

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): August 2, 2019

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 state value per share	FRME	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 7.01. Regulation FD Disclosure.

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

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

Item 9.01. Financial Statements and Exhibits.

(d) [\(99.1\) First Merchants Corporation Investor Presentation](#)

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.

DATE: August 2, 2019

FIRST MERCHANTS CORPORATION

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



**First Merchants  
Corporation**  
NASDAQ: FRME

# 2<sup>nd</sup> Quarter Highlights

2019

Forbes 2019  
**BEST BANKS  
IN AMERICA**

First Merchants Bank  
Ranked #2 in 2019



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

# Forward-Looking Statement

This presentation contains forward-looking statements made pursuant to the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements can often, but not always, be identified by the use of words like “believe”, “continue”, “pattern”, “estimate”, “project”, “intend”, “anticipate”, “expect” and similar expressions or future or conditional verbs such as “will”, “would”, “should”, “could”, “might”, “can”, “may”, or similar expressions. These forward-looking statements include, but are not limited to, statements relating to First Merchants’ goals, intentions and expectations; statements regarding the First Merchants’ business plan and growth strategies; statements regarding the asset quality of First Merchants’ loan and investment portfolios; and estimates of First Merchants’ risks and future costs and benefits. These forward-looking statements are subject to significant risks, assumptions and uncertainties that may cause results to differ materially from those set forth in forward-looking statements, including, among other things: possible changes in economic and business conditions; the existence or exacerbation of general geopolitical instability and uncertainty; the ability of First Merchants to integrate recent acquisitions and attract new customers; possible changes in monetary and fiscal policies, and laws and regulations; the effects of easing restrictions on participants in the financial services industry; the cost and other effects of legal and administrative cases; possible changes in the credit worthiness of customers and the possible impairment of collectability of loans; fluctuations in market rates of interest; competitive factors in the banking industry; changes in the banking legislation or regulatory requirements of federal and state agencies applicable to bank holding companies and banks like First Merchants’ affiliate bank; continued availability of earnings and excess capital sufficient for the lawful and prudent declaration of dividends; changes in market, economic, operational, liquidity, credit and interest rate risks associated with the First Merchants’ business; and other risks and factors identified in each of First Merchants’ filings with the Securities and Exchange Commission. First Merchants undertakes no obligation to update any forward-looking statement, whether written or oral, relating to the matters discussed in this presentation or press release. In addition, the company’s past results of operations do not necessarily indicate its anticipated future results.

## **NON-GAAP FINANCIAL MEASURES**

These slides contain non-GAAP financial measures. For purposes of Regulation G, a non-GAAP financial measure is a numerical measure of the registrant’s historical or future financial performance, financial position or cash flows that excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the most directly comparable measure calculated and presented in accordance with GAAP in the statement of income, balance sheet or statement of cash flows (or equivalent statements) of the issuer; or includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable measure so calculated and presented. In this regard, GAAP refers to generally accepted accounting principles in the United States. Pursuant to the requirements of Regulation G, First Merchants Corporation has provided reconciliations within the slides, as necessary, of the non-GAAP financial measure to the most directly comparable GAAP financial measure.

# Why Invest in First Merchants?



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

# Company Profile

(as of June 30, 2019)

## First Merchants

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

## Financial Highlights

Assets	\$10,737,857
Loans, Net	\$7,435,950
Deposits	\$8,319,328
Tangible Common Equity	\$1,034,775
TCE/TA	10.07%
2019 Net Income – YTD	\$79,873
2019 ROAA – YTD	1.55%
2019 ROATCE - YTD	16.61%
NPAs/Loans + OREO	0.36%

## Market Information

Common Shares Outstanding	49,456,59
Market Cap	\$1,874,40
Dividend Yield	2.43%
Price/Tangible Book Value	1.80
Price/LTM EPS	11.5
Price/2019 Est. EPS	11.5

## Leadership Team

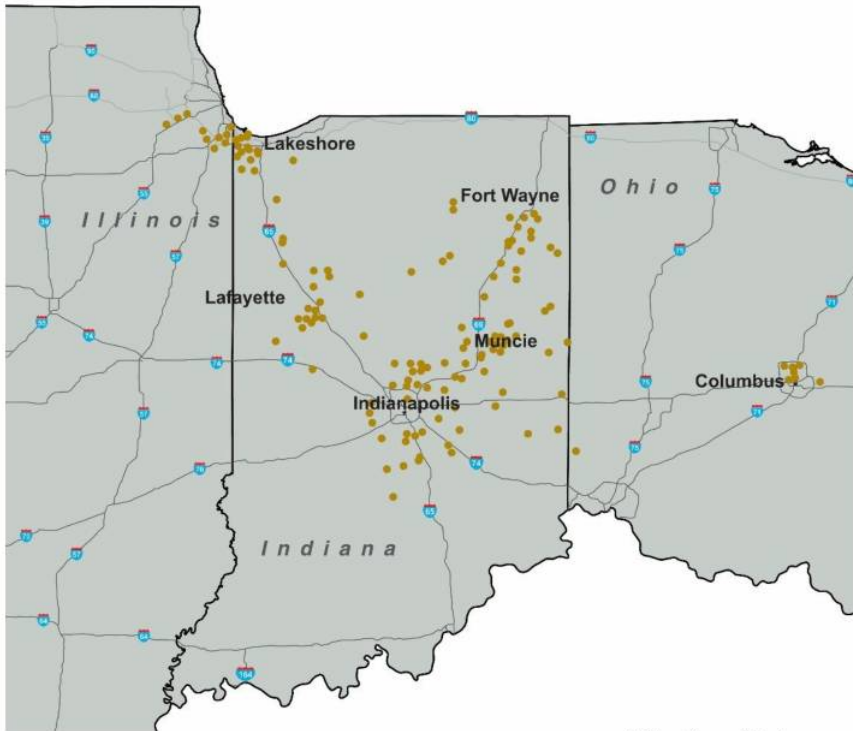
Michael C. Rechin, President & CEO

Mark K. Hardwick, EVP, Chief Operating Officer & Chief Financial Officer

Michael J. Stewart, EVP & Chief Banking Officer

John J. Martin, EVP & Chief Credit Officer

# Our Franchise



Key Market Profiles		
Loans		Deposits
\$1,333M	Columbus	\$ 608M
784M	Fort Wayne	994M
2,613M	Indianapolis	1,793M
642M	Lafayette	1,133M
1,203M	Muncie	2,474M
942M	Lakeshore	1,317M
\$7,517M	Total	\$8,319M

(as of June 30, 2019)

## Mission Statement

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



County	Region/Type	Market Position	Market %	\$ Deposits
Delaware County, IN	Muncie (Established)	1	53.48%	\$ 1,3
Jasper County, IN	Lafayette (Established)	1	33.64%	2
White County, IN	Lafayette (Established)	1	34.50%	1
Jay County, IN	Muncie (Established)	1	48.16%	1
Wells County, IN	Fort Wayne (Growth)	1	21.77%	1
Union County, IN	Muncie (Established)	1	41.72%	
Tippecanoe County, IN	Lafayette (Established)	2	19.96%	5
Madison County, IN	Indianapolis (Growth)	2	24.12%	3
Henry County, IN	Muncie (Established)	2	36.11%	2
Clinton County, IN	Lafayette (Established)	2	14.64%	
Wabash County, IN	Muncie (Established)	2	15.54%	
Hendricks County, IN	Indianapolis (Growth)	3	11.27%	2
Adams County, IN	Muncie (Established)	3	18.36%	1
Shelby County, IN	Indianapolis (Growth)	3	16.94%	
Randolph County, IN	Muncie (Established)	3	4.11%	
Hamilton County, IN	Indianapolis (Growth)	4	7.37%	7
Hancock County, IN	Indianapolis (Growth)	4	10.12%	1
Morgan County, IN	Indianapolis (Growth)	4	10.74%	1
Huntington County, IN	Fort Wayne (Growth)	4	15.63%	
Marshall County, IN	Fort Wayne (Growth)	4	7.37%	
Carroll County, IN	Lafayette (Established)	4	12.07%	
Brown County, IN	Indianapolis (Growth)	4	19.86%	
Allen County, IN	Fort Wayne (Growth)	5	7.76%	5
Fayette County, IN	Muncie (Established)	5	9.01%	
Miami County, IN	Muncie (Established)	5	8.00%	
Sub Total				\$5,549,143
First Merchants Total				\$7,541,282

# First Merchants “Whole Bank” Strategy

- › Commercial Banking
- › Consumer Banking
- › Private Wealth Advisors
- › Growth Strategy
  - › Organic
  - › Merger/Acquisition



# First Merchants Strategy

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



# First Merchants Strategy

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



# First Merchants Strategy

## › Private Wealth Advisors

- › Comprehensive and coordinated approach to personal wealth management
- › Expertise in Investment Management, Private Banking, Fiduciary, Estate and Financial Planning
- › Strengthen commercial relationships with personal services for executives/owners and retirement plan services for companies
- › Partner with consumer bank to offer personal investment advice through First Merchants Investment Services.
- › Strong legacy presence in Muncie, Lafayette and Fort Wayne
- › Rapidly growing presence in Indianapolis, Columbus, OH and Lakeshore - Northwest Indiana

# First Merchants Strategy

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

- › Consumer Banking
- › Mortgage Banking
- › Commercial Banking
  - › Business Banking
  - › Commercial & Industrial
  - › Agriculture
  - › Sponsor Finance
  - › Public Finance
  - › Healthcare Services
  - › Investment Real Estate
  - › Treasury Management and Merchant Processing Services
- › Private Wealth Advisory (private banking, investment management, personal trust, brokerage, and retirement)



*“We specialize in our communities”*

# Line-of-Business Strategies



Indianapolis

**Higher Growth**

Hamilton, Hancock, Hendricks, Johnson, Marion, Morgan, Shelby Counties

Columbus, OH

**Higher Growth**

Franklin County, OH

Lafayette

**Established**

Carroll, Clinton, Jasper, Montgomery, Tippecanoe, White Counties

Muncie

**Established**

Delaware, Fayette, Henry, Jay, Madison, Randolph, Union, Wabash, Wayne Counties, IN  
Butler County, OH

