FB Financial Corporation



2023 Second Quarter Earnings Presentation

July 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 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.

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 each 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 below in this Presentation for additional discussion and reconciliation of these measures to the most directly comparable GAAP financial measures.

2Q 2023 Highlights

Key highlights

- Continued boosting balance sheet strength in preparation for challenges associated with economic recession or opportunities ushered in from economic stability
- Strong preliminary capital ratios with **no securities categorized HTM:**
  - Tangible Common Equity to Tangible Assets 9.0%
  - Common Equity Tier 1 Ratio of 11.7%
  - Tier 1 Risk-Based Capital of 11.9%
  - Total Risk-Based Capital of 13.9%
  - Tier 1 Leverage Ratio 10.7%
- Reduced C&D and non-owner occupied CRE loans by $118.1 million resulting in total loans held for investment declining by $40.0 million
  - Contractual yield on loans increased to 6.16% in 2Q 2023 from 5.90% in 1Q 2023
- Increased ACL/loans HFI by 3 basis points to 1.51%, recorded provision expense of $2.6 million related to loans HFI and a provision reversal of $3.7 million on unfunded loan commitments resulting in a net provision release of $1.1 million for the quarter
- Nonperforming assets as a percentage of total assets at the end of the 2Q 2023 declined 2 basis points to 0.59% from 0.61% in 1Q 2023
- Further diversified deposit portfolio by reducing public funds deposits. The planned deposit diversification and seasonal declines decreased public funds by $462.6 million and total deposits by $310.7 million.
  - Total cost of deposits for 2Q 2023 increased 44 basis points to 2.38% from 1.94% in 1Q 2023
- Book value increased by 4.8% annualized to $29.64 and adjusted tangible book value increased by 9.8% annualized to $27.72

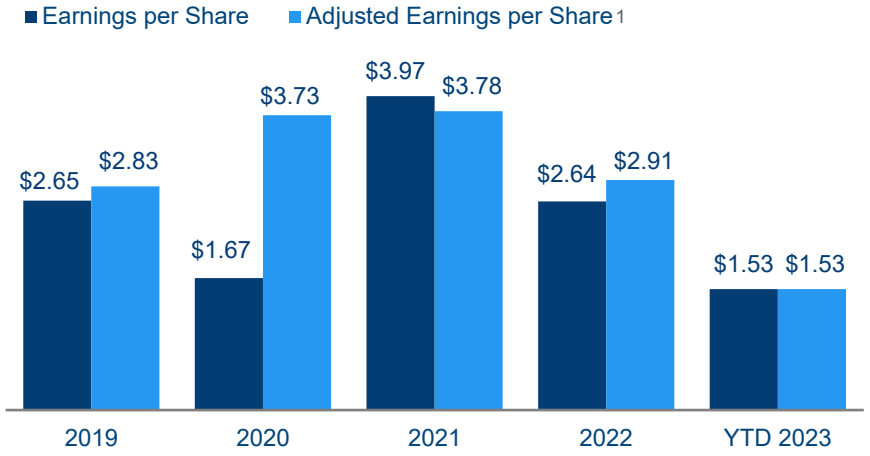
Financial results

	2Q 2023
Diluted earnings per share	$0.75
Adjusted diluted earnings per share[1]	*$0.77*
Net income ($mm)	$35.3
Adjusted net income[1] ($mm)	*$36.0*
Return on average assets	1.10%
Adjusted return on average assets[1]	*1.12%*
Return on average common equity	10.3%
Adjusted return on average common equity[1]	*10.5%*
Return on average tangible common equity[1]	12.6%
Adjusted return on average tangible common equity[1]	*13.1%*
Adjusted pre-tax, pre-provision earnings[1] ($mm)	$45.0
Net interest margin	3.40%
Total common equity / total assets	10.8%
Tangible common equity / tangible assets[1]	*9.0%*

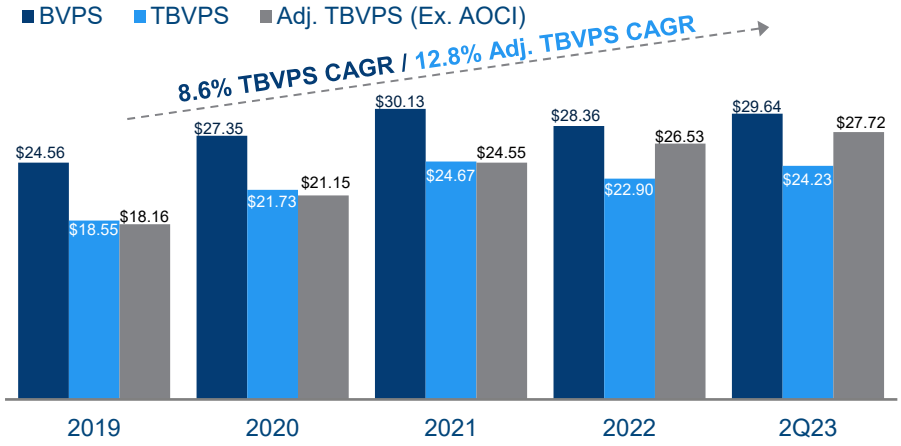
[1] Non-GAAP financial measure; See "Use of non-GAAP Financial Measures" and Non-GAAP reconciliations herein.

Driving shareholder value

Earnings per Share

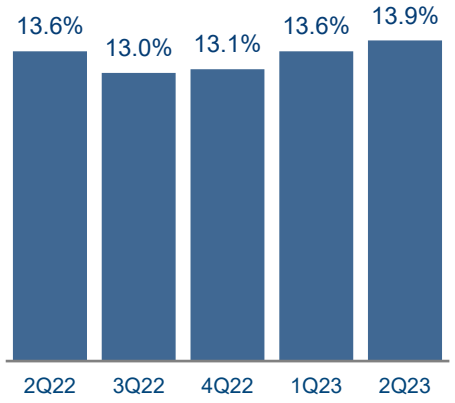


Tangible Book Value per Share[1]

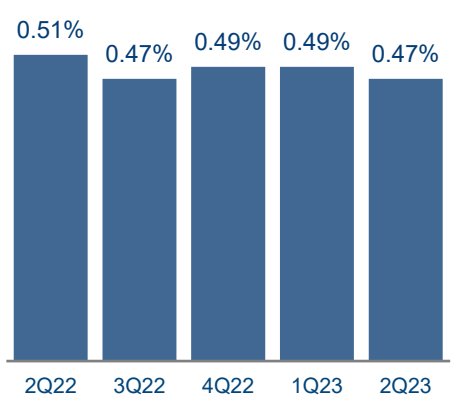


Dashboard

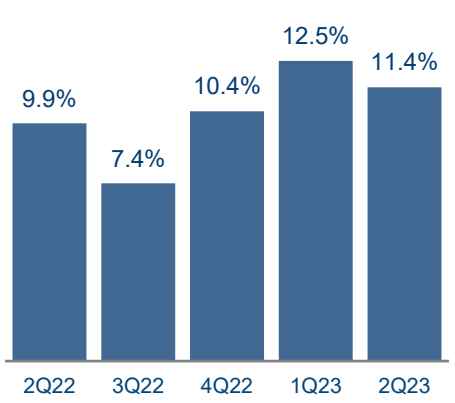
Preliminary Total RBC Ratio



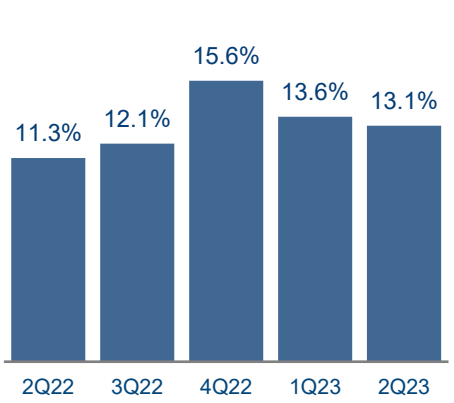
NPLs / Loans HFI



On-balance sheet Liquidity / Tangible Assets[1]



Adjusted ROATCE[1]



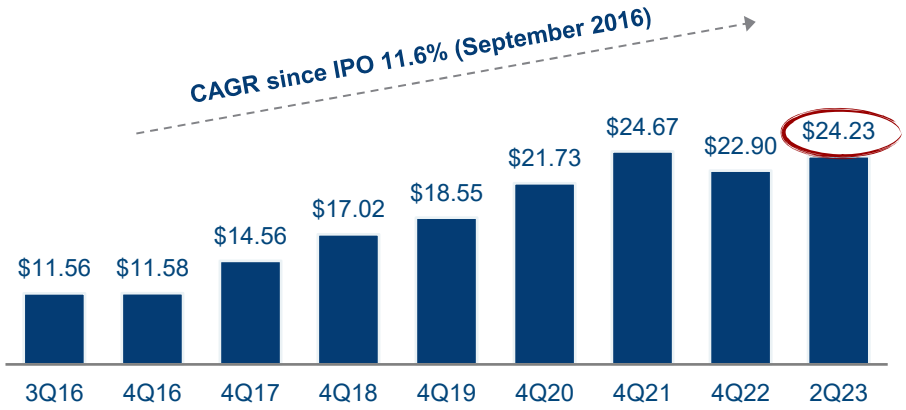
[1] Non-GAAP financial measure; See "Use of non-GAAP Financial Measures" and Non-GAAP reconciliations herein.

