



ServisFirst Bancshares, Inc. Announces Results For Third Quarter of 2022

BIRMINGHAM, Ala.--(BUSINESS WIRE)-- ServisFirst Bancshares, Inc. (NYSE: SFBS), today announced earnings and operating results for the quarter ended September 30, 2022.

Third Quarter 2022 Highlights:

- Diluted earnings per share were \$1.17 for the third quarter of 2022, a 22% increase over the third quarter of 2021 and a 3% increase on a linked-quarter basis
- Preliminary settlement of litigation and write-down of a private investment resulting in charges of \$2.4 million, net of income taxes, or \$0.05 per diluted share
- Total loans grew \$661.3 million during the third quarter of 2022, or 25% annualized
- Entered the Piedmont, North Carolina market and expanded our presence in Northwest Florida and Nashville.
- Book value per share increased 11% year-over-year
- Return on average common stockholders' equity was 20.49% for the quarter
- Efficiency ratio was 31.54% for the quarter, including the charges above

Tom Broughton, Chairman, President and CEO, said, "We were pleased to add some exceptional bankers during the quarter who will help in the continued growth and expansion of our company."

Bud Foshee, CFO, said, "Excess funds have returned to normal levels. Our net interest margins should remain relatively stable going forward."

FINANCIAL SUMMARY (UNAUDITED)

(in Thousands except share and per share amounts)

| | Period Ending September 30, 2022 | Period Ending June 30, 2022 | % Change From Period Ending June 30, 2022 to Period Ending September 30, 2022 | Period Ending September 30, 2021 | % Change From Period Ending September 30, 2021 to Period Ending September 30, 2022 |
|--|--|--------------------------------|---|--|---|
| QUARTERLY OPERATING RESULTS | | | | | |
| Net Income | \$ 64,031 | \$ 62,136 | 3% | \$ 52,499 | 22% |
| Net Income Available to Common Stockholders | \$ 64,031 | \$ 62,105 | 3% | \$ 52,499 | 22% |
| Diluted Earnings Per Share | \$ 1.17 | \$ 1.14 | 3% | \$ 0.96 | 22% |
| Return on Average Assets | 1.77% | 1.67% | | 1.50% | |
| Return on Average Common Stockholders' Equity | 20.49% | 20.93% | | 18.93% | |
| Average Diluted Shares Outstanding | 54,546,682 | 54,532,385 | | 54,477,740 | |
| YEAR-TO-DATE OPERATING RESULTS | | | | | |
| Net Income | \$ 183,780 | | | \$ 153,981 | 19% |
| Net Income Available to Common Stockholders | \$ 183,749 | | | \$ 153,950 | 19% |
| Diluted Earnings Per Share | \$ 3.37 | | | \$ 2.83 | 19% |
| Return on Average Assets | 1.64% | | | 1.63% | |
| Return on Average Common Stockholders' Equity | 20.43% | | | 19.73% | |
| Average Diluted Shares Outstanding | 54,533,793 | | | 54,440,004 | |

BALANCE SHEET

| | | | | | | | | |
|---|----|------------|----|------------|-------|----|------------|-------|
| Total Assets | \$ | 13,890,030 | \$ | 14,494,317 | (4)% | \$ | 14,602,228 | (5)% |
| Loans | | 11,278,614 | | 10,617,320 | 6% | | 8,812,811 | 28% |
| Non-interest-bearing Demand Deposits | | 3,661,936 | | 4,686,511 | (22)% | | 4,366,654 | (16)% |
| Total Deposits | | 11,051,915 | | 11,772,337 | (6)% | | 12,078,670 | (9)% |
| Stockholders' Equity | | 1,242,589 | | 1,211,918 | 3% | | 1,114,293 | 12% |

DETAILED FINANCIALS

ServisFirst Bancshares, Inc. reported net income and net income available to common stockholders of \$64.0 million for the quarter ended September 30, 2022, compared to net income and net income available to common stockholders of \$62.1 million for the second quarter of 2022 and \$52.5 million for the third quarter of 2021. Basic and diluted earnings per common share were \$1.18 and \$1.17, respectively, for the third quarter of 2022, compared to \$1.14 for both in the second quarter of 2022 and \$0.97 and \$0.96, respectively, for the third quarter of 2021.

Annualized return on average assets was 1.77% and annualized return on average common stockholders' equity was 20.49% for the third quarter of 2022, compared to 1.50% and 18.93%, respectively, for the third quarter of 2021.

