



**First Merchants  
Corporation**

NASDAQ: FRME

**INVESTOR UPDATE**  
Fourth Quarter 2020

# Forward Looking Statement

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

## NON-GAAP FINANCIAL MEASURES

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

# Executive Management Team

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**FMB:**  
24 Yrs

**Banking:**  
24 Yrs

## **Mark Hardwick** **Chief Executive Officer**

Mark K. Hardwick currently serves as the Chief Executive Officer of First Merchants Corporation and First Merchants Bank. Mark joined First Merchants in November of 1997 as Corporate Controller and was promoted to Chief Financial Officer in April of 2002. In 2016, Mark's title expanded to include Chief Operating Officer, overseeing the leadership responsibilities for finance, operations, technology, risk, legal, and facilities for the corporation. Prior to joining First Merchants Corporation, Mark served as a senior accountant with BKD, LLP in Indianapolis.

Mark is a graduate of Ball State University with a Master of Business Administration and Bachelor's degree in Accounting. He is also a certified public accountant and a graduate of the Stonier School of Banking.

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**FMB:**  
13 Yrs

**Banking:**  
33 Yrs

## **Mike Stewart** **President**

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

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**FMB:**  
14 Yrs

**Banking:**  
32 Yrs

## **John Martin** **Chief Credit Officer**

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

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**FMB:**  
6 Yrs

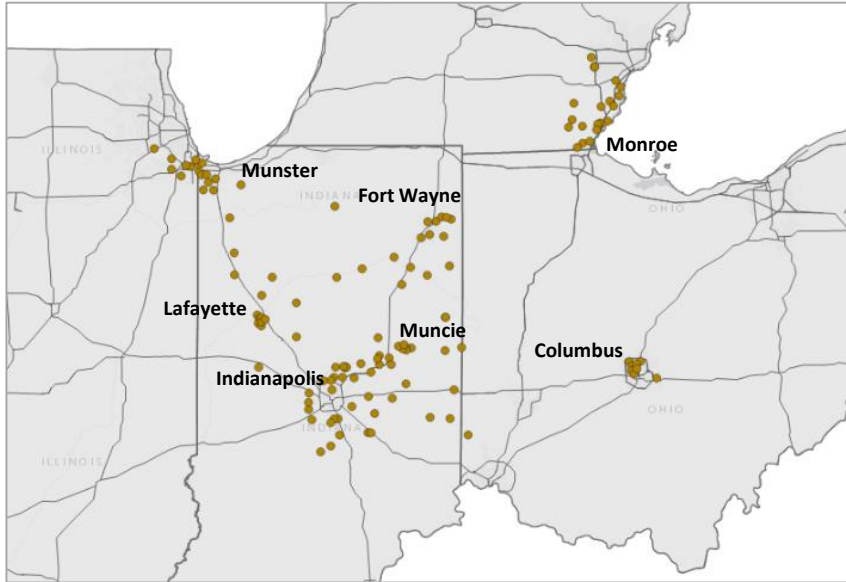
**Banking:**  
18 Yrs

## **Michele Kawiecki** **Chief Financial Officer**

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

# First Merchants Corporation (NASDAQ: FRME)

Largest financial services holding company  
headquartered in Central Indiana



## Full-Service Banking Footprint with 124 Branches

Muncie • Indianapolis • Lafayette • Fort Wayne • Munster  
Columbus OH • Monroe MI



FIRST MERCHANTS BANK NAMED BEST BANK IN INDIANA



First Merchants Bank Ranked Top 5 in 2018, 2019 and 2020



## Financial Highlights as of 12/31/20

**\$14.1 Billion**  
Total Assets

**\$9.2 Billion**  
Total Loans

**\$11.4 Billion**  
Total Deposits

**\$4.3 Billion**  
Assets Under Management

YTD ROAA: 1.10%

YTD Return on TCE 12.21%

TCE/TA: 9.65%

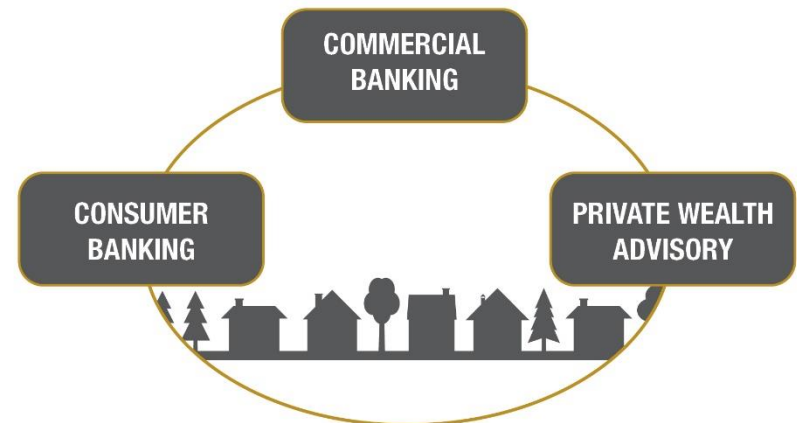
Market Cap \$2.0B

Dividend Yield: 2.78%

Price / Tangible Book: 1.54x

Price / 2021 Est. EPS: 15.4x

## Diverse & Complementary Lines of Business





# Strategy & Key Lines of Business

## *Our Vision*

To enhance the financial wellness of the diverse communities we serve

## *Our Mission*

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

### Commercial Banking

- ✓ Full Spectrum of Debt Capital Offerings Located in Prime Growth Markets
  - › Small Business & SBA
  - › Middle Market C&I
  - › Investment Real Estate
  - › Public Finance
  - › Structured Finance
  - › Asset Based Lending
  - › Syndications
  - › Treasury Management Services
  - › Merchant Processing Services
- ✓ Hire and Develop the Best Talent

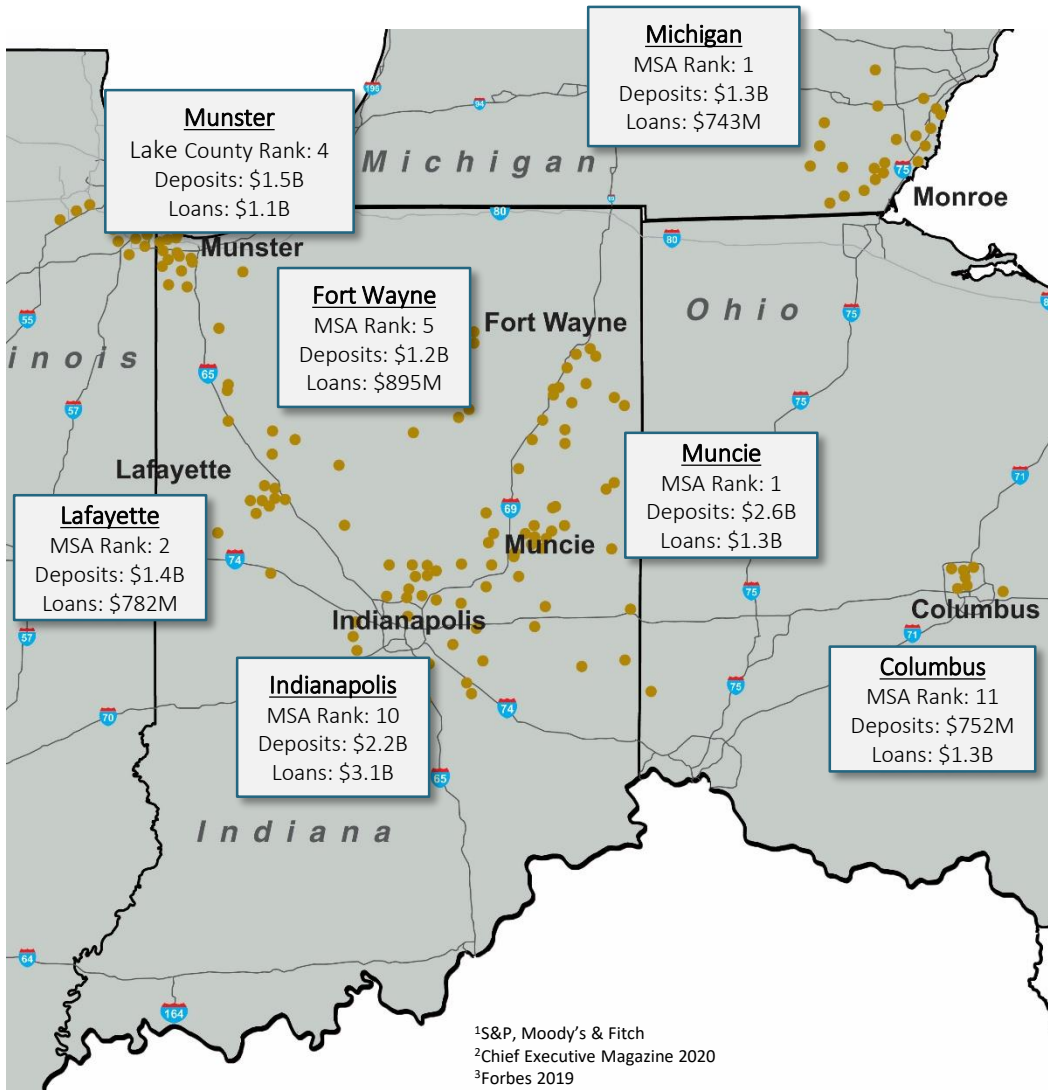
### Consumer Banking

- ✓ Diverse Locations in Stable Rural and Growth Metro Markets
- ✓ Supported by:
  - › Talented Customer Service Oriented Banking Center and Call Center Professionals
  - › Competitive Digital Solutions
    - Deposit and CRM
    - Online Banking
    - Mobile Banking
  - › Full Spectrum of Consumer Lending Offerings

### Private Wealth Advisory

- ✓ 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

# Attractive Markets of Operation



<sup>1</sup>S&P, Moody's & Fitch

<sup>2</sup>Chief Executive Magazine 2020

<sup>3</sup>Forbes 2019

Unless otherwise noted, source state govt. website

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

## Indiana

- AAA Credit Rating Since 2008<sup>1</sup>
- #1 Ranked Manufacturing State in the Nation
- 1<sup>st</sup> in Midwest and 5<sup>th</sup> Nationally for Best State for Doing Business<sup>2</sup>
- 1<sup>st</sup> Nationally for Highway Accessibility
- 5<sup>th</sup> for Best Business Regulatory Climate<sup>3</sup>

