

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): October 26, 2021

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)

| Title of Each Class | Trading Symbol(s) | Name of each exchange on which registered |
|--|-------------------|---|
| Common Stock, \$0.125 stated 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 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On Tuesday, October 26, 2021, First Merchants Corporation will conduct a third quarter 2021 earnings conference call and web cast at 2:30 p.m. (ET). A copy of the slide presentation utilized on the conference call is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

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

Exhibit 99.1 [Slide Presentation, utilized on October 26, 2021, during conference call and web cast by First Merchants Corporation](#)
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/ Michele M. Kawiecki

Michele M. Kawiecki

Executive Vice President, Chief Financial Officer
(Principal Financial and Accounting Officer)

Dated: October 26, 2021

EXHIBIT INDEX

| <u>Exhibit</u> | <u>Description</u> |
|----------------|--|
| Exhibit 99.1 | Slide Presentation, utilized on October 26, 2021, during conference call and web cast by First Merchants Corporation |
| Exhibit 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document) |



**First Merchants
Corporation**
NASDAQ: FRME

INVESTOR UPDATE
Third Quarter 2021

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 effects of a pandemic or other unforeseeable event; 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.

Executive Management Team



FMB:
24 Yrs

Banking:
24 Yrs

Mark Hardwick Chief Executive Officer

Mark K. Hardwick currently serves as the Chief Executive Officer of First Merchants Corporation and First Merchants Bank. Mark joined First Merchants in November of 1997 as Corporate Controller and was promoted to Chief Financial Officer in April of 2002. In 2016, Mark's title expanded to include Chief Operating Officer, overseeing the leadership responsibilities for finance, operations, technology, risk, legal, and facilities for the corporation. Prior to joining First Merchants Corporation, Mark served as a senior accountant with BKD, LLP in Indianapolis. Mark is a graduate of Ball State University with a Master of Business Administration and Bachelor's degree in Accounting. He is also a certified public accountant and a graduate of the Stonier School of Banking.



FMB:
13 Yrs

Banking:
33 Yrs

Mike Stewart President

Mike Stewart currently serves as President for First Merchants Corporation and First Merchants Bank overseeing the Commercial, Private Wealth, and Consumer Lines of Business for the Bank. Mike joined the bank in 2008 as Chief Banking Officer. Prior to joining First Merchants, Mike spent 18 years with National City Bank having served as Chief Credit Officer of the Indiana Bank. Mike has a Master of Business Administration from Butler University and a Bachelor's degree in Finance from Millikin University.



FMB:
13 Yrs

Banking:
32 Yrs

John Martin Chief Credit Officer

John Martin currently serves as Executive Vice President and Chief Credit Officer of First Merchants Corporation overseeing the Commercial, Small Business and Consumer Credit functions, as well as the Mortgage Line of Business. Prior to joining First Merchants, John spent 18 years with National City Bank in various sales and senior credit roles. John is a graduate of Indiana University where he earned a Bachelor of Arts in Economics. He also holds a Master of Business Administration in Finance from Case Western Reserve University.



FMB:
6 Yrs

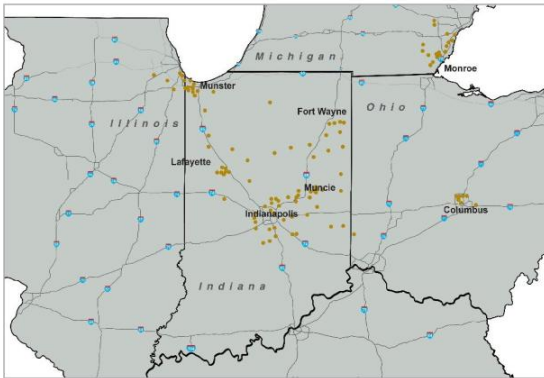
Banking:
18 Yrs

Michele Kawiecki Chief Financial Officer

Michele Kawiecki currently serves as Executive Vice President and Chief Financial Officer for First Merchants Corporation and First Merchants Bank. Michele joined First Merchants in 2015 as Director of Finance. Prior to joining First Merchants, Michele spent 12 years with UMB Financial Corporation in Kansas City, Missouri having served as Senior Vice President of Capital Management and Assistant Treasurer; Director of Corporate Development and the Enterprise Project Management Office; and Chief Risk Officer. Prior to UMB, she worked for PriceWaterhouseCoopers LLP as an Audit Manager. Michele earned both a Master of Science in Accounting and an Executive Master of Business Administration from the University of Missouri-Kansas City and a Bachelor's degree in Accounting from Dakota Wesleyan University.

First Merchants Corporation (NASDAQ: FRME)

Largest financial services holding company headquartered in Central Indiana



Full-Service Banking Footprint with 106 Branches



 **First Merchants Corporation**

Financial Highlights as of 9/30/2021

\$15.1 Billion
Total Assets

\$9.0 Billion
Total Loans

\$12.3 Billion
Total Deposits

\$6.3 Billion
Assets Under Advisement*

YTD ROAA: 1.43%

YTD Return on TCE 16.65%

TCE/TA: 8.94%

Market Cap \$2.2B

Dividend Yield: 2.63%

Price / Tangible Book: 1.72x

Price / LTM EPS: 11.2x

*Assets Under Management - \$3.3 Billion

Moody's a3 Baseline Credit Assessment¹



FIRST MERCHANTS BANK NAMED BEST BANK IN INDIANA



FIRST MERCHANTS BANK NAMED A BEST BANK 4 YEARS IN A ROW



¹Moody's Credit Opinion – First Merchants Corporation, September 24, 2021, baseline Credit Assessment (BCA) reflects a bank's standalone credit strength

Third Quarter Highlights

| Net Income & EPS | ROA (Annualized) | ROE & ROTCE (Annualized) |
|-------------------------|-----------------------|--------------------------|
| \$52.8 Million | 1.41% ROA | 11.17% ROE |
| \$0.98 Per Share | 1.65% PTPP ROA | 16.33% ROTCE |

- 5.8% annualized loan growth, excluding PPP loans
- Deployment of Online Account Origination technology
- Repurchased 529,498 shares totaling \$20.8 Million

Year-to-Date Highlights

| Net Income & EPS | ROA | ROE & ROTCE |
|-------------------------|-----------------------|---------------------|
| \$157.8 Million | 1.43% ROA | 11.32% ROE |
| \$2.92 Per Share | 1.69% PTPP ROA | 16.65% ROTCE |

- Completed 17 branch consolidations year-to-date
- 4.2% annualized loan growth, excluding PPP loans
- Completed integration of Hoosier Trust Company

Strategy & Key Lines of Business

Our Vision

To enhance the financial wellness of the diverse communities we serve

Our Mission

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

Commercial Banking

Full Spectrum of Debt Capital and Treasury Service Offerings Located in Prime Growth Markets

- › Small Business & SBA
- › Middle Market C&I
- › Investment Real Estate
- › Public Finance
- › Sponsor Finance
- › Asset Based Lending
- › Syndications
- › Treasury Management Services
- › Merchant Processing Services

Consumer Banking

Diverse Locations in Stable Rural and Growth Metro Markets

Supported by:

- › Talented Customer Service Oriented Banking Center and Call Center Professionals
- › Competitive Digital Solutions
 - Deposit and CRM
 - Online Banking
 - Mobile Banking
- › Full Spectrum of Consumer Lending Offerings

Private Wealth Advisors

Comprehensive and coordinated approach to personal wealth management

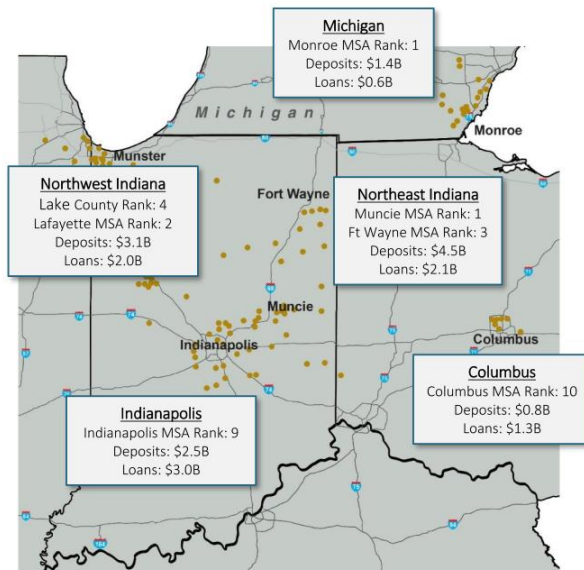
Expertise in:

- › Investment Management
- › Private Banking
- › Fiduciary Estate
- › Financial Planning

Strengthen commercial relationships with personal services for executives/owners and retirement plan services for companies

Partner with consumer to offer personal investment advice through First Merchants Investment Services

Region and Line of Business Third Quarter Highlights



MSA ranking data per S&P Global and is pro forma for pending transactions

Loan Growth Annualized

| | |
|---|-----------|
| Private Wealth Group | 11% |
| Consumer Group | 28% |
| Mortgage Group | 2% |
| Commercial Group | 4% |
| Total Loans – Adjusted¹ | 6% |

- Line utilization increased in both commercial lines and consumer HELOC portfolios
- Strong C&I increase, 10%, offset by payoffs and refinancing in IRE portfolio due to robust secondary market
- Consumer growth occurring in both branch origination and 3rd party purchased portfolio
- Pipeline remains stable across each business segment with IRE outpacing the others

Deposit Growth Annualized

| | |
|-----------------------|-----------|
| Consumer Group | (2%) |
| Commercial Group | 6% |
| Total Deposits | 5% |

- Economic Impact Payments in Consumer Portfolio continued to be utilized
- Commercial growth is driven by Economic Stimulus Payments within the municipal and public relationships and organic growth with clients

¹Excluding change in PPP loans and Mortgage Portfolio Loan Sale

Third Quarter Financial Results

(S\$ except per share data)

| | For the Three Months Ended, | | | | | Variance Linked Quarter | % Variance Linked QTR Annualized |
|--|-----------------------------|------------|------------|------------|------------|-------------------------------|--|
| | 9/30/20 | 12/31/20 | 3/31/21 | 6/30/21 | 9/30/21 | | |
| Balance Sheet & Asset Quality | | | | | | | |
| 1. Total Assets | \$13,737.4 | \$14,067.2 | \$14,629.1 | \$14,923.1 | \$15,060.7 | \$137.6 | 3.7% |
| 2. Total Loans | 9,247.0 | 9,247.1 | 9,322.7 | 9,139.8 | 9,047.6 | (92.3) | -4.0% |
| 3. Investments | 2,933.3 | 3,146.8 | 3,700.9 | 4,148.3 | 4,445.5 | 297.2 | 28.7% |
| 4. Deposits | 10,906.2 | 11,361.6 | 11,951.8 | 12,203.4 | 12,348.7 | 145.3 | 4.8% |
| 5. Common Equity | 1,833.5 | 1,875.5 | 1,805.9 | 1,871.8 | 1,868.1 | (3.7) | -0.8% |
| 6. TCE Ratio | 9.57% | 9.65% | 8.78% | 9.04% | 8.94% | -0.10% | |
| 7. Total RBC Ratio | 14.38 | 14.36 | 14.33 | 14.23 | 14.02 | -0.21 | |
| 8. ACL / Loans | 1.37 | 1.41 | 2.16 | 2.19 | 2.21 | 0.02 | |
| 9. NCOs / Avg Loans | 0.30 | 0.02 | 0.16 | 0.06 | -0.01 | -0.07 | |
| 10. NPAs + 90PD / Assets | 0.49 | 0.47 | 0.41 | 0.40 | 0.35 | -0.05 | |
| Summary Income Statement | | | | | | | |
| 11. Net Interest Income | \$92.9 | \$102.3 | \$100.4 | \$104.3 | \$104.7 | \$0.5 | 1.7% |
| 12. Provision for Loan Losses | 12.5 | 4.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0% |
| 13. Non-Interest Income | 26.2 | 27.5 | 24.1 | 30.9 | 28.5 | (2.4) | -30.9% |
| 14. Non-Interest Expense | 64.7 | 72.5 | 66.1 | 69.3 | 71.4 | 2.1 | 12.1% |
| 15. Pre-tax Income | 41.8 | 52.8 | 58.4 | 65.9 | 61.8 | (4.0) | -24.4% |
| 16. Provision for Taxes | 5.6 | 7.6 | 8.9 | 10.3 | 9.1 | (1.2) | -47.9% |
| 17. Net Income | 36.2 | 45.2 | 49.5 | 55.6 | 52.8 | (2.8) | -20.1% |
| 18. ROAA | 1.06% | 1.29% | 1.39% | 1.51% | 1.41% | -0.10% | |
| 19. ROAE | 7.91 | 9.72 | 10.75 | 12.04 | 11.17 | -0.87 | |
| 20. ROTCE | 11.85 | 14.37 | 15.87 | 17.77 | 16.33 | -1.44 | |
| 21. Net Interest Margin | 3.15 | 3.38 | 3.23 | 3.22 | 3.20 | -0.02 | |
| 22. Efficiency Ratio | 51.40 | 55.01 | 50.23 | 48.91 | 51.18 | 2.27 | |
| Per Share | | | | | | | |
| 23. Earnings per Diluted Share | \$0.67 | \$0.83 | \$0.91 | \$1.03 | \$0.98 | (\$0.05) | |
| 24. Tangible Book Value per Share | 23.48 | 24.27 | 22.98 | 24.15 | 24.31 | 0.16 | |
| 25. Dividend per Share | 0.26 | 0.26 | 0.26 | 0.29 | 0.29 | 0.00 | |
| 26. Dividend Payout Ratio | 38.8% | 31.3% | 28.6% | 28.2% | 29.6% | 1.4% | |

3Q21 Highlights

- **51.18% Efficiency Ratio**
- **5.8% annualized loan growth**, over prior quarter excluding PPP loans
- **Net interest income, increased \$0.5 million over prior quarter**, \$2.0 million excluding the Paycheck Protection Program (PPP) loan impact
- **Pre-Tax, Pre-Provision (PTPP) Earnings totaled \$61.8 million**, PTPP ROA was 1.65% and PTPP ROE was 13.09%

2021 Year-to-Date Financial Results

(SM except per share data)

