



June 2018
Investor Presentation

Disclaimer

Forward-Looking Statements. This document contains forward-looking statements within the meaning of the federal securities laws. All statements other than statements of historical fact, including statements regarding our future financial position, business strategy and the plans and objectives of our management for future operations, are forward-looking statements. Actual results may differ materially from the expectations that are expressed or implied by any forward-looking statement, and are subject to numerous risks and uncertainties, including, but not limited to, risks relating to our mergers and acquisitions activity, including our ability to successfully integrate our recently completed acquisition of First Federal of Northern Michigan Bancorp, Inc., unexpected credit quality problems, unexpected attrition of the customer base of the acquired institution or branches, and other factors and risks described under “Risk Factors” in our most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q, and subsequent filings that we have made or make with the SEC from time to time. Forward-looking statements are not guarantees of future performance and should not be relied upon as representing management’s views as of any subsequent date. Mackinac Financial Corporation undertakes no obligation to update forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law.

Non-GAAP Financial Measures. This presentation includes certain non-GAAP financial measures, including tangible common equity, the ratio of tangible common equity to tangible assets, adjusted return on average assets, adjusted return on average equity, adjusted ALLL to total loans, and adjusted ALLL to nonperforming assets that are intended to supplement, not substitute for, comparable financial measures calculated in accordance with U.S. generally accepted accounting principles (“GAAP”). Reconciliations of these non-GAAP financial measures are provided in the appendix to this presentation. Management believes these non-GAAP financial measures provide useful information to both management and investors to analyze and evaluate Mackinac Financial Corporation’s financial condition and performance. Because not all companies use the same calculations for these measures, the information in this presentation may not be comparable to other similarly titled measures as calculated by other companies.

Miscellaneous. Except as otherwise indicated, this presentation speaks only as of the date hereof. The delivery of this presentation shall not be deemed to create any implication that there has been no change in the information contained herein after the date hereof. Market data used in this presentation has been obtained from independent industry sources and publications that management believes to be reliable, but management has not independently verified the data from these sources.

Mackinac Financial Corporation Overview

Section I

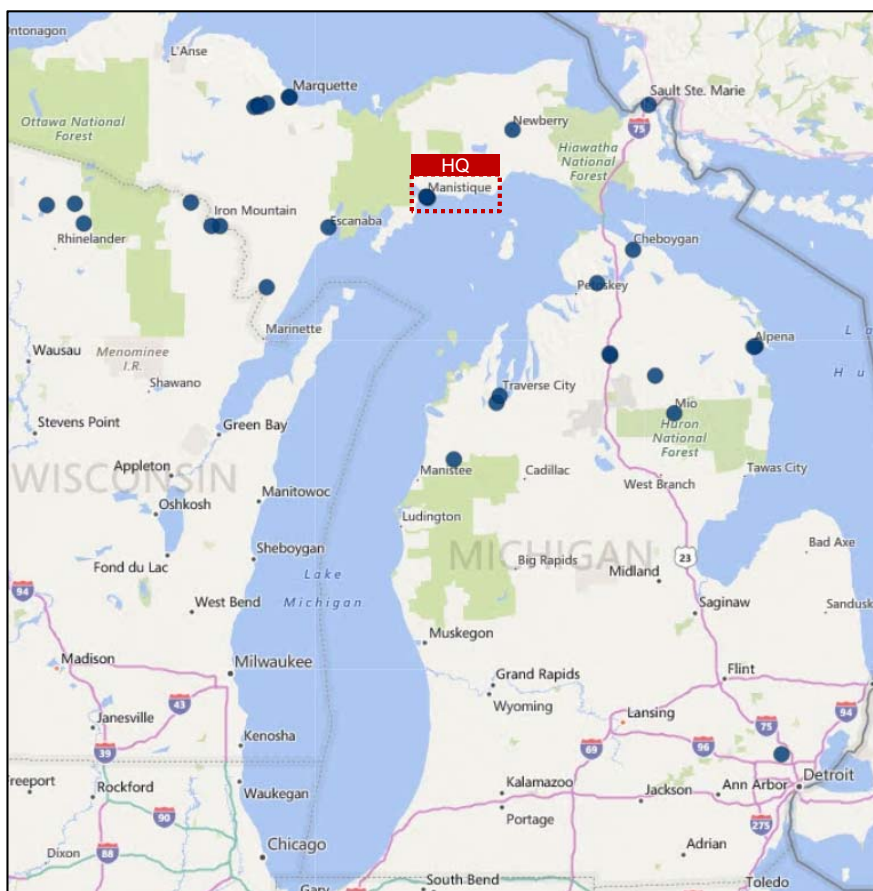


Key Highlights

- ✓ Talented management team with proven track record
- ✓ Leadership position in its core markets
- ✓ Strong asset quality reflecting proven credit culture
- ✓ Experienced acquirer with success integrating multiple recent acquisitions
- ✓ Large number of expected future M&A opportunities in MFNC's core markets
- ✓ Objective: Achieve operating efficiencies via in-market organic and external growth

Overview of Mackinac Financial Corporation

Branch Footprint



(1) Deposit data as of 6/30/2017

(2) Pro forma figures do not include purchase accounting adjustments

Source: SNL Financial, Company filings

Note: Tangible Common Equity / Tangible Assets (TCE/TA) is a Non-GAAP financial measure. See Appendix

Overview

- Headquartered in Manistique, MI
- Banking services include commercial lending, treasury management, and services geared toward small and medium-sized businesses
- Pro forma for \$34mm acquisition (equates to \$42mm total deal value, if \$8mm special dividend included) of First Federal of Northern Michigan, MFNC will operate 29 branches: 23 in Michigan, 6 in Wisconsin
 - Ranked 22nd in deposits in state of Michigan ⁽¹⁾
- MFNC has completed four acquisitions since 2014, totaling approximately \$620mm in assets

1Q18 Financial Highlights (\$mm)

	As Reported	Pro Forma for FFNM ⁽²⁾
Total Assets	\$984mm	\$1,294mm
Gross Loans	\$812mm	\$1,003mm
Total Deposits	\$807mm	\$1,069mm
TCE / TA	7.61%	
YTD ROAA	0.63%	
YTD ROAE	7.51%	
YTD Net Interest Margin	4.19%	

History of Mackinac Financial

Recapitalization

- **December 2004**
Current management team recapitalizes North Country Bank & Trust with \$30mm of common equity
- Holding company is renamed “Mackinac Financial Corporation” and Bank is renamed “mBank” in early 2005

2004

Clean-up & Financial Crisis

- **December 2005**
Shrinks company to just under \$300mm in assets, as the bank’s problem assets are resolved
- **December 2006**
Regains full year profitability, reporting \$1.7mm of consolidated net income
- **Financial Crisis**
Profitable throughout financial crisis except in 2010 – reported net loss of \$0.4mm
- **August 2012**
Completes \$7mm rights offering and \$11.5mm investment by Steinhardt Capital Investors, LLLP, using the proceeds to repay Mackinac’s \$11mm of TARP preferred stock

2005 - 2012

Transformation

- **Fourth Quarter of 2012**
Begins paying a quarterly dividend
- **July 2014**
Announces acquisition of Peninsula Financial Corporation
- **January 2016**
Announces acquisition of First National Bank of Eagle River
- **May 2016**
Announces acquisition of Niagara Bancorporation
- **January 2018**
Announces acquisition of First Federal of Northern Michigan Bancorp

2012 - 2018

Source: Company filings

Experienced Leadership



Paul D. Tobias Chairman & CEO, Mackinac Financial Corporation; Chairman of mBank

Mr. Tobias has nearly 30 years of experience in the financial services and banking industries. He was appointed as Chairman of mBank and Chairman & CEO of Mackinac Financial Corporation in December 2004 after structuring and leading the successful \$30 million recapitalization of the company when it was known as North Country Bank and Trust. He also served as Chief Executive Officer of mBank from July 2005 until November 2006. Previously, Tobias was Chairman & CEO of Mackinac Holdings, Inc. and a Managing Member of Mackinac Partners, LLC, a financial and operational advisory company serving global and middle market companies. He has also served as CEO and COO of Munder Capital Management, and EVP of Comerica Incorporated where he was the head of Mergers and Acquisitions and as an Investment Banker at McDonald & Company. He is a graduate of Albion College and earned a MBA from the University of Michigan.



Kelly W. George President of Mackinac Financial Corporation; President & CEO of mBank

Mr. George has over 25 years of experience in the banking industry. He joined mBank in 2003 as the Executive Vice President and Chief Lending Officer in charge of the regulatory and lending administration turnaround of the previously known North Country Bank and Trust. After the successful rehabilitation of the bank and needed \$30 million recapitalization, he was promoted to President & CEO of mBank and President of Mackinac Financial Corporation in 2006. Mr. George has served as a Director since 2006 as well. Prior to mBank, he was the Senior Vice President and Chief Lending Officer of a \$350 Million community bank in North Central Ohio, also in charge of the credit administration and risk management turnaround of a regulatory challenged bank from 2000 to 2003. He spent several years prior as a Safety and Soundness Examiner-in-Charge at the Federal Reserve Bank of Cleveland responsible for the oversight of FRB regulated community banking institutions, along with assisting with examinations of larger complex bank holding companies in the District and shared national credit reviews. He began his career in various retail banking, credit, and commercial lending roles at the former Bank One and National City Bank in Cleveland, Ohio. Mr. George is a 1990 graduate of The Ohio State University with a BS in Economics and Minor in Finance.



