# Q3 2018 EARNINGS RELEASE

October 17, 2018

JUST THE RIGHT AMOUNT OF EPIC

# DISCLAIMER

**FORWARD-LOOKING STATEMENTS**

This presentation contains forward-looking statements. Any statements about our expectations, beliefs, plans, predictions, forecasts, objectives, assumptions or future events or performance are not historical facts and may be forward-looking. You can identify forward-looking statements by the use of forward-looking terminology such as “believes,” “expects,” “could,” “may,” “will,” “should,” “seeks,” “likely,” “intends,” “plans,” “pro forma,” “projects,” “estimates” or “anticipates” or the negative of these words and phrases or similar words or phrases that are predictions of or indicate future events or trends and that do not relate solely to historical matters. You can also identify forward-looking statements by discussions of strategy, plans or intentions. Forward-looking statements involve numerous risks and uncertainties and you should not rely on them as predictions of future events. Forward-looking statements depend on assumptions, data or methods that may be incorrect or imprecise and we may not be able to realize them. We do not guarantee that the transactions and events described will happen as described (or that they will happen at all). The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements: business and economic conditions generally and in the bank and non-bank financial services industries, nationally and within our local market areas; our ability to mitigate our risk exposures; our ability to maintain our historical earnings trends; risks related to the integration of acquired businesses (including our acquisitions of First Bancorp of Durango, Inc., Southern Colorado Corp., the operating assets of Interstate Capital Corporation and certain of its affiliates, Valley Bancorp, Inc., and nine branches from Independent Bank in Colorado) and any future acquisitions; changes in management personnel; interest rate risk; concentration of our factoring services in the transportation industry; credit risk associated with our loan portfolio; lack of seasoning in our loan portfolio; deteriorating asset quality and higher loan charge-offs; time and effort necessary to resolve nonperforming assets; inaccuracy of the assumptions and estimates we make in establishing reserves for probable loan losses and other estimates; lack of liquidity; fluctuations in the fair value and liquidity of the securities we hold for sale; impairment of investment securities, goodwill, other intangible assets, or deferred tax assets; our risk management strategies; environmental liability associated with our lending activities; increased competition in the bank and non-bank financial services industries, nationally, regionally, or locally, which may adversely affect pricing and terms; the accuracy of our financial statements and related disclosures; material weaknesses in our internal control over financial reporting; system failures or failures to prevent breaches of our network security; the institution and outcome of litigation and other legal proceedings against us or to which we become subject; changes in carry-forwards of net operating losses; changes in federal tax law or policy; the impact of recent and future legislative and regulatory changes, including changes in banking, securities, and tax laws and regulations, such as the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) and their application by our regulators; governmental monetary and fiscal policies; changes in the scope and cost of the Federal Deposit Insurance Corporation insurance and other coverages; failure to receive regulatory approval for future acquisitions; and increases in our capital requirements.

While forward-looking statements reflect our good-faith beliefs, they are not guarantees of future performance. All forward-looking statements are necessarily only estimates of future results. Accordingly, actual results may differ materially from those expressed in or contemplated by the particular forward-looking statement, and, therefore, you are cautioned not to place undue reliance on such statements. Further, any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events or circumstances, except as required by applicable law. For a discussion of such risks and uncertainties, which could cause actual results to differ from those contained in the forward-looking statements, see “Risk Factors” and the forward-looking statement disclosure contained in Triumph’s Annual Report on Form 10-K, filed with the Securities and Exchange Commission on February 13, 2018.

**NON-GAAP FINANCIAL MEASURES**

This presentation includes certain non-GAAP financial measures intended to supplement, not substitute for, comparable GAAP measures. Reconciliations of non-GAAP financial measures to GAAP financial measures are provided at the end of the presentation. Numbers in this presentation may not sum due to rounding.

Unless otherwise referenced, all data presented is as of September 30, 2018.

# COMPANY OVERVIEW

Triumph Bancorp, Inc. (NASDAQ: TBK) ("Triumph") is a financial holding company headquartered in Dallas, Texas. Triumph offers a diversified line of community banking and commercial finance products through its bank subsidiary, TBK Bank, SSB.

www.triumphbancorp.com

## Community Banking

Full suite of deposit products and services focused on growing core deposits

Focused on business lending including CRE

Minimal consumer lending and single-family mortgage origination

## Commercial Finance

Factoring, asset based lending, equipment finance, and premium finance

We focus on what we know: executives leading these platforms all have decades of experience in their respective markets

Credit risk is well diversified across industries, product type, and geography

## Differentiated Model

Focus on core deposit funding as well as commercial finance produces top decile net interest margins

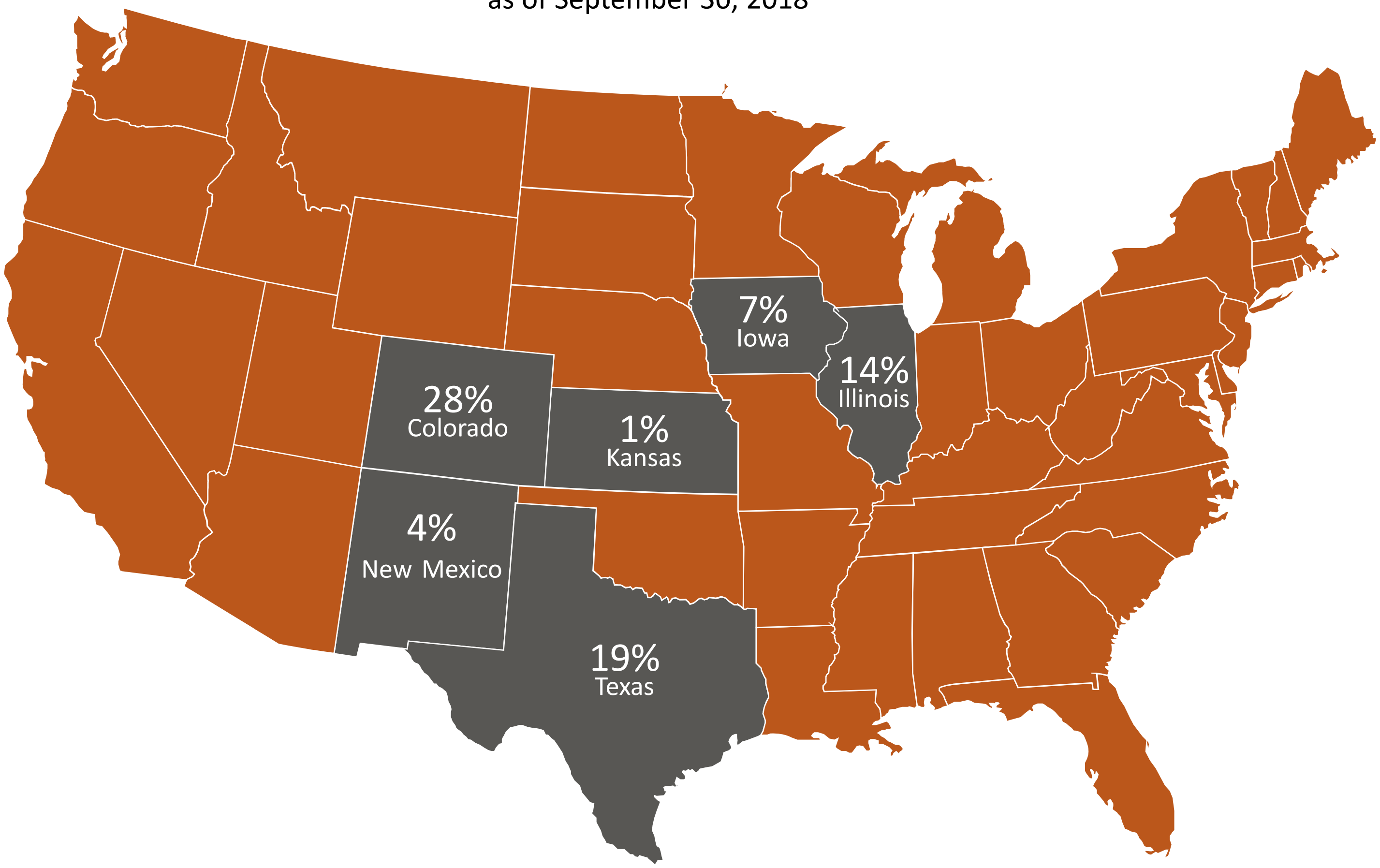
Multiple product types and broad geographic footprint creates a more diverse business model than other banks our size

