Yadkin Financial Corporation

NYSE: YDKN

2014 Q2 Earnings Call

July 23, 2014

YADKIN FINANCIAL CORPORATION

Important information

Forward Looking Statements

Information in this presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements involve risks and uncertainties that could cause actual results to differ materially, including without limitation, reduced earnings due to larger than expected credit losses reduced earnings due to larger credit losses; the rate of delinquencies and amount of loans charged-off; the adequacy of the level of our allowance for loan losses and the amount of loan loss provisions required in future periods; costs or difficulties related to the integration of banks we may acquire may be greater than expected; results of examinations by our regulatory authorities, including the possibility that the regulatory authorities may, among other things, require us to increase our allowance for loan losses or write-down assets; the amount of our loan portfolio collateralized by real estate, and the weakness in the commercial real estate market; our ability to maintain appropriate levels of capital; adverse changes in asset quality and resulting credit risk-related losses and expenses; increased funding costs due to market illiquidity, increased competition for funding, and increased regulatory requirements with regard to funding; significant increases in competitive pressure in the banking and financial services industries; changes in the interest rate environment which could reduce anticipated or actual margins; changes in political conditions or the legislative or regulatory environment, including the effect of recent financial reform legislation on the banking industry; general economic conditions, either nationally or regionally and especially in our primary service area, becoming less favorable than expected resulting in, among other things, a deterioration in credit quality; our ability to retain our existing customers, including our deposit relationships; changes occurring in business conditions and inflation; changes in monetary and tax policies; ability of borrowers to repay loans, which can be adversely affected by a number of factors, including changes in economic conditions, adverse trends or events affecting business industry groups; risks associated with a failure in or breach of our operational or security systems or infrastructure, or those of our third party vendors and other service providers or other third parties, including as a result of cyber attacks, which could disrupt our businesses, result in the disclosure or misuse of confidential or proprietary information, damage our reputation, increase our costs and cause losses; changes in accounting principles, policies or guidelines; changes in the assessment of whether a deferred tax valuation allowance is necessary; our reliance on secondary sources such as FHLB advances, sales of securities and loans, federal funds lines of credit from correspondent banks and out-of-market time deposits, to meet our liquidity needs; and changes in the securities markets. Additional factors that could cause actual results to differ materially are discussed in the Company's filings with the Securities and Exchange Commission ("SEC"), including without limitation its Annual Report on Form 10-K, its Quarterly Reports on Form 10-Q, and its Current Reports on Form 8-K. Information in this presentation also contains forward-looking statements with respect to the recent merger of VantageSouth Bancshares, Inc. ("VantageSouth") with and into the Company. These statements involve risks and uncertainties that could cause actual results to differ materially from those anticipated by such forward-looking statements, including without limitation: potential deposit attrition, higher than expected costs, customer loss and business disruption associated with business integration, including, without limitation, potential difficulties in maintaining relationships with key personnel, and technological integration. The forward-looking statements in this presentation speak only as of the date of this presentation, and the Company does not assume any obligation to update such forward-looking statements.

Pro Forma and combined numbers contained in this presentation are used for illustrative purposes only and do not reflect the combined results of the Company and VantageSouth.

Non-GAAP Measures

Statements included in this presentation include non-GAAP measures and should be read along with the accompanying tables to this presentation and earnings release which provide a reconciliation of non-GAAP measures to GAAP measures. Management believes that these non-GAAP measures provide additional useful information that allows readers to evaluate the ongoing performance of the Company without regard to transactional activities. Non-GAAP measures should not be considered as an alternative to any measure of performance or financial condition as promulgated under GAAP, and investors should consider the Company's performance and financial condition as reported under GAAP and all other relevant information when assessing the performance or financial condition of the Company. Non-GAAP measures have limitations as analytical tools, and investors should not consider them in isolation or as a substitute for analysis of the Company's results or financial condition as reported under GAAP.

