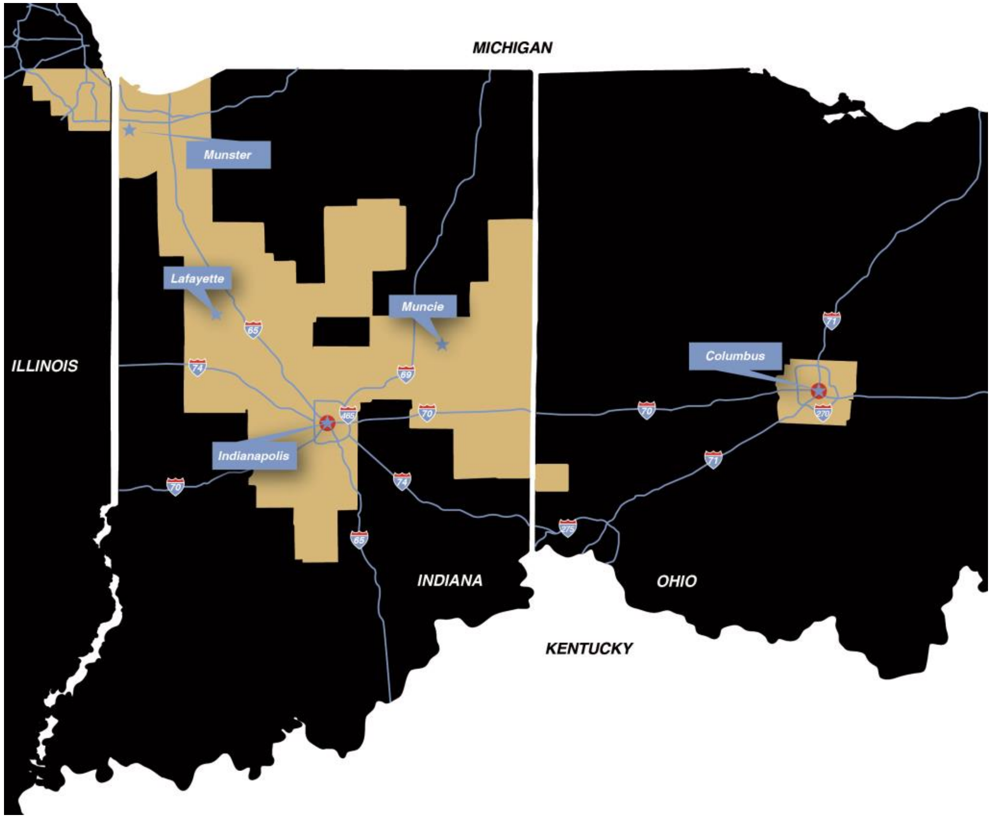
# First Merchants Corporation




## $4^{th}$ QUARTER 2014

## EARNINGS CALL

**January 27, 2015**

**NASDAQ: FRME**

Michael C. Rechin
President
Chief Executive Officer

Mark K. Hardwick
Executive Vice President
Chief Financial Officer

John J. Martin
Executive Vice President
Chief Credit Officer

# Forward-Looking Statement

This filing and the exhibits hereto contain forward-looking statements made pursuant to the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements can often, but not always, be identified by the use of words like “believe”, “continue”, “pattern”, “estimate”, “project”, “intend”, “anticipate”, “expect” and similar expressions or future or conditional verbs such as “will”, would”, “should”, “could”, “might”, “can”, “may”, or similar expressions. These forward-looking statements include, but are not limited to, statements relating to the expected timing and benefits of the proposed merger (the “Merger”) between First Merchants Corporation (“First Merchants”) and C Financial Corporation (“C Financial”), including future financial and operating results, cost savings, enhanced revenues, and accretion/dilution to reported earnings that may be realized from the Merger, as well as other statements of expectations regarding the Merger, and other statements of First Merchants’ goals, intentions and expectations; statements regarding the First Merchants’ business plan and growth strategies; statements regarding the asset quality of First Merchants’ loan and investment portfolios; and estimates of First Merchants’ risks and future costs and benefits, whether with respect to the Merger or otherwise.

These forward-looking statements are subject to significant risks, assumptions and uncertainties that may cause results to differ materially from those set forth in forward-looking statements, including, among other things: the risk that the businesses of the First Merchants and C Financial will not be integrated successfully or such integration may be more difficult, time-consuming or costly than expected; expected revenue synergies and cost savings from the Merger may not be fully realized or realized within the expected time frame; revenues following the Merger may be lower than expected; customer and employee relationships and business operations may be disrupted by the Merger; the ability to obtain required governmental and shareholder approvals, and the ability to complete the Merger on the expected timeframe; possible changes in economic and business conditions; the existence or exacerbation of general geopolitical instability and uncertainty; the ability of First Merchants to integrate recent acquisitions and attract new customers; possible changes in monetary and fiscal policies, and laws and regulations; the effects of easing restrictions on participants in the financial services industry; the cost and other effects of legal and administrative cases; possible changes in the credit worthiness of customers and the possible impairment of collectability of loans; fluctuations in market rates of interest; competitive factors in the banking industry; changes in the banking legislation or regulatory requirements of federal and state agencies applicable to bank holding companies and banks like First Merchants’ affiliate bank; continued availability of earnings and excess capital sufficient for the lawful and prudent declaration of dividends; changes in market, economic, operational, liquidity, credit and interest rate risks associated with the First Merchants’ business; and other risks and factors identified in each of First Merchants’ filings with the Securities and Exchange Commission.

First Merchants does not undertake any obligation to update any forward-looking statement, whether written or oral, relating to the matters discussed in this filing. In addition, First Merchants’ and C Financial’s past results of operations do not necessarily indicate either of their anticipated future results, whether the Merger is effectuated or not.

# Additional Information

This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any proxy vote or approval. The Merger Agreement will be submitted to C Financial's shareholders for their consideration. In connection with the proposed merger, it is expected that C Financial will provide its shareholders with a Proxy Statement, as well as other relevant documents concerning the proposed transaction. SHAREHOLDERS ARE URGED TO READ THE PROXY STATEMENT REGARDING THE MERGER WHEN IT BECOMES AVAILABLE, AS WELL AS ANY OTHER RELEVANT DOCUMENTS CONCERNING THE PROPOSED TRANSACTION, TOGETHER WITH ALL AMENDMENTS OR SUPPPLEMENTS TO THOSE DOCUMENTS, AS THEY WILL CONTAIN IMPORTANT INFORMATION.

## Non-GAAP Financial Measures

These slides contain non-GAAP financial measures. For purposes of Regulation G, a non-GAAP financial measure is a numerical measure of the registrant's historical or future financial performance, financial position or cash flows that excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the most directly comparable measure calculated and presented in accordance with GAAP in the statement of income, balance sheet or statement of cash flows (or equivalent statements) of the issuer; or includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable measure so calculated and presented. In this regard, GAAP refers to generally accepted accounting principles in the United States. Pursuant to the requirements of Regulation G, First Merchants Corporation has provided reconciliations within the slides, as necessary, of the non-GAAP financial measure to the most directly comparable GAAP financial measure.

