



**First Merchants
Corporation**

NASDAQ: FRME

3rd Quarter Earnings Highlights

October 24, 2019

Forbes 2019
**BEST BANKS
IN AMERICA**

First Merchants Bank
Ranked #2 in 2019



**Best Places to
Work** in IL
2019
A workplace analysis and competition

**BEST
PLACES
TO WORK IN
INDIANA**
2019

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.

Michael C. Rechin

President

Chief Executive Officer

3rd Quarter 2019 Highlights

- › Acquisition of MBT Financial Corporation Completed on September 1, 2019
- › \$36.8 Million of Net Income, or \$0.71 Per Share
- › Acquisition Expense Totaled \$11.2 Million, or \$0.17 Per Share
- › Total Assets of \$12.3 Billion; Grew by 25.9% over 3Q 2018
- › Annualized Organic Loan Growth of 3.1%
- › Annualized Organic Deposit Growth of 16.4%
- › \$21.26 TBV Per Share; 15% Annualized Increase since 4Q 2018

Mark K. Hardwick

Executive Vice President

Chief Financial Officer and Chief Operating Officer

Total Assets

(\$ in Millions)	<u>2017</u>	<u>2018</u>	<u>Q1-'19</u>	<u>Q2-'19</u>	<u>Q3-'19</u>
1. Investments	\$1,561	\$1,633	\$ 1,863	\$ 2,093	\$ 2,489
2. Loans	6,758	7,229	7,303	7,517	8,307
3. Allowance	(75)	(81)	(81)	(81)	(81)
4. Goodwill & Intangibles	477	470	468	467	580
5. BOLI	224	225	226	226	287
6. Other	<u>422</u>	<u>409</u>	<u>432</u>	<u>516</u>	<u>743</u>
7. Total Assets	<u>\$9,367</u>	<u>\$9,885</u>	<u>\$10,211</u>	<u>\$10,738</u>	<u>\$12,325</u>

Annualized Asset Growth

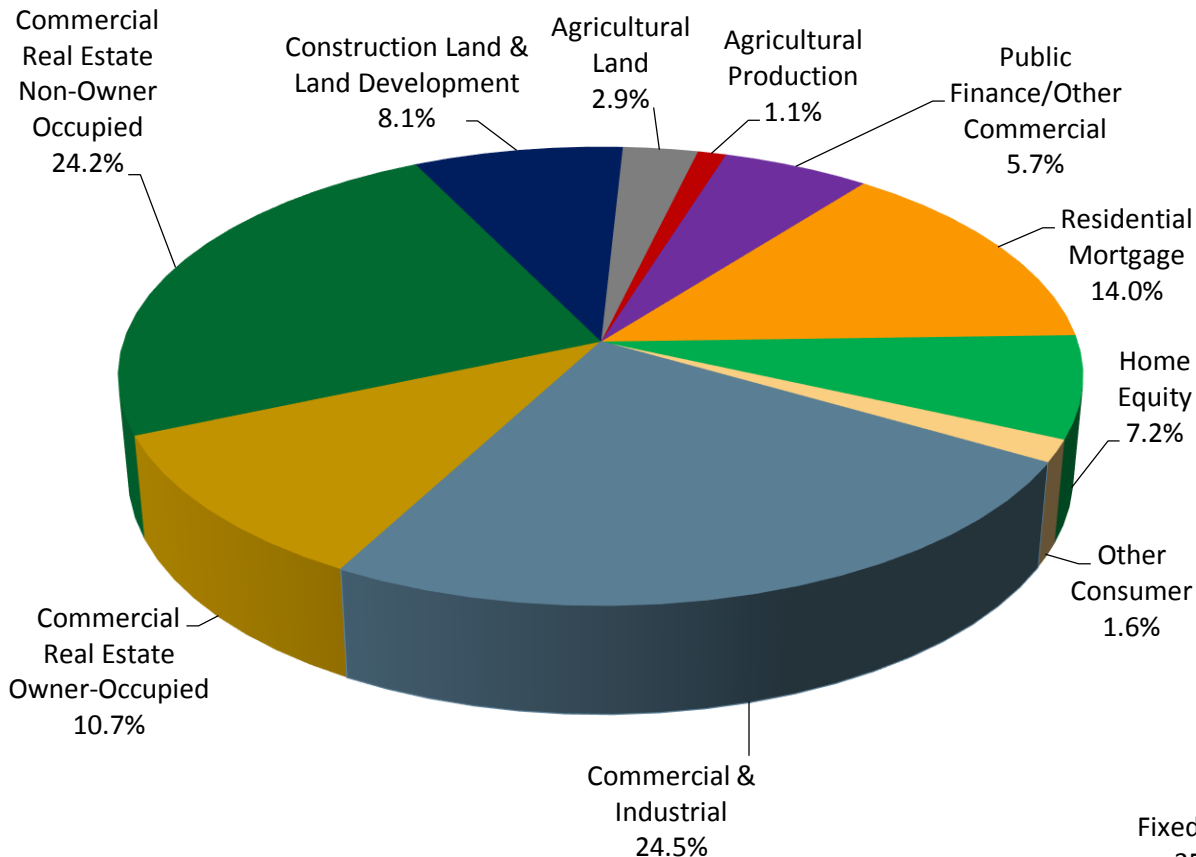
5.5%

32.9%¹

¹ Annualized from December 31, 2018

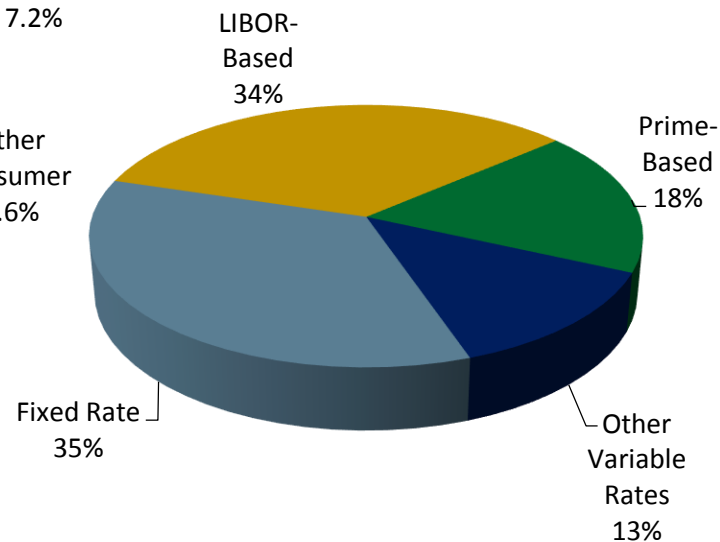
Loan Yield and Detail

(as of September 30, 2019)



