



First Merchants Corporation

THE STRENGTH OF BIG THE SERVICE OF SMALL

3rd Quarter 2017 Earnings Highlights October 26, 2017



Michael C. Rechin
President
Chief Executive Officer

Mark K. Hardwick
Executive Vice President
Chief Financial Officer
Chief Operating Officer

John J. Martin
Executive Vice President
Chief Credit Officer

NASDAQ: FRME

Forward-Looking Statements

This presentation contains 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 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. 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: 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 undertakes no obligation to update any forward-looking statement, whether written or oral, relating to the matters discussed in this presentation or press release. In addition, the company’s past results of operations do not necessarily indicate its anticipated future results.

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.

3rd Quarter 2017 Financial Highlights

- Earnings Per Share of \$.50
- \$24.4 Million of Net Income, a 15.7% Increase over 3Q2016
- Includes \$7.9 Million in Acquisition Expenses, or \$.11 Per Share
- Total Assets of \$9.0 Billion, Grew by 28.9% over 3Q2016
- \$16.62 Tangible Book Value Per Share, a 6.5% Annualized Increase from December 31, 2016

3rd Quarter 2017 Performance Highlights

- Winning Market Strategy Delivering Consistent Organic Growth:
 - Organic Loan Growth of \$145 Million, a 9.2% Annualized Growth Rate
 - Organic Non-Brokered Deposit Growth of \$75 Million, a 4.6% Annualized Growth Rate
- Grew Net-Interest Income to \$74.4 Million, a 29% Increase over 3Q2016
- Completed Acquisition of Independent Alliance Banks, Inc. on July 14, 2017
- Completed Integration of The Arlington Bank on August 18, 2017



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NASDAQ: FRME

Total Assets

	<u>2015</u>	<u>2016</u>	<u>Q1-'17</u>	<u>Q2-'17</u>	<u>Q3-'17</u>
1. Investments	\$1,277	\$1,305	\$1,327	\$1,343	\$1,469
2. Loans Held for Sale	10	3	1	4	5
3. Loans	4,694	5,140	5,275	5,613	6,483
4. Allowance	(62)	(66)	(68)	(70)	(73)
5. Goodwill & Intangibles	260	259	258	310	479
6. BOLI	201	202	203	200	222
7. Other	<u>381</u>	<u>369</u>	<u>330</u>	<u>405</u>	<u>464</u>
8. Total Assets	<u>\$6,761</u>	<u>\$7,212</u>	<u>\$7,326</u>	<u>\$7,805</u>	<u>\$9,049</u>

Annualized Asset Growth
6.7%
34.0%*

*Annualized from 12.31.2016

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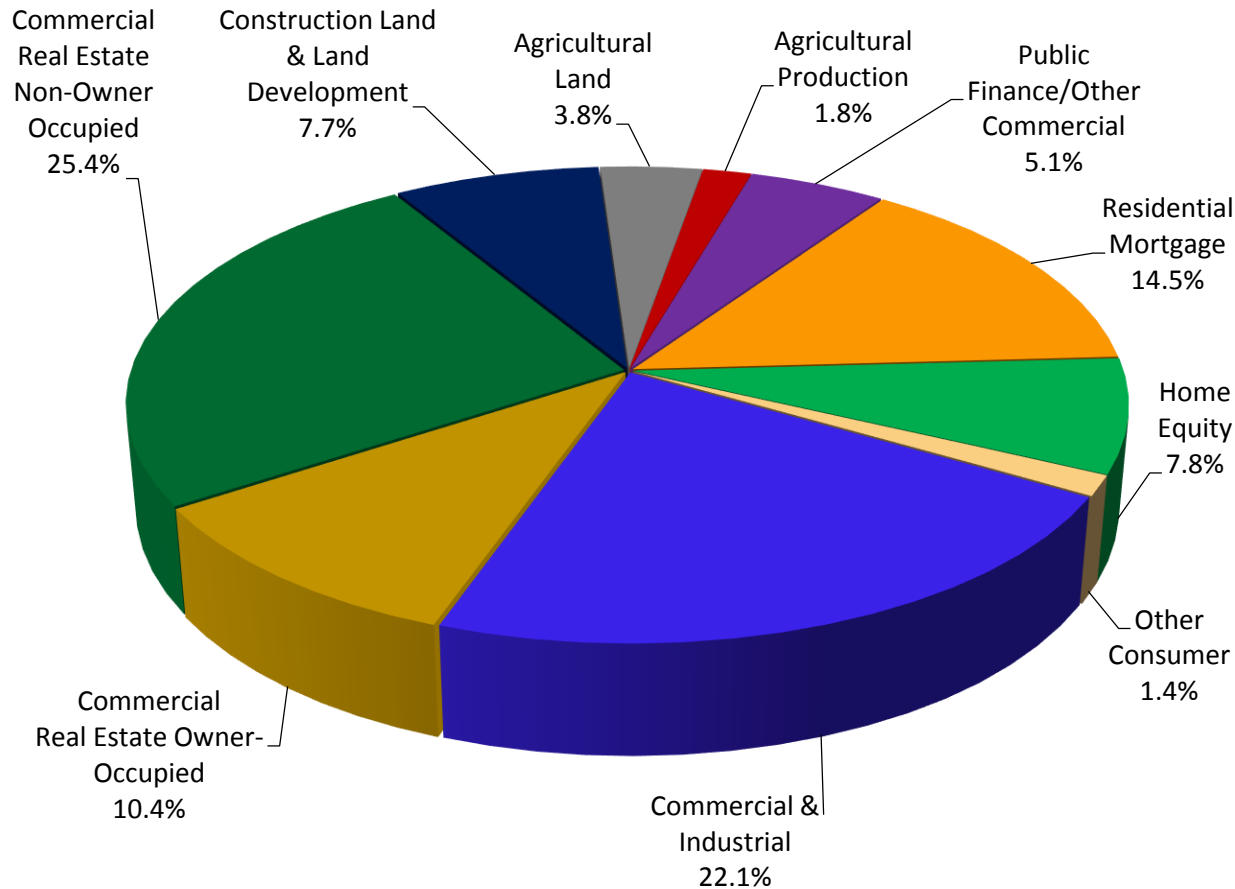
Loan and Yield Detail

(as of 9/30/2017)