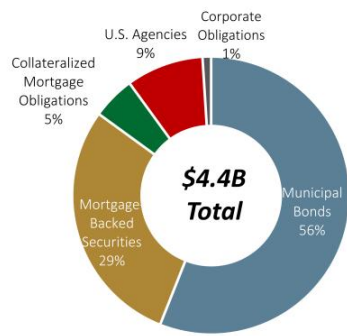
| | For the Nine Months Ended September 30, | | | Variance YOY | % Variance YOY |
|--|---|------------|------------|-----------------|-------------------|
| | 2019 | 2020 | 2021 | | |
| Balance Sheet & Asset Quality | | | | | |
| 1. Total Assets | \$12,325.1 | \$13,737.4 | \$15,060.7 | \$1,323.4 | 9.6% |
| 2. Total Loans | 8,307.2 | 9,247.0 | 9,047.6 | (199.5) | -2.2% |
| 3. Investments | 2,489.4 | 2,933.3 | 4,445.5 | 1,512.2 | 51.6% |
| 4. Deposits | 9,765.5 | 10,906.2 | 12,348.7 | 1,442.5 | 13.2% |
| 5. Common Equity | 1,749.0 | 1,833.7 | 1,868.1 | 34.4 | 1.9% |
| 6. TCE Ratio | 9.95% | 9.57% | 8.94% | -0.63% | |
| 7. Total RBC Ratio | 14.37 | 14.38 | 14.02 | -0.36 | |
| 8. ALLL / Loans | 0.97 | 1.37 | 2.21 | 0.84 | |
| 9. NCOs / Avg Loans | 0.04 | 0.11 | 0.07 | -0.04 | |
| 10. NPAs + 90PD / Assets | 0.25 | 0.49 | 0.35 | -0.14 | |
| Summary Income Statement | | | | | |
| 11. Net Interest Income | \$259.1 | \$279.8 | \$309.4 | \$29.6 | 10.6% |
| 12. Provision for Loan Losses | 2.3 | 54.2 | 0.0 | (54.2) | -100.0% |
| 13. Non-interest Income | 62.4 | 82.4 | 83.5 | 1.0 | 1.3% |
| 14. Non-interest Expense | 181.6 | 190.9 | 206.8 | 15.9 | 8.3% |
| 15. Pre-tax Income | 137.7 | 117.2 | 186.1 | 68.9 | 58.8% |
| 16. Provision for Taxes | 21.0 | 13.7 | 28.3 | 14.6 | 106.1% |
| 17. Net Income | 116.6 | 103.5 | 157.8 | 54.3 | 52.5% |
| 18. ROAA | 1.46% | 1.04% | 1.43% | 0.39% | |
| 19. ROAE | 10.35 | 7.60 | 11.32 | 3.72 | |
| 20. ROTCE | 15.59 | 11.47 | 16.65 | 5.18 | |
| 21. Net Interest Margin | 3.72 | 3.26 | 3.22 | -0.04 | |
| 22. Efficiency Ratio | 53.36 | 50.52 | 50.10 | -0.42 | |
| Per Share | | | | | |
| 23. Earnings per Diluted Share | \$2.32 | \$1.91 | \$2.92 | \$1.01 | |
| 24. Tangible Book Value per Share | 21.26 | 23.48 | 24.31 | 0.83 | |
| 25. Dividend per Share | 0.74 | 0.78 | 0.84 | 0.06 | |
| 26. Dividend Payout Ratio | 31.9% | 40.8% | 28.8% | -12.1% | |

2021 Year-to-Date Highlights

- **50.10% Efficiency Ratio**
- **Pre-Tax, Pre-Provision (PTPP) earnings totaled \$186.1 million**, an increase of \$14.7 million or 9% over prior year
- **Tangible book value per share increased \$0.83** over prior year

Investment Portfolio Highlights

3Q21 Investment Portfolio Composition



Highlights

- Modified duration of 5.6 years
- Remaining 2021 and 2022 roll off cash flow \$460 million / ~2.00% yield
- Current purchase yield of ~2.20%
- AA rated municipal bond portfolio
- The Allowance for Credit Losses for Investments is \$245,000

Yield on Investments (%) / Total Investments (\$B)



Investment Portfolio Gains

Unrealized Gains

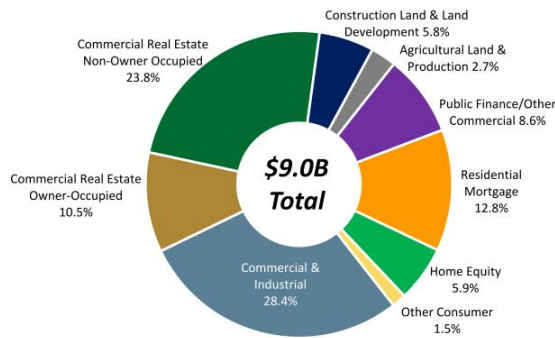
- Net unrealized Gain of \$82.0 million

Realized Gains

- 3Q 2020 \$1.8 million
- 4Q 2020 \$2.4 million
- 1Q 2021 \$1.8 million
- 2Q 2021 \$1.8 million
- 3Q 2021 \$1.7 million

Loan Portfolio Highlights

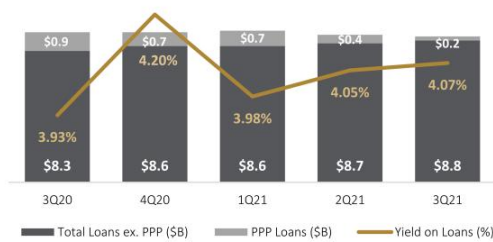
3Q21 Loan Composition



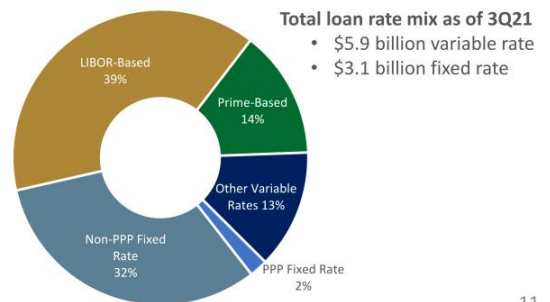
Highlights

- **Portfolio composition remains ~80% Commercial oriented**
 - Composition mostly unchanged from prior quarter
- **Loan yields remained strong at 4.07%**, 3.77% excluding PPP loans and fair value accretion
- **New/renewed loan yields averaged 3.23% for the quarter**, compared to 3.27% in 2Q21

Yield on Loans (%) / Total Loans (\$B)

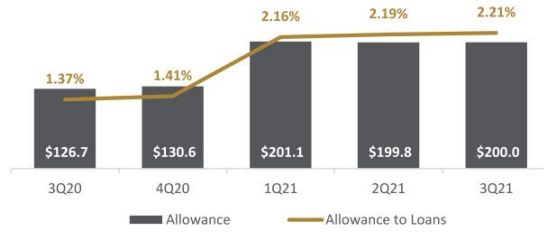


3Q21 Portfolio by Yield Type



Allowance for Credit Losses - Loans

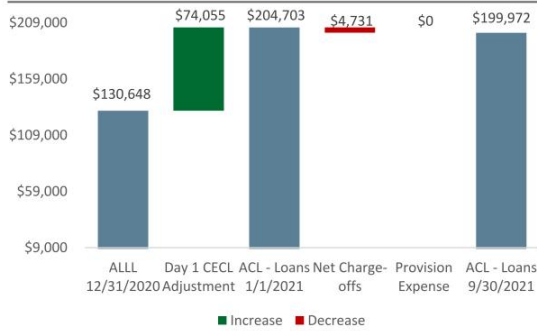
3Q21 Allowance for Credit Losses - Loans



