

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): May 3, 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: May 3, 2018

FIRST MERCHANTS CORPORATION

By: /s/ Mark K. Hardwick

Mark K. Hardwick

Executive Vice President,

Chief Financial Officer and Chief Operating Officer

## First 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.



# Why Invest in First Merchants?



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**Forbes** | **2018**  
**BEST BANKS**  
**IN AMERICA**

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



## Company Profile (as of 3/31/2018)

### 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	\$9,472,796
Loans, Net	\$6,825,276
Deposits	\$7,327,635
Tangible Common Equity	\$838,171
TCE/TA	9.32%
2017 Net Income – YTD	\$36,679
2017 ROAA – YTD	1.57%
2017 ROATCE - YTD	18.13%
NPAs/Loans + OREO	0.55%



### Market Information

Common Shares Outstanding	49,243,096
Market Cap	\$2,053,437
Dividend Yield	1.73%
Price/Tangible Book Value	2.43x
Price/LTM EPS	18.1x
Price/2018 Est. EPS	13.9x

### Leadership Team – First Merchants

#### Name/Title

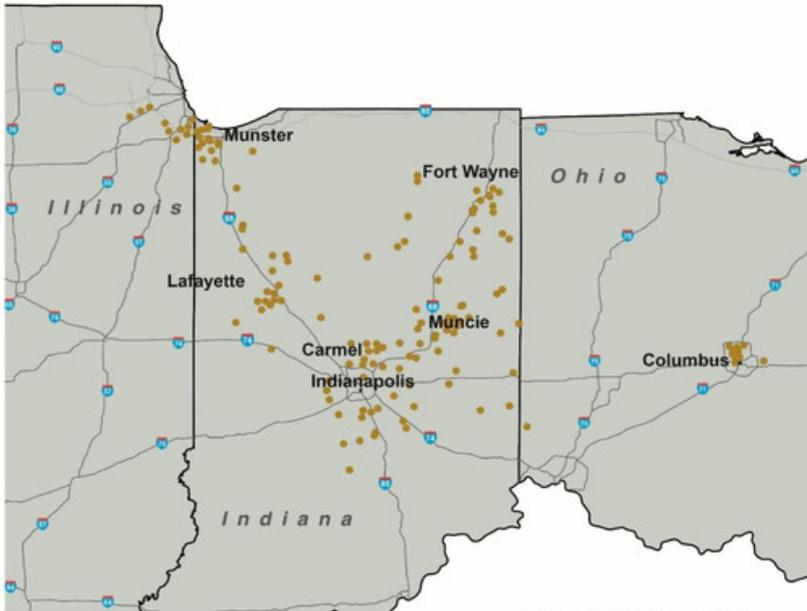
Michael C. Rechin, President & CEO

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	
\$1,162M	Columbus	\$590M	
781M	Fort Wayne	969M	
2,493M	Indianapolis	1,562M	
624M	Lafayette	1,027M	
1,059M	Muncie	2,102M	
783M	Northwest	1,078M	
\$6,902M	Total	\$7,328M	

*(as of March 31, 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	48.98%	\$ 1,068,364
Jasper County, IN	Lafayette (Established)	1	31.54%	205,997
White County, IN	Lafayette (Established)	1	33.69%	158,748
Wells County, IN	Fort Wayne (Growth)	1	26.35%	119,473
Jay County, IN	Muncie (Established)	1	43.22%	90,907
Union County, IN	Muncie (Established)	1	40.54%	43,439
Tippecanoe County, IN	Lafayette (Established)	2	19.47%	504,153
Henry County, IN	Muncie (Established)	2	37.32%	227,295
Clinton County, IN	Lafayette (Established)	2	14.11%	59,950
Wabash County, IN	Muncie (Established)	2	14.07%	57,158
Madison County, IN	Indianapolis (Growth)	3	23.21%	314,515
Adams County, IN	Muncie (Established)	3	16.19%	109,619
Shelby County, IN	Indianapolis (Growth)	3	16.62%	91,243
Randolph County, IN	Muncie (Established)	3	5.88%	72,162
Hendricks County, IN	Indianapolis (Growth)	4	9.88%	234,216
Morgan County, IN	Indianapolis (Growth)	4	10.69%	97,943
Huntington County, IN	Fort Wayne (Growth)	4	16.55%	95,330
Hancock County, IN	Indianapolis (Growth)	4	8.66%	87,632
Marshall County, IN	Fort Wayne (Growth)	4	8.74%	65,252
Carroll County, IN	Lafayette (Established)	4	11.30%	33,052
Brown County, IN	Indianapolis (Growth)	4	18.32%	19,620
Hamilton County, IN	Indianapolis (Growth)	5	6.51%	594,976
Allen County, IN	Fort Wayne (Growth)	5	8.68%	585,513
Johnson County, IN	Indianapolis (Growth)	5	7.88%	169,017
Fayette County, IN	Muncie (Established)	5	8.25%	27,006
Miami County, IN	Muncie (Established)	5	7.97%	31,250
Sub Total				\$5,163,830
First Merchants Total				\$6,913,176

## 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

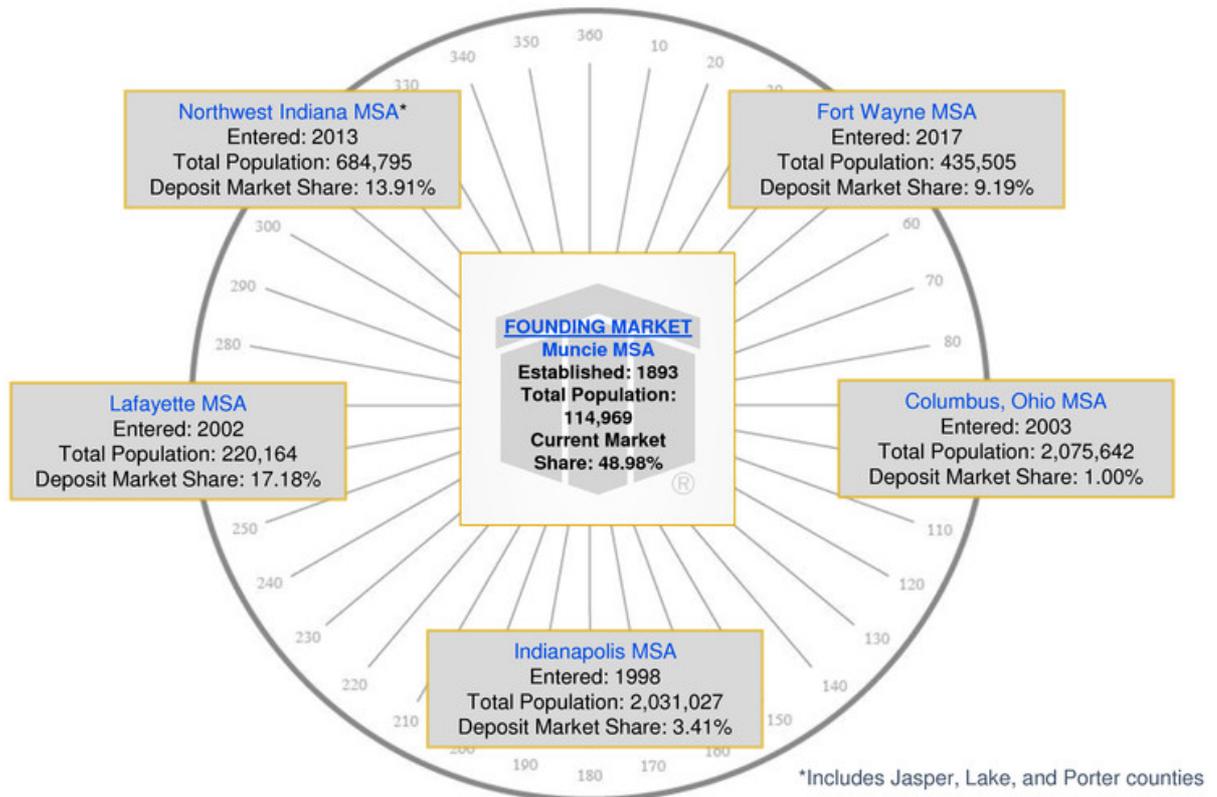
**Fort Wayne**

**Higher Growth**

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



## Organic Growth Opportunities Exists in All Directions



## Ranked Best in the Midwest for Business\*



<sup>1</sup>IEDC  
<sup>\*\*</sup>S&P, Moody's & Fitch  
<sup>\*\*\*</sup>Chief Executive Magazine  
<sup>\*\*\*\*</sup>US News & World Reports