## Ohio

- 7<sup>th</sup> Largest Economy in the Nation
- 2<sup>nd</sup> in Midwest and 9<sup>th</sup> Nationally for Best State for Doing Business<sup>2</sup>

## Michigan

- 3<sup>rd</sup> in Midwest and 13<sup>th</sup> Nationally for Best State for Doing Business<sup>2</sup>
- 1<sup>st</sup> in the Nation for Automotive Manufacturing

## Illinois

- 5<sup>th</sup> Largest Economy in the Nation and 18<sup>th</sup> Largest Worldwide

# Fourth Quarter Highlights

## ROA (Annualized)

**1.29%** ROA

**1.64%** PTPP ROA

## Net Income & EPS

**\$45.1** Million

**\$0.83** Per Share

## Loan Growth (Annualized)

**11.2%** w/o PPP

**0%** w/PPP

- Announced the acquisition of Hoosier Trust Company
- Received regulatory approval for a \$100 Million Share Repurchase Plan from Federal Reserve
- Opened Avondale Meadows Banking Center in Indianapolis
- Announced the consolidation of 17 banking centers and the investment in new technology to support customer demands and add back-office efficiency

# Year End Highlights

## ROA

**1.10%** ROA

**1.70%** PTPP ROA

## Net Income & EPS

**\$148.6** Million

**\$2.74** Per Share

## Loan Growth

**1.3%** w/o PPP

**9.2%** w/PPP

- Effectively navigated COVID
- Supported our clients and communities through two rounds of Paycheck Protection Program
- Grew the Bank's total assets by \$1.6B and increased deposits by \$1.5B
- Increased the Allowance for Loan Loss by \$50M, or 63% during the year

# Fourth Quarter Financial Results

(\$M except per share data)

	For the Three Months Ended,					Variance Linked Quarter	% Variance Linked QTR- Annualized
	12/31/19	3/31/20	6/30/20	9/30/20	12/31/20		
<b>Balance Sheet &amp; Asset Quality</b>							
1. Total Assets	\$12,457.3	\$12,693.5	\$13,819.4	\$13,737.4	\$14,067.2	\$329.9	9.6%
2. Total Loans	8,468.3	8,611.9	9,299.4	9,247.0	9,247.1	0.1	0.0%
3. Investments	2,596.1	2,698.0	2,789.4	2,933.3	3,146.8	213.5	29.1%
4. Deposits	9,840.0	9,870.5	10,966.0	10,906.2	11,361.6	455.5	16.7%
5. Common Equity	1,786.3	1,777.8	1,809.0	1,833.5	1,875.5	42.0	9.2%
6. TCE Ratio	10.16%	9.91%	9.31%	9.57%	9.65%	0.08%	
7. Total RBC Ratio	14.29	13.80	14.18	14.38	14.36	-0.02	
8. ALLL / Loans	0.95	1.15	1.30	1.37	1.41	0.04	
9. NCOs / Avg Loans	0.04	0.03	0.01	0.30	0.02	-0.28	
10. NPAs + 90PD / Assets	0.20	0.19	0.46	0.49	0.47	-0.02	
<b>Summary Income Statement</b>							
11. Net Interest Income	\$97.6	\$93.9	\$93.0	\$92.9	\$102.3	\$9.4	40.4%
12. Provision for Loan Losses	0.5	19.8	21.9	12.5	4.5	(8.1)	-257.1%
13. Non-interest Income	24.2	29.8	26.5	26.2	27.5	1.3	20.2%
14. Non-interest Expense	65.2	66.2	60.0	64.7	72.5	7.8	48.4%
15. Pre-tax Income	56.1	37.8	37.6	41.8	52.8	10.9	104.7%
16. Provision for Taxes	8.3	3.5	4.6	5.6	7.6	2.0	140.8%
17. Net Income	47.8	34.3	33.0	36.2	45.2	9.0	99.0%
18. ROAA	1.53%	1.09%	0.97%	1.06%	1.29%	0.23%	
19. ROAE	10.82	7.55	7.35	7.91	9.72	1.81	
20. Net Interest Margin	3.62	3.46	3.19	3.15	3.38	0.23	
21. Efficiency Ratio	51.07	52.17	47.95	51.40	55.01	3.61	
<b>Per Share</b>							
22. Earnings per Diluted Share	\$0.87	\$0.62	\$0.62	\$0.67	\$0.83	\$0.16	
23. Tangible Book Value per Share	21.94	22.46	23.04	23.48	24.27	0.79	
24. Dividend per Share	0.26	0.26	0.26	0.26	0.26	0.00	
25. Dividend Payout Ratio	29.9%	41.9%	41.9%	38.8%	31.3%	-7.5%	

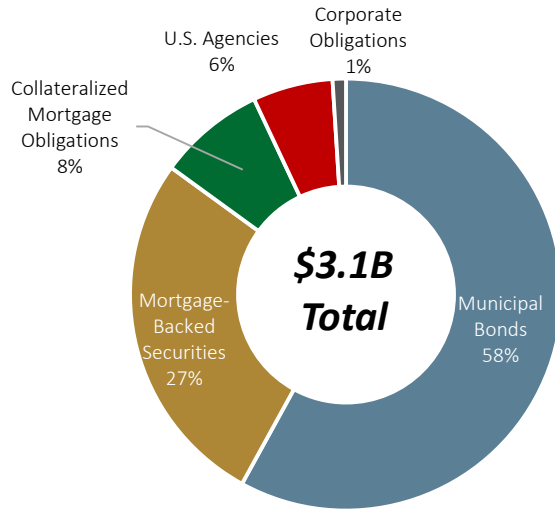
## 4Q20 Highlights

- **51.60 Efficiency Ratio** excluding branch consolidation charges of \$4.5M
- **Pre-Tax, Pre-Provision (PTPP) Earnings totaled \$57.3M**
- **Net interest income increased \$9.4M over prior quarter** which included an increase of \$5.5M in PPP fees and interest income
- **ROE increased nearly 2% in Q4** compared to prior quarter



# Investment Portfolio Highlights

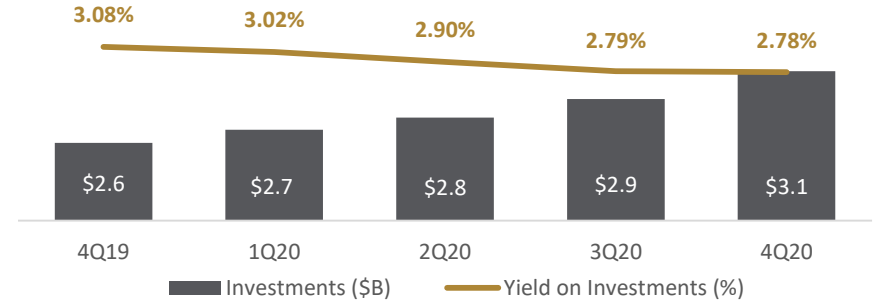
## 4Q20 Investment Portfolio Composition



### Highlights

- Modified duration of 5.0 years
- Next 12 month roll off cash flow \$488 million / 1.78% yield
- Current purchase yield of 1.65%
- AA rated municipal bond portfolio

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



### Investment Portfolio Gains

#### Unrealized Gains

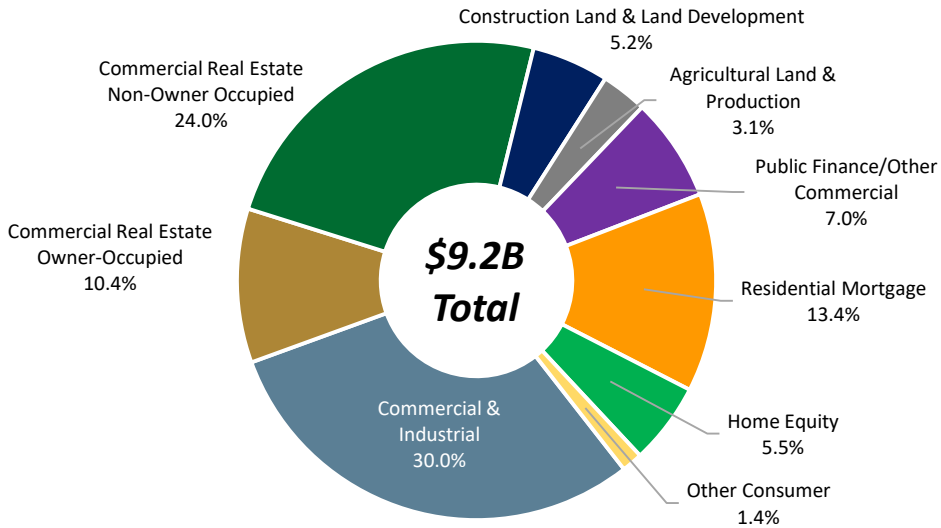
- Net unrealized Gain of \$164.5 Million

#### Realized Gains

- 1Q 2020 \$4.6 Million
- 2Q 2020 \$3.1 Million
- 3Q 2020 \$1.8 Million
- 4Q 2020 \$2.4 Million