Net interest income was \$126.4 million for the third quarter of 2022, compared to \$116.4 million for the second quarter of 2022 and \$96.3 million for the third quarter of 2021. The net interest margin in the third quarter of 2022 was 3.64% compared to 3.26% in the second quarter of 2022 and 2.85% in the third quarter of 2021. Loan yields were 4.77% during the third quarter of 2022 compared to 4.38% during the second quarter of 2022 and 4.39% during the third quarter of 2021. Fees on Paycheck Protection Program ("PPP") loans of \$400,000 during the third quarter of 2022 contributed one basis point of the loan yield, compared to \$2.8 million of PPP loan fee accretion during the second quarter of 2022, or 11 basis points of the loan yield, and \$5.2 million during the third quarter of 2021, or 24 basis points of the loan yield. Investment yields were 2.47% during the third quarter of 2022 compared to 2.37% during the second quarter of 2022 and 2.70% during the third quarter of 2021. Amortization of mortgage-backed securities decreased by \$203,000 from the second quarter to the third quarter of 2022.

Average loans for the third quarter of 2022 were \$10.92 billion, an increase of \$730.9 million, or 28.5% annualized, over average loans of \$10.19 billion for the second quarter of 2022, and an increase of \$2.24 billion, or 25.8%, over average loans of \$8.68 billion for the third quarter of 2021.

Average total deposits for the third quarter of 2022 were \$11.53 billion, a decrease of \$510.6 million, or 16.8%, annualized, over average total deposits of \$12.04 billion for the second quarter of 2022, and an increase of \$41.9 million, or 0.4%, over average total deposits of \$11.49 billion for the third quarter of 2021.

Non-performing assets to total assets were 0.13% for the third quarter of 2022, an increase of one basis point compared to 0.12% for the second quarter of 2022 and an increase of two basis points compared to 0.11% for the third quarter of 2021. Annualized net charge-offs to average loans were 0.11% for the third quarter of 2022, compared to 0.02% and 0.08% for the second quarter of 2022 and third quarter of 2021, respectively. The allowance for credit losses as a percentage of total loans at September 30, 2022, June 30, 2022 and September 30, 2021 was 1.25%, 1.21%, and 1.24%, respectively. We recorded a \$15.6 million provision for credit losses in the third quarter of 2022 compared to \$9.5 million in the second quarter of 2022 and \$6.0 million in the third quarter of 2021. A less optimistic outlook for unemployment and GDP is driving the increase in provision for credit losses during the third quarter of 2022.

Non-interest income increased \$913,000, or 11.4%, to \$8.9 million for the third quarter of 2022 from \$8.0 million in the third quarter of 2021. Service charges on deposit accounts increased \$165,000, or 9.6%, to \$1.9 million from the third quarter of 2021 to the third quarter of 2022. Mortgage banking revenue decreased \$639,000, or 44.9%, to \$784,000 from the third quarter of 2021 to the third quarter of 2022. Net credit card revenue increased \$569,000, or 27.9%, to \$2.6 million during the third quarter of 2022, compared to \$2.0 million during the third quarter of 2021. The aggregate amount of spend on all credit card accounts increased 27.2% during the third quarter of 2022 compared to the third quarter of 2021. Cash surrender value life insurance decreased \$34,000, or 2.0%, to \$1.6 million during the third quarter of 2022, compared to \$1.7 million during the third quarter of 2021. Other operating income for the third quarter of 2022 increased \$852,000, or 73.3%, to \$2.0 million from \$1.2 million in the third quarter of 2021. We recognized \$1.3 million of income related to our interest rate cap during the third quarter 2022 compared to write down of \$98,000 during the third quarter of 2021. Merchant service revenue increased by \$93,000, or 25%, to \$468,000, or 25%, during the third quarter of 2022, from \$375,000 during the third quarter of 2021.

Non-interest expense for the third quarter of 2022 increased \$8.3 million, or 24.2%, to \$42.7 million from \$34.4 million in the third quarter of 2021, and increased \$2.9 million, or 7.2%, on a linked quarter basis. Salary and benefit expense for the third quarter of 2022 increased \$1.7 million, or 9.4%, to \$19.7 million from \$18.0 million in the third quarter of 2021, and decreased \$1.0 million, or 5.0%, on a linked quarter basis. The number of FTE employees increased by 40 to 558 at September 30, 2022 compared to 518 at September 30, 2021, and increased by 18 from the end of the second quarter of 2022. Equipment and occupancy expense increased \$144,000, or 4.8%, to \$3.1 million in the third quarter of 2022, from \$3.0 million in the third quarter of 2021, and increased \$157,000, or 5.3% on a linked-quarter basis. Third party processing and other services expense increased \$3.1 million, or 74.1%, to \$7.2 million in the third quarter of 2022, from \$4.1 million in the third quarter of 2021, and increased \$868,000, or 13.7%, on a linked-quarter basis. This increase in third party processing also includes Federal Reserve Bank charges related to correspondent bank settlement activities, which increased by \$3.0 million year-over-year to \$3.7 million during the third quarter of 2022. Professional services expense increased \$88,000, or 9.3%, to \$1.0 million in the third quarter of 2022, from \$948,000 in the third quarter of 2021. FDIC and other regulatory assessments decreased \$655,000 to \$975,000 in the third quarter of 2022, from \$1.6 million in the third quarter of 2021, and decreased \$172,000, or 15.0%, on a linked quarter basis. Other operating expenses for the third quarter of 2022 increased \$4.1 million, or 62.3%, to \$10.6 million from \$6.5 million in the third quarter of 2021, and increased \$3.4 million on a linked-quarter basis. During the third quarter of 2022 we reached a preliminary settlement on a

lawsuit and wrote down the value of a private investment resulting in charges of \$3.1 million, or \$2.4 million net of income tax. The efficiency ratio was 31.54% during the third quarter of 2022 compared to 32.95% during the third quarter of 2021 and compared to 31.64% during the second quarter of 2022.

