VBTX

Veritex Holdings, Inc.

4th Quarter Earnings Conference Call

January 26, 2022

Safe Harbor Statement

Forward-looking statements

This presentation contains certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on various facts and derived utilizing assumptions, current expectations, estimates and projections and are subject to known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements include, without limitation, statements relating to Veritex Holdings, Inc.’s (“Veritex”) recent investment in Thrive Mortgage, LLC (“Thrive”), the expected payment date of Veritex’s quarterly cash dividend, Veritex's acquisition of North Avenue Capital, LLC (“NAC”), impact of certain changes in Veritex’s accounting policies, standards and interpretations, the effects of the COVID-19 pandemic and actions taken in response thereto, Veritex’s future financial performance, business and growth strategy, projected plans and objectives, as well as other projections based on macroeconomic and industry trends, which are inherently unreliable due to the multiple factors that impact broader economic and industry trends, and any such variations may be material. Statements preceded by, followed by or that otherwise include the words “believes,” “expects,” “anticipates,” “intends,” “projects,” “estimates,” “plans” and similar expressions or future or conditional verbs such as “will,” “should,” “would,” “may” and “could” are generally forward-looking in nature and not historical facts, although not all forward-looking statements include the foregoing words. We refer you to the “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” sections of Veritex’s Annual Report on Form 10-K for the year ended December 31, 2020 and any updates to those risk factors set forth in Veritex’s Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other filings with the Securities and Exchange Commission (“SEC”), which are available on the SEC’s website at www.sec.gov. If one or more events related to these or other risks or uncertainties materialize, or if Veritex’s underlying assumptions prove to be incorrect, actual results may differ materially from what Veritex anticipates. Accordingly, you should not place undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made. Veritex does not undertake any obligation, and specifically declines any obligation, to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise, except as required by law. All forward-looking statements, expressed or implied, included in this presentation are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that Veritex or persons acting on Veritex’s behalf may issue.

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Non-GAAP Financial Measures

Veritex reports its results in accordance with United States generally accepted accounting principles (“GAAP”). However, management believes that certain supplemental non-GAAP financial measures used in managing its business provide meaningful information to investors about underlying trends in its business. Management uses these non-GAAP measures to assess Veritex’s operating performance and believes that these non-GAAP measures provide information that is important to investors and that is useful in understanding Veritex’s results of operations. However, non-GAAP financial measures are supplemental and should be viewed in addition to, and not as an alternative for, Veritex’s reported results prepared in accordance with GAAP. The following are the non-GAAP measures used in this presentation:

- Tangible book value per common share (“TBVPS”);
- Tangible common equity to tangible assets;
- Return on average tangible common equity (“ROATCE”);
- Operating earnings;
- Pre-tax, pre-provision (“PTPP”) operating earnings;
- Diluted operating earnings per share (“EPS”);
- Operating return on average assets (“ROAA”);
- PTPP operating ROAA;
- Operating ROATCE;
- Operating efficiency ratio;
- Operating noninterest income;
- Operating noninterest expense; and
- Adjusted net interest margin (“NIM”).

Please see “Reconciliation of Non-GAAP Financial Measures” at the end of this presentation for reconciliations of non-GAAP measures to the most directly comparable financial measures calculated in accordance with GAAP.

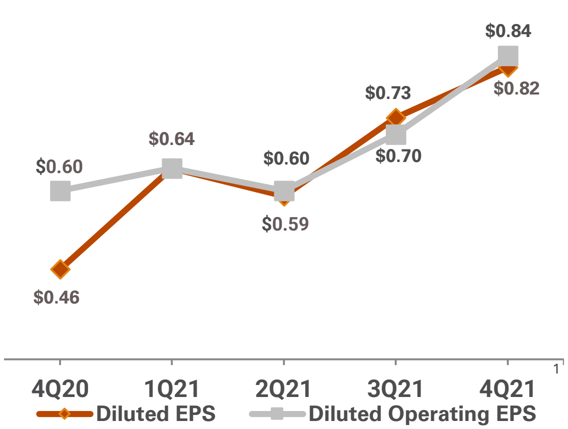
Fourth Quarter and 2021 Overview

Strong Earnings	• Net income of $41.5 million, or $0.82 diluted earnings per share ("EPS"), for 4Q21 compared to $36.8 million, or $0.73 diluted EPS, for 3Q21 • Operating earnings[1] of $42.4 million, or $0.84 diluted operating EPS[1], for 4Q21 compared to $35.1 million, or $0.70 diluted operating EPS, for 3Q21 • Return on average equity of 12.65% in 4Q21 and 11.01% for 2021 • Operating ROATCE[1] of 20.48% in 4Q21 and 17.58% for 2021
Solid Loan and Deposit Growth	• Total loans held for investment ("LHI"), excluding mortgage warehouse ("MW") and Paycheck Protection Program ("PPP") loans, increased $150.1 million, or 9.1% linked quarter annualized ("LQA") • Total LHI, excluding MW and PPP, grew $918.1 million from December 31, 2020, or 15.7% • Average loans, excluding PPP, grew $410 million, or 24% LQA • Total deposits grew $184.9 million, or 10.3% LQA, and $850.8 million, or 13.1%, YOY • Average cost of total deposits decreased to 0.18% for 4Q21 from 0.38% for 4Q20
Diversifying Revenue	• 2021 noninterest income made up of 29% deposit service charges, 27% govt. guaranteed loan income, 13% loan fees, 10% equity method investments income and 21% other • Closed acquisition of North Avenue Capital, LLC ("NAC") on November 1, 2021, generating $1.3 million in gain on sales of USDA loans in 4Q21
Capital Summary	• Book value per common share increased to $26.64 from $26.09 at Sept. 30, 2021 • Tangible book value per common share[1] of $17.49 remained relatively flat after the acquisition of NAC compared to $17.53 at Sept. 30, 2021 • Declared quarterly dividend of $0.20 per share of outstanding common stock payable on Feb. 25, 2022

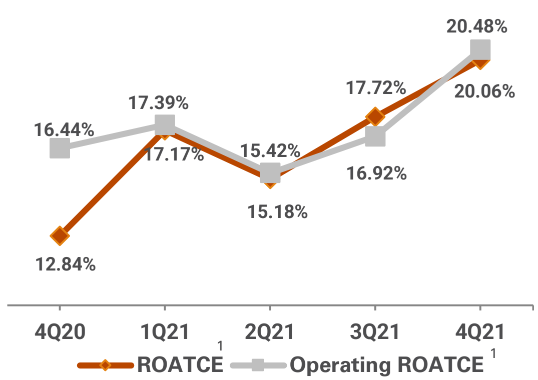
[1] Please refer to the "Reconciliation of Non-GAAP Financial Measures" at the end of this presentation for a description and reconciliation of these non-GAAP financial measures.