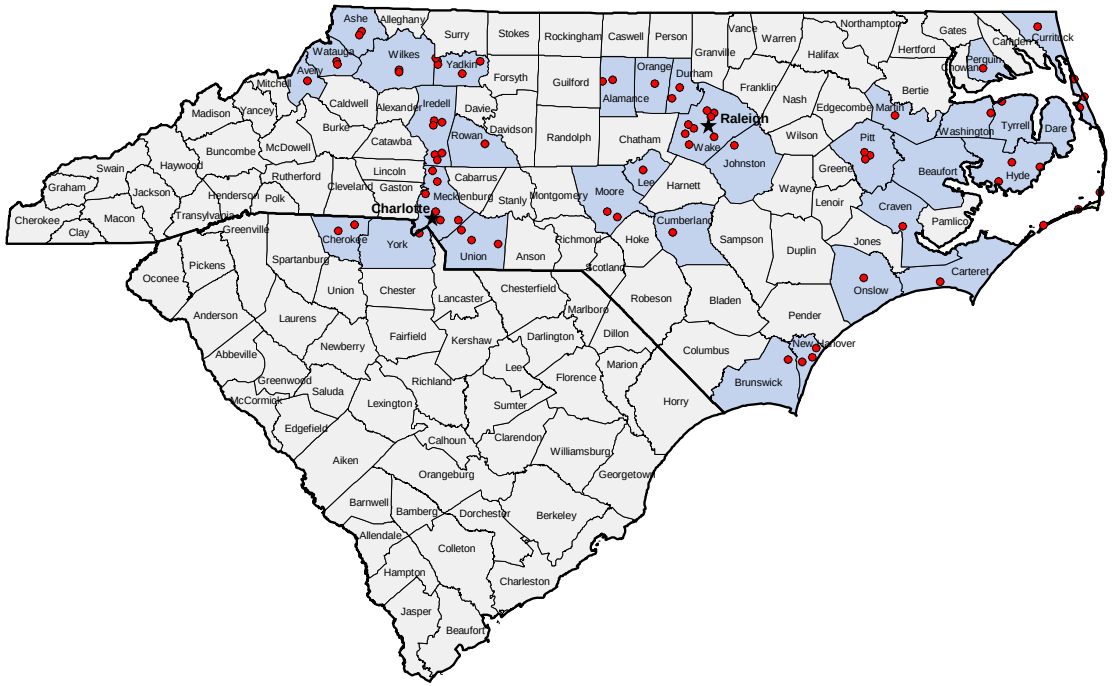
YADKIN FINANCIAL CORPORATION

North Carolina's largest community banking franchise

- Building a highly-profitable, Carolinas based bank:

Investment Thesis:

- **Experienced Management:** Management team has an average of over 25 years of experience
- **Growth markets:** Centered in one of the fastest-growing regions in the US
- **Critical mass:** Largest community bank in North Carolina
- **Conservative balance sheet:** Positioned for normalized rate environment
- **Diverse business lines:** Top performing SBA, Builder Finance, and mortgage business lines
- **Access to capital:** Supported by leading institutional investors



Financial Highlights – 6/30/2014			
	YDKN	**VSB**	**Pro Forma***
Ticker:	YDKN	VSB	YDKN
Market Capitalization ($mm):	$254	$334	$588
Assets ($bn):	$1.8	$2.1	$4.0
Gross Loans ($bn):	$1.4	$1.4	$2.8
Deposits ($bn):	$1.5	$1.7	$3.2
Tangible Common Equity ($mm):	$164	$208	$372
Tier 1 Leverage Ratio (Bank):	12.1%	10.1%	10.4%
Total Branches:	33	41	74

Financial data as of 6/30/2014, market data as of 7/16/2014 (VSB market data as of 7/3/2014)
* Does not include impact of purchase accounting

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Yadkin and VantageSouth merger on track

- **Legal Acquiror:** Yadkin Financial Corporation

- **Accounting Acquiror:** VantageSouth Bancshares, Inc.

- **Financial Performance:** Business case assumptions for one-time costs and ongoing cost saves on track

- **Conversion:** On schedule for completion in late Q3 2014
  - System selection has been completed
  - Organizational design competed and announced to employees
  - Product mapping completed
  - Employee training scheduled and underway
  - Rebranding to Yadkin scheduled for late Q3 2014

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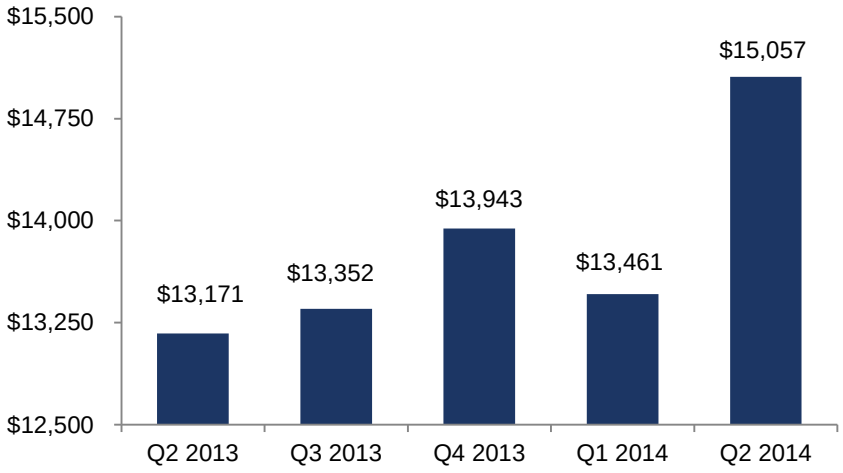
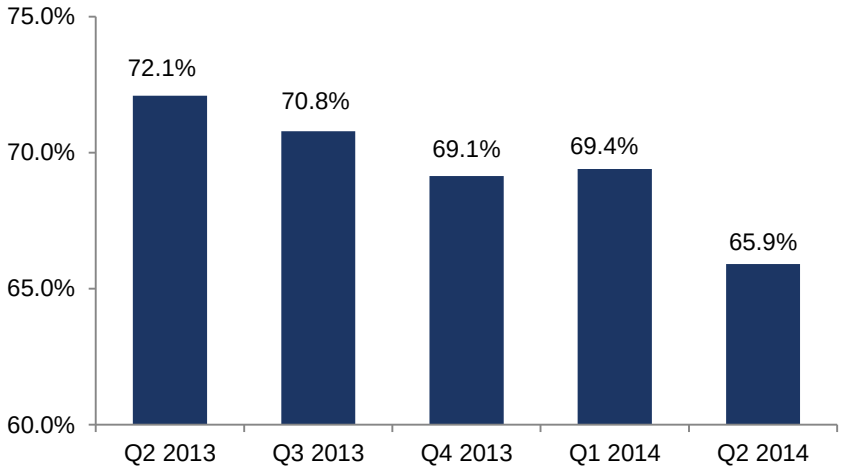
Quarterly operating trends

