have the financial backing of high net worth sponsors and guarantors. No downgrades in the portfolio during Q3 2023.
- Downgrades were partially offset by upgrades (within pass ratings) of \$10.3 million and \$8.0 million in Q2 2023 and Q3 2023, respectively.
- During Q3 2023, Credit Administration performed an internal review of the Office sub-segment of the CRE portfolio, which included a review of 92.6% of the overall CRE-Office exposure. No further rating changes were recommended as part of this detailed portfolio analysis.
- Two CRE-Office loans with balloon payments totaling \$11.8 million were renewed during Q3 2023 at market terms and conditions. Balloon payments totaling \$25.3 million across 8 loans in the Office portfolio are coming due in 2024 and the respective deal teams are actively managing these upcoming maturities.

Asset Quality

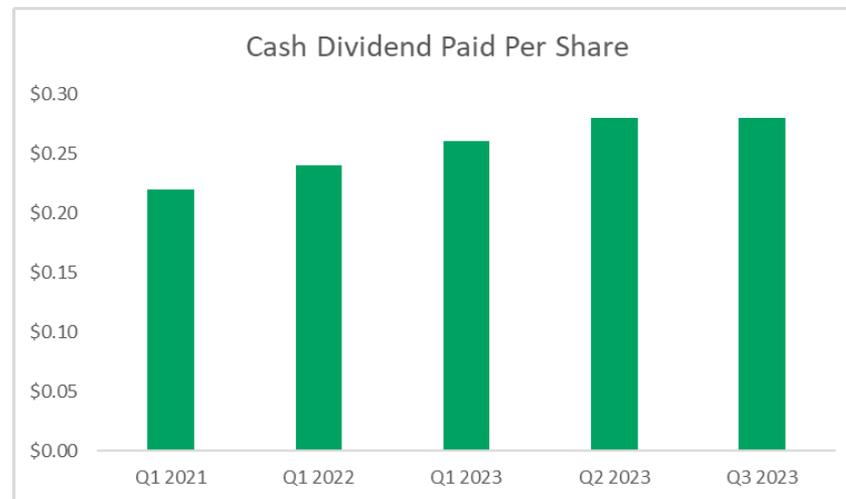
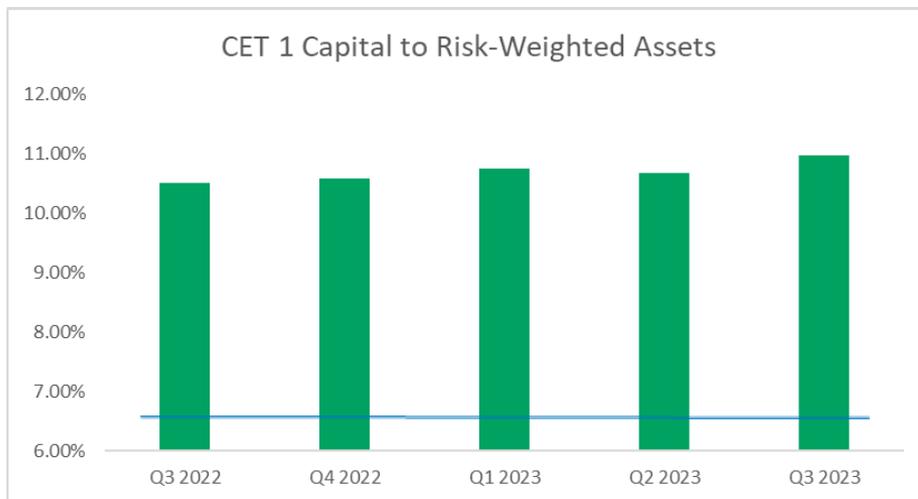
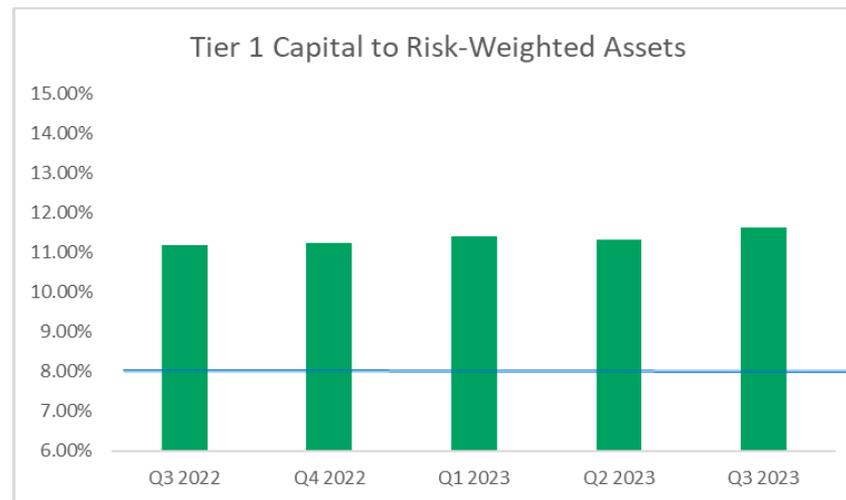
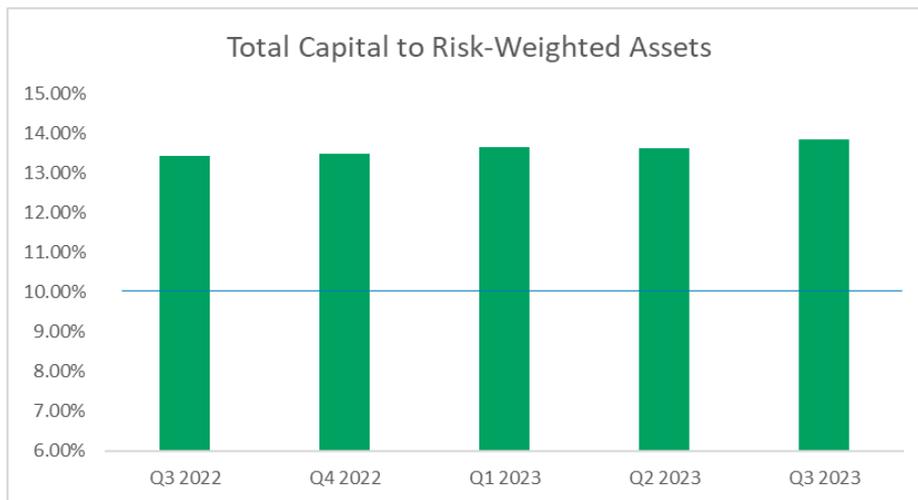