Key Financial Metrics

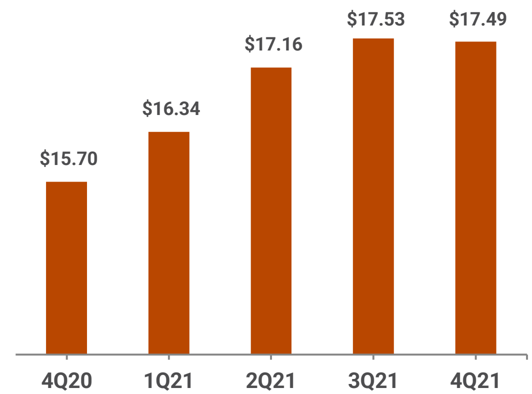
Diluted EPS



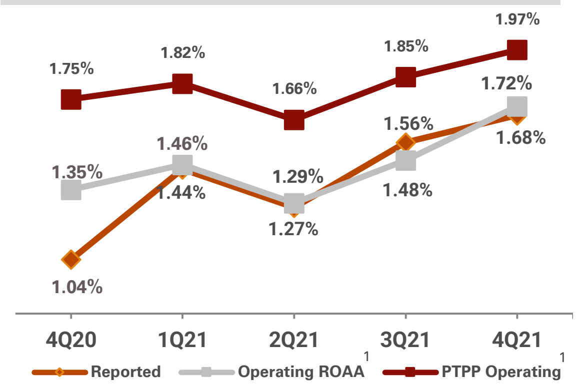
Return on Average Tangible Common Equity[1]



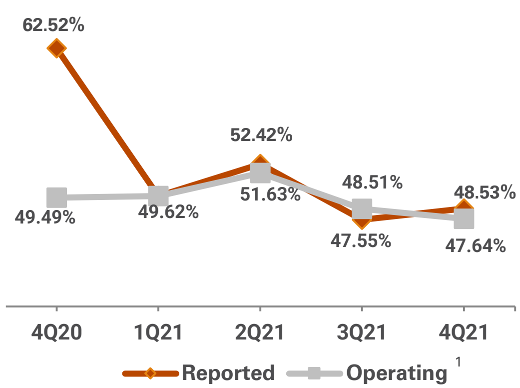
Tangible Book Value per Common Share[1]



ROAA

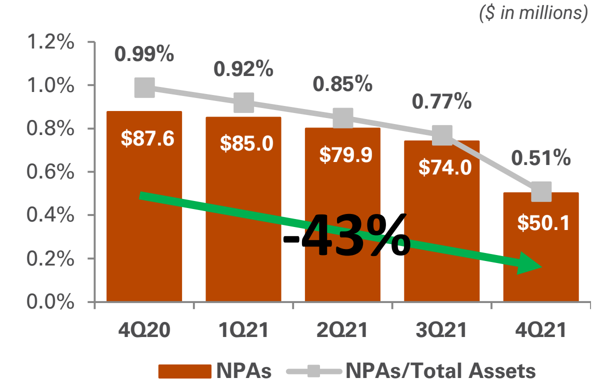


Efficiency Ratio



NPAs / Total Assets

($ in millions)

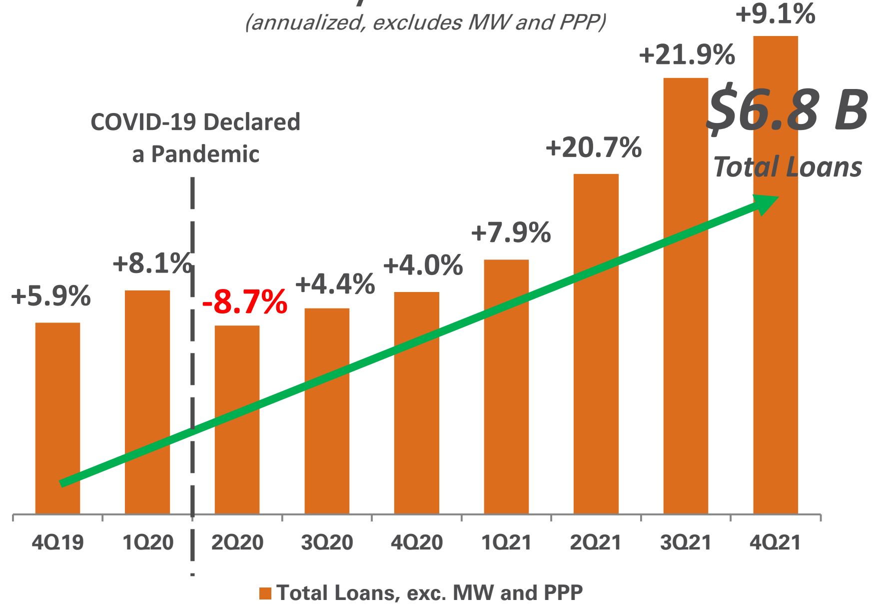


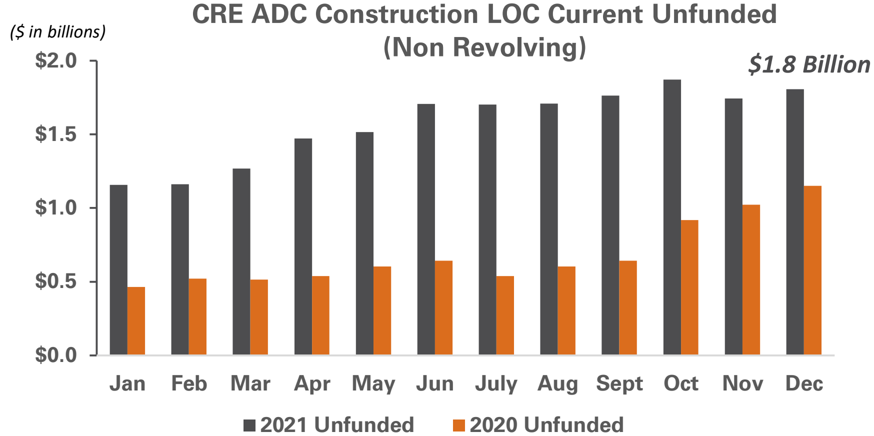
[1] Please refer to the "Reconciliation of Non-GAAP Financial Measures" at the end of this presentation for a description and reconciliation of these non-GAAP financial measures.