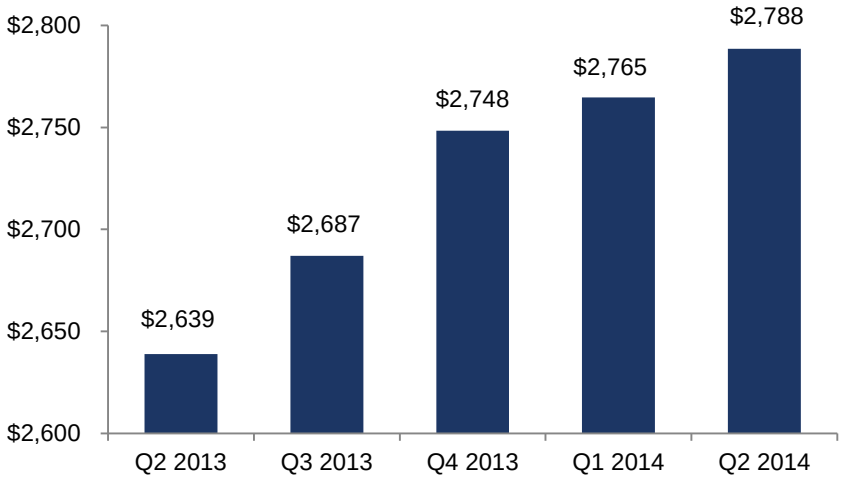
Combined Core Pre-Tax, Pre-Provision Earnings* ($000)



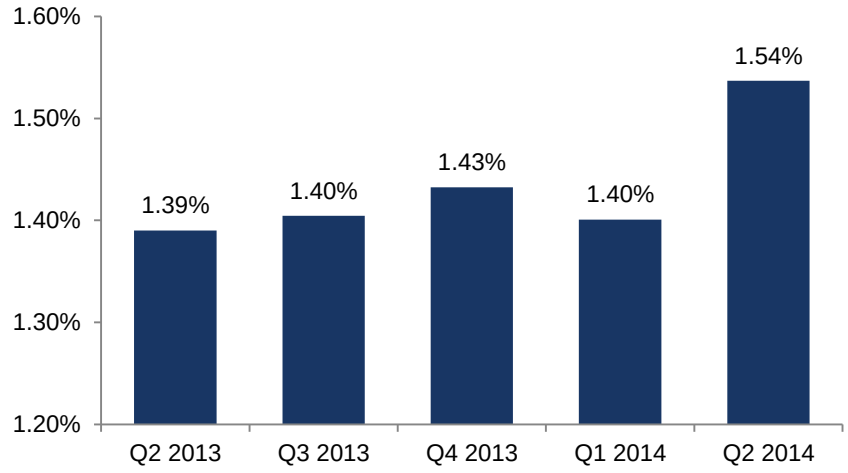
Combined Operating Efficiency Ratio* (%)



Combined Gross Loans Outstanding ($mm)



Combined Pre-Tax, Pre-Provision Operating ROAA* (%)



*Excludes gain on acquisition, realized securities gains and losses, and merger and conversion costs

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Earnings profile

- Pre-tax, pre-provision operating earnings increased 11.9% from $13.5mm to $15.1mm
- Net interest income declined (0.3%) due to lower loan yields
  - Partially offset by lower interest-bearing liability rates
- Combined net recoveries of $593k were primary driver of negative provision of $427k
- Operating non-interest income growth driven by diversification as slight decline in mortgage and SBA was offset by deposit fees and other
- Continued expense discipline and early merger efficiencies reduced operating non-interest expense by (18.6%) on an annualized basis

($ in thousands)	For the Quarter Ended, 2014Q1	2014Q2
Net interest income	$ 35,752	$ 35,626
Provision for loan losses	830	(427)
Net interest income after provision for loan losses	34,922	36,053
Operating non-interest income	8,236	8,538
Operating non-interest expense	30,527	29,107
Operating income before taxes & M&A costs	**$ 12,631**	**$ 15,484**
Gain on sales of available for sale securities	1,128	220
Merger and conversion costs	2,561	2,617
Restructuring charges	836	93
Income (loss) before income taxes	**10,362**	**12,994**
Income tax expense (benefit)	4,340	5,062
Net income (loss)	**6,022**	**7,932**
Dividends and accretion on preferred stock	936	608
Net income (loss) to common stockholders	**5,086**	**7,324**
Pre-tax, pre-provision operating earnings (Non-GAAP)*	**13,461**	**15,057**

*Excludes gain on acquisition, realized securities gains and losses, and merger and conversion costs

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Net interest income

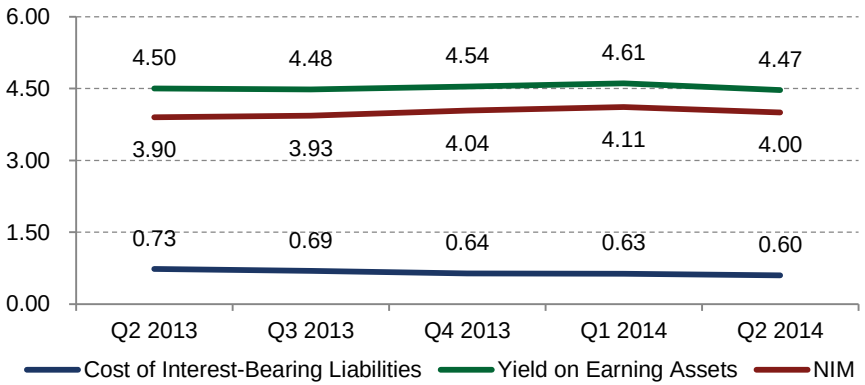
- Decline in average yields due to competitive pressures partially offset by lower interest-bearing liability rates at both banks

