

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): July 25, 2023

FIRST MERCHANTS CORPORATION

(Exact name of registrant as specified in its charter)

| | |
|---|---|
| Indiana (State or other jurisdiction of incorporation) | |
| 001-41342 (Commission File Number) | 35-1544218 (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 | The Nasdaq Stock Market LLC |
| Depository Shares, each representing a 1/100th interest in a share of Non-Cumulative Perpetual Preferred Stock, Series A | FRMEP | The Nasdaq Stock Market LLC |

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 July 25, 2023, First Merchants Corporation will conduct a second quarter 2023 earnings conference call and web cast at 11:30 a.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 July 25, 2023, 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: July 25, 2023

EXHIBIT INDEX

| <u>Exhibit</u> | <u>Description</u> |
|----------------|---|
| Exhibit 99.1 | Slide Presentation, utilized on July 25, 2023, 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
Second Quarter 2023

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 (including the ability to grow and maintain core deposits and retain large, uninsured deposits), 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:
25 Yrs

Banking:
25 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:
16 Yrs

Banking:
36 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 in various commercial sales and credit roles. Mike has a Master of Business Administration from Butler University and a Bachelor's degree in Finance from Millikin University.



FMB:
15 Yrs

Banking:
33 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:
8 Yrs

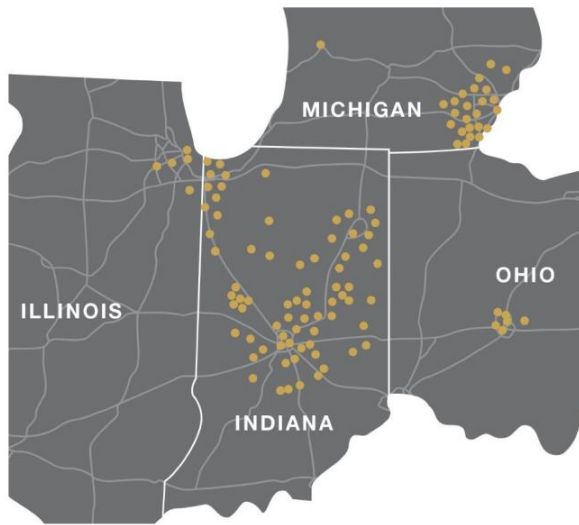
Banking:
20 Yrs

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



119 Banking Centers



Financial Highlights as of 6/30/2023

| | |
|--|------------------------------|
| \$18.0 Billion Total Assets | YTD ROAA: 1.38% |
| \$12.3 Billion Total Loans | YTD Return on TCE 18.91% |
| \$14.6 Billion Total Deposits | TCE/TA: 7.99% |
| \$7.4 Billion Assets Under Advisement* | Market Cap \$1.7B |
| | Dividend Yield: 4.61% |
| | Price / Tangible Book: 1.21x |
| | Price / LTM EPS: 6.5x |

*Assets Under Management - \$3.5 Billion

Moody's a3 Baseline Credit Assessment¹



¹Moody's Credit Opinion – First Merchants Corporation, October 25, 2022, baseline Credit Assessment (BCA) reflects a bank's standalone credit strength

Highlights

Second Quarter

| Net Income & EPS ¹ | ROA (Annualized) | ROE & ROTCE (Annualized) |
|--|---|--|
| \$60.4 Million \$1.02 Per Share | 1.34% ROA 1.58% PTPP ROA² | 11.29% ROE 18.04% ROTCE² |

- Balance sheet strength
- Improved all capital ratios
- Continued loan growth, while increasing new loan yields
- Maintained a low 50's Efficiency Ratio, while managing increasing deposit betas
- Maintained strong credit quality and a robust allowance for credit losses
- Reported EPS of \$1.02 compared to \$0.63 in 2Q22. Excluding PPP income and expenses related to the Level One acquisition, current EPS was \$1.02 compared to \$1.01 in 2Q22^{1,2}

Year-to-Date

| Net Income & EPS ¹ | ROA (Annualized) | ROE & ROTCE (Annualized) |
|---|---|--|
| \$124.0 Million \$2.09 Per Share | 1.38% ROA 1.62% PTPP ROA² | 11.74% ROE 18.91% ROTCE² |

- Reported EPS of \$2.09 compared to \$1.54 in 2022. Excluding PPP income and expenses related to the Level One acquisition, current YTD EPS was \$2.09 compared to \$1.89 in 2022^{1,2}



¹Net Income and EPS reported on a diluted basis and for common stockholders
²See "Non-GAAP Financial Information" for reconciliation

Business Strategy

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

Full Spectrum of Consumer Deposit and Lending Offerings Supported by:

- › Talented, Customer Service Oriented Banking Center and Call Center Professionals
- › Competitive Digital Solutions
 - Deposit and CRM
 - Online Banking
 - Mobile Banking
- › Diverse Locations in Stable Rural and Growth Metro Markets

Mortgage Banking

Offering a full suite of mortgage solutions to assist with purchase, construction, renovation, and home finance

- › Strengthen existing Commercial, Consumer and Private Wealth relationships
- › Create new household relationships
- › Support underserved borrowers and neighborhoods
- › Deliver solutions through a personalized, efficient, and scalable model

Private Wealth Advisors

Comprehensive and coordinated approach to personal wealth management

Expertise in:

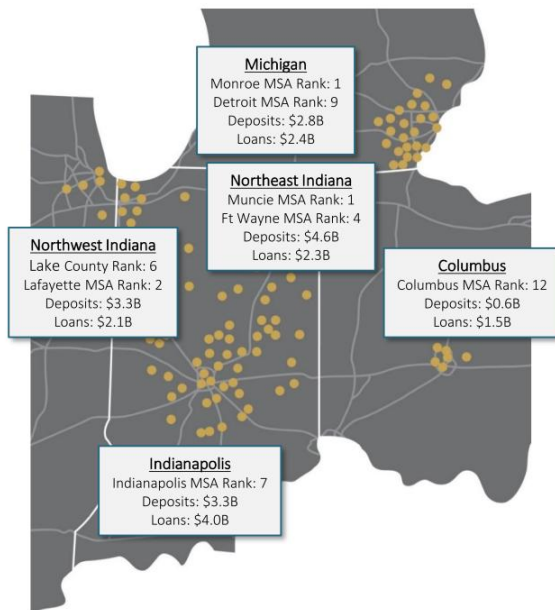
- › Investment Management
- › Private Banking
- › Fiduciary Estate
- › Financial Planning

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



Business Highlights



MSA and County ranking data per FDIC
¹Commercial includes Public Funds and Consumer includes Private Wealth



Loan Growth Annualized¹

| | 2Q23 Balance (\$B) | Growth |
|--|--------------------|-------------|
| Commercial | \$9.3 | (0.9)% |
| Consumer | \$0.8 | (0.6)% |
| Mortgage | \$2.0 | 18.7% |
| Total Loan Growth QTD | | 1.5% |
| Total Loan Growth YTD | | 4.7% |
| *Adjusted Total Loan Growth QTD | | 5.4% |
| *Adjusted Total Loan Growth YTD | | 6.9% |

*During the quarter, the non-relational, term loan B portfolio of \$116 million was sold with a gain.

- The total Commercial pipeline remains stable with regional C&I showing growth and IRE and Sponsor activity slowing.
- The Consumer decline represents balance reductions in the Private Banking portfolios. Overall, this is a small portfolio.

Deposit Growth Annualized¹

| | 2Q23 Balance (\$B) | Growth |
|---------------------------------|--------------------|---------------|
| Commercial | \$7.3 | (2.1)% |
| Consumer | \$6.1 | (3.7)% |
| Total Deposit Growth QTD | | (3.3)% |
| Total Deposit Growth YTD | | 2.8% |

- The Commercial decline was primarily attributed to reduction in client liquidity or debt reduction decisions by clients. Accounts remain stable.
- Consumer sector decline was primarily within the Private Wealth group with clients moving liquidity to alternative investment options. The core, granular nature of our consumer client base remains stable with increasing new account opening levels during the quarter.
- The mix of both the Commercial and Consumer sectors moved towards higher paying money market and CD account types.