Income tax expense increased \$1.5 million, or 13.3%, to \$13.0 million in the third quarter of 2022, compared to \$11.5 million in the third quarter of 2021. Our effective tax rate was 16.92% for the third quarter of 2022 compared to 17.98% for the third quarter of 2021. We recognized an aggregate of \$3.4 million in credits during the third quarter of 2022 related to investments in tax credit partnerships. We recognized a reduction in provision for income taxes resulting from excess tax benefits from the exercise and vesting of stock options and restricted stock during the third quarters of 2022 and 2021 of \$370,000 and \$78,000, respectively.

GAAP Reconciliation and Management Explanation of Non-GAAP Financial Measures

This press release contains certain non-GAAP financial measures, including tangible common stockholders' equity, total tangible assets, tangible book value per share and tangible common equity to total tangible assets, each of which excludes goodwill and core deposit intangibles associated with our acquisition of Metro Bancshares, Inc. in January 2015. We believe these non-GAAP financial measures provide useful information to management and investors that is supplementary to our financial condition, results of operations and cash flows computed in accordance with GAAP; however, we acknowledge that these non-GAAP financial measures have a number of limitations. As such, you should not view these disclosures as a substitute for results determined in accordance with GAAP, and they are not necessarily comparable to non-GAAP financial measures that other companies, including those in our industry, use. The following reconciliation table provides a more detailed analysis of the non-GAAP financial measures as of and for the comparative periods presented in this press release. Dollars are in thousands, except share and per share data.

| | At September 30, 2022 | At June 30, 2022 | At March 31, 2022 | At December 31, 2021 | At September 30, 2021 |
|---|-----------------------------|---------------------|----------------------|-------------------------|-----------------------------|
| Book value per share - GAAP | \$ 22.87 | \$ 22.32 | \$ 21.61 | \$ 21.24 | \$ 20.56 |
| Total common stockholders' equity - GAAP | 1,242,589 | 1,211,949 | 1,172,975 | 1,152,015 | 1,114,293 |
| Adjustments: | | | | | |
| Adjusted for goodwill and core deposit intangible asset | (13,615) | (13,615) | (13,615) | (13,638) | (13,705) |
| Tangible common stockholders' equity - non- GAAP | \$ 1,228,974 | \$ 1,198,334 | \$ 1,159,360 | \$ 1,138,377 | \$ 1,100,588 |
| Tangible book value per share - non-GAAP | \$ 22.62 | \$ 22.07 | \$ 21.36 | \$ 20.99 | \$ 20.30 |
| Stockholders' equity to total assets - GAAP | 8.95% | 8.36% | 7.65% | 7.46% | 7.63% |
| Total assets - GAAP | \$ 13,890,030 | \$ 14,494,348 | \$ 15,339,419 | \$ 15,448,806 | \$ 14,602,228 |
| Adjustments: | | | | | |
| Adjusted for goodwill and core deposit intangible asset | (13,615) | (13,615) | (13,615) | (13,638) | (13,705) |
| Total tangible assets - non-GAAP | \$ 13,876,415 | \$ 14,480,733 | \$ 15,325,804 | \$ 15,435,168 | \$ 14,588,523 |
| Tangible common equity to total tangible assets - non-GAAP | 8.86% | 8.28% | 7.56% | 7.38% | 7.54% |

About ServisFirst Bancshares, Inc.

ServisFirst Bancshares, Inc. is a bank holding company based in Birmingham, Alabama. Through its subsidiary ServisFirst Bank, ServisFirst Bancshares, Inc. provides business and personal financial services from locations in Alabama, Florida, Georgia, North and South Carolina, and Tennessee. We also operate loan production offices in Florida. Through the bank, we originate commercial, consumer and other loans and accept deposits, provide electronic banking services, such as online and mobile banking, including remote deposit capture, deliver treasury and cash management services and provide correspondent banking services to other financial institutions.

ServisFirst Bancshares, Inc. files periodic reports with the U.S. Securities and Exchange Commission (SEC). Copies of its filings may be obtained through the SEC's website at www.sec.gov or at www.servisfirstbancshares.com.

