

stellar BANCORP, INC.

PRESS RELEASE

STELLAR BANCORP, INC. REPORTS FOURTH QUARTER 2022 RESULTS

HOUSTON, January 27, 2023 - Stellar Bancorp, Inc. (the “Company” or “Stellar”) (NASDAQ: STEL) today reported net income of \$2.1 million, or \$0.04 earnings per diluted share, for the fourth quarter 2022 and \$51.4 million, or \$1.47 earnings per diluted share, for the year ended December 31, 2022. The fourth quarter 2022 results for Stellar reflect the merger of equals (the “Merger”) between Allegiance Bancshares, Inc. (“Allegiance”) and CBTX, Inc. (“CBTX”), which became effective on October 1, 2022.

“We are pleased to report our fourth quarter results as a combined institution. Our scale and resources enhance our ability to execute our business strategy focused on delivering exceptional customer service to increase shareholder value while continuing to honor our community values. The integration of our combined talents and expertise benefits our customers, employees, communities and shareholders. We are very grateful for the dedication and hard work of our team coming together and for the continued work as we implement an efficient system conversion in the first quarter of 2023,” said Robert R. Franklin, Jr., Stellar’s Chief Executive Officer.

“As we approach 2023, we are excited about the opportunities created by our combination and also cautious about increasing interest rates and the resulting effects on our economy. We will focus our efforts in the coming year on credit quality, liquidity and capital management. We are convinced more than ever that there is a bright long-term future for Stellar,” concluded Mr. Franklin.

Fourth Quarter 2022 Financial Highlights

- Total assets were \$10.90 billion at year-end reflecting combined scale from the Merger.
- Tax equivalent net interest margin was 4.71% for the fourth quarter 2022. The tax equivalent net interest margin, excluding purchase accounting accretion, was 4.38% for the fourth quarter. Refer to the calculation of this non-GAAP financial measure on page 11.
- Net income for the fourth quarter 2022 of \$2.1 million and diluted earnings per share of \$0.04. Pre-tax, pre-provision income of \$46.6 million and adjusted pre-tax, pre-provision income of \$53.0 million for the fourth quarter 2022. Refer to the calculation of this non-GAAP financial measure on page 11.
- As a result of the Merger, the Company recorded a \$28.2 million provision for credit losses on non-purchased credit deteriorated (“non-PCD”) loans and a \$5.0 million provision for unfunded commitments for the Current Expected Credit Loss requirement, along with a \$7.6 million allowance for credit losses on purchase credit deteriorated (“PCD”) loans. Acquisition and merger related expenses totaled \$11.5 million in the fourth quarter 2022.

Merger of Equals

On October 1, 2022, the Merger of Allegiance with CBTX was completed pursuant to an Agreement and Plan of Merger dated November 5, 2021 (as amended, the “Merger Agreement”), with the surviving corporation renamed Stellar Bancorp, Inc. Pursuant to the Merger Agreement, each share of Allegiance common stock was converted into the right to receive 1.4184 shares of common stock of the Company for each share of Allegiance common stock.

The Merger was accounted for as a reverse acquisition using the acquisition method of accounting, with CBTX treated as the legal acquirer and Allegiance treated as the accounting acquirer for financial reporting purposes. Therefore, the historical financial statements of the Company prior to the Merger reflect the historical financial statement balances of Allegiance. In addition, the assets and liabilities of CBTX as of the date of the Merger have been recorded at estimated fair value and added to those of Allegiance. The Company’s valuations of CBTX’s assets and liabilities are preliminary and may be refined for up to a year from the date of the Merger. The Merger had a significant impact on all aspects of the Company’s financial statements, and as a result, financial results after the Merger may not be comparable to financial results prior to the Merger. Results of operations reflect the combined operations following the Merger for the fourth quarter 2022 and stand-alone Allegiance for all periods prior.

Fourth Quarter 2022 Results

Stellar's net interest income in the fourth quarter 2022 increased \$57.5 million, or 99.0%, to \$115.6 million from \$58.1 million for the fourth quarter 2021 and increased \$54.9 million, or 90.5%, from \$60.7 million for the third quarter 2022. These increases were primarily due to the Merger. The net interest margin on a tax equivalent basis increased 114 basis points to 4.71% for the fourth quarter 2022 from 3.57% for the fourth quarter 2021 and increased 86 basis points from 3.85% for the third quarter 2022. The increase in the margin over the prior quarter and the comparable quarter in the prior year were primarily due to dynamics relating to the Merger and increases in interest rates. During the quarter, net interest income benefited from \$8.2 million in income from purchase accounting adjustments. Excluding purchase accounting adjustments, net interest income would have been \$107.5 million and the tax equivalent net interest margin would have been 4.38%.

Noninterest income for the fourth quarter 2022 was \$10.6 million, an increase of \$8.2 million, or 333.5%, compared to \$2.5 million for the fourth quarter 2021 and an increase of \$7.6 million, or 255.2%, compared to \$3.0 million for the third quarter 2022. Noninterest income increased primarily due to nonrecurring gains on sale of securities, loans and assets held for sale totaling \$4.0 million along with increased scale as a result of the Merger during the quarter.

Noninterest expense for the fourth quarter 2022 increased \$42.9 million, or 116.7%, to \$79.6 million from \$36.7 million for the fourth quarter 2021 and increased \$35.6 million, or 80.8%, compared to the third quarter of 2022. These increases in noninterest expense over the prior periods were primarily due to increases in operating expenses due to the Merger, most significantly salaries and benefits due to increased scale, and the amortization of core deposit intangibles. Acquisition and merger-related expenses associated with the Merger totaled \$11.5 million during the quarter.

Stellar's efficiency ratio increased to 65.14% for the fourth quarter 2022 compared to 60.68% for the fourth quarter 2021 and decreased from 69.18% for the third quarter 2022. Fourth quarter 2022 annualized returns on average assets, average equity and average tangible equity were 0.07%, 0.60% and 1.18%, respectively, compared to 1.23%, 10.60% and 15.05% for the fourth quarter 2021. Annualized returns on average assets, average equity and average tangible equity for the third quarter 2022 were 0.84%, 7.90% and 11.78%, respectively. Return on average tangible equity is a non-GAAP measure. Please refer to the non-GAAP reconciliation on page 11.