QTD Yield = 4.81%

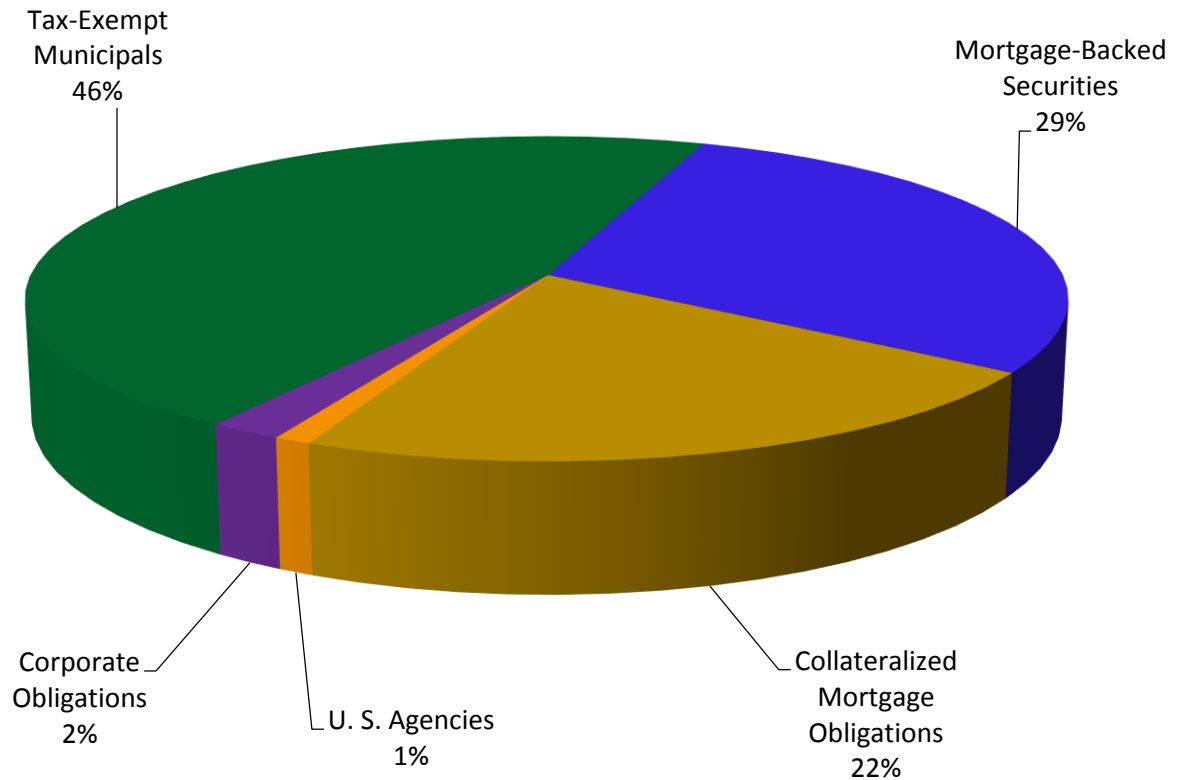
YTD Yield = 4.70%

Total Loans = \$6.5 Billion



Investment Portfolio

(as of 9/30/2017)



- \$1.5 Billion Portfolio
- Modified duration of 4.9 years
- Tax equivalent yield of 3.88%
- Net unrealized gain of \$23.4 Million

Total Liabilities and Capital

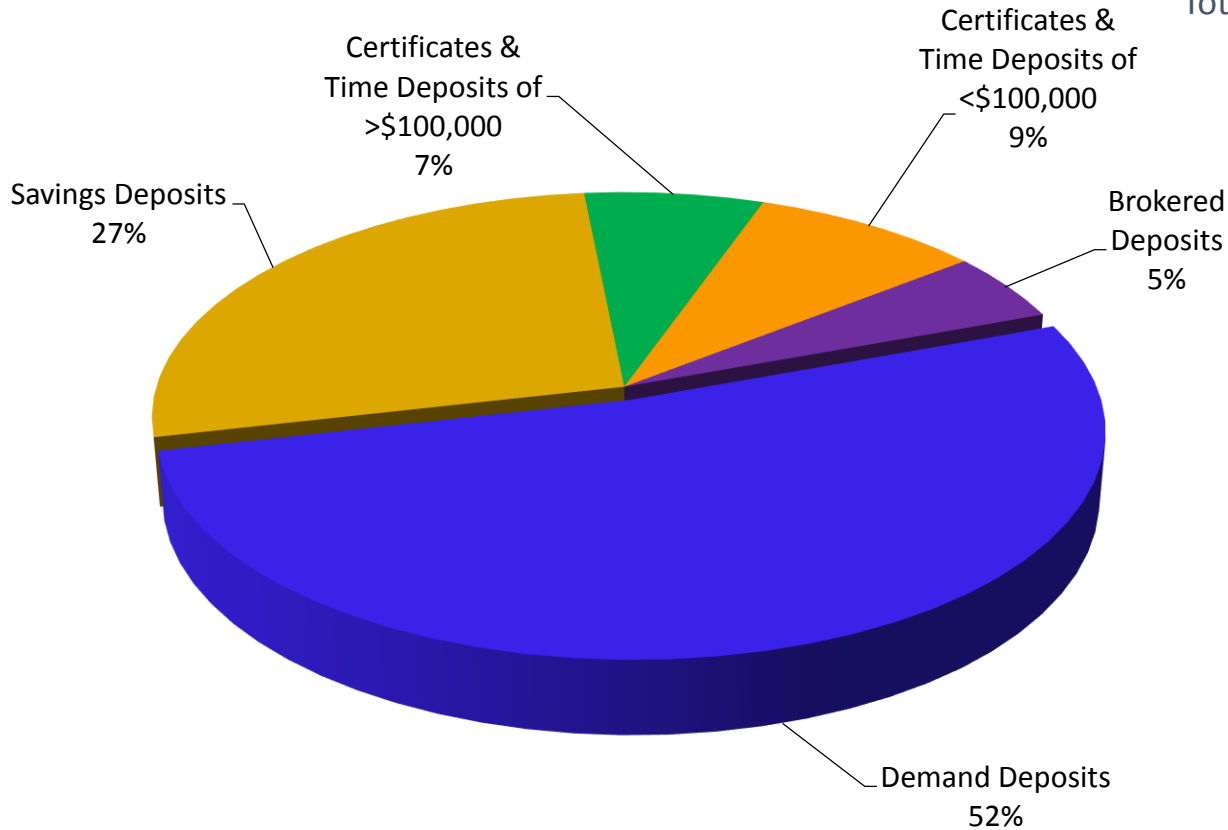
(\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>Q1-'17</u>	<u>Q2-'17</u>	<u>Q3-'17</u>
1. Customer Non-Maturity Deposits	\$4,096	\$4,428	\$4,426	\$4,724	\$5,448
2. Customer Time Deposits	880	747	789	875	1,088
3. Brokered Deposits	314	381	420	418	375
4. Borrowings	446	572	587	581	656
5. Other Liabilities	51	60	53	49	66
6. Hybrid Capital	123	122	122	123	133
7. Common Equity	<u>851</u>	<u>902</u>	<u>929</u>	<u>1,035</u>	<u>1,283</u>
8. Total Liabilities and Capital	<u>\$6,761</u>	<u>\$7,212</u>	<u>\$7,326</u>	<u>\$7,805</u>	<u>\$9,049</u>

