# 2023 Annual Meeting of Shareholders

BAR HARBOR BANKSHARES

BAR HARBOR BANK & TRUST

BAR HARBOR WEALTH MANAGEMENT

BAR HARBOR FINANCIAL SERVICES

Securities offered through Infinex Investments, Inc., member FINRA/SIPC.

# Legal Disclaimer

## 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 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 loan 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) the effects of new outbreaks of COVID-19, including actions taken by governmental officials to curb the spread of the virus, 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; (10) the effects of civil unrest, international hostilities or other geopolitical events, including the war in Ukraine; (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 implement and to adapt to technological changes; (20) 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 contract, to unauthorized access, computer viruses, phishing schemes, spam attacks, human error, natural disasters, power loss, and other security breaches and interruptions; (21) changes in the reliability of our vendors, internal control systems or information systems; (22) ongoing competition in the labor markets and increased employee turnover; (23) the potential impact of climate change; (24) the impact of pandemics, epidemics, or any other health-related crisis; (25) our ability to comply with various governmental and regulatory requirements applicable to financial institutions; (26) changes in state and federal laws, rules, regulations, or policies applicable to banks or bank or financial holding companies, including regulatory or legislative developments; (27) governmental monetary and fiscal policies, including the policies of the Board of Governors of the Federal Reserve System; (28) adverse impacts (including costs, fines, reputational harm, or other negative effects) from current or future litigation, regulatory examinations, or other legal and/or regulatory actions; and (29) 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. 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 report 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:*

- 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. **<u>We take deposits from neighbors and lend to neighbors.</u>**

- 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 the 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.
- 11% of our deposits are uninsured either by the FDIC or collateral.

# Overview of Bar Harbor Bank & Trust

BAR HARBOR BANKSHARES

## 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 March 31, 2023
  - Over 50 locations spanning Northern New England[1]
  - $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 March 31, 2023

($ in millions except Stock Price)

| | |
|---|---|
| Assets | $3,928 |
| Net Loans | $2,917 |
| Deposits | $3,054 |
| Shareholder Equity | $408 |
| NPAs / Total Assets | 0.20% |
| Core Return on Average Assets[2] | 1.36% |
| Core Return on Average Equity[2] | 12.94% |
| Net Interest Margin[2] | 3.54% |

## Key Statistics as of March 31, 2023

| | |
|---|---|
| Closing Stock Price | $26.45 |
| Market cap | $400 |
| Price / LTM Core EPS | 8.4x |
| Dividend Yield | 3.93% |

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

*[1]Locations include banking, lending and wealth management services*

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

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Customers • Culture • Team

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# 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 Trust Services & Charter Trust Company**

- 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

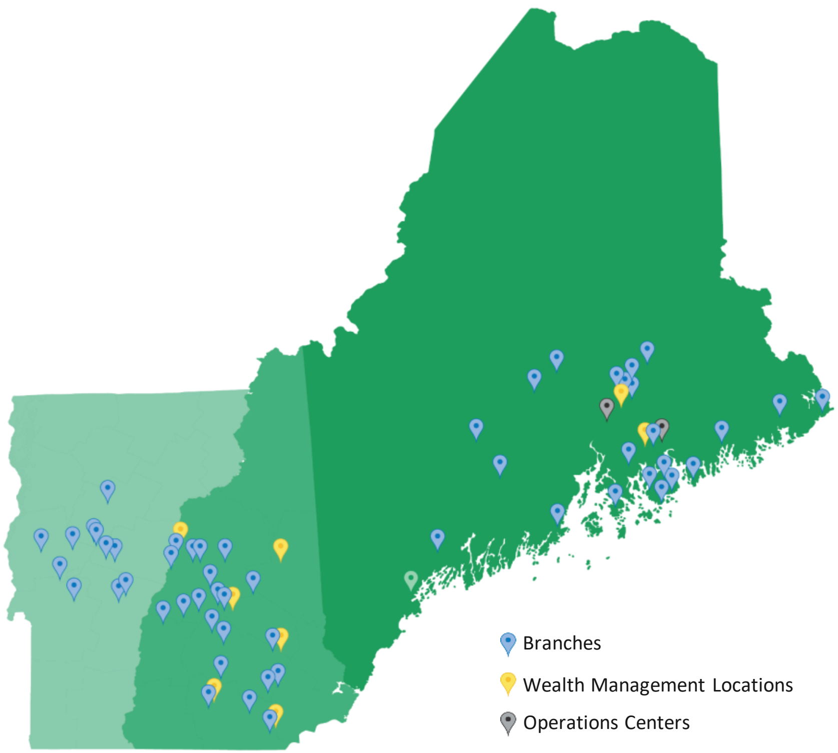
## Joe Schmitt

**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.*




As of March 31, 2023

### 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*

# Committed to building thriving communities

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**6,300 HOURS** Volunteer community service hours in 2022. Over 2,000 of which was part of BHBT's paid time volunteer program.