Deposits – Maintain Portfolio Composition



- Shift in deposit composition due to customer preference for time deposits
- Time deposit balances flat on a year-over-year basis
- Non-interest bearing deposits remain at approximately 20% of total deposits

Continued Commitment to Strong Capital

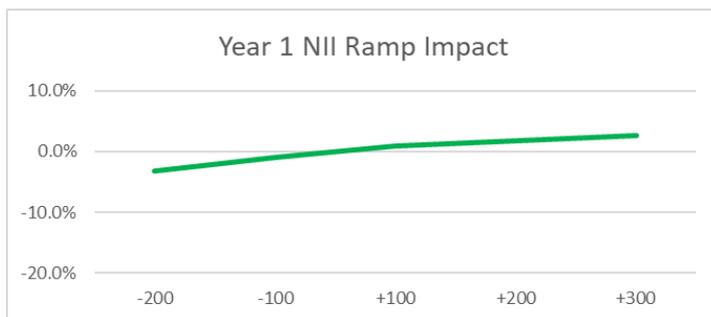


Note: The blue horizontal lines indicate minimum required levels for "well-capitalized" banks

Interest Rate Sensitivity Position

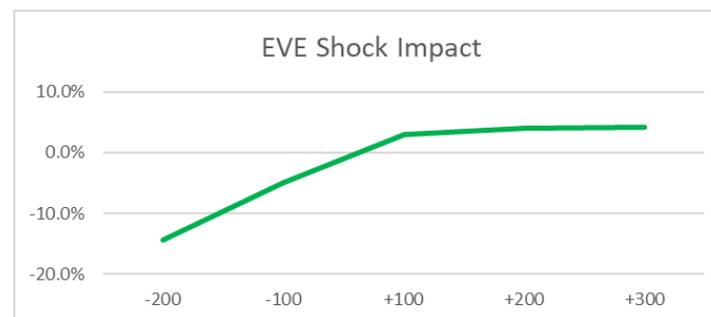


- The Bank repositioned its net interest income (“NII”) sensitivity over the past year, moving from a fairly asset sensitive position (to take advantage of the rising rate environment) towards a more neutral position as we near the top of the rate cycle
- More than \$750MM in variable-rate assets
- Enhanced and expanded our use of models within the organization, strengthening various asset/liability assumptions and testing methods



As of September 30, 2023

Change in Interest Rates (basis points)	Change in NII (%)
-200	-3.2%
-100	-1.1%
+100	1.0%
+200	1.8%
+300	2.7%



As of September 30, 2023

Change in Interest Rates (basis points)	Change in EVE (%)
-200	-14.4%
-100	-4.9%
+100	2.9%
+200	4.0%
+300	4.1%

Investor Relations Contact Information



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BAR HARBOR BANKSHARES



Appendix



Historical Financial Performance



<i>Dollar values in millions, except per share amounts or otherwise noted</i>	Audited For the Year Ended,					Unaudited For the Quarter Ended,				
	2018Y	2019Y	2020Y	2021Y	2022Y	2022Q3	2022Q4	2023Q1	2023Q2	2023Q3
Balance Sheet										
Total Assets	\$3,608	\$3,669	\$3,724	\$3,709	\$3,910	\$3,840	\$3,910	\$3,928	\$4,029	\$3,984
Total Loans	2,488	2,635	2,563	2,532	2,903	2,850	2,903	2,944	3,007	2,993
Total Deposits	2,483	2,696	2,906	3,049	3,043	3,136	3,043	3,054	3,090	3,140
Capital										
Total Equity	\$371	\$396	\$407	\$424	\$393	\$380	\$393	\$408	\$411	\$404
Tang. Common Equity / Tang. Assets	7.51%	7.60%	7.78%	8.32%	7.09%	6.85%	7.09%	7.45%	7.32%	7.25%
Tier 1 Leverage Ratio	8.53%	8.13%	8.12%	8.66%	9.21%	9.13%	9.21%	9.33%	9.40%	9.45%
Total Risk-Based Capital Ratio	14.23%	13.61%	13.56%	14.31%	13.50%	13.42%	13.50%	13.65%	13.62%	13.86%
Earnings & Profitability										
Net Income	\$33.0	\$22.6	\$33.2	\$39.3	\$43.6	\$11.4	\$12.5	\$13.0	\$10.8	\$11.1
Core ROAA	0.99%	0.82%	0.93%	1.10%	1.17%	1.20%	1.30%	1.36%	1.09%	1.11%
Core ROAE	9.79%	7.65%	8.68%	9.87%	10.96%	11.54%	12.72%	12.94%	10.42%	10.72%
Net Interest Margin	2.86%	2.77%	2.97%	2.88%	3.36%	3.47%	3.76%	3.54%	3.22%	3.18%
Efficiency Ratio	59.27%	64.95%	61.71%	61.29%	59.26%	57.67%	58.19%	54.72%	60.25%	58.59%
Asset Quality										
NPLs / Loans	0.73%	0.44%	0.48%	0.40%	0.23%	0.27%	0.23%	0.26%	0.22%	0.23%
NPAs / Assets	0.57%	0.38%	0.33%	0.27%	0.17%	0.20%	0.17%	0.20%	0.17%	0.17%
Reserves / Loans	0.56%	0.66%	0.74%	0.90%	0.89%	0.88%	0.89%	0.90%	0.91%	0.94%
NCOs / Average Loans	0.05%	0.03%	0.07%	0.01%	-0.01%	0.01%	-0.02%	0.01%	0.00%	0.00%
Yield and Cost										
Yield on Earning Assets	3.98%	4.14%	3.87%	3.33%	3.73%	3.84%	4.35%	4.61%	4.77%	4.90%
Cost of Interest Bearing Deposits	0.98%	1.27%	0.78%	0.36%	0.31%	0.30%	0.52%	0.91%	1.45%	1.81%
Cost of Total Interest Bearing Liabilities	1.31%	1.61%	0.96%	0.59%	0.49%	0.48%	0.78%	1.39%	1.99%	2.19%

