

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934  
Date of Report (Date of earliest event reported): July 24, 2023



**Southern States Bancshares, Inc.**

(Exact Name of Registrant as Specified in its Charter)

**Alabama**  
(State or Other Jurisdiction  
of Incorporation)  
**615 Quintard Ave.**  
**Anniston, AL**  
(Address of Principal Executive Offices)

**001-40727**  
(Commission  
File Number)

**26-2518085**  
(RS Employer  
Identification No.)

**36201**  
(Zip Code)

Registrant's telephone number, including area code: (256) 241-1092

Securities registered pursuant to Section 12(b) of the Act:

Title of each class  
Common Stock, \$5.00 par value

Trading  
Symbols(s)  
SSBK

Name of exchange  
on which registered  
The NASDAQ Stock Market LLC

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)  
 Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 2.02 Results of Operations and Financial Condition.**

On July 24, 2023, Southern States Bancshares, Inc. (the "Company") issued a press release announcing its financial results for the second quarter ended June 30, 2023 (the "Earnings Release"). A copy of the Earnings Release is furnished as Exhibit 99.1 to this Current Report on Form 8-K (this "Report").

The information set forth under Item 7.01 is also furnished pursuant to this Item 2.02

**Item 7.01 Regulation FD Disclosure.**

The Company has prepared a presentation of its results for the second quarter ended June 30, 2023 (the "Presentation") to be used from time to time during meetings with members of the investment community. A copy of the Presentation is furnished as Exhibit 99.2 to this Report. The Presentation will also be made available on the Company's investor relations website at [ir.southernstatesbank.net](http://ir.southernstatesbank.net) under the Presentations section.

The information contained in Items 2.02 and 7.01, including Exhibits 99.1 and 99.2 furnished herewith, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities under that section, nor shall it be deemed incorporated by reference into any registration statement or other documents pursuant to the Securities Act of 1933, as amended, or into any filing or other document pursuant to the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits

Exhibit No.	Description
99.1	<a href="#">Earnings Release issued July 24, 2023 for the Second Quarter Ended June 30, 2023.</a>
99.2	<a href="#">Southern States Bancshares, Inc. Presentation of Results for the Second Quarter Ended June 30, 2023.</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: July 25, 2023

**SOUTHERN STATES BANCSHARES, INC.**

By: /s/ Lynn Joyce  
Name: Lynn Joyce  
Title: Senior Executive Vice President and Chief Financial Officer



## Southern States Bancshares, Inc. Announces Second Quarter 2023 Financial Results

### Second Quarter 2023 Performance and Operational Highlights

- Net income of \$8.8 million, or \$0.98 per diluted share
- Core net income<sup>(1)</sup> of \$7.1 million, or \$0.79 per diluted share<sup>(1)</sup>
- Net interest income of \$19.4 million, a decrease of \$114,000 from the prior quarter
- Net interest margin ("NIM") of 3.73%, down 34 basis points from the prior quarter
- NIM of 3.74% on a fully-taxable equivalent basis ("NIM - FTE")<sup>(1)</sup>
- Return on average assets ("ROAA") of 1.60%; return on average stockholders' equity ("ROAE") of 18.15%; and return on average tangible common equity ("ROATCE")<sup>(1)</sup> of 20.01%
- Core ROAA<sup>(1)</sup> of 1.29%; and core ROATCE<sup>(1)</sup> of 16.13%
- Efficiency ratio of 51.00%
- Linked-quarter loan growth was 17.4% annualized
- Linked-quarter total deposit growth was 30.1% annualized and 20.7% annualized, net of brokered deposits
- Repurchased \$405,000 of common stock, representing 19,202 shares at an average price of \$21.07 during the quarter

(1) See "Reconciliation of Non-GAAP Financial Measures" below for reconciliation of non-GAAP financial measures to their most closely comparable GAAP financial measures.

ANNISTON, Ala., July 24, 2023 – Southern States Bancshares, Inc. (NASDAQ: SSBK) ("Southern States" or the "Company"), the holding company for Southern States Bank, an Alabama state-chartered commercial bank (the "Bank"), today reported net income of \$8.8 million, or \$0.98 diluted earnings per share, for the second quarter of 2023. This compares to net income of \$7.7 million, or \$0.85 diluted earnings per share, for the first quarter of 2023, and net income of \$5.2 million, or \$0.59 diluted earnings per share, for the second quarter of 2022. The Company reported core net income of \$7.1 million, or \$0.79 diluted core earnings per share, for the second quarter of 2023. This compares to core net income of \$7.3 million, or \$0.80 diluted core earnings per share, for the first quarter of 2023, and core net income of \$5.3 million, or \$0.59 diluted core earnings per share, for the second quarter of 2022 (see "Reconciliation of Non-GAAP Financial Measures").

## CEO Commentary

Mark Chambers, Chief Executive Officer and President of Southern States, said, "Our team continued to identify attractive lending opportunities and build deposits across our footprint, prudently growing and delivering strong earnings while maintaining our unwavering focus on risk management and excellent credit quality."

"Our total loans grew 4.3% from the prior quarter and 20.0% from the second quarter of 2022. We more than funded our loan growth with an increase in our core deposits as we continued to expand our customer base. Meanwhile, our non-performing loans as a percentage of the overall portfolio totaled just 0.06%, down from both the first quarter and a year earlier. We continue to build upon the momentum we generated over the past several years across some of the most economically resilient markets in the South."

"While our funding costs rose during the quarter alongside higher interest rates, impacting our net interest margin, we have robust liquidity and capital levels that give Southern States the financial strength to drive ongoing growth. We are well-positioned to cultivate new business through superior customer service, giving us confidence in our ability to deliver long-term value for our shareholders."

## Net Interest Income and Net Interest Margin



	Three Months Ended			% Change June 30, 2023 vs.	
	June 30, 2023	March 31, 2023	June 30, 2022	March 31, 2023	June 30, 2022
	<i>(Dollars in thousands)</i>				
Average interest-earning assets	\$ 2,091,998	\$ 1,947,957	\$ 1,710,022	7.4 %	22.3 %
Net interest income	\$ 19,432	\$ 19,546	\$ 16,365	(0.6) %	18.7 %
Net interest margin	3.73 %	4.07 %	3.84 %	(34) bps	(11) bps

Net interest income for the second quarter of 2023 was \$19.4 million, a decrease of 0.6% from \$19.5 million for the first quarter of 2023. The decrease was primarily driven by the impact of higher interest rates paid on deposits, which more than offset an increase in the yield on interest-earning assets.

Relative to the second quarter of 2022, net interest income increased \$3.1 million, or 18.7%. The increase was partially the result of improvement in the yield on interest-earning assets, which outpaced the rise in costs of deposits and other borrowings. In addition, we benefited from the significant organic growth in interest-earning assets year over year.

Net interest margin for the second quarter of 2023 was 3.73%, compared to 4.07% for the first quarter of 2023. The decrease was primarily due to higher interest rates paid on interest-bearing liabilities, which outpaced the increase in yield on interest-earning assets.

Relative to the second quarter of 2022, net interest margin decreased from 3.84%. The decrease was primarily due to a rapid increase in interest rates, which accelerated cost on interest-bearing liabilities at a faster pace than the yield received on interest-earning assets. A shift from noninterest-bearing deposits to interest-bearing deposits also had a negative impact on net interest margin.

## Noninterest Income



	Three Months Ended			% Change June 30, 2023 vs.	
	June 30, 2023	March 31, 2023	June 30, 2022	March 31, 2023	June 30, 2022
	<i>(Dollars in thousands)</i>				
Service charges on deposit accounts	\$ 456	\$ 450	\$ 480	1.3 %	(5.0)%
Swap fees	173	(4)	21	(4425.0)%	723.8 %
SBA/USDA fees	66	134	93	(50.7)%	(29.0)%
Mortgage origination fees	188	100	213	88.0 %	(11.7)%
Net gain (loss) on securities	(45)	514	(42)	(108.8)%	7.1 %
Other operating income	6,024	592	639	917.6 %	842.7 %
<b>Total noninterest income</b>	<b>\$ 6,862</b>	<b>\$ 1,786</b>	<b>\$ 1,404</b>	<b>284.2 %</b>	<b>388.7 %</b>

Noninterest income for the second quarter of 2023 was \$6.9 million, an increase of 284.2% from \$1.8 million for the first quarter of 2023. The second quarter included \$5.1 million in employee retention credits ("ERC") and interest from the Federal government as well as \$264,000 in fees related to ERC from a third party.

Relative to the second quarter of 2022, noninterest income increased 388.7% from \$1.4 million. The second quarter of 2023 included \$5.1 million in ERC and interest from the Federal government as well as \$264,000 in fees related to ERC from a third party.

## Noninterest Expense



	Three Months Ended			% Change June 30, 2023 vs.	
	June 30, 2023	March 31, 2023	June 30, 2022	March 31, 2023	June 30, 2022
	<i>(Dollars in thousands)</i>				
Salaries and employee benefits	\$ 7,863	\$ 6,311	\$ 5,982	24.6 %	31.4 %
Equipment and occupancy expenses	694	683	719	1.6 %	(3.5)%
Data processing fees	646	593	570	8.9 %	13.3 %
Regulatory assessments	180	342	262	(47.4)%	(31.3)%
Other operating expenses	4,049	2,229	2,119	81.7 %	91.1 %
<b>Total noninterest expenses</b>	<b>\$ 13,432</b>	<b>\$ 10,158</b>	<b>\$ 9,652</b>	<b>32.2 %</b>	<b>39.2 %</b>

Noninterest expense for the second quarter of 2023 was \$13.4 million, an increase of 32.2% from \$10.2 million for the first quarter of 2023. The increase was primarily attributable to an increase in salaries and benefits, substantially as a result of one-time retirement related expenses of our former CEO in May 2023 and professional fees paid to a third party during the second quarter related to ERC.

