

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 26, 2021

Commission File Number 0-17071

FIRST MERCHANTS CORPORATION

(Exact name of registrant as specified in its charter)

Indiana	35-1544218
(State or other jurisdiction of incorporation)	(IRS Employer Identification No.)

200 East Jackson Street
P.O. Box 792

Muncie, IN 47305-2814

(Address of principal executive offices, including zip code)

(765) 747-1500

(Registrant's telephone number, including area code)

Not Applicable

(Former name or former address, if changed since last report)

Title of Each Class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.125 stated value per share	FRME	Nasdaq Global Select Market

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

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

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

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

Exhibit 99.1
Exhibit 104

[Slide Presentation, utilized on July 26, 2021, during conference call and web cast by First Merchants Corporation](#)
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 26, 2021

EXHIBIT INDEX

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



**First Merchants
Corporation**
NASDAQ: FRME

INVESTOR UPDATE
Second Quarter 2021

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

Forward Looking Statement

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

NON-GAAP FINANCIAL MEASURES

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

Executive Management Team



FMB:
24 Yrs

Banking:
24 Yrs

Mark Hardwick Chief Executive Officer

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



FMB:
13 Yrs

Banking:
33 Yrs

Mike Stewart President

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



FMB:
13 Yrs

Banking:
32 Yrs

John Martin Chief Credit Officer

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



FMB:
6 Yrs

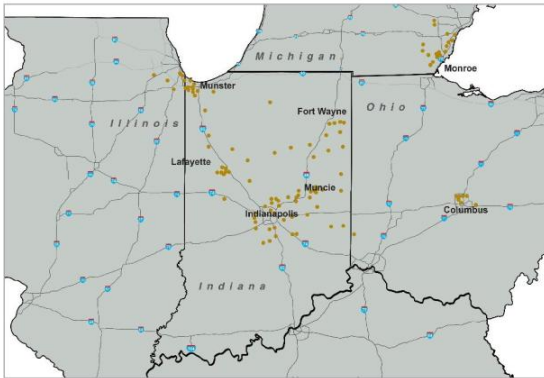
Banking:
18 Yrs

Michele Kawiecki Chief Financial Officer

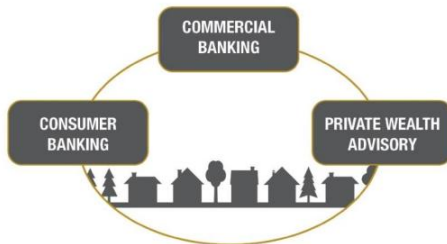
Michele Kawiecki currently serves as Executive Vice President and Chief Financial Officer for First Merchants Corporation and First Merchants Bank. Michele joined First Merchants in 2015 as Director of Finance. Prior to joining First Merchants, Michele spent 12 years with UMB Financial Corporation in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

First Merchants Corporation (NASDAQ: FRME)

Largest financial services holding company headquartered in Central Indiana



Full-Service Banking Footprint with 106 Branches



 **First Merchants Corporation**

Financial Highlights as of 6/30/2021

\$14.9 Billion
Total Assets

\$9.1 Billion
Total Loans

\$12.2 Billion
Total Deposits

\$6.0 Billion
Assets Under Advisement*

YTD ROAA: 1.45%

YTD Return on TCE 16.82%

TCE/TA: 9.04%

Market Cap \$2.2B

Dividend Yield: 2.57%

Price / Tangible Book: 1.73x

Price / 2021 Est. EPS: 11.5x

*Assets Under Management - \$3.24 Billion

Moody's a3 Baseline Credit Assessment¹



FIRST MERCHANTS BANK NAMED BEST BANK IN INDIANA



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



¹Moody's Credit Opinion – First Merchants Corporation, September 22, 2020, baseline Credit Assessment (BCA) reflects a bank's standalone credit strength

Second Quarter Highlights

Net Income & EPS	ROA (Annualized)	ROE & ROTCE (Annualized)
\$55.6 Million	1.51% ROA	12.04% ROE
\$1.03 Per Share	1.78% PTPP ROA	17.77% ROTCE

- Completed integration of Hoosier Trust Company
- 6.7% annualized loan growth, excluding PPP loans

Year-to-Date Highlights

Net Income & EPS	ROA	ROE & ROTCE
\$105.0 Million	1.45% ROA	11.40% ROE
\$1.94 Per Share	1.71% PTPP ROA	16.82% ROTCE

- Completed 17 branch consolidations year-to-date
- Implementation of Online Account Origination technology in process
- 3.4% annualized loan growth, excluding PPP loans

Strategy & Key Lines of Business

Our Vision

To enhance the financial wellness of the diverse communities we serve

Our Mission

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

Commercial Banking

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

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

Consumer Banking

Diverse Locations in Stable Rural and Growth Metro Markets

Supported by:

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

Private Wealth Advisory

Comprehensive and coordinated approach to personal wealth management

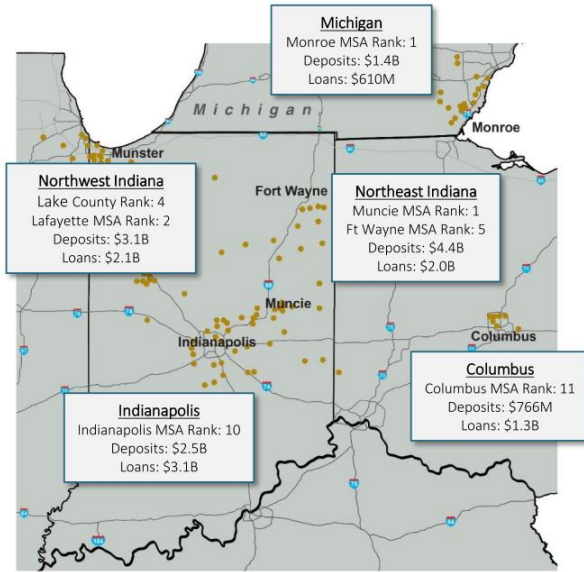
Expertise in:

- › 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

Region and Line of Business Second Quarter Highlights



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

Organic Loan Growth Annualized

Private Wealth Group	4%	
Consumer Group	5%	Decline due to a \$76M Portfolio Sale
Mortgage Group	(38%)	
Commercial Group	14%	Strong C&I and Public Finance growth
Total Loans – Adjusted¹	10%	

- Line utilization increased in commercial lines and consumer HELOC portfolios
- Pipeline remains stable compared to prior quarters with capital market activities driving IRE refinancing

Deposit Growth Annualized

Consumer Group	(7%)	Economic Impact Payments being utilized
Commercial Group	29%	Economic Stimulus drove increase through municipal and public entities
Total Deposits	8%	

¹Excluding change in PPP loans and Mortgage Portfolio Loan Sale.

Second Quarter Financial Results

(SM except per share data)

	For the Three Months Ended,					Variance Linked Quarter	% Variance Linked QTR Annualized
	6/30/20	9/30/20	12/31/20	3/31/21	6/30/21		
Balance Sheet & Asset Quality							
1. Total Assets	\$13,819.4	\$13,737.4	\$14,067.2	\$14,629.1	\$14,923.1	\$294.0	8.0%
2. Total Loans	9,299.4	9,247.0	9,247.1	9,322.7	9,139.8	(182.8)	-7.8%
3. Investments	2,789.4	2,933.3	3,146.8	3,700.9	4,148.3	447.5	48.4%
4. Deposits	10,966.0	10,906.2	11,361.6	11,951.8	12,203.4	251.6	8.4%
5. Common Equity	1,809.0	1,833.5	1,875.5	1,805.9	1,871.8	65.9	14.6%
6. TCE Ratio	9.31%	9.57%	9.65%	8.78%	9.04%	0.26%	
7. Total RBC Ratio	14.18	14.38	14.36	14.33	14.23	-0.10	
8. ACL / Loans	1.30	1.37	1.41	2.16	2.19	0.03	
9. NCOs / Avg Loans	0.01	0.30	0.02	0.16	0.06	-0.10	
10. NPAs + 90PD / Assets	0.46	0.49	0.47	0.41	0.40	-0.01	
Summary Income Statement							
11. Net Interest Income	\$93.0	\$92.9	\$102.3	\$100.4	\$104.3	\$3.8	15.3%
12. Provision for Loan Losses	21.9	12.5	4.5	0.0	0.0	0.0	0.0%
13. Non-interest Income	26.5	26.2	27.5	24.1	30.9	6.8	112.8%
14. Non-interest Expense	60.0	64.7	72.5	66.1	69.3	3.2	19.3%
15. Pre-tax Income	37.6	41.8	52.8	58.4	65.9	7.4	50.9%
16. Provision for Taxes	4.6	5.6	7.6	8.9	10.3	1.4	62.7%
17. Net Income	33.0	36.2	45.2	49.5	55.6	6.0	48.8%
18. ROAA	0.97%	1.06%	1.29%	1.39%	1.51%	0.12%	
19. ROAE	7.35	7.91	9.72	10.75	12.04	1.29	
20. Net Interest Margin	3.19	3.15	3.38	3.23	3.22	-0.01	
21. Efficiency Ratio	47.95	51.40	55.01	50.23	48.91	-1.32	
Per Share							
22. Earnings per Diluted Share	\$0.62	\$0.67	\$0.83	\$0.91	\$1.03	\$0.12	
23. Tangible Book Value per Share	23.04	23.48	24.27	22.98	24.15	1.17	
24. Dividend per Share	0.26	0.26	0.26	0.26	0.29	0.03	
25. Dividend Payout Ratio	41.9%	38.8%	31.3%	28.6%	28.2%	-0.4%	

2Q21 Highlights

- **48.91% Efficiency Ratio**
- **Pre-Tax, Pre-Provision (PTPP) Earnings totaled \$65.9**, an increase of \$7.4 million from 1Q21
- **6.7% annualized loan growth**, over prior quarter excluding PPP loans
- **Non-interest income increased \$6.8 million over prior quarter**; including a \$2.9 million gain from a \$76 million sale of portfolio mortgage loans
- **Net interest income, increased \$3.8 million over prior quarter**

2021 Year-to-Date Financial Results

(\$M except per share data)