- AAA Credit Rating<sup>\*\*</sup>
- 1<sup>st</sup> in Midwest and 5<sup>th</sup> Nationally for Best State for Doing Business<sup>\*\*\*</sup>
- 1<sup>st</sup> in the Nation for Small Business Growth
- 1<sup>st</sup> Nationally for Cost of Doing Business
- 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> in Government<sup>\*\*\*\*</sup>
- Leading the Nation in Manufacturing Job Growth
- 2<sup>nd</sup> Nationally for Availability of Skilled Labor
- 2<sup>nd</sup> Best City in the Nation for Recent Graduates (Indianapolis)
- Home to the 2<sup>nd</sup> Largest Global Fed Ex Air Hub
- Regulatory Climate Ranks 2<sup>nd</sup> in the Nation
- 4<sup>th</sup> Nationally for Cost of Living
- Indiana's 3 Maritime Ports Rank 6<sup>th</sup> in Waterborne Shipping

# 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	\$ 1,068,364	48.98%
2	Mutual First Financial	7	537,800	24.66%
3	J.P. Morgan Chase	4	238,666	10.94%
4	Old National Bancorp	4	199,567	9.15%
5	Star Financial Group	3	135,667	6.22%
6	Woodforest Financial Group	1	957	0.04%
<b>Market Total</b>		<b>30</b>	<b>\$ 2,181,021</b>	

\*SNL Financial FDIC Summary of Deposits as of June 30, 2017



## Notable Major Employers



Ball Memorial Hospital & Physicians



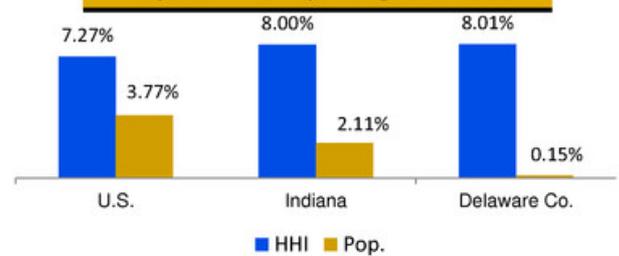
ONTARIO  
SYSTEMS



Ball Brothers Foundation



## Projected HHI & Pop. Change 2017-2022



# 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	\$ 1,746,030	19.11%
2	JPMorgan Chase & Co.	15	1,558,738	17.06%
3	Merchants Bancorp	2	1,254,403	13.73%
4	PNC Financial Services Group	12	614,405	6.72%
5	<b>First Merchants Corporation</b>	<b>11</b>	<b>594,976</b>	<b>6.51%</b>
6	Lakeland Financial Corp	3	518,183	5.67%
7	Fifth Third Bancorp	6	492,718	5.39%
8	Huntington Bancshares	11	432,562	4.73%
9	Bank of Montreal	9	373,205	4.08%
10	KeyCorp	7	273,681	3.00%
<b>Market Total</b>		<b>117</b>	<b>\$ 9,136,439</b>	

\*IBJ.com

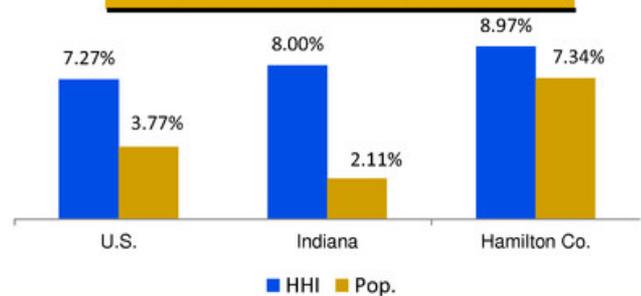
\*\*SNL Financial FDIC Summary of Deposits as of June 30, 2017



## Notable Major Employers



## Projected HHI & Pop. Change 2017-2022



# 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	\$ 824,748	31.85%
2	<b>First Merchants Corporation</b>	<b>9</b>	<b>504,153</b>	<b>19.47%</b>
3	Regions Financial Corp	6	311,047	12.01%
4	Old National Bancorp	5	259,975	10.04%
5	Horizon Bancorp	4	147,379	5.69%
6	Huntington Bancshares, Inc.	4	129,307	4.99%
7	First Bancshares, Inc.	6	119,618	4.62%
8	Fifth Third Bancorp	3	90,997	3.51%
9	1 <sup>st</sup> Source Corp	3	70,529	2.72%
10	Salin Bancshares	3	52,512	2.03%
<b>Market Total</b>		<b>58</b>	<b>\$ 2,589,317</b>	

\*SNL Financial FDIC Summary of Deposits as of June 30, 2017

\*\*Indianapolis Business Journal



## Notable Major Employers

**erlikon**  
fairfield

**PURDUE**  
UNIVERSITY



**ARCONIC**

**CAT**

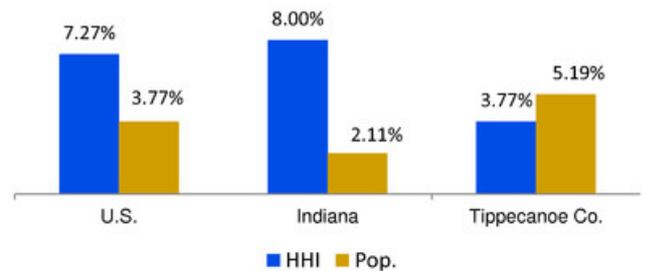


GE Aviation



**KR Kirby Risk**  
Electrical Supply

## Projected HHI & Pop. Change 2017-2022



# 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	JPMorgan Chase & Co.	23	\$ 1,947,270	21.89%
2	First Bancshares, Inc.	29	1,853,302	20.83%
3	First Midwest Bancorp	17	1,011,308	11.37%
4	First Financial Bancorp	9	776,948	8.76%
5	Northwest Indiana Bancorp	15	762,955	8.58%
<b>6</b>	<b>First Merchants Corporation</b>	<b>10</b>	<b>703,991</b>	<b>7.91%</b>
7	Fifth Third Bancorp	13	477,393	5.37%
8	BMO Financial Corp	15	476,600	5.36%
9	AMB Financial Corp	5	178,837	2.01%
10	PNC Financial Services Group	4	171,860	1.93%
<b>Market Total</b>		<b>158</b>	<b>\$ 8,895,310</b>	

\*SNL Financial FDIC Summary of Deposits as of June 30, 2017

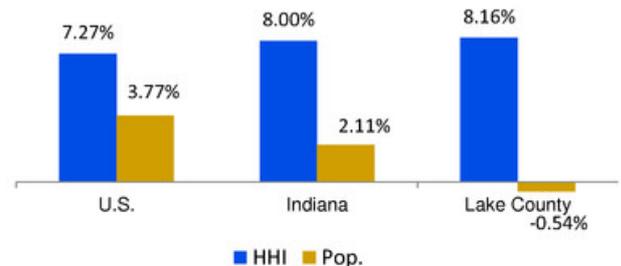
\*\*www.nwiforum.org/nwi-becoming-an-economic-powerhouse



## Notable Major Employers



## Projected HHI & Pop. Change 2017-2022



# 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	\$ 1,860,166	27.59%
2	JP Morgan Chase & Co.	12	1,144,376	16.97%
3	Lakeland Financial Corp.	5	707,704	10.50%
4	PNC Financial Services Group	11	654,070	9.70%
5	<b>First Merchants Corporation</b>	<b>8</b>	<b>585,513</b>	<b>8.68%</b>
6	Old National Bancorp	5	489,317	7.26%
7	STAR Financial Group, Inc.	9	357,447	5.30%
8	1 <sup>st</sup> Source Corp.	8	294,082	4.36%
9	Fifth Third Bancorp	8	236,108	3.50%
10	G.S.B. Financial Corp.	1	69,199	1.03%
<b>Market Total</b>		<b>102</b>	<b>\$ 6,741,959</b>	

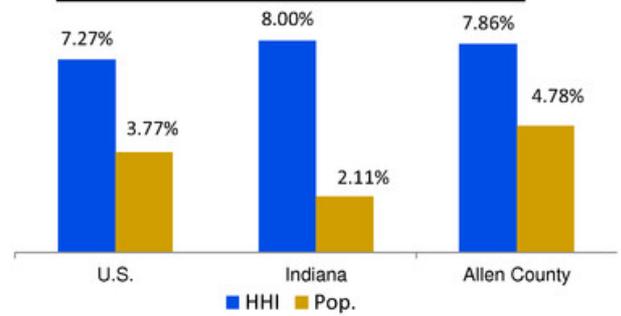
\*SNL Financial FDIC Summary of Deposits as of June 30, 2017



## Notable Major Employers



## Projected HHI & Pop. Change 2017-2022



# 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	63	\$ 21,024,114	41.96%
2	JP Morgan Chares & Co	48	12,503,686	24.95%
3	PNC Financial Services Group	42	5,001,589	9.98%
4	Fifth Third Bancorp	41	4,365,885	8.71%
5	Key Corp	21	1,411,859	2.82%
6	U.S. Bancorp	33	1,149,694	2.29%
7	Wells Fargo & Co	1	796,395	1.59%
<b>8</b>	<b>First Merchants Corporation</b>	<b>10</b>	<b>609,366</b>	<b>1.22%</b>
9	Heartland Bancorp	12	570,458	1.14%
10	First Financial Bancorp	6	527,051	1.05%
<b>Market Total</b>		<b>321</b>	<b>\$ 50,106,324</b>	