Relative to the second quarter of 2022, noninterest expense increased 39.2% from \$9.7 million. The increase was primarily attributable to an increase in salaries and benefits, substantially as a result of one-time retirement related expenses of our former CEO in May 2023 and professional fees paid to a third party during the second quarter related to ERC.

## Loans and Credit Quality



	Three Months Ended			% Change June 30, 2023 vs.	
	June 30, 2023	March 31, 2023	June 30, 2022	March 31, 2023	June 30, 2022
	<i>(Dollars in thousands)</i>				
Gross loans	1,722,278	1,650,929	1,435,089	4.3 %	20.0 %
Unearned income	(5,766)	(5,614)	(4,884)	2.7 %	18.1 %
Loans, net of unearned income ("Loans")	\$ 1,716,512	\$ 1,645,315	\$ 1,430,205	4.3 %	20.0 %
Average loans, net of unearned ("Average loans")	\$ 1,676,816	\$ 1,609,564	\$ 1,359,320	4.2 %	23.4 %
Nonperforming loans ("NPL")	\$ 1,010	\$ 1,646	\$ 3,550	(38.6)%	(71.5)%
Provision for credit losses	\$ 1,557	\$ 1,181	\$ 1,304	31.8 %	19.4 %
Allowance for credit losses ("ACL")	\$ 21,385	\$ 19,855	\$ 16,807	7.7 %	27.2 %
Net charge-offs (recoveries)	\$ 27	\$ 197	\$ (11)	(86.3)%	(345.5)%
NPL to gross loans	0.06 %	0.10 %	0.25 %		
Net charge-offs (recoveries) to average loans <sup>(1)</sup>	0.01 %	0.05 %	0.00 %		
ACL to loans	1.25 %	1.21 %	1.18 %		

(1) Ratio is annualized.

Loans, net of unearned income, were \$1.7 billion at June 30, 2023, up \$71.2 million from March 31, 2023 and up \$286.3 million from June 30, 2022. The linked-quarter and year-over-year increases in loans were primarily attributable to new business growth across our footprint.

Nonperforming loans totaled \$1.0 million, or 0.06% of gross loans, at June 30, 2023, compared with \$1.6 million, or 0.10% of gross loans, at March 31, 2023, and \$3.6 million, or 0.25% of gross loans, at June 30, 2022. The \$636,000 net decrease in nonperforming loans in the second quarter of 2023 was primarily attributable to a commercial real estate loan that was paid-off. The \$2.5 million net decrease in nonperforming loans from June 30, 2022, was primarily attributable to a significant commercial real estate loan being moved back to accruing status, two loans that were charged-off and one loan that was paid-off.

The Company recorded a provision for credit losses of \$1.6 million for the second quarter of 2023, compared to \$1.2 million for the first quarter of 2023. The increase in provision was primarily due to changes in our qualitative economic factors and modest loan growth for the quarter.

Net charge-offs for the second quarter of 2023 were \$27,000, or 0.01% of average loans on an annualized basis, compared to net charge-offs of \$197,000, or 0.05% of average loans on an annualized basis, for the first quarter of 2023, and net recoveries of \$11,000, or 0.00% of average loans on an annualized basis, for the second quarter of 2022.

The Company's allowance for credit losses was 1.25% of total loans and 2117.33% of nonperforming loans at June 30, 2023, compared with 1.21% of total loans and 1206.26% of nonperforming loans at March 31, 2023. Allowance for credit losses on unfunded commitments was \$1.5 million at June 30, 2023.

## Deposits



	Three Months Ended			% Change June 30, 2023 vs.	
	June 30, 2023	March 31, 2023	June 30, 2022	March 31, 2023	June 30, 2022
	<i>(Dollars in thousands)</i>				
Noninterest-bearing deposits	\$ 449,433	\$ 433,832	\$ 512,598	3.6 %	(12.3)%
Interest-bearing deposits	1,474,478	1,355,659	1,132,348	8.8 %	30.2 %
<b>Total deposits</b>	<b>\$ 1,923,911</b>	<b>\$ 1,789,491</b>	<b>\$ 1,644,946</b>	<b>7.5 %</b>	<b>17.0 %</b>
Uninsured deposits	\$ 553,084	\$ 567,709	\$ 660,115	(2.6)%	(16.2)%
Uninsured deposits to total deposits	28.75 %	31.72 %	40.13 %		
Noninterest deposits to total deposits	23.36 %	24.24 %	31.16 %		

Total deposits were \$1.9 billion at June 30, 2023, up from \$1.8 billion at March 31, 2023 and \$1.6 billion at June 30, 2022. The \$134.4 million increase in total deposits in the second quarter was due to an increase of \$118.8 million in interest-bearing deposits and by a \$15.6 million increase in noninterest-bearing deposits. Included in the increase was \$49.1 million in brokered deposits.

## Capital



	June 30, 2023		March 31, 2023		June 30, 2022	
	Company	Bank	Company	Bank	Company	Bank
	Tier 1 capital ratio to average assets	8.70 %	11.82 %	8.89 %	12.19 %	8.78 %
Risk-based capital ratios:						
Common equity tier 1 ("CET1") capital ratio	9.11 %	12.37 %	9.00 %	12.34 %	8.92 %	11.14 %
Tier 1 capital ratio	9.11 %	12.37 %	9.00 %	12.34 %	8.92 %	11.14 %
<b>Total capital ratio</b>	<b>14.42 %</b>	<b>13.47 %</b>	<b>14.41 %</b>	<b>13.38 %</b>	<b>12.58 %</b>	<b>12.09 %</b>

As of June 30, 2023, total stockholders' equity was \$197.2 million, up from \$189.7 million at March 31, 2023. The increase of \$7.6 million was substantially due to strong earnings growth.

## About Southern States Bancshares, Inc.

Headquartered in Anniston, Alabama, Southern States Bancshares, Inc. is a bank holding company that operates primarily through its wholly-owned subsidiary, Southern States Bank. The Bank is a full service community banking institution, which offers an array of deposit, loan and other banking-related products and services to businesses and individuals in its communities. The Bank operates 13 branches in Alabama and Georgia and two loan production offices in Atlanta.



## Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the federal securities laws, which reflect our current expectations and beliefs with respect to, among other things, future events and our financial performance. These forward-looking statements are not historical facts, and are based on current expectations, estimates and projections about our industry, management's beliefs and certain assumptions made by management, many of which, by their nature, are inherently uncertain and beyond our control. This may be especially true given recent events and trends in the banking industry and the inflationary environment. Although we believe that the expectations reflected in such forward-looking statements are reasonable as of the dates made, we cannot give any assurance that such expectations will prove correct and actual results may prove to be materially different from the results expressed or implied by the forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements are set forth in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 under the section entitled "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors". Accordingly, we caution you 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.

These statements are often, but not always, made through the use of words or phrases such as "may," "can," "should," "could," "to be," "predict," "potential," "believe," "will likely result," "expect," "continue," "will," "likely," "anticipate," "seek," "estimate," "intend," "plan," "target," "project," "would" and "outlook," or the negative version of those words or other similar words or phrases of a future or forward-looking nature. Forward-looking statements appear in a number of places in this press release and may include statements about business strategy and prospects for growth, operations, ability to pay dividends, competition, regulation and general economic conditions.

## Contact Information

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**SELECT FINANCIAL DATA**

*(Dollars in thousands, except share and per share amounts)*



	Three Months Ended			Six Months Ended	
	June 30, 2023	March 31, 2023	June 30, 2022	June 30, 2023	June 30, 2022
<b>Results of Operations</b>					
Interest income	\$ 32,185	\$ 28,699	\$ 17,752	\$ 60,884	\$ 33,624
Interest expense	12,753	9,153	1,387	21,906	2,605
Net interest income	19,432	19,546	16,365	38,978	31,019
Provision for credit losses	1,557	1,181	1,304	2,738	2,004
Net interest income after provision	17,875	18,365	15,061	36,240	29,015
Noninterest income	6,862	1,786	1,404	8,648	2,737
Noninterest expense	13,432	10,158	9,652	23,590	18,942
Income tax expense	2,549	2,322	1,590	4,871	3,030
Net income	\$ 8,756	\$ 7,671	\$ 5,223	\$ 16,427	\$ 9,780
Core net income <sup>(1)</sup>	\$ 7,058	\$ 7,280	\$ 5,255	\$ 14,339	\$ 10,086
<b>Share and Per Share Data</b>					
Shares issued and outstanding	8,738,814	8,723,763	8,691,620	8,738,814	8,691,620
Weighted average shares outstanding:					
Basic	8,763,635	8,762,450	8,740,295	8,763,046	8,818,327
Diluted	8,950,847	9,044,490	8,894,577	9,001,600	8,960,565
Earnings per share:					
Basic	\$ 1.00	\$ 0.87	\$ 0.60	\$ 1.87	\$ 1.11
Diluted	\$ 0.98	\$ 0.85	\$ 0.59	\$ 1.82	\$ 1.09
Core - diluted <sup>(1)</sup>	\$ 0.79	\$ 0.80	\$ 0.59	\$ 1.59	\$ 1.13
Book value per share	\$ 22.57	\$ 21.74	\$ 19.32	\$ 22.57	\$ 19.32
Tangible book value per share <sup>(1)</sup>	\$ 20.52	\$ 19.68	\$ 17.23	\$ 20.52	\$ 17.23
Cash dividends per common share	\$ 0.09	\$ 0.09	\$ 0.09	\$ 0.18	\$ 0.18
<b>Performance and Financial Ratios</b>					
ROAA	1.60 %	1.51 %	1.15 %	1.56 %	1.09 %
ROAE	18.15 %	16.67 %	12.32 %	17.43 %	11.36 %
Core ROAA <sup>(1)</sup>	1.29 %	1.44 %	1.16 %	1.36 %	1.13 %
ROATCE <sup>(2)</sup>	20.01 %	18.45 %	13.80 %	19.25 %	12.70 %
Core ROATCE <sup>(1)</sup>	16.13 %	17.51 %	13.89 %	16.80 %	13.10 %
NIM	3.73 %	4.07 %	3.84 %	3.89 %	3.69 %
NIM - FTE <sup>(2)</sup>	3.74 %	4.09 %	3.86 %	3.90 %	3.70 %
Net interest spread	2.86 %	3.33 %	3.67 %	3.08 %	3.53 %
Yield on loans	6.61 %	6.38 %	4.80 %	6.50 %	4.74 %
Yield on interest-earning assets	6.17 %	5.97 %	4.16 %	6.08 %	4.00 %
Cost of interest-bearing liabilities	3.31 %	2.64 %	0.49 %	3.00 %	0.47 %
Cost of funds <sup>(2)</sup>	2.58 %	2.01 %	0.34 %	2.31 %	0.33 %
Cost of interest-bearing deposits	3.12 %	2.42 %	0.34 %	2.79 %	0.34 %
Cost of total deposits	2.38 %	1.81 %	0.23 %	2.11 %	0.23 %
Noninterest deposits to total deposits	23.36 %	24.24 %	31.16 %	23.36 %	31.16 %
Core deposits to total deposits	86.43 %	88.57 %	94.86 %	86.43 %	94.86 %
Uninsured deposits to total deposits	28.75 %	31.72 %	40.13 %	28.75 %	40.13 %
Total loans to total deposits	89.22 %	91.94 %	86.95 %	89.22 %	86.95 %
Efficiency ratio	51.00 %	48.79 %	54.19 %	50.02 %	55.45 %
Core efficiency ratio <sup>(1)</sup>	49.96 %	48.79 %	54.19 %	49.38 %	55.45 %