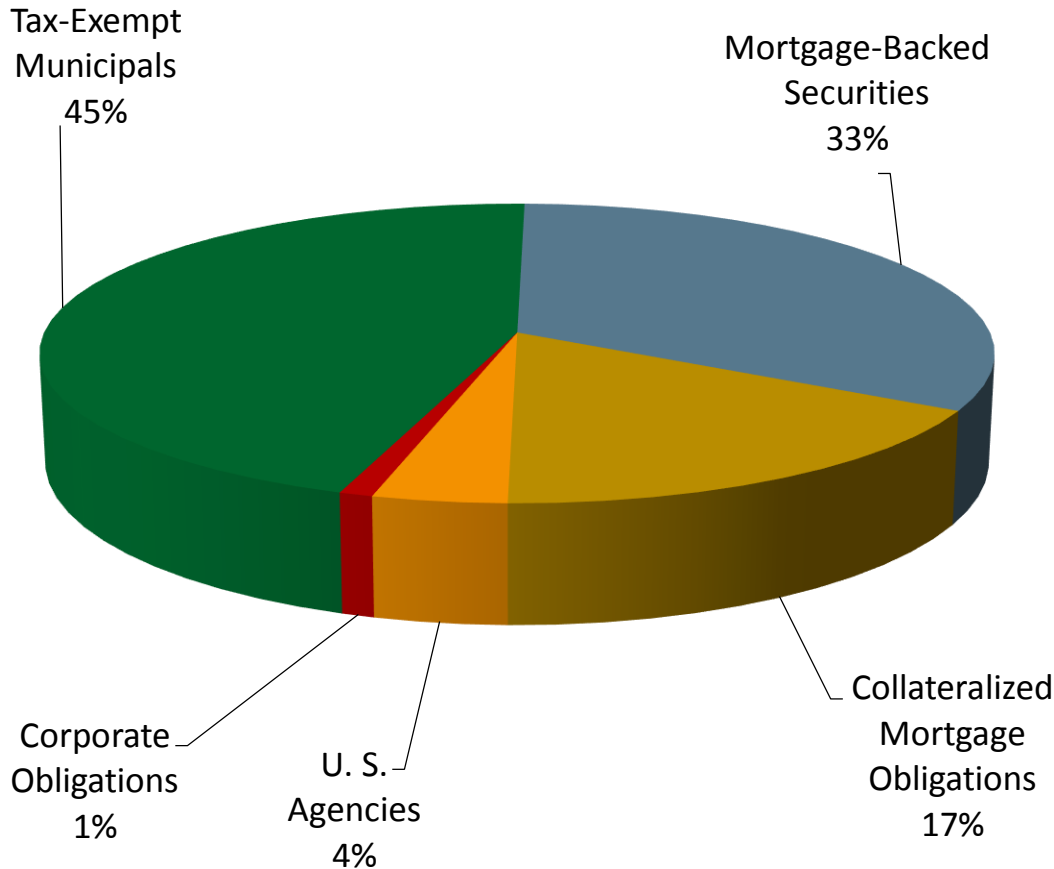
QTD Yield	=	5.28%
YTD Yield	=	5.30%
Total Loans	=	\$8.3 Billion

Variable	=	\$5.4 Billion
Fixed	=	\$2.9 Billion



Investment Portfolio

(as of September 30, 2019)



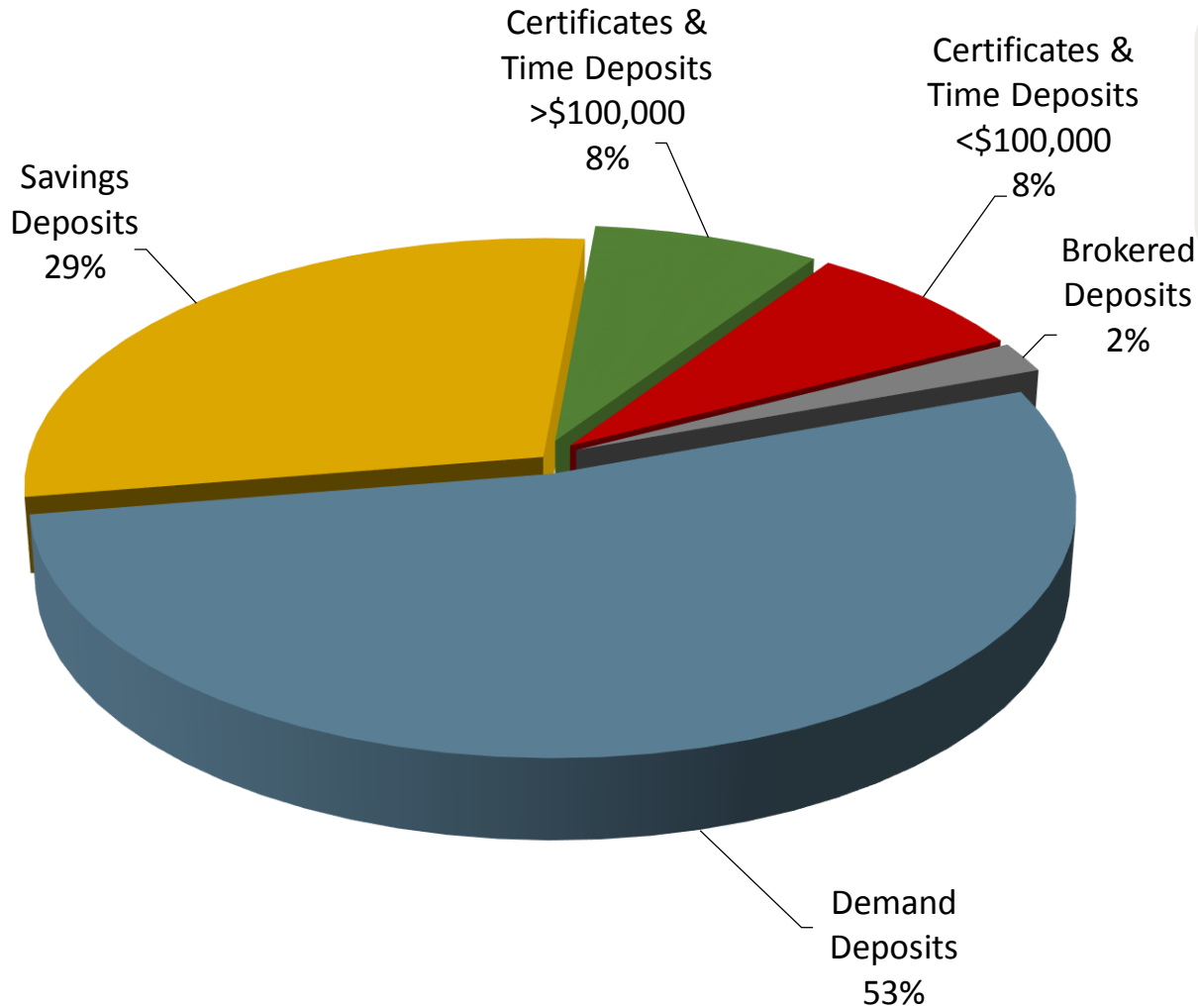
- › \$2.5 Billion Portfolio
- › Modified duration of 4.7 years
- › Tax equivalent yield of 3.22%
- › Net unrealized gain of \$75.8 Million

