
FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, DC 20429

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported):
November 6, 2019

OPUS BANK

(Exact name of registrant as specified in its charter)

California
(State or other jurisdiction of
incorporation)

33-0564430
(IRS Employer
Identification No.)

19900 MacArthur
Blvd., 12th Floor
Irvine, CA 92612

(Address, including zip code, of principal executive office)

Registrant's telephone number, including area code: (949) 250-9800

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

- ☐ Written communication pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, no par value	OPB	Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 under the Securities Act (17 CFR 230.405) or Rule 12b-2 under the Exchange Act (17 CFR 240.12b-2).

Emerging Growth Company ☒

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

Item 7.01 Regulation FD Disclosure.

From November 6th through November 7th, 2019, members of the senior management team of Opus Bank (the “Bank”) will be attending the Piper Jaffray Western Bank Symposium and presenting to or conducting one on-one meetings with investors, analysts or other third parties about the Bank and its latest financial results. A copy of the presentation, updated with the Bank’s financial results for the third quarter of 2019, substantially in the form expected to be used in such presentations and meetings, is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

The information in this section, including the information contained in the presentation included as Exhibit 99.1 hereto, is being furnished pursuant to this Item 7.01 and shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. In addition, this information shall not be deemed to be incorporated by reference into any of the Bank’s filings with the Federal Deposit Insurance Corporation, except as shall be expressly set forth by specific reference in any such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Opus Bank’s Piper Jaffray Western Bank Symposium Investor Presentation

SIGNATURES

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

Dated: November 6, 2019

Opus Bank

By: /s/ Paul W. Taylor
Name: Paul W. Taylor
Title: President and Chief Executive Officer

Exhibit No. 99.1

Opus Bank's Piper Jaffray Western Bank Symposium Investor Presentation

OpusBank.

**Piper Jaffray
Western Bank Symposium**

November 7, 2019

Forward Looking Statements

The supplemental information furnished here contains certain forward-looking statements. Forward-looking statements are neither historical facts nor assurances of future performance. Opus generally identifies forward-looking statements by terminology such as “outlook,” “believes,” “expects,” “potential,” “continues,” “may,” “will,” “could,” “should,” “seeks,” “approximately,” “predicts,” “intends,” “plans,” “estimates,” “anticipates” or the negative version of those words or other comparable words. Any forward-looking statements contained in this presentation are based on the historical performance of Opus and its subsidiaries or on its current plans, beliefs, estimates, expectations and goals, including without limitation: our outlook for 2019. Such forward-looking statements are subject to various risks and uncertainties and assumptions relating to our operations, financial results, financial condition, business prospects, growth strategy and liquidity that could cause actual results to differ materially from those indicated by the forward-looking statements, including, without limitation: market and economic conditions, changes in interest rates, our liquidity position, the management of our growth, the risks associated with our loan portfolio, risks that our expected efficiencies and savings from our expense reduction initiatives will be less than anticipated, local economic conditions affecting retail and commercial real estate, our geographic concentration in the western region of the United States, competition within the industry, dependence on key personnel, government legislation and regulation, the risks associated with any future acquisitions, the effect of natural disasters, and risks related to our technology and information systems. For a discussion of these and other risks and uncertainties, see Opus' filings with the Federal Deposit Insurance Corporation, including, but not limited to, the risk factors in Opus' Annual Report on Form 10-K filed with the Federal Deposit Insurance Corporation on February 28, 2019 and our Quarterly Report on Form 10-Q for the quarter ended June 30, 2019 filed with the Federal Deposit Insurance Corporation on August 2, 2019. If one or more of these or other risks or uncertainties materialize, or if Opus' underlying assumptions prove to be incorrect, Opus' actual results may vary materially from those indicated in these statements. These filings are available on the Investor Relations page of Opus' website at: investor.opusbank.com.

Opus undertakes no obligation to revise or publicly release any revision to these forward-looking statements, whether as a result of new information, future developments or otherwise.

Investment Considerations

- ❑ \$7.8 billion in total assets
- ❑ Strategically positioned in high-growth, urban, and desirable market
- ❑ Leading Multifamily lender with zero multifamily loan charge-offs since inception
- ❑ PENSICO subsidiary provides stable fee income + \$1.3 billion of deposits with a weighted average rate of 2 basis points
- ❑ Growing Commercial Banking division to diversify loan portfolio over time
- ❑ Nonperforming assets equal 0.10% of total assets
- ❑ Efficiency ratio in the low 60%'s
- ❑ Healthy capital ratios: TCE 9.28% and total risk-based capital 15.26%
- ❑ Quarterly cash dividend of \$0.11 and 1.7% dividend yield¹

Third Quarter 2019

Highlights

- Net income of \$22.0 million and EPS of \$0.57
- Adjusted net income of \$22.3 million and EPS of \$0.58¹
- Efficiency ratio of 61.8%
- NPAs decreased 65% to 0.10% of assets
- Negative provision for loan losses of \$7.7 million driven by credit improvement
- Tangible book value per share increased 62 cents to \$18.94
- Total risk-based capital of 15.26% and TCE Ratio of 9.28%¹

Summary Income Statement

(\$ in millions)

	3Q19	2Q19	3Q18
Net Interest Income	\$ 49.6	\$ 50.5	\$ 48.9
Noninterest Income	13.1	12.0	11.5
Noninterest Expense	(40.1)	(46.3)	(43.7)
Pre-Provision Net Revenue	22.6	16.2	16.7
Provision for Loan Losses	7.7	(3.3)	(8.2)
Net Income	<u>\$ 22.0</u>	<u>\$ 8.7</u>	<u>\$ 9.4</u>
Earnings Per Diluted Share	\$0.57	\$0.23	\$0.25
Return on Avg Assets	1.13%	0.45%	0.51%
Return on Avg TCE ¹	12.88%	5.28%	5.86%
Efficiency Ratio ²	61.8%	71.3%	69.5%
<i>Adjusted Performance¹</i>			
Adjusted Net Income	\$ 22.3	\$ 13.3	\$ 7.6
Adjusted Earnings Per Diluted Share	\$0.58	\$0.35	\$0.20
Adjusted Return on Average Assets	1.14%	0.68%	0.42%
Adjusted Return on Avg TCE	13.04%	8.08%	4.75%
Adjusted Efficiency Ratio ²	61.6%	63.6%	68.4%
<i>Other Ratios</i>			
Net Interest Margin	2.82%	2.88%	2.98%
Tangible Book Value per Share ¹	\$18.94	\$18.32	\$17.63
TCE Ratio ¹	9.28%	8.87%	9.05%

[1] See reconciliation of non-GAAP financial measures to corresponding GAAP measures on pages 23-26.

[2] The efficiency ratio equals noninterest expense adjusted to exclude the amortization of other intangible assets divided by the sum of tax-equivalent net interest income and noninterest income adjusted to exclude the gains and losses on the sale of investment securities, loans, and other repossessed assets.

Outlook for 2019

Assume continuation of current economic environment. Includes October 2019 Fed rate cut.

Loans	<ul style="list-style-type: none"> • Estimate loan growth rate in the low double digits for the full year 2019 • Maintain credit discipline
Deposits	<ul style="list-style-type: none"> • Anticipate continued deposit competition in 2019
Net Interest Margin	<ul style="list-style-type: none"> • Estimate the full year 2019 NIM to be approximately 2.90% • Opus continues to face the headwinds of a flattening yield curve, elevated prepayments, and competitive deposit and loan pricing
Noninterest Expense	<ul style="list-style-type: none"> • Disciplined expense management to increase operating leverage
Efficiency Ratio	<ul style="list-style-type: none"> • Core efficiency ratio in the range of 64% to 65% for the full year 2019, quarters coming in the low 60's
Credit Quality	<ul style="list-style-type: none"> • Expect credit metrics to be aligned with peers by year-end 2019
Tax Rate	<ul style="list-style-type: none"> • Estimate core effective tax rate of approximately 26% in 2019
Dividend	<ul style="list-style-type: none"> • Will evaluate the dividend based on loan growth, our risk profile, and market conditions

Strategically located in major metropolitan markets

Opus' Attractive West Coast Markets

- ❑ Located in attractive, major metropolitan markets up and down the West Coast
- ❑ 46 banking offices provides infrastructure for Opus to grow organically
- ❑ Unemployment rates among the lowest in the nation¹
 - San Francisco-Oakland-Hayward: 2.2%
 - Seattle-Tacoma-Bellevue: 3.5%
 - Los Angeles-Long Beach-Anaheim: 4.0%
- ❑ Total nonfarm payrolls in CA, WA and OR up 12.3% over the past 5 years compared to 8.7% for U.S.¹
- ❑ Robust western multifamily markets continue to show healthy trends including low vacancy, rising rents, and increasing sales volumes for 2019²

Geographic Footprint



Opus' Business Lines

Commercial Real Estate Banking

- Opus is a leading multifamily lender in the West
- Full commercial real estate capabilities, including investor, construction, and repositioning loans

