SmartFinancial, Inc.

First Quarter 2020 Earnings Release

April 29, 2020

Legal Disclaimer

Forward-Looking Statements

This presentation may contain statements that are based on management's current estimates or expectations of future events or future results, and that may be deemed to constitute forward-looking statements as defined under the Private Securities Litigation Reform Act of 1995. These statements, including statements regarding the potential effects of the COVID-19 pandemic on the Company's business and financial results and conditions, are not historical in nature and can generally be identified by such words as "expect," "anticipate," "intend," "plan," "believe," "seek," "may," "estimate," and similar expressions. All forward-looking statements are subject to risks, uncertainties, and other factors that may cause the actual results of SmartFinancial to differ materially from future results expressed or implied by such forward-looking statements. Such risks, uncertainties, and other factors include, among others, (1) the risk of litigation and reputational risk associated with historic acquisition activity; (2) the risk that cost savings and revenue synergies from recently completed acquisitions may not be realized or may take longer than anticipated to realize; (3) disruption from recently completed acquisitions with customer, supplier, employee, or other business relationships; (4) our ability to successfully integrate the businesses acquired as part of previous acquisitions with the business of SmartBank; (5) risks related to the completed acquisition of Progressive Financial Group, Inc. ("PFG"); (6) the risk that the anticipated benefits from the completed acquisition of PFG may not be realized in the time frame anticipated; (7) changes in management's plans for the future; (8) prevailing, or changes in, economic or political conditions, particularly in our market areas; (9) credit risk associated with our lending activities; (10) changes in interest rates, loan demand, real estate values, or competition; (11) changes in accounting principles, policies, or guidelines; (12) changes in applicable laws, rules, or regulations, including changes to statutes, regulations or regulatory policies or practices as a result of, or in response to COVID-19; (13) adverse results from current or future litigation, regulatory examinations or other legal and/or regulatory actions, including as a result of the Company's participation in and execution of government programs related to the COVID-19 pandemic; (14) the impact of the COVID-19 pandemic on the Company's assets, business, cash flows, financial condition, liquidity, prospects and results of operations; (15) potential increases in the provision for loan losses resulting from the COVID-19 pandemic; and (16) other general competitive, economic, political, and market factors, including those affecting our business, operations, pricing, products, or services. These and other factors that could cause results to differ materially from those described in the forward-looking statements can be found in SmartFinancial's most recent annual report on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K, in each case filed with or furnished to the Securities and Exchange Commission (the "SEC") and available on the SEC's website (www.sec.gov). Undue reliance should not be placed on forward-looking statements. SmartFinancial disclaims any obligation to update or revise any forward-looking statements contained in this release, which speak only as of the date hereof, whether as a result of new information, future events, or otherwise.

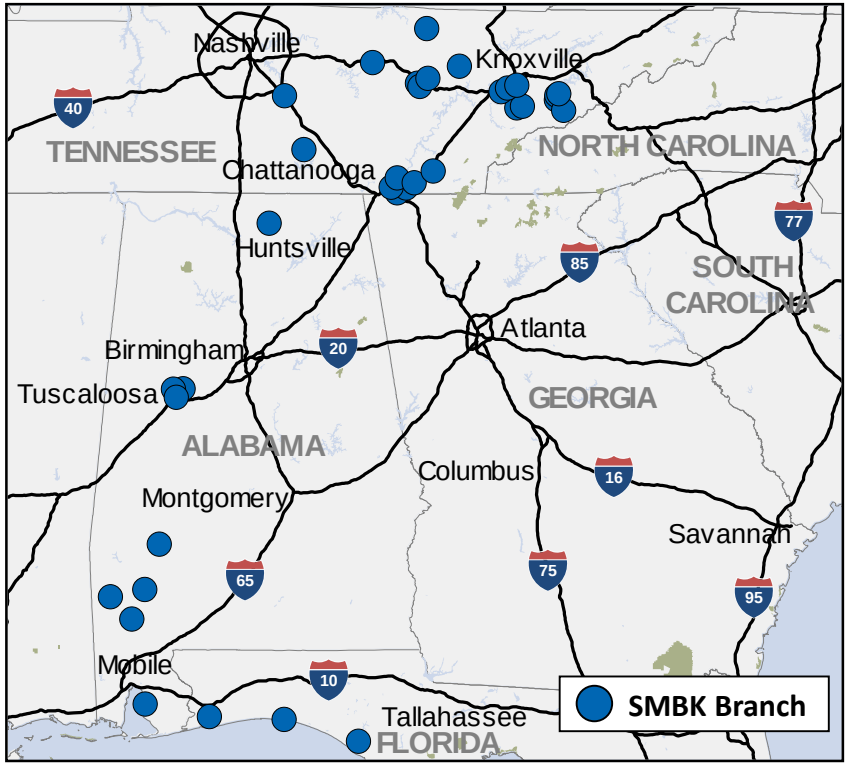
Non-GAAP Financial Measures

Statements included in this presentation include Non-GAAP financial measures and should be read along with the accompanying tables, which provide a reconciliation of Non-GAAP financial measures to GAAP financial measures. SmartFinancial management uses several Non-GAAP financial measures, including: (i) net operating earnings, (ii) net operating return on average assets, (iii) net operating return on average shareholder equity, (iv) return on average tangible common equity, (v) net operating return on average tangible common equity, (vi) operating efficiency ratio; (vii) tangible common equity; (viii) average tangible common equity; (ix) tangible book value; (x) operating pre-tax pre-provision earnings; (xi) operating noninterest income; (xii) operating noninterest expense; (xiii) net interest income – excluding purchase accounting adjustments; and ratios derived therefrom, in its analysis of the company's performance. Net operating earnings excludes the following from net income: securities gains and losses, merger termination fee of $6.4 million in the second quarter of 2019, merger related and restructuring expenses, the effect of the December 2017 tax law change on deferred tax assets, tax benefit from director options previously exercised, and the income tax effect of adjustments. Net operating return on average assets is the annualized net operating earnings divided by average assets. Net operating return on average equity is the annualized net operating earnings divided by average equity. Return on average tangible common equity is the annualized net income divided by average tangible common equity. Net operating return on average tangible common equity is the annualized net operating earnings divided by average tangible common equity (Non-GAAP). The operating efficiency ratio includes an adjustment for taxable equivalent yields and excludes securities gains and losses and merger related and restructuring expenses from the efficiency ratio. Tangible common equity and average tangible common equity excludes goodwill and other intangible assets from shareholders' equity (GAAP) and average shareholders' equity (GAAP). Tangible book value excludes intangible assets and goodwill less shareholders' equity (GAAP) divided by common shares outstanding. Operating pre-tax pre-provision earnings is net interest income (GAAP) plus operating noninterest income (Non-GAAP) less operating noninterest expense (Non-GAAP). Operating noninterest income excludes the following from noninterest income: securities gains and losses, expenses related to the termination of the ADECA loan program and the merger termination fee of $6.4 million in the second quarter of 2019. Operating noninterest expense excludes the following from noninterest expense: prior year adjustments to salaries, merger related and restructuring expenses and certain franchise tax true-up expenses. Net interest income – excluding purchase accounting adjustments includes taxable equivalent adjustments and excludes purchase accounting adjustments from net interest income. Management believes that Non-GAAP financial measures provide additional useful information that allows investors to evaluate the ongoing performance of the company and provide meaningful comparisons to its peers. Management believes these non-GAAP financial measures also enhance investors' ability to compare period-to-period financial results and allow investors and company management to view our operating results excluding the impact of items that are not reflective of the underlying operating performance. Non-GAAP financial measures should not be considered as an alternative to any measure of performance or financial condition as promulgated under GAAP, and investors should consider SmartFinancial's performance and financial condition as reported under GAAP and all other relevant information when assessing the performance or financial condition of the company. Non-GAAP financial measures have limitations as analytical tools, and investors should not consider them in isolation or as a substitute for analysis of the results or financial condition as reported under GAAP.