# Loan Portfolio Highlights

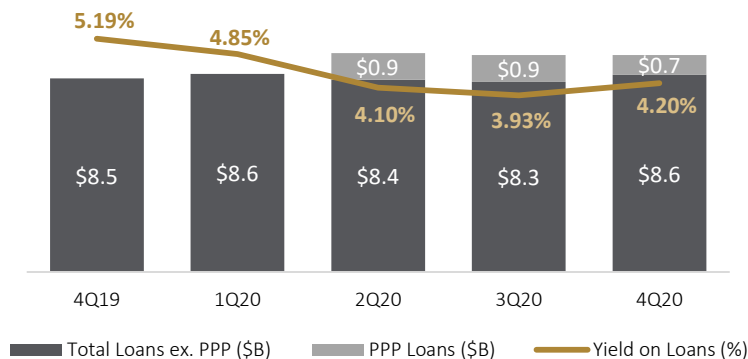
## 4Q20 Loan Composition



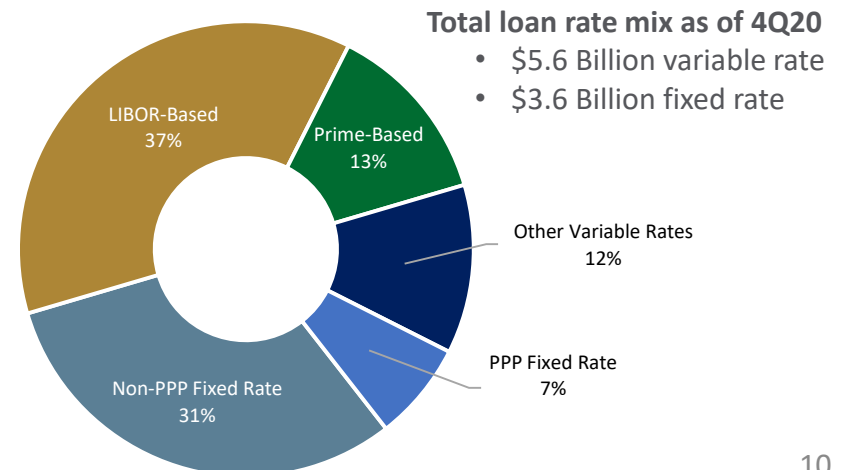
## Highlights

- Portfolio composition remains ~80% Commercial oriented**
  - Composition mostly unchanged with slight reductions in C&I and construction lending over prior year, offset with increases in commercial real estate.
  - Contributing to a portion of the decrease in C&I and construction balances was lower line utilization
- Loan yields remained strong at 4.20%, 3.96% excluding PPP loans**

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



## 4Q20 Portfolio by Yield Type



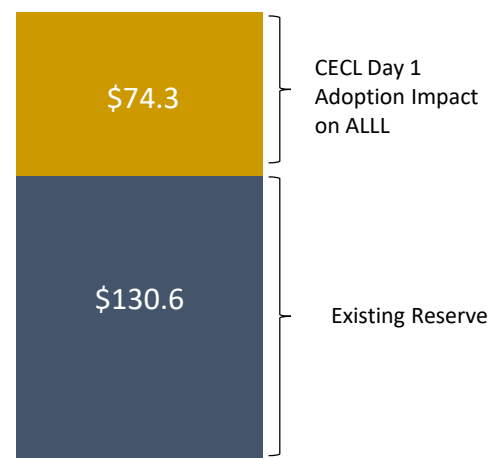
# Allowance For Loan Losses

	4Q19	1Q20	2Q20	3Q20	4Q20
1. Beginning Allowance for Loan Losses (ALLL)	\$ 80.6	\$ 80.3	\$ 99.5	\$ 121.1	\$ 126.7
2. Net Charge-offs	\$ (0.8)	\$ (0.6)	\$ (0.2)	\$ (6.9)	\$ (0.6)
3. Provision Expense	\$ 0.5	\$ 19.8	\$ 21.9	\$ 12.5	\$ 4.5
4. <b>Ending Allowance for Loan Losses</b>	<b>\$ 80.3</b>	<b>\$ 99.5</b>	<b>\$ 121.2</b>	<b>\$ 126.7</b>	<b>\$ 130.6</b>
5. ALLL/Loans	0.95%	1.15%	1.30%	1.37%	1.41%
6. ALLL/Loans - PPP Loans			1.44%	1.52%	1.52%
7. Remaining Fair Value Adjustment	\$ 36.6	\$ 33.1	\$ 29.3	\$ 26.0	\$ 23.0

## CECL Adoption

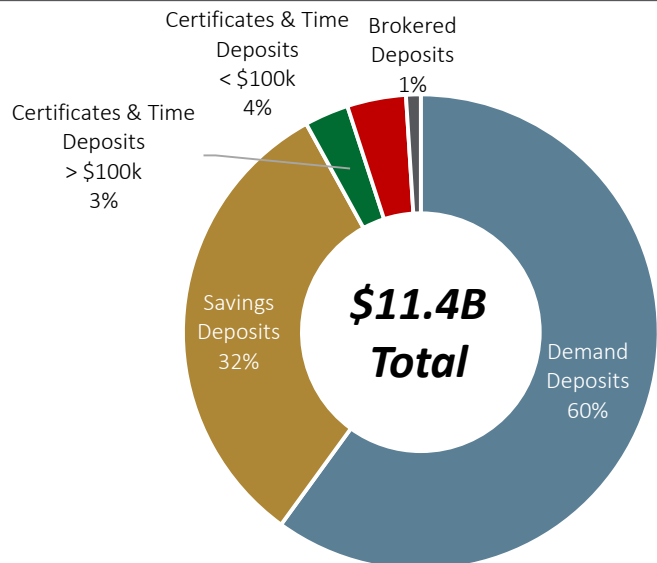
- January 1, 2021 CECL adoption elected (Allowed by the SEC through the passing of the 2021 Consolidated Appropriations Act in December)
- With this election, Day 1 adoption through equity is measured on January 1, 2021
- Reserve for unfunded commitments of \$20.5 Million will be recorded in Other Liabilities

### ALLL 1/1/21

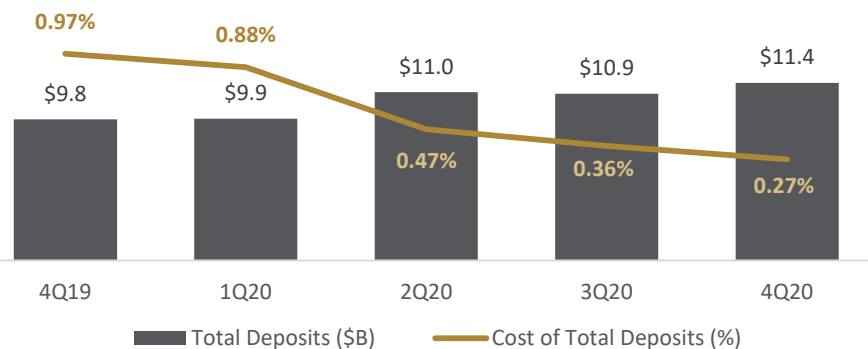


# Deposit Portfolio Highlights

## 4Q20 Deposit Composition



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



## Highlights

- **Strong core deposit base**
  - 20% non-interest bearing
  - 96% core deposits<sup>1</sup>
  - Minimal reliance on brokered funding
- **4Q20 CD maturities totaled \$348M with average rate of 1.67%**

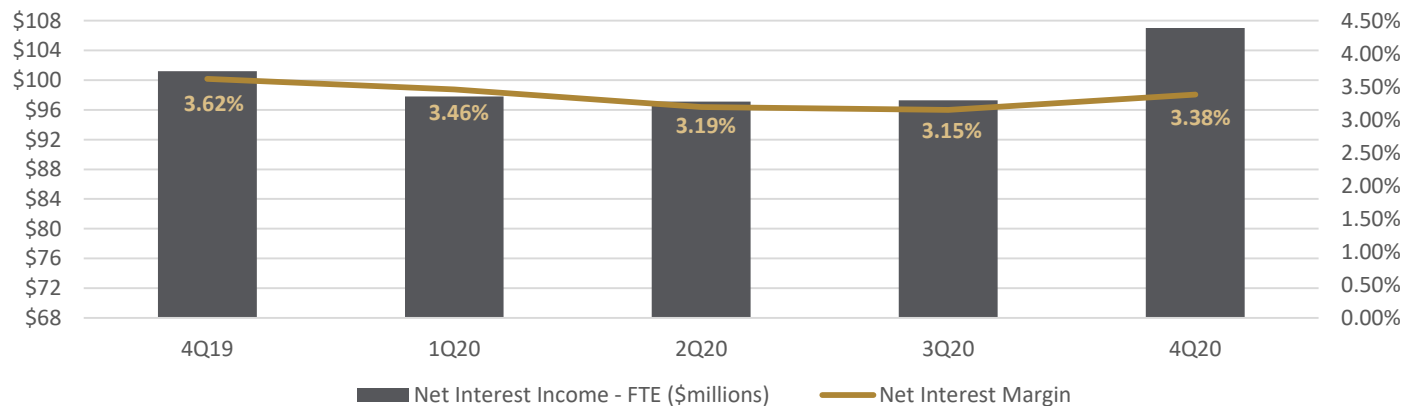
### vs. Prior Periods

- **Total deposit costs declined to 0.27% for Q4**
  - Down 9 bps from 3Q20
  - Down 70 bps from 4Q19
- **Average deposits up 12% when annualized from 3Q20, and 22% over prior year**
  - Reflects retention of stimulus payments and consumer growth
  - Notable mix shift over 2020 from time deposits to money market and non-time interest bearing accounts

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

# Net Interest Margin

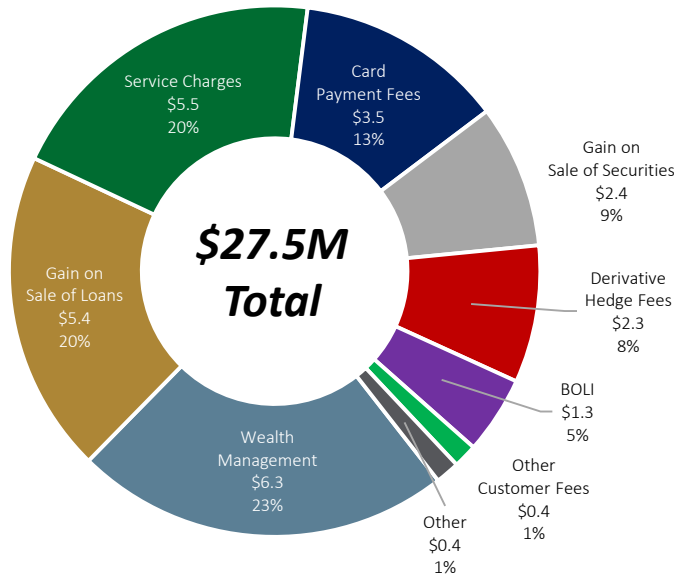
	4Q19	1Q20	2Q20	3Q20	4Q20
1. Net Interest Income - FTE (\$millions)	\$101.2	\$97.8	\$97.1	\$97.3	\$107.0
2. Fair Value Accretion	\$5.0	\$3.5	\$3.7	\$3.3	\$3.0
3. PPP Loan Income			\$4.7	\$6.1	\$11.6
4. Tax Equivalent Yield on Earning Assets	4.63%	4.38%	3.72%	3.58%	3.72%
5. Interest Expense/Average Earning Assets	1.01%	0.92%	0.53%	0.43%	0.34%
6. <b>Net Interest Margin</b>	<b>3.62%</b>	<b>3.46%</b>	<b>3.19%</b>	<b>3.15%</b>	<b>3.38%</b>
7. Fair Value Accretion Effect	0.18%	0.12%	0.12%	0.10%	0.09%
8. Impact of PPP Loans			-0.06%	-0.07%	0.16%