**300+ EMPLOYEES** Number of employees who volunteered their time to local charitable organizations.

**$50,000 RAISED** Dollars raised in 2022 by employees for community causes supporting over 23 nonprofit organizations.

**450+ ORGANIZATIONS** Number of organizations supported by the Bank.


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# Delivering on Our Strategy

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# 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 carry out our strategies in all economic environments

# 2022 Full Year Overview

- Poised for Continued, Profitable Growth
  - 1.17% core return on assets, compared to 1.10%
  - 15% annualized loan growth
  - 4% annualized non-maturity deposit growth
  - 3.36% net interest margin, compared to 2.88%
  - 59% efficiency ratio, compared to 61% [1]
  - 0.17% non-performing assets ratio to total assets, compared to 0.27%
- Continue to "Think Differently" and "Work Together"

*Note: Year-to-date financial measurements are as of December 31, 2022 and comparisons, if applicable, are against financial measurements as of December 31, 2021*

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

# Q1 2023 Overview

- 1.36% return on assets, compared to 1.00%
- 12.96% return on equity, compared to 8.89%
- 8% annualized commercial loan growth
- 3.54% net interest margin, compared to 2.95%
- 55% efficiency ratio, compared to 62%
- 0.20% non-performing assets ratio to total assets, compared to 0.25%
- Book value per share of $27.00, compared to $26.09 in the Q4 2022

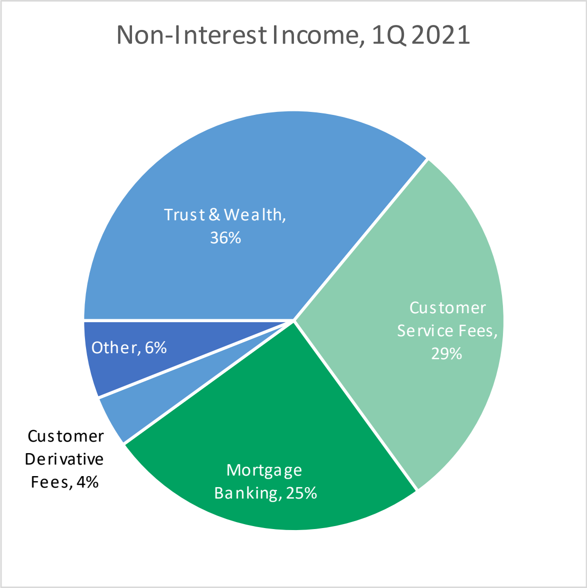
*"Our business is based on longstanding, basic banking principles; take in deposits in the form of real currency and then lend that money back to our communities to make a meaningful difference. We remain committed to this while holding steadfast and resolute in navigating industry challenges, differentiating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

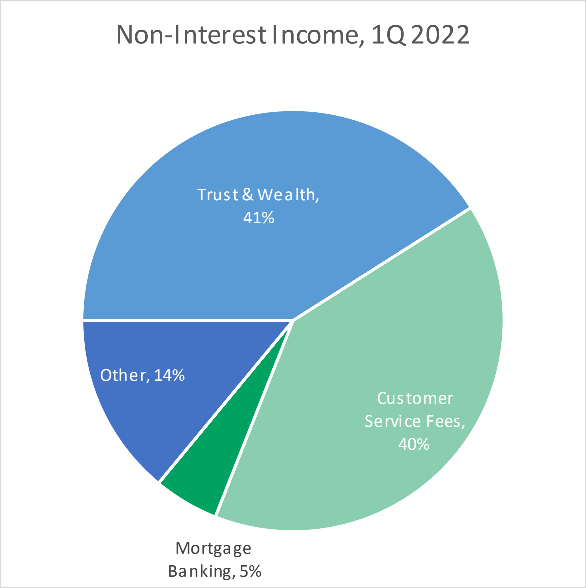
*Note: Ratios are compared to Q1 2022 unless otherwise noted*

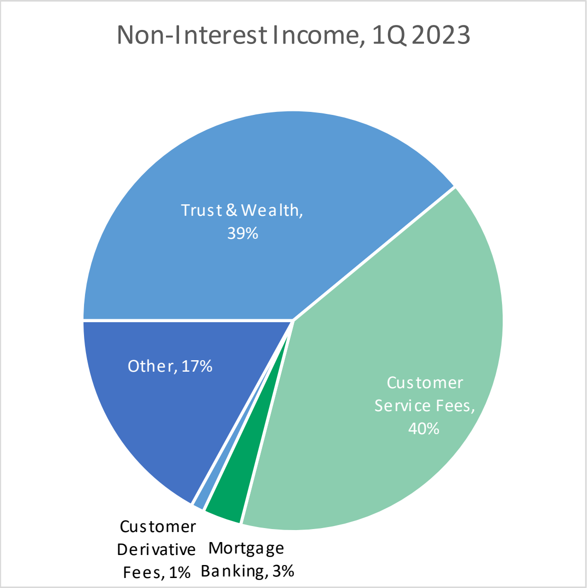
[1] *For a reconciliation of there non-GAAP measures to comparable GAAP measures, see the Appendix*

# Diversification of Non-Interest Income

- Customer Service Fee Income grew 2% year-over-year, while Other Income grew 17%
- Mortgage production is opportunistically managed between balance sheet and secondary market sales
- In periods of low interest rates, market conditions drove outsized Mortgage Banking Fee Income and Derivative Fee Income
- Bar Harbor Wealth Management continues to add new customers while navigating a tumultuous market