Year Ended December 31, 2022 Results

Net interest income before provision for credit losses for the year ended December 31, 2022 increased \$60.4 million, or 26.4%, to \$289.0 million from \$228.6 million for the year ended December 31, 2021 primarily due to the Merger. The net interest margin on a tax equivalent basis increased 4 basis points to 3.94% for the year ended December 31, 2022 from 3.90% for the year ended December 31, 2021. The increase in the margin over the prior year was primarily due to the increase in the average yield on interest-earning assets partially offset by increased funding costs. Excluding purchase accounting adjustments, net interest income would have been \$280.6 million and the tax equivalent net interest margin would have been 3.83%.

Noninterest income for the year ended December 31, 2022 was \$20.4 million, an increase of \$11.8 million, or 137.7%, compared to \$8.6 million for the year ended December 31, 2021 due primarily to the Merger and nonrecurring gains on sale of assets.

Noninterest expense for the year ended December 31, 2022 increased \$56.5 million, or 40.5%, to \$196.1 million from \$139.6 million for the year ended December 31, 2021. The increase in noninterest expense over the year ended December 31, 2021 was primarily due to increased salaries and benefits, amortization of core deposit intangibles and acquisition and merger-related expenses associated with the Merger.

Stellar's efficiency ratio increased to 64.23% for the year ended December 31, 2022 from 58.86% for the year ended December 31, 2021. For the year ended December 31, 2022, returns on average assets, average equity and average tangible equity were 0.64%, 5.69% and 9.16%, respectively, compared to 1.24%, 10.38% and 14.93%, respectively, for the year ended December 31, 2021. Return on average tangible equity is a non-GAAP measure. Please refer to the non-GAAP reconciliation on page 11.

Financial Condition

Stellar's total assets at December 31, 2022 increased \$3.80 billion, or 53.4%, to \$10.90 billion compared to \$7.10 billion at December 31, 2021 and increased \$4.17 billion, or 247.8% (annualized), compared to \$6.73 billion at September 30, 2022.

Total loans at December 31, 2022 increased \$3.53 billion, or 83.7%, to \$7.75 billion compared to \$4.22 billion at December 31, 2021, and increased \$3.16 billion, or 275.5% (annualized) compared to \$4.59 billion at September 30, 2022, primarily due to the Merger. The Company recorded purchase accounting adjustments on loans of \$166.5 million related to the Merger. At December 31, 2022, the remaining balance of the purchase accounting adjustments on loans was \$154.8 million. Core loans, which exclude Paycheck Protection Program (PPP) loans, increased \$3.67 billion, or 90.0%, to \$7.74 billion at December 31, 2022 from \$4.07 billion at December 31, 2021 and increased \$3.17 billion, or 277.0% (annualized), from \$4.57 billion at September 30, 2022.

Deposits at December 31, 2022 increased \$3.22 billion, or 53.2%, to \$9.27 billion compared to \$6.05 billion at December 31, 2021 and increased \$3.61 billion, or 254.9% (annualized), compared to \$5.66 billion at September 30, 2022.

Asset Quality

Stellar's nonperforming assets totaled \$45.0 million, or 0.41% of total assets, at December 31, 2022 compared to \$24.1 million, or 0.34% of total assets, at December 31, 2021 and \$21.6 million, or 0.32% of total assets at September 30, 2022. The allowance for credit losses on loans as a percentage of total loans was 1.20% at December 31, 2022, 1.14% at December 31, 2021 and 1.14% at September 30, 2022.

The provision for credit losses for the fourth quarter 2022 was \$44.8 million compared to the reversal of provision for credit losses of \$2.6 million for the fourth quarter 2021 and the provision for credit losses of \$2.0 million for the third quarter 2022. As a result of loans acquired in the merger, the fourth quarter includes a \$28.2 million provision for credit losses on loans and a \$5.0 million provision for unfunded commitments. Additionally, the Company recorded a \$7.6 million allowance for credit losses on PCD loans acquired.

Fourth quarter 2022 net charge-offs were \$5.7 million, or 0.30% (annualized) of average loans, compared to net charge-offs of \$1.4 million, or 0.13% (annualized) of average loans, for the fourth quarter 2021 and net recoveries of \$245 thousand, or (0.02)% (annualized) of average loans, for the third quarter 2022. Fourth quarter net charge-offs included \$4.6 million of charge-offs on loans sold during the fourth quarter 2022.

GAAP Reconciliation of Non-GAAP Financial Measures

Stellar's management uses certain non-GAAP financial measures. Please refer to the GAAP Reconciliation and Management's Explanation of Non-GAAP Financial Measures on pages 11 of this earnings release for a reconciliation of these non-GAAP financial measures.

Conference Call

As previously announced, Stellar's management team will host a conference call and webcast on Friday, January 27, 2023 at 8:00 a.m. Central Time (9:00 a.m. Eastern Time) to discuss fourth quarter 2022 results. Individuals and investment professionals may register for the conference call at <https://register.vevent.com/register/BI70fcd05aee4348f7b0dc18ea083f2b2c> to receive the dial-in numbers and unique PIN to access the call. If you need assistance in obtaining a dial-in number, please contact IR@stellarbancorpinc.com. A simultaneous audio-only webcast may be accessed via the Investor Relations section of Stellar's website at <https://ir.stellarbancorpinc.com/events-and-presentations>. If you are unable to participate during the live webcast, the webcast will be accessible via the Investor Relations section of Stellar's website at ir.stellarbancorpinc.com.

About Stellar Bancorp, Inc.

Stellar Bancorp, Inc. is a bank holding company headquartered in Houston, Texas. Stellar's principal banking subsidiary, created by the merger of Allegiance Bank and CommunityBank of Texas, N.A. and to be renamed Stellar Bank upon system conversion, provides a diversified range of commercial banking services primarily to small- to medium-sized businesses and individual customers across the Houston, Dallas, Beaumont and surrounding communities in Texas.

Investor relations

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Forward-Looking Statements

Certain statements in this press release which are not historical in nature are intended to be, and are hereby identified as, "forward-looking statements" for purposes of the safe harbor provided by Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements include, but are not limited to, statements about the benefits of the Merger, including future financial performance and operating results, the Company's plans, business and growth strategies, objectives, expectations and intentions, and other statements that are not historical facts, including 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. Forward-looking statements may be identified by terminology such as "may," "will," "should," "could," "scheduled," "plans," "intends," "projects," "anticipates," "expects," "believes," "estimates," "potential," "would," or "continue" or negatives of such terms or other comparable terminology.

All forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and other factors that may cause the actual results, performance or achievements of Stellar to differ materially from any results expressed or implied by such forward-looking statements. Such factors include, among others: the risk that the cost savings and any revenue synergies from the Merger may not be fully realized or may take longer than anticipated to be realized; disruption to our business as a result of the Merger; the risk that the integration of our operations following the merger will be materially delayed or will be more costly or difficult than we expected or that we are otherwise unable to successfully integrate our legacy businesses; the amount of the costs, fees, expenses and charges related to the Merger; reputational risk and the reaction of our customers, suppliers, employees or other business partners to the Merger; changes in the interest rate environment, the value of Stellar's assets and obligations and the availability of capital and liquidity; general competitive, economic, political and market conditions; and other factors that may affect future results of Stellar including changes in asset quality and credit risk; the inability to sustain revenue and earnings growth; changes in interest rates and capital markets; inflation; customer borrowing, repayment, investment and deposit practices; the impact, extent and timing of technological changes; capital management activities; and other

actions of the Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation and Texas Department of Banking and legislative and regulatory actions and reforms.

Additional factors which could affect the Company's future results can be found in the Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K and the Joint Proxy Statement/Prospectus regarding the Merger that CBTX filed with the SEC on April 7, 2022 pursuant to Rule 424(b)(3) and CBTX's Annual Report on Form 10-K and Allegiance's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K, in each case filed with the SEC and available on the SEC's website at [https:// www.sec.gov](https://www.sec.gov). We disclaim any obligation and do not intend to update or revise any forward-looking statements contained in this communication, which speak only as of the date hereof, whether as a result of new information, future events or otherwise, except as required by federal securities laws. As forward-looking statements involve significant risks and uncertainties, caution should be exercised against placing undue reliance on such statements.

Stellar Bancorp, Inc.
Financial Highlights
(Unaudited)

| | 2022 | | | | 2021 |
|---|------------------------|---------------------|---------------------|---------------------|---------------------|
| | December 31 | September 30 | June 30 | March 31 | December 31 |
| | (Dollars in thousands) | | | | |
| ASSETS | | | | | |
| Cash and due from banks | \$ 67,063 | \$ 16,449 | \$ 17,547 | \$ 26,629 | \$ 23,961 |
| Interest-bearing deposits at other financial institutions | 304,642 | 102,118 | 275,290 | 672,755 | 733,548 |
| Total cash and cash equivalents | 371,705 | 118,567 | 292,837 | 699,384 | 757,509 |
| Available for sale securities, at fair value | 1,807,586 | 1,618,995 | 1,709,321 | 1,790,707 | 1,773,765 |
| Loans held for investment | 7,754,751 | 4,591,912 | 4,348,833 | 4,283,514 | 4,220,486 |
| Less: allowance for credit losses on loans | (93,180) | (52,147) | (50,242) | (49,215) | (47,940) |
| Loans, net | 7,661,571 | 4,539,765 | 4,298,591 | 4,234,299 | 4,172,546 |
| Accrued interest receivable | 44,743 | 29,697 | 29,882 | 31,505 | 33,392 |
| Premises and equipment, net | 126,803 | 57,837 | 58,482 | 62,168 | 63,708 |
| Federal Home Loan Bank stock | 15,058 | 16,843 | 4,078 | 9,376 | 9,358 |
| Bank owned life insurance | 103,094 | 28,305 | 28,170 | 28,374 | 28,240 |
| Goodwill | 497,260 | 223,642 | 223,642 | 223,642 | 223,642 |
| Core deposit intangibles, net | 143,525 | 12,406 | 13,156 | 13,907 | 14,658 |
| Other assets | 129,092 | 84,285 | 73,605 | 56,001 | 28,136 |
| Total assets | \$ 10,900,437 | \$ 6,730,342 | \$ 6,731,764 | \$ 7,149,363 | \$ 7,104,954 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | |
| LIABILITIES: | | | | | |
| Deposits: | | | | | |
| Noninterest-bearing | \$ 4,230,169 | \$ 2,465,839 | \$ 2,394,719 | \$ 2,353,604 | \$ 2,243,085 |
| Interest-bearing | | | | | |
| Demand | 1,591,828 | 956,920 | 1,016,381 | 1,070,855 | 869,984 |
| Money market and savings | 2,575,923 | 1,471,690 | 1,510,008 | 1,552,853 | 1,643,745 |
| Certificates and other time | 869,712 | 766,270 | 959,524 | 1,185,015 | 1,290,825 |
| Total interest-bearing deposits | 5,037,463 | 3,194,880 | 3,485,913 | 3,808,723 | 3,804,554 |
| Total deposits | 9,267,632 | 5,660,719 | 5,880,632 | 6,162,327 | 6,047,639 |
| Accrued interest payable | 2,098 | 2,673 | 1,500 | 3,086 | 1,753 |
| Borrowed funds | 63,925 | 257,000 | — | 89,959 | 89,956 |
| Subordinated debt | 109,367 | 109,241 | 109,109 | 108,978 | 108,847 |
| Other liabilities | 74,239 | 44,407 | 35,194 | 33,073 | 40,291 |
| Total liabilities | 9,517,261 | 6,074,040 | 6,026,435 | 6,397,423 | 6,288,486 |
| SHAREHOLDERS' EQUITY: | | | | | |
| Common stock | 530 | 281 | 286 | 290 | 289 |
| Capital surplus | 1,222,761 | 511,434 | 524,033 | 532,372 | 530,845 |
| Retained earnings | 303,146 | 307,975 | 296,477 | 282,896 | 267,092 |
| Accumulated other comprehensive (loss) income | (143,261) | (163,388) | (115,467) | (63,618) | 18,242 |
| Total shareholders' equity | 1,383,176 | 656,302 | 705,329 | 751,940 | 816,468 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | \$ 10,900,437 | \$ 6,730,342 | \$ 6,731,764 | \$ 7,149,363 | \$ 7,104,954 |