Commercial Banking

- Traditional C&I, ABL, owner-occupied CRE, and SBA loans
- Full suite of treasury management products
- Niche divisions including Public Finance, Media & Entertainment, Healthcare, and Fiduciary Banking

Retail Banking

- 46 banking offices in western major metro markets
- Traditional retail banking products and services

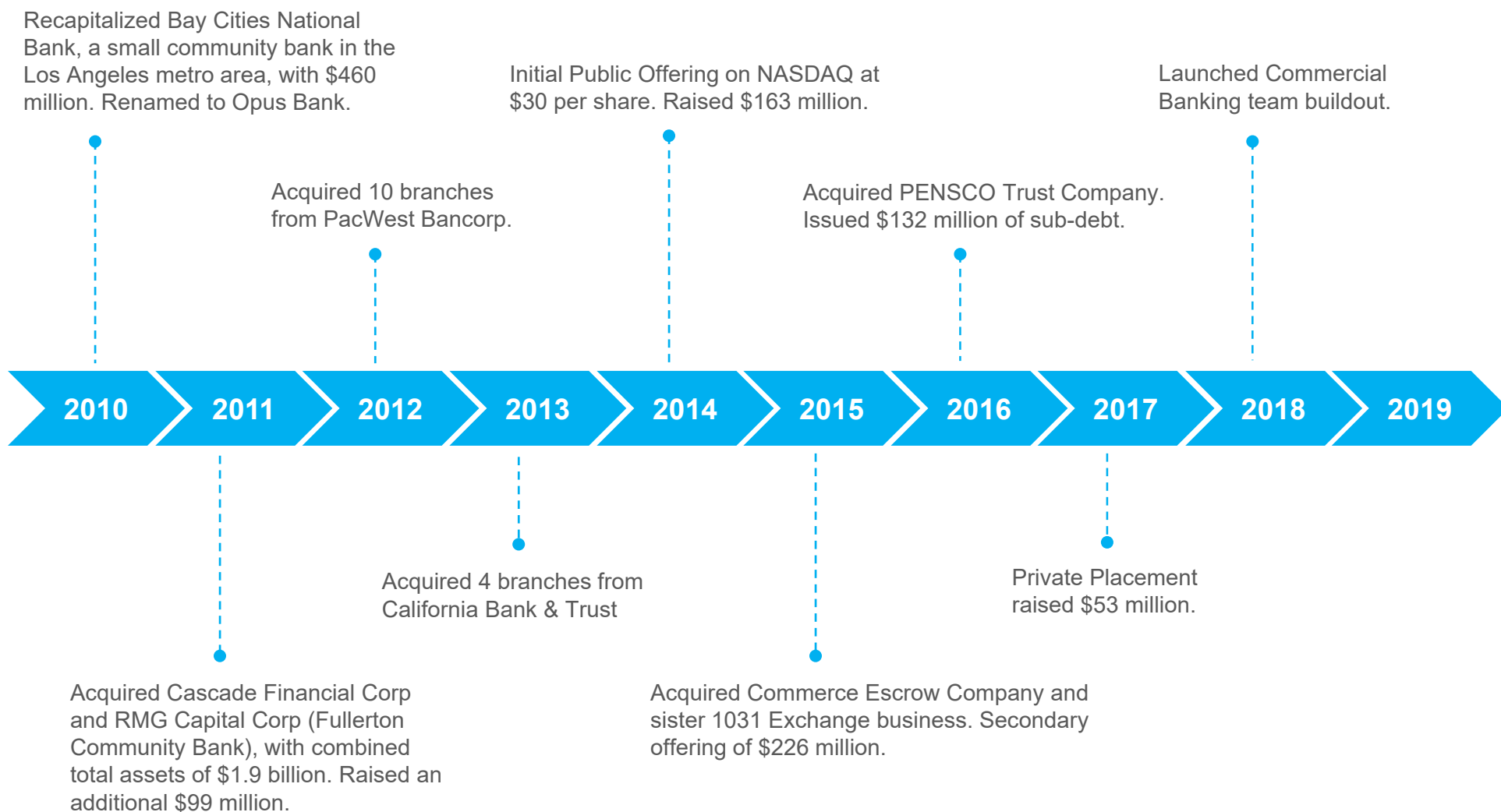
PENSCO Trust Company

- Custodian of alternative asset IRA accounts
- Approximately \$14 billion in assets under custody and 46,000 accounts

Escrow & Exchange Divisions

- Los Angeles-based escrow company and 1031 exchange facilitator

Opus' History



Leadership Team



Paul Taylor

President and Chief Executive Officer

- 38-year banking veteran
- Joined Opus in May 2019
- Previously CEO of Guaranty Bancorp



Kevin Thompson

Executive Vice President, Chief Financial Officer

- 21-year banking veteran
- Joined Opus in November 2017
- Previously CFO and Treasurer of American Express Centurion Bank



Brian Fitzmaurice

Vice Chairman, Senior Chief Credit Officer

- 37-year banking veteran
- Joined Opus in November 2016
- Previously EVP and Chief Credit Officer of City National Bank



Edward Padilla

Vice Chairman, Head of Commercial Real Estate Banking

- 16-year banking veteran
- Joined Opus in July 2011
- Previously Vice President for JP Morgan Chase Multifamily Finance



Jim Haney

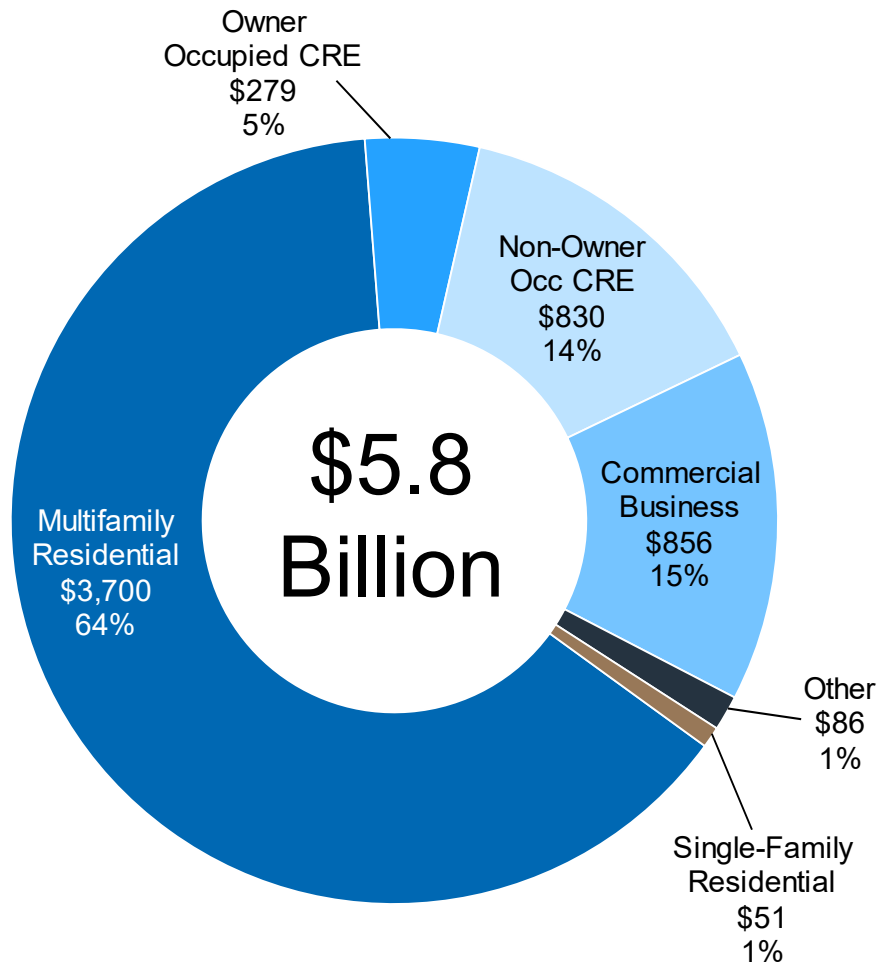
Executive Vice President, Head of Commercial Banking

- 33-year banking veteran
- Joined Opus in March 2018
- Previously SVP and Regional Manager – Los Angeles Metro Region for City National Bank

