

# TCBI Q4 2019 Earnings

January 22, 2020

# Forward Looking Statements

This communication may be deemed to include “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 regarding the financial condition, results of operations, business plans and the future performance of Texas Capital Bancshares, Inc. (“TCBI”). These statements are not historical in nature and can generally be identified by such words as “believe,” “expect,” “estimate,” “anticipate,” “plan,” “may,” “will,” “forecast,” “could,” “projects,” “intend” and similar expressions. Because forward-looking statements relate to future results and occurrences, they are subject to inherent uncertainties, risks, and changes in circumstances that are difficult to predict. A number of factors, many of which are beyond our control, could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to, the credit quality of our loan portfolio, general economic conditions in the United States and in our markets, including the continued impact on our customers from volatility in oil and gas prices, delays in completing the pending merger between TCBI and Independent Bank Group, Inc. (“IBTX”), the failure to obtain necessary regulatory approvals and shareholder approvals or to satisfy any of the other conditions to the merger on a timely basis or at all, the possibility that the anticipated benefits of the merger are not realized when expected or at all, expectations regarding rates of default and loan losses, volatility in the mortgage industry, our business strategies, and our expectations about future financial performance, future growth and earnings, the appropriateness of our allowance for loan losses and provision for credit losses, the impact of changing regulatory requirements and legislative changes on our business, increased competition, interest rate risk, the inability to realize cost savings or improved revenues or to implement integration plans and other consequences associated with the proposed merger or new lines of business, new product or service offerings and new technologies. These and other factors that could cause results to differ materially from those described in the forward-looking statements. The information contained in this communication speaks only as of its date. Except to the extent required by applicable law or regulation, TCBI disclaims any obligation to update such factors or to publicly announce the results of any revisions to any of the forward-looking statements included herein to reflect future events or developments. Further information regarding TCBI, IBTX and factors which could affect the forward-looking statements contained herein can be found in TCBI’s Annual Report on Form 10-K, its Quarterly Reports on Form 10-Q, and its other filings with the Securities and Exchange Commission (“SEC”), and in IBTX’s Annual Report on Form 10-K, its Quarterly Reports on Form 10-Q, and its other filings with the SEC.

# Additional Statements

## **Additional Information about the Merger and Where to Find It**

In connection with the proposed merger between IBTX and TCBI, IBTX filed a registration statement on Form S-4 with the SEC on January 21, 2020 to register the shares of IBTX's capital stock to be issued in connection with the merger. The registration statement includes a joint proxy statement/prospectus. The registration statement has not yet become effective. After the Form S-4 is effective, a definitive joint proxy statement/prospectus will be sent to the shareholders of IBTX and TCBI seeking their approval of the proposed transaction.

INVESTORS AND SECURITY HOLDERS ARE URGED TO READ THE REGISTRATION STATEMENT ON FORM S-4, THE JOINT PROXY STATEMENT/PROSPECTUS INCLUDED WITHIN THE REGISTRATION STATEMENT ON FORM S-4 AND ANY OTHER RELEVANT DOCUMENTS FILED OR TO BE FILED WITH THE SEC IN CONNECTION WITH THE PROPOSED TRANSACTION BECAUSE THESE DOCUMENTS DO AND WILL CONTAIN IMPORTANT INFORMATION ABOUT IBTX, TCBI AND THE PROPOSED TRANSACTION.

Investors and security holders may obtain copies of these documents free of charge through the website maintained by the SEC at [www.sec.gov](http://www.sec.gov) or from IBTX at its website, [www.ibtx.com](http://www.ibtx.com), or from TCBI at its website, [www.texascapitalbank.com](http://www.texascapitalbank.com). Documents filed with the SEC by IBTX will be available free of charge by accessing the Investor Relations page of IBTX's website at [www.ibtx.com](http://www.ibtx.com) or, alternatively, by directing a request by telephone or mail to Independent Bank Group, Inc., 7777 Henneman Way, McKinney, Texas 75070, (972) 562-9004, and documents filed with the SEC by TCBI will be available free of charge by accessing TCBI's website at [www.texascapitalbank.com](http://www.texascapitalbank.com) under the tab "About Us," and then under the heading "Investor Relations" or, alternatively, by directing a request by telephone or mail to Texas Capital Bancshares, Inc., 2000 McKinney Avenue, Suite 700, Dallas, Texas 75201, (214) 932-6600.

## **Participants in the Solicitation**

IBTX, TCBI and certain of their respective directors and executive officers may be deemed to be participants in the solicitation of proxies from the shareholders of IBTX and TCBI in connection with the proposed transaction under the rules of the SEC. Certain information regarding the interests of these participants and a description of their direct and indirect interests, by security holdings or otherwise, will be included in the joint proxy statement/prospectus regarding the proposed transaction when it becomes available. Additional information about IBTX, and its directors and executive officers, may be found in IBTX's definitive proxy statement relating to its 2019 Annual Meeting of Shareholders filed with the SEC on April 23, 2019, and other documents filed by IBTX with the SEC. Additional information about TCBI, and its directors and executive officers, may be found in TCBI's definitive proxy statement relating to its 2019 Annual Meeting of Shareholders filed with the SEC on March 7, 2019, and other documents filed by TCBI with the SEC. These documents can be obtained free of charge from the sources described above.