Stellar Bancorp, Inc.
Financial Highlights
(Unaudited)

| | Three Months Ended | | | | Years Ended | | | |
|---|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------|
| | 2022 | | 2021 | | 2022 | | 2021 | |
| | December 31 | September 30 | June 30 | March 31 | December 31 | December 31 | December 31 | December 31 |
| (Dollars in thousands, except per share data) | | | | | | | | |
| INTEREST INCOME: | | | | | | | | |
| Loans, including fees | \$ 116,145 | \$ 58,025 | \$ 53,835 | \$ 52,370 | \$ 56,855 | \$ 280,375 | \$ 230,713 | |
| Securities: | | | | | | | | |
| Taxable | 9,834 | 6,655 | 5,571 | 5,068 | 3,933 | 27,128 | 11,889 | |
| Tax-exempt | 3,057 | 2,594 | 2,557 | 2,525 | 2,526 | 10,733 | 9,909 | |
| Deposits in other financial institutions | 2,933 | 608 | 877 | 340 | 317 | 4,758 | 673 | |
| Total interest income | <u>131,969</u> | <u>67,882</u> | <u>62,840</u> | <u>60,303</u> | <u>63,631</u> | <u>322,994</u> | <u>253,184</u> | |
| INTEREST EXPENSE: | | | | | | | | |
| Demand, money market and savings deposits | 12,406 | 3,527 | 1,859 | 1,347 | 1,277 | 19,139 | 5,365 | |
| Certificates and other time deposits | 2,083 | 1,664 | 1,922 | 2,156 | 2,391 | 7,825 | 11,628 | |
| Borrowed funds | 417 | 499 | 114 | 186 | 434 | 1,216 | 1,878 | |
| Subordinated debt | 1,449 | 1,502 | 1,463 | 1,442 | 1,425 | 5,856 | 5,749 | |
| Total interest expense | <u>16,355</u> | <u>7,192</u> | <u>5,358</u> | <u>5,131</u> | <u>5,527</u> | <u>34,036</u> | <u>24,620</u> | |
| NET INTEREST INCOME | 115,614 | 60,690 | 57,482 | 55,172 | 58,104 | 288,958 | 228,564 | |
| Provision for credit losses | 44,793 | 1,962 | 2,143 | 1,814 | (2,577) | 50,712 | (2,322) | |
| Net interest income after provision for credit losses | <u>70,821</u> | <u>58,728</u> | <u>55,339</u> | <u>53,358</u> | <u>60,681</u> | <u>238,246</u> | <u>230,886</u> | |
| NONINTEREST INCOME: | | | | | | | | |
| Nonsufficient funds fees | 447 | 145 | 126 | 116 | 156 | 834 | 464 | |
| Service charges on deposit accounts | 1,242 | 527 | 560 | 527 | 476 | 2,856 | 1,671 | |
| Gain (loss) on sale of assets | 4,025 | 42 | (17) | — | (321) | 4,050 | (272) | |
| Bank owned life insurance | 515 | 135 | 342 | 133 | 139 | 1,125 | 554 | |
| Debit card and ATM card income | 1,897 | 869 | 880 | 819 | 834 | 4,465 | 2,996 | |
| Other | 2,511 | 1,277 | 813 | 2,423 | 1,170 | 7,024 | 3,149 | |
| Total noninterest income | <u>10,637</u> | <u>2,995</u> | <u>2,704</u> | <u>4,018</u> | <u>2,454</u> | <u>20,354</u> | <u>8,562</u> | |
| NONINTEREST EXPENSE: | | | | | | | | |
| Salaries and employee benefits | 40,949 | 22,013 | 21,864 | 22,728 | 22,918 | 107,554 | 90,177 | |
| Net occupancy and equipment | 3,781 | 2,129 | 2,220 | 2,205 | 2,194 | 10,335 | 9,144 | |
| Depreciation | 1,903 | 1,003 | 1,012 | 1,033 | 1,103 | 4,951 | 4,254 | |
| Data processing and software amortization | 3,776 | 2,541 | 2,522 | 2,498 | 2,264 | 11,337 | 8,862 | |
| Professional fees | 2,298 | 485 | 662 | 138 | 1,008 | 3,583 | 3,025 | |
| Regulatory assessments and FDIC insurance | 1,263 | 1,134 | 1,256 | 1,261 | 949 | 4,914 | 3,407 | |
| Core deposit intangibles amortization | 7,051 | 750 | 751 | 751 | 824 | 9,303 | 3,296 | |
| Communications | 737 | 359 | 363 | 341 | 395 | 1,800 | 1,406 | |
| Advertising | 1,130 | 385 | 483 | 462 | 481 | 2,460 | 1,692 | |
| Other real estate expense | 152 | 93 | 65 | 59 | 69 | 369 | 548 | |
| Acquisition and merger-related expenses | 11,469 | 10,551 | 1,667 | 451 | 1,408 | 24,138 | 2,011 | |
| Other | 5,115 | 2,588 | 5,039 | 2,590 | 3,131 | 15,332 | 11,732 | |
| Total noninterest expense | <u>79,624</u> | <u>44,031</u> | <u>37,904</u> | <u>34,517</u> | <u>36,744</u> | <u>196,076</u> | <u>139,554</u> | |
| INCOME BEFORE INCOME TAXES | | | | | | | | |
| | 1,834 | 17,692 | 20,139 | 22,859 | 26,391 | 62,524 | 99,894 | |
| Provision for income taxes | (218) | 3,406 | 3,702 | 4,202 | 4,833 | 11,092 | 18,341 | |
| NET INCOME | <u>\$ 2,052</u> | <u>\$ 14,286</u> | <u>\$ 16,437</u> | <u>\$ 18,657</u> | <u>\$ 21,558</u> | <u>\$ 51,432</u> | <u>\$ 81,553</u> | |
| EARNINGS PER SHARE | | | | | | | | |
| Basic | \$ 0.04 | \$ 0.51 | \$ 0.57 | \$ 0.65 | \$ 0.75 | \$ 1.48 | \$ 2.85 | |
| Diluted | \$ 0.04 | \$ 0.50 | \$ 0.56 | \$ 0.64 | \$ 0.74 | \$ 1.47 | \$ 2.82 | |

