

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): November 1, 2018**

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)

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: November 1, 2018

FIRST MERCHANTS CORPORATION

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

## 3<sup>rd</sup> Quarter 2018 Highlights

**Michael C. Rechin**  
President  
Chief Executive Officer

**Mark K. Hardwick**  
Executive Vice President  
Chief Financial Officer  
Chief Operating Officer

**Michael J. Stewart**  
Executive Vice President  
Chief Banking Officer

**John J. Martin**  
Executive Vice President  
Chief Credit Officer



FIRST MERCHANTS BANK  
RANKED #4 IN 2018



# Forward-Looking Statements

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.

## **ADDITIONAL INFORMATION**

Communications in this presentation does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any proxy vote or approval. The proposed merger will be submitted to MBT Financial Corporation shareholders for their consideration. In connection with the proposed merger, it is expected that MBT Financial Corporation will provide its shareholders with a Proxy Statement, as well as other relevant documents concerning the proposed transaction. **SHAREHOLDERS ARE URGED TO READ THE PROXY STATEMENT REGARDING THE MERGER WHEN IT BECOMES AVAILABLE, AS WELL AS ANY OTHER RELEVANT DOCUMENTS CONCERNING THE PROPOSED TRANSACTION, TOGETHER WITH ALL AMENDMENTS OR SUPPLEMENTS TO THOSE DOCUMENTS, AS THEY WILL CONTAIN IMPORTANT INFORMATION.**

MBT Financial Corporation and its directors and executive officers may be deemed to be participants in the solicitation of proxies from the shareholders of MBT Financial Corporation in connection with the proposed merger. Additional information regarding the interests of those participants and other persons who may be deemed participants in the transaction may be obtained by reading the Proxy Statement regarding the proposed merger when it becomes available.



# Why Invest in First Merchants?



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**FIRST MERCHANTS BANK  
RANKED #4 IN 2018**



# Company Profile (as of 9/30/2018)

## First Merchants

- First Merchants Bank, formed in 1893, celebrating its 125<sup>th</sup> anniversary.
- First Merchants Corporation, organized in 1982, is the largest financial services holding company headquartered in Central Indiana

## Financial Highlights (\$ in Thousands)

Assets	\$9,787,282
Loans, Net	\$7,009,665
Deposits	\$7,633,152
Tangible Common Equity	\$889,893
TCE/TA	9.55%
Net Income – YTD	\$117,426
ROAA – YTD	1.63%
ROATCE - YTD	18.75%
NPAs/Loans + OREO	0.43%



## Market Information

Common Shares Outstanding	49,304,542
Market Cap	\$2,218,211
Dividend Yield	1.78%
Price/Tangible Book Value	2.48x
Price/LTM EPS	15.7x
Price/2018 Est. EPS	14.3x

## Leadership Team – First Merchants

### Name/Title

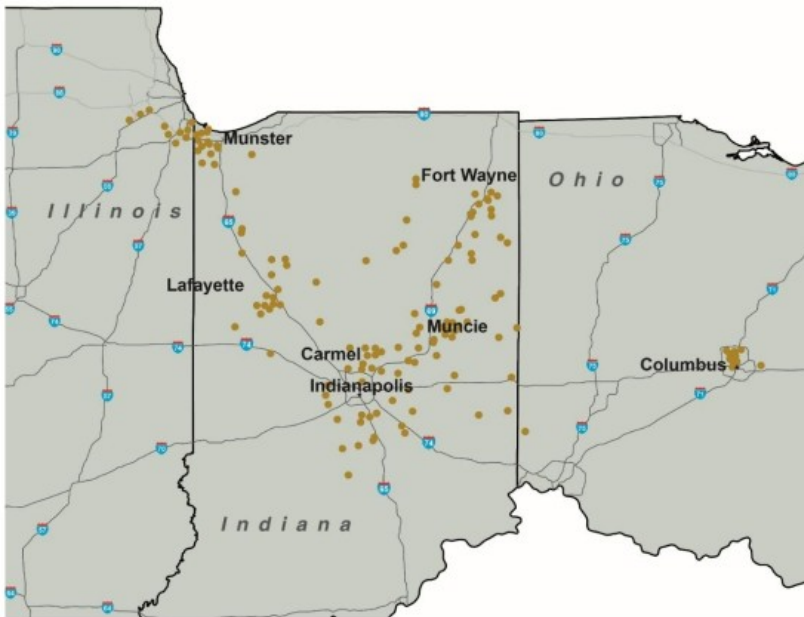
Michael C. Rechin, President & CEO

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	
\$1,262M	Columbus	\$ 612M	
754M	Fort Wayne	920M	
2,465M	Indianapolis	1,617M	
600M	Lafayette	1,062M	
1,153M	Muncie	2,346M	
857M	Northwest	1,076M	
<b>\$7,091M</b>	<b>Total</b>	<b>\$7,633M</b>	

*(as of September 30, 2018)*

### 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%	\$ 1,315,724
Jasper County, IN	Lafayette (Established)	1	33.64%	201,364
White County, IN	Lafayette (Established)	1	34.50%	164,957
Jay County, IN	Muncie (Established)	1	48.16%	117,967
Wells County, IN	Fort Wayne (Growth)	1	21.77%	100,998
Union County, IN	Muncie (Established)	1	41.72%	47,252
Tippecanoe County, IN	Lafayette (Established)	2	19.96%	538,089
Madison County, IN	Indianapolis (Growth)	2	24.12%	340,238
Henry County, IN	Muncie (Established)	2	36.11%	227,022
Clinton County, IN	Lafayette (Established)	2	14.64%	64,919
Wabash County, IN	Muncie (Established)	2	15.54%	65,558
Hendricks County, IN	Indianapolis (Growth)	3	11.27%	285,205
Adams County, IN	Muncie (Established)	3	18.36%	130,497
Shelby County, IN	Indianapolis (Growth)	3	16.94%	99,771
Randolph County, IN	Muncie (Established)	3	4.11%	71,882
Hamilton County, IN	Indianapolis (Growth)	4	7.37%	758,934
Hancock County, IN	Indianapolis (Growth)	4	10.12%	104,673
Morgan County, IN	Indianapolis (Growth)	4	10.74%	101,469
Huntington County, IN	Fort Wayne (Growth)	4	15.63%	91,983
Marshall County, IN	Fort Wayne (Growth)	4	7.37%	55,943
Carroll County, IN	Lafayette (Established)	4	12.07%	34,743
Brown County, IN	Indianapolis (Growth)	4	19.86%	21,913
Allen County, IN	Fort Wayne (Growth)	5	7.76%	546,373
Fayette County, IN	Muncie (Established)	5	9.01%	30,224
Miami County, IN	Muncie (Established)	5	8.00%	31,445
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
  - 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

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

- Retail 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”***



# How We Deliver

 First Merchants Corporation

## Supported by LOB Strategies



**Indianapolis**

**Higher Growth**

Brown, 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

**Northwest**

**Higher Growth**

Lake & Porter, IN  
Cook & DuPage, IL

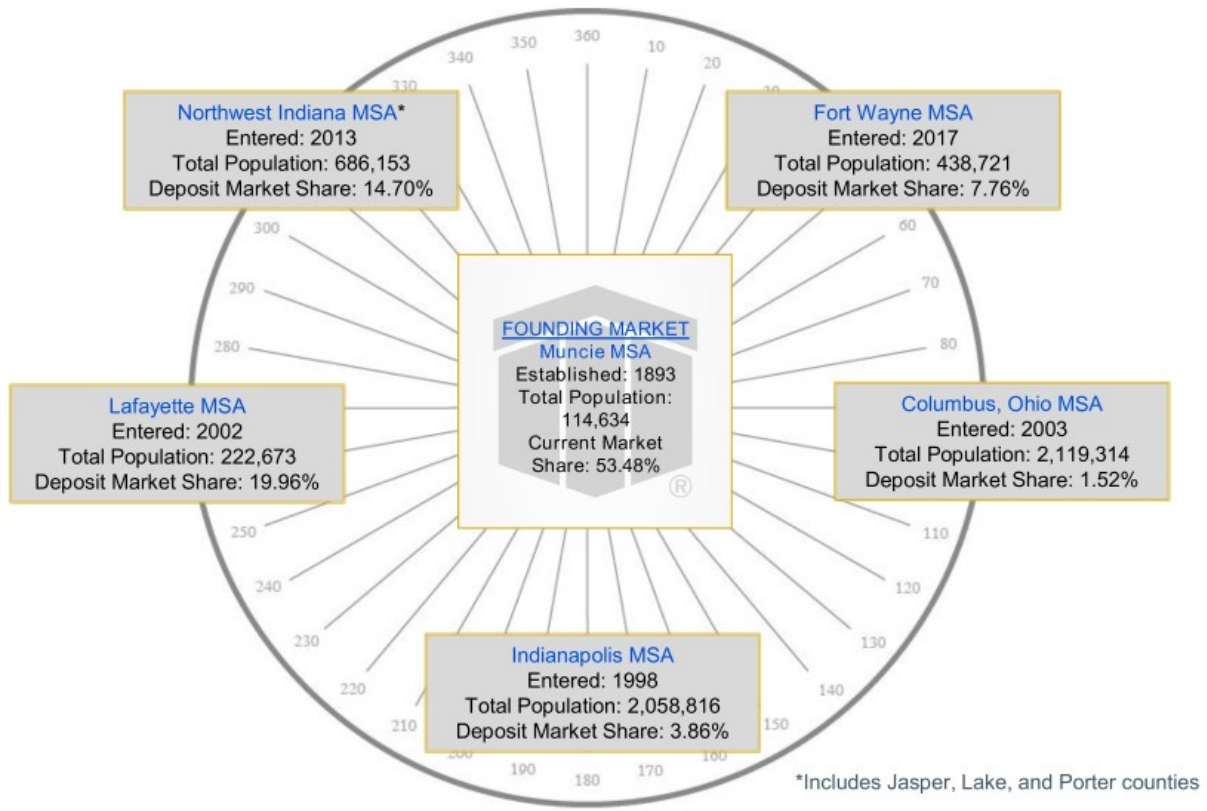
**Fort Wayne**

**Higher Growth**

Adams, Allen, Huntington, Marshall, Miami, Wells Counties



# 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<sup>2</sup>
- 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 IEDC



