FB Financial Corporation



2023 First Quarter Earnings Presentation

April 18, 2023

Forward–Looking Statements

Certain statements contained in this Presentation that are not historical in nature may be considered forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, without limitation, statements regarding the Company's future plans, results, strategies, and expectations, including expectations around changing economic markets. These statements can generally be identified by the use of the words and phrases "may," "will," "should," "could," "would," "goal," "plan," "potential," "estimate," "project," "believe," "intend," "anticipate," "expect," "target," "aim," "predict," "continue," "seek," "project," and other variations of such words and phrases and similar expressions. These forward-looking statements are not historical facts, and are based upon management's current expectations, estimates, and projections, many of which, by their nature, are inherently uncertain and beyond the Company's control. The inclusion of these forward-looking statements should not be regarded as a representation by the Company or any other person that such expectations, estimates, and projections will be achieved. Accordingly, the Company cautions shareholders and investors that any such forward-looking statements are not guarantees of future performance and are subject to risks, assumptions, and uncertainties that are difficult to predict. Actual results may prove to be materially different from the results expressed or implied by the forward-looking statements. A number of factors could cause actual results to differ materially from those contemplated by the forward-looking statements including, without limitation, (1) current and future economic conditions, including the effects of inflation, interest rate fluctuations, changes in the economy or global supply chain, supply-demand imbalances affecting local real estate prices, and high unemployment rates in the local or regional economies in which the Company operates and/or the US economy generally, (2) changes in government interest rate policies and its impact on the Company's business, net interest margin, and mortgage operations, (3) any continuation of the recent turmoil in the banking industry, including the associated impact to the Company and other financial institutions of any regulatory changes or other mitigation efforts taken by government agencies in response, (4) increased competition for deposits, (5) the Company's ability to effectively manage problem credits, (6) any deterioration in commercial real estate market fundamentals, (7) the Company's ability to identify potential candidates for, consummate, and achieve synergies from, potential future acquisitions, (8) the Company's ability to successfully execute its various business strategies, (9) changes in state and federal legislation, regulations or policies applicable to banks and other financial service providers, including legislative developments, (10) the potential impact of the phase-out of the London Interbank Offered Rate ("LIBOR") or other changes involving LIBOR, (11) the effectiveness of the Company's cybersecurity controls and procedures to prevent and mitigate attempted intrusions, (12) the Company's dependence on information technology systems of third party service providers and the risk of systems failures, interruptions, or breaches of security, and (13) the impact of natural disasters, pandemics, and/or acts of war or terrorism, (14) international or political instability, including the impacts related to or resulting from Russia's military action in Ukraine and additional sanctions and export controls, as well as the broader impacts to financial markets and the global macroeconomic and geopolitical environments, and (15) general competitive, economic, political, and market conditions. Further information regarding the Company and factors which could affect the forward-looking statements contained herein can be found in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2022, and in any of the Company's subsequent filings with the SEC. Many of these factors are beyond the Company's ability to control or predict. If one or more events related to these or other risks or uncertainties materialize, or if the underlying assumptions prove to be incorrect, actual results may differ materially from the forward-looking statements. Accordingly, shareholders and investors should not place undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date of this presentation, and the Company undertakes no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by law. New risks and uncertainties may emerge from time to time, and it is not possible for the Company to predict their occurrence or how they will affect the Company. The Company qualifies all forward-looking statements by these cautionary statements.

Use of non-GAAP financial measures

This Presentation contains certain financial measures that are not measures recognized under U.S. generally accepted accounting principles ("GAAP") and therefore are considered non-GAAP financial measures. These non-GAAP financial measures may include, without limitation, adjusted net income, adjusted diluted earnings per common share, adjusted and unadjusted pre-tax pre-provision earnings, core revenue, core noninterest expense and core noninterest income, core efficiency ratio (tax equivalent basis), adjusted Banking segment pre-tax, pre-provision earnings, Banking segment core noninterest income, Mortgage segment core noninterest income, Mortgage segment core noninterest expense, Banking segment core revenue, Mortgage segment core revenue, Banking segment core efficiency ratio (tax equivalent basis), Mortgage segment core efficiency ratio (tax equivalent basis), adjusted return on average assets and equity, and adjusted pre-tax pre-provision return on average assets. Each of these non-GAAP metrics excludes certain income and expense items that the Company's management considers to be non-core/adjusted in nature. The Company refers to these non-GAAP measures as adjusted (or core) measures. Also, the Company presents tangible assets, tangible common equity, adjusted tangible common equity, tangible book value per common share, adjusted tangible book value per common share, tangible common equity to tangible assets, on-balance sheet liquidity to tangible assets, return on average tangible common equity, and adjusted return on average tangible common equity. Each of these non-GAAP metrics excludes the impact of goodwill and other intangibles. Adjusted tangible common equity and adjusted tangible book value also exclude the impact of net accumulated other comprehensive (loss) income.

The Company's management uses these non-GAAP financial measures in their analysis of the Company's performance, financial condition and the efficiency of its operations as management believes such measures facilitate period-to-period comparisons and provide meaningful indications of its operating performance as they eliminate both gains and charges that management views as non-recurring or not indicative of operating performance. Management believes that these non-GAAP financial measures provide a greater understanding of ongoing operations and enhance comparability of results with prior periods as well as demonstrate the effects of significant non-core gains and charges in the current and prior periods. The Company's management also believes that investors find these non-GAAP financial measures useful as they assist investors in understanding the Company's underlying operating performance and in the analysis of ongoing operating trends. In addition, because intangible assets such as goodwill and the other items excluded vary extensively from company to company, the Company believes that the presentation of this information allows investors to more easily compare the Company's results to the results of other companies. However, the non-GAAP financial measures discussed herein should not be considered in isolation or as a substitute for the most directly comparable or other financial measures calculated in accordance with GAAP. Moreover, the manner in which the Company calculates the non-GAAP financial measures discussed herein may differ from that of other companies reporting measures with similar names. Investors should understand how such other banking organizations calculate their financial measures with names similar to the non-GAAP financial measures the Company has discussed herein when comparing such non-GAAP financial measures. See the corresponding non-GAAP reconciliation tables in this Presentation dated April 17, 2023, for additional discussion and reconciliation of these measures to the most directly comparable GAAP financial measures.

1Q 2023 Highlights

Key highlights

- Strong capital ratios[1] with no securities categorized HTM:
  - CET1 11.3%
  - Tier 1 RBC 11.6%
  - Total RBC 13.5%
  - Leverage ratio 10.3%
- Total deposits grew 12.2% annualized in 1Q 2023, or $327.1 million. Public funds accounted for the growth with a $313.2 million increase
- Paid down borrowings 25% in 1Q 2023; strong liquidity profile including on balance sheet liquidity to assets of 12.3% and $6.8B in available additional sources of liquidity
- Loans HFI grew 3.0% annualized in 1Q 2023, or $67.8 million, as part of balance sheet management strategy
- Strong ACL/loans HFI of 1.48% and recorded provisions for credit losses of $0.5 million including provision expense related to loans held for investment of $5.0 million and a reversal of provision of $4.5 million related to unfunded loan commitments
- Nonperforming assets as a percentage of total assets at the end of the 1Q 2023 were 0.61% compared to 0.68% as of 4Q 2022
- Commercial loans HFS portfolio assumed with 2020 Franklin combination has been reduced to $9.5 million consisting of 2 relationships

Financial results

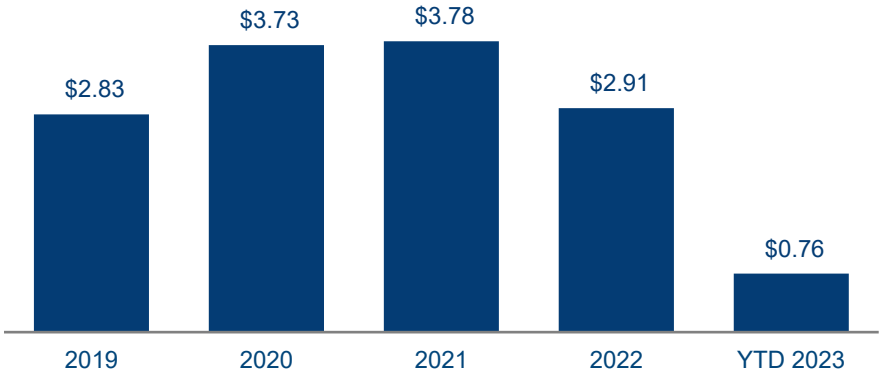
	1Q 2023
Diluted earnings per share	$0.78
Adjusted diluted earnings per share[2]	*$0.76*
Net income ($mm)	$36.4
Adjusted net income[2] ($mm)	*$35.7*
Return on average assets	1.15%
Adjusted return on average assets[2]	*1.13%*
Return on average common equity	11.0%
Adjusted return on average common equity[2]	*10.8%*
Return on average tangible common equity[2]	13.6%
Adjusted return on average tangible common equity[1]	*13.3%*
Adjusted pre-tax, pre-provision earnings[2] ($mm)	$45.7
Net interest margin	3.51%
Positive impact of accretion and nonaccrual interest (bps)	*2*
Total common equity / total assets	10.5%
Tangible common equity / tangible assets[2]	*8.68%*

[1] Total regulatory capital, FB Financial Corporation is preliminary and subject to change.

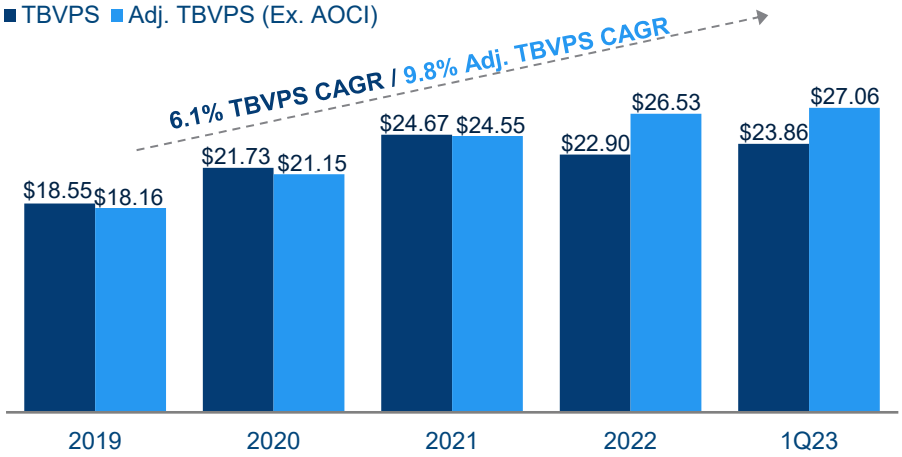
[2] Results are non-GAAP. See “Use of non-GAAP financial measures” and the Appendix hereto for a discussion and reconciliation of non-GAAP financial measures to the most directly comparable GAAP financial measures.