# First Merchants 2014 Performance

## Full-Year Highlights

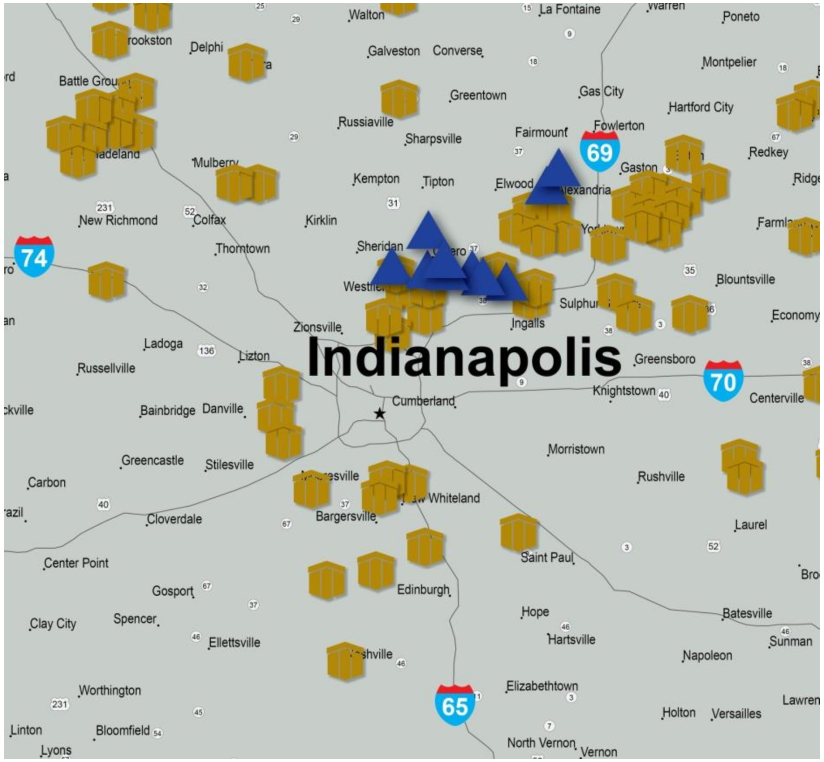
- $60.2 Million of Record Net Income Available to Common Stockholders
- Earnings Per Share of $1.65, a 17% increase over FY 2013
- Return on Average Assets of 1.08%
- Return on Average Tangible Common Equity of 12.94%
- Successful Integration and First Full Year of Citizens Financial Bank Acquisition

## 4th Quarter Highlights

- $15.3 Million of Net Income, or $.41 Earnings Per Share
- Community Bank of Noblesville Acquisition Completed November 7
- Acquisition Expenses of $1.9 Million, or $.03 per share

# Community Bank of Noblesville Overview

- Headquartered in Noblesville, Indiana
- Founded in 1991
- Acquisition Completed: November 7, 2014
  - Loans Acquired Net of Fair Value Marks: $145.1 Million
  - Deposits Acquired: $228.4 Million
- Transaction Value: $49.2 Million
- Consideration: 71% Stock, 29% Cash
- Anticipated Integration Date: April 24, 2015



# Post-Closing Observations

Indianapolis Market Expansion

- 9 Full-Service Banking Centers with $228.4M in deposits
- Adds 7 locations in Hamilton County, the fastest growing Indiana Market
- Improves FMC Market Share Position from #8 to #4 in Hamilton County
- Significant Operating Efficiencies, including Banking Center Consolidation Opportunities
- Cost Savings Estimated to be 40%, or $2.8 Million Post-Integration
- Accretive to EPS Beginning in 2015
- $4^{th}$ Quarter Transaction Expense of $1.9 Million
- Credit, OREO and Interest Rate Marks of $11.6 Million
- 3-Year Tangible Book Value Earn-Back