(1) See "Reconciliation of Non-GAAP Financial Measures" below for reconciliation of non-GAAP financial measures to their most closely comparable GAAP financial measures.

(2) Includes total interest-bearing liabilities and noninterest deposits.

**SELECT FINANCIAL DATA**  
(Dollars in thousands)



	Three Months Ended			Six Months Ended	
	June 30, 2023	March 31, 2023	June 30, 2022	June 30, 2023	June 30, 2022
<b>Financial Condition (ending)</b>					
Total loans	\$ 1,716,512	\$ 1,645,315	\$ 1,430,205	\$ 1,716,512	\$ 1,430,205
Total securities	182,717	183,197	171,411	182,717	171,411
Total assets	2,277,803	2,135,622	1,902,495	2,277,803	1,902,495
Total noninterest bearing deposits	449,433	433,832	512,598	449,433	512,598
Total core deposits <sup>(1)</sup>	1,662,855	1,584,915	1,560,390	1,662,855	1,560,390
Total deposits	1,923,911	1,789,491	1,644,946	1,923,911	1,644,946
Total borrowings	131,472	131,372	72,013	131,472	72,013
Total liabilities	2,080,554	1,945,959	1,734,548	2,080,554	1,734,548
Total shareholders' equity	197,249	189,663	167,947	197,249	167,947
<b>Financial Condition (average)</b>					
Total loans	\$ 1,676,816	\$ 1,609,564	\$ 1,359,320	\$ 1,643,376	\$ 1,319,090
Total securities	196,731	192,348	178,527	194,552	170,151
Total other interest-earning assets	218,451	146,045	172,175	182,447	207,990
Total interest-bearing assets	2,091,998	1,947,957	1,710,022	2,020,375	1,697,231
Total assets	2,200,843	2,057,005	1,821,437	2,129,328	1,804,321
Total noninterest-bearing deposits	438,987	438,735	502,728	438,862	508,560
Total interest-bearing deposits	1,412,047	1,300,632	1,059,362	1,356,648	1,041,728
Total deposits	1,851,034	1,739,367	1,562,090	1,795,510	1,550,288
Total borrowings	131,411	104,901	72,066	118,229	65,506
Total interest-bearing liabilities	1,543,458	1,405,533	1,131,428	1,474,877	1,107,234
Total shareholders' equity	193,516	186,639	170,038	190,096	173,621
<b>Asset Quality</b>					
Nonperforming loans	\$ 1,010	\$ 1,646	\$ 3,550	\$ 1,010	\$ 3,550
Other real estate owned ("OREO")	\$ 2,870	\$ 2,930	\$ 2,930	\$ 2,870	\$ 2,930
Nonperforming assets ("NPA")	\$ 3,880	\$ 4,576	\$ 6,480	\$ 3,880	\$ 6,480
Net charge-offs (recovery) to average loans <sup>(2)</sup>	0.01 %	0.05 %	— %	0.03 %	0.01 %
Provision for credit losses to average loans <sup>(2)</sup>	0.37 %	0.30 %	0.38 %	0.34 %	0.31 %
ACL to loans	1.25 %	1.21 %	1.18 %	1.25 %	1.18 %
ACL to gross loans	1.24 %	1.20 %	1.17 %	1.24 %	1.17 %
ACL to NPL	2117.33 %	1206.26 %	473.44 %	2117.33 %	473.44 %
NPL to loans	0.06 %	0.10 %	0.25 %	0.06 %	0.25 %
NPL to gross loans	0.06 %	0.10 %	0.25 %	0.06 %	0.25 %
NPA to gross loans and OREO	0.22 %	0.28 %	0.45 %	0.22 %	0.45 %
NPA to total assets	0.17 %	0.21 %	0.34 %	0.17 %	0.34 %
<b>Regulatory and Other Capital Ratios</b>					
Total shareholders' equity to total assets	8.66 %	8.88 %	8.83 %	8.66 %	8.83 %
Tangible common equity to tangible assets <sup>(3)</sup>	7.94 %	8.11 %	7.95 %	7.94 %	7.95 %
Tier 1 capital ratio to average assets	8.70 %	8.89 %	8.78 %	8.70 %	8.78 %
Risk-based capital ratios:					
CET1 capital ratio	9.11 %	9.00 %	8.92 %	9.11 %	8.92 %
Tier 1 capital ratio	9.11 %	9.00 %	8.92 %	9.11 %	8.92 %
Total capital ratio	14.42 %	14.41 %	12.58 %	14.42 %	12.58 %

(1) We define core deposits as total deposits excluding brokered deposits and time deposits greater than \$250,000.

(2) Ratio is annualized.

(3) See "Reconciliation of Non-GAAP Financial Measures" below for reconciliation of non-GAAP financial measures to their most closely comparable GAAP financial measures.

**CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION**  
(Dollars in thousands)



	June 30, 2023 (Unaudited)	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)	June 30, 2022 (Unaudited)
<b>Assets</b>				
Cash and due from banks	\$ 21,299	\$ 17,245	\$ 15,260	\$ 22,167
Interest-bearing deposits in banks	159,818	99,541	90,198	95,156
Federal funds sold	84,812	76,010	63,041	73,024
Total cash and cash equivalents	265,929	192,796	168,499	190,347
Securities available for sale, at fair value	163,075	163,550	155,544	151,749
Securities held to maturity, at amortized cost	19,642	19,647	19,662	19,662
Other equity securities, at fair value	3,762	3,806	4,444	6,958
Restricted equity securities, at cost	3,862	3,862	3,134	2,825
Loans held for sale	1,589	2,376	1,047	2,709
Loans, net of unearned income	1,716,512	1,645,315	1,587,164	1,430,205
Less allowance for credit losses	21,385	19,855	20,156	16,807
Loans, net	1,695,127	1,625,460	1,567,008	1,413,398
Premises and equipment, net	26,957	27,098	27,345	28,467
Accrued interest receivable	7,372	7,077	6,963	4,839
Bank owned life insurance	29,521	29,350	29,186	29,509
Annuities	15,359	15,489	15,478	15,540
Foreclosed assets	2,870	2,930	2,930	2,930
Goodwill	16,862	16,862	16,862	16,862
Core deposit intangible	1,062	1,144	1,226	1,368
Other assets	24,814	24,175	25,886	15,332
<b>Total assets</b>	<b>\$ 2,277,803</b>	<b>\$ 2,135,622</b>	<b>\$ 2,045,204</b>	<b>\$ 1,902,495</b>
<b>Liabilities and Stockholders' Equity</b>				
<b>Liabilities:</b>				
<b>Deposits:</b>				
Noninterest-bearing	\$ 449,433	\$ 433,832	\$ 460,977	\$ 512,598
Interest-bearing	1,474,478	1,355,659	1,259,766	1,132,348
Total deposits	1,923,911	1,789,491	1,720,743	1,644,946
Other borrowings	(13)	(16)	(19)	—
FHLB advances	45,000	45,000	31,000	25,000
Subordinated notes	86,485	86,388	86,314	47,013
Accrued interest payable	1,063	844	584	88
Other liabilities	24,108	24,252	24,863	17,501
<b>Total liabilities</b>	<b>2,080,554</b>	<b>1,945,959</b>	<b>1,863,485</b>	<b>1,734,548</b>
<b>Stockholders' equity:</b>				
Common stock	43,830	43,798	43,714	43,458
Capital surplus	77,101	77,053	76,785	75,597
Retained earnings	88,603	80,642	73,764	58,039
Accumulated other comprehensive loss	(10,799)	(9,846)	(11,048)	(8,439)
Unvested restricted stock	(709)	(965)	(477)	(708)
Vested restricted stock units	(777)	(1,019)	(1,019)	—
<b>Total stockholders' equity</b>	<b>197,249</b>	<b>189,663</b>	<b>181,719</b>	<b>167,947</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 2,277,803</b>	<b>\$ 2,135,622</b>	<b>\$ 2,045,204</b>	<b>\$ 1,902,495</b>