Loan Growth

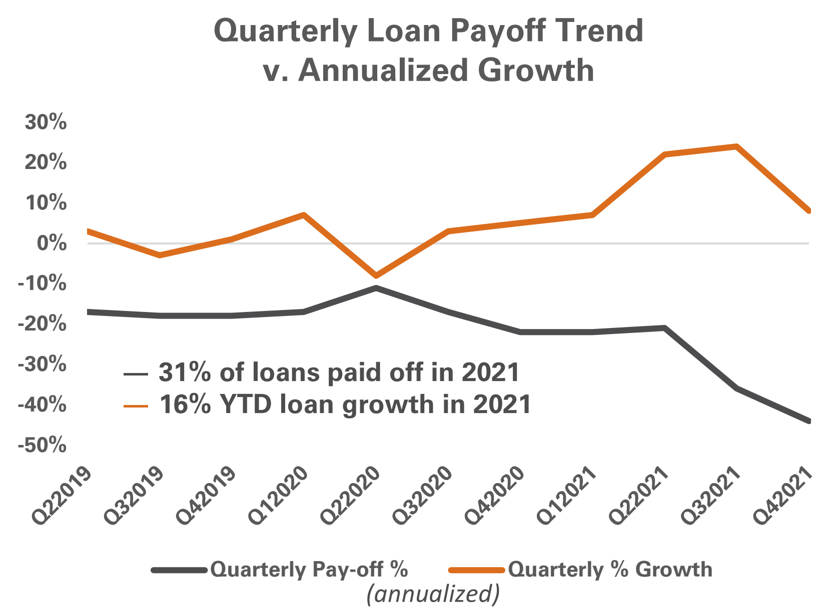
Quarterly Loan Growth

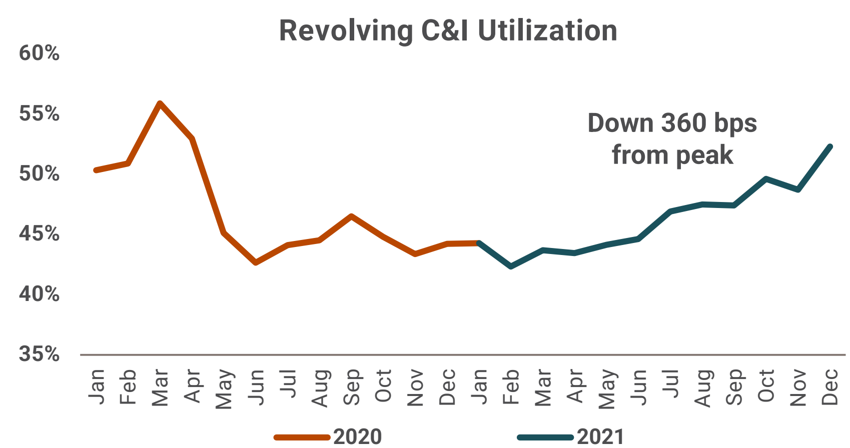
(annualized, excludes MW and PPP)





3.73% weighted average rate of new and renewed Q4 loan production, excluding MW and PPP

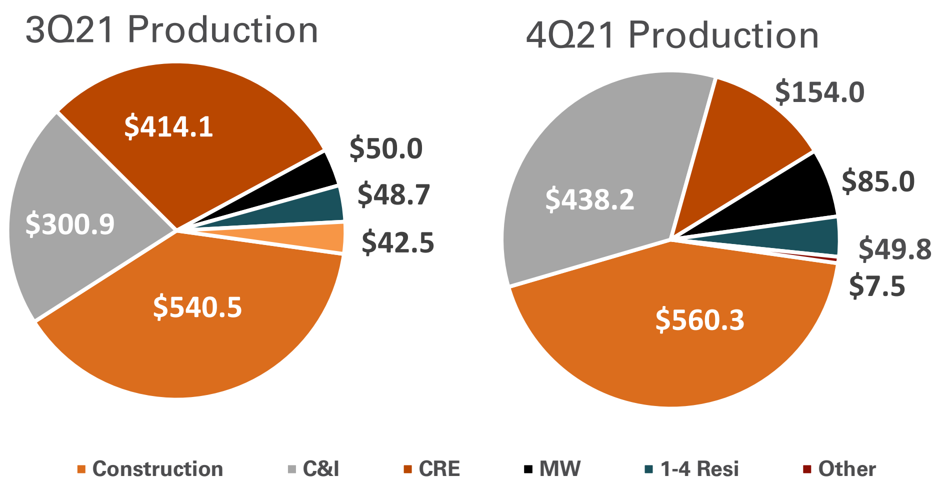




Loan Production

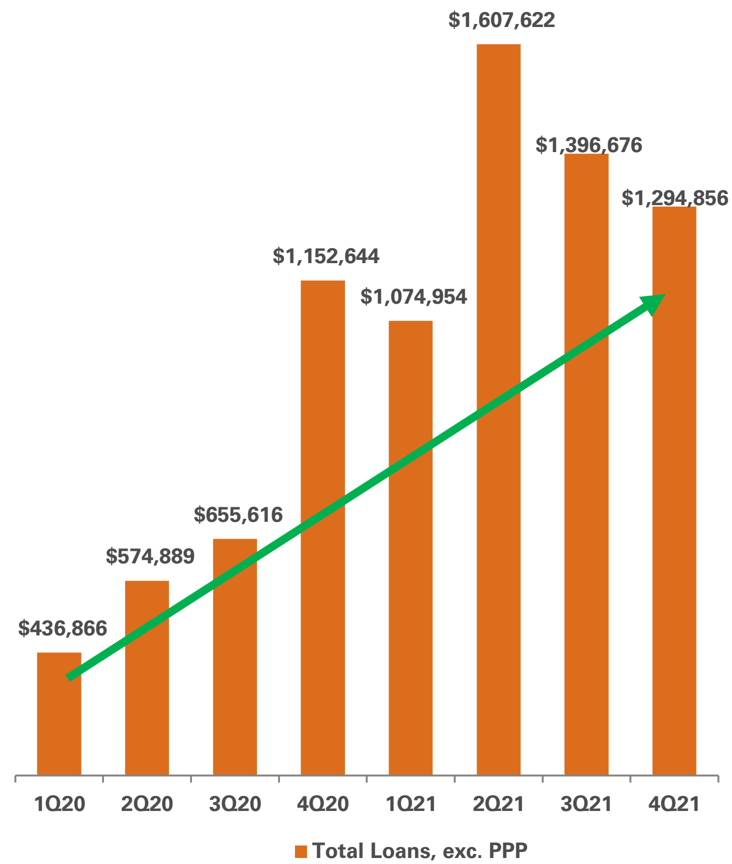
$5.4 Billion in 2021 Production
v. $2.8 Billion in 2020 Production

$1.3 Billion in Q4 Production by Portfolio
($ in millions)

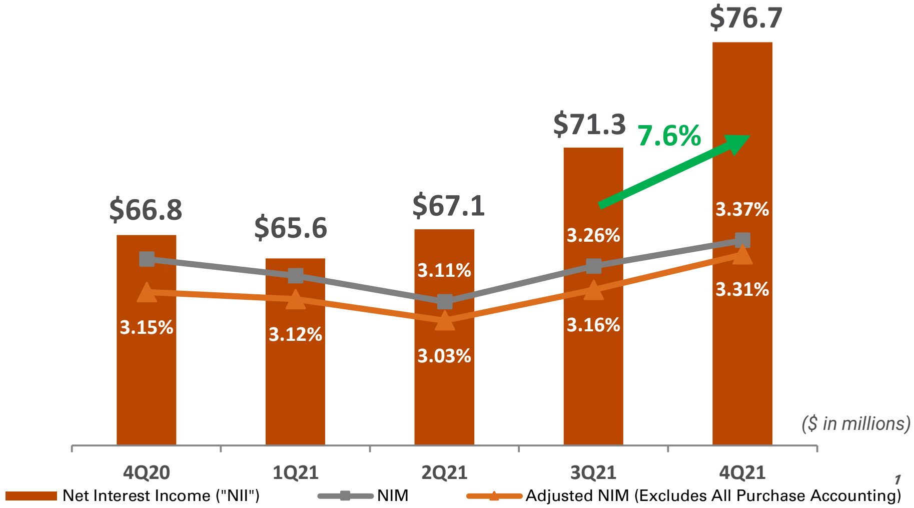


Underwriting standards for 4Q21 and 2021 remain consistent to prior quarters and prior years

Quarterly Commitment Production
($ in thousands)



Net Interest Income



Net Interest Income Rollforward

($ in thousands)