# Mark K. Hardwick

Executive Vice President
and Chief Financial Officer

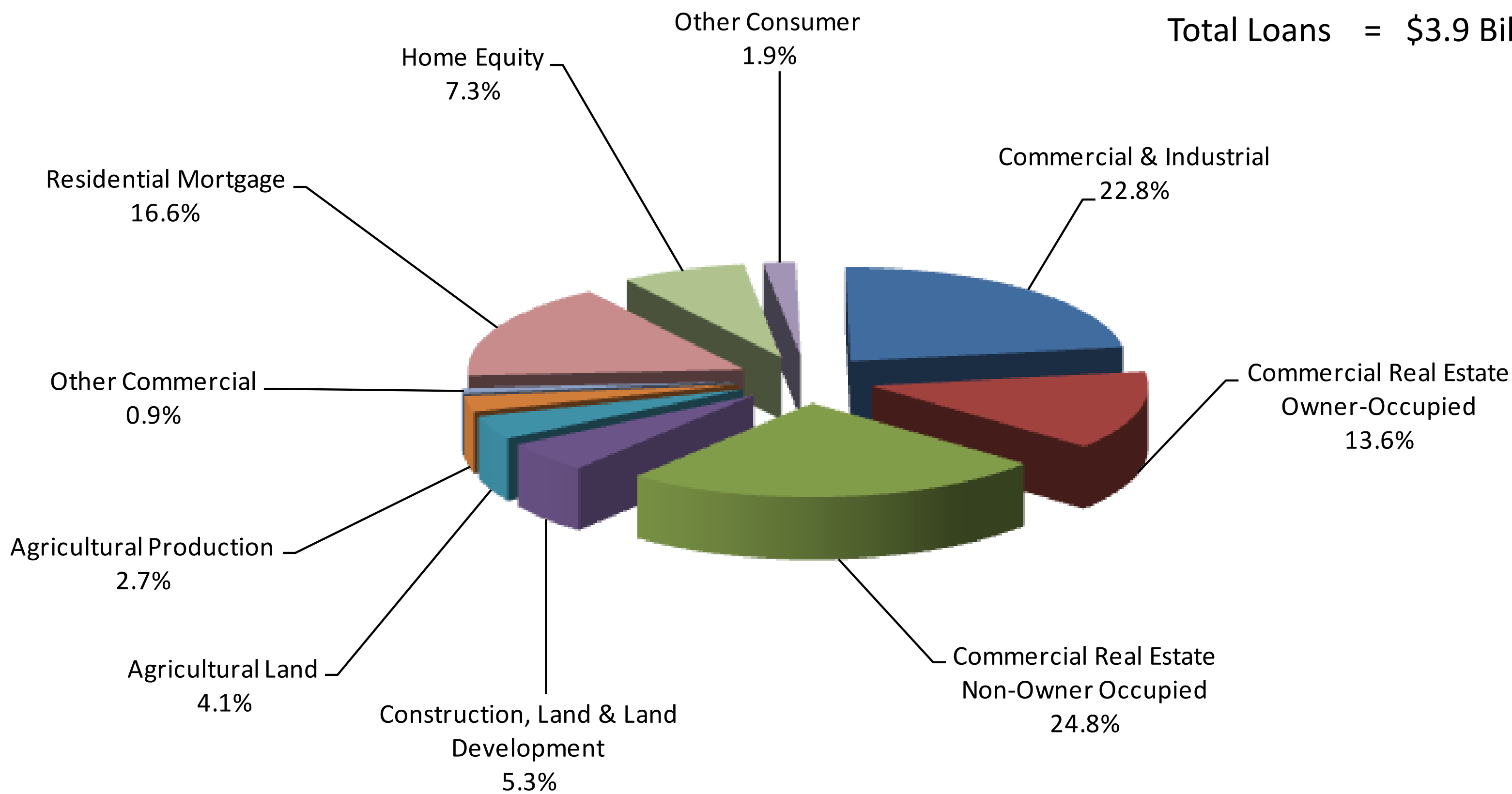
# Total Assets

| ($ in Millions) | 2012 | 2013 | 2014 |
|---|---|---|---|
| 1. Investments | $ 874 | $1,096 | $1,181 |
| 2. Loans Held for Sale | 22 | 5 | 7 |
| 3. Loans | 2,902 | 3,633 | 3,925 |
| 4. Allowance | (69) | (68) | (64) |
| 5. CD&I & Goodwill | 150 | 203 | 219 |
| 6. BOLI | 125 | 165 | 169 |
| 7. Other | 301 | 403 | 387 |
| 8. Total Assets | $4,305 | $5,437 | $5,824 |

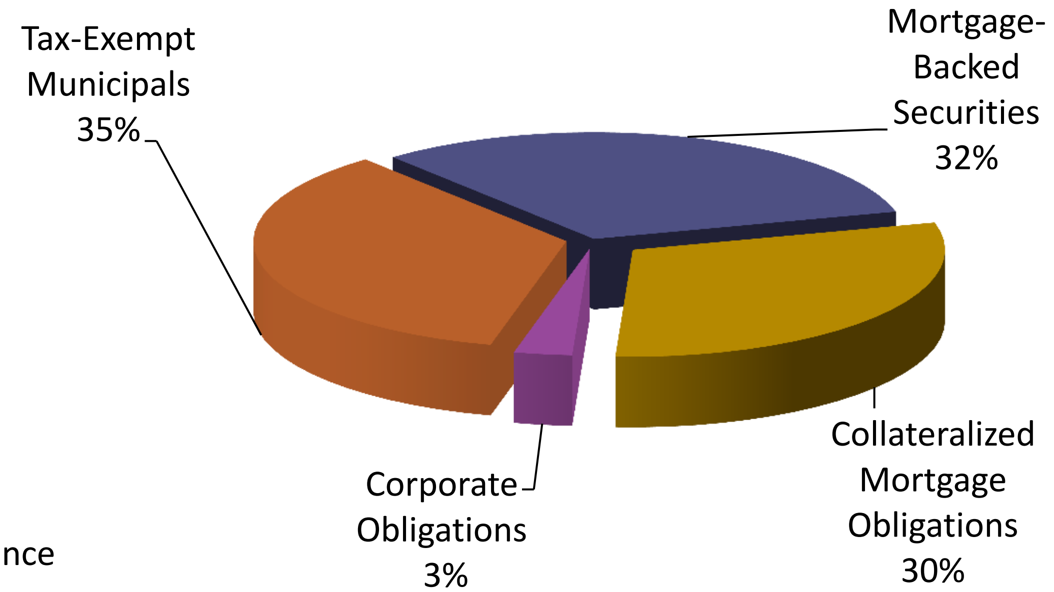
# Loan and Yield Detail

(as of 12/31/2014)

| | | |
|---|---|---|
| QTD Yield | = | 4.46% |
| YTD Yield | = | 4.58% |
| Total Loans | = | $3.9 Billion |



# Investment Portfolio
(as of 12/31/2014)




- $1.2 billion balance
- Average duration of 4.2 years
- Tax equivalent yield of 3.89%
- Net unrealized gain of $42.4 million

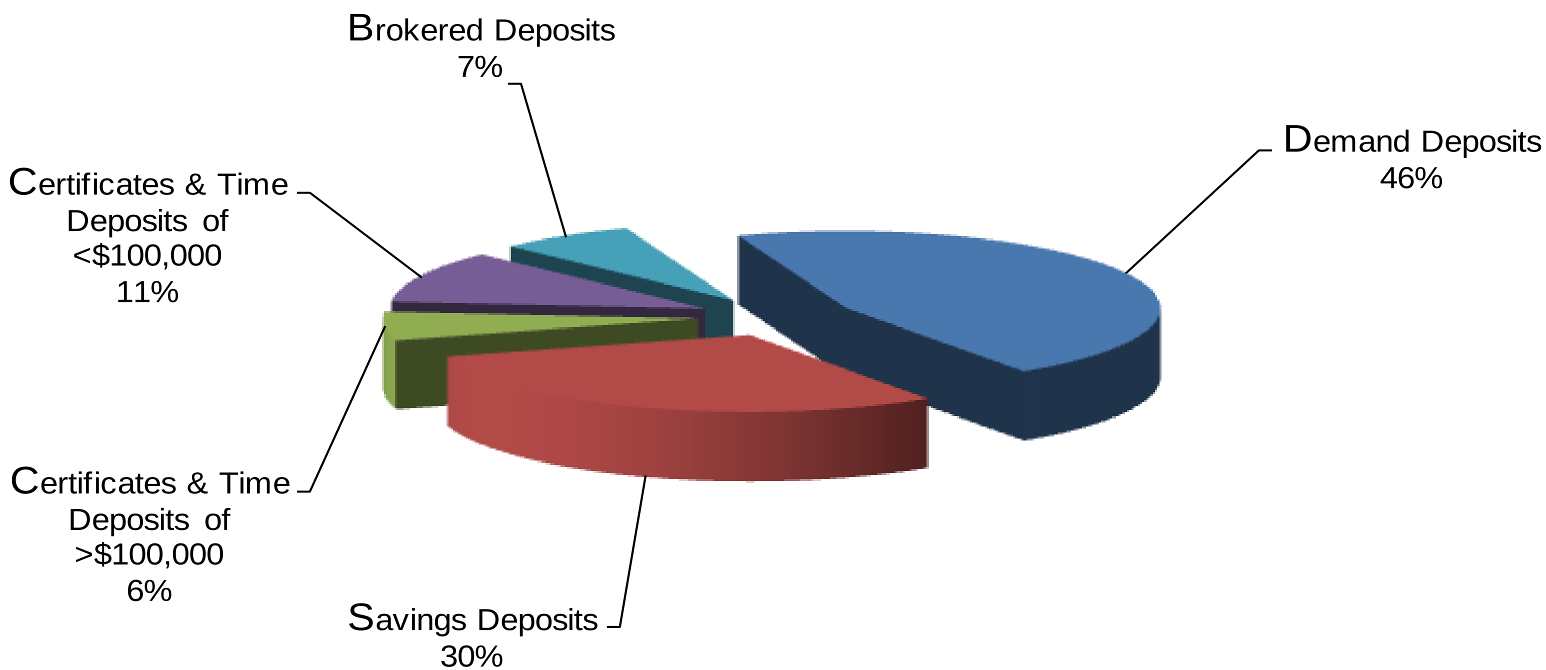
# Total Liabilities and Capital

| | ($ in Millions) | 2012 | 2013 | 2014 |
|---|---|---|---|---|
| 1. | Customer Non-Maturity Deposits | $2,479 | $3,276 | $3,523 |
| 2. | Customer Time Deposits | 739 | 868 | 784 |
| 3. | Brokered Deposits | 128 | 87 | 334 |
| 4. | Borrowings | 260 | 401 | 290 |
| 5. | Other Liabilities | 39 | 48 | 44 |
| 6. | Hybrid Capital | 107 | 122 | 122 |
| 7. | Preferred Stock (SBLF) | 91 | – | – |
| 8. | Common Equity | 462 | 635 | 727 |
| 9. | Total Liabilities and Capital | $4,305 | $5,437 | $5,824 |
| 10. | Tangible Common Book Value Per Share | $10.95 | $12.17 | $13.65 |
| | Percentage Change | 13.6% | 11.1% | 12.2% |