Second Quarter Financial Results

| | For the Three Months Ended, | | | | | Variance Linked Quarter | % Variance Linked QTR Annualized | 2Q23 Highlights |
|---|-----------------------------|------------|------------|------------|------------|-------------------------------|--|---|
| | 6/30/22 | 9/30/22 | 12/31/22 | 3/31/23 | 6/30/23 | | | |
| <i>(\$M except per share data)</i> | | | | | | | | |
| Balance Sheet & Asset Quality | | | | | | | | |
| 1. Total Assets | \$17,780.5 | \$17,719.0 | \$17,938.3 | \$18,178.9 | \$17,968.4 | (\$210.5) | -4.6% | <ul style="list-style-type: none"> 52.21% Efficiency Ratio Net interest income, decreased \$6.2 million due to higher funding cost and mix change which offset higher earning asset income Pre-Tax, Pre-Provision (PTPP) Earnings totaled \$71.6 million PTPP ROA was 1.58% and PTPP ROE was 13.38%¹ TCE Ratio increased 0.24% to 7.99% Tangible Book Value per share totaled \$23.34, an increase of \$0.41 over prior quarter |
| 2. Total Loans | 11,406.5 | 11,675.4 | 12,013.0 | 12,250.9 | 12,297.5 | 46.7 | 1.5% | |
| 3. Investments | 4,630.0 | 4,294.8 | 4,263.8 | 4,057.4 | 3,891.5 | (165.9) | -16.4% | |
| 4. Deposits | 14,570.9 | 14,434.8 | 14,382.7 | 14,703.3 | 14,581.2 | (122.1) | -3.3% | |
| 5. Total Equity | 1,977.6 | 1,906.7 | 2,034.8 | 2,122.4 | 2,145.6 | 23.1 | 4.4% | |
| 6. TCE Ratio | 7.04% | 6.66% | 7.34% | 7.75% | 7.99% | 0.24% | | |
| 7. Total RBC Ratio | 12.73 | 12.84 | 13.08 | 13.23 | 13.48% | 0.25 | | |
| 8. ACL / Loans | 1.98 | 1.94 | 1.86 | 1.82 | 1.80 | -0.02 | | |
| 9. NCOs / Avg Loans | 0.01 | -0.01 | 0.12 | 0.01 | 0.06 | 0.05 | | |
| 10. NPAs + 90PD / Assets | 0.30 | 0.29 | 0.28 | 0.34 | 0.34 | 0.00 | | |
| Summary Income Statement | | | | | | | | |
| 11. Net Interest Income | \$128.7 | \$140.3 | \$149.0 | \$144.1 | \$137.9 | (\$6.2) | -4.3% | |
| 12. Provision for Loan Losses | 16.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | |
| 13. Non-Interest Income | 28.3 | 29.6 | 24.1 | 25.0 | 26.3 | 1.3 | 5.2% | |
| 14. Non-Interest Expense | 97.3 | 96.4 | 89.7 | 93.7 | 92.6 | (1.1) | -1.2% | |
| 15. Pre-tax Income | 42.9 | 73.5 | 83.4 | 75.4 | 71.6 | (3.8) | -5.0% | |
| 16. Provision for Taxes | 3.9 | 9.8 | 12.6 | 11.3 | 10.7 | (0.6) | -5.3% | |
| 17. Net Income | 39.0 | 63.7 | 70.8 | 64.1 | 60.9 | (3.2) | -5.0% | |
| 18. Preferred Stock Dividends | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.0 | | |
| 19. Net Income Available to Common Stockholders | 38.5 | 63.3 | 70.3 | 63.6 | 60.4 | (3.2) | -5.0% | |
| 20. ROAA | 0.88% | 1.43% | 1.59% | 1.42% | 1.34% | -0.08% | | |
| 21. ROAE | 7.62 | 12.54 | 14.36 | 12.21 | 11.29 | -0.92 | | |
| 22. ROTCE | 12.91 | 20.85 | 24.21 | 19.82 | 18.04 | -1.78 | | |
| 23. Net Interest Margin | 3.28 | 3.55 | 3.72 | 3.58 | 3.39 | -0.19 | | |
| 24. Efficiency Ratio | 58.45 | 53.34 | 48.60 | 51.72 | 52.21 | 0.49 | | |
| Per Share | | | | | | | | |
| 25. Earnings per Diluted Share | \$0.63 | \$1.08 | \$1.19 | \$1.07 | \$1.02 | (\$0.05) | | |
| 26. Tangible Book Value per Share | 20.45 | 19.26 | 21.45 | 22.93 | 23.34 | 0.41 | | |
| 27. Dividend per Share | 0.32 | 0.32 | 0.32 | 0.32 | 0.34 | 0.02 | | |
| 28. Dividend Payout Ratio | 50.8% | 29.6% | 26.9% | 29.9% | 33.3% | 3.4% | | |



¹See "Non-GAAP Financial Information" for reconciliation

Year-to-Date Financial Results

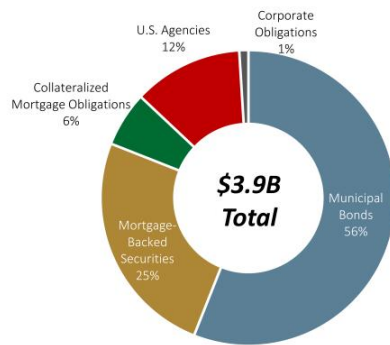
| | For the Six Months Ended June 30, | | | Variance YOY | % Variance YOY | Year-to-Date Highlights |
|---|-----------------------------------|------------|------------|-----------------|-------------------|---|
| | 2021 | 2022 | 2023 | | | |
| <i>(SM except per share data)</i> | | | | | | |
| Balance Sheet & Asset Quality | | | | | | |
| 1. Total Assets | \$14,923.1 | \$17,780.5 | \$17,968.4 | \$187.9 | 1.1% | <ul style="list-style-type: none"> ▪ 51.96% Efficiency Ratio ▪ Net interest income, increased \$51.1 million due to the addition of Level One in 2Q22 ▪ Pre-Tax, Pre-Provision (PTPP) Earnings totaled \$147.0 million PTPP ROA was 1.62% and PTPP ROE was 13.92%¹ ▪ TCE Ratio increased 0.95% to 7.99% over prior year ▪ Tangible Book Value per share totaled \$23.34, an increase of \$2.89 over prior year |
| 2. Total Loans | 9,139.8 | 11,406.5 | 12,297.5 | 891.0 | 7.8% | |
| 3. Investments | 4,148.3 | 4,630.0 | 3,891.5 | (738.5) | -16.0% | |
| 4. Deposits | 12,203.4 | 14,570.9 | 14,581.2 | 10.3 | 0.1% | |
| 5. Total Equity | 1,871.8 | 1,977.6 | 2,145.6 | 168.0 | 8.5% | |
| 6. TCE Ratio | 9.04% | 7.04% | 7.99% | 0.95% | | |
| 7. Total RBC Ratio | 14.23 | 12.73 | 13.48% | 0.75 | | |
| 8. ALLL / Loans | 2.19 | 1.98 | 1.80 | -0.18 | | |
| 9. NCOs / Avg Loans | 0.11 | -0.01 | 0.03 | 0.04 | | |
| 10. NPAs + 90PD / Assets | 0.40 | 0.30 | 0.34 | 0.04 | | |
| Summary Income Statement | | | | | | |
| 11. Net Interest Income | \$204.7 | \$230.9 | \$282.0 | \$51.1 | 22.1% | |
| 12. Provision for Loan Losses | 0.0 | 16.8 | 0.0 | (16.8) | | |
| 13. Non-interest Income | 55.0 | 54.2 | 51.3 | (2.9) | -5.4% | |
| 14. Non-interest Expense | 135.4 | 169.6 | 186.3 | 16.7 | 9.8% | |
| 15. Pre-tax Income | 124.3 | 98.7 | 147.0 | 48.3 | 48.9% | |
| 16. Provision for Taxes | 19.3 | 11.1 | 22.0 | 10.9 | 98.2% | |
| 17. Net Income | 105.0 | 87.6 | 125.0 | 37.4 | 42.7% | |
| 18. Preferred Stock Dividends | 0.0 | 0.5 | 1.0 | 0.5 | | |
| 19. Net Income Available to Common Stockholders | 105.0 | 87.1 | 124.0 | 36.9 | 42.4% | |
| 20. ROAA | 1.45% | 1.05% | 1.38% | 0.33% | | |
| 21. ROAE | 11.40 | 8.90 | 11.74 | 2.84 | | |
| 22. ROTCE | 16.82 | 13.98 | 18.91 | 4.93 | | |
| 23. Net Interest Margin | 3.23 | 3.16 | 3.48 | 0.32 | | |
| 24. Efficiency Ratio | 49.54 | 55.90 | 51.96 | -3.94 | | |
| Per Share | | | | | | |
| 25. Earnings per Diluted Share | \$1.94 | \$1.54 | \$2.09 | \$0.55 | | |
| 26. Tangible Book Value per Share | 24.15 | 20.45 | 23.34 | 2.89 | | |
| 27. Dividend per Share | 0.55 | 0.61 | 0.66 | 0.05 | | |
| 28. Dividend Payout Ratio | 28.4% | 39.6% | 31.6% | -8.0% | | |



