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Allegiance Bancshares, Inc.

September 2020
Investor Presentation Update

Safe Harbor Statement and Non-GAAP Financial Measures

“Safe Harbor” Statement under the Private Securities Litigation Reform Act of 1995: This presentation contains forward-looking statements within the meaning of the securities laws that are derived utilizing assumptions, present expectations, estimates and projections about Allegiance. These statements preceded by, followed by or that otherwise include the words “believes,” “expects,” “continues,” “anticipates,” “intends,” “projects,” “estimates,” “potential,” “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. Forward-looking statements include information concerning Allegiance’s expected future financial performance, business and growth strategy, projected plans and objectives, as well as projections of macroeconomic and industry trends, which are inherently unreliable due to the multiple factors that impact economic trends, and any such variations may be material. Such forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties, many of which are outside of Allegiance’s control, which may cause actual results to differ materially from those expressed or implied by the forward-looking statements. These risks and uncertainties include but are not limited to whether Allegiance can: continue to develop and maintain new and existing customer and community relationships; successfully implement its growth strategy, including identifying suitable acquisition targets and integrating the businesses of acquired companies and banks; sustain its current internal growth rate; provide quality and competitive products and services that appeal to its customers; continue to have access to debt and equity capital markets; and achieve its performance objectives. Additionally, the impact of the COVID-19 pandemic is rapidly evolving and its future effects on Allegiance are difficult to predict. These and various other factors are discussed in Allegiance’s Annual Report on Form 10-K for the fiscal year ended December 31, 2019 and Quarterly Report on Form 10-Q for the quarter ended June 30, 2020 and in other reports and statements Allegiance has filed with the Securities and Exchange Commission. Copies of such filings are available for download free of charge from the Investor Relations section of Allegiance’s website at www.allegiancebank.com, under Financial Information, SEC Filings. Any forward-looking statement made by Allegiance in this presentation speaks only as of the date on which it is made. Factors or events that could cause Allegiance’s actual results to differ may emerge from time to time, and it is not possible for Allegiance to predict all of them. Because of these uncertainties, readers should not place undue reliance on any forward-looking statement. Allegiance disclaims any obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.

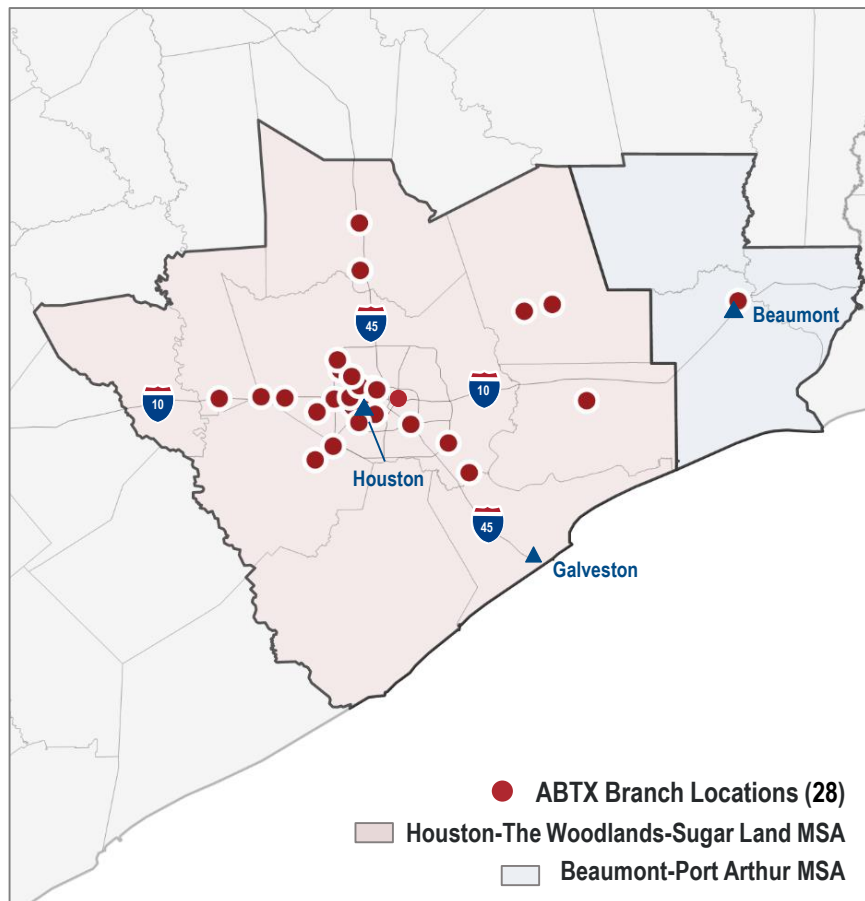
GAAP Reconciliation of Non-GAAP Financial Measures

We use certain non-GAAP financial measures to evaluate our performance. We believe that these non-GAAP financial measures provide meaningful supplemental information regarding our performance and that management and investors benefit from referring to these non-GAAP financial measures in assessing our performance and when planning, forecasting, analyzing and comparing past, present and future periods. Specifically, we review return on average tangible common equity, the ratio of tangible equity to tangible assets and core net interest margin on a tax equivalent basis for internal planning and forecasting purposes. We have included in this presentation information relating to these non-GAAP financial measures for the applicable periods presented. These non-GAAP measures should not be considered in isolation or as a substitute for the most directly comparable or other financial measures calculated in accordance with GAAP. Moreover, the manner in which we calculate these non-GAAP financial measures may differ from that of other companies reporting measures with similar names. A reconciliation of the non-GAAP financial measures is in the appendix.

Allegiance Bancshares, Inc. Overview

Franchise Footprint

Holding Company for Allegiance Bank; Headquartered in Houston, Texas



Company Overview

Providing full-service banking services for owner-operated businesses

Operational History

❖ 28 full-service banking locations

- 27 in the Houston-The Woodlands-Sugar Land MSA
- 1 in the Beaumont-Port Arthur MSA, just outside of Houston

❖ Since opening in 2007, we have completed three whole bank acquisitions and one branch transaction:

- 2019: LoweryBank branch acquisition with \$45.0 million in loans and \$16.0 million in deposits
- 2018: Post Oak Bank, N.A. (Post Oak Bancshares, Inc.) with \$1.5 billion in total assets
- 2015: Enterprise Bank (F&M Bancshares, Inc.) with \$569.7 million in total assets
- 2013: Independence Bank, N.A. with \$222.1 million in total assets

Financial Highlights

	(\$ in millions)	6/30/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016
Balance Sheet	Total Assets	\$ 5,836.9	\$ 4,992.7	\$ 4,655.2	\$ 2,860.2	\$ 2,450.9
	Total Loans	4,583.7	3,915.3	3,708.3	2,270.9	1,891.6
	Total Deposits	4,700.7	4,068.1	3,662.5	2,214.0	1,870.2
	Total Equity	736.1	709.9	703.0	306.9	279.8
Capital, Credit & Profitability	Loans/Deposits	97.51%	96.24%	101.25%	102.57%	101.10%
	NPAs/Assets	0.77%	0.74%	0.72%	0.49%	0.75%
	TCE/TA	8.81%	9.78%	10.29%	9.38%	9.82%
	NIM (tax equivalent)	4.10%	4.22%	4.27%	4.34%	4.37%
	ROAA*	0.71%	1.10%	1.11%	0.65%	0.98%
ROATCE*	8.32%	11.50%	11.20%	6.93%	9.96%	

Financial Highlights – Second Quarter 2020

Balance Sheet Growth

- ❖ **Assets of \$5.84 billion, loans of \$4.58 billion, deposits of \$4.70 billion and shareholder's equity of \$736.1 million at June 30, 2020**
 - Funded over 5,800 loans totaling in excess of \$695 million during the second quarter 2020
 - Deposit growth of \$840.1 million, or 21.2%, from the second quarter 2019

Profitability

- ❖ **Net income of \$9.9 million for the second quarter 2020 compared to \$3.5 million for the first quarter 2020 and \$14.2 million for the second quarter 2019**
- ❖ Second quarter 2020 earnings were impacted by:
 - Record net interest income of \$50.8 million, or 12.9% growth, from the first quarter 2020
 - Increased provision expense, totaling \$10.7 million, in response to COVID-19 related uncertainties in the current economic environment
 - \$306 thousand of loss on sale of ORE and a \$93 thousand gain on sale of securities