Non-GAAP to GAAP Reconciliations



<i>Dollar values in millions, except per share amounts or otherwise noted</i>	Audited For the Year Ended,					Unaudited				
	2018Y	2019Y	2020Y	2021Y	2022Y	2022Q3	2022Q4	2023Q1	2023Q2	2023Q3
Net income	\$ 32,937	\$ 22,620	\$ 33,244	\$ 39,299	\$ 43,557	\$ 11,430	\$ 12,512	\$ 13,012	\$ 10,791	\$ 11,104
Non-core items:										
Gain on sale of securities, net	924	(237)	(5,445)	(2,870)	(53)	(44)	—	(34)	—	—
(Gain) loss on sale of premises and equipment, net	—	18	(32)	378	10	—	75	(13)	(86)	—
(Gain) loss on other real estate owned	20	166	355	—	—	—	—	—	—	—
Loss on debt extinguishment	—	1,096	1,351	2,851	—	—	—	—	—	—
Acquisition, conversion and other expenses	1,728	8,317	5,801	1,667	266	31	(90)	20	—	—
Income tax expense ⁽¹⁾	(635)	(2,232)	(481)	(479)	(51)	3	4	6	20	—
Total non-core items	2,037	7,128	1,549	1,547	172	(10)	(11)	(21)	(66)	—
Core earnings ⁽²⁾	(A) \$ 34,974	\$ 29,748	\$ 34,793	\$ 40,846	\$ 43,729	\$ 11,420	\$ 12,501	\$ 12,991	\$ 10,725	\$ 11,104
Net interest income	(B) \$ 90,883	\$ 89,810	\$ 99,180	\$ 95,573	\$ 113,681	\$ 29,910	\$ 32,954	\$ 30,906	\$ 28,790	\$ 29,186
Non-interest income	27,965	29,069	42,956	42,261	35,321	8,823	8,228	9,184	8,980	8,815
Total revenue	118,818	118,879	142,136	137,834	149,002	38,733	41,182	40,090	37,770	38,001
Gain on sale of securities, net	924	(237)	(5,445)	(2,870)	(53)	(44)	—	(34)	—	—
Total core revenue ⁽²⁾	(C) \$ 119,742	\$ 118,642	\$ 136,691	\$ 134,964	\$ 148,949	\$ 38,689	\$ 41,182	\$ 40,056	\$ 37,770	\$ 38,001
Total non-interest expense	\$ 75,539	\$ 89,733	\$ 94,860	\$ 90,508	\$ 91,253	\$ 23,032	\$ 24,635	\$ 22,704	\$ 23,392	\$ 23,016
Non-core expenses:										
Gain (loss) on sale of premises and equipment, net	—	(18)	32	(378)	(10)	—	(75)	13	86	—
Gain (loss) on other real estate owned	(20)	(166)	(355)	—	—	—	—	—	—	—
Loss on debt extinguishment	—	(1,096)	(1,351)	(2,851)	—	—	—	—	—	—
Acquisition, conversion and other expenses	(1,728)	(8,317)	(5,801)	(1,667)	(266)	(31)	90	(20)	—	—
Total non-core expenses	(1,748)	(9,597)	(7,475)	(4,896)	(276)	(31)	15	(7)	86	—
Core non-interest expense ⁽²⁾	(D) \$ 73,791	\$ 80,136	\$ 87,385	\$ 85,612	\$ 90,977	\$ 23,001	\$ 24,650	\$ 22,697	\$ 23,478	\$ 23,016