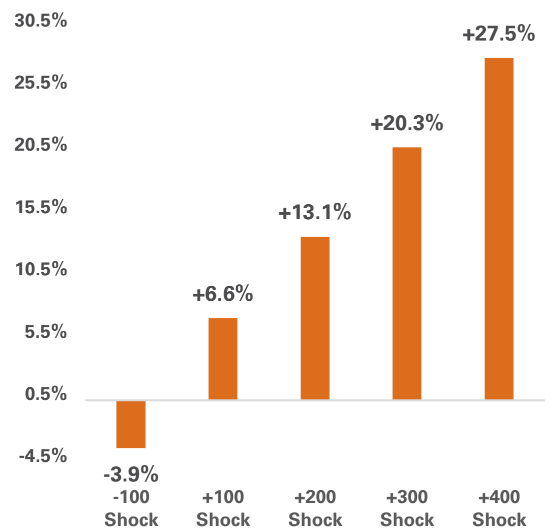
3Q21 Net Interest Income	**$71,276**
Loan volume	3,019
Debt security prepayment income	2,185
Deposit rates	353
Change in earning asset mix and other	19
Purchase accounting accretion	< 111 >
4Q21 Net Interest Income	**$76,741**

Asset Sensitivity as of December 31, 2021

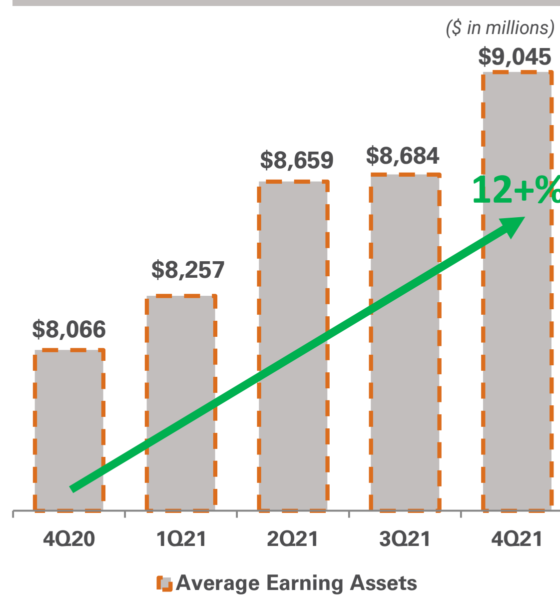
Floating Rate Loan Repricing

Floor Reprice Grouping *($ in thousands)*	Total Balance	% of Total Balance	Cumulative % of Total Balance
No Floor	$ 2,573.7	49.9%	49.9%
Floor reached	763.2	14.8%	64.7%
0-25 bps to Reprice	153.5	3.0%	67.7%
26-50 bps to Reprice	237.9	4.6%	72.3%
51-75 bps to Reprice	491.6	9.5%	81.8%
76-100 bps to Reprice	668.8	13.0%	94.8%
101-125 bps to Reprice	80.4	1.6%	96.4%
126-150 bps to Reprice	29.4	0.6%	97.0%
151+ bps to Reprice	155.2	3.0%	100%
Totals	**$ 5,153.7**	**100%**	

Static Shock Impact on NII



Average Earning Assets



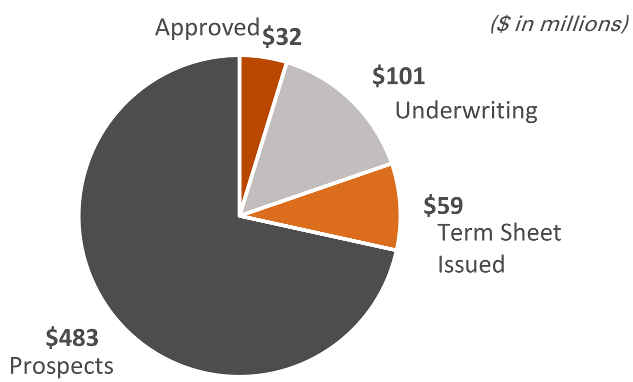
[1] Please refer to the "Reconciliation of Non-GAAP Financial Measures" at the end of this presentation for a description and reconciliation of these non-GAAP financial measures.

North Avenue Capital

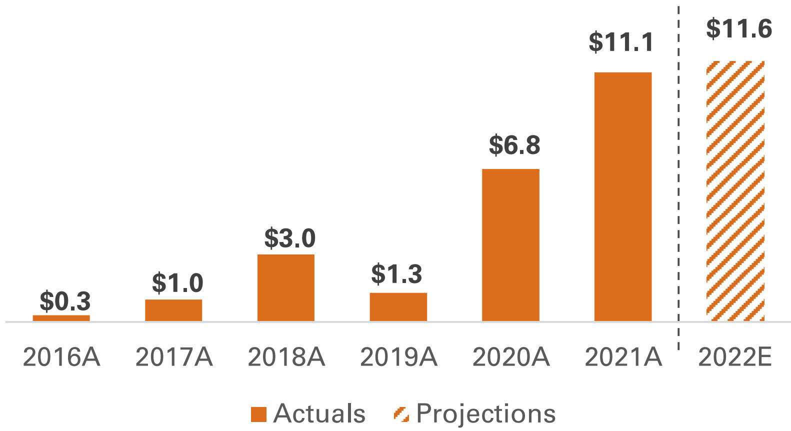
Completed acquisition on November 1, 2021

Meaningful strategic expansion into the fragmented USDA lending space
Diversification of Veritex's revenue streams
Enhanced profitability outlook
Strong cultural fit

Full Loan Pipeline - $675 million



Net Income[1] ($ in millions)



2021 Select Financial Highlights

$24.8M Revenue	$11.1M Net Income[1]
$89.9M Loan Originations	165% YoY Rev. Growth

1. Assumes a 21% tax rate.

Operating Noninterest Income

Quarter-over-Quarter Change

($ in thousands)

Other:	+$1,402	61%
Govt. guar. loan inc., net:	+$1,082	46%
Loan fees:	+$951	54%
Deposite service charges:	+298	7%
Gain on sales of MLHFS:	($114)	-28%
Equity method invst. inc.:[1]	($1,372)	-53%
Total	+2,247	18%

Year-over-Year Change

($ in thousands)

Equity method invst. inc.:[1]	+3,848	100%
Loan fees:	+3,051	67%
Deposit service charges:	+$3,039	22%
Govt. guar. loan inc., net:	+$1,610	11%
Gain on sales of MLHFS:	+353	28%
Other:	+$51	0%
Total	+11,952	27%

Quarter-over-Quarter Commentary

- Other noninterest income increased $1.4 million, or 61%, primarily related to services fee income, BOLI and derivative income
- Government guaranteed loan income, net, increased 46%, primarily as a result of increases in gains on USDA loan sales from the acquisition on NAC
- Loan fees increased $951 thousand, or 54%, primarily driven by a $632 thousand increase in syndication and arrangement fees in 4Q21 compared to 3Q21
- Equity method investment income decreased 53% driven by lower 4Q21 income on our investment in Thrive

Year-over-Year Commentary

- Equity method investment income was $3.9 million which represents our 49% investment in Thrive
- Loan fees increased $3.1 million, or 67%, primarily driven by a $2.2 million increase in syndication fees in 2021. Over the last year, the Company has invested in a Syndication Group with direct results reflected in 2021 noninterest income
- Deposit service charges increased 22% primarily related to additional analysis charges during 2021
- Government guaranteed loan income, net, increased 11%, primarily as a result of increases in SBA, PPP and USDA loan sales

1 Excludes $1.9 million of PPP loan forgiveness income received by Thrive during the third quarter of 2021.

Operating Noninterest Expense

Quarter-over-Quarter Change

($ in thousands)