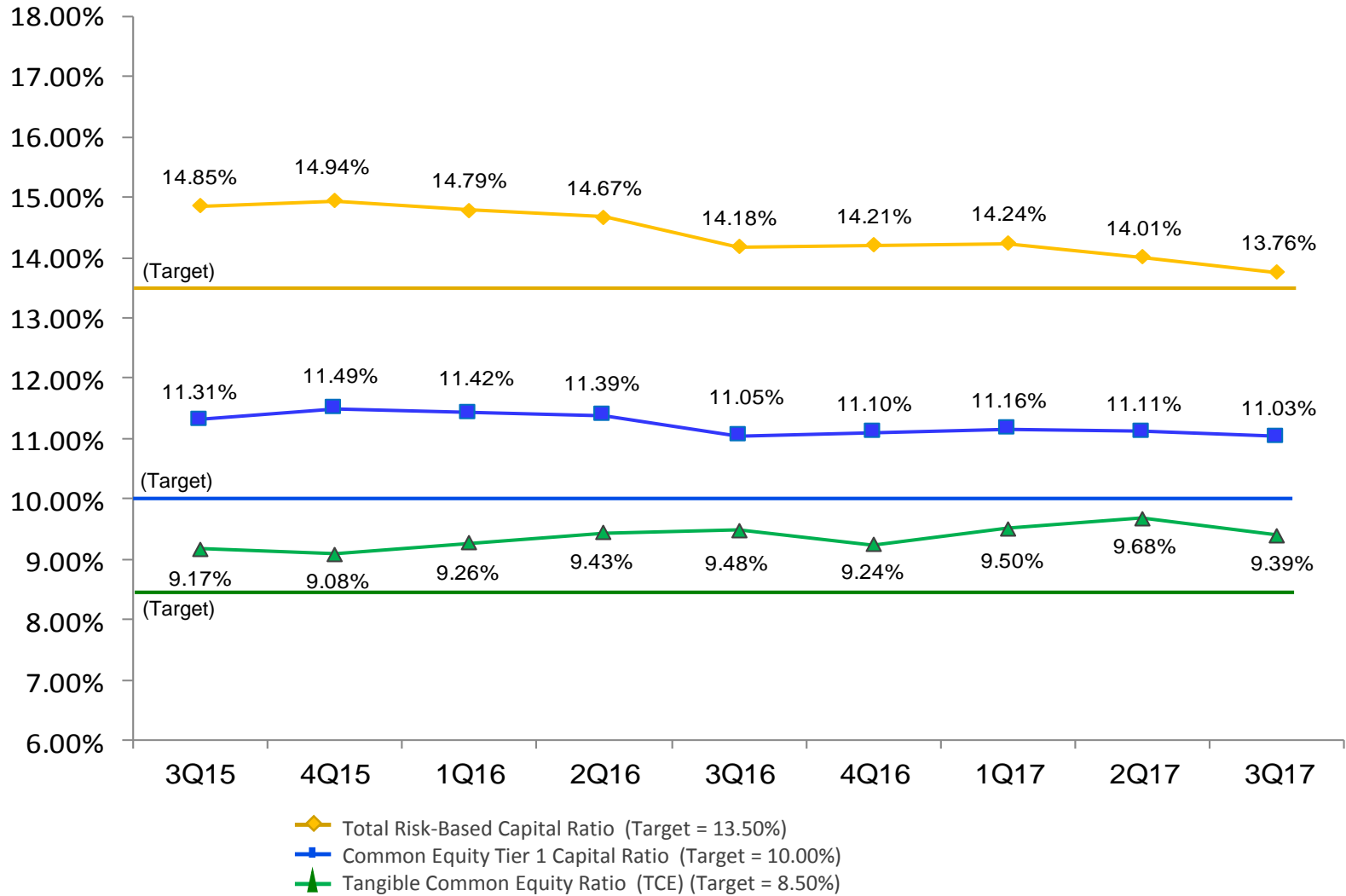
Deposit Detail

(as of 9/30/2017)