Driving shareholder value

Adjusted Earnings per Share[1]

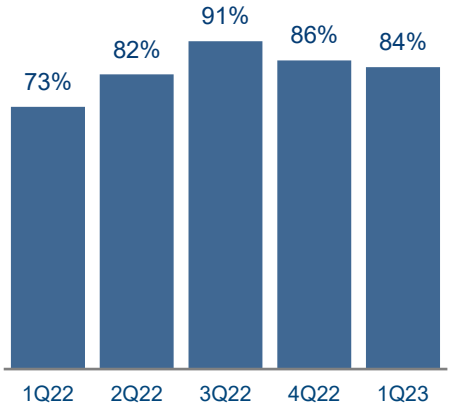


Tangible Book Value per Share[1]

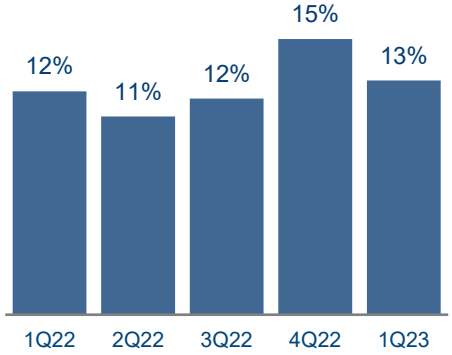


Short Term Performance Dashboard

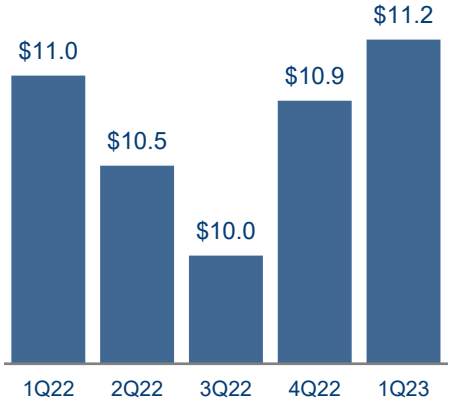
Loans HFI to deposit ratio



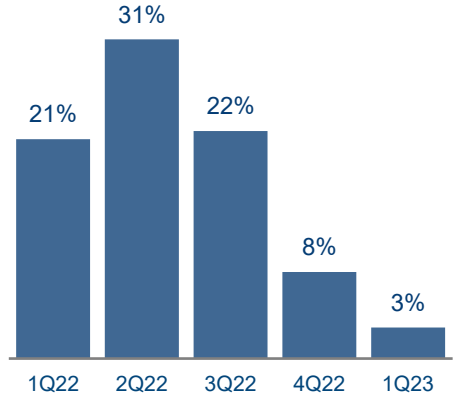
Adjusted ROATCE[1]



Total Deposits ($bn)



Annualized Loans (HFI) Growth



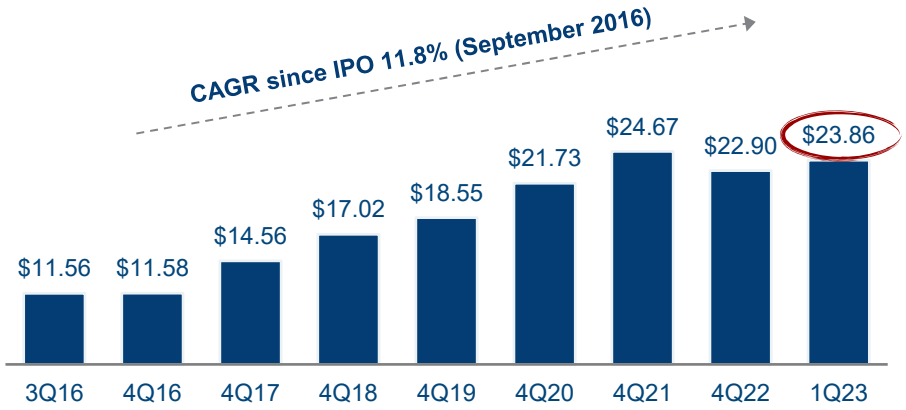
[1] See "Use of non-GAAP financial measures" and the Appendix hereto for a discussion and reconciliation of non-GAAP measures to the most directly comparable GAAP financial measures.

Well-capitalized for future opportunities

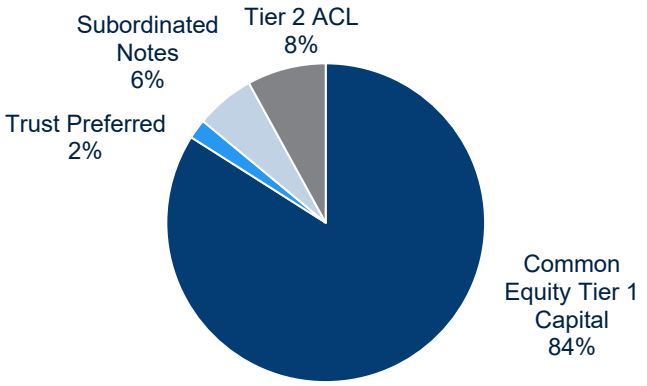
Capital position

	1Q22[1]	4Q22[1]	1Q23[1,2]
Shareholder's equity/Assets	10.9%	10.3%	10.5%
TCE/TA[3]	9.0%	8.5%	8.7%
Common Equity Tier 1/Risk-weighted assets	12.0%	11.0%	11.3%
Tier 1 Capital/Risk-weighted assets	12.3%	11.3%	11.6%
Total Capital/Risk-weighted assets	14.2%	13.1%	13.5%
Tier 1 Capital /Average assets	10.2%	10.5%	10.3%
C&D loans subject to 100% tier 1 capital plus ACL[4]	112%	119%	120%
CRE loans subject to 300% tier 1 capital plus ACL[4]	276%	297%	294%

Tangible book value per share[3]



Simple capital structure

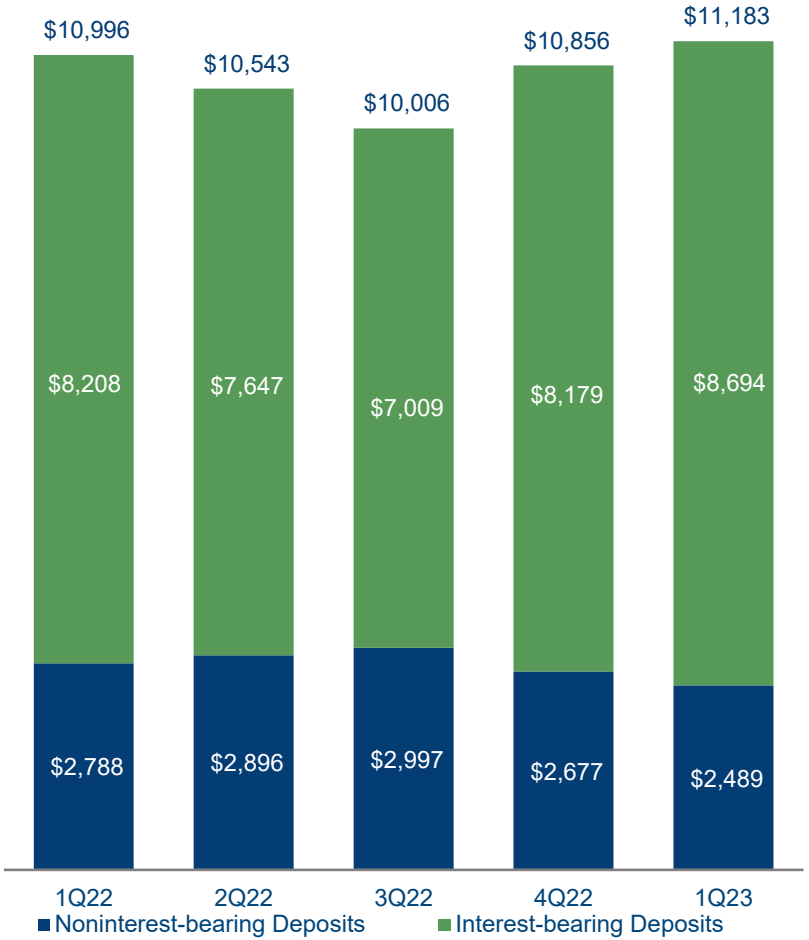


Total regulatory capital $1,557[2] mm

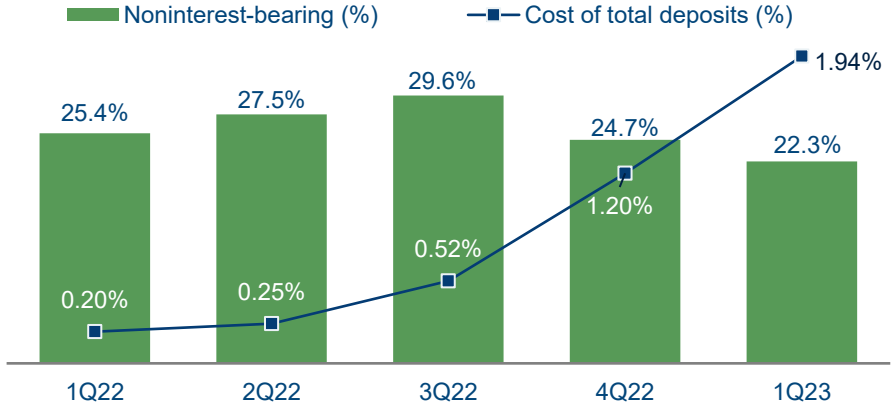
[1] For regulatory capital purposes, the CECL impact is gradually phased-in from Common Equity Tier 1 Capital to Tier 2 capital. As of 1Q22, 4Q22 and 1Q23, respectively, $30.7 million, $30.7 million and $20.5 million are being added back to CET 1 and Tier 1 Capital, and $35.1 million, $35.1 million and $23.4 million are being taken out of Tier 2 Capital. [2] Total regulatory capital, FB Financial Corporation. 1Q23 calculation is preliminary and subject to change. [3] See "Use of non-GAAP financial measures" and the Appendix hereto for a discussion and reconciliation of non-GAAP measures. [4] Tier 1 Capital at FirstBank as defined in Call Report. As of 1Q22, 4Q22 and 1Q23, respectively, $35.1 million, $35.1 million and $23.4 million are being disallowed from Tier 1 Capital for purposes of the calculation.