¹See "Non-GAAP Financial Information" for reconciliation

Investment Portfolio Highlights

2Q23 Investment Portfolio Composition



Highlights

- Quarterly bond sales of \$101 million
- Effective duration of 6.5 years
- Remaining 2023 cash flow \$150 million / ~2.35% yield
- AA rated municipal bond portfolio
- Allowance for Credit Losses for Investments of \$245,000
- ~53% of portfolio classified as Held-to-Maturity



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



Investment Portfolio Gains / Losses

Unrealized Losses

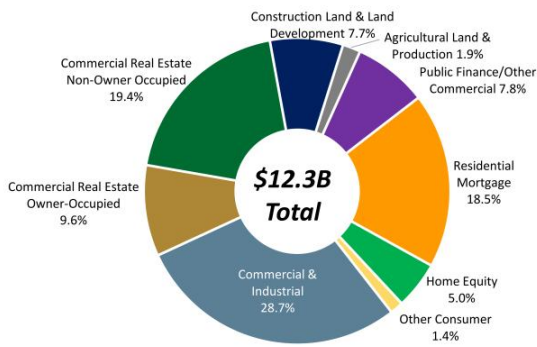
- Net unrealized AFS Loss of \$269.8 million (\$245.7M prior Q)
- Net unrealized HTM Loss of \$359.7 million (\$328.8M prior Q)

Realized Gains/Losses

- 2Q 2022 \$0.1 million gain
- 3Q 2022 \$0.4 million gain
- 4Q 2022 \$0.1 million gain
- 1Q 2023 \$1.6 million loss
- 2Q 2023 \$1.4 million loss

Loan Portfolio Highlights

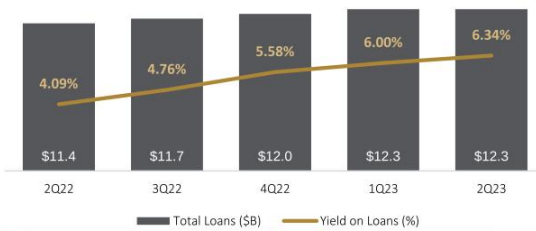
2Q23 Loan Composition



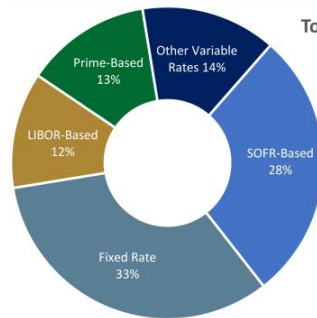
Highlights

- Portfolio composition is ~75% Commercial oriented
- Loan yields remained strong at 6.34%
- New/renewed loan yields averaged 7.30% for the quarter compared to 7.08% in 1Q23

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



2Q23 Portfolio by Yield Type

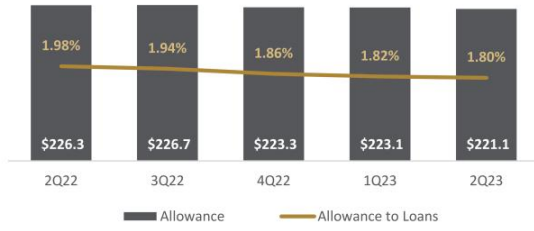


Total loan rate mix as of 2Q23

- \$8.2 billion variable rate
- \$4.1 billion fixed rate

Allowance for Credit Losses - Loans

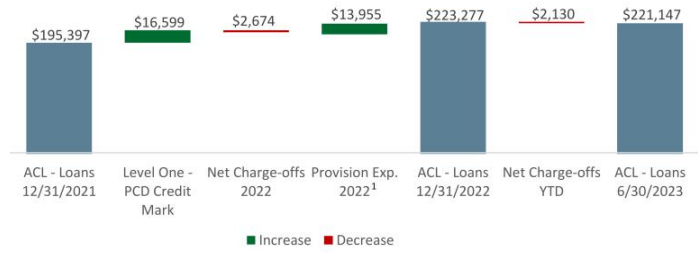
2Q23 Allowance for Credit Losses - Loans



Highlights

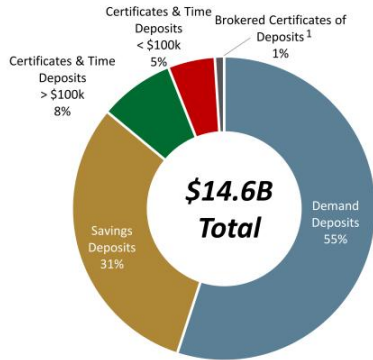
- No Q2 provision expense
- The reserve for unfunded commitments totals \$23.3 million and is recorded in Other Liabilities
- The remaining fair value accretion on acquired loans is \$26.9 million inclusive of credit and interest rate marks

Change in ACL – Loans



Deposit Portfolio Highlights

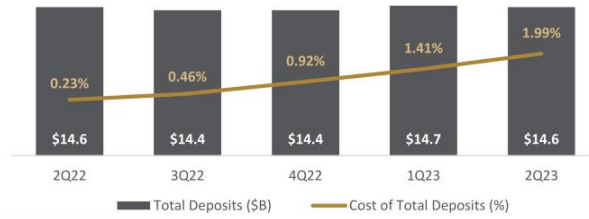
2Q23 Deposit Composition



Highlights

- **Strong core deposit base**
 - 91% core deposits²
 - 18% non-interest bearing
 - 43% yield 5 bps or less
- **Total deposit costs increased to 1.99%**
- **47% cumulative interest-bearing deposit beta, 37% prior quarter**
- **Insured 74.5% / Uninsured 25.5%**
- **Average deposit account balance of \$34,000**

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

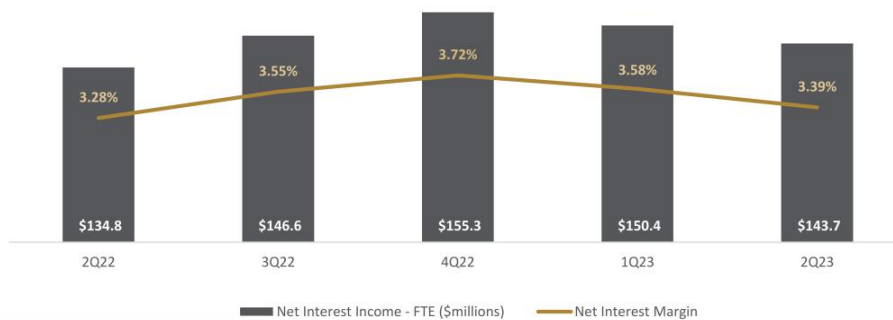


¹Total brokered deposits of \$867 million, which includes brokered CDs of \$164 million
²Defined as total deposits less time deposits > \$100k