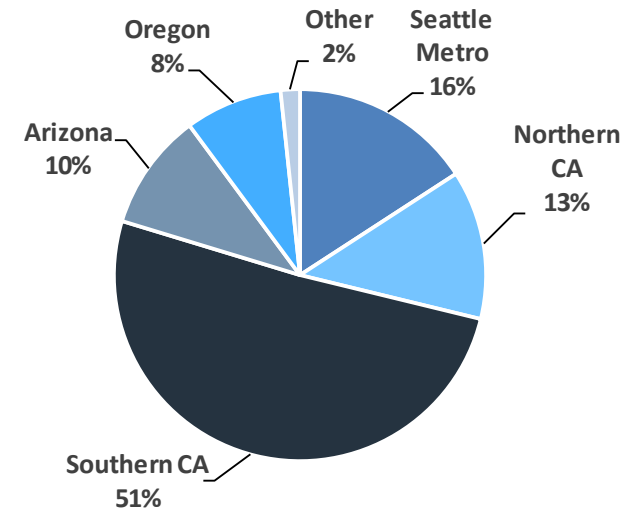
Loan Portfolio

Total Loans

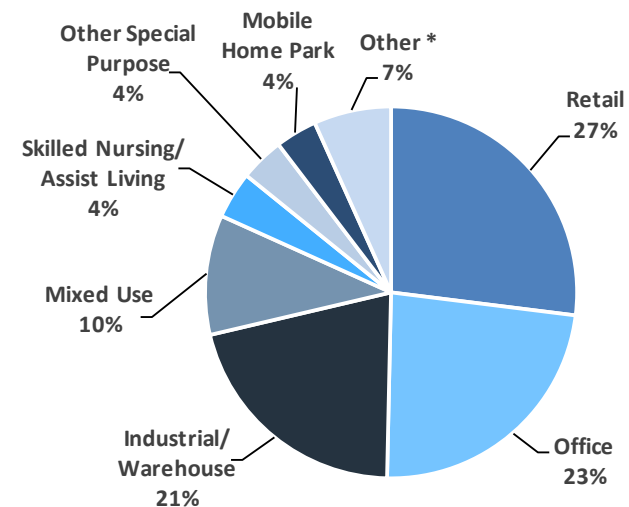
(\$ in millions)



Multifamily Loans by Geography



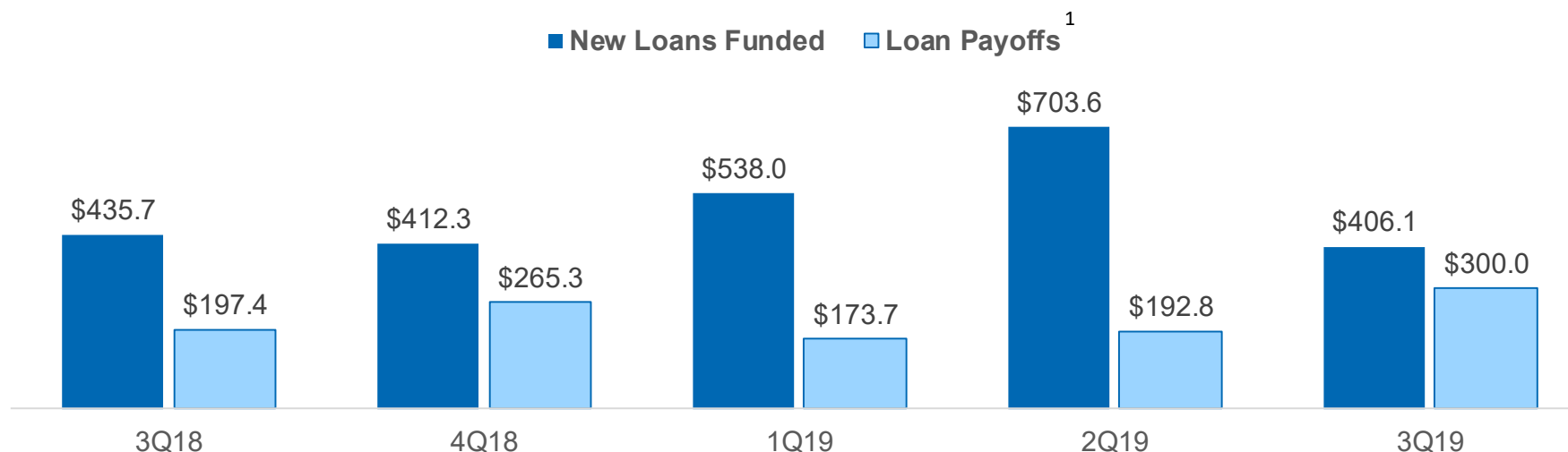
CRE by Property Type



Loan Growth

Loan Fundings versus Payoffs

(\$ in millions)



[1] Excludes planned exits

Loan Balance Roll Forward

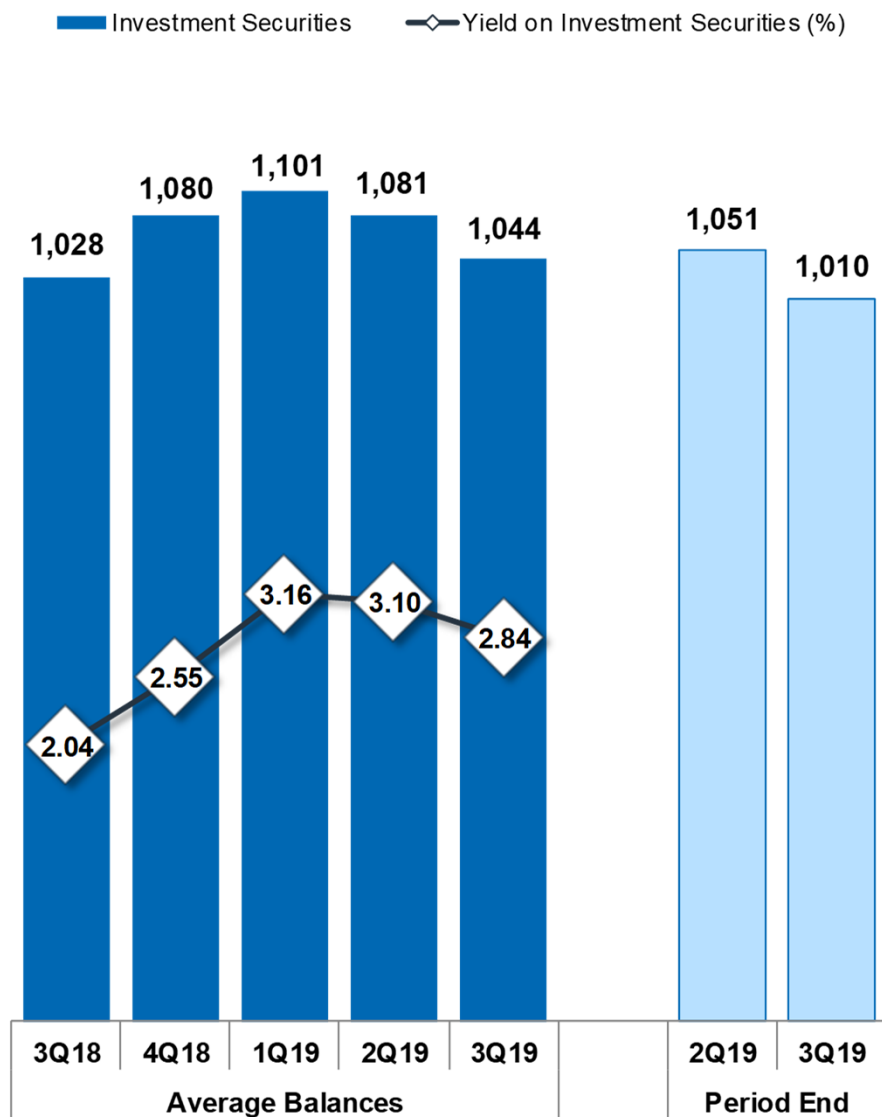
(\$ in millions)

	3Q 2018	4Q 2018	1Q 2019	2Q 2019	3Q 2019
Beginning loan balance	\$5,072.4	\$5,159.9	\$5,165.2	\$5,461.5	\$5,789.0
New Loan Fundings					
Commercial Real Estate Banking	\$294.1	\$293.4	\$450.9	\$611.2	\$306.3
Commercial Banking	106.6	74.0	66.2	81.2	99.1
Other	35.0	44.9	20.8	11.2	0.7
Loan payoffs	(197.4)	(265.3)	(173.7)	(192.8)	(300.0)
Amortization, planned exits, charge-offs, and transfers to HFS	(150.8)	(141.7)	(68.0)	(183.3)	(93.1)
Ending loan balance	\$5,159.9	\$5,165.2	\$5,461.5	\$5,789.0	\$5,802.0

Investment Securities

Investment Securities

(\$ in millions)