QTD Cost	=	.52%
YTD Cost	=	.46%
Total	=	\$6.9 Billion



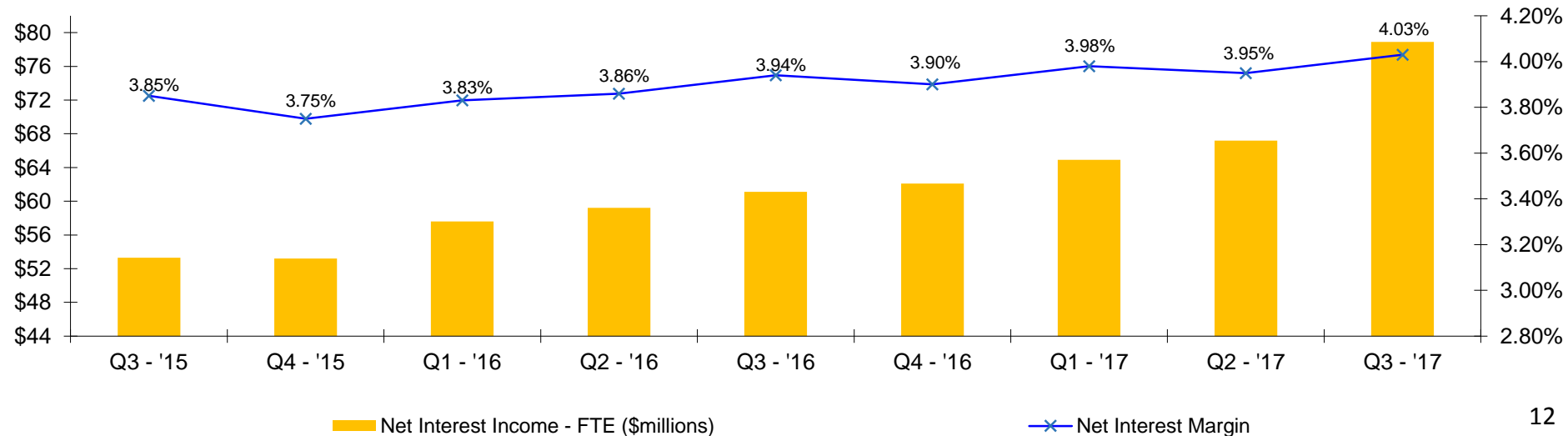
Capital Ratios



Net Interest Margin

NET INTEREST MARGIN

	<u>Q3 - '15</u>	<u>Q4 - '15</u>	<u>Q1 - '16</u>	<u>Q2 - '16</u>	<u>Q3 - '16</u>	<u>Q4 - '16</u>	<u>Q1 - '17</u>	<u>Q2 - '17</u>	<u>Q3 - '17</u>
Net Interest Income - FTE (\$millions)	\$ 53.3	\$ 53.2	\$ 57.6	\$ 59.2	\$ 61.1	\$ 62.1	\$ 64.9	\$ 67.2	\$ 78.9
Fair Value Accretion	\$ 2.0	\$ 1.9	\$ 2.5	\$ 3.2	\$ 3.8	\$ 2.9	\$ 4.3	\$ 2.3	\$ 3.2
Tax Equivalent Yield on Earning Assets	4.30%	4.20%	4.28%	4.30%	4.37%	4.32%	4.42%	4.44%	4.56%
Cost of Supporting Liabilities	0.45%	0.45%	0.45%	0.44%	0.43%	0.42%	0.44%	0.49%	0.53%
Net Interest Margin	3.85%	3.75%	3.83%	3.86%	3.94%	3.90%	3.98%	3.95%	4.03%
Fair Value Accretion Effect	0.14%	0.13%	0.17%	0.21%	0.24%	0.18%	0.26%	0.14%	0.17%



Net Interest Income - FTE (\$millions)

Net Interest Margin

Non-Interest Income

(\$ in Millions)	<u>2015</u>	<u>2016</u>	<u>Q1-'17</u>	<u>Q2-'17</u>	<u>Q3-'17</u>
1. Service Charges on Deposit Accounts	\$16.2	\$17.8	\$ 4.2	\$ 4.4	\$ 5.0
2. Wealth Management Fees	11.3	12.6	3.4	3.4	3.8
3. Insurance Commission Income	4.1	—	—	—	—
4. Card Payment Fees	13.4	15.0	3.7	4.2	4.1
5. Cash Surrender Value of Life Ins	2.9	4.3	0.9	3.0	1.6
6. Gains on Sales Mortgage Loans	6.5	7.1	1.3	1.6	2.3
7. Securities Gains/Losses	2.7	3.4	0.6	0.6	0.3
8. Gain on Sale of Insurance Subsidiary	8.3	—	—	—	—
9. Gain on Cancellation of Trust Preferred Debt	1.3	—	—	—	—
10. Other	<u>3.1</u>	<u>5.0</u>	<u>0.8</u>	<u>1.2</u>	<u>1.6</u>
11. Total	<u>\$69.8</u>	<u>\$65.2</u>	<u>\$14.9</u>	<u>\$18.4</u>	<u>\$18.7</u>

Non-Interest Expense

(\$ in Millions)	<u>2015</u>	<u>2016</u>	<u>Q1-'17</u>	<u>Q2-'17</u>	<u>Q3-'17</u>
1. Salary & Benefits	\$101.9	\$102.6	\$ 25.7	\$ 27.1	\$ 33.2
2. Premises & Equipment	25.5	29.5	7.0	6.9	7.9
3. Intangible Asset Amortization	2.8	3.9	0.9	1.0	1.7
4. Professional & Other Outside Services	9.9	6.5	1.7	3.3	5.8
5. OREO/Credit-Related Expense	3.9	2.9	0.5	0.7	0.3
6. FDIC Expense	3.7	3.0	0.6	0.6	0.7
7. Outside Data Processing	7.1	9.2	2.6	3.1	3.2
8. Marketing	3.5	3.0	0.6	0.8	1.0
9. Other	<u>16.5</u>	<u>16.7</u>	<u>3.5</u>	<u>3.8</u>	<u>4.9</u>
10. Non-Interest Expense	<u>\$174.8</u>	<u>\$177.3</u>	<u>\$43.1*</u>	<u>\$47.3*</u>	<u>\$58.7*</u>

*Includes acquisition-related expenses of \$0.4 in Q1-'17; \$2.5 in Q2-'17; and \$7.9 in Q3-'17

Earnings

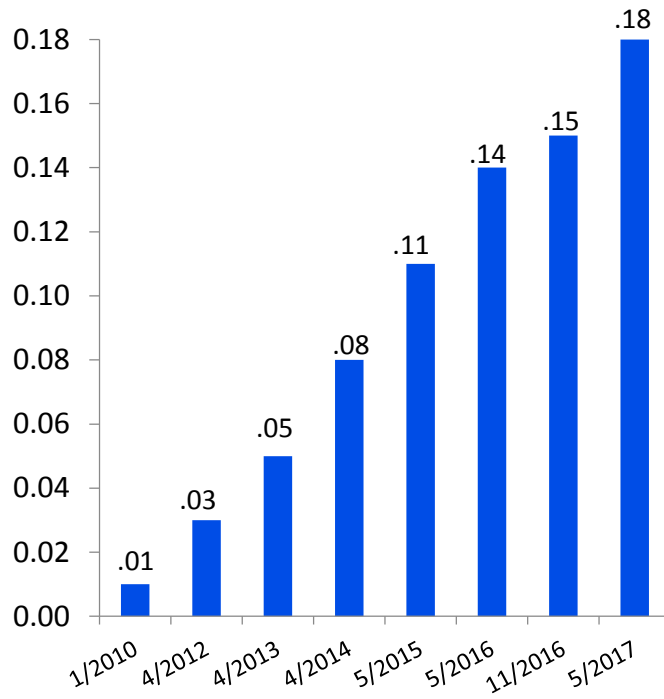
(\$ in Millions)	<u>2015</u>	<u>2016</u>	<u>Q1-'17</u>	<u>Q2-'17</u>	<u>Q3-'17</u>
1. Net Interest Income	\$196.4	\$226.5	\$ 61.0	\$ 63.1	\$ 74.4
2. Provision for Loan Losses	<u>(0.4)</u>	<u>(5.7)</u>	<u>(2.4)</u>	<u>(2.9)</u>	<u>(2.1)</u>
3. Net Interest Income after Provision	196.0	220.8	58.6	60.2	72.3
4. Non-Interest Income	69.8	65.2	14.9	18.4	18.7
5. Non-Interest Expense	<u>(174.8)</u>	<u>(177.3)</u>	<u>(43.1)</u>	<u>(47.3)</u>	<u>(58.7)</u>
6. Income before Income Taxes	91.0	108.7	30.4	31.3	32.3
7. Income Tax Expense	<u>(25.6)</u>	<u>(27.6)</u>	<u>(7.2)</u>	<u>(7.2)</u>	<u>(7.9)</u>
8. Net Income Avail. for Distribution	<u>\$ 65.4</u>	<u>\$ 81.1</u>	<u>\$ 23.2</u>	<u>\$ 24.1</u>	<u>\$ 24.4</u>
9. EPS	\$ 1.72	\$ 1.98	\$ 0.56	\$ 0.57	\$ 0.50
10. Efficiency Ratio	61.19%	56.51%	52.61%	53.61%	58.30%