Stellar Bancorp, Inc.
Financial Highlights
(Unaudited)

| | Three Months Ended | | | | Years Ended | | |
|---|---|--------------|-----------|-----------|-------------|-------------|-------------|
| | 2022 | | | 2021 | 2022 | 2021 | |
| | December 31 | September 30 | June 30 | March 31 | December 31 | December 31 | December 31 |
| | (Dollars and share amounts in thousands, except per share data) | | | | | | |
| Net income | \$ 2,052 | \$ 14,286 | \$ 16,437 | \$ 18,657 | \$ 21,558 | \$ 51,432 | \$ 81,553 |
| Earnings per share, basic | \$ 0.04 | \$ 0.51 | \$ 0.57 | \$ 0.65 | \$ 0.75 | \$ 1.48 | \$ 2.85 |
| Earnings per share, diluted | \$ 0.04 | \$ 0.50 | \$ 0.56 | \$ 0.64 | \$ 0.74 | \$ 1.47 | \$ 2.82 |
| Dividends per share | \$ 0.13 | \$ 0.10 | \$ 0.10 | \$ 0.10 | \$ 0.08 | \$ 0.43 | \$ 0.34 |
| Return on average assets ^(A) | 0.07% | 0.84% | 0.94% | 1.04% | 1.23% | 0.64% | 1.24% |
| Return on average equity ^(A) | 0.60% | 7.90% | 8.86% | 9.40% | 10.60% | 5.69% | 10.38% |
| Return on average tangible equity ^{(A)(B)} | 1.18% | 11.78% | 13.00% | 13.35% | 15.05% | 9.16% | 14.93% |
| Net interest margin (tax equivalent) ^{(A)(C)} | 4.71% | 3.85% | 3.53% | 3.30% | 3.57% | 3.94% | 3.90% |
| Net interest margin (tax equivalent) excluding PAA ^{(A)(B)(C)} | 4.38 % | 3.85 % | 3.52 % | 3.29 % | 3.56 % | 3.83 % | 3.89 % |
| Efficiency ratio ^(D) | 65.14% | 69.18% | 62.96% | 58.32% | 60.68% | 64.23% | 58.86% |
| Capital Ratios | | | | | | | |
| Stellar Bancorp, Inc.(Consolidated) | | | | | | | |
| Equity to assets | 12.69% | 9.75% | 10.48% | 10.52% | 11.49% | 12.69% | 11.49% |
| Tangible equity to tangible assets ^(B) | 7.24% | 6.47% | 7.21% | 7.44% | 8.42% | 7.24% | 8.42% |
| Estimated common equity tier 1 capital | 10.04% | 11.39% | 12.06% | 12.28% | 12.47% | 10.04% | 12.47% |
| Estimated tier 1 risk-based capital | 10.15% | 11.58% | 12.26% | 12.49% | 12.69% | 10.15% | 12.69% |
| Estimated total risk-based capital | 12.47% | 14.66% | 15.47% | 15.76% | 16.08% | 12.47% | 16.08% |
| Estimated tier 1 leverage capital | 8.55% | 9.00% | 8.65% | 8.37% | 8.53% | 8.55% | 8.53% |
| Allegiance Bank | | | | | | | |
| Estimated common equity tier 1 capital | 10.46% | 12.20% | 12.51% | 12.48% | 12.63% | 10.46% | 12.63% |
| Estimated tier 1 risk-based capital | 10.46% | 12.20% | 12.51% | 12.48% | 12.63% | 10.46% | 12.63% |
| Estimated total risk-based capital | 12.10% | 14.12% | 14.50% | 14.50% | 14.71% | 12.10% | 14.71% |
| Estimated tier 1 leverage capital | 8.81% | 9.49% | 8.83% | 8.37% | 8.49% | 8.81% | 8.49% |
| Other Data | | | | | | | |
| Weighted average shares: | | | | | | | |
| Basic | 52,715 | 28,286 | 28,874 | 28,883 | 28,737 | 34,738 | 28,660 |
| Diluted | 52,973 | 28,529 | 29,120 | 29,114 | 28,968 | 35,007 | 28,872 |
| Period end shares outstanding | 52,955 | 28,137 | 28,586 | 28,904 | 28,846 | 52,955 | 28,846 |
| Book value per share | \$ 26.12 | \$ 23.33 | \$ 24.67 | \$ 26.02 | \$ 28.30 | \$ 26.12 | \$ 28.30 |
| Tangible book value per share ^(B) | \$ 14.02 | \$ 14.94 | \$ 16.39 | \$ 17.80 | \$ 20.04 | \$ 14.02 | \$ 20.04 |
| Employees - full-time equivalents | 1,025 | 562 | 578 | 586 | 594 | 1,025 | 594 |

(A) Interim periods annualized.

(B) Refer to the calculation of these non-GAAP financial measures and a reconciliation to their most directly comparable GAAP financial measures on page 11 of this Earnings Release.

(C) Net interest margin represents net interest income divided by average interest-earning assets.

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

Stellar Bancorp, Inc.
Financial Highlights
(Unaudited)