Overview of SmartFinancial

- **SmartFinancial, Inc. (Nasdaq: SMBK) is a $2.9 billion asset bank holding company headquartered in Knoxville, Tennessee**
  - Operates one subsidiary bank, SmartBank, which was founded in January 2007
  - Located primarily in attractive, high-growth markets throughout East/Mid Tennessee, Alabama and the Florida Panhandle
  - 483 full-time employees
- **Balance Sheet (3/31/20)**
  - Assets: $2.9 billion
  - Gross Loans: $2.1 billion
  - Deposits: $2.3 billion
  - Shareholders' Equity / Tangible Common Equity (Non-GAAP): $336.2 million / $249.7 million
- **Profitability (Q1 '20)**
  - Net Income / Net Operating Earnings (Non-GAAP): $2.7 million / $4.3 million
  - Operating Pre-Tax Pre-Provision Earnings (Non-GAAP): $8.7 million
  - ROAA / Net Operating ROAA (Non-GAAP): 0.43% / 0.67%
  - ROATCE / Net Operating ROATCE (Non-GAAP): 4.41% / 6.90%
  - Efficiency Ratio / Operating Efficiency Ratio (Non-GAAP): 74.0% / 65.5%
- **Asset Quality**
  - Superior asset quality and proven credit culture
  - NPAs / Total Assets of 0.31%
  - Reserves / Loans: 0.63%
- **Regularly Quarterly Dividend**
  - Declared quarterly cash dividend of $0.05 per share

Branch Footprint



Financial data as of or for the three months ended 3/31/20
Note: For a reconciliation of Non-GAAP financial measures to their most directly comparable GAAP measures, see the Appendix

Culture

We are **building a culture** where **Associates thrive** and are **empowered** to be **leaders**. The **core values** that we have established as a company help us operate in unison and have become a **critical part of our culture**. Our Associates are key to SmartBank's success.

Core Values

Act with Integrity
Be Enthusiastic
Create Positivity
Demonstrate Accountability
Embrace Change

Creating "WOW" Experiences

Exhibiting Over-The-Top Enthusiasm and Positivity

Delivering Exceptional, Professional & Knowledgeable Service



Positioning Statement

At SmartBank, delivering **unparalleled value** to our Shareholders, Associates, Clients and the Communities we serve drives **every** decision and action we take. **Exceptional value** means being there with **smart solutions**, **fast responses** and **deep commitment** every single time. By doing this, we will create the Southeast's next, great community banking franchise.

Approach and Actions Taken in Response to COVID-19

COVID-19 Actions

- Established Senior Executive meetings to discuss potential scenarios
- Increased associate communications regarding precautions and preparedness activities
- Enacted cancellation of non-essential business travel for all associates
- Increased updates to Board on a regular basis
- Created Pandemic Response Team, comprised of Senior Executives and Functional Leaders from across the Company
- Executed Business Continuity Plan to protect welfare of our associates and to mitigate disruption
- Operational activities:
    - Business continuity, IT testing, remote work capabilities implemented
    - Enhanced liquidity monitoring and analysis
    - Increased operational liquidity to support client needs

Supporting Associates, Clients and Communities

Associates

- Implemented work-at-home strategy for those associates whose jobs can be performed remotely
- Established social distancing practices for associates who remained on site, as well as split-team rotations
- Granted 80 hours of Emergency Paid Leave available to associates with child and/or elder care issues, as well as medical related issues
- Adjusted branch operations to “drive-thru only” and lobby visits by appointment
- Provided routine information to our associates with up-to-date information on COVID-19 and safe work space, as well as weekly recap messages from the President & CEO



Clients

- Branch offices remained open
- Provided relief to commercial and consumer clients with deferring principal and/or interest payments
- Continue to provide liquidity to our clients
- Helping clients apply for the Paycheck Protection Program (“PPP”) that provided potentially forgivable emergency relief loans
- Provide credit card clients the option to skip a payment
- Potentially waive CD penalties and service charges, such as NSF’s, cashier checks, etc.
- Waiving late fees on loans
- Suspended foreclosures and repossessions



Communities

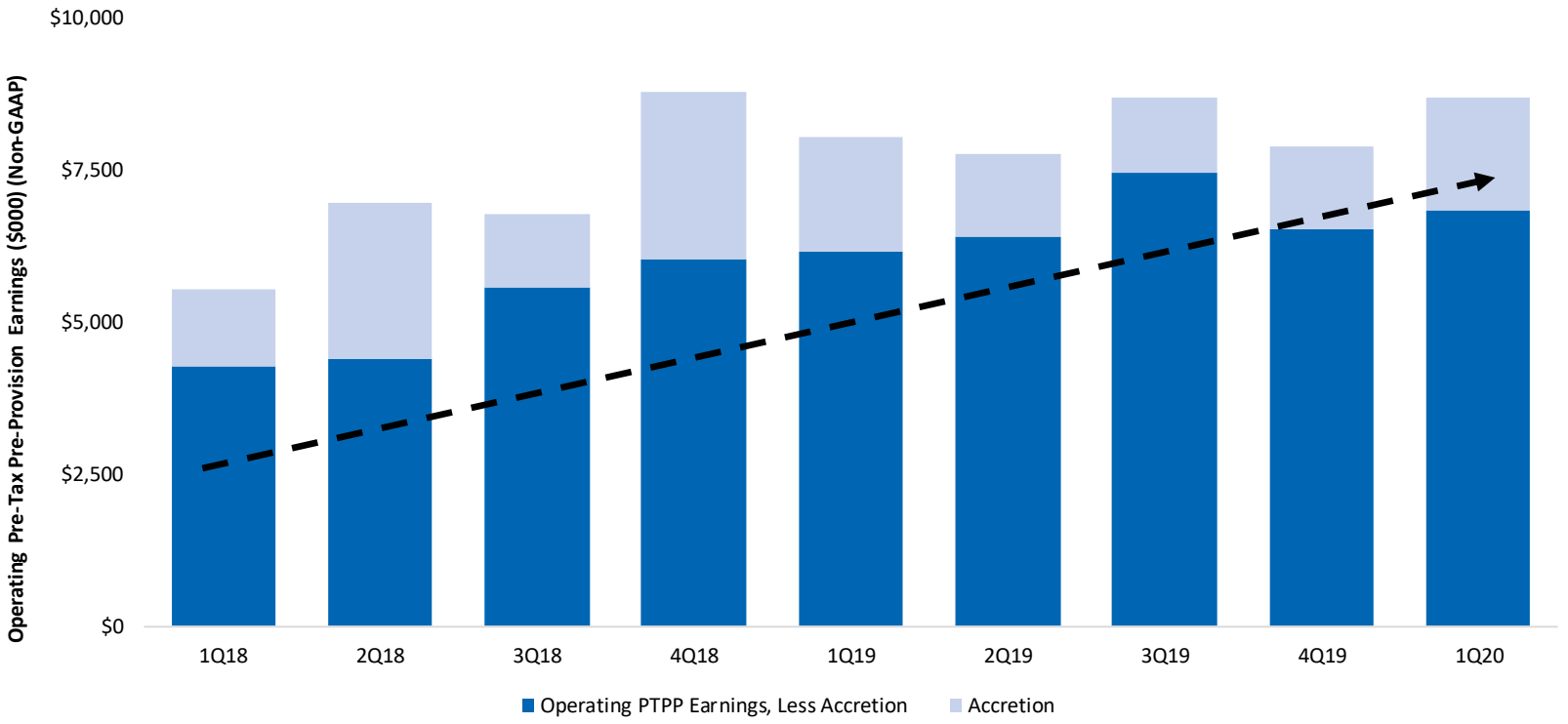
- Formed a Community Engagement Roundtable made up of individuals representing all footprints across the company, led by the Director of Community Development & CRA Officer, to assist with identifying needs of each community affected by COVID-19
- Spent an extensive amount of time educating the underserved and minority small business community on the SBA loan program, in particular PPP
- Assisted several non-client community service organizations with SBA PPP loans
- Served as Committee member for Chattanooga on their Small Business Grant and Loan program, which was created to assist victims impacted by COVID-19



SmartFinancial, Inc.