# 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

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



## Notable Major Employers



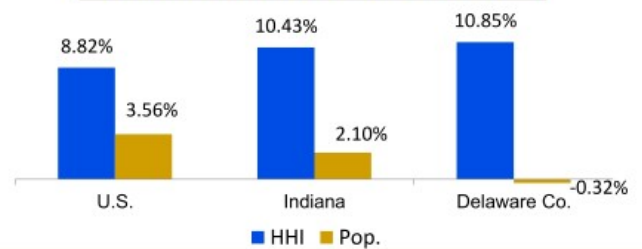
Ball Memorial Hospital & Physicians



ONTARIO SYSTEMS



## 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 2015 population estimates released by the U.S. Census Bureau show suburban Hamilton County's population grew 13% over the last five years\*
- Indiana's population growth outpaced those of neighboring states Illinois, Kentucky, Michigan and Ohio\*
- With 862,781 residents, Indianapolis was the nation's 14<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>	

\*IBJ.com

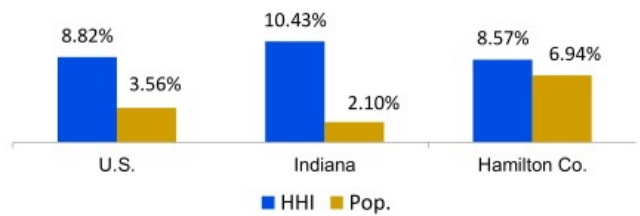
\*\*SNL Financial FDIC Summary of Deposits as of June 30, 2018



## Notable Major Employers



## 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 #30, 24/7 Wall St., American City Adding the Most Jobs
- Home to Purdue University

## 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



## Notable Major Employers

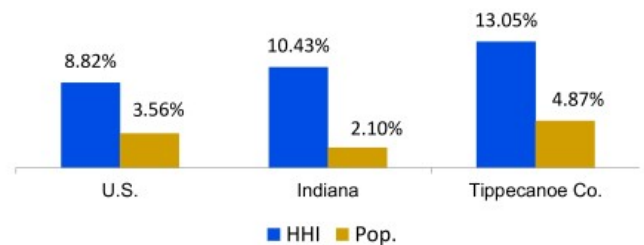





ARCONIC




## Projected HHI & Pop. Change 2019-2024



# Northwest Indiana 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\*\*

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>	

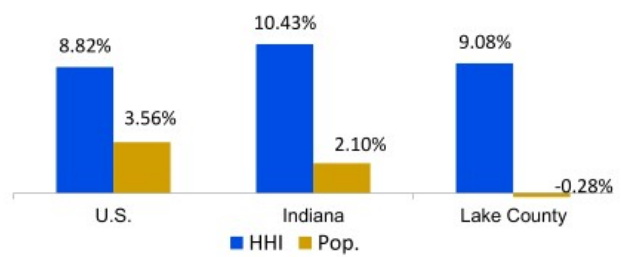
\*SNL Financial FDIC Summary of Deposits as of June 30, 2018  
 \*\*www.nwforum.org/nwi-becoming-an-economic-powerhouse



## Notable Major Employers



## Projected HHI & Pop. Change 2019-2024



# 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)

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%
5	<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>	

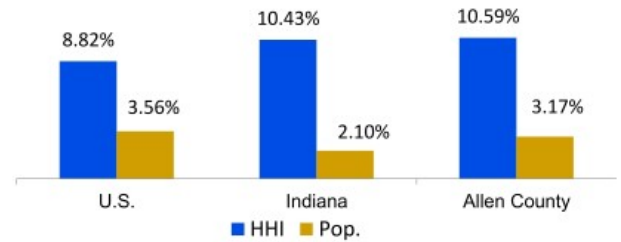
\*SNL Financial FDIC Summary of Deposits as of June 30, 2018



## Notable Major Employers



## Projected HHI & Pop. Change 2019-2024



# Columbus, Ohio Market

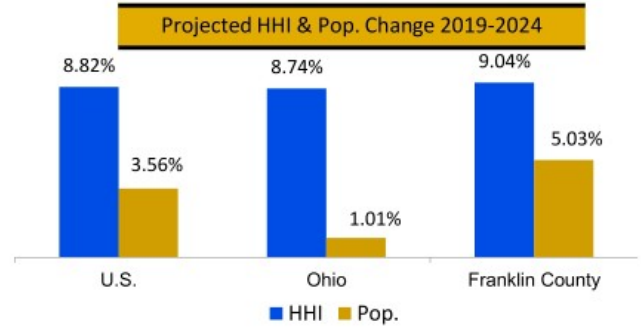
- Second-most populous county in Ohio
- Within 600 miles of 60% of All U.S. and Canadian Population
- Ranked 2<sup>nd</sup> in CNBC's 2010 study of state transportation systems for its infrastructure, vitality, quality roads, and ability to cost-effectively ship goods by land, air, and water\*\*
- Home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



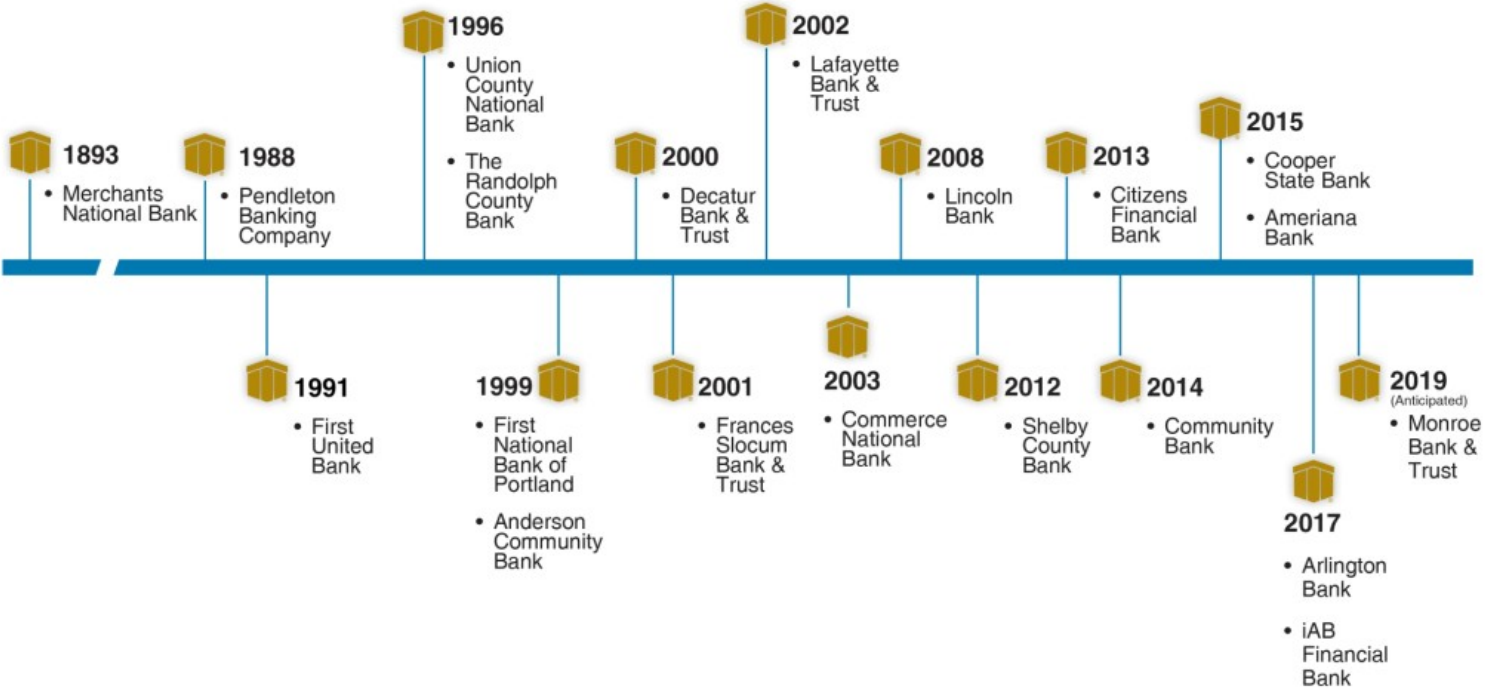
## Growth Through Acquisition

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



# FIRST MERCHANTS

## 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



# Operational Delivery Highlights

## Daleville Operations Facility

- Strategic differentiator in support of growth and scalability
- Operational services execution “hub” focusing on value creation
- Functional focus:
 

• Operations	• Credit Administration
• Risk Management	• Technology
• Project Management	• Vendor Management
- Located on the interstate less than one hour north of Indianapolis, IN
- 76,500+ square feet of flexible space