Executive team and business unit leaders have deep experience in much larger financial institutions

# PLATFORM OVERVIEW - LENDING

## Geographic Concentrations[1]

as of September 30, 2018




[1] Excludes factored receivables

# PLATFORM OVERVIEW – BRANCH NETWORK

## WESTERN DIVISION

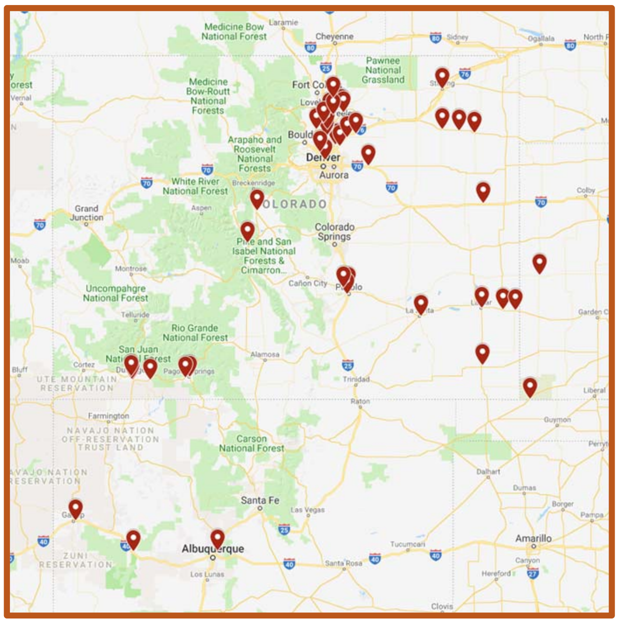
- 37 branches in Colorado
- 3 branches in New Mexico
- 2 branches in western Kansas

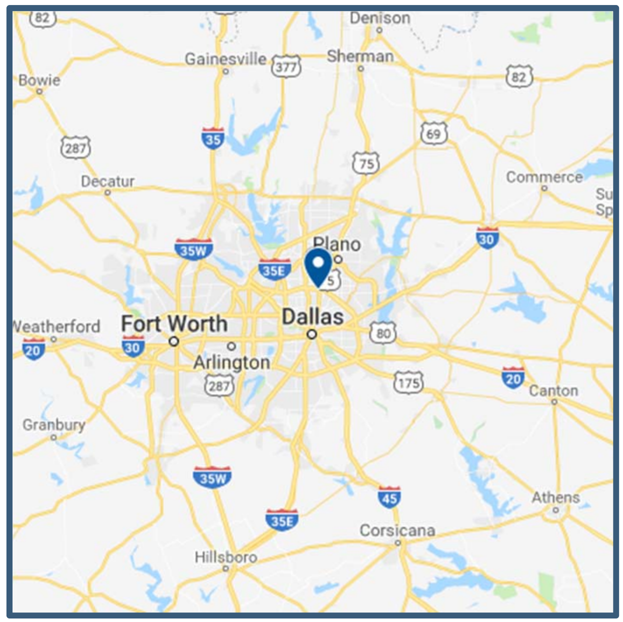
## DALLAS

- Corporate Headquarters
- 1 branch (Primarily CODs)
- Currently constructing a full service branch

## MIDWEST DIVISION

- 10 branches in the Quad Cities metroplex
- 8 branches throughout northern and central Illinois




# PLATFORM OVERVIEW – COMMERCIAL FINANCE

**We are a market leader for financial services to small businesses and the lower-end of the middle market**

## COMMERCIAL FINANCE

### Triumph Business Capital

#### FACTORING

- Among the largest discount factors in the transportation sector
- Clients include small owner-operator trucking companies, mid-sized fleets, and freight broker relationships
- Expanding client industry niches to include staffing, distribution, and other sectors

### Triumph Commercial Finance

#### ASSET BASED LENDING

- Borrowing base working capital lending
- Focus on facilities between $1MM - $20MM
- Core industries include manufacturing, distribution, and services

#### EQUIPMENT FINANCE

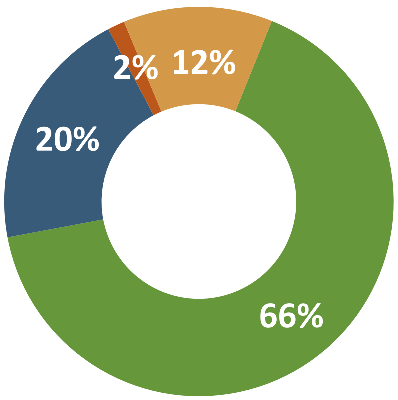
- Secured by revenue producing, essential-use equipment with broad resale markets
- Core markets include transportation, construction, and environmental services

#### PREMIUM FINANCE

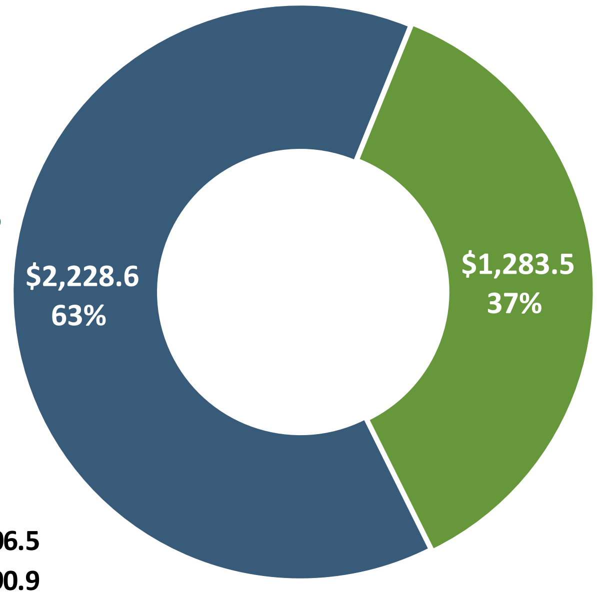
- Customized premium finance solutions for the acquisition of property and casualty insurance coverage

# LOAN PORTFOLIO DETAIL

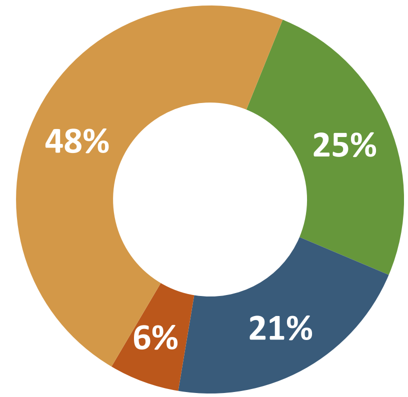
## Community Banking




## Loans Held for Investment




## Commercial Finance




| | | |
|---|---|---|
| **REAL ESTATE** | | |
| Commercial Real Estate | $ | **906.5** |
| Construction, Land & Development | $ | **190.9** |
| 1-4 Family Residential | $ | **194.8** |
| Farmland | $ | **177.3** |
| **COMMERCIAL** | | |
| Agriculture | $ | **141.5** |
| General | $ | **309.9** |
| **CONSUMER** | $ | **31.4** |
| **MORTGAGE WAREHOUSE** | $ | **276.4** |

| | | |
|---|---|---|
| **FACTORED RECEIVABLES** | | |
| Triumph Business Capital | $ | **580.0** |
| Triumph Commercial Finance | $ | **31.3** |
| **EQUIPMENT FINANCE** | $ | **323.8** |
| **ASSET BASED LENDING** | $ | **273.1** |
| **PREMIUM FINANCE** | $ | **75.3** |