Highlights

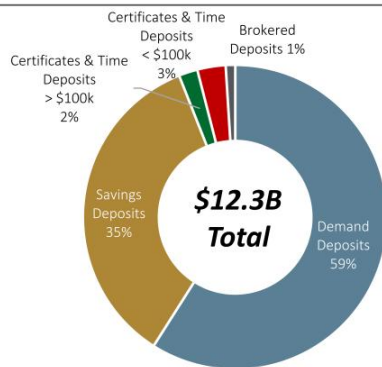
- Allowance to Loans, excluding PPP loans, is 2.26%
- The reserve for unfunded commitments was unchanged at \$20.5 million, and recorded in Other Liabilities
- Remaining fair value adjustment is \$12.4 million

Change in ACL – Loans¹

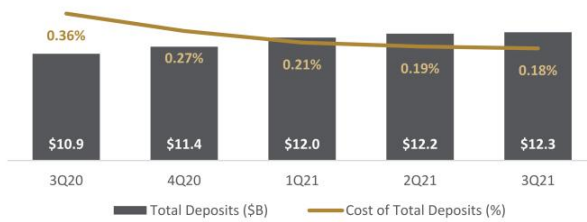


Deposit Portfolio Highlights

3Q21 Deposit Composition



Cost of Total Deposits (%) / Total Deposits (\$B)



Highlights

- **Strong core deposit base**
 - 98% core deposits¹
 - 21% non-interest bearing
 - ~55% yield 5 bps or less
- **Consumer DDA average balance per account peaked in April and is 26% higher than pre-pandemic levels, stable from prior quarter**

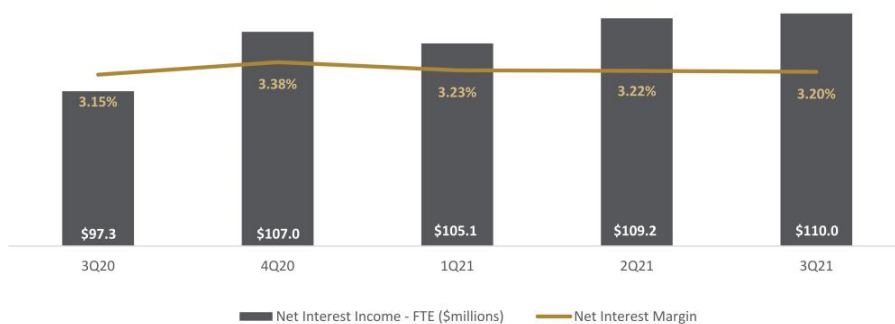
vs. Prior Periods

- **Total deposit costs declined to 0.18% for Q3**
 - Down 1 bps from 2Q21
 - Down 18 bps from 3Q20
- **Average deposits up 7% when annualized from 2Q21, and 13% over prior year**
 - Reflects increase in public funds deposits and retention of stimulus payments
 - Time deposits continue to migrate to money market and non-time interest bearing accounts

¹Defined as total deposits less time deposits > \$100k

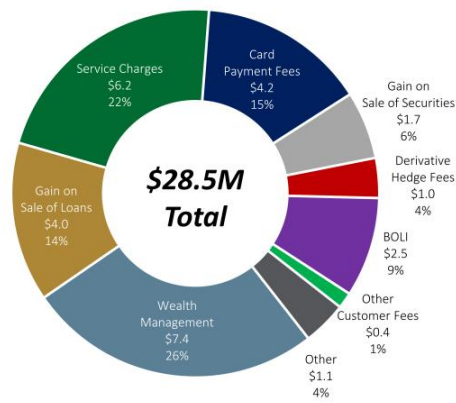
Net Interest Margin

| | 3Q20 | 4Q20 | 1Q21 | 2Q21 | 3Q21 |
|--|--------------|--------------|--------------|--------------|--------------|
| 1. Net Interest Income - FTE (\$millions) | \$ 97.3 | \$ 107.0 | \$ 105.1 | \$ 109.2 | \$ 110.0 |
| 2. Fair Value Accretion | \$ 3.3 | \$ 3.0 | \$ 1.8 | \$ 2.5 | \$ 1.5 |
| 3. PPP Loan Income | \$ 6.1 | \$ 11.6 | \$ 9.2 | \$ 9.7 | \$ 8.2 |
| 4. Tax Equivalent Yield on Earning Assets | 3.58% | 3.72% | 3.52% | 3.49% | 3.46% |
| 5. Interest Expense/Average Earning Assets | 0.43% | 0.34% | 0.29% | 0.27% | 0.26% |
| 6. Net Interest Margin | 3.15% | 3.38% | 3.23% | 3.22% | 3.20% |
| 7. Fair Value Accretion Effect | 0.10% | 0.09% | 0.06% | 0.07% | 0.04% |
| 8. Impact of PPP Loans | -0.07% | 0.16% | 0.13% | 0.15% | 0.17% |



Non-Interest Income Highlights

3Q21 Non-Interest Income Detail (\$M)



Highlights

- 81% in Customer-related fees totaling \$23.2 million for 3Q21
 - Decreased \$3.7 million from 2Q21 driven by a decline in gains on the sale of loans reflecting the impact of a large \$76 million mortgage loan sale in Q2
- Increase in Other Income reflects a \$1.3 million increase in earnings on cash surrender value of life insurance

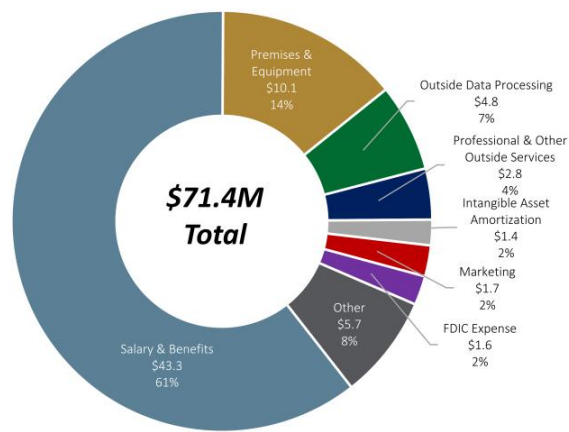
Non-Interest Income Trends (\$M)