Statements in this press release that are not historical facts, including, but not limited to, statements concerning future operations, results or performance, are hereby identified as "forward-looking statements" for the purpose of the safe harbor provided by Section 21E of the Securities Exchange Act of 1934 and Section 27A of the Securities Act of 1933. The words "believe," "expect," "anticipate," "project," "plan," "intend," "will," "could," "would," "might" and similar expressions often signify forward-looking statements. Such statements involve inherent risks and uncertainties. ServisFirst Bancshares, Inc. cautions that such forward-looking statements, wherever they occur in this press release or in other statements attributable to ServisFirst Bancshares, Inc., are necessarily estimates reflecting the judgment of ServisFirst Bancshares, Inc.'s senior management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Such forward-looking statements should, therefore, be considered in light of various factors that could affect the accuracy of such forward-looking statements, including, but not limited to: the global health and economic crisis precipitated by the COVID-19 outbreak; general economic conditions, especially in the credit markets and in the Southeast; the performance of the capital markets; changes in interest rates, yield curves and interest rate spread relationships; changes in accounting and tax principles, policies or guidelines; changes in legislation or

regulatory requirements; changes as a result of our reclassification as a large financial institution by the FDIC; changes in our loan portfolio and the deposit base; economic crisis and associated credit issues in industries most impacted by the COVID-19 outbreak, including but not limited to, the restaurant, hospitality and retail sectors; possible changes in laws and regulations and governmental monetary and fiscal policies, including, but not limited to, economic stimulus initiatives and the ability of the U.S. Congress to increase the U.S. statutory debt limit as needed; the cost and other effects of legal and administrative cases and similar contingencies; possible changes in the creditworthiness of customers and the possible impairment of the collectability of loans and the value of collateral; the effect of natural disasters, such as hurricanes and tornados, in our geographic markets; and increased competition from both banks and non-bank financial institutions. The foregoing list of factors is not exhaustive. For discussion of these and other risks that may cause actual results to differ from expectations, please refer to "Cautionary Note Regarding Forward-looking Statements" and "Risk Factors" in our most recent Annual Report on Form 10-K, in our Quarterly Reports on Form 10-Q for fiscal year 2022, and our other SEC filings. If one or more of the factors affecting our forward-looking information and statements proves incorrect, then our actual results, performance or achievements could differ materially from those expressed in, or implied by, forward-looking information and statements contained herein. Accordingly, you should not place undue reliance on any forward-looking statements, which speak only as of the date made. ServisFirst Bancshares, Inc. assumes no obligation to update or revise any forward-looking statements that are made from time to time.

More information about ServisFirst Bancshares, Inc. may be obtained over the Internet at www.servisfirstbancshares.com or by calling (205) 949-0302.

SELECTED FINANCIAL HIGHLIGHTS (UNAUDITED)

(In thousands except share and per share data)

| | 3rd Quarter 2022 | 2nd Quarter 2022 | 1st Quarter 2022 | 4th Quarter 2021 | 3rd Quarter 2021 |
|---|---------------------|---------------------|---------------------|------------------|---------------------|
| CONSOLIDATED STATEMENT OF INCOME | | | | | |
| Interest income | \$ 149,299 | \$ 126,555 | \$ 113,188 | \$ 108,954 | \$ 104,236 |
| Interest expense | 22,881 | 10,187 | 7,466 | 7,804 | 7,916 |
| Net interest income | 126,418 | 116,368 | 105,722 | 101,150 | 96,320 |
| Provision for credit losses | 15,603 | 9,507 | 5,362 | 8,451 | 5,963 |
| Net interest income after provision for credit losses | 110,815 | 106,861 | 100,360 | 92,699 | 90,357 |
| Non-interest income | 8,939 | 9,506 | 7,948 | 7,365 | 8,026 |
| Non-interest expense | 42,685 | 39,821 | 37,218 | 38,489 | 34,377 |
| Income before income tax | 77,069 | 76,546 | 71,090 | 61,575 | 64,006 |
| Provision for income tax | 13,038 | 14,410 | 13,477 | 7,822 | 11,507 |
| Net income | 64,031 | 62,136 | 57,613 | 53,753 | 52,499 |
| Preferred stock dividends | - | 31 | - | 31 | - |
| Net income available to common stockholders | \$ 64,031 | \$ 62,105 | \$ 57,613 | \$ 53,722 | \$ 52,499 |
| Earnings per share - basic | \$ 1.18 | \$ 1.14 | \$ 1.06 | \$ 0.99 | \$ 0.97 |
| Earnings per share - diluted | \$ 1.17 | \$ 1.14 | \$ 1.06 | \$ 0.99 | \$ 0.96 |
| Average diluted shares outstanding | 54,546,682 | 54,532,385 | 54,522,042 | 54,493,959 | 54,477,740 |
| CONSOLIDATED BALANCE SHEET DATA | | | | | |
| Total assets | \$ 13,890,030 | \$ 14,494,317 | \$ 15,339,419 | \$ 15,448,806 | \$ 14,602,228 |
| Loans | 11,278,614 | 10,617,320 | 9,898,957 | 9,532,934 | 8,812,811 |
| Debt securities | 1,714,603 | 1,790,218 | 1,617,977 | 1,305,527 | 984,600 |
| Non-interest-bearing demand deposits | 3,661,936 | 4,686,511 | 4,889,495 | 4,799,767 | 4,366,654 |
| Total deposits | 11,051,915 | 11,772,337 | 12,408,755 | 12,452,836 | 12,078,670 |
| Borrowings | 65,406 | 64,716 | 64,711 | 64,706 | 64,701 |
| Stockholders' equity | 1,242,589 | 1,211,918 | 1,172,975 | 1,152,015 | 1,114,293 |
| Shares outstanding | 54,324,007 | 54,306,875 | 54,282,132 | 54,227,060 | 54,207,147 |
| Book value per share | \$ 22.87 | \$ 22.32 | \$ 21.61 | \$ 21.24 | \$ 20.56 |
| Tangible book value per share (1) | \$ 22.62 | \$ 22.07 | \$ 21.36 | \$ 20.99 | \$ 20.30 |
| SELECTED FINANCIAL RATIOS (Annualized) | | | | | |
| Net interest margin | 3.64% | 3.26% | 2.89% | 2.71% | 2.85% |
| Return on average assets | 1.77% | 1.67% | 1.53% | 1.40% | 1.50% |
| Return on average common stockholders' equity | 20.49% | 20.93% | 20.09% | 18.75% | 18.93% |
| Efficiency ratio | 31.54% | 31.64% | 32.74% | 35.47% | 32.95% |
| Non-interest expense to average earning assets | 1.23% | 1.11% | 1.02% | 1.03% | 1.01% |
| CAPITAL RATIOS (2) | | | | | |
| Common equity tier 1 capital to risk-weighted assets | 9.37% | 9.59% | 9.86% | 9.95% | 10.46% |
| Tier 1 capital to risk-weighted assets | 9.37% | 9.59% | 9.87% | 9.96% | 10.47% |
| Total capital to risk-weighted assets | 10.91% | 11.12% | 11.43% | 11.58% | 12.18% |
| Tier 1 capital to average assets | 8.84% | 8.19% | 7.67% | 7.39% | 7.80% |
| Tangible common equity to total tangible assets (1) | 8.86% | 8.28% | 7.56% | 7.38% | 7.54% |