Well-capitalized for future opportunities or challenges

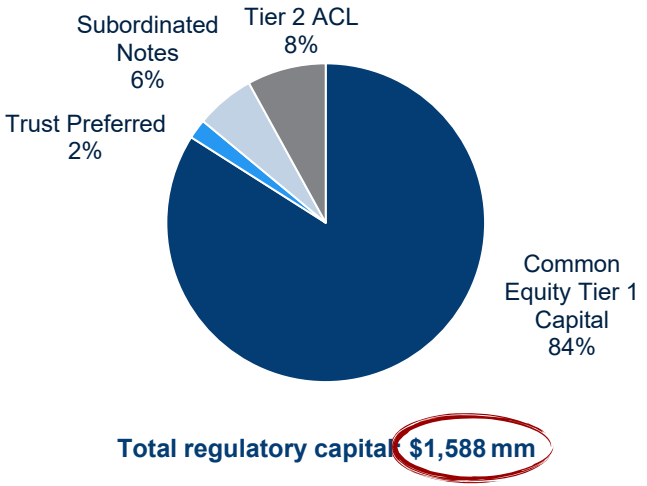
Preliminary Capital Position

	2Q22	1Q23	2Q23
Shareholder's Equity/Assets	10.8%	10.5%	10.8%
TCE/TA[1]	8.9%	8.7%	9.0%
Common Equity Tier 1	11.5%	11.3%	11.7%
Tier 1 Risk-Based	11.8%	11.6%	11.9%
Total Risk-Based	13.6%	13.6%	13.9%
Tier 1 Leverage	10.2%	10.4%	10.7%
C&D to 100% Tier 1 Capital plus ACL[2]	119%	120%	113%
CRE to 300% Tier 1 Capital plus ACL[2]	294%	294%	281%
AOCI Adjusted Ratios[1]			
Adj. Common Equity Tier 1			10.6%
Adjusted Total Risk-Based			12.9%

Tangible Book Value per Share[1]



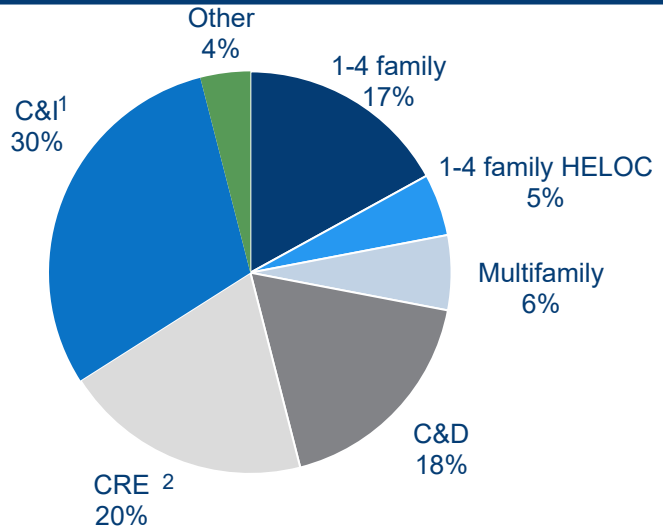
Simple Capital Structure



[1] Non-GAAP financial measure; See "Use of non-GAAP Financial Measures" and Non-GAAP reconciliations herein. [2] Concentration ratios for FirstBank.

Balanced loan portfolio

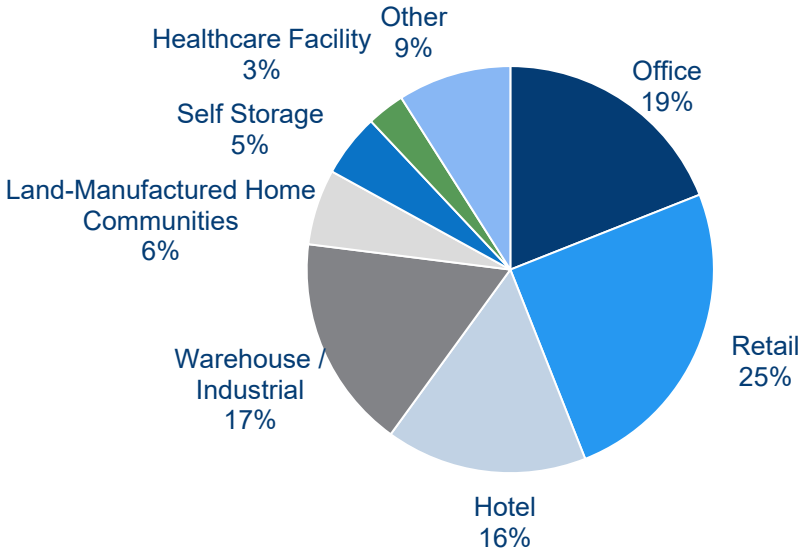
Portfolio mix



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

	C&I	CRE-OO	Total	% of Total
Real Estate Rental and Leasing	$ 420	$ 214	$ 634	22%
Finance and Insurance	305	17	322	11%
Manufacturing	183	81	264	9%
Retail Trade	116	141	257	9%
Other Services (except Public Administration)	28	168	196	7%
Construction	124	63	187	7%
Health Care and Social Assistance	56	122	178	6%
Wholesale Trade	87	65	152	5%
Accomodation and Food Services	28	115	143	5%
Transportation and Warehousing	89	22	111	4%
Professional, Scientific and Technical Services	70	32	102	4%
Arts, Entertainment and Recreation	29	32	61	2%
Information	30	14	44	2%
Other	129	73	202	7%
Total	**$ 1,694**	**$ 1,159**	**$ 2,853**	**100%**

CRE[2] exposure by type

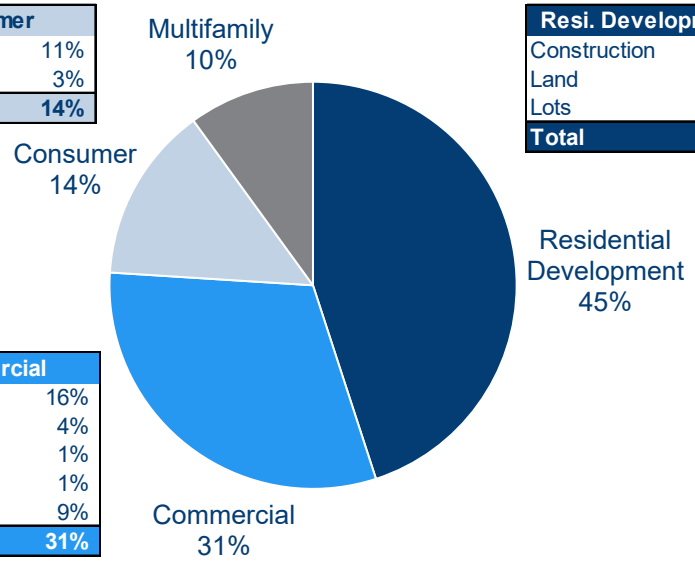


C&D exposure by type

Consumer	
Construction	11%
Land	3%
Total	**14%**

Resi. Development	
Construction	36%
Land	7%
Lots	2%
Total	**45%**

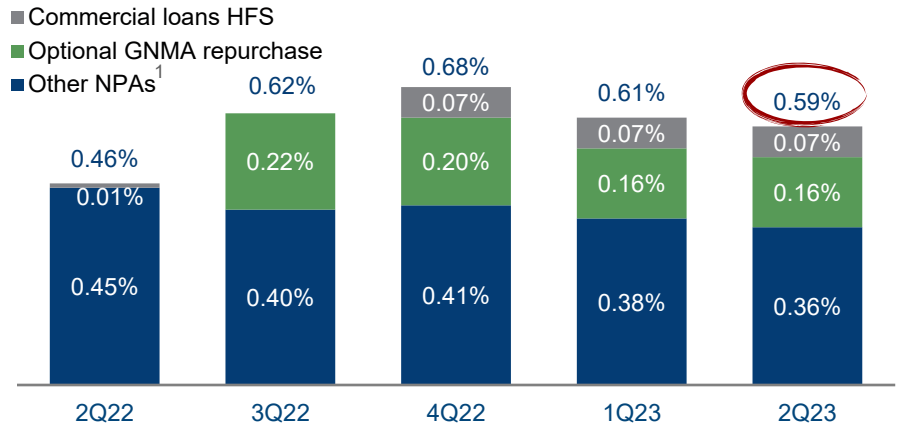
Commercial	
Land	16%
Retail	4%
Office	1%
Warehouse	1%
Other	9%
Total	**31%**



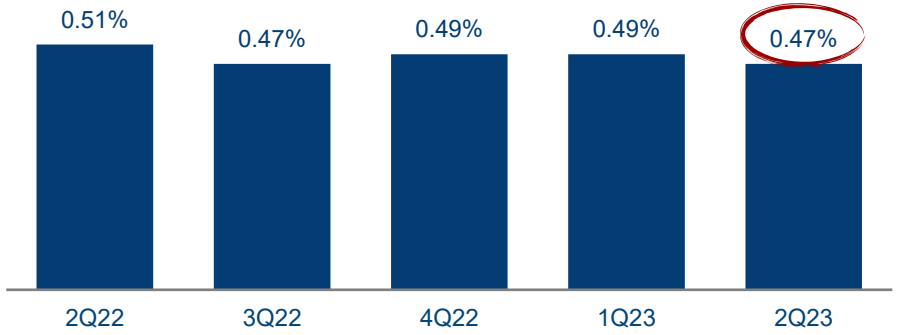
Note: Data as of June 30, 2023 [1] C&I includes owner-occupied CRE. [2] Excludes owner-occupied CRE.