Fee Income / Revenue



Non-Interest Expense Highlights

3Q21 Non-Interest Expense Detail

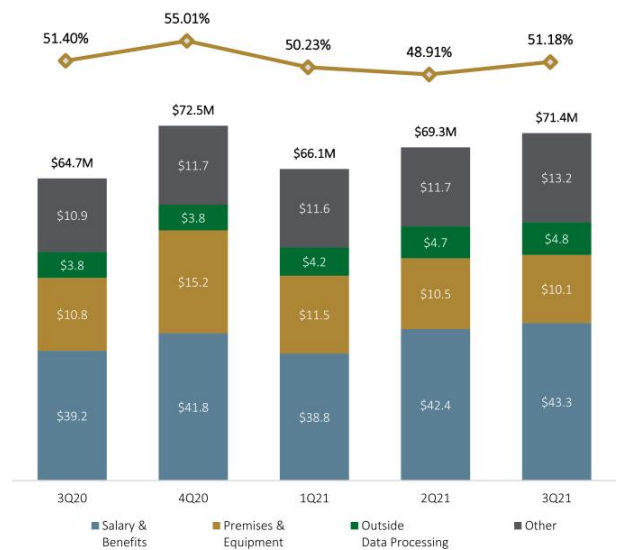


Highlights

- 3Q21 expenses increased \$2.1 million over 2Q21 reflecting higher salary expense and incentive accruals and an increase in marketing spend

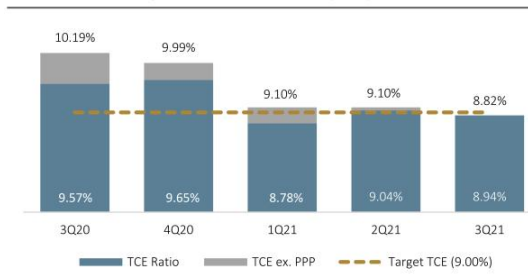
Non-Interest Expense Trends (\$M)

Efficiency Ratio

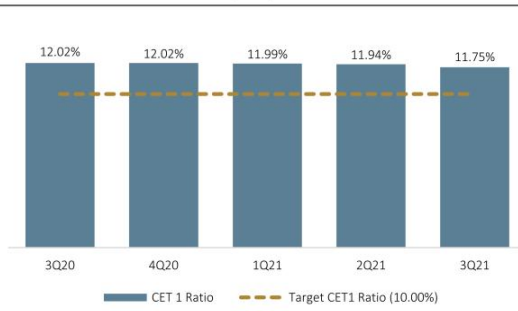


Capital Ratios

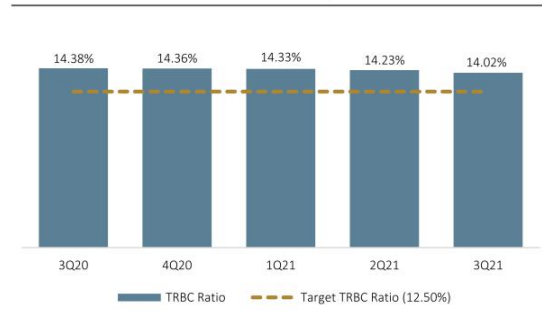
Tangible Common Equity Ratio



Common Equity Tier 1 Ratio



Total Risk-Based Capital Ratio



Loan Portfolio

Loan Portfolio Trends (\$M)

| | 3Q20 | 4Q20 | 1Q21 | 2Q21 | 3Q21 |
|--|----------------|----------------|----------------|----------------|----------------|
| 1. Commercial & Industrial | \$2,539 | \$2,429 | \$2,450 | \$2,214 | \$2,125 |
| 2. Sponsor Finance | 340 | 351 | 430 | 460 | 448 |
| 3. CRE Owner Occupied | 928 | 955 | 946 | 950 | 953 |
| 4. Construction/Land/Land Dev. | 622 | 485 | 541 | 491 | 522 |
| 5. CRE Non-Owner Occupied | 2,099 | 2,221 | 2,179 | 2,264 | 2,150 |
| 6. Agricultural | 301 | 282 | 246 | 235 | 241 |
| 7. Public Finance/Other Commercial | <u>616</u> | <u>648</u> | <u>678</u> | <u>759</u> | <u>782</u> |
| 8. Total Commercial Loans | 7,445 | 7,371 | 7,470 | 7,373 | 7,221 |
| 9. Residential Mortgage | 1,147 | 1,236 | 1,244 | 1,146 | 1,159 |
| 10. Home Equity | 527 | 508 | 482 | 490 | 531 |
| 11. Other Consumer | <u>128</u> | <u>132</u> | <u>127</u> | <u>131</u> | <u>137</u> |
| 12. Total Resid. Mortgage & Consumer | 1,802 | 1,876 | 1,853 | 1,767 | 1,827 |
| 13. Total Loans | \$9,247 | \$9,247 | \$9,323 | \$9,140 | \$9,048 |
| 14. Paycheck Protection Program Loans⁽¹⁾ | \$ 901 | \$ 667 | \$ 742 | \$ 416 | \$ 198 |

⁽¹⁾Included in C&I and Sponsor above

3Q21 Paycheck Protection Program Updates

- \$7.4 million PPP fee income
- \$6.2 million remaining PPP fee income
- 1,597 PPP loans remaining



Highlights

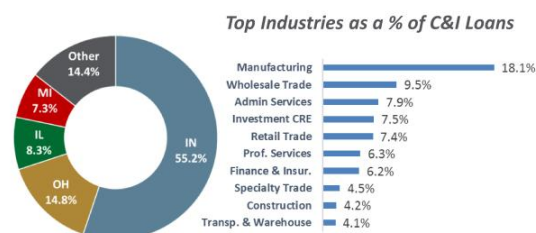
vs. Prior Quarter

- **Total loans grew \$126 million excluding PPP**
 - \$129 million C&I (excl. PPP)
 - \$ 31 million Construction
 - \$ 41 million Home Equity
- **\$218 million PPP net reduction**

vs. 3Q20

- **\$504 million total loan growth excluding PPP**
 - \$289 million C&I (excl. PPP)
 - \$108 million Sponsor Finance
 - \$166 million Public Finance
- **\$703 million PPP net reduction**

Geography / C&I Top NAICS Sectors



Asset Quality

Asset Quality Trends (\$M)

| | 3Q20 | 4Q20 | 1Q21 | 2Q21 | 3Q21 |
|-------------------------------------|------------|------------|------------|------------|------------|
| 1. Non-Accrual Loans | \$ 56.7 | \$ 61.5 | \$ 57.9 | \$ 57.6 | \$ 51.5 |
| 2. Other Real Estate | 7.0 | 0.9 | 0.6 | 0.6 | 0.7 |
| 3. 90PD Loans | 1.3 | 0.8 | 1.1 | 0.2 | 0.2 |
| 4. Renegotiated Loans | <u>2.7</u> | <u>3.2</u> | <u>0.7</u> | <u>0.6</u> | <u>0.4</u> |
| 5. NPAs + 90PD | \$ 67.7 | \$ 66.4 | \$ 60.3 | \$ 59.0 | \$ 52.8 |
| 6. NPAs + 90PD/Loans and ORE | 0.73% | 0.72% | 0.65% | 0.65% | 0.58% |
| 7. Classified Loans | \$252.8 | \$250.0 | \$247.7 | \$183.7 | \$144.6 |
| 8. Classified Loans/Loans | 2.73% | 2.70% | 2.66% | 2.01% | 1.60% |
| 9. Net Charge-offs (QTD) | \$ 6.9 | \$ 0.6 | \$ 3.6 | \$ 1.3 | \$ (0.2) |
| 10. QTD NCO/Avg. Loans (Annualized) | 0.30% | 0.02% | 0.16% | 0.06% | -0.01% |