Jesse A. Deering Executive Vice President & CFO, Mackinac Financial Corporation & mBank

Mr. Deering joined mBank in 2005 and has over 14 years of banking experience. He was promoted to Executive Vice President & CFO of mBank and its holding company, Mackinac Financial Corporation in August of 2016. He previously served as Senior Vice President and Managing Director of Retail Branch Banking, Marketing & Special Projects where he had direct oversight of mBank's retail branch banking and marketing departments as well as special corporate finance projects and strategic planning. Prior to this role, from 2009 through 2012 he was in charge of all banking related activities in the Southeast Michigan region as the Senior Vice President & Southeast Michigan Executive which included oversight of the regional loan portfolio and overall operations of the region. He has also worked closely with the mBank credit department serving as Assistant Vice President / Senior Credit Administrator in 2008. He holds an undergraduate degree in Economics from Albion College and an MBA from the University of Notre Dame.

Source: Management, Company filings, SNL Financial

Experienced Leadership (continued)



Tammy R. McDowell Executive Vice President & Managing Director of Credit Administration/Operations/IT

Ms. McDowell has been in banking for over 30 years and has served as mBank's Executive Vice President and Chief Credit Officer since 2011. Prior to that she served as the company's Senior Vice President/ Senior Credit & Operations Officer for approximately 5 years. In 2003, as part of the North Country Bank turnaround team, McDowell led the implementation of new loan policies and various credit related operations including safety and soundness and regulatory compliance initiatives. Previously, McDowell had a successful career at Commercial and Savings Bank in Millersburg, Ohio where she was the Vice President/Credit Administrator and oversaw all credit and loan operations. She is loan review certified from the Bank Administration Institution (BAI) and has successfully completed numerous bank-specific courses in the areas of credit and operational administration.



Michael W. Mahler Executive Vice President, Managing Director of Community Banking & Administration

Mr. Mahler has over 20 years of experience in the financial services and banking industries. He joined mBank in 2018 with the merger of First Federal of Northern Michigan Bancorp, Inc. Alpena, Michigan, where he served since 2002, most recently as CEO. Previously, Mr. Mahler had a successful career as Corporate Controller and Treasurer for the Besser Company in Alpena, where he was responsible for various financial functions and employee development. He also served as Controller for the Presque Isle Corporation (LTV Steel) in Alpena where he had full financial responsibility for the corporation. He is a graduate of Purdue University with a bachelor's degree in finance and earned an MBA from Michigan State University. Mr. Mahler also serves as President on the board of the First Federal Community Foundation.



Joanna B. Slaght Executive Vice President, Managing Director of Compliance & Regulatory Risk

Mrs. Slaght has over 25 years of experience in the banking industry. She joined the bank in 1995. During this time, she has served mBank in several key senior management positions, including Senior Vice President Compliance Officer/Risk Manager as well as direct supervision of mortgage underwriting and other administrative departments. In her current role as Executive Vice President Managing Director of Compliance & Regulatory Risk, she oversees all regulatory compliance and internal audit coordination of the bank. Prior to mBank, Slaght was the Loan Servicing Manager at State Bank of the Lakes (Antioch, Illinois). She is a graduate of Marquette University and holds a BS in Business Administration with Finance Specialization.



Clay V. Peterson Executive Vice President, Managing Director of Retail lending and Western UP & Wisconsin Market Executive

Mr. Peterson's career includes over 15 years of experience in the banking industry, now serving as Executive Vice President Western UP & Wisconsin Market Executive and Managing Director of Retail Banking. This position oversees all commercial banking in the Western UP and Northern Wisconsin as well as all mortgage & consumer lending and branch operations in all mBank locations. He began his career at mBank in 1999, then named North Country Bank & Trust. Since then, he served at Wells Fargo as Vice President & Senior Business Relationship Manager as well as Vice President at Northern Michigan Bank & Trust. Mr. Peterson is an alumnus of Bay College, Northern Michigan University, and the University of Wisconsin Graduate School of Banking.

Source: Management, Company filings, SNL Financial

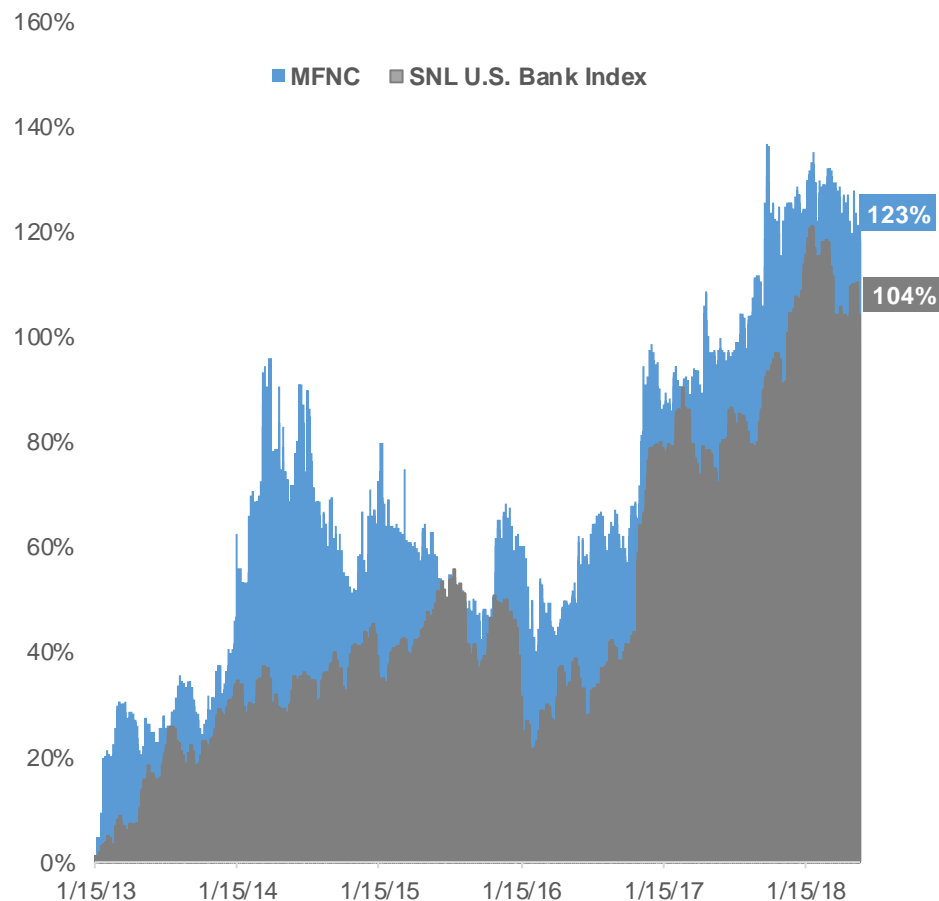
Experienced & Diverse Board of Directors

Name	Current / Past Experience
Paul D. Tobias – Chairman of the Board	<ul style="list-style-type: none"> Chairman & CEO of Mackinac Financial Corporation; Chairman of mBank Former CEO and COO of Munder Capital Management and EVP of Comerica Incorporated
Walter J. Aspatore	<ul style="list-style-type: none"> Co-Founder and Chairman Emeritus at Amherst Partners, a firm specializing in advising companies on M&A, debt financing, business valuations and turnarounds
Dennis B. Bittner	<ul style="list-style-type: none"> President and CEO of Bittner Engineering for 25 years, a professional services company providing planning, development and consultation related services on civil, environmental and architectural engineering projects
Joseph D. Garea	<ul style="list-style-type: none"> Co-Founder of Hancock Securities (previously Manchester Partners) in 1997 Investment Advisor and Managing Director of Detalus Advisors Previously served as President of Enterprise Capital Management, a venture capital firm
Kelly W. George	<ul style="list-style-type: none"> President and CEO of mBank and President of Mackinac Financial Corporation
Robert Edward Mahaney II	<ul style="list-style-type: none"> Founder and President of The Veridea Group, LLC, a commercial real estate development, consulting, and management company
Robert Harris Orley	<ul style="list-style-type: none"> Private equity investor with more than 30 years of experience Co-founded REI Investment Group and O2 Investment Partners
Randolph C. Paschke	<ul style="list-style-type: none"> Director of External Relations and Community Engagement in the School of Business Administration at Wayne State University Prior to joining Wayne State, Paschke spent 32 years at Arthur Andersen LLP (20 as a partner)
Lewis Brooks Patterson	<ul style="list-style-type: none"> County Executive of Oakland County for nearly 20 years, leading economic development, financial management and culture initiatives
David R. Steinhardt	<ul style="list-style-type: none"> Managing Partner and Portfolio Manager of Wooster Capital Management Co-Founder and Managing Member of Clarity Capital KCPS Ltd. Prior to forming Wooster in 2003, he served as a Managing Director and Head of Research at Centurion Investment Group, L.P.
Martin A. Thomson	<ul style="list-style-type: none"> Previously Chairman of the Board of Directors of First Federal of Northern Michigan Bancorp, Inc.