# Non-Interest Income Highlights

## 4Q20 Non-Interest Income Detail (\$M)

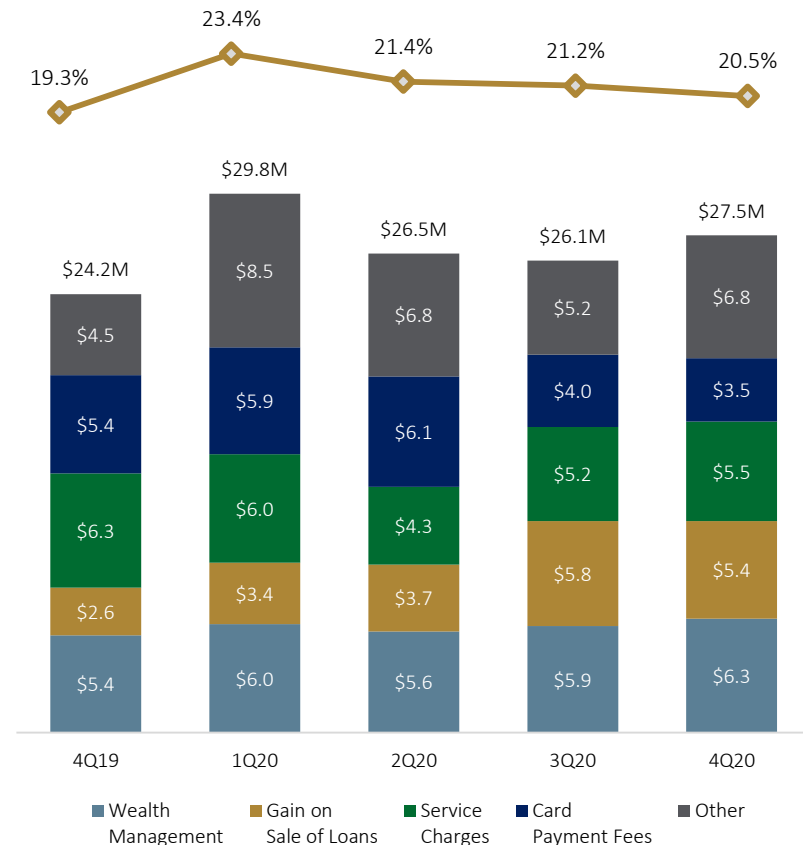


### Highlights

- ~85% in Customer-related fees totaling \$23.3M for 4Q20 and \$91M for full year 2020
  - Increased 7% when annualized over Q320; 20% over prior year despite mid-year Durbin adoption
  - Record gain on sale of mortgage loans of \$18.3M for full year 2020
  - Record wealth management fee income year of \$23.7M with \$4.3B in assets under management

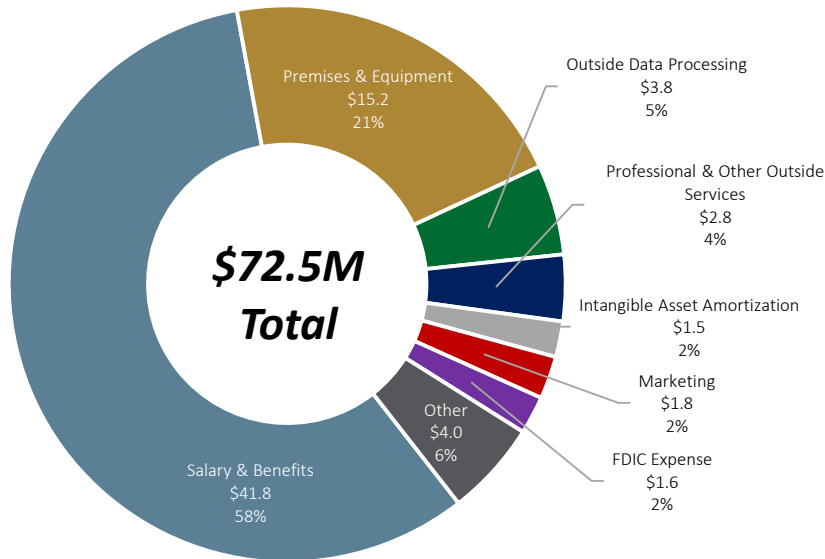
## Non-Interest Income Trends (\$M)

### Fee Income / Revenue



# Non-Interest Expense Highlights

## 4Q20 Non-Interest Expense Detail

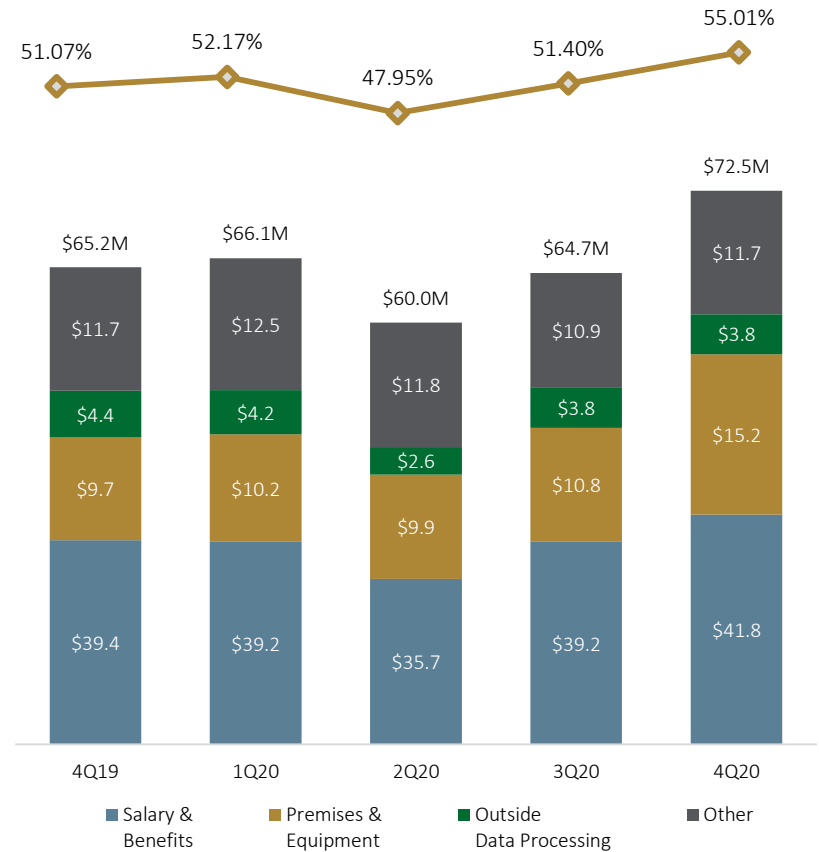


### Highlights

- 4Q20 expenses include \$4.5M of branch consolidation charges and increases in incentives
- Incurred \$1.5M in 2020 for COVID related costs for cleaning and PPE

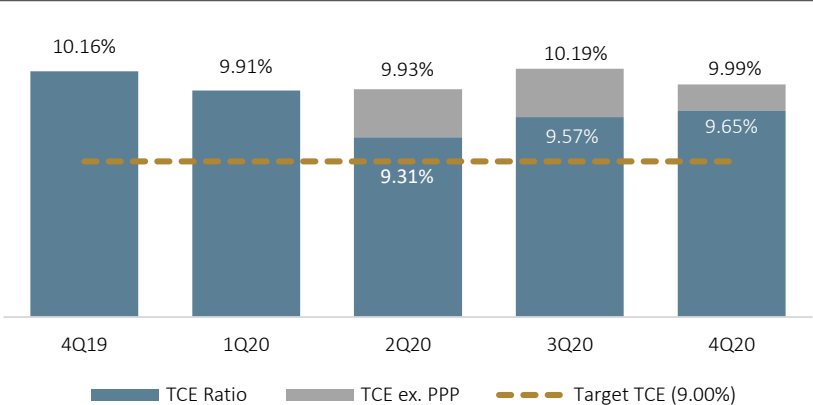
## Non-Interest Expense Trends (\$M)

### Efficiency Ratio

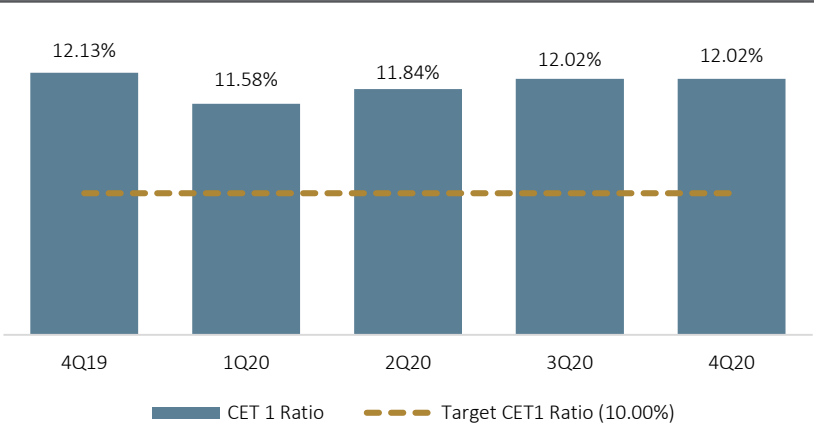


# Capital Ratios

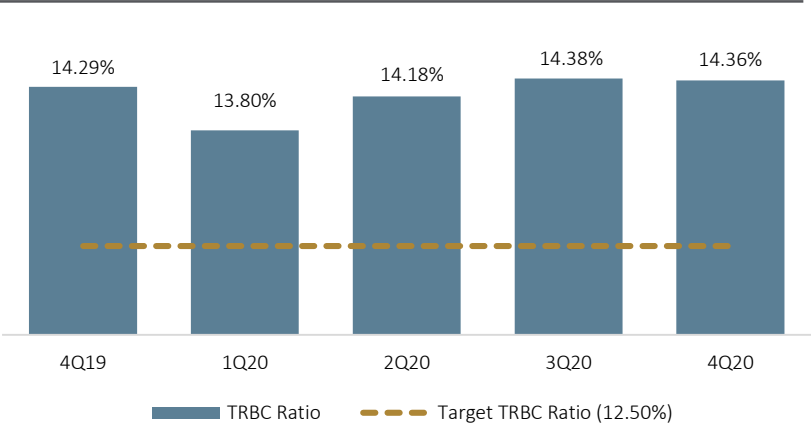
## Tangible Common Equity Ratio



## Common Equity Tier 1 Ratio



## Total Risk-Based Capital Ratio



# 2020 Financial Results

(\$M except per share data)