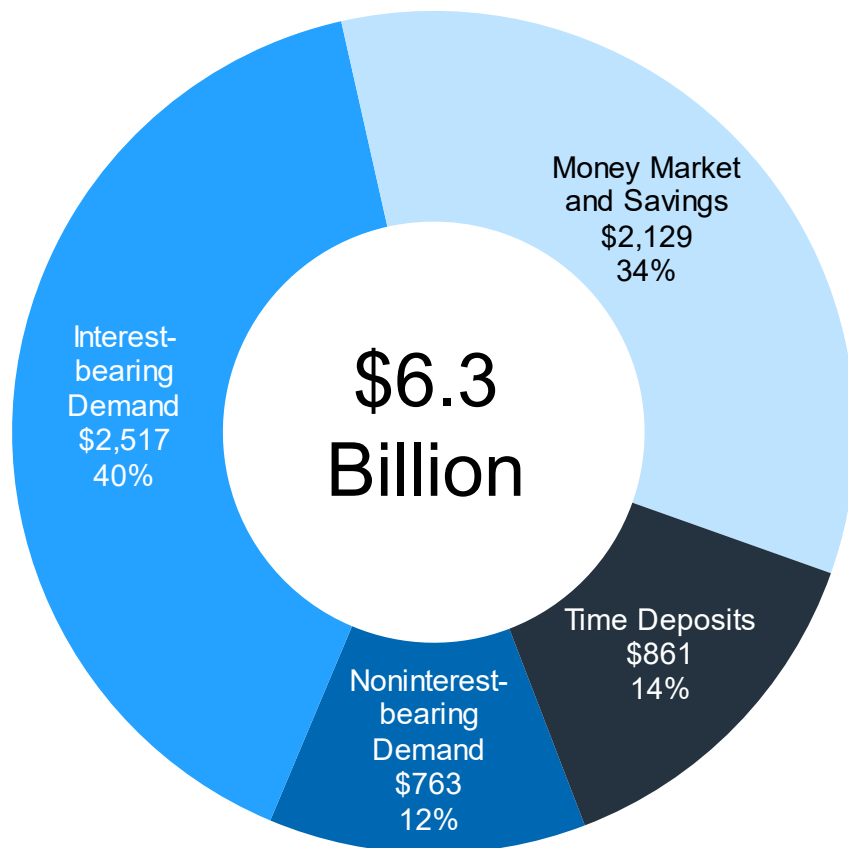
3Q 2019 Highlights

- Average investment securities decreased \$37.2 million, or 3.4%, from the prior quarter
 - Driven by sales of lower yielding securities and amortization due to higher prepay
 - Sold \$42 million yielding ~2.20%
 - Purchased \$48 million yielding 3.81%
- Securities yield decreased 26 basis points to 2.84% for 3Q 2019, primarily driven by premium amortization
- Investment securities comprised 14.8% of earning assets in the third quarter of 2019
- Duration of 3.2 years

Deposits

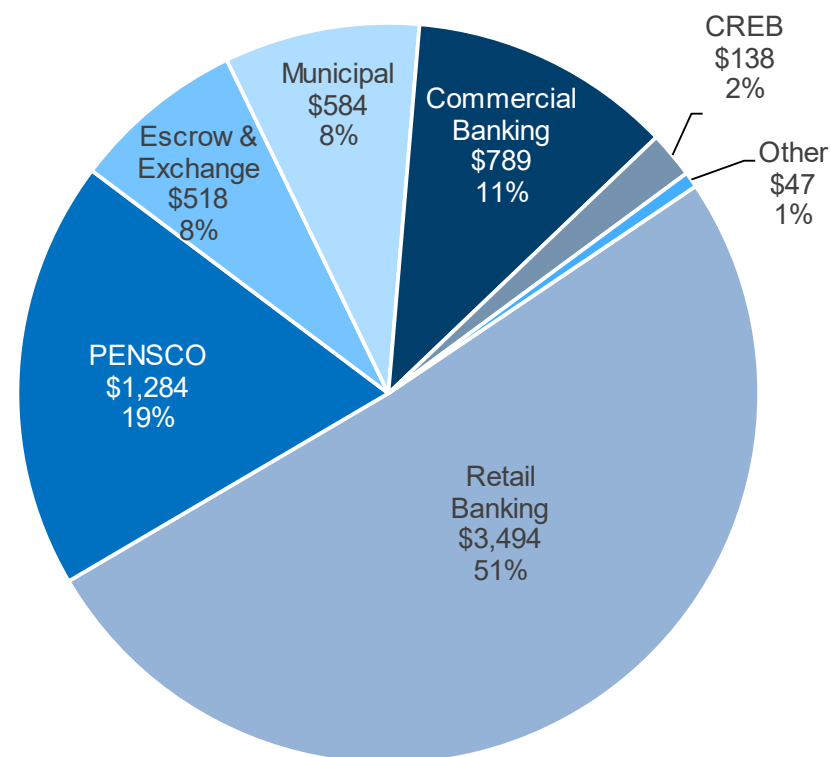
Total Deposits

(\$ in millions)



Deposits by Division

(\$ in millions)



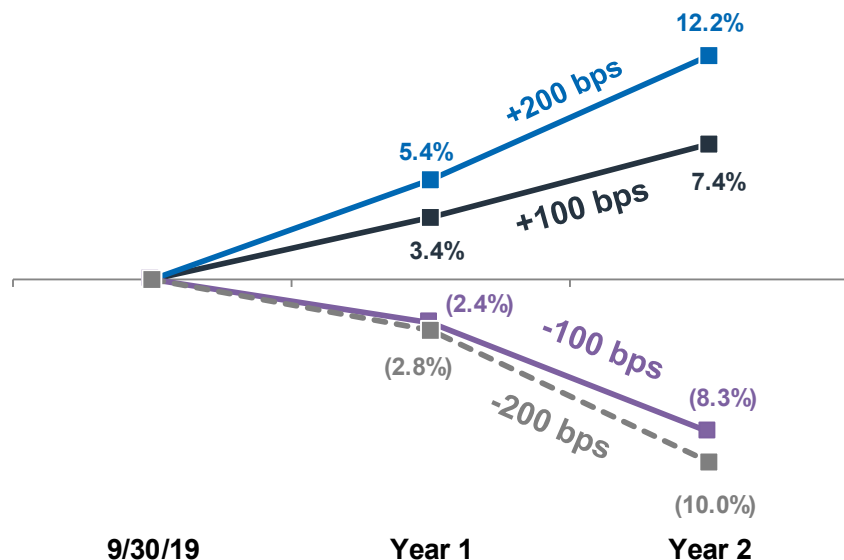
Interest Rate Sensitivity

As of September 30, 2019

- Duration of total assets 2.5 years compared to total liabilities 3.0 years
- Our asset liability management modeling estimates net interest income increases by 3.4% with +100 bps shift and decreases by 2.8% with -200 bps shift

Simulations of Net Interest Income

Assumes instantaneous parallel shifts in the yield curve



[1] Beginning of simulation is September 30, 2019

Asset and Liability Duration

Assets		Liabilities	
	Years		Years
Investment Securities	3.2	Borrowings	1.6
Loans	2.3	Deposits	3.1
○ Commercial & Industrial	1.8	○ Non-interest Checking	6.1
○ Commercial Real Estate	1.8	○ NOW	4.3
○ Multifamily	2.6	○ Money Market	1.5
Total Asset Duration	2.5	○ Savings	4.3
		○ Time Deposits	0.7
		Total Liability Duration	3.0

Loan Resets and Maturities ²	< 1 Yr	1-3 Yrs	3-5 Yrs	> 5 Yrs	Total
Prime and 1M LIBOR	11.8%	0.5%	0.3%	0.0%	12.6%
3M LIBOR	0.8%	0.0%	1.2%	0.0%	1.9%
6M LIBOR	9.2%	16.6%	11.8%	12.8%	50.3%
Other Indexed Rate Loans	1.4%	1.4%	17.6%	0.8%	20.9%
Total Variable Rate Loans	23.0%	18.2%	30.8%	13.6%	85.7%
Fixed Rate Loans	0.4%	2.2%	2.4%	9.3%	14.3%
Total Loans	23.5%	20.4%	33.2%	22.9%	100.0%

[2] Does not consider prepayments, normal amortization, or the effect of floors.