Valuable core deposit base

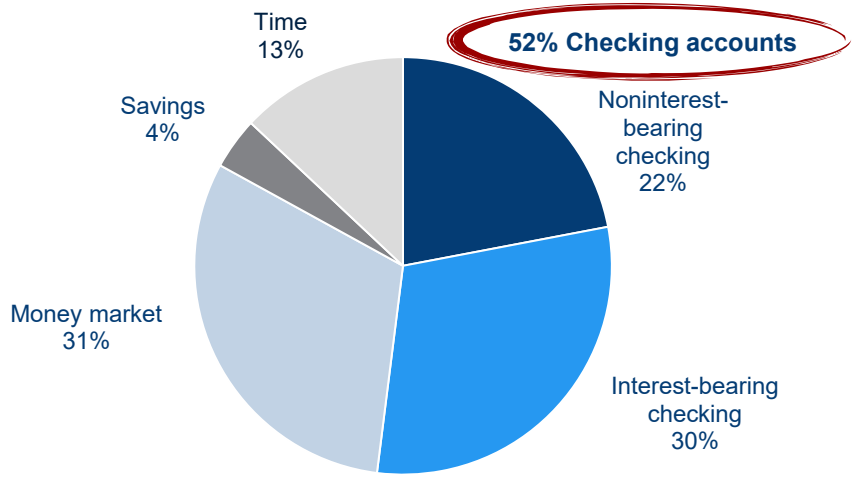
Total deposits[1] ($millions)



Cost of deposits



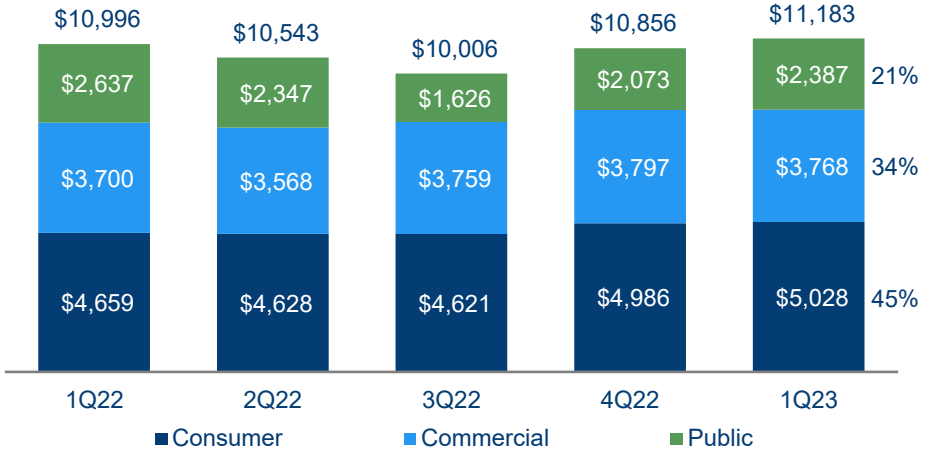
Deposit composition



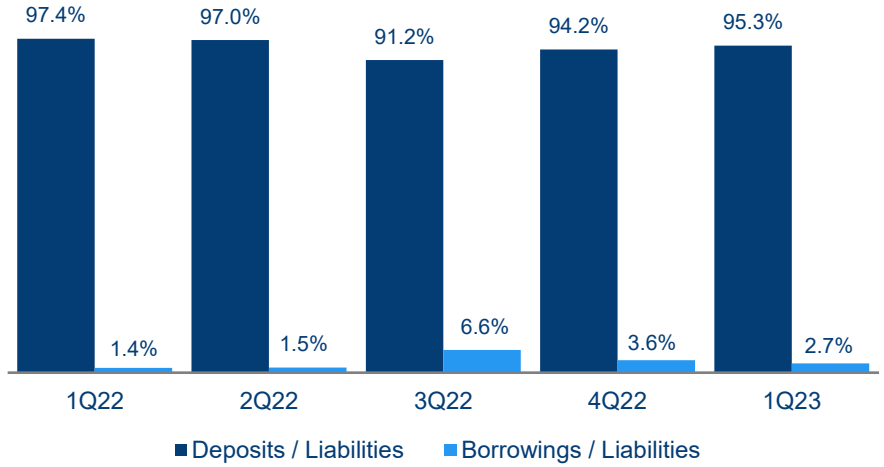
[1] Noninterest bearing deposits includes mortgage servicing-related deposits of $131.1 million, $133.2 million, $140.8 million, $75.6 million, and $92.9 million for the quarters ended March 31, 2022, June 30, 2022, September 30, 2022, December 31, 2022, and March 31, 2023 respectively.

Well-balanced deposit portfolio

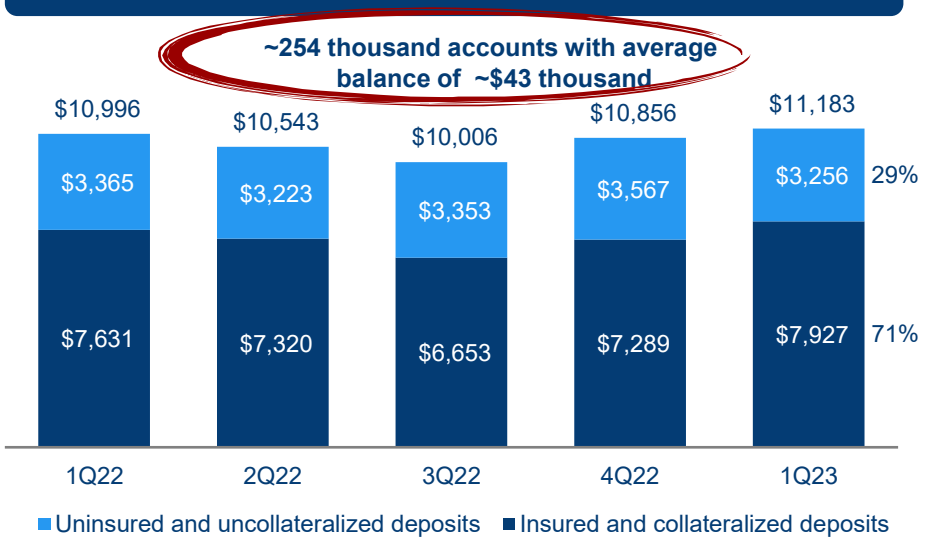
Deposits by customer segment ($mm)



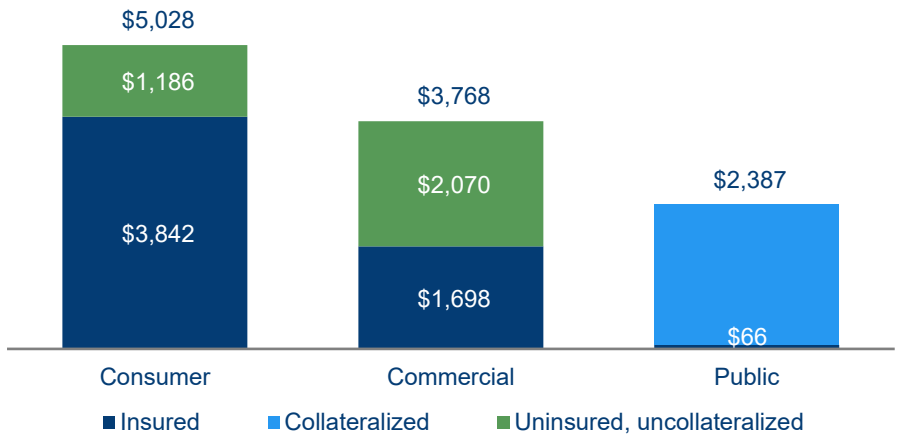
Customer Deposit funded balance sheet



Estimated insured or collateralized deposits[1] ($mm)



1Q23 insured and collateralized by segment[1] ($mm)

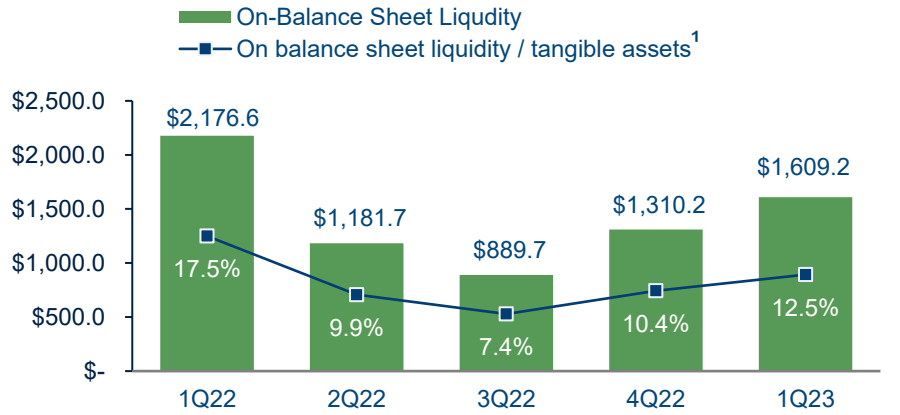


[1] Balances are estimated for all periods shown.