Lakeshore

**Higher Growth**

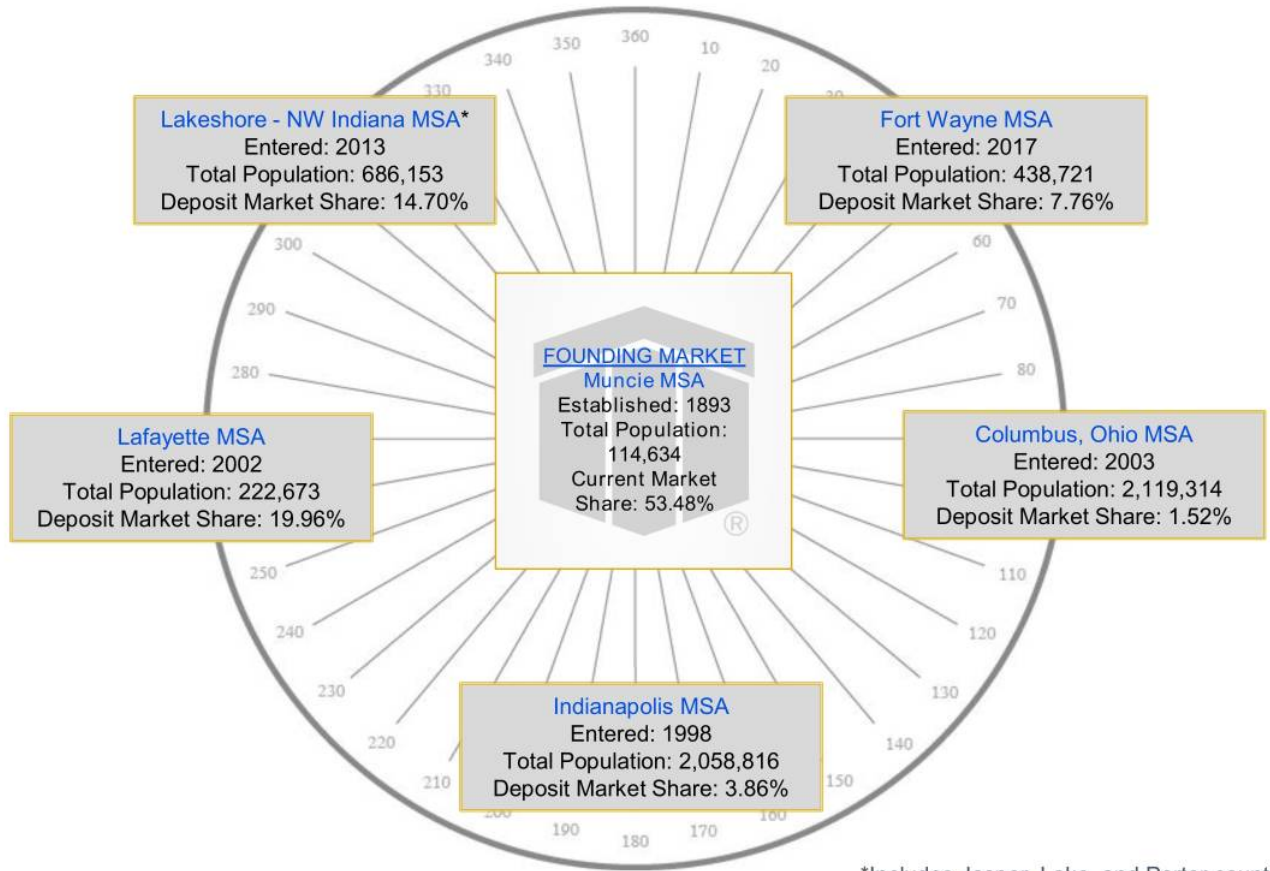
Lake & Porter, IN  
Cook & DuPage, IL  
Counties

Fort Wa

**Higher G**

Adams, A  
Huntington, M  
Miami, W  
Countie

# Organic Growth Opportunities Exists in All Directions





# Ranked Best in the Midwest for Business



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

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

# Muncie Market

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

## Notable Major Employers



Ball Memorial Hospital & Physicians



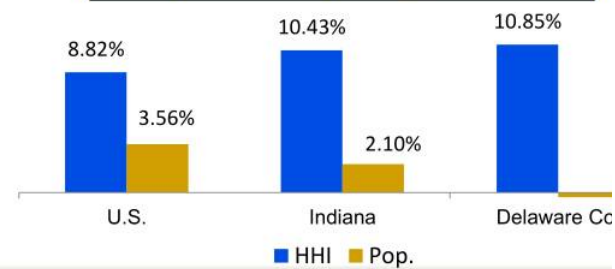
ONTARIO SYSTEMS



Delaware County, IN*				
Rank		Branches	Deposits	Mkt. Share
1	<b>First Merchants Corporation</b>	11	\$1,315,724	53.48%
2	Mutual First Financial	7	569,251	23.14%
3	J.P. Morgan Chase	3	248,004	10.08%
4	Old National Bancorp	4	186,150	7.57%
5	Star Financial Group	3	140,343	5.70%
6	Woodforest Financial Group	1	835	0.03%
<b>Market Total</b>		<b>29</b>	<b>\$ 2,460,307</b>	

\*SNL Financial FDIC Summary of Deposits as of June 30, 2018

## Projected HHI & Pop. Change 2019-2024



# Indianapolis Market

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

Hamilton County, IN**				
Rank		Branches	Deposits	Mkt. Share
1	First Internet Bancorp	1	\$ 2,463,049	23.91%
2	JPMorgan Chase & Co.	15	1,703,502	16.54%
3	Merchants Bancorp	2	1,155,708	11.22%
4	<b>First Merchants Corporation</b>	<b>11</b>	<b>758,934</b>	<b>7.37%</b>
5	PNC Financial Services Group	11	636,309	6.18%
6	Lakeland Financial Corp	3	539,092	5.23%
7	Fifth Third Bancorp	6	517,384	5.02%
8	Huntington Bancshares	11	487,496	4.73%
9	Bank of Montreal	8	409,207	3.97%
10	KeyCorp	7	282,555	2.74%
<b>Market Total</b>		<b>113</b>	<b>\$10,301,292</b>	

\*IN.gov

\*\*SNL Financial FDIC Summary of Deposits as of June 30, 2018

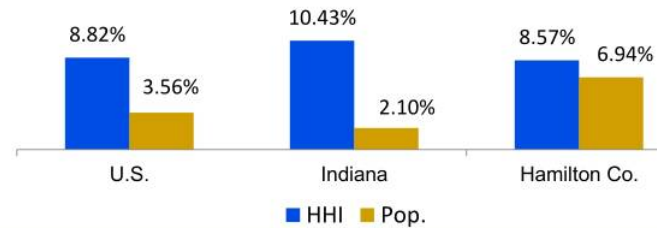
## Notable Major Employers



CNO FINANCIAL GROUP



## Projected HHI & Pop. Change 2019-2024



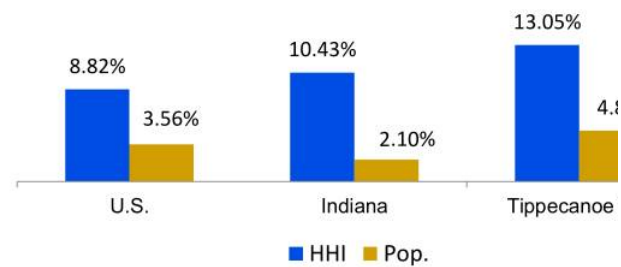
# Lafayette Market

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

## Notable Major Employers



## Projected HHI & Pop. Change 2019-2024



Tippecanoe County, IN**				
Rank		Branches	Deposits	Mkt. Share
1	JPMorgan Chase & Co.	6	\$ 840,529	31.18%
2	<b>First Merchants Corporation</b>	<b>8</b>	<b>538,089</b>	<b>19.96%</b>
3	Regions Financial Corp	6	310,753	11.53%
4	Old National Bancorp	4	254,827	9.45%
5	Horizon Bancorp	4	160,473	5.95%
6	Huntington Bancshares, Inc.	4	140,284	5.20%
7	First Bancshares, Inc.	5	123,522	4.58%
8	Fifth Third Bancorp	2	100,499	3.73%
9	1 <sup>st</sup> Source Corp	3	85,485	3.17%
10	Salin Bancshares	3	61,530	2.28%
<b>Market Total</b>		<b>54</b>	<b>\$ 2,695,751</b>	

\*Indianapolis Business Journal

\*\*SNL Financial FDIC Summary of Deposits as of June 30, 2018

# Lakeshore Market

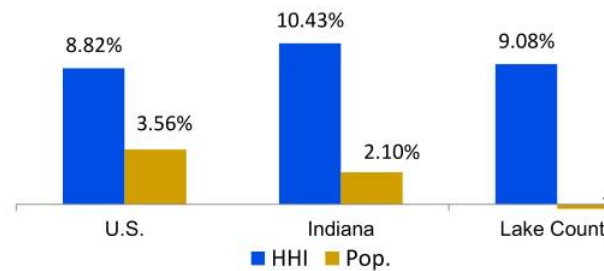
- ) Indiana's second-most populous market
- ) Benefit from its Chicago proximity
- ) Continue to produce finest steels, refine the cleanest fuels and deliver the best products to the Midwest\*\*
- ) New investments by world-class companies like BP, Pratt Industries, Alcoa Howmet, Urschel Labs and Monosol\*\*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

## Notable Major Employers



Lake County, IN*				
Rank		Branches	Deposits	Mkt. Share
1	First Bancshares, Inc.	28	\$ 2,240,604	23.38%
2	JPMorgan Chase & Co.	21	2,046,673	21.36%
3	First Midwest Bancorp	16	1,056,052	11.02%
4	First Financial Bancorp	8	780,983	8.15%
5	Northwest Indiana Bancorp	15	779,420	8.13%
<b>6</b>	<b>First Merchants Corporation</b>	<b>10</b>	<b>724,971</b>	<b>7.57%</b>
7	Bank of Montreal	15	522,874	5.46%
8	Fifth Third Bancorp	12	466,003	4.86%
9	PNC Financial Services Group	4	204,691	2.14%
10	AMB Financial Corp	5	181,163	1.89%
<b>Market Total</b>		<b>152</b>	<b>\$ 9,581,769</b>	

## Projected HHI & Pop. Change 2019-2024



\*SNL Financial FDIC Summary of Deposits as of June 30, 2018  
 \*\*www.nwiforum.org/nwi-becoming-an-economic-powerhouse