# Opening Remarks & Financial Highlights

## Operating Results

<i>Total Loans HFI</i>	<i>Total Deposits</i>	<i>Net Income</i>	<i>EPS</i>	<i>ROE</i>	<i>ROA</i>
<b>\$24.6 billion</b>	<b>\$26.5 billion</b>	<b>\$73.9 million</b>	<b>\$1.42</b>	<b>10.68%</b>	<b>.85%</b>

## Net Interest Income and Margin

- Net interest income decreased 2% from Q3-2019 and increased 3% from Q4-2018; increased 7% for YTD 2019
- Net interest margin decreased 21 bps from Q3-2019 to 2.95% and decreased 83 bps from Q4-2018
- LIBOR movement reflected in core LHI yields and mortgage finance yields

## Balance Sheet Growth

- Average LHI, excluding MFLs, decreased 1% from Q3-2019 (\$234.1 million); increased less than 1% from Q4-2018 (\$23.7 million)
- Average total MFLs increased 7% from Q3-2019 (\$765.4 million); 61% from Q4-2018 (\$4.3 billion)
- Average total deposits increased 6% from Q3-2019 (\$1.7 billion); 35% from Q4-2018 (\$7.4 billion)

## Operating Leverage

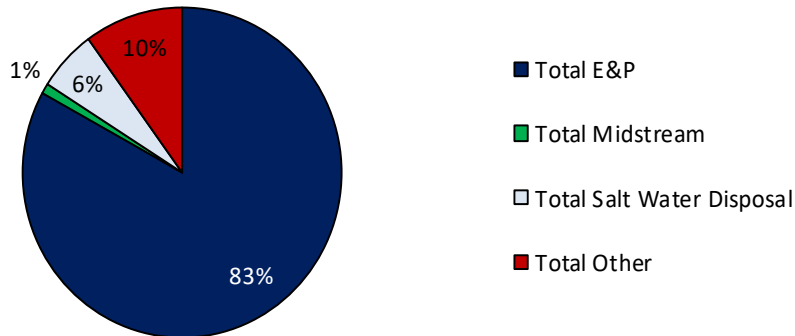
- Net revenue decreased 2% from Q3-2019 and increased 4% from Q4-2018
- Non-interest expense increased 6% from Q3-2019 and 22% from Q4-2018; increased 12% for YTD 2019, which included \$1.3 million in merger-related expenses and \$15.2 million of investment in Bask Bank and new C&I verticals, of which \$6.0 million is non-recurring

## Credit Quality

- Criticized loans were \$584.1 million at Q4-2019 compared to \$536.3 million at Q3-2019 and \$442.0 million at Q4-2018
- NCOs / average total LHI of .21% for Q4-2019 compared to .58% for Q3-2019 and .60% for Q4-2018
- Non-accrual loans / total LHI of .91% for Q4-2019 compared to .49% in Q3-2019 and .36% in Q4-2018

# Energy and Leveraged Lending Update

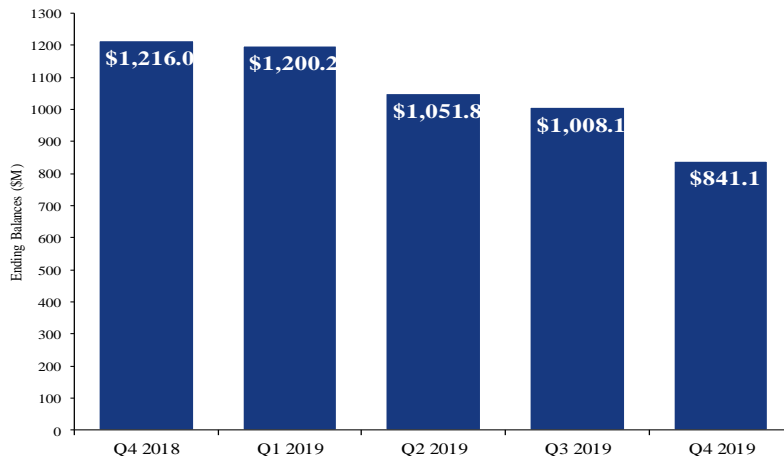
## Energy Outstandings 12/31/19



## Energy

- Outstanding energy loans represented 5% of total loans, or \$1.4 billion, at Q4-2019 compared to 6%, or \$1.5 billion, at Q3-2019 and 8%, or \$1.8 billion, at Q4-2018
- Non-accruals totaled \$125.0 million at Q4-2019 compared to \$63.2 million at Q3-2019 and \$37.5 million at Q4-2018
- Criticized energy loans totaled \$211.4 million (15% of outstanding energy loans) at Q4-2019 compared to \$136.0 million (9%) at Q3-2019 and \$83.4 million (5%) at Q4-2018
- Allocated reserves of \$61.8 million represents 4% of outstanding energy loans

