



First Merchants Corporation

THE STRENGTH OF BIG THE SERVICE OF SMALL

1st Quarter 2017 Earnings Highlights April 27, 2017



Michael C. Rechin
President
Chief Executive Officer

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

John J. Martin
Executive Vice President
Chief Credit Officer

NASDAQ: FRME

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.

1st Quarter 2017 Highlights

- Earnings Per Share of \$.56, a 30.2% Increase over 1Q2016
- \$23.2 Million of Net Income, a 31.1% Increase over 1Q2016
- Total Assets of \$7.3 Billion Grew Organically by 7.8% over 1Q2016
- 1.29% Return on Average Assets; 10.15% Return on Average Equity
- 52.61% Efficiency Ratio

Definitive Agreements Announced

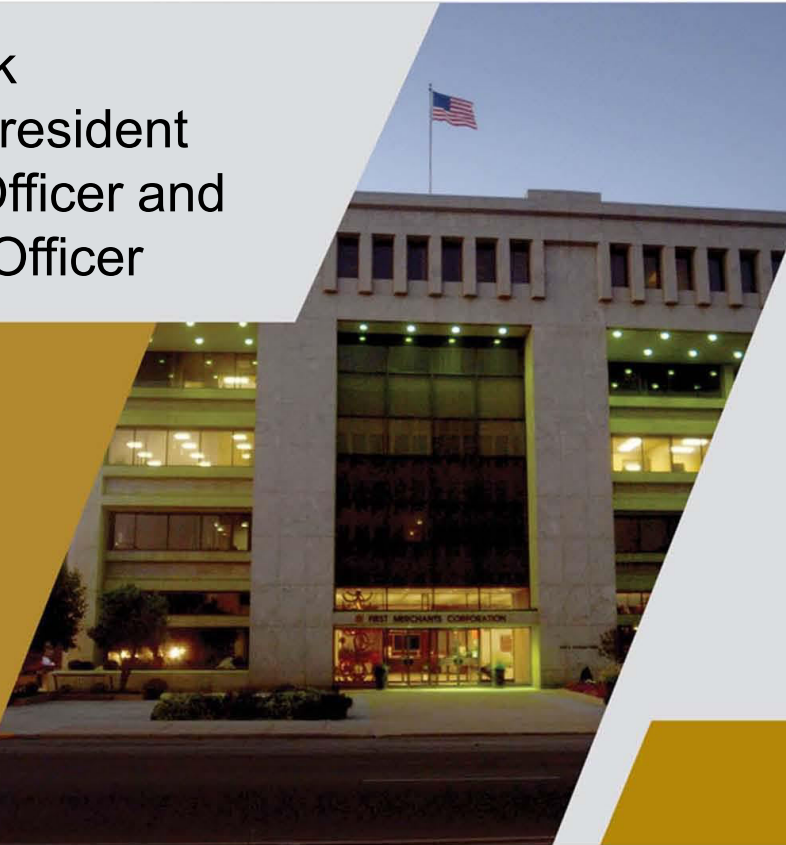
- The Arlington Bank on January 25, 2017
- Independent Alliance Banks, Inc. on February 17, 2017



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Total Assets

	<u>2015</u>	<u>2016</u>	<u>Q1-'16</u>	<u>Q1-'17</u>
1. Investments	\$1,277	\$1,305	\$1,271	\$1,327
2. Loans Held for Sale	10	3	4	1
3. Loans	4,694	5,140	4,710	5,275
4. Allowance	(62)	(66)	(62)	(68)
5. CD&I & Goodwill	260	259	262	258
6. BOLI	201	202	201	203
7. Other	<u>381</u>	<u>369</u>	<u>413</u>	<u>330</u>
8. Total Assets	<u>\$6,761</u>	<u>\$7,212</u>	<u>\$6,799</u>	<u>\$7,326</u>

Annualized Asset Growth

6.7%

6.3%*

*Annualized from 12.31.2016

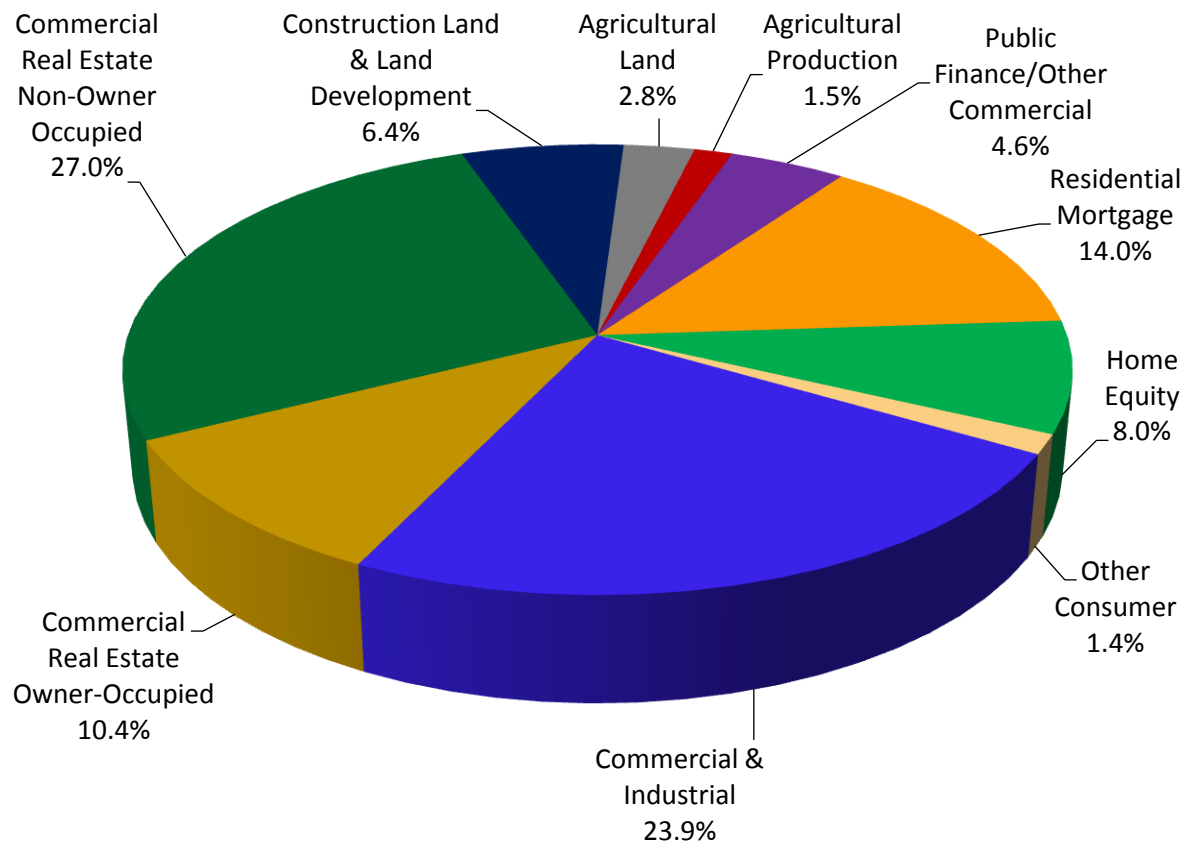
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Loan and Yield Detail