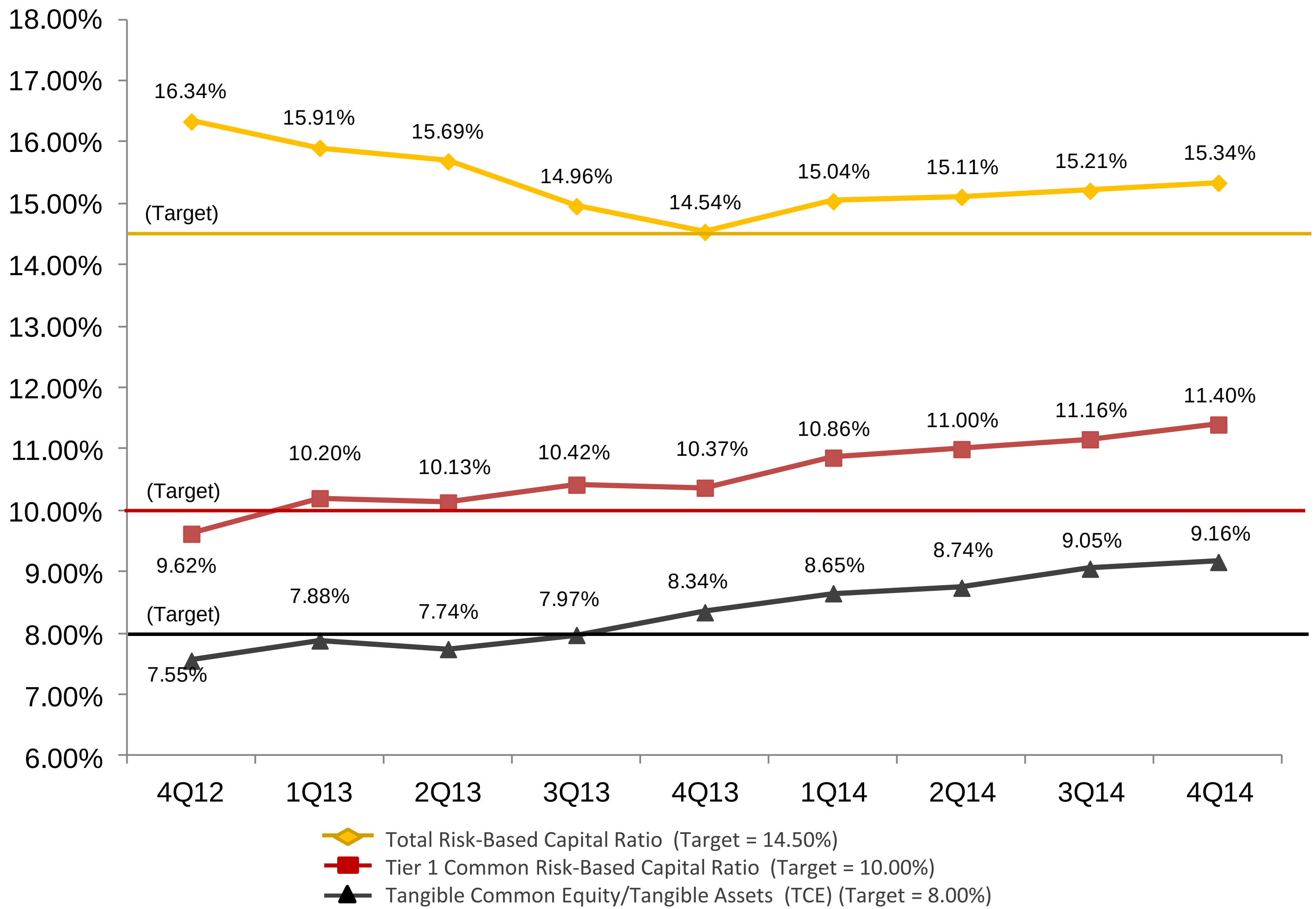
# Deposits and Cost of Funds Detail

(as of 12/31/2014)

| | | |
|---|---|---|
| QTD Cost | = | .38% |
| YTD Cost | = | .34% |
| Total Deposits | = | $4.6 Billion |