## C&I Leveraged Outstandings 12/31/19

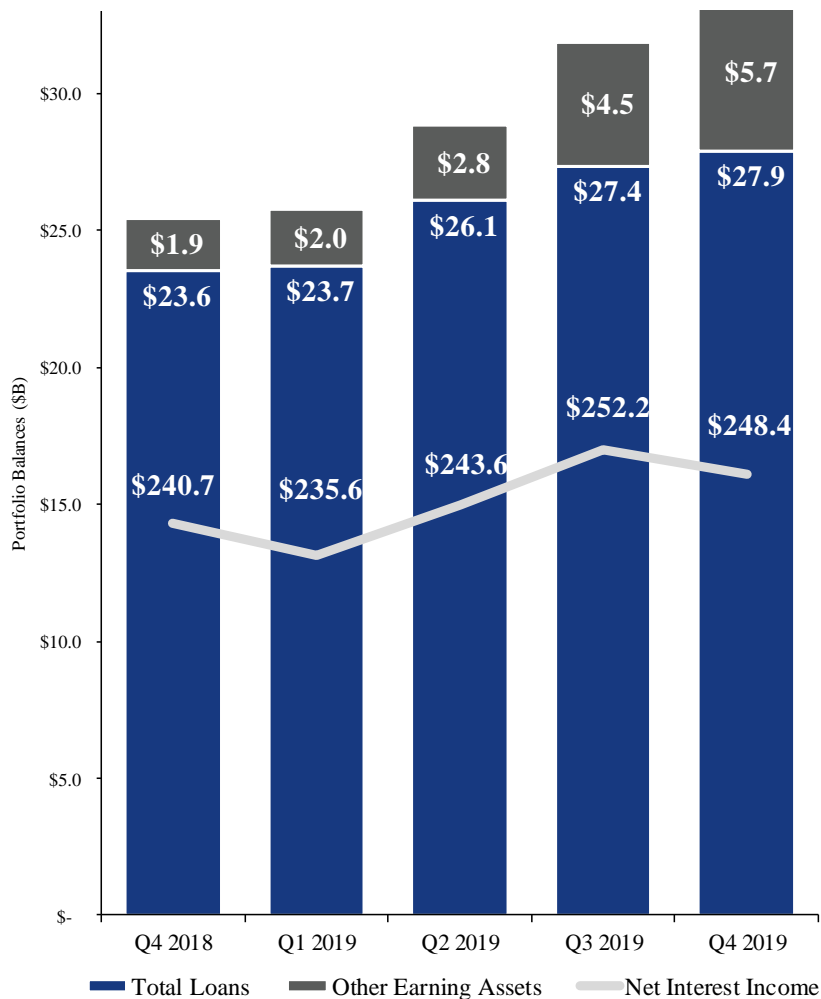


## C&I Leveraged

- Outstanding C&I leveraged loans decreased \$374.9 million, or 31%, from Q4-2018; expected 25%-30% reduction for full year 2019 achieved
- Outstanding C&I leveraged loans represented 3% of total loans, or \$841.1 million, at Q4-2019 compared to 4%, or \$1.0 billion, at Q3-2019 and 5%, or \$1.2 billion, at Q4-2018
- Non-accruals totaled \$73.2 million (9% of outstanding C&I leveraged loans) at Q4-2019, compared to \$28.3 million (3%) at Q3-2019 and \$28.8 million (2%) at Q4-2018
- Criticized loans totaled \$204.0 million (24% of outstanding C&I leveraged loans) at Q4-2019, compared to \$177.1 million (18%) at Q3-2019 and \$151.0 million (12%) at Q4-2018
- Allocated reserves of \$68.4 million represents 8% of outstanding C&I leveraged loans
- No significant concentration in any industry

# Net Interest Income & Margin

## Average Earning Assets & Net Interest Income



## Quarterly Change

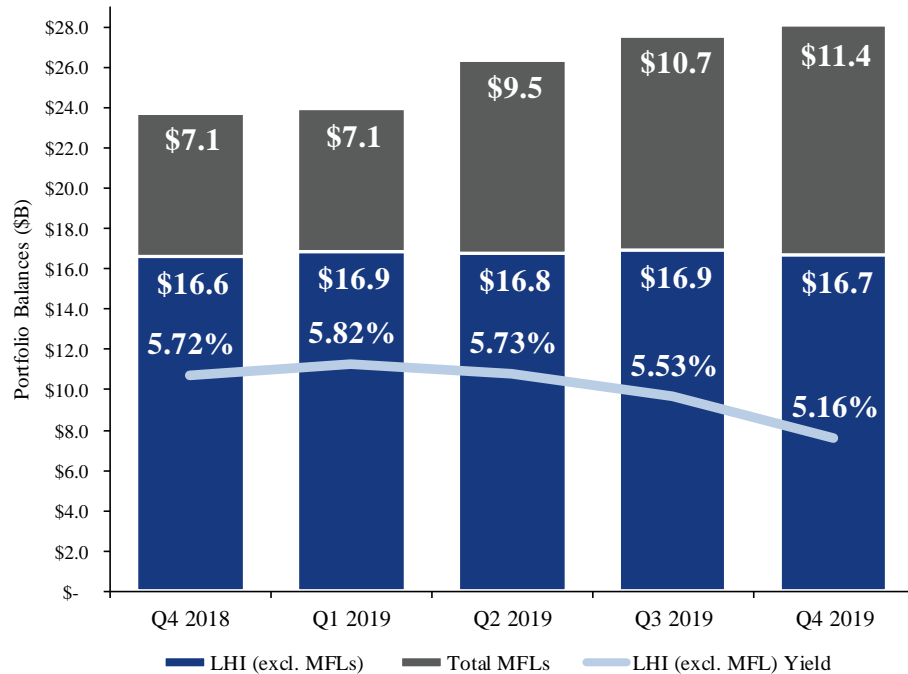
NII (\$MM)		NIM (%)
\$252.2	Q3 2019	3.16%
17.1	Decrease in funding costs	.21
6.3	Increase in loan balances	-
1.8	Contribution from free funds	.02
.6	Mix shift from MF to LHI	.01
(.5)	Increase in liquidity	(.11)
(6.5)	Decrease in MF yields	(.08)
(7.1)	Decrease in Liquidity Asset yields	(.08)
(15.5)	Decrease in LHI loan yields	(.18)
\$248.4	Q4 2019	2.95%

## Highlights

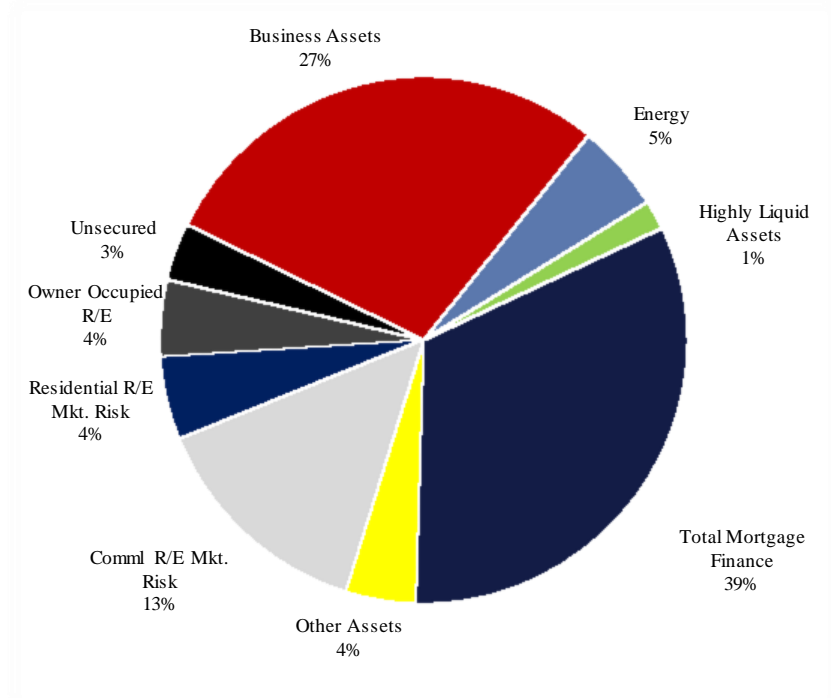
- Impact of continued downward LIBOR move reflected in traditional LHI yields
- Mortgage finance yields impacted by volume pricing
- MCA/LHS yields impacted by decline in mortgage rates
- Total funding costs decreased 22 bps during Q4-2019 compared to decrease of 15 bps during Q3-2019
- Deposit costs decreased 22 bps during Q4-2019 compared to decrease of 8 bps during Q3-2019