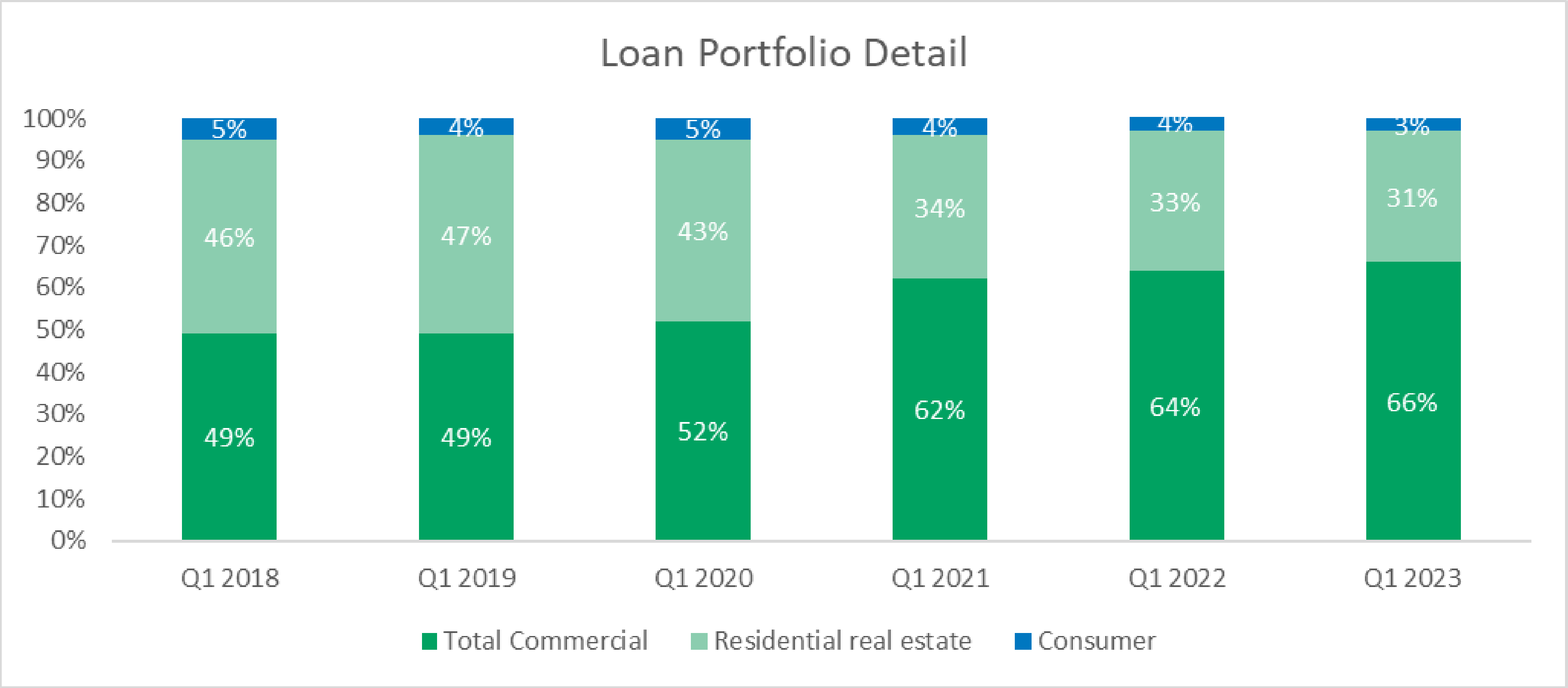


# Loans – Focus on Profitability

- Continue to prudently evaluate our loan portfolio mix & strategy
- As of Q1 2023, Commercial Loans have increased from 49% to 66% of the Loan Portfolio since Q1 2018



# Credit-Oriented Culture

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## Asset Quality Remained Strong at Q1 2023

- Total delinquencies remain low at 0.41% of total loans
- Non-accruing loans were relatively steady at 0.26% of total loans at Q1 2023
- 2023 Q1 reflects a nominal net charge-off position

- Q1 2023 allowance for credit losses remains well-funded at 0.90% of total loans and 341% of non-accruing loans
- Continue to maintain $0 in Bank-owned Real Estate (OREO) from foreclosure activity
- Pass Rated loans ratio steady at 97%, with positive external feedback on ongoing credit administration and portfolio management

**Delinquent & Non-performing Loans / Total Loans**

| | Q1 2022 | Q2 2022 | Q3 2022 | Q4 2022 | Q1 2023 [1] |
|---|---|---|---|---|---|
| **Accruing Delinquent Loans** | 0.25% | 0.12% | 0.10% | 0.09% | 0.27% |
| **Non-Accruing Loans** | 0.35% | 0.29% | 0.27% | 0.23% | 0.26% |
| **Total Delinquent and Non-Accruing Loans** | **0.60%** | **0.41%** | **0.37%** | **0.32%** | **0.53%** |

*[1] The increase is 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 is an indication of deteriorated credit quality.*

# Commercial Real Estate – Office Exposure

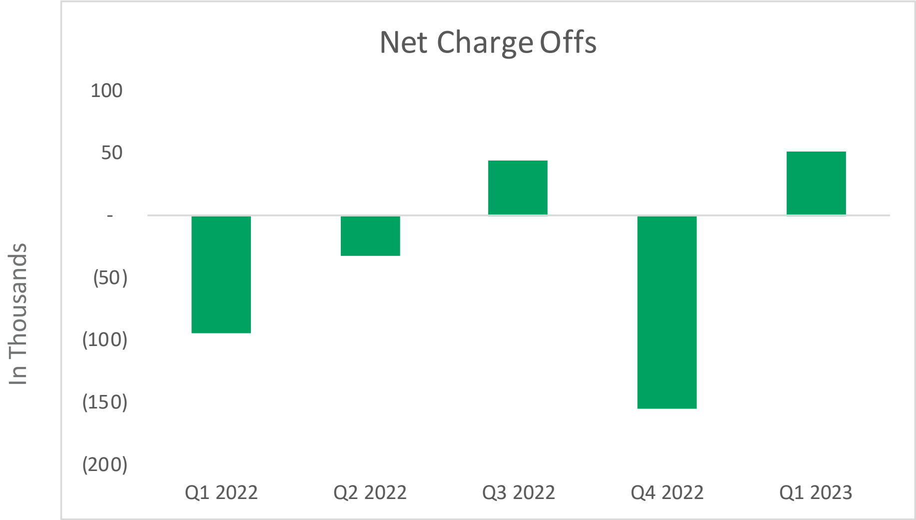
## Office portfolio remains sound amid industry challenges

