



# Fourth Quarter and Full Year 2018 Investor Presentation

January 23, 2019

# Safe harbor statement

When used in filings by LegacyTexas Financial Group, Inc. (the "Company") with the Securities and Exchange Commission (the "SEC"), in the Company's press releases or other public or stockholder communications, and in oral statements made with the approval of an authorized executive officer, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "intends" or similar expressions are intended to identify "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical earnings and those presently anticipated or projected, including, among other things: the expected cost savings, synergies and other financial benefits from acquisition or disposition transactions might not be realized within the expected time frames or at all and costs or difficulties relating to integration matters might be greater than expected; changes in economic conditions; legislative changes; changes in policies by regulatory agencies; fluctuations in interest rates; the risks of lending and investing activities, including changes in the level and direction of loan delinquencies and write-offs and changes in estimates of the adequacy of the allowance for loan losses; the Company's ability to access cost-effective funding; fluctuations in real estate values and both residential and commercial real estate market conditions; demand for loans and deposits in the Company's market area; fluctuations in the price of oil, natural gas and other commodities; competition; changes in management's business strategies; changes in the regulatory and tax environments in which the Company operates, including the impact of the "Tax Cuts and Jobs Act" (the "TCJA") on the Company's deferred tax asset, and the anticipated impact of the TCJA on the Company's future earnings; and other factors set forth in the Company's filings with the SEC.

The Company does not undertake - and specifically declines any obligation - to publicly release the result of any revisions which may be made to any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

# Today's presenters

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Kevin Hanigan

## **President and Chief Executive Officer**

- **CEO and President of LegacyTexas Financial Group, Inc.**
- **Former Chairman and Chief Executive Officer of Highlands Bancshares in 2010**
- **Former Chairman and Chief Executive Officer of Guaranty Bank in 2009**
- **38+ years of Texas banking experience**



Mays Davenport

## **Executive Vice President, Chief Financial Officer**

- **Former Executive Vice President at LegacyTexas Bank**
- **Senior management experience for retail branch, treasury management, human resources, marketing, mortgage, and wealth advisory functions**
- **Certified Public Accountant, former national accounting and tax advisory firm experience**
- **26+ years of Texas banking experience**

# Key franchise highlights - Q4 2018

<p>North Texas Focused</p>	<ul style="list-style-type: none"> <li>• #1 deposit market share among all banks in affluent Collin County</li> <li>• #2 deposit market share among Dallas-based banks<sup>1</sup> in the attractive DFW market, which is home to 22 companies on the 2018 Fortune 500 list</li> <li>• DFW hosts a diverse business environment across a broad set of industries, with 42% of employment in the service-providing sector and less than 1% in oil and gas<sup>2</sup></li> </ul>
<p>Q4 2018 Results</p>	<ul style="list-style-type: none"> <li>• Net income was \$57.8 million, up \$14.9 million from Q3 2018 and up \$43.1 million from Q4 2017; Q4 2018 basic EPS (GAAP) was \$1.22 and \$0.91 on a core (non-GAAP) basis<sup>3</sup></li> <li>• Core net income was \$42.7 million, down \$511,000 from Q3 2018 and up \$14.5 million from Q4 2017 (Q4 2018 and Q4 2017 were impacted by one-time tax adjustments)<sup>3</sup></li> <li>• Core (non-GAAP) ROAA was an all-time high of 1.93%, compared to 1.88% for Q3 2018<sup>3</sup></li> <li>• Core (non-GAAP) efficiency ratio was 44.13% compared to 42.46% for Q3 2018<sup>3</sup></li> </ul>
<p>Full Year 2018 Results</p>	<ul style="list-style-type: none"> <li>• Net income for full year 2018 was \$154.2 million, up \$64.7 million from 2017; 2018 full year basic EPS (GAAP) was \$3.27 and \$2.94 on a core (non-GAAP) basis<sup>3</sup></li> <li>• Core net income was \$138.4 million, up \$36.5 million from 2017<sup>3</sup></li> <li>• Full year 2018 core (non-GAAP) ROAA was 1.55% compared to 1.18% for 2017<sup>3</sup></li> <li>• Full year 2018 core (non-GAAP) efficiency ratio was 44.77% compared to 45.38% for 2017<sup>3</sup></li> <li>• In 2018, loans held for investment<sup>4</sup> grew \$307.5 million, while total deposits grew \$74.0 million</li> </ul>

Source: Company Documents

<sup>1</sup> Includes banks headquartered in the Dallas-Fort Worth-Arlington MSA

<sup>2</sup> Represents latest available data from the Bureau of Labor Statistics for the Dallas-Fort Worth-Arlington, TX MSA (i.e., data as of Q2 2018)

<sup>3</sup> See the section labeled "Supplemental Information - Non-GAAP Financial Measures"

<sup>4</sup> Excludes Warehouse Purchase Program loans and loans held for sale

# Fourth quarter highlights

(\$ in millions except for per share data)

	Quarter ended			Linked Q Δ	YOY Δ
	December 31, 2017	September 30, 2018	December 31, 2018		
<b>Selected balance sheet data</b>					
<b>Gross loans held for investment<sup>1</sup></b>	\$ 6,483.2	\$ 6,764.1	\$ 6,790.7	0.4 %	4.7%
<b>Total deposits</b>	6,767.7	6,779.8	6,841.7	0.9	1.1
<b>Non-interest-bearing demand deposits</b>	1,635.6	1,798.1	1,773.8	(1.4)	8.4
<b>Selected profitability data</b>					
<b>Net income</b>	\$ 14.7	\$ 42.8	\$ 57.8	34.9 %	294.1%
<b>Core net income<sup>2</sup></b>	28.2	43.2	42.7	(1.2)	51.6
<b>Basic EPS</b>	0.31	0.91	1.22	34.1	293.5
<b>Core EPS<sup>2</sup></b>	0.60	0.92	0.91	(1.1)	51.7
<b>NIM</b>	3.78%	3.90%	3.98%	8bps	20bps
<b>Core return on average equity<sup>2</sup></b>	11.69	16.90	16.07	(4.9)%	37.5%
<b>Core return on average assets<sup>2</sup></b>	1.27	1.88	1.93	2.7	52.0
<b>Core efficiency ratio<sup>2</sup></b>	46.74	42.46	44.13	3.9	(5.6)

Source: Company Documents

<sup>1</sup> Excludes Warehouse Purchase Program loans

<sup>2</sup> See the section labeled "Supplemental Information- Non-GAAP Financial Measures"

# Balance sheet strengthened while minimizing risk

- Lower CRE and C&D loan concentrations
- Reduced level of non-performing assets
- Increased non-interest-bearing deposits
- Higher capital ratios

(\$ in millions except for per share data)