(as of 3/31/2017)

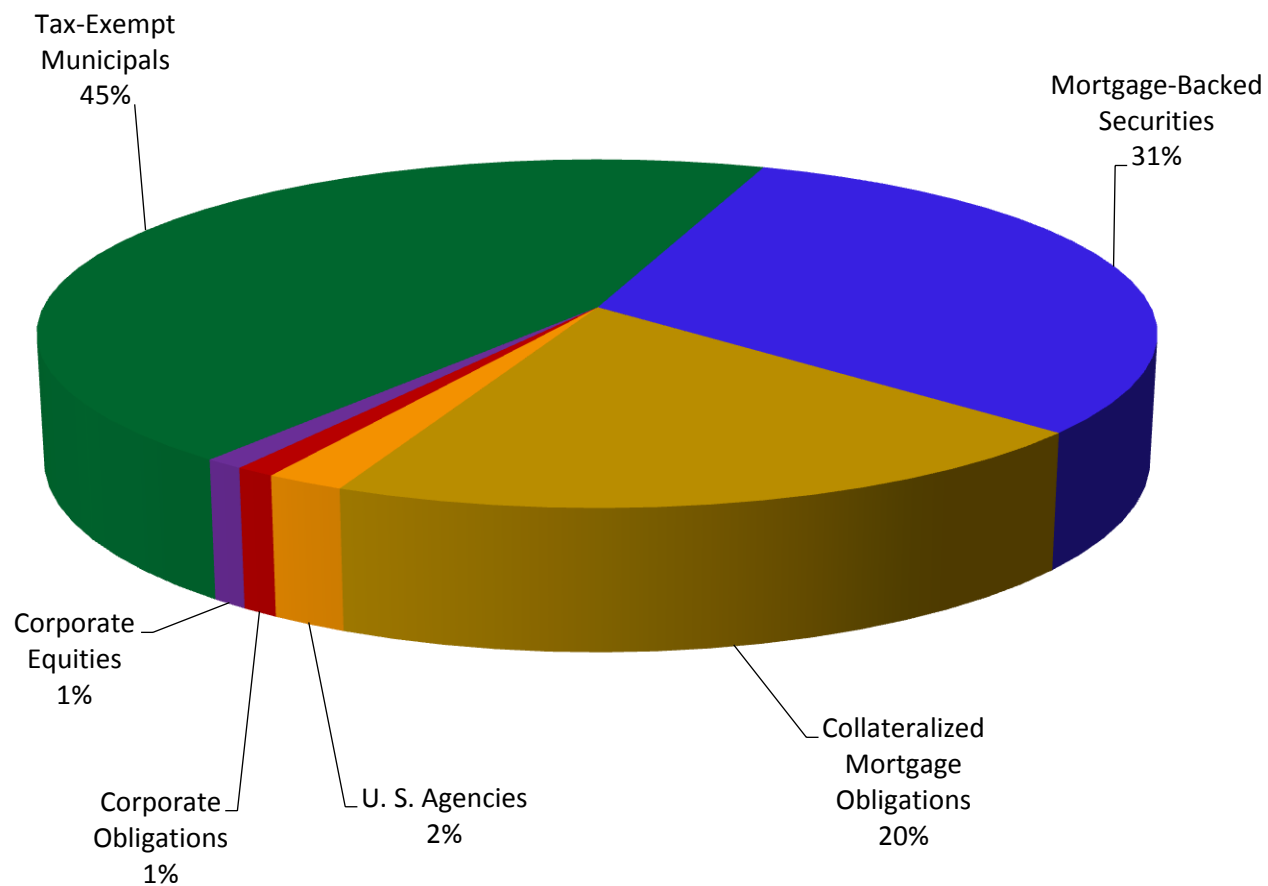
YTD Yield = 4.63%

Total Loans = \$5.3 Billion



Investment Portfolio

(as of 3/31/2017)



- \$1.3 Billion Portfolio
- Modified duration of 4.9 years
- Tax equivalent yield of 3.88%
- Net unrealized gain of \$24.2 Million