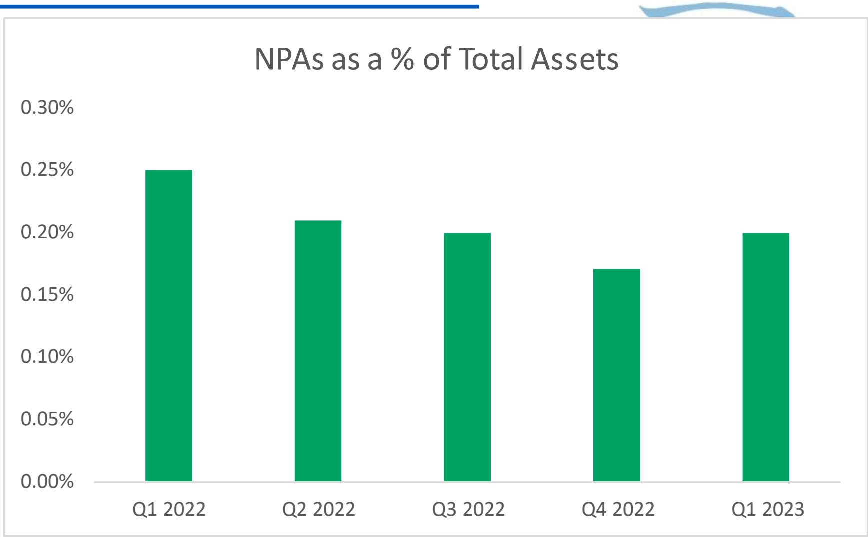
- Total outstanding office loans of $246 million, or ~ 8% of total loans, at Q1 2023
- **99% of total Office Exposure is pass-rated**
- Weighted average risk rating of 3.89 for Office, compared to 4.08 for total portfolio
- 96% of total office exposure within New England market area
- Largest office exposure is to BHBT's largest borrower - a RR 3 credit, with total office exposure of $46MM over 2 properties and a weighted-average LTV of 53%
- Exposure is spread across 72 relationships and 101 loans
- Total commitments of $258 million include undrawn LOCs and SWAP exposure

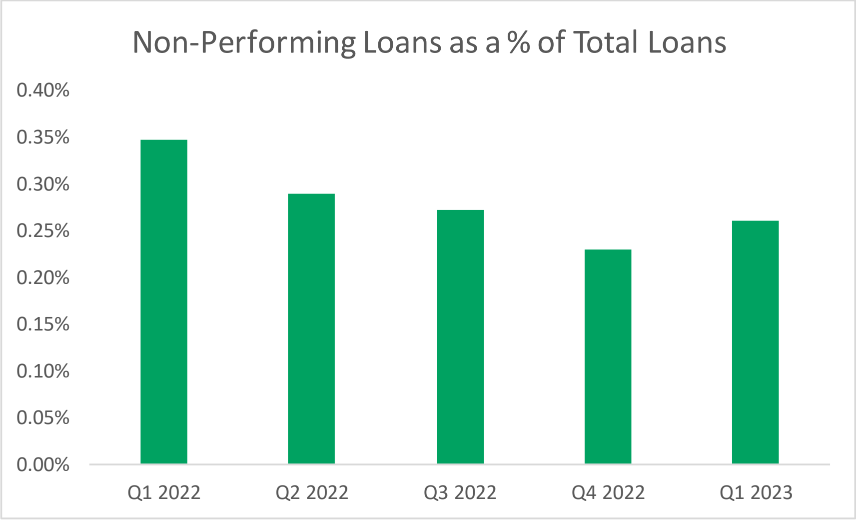
**Commercial Real Estate – Office ($000s)**

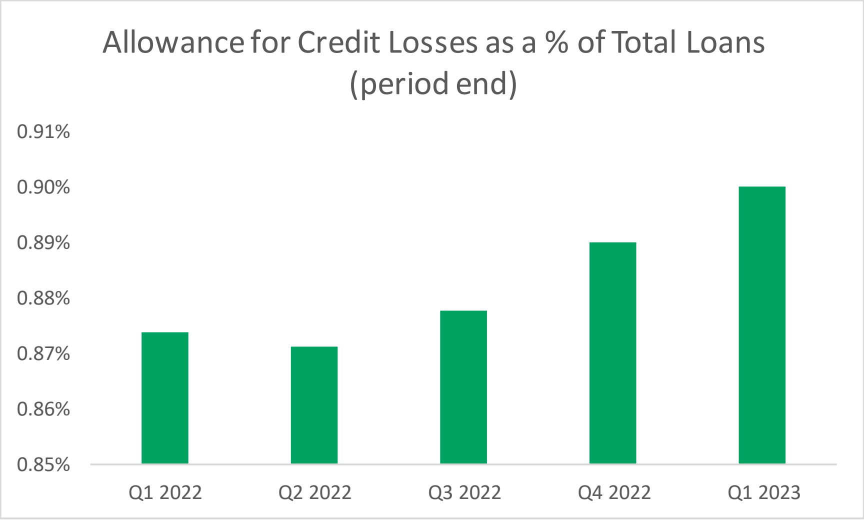
| | Q1 2022 | Q2 2022 | Q3 2022 | Q4 2022 | Q1 2023 |
|---|---|---|---|---|---|
| **Total Office Commitments** | $240,902 | $242,134 | $242,578 | $260,094 | $258,041 |
| **Weighted Average Interest Rate** | 3.12% | 3.48% | 4.07% | 4.74% | 4.93% |
| **Weighted Average Risk Rating** | 3.71 | 3.72 | 3.73 | 3.84 | 3.89 |