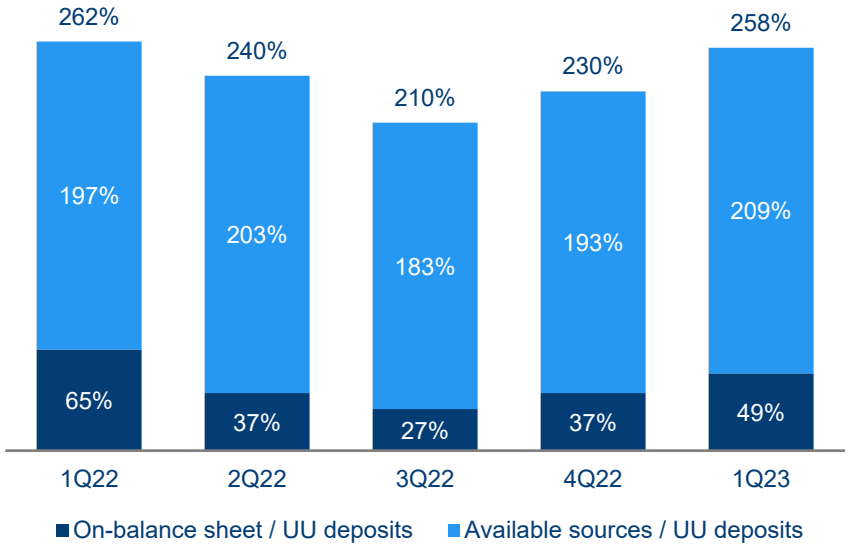
Strong liquidity position

- Well positioned to weather the current environment
- Securities portfolio only 11.3% of total assets and entirely categorized as available-for-sale
- Additional $2.3 billion of real estate loans held at REIT that could be resold to the bank and pledged at FHLB for additional borrowing capacity
- Have not accessed BTFP program

On balance sheet liquidity



Liquidity / uninsured and uncollateralized (UU) deposits



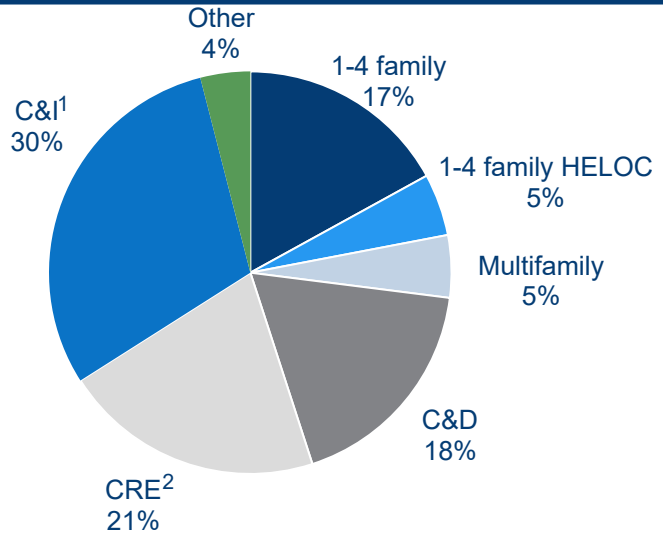
Sources of liquidity ($ millions)

	1Q 2023
Current On-Balance Sheet:	
Cash and Equivalents	$1,320.0
Unpledged Securities	286.2
Equity Securities	3.0
Total On-Balance Sheet	**$1,609.2**
Available Sources of Liquidity:	
Unsecured Borrowing Capacity[2]	$3,755.1
FHLB[3]	473.1
Discount Window	2,548.9
Total Available Sources	**$6,777.1**

[1] See "Use of non-GAAP financial measures" and the Appendix hereto for a discussion and reconciliation of non-GAAP measures to the most directly comparable GAAP financial measures.
[2] Borrowing capacity capped per internal policy; includes untapped brokered CD's and unsecured lines of credit.
[3] FHLB borrowing capacity does not include REIT loans that could be pledged for additional capacity.

Balanced loan portfolio

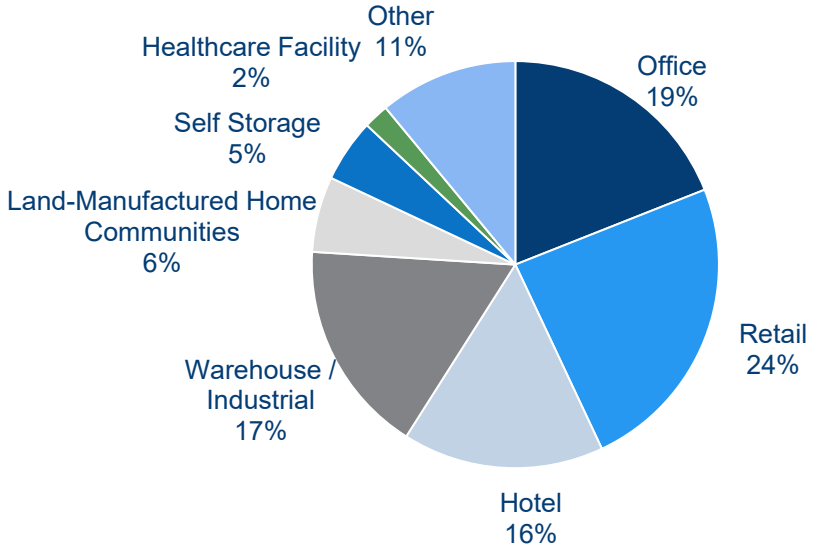
Portfolio mix



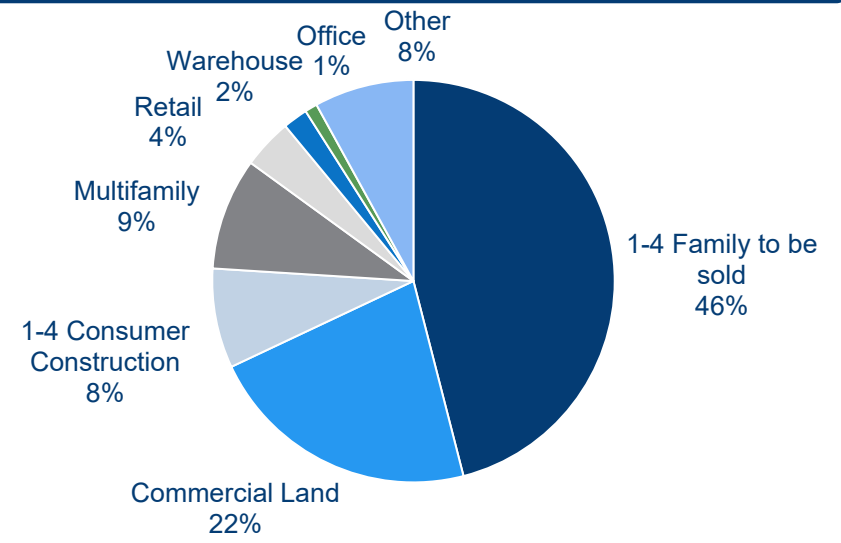
C&I[1] exposure by industry ($ millions)

	C&I	CRE-OO	Total	% of Total
Real Estate Rental and Leasing	$ 388.9	$ 203.5	$ 592.4	21.1%
Finance and Insurance	317.2	16.2	333.4	11.9%
Manufacturing	178.8	81.3	260.1	9.2%
Retail Trade	115.9	139.0	254.9	9.1%
Other Services (except Public Administration)	29.1	162.5	191.6	6.8%
Health Care and Social Assistance	59.5	124.6	184.1	6.6%
Construction	120.8	59.9	180.7	6.4%
Wholesale Trade	97.8	66.5	164.3	5.9%
Accomodation and Food Services	26.7	116.5	143.2	5.1%
Transportation and Warehousing	91.4	24.3	115.7	4.1%
Professional, Scientific and Technical Services	73.0	28.5	101.5	3.6%
Arts, Entertainment and Recreation	29.8	32.5	62.3	2.2%
Information	30.5	13.9	44.4	1.6%
Other	112.0	67.8	179.8	6.4%
Total	**$ 1,671.4**	**$ 1,137.0**	**$ 2,808.4**	**100.0%**

CRE[2] exposure by type



C&D exposure by type



Note: Data as of March 31, 2023 [1] C&I includes owner-occupied CRE. [2] Excludes owner-occupied CRE.

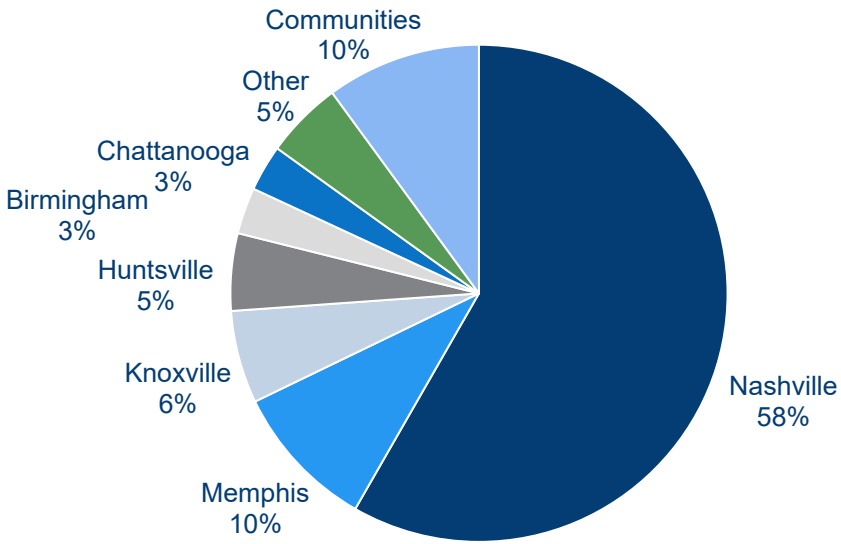
Office exposure (non-owner occupied CRE & C&D)

- Office loans represent only 4.0% of our total HFI loan portfolio as of the end of 1Q23
- Projects characterized by significant cash equity requirements, policy loan to value maximums of 70%-75% at origination, and requests for guarantors
- Performed review of all office loans with commitments greater than $2 million ($273.1 million outstanding, or 72.9% of total office portfolio) with limited concerns uncovered
- Only 6.9% of the total office portfolio matures through 2024
- 58% of the total office portfolio is fixed rate vs. 42% floating rate
- As of 1Q23, 99% of the portfolio is pass rated and no loans within the portfolio are more than 30 days past due