Net Interest Margin

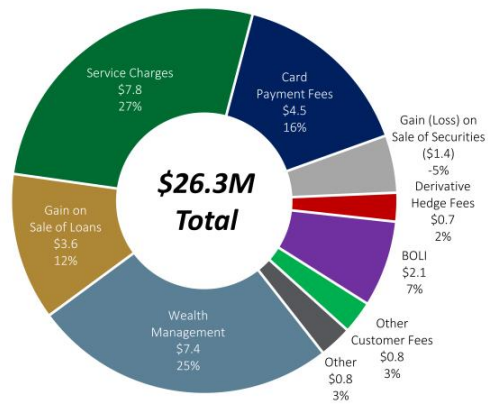
| | 2Q22 | 3Q22 | 4Q22 | 1Q23 | 2Q23 |
|--|----------|----------|----------|----------|----------|
| 1. Net Interest Income - FTE (\$millions) | \$ 134.8 | \$ 146.6 | \$ 155.3 | \$ 150.4 | \$ 143.7 |
| 2. Fair Value Accretion | \$ 3.2 | \$ 3.2 | \$ 2.7 | \$ 2.4 | \$ 2.0 |
| 3. PPP Loan Income | \$ 0.9 | \$ 0.3 | \$ 0.1 | \$ - | \$ - |
| 4. Adjusted Net Interest Income - FTE ¹ | \$ 130.7 | \$ 143.1 | \$ 152.5 | \$ 148.0 | \$ 141.7 |
| 5. Tax Equivalent Yield on Earning Assets | 3.58% | 4.11% | 4.73% | 5.06% | 5.36% |
| 6. Interest Expense/Average Earning Assets | 0.30% | 0.56% | 1.01% | 1.48% | 1.97% |
| 7. Net Interest Margin | 3.28% | 3.55% | 3.72% | 3.58% | 3.39% |
| 8. Fair Value Accretion Effect | 0.08% | 0.08% | 0.07% | 0.06% | 0.05% |
| 9. Impact of PPP Loans | 0.01% | 0.00% | 0.00% | 0.00% | 0.00% |
| 10. Adjusted Net Interest Margin ¹ | 3.19% | 3.47% | 3.65% | 3.52% | 3.34% |

¹Adjusted for Fair Value Accretion and PPP Loan Income



Non-Interest Income Highlights

2Q23 Non-Interest Income Detail (\$M)

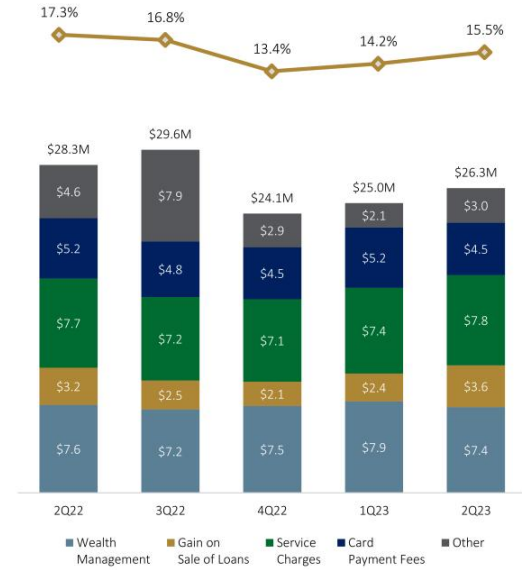


Highlights

- Customer-related fees totaling \$24.8 million for 2Q23, increased \$0.3 million from 1Q23 driven primarily by higher gains on the sales of mortgage loans
- Losses of \$1.4 million recognized on the sale of \$101 million of available-for-sale securities

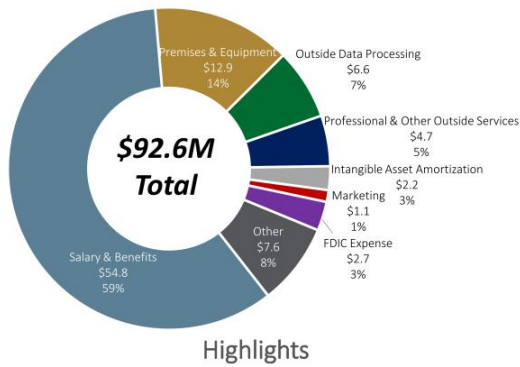
Non-Interest Income Trends (\$M)

Fee Income / Revenue



Non-Interest Expense Highlights

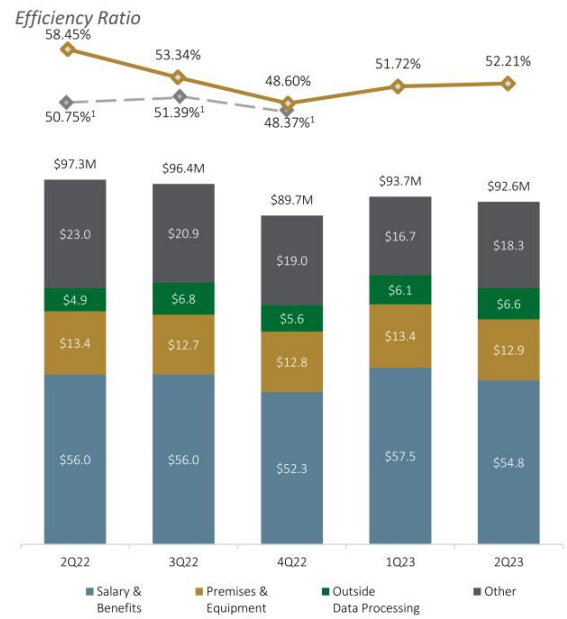
2Q23 Non-Interest Expense Detail



Highlights

- Decline in salaries and benefits of \$2.7 million due to lower incentives and annual benefit plan expense of \$1.3 million reflected in Q1
- Increase of \$1.3 million in FDIC assessment as \$2.0 million in one-time assessment credits were recorded in Q1

Non-Interest Expense Trends (\$M)



¹2Q22, 3Q22, and 4Q22 Efficiency Ratio excluding acquisition costs, see "Non-GAAP Financial Information" for reconciliation

Capital Ratios

Tangible Common Equity Ratio



Highlights

- TCE Ratio including marks on held-to-maturity securities portfolio is 6.45%
- CET1 including net unrealized loss in AOCI on available-for-sale securities is 9.75%

Common Equity Tier 1 Ratio



Total Risk-Based Capital Ratio



Loan Portfolio

Loan Portfolio Trends (\$M)

| | 2Q22 | 3Q22 | 4Q22 | 1Q23 | 2Q23 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| 1. C&I - Regional Banking | \$ 2,681 | \$ 2,703 | \$ 2,827 | \$ 2,831 | \$ 2,733 |
| 2. C&I - Sponsor Finance | 619 | 630 | 612 | 674 | 798 |
| 3. CRE Owner Occupied | 1,262 | 1,266 | 1,244 | 1,242 | 1,180 |
| 4. Construction/Land/Land Dev. | 746 | 829 | 836 | 961 | 950 |
| 5. CRE Non-Owner Occupied | 2,423 | 2,299 | 2,407 | 2,375 | 2,380 |
| 6. Agricultural | 215 | 222 | 242 | 220 | 230 |
| 7. Public Finance/Other Commercial | 894 | 915 | 933 | 959 | 964 |
| 8. Total Commercial Loans | 8,840 | 8,864 | 9,101 | 9,262 | 9,235 |
| 9. Residential Mortgage | 1,823 | 2,014 | 2,103 | 2,195 | 2,276 |
| 10. Home Equity | 586 | 622 | 631 | 621 | 614 |
| 11. Other Consumer | 157 | 175 | 178 | 173 | 173 |
| 12. Total Resi Mortgage & Consumer | 2,566 | 2,811 | 2,912 | 2,989 | 3,063 |
| 13. Total Loans | \$11,406 | \$11,675 | \$12,013 | \$12,251 | \$12,298 |

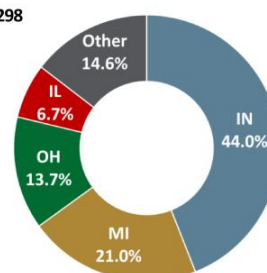
2Q23 Highlights

- Sale of \$116 million term loan B portfolio
- C&I – Regional Banking loan growth of \$18 million adjusted for the sale
- C&I - Sponsor Finance growth - \$124 million
- Residential Mortgage growth - \$81 million, primarily from portfolio ARM strategy