# Asset Quality

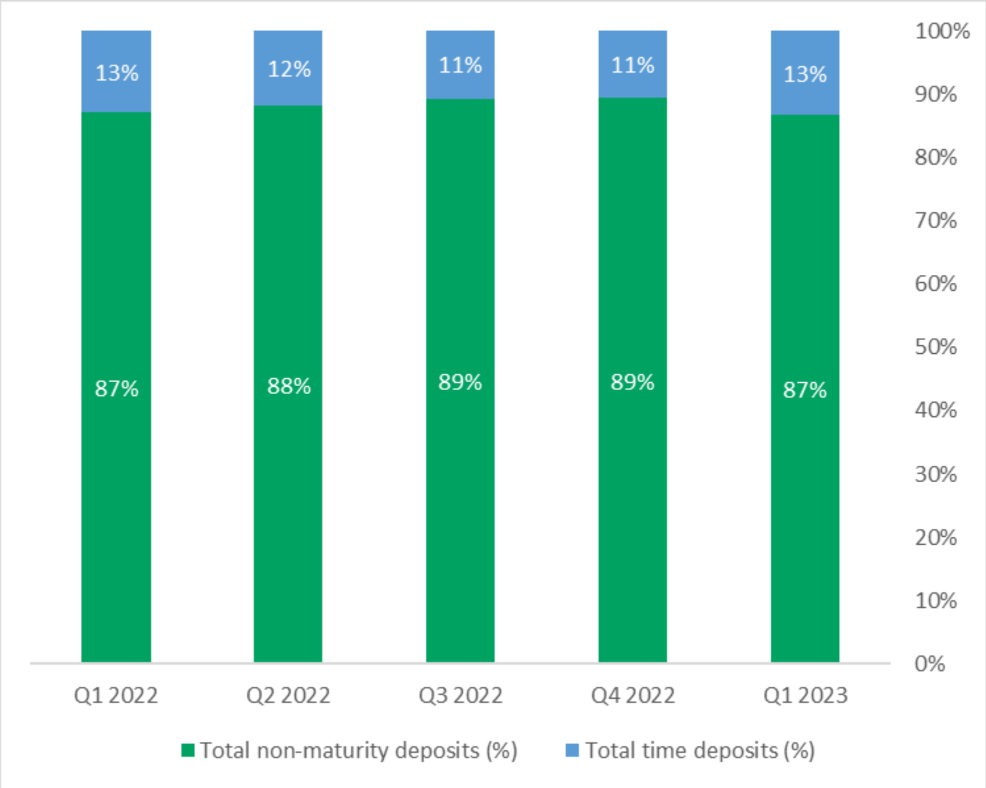


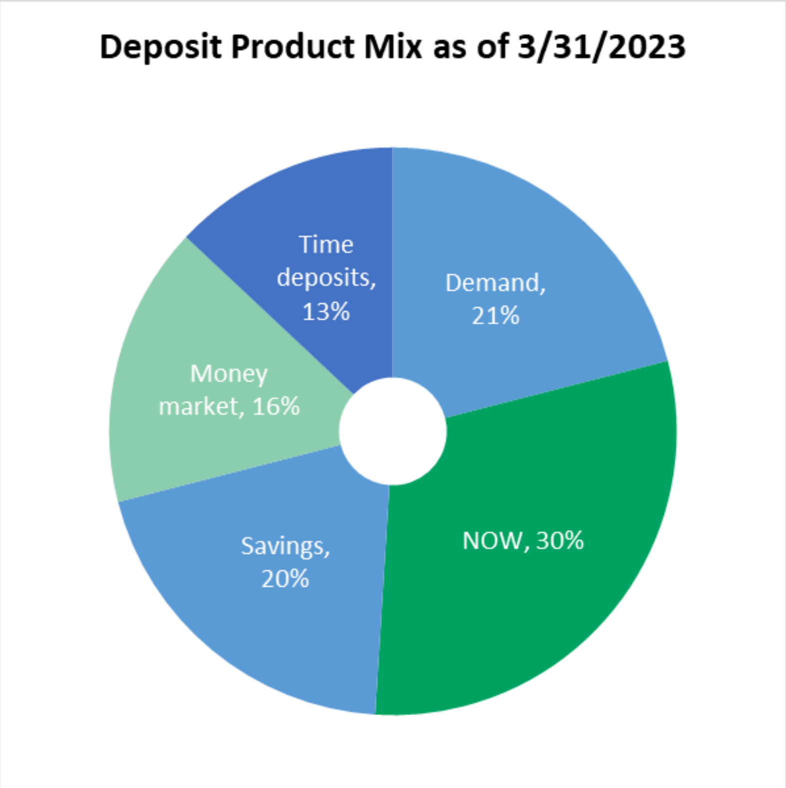



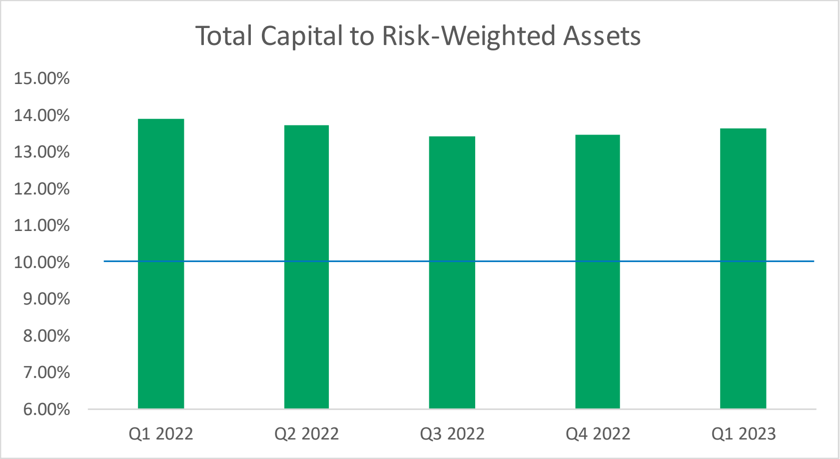
# Deposits – Maintain Portfolio Composition

