



GREENBANCORP

# Third Quarter 2014 Earnings Presentation

October 30, 2014

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# Today's Speakers

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- Manny Mehos – Chairman and Chief Executive Officer
- Geoff Greenwade – President and Bank Chief Executive Officer
- Donald Perschbacher – Executive Vice President & Corporate Chief Credit Officer
- John Durie – Executive Vice President and Chief Financial Officer



The following information contains, or may be deemed to contain, “forward-looking statements” (as defined in the U.S. Private Securities Litigation Reform Act of 1995). Most forward-looking statements contain words that identify them as forward-looking, such as “may”, “plan”, “seek”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “project”, “opportunity”, “target”, “goal”, “growing” and “continue” or other words that relate to future events, as opposed to past or current events. By their nature, forward-looking statements are not statements of historical facts and involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. These statements give Green Bancorp’s current expectation of future events or its future performance and do not relate directly to historical or current events or Green Bancorp’s historical or future performance. As such, Green Bancorp’s future results may vary from any expectations or goals expressed in, or implied by, the forward-looking statements included in this presentation, possibly to a material degree.

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# Third Quarter Highlights

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- Earnings per share of \$0.20, an increase of 17.6% YoY
- Net income of \$4.5 million, an increase of 27.3% YoY
- Strong loan growth, up 18.5% to \$1.5 billion
- Nonperforming Assets remain low decreasing to 0.72% of third quarter total assets
- Deposits growth of 6.4%, to 1.6 billion driven by strong growth in noninterest bearing deposits
- Closed the acquisition of SP Bancorp and its subsidiary SharePlus Bank on October 17, 2014

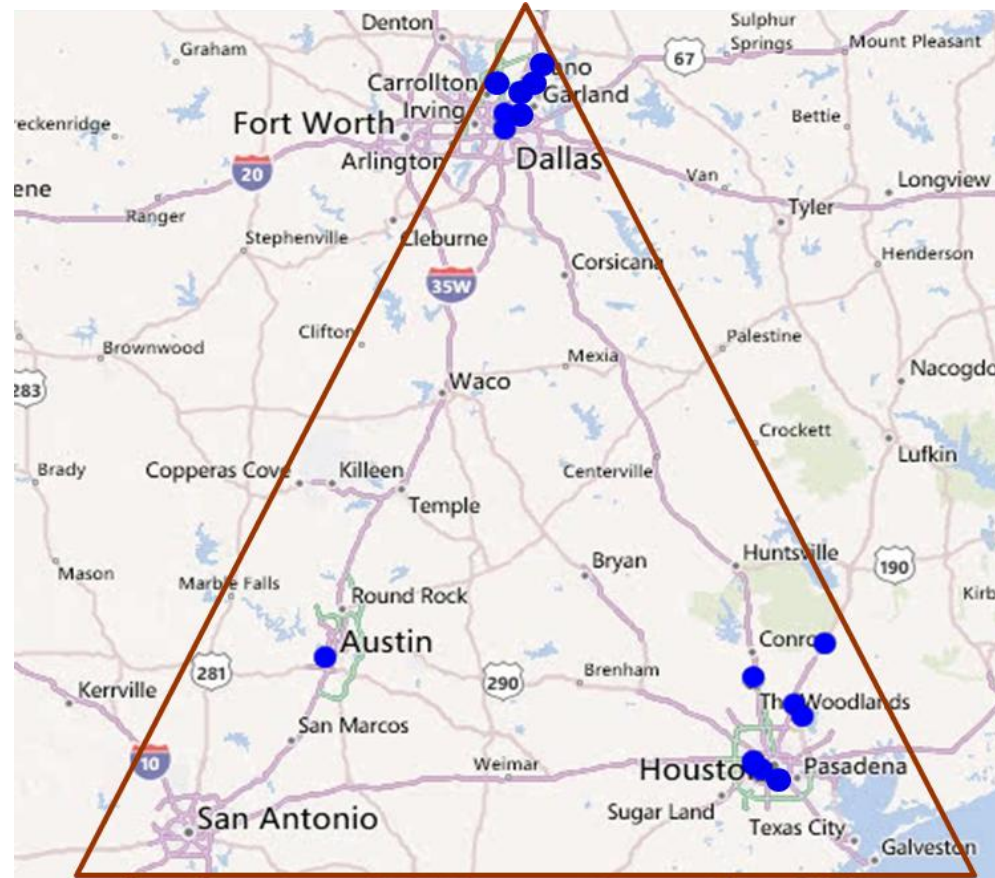
# Well Positioned in Texas



## Overview

- Headquartered in Houston, TX
- Established in 2006 with Redstone Bank merger
- 16 Branches<sup>(1)</sup>
  - Houston MSA (7)
  - Dallas MSA (7)
  - Austin MSA (1)
  - Louisville KY MSA
- Focused on commercial and private banking relationships
- Goal of building to \$5 billion total assets
  - Strategy of organic growth and select strategic acquisitions