- Loan origination evenly split between fixed and floating rate

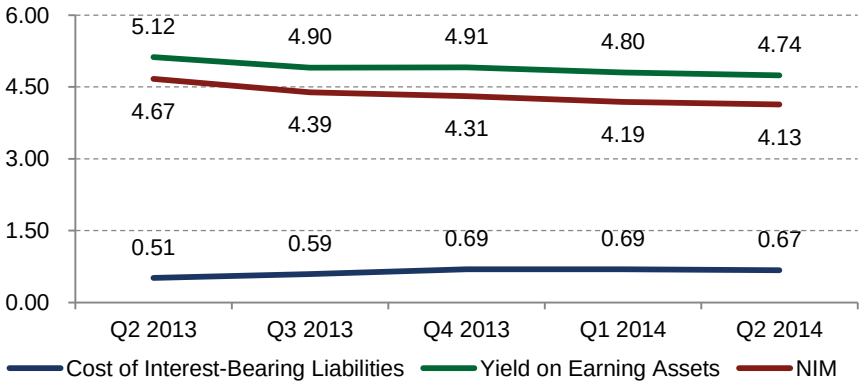
Yadkin - Average Yields and Rates		
	For the Quarter Ended,	
($ in thousands)	**2014Q1**	**2014Q2**
Loans	5.02%	4.85%
Securities	2.90%	2.84%
Other earning assets	0.24%	0.28%
Total earning assets	4.61%	4.47%
Interest bearing deposits	(0.55%)	(0.52%)
Borrowed funds	(1.78%)	(1.70%)
Total interest bearing liabilities	(0.63%)	(0.60%)
Net interest margin	3.97%	3.87%
Net interest margin (FTE)	**4.11%**	**4.00%**

VantageSouth - Average Yields and Rates		
	For the Quarter Ended,	
($ in thousands)	**2014Q1**	**2014Q2**
Loans	5.78%	5.71%
Securities	1.98%	1.99%
Other earning assets	0.21%	0.19%
Total earning assets	4.80%	4.74%
Interest bearing deposits	(0.46%)	(0.46%)
Borrowed funds	(2.38%)	(2.14%)
Total interest bearing liabilities	(0.69%)	(0.67%)
Net interest margin	4.11%	4.06%
Net interest margin (FTE)	**4.19%**	**4.13%**

Yadkin – GAAP Yield, Cost and Net Interest Margin (%)



VantageSouth – GAAP Yield, Cost and Net Interest Margin (%)



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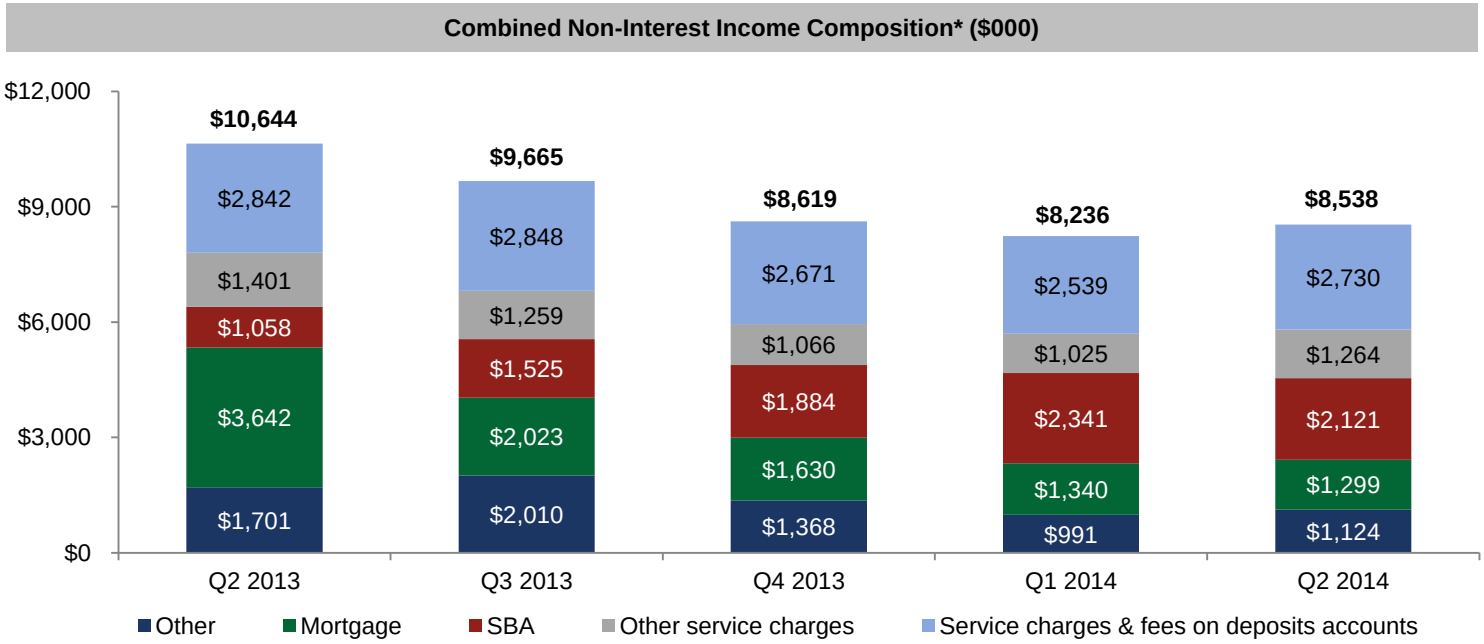
Diverse drivers of non-interest income growth

