



**GREEN BANCORP**

# **Fourth Quarter and Full Year 2016 Financial Results Presentation**

**NASDAQ: GNBC**

**January 26, 2017**

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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 and Corporate Chief Credit Officer
- Elizabeth Vandervoort – Executive Vice President and Interim Chief Financial Officer



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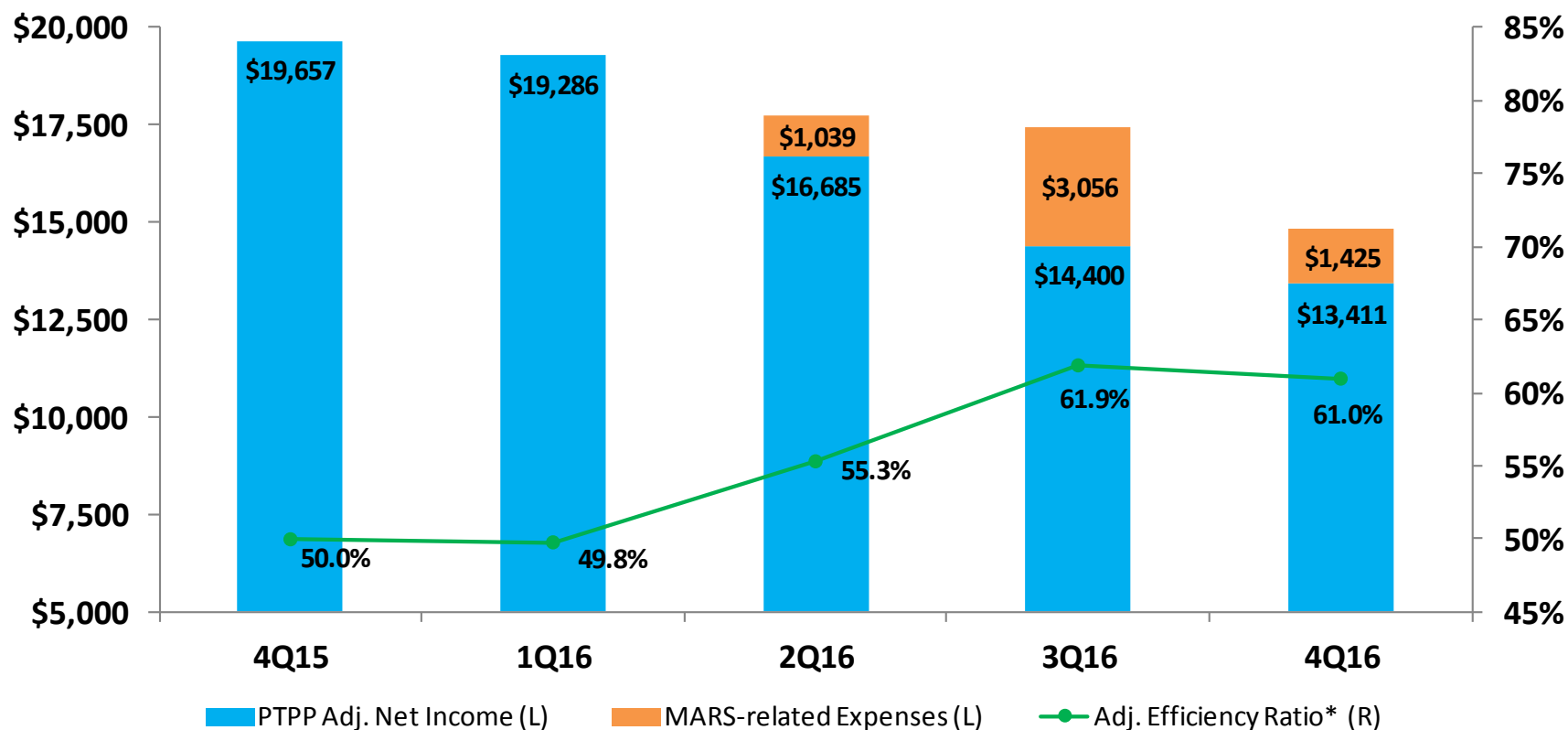
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Annualized, pro forma, projected and estimated numbers are used for illustrative purpose only, are not forecasts and may not reflect actual results.