**CONSOLIDATED STATEMENTS OF INCOME**  
(Dollars in thousands, except per share amounts)



	Three Months Ended			Six Months Ended	
	June 30, 2023 (Unaudited)	March 31, 2023 (Unaudited)	June 30, 2022 (Unaudited)	June 30, 2023 (Unaudited)	June 30, 2022 (Unaudited)
<b>Interest income:</b>					
Loans, including fees	\$ 27,630	\$ 25,335	\$ 16,265	\$ 52,965	\$ 31,031
Taxable securities	1,641	1,383	788	3,024	1,407
Nontaxable securities	228	291	309	519	608
Other interest and dividends	2,686	1,690	390	4,376	578
<b>Total interest income</b>	<b>32,185</b>	<b>28,699</b>	<b>17,752</b>	<b>60,884</b>	<b>33,624</b>
<b>Interest expense:</b>					
Deposits	10,998	7,768	889	18,766	1,762
Other borrowings	1,755	1,385	498	3,140	843
<b>Total interest expense</b>	<b>12,753</b>	<b>9,153</b>	<b>1,387</b>	<b>21,906</b>	<b>2,605</b>
<b>Net interest income</b>	<b>19,432</b>	<b>19,546</b>	<b>16,365</b>	<b>38,978</b>	<b>31,019</b>
<b>Provision for credit losses</b>	<b>1,557</b>	<b>1,181</b>	<b>1,304</b>	<b>2,738</b>	<b>2,004</b>
<b>Net interest income after provision for credit losses</b>	<b>17,875</b>	<b>18,365</b>	<b>15,061</b>	<b>36,240</b>	<b>29,015</b>
<b>Noninterest income:</b>					
Service charges on deposit accounts	456	450	480	906	925
Swap fees	173	(4)	21	169	36
SBA/USDA fees	66	134	93	200	481
Mortgage origination fees	188	100	213	288	499
Net gain (loss) on securities	(45)	514	(42)	469	(403)
Other operating income	6,024	592	639	6,616	1,199
<b>Total noninterest income</b>	<b>6,862</b>	<b>1,786</b>	<b>1,404</b>	<b>8,648</b>	<b>2,737</b>
<b>Noninterest expenses:</b>					
Salaries and employee benefits	7,863	6,311	5,982	14,174	11,707
Equipment and occupancy expenses	694	683	719	1,377	1,424
Data processing fees	646	593	570	1,239	1,134
Regulatory assessments	180	342	262	522	525
Other operating expenses	4,049	2,229	2,119	6,278	4,152
<b>Total noninterest expenses</b>	<b>13,432</b>	<b>10,158</b>	<b>9,652</b>	<b>23,590</b>	<b>18,942</b>
<b>Income before income taxes</b>	<b>11,305</b>	<b>9,993</b>	<b>6,813</b>	<b>21,298</b>	<b>12,810</b>
<b>Income tax expense</b>	<b>2,549</b>	<b>2,322</b>	<b>1,590</b>	<b>4,871</b>	<b>3,030</b>
<b>Net income</b>	<b>\$ 8,756</b>	<b>\$ 7,671</b>	<b>\$ 5,223</b>	<b>\$ 16,427</b>	<b>\$ 9,780</b>
<b>Basic earnings per share</b>	<b>\$ 1.00</b>	<b>\$ 0.87</b>	<b>\$ 0.60</b>	<b>\$ 1.87</b>	<b>\$ 1.11</b>
<b>Diluted earnings per share</b>	<b>\$ 0.98</b>	<b>\$ 0.85</b>	<b>\$ 0.59</b>	<b>\$ 1.82</b>	<b>\$ 1.09</b>

**AVERAGE BALANCE SHEET AND NET INTEREST MARGIN**  
(Dollars in thousands)



	Three Months Ended								
	June 30, 2023			March 31, 2023			June 30, 2022		
	Average Balance	Interest	Yield/Rate	Average Balance	Interest	Yield/Rate	Average Balance	Interest	Yield/Rate
<b>Assets:</b>									
Interest-earning assets:									
Loans, net of unearned income <sup>(1)</sup>	\$ 1,676,816	\$ 27,630	6.61 %	\$ 1,609,564	\$ 25,335	6.38 %	\$ 1,359,320	\$ 16,265	4.80 %
Taxable securities	151,107	1,641	4.36 %	139,516	1,383	4.02 %	121,677	788	2.60 %
Non-taxable securities	45,624	228	2.00 %	52,832	291	2.24 %	56,850	309	2.18 %
Other interest-earning assets	218,451	2,686	4.93 %	146,045	1,690	4.69 %	172,175	390	0.91 %
Total interest-earning assets	\$ 2,091,998	\$ 32,185	6.17 %	\$ 1,947,957	\$ 28,699	5.97 %	\$ 1,710,022	\$ 17,752	4.16 %
Allowance for credit losses	(20,154)			(20,493)			(15,815)		
Noninterest-earning assets	128,999			129,541			127,230		
Total Assets	\$ 2,200,843			\$ 2,057,005			\$ 1,821,437		
<b>Liabilities and Stockholders' Equity:</b>									
Interest-bearing liabilities:									
Interest-bearing transaction accounts	92,245	20	0.09 %	93,951	20	0.08 %	114,743	27	0.09 %
Savings and money market accounts	845,742	6,872	3.26 %	806,001	5,040	2.54 %	735,845	625	0.34 %
Time deposits	474,060	4,106	3.47 %	400,680	2,708	2.74 %	208,774	237	0.46 %
FHLB advances	45,000	529	4.72 %	18,578	159	3.47 %	25,000	21	0.33 %
Other borrowings	86,411	1,226	5.69 %	86,323	1,226	5.76 %	47,066	477	4.07 %
Total interest-bearing liabilities	\$ 1,543,458	\$ 12,753	3.31 %	\$ 1,405,533	\$ 9,153	2.64 %	\$ 1,131,428	\$ 1,387	0.49 %
Noninterest-bearing liabilities:									
Noninterest-bearing deposits	\$ 438,987			\$ 438,735			\$ 502,728		
Other liabilities	24,882			26,098			17,243		
Total noninterest-bearing liabilities	463,869			464,833			519,971		
Stockholders' Equity	193,516			186,639			170,038		
Total Liabilities and Stockholders' Equity	\$ 2,200,843			\$ 2,057,005			\$ 1,821,437		
Net interest income		\$ 19,432			\$ 19,546			\$ 16,365	
Net interest spread <sup>(2)</sup>			2.86 %			3.33 %			3.67 %
Net interest margin <sup>(2)</sup>			3.73 %			4.07 %			3.84 %
Net interest margin - FTE <sup>(4)(5)</sup>			3.74 %			4.09 %			3.86 %
Cost of funds <sup>(6)</sup>			2.58 %			2.01 %			0.34 %
Cost of interest-bearing deposits			3.12 %			2.42 %			0.34 %
Cost of total deposits			2.38 %			1.81 %			0.23 %

- (1) Includes nonaccrual loans.  
(2) Net interest spread is the difference between interest rates earned on interest earning assets and interest rates paid on interest-bearing liabilities.  
(3) Net interest margin is a ratio of net interest income to average interest earning assets for the same period.  
(4) Net interest margin - FTE is a ratio of fully-taxable equivalent net interest income to average interest earning assets for the same period. It assumes a 24.0% tax rate.  
(5) Refer to "Reconciliation of Non-GAAP Financial Measures".  
(6) Includes total interest-bearing liabilities and noninterest deposits.

**AVERAGE BALANCE SHEET AND NET INTEREST MARGIN**  
(Dollars in thousands)



	Six Months Ended					
	June 30, 2023			June 30, 2022		
	Average Balance	Interest	Yield/Rate	Average Balance	Interest	Yield/Rate
<b>Assets:</b>						
Interest-earning assets:						
Loans, net of unearned income <sup>(1)</sup>	\$ 1,643,376	\$ 52,965	6.50 %	\$ 1,319,090	\$ 31,031	4.74 %
Taxable securities	145,344	3,024	4.20 %	114,289	1,407	2.48 %
Non-taxable securities	49,208	519	2.13 %	55,862	608	2.19 %
Other interest-earning assets	182,447	4,376	4.84 %	207,990	578	0.56 %
Total interest-earning assets	\$ 2,020,375	\$ 60,884	6.08 %	\$ 1,697,231	\$ 33,624	4.00 %
Allowance for credit losses	(20,315)			(15,430)		
Noninterest-earning assets	129,268			122,520		
Total Assets	\$ 2,129,328			\$ 1,804,321		
<b>Liabilities and Stockholders' Equity:</b>						
Interest-bearing liabilities:						
Interest-bearing transaction accounts	93,093	40	0.09 %	112,874	53	0.09 %
Savings and money market accounts	825,982	11,911	2.91 %	705,841	1,217	0.35 %
Time deposits	437,573	6,815	3.14 %	223,013	492	0.45 %
FHLB advances	31,862	688	4.35 %	25,472	43	0.34 %
Other borrowings	86,367	2,452	5.73 %	40,034	800	4.03 %
Total interest-bearing liabilities	\$ 1,474,877	\$ 21,906	3.00 %	\$ 1,107,234	\$ 2,605	0.47 %
Noninterest-bearing liabilities:						
Noninterest-bearing deposits	\$ 438,862			\$ 508,560		
Other liabilities	25,493			14,906		
Total noninterest-bearing liabilities	\$ 464,355			\$ 523,466		
Stockholders' Equity	190,096			173,621		
Total Liabilities and Stockholders' Equity	\$ 2,129,328			\$ 1,804,321		
Net interest income		\$ 38,978		\$ 31,019		
Net interest spread <sup>(2)</sup>			3.08 %			3.53 %
Net interest margin <sup>(2)</sup>			3.89 %			3.69 %
Net interest margin - FTE <sup>(4),(5)</sup>			3.90 %			3.70 %
Cost of funds <sup>(6)</sup>			2.31 %			0.33 %
Cost of interest-bearing deposits			2.79 %			0.34 %
Cost of total deposits			2.11 %			0.23 %

- (1) Includes nonaccrual loans.  
(2) Net interest spread is the difference between interest rates earned on interest earning assets and interest rates paid on interest-bearing liabilities.  
(3) Net interest margin is a ratio of net interest income to average interest earning assets for the same period.  
(4) Net interest margin - FTE is a ratio of fully-taxable equivalent net interest income to average interest earning assets for the same period. It assumes a 24.0% tax rate.  
(5) Refer to "Reconciliation of Non-GAAP Financial Measures".  
(6) Includes total interest-bearing liabilities and noninterest deposits.