- SBA fee income declined slightly from Q1 2014, but is up over 100% from Q2 2013 and pipelines remain robust
  - $25.1mm of production in Q2 2014, with YTD production of $55.7mm
  - Sales were $17.0mm in Q2 2014 at an average premium of 11.9%

- Mortgage income declined slightly from Q1 2014, pipeline remains strong and significant cost were taken out in Q2 2014 as management focused on right-sizing the combined mortgage operation with production and revenue levels



*Excludes gain on acquisition and realized securities gains and losses

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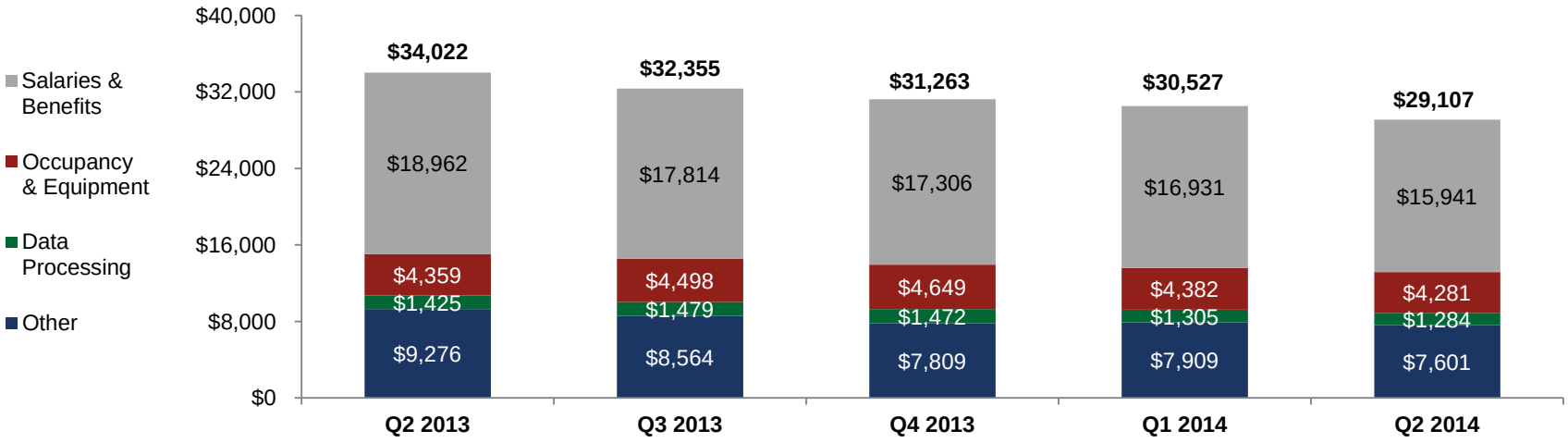
Non-interest expense

- Combined non-interest expense declined 18.6% in Q2 2014 on an annualized basis
  - Driven by continued focus on cost reduction and realization of early merger redundancies

- Mortgage reduced back-office support in Q2 2014 by $1mm annualized

Combined Non-Interest Expense Composition[1] ($000)



	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014
Total Non-Interest Expense	**$45,983**	**$32,832**	**$31,835**	**$33,924**	**$31,817**
One-time charges	**($11,961)**	**($477)**	**($599)**	**($3,397)**	**($2,710)**
Operating Non-Interest Expense*	**$34,022**	**$32,355**	**$31,263**	**$30,527**	**$29,107**

14.4% reduction in operating non-interest expense since Q2 2013

(1) Operating non-interest expense excludes merger/conversion costs and restructuring charges

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Combined balance sheet

- Loan growth of approximately $24mm
  - Charlotte
  - Raleigh MSA
- Non-interest bearing demand deposits grew by 9.2% from $486mm to $531mm; represent 16.7% of total deposits
- Non-time deposits grew to 64.3% of total deposits in Q2 2014, up from 63.5% of total deposits in Q2 2014
- Reduced investment portfolio to fund loan growth
- Increase in other assets a result of additional BOLI purchased in Q2 2014

Combined Balance Sheet[1]		
	As of the Quarter Ended,	
(Dollars in thousands)	2014Q1	2014Q2
Assets:		
Cash and due from banks	$ 63,223	$ 70,929
Federal funds & interest-earning deposits	71,738	80,097
Investment securities	677,443	656,754
Loans held for sale	18,120	26,354
Loans	2,764,624	2,788,436
Allowance for loan losses	(23,735)	(23,900)
Premises and equipment, net	84,746	84,416
Foreclosed assets	12,333	12,057
Other assets	251,185	267,209
Total assets	**$ 3,919,677**	**$ 3,962,352**
Liabilities:		
Deposits:		
Non-interest demand	$ 486,295	$ 531,231
Interest-bearing demand	587,364	576,504
Money market and savings	946,319	942,067
Time deposits	1,163,440	1,135,818
Total deposits	3,183,418	3,185,620
Short-term borrowings	178,583	213,379
Long-term debt	110,917	105,892
Accrued interest & other liabilities	20,962	23,620
Total liabilities	**$ 3,493,880**	**$ 3,528,511**
Stockholders' equity:		
Preferred stock	$ 28,405	$ 28,405
Common stock & other equity	397,392	405,436
Total stockholders' equity	425,797	433,841
Total liabilities and stockholders' equity	**$ 3,919,677**	**$ 3,962,352**