# Pre-Tax Pre-Provision Adjusted Net Income



- 4Q16 PTPP Adj. Net Income was impacted by \$1.5 million in MARS-related expenses in addition to a \$1.4 million loss on disposition of loans held for sale



(\$ in thousands)

(\*) Excluding M&A and acquisition-related costs

# Managed Asset Reduction Strategy 'MARS'



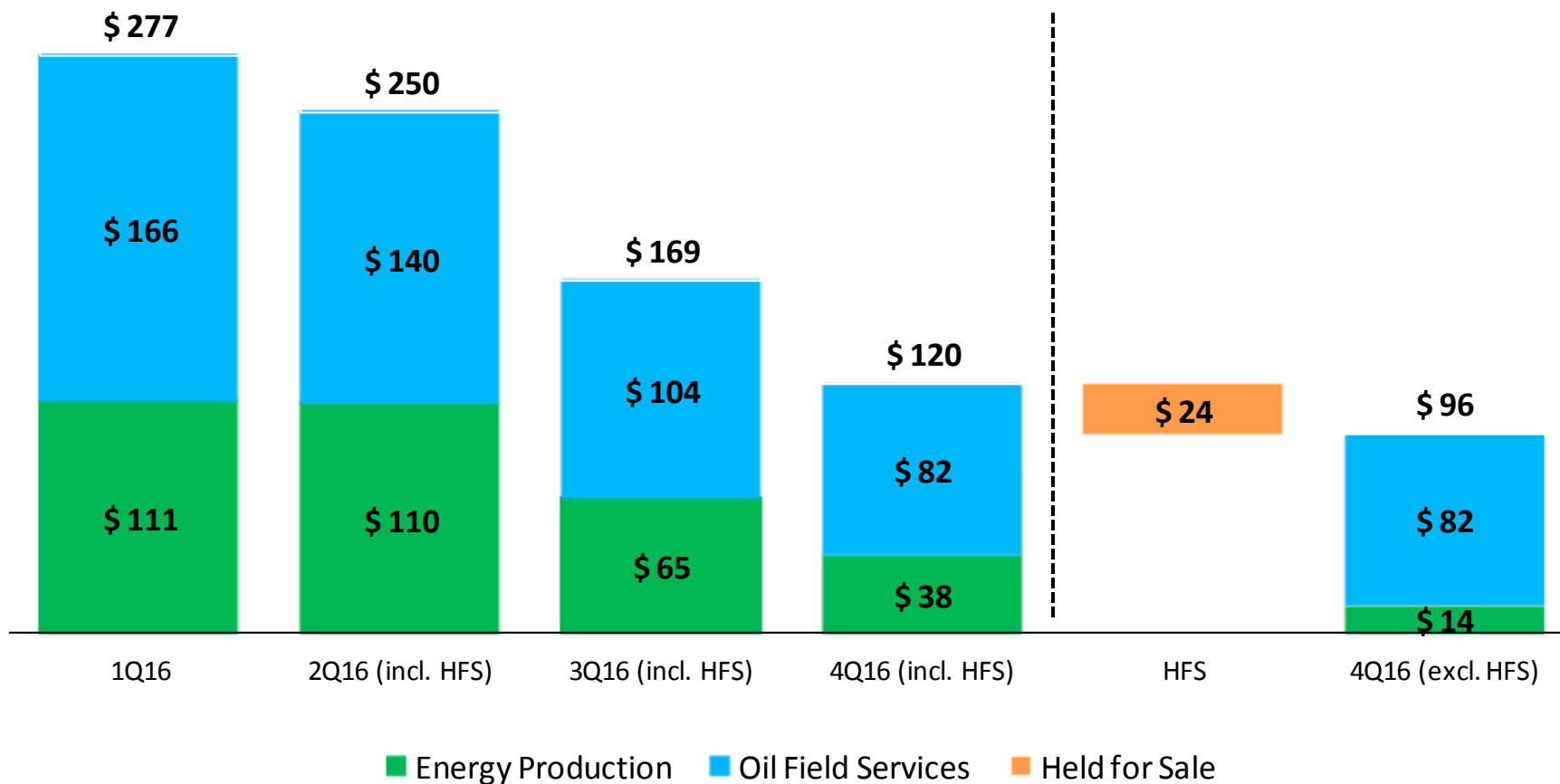
- MARS program was announced on April 28, 2016 during the first quarter conference call
- Primary goal of MARS is to resolve, primarily via payoff or sale, the company's energy and other classified assets
  - Since inception, the program has resolved \$157 million of energy production and oil field service loans
- During the fourth quarter, \$32.8 million of energy loans were moved to the bank's holding company and marked to their fair market value
  - These loans consisted of:
    - \$20.5 million of energy production loans
    - \$12.3 million of oil field service loans
- The company's total energy exposure stood at \$95.5 million or 3.1% of total loans as of December 31, 2016 (excluding \$24.0 million of loans held for sale), comprised of \$14.0 million in energy production loans and \$81.5 million in oil field services loans