	Year ended		YOY Δ
	December 31, 2017	December 31, 2018	
<b>Selected balance sheet data</b>			
<b>Gross loans held for investment<sup>1</sup></b>	<b>\$ 6,483.2</b>	<b>\$ 6,790.7</b>	<b>4.7%</b>
<b>Total deposits</b>	<b>6,767.7</b>	<b>6,841.7</b>	<b>1.1</b>
<b>Non-interest-bearing demand deposits</b>	<b>1,635.6</b>	<b>1,773.8</b>	<b>8.4</b>
<b>CRE loan concentration<sup>2</sup></b>	<b>304.46%</b>	<b>268.80%</b>	<b>(11.7)</b>
<b>C&amp;D loan concentration<sup>2</sup></b>	<b>28.02</b>	<b>24.03</b>	<b>(14.2)</b>
<b>Non-performing assets to total assets</b>	<b>1.13</b>	<b>0.26</b>	<b>(77.0)</b>
<b>TCE / TA<sup>3</sup></b>	<b>8.77</b>	<b>10.32</b>	<b>17.7</b>
<b>Estimated Tier 1 common risk-based capital<sup>4</sup></b>	<b>9.40</b>	<b>11.05</b>	<b>17.6</b>

Source: Company Documents

<sup>1</sup> Excludes Warehouse Purchase Program loans

<sup>2</sup> Calculated at the Company level, as a percentage of total risk-based capital

<sup>3</sup> See the section labeled "Supplemental Information- Non-GAAP Financial Measures"

<sup>4</sup> Calculated at the Company level, which is subject to the capital adequacy requirements of the Federal Reserve

# Full year profitability highlights

(\$ in millions except for per share data)	Year ended		YOY Δ
	December 31, 2017	December 31, 2018	
<b>Selected profitability data</b>			
<b>Net income</b>	<b>\$ 89.5</b>	<b>\$ 154.2</b>	<b>72.3%</b>
<b>Core net income<sup>1</sup></b>	<b>101.9</b>	<b>138.4</b>	<b>35.8</b>
<b>Basic EPS</b>	<b>1.91</b>	<b>3.27</b>	<b>71.2</b>
<b>Core EPS<sup>1</sup></b>	<b>2.19</b>	<b>2.94</b>	<b>34.3</b>
<b>NIM</b>	<b>3.81%</b>	<b>3.91%</b>	<b>10bps</b>
<b>Core return on average equity<sup>1</sup></b>	<b>10.96</b>	<b>13.65</b>	<b>24.5%</b>
<b>Core return on average assets<sup>1</sup></b>	<b>1.18</b>	<b>1.55</b>	<b>31.4</b>
<b>Core efficiency ratio<sup>1</sup></b>	<b>45.38</b>	<b>44.77</b>	<b>(1.3)</b>

Source: Company Documents

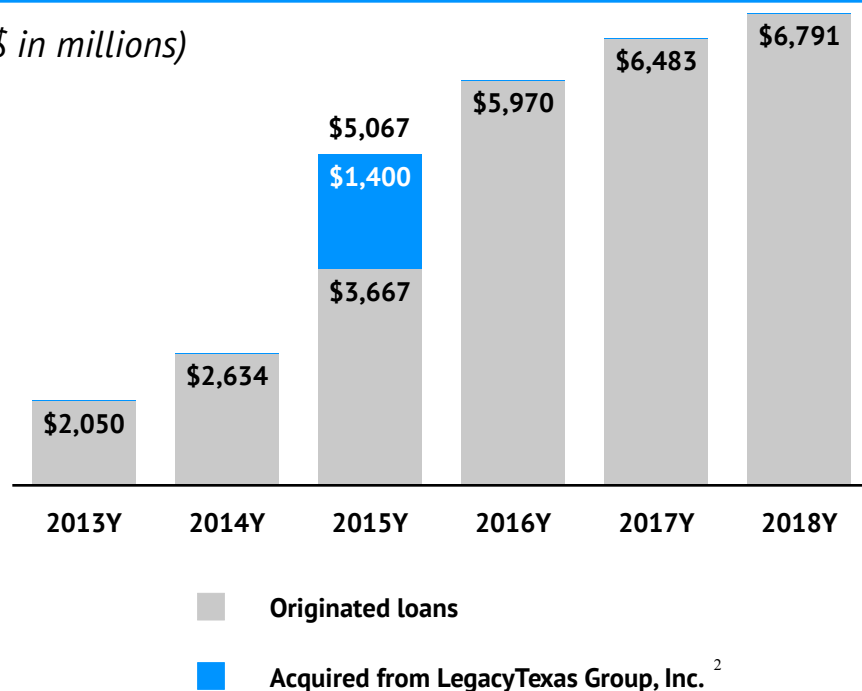
<sup>1</sup> See the section labeled "Supplemental Information- Non-GAAP Financial Measures"

# Commercially focused loan portfolio

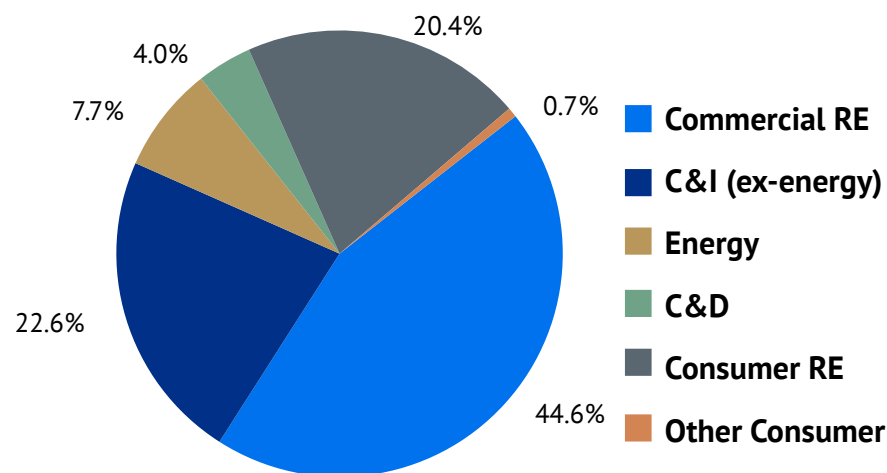
Gross loans held for investment<sup>1</sup> at Q4 2018 grew \$26.7 million from Q3 2018, which included growth in commercial real estate, consumer real estate, and other consumer loans.