Chart data labels – dollars in millions

# LONG TERM PERFORMANCE GOALS VS ACTUAL Q3

| Net Interest Income to Average Assets | − | Net Overhead Ratio | = | Pre-Provision Net Revenue | − | Credit Costs | − | Taxes |
|---|---|---|---|---|---|---|---|---|
| GAAP: 6.04%<br>Core: 5.91% | | GAAP: 4.19%<br>Core: 3.62% | | GAAP: 1.85%<br>Core: 2.29% | | GAAP: 0.66%<br>Core: 0.66% | | GAAP: 0.29%<br>Core: 0.39% |
| **Goal: > 5.00%** | | **Goal: < 3.00%** | | **Goal: > 2.80%** | | **Goal: ~0.40%** | | **Goal: ~0.53%** |

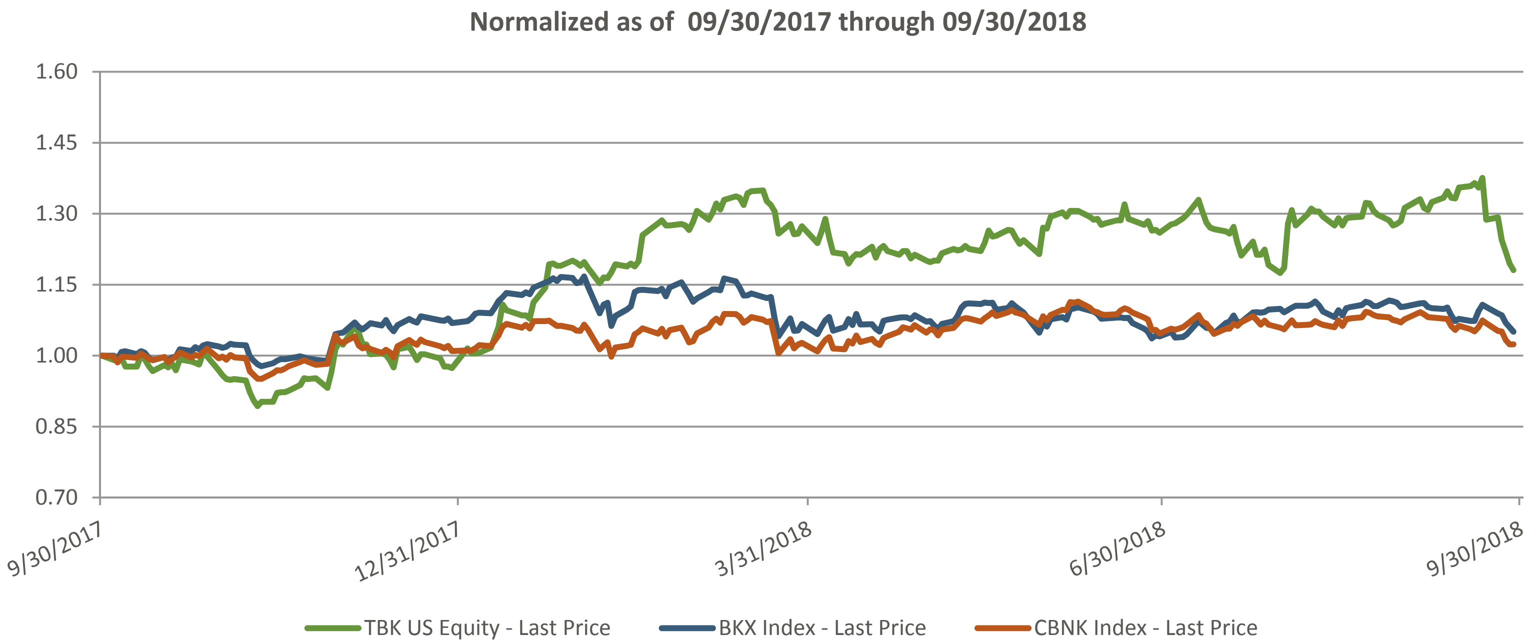
= **Return on Average Assets ("ROAA")**

GAAP: 0.90%
Core: 1.24%

**Goal: > 1.80%**

Performance metrics presented are for the three months ended September 30, 2018. Core performance ratios are adjusted to exclude loan discount accretion and material gains and expenses associated with merger and acquisition-related activities, including divestitures. Reconciliations of these financial measures can be found at the end of the presentation

# INVESTMENT CONSIDERATIONS




## Coverage Analysts:

- **Brad Milsaps** – Sandler O'Neill & Partners
- **Jared Shaw** – Wells Fargo Securities, LLC
- **Stephen Moss** – B. Riley FBR, Inc.
- **Brett Rabatin** – Piper Jaffray & Co.
- **Gary Tenner** – D.A. Davidson & Co.
- **Brady Gailey** – Keefe, Bruyette & Woods, a Stifel Company
- **Matthew Olney** – Stephens, Inc.

# Q3 2018 HIGHLIGHTS AND RECENT DEVELOPMENTS

- Diluted earnings per share of $0.34 for the quarter
  - Adjusted diluted earnings per share were $0.51, which exclude $5.9 million of transaction costs, $4.5 million net of tax, related to our acquisitions of First Bancorp of Durango, Inc. and Southern Colorado Corp.
- Net income for the three months ended September 30, 2018 was impacted by (i) $5.9 million of transaction costs related to the FBD and SCC acquisitions and (ii) $5.8 million of provision for loan loss expense attributable to a single asset based lending relationship.
- Total loans held for investment portfolio growth of $315.7 million, organic portfolio growth of $27.8 million
  - Commercial finance loan portfolio growth of $76.6 million, including a $33.5 million increase in equipment lending and a $23.9 million increase in premium finance lending
- Effective September 8, 2018, we acquired First Bancorp of Durango, Inc. ("FBD") and Southern Colorado Corp. ("SCC") for aggregate cash consideration of $148.0 million. As part of the FBD and SCC acquisitions, we acquired a combined $287.8 million of loans held for investment, assumed a combined $674.7 million of deposits, and recorded a combined $14.1 million of core deposit intangible assets and $72.1 million of goodwill.

**$9.0 million**

Net income to common stockholders

**COMMERCIAL FINANCE LOAN GROWTH**

**6.3%**

**NIM**

**6.59%**

Net Interest Margin

(6.45% adjusted)[1]

**TCE/TA**

**9.35%**

Tangible Common Equity / Tangible Assets[1]

