

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

**FORM 8-K**

CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

DATE OF REPORT (Date of earliest event reported): February 11, 2020

Commission File Number 0-17071

**FIRST MERCHANTS CORPORATION**

(Exact name of registrant as specified in its charter)

Indiana	35-1544218
(State or other jurisdiction of incorporation)	(IRS Employer Identification No.)

200 East Jackson Street  
P.O. Box 792

Muncie, IN 47305-2814

(Address of principal executive offices, including zip code)

(765) 747-1500

(Registrant's telephone number, including area code)

Not Applicable

(Former name or former address, if changed since last report)

Securities registered pursuant to Section 12 (b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.125 state value per share	FRME	Nasdaq Global Select Market

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**ITEM 7.01 REGULATION FD DISCLOSURE.**

The executive officers of First Merchants Corporation intend to use the material filed herewith, in whole or in part, in one or more meetings with investors and analysts. A copy of the investor presentation is attached hereto as Exhibit 99.1.

First Merchants Corporation does not intend for this item 7.01 or Exhibit 99.1 to be treated as "filed" for purposes of the Securities Exchange Act of 1934, as amended, or incorporated into its filings under the Securities Act of 1933, as amended.

**ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.**

- (a) Not applicable.
- (b) Not applicable.
- (c) Not applicable.
- (d) Exhibits.

Exhibit 99.1 [First Merchants Corporation Investor Presentation](#)

Exhibit 104 Cover Page Interactive Data File (embedded within the Inline XBRL document)

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

First Merchants Corporation  
(Registrant)

By: /s/ Mark K. Hardwick  
Mark K. Hardwick  
Executive Vice President,  
Chief Financial Officer and Chief Operating Officer

Dated: February 11, 2020



**First Merchants  
Corporation**  
NASDAQ: FRME

# 4<sup>th</sup> Quarter Highlights

2019

Forbes 2019  
**BEST BANKS  
IN AMERICA**

First Merchants Bank  
Ranked #2 in 2019



First Merchants Corporation } 200 E. Jackson St., P.O. Box 792, Muncie, IN 47305 } 765.747.1500

# Forward-Looking Statement

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.

# Why Invest in First Merchants?



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**Forbes** | **2019**  
**BEST BANKS**  
**IN AMERICA**

**First Merchants Bank**  
**Ranked #2 in 2019**

 **First Merchants Corporation**



# Company Profile

(as of December 31, 2019) (\$ in Thousands)

## First Merchants

- First Merchants Bank formed in 1893, celebrating its 126<sup>th</sup> anniversary.
- First Merchants Corporation, organized in 1982, is the largest financial services holding company headquartered in Central Indiana

## Financial Highlights

Assets	\$12,457,254
Loans, Net	\$8,388,063
Deposits	\$9,839,956
Tangible Common Equity	\$1,207,431
TCE/TA	10.16%
2019 Net Income – YTD	\$164,460
2019 ROAA – YTD	1.48%
2019 ROATCE - YTD	15.81%
NPAs/Loans + OREO	0.29%

## Market Information

Common Shares Outstanding	55,368,000
Market Cap	\$2,302,000
Dividend Yield	2.4%
Price/Tangible Book Value	1.1x
Price/LTM EPS	13.5x
Price/2019 Est. EPS	12.5x

## Leadership Team

(Name, title, age)

Michael C. Rechin, President & CEO
Mark K. Hardwick, EVP, COO & CFO
Michael J. Stewart, EVP & Chief Banking Officer
John J. Martin, EVP & Chief Credit Officer
Michele M. Kawiecki, SVP, Director of Finance
Michael B. Joyce, SVP, President PWA
Carrie A. Valek, SVP, Director Consumer Banking

# Our Franchise



Key Market Profiles		
Loans		Deposits
\$1,260M	Columbus	\$ 674M
823M	Fort Wayne	1,035M
2,788M	Indianapolis	1,887M
693M	Lafayette	1,266M
1,039M	Lakeshore	1,336M
702M	Michigan	1,104M
1,163M	Muncie	2,538M
\$8,468M	Total	\$9,840M

(as of December 31, 2019)

### Mission Statement

To be the most responsive, knowledgeable and high-performing bank for our clients, teammates and shareholders.



County	Region/Type	Market Position	Market %	\$ Deposits
Delaware County, IN	Muncie (Established)	1	55.53%	\$ 1,5
Monroe, MI	Michigan (Established)	1	48.66%	1,0
Madison County, IN	Indianapolis (Growth)	1	26.62%	3
Jasper County, IN	Lafayette (Established)	1	34.43%	2
White County, IN	Lafayette (Established)	1	36.99%	1
Jay County, IN	Muncie (Established)	1	50.15%	1
Wells County, IN	Fort Wayne (Growth)	1	21.79%	1
Union County, IN	Muncie (Established)	1	41.35%	
Tippecanoe County, IN	Lafayette (Established)	2	20.83%	5
Henry County, IN	Muncie (Established)	2	36.92%	2
Shelby County, IN	Indianapolis (Growth)	2	16.20%	1
Wabash County, IN	Muncie (Established)	2	15.09%	
Clinton County, IN	Lafayette (Established)	2	12.36%	
Hendricks County, IN	Indianapolis (Growth)	3	11.68%	3
Adams County, IN	Muncie (Established)	3	15.48%	1
Huntington County, IN	Fort Wayne (Growth)	3	15.66%	
Randolph County, IN	Muncie (Established)	3	2.99%	
Hamilton County, IN	Indianapolis (Growth)	4	7.10%	8
Allen County, IN	Fort Wayne (Growth)	4	10.18%	6
Morgan County, IN	Indianapolis (Growth)	4	12.47%	1
Hancock County, IN	Indianapolis (Growth)	4	10.76%	1
Marshall County, IN	Fort Wayne (Growth)	4	6.29%	
Carroll County, IN	Lafayette (Established)	4	15.31%	
Miami County, IN	Muncie	4	8.23%	
Fayette County, IN	Muncie	5	9.45%	
Sub Total				\$7,128,853
First Merchants Total				\$9,611,598

# First Merchants Strategy

“Service-driven alternative to super-regional bank competitors.  
Deliver superior service with presence close to the customer for . . . ”

## Commercial Banking

- › Business Banking
- › Commercial & Industrial
- › Agriculture
- › Sponsor Finance
- › Public Finance
- › Healthcare Services
- › Investment Real Estate
- › Treasury Management
- › Merchant Processing Services

## Consumer Banking

- › Mortgage Banking

## Private Wealth Advisory

- › Private Banking
- › Investment Management
- › Personal Trust
- › Brokerage
- › Retirement



*“We specialize in our communities”*

# First Merchants Strategy

- › Commercial Bank Located in Prime Growth Commercial Banking Markets
  - › Indianapolis, Indiana
  - › Monroe, Michigan
  - › Columbus, Ohio
  - › Fort Wayne, Indiana
  - › Lafayette, Indiana
  - › Lakeshore - Northwest Indiana
- › Hire the Best Talent Supported with the Finest:
  - › Sales Management Process
  - › Credit and Treasury Services
  - › Revenue-Based Incentive System



# First Merchants Strategy

- › Consumer Retail Bank
  - › Diverse Locations in Stable Rural and Growth Metro Markets
  - › Supported by:
    - › Talented Customer Service Oriented Banking Center and Call Center Professionals
    - › State-of-the-Art Systems
      - › Deposit and CRM Systems
      - › Online Banking System
      - › Mobile Banking System
    - › Customer Service and Relationship Growth-Oriented Incentive System



# First Merchants Strategy

## › Private Wealth Advisors

- › Comprehensive and coordinated approach to personal wealth management
- › Expertise in Investment Management, Private Banking, Fiduciary, Estate and Financial Planning
- › Strengthen commercial relationships with personal services for executives/owners and retirement plan services for companies
- › Partner with consumer bank to offer personal investment advice through First Merchants Investment Services