## Total Loans HFI<sup>1</sup>

(\$ in millions)



As of December 31, 2018<sup>1</sup>



Quarterly yield on loans held for investment<sup>1</sup>: 5.40%

Source: Company Documents

<sup>1</sup> Excludes Warehouse Purchase Program loans

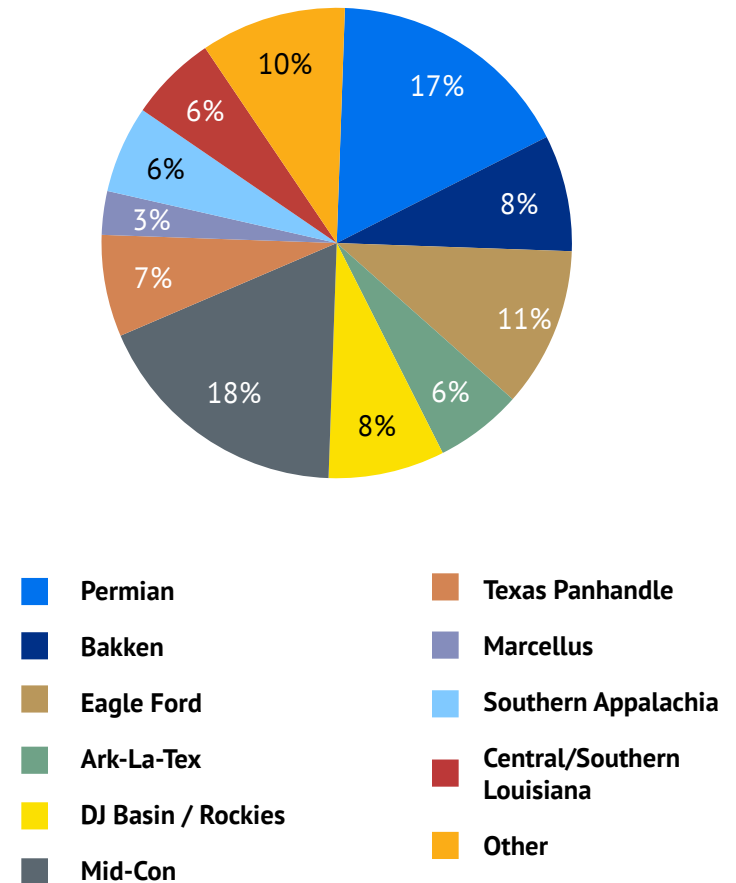
<sup>2</sup> Represents balance acquired on January 1, 2015



# Energy lending

- Reserve-based energy portfolio at December 31, 2018 consisted of 58% crude oil reserves and 42% natural gas reserves
- At December 31, 2018, 52 reserve-based borrowers and 4 midstream borrowers
- \$427 million, or 76%, of our outstanding energy loans are backed by private equity firms with significant capital invested and additional equity commitments available

## Geographic Concentration of Reserves

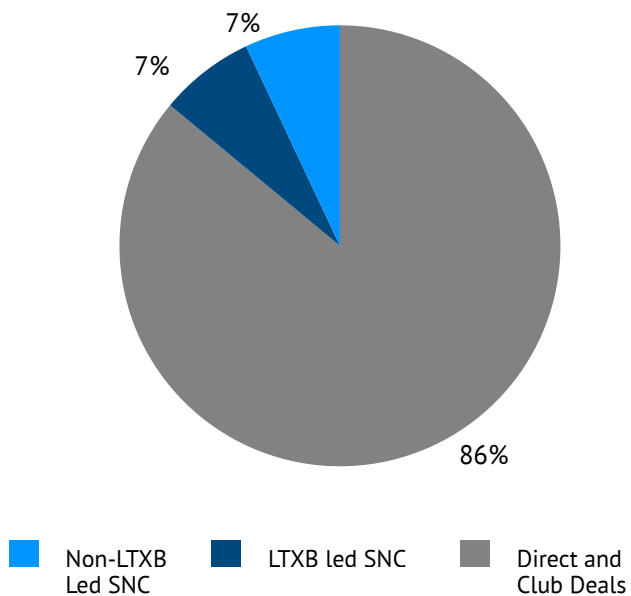


Source: Company documents for loans managed by Energy Finance group

# Energy lending

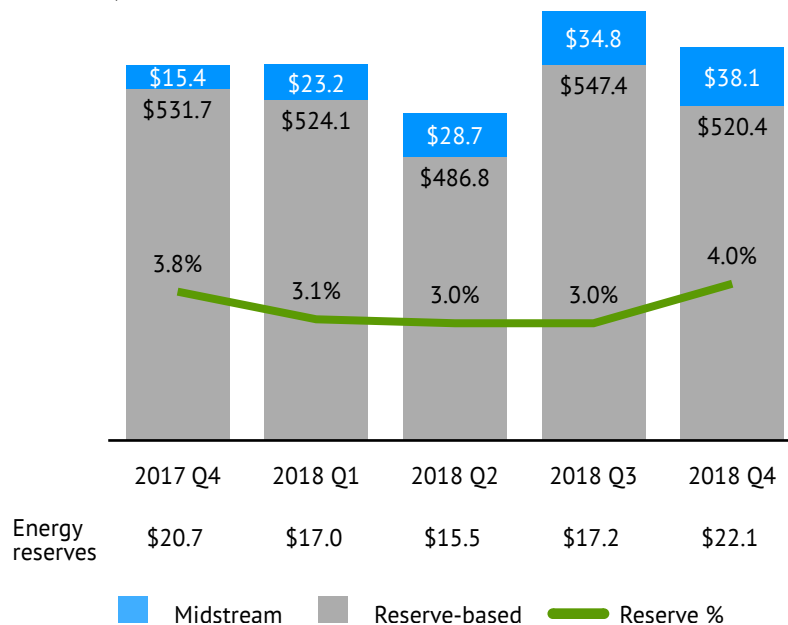
- Energy loans are all first liens
- No unsecured commitments/exposure