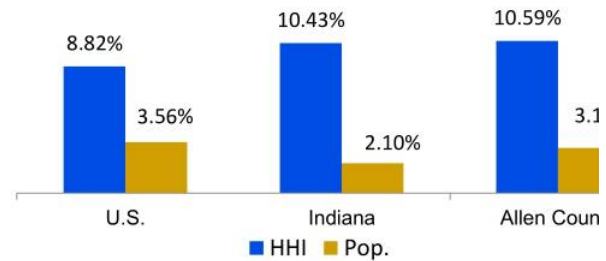
# Fort Wayne Market

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

## Notable Major Employers



## Projected HHI & Pop. Change 2019-2024



Allen County, IN*				
Rank		Branches	Deposits	Mkt. Share
1	Wells Fargo	13	\$ 1,825,786	25.93%
2	JP Morgan Chase & Co.	12	1,189,769	16.90%
3	Lakeland Financial Corp.	5	790,813	11.23%
4	PNC Financial Services Group	11	652,271	9.26%
<b>5</b>	<b>First Merchants Corporation</b>	<b>11</b>	<b>546,373</b>	<b>7.76%</b>
6	Old National Bancorp	5	497,783	7.07%
7	STAR Financial Group, Inc.	9	410,213	5.83%
8	1 <sup>st</sup> Source Corp.	8	409,186	5.81%
9	Fifth Third Bancorp	8	257,169	3.65%
10	First Defiance Financial	2	85,084	1.21%
<b>Market Total</b>		<b>101</b>	<b>\$ 7,040,342</b>	

\*SNL Financial FDIC Summary of Deposits as of June 30, 2018

# Columbus, Ohio Market

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

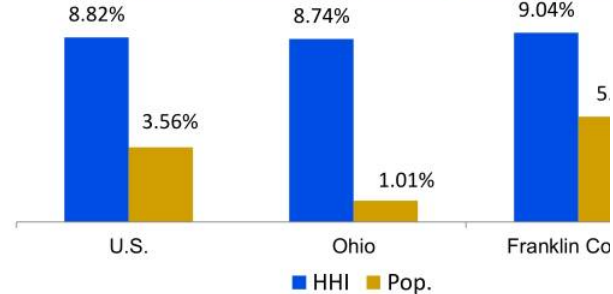
Franklin County, OH*				
Rank		Branches	Deposits	Mkt. Share
1	Huntington Bancshares	61	\$ 23,332,648	45.28%
2	JP Morgan Chares & Co	52	11,833,655	22.96%
3	PNC Financial Services Group	41	4,892,157	9.49%
4	Fifth Third Bancorp	41	4,543,334	8.82%
5	Key Corp	21	1,187,275	2.30%
6	U.S. Bancorp	33	1,185,746	2.30%
7	Heartland Bancorp	14	694,013	1.35%
8	Wells Fargo & Co	1	642,289	1.25%
9	<b>First Merchants Corporation</b>	9	<b>557,734</b>	<b>1.08%</b>
10	First Financial Bancorp	5	524,389	1.02%
<b>Market Total</b>		<b>321</b>	<b>\$ 51,534,345</b>	

\*SNL Financial FDIC Summary of Deposits as of June 30, 2018  
 \*\*<http://jobs-ohio.com/manufacturing/>

## Notable Major Employers



## Projected HHI & Pop. Change 2019-2024



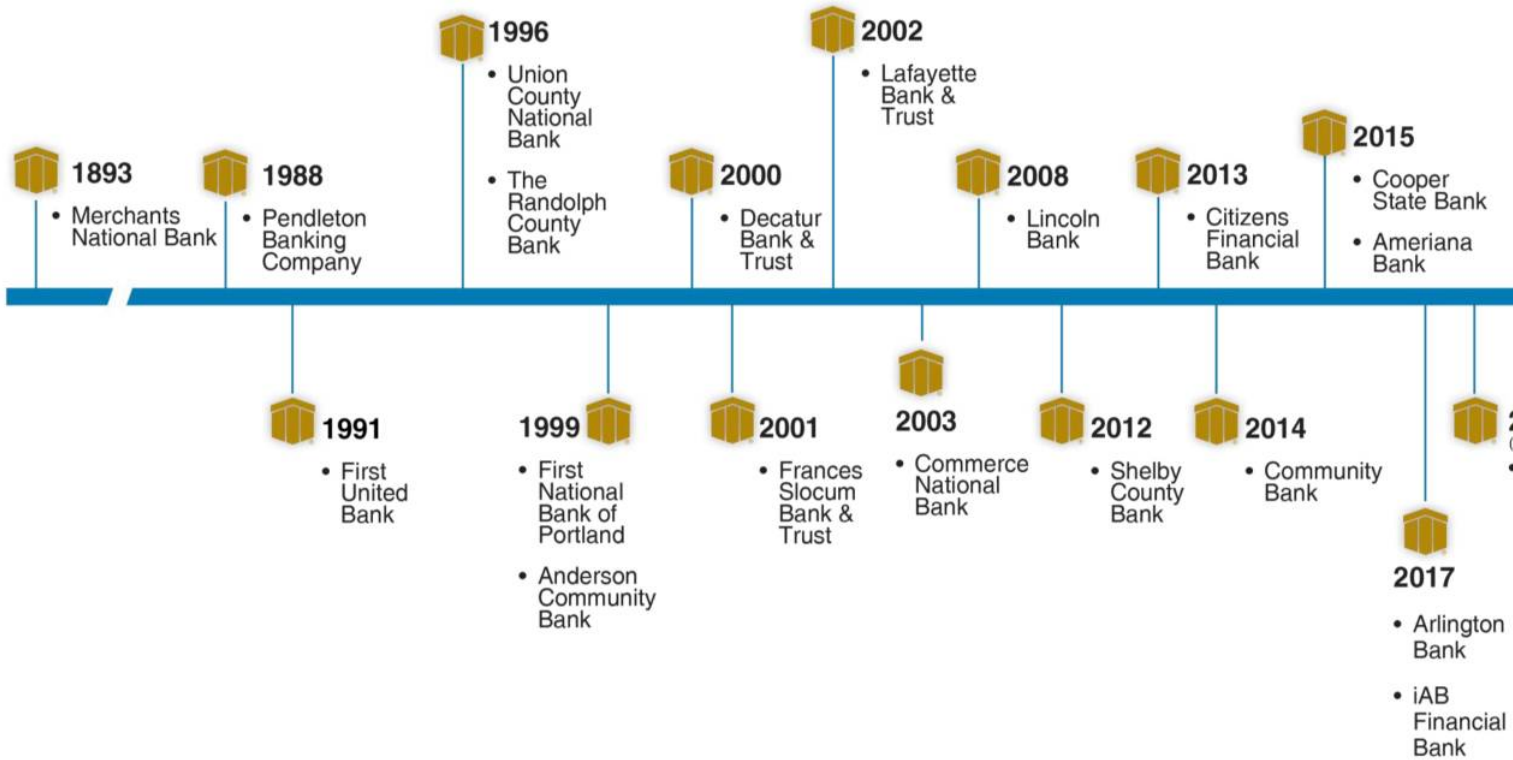
# Growth Through Acquisition

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





# Acquisition Experience



# First Merchants Acquisition Process

- › Continuous Relationship Building
- › Complete and Thorough Due Diligence Process
- › Demonstrated Pricing Discipline
- › Detailed Project Management
- › Integration Process
- › Single Charter Operating Environment
- › Scalable Technology and Operations Center

*Process*

# Operational Delivery Highlights

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



## Strategic Vendor Partners



# Operational Delivery Highlights

## Customer, Digital Channel & Transaction Activity

### ) Retail Households: 177,800

#### ) Online Banking/Digital Channel

- Consumer: 85K Users
- 1.5M logins monthly
- 14K bill pay users
- 90K bill payment transactions monthly (\$30M)

- Mobile: 53K Users
- 24.5 average logins per user, per month
- 14K mobile deposits per month

- Business: 9.9K Users
  - 13% use ACH/Wire/Positive Pay

- Total ATMS: 136 + 25,000 MoneyPass ATMs

#### ) Total Debit Cards

- 161K active cards
- 3.5M monthly card swipes
- \$136M in monthly volume

#### ) Cash Management Annual Volume

- Automated Clearing House (ACH)
  - # Originated: 2.5M Items (\$8B)
  - # Received: 14M Items (\$23B)

- Domestic Wires
  - # Originated: 42K Items (\$21B)
  - # Received: 43K Items (\$27B)

- International Wires
  - # Originated: 1K Items (\$35M)
  - # Received: 159 Items (\$2.6M)

#### ) Commercial Remote Deposit Capture

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

# 2<sup>nd</sup> Quarter 2019 Highlights

- › Earnings Per Share of \$ .83, a 3.8% Increase over 2Q2018
- › \$41.1 Million of Net Income, a 3.6% Increase over 2Q2018
- › Total Assets of \$10.7 Billion; Grew by 10.3% over 2Q2018
- › Annualized Organic Loan & Deposit Growth of 11.8% and 13.5%, respectively
- › High Performance Measures
  - › 1.56% Return on Average Assets
  - › 11.10% Return on Average Equity
  - › 51.00% Efficiency Ratio

# Total Assets

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

Annualized Asset Growth

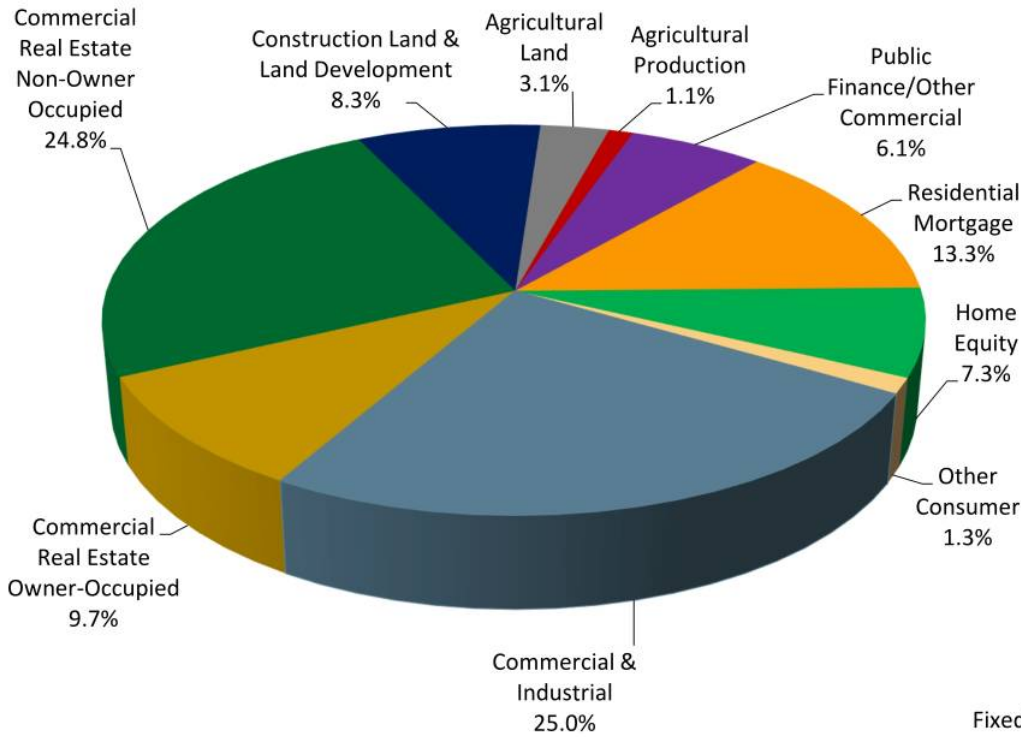
5.5%

17.3%

<sup>1</sup> Annualized from December 31, 2018

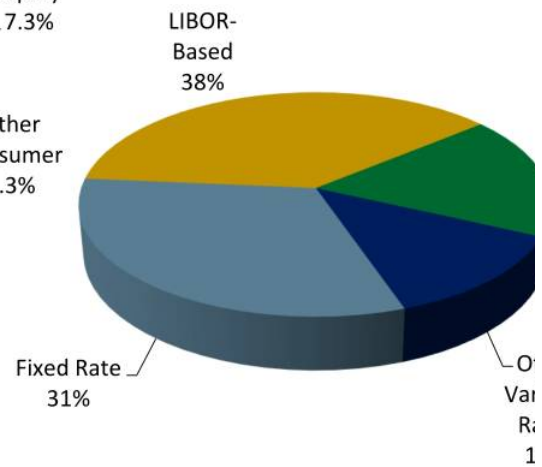
# Loan Yield and Detail

(as of June 30, 2019)