# Line-of-Business Strategies

## COMMERCIAL BANKING



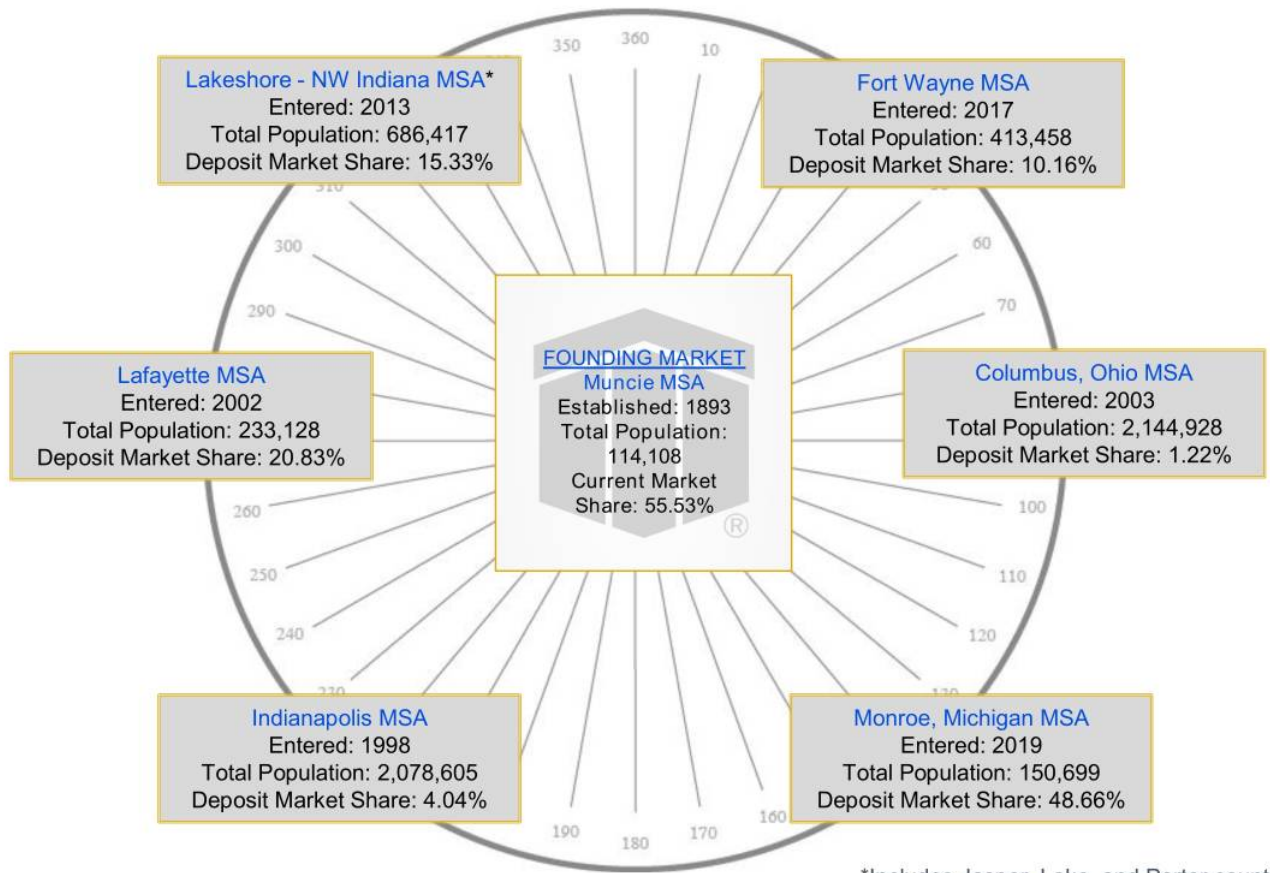
## CONSUMER BANKING



## WEALTH ADVISORY



# Organic Growth Opportunities Exists in All Directions



# Ranked Best in the Midwest for Business



- › AAA Credit Rating since 2008<sup>1</sup>
- › Leading the Nation in Manufacturing Job Growth
- › 1<sup>st</sup> in Midwest and 5<sup>th</sup> Nationally for Best State for Doing Business
- › 1<sup>st</sup> Metro Area for Strong Job Opportunities with Affordable Housing
- › 1<sup>st</sup> Nationally for Highway Accessibility
- › 1<sup>st</sup> in the Midwest/8<sup>th</sup> Nationally for Low Taxes
- › 1<sup>st</sup> for Quality of Government and Government Administration<sup>3</sup>
- › 1<sup>st</sup> for Best Business Regulatory Climate<sup>4</sup>
- › Top 5 Nationally for Cost of Doing Business
- › 2<sup>nd</sup> in the Nation for Small Business Growth
- › 2<sup>nd</sup> Nationally for Availability of Skilled Labor
- › 2<sup>nd</sup> Best City in the Nation for Recent Graduates (Indianapolis)
- › 2<sup>nd</sup> Nationally for Top States for Business - Infrastructure
- › 2<sup>nd</sup> Largest Global Fed Ex Air Hub
- › 4<sup>th</sup> Nationally for Women in Tech and 10<sup>th</sup> in Overall Tech Job Growth

<sup>1</sup>S&P, Moody's & Fitch  
<sup>2</sup>Chief Executive Magazine 2017  
<sup>3</sup>US News & World Reports 2017  
<sup>4</sup>Forbes 2017  
Unless otherwise noted, source IE

# Muncie Market

- Located 58 miles northeast of Indianapolis in the east central portion of the state
- Described by several national studies as a typical American community, Delaware County offers the advantages of larger cities without the hassles and costs associated with living in major metropolitan areas.
- Easy access to the top 100 markets in the country, Muncie-Delaware County has a diverse economic landscape
- Ranked #27, Forbes Best Small Places for Business and Careers
- Workforce experienced in life science, advanced manufacturing, 21st century logistics and information technology
- Home to Ball State University

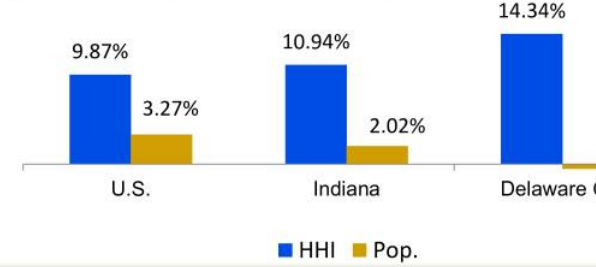
Delaware County, IN*				
Rank		Branches	Deposits	Mkt. Share
1	<b>First Merchants Corporation</b>	9	<b>\$1,522,233</b>	<b>55.53%</b>
2	Mutual First Financial	7	653,442	23.84%
3	J.P. Morgan Chase	3	240,499	8.77%
4	Old National Bancorp	4	175,585	6.41%
5	Star Financial Group	3	148,707	5.42%
6	Woodforest Financial Group	1	833	0.03%
<b>Market Total</b>		<b>27</b>	<b>\$ 2,741,299</b>	

\*SNL Financial FDIC Summary of Deposits as of June 30, 2019

## Notable Major Employers



## Projected HHI & Pop. Change 2020-2025





# Indianapolis Market

- Indianapolis metropolitan area includes four of the five fastest-growing counties in Indiana and 10 of the 11 fastest-growing cities and towns with populations of at least 5,000\*
- The population data released by the U.S. Census Bureau show suburban Hamilton County's population grew 20.2% since 2010
- Indiana's population growth outpaced those of neighboring states Illinois, Kentucky, Michigan and Ohio\*
- With 867,125 residents, Indianapolis was the nation's 17<sup>th</sup> largest city\*

## Indianapolis-Carmel-Anderson, IN MSA\*\*

Rank		Branches	Deposits	Mkt. Share
1	JP Morgan Chase	66	\$10,832,171	19.98%
2	PNC Financial Services Group	61	7,585,010	13.99%
3	Fifth Third Bancorp	42	4,610,022	8.50%
4	Huntington Bancshares	40	3,579,245	6.60%
5	Bank of Montreal	36	3,446,760	6.36%
6	First Internet Bancorp	1	3,055,633	5.64%
7	KeyCorp	19	3,007,934	5.55%
8	Bank of America	3	2,528,339	4.66%
9	Merchants Bancorp	3	2,333,994	4.31%
<b>10</b>	<b>First Merchants Corporation</b>	<b>33</b>	<b>2,192,200</b>	<b>4.04%</b>
<b>Market Total</b>		<b>526</b>	<b>\$54,224,982</b>	

\*IN.gov

\*\*SNL Financial FDIC Summary of Deposits as of June 30, 2019

\*\*\*Marion County, IN

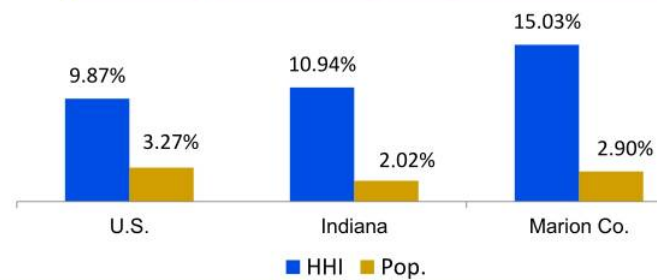
## Notable Major Employers



CNO FINANCIAL GROUP



## Projected HHI & Pop. Change 2020-2025





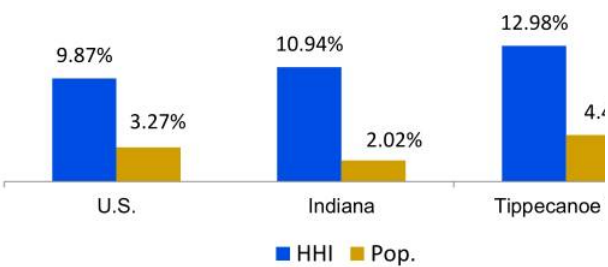
# Lafayette Market

- Ranked #1, MSN Money, Fastest Growing Cities in the State of Indiana
- Ranked #2, Forbes Best Small Places for Business and Careers
- Ranked #2 in Indiana for STEM job density, with 13.6% of the workforce, topping the state's 10.9% & national average of 11.9% (Lafayette up 70.6% since 2001, with 4,850 new jobs)\*\*
- Ranked among 24/7 Wall St., American City Adding the Most Jobs
- Home to Purdue University

## Notable Major Employers



## Projected HHI & Pop. Change 2020-2025



Tippecanoe County, IN**				
Rank		Branches	Deposits	Mkt. Share
1	JPMorgan Chase & Co.	5	\$ 873,326	31.35%
2	<b>First Merchants Corporation</b>	<b>8</b>	<b>580,077</b>	<b>20.83%</b>
3	Regions Financial Corp	6	309,630	11.12%
4	Old National Bancorp	4	242,592	8.71%
5	Horizon Bancorp	5	210,728	7.57%
6	Huntington Bancshares, Inc.	3	161,359	5.79%
7	First Bancshares	5	122,206	4.39%
8	Fifth Third Bancorp	2	104,968	3.77%
9	1 <sup>st</sup> Source Corp	3	94,444	3.39%
10	Piper Holdings	3	25,631	.92%
<b>Market Total</b>		<b>51</b>	<b>\$ 2,785,456</b>	

\*Indianapolis Business Journal

\*\*SNL Financial FDIC Summary of Deposits as of June 30, 2019

# Lakeshore Market

- ) Indiana's second-most populous market
- ) Benefit from its Chicago proximity
- ) Continue to produce finest steels, refine the cleanest fuels and deliver the best products to the Midwest\*\*
- ) New investments by world-class companies like BP, Pratt Industries, Alcoa Howmet, Urschel Labs and Monosol\*\*
- ) Lakefront being revitalized through the Marquette Plan and assistance of the Regional Development Authority\*\*

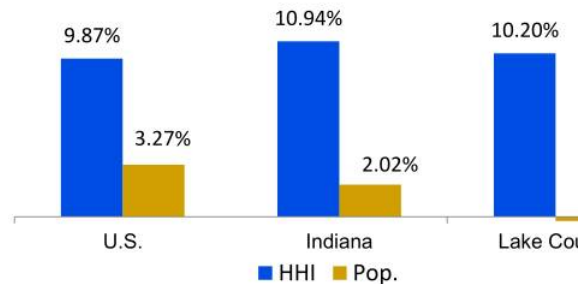
Lake County, IN*				
Rank		Branches	Deposits	Mkt. Share
1	First Bancshares, Inc.	28	\$ 2,559,201	24.94%
2	JPMorgan Chase & Co.	19	2,055,209	20.03%
3	First Midwest Bancorp	14	1,103,746	10.76%
<b>4</b>	<b>First Merchants Corporation</b>	<b>10</b>	<b>913,715</b>	<b>8.90%</b>
5	Northwest Indiana Bancorp	15	823,788	8.03%
6	First Financial Bancorp	8	759,383	7.40%
7	Bank of Montreal	14	574,425	5.60%
8	Fifth Third Bancorp	11	499,095	4.86%
9	AMB Financial Corp	5	190,578	1.86%
10	PNC Financial Services Group	4	187,715	1.83%
<b>Market Total</b>		<b>145</b>	<b>\$10,262,262</b>	

\*SNL Financial FDIC Summary of Deposits as of June 30, 2019  
 \*\*www.nwiforum.org/nwi-becoming-an-economic-powerhouse

## Notable Major Employers



## Projected HHI & Pop. Change 2020-2025



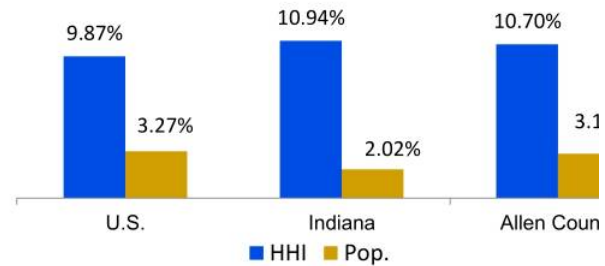
# Fort Wayne Market

- 2<sup>nd</sup> Largest MSA in the State of Indiana
- Diversified economy (manufacturing, health care, retail trade, food services)
- Attractive location for businesses to locate and expand – located between the Chicago, Detroit, Dayton, Toledo and Indianapolis metro areas
- Fort Wayne-Allen County economic engine of the Northeast Indiana region
- #1 place to raise a family (2017, SmartAsset.com)