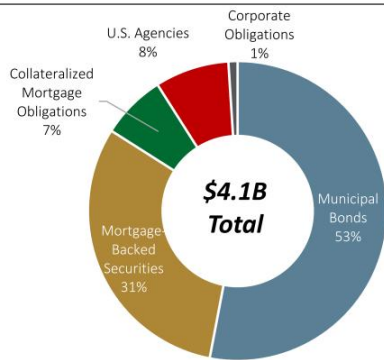
	For the Six Months Ended June 30,			Variance YOY	% Variance YOY
	2019	2020	2021		
Balance Sheet & Asset Quality					
1. Total Assets	\$10,737.9	\$13,819.4	\$14,923.1	\$1,103.7	8.0%
2. Total Loans	7,517.2	9,299.4	9,139.8	(159.6)	-1.7%
3. Investments	2,092.9	2,789.4	4,148.3	1,358.9	48.7%
4. Deposits	8,319.3	10,966.0	12,203.4	1,237.4	11.3%
5. Common Equity	1,501.6	1,809.1	1,871.8	62.7	3.5%
6. TCE Ratio	10.07%	9.31%	9.04%	-0.27%	
7. Total RBC Ratio	14.56	14.18	14.21	0.03	
8. ALLL / Loans	1.08	1.30	2.19	0.89	
9. NCOs / Avg Loans	0.03	0.02	0.11	0.09	
10. NPAs + 90PD / Assets	0.26	0.46	0.40	-0.06	
Summary Income Statement					
11. Net Interest Income	\$170.1	\$186.9	\$204.7	\$17.8	9.5%
12. Provision for Loan Losses	1.7	41.6	0.0	(41.6)	-100.0%
13. Non-interest income	40.4	56.3	55.0	(1.3)	-2.3%
14. Non-interest Expense	114.2	126.2	135.4	9.2	7.3%
15. Pre-tax Income	94.6	75.4	124.3	48.9	64.9%
16. Provision for Taxes	14.7	8.1	19.3	11.2	138.3%
17. Net Income	79.9	67.3	105.0	37.7	56.0%
18. ROAA	1.55%	1.03%	1.45%	0.42%	
19. ROAE	10.98	7.45	11.40	3.95	
20. Net Interest Margin	3.78	3.32	3.23	-0.09	
21. Efficiency Ratio	51.09	50.09	49.54	-0.55	
Per Share					
22. Earnings per Diluted Share	\$1.61	\$1.24	\$1.94	\$0.70	
23. Tangible Book Value per Share	21.01	23.04	24.15	1.11	
24. Dividend per Share	0.48	0.52	0.55	0.03	
25. Dividend Payout Ratio	29.8%	41.9%	28.4%	-13.6%	

2021 Year-to-Date Highlights

- **49.54 Efficiency Ratio**
- **Pre-Tax, Pre-Provision (PTPP) earnings totaled \$124.3 million**, an increase of \$7.4 million over prior year
- **Net income, excluding the impact of PPP loans, increased \$26.9 million over prior year**
- **Tangible book value per share increased \$1.11 over prior year, or ~5%**, despite the impact of CECL adoption

Investment Portfolio Highlights

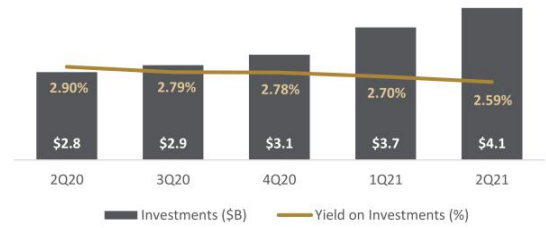
2Q21 Investment Portfolio Composition



Highlights

- Modified duration of 5.6 years
- Remaining 2021 roll off cash flow \$170 million / 2.33% yield
- Current purchase yield of ~2.00%
- AA rated municipal bond portfolio
- The Allowance for Credit Losses for Investments is \$245,000

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



Investment Portfolio Gains

Unrealized Gains

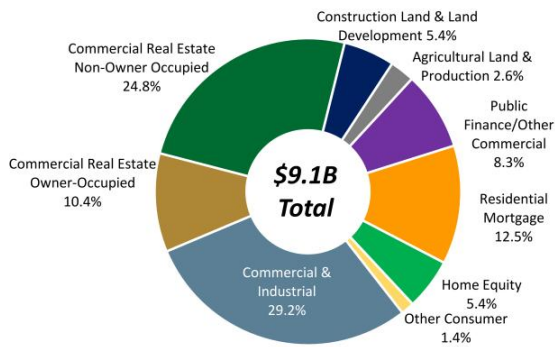
- Net unrealized Gain of \$131.7 million

Realized Gains

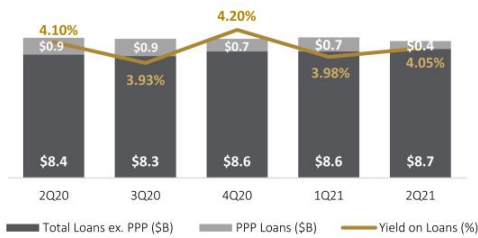
- 2Q 2020 \$3.1 million
- 3Q 2020 \$1.8 million
- 4Q 2020 \$2.4 million
- 1Q 2021 \$1.8 million
- 2Q 2021 \$1.8 million

Loan Portfolio Highlights

2Q21 Loan Composition



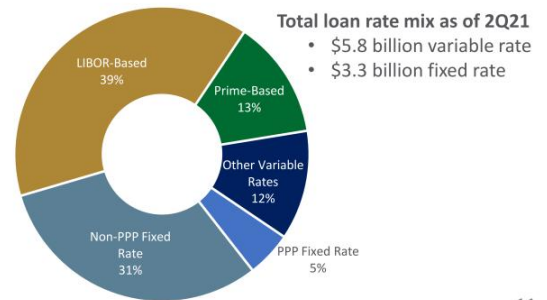
Yield on Loans (%) / Total Loans (\$B)