Per Share Results

<u>2016</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Total</u>
1. Earnings Per Share	\$.43	\$.49	\$.51	\$.55	\$ 1.98
2. Dividends	\$.11	\$.14	\$.14	\$.15	\$.54
3. Tangible Book Value	\$15.02	\$15.53	\$15.86	\$15.85	
<u>2017</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Total</u>
1. Earnings Per Share	\$.56	\$.57	\$.50	–	\$ 1.63
2. Dividends	\$.15	.18	.18	–	\$.51
3. Tangible Book Value	\$16.49	\$16.97	\$16.62	–	

Dividends and Tangible Book Value

Quarterly Dividends

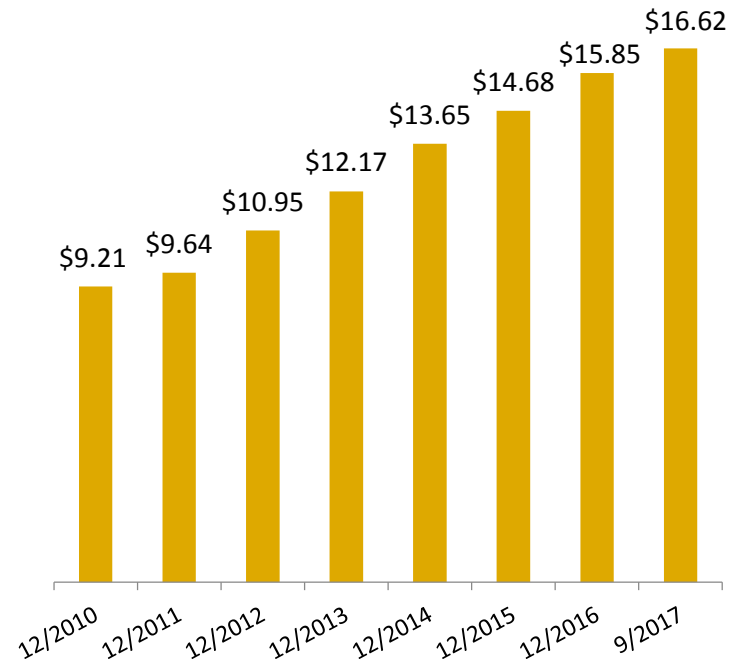


1.68%
Forward
Dividend
Yield

=

31.3%
YTD Dividend
Payout Ratio

Tangible Book Value





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Executive Vice President
and Chief Credit Officer



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Loan Portfolio Trends

(\$ in Millions)	2015	2016	Q1-'17	Q2-'17	Q3-'17 ¹	iAB	FMB	Change		
							Q3-'17	Linked Quarter		
								\$ ¹	\$	%
1. Commercial & Industrial	\$ 1,057	\$ 1,195	\$ 1,259	\$ 1,290	\$ 1,325	\$ 111	\$ 1,436	\$ 35	\$ 146	11.3%
2. Construction, Land and Land Development	367	419	337	442	458	41	499	16	57	12.9%
3. CRE Non-Owner Occupied	1,090	1,272	1,423	1,444	1,507	141	1,648	63	204	14.1%
4. CRE Owner Occupied	554	531	549	577	555	120	675	(22)	98	17.0%
5. Agricultural Production	98	80	77	76	79	39	118	3	42	55.3%
6. Agricultural Land	158	149	146	147	145	103	248	(2)	101	68.7%
7. Residential Mortgage	786	739	738	848	834	105	939	(14)	91	10.7%
8. Home Equity	349	419	424	436	464	38	502	28	66	15.1%
9. Public Finance/Other Commercial	160	258	244	274	310	22	332	36	58	21.2%
10. Other Consumer	75	78	78	79	81	5	86	2	7	8.9%
11. Total Loans	\$ 4,694	\$ 5,140	\$ 5,275	\$ 5,613	\$ 5,758	\$ 725	\$ 6,483	\$ 145	\$ 870	15.5%
12. Construction Concentration ²	50%	52%	41%	51%			50%			
13. Investment RE Concentration ²	197%	211%	215%	216%			215%			

¹ Excludes acquired iAB loans

² As a % of Risk Based Capital

Asset Quality Summary

(\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>Q1-'17</u>	<u>Q2-'17</u>	<u>Q3-'17¹</u>	<u>iAB</u>	<u>FMB</u> <u>Q3-'17</u>	<u>Change</u> <u>Linked Quarter</u>		
								<u>\$¹</u>	<u>\$</u>	<u>%</u>
1. Non-Accrual Loans	\$ 31.4	\$ 30.0	\$ 27.9	\$ 27.4	\$ 26.8	\$ 5.5	\$ 32.3	\$ (0.6)	\$ 4.9	17.9%
2. Other Real Estate	17.3	9.0	8.3	11.9	11.9	-	11.9	-	-	0.0%
3. Renegotiated Loans	1.9	4.7	0.9	0.4	0.6	-	0.6	0.2	0.2	50.0%
4. 90+ Days Delinquent Loans	0.9	0.1	0.1	0.6	0.3	0.1	0.4	(0.3)	(0.2)	(33.3%)
5. Total NPAs & 90+ Days Delinquent	\$ 51.5	\$ 43.8	\$ 37.2	\$ 40.3	\$ 39.6	\$ 5.6	\$ 45.2	\$ (0.7)	\$ 4.9	12.2%
6. Total NPAs & 90+ Days/Loans & ORE	1.1%	0.9%	0.7%	0.7%	0.7%	0.8%	0.7%			
7. Classified Assets	\$ 171.8	\$ 174.1	\$ 173.9	\$ 148.8	\$ 127.2	\$ 42.4	\$ 169.6	\$ (21.6)	\$ 20.8	14.0%
8. Specific Reserves	\$ 1.8	\$ 0.9	\$ 1.2	\$ 1.2	\$ 1.8		\$ 1.8	\$ 0.6	\$ 0.6	50.0%