| | Three Months Ended | | | | | | | | |
|--|---------------------|---|-----------------------|---------------------|---|-----------------------|---------------------|---|-----------------------|
| | December 31, 2022 | | | September 30, 2022 | | | December 31, 2021 | | |
| | Average Balance | Interest Earned/ Interest Paid | Average Yield/Rate | Average Balance | Interest Earned/ Interest Paid | Average Yield/Rate | Average Balance | Interest Earned/ Interest Paid | Average Yield/Rate |
| (Dollars in thousands) | | | | | | | | | |
| Assets | | | | | | | | | |
| Interest-Earning Assets: | | | | | | | | | |
| Loans | \$ 7,666,502 | \$ 116,145 | 6.01% | \$ 4,456,174 | \$ 58,025 | 5.17% | \$ 4,243,778 | \$ 56,855 | 5.32% |
| Securities | 1,795,082 | 12,891 | 2.85% | 1,709,470 | 9,249 | 2.15% | 1,457,793 | 6,459 | 1.76% |
| Deposits in other financial institutions | 354,117 | 2,933 | 3.29% | 160,340 | 608 | 1.50% | 843,808 | 317 | 0.15% |
| Total interest-earning assets | <u>9,815,701</u> | <u>\$ 131,969</u> | 5.33% | <u>6,325,984</u> | <u>\$ 67,882</u> | 4.26% | <u>6,545,379</u> | <u>\$ 63,631</u> | 3.86% |
| Allowance for credit losses on loans | (88,150) | | | (50,609) | | | (50,654) | | |
| Noninterest-earning assets | 1,218,458 | | | 442,511 | | | 447,005 | | |
| Total assets | <u>\$10,946,009</u> | | | <u>\$ 6,717,886</u> | | | <u>\$ 6,941,730</u> | | |
| Liabilities and Shareholders' Equity | | | | | | | | | |
| Interest-Bearing Liabilities: | | | | | | | | | |
| Interest-bearing demand deposits | \$ 1,465,711 | \$ 5,422 | 1.47% | \$ 978,531 | \$ 2,380 | 0.96% | \$ 724,841 | \$ 388 | 0.21% |
| Money market and savings deposits | 2,705,984 | 6,984 | 1.02% | 1,500,083 | 1,147 | 0.30% | 1,618,240 | 889 | 0.22% |
| Certificates and other time deposits | 932,058 | 2,083 | 0.89% | 877,231 | 1,664 | 0.75% | 1,335,020 | 2,391 | 0.71% |
| Borrowed funds | 37,824 | 417 | 4.37% | 68,752 | 499 | 2.88% | 138,747 | 434 | 1.24% |
| Subordinated debt | 109,307 | 1,449 | 5.26% | 109,177 | 1,502 | 5.46% | 108,784 | 1,425 | 5.20% |
| Total interest-bearing liabilities | <u>5,250,884</u> | <u>\$ 16,355</u> | 1.24% | <u>3,533,774</u> | <u>\$ 7,192</u> | 0.81% | <u>3,925,632</u> | <u>\$ 5,527</u> | 0.56% |
| Noninterest-Bearing Liabilities: | | | | | | | | | |
| Noninterest-bearing demand deposits | 4,199,982 | | | 2,424,884 | | | 2,163,016 | | |
| Other liabilities | 147,205 | | | 41,792 | | | 46,141 | | |
| Total liabilities | 9,598,071 | | | 6,000,450 | | | 6,134,789 | | |
| Shareholders' equity | 1,347,938 | | | 717,436 | | | 806,941 | | |
| Total liabilities and shareholders' equity | <u>\$10,946,009</u> | | | <u>\$ 6,717,886</u> | | | <u>\$ 6,941,730</u> | | |
| Net interest rate spread | | | 4.09% | | | 3.45% | | | 3.30% |
| Net interest income and margin | | <u>\$ 115,614</u> | 4.67% | | <u>\$ 60,690</u> | 3.81% | | <u>\$ 58,104</u> | 3.52% |
| Net interest income and net interest margin (tax equivalent) | | <u>\$ 116,574</u> | 4.71% | | <u>\$ 61,418</u> | 3.85% | | <u>\$ 58,838</u> | 3.57% |

Stellar Bancorp, Inc.
Financial Highlights
(Unaudited)

Years Ended December 31,

| | 2022 | | | 2021 | | |
|--|---------------------|-----------------------------------|------------------------|---------------------|-----------------------------------|------------------------|
| | Average Balance | Interest Earned/ Interest Paid | Average Yield/ Rate | Average Balance | Interest Earned/ Interest Paid | Average Yield/ Rate |
| (Dollars in thousands) | | | | | | |
| Assets | | | | | | |
| Interest-Earning Assets: | | | | | | |
| Loans | \$ 5,171,944 | \$ 280,375 | 5.42% | \$ 4,422,467 | \$ 230,713 | 5.22% |
| Securities | 1,779,425 | 37,861 | 2.13% | 1,050,376 | 21,798 | 2.08% |
| Deposits in other financial institutions | 462,075 | 4,758 | 1.03% | 458,190 | 673 | 0.15% |
| Total interest-earning assets | <u>7,413,444</u> | <u>\$ 322,994</u> | 4.36% | <u>5,931,033</u> | <u>\$ 253,184</u> | 4.27% |
| Allowance for credit losses on loans | (59,099) | | | (51,513) | | |
| Noninterest-earning assets | 633,928 | | | 680,191 | | |
| Total assets | <u>\$ 7,988,273</u> | | | <u>\$ 6,559,711</u> | | |
| Liabilities and Shareholders' Equity | | | | | | |
| Interest-Bearing Liabilities: | | | | | | |
| Interest-bearing demand deposits | \$ 1,140,575 | \$ 9,278 | 0.81% | \$ 574,079 | \$ 1,409 | 0.25% |
| Money market and savings deposits | 1,841,348 | 9,861 | 0.54% | 1,571,532 | 3,956 | 0.25% |
| Certificates and other time deposits | 1,034,491 | 7,825 | 0.76% | 1,349,216 | 11,628 | 0.86% |
| Borrowed funds | 61,773 | 1,216 | 1.97% | 144,354 | 1,878 | 1.30% |
| Subordinated debt | 109,111 | 5,856 | 5.37% | 108,588 | 5,749 | 5.29% |
| Total interest-bearing liabilities | <u>4,187,298</u> | <u>\$ 34,036</u> | 0.81% | <u>3,747,769</u> | <u>24,620</u> | 0.66% |
| Noninterest-Bearing Liabilities: | | | | | | |
| Noninterest-bearing demand deposits | 2,833,865 | | | 1,983,934 | | |
| Other liabilities | 62,581 | | | 41,972 | | |
| Total liabilities | <u>7,083,744</u> | | | <u>5,773,675</u> | | |
| Shareholders' equity | 904,529 | | | 786,036 | | |
| Total liabilities and shareholders' equity | <u>\$ 7,988,273</u> | | | <u>\$ 6,559,711</u> | | |
| Net interest rate spread | | | 3.55% | | | 3.61% |
| Net interest income and margin | | <u>\$ 288,958</u> | 3.90% | | <u>\$ 228,564</u> | 3.85% |
| Net interest income and net interest margin (tax equivalent) | | <u>\$ 292,152</u> | 3.94% | | <u>\$ 231,315</u> | 3.90% |