(Continued)

Non-GAAP to GAAP Reconciliations (continued)



<i>Dollar values in millions, except per share amounts or otherwise noted</i>		Audited					Unaudited				
		For the Year Ended,									
		2018Y	2019Y	2020Y	2021Y	2022Y	2022Q3	2022Q4	2023Q1	2023Q2	2023Q3
Total revenue		\$ 119,742	\$ 118,879	\$ 142,136	\$ 137,834	\$ 149,002	\$ 38,733	\$ 41,182	\$ 40,090	\$ 37,770	\$ 38,001
Total non-interest expense		75,539	89,733	94,860	90,508	91,253	23,032	24,635	22,704	23,392	23,016
Pre-tax, pre-provision net revenue		\$ 44,203	\$ 29,146	\$ 47,276	\$ 47,326	\$ 57,749	\$ 15,701	\$ 16,547	\$ 17,386	\$ 14,378	\$ 14,985
Core revenue ⁽²⁾		\$ 119,742	\$ 118,642	\$ 136,691	\$ 134,964	\$ 148,949	\$ 38,689	\$ 41,182	\$ 40,056	\$ 37,770	\$ 38,001
Core non-interest expense ⁽²⁾		73,791	80,136	87,385	85,612	90,977	23,001	24,650	22,697	23,478	23,016
Core pre-tax, pre-provision net revenue ⁽²⁾	(U)	\$ 45,951	\$ 38,506	\$ 49,306	\$ 49,352	\$ 57,972	\$ 15,688	\$ 16,532	\$ 17,359	\$ 14,292	\$ 14,985
(in millions)											
Average earning assets	(E)	\$ 3,249	\$ 3,320	\$ 3,397	\$ 3,373	\$ 3,425	\$ 3,459	\$ 3,517	\$ 3,585	\$ 3,637	\$ 3,687
Average assets	(F)	3,525	3,649	3,758	3,718	3,747	3,772	3,818	3,885	3,931	3,984
Average shareholders' equity	(G)	357	389	401	414	399	393	390	407	413	411
Average tangible shareholders' equity ⁽²⁾⁽³⁾	(H)	249	278	273	288	273	267	265	282	288	286
Tangible shareholders' equity, period-end ⁽²⁾⁽³⁾	(I)	263	269	284	298	268	254	268	283	286	280
Tangible assets, period-end ⁽²⁾⁽³⁾	(J)	3,501	3,542	3,598	3,583	3,784	3,715	3,785	3,803	3,904	3,859
Common shares outstanding, period-end	(K)	15,523	15,558	14,916	15,001	15,083	15,066	15,083	15,124	15,144	15,156
Average diluted shares outstanding	(L)	15,564	15,587	15,272	15,045	15,112	15,113	15,147	15,190	15,180	15,196
Core earnings per share, diluted ⁽²⁾	(A/L)	\$ 2.25	\$ 1.91	\$ 2.28	\$ 2.72	\$ 2.89	\$ 0.76	\$ 0.83	\$ 0.86	\$ 0.71	\$ 0.73
Tangible book value per share, period-end ⁽²⁾	(I/K)	16.94	17.30	18.77	19.86	17.78	16.89	17.78	18.74	18.88	18.45
Securities adjustment, net of tax ⁽¹⁾⁽⁴⁾	(M)	(8,663)	5,549	10,023	1,985	(55,246)	(58,715)	(55,246)	(50,646)	(55,307)	(66,530)
Tangible book value per share, excluding securities adjustment ⁽²⁾⁽⁴⁾	(I+M)/K	17.50	16.94	18.09	19.73	21.44	20.79	21.44	22.08	22.53	22.84
Tangible shareholders' equity/total tangible assets ⁽²⁾	(I/J)	7.51	7.60	7.78	8.32	7.09	6.85	7.09	7.45	7.32	7.25