QTD Yield	=	5.32
YTD Yield	=	5.31
Total Loans	=	\$7.5 Billic

Variable	=	\$5.2 Billic
Fixed	=	\$2.3 Billic



# CRE Loan Concentration

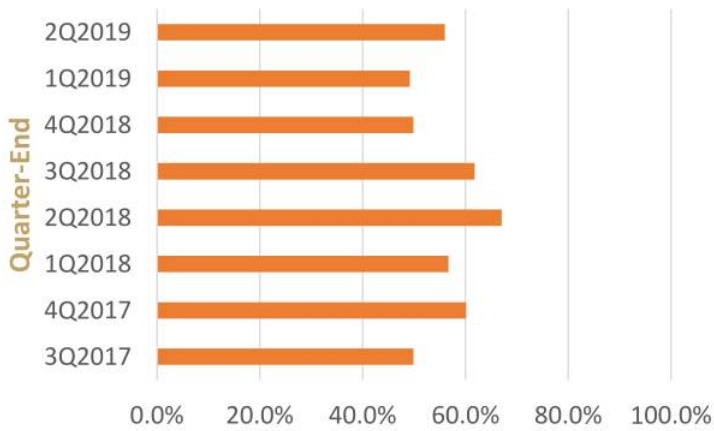
## First Merchants Results in Relation to FDIC Guideline

FDIC GUIDELINES TO IDENTIFY INSTITUTIONS POTENTIALLY EXPOSED TO CRE RISK:

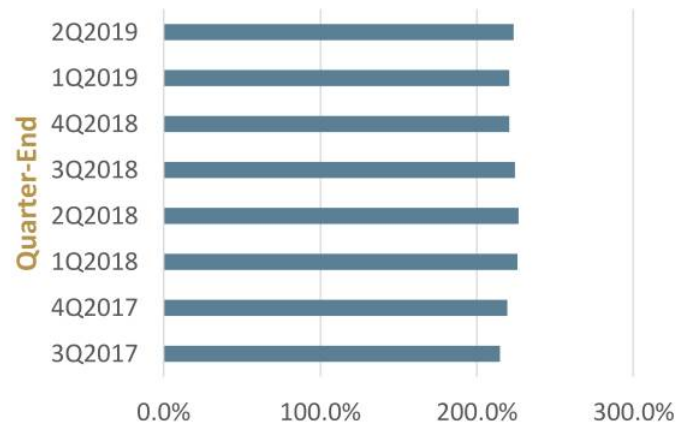
**Guideline 1:** Total loans for construction, land development, and other land representing 100% more of total capital

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

**GUIDELINE #1**



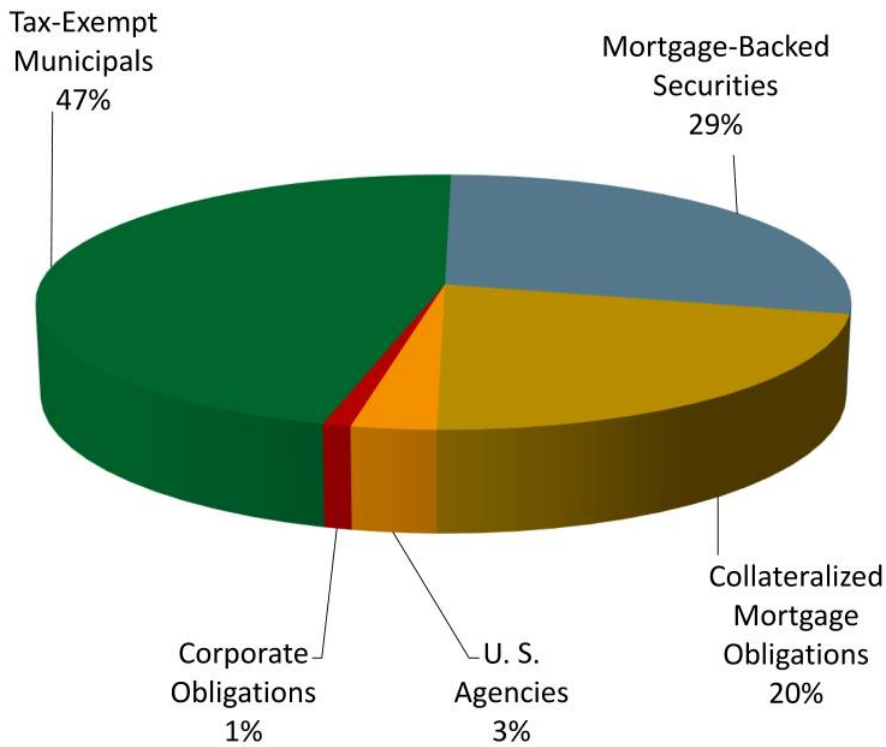
**GUIDELINE #2**





# Investment Portfolio

(as of June 30, 2019)



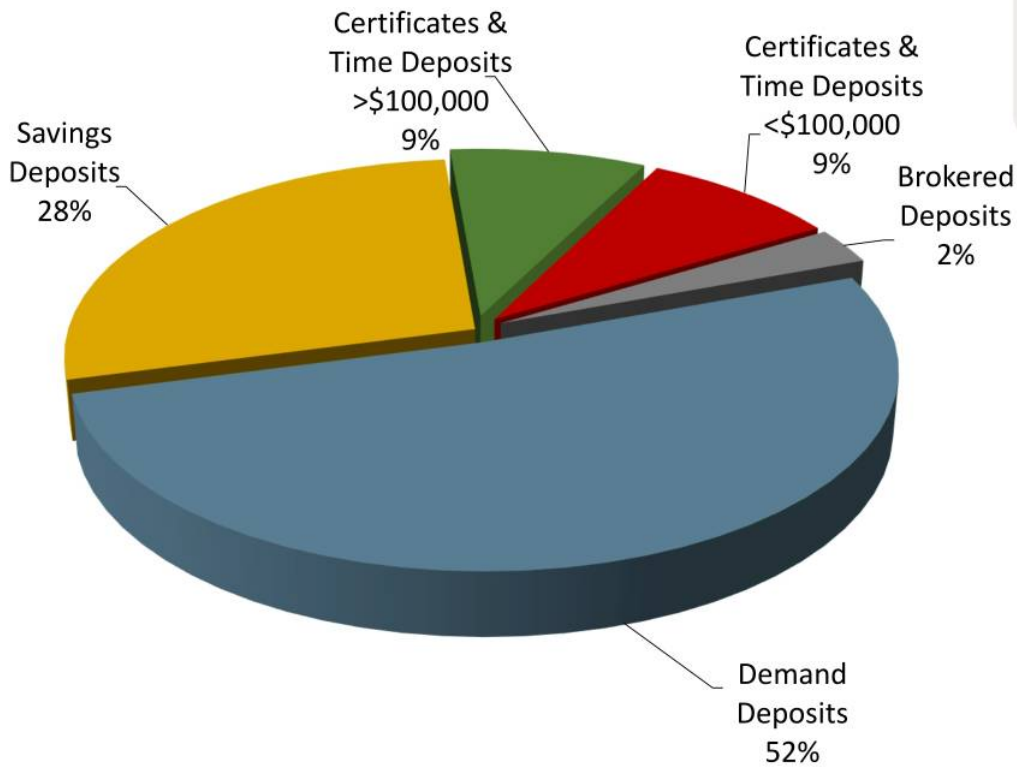
- › \$2.1 Billion Portfolio
- › Modified duration of 4.9 years
- › Tax equivalent yield of 3.35%
- › Net unrealized gain of \$55.5 Mill

# Total Liabilities and Capital

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

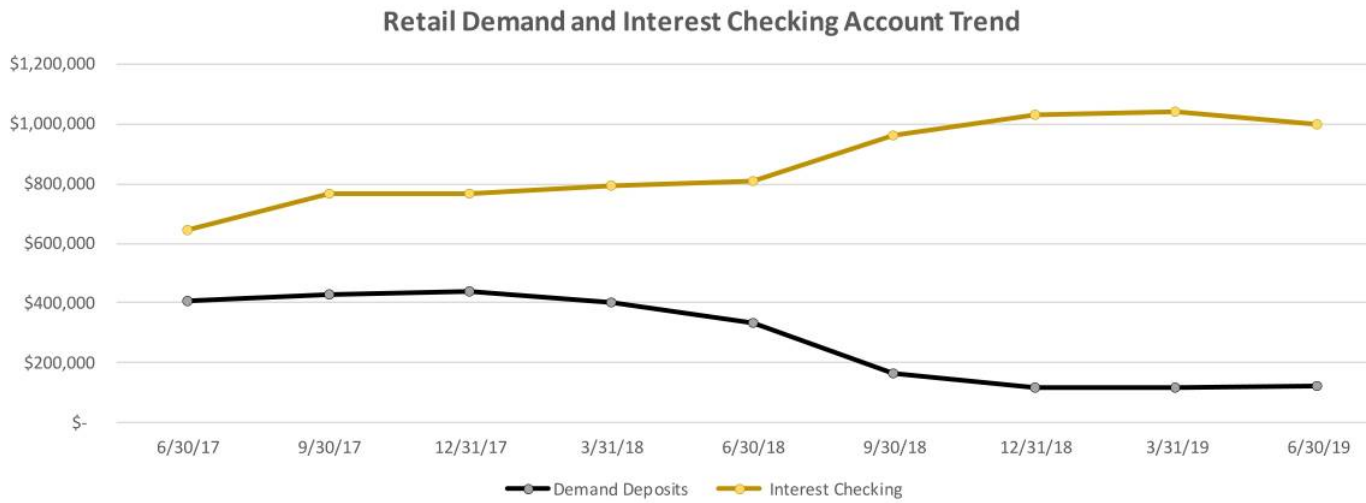
# Deposit Detail

(as of June 30, 2019)