Total Liabilities and Capital

(\$ in Millions)	<u>2017</u>	<u>2018</u>	<u>Q1-'19</u>	<u>Q2-'19</u>	<u>Q3-'19</u>
1. Customer Non-Maturity Deposits	\$5,741	\$6,268	\$ 6,439	\$ 6,668	\$ 7,993
2. Customer Time Deposits	1,051	1,241	1,375	1,450	1,543
3. Brokered Deposits	<u>381</u>	<u>246</u>	<u>234</u>	<u>201</u>	<u>229</u>
Total Deposits	7,173	7,755	8,048	8,319	9,765
4. Borrowings	701	538	481	659	551
5. Other Liabilities	57	51	92	124	126
6. Hybrid Capital	133	133	134	134	134
7. Common Equity	<u>1,303</u>	<u>1,408</u>	<u>1,456</u>	<u>1,502</u>	<u>1,749</u>
8. Total Liabilities and Capital	<u>\$9,367</u>	<u>\$9,885</u>	<u>\$10,211</u>	<u>\$10,738</u>	<u>\$12,325</u>

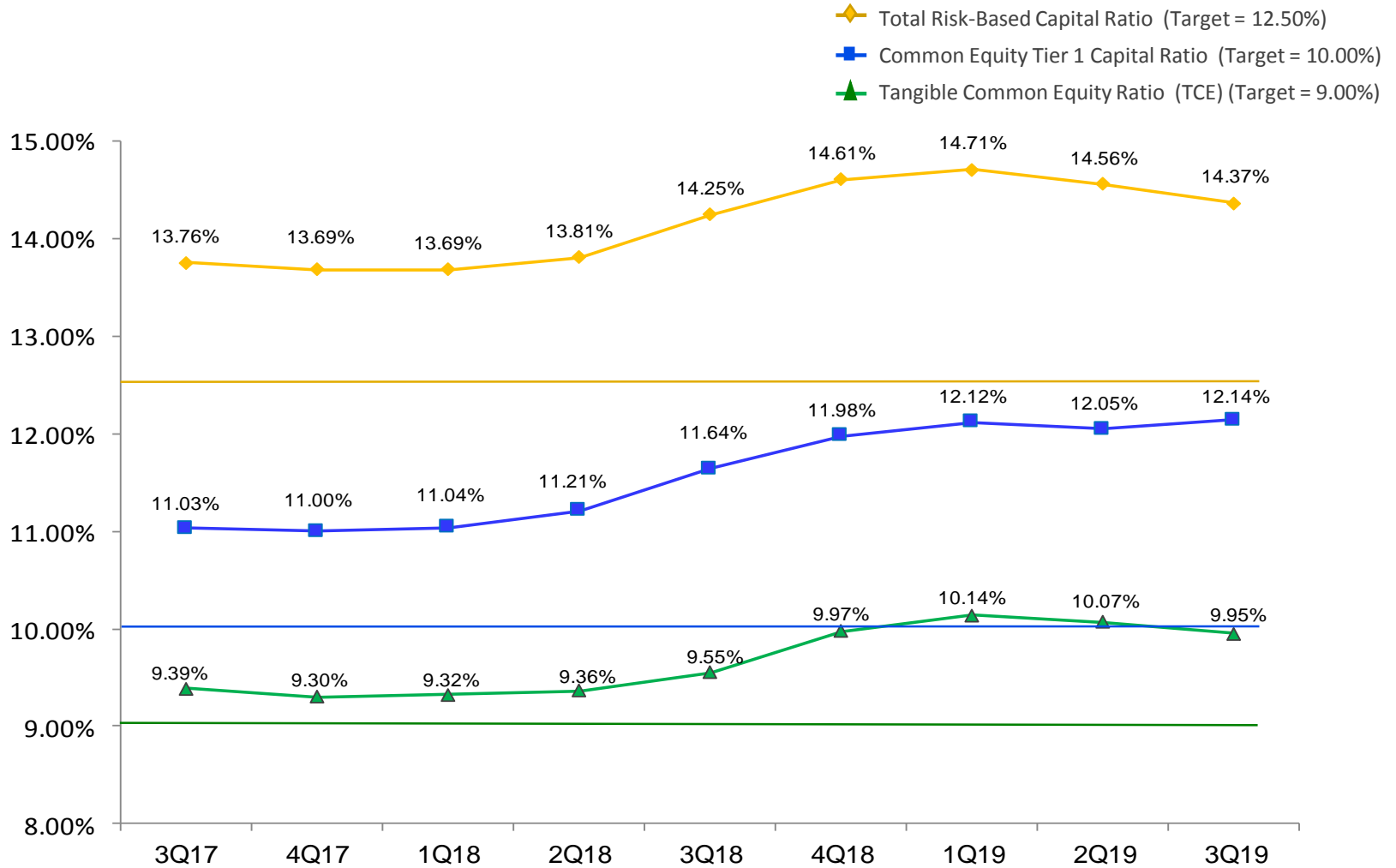
Deposit Detail

(as of September 30, 2019)