Highlights

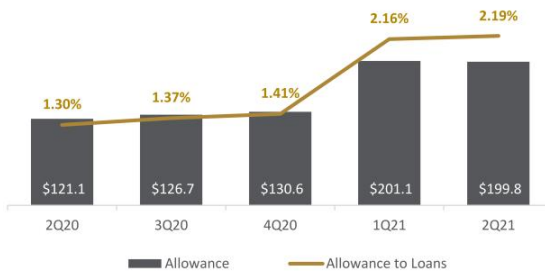
- **Portfolio composition remains ~80% Commercial oriented**
 - Composition mostly unchanged from prior quarter
- **Loan yields remained strong at 4.05%**, 3.78% excluding PPP loans and fair value accretion
- **New/renewed loan yields averaged 3.27% for the quarter**, compared to 3.63% in 1Q21, and 3.42% in 4Q20

2Q21 Portfolio by Yield Type

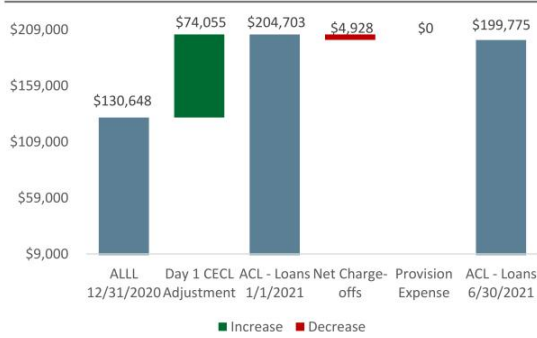


Allowance for Credit Losses - Loans

2Q21 Allowance for Credit Losses - Loans



Change in ACL – Loans¹

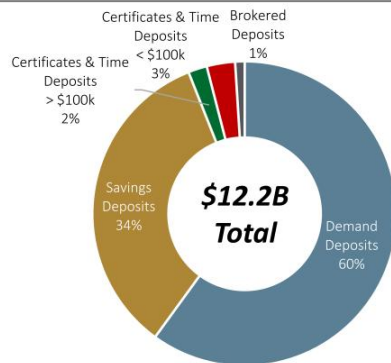


Highlights

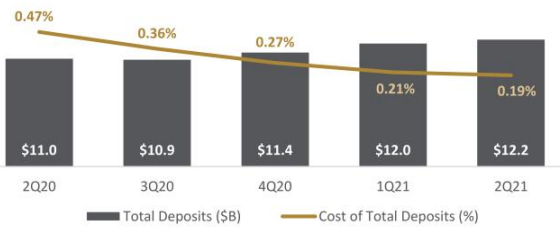
- Allowance to Loans, excluding PPP loans, is 2.29%
- The reserve for unfunded commitments was unchanged at \$20.5 million, and recorded in Other Liabilities
- Remaining fair value adjustment is \$13.9 million
- Impact of CECL transition is phased into regulatory capital over 3 years; quarter-end regulatory capital was reduced by 25% of adoption impact

Deposit Portfolio Highlights

2Q21 Deposit Composition



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



Highlights

- **Strong core deposit base**
 - 98% core deposits¹
 - 20% non-interest bearing
 - ~55% yield 5 bps or less
- **Consumer DDA average balance per account peaked in April and is 26% higher than pre-pandemic levels**

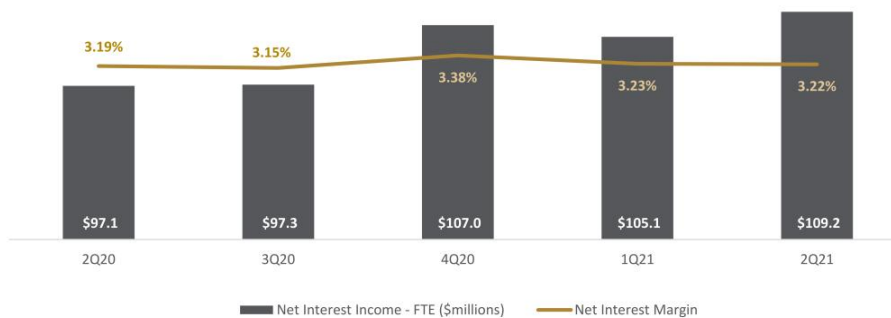
vs. Prior Periods

- **Total deposit costs declined to 0.19% for Q2**
 - Down 2 bps from 1Q21
 - Down 28 bps from 2Q20
- **Average deposits up 19% when annualized from 1Q21, and 12% over prior year**
 - Reflects increase in public funds deposits and retention of stimulus payments
 - Time deposits continue to migrate to money market and non-time interest bearing accounts

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

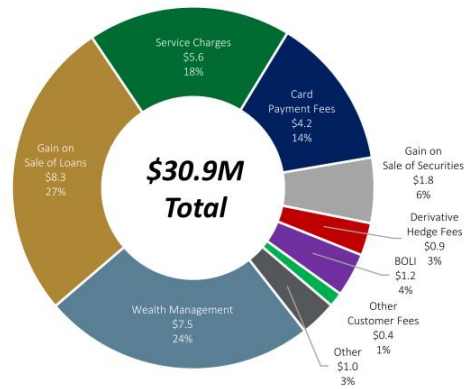
Net Interest Margin

	2Q20	3Q20	4Q20	1Q21	2Q21
1. Net Interest Income - FTE (\$millions)	\$ 97.1	\$ 97.3	\$ 107.0	\$ 105.1	\$ 109.2
2. Fair Value Accretion	\$ 3.7	\$ 3.3	\$ 3.0	\$ 1.8	\$ 2.5
3. PPP Loan Income	\$ 4.7	\$ 6.1	\$ 11.6	\$ 9.2	\$ 9.7
4. Tax Equivalent Yield on Earning Assets	3.72%	3.58%	3.72%	3.52%	3.49%
5. Interest Expense/Average Earning Assets	0.53%	0.43%	0.34%	0.29%	0.27%
6. Net Interest Margin	3.19%	3.15%	3.38%	3.23%	3.22%
7. Fair Value Accretion Effect	0.12%	0.10%	0.09%	0.06%	0.07%
8. Impact of PPP Loans	-0.06%	-0.07%	0.16%	0.13%	0.15%