Net Interest Margin

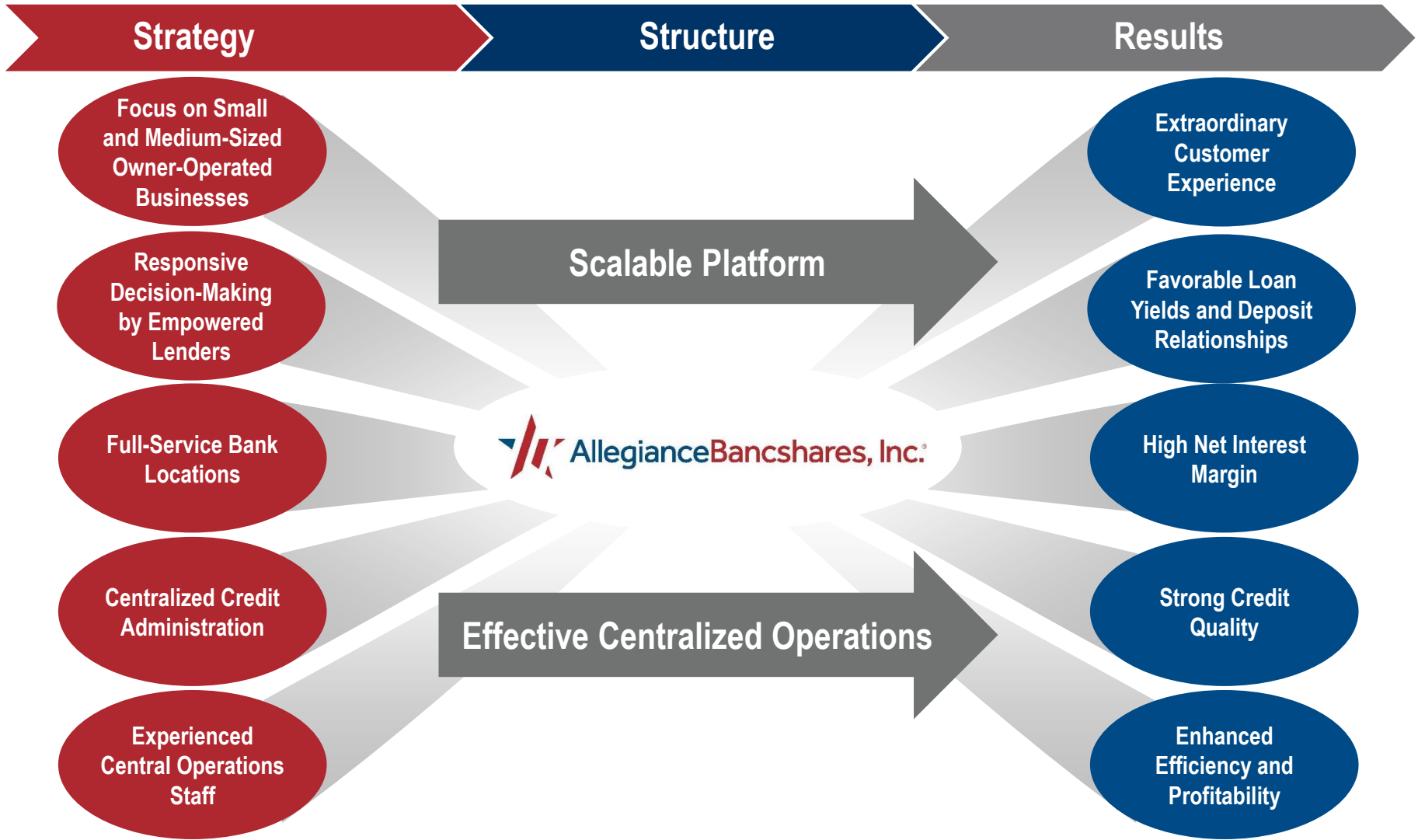
- ❖ **Net interest income increased to \$50.8 million for second quarter 2020 compared to \$45.0 million for the first quarter 2020 and increased from \$45.6 million for the second quarter 2019**
 - Net interest margin on a tax equivalent basis decreased to 4.10% for the second quarter 2020 from 4.15% for the first quarter 2020 and decreased from 4.33% for the second quarter 2019 primarily due to effect of the PPP loans on the yield
 - Adjusted net interest margin⁽¹⁾ on a tax equivalent basis excludes the impact of acquisition accounting adjustments of \$669 thousand and was 4.05% for the second quarter 2020 compared to 4.04% for the first quarter 2020 and 4.07% for the second quarter 2019

Recognitions and Awards

- ❖ Ranked #2 out of Top 10 PPP Lenders in Houston Metro of all loans \$150,000 or more according to Houston Business Journal.
- ❖ Contributed \$150,000 plus \$100,000 matching opportunity to Houston Food Bank to provide over one million meals across its Houston footprint.
- ❖ Proud to be named one of the 100 Best Companies to Work for in Texas by the collaboration of the Texas Association of Business, Texas SHRM, Best Companies Group and Texas Monthly and ranked #18 in the large business category.
- ❖ Recognized by the Houston Chronicle as one of Houston's 100 leading companies based on 2019 performance criteria, such as total revenues, annual growth in earnings per share, annual revenue growth and one-year total return

(1) Please refer to the non-GAAP reconciliation in the appendix.

Our Super-Community Banking Strategy



Deposit Market Share - Houston-The Woodlands-Sugar Land MSA

Institution (ST)	2019						2018		Size Profile ⁽²⁾
	2019 Rank	2018 Rank	Number of Branches	Total Deposits In Market (\$000)	Total Market Share (%) ⁽¹⁾	% of Company Deposits	Total Deposits In Market (\$000)	Total Market Share (%)	
Houston-The Woodlands-Sugar Land, TX									
JPMorgan Chase & Co. (NY)	1	1	186	\$ 109,965,045	44.93	8.4%	\$ 103,057,848	43.11	>\$1T
Wells Fargo & Co. (CA)	2	2	175	24,434,154	9.98	1.9%	26,411,254	11.05	>\$1T
Bank of America Corporation (NC)	3	3	111	23,786,677	9.72	1.8%	22,254,082	9.31	>\$1T
BBVA	4	4	75	14,210,493	5.81	19.5%	15,021,735	6.28	>\$100B
Zions Bancorp. NA (UT)	5	5	62	10,172,740	4.16	18.7%	9,824,855	4.11	>\$50B
Capital One Financial Corp. (VA)	6	7	35	4,965,521	2.03	2.0%	4,544,163	1.90	>\$100B
Prosperity Bancshares Inc. (TX)	7	6	58	4,631,023	1.89	19.3%	4,976,127	2.08	>\$30B
Cadence Bancorp. (TX)	8	9	12	4,481,925	1.83	30.8%	4,080,689	1.71	>\$10B
Woodforest Financial Grp Inc. (TX)	9	10	105	4,409,143	1.80	76.6%	4,038,486	1.69	>\$5B
Cullen/Frost Bankers Inc. (TX)	10	8	43	4,405,713	1.80	16.9%	4,483,002	1.88	>\$30B
Allegiance Bancshares Inc. (TX)	11	12	26	3,756,314	1.53	97.2%	3,485,441	1.46	~\$4.8B
Texas Capital Bancshares Inc. (TX)	12	11	15	3,469,591	1.42	9.0%	3,774,535	1.58	>\$20B
Comerica Inc. (TX)	13	13	48	2,773,341	1.13	4.9%	3,000,429	1.26	>\$50B
BOK Financial Corp. (OK)	14	15	11	1,684,815	0.69	6.6%	1,763,568	0.74	>\$30B
Veritex Holdings Inc. (TX)	15	14	13	1,648,921	0.67	26.7%	2,155,544	0.90	~\$8.0B
CBTX Inc. (TX)	16	18	17	1,586,058	0.65	57.0%	1,493,699	0.62	>\$3B
First Horizon National Corp. (TN)	17	16	8	1,356,534	0.55	4.2%	1,739,127	0.73	>\$30B
Truist Financial Corp. (NC)	18	19	22	1,352,952	0.55	0.4%	1,383,185	0.58	>\$100B
Regions Financial Corp. (AL)	19	20	46	1,239,592	0.51	5.1%	1,307,352	0.55	>\$30B
Texas Independent Bcshs Inc. (TX)	20	21	25	1,150,415	0.47	1.3%	1,155,809	0.48	>\$100B
Total For Institutions In Market			1,420	\$ 244,743,521			\$ 239,052,549		

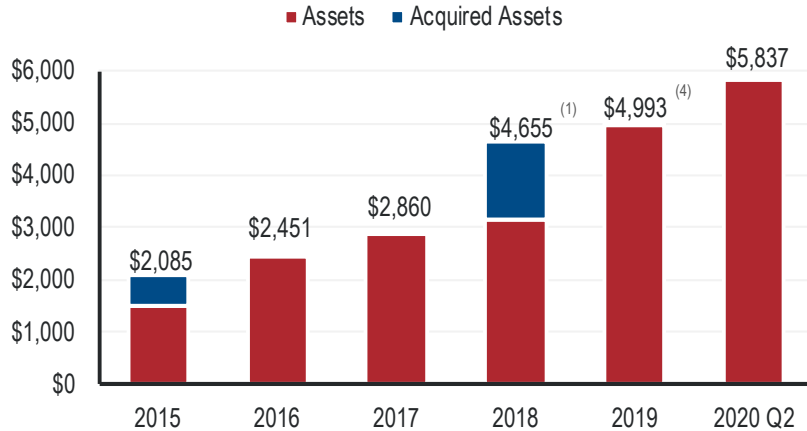
Source: S&P Global Intelligence as of June 30, 2019.