First Quarter Financial Highlights

Continuing Increase in Operating Pre-Tax Pre-Provision Earnings

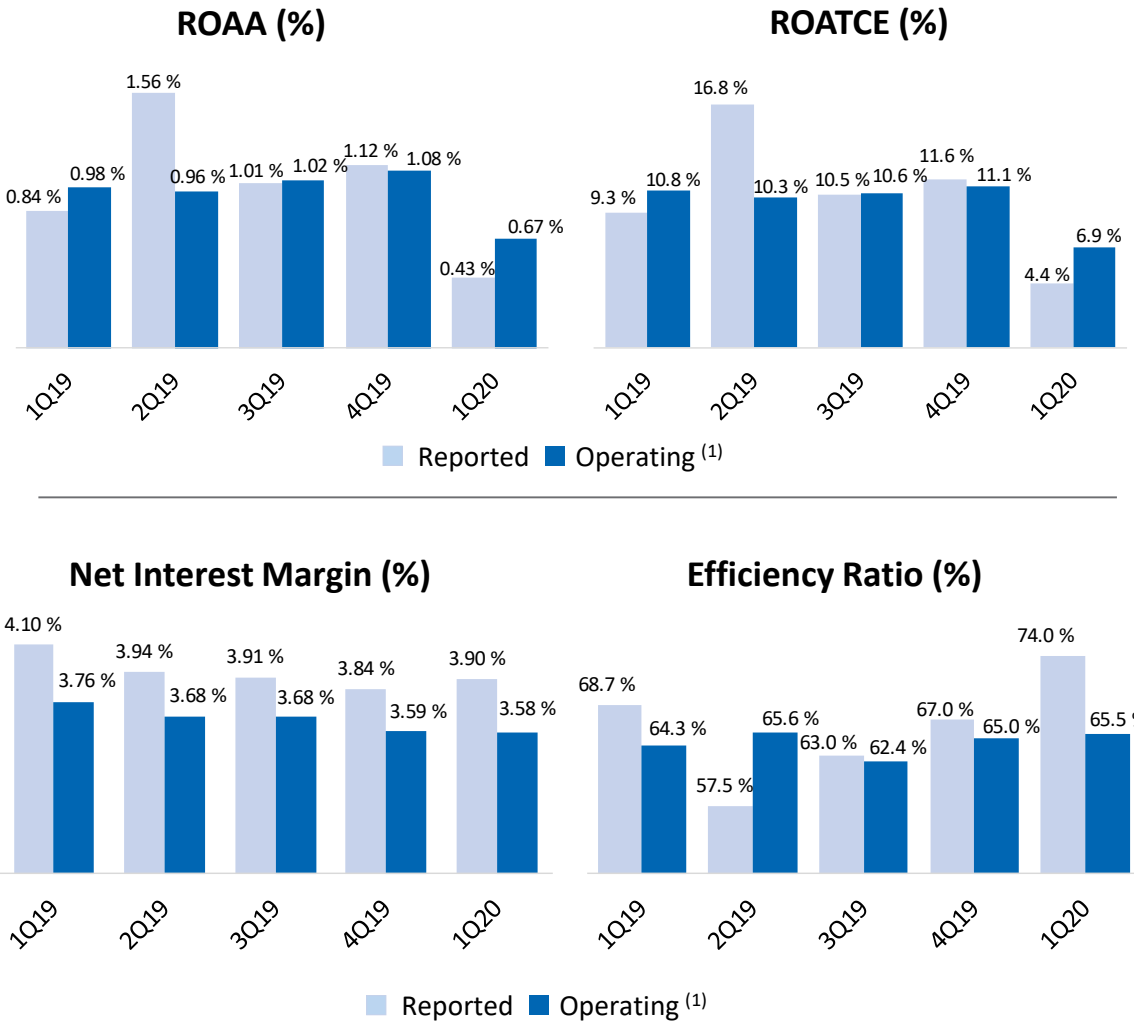


($ in thousands)	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20
Operating Pre-Tax Pre-Provision Earnings (Non-GAAP)	$5,542	$6,967	$6,770	$8,786	$8,039	$7,772	$8,700	$7,890	$8,692
Less: Accretion	$1,274	$2,583	$1,208	$2,755	$1,881	$1,374	$1,246	$1,375	$1,841
Operating Pre-Tax Pre-Provision Earnings, Less Accretion	$4,268	$4,384	$5,562	$6,031	$6,158	$6,398	$7,454	$6,515	$6,851

Note: For a reconciliation of Non-GAAP financial measures to their most directly comparable GAAP measures, see the Appendix

Performance Trends

- Net Operating Earnings (Non-GAAP) of $4.3 million for the quarter
- ROAA of 0.43% for the quarter and Net Operating ROAA (Non-GAAP) of 0.67%
- ROATCE (Non-GAAP) of 4.4% for the quarter and Operating ROATCE (Non-GAAP) of 6.9%
- Efficiency Ratio of 74.0% for the quarter and Operating Efficiency Ratio (Non-GAAP) of 65.5%
- Net Interest Margin (fully taxable equivalent "FTE") of 3.90%, up 6 basis points from the prior quarter
- Nonperforming Assets were 0.31% of Total Assets

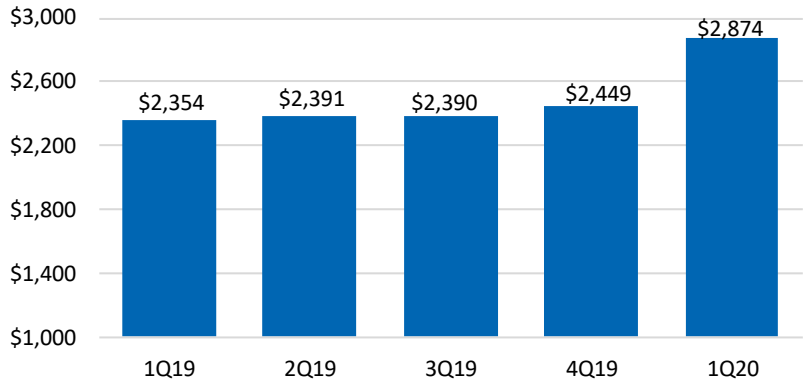


(1) Operating profitability (Non-GAAP) figures exclude gain on sale of securities, merger termination fees, merger-related and restructuring expenses and non-operating items; net interest margin excludes purchase accounting adjustments

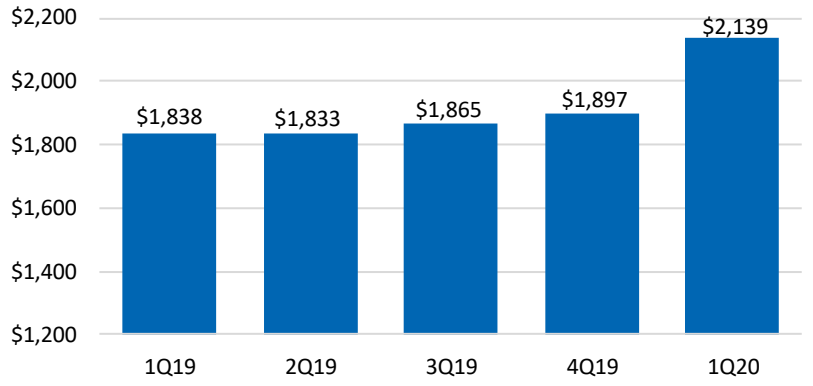
Note: For a reconciliation of Non-GAAP financial measures to their most directly comparable GAAP measures, see the Appendix

Balance Sheet Trends

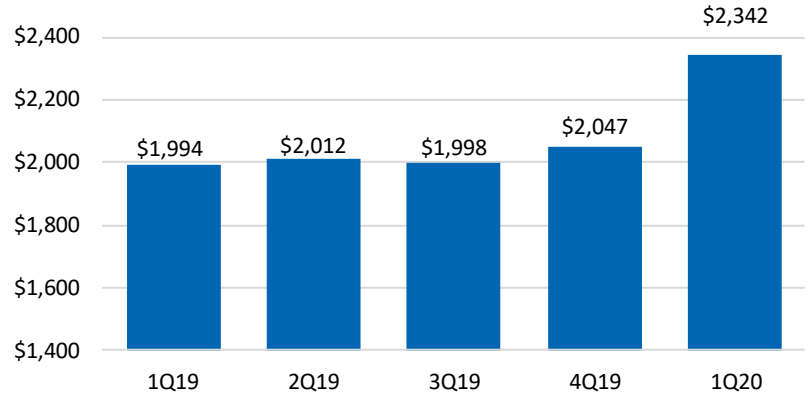
Total Assets ($mm)