**LOAN COMPOSITION**  
(Dollars in thousands)



	June 30, 2023		March 31, 2023		December 31, 2022		June 30, 2022	
	Amount	% of gross	Amount	% of gross	Amount	% of gross	Amount	% of gross
Real estate mortgages:								
Construction and development	\$ 228,236	13.3 %	\$ 227,560	13.8 %	\$ 255,736	16.1 %	\$ 185,164	12.9 %
Residential	214,897	12.5 %	196,923	11.9 %	167,891	10.5 %	153,275	10.7 %
Commercial	1,011,815	58.7 %	948,251	57.5 %	904,872	56.8 %	867,815	60.4 %
Commercial and industrial	259,195	15.0 %	270,825	16.4 %	256,553	16.1 %	219,284	15.3 %
Consumer and other	8,135	0.5 %	7,370	0.4 %	7,655	0.5 %	9,551	0.7 %
Gross loans	1,722,278	100.0 %	1,650,929	100.0 %	1,592,707	100.0 %	1,435,089	100.0 %
Unearned income	(5,766)		(5,614)		(5,543)		(4,884)	
Loans, net of unearned income	1,716,512		1,645,315		1,587,164		1,430,205	
Allowance for credit losses	(21,385)		(19,855)		(20,156)		(16,807)	
Loans, net	\$ 1,695,127		\$ 1,625,460		\$ 1,567,008		\$ 1,413,398	

**DEPOSIT COMPOSITION**  
(Dollars in thousands)



	June 30, 2023		March 31, 2023		December 31, 2022		June 30, 2022	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
Noninterest-bearing transaction	\$ 449,433	23.3 %	\$ 433,833	24.2 %	\$ 460,977	26.8 %	\$ 512,598	31.2 %
Interest-bearing transaction	922,835	48.0 %	877,166	49.0 %	837,127	48.6 %	836,230	50.8 %
Savings	41,574	2.2 %	47,742	2.7 %	49,235	2.9 %	67,583	4.1 %
Time deposits, \$250,000 and under	438,228	22.8 %	366,271	20.5 %	307,145	17.8 %	188,682	11.5 %
Time deposits, over \$250,000	71,841	3.7 %	64,479	3.6 %	66,259	3.9 %	39,853	2.4 %
Total deposits	\$ 1,923,911	100.0 %	\$ 1,789,491	100.0 %	\$ 1,720,743	100.0 %	\$ 1,644,946	100.0 %



**Nonperforming Assets**  
(Dollars in thousands)



	June 30, 2023	March 31, 2023	December 31, 2022	June 30, 2022
Nonaccrual loans	\$ 1,010	\$ 1,646	\$ 2,245	\$ 3,550
Past due loans 90 days or more and still accruing interest	—	—	—	—
Total nonperforming loans	<u>1,010</u>	<u>1,646</u>	<u>2,245</u>	<u>3,550</u>
OREO	2,870	2,930	2,930	2,930
Total nonperforming assets	<u>\$ 3,880</u>	<u>\$ 4,576</u>	<u>\$ 5,175</u>	<u>\$ 6,480</u>
Troubled debt restructured loans – nonaccrual <sup>(1)</sup>	724	805	832	676
Troubled debt restructured loans – accruing	1,328	1,272	1,292	1,323
Total troubled debt restructured loans	<u>\$ 2,052</u>	<u>\$ 2,077</u>	<u>\$ 2,124</u>	<u>\$ 1,999</u>
Allowance for credit losses	\$ 21,385	\$ 19,855	\$ 20,156	\$ 16,807
Loans, net of unearned income at the end of the period	\$ 1,716,512	\$ 1,645,315	\$ 1,587,164	\$ 1,430,205
Gross loans outstanding at the end of period	\$ 1,722,278	\$ 1,650,929	\$ 1,592,707	\$ 1,435,089
Total assets	\$ 2,277,803	\$ 2,135,622	\$ 2,045,204	\$ 1,902,495
Allowance for credit losses to nonperforming loans	2117.33 %	1206.26 %	897.82 %	473.44 %
Nonperforming loans to loans, net of unearned income	0.06 %	0.10 %	0.14 %	0.25 %
Nonperforming loans to gross loans	0.06 %	0.10 %	0.14 %	0.25 %
Nonperforming assets to gross loans and OREO	0.22 %	0.28 %	0.32 %	0.45 %
Nonperforming assets to total assets	0.17 %	0.21 %	0.25 %	0.34 %
Nonaccrual loans by category:				
Real estate mortgages:				
Construction & Development	\$ 33	\$ 64	\$ 67	\$ 73
Residential Mortgages	297	267	565	563
Commercial Real Estate Mortgages	671	1,263	1,278	2,135
Commercial & Industrial	9	51	312	768
Consumer and other	—	1	23	11
Total	<u>\$ 1,010</u>	<u>\$ 1,646</u>	<u>\$ 2,245</u>	<u>\$ 3,550</u>

(1) Troubled debt restructured loans are excluded from nonperforming loans unless they otherwise meet the definition of nonaccrual loans or are more than 90 days past due.

**Allowance for Credit Losses**  
(Dollars in thousands)



	Three Months Ended			Six Months Ended	
	June 30, 2023	March 31, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Average loans, net of unearned income	\$ 1,676,816	\$ 1,609,564	\$ 1,359,320	\$ 1,643,376	\$ 1,319,090
Loans, net of unearned income	\$ 1,716,512	\$ 1,645,315	\$ 1,430,205	\$ 1,716,512	\$ 1,430,205
Gross loans	\$ 1,722,278	\$ 1,650,929	\$ 1,435,089	\$ 1,722,278	\$ 1,435,089
Allowance for credit losses at beginning of the period	\$ 19,855	\$ 20,156	\$ 15,492	\$ 20,156	\$ 14,844
Impact of adoption of ASC 326	\$ —	\$ (1,285)	\$ —	\$ (1,285)	\$ —
Charge-offs:					
Construction and development	—	—	7	—	66
Residential	—	—	—	—	7
Commercial	—	—	—	—	—
Commercial and industrial	44	218	—	262	—
Consumer and other	—	6	1	6	7
Total charge-offs	44	224	8	268	80
Recoveries:					
Construction and development	—	—	—	—	—
Residential	17	11	18	28	35
Commercial	—	—	—	—	—
Commercial and industrial	—	14	—	14	—
Consumer and other	—	2	1	2	4
Total recoveries	17	27	19	44	39
Net charge-offs (recoveries)	\$ 27	\$ 197	\$ (11)	\$ 224	\$ 41
Provision for credit losses	\$ 1,557	\$ 1,181	\$ 1,304	\$ 2,738	\$ 2,004
Balance at end of the period	\$ 21,385	\$ 19,855	\$ 16,807	\$ 21,385	\$ 16,807
Allowance for credit losses on unfunded commitments at beginning of the period	\$ 1,285	\$ —	\$ —	\$ —	\$ —
Impact of adoption of ASC 326	—	1,285	—	1,285	—
Provision for credit losses on unfunded commitments	210	—	—	210	—
Balance at the end of the period	\$ 1,495	\$ 1,285	\$ —	\$ 1,495	\$ —
Allowance to loans, net of unearned income	1.25 %	1.21 %	1.18 %	1.25 %	1.18 %
Allowance to gross loans	1.24 %	1.20 %	1.17 %	1.24 %	1.17 %
Net charge-offs (recoveries) to average loans, net of unearned income <sup>(1)</sup>	0.01 %	0.05 %	— %	0.03 %	0.01 %
Provision for credit losses to average loans, net of unearned income <sup>(1)</sup>	0.37 %	0.30 %	0.38 %	0.34 %	0.31 %

(1) Ratio is annualized.

## Reconciliation of Non-GAAP Financial Measures

In addition to reporting GAAP results, the Company reports non-GAAP financial measures in this earnings release and other disclosures. Our management believes that these non-GAAP financial measures and the information they provide are useful to investors since these measures permit investors to view our performance using the same tools that our management uses to evaluate our performance. While we believe that these non-GAAP financial measures are useful in evaluating our performance, this information should be considered as supplemental in nature and not as a substitute for or superior to the related financial information prepared in accordance with GAAP. Additionally, these non-GAAP financial measures may differ from similar measures presented by other companies.

The following table provides a reconciliation of the non-GAAP financial measures to their most directly comparable financial measure presented in accordance with GAAP.