Asset quality remains solid

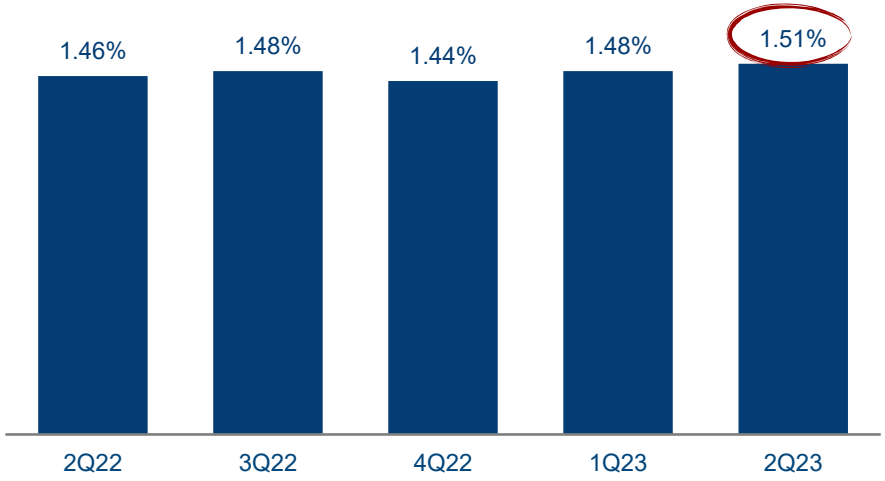
Nonperforming Assets / Assets



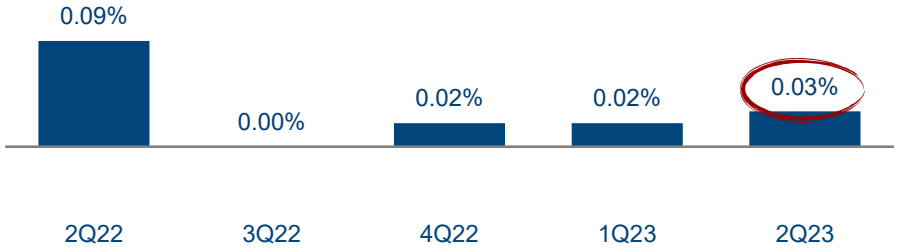
Nonperforming Loans (HFI) / Loans (HFI)



ACL / loans HFI



Net charge-offs / average loans



[1] Includes other real estate owned and repossessed assets–see page 14 of the Second Quarter 2023 Financial Supplement.

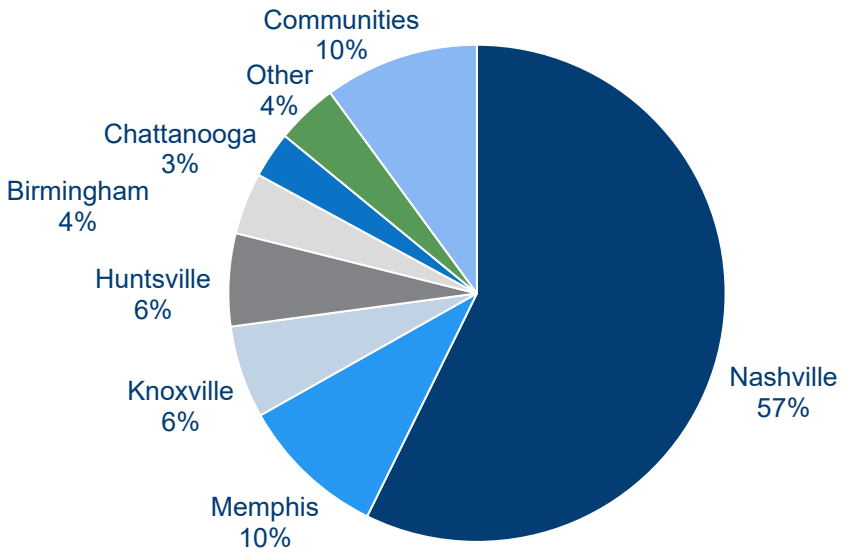
Office exposure (non-owner occupied CRE & C&D)

- Office loans represent only 4.0% of our total HFI loan portfolio as of the end of 2Q23
- Projects generally characterized by 25-30% cash equity requirement, loan to value maximums of 70%-75% at origination, and requests for guarantors
- Reviewed all office loans with commitments greater than $2 million ($269.4 million outstanding, or 73.1% of total office portfolio) with limited concerns uncovered
- 5.4% of the total office portfolio matures through 2024
- 59% of the total office portfolio is fixed rate vs. 41% floating rate
- As of 2Q23, 99% of the portfolio is pass rated, and no loans within the portfolio are more than 30 days past due

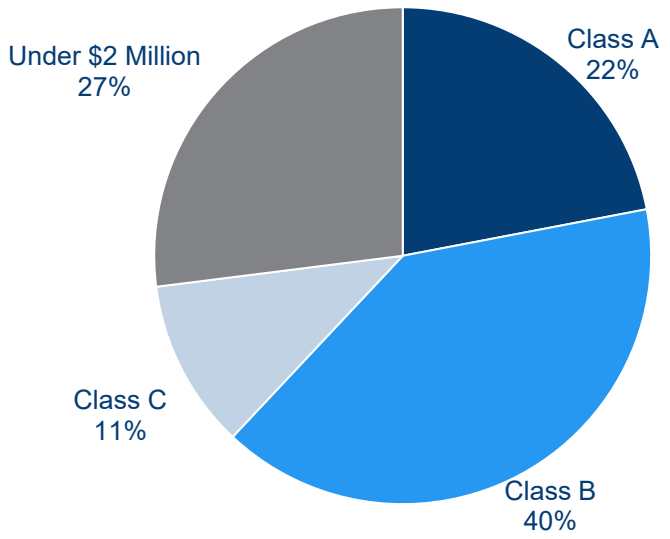
Credit detail by class

Class	Oustanding ($mm)	Average Balance ($mm)	Wtd. Avg. LTV	Wtd. Avg. Occupancy
Class A >$ 2 million	$ 82.5	$ 7.5	57.4%	81.7%
Class B > $ 2 million	145.5	5.8	64.1%	81.0%
Class C > $ 2 million	41.4	4.6	63.7%	89.7%
Total > $2 million	$ 269.4	$ 6.0	62.0%	82.5%
Total < $2 million	98.9	0.6	N/A	N/A
Total Office	**$ 368.3**	**$ 1.8**	**N/A**	**N/A**

Geographic exposure



Exposure by class



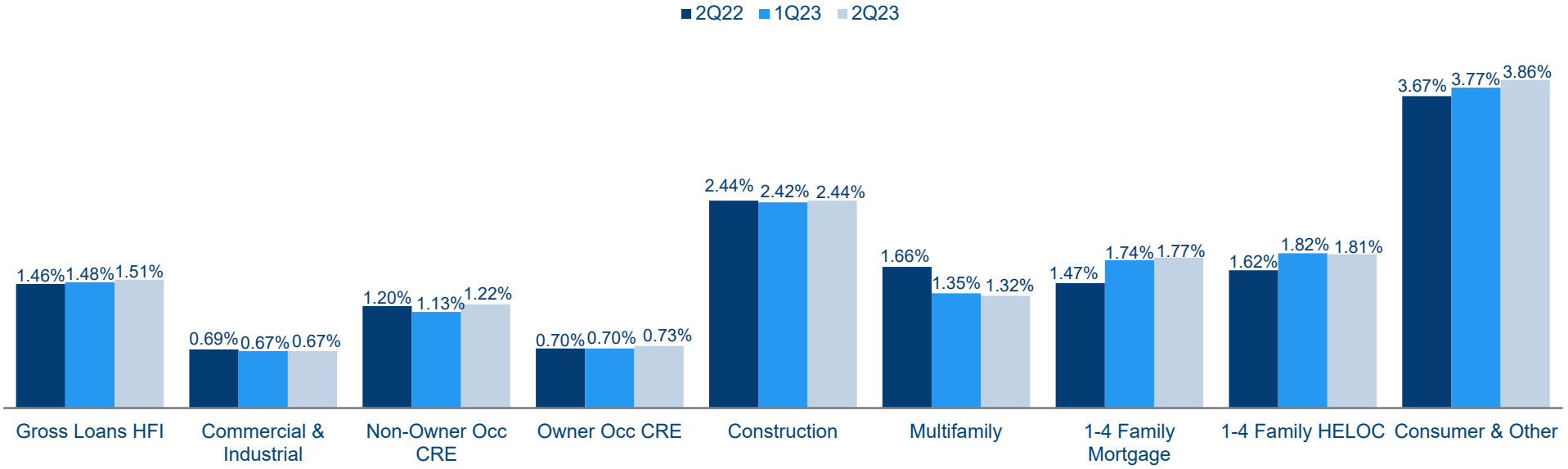
Note: Data as of June 30, 2023. Data excludes medical office buildings.