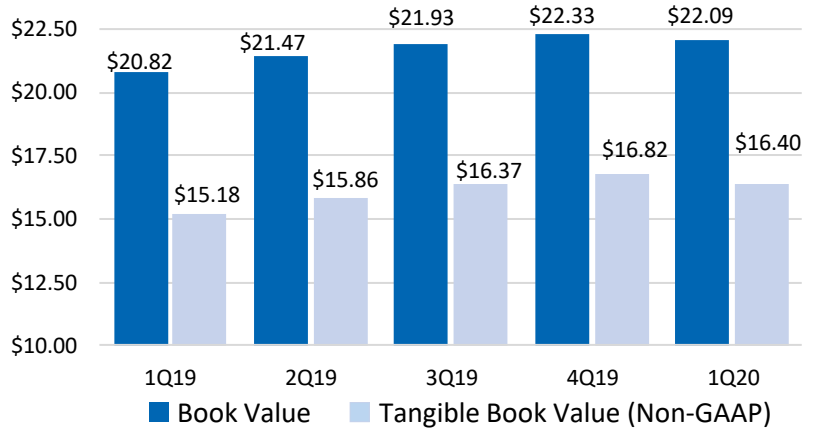
Loans ($mm)



Total Deposits ($mm)



Book Value Per Share

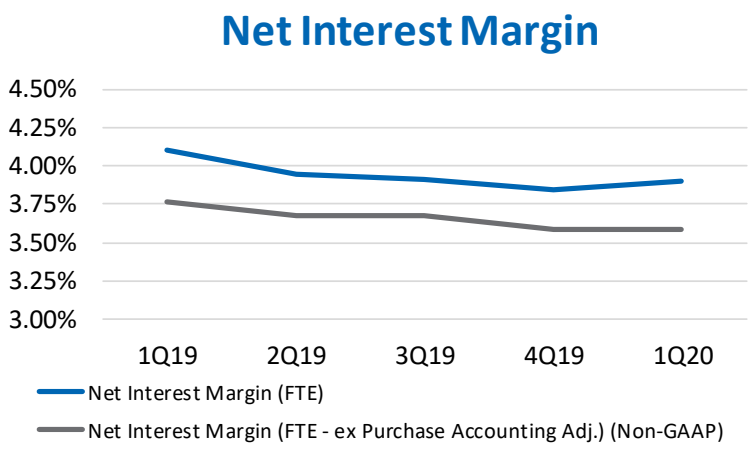


Note: For a reconciliation of Non-GAAP financial measures to their most directly comparable GAAP measures, see the Appendix

Net Interest Income

- Net Interest Margin (FTE) increased 6 bps quarter-to-quarter to 3.90%
- Compared quarter-to-quarter, Earning Asset Yields have decreased 9 basis points; the Average Cost of Interest-Bearing Liabilities have decreased 19 basis points
- Excluding the effect of purchase accounting adjustments, the Net Interest Margin (FTE) decreased 1 basis point quarter-to-quarter

($ in thousands)	1Q20	4Q19	1Q19
Net Interest Income (FTE)	$22,688	$21,220	$21,112
Average Earning Assets	$2,340,037	$2,190,508	$2,089,540

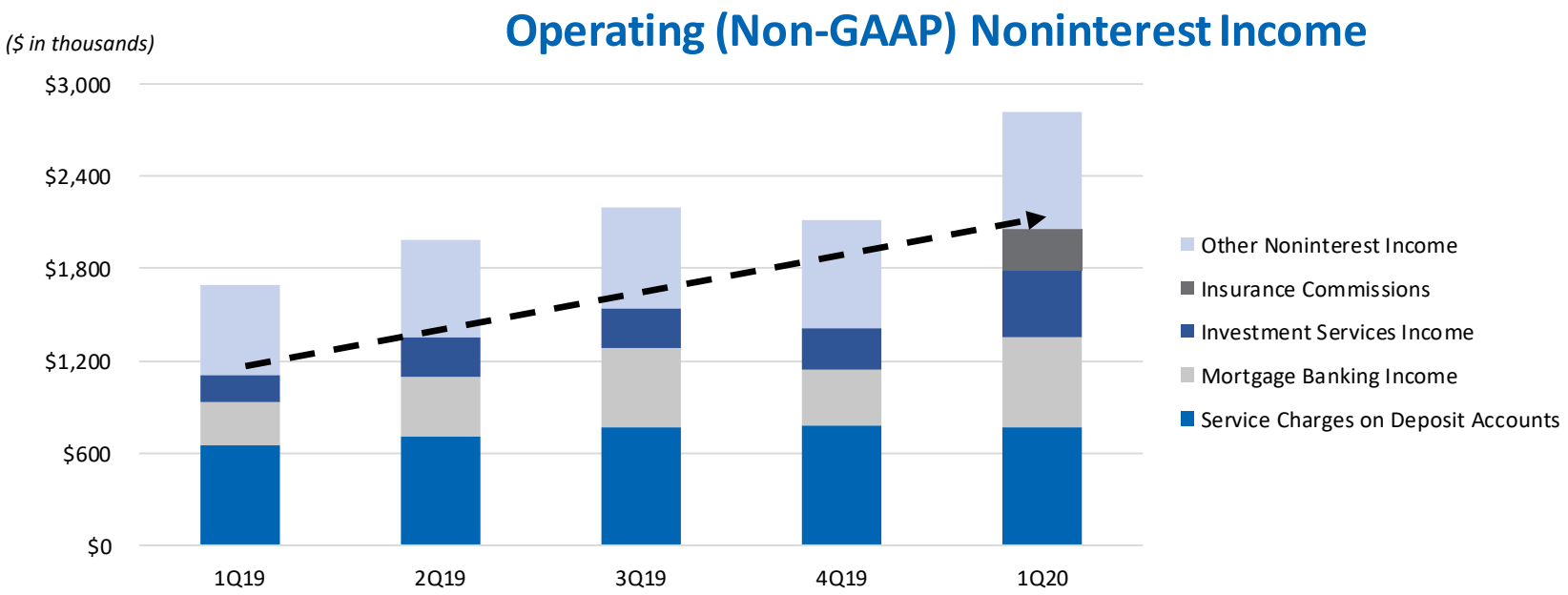


Average Yields and Rates	1Q20	4Q19	1Q19
Loans, less accretion	4.98%	5.07%	5.20%
Accretion	0.37%	0.29%	0.42%
Loans	5.35%	5.36%	5.62%
Taxable securities	2.34%	2.38%	2.68%
Tax-exempt securities (FTE)	2.28%	3.09%	4.07%
Federal funds and other investments	1.46%	1.74%	2.68%
Earning Asset Yields	4.83%	4.92%	5.25%
Total Interest-Bearing Deposits	1.10%	1.29%	1.32%
Securities sold under agreement to repurchase	0.36%	0.35%	0.41%
Federal funds purchased and other borrowings	0.73%	1.00%	4.09%
Subordinated debt	5.98%	5.90%	6.04%
Total Interest-Bearing Liabilities	1.20%	1.39%	1.45%
Net Interest Margin (FTE)	3.90%	3.84%	4.10%
Net Interest Margin (FTE - ex Purchase Acct. Adj.)	3.58%	3.59%	3.76%
Cost of Funds	0.99%	1.15%	1.21%

Note: For a reconciliation of Non-GAAP financial measures to their most directly comparable GAAP measures, see the Appendix