(1) As of June 30 of the year shown, on a pro forma basis reflecting any announced acquisition.

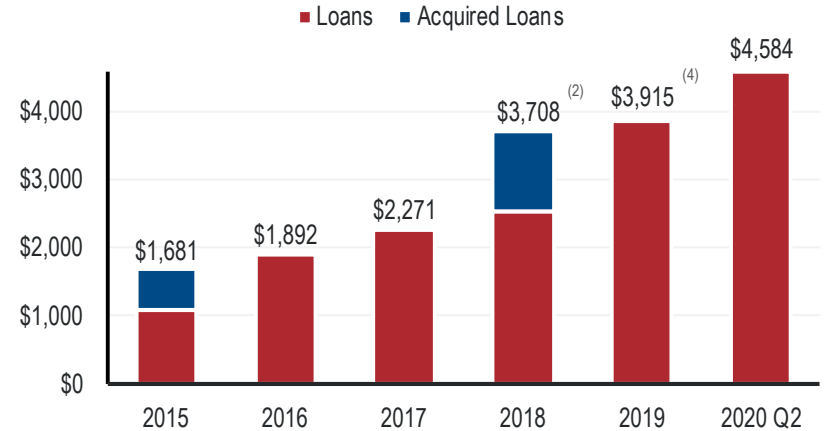
(2) To date, on a pro forma basis reflecting any announced acquisition.

Historical Balance Sheet Growth

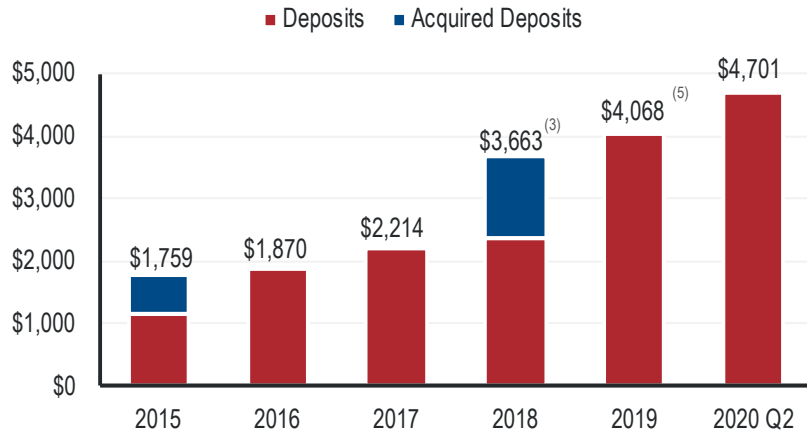
Total Assets



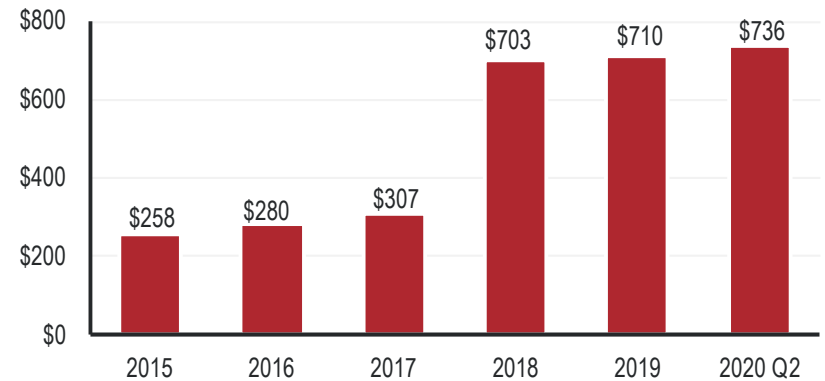
Total Loans



Total Deposits



Total Equity



Note: Dollars in millions.

(1) Includes \$1.50 billion in assets acquired on October 1, 2018.

(2) Includes \$1.16 billion of acquired loans at fair value on October 1, 2018.

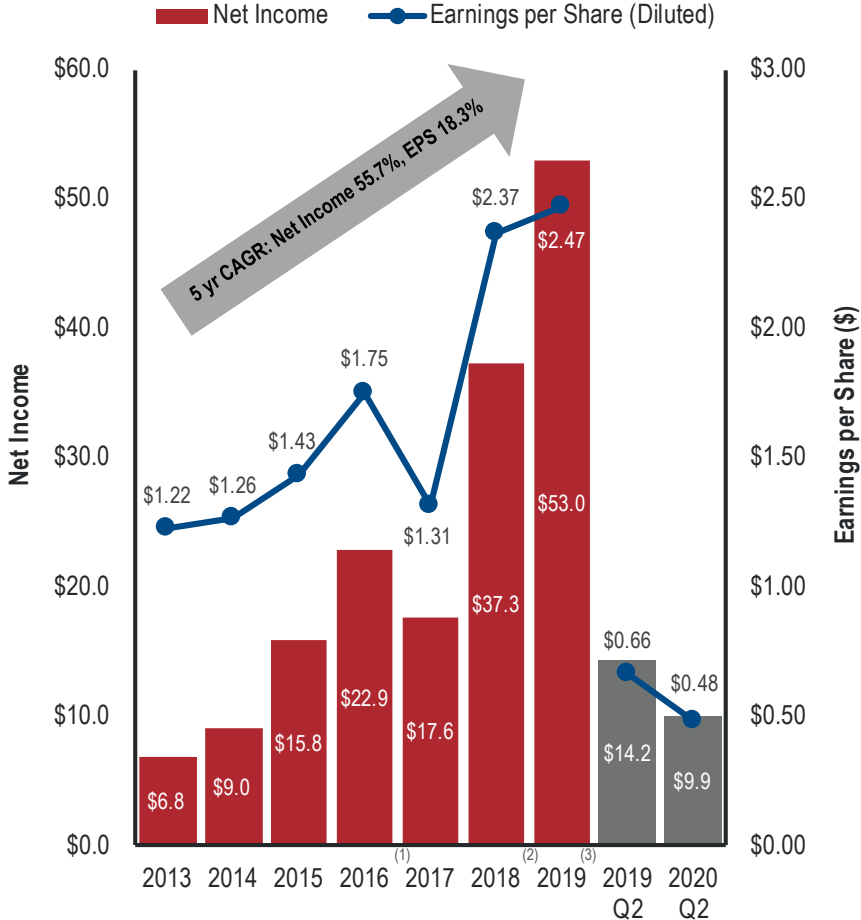
(3) Includes \$1.29 billion of acquired deposits on October 1, 2018.

(4) Includes \$45.0 million of loans acquired on February 1, 2019.

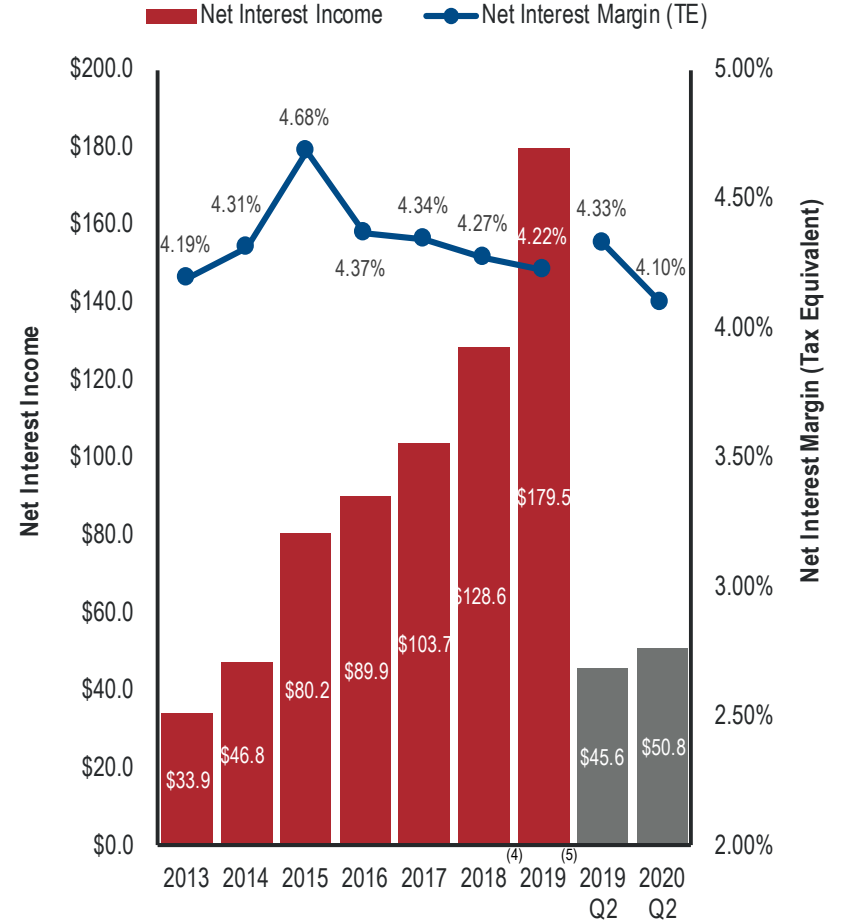
(5) Includes \$16.0 million of deposits acquired on February 1, 2019.