## SNC Breakout of Energy Loans



## Outstanding loan balances and related loan loss reserves

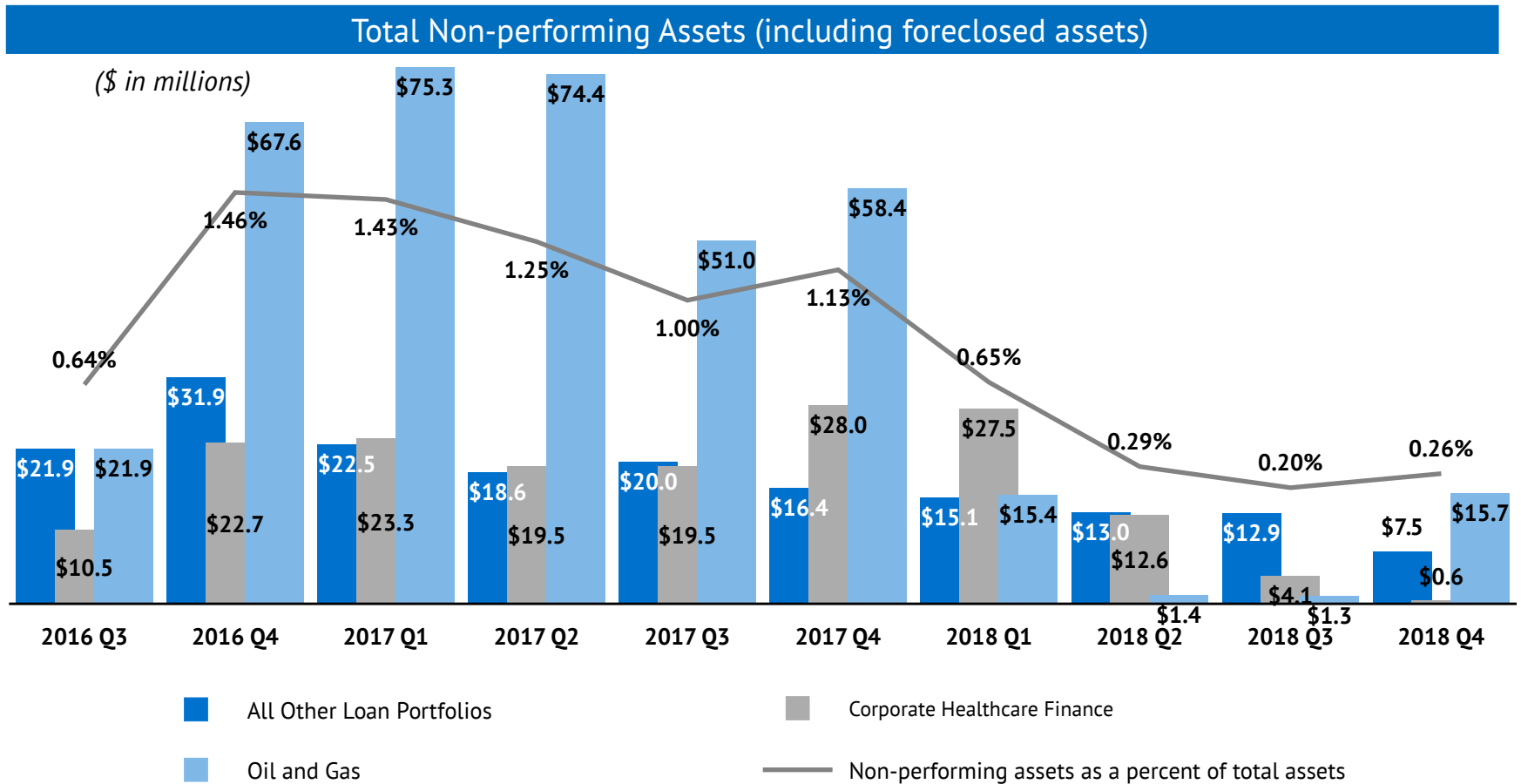
(\$ in millions)



Source: Company documents for loans managed by Energy Finance group

# Asset quality

NPAs at Q4 2018 totaled \$23.8 million, up \$5.5 million from Q3 2018 and down \$79.1 million from Q4 2017.



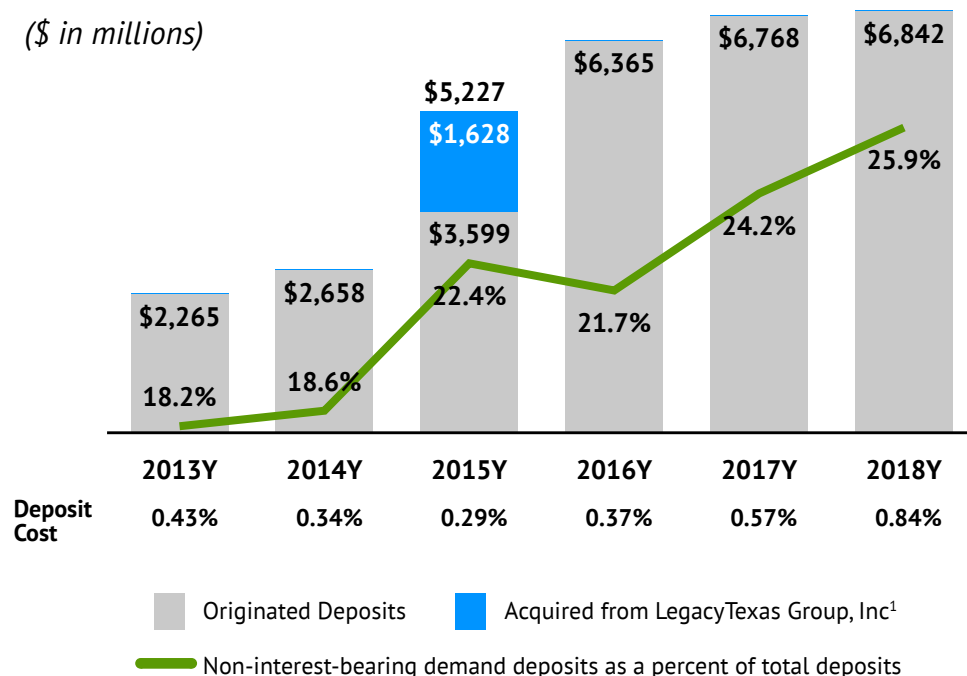
Source: Company documents

# Core funded, low cost deposit base

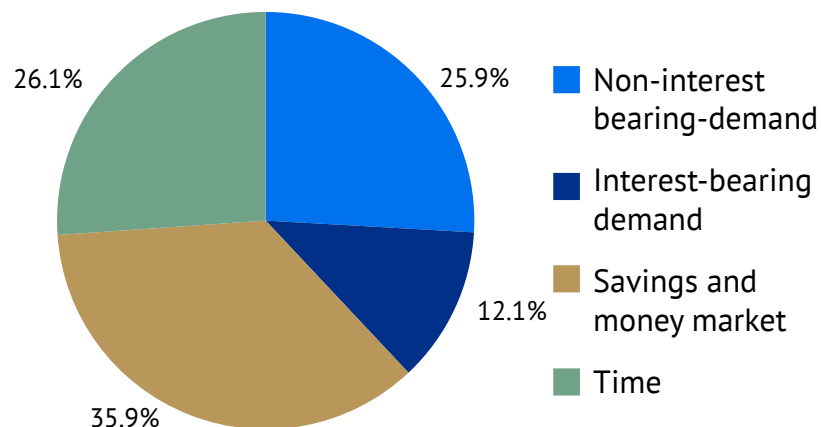
Total deposits at Q4 2018 grew \$62.0 million from Q3 2018, which included growth in interest-bearing demand and time deposits.