Operating (Non-GAAP) Noninterest Income

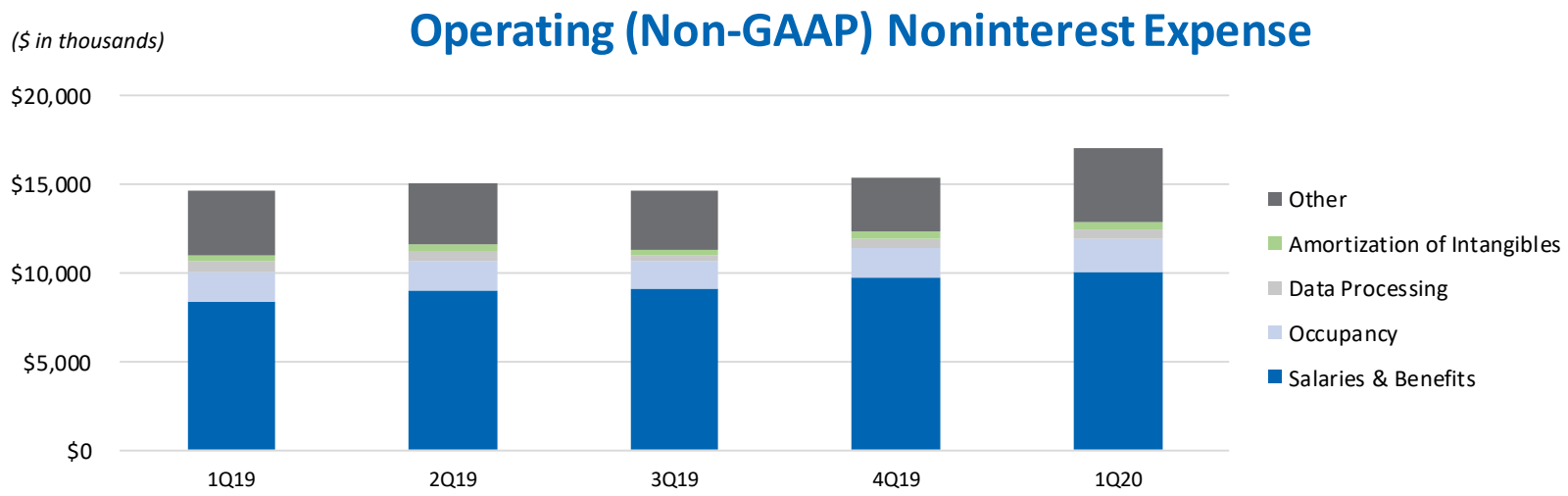
- Added insurance commission income stream from acquisition of Progressive Financial Group, Inc.
- Investment services income increased from additional production
- Mortgage banking income increased over 56% from the prior quarter
- Consistent increases in service charges on deposit accounts



Note: For a reconciliation of Non-GAAP financial measures to their most directly comparable GAAP measures, see the Appendix

Operating (Non-GAAP) Noninterest Expense

- Operating Efficiency Ratio (Non-GAAP) remained stable quarter-to-quarter at 65%
- Salary and benefits remained stable
- Continued investment in infrastructure



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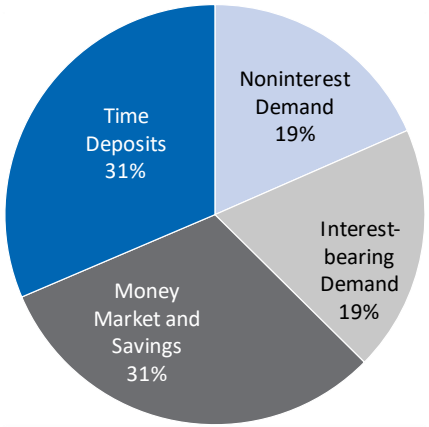
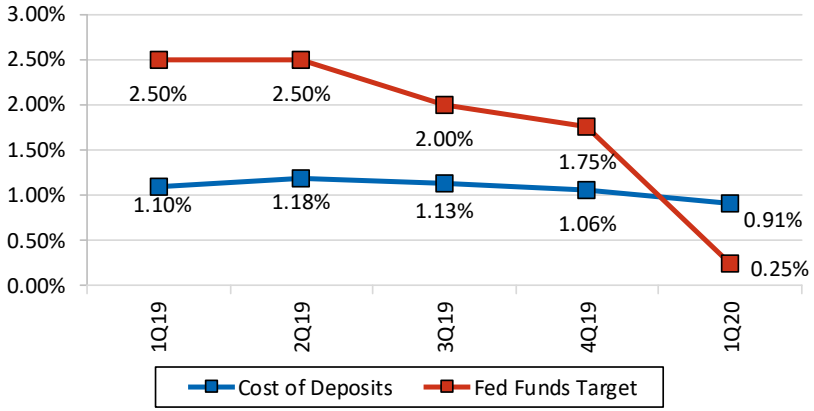
Attractive Deposit Mix

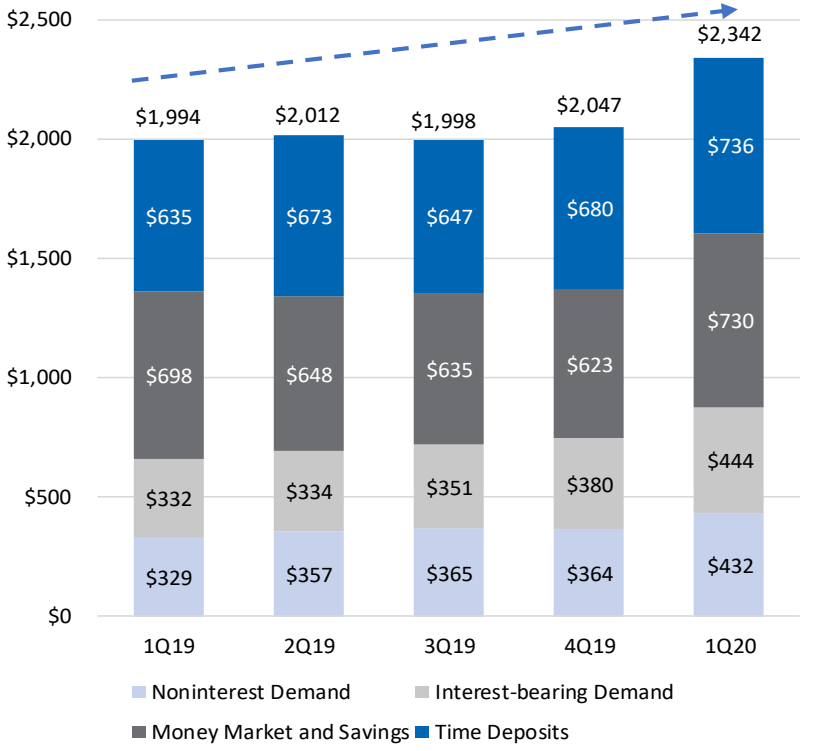
Deposit Composition (3/31/20)



Historical Cost of Deposits



Historical Deposit Composition ($mm)



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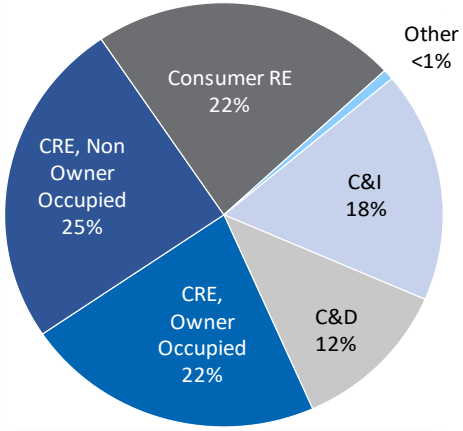
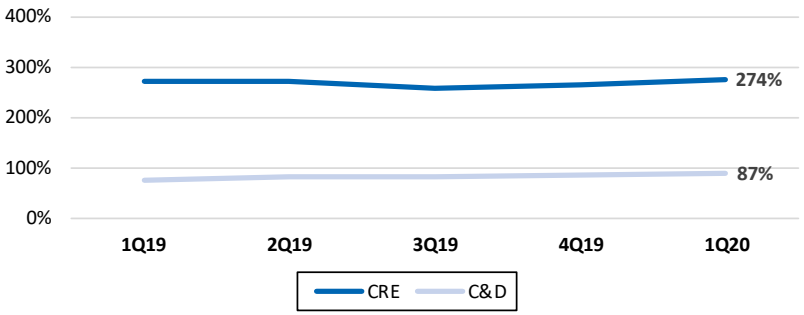
Overview of Loan Portfolio