## Branch Map



(1) Pro Forma for the SharePlus acquisition which closed October 17, 2014

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# Scalable Platform for Growth

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## Portfolio Banker Model - primary growth driver

- Portfolio Bankers are actively generating business and serving as the primary point of contact for our customers
  - Private and business bankers focus on emerging, affluent and small business customers
  - Commercial and specialty bankers focus on C&I, real estate, energy, mortgage warehouse and SBA loans
- Increase productivity of existing portfolio bankers
  - Remaining capacity of 37% imbedded in our current team
  - As utilization rises our efficiency ratio will continue to improve
- Hire additional seasoned and proven bankers
- Beat small competitors with size and sophistication, beat large competitors with speed and service

# SharePlus Acquisition Highlights



## Transaction Overview

- Acquisition announced on May 5, 2014; closed on October 17, 2014
- 100% cash consideration of \$46.2 million or 1.42x<sup>(1)</sup> tangible book value at announcement
- Headquartered in Plano, TX, SharePlus was founded as a credit union in 1958, became a publicly traded entity in 2010 and converted its federal thrift charter to a state chartered bank in December 2013
- SharePlus adds \$348.7 million in total assets, \$280.5 million in total deposits and \$248.2 million in total loans as of September 30, 2014
- Transaction is expected to be accretive to future year's earnings

## Strategic Rationale

- Consistent with Green Bank's strategic objective to build a high-performing community banking enterprise with a diversified asset mix, core deposit focus, strong credit culture, and commitment to the communities it serves
- Strengthens existing Dallas presence by adding 3 branches in the Dallas MSA and 1 additional branch in Louisville, KY and a total of 5 additional portfolio bankers

(1) Acquisition multiple based on per share values disclosed in SharePlus' proxy statement

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# Strategic Acquisitions to Drive Future Growth

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## Acquisition strategy emphasizes focus, discipline and success

- Focused on well managed banks in our target markets
  - Favorable market share
  - Low cost deposit funding
  - Compelling non-interest income generating business
  - Growth potential
  - Other unique attractive characteristics
- Leverage reputation as an experienced acquirer
- Maintain discipline in pricing and pursue transactions expected to produce attractive risk adjusted returns

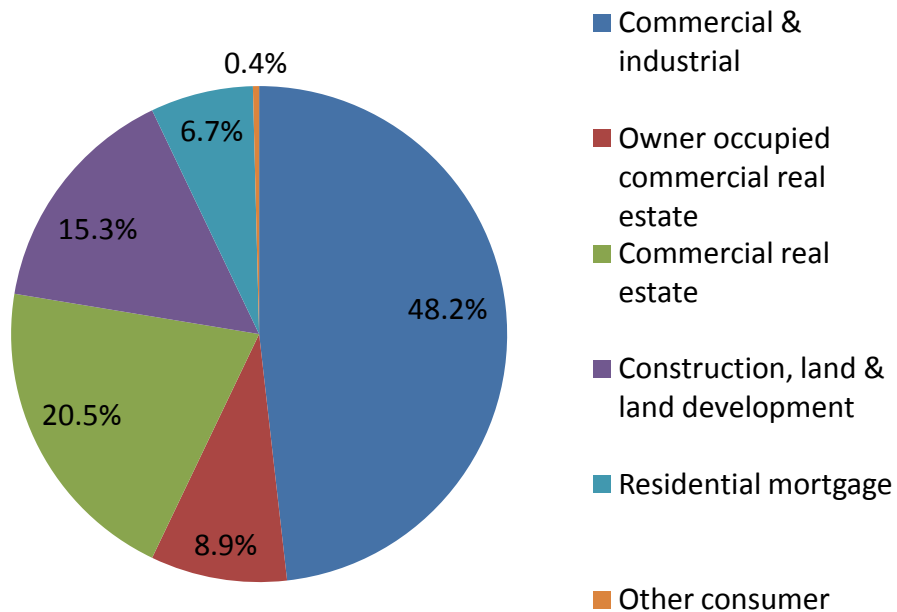


# Credit Update



## Total Loan Composition

As of September 30, 2014



## Highlights

- Asset quality improvement continues
  - NPA's of \$13.5 million or 0.72% of period end assets
  - Compares favorably to \$28.9 million or 1.7% of period end total assets at September 30, 2013
- Allowance for loan losses of 1.01% of total loans at September 30, 2014
  - Compares to 1.17% of total loans at September 30, 2013 and 1.10% of total loans at June 30, 2014