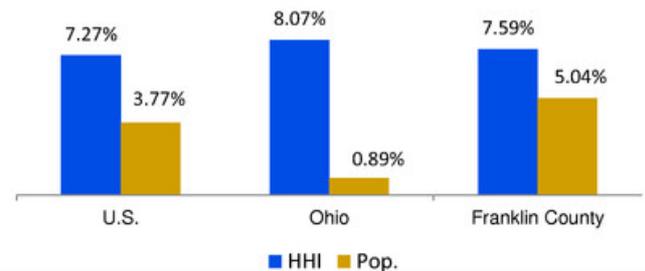
\*SNL Financial FDIC Summary of Deposits as of June 30, 2017  
 \*\*<http://jobs-ohio.com/manufacturing/>



## Notable Major Employers



## Projected HHI & Pop. Change 2017-2022



## Growth Through Acquisition

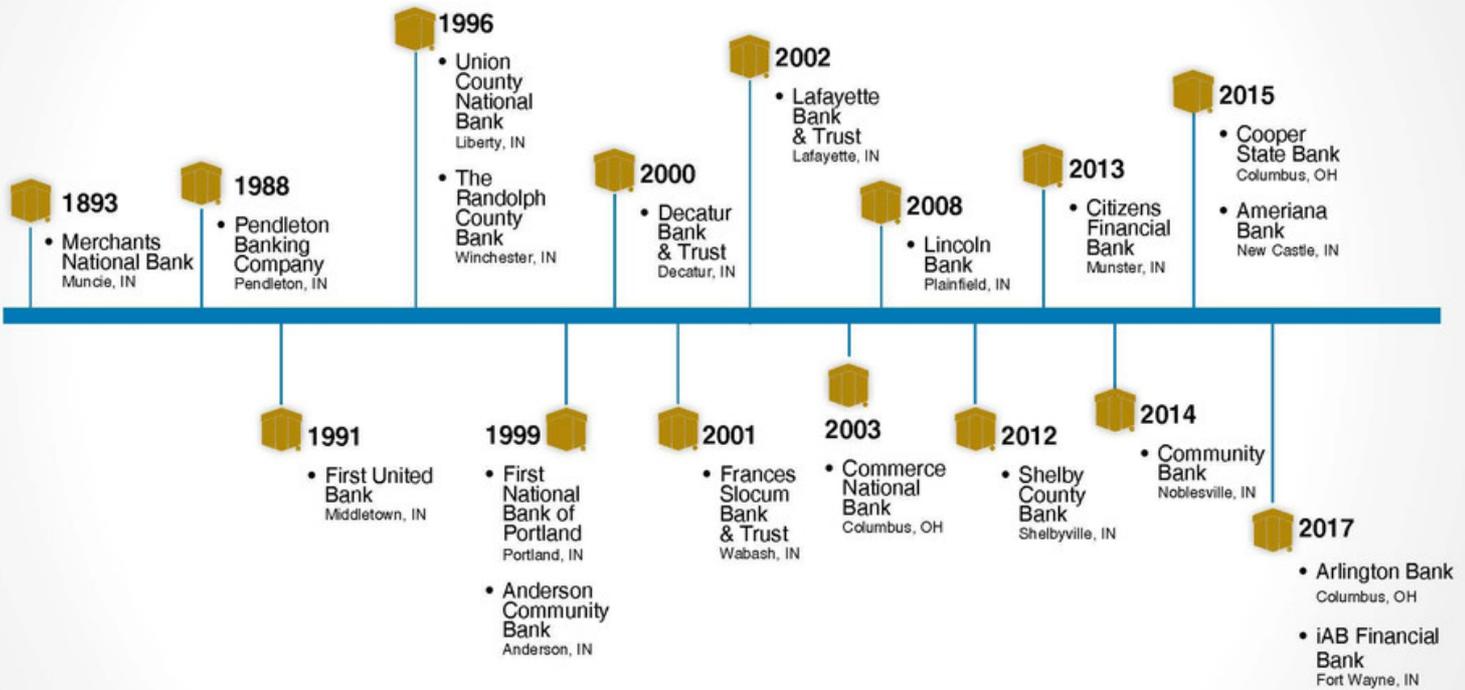
- Experienced Acquirer
- Expand in Current High-Growth Markets
- Extend into Additional High-Growth Markets
- Add to Franchise with Stable Deposit Gathering Markets



# FIRST MERCHANTS

## ACQUISITION EXPERIENCE

### 1893-2017



## 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: 185K</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: 140 + 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>



## 1<sup>st</sup> Quarter 2018 Highlights

- Earnings Per Share of \$ .74, a 32.1% Increase over 1Q2017
- \$36.7 Million of Net Income, a 58.1% Increase over 1Q2017
- Total Assets of \$9.5 Billion Grew by 29.3% over 1Q2017
- Annualized Organic Loan & Deposit Growth of Nearly 9%
- 1.57% Return on Average Assets, 11.21% Return on Average Equity
- 51.33% Efficiency Ratio



# Total Assets

(\$ in Millions)

	<u>2016</u>	<u>2017</u>	<u>Q1-'17</u>	<u>Q1-'18</u>
1. Investments	\$1,305	\$1,561	\$1,327	\$1,544
2. Loans	5,143	6,758 <sup>1</sup>	5,276	6,906
3. Allowance	(66)	(75)	(68)	(76)
4. Goodwill & Intangibles	259	477	258	475
5. BOLI	202	224	203	222
6. Other	<u>369</u>	<u>422</u>	<u>330</u>	<u>402</u>
7. Total Assets	<u>\$7,212</u>	<u>\$9,367</u>	<u>\$7,326</u>	<u>\$9,473</u>

Annualized Asset Growth

29.9%

4.5%<sup>2</sup>

<sup>1</sup> 2017 Loans include acquired loans of \$225 from The Arlington Bank and \$725 from Independent Alliance Banks

<sup>2</sup> Annualized from 12.31.2017

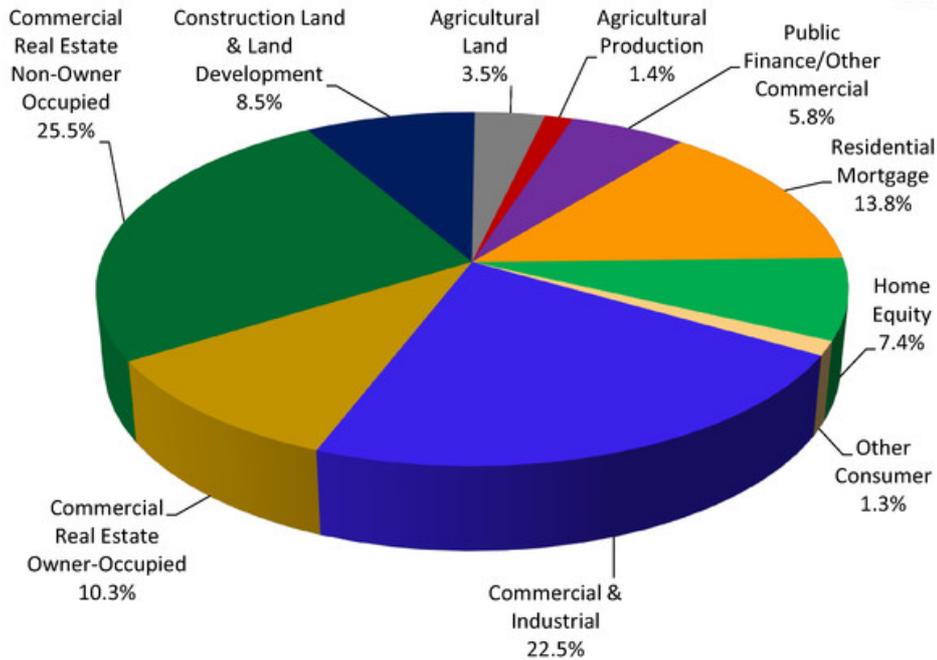


# Loan and Yield Detail

(as of 3/31/2018)

YTD Yield = 4.86%

Total Loans = \$6.9 Billion



# CRE Loan Concentration

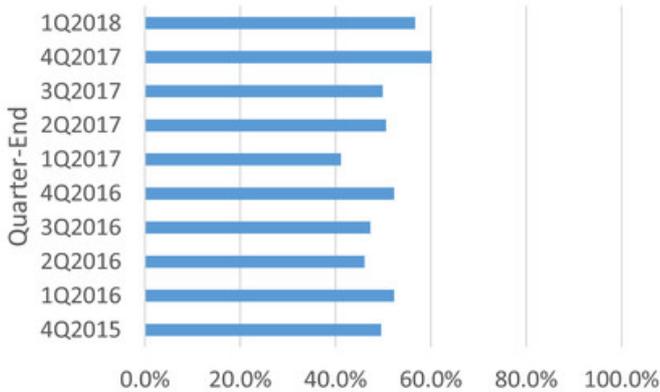
## First Merchants Results in Relation to FDIC Guidelines