### Strategic Vendor Partners



## Operational Delivery Highlights

### Customer, Digital Channel & Transaction Activity

<p>➤ <b>Retail Households: 184K</b></p>	
<p>➤ <b>Online Banking/Digital Channel</b></p> <ul style="list-style-type: none"> <li>• Consumer: 83K Users</li> <li>• 1.3M logins monthly</li> <li>• 14K bill pay users</li> <li>• 90K bill payment transactions monthly (\$30M)</li> </ul>	<p>➤ <b>Cash Management Annual Volume</b></p> <ul style="list-style-type: none"> <li>• Automated Clearing House (ACH) <ul style="list-style-type: none"> <li>• # Originated: 2.5M Items (\$8B)</li> <li>• # Received: 14M Items (\$23B)</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>• Mobile: 48K Users</li> <li>• 24.5 average logins per user, per month</li> <li>• 14K mobile deposits per month</li> </ul>	<ul style="list-style-type: none"> <li>• Domestic Wires <ul style="list-style-type: none"> <li>• # Originated: 42K Items (\$21B)</li> <li>• # Received: 43K Items (\$27B)</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>• Business: 9.9K Users <ul style="list-style-type: none"> <li>• 13% use ACH/Wire/Positive Pay</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• International Wires <ul style="list-style-type: none"> <li>• # Originated: 1K Items (\$35M)</li> <li>• # Received: 159 Items (\$2.6M)</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>• Total ATMS: 137 + 25,000 MoneyPass ATMs</li> </ul>	
<p>➤ <b>Total Debit Cards</b></p> <ul style="list-style-type: none"> <li>• 157K active cards</li> <li>• 3.2M monthly card swipes</li> <li>• \$127M in monthly volume</li> </ul>	<p>➤ <b>Commercial Remote Deposit Capture</b></p> <ul style="list-style-type: none"> <li>• 591 businesses using solution</li> <li>• 143K deposits annually</li> <li>• 1.7M items deposited annually</li> <li>• \$3.7B in total deposits</li> </ul>



## 3<sup>rd</sup> Quarter 2018 Highlights

- \$41.1 Million of Net Income, a 68.8% Increase over 3Q2017
- Earnings Per Share of \$.83, a 66.0% Increase over 3Q2017
- Total Assets of \$9.8 Billion Grew Organically by 8.2% over 3Q2017
- 1.69% ROAA; 12.10% ROAE
- 49.25% Efficiency Ratio
- Definitive Agreement Announced October 10, 2018 with MBT Financial Corporation



# Total Assets

(\$ in Millions)

	<u>2016</u>	<u>2017</u>	<u>Q1-'18</u>	<u>Q2-'18</u>	<u>Q3-'18</u>
1. Investments	\$1,305	\$1,561	\$1,544	\$1,620	\$1,625
2. Loans	5,143	6,758	6,906	7,083	7,091
3. Allowance	(66)	(75)	(76)	(78)	(78)
4. Goodwill & Intangibles	259	477	475	473	471
5. BOLI	202	224	222	223	224
6. Other	<u>369</u>	<u>422</u>	<u>402</u>	<u>414</u>	<u>454</u>
7. Total Assets	<u>\$7,212</u>	<u>\$9,367</u>	<u>\$9,473</u>	<u>\$9,735</u>	<u>\$9,787</u>

**Annualized Asset Growth**

**29.9%**

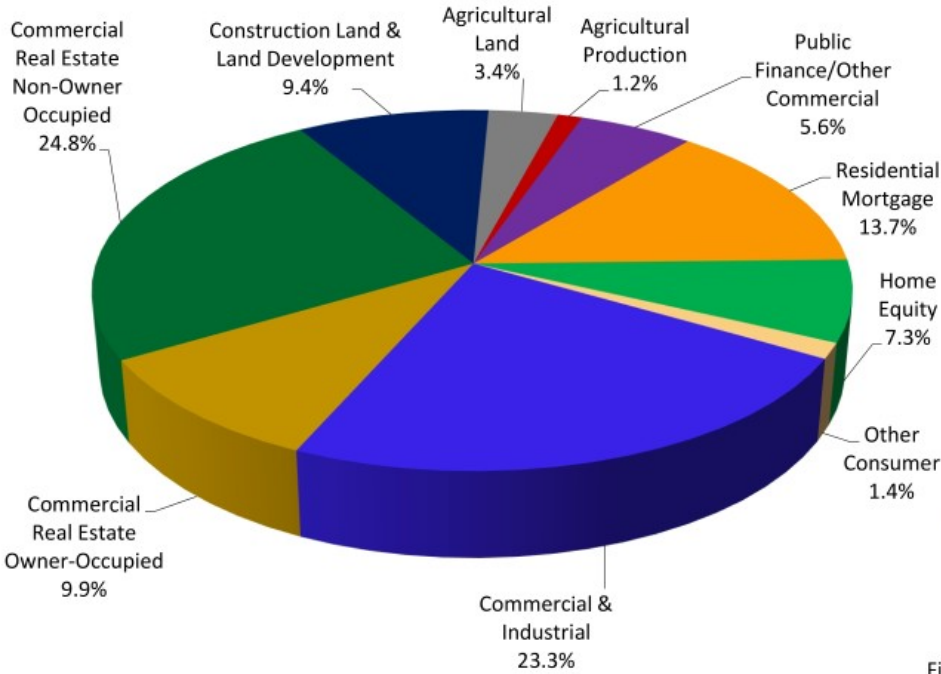
**6.0%<sup>1</sup>**

<sup>1</sup> Annualized from December 31, 2017



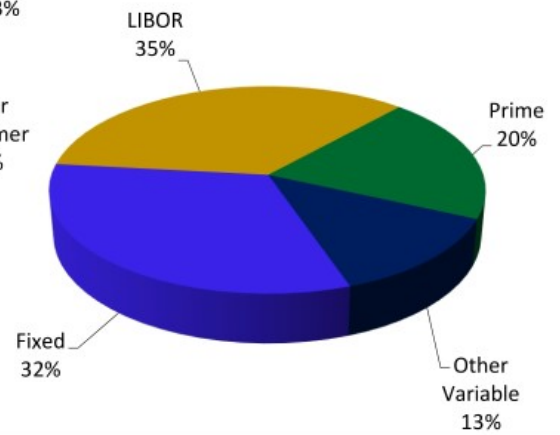
# Loan and Yield Detail

(as of 9/30/2018)



QTD Yield = 5.25%  
 YTD Yield = 5.08%  
 Total Loans = \$7.1 Billion

Variable = \$4.8 Billion  
 Fixed = \$2.3 Billion



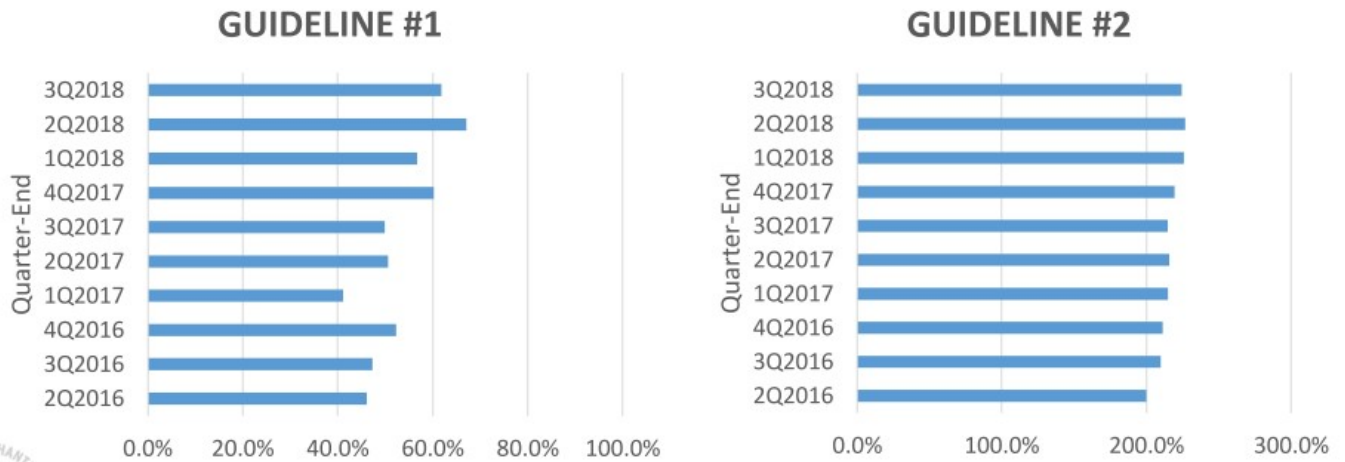
# CRE Loan Concentration

## First Merchants Results in Relation to FDIC Guidelines

FDIC GUIDELINES TO IDENTIFY INSTITUTIONS POTENTIALLY EXPOSED TO CRE RISK:

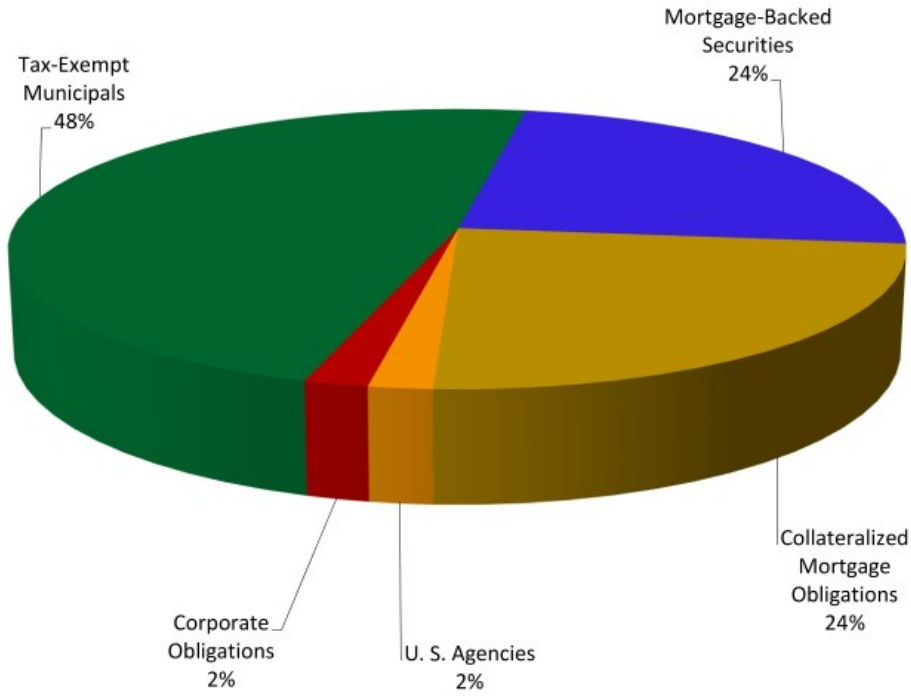
**Guideline 1:** Total loans for construction, land development, and other land representing 100% or more of total capital

**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



# Investment Portfolio

(as of 9/30/2018)



- \$1.6 Billion Portfolio
- Modified duration of 5.9 years
- Tax equivalent yield of 3.48%
- Net unrealized loss of \$34.6 Million





## Total Liabilities and Capital

(\$ in Millions)

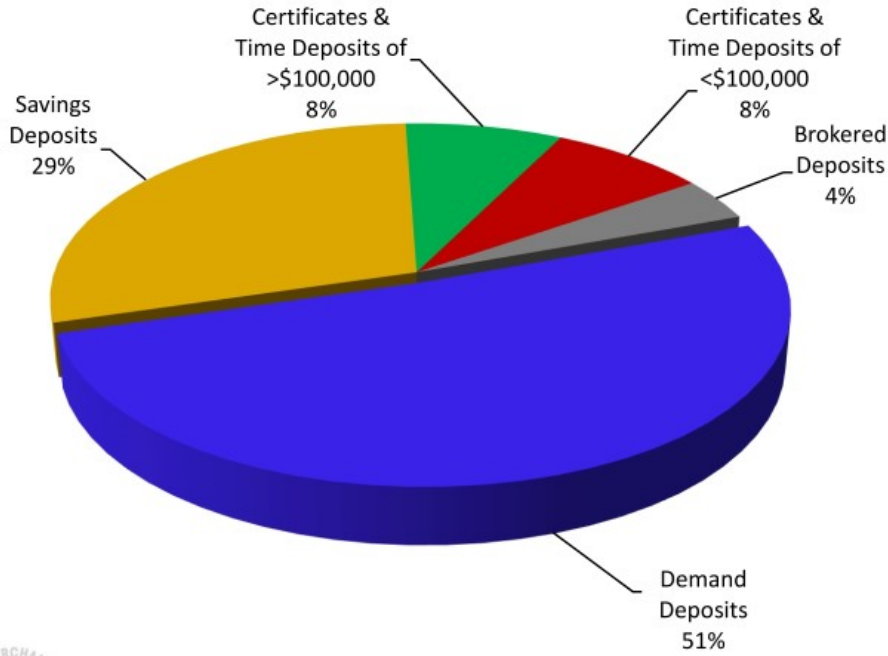
	<u>2016</u>	<u>2017</u>	<u>Q1-'18</u>	<u>Q2-'18</u>	<u>Q3-'18</u>
1. Customer Non-Maturity Deposits	\$4,428	\$5,741	\$5,850	\$6,033	\$6,084
2. Customer Time Deposits	747	1,051	1,137	1,158	1,227
3. Brokered Deposits	381	381	341	313	322
4. Borrowings	572	701	644	706	600
5. Other Liabilities	60	57	55	52	60
6. Hybrid Capital	122	133	133	133	133
7. Common Equity	<u>902</u>	<u>1,303</u>	<u>1,313</u>	<u>1,340</u>	<u>1,361</u>
8. Total Liabilities and Capital	<u>\$7,212</u>	<u>\$9,367</u>	<u>\$9,473</u>	<u>\$9,735</u>	<u>\$9,787</u>



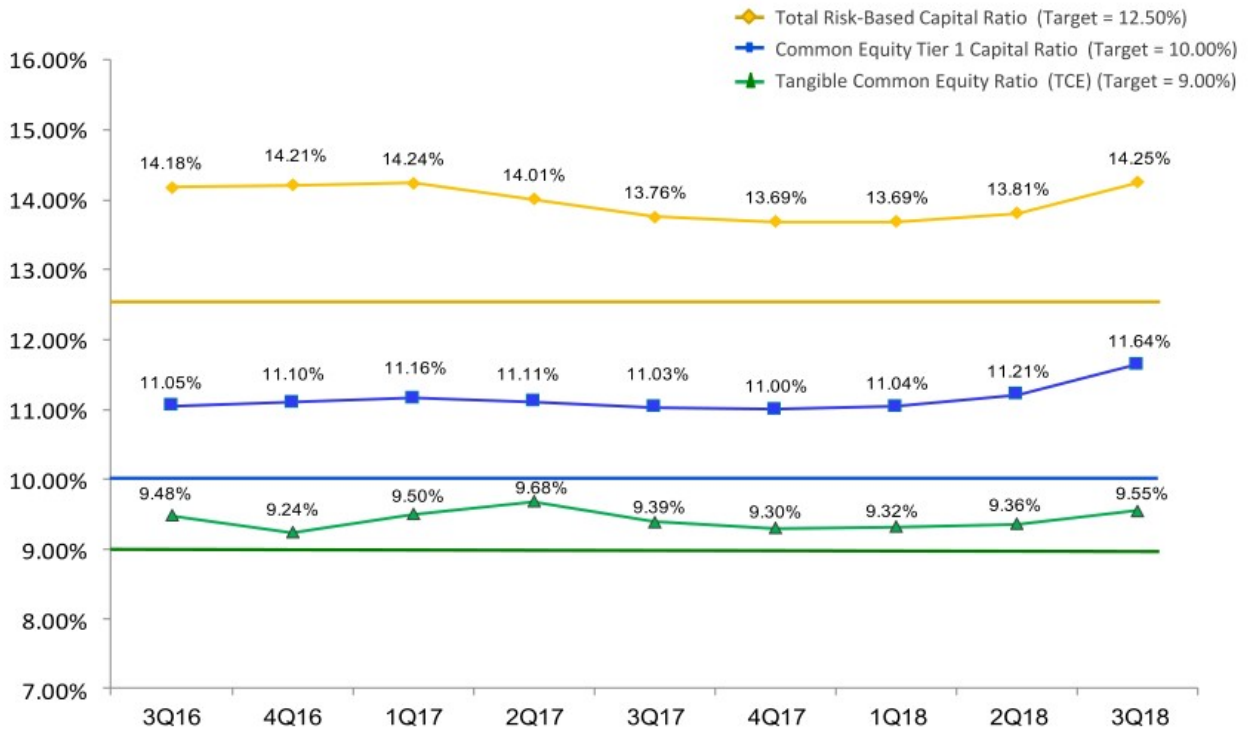
# Deposit Detail

(as of 9/30/2018)

QTD Cost	=	.90%
YTD Cost	=	.79%
Total	=	\$7.6 Billion

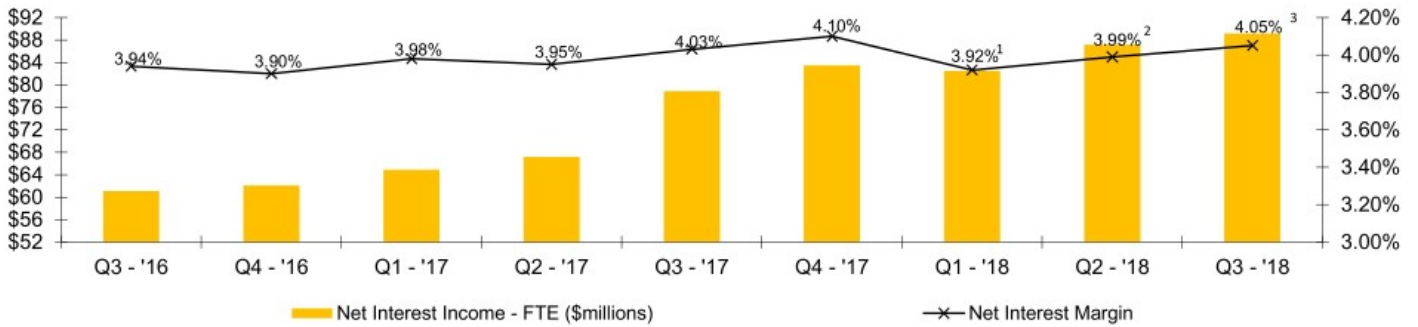


# Capital Ratios



# Net Interest Margin

	Q3 - '16	Q4 - '16	Q1 - '17	Q2 - '17	Q3 - '17	Q4 - '17	Q1 - '18	Q2 - '18	Q3 - '18
Net Interest Income - FTE (\$millions)	\$ 61.1	\$ 62.1	\$ 64.9	\$ 67.2	\$ 78.9	\$ 83.5	\$ 82.5	\$ 87.2	\$ 89.2
Fair Value Accretion	\$ 3.8	\$ 2.9	\$ 4.3	\$ 2.3	\$ 3.2	\$ 4.1	\$ 3.2	\$ 3.8	\$ 3.2
Tax Equivalent Yield on Earning Assets	4.37%	4.32%	4.42%	4.44%	4.56%	4.67%	4.57% <sup>1</sup>	4.74% <sup>2</sup>	4.88% <sup>3</sup>
Interest Expense/Average Earning Assets	0.43%	0.42%	0.44%	0.49%	0.53%	0.57%	0.65%	0.75%	0.83%
Net Interest Margin	3.94%	3.90%	3.98%	3.95%	4.03%	4.10%	3.92% <sup>1</sup>	3.99% <sup>2</sup>	4.05% <sup>3</sup>
Fair Value Accretion Effect	0.24%	0.18%	0.26%	0.14%	0.17%	0.20%	0.15%	0.18%	0.15%