(1) See "GAAP Reconciliation and Management Explanation of Non-GAAP Financial Measures" for a discussion of these Non-GAAP financial measures.

(2) Regulatory capital ratios for most recent period are preliminary.

CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(Dollars in thousands)

| | September 30, 2022 | September 30, 2021 | % Change |
|--|-----------------------|-----------------------|----------|
| ASSETS | | | |
| Cash and due from banks | \$ 249,051 | \$ 102,313 | 143% |
| Interest-bearing balances due from depository institutions | 156,959 | 4,297,473 | (96)% |
| Federal funds sold | 82,316 | 44,700 | 84% |
| Cash and cash equivalents | 488,326 | 4,444,486 | (89)% |
| Available for sale debt securities, at fair value | 665,763 | 723,324 | (8)% |
| Held to maturity debt securities (fair value of \$942,282 at September 30, 2022 and \$261,276 at September 30, 2021) | 1,048,840 | 261,276 | 301% |
| Restricted equity securities | 7,734 | - | NM |
| Mortgage loans held for sale | 2,003 | 578 | 247% |
| Loans | 11,278,614 | 8,812,811 | 28% |
| Less allowance for credit losses | (140,967) | (108,950) | 29% |
| Loans, net | 11,137,647 | 8,703,861 | 28% |
| Premises and equipment, net | 59,080 | 60,953 | (3)% |
| Goodwill and other identifiable intangible assets | 13,615 | 13,705 | (1)% |
| Other assets | 467,022 | 394,045 | 19% |
| Total assets | <u>\$ 13,890,030</u> | <u>\$ 14,602,228</u> | (5)% |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | |
| Liabilities: | | | |
| Deposits: | | | |
| Non-interest-bearing | \$ 3,661,936 | \$ 4,366,654 | (16)% |
| Interest-bearing | 7,389,979 | 7,712,016 | (4)% |
| Total deposits | 11,051,915 | 12,078,670 | (9)% |
| Federal funds purchased | 1,466,322 | 1,286,756 | 14% |
| Other borrowings | 65,406 | 64,701 | 1% |
| Other liabilities | 63,798 | 57,808 | 10% |
| Total liabilities | 12,647,441 | 13,487,935 | (6)% |
| Stockholders' equity: | | | |
| Preferred stock, par value \$0.001 per share; 1,000,000 authorized and undesignated at | | | |
| September 30, 2022 and September 30, 2021 | - | - | -% |
| Common stock, par value \$0.001 per share; 200,000,000 shares authorized; 54,324,007 shares | | | |
| issued and outstanding at September 30, 2022, and 100,000,000 shares authorized; 54,207,147 | | | |
| shares issued and outstanding at September 30, 2021 | 54 | 54 | -% |
| Additional paid-in capital | 228,738 | 225,648 | 1% |
| Retained earnings | 1,057,387 | 869,731 | 22% |
| Accumulated other comprehensive (loss) income | (44,090) | 18,360 | NM |
| Total stockholders' equity attributable to ServisFirst Bancshares, Inc. | 1,242,089 | 1,113,793 | 12% |
| Noncontrolling interest | 500 | 500 | -% |
| Total stockholders' equity | 1,242,589 | 1,114,293 | 12% |
| Total liabilities and stockholders' equity | <u>\$ 13,890,030</u> | <u>\$ 14,602,228</u> | (5)% |