FDIC GUIDELINES TO IDENTIFY INSTITUTIONS POTENTIALLY EXPOSED TO CRE RISK:

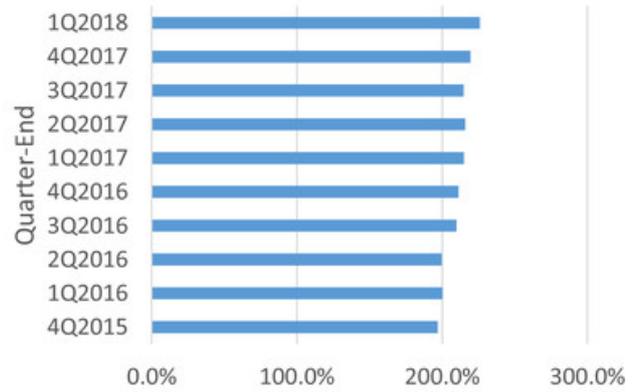
**Guideline 1:** Total loans for construction, land development, and other land representing 100% or more of total capital

**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

**GUIDELINE #1**

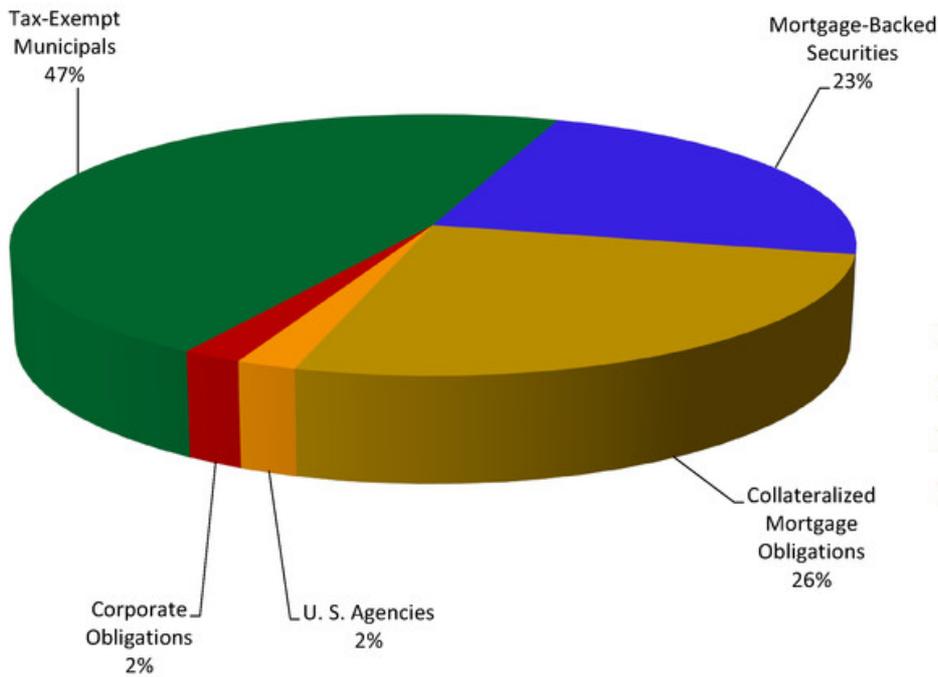


**GUIDELINE #2**



# Investment Portfolio

(as of 3/31/2018)



- \$1.5 Billion Portfolio
- Modified duration of 5.5 years
- Tax equivalent yield of 3.47%
- Net unrealized loss of \$10.3 Million



## Total Liabilities and Capital

(\$ in Millions)	<u>2016</u>	<u>2017</u>	<u>Q1-'17</u>	<u>Q1-'18</u>
1. Customer Non-Maturity Deposits	\$4,428	\$5,741 <sup>1</sup>	\$4,426	\$5,850
2. Customer Time Deposits	747	1,051 <sup>2</sup>	789	1,137
3. Brokered Deposits	381	381	420	341
4. Borrowings	572	701	587	644
5. Other Liabilities	60	57	53	55
6. Hybrid Capital	122	133	122	133
7. Common Equity	<u>902</u>	<u>1,303</u>	<u>929</u>	<u>1,313</u>
8. Total Liabilities and Capital	<u>\$7,212</u>	<u>\$9,367</u>	<u>\$7,326</u>	<u>\$9,473</u>

<sup>1</sup> 2017 includes acquired Non-Maturity Deposits of \$169 from The Arlington Bank and \$719 from Independent Alliance Banks

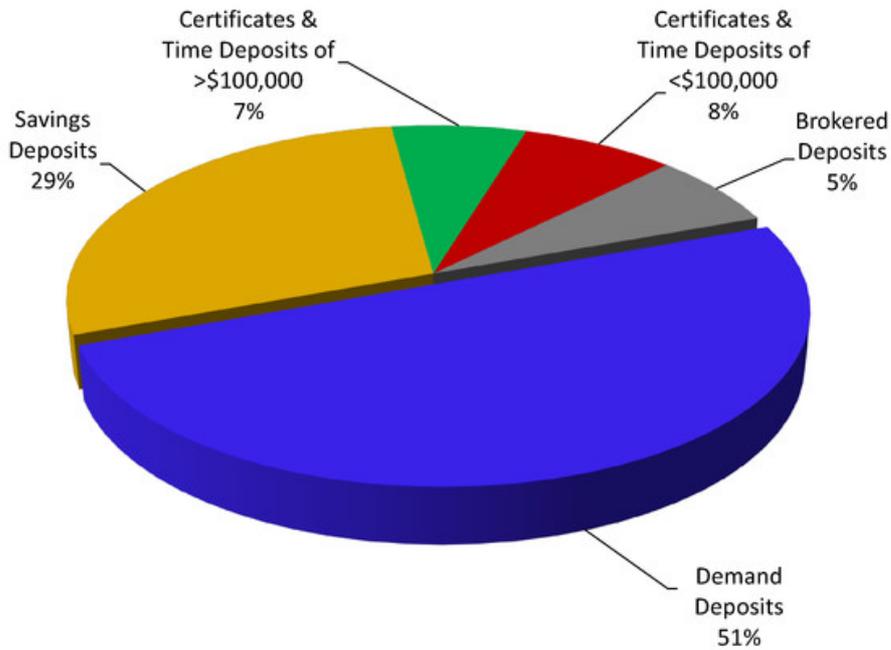
<sup>2</sup> 2017 includes acquired Time Deposits of \$84 from The Arlington Bank and \$143 from Independent Alliance Banks



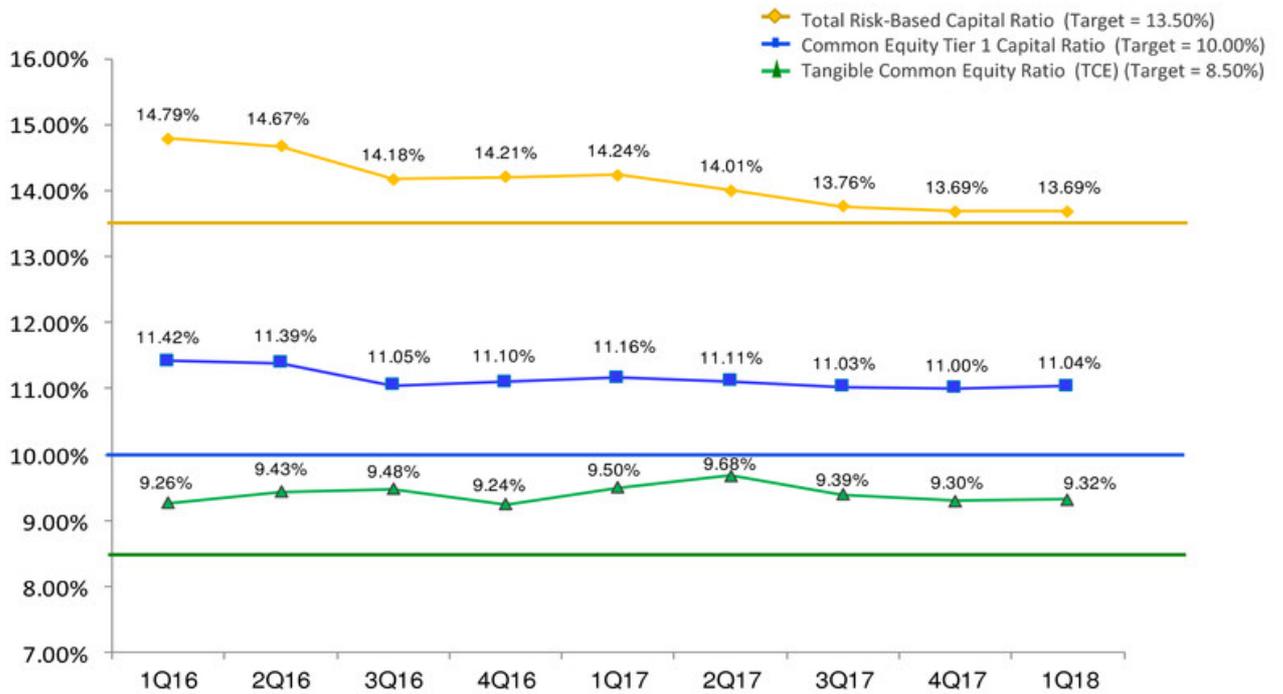
# Deposit Detail

(as of 3/31/2018)