# Loan Growth

## Average Loans & Yield



## Loan Composition (\$27.2 Billion outstanding balance 12/31/19)

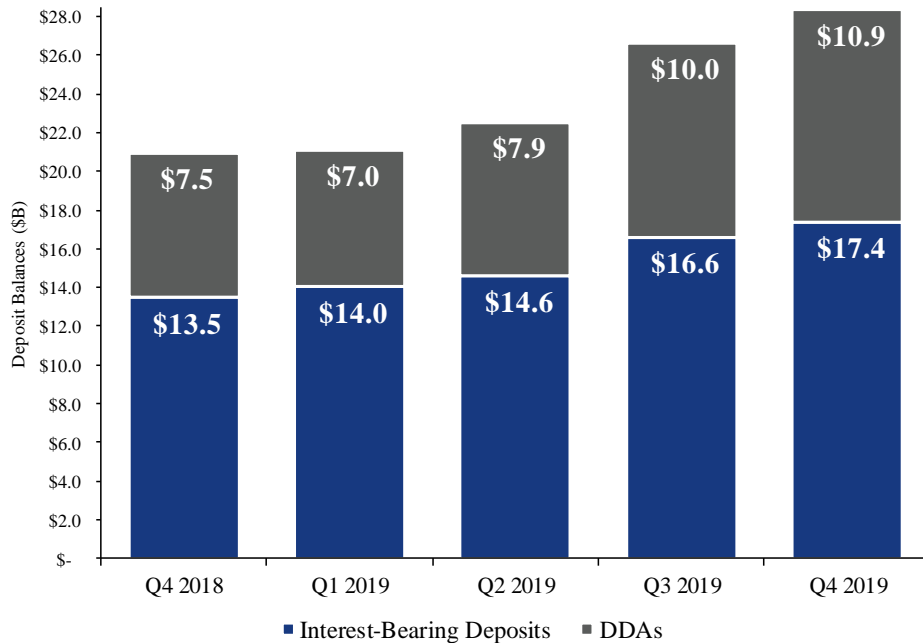


## Growth Highlights

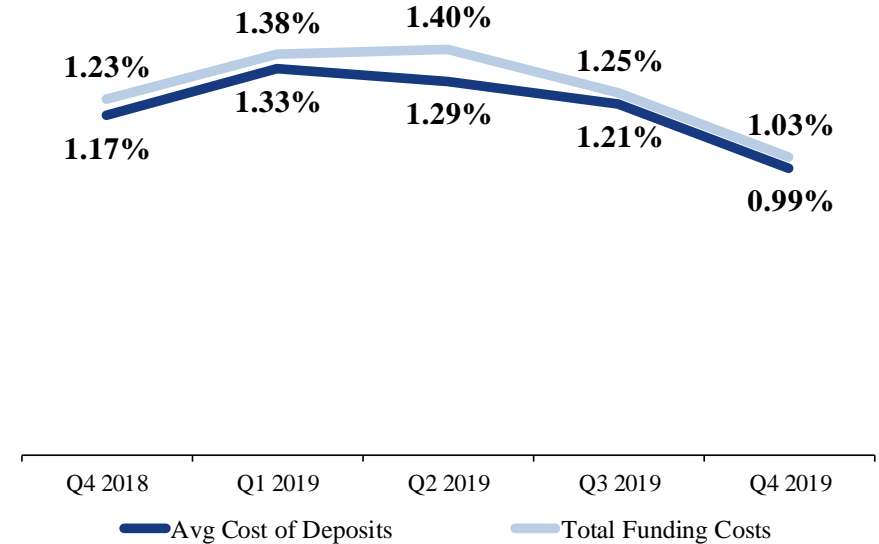
- Average LHI, excluding MFLs, down \$234.1 million (1%) from Q3-2019 and up \$23.7 million (less than 1%) from Q4-2018
- Decrease in LHI, excluding MFLs, at end of the quarter; period-end balance \$190.8 million lower than Q4-2019 average balance
- Increase in average total MFL balances of \$765.4 million (7%) from Q3-2019 and \$4.3 billion (61%) from Q4-2018
- Average total MFLs represent 41% of average total loans for Q4-2019 compared to 39% for Q3-2019 and 39% at period end

# Deposit Growth

## Average Deposits



## Funding Costs



## Growth Highlights

- Deposit costs decreased 22 bps during Q4-2019 and total funding costs decreased 22 bps; compared to a decrease of 8 bps and 15 bps, respectively, in Q3-2019
- Cost of interest-bearing deposits decreased 31 bps during Q4-2019; compared to a decrease of 6 bps in Q3-2019
- Increase in linked quarter average total deposits with growth in demand deposits improving overall deposit costs
- Continued focus on cost-effective deposit growth with new verticals and core client relationships
- Decrease in total funding costs resulting from continued decline in rates



# Non-interest Expense

## Quarterly Change

Non-interest expense (\$MM)	Increase/ (Decrease)
<b>Q3 2019</b>	<b>\$149.4</b>
Salaries and employee benefits, includes:	
– FAS 123R (includes stock price changes)	.6
– non-LTI incentives and annual incentive pool	(1.4)
– severance	(0.8)
– MTM on deferred compensation	0.7
– salaries and benefits	1.1
Marketing expense; variable component tied to deposits	(1.9)
Legal and professional, includes:	
– merger-related	1.3
– Bask Bank and new C&I verticals	7.4
– variable component related to deposit services	0.7
– general	1.6
Communications and technology	3.0
Servicing related expenses (includes MSR impairment)	(5.2)
All other – includes occupancy and FDIC insurance	2.2
<b>Q4 2019</b>	<b>\$158.7</b>