# Overview of Energy Portfolio Progress



## Energy Portfolio Resolution History

(\$ in millions)

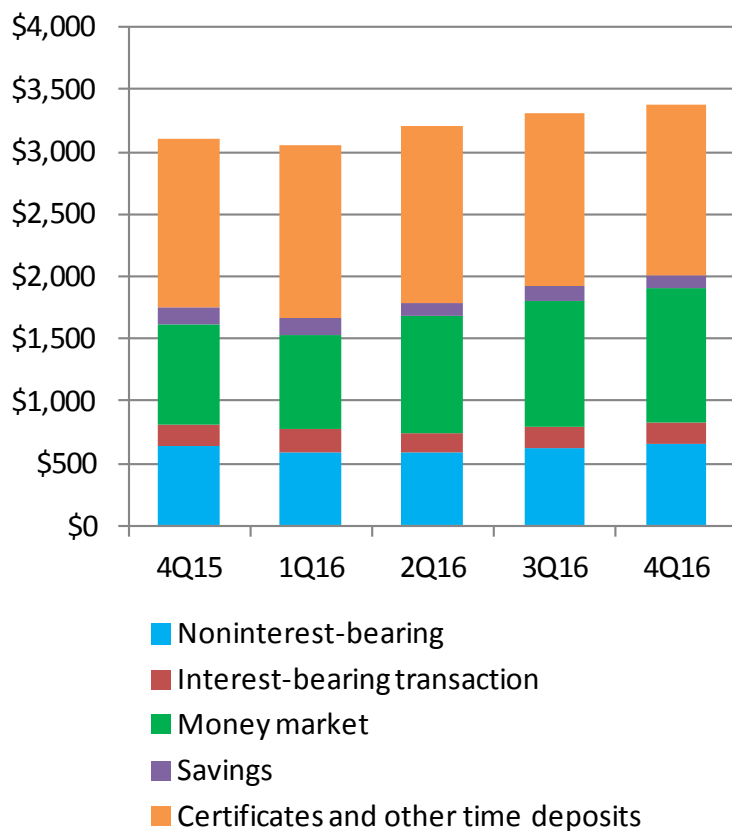


# Deposit Update



## Total Deposit Composition

As of Dec. 31, 2016 (\$ in millions)



## Highlights

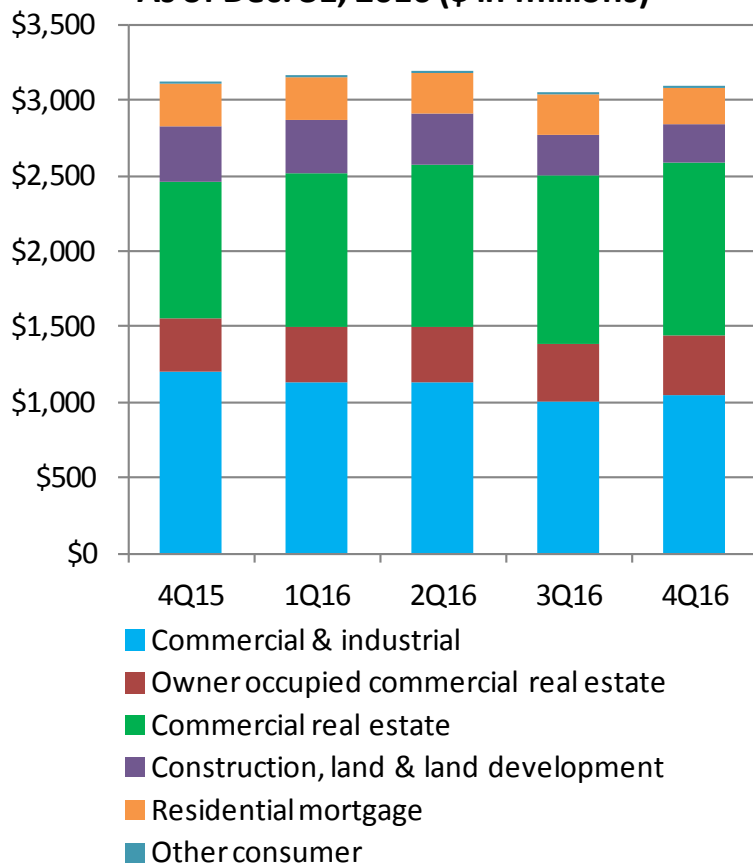
- Total deposits increased by \$58.8 million during the fourth quarter to \$3.4 billion
- Noninterest-bearing deposits were 19.3% of deposits at December 31, 2016, compared to 18.6% as of September 30, 2016
- Cost of deposits including noninterest-bearing was 0.66%, roughly stable compared to the third quarter