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,			
	3Q23	4Q23	2023	2024	2025	2026
GDP(bcw$)	$20,348.1	$20,393.5	$20,326.7	$20,616.9	$21,121.2	$21,706.8
Annualized % Change	0.6%	0.9%	1.6%	1.4%	2.4%	2.8%
Total Employment (millions)	156.4	156.6	156.1	156.9	157.5	158.2
Unemployment Rate	3.6%	3.8%	3.6%	4.1%	4.2%	4.1%
CRE Price Index	339.8	334.5	334.5	314.8	336.7	365.6
NCREIF Property Index: Rate of Return	0.3%	0.2%	-0.4%	0.7%	2.1%	2.1%

ACL / Loans HFI by Category

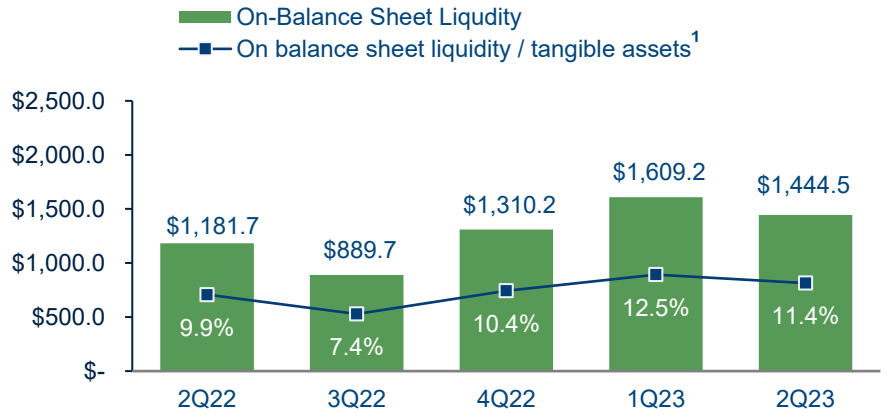


[1]Source: Moody's "June 2023 U.S. Macroeconomic Outlook Baseline and Alternative Scenarios".

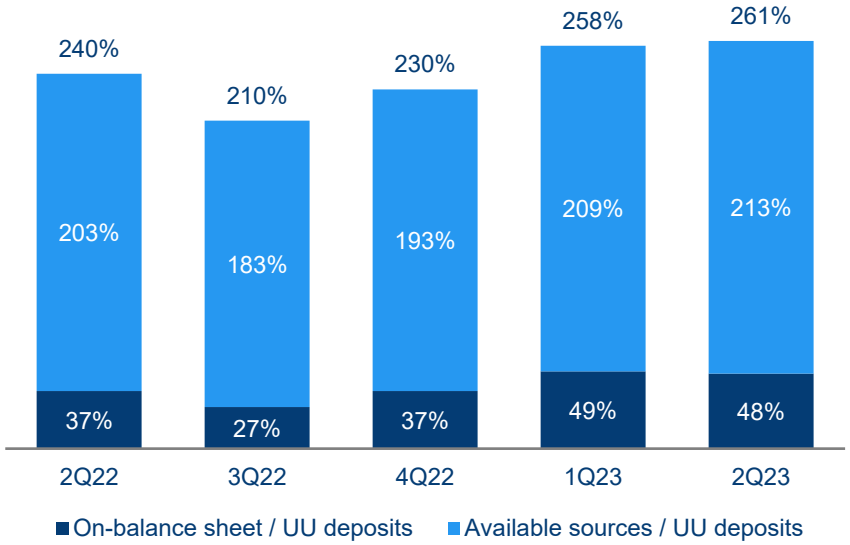
Strong liquidity position

- Well positioned to weather the current environment
- Securities portfolio makes up 11.0% of total assets and does not include any HTM securities
- On-balance sheet liquidity of $1.4 billion or 48% of estimated uninsured and uncollateralized deposits
- Additional $2.2 billion of real estate loans held at REIT that could be resold to the bank and pledged at FHLB for additional borrowing capacity

On-Balance Sheet Liquidity ($mm)



Liquidity / Uninsured and Uncollateralized (UU) Deposits



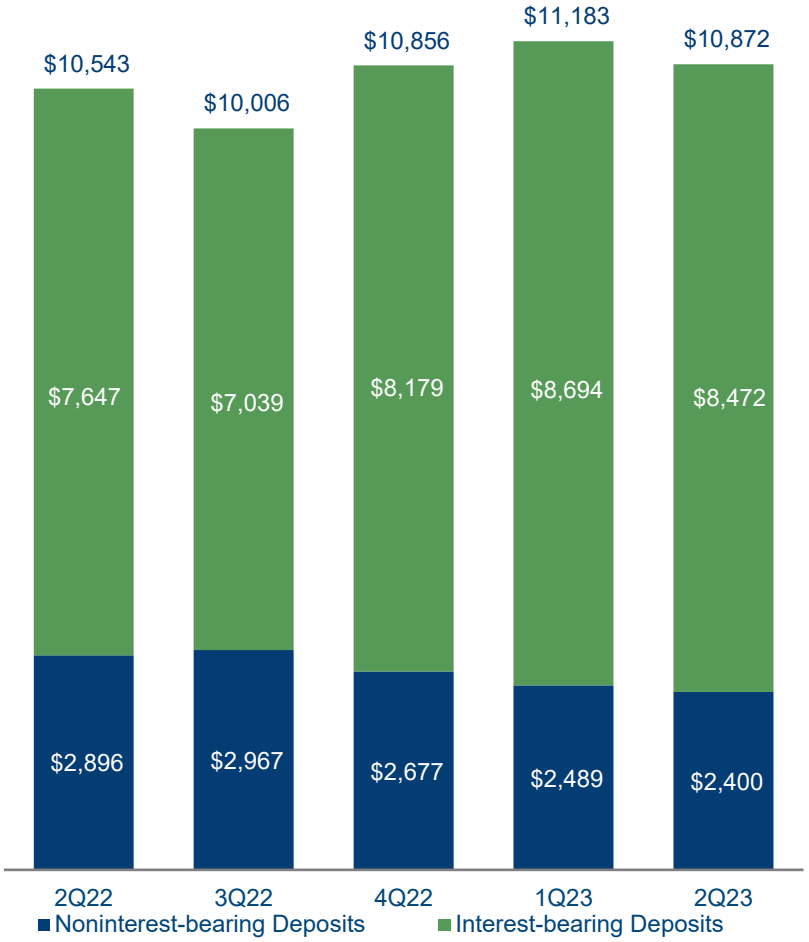
Sources of Liquidity ($mm)

	2Q 2023
Current On-Balance Sheet:	
Cash and Equivalents	$1,160.4
Unpledged Securities	281.1
Equity Securities	3.0
Total On-Balance Sheet	**$1,444.5**
Available Sources of Liquidity:	
Unsecured Borrowing Capacity[2]	$3,396.7
FHLB[3]	548.1
Discount Window	2,476.3
Total Available Sources	**$6,421.1**

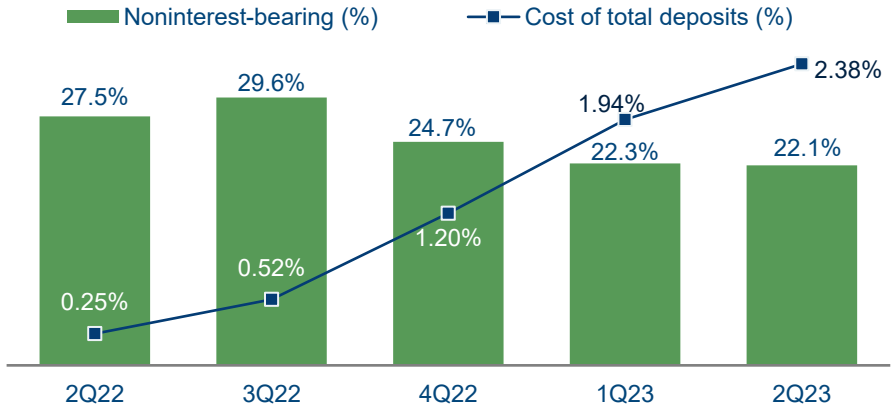
[1] Non-GAAP financial measure; See "Use of non-GAAP Financial Measures" and Non-GAAP reconciliations herein.
[2] Includes capacity from internal policy.
[3] FHLB borrowing capacity does not include loans held at REIT that could be pledged for additional capacity.