Source: Company filings, SNL Financial

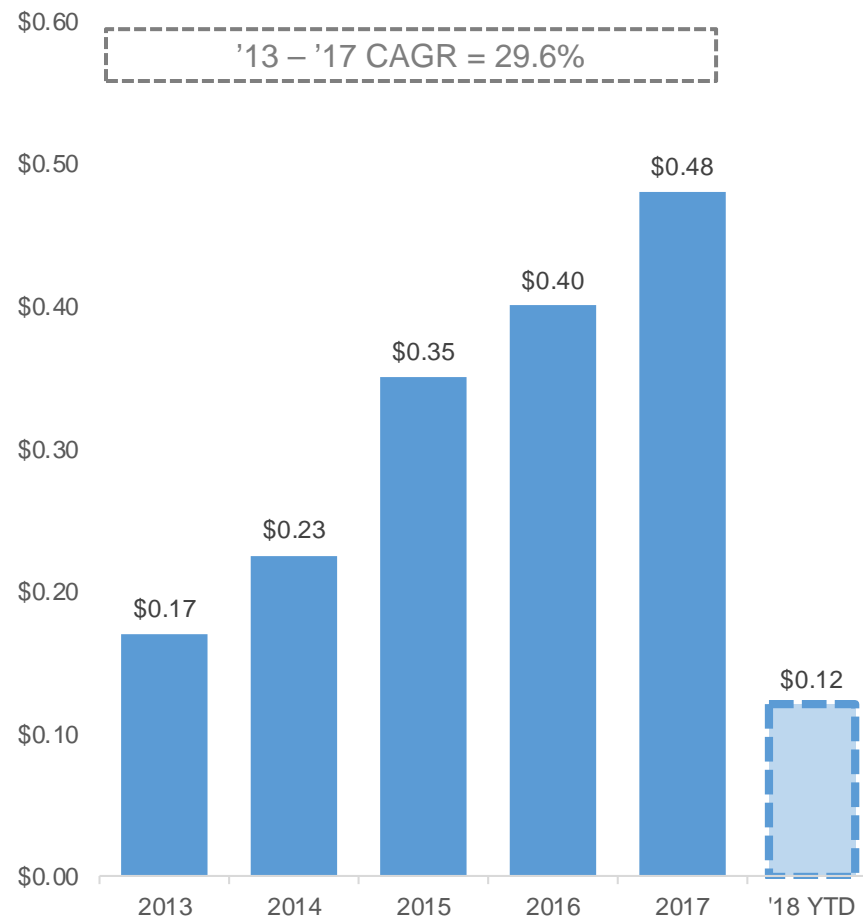
Solid Returns to MFNC Shareholders

Stock Performance Since 2013

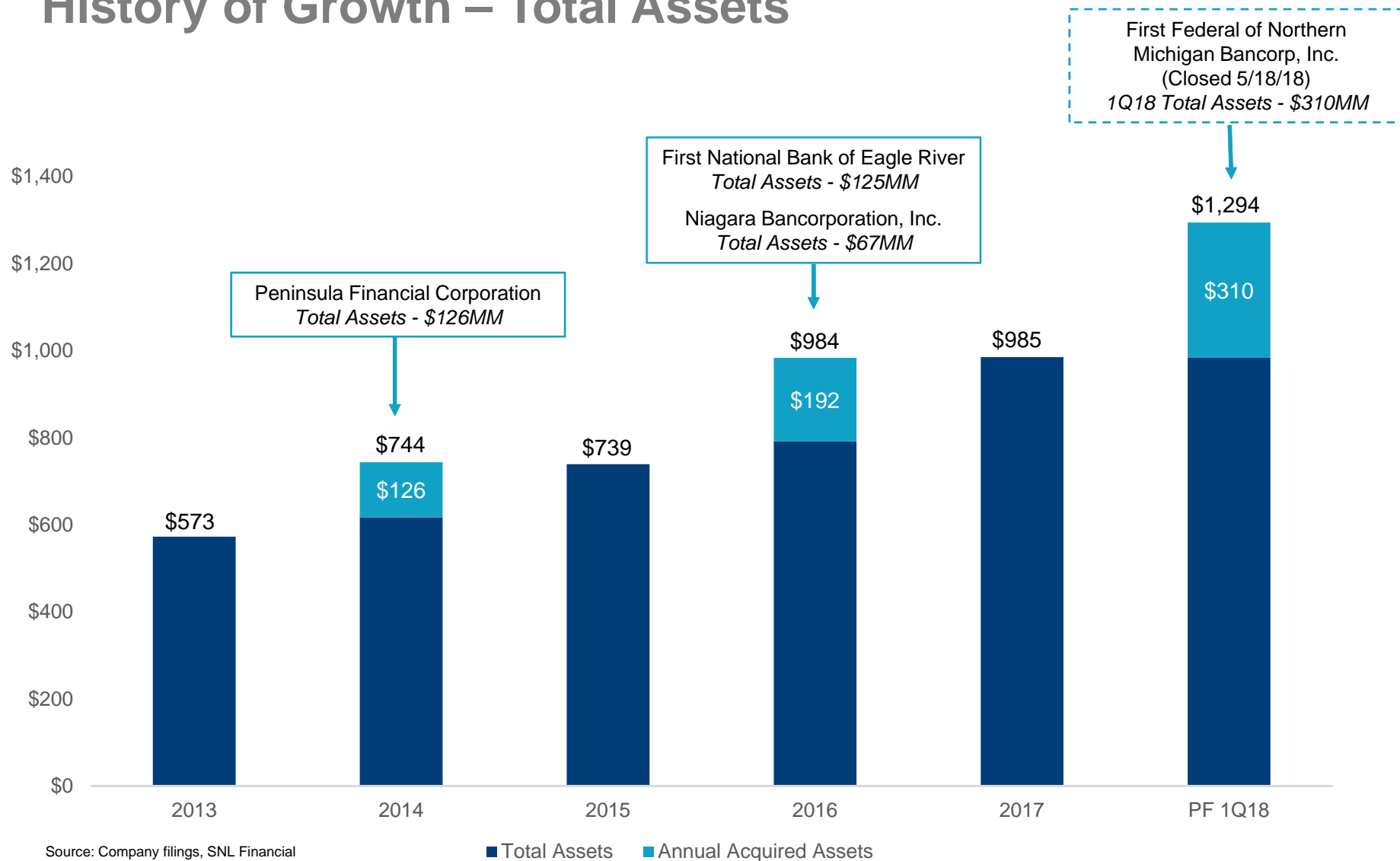


Note: Market data as of 6/1/18
Source: SNL Financial

MFNC Dividends per Share



History of Growth – Total Assets



Source: Company filings, SNL Financial

Note: Dollars in millions

Note: Total assets acquired due to include the impact of purchase accounting

■ Total Assets ■ Annual Acquired Assets

A Leader in the Upper Peninsula Michigan Markets

State of Michigan

Name (HQ State)	Deposit Market Share		
	# of Branches	(\$000)	Share %
1 JPMorgan Chase & Co. (NY)	232	43,945,244	20.9
2 Comerica Inc. (TX)	196	29,481,191	14.0
3 Bank of America Corp. (NC)	116	17,840,980	8.5
4 PNC Financial Services Group (PA)	188	17,425,119	8.3
5 Fifth Third Bancorp (OH)	211	16,954,460	8.1
6 Huntington Bancshares Inc. (OH)	314	15,199,539	7.2
7 Chemical Financial Corp. (MI)	186	11,777,450	5.6
8 Flagstar Bancorp Inc. (MI)	99	9,023,774	4.3
9 Citizens Financial Group Inc. (RI)	94	5,537,857	2.6
10 TCF Financial Corp. (MN)	51	3,010,255	1.4
11 Wells Fargo & Co. (CA)	16	2,817,198	1.3
12 Independent Bank Corp. (MI)	69	2,554,698	1.2
13 Mercantile Bank Corp. (MI)	50	2,378,763	1.1
14 Macatawa Bank Corp. (MI)	30	1,465,624	0.7
15 KeyCorp (OH)	23	1,415,660	0.7
22 Pro Forma MFNC⁽¹⁾	23	980,455	0.5
Market Total	2,531	210,602,015	100.0

Upper Peninsula Michigan

Name (HQ State)	Deposit Market Share		
	# of Branches	(\$000)	Share %
1 Wells Fargo & Co. (CA)	14	702,960	14.8
2 Mackinac Financial Corp. (MI)	13	531,530	11.2
3 Keweenaw Financial Corp. (MI)	10	497,013	10.5
4 First Bancshares Corp. (MI)	10	379,224	8.0
5 Range Financial Corp. (MI)	11	306,233	6.5
6 River Valley Bancorp. Inc. (WI)	6	295,573	6.2
7 FNB Bancshares Inc. (MI)	8	260,426	5.5
8 Huntington Bancshares Inc. (OH)	10	234,902	5.0
9 First National Bank of St. Ignace (MI)	7	231,163	4.9
10 Central Bank Corp. (MI)	9	216,324	4.6
11 Northern Interstate Financial Inc. (MI)	8	151,229	3.2
12 S.B.E. Corp. (MI)	2	150,532	3.2
13 West End Financial Corp. (MI)	4	115,299	2.4
14 Peoples State Bancorp Inc. (MI)	5	110,726	2.3
15 MSB Bankshares Inc. (MI)	5	106,962	2.3
Market Total	138	4,737,282	100.0

(1) Shown pro forma for First Federal of Northern Michigan acquisition and MFNC's planned branch consolidations (using FDIC's 6/30/17 data for comparative purposes)

Note: Deposit market share data as of 6/30/17; all numbers shown pro forma for any announced transactions

Note: Wells Fargo announced on 6/5/18 their plans to divest all of their Upper Peninsula Michigan branches to Flagstar Bancorp

Source: FDIC, SNL Financial

Experienced Acquirer

Target	Peninsula Financial Corporation	First National Bank of Eagle River	Niagara Bancorporation, Inc.	First Federal of Northern Michigan Bancorp, Inc.
Date Completed	12/5/14	4/29/16	8/31/16	5/18/18
Target Headquarters	Ishpeming, MI	Eagle River, WI	Niagara, WI	Alpena, MI
Total Assets (at completion)	\$126mm	\$128mm	\$68mm	\$302mm ⁽³⁾
Deal Value (at completion)	\$12.4mm	\$12.5mm	\$3.6mm	\$33.6mm
Cost Savings⁽¹⁾	35%	40%	40%	35%
EPS Accretion⁽¹⁾	Immediately accretive	Immediately accretive	Accretive in first full year	2018 = 8.0% ⁽²⁾ 2019 = 16.0%
TBV Earnback⁽¹⁾	3 years or less	2.0 – 2.5 years	~3 years	3 years or less