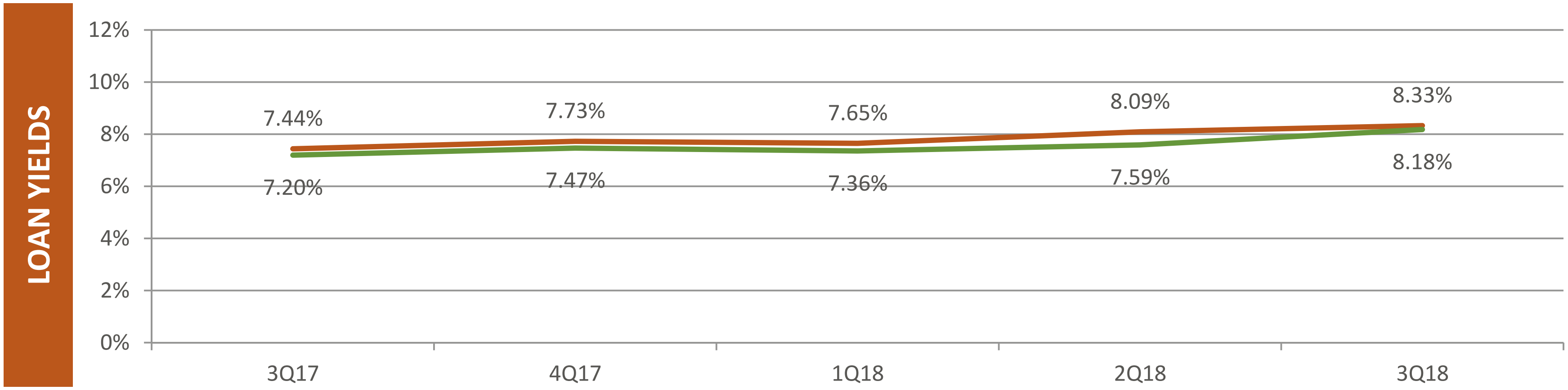
**ROAA**

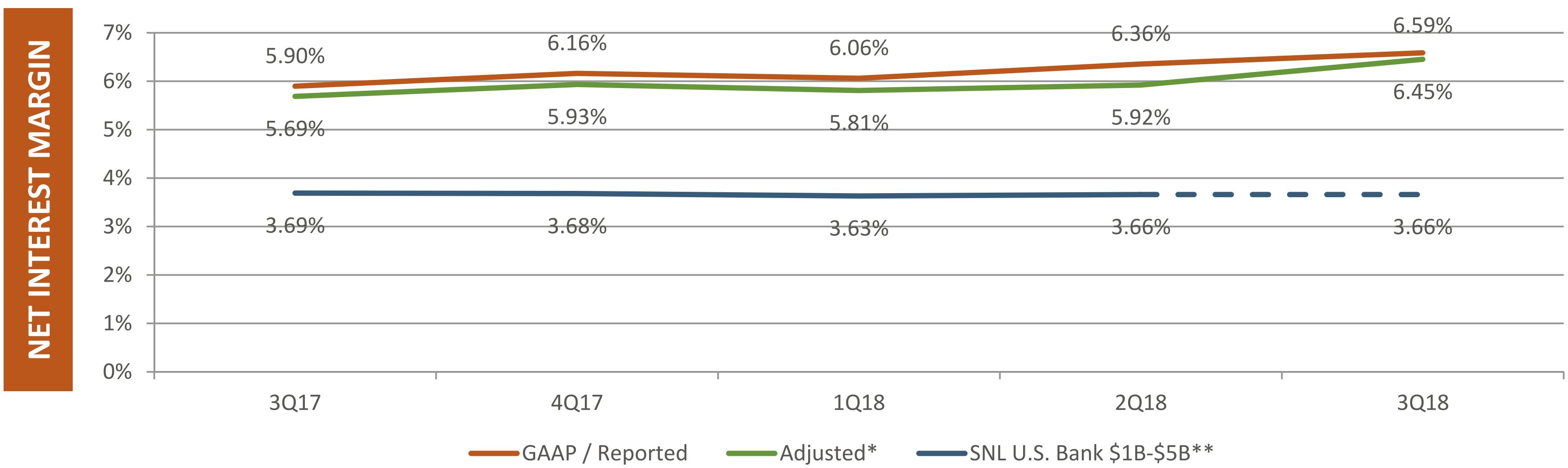
**0.90%**

Return on Average Assets

[1] Reconciliations of non-GAAP financial measures can be found at the end of the presentation

# LOAN YIELDS AND NET INTEREST MARGIN

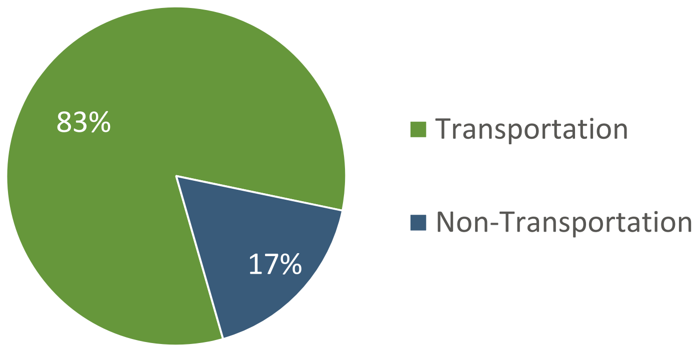


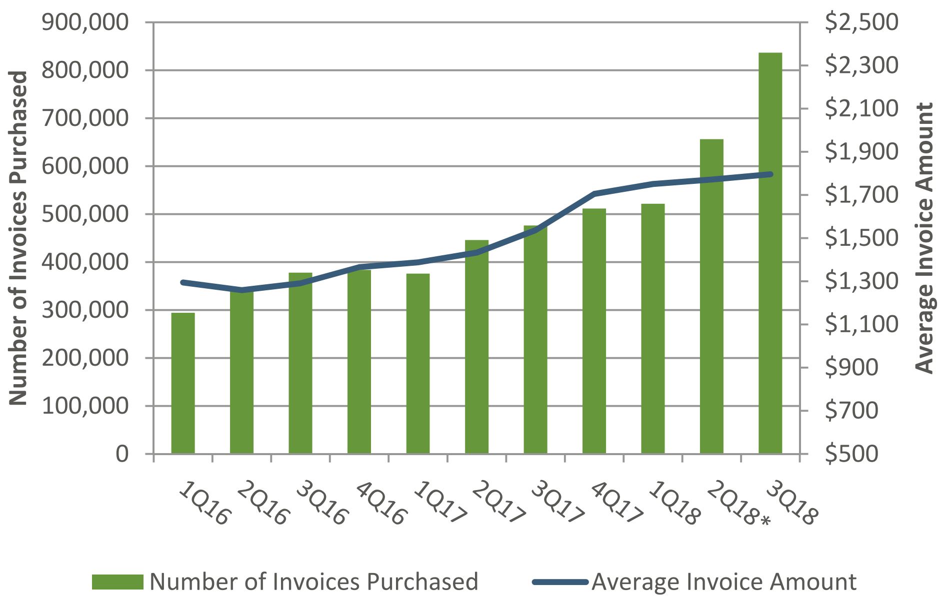

*Reconciliations of non-GAAP financial measures can be found at the end of the presentation
**SNL U.S. Bank $1-$5B: Includes all Major Exchange (NYSE, NYSE MKT, NASDAQ) Banks in SNL's coverage universe with $1B to $5B in Assets. Q3 2018 SNL data not available

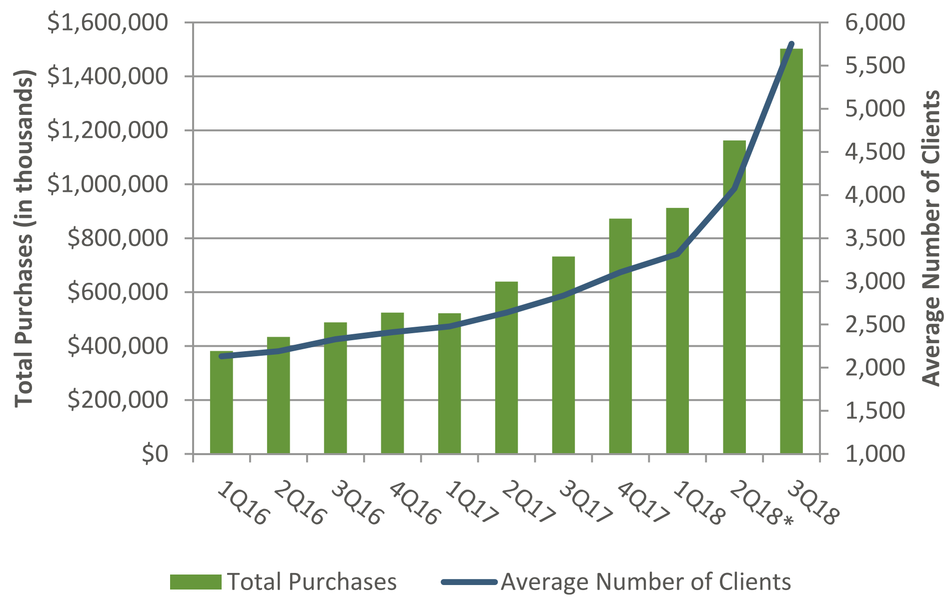
# TRIUMPH BUSINESS CAPITAL FACTORING

## Client Portfolio Mix




- Yield of 18.96% in the current quarter
- Average annual charge-off rate of 0.38% over the past 3 years
- 5,932 factoring clients at September 30, 2018




* On June 2, 2018, we acquired the transportation factoring assets of Interstate Capital Corporation and certain of its affiliates

# TRIUMPH'S TRANSPORTATION FINANCE OPPORTUNITY

**Annual Gross Revenues (8% GDP)**
$750 Billion : 4 Million Trucks

**For-Hire**
$400 Billion : 2.6 Million Trucks

**Contract**
$225 Billion

**3PLs/Broker**
$175 Billion

| Fleet Size | Nbr. Carriers | Nbr. Trucks |
|---|---|---|
| 1 to 5 | 189,200 | 300,000 |
| 6 to 25 | 32,200 | 350,000 |
| 26 to 100 | 8,400 | 400,000 |
| 101 to 1,000 | 2,500 | 550,000 |
| Over 1,000 | 200 | 1,000,000 |
| All Carriers | 232,000 | 2,600,000 |