## Notable Major Employers



## Projected HHI & Pop. Change 2020-2025



Allen County, IN*				
Rank		Branches	Deposits	Mkt. Share
1	JP Morgan Chase & Co.	12	1,276,476	20.42%
2	Lakeland Financial Corp.	5	894,320	14.31%
3	PNC Financial Services Group	11	719,618	11.51%
4	<b>First Merchants Corporation</b>	<b>8</b>	<b>635,312</b>	<b>10.16%</b>
5	Flagstar Bancorp	13	527,350	8.44%
6	Old National Bancorp	5	514,046	8.22%
7	STAR Financial Group, Inc.	9	465,735	7.45%
8	1 <sup>st</sup> Source Corp.	8	393,564	6.30%
9	Fifth Third Bancorp	7	279,488	4.47%
10	First Defiance Financial	3	99,128	1.59%
<b>Market Total</b>		<b>97</b>	<b>\$ 6,250,828</b>	

\*SNL Financial FDIC Summary of Deposits as of June 30, 2019

# Columbus, Ohio Market

- Second-most populous county in Ohio
- Within 600 miles of 60% of All U.S. and Canadian Population
- Ranked 2<sup>nd</sup> in CNBC's 2010 study of state transportation systems for its infrastructure, vitality, quality roads, and ability to cost-effectively ship goods by land, air, and water\*\*
- Home to Ohio State University

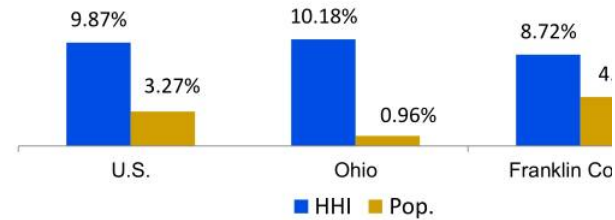
Franklin County, OH*				
Rank		Branches	Deposits	Mkt. Share
1	Huntington Bancshares	57	\$ 21,259,940	42.58%
2	JP Morgan Chares & Co	51	11,806,056	23.65%
3	PNC Financial Services Group	40	4,801,164	9.62%
4	Fifth Third Bancorp	38	4,692,684	9.40%
5	Key Corp	21	1,357,761	2.72%
6	U.S. Bancorp	33	1,224,166	2.45%
7	Heartland Bancorp	15	769,022	1.54%
8	<b>First Merchants Corporation</b>	9	<b>607,718</b>	<b>1.22%</b>
9	Wells Fargo & Co	1	579,729	1.16%
10	First Financial Bancorp	5	512,166	1.03%
<b>Market Total</b>		<b>319</b>	<b>\$ 49,928,406</b>	

\*SNL Financial FDIC Summary of Deposits as of June 30, 2019  
 \*\*<http://jobs-ohio.com/manufacturing/>

## Notable Major Employers



## Projected HHI & Pop. Change 2020-2025





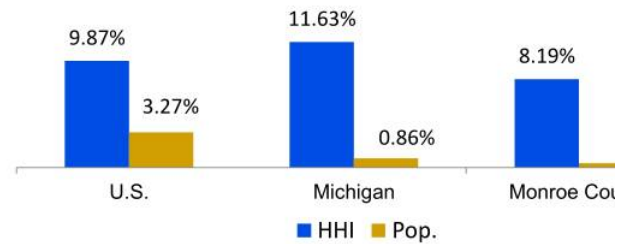
# Monroe, Michigan Market

- Monroe is located on the western shore of Lake Erie, approximately 14 miles north of Toledo, Ohio and 25 miles south of Detroit
- Michigan is within 500 miles of nearly half the U.S. and Canadian population and commerce centers providing unparalleled access to market
- \$500 Million in trade crosses between Michigan and Canada daily via the Ambassador Bridge, the busiest border crossing in North America
- Michigan's cost of living is 10% below the national average and ranks as the fourth most affordable state in the country

## Notable Major Employers



## Projected HHI & Pop. Change 2020-2025



Monroe County, MI*				
Rank		Branches	Deposits	Mkt. Share
1	<b>First Merchants Corporation</b>	14	\$ 1,005,960	48.66%
2	Huntington Bancshares	4	366,202	17.71
3	Fifth Third Bancorp	3	243,611	11.78%
4	KeyCorp	3	164,865	7.97%
5	PNC Financial Services Group	2	163,628	7.91%
6	Old National Bancorp	1	64,881	3.14%
7	Flagstar Bancorp	1	38,283	1.85%
8	Citizens Financial Group	1	19,936	.96%
<b>Market Total</b>		<b>29</b>	<b>\$ 2,067,366</b>	

\*SNL Financial FDIC Summary of Deposits as of June 30, 2019

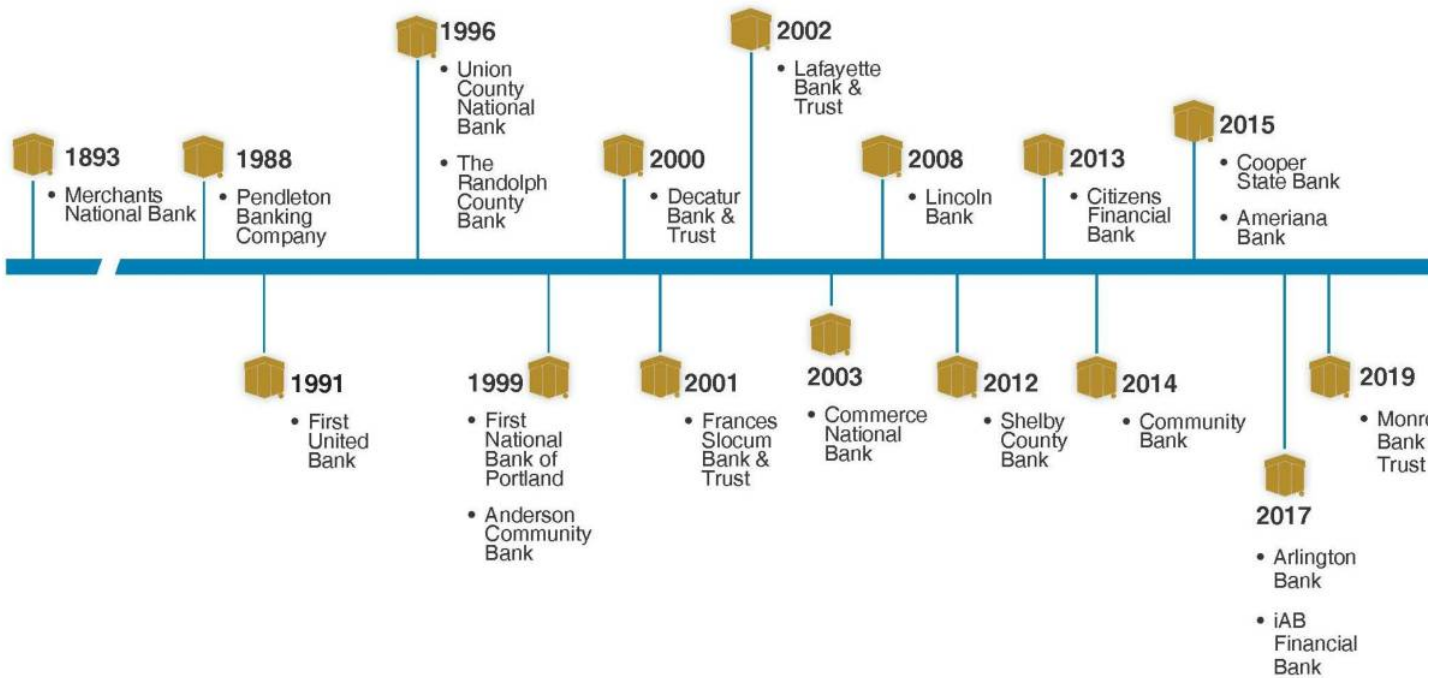


# Growth Through Acquisition

- › Experienced Acquirer
- › Expand in Current High-Growth Markets
- › Extend into Additional High-Growth Markets
- › Add to Franchise with Stable Deposit Gathering Markets



# Acquisition Experience



# First Merchants Acquisition Process

- › Continuous Relationship Building
- › Complete and Thorough Due Diligence Process
- › Demonstrated Pricing Discipline
- › Detailed Project Management
- › Integration Process
- › Scalable Technology and Operations Center
- › Achieve Announced Financial Return Targets

*Process*

# Operational Delivery Highlights

- › Strategic differentiator in support of growth and scalability
- › Operational services execution “hub” focusing on value creation
- › Functional focus:
  - › Operations
  - › Technology
  - › Vendor Management
  - › Project Management
  - › Risk Management
  - › Credit Administration
- › Located on the interstate less than 30 minutes north of Indianapolis
- › 130,000+ square feet of flexible space



## Strategic Vendor Partners



# Operational Delivery Highlights

## Customer, Digital Channel & Transaction Activity

Retail Households: 182,956

### Online Banking/Digital Channel

- Consumer: 85K Users
- 1.5M logins monthly
- 14K bill pay users
- 90K bill payment transactions monthly (\$30M)
- Mobile: 53K Users
- 24.5 average logins per user, per month
- 14K mobile deposits per month
- Business: 9.9K Users
  - 13% use ACH/Wire/Positive Pay
- Total ATMS: 164 + 25,000 MoneyPass ATMs

### Treasury Management Annual Volume

- Automated Clearing House (ACH)
  - # Originated: 2.5M Items (\$8B)
  - # Received: 14M Items (\$23B)
- Domestic Wires
  - # Originated: 42K Items (\$21B)
  - # Received: 43K Items (\$27B)
- International Wires
  - # Originated: 1K Items (\$35M)
  - # Received: 159 Items (\$2.6M)

### Total Debit Cards

- 199K active cards
- 3.5M monthly card swipes
- \$136M in monthly volume

### Commercial Remote Deposit Capture

- 591 businesses using solution
- 143K deposits annually
- 1.7M items deposited annually
- \$3.7B in total deposits



# 4<sup>th</sup> Quarter 2019 Highlights

- › \$47.8 Million of Net Income, or \$0.87 Per Share
- › Completed System Conversion of MBT Financial Corporation
- › Integration Expense Totaled \$1.9 Million, or \$0.03 Per Share
- › Winning Marketplace Execution Delivering Growth
  - › Organic Loan Growth of \$161 Million, a 7.8% Annualized Growth Rate
  - › Organic Non-Maturity Deposit Growth of \$154 Million, a 7.7% Annualized Growth Rate
- › Resumption of High-Performance Metrics

# Full-Year 2019 Highlights

- › Record Net Income of \$164.5 Million, a 3.3% Increase over 2018
- › Earnings Per Share of \$3.19
- › Expanded Franchise into Michigan
- › Acquisition Expense Totaled \$13.7 Million, or \$0.21 Per Share
- › Total Assets of \$12.5 Billion; Grew by 26.0% over 2018
- › Organic Loan Growth of \$507 Million, a 7.0% Growth Rate
- › Organic Deposit Growth of \$979 Million, a 12.6% Growth Rate
- › Tangible Book Value Increased to \$21.94 Per Share, or 14.7% over Year-End 2018

# Total Assets

(\$ in Millions)	<u>2017</u>	<u>2018</u>	<u>2019</u>
1. Investments	\$1,561	\$1,633	\$2,596
2. Loans	6,758	7,229	8,468
3. Allowance	(75)	(81)	(80)
4. Goodwill & Intangibles	477	470	579
5. BOLI	224	225	288
6. Other	<u>422</u>	<u>409</u>	<u>606</u>
7. Total Assets	<u>\$9,367</u>	<u>\$9,885</u>	<u>\$12,457</u>