¹ Excludes acquired iAB loans

Non-Performing Asset Reconciliation

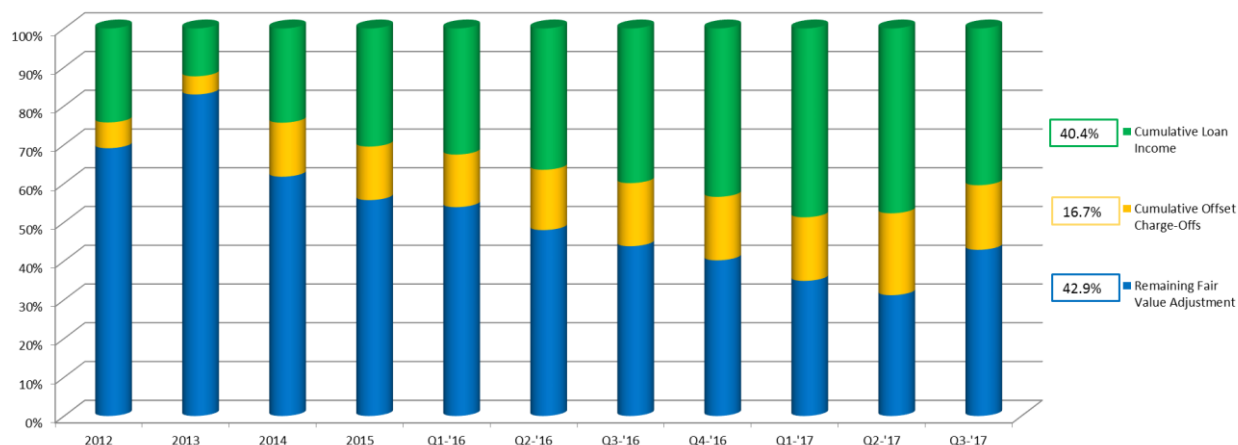
(\$ in Millions)

	<u>Q4-'16</u>	<u>Q1-'17</u>	<u>Q2-'17</u>	<u>Q3-'17</u> ¹	<u>iAB</u>	<u>FMB</u> <u>Q3-'17</u>
1. Beginning Balance NPAs & 90+ Days Delinquent	\$ 49.9	\$ 43.8	\$ 37.2	\$ 40.3		\$ 40.3
<u>Non-Accrual</u>						
2. Add: New Non-Accruals	4.3	2.5	10.0	7.2	\$ 5.5	12.7
3. Less: To Accrual/Payoff/Renegotiated	(6.5)	(2.6)	(2.3)	(6.1)	-	(6.1)
4. Less: To OREO	(0.9)	(0.5)	(6.8)	(0.6)	-	(0.6)
5. Less: Charge-offs	<u>(1.0)</u>	<u>(1.5)</u>	<u>(1.4)</u>	<u>(1.1)</u>	-	<u>(1.1)</u>
6. Increase / (Decrease): Non-Accrual Loans	(4.1)	(2.1)	(0.5)	(0.6)	5.5	4.9
<u>Other Real Estate Owned (ORE)</u>						
7. Add: New ORE Properties	0.9	0.5	6.8	0.6	-	0.6
8. Less: ORE Sold	(1.5)	(1.0)	(2.8)	(0.3)	-	(0.3)
9. Less: ORE Losses (write-downs)	<u>(0.6)</u>	<u>(0.2)</u>	<u>(0.4)</u>	<u>(0.3)</u>	-	<u>(0.3)</u>
10. Increase / (Decrease): ORE	(1.2)	(0.7)	3.6	0.0	0.0	0.0
11. Increase / (Decrease): 90+ Days Delinquent	(1.5)	0.0	0.5	(0.3)	0.1	(0.2)
12. Increase / (Decrease): Renegotiated Loans	<u>0.7</u>	<u>(3.8)</u>	<u>(0.5)</u>	<u>0.2</u>	<u>0.0</u>	<u>0.2</u>
13. Total NPAs & 90+ Days Delinquent Change	<u>(6.1)</u>	<u>(6.6)</u>	<u>3.1</u>	<u>(0.7)</u>	<u>5.6</u>	<u>4.9</u>
14. Ending Balance NPAs & 90+ Days Delinquent	\$ 43.8	\$ 37.2	\$ 40.3	\$ 39.6	\$ 5.6	\$ 45.2

¹ Excludes acquired iAB loans

ALLL and Fair Value Summary

(\$ in Millions)	<u>Q4-'16</u>	<u>Q1-'17</u>	<u>Q2-'17</u>	<u>Q3-'17</u>
1. Beginning Allowance for Loan Losses (ALLL)	\$ 63.5	\$ 66.0	\$ 68.2	\$ 70.5
2. Net Charge-offs (Recoveries)	(0.1)	0.2	0.6	(0.8)
3. Provision Expense	<u>2.4</u>	<u>2.4</u>	<u>2.9</u>	<u>2.1</u>
4. Ending Allowance for Loan Losses (ALLL)	66.0	68.2	70.5	73.4
<hr/>				
5. ALLL/Non-Accrual Loans	220.1%	244.4%	257.7%	227.4%
6. ALLL/Non-Purchased Loans	1.47%	1.46%	1.45%	1.44%
7. ALLL/Loans	1.28%	1.29%	1.25%	1.13%
<hr/>				
8. Fair Value Adjustment (FVA)	\$ 34.9	\$ 30.6	\$ 29.7	\$ 50.4
9. Total ALLL plus FVA	100.9	98.8	100.2	123.8
10. Purchased Loans plus FVA	700.4	639.3	792.6	1,445.8
11. FVA/Purchased Loans plus FVA	4.99%	4.79%	3.74%	3.49%



Portfolio Summary

- Strong organic quarterly loan growth of \$145 million, led by C&I, Commercial Real Estate, Home Equity and Public Finance. With iAB, loans grew \$870 million
- Construction and CRE portfolios are 50% and 215% of risk-based capital, respectively; well beneath regulatory guidelines
- Provision expense of \$2.1 million for growth in loan portfolio with net recoveries of \$.8 million
- ALLL to Loans of 1.13% and to Non-Purchased Loans of 1.44%



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NASDAQ: FRME

Looking Forward . . .