Total Liabilities and Capital

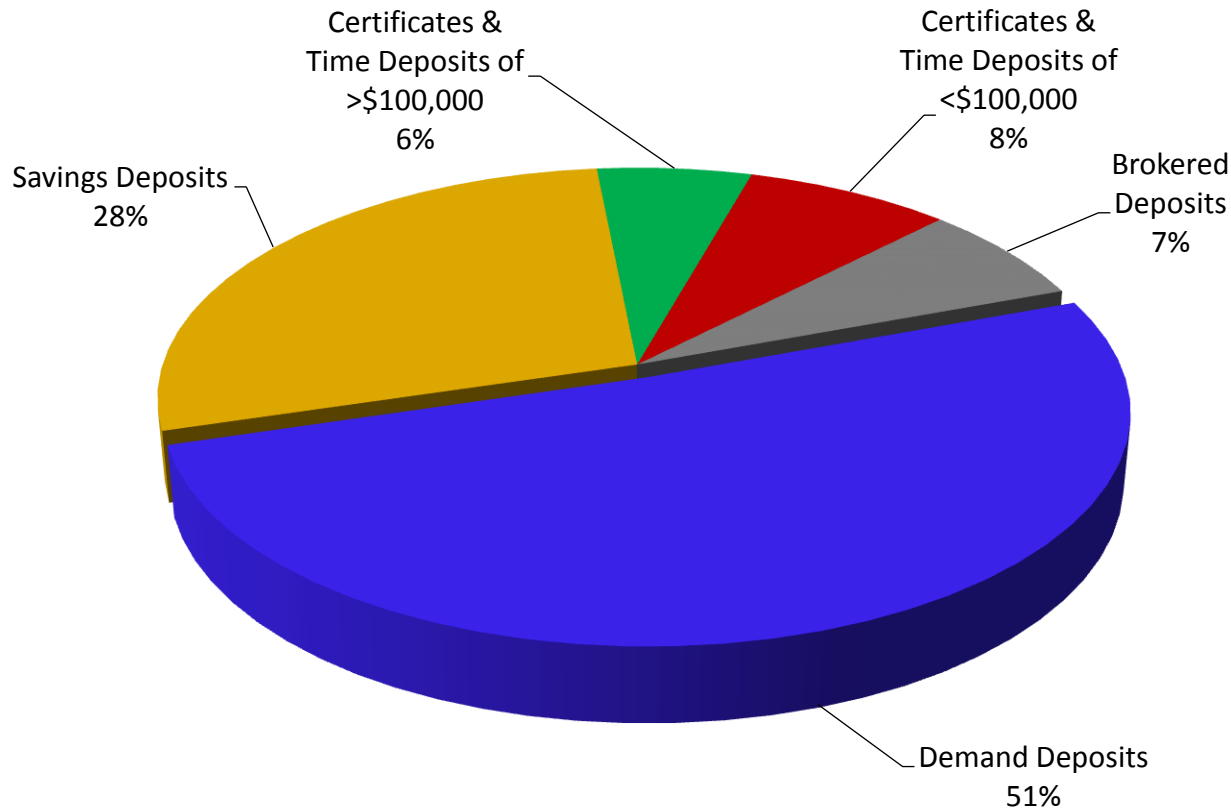
(\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>Q1-'16</u>	<u>Q1-'17</u>
1. Customer Non-Maturity Deposits	\$4,096	\$4,428	\$4,140	\$4,426
2. Customer Time Deposits	880	747	841	789
3. Brokered Deposits	314	381	330	420
4. Borrowings	446	572	420	587
5. Other Liabilities	51	60	79	53
6. Hybrid Capital	123	122	122	122
7. Common Equity	<u>851</u>	<u>902</u>	<u>867</u>	<u>929</u>
8. Total Liabilities and Capital	<u>\$6,761</u>	<u>\$7,212</u>	<u>\$6,799</u>	<u>\$7,326</u>

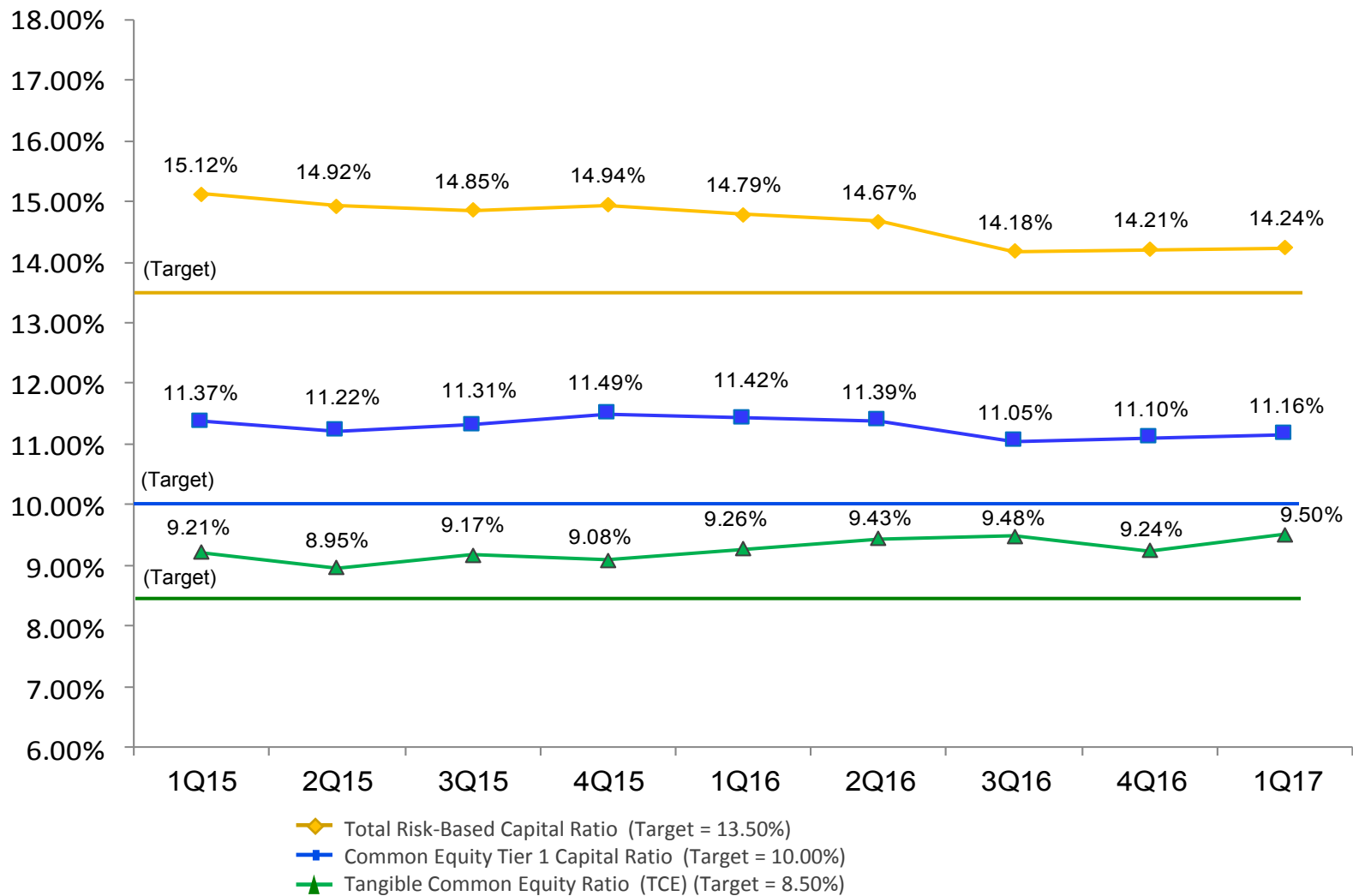
Deposit Detail

(as of 3/31/2017)