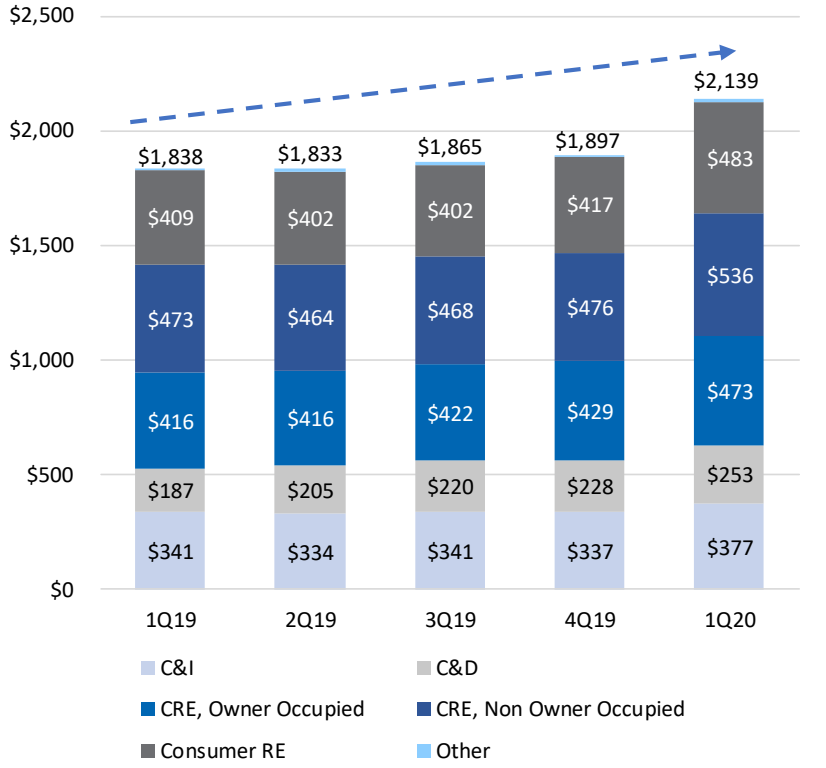
Loan Composition (3/31/20)



Historical CRE Ratios



Historical Loan Composition ($mm)

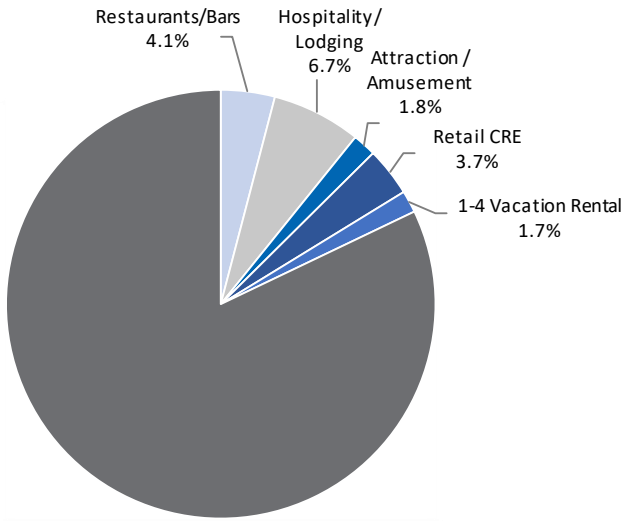


Segments Impacted by COVID-19

($ in thousands) Industry	Total Commitments ($)	O / S Balance ($)	Avg. Loan Size ($)	% of Portfolio (%)
Restaurants/Bars	$ 91,328	$ 86,990	$ 518	4.1 %
Hospitality / Lodging	185,053	143,831	2,438	6.7
Attraction / Amusement	40,846	37,886	1,994	1.8
Retail CRE	82,171	78,599	595	3.7
1-4 Vacation Rental	43,842	35,421	403	1.7
Other	2,136,279	1,756,520	174	82.1
Total	$ 2,579,519	$ 2,139,247	$ 202	100.0 %

Key Portfolio Management Fundamentals

- Well-Diversified Portfolio
- Good Equity in Real Estate Loan Transactions
- Strong Market Knowledge
- Conservatively Structured Loan Profiles
- Granularity in Loan Portfolio



COVID-19 Modified Loans

($ in thousands) Industry	COVID-19 Modified Loans April 2020 Loans Modified ($)	Modified Avg. Loan Size ($)	% of Portfolio (%)
Restaurants	$ 70,781	$ 885	3.0 %
Hospitality / Lodging	120,761	4,164	5.1
Attraction / Amusement	4,163	833	0.2
Retail CRE	20,002	1,250	0.8
1-4 Vacation Retail	7,057	470	0.3
Other	286,915	531	12.1
Total Modified Loans	$ 509,679	$ 744	21.4 %
Portfolio Total	$ 2,381,944		

Source: Company information
Note: As of April 24, 2020

Paycheck Protection Program

State	Funded Dollars ($ in thousands)
Tennessee	$ 151,905
Alabama	51,795
Florida	19,314
Georgia	8,370
Other	7,962
Total	$ 239,346

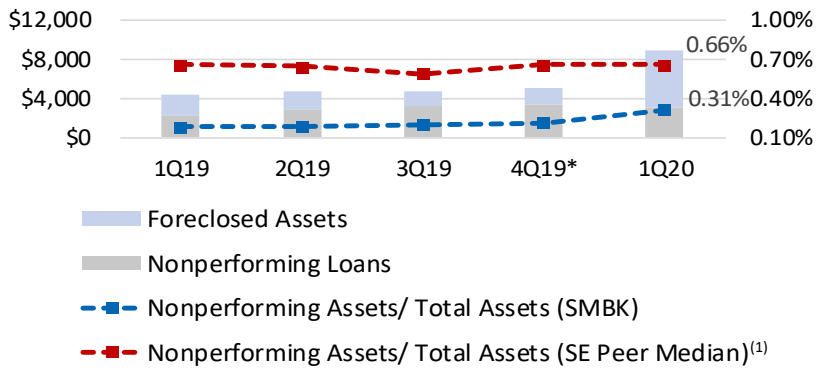
PPP Loan Stratification Table as of 4/24/20

SBA Fee	Application Count	Funded Dollars ($ in thousands)	Average ($ in thousands)
1%	7	$ 22,020	$ 3,146
3%	142	102,038	719
5%	1,536	115,288	75
Total	1,685	$ 239,346	$ 142

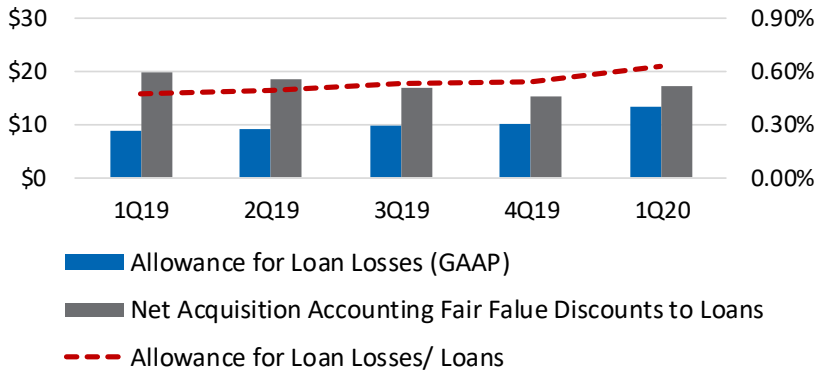
Asset Quality

- Superior asset quality, with Nonperforming Assets at 0.31% of Total Assets compared to the Southeast Peer Median [(1)] of 0.66%
- Remaining fair value discounts on acquired loans are 1.3x the current Allowance For Loan Losses
- Allowance for loan losses to loans is 0.63% at 1Q20
- Proven credit culture, with Net Charge-Offs to Average Loans of 0.00% compared to the Southeast Peer Median [(1)] of 0.08%

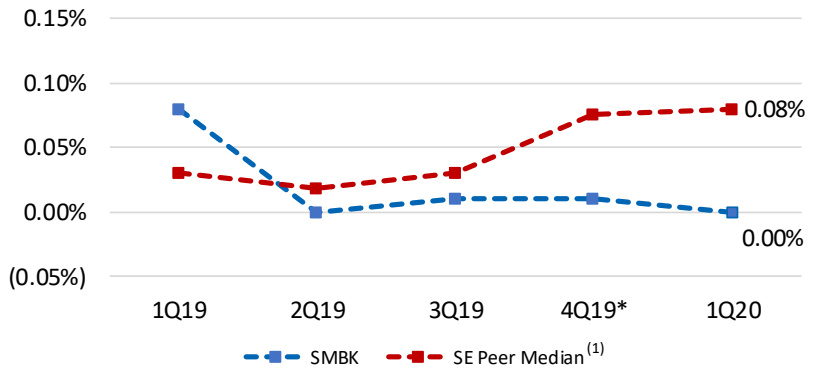
Nonperforming Assets ($ in thousands)



Loan Discounts ($ in thousands)



Net Charge-Offs/ Average Loans



Source: S&P Global Market Intelligence

(1) Major-exchange (NYSE, NYSEAM, NASDAQ) traded banks between $1.5B and $3B in assets headquartered in the Southeast (AL, AR, FL, GA, LA, MS, NC, SC, TN and WV) as of 12/31/19

** Peer median data held constant from 4Q19 due to unavailable 4Q19 data as of SMBK reporting date*

SmartFinancial, Inc.