- Complete Independent Alliance Bank integration and gain synergies and market expansion opportunities that Arlington Bank and Independent Alliance Bank acquisitions offer; continue to evaluate M&A opportunities for strategic fit
- Win in all our markets, in all lines of business; Commercial and Consumer Lending, Deposit Gathering, Payments, Mortgage, and Private Wealth Management; be the service-driven alternative to super-regional bank competitors
- Expand specialty finance businesses in asset-based lending, sponsor finance, and public finance
- Leverage asset-sensitive balance sheet as interest rates rise
- Complete checking account migration to new product set and streamline front and back-office processes; continue implementation of workflow technologies and automation agents for back-office efficiency and operating leverage
- Persistently focus on banking center optimization in alignment with digital channels migration
- Prepare to successfully cross \$10 Billion asset level

“Responsive, Knowledgeable, High-Performing”

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

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Appendix



NASDAQ: FRME

Appendix – Non-GAAP Reconciliation

CAPITAL RATIOS (dollars in thousands):

	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17
<u>Total Risk-Based Capital Ratio</u>									
Total Stockholders' Equity (GAAP)	766,984	850,509	867,263	887,550	900,865	901,657	929,470	1,035,116	1,283,120
Adjust for Accumulated Other Comprehensive (Income) Loss*	3,614	1,362	(2,066)	(7,035)	(3,924)	13,581	3,722	(1,384)	6,358
Less: Preferred Stock	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)
Add: Qualifying Capital Securities	51,827	55,776	55,236	55,296	55,355	55,415	55,474	55,534	65,864
Less: Tier 1 Capital Deductions	(3,418)	(2,516)	(1,999)	(1,828)	(1,440)	(376)	(80)	(166)	-
Less: Disallowed Goodwill and Intangible Assets	(208,749)	(247,006)	(250,367)	(249,932)	(249,541)	(249,104)	(250,493)	(300,307)	(462,080)
Less: Disallowed Deferred Tax Assets	(1,144)	(1,677)	(2,998)	(2,743)	(2,161)	(564)	(320)	(665)	-
Total Tier 1 Capital (Regulatory)	\$ 608,989	\$ 656,323	\$ 664,944	\$ 681,183	\$ 699,029	\$ 720,484	\$ 737,648	\$ 788,003	\$ 893,137
Qualifying Subordinated Debentures	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
Allowance for Loan Losses includible in Tier 2 Capital	62,012	62,453	62,086	62,186	63,456	66,037	68,225	70,471	73,354
Total Risk-Based Capital (Regulatory)	\$ 736,001	\$ 783,776	\$ 792,030	\$ 808,369	\$ 827,485	\$ 851,521	\$ 870,873	\$ 923,474	\$ 1,031,491
Net Risk-Weighted Assets (Regulatory)	\$ 4,956,737	\$ 5,247,617	\$ 5,355,827	\$ 5,511,557	\$ 5,836,806	\$ 5,993,381	\$ 6,114,112	\$ 6,592,710	\$ 7,497,321
Total Risk-Based Capital Ratio (Regulatory)	14.85%	14.94%	14.79%	14.67%	14.18%	14.21%	14.24%	14.01%	13.76%
<u>Common Equity Tier 1 Capital Ratio</u>									
Total Tier 1 Capital (Regulatory)	\$ 608,989	\$ 656,323	\$ 664,944	\$ 681,183	\$ 699,029	\$ 720,484	\$ 737,648	\$ 788,003	\$ 893,137
Less: Qualified Capital Securities	(51,827)	(55,776)	(55,236)	(55,296)	(55,355)	(55,415)	(55,474)	(55,534)	(65,864)
Add: Additional Tier 1 Capital Deductions	3,418	2,516	1,999	1,828	1,440	376	80	166	-
Common Equity Tier 1 Capital (Regulatory)	\$ 560,580	\$ 603,063	\$ 611,707	\$ 627,715	\$ 645,114	\$ 665,445	\$ 682,254	\$ 732,635	\$ 827,273
Net Risk-Weighted Assets (Regulatory)	\$ 4,956,737	\$ 5,247,617	\$ 5,355,827	\$ 5,511,557	\$ 5,836,806	\$ 5,993,381	\$ 6,114,112	\$ 6,592,710	\$ 7,497,321
Common Equity Tier 1 Capital Ratio (Regulatory)	11.31%	11.49%	11.42%	11.39%	11.05%	11.10%	11.16%	11.11%	11.03%

* 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 COMMON EQUITY RATIO (dollars in thousands):

	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17
Total Stockholders' Equity (GAAP)	\$ 766,984	\$ 850,509	\$ 867,263	\$ 887,550	\$ 900,865	\$ 901,657	\$ 929,470	\$ 1,035,116	\$ 1,283,120
Less: Preferred Stock	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)
Less: Intangible Assets	(219,503)	(259,764)	(261,799)	(260,822)	(259,844)	(258,866)	(257,963)	(309,686)	(478,558)
Tangible Common Equity (non-GAAP)	\$ 547,356	\$ 590,620	\$ 605,339	\$ 626,603	\$ 640,896	\$ 642,666	\$ 671,382	\$ 725,305	\$ 804,437
Total Assets (GAAP)	\$ 6,189,797	\$ 6,761,003	\$ 6,798,539	\$ 6,906,418	\$ 7,022,352	\$ 7,211,611	\$ 7,326,193	\$ 7,805,029	\$ 9,049,403
Less: Intangible Assets	(219,503)	(259,764)	(261,799)	(260,822)	(259,844)	(258,866)	(257,963)	(309,686)	(478,558)
Tangible Assets (non-GAAP)	\$ 5,970,294	\$ 6,501,239	\$ 6,536,740	\$ 6,645,596	\$ 6,762,508	\$ 6,952,745	\$ 7,068,230	\$ 7,495,343	\$ 8,570,845
Tangible Common Equity Ratio (non-GAAP)	9.17%	9.08%	9.26%	9.43%	9.48%	9.24%	9.50%	9.68%	9.39%

TANGIBLE COMMON EQUITY PER SHARE (dollars in thousands):