(1) Estimated at announcement

(2) Excludes deal-related costs

(3) Shown after reduction for \$8mm special dividend paid at transaction close

Source: Company filings, SNL Financial

M&A Opportunities in MFNC's Core Markets

Banks HQ'd in Northern Wisconsin ⁽¹⁾		
Asset Size Range (\$mm)	Number of Banks	Total Assets (\$mm)
> \$1.0bn	0	\$0
\$750mm - \$1.0bn	0	\$0
\$500mm - \$750mm	3	\$1,634
\$250mm - \$500mm	2	\$749
\$100mm - \$250mm	10	\$1,709
< \$100mm	7	\$476
Total	22	\$4,568

Avg Target Asset Size \$205mm

Banks HQ'd in Northern MI & U.P. ⁽²⁾		
Asset Size Range (\$mm)	Number of Banks	Total Assets (\$mm)
> \$1.0bn	0	\$0
\$750mm - \$1.0bn	0	\$0
\$500mm - \$750mm	1	\$570
\$250mm - \$500mm	6	\$1,977
\$100mm - \$250mm	13	\$2,181
< \$100mm	5	\$333
Total	25	\$5,061

Avg Target Asset Size \$219mm

MFNC's core markets are target rich with opportunities at desired size

Source: SNL Financial

Note: Northern Michigan table excludes MFNC

(1) For this analysis, Northern Wisconsin counties include: Polk, Barron, Rusk, Taylor, Lincoln, Langlade, Menominee, Oconto, Burnett, Washburn, Sawyer, Price, Oneida, Forest, Marinette, Florence, Douglas, Bayfield, Ashland, Iron, and Vilas

(2) For this analysis, Northern Michigan counties include: Manistee, Wexford, Missaukee, Roscommon, Ogemaw, Iosco, Benzie, Grand Traverse, Kalkaska, Crawford, Oscoda, Alcona, Leelanau, Antrim, Otsego, Montmorency, Alpena, Charlevoix, Emmet, Cheboygan, and Presque Isle

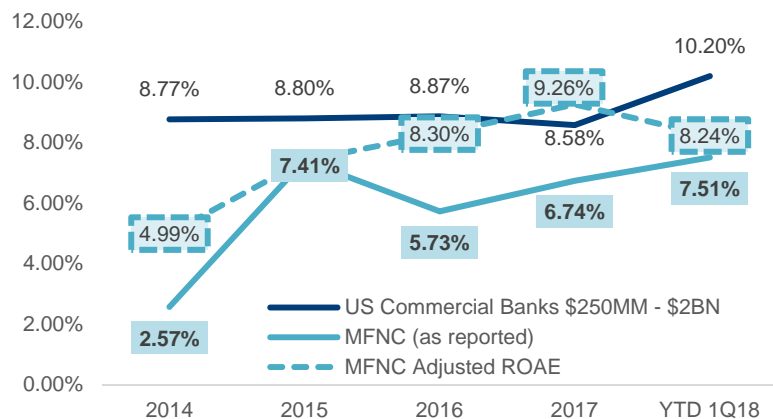
Financial Performance Overview

Section II

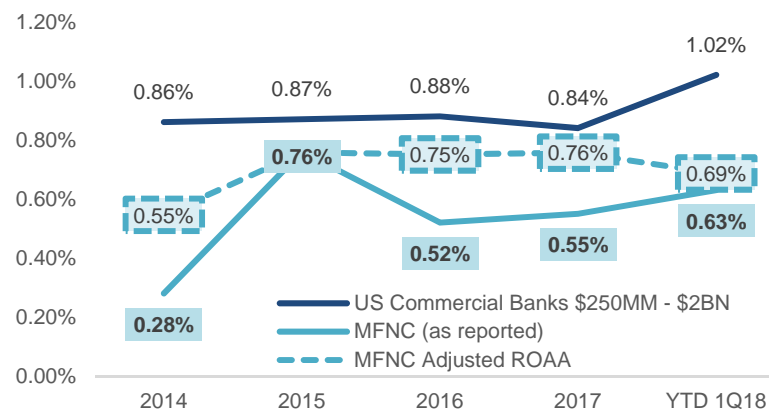


Historical Financial Performance

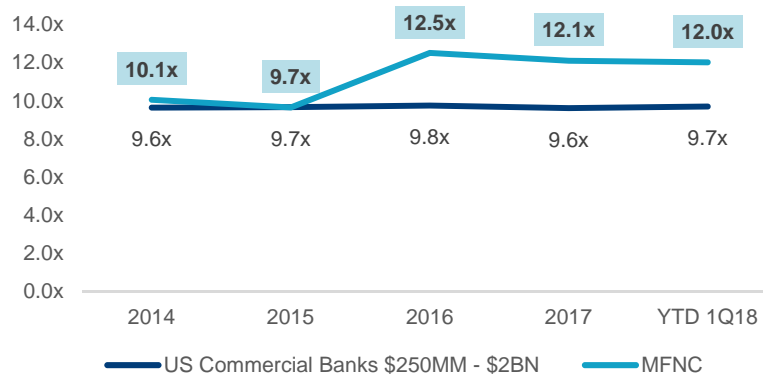
Return on Average Equity



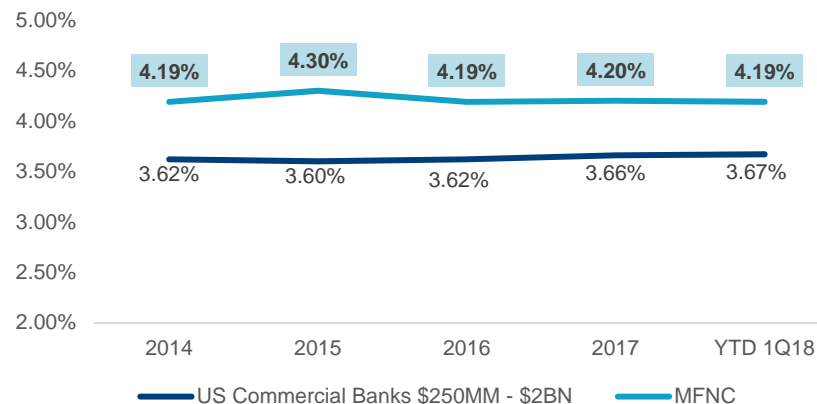
Return on Average Assets



Assets / Equity



Net Interest Margin

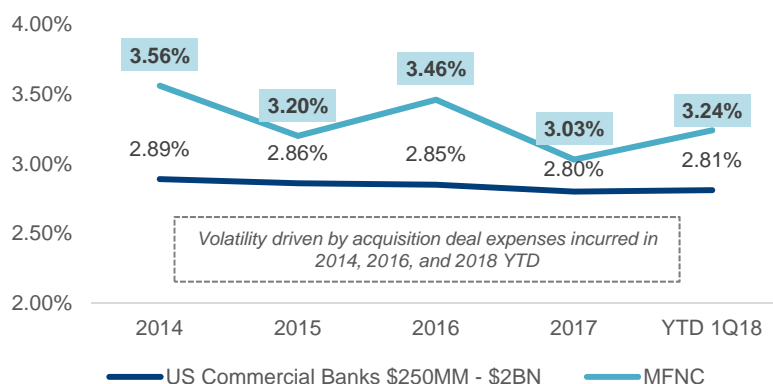


Source: Company filings, SNL Financial

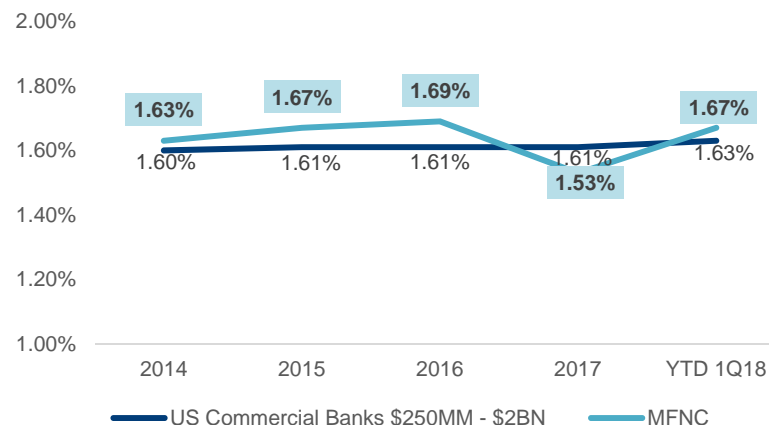
Note: ROAA shown on an as reported basis for MFNC. For peers that are S-Corps, ROAA is adjusted to C-Corp status by SNL. US Commercial Bank median data shown. MFNC GAAP data is shown
 Note: Adjusted ROAA and Adjusted ROAE are Non-GAAP financial measures. See Appendix