(1) Does not include impact of purchase accounting

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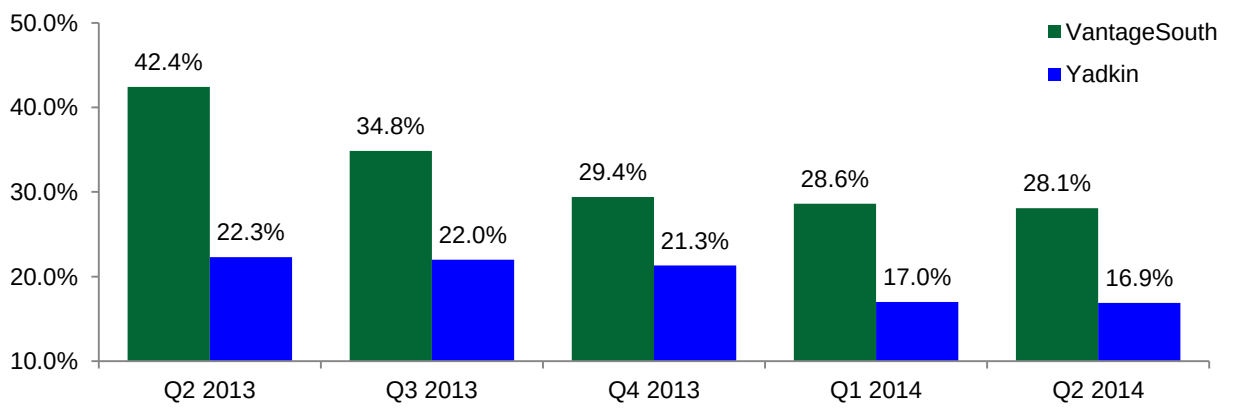
Asset quality data

VantageSouth Loan Loss Reserves Breakdown			
($ in thousands)	Non-Purchased Impaired Loans	Purchased Impaired (SOP 03-3)	Total
ALLL balance at 3/31/14	$ 5,163	$ 2,050	$ 7,213
Net charge-offs	(226)	0	(226)
Provision for loan losses	431	33	464
ALLL balance at 6/30/14	$ 5,368	$ 2,083	$ 7,451
Remaining purchase accounting mark	11,948	13,506	25,454
Total effective reserve	17,316	15,589	32,905
Loan balances[1]	$ 1,210,875	$ 157,693	$ 1,368,568
ALLL (%)	0.44%	1.32%	0.53%
Remaining credit mark (%)	0.65%	8.56%	1.56%
Remaining interest rate mark (%)	0.34%	0.00%	0.30%
Effective reserve (%)	**1.43%**	**9.89%**	**2.39%**

Yadkin Loan Loss Reserves Breakdown[2]	
($ in thousands)	Q2 2014
ALLL balance at 3/31/14	$ 16,522
Net recoveries	819
Provision for loan losses	(891)
ALLL balance at 6/30/14	$ 16,449
Gross loan balance	$ 1,435,564
ALLL / Loans (%)	**1.15%**

Classified Asset Ratio[3] – Bank Level



(1) Non-purchased impaired loan balances include $18.4 million of SBA guaranteed loan balances
(2) Does not include impact of purchase accounting
(3) Classified Asset Ratio = Classified Assets / (Tier 1 Capital + Loan Loss Reserves)

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Yadkin Financial Corporation

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Pre-tax, pre-provision earnings reconciliation

(Dollars in thousands)	For the Three Months Ended,				
VANTAGESOUTH	June 30, 2013	September 30, 2013	December 31, 2013	March 31, 2014	June 30, 2014
Pre-tax, pre-provision operating earnings (Non-GAAP)					
Net income (loss) (GAAP)	$2,841	$1,484	$3,264	$2,114	$3,544
Provision for loan losses	1,492	1,280	757	1,290	464
Income tax expense (benefit)	(2,808)	2,997	2,220	1,681	2,504
Pre-tax, pre-provision income	1,525	5,761	6,241	5,085	6,512
Securities gains	(123)	-	-	-	(217)
Gain on acquisition	(7,382)	-	-	-	-
Merger and conversion costs	11,961	477	599	1,209	1,968
Restructuring charges	-	-	-	836	93
Pre-tax, pre-provision operating earnings (Non-GAAP)	**$5,981**	**$6,238**	**$6,840**	**$7,130**	**$8,356**
YADKIN					
Pre-tax, pre-provision operating earnings (Non-GAAP)					
Net income (loss) (GAAP)	$ 4,809	$ 4,711	$ 4,657	$ 3,908	$ 4,388
Provision for loan losses	55	40	(3,017)	(460)	(891)
Income tax expense (benefit)	2,598	2,616	2,579	2,659	2,558
Pre-tax, pre-provision income	7,462	7,367	4,219	6,107	6,055
Securities gains	(272)	(253)	2,884	(1,128)	(3)
Gain on acquisition	-	-	-	-	-
Merger and conversion costs	-	-	-	1,352	649
Restructuring charges	-	-	-	-	-
Pre-tax, pre-provision operating earnings (Non-GAAP)	**$ 7,190**	**$ 7,114**	**$ 7,103**	**$ 6,331**	**$ 6,701**
COMBINED					
Pre-tax, pre-provision operating earnings (Non-GAAP)	**$13,171**	**$13,352**	**$13,943**	**$13,461**	**$15,057**
Average Assets	$ 3,800,299	$ 3,813,294	$ 3,861,924	$ 3,897,139	$ 3,929,913
Pre-tax, pre-provision operating ROAA	**1.39%**	**1.40%**	**1.43%**	**1.40%**	**1.54%**