Earnings Performance

Net Income and Earnings per Share



Net Interest Income and Net Interest Margin



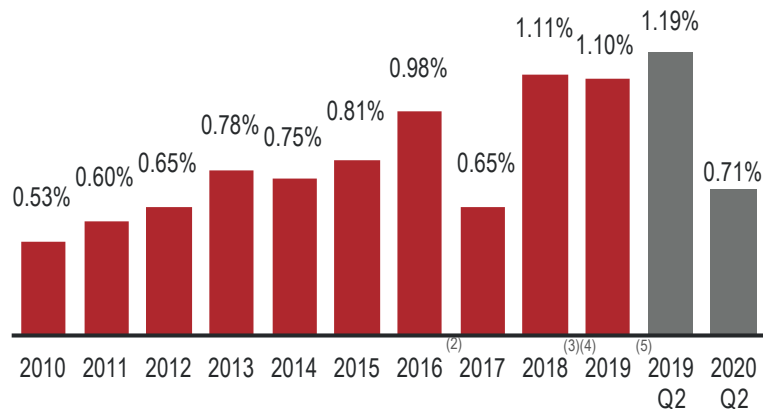
Note: Dollars in millions, except per share numbers.

- (1) Includes a one-time gain from sale of branches of \$1.3 million (after-tax).
- (2) Includes \$1.8 million and \$1.7 million of core system conversion and acquisition and merger-related expenses, respectively, and \$3.1 million of acquisition accounting adjustments.
- (3) Includes \$9.6 million of acquisition accounting adjustments, \$1.4 million of pre-tax severance expense and a \$1.1 million FDIC Small Bank Assessment Credit.

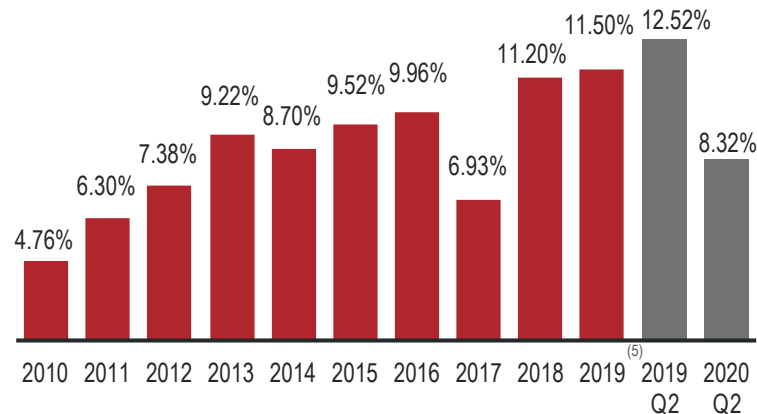
- (4) Includes \$3.1 million of acquisition accounting adjustments; Adjusted net interest margin (tax equivalent) adjusted for acquisition accounting adjustments was 4.17%. Please refer to the non-GAAP reconciliation in the appendix.
- (5) Includes \$9.6 million of acquisition accounting adjustments; Adjusted net interest margin (tax equivalent) adjusted for acquisition accounting adjustments was 4.00%. Please refer to the non-GAAP reconciliation in the appendix.

Earnings Performance, continued

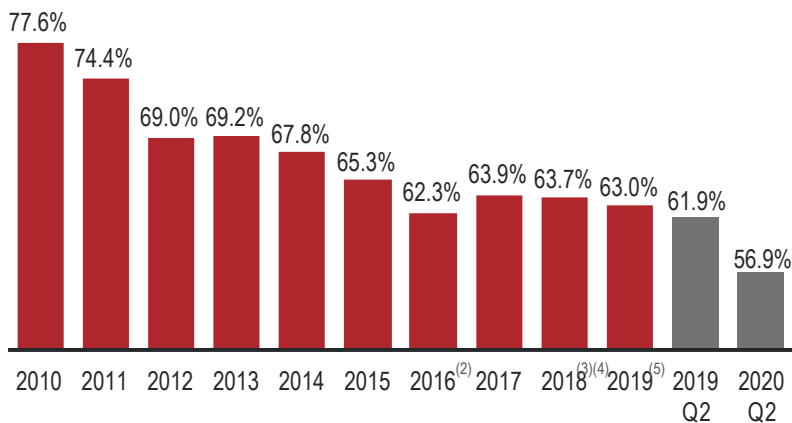
Return on Average Assets



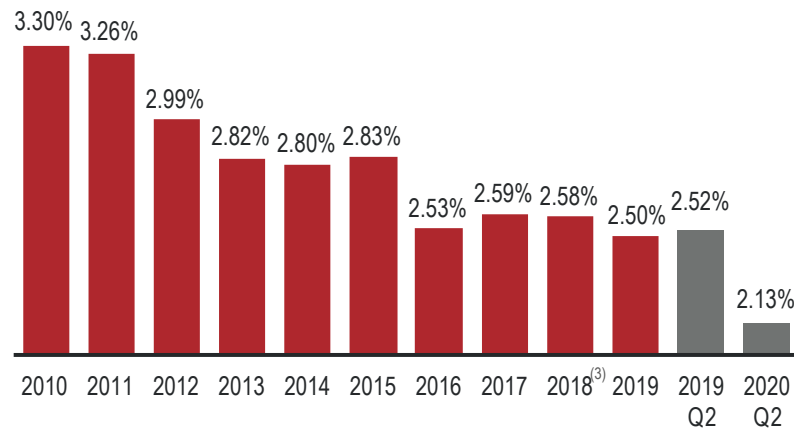
Return on Average Tangible Common Equity⁽¹⁾



Efficiency Ratio⁽⁶⁾



Noninterest Expense to Average Assets



(1) Please refer to the non-GAAP reconciliation in the appendix.

(2) Includes a one-time gain from sale of branches of \$1.3 million (after-tax).

(3) Includes \$1.8 million and \$1.7 million of core system conversion and merger-related expenses, respectively.

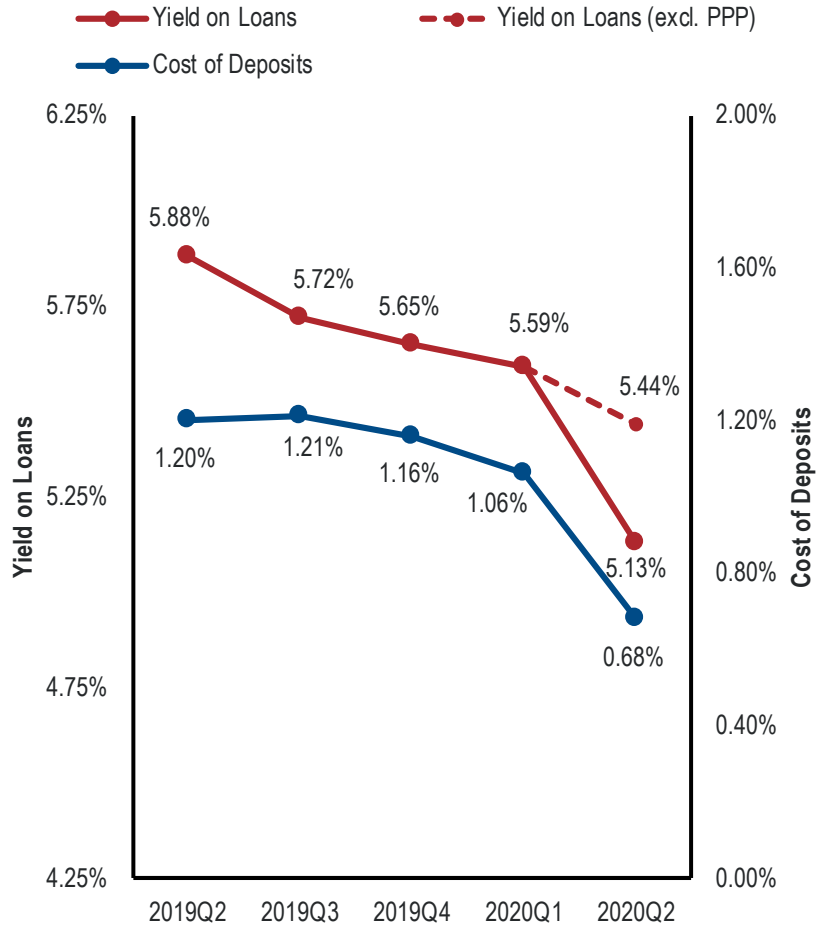
(4) Includes \$3.1 million of acquisition accounting adjustments.