# Loan Update



## Total Loan Composition

As of Dec. 31, 2016 (\$ in millions)



## Highlights

- Total loans increased by \$50.6 million during the fourth quarter to \$3.1 billion
- Loan yield for the fourth quarter of 2016 was 4.71%, down 6 bps compared to the third quarter
  - Loan yield, excluding fees, for the fourth quarter was 4.29%, up 9 bps from the third quarter
  - Fees and discounts at payoff contributed approximately 9 bps to the fourth quarter loan yield
  - Accretion of fees and discounts (net) contributed approximately 33 bps to the fourth quarter loan yield

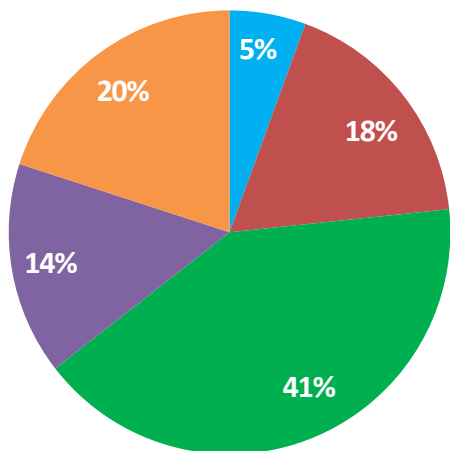
# Existing Banker Capacity



- Our current staff of bankers has the capacity to support up to \$4 billion of loans and deposits

## Banking Staff

As of December 31, 2016



- Private Banker - 5
- Business Banker - 16
- Commercial Banker - 37
- Specialty Banker - 14
- Deposit Relationship Manager - 18

## Regional Distribution

- Private Banker
  - DFW – 5
- Business Banker
  - DFW – 7
  - HOU – 9
- Commercial Banker
  - DFW – 13
  - HOU – 21
  - OTH – 3
- Specialty Banker
  - DFW – 7
  - HOU – 4
  - OTH – 3
- Deposit Relationship Manager
  - DFW – 8
  - HOU – 10