YTD Cost = .65%  
 Total = \$7.3 Billion

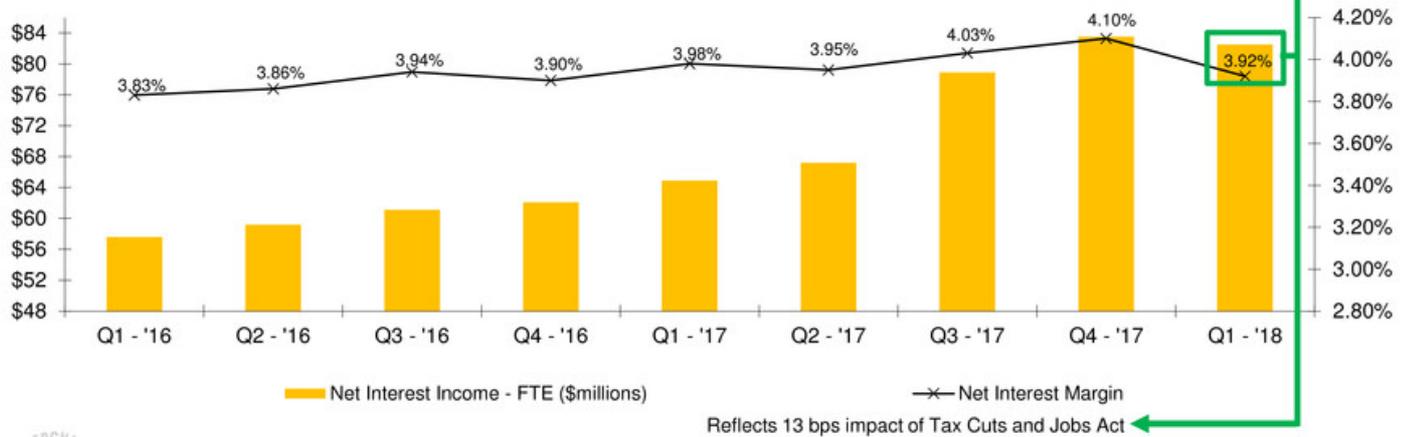


# Capital Ratios



# Net Interest Margin

	<u>Q1 - '16</u>	<u>Q2 - '16</u>	<u>Q3 - '16</u>	<u>Q4 - '16</u>	<u>Q1 - '17</u>	<u>Q2 - '17</u>	<u>Q3 - '17</u>	<u>Q4 - '17</u>	<u>Q1 - '18</u>
Net Interest Income - FTE (\$millions)	\$ 57.6	\$ 59.2	\$ 61.1	\$ 62.1	\$ 64.9	\$ 67.2	\$ 78.9	\$ 83.5	\$ 82.5
Fair Value Accretion	\$ 2.5	\$ 3.2	\$ 3.8	\$ 2.9	\$ 4.3	\$ 2.3	\$ 3.2	\$ 4.1	\$ 3.2
Tax Equivalent Yield on Earning Assets	4.28%	4.30%	4.37%	4.32%	4.42%	4.44%	4.56%	4.67%	4.57%
Cost of Supporting Liabilities	0.45%	0.44%	0.43%	0.42%	0.44%	0.49%	0.53%	0.57%	0.65%
Net Interest Margin	3.83%	3.86%	3.94%	3.90%	3.98%	3.95%	4.03%	4.10%	3.92%
Fair Value Accretion Effect	0.17%	0.21%	0.24%	0.18%	0.26%	0.14%	0.17%	0.20%	0.15%



Reflects 13 bps impact of Tax Cuts and Jobs Act



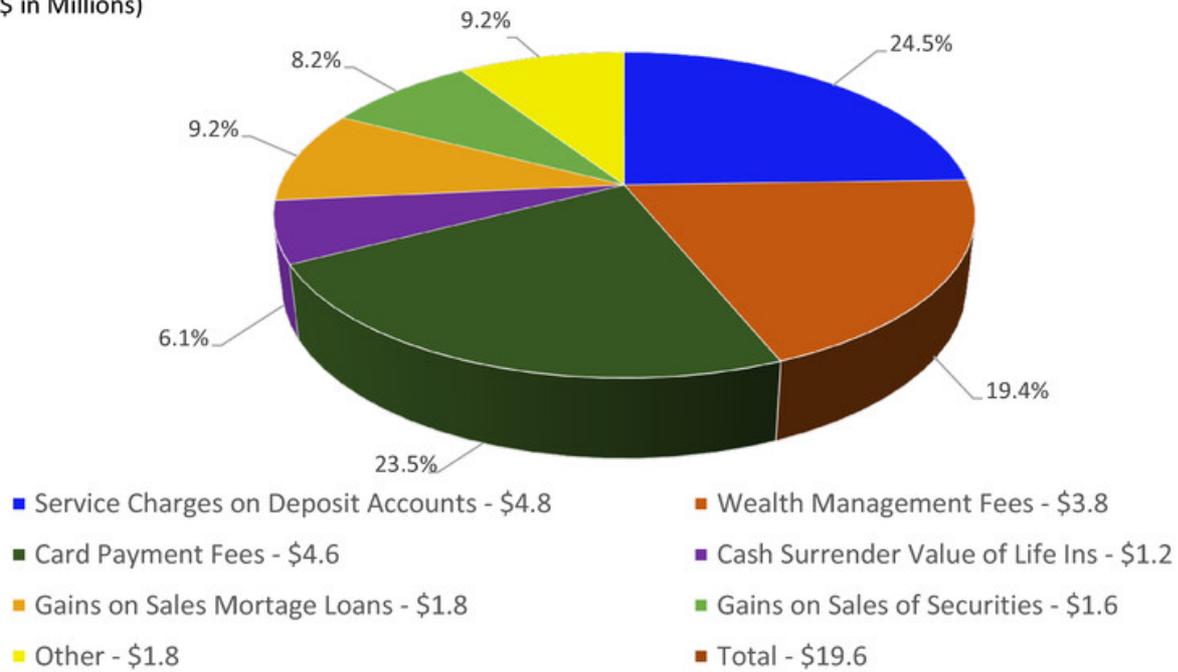
## Non-Interest Income

(\$ in Millions)	<u>2016</u>	<u>2017</u>	<u>Q1-'17</u>	<u>Q1-'18</u>
1. Service Charges on Deposit Accounts	\$17.8	\$ 18.7	\$ 4.2	\$ 4.8
2. Wealth Management Fees	12.6	14.7	3.4	3.8
3. Card Payment Fees	15.0	16.1	3.7	4.6
4. Cash Surrender Value of Life Ins	4.3	6.6	0.9	1.2
5. Gains on Sales of Mortgage Loans	7.1	7.6	1.3	1.8
6. Gains on Sales of Securities	3.4	2.6	0.6	1.6
7. Other	<u>5.0</u>	<u>4.7</u>	<u>0.8</u>	<u>1.8</u>
8. Total Non-Interest Income	<u>\$65.2</u>	<u>\$71.0</u>	<u>\$14.9</u>	<u>\$19.6</u>



## Non-Interest Income YTD 3/31/2018

(\$ in Millions)



## Private Wealth Advisors

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

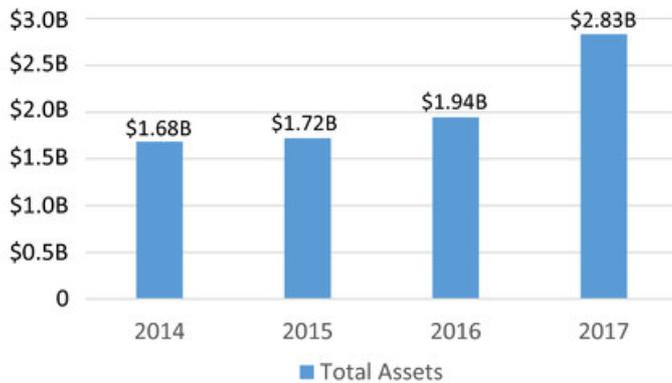
Business lines include:

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

Record quarterly revenue and assets under management

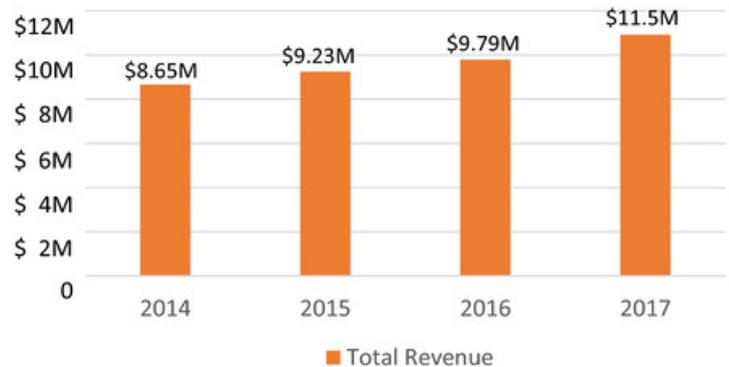
- Key contributor to pre-tax income
- Double-digit growth in Investment Management/Agency and IRAs in 2017
- Average Individual/Family relationship over \$1.3mm
- Average Retirement Plan over \$2.4mm
- Personal Trust/Fiduciary represents over 36% of total assets under management