	4Q10	4Q11	4Q12	4Q13	4Q14	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17
Total Stockholders' Equity (GAAP)	\$ 454,408	\$ 514,467	\$ 552,236	\$ 634,923	\$ 726,827	\$ 850,509	\$ 867,263	\$ 887,550	\$ 900,865	\$ 901,657	\$ 929,470	\$ 1,035,116	\$ 1,283,120
Less: Preferred Stock	(67,880)	(90,783)	(90,908)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)
Less: Intangible Assets	(154,019)	(150,471)	(149,529)	(202,767)	(218,755)	(259,764)	(261,799)	(260,822)	(259,844)	(258,866)	(257,963)	(309,686)	(478,558)
Tax Benefit	2,907	2,224	2,249	4,973	6,085	6,278	6,753	6,453	6,204	5,930	5,659	6,941	12,510
Tangible Common Equity, Net of Tax (non-GAAP)	\$ 235,416	\$ 275,437	\$ 314,048	\$ 437,004	\$ 514,032	\$ 596,898	\$ 612,092	\$ 633,056	\$ 647,100	\$ 648,596	\$ 677,041	\$ 732,246	\$ 816,947
Shares Outstanding	25,574,251	28,559,707	28,692,616	35,921,761	37,669,948	40,664,258	40,749,340	40,772,896	40,799,025	40,912,697	41,047,543	43,153,509	49,140,594
Tangible Common Equity per Share (non-GAAP)	\$ 9.21	\$ 9.64	\$ 10.95	\$ 12.17	\$ 13.65	\$ 14.68	\$ 15.02	\$ 15.53	\$ 15.86	\$ 15.85	\$ 16.49	\$ 16.97	\$ 16.62

Appendix – Non-GAAP Reconciliation

EFFICIENCY RATIO (dollars in thousands):

	2015	2016	1Q17	2Q17	3Q17
Non Interest Expense (GAAP)	\$ 174,806	\$ 177,359	\$ 43,099	\$ 47,316	\$ 58,708
Less: Intangible Asset Amortization	(2,835)	(3,910)	(903)	(991)	(1,698)
Less: OREO and Foreclosure Expenses	(3,956)	(2,877)	(531)	(731)	(330)
Adjusted Non Interest Expense (non-GAAP)	168,015	170,572	41,665	45,594	56,680
Net Interest Income (GAAP)	196,404	226,473	60,999	63,100	74,420
Plus: Fully Taxable Equivalent Adjustment	10,975	13,541	3,950	4,083	4,472
Net Interest Income on a Fully Taxable Equivalent Basis (non-GAAP)	207,379	240,014	64,949	67,183	78,892
Non Interest Income (GAAP)	69,868	65,203	14,846	18,434	18,668
Less: Investment Securities Gains (Losses)	(2,670)	(3,389)	(598)	(567)	(332)
Adjusted Non Interest Income (non-GAAP)	67,198	61,814	14,248	17,867	18,336
Adjusted Revenue (non-GAAP)	274,577	301,828	79,197	85,050	97,228
Efficiency Ratio (non-GAAP)	61.19%	56.51%	52.61%	53.61%	58.30%

FORWARD DIVIDEND YIELD

	3Q17
Most recent quarter's dividend per share	\$ 0.18
Most recent quarter's dividend per share - Annualized	\$ 0.72
Stock Price at 9/30/17	\$ 42.93
Forward Dividend Yield	1.68%

DIVIDEND PAYOUT RATIO

	2017 YTD
Dividends per share	\$ 0.51
Earnings Per Share	\$ 1.63
Dividend Payout Ratio - YTD	31.3%

Appendix – Non-GAAP Reconciliation

CONSTRUCTION AND INVESTMENT REAL ESTATE CONCENTRATIONS (dollars in thousands):

	2015	2016	1Q17	2Q17	3Q17
Total Risk-Based Capital (Subsidiary Bank Only)					
Total Stockholders' Equity (GAAP)	\$ 927,774	\$ 973,641	\$ 993,130	\$ 1,099,762	\$ 1,384,867
Adjust for Accumulated Other Comprehensive (Income) Loss ¹	(579)	9,701	8,226	3,830	3,170
Less: Preferred Stock	(125)	(125)	(125)	(125)	(125)
Less: Tier 1 Capital Deductions	(1,903)	-	-	-	-
Less: Disallowed Goodwill and Intangible Assets	(246,558)	(248,656)	(250,047)	(299,859)	(461,632)
Less: Disallowed Deferred Tax Assets	(1,269)	-	-	-	-
Total Tier 1 Capital (Regulatory)	677,340	734,561	751,184	803,608	926,280
Allowance for Loan Losses includible in Tier 2 Capital	62,453	66,037	68,225	70,471	73,354
Total Risk-Based Capital (Regulatory)	\$ 739,793	\$ 800,598	\$ 819,409	\$ 874,079	\$ 999,634
Construction, Land and Land Development Loans	\$ 366,704	\$ 418,703	\$ 336,931	\$ 442,389	\$ 498,862
Concentration as a % of the Bank's Risk-Based Capital	50%	52%	41%	51%	50%
Construction, Land and Land Development Loans	\$ 366,704	\$ 418,703	\$ 336,931	\$ 442,389	\$ 498,862
Investment Real Estate Loans	1,090,573	1,272,415	1,423,792	1,443,576	1,647,797
Total Construction and Investment RE Loans	\$ 1,457,277	\$ 1,691,118	\$ 1,760,723	\$ 1,885,965	\$ 2,146,659
Concentration as a % of the Bank's Risk-Based Capital	197%	211%	215%	216%	215%

¹ 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.

ALLOWANCE AS A PERCENTAGE OF NON-PURCHASED LOANS (dollars in thousands):

	4Q16	1Q17	2Q17	3Q17
Loans Held for Sale (GAAP)	\$ 2,929	\$ 1,262	\$ 4,036	\$ 4,514
Loans (GAAP)	5,139,645	5,274,909	5,613,144	6,483,448
Total Loans	5,142,574	5,276,171	5,617,180	6,487,962
Less: Purchased Loans	(665,417)	(608,724)	(762,893)	(1,395,368)
Non-Purchased Loans (non-GAAP)	\$ 4,477,157	\$ 4,667,447	\$ 4,854,287	\$ 5,092,594
Allowance for Loan Losses (GAAP)	\$ 66,037	\$ 68,225	\$ 70,471	\$ 73,354
Fair Value Adjustment (FVA) (GAAP)	34,936	30,623	29,664	50,434
Allowance plus FVA (non-GAAP)	\$ 100,973	\$ 98,848	\$ 100,135	\$ 123,788
Purchased Loans	\$ 665,417	\$ 608,724	\$ 762,893	\$ 1,395,368
Fair Value Adjustment (FVA) (GAAP)	34,936	30,623	29,664	50,434
Purchased Loans plus FVA (non-GAAP)	\$ 700,353	\$ 639,347	\$ 792,557	\$ 1,445,802
Allowance as a Percentage of Non-Purchased Loans (non-GAAP)	1.47%	1.46%	1.45%	1.44%
FVA as a Percentage of Purchased Loans plus FVA (non-GAAP)	4.99%	4.79%	3.74%	3.49%