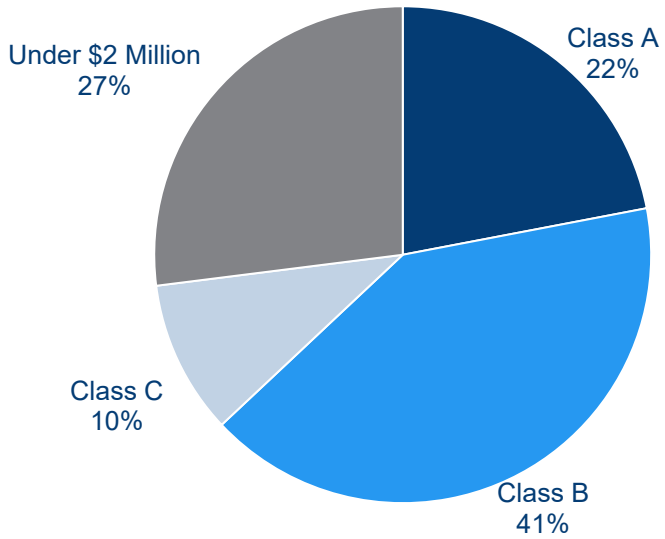
Credit detail by class

Class	Outstanding ($mm)	Average Balance ($mm)	Wtd. Avg. LTV	Wtd. Avg. Occupancy
Class A > $2 million	$83.0	$7.5	57.7%	82.2%
Class B > $2 million	152.2	5.6	64.2%	80.0%
Class C > $2 million	37.9	4.7	63.4%	89.9%
Total > $2 million	$273.1	$5.9	62.1%	82.0%
Total < $2 million	101.5	0.6	N/A	N/A
Total Office	**$374.6**	**$1.8**	**N/A**	**N/A**

Geographic exposure



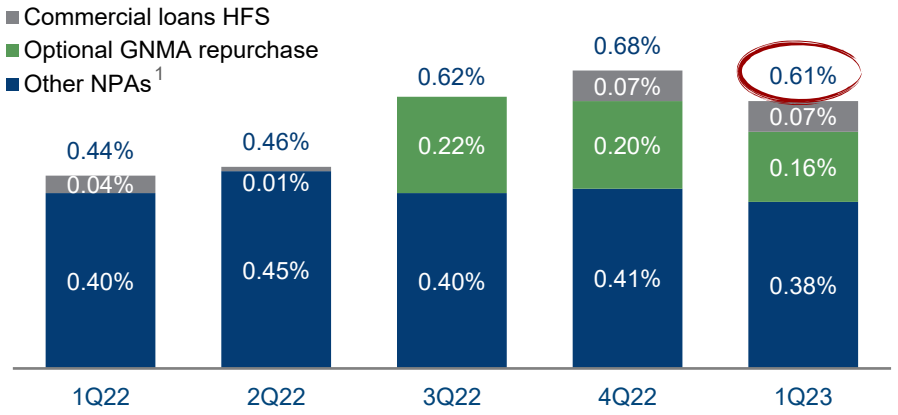
Exposure by class



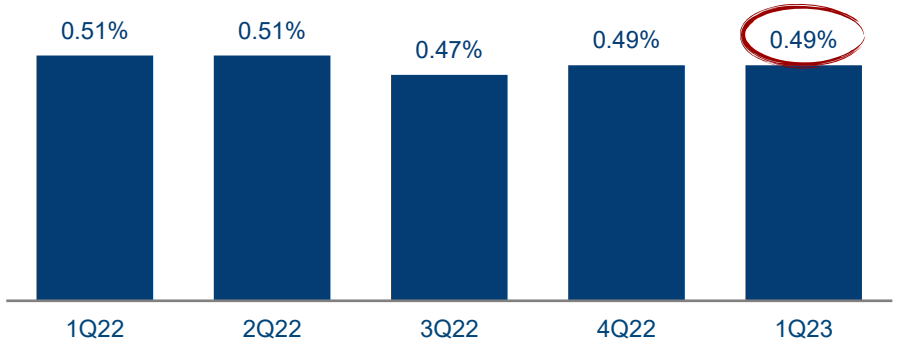
Note: Data as of March 31, 2023. Data based on non-owner occupied CRE portfolio ($364.9 million) and C&D portfolio ($9.7 million). Excludes medical office buildings ($61.4 million of outstanding as of March 31, 2023)

Asset quality remains solid

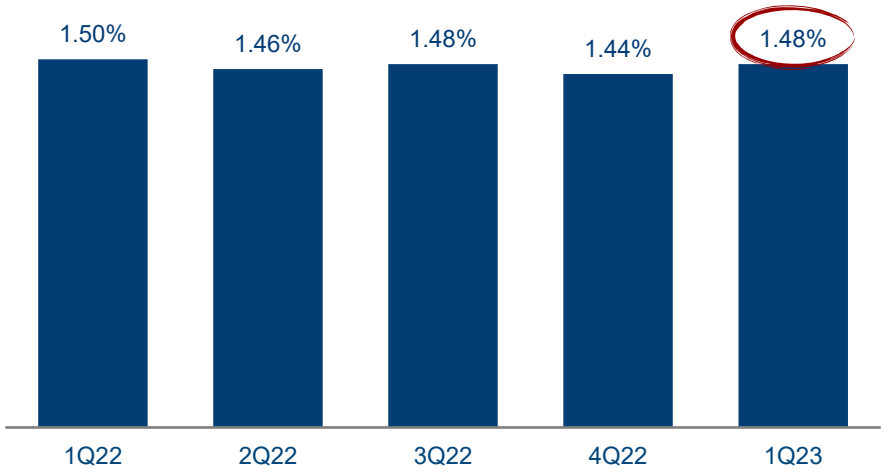
Nonperforming Assets / Assets



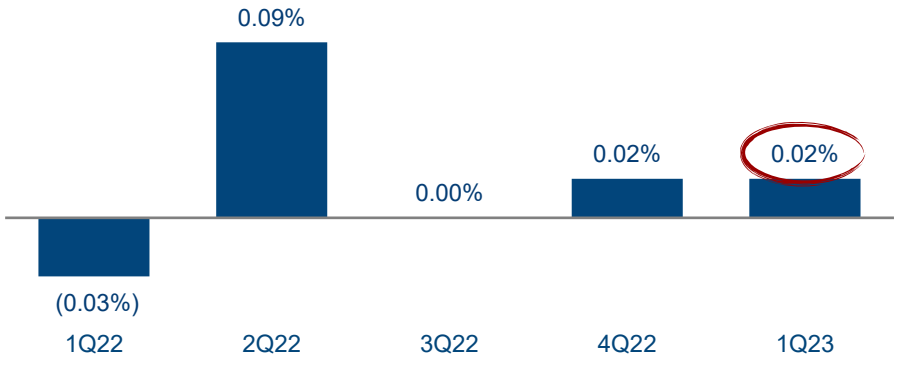
Nonperforming Loans (HFI) / Loans (HFI)



LLR/loans HFI



Net charge-offs (recoveries) / average loans



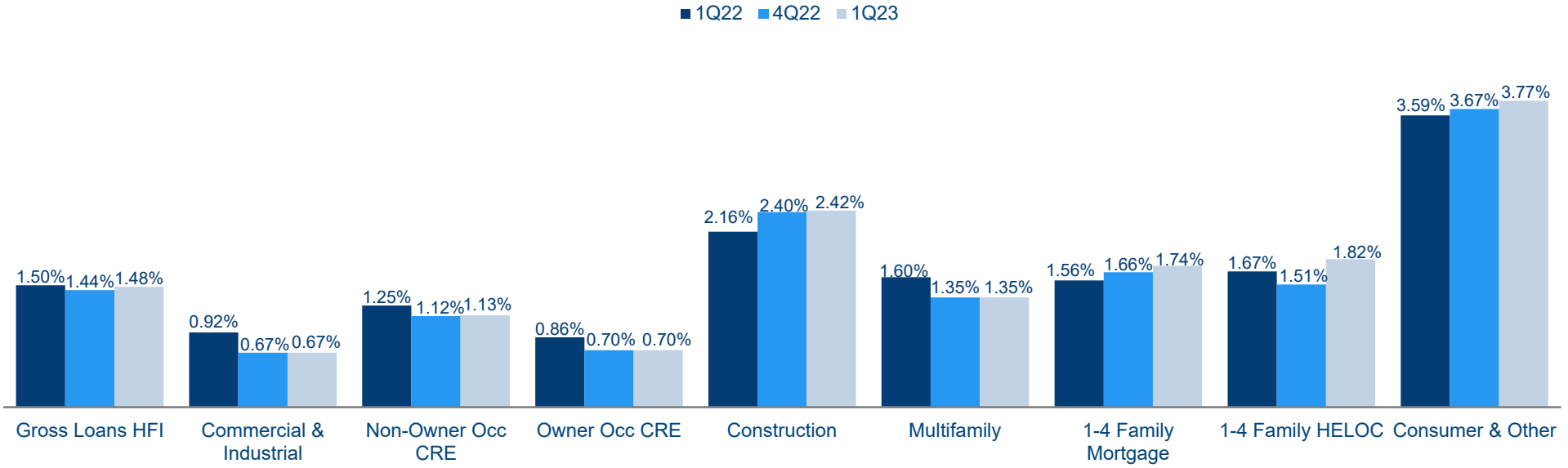
[1] Includes other real estate owned and repossessed assets–see page 12 of the Quarterly Financial Supplement.

Allowance for credit losses overview

- Current Expected Credit Loss (CECL) Allowance for Credit Losses (ACL) model utilizes Moody's model[1] with key economic data summarized below:

	For the quarter ended		For the year ended December 31,			
	2Q23	3Q23	2023	2024	2025	2026
GDP(bcw$)	$20,338.2	$20,344.8	$20,343.4	$20,643.2	$21,225.0	$21,807.5
Annualized % Change	0.6%	0.2%	1.7%	1.5%	2.8%	2.7%
Total Employment (millions)	155.1	154.7	155.0	155.3	156.8	157.4
Unemployment Rate	3.7%	4.0%	3.8%	4.4%	4.1%	4.1%
CRE Price Index	355.9	350.3	344.4	343.5	363.3	384.8
NCREIF Property Index: Rate of Return	0.6%	0.4%	0.3%	2.0%	2.5%	2.1%

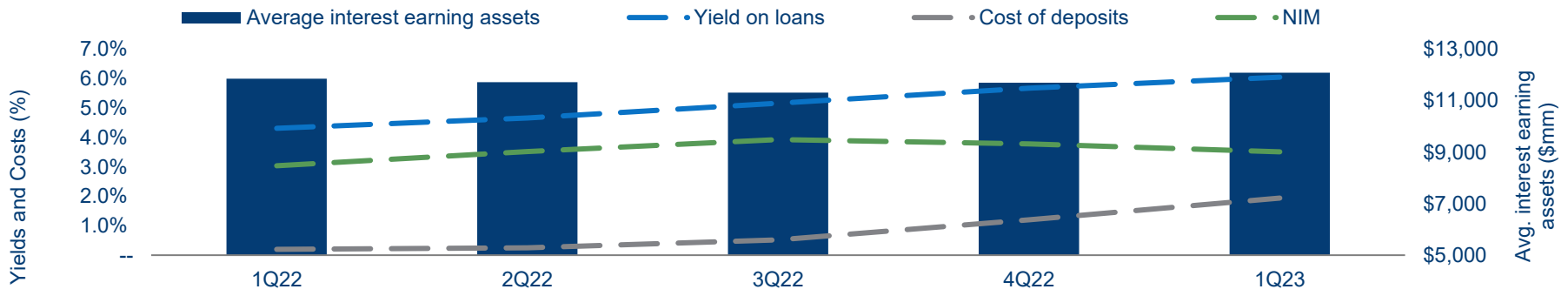
ACL / Loans HFI by Category



[1]Source: Moody's "February 2023 U.S. Macroeconomic Outlook Baseline and Alternative Scenarios".