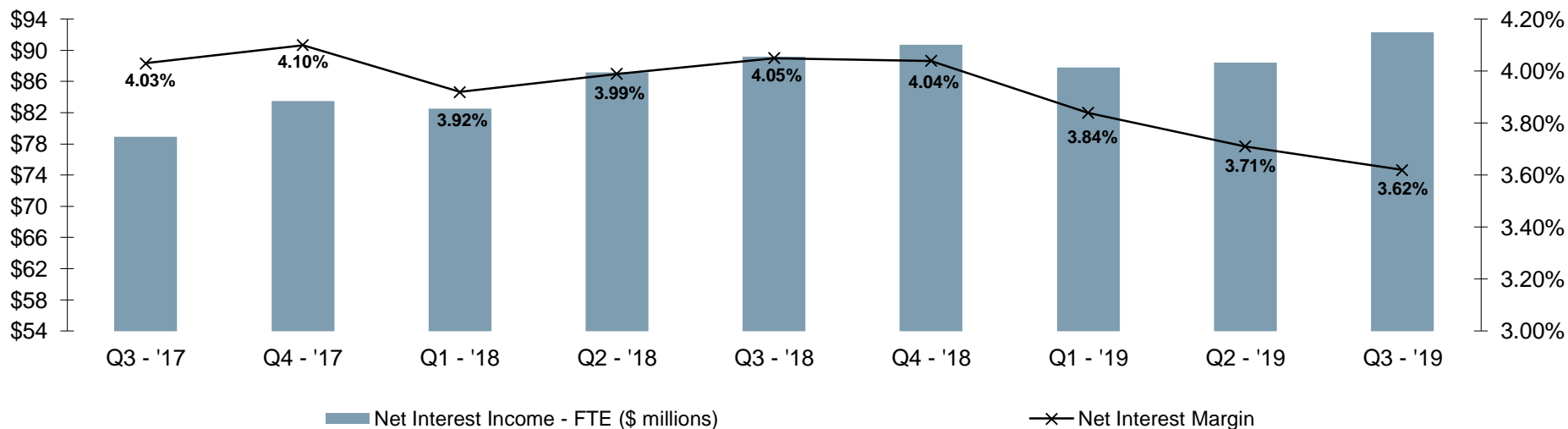
QTD Cost	=	1.33%
YTD Cost	=	1.29%
Total	=	\$9.8 Billion

Capital Ratios



Net Interest Margin

	<u>Q3 - '17</u>	<u>Q4 - '17</u>	<u>Q1 - '18</u>	<u>Q2 - '18</u>	<u>Q3 - '18</u>	<u>Q4 - '18</u>	<u>Q1 - '19</u>	<u>Q2 - '19</u>	<u>Q3 - '19</u>
Net Interest Income - FTE (\$ millions)	\$ 78.9	\$ 83.5	\$ 82.5	\$ 87.2	\$ 89.2	\$ 90.7	\$ 87.8	\$ 88.4	\$ 92.3
Fair Value Accretion	\$ 3.2	\$ 4.1	\$ 3.2	\$ 3.8	\$ 3.2	\$ 3.9	\$ 2.3	\$ 2.2	\$ 2.5
Tax Equivalent Yield on Earning Assets	4.56%	4.67%	4.57%	4.74%	4.88%	4.97%	4.89%	4.86%	4.77%
Interest Expense/Average Earning Assets	0.53%	0.57%	0.65%	0.75%	0.83%	0.93%	1.05%	1.15%	1.15%
Net Interest Margin	4.03%	4.10%	3.92%	3.99%	4.05%	4.04%	3.84%	3.71%	3.62%
Fair Value Accretion Effect	0.17%	0.20%	0.15%	0.18%	0.15%	0.17%	0.09%	0.09%	0.10%



Non-Interest Income

(\$ in Millions)	<u>2017</u>	<u>2018</u>	<u>Q1-'19</u>	<u>Q2-'19</u>	<u>Q3-'19</u>
1. Service Charges on Deposit Accounts	\$ 18.7	\$ 21.0	\$ 5.1	\$ 5.4	\$ 6.1
2. Wealth Management Fees	14.7	14.9	3.8	3.9	4.4
3. Card Payment Fees	16.1	18.0	4.8	4.9	5.2
4. Gains on Sales of Mortgage Loans	7.6	7.0	1.3	1.7	2.2
5. Derivative Hedge Fees	2.0	2.5	0.8	1.5	1.7
6. Other Customer Fees	1.7	1.9	0.5	0.3	0.5
7. Cash Surrender Value of Life Ins	6.6	4.2	1.0	0.9	1.1
8. Gains on Sales of Securities	2.6	4.3	1.1	1.9	0.4
9. Other	<u>1.0</u>	<u>2.7</u>	<u>0.3</u>	<u>1.1</u>	<u>0.5</u>
10. Total Non-Interest Income	<u>\$71.0</u>	<u>\$76.5</u>	<u>\$18.7</u>	<u>\$21.6</u>	<u>\$22.1</u>

Non-Interest Expense

(\$ in Millions)	<u>2017</u>	<u>2018</u>	<u>Q1-'19</u>	<u>Q2-'19</u>	<u>Q3-'19</u>
1. Salary & Benefits	\$119.8	\$131.7	\$33.0	\$32.7	\$38.9
2. Premises & Equipment	30.1	32.7	8.7	8.6	8.8
3. Intangible Asset Amortization	5.6	6.7	1.5	1.5	1.4
4. Professional & Other Outside Services	12.8	8.2	1.9	2.4	8.3
5. OREO/Credit-Related Expense	1.9	1.5	1.2	0.9	0.3
6. FDIC Expense	2.6	2.9	0.7	0.7	(0.7)
7. Outside Data Processing	12.2	13.2	3.7	3.9	4.4
8. Marketing	3.7	4.7	1.1	2.7	1.3
9. Other	<u>16.9</u>	<u>18.4</u>	<u>4.8</u>	<u>4.2</u>	<u>4.6</u>
10. Total Non-Interest Expense	<u>\$ 205.6</u>	<u>\$ 220.0</u>	<u>\$56.6</u> *	<u>\$57.6</u> *	<u>\$67.3</u> *

*Includes acquisition-related expenses of \$0.2 in Q1-'19; \$0.5 in Q2-'19; and \$11.2 in Q3-'19.

Earnings

(\$ in Millions)	<u>2017</u>	<u>2018</u>	<u>Q1-'19</u>	<u>Q2-'19</u>	<u>Q3-'19</u>
1. Net Interest Income	\$ 277.3	\$ 338.8	\$84.9	\$85.3	\$88.9
2. Provision for Loan Losses	<u>(9.1)</u>	<u>(7.2)</u>	<u>(1.2)</u>	<u>(0.5)</u>	<u>(0.6)</u>
3. Net Interest Income after Provision	268.2	331.6	83.7	84.8	88.3
4. Non-Interest Income	71.0	76.5	18.7	21.6	22.1
5. Non-Interest Expense	<u>(205.6)</u>	<u>(220.0)</u>	<u>(56.6)</u>	<u>(57.6)</u>	<u>(67.3)</u>
6. Income before Income Taxes	133.6	188.1	45.8	48.8	43.1
7. Income Tax Expense	<u>(37.5)</u>	<u>(29.0)</u>	<u>(6.9)</u>	<u>(7.7)</u>	<u>(6.3)</u>
8. Net Income Avail. for Distribution	<u>\$ 96.1</u>	<u>\$ 159.1</u>	<u>\$38.9</u>	<u>\$41.1</u>	<u>\$36.8</u>
9. EPS	\$ 2.12	\$ 3.22	\$0.78	\$0.83	\$0.71 ¹
10. Efficiency Ratio	54.56%	50.21%	51.18%	51.00%	57.60% ²