Non-Interest Income Highlights

2Q21 Non-Interest Income Detail (\$M)

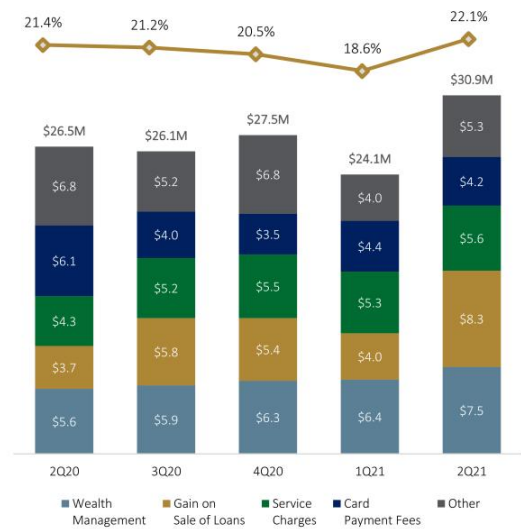


Highlights

- 87% in Customer-related fees totaling \$26.9 million for 2Q21
 - Increased \$6.2 million over 1Q21 driven by a \$4.3 million increase in gains on the sales of loans and a \$1.1 million increase in wealth management fees
- Gains on the sales of securities of \$1.8 million were consistent with prior quarter

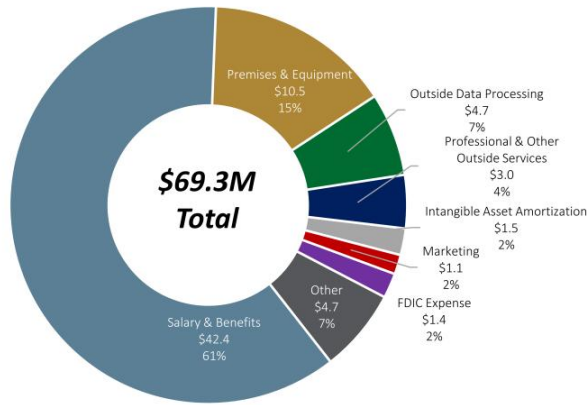
Non-Interest Income Trends (\$M)

Fee Income / Revenue



Non-Interest Expense Highlights

2Q21 Non-Interest Expense Detail

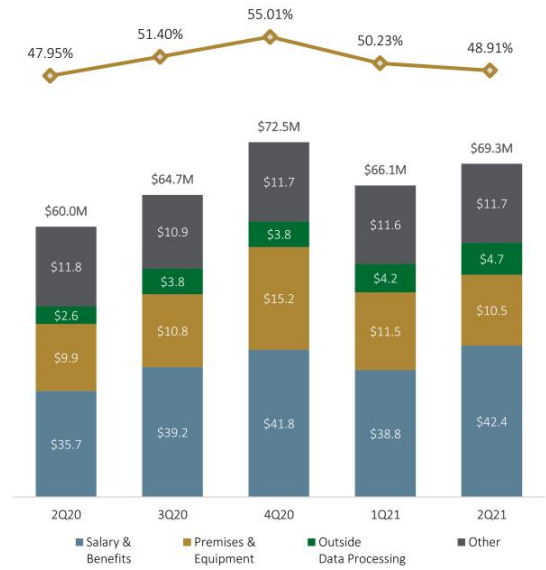


Highlights

- 2Q21 expenses increased \$3.2 million over 1Q21 reflecting higher salary expense and incentive accruals

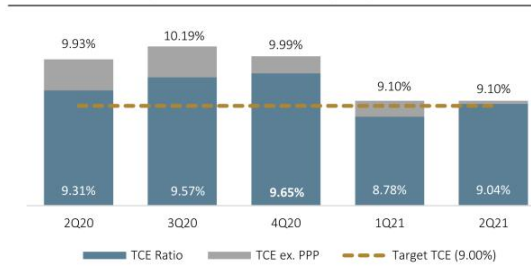
Non-Interest Expense Trends (\$M)

Efficiency Ratio

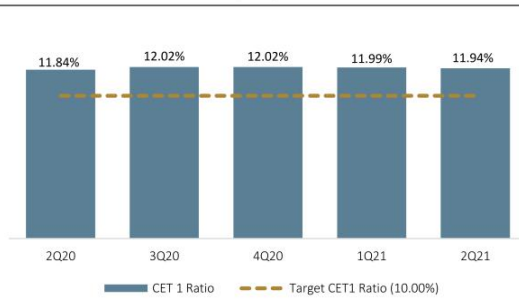


Capital Ratios

Tangible Common Equity Ratio



Common Equity Tier 1 Ratio



Total Risk-Based Capital Ratio



Loan Portfolio

Loan Portfolio Trends (\$M)