<sup>1</sup> Reflects 13 bps impact of Tax Cuts and Jobs Act

<sup>2</sup> Reflects 12 bps impact of Tax Cuts and Jobs Act

<sup>3</sup> Reflects 13 bps impact of Tax Cuts and Jobs Act



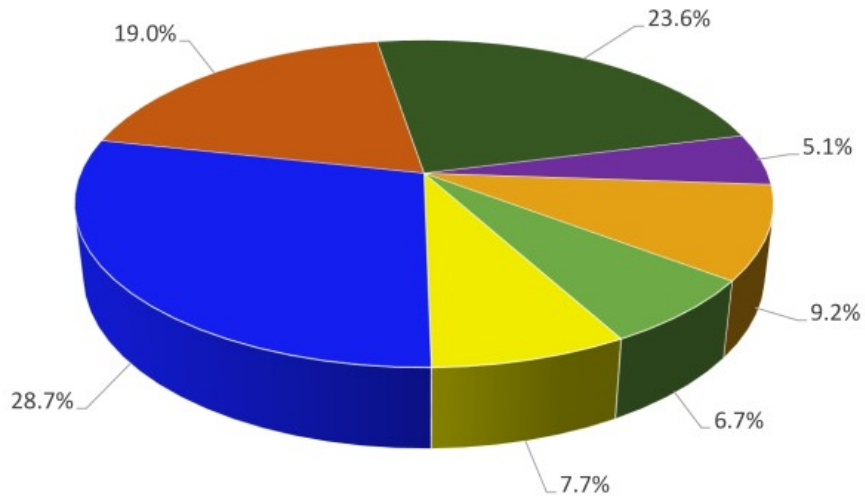
## Non-Interest Income

(\$ in Millions)	<u>2016</u>	<u>2017</u>	<u>Q1-'18</u>	<u>Q2-'18</u>	<u>Q3-'18</u>
1. Service Charges on Deposit Accounts	\$17.8	\$ 18.7	\$ 4.8	\$ 5.0	\$ 5.6
2. Wealth Management Fees	12.6	14.7	3.8	3.6	3.7
3. Card Payment Fees	15.0	16.1	4.6	4.5	4.6
4. Cash Surrender Value of Life Ins	4.3	6.6	1.2	1.0	1.0
5. Gains on Sales of Mortgage Loans	7.1	7.6	1.8	1.6	1.8
6. Gains on Sales of Securities	3.4	2.6	1.6	1.1	1.3
7. Other	<u>5.0</u>	<u>4.7</u>	<u>1.8</u>	<u>1.4</u>	<u>1.5</u>
8. Total Non-Interest Income	<u>\$65.2</u>	<u>\$71.0</u>	<u>\$19.6</u>	<u>\$18.2</u>	<u>\$19.5</u>



# Non-Interest Income YTD 9/30/2018

(\$ in Millions)



- Service Charges on Deposit Accounts - \$5.6
- Card Payment Fees - \$4.6
- Gains on Sales Mortgage Loans - \$1.8
- Other - \$1.5
- Wealth Management Fees - \$3.7
- Cash Surrender Value of Life Ins - \$1.0
- Gains on Sales of Securities - \$1.3
- Total - \$19.5



# Private Wealth Advisors

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

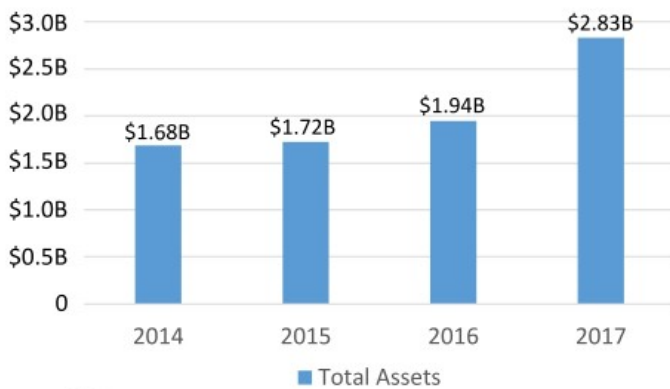
Business lines include:

- Investment Management – Personal and Institutional
- Retirement Plan Services
- Trust Administration
- Private Banking
- Retail Brokerage (not reflected below)

Record quarterly revenue and assets under management

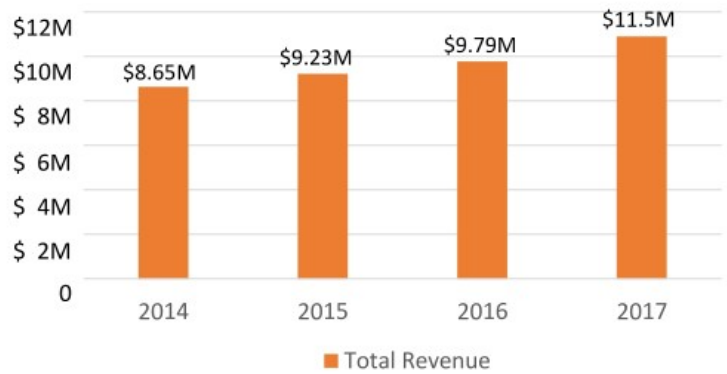
- Strong partnership with our Commercial and Retail lines of business in delivering whole-bank solutions for clients
- Continued growth in Private Banking and Investment Management
- Average Individual/Family relationship over \$1.3mm
- Average Retirement Plan over \$2.4mm
- Personal Trust/Fiduciary represents over 36% of total assets under management

**Total Assets under Management**



**Total Revenue**

(excludes brokerage revenue)

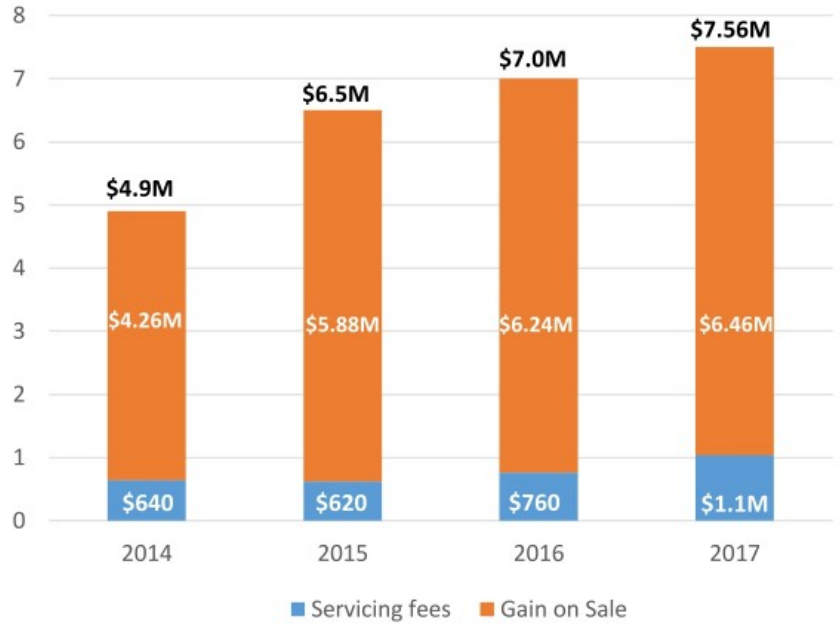


# Mortgage Banking

## 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
- 12/31/2017 YTD 2,146 mortgages for \$391M in volume

Mortgage Banking Revenue





## Non-Interest Expense

(\$ in Millions)	<u>2016</u>	<u>2017</u>	<u>Q1-'18</u>	<u>Q2-'18</u>	<u>Q3-'18</u>
1. Salary & Benefits	\$102.6	\$119.8	\$ 32.2	\$ 32.2	\$32.9
2. Premises & Equipment	29.5	30.1	8.4	7.9	8.1
3. Intangible Asset Amortization	3.9	5.6	1.7	1.7	1.7
4. Professional & Other Outside Services	6.5	12.8	1.5	1.8	1.8
5. OREO/Credit-Related Expense	2.9	1.9	0.4	0.4	0.5
6. FDIC Expense	3.0	2.6	0.7	0.7	0.9
7. Outside Data Processing	9.2	12.2	3.0	3.4	3.4
8. Marketing	3.0	3.7	0.9	1.5	1.2
9. Other	<u>16.7</u>	<u>16.9</u>	<u>4.9</u>	<u>3.9</u>	<u>4.5</u>
10. Total Non-Interest Expense	<u>\$177.3</u>	<u>\$ 205.6</u> <sup>1</sup>	<u>\$ 53.7</u>	<u>\$ 53.5</u>	<u>\$55.0</u>

