

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): February 16, 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: February 16, 2018

FIRST MERCHANTS CORPORATION

By: /s/ Mark K. Hardwick

Mark K. Hardwick

Executive Vice President,

Chief Financial Officer and Chief Operating Officer



# First Merchants Corporation

THE STRENGTH OF BIG THE SERVICE OF SMALL

4<sup>th</sup> Quarter 2017

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

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

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

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

**NASDAQ: FRME**

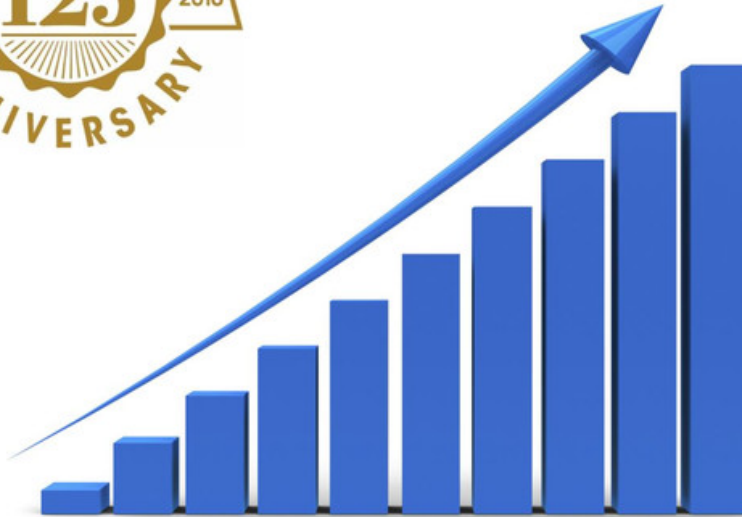
# Forward-Looking Statements

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.

# Why Invest in First Merchants?



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**Forbes | 2018  
BEST BANKS  
IN AMERICA**

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

(\$ in Thousands)

### Market Information

Common Shares Outstanding	49,158,238
Market Cap	\$2,067,595
Dividend Yield	1.64%
Price/Tangible Book Value	2.48x
Price/LTM EPS	19.8x
Price/2017 Est. EPS	18.7x

### Financial Highlights

Assets	\$9,367,478
Loans, Net	\$6,676,167
Deposits	\$7,172,530
Tangible Common Equity	\$ 826,834
TCE/TA	9.30%
2017 Net Income – YTD	\$ 96,070
2017 ROAA – YTD	1.17%
2017 ROATCE - YTD	13.30%
NPAs/Loans + OREO	0.59%

## Company Profile (as of 12/31/2017)

### First Merchants

- First Merchants Bank, formed in 1893, celebrating its 124<sup>th</sup> anniversary.
- First Merchants Corporation, organized in 1982, is the largest financial services holding company headquartered in Central Indiana

### Leadership Team – First Merchants

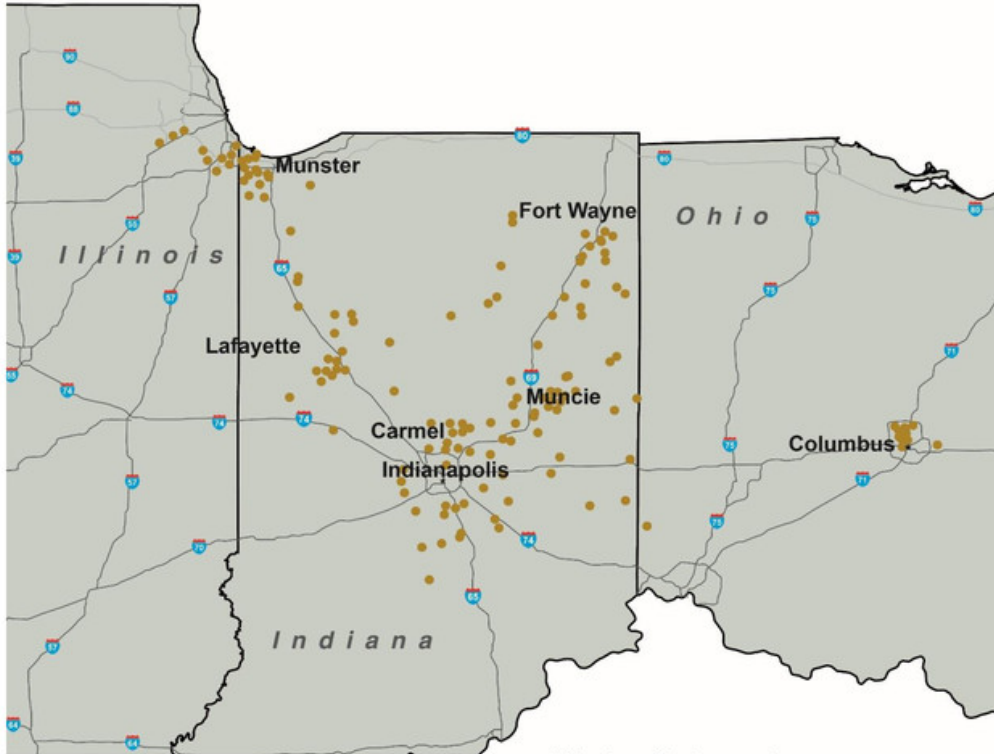
#### Name/Title

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
\$1,109M	Columbus	\$ 611M
718M	Fort Wayne	825M
2,559M	Indianapolis	1,820M
605M	Lafayette	1,024M
983M	Muncie	1,841M
777M	Northwest	1,052M
<b>\$6,751M</b>	<b>Total</b>	<b>\$7,173M</b>

*(as of December 31, 2017)*

### 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
  - Specialty Finance
  - Healthcare Services
  - Real Estate
  - Treasury Management Services
- Private Wealth Advisory (private banking, investment management, personal trust, brokerage, and retirement)