	2Q20	1Q21	2Q21
1. Commercial & Industrial	\$ 2,576	\$ 2,450	\$ 2,214
2. Sponsor Finance	326	430	460
3. CRE Owner Occupied	915	946	950
4. Construction/Land/Land Dev.	640	541	491
5. CRE Non-Owner Occupied	2,098	2,179	2,264
6. Agricultural	317	246	235
7. Public Finance/Other Commercial	<u>625</u>	<u>678</u>	<u>759</u>
8. Total Commercial Loans	7,497	7,470	7,373
9. Residential Mortgage	1,146	1,244	1,146
10. Home Equity	532	482	490
11. Other Consumer	<u>124</u>	<u>127</u>	<u>131</u>
12. Total Resid. Mortgage & Consumer	<u>1,802</u>	<u>1,853</u>	<u>1,767</u>
13. Total Loans	\$ 9,299	\$ 9,323	\$ 9,140

14. Paycheck Protection Program Loans⁽¹⁾

\$ 416

15. Number of PPP loans

3,239

⁽¹⁾Included in C&I and Sponsor above

 First Merchants Corporation

Highlights

vs. Prior Quarter

- Total loans grew \$143 million excluding PPP
 - \$ 30 million Sponsor Finance
 - \$ 85 million CRE Non-Owner Occupied
 - \$ 81 million Public Finance
 - \$326 million PPP net reduction
 - \$20 new origination / \$352 forgiveness
 - \$8.2 2Q fee income / \$13.6 remaining

vs. 2Q20

- \$308 Million total loan growth excluding PPP
 - \$134 million Sponsor Finance
 - \$166 million CRE Non-Owner Occupied
 - \$134 million Public Finance
 - \$467 million PPP net reduction

Geography / C&I Top NAICS Sectors



Asset Quality

Asset Quality Trends (\$M)

	2Q20	1Q21	2Q21
1. Non-Accrual Loans	\$ 50.1	\$ 57.9	\$ 57.6
2. Other Real Estate	7.4	0.6	0.6
3. 90PD Loans	5.0	1.1	0.2
4. Renegotiated Loans	1.1	0.7	0.6
5. NPAs + 90PD	\$ 63.6	\$ 60.3	\$ 59.0
6. NPAs + 90PD/Loans + ORE	0.68%	0.65%	0.65%
7. Classified Loans	\$ 239.6	\$ 247.7	\$ 183.7
8. Classified Loans/Total Loans	2.58%	2.66%	2.01%
9. Net Charge-offs (QTD)	\$ 0.2	\$ 3.6	\$ 1.3
10. QTD NCO/Avg. Loans (Annualized)	0.01%	0.16%	0.06%

2Q21

11. COVID Deferrals	\$ 40.3
12. COVID Deferrals #	33

Highlights

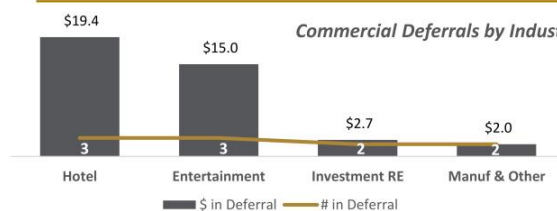
vs. Prior Quarter

- Non-accrual loans decreased \$0.3 million
- NPAs + 90PD decreased \$1.3 million, remained at 65 basis points of loans + ORE
- Classified loans decreased \$64.0 million
 - Largest reductions in manufacturing, senior living and other administrative services

vs. 2Q20

- Non-accrual loans increased \$7.5 million
- Other Real Estate decreased \$6.8 million
- NPAs + 90PD decreased \$4.6 million
- Classified Loans decreased \$55.9 million

Commercial Deferrals by Industry



Non-Performing Assets

Non-Performing Assets Roll Forward (\$M)

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

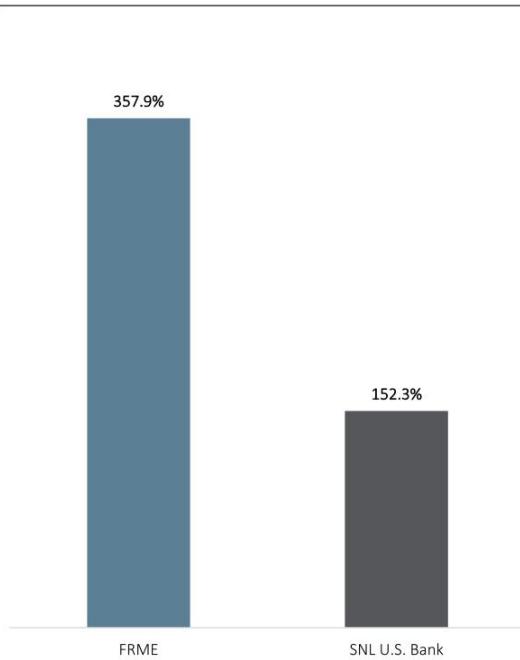
Highlights

2nd Quarter NPA Roll Forward

- \$1.3 million net reduction in NPAs + 90 PD
- \$5.4 million in new non-accruals
 - Mainly from three commercial real estate loans
- Top Three Nonaccrual Names total \$36.2 million
- \$1.7 million of gross charge-offs in 2Q21 with recoveries of \$.4 million

Track Record of Shareholder Value

10-Year Total Return (6/30/11 – 6/30/21)