~$60 Billion

TRIUMPH BUSINESS CAPITAL

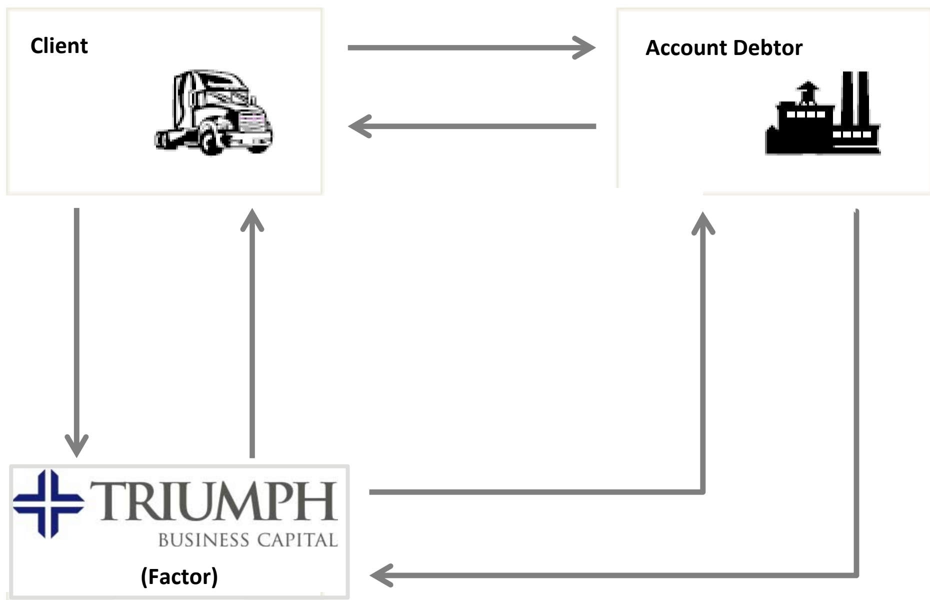
| Annual Revenue | Nbr. 3 PLs | $ Billions |
|---|---|---|
| Inactive | 5,300 | |
| Under $1 Million | 11,300 | 2 |
| $1 - $10 Million | 2,100 | 6 |
| $10 - $100 Million | 500 | 22 |
| Over $100 Million | 300 | 145 |
| All 3 PLs | 19,500 | 175 |

~$170 Billion

TRIUMPH PAY

*This data utilizes high-level estimates from multiple data sources including FMCSA authority registrations, carrier reported numbers of power units, mercantile credit bureau reports and Triumph's own portfolio data
Triumph purchases ~10% of the available invoices from our ~$60 billion target market

# FACTORING 101




### Triumph Business Capital Economics:

1. Our client performs services for the account debtor.
2. The client generates an invoice for $1,000 payable in 30 days.
3. The client sells the invoice to Triumph (factor), who pays the client $900 ($1,000 less a 10% cash reserve or "holdback").
4. Triumph employs $900 of funds to acquire the invoice. We charge a 2.5% discount fee ($25), which reflects a ~2.8% yield on the actual funds employed. Assuming a similarly sized invoice, with the client, was collected ("turned") every 36 days (or ~10 times per year) Triumph's annualized yield on the $900 of Net Funds Employed is ~28% ($25 fee * 10 purchases annually / $900).
5. When the invoice is collected, the 10% holdback less our fee is paid to the client.

### What is factoring?

- Factoring is one of the oldest forms of finance.
- Factoring is a financial transaction in which a business *sells* its accounts receivable to a third party (factor) at a discount. A business typically factors its receivable assets to meet its present and immediate cash needs. The transaction is a purchase, <u>not</u> a loan.

### What is the market?

- Factoring industry data is limited. Based on IFA* studies and discussions with industry experts, we estimate the market, excluding traditional factoring (textiles, furniture, etc.), at ~$120B in annual purchases.
  - Given these estimates, we assume transportation factoring is 45-50% of that market or approximately $60mm.
    - We represent ~5% of the total market and ~10% of the transportation market.
    - We are among the 3 largest discount transportation factors and in the top 10 overall of discount factors.

### Who are our clients?

- Our typical client has limited financial systems.
- We factor clients with historical losses, little (if any) net worth, early stage (less than 3 years activity) businesses, turnarounds and restructurings.

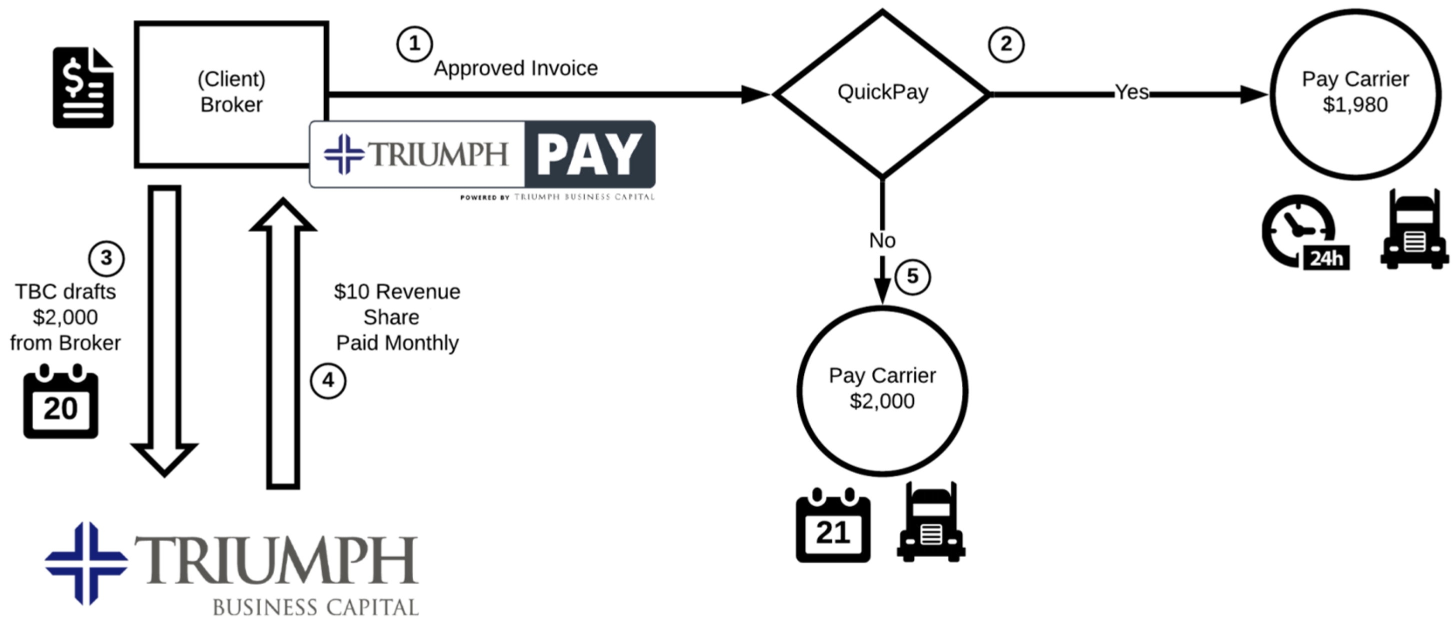
### Who is Triumph Business Capital?

- We are a highly specialized factor in the transportation space factoring 3 groups of clients:
  - Recourse trucking
  - Non-recourse trucking (owner / operators)
  - Freight brokers
  - Other industry verticals
    - Similar collateral and portfolio servicing characteristics (staffing, warehousing, etc.)



*IFA is the International Factoring Association and can be found at http://www.factoring.org

# TRIUMPHPAY 101




### What is TriumphPay?

TriumphPay is a reverse factoring product that connects our proprietary payment processing system with a broker or third party logistics' (3PL) transportation management and accounting system to facilitate payments to carriers, provide improved liquidity options to clients, and generate enhanced revenue opportunities for both TBK and the client through QuickPay programs.