**Reconciliation of Non-GAAP Financial Measures**  
(Dollars in thousands, except share and per share amounts)



	Three Months Ended			Six Months Ended	
	June 30, 2023	March 31, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Net income	\$ 8,756	\$ 7,671	\$ 5,223	\$ 16,427	\$ 9,780
Add: One-time retirement related expenses	1,571	—	—	1,571	—
Add: Professional fees related to ERC	1,243	—	—	1,243	—
Add: Net OREO gains	7	—	—	7	—
Less: Employee retention related revenue	5,100	—	—	5,100	—
Less: Gain (loss) on securities	(45)	514	(42)	469	(403)
Less: Tax effect	(536)	(123)	10	(660)	97
<b>Core net income</b>	<b>\$ 7,058</b>	<b>\$ 7,280</b>	<b>\$ 5,255</b>	<b>\$ 14,339</b>	<b>\$ 10,086</b>
Average assets	\$ 2,200,843	\$ 2,057,005	\$ 1,821,437	\$ 2,129,328	\$ 1,804,321
<b>Core return on average assets</b>	<b>1.29 %</b>	<b>1.44 %</b>	<b>1.16 %</b>	<b>1.36 %</b>	<b>1.13 %</b>
Net income	\$ 8,756	\$ 7,671	\$ 5,223	\$ 16,427	\$ 9,780
Add: One-time retirement related expenses	1,571	—	—	1,571	—
Add: Professional fees related to ERC	1,243	—	—	1,243	—
Add: Net OREO gains	7	—	—	7	—
Add: Provision	1,557	1,181	1,304	2,738	2,004
Less: Employee retention related revenue	5,100	—	—	5,100	—
Less: Gain (loss) on securities	(45)	514	(42)	469	(403)
Add: Income taxes	2,549	2,322	1,590	4,871	3,030
<b>Pretax pre-provision core net income</b>	<b>\$ 10,628</b>	<b>\$ 10,660</b>	<b>\$ 8,159</b>	<b>\$ 21,288</b>	<b>\$ 15,217</b>
Average assets	\$ 2,200,843	\$ 2,057,005	\$ 1,821,437	\$ 2,129,328	\$ 1,804,321
<b>Pretax pre-provision core return on average assets</b>	<b>1.94 %</b>	<b>2.10 %</b>	<b>1.80 %</b>	<b>2.02 %</b>	<b>1.70 %</b>
Net interest income	\$ 19,432	\$ 19,546	\$ 16,365	\$ 38,978	\$ 31,019
Add: Fully-taxable equivalent adjustments <sup>(1)</sup>	65	85	83	143	161
<b>Net interest income - FTE</b>	<b>\$ 19,497</b>	<b>\$ 19,631</b>	<b>\$ 16,448</b>	<b>\$ 39,121</b>	<b>\$ 31,180</b>
Net interest margin	3.73 %	4.07 %	3.84 %	3.89 %	3.69 %
Effect of fully-taxable equivalent adjustments <sup>(1)</sup>	0.01 %	0.02 %	0.02 %	0.01 %	0.01 %
<b>Net interest margin - FTE</b>	<b>3.74 %</b>	<b>4.09 %</b>	<b>3.86 %</b>	<b>3.90 %</b>	<b>3.70 %</b>
Total stockholders' equity	\$ 197,249	\$ 189,663	\$ 167,947	\$ 197,249	\$ 167,947
Less: Intangible assets	17,924	18,006	18,230	17,924	18,230
<b>Tangible common equity</b>	<b>\$ 179,325</b>	<b>\$ 171,657</b>	<b>\$ 149,717</b>	<b>\$ 179,325</b>	<b>\$ 149,717</b>

(1) Assumes a 24.0% tax rate.

**Reconciliation of Non-GAAP Financial Measures**  
(Dollars in thousands, except share and per share amounts)



	Three Months Ended			Six Months Ended	
	June 30, 2023	March 31, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Core net income	\$ 7,058	\$ 7,280	\$ 5,255	\$ 14,339	\$ 10,086
Diluted weighted average shares outstanding	8,950,847	9,044,490	8,894,577	9,001,600	8,960,565
<b>Diluted core earnings per share</b>	<b>\$ 0.79</b>	<b>\$ 0.80</b>	<b>\$ 0.59</b>	<b>\$ 1.59</b>	<b>\$ 1.13</b>
Common shares outstanding at year or period end	8,738,814	8,723,763	8,691,620	8,738,814	8,691,620
<b>Tangible book value per share</b>	<b>\$ 20.52</b>	<b>\$ 19.68</b>	<b>\$ 17.23</b>	<b>\$ 20.52</b>	<b>\$ 17.23</b>
Total assets at end of period	\$ 2,277,803	\$ 2,135,622	\$ 1,902,495	\$ 2,277,803	\$ 1,902,495
Less: Intangible assets	17,924	18,006	18,230	17,924	18,230
Adjusted assets at end of period	\$ 2,259,879	\$ 2,117,616	\$ 1,884,265	\$ 2,259,879	\$ 1,884,265
<b>Tangible common equity to tangible assets</b>	<b>7.94 %</b>	<b>8.11 %</b>	<b>7.95 %</b>	<b>7.94 %</b>	<b>7.95 %</b>
Total average shareholders equity	\$ 193,516	\$ 186,639	\$ 170,038	\$ 190,096	\$ 173,621
Less: Average intangible assets	17,974	18,055	18,270	18,014	18,304
Average tangible common equity	\$ 175,542	\$ 168,584	\$ 151,768	\$ 172,082	\$ 155,317
Net income to common shareholders	\$ 8,756	\$ 7,671	\$ 5,223	\$ 16,427	\$ 9,780
<b>Return on average tangible common equity</b>	<b>20.01 %</b>	<b>18.45 %</b>	<b>13.80 %</b>	<b>19.25 %</b>	<b>12.70 %</b>
Average tangible common equity	\$ 175,542	\$ 168,584	\$ 151,768	\$ 172,082	\$ 155,317
Core net income	\$ 7,058	\$ 7,280	\$ 5,255	\$ 14,339	\$ 10,086
<b>Core return on average tangible common equity</b>	<b>16.13 %</b>	<b>17.51 %</b>	<b>13.89 %</b>	<b>16.80 %</b>	<b>13.10 %</b>
Net interest income	\$ 19,432	\$ 19,546	\$ 16,365	\$ 38,978	\$ 31,019
Add: Noninterest income	6,862	1,786	1,404	8,648	2,737
Less: Employee retention related revenue	5,100	—	—	5,100	—
Less: Gain (loss) on securities	(45)	514	(42)	469	(403)
Operating revenue	\$ 21,239	\$ 20,818	\$ 17,811	\$ 42,057	\$ 34,159
Expenses:					
Total noninterest expense	\$ 13,432	\$ 10,158	\$ 9,652	\$ 23,590	\$ 18,942
Less: One-time retirement related expenses	1,571	—	—	1,571	—
Less: Professional fees related to ERC	1,243	—	—	1,243	—
Less: Net OREO gains	7	—	—	7	—
Adjusted noninterest expenses	\$ 10,611	\$ 10,158	\$ 9,652	\$ 20,769	\$ 18,942
<b>Core efficiency ratio</b>	<b>49.96 %</b>	<b>48.79 %</b>	<b>54.19 %</b>	<b>49.38 %</b>	<b>55.45 %</b>



SOUTHERN STATES  
BANCSHARES, INC.

**Q2 2023**

**Investor Presentation**

July 24, 2023

## Important Notices and Disclaimers

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### Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the federal securities laws, which reflect our current expectations and beliefs with respect to, among other things, future events and our financial performance. These forward-looking statements are not historical facts, and are based on current expectations, estimates and projections about our industry, management's beliefs and certain assumptions made by management, many of which, by their nature, are inherently uncertain and beyond our control. This may be especially true given recent events and trends in the banking industry and the inflationary environment. Although we believe that the expectations reflected in such forward-looking statements are reasonable as of the dates made, we cannot give any assurance that such expectations will prove correct and actual results may prove to be materially different from the results expressed or implied by the forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements are set forth in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 and in other SEC filings under the sections entitled "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors". Accordingly, we caution you 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.

These statements are often, but not always, made through the use of words or phrases such as "may," "can," "should," "could," "to be," "predict," "potential," "believe," "will likely result," "expect," "continue," "will," "likely," "anticipate," "seek," "estimate," "intend," "plan," "target," "project," "would" and "outlook," or the negative version of those words or other similar words or phrases of a future or forward-looking nature. Forward-looking statements appear in a number of places in this presentation and may include statements about business strategy and prospects for growth, operations, ability to pay dividends, competition, regulation and general economic conditions.

### Non-GAAP Financial Measures

In addition to reporting GAAP results, the Company reports non-GAAP financial measures in this presentation and other disclosures. Our management believes that these non-GAAP financial measures and the information they provide are useful to investors since these measures permit investors to view our performance using the same tools that our management uses to evaluate our performance. While we believe that these non-GAAP financial measures are useful in evaluating our performance, this information should be considered as supplemental in nature and not as a substitute for or superior to the related financial information prepared in accordance with GAAP. Additionally, these non-GAAP financial measures may differ from similar measures presented by other companies. For a reconciliation of the non-GAAP measures we use to the most comparable GAAP measures, see the Appendix to this presentation.