### Total Assets under Management



### Total Revenue

(excludes brokerage revenue)

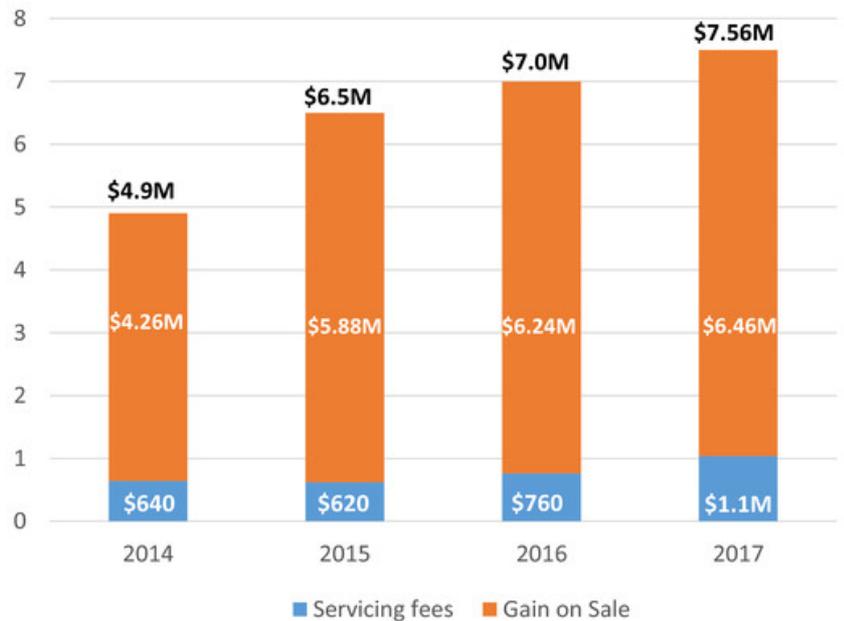


## Mortgage Banking

### 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-'17</u>	<u>Q1-'18</u>
1. Salary & Benefits	\$102.6	\$119.8	\$ 25.7	\$ 32.2
2. Premises & Equipment	29.5	30.1	7.0	8.4
3. Intangible Asset Amortization	3.9	5.6	0.9	1.7
4. Professional & Other Outside Services	6.5	12.8	1.7	1.5
5. OREO/Credit-Related Expense	2.9	1.9	0.5	0.4
6. FDIC Expense	3.0	2.6	0.6	0.7
7. Outside Data Processing	9.2	12.2	2.6	3.0
8. Marketing	3.0	3.7	0.6	0.9
9. Other	<u>16.7</u>	<u>16.9</u>	<u>3.5</u>	<u>4.9</u>
10. Total Non-Interest Expense	<u>\$177.3</u>	<u>\$ 205.6</u> <sup>1</sup>	<u>\$ 43.1</u>	<u>\$ 53.7</u>

<sup>1</sup> 2017 includes acquisition-related expenses of \$12.2 million, reflected in (\$ in Millions): \$3.9 Salaries & Benefits, \$0.6 Premises & Equipment, \$6.3 Professional & Other Outside Services, \$0.5 Outside Data Processing, \$0.3 Marketing and \$0.6 Other



## Earnings

(\$ in Millions)	<u>2016</u>	<u>2017</u>	<u>Q1-'17</u>	<u>Q1-'18</u>
1. Net Interest Income	\$226.5	\$ 277.3	\$ 61.0	\$ 79.9
2. Provision for Loan Losses	<u>(5.7)</u>	<u>(9.1)</u>	<u>(2.4)</u>	<u>(2.5)</u>
3. <b>Net Interest Income after Provision</b>	<b>220.8</b>	<b>268.2</b>	<b>58.6</b>	<b>77.4</b>
4. Non-Interest Income	65.2	71.0	14.9	19.6
5. Non-Interest Expense	<u>(177.3)</u>	<u>(205.6)</u>	<u>(43.1)</u>	<u>(53.7)</u>
6. <b>Income before Income Taxes</b>	<b>108.7</b>	<b>133.6</b>	<b>30.4</b>	<b>43.3</b>
7. Income Tax Expense	<u>(27.6)</u>	<u>(37.5)</u> <sup>1</sup>	<u>(7.2)</u>	<u>(6.6)</u>
8. <b>Net Income Avail. for Distribution</b>	<b>\$ 81.1</b>	<b>\$ 96.1</b>	<b>\$ 23.2</b>	<b>\$ 36.7</b>
9. <b>EPS</b>	<b>\$ 1.98</b>	<b>\$ 2.12</b> <sup>2</sup>	<b>\$ 0.56</b>	<b>\$ 0.74</b>
10. <b>Efficiency Ratio</b>	<b>56.51%</b>	<b>54.56%</b> <sup>3</sup>	<b>52.61%</b>	<b>51.33%</b> <sup>4</sup>

<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

<sup>3</sup> Acquisition-related expenses and pension settlement accounting added 3.57% to the Efficiency Ratio

<sup>4</sup> Impact of Tax Cuts and Jobs Act was 1.32 bps in Q1-'18



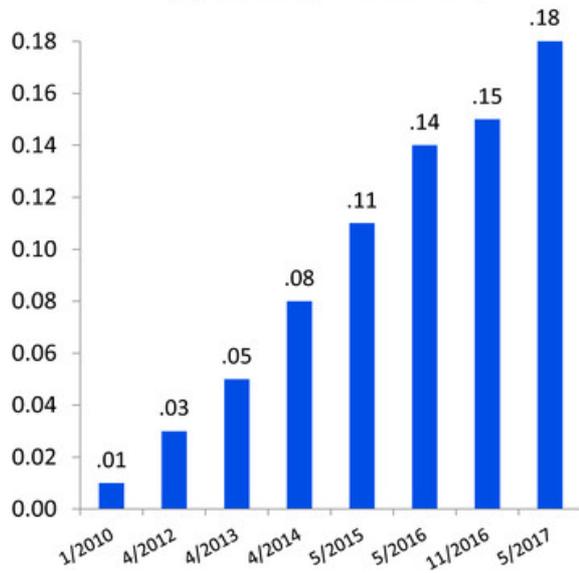
## Per Share Results

<u>2017</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Total</u>
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	
<u>2018</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Total</u>
1. Earnings Per Share	\$ .74	–	–	–	\$ .74
2. Dividends	\$ .18	–	–	–	\$ .18
3. Tangible Book Value	\$17.14	–	–	–	



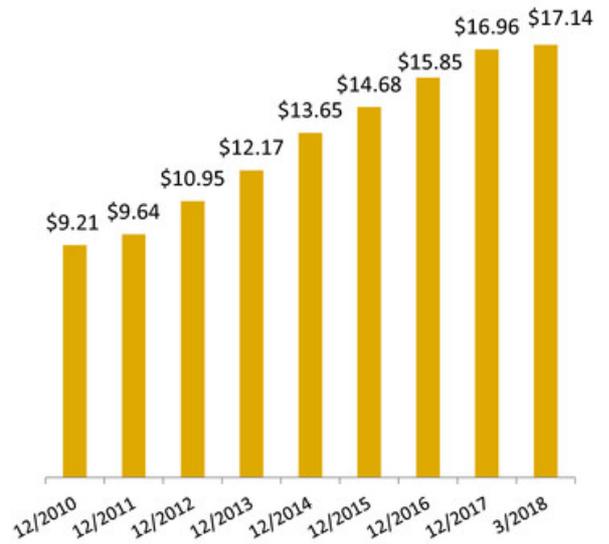
# Dividends and Tangible Book Value

Quarterly Dividends



Tangible Book Value

1.73%  
Forward  
Dividend  
Yield  
=  
24.3%  
Dividend  
Payout Ratio



# Asset Quality Summary

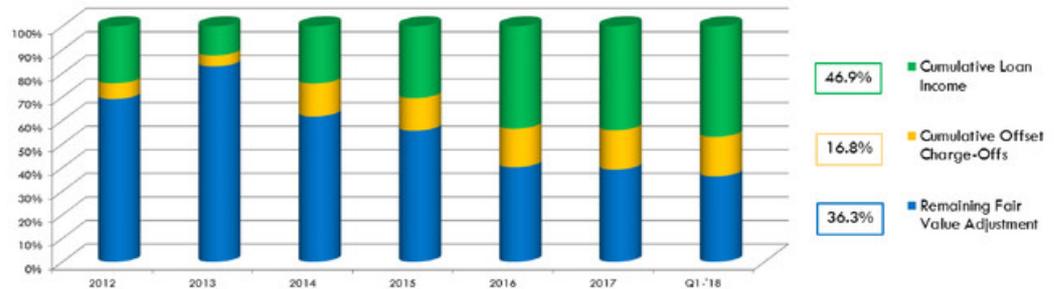
(\$ in Millions)