(5) Includes \$9.6 million of acquisition accounting adjustments, \$1.3 million of acquisition and merger related expenses, \$1.4 million of pre-tax severance expense, \$1.1 million FDIC Small Bank Assessment Credit, \$1.5 million of gain on sales of securities offset by \$572 thousand of prepayment penalties and \$376 thousand of SBIC income.

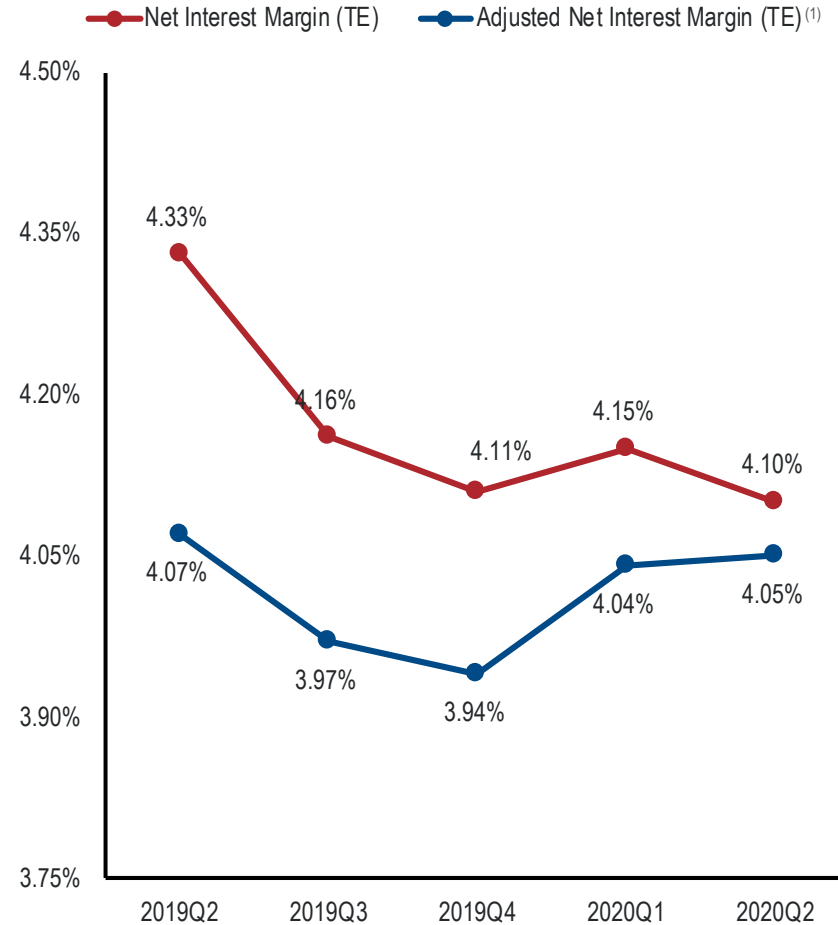
(6) Represents total noninterest expense divided by the sum of net interest income plus noninterest income, excluding net gains and losses on the sale of loans, securities and assets. Additionally, taxes and provision for loan losses are not part of this calculation.

Yields and Cost Analysis

Loan Portfolio Reported Yields and Total Deposit Costs



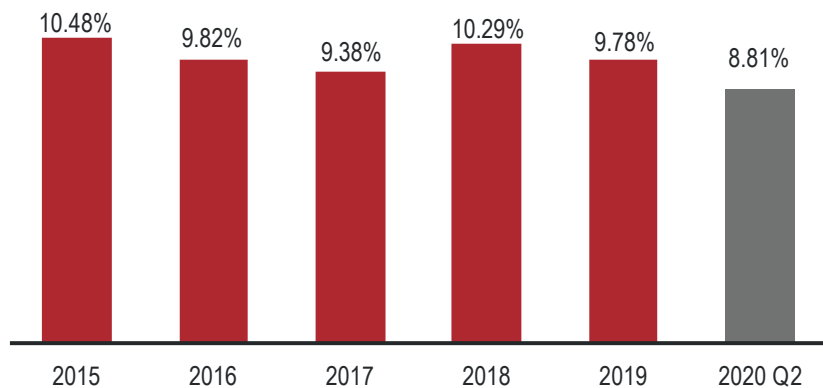
Net Interest Margin



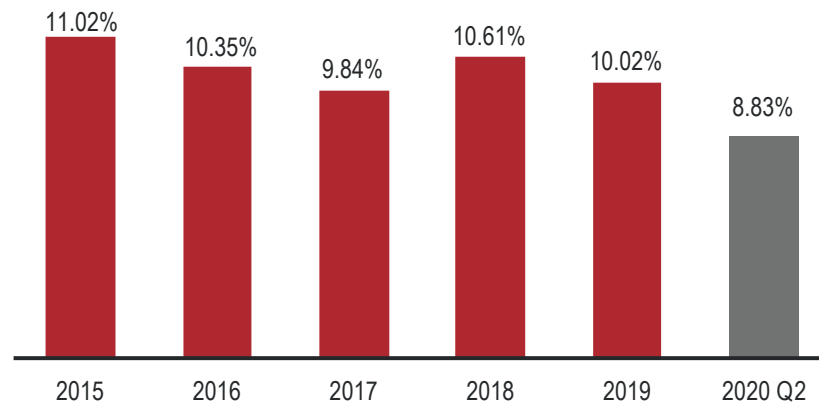
(1) Adjusted net interest margin excludes acquisition accounting adjustments. Please refer to the non-GAAP reconciliation in the appendix.