YTD Cost = .39%
 Total = \$5.6 Billion



Capital Ratios

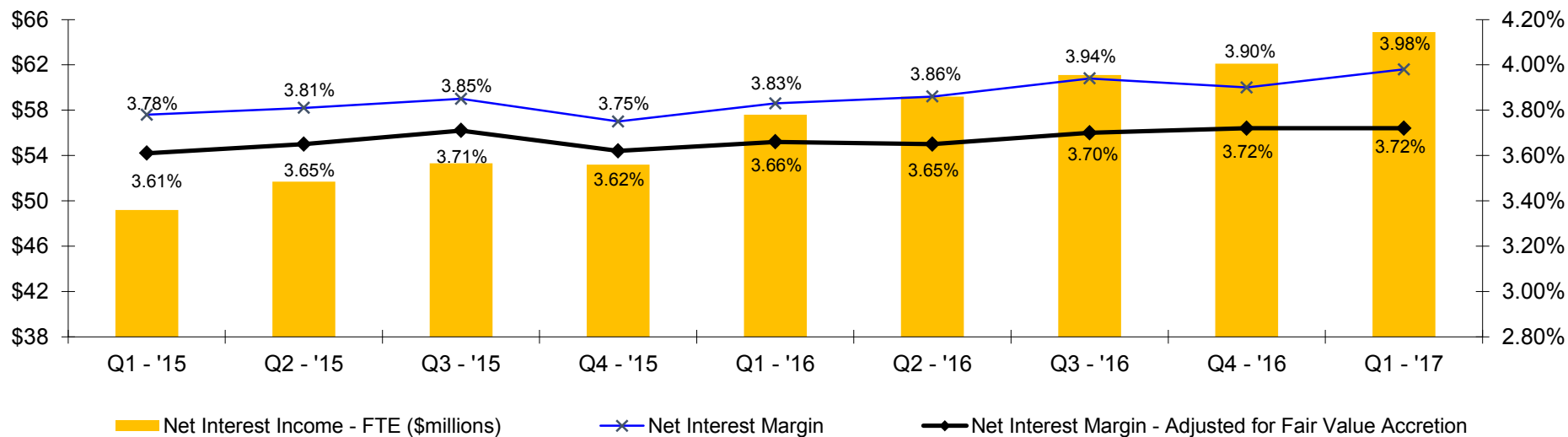


Net Interest Margin

(\$ in Millions)

Q1 - '15 Q2 - '15 Q3 - '15 Q4 - '15 Q1 - '16 Q2 - '16 Q3 - '16 Q4 - '16 Q1 - '17

Net Interest Income - FTE	\$ 49.2	\$ 51.7	\$ 53.3	\$ 53.2	\$ 57.6	\$ 59.2	\$ 61.1	\$ 62.1	\$ 64.9
Fair Value Accretion	\$ 2.2	\$ 2.2	\$ 2.0	\$ 1.9	\$ 2.5	\$ 3.2	\$ 3.8	\$ 2.9	\$ 4.3
Tax Equivalent Yield on Earning Assets	4.24%	4.26%	4.30%	4.20%	4.28%	4.30%	4.37%	4.32%	4.42%
Cost of Supporting Liabilities	0.46%	0.45%	0.45%	0.45%	0.45%	0.44%	0.43%	0.42%	0.44%
Net Interest Margin	3.78%	3.81%	3.85%	3.75%	3.83%	3.86%	3.94%	3.90%	3.98%



Non-Interest Income

(\$ in Millions)	<u>2015</u>	<u>2016</u>	<u>Q1-'16</u>	<u>Q1-'17</u>
1. Service Charges on Deposit Accounts	\$16.2	\$17.8	\$ 4.1	\$ 4.2
2. Wealth Management Fees	11.3	12.6	3.1	3.4
3. Insurance Commission Income	4.1	—	—	—
4. Card Payment Fees	13.4	15.0	3.8	3.7
5. Cash Surrender Value of Life Ins	2.9	4.3	1.5	0.9
6. Gains on Sales Mortgage Loans	6.5	7.1	1.5	1.3
7. Securities Gains/Losses	2.7	3.4	1.0	0.6
8. Gain on Sale of Insurance Subsidiary	8.3	—	—	—
9. Gain on Cancellation of Trust Preferred Debt	1.3	—	—	—
10. Other	<u>3.1</u>	<u>5.0</u>	<u>0.8</u>	<u>0.8</u>
11. Total	<u>\$69.8</u>	<u>\$65.2</u>	<u>\$15.8</u>	<u>\$14.9</u>

Non-Interest Expense

(\$ in Millions)	<u>2015</u>	<u>2016</u>	<u>Q1-'16</u>	<u>Q1-'17</u>
1. Salary & Benefits	\$101.9	\$102.6	\$ 27.3	\$ 25.7
2. Premises & Equipment	25.5	29.5	7.3	7.0
3. Core Deposit Intangible	2.8	3.9	1.0	0.9
4. Professional & Other Outside Services	9.9	6.5	2.2	1.7
5. OREO/Credit-Related Expense	3.9	2.9	0.7	0.5
6. FDIC Expense	3.7	3.0	1.0	0.6
7. Outside Data Processing	7.1	9.2	2.1	2.6
8. Marketing	3.5	3.0	0.7	0.6
9. Other	<u>16.5</u>	<u>16.7</u>	<u>4.1</u>	<u>3.5</u>
10. Non-Interest Expense	<u>\$174.8</u>	<u>\$177.3</u>	<u>\$ 46.4</u>	<u>\$43.1</u>