## Total Deposits

(\$ in millions)



As of December 31, 2018

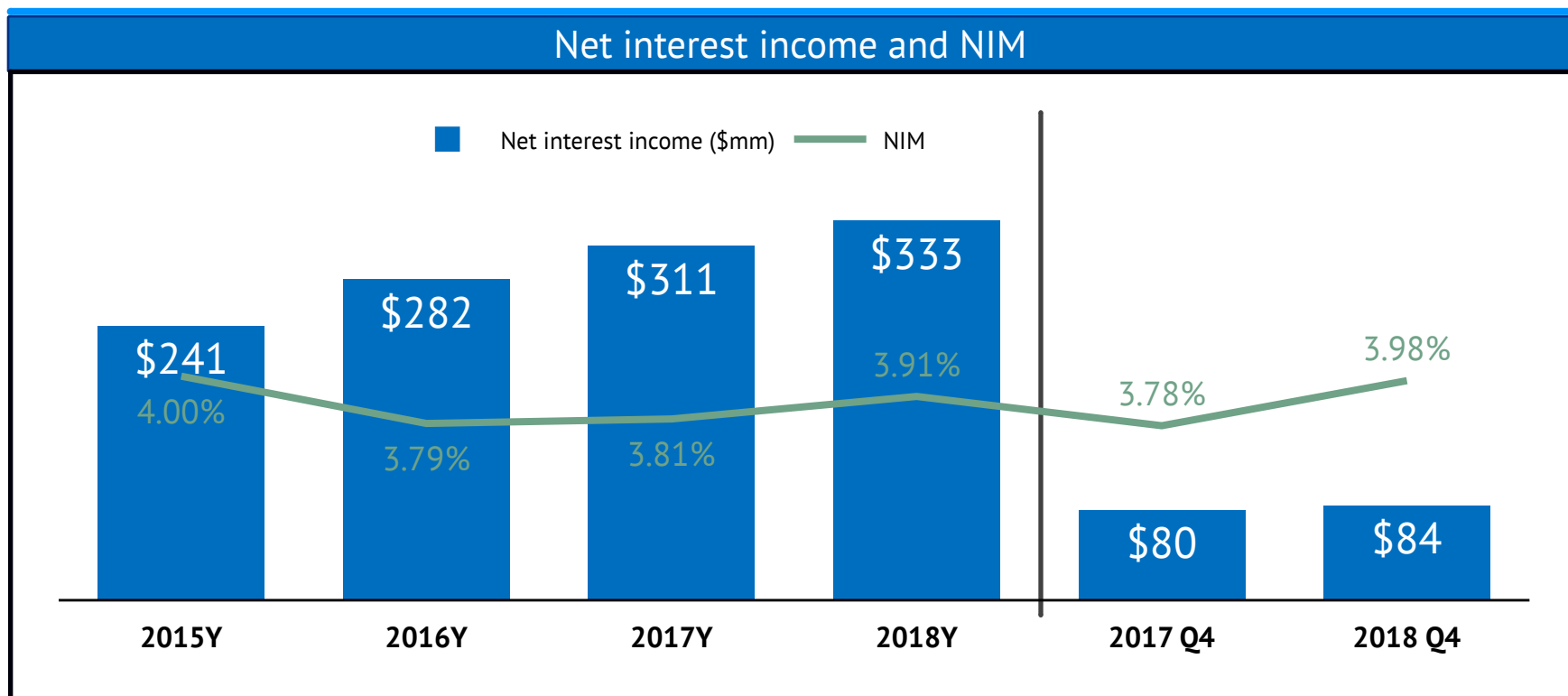


Source: Company Documents

<sup>1</sup> Represents balance acquired on January 1, 2015

# Net interest income

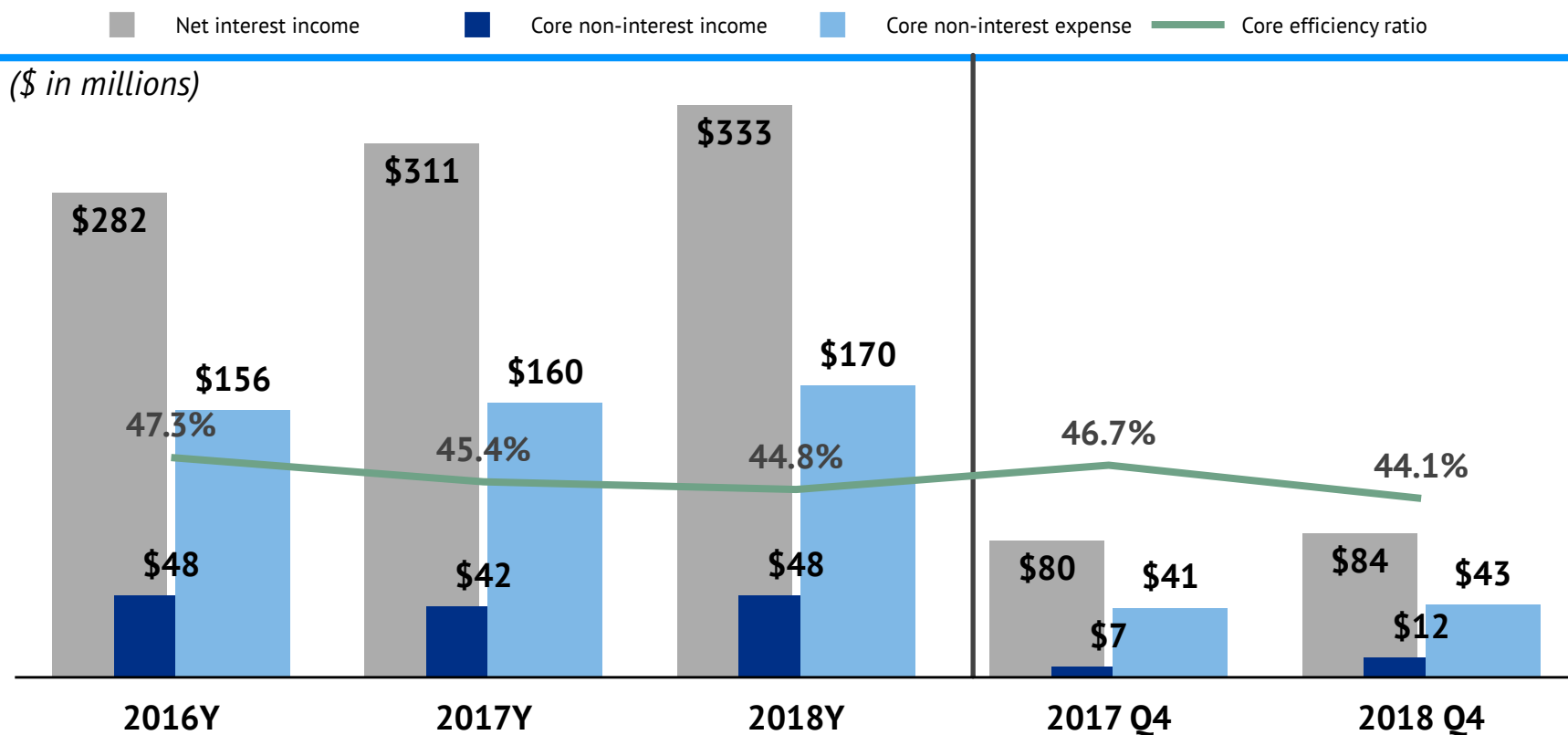
- Net interest income for Q4 2018 was \$84.3 million, down \$1.4 million from Q3 2018 and up \$4.1 million from Q4 2017.
- The net interest margin for Q4 2018 was 3.98%, up 8 basis points from Q3 2018 and up 20 basis points from Q4 2017.