PENSCO Trust Company

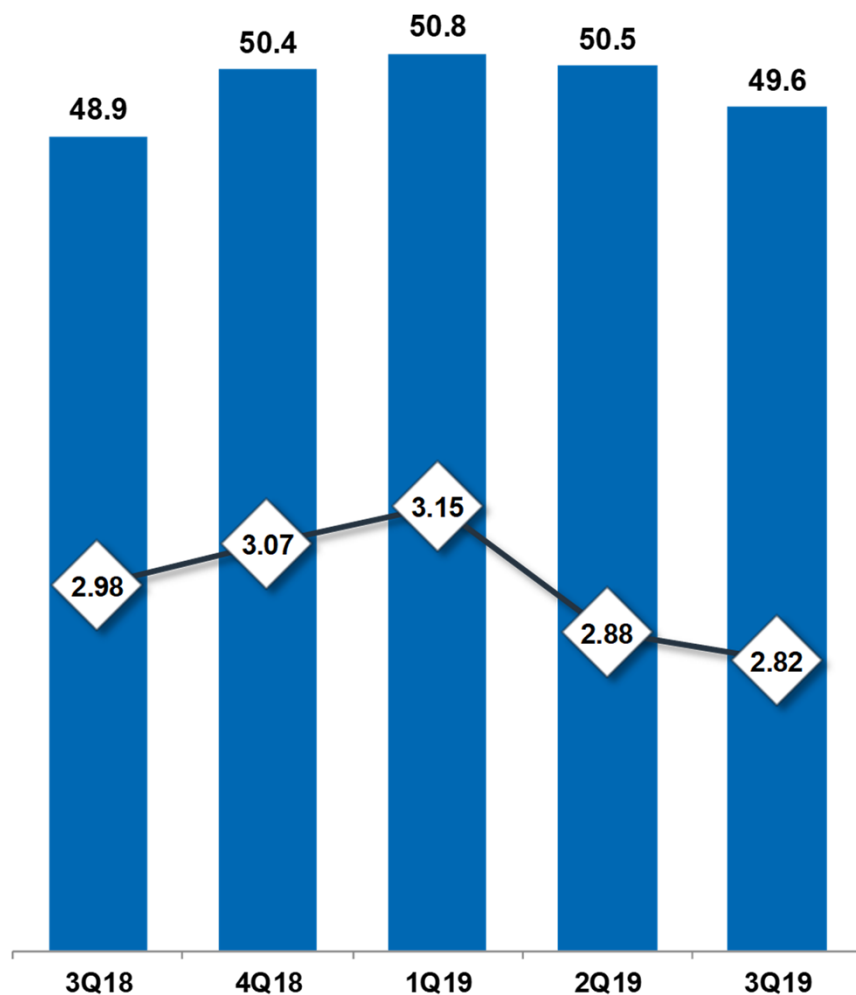
- ❑ Opus' alternative asset IRA custodian subsidiary
- ❑ Approximately \$14 billion in assets under custody (“AUC”) and 46,000 client accounts
- ❑ Recently hired new President, Rich Immesberger, a 30-year trust and wealth management veteran
- ❑ Diverse asset allocation across private equity, real estate, notes, cash and other non-exchange traded assets
- ❑ Contributes between \$1.2 and \$1.4 billion of ancillary custodial client cash balances as stable, low cost transaction accounts with a weighted average rate of 2 basis points
- ❑ Scalable business model that attracts bulk transfers from large wirehouses

Net Interest Income and Margin

Net Interest Income

(\$ in millions)

—◆— Net Interest Margin¹ (%)



3Q 2019 Highlights

- Net interest income decreased 1.9%
 - Interest income down \$937,000, or 1.3%, largely driven by lower yield on investment securities and interest earning cash
 - Interest expense was flat versus 2Q 2019
- NIM decreased 6 bps to 2.82%
 - Yield on interest-earning assets down 7 bps to 3.97%
 - Cost of funds was flat versus 2Q 2019

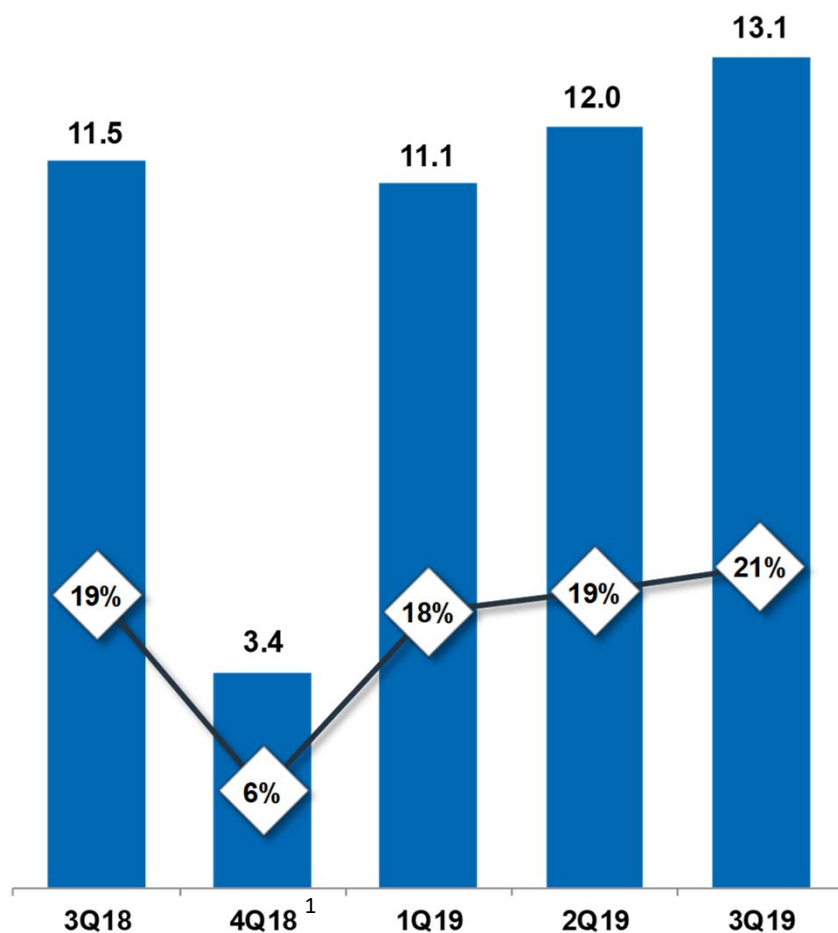
\$50,516	2Q 2019	2.88%
500	Loan Impacts:	0.03%
	558 Higher net benefit from prepays	
	195 Higher avg. balances and other dynamics	
	134 One additional day in the quarter	
	(296) Repricing/rate decreases	
	(91) Effect of changes in nonaccrual loans	
(1,435)	Cash and Investment Securities:	(0.08%)
	(632) Lower average balances	
	(479) Higher premium amortization from prepays	
	(324) Repricing/rate decreases	
(19)	Deposits and Borrowings:	(0.01%)
	863 Lower average FHLB advances	
	(538) Higher rates on deposits	
	(202) One additional day in the quarter	
	(142) Higher average deposits	
\$49,562	3Q 2019	2.82%

Noninterest Income and Expense

Noninterest Income

(\$ in millions)

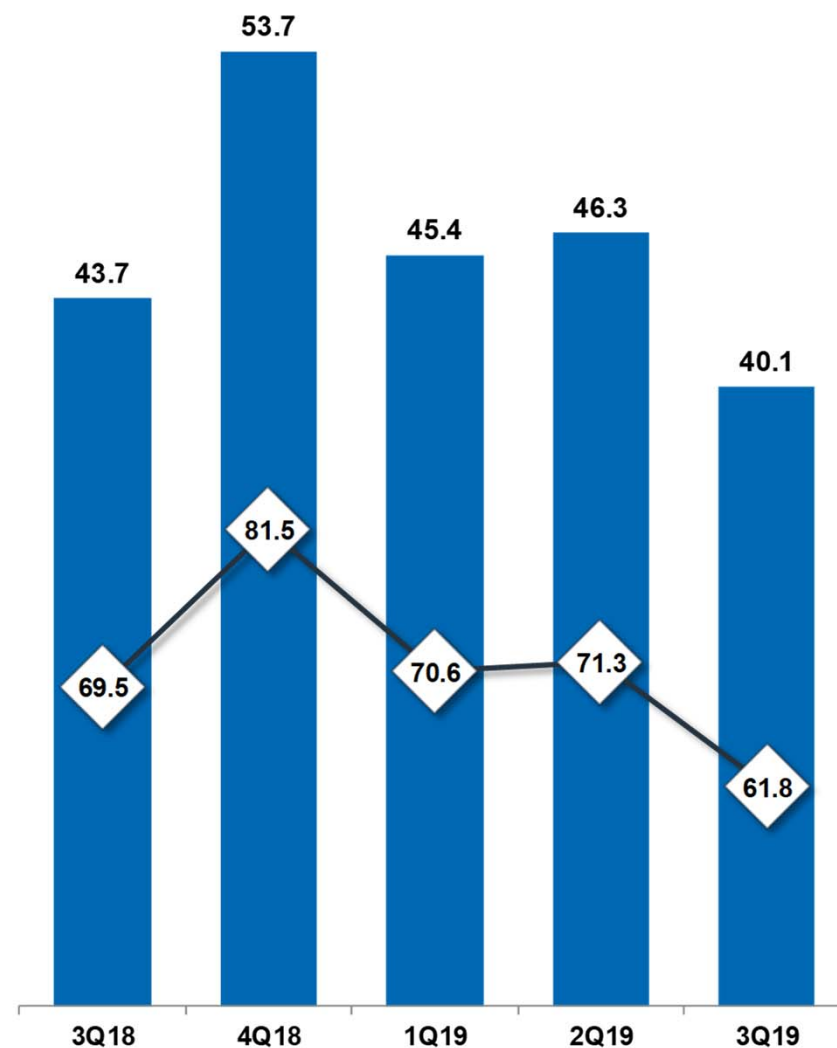
- Noninterest Income
- Noninterest Income / Total Revenues (%)