Earnings

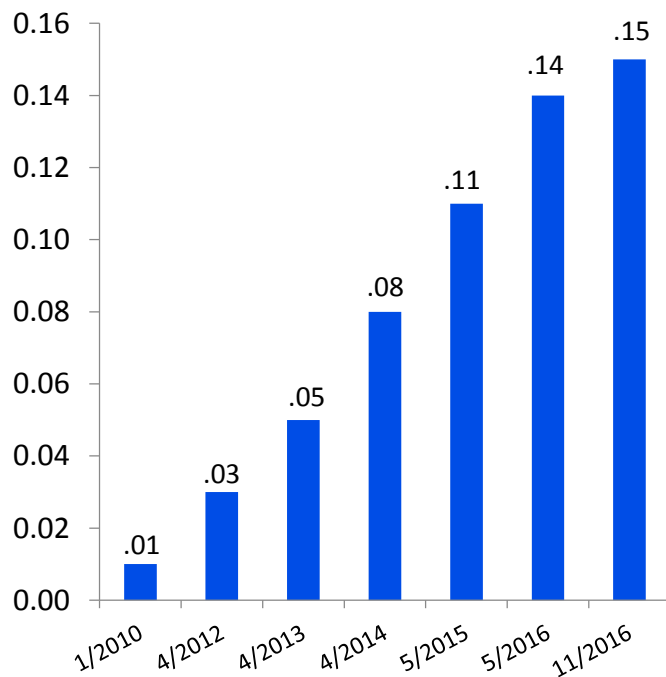
(\$ in Millions)	<u>2015</u>	<u>2016</u>	<u>Q1-'16</u>	<u>Q1-'17</u>
1. Net Interest Income	\$196.4	\$226.5	\$ 54.5	\$ 61.0
2. Provision for Loan Losses	<u>(0.4)</u>	<u>(5.7)</u>	<u>(0.6)</u>	<u>(2.4)</u>
3. Net Interest Income after Provision	196.0	220.8	53.9	58.6
4. Non-Interest Income	69.8	65.2	15.8	14.9
5. Non-Interest Expense	<u>(174.8)</u>	<u>(177.3)</u>	<u>(46.4)</u>	<u>(43.1)</u>
6. Income before Income Taxes	91.0	108.7	23.3	30.4
7. Income Tax Expense	<u>(25.6)</u>	<u>(27.6)</u>	<u>(5.6)</u>	<u>(7.2)</u>
8. Net Income Avail. for Distribution	<u>\$ 65.4</u>	<u>\$ 81.1</u>	<u>\$ 17.7</u>	<u>\$ 23.2</u>
9. EPS	\$ 1.72	\$ 1.98	\$ 0.43	\$ 0.56
10. Efficiency Ratio	61.19%	56.51%	61.78%	52.61%

Per Share Results

<u>2016</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Total</u>
1. Earnings Per Share	\$.43	\$.49	\$.51	\$.55	\$ 1.98
2. Dividends	\$.11	\$.14	\$.14	\$.15	\$.54
3. Tangible Book Value	\$15.02	\$15.53	\$15.86	\$15.85	
<u>2017</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Total</u>
1. Earnings Per Share	\$.56	—	—	—	\$.56
2. Dividends	\$.15	—	—	—	\$.15
3. Tangible Book Value	\$ 16.49	—	—	—	

Dividends and Tangible Book Value

Quarterly Dividends

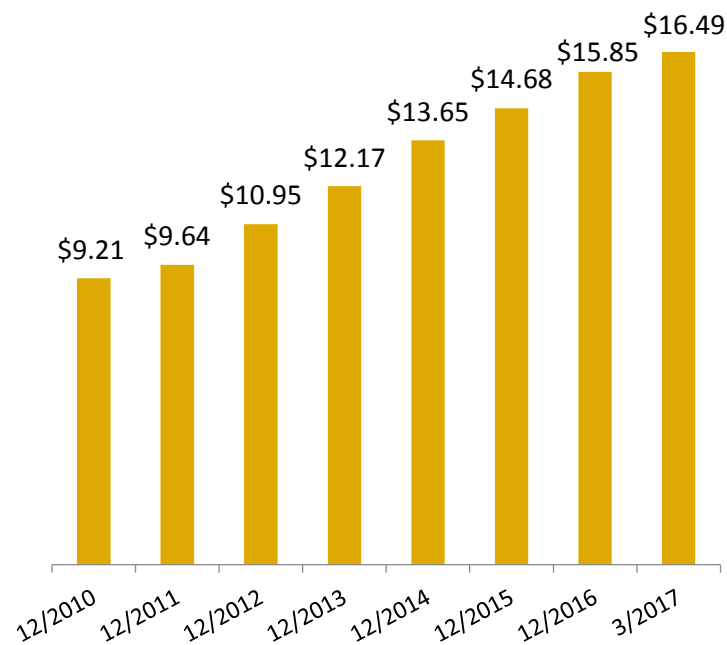


1.53%
Forward
Dividend
Yield

=

26.8%
Dividend
Payout Ratio

Tangible Book Value





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and Chief Credit Officer



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Loan Portfolio Trends

(\$ in Millions)

					Change Year End		Change Year Over Year	
	<u>2015</u>	<u>2016</u>	<u>Q1-'16</u>	<u>Q1-'17</u>	<u>\$</u>	<u>%</u>	<u>\$</u>	<u>%</u>
1. Commercial & Industrial	\$ 1,057	\$ 1,195	\$ 1,061	\$ 1,259	\$ 64	5.4%	\$ 198	18.7%
2. Construction, Land and Land Development	367	419	392	337	(82)	(19.6%)	(55)	(14.0%)
3. CRE Non-Owner Occupied	1,090	1,272	1,106	1,423	151	11.9%	317	28.7%
4. CRE Owner Occupied	554	531	544	549	18	3.4%	5	0.9%
5. Agricultural Production	98	80	92	77	(3)	(3.8%)	(15)	(16.3%)
6. Agricultural Land	158	149	155	146	(3)	(2.0%)	(9)	(5.8%)
7. Residential Mortgage	786	739	770	738	(1)	(0.1%)	(32)	(4.2%)
8. Home Equity	349	419	354	424	5	1.2%	70	19.8%
9. Public Finance/Other Commercial	160	258	162	244	(14)	(5.4%)	82	50.6%
10. Other Consumer	<u>75</u>	<u>78</u>	<u>74</u>	<u>78</u>	<u>0</u>	0.0%	<u>4</u>	5.4%
11. Total Loans	\$ 4,694	\$ 5,140	\$ 4,710	\$ 5,275	\$ 135	2.6%	\$ 565	12.0%
12. Construction Concentration ¹	49.6%	52.3%	52.3%	41.1%				
13. Investment RE Concentration ¹	197.0%	211.2%	200.3%	214.9%				

•Net \$69 million
Construction and
CRE NOO growth

•Combined 4.1% Q1
growth

¹As a % of Risk Based Capital

Asset Quality Summary

(\$ in Millions)