Highlights

vs. Prior Quarter

- Non-accrual loans decreased \$6.1 million
- NPAs + 90PD decreased \$6.2 million, declining to 58 basis points of loans + ORE
- Classified loans decreased \$39.1 million
 - Largest reductions in C&I manufacturing loans

vs. 3Q20

- Non-accrual loans decreased \$5.2 million
- Other Real Estate decreased \$6.3 million
- NPAs + 90PD decreased \$14.9 million
- Classified Loans decreased \$108.2 million, a 42.8% decline

COVID Mods Update

- \$15.4 million of COVID deferrals remaining
- 14 loans remain in deferral
 - 4 commercial loans

Non-Performing Assets

Non-Performing Assets Roll Forward (\$M)

| | 1Q21 | 2Q21 | 3Q21 |
|---|----------------|----------------|----------------|
| 1. Beginning Balance NPAs + 90PD | \$ 66.4 | \$ 60.3 | \$ 59.0 |
| <u>Non-Accrual</u> | | | |
| 2. Add: New Non-Accruals | 6.5 | 5.4 | 22.6 |
| 3. Less: To Accrual/ Payoff/Renegotiated | (5.8) | (4.0) | (27.9) |
| 4. Less: To OREO | - | - | (0.2) |
| 5. Less: Charge-offs | (4.3) | (1.7) | (0.6) |
| 6. Non-Accrual Loans Change | (3.6) | (0.3) | (6.1) |
| <u>Other Real Estate Owned (ORE)</u> | | | |
| 7. Add: New ORE Properties | - | - | 0.2 |
| 8. Less: ORE Sold | (0.3) | - | (0.1) |
| 9. Less: ORE Losses (write-downs) | - | - | - |
| 10. ORE Change | (0.3) | - | 0.1 |
| 11. 90PD Change | 0.3 | (0.9) | - |
| 12. Renegotiated Loans Change | (2.5) | (0.1) | (0.2) |
| 13. NPAs + 90PD Change | (6.1) | (1.3) | (6.2) |
| 14. Ending Balance NPAs + 90PD | \$ 60.3 | \$ 59.0 | \$ 52.8 |

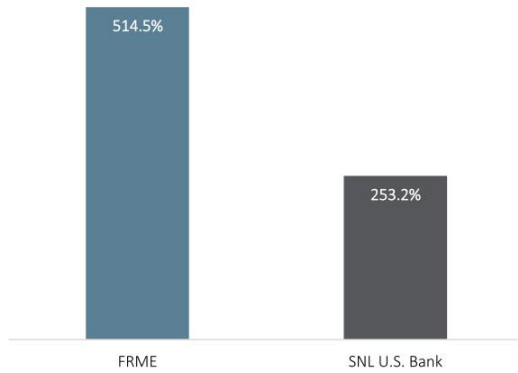
Highlights

3rd Quarter NPA Roll Forward

- \$6.2 million net reduction in NPAs + 90 PD
- \$22.6 million in new non-accrual loans
 - \$15.8 million in C&I
 - \$ 5.3 million in CRE
- Two non-accrual loans totaling \$23.4 million paid off
- Top three non-accrual relationships total \$32.4 million
- \$0.6 million of gross charge-offs in 3Q21 with recoveries of \$0.8 million

Track Record of Shareholder Value

10-Year Total Return (9/30/11 – 9/30/21)



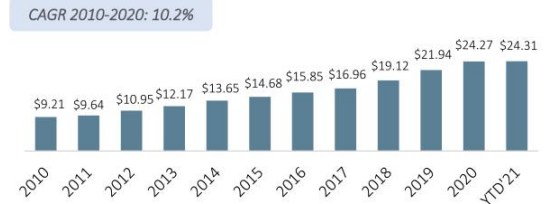
Return on Tangible Common Equity



Earnings per Share



Tangible Book Value per Share



Dividends per Share

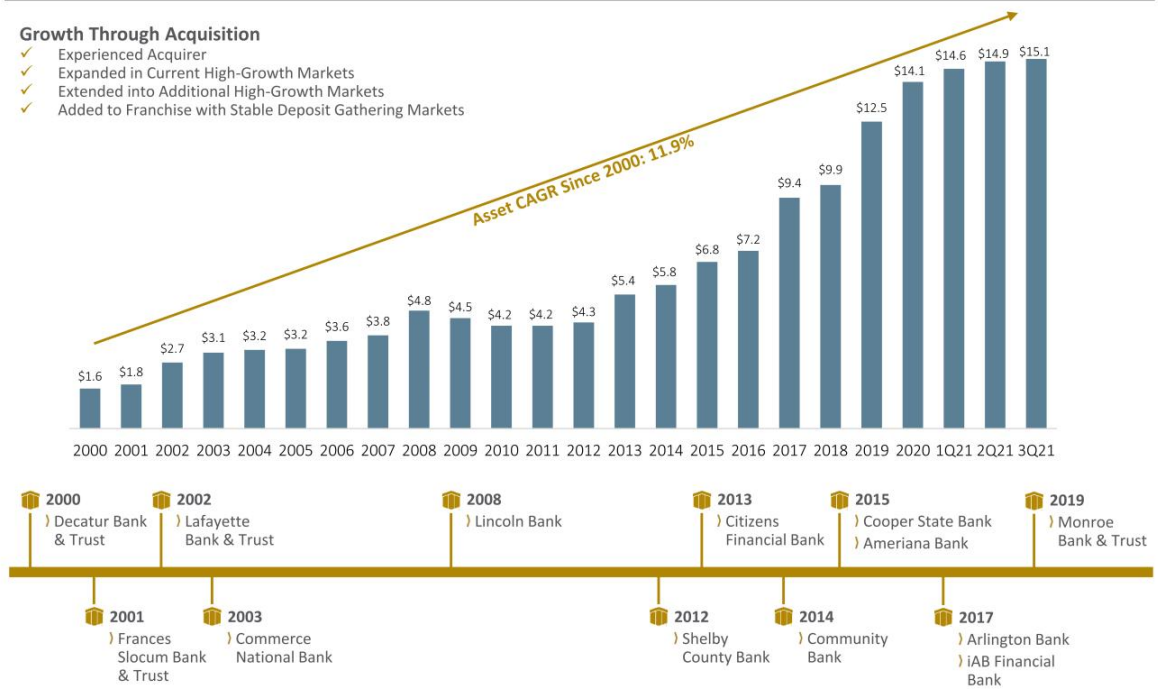


History of Organic and Whole Bank Acquisition Growth

Total Assets (\$B)

Growth Through Acquisition

- ✓ Experienced Acquirer
- ✓ Expanded in Current High-Growth Markets
- ✓ Extended into Additional High-Growth Markets
- ✓ Added to Franchise with Stable Deposit Gathering Markets