Noninterest Expense

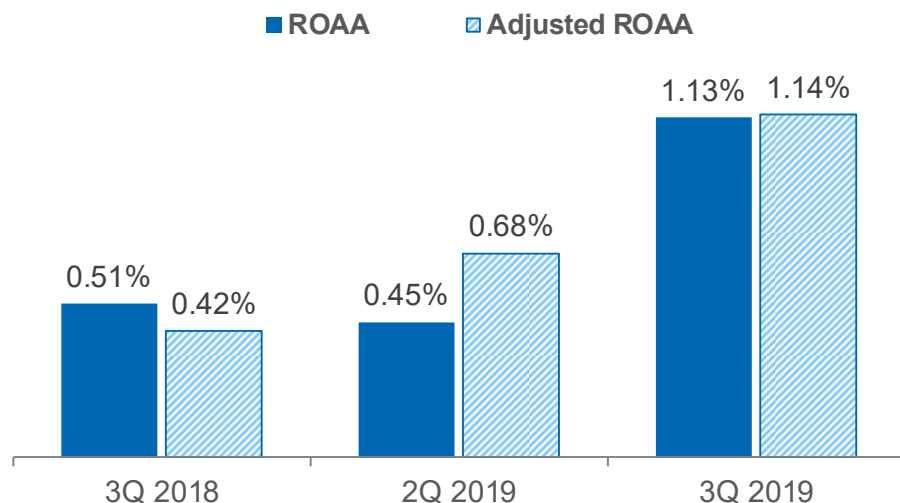
(\$ in millions)

- Efficiency Ratio (%)

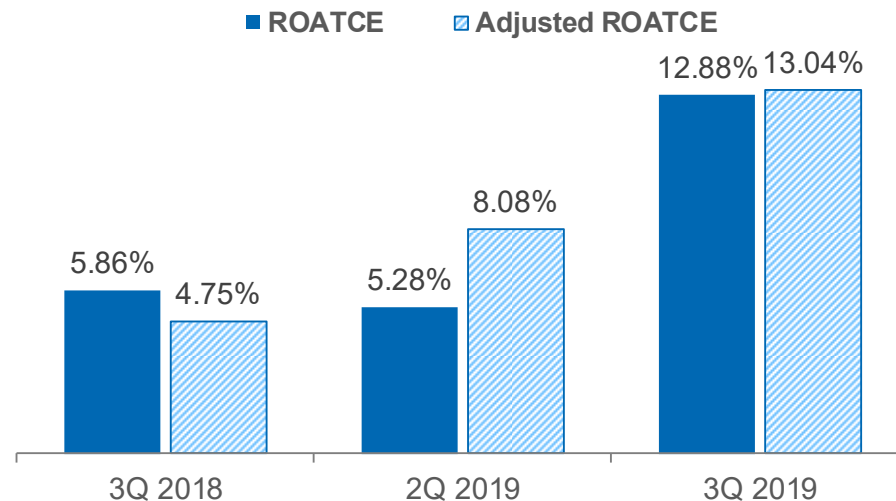


Performance Metrics¹

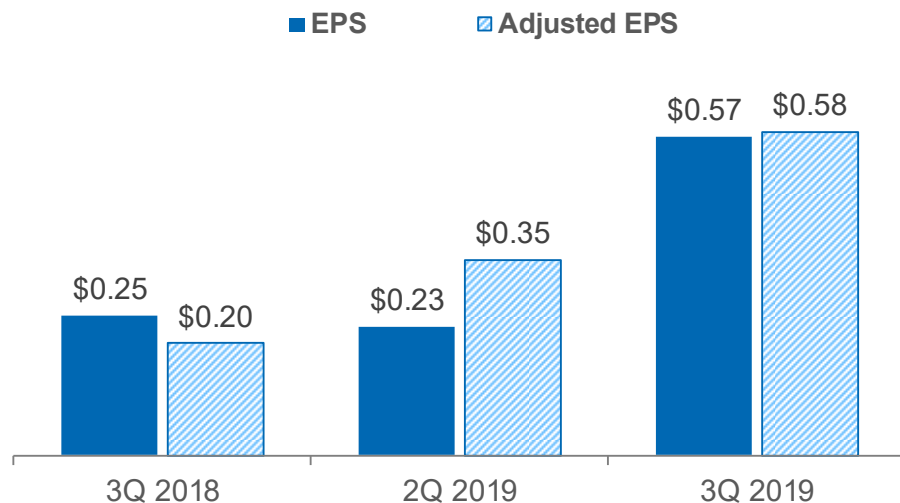
Return on Average Assets (ROAA)



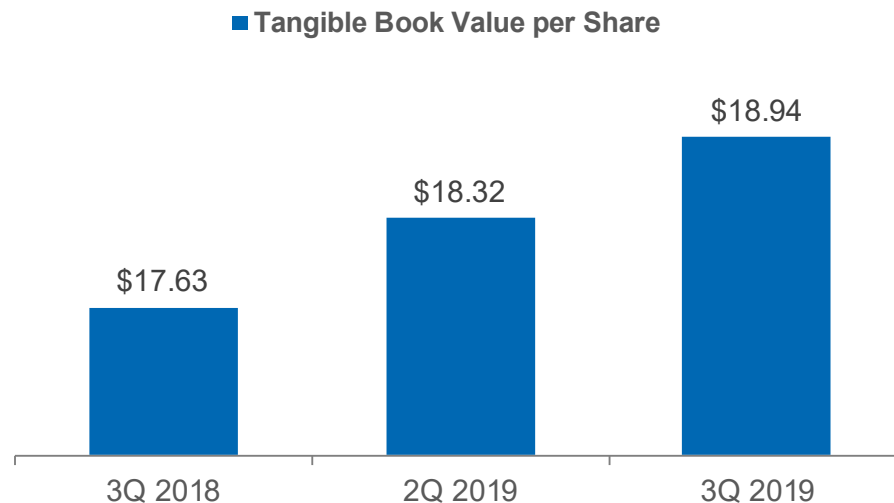
Return on Average Tangible Common Equity (ROATCE)



Earnings per Diluted Share (EPS)