	<u>2015</u>	<u>2016</u>	<u>Q1-'16</u>	<u>Q1-'17</u>	Change Year End		Change Year over Year	
					<u>\$</u>	<u>%</u>	<u>\$</u>	<u>%</u>
1. Non-Accrual Loans	\$ 31.4	\$ 30.0	\$ 36.7	\$ 27.9	\$ (2.1)	(7.0%)	\$ (8.8)	(24.0%)
2. Other Real Estate	17.3	9.0	15.6	8.3	(0.7)	(7.8%)	(7.3)	(46.8%)
3. Renegotiated Loans	1.9	4.7	1.0	0.9	(3.8)	(80.9%)	(0.1)	(10.0%)
4. 90+ Days Delinquent Loans	0.9	0.1	1.0	0.1	0.0	0.0%	(0.9)	(90.0%)
5. Total NPAs & 90+ Days Delinquent	\$ 51.5	\$ 43.8	\$ 54.3	\$ 37.2	\$ (6.6)	(15.1%)	\$ (17.1)	(31.5%)
6. Total NPAs & 90+ Days/Loans & ORE	1.1%	0.9%	1.2%	0.7%				
7. Classified Assets	\$ 171.8	\$ 174.1	\$ 170.9	\$ 173.9	\$ (0.2)	(0.1%)	\$ 3.0	1.8%
8. Criticized Assets (includes Classified)	\$ 275.0	\$ 292.6	\$ 305.8	\$ 304.3	\$ 11.7	4.0%	\$ (1.5)	(0.5%)

Non-Performing Asset Reconciliation

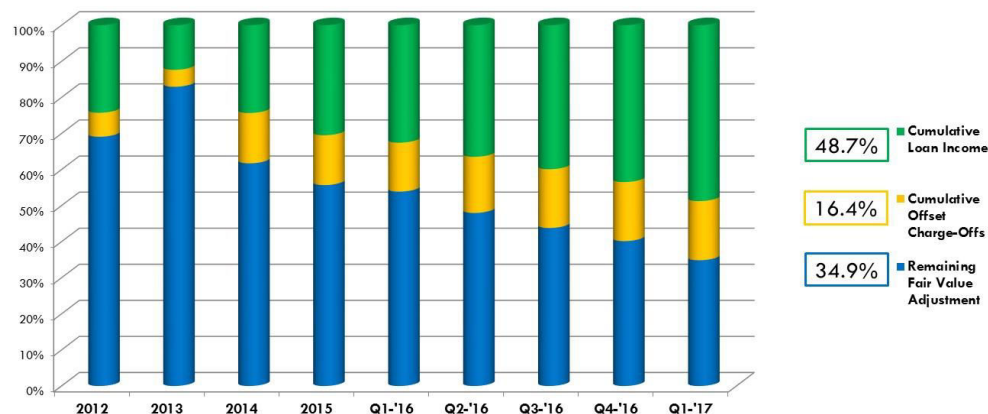
(\$ in Millions)

	<u>Q2-'16</u>	<u>Q3-'16</u>	<u>Q4-'16</u>	<u>Q1-'17</u>
1. Beginning Balance NPAs & 90+ Days Delinquent	\$ 54.3	\$ 51.5	\$ 49.9	\$ 43.8
Non-Accrual				
2. Add: New Non-Accruals	3.6	6.0	4.3	2.5
3. Less: To Accrual/Payoff/Renegotiated	(4.5)	(3.2)	(6.5)	(2.6)
4. Less: To OREO	(0.2)	(0.4)	(0.9)	(0.5)
5. Less: Charge-offs	<u>(2.0)</u>	<u>(1.9)</u>	<u>(1.0)</u>	<u>(1.5)</u>
6. Increase / (Decrease): Non-Accrual Loans	(3.1)	0.5	(4.1)	(2.1)
Other Real Estate Owned (ORE)				
7. Add: New ORE Properties	0.2	0.4	0.9	0.5
8. Less: ORE Sold	(2.1)	(3.1)	(1.5)	(1.0)
9. Less: ORE Losses (write-downs)	<u>(0.5)</u>	<u>(0.3)</u>	<u>(0.6)</u>	<u>(0.2)</u>
10. Increase / (Decrease): ORE	(2.4)	(3.0)	(1.2)	(0.7)
11. Increase / (Decrease): 90+ Days Delinquent	(0.6)	1.2	(1.5)	0.0
12. Increase / (Decrease): Renegotiated Loans	<u>3.3</u>	<u>(0.3)</u>	<u>0.7</u>	<u>(3.8)</u>
13. Total NPAs & 90+ Days Delinquent Change	<u>(2.8)</u>	<u>(1.6)</u>	<u>(6.1)</u>	<u>(6.6)</u>
14. Ending Balance NPAs & 90+ Days Delinquent	\$ 51.5	\$ 49.9	\$ 43.8	\$ 37.2

ALLL and Fair Value Summary

(\$ in Millions)	<u>Q2-'16</u>	<u>Q3-'16</u>	<u>Q4-'16</u>	<u>Q1-'17</u>
1. Beginning Allowance for Loan Losses (ALLL)	\$ 62.1	\$ 62.2	\$ 63.5	\$ 66.0
2. Net Charge-offs (Recoveries)	0.7	0.6	(0.1)	0.2
3. Provision Expense	<u>0.8</u>	<u>1.9</u>	<u>2.4</u>	<u>2.4</u>
4. Ending Allowance for Loan Losses (ALLL)	62.2	63.5	66.0	68.2
5. Fair Value Adjustment (FVA)	<u>42.3</u>	<u>37.9</u>	<u>34.9</u>	<u>30.6</u>
6. Total ALLL plus FVA	104.5	101.4	100.9	98.8
<hr/>				
7. Purchased Loans plus FVA	863.4	771.6	700.4	639.3
8. Specific Reserves	2.1	1.6	0.9	1.2
<hr/>				
9. ALLL/Non-Accrual Loans	185.3%	186.1%	220.1%	244.4%
10. ALLL/Non-Purchased Loans	1.56%	1.50%	1.47%	1.46%
11. ALLL/Loans	1.29%	1.28%	1.28%	1.29%
12. ALLL & FVA/Total Loan Balances plus FVA ¹	2.15%	2.02%	1.95%	1.86%

¹ Management uses this Non-GAAP measure to demonstrate coverage and credit risk



Asset Quality & Portfolio Summary

- Strong quarterly loan growth of \$135 million led by C&I and CRE.
- Construction and CRE portfolios are 41% and 215% of risk-based capital, respectively; well beneath regulatory guidelines.
- Total NPAs & 90 days decreased \$6.6 million this quarter dropping to .7% of loans and ORE.
- Provision expense of \$2.4 million for growth in loan portfolio.
- ALLL to Loans of 1.29% and to Non-Purchased Loans of 1.46%.