Vision for the Future

- People:**
- Enhance our culture through the power of collaboration, accountability and effective teams
 - Source, recruit, onboard and engage a diverse and inclusive workforce with a commitment to career pathing and market level compensation
- Process:**
- Communicate our Corporate Social Responsibility strategy and success
 - Uphold a corporate governance system inclusive of enterprise risk management to ensure safety, soundness and sustainability
 - Ensure that acquisitions continue as a core competency
- Customer:**
- Implement organic revenue-generating disciplines that attracts new business, delivers the whole bank and achieves industry leading levels of retention
 - Commit to the digital transformation of the bank across all lines of business to enhance and automate the client experience
 - Broaden our revenue streams across various lines of businesses, products, clients and geographies
- Financial:**
- Maintain top-quartile financial performance while investing in all parts of the business
 - Manage & cultivate a changing shareholder base

APPENDIX

Non-GAAP

CAPITAL RATIOS (dollars in thousands):

| | 3Q20 | 4Q20 | 1Q21 | 2Q21 | 3Q21 |
|---|---------------|---------------|---------------|---------------|---------------|
| Total Risk-Based Capital Ratio (dollars in thousands) | | | | | |
| Total Stockholders' Equity (GAAP) | 1,833,656 | 1,875,645 | 1,805,856 | 1,871,800 | 1,868,090 |
| Adjust for Accumulated Other Comprehensive (Income) Loss ¹ | (65,468) | (74,836) | (35,810) | (60,080) | (39,889) |
| Less: Preferred Stock | (125) | (125) | (125) | (125) | (125) |
| Add: Qualifying Capital Securities | 46,308 | 46,368 | 46,427 | 46,487 | 46,546 |
| Less: Tier 1 Capital Deductions | - | - | - | - | - |
| Less: Disallowed Goodwill and Intangible Assets | (566,072) | (564,982) | (563,889) | (566,412) | (565,221) |
| Less: Disallowed Deferred Tax Assets | - | - | (1,379) | (1,152) | (1,005) |
| Add: Modified CECL Transition Amount | - | - | 40,314 | 40,314 | 34,542 |
| Total Tier 1 Capital (Regulatory) | \$ 1,248,299 | \$ 1,282,070 | \$ 1,291,394 | \$ 1,330,832 | \$ 1,342,938 |
| Qualifying Subordinated Debentures | 65,000 | 65,000 | 65,000 | 65,000 | 65,000 |
| Allowance for Loan Losses includible in Tier 2 Capital | 125,032 | 128,481 | 131,061 | 135,690 | 139,200 |
| Total Risk-Based Capital (Regulatory) | \$ 1,438,331 | \$ 1,475,551 | \$ 1,487,455 | \$ 1,531,522 | \$ 1,547,138 |
| Net Risk-Weighted Assets (Regulatory) | \$ 10,000,878 | \$ 10,276,333 | \$ 10,383,360 | \$ 10,759,672 | \$ 11,037,663 |
| Total Risk-Based Capital Ratio (Regulatory) | 14.38% | 14.36% | 14.33% | 14.23% | 14.02% |
| Common Equity Tier 1 Capital Ratio | | | | | |
| Total Tier 1 Capital (Regulatory) | \$ 1,248,299 | \$ 1,282,070 | \$ 1,291,394 | \$ 1,330,832 | \$ 1,342,938 |
| Less: Qualified Capital Securities | (46,308) | (46,368) | (46,427) | (46,487) | (46,546) |
| Add: Additional Tier 1 Capital Deductions | - | - | - | - | - |
| Common Equity Tier 1 Capital (Regulatory) | \$ 1,201,991 | \$ 1,235,702 | \$ 1,244,967 | \$ 1,284,345 | \$ 1,296,392 |
| Net Risk-Weighted Assets (Regulatory) | \$ 10,000,878 | \$ 10,276,333 | \$ 10,383,360 | \$ 10,759,672 | \$ 11,037,663 |
| Common Equity Tier 1 Capital Ratio (Regulatory) | 12.02% | 12.02% | 11.99% | 11.94% | 11.75% |

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.

Non-GAAP

TANGIBLE COMMON EQUITY RATIO (dollars in thousands):

| | 3Q20 | 4Q20 | 1Q21 | 2Q21 | 3Q21 |
|--|---------------|---------------|---------------|---------------|---------------|
| Tangible Common Equity Ratio (dollars in thousands) | | | | | |
| Total Stockholders' Equity (GAAP) | \$ 1,833,656 | \$ 1,875,645 | \$ 1,805,856 | \$ 1,871,800 | \$ 1,868,090 |
| Less: Preferred Stock | (125) | (125) | (125) | (125) | (125) |
| Less: Intangible Assets | (574,369) | (572,893) | (571,536) | (573,786) | (572,323) |
| Tangible Common Equity (non-GAAP) | \$ 1,259,162 | \$ 1,302,627 | \$ 1,234,195 | \$ 1,297,889 | \$ 1,295,642 |
| Total Assets (GAAP) | \$ 13,737,350 | \$ 14,067,210 | \$ 14,629,066 | \$ 14,923,097 | \$ 15,060,725 |
| Less: Intangible Assets | (574,369) | (572,893) | (571,536) | (573,786) | (572,323) |
| Tangible Assets (non-GAAP) | \$ 13,162,981 | \$ 13,494,317 | \$ 14,057,530 | \$ 14,349,311 | \$ 14,488,402 |
| Tangible Common Equity Ratio (non-GAAP) | 9.57% | 9.65% | 8.78% | 9.04% | 8.94% |

TANGIBLE COMMON EQUITY PER SHARE (dollars in thousands):

| | 4Q10 | 4Q11 | 4Q12 | 4Q13 | 4Q14 | 4Q15 |
|--|----------------|----------------|-----------------|-----------------|-----------------|-----------------|
| Tangible Common Equity Per Share | | | | | | |
| Total Stockholders' Equity (GAAP) | \$ 454,408 | \$ 514,467 | \$ 552,236 | \$ 634,923 | \$ 726,827 | \$ 850,509 |
| Less: Preferred Stock | (67,880) | (90,783) | (90,908) | (125) | (125) | (125) |
| Less: Intangible Assets | (154,019) | (150,471) | (149,529) | (202,767) | (218,755) | (259,764) |
| Tax Benefit | 2,907 | 2,224 | 2,249 | 4,973 | 6,085 | 6,278 |
| Tangible Common Equity, Net of Tax (non-GAAP) | \$ 235,416 | \$ 275,437 | \$ 314,048 | \$ 437,004 | \$ 514,032 | \$ 596,898 |
| Shares Outstanding | 25,574,251 | 28,559,707 | 28,692,616 | 35,921,761 | 37,669,948 | 40,664,258 |
| Tangible Common Equity per Share (non-GAAP) | \$ 9.21 | \$ 9.64 | \$ 10.95 | \$ 12.17 | \$ 13.65 | \$ 14.68 |

TANGIBLE COMMON EQUITY PER SHARE (dollars in thousands):

| | 4Q16 | 4Q17 | 4Q18 | 4Q19 | 4Q20 | 3Q21 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Tangible Common Equity Per Share | | | | | | |
| Total Stockholders' Equity (GAAP) | \$ 901,657 | \$ 1,303,463 | \$ 1,408,260 | \$ 1,786,437 | \$ 1,875,645 | \$ 1,868,090 |
| Less: Preferred Stock | (125) | (125) | (125) | (125) | (125) | (125) |
| Less: Intangible Assets | (258,866) | (476,503) | (469,784) | (578,881) | (572,893) | (572,323) |
| Tax Benefit | 5,930 | 6,788 | 5,017 | 7,257 | 5,989 | 5,153 |
| Tangible Common Equity, Net of Tax (non-GAAP) | \$ 648,596 | \$ 833,623 | \$ 943,368 | \$ 1,214,688 | \$ 1,308,616 | \$ 1,300,795 |
| Shares Outstanding | 40,912,697 | 49,158,238 | 49,349,800 | 55,368,482 | 53,922,359 | 53,510,745 |
| Tangible Common Equity per Share (non-GAAP) | \$ 15.85 | \$ 16.96 | \$ 19.12 | \$ 21.94 | \$ 24.27 | \$ 24.31 |