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Operating efficiency reconciliation

(Dollars in thousands)	Three Months Ended				
VANTAGESOUTH	June 30, 2013	September 30, 2013	December 31, 2013	March 31, 2014	June 30, 2014
Net interest income	$ 20,428	$ 19,906	$ 19,811	$ 19,149	$ 19,040
Non-interest income					
Total non-interest income	$ 12,237	$ 4,537	$ 4,553	$ 4,667	$ 5,267
Gain on sales of available for sale securities	123	-	-	-	217
Gain on acquisition	7,382	-	-	-	-
Operating non-interest income	$ 4,732	$ 4,537	$ 4,553	$ 4,667	$ 5,050
Operating non-interest expense:					
Non-interest expense (GAAP)	$ 31,140	$ 18,682	$ 18,123	$ 18,731	$ 17,795
Merger and conversion costs	(11,961)	(477)	(599)	(1,209)	(1,968)
Restructuring charges	-	-	-	(836)	(93)
Operating non-interest expense (Non-GAAP)	$ 19,179	$ 18,205	$ 17,524	$ 16,686	$ 15,734
Vantage operating efficiency ratio	**76.23%**	**74.48%**	**71.93%**	**70.06%**	**65.31%**
YADKIN					
Net interest income	$ 16,121	$ 16,136	$ 16,749	$ 16,603	$ 16,586
Non-interest income:					
Total non-interest income	$ 6,184	$ 5,381	$ 1,182	$ 4,697	$ 3,491
Gain on sales of available for sale securities	272	253	(2,884)	1,128	3
Gain on acquisition	-	-	-	-	-
Operating non-interest income	$ 5,912	$ 5,128	$ 4,066	$ 3,569	$ 3,488
Operating non-interest expense:					
Non-interest expense (GAAP)	$ 14,843	$ 14,150	$ 13,712	$ 15,193	$ 14,022
Merger and conversion costs	-	-	-	(1,352)	(649)
Restructuring charges	-	-	-	-	-
Operating non-interest expense (Non-GAAP)	$ 14,843	$ 14,150	$ 13,712	$ 13,841	$ 13,373
Yadkin operating efficiency ratio	**67.37%**	**66.54%**	**65.88%**	**68.61%**	**66.62%**
COMBINED					
Net interest income	$ 36,549	$ 36,042	$ 36,560	$ 35,752	$ 35,626
Operating non-interest income	$ 10,644	$ 9,665	$ 8,619	$ 8,236	$ 8,538
Operating non-interest expense (Non-GAAP)	$ 34,022	$ 32,355	$ 31,236	$ 30,527	$ 29,107
Combined operating efficiency ratio	**72.09%**	**70.79%**	**69.14%**	**69.40%**	**65.91%**

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Balance sheet reconciliation

(Dollars in thousands)	As of the Quarter Ended,			As of the Quarter Ended,		
	2014Q1 VSB	2014Q1 YDKN	2014Q1 Combined	2014Q2 VSB	2014Q2 YDKN	2014Q2 Combined
Assets:						
Cash and due from banks	$ 30,969	$ 32,254	$ 63,223	$ 38,770	$ 32,159	$ 70,929
Federal funds & interest-earning deposits	42,474	29,264	71,738	76,125	3,972	80,097
Investment securities	410,350	267,093	677,443	397,611	259,143	656,754
Loans held for sale	11,158	6,962	18,120	10,658	15,696	26,354
Loans	1,381,926	1,382,698	2,764,624	1,368,568	1,419,868	2,788,436
Allowance for loan losses	(7,213)	(16,522)	(23,735)	(7,451)	(16,449)	(23,900)
Premises and equipment, net	44,350	40,396	84,746	44,212	40,204	84,416
Foreclosed assets	9,505	2,828	12,333	9,786	2,271	12,057
Other assets	182,671	68,514	251,185	201,190	66,019	267,209
Total assets	**$ 2,106,190**	**$ 1,813,487**	**$ 3,919,677**	**$ 2,139,469**	**$ 1,822,883**	**$ 3,962,352**
Liabilities:						
Deposits:						
Non-interest demand	$ 198,710	$ 287,585	$ 486,295	$ 234,370	$ 296,861	$ 531,231
Interest-bearing demand	356,134	231,230	587,364	348,075	228,429	576,504
Money market and savings	472,968	473,351	946,319	473,258	468,809	942,067
Time deposits	630,132	533,308	1,163,440	620,336	515,482	1,135,818
Total deposits	1,657,944	1,525,474	3,183,418	1,676,039	1,509,581	3,185,620
Short-term borrowings	129,500	49,083	178,583	140,500	72,879	213,379
Long-term debt	69,961	40,956	110,917	69,933	35,959	105,892
Accrued interest & other liabilities	11,764	9,198	20,962	12,914	10,706	23,620
Total liabilities	**$ 1,869,169**	**$ 1,624,711**	**$ 3,493,880**	**$ 1,899,386**	**$ 1,629,125**	**$ 3,528,511**
Stockholders' equity:						
Preferred stock	$ -	$ 28,405	$ 28,405	$ -	$ 28,405	$ 28,405
Common stock & other equity	237,021	-	397,392	-	165,353	405,436
Total stockholders' equity	237,021	188,776	425,797	240,083	193,758	433,841
Total liabilities and stockholders' equity	**$ 2,106,190**	**$ 1,813,487**	**$ 3,919,677**	**$ 2,139,469**	**$ 1,822,883**	**$ 3,962,352**