Capital Position

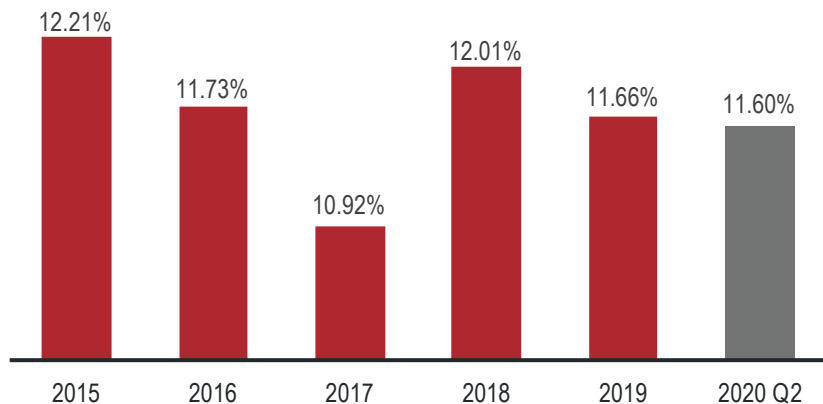
Tangible Equity / Tangible Assets⁽¹⁾



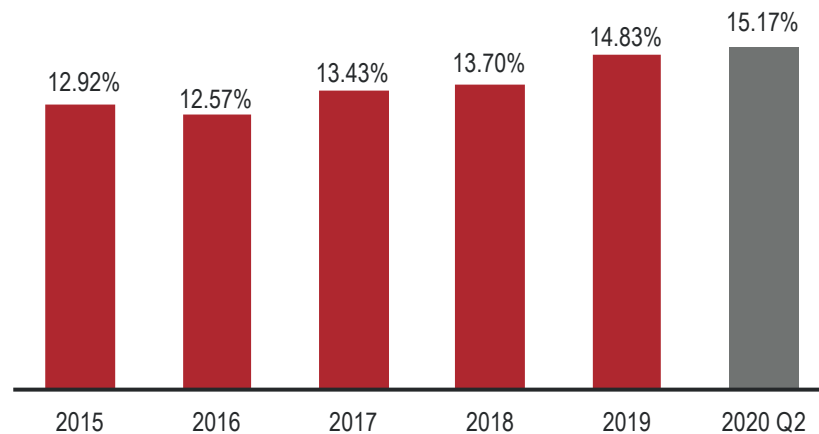
Tier 1 Leverage Ratio



Tier 1 Risk-Based Ratio



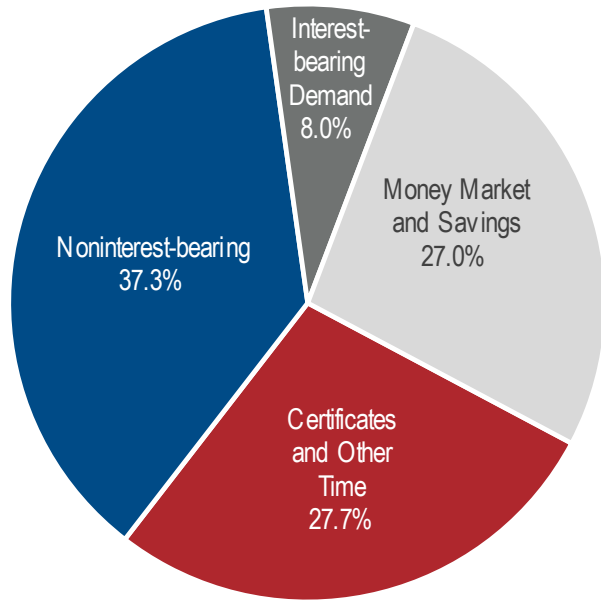
Total Risk-Based Ratio



(1) Please refer to the non-GAAP reconciliation in the appendix.

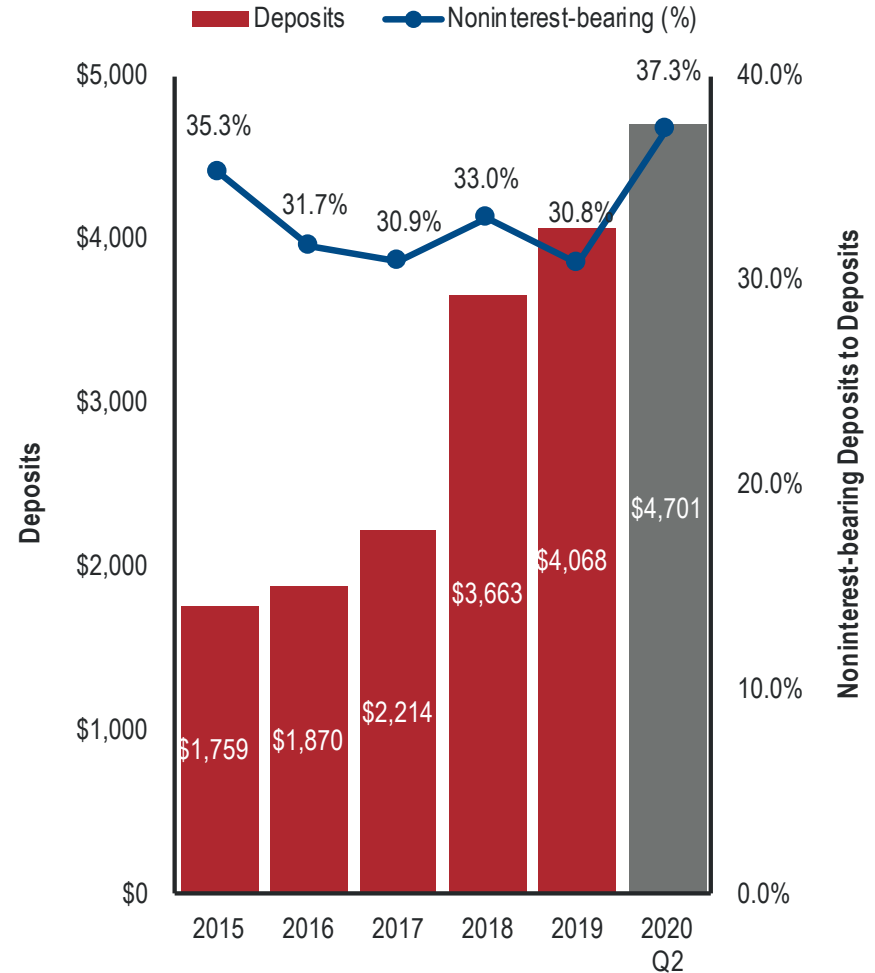
Deposit Composition and Growth

Deposit Composition



Deposit Category	(\$)	(%)
Noninterest-bearing	\$ 1,754.1	37.3%
Interest-bearing Demand	375.4	8.0%
Money Market and Savings	1,270.4	27.0%
Certificates and Other Time	1,300.8	27.7%
Total	\$ 4,700.7	100.0%

Deposit Growth Trend

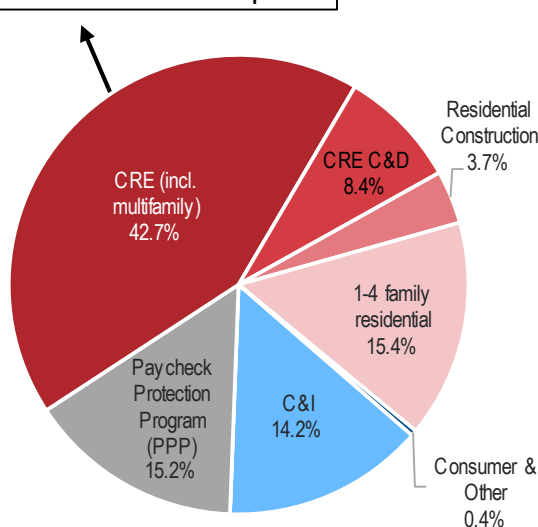


Note: Dollars in millions. As of the quarter ended June 30, 2020.

Loan Portfolio Composition

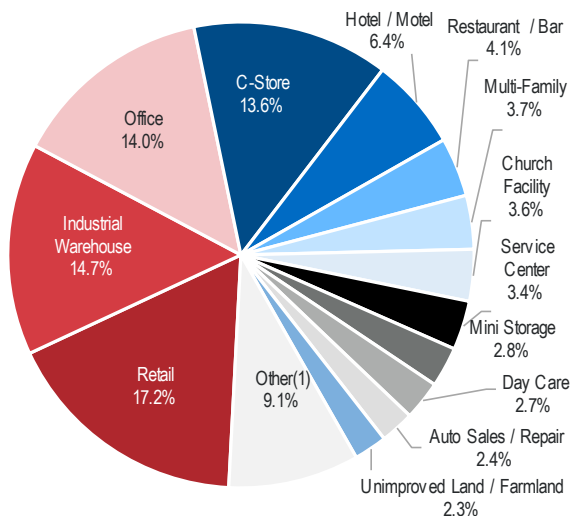
Total Loan Portfolio Composition

53.8% of CRE is Owner-Occupied



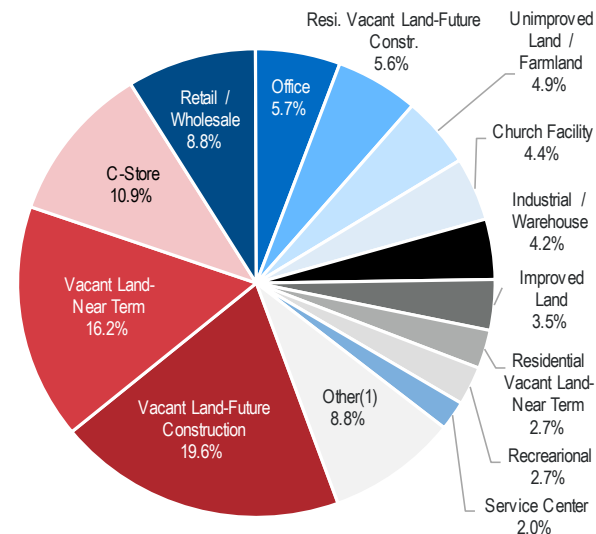
Loan Category	(\$)	(%)
C&I	\$ 651.4	14.2%
Mortgage Warehouse	-	0.0%
Paycheck Protection Program (PPP)	695.8	15.2%
CRE (incl. multifamily)	1,956.1	42.7%
CRE C&D	386.9	8.4%
1-4 family residential	703.5	15.4%
Residential construction	171.7	3.7%
Consumer & Other	18.3	0.4%
Total	\$ 4,583.7	100.0%