Valuable core deposit base

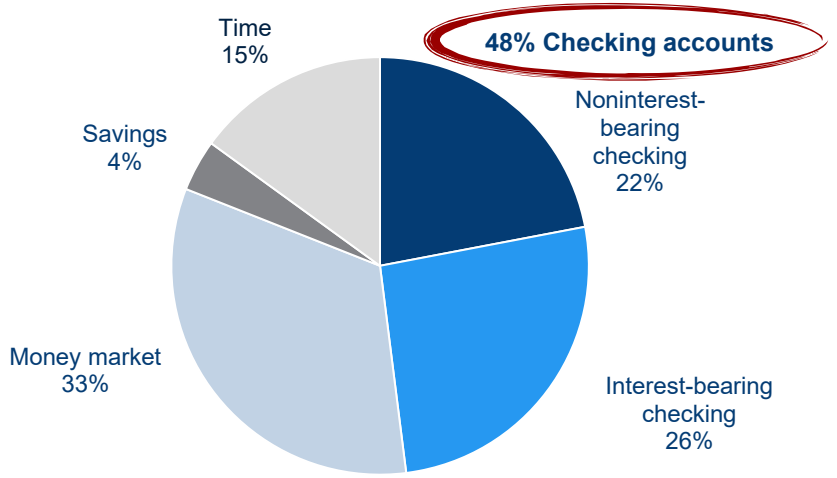
Total deposits ($mm)



Cost of deposits

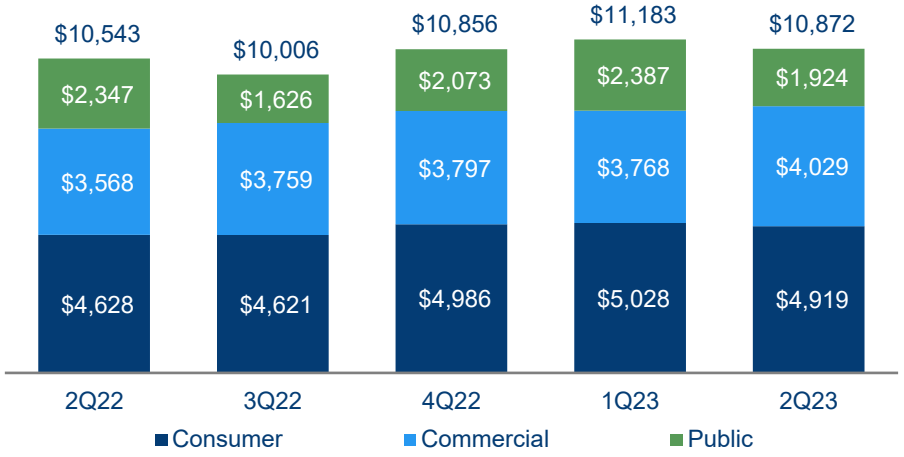


Deposit composition

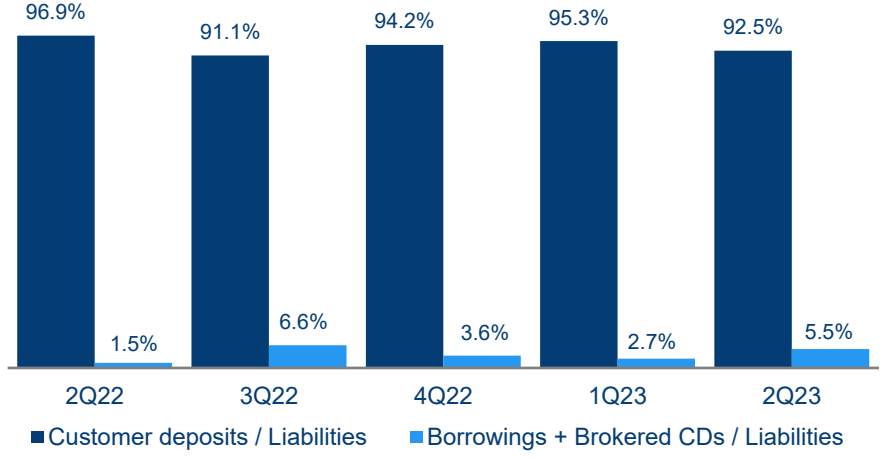


Well-balanced deposit portfolio

Deposits by customer segment ($mm)

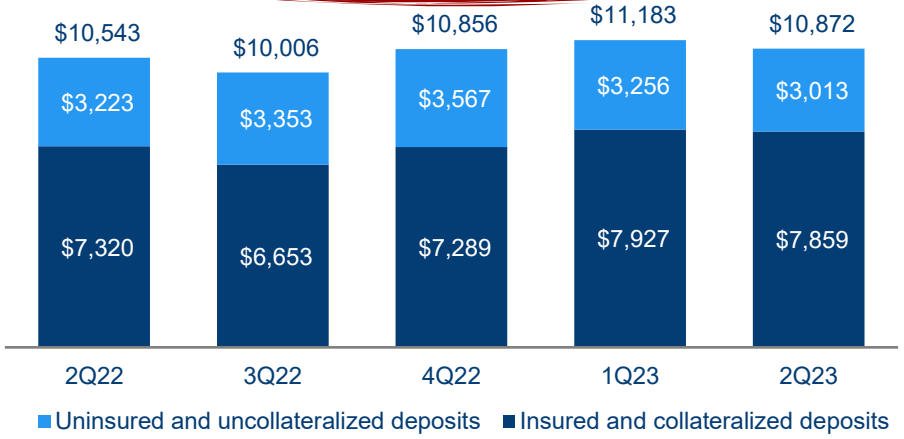


Customer deposit funded balance sheet

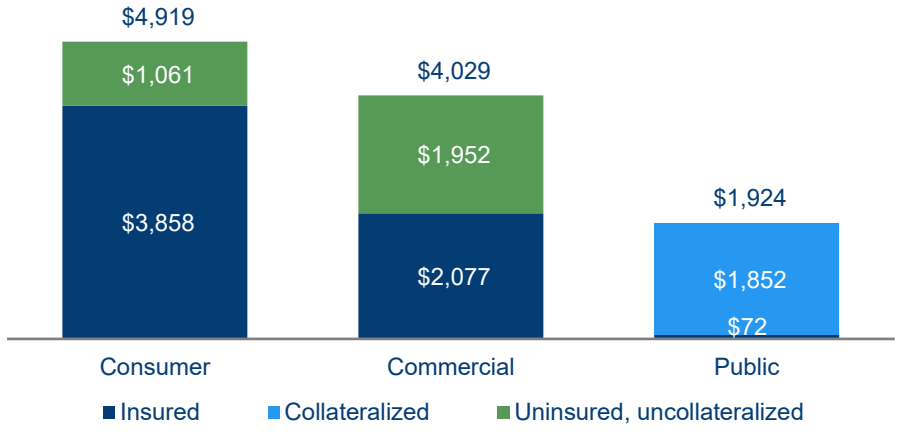


Estimated insured or collateralized deposits ($mm)

~256 thousand total deposit accounts with average balance of ~$41 thousand

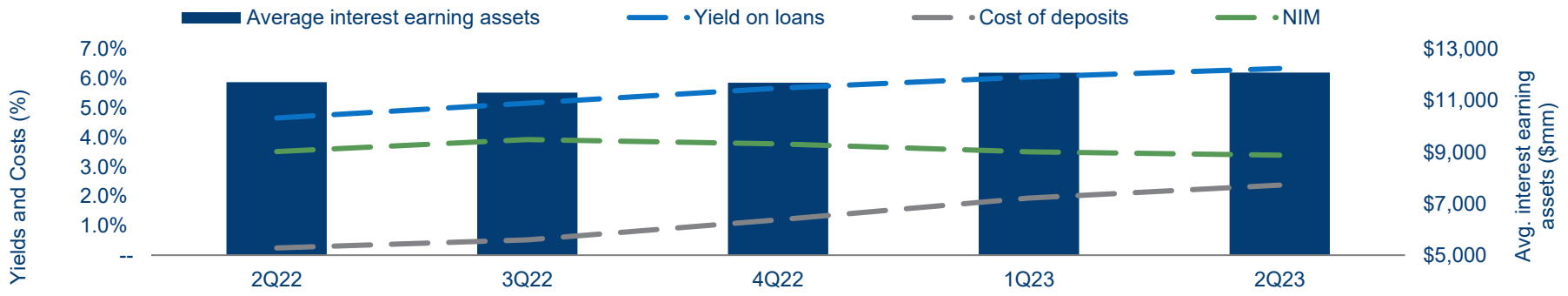


2Q23 Insured or collateralized by segment ($mm)



Stabilizing net interest margin

Historical yield and costs



	2Q22	3Q22	4Q22	1Q23	2Q23
NIM[1]	**3.52%**	**3.93%**	**3.78%**	**3.51%**	**3.40%**
Impact of accretion and nonaccrual interest (bps)	2	5	3	2	1
Impact of excess liquidity[2] (bps)	(14)	0	0	(1)	(3)
Deposit Cost:					
Cost of MMDA	0.20%	0.73%	2.03%	2.95%	3.43%
Cost of customer time	0.64%	0.87%	1.79%	2.54%	3.02%
Cost of interest-bearing	0.33%	0.74%	1.67%	2.53%	3.06%
Total deposit cost	**0.25%**	**0.52%**	**1.20%**	**1.94%**	**2.38%**
Loans HFI Yield:					
Contractual interest	4.24%	4.79%	5.45%	5.90%	6.16%
Origination and other loan fee income	0.33%	0.30%	0.18%	0.13%	0.17%
Nonaccrual interest	0.03%	0.02%	0.03%	0.01%	0.01%
(Amortization) accretion on purchased loans	0.00%	0.05%	0.01%	0.01%	0.00%
Syndication fee income	0.06%	0.00%	0.00%	0.00%	0.00%
Total loan (HFI) yield	**4.66%**	**5.16%**	**5.67%**	**6.05%**	**6.34%**

[1] Includes tax-equivalent adjustment.