### What is the market?

Based on our analysis of the third party logistics/broker portion of the for-hire trucking market, we estimate the market to be **~$170 billion**.

### Who is the Customer?

Large and mid-sized freight brokers and 3PL firms who are suffering from factor fatigue, desire enhanced liquidity options and expanded revenue opportunities.

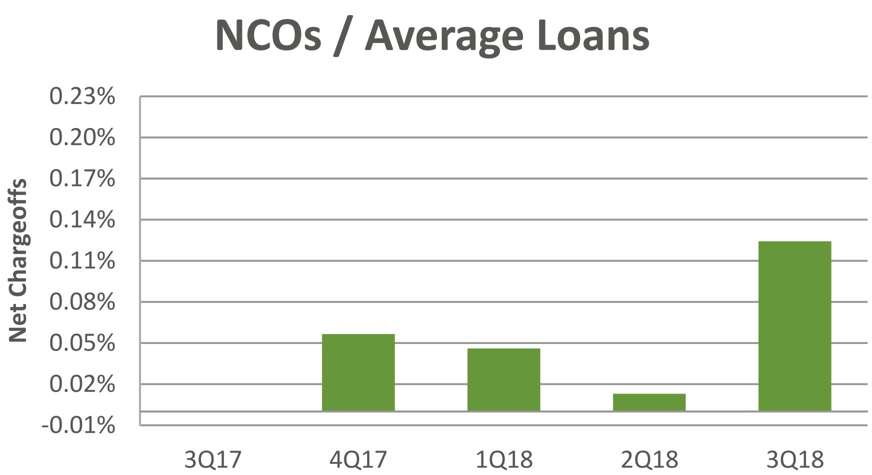
### TriumphPay Economics:

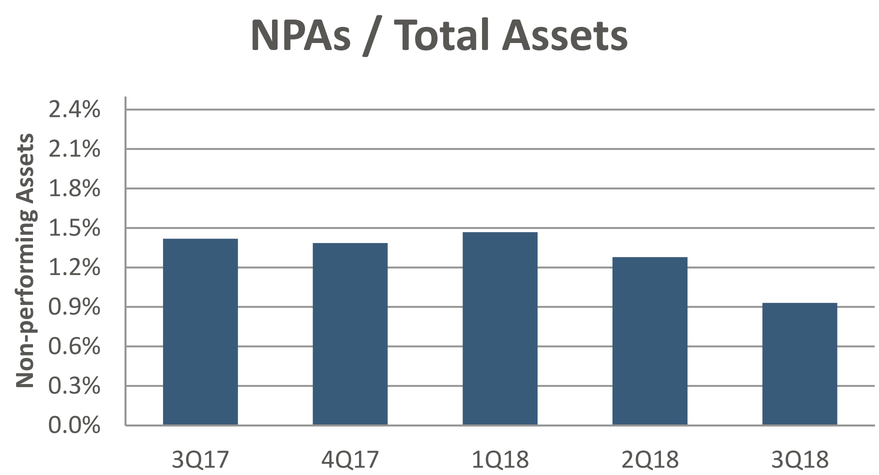
1. Client approves invoice for $2,000. Payment terms are 21 days.
2. Carrier opts for QuickPay. Triumph pays the carrier $1,980 same day or next day. The $20 difference represents the QuickPay fee. That fee is then split between the broker and Triumph, $10 each.
3. At day 20, Triumph drafts $2,000 from the broker.
4. The $10 fee retained by Triumph equates to an annualized yield of 9.2% ($10 fee / $1,980 advanced x 365 days / 20 days).

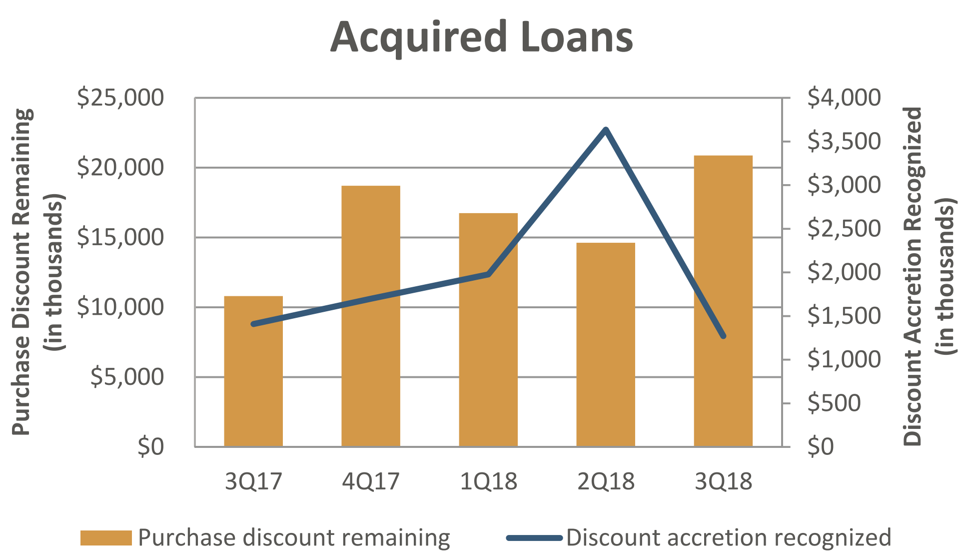
### No QuickPay

5. If the carrier declines to use QuickPay, at day 20 Triumph drafts $2,000 from Broker. Triumph then pays the Carrier on day 21. One day float to Triumph.