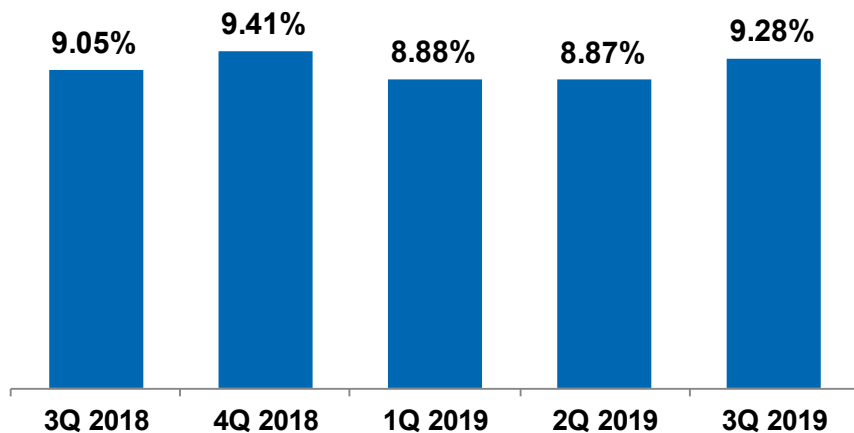


Tangible Book Value per Share

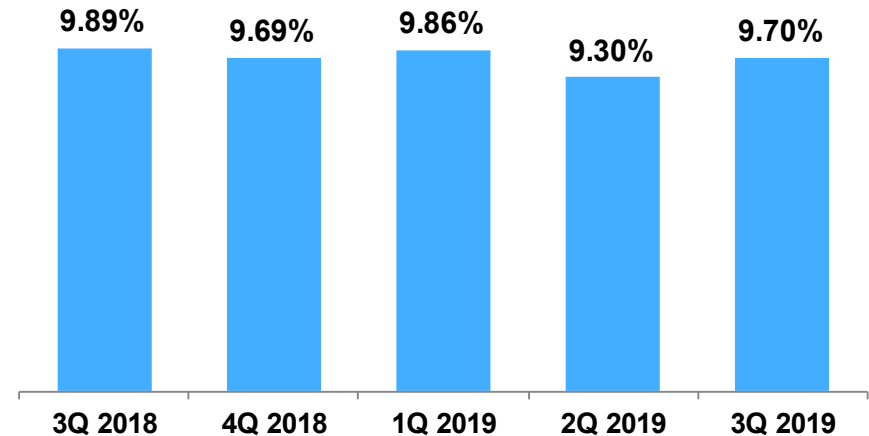


Capital

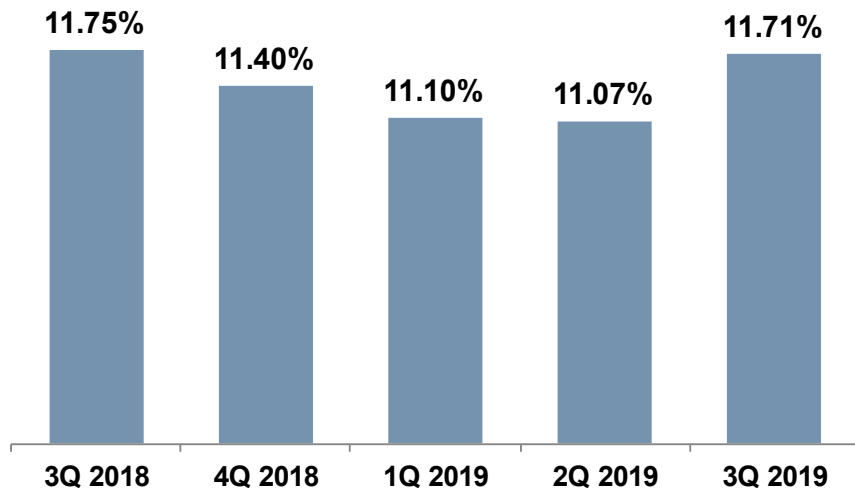
Tangible Common Equity Ratio¹



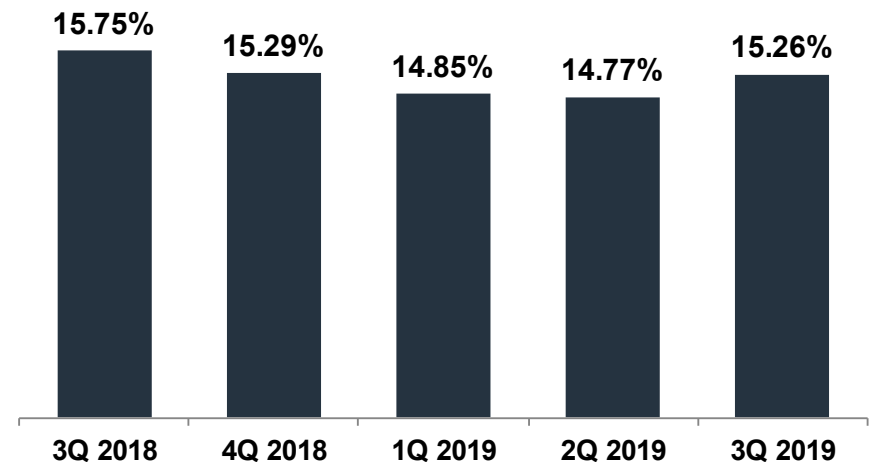
Tier 1 Leverage Ratio



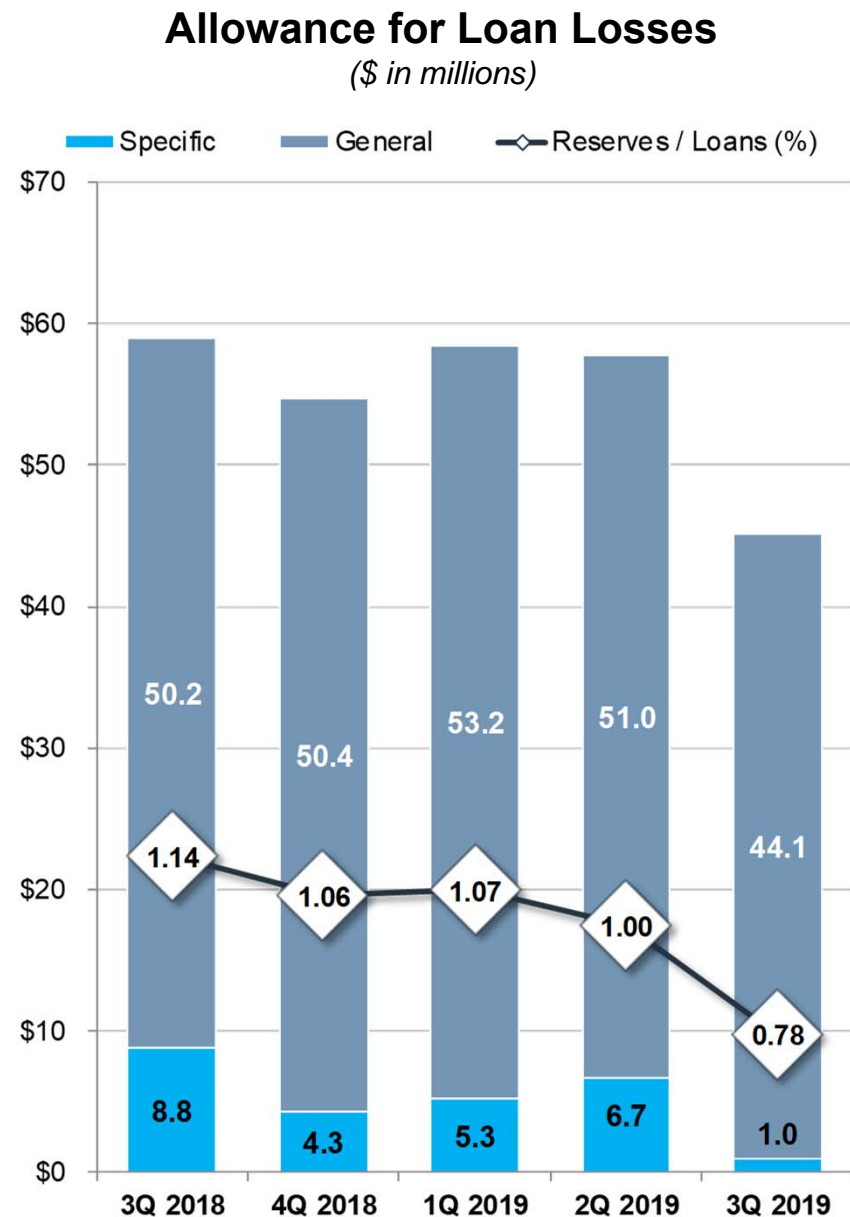
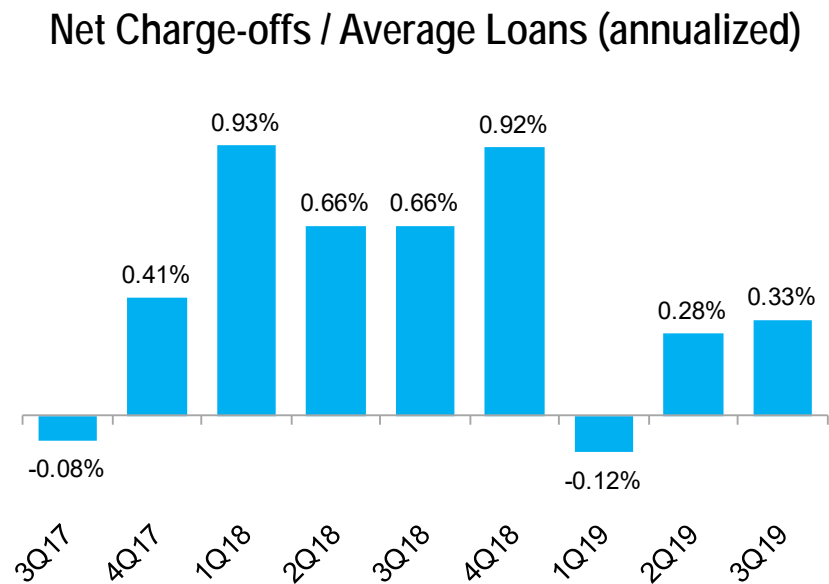
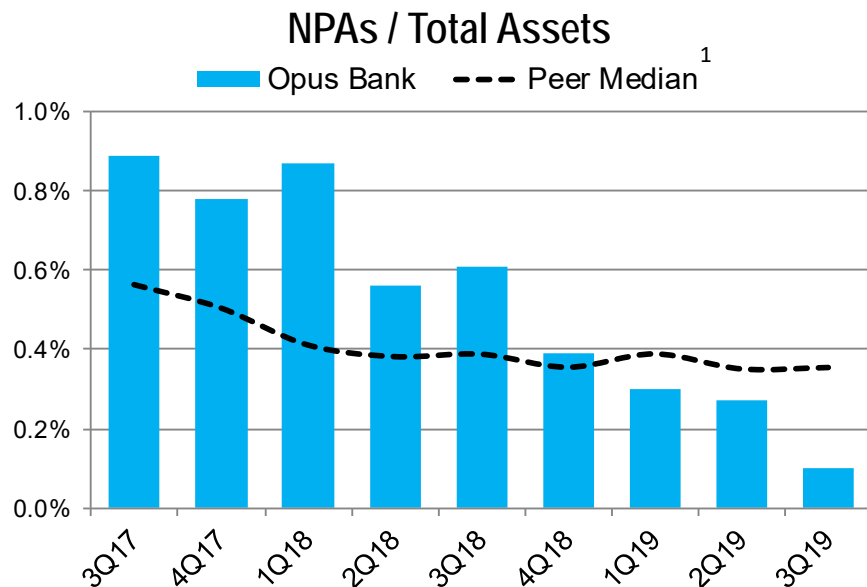
Common Equity Tier 1 Ratio