CRE (incl. multi-family) by Property Type



Property Type	(\$)	(%)
Retail	\$ 337.3	17.2%
Industrial Warehouse	287.9	14.7%
Office	274.0	14.0%
C-Store	267.0	13.6%
Hotel / Motel	125.1	6.4%
Restaurant / Bar	80.2	4.1%
Multi-Family	73.1	3.7%
Church Facility	70.2	3.6%
Service Center	66.8	3.4%
Mini Storage	54.5	2.8%
Day Care	53.4	2.7%
Auto Sales / Repair	46.0	2.4%
Unimproved Land / Farmland	44.9	2.3%

CRE Construction by Property Type



Property Type	(\$)	(%)
Vacant Land-Future Construction	\$ 75.8	19.6%
Vacant Land-Near Term	62.7	16.2%
C-Store	42.1	10.9%
Retail / Wholesale	33.9	8.8%
Office	22.2	5.7%
Resi. Vacant Land-Future Constr.	21.8	5.6%
Unimproved Land / Farmland	18.9	4.9%
Church Facility	16.9	4.4%
Industrial / Warehouse	16.1	4.2%
Improved Land	13.5	3.5%
Residential Vacant Land-Near Term	10.3	2.7%
Recreational	10.3	2.7%
Service Center	7.8	2.0%

Note: Dollars in millions, unless otherwise noted. As of the quarter ended June 30, 2020.

(1) Includes classifications less than 2.0% of total composition.

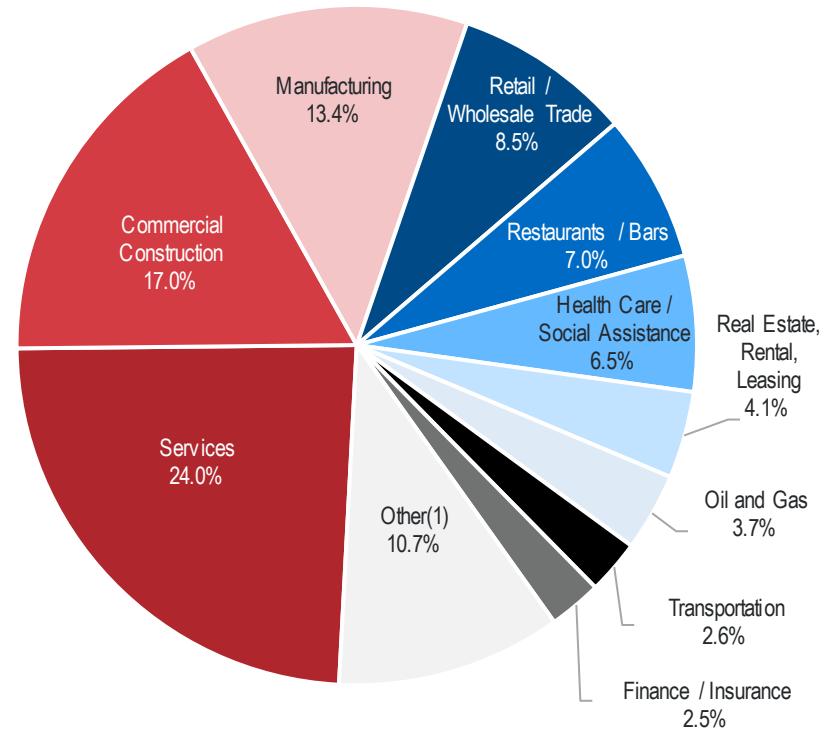
PPP Loan Composition as of June 30, 2020

Total PPP Loan Composition

Industry	(\$)mm	(%)
Services	\$ 166.9	24.0%
Commercial Construction	118.4	17.0%
Manufacturing	93.0	13.4%
Retail / Wholesale Trade	58.8	8.5%
Restaurants / Bars	48.9	7.0%
Health Care / Social Assistance	44.9	6.5%
Real Estate, Rental, Leasing	28.7	4.1%
Oil and Gas	25.8	3.7%
Transportation	17.9	2.6%
Finance / Insurance	17.5	2.5%
Other ⁽¹⁾	75.0	10.7%
Total	\$ 695.8	100.0%

PPP Highlights

Total Loans		5,876
Average Funded Loan Balance (\$ in thousands)	\$	118.4
Balance of Loans Under \$150,000 (\$ in millions)	\$	188.3
Weighted Average Fee		3.75%
New Customers Stats:		
Loans to New Customers		3,274
PPP Loan Balance of New Customers (\$ in millions)	\$	240.1



(1) Includes classifications less than 2.0% of total composition.

Loan Deferral Update

❖ As of 8/31/2020, \$879 million, or 74.1%, of \$1.19 billion of 1st deferral loan balances at 6/30/2020 have returned to making payments and \$187 million in loan balances have received a 2nd deferral, representing a redeferral rate of 15.8%.

❖ Our higher-risk portfolios below represent 46% of 2nd deferral loan balances:

- Hotel loans represented \$134 million⁽¹⁾, or 2.9%, of total loans at 6/30/2020, of which \$117 million had received a deferral. As of 8/31/2020, \$43 million, or 37.0%, have returned to making payments and \$67 million have received a 2nd deferral, representing a redeferral rate of 57.6%.
- Restaurant loans represented \$111 million⁽¹⁾, or 2.4%, of total loans at 6/30/2020, of which \$77 million had received a deferral. As of 8/31/2020, \$56 million, or 72.3%, have returned to making payments and \$15 million have received a 2nd deferral, representing a redeferral rate of 19.9%.
- Oil and Gas loans represented \$75 million⁽¹⁾, or 1.6%, of total loans at 6/30/2020, of which \$18 million had received a deferral. As of 8/31/2020, \$14 million, or 74.2%, have returned to making payments and \$4 million have received a 2nd deferral, representing a redeferral rate of 20.6%.

(1) Excluding PPP loans

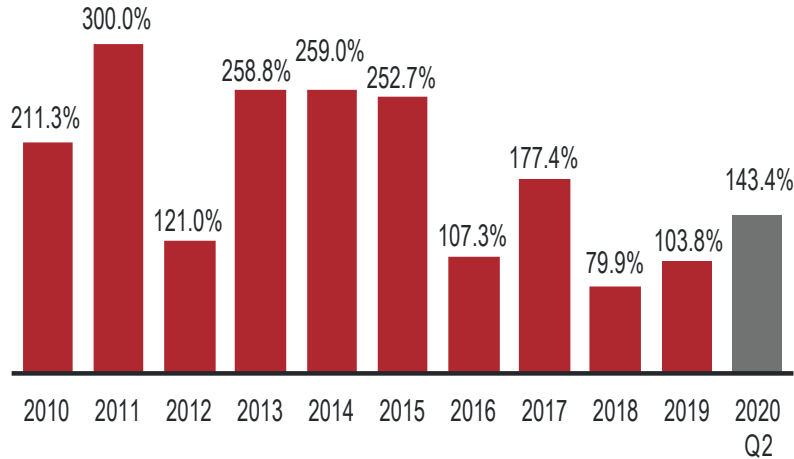
Note: Remaining loan balances are comprised primarily of loans on 1st deferral, loans pending return to payment or a potential 2nd deferral

Loan Category	1st Deferrals as of June 30, 2020				2nd Deferrals as of August 31, 2020				Redeferral Rate
	Loan Balance at 6/30/2020	Number of Loans Deferred	Loan Balance of Deferral	Percentage of Loan Category	Loan Balance at 8/31/2020	Number of Loans Deferred	Loan Balance of Deferral	Percentage of Loan Category	
Commercial and industrial	\$ 651,430	711	\$ 134,073	20.6%	\$ 654,915	83	\$ 18,600	2.8%	13.9%
Mortgage warehouse	-	-	-	0.0%	-	-	-	0.0%	0.0%
Paycheck Protection Program (PPP)	695,772	-	-	0.0%	710,180	-	-	0.0%	0.0%
Real estate:									
Commercial real estate (including multi-family residential)	1,956,116	763	793,115	40.5%	1,966,611	79	135,719	6.9%	17.1%
Commercial real estate construction and land development	386,865	127	101,456	26.2%	398,029	18	17,007	4.3%	16.8%
1-4 family residential (including home equity)	703,513	425	139,565	19.8%	705,375	26	14,824	2.1%	10.6%
Residential construction	171,656	30	18,017	10.5%	164,585	4	1,139	2.8%	6.3%
Consumer and other	18,304	55	1,197	6.5%	15,514	5	140	2.8%	11.7%
Total loans	\$ 4,583,656	2,111	\$ 1,187,423	25.9%	\$ 4,615,209	215	\$ 187,429	2.8%	15.8%