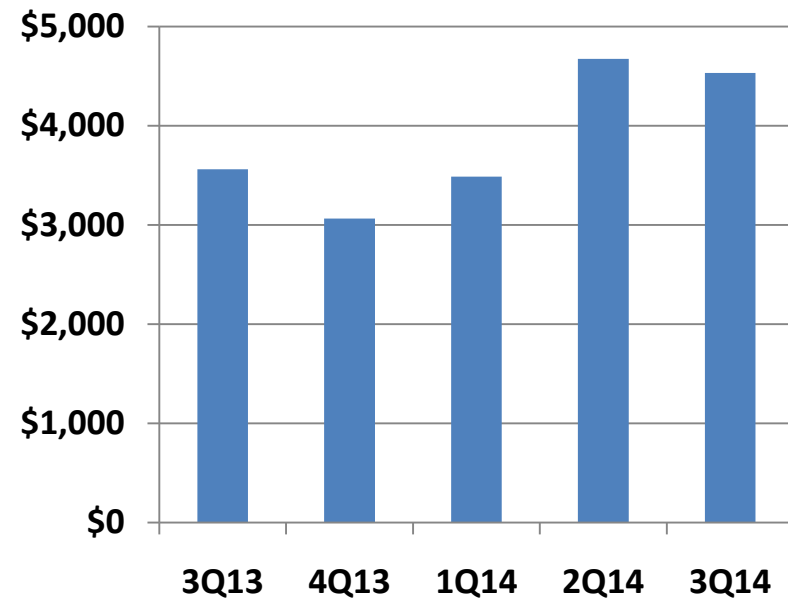
# Third Quarter Financial Highlights



	2014 Q3	2013 Q3
<b>Net Income</b>	\$4,533	\$3,561
<b>EPS</b>	\$0.20	\$0.17
<b>ROAA</b>	0.98%	0.84%
<b>Loans</b>	\$1,504,998	\$1,270,559
<b>Deposits</b>	\$1,577,691	\$1,483,301

\*Dollars in thousands, except per share data

## Net Income



\*Dollars in thousands

# Employee Stock Option Plan



	As of Sept. 30, 2014	Quarter ended Sept. 30, 2014	Nine months ended Sept. 30, 2014
Common shares outstanding - used in Basic EPS	26,170,949	22,713,873	21,430,198
Incremental shares for effect of dilutive options - calculated using treasury stock method	<u>484,001</u>	<u>388,555</u>	<u>297,870</u>
Fully diluted common shares - used in Diluted EPS	26,654,950	23,102,428	21,728,068
Vested stock options - dilutive:			
Time based stock options	1,023,072		
Performance based stock options	-		
Total vested stock options	<u>1,023,072</u>		
Unvested stock options - not dilutive:			
Time based stock options	78,702		
Performance based stock options	<u>1,674,511</u> *		
Total unvested stock options	1,753,213		

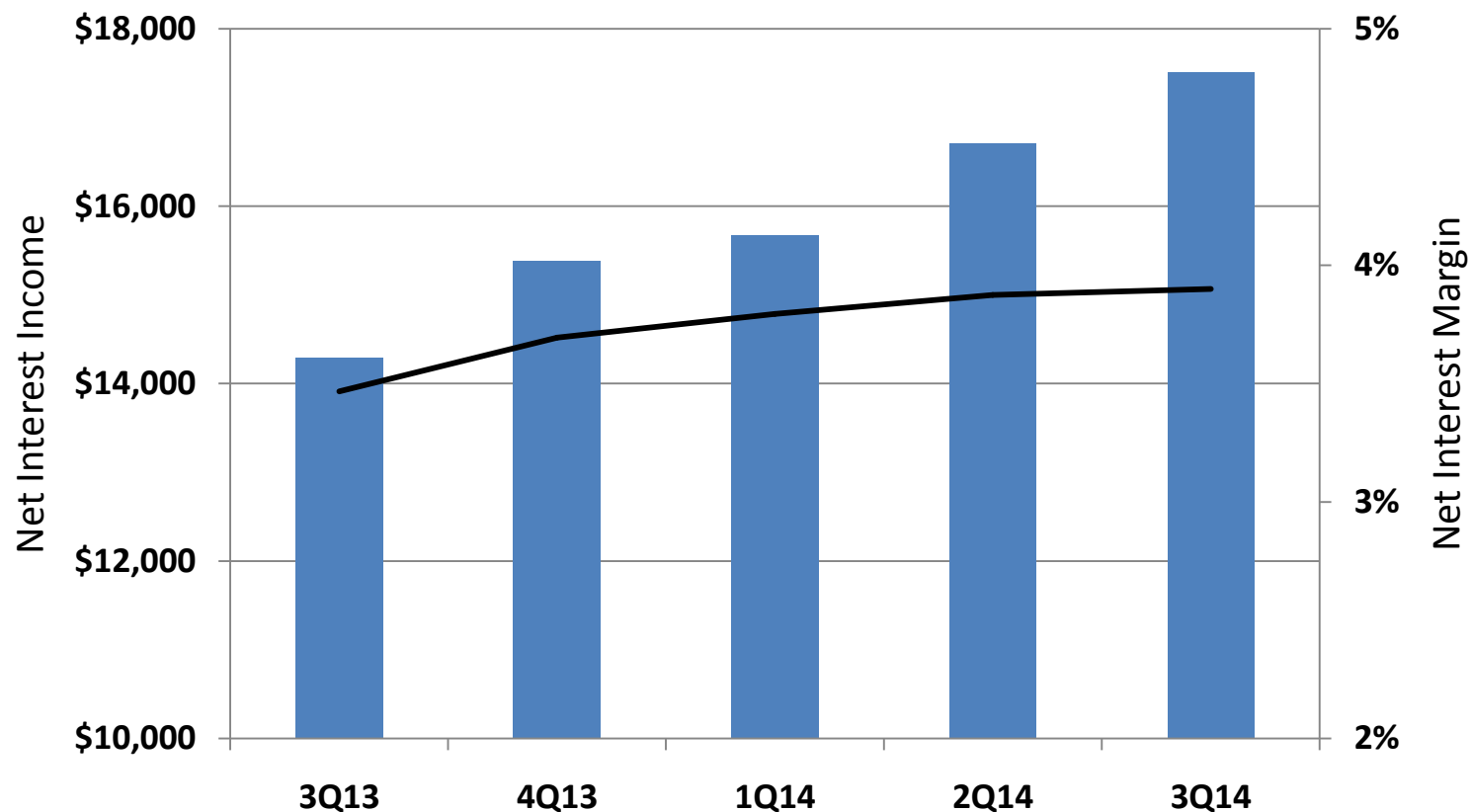
\* Stock based compensation expense will be recorded at the time performance based options vest.