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FMC Strategy and Tactics Overview

Looking Forward . . .

- Execute on Closing and Integrating The Arlington Bank and Independent Alliance Bank, Inc. Transactions
- Continue to Win in our Markets – Geographic Community-Based Banking Model
- Continue Focus on Treasury Management Services for Deposit and Fee Generation
- Exploit Back-Office Infrastructure for Efficiency and Operating Leverage
- Build Out Specialty Finance Businesses and Lending Verticals
- Persistently Focus on Banking Center Optimization in Alignment with Digital Channels Migration
- Prepare to Successfully Cross the \$10 Billion Asset Level

“Responsive, Knowledgeable, High-Performing”

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

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Appendix



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Appendix – Non-GAAP Reconciliation

CAPITAL RATIOS (dollars in thousands):

	<u>1Q15</u>	<u>2Q15</u>	<u>3Q15</u>	<u>4Q15</u>	<u>1Q16</u>	<u>2Q16</u>	<u>3Q16</u>	<u>4Q16</u>	<u>1Q17</u>
<u>Total Risk-Based Capital Ratio</u>									
Total Stockholders' Equity (GAAP)	739,658	749,955	766,984	850,509	867,263	887,550	900,865	901,657	929,470
Adjust for Accumulated Other Comprehensive (Income) Loss ^a	1,915	6,490	3,614	1,362	(2,066)	(7,035)	(3,924)	13,581	3,722
Less: Preferred Stock	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)
Add: Qualifying Capital Securities	56,827	56,827	51,827	55,776	55,236	55,296	55,355	55,415	55,474
Less: Tier 1 Capital Deductions	(4,381)	(2,371)	(3,418)	(2,516)	(1,999)	(1,828)	(1,440)	(376)	(80)
Less: Disallowed Goodwill and Intangible Assets	(205,818)	(208,980)	(208,749)	(247,006)	(250,367)	(249,932)	(249,541)	(249,104)	(250,493)
Less: Disallowed Servicing Assets									
Less: Disallowed Deferred Tax Assets	(1,786)	(1,581)	(1,144)	(1,677)	(2,998)	(2,743)	(2,161)	(564)	(320)
Total Tier 1 Capital (Regulatory)	\$ 586,290	\$ 600,215	\$ 608,989	\$ 656,323	\$ 664,944	\$ 681,183	\$ 699,029	\$ 720,484	\$ 737,648
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	58,688	60,865	62,012	62,453	62,086	62,186	63,456	66,037	68,225
Total Risk-Based Capital (Regulatory)	\$ 709,978	\$ 726,080	\$ 736,001	\$ 783,776	\$ 792,030	\$ 808,369	\$ 827,485	\$ 851,521	\$ 870,873
Net Risk-Weighted Assets (Regulatory)	\$ 4,695,073	\$ 4,865,157	\$ 4,956,737	\$ 5,247,617	\$ 5,355,827	\$ 5,511,557	\$ 5,836,806	\$ 5,993,381	\$ 6,114,112
Total Risk-Based Capital Ratio (Regulatory)	15.12%	14.92%	14.85%	14.94%	14.79%	14.67%	14.18%	14.21%	14.24%
<u>Common Equity Tier 1 Capital Ratio</u>									
Total Tier 1 Capital (Regulatory)	\$ 586,290	\$ 600,215	\$ 608,989	\$ 656,323	\$ 664,944	\$ 681,183	\$ 699,029	\$ 720,484	\$ 737,648
Less: Qualified Capital Securities	(56,827)	(56,827)	(51,827)	(55,776)	(55,236)	(55,296)	(55,355)	(55,415)	(55,474)
Add: Additional Tier 1 Capital Deductions	4,381	2,371	3,418	2,516	1,999	1,828	1,440	376	80
Less: Preferred Stock									
Common Equity Tier 1 Capital (Regulatory)	\$ 533,844	\$ 545,759	\$ 560,580	\$ 603,063	\$ 611,707	\$ 627,715	\$ 645,114	\$ 665,445	\$ 682,254
Net Risk-Weighted Assets (Regulatory)	\$ 4,695,073	\$ 4,865,157	\$ 4,956,737	\$ 5,247,617	\$ 5,355,827	\$ 5,511,557	\$ 5,836,806	\$ 5,993,381	\$ 6,114,112
Common Equity Tier 1 Capital Ratio (Regulatory)	11.37%	11.22%	11.31%	11.49%	11.42%	11.39%	11.05%	11.10%	11.16%

^a 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):

	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17
Total Stockholders' Equity (GAAP)	\$ 739,658	\$ 749,955	\$ 766,984	\$ 850,509	\$ 867,263	\$ 887,550	\$ 900,865	\$ 901,657	\$ 929,470
Less: Preferred Stock	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)
Less: Intangible Assets	(218,033)	(220,196)	(219,503)	(259,764)	(261,799)	(260,822)	(259,844)	(258,866)	(257,963)
Tangible Common Equity (non-GAAP)	\$ 521,500	\$ 529,634	\$ 547,356	\$ 590,620	\$ 605,339	\$ 626,603	\$ 640,896	\$ 642,666	\$ 671,382
Total Assets (GAAP)	\$ 5,877,521	\$ 6,140,308	\$ 6,189,797	\$ 6,761,003	\$ 6,798,539	\$ 6,906,418	\$ 7,022,352	\$ 7,211,611	\$ 7,326,193
Less: Intangibles Assets	(218,033)	(220,196)	(219,503)	(259,764)	(261,799)	(260,822)	(259,844)	(258,866)	(257,963)
Tangible Assets (non-GAAP)	\$ 5,659,488	\$ 5,920,112	\$ 5,970,294	\$ 6,501,239	\$ 6,536,740	\$ 6,645,596	\$ 6,762,508	\$ 6,952,745	\$ 7,068,230
Tangible Common Equity Ratio (non-GAAP)	9.21%	8.95%	9.17%	9.08%	9.26%	9.43%	9.48%	9.24%	9.50%

TANGIBLE COMMON EQUITY PER SHARE (dollars in thousands):