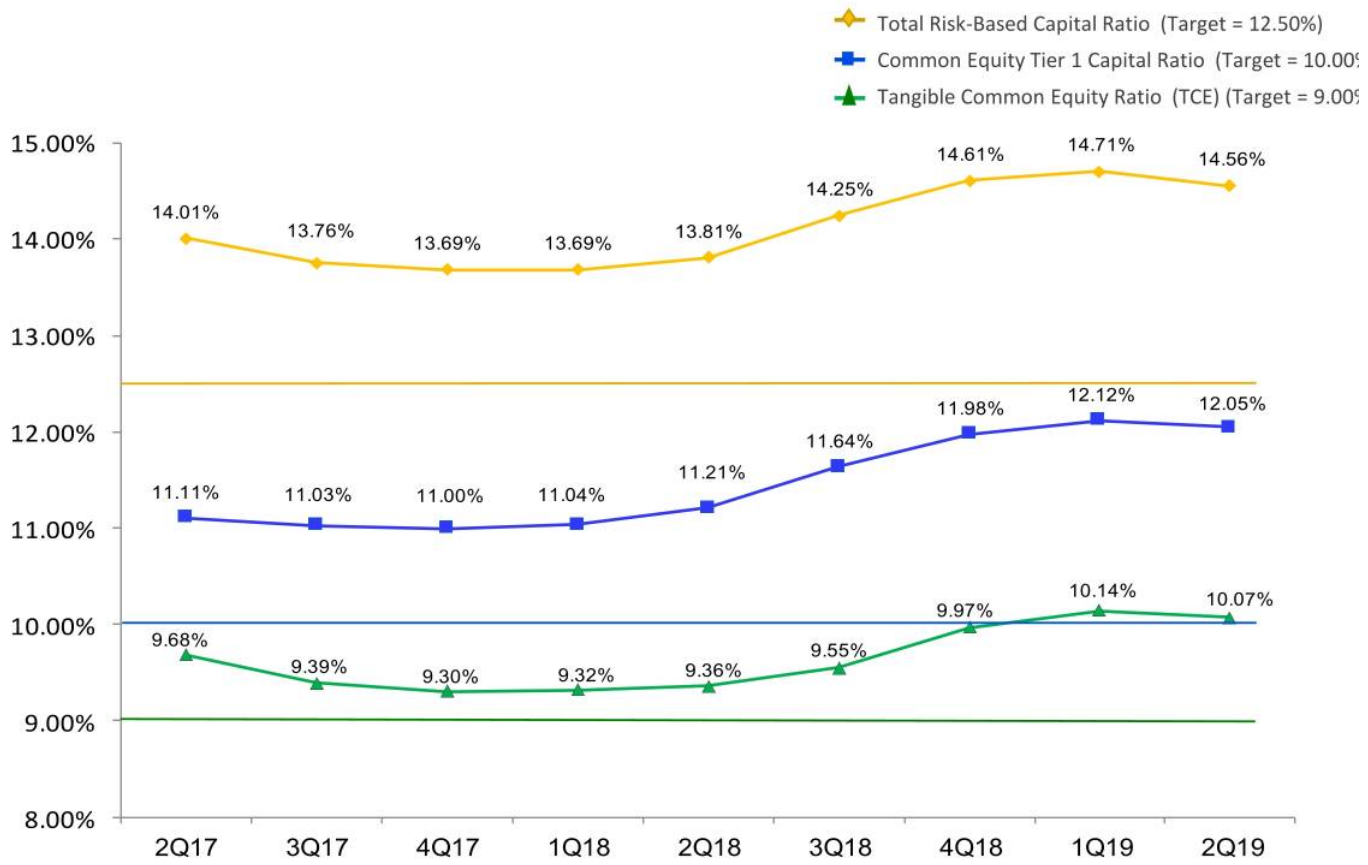
QTD Cost	=	1.32%
YTD Cost	=	1.26%
Total	=	\$8.3 Billion

# Retail Checking Account Migration



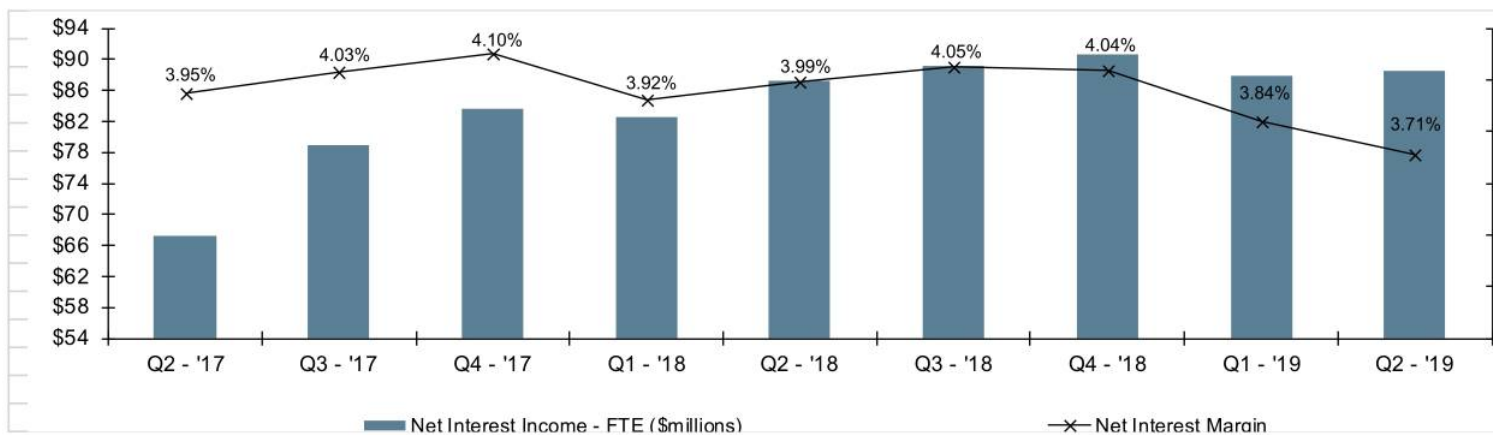
- › Migrated approximately 150,000 accounts with \$1 billion in balances from 22 consumer bank account types to 5 during 2017/2018
- › New suite of products provided more simplicity, transparency and rewards
- › 4 of the 5 new account types are interest-bearing, paying less than 10 basis points
- › The improved customer engagement increased fee revenue by 20% during that two-year period in exchange for minimal interest expense

# Capital Ratios



# Net Interest Margin

	<u>Q2 - '17</u>	<u>Q3 - '17</u>	<u>Q4 - '17</u>	<u>Q1 - '18</u>	<u>Q2 - '18</u>	<u>Q3 - '18</u>	<u>Q4 - '18</u>	<u>Q1 - '19</u>	<u>Q2 - '19</u>
Net Interest Income - FTE (\$millions)	\$ 67.2	\$ 78.9	\$ 83.5	\$ 82.5	\$ 87.2	\$ 89.2	\$ 90.7	\$ 87.8	\$ 88.4
Fair Value Accretion	\$ 2.3	\$ 3.2	\$ 4.1	\$ 3.2	\$ 3.8	\$ 3.2	\$ 3.9	\$ 2.3	\$ 2.2
Tax Equivalent Yield on Earning Assets	4.44%	4.56%	4.67%	4.57%	4.74%	4.88%	4.97%	4.89%	4.86%
Interest Expense/Average Earning Assets	0.49%	0.53%	0.57%	0.65%	0.75%	0.83%	0.93%	1.05%	1.15%
Net Interest Margin	3.95%	4.03%	4.10%	3.92%	3.99%	4.05%	4.04%	3.84%	3.71%
Fair Value Accretion Effect	0.14%	0.17%	0.20%	0.15%	0.18%	0.15%	0.17%	0.09%	0.09%



# Non-Interest Income

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

# Private Wealth Advisors

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

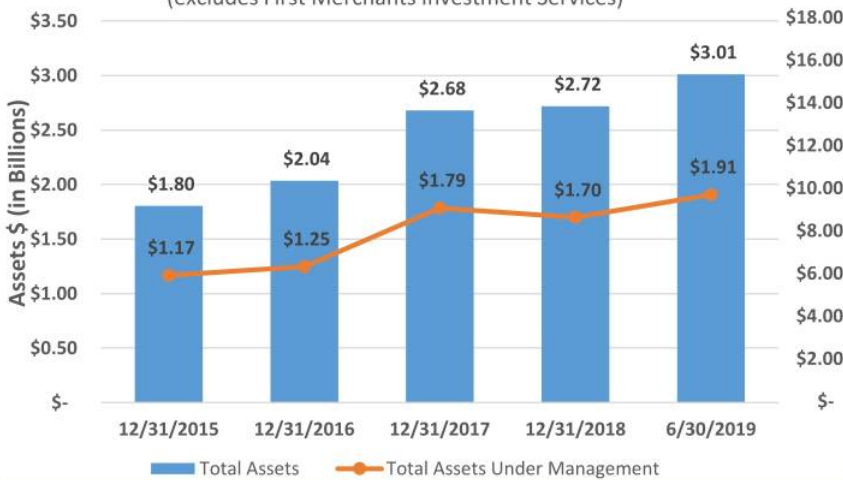
Business lines include:

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

- › Equity market performance reflected in asset level
- › Continued strong new client acquisition in Q2
- › Private Banking continuing to drive expansion of client relationships and new client acquisition
- › Strong partnership with Commercial and Retail line business in delivering whole-bank solutions for clients
- › Strong progress with First Merchants Investment Services migrating to an Advisory Fee Model