Annualized Asset Growth

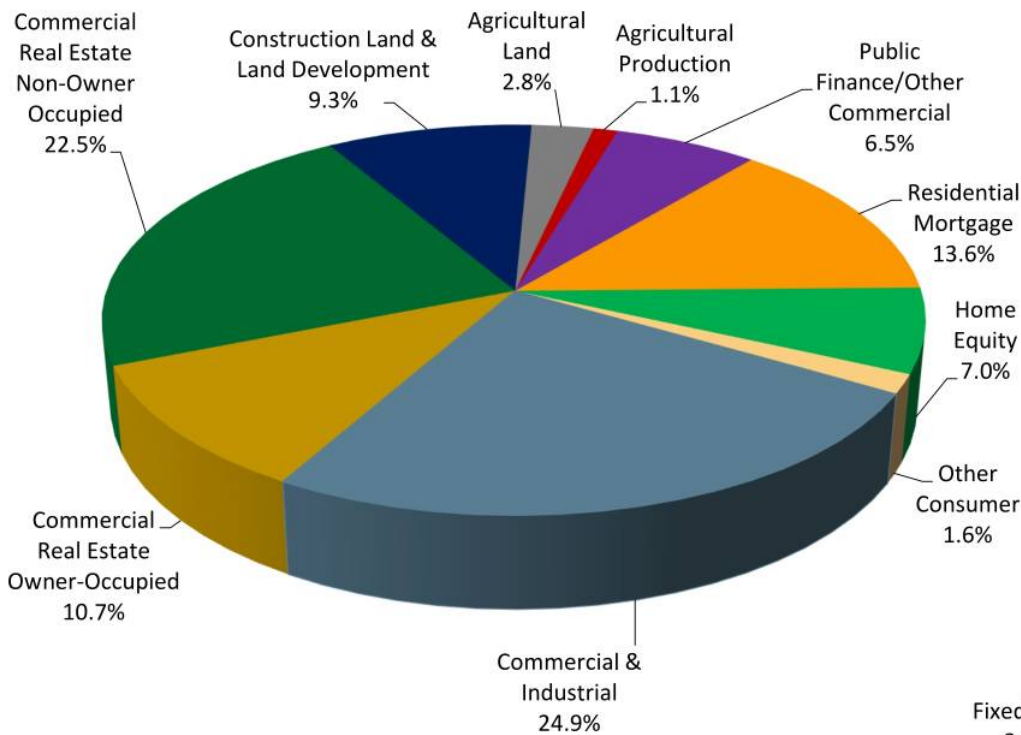
29.9%

5.5%

26.0%

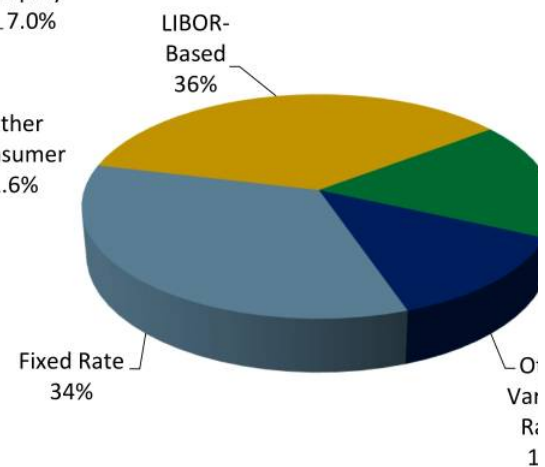
# Loan Yield and Detail

(as of December 31, 2019)



QTD Yield	=	5.19
YTD Yield	=	5.27
Total Loans	=	\$8.5 Billic

Variable	=	\$5.6 Billic
Fixed	=	\$2.9 Billic



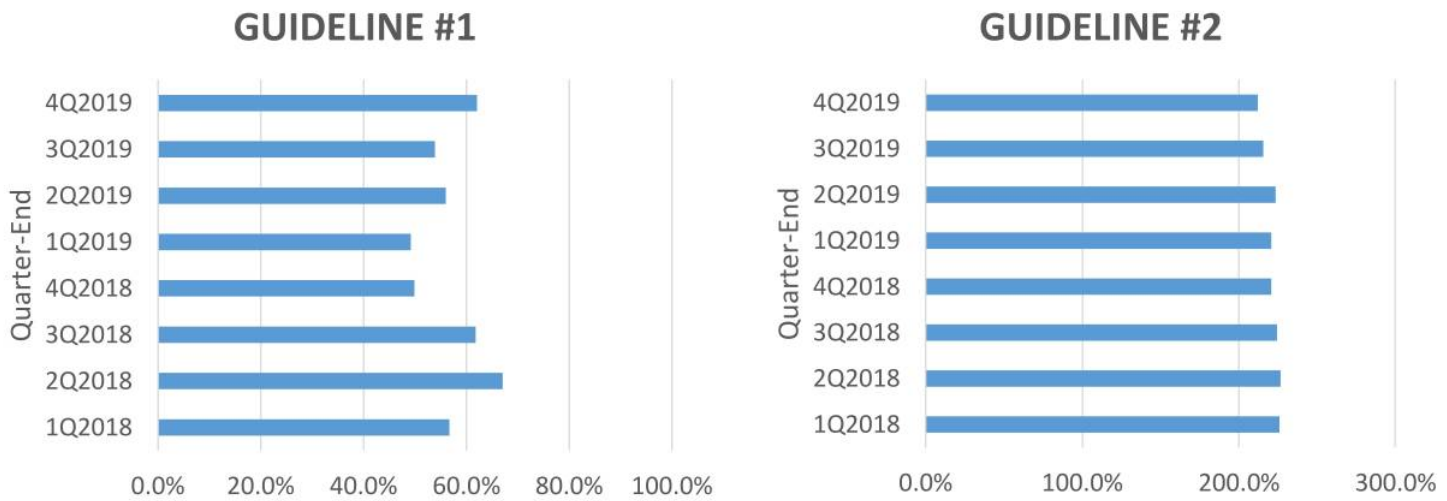
# CRE Loan Concentration

## First Merchants Results in Relation to FDIC Guideline

FDIC GUIDELINES TO IDENTIFY INSTITUTIONS POTENTIALLY EXPOSED TO CRE RISK:

**Guideline 1:** Total loans for construction, land development, and other land representing 100% more of total capital

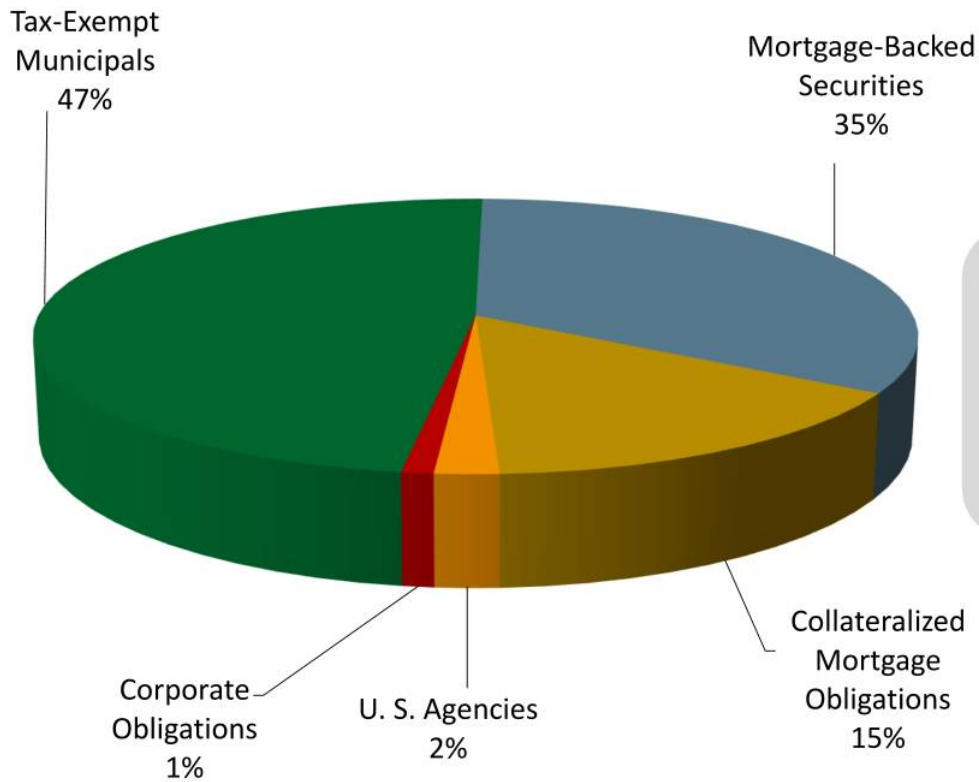
**Guideline 2:** Total CRE loans representing 300% or more of total capital AND a CRE portfolio that increased 50% or more during the prior 36 months





# Investment Portfolio

(as of December 31, 2019)



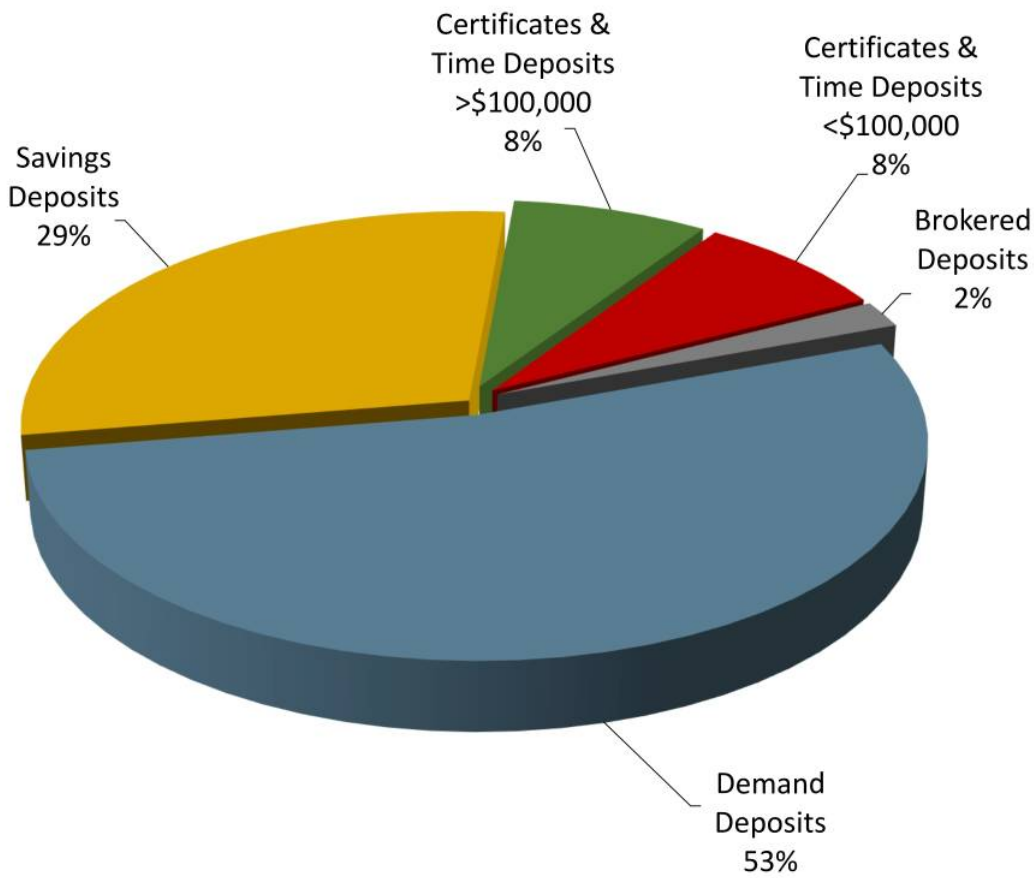
- › \$2.6 Billion Portfolio
- › Modified duration of 5.1 years
- › Tax equivalent yield of 3.23%
- › Net unrealized gain of \$71.5 Mill