	4Q10	4Q11	4Q12	4Q13	4Q14	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17
Total Stockholders' Equity (GAAP)	\$ 454,408	\$ 514,467	\$ 552,236	\$ 634,923	\$ 726,827	\$ 850,509	\$ 867,263	\$ 887,550	\$ 900,865	\$ 901,657	\$ 929,470
Less: Preferred Stock	(67,880)	(90,783)	(90,908)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)
Less: Intangible Assets	(154,019)	(150,471)	(149,529)	(202,767)	(218,755)	(259,764)	(261,799)	(260,822)	(259,844)	(258,866)	(257,963)
Tax Benefit	2,907	2,224	2,249	4,973	6,085	6,278	6,753	6,453	6,204	5,930	5,659
Tangible Common Equity, Net of Tax (non-GAAP)	\$ 235,416	\$ 275,437	\$ 314,048	\$ 437,004	\$ 514,032	\$ 596,898	\$ 612,092	\$ 633,056	\$ 647,100	\$ 648,596	\$ 677,041
Shares Outstanding	25,574,251	28,559,707	28,692,616	35,921,761	37,669,948	40,664,258	40,749,340	40,772,896	40,799,025	40,912,697	41,047,543
Tangible Common Equity per Share (non-GAAP)	\$ 9.21	\$ 9.64	\$ 10.95	\$ 12.17	\$ 13.65	\$ 14.68	\$ 15.02	\$ 15.53	\$ 15.86	\$ 15.85	\$ 16.49

Appendix – Non-GAAP Reconciliation

EFFICIENCY RATIO (dollars in thousands):

	2015	1Q16	2016	1Q17
Non Interest Expense (GAAP)	\$ 174,806	\$ 46,475	\$ 177,359	\$ 43,099
Less: Core Deposit Intangible Amortization	(2,835)	(978)	(3,910)	(903)
Less: OREO and Foreclosure Expenses	(3,956)	(751)	(2,877)	(531)
Adjusted Non Interest Expense (non-GAAP)	<u>168,015</u>	<u>44,746</u>	<u>170,572</u>	<u>41,665</u>
Net Interest Income (GAAP)	196,404	54,455	226,473	60,999
Plus: Fully Taxable Equivalent Adjustment	10,975	3,136	13,541	3,950
Net Interest Income on a Fully Taxable Equivalent Basis (non-GAAP)	<u>207,379</u>	<u>57,591</u>	<u>240,014</u>	<u>64,949</u>
Non Interest Income (GAAP)	69,868	15,837	65,203	14,846
Less: Investment Securities Gains (Losses)	(2,670)	(997)	(3,389)	(598)
Adjusted Non Interest Income (non-GAAP)	<u>67,198</u>	<u>14,840</u>	<u>61,814</u>	<u>14,248</u>
Adjusted Revenue (non-GAAP)	<u>274,577</u>	<u>72,431</u>	<u>301,828</u>	<u>79,197</u>
Efficiency Ratio (non-GAAP)	61.19%	61.78%	56.51%	52.61%

FORWARD DIVIDEND YIELD

	<u>1Q17</u>
Most recent quarter's dividend per share	\$ 0.15
Most recent quarter's dividend per share - Annualized	\$ 0.60
Stock Price at 3/31/17	\$ 39.32
Forward Dividend Yield	1.53%

DIVIDEND PAYOUT RATIO

	<u>2017</u>
Dividends per share	\$ 0.15
Earnings Per Share	\$ 0.56
Dividend Payout Ratio	26.8%

Appendix – Non-GAAP Reconciliation

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

	2015		2016		1Q16		1Q17	
Total Risk-Based Capital (Subsidiary Bank Only)								
Total Stockholders' Equity (GAAP)	\$	927,774	\$	973,641	\$	945,283	\$	993,130
Adjust for Accumulated Other Comprehensive (Income) Loss ¹		(579)		9,701		(4,566)		8,226
Less: Preferred Stock		(125)		(125)		(125)		(125)
Less: Tier 1 Capital Deductions		(1,903)		-		(1,805)		-
Less: Disallowed Goodwill and Intangible Assets		(246,558)		(248,656)		(249,919)		(250,047)
Less: Disallowed Deferred Tax Assets		(1,269)		-		(2,708)		-
Total Tier 1 Capital (Regulatory)		677,340		734,561		686,160		751,184
Allowance for Loan Losses includible in Tier 2 Capital		62,453		66,037		62,086		68,225
Total Risk-Based Capital (Regulatory)	\$	739,793	\$	800,598	\$	748,246	\$	819,409
Construction, Land and Land Development Loans	\$	366,704	\$	418,703	\$	391,621	\$	336,931
Concentration as a % of the Bank's Risk-Based Capital		49.6%		52.3%		52.3%		41.1%
Construction, Land and Land Development Loans	\$	366,704	\$	418,703	\$	391,621	\$	336,931
Investment Real Estate Loans		1,090,573		1,272,415		1,107,288		1,423,792
Total Construction and Investment RE Loans	\$	1,457,277	\$	1,691,118	\$	1,498,909	\$	1,760,723
Concentration as a % of the Bank's Risk-Based Capital		197.0%		211.2%		200.3%		214.9%

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

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

	2Q16		3Q16		4Q16		1Q17	
Loans Held for Sale (GAAP)	\$	18,854	\$	1,482	\$	2,929	\$	1,262
Loans (GAAP)		4,791,429		4,973,844		5,139,645		5,274,909
Total Loans		4,810,283		4,975,326		5,142,574		5,276,171
Less: Purchased Loans		(821,158)		(733,715)		(665,417)		(608,724)
Non-Purchased Loans (non-GAAP)	\$	3,989,125	\$	4,241,611	\$	4,477,157	\$	4,667,447
Allowance for Loan Losses (GAAP)	\$	62,186	\$	63,456	\$	66,037	\$	68,225
Fair Value Adjustment (FVA) (GAAP)		42,291		37,898		34,936		30,623
Allowance plus FVA (non-GAAP)	\$	104,477	\$	101,354	\$	100,973	\$	98,848
Total Loans	\$	4,810,283	\$	4,975,326	\$	5,142,574	\$	5,276,171
Fair Value Adjustment (FVA) (GAAP)		42,291		37,898		34,936		30,623
Total Loans plus FVA (non-GAAP)	\$	4,852,574	\$	5,013,224	\$	5,177,510	\$	5,306,794
Allowance as a Percentage of Non-Purchased Loans (non-GAAP)		1.56%		1.50%		1.47%		1.46%
Allowance plus FVA as a Percentage of Total Loans plus FVA (non-GAAP)		2.15%		2.02%		1.95%		1.86%