Salaries and employee benefits	+$2,437	11%
Other	+$620	16%
Marketing	+$292	24%
Data processing	+$103	4%
Occupancy and equipment	($138)	-3%
Professional and regulatory fees	($384)	-11%
Total	+$2,930	7.0%

Quarter-over-Quarter Commentary

- Salaries and employee benefits increased $2.4 million, or 11%, primarily resulting from continued investment in talent, both producers and back office, lower deferred origination costs and the addition of NAC

Year-over-Year Change

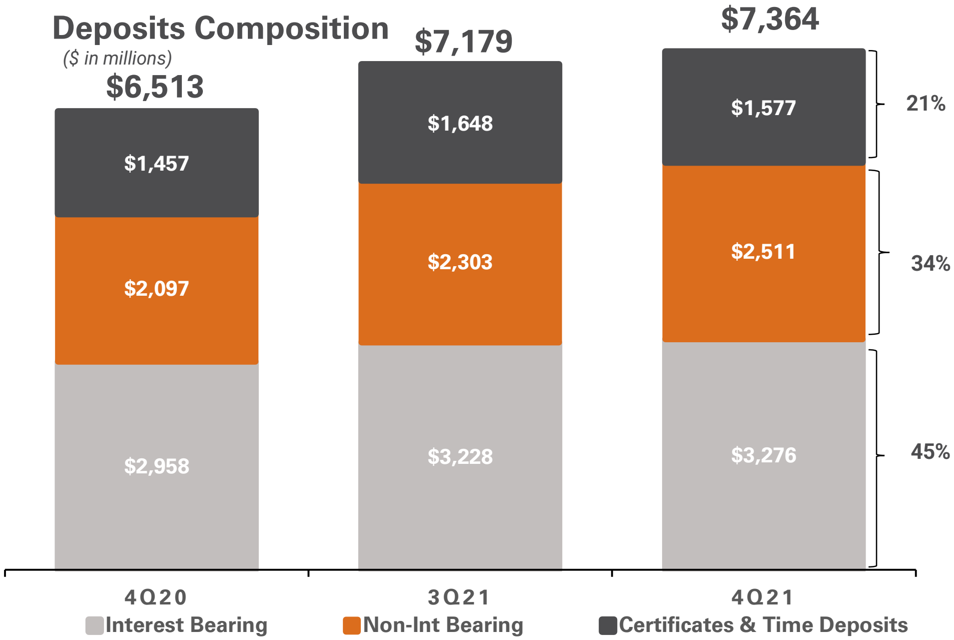
($ in thousands)

Salaries and employee benefits	+$14,668	18%
Marketing	+$1,693	46%
Professional and regulatory fees	+$1,216	10%
Occupancy and equipment	+$900	7%
Data processing	+$733	6%
Other	+$226	8%
Telephone and communications	+$122	9%
COVID Expenses	($1,377)	-100%
Total	+$18,181	12.0%

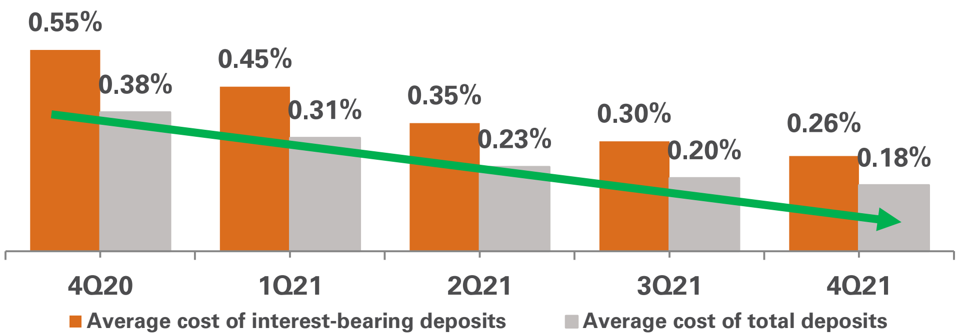
Year-over-Year Commentary

- Salaries and employee benefits increased $14.7 million, or 15%, primarily resulting from continued investment in talent and an increase in variable compensation
- Marketing increased 46% from 2020, primarily resulting from an approximate increase of $842 thousand in annual sponsorship fees paid in 2021 and not in 2020
- Professional and regulatory fees increased $1.2 million, or 10%, primarily related to increased FDIC assessment fees in connection with an increase in assets

Deposit Growth



Cost of Interest-bearing Deposits and Total Deposits



- Total deposit balances increased $184.9 million, or 10% LQA, and increased $850.8 million, or 13% YOY

	LQA	YOY
Demand & Savings	+6%	+11%
Non-Int Bearing	+36%	+20%
Certificates and Time Deposits	-17%	+8%

- Total deposit cost down 2 bps compared to 3Q21 due to pricing diligence and product mix
- Excluding MW and PPP loans, the loan to deposit ratio was 92.0% at December 31, 2021
- 4Q21 weighted average of interest-bearing deposit rate of 20 bps on production

Certificates & Time Maturity Table

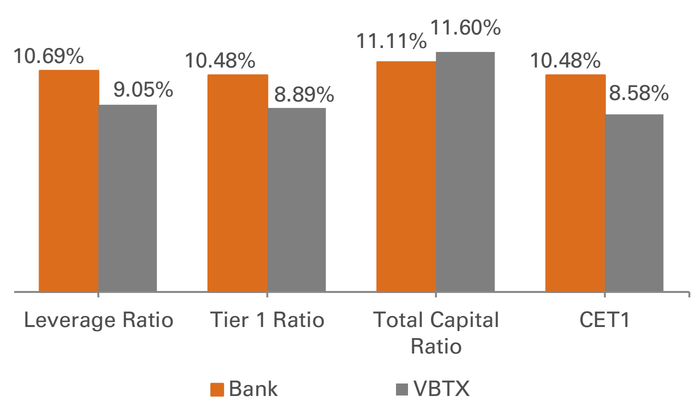
	Balance ($000)	WA Rate
Q1 2022	392,375	0.46%
Q2 2022	209,262	0.33%
Q3 2022	218,850	0.29%
Q4 2022	195,109	0.30%
Q1 2023	159,983	0.31%
Q2 2023	135,077	0.31%
Q3 2023	205,148	0.29%
Q4 2023	24,517	0.83%
Q1 2024+	36,258	1.29%
Total	**1,576,580**	**0.38%**

Capital Overview

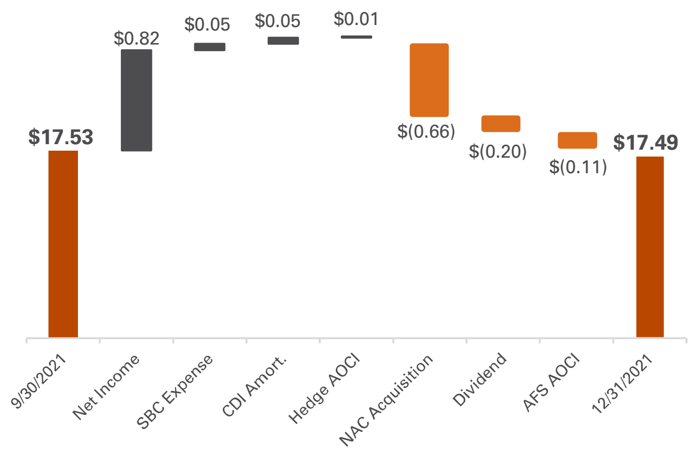
VBTX Amounts *($ in thousands)*	December 31, 2021	September 30, 2021	$ Change
Basel III Standardized[1]			
CET1 capital	$ 814,138	$ 825,001	$ (10,863)
CET1 capital ratio	8.58%	8.75%	
Leverage capital	$ 843,585	$ 854,393	$ (10,808)
Leverage capital ratio	9.05%	9.54%	
Tier 1 capital	$ 843,585	$ 854,393	$ (10,808)
Tier 1 capital ratio	8.89%	9.06%	
Total capital	$ 1,100,404	$ 1,160,589	$ (60,185)
Total capital ratio	11.60%	12.31%	
Risk weighted assets	$ 9,486,469	$ 9,419,819	$ 66,650
Total assets[2]	$ 9,757,249	$ 9,572,300	$ 184,949
Tangible common equity / Tangible assets[3]	9.28%	9.43%	

Paid off $35 million of sub debt assumed from Green Bancorp, Inc. with an 5.5% effective rate in 4Q21.