Stellar Bancorp, Inc.
Financial Highlights
(Unaudited)

| | Three Months Ended | | | | |
|---|------------------------|---------------------|---------------------|---------------------|---------------------|
| | 2022 | | | | 2021 |
| | December 31 | September 30 | June 30 | March 31 | December 31 |
| | (Dollars in thousands) | | | | |
| Period-end Loan Portfolio: | | | | | |
| Commercial and industrial | \$ 1,455,795 | \$ 732,636 | \$ 727,068 | \$ 714,450 | \$ 693,559 |
| Paycheck Protection Program (PPP) | 13,226 | 17,827 | 31,855 | 78,624 | 145,942 |
| Real estate: | | | | | |
| Commercial real estate (including multi-family residential) | 3,931,480 | 2,407,039 | 2,265,155 | 2,197,502 | 2,104,621 |
| Commercial real estate construction and land development | 1,037,678 | 513,248 | 450,694 | 453,473 | 439,125 |
| 1-4 family residential (including home equity) | 1,000,956 | 699,636 | 682,066 | 669,306 | 685,071 |
| Residential construction | 268,150 | 183,563 | 155,017 | 136,760 | 117,901 |
| Consumer and other | 47,466 | 37,963 | 36,978 | 33,399 | 34,267 |
| Total loans held for investment | <u>\$ 7,754,751</u> | <u>\$ 4,591,912</u> | <u>\$ 4,348,833</u> | <u>\$ 4,283,514</u> | <u>\$ 4,220,486</u> |
| Deposits: | | | | | |
| Interest-bearing demand | \$ 1,591,828 | \$ 956,920 | \$ 1,016,381 | \$ 1,070,855 | \$ 869,984 |
| Money market and savings | 2,575,923 | 1,471,690 | 1,510,008 | 1,552,853 | 1,643,745 |
| Certificates and other time | 869,712 | 766,270 | 959,524 | 1,185,015 | 1,290,825 |
| Total interest-bearing deposits | 5,037,463 | 3,194,880 | 3,485,913 | 3,808,723 | 3,804,554 |
| Noninterest-bearing deposits | 4,230,169 | 2,465,839 | 2,394,719 | 2,353,604 | 2,243,085 |
| Total deposits | <u>\$ 9,267,632</u> | <u>\$ 5,660,719</u> | <u>\$ 5,880,632</u> | <u>\$ 6,162,327</u> | <u>\$ 6,047,639</u> |
| Asset Quality: | | | | | |
| Nonaccrual loans | \$ 45,048 | \$ 21,551 | \$ 28,225 | \$ 26,275 | \$ 24,127 |
| Accruing loans 90 or more days past due | — | — | — | — | — |
| Total nonperforming loans | 45,048 | 21,551 | 28,225 | 26,275 | 24,127 |
| Total nonperforming assets | <u>\$ 45,048</u> | <u>\$ 21,551</u> | <u>\$ 28,225</u> | <u>\$ 26,275</u> | <u>\$ 24,127</u> |
| Net charge-offs (recoveries) | \$ 5,707 | \$ (245) | \$ 571 | \$ 317 | \$ 1,353 |
| Nonaccrual loans: | | | | | |
| Commercial and industrial | \$ 25,402 | \$ 6,916 | \$ 9,145 | \$ 7,809 | \$ 8,358 |
| Real estate: | | | | | |
| Commercial real estate (including multi-family residential) | 9,970 | 10,392 | 14,409 | 15,259 | 12,639 |
| Commercial real estate construction and land development | — | 241 | 1,511 | — | 63 |
| 1-4 family residential (including home equity) | 9,404 | 3,854 | 3,040 | 3,065 | 2,875 |
| Residential construction | — | — | — | — | — |
| Consumer and other | 272 | 148 | 120 | 142 | 192 |
| Total nonaccrual loans | <u>\$ 45,048</u> | <u>\$ 21,551</u> | <u>\$ 28,225</u> | <u>\$ 26,275</u> | <u>\$ 24,127</u> |
| Asset Quality Ratios: | | | | | |
| Nonperforming assets to total assets | 0.41% | 0.32% | 0.42% | 0.37% | 0.34% |
| Nonperforming loans to total loans | 0.58% | 0.47% | 0.65% | 0.61% | 0.57% |
| Allowance for credit losses on loans to nonperforming loans | 206.85% | 241.97% | 178.01% | 187.31% | 198.70% |
| Allowance for credit losses on loans to total loans | 1.20% | 1.14% | 1.16% | 1.15% | 1.14% |
| Net charge-offs (recoveries) to average loans (annualized) | 0.30% | (0.02%) | 0.05% | 0.03% | 0.13% |

Stellar Bancorp, Inc.
GAAP Reconciliation and Management's Explanation of Non-GAAP Financial Measures
(Unaudited)

Stellar's management uses certain non-GAAP (generally accepted accounting principles) financial measures to evaluate its performance. Stellar believes that these non-GAAP financial measures provide meaningful supplemental information regarding its performance and that management and investors benefit from referring to these non-GAAP financial measures in assessing Stellar's performance and when planning, forecasting, analyzing and comparing past, present and future periods. Specifically, Stellar reviews pre-tax, pre-provision income, pre-tax pre-provision ROAA, adjusted pre-tax, pre-provision income, adjusted pre-tax, pre-provision ROAA, adjusted efficiency ratio, tangible book value per share, return on average tangible equity, tangible equity to tangible assets and net interest margin (tax equivalent) excluding PAA for internal planning and forecasting purposes. Stellar has included in this Earnings Release 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 Stellar calculates the non-GAAP financial measures may differ from that of other companies reporting measures with similar names.