	For the Twelve Months Ended December 31,			Variance YOY	% Variance YOY
	2018	2019	2020		
<b>Balance Sheet &amp; Asset Quality</b>					
1. Total Assets	\$9,884.7	\$12,457.3	\$14,067.2	\$1,610.0	12.9%
2. Total Loans	7,229.2	8,468.3	9,247.1	778.8	9.2%
3. Investments	1,632.6	2,596.1	3,146.8	550.7	21.2%
4. Deposits	7,754.6	9,840.0	11,361.6	1,521.7	15.5%
5. Common Equity	1,408.1	1,786.3	1,875.5	89.2	5.0%
6. TCE Ratio	9.97%	10.16%	9.65%	-0.51%	
7. Total RBC Ratio	14.61	14.29	14.36	0.07	
8. ALLL / Loans	1.11	0.95	1.41	0.46	
9. NCOs / Avg Loans	0.02	0.04	0.09	0.05	
10. NPAs + 90PD / Assets	0.32	0.20	0.47	0.27	
<b>Summary Income Statement</b>					
11. Net Interest Income	\$338.9	\$356.7	\$382.1	\$25.5	7.1%
12. Provision for Loan Losses	7.2	2.8	58.7	55.9	1995.5%
13. Non-interest Income	76.5	86.7	109.9	23.2	26.8%
14. Non-interest Expense	220.0	246.8	263.4	16.6	6.7%
15. Pre-tax Income	188.1	193.8	170.0	(23.8)	-12.3%
16. Provision for Taxes	29.0	29.3	21.4	(8.0)	-27.1%
17. Net Income	159.1	164.5	148.6	(15.9)	-9.6%
18. ROAA	1.64%	1.48%	1.10%	-0.38%	
19. ROAE	11.84	10.48	8.14	-2.34	
20. Net Interest Margin	4.00	3.69	3.29	-0.40	
21. Efficiency Ratio	50.21	52.73	51.71	-1.02	
<b>Per Share</b>					
22. Earnings per Diluted Share	\$3.22	\$3.19	\$2.74	(\$0.45)	
23. Tangible Book Value per Share	19.12	21.94	24.27	2.33	
24. Dividend per Share	0.84	1.00	1.04	0.04	
25. Dividend Payout Ratio	26.1%	31.3%	38.0%	6.6%	

## 2020 Highlights

- **50.80 Efficiency Ratio** excluding 2020 branch consolidation charges of \$4.5M
- **Pre-Tax, Pre-Provision (PTPP) Earnings totaled \$228.5M**
- **Net income increased \$25.5M over prior year** which included \$22.4M in PPP fees and interest income
- **Tangible book value per share increased 11% over prior year**

# Loan Portfolio

## Loan Portfolio Trends (\$M)

	4Q19	3Q20	4Q20
1. Commercial & Industrial	\$ 1,802	\$ 2,539	\$ 2,429
2. Sponsor Finance	312	340	351
3. CRE Owner Occupied	910	928	955
4. Construction/Land/Land Dev.	787	622	485
5. CRE Non-Owner Occupied	1,899	2,099	2,221
6. Agricultural	334	301	282
7. Public Finance/Other Commercial	<u>547</u>	<u>616</u>	<u>648</u>
8. <b>Total Commercial Loans</b>	<b>6,591</b>	<b>7,445</b>	<b>7,371</b>
9. Residential Mortgage	1,149	1,147	1,236
10. Home Equity	589	527	508
11. Other Consumer	<u>139</u>	<u>128</u>	<u>132</u>
12. <b>Total Resid. Mortgage &amp; Consumer</b>	<b><u>1,877</u></b>	<b><u>1,802</u></b>	<b><u>1,876</u></b>
13. <b>Total Loans</b>	<b>\$ 8,468</b>	<b>\$ 9,247</b>	<b>\$ 9,247</b>
14. <b>Paycheck Protection Program Loans<sup>1</sup></b>	<b>\$ -</b>	<b>\$ 901</b>	<b>\$ 667</b>

<sup>1</sup>Included in C&I and Sponsor above

## Highlights

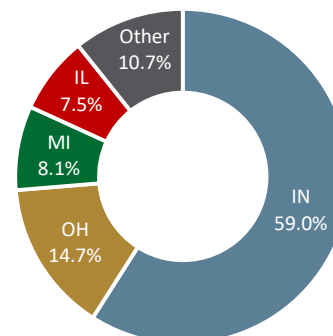
### vs. Prior Quarter

- **Total loans grew \$234 Million excluding PPP loan forgiveness:**
  - \$109 Million C&I
  - \$26 Million Sponsor
  - \$89 Million Residential Mortgages
  - \$32 Million Public Finance

### vs. Prior Year

- **\$779 Million loan growth for 2020**  
C&I loan growth:
  - \$667 Million PPP loan
  - \$101 Million Public Finance

## Geography

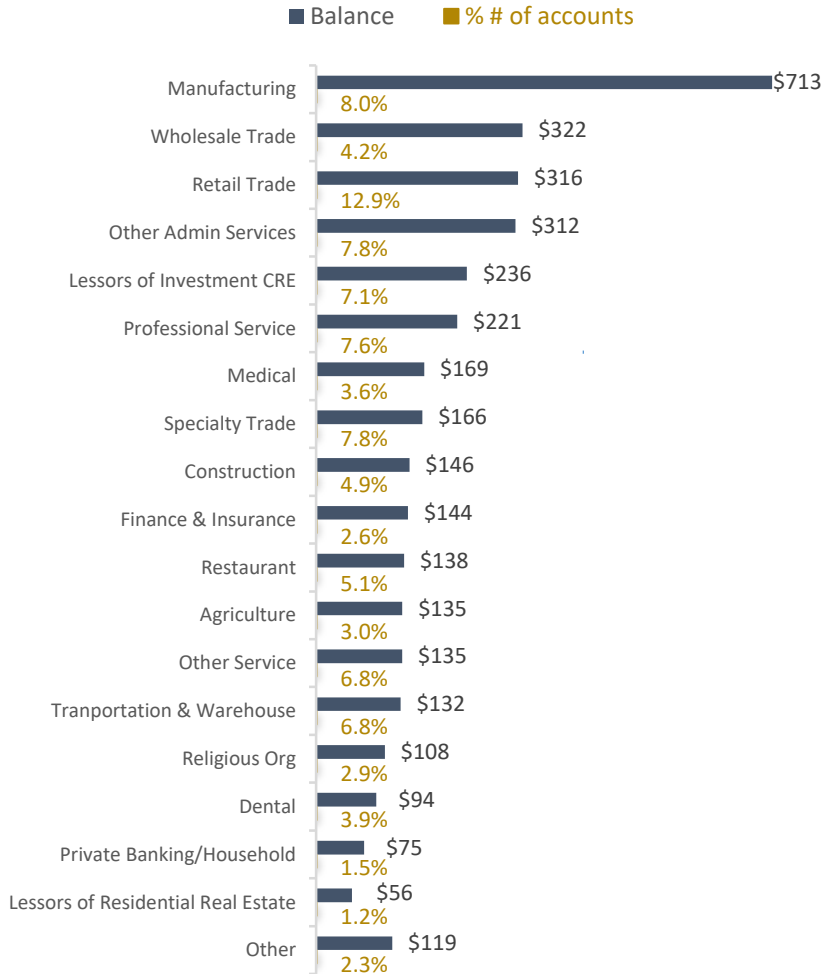


- **Portfolio geographically concentrated in footprint**



# C & I Loan Portfolio

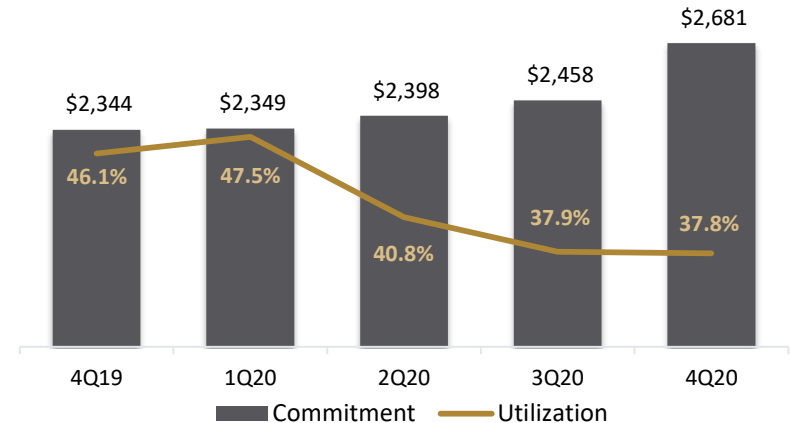
## C & I Distribution (NAICS) (\$M)



## Highlights

- **Diversified C&I portfolio totaling \$3.7 Billion**
  - Granularity illustrated by a C&I portfolio that is 71% of commercial accounts and only 51% of commercial loan balances
- **Line commitments increased \$337 Million** in 2020 while C&I balances declined \$68 Million due to a drop in utilization shown below