Restricted stock - dilutive at issuance:

Restricted stock units 275,000 \*\*

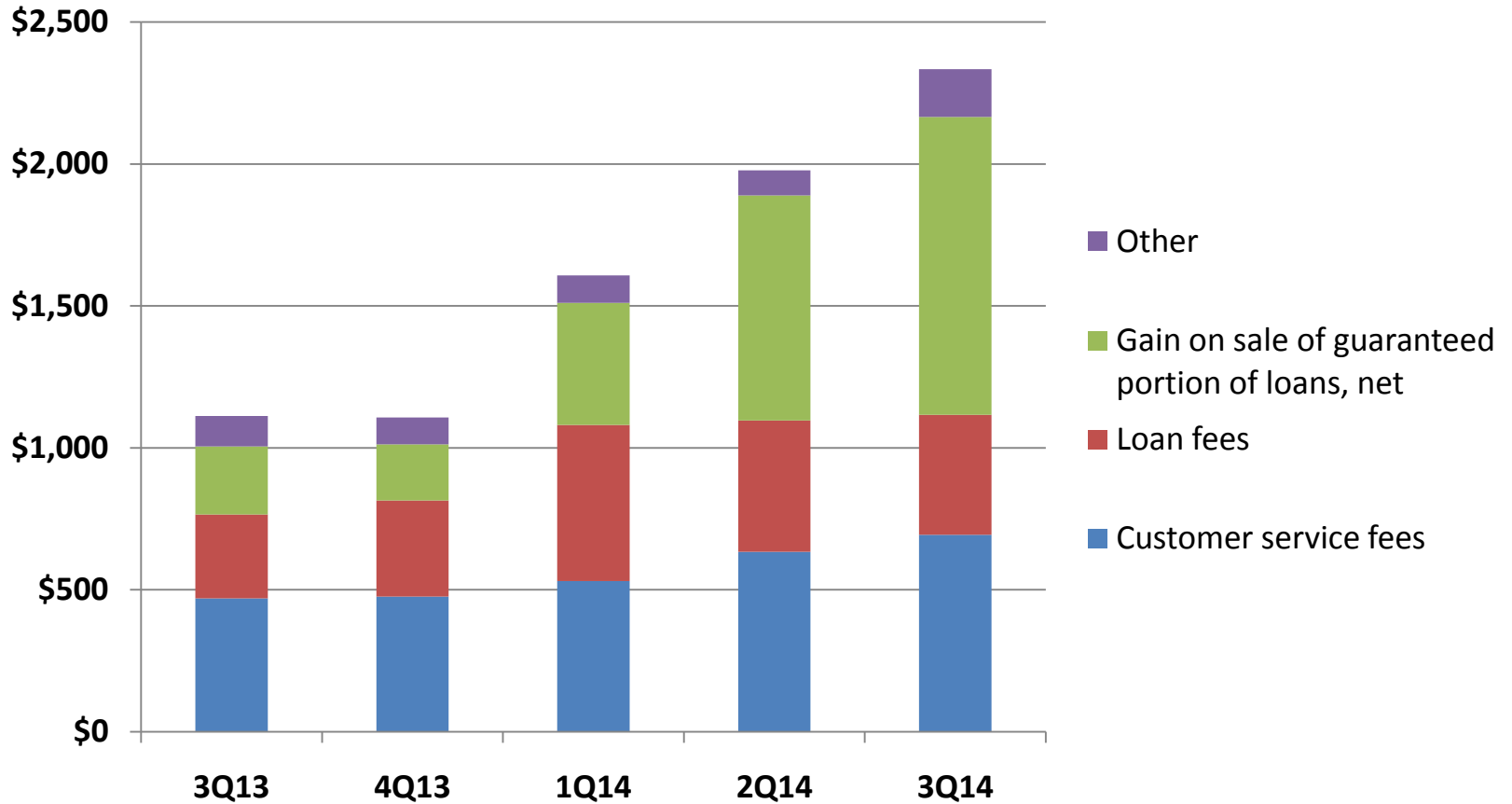
\*\* Common shares outstanding will increase at the time of issuance.