Strong net interest margin

Historical yield and costs



NIM[1]	**3.04%**	**3.52%**	**3.93%**	**3.78%**	**3.51%**
Impact of accretion and nonaccrual interest (bps)	(7)	2	5	3	2
Impact of excess liquidity[2] (bps)	(29)	(14)	0	0	(1)
Deposit Cost:					
Cost of MMDA	0.21%	0.20%	0.73%	2.03%	2.95%
Cost of customer time	0.50%	0.64%	0.87%	1.79%	2.54%
Cost of interest-bearing	0.27%	0.33%	0.74%	1.67%	2.53%
Total deposit cost	**0.20%**	**0.25%**	**0.52%**	**1.20%**	**1.94%**
Loans HFI Yield:					
Contractual interest	4.12%	4.24%	4.79%	5.45%	5.90%
Origination and other loan fee income	0.26%	0.33%	0.30%	0.18%	0.13%
Nonaccrual interest	0.05%	0.03%	0.02%	0.03%	0.01%
(Amortization) accretion on purchased loans	(0.12%)	0.00%	0.05%	0.01%	0.01%
Syndication fee income	0.00%	0.06%	0.00%	0.00%	0.00%
Total loan (HFI) yield	**4.31%**	**4.66%**	**5.16%**	**5.67%**	**6.05%**

[1] Includes tax-equivalent adjustment.

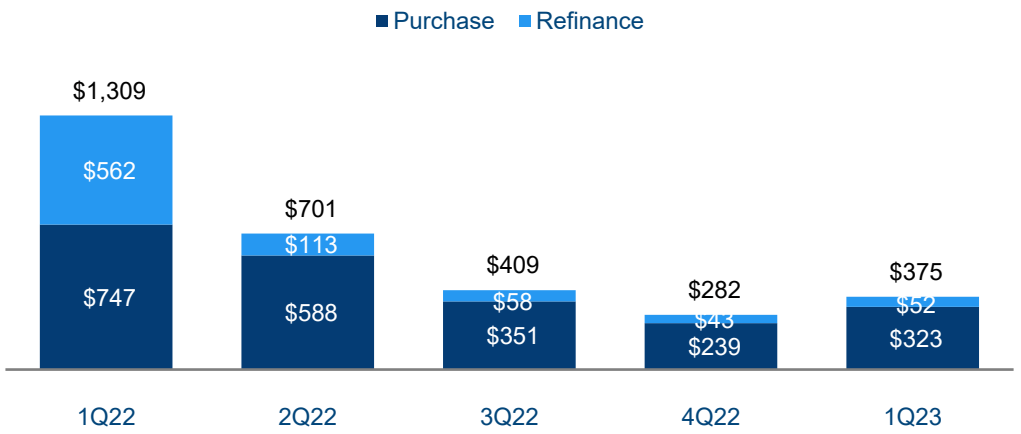
[2] Excess liquidity defined as interest-bearing deposits with other financial institutions in excess of 5% of average tangible assets. Assumes funded from all interest bearing liabilities.

Mortgage performance in 1Q 2023

Highlights

- Mortgage segment essentially broke even with pre-tax net loss of $0.2 million in 1Q 2023, a seasonally slow quarter for mortgage originations
- Interest rate lock commitment volume increased 33.2% in 1Q 2023 compared to 4Q 2022
- Decay and interest rate volatility led to MSR fair value losses, net of hedging of $3.4 million in 1Q
- Mortgage markets continue to be under pressure; we expect minimal contribution in Q2

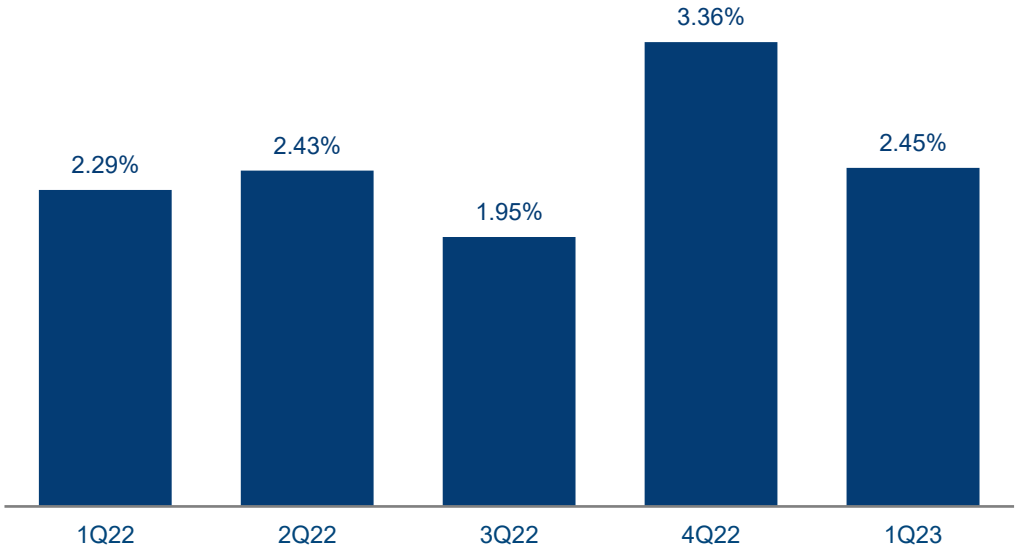
Interest rate lock commitment volume ($mm)



Mortgage banking income ($mm)

	1Q22	4Q22	1Q23
Gain on Sale	$29.4	$9.0	$8.1
Fair value changes	($7.5)	($2.3)	($0.4)
Servicing Revenue	$7.4	$7.3	$7.8
Fair value MSR changes	$0.2	($4.9)	($3.4)
Total Income	**$29.5**	**$9.1**	**$12.1**

Mortgage segment gain on sale margin

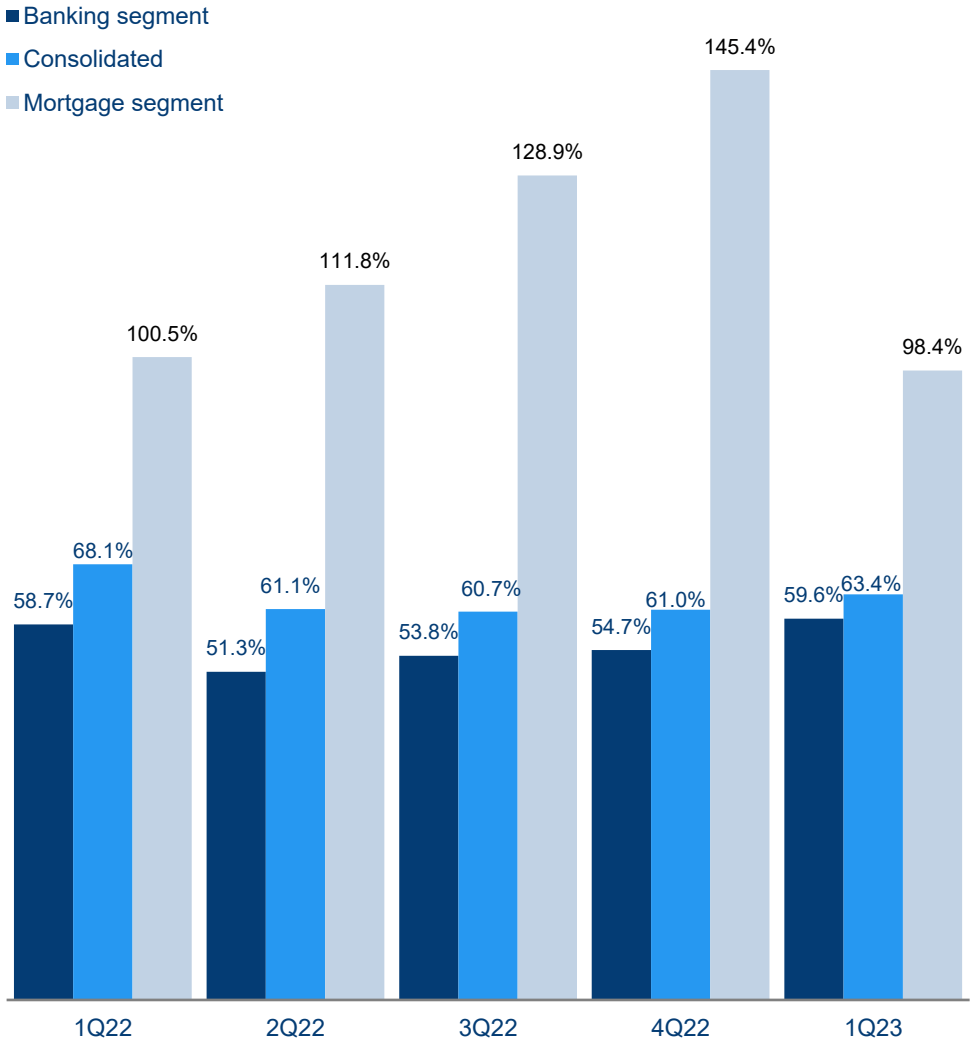


Managing expenses

Highlights

- Consolidated 1Q 2023 core efficiency ratio[1] of 63.4%
- Banking segment noninterest expense grew 2.4% as expected due to annual compensation increases and expense management initiatives; core efficiency ratio impacted by accelerating deposit growth and costs
- Mortgage core efficiency ratio improving as a result of 2022's restructuring and improved interest rate lock commitment volumes in 1Q 2023, which led to breakeven performance in the quarter

Core efficiency ratio (tax-equivalent basis)[1]



[1] See "Use of non-GAAP financial measures" and the Appendix hereto for a discussion and reconciliation of non-GAAP measures to the most directly comparable GAAP financial measures.

