



**Fourth Quarter 2017 Earnings Release Supplement**

**Reconciliations of Non-GAAP Financial Measures**

**January 24, 2018**

# Non-GAAP Financial Measures – Efficiency Ratio

The Company's efficiency ratio in Q4 2017 was negatively impacted by \$0.8 million in special, one-time bonuses given to all employees, with the exception of executives on its management committee. Offsetting the bonuses were investment securities gains, net interest recoveries on nonaccrual loans, and death benefit income from bank-owned life insurance recorded during the quarter. The following table presents a reconciliation of the efficiency ratio, excluding the impact of the aforementioned items along with other previously reported items described below, which is a non-GAAP financial measure.

Management believes this presentation provides a clearer indication of these financial measures for comparative purposes.

<i>(Unaudited)</i>	Three months ended		Year-to-date
	December 31, 2017	September 30, 2017	December 31, 2017
<b>Efficiency Ratio</b>			
Numerator:			
GAAP total other operating expense	[A] \$ 34,511	\$ 33,511	\$ 131,817
Less: Non-recurring salaries and employee benefits	(826)	(411)	(1,237)
Less: Core deposit gathering campaign expenses	-	(588)	(588)
Adjusted total other operating expense	[B] <u>\$ 33,685</u>	<u>\$ 32,512</u>	<u>\$ 129,992</u>
Denominator:			
GAAP net interest income plus total other operating income	[C] \$ 51,867	\$ 51,564	\$ 204,199
Add: Investment securities losses (gains)	(230)	-	1,410
Less: Net interest recoveries on nonaccrual loans	(468)	(539)	(2,382)
Less: Death benefit income from bank-owned life insurance	(48)	(446)	(1,083)
Adjusted net interest income plus total other operating income	[D] <u>\$ 51,121</u>	<u>\$ 50,579</u>	<u>\$ 202,144</u>
Efficiency ratio, as reported	[A]/[C]	66.54%	64.99%
Net impact of adjustments listed above		-0.65%	-0.71%
Efficiency ratio, as adjusted	[B]/[D]	<u>65.89%</u>	<u>64.28%</u>

# Non-GAAP Financial Measures – Net Interest Margin

The Company's net interest income and net interest margin in 2017 was positively impacted by net interest recoveries on nonaccrual loans. The following table presents a reconciliation of net interest income and net interest margin, excluding the impact of the net interest recoveries on nonaccrual loans, which is a non-GAAP financial measure.

Management believes this presentation provides a clearer indication of these financial measures for comparative purposes.

<i>(Unaudited)</i>	Three months ended		Year-to-date
	December 31,	September 30,	December 31,
	2017	2017	2017
<b>Net Interest Income and Net Interest Margin</b>			
GAAP interest income	\$ 47,276	\$ 45,993	\$ 182,562
GAAP interest expense	4,452	3,998	14,859
GAAP net interest income	42,824	41,995	167,703
Less: Net interest recoveries on nonaccrual loans	(468)	(539)	(2,382)
Adjusted net interest income	<u>\$ 42,356</u>	<u>\$ 41,456</u>	<u>\$ 165,321</u>
Net interest margin, as reported	3.27%	3.25%	3.28%
Less: Impact of net interest recoveries on nonaccrual loans	-0.03%	-0.04%	-0.05%
Net interest margin, as adjusted	<u>3.24%</u>	<u>3.21%</u>	<u>3.23%</u>