Ratios as of December 31, 2021



TBVPS Rollforward



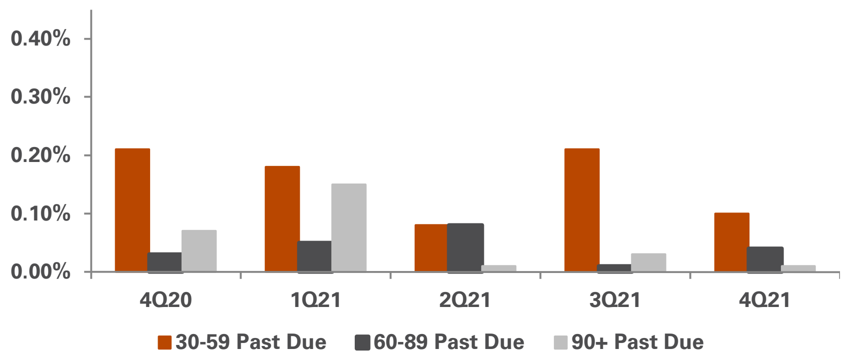
[1] Estimated capital measures inclusive of CECL capital transition provisions as of December 31, 2021 and September 30, 2021.
[2] Total assets includes PPP loans that we did not utilize the Paycheck Protection Program Liquidity Facility to fund.
[3] Please refer to the "Reconciliation of Non-GAAP Financial Measures" at the end of this presentation for a description and reconciliation of these non-GAAP financial measures.

Asset Quality and ACL

Past Due[1] Trends % of Total Loans[2]

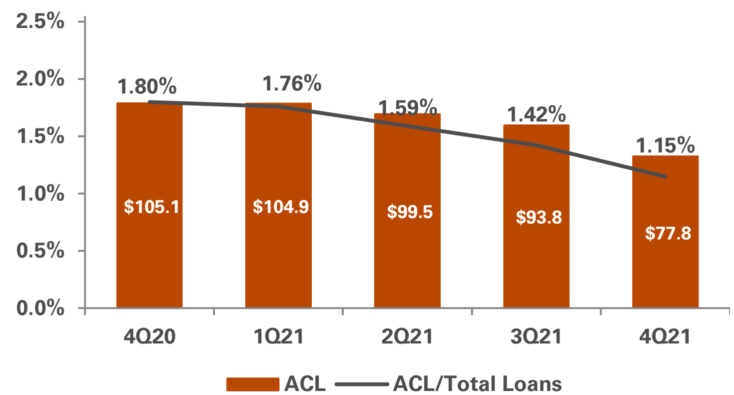
($ in thousands)

Totals	$18,691	$22,637	$10,017	$16,508	$9,997



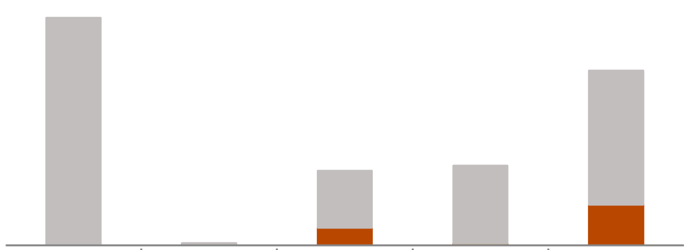
ACL / Total Loans[2]

($ in millions)



Net Charge-offs

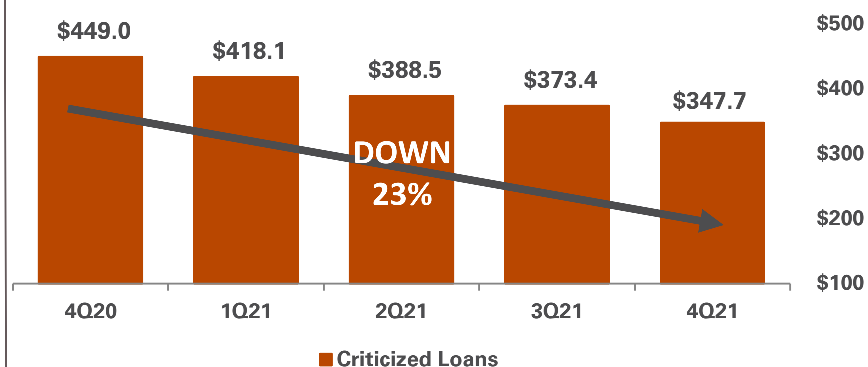
($ in thousands)



	4Q20	1Q21	2Q21	3Q21	4Q21
Acquired	$16,462	$130	$4,124	$5,652	$9,747
Originated	$45	$18	$1,269	$120	$2,921

Quarterly Criticized Loans

($ in millions, excludes PCD loans)



[1] Past due loans exclude purchased credit deteriorated loans that are accounted for on a pooled basis and non-accrual loans.
[2] Total loans excludes Loans Held for Sale, MW and PPP loans.

Investment in Talent

Continued investment in talent for continued growth in 2022 and further diversification

55 production team new hires during 2021

101 back-office team new hires during 2021

FOURTH QUARTER NEW HIRES

PRODUCTION TEAM	Back-office (Including 4 Re-hires)
23	31

2021 Year in Recap

Organic Growth	Strong Financials	Investments
Grew loans $918.1 million, or 15.7%	Reported net income of $139.6 million, or $2.77 diluted EPS	Completed 49% investment in Thrive Mortgage
Grew loan commitment production to $5.4 billion, or 91% in ‘21 compared to ‘20	Maintained an efficiency ratio below 50% for ‘21 despite talent investments	Acquired leading USDA originator in the nation, North Avenue Capital, LLC
Grew deposits $850.8 million, or 13.1%	Increased operating ROATCE to 17.58% from 11.72%	Focused on 2021 talent investments to support 2022 growth

VBTX

Veritex Holdings, Inc.