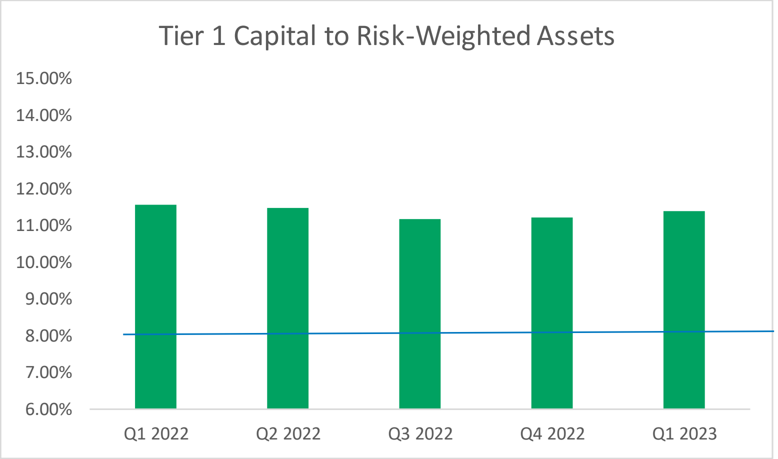


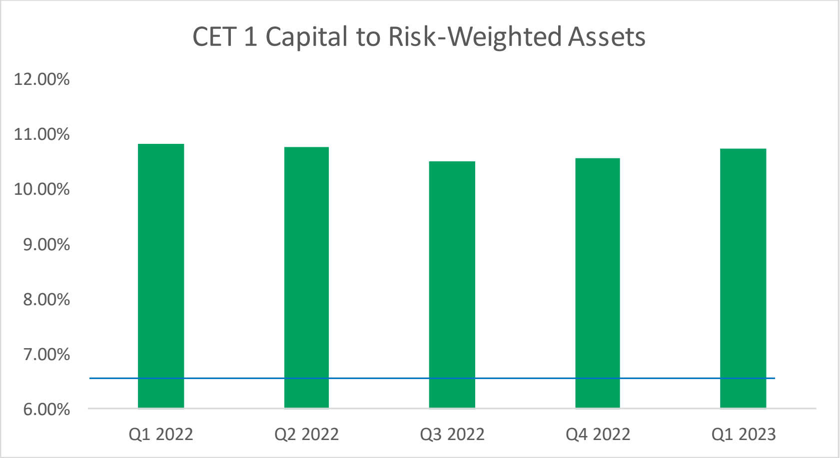



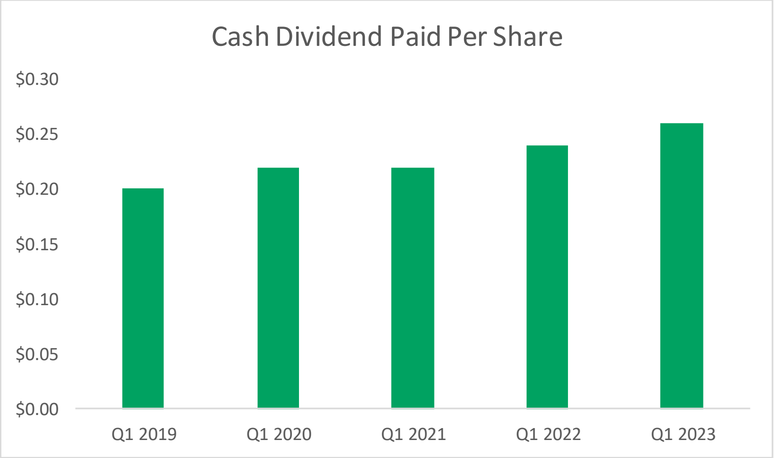

- Shift in deposit composition due to customer preference for time deposits
- Time deposit balances flat on a year-over-year basis
- Non-interest bearing deposits remain at approximately 21% of total deposits

# Continued Commitment to Strong Capital



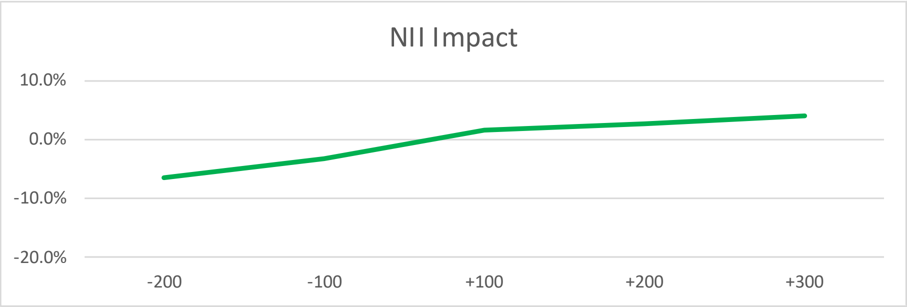



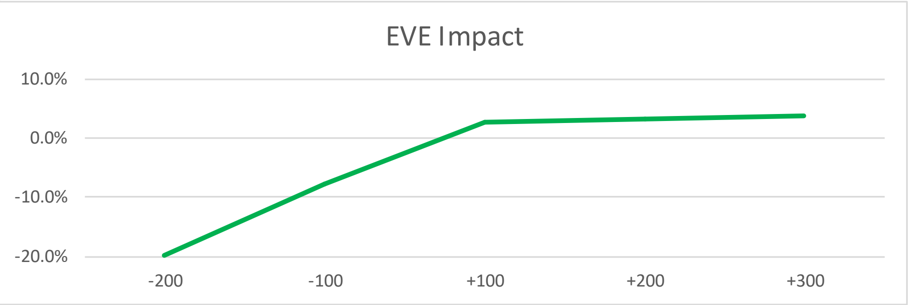




*Note: The blue horizontal lines indicate minimum required levels for "well-capitalized" banks*