Total Risk Based Capital Ratio

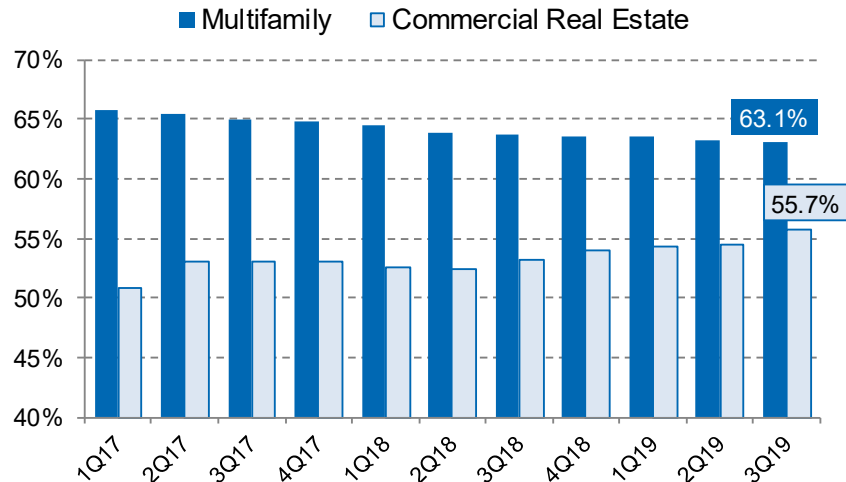


Credit Quality Overview

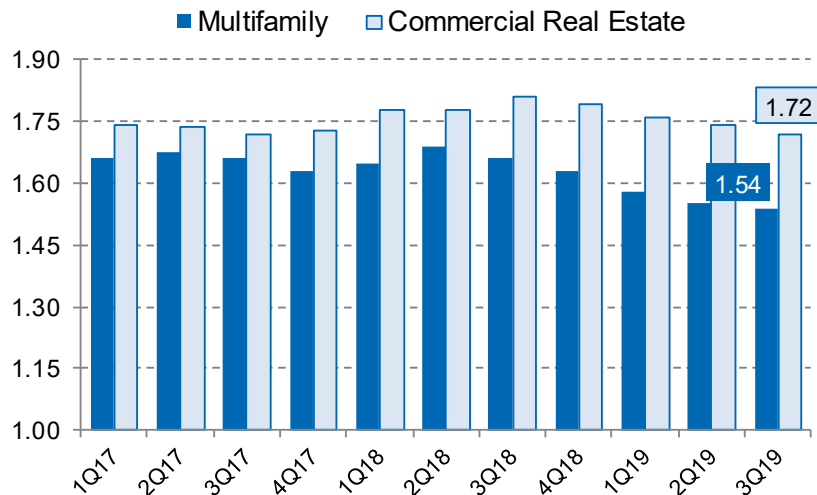


High Performing Multifamily and CRE Portfolios

Average Loan to Value (LTV)



Average Debt Coverage Ratio (DCR)



- **No multifamily loan charge-offs since Opus' inception in 2010**
- Consistently low loan to value and high debt service coverage ratios
- Geographically diversified in major metro areas up and down the West Coast
- Approximately 39% of the multifamily loan portfolio receives a risk weighting of 50%, benefitting Opus' risk-based capital ratios

OpusBank.

Appendix



Reconciliation of Non-GAAP Financial Measures

Our accounting and reporting policies conform to generally accepted accounting principles in the United States ("GAAP"). We believe that the presentation of certain non-GAAP financial measures assists investors in evaluating our financial results. These non-GAAP measures include our net income, earnings per diluted share, return on average assets, return on average stockholders' equity, return on average tangible common equity, efficiency ratio, tangible book value per common share, and tangible common equity ratio. These non-GAAP measures should be taken together with the corresponding GAAP measures and should not be considered a substitute of the GAAP measures.

The following tables present a reconciliation of the most comparable GAAP financial measures and ratios to the non-GAAP financial measures and ratios:

Non-GAAP Tangible Book Value per Common Share

(unaudited)

	As of		
	September 30, 2019	June 30, 2019	September 30, 2018
(\$ in thousands, except share amounts)			
Tangible equity:			
Total stockholders' equity	\$1,083,043	\$1,061,328	\$1,037,050
Less:			
Preferred stock	29,110	29,110	29,110
Common equity	1,053,933	1,032,218	1,007,940
Less:			
Goodwill	331,832	331,832	331,832
Other intangible assets, net	34,884	36,095	40,362
Tangible common equity	\$687,217	\$664,291	\$635,746
Shares of common stock outstanding	36,286,598	36,251,219	36,058,585
Book value per common share	\$29.04	\$28.47	\$27.95
Tangible book value per common share	\$18.94	\$18.32	\$17.63

Reconciliation of Non-GAAP Financial Measures

Non-GAAP Stockholders' Equity, Tangible Equity, and Tangible Common Equity Ratios

(unaudited)

(\$ in thousands)	As of		
	September 30, 2019	June 30, 2019	September 30, 2018
Total assets	\$7,771,343	\$7,856,961	\$7,395,074
Less:			
Goodwill	331,832	331,832	331,832
Other intangible assets, net	34,884	36,095	40,362
Tangible assets	7,404,627	7,489,034	7,022,880
Total stockholders' equity	1,083,043	1,061,328	1,037,050
Less:			
Goodwill	331,832	331,832	331,832
Other intangible assets, net	34,884	36,095	40,362
Tangible equity	716,327	693,401	664,856
Less: preferred stock	29,110	29,110	29,110
Tangible common equity	\$687,217	\$664,291	\$635,746
Total stockholders' equity to total assets	13.94%	13.51%	14.02%
Tangible equity to tangible assets ratio	9.67%	9.26%	9.47%
Total common equity to total assets	13.56%	13.14%	13.63%
Tangible common equity to tangible assets ratio	9.28%	8.87%	9.05%

Reconciliation of Non-GAAP Financial Measures

Non-GAAP Financial Measures

(unaudited)

	For the three months ended			For the nine months ended	
	September 30, 2019	June 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
(\$ in thousands)					
Net income	\$21,998	\$8,686	\$9,412	\$41,545	\$37,779
Adjustments to noninterest income:					
Impairment	—	—	—	489	—
(Gains) and losses on sales of securities, loans, and other repossessed assets	(220)	50	—	(174)	(215)
Adjustments to noninterest expense:					
Strategic actions	119	4,891	548	4,920	2,298
Litigation	—	—	116	1,431	(2,734)
Pre-tax adjustments	(101)	4,941	664	6,666	(651)
Tax effect	383	(319)	(2,440)	(345)	(2,536)
Tax-effected adjustments ¹	282	4,622	(1,776)	6,321	(3,187)
Adjusted net income	\$22,280	\$13,308	\$7,636	\$47,866	\$34,592
 Average assets	 \$7,751,397	 \$7,793,539	 \$7,254,209	 \$7,626,002	 \$7,258,273
Average stockholders' equity	1,074,436	1,058,336	1,039,508	1,061,332	1,030,690
Less:					
Average preferred stock	29,110	29,110	29,110	29,110	29,110
Average goodwill	331,832	331,832	331,832	331,832	331,832
Average other intangible assets	35,639	36,956	41,139	36,933	42,598
Average tangible common equity	\$677,855	\$660,438	\$637,427	\$663,467	\$627,150

[1] The tax effect of adjustments was computed using the combined federal and state marginal tax rate of 26.1%, 25.5%, 16.1%, 25.4% and 22.0% for the three months ended September 30, 2019, June 30, 2019, and September 30, 2018 and the nine months ended September 30, 2019 and September 30, 2018, respectively, adjusted for the tax effect of nondeductible strategic action expenses.

Reconciliation of Non-GAAP Financial Measures

Non-GAAP Financial Measures (continued)

(unaudited)

	For the three months ended			For the nine months ended	
	September 30, 2019	June 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Earnings per diluted share	\$0.57	\$0.23	\$0.25	\$1.08	\$0.99
Adjusted earnings per diluted share	\$0.58	\$0.35	\$0.20	\$1.25	\$0.90
Return on average assets	1.13%	0.45%	0.51%	0.73%	0.70%
Adjusted return on average assets	1.14%	0.68%	0.42%	0.84%	0.64%
Return on average equity	8.12%	3.29%	3.59%	5.23%	4.90%
Adjusted return on average equity	8.23%	5.04%	2.91%	6.03%	4.49%
Return on average tangible common equity	12.88%	5.27%	5.86%	8.37%	8.05%
Adjusted return on average tangible common equity	13.04%	8.08%	4.75%	9.65%	7.37%
Efficiency ratio ¹	61.82%	71.32%	69.49%	67.91%	67.05%
Adjusted efficiency ratio ¹	61.63%	63.55%	68.40%	64.36%	67.28%

[1] The efficiency ratio equals noninterest expense adjusted to exclude the amortization of other intangible assets divided by the sum of tax-equivalent net interest income and noninterest income adjusted to exclude the gains and losses on the sale of investment securities, loans, and other repossessed assets.