Supplemental Information

Reconciliation of Non-GAAP Financial Measures

	12/31/2021	9/30/2021	6/30/2021	3/31/2021	12/31/2020
	As of				
	(Dollars in thousands, except per share data)				
Tangible Common Equity					
Total stockholders' equity	$ 1,315,079	$ 1,284,160	$ 1,272,907	$ 1,233,808	$ 1,203,376
Adjustments:					
Goodwill	(403,771)	(370,840)	(370,840)	(370,840)	(370,840)
Core deposit intangibles	(47,998)	(50,436)	(52,873)	(55,311)	(57,758)
Tangible common equity	$ 863,310	$ 862,884	$ 849,194	$ 807,657	$ 774,778
Common shares outstanding	49,372	49,229	49,498	49,433	49,340
Book value per common share	$ 26.64	$ 26.09	$ 25.72	$ 24.96	$ 24.39
Tangible book value per common share	$ 17.49	$ 17.53	$ 17.16	$ 16.34	$ 15.70

	12/31/2021	9/30/2021	6/30/2021	3/31/2021	12/31/2020
	As of				
	(Dollars in thousands)				
Tangible Common Equity					
Total stockholders' equity	$ 1,315,079	$ 1,284,160	$ 1,272,907	$ 1,233,808	$ 1,203,376
Adjustments:					
Goodwill	(403,771)	(370,840)	(370,840)	(370,840)	(370,840)
Core deposit intangibles	(47,998)	(50,436)	(52,873)	(55,311)	(57,758)
Tangible common equity	$ 863,310	$ 862,884	$ 849,194	$ 807,657	$ 774,778
Tangible Assets					
Total assets	$ 9,757,249	$ 9,572,300	$ 9,349,525	$ 9,237,510	$ 8,820,871
Adjustments:					
Goodwill	(403,771)	(370,840)	(370,840)	(370,840)	(370,840)
Core deposit intangibles	(47,998)	(50,436)	(52,873)	(55,311)	(57,758)
Tangible Assets	$ 9,305,480	$ 9,151,024	$ 8,925,812	$ 8,811,359	$ 8,392,273
Tangible Common Equity to Tangible Assets	9.28%	9.43%	9.51%	9.17%	9.23%

Reconciliation of Non-GAAP Financial Measures

	For the Quarter Ended					For the Year Ended	
	12/31/2021	9/30/2021	6/30/2021	3/31/2021	12/31/2020	12/31/2021	12/31/2020
	(Dollars in thousands)						
Net income available for common stockholders adjusted for amortization of core deposit intangibles							
Net income	$ 41,506	$ 36,835	$ 29,456	$ 31,787	$ 22,801	$ 139,584	$ 73,883
Adjustments:							
Plus: Amortization of core deposit intangibles	2,438	2,438	2,438	2,447	2,451	9,761	9,804
Less: Tax benefit at the statutory rate	512	512	512	514	515	2,050	2,060
Net income available for common stockholders adjusted for amortization of core deposit intangibles	$ 43,432	$ 38,761	$ 31,382	$ 33,720	$ 24,737	$ 147,295	$ 81,627
Average Tangible Common Equity							
Total average stockholders' equity	$ 1,301,676	$ 1,290,528	$ 1,254,371	$ 1,224,294	$ 1,196,274	$ 1,267,992	$ 1,164,973
Adjustments:							
Average goodwill	(393,220)	(370,840)	(370,840)	(370,840)	(370,840)	(376,480)	(370,840)
Average core deposit intangibles	(49,596)	(52,043)	(54,471)	(56,913)	(59,010)	(53,233)	(62,803)
Average tangible common equity	858,860	867,645	829,060	796,541	766,424	838,279	731,330
Return on Average Tangible Common Equity (Annualized)	20.06%	17.72%	15.18%	17.17%	12.84%	17.57%	11.16%

Reconciliation of Non-GAAP Financial Measures

	For the Quarter Ended					For the Year Ended	
	12/31/2021	9/30/2021	6/30/2021	3/31/2021	12/31/2020	12/31/2021	12/31/2020
	(Dollars in thousands)						
Operating Earnings							
Net income	$ 41,506	$ 36,835	$ 29,456	$ 31,787	$ 22,801	$ 139,584	$ 73,883
Plus: Severance payments[1]	-	-	627	-	-	627	-
Plus: Loss (gain) on sale of securities available for sale, net	-	188	-	-	256	188	(2,615)
Plus: Debt extinguishment costs[2]	-	-	-	-	9,746	-	11,307
Less: Thrive PPP loan forgiveness income[3]	-	1,912	-	-	-	1,912	-
Plus: Merger and acquisition expenses	826	-	-	-	-	826	-
Operating pre-tax income	42,332	35,111	30,083	31,787	32,803	139,313	82,575
Less: Tax impact of adjustments	(78)	39	131	-	2,100	92	1,823
Plus: Nonrecurring tax adjustments[4]	-	-	-	426	(973)	426	(2,772)
Operating earnings	$ 42,410	$ 35,072	$ 29,952	$ 32,213	$ 29,730	$ 139,647	$ 77,980
Weighted average diluted shares outstanding	50,441	50,306	50,331	49,998	49,837	50,352	50,036
Diluted EPS	$ 0.82	$ 0.73	$ 0.59	$ 0.64	$ 0.46	$ 2.77	$ 1.48
Diluted operating EPS	$ 0.84	$ 0.70	$ 0.60	$ 0.64	$ 0.60	$ 2.77	$ 1.56

[1] Severance payments relate to branch restructurings made during the three months ended June 30, 2021.

[2] Debt extinguishment costs relate to prepayment penalties paid in connection with the early payoff of FHLB structured advances.

[3] During the third quarter of 2021, Thrive's PPP loan with another bank was 100% forgiven by the SBA. As a result of our 49% investment in Thrive, the $1.9 million represents our portion of the PPP loan forgiveness. PPP fee income is not taxable and as such has no tax impact.

[4] A nonrecurring tax adjustment of $426 thousand recorded in the first quarter of 2021 was due to a true-up of a deferred tax liability. A nonrecurring tax adjustment of $973 thousand recorded in the fourth quarter of 2020 was primarily due the reversal of acquired deferred tax liabilities resulting in a tax benefit of $1.2 million offset by tax expense of $281 thousand for the setup of an uncertain tax position liability relating to state tax exposure for tax years prior to the year ending December 31, 2020. A nonrecurring tax adjustment of $1,799 was recorded in the second quarter of 2020 as a result of the Company amending a prior year Green Bancorp, Inc. tax return to carry back a net operating loss ("NOL") incurred by Green Bancorp, Inc. on January 1, 2019. The Company was allowed to carry back this NOL as result of a provision in the Coronavirus Aid, Relief, and Economic Security Act, which permits NOL generated in tax years 2018, 2019 or 2020 to be carried back five years.