Noninterest Expense Breakdown

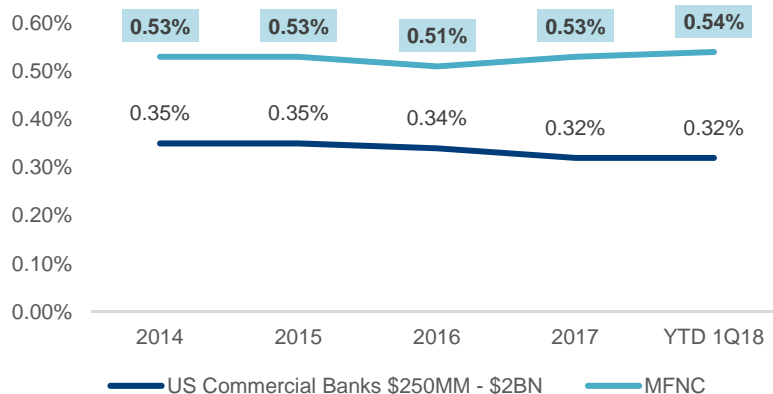
Noninterest Expense / Avg. Assets



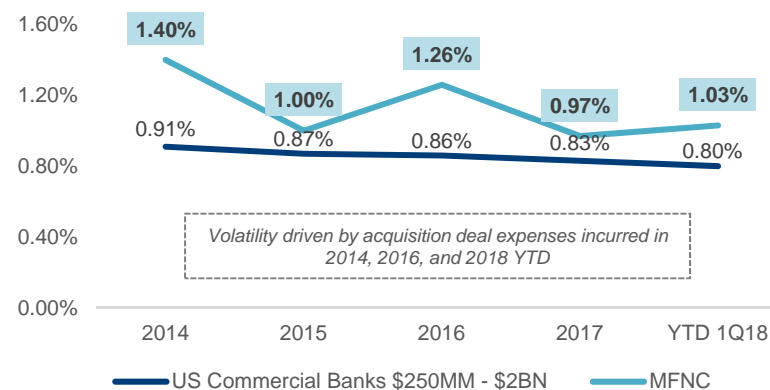
Salaries & Benefits / Avg. Assets



Occupancy Expense / Avg. Assets



Other Non-Int. Expense / Avg. Assets

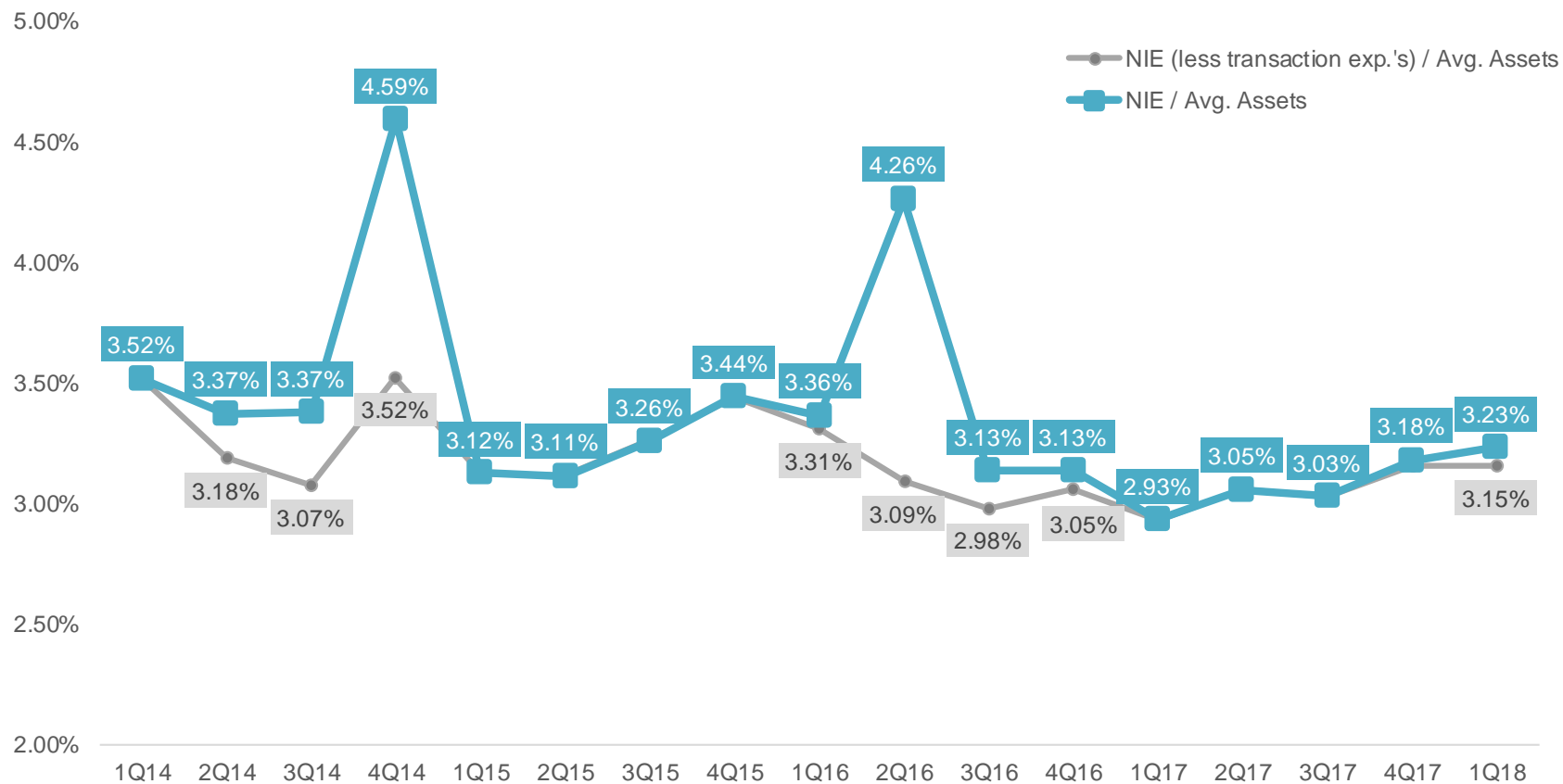


Source: Company filings, SNL Financial

Note: US Commercial Bank median data shown. For comparability purposes, all metrics (for MFNC and peers) shown on a regulatory basis

Non-Interest Expense without Transaction Expenses

Noninterest Expense / Average Assets



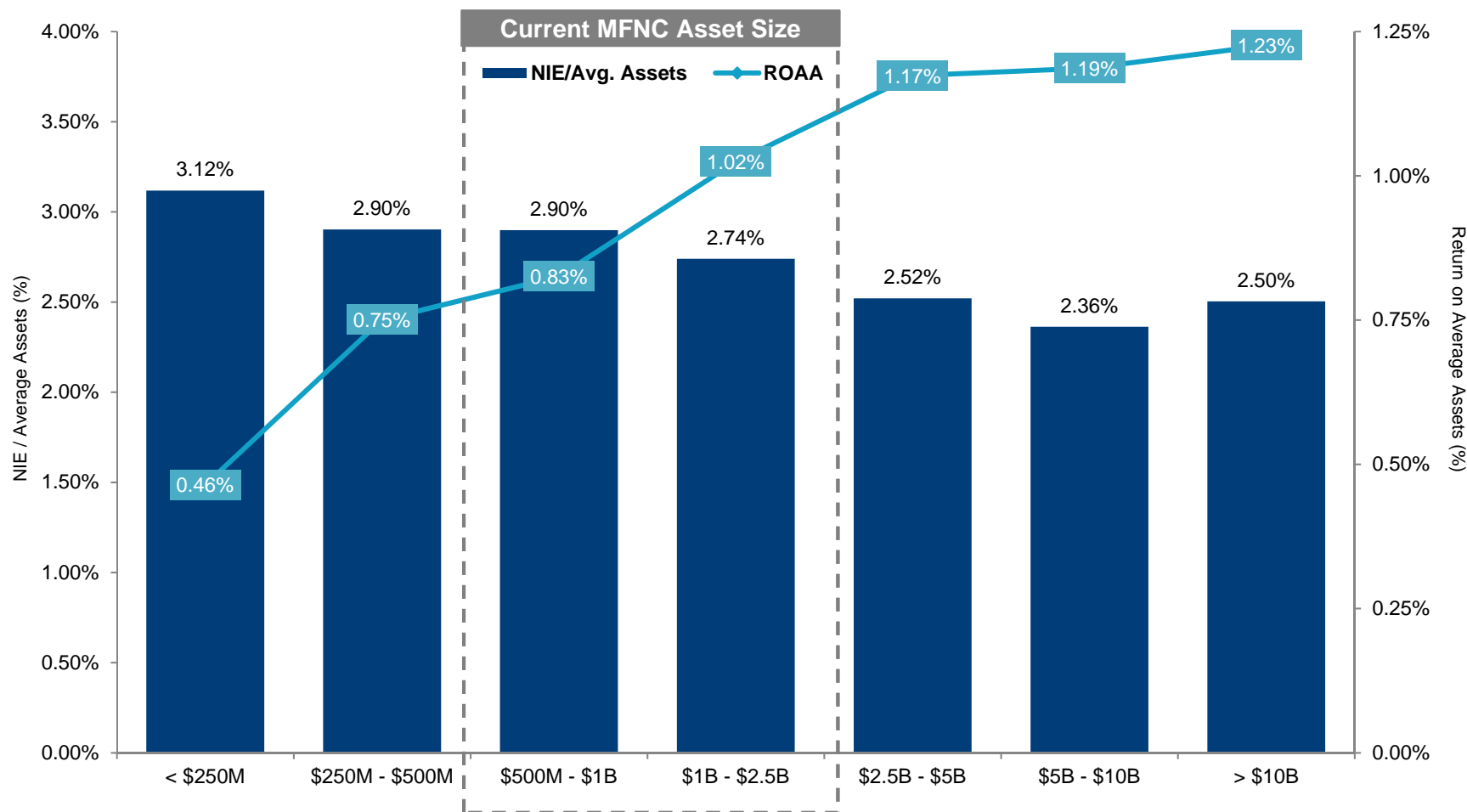
Source: Company filings, SNL Financial

Note: Noninterest Expense (less transaction expenses) / Average Assets is a Non-GAAP financial measure. See Appendix