## Annual Change

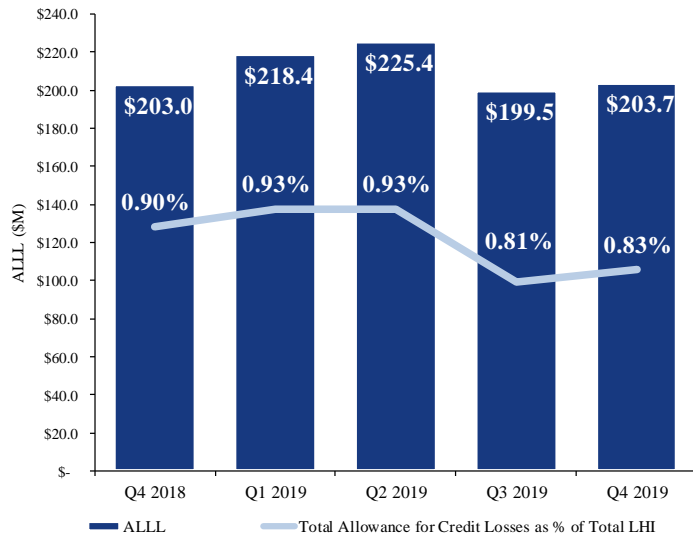
Non-interest expense (\$MM)	Increase/ (Decrease)
<b>YTD 2018</b>	<b>\$525.1</b>
Salaries and employee benefits, includes:	
– FAS 123R (includes stock price changes)	.7
– non-LTI incentives and annual incentive pool	2.3
– MTM on deferred compensation	3.6
– salaries and benefits	16.7
Marketing expense; variable component tied to deposits	14.0
Legal and professional	
– merger-related	1.3
– Bask Bank and new C&I verticals	9.1
– variable component related to deposit services	2.2
– general	(1.8)
Communications and technology	14.8
Servicing related expenses (includes MSR impairment)	7.6
All other – includes occupancy and FDIC insurance	(5.6)
<b>YTD 2019</b>	<b>\$590.0</b>

## NIE - Efficiency

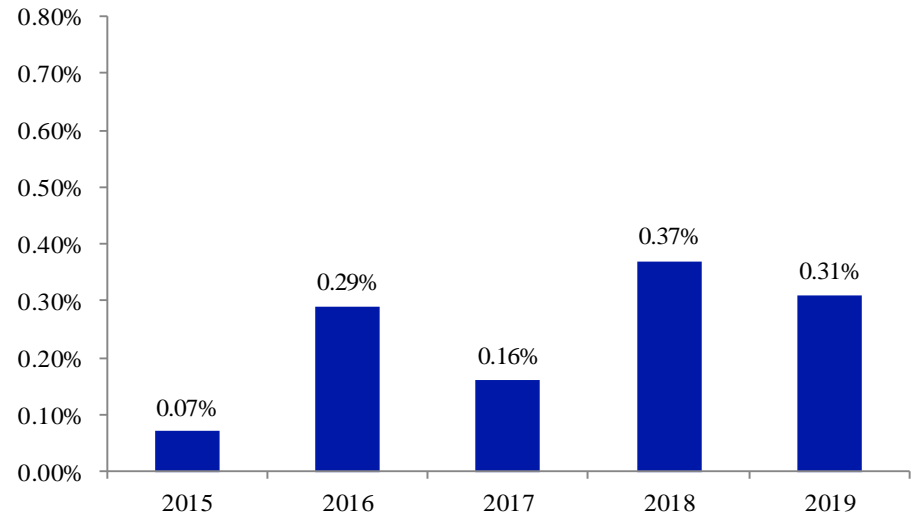
- Full year 2019 efficiency ratio of 55.0% compared to prior year of 52.9%; 59.6% for Q4-2019 compared to 54.8% for Q3-2019
- Important to understand punitive impact of deposit related marketing fees and servicing expenses on efficiency ratio; adjusted ratio of 52.1% for 2019 compared to 50.7% for 2018; 2019 includes \$1.3 million in merger-related expenses and \$15.2 million of investment in Bask Bank and new C&I verticals, of which \$6.0 million is non-recurring

# Asset Quality

## Allowance for Credit Losses

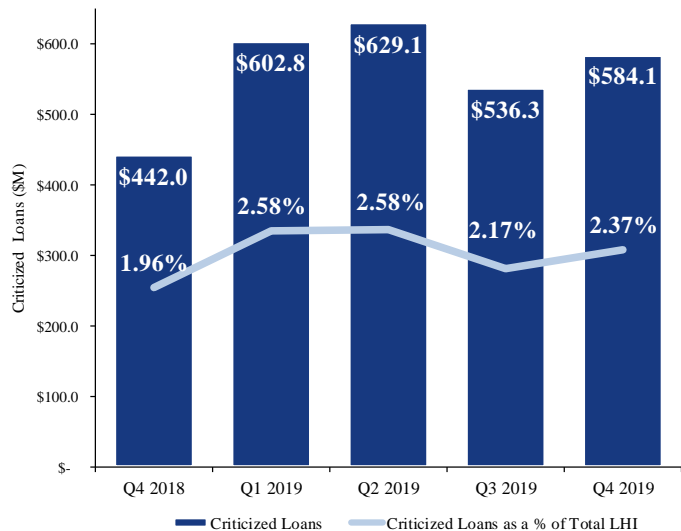


## NCO/Average Total LHI



Year	2015	2016	2017	2018	2019
Combined Reserves/ Total LHI	.90%	1.03%	.94%	.90%	.83%

## Criticized Loans as % of Total LHI



## Asset Quality Highlights

- Credit cost of \$17.0 million for Q4-2019, compared to \$11.0 million in Q3-2019 and \$35.0 million in Q4-2018
- NCOs \$12.8 million (\$588,000 energy and \$6.2 million leveraged lending), or 21 bps of average total LHI, in Q4-2019 compared to \$36.9 million, or 58 bps, in Q3-2019 and 60 bps in Q4-2018; YTD Q4-2019 NCOs \$74.3 million (\$32.3 million energy and \$30.2 million leveraged lending)
- NPL ratio increased to .91% of total LHI at Q4-2019 compared to .49% at Q3-2019 and .36% at Q4-2018
- Criticized loans increased to \$584.1 million at Q4-2019 compared to \$536.3 million at Q3-2019 and \$442.0 million at Q4-2018