DFW – Dallas/Fort Worth/Arlington MSA

HOU – Houston/Sugar Land/Baytown MSA

OTH – Other MSAs

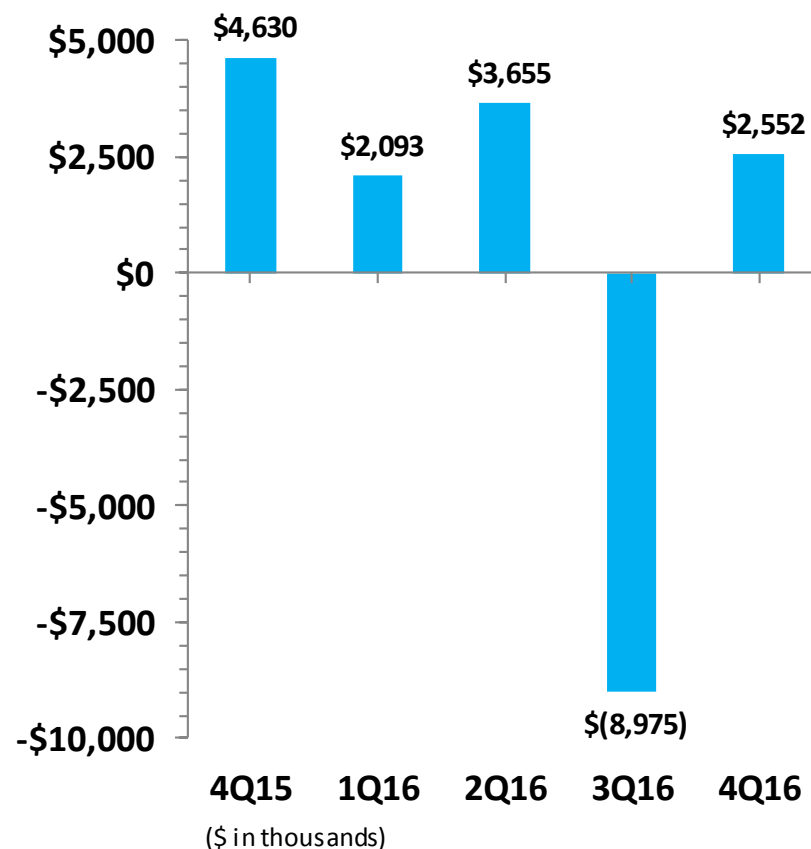
# Fourth Quarter 2016 Financial Results



	2016 Q4	2016 Q3
<b>Net Income (Loss) <sup>(1)</sup></b>	\$2,552	\$(8,975)
<b>EPS <sup>(1)</sup></b>	\$0.07	\$(0.24)
<b>ROAA <sup>(1)</sup></b>	0.26%	(0.92)%
<b>Loans <sup>(2)</sup></b>	\$3,098,220	\$3,047,618
<b>Deposits</b>	\$3,374,700	\$3,315,899