MFNC's Future Growth Will Drive Cost Efficiencies

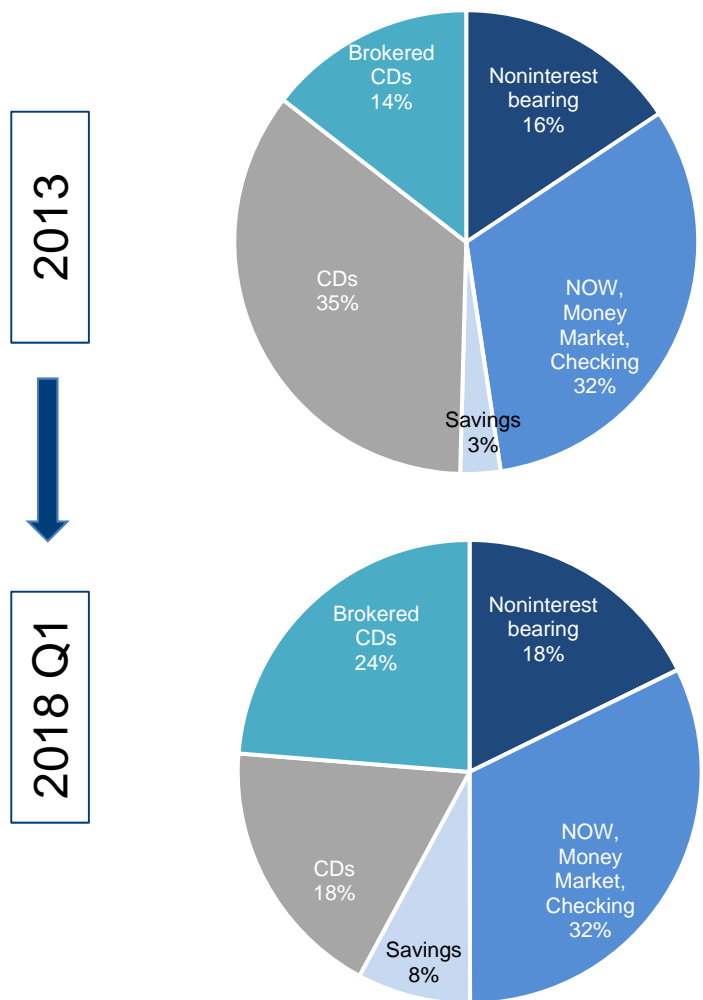
NIE / Avg Assets by Asset Size versus Return on Avg Assets (%)

Universe of Banks includes all U.S. Commercial Banks

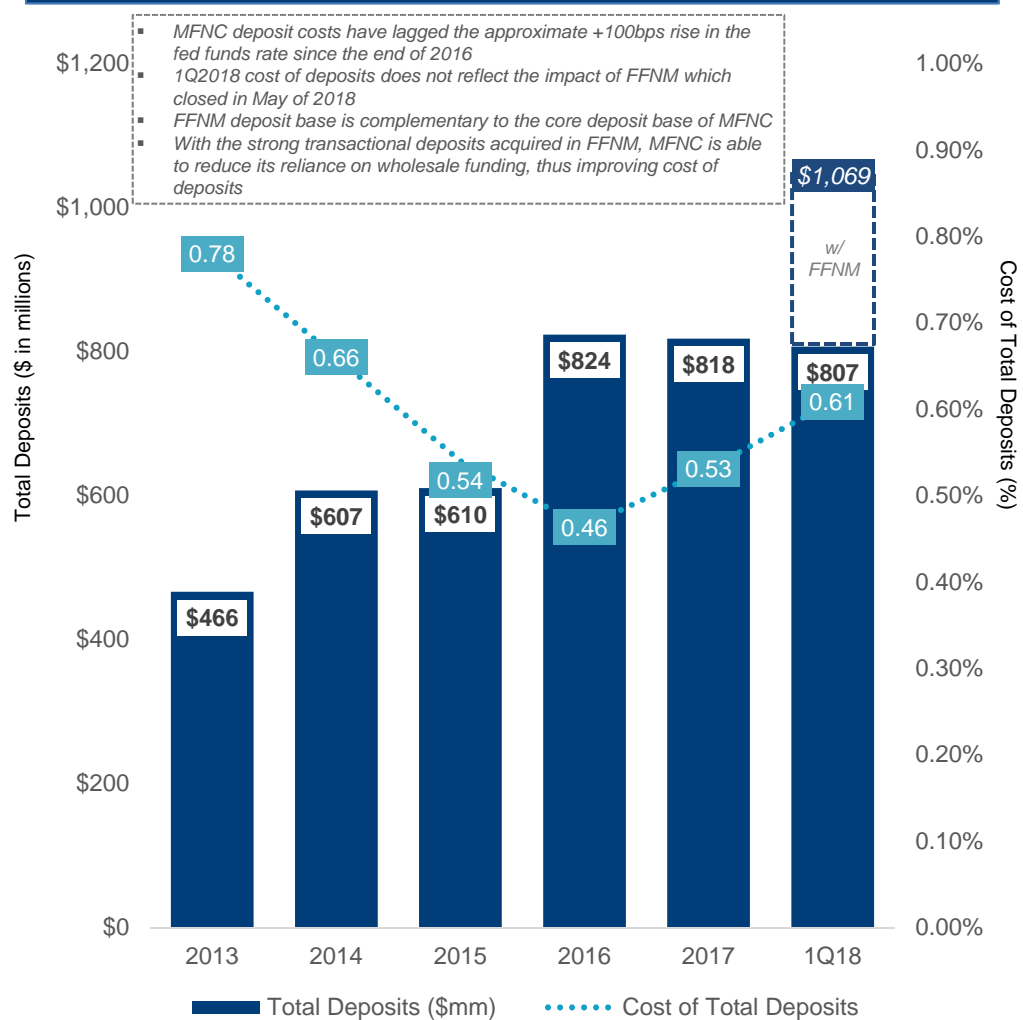


Source: SNL Financial

Deposit Composition & Growth

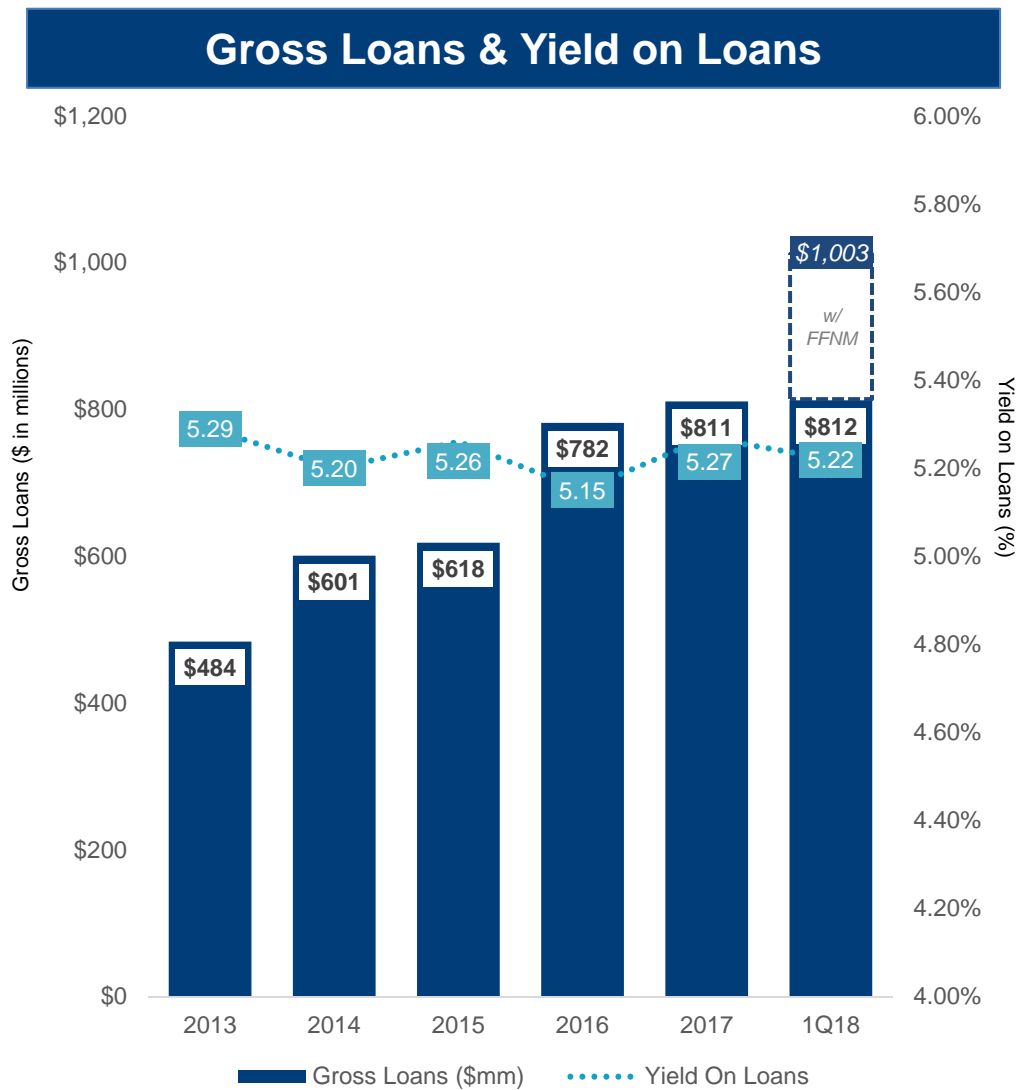
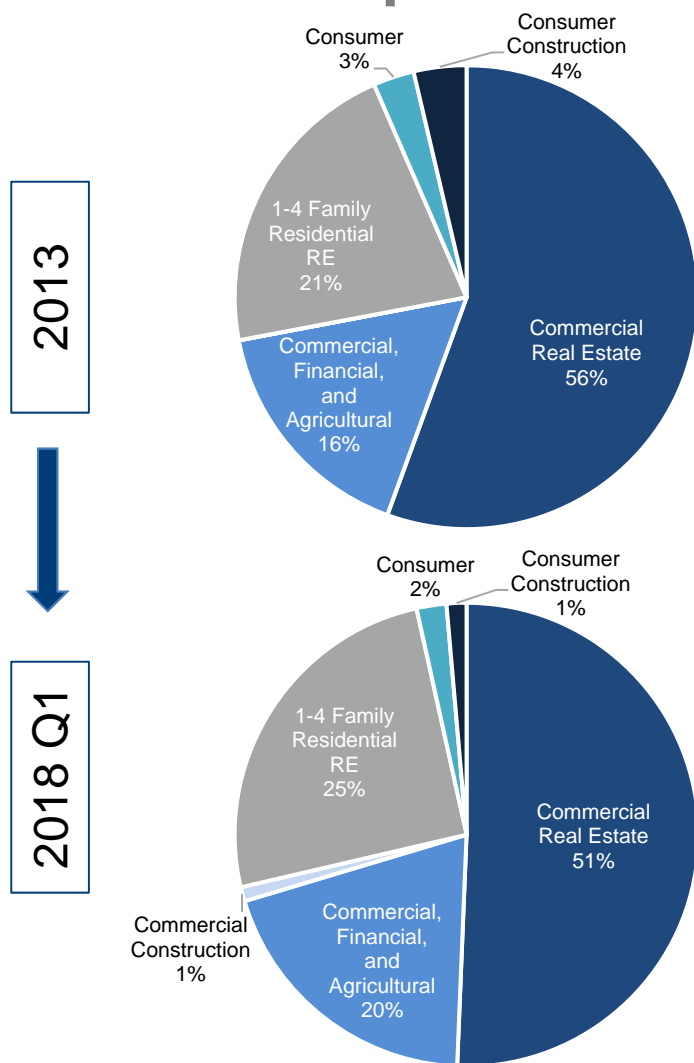