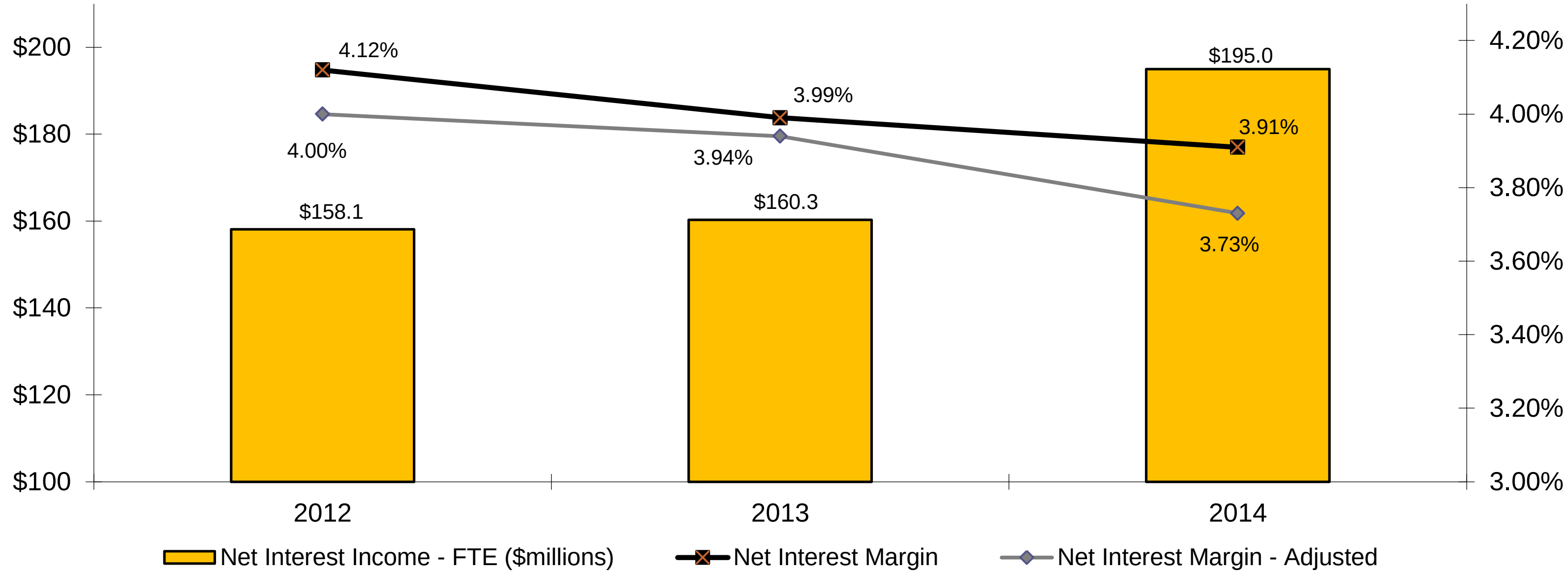


# Capital Ratios



# Net Interest Margin

| | 2012 | 2013 | 2014 |
|---|---|---|---|
| Net Interest Income-FTE ($millions) | $ 158.1 | $ 160.3 | $ 195.0 |
| Fair Value Accretion ($millions) | $ 4.6 | $ 2.2 | $ 8.9 |
| Tax Equivalent Yield on Earning Assets | 4.74% | 4.40% | 4.35% |
| Cost of Supporting Liabilities | 0.62% | 0.41% | 0.44% |
| Net Interest Margin | 4.12% | 3.99% | 3.91% |



# Non-Interest Income

| | ($ in Millions) | 2012 | 2013 | 2014 |
|---|---|---|---|---|
| 1. | Service Charges on Deposit Accounts | $11.6 | $12.4 | $15.7 |
| 2. | Trust Fees | 7.9 | 8.6 | 9.0 |
| 3. | Insurance Commission Income | 6.2 | 7.1 | 7.4 |
| 4. | Electronic Card Fees | 7.3 | 7.5 | 9.7 |
| 5. | Cash Surrender Value of Life Ins | 3.4 | 2.6 | 3.7 |
| 6. | Gains on Sales Mortgage Loans | 10.6 | 7.5 | 4.9 |
| 7. | Securities Gains/Losses | 2.4 | 0.5 | 3.6 |
| 8. | Gain on FDIC Transaction | 9.1 | – | – |
| 9. | Other | 5.8 | 8.6 | 11.7 |
| 10. | Total | $64.3 | $54.8 | $65.7 |
| 11. | Adjusted Non-Interest Income[1] | $52.8 | $54.3 | $62.1 |

[1]Adjusted for Bond Gains & Losses and Gain on FDIC-Modified Whole-Bank Transaction

# Non-Interest Expense

| ($ in Millions) | 2012 | 2013 | 2014 |
|---|---|---|---|
| 1. Salary & Benefits | $ 79.4 | $ 85.4 | $ 96.5 |
| 2. Premises & Equipment | 17.4 | 18.0 | 23.2 |
| 3. Core Deposit Intangible | 1.9 | 1.6 | 2.4 |
| 4. Professional & Other Outside Services | 6.2 | 8.3 | 8.1 |
| 5. OREO/Foreclosure Expense | 8.2 | 6.7 | 8.0 |
| 6. FDIC Expense | 3.5 | 2.9 | 3.7 |
| 7. Outside Data Processing | 5.7 | 5.6 | 7.3 |
| 8. Marketing | 2.2 | 2.2 | 3.5 |
| 9. Other | 12.6 | 12.5 | 15.8 |
| 10. Non-Interest Expense | $137.1 | $143.2 | $168.5 |

# Earnings

| ($ in Millions) | 2012 | 2013 | 2014 |
|---|---|---|---|
| 1. Net Interest Income | $152.3 | $154.3 | $187.0 |
| 2. Provision for Loan Losses | (18.5) | (6.6) | (2.6) |
| 3. **Net Interest Income after Provision** | **133.8** | **147.7** | **184.4** |
| 4. Non-Interest Income | 64.3 | 54.8 | 65.7 |
| 5. Non-Interest Expense | (137.1) | (143.2) | (168.5) |
| 6. **Income before Income Taxes** | **61.0** | **59.3** | **81.6** |
| 7. Income Tax Expense | (15.9) | (14.7) | (21.4) |
| 8. Preferred Stock Dividend | (4.5) | (2.4) | – |
| 9. **Net Income Avail. for Distribution** | **$ 40.6** | **$ 42.2** | **$ 60.2** |
| 10. **EPS** | **$ 1.41** | **$ 1.41** | **$ 1.65** |

# Earnings Per Share

| 2012 | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| 1. Reported | $ .46 | $ .28 | $ .35 | $ .32 | $ 1.41 |
| 2. FV Accretion EPS Impact | – | $ .02 | $ .06 | $ .03 | $ .11 |
| 3. Gain on FDIC Transaction | $ .21 | – | – | – | $ .21 |

| 2013 | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| 1. Reported | $ .38 | $ .34 | $ .35 | $ .34 | $ 1.41 |
| 2. FV Accretion EPS Impact | $ .02 | $ .01 | $ .01 | $ .01 | $ .05 |

| 2014 | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| 1. Reported | $ .38 | $ .41 | $ .45 | $ .41 | $ 1.65 |
| 2. FV Accretion EPS Impact | $ .03 | $ .04 | $ .06 | $ .03 | $ .16 |

# John J. Martin

Executive Vice President
and Chief Credit Officer

# Loan Portfolio Trends

| ($ in Millions) | 2013 | Q3-'14 | 2014 [1] | CBN | FMB 2014 | Change Linked Quarter $ | Change Linked Quarter % [1] | Change Linked Quarter % | Change Year Over Year $ | Change Year Over Year % [1] | Change Year Over Year % |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. Commercial & Industrial | $ 761.7 | $ 901.0 | $ 888.3 | $ 8.4 | $ 896.7 | $ (4.3) | (1.4%) | (0.5%) | $135.0 | 16.6% | 17.7% |
| 2. Construction, Land and Land Development | 177.1 | 178.2 | 186.1 | 21.2 | 207.3 | 29.1 | 4.4% | 16.3% | 30.2 | 5.1% | 17.1% |
| 3. CRE Non-Owner Occupied | 963.4 | 953.2 | 934.5 | 41.2 | 975.7 | 22.5 | (2.0%) | 2.4% | 12.3 | (3.0%) | 1.3% |
| 4. CRE Owner Occupied | 501.1 | 492.9 | 513.1 | 21.6 | 534.7 | 41.8 | 4.1% | 8.5% | 33.6 | 2.4% | 6.7% |
| 5. Agricultural Production | 114.3 | 99.7 | 103.8 | 1.1 | 104.9 | 5.2 | 4.1% | 5.2% | (9.4) | (9.2%) | (8.2%) |
| 6. Agricultural Land | 147.3 | 157.6 | 153.9 | 8.4 | 162.3 | 4.7 | (2.3%) | 3.0% | 15.0 | 4.5% | 10.2% |
| 7. Residential Mortgage | 616.4 | 625.6 | 619.8 | 27.5 | 647.3 | 21.7 | (0.9%) | 3.5% | 30.9 | 0.6% | 5.0% |
| 8. Home Equity | 255.2 | 270.0 | 276.6 | 9.9 | 286.5 | 16.5 | 2.4% | 6.1% | 31.3 | 8.4% | 12.3% |
| 9. Other Commercial | 26.1 | 27.5 | 35.6 | 0.5 | 36.1 | 8.6 | 29.5% | 31.3% | 10.0 | 36.4% | 38.3% |
| 10. Other Consumer | 69.8 | 66.8 | 71.9 | 1.5 | 73.4 | 6.6 | 7.6% | 9.9% | 3.6 | 3.0% | 5.2% |
| 11. Loans | $3,632.4 | $3,772.5 | $3,783.6 | $ 141.3 | $3,924.9 | $152.4 | 0.3% | 4.0% | $292.5 | 4.2% | 8.1% |