# Total Liabilities and Capital

(\$ in Millions)	<u>2017</u>	<u>2018</u>	<u>2019</u>
1. Customer Non-Maturity Deposits	\$ 5,741	\$ 6,268	\$ 8,147
2. Customer Time Deposits	1,051	1,241	1,478
3. Brokered Deposits	<u>381</u>	<u>246</u>	<u>215</u>
Total Deposits	\$ 7,173	\$ 7,755	\$ 9,840
4. Borrowings	701	538	599
5. Other Liabilities	57	51	98
6. Hybrid Capital	133	133	134
7. Common Equity	<u>1,303</u>	<u>1,408</u>	<u>1,786</u>
8. Total Liabilities and Capital	<u>\$ 9,367</u>	<u>\$ 9,885</u>	<u>\$ 12,457</u>

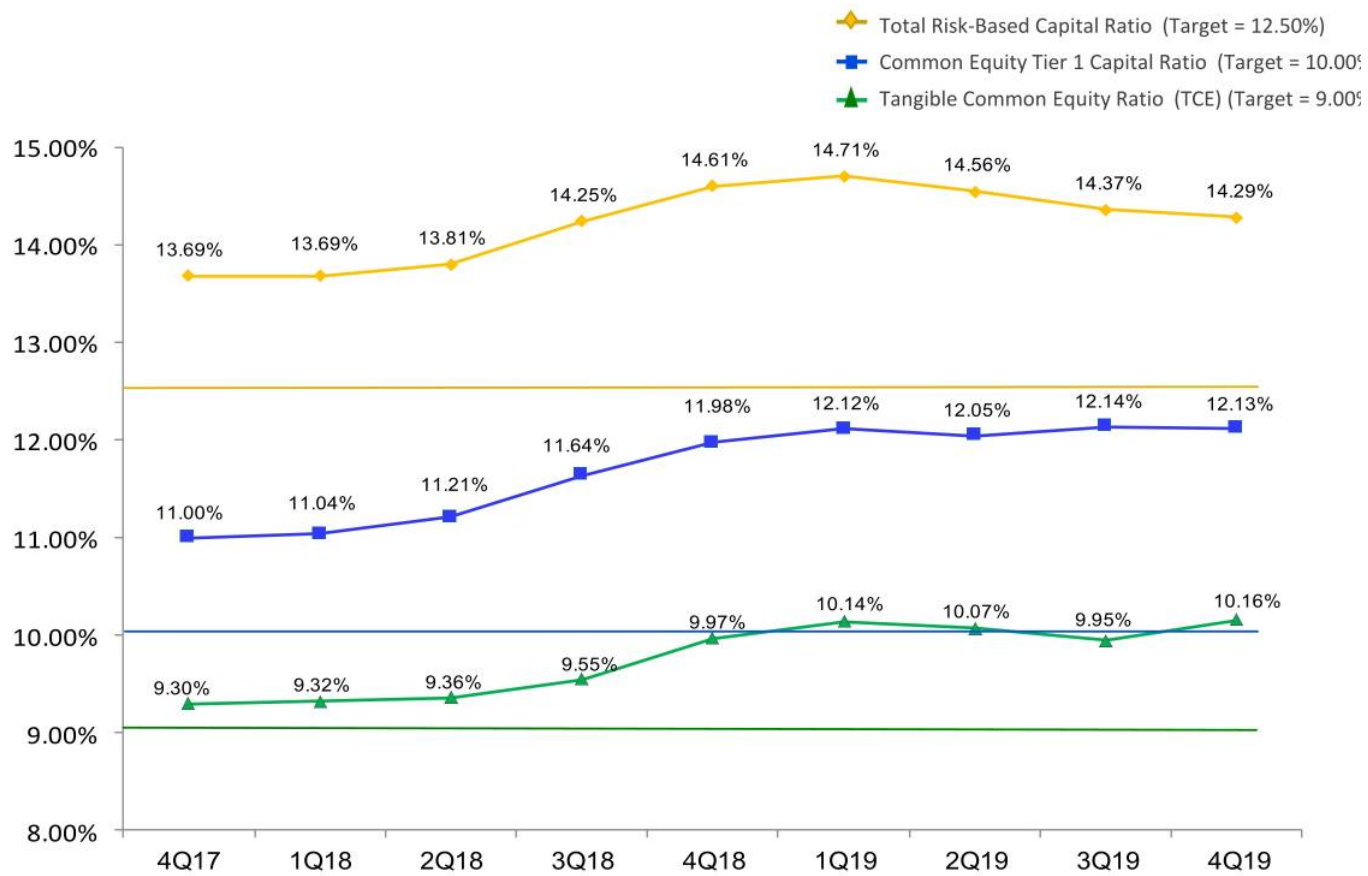
# Deposit Detail

(as of December 31, 2019)



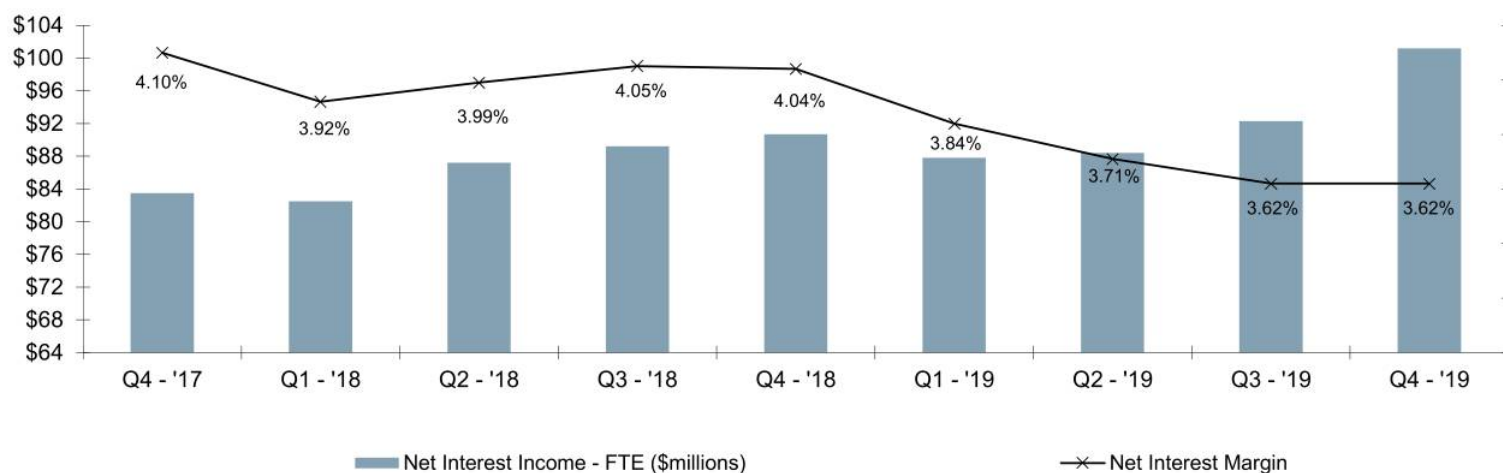
QTD Cost	=	1.18
YTD Cost	=	1.26
Total	=	\$9.8 Billi

# Capital Ratios



# Net Interest Margin

	Q4 - '17	Q1 - '18	Q2 - '18	Q3 - '18	Q4 - '18	Q1 - '19	Q2 - '19	Q3 - '19	Q4 - '19
Net Interest Income - FTE (\$millions)	\$ 83.5	\$ 82.5	\$ 87.2	\$ 89.2	\$ 90.7	\$ 87.8	\$ 88.4	\$ 92.3	\$ 101.2
Fair Value Accretion	\$ 4.1	\$ 3.2	\$ 3.8	\$ 3.2	\$ 3.9	\$ 2.3	\$ 2.2	\$ 2.5	\$ 5.0
Tax Equivalent Yield on Earning Assets	4.67%	4.57%	4.74%	4.88%	4.97%	4.89%	4.86%	4.77%	4.63%
Interest Expense/Average Earning Assets	0.57%	0.65%	0.75%	0.83%	0.93%	1.05%	1.15%	1.15%	1.01%
Net Interest Margin	4.10%	3.92%	3.99%	4.05%	4.04%	3.84%	3.71%	3.62%	3.62%
Fair Value Accretion Effect	0.20%	0.15%	0.18%	0.15%	0.17%	0.09%	0.09%	0.10%	0.18%





# Non-Interest Income

(\$ in Millions)	<u>2017</u>	<u>2018</u>	<u>2019</u>
1. Service Charges on Deposit Accounts	\$ 18.7	\$ 21.0	\$ 23.0
2. Wealth Management Fees	14.7	14.9	17.0
3. Card Payment Fees	16.1	18.0	20.0
4. Gains on Sales of Mortgage Loans	7.6	7.0	7.0
5. Derivative Hedge Fees	2.0	2.5	5.0
6. Other Customer Fees	1.7	1.9	1.0
7. Cash Surrender Value of Life Ins	6.6	4.2	4.0
8. Gains on Sales of Securities	2.6	4.3	4.0
9. Other	<u>1.0</u>	<u>2.7</u>	2.0
10. Total Non-Interest Income	<u>\$71.0</u>	<u>\$76.5</u>	<u>\$86.0</u>

# Private Wealth Advisors

*Delivers broad advisory capabilities and expertise through local, engaged and empowered leaders*

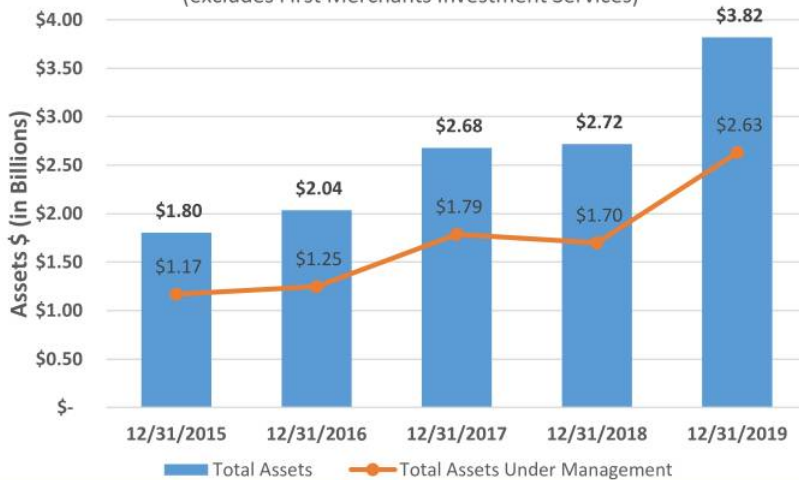
Business lines include:

- › Investment Management – Personal and Institutional
- › Retirement Plan Services
- › Fiduciary Administration
- › Private Banking
- › First Merchants Investment Services (not reflected below)

- › Strong organic growth in AUM (over 25%) in addition to the increase due to acquisition of Monroe Bank and
- › Strong balance sheet growth in Private Banking aiding client retention, expansion and acquisition
- › Benefitting from business owner liquidity events as succession plans are executed
- › Expansion of advisory capabilities and family-office services driving asset retention and expansion
- › FMIS business moving to stronger recurring revenue model from transactional model

## Total Assets

(excludes First Merchants Investment Services)



## Total Revenue (in Millions \$)

(excludes First Merchants Investment Services)

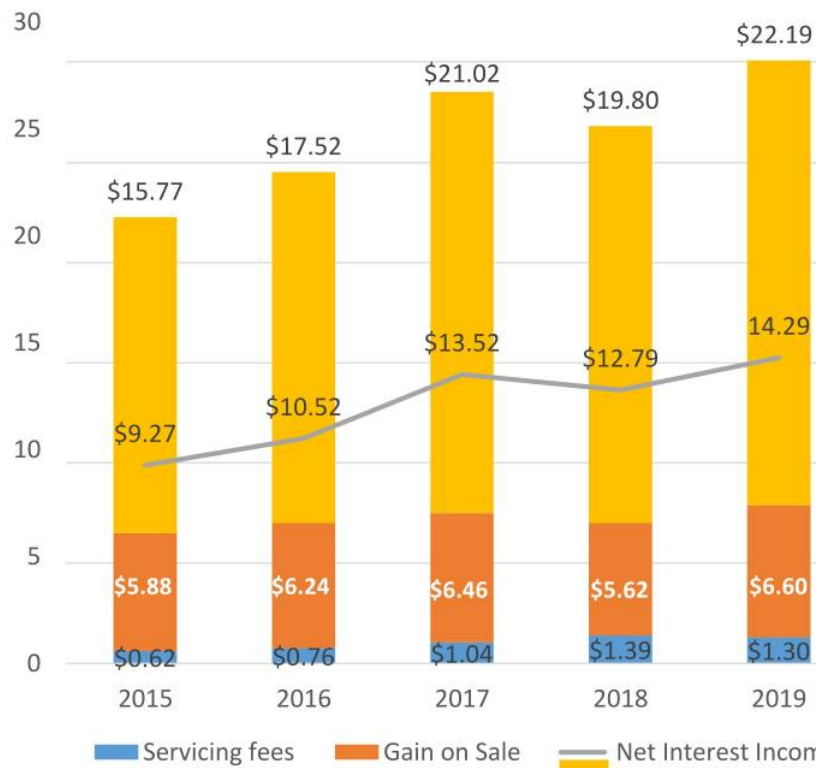


# Mortgage Banking

*Delivers mortgage lending across our markets via commissions and salaried loan originators*

- › Strong loan origination teams in high-growth areas of Indianapolis and Columbus, OH
- › Centralized underwriting and processing
- › Strong connectivity with retail branches
- › Majority of the pipeline is driven by purchase business
- › 12/31/2019 YTD 2489 mortgages for \$501M in volume

**Mortgage Banking Revenue (\$ in Millions)**



# Non-Interest Expense

(\$ in Millions)	<u>2017</u>	<u>2018</u>	<u>20</u>
1. Salary & Benefits	\$119.8	\$131.7	\$144
2. Premises & Equipment	30.1	32.7	35
3. Intangible Asset Amortization	5.6	6.7	6
4. Professional & Other Outside Services	12.8	8.2	15
5. OREO/Credit-Related Expense	1.9	1.5	2
6. FDIC Expense	2.6	2.9	0
7. Outside Data Processing	12.2	13.2	16
8. Marketing	3.7	4.7	6
9. Other	<u>16.9</u>	<u>18.4</u>	<u>19</u>
10. Total Non-Interest Expense	<u>\$205.6</u>	<u>\$220.0</u>	<u>\$246</u>

<sup>1</sup>Includes acquisition-related expenses of \$13.7 Million

# Earnings

(\$ in Millions)	<u>2017</u>	<u>2018</u>	<u>2019</u>
1. Net Interest Income	\$ 277.3	\$ 338.8	\$ 356.1
2. Provision for Loan Losses	<u>(9.1)</u>	<u>(7.2)</u>	<u>(2.1)</u>
3. <b>Net Interest Income after Provision</b>	<b>\$ 268.2</b>	<b>\$ 331.6</b>	<b>\$ 353.9</b>
4. Non-Interest Income	71.0	76.5	86.1
5. Non-Interest Expense	<u>(205.6)</u>	<u>(220.0)</u>	<u>(246.1)</u>
6. <b>Income before Income Taxes</b>	<b>\$ 133.6</b>	<b>\$ 188.1</b>	<b>\$ 193.9</b>
7. Income Tax Expense	<u>(37.5)</u>	<u>(29.0)</u>	<u>(29.1)</u>
8. <b>Net Income Avail. for Distribution</b>	<b><u>\$ 96.1</u></b>	<b><u>\$ 159.1</u></b>	<b><u>\$ 164.7</u></b>
9. <b>EPS</b>	<b>\$ 2.12</b>	<b>\$ 3.22</b>	<b>\$ 3.11</b>
10. <b>Efficiency Ratio</b>	<b>54.56%</b>	<b>50.21%</b>	<b>52.7%</b>

<sup>1</sup>Acquisition-related expenses reduced EPS by \$0.21

<sup>2</sup>Acquisition-related expenses increased the Efficiency Ratio by 3.04%



# Quarterly Earnings

(\$ in Millions)	<u>Q1-'19</u>	<u>Q2-'19</u>	<u>Q3-'19</u>	<u>Q4-'19</u>
1. Net Interest Income	\$ 84.9	\$ 85.3	\$ 88.9	\$ 97.6
2. Provision for Loan Losses	<u>(1.2)</u>	<u>(0.5)</u>	<u>(0.6)</u>	<u>(0.5)</u>
3. <b>Net Interest Income after Provision</b>	<b>\$ 83.7</b>	<b>\$ 84.8</b>	<b>\$ 88.3</b>	<b>\$ 97.1</b>
4. Non-Interest Income	18.7	21.6	22.1	24.2
5. Non-Interest Expense	<u>(56.6)</u>	<u>(57.6)</u>	<u>(67.3)</u>	<u>(65.2)</u>
6. <b>Income before Income Taxes</b>	<b>\$ 45.8</b>	<b>\$ 48.8</b>	<b>\$ 43.1</b>	<b>\$ 56.1</b>
7. Income Tax Expense	<u>(6.9)</u>	<u>(7.7)</u>	<u>(6.3)</u>	<u>(8.3)</u>
8. <b>Net Income Avail. for Distribution</b>	<b><u>\$ 38.9</u></b>	<b><u>\$ 41.1</u></b>	<b><u>\$ 36.8</u></b>	<b><u>\$ 47.8</u></b>
9. <b>EPS</b>	<b>\$ 0.78</b>	<b>\$ 0.83<sup>1</sup></b>	<b>\$ 0.71<sup>1</sup></b>	<b>\$ 0.87<sup>1</sup></b>
10. <b>Efficiency Ratio</b>	<b>51.18%</b>	<b>51.00%<sup>2</sup></b>	<b>57.60%<sup>2</sup></b>	<b>51.07%<sup>2</sup></b>

<sup>1</sup>Acquisition-related expenses reduced EPS by \$0.01 in Q2; \$0.17 in Q3; and \$0.03 in Q4

<sup>2</sup>Acquisition-related expenses increased the Efficiency Ratio by 0.45% in Q2; 9.77% in Q3; and 1.49% in Q4

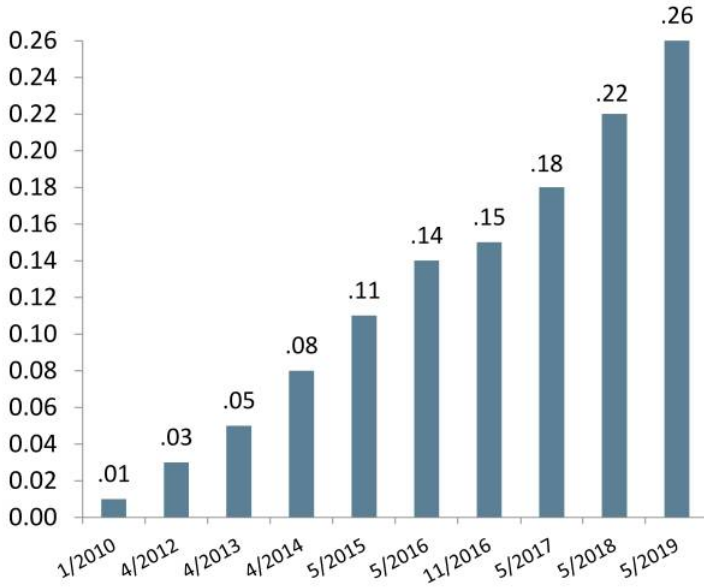
# Per Share Results

<b><u>2018</u></b>	<b><u>Q1</u></b>	<b><u>Q2</u></b>	<b><u>Q3</u></b>	<b><u>Q4</u></b>	<b><u>Total</u></b>
1. Earnings Per Share	\$ .74	\$ .80	\$ .83	\$ .85	\$ 3.22
2. Dividends	\$ .18	\$ .22	\$ .22	\$ .22	\$ .84
3. Tangible Book Value	\$17.14	\$17.71	\$18.16	\$19.12	
<b><u>2019</u></b>	<b><u>Q1</u></b>	<b><u>Q2</u></b>	<b><u>Q3</u></b>	<b><u>Q4</u></b>	<b><u>Total</u></b>
1. Earnings Per Share	\$ .78	\$ .83 <sup>1</sup>	\$ .71 <sup>1</sup>	\$ .87 <sup>1</sup>	\$ 3.19
2. Dividends	\$ .22	\$ .26	\$ .26	\$ .26	\$ 1.00
3. Tangible Book Value	\$20.07	\$21.01	\$21.26	\$21.94	

<sup>1</sup>Acquisition-related expenses reduced EPS by \$0.01 in Q2; \$0.17 in Q3; \$0.03 in Q4; and \$0.21 for full-year 2019