# Net Interest Income and Net Interest Margin



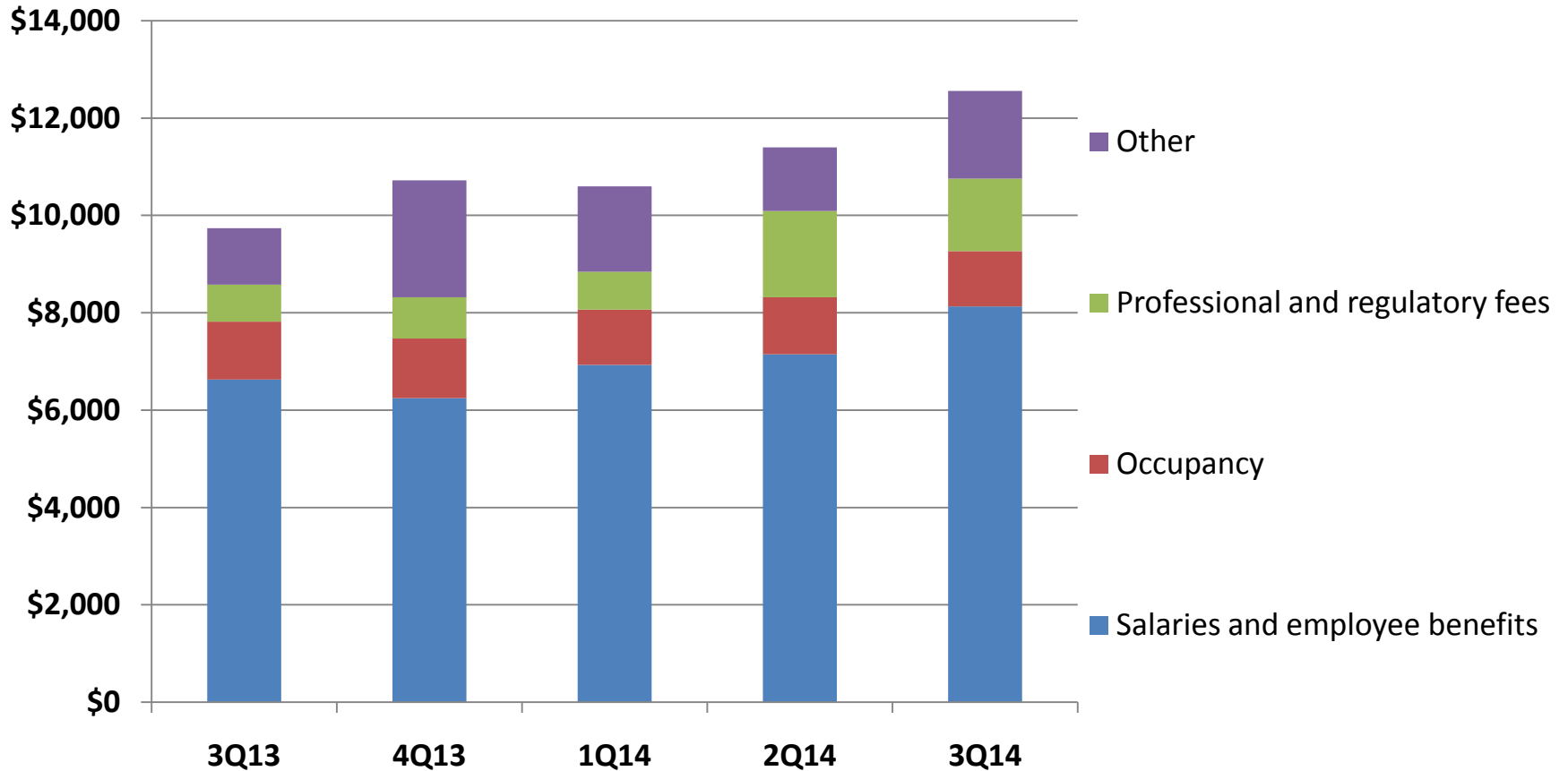
\*Dollars in thousands

# Non-Interest Income



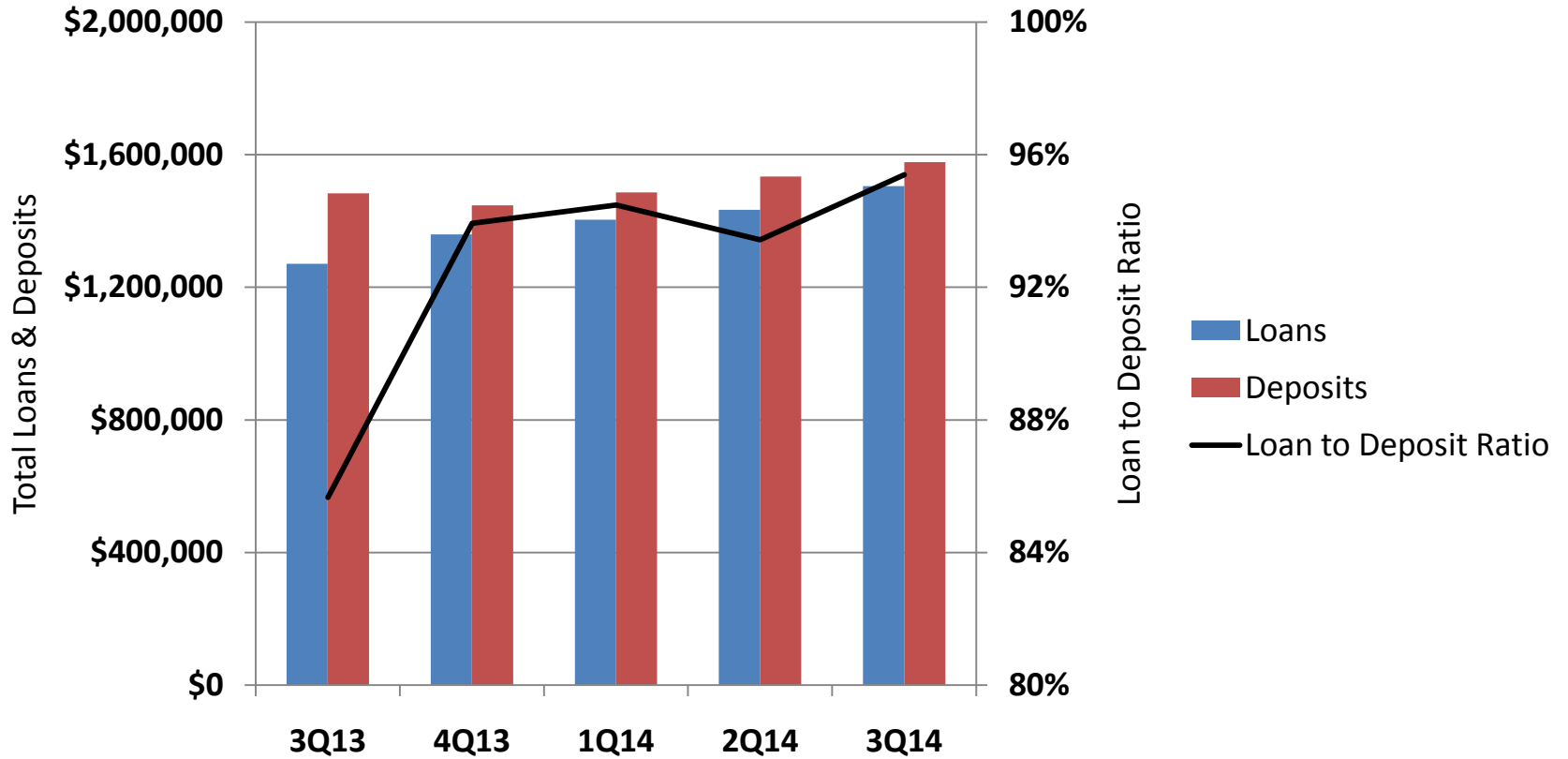
\*Dollars in thousands

# Non-Interest Expense



\*Dollars in thousands