# Performance Summary - Quarterly

<i>(in thousands except per share data)</i>	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
<b>Net interest income</b>	\$ 248,385	\$ 252,168	\$ 243,553	\$ 235,614	\$ 240,673
<b>Non-interest income</b>	17,761	20,301	24,364	30,014	15,280
<b>Net revenue</b>	266,146	272,469	267,917	265,628	255,953
<b>Provision for credit losses</b>	17,000	11,000	27,000	20,000	35,000
<b>Non-interest expense</b>	158,690	149,370	141,561	140,378	129,862
<b>Income before income taxes</b>	90,456	112,099	99,356	105,250	91,091
<b>Income tax expense</b>	16,539	23,958	21,387	22,411	19,200
<b>Net income</b>	73,917	88,141	77,969	82,839	71,891
<b>Preferred stock dividends</b>	2,437	2,438	2,437	2,438	2,437
<b>Net income available to common shareholders</b>	\$ 71,480	\$ 85,703	\$ 75,532	\$ 80,401	\$ 69,454
<b>Diluted EPS</b>	\$ 1.42	\$ 1.70	\$ 1.50	\$ 1.60	\$ 1.38
<b>Net interest margin</b>	2.95%	3.16%	3.41%	3.73%	3.78%
<b>ROA</b>	.85%	1.06%	1.05%	1.26%	1.09%
<b>ROE</b>	10.68%	13.22%	12.20%	13.58%	11.82%
<b>Non-interest expense to average earning assets</b>	1.87%	1.86%	1.97%	2.21%	2.03%
<b>Efficiency</b>	59.6%	54.8%	52.8%	52.8%	50.7%
<b>Efficiency, adjusted<sup>(1)</sup></b>	57.7%	51.2%	49.5%	50.1%	48.7%

(1) Non-interest expense, excluding deposit related marketing fees and servicing related expenses, divided by the sum of net interest income and non-interest income, net of deposit related marketing fees and servicing related expenses. Marketing fees totaled \$9.4 million, \$11.9 million, \$11.6 million, \$9.1 million and \$7.7 million for Q4, Q3, Q2 and Q1 2019, as well as for Q4 2018, respectively.

# Performance Summary - Annual

<i>(in thousands except per share data)</i>	2019	2018	2017	2016	2015
<b>Net interest income</b>	\$ 979,720	\$ 914,860	\$ 761,328	\$ 639,814	\$ 556,530
<b>Non-interest income</b>	92,440	78,024	74,256	60,780	47,738
<b>Net revenue</b>	1,072,160	992,884	835,584	700,594	604,268
<b>Provision for credit losses</b>	75,000	87,000	44,000	77,000	53,250
<b>OREO write-down</b>	-	-	6,111	-	-
<b>Non-interest expense</b>	589,999	525,096	459,765	382,397	326,523
<b>Income before income taxes</b>	407,161	380,788	325,708	241,197	224,495
<b>Income tax expense</b>	84,295	79,964	128,645	86,078	79,641
<b>Net income</b>	322,866	300,824	197,063	155,119	144,854
<b>Preferred stock dividends</b>	9,750	9,750	9,750	9,750	9,750
<b>Net income available to common shareholders</b>	\$ 313,116	\$ 291,074	\$ 187,313	\$ 145,369	\$ 135,104
<b>Diluted EPS</b>	\$ 6.21	\$ 5.79	\$ 3.73	\$ 3.11	\$ 2.91
<b>Net interest margin</b>	3.28%	3.78%	3.49%	3.14%	3.14%
<b>ROA</b>	1.04%	1.19%	.87%	.74%	.79%
<b>ROE</b>	12.38%	13.14%	9.51%	9.27%	9.65%
<b>Non-interest expense to average earning assets</b>	1.96%	2.15%	2.12%	1.88%	1.84%
<b>Efficiency</b>	55.0%	52.9%	55.8%	54.6%	54.0%
<b>Efficiency, adjusted<sup>(1)</sup></b>	52.1%	50.7%	53.2%	54.0%	53.6%

(1) Non-interest expense, excluding OREO write-down, deposit related marketing fees and servicing related expenses, divided by the sum of net interest income and non-interest income, net of deposit related marketing fees and servicing related expenses. Marketing fees totaled \$42.0 million, \$28.1 million, \$16.3 million, \$6.7 million and \$5.6 million for YTD 2019, 2018, 2017, 2016 and 2015, respectively.



## Business Driver

## 2020 Outlook

Average LHI

Mid single digit percent growth

Average LHI – Mortgage Finance

High teens percent decrease

Loans held for sale (MCA)

Low \$3.0 billion average

Average Deposits

Flat, due to repositioning

Net Revenue

Low single digit percent decrease

Net Interest Margin

3.05% to 3.15%

Provision Expense

Low to high \$60 million level

NIE

Mid single digit percent growth

Efficiency Ratio

High-50s

# Closing Comments

- Commitment to delivering premier client experience to our clients which we believe continues to improve post merger with opportunity to leverage branch network and increase small business market share
- Continued runoff in leverage and energy portfolios in Q4-2019 reducing traditional LHI balances; net growth planned in traditional LHI in 2020 with portfolio of single family mortgages sourced from MCA and launch of new C&I verticals
- Assuming more normalized level of mortgage finance in 2020, while leveraging MCA channel to add duration to the balance sheet
- Most significant deposit initiatives include Bask Bank and commercial escrow, both of which are expected to gain meaningful market share in 2020
- Improved level of provision for loan losses in 2019 versus 2018, with continued improvement expected in 2020; remaining vigilant on improving the overall risk profile of the portfolio and resolving problem loans
- Continued focus on management of core operating expenses while continuing to be opportunistic in attracting and hiring top revenue producing talent; committed to investment in Bask Bank which we believe is even more important post merger with an almost \$50 billion bank