Earnings per Share



Tangible Book Value per Share

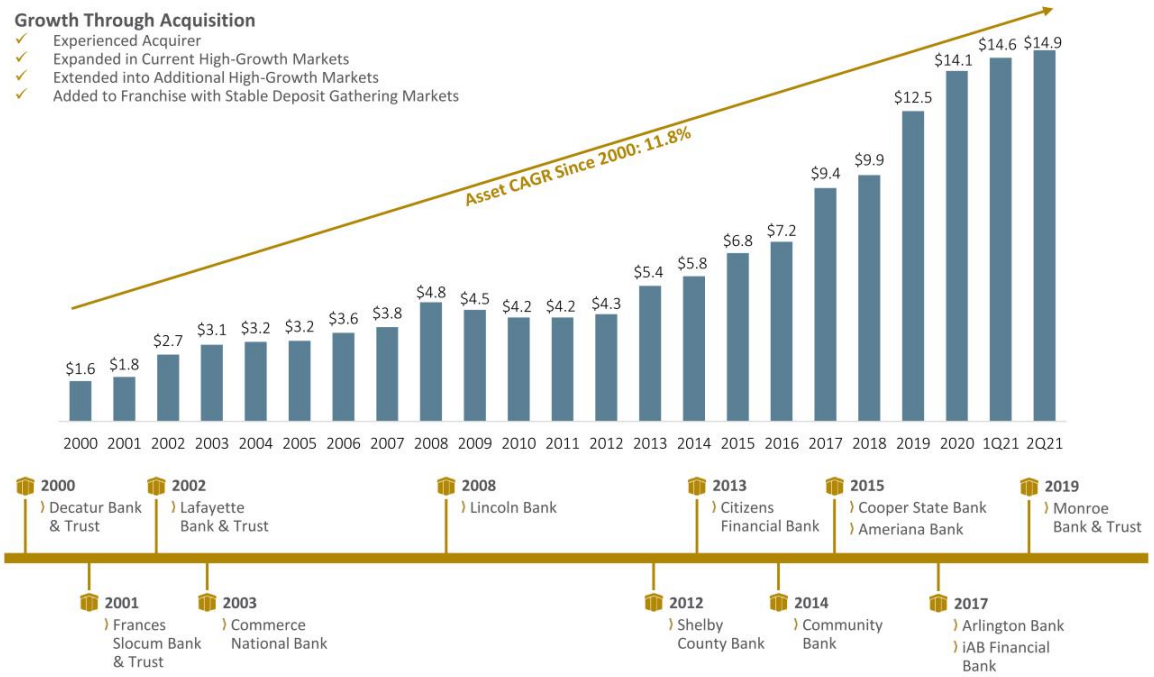


Dividends per Share



History of Organic and Whole Bank Acquisition Growth

Total Assets (\$B)



Vision for the Future

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

APPENDIX

Non-GAAP

CAPITAL RATIOS (dollars in thousands):

	2Q20	3Q20	4Q20	1Q21	2Q21
Total Risk-Based Capital Ratio (dollars in thousands)					
Total Stockholders' Equity (GAAP)	1,809,095	1,833,656	1,875,645	1,805,856	1,871,800
Adjust for Accumulated Other Comprehensive (Income) Loss ¹	(63,845)	(65,468)	(74,836)	(35,810)	(60,080)
Less: Preferred Stock	(125)	(125)	(125)	(125)	(125)
Add: Qualifying Capital Securities	46,248	46,308	46,368	46,427	46,487
Less: Tier 1 Capital Deductions	-	-	-	-	-
Less: Disallowed Goodwill and Intangible Assets	(567,246)	(566,072)	(564,982)	(563,889)	(566,412)
Less: Disallowed Deferred Tax Assets	-	-	-	(1,379)	(1,152)
Add: Modified CECL Transition Amount	-	-	-	40,314	40,314
Total Tier 1 Capital (Regulatory)	\$ 1,224,127	\$ 1,248,299	\$ 1,282,070	\$ 1,291,394	\$ 1,330,832
Qualifying Subordinated Debentures	65,000	65,000	65,000	65,000	65,000
Allowance for Loan Losses includible in Tier 2 Capital	121,119	125,032	128,481	131,061	135,690
Total Risk-Based Capital (Regulatory)	\$ 1,410,246	\$ 1,438,331	\$ 1,475,551	\$ 1,487,455	\$ 1,531,522
Net Risk-Weighted Assets (Regulatory)	\$ 9,946,087	\$ 10,000,878	\$ 10,276,333	\$ 10,383,360	\$ 10,759,672
Total Risk-Based Capital Ratio (Regulatory)	14.18%	14.38%	14.36%	14.33%	14.23%
Common Equity Tier 1 Capital Ratio					
Total Tier 1 Capital (Regulatory)	\$ 1,224,127	\$ 1,248,299	\$ 1,282,070	\$ 1,291,394	\$ 1,330,832
Less: Qualified Capital Securities	(46,248)	(46,308)	(46,368)	(46,427)	(46,487)
Add: Additional Tier 1 Capital Deductions	-	-	-	-	-
Common Equity Tier 1 Capital (Regulatory)	\$ 1,177,879	\$ 1,201,991	\$ 1,235,702	\$ 1,244,967	\$ 1,284,345
Net Risk-Weighted Assets (Regulatory)	\$ 9,946,087	\$ 10,000,878	\$ 10,276,333	\$ 10,383,360	\$ 10,759,672
Common Equity Tier 1 Capital Ratio (Regulatory)	11.84%	12.02%	12.02%	11.99%	11.94%