	<b>2016</b>	<b>2017</b>	<b>Q1-'17</b>	<b>Q1-'18</b>	<b>Change Linked Quarter</b>		<b>Change Q1 2018 Over 2017</b>	
					<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>
1. Non-Accrual Loans	\$ 30.0	\$ 28.7	\$ 27.9	\$ 27.5	\$ (1.2)	(4.2%)	\$ (0.4)	(1.4%)
2. Other Real Estate	9.0	10.4	8.3	9.7	(0.7)	(6.7%)	1.4	16.9%
3. Renegotiated Loans	4.7	1.0	0.9	0.6	(0.4)	(40.0%)	(0.3)	(33.3%)
4. 90+ Days Delinquent Loans	0.1	0.9	0.1	0.7	(0.2)	(22.2%)	0.6	600.0%
<b>5. Total NPAs &amp; 90+ Days Delinquent</b>	<b>\$ 43.8</b>	<b>\$ 41.0</b>	<b>\$ 37.2</b>	<b>\$ 38.5</b>	<b>\$ (2.5)</b>	<b>(6.1%)</b>	<b>\$ 1.3</b>	<b>3.5%</b>
6. Total NPAs & 90+ Days/Loans & ORE	0.9%	0.6%	0.7%	0.6%				
<b>7. Classified Assets</b>	<b>\$ 174.1</b>	<b>\$ 153.1</b>	<b>\$ 173.9</b>	<b>\$ 178.4</b>	<b>\$ 25.3</b>	<b>16.5%</b>	<b>\$ 4.5</b>	<b>2.6%</b>
<b>8. Specific Reserves</b>	<b>\$ 0.9</b>	<b>\$ 1.6</b>	<b>\$ 1.2</b>	<b>\$ 1.3</b>	<b>\$ (0.3)</b>	<b>(18.8%)</b>	<b>\$ 0.1</b>	<b>8.3%</b>

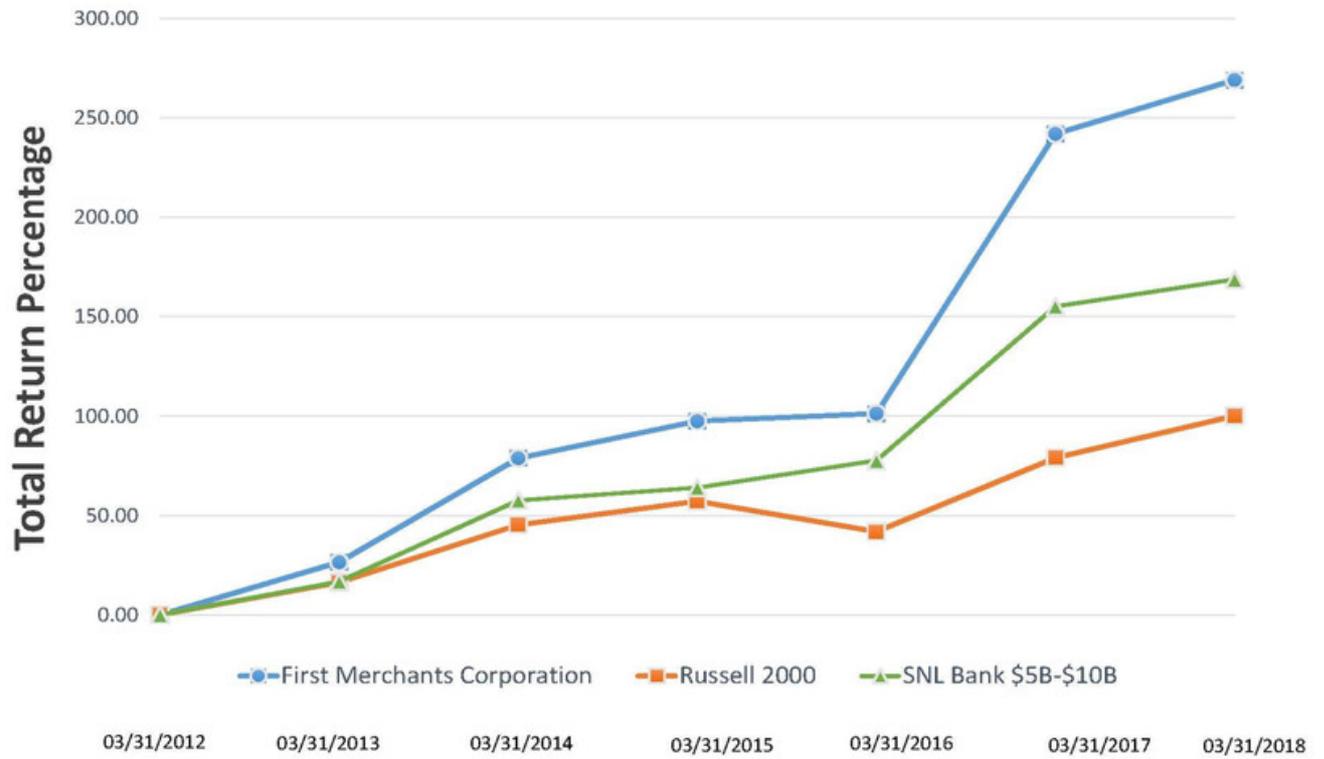


# ALL and Fair Value Summary

(\$ in Millions)	<u>Q2-'17</u>	<u>Q3-'17</u>	<u>Q4-'17</u>	<u>Q1-'18</u>
1. Beginning Allowance for Loan Losses (ALLL)	\$ 68.2	\$ 70.5	\$ 73.4	\$ 75.0
2. Net Charge-offs (Recoveries)	0.6	(0.8)	0.2	1.1
3. Provision Expense	<u>2.9</u>	<u>2.1</u>	<u>1.8</u>	<u>2.5</u>
4. Ending Allowance for Loan Losses (ALLL)	\$ 70.5	\$ 73.4	\$ 75.0	\$ 76.4
<hr/>				
5. ALLL/Non-Accrual Loans	257.7%	227.4%	261.2%	277.9%
6. ALLL/Non-Purchased Loans	1.45%	1.44%	1.36%	1.32%
7. ALLL/Loans	1.25%	1.13%	1.11%	1.11%
<hr/>				
8. Fair Value Adjustment (FVA)	\$ 29.7	\$ 50.4	\$ 46.3	\$ 43.1
9. Total ALLL plus FVA	100.2	123.8	121.3	119.5
10. Purchased Loans plus FVA	792.6	1,445.8	1,304.7	1,179.8
11. FVA/Purchased Loans plus FVA	3.74%	3.49%	3.55%	3.65%



# Total Return Performance



# FMC Strategy and Tactics Overview

## Looking Forward . . .

- Build market presence and cultivate the First Merchants' Brand in former Arlington Bank and Independent Alliance Bank communities
- Capitalize on talent opportunities from performance and preferred employer recognitions
- Build out of specialty finance businesses in sponsor finance, public finance, asset-based lending, and loan syndications
- Complete checking account migration to new product set and streamline front and back-office processes; continue implementation of workflow technologies for operating leverage
- Manage net-interest margin upside with next interest rate moves
- Assess M&A opportunities for strategic fit as we prepare to cross the \$10 Billion asset level

***“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

---

 **KEEFE, BRUYETTE & WOODS**  
*Specialists in Financial Services*

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## 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)**