Appendix

GAAP reconciliation and use of non-GAAP financial measures

Adjusted net income and diluted earnings per share

(Dollars in thousands, except share data)	2023 First Quarter	2022 Fourth Quarter	2022 Third Quarter	2022 Second Quarter	2022 First Quarter
Income before income taxes	$ 46,078	$ 48,193	$ 40,762	$ 26,070	$ 44,549
Plus mortgage restructuring expense	—	—	—	12,458	—
Less gain (loss) from changes in fair value of commercial loans held for sale acquired in previous business combination	910	(2,562)	(387)	(2,010)	(174)
Adjusted pre-tax net income	45,168	50,755	41,149	40,538	44,723
Adjusted income tax expense	9,460	10,710	9,032	10,487	9,358
Adjusted net income	$ 35,708	$ 40,045	$ 32,117	$ 30,051	$ 35,365
Weighted average common shares outstanding - fully diluted	46,765,154	47,036,742	47,024,611	47,211,650	47,723,902
Adjusted diluted earnings per common share					
Diluted earnings per common share	$ 0.78	$ 0.81	$ 0.68	$ 0.41	$ 0.74
Plus mortgage restructuring expense	—	—	—	0.27	—
Less gain (loss) from changes in fair value of commercial loans held for sale acquired in previous business combination	0.02	(0.05)	—	(0.04)	—
Less tax effect	—	0.01	—	0.08	—
Adjusted diluted earnings per common share	$ 0.76	$ 0.85	$ 0.68	$ 0.64	$ 0.74

GAAP reconciliation and use of non-GAAP financial measures

Adjusted pre-tax, pre-provision earnings

(Dollars in thousands, except share data)	2023 First Quarter	2022 Fourth Quarter	2022 Third Quarter	2022 Second Quarter	2022 First Quarter
Income before income taxes	$ 46,078	$ 48,193	$ 40,762	$ 26,070	$ 44,549
Plus provisions for credit losses	491	(456)	11,367	12,318	(4,247)
Pre-tax pre-provision earnings	46,569	47,737	52,129	38,388	40,302
Plus mortgage restructuring expense	—	—	—	12,458	—
Less gain (loss) from changes in fair value of commercial loans held for sale acquired in previous business combination	910	(2,562)	(387)	(2,010)	(174)
Adjusted pre-tax pre-provision earnings	$ 45,659	$ 50,299	$ 52,516	$ 52,856	$ 40,476

GAAP reconciliation and use of non-GAAP financial measures

Adjusted earnings and diluted earnings per share

(Dollars in thousands, except share data)	YTD 2023	2022	2021	2020	2019
Income before income taxes	$ 46,078	$ 159,574	$ 243,051	$ 82,461	$ 109,539
Plus mortgage restructuring, offering, and merger and conversion expenses	—	12,458	605	34,879	7,380
Plus initial provision for credit losses on acquired loans and unfunded commitments	—	—	—	66,136	—
Less other non-operating items[1]	910	(5,133)	11,032	(4,400)	—
Adjusted pre-tax net income	45,168	177,165	232,624	187,876	116,919
Adjusted income tax expense[2]	9,460	39,587	51,553	45,944	27,648
Adjusted net income	$ 35,708	$ 137,578	$ 181,071	$ 141,932	$ 89,271
Weighted average common shares outstanding - fully diluted	46,765,154	47,239,791	47,955,880	38,099,744	31,402,897
Adjusted diluted earnings per common share					
Diluted earnings per common share	$ 0.78	$ 2.64	$ 3.97	$ 1.67	$ 2.65
Plus mortgage restructuring, offering, and merger and conversion expenses	—	0.26	0.01	0.92	0.24
Plus initial provision for credit losses on acquired loans and unfunded commitments	—	—	—	1.74	—
Less other non-operating items	0.02	(0.11)	0.22	(0.11)	—
Less tax effect	—	0.10	(0.02)	0.71	0.06
Adjusted diluted earnings per common share	$ 0.76	$ 2.91	$ 3.78	$ 3.73	$ 2.83

[1] The following table presents all amounts included in "other non-operating items" for each of the periods presented.

Other non-operating items	YTD 2023	2022	2021	2020	2019
Gain (loss) on other real estate owned	$ —	$ —	$ 2,005	$ (1,505)	$ —
Gain (loss) from changes in fair value of commercial loans held for sale acquired in previous business combination	910	(5,133)	11,172	3,228	—
Cash life insurance benefit	—	—	—	715	—
Loss on swap cancellation	—	—	(1,510)	—	—
Gain from lease terminations	—	—	787	—	—
Certain nonrecurring charitable contributions	—	—	(1,422)	—	—
FHLB prepayment penalties	—	—	—	(6,838)	—
Total other non-operating items	$ 910	$ (5,133)	$ 11,032	$ (4,400)	$ —

[2] 2021 includes a $1,678 tax benefit related to a change in the value of a net operating loss tax asset related to previous business combination.

GAAP reconciliation and use of non-GAAP financial measures

Adjusted pre-tax, pre-provision earnings

(Dollars in thousands, except share data)	YTD 2023	2022	2021	2020	2019
Income before income taxes	$ 46,078	$ 159,574	$ 243,051	$ 82,461	$ 109,539
Plus provisions for credit losses	491	18,982	(40,993)	107,967	7,053
Pre-tax pre-provision earnings	46,569	178,556	202,058	190,428	116,592
Plus mortgage restructuring, offering, and merger and conversion expenses	—	12,458	605	34,879	7,380
Less other non-operating items	910	(5,133)	11,032	(4,400)	—
Adjusted pre-tax pre-provision earnings	$ 45,659	$ 196,147	$ 191,631	$ 229,707	$ 123,972

GAAP reconciliation and use of non-GAAP financial measures

Core efficiency ratio (tax-equivalent basis)

(Dollars in thousands)	2023 First Quarter	2022 Fourth Quarter	2022 Third Quarter	2022 Second Quarter	2022 First Quarter
Total noninterest expense	$ 80,636	$ 80,230	$ 81,847	$ 96,997	$ 89,272
Less mortgage restructuring expenses	—	—	—	12,458	—
Core noninterest expense	$ 80,636	$ 80,230	$ 81,847	$ 84,539	$ 89,272
Net interest income (tax-equivalent basis)	$ 104,493	$ 111,279	$ 112,145	$ 102,926	$ 88,932
Total noninterest income	23,545	17,469	22,592	33,214	41,392
Less gain (loss) on change in fair value on commercial loans held for sale	910	(2,562)	(387)	(2,010)	(174)
Less (loss) gain on sales or write-downs of other real estate owned and other assets	(183)	(252)	429	(8)	(434)
Less gain (loss) from securities, net	69	25	(140)	(109)	(152)
Core noninterest income	22,749	20,258	22,690	35,341	42,152
Core revenue	$ 127,242	$ 131,537	$ 134,835	$ 138,267	$ 131,084
Efficiency ratio (GAAP)[a]	63.4%	62.7%	61.1 %	71.6%	68.9%
Core efficiency ratio (tax-equivalent basis)	63.4%	61.0%	60.7 %	61.1%	68.1%

(a) Efficiency ratio (GAAP) is calculated by dividing noninterest expense by total revenue.

GAAP reconciliation and use of non-GAAP financial measures

Segment core efficiency ratios (tax-equivalent basis)

	2023	2022			
(Dollars in thousands)	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
Banking segment core efficiency ratio (tax-equivalent basis)					
Banking segment noninterest expense	$ 68,546	$ 66,926	$ 65,886	$ 59,320	$ 59,584
Banking segment net interest income (tax-equivalent basis)	$ 104,300	$ 111,279	$ 112,145	$ 102,926	$ 88,934
Core noninterest income	22,749	20,258	22,690	35,341	42,152
Less Mortgage segment core noninterest income	12,095	9,148	12,384	22,559	29,531
Banking segment core noninterest income	10,654	11,110	10,306	12,782	12,621
Core revenue	127,242	131,537	134,835	138,267	131,084
Less Mortgage segment core total revenue	12,288	9,148	12,384	22,559	29,529
Banking segment core total revenue	$ 114,954	$ 122,389	$ 122,451	$ 115,708	$ 101,555
Banking segment efficiency ratio (GAAP)	59.4%	56.3%	54.1%	52.6%	59.5%
Banking segment core efficiency ratio (tax-equivalent basis)	59.6%	54.7%	53.8%	51.3%	58.7%
Mortgage segment core efficiency ratio (tax-equivalent basis)					
Mortgage segment noninterest expense	$ 12,090	$ 13,304	$ 15,961	$ 37,677	$ 29,688
Less mortgage restructuring expense	—	—	—	12,458	—
Mortgage segment core noninterest expense	$ 12,090	$ 13,304	$ 15,961	$ 25,219	$ 29,688
Mortgage segment net interest income	193	—	—	—	(2)
Mortgage segment noninterest income	11,663	9,124	12,299	22,515	29,409
Less (loss) gain on sales or write-downs of other real estate owned	(432)	(24)	(85)	(44)	(122)
Mortgage segment core noninterest income	12,095	9,148	12,384	22,559	29,531
Mortgage segment core total revenue	$ 12,288	$ 9,148	$ 12,384	$ 22,559	$ 29,529
Mortgage segment efficiency ratio (GAAP)	102.0%	145.8%	129.8%	167.3%	101.0%
Mortgage segment core efficiency ratio (tax-equivalent basis)	98.4%	145.4%	128.9%	111.8%	100.5%