# LOAN PORTFOLIO

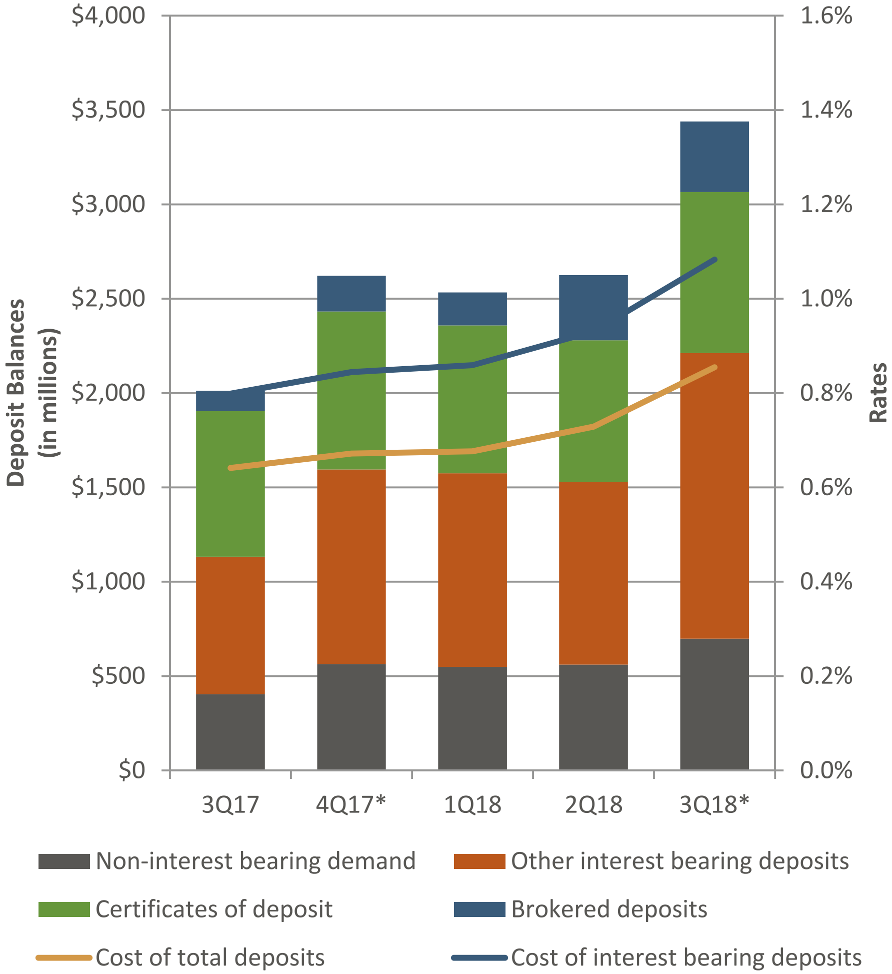


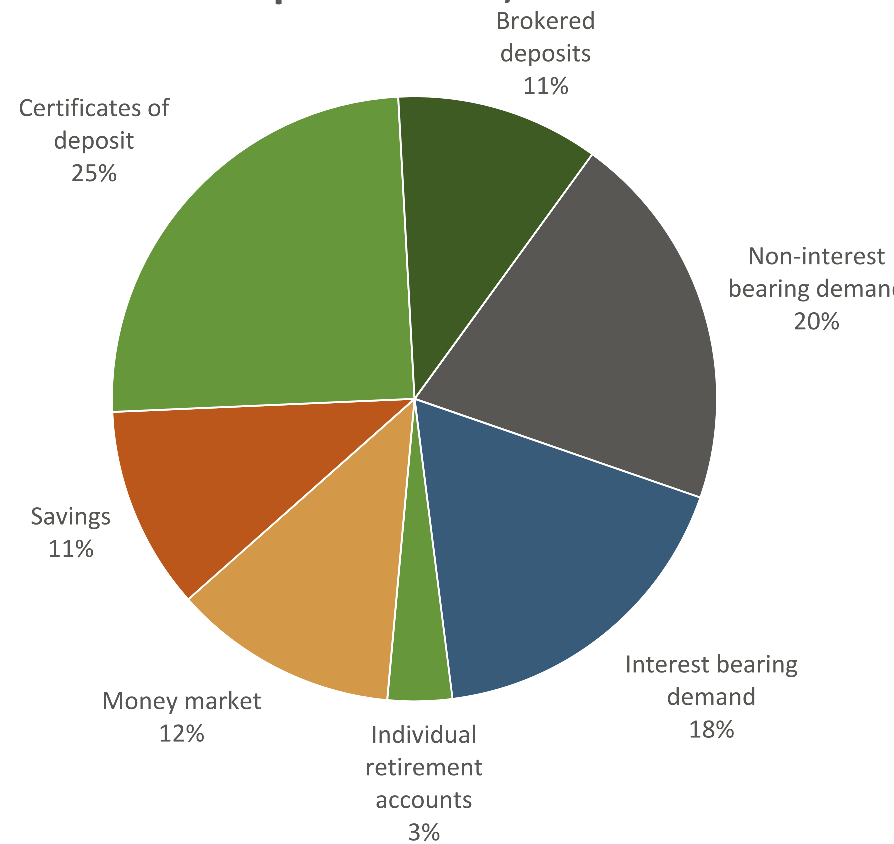




# DEPOSIT MIX AND GROWTH

## Deposit Growth




## Deposit Mix September 30, 2018




*Deposits totaling $160.7 million and $293.4 million were assumed in the Independent Bank Group, Inc. branch acquisition and the Valley Bancorp, Inc. acquisition, respectively
**Deposits totaling $601.2 million and $73.5 million were assumed in the First Bancorp of Durango, Inc. acquisition and the Southern Colorado Corp. acquisition, respectively

# FINANCIAL HIGHLIGHTS

| Key Metrics | As of and For the Three Months Ended September 30, 2018 | June 30, 2018 | March 31, 2018 | December 31, 2017 | September 30, 2017 |
|---|---|---|---|---|---|
| **Performance ratios - annualized** | | | | | |
| Return on average assets | 0.90% | 1.37% | 1.43% | 0.79% | 1.36% |
| Return on average tangible common equity (ROATCE) [1] | 7.57% | 9.95% | 14.75% | 7.33% | 12.28% |
| Yield on loans | 8.33% | 8.09% | 7.65% | 7.73% | 7.44% |
| Cost of total deposits | 0.85% | 0.73% | 0.68% | 0.67% | 0.64% |
| Net interest margin | 6.59% | 6.36% | 6.06% | 6.16% | 5.90% |
| Net non-interest expense to average assets | 4.19% | 3.59% | 3.43% | 3.65% | 3.35% |
| Adjusted net non-interest expense to average assets [1][2] | 3.62% | 3.47% | 3.56% | 3.43% | 3.35% |
| Efficiency ratio | 72.15% | 64.26% | 65.09% | 66.74% | 64.61% |
| Adjusted efficiency ratio [1][2] | 63.49% | 62.38% | 66.45% | 63.35% | 64.61% |
| **Asset Quality[3]** | | | | | |
| Non-performing assets to total assets | 0.93% | 1.28% | 1.47% | 1.39% | 1.42% |
| ALLL to total loans | 0.78% | 0.77% | 0.70% | 0.67% | 0.84% |
| Net charge-offs to average loans | 0.12% | 0.01% | 0.05% | 0.06% | 0.00% |
| **Capital[4]** | | | | | |
| Tier 1 capital to average assets | 11.75% | 15.00% | 11.23% | 11.80% | 13.50% |
| Tier 1 capital to risk-weighted assets | 11.16% | 14.68% | 11.54% | 11.15% | 13.45% |
| Common equity tier 1 capital to risk-weighted assets | 9.96% | 13.32% | 10.05% | 9.70% | 11.95% |
| Total capital to risk-weighted assets | 13.05% | 16.73% | 13.66% | 13.21% | 15.91% |
| **Per Share Amounts** | | | | | |
| Book value per share | $ 23.10 | $ 22.76 | $ 18.89 | $ 18.35 | $ 18.08 |
| Tangible book value per share [1] | $ 15.42 | $ 18.27 | $ 15.82 | $ 15.29 | $ 16.04 |
| Basic earnings per common share | $ 0.34 | $ 0.48 | $ 0.57 | $ 0.29 | $ 0.48 |
| Diluted earnings per common share | $ 0.34 | $ 0.47 | $ 0.56 | $ 0.29 | $ 0.47 |
| Adjusted diluted earnings per common share[1][2] | $ 0.51 | $ 0.50 | $ 0.52 | $ 0.34 | $ 0.47 |

(1) Reconciliations of non-GAAP financial measures can be found at the end of the presentation
(2) Metric adjusted to exclude material gains and expenses related to merger and acquisition-related activities, net of tax where applicable
(3) Asset quality ratios exclude loans held for sale
(4) Current quarter ratios are preliminary

# NON-GAAP FINANCIAL RECONCILIATION

Triumph uses certain non-GAAP financial measures to provide meaningful supplemental information regarding our operational performance and to enhance investors' overall understanding of such financial performance.

| Metrics and non-GAAP financial reconciliation | As of and for the Three Months Ended | | | | |
|---|---|---|---|---|---|
| *(Dollars in thousands, except per share amounts)* | September 30, 2018 | June 30, 2018 | March 31, 2018 | December 31, 2017 | September 30, 2017 |
| Net income available to common stockholders | $ 8,975 | $ 12,192 | $ 11,878 | $ 6,111 | $ 9,587 |
| Gain on sale of subsidiary | — | — | (1,071) | — | — |
| Incremental bonus related to transaction | — | — | — | — | — |
| Transaction related costs | 5,871 | 1,094 | — | 1,688 | — |
| Tax effect of adjustments | (1,392) | (257) | 248 | (601) | — |
| Adjusted net income available to common stockholders | $ 13,454 | $ 13,029 | $ 11,055 | $ 7,198 | $ 9,587 |
| Dilutive effect of convertible preferred stock | 195 | 193 | 190 | 194 | 195 |
| Adjusted net income available to common stockholders - diluted | $ 13,649 | $ 13,222 | $ 11,245 | $ 7,392 | $ 9,782 |
| | | | | | |
| Weighted average shares outstanding - diluted | 26,991,830 | 26,315,878 | 21,560,524 | 21,518,469 | 20,645,469 |
| Adjusted effects of assumed Preferred Stock conversion | — | — | — | — | — |
| Adjusted weighted average shares outstanding - diluted | 26,991,830 | 26,315,878 | 21,560,524 | 21,518,469 | 20,645,469 |
| Adjusted diluted earnings per common share | $ 0.51 | $ 0.50 | $ 0.52 | $ 0.34 | $ 0.47 |
| | | | | | |
| Net income available to common stockholders | $ 8,975 | $ 12,192 | $ 11,878 | $ 6,111 | $ 9,587 |
| Average tangible common equity | 470,553 | 491,492 | 326,614 | 330,819 | 309,624 |
| Return on average tangible common equity | 7.57% | 9.95% | 14.75% | 7.33% | 12.28% |