Source: Company Documents

# Disciplined expense management

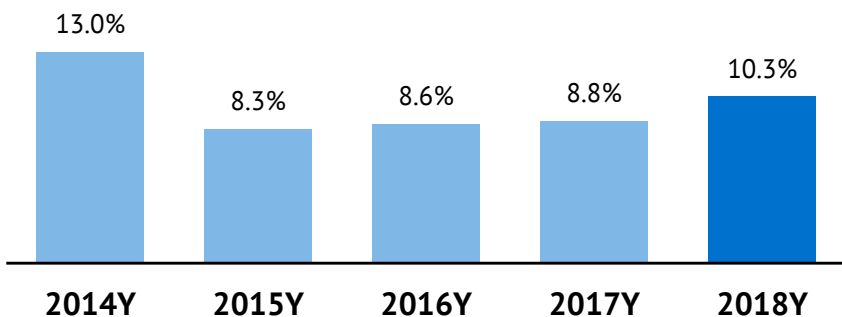
GAAP efficiency ratio was 44.39% for Q4 2018, compared to 42.66% for Q3 2018, while core (non-GAAP) efficiency ratio was 44.13% for Q4 2018, compared to 42.46% for Q3 2018.



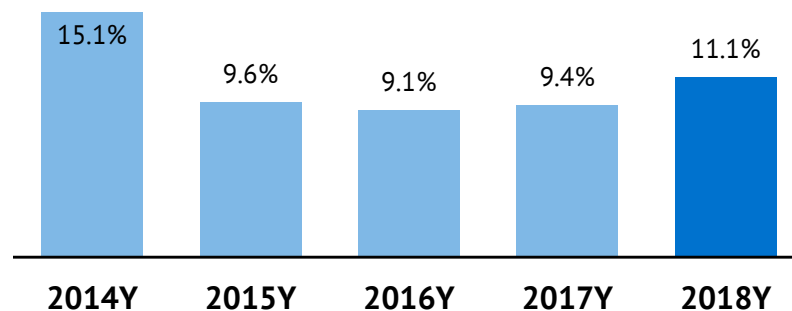
Note: Core (non-GAAP) non-interest income, non-interest expense and efficiency ratio are adjusted for the impact of infrequent or non-recurring items. The reconciliation of non-GAAP measures, which the Company believes facilitates the assessment of its banking operations and peer comparability, is included in tabular form at the end of this presentation.

# Prudent capital management

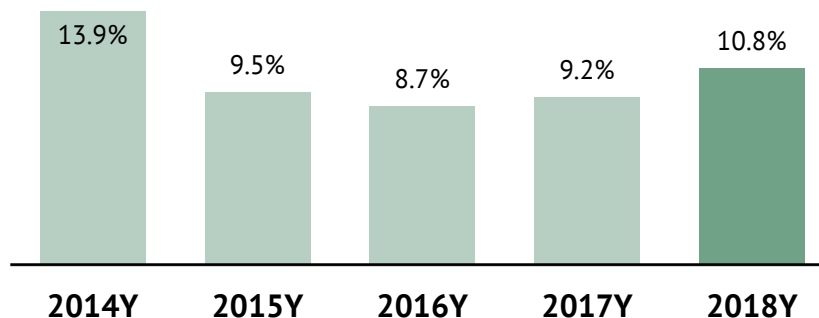
TCE / TA<sup>1</sup>



Tier 1 common risk-based<sup>2</sup>



Tier 1 leverage<sup>2</sup>



Source: Company documents

<sup>1</sup> See the section labeled "Supplemental Information- Non-GAAP Financial Measures"

<sup>2</sup> Calculated at the Company level, which is subject to the capital adequacy requirements of the Federal Reserve

# Key investment highlights

One of the largest independent Texas financial services companies built upon a strong customer focus and a long history of serving Texans

Commercially focused loan growth and disciplined expense management

Growth balanced with disciplined underwriting and risk management

Capital ratios remain strong; provides dry powder for robust organic growth



# Looking ahead

Expand our Texas footprint and solidify our deep-rooted culture

Focus on growth – organically and through selective acquisitions

Diversify income sources

Prudent and focused expense management

Maintain asset quality

Strategic capital deployment

# Manifesto

We believe in our customers. Their goals. Their dreams. Their ambitions for tomorrow.

And since 1952, we've been doing whatever it takes to support them as they advance in business and in life.

We are responsive, accountable, trusted, experts at what we do. And we listen. Because we believe that true understanding is the first step toward bold, meaningful results.

Fueled by an independent spirit, inspired by the ingenuity of our customers and grounded by the values of our community, we are a family like no other.

We are LegacyTexas.

# Appendix

# Supplemental Information – Non-GAAP Financial Measures (unaudited)

## Reconciliation of Core (non-GAAP) to GAAP Net Income and Earnings per Share (net of tax):

	At or For the Quarter Ended				
	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
	(Dollars in thousands, except per share amounts)				
GAAP net income available to common shareholders <sup>1</sup>	\$ 57,534	\$ 42,672	\$ 27,770	\$ 25,687	\$ 14,613
Distributed and undistributed earnings to participating securities <sup>1</sup>	235	149	67	75	47
(Gain) loss on one-time tax adjustments <sup>2</sup>	(15,289)	–	–	–	13,493
Expenses related to above tax adjustments	202	–	–	–	–
Loss on sale of branch locations and land	–	372	126	–	–
Insurance settlement proceeds from pre-acquisition fraud	–	–	–	(1,778)	–
One-time employee bonus related to tax law change	–	–	–	537	–
Core (non-GAAP) net income	<u>\$ 42,682</u>	<u>\$ 43,193</u>	<u>\$ 27,963</u>	<u>\$ 24,521</u>	<u>\$ 28,153</u>
Average shares for basic earnings per share	47,159,578	47,105,655	47,000,405	46,872,333	46,729,160
GAAP basic earnings per share	\$ 1.22	\$ 0.91	\$ 0.59	\$ 0.55	\$ 0.31
Core (non-GAAP) basic earnings per share	0.91	0.92	0.59	0.52	0.60
Average shares for diluted earnings per share	47,714,421	47,755,441	47,618,157	47,564,587	47,290,308
GAAP diluted earnings per share	\$ 1.21	\$ 0.89	\$ 0.58	\$ 0.54	\$ 0.31
Core (non-GAAP) diluted earnings per share	0.89	0.90	0.59	0.52	0.60

<sup>1</sup> Unvested share-based awards that contain nonforfeitable rights to dividends (whether paid or unpaid) are participating securities and are included in the computation of GAAP earnings per share pursuant to the two-class method described in ASC 260-10-45-60B.