# Q&A



# Appendix



# Merger of Equals Progress

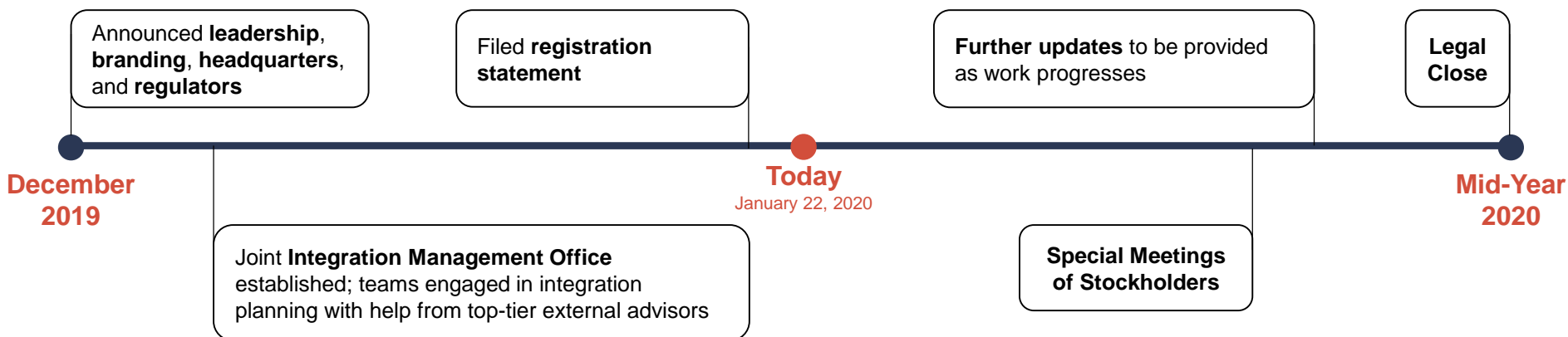
Work Underway to Create the Premier Texas-Based Bank



## Progress Since Announcement

- Integration planning well underway with leaders from both companies working to ensure seamless and timely transition once closing of the merger is achieved, subject to customary closing conditions
- Established a joint Integration Management Office leveraging top-tier external advisors with extensive experience in transactions and deep knowledge of financial services
- Continued commitment to achieving the synergies and cost savings as originally announced
- Filed our registration statement; regulatory merger applications expected to be filed in January 2020

## Illustrative Transaction Timeline



# Focused on Results

Delivering a High Performance Bank in the Country's Best Markets



- Focused on creating a high performance bank that can serve customers of any size in a combined footprint that spans five of the strongest markets in the country
- Complementary nature of the two companies creates opportunities to greatly expand our offering to existing customers and to continue growing organically in our core markets
- Our shared commitment to consistently delivering a high level of service to our customers will remain a core part of our shared identity once the merger is completed

## Key Markets



### Dallas Fort Worth Metroplex / North Texas Region

- 6<sup>th</sup> fastest growing MSA in the U.S.<sup>(1)</sup>
- 4<sup>th</sup> largest MSA in the United States<sup>(2)</sup>



### Austin Region

- #1 fastest growing MSA in the U.S.<sup>(1)</sup>
- 29<sup>th</sup> largest MSA in the United States<sup>(2)</sup>

### San Antonio Region

- 5<sup>th</sup> fastest growing MSA in the U.S.<sup>(1)</sup>
- 24<sup>th</sup> largest MSA in the United States<sup>(2)</sup>



### Houston Region

- 4<sup>th</sup> fastest growing MSA in the U.S.<sup>(1)</sup>
- 5<sup>th</sup> largest MSA in the United States<sup>(2)</sup>

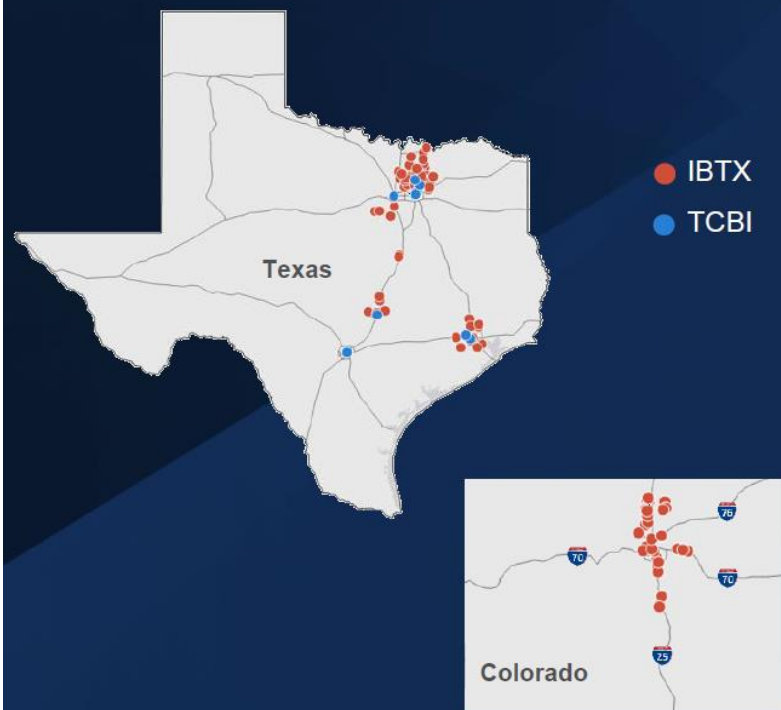


### Denver Region

- 10<sup>th</sup> fastest growing MSA in the U.S.<sup>(1)</sup>
- 19<sup>th</sup> largest MSA in the United States<sup>(2)</sup>

Source: S&P Global. <sup>(1)</sup> 2025 projected population growth for MSAs with greater than 1 million people. <sup>(2)</sup> 2019 population.