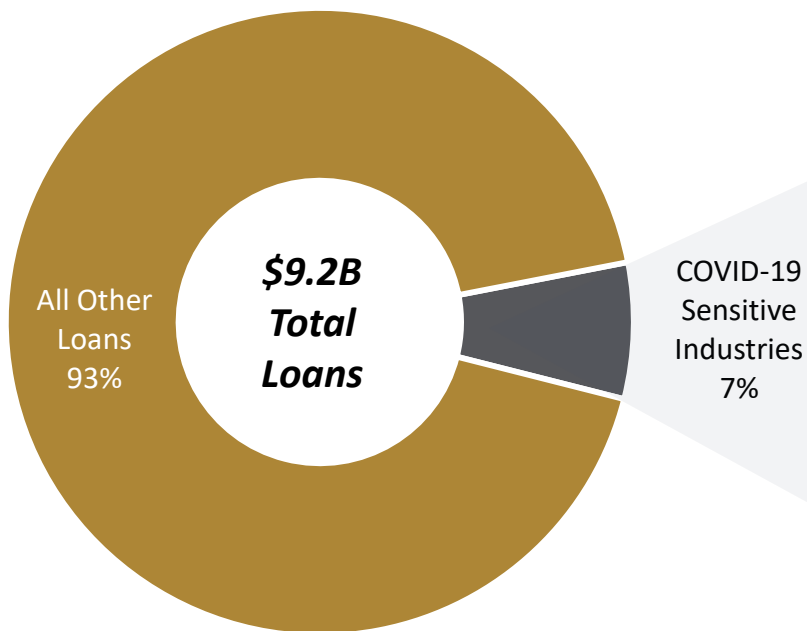
## C & I Commitments & Line Utilization



# Limited Exposure to COVID-19 Sensitive Industries

While we expect nearly every industry to have some impact from COVID-19, we have identified three industries that have been the most affected.

Total Loan Portfolio as of 12/31/20



COVID-19 Sensitive Industries	9/30/20		12/31/20	
	\$M	% of Loans	\$M	% of Loans
Senior Living	291	3.1%	261	2.8%
Hotel & Accomodations	198	2.1%	197	2.1%
Restaurants & Food Service	197	2.1%	190	2.1%
<b>Total</b>	<b>\$686</b>	<b>7.4%</b>	<b>\$648</b>	<b>7.0%</b>

# COVID-19 Hospitality and Accommodations

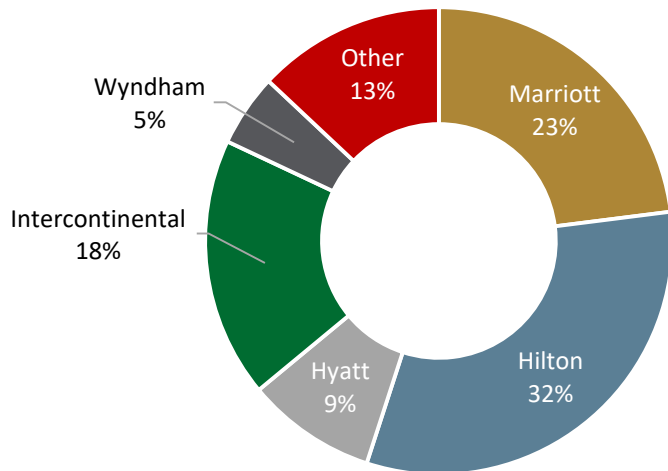
## Hospitality Highlights

- **129 accounts to 92 borrowers totaling \$197 Million**
  - 28 borrowers \$1 Million or greater
- **13 loans totaling \$83 Million with a COVID related modification in deferral at year-end**
- **All loans current and accruing**

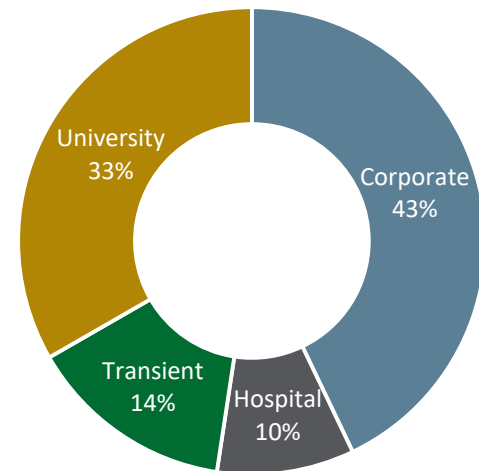
## Hotel Highlights

- **Hotels: 102 loans to 69 borrowers totaling \$188 Million**
  - 26 borrowers \$1 Million or greater totaling \$175 Million
  - Weighted Average (WA) occupancy of 50.4% (22 hotels reporting)
  - WA original loan to value of 57.4% (25 hotels reporting)
- **Loan Stage Prior to COVID: 83% stabilized and 17% moving from construction to stabilization**

## Hotel Portfolio Brands

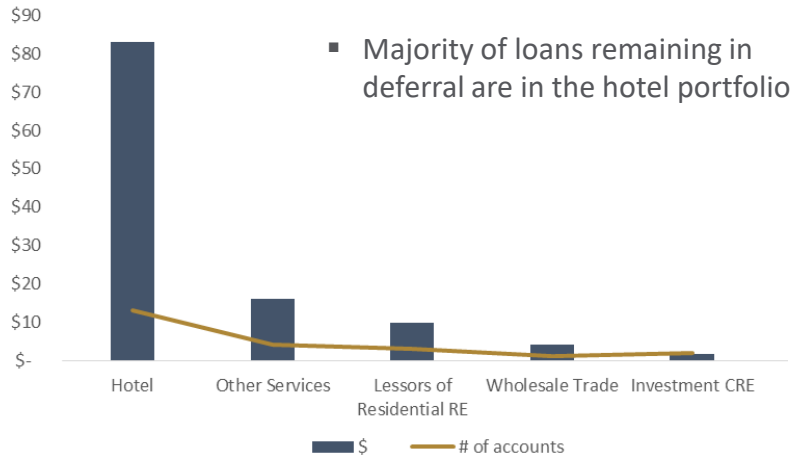


## Hotel Portfolio Demand Drivers



# COVID-19 Modifications and PPP

## 4Q20 Top Sectors with Mods in Deferral (\$M)



## COVID-19 Mods by Portfolio (\$M)

COVID-19 Modifications in deferral are 1.30% of total loans.

In Deferral	3Q20		4Q20	
	\$	#	\$	#
Commercial & Industrial	\$ 24	32	\$ 18	14
Sponsor Finance	6	1	-	-
CRE Owner Occupied	18	22	2	6
Construction, Land and Land Dev.	3	1	21	5
CRE Non-Owner Occupied	115	36	76	12
Agricultural	2	6	-	-
Residential Mortgage	7	50	2	20
Home Equity	1	11	-	4
Other Consumer	0	20	1	26
<b>Total Loans</b>	<b>\$ 176</b>	<b>179</b>	<b>\$ 120</b>	<b>87</b>

## Paycheck Protection Program

- Participating in the Economic Aid Act Paycheck Protection Program and currently accepting applications for first and second draw loans
  - \$667 Million in PPP loan balances remaining at year-end
  - 82% of loans are \$150,000 or less
  - 4Q fee income earned of \$9.5 Million with \$12.5 Million remaining
  - \$240 Million of PPP loans have been forgiven at year-end
  - Additional \$194 Million, were submitted for forgiveness and pending at year-end with the SBA

# Asset Quality

## Asset Quality Trends (\$M)

	4Q19	3Q20	4Q20
1. Non-Accrual Loans	\$ 16.0	\$ 56.7	\$ 61.5
2. Other Real Estate	7.5	7.0	0.9
3. 90PD Loans	0.1	1.3	0.8
4. Renegotiated Loans	<u>0.8</u>	<u>2.7</u>	<u>3.2</u>
5. NPAs + 90PD	\$ 24.4	\$ 67.7	\$ 66.4
6. NPAs + 90PD/Loans + ORE	0.29%	0.73%	0.72%
7. Classified Loans	\$ 200.1	\$ 252.8	\$ 250.0
8. Classified Loans/Total Loans	2.4%	2.7%	2.7%
9. Net Charge-offs	\$ 3.1	\$ 6.9	\$ 8.3
10. NCO/Avg. Loans (Annualized)	0.04%	0.30%	0.09%

## Highlights

### vs. Prior Quarter

- NPAs + 90PD decreased \$1.3 in 4Q with **sale of \$5.9 million in Other Real Estate Owned**
- Non-accrual loans increased \$4.8 Million
- Classified loans decreased \$2.8 Million
- Net charge-offs in 4Q of \$0.6 Million, **down from \$6.9 Million in 3Q**

### vs. Prior Year

- Non-accrual loans increased by \$45.5 Million
  - 5 Senior living facilities loans to nonaccrual in 2020 totaling \$43.7 Million
- Classified Loans increased by \$50 Million in 2020
  - Top industries- grain wholesale, senior living and waste collection
  - Top four sectors of Classified Loans total \$148 Million including Manufacturing, Senior Living, Agriculture and Other Services
- Net Charge-offs of \$8.3 Million or **0.09% of Average Loans**



# Non-Performing Assets

## Non-Performing Assets Roll Forward (\$M)

	4Q20	2020
<b>1. Beginning Balance NPAs + 90PD</b>	<b>\$ 67.7</b>	<b>\$ 24.4</b>
<u>Non-Accrual</u>		
2. Add: New Non-Accruals	16.4	75.6
3. Less: To Accrual/Payoff/Renegotiated	(10.3)	(18.9)
4. Less: To OREO	-	(0.7)
5. Less: Charge-offs	<u>(1.3)</u>	<u>(10.5)</u>
<b>6. Non-Accrual Loans Change</b>	<b>4.8</b>	<b>45.5</b>
<u>Other Real Estate Owned (ORE)</u>		
7. Add: New ORE Properties	-	0.7
8. Less: ORE Sold	(6.0)	(6.8)
9. Less: ORE Losses (write-downs)	<u>(0.1)</u>	<u>(0.5)</u>
<b>10. ORE Change</b>	<b>(6.1)</b>	<b>(6.6)</b>
<b>11. 90PD Change</b>	<b>(0.5)</b>	<b>0.7</b>
<b>12. Renegotiated Loans Change</b>	<b><u>0.5</u></b>	<b><u>2.4</u></b>
<b>13. NPAs + 90PD Change</b>	<b><u>(1.3)</u></b>	<b><u>42.0</u></b>
<b>14. Ending Balance NPAs + 90PD</b>	<b>\$ 66.4</b>	<b>\$ 66.4</b>