<sup>2</sup> These one-time income tax adjustments consist of an adjustment to the Company's deferred tax asset (recorded in the 2017 period), as well as a benefit related to tax rate changes and the favorable outcome of the Company's change in its tax method of accounting for its loan portfolio (recorded in the 2018 period), all related to the December 22, 2017 enactment of the Tax Cuts and Jobs Act.

# Supplemental Information – Non-GAAP Financial Measures (unaudited)

## Reconciliation of Core (non-GAAP) to GAAP Net Income and Earnings per Share (net of tax):

	At or For the Year Ended December 31,				
	2018	2017	2016	2015	2014
GAAP net income available to common shareholders <sup>1</sup>	\$ 153,692	\$ 89,176	\$ 97,324	\$ 70,382	\$ 30,942
Distributed and undistributed earnings to participating securities <sup>1</sup>	497	318	497	534	336
(Gain) loss on one-time tax adjustments <sup>2</sup>	(15,289)	13,493	–	–	–
Expenses related to above tax adjustments	202	–	–	–	–
(Gain) loss on sale of branch locations and land	498	(1,084)	(2,529)	(190)	–
Insurance settlement proceeds from pre-acquisition fraud	(1,778)	–	–	–	–
One-time employee bonus related to tax law change	537	–	–	–	–
Net (gain) on sale of insurance subsidiary operations	–	–	(39)	–	–
Loss on sale of FHA loan portfolio	–	–	969	–	–
Merger and acquisition costs	–	–	–	1,009	7,071
Valuation adjustment on mortgage servicing rights	–	–	–	121	–
One-time payroll and severance costs	–	–	–	–	234
Core (non-GAAP) net income	<u>\$ 138,359</u>	<u>\$ 101,903</u>	<u>\$ 96,222</u>	<u>\$ 71,856</u>	<u>\$ 38,583</u>
Average shares for basic earnings per share	47,035,475	46,611,780	46,184,074	45,847,284	37,919,065
GAAP basic earnings per share	\$ 3.27	\$ 1.91	\$ 2.11	\$ 1.54	\$ 0.82
Core (non-GAAP) basic earnings per share	2.94	2.19	2.08	1.57	1.02
Average shares for diluted earnings per share	47,653,726	47,138,518	46,484,967	46,125,447	38,162,094
GAAP diluted earnings per share	\$ 3.23	\$ 1.89	\$ 2.09	\$ 1.53	\$ 0.81
Core (non-GAAP) diluted earnings per share	2.90	2.16	2.07	1.56	1.01

<sup>1</sup> Unvested share-based awards that contain nonforfeitable rights to dividends (whether paid or unpaid) are participating securities and are included in the computation of GAAP earnings per share pursuant to the two-class method described in ASC 260-10-45-60B.

<sup>2</sup> These one-time income tax adjustments consist of an adjustment to the Company's deferred tax asset (recorded in the 2017 period), as well as a benefit related to tax rate changes and the favorable outcome of the Company's change in its tax method of accounting for its loan portfolio (recorded in the 2018 period), all related to the December 22, 2017 enactment of the Tax Cuts and Jobs Act.

# Supplemental Information – Non-GAAP Financial Measures (unaudited)

	At or For the Quarter Ended				
	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
(Dollars in thousands, except per share amounts)					
<b>Reconciliation of Core (non-GAAP) to GAAP Non-Interest Income (gross of tax):</b>					
GAAP non-interest income	\$ 12,264	\$ 13,227	\$ 10,852	\$ 12,898	\$ 6,901
Loss on sale of branch locations and land	–	471	160	–	–
Insurance settlement proceeds from pre-acquisition fraud	–	–	–	(2,250)	–
Core (non-GAAP) non-interest income	<u>\$ 12,264</u>	<u>\$ 13,698</u>	<u>\$ 11,012</u>	<u>\$ 10,648</u>	<u>\$ 6,901</u>
<b>Reconciliation of Core (non-GAAP) to GAAP Non-Interest Expense (gross of tax):</b>					
GAAP non-interest expense	\$ 42,868	\$ 42,192	\$ 42,191	\$ 43,879	\$ 40,708
Expenses related to one-time tax adjustments <sup>1</sup>	(256)	–	–	–	–
One-time employee bonus related to tax law change	–	–	–	(679)	–
Core (non-GAAP) non-interest expense	<u>\$ 42,612</u>	<u>\$ 42,192</u>	<u>\$ 42,191</u>	<u>\$ 43,200</u>	<u>\$ 40,708</u>
<b>Reconciliation of Core (non-GAAP) to GAAP Efficiency Ratio (gross of tax):</b>					
GAAP efficiency ratio:					
Non-interest expense	\$ 42,868	\$ 42,192	\$ 42,191	\$ 43,879	\$ 40,708
Net interest income plus non-interest income	96,563	98,894	94,781	91,511	87,100
Efficiency ratio- GAAP basis	44.39%	42.66%	44.51%	47.95%	46.74%
Core (non-GAAP) efficiency ratio:					
Core (non-GAAP) non-interest expense	\$ 42,612	\$ 42,192	\$ 42,191	\$ 43,200	\$ 40,708
Net interest income plus core (non-GAAP) non-interest income	96,563	99,365	94,941	89,261	87,100
Efficiency ratio- core (non-GAAP) basis	44.13%	42.46%	44.44%	48.40%	46.74%

<sup>1</sup> Expenses related to the one-time income tax adjustments consisting of an adjustment to the Company's deferred tax asset (recorded in the 2017 period), as well as a benefit related to tax rate changes and the favorable outcome of the Company's change in its tax method of accounting for its loan portfolio (recorded in the 2018 period), all related to the December 22, 2017 enactment of the Tax Cuts and Jobs Act.