Year Over Year Highlights

Loan growth of \$892 million or 7.8%

- Balanced commercial loan growth - \$395 million
 - C&I - Regional Banking - \$52 million
 - C&I - Sponsor Finance - \$179 million
 - CRE /Constr/Land/Land Dev. - \$79 million
- Total Resi Mtg & Cons. - \$497 million
 - Mortgage growth of \$453 million, primarily from portfolio ARM strategy



Geography

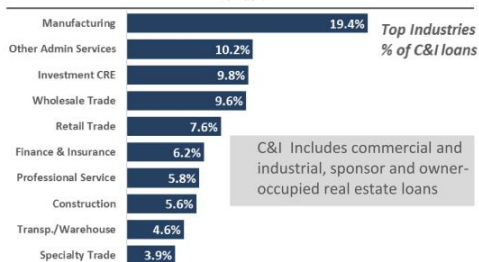
85.4% of borrowers within four state Midwest geography



Loan Portfolio Insights

Commercial

C & I



C&I Includes commercial and industrial, sponsor and owner-occupied real estate loans

- Line utilization Q2'23 at 41.7% and has been in the range of 41% for three quarters. Line commitments increased \$162 million this quarter.
- \$604 million in Shared National Credits
- \$64.6 million of SBA guaranteed loans
- \$0 dollars in operating leases

C&I - Sponsor Finance

- \$798 million to 80 companies
- Senior Debt/Adj. EBITDA < 3.0X ~ 68%
- Total Debt/Adj. EBITDA < 4.0X ~ 80%
- FCCR > 1.50X ~ 68%
- ~ 3.8% Classified

Construction Finance

- \$158 million Residential Real Estate Construction
- \$792 million Commercial Real Estate Construction & Land

| (\$M) | % CRE | | |
|------------------|---------|---------|-------------|
| | Balance | Commit. | Constr/Land |
| Multi-Family | \$476 | \$787 | 60.0% |
| Industrial | 84 | 125 | 10.7% |
| Self Storage | 69 | 78 | 8.7% |
| Office - Medical | 17 | 23 | 2.1% |
| Office - General | 9 | 29 | 1.1% |

Mortgage & Consumer

Home Equity / Other Consumer

- > 95% of \$615 million in consumer loans had a credit score exceeding 669 at origination

(excludes ~22% of loans where origination data is unavailable)

Residential Mortgage

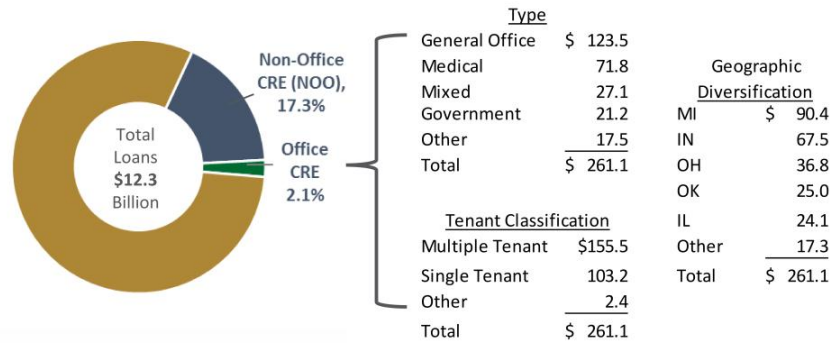
- \$269 million residential mortgage secured, related to commercial loan relationships
- \$2.0 billion residential mortgage loans
 - > 93% of \$1.8 billion in residential portfolio loans had a credit score at origination exceeding 669

(excludes ~10% of residential loans where origination data is unavailable)

Loan Portfolio Insights (continued)

Commercial Real Estate (Non-owner occupied) (\$M)

| | Multi-Family | Industrial | Retail | Office | Ware-house/Storage | Hotel | Other | Total CRE (NOO) |
|-------------------------|--------------|------------|---------|---------|--------------------|---------|---------|-----------------|
| Balance: | \$685.4 | \$381.2 | \$383.6 | \$261.1 | \$253.1 | \$153.7 | \$262.0 | \$2,380.1 |
| Commitment: | \$723.5 | \$398.2 | \$389.9 | \$268.4 | \$258.2 | \$154.2 | \$303.8 | \$2,496.2 |
| # of loans: | 483 | 495 | 333 | 227 | 100 | 32 | 138 | 1,808 |
| % of Total Loans: | 5.6% | 3.1% | 3.1% | 2.1% | 2.1% | 1.2% | 2.1% | 19.4% |
| Average Loan Balance: | \$1.4 | \$0.8 | \$1.2 | \$1.2 | \$2.5 | \$4.8 | \$1.9 | \$1.3 |
| Top 10 - Avg. Loan Com: | \$18.7 | \$8.7 | \$10.0 | \$11.1 | \$15.4 | \$11.7 | \$16.4 | \$23.6 |



Asset Quality

Asset Quality Trends (\$M)

| | 2Q22 | 3Q22 | 4Q22 | 1Q23 | 2Q23 |
|-------------------------------------|---------|----------|---------|---------|---------|
| 1. Non-Accrual Loans | \$ 46.0 | \$ 43.5 | \$ 42.3 | \$ 46.6 | \$ 69.2 |
| 2. Other Real Estate | 6.5 | 6.5 | 6.5 | 7.8 | 7.7 |
| 3. 90PD Loans | 0.6 | 0.7 | 1.7 | 7.0 | 0.4 |
| 4. Renegotiated Loans | 0.2 | 0.2 | 0.2 | - | - |
| 5. NPAs + 90PD | \$ 53.3 | \$ 50.9 | \$ 50.7 | \$ 61.4 | \$ 77.3 |
| 6. NPAs + 90PD/Loans and ORE | 0.47% | 0.44% | 0.42% | 0.50% | 0.63% |
| 7. Classified Loans | \$192.1 | \$207.1 | \$215.2 | \$250.5 | \$257.0 |
| 8. Classified Loans/Loans | 1.68% | 1.77% | 1.79% | 2.04% | 2.09% |
| 9. Net Charge-offs (QTD) | \$ 0.3 | \$ (0.4) | \$ 3.4 | \$ 0.2 | \$ 1.9 |
| 10. QTD NCO/Avg. Loans (Annualized) | 0.01% | -0.01% | 0.12% | 0.01% | 0.06% |

Highlights

- NPAs + 90PD were up 13 bps to 0.63% of loans and ORE
- New Non-Accruals:
 - A \$15.9 million loan to a syndicated specialty finance company
 - An \$8.7 million loan to a material handling company
- Stable Classified Loans/Loans. Remains below pre-pandemic levels
- Q2 Net Charge-offs of \$1.9 million
 - 0.06% of average loans (annualized)
 - Gross charge-offs of \$2.3 million with recoveries of \$0.4 million

Non-Performing Assets

Non-Performing Assets Roll Forward (\$M)

| | 2Q22 | 3Q22 | 4Q22 | 1Q23 | 2Q23 |
|---|---------------|---------------|---------------|---------------|---------------|
| 1. Beginning Balance NPAs + 90PD | \$51.2 | \$53.3 | \$50.9 | \$50.7 | \$61.4 |
| <u>Non-Accrual</u> | | | | | |
| 2. Add: New Non-Accruals | 13.1 | 9.0 | 7.3 | 15.4 | 33.2 |
| 3. Less: To Accrual or Payoff | (8.9) | (10.7) | (4.8) | (8.6) | (8.3) |
| 4. Less: To OREO | 0.5 | 0.1 | 0.1 | (1.4) | - |
| 5. Less: Charge-offs | <u>(1.4)</u> | <u>(0.9)</u> | <u>(3.8)</u> | <u>(1.1)</u> | <u>(2.3)</u> |
| 6. Non-Accrual Loans Change | 3.3 | (2.5) | (1.2) | 4.3 | 22.6 |
| <u>Other Real Estate Owned (ORE)</u> | | | | | |
| 7. Add: New ORE Properties | 0.5 | 0.1 | 0.1 | 1.4 | - |
| 8. Less: ORE Sold | (0.2) | (0.1) | (0.1) | (0.1) | (0.1) |
| 9. Less: ORE Losses (write-downs) | <u>(0.1)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 10. ORE Change | 0.2 | - | - | 1.3 | (0.1) |
| 11. 90PD Change | (1.5) | 0.1 | 1.0 | 5.3 | (6.6) |
| 12. Renegotiated Loans Change | <u>0.1</u> | <u>-</u> | <u>-</u> | <u>(0.2)</u> | <u>-</u> |
| 13. NPAs + 90PD Change | 2.1 | (2.4) | (0.2) | 10.7 | 15.9 |
| 14. Ending Balance NPAs + 90PD | \$53.3 | \$50.9 | \$50.7 | \$61.4 | \$77.3 |