<sup>1</sup> 2017 includes acquisition-related expenses of \$12.2 million



## Earnings

(\$ in Millions)	<u>2016</u>	<u>2017</u>	<u>Q1-'18</u>	<u>Q2-'18</u>	<u>Q3-'18</u>
1. Net Interest Income	\$226.5	\$ 277.3	\$ 79.9	\$ 84.6	\$86.5
2. Provision for Loan Losses	<u>(5.7)</u>	<u>(9.1)</u>	<u>(2.5)</u>	<u>(1.7)</u>	<u>(1.4)</u>
3. <b>Net Interest Income after Provision</b>	<b>220.8</b>	<b>268.2</b>	<b>77.4</b>	<b>82.9</b>	<b>85.1</b>
4. Non-Interest Income	65.2	71.0	19.6	18.2	19.5
5. Non-Interest Expense	<u>(177.3)</u>	<u>(205.6)</u>	<u>(53.7)</u>	<u>(53.5)</u>	<u>(55.0)</u>
6. <b>Income before Income Taxes</b>	<b>108.7</b>	<b>133.6</b>	<b>43.3</b>	47.6	49.6
7. Income Tax Expense	<u>(27.6)</u>	<u>(37.5)</u> <sup>1</sup>	<u>(6.6)</u>	<u>(8.0)</u>	<u>(8.5)</u>
8. <b>Net Income Avail. for Distribution</b>	<b>\$ 81.1</b>	<b>\$ 96.1</b>	<b>\$ 36.7</b>	<b>\$ 39.6</b>	<b>\$ 41.1</b>
9. <b>EPS</b>	<b>\$ 1.98</b>	<b>\$ 2.12</b> <sup>2</sup>	<b>\$ 0.74</b>	<b>\$ 0.80</b>	<b>\$ 0.83</b>
10. <b>Efficiency Ratio</b>	<b>56.51%</b>	<b>54.56%</b>	<b>51.33%</b>	<b>49.32%</b>	<b>49.25%</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> Acquisition-related expenses, the impact of tax reform, and pension settlement accounting reduced EPS by \$0.30 for 2017



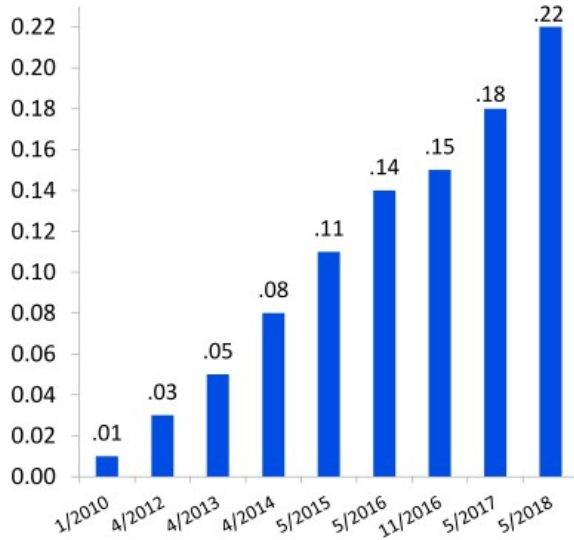
## Per Share Results

<b><u>2017</u></b>	<b><u>Q1</u></b>	<b><u>Q2</u></b>	<b><u>Q3</u></b>	<b><u>Q4</u></b>	<b><u>Total</u></b>
1. Earnings Per Share	\$ .56	\$ .57	\$ .50	\$ .49	\$ 2.12
2. Dividends	\$ .15	\$ .18	\$ .18	\$ .18	\$ .69
3. Tangible Book Value	\$16.49	\$16.97	\$16.62	\$16.96	
<b><u>2018</u></b>	<b><u>Q1</u></b>	<b><u>Q2</u></b>	<b><u>Q3</u></b>	<b><u>Q4</u></b>	<b><u>Total</u></b>
1. Earnings Per Share	\$ .74	\$ .80	\$ .83	–	\$ 2.37
2. Dividends	\$ .18	\$ .22	\$ .22	–	\$ .62
3. Tangible Book Value	\$17.14	\$17.71	\$18.16	–	



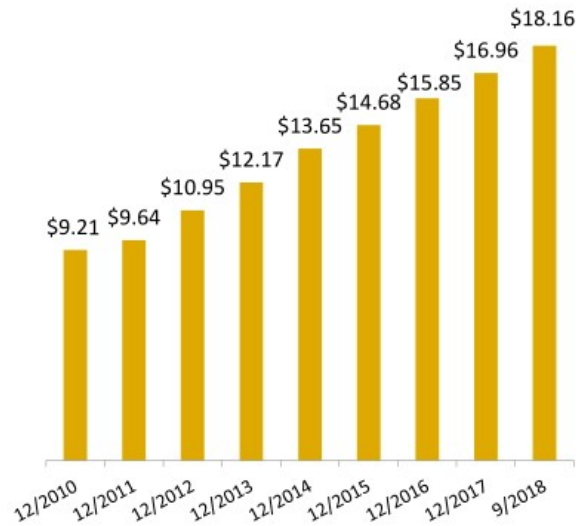
# Dividends and Tangible Book Value

Quarterly Dividends



1.96% Forward Dividend Yield  
Equals 26.2% Dividend Payout Ratio

Tangible Book Value



Compound Annual Growth Rate of 9.16%



## Asset Quality Summary

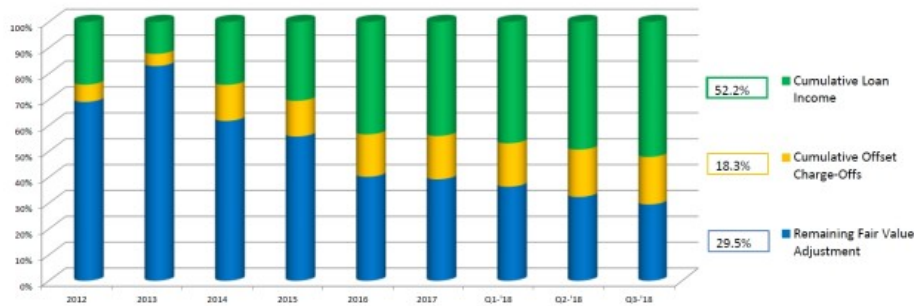
(\$ in Millions)

	2016	2017	Q1-'18	Q2-'18	Q3-'18	Change Linked Quarter	
						\$	%
1. Non-Accrual Loans	\$ 30.0	\$ 28.7	\$ 27.5	\$ 20.1	\$ 20.4	\$ 0.3	
2. Other Real Estate	9.0	10.4	9.7	9.1	8.9	(0.2)	
3. Renegotiated Loans	4.7	1.0	0.6	0.5	0.9	0.4	
4. 90+ Days Delinquent Loans	0.1	0.9	0.7	0.2	0.1	(0.1)	
<b>5. Total NPAs &amp; 90+ Days Delinquent</b>	<b>\$ 43.8</b>	<b>\$ 41.0</b>	<b>\$ 38.5</b>	<b>\$ 29.9</b>	<b>\$ 30.3</b>	<b>\$ 0.4</b>	<b>1.3%</b>
6. Total NPAs & 90+ Days/Loans & ORE	0.9%	0.6%	0.6%	0.4%	0.4%		
<b>7. Classified Assets</b>	<b>\$174.1</b>	<b>\$153.1</b>	<b>\$ 178.4</b>	<b>\$166.3</b>	<b>\$174.2</b>	<b>\$ 7.9</b>	<b>4.8%</b>
8. Specific Reserves	\$ 0.9	\$ 1.6	\$ 1.3	\$ 0.5	\$ 0.4	\$ (0.1)	