***“We specialize in our communities”***

# How We Deliver



## 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**

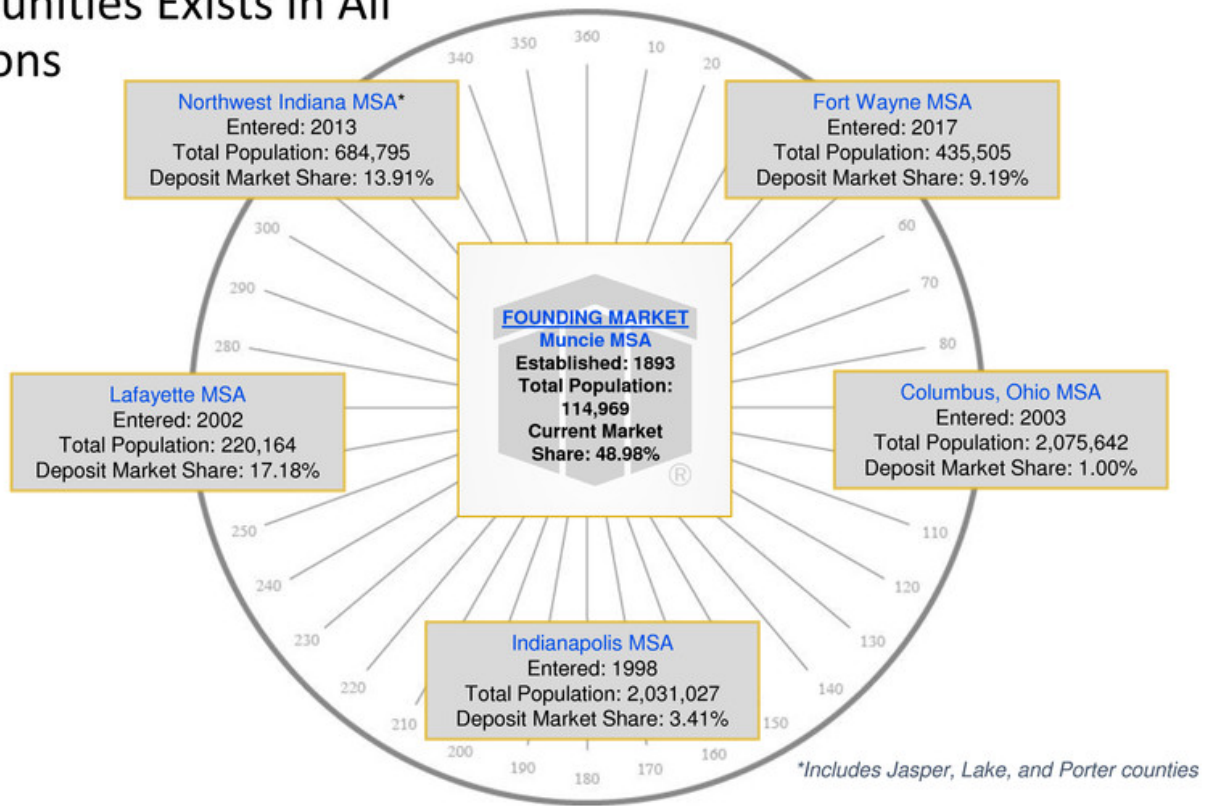
Lake & Porter, IN  
Cook & DuPage, IL

**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\*\*
- 1<sup>st</sup> in Midwest and 5<sup>th</sup> Nationally for Best State for Doing Business\*\*\*
- 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\*\*\*\*
- 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

\*IEDC  
\*\*S&P, Moody's & Fitch  
\*\*\*Chief Executive Magazine  
\*\*\*\*US News & World Reports



# 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

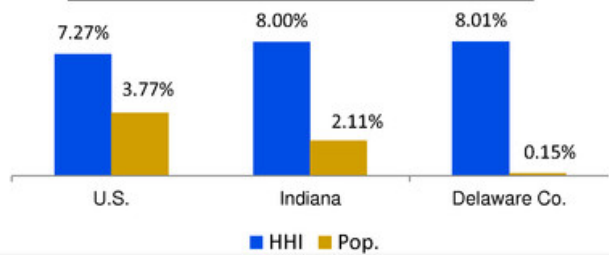
Delaware County, IN*				
Rank		Branches	Deposits	Mkt. Share
1	<b>First Merchants Corporation</b>	11	\$ 1,068,364	48.98%
2	Mutual First Financial	7	537,800	24.66%
3	J.P. Morgan Chase	4	238,666	10.94%
4	Old National Bancorp	4	199,567	9.15%
5	Star Financial Group	3	135,667	6.22%
6	Woodforest Financial Group	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



## 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 has grown 2% since 2010\*
- 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%
<b>5</b>	<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>	

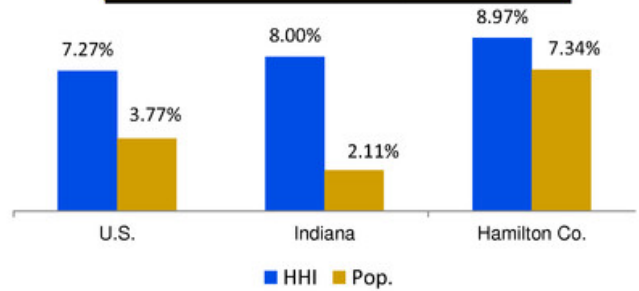
\*IBJ.com

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

**Notable Major Employers**



**Projected HHI & Pop. Change 2017-2022**



# Lafayette Market

- Ranked #1 in Indiana and #8 nationally, Fortune, Best Place for Small Business, based on cost of business, jobs growth, educational achievements
- 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 #17 of 200, New Geography, Best Cities for Manufacturing
- Home to Purdue University

**Tippecanoe County, IN\*\***

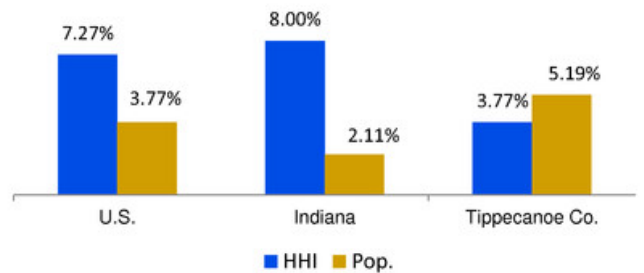
Rank		Branches	Deposits	Mkt. Share
1	JPMorgan Chase & Co.	6	\$ 824,748	31.85%
2	<b>First Merchants Corporation</b>	<b>9</b>	<b>504,153</b>	<b>19.47%</b>
3	Regions Financial Corp	6	311,047	12.01%
4	Old National Bancorp	5	259,975	10.04%
5	Horizon Bancorp	4	147,379	5.69%
6	Huntington Bancshares, Inc.	4	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**



**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\*\*

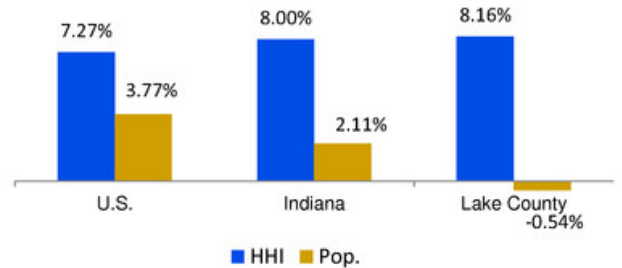
Lake County, IN*			
Rank	Branches	Deposits	Mkt. Share
1	JPMorgan Chase & Co.	\$ 1,947,270	21.89%
2	First Bancshares, Inc.	1,853,302	20.83%
3	First Midwest Bancorp	1,011,308	11.37%
4	First Financial Bancorp	776,948	8.76%
5	Northwest Indiana Bancorp	762,955	8.58%
<b>6</b>	<b>First Merchants Corporation</b>	<b>703,991</b>	<b>7.91%</b>
7	Fifth Third Bancorp	477,393	5.37%
8	BMO Financial Corp	476,600	5.36%
9	AMB Financial Corp	178,837	2.01%
10	PNC Financial Services Group	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.nwforum.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)