Reserve Reconciliation

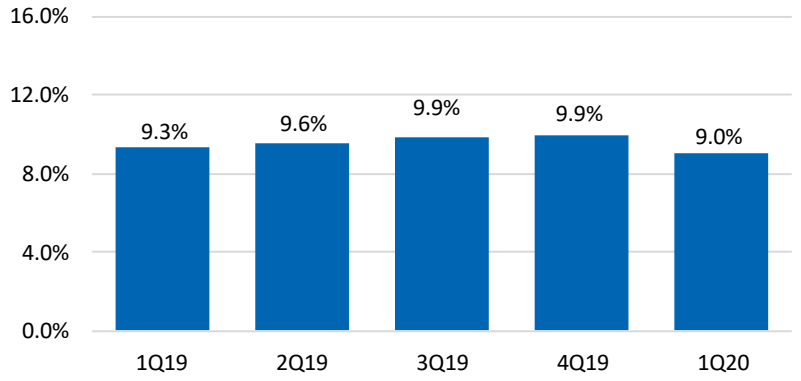
($ in thousands)	1Q19	2Q19	3Q19	4Q19	1Q20
Allowance for Loan Losses (GAAP) - Originated	$ 8,704	$ 8,979	$ 9,674	**$ 9,969**	**$ 12,412**
Allowance for Loan Losses (GAAP) - Acquired	--	118	118	**274**	**1,019**
Loan Discounts	19,954	15,871	16,784	**15,348**	**17,237**
Total Reserves	$ 28,658	$ 24,968	$ 26,576	**$ 25,591**	**$ 30,668**
Originated Loans	$ 1,290,392	$ 1,349,686	$ 1,433,524	**$ 1,521,364**	**$ 1,621,128**
Acquired Loans	548,074	483,216	431,155	**376,028**	**518,119**
Total Loans	$ 1,838,466	$ 1,832,902	$ 1,864,679	**$ 1,897,392**	**$ 2,139,247**
Allowance / Total Loans	0.47%	0.50%	0.53%	**0.54%**	**0.63%**
Allowance / Originated Loans	0.67%	0.67%	0.67%	**0.66%**	**0.77%**
Allowance / Acquired Loans	0.00%	0.02%	0.03%	**0.07%**	**0.20%**
Discount / Acquired Loans	3.64%	3.28%	3.89%	**4.08%**	**3.33%**
Total Reserves / Total Loans	1.56%	1.36%	1.43%	**1.35%**	**1.43%**

Note: For a reconciliation of Non-GAAP financial measures to their most directly comparable GAAP measures, see the Appendix

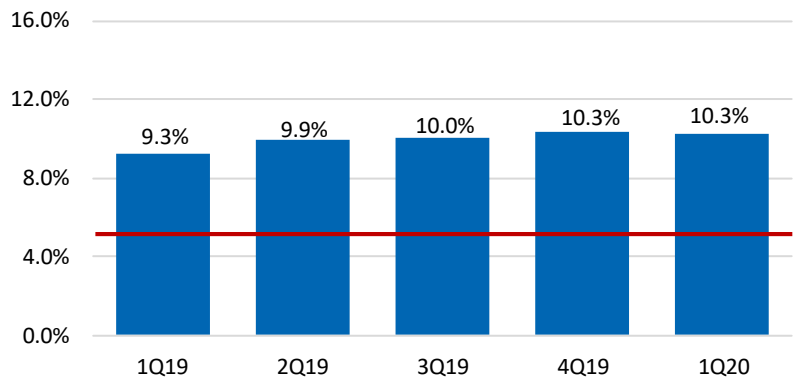
SmartFinancial, Inc.

Current Capital Position

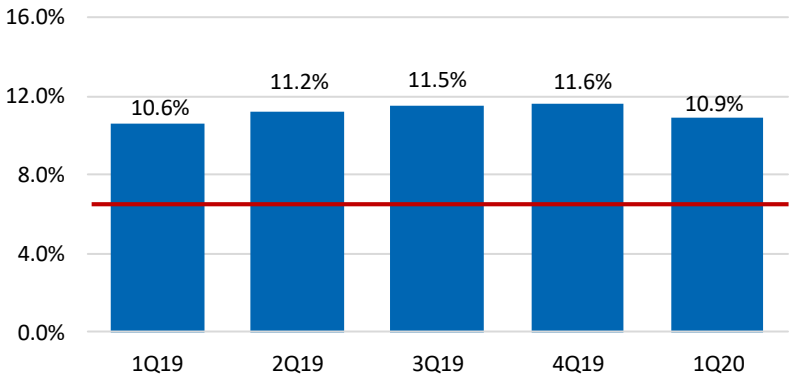
TCE / TA (%)



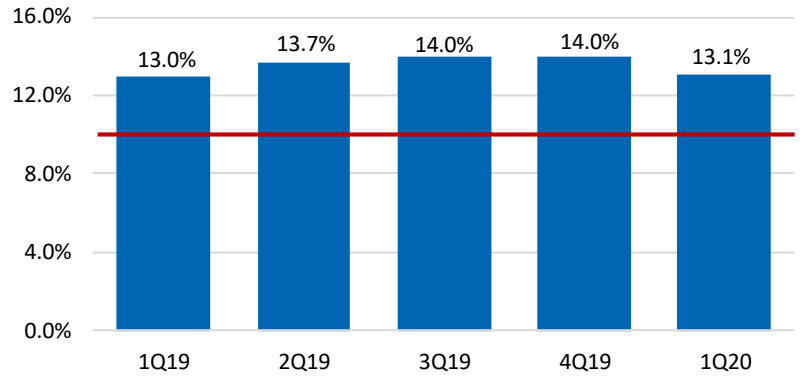
Leverage Ratio (%)



CET1 Ratio (%)



Total Risk-Based Capital Ratio (%)

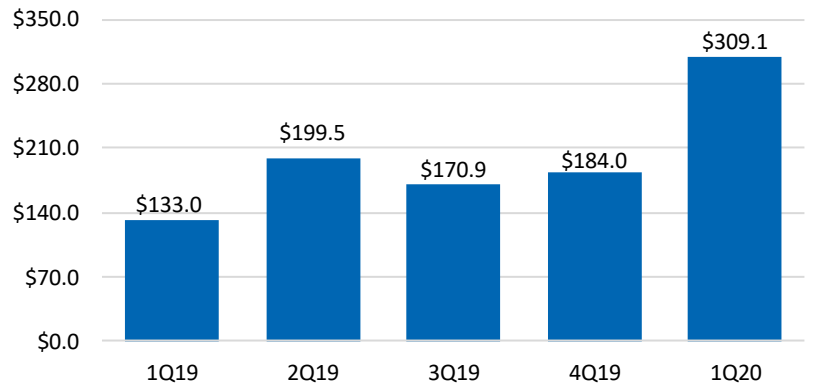


Basel III Regulatory Capital Minimum To Be Considered "Well Capitalized"

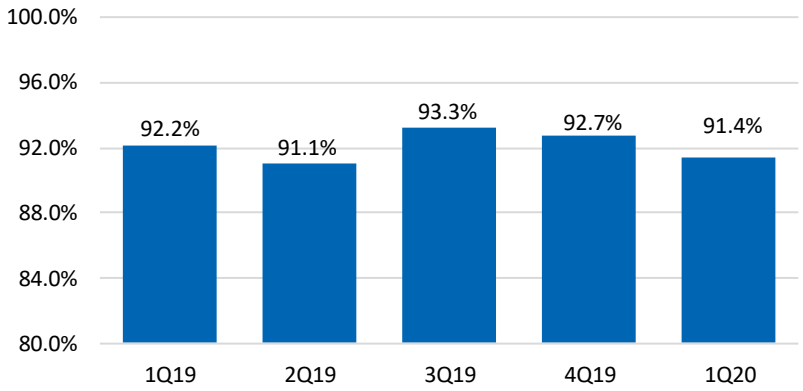
Note: Data as of the three months ended each respective quarter