Reconciliation of Non-GAAP Financial Measures

	For the Quarter Ended					For the Year Ended	
	12/31/2021	9/30/2021	6/30/2021	3/31/2021	12/31/2020	12/31/2021	12/31/2020
	(Dollars in thousands)						
Pre-Tax, Pre-Provision Operating Earnings							
Net Income	$ 41,506	$ 36,835	$ 29,456	$ 31,787	$ 22,801	$ 139,584	$ 73,883
Plus: Provision for income taxes	10,697	9,195	7,837	8,993	4,702	36,722	14,203
Plus: (Benefit) provision for credit losses and unfunded commitments	(4,389)	(448)	577	(570)	902	(4,830)	65,669
Plus: Severance payments[1]	-	-	627	-	-	627	-
Plus: Loss (gain) on sale of securities, net	-	188	-	-	256	188	(2,615)
Plus: Debt extinguishment costs[2]	-	-	-	-	9,746	1,912	-
Less: Thrive PPP loan forgiveness	-	1,912	-	-	-	-	11,307
Plus: Merger and acquisition expenses	826	-	-	-	-	826	-
Net pre-tax, pre-provision operating earnings	$ 48,640	$ 43,858	$ 38,497	$ 40,210	$ 38,407	$ 171,205	$ 162,447
Average total assets	$ 9,788,671	$ 9,385,470	$ 9,321,279	$ 8,941,271	$ 8,750,141	$ 9,361,578	$ 8,525,275
Pre-tax, pre-provision operating return on average assets[4]	1.97%	1.85%	1.66%	1.82%	1.75%	1.83%	1.91%
Average Total Assets	$ 9,788,671	$ 9,385,470	$ 9,321,279	$ 8,941,271	$ 8,750,141	$ 9,361,578	$ 8,525,275
Return on average assets[4]	1.68%	1.56%	1.27%	1.44%	1.04%	1.49%	87.00%
Operating return on average assets[4]	1.72%	1.48%	1.29%	1.46%	1.35%	1.49%	91.00%
Operating earnings adjusted for amortization of core deposit intangibles							
Operating earnings	$ 42,410	$ 35,072	$ 29,952	$ 32,213	$ 29,730	$ 139,647	$ 77,980
Adjustments:							
Plus: Amortization of core deposit intangibles	2,438	2,438	2,438	2,447	2,451	9,761	9,804
Less: Tax benefit at the statutory rate	512	512	512	514	515	2,050	2,060
Operating earnings adjusted for amortization of core deposit intangibles	$ 44,336	$ 36,998	$ 31,878	$ 34,146	$ 31,666	$ 147,358	$ 85,724

[1] Severance payments relate to branch restructurings made during the three months ended June 30, 2021.

[2] Debt extinguishment costs relate to prepayment penalties paid in connection with the early payoff of FHLB structured advances.

[3] During the third quarter of 2021, Thrive's PPP loan with another bank was 100% forgiven by the SBA. As a result of our 49% investment in Thrive, the $1.9 million represents our portion of the PPP loan forgiveness. PPP fee income is not taxable and as such has no tax impact.

[4] Annualized ratio for quarterly metrics.

Reconciliation of Non-GAAP Financial Measures

	For the Quarter Ended					For the Year Ended	
	12/31/2021	9/30/2021	6/30/2021	3/31/2021	12/31/2020	12/31/2021	12/31/2020
	(Dollars in thousands)						
Average Tangible Common Equity							
Total average stockholders' equity	$ 1,301,676	$ 1,290,528	$ 1,254,371	$ 1,224,294	$ 1,196,274	$ 1,267,992	$ 1,164,973
Adjustments:							
Average goodwill	(393,220)	(370,840)	(370,840)	(370,840)	(370,840)	(376,480)	(370,840)
Average core deposit intangibles	(49,596)	(52,043)	(54,471)	(56,913)	(59,010)	(53,233)	(62,803)
Average tangible common equity	$ 858,860	$ 867,645	$ 829,060	$ 796,541	$ 766,424	$ 838,279	$ 731,330
Operating return on average tangible common equity[1]	20.48%	16.92%	15.42%	17.39%	16.44%	17.58%	11.72%
Efficiency ratio	48.53%	47.55%	52.42%	49.62%	62.52%	49.45%	50.90%
Net interest income	$ 76,741	$ 71,276	$ 67,131	$ 65,635	$ 66,766	$ 280,783	$ 265,798
Noninterest income	16,510	15,627	12,456	14,172	9,012	58,405	47,344
Plus: Loss (gain) on sale of securities available for sale, net	-	188	-	-	256	188	(2,615)
Less: Thrive PPP loan forgiveness income[2]	-	1,912	-	-	-	1,912	-
Operating noninterest income	16,150	13,903	12,456	14,172	9,268	56,681	49,959
Noninterest expense	45,077	41,321	41,717	39,597	47,373	167,712	159,387
Less: Severance payments[3]	-	-	627	-	-	627	-
Less: Debt extinguishment costs[4]	-	-	-	-	9,746	-	11,307
Plus: Merger and acquisition expenses	826	-	-	-	-	826	-
Operating noninterest expense	$ 44,251	$ 41,321	$ 41,090	$ 39,597	$ 37,627	$ 166,259	$ 150,695
Operating efficiency ratio	47.64%	48.51%	51.63%	49.62%	49.49%	49.27%	47.69%

[1] Annualized ratio for quarterly metrics.

[2] During the third quarter of 2021, Thrive's PPP loan with another bank was 100% forgiven by the SBA. As a result of our 49% investment in Thrive, the $1.9 million represents our portion of the PPP loan forgiveness. PPP fee income is not taxable and as such has no tax impact.

[3] Severance payments relate to branch restructurings made during the three months ended June 30, 2021.

[4] Debt extinguishment costs relate to prepayment penalties paid in connection with the early payoff of FHLB structured advances.

Reconciliation of Non-GAAP Financial Measures

	For the Quarter Ended					For the Year Ended	
	12/31/2021	9/30/2021	6/30/2021	3/31/2021	12/31/2020	12/31/2021	12/31/2020
		(Dollars in thousands, except per share data)					
Operating noninterest income							
Noninterest income	$ 16,150	$ 15,627	$ 12,456	$ 14,172	$ 9,012	$ 58,405	$ 47,344
Plus: Loss (gain) on sale of securities available for sale, net	$ -	$ 188	$ -	$ -	$ 256	188	(2,615)
Less: Thrive PPP loan forgiveness income[1]	-	1,912	-	-	-	1,912	-
Operating noninterest income	$ 16,150	$ 13,903	$ 12,456	$ 14,172	$ 9,268	$ 56,681	$ 44,729
Operating noninterest expense							
Noninterest expense	$ 45,077	$ 41,321	$ 41,717	$ 39,597	$ 47,373	$ 167,712	$ 159,387
Less: Severance payments[2]	$ -	$ -	$ 627	$ -	$ -	627	-
Less: FHLB prepayment fees	$ -	$ -	$ -	$ -	$ 9,746	-	11,307
Less: Merger and acquisition expenses	$ 826	$ -	$ -	$ -	$ -	826	-
Operating noninterest expense	$ 44,251	$ 41,321	$ 41,090	$ 39,597	$ 37,627	$ 166,259	$ 148,080

	For the Quarter Ended				
	12/31/2021	9/30/2021	6/30/2021	3/31/2021	12/31/2020
		(Dollars in thousands, except per share data)			
Adjusted net interest margin					
Net interest income	$ 76,741	$ 71,276	$ 67,131	$ 65,635	$ 66,766
Less: Loan accretion	$ 1,841	$ 1,904	$ 1,536	$ 1,911	$ 2,652
Less: Deposit premium amortization	$ -	$ 15	$ 34	$ 76	$ 89
Adjusted net interest income	$ 74,900	$ 69,357	$ 65,561	$ 63,648	$ 64,025
Total interest-earning assets	$9,045,186	$8,684,376	$8,659,059	$8,257,048	$8,065,652
Adjusted net interest margin	3.31%	3.16%	3.03%	3.12%	3.15%

[1] During the third quarter of 2021, Thrive's PPP loan with another bank was 100% forgiven by the SBA. As a result of our 49% investment in Thrive, the $1.9 million represents our portion of the PPP loan forgiveness. PPP fee income is not taxable and as such has no tax impact.

[2] Severance payments relate to branch restructurings made during the three months ended June 30, 2021.