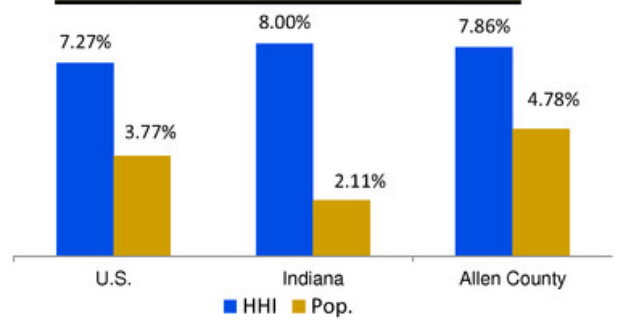
Allen County, IN*				
Rank		Branches	Deposits	Mkt. Share
1	Wells Fargo	13	\$ 1,860,166	27.59%
2	JP Morgan Chase & Co.	12	1,144,376	16.97%
3	Lakeland Financial Corp.	5	707,704	10.50%
4	PNC Financial Services Group	11	654,070	9.70%
5	<b>First Merchants Corporation</b>	<b>8</b>	<b>585,513</b>	<b>8.68%</b>
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

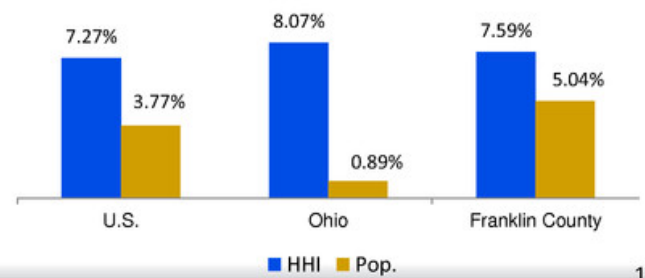
Franklin County, OH*				
Rank		Branches	Deposits	Mkt. Share
1	Huntington Bancshares	63	\$ 21,024,114	41.96%
2	JP Morgan Chares & Co	48	12,503,686	24.95%
3	PNC Financial Services Group	42	5,001,589	9.98%
4	Fifth Third Bancorp	41	4,365,885	8.71%
5	Key Corp	21	1,411,859	2.82%
6	U.S. Bancorp	33	1,149,694	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

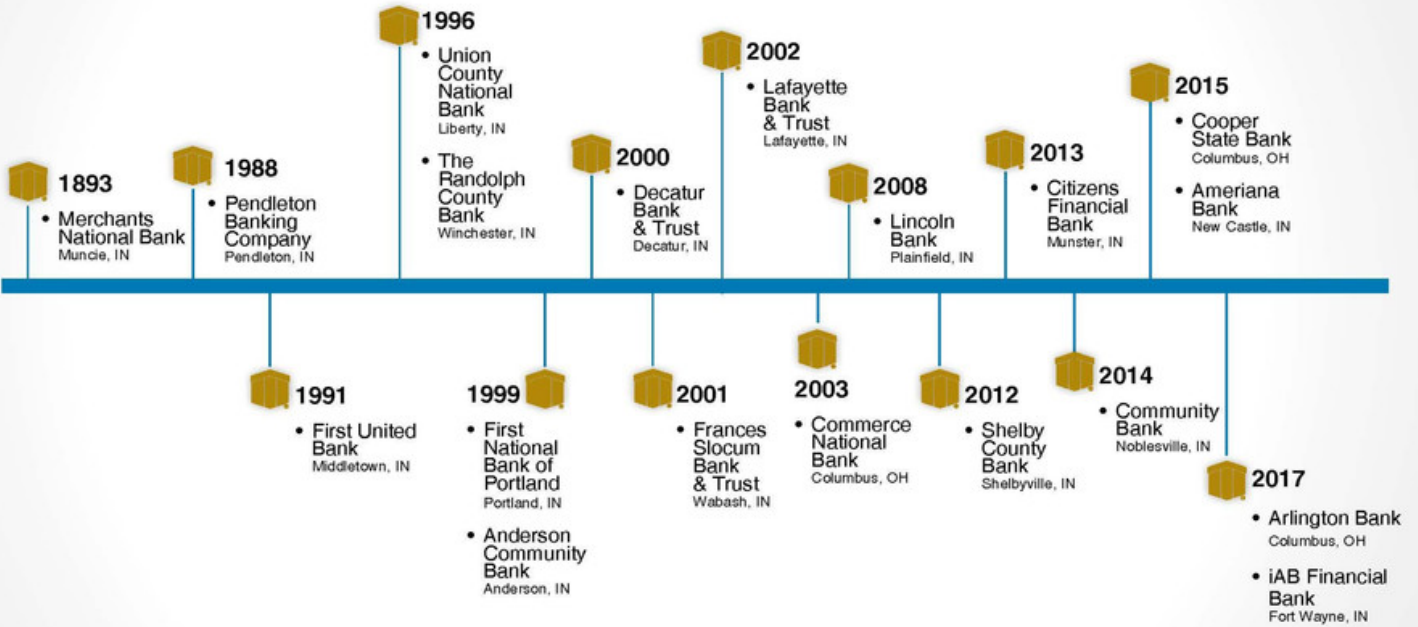
- Experienced Acquirer
- Expand in Current High-Growth Markets
- Extend into Additional High-Growth Markets
- Add to Franchise with Stable Deposit Gathering Markets



# 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:
 

<ul style="list-style-type: none"> <li>• Operations</li> </ul>	<ul style="list-style-type: none"> <li>• Credit Administration</li> </ul>
<ul style="list-style-type: none"> <li>• Risk Management</li> </ul>	<ul style="list-style-type: none"> <li>• Technology</li> </ul>
<ul style="list-style-type: none"> <li>• Project Management</li> </ul>	<ul style="list-style-type: none"> <li>• Vendor Management</li> </ul>
- Located off interstate, less than an hour north of Indianapolis, IN
- 60,000+ square feet of flexible space



### Strategic Vendor Partners



# Operational Delivery Highlights

## Customer, Digital Channel & Transaction Activity

➤ <b>Retail Households: 185K</b>	
➤ <b>Online Banking/Digital Channel</b> <ul style="list-style-type: none"> <li>• Consumer: 79K Users</li> <li>• 1.3M logins monthly</li> <li>• 13K bill pay users</li> <li>• 83K payments monthly</li> </ul>	➤ <b>Cash Management Annual Volume</b> <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: 45K Users</li> <li>• 24 average logins 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>	
➤ <b>Total Debit Cards</b> <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>	➤ <b>Commercial Remote Deposit Capture</b> <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>

## 4<sup>th</sup> Quarter 2017 Financial Highlights

- Earnings Per Share of \$.49
- \$24.4 Million of Net Income, a 9.4% increase over 4Q2016
- Includes \$6.5 Million in DTA write down and acquisition expenses, or \$.12 per share
- Net Interest Margin expands to 4.10% following December rate move
- Completed conversion of Independent Alliance Banks on November 12, 2017
- Winning marketplace execution delivering growth
  - Organic Loan Growth of \$270 Million, a 16.7% annualized growth rate
  - Organic Deposit Growth of \$262 Million, a 15.1% annualized growth rate