# Dividends and Tangible Book Value

Quarterly Dividends



2.50% Forward Dividend Yield  
Equals 31.4% Dividend Payout Ratio

Tangible Book Value



Compound Annual Growth Rate of 10.13%

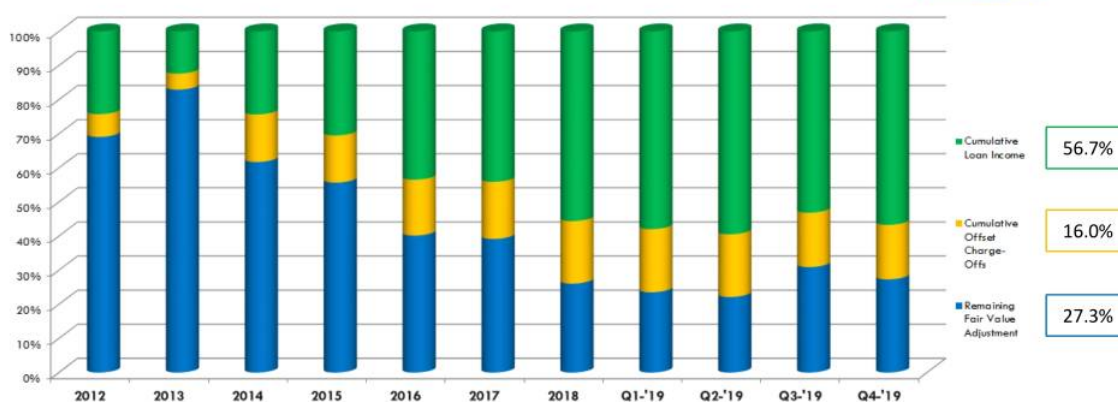
# Asset Quality Summary

(\$ in Millions)

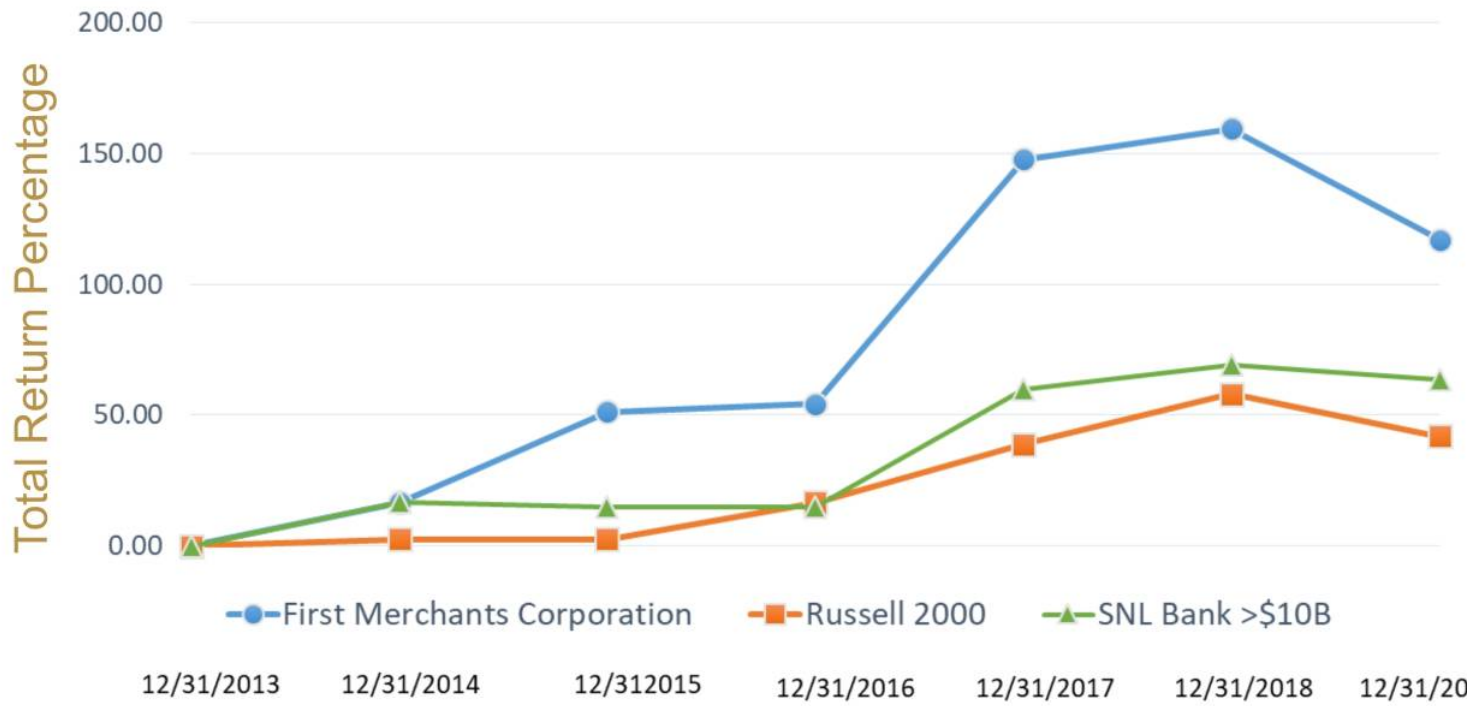
	<u>2017</u>	<u>2018</u>	<u>Q3-'19</u>	<u>2019</u>	Change Linked Quarter		Change 2019 Over 2018	
					<u>\$</u>	<u>%</u>	<u>\$</u>	<u>%</u>
1. Non-Accrual Loans	\$ 28.7	\$ 26.1	\$ 22.7	\$ 16.0	\$ (6.7)	(29.5%)	\$ (10.1)	(38.7%)
2. Other Real Estate	10.4	2.2	7.1	7.5	0.4	5.6%	5.3	240.9%
3. Renegotiated Loans	1.0	1.1	0.6	0.8	0.2	33.3%	(0.3)	(27.3%)
4. 90+ Days Delinquent Loans	0.9	1.9	0.1	0.1	-	0.0%	(1.8)	(94.7%)
<b>5. Total NPAs &amp; 90+ Days Delinquent</b>	<b>\$ 41.0</b>	<b>\$ 31.3</b>	<b>\$ 30.5</b>	<b>\$ 24.4</b>	<b>\$ (6.1)</b>	<b>(20.0%)</b>	<b>\$ (6.9)</b>	<b>(22.1%)</b>
6. Total NPAs & 90+ Days/Loans & ORE	0.6%	0.4%	0.4%	0.3%				
<b>7. Classified Loans</b>	<b>\$142.8</b>	<b>\$167.4</b>	<b>\$181.8</b>	<b>\$ 200.1</b>	<b>\$ 18.3</b>	<b>10.1%</b>	<b>\$ 32.7</b>	<b>19.6%</b>
<b>8. Classified Loans/Total Loans</b>	<b>2.1%</b>	<b>2.3%</b>	<b>2.2%</b>	<b>2.4%</b>				

# ALLL and Fair Value Summary

(\$ in Millions)	Q1-'19	Q2-'19	Q3-'19	Q4-'19
1. Beginning Allowance for Loan Losses (ALLL)	\$ 80.6	\$ 80.9	\$ 81.3	\$ 80.6
2. Less: Net Charge-offs (Recoveries)	0.9	0.1	1.3	0.8
3. Add: Provision Expense	<u>1.2</u>	<u>0.5</u>	<u>0.6</u>	<u>0.5</u>
4. Ending Allowance for Loan Losses (ALLL)	\$ 80.9	\$ 81.3	\$ 80.6	\$ 80.3
5. Specific Reserves	\$ 1.6	\$ 2.3	\$ 2.3	\$ 0.7
6. ALLL/Non-Accrual Loans	289.5%	317.0%	354.5%	503.4%
7. ALLL/Non-Purchased Loans	1.24%	1.19%	1.16%	1.11%
8. ALLL/Loans	1.11%	1.08%	0.97%	0.95%
9. Fair Value Adjustment (FVA)	\$ 27.8	\$ 25.6	\$ 41.3	\$ 36.6
10. Total ALLL plus FVA	108.7	106.8	121.9	116.9
11. Purchased Loans plus FVA	809.9	732.5	1,410.3	1,271.2
12. FVA/Purchased Loans plus FVA	3.43%	3.49%	2.93%	2.88%



# Total Return Performance





# Looking Forward . . .

- › Establish First Merchants Brand in Michigan Market
  - › Leadership
  - › Relationship Management and Growth
- › Expand Community Lending Model throughout our Primary Metro Markets
- › Grow Net Interest Income, Continue Pricing Discipline
- › Evolving Digital Delivery Investment Strategy
- › Top 5 Ranking *Forbes Magazine America's Best Banks...* Three Years Running

# Why Invest in First Merchants?

- › High Performance Financial Metrics
- › Attractive Long-Term Deposit Market Shares
- › Commercial Presence that Creates a Client Preference
- › Successful Acquisition and Integration Track Record
- › Focused on Providing Sustainable Shareholder Value



# Research Coverage

**PIPER | SANDLER**



**KEEFE, BRUYETTE & WOODS**  
*Specialists in Financial Services*

*A Stifel Company*

**H** HOVDE  
GROUP

**Stephens**

**Janney**

**RAYMOND JAMES**

 **First Merchants Corporation**



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](http://www.firstmerchants.com)

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Nicole Weaver, Investor Relations  
765.521.7619  
[nweaver@firstmerchants.com](mailto:nweaver@firstmerchants.com)

# Appendix

# Appendix – Non-GAAP Reconciliation

## CAPITAL RATIOS (dollars in thousands):

	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	
<b>Total Risk-Based Capital Ratio</b>									
Total Stockholders' Equity (GAAP)	1,303,463	1,313,073	1,340,328	1,361,426	1,408,260	1,455,848	1,501,636	1,749,012	1,78
Adjust for Accumulated Other Comprehensive (Income) Loss	3,534	21,725	24,868	35,409	21,422	1,595	(14,602)	(25,648)	(2)
Less: Preferred Stock	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)
Add: Qualifying Capital Securities	65,919	65,975	66,030	66,086	66,141	66,197	66,252	66,308	6
Less: Tier 1 Capital Deductions	-	-	-	-	-	-	-	-	-
Less: Disallowed Goodwill and Intangible Assets	(464,066)	(467,518)	(466,063)	(464,658)	(463,525)	(462,202)	(460,885)	(570,098)	(56)
Less: Disallowed Deferred Tax Assets	-	(2,594)	(2,104)	(1,111)	-	(4,037)	(2,587)	(3,460)	
Total Tier 1 Capital (Regulatory)	\$ 908,725	\$ 930,536	\$ 962,934	\$ 997,027	\$ 1,032,173	\$ 1,057,276	\$ 1,089,689	\$ 1,215,989	\$ 1,25
Qualifying Subordinated Debentures	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	6
Allowance for Loan Losses includible in Tier 2 Capital	75,032	76,420	77,543	78,406	80,552	80,902	81,274	80,571	8
Total Risk-Based Capital (Regulatory)	\$ 1,048,757	\$ 1,071,956	\$ 1,105,477	\$ 1,140,433	\$ 1,177,725	\$ 1,203,178	\$ 1,235,963	\$ 1,361,560	\$ 1,40
Net Risk-Weighted Assets (Regulatory)	\$ 7,660,604	\$ 7,831,727	\$ 8,002,666	\$ 8,001,191	\$ 8,060,882	\$ 8,176,677	\$ 8,491,188	\$ 9,474,126	\$ 9,79
<b>Total Risk-Based Capital Ratio (Regulatory)</b>	<b>13.69%</b>	<b>13.69%</b>	<b>13.81%</b>	<b>14.25%</b>	<b>14.61%</b>	<b>14.71%</b>	<b>14.56%</b>	<b>14.37%</b>	<b>1</b>
<b>Common Equity Tier 1 Capital Ratio</b>									
Total Tier 1 Capital (Regulatory)	\$ 908,725	\$ 930,536	\$ 962,934	\$ 997,027	\$ 1,032,173	\$ 1,057,276	\$ 1,089,689	\$ 1,215,989	\$ 1,25
Less: Qualified Capital Securities	(65,919)	(65,975)	(66,030)	(66,086)	(66,141)	(66,197)	(66,252)	(66,308)	(6)
Add: Additional Tier 1 Capital Deductions	-	-	-	-	-	-	-	-	-
Common Equity Tier 1 Capital (Regulatory)	\$ 842,806	\$ 864,561	\$ 896,904	\$ 930,941	\$ 966,032	\$ 991,079	\$ 1,023,437	\$ 1,149,681	\$ 1,18
Net Risk-Weighted Assets (Regulatory)	\$ 7,660,604	\$ 7,831,727	\$ 8,002,666	\$ 8,001,191	\$ 8,060,882	\$ 8,176,677	\$ 8,491,188	\$ 9,474,126	\$ 9,79
<b>Common Equity Tier 1 Capital Ratio (Regulatory)</b>	<b>11.00%</b>	<b>11.04%</b>	<b>11.21%</b>	<b>11.64%</b>	<b>11.98%</b>	<b>12.12%</b>	<b>12.05%</b>	<b>12.14%</b>	<b>1</b>