YADKIN FINANCIAL CORPORATION

Non-interest income reconciliation

(Dollars in thousands)	Three Months Ended				
VANTAGESOUTH	June 30, 2013	September 30, 2013	December 31, 2013	March 31, 2014	June 30, 2014
Service charges and fees on deposit accounts	1,525	1,512	1,407	1,315	1,487
Government-guaranteed lending	1,058	1,525	1,884	2,341	2,121
Mortgage banking	1,096	310	468	318	530
Bank-owned life insurance	310	324	397	306	389
Gain on sales of available for sale securities	123	-	-	-	217
Gain on acquisition	7,382	-	-	-	-
Other	743	866	397	387	523
Total non-interest income	12,237	4,537	4,553	4,667	5,267
YADKIN					
Service charges and fees on deposit accounts	1,317	1,336	1,264	1,224	1,243
Other service fees	1,401	1,259	1,066	1,025	1,264
Mortgage banking	2,546	1,713	1,162	1,022	769
Bank-owned life insurance	150	152	145	137	137
Gain on sales of available for sale securities	272	253	(2,884)	1,128	3
Other	498	668	429	161	75
Total non-interest income	6,184	5,381	1,182	4,697	3,491
COMBINED					
Service charges and fees on deposit accounts	2,842	2,848	2,671	2,539	2,730
Other service fees	1,401	1,259	1,066	1,025	1,264
Government-guaranteed lending	1,058	1,525	1,884	2,341	2,121
Mortgage banking	3,642	2,023	1,630	1,340	1,299
Bank-owned life insurance	460	476	542	443	526
Other	1,241	1,534	826	548	598
Operating non-interest income	**10,644**	**9,665**	**8,619**	**8,236**	**8,538**
Gain on sales of available for sale securities	395	253	(2,884)	1,128	220
Gain on acquisition	7,382	-	-	-	-
Non-recurring revenue	7,777	253	(2,884)	1,128	220
Total non-interest income	**18,421**	**9,918**	**5,735**	**9,364**	**8,758**

YADKIN FINANCIAL CORPORATION

Non-interest expense reconciliation

(Dollars in thousands)	Three Months Ended				
VANTAGESOUTH	June 30, 2013	September 30, 2013	December 31, 2013	March 31, 2014	June 30, 2014
Salaries and employee benefits	11,009	10,034	9,452	9,014	8,574
Occupancy and equipment	2,408	2,497	2,600	2,636	2,523
Data processing	1,075	1,105	1,096	1,030	991
FDIC insurance premiums	400	423	436	390	365
Professional services	914	598	780	544	594
Foreclosed asset expenses	79	201	10	263	151
Loan, collection, and repossession expense	792	909	802	679	350
Merger and conversion costs	11,961	477	599	1,209	1,968
Restructuring charges	-	-	-	836	93
Other	2,502	2,438	2,348	2,130	2,186
Total non-interest expense	31,140	18,682	18,123	18,731	17,795
YADKIN					
Salaries and employee benefits	7,953	7,780	7,854	7,917	7,367
Occupancy and equipment	1,951	2,001	2,049	1,746	1,758
Data processing	350	374	376	275	293
FDIC insurance premiums	642	363	433	151	239
Professional services	675	327	537	409	440
Foreclosed asset expenses	(174)	93	302	310	169
Loan, collection, and repossession expense	201	203	118	97	47
Merger and conversion costs	-	-	-	1,352	649
Other	3,245	3,009	2,043	2,936	3,060
Total non-interest expense	14,843	14,150	13,712	15,193	14,022
COMBINED					
Salaries and employee benefits	18,962	17,814	17,306	16,931	15,941
Occupancy and equipment	4,359	4,498	4,649	4,382	4,281
Data processing	1,425	1,479	1,472	1,305	1,284
FDIC insurance premiums	1,042	786	869	541	604
Professional services	1,589	925	1,317	953	1,034
Foreclosed asset expenses	(95)	294	312	573	320
Loan, collection, and repossession expense	993	1,112	920	776	397
Other	5,747	5,447	4,391	5,066	5,246
Operating non-interest expense	**34,022**	**32,355**	**31,236**	**30,527**	**29,107**
Merger and conversion costs	11,961	477	599	2,561	2,617
Restructuring charges	-	-	-	836	93
Non-recurring expenses	11,961	477	599	3,397	2,710
Total non-interest expense	**45,983**	**32,832**	**31,835**	**33,924**	**31,817**

YADKIN FINANCIAL CORPORATION