***“Record Level Results”***

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## Full Year 2017 Performance

- Record Net Income of \$96.1 Million, an 18.5% increase over 2016
- Earnings per share of \$2.12, a 7.1% increase over 2016; highest in Company's history
- Includes \$17.3 Million, or \$.29 per share of acquisition expense and DTA write down
- Total Assets of \$9.4 Billion; grew by 29.9% over 2016
- \$658 Million of organic loan growth for the year reflects a 12.8% growth rate
- Tangible Book Value increased to \$16.96 per share, or 7.0% over year-end 2016
- Franchise expansion through The Arlington Bank and Independent Alliance Banks acquisitions
- *Forbes* Magazine recognition as a Top 5 Ranking in "America's Best Banks"

***"Record Level Results"***

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## Total Assets

(\$ in Millions)	<u>2015</u>	<u>2016</u>	<u>2017</u>
1. Investments	\$1,277	\$1,305	\$1,561
2. Loans Held for Sale	10	3	7
3. Loans	4,694	5,140	6,751 <sup>1</sup>
4. Allowance	(62)	(66)	(75)
5. Goodwill & Intangibles	260	259	477
6. BOLI	201	202	224
7. Other	<u>381</u>	<u>369</u>	<u>422</u>
8. Total Assets	<u>\$6,761</u>	<u>\$7,212</u>	<u>\$9,367</u>
<b>Annualized Asset Growth</b>	<b>16.1%</b>	<b>6.7%</b>	<b>29.9%</b>

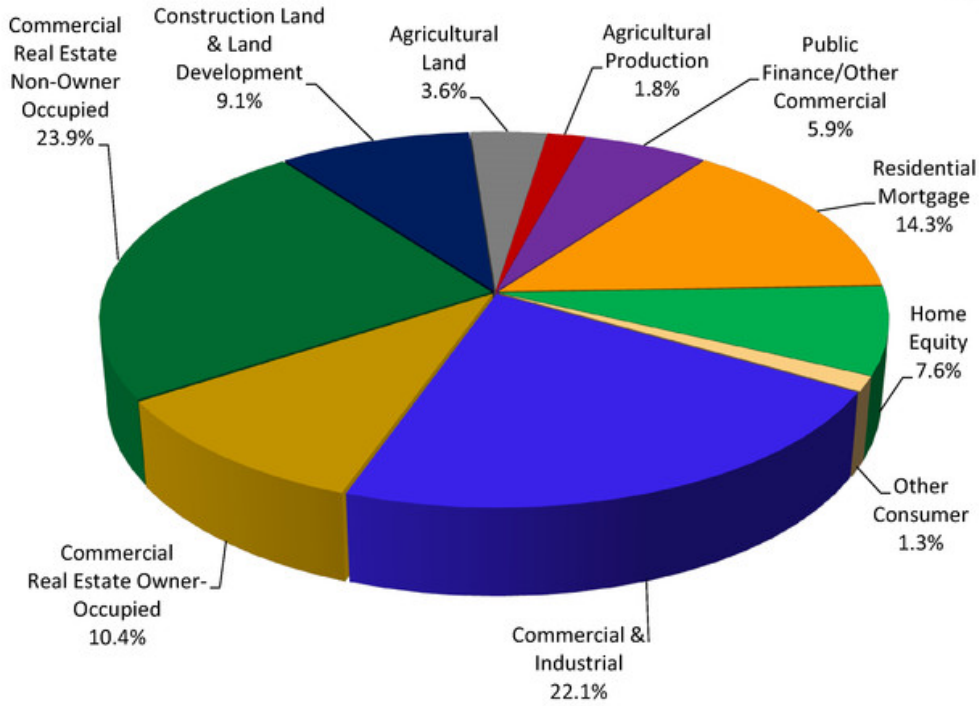
<sup>1</sup> 2017 Loans include acquired loans of \$225 from The Arlington Bank and \$725 from Independent Alliance Banks

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## Loan and Yield Detail

(as of 12/31/2017)

QTD Yield = 4.93%  
 YTD Yield = 4.76%  
 Total Loans = \$6.8 Billion



# CRE Loan Concentration

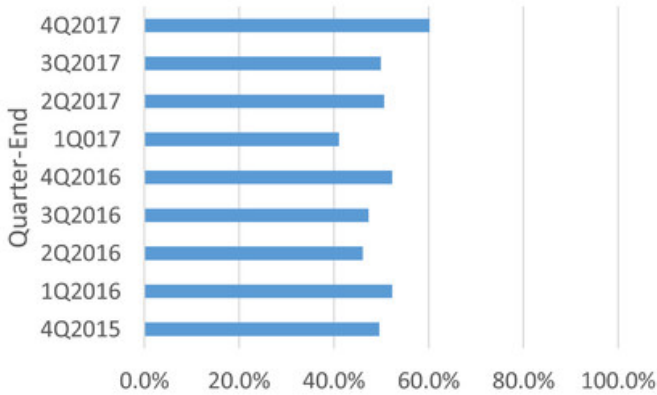
## First Merchants Results in Relation to FDIC Guidelines

FDIC GUIDELINES TO IDENTIFY INSTITUTIONS POTENTIALLY EXPOSED TO CRE RISK:

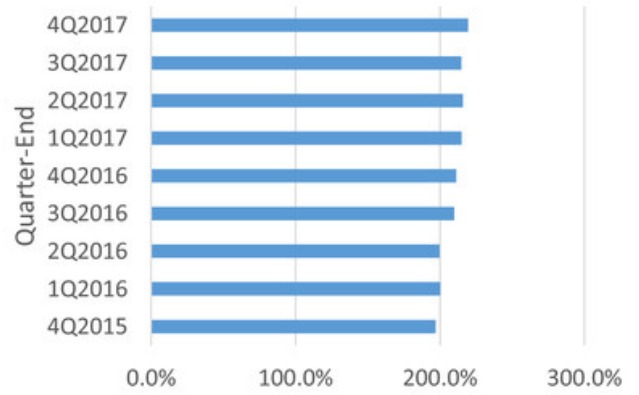
**Guideline 1:** Total loans for construction, land development, and other land representing 100% or more of total capital