¹Acquisition-related expenses reduced EPS by \$0.17

²Acquisition-related expenses increased the Efficiency Ratio by 9.77%

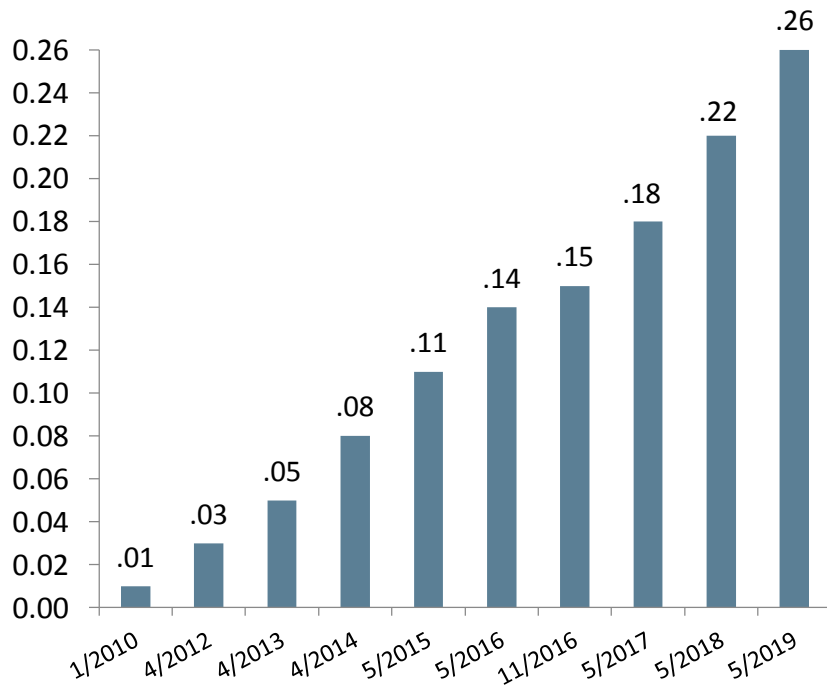
Per Share Results

<u>2018</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Total</u>
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	
<u>2019</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Total</u>
1. Earnings Per Share	\$.78	\$.83	\$.71 ¹	–	\$2.32
2. Dividends	\$.22	\$.26	\$.26	–	\$.74
3. Tangible Book Value	\$20.07	\$21.01	\$21.26		

¹Acquisition-related expenses reduced EPS by \$0.17

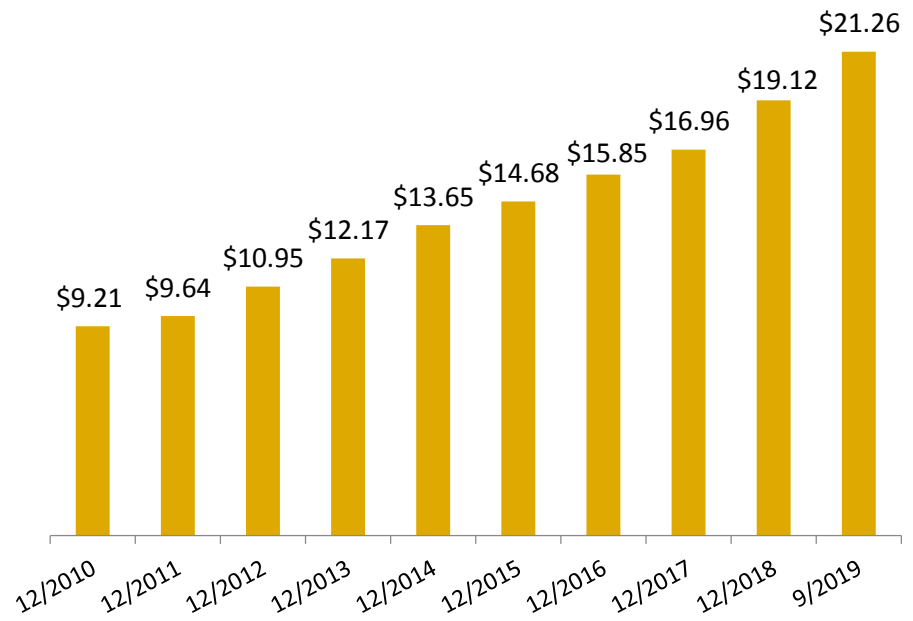
Dividends and Tangible Book Value

Quarterly Dividends



2.76% Forward Dividend Yield
Equals 31.9% Dividend Payout Ratio

Tangible Book Value



Compound Annual Growth Rate of 10.03%

John J. Martin

Executive Vice President

Chief Credit Officer

Loan Portfolio Trends

(\$ in Millions)	2017	2018	Q1-'19	Q2-'19	Q3-'19 ¹	MBT	FMB Q3-'19	Change Linked Quarter		
								\$ ¹	\$	%
1. Commercial & Industrial	\$ 1,494	\$ 1,727	\$ 1,789	\$ 1,877	\$ 1,879	\$ 155	\$ 2,034	\$ 2	\$ 157	8.4%
2. CRE Owner Occupied	700	725	714	726	755	137	892	29	166	22.9%
3. Construction, Land and Land Development	612	546	542	625	646	24	670	21	45	7.2%
4. CRE Non-Owner Occupied	1,618	1,865	1,888	1,865	1,848	164	2,012	(17)	147	7.9%
5. Agricultural Production	122	92	80	83	84	7	91	1	8	9.6%
6. Agricultural Land	244	242	237	231	227	13	240	(4)	9	3.9%
7. Public Finance/Other Commercial	<u>397</u>	<u>433</u>	<u>428</u>	<u>464</u>	<u>469</u>	<u>3</u>	<u>472</u>	<u>5</u>	<u>8</u>	1.7%
8. Total Commercial Loans	5,187	5,630	5,678	5,871	5,908	503	6,411	37	540	9.2%
9. Residential Mortgage	970	970	980	1,000	1,016	145	1,161	16	161	16.1%
10. Home Equity	514	528	536	548	552	49	601	4	53	9.7%
11. Other Consumer	<u>87</u>	<u>101</u>	<u>109</u>	<u>98</u>	<u>100</u>	<u>34</u>	<u>134</u>	<u>2</u>	<u>36</u>	36.7%
12. Total Residential Mortgage and Consumer Loans	1,571	1,599	1,625	1,646	1,668	228	1,896	22	250	15.2%
13. Total Loans	\$ 6,758	\$ 7,229	\$ 7,303	\$ 7,517	\$ 7,576	\$ 731	\$ 8,307	\$ 59	\$ 790	10.5%
Construction Concentration ²	60%	50%	49%	56%			54%			
Investment RE Concentration ²	219%	221%	221%	223%			216%			