Total Deposits & Cost of Total Deposits



Note: Only total deposits shown pro forma for First Federal (FFNM) transaction
 Source: Company filings, SNL Financial

Loan Composition & Growth



Note: Only gross loans shown pro forma for First Federal (FFNM) transaction
 Source: Company filings, SNL Financial

New Loan Production

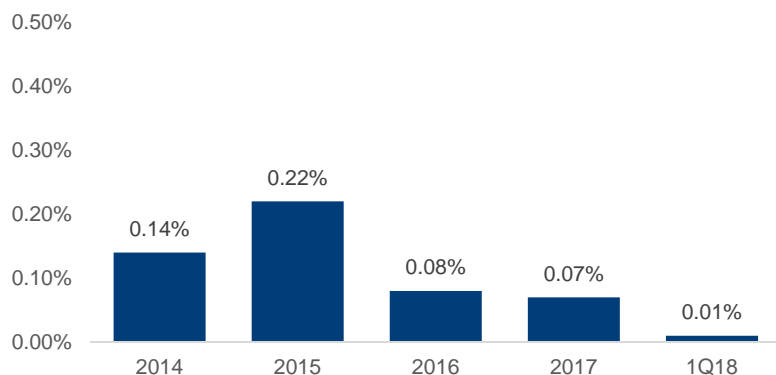
We have sustained new loan production from each respective region in our footprint of \$1.22B (not inclusive of renewals) over the past 5 years. The Upper Peninsula is where the largest concentration of our loan business is conducted with the other regions also being positively impactful. Supporting the credit needs of all our markets is a primary focus of our mission statement and the key driver of our revenue.

Region	2013	2014	2015	2016	2017	Total
Upper Peninsula	\$124,836	\$104,601	\$133,737	\$163,338	\$128,885	\$655,397
Northern Lower Peninsula	48,004	40,133	56,142	58,896	50,695	\$253,870
Southeast Michigan	41,989	38,669	44,392	69,081	68,422	\$262,553
Wisconsin	-	-	-	18,778	29,554	\$48,332
Total	\$214,829	\$183,403	\$234,271	\$310,093	\$277,556	\$1,220,152