**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**



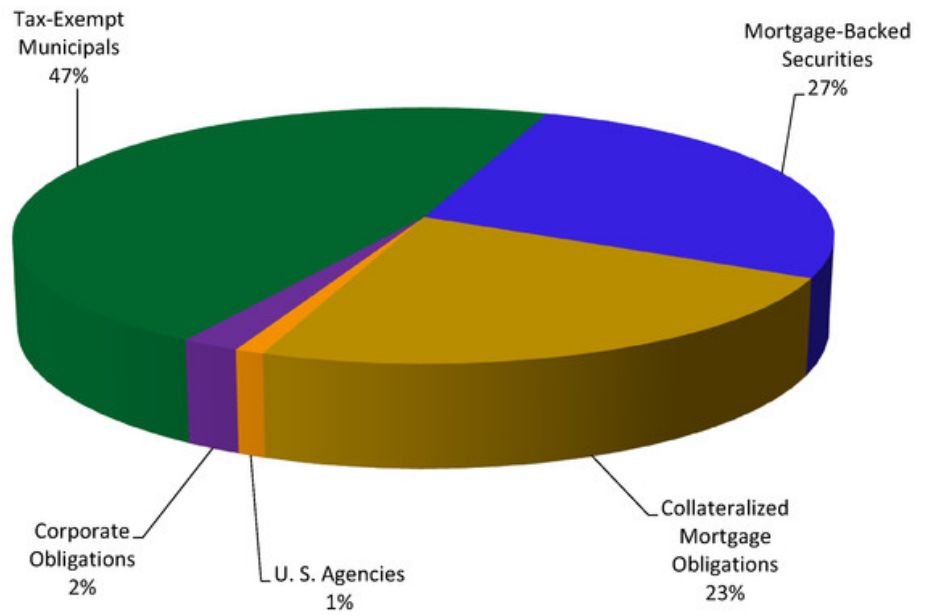
**GUIDELINE #2**





# Investment Portfolio

(as of 12/31/2017)



- \$1.6 Billion Portfolio
- Modified duration of 5.1 years
- Tax equivalent yield of 3.45%<sup>1</sup>
- Net unrealized gain of \$23.0 Million

<sup>1</sup> Using a Federal tax rate of 21%

## Total Liabilities and Capital

(\$ in Millions)	<u>2015</u>	<u>2016</u>	<u>2017</u>
1. Customer Non-Maturity Deposits	\$4,096	\$4,428	\$5,741 <sup>1</sup>
2. Customer Time Deposits	880	747	1,051 <sup>2</sup>
3. Brokered Deposits	314	381	381
4. Borrowings	446	572	701
5. Other Liabilities	51	60	57
6. Hybrid Capital	123	122	133
7. Common Equity	<u>851</u>	<u>902</u>	<u>1,303</u>
8. Total Liabilities and Capital	<u>\$6,761</u>	<u>\$7,212</u>	<u>\$9,367</u>

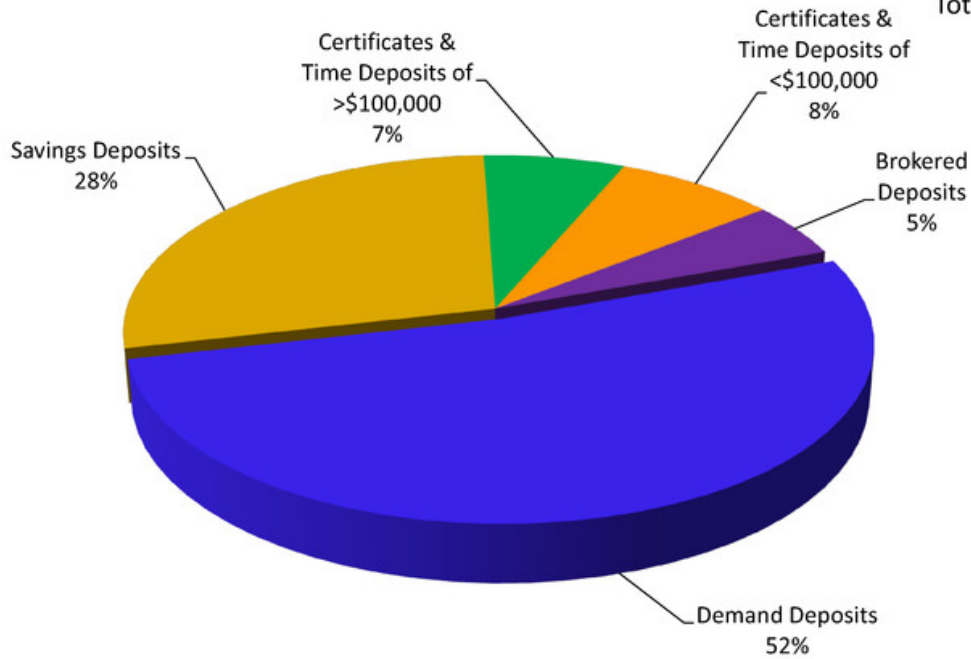
<sup>1</sup> 2017 includes acquired Non-Maturity Deposits of \$169 from The Arlington Bank and \$719 from Independent Alliance Banks

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

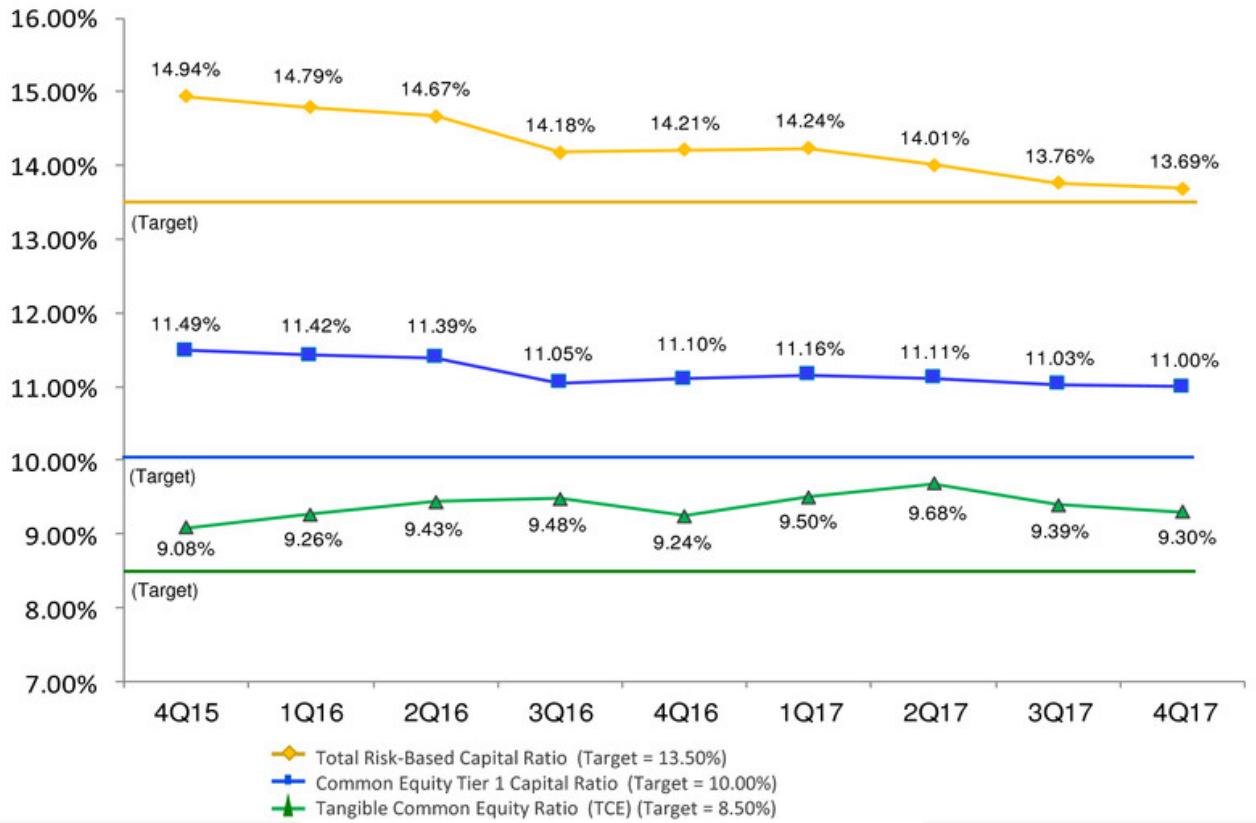
# Deposit Detail

(as of 12/31/2017)