[1] excluded acquired CBN loans

# Asset Quality Summary

($ in Millions)

| | 2012 | 2013 | 2014[1] | CBN | FMB 2014 | Year over Year % | Year over Year %[1] |
|---|---|---|---|---|---|---|---|
| 1. Non-Accrual Loans | $ 53.4 | $ 56.4 | $ 43.1 | $ 5.7 | $ 48.8 | (13.5%) | (23.6%) |
| 2. Other Real Estate | $ 13.3 | $ 22.2 | $ 12.6 | $ 6.7 | $ 19.3 | (13.1%) | (43.2%) |
| 3. Renegotiated Loans | $ 12.7 | $ 3.0 | $ 2.0 | $ - | $ 2.0 | (33.3%) | (33.3%) |
| 4. 90+ Days Delinquent Loans | $ 2.0 | $ 1.4 | $ 4.6 | $ 0.1 | $ 4.7 | | |
| 5. NPAs/Loans and ORE | 2.70% | 2.23% | 1.64% | 8.44% | 1.77% | | |
| 6. Classified Assets | $ 184.4 | $ 191.9 | $ 172.1 | $ 19.7 | 191.8 | (0.1%) | (10.3%) |
| 7. Criticized Assets (includes Classified) | $ 250.2 | $ 263.5 | $ 224.8 | $ 28.8 | $ 253.6 | (3.8%) | (14.7%) |
| 8. Specific Reserves | $ 4.2 | $ 1.6 | $ 2.8 | $ - | $ 2.8 | 75.0% | 75.0% |
| 9. Allowance for Loan and Lease Losses | $ 69.4 | $ 67.9 | $ 64.0 | $ - | $ 64.0 | (5.7%) | (5.7%) |
| 10. ALLL/Non-Accrual Loans | 129.9% | 120.4% | 148.5% | | 131.1% | | |

[1] excluded acquired CBN loans

# Non-Performing Asset Reconciliation

($ in Millions)

| | 2013 | Q1-Q3 2014 | Q4-'14 [1] | CBN | 2014 |
|---|---|---|---|---|---|
| 1. **Beginning Balance NPA's & 90+ Days Delinquent** | $ 81.4 | $ 83.0 | $ 65.6 | | $ 83.0 |
| Non-Accrual | | | | | |
| 2. Add: New Non-Accruals | 45.7 | 35.7 | 5.4 | $ 5.7 | **46.8** |
| 3. Less: To Accrual/Payoff/Renegotiated | (17.0) | (26.7) | (5.7) | | **(32.4)** |
| 4. Less: To OREO | (7.6) | (3.9) | (0.7) | | **(4.6)** |
| 5. Less: Charge-offs | (18.1) | (12.4) | (5.0) | | **(17.4)** |
| 6. **Increase / (Decrease): Non-Accrual Loans** | **3.0** | **(7.3)** | **(6.0)** | **5.7** | **(7.6)** |
| Other Real Estate Owned (ORE) | | | | | |
| 7. Add: New ORE Properties | 20.5 | 3.9 | 0.7 | 6.7 | **11.3** |
| 8. Less: ORE Sold | (8.6) | (7.9) | (2.3) | | **(10.2)** |
| 9. Less: ORE Losses (write-downs) | (2.9) | (3.7) | (0.3) | | **(4.0)** |
| 10. **Increase / (Decrease): ORE** | **9.0** | **(7.7)** | **(1.9)** | **6.7** | **(2.9)** |
| 11. **Increase / (Decrease): 90+ Days Delinquent** | **(0.8)** | **(0.5)** | **3.7** | **0.1** | **3.3** |
| 12. **Increase / (Decrease): Restructured Loans** | **(9.6)** | **(1.9)** | **0.8** | | **(1.1)** |
| 13. **Total NPA Change** | **1.6** | **(17.4)** | **(3.4)** | **12.5** | **(8.3)** |
| 14. **Ending Balance NPA's & 90+ Days Delinquent** | **$ 83.0** | **$ 65.6** | **$ 62.2** | **$ 12.5** | **$ 74.7** |

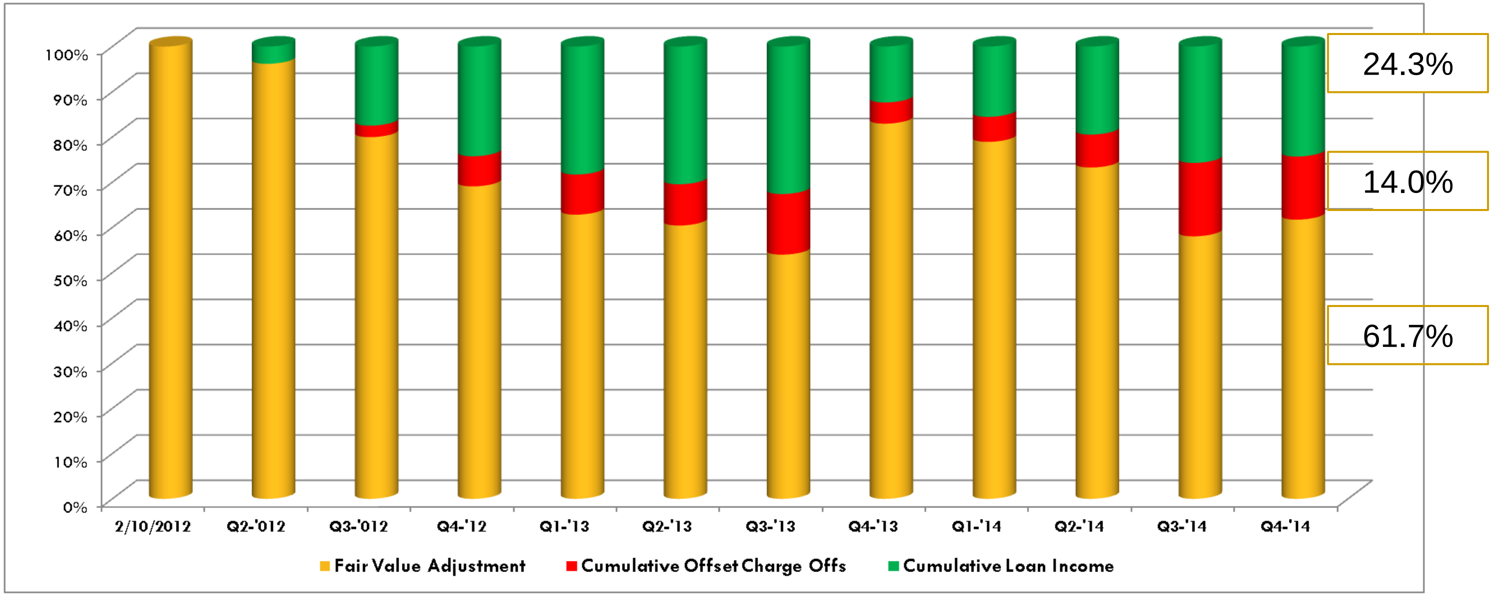
[1] excluded acquired CBN loans

# ALLL and Fair Value Summary

(as of 12/31/2014)