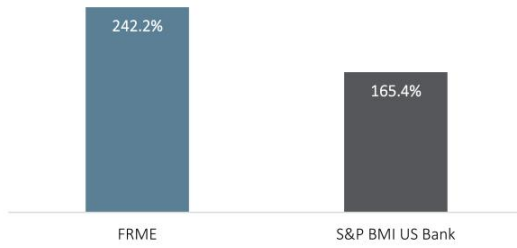
Highlights

Non-Accrual Migration:

- Top three non-accrual commercial relationships total \$34.6 million
 - Specialty Finance
 - Senior Living
 - Material Handling
- \$8.3 million paid off or returned to accrual
 - Largest \$3.6 million CRE payoff
- 90 days PD reduced \$6.6 million

Track Record of Shareholder Value

10-Year Total Return (2012-2022)



Earnings per Share

CAGR 2012-2022: 10.5%



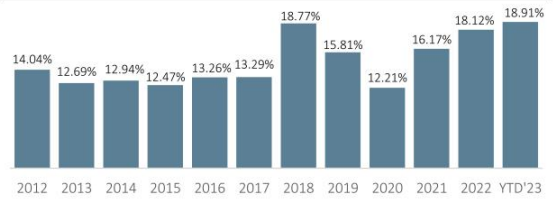
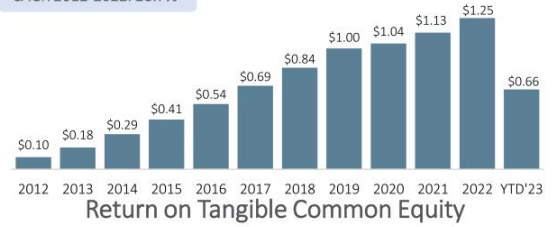
Tangible Book Value per Share

CAGR 2012-2022: 7.0%
Adjusted CAGR¹ 9.3%



¹Tangible book value per share excluding unrealized gain/loss in available for sale securities.

CAGR 2012-2022: 28.7%

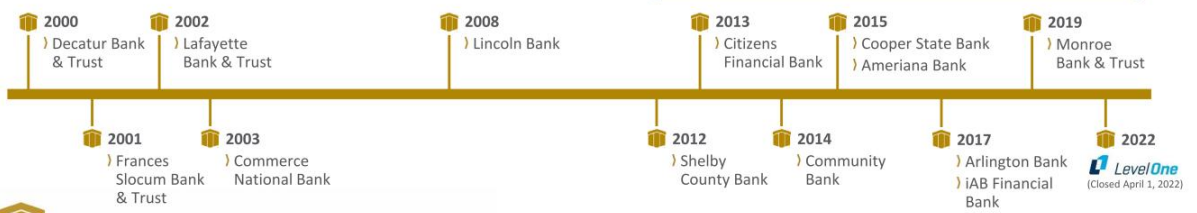


History of Organic and Whole Bank Acquisition Growth

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

- Our Vision:** *To enhance the financial wellness of the diverse communities we serve.*
- Our Mission:** *To be the most attentive, knowledgeable, and high-performing bank for our clients, teammates, and shareholders.*
- Our Team:** *We are a collection of dynamic colleagues with diverse experiences and perspectives who share a passion for positively impacting lives. We are genuinely committed to attracting and engaging teammates of diverse backgrounds. We believe in the power of inclusion and belonging.*
-

- Strategic Imperatives:**
- Lead a brand-focused cultural transformation through inclusivity, teamwork, performance management, career development, rewards, and work-life balance
 - Produce organic growth across all lines of business and markets through focused, data-driven, industry-leading client acquisition, expansion, and retention activities
 - Invest in the digital transformation of our delivery channels to simplify the client experience
 - Maintain top-quartile financial results supported by industry-leading governance, risk, and compliance practices to ensure long-term sustainability
 - Continue to leverage our core competency in acquisitions to enhance growth, efficiency, and high performance
 - Cultivate a high-quality shareholder base that values environmental, social, and governance initiatives inspired by our stakeholder-centric business model

APPENDIX

Non-GAAP

ADJUSTED EPS EXCLUDING PAYCHECK PROTECTION PROGRAM ("PPP") AND ACQUISITION-RELATED EXPENSES

| | 2Q22 | 3Q22 | 4Q22 | 1Q23 | 2Q23 | 6/30/21 YTD | 6/30/22 YTD | 6/30/23 YTD |
|--|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|
| (Dollars in Thousands, Except Per Share Amounts) | | | | | | | | |
| Net Income Available to Common Stockholders - GAAP | \$ 38,522 | \$ 63,283 | \$ 70,292 | \$ 63,610 | \$ 60,393 | \$ 105,028 | \$ 87,108 | \$ 124,003 |
| Adjustments: | | | | | | | | |
| PPP loan income | (891) | (323) | (109) | (25) | (9) | (18,968) | (2,775) | (34) |
| Acquisition-related expenses | 12,549 | 3,417 | 413 | - | - | - | 12,701 | - |
| Acquisition-related provision expense | 16,755 | - | - | - | - | - | 16,755 | - |
| Tax on adjustment | (6,967) | (759) | (75) | 6 | 2 | 4,651 | (6,542) | 8 |
| Adjusted Net Income Available to Common Stockholders - NON-GAAP | \$ 59,968 | \$ 65,618 | \$ 70,521 | \$ 63,591 | \$ 60,386 | \$ 90,711 | \$ 107,247 | \$ 123,977 |
| Average Diluted Common Shares Outstanding | 59,308 | 59,339 | 59,384 | 59,441 | 59,448 | 54,159 | 56,516 | 59,446 |
| Diluted Earnings Per Common Share - GAAP | \$ 0.63 | \$ 1.08 | \$ 1.19 | \$ 1.07 | \$ 1.02 | \$ 1.94 | \$ 1.54 | \$ 2.09 |
| Adjustments: | | | | | | | | |
| PPP loan income | (0.01) | - | (0.01) | - | - | (0.35) | (0.05) | - |
| Acquisition-related expenses | 0.22 | 0.05 | 0.01 | - | - | - | 0.22 | - |
| Acquisition-related provision expense | 0.30 | - | - | - | - | - | 0.30 | - |
| Tax on adjustment | (0.13) | (0.01) | - | - | - | 0.08 | (0.12) | - |
| Adjusted Diluted Earnings Per Common Share - NON-GAAP | \$ 1.01 | \$ 1.12 | \$ 1.19 | \$ 1.07 | \$ 1.02 | \$ 1.67 | \$ 1.89 | \$ 2.09 |