# Loans and Deposits



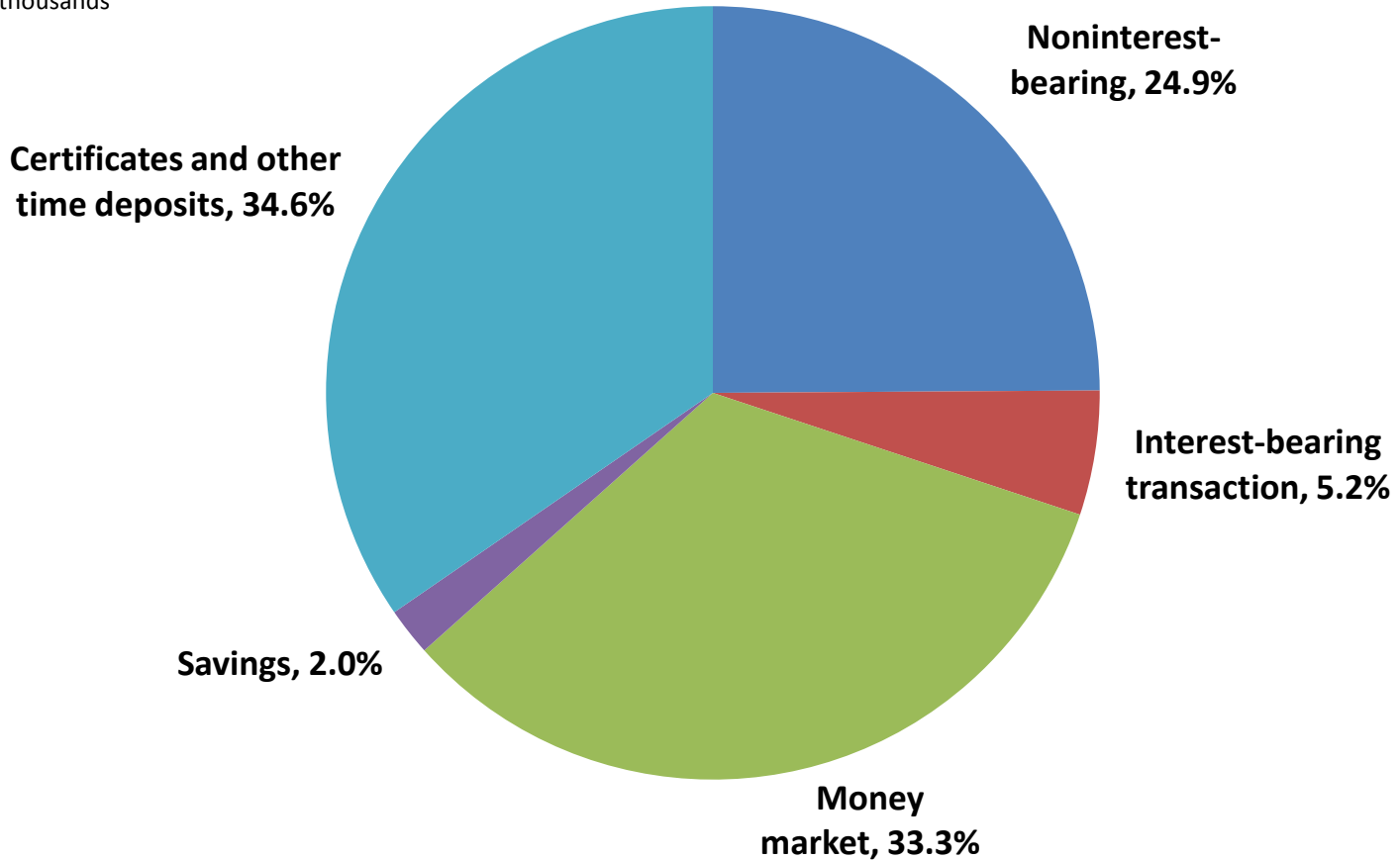
\*Dollars in thousands

# Deposit Mix



**Total Deposits: \$1,577,691**

\*Dollars in thousands

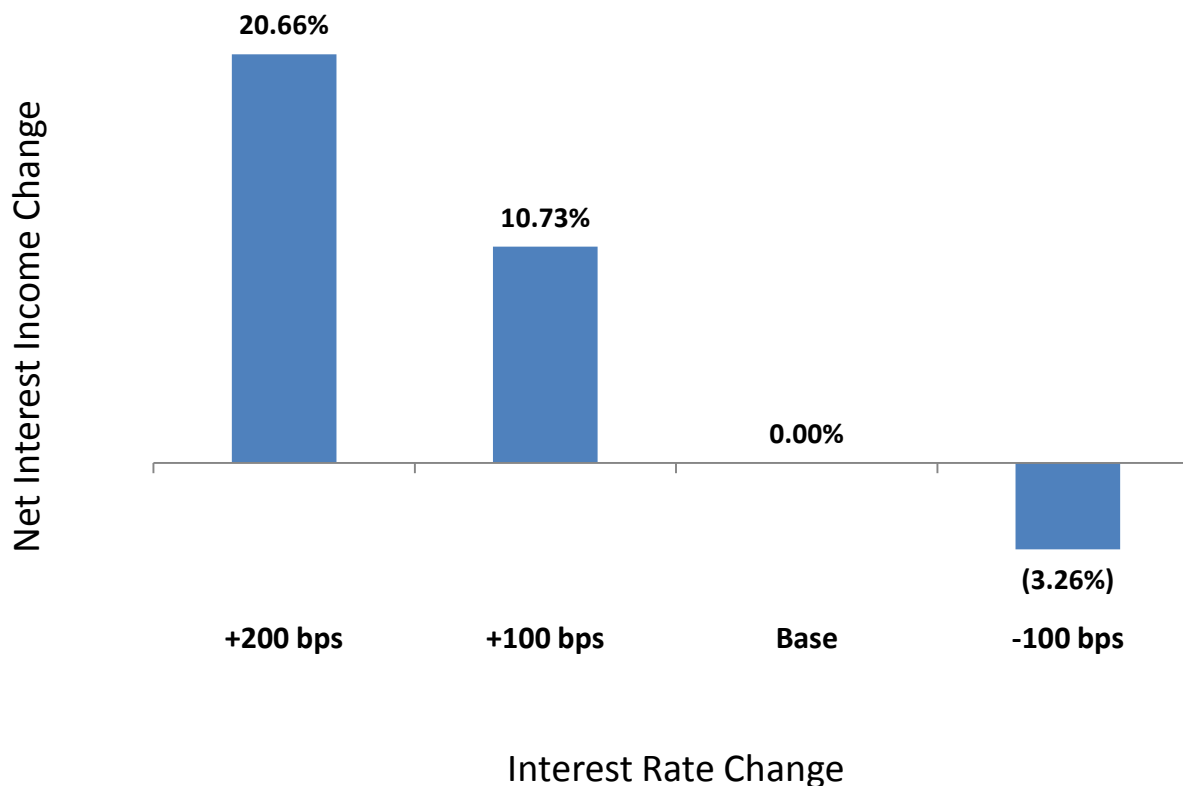




# Interest Rate Sensitivity



## Change in Net Interest