<sup>1</sup> 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):

	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19
Total Stockholders' Equity (GAAP)	\$ 1,303,463	\$ 1,313,073	\$ 1,340,328	\$ 1,361,426	\$ 1,408,260	\$ 1,455,848	\$ 1,501,636	\$ 1,749,012
Less: Preferred Stock	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)
Less: Intangible Assets	(476,503)	(474,777)	(473,059)	(471,409)	(469,784)	(468,256)	(466,736)	(579,751)
Tangible Common Equity (non-GAAP)	\$ 826,835	\$ 838,171	\$ 867,144	\$ 889,892	\$ 938,351	\$ 987,467	\$ 1,034,775	\$ 1,169,136
Total Assets (GAAP)	\$ 9,367,478	\$ 9,472,796	\$ 9,734,715	\$ 9,787,282	\$ 9,884,716	\$ 10,210,925	\$ 10,737,857	\$ 12,325,061
Less: Intangible Assets	(476,503)	(474,777)	(473,059)	(471,409)	(469,784)	(468,256)	(466,736)	(579,751)
Tangible Assets (non-GAAP)	\$ 8,890,975	\$ 8,998,019	\$ 9,261,656	\$ 9,315,873	\$ 9,414,932	\$ 9,742,669	\$ 10,271,121	\$ 11,745,310
<b>Tangible Common Equity Ratio (non-GAAP)</b>	<b>9.30%</b>	<b>9.32%</b>	<b>9.36%</b>	<b>9.55%</b>	<b>9.97%</b>	<b>10.14%</b>	<b>10.07%</b>	<b>9.95%</b>

## TANGIBLE COMMON EQUITY PER SHARE (dollars in thousands):

	4Q10	4Q11	4Q12	4Q13	4Q14	4Q15	4Q16	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19
Total Stockholders' Equity (GAAP)	\$ 454,408	\$ 514,467	\$ 552,236	\$ 634,923	\$ 726,827	\$ 850,509	\$ 901,657	\$ 1,303,463	\$ 1,313,073	\$ 1,340,328	\$ 1,361,426	\$ 1,408,260	\$ 1,455,848	\$ 1,501,636	\$ 1,749,012
Less: Preferred Stock	(67,880)	(90,783)	(90,908)	(125)	(125)	(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)	(258,866)	(476,503)	(474,777)	(473,059)	(471,409)	(469,784)	(468,256)	(466,736)	(579,751)
Tax Benefit	2,907	2,224	2,249	4,973	6,085	6,278	5,930	6,788	6,043	5,690	5,351	5,017	4,703	4,391	7,627
Tangible Common Equity, Net of Tax (non-GAAP)	\$ 235,416	\$ 275,437	\$ 314,048	\$ 437,004	\$ 514,032	\$ 596,898	\$ 648,596	\$ 833,623	\$ 844,214	\$ 872,834	\$ 895,243	\$ 943,368	\$ 992,170	\$ 1,039,166	\$ 1,176,763
Shares Outstanding	25,574,251	28,559,707	28,692,616	35,921,761	37,669,948	40,664,258	40,912,697	49,158,238	49,243,096	49,280,188	49,304,542	49,349,800	49,428,468	49,456,594	55,345,672
<b>Tangible Common Equity per Share (non-GAAP)</b>	<b>\$ 9.21</b>	<b>\$ 9.64</b>	<b>\$ 10.95</b>	<b>\$ 12.17</b>	<b>\$ 13.65</b>	<b>\$ 14.68</b>	<b>\$ 15.85</b>	<b>\$ 16.96</b>	<b>\$ 17.14</b>	<b>\$ 17.71</b>	<b>\$ 18.16</b>	<b>\$ 19.12</b>	<b>\$ 20.07</b>	<b>\$ 21.01</b>	<b>\$ 21.26</b>

# Appendix – Non-GAAP Reconciliation

## EFFICIENCY RATIO (dollars in thousands):

	2017	2018	1Q19	2Q19	3Q19	4Q19	2019
Non Interest Expense (GAAP)	\$ 205,556	\$ 219,951	\$ 56,621	\$ 57,587	\$ 67,354	\$ 65,201	\$ 246,763
Less: Intangible Asset Amortization	(5,647)	(6,719)	(1,528)	(1,520)	(1,356)	(1,590)	(5,994)
Less: OREO and Foreclosure Expenses	(1,903)	(1,470)	(1,165)	(903)	(294)	(66)	(2,428)
Adjusted Non Interest Expense (non-GAAP)	198,006	211,762	53,928	55,164	65,704	63,545	238,341
Net Interest Income (GAAP)	277,284	338,857	84,866	85,278	88,932	97,584	356,660
Plus: Fully Taxable Equivalent Adjustment	17,270	10,732	2,930	3,109	3,412	3,633	13,085
Net Interest Income on a Fully Taxable Equivalent Basis (non-GAAP)	294,554	349,589	87,796	88,387	92,344	101,217	369,745
Non Interest Income (GAAP)	71,009	76,459	18,713	21,614	22,116	24,245	86,688
Less: Investment Securities Gains (Losses)	(2,631)	(4,269)	(1,140)	(1,843)	(393)	(1,039)	(4,415)
Adjusted Non Interest Income (non-GAAP)	68,378	72,190	17,573	19,771	21,723	23,206	82,273
Adjusted Revenue (non-GAAP)	362,932	421,779	105,369	108,158	114,067	124,423	452,018
<b>Efficiency Ratio (non-GAAP)</b>	<b>54.56%</b>	<b>50.21%</b>	<b>51.18%</b>	<b>51.00%</b>	<b>57.60%</b>	<b>51.07%</b>	<b>52.73%</b>

## FORWARD DIVIDEND YIELD

	4Q19
Most recent quarter's dividend per share	\$ 0.26
Most recent quarter's dividend per share - Annualized	\$ 1.04
Stock Price at 12/31/19	\$ 41.59
<b>Forward Dividend Yield</b>	<b>2.50%</b>

## DIVIDEND PAYOUT RATIO

	2019 YTD
Dividends per share	\$ 1.00
Earnings Per Share	\$ 3.19
<b>Dividend Payout Ratio</b>	<b>31.4%</b>

# Appendix – Non-GAAP Reconciliation

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

	2017	2018	3Q19	2019
<b>Total Risk-Based Capital (Subsidiary Bank Only)</b>				
Total Stockholders' Equity (GAAP)	\$ 1,404,303	\$ 1,456,220	\$ 1,764,062	\$ 1,787,006
Adjust for Accumulated Other Comprehensive (Income) Loss <sup>1</sup>	763	19,031	(28,403)	(30,495)
Less: Preferred Stock	(125)	(125)	(125)	(125)
Less: Tier 1 Capital Deductions	-	-	-	-
Less: Disallowed Goodwill and Intangible Assets	(463,618)	(463,076)	(569,648)	(569,021)
Less: Disallowed Deferred Tax Assets	-	-	(2,917)	-
Total Tier 1 Capital (Regulatory)	941,323	1,012,050	1,162,969	1,187,365
Allowance for Loan Losses includible in Tier 2 Capital	75,032	80,552	80,571	80,284
<b>Total Risk-Based Capital (Regulatory)</b>	<b>\$ 1,016,355</b>	<b>\$ 1,092,602</b>	<b>\$ 1,243,540</b>	<b>\$ 1,267,649</b>
Construction, Land and Land Development Loans	\$ 612,219	\$ 545,729	\$ 670,138	\$ 787,568
<b>Concentration as a % of the Bank's Risk-Based Capital</b>	<b>60%</b>	<b>50%</b>	<b>54%</b>	<b>62%</b>
Construction, Land and Land Development Loans	\$ 612,219	\$ 545,729	\$ 670,138	\$ 787,568
Investment Real Estate Loans	1,617,943	1,865,544	2,012,430	1,902,692
Total Construction and Investment RE Loans	\$ 2,230,162	\$ 2,411,273	\$ 2,682,568	\$ 2,690,260
<b>Concentration as a % of the Bank's Risk-Based Capital</b>	<b>219%</b>	<b>221%</b>	<b>216%</b>	<b>212%</b>

<sup>1</sup> 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):

	1Q19	2Q19	3Q19	4Q19
Loans Held for Sale (GAAP)	\$ 3,330	\$ 5,854	\$ 7,910	\$ 9,037
Loans (GAAP)	7,299,320	7,511,370	8,299,260	8,459,310
Total Loans	7,302,650	7,517,224	8,307,170	8,468,347
Less: Purchased Loans	(782,114)	(706,916)	(1,369,064)	(1,234,616)
<b>Non-Purchased Loans (non-GAAP)</b>	<b>\$ 6,520,536</b>	<b>\$ 6,810,308</b>	<b>\$ 6,938,106</b>	<b>\$ 7,233,731</b>
Allowance for Loan Losses (GAAP)	\$ 80,902	\$ 81,274	\$ 80,571	\$ 80,284
Fair Value Adjustment (FVA) (GAAP)	27,768	25,545	41,265	36,622
<b>Allowance plus FVA (non-GAAP)</b>	<b>\$ 108,670</b>	<b>\$ 106,819</b>	<b>\$ 121,836</b>	<b>\$ 116,906</b>
Purchased Loans (GAAP)	\$ 782,114	\$ 706,916	\$ 1,369,064	\$ 1,234,616
Fair Value Adjustment (FVA) (GAAP)	27,768	25,545	41,265	36,622
<b>Purchased Loans plus FVA (non-GAAP)</b>	<b>\$ 809,882</b>	<b>\$ 732,461</b>	<b>\$ 1,410,329</b>	<b>\$ 1,271,238</b>
<b>Allowance as a Percentage of Non-Purchased Loans (non-GAAP)</b>	<b>1.24%</b>	<b>1.19%</b>	<b>1.16%</b>	<b>1.11%</b>
<b>FVA as a Percentage of Purchased Loans plus FVA (non-GAAP)</b>	<b>3.43%</b>	<b>3.49%</b>	<b>2.93%</b>	<b>2.88%</b>