¹ Excludes acquired MBT loans

² As a % of Risk Based Capital

Asset Quality Summary

(\$ in Millions)

	<u>2017</u>	<u>2018</u>	<u>Q1-'19</u>	<u>Q2-'19</u>	<u>Q3-'19¹</u>	<u>MBT</u>	<u>FMB</u>	<u>Change</u>		
							<u>Q3-'19</u>	<u>Linked</u>	<u>Quarter</u>	<u>\$¹</u>
1. Non-Accrual Loans	\$ 28.7	\$ 26.1	\$ 28.0	\$ 25.6	\$ 17.2	\$ 5.5	\$ 22.7	\$ (8.4)	\$ (2.9)	(11.3%)
2. Other Real Estate	10.4	2.2	1.9	1.1	7.0	0.1	7.1	5.9	6.0	545.5%
3. Renegotiated Loans	1.0	1.1	0.7	0.7	0.6	-	0.6	(0.1)	(0.1)	(14.3%)
4. 90+ Days Delinquent Loans	0.9	1.9	0.1	0.2	0.1	-	0.1	(0.1)	(0.1)	(50.0%)
5. Total NPAs & 90+ Days Delinquent	\$ 41.0	\$ 31.3	\$ 30.7	\$ 27.6	\$ 24.9	\$ 5.6	\$ 30.5	\$ (2.7)	\$ 2.9	10.5%
6. Total NPAs & 90+ Days/Loans & ORE	0.6%	0.4%	0.4%	0.4%	0.3%	0.8%	0.4%			
7. Classified Assets	\$153.1	\$173.2	\$169.6	\$170.7	\$ 176.6	\$ 14.6	\$ 191.2	\$ 5.9	\$ 20.5	12.0%

¹ Excludes acquired MBT loans

Non-Performing Asset Reconciliation

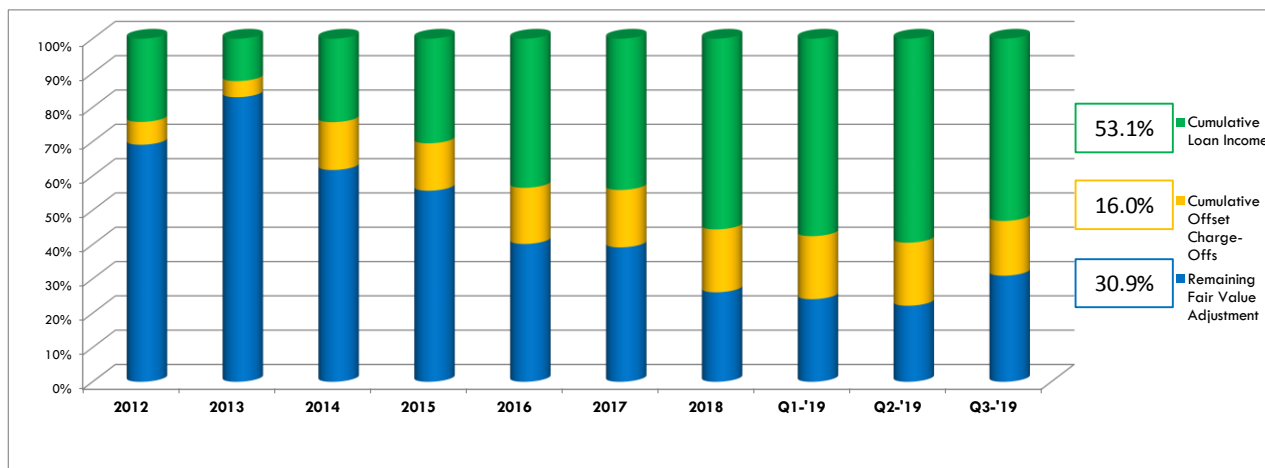
(\$ in Millions)

	<u>Q4-'18</u>	<u>Q1-'19</u>	<u>Q2-'19</u>	<u>Q3-'19¹</u>	<u>MBT</u>	<u>FMB</u> <u>Q3-'19</u>
1. Beginning Balance NPAs & 90+ Days Delinquent	\$ 30.3	\$ 31.3	\$ 30.7	\$ 27.6		\$ 27.6
<u>Non-Accrual</u>						
2. Add: New Non-Accruals	12.1	5.2	1.6	2.0	\$ 5.5	7.5
3. Less: To Accrual/Payoff/Renegotiated	(5.4)	(1.2)	(2.5)	(2.1)		(2.1)
4. Less: To OREO	(0.3)	(0.2)	0.0	(6.4)		(6.4)
5. Less: Charge-offs	<u>(0.7)</u>	<u>(1.9)</u>	<u>(1.5)</u>	<u>(1.9)</u>	—	<u>(1.9)</u>
6. Increase / (Decrease): Non-Accrual Loans	5.7	1.9	(2.4)	(8.4)	5.5	(2.9)
<u>Other Real Estate Owned (ORE)</u>						
7. Add: New ORE Properties	0.3	0.2	0.0	6.4	0.1	6.5
8. Less: ORE Sold	(6.8)	(0.2)	(0.5)	(0.4)		(0.4)
9. Less: ORE Losses (write-downs)	<u>(0.2)</u>	<u>(0.3)</u>	<u>(0.3)</u>	<u>(0.1)</u>	—	<u>(0.1)</u>
10. Increase / (Decrease): ORE	(6.7)	(0.3)	(0.8)	5.9	0.1	6.0
11. Increase / (Decrease): 90+ Days Delinquent	1.8	(1.8)	0.1	(0.1)		(0.1)
12. Increase / (Decrease): Renegotiated Loans	0.2	(0.4)	0.0	(0.1)	—	(0.1)
13. Total NPAs & 90+ Days Delinquent Change	1.0	(0.6)	(3.1)	(2.7)	5.6	2.9
14. Ending Balance NPAs & 90+ Days Delinquent	\$ 31.3	\$ 30.7	\$ 27.6	\$ 24.9	\$ 5.6	\$ 30.5