PRE-TAX, PRE-PROVISION ("PTPP") EARNINGS EXCLUDING ACQUISITION-RELATED EXPENSES

| | 2Q22 | 3Q22 | 4Q22 | 1Q23 | 2Q23 | 6/30/21 YTD | 6/30/22 YTD | 6/30/23 YTD |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| (Dollars in Thousands, Except Per Share Amounts) | | | | | | | | |
| Net Interest Income (GAAP) | \$ 128,661 | \$ 140,307 | \$ 148,956 | \$ 144,119 | \$ 137,835 | \$ 204,692 | \$ 230,941 | \$ 281,954 |
| Other Income (GAAP) | 28,277 | 29,616 | 24,151 | 24,997 | 26,319 | 54,975 | 54,174 | 51,316 |
| Total Revenue | 156,938 | 169,923 | 173,107 | 169,116 | 164,154 | 259,667 | 285,115 | 333,270 |
| Less: Other Expenses (GAAP) | (97,313) | (96,378) | (89,699) | (93,720) | (92,593) | (135,393) | (169,638) | (186,313) |
| Add: Acquisition-Related Expenses (GAAP) | 12,549 | 3,417 | 413 | - | - | - | 12,701 | - |
| Pre-Tax, Pre-Provision Earnings (non-GAAP) | \$ 72,174 | \$ 76,962 | \$ 83,821 | \$ 75,396 | \$ 71,561 | \$ 124,274 | \$ 128,178 | \$ 146,957 |
| Average Assets (GAAP) | \$ 17,778,221 | \$ 17,770,623 | \$ 17,834,468 | \$ 18,022,195 | \$ 18,170,649 | \$ 14,503,087 | \$ 16,627,804 | \$ 18,096,832 |
| Average Equity (GAAP) | \$ 2,021,123 | \$ 2,018,156 | \$ 1,958,041 | \$ 2,083,125 | \$ 2,139,877 | \$ 1,843,250 | \$ 1,956,532 | \$ 2,111,658 |
| Average Diluted Common Shares | 59,308 | 59,339 | 59,384 | 59,441 | 59,448 | 54,159 | 56,516 | 59,446 |
| PTPP/Average Assets (PTPP ROA) | 1.62% | 1.73% | 1.88% | 1.67% | 1.58% | 1.71% | 1.54% | 1.62% |
| PTPP/Average Equity (PTPP ROE) | 14.28% | 15.25% | 17.12% | 14.48% | 13.38% | 13.48% | 13.10% | 13.92% |
| PTPP/Average Diluted Common Shares | \$ 1.22 | \$ 1.30 | \$ 1.41 | \$ 1.27 | \$ 1.20 | \$ 2.29 | \$ 2.27 | \$ 2.47 |



Non-GAAP

EFFICIENCY RATIO (dollars in thousands):

| | 2Q22 | 3Q22 | 4Q22 | 1Q23 | 2Q23 | 2Q21 YTD | 2Q22 YTD | 2Q23 YTD |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| EFFICIENCY RATIO (dollars in thousands): | | | | | | | | |
| Non Interest Expense (GAAP) | \$ 97,313 | \$ 96,378 | \$ 89,699 | \$ 93,720 | \$ 92,593 | \$ 135,393 | \$ 169,638 | \$ 186,313 |
| Less: Intangible Asset Amortization | (2,303) | (2,303) | (2,303) | (2,197) | (2,182) | (2,821) | (3,669) | (4,379) |
| Less: OREO and Foreclosure Expenses | 266 | (328) | (197) | 18 | (916) | (912) | (298) | (898) |
| Adjusted Non Interest Expense (non-GAAP) | 95,276 | 93,747 | 87,199 | 91,541 | 89,495 | 131,660 | 165,671 | 181,036 |
| Net Interest Income (GAAP) | 128,661 | 140,306 | 148,956 | 144,119 | 137,835 | 204,692 | 230,941 | 281,954 |
| Plus: Fully Taxable Equivalent Adjustment | 6,168 | 6,316 | 6,370 | 6,321 | 5,858 | 9,659 | 11,904 | 12,179 |
| Net Interest Income on a Fully Taxable Equivalent Basis (non-GAAP) | 134,829 | 146,622 | 155,326 | 150,440 | 143,693 | 214,351 | 242,845 | 294,133 |
| Non Interest Income (GAAP) | 28,277 | 29,617 | 24,150 | 24,997 | 26,319 | 54,975 | 54,174 | 51,316 |
| Less: Investment Securities Gains (Losses) | (90) | (481) | (57) | 1,571 | 1,392 | (3,560) | (656) | 2,963 |
| Adjusted Non Interest Income (non-GAAP) | 28,187 | 29,136 | 24,093 | 26,568 | 27,711 | 51,415 | 53,518 | 54,279 |
| Adjusted Revenue (non-GAAP) | 163,016 | 175,758 | 179,419 | 177,008 | 171,404 | 265,766 | 296,363 | 348,412 |
| Efficiency Ratio (non-GAAP) | 58.45% | 53.34% | 48.60% | 51.72% | 52.21% | 49.54% | 55.90% | 51.96% |

Non-GAAP

CAPITAL RATIOS (dollars in thousands):

| | 2Q21 | 2Q22 | 3Q22 | 4Q22 | 1Q23 | 2Q23 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| Total Risk-Based Capital Ratio (dollars in thousands) | | | | | | |
| Total Stockholders' Equity (GAAP) | 1,871,800 | 1,977,641 | 1,906,666 | 2,034,770 | 2,122,448 | 2,145,565 |
| Adjust for Accumulated Other Comprehensive (Income) Loss ¹ | (60,080) | 198,556 | 314,089 | 239,151 | 198,914 | 217,964 |
| Less: Preferred Stock | (125) | (25,125) | (25,125) | (25,125) | (25,125) | (25,125) |
| Add: Qualifying Capital Securities | 46,487 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 |
| Less: Tier 1 Capital Deductions | - | - | - | - | - | - |
| Less: Disallowed Goodwill and Intangible Assets | (566,412) | (743,285) | (740,780) | (738,206) | (736,429) | (734,666) |
| Less: Disallowed Deferred Tax Assets | (1,152) | (1,554) | (1,267) | (337) | (351) | (258) |
| Add: Modified CECL Transition Amount | 40,314 | 23,028 | 23,028 | 23,028 | 11,514 | 11,514 |
| Total Tier 1 Capital (Regulatory) | \$ 1,330,832 | \$ 1,454,261 | \$ 1,501,611 | \$ 1,558,281 | \$ 1,595,971 | \$ 1,639,994 |
| Qualifying Subordinated Debentures | 65,000 | 143,074 | 143,089 | 143,103 | 143,118 | 143,132 |
| Allowance for Loan Losses includible in Tier 2 Capital | 135,690 | 175,059 | 178,490 | 180,870 | 182,308 | 183,106 |
| Total Risk-Based Capital (Regulatory) | \$ 1,531,522 | \$ 1,772,394 | \$ 1,823,190 | \$ 1,882,254 | \$ 1,921,397 | \$ 1,966,232 |
| Net Risk-Weighted Assets (Regulatory) | \$ 10,759,672 | \$ 13,918,947 | \$ 14,196,430 | \$ 14,392,671 | \$ 14,524,959 | \$ 14,590,561 |
| Total Risk-Based Capital Ratio (Regulatory) | 14.23% | 12.73% | 12.84% | 13.08% | 13.23% | 13.48% |
| Common Equity Tier 1 Capital Ratio | | | | | | |
| Total Tier 1 Capital (Regulatory) | \$ 1,330,832 | \$ 1,454,261 | \$ 1,501,611 | \$ 1,558,281 | \$ 1,595,971 | \$ 1,639,994 |
| Less: Qualified Capital Securities | (46,487) | (25,000) | (25,000) | (25,000) | (25,000) | (25,000) |
| Add: Additional Tier 1 Capital Deductions | - | - | - | - | - | - |
| Common Equity Tier 1 Capital (Regulatory) | \$ 1,284,345 | \$ 1,429,261 | \$ 1,476,611 | \$ 1,533,281 | \$ 1,570,971 | \$ 1,614,994 |
| Net Risk-Weighted Assets (Regulatory) | \$ 10,759,672 | \$ 13,918,947 | \$ 14,196,430 | \$ 14,392,671 | \$ 14,524,959 | \$ 14,590,561 |
| Common Equity Tier 1 Capital Ratio (Regulatory) | 11.94% | 10.27% | 10.40% | 10.65% | 10.82% | 11.07% |

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 the defined benefit and other postretirement plans.