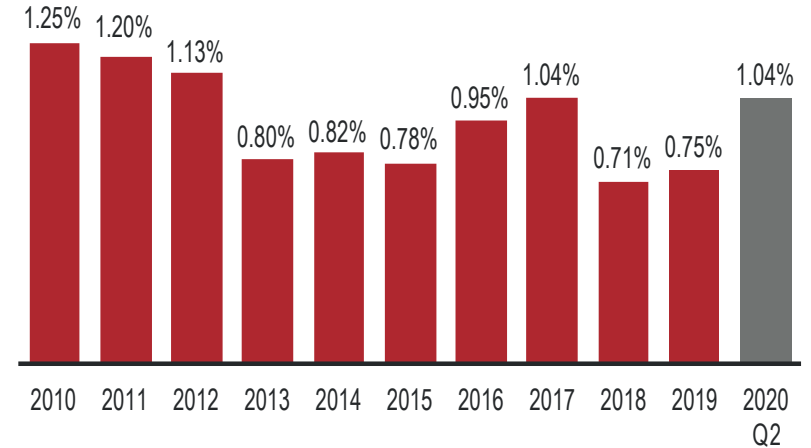
Note: Dollars in thousands

Strong Asset Quality

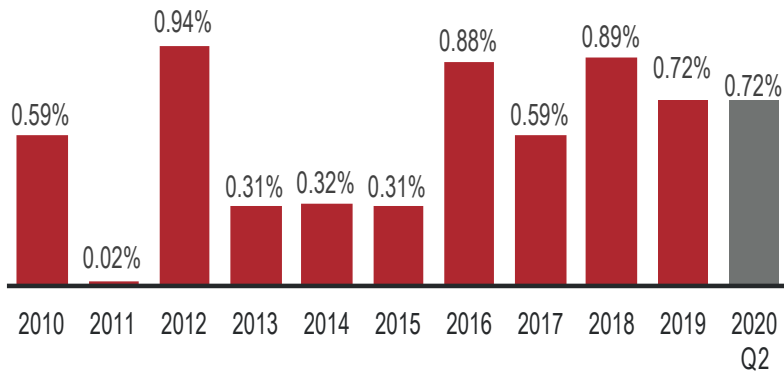
Allowance / Nonperforming Loans



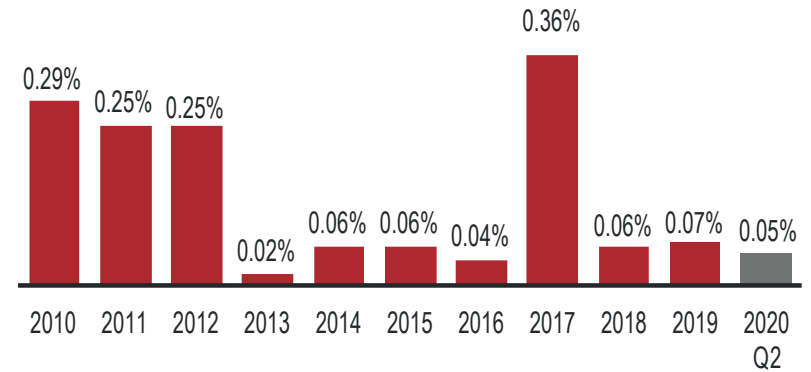
Allowance / Total Loans



Nonperforming Loans / Total Loans



Net Charge-offs / Average Loans⁽¹⁾



(1) Annualized for each respective quarter.

Appendix: Non-GAAP Reconciliation

Our management uses certain non-GAAP financial measures in its analysis of our performance:

- ❖ **“Tangible Shareholders’ Equity”** is a non-GAAP measure generally used by financial analysts and investment bankers to evaluate financial institutions. Tangible shareholders’ equity is defined as total shareholders’ equity reduced by goodwill and core deposit intangibles, net of accumulated amortization. This measure is important to investors interested in changes from period to period in shareholders’ equity, exclusive of changes in intangible assets. For tangible shareholders’ equity, the most directly comparable financial measure calculated in accordance with GAAP is total shareholders’ equity. Goodwill and other intangible assets have the effect of increasing total shareholders’ equity while not increasing our tangible shareholders’ equity.
- ❖ **“Tangible Equity to Tangible Assets”** is a non-GAAP measure generally used by financial analysts and investment bankers to evaluate financial institutions. Tangible equity to tangible assets is defined as total shareholders’ equity reduced by goodwill and core deposit intangibles, net of accumulated amortization, divided by tangible assets, which are total assets reduced by goodwill and core deposit intangibles, net of accumulated amortization. This measure is important to investors interested in changes from period to period in equity and total assets, each exclusive of changes in intangible assets. For tangible equity to tangible assets, the most directly comparable financial measure calculated in accordance with GAAP is total shareholders’ equity to total assets. Goodwill and other intangible assets have the effect of increasing both total shareholders’ equity and assets while not increasing our tangible common equity or tangible assets.

	For the Years Ended December 31,					For the Quarters Ended June 30,	
	2015	2016	2017	2018	2019	2019	2020
Total Shareholders’ Equity	\$ 258,490	\$ 279,817	\$ 306,865	\$ 702,984	\$ 709,865	\$ 704,701	\$ 736,143
Less: Goodwill and Core Deposit Intangibles, net	44,619	43,444	42,663	249,712	245,518	247,873	243,538
Tangible Shareholders’ Equity	\$ 213,871	\$ 236,373	\$ 264,202	\$ 453,272	\$ 464,347	\$ 456,828	\$ 492,605
Total Assets	\$ 2,084,579	\$ 2,450,948	\$ 2,860,231	\$ 4,655,249	\$ 4,992,654	\$ 4,794,211	\$ 5,836,881
Less: Goodwill and Core Deposit Intangibles, net	44,619	43,444	42,663	249,712	245,518	247,873	243,538
Tangible Assets	\$ 2,039,960	\$ 2,407,504	\$ 2,817,568	\$ 4,405,537	\$ 4,747,136	\$ 4,546,338	\$ 5,593,343
Tangible Equity to Tangible Assets	10.48%	9.82%	9.38%	10.29%	9.78%	10.05%	8.81%

	For the Year Ended December 31,					For the Quarters Ended June 30,	
	2015	2016	2017	2018	2019	2019	2020
Net Income Attributable to Shareholders	\$ 15,227	\$ 22,851	\$ 17,632	\$ 37,309	\$ 52,959	\$ 14,248	\$ 9,907
Average Shareholders’ Equity	204,935	273,211	297,627	413,441	708,269	705,162	723,104
Less: Average Goodwill and Core Deposit Intangibles, net	45,055	43,880	43,050	80,384	247,854	248,621	244,010
Average Tangible Common Shareholders’ Equity	\$ 159,880	\$ 229,331	\$ 254,577	\$ 333,057	\$ 460,415	\$ 456,541	\$ 479,094
Return on Average Tangible Common Equity	9.52%	9.96%	6.93%	11.20%	11.50%	12.52%	8.32%

Note: Dollars in thousands.

Non-GAAP Reconciliation, continued

- ❖ **“Adjusted Net Interest Margin (TE)”** is a non-GAAP measure generally used by financial analysts and investment bankers to evaluate financial institutions. Adjusted net interest margin is defined as net interest income, net of related acquisition accounting adjustments, divided average earnings assets. This measure is important to investors interested in changes from period to period in net interest income, exclusive of the impact from related acquisition accounting adjustments. For adjusted net interest margin, the most directly comparable financial measure calculated in accordance with GAAP is net interest margin.

	For the Three Months Ended,				
	6/30/2019	9/30/2019	12/31/2019	3/31/2020	6/30/2020
Interest Income	\$ 58,946	\$ 58,665	\$ 58,147	\$ 57,452	\$ 60,452
Interest Expense	13,375	13,828	13,621	12,427	9,605
Tax Equivalent Adjustment	113	87	97	127	495
Net Interest Income (TE)	45,684	44,924	44,623	45,152	51,342
Less: Acquisition Accounting Adjustments	(2,755)	(2,045)	(1,860)	(1,259)	(669)
Adjusted Net Interest Income (TE)	\$ 42,929	\$ 42,879	\$ 42,763	\$ 43,893	\$ 50,673
Average Earning Assets	\$ 4,233,653	\$ 4,284,667	\$ 4,308,028	\$ 4,372,723	\$ 5,037,414
Net Interest Margin (TE) ⁽¹⁾	4.33%	4.16%	4.11%	4.15%	4.10%
Adjusted Net Interest Margin (TE) ⁽¹⁾	4.07%	3.97%	3.94%	4.04%	4.05%

Note: Dollars in thousands.

(1) Annualized for each respective quarter.