¹ Excludes acquired MBT loans

ALLL and Fair Value Summary

(\$ in Millions)	<u>Q4-'18</u>	<u>Q1-'19</u>	<u>Q2-'19</u>	<u>Q3-'19</u>
1. Beginning Allowance for Loan Losses (ALLL)	\$ 78.4	\$ 80.6	\$ 80.9	\$ 81.3
2. Less: Net Charge-offs (Recoveries)	(0.5)	0.9	0.1	1.3
3. Add: Provision Expense	<u>1.7</u>	<u>1.2</u>	<u>0.5</u>	<u>0.6</u>
4. Ending Allowance for Loan Losses (ALLL)	\$ 80.6	\$ 80.9	\$ 81.3	\$ 80.6
<hr/>				
5. Specific Reserves	\$ 1.9	\$ 1.6	\$ 2.3	\$ 2.3
6. ALLL/Non-Accrual Loans	308.1%	289.5%	317.0%	354.5%
7. ALLL/Non-Purchased Loans	1.26%	1.24%	1.19%	1.16%
8. ALLL/Loans	1.11%	1.11%	1.08%	0.97%
<hr/>				
9. Fair Value Adjustment (FVA)	\$ 30.0	\$ 27.8	\$ 25.6	\$ 41.3
10. Total ALLL plus FVA	110.6	108.7	106.8	121.9
11. Purchased Loans plus FVA	874.3	809.9	732.5	1,410.3
12. FVA/Purchased Loans plus FVA	3.44%	3.43%	3.49%	2.93%



Portfolio Summary

- › Strong economic tailwinds, including low unemployment, low inflation and low interest rates, continue to contribute to stable and improving credit metrics. A lot of global economic discussion to monitor in 2020.
- › 3rd quarter organic loan portfolio growth of 3.1% annualized. Drivers included Commercial Real Estate and Private Banking.
- › MBT loan portfolio adds a similar mix of asset types and asset quality to the existing portfolio.
- › Portfolio monitoring mechanisms are in place for a changing economy.

Michael C. Rechin

President

Chief Executive Officer

Strategy and Tactics Overview

Looking Forward...

- › Integration of Monroe Bank & Trust in the 4Q 2019
- › Grow Net Interest Income, Despite Margin Pressure
- › Maintain Loan and Deposit Pricing Discipline
- › Leverage Balance Sheet Position. . . Liquidity and Capital Optimization
- › Sustain Organic Growth Protocol. Manage Market Presence, Core Banking Business Margin and Fee Generation
- › Expand company-wide Corporate Social Responsibility Program



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:
Nicole Weaver, Investor Relations
765.521.7619
nweaver@firstmerchants.com

Appendix

Appendix – Non-GAAP Reconciliation

CAPITAL RATIOS (dollars in thousands):

	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19
Total Risk-Based Capital Ratio									
Total Stockholders' Equity (GAAP)	1,283,120	1,303,463	1,313,073	1,340,328	1,361,426	1,408,260	1,455,848	1,501,636	1,749,012
Adjust for Accumulated Other Comprehensive (Income) Loss	6,358	3,534	21,725	24,868	35,409	21,422	1,595	(14,602)	(25,648)
Less: Preferred Stock	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)
Add: Qualifying Capital Securities	65,864	65,919	65,975	66,030	66,086	66,141	66,197	66,252	66,308
Less: Tier 1 Capital Deductions	-	-	-	-	-	-	-	-	-
Less: Disallowed Goodwill and Intangible Assets	(462,080)	(464,066)	(467,518)	(466,063)	(464,658)	(463,525)	(462,202)	(460,885)	(570,098)
Less: Disallowed Deferred Tax Assets	-	-	(2,594)	(2,104)	(1,111)	-	(4,037)	(2,587)	(3,460)
Total Tier 1 Capital (Regulatory)	\$ 893,137	\$ 908,725	\$ 930,536	\$ 962,934	\$ 997,027	\$ 1,032,173	\$ 1,057,276	\$ 1,089,689	\$ 1,215,989
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	73,354	75,032	76,420	77,543	78,406	80,552	80,902	81,274	80,571
Total Risk-Based Capital (Regulatory)	\$ 1,031,491	\$ 1,048,757	\$ 1,071,956	\$ 1,105,477	\$ 1,140,433	\$ 1,177,725	\$ 1,203,178	\$ 1,235,963	\$ 1,361,560
Net Risk-Weighted Assets (Regulatory)	\$ 7,497,321	\$ 7,660,604	\$ 7,831,727	\$ 8,002,666	\$ 8,001,191	\$ 8,060,882	\$ 8,176,677	\$ 8,491,188	\$ 9,474,126
Total Risk-Based Capital Ratio (Regulatory)	13.76%	13.69%	13.69%	13.81%	14.25%	14.61%	14.71%	14.56%	14.37%
Common Equity Tier 1 Capital Ratio									
Total Tier 1 Capital (Regulatory)	\$ 893,137	\$ 908,725	\$ 930,536	\$ 962,934	\$ 997,027	\$ 1,032,173	\$ 1,057,276	\$ 1,089,689	\$ 1,215,989
Less: Qualified Capital Securities	(65,864)	(65,919)	(65,975)	(66,030)	(66,086)	(66,141)	(66,197)	(66,252)	(66,308)
Add: Additional Tier 1 Capital Deductions	-	-	-	-	-	-	-	-	-
Common Equity Tier 1 Capital (Regulatory)	\$ 827,273	\$ 842,806	\$ 864,561	\$ 896,904	\$ 930,941	\$ 966,032	\$ 991,079	\$ 1,023,437	\$ 1,149,681
Net Risk-Weighted Assets (Regulatory)	\$ 7,497,321	\$ 7,660,604	\$ 7,831,727	\$ 8,002,666	\$ 8,001,191	\$ 8,060,882	\$ 8,176,677	\$ 8,491,188	\$ 9,474,126
Common Equity Tier 1 Capital Ratio (Regulatory)	11.03%	11.00%	11.04%	11.21%	11.64%	11.98%	12.12%	12.05%	12.14%

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.