QTD Cost	=	.58%
YTD Cost	=	.49%
Total	=	\$7.2 Billion

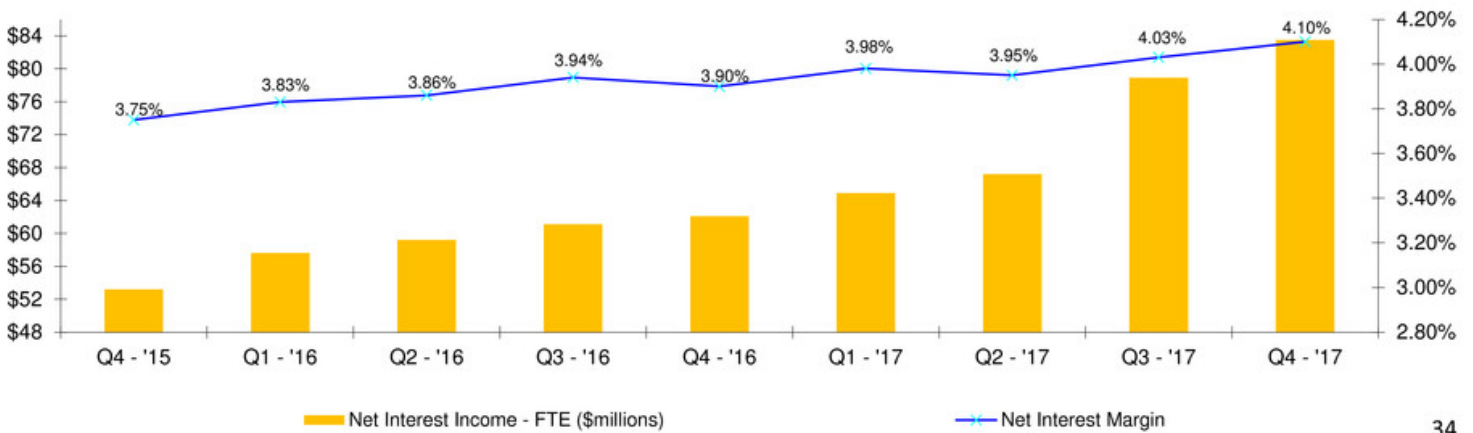


# Capital Ratios



# Net Interest Margin

	Q4 - '15	Q1 - '16	Q2 - '16	Q3 - '16	Q4 - '16	Q1 - '17	Q2 - '17	Q3 - '17	Q4 - '17
Net Interest Income - FTE (\$millions)	\$ 53.2	\$ 57.6	\$ 59.2	\$ 61.1	\$ 62.1	\$ 64.9	\$ 67.2	\$ 78.9	\$ 83.5
Fair Value Accretion	\$ 1.9	\$ 2.5	\$ 3.2	\$ 3.8	\$ 2.9	\$ 4.3	\$ 2.3	\$ 3.2	\$ 4.1
Tax Equivalent Yield on Earning Assets	4.20%	4.28%	4.30%	4.37%	4.32%	4.42%	4.44%	4.56%	4.67%
Cost of Supporting Liabilities	0.45%	0.45%	0.44%	0.43%	0.42%	0.44%	0.49%	0.53%	0.57%
Net Interest Margin	3.75%	3.83%	3.86%	3.94%	3.90%	3.98%	3.95%	4.03%	4.10%
Fair Value Accretion Effect	0.13%	0.17%	0.21%	0.24%	0.18%	0.26%	0.14%	0.17%	0.20%

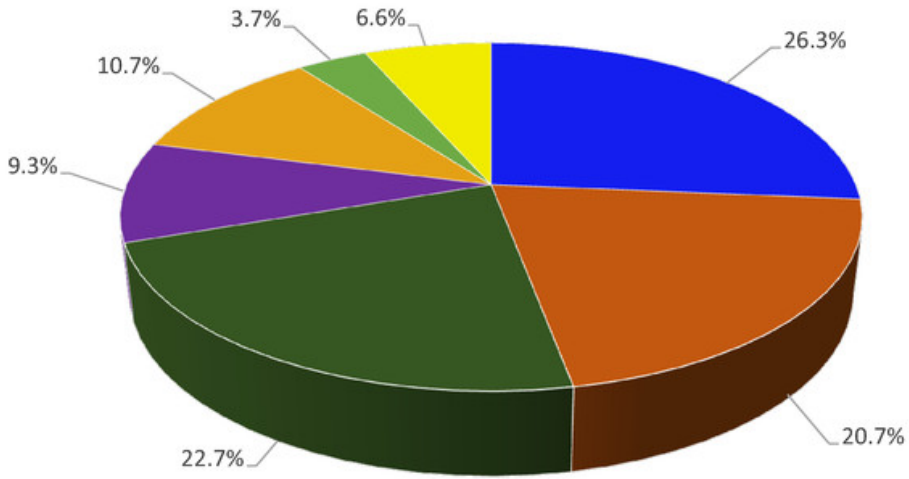


## Non-Interest Income

(\$ in Millions)	<u>2015</u>	<u>2016</u>	<u>2017</u>
1. Service Charges on Deposit Accounts	\$16.2	\$17.8	\$18.7
2. Wealth Management Fees	11.3	12.6	14.7
3. Insurance Commission Income	4.1	—	—
4. Card Payment Fees	13.4	15.0	16.1
5. Cash Surrender Value of Life Ins	2.9	4.3	6.6
6. Gains on Sales Mortgage Loans	6.5	7.1	7.6
7. Securities Gains/Losses	2.7	3.4	2.6
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>4.7</u>
11. Total	<u>\$69.8</u>	<u>\$65.2</u>	<u>\$71.0</u>

## Non-Interest Income YTD 12/31/2017

(\$ in Millions)



- Service Charges on Deposit Accounts - \$18.7
- Wealth Management Fees - \$14.7
- Card Payment Fees - \$16.1
- Cash Surrender Value of Life Ins - \$6.6
- Gains on Sales Mortgage Loans - \$7.6
- Securities Gains/Losses - \$2.6
- Other - \$4.7
- Total - \$71.0