## Highlights

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

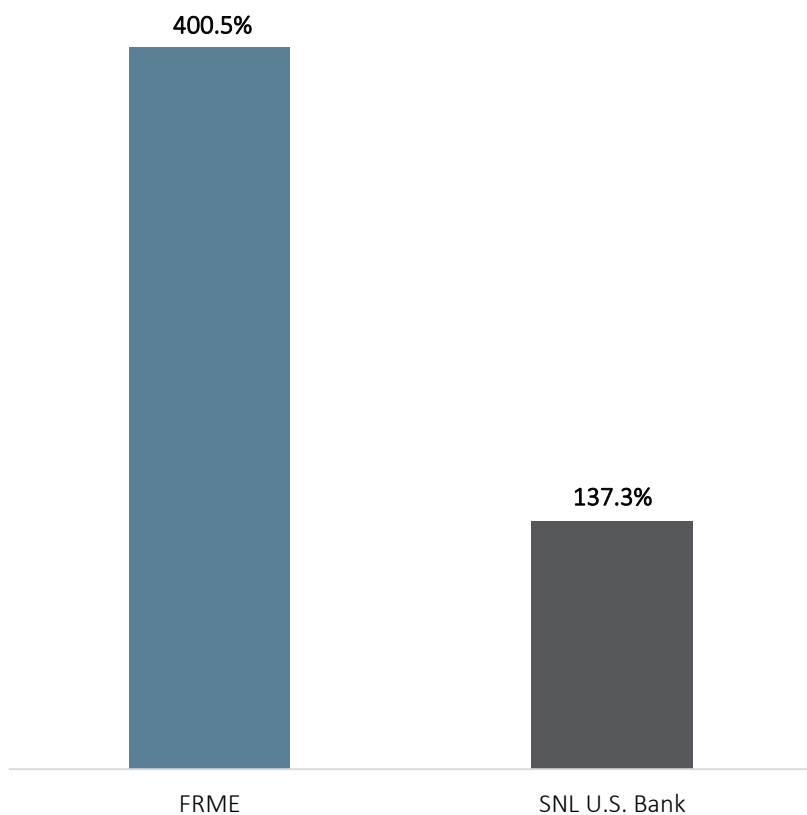
- **\$16.4 Million in new non-accruals**
  - \$13 Million loan to a senior living facility moved to non-accrual
- **\$1.3 Million of gross charge-offs in 4Q2020**

### 2020

- **\$75.6 Million in new non-accruals during 2020**
  - \$44 Million in senior living
  - \$14 Million in wholesale trade
- **Gross charge-offs of \$10.5 Million were offset by recoveries of \$2.2 Million**

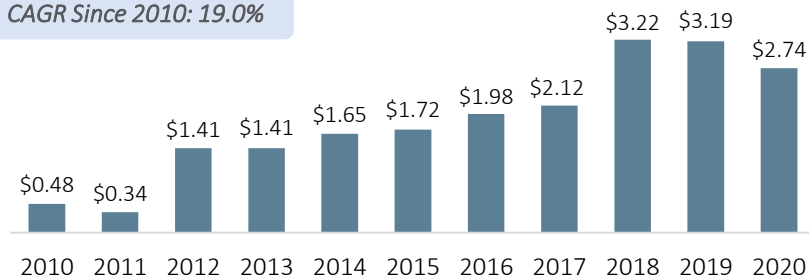
# Track Record of Shareholder Value

## 10-Year Total Return (12/31/10 – 12/31/20)



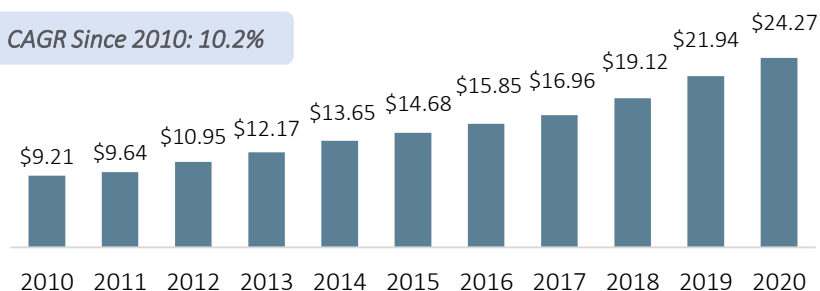
## Earnings per Share

CAGR Since 2010: 19.0%



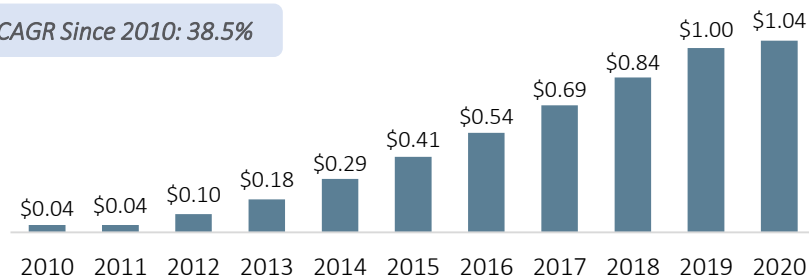
## Tangible Book Value per Share

CAGR Since 2010: 10.2%



## Dividends per Share

CAGR Since 2010: 38.5%

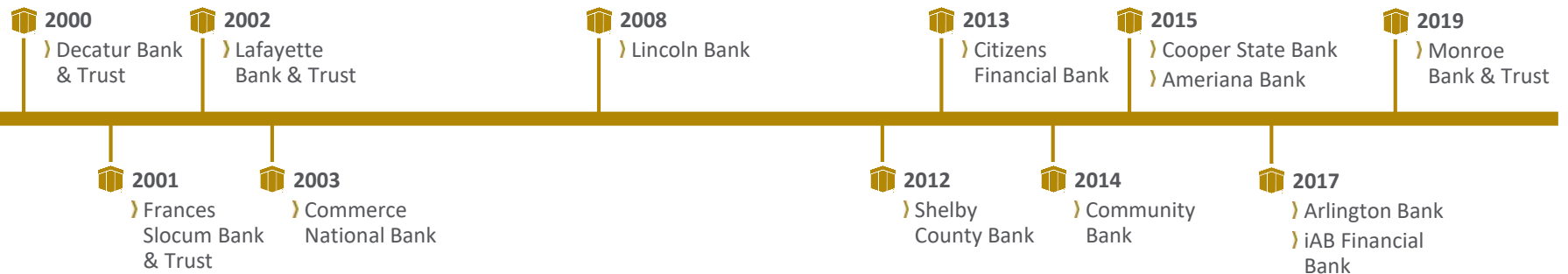
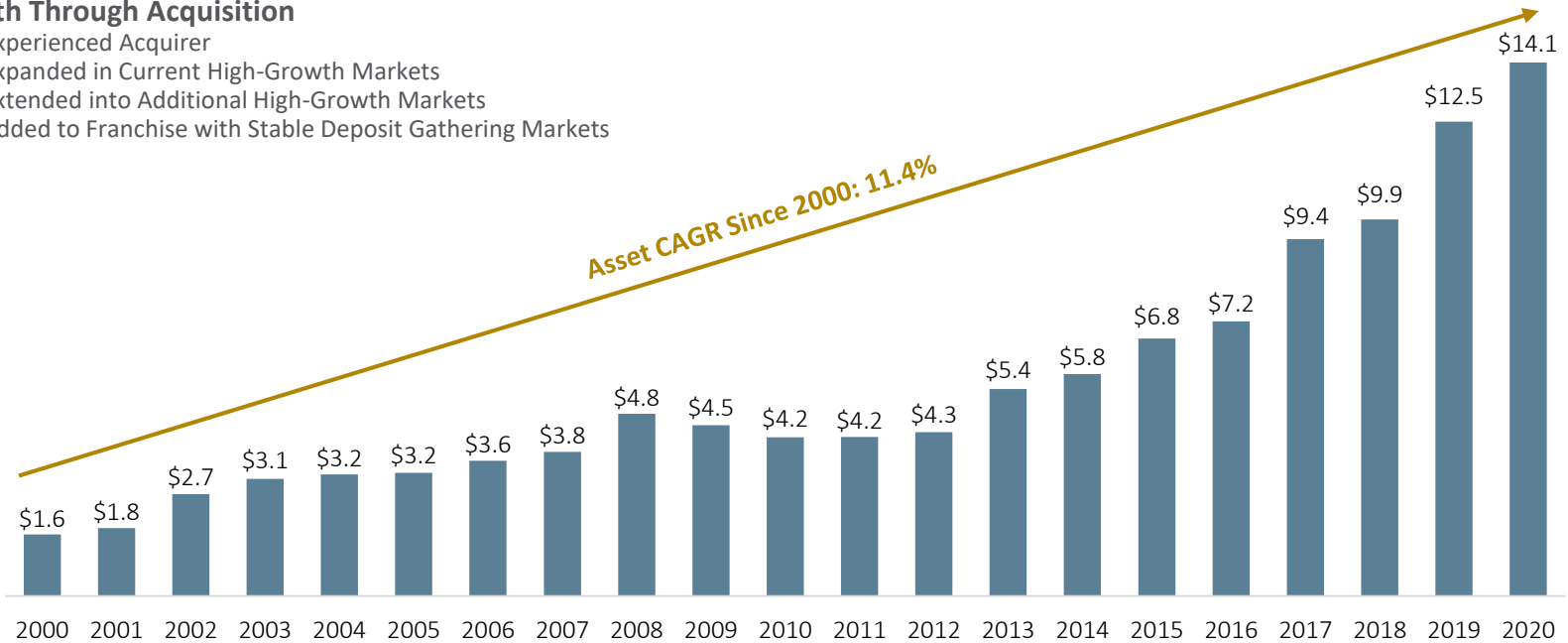