Income: 12-Month Horizon

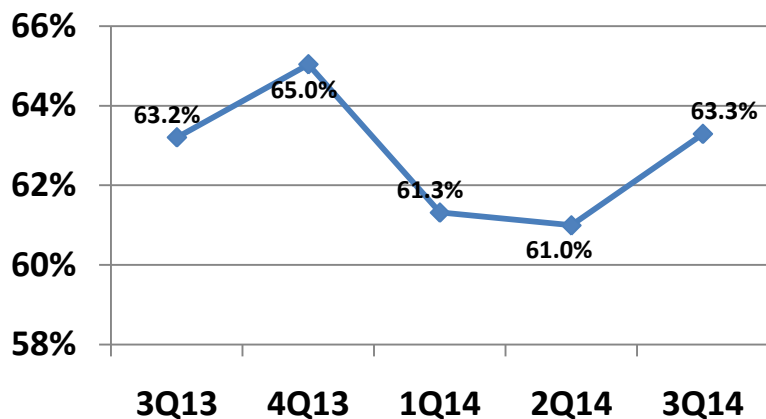


\*This data is derived from an internal static interest rate shock model. The assumptions incorporated into the model are inherently uncertain and, as a result, the model cannot precisely measure future net interest income or precisely predict the impact of fluctuations in market interest rates on net interest income.

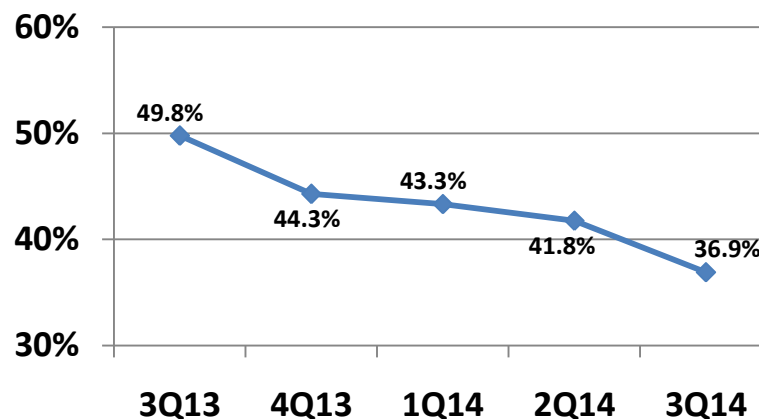
# Performance Metrics



## Efficiency Ratio



## Remaining Banker Capacity





# Q & A