# 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 March 31, 2023

| Change in Interest Rates (basis points) | Change NII ( % ) |
|---|---|
| -200 | -6.6% |
| -100 | -3.2% |
| +100 | 1.4% |
| +200 | 2.7% |
| +300 | 4.1% |

As of March 31, 2023

| Change in Interest Rates (basis points) | Change Economic Value of Equity ( % ) |
|---|---|
| -200 | -19.8% |
| -100 | -7.7% |
| +100 | 2.6% |
| +200 | 3.4% |
| +300 | 3.8% |

# Investor Relations Contact Information

## Visit our Website
www.barharbor.bank/shareholder-relations

## Contact by Email
investorrelations@barharbor.bank

## Contact by Phone
(207)288-2637

## Write to us at
Bar Harbor Bankshares
Attn: Investor Relations
PO Box 400
Bar Harbor, ME 04609-0400

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# Appendix

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Securities offered through **Infinex Investments, Inc.**, member FINRA/SIPC.

# Historical Financial Performance

| *Dollar values in millions, except per share amounts or otherwise noted* | Audited For the Year Ended, | | | | | Unaudited For the Quarter Ended, | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2018Y | 2019Y | 2020Y | 2021Y | 2022Y | 2022Q1 | 2022Q2 | 2022Q3 | 2022Q4 | 2023Q1 |
| **Balance Sheet** | | | | | | | | | | |
| Total Assets | $3,608 | $3,669 | $3,724 | $3,709 | $3,910 | $3,692 | $3,716 | $3,840 | $3,910 | $3,928 |
| Total Loans | 2,488 | 2,635 | 2,563 | 2,532 | 2,903 | 2,655 | 2,727 | 2,850 | 2,903 | 2,944 |
| Total Deposits | 2,483 | 2,696 | 2,906 | 3,049 | 3,043 | 3,048 | 3,079 | 3,136 | 3,043 | 3,054 |
| **Capital** | | | | | | | | | | |
| Total Equity | $371 | $396 | $407 | $424 | $393 | $407 | $394 | $380 | $393 | $408 |
| Tang. Common Equity / Tang. Assets | 7.51% | 7.60% | 7.90% | 8.32% | 8.66% | 7.88% | 7.46% | 6.85% | 8.66% | 7.45% |
| Tier 1 Leverage Ratio | 8.53% | 8.13% | 8.12% | 8.66% | 9.21% | 8.99% | 9.16% | 9.13% | 9.21% | 9.33% |
| Total Risk-Based Capital Ratio | 14.23% | 13.61% | 13.56% | 14.32% | 13.50% | 13.90% | 13.76% | 13.42% | 13.50% | 13.65% |
| **Earnings & Profitability** | | | | | | | | | | |
| Net Income | $33.0 | $22.6 | $32.2 | $39.3 | $43.6 | $9.1 | $10.5 | $11.4 | $12.5 | $13.0 |
| Core ROAA | 0.99% | 0.82% | 0.93% | 1.10% | 1.17% | 1.02% | 1.14% | 1.20% | 1.30% | 1.36% |
| Core ROAE | 9.79% | 7.65% | 8.68% | 9.87% | 10.96% | 9.07% | 10.59% | 11.54% | 12.72% | 12.94% |
| Net Interest Margin | 2.87% | 2.77% | 2.97% | 2.88% | 3.36% | 2.95% | 3.19% | 3.47% | 3.76% | 3.54% |
| Efficiency Ratio | 59.27% | 64.95% | 61.71% | 61.29% | 59.26% | 62.40% | 59.25% | 57.67% | 58.19% | 54.72% |
| **Asset Quality** | | | | | | | | | | |
| NPLs / Loans | 0.73% | 0.65% | 0.48% | 0.40% | 0.23% | 0.35% | 0.29% | 0.27% | 0.23% | 0.26% |
| NPAs / Assets | 0.57% | 0.42% | 0.33% | 0.27% | 0.17% | 0.25% | 0.21% | 0.20% | 0.17% | 0.20% |
| Reserves / Loans | 0.56% | 0.66% | 0.74% | 0.90% | 0.89% | 0.87% | 0.87% | 0.88% | 0.89% | 0.90% |
| NCOs / Average Loans | 0.05% | 0.03% | 0.07% | 0.01% | 0.01% | -0.01% | 0.00% | 0.01% | -0.02% | 0.01% |
| **Yield and Cost** | | | | | | | | | | |
| Yield on Earning Assets | 4.00% | 4.14% | 3.87% | 3.33% | 3.73% | 3.21% | 3.46% | 3.84% | 4.35% | 4.61% |
| Cost of Interest Bearing Deposits | 0.98% | 1.27% | 0.78% | 0.36% | 0.31% | 0.20% | 0.20% | 0.30% | 0.52% | 0.91% |
| Cost of Total Interest Bearing Liabilities | 1.31% | 1.61% | 0.96% | 0.59% | 0.49% | 0.35% | 0.36% | 0.48% | 0.78% | 1.39% |