# NON-GAAP FINANCIAL RECONCILIATION

| Metrics and non-GAAP financial reconciliation (cont'd) | As of and for the Three Months Ended | | | | |
|---|---|---|---|---|---|
| *(Dollars in thousands, except per share amounts)* | September 30, 2018 | June 30, 2018 | March 31, 2018 | December 31, 2017 | September 30, 2017 |
| Adjusted efficiency ratio: | | | | | |
| Net interest income | $ 61,782 | $ 53,257 | $ 47,130 | $ 45,796 | $ 39,512 |
| Non-interest income | 6,059 | 4,945 | 5,172 | 3,998 | 4,171 |
| Operating revenue | 67,841 | 58,202 | 52,302 | 49,794 | 43,683 |
| Gain on sale of subsidiary | — | — | (1,071) | — | — |
| Adjusted operating revenue | $ 67,841 | $ 58,202 | $ 51,231 | $ 49,794 | $ 43,683 |
| Non-interest expenses | $ 48,946 | $ 37,403 | $ 34,042 | $ 33,231 | $ 28,225 |
| Transaction related costs | (5,871) | (1,094) | — | (1,688) | — |
| Adjusted non-interest expenses | $ 43,075 | $ 36,309 | $ 34,042 | $ 31,543 | $ 28,225 |
| Adjusted efficiency ratio | 63.49% | 62.38% | 66.45% | 63.35% | 64.61% |
| | | | | | |
| Adjusted net non-interest expense to average assets ratio: | | | | | |
| Non-interest expenses | $ 48,946 | $ 37,403 | $ 34,042 | $ 33,231 | $ 28,225 |
| Transaction related costs | (5,871) | (1,094) | — | (1,688) | — |
| Adjusted non-interest expenses | $ 43,075 | $ 36,309 | $ 34,042 | $ 31,543 | $ 28,225 |
| Total non-interest income | $ 6,059 | $ 4,945 | $ 5,172 | $ 3,998 | $ 4,171 |
| Gain on sale of subsidiary | — | — | (1,071) | — | — |
| Adjusted non-interest income | $ 6,059 | $ 4,945 | $ 4,101 | $ 3,998 | $ 4,171 |
| Adjusted net non-interest expenses | $ 37,016 | $ 31,364 | $ 29,941 | $ 27,545 | $ 24,054 |
| Average total assets | 4,060,560 | 3,628,960 | 3,410,883 | 3,181,697 | 2,849,170 |
| Adjusted net non-interest expense to average assets ratio | 3.62% | 3.47% | 3.56% | 3.43% | 3.35% |

# NON-GAAP FINANCIAL RECONCILIATION

| Metrics and non-GAAP financial reconciliation (cont'd) | As of and for the Three Months Ended | | | | |
|---|---|---|---|---|---|
| *(Dollars in thousands, except per share amounts)* | September 30, 2018 | June 30, 2018 | March 31, 2018 | December 31, 2017 | September 30, 2017 |
| Reported yield on loans | 8.33% | 8.09% | 7.65% | 7.73% | 7.44% |
| Effect of accretion income on acquired loans | (0.15%) | (0.50%) | (0.29%) | (0.26%) | (0.24%) |
| Adjusted yield on loans | 8.18% | 7.59% | 7.36% | 7.47% | 7.20% |
| | | | | | |
| Reported net interest margin | 6.59% | 6.36% | 6.06% | 6.16% | 5.90% |
| Effect of accretion income on acquired loans | (0.14%) | (0.44%) | (0.25%) | (0.23%) | (0.21%) |
| Adjusted net interest margin | 6.45% | 5.92% | 5.81% | 5.93% | 5.69% |
| | | | | | |
| Total stockholders' equity | $ 616,641 | $ 607,225 | $ 402,944 | $ 391,698 | $ 386,097 |
| Preferred stock liquidation preference | (9,658) | (9,658) | (9,658) | (9,658) | (9,658) |
| Total common stockholders' equity | 606,983 | 597,567 | 393,286 | 382,040 | 376,439 |
| Goodwill and other intangibles | (201,842) | (117,777) | (63,923) | (63,778) | (42,452) |
| Tangible common stockholders' equity | $ 405,141 | $ 479,790 | $ 329,363 | $ 318,262 | $ 333,987 |
| Common shares outstanding at end of period | 26,279,761 | 26,260,785 | 20,824,509 | 20,820,445 | 20,820,900 |
| Tangible book value per share | $ 15.42 | $ 18.27 | $ 15.82 | $ 15.29 | $ 16.04 |
| | | | | | |
| Total assets at end of period | $ 4,537,102 | $ 3,794,631 | $ 3,405,010 | $ 3,499,033 | $ 2,906,161 |
| Goodwill and other intangibles | (201,842) | (117,777) | (63,923) | (63,778) | (42,452) |
| Adjusted total assets at period end | $ 4,335,260 | $ 3,676,854 | $ 3,341,087 | $ 3,435,255 | $ 2,863,709 |
| Tangible common stockholders' equity ratio | 9.35% | 13.05% | 9.86% | 9.26% | 11.66% |

# NON-GAAP FINANCIAL RECONCILIATION

Metrics and non-GAAP financial reconciliation (cont'd)

| | For the Three Months Ended September 30, 2018 | |
|---|---|---|
| *(Dollars in thousands, except per share amounts)* | GAAP | Core |
| Net interest income to average total assets: | | |
| Net interest income | $ 61,782 | $ 61,782 |
| Loan discount accretion | — | (1,271) |
| Adjusted net interest income | $ 61,782 | $ 60,511 |
| Average total assets | 4,060,560 | 4,060,560 |
| Net interest income to average assets | 6.04% | 5.91% |
| Net noninterest expense to average total assets: | | |
| Total noninterest expense | $ 48,946 | $ 48,946 |
| Transaction related costs | — | (5,871) |
| Adjusted noninterest expense | 48,946 | 43,075 |
| Total noninterest income | 6,059 | 6,059 |
| Net noninterest expense | $ 42,887 | $ 37,016 |
| Average total assets | 4,060,560 | 4,060,560 |
| Net noninterest expense to average assets ratio | 4.19% | 3.62% |
| Pre-provision net revenue to average total assets: | | |
| Adjusted net interest income | $ 61,782 | $ 60,511 |
| Adjusted net noninterest expense | (42,887) | (37,016) |
| Pre-provision net revenue | $ 18,895 | $ 23,495 |
| Average total assets | 4,060,560 | 4,060,560 |
| Pre-provision net revenue to average assets | 1.85% | 2.29% |

| | For the Three Months Ended September 30, 2018 | |
|---|---|---|
| *(Dollars in thousands, except per share amounts)* | GAAP | Core |
| Credit costs to average total assets: | | |
| Provision for loan losses | $ 6,803 | $ 6,803 |
| Average total assets | 4,060,560 | 4,060,560 |
| Credit costs to average assets | 0.66% | 0.66% |
| Taxes to average total assets: | | |
| Income tax expense | $ 2,922 | $ 2,922 |
| Tax effect of adjustments | — | 1,091 |
| Adjusted tax expense | 2,922 | 4,013 |
| Average total assets | 4,060,560 | 4,060,560 |
| Taxes to average assets | 0.29% | 0.39% |
| Return on average total assets: | | |
| Net interest income to average assets | 6.04% | 5.91% |
| Net noninterest expense to average assets ratio | (4.19%) | (3.62%) |
| Pre-provision net revenue to average assets | 1.85% | 2.29% |
| Credit costs to average assets | (0.66%) | (0.66%) |
| Taxes to average assets | (0.29%) | (0.39%) |
| Return on average assets | 0.90% | 1.24% |