Strong Liquidity Position

Cash and Cash Equivalents ($mm)



Loans / Deposits (%)



Bank Funding Sources ($mm)

Liquidity Sources	Amount Available ($mm)
Unpledged Investment Securities	$ 105.3
Overnight Fed Funds	69.6
FRB Discount Window	95.8
FHLB	52.0
Holding Company Line of Credit	25.0
Total Funding:	$ 347.7

Earnings Profile – First Quarter 2020

- Net Interest Income increased over 7% year-over-year ("YoY") due to higher average earning asset balances
- Noninterest Income increased over 65% YoY with all components reporting increases
- Total Revenue increased over 11% YoY due to overall growth of the Company
- Increases in Noninterest Expense primarily driven by merger charges and increased provision expense due to COVID-19 and deteriorating economic conditions

($ in thousands, expect per share data)	1Q20	4Q19	1Q19
Total Interest Income	$27,998	$27,028	$26,943
Total Interest Expense	5,427	5,924	5,946
Net Interest Income	22,571	21,104	20,997
Total Noninterest Income	2,818	2,840	1,698
Total Revenue	25,389	23,944	22,695
Provision for Loan Losses	3,200	685	797
Total Noninterest Expense	18,793	16,052	15,579
Earnings Before Income Taxes	3,396	7,206	6,319
Income Tax Expense	664	473	1,588
Net Income	$2,732	$6,733	$4,731
Net Income Per Share:			
Diluted Net Income Per Share	$0.19	$0.48	$0.34
Net Operating Earnings Per Share (Non-GAAP):			
Diluted Operating Earnings Per Share	$0.30	$0.46	$0.39

Note: For a reconciliation of Non-GAAP financial measures to their most directly comparable GAAP measures, see the Appendix

SmartFinancial, Inc.

Appendix

Non-GAAP Reconciliations

($ in thousands)	1Q20	4Q19	3Q19	2Q19	1Q19
Net interest income - ex purchase acct. adj.					
Net interest income (GAAP)	$ 22,571	$ 21,104	$ 21,140	$ 20,802	$ 20,997
Taxable equivalent adjustment	117	116	110	116	115
Net interest income TEY	22,688	21,220	21,250	20,918	21,112
Purchase accounting adjustments	1,841	1,375	1,246	1,374	1,881
Net interest income - ex purchase acct. adj. (Non-GAAP)	$ 20,847	$ 19,845	$ 20,004	$ 19,544	$ 19,231
Operating Noninterest Income					
Noninterest income (GAAP)	$ 2,818	$ 2,840	$ 2,196	$ 8,416	$ 1,698
Securities (gain) losses	-	-	(1)	(33)	-
ADECA termination proceeds	-	(720)	-	-	-
Merger termination fee	-	-	-	(6,400)	-
Operating noninterest income (Non-GAAP)	$ 2,818	$ 2,120	$ 2,195	$ 1,983	$ 1,698
Operating Noninterest Expense					
Noninterest expense (GAAP)	$ 18,793	$ 16,052	$ 14,708	$ 16,809	$ 15,579
Salaries - prior year adjustment	-	(603)	-	-	-
Merger related and restructuring charges	(2,096)	(427)	(73)	(1,796)	(923)
Other - prior year franchise tax true-up	-	312	-	-	-
Operating noninterest expense (Non-GAAP)	$ 16,697	$ 15,334	$ 14,635	$ 15,013	$ 14,656
Tangible Common Equity					
Shareholders' equity (GAAP)	$ 336,200	$ 312,747	$ 306,040	$ 299,611	$ 290,481
Less goodwill and other intangible assets	86,503	77,193	77,534	78,348	78,690
Tangible Common Equity (Non-GAAP)	$ 249,697	$ 235,554	$ 228,506	$ 221,263	$ 211,791
Average Tangible Common Equity					
Average shareholders' equity (GAAP)	$ 329,692	$ 308,772	$ 303,200	$ 296,570	$ 286,076
Less goodwill and other intangible assets	80,370	77,400	78,222	78,564	78,913
Average Tangible Common Equity (Non-GAAP)	$ 249,322	$ 231,372	$ 224,978	$ 218,006	$ 207,163
Non-GAAP Return Ratios					
Net operating return on average assets (Non-GAAP)[1]	0.67%	1.08%	1.02%	0.96%	0.98%
Return on average tangible common equity (Non-GAAP)[2]	4.41%	11.55%	10.52%	16.78%	9.26%
Net operating return on average shareholder equity (Non-GAAP)[3]	5.22%	8.34%	7.87%	7.58%	7.81%
Net operating return on average tangible common equity (Non-GAAP)[4]	6.90%	11.12%	10.61%	10.31%	10.79%

(1) Net operating return on average assets (Non-GAAP) is the annualized net operating earnings (Non-GAAP) divided by average assets.
(2) Return on average tangible common equity (Non-GAAP) is the annualized net income divided by average tangible common equity (Non-GAAP).
(3) Net operating return on average shareholder equity (Non-GAAP) is the annualized net operating earnings (Non-GAAP) divided by average shareholder equity.
(4) Net operating return on average tangible common equity (Non-GAAP) is the annualized net operating earnings (Non-GAAP) divided by average tangible common equity (Non-GAAP).
Note: "ADECA" represents a program administered by the Alabama Department of Economic and Community Affairs

Non-GAAP Reconciliations

($ in thousands, except per share data)	1Q20	4Q19	3Q19	2Q19	1Q19
Operating Earnings					
Net income (GAAP)	$ 2,732	$ 6,733	$ 5,963	$ 9,121	$ 4,731
Noninterest income:					
Securities (gains) losses	-	-	(1)	(33)	-
ADECA termination proceeds	-	(720)	-	-	-
Merger termination fee	-	-	-	(6,400)	-
Noninterest expenses:					
Salaries - prior year adjustment	-	603	-	-	-
Merger related and restructuring expenses	2,096	427	73	1,796	923
Other - prior year franchise tax true-up	-	(312)	-	-	-
Income taxes:					
Tax benefit - prior year amended return	-	(304)	-	-	-
Tax benefit from director options	-	-	-	-	-
Income tax effect of adjustments	(548)	60	(19)	1,119	(145)
Net operating earnings (Non-GAAP)	$ 4,280	$ 6,487	$ 6,016	$ 5,603	$ 5,509
Net operating earnings per common share:					
Basic	$0.30	$0.46	$0.43	$0.40	$0.40
Diluted	$0.30	$0.46	$0.43	$0.40	$0.39
Operating Efficiency Ratio					
Efficiency ratio (GAAP)	74.0%	67.0%	63.0%	57.5%	68.7%
Adjustment for taxable equivalent yields	(0.45%)	(0.45%)	(0.37%)	(0.50%)	(0.49%)
Adjustment for securities gains (losses)	-	-	-	0.14%	-
Adjustment for merger expenses	(8.10%)	(1.64%)	(0.24%)	8.39%	(3.91%)
Operating efficiency ratio (Non-GAAP)	65.5%	65.0%	62.4%	65.6%	64.3%

Note: "ADECA" represents a program administered by the Alabama Department of Economic and Community Affairs

Non-GAAP Reconciliations

($ in thousands, except per share data)	1Q20	4Q19	3Q19	2Q19	1Q19	4Q18	3Q18	2Q18	1Q18
Operating Pre-Tax Pre-Provison Income									
Net interest income (GAAP)	$ 22,571	$ 21,104	$ 21,140	$ 20,802	$ 20,997	$ 21,447	$ 18,860	$ 19,538	$ 16,811
Operating noninterest income (Non-GAAP)	2,818	2,120	2,195	1,983	1,698	1,678	1,831	1,583	1,455
Operating noninterest expense (Non-GAAP)	(16,697)	(15,334)	(14,635)	(15,013)	(14,656)	(14,339)	(13,921)	(14,154)	(12,724)
Operating Pre-Tax Pre-Provison Earnings (Non-GAAP)	$ 8,692	$ 7,890	$ 8,700	$ 7,772	$ 8,039	$ 8,786	$ 6,770	$ 6,967	$ 5,542

Note: "ADECA" represents a program administered by the Alabama Department of Economic and Community Affairs

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