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(In thousands except per share data)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|-------------------------------------|-----------|------------------------------------|------------|
| | 2022 | 2021 | 2022 | 2021 |
| Interest income: | | | | |
| Interest and fees on loans | \$ 131,375 | \$ 96,119 | \$ 345,767 | \$ 285,373 |
| Taxable securities | 11,089 | 6,544 | 29,827 | 18,666 |
| Nontaxable securities | 30 | 62 | 110 | 255 |
| Federal funds sold | 632 | 4 | 738 | 11 |
| Other interest and dividends | 6,173 | 1,507 | 12,600 | 3,046 |
| Total interest income | 149,299 | 104,236 | 389,042 | 307,351 |
| Interest expense: | | | | |
| Deposits | 13,655 | 6,581 | 25,925 | 20,298 |
| Borrowed funds | 9,226 | 1,335 | 14,609 | 3,700 |
| Total interest expense | 22,881 | 7,916 | 40,534 | 23,998 |
| Net interest income | 126,418 | 96,320 | 348,508 | 283,353 |
| Provision for credit losses | 15,603 | 5,963 | 30,472 | 23,066 |
| Net interest income after provision for credit losses | 110,815 | 90,357 | 318,036 | 260,287 |
| Non-interest income: | | | | |
| Service charges on deposit accounts | 1,892 | 1,727 | 6,167 | 5,542 |
| Mortgage banking | 784 | 1,423 | 1,924 | 6,869 |
| Credit card income | 2,612 | 2,043 | 7,656 | 5,147 |
| Securities (losses) gains | - | - | (6,168) | 620 |
| Increase in cash surrender value life insurance | 1,637 | 1,671 | 4,878 | 5,012 |
| Other operating income | 2,014 | 1,162 | 11,936 | 2,897 |
| Total non-interest income | 8,939 | 8,026 | 26,393 | 26,087 |
| Non-interest expense: | | | | |
| Salaries and employee benefits | 19,687 | 17,995 | 58,722 | 50,425 |
| Equipment and occupancy expense | 3,140 | 2,996 | 9,056 | 8,494 |
| Third party processing and other services | 7,213 | 4,144 | 19,163 | 11,506 |
| Professional services | 1,036 | 948 | 3,355 | 2,978 |
| FDIC and other regulatory assessments | 975 | 1,630 | 3,254 | 4,637 |
| Other real estate owned expense | 21 | 123 | 56 | 820 |
| Other operating expense | 10,613 | 6,541 | 26,118 | 15,740 |
| Total non-interest expense | 42,685 | 34,377 | 119,724 | 94,600 |
| Income before income tax | 77,069 | 64,006 | 224,705 | 191,774 |
| Provision for income tax | 13,038 | 11,507 | 40,925 | 37,793 |
| Net income | 64,031 | 52,499 | 183,780 | 153,981 |
| Dividends on preferred stock | - | - | 31 | 31 |
| Net income available to common stockholders | \$ 64,031 | \$ 52,499 | \$ 183,749 | \$ 153,950 |
| Basic earnings per common share | \$ 1.18 | \$ 0.97 | \$ 3.38 | \$ 2.84 |
| Diluted earnings per common share | \$ 1.17 | \$ 0.96 | \$ 3.37 | \$ 2.83 |

LOANS BY TYPE (UNAUDITED)

(In thousands)

| | 3rd Quarter 2022 | 2nd Quarter 2022 | 1st Quarter 2022 | 4th Quarter 2021 | 3rd Quarter 2021 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Commercial, financial and agricultural | \$ 3,104,155 | \$ 2,966,040 | \$ 2,955,927 | \$ 2,984,053 | \$ 2,927,845 |
| Real estate - construction | 1,433,698 | 1,383,155 | 1,164,690 | 1,103,076 | 887,938 |
| Real estate - mortgage: | | | | | |
| Owner-occupied commercial | 2,145,621 | 2,026,807 | 1,919,811 | 1,874,103 | 1,809,840 |
| 1-4 family mortgage | 1,089,826 | 1,015,698 | 926,697 | 826,765 | 765,102 |
| Other mortgage | 3,438,762 | 3,160,510 | 2,869,158 | 2,678,084 | 2,357,812 |
| Subtotal: Real estate - mortgage | 6,674,209 | 6,203,015 | 5,715,666 | 5,378,952 | 4,932,754 |
| Consumer | 66,552 | 65,110 | 62,674 | 66,853 | 64,274 |
| Total loans | \$ 11,278,614 | \$ 10,617,320 | \$ 9,898,957 | \$ 9,532,934 | \$ 8,812,811 |