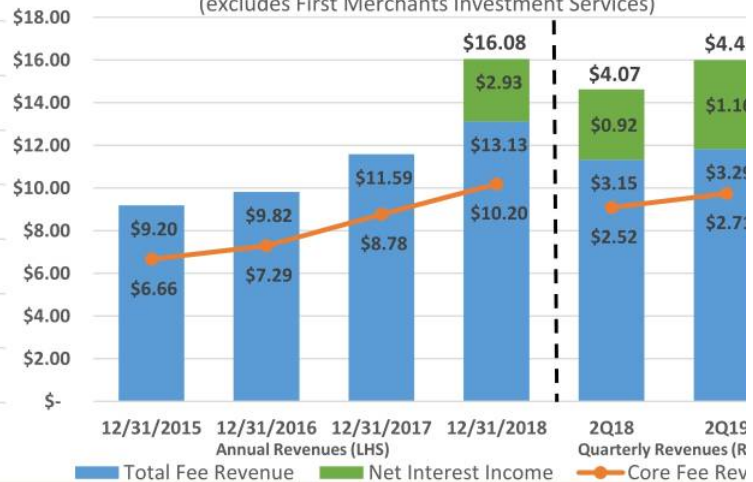
## Total Assets

(excludes First Merchants Investment Services)



## Total Revenue (in Millions \$)

(excludes First Merchants Investment Services)



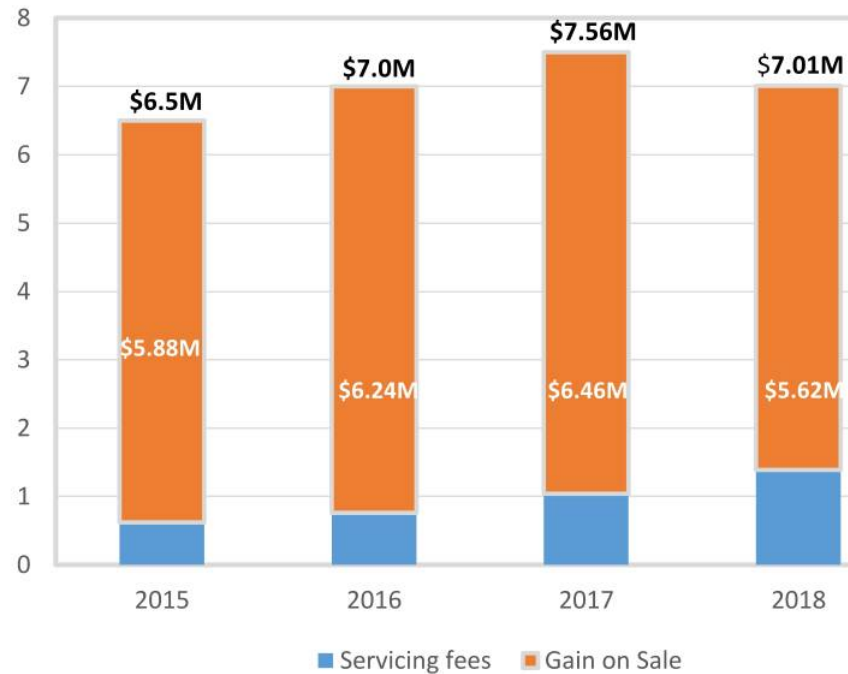


# Mortgage Banking

## Key component of Fee Income

- ) Mortgage Production for sale and portfolio via commissioned and salaried loan originators
- ) Strong loan origination teams in high-growth areas of Indianapolis and Columbus, OH
- ) Centralized underwriting and processing
- ) Strong connectivity with retail branches
- ) Majority of the pipeline is driven by purchase business
- ) 12/31/2018 YTD 1868 mortgages for \$357M in volume

Mortgage Banking Revenue



# Non-Interest Expense

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

# Earnings

(\$ in Millions)	<u>2017</u>	<u>2018</u>	<u>Q1-'19</u>	<u>Q2-'19</u>
1. Net Interest Income	\$ 277.3	\$ 338.8	\$ 84.9	\$85.1
2. Provision for Loan Losses	<u>(9.1)</u>	<u>(7.2)</u>	<u>(1.2)</u>	<u>(0.8)</u>
3. <b>Net Interest Income after Provision</b>	<b>268.2</b>	<b>331.6</b>	<b>83.7</b>	<b>84.3</b>
4. Non-Interest Income	71.0	76.5	18.7	21.1
5. Non-Interest Expense	<u>(205.6)</u>	<u>(220.0)</u>	<u>(56.6)</u>	<u>(57.1)</u>
6. <b>Income before Income Taxes</b>	<b>133.6</b>	<b>188.1</b>	<b>45.8</b>	<b>48.2</b>
7. Income Tax Expense	<u>(37.5)</u> <sup>1</sup>	<u>(29.0)</u> <sup>2</sup>	<u>(6.9)</u>	<u>(7.1)</u>
8. <b>Net Income Avail. for Distribution</b>	<b>\$ 96.1</b>	<b>\$ 159.1</b>	<b>\$ 38.9</b>	<b>\$41.1</b>
9. <b>EPS</b>	<b>\$ 2.12</b> <sup>3</sup>	<b>\$ 3.22</b>	<b>\$ 0.78</b>	<b>\$0.8</b>
10. <b>Efficiency Ratio</b>	<b>54.56%</b>	<b>50.21%</b>	<b>51.18%</b>	<b>51.00%</b>

<sup>1</sup>2017 includes \$5.1 million of additional tax expense due to revaluing deferred taxes as a result of the Tax Cuts and Jobs Act

<sup>2</sup>2018 reflects \$1.8 million net reduction to income tax expense resulting from an increase in Indiana state tax liability offset by the release of a valuation allowance on state deferred tax assets

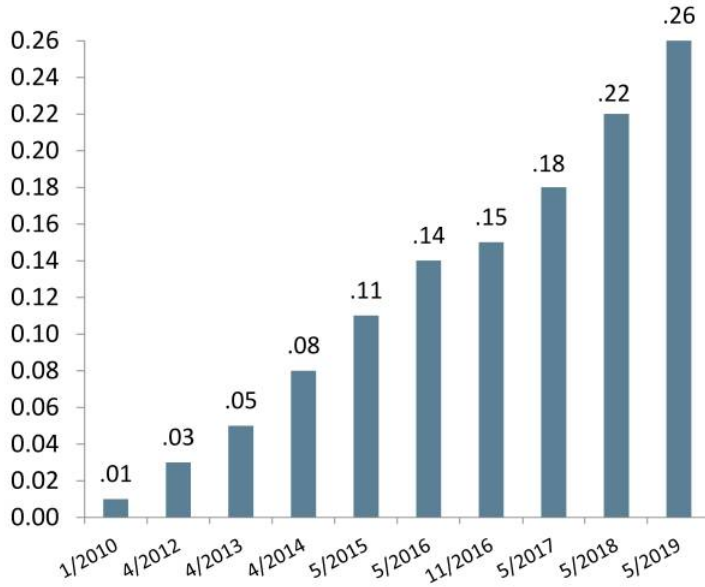
<sup>3</sup>Acquisition-related expenses, the impact of tax reform, and pension settlement accounting reduced EPS by \$0.30 for 2017

# Per Share Results

<u>2018</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Total</u>
1. Earnings Per Share	\$ .74	\$ .80	\$ .83	\$ .85	\$ 3.22
2. Dividends	\$ .18	\$ .22	\$ .22	\$ .22	\$ .84
3. Tangible Book Value	\$17.14	\$17.71	\$18.16	\$19.12	
<u>2019</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Total</u>
1. Earnings Per Share	\$ .78	\$ .83	–	–	\$ 1.61
2. Dividends	\$ .22	\$ .26	–	–	\$ .48
3. Tangible Book Value	\$20.07	\$21.01			