# Overview of Southern States Bancshares, Inc.

- **Southern States Bancshares (Nasdaq: SSBK)** was founded in August 2007 and priced its IPO on August 11, 2021
- Management team with **200 years of collective experience** in the banking industry and deep ties to local markets
- History of **solid growth, top-tier profitability** and a **strong credit culture**
- **Bifurcated growth strategy** through organic growth and disciplined M&A
- Focused on being a **dominant bank** in our smaller markets and a **competitive player** in the larger metropolitan areas
- **Diversified loan portfolio** complemented by **low-cost, core funding base**



## Q2 '23 Financial Highlights

Assets (\$B):	\$2.3	Quarterly Asset Growth <sup>(2)</sup> :	26.7%	NPLs / Loans:	0.06%	Core Net Income <sup>(1)</sup> (\$M):	\$7.1
Gross Loans (\$B):	\$1.7	Quarterly Loan Growth <sup>(2)</sup> :	17.4%	ACL / Loans:	1.25%	Core ROAA <sup>(1)</sup> :	1.29%
Deposits (\$B):	\$1.9	Quarterly Deposit Growth <sup>(3)</sup> :	30.1%	YTD NCOs / Avg. Loans:	0.03%	NIM:	3.73%
Loans / Deposits:	89.22%	Quarterly Deposit Net of Brokered Growth <sup>(2)</sup> :	20.7%	TCE / TA <sup>(1)</sup> :	7.94%	Core Efficiency Ratio <sup>(1)</sup> :	49.96%

Source: Company Documents; financial data as of the three months ended 6/30/23 unless otherwise noted

(1) Please refer to non-U.S. GAAP reconciliation in the appendix

(2) Annualized

(3) Annualized; includes a \$49.1 million increase in brokered deposits



SOUTHERN STATES  
BANCSHARES, INC.



# Robust Market Dynamics

## Market Highlights

### Atlanta, GA



- 8<sup>th</sup> largest Metro Area in the USA
- Ranked 10<sup>th</sup> largest economy in the country
- Ranked 13<sup>th</sup> Best Places for Business and Careers by Forbes
- 17 Fortune 500 companies headquartered in Atlanta

### Birmingham, AL



- Largest market in Alabama, supported by strong steel, biotechnology, and banking industries
- Ranked 2<sup>nd</sup> best US city for job seekers by MoneyGeek
- University of Alabama Birmingham serves as an international leader in medicine and dentistry

### Huntsville, AL



- Voted best place to live in the country by US News
- Highest concentration of engineers in the US
- Ranked #1 best city for STEM workers by Livability
- Home of the Redstone Arsenal which includes the U.S. Space and Rocket Center, NASA's Marshall Space Flight Center, and the U.S. Army Aviation and Missile Command

### Auburn / Opelika, AL



- Auburn University contributes \$5.6 billion annually and 27,000 jobs to the Alabama economy
- Named top-five growth city in America by U-Haul
- High-tech manufacturing and industrial hub for companies like Kia Motors, Hanwha Cimarron, and Niagara Bottling

### Columbus, GA



- Fort Benning Military Base
  - U.S. Army Infantry and Armor Training Post
  - Columbus Chamber of Commerce estimates annual economic impact of \$4.8 billion
- Major companies headquartered include Aflac and Total Systems Services, Inc.
- Contains seven colleges and universities, with 83,000 students pursuing degrees in higher education

Source: U.S. Bureau of Labor Statistics; S&P Global Market Intelligence; Fortune; Forbes; Money.com; moneygeek.com; Business Facilities; USA Today; Livability.com; US News; Auburn.edu;

Columbus, Georgia Economic Development

Note: Southeast defined as AL, AR, FL, GA, KY, LA, MS, NC, SC, TN, VA, and WV

## '28 Projected Median HHI (\$M)



## '23 - '28 Projected Population Growth (%)



## Major Employers



SOUTHERN STATES BANCSHARES, INC.

## Proven, Veteran Management Team

Our senior management team, on average, has more than 25 years of banking experience



**Mark Chambers**  
President and CEO

- **2007-2019** SEVP & President Southeast Region Southern States Bank
- **2004-2007** Market President Wachovia Bank
- **1998-2004** Commercial Lender Aliant Bank



**Lynn Joyce**  
SEVP & Chief Financial Officer

- **1992-2013** EVP & CFO First Financial Bank, a NASDAQ listed Financial Institution
- **1986-1992** Arthur Andersen & Co



**Greg Smith**  
SEVP & Chief Risk and Credit Officer

- **2006-2019** SEVP & CCO Southern States Bank
- **1986-2006** Credit Admin, Commercial Loan Officer and Market President Regions Bank



**Jack Swift**  
SEVP & Chief Operating Officer

- **2006-2019** SEVP & President Central Region Southern States Bank
- **1996-2006** Senior Vice President Colonial Bank
- **1992-1996** Vice President SouthTrust Bank

# Q2 2023 Results Highlights

## Operating Results



- **Net income** of \$8.8 million, or \$0.98 per diluted share, and **core net income** <sup>(1)</sup> of \$7.1 million, or \$0.79 per diluted share <sup>(1)</sup>
- **ROAA** of 1.60% and **ROATCE** of 20.01%; **Core ROAA** <sup>(1)</sup> of 1.29% and **Core ROATCE** <sup>(1)</sup> of 16.13%
- **Net interest margin** of 3.73%
- **Efficiency ratio** <sup>(1)</sup> of 51.00%
- **YTD monthly margin trends** - April 3.70%, May 3.76%, and June 3.72%

## Deposits/Liquidity



- **Deposits** of \$1.9 billion increased \$134.4 million, or 7.5%, from Q1 2023 <sup>(2)</sup>
- **Annualized deposit net of brokered growth** of 20.7% from Q1 2023
- **Average cost of total deposits** increased to 2.38% from 1.81% in Q1 2023
- **Noninterest-bearing deposits** comprised 23.36% of total deposits compared to 24.24% at Q1 2023

## Loans



- **Loan portfolio** of \$1.7 billion increased \$71.2 million from Q1 2023
- **Annualized loan growth** of 17.4% from Q1 2023
- **Average yield on loans** of 6.61% improved 23 bps from 6.38% for Q1 2023
- **Loans / deposits ratio** of 89.22% compared to 91.94% for Q1 2023

## Asset Quality



- **Nonperforming loans to gross loans** of 0.06% improved from 0.10% at Q1 2023
- **Net charge-offs** at \$27,000, or 0.01% of average loans
- **Allowance for credit losses to gross loans** of 1.24% compared to 1.20% at Q1 2023
- **Nonperforming loans** improved to \$1.0 million from \$1.6 million at Q1 2023

## Capital



- **Announced and paid quarterly dividend** of \$0.09 per share
- **Tangible common equity to tangible assets** <sup>(1)</sup> of 7.94%, compared to 8.11% at Q1 2023
- **Tangible book value per share** <sup>(1)</sup> of \$20.52, up 4.3% from Q1 2023
- **Repurchased** \$405,000 of common stock at an average price of \$21.07

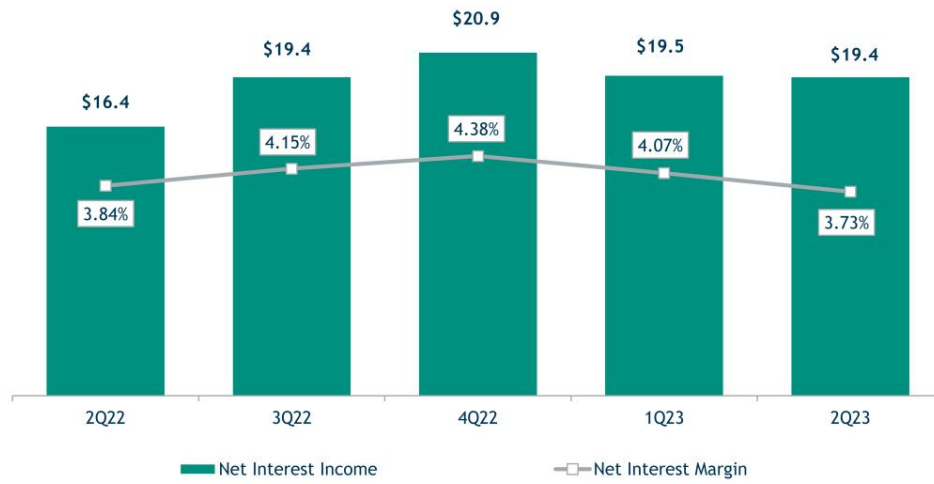
6

<sup>(1)</sup> Please refer to non-U.S. GAAP reconciliation in the appendix  
<sup>(2)</sup> Uninsured deposits are 28.75% of total deposits

# Net Interest Margin

## Net Interest Margin and Net Interest Income

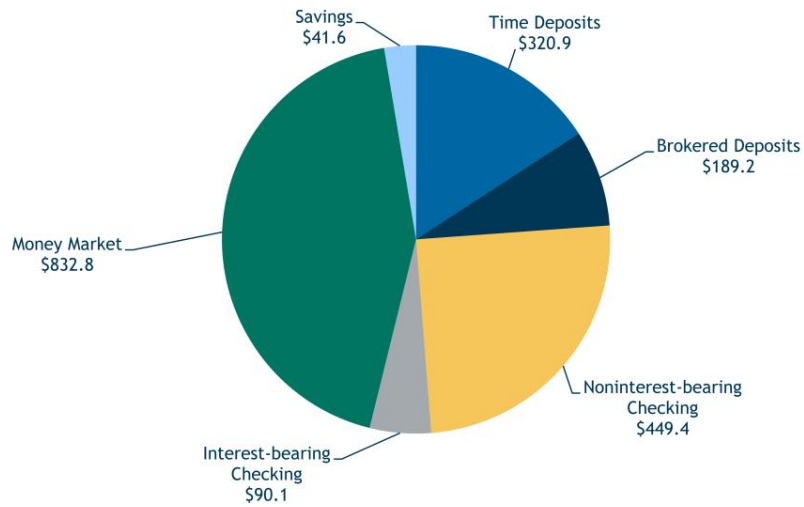
(Dollars in millions)



# Deposit Portfolio

## Deposits by Type - \$1.92B

(Dollars in millions)