# Private Wealth Advisors

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

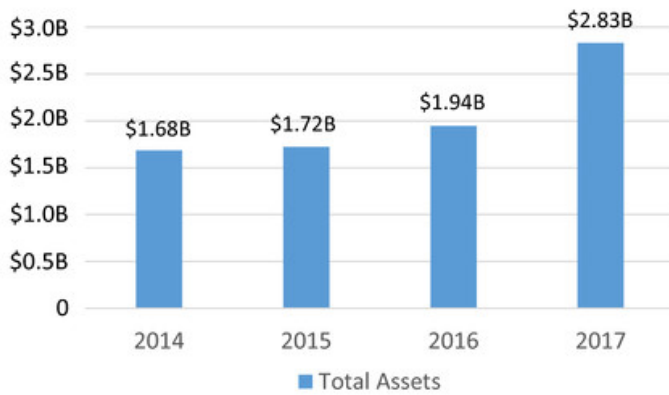
Business lines include:

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

Record quarterly revenue and assets under management

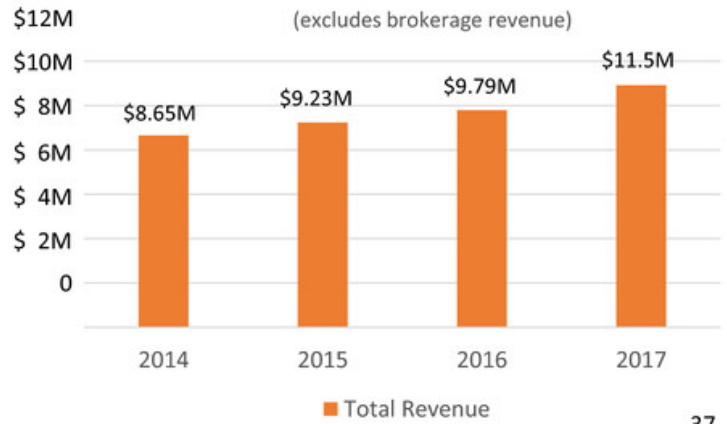
- Key contributor to pre-tax income
- Double-digit growth in Investment Management/Agency and IRAs in 2017
- Average Individual/Family relationship over \$1.3mm
- Average Retirement Plan over \$2.4mm
- Personal Trust/Fiduciary represents over 36% of total assets under management

**Total Assets under Management**



**Total Revenue**

(excludes brokerage revenue)



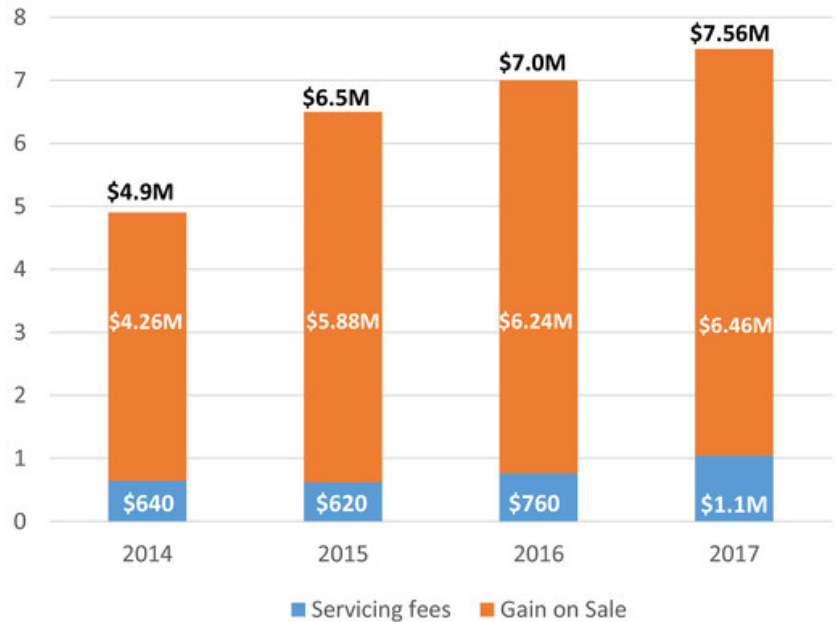


# Mortgage Banking

## 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>2015</u>	<u>2016</u>	<u>2017</u>
1. Salary & Benefits	\$101.9	\$102.6	\$119.8
2. Premises & Equipment	25.5	29.5	30.1
3. Intangible Asset Amortization	2.8	3.9	5.6
4. Professional & Other Outside Services	9.9	6.5	12.8
5. OREO/Credit-Related Expense	3.9	2.9	1.9
6. FDIC Expense	3.7	3.0	2.6
7. Outside Data Processing	7.1	9.2	12.2
8. Marketing	3.5	3.0	3.7
9. Other	<u>16.5</u>	<u>16.7</u>	<u>16.9</u>
10. Non-Interest Expense	<u>\$174.8</u>	<u>\$177.3</u>	<u>\$205.6</u> <sup>1</sup>

<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>2015</u>	<u>2016</u>	<u>2017</u>
1. Net Interest Income	\$196.4	\$226.5	\$277.3
2. Provision for Loan Losses	<u>(0.4)</u>	<u>(5.7)</u>	<u>(9.1)</u>
3. <b>Net Interest Income after Provision</b>	<b>196.0</b>	<b>220.8</b>	<b>268.2</b>
4. Non-Interest Income	69.8	65.2	71.0
5. Non-Interest Expense	<u>(174.8)</u>	<u>(177.3)</u>	<u>(205.6)</u>
6. <b>Income before Income Taxes</b>	<b>91.0</b>	<b>108.7</b>	<b>133.6</b>
7. Income Tax Expense	<u>(25.6)</u>	<u>(27.6)</u>	<u>(37.5)</u> <sup>1</sup>
8. <b>Net Income Avail. for Distribution</b>	<b><u>\$ 65.4</u></b>	<b><u>\$ 81.1</u></b>	<b><u>\$ 96.1</u></b>
9. <b>EPS</b>	<b>\$ 1.72</b>	<b>\$ 1.98</b>	<b>\$ 2.12</b> <sup>2</sup>
10. <b>Efficiency Ratio</b>	<b>61.19%</b>	<b>56.51%</b>	<b>54.56%</b> <sup>3</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

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## Quarterly Earnings

(\$ in Millions)	<u>Q1-'17</u>	<u>Q2-'17</u>	<u>Q3-'17</u>	<u>Q4-'17</u>
1. Net Interest Income	\$61.0	\$63.1	\$74.4	\$78.8
2. Provision for Loan Losses	<u>(2.4)</u>	<u>(2.9)</u>	<u>(2.1)</u>	<u>(1.8)</u>
3. <b>Net Interest Income after Provision</b>	<b>58.6</b>	<b>60.2</b>	<b>72.3</b>	<b>77.0</b>
4. Non-Interest Income	14.9	18.4	18.7	19.1
5. Non-Interest Expense <sup>1</sup>	<u>(43.1)</u>	<u>(47.3)</u>	<u>(58.7)</u>	<u>(56.4)</u>
6. <b>Income before Income Taxes</b>	<b>30.4</b>	<b>31.3</b>	<b>32.3</b>	<b>39.6</b>
7. Income Tax Expense	<u>(7.2)</u>	<u>(7.2)</u>	<u>(7.9)</u>	<u>(15.2)</u> <sup>2</sup>
8. <b>Net Income Avail. for Distribution</b>	<b>\$ 23.2</b>	<b>\$ 24.1</b>	<b>\$ 24.4</b>	<b>\$ 24.4</b>
9. <b>EPS</b>	<b>\$ 0.56</b>	<b>\$ 0.57</b>	<b>\$ 0.50</b>	<b>\$ 0.49</b> <sup>3</sup>
10. <b>Efficiency Ratio</b>	<b>52.61%</b>	<b>53.61%</b>	<b>58.30%</b>	<b>53.29%</b> <sup>4</sup>