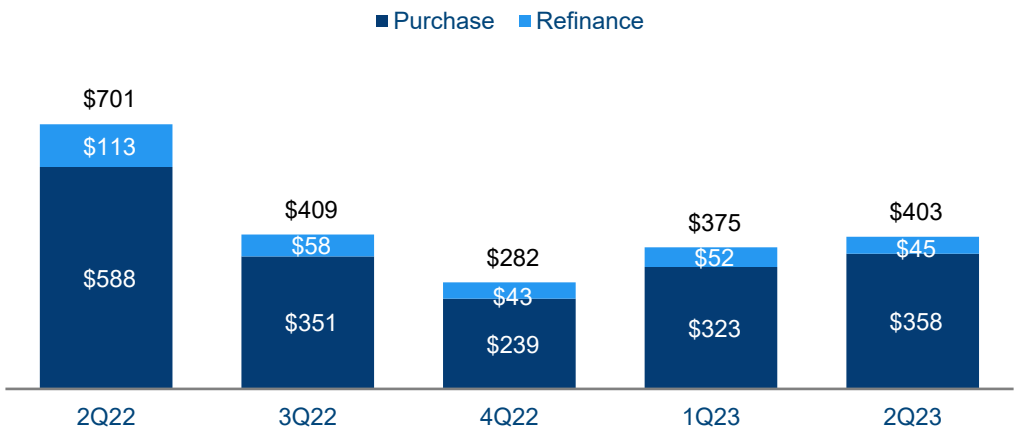
[2] Excess liquidity defined as interest-bearing deposits with other financial institutions in excess of 5% of average tangible assets.

Mortgage performance in 2Q 2023

Highlights

- Mortgage segment recorded a pre-tax net loss of $1.3 million in 2Q 2023
- Interest rate lock commitment volume increased 7.4% in 2Q 2023 compared to 1Q 2023
- Decay and interest rate volatility led to MSR fair value losses, net of hedging of $4.2 million in 2Q
- Mortgage markets continue to be under pressure; however, May and June recorded small profit

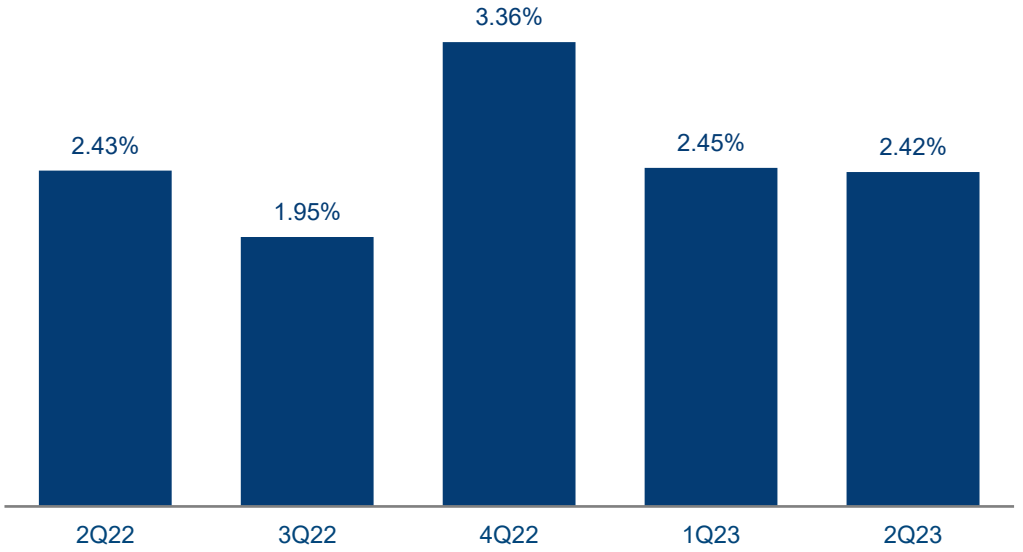
Interest rate lock commitment volume ($mm)



Mortgage banking income ($mm)

	2Q22	1Q23	2Q23
Gain on Sale	$21.1	$8.1	$8.0
Fair value changes	($5.4)	($0.4)	$0.9
Servicing Revenue	$8.0	$7.8	$7.5
Fair value MSR changes	$(1.1)	($3.4)	($4.2)
Total Income	**$22.6**	**$12.1**	**$12.2**

Mortgage segment gain on sale margin

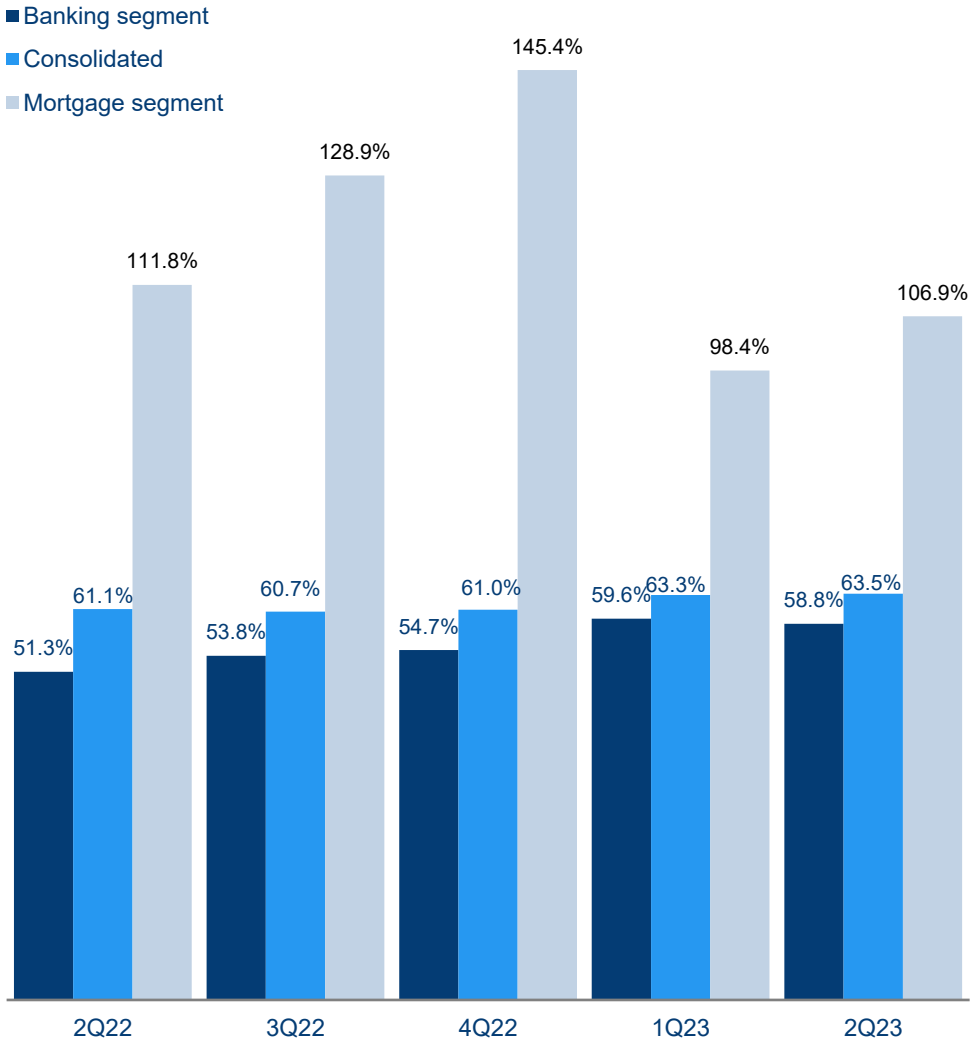


Managing expenses

Highlights

- Consolidated 2Q 2023 core efficiency ratio[1] of 63.5%
- Banking segment core noninterest expense decreased by $1.7 million, or 2.5%, from the prior quarter as we focus on expense control and efficiencies
- Mortgage segment core efficiency ratio[1] for Q2 2023 reflects April losses, however May and June benefited from seasonal increase in interest rate lock commitment volume and expense cuts

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



[1] Non-GAAP financial measure; See "Use of non-GAAP Financial Measures" and Non-GAAP reconciliations herein.

Appendix

GAAP reconciliations and use of non-GAAP financial measures

Adjusted net income and diluted earnings per share

(Dollars in thousands, except share data)	2023 Second Quarter	2023 First Quarter	2022 Fourth Quarter	2022 Third Quarter	2022 Second Quarter
Income before income taxes	$ 45,142	$ 46,078	$ 48,193	$ 40,762	$ 26,070
Plus mortgage restructuring expense	—	—	—	—	12,458
Less other non-operating items[1]	(901)	910	(2,562)	(387)	(2,010)
Adjusted pre-tax net income	46,043	45,168	50,755	41,149	40,538
Adjusted income tax expense	10,070	9,460	10,710	9,032	10,487
Adjusted net income	$ 35,973	$ 35,708	$ 40,045	$ 32,117	$ 30,051
Weighted average common shares outstanding - fully diluted	46,814,854	46,765,154	47,036,742	47,024,611	47,211,650
Adjusted diluted earnings per common share					
Diluted earnings per common share	$ 0.75	$ 0.78	$ 0.81	$ 0.68	$ 0.41
Plus mortgage restructuring expense	—	—	—	—	0.27
Less other non-operating items	(0.02)	0.02	(0.05)	—	(0.04)
Less tax effect	—	—	0.01	—	0.08
Adjusted diluted earnings per common share	$ 0.77	$ 0.76	$ 0.85	$ 0.68	$ 0.64

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

Other non-operating items:	2023 Second Quarter	2023 First Quarter	2022 Fourth Quarter	2022 Third Quarter	2022 Second Quarter
Gain on sales or write-downs of other real estate owned and other assets	533	—	—	—	—
(Loss) gain from changes in fair value of commercial loans held for sale acquired in previous business combination	(8)	910	(2,562)	(387)	(2,010)
Severance expense	(1,426)	—	—	—	—
Total other non-operating items	$ (901)	$ 910	$ (2,562)	$ (387)	$ (2,010)