\*\$ in thousands, except per share data

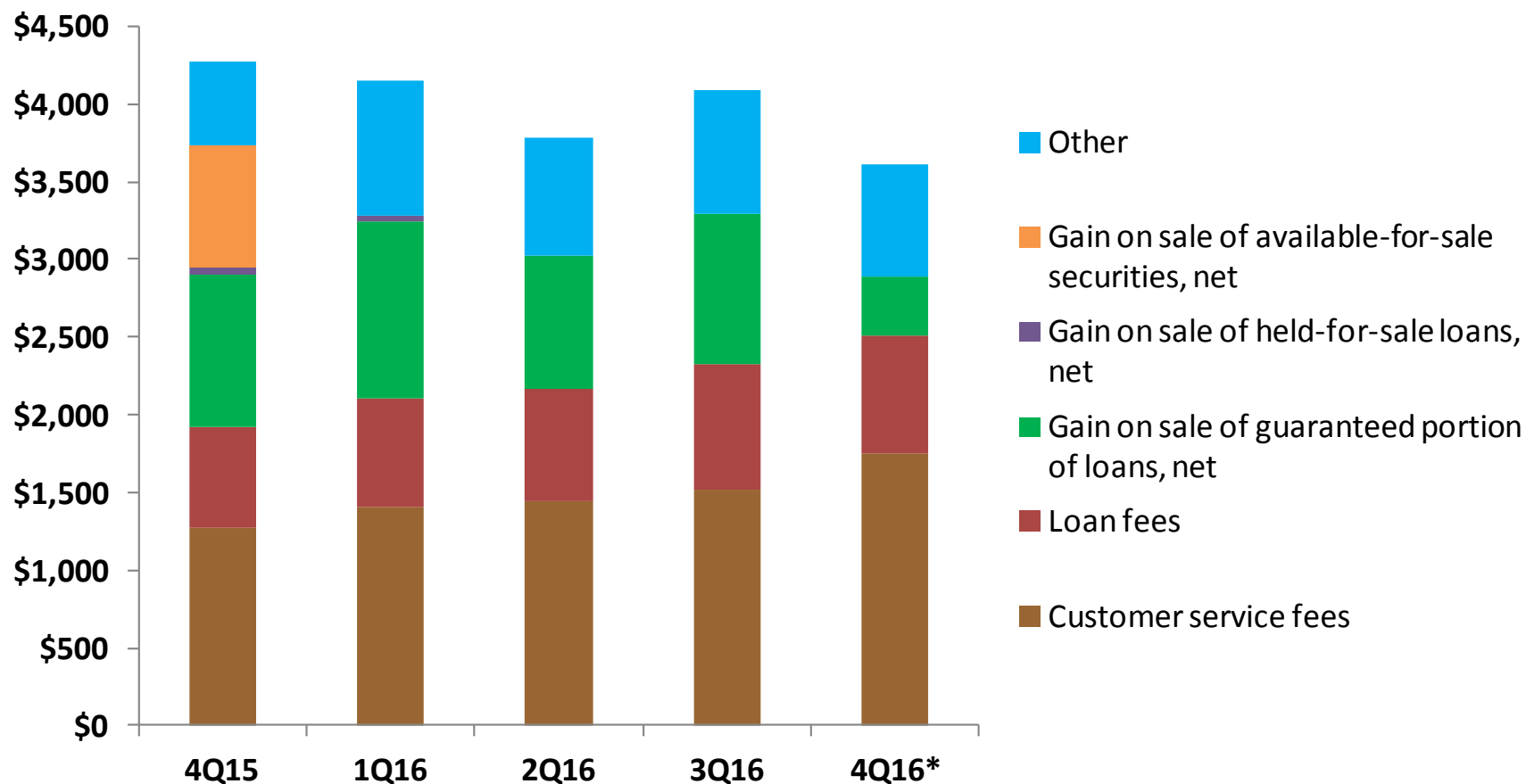
## Net Income (Loss) <sup>(1)</sup>



(1) Excluding M&A and acquisition-related costs