| ($ in Millions) | Q4-'13 | Q1-'14 | Q2-'14 | Q3-'14 | Q4 -'14 |
|---|---|---|---|---|---|
| 1. Allowance for Loan Losses (ALLL) | $ 67.9 | $ 69.6 | $ 68.4 | $ 65.6 | $ 64.0 |
| 2. Fair Value Adjustment (FVA) | 49.4 | 47.2 | 43.9 | 35.5 | 43.2 |
| **3. Total ALLL plus FVA** | **117.3** | **116.8** | **112.3** | **101.1** | **107.2** |
| 4. Purchased Loan Balances plus FVA | $ 685.6 | $ 663.9 | $ 638.0 | $ 596.3 | $ 701.7 |
| **5. ALLL/Loans** | **1.87%** | **1.92%** | **1.83%** | **1.74%** | **1.63%** |
| **6. ALLL & FVA/Total Loan Balances plus FVA[1]** | **3.19%** | **3.19%** | **2.98%** | **2.65%** | **2.70%** |

[1] Management uses this Non-GAAP measure to demonstrate coverage and credit risk



# Michael C. Rechin

President and
Chief Executive Officer

# Strategy and Tactics Overview

**Focus on the Customer Experience**

- Continue to advance our loan process for speed and accuracy
- Evaluate and enhance our technology platforms
- Invest in mobile and online banking

**Intensify Revenue-Generating Activities**

- Achieve organic growth throughout the franchise
- Develop and retain outstanding talent
- Leverage our Centers of Influence and Regional Board relationships

**Improve Efficiency**

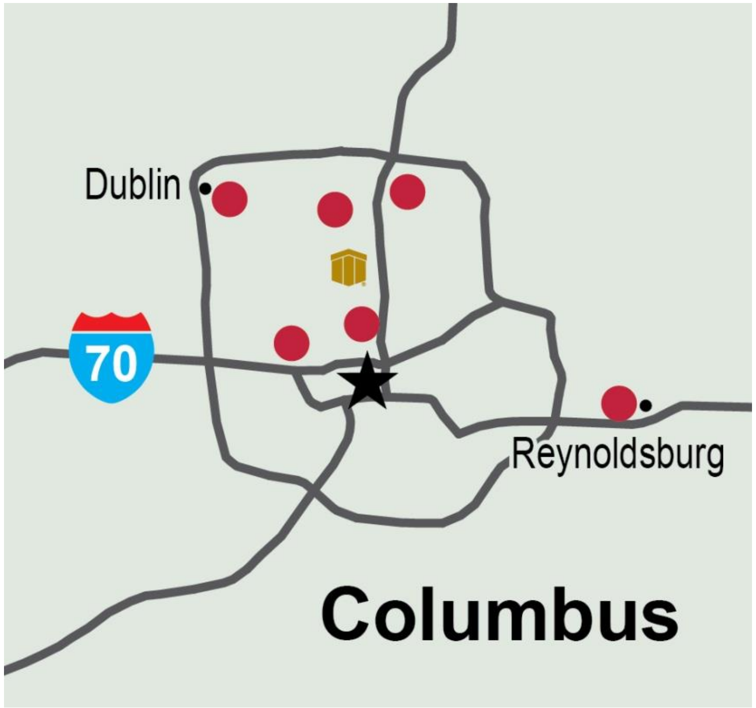
- Fully integrate the Community Bank of Noblesville acquisition
- Continue branch rationalization
- Line of business optimization

**Assess Acquisition Opportunities in Our Marketplace**

- Announced Definitive Agreement with C Financial Corporation and Cooper State Bank in Columbus, Ohio
- Targeting a 2nd quarter close and 4th quarter integration

# Cooper State Bank Summary

- Definitive Agreement Signed January 5, 2015
- Headquartered in Columbus, Ohio
- Founded in 2004
- Balance Sheet as of September 30, 2014
  - $135 Million in Assets
  - $115 Million in Loans
  - $102 Million in Deposits
- Income Statement for Quarter-End September 30, 2014
  - Net Income of $170,000
  - Net Interest Margin of 4.08%
- Sub S Ownership



# Financial Overview

| | |
|---|---|
| Transaction Value | $14.5 Million |
| Consideration | 100% Cash |
| Required Approvals | Regulatory and C Financial Corporation Shareholders |
| Key Assumptions | Cost Savings Estimated to be 30%, or $2.0 Million<br>Estimated One-Time Transaction Costs of $1.3 Million<br>Credit and Interest Rate Marks of Approximately $2.8 Million |
| Capital Impact: | Accretive to EPS Beginning in 1st Full Year<br>Tangible Book Value Earn-Back Within Four Years<br>Minimal Impact to Capital Ratios |
| Termination Fee: | $1.0 Million |
| Anticipated Closing: | 2nd Quarter 2015 |

# Transaction Rationale

**Strategic Opportunity**

- Columbus Ohio Market Expansion
  - Adds 6 Full-Service Banking Centers to our $500M Commercial Banking Presence
    - Banking Centers situated in Prime Columbus, Ohio locations
    - Improves FMC's Market Position from #13 to #12
- Market Opportunity
  - Attractive and Growing Market
  - One of the fastest growing Cities in America

**Financially Attractive**

- Accretive to EPS Beginning in 2016
- Tangible Book Value Earn-Back within 4 Years
- Significant Operating Efficiencies – Approximately 30% Cost Saves

**Attractive Risk Profile**

- Due Diligence Process Completed
- Cultural Fit, Retention of Key Management Members
- Experienced Acquirer, Core Competency in Integration Processes

# Contact Information

First Merchants Corporation common stock is traded
on the NASDAQ Global Select Market under the symbol
FRME

Additional information can be found at
www.firstmerchants.com

Investor inquiries:

David L. Ortega
Investor Relations
Telephone: 765.378.8937
dortega@firstmerchants.com

# Appendix

# Appendix – Non-GAAP Reconciliation

**TANGIBLE CAPITAL** (dollars in thousands)

| | | 2014 |
|---|---|---|
| **Return on Average Tangible Equity** | | |
| Average Stockholders' Equity (GAAP) | $ | 675,295 |
| Less: Average Preferred Stock | | (125) |
| Less: Average Intangible Assets, net of tax | | (199,354) |
| Average Tangible Equity (non-GAAP) | | 475,816 |
| | | |
| Net Income Available to Common Shareholders | $ | 60,162 |
| Add: Intangible Amortization, net of tax | | 1,395 |
| Tangible Net Income | $ | 61,557 |
| | | |
| **Return on Average Tangible Equity (non-GAAP)** | | **12.94%** |