Non-GAAP

TANGIBLE COMMON EQUITY RATIO (dollars in thousands):

| | 2Q21 | 2Q22 | 3Q22 | 4Q22 | 1Q23 | 2Q23 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| Tangible Common Equity Ratio (dollars in thousands) | | | | | | |
| Total Stockholders' Equity (GAAP) | \$ 1,871,800 | \$ 1,977,641 | \$ 1,906,666 | \$ 2,034,770 | \$ 2,122,448 | \$ 2,145,565 |
| Less: Preferred Stock | (125) | (25,125) | (25,125) | (25,125) | (25,125) | (25,125) |
| Less: Intangible Assets | (573,786) | (753,649) | (750,713) | (747,844) | (745,647) | (743,465) |
| Tangible Common Equity (non-GAAP) | \$ 1,297,889 | \$ 1,198,867 | \$ 1,130,828 | \$ 1,261,801 | \$ 1,351,676 | \$ 1,376,975 |
| Total Assets (GAAP) | \$ 14,923,097 | \$ 17,780,492 | \$ 17,718,985 | \$ 17,938,306 | \$ 18,178,908 | \$ 17,968,412 |
| Less: Intangible Assets | (573,786) | (753,649) | (750,713) | (747,844) | (745,647) | (743,465) |
| Tangible Assets (non-GAAP) | \$ 14,349,311 | \$ 17,026,843 | \$ 16,968,272 | \$ 17,190,462 | \$ 17,433,261 | \$ 17,224,947 |
| Tangible Common Equity Ratio (non-GAAP) | 9.04% | 7.04% | 6.66% | 7.34% | 7.75% | 7.99% |

TANGIBLE COMMON EQUITY PER SHARE (dollars in thousands):

| | 4Q12 | 4Q13 | 4Q14 | 4Q15 | 4Q16 | 4Q17 | 4Q18 | 4Q19 | 4Q20 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Tangible Common Equity Per Share | | | | | | | | | |
| Total Stockholders' Equity (GAAP) | \$ 552,236 | \$ 634,923 | \$ 726,827 | \$ 850,509 | \$ 901,657 | \$ 1,303,463 | \$ 1,408,260 | \$ 1,786,437 | \$ 1,875,645 |
| Less: Preferred Stock | (90,908) | (125) | (125) | (125) | (125) | (125) | (125) | (125) | (125) |
| Less: Intangible Assets | (149,529) | (202,767) | (218,755) | (259,764) | (258,866) | (476,503) | (469,784) | (578,881) | (572,893) |
| Tax Benefit | 2,249 | 4,973 | 6,085 | 6,278 | 5,930 | 6,788 | 5,017 | 7,257 | 5,989 |
| Tangible Common Equity, Net of Tax (non-GAAP) | \$ 314,048 | \$ 437,004 | \$ 514,032 | \$ 596,898 | \$ 648,596 | \$ 833,623 | \$ 943,368 | \$ 1,214,688 | \$ 1,308,616 |
| Common Shares Outstanding | 28,692,616 | 35,921,761 | 37,669,948 | 40,664,258 | 40,912,697 | 49,158,238 | 49,349,800 | 55,368,482 | 53,922,359 |
| Tangible Common Equity per Share (non-GAAP) | \$ 10.95 | \$ 12.17 | \$ 13.65 | \$ 14.68 | \$ 15.85 | \$ 16.96 | \$ 19.12 | \$ 21.94 | \$ 24.27 |
| Tangible Common Equity Per Share | | | | | | | | | |
| Total Stockholders' Equity (GAAP) | \$ 552,236 | \$ 1,871,800 | \$ 1,912,571 | \$ 1,977,641 | \$ 1,906,666 | \$ 2,034,770 | \$ 2,122,448 | \$ 2,145,565 | |
| Less: Preferred Stock | (90,908) | (125) | (125) | (25,125) | (25,125) | (25,125) | (25,125) | (25,125) | |
| Less: Intangible Assets | (149,529) | (573,786) | (570,860) | (753,649) | (750,713) | (747,844) | (745,647) | (743,465) | |
| Tax Benefit | 2,249 | 5,432 | 4,875 | 8,692 | 8,197 | 7,702 | 7,231 | 6,760 | |
| Tangible Common Equity, Net of Tax (non-GAAP) | \$ 314,048 | \$ 1,303,321 | \$ 1,346,461 | \$ 1,207,559 | \$ 1,139,025 | \$ 1,269,503 | \$ 1,358,907 | \$ 1,383,735 | |
| Common Shares Outstanding | 28,692,616 | 53,972,386 | 53,410,411 | 59,059,866 | 59,145,414 | 59,170,583 | 59,257,051 | 59,297,148 | |
| Tangible Common Equity per Share (non-GAAP) | \$ 10.95 | \$ 24.15 | \$ 25.21 | \$ 20.45 | \$ 19.26 | \$ 21.45 | \$ 22.93 | \$ 23.34 | |



Non-GAAP

RETURN ON TANGIBLE COMMON EQUITY (dollars in thousands):

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 YTD |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Return on Tangible Common Equity | | | | | | | | | | |
| Total Average Stockholders' Equity (GAAP) | \$ 535,506 | \$ 540,255 | \$ 675,295 | \$ 753,724 | \$ 884,664 | \$ 1,110,524 | \$ 1,343,861 | \$ 1,569,615 | \$ 1,825,135 | \$ 1,843,250 |
| Less: Average Preferred Stock | (90,908) | (47,537) | (125) | (125) | (125) | (125) | (125) | (125) | (125) | (125) |
| Less: Average Intangible Assets, Net of Tax | (147,889) | (153,519) | (199,354) | (215,281) | (254,332) | (360,005) | (467,421) | (499,622) | (569,377) | (567,795) |
| Average Tangible Common Equity, Net of Tax (non-GAAP) | \$ 296,709 | \$ 339,199 | \$ 475,816 | \$ 538,318 | \$ 630,207 | \$ 750,394 | \$ 876,315 | \$ 1,069,868 | \$ 1,255,633 | \$ 1,275,330 |
| Net Income Available to Common Stockholders (GAAP) | \$ 40,583 | \$ 42,150 | \$ 60,162 | \$ 65,384 | \$ 81,051 | \$ 96,070 | \$ 159,139 | \$ 164,460 | \$ 148,600 | \$ 105,028 |
| Plus: Intangible Asset Amortization, Net of Tax | 1,081 | 892 | 1,395 | 1,720 | 2,542 | 3,670 | 5,307 | 4,736 | 4,730 | 2,228 |
| Tangible Net Income (non-GAAP) | \$ 41,664 | \$ 43,042 | \$ 61,557 | \$ 67,104 | \$ 83,593 | \$ 99,740 | \$ 164,446 | \$ 169,196 | \$ 153,330 | \$ 107,256 |
| Return on Tangible Common Equity (non-GAAP) | 14.04% | 12.69% | 12.94% | 12.47% | 13.26% | 13.29% | 18.77% | 15.81% | 12.21% | 16.82% |

| | 2021 | 2Q22 | 2022 YTD | 3Q22 | 4Q22 | 2022 | 1Q23 | 2Q23 | 2023 YTD |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Return on Tangible Common Equity | | | | | | | | | |
| Total Average Stockholders' Equity (GAAP) | \$ 1,866,632 | \$ 2,021,123 | \$ 1,956,532 | \$ 2,018,156 | \$ 1,958,041 | \$ 1,972,445 | \$ 2,083,125 | \$ 2,139,877 | \$ 2,111,658 |
| Less: Average Preferred Stock | (125) | (25,125) | (12,625) | (25,125) | (25,125) | (18,875) | (25,125) | (25,125) | (25,125) |
| Less: Average Intangible Assets, Net of Tax | (567,512) | (745,614) | (656,042) | (744,069) | (741,632) | (699,803) | (739,190) | (737,489) | (738,334) |
| Average Tangible Common Equity, Net of Tax (non-GAAP) | \$ 1,298,995 | \$ 1,250,384 | \$ 1,287,865 | \$ 1,248,962 | \$ 1,191,284 | \$ 1,253,767 | \$ 1,318,810 | \$ 1,377,263 | \$ 1,348,199 |
| Net Income Available to Common Stockholders (GAAP) | \$ 205,531 | \$ 38,521 | \$ 87,108 | \$ 63,283 | \$ 70,292 | \$ 220,683 | \$ 63,610 | \$ 60,393 | \$ 124,003 |
| Plus: Intangible Asset Amortization, Net of Tax | 4,540 | 1,820 | 2,898 | 1,819 | 1,819 | 6,537 | 1,734 | 1,724 | 3,458 |
| Tangible Net Income (non-GAAP) | \$ 210,071 | \$ 40,341 | \$ 90,006 | \$ 65,102 | \$ 72,111 | \$ 227,220 | \$ 65,344 | \$ 62,117 | \$ 127,461 |
| Return on Tangible Common Equity (non-GAAP) | 16.17% | 12.91% | 13.98% | 20.85% | 24.21% | 18.12% | 19.82% | 18.04% | 18.91% |