SUMMARY OF CREDIT LOSS EXPERIENCE (UNAUDITED)

(Dollars in thousands)

| | 3rd Quarter 2022 | 2nd Quarter 2022 | 1st Quarter 2022 | 4th Quarter 2021 | 3rd Quarter 2021 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Allowance for credit losses: | | | | | |
| Beginning balance | \$ 128,387 | \$ 119,463 | \$ 116,660 | \$ 108,950 | \$ 104,670 |
| Loans charged off: | | | | | |
| Commercial financial and agricultural | 2,902 | 1,667 | 2,574 | 1,285 | 1,541 |
| Real estate - construction | - | - | - | 14 | - |
| Real estate - mortgage | 170 | 23 | 27 | - | 208 |
| Consumer | 261 | 123 | 75 | 141 | 86 |
| Total charge offs | 3,333 | 1,813 | 2,676 | 1,440 | 1,835 |
| Recoveries: | | | | | |
| Commercial financial and agricultural | 297 | 1,217 | 105 | 671 | 140 |
| Real estate - construction | - | - | - | - | - |
| Real estate - mortgage | - | - | - | 18 | 4 |
| Consumer | 12 | 13 | 12 | 10 | 8 |
| Total recoveries | 309 | 1,230 | 117 | 699 | 152 |
| Net charge-offs | 3,024 | 583 | 2,559 | 741 | 1,683 |
| Provision for credit losses | 15,604 | 9,507 | 5,362 | 8,451 | 5,963 |
| Ending balance | <u>\$ 140,967</u> | <u>\$ 128,387</u> | <u>\$ 119,463</u> | <u>\$ 116,660</u> | <u>\$ 108,950</u> |
| Allowance for credit losses to total loans | 1.25% | 1.21% | 1.21% | 1.22% | 1.24% |
| Allowance for credit losses to total average loans | 1.32% | 1.26% | 1.24% | 1.29% | 1.26% |
| Net charge-offs (recoveries) to total average loans | 0.11% | 0.02% | 0.11% | 0.03% | 0.08% |
| Provision for credit losses to total average loans | 0.58% | 0.37% | 0.23% | 0.37% | 0.27% |
| Nonperforming assets: | | | | | |
| Nonaccrual loans | \$ 11,655 | \$ 10,540 | \$ 14,738 | \$ 6,762 | \$ 9,145 |
| Loans 90+ days past due and accruing | 4,803 | 4,991 | 4,686 | 5,335 | 5,326 |
| Other real estate owned and repossessed assets | 1,245 | 1,207 | 1,989 | 1,208 | 2,068 |
| Total | <u>\$ 17,703</u> | <u>\$ 16,738</u> | <u>\$ 21,413</u> | <u>\$ 13,305</u> | <u>\$ 16,539</u> |
| Nonperforming loans to total loans | 0.15% | 0.15% | 0.20% | 0.13% | 0.16% |
| Nonperforming assets to total assets | 0.13% | 0.12% | 0.14% | 0.09% | 0.11% |
| Nonperforming assets to earning assets | 0.13% | 0.12% | 0.14% | 0.09% | 0.11% |
| Allowance for credit losses to nonaccrual loans | 1,209.50% | 1,218.05% | 826.19% | 1,725.23% | 1,191.36% |
| Restructured accruing loans | \$ 236 | \$ 421 | \$ 426 | \$ 431 | \$ 437 |
| Restructured accruing loans to total loans | -% | -% | -% | -% | -% |

TROUBLED DEBT RESTRUCTURINGS (TDRs) (UNAUDITED)

(In thousands)

| | 3rd Quarter 2022 | 2nd Quarter 2022 | 1st Quarter 2022 | 4th Quarter 2021 | 3rd Quarter 2021 |
|---------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Beginning balance: | \$ 2,403 | \$ 2,482 | \$ 2,576 | \$ 2,893 | \$ 2,918 |
| Additions | - | - | - | - | - |
| Net (paydowns) / advances | (362) | (79) | (94) | (303) | (25) |
| Charge-offs | - | - | - | (14) | - |
| Ending balance | <u>\$ 2,041</u> | <u>\$ 2,403</u> | <u>\$ 2,482</u> | <u>\$ 2,576</u> | <u>\$ 2,893</u> |