| | Three Months Ended | | | | Years Ended | | |
|---|---|---------------------|---------------------|---------------------|---------------------|----------------------|---------------------|
| | 2022 | | | | 2021 | 2022 | 2021 |
| | December 31 | September 30 | June 30 | March 31 | December 31 | December 31 | December 31 |
| | (Dollars and share amounts in thousands, except per share data) | | | | | | |
| Net income | \$ 2,052 | \$ 14,286 | \$ 16,437 | \$ 18,657 | \$ 21,558 | \$ 51,432 | \$ 81,553 |
| Add: Provision for credit losses | 44,793 | 1,962 | 2,143 | 1,814 | (2,577) | 50,712 | (2,322) |
| Add: Provision for income taxes | (218) | 3,406 | 3,702 | 4,202 | 4,833 | 11,092 | 18,341 |
| Pre-tax, pre-provision income | \$ 46,627 | \$ 19,654 | \$ 22,282 | \$ 24,673 | \$ 23,814 | \$ 113,236 | \$ 97,572 |
| Total average assets | \$ 10,946,009 | \$ 6,717,886 | \$ 7,019,299 | \$ 7,257,498 | \$ 6,941,730 | \$ 7,988,273 | \$ 6,559,711 |
| Pre-tax, pre-provision return on average assets^(B) | 1.69 % | 1.16 % | 1.27 % | 1.38 % | 1.36 % | 1.42 % | 1.49 % |
| Pre-tax, pre-provision income | \$ 46,627 | \$ 19,654 | \$ 22,282 | \$ 24,673 | \$ 23,814 | \$ 113,236 | \$ 97,572 |
| Add: Acquisition and merger-related expenses | 11,469 | 10,551 | 1,667 | 451 | 1,408 | 24,138 | 2,011 |
| Add: Core deposit intangibles amortization | 7,051 | 750 | 751 | 751 | 824 | 9,303 | 3,296 |
| Less: Purchase accounting accretion | 8,160 | 40 | 77 | 93 | 93 | 8,370 | 600 |
| Less: Gain (loss) on sale of assets | 4,025 | 42 | (17) | — | (321) | 4,050 | (272) |
| Adjusted pre-tax, pre-provision income | \$ 52,962 | \$ 30,873 | \$ 24,640 | \$ 25,782 | \$ 26,274 | \$ 134,257 | \$ 102,551 |
| Adjusted pre-tax, pre-provision return on average assets^(B) | 1.92 % | 1.82 % | 1.41 % | 1.44 % | 1.50 % | 1.68 % | 1.56 % |
| Total noninterest expense | \$ 79,624 | \$ 44,031 | \$ 37,904 | \$ 34,517 | \$ 36,744 | \$ 196,076 | \$ 139,554 |
| Less: Acquisition and merger-related expenses | 11,469 | 10,551 | 1,667 | 451 | 1,408 | 24,138 | 2,011 |
| Less: Core deposit intangibles amortization | 7,051 | 750 | 751 | 751 | 824 | 9,303 | 3,296 |
| Net interest income | 115,614 | 60,690 | 57,482 | 55,172 | 58,104 | 288,958 | 228,564 |
| Less: Purchase accounting accretion | 8,160 | 40 | 77 | 93 | 93 | 8,370 | 600 |
| Total noninterest income | 10,637 | 2,995 | 2,704 | 4,018 | 2,454 | 20,354 | 8,562 |
| Less: Gain (loss) on sale of assets | 4,025 | 42 | (17) | — | (321) | 4,050 | (272) |
| Adjusted efficiency ratio^(A) | 53.57% | 51.46% | 59.02% | 56.37% | 56.78% | 54.78% | 56.69% |
| Total shareholders' equity | \$ 1,383,176 | \$ 656,302 | \$ 705,329 | \$ 751,940 | \$ 816,468 | \$ 1,383,176 | \$ 816,468 |
| Less: Goodwill and core deposit intangibles, net | 640,785 | 236,048 | 236,798 | 237,549 | 238,300 | 640,785 | 238,300 |
| Tangible shareholders' equity | \$ 742,391 | \$ 420,254 | \$ 468,531 | \$ 514,391 | \$ 578,168 | \$ 742,391 | \$ 578,168 |
| Shares outstanding at end of period | 52,955 | 28,137 | 28,586 | 28,904 | 28,846 | 52,955 | 28,846 |
| Tangible book value per share | \$ 14.02 | \$ 14.94 | \$ 16.39 | \$ 17.80 | \$ 20.04 | \$ 14.02 | \$ 20.04 |
| Average shareholders' equity | \$ 1,347,938 | \$ 717,436 | \$ 744,126 | \$ 804,704 | \$ 806,941 | \$ 904,529 | \$ 786,036 |
| Less: Average goodwill and core deposit intangibles, net | 658,107 | 236,399 | 237,153 | 237,925 | 238,700 | 343,257 | 239,916 |
| Average tangible shareholders' equity | \$ 689,831 | \$ 481,037 | \$ 506,973 | \$ 566,779 | \$ 568,241 | \$ 561,272 | \$ 546,120 |
| Return on average tangible equity^(B) | 1.18 % | 11.78 % | 13.00 % | 13.35 % | 15.05 % | 9.16 % | 14.93 % |
| Total assets | \$ 10,900,437 | \$ 6,730,342 | \$ 6,731,764 | \$ 7,149,363 | \$ 7,104,954 | \$ 10,900,437 | \$ 7,104,954 |
| Less: Goodwill and core deposit intangibles, net | 640,785 | 236,048 | 236,798 | 237,549 | 238,300 | 640,785 | 238,300 |
| Tangible assets | \$ 10,259,652 | \$ 6,494,294 | \$ 6,494,966 | \$ 6,911,814 | \$ 6,866,654 | \$ 10,259,652 | \$ 6,866,654 |
| Tangible equity to tangible assets | 7.24 % | 6.47 % | 7.21 % | 7.44 % | 8.42 % | 7.24 % | 8.42 % |
| Net interest income (tax equivalent) | \$ 116,574 | \$ 61,418 | \$ 58,238 | \$ 55,922 | \$ 58,838 | \$ 292,152 | \$ 231,315 |
| Less: Purchase accounting accretion | 8,160 | 40 | 77 | 93 | 93 | 8,370 | 600 |
| Adjusted net interest income (tax equivalent) | \$ 108,414 | \$ 61,378 | \$ 58,161 | \$ 55,829 | \$ 58,745 | \$ 283,782 | \$ 230,715 |
| Average earning assets | \$ 9,815,701 | \$ 6,325,984 | \$ 6,618,005 | \$ 6,873,708 | \$ 6,545,379 | \$ 7,413,444 | \$ 5,931,033 |
| Net interest margin (tax equivalent) excluding PAA | 4.38 % | 3.85 % | 3.52 % | 3.29 % | 3.56 % | 3.83 % | 3.89 % |

(A) Represents total noninterest expense, excluding acquisition and merger-related expenses, core deposit intangibles amortization and write-down on assets moved to held for sale, divided by the sum of net interest income, excluding purchase accounting adjustments plus noninterest income, excluding net gains and losses on the sale of loans, securities and assets. Additionally, taxes and provision for credit losses are not part of this calculation.

(B) Interim periods annualized.