# Non-GAAP to GAAP Reconciliations

| | | Audited | Unaudited | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | YTD 2021 | 2022Q1 | 2022Q2 | 2022Q3 | 2022Q4 | YTD 2022 | 2023Q1 |
| GAAP net income | | 39,299 | 9,112 | 10,503 | 11,430 | 12,512 | 43,557 | 13,012 |
| Plus (less): | | | | | | | | |
| Gain sale of securities, net | | (2,870) | (9) | - | (44) | - | (53) | (34) |
| (Gain) loss on sale of fixed assets, net | | 378 | (75) | 10 | - | 75 | 10 | (13) |
| Loss on other real estate owned | | - | - | - | - | - | - | - |
| Loss on debt extinguishment | | 2,851 | - | - | - | - | - | - |
| Acquisition, restructuring and other expenses | | 1,667 | 325 | - | 31 | (90) | 266 | 20 |
| Income tax expense[1] | | (479) | (56) | (2) | 3 | 4 | (51) | 6 |
| **Total core earnings[2]** | (A) | **$ 40,846** | **$ 9,297** | **$ 10,511** | **$ 11,420** | **$ 12,501** | **$ 43,729** | **$ 12,991** |
| Net-interest income | (B) | 95,573 | $24,298 | $26,519 | $29,910 | $32,954 | 113,681 | 30,906 |
| Plus: Non-interest income | | 42,261 | 9,309 | 8,961 | 8,823 | 8,228 | 35,321 | 9,184 |
| Total Revenue | | 137,834 | 33,607 | 35,480 | 38,733 | 41,182 | 149,002 | 40,090 |
| Plus: Gain on sale of securities, net | | (2,870) | (9) | - | (44) | - | (53) | (34) |
| **Total core revenue[2]** | (C) | **134,964** | **$33,598** | **$35,480** | **$38,689** | **$41,182** | **$148,949** | **$40,056** |
| Total non-interest expense | | 90,508 | 21,886 | 21,700 | 23,032 | 24,635 | 91,253 | 22,704 |
| Less: Gain (loss) on sale of premises and equipment, net | | (378) | 75 | (10) | - | (75) | (10) | 13 |
| Less: Loss on other real estate owned | | - | - | - | - | - | - | - |
| Less: Loss on debt extinguishment | | (2,851) | - | - | - | - | - | - |
| Less: Acquisition, restructuring and other expenses | | (1,667) | (325) | - | (31) | 90 | (266) | (20) |
| **Core non-interest expense[2]** | (D) | **85,612** | **$21,636** | **$21,690** | **$23,001** | **$24,650** | **$90,977** | **$22,697** |

(1) Assumes a marginal tax rate of 23.80% in the first quarter of 2023, 23.53% in the fourth quarter of 2022, 23.41% in the first 3 quarters of 2022 and 23.71% in 2021.

(2) Non-GAAP financial measure.

*Dollar values in thousands, except per share amounts or otherwise noted*

# Non-GAAP to GAAP Reconciliations (continued)

| | | Audited | Unaudited | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | YTD 2021 | 2022Q1 | 2022Q2 | 2022Q3 | 2022Q4 | YTD 2022 | 2023Q1 |
| **Averages** | | | | | | | | |
| Total average earning assets | (E) | $3,373 | $3,386 | $3,372 | $3,459 | $3,517 | $3,425 | $3,585 |
| Total average assets | (F) | 3,718 | 3,712 | 3,688 | 3,772 | 3,818 | 3,747 | 3,885 |
| Total average shareholders equity | (G) | 414 | 416 | 398 | 393 | 390 | 399 | 407 |
| **Performance ratios** | | | | | | | | |
| GAAP return on assets | | 1.06% | 1.00% | 1.14% | 1.20% | 1.30% | 1.16% | 1.36% |
| Core return on assets[2] | (A/F) | 1.10% | 1.02% | 1.14% | 1.20% | 1.30% | 1.17% | 1.36% |
| GAAP return on equity | | 9.50% | 8.89% | 10.58% | 11.55% | 12.73% | 10.91% | 12.96% |
| Core return on equity[2] | (A/G) | 9.87% | 9.07% | 10.59% | 11.54% | 12.72% | 10.96% | 12.94% |
| Efficiency ratio[2,3] | (D-O-Q)/(C+N) | 61.29% | 62.40% | 59.25% | 57.67% | 58.19% | 59.26% | 54.72% |
| Net interest margin | (B+P)/E | 2.88% | 2.95% | 3.19% | 3.47% | 3.76% | 3.36% | 3.54% |
| **Supplementary Data** | | | | | | | | |
| Taxable equivalent adjustment for efficiency ratio | (N) | $2,330 | $476 | $491 | $533 | $520 | $2,020 | $727 |
| Franchise taxes included in non-interest expense | (O) | 528 | 141 | 144 | 149 | 149 | 583 | 148 |
| Tax equivalent adjustment for net interest margin | (P) | 1,653 | 320 | 334 | 379 | 365 | 1,398 | 368 |
| Intangible amortization | (Q) | 940 | 233 | 233 | 233 | 233 | 932 | 233 |

(1) Assumes a marginal tax rate of 23.80% in the first quarter of 2023, 23.53% in the fourth quarter of 2022, 23.41% in the first 3 quarters of 2022 and 23.71% in 2021.

(2) Non-GAAP financial measure.

(3) 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.

*Dollar values in thousands, except per share amounts or otherwise noted*