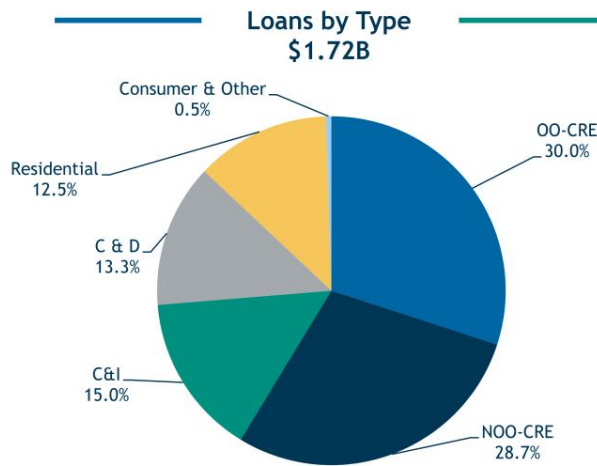


## Account Composition <sup>(1)</sup>

Deposit Type	Composition %	Average Balance
Commercial	60%	\$143.4
Retail	40%	\$42.6

<sup>8</sup> Source: Company Documents; data as of June 30, 2023  
<sup>(1)</sup> Excludes brokered deposits; dollars in thousands

# Loan Portfolio



## Loan Composition

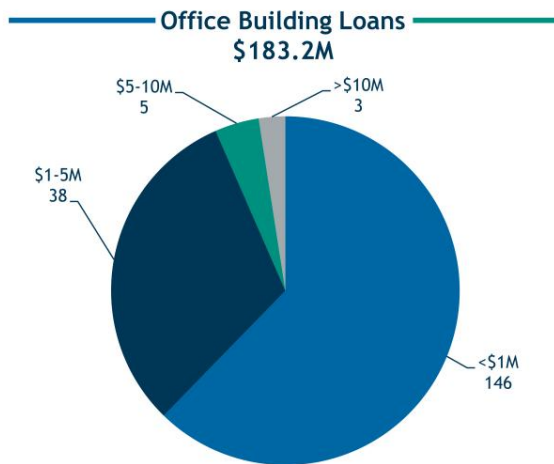
Loan Type	Composition %
Fixed	54.3%
Variable	45.7%

## Concentration Highlights

(Dollars in millions)

Loan Type	Total
Office Buildings	\$183.2
Industrial Warehouse / Heavy Manufacturing	\$146.0
Convenience Stores	\$145.8
Retail Warehouse / Light Manufacturing	\$117.6
Hotels / Motels	\$92.2
Multi-Family (5+)	\$88.3
Commercial Retail Building	\$82.3

# Loan Portfolio - Office Building



**Loan Composition**

Location	Composition %
Georgia	66%
Alabama	25%
Other	9%

**Office Building Type**

# of Stories	Total
Six Stories	2
Five stories	1
Four stories	6
Three stories	5
One & two stories	178

# Asset Quality

- Comprehensive and conservative underwriting process
- Highly experienced bankers incentivized with equity ownership
- Commitment to a diverse loan portfolio while maintaining strong asset quality metrics
- Proactively manage loan concentrations with all collateral types capped at approximately 50% of risk-based capital
- Proactive approach to resolving problem credits

Nonperforming Assets by Type



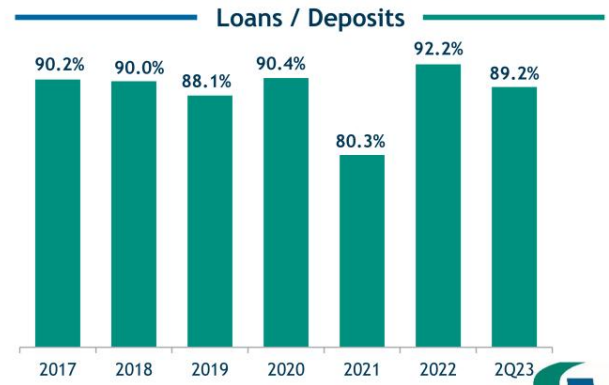
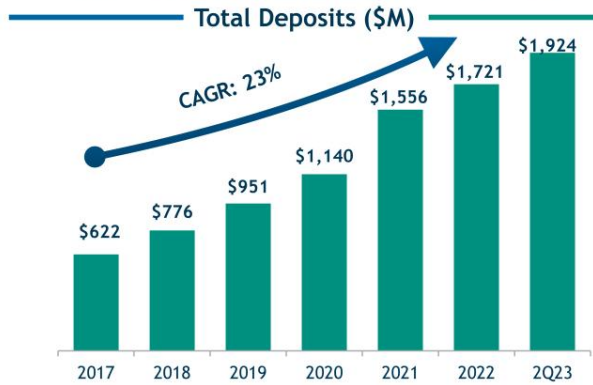
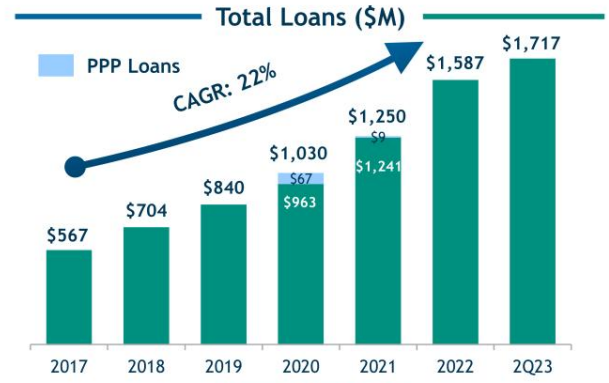
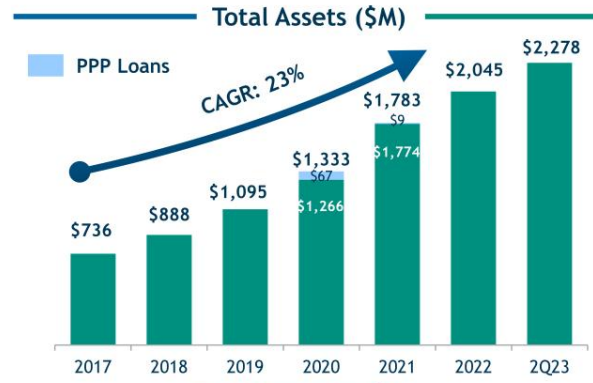
Reserves / Loans



11 Source: Company Documents  
 Dollars in millions  
 (1) TDRs reflect COVID-19 relief under the CARES Act and bank regulatory COVID-19 relief in 2020 and 2021



# Balance Sheet Growth



# Building Shareholder Value

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## Our Strategic Focus

- ☛ Maintain focus on strong, profitable organic growth without compromising our credit quality
- ☛ Further grow our core deposit franchise
- ☛ Expand into new markets by hiring commercial bankers
- ☛ Focus on high growth markets and further expanding our Atlanta franchise
- ☛ Evaluate strategic acquisition opportunities
- ☛ Continue implementing technology to optimize customer service and provide efficient opportunities to scale the business
- ☛ Prudently manage capital between balance sheet growth and return to shareholders

## Near-Term Outlook

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- 🌀 **Loan balances** expected to continue to grow at a modest pace compared to 2022
- 🌀 **Deposit balances** expected to grow slightly
- 🌀 **Net interest income** expected to be fairly flat as loans grow, though this will be further offset by net interest margin declines
  - NIM expected to decrease as deposit betas increase
- 🌀 **Core noninterest income** expected to be fairly consistent with Q2 2023
- 🌀 **Core noninterest expense** is expected to be fairly consistent with Q2 2023
- 🌀 **Credit metrics** are currently strong and future provision levels are expected to consider both current and evolving economic conditions, as well as changes in credit
- 🌀 **Balanced approach to capital deployment** with flexibility to support organic loan growth trajectory and cash dividend while evaluating stock repurchases
- 🌀 Well-positioned to capitalize on additional **accretive acquisition opportunities**

## Appendix



## Non-GAAP Financial Measures Reconciliations

	Three Months Ended			Six Months Ended	
	June 30, 2023	March 31, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Net income	\$ 8,756	\$ 7,671	\$ 5,223	\$ 16,427	\$ 9,780
Add: One-time retirement related expenses	1,571	—	—	1,571	—
Add: Professional fees related to ERC	1,243	—	—	1,243	—
Add: Net OREO gains	7	—	—	7	—
Less: Employee retention related revenue	5,100	—	—	5,100	—
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Less: Tax effect	(536)	(123)	10	(660)	97
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Average assets	\$ 2,200,843	\$ 2,057,005	\$ 1,821,437	\$ 2,129,328	\$ 1,804,321
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Tangible book value per share	\$ 20.52	\$ 19.68	\$ 17.23	\$ 20.52	\$ 17.23
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	June 30, 2023	March 31, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Net interest income	\$ 19,432	\$ 19,546	\$ 16,365	\$ 38,978	\$ 31,019
Add: Noninterest income	6,862	1,786	1,404	8,648	2,737
Less: Employee retention related revenue	5,100	—	—	5,100	—
Less: Gain (loss) on securities	(45)	514	(42)	469	(403)
Operating revenue	\$ 21,239	\$ 20,818	\$ 17,811	\$ 42,057	\$ 34,159
Expenses:					
Total noninterest expense	\$ 13,432	\$ 10,158	\$ 9,652	\$ 23,590	\$ 18,942
Less: One-time retirement related expenses	1,571	—	—	1,571	—
Less: Professional fees related to ERC	1,243	—	—	1,243	—
Less: Net OREO gains	7	—	—	7	—
Adjusted noninterest expenses	\$ 10,611	\$ 10,158	\$ 9,652	\$ 20,769	\$ 18,942
Core efficiency ratio	49.96 %	48.79 %	54.19 %	49.38 %	55.45 %