# History of Organic and Whole Bank Acquisition Growth

## 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

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

# APPENDIX



# Non-GAAP

	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20
<b>Total Risk-Based Capital Ratio (dollars in thousands)</b>									
Total Stockholders' Equity (GAAP)	1,408,260	1,455,848	1,501,636	1,749,012	1,786,437	1,777,960	1,809,095	1,833,656	1,875,645
Adjust for Accumulated Other Comprehensive (Income) Loss	21,422	1,595	(14,602)	(25,648)	(27,874)	(53,656)	(63,845)	(65,468)	(74,836)
Less: Preferred Stock	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)
Add: Qualifying Capital Securities	66,141	66,197	66,252	66,308	66,363	56,419	46,248	46,308	46,368
Less: Tier 1 Capital Deductions	-	-	-	-	-	-	-	-	-
Less: Disallowed Goodwill and Intangible Assets	(463,525)	(462,202)	(460,885)	(570,098)	(569,468)	(568,442)	(567,246)	(566,072)	(564,982)
Less: Disallowed Deferred Tax Assets	-	(4,037)	(2,587)	(3,460)	-	-	-	-	-
Total Tier 1 Capital (Regulatory)	\$ 1,032,173	\$ 1,057,276	\$ 1,089,689	\$ 1,215,989	\$ 1,255,333	\$ 1,212,156	\$ 1,224,127	\$ 1,248,299	\$ 1,282,070
Qualifying Subordinated Debentures	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
Allowance for Loan Losses includible in Tier 2 Capital	80,552	80,902	81,274	80,571	80,284	99,454	121,119	125,032	128,481
Total Risk-Based Capital (Regulatory)	\$ 1,177,725	\$ 1,203,178	\$ 1,235,963	\$ 1,361,560	\$ 1,400,617	\$ 1,376,610	\$ 1,410,246	\$ 1,438,331	\$ 1,475,551
Net Risk-Weighted Assets (Regulatory)	\$ 8,060,882	\$ 8,176,677	\$ 8,491,188	\$ 9,474,126	\$ 9,799,329	\$ 9,978,462	\$ 9,946,087	\$ 10,000,878	\$ 10,276,333
<b>Total Risk-Based Capital Ratio (Regulatory)</b>	<b>14.61%</b>	<b>14.71%</b>	<b>14.56%</b>	<b>14.37%</b>	<b>14.29%</b>	<b>13.80%</b>	<b>14.18%</b>	<b>14.38%</b>	<b>14.36%</b>
<b>Common Equity Tier 1 Capital Ratio</b>									
Total Tier 1 Capital (Regulatory)	\$ 1,032,173	\$ 1,057,276	\$ 1,089,689	\$ 1,215,989	\$ 1,255,333	\$ 1,212,156	\$ 1,224,127	\$ 1,248,299	\$ 1,282,070
Less: Qualified Capital Securities	(66,141)	(66,197)	(66,252)	(66,308)	(66,363)	(56,419)	(46,248)	(46,308)	(46,368)
Add: Additional Tier 1 Capital Deductions	-	-	-	-	-	-	-	-	-
Common Equity Tier 1 Capital (Regulatory)	\$ 966,032	\$ 991,079	\$ 1,023,437	\$ 1,149,681	\$ 1,188,970	\$ 1,155,737	\$ 1,177,879	\$ 1,201,991	\$ 1,235,702
Net Risk-Weighted Assets (Regulatory)	\$ 8,060,882	\$ 8,176,677	\$ 8,491,188	\$ 9,474,126	\$ 9,799,329	\$ 9,978,462	\$ 9,946,087	\$ 10,000,878	\$ 10,276,333
<b>Common Equity Tier 1 Capital Ratio (Regulatory)</b>	<b>11.98%</b>	<b>12.12%</b>	<b>12.05%</b>	<b>12.14%</b>	<b>12.13%</b>	<b>11.58%</b>	<b>11.84%</b>	<b>12.02%</b>	<b>12.02%</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.

# Non-GAAP

	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20
<b>Tangible Common Equity Ratio (dollars in thousands)</b>									
Total Stockholders' Equity (GAAP)	\$ 1,408,260	\$ 1,455,848	\$ 1,501,636	\$ 1,749,012	\$ 1,786,437	\$ 1,777,960	\$ 1,809,095	\$ 1,833,656	\$ 1,875,645
Less: Preferred Stock	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)
Less: Intangible Assets	(469,784)	(468,256)	(466,736)	(579,751)	(578,881)	(577,366)	(575,855)	(574,369)	(572,893)
Tangible Common Equity (non-GAAP)	\$ 938,351	\$ 987,467	\$ 1,034,775	\$ 1,169,136	\$ 1,207,431	\$ 1,200,469	\$ 1,233,115	\$ 1,259,162	\$ 1,302,627
Total Assets (GAAP)	\$ 9,884,716	\$ 10,210,925	\$ 10,737,857	\$ 12,325,061	\$ 12,457,254	\$ 12,693,518	\$ 13,819,378	\$ 13,737,350	\$ 14,067,210
Less: Intangible Assets	(469,784)	(468,256)	(466,736)	(579,751)	(578,881)	(577,366)	(575,855)	(574,369)	(572,893)
Tangible Assets (non-GAAP)	\$ 9,414,932	\$ 9,742,669	\$ 10,271,121	\$ 11,745,310	\$ 11,878,373	\$ 12,116,152	\$ 13,243,523	\$ 13,162,981	\$ 13,494,317
<b>Tangible Common Equity Ratio (non-GAAP)</b>	<b>9.97%</b>	<b>10.14%</b>	<b>10.07%</b>	<b>9.95%</b>	<b>10.16%</b>	<b>9.91%</b>	<b>9.31%</b>	<b>9.57%</b>	<b>9.65%</b>

	4Q10	4Q11	4Q12	4Q13	4Q14	4Q15	4Q16	4Q17	4Q18
<b>Tangible Common Equity Per Share</b>									
Total Stockholders' Equity (GAAP)	\$ 454,408	\$ 514,467	\$ 552,236	\$ 634,923	\$ 726,827	\$ 850,509	\$ 901,657	\$ 1,303,463	\$ 1,408,260
Less: Preferred Stock	(67,880)	(90,783)	(90,908)	(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)	(469,784)
Tax Benefit	2,907	2,224	2,249	4,973	6,085	6,278	5,930	6,788	5,017
Tangible Common Equity, Net of Tax (non-GAAP)	\$ 235,416	\$ 275,437	\$ 314,048	\$ 437,004	\$ 514,032	\$ 596,898	\$ 648,596	\$ 833,623	\$ 943,368
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	49,349,800
<b>Tangible Common Equity per Share (non-GAAP)</b>	<b>\$ 9.21</b>	<b>\$ 9.64</b>	<b>\$ 10.95</b>	<b>\$ 12.17</b>	<b>\$ 13.65</b>	<b>\$ 14.68</b>	<b>\$ 15.85</b>	<b>\$ 16.96</b>	<b>\$ 19.12</b>

	4Q19	1Q20	2Q20	3Q20	4Q20
<b>Tangible Common Equity Per Share</b>					
Total Stockholders' Equity (GAAP)	\$ 1,786,437	\$ 1,777,960	\$ 1,809,095	\$ 1,833,656	\$ 1,875,645
Less: Preferred Stock	(125)	(125)	(125)	(125)	(125)
Less: Intangible Assets	(578,881)	(577,366)	(575,855)	(574,369)	(572,893)
Tax Benefit	7,257	6,946	6,597	6,292	5,989
Tangible Common Equity, Net of Tax (non-GAAP)	\$ 1,214,688	\$ 1,207,415	\$ 1,239,712	\$ 1,265,454	\$ 1,308,616
Shares Outstanding	55,368,482	53,754,137	53,795,500	53,891,733	53,922,359
<b>Tangible Common Equity per Share (non-GAAP)</b>	<b>\$ 21.94</b>	<b>\$ 22.46</b>	<b>\$ 23.04</b>	<b>\$ 23.48</b>	<b>\$ 24.27</b>

# Non-GAAP

	2018	4Q19	2019	1Q20	2Q20	3Q20	4Q20	2020
<b>EFFICIENCY RATIO (dollars in thousands):</b>								
Non Interest Expense (GAAP)	\$ 219,951	\$ 65,201	\$ 246,763	\$ 66,171	\$ 59,989	\$ 64,709	\$ 72,536	\$ 263,405
Less: Intangible Asset Amortization	(6,719)	(1,590)	(5,994)	(1,514)	(1,511)	(1,486)	(1,476)	(5,987)
Less: OREO and Foreclosure Expenses	(1,470)	(66)	(2,428)	(505)	(684)	(717)	1,576	(330)
Adjusted Non Interest Expense (non-GAAP)	211,762	63,545	238,341	64,152	57,794	62,506	72,636	257,088
Net Interest Income (GAAP)	338,857	97,584	356,660	93,877	93,018	92,921	102,311	382,127
Plus: Fully Taxable Equivalent Adjustment	10,732	3,633	13,085	3,894	4,088	4,340	4,644	16,966
Net Interest Income on a Fully Taxable Equivalent Basis (non-GAAP)	349,589	101,217	369,745	97,771	97,106	97,261	106,955	399,093
Non Interest Income (GAAP)	76,459	24,245	86,688	29,799	26,481	26,163	27,483	109,926
Less: Investment Securities Gains (Losses)	(4,269)	(1,039)	(4,415)	(4,612)	(3,068)	(1,817)	(2,398)	(11,895)
Adjusted Non Interest Income (non-GAAP)	72,190	23,206	82,273	25,187	23,413	24,346	25,085	98,031
Adjusted Revenue (non-GAAP)	421,779	124,423	452,018	122,958	120,519	121,607	132,040	497,124
<b>Efficiency Ratio (non-GAAP)</b>	<b>50.21%</b>	<b>51.07%</b>	<b>52.73%</b>	<b>52.17%</b>	<b>47.95%</b>	<b>51.40%</b>	<b>55.01%</b>	<b>51.71%</b>

	4Q20
<b>Forward Dividend Yield</b>	
Most recent quarter's dividend per share	\$ 0.26
Most recent quarter's dividend per share - Annualized	\$ 1.04
Stock Price at 12/31/20	\$ 37.41
<b>Forward Dividend Yield</b>	<b>2.78%</b>