(2) Excluding loans held for sale

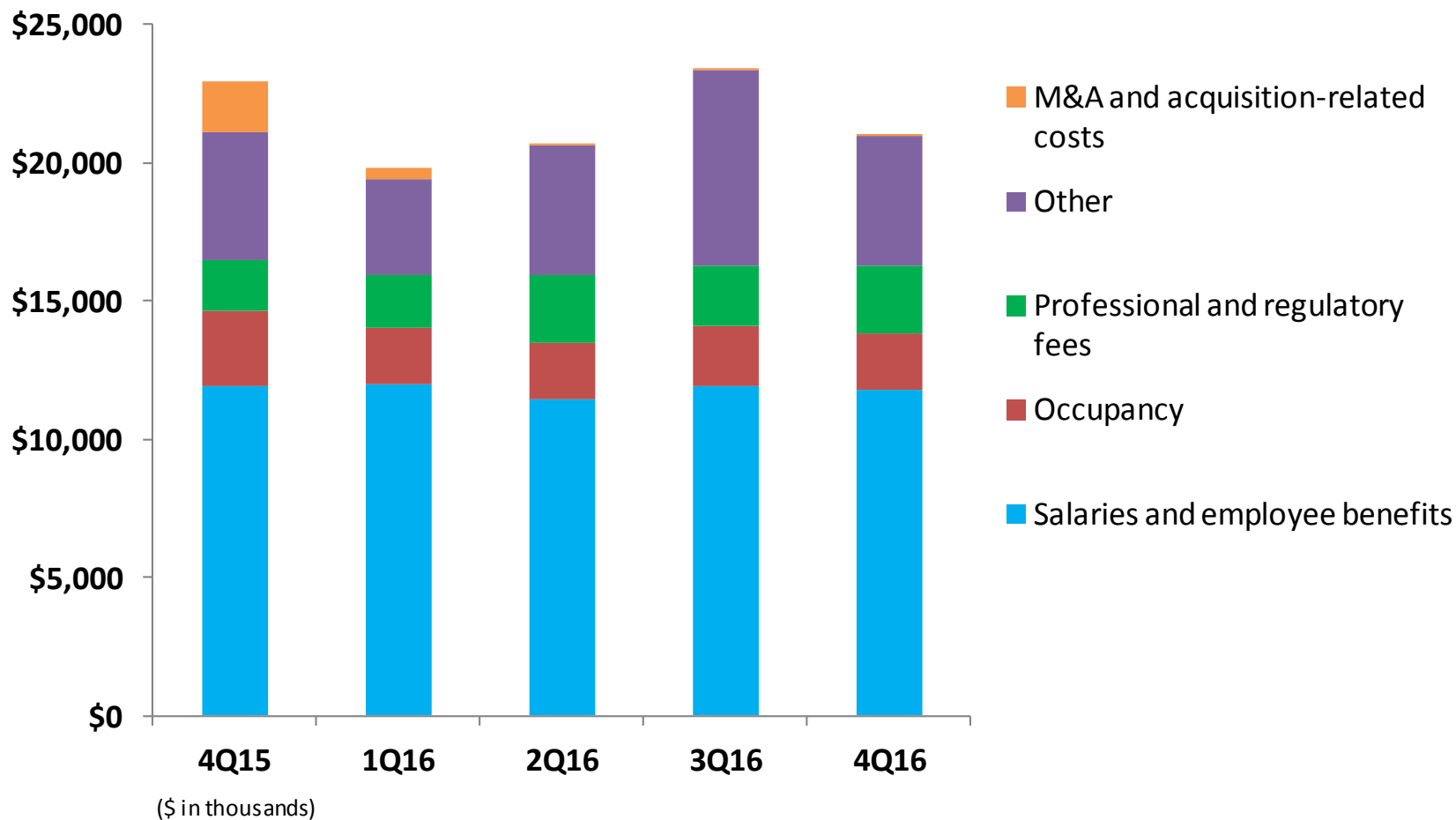
# Noninterest Income



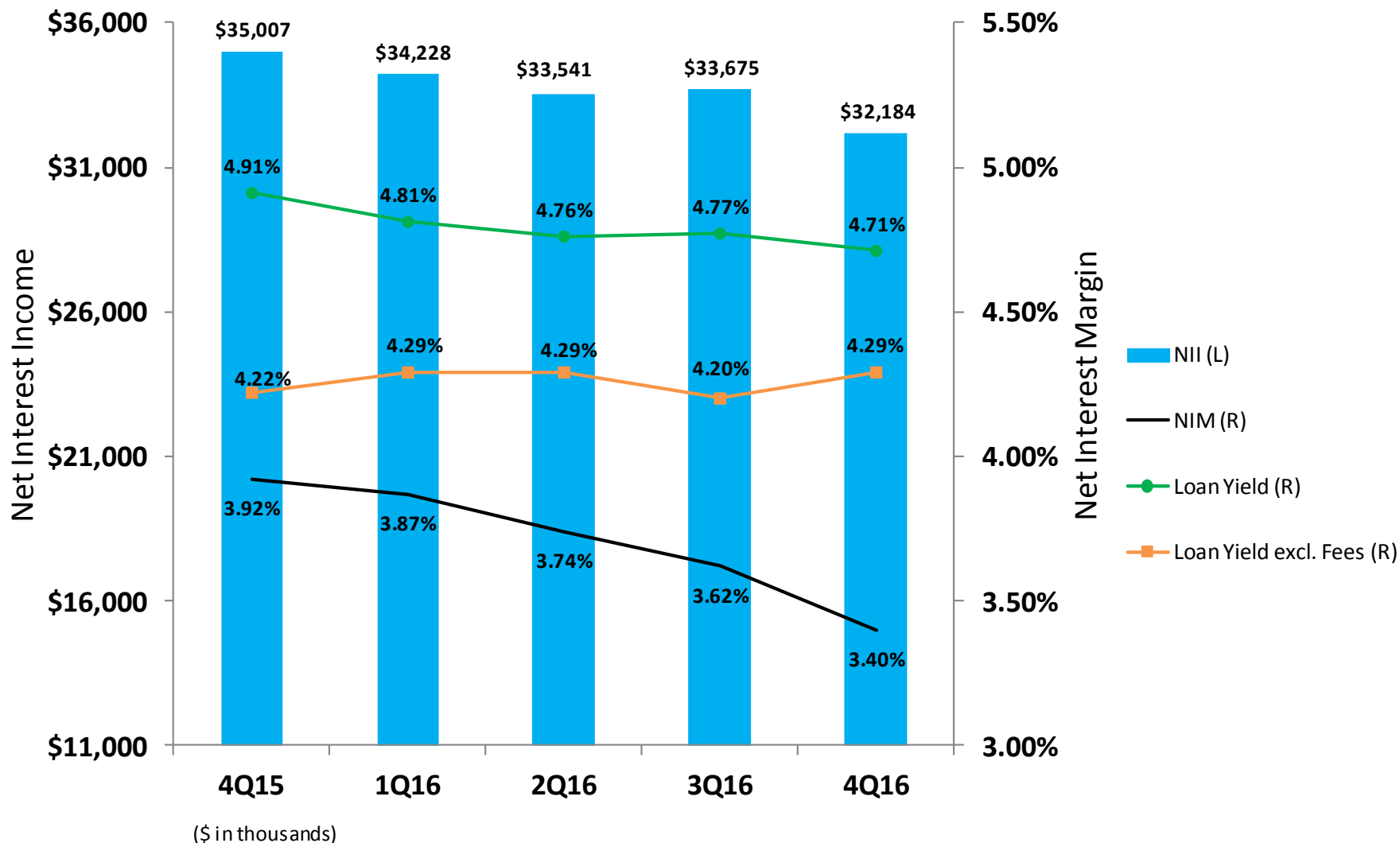
(\$ in thousands)