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**Nicole M. Weaver**

**Investor Relations**

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



# Appendix



# Appendix – Non-GAAP Reconciliation

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

	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18
<b>Total Risk-Based Capital Ratio</b>									
Total Stockholders' Equity (GAAP)	867,263	887,550	900,865	901,657	929,470	1,035,116	1,283,120	1,303,463	1,313,073
Adjust for Accumulated Other Comprehensive (Income) Loss	(2,066)	(7,035)	(3,924)	13,581	3,722	(1,384)	6,358	3,534	21,725
Less: Preferred Stock	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)
Add: Qualifying Capital Securities	55,236	55,296	55,355	55,415	55,474	55,534	65,864	65,919	65,975
Less: Tier 1 Capital Deductions	(1,999)	(1,828)	(1,440)	(376)	(80)	(166)	-	-	-
Less: Disallowed Goodwill and Intangible Assets	(250,367)	(249,932)	(249,541)	(249,104)	(250,493)	(300,307)	(462,080)	(464,066)	(467,518)
Less: Disallowed Servicing Assets									
Total Tier 1 Capital (Regulatory)	\$ 664,944	\$ 681,183	\$ 699,029	\$ 720,484	\$ 737,648	\$ 788,003	\$ 893,137	\$ 908,725	\$ 930,536
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	62,086	62,186	63,456	66,037	68,225	70,471	73,354	75,032	76,420
Total Risk-Based Capital (Regulatory)	\$ 792,030	\$ 808,369	\$ 827,485	\$ 851,521	\$ 870,873	\$ 923,474	\$ 1,031,491	\$ 1,048,757	\$ 1,071,956
Net Risk-Weighted Assets (Regulatory)	\$ 5,355,827	\$ 5,511,557	\$ 5,836,806	\$ 5,993,381	\$ 6,114,112	\$ 6,592,710	\$ 7,497,321	\$ 7,660,604	\$ 7,831,727
<b>Total Risk-Based Capital Ratio (Regulatory)</b>	<b>14.79%</b>	<b>14.67%</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>Common Equity Tier 1 Capital Ratio</b>									
Total Tier 1 Capital (Regulatory)	\$ 664,944	\$ 681,183	\$ 699,029	\$ 720,484	\$ 737,648	\$ 788,003	\$ 893,137	\$ 908,725	\$ 930,536
Less: Qualified Capital Securities	(55,236)	(55,296)	(55,355)	(55,415)	(55,474)	(55,534)	(65,864)	(65,919)	(65,975)
Add: Additional Tier 1 Capital Deductions	1,999	1,828	1,440	376	80	166	-	-	-
Less: Preferred Stock									
Net Risk-Weighted Assets (Regulatory)	\$ 5,355,827	\$ 5,511,557	\$ 5,836,806	\$ 5,993,381	\$ 6,114,112	\$ 6,592,710	\$ 7,497,321	\$ 7,660,604	\$ 7,831,727
<b>Common Equity Tier 1 Capital Ratio (Regulatory)</b>	<b>11.42%</b>	<b>11.39%</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>

<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):

	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18
Total Stockholders' Equity (GAAP)	\$ 867,263	\$ 887,550	\$ 900,865	\$ 901,657	\$ 929,470	\$ 1,035,116	\$ 1,283,120	\$ 1,303,463	\$ 1,313,073
Less: Preferred Stock	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)
Less: Intangible Assets	(261,799)	(260,822)	(259,844)	(258,866)	(257,963)	(309,686)	(478,558)	(476,503)	(474,777)
Tangible Common Equity (non-GAAP)	\$ 605,339	\$ 626,603	\$ 640,896	\$ 642,666	\$ 671,382	\$ 725,305	\$ 804,437	\$ 826,835	\$ 838,171
Total Assets (GAAP)	\$ 6,798,539	\$ 6,906,418	\$ 7,022,352	\$ 7,211,611	\$ 7,326,193	\$ 7,805,029	\$ 9,049,403	\$ 9,367,478	\$ 9,472,796
Less: Intangible Assets	(261,799)	(260,822)	(259,844)	(258,866)	(257,963)	(309,686)	(478,558)	(476,503)	(474,777)
Tangible Assets (non-GAAP)	\$ 6,536,740	\$ 6,645,596	\$ 6,762,508	\$ 6,952,745	\$ 7,068,230	\$ 7,495,343	\$ 8,570,845	\$ 8,890,975	\$ 8,998,019
Tangible Common Equity Ratio (non-GAAP)	9.26%	9.43%	9.48%	9.24%	9.50%	9.68%	9.39%	9.30%	9.32%

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

	4Q10	4Q11	4Q12	4Q13	4Q14	4Q15	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18
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
Less: Preferred Stock	(67,880)	(90,783)	(90,908)	(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)
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
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
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
Tangible Common Equity per Share (non-GAAP)	\$ 9.21	\$ 9.64	\$ 10.95	\$ 12.17	\$ 13.65	\$ 14.68	\$ 15.85	\$ 16.49	\$ 16.97	\$ 16.62	\$ 16.96	\$ 17.14



## Appendix – Non-GAAP Reconciliation

### EFFICIENCY RATIO (dollars in thousands):

	2016	1Q17	2017	1Q18
Non Interest Expense (GAAP)	\$ 177,359	\$ 43,099	\$ 205,556	\$ 53,687
Less: Intangible Asset Amortization	(3,910)	(903)	(5,647)	(1,726)
Less: OREO and Foreclosure Expenses	(2,877)	(531)	(1,903)	(402)
Adjusted Non Interest Expense (non-GAAP)	170,572	41,665	198,006	51,559
Net Interest Income (GAAP)	226,473	60,999	277,284	79,916
Plus: Fully Taxable Equivalent Adjustment	13,541	3,950	17,270	2,584
Net Interest Income on a Fully Taxable Equivalent Basis (non-GAAP)	240,014	64,949	294,554	82,500
Non Interest Income (GAAP)	65,203	14,846	71,009	19,561
Less: Investment Securities Gains (Losses)	(3,389)	(598)	(2,631)	(1,609)
Adjusted Non Interest Income (non-GAAP)	61,814	14,248	68,378	17,952
Adjusted Revenue (non-GAAP)	301,828	79,197	362,932	100,452
<b>Efficiency Ratio (non-GAAP)</b>	<b>56.51%</b>	<b>52.61%</b>	<b>54.56%</b>	<b>51.33%</b>

### FORWARD DIVIDEND YIELD

	1Q18
Most recent quarter's dividend per share	\$ 0.18
Most recent quarter's dividend per share - Annualized	\$ 0.72
Stock Price at 3/31/18	\$ 41.70
<b>Forward Dividend Yield</b>	<b>1.73%</b>

### DIVIDEND PAYOUT RATIO

	2018
Dividends per share	\$ 0.18
Earnings Per Share	\$ 0.74
<b>Dividend Payout Ratio</b>	<b>24.3%</b>



# Appendix – Non-GAAP Reconciliation

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

	2016	1Q17	2017	1Q18
<b>Total Risk-Based Capital (Subsidiary Bank Only)</b>				
Total Stockholders' Equity (GAAP)	\$ 973,641	\$ 993,130	\$ 1,404,303	\$ 1,414,109
Adjust for Accumulated Other Comprehensive (Income) Loss <sup>1</sup>	9,701	8,226	763	19,231
Less: Preferred Stock	(125)	(125)	(125)	(125)
Less: Tier 1 Capital Deductions	-	-	-	-
Less: Disallowed Goodwill and Intangible Assets	(248,656)	(250,047)	(463,618)	(467,070)
Less: Disallowed Deferred Tax Assets	-	-	-	(2,234)
Total Tier 1 Capital (Regulatory)	734,561	751,184	941,323	963,911
Allowance for Loan Losses Includible in Tier 2 Capital	66,037	68,225	75,032	76,420
Total Risk-Based Capital (Regulatory)	\$ 800,598	\$ 819,409	\$ 1,016,355	\$ 1,040,331
Construction, Land and Land Development Loans	\$ 418,703	\$ 336,931	\$ 612,219	\$ 590,093
<b>Concentration as a % of the Bank's Risk-Based Capital</b>	<b>52%</b>	<b>41%</b>	<b>60%</b>	<b>57%</b>
Construction, Land and Land Development Loans	\$ 418,703	\$ 336,931	\$ 612,219	\$ 590,093
Investment Real Estate Loans	1,272,415	1,423,792	1,617,943	1,760,226
Total Construction and Investment RE Loans	\$ 1,691,118	\$ 1,760,723	\$ 2,230,162	\$ 2,350,319
<b>Concentration as a % of the Bank's Risk-Based Capital</b>	<b>211%</b>	<b>215%</b>	<b>219%</b>	<b>226%</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):**

	2Q17	3Q17	4Q17	1Q18
Loans Held for Sale (GAAP)	\$ 4,036	\$ 4,514	\$ 7,216	\$ 4,469
Loans (GAAP)	5,613,144	6,483,448	6,751,199	6,901,696
Total Loans	5,617,180	6,487,962	6,758,415	6,906,165
Less: Purchased Loans	(762,893)	(1,395,368)	(1,258,386)	(1,136,711)
Non-Purchased Loans (non-GAAP)	\$ 4,854,287	\$ 5,092,594	\$ 5,500,029	\$ 5,769,454
Allowance for Loan Losses (GAAP)	\$ 70,471	\$ 73,354	\$ 75,032	\$ 76,420
Fair Value Adjustment (FVA) (GAAP)	29,664	50,434	46,304	43,121
Allowance plus FVA (non-GAAP)	\$ 100,135	\$ 123,788	\$ 121,336	\$ 119,541
Purchased Loans (GAAP)	\$ 762,893	\$ 1,395,368	\$ 1,258,386	\$ 1,136,711
Fair Value Adjustment (FVA) (GAAP)	29,664	50,434	46,304	43,121
Purchased Loans plus FVA (non-GAAP)	\$ 792,557	\$ 1,445,802	\$ 1,304,690	\$ 1,179,832
<b>Allowance as a Percentage of Non-Purchased Loans (non-GAAP)</b>	<b>1.45%</b>	<b>1.44%</b>	<b>1.36%</b>	<b>1.32%</b>
<b>FVA as a Percentage of Purchased Loans plus FVA (non-GAAP)</b>	<b>3.74%</b>	<b>3.49%</b>	<b>3.55%</b>	<b>3.65%</b>