Non-GAAP

EFFICIENCY RATIO (dollars in thousands):

| | 3Q20 | 4Q20 | 1Q21 | 2Q21 | 3Q21 | 3Q19 YTD | 3Q20 YTD | 3Q21 YTD |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| EFFICIENCY RATIO (dollars in thousands): | | | | | | | | |
| Non Interest Expense (GAAP) | \$ 64,709 | \$ 72,536 | \$ 66,098 | \$ 69,295 | \$ 71,384 | \$ 181,562 | \$ 190,869 | \$ 206,777 |
| Less: Intangible Asset Amortization | (1,486) | (1,476) | (1,357) | (1,464) | (1,463) | (4,404) | (4,511) | (4,284) |
| Less: OREO and Foreclosure Expenses | (717) | 1,576 | (734) | (178) | 91 | (2,362) | (1,906) | (821) |
| Adjusted Non Interest Expense (non-GAAP) | 62,506 | 72,636 | 64,007 | 67,653 | 70,012 | 174,796 | 184,452 | 201,672 |
| Net Interest Income (GAAP) | 92,921 | 102,311 | 100,428 | 104,264 | 104,715 | 259,076 | 279,816 | 309,407 |
| Plus: Fully Taxable Equivalent Adjustment | 4,340 | 4,644 | 4,711 | 4,948 | 5,331 | 9,451 | 12,322 | 14,991 |
| Net Interest Income on a Fully Taxable Equivalent Basis (non-GAAP) | 97,261 | 106,955 | 105,139 | 109,212 | 110,046 | 268,527 | 292,138 | 324,398 |
| Non Interest Income (GAAP) | 26,163 | 27,483 | 24,091 | 30,884 | 28,501 | 62,443 | 82,443 | 83,476 |
| Less: Investment Securities Gains (Losses) | (1,817) | (2,398) | (1,799) | (1,761) | (1,756) | (3,376) | (9,497) | (5,316) |
| Adjusted Non Interest Income (non-GAAP) | 24,346 | 25,085 | 22,292 | 29,123 | 26,745 | 59,067 | 72,946 | 78,160 |
| Adjusted Revenue (non-GAAP) | 121,607 | 132,040 | 127,431 | 138,335 | 136,791 | 327,594 | 365,084 | 402,558 |
| Efficiency Ratio (non-GAAP) | 51.40% | 55.01% | 50.23% | 48.91% | 51.18% | 53.36% | 50.52% | 50.10% |

RETURN ON TANGIBLE COMMON EQUITY (dollars in thousands):

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|--------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Return on Tangible Common Equity | | | | | | | | | | |
| Total Average Stockholders' Equity (GAAP) | \$ 470,378 | \$ 478,440 | \$ 535,506 | \$ 540,255 | \$ 675,295 | \$ 753,724 | \$ 884,664 | \$ 1,110,524 | \$ 1,343,861 | \$ 1,569,615 |
| Less: Average Preferred Stock | (89,847) | (74,181) | (90,908) | (47,537) | (125) | (125) | (125) | (125) | (125) | (125) |
| Less: Average Intangible Assets, Net of Tax | (152,998) | (149,554) | (147,889) | (153,519) | (199,354) | (215,281) | (254,332) | (360,005) | (467,421) | (499,622) |
| Average Tangible Common Equity, Net of Tax (non-GAAP) | \$ 227,533 | \$ 254,705 | \$ 296,709 | \$ 339,199 | \$ 475,816 | \$ 538,318 | \$ 630,207 | \$ 750,394 | \$ 876,315 | \$ 1,069,868 |
| Net Income (GAAP) | \$ 11,722 | \$ 9,013 | \$ 40,583 | \$ 42,150 | \$ 60,162 | \$ 65,384 | \$ 81,051 | \$ 96,070 | \$ 159,139 | \$ 164,460 |
| Less: Intangible Asset Amortization, Net of Tax | 2,852 | 2,112 | 1,081 | 892 | 1,395 | 1,720 | 2,542 | 3,670 | 5,307 | 4,736 |
| Tangible Net Income (non-GAAP) | \$ 14,574 | \$ 11,125 | \$ 41,664 | \$ 43,042 | \$ 61,557 | \$ 67,104 | \$ 83,593 | \$ 99,740 | \$ 164,446 | \$ 169,196 |
| Return on Tangible Common Equity (non-GAAP) | 6.41% | 4.37% | 14.04% | 12.69% | 12.94% | 12.47% | 13.26% | 13.29% | 18.77% | 15.81% |

RETURN ON TANGIBLE COMMON EQUITY (dollars in thousands):

| | 2020 | 3Q20 | 4Q20 | 1Q21 | 2Q21 | 3Q21 | 3Q19 YTD | 3Q20 YTD | 3Q21 YTD |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Return on Tangible Common Equity | | | | | | | | | |
| Total Average Stockholders' Equity (GAAP) | \$ 1,825,135 | \$ 1,831,300 | \$ 1,856,896 | \$ 1,840,432 | \$ 1,846,037 | \$ 1,889,037 | \$ 1,502,474 | \$ 1,814,471 | \$ 1,858,680 |
| Less: Average Preferred Stock | (125) | (125) | (125) | (125) | (125) | (125) | (125) | (125) | (125) |
| Less: Average Intangible Assets, Net of Tax | (569,377) | (568,797) | (567,631) | (566,469) | (569,107) | (567,852) | (475,239) | (569,964) | (567,815) |
| Average Tangible Common Equity, Net of Tax (non-GAAP) | \$ 1,255,633 | \$ 1,262,378 | \$ 1,289,140 | \$ 1,273,838 | \$ 1,276,805 | \$ 1,321,060 | \$ 1,027,110 | \$ 1,244,382 | \$ 1,290,740 |
| Net Income (GAAP) | \$ 148,600 | \$ 36,210 | \$ 45,135 | \$ 49,469 | \$ 55,559 | \$ 52,770 | \$ 116,630 | \$ 103,465 | \$ 157,798 |
| Less: Intangible Asset Amortization, Net of Tax | 4,730 | 1,174 | 1,166 | 1,072 | 1,156 | 1,156 | 3,480 | 3,564 | 3,384 |
| Tangible Net Income (non-GAAP) | \$ 153,330 | \$ 37,384 | \$ 46,301 | \$ 50,541 | \$ 56,715 | \$ 53,926 | \$ 120,110 | \$ 107,029 | \$ 161,182 |
| Return on Tangible Common Equity (non-GAAP) | 12.21% | 11.85% | 14.37% | 15.87% | 17.77% | 16.33% | 15.59% | 11.47% | 16.65% |