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

Non-GAAP

TANGIBLE COMMON EQUITY RATIO (dollars in thousands):

	2Q20	3Q20	4Q20	1Q21	2Q21
Tangible Common Equity Ratio (dollars in thousands)					
Total Stockholders' Equity (GAAP)	\$ 1,809,095	\$ 1,833,656	\$ 1,875,645	\$ 1,805,856	\$ 1,871,800
Less: Preferred Stock	(125)	(125)	(125)	(125)	(125)
Less: Intangible Assets	(575,855)	(574,369)	(572,893)	(571,536)	(573,786)
Tangible Common Equity (non-GAAP)	\$ 1,233,115	\$ 1,259,162	\$ 1,302,627	\$ 1,234,195	\$ 1,297,889
Total Assets (GAAP)	\$ 13,819,378	\$ 13,737,350	\$ 14,067,210	\$ 14,629,066	\$ 14,923,097
Less: Intangible Assets	(575,855)	(574,369)	(572,893)	(571,536)	(573,786)
Tangible Assets (non-GAAP)	\$ 13,243,523	\$ 13,162,981	\$ 13,494,317	\$ 14,057,530	\$ 14,349,311
Tangible Common Equity Ratio (non-GAAP)	9.31%	9.57%	9.65%	8.78%	9.04%

TANGIBLE COMMON EQUITY PER SHARE (dollars in thousands):

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

TANGIBLE COMMON EQUITY PER SHARE (dollars in thousands):

	4Q16	4Q17	4Q18	4Q19	4Q20	2Q21
Tangible Common Equity Per Share						
Total Stockholders' Equity (GAAP)	\$ 901,657	\$ 1,303,463	\$ 1,408,260	\$ 1,786,437	\$ 1,875,645	\$ 1,871,800
Less: Preferred Stock	(125)	(125)	(125)	(125)	(125)	(125)
Less: Intangible Assets	(258,866)	(476,503)	(469,784)	(578,881)	(572,893)	(573,786)
Tax Benefit	5,930	6,788	5,017	7,257	5,989	5,432
Tangible Common Equity, Net of Tax (non-GAAP)	\$ 648,596	\$ 833,623	\$ 943,368	\$ 1,214,688	\$ 1,308,616	\$ 1,303,321
Shares Outstanding	40,912,697	49,158,238	49,349,800	55,368,482	53,922,359	53,972,386
Tangible Common Equity per Share (non-GAAP)	\$ 15.85	\$ 16.96	\$ 19.12	\$ 21.94	\$ 24.27	\$ 24.15

Non-GAAP

EFFICIENCY RATIO (dollars in thousands):

	2Q20	3Q20	4Q20	1Q21	2Q21	2Q19 YTD	2Q20 YTD	2Q21 YTD
EFFICIENCY RATIO (dollars in thousands):								
Non Interest Expense (GAAP)	\$ 59,989	\$ 64,709	\$ 72,536	\$ 66,098	\$ 69,295	\$ 114,208	\$ 126,160	\$ 135,393
Less: Intangible Asset Amortization	(1,511)	(1,486)	(1,476)	(1,357)	(1,464)	(3,048)	(3,025)	(2,821)
Less: OREO and Foreclosure Expenses	(684)	(717)	1,576	(734)	(178)	(2,068)	(1,189)	(912)
Adjusted Non Interest Expense (non-GAAP)	57,794	62,506	72,636	64,007	67,653	109,092	121,946	131,660
Net Interest Income (GAAP)	93,018	92,921	102,311	100,428	104,264	170,144	186,895	204,692
Plus: Fully Taxable Equivalent Adjustment	4,088	4,340	4,644	4,711	4,948	6,039	7,982	9,659
Net Interest Income on a Fully Taxable Equivalent Basis (non-GAAP)	97,106	97,261	106,955	105,139	109,212	176,183	194,877	214,351
Non Interest Income (GAAP)	26,481	26,163	27,483	24,091	30,884	40,327	56,280	54,975
Less: Investment Securities Gains (Losses)	(3,068)	(1,817)	(2,398)	(1,799)	(1,761)	(2,983)	(7,680)	(3,560)
Adjusted Non Interest Income (non-GAAP)	23,413	24,346	25,085	22,292	29,123	37,344	48,600	51,415
Adjusted Revenue (non-GAAP)	120,519	121,607	132,040	127,431	138,335	213,527	243,477	265,766
Efficiency Ratio (non-GAAP)	47.95%	51.40%	55.01%	50.23%	48.91%	51.09%	50.09%	49.54%

RETURN ON TANGIBLE COMMON EQUITY (dollars in thousands):

	2Q21 YTD	2Q21
Return on Tangible Common Equity		
Total Average Stockholders' Equity (GAAP)	\$ 1,843,250	\$ 1,846,037
Less: Average Preferred Stock	(125)	(125)
Less: Average Intangible Assets, Net of Tax	(567,795)	(569,107)
Average Tangible Common Equity, Net of Tax (non-GAAP)	\$ 1,275,330	\$ 1,276,805
Net Income (GAAP)	\$ 105,028	\$ 55,559
Less: Intangible Asset Amortization, Net of Tax	2,228	1,156
Tangible Net Income (non-GAAP)	\$ 107,256	\$ 56,715
Return on Tangible Common Equity (non-GAAP)	16.82%	17.77%

