

Appendix A - Reconciliation of Non-GAAP Financial Measures (Unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	(Dollars in thousands, except per share data)		(Dollars in thousands, except per share data)	
	2020	2019	2020	2019
Adjusted Net Income				
Net income (GAAP)	\$ 1,520	2,958	\$ 3,806	5,847
Loss / (Gain) on sale of investments	(1)	(30)	(1)	266
Amortization of PPP fees, net	(686)	-	(686)	-
Tax effect of adjustments	180	8	180	(70)
Adjusted net income (Non-GAAP)	1,013	2,936	3,299	6,043
Provision for (recovery of) loan losses	3,500	(300)	4,995	(750)
Tax effect of provision for (recovery of) loan losses	(915)	78	(1,305)	196
Adjusted net income w/o provision for (recovery of) loan losses (Non-GAAP)	\$ 3,598	2,714	\$ 6,988	5,489
Adjusted Diluted Earnings Per Share				
Diluted earnings per share (GAAP)	\$ 0.24	0.47	\$ 0.60	0.93
Loss / (Gain) on sale of investments	(0.00)	(0.00)	(0.00)	0.04
Amortization of PPP fees, net	(0.11)	-	(0.11)	-
Tax effect of adjustments	0.03	0.00	0.03	(0.01)
Adjusted diluted earnings per share (Non-GAAP)	0.16	0.47	0.52	0.96
Provision for (recovery of) loan losses	0.56	(0.05)	0.79	(0.12)
Tax effect of provision for (recovery of) loan losses	(0.15)	0.01	(0.21)	0.03
Adjusted diluted earnings per share w/o provision for (recovery of) loan losses (Non-GAAP)	\$ 0.57	0.43	\$ 1.11	0.88
Adjusted Return on Average Assets				
Return on average assets (GAAP)	0.53%	1.38%	0.73%	1.37%
Loss / (Gain) on sale of investments	0.00%	-0.01%	0.00%	0.06%
Amortization of PPP fees, net	-0.24%	0.00%	-0.13%	0.00%
Tax effect of adjustments	0.06%	0.00%	0.03%	-0.02%
Adjusted return on average assets (Non-GAAP)	0.35%	1.37%	0.63%	1.41%
Provision for (recovery of) loan losses	1.22%	-0.14%	0.96%	-0.18%
Tax effect of provision for (recovery of) loan losses	-0.32%	0.04%	-0.25%	0.05%
Adjusted return on average assets w/o provision for (recovery of) loan losses (Non-GAAP)	1.25%	1.27%	1.34%	1.29%
Adjusted Return on Average Equity				
Return on average equity (GAAP)	6.32%	14.38%	8.05%	14.56%
Loss / (Gain) on sale of investments	0.00%	-0.15%	0.00%	0.66%
Amortization of PPP fees, net	-2.85%	0.00%	-1.45%	0.00%
Tax effect of adjustments	0.75%	0.04%	0.38%	-0.17%
Adjusted return on average equity (Non-GAAP)	4.21%	14.27%	6.98%	15.05%
Provision for (recovery of) loan losses	14.55%	-1.46%	10.56%	-1.87%
Tax effect of provision for (recovery of) loan losses	-3.80%	0.38%	-2.76%	0.49%
Adjusted return on average equity w/o provision for (recovery of) loan losses (Non-GAAP)	14.96%	13.19%	14.78%	13.67%
Adjusted Efficiency Ratio				
Efficiency ratio (GAAP)	37.78%	50.26%	41.78%	51.46%
Loss / (Gain) on sale of investments	0.00%	0.20%	0.00%	-0.92%
Amortization of PPP fees, net	3.15%	0.00%	1.72%	0.00%
Adjusted efficiency ratio (Non-GAAP)	40.93%	50.47%	43.50%	50.53%
Adjusted Net Interest Margin				
Net interest margin (GAAP)	3.08%	3.40%	3.25%	3.38%
Amortization of PPP fees, net	-0.14%	0.00%	-0.08%	0.00%
Adjusted net interest margin (Non-GAAP)	2.94%	3.40%	3.17%	3.38%
Allowance to Non-PPP loans				
Allowance to loans	1.15%		1.15%	
Impact of PPP loans	0.15%	N/A	0.15%	N/A
Allowance to non-PPP loans	1.30%		1.30%	