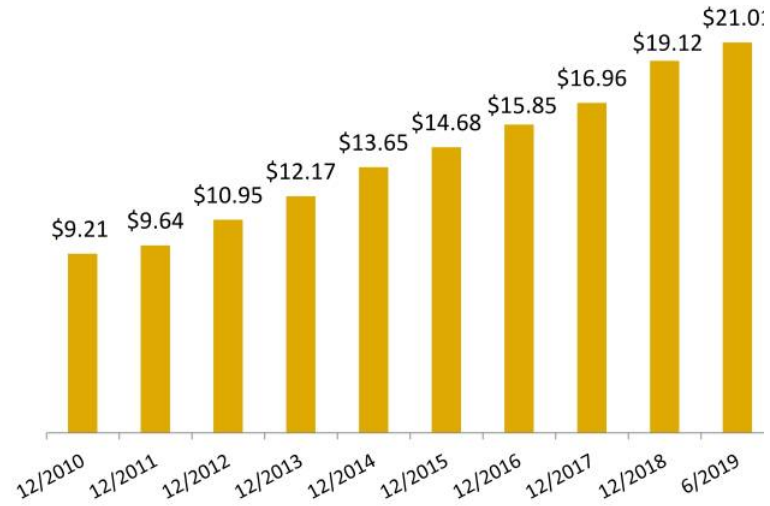
# Dividends and Tangible Book Value

## Quarterly Dividends



2.74% Forward Dividend Yield  
Equals 29.8% Dividend Payout Ratio

## Tangible Book Value



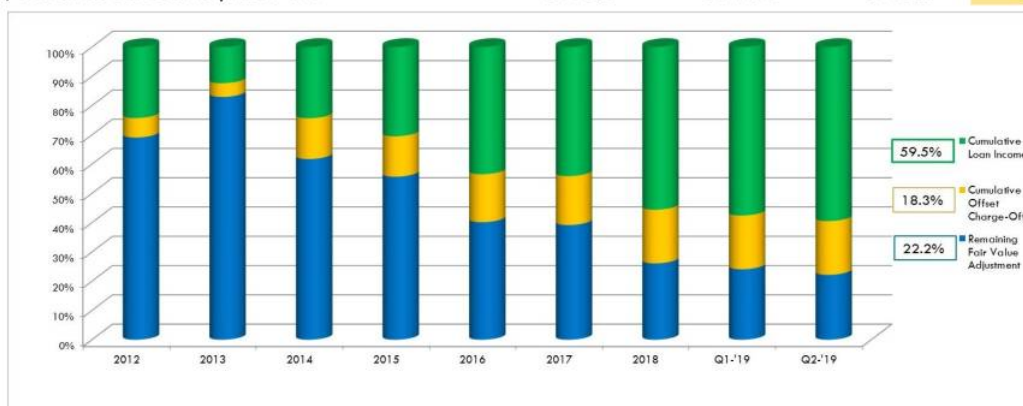
Compound Annual Growth Rate of 10.19%

# Asset Quality Summary

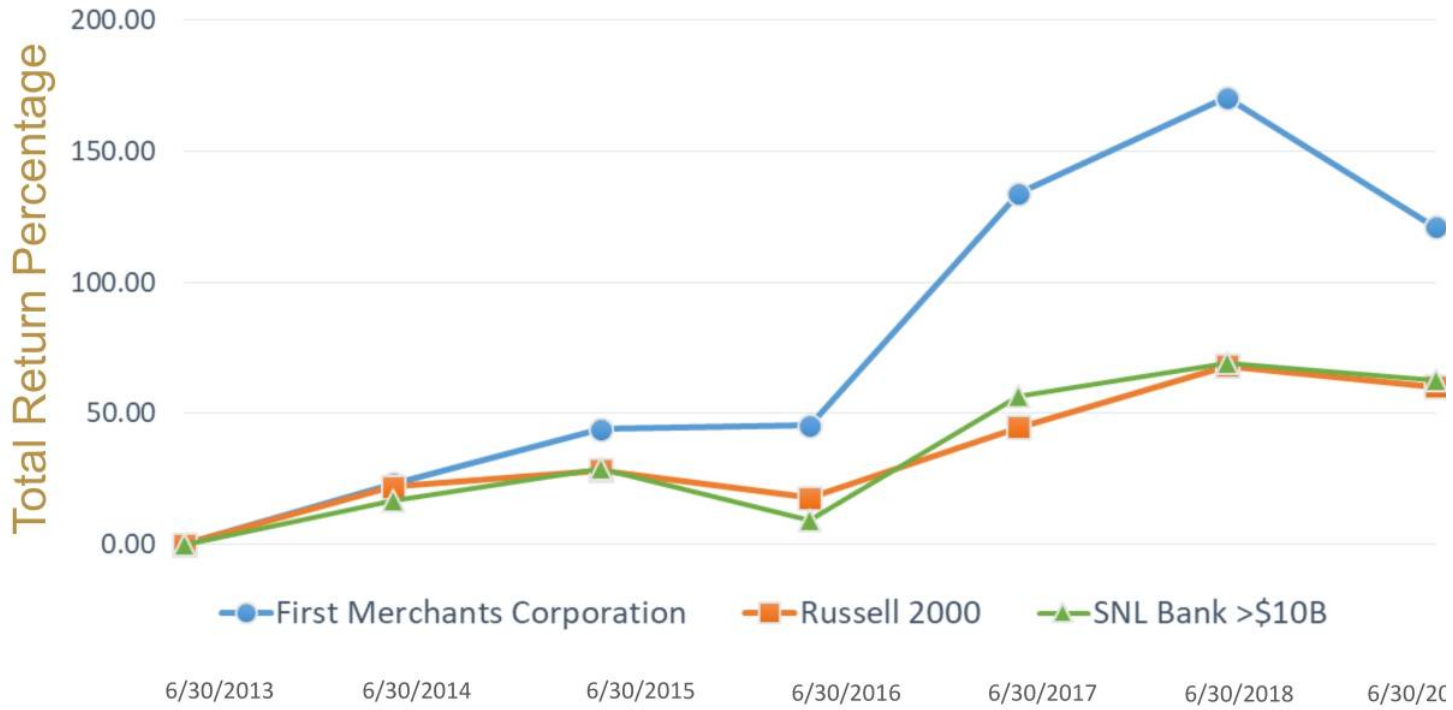
(\$ in Millions)	2017	2018	Q1-'19	Q2-'19	Change Linked Quarter	
					\$	%
1. Non-Accrual Loans	\$ 28.7	\$ 26.1	\$ 28.0	\$ 25.6	\$ (2.4)	(8.6)
2. Other Real Estate	10.4	2.2	1.9	1.1	(0.8)	(42.1)
3. Renegotiated Loans	1.0	1.1	0.7	0.7	-	0.0
4. 90+ Days Delinquent Loans	0.9	1.9	0.1	0.2	0.1	100.0
<b>5. Total NPAs &amp; 90+ Days Delinquent</b>	<b>\$ 41.0</b>	<b>\$ 31.3</b>	<b>\$ 30.7</b>	<b>\$ 27.6</b>	<b>\$ (3.1)</b>	<b>(10.1)</b>
6. Total NPAs & 90+ Days/Loans & ORE	0.6%	0.4%	0.4%	0.4%		
<b>7. Classified Assets</b>	<b>\$153.1</b>	<b>\$173.2</b>	<b>\$169.6</b>	<b>\$170.7</b>	<b>\$ 1.1</b>	<b>0.6</b>
<b>8. Specific Reserves</b>	<b>\$ 1.6</b>	<b>\$ 1.9</b>	<b>\$ 1.6</b>	<b>\$ 2.3</b>	<b>\$ 0.7</b>	<b>43.8</b>

# ALLL and Fair Value Summary

(\$ in Millions)	<u>Q3-'18</u>	<u>Q4-'18</u>	<u>Q1-'19</u>	<u>Q2-'19</u>
1. Beginning Allowance for Loan Losses (ALLL)	\$ 77.5	\$ 78.4	\$ 80.6	\$ 80.9
2. Less: Net Charge-offs (Recoveries)	0.5	(0.5)	0.9	0.1
3. Add: Provision Expense	<u>1.4</u>	<u>1.7</u>	<u>1.2</u>	<u>0.5</u>
4. Ending Allowance for Loan Losses (ALLL)	\$ 78.4	\$ 80.6	\$ 80.9	\$ 81.3
5. ALLL/Non-Accrual Loans	383.9%	308.1%	289.5%	317.0%
6. ALLL/Non-Purchased Loans	1.28%	1.26%	1.24%	1.19%
7. ALLL/Loans	1.11%	1.11%	1.11%	1.08%
8. Fair Value Adjustment (FVA)	\$ 33.9	\$ 30.0	\$ 27.8	\$ 25.6
9. Total ALLL plus FVA	112.3	110.6	108.7	106.8
10. Purchased Loans plus FVA	979.2	874.3	809.9	732.5
11. FVA/Purchased Loans plus FVA	3.46%	3.44%	3.43%	3.49%



# Total Return Performance



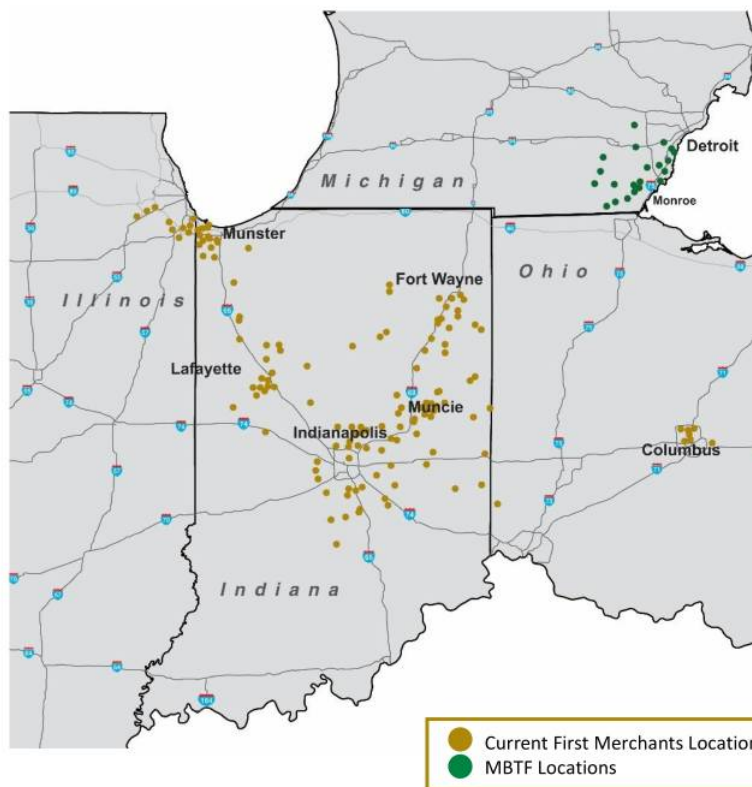


# A Leading Midwest Banking Franchise

## Crossing \$10 Billion with Strategic Entry into Michigan

### Pro Forma Highlights<sup>1</sup>

Ticker:	FRME
Headquarters:	Muncie, IN
Founded:	1893
Banking Centers:	134
Assets:	\$11.1 Billion
Loans:	\$7.8 Billion
Deposits:	\$8.7 Billion



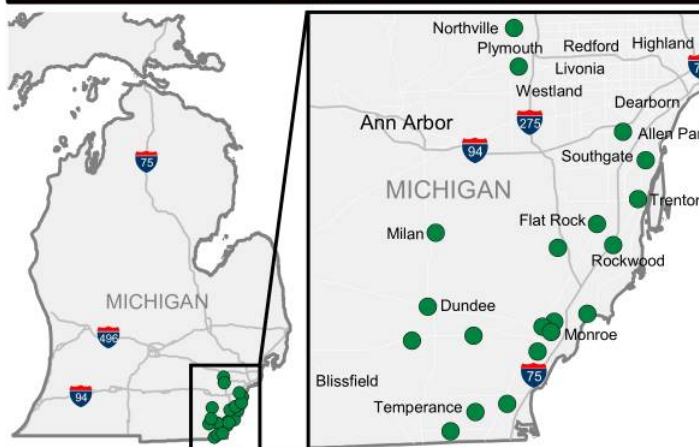
<sup>1</sup>Balance sheet figures as of 6/30/18 and include any merger-related adjustments

# Overview of MBT Financial Corporation

## Company Highlights

- Headquartered in Monroe, Michigan
- Founded in 1858
- Operates 20 Banking Centers
- Balance Sheet as of June 30, 2018
  - Assets: \$1.3 Billion
  - Loans: \$741 Million
  - Deposits: \$1.1 Billion (89% non-maturity)
  - Loans / Deposits: 65%
  - 9.10% TCE/TA
  - 0.91% NPAs/Assets
- Income Statement for the quarter ending June 30, 2018
  - ROAA: 1.51% / ROATCE: 16.59%
  - Efficiency Ratio: 61.8%
  - Net Interest Margin: 3.63%
  - Cost of Interest Bearing Deposits: 0.18%

## Geographic Footprint



## Deposit Market Share by County

County	Market Rank	Branches	Deposits (\$000)	Mkt. Share (%)	% of Franchi
Monroe, MI	1	15*	\$998,139	50.1%	86.9%
Wayne, MI	14	6	\$150,913	0.3%	13.1%

Source: S&P Global Market Intelligence and FDIC Summary of Deposits as of June 30, 2018  
 \*Includes one non-banking center

# Strategy and Tactics Overview

## *Looking Forward...*

- › Continue organic growth protocol. Manage market presence, core banking business margin and fee generation.
- › Optimize our retail and commercial deposit strategy . . . products and pricing
- › Leverage balance sheet muscle . . . Liquidity, Capital, Credit
- › Implement revised integration schedule and marketing plan for Michigan entry
- › Enhance company-wide Corporate Social Responsibility playbook