GAAP reconciliation and use of non-GAAP financial measures

Adjusted Banking segment pre-tax pre-provision earnings

(Dollars in thousands, except share data)	2023 First Quarter	2022 Fourth Quarter	2022 Third Quarter	2022 Second Quarter	2022 First Quarter
Banking segment pre-tax net contribution	$ 46,312	$ 52,373	$ 44,424	$ 41,232	$ 44,830
Plus provisions for credit losses	491	(456)	11,367	12,318	(4,247)
Banking segment pre-tax pre-provision earnings	46,803	51,917	55,791	53,550	40,583
Less gain (loss) on change in fair value on commercial loans held for sale	910	(2,562)	(387)	(2,010)	(174)
Adjusted Banking segment pre-tax pre-provision earnings	$ 45,893	$ 54,479	$ 56,178	$ 55,560	$ 40,757

Adjusted Mortgage segment pre-tax net loss

(Dollars in thousands)	2023 First Quarter	2022 Fourth Quarter	2022 Third Quarter	2022 Second Quarter	2022 First Quarter
Mortgage segment pre-tax net loss	$ (234)	$ (4,180)	$ (3,662)	$ (15,162)	$ (281)
Plus mortgage restructuring expense	—	—	—	12,458	—
Adjusted Mortgage segment pre-tax net loss	$ (234)	$ (4,180)	$ (3,662)	$ (2,704)	$ (281)

GAAP reconciliation and use of non-GAAP financial measures

Tangible assets and equity, tangible book value per common share, tangible common equity to tangible assets, and on-balance sheet liquidity to tangible assets

(Dollars in thousands, except share data)	2023 First Quarter	2022 Fourth Quarter	2022 Third Quarter	2022 Second Quarter	2022 First Quarter
Tangible assets					
Total assets	$ 13,101,147	$ 12,847,756	$ 12,258,082	$ 12,193,862	$ 12,674,191
Less goodwill	242,561	242,561	242,561	242,561	242,561
Less intangibles, net	11,378	12,368	13,407	14,515	15,709
Tangible assets	$ 12,847,208	$ 12,592,827	$ 12,002,114	$ 11,936,786	$ 12,415,921
Tangible common equity					
Total common shareholders' equity	$ 1,369,696	$ 1,325,425	$ 1,281,161	$ 1,319,852	$ 1,379,776
Less goodwill	242,561	242,561	242,561	242,561	242,561
Less intangibles, net	11,378	12,368	13,407	14,515	15,709
Tangible common equity	$ 1,115,757	$ 1,070,496	$ 1,025,193	$ 1,062,776	$ 1,121,506
Less accumulated other comprehensive loss, net	(149,566)	(169,433)	(187,440)	(120,495)	(71,544)
Adjusted Tangible common equity	$ 1,265,323	$ 1,239,929	$ 1,212,633	$ 1,183,271	$ 1,193,050
Common shares outstanding	46,762,626	46,737,912	46,926,377	46,881,896	47,487,874
Book value per common share	$ 29.29	$ 28.36	$ 27.30	$ 28.15	$ 29.06
Tangible book value per common share	$ 23.86	$ 22.90	$ 21.85	$ 22.67	$ 23.62
Adjusted tangible book value per common share	$ 27.06	$ 26.53	$ 25.84	$ 25.24	$ 25.12
Total common shareholders' equity to total assets	10.5%	10.3%	10.5%	10.8%	10.9%
Tangible common equity to tangible assets	8.68%	8.50%	8.54%	8.90%	9.03%
On-balance sheet liquidity:					
Cash and cash equivalents	$ 1,319,951	$ 1,027,052	$ 618,290	$ 872,861	$ 1,743,311
Unpledged securities	286,169	280,165	268,424	305,781	430,118
Equity securities, at fair value	3,059	2,990	2,962	3,103	3,213
Total on-balance sheet liquidity	$ 1,609,179	$ 1,310,207	$ 889,676	$ 1,181,745	$ 2,176,642
On-balance sheet liquidity as a percentage of total assets	12.3%	10.2%	7.26%	9.69%	17.2%
On-balance sheet liquidity as a percentage of total tangible assets	12.5%	10.4%	7.41%	9.90%	17.5%

GAAP reconciliation and use of non-GAAP financial measures

Tangible assets and equity, tangible book value per common share and tangible common equity to tangible assets

(Dollars in thousands)	YTD 2023	2022	2021	2020	2019
Tangible assets					
Total assets	$ 13,101,147	$ 12,847,756	$ 12,597,686	$ 11,207,330	$ 6,124,921
Less goodwill	242,561	242,561	242,561	242,561	169,051
Less intangibles, net	11,378	12,368	16,953	22,426	17,589
Tangible assets	$ 12,847,208	$ 12,592,827	$ 12,338,172	$ 10,942,343	$ 5,938,281
Tangible common equity					
Total common shareholders' equity	$ 1,369,696	$ 1,325,425	$ 1,432,602	$ 1,291,289	$ 762,329
Less goodwill	242,561	242,561	242,561	242,561	169,051
Less intangibles, net	11,378	12,368	16,953	22,426	17,589
Tangible common equity	$ 1,115,757	$ 1,070,496	$ 1,173,088	$ 1,026,302	$ 575,689
Less accumulated other comprehensive (loss) income, net	(149,566)	(169,433)	5,858	27,595	12,138
Adjusted Tangible common equity	$ 1,265,323	$ 1,239,929	$ 1,167,230	$ 998,707	$ 563,551
Common shares outstanding	46,762,626	46,737,912	47,549,241	47,220,743	31,034,315
Book value per common share	$ 29.29	$ 28.36	$ 30.13	$ 27.35	$ 24.56
Tangible book value per common share	$ 23.86	$ 22.90	$ 24.67	$ 21.73	$ 18.55
Adjusted tangible book value per common share	$ 27.06	$ 26.53	$ 24.55	$ 21.15	$ 18.16
Total common shareholders' equity to total assets	10.5%	10.3%	11.4%	11.5%	12.4%
Tangible common equity to tangible assets	8.68%	8.50%	9.51%	9.38%	9.7%

GAAP reconciliation and use of non-GAAP financial measures

Return on average tangible common equity

(Dollars in thousands)	2023 First Quarter	2022 Fourth Quarter	2022 Third Quarter	2022 Second Quarter	2022 First Quarter
Average common shareholders' equity	$ 1,343,227	$ 1,294,758	$ 1,336,143	$ 1,352,701	$ 1,415,985
Less average goodwill	242,561	242,561	242,561	242,561	242,561
Less average intangibles, net	11,862	12,865	13,953	15,144	16,376
Average tangible common equity	$ 1,088,804	$ 1,039,332	$ 1,079,629	$ 1,094,996	$ 1,157,048
Net income	$ 36,381	$ 38,143	$ 31,831	$ 19,345	$ 35,236
Return on average common equity	11.0%	11.7%	9.45%	5.74%	10.1%
Return on average tangible common equity	13.6%	14.6%	11.7%	7.09%	12.4%
Adjusted net income	$ 35,708	$ 40,045	$ 32,117	$ 30,051	$ 35,365
Adjusted return on average tangible common equity	13.3%	15.3%	11.8%	11.0%	12.4%

GAAP reconciliation and use of non-GAAP financial measures

Adjusted return on average assets and common equity

(Dollars in thousands)	2023 First Quarter	2022 Fourth Quarter	2022 Third Quarter	2022 Second Quarter	2022 First Quarter
Net income	$ 36,381	$ 38,143	$ 31,831	$ 19,345	$ 35,236
Average assets	12,861,614	12,446,027	12,038,115	12,427,479	12,641,489
Average common equity	1,343,227	1,294,758	1,336,143	1,352,701	1,415,985
Return on average assets	1.15%	1.22%	1.05%	0.62%	1.13%
Return on average common equity	11.0%	11.7%	9.45%	5.74%	10.1%
Adjusted net income	$ 35,708	$ 40,045	$ 32,117	$ 30,051	$ 35,365
Adjusted return on average assets	1.13%	1.28%	1.06%	0.97%	1.13%
Adjusted return on average common equity	10.8%	12.3%	9.54%	8.91%	10.1%
Adjusted pre-tax pre-provision earnings	$ 45,659	$ 50,299	$ 52,516	$ 52,856	$ 40,476
Adjusted pre-tax pre-provision return on average assets	1.44%	1.60%	1.73%	1.71%	1.30%

GAAP reconciliation and use of non-GAAP financial measures

Return on average tangible common equity

(Dollars in thousands)	YTD 2023	2022	2021	2020	2019
Average common shareholders' equity	$ 1,343,227	$ 1,349,583	$ 1,361,637	$ 966,336	$ 723,494
Less average goodwill	242,561	242,561	242,561	199,104	160,587
Less average intangibles, net	11,862	14,573	19,606	22,659	17,236
Average tangible common equity	$ 1,088,804	$ 1,092,449	$ 1,099,470	$ 744,573	$ 545,671
Net income	$ 36,381	$ 124,555	$ 190,285	$ 63,621	$ 83,814
Return on average common equity	11.0 %	9.23 %	14.0 %	6.58 %	11.6 %
Return on average tangible common equity	13.6 %	11.4 %	17.3 %	8.54 %	15.4 %
Adjusted net income	$ 35,708	$ 137,578	$ 181,071	$ 141,932	$ 89,271
Adjusted return on average tangible common equity	13.3 %	12.6 %	16.5 %	19.1 %	16.4 %

GAAP reconciliation and use of non-GAAP financial measures

Adjusted return on average assets and common equity

(Dollars in thousands)	YTD 2023	2022	2021	2020	2019
Net income	$ 36,381	$ 124,555	$ 190,285	$ 63,621	$ 83,814
Average assets	12,861,614	12,377,850	11,848,460	8,438,100	5,777,672
Average common equity	1,343,227	1,349,583	1,361,637	966,336	723,494
Return on average assets	1.15%	1.01%	1.61%	0.75%	1.45%
Return on average common equity	11.0%	9.23%	14.0%	6.58%	11.6%
Adjusted net income	$ 35,708	$ 137,578	$ 181,071	$ 141,932	$ 89,271
Adjusted return on average assets	1.13%	1.11%	1.53%	1.68%	1.55%
Adjusted return on average common equity	10.8%	10.2%	13.3%	14.7%	12.3%
Adjusted pre-tax pre-provision earnings	$ 45,659	$ 196,147	$ 191,631	$ 229,707	$ 123,972
Adjusted pre-tax pre-provision return on average assets	1.44%	1.58%	1.62%	2.72%	2.15%