(\*) Excluding a \$1.4 million net loss on the sale of held-for-sale loans

# Noninterest Expense



# Net Interest Income and Net Interest Margin



# Credit Quality

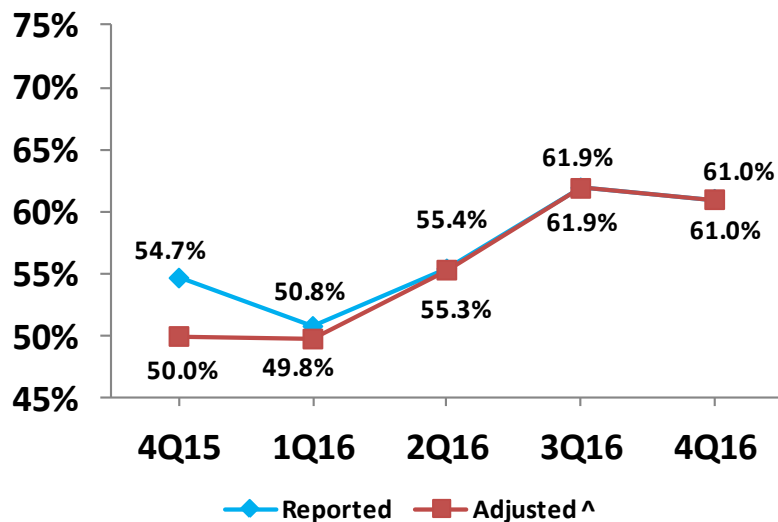


- Nonperforming assets (NPAs) totaled \$106.3 million or 2.64% of period end assets at December 31, 2016 compared to \$130.1 million or 3.31% of period end assets at September 30, 2016
- Excluding loans held for sale, total nonperforming assets would have been \$99.7 million or 2.48% of period end total assets at December 31, 2016
- Allowance for loan losses was 0.85% of total loans at December 31, 2016, and the allowance for loan losses plus the acquired loan net discount to total loans adjusted for the acquired loan net discount was 1.17%
- Provision expense of \$9.5 million in the fourth quarter of 2016 reflects the addition of:
  - \$8.6 million related to energy reserves

# Performance Metrics

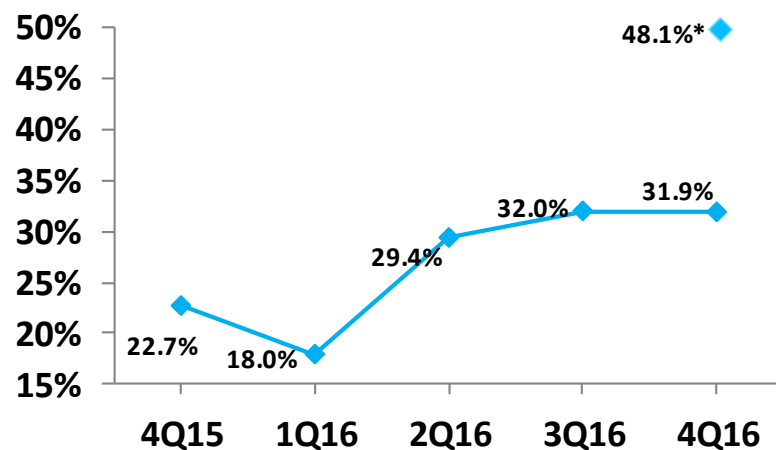


## Efficiency Ratio



(^) Excluding M&A and acquisition-related costs

## Remaining Banker Capacity



(\*) Banker capacity in the Dallas/Fort Worth/Arlington MSA is 48.1%



# Question & Answer Session