GAAP reconciliations and use of non-GAAP financial measures

Adjusted pre-tax, pre-provision earnings

	2023		2022		
(Dollars in thousands)	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter
Income before income taxes	$ 45,142	$ 46,078	$ 48,193	$ 40,762	$ 26,070
Plus provisions for credit losses	(1,078)	491	(456)	11,367	12,318
Pre-tax pre-provision earnings	44,064	46,569	47,737	52,129	38,388
Plus mortgage restructuring expense	—	—	—	—	12,458
Less other non-operating items	(901)	910	(2,562)	(387)	(2,010)
Adjusted pre-tax pre-provision earnings	$ 44,965	$ 45,659	$ 50,299	$ 52,516	$ 52,856

Adjusted tangible net income

	2023		2022		
(Dollars in thousands)	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter
Income before income taxes	45,142	46,078	48,193	40,762	26,070
Plus mortgage restructuring expense	—	—	—	—	12,458
Less other non-operating items	(901)	910	(2,562)	(387)	(2,010)
Plus amortization of core deposit and other intangibles	940	990	1,039	1,108	1,194
Less income tax expense, adjusted for items above	10,315	9,718	10,980	9,321	10,799
Adjusted tangible net income	36,668	36,440	40,814	32,936	30,933

GAAP reconciliations 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	$ 91,220	$ 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]	9	(5,133)	11,032	(4,400)	—
Adjusted pre-tax net income	91,211	177,165	232,624	187,876	116,919
Adjusted income tax expense[2]	19,530	39,587	51,553	45,944	27,648
Adjusted net income	$ 71,681	$ 137,578	$ 181,071	$ 141,932	$ 89,271
Weighted average common shares outstanding - fully diluted	46,777,603	47,239,791	47,955,880	38,099,744	31,402,897
Adjusted diluted earnings per common share					
Diluted earnings per common share	$ 1.53	$ 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	—	(0.11)	0.22	(0.11)	—
Less tax effect	—	0.10	(0.02)	0.71	0.06
Adjusted diluted earnings per common share	$ 1.53	$ 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 sales or write-downs of other real estate owned and other assets	$ 533	$ —	$ 2,005	$ (1,505)	$ —
Gain (loss) from changes in fair value of commercial loans held for sale acquired in previous business combination	902	(5,133)	11,172	3,228	—
Severance expense	(1,426)	—	—	—	—
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	$ 9	$ (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 reconciliations and use of non-GAAP financial measures

Adjusted pre-tax, pre-provision earnings

(Dollars in thousands)	YTD 2023	2022	2021	2020	2019
Income before income taxes	$ 91,220	$ 159,574	$ 243,051	$ 82,461	$ 109,539
Plus provisions for credit losses	(587)	18,982	(40,993)	107,967	7,053
Pre-tax pre-provision earnings	90,633	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	9	(5,133)	11,032	(4,400)	—
Adjusted pre-tax pre-provision earnings	$ 90,624	$ 196,147	$ 191,631	$ 229,707	$ 123,972

Adjusted tangible net income

(Dollars in thousands)	YTD 2023	2022	2021	2020	2019
Income before income taxes	$ 91,220	$ 159,574	$ 243,051	$ 82,461	$ 109,539
Plus mortgage restructuring, offering, merger and conversion costs	—	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	9	(5,133)	11,032	(4,400)	—
Plus amortization of core deposit and other intangibles	1,930	4,585	5,473	5,323	4,339
Less income tax expense, adjusted for items above	20,033	40,782	52,979	47,331	28,779
Adjusted tangible net income	$ 73,108	$ 140,968	$ 185,118	$ 145,868	$ 92,479

GAAP Reconciliations and use of non-GAAP Financial Measures

Adjusted Common Equity Tier 1 and Total Capital Ratios

(Dollars in thousands)	2023 Second Quarter
Common stock, related surplus and retained earnings	$ 1,570,809
Less goodwill and disallowed intangibles, net of deferred tax liabilities and deferred tax assets arising from net operating loss tax credit carryforwards	237,013
Common Equity Tier 1 capital	$ 1,333,796
Plus accumulated other comprehensive loss on available-for-sale securities	(164,153)
Adjusted Common Equity Tier 1 capital	$ 1,169,643
Total Risk-Based capital	$ 1,588,399
Plus accumulated other comprehensive loss on available-for-sale securities	(164,153)
Adjusted Total Risk-Based capital	$ 1,424,246
Total risk-weighted assets	$ 11,413,877
Less risk-weighted impact of available-for-sale securities	331,981
Adjusted total risk-weighted assets	$ 11,081,896
Common Equity Tier 1 ratio	11.7%
Adjusted Common Equity Tier 1 capital	10.6%
Total Risk-Based capital	13.9%
Adjusted Total Risk-Based capital	12.9%

Note: Capital ratios are at FB Financial Corporation.

GAAP reconciliations and use of non-GAAP financial measures

Core efficiency ratio (tax-equivalent basis)

(Dollars in thousands)	2023 Second Quarter	2023 First Quarter	2022 Fourth Quarter	2022 Third Quarter	2022 Second Quarter
Total noninterest expense	$ 81,292	$ 80,440	$ 80,230	$ 81,847	$ 96,997
Less mortgage restructuring expenses	—	—	—	—	12,458
Less severance expense	1,426	—	—	—	—
Core noninterest expense	$ 79,866	$ 80,440	$ 80,230	$ 81,847	$ 84,539
Net interest income (tax-equivalent basis)	$ 102,383	$ 104,493	$ 111,279	$ 112,145	$ 102,926
Total noninterest income	23,813	23,349	17,469	22,592	33,214
Less (loss) gain on change in fair value on commercial loans held for sale	(8)	910	(2,562)	(387)	(2,010)
Less gain (loss) on sales or write-downs of other real estate owned and other assets	533	(183)	(252)	429	(8)
Less (loss) gain from securities, net	(28)	69	25	(140)	(109)
Core noninterest income	23,316	22,553	20,258	22,690	35,341
Core revenue	$ 125,699	$ 127,046	$ 131,537	$ 134,835	$ 138,267
Efficiency ratio (GAAP)[(a)]	64.8%	63.3%	62.7 %	61.1%	71.6%
Core efficiency ratio (tax-equivalent basis)	63.5%	63.3%	61.0 %	60.7%	61.1%

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

GAAP reconciliations and use of non-GAAP financial measures

Banking segment core efficiency ratios (tax-equivalent basis)

	2023		2022		
(Dollars in thousands)	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter
Banking segment noninterest expense	$ 67,653	$ 68,350	$ 66,926	$ 65,886	$ 59,320
Less severance expense	1,001	—	—	—	—
Banking segment core noninterest expense	$ 66,652	$ 68,350	$ 66,926	$ 65,886	$ 59,320
Banking segment net interest income	101,543	103,660	110,498	111,384	102,171
Banking segment net interest income (tax-equivalent basis)	102,383	104,493	111,279	112,145	102,926
Banking segment noninterest income	11,480	11,493	8,345	10,293	10,699
Less (loss) gain from changes in fair value of commercial loans held for sale acquired in previous business combination	(8)	910	(2,562)	(387)	(2,010)
Less gain (loss) on sales or write-downs of other real estate owned and other assets	558	249	(228)	514	36
Less (loss) gain from securities, net	(28)	69	25	(140)	(109)
Banking segment core noninterest income	10,958	10,265	11,110	10,306	12,782
Banking segment total revenue	$ 113,023	$ 115,153	$ 118,843	$ 121,677	$ 112,870
Banking segment total core revenue	$ 113,341	$ 114,758	$ 122,389	$ 122,451	$ 115,708
Banking segment efficiency ratio (GAAP)	59.9%	59.4%	56.3%	54.1%	52.6%
Banking segment core efficiency ratio (tax-equivalent basis)	58.8%	59.6%	54.7%	53.8%	51.3%

GAAP reconciliations and use of non-GAAP financial measures

Mortgage segment core efficiency ratios (tax-equivalent basis)

	2023		2022		
(Dollars in thousands)	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter
Mortgage segment noninterest expense	$ 13,639	$ 12,090	$ 13,304	$ 15,961	$ 37,677
Less severance expense	425	—	—	—	—
Less mortgage restructuring expense	—	—	—	—	12,458
Mortgage segment core noninterest expense	$ 13,214	$ 12,090	$ 13,304	$ 15,961	$ 25,219
Mortgage segment net interest income	—	—	—	—	—
Mortgage segment noninterest income	12,333	11,856	9,124	12,299	22,515
Less (loss) gain on sales or write-downs of other real estate owned	(25)	(432)	(24)	(85)	(44)
Mortgage segment core noninterest income	12,358	12,288	9,148	12,384	22,559
Mortgage segment total revenue	$ 12,333	$ 11,856	$ 9,124	$ 12,299	$ 22,515
Mortgage segment core total revenue	$ 12,358	$ 12,288	$ 9,148	$ 12,384	$ 22,559
Mortgage segment efficiency ratio (GAAP)	110.6%	102.0%	145.8%	129.8%	167.3%
Mortgage segment core efficiency ratio (tax-equivalent basis)	106.9%	98.4%	145.4%	128.9%	111.8%