# Supplemental Information – Non-GAAP Financial Measures (unaudited)

	At or For the Year Ended December 31,		
	2018	2017	2016
<b>Reconciliation of Core (non-GAAP) to GAAP Non-Interest Income and Expense (gross of tax):</b>			
GAAP non-interest income	\$ 49,241	\$ 43,582	\$ 51,931
(Gain) loss on sale of branch locations and land	631	(1,669)	(3,891)
Insurance settlement proceeds from pre-acquisition fraud	(2,250)	–	–
Net (gain) on sale of insurance subsidiary operations	–	–	(1,181)
Loss on sale of FHA loan portfolio	–	–	1,491
Core (non-GAAP) non-interest income	<u>\$ 47,622</u>	<u>\$ 41,913</u>	<u>\$ 48,350</u>
GAAP non-interest expense	\$ 171,130	\$ 160,344	\$ 156,377
Expenses related to one-time tax adjustments <sup>1</sup>	(256)	–	–
One-time employee bonus related to tax law change	(679)	–	–
Core (non-GAAP) non-interest expense	<u>\$ 170,195</u>	<u>\$ 160,344</u>	<u>\$ 156,377</u>
<b>Reconciliation of Core (non-GAAP) to GAAP Efficiency Ratio (gross of tax):</b>			
Net interest income	\$ 332,508	\$ 311,431	\$ 282,269
GAAP efficiency ratio:			
Non-interest expense	\$ 171,130	\$ 160,344	\$ 156,377
Net interest income plus non-interest income	381,749	355,013	334,200
Efficiency ratio- GAAP basis	44.83%	45.17%	46.79%
Core (non-GAAP) efficiency ratio:			
Core (non-GAAP) non-interest expense	\$ 170,195	\$ 160,344	\$ 156,377
Net interest income plus core (non-GAAP) non-interest income	380,130	353,344	330,619
Efficiency ratio- core (non-GAAP) basis	44.77%	45.38%	47.30%

<sup>1</sup> Expenses related to the one-time income tax adjustments consisting of an adjustment to the Company's deferred tax asset (recorded in the 2017 period), as well as a benefit related to tax rate changes and the favorable outcome of the Company's change in its tax method of accounting for its loan portfolio (recorded in the 2018 period), all related to the December 22, 2017 enactment of the Tax Cuts and Jobs Act.

# Supplemental Information – Non-GAAP Financial Measures (unaudited)

## Calculation of Tangible Book Value and Tangible Equity to Tangible Assets:

	At or For the Quarter Ended			
	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018
<b>Calculation of Tangible Book Value per share:</b>	(Dollars in thousands, except per share amounts)			
Total shareholders' equity	\$ 1,094,367	\$ 1,039,599	\$ 1,001,450	\$ 979,494
Less: Goodwill	(178,559)	(178,559)	(178,559)	(178,559)
Less: Identifiable intangible assets, net	(245)	(279)	(313)	(347)
Total tangible shareholders' equity	<u>\$ 915,563</u>	<u>\$ 860,761</u>	<u>\$ 822,578</u>	<u>\$ 800,588</u>
Shares outstanding at end of period	48,505,261	48,491,169	48,311,220	48,264,966
Book value per share- GAAP	\$ 22.56	\$ 21.44	\$ 20.73	\$ 20.29
Tangible book value per share- Non-GAAP	18.88	17.75	17.03	16.59
<b>Calculation of Tangible Equity to Tangible Assets:</b>				
Total assets	\$ 9,051,142	\$ 9,082,792	\$ 9,249,086	\$ 8,865,624
Less: Goodwill	(178,559)	(178,559)	(178,559)	(178,559)
Less: Identifiable intangible assets, net	(245)	(279)	(313)	(347)
Total tangible assets	<u>\$ 8,872,338</u>	<u>\$ 8,903,954</u>	<u>\$ 9,070,214</u>	<u>\$ 8,686,718</u>
Equity to assets- GAAP	12.09%	11.45%	10.83%	11.05%
Tangible equity to tangible assets- Non-GAAP	10.32%	9.67%	9.07%	9.22%

	At or For the Year Ended December 31,			
	2017	2016	2015	2014
<b>Calculation of Tangible Book Value per share:</b>				
Total shareholders' equity	\$ 959,874	\$ 885,365	\$ 804,076	\$ 568,223
Less: Goodwill	(178,559)	(178,559)	(180,776)	(29,650)
Less: Identifiable intangible assets, net	(402)	(665)	(1,030)	(813)
Total tangible shareholders' equity	<u>\$ 780,913</u>	<u>\$ 706,141</u>	<u>\$ 622,270</u>	<u>\$ 537,760</u>
Shares outstanding at end of period	48,117,390	47,876,198	47,645,826	40,014,851
Book value per share- GAAP	\$ 19.95	\$ 18.49	\$ 16.88	\$ 14.20
Tangible book value per share- Non-GAAP	16.23	14.75	13.06	13.44
<b>Calculation of Tangible Equity to Tangible Assets:</b>				
Total assets	\$ 9,086,196	\$ 8,362,255	\$ 7,691,940	\$ 4,164,114
Less: Goodwill	(178,559)	(178,559)	(180,776)	(29,650)
Less: Identifiable intangible assets, net	(402)	(665)	(1,030)	(813)
Total tangible assets	<u>\$ 8,907,235</u>	<u>\$ 8,183,031</u>	<u>\$ 7,510,134</u>	<u>\$ 4,133,651</u>
Equity to assets- GAAP	10.56%	10.59%	10.45%	13.65%
Tangible equity to tangible assets- Non-GAAP	8.77%	8.63%	8.29%	13.01%



# Supplemental Information – Non-GAAP Financial Measures (unaudited)

## Calculation of Return on Average Assets and Return on Average Equity Ratios (GAAP and core)

	At or For the Quarter Ended				
	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
	(Dollars in thousands)				
Net income	\$ 57,769	\$ 42,821	\$ 27,837	\$ 25,762	\$ 14,660
Core (non-GAAP) net income	42,682	43,193	27,963	24,521	28,153
Average total equity	1,062,331	1,022,032	994,574	973,187	963,512
Average total assets	8,850,435	9,167,607	8,996,036	8,682,461	8,865,517
Return on average common shareholders' equity	21.75%	16.76%	11.20%	10.59%	6.09%
Core (non-GAAP) return on average common shareholders' equity	16.07	16.90	11.25	10.08	11.69
Return on average assets	2.61	1.87	1.24	1.19	0.66
Core (non-GAAP) return on average assets	1.93	1.88	1.24	1.13	1.27

	At or For the Year Ended December 31,	
	2018	2017
	(Dollars in thousands)	
Net income	\$ 154,189	\$ 89,494
Core (non-GAAP) net income	138,359	101,903
Average total equity	1,013,300	929,903
Average total assets	8,925,262	8,607,481
Return on average common shareholders' equity	15.22%	9.62%
Core (non-GAAP) return on average common shareholders' equity	13.65	10.96
Return on average assets	1.73	1.04
Core (non-GAAP) return on average assets	1.55	1.18