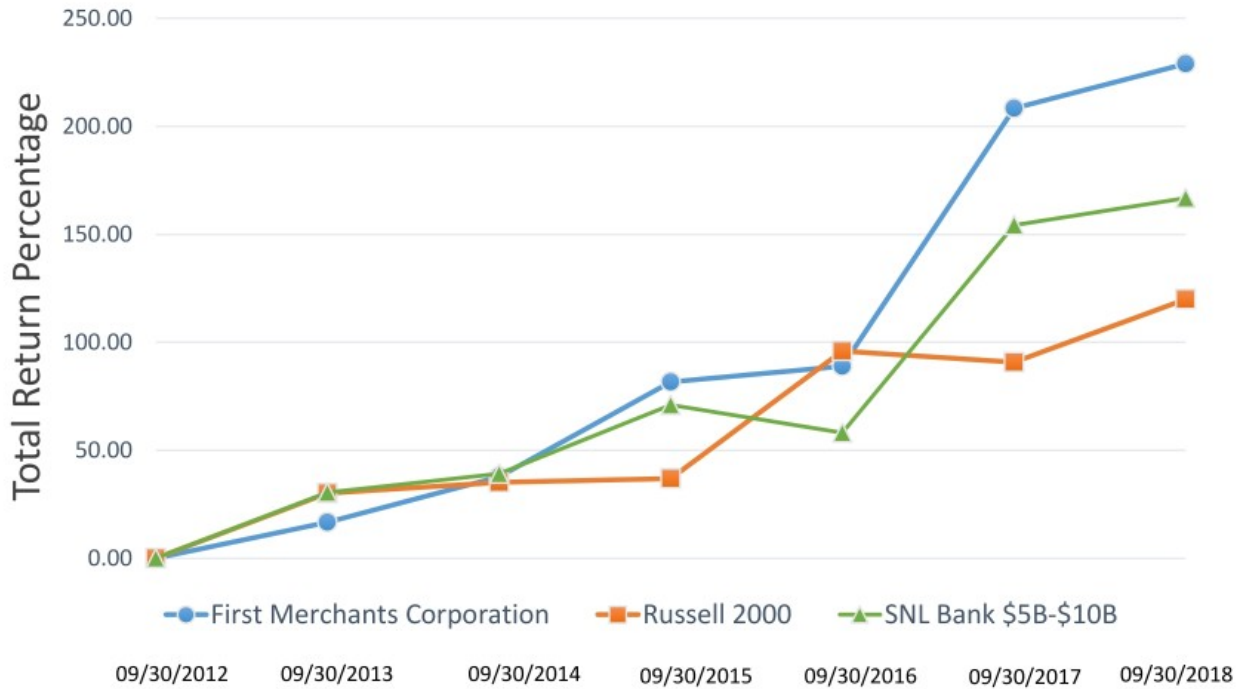


# ALLL and Fair Value Summary

(\$ in Millions)	<u>Q4-'17</u>	<u>Q1-'18</u>	<u>Q2-'18</u>	<u>Q3-'18</u>
1. Beginning Allowance for Loan Losses (ALLL)	\$ 73.4	\$ 75.0	\$ 76.4	\$ 77.5
2. Net Charge-offs (Recoveries)	0.2	1.1	0.6	0.5
3. Provision Expense	<u>1.8</u>	<u>2.5</u>	<u>1.7</u>	<u>1.4</u>
4. Ending Allowance for Loan Losses (ALLL)	\$ 75.0	\$ 76.4	\$ 77.5	\$ 78.4
<hr/>				
5. ALLL/Non-Accrual Loans	261.2%	277.9%	385.0%	383.9%
6. ALLL/Non-Purchased Loans	1.36%	1.32%	1.28%	1.28%
7. ALLL/Loans	1.11%	1.11%	1.09%	1.11%
<hr/>				
8. Fair Value Adjustment (FVA)	\$ 46.3	\$ 43.1	\$ 37.2	\$ 33.9
9. Total ALLL plus FVA	121.3	119.5	114.7	112.3
10. Purchased Loans plus FVA	1,304.7	1,179.8	1,059.1	979.2
11. FVA/Purchased Loans plus FVA	3.55%	3.65%	3.51%	3.46%



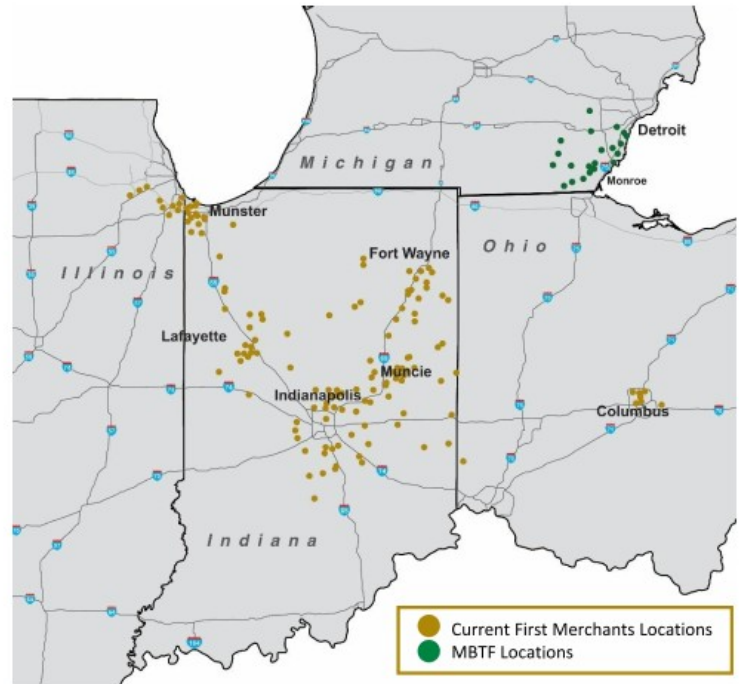
# Total Return Performance



# 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 do not include any merger-related adjustments



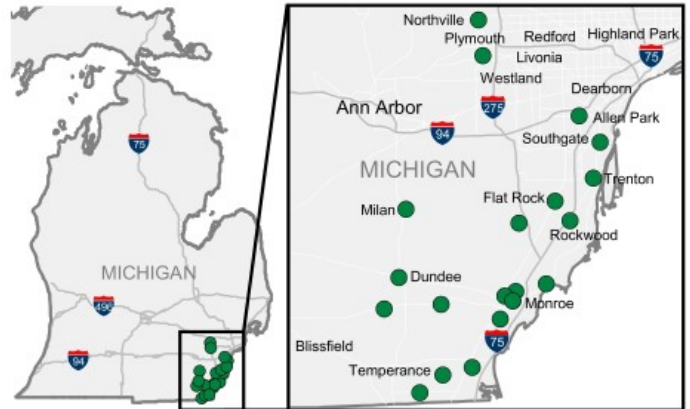


# Overview of MBT Financial Corporation

## 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 Franchise
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



## FMC Strategy and Tactics Overview

### Looking Forward . . .

- Manage market presence and our core banking business. Continue organic growth protocol.
- Optimize our retail and commercial deposit strategy... products and pricing.
- Build out of specialty finance businesses in sponsor finance, public finance, asset-based lending, and loan syndications.
- Finalize planning to cross \$10 Billion with the acquisition of MBT Financial Corporation.
- Design integration schedule and marketing plan for Michigan entry.

***“Responsive, Knowledgeable, High-Performing”***



## Why Invest in First Merchants?

- *Forbes* Magazine recognition as a Top 5 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

SANDLER  
O'NEILL  
+ PARTNERS

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 **KEEFE, BRUYETTE & WOODS**  
*Specialists in Financial Services*  
A Stifel Company

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Piper Jaffray®

Stephens

 **FIG**  
Partners

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 **D|A|DAVIDSON**



## Contact Information

**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 M. Weaver**

**Investor Relations**

**Telephone: 765.521.7619**

**[nweaver@firstmerchants.com](mailto:nweaver@firstmerchants.com)**



# Appendix



# Appendix – Non-GAAP Reconciliation

**CAPITAL RATIOS (dollars in thousands):**

	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18
<b>Total Risk-Based Capital Ratio</b>									
Total Stockholders' Equity (GAAP)	900,865	901,657	929,470	1,035,116	1,283,120	1,303,463	1,313,073	1,340,328	1,361,426
Adjust for Accumulated Other Comprehensive (Income) Loss	(3,924)	13,581	3,722	(1,384)	6,358	3,534	21,725	24,868	35,409
Less: Preferred Stock	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)
Add: Qualifying Capital Securities	55,355	55,415	55,474	55,534	65,864	65,919	65,975	66,030	66,086
Less: Tier 1 Capital Deductions	(1,440)	(376)	(80)	(166)	-	-	-	-	-
Less: Disallowed Goodwill and Intangible Assets	(249,541)	(249,104)	(250,493)	(300,307)	(462,080)	(464,066)	(467,518)	(466,063)	(464,658)
Less: Disallowed Deferred Tax Assets	(2,161)	(564)	(320)	(665)	-	-	(2,594)	(2,104)	(1,111)
Total Tier 1 Capital (Regulatory)	\$ 699,029	\$ 720,484	\$ 737,648	\$ 788,003	\$ 893,137	\$ 908,725	\$ 930,536	\$ 962,934	\$ 997,027
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	63,456	66,037	68,225	70,471	73,354	75,032	76,420	77,543	78,406
Total Risk-Based Capital (Regulatory)	\$ 827,485	\$ 851,521	\$ 870,873	\$ 923,474	\$ 1,031,491	\$ 1,048,757	\$ 1,071,956	\$ 1,105,477	\$ 1,140,433
Net Risk-Weighted Assets (Regulatory)	\$ 5,836,806	\$ 5,993,381	\$ 6,114,112	\$ 6,592,710	\$ 7,497,321	\$ 7,660,604	\$ 7,831,727	\$ 8,002,666	\$ 8,001,191
<b>Total Risk-Based Capital Ratio (Regulatory)</b>	<b>14.18%</b>	<b>14.21%</b>	<b>14.24%</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>Common Equity Tier 1 Capital Ratio</b>									
Total Tier 1 Capital (Regulatory)	\$ 699,029	\$ 720,484	\$ 737,648	\$ 788,003	\$ 893,137	\$ 908,725	\$ 930,536	\$ 962,934	\$ 997,027
Less: Qualified Capital Securities	(55,355)	(55,415)	(55,474)	(55,534)	(65,864)	(65,919)	(65,975)	(66,030)	(66,086)
Add: Additional Tier 1 Capital Deductions	1,440	376	80	166	-	-	-	-	-
Common Equity Tier 1 Capital (Regulatory)	\$ 645,114	\$ 665,445	\$ 682,254	\$ 732,635	\$ 827,273	\$ 842,806	\$ 864,561	\$ 896,904	\$ 930,941
Net Risk-Weighted Assets (Regulatory)	\$ 5,836,806	\$ 5,993,381	\$ 6,114,112	\$ 6,592,710	\$ 7,497,321	\$ 7,660,604	\$ 7,831,727	\$ 8,002,666	\$ 8,001,191
<b>Common Equity Tier 1 Capital Ratio (Regulatory)</b>	<b>11.05%</b>	<b>11.10%</b>	<b>11.16%</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>