## Pro Forma Geographic Footprint



# Average Balances, Yields & Rates - Quarterly

<i>(in thousands)</i>	Q4 2019		Q3 2019		Q4 2018	
	Avg. Bal.	Yield Rate	Avg. Bal.	Yield Rate	Avg. Bal.	Yield Rate
<b>Assets</b>						
Securities	\$ 238,495	5.21%	\$ 239,834	4.69%	\$ 117,371	5.22%
Liquidity assets	5,489,320	1.66%	4,284,874	2.17%	1,759,417	2.25%
Loans held for sale	3,567,836	3.72%	2,555,269	4.07%	2,049,395	4.72%
LHI, mortgage finance	7,870,888	3.18%	8,118,025	3.36%	5,046,540	3.72%
LHI	16,667,259	5.16%	16,901,391	5.53%	16,643,559	5.72%
Total LHI, net of reserve	24,348,794	4.56%	24,806,518	4.87%	21,507,285	5.30%
Total earning assets	33,644,445	4.00%	31,886,495	4.44%	25,433,468	5.04%
Total assets	\$34,619,311		\$32,886,612		\$26,261,624	
<b>Liabilities and Stockholders' Equity</b>						
Total interest bearing deposits	\$17,382,275	1.62%	\$16,615,417	1.93%	\$13,474,308	1.82%
Other borrowings	2,822,465	1.83%	2,896,477	2.27%	2,290,520	2.39%
Total long-term debt	395,480	5.37%	395,385	5.45%	395,114	5.47%
Total interest bearing liabilities	20,600,220	1.72%	19,907,279	2.05%	16,159,942	1.99%
Demand deposits	10,933,887		9,992,406		7,462,392	
Total deposits	28,316,162	0.99%	26,607,823	1.21%	20,936,700	1.17%
Stockholders' equity	2,806,240		2,722,421		2,482,012	
Total liabilities and stockholders' equity	\$34,619,311	1.03%	\$32,886,612	1.25%	\$26,261,624	1.23%
<b>Net interest margin</b>		<b>2.95%</b>		<b>3.16%</b>		<b>3.78%</b>
<b>Total deposits and borrowed funds</b>	<b>\$31,138,627</b>	<b>1.07%</b>	<b>\$29,504,300</b>	<b>1.31%</b>	<b>\$23,227,220</b>	<b>1.29%</b>

# Average Balances, Yields & Rates - Annual

<i>(in thousands)</i>	2019		2018	
	Avg. Bal.	Yield Rate	Avg. Bal.	Yield Rate
<b>Assets</b>				
Securities	\$ 213,902	4.92%	\$ 70,695	4.75%
Liquidity assets	3,557,200	2.04%	1,970,310	1.85%
Loans held for sale	2,688,677	4.19%	1,561,530	4.56%
LHI, mortgage finance	6,999,586	3.45%	4,875,860	3.72%
LHI	16,803,930	5.56%	16,075,007	5.46%
Total LHI, net of reserve	23,603,232	4.98%	20,767,004	5.10%
Total earning assets	30,063,011	4.56%	24,369,539	4.80%
Total assets	\$31,016,005		\$25,197,689	
<b>Liabilities and Stockholders' Equity</b>				
Total interest bearing deposits	\$15,667,512	1.87%	\$12,323,299	1.50%
Other borrowings	3,038,095	2.31%	2,102,404	2.03%
Total long-term debt	395,342	5.51%	394,980	5.44%
Total interest bearing liabilities	19,100,949	2.02%	14,820,683	1.68%
Demand deposits	8,989,104		7,890,304	
Total deposits	24,656,616		20,213,603	
Stockholders' equity	2,679,021		2,365,449	
Total liabilities and stockholders' equity	\$31,016,005	1.25%	\$25,197,689	.99%
<b>Net interest margin</b>		<b>3.28%</b>		<b>3.78%</b>
<b>Total deposits and borrowed funds</b>	<b>\$27,694,711</b>	<b>1.31%</b>	<b>\$22,316,007</b>	<b>1.02%</b>

# Average Balance Sheet - Quarterly

<i>(in thousands)</i>	QTD Average			Q4/Q3 % Change	YOY % Change
	Q4 2019	Q3 2019	Q4 2018		
<b>Total assets</b>	\$34,619,311	\$32,886,612	\$26,261,624	5%	32%
<b>Loans held for sale</b>	3,567,836	2,555,269	2,049,395	40%	74%
<b>Loans held for investment</b>	16,667,259	16,901,391	16,643,559	(1)%	0%
<b>Loans held for investment, mortgage finance</b>	7,870,888	8,118,025	5,046,540	(3)%	56%
<b>Total loans held for investment</b>	24,538,147	25,019,416	21,690,099	(2)%	13%
<b>Total loans</b>	28,105,983	27,574,685	23,739,494	2%	18%
<b>Liquidity assets</b>	5,489,320	4,284,874	1,759,417	28%	212%
<b>Demand deposits</b>	10,933,887	9,992,406	7,462,392	9%	47%
<b>Total deposits</b>	28,316,162	26,607,823	20,936,700	6%	35%
<b>Stockholders' equity</b>	2,806,240	2,722,421	2,482,012	3%	13%

# Period End Balance Sheet

<i>(in thousands)</i>	Period End			Q4/Q3 % Change	YOY % Change
	Q4 2019	Q3 2019	Q4 2018		
<b>Total assets</b>	\$32,548,069	\$33,526,437	\$28,257,767	(3)%	15%
<b>Loans held for sale</b>	2,577,134	2,674,225	1,969,474	(4)%	31%
<b>Loans held for investment</b>	16,476,413	16,772,824	16,690,550	(2)%	(1)%
<b>Loans held for investment, mortgage finance</b>	8,169,849	7,951,432	5,877,524	3%	39%
<b>Total loans held for investment</b>	24,646,262	24,724,256	22,568,074	0%	9%
<b>Total loans</b>	27,223,396	27,398,481	24,537,548	(1)%	11%
<b>Liquidity assets</b>	4,263,766	4,993,185	2,865,874	(15)%	49%
<b>Demand deposits</b>	9,438,459	10,289,572	7,317,161	(8)%	29%
<b>Total deposits</b>	26,478,593	27,413,303	20,606,113	(3)%	28%
<b>Stockholders' equity</b>	2,832,258	2,757,433	2,500,394	3%	13%