GAAP reconciliations and use of non-GAAP financial measures

Adjusted Banking segment pre-tax pre-provision earnings

(Dollars in thousands)	2023		2022		
	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter
Banking segment pre-tax net contribution	$ 46,448	$ 46,312	$ 52,373	$ 44,424	$ 41,232
Plus provisions for credit losses	(1,078)	491	(456)	11,367	12,318
Banking segment pre-tax pre-provision earnings	45,370	46,803	51,917	55,791	53,550
Less other non-operating items	(476)	910	(2,562)	(387)	(2,010)
Adjusted Banking segment pre-tax pre-provision earnings	$ 45,846	$ 45,893	$ 54,479	$ 56,178	$ 55,560

Adjusted Mortgage segment pre-tax net loss

(Dollars in thousands)	2023		2022		
	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter
Mortgage segment pre-tax net loss	$ (1,306)	$ (234)	$ (4,180)	$ (3,662)	$ (15,162)
Plus mortgage restructuring expense	—	—	—	—	12,458
Less other non-operating items	(425)	—	—	—	—
Adjusted Mortgage segment pre-tax net loss	$ (881)	$ (234)	$ (4,180)	$ (3,662)	$ (2,704)

GAAP reconciliations 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		2022		
	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter
Tangible assets					
Total assets	$ 12,887,395	$ 13,101,147	$ 12,847,756	$ 12,258,082	$ 12,193,862
Less goodwill	242,561	242,561	242,561	242,561	242,561
Less intangibles, net	10,438	11,378	12,368	13,407	14,515
Tangible assets	$ 12,634,396	$ 12,847,208	$ 12,592,827	$ 12,002,114	$ 11,936,786
Tangible common equity					
Total common shareholders' equity	$ 1,386,951	$ 1,369,696	$ 1,325,425	$ 1,281,161	$ 1,319,852
Less goodwill	242,561	242,561	242,561	242,561	242,561
Less intangibles, net	10,438	11,378	12,368	13,407	14,515
Tangible common equity	$ 1,133,952	$ 1,115,757	$ 1,070,496	$ 1,025,193	$ 1,062,776
Less accumulated other comprehensive loss, net	(163,407)	(149,566)	(169,433)	(187,440)	(120,495)
Adjusted Tangible common equity	$ 1,297,359	$ 1,265,323	$ 1,239,929	$ 1,212,633	$ 1,183,271
Common shares outstanding	46,798,751	46,762,626	46,737,912	46,926,377	46,881,896
Book value per common share	$ 29.64	$ 29.29	$ 28.36	$ 27.30	$ 28.15
Tangible book value per common share	$ 24.23	$ 23.86	$ 22.90	$ 21.85	$ 22.67
Adjusted tangible book value per common share	$ 27.72	$ 27.06	$ 26.53	$ 25.84	$ 25.24
Total common shareholders' equity to total assets	10.8%	10.5%	10.3%	10.5%	10.8%
Tangible common equity to tangible assets	8.98%	8.68%	8.50%	8.54%	8.90%
On-balance sheet liquidity:					
Cash and cash equivalents	$ 1,160,354	$ 1,319,951	$ 1,027,052	$ 618,290	$ 872,861
Unpledged securities	281,098	286,169	280,165	268,424	305,781
Equity securities, at fair value	3,031	3,059	2,990	2,962	3,103
Total on-balance sheet liquidity	$ 1,444,483	$ 1,609,179	$ 1,310,207	$ 889,676	$ 1,181,745
On-balance sheet liquidity as a percentage of total assets	11.2%	12.3%	10.2%	7.26%	9.69%
On-balance sheet liquidity as a percentage of total tangible assets	11.4%	12.5%	10.4%	7.41%	9.90%

GAAP reconciliations 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, except share data)	YTD 2023	2022	2021	2020	2019
Tangible assets					
Total assets	$ 12,887,395	$ 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	10,438	12,368	16,953	22,426	17,589
Tangible assets	$ 12,634,396	$ 12,592,827	$ 12,338,172	$ 10,942,343	$ 5,938,281
Tangible common equity					
Total common shareholders' equity	$ 1,386,951	$ 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	10,438	12,368	16,953	22,426	17,589
Tangible common equity	$ 1,133,952	$ 1,070,496	$ 1,173,088	$ 1,026,302	$ 575,689
Less accumulated other comprehensive (loss) income, net	(163,407)	(169,433)	5,858	27,595	12,138
Adjusted Tangible common equity	$ 1,297,359	$ 1,239,929	$ 1,167,230	$ 998,707	$ 563,551
Common shares outstanding	46,798,751	46,737,912	47,549,241	47,220,743	31,034,315
Book value per common share	$ 29.64	$ 28.36	$ 30.13	$ 27.35	$ 24.56
Tangible book value per common share	$ 24.23	$ 22.90	$ 24.67	$ 21.73	$ 18.55
Adjusted tangible book value per common share	$ 27.72	$ 26.53	$ 24.55	$ 21.15	$ 18.16
Total common shareholders' equity to total assets	10.8%	10.3%	11.4%	11.5%	12.4%
Tangible common equity to tangible assets	8.98%	8.50%	9.51%	9.38%	9.69%

GAAP reconciliations and use of non-GAAP financial measures

Return on average tangible common equity

(Dollars in thousands)	2023		2022		
	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter
Average common shareholders' equity	$ 1,376,818	$ 1,343,227	$ 1,294,758	$ 1,336,143	$ 1,352,701
Less average goodwill	242,561	242,561	242,561	242,561	242,561
Less average intangibles, net	10,913	11,862	12,865	13,953	15,144
Average tangible common equity	$ 1,123,344	$ 1,088,804	$ 1,039,332	$ 1,079,629	$ 1,094,996
Net income	$ 35,299	$ 36,381	$ 38,143	$ 31,831	$ 19,345
Return on average common equity	10.3%	11.0%	11.69%	9.45%	5.74%
Return on average tangible common equity	12.6%	13.6%	14.6%	11.7%	7.09%
Adjusted tangible net income[1]	$ 36,668	$ 36,440	$ 40,814	$ 32,936	$ 30,933
Adjusted return on average tangible common equity	13.1%	13.6%	15.6%	12.1%	11.3%

[1] *The Company's calculation of adjusted return on average tangible common equity was modified in the second quarter of 2023 to exclude amortization of core deposits and other intangibles from adjusted net income. Prior periods shown have been revised to conform with this methodology.*

GAAP reconciliations and use of non-GAAP financial measures

Adjusted return on average assets and common equity

(Dollars in thousands)	2023		2022		
	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter
Net income	$ 35,299	$ 36,381	$ 38,143	$ 31,831	$ 19,345
Average assets	12,826,449	12,861,614	12,446,027	12,038,115	12,427,479
Average common equity	1,376,818	1,343,227	1,294,758	1,336,143	1,352,701
Return on average assets	1.10%	1.15%	1.22%	1.05%	0.62%
Return on average common equity	10.3%	11.0%	11.7%	9.45%	5.74%
Adjusted net income	$ 35,973	$ 35,708	$ 40,045	$ 32,117	$ 30,051
Adjusted return on average assets	1.12%	1.13%	1.28%	1.06%	0.97%
Adjusted return on average common equity	10.5%	10.8%	12.3%	9.54%	8.91%
Adjusted pre-tax pre-provision earnings	$ 44,965	$ 45,659	$ 50,299	$ 52,516	$ 52,856
Adjusted pre-tax pre-provision return on average assets	1.41%	1.44%	1.60%	1.73%	1.71%

GAAP reconciliations 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	$ 1,360,108	$ 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	11,385	14,573	19,606	22,659	17,236
Average tangible common equity	$ 1,106,162	$ 1,092,449	$ 1,099,470	$ 744,573	$ 545,671
Net income	$ 71,680	$ 124,555	$ 190,285	$ 63,621	$ 83,814
Return on average common equity	10.6 %	9.23 %	14.0 %	6.58 %	11.6 %
Return on average tangible common equity	13.1 %	11.4 %	17.3 %	8.54 %	15.4 %
Adjusted tangible net income[(1)]	$ 73,108	$ 140,968	$ 185,118	$ 145,868	$ 92,479
Adjusted return on average tangible common equity	13.3 %	12.9 %	16.8 %	19.6 %	16.9 %

[(1)] The Company's calculation of adjusted return on average tangible common equity was modified in the second quarter of 2023 to exclude amortization of core deposits and other intangibles from adjusted net income. Prior periods shown have been revised to conform with this methodology.

GAAP reconciliations 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	$ 71,680	$ 124,555	$ 190,285	$ 63,621	$ 83,814
Average assets	12,844,135	12,377,850	11,848,460	8,438,100	5,777,672
Average common equity	1,360,108	1,349,583	1,361,637	966,336	723,494
Return on average assets	1.13%	1.01%	1.61%	0.75%	1.45%
Return on average common equity	10.6%	9.23%	14.0%	6.58%	11.6%
Adjusted net income	$ 71,681	$ 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	10.6%	10.2%	13.3%	14.7%	12.3%
Adjusted pre-tax pre-provision earnings	$ 90,624	$ 196,147	$ 191,631	$ 229,707	$ 123,972
Adjusted pre-tax pre-provision return on average assets	1.42%	1.58%	1.62%	2.72%	2.15%