(Continued)

Non-GAAP to GAAP Reconciliations (continued)



<i>Dollar values in millions, except per share amounts or otherwise noted</i>		Audited For the Year Ended,					Unaudited				
		2018Y	2019Y	2020Y	2021Y	2022Y	2022Q3	2022Q4	2023Q1	2023Q2	2023Q3
Performance ratios ⁽⁵⁾											
GAAP return on assets		0.93%	0.62%	0.88%	1.06%	1.16%	1.20%	1.30%	1.36%	1.10%	1.11%
Core return on assets ⁽²⁾	(A/F)	0.99	0.82	0.93	1.10	1.17	1.20	1.30	1.36	1.09	1.11
Pre-tax, pre-provision return on assets		1.23	0.80	1.26	1.27	1.54	1.65	1.72	1.81	1.47	1.49
Core pre-tax, pre-provision return on assets ⁽²⁾	(U/F)	1.30	1.06	1.31	1.33	1.49	1.65	1.72	1.81	1.46	1.49
GAAP return on equity		9.22	5.82	8.29	9.50	10.91	11.55	12.73	12.96	10.49	10.72
Core return on equity ⁽²⁾	(A/G)	9.79	7.65	8.68	9.87	10.96	11.54	12.72	12.94	10.42	10.72
Return on tangible equity		14.29	8.32	12.45	13.92	16.20	17.25	19.03	18.97	15.28	15.65
Core return on tangible equity ^{(1) (2)}	(A+Q)/H	14.04	10.86	13.02	14.46	16.26	17.24	19.02	18.94	15.19	15.65
Efficiency ratio ^{(2) (6)}	(D-O-Q)/(C+N)	59.27	64.95	61.71	61.29	59.26	57.67	58.19	54.72	60.25	58.59
Net interest margin, fully taxable equivalent ⁽²⁾	(B+P)/E	2.86	2.77	2.97	2.88	3.36	3.47	3.76	3.54	3.22	3.18
Supplementary data (in thousands)											
Taxable equivalent adjustment for efficiency ratio	(N)	\$ 2,554	\$ 2,692	\$ 2,477	\$ 2,330	\$ 2,020	\$ 533	\$ 520	\$ 727	\$ 539	\$ 565
Franchise taxes included in non-interest expense	(O)	479	469	477	528	583	149	149	148	163	186
Tax equivalent adjustment for net interest margin	(P)	1,986	2,048	1,853	1,653	1,398	379	365	368	382	405
Intangible amortization	(Q)	828	861	1,024	940	932	233	233	233	233	233

(1) Assumes a marginal tax rate of 23.80% for 2023, 23.53% for the fourth quarter 2022, 23.41% for the third quarter of 2022, 23.41% for 2021, 23.71% for 2020, 23.87% for 2019, 23.78% for 2018.

(2) Non-GAAP financial measure.

(3) Tangible shareholders' equity is computed by taking total shareholders' equity less the intangible assets at period-end. Tangible assets is computed by taking total assets less the intangible assets at period-end.

(4) Securities adjustment, net of tax represents the total unrealized losses and gains on available-for-sale securities recorded on our consolidated balance sheets within total common shareholders' equity.

(5) All performance ratios are based on average balance sheet amounts, where applicable.

(6) Efficiency ratio is computed by dividing core non-interest expense net of franchise taxes and intangible amortization divided by core revenue on a fully taxable equivalent basis.