# Why Invest in First Merchants?

- › *Forbes* Magazine recognition as a Top 2 Ranking in “America’s Best Banks”
- › Performance Ranked Best among Indiana Banks by Bank Director Magazine
- › Attractive and Growing Earnings Stream
- › 2<sup>nd</sup> Largest Indiana Bank with an Energized and Experienced Management Team
- › Attractive Long-Term Deposit Market Shares
- › Commercial Presence that Creates a Client Preference
- › State-of-the-Art Technology and Operations Center
- › Successful Acquisition and Integration Track Record
- › Focused on Providing Sustainable Shareholder Value



# Research Coverage

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 First Merchants Corporation



First Merchants Corporation common stock is traded  
on the NASDAQ Global Select Market under the symbol FRME

Additional information can be found at  
[www.firstmerchants.com](http://www.firstmerchants.com)

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

# Appendix

# Appendix – Non-GAAP Reconciliation

## CAPITAL RATIOS (dollars in thousands):

	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19
<b>Total Risk-Based Capital Ratio</b>								
Total Stockholders' Equity (GAAP)	1,035,116	1,283,120	1,303,463	1,313,073	1,340,328	1,361,426	1,408,260	1,455,848
Adjust for Accumulated Other Comprehensive (Income) Loss <sup>1</sup>	(1,384)	6,358	3,534	21,725	24,868	35,409	21,422	1,595
Less: Preferred Stock	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)
Add: Qualifying Capital Securities	55,534	65,864	65,919	65,975	66,030	66,086	66,141	66,197
Less: Tier 1 Capital Deductions	(166)	-	-	-	-	-	-	-
Less: Disallowed Goodwill and Intangible Assets	(300,307)	(462,080)	(464,066)	(467,518)	(466,063)	(464,658)	(463,525)	(462,202)
Less: Disallowed Deferred Tax Assets	(665)	-	-	(2,594)	(2,104)	(1,111)	-	(4,037)
Total Tier 1 Capital (Regulatory)	\$ 788,003	\$ 893,137	\$ 908,725	\$ 930,536	\$ 962,934	\$ 997,027	\$ 1,032,173	\$ 1,057,276
Qualifying Subordinated Debentures	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
Allowance for Loan Losses includible in Tier 2 Capital	70,471	73,354	75,032	76,420	77,543	78,406	80,552	80,902
Total Risk-Based Capital (Regulatory)	\$ 923,474	\$ 1,031,491	\$ 1,048,757	\$ 1,071,956	\$ 1,105,477	\$ 1,140,433	\$ 1,177,725	\$ 1,203,178
Net Risk-Weighted Assets (Regulatory)	\$ 6,592,710	\$ 7,497,321	\$ 7,660,604	\$ 7,831,727	\$ 8,002,666	\$ 8,001,191	\$ 8,060,882	\$ 8,176,677
<b>Total Risk-Based Capital Ratio (Regulatory)</b>	<b>14.01%</b>	<b>13.76%</b>	<b>13.69%</b>	<b>13.69%</b>	<b>13.81%</b>	<b>14.25%</b>	<b>14.61%</b>	<b>14.71%</b>
<b>Common Equity Tier 1 Capital Ratio</b>								
Total Tier 1 Capital (Regulatory)	\$ 788,003	\$ 893,137	\$ 908,725	\$ 930,536	\$ 962,934	\$ 997,027	\$ 1,032,173	\$ 1,057,276
Less: Qualified Capital Securities	(55,534)	(65,864)	(65,919)	(65,975)	(66,030)	(66,086)	(66,141)	(66,197)
Add: Additional Tier 1 Capital Deductions	166	-	-	-	-	-	-	-
Common Equity Tier 1 Capital (Regulatory)	\$ 732,635	\$ 827,273	\$ 842,806	\$ 864,561	\$ 896,904	\$ 930,941	\$ 966,032	\$ 991,079
Net Risk-Weighted Assets (Regulatory)	\$ 6,592,710	\$ 7,497,321	\$ 7,660,604	\$ 7,831,727	\$ 8,002,666	\$ 8,001,191	\$ 8,060,882	\$ 8,176,677
<b>Common Equity Tier 1 Capital Ratio (Regulatory)</b>	<b>11.11%</b>	<b>11.03%</b>	<b>11.00%</b>	<b>11.04%</b>	<b>11.21%</b>	<b>11.64%</b>	<b>11.98%</b>	<b>12.12%</b>

<sup>1</sup> Includes net unrealized gains or losses on securities available for sale, net gains or losses on cash flow hedges, and amounts resulting from the application of the applicable accounting guidance for defined benefit and other postretirement plans



# Appendix – Non-GAAP Reconciliation

## TANGIBLE COMMON EQUITY RATIO (dollars in thousands):

	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19
Total Stockholders' Equity (GAAP)	\$ 1,035,116	\$ 1,283,120	\$ 1,303,463	\$ 1,313,073	\$ 1,340,328	\$ 1,361,426	\$ 1,408,260	\$ 1,455,848
Less: Preferred Stock	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)
Less: Intangible Assets	(309,686)	(478,558)	(476,503)	(474,777)	(473,059)	(471,409)	(469,784)	(468,256)
Tangible Common Equity (non-GAAP)	\$ 725,305	\$ 804,437	\$ 826,835	\$ 838,171	\$ 867,144	\$ 889,892	\$ 938,351	\$ 987,467
Total Assets (GAAP)	\$ 7,805,029	\$ 9,049,403	\$ 9,367,478	\$ 9,472,796	\$ 9,734,715	\$ 9,787,282	\$ 9,884,716	\$ 10,210,925
Less: Intangible Assets	(309,686)	(478,558)	(476,503)	(474,777)	(473,059)	(471,409)	(469,784)	(468,256)
Tangible Assets (non-GAAP)	\$ 7,495,343	\$ 8,570,845	\$ 8,890,975	\$ 8,998,019	\$ 9,261,656	\$ 9,315,873	\$ 9,414,932	\$ 9,742,669
Tangible Common Equity Ratio (non-GAAP)	9.68%	9.39%	9.30%	9.32%	9.36%	9.55%	9.97%	10.14%

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

	4Q10	4Q11	4Q12	4Q13	4Q14	4Q15	4Q16	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19
Total Stockholders' Equity (GAAP)	\$ 454,408	\$ 514,467	\$ 552,236	\$ 634,923	\$ 726,827	\$ 850,509	\$ 901,657	\$ 1,303,463	\$ 1,313,073	\$ 1,340,328	\$ 1,361,426	\$ 1,408,260	\$ 1,455,848
Less: Preferred Stock	(67,880)	(90,783)	(90,908)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)
Less: Intangible Assets	(154,019)	(150,471)	(149,529)	(202,767)	(218,755)	(259,764)	(258,866)	(476,503)	(474,777)	(473,059)	(471,409)	(469,784)	(468,256)
Tax Benefit	2,907	2,224	2,249	4,973	6,085	6,278	5,930	6,788	6,043	5,690	5,351	5,017	4,703
Tangible Common Equity, Net of Tax (non-GAAP)	\$ 235,416	\$ 275,437	\$ 314,048	\$ 437,004	\$ 514,032	\$ 596,898	\$ 648,596	\$ 833,623	\$ 844,214	\$ 872,834	\$ 895,243	\$ 943,368	\$ 992,170
Shares Outstanding	25,574,251	28,559,707	28,692,616	35,921,761	37,669,948	40,664,258	40,912,697	49,158,238	49,243,096	49,280,188	49,304,542	49,349,800	49,428,468
Tangible Common Equity per Share (non-GAAP)	\$ 9.21	\$ 9.64	\$ 10.95	\$ 12.17	\$ 13.65	\$ 14.68	\$ 15.85	\$ 16.96	\$ 17.14	\$ 17.71	\$ 18.16	\$ 19.12	\$ 20.07

# Appendix – Non-GAAP Reconciliation

## EFFICIENCY RATIO (dollars in thousands):

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

## FORWARD DIVIDEND YIELD

	2Q19
Most recent quarter's dividend per share	\$ 0.26
Most recent quarter's dividend per share - Annualized	\$ 1.04
Stock Price at 6/30/19	\$ 37.90
Forward Dividend Yield	2.74%

## DIVIDEND PAYOUT RATIO

	2019 YTD
Dividends per share	\$ 0.48
Earnings Per Share	\$ 1.61
Dividend Payout Ratio	29.8%

# Appendix – Non-GAAP Reconciliation

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

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

<sup>1</sup> Includes net unrealized gains or losses on securities available for sale, net gains or losses on cash flow hedges, and amounts resulting from the application of the applicable accounting guidance for defined benefit and other postretirement plans.

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

	3Q18	4Q18	1Q19	2Q19
Loans Held for Sale (GAAP)	\$ 3,022	\$ 4,778	\$ 3,330	\$ 5,854
Loans (GAAP)	7,088,071	7,224,467	7,299,320	7,511,370
Total Loans	7,091,093	7,229,245	7,302,650	7,517,224
Less: Purchased Loans	(945,330)	(844,224)	(782,114)	(706,916)
Non-Purchased Loans (non-GAAP)	<b>\$ 6,145,763</b>	<b>\$ 6,385,021</b>	<b>\$ 6,520,536</b>	<b>\$ 6,810,308</b>
Allowance for Loan Losses (GAAP)	\$ 78,406	\$ 80,552	\$ 80,902	\$ 81,274
Fair Value Adjustment (FVA) (GAAP)	33,905	30,054	27,768	25,545
Allowance plus FVA (non-GAAP)	<b>\$ 112,311</b>	<b>\$ 110,606</b>	<b>\$ 108,670</b>	<b>\$ 106,819</b>
Purchased Loans (GAAP)	\$ 945,330	\$ 844,224	\$ 782,114	\$ 706,916
Fair Value Adjustment (FVA) (GAAP)	33,905	30,054	27,768	25,545
Purchased Loans plus FVA (non-GAAP)	<b>\$ 979,235</b>	<b>\$ 874,278</b>	<b>\$ 809,882</b>	<b>\$ 732,461</b>
<b>Allowance as a Percentage of Non-Purchased Loans (non-GAAP)</b>	<b>1.28%</b>	<b>1.26%</b>	<b>1.24%</b>	<b>1.19%</b>
<b>FVA as a Percentage of Purchased Loans plus FVA (non-GAAP)</b>	<b>3.46%</b>	<b>3.44%</b>	<b>3.43%</b>	<b>3.49%</b>