Appendix – Non-GAAP Reconciliation

TANGIBLE COMMON EQUITY RATIO (dollars in thousands):

	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19
Total Stockholders' Equity (GAAP)	\$ 1,283,120	\$ 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)	(125)
Less: Intangible Assets	(478,558)	(476,503)	(474,777)	(473,059)	(471,409)	(469,784)	(468,256)	(466,736)	(579,751)
Tangible Common Equity (non-GAAP)	\$ 804,437	\$ 826,835	\$ 838,171	\$ 867,144	\$ 889,892	\$ 938,351	\$ 987,467	\$ 1,034,775	\$ 1,169,136
Total Assets (GAAP)	\$ 9,049,403	\$ 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	(478,558)	(476,503)	(474,777)	(473,059)	(471,409)	(469,784)	(468,256)	(466,736)	(579,751)
Tangible Assets (non-GAAP)	\$ 8,570,845	\$ 8,890,975	\$ 8,998,019	\$ 9,261,656	\$ 9,315,873	\$ 9,414,932	\$ 9,742,669	\$ 10,271,121	\$ 11,745,310
Tangible Common Equity Ratio (non-GAAP)	9.39%	9.30%	9.32%	9.36%	9.55%	9.97%	10.14%	10.07%	9.95%

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
Tangible Common Equity per Share (non-GAAP)	\$ 9.21	\$ 9.64	\$ 10.95	\$ 12.17	\$ 13.65	\$ 14.68	\$ 15.85	\$ 16.96	\$ 17.14	\$ 17.71	\$ 18.16	\$ 19.12	\$ 20.07	\$ 21.01	\$ 21.26

Appendix – Non-GAAP Reconciliation

EFFICIENCY RATIO (dollars in thousands):

	2017	2018	1Q19	2Q19	3Q19
Non Interest Expense (GAAP)	\$ 205,556	\$ 219,951	\$ 56,621	\$ 57,587	\$ 67,354
Less: Intangible Asset Amortization	(5,647)	(6,719)	(1,528)	(1,520)	(1,356)
Less: OREO and Foreclosure Expenses	(1,903)	(1,470)	(1,165)	(903)	(294)
Adjusted Non Interest Expense (non-GAAP)	<u>198,006</u>	<u>211,762</u>	<u>53,928</u>	<u>55,164</u>	<u>65,704</u>
Net Interest Income (GAAP)	277,284	338,857	84,866	85,278	88,932
Plus: Fully Taxable Equivalent Adjustment	17,270	10,732	2,930	3,109	3,412
Net Interest Income on a Fully Taxable Equivalent Basis (non-GAAP)	<u>294,554</u>	<u>349,589</u>	<u>87,796</u>	<u>88,387</u>	<u>92,344</u>
Non Interest Income (GAAP)	71,009	76,459	18,713	21,614	22,116
Less: Investment Securities Gains (Losses)	(2,631)	(4,269)	(1,140)	(1,843)	(393)
Adjusted Non Interest Income (non-GAAP)	<u>68,378</u>	<u>72,190</u>	<u>17,573</u>	<u>19,771</u>	<u>21,723</u>
Adjusted Revenue (non-GAAP)	<u>362,932</u>	<u>421,779</u>	<u>105,369</u>	<u>108,158</u>	<u>114,067</u>
Efficiency Ratio (non-GAAP)	54.56%	50.21%	51.18%	51.00%	57.60%

FORWARD DIVIDEND YIELD

	3Q19
Most recent quarter's dividend per share	\$ 0.26
Most recent quarter's dividend per share - Annualized	\$ 1.04
Stock Price at 9/30/19	\$ 37.64
Forward Dividend Yield	2.76%

DIVIDEND PAYOUT RATIO

	2019 YTD
Dividends per share	\$ 0.74
Earnings Per Share	\$ 2.32
Dividend Payout Ratio	31.9%

Appendix – Non-GAAP Reconciliation

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

	2017	2018	1Q19	2Q19	3Q19
Total Risk-Based Capital (Subsidiary Bank Only)					
Total Stockholders' Equity (GAAP)	\$ 1,404,303	\$ 1,456,220	\$ 1,487,947	\$ 1,513,662	\$ 1,764,062
Adjust for Accumulated Other Comprehensive (Income) Loss ¹	763	19,031	(908)	(17,357)	(28,403)
Less: Preferred Stock	(125)	(125)	(125)	(125)	(125)
Less: Tier 1 Capital Deductions	-	-	-	-	-
Less: Disallowed Goodwill and Intangible Assets	(463,618)	(463,076)	(461,754)	(460,436)	(569,648)
Less: Disallowed Deferred Tax Assets	-	-	(4,119)	(2,429)	(2,917)
Total Tier 1 Capital (Regulatory)	941,323	1,012,050	1,021,041	1,033,315	1,162,969
Allowance for Loan Losses includible in Tier 2 Capital	75,032	80,552	80,902	81,274	80,571
Total Risk-Based Capital (Regulatory)	\$ 1,016,355	\$ 1,092,602	\$ 1,101,943	\$ 1,114,589	\$ 1,243,540
Construction, Land and Land Development Loans	\$ 612,219	\$ 545,729	\$ 542,501	\$ 624,548	\$ 670,138
Concentration as a % of the Bank's Risk-Based Capital	60%	50%	49%	56%	54%
Construction, Land and Land Development Loans	\$ 612,219	\$ 545,729	\$ 542,501	\$ 624,548	\$ 670,138
Investment Real Estate Loans	1,617,943	1,865,544	1,887,995	1,865,396	2,012,430
Total Construction and Investment RE Loans	\$ 2,230,162	\$ 2,411,273	\$ 2,430,496	\$ 2,489,944	\$ 2,682,568
Concentration as a % of the Bank's Risk-Based Capital	219%	221%	221%	223%	216%

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):

	4Q18	1Q19	2Q19	3Q19
Loans Held for Sale (GAAP)	\$ 4,778	\$ 3,330	\$ 5,854	\$ 7,910
Loans (GAAP)	7,224,467	7,299,320	7,511,370	8,299,260
Total Loans	7,229,245	7,302,650	7,517,224	8,307,170
Less: Purchased Loans	(844,224)	(782,114)	(706,916)	(1,369,063)
Non-Purchased Loans (non-GAAP)	\$ 6,385,021	\$ 6,520,536	\$ 6,810,308	\$ 6,938,107
Allowance for Loan Losses (GAAP)	\$ 80,552	\$ 80,902	\$ 81,274	\$ 80,571
Fair Value Adjustment (FVA) (GAAP)	30,054	27,768	25,545	41,265
Allowance plus FVA (non-GAAP)	\$ 110,606	\$ 108,670	\$ 106,819	\$ 121,836
Purchased Loans (GAAP)	\$ 844,224	\$ 782,114	\$ 706,916	\$ 1,369,063
Fair Value Adjustment (FVA) (GAAP)	30,054	27,768	25,545	41,265
Purchased Loans plus FVA (non-GAAP)	\$ 874,278	\$ 809,882	\$ 732,461	\$ 1,410,328
Allowance as a Percentage of Non-Purchased Loans (non-GAAP)	1.26%	1.24%	1.19%	1.16%
FVA as a Percentage of Purchased Loans plus FVA (non-GAAP)	3.44%	3.43%	3.49%	2.93%