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(In thousands except per share data)

| | 3rd Quarter 2022 | 2nd Quarter 2022 | 1st Quarter 2022 | 4th Quarter 2021 | 3rd Quarter 2021 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Interest income: | | | | | |
| Interest and fees on loans | \$ 131,375 | \$ 111,287 | \$ 103,105 | \$ 100,348 | \$ 96,119 |
| Taxable securities | 11,089 | 10,515 | 8,223 | 6,747 | 6,544 |
| Nontaxable securities | 30 | 37 | 43 | 47 | 62 |
| Federal funds sold | 632 | 93 | 13 | 18 | 4 |
| Other interest and dividends | 6,173 | 4,623 | 1,804 | 1,794 | 1,507 |
| Total interest income | 149,299 | 126,555 | 113,188 | 108,954 | 104,236 |
| Interest expense: | | | | | |
| Deposits | 13,655 | 6,427 | 5,843 | 6,271 | 6,581 |
| Borrowed funds | 9,226 | 3,760 | 1,623 | 1,533 | 1,335 |
| Total interest expense | 22,881 | 10,187 | 7,466 | 7,804 | 7,916 |
| Net interest income | 126,418 | 116,368 | 105,722 | 101,150 | 96,320 |
| Provision for credit losses | 15,603 | 9,507 | 5,362 | 8,451 | 5,963 |
| Net interest income after provision for credit losses | 110,815 | 106,861 | 100,360 | 92,699 | 90,357 |
| Non-interest income: | | | | | |
| Service charges on deposit accounts | 1,892 | 2,133 | 2,142 | 1,297 | 1,727 |
| Mortgage banking | 784 | 614 | 526 | 471 | 1,423 |
| Credit card income | 2,612 | 2,672 | 2,372 | 2,200 | 2,043 |
| Securities losses | - | (2,833) | (3,335) | - | - |
| Increase in cash surrender value life insurance | 1,637 | 1,633 | 1,608 | 1,630 | 1,671 |
| Other operating income | 2,014 | 5,287 | 4,635 | 1,767 | 1,162 |
| Total non-interest income | 8,939 | 9,506 | 7,948 | 7,365 | 8,026 |
| Non-interest expense: | | | | | |
| Salaries and employee benefits | 19,687 | 20,734 | 18,301 | 17,303 | 17,995 |
| Equipment and occupancy expense | 3,140 | 2,983 | 2,933 | 2,910 | 2,996 |
| Third party processing and other services | 7,213 | 6,345 | 5,605 | 4,856 | 4,144 |
| Professional services | 1,036 | 1,327 | 992 | 913 | 948 |
| FDIC and other regulatory assessments | 975 | 1,147 | 1,132 | 1,042 | 1,630 |
| Other real estate owned expense | 21 | 32 | 3 | 48 | 123 |
| Other operating expense | 10,613 | 7,253 | 8,252 | 11,417 | 6,541 |
| Total non-interest expense | 42,685 | 39,821 | 37,218 | 38,489 | 34,377 |
| Income before income tax | 77,069 | 76,546 | 71,090 | 61,575 | 64,006 |
| Provision for income tax | 13,038 | 14,410 | 13,477 | 7,822 | 11,507 |
| Net income | 64,031 | 62,136 | 57,613 | 53,753 | 52,499 |
| Dividends on preferred stock | - | 31 | - | 31 | - |
| Net income available to common stockholders | \$ 64,031 | \$ 62,105 | \$ 57,613 | \$ 53,722 | \$ 52,499 |
| Basic earnings per common share | \$ 1.18 | \$ 1.14 | \$ 1.06 | \$ 0.99 | \$ 0.97 |
| Diluted earnings per common share | \$ 1.17 | \$ 1.14 | \$ 1.06 | \$ 0.99 | \$ 0.96 |

AVERAGE BALANCE SHEETS AND NET INTEREST ANALYSIS (UNAUDITED)
ON A FULLY TAXABLE-EQUIVALENT BASIS
(Dollars in thousands)

[illegible]

| | | | | | | | | | |
|----------------------|---------------------|-------|---------------------|-------|---------------------|-------|---------------------|-------|---------------------|
| stockholders' equity | <u>\$14,391,942</u> | | <u>\$14,906,547</u> | | <u>\$15,286,185</u> | | <u>\$15,250,671</u> | | <u>\$13,907,581</u> |
| Net interest spread | | 3.25% | | 3.08% | | 2.77% | | 2.58% | 2.73% |
| Net interest margin | | 3.64% | | 3.26% | | 2.89% | | 2.71% | 2.85% |

- (1) Average loans include nonaccrual loans in all periods. Loan fees of \$3,849, \$5,303, \$6,823, \$7,686, and \$7,203 are included in interest income in the third quarter of 2022, the second quarter of 2022, first quarter of 2022, the fourth quarter of 2021, and the third quarter of 2021, respectively.
- (2) Interest income and yields are presented on a fully taxable equivalent basis using a tax rate of 21%.
- (3) Unrealized (losses) gains on debt securities of \$(34,688), \$(25,703), \$8,245, \$18,974, and \$26,709 for the third quarter of 2022, second quarter of 2022, first quarter of 2022, fourth quarter of 2021, and third quarter of 2021, respectively, are excluded from the yield calculation.

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