<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):**

	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18
Total Stockholders' Equity (GAAP)	\$ 900,865	\$ 901,657	\$ 929,470	\$ 1,035,116	\$ 1,283,120	\$ 1,303,463	\$ 1,313,073	\$ 1,340,328	\$ 1,361,426
Less: Preferred Stock	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)
Less: Intangible Assets	(259,844)	(258,866)	(257,963)	(309,686)	(478,558)	(476,503)	(474,777)	(473,059)	(471,409)
Tangible Common Equity (non-GAAP)	\$ 640,896	\$ 642,666	\$ 671,382	\$ 725,305	\$ 804,437	\$ 826,835	\$ 838,171	\$ 867,144	\$ 889,892
Total Assets (GAAP)	\$ 7,022,352	\$ 7,211,611	\$ 7,326,193	\$ 7,805,029	\$ 9,049,403	\$ 9,367,478	\$ 9,472,796	\$ 9,734,715	\$ 9,787,282
Less: Intangible Assets	(259,844)	(258,866)	(257,963)	(309,686)	(478,558)	(476,503)	(474,777)	(473,059)	(471,409)
Tangible Assets (non-GAAP)	\$ 6,762,508	\$ 6,952,745	\$ 7,068,230	\$ 7,495,343	\$ 8,570,845	\$ 8,890,975	\$ 8,998,019	\$ 9,261,656	\$ 9,315,873
<b>Tangible Common Equity Ratio (non-GAAP)</b>	<b>9.48%</b>	<b>9.24%</b>	<b>9.50%</b>	<b>9.68%</b>	<b>9.39%</b>	<b>9.30%</b>	<b>9.32%</b>	<b>9.36%</b>	<b>9.55%</b>

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

	4Q10	4Q11	4Q12	4Q13	4Q14	4Q15	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18
Total Stockholders' Equity (GAAP)	\$ 454,408	\$ 514,467	\$ 552,236	\$ 634,923	\$ 726,827	\$ 850,509	\$ 901,657	\$ 929,470	\$ 1,035,116	\$ 1,283,120	\$ 1,303,463	\$ 1,313,073	\$ 1,340,328	\$ 1,361,426
Less: Preferred Stock	(67,880)	(90,783)	(90,908)	(125)	(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)	(257,963)	(309,686)	(478,558)	(476,503)	(474,777)	(473,059)	(471,409)
Tax Benefit	2,907	2,224	2,249	4,973	6,085	6,278	5,930	5,659	6,941	12,510	6,788	6,043	5,690	5,351
Tangible Common Equity, Net of Tax (non-GAAP)	\$ 235,416	\$ 275,437	\$ 314,048	\$ 437,004	\$ 514,032	\$ 596,898	\$ 648,596	\$ 677,041	\$ 732,246	\$ 816,947	\$ 833,623	\$ 844,214	\$ 872,834	\$ 895,243
Shares Outstanding	25,574,251	28,559,707	28,692,616	35,921,761	37,669,948	40,664,258	40,912,697	41,047,543	43,153,509	49,140,594	49,158,238	49,243,096	49,280,188	49,304,542
<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>\$ 16.49</b>	<b>\$ 16.97</b>	<b>\$ 16.62</b>	<b>\$ 16.96</b>	<b>\$ 17.14</b>	<b>\$ 17.71</b>	<b>\$ 18.16</b>





## Appendix – Non-GAAP Reconciliation

**EFFICIENCY RATIO (dollars in thousands):**

	2016	2017	1Q18	2Q18	3Q18
Non Interest Expense (GAAP)	\$ 177,359	\$ 205,556	\$ 53,687	\$ 53,504	\$ 55,022
Less: Intangible Asset Amortization	(3,910)	(5,647)	(1,726)	(1,718)	(1,650)
Less: OREO and Foreclosure Expenses	(2,877)	(1,903)	(402)	(362)	(455)
Adjusted Non Interest Expense (non-GAAP)	170,572	198,006	51,559	51,424	52,917
Net Interest Income (GAAP)	226,473	277,284	79,916	84,571	86,486
Plus: Fully Taxable Equivalent Adjustment	13,541	17,270	2,584	2,625	2,726
Net Interest Income on a Fully Taxable Equivalent Basis (non-GAAP)	240,014	294,554	82,500	87,196	89,212
Non Interest Income (GAAP)	65,203	71,009	19,561	18,191	19,527
Less: Investment Securities Gains (Losses)	(3,389)	(2,631)	(1,609)	(1,122)	(1,285)
Adjusted Non Interest Income (non-GAAP)	61,814	68,378	17,952	17,069	18,242
Adjusted Revenue (non-GAAP)	301,828	362,932	100,452	104,265	107,454
<b>Efficiency Ratio (non-GAAP)</b>	<b>56.51%</b>	<b>54.56%</b>	<b>51.33%</b>	<b>49.32%</b>	<b>49.25%</b>

**FORWARD DIVIDEND YIELD**

	3Q18
Most recent quarter's dividend per share	\$ 0.22
Most recent quarter's dividend per share - Annualized	\$ 0.88
Stock Price at 9/30/18	\$ 44.99
<b>Forward Dividend Yield</b>	<b>1.96%</b>

**DIVIDEND PAYOUT RATIO**

	2018 YTD
Dividends per share	\$ 0.62
Earnings Per Share	\$ 2.37
<b>Dividend Payout Ratio</b>	<b>26.2%</b>



# Appendix – Non-GAAP Reconciliation

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

	2016	2017	1Q18	2Q18	3Q18
<b>Total Risk-Based Capital (Subsidiary Bank Only)</b>					
Total Stockholders' Equity (GAAP)	\$ 973,641	\$ 1,404,303	\$ 1,414,109	\$ 1,432,722	\$ 1,436,173
Adjust for Accumulated Other Comprehensive (Income) Loss <sup>1</sup>	9,701	763	19,231	22,589	33,302
Less: Preferred Stock	(125)	(125)	(125)	(125)	(125)
Less: Tier 1 Capital Deductions	-	-	-	-	-
Less: Disallowed Goodwill and Intangible Assets	(248,656)	(463,618)	(467,070)	(465,616)	(464,210)
Less: Disallowed Deferred Tax Assets	-	-	(2,234)	(1,862)	(965)
Total Tier 1 Capital (Regulatory)	734,561	941,323	963,911	987,708	1,004,175
Allowance for Loan Losses includible in Tier 2 Capital	66,037	75,032	76,420	77,543	78,406
Total Risk-Based Capital (Regulatory)	<u>\$ 800,598</u>	<u>\$ 1,016,355</u>	<u>\$ 1,040,331</u>	<u>\$ 1,065,251</u>	<u>\$ 1,082,581</u>
Construction, Land and Land Development Loans	\$ 418,703	\$ 612,219	\$ 590,093	\$ 714,866	\$ 668,608
<b>Concentration as a % of the Bank's Risk-Based Capital</b>	<b>52%</b>	<b>60%</b>	<b>57%</b>	<b>67%</b>	<b>62%</b>
Construction, Land and Land Development Loans	\$ 418,703	\$ 612,219	\$ 590,093	\$ 714,866	\$ 668,608
Investment Real Estate Loans	1,272,415	1,617,943	1,760,226	1,699,962	1,760,714
Total Construction and Investment RE Loans	<u>\$ 1,691,118</u>	<u>\$ 2,230,162</u>	<u>\$ 2,350,319</u>	<u>\$ 2,414,828</u>	<u>\$ 2,429,322</u>
<b>Concentration as a % of the Bank's Risk-Based Capital</b>	<b>211%</b>	<b>219%</b>	<b>226%</b>	<b>227%</b>	<b>224%</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):

	4Q17	1Q18	2Q18	3Q18
Loans Held for Sale (GAAP)	\$ 7,216	\$ 4,469	\$ 2,046	\$ 3,022
Loans (GAAP)	6,751,199	6,901,696	7,081,059	7,088,071
Total Loans	6,758,415	6,906,165	7,083,105	7,091,093
Less: Purchased Loans	(1,258,386)	(1,136,711)	(1,022,160)	(945,330)
Non-Purchased Loans (non-GAAP)	<u>\$ 5,500,029</u>	<u>\$ 5,769,454</u>	<u>\$ 6,060,945</u>	<u>\$ 6,145,763</u>
Allowance for Loan Losses (GAAP)	\$ 75,032	\$ 76,420	\$ 77,543	\$ 78,406
Fair Value Adjustment (FVA) (GAAP)	46,304	43,121	37,221	33,905
Allowance plus FVA (non-GAAP)	<u>\$ 121,336</u>	<u>\$ 119,541</u>	<u>\$ 114,764</u>	<u>\$ 112,311</u>
Purchased Loans (GAAP)	\$ 1,258,386	\$ 1,136,711	\$ 1,022,160	\$ 945,330
Fair Value Adjustment (FVA) (GAAP)	46,304	43,121	37,221	33,905
Purchased Loans plus FVA (non-GAAP)	<u>\$ 1,304,690</u>	<u>\$ 1,179,832</u>	<u>\$ 1,059,381</u>	<u>\$ 979,235</u>
<b>Allowance as a Percentage of Non-Purchased Loans (non-GAAP)</b>	<b>1.36%</b>	<b>1.32%</b>	<b>1.28%</b>	<b>1.28%</b>
<b>FVA as a Percentage of Purchased Loans plus FVA (non-GAAP)</b>	<b>3.55%</b>	<b>3.65%</b>	<b>3.51%</b>	<b>3.46%</b>