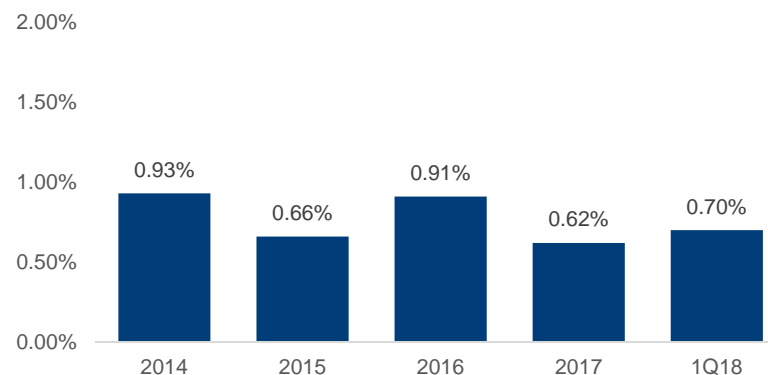
Source: Company filings

Asset Quality Overview

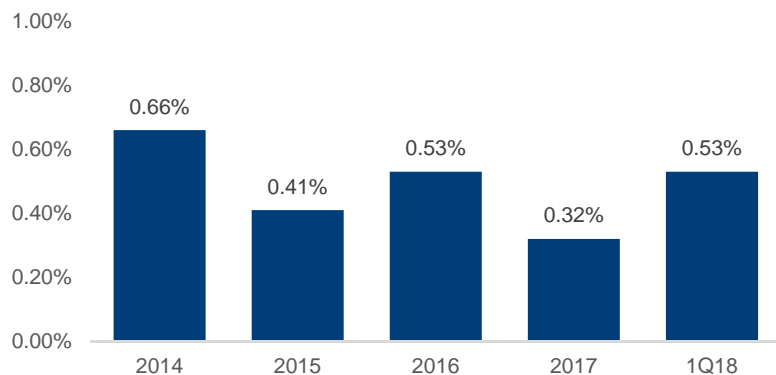
Net Charge Offs / Average Loans



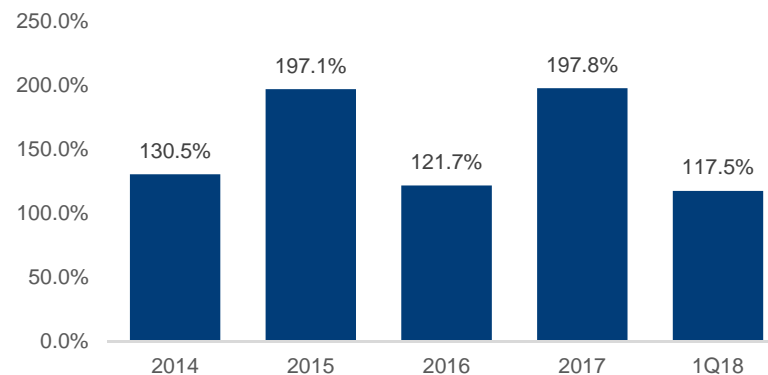
Non-Performing Assets / Total Assets



Non-Performing Loans / Total Loans



Reserves / Non-Performing Loans

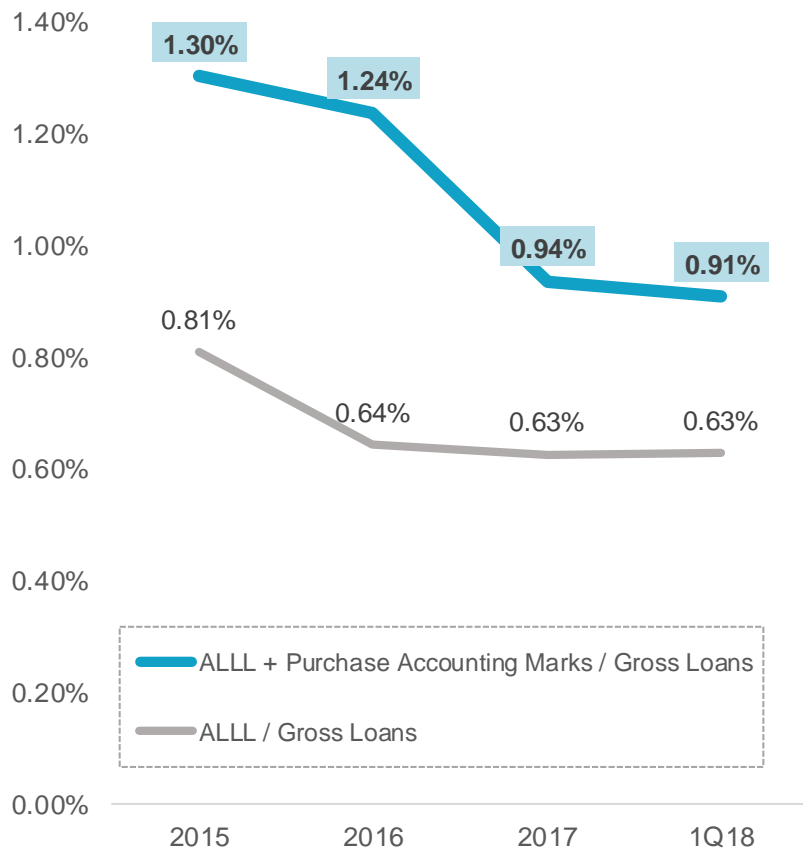


Source: Company filings, SNL Financial

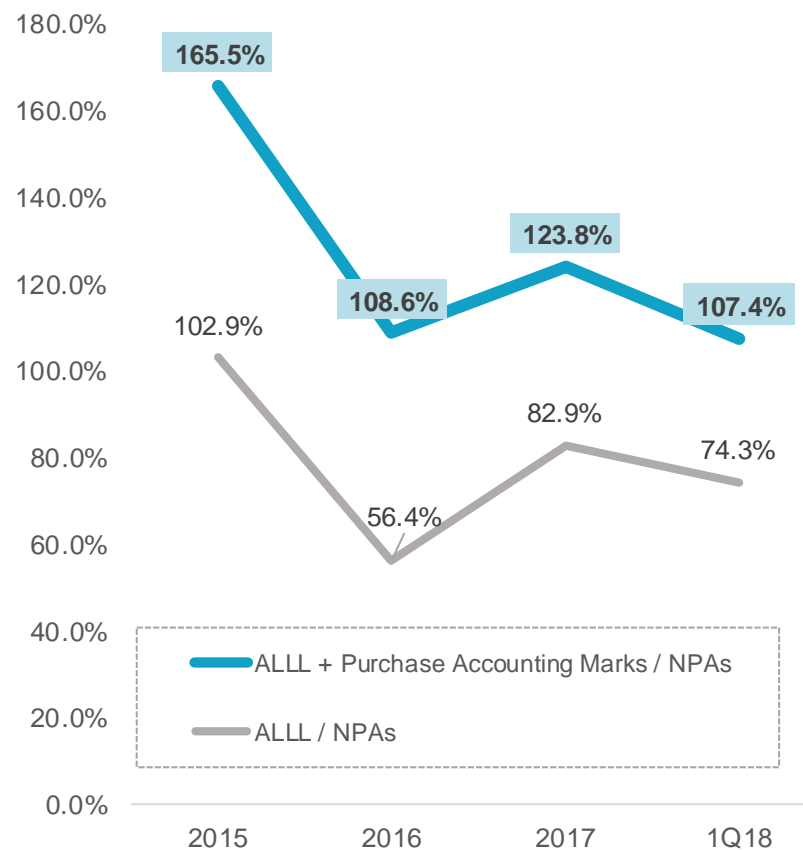
Note: ROAA is S-Corp adjusted. US Commercial Bank median data shown

Allowance After Purchase Accounting Marks

Allowance + Purchase Accounting / Gross Loans



Allowance + Purchase Accounting / NPAs



Source: Management

Footnote: ALLL + purchase accounting marks / loans is a Non-GAAP financial measure. See Appendix

First Quarter 2018 – Financial Summary

- **First quarter 2018 Net Income of \$1.54 million, or \$0.24 per share, compared to net income of \$1.73 million, or \$0.28 per share, for the first quarter of 2017**
 - Net Income was impacted by expenses related to the acquisition of First Federal of Northern Michigan (FFNM) In connection with the acquisition, MFNC had GAAP pre-tax transaction related expenses totaling \$189 thousand
 - mBank, MFNC's primary asset, recorded net income of \$2.05 million in the first quarter of 2018, compared to \$2.06 million, in 2017
- **Net Interest Income was \$9.31 million, or 4.19%, compared to \$9.17 million, or 4.19% in the first quarter of 2017**
 - First quarter 2018 total interest expense was \$1.75 million versus \$1.43 million for the same period of 2017. Of the \$316 thousand increase from previous year, \$153 thousand was attributable to interest on brokered CDs due to repricing experienced from normal maturities and renewals at market rates.
- **Noninterest expense, at \$7.93 million in the first quarter of 2018, increased \$751 thousand, or 10.4%, from the first quarter 2017 total of \$7.18 million**
 - Expense variance was partially attributable to the Corporation opting to increase its minimum hourly wage for all entry level staff from \$10.40 to \$12.00
 - Transaction-related expenses were also incurred during the quarter
- **Total balance sheet loans at March 31, 2018 were \$812.44 million, a \$25.90 million increase from March 31, 2017 balances of \$786.55 million. Total loans under management were \$1.05 billion, which includes \$236 million of service retained loans**
- **Nonperforming loans totaled \$4.34 million, 0.53% of total loans at March 31, 2018 compared to \$3.73 million, or 0.47%, of total loans at March 31, 2017. Total loan delinquencies greater than 30 days were 0.69%, or \$7.43 million at the end of the period, down from 0.79% in 2017.**

Source: Company filings

Non-GAAP Reconciliations

Appendix



Non-GAAP Reconciliations

Tangible Common Equity / Tangible Assets	
As Reported (\$000)	1Q18
Total Stockholder's Equity	\$81,857
Less: Preferred Equity	\$0
Common Equity	\$81,857
Less: Intangible Assets	\$7,554
Tangible Common Equity	\$74,303
Total Assets	\$983,929
Less: Intangible Assets	\$7,554
Tangible Assets	\$976,375
Tangible Common Equity / Tangible Assets	7.61%

Adjusted Net Income					
	2014	2015	2016	2017	1Q18
Net Income	\$1,700	\$5,596	\$4,483	\$5,479	\$1,537
Transaction Expenses	\$2,475	\$0	\$3,101	\$50	\$189
Tax Impact	(\$866)	\$0	(\$1,085)	(\$18)	(\$40)
After-Tax Transaction Exp.	\$1,609	\$0	\$2,016	\$33	\$149
DTA Adjustment	\$0	\$0	\$0	\$2,025	\$0
Total Adjustments	\$1,609	\$0	\$2,016	\$2,058	\$149
Adjusted Net Income	\$3,309	\$5,596	\$6,499	\$7,537	\$1,686
Average Assets	\$605,612	\$738,687	\$865,573	\$995,826	\$982,679
Average Equity	\$66,249	\$75,545	\$78,300	\$81,349	\$81,894
Adjusted ROAA	0.55%	0.76%	0.75%	0.76%	0.69%
Adjusted ROAE	4.99%	7.41%	8.30%	9.26%	8.24%

Source: Company filings

Note: For "Adjusted Net Income" tax rate assumed at 35% for 2014 – 2017 and 21% for 1Q18

Non-GAAP Reconciliations

ALLL+Purchase Accounting Marks / Gross Loans				
(\$ in thousands)	2015	2016	2017	1Q2018
Allowance for Loan Losses ("ALLL")	\$5,004	\$5,020	\$5,079	\$5,101
Purchase Accounting Marks	\$3,044	\$4,648	\$2,508	\$2,274
ALLL + Purchase Accounting Marks	\$8,048	\$9,668	\$7,587	\$7,375
Gross Loans	\$618,394	\$781,857	\$811,078	\$812,441
ALLL+Purchase Accting Mks / Loans	1.30%	1.24%	0.94%	0.91%

ALLL+Purchase Accounting Marks / NPAs				
(\$ in thousands)	2015	2016	2017	1Q2018
Allowance for Loan Losses ("ALLL")	\$5,004	\$5,020	\$5,079	\$5,101
Purchase Accounting Marks	\$3,044	\$4,648	\$2,508	\$2,274
ALLL + Purchase Accounting Marks	\$8,048	\$9,668	\$7,587	\$7,375
Nonperforming Assets	\$4,863	\$8,906	\$6,126	\$6,868
ALLL+Purchase Accting Mks / NPAs	165.5%	108.6%	123.8%	107.4%

Source: Management

Non-GAAP Reconciliations

NIE (less transaction expenses) / Average Assets								
	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15
Non-Interest Expense	\$5,107	\$4,898	\$5,126	\$7,479	\$5,756	\$5,700	\$6,114	\$6,306
Transaction Expenses	\$0	\$272	\$461	\$1,742	\$0	\$0	\$0	\$0
NIE (less transaction expenses)	\$5,107	\$4,626	\$4,665	\$5,737	\$5,756	\$5,700	\$6,114	\$6,306
Average Assets	\$580,716	\$581,150	\$607,840	\$651,935	\$737,496	\$732,979	\$751,153	\$733,035
NIE / Avg. Assets	3.52%	3.37%	3.37%	4.59%	3.12%	3.11%	3.26%	3.44%
NIE (less transaction exp.'s) / Avg. Assets	3.52%	3.18%	3.07%	3.52%	3.12%	3.11%	3.26%	3.44%

NIE (less transaction expenses) / Average Assets									
	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18
Non-Interest Expense	\$6,198	\$8,893	\$7,285	\$7,509	\$7,177	\$7,517	\$7,724	\$7,918	\$7,928
Transaction Expenses	\$106	\$2,449	\$359	\$187	\$0	\$0	\$0	\$50	\$189
NIE (less transaction expenses)	\$6,092	\$6,444	\$6,926	\$7,322	\$7,177	\$7,517	\$7,724	\$7,868	\$7,739
Average Assets	\$737,088	\$834,674	\$930,353	\$958,781	\$980,490	\$984,236	\$1,021,152	\$996,966	\$982,679
NIE / Avg. Assets	3.36%	4.26%	3.13%	3.13%	2.93%	3.05%	3.03%	3.18%	3.23%
NIE (less transaction exp.'s) / Avg. Assets	3.31%	3.09%	2.98%	3.05%	2.93%	3.05%	3.03%	3.16%	3.15%

Source: Company filings



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