# Appendix – Non-GAAP Reconciliation

**CAPITAL RATIOS (dollars in thousands)**

| | 4Q12 | 1Q13 | 2Q13 | 3Q13 | 4Q13 | 1Q14 | 2Q14 | 3Q14 | 4Q14 |
|---|---|---|---|---|---|---|---|---|---|
| **Total Risk-Based Capital Ratio** | | | | | | | | | |
| Total Stockholders' Equity (GAAP) | $ 552,236 | 538,558 | 539,293 | 513,469 | 634,923 | 652,111 | 670,596 | 684,553 | 726,827 |
| Less: Accumulated Other Comprehensive Income (Loss) [a] | 5,499 | 6,748 | 15,179 | 16,198 | 6,410 | 1,016 | (4,210) | (4,150) | 1,629 |
| Add: Qualifying Capital Securities | 55,000 | 55,000 | 55,000 | 55,000 | 55,000 | 55,000 | 55,000 | 55,000 | 55,000 |
| Less: Disallowed Goodwill | (149,529) | (149,142) | (148,759) | (148,376) | (202,767) | (202,175) | (201,583) | (200,992) | (218,755) |
| Less: Disallowed Servicing Assets | (99) | (105) | (110) | (105) | (186) | (177) | (171) | (166) | (166) |
| Less: Disallowed Deferred Tax Assets | (6,975) | | | | (10,194) | (4,677) | (1,357) | | |
| Total Tier I Capital (Regulatory) | $ 456,132 | $ 451,059 | $ 460,603 | $ 436,186 | $ 483,186 | $ 501,098 | $ 518,275 | $ 534,245 | $ 564,535 |
| Qualifying Subordinated Debentures | 30,000 | 20,000 | 20,000 | 20,000 | 65,000 | 65,000 | 65,000 | 65,000 | 65,000 |
| Allowance for Loan Losses includible in Tier 2 Capital | 40,660 | 40,538 | 42,007 | 41,936 | 51,780 | 51,556 | 52,809 | 53,803 | 55,972 |
| Total Risk-Based Capital (Regulatory) | $ 526,792 | $ 511,597 | $ 522,610 | $ 498,122 | $ 599,966 | $ 617,654 | $ 636,084 | $ 653,048 | $ 685,507 |
| Net Risk-Weighted Assets (Regulatory) | $ 3,224,088 | $ 3,215,063 | $ 3,331,374 | $ 3,330,623 | $ 4,126,337 | $ 4,106,423 | $ 4,209,145 | $ 4,292,495 | $ 4,469,765 |
| **Total Risk-Based Capital Ratio (Regulatory)** | **16.34%** | **15.91%** | **15.69%** | **14.96%** | **14.54%** | **15.04%** | **15.11%** | **15.21%** | **15.34%** |
| **Tier I Common Risk-Based Capital Ratio** | | | | | | | | | |
| Total Tier I Capital (Regulatory) | $ 456,132 | $ 451,059 | $ 460,603 | $ 436,186 | $ 483,186 | $ 501,098 | $ 518,275 | $ 534,245 | $ 564,535 |
| Less: Qualified Capital Securities | (55,000) | (55,000) | (55,000) | (55,000) | (55,000) | (55,000) | (55,000) | (55,000) | (55,000) |
| Less: Preferred Stock | (90,908) | (68,212) | (68,212) | (34,168) | (125) | (125) | (125) | (125) | (125) |
| Total Tier I Common Capital (non-GAAP) | $ 310,224 | $ 327,847 | $ 337,391 | $ 347,018 | $ 428,061 | $ 445,973 | $ 463,150 | $ 479,120 | $ 509,410 |
| Net Risk-Weighted Assets (Regulatory) | $ 3,224,088 | $ 3,215,063 | $ 3,331,374 | $ 3,330,623 | $ 4,126,337 | $ 4,106,423 | $ 4,209,145 | $ 4,292,495 | $ 4,469,765 |
| **Tier I Common Risk-Based Capital Ratio (non-GAAP)** | **9.62%** | **10.20%** | **10.13%** | **10.42%** | **10.37%** | **10.86%** | **11.00%** | **11.16%** | **11.40%** |

[a] Includes net unrealized gains or losses on securities available for sale, net gains or losses on cash flow hedges, and amounts resulting from the application of the applicable accounting guidance for defined benefit and other postretirement plans.

# Appendix – Non-GAAP Reconciliation

**TANGIBLE EQUITY AND TANGIBLE RATIOS (dollars in thousands)**

| Tangible Common Equity/Tangible Assets (non-GAAP) | 4Q12 | 1Q13 | 2Q13 | 3Q13 | 4Q13 | 1Q14 | 2Q14 | 3Q14 | 4Q14 |
|---|---|---|---|---|---|---|---|---|---|
| Total Stockholders' Equity (GAAP) | $ 552,236 | $ 538,557 | $ 539,293 | $ 513,469 | $ 634,923 | $ 652,111 | $ 670,596 | $ 684,553 | $ 726,827 |
| Less: Preferred Stock | (90,908) | (68,212) | (68,212) | (34,168) | (125) | (125) | (125) | (125) | (125) |
| Less: Intangible Assets, net of tax | (147,280) | (146,872) | (146,467) | (145,984) | (197,794) | (197,293) | (196,781) | (196,315) | (212,669) |
| Tangible Common Equity (non-GAAP) | $ 314,048 | $ 323,473 | $ 324,614 | $ 333,317 | $ 437,004 | $ 454,693 | $ 473,690 | $ 488,113 | $ 514,033 |
| Total Assets (GAAP) | $ 4,304,821 | $ 4,252,829 | $ 4,338,264 | $ 4,325,911 | $ 5,437,262 | $ 5,452,936 | $ 5,615,120 | $ 5,591,383 | $ 5,824,127 |
| Less: Intangibles, net of tax | (147,280) | (146,872) | (146,467) | (145,984) | (197,794) | (197,293) | (196,781) | (196,315) | (212,669) |
| Tangible Assets (non-GAAP) | $ 4,157,541 | $ 4,105,957 | $ 4,191,797 | $ 4,179,927 | $ 5,239,468 | $ 5,255,643 | $ 5,418,339 | $ 5,395,068 | $ 5,611,458 |
| **Tangible Common Equity/Tangible Assets (non-GAAP)** | **7.55%** | **7.88%** | **7.74%** | **7.97%** | **8.34%** | **8.65%** | **8.74%** | **9.05%** | **9.16%** |
| Shares Outstanding | 28,692,616 | 28,780,609 | 28,801,848 | 28,825,465 | 35,921,761 | 36,014,083 | 36,052,209 | 36,074,246 | 37,669,948 |
| **Tangible Common Book Value per Share (non-GAAP)** | **$ 10.95** | **$ 11.24** | **$ 11.27** | **$ 11.56** | **$ 12.17** | **$ 12.63** | **$ 13.14** | **$ 13.53** | **$ 13.65** |