<sup>1</sup> Includes acquisition-related expenses of (\$ in millions): \$0.4 in Q1-'17; \$2.5 in Q2-'17; \$7.9 in Q3-'17; and \$1.4 in Q4-'17

<sup>2</sup> Q4-'17 includes \$5.1 million of additional tax expense due to revaluing deferred taxes as a result of the Tax Cuts and Jobs Act

<sup>3</sup> Q4-'17 acquisition-related expenses, the impact of tax reform, and pension settlement accounting reduced EPS by \$0.13

<sup>4</sup> Q4-'17 acquisition-related expenses and pension settlement accounting added 2.14% to the Efficiency Ratio

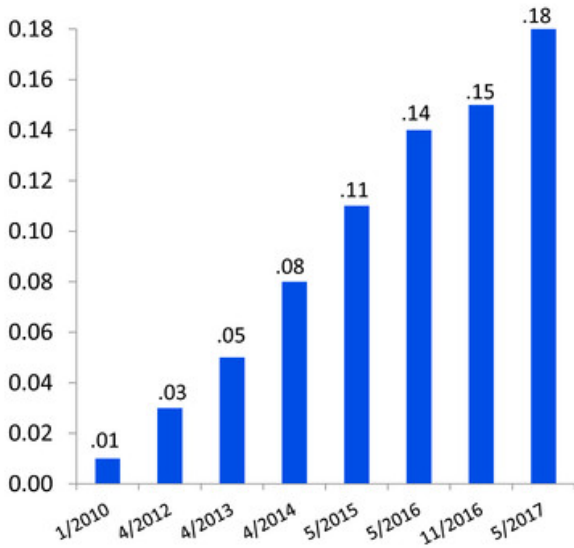
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## Per Share Results

<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	\$ .57	\$ .50	\$ .49	\$ 2.12
2. Dividends	\$ .15	\$ .18	\$ .18	\$ .18	\$ .69
3. Tangible Book Value	\$16.49	\$16.97	\$16.62	\$16.96	

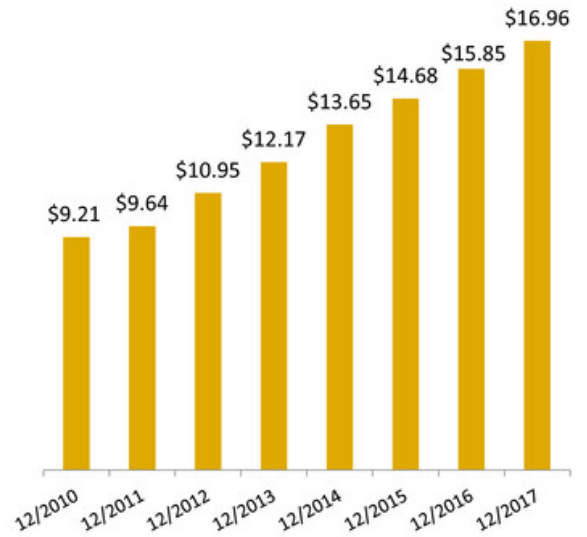
# Dividends and Tangible Book Value

Quarterly Dividends



1.71%  
Forward  
Dividend  
Yield  
  
= 32.6%  
YTD Dividend  
Payout Ratio

Tangible Book Value



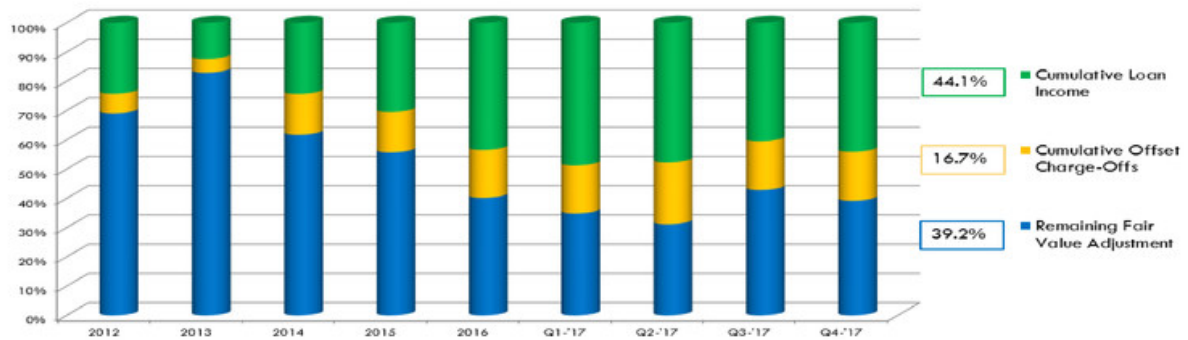
## Asset Quality Summary

(\$ in Millions)

	2015	2016	Q3-'17	2017	Change Linked Quarter		Change 2017 Over 2016	
					\$	%	\$	%
1. Non-Accrual Loans	\$ 31.4	\$ 30.0	\$ 32.3	\$ 28.7	\$ (3.6)	(11.1%)	\$ (1.3)	(4.3%)
2. Other Real Estate	17.3	9.0	11.9	10.4	(1.5)	(12.6%)	1.4	15.6%
3. Renegotiated Loans	1.9	4.7	0.6	1.0	0.4	66.7%	(3.7)	(78.7%)
4. 90+ Days Delinquent Loans	0.9	0.1	0.4	0.9	0.5	125.0%	0.8	800.0%
<b>5. Total NPAs &amp; 90+ Days Delinquent</b>	<b>\$ 51.5</b>	<b>\$ 43.8</b>	<b>\$ 45.2</b>	<b>\$ 41.0</b>	<b>\$ (4.2)</b>	<b>(9.3%)</b>	<b>\$ (2.8)</b>	<b>(6.4%)</b>
6. Total NPAs & 90+ Days/Loans & ORE	1.1%	0.9%	0.7%	0.6%				
<b>7. Classified Assets</b>	<b>\$ 171.8</b>	<b>\$ 174.1</b>	<b>\$ 169.6</b>	<b>\$ 153.1</b>	<b>\$ (16.5)</b>	<b>(9.7%)</b>	<b>\$ (21.0)</b>	<b>(12.1%)</b>
<b>8. Specific Reserves</b>	<b>\$ 1.8</b>	<b>\$ 0.9</b>	<b>\$ 1.8</b>	<b>\$ 1.6</b>	<b>\$ (0.2)</b>	<b>(11.1%)</b>	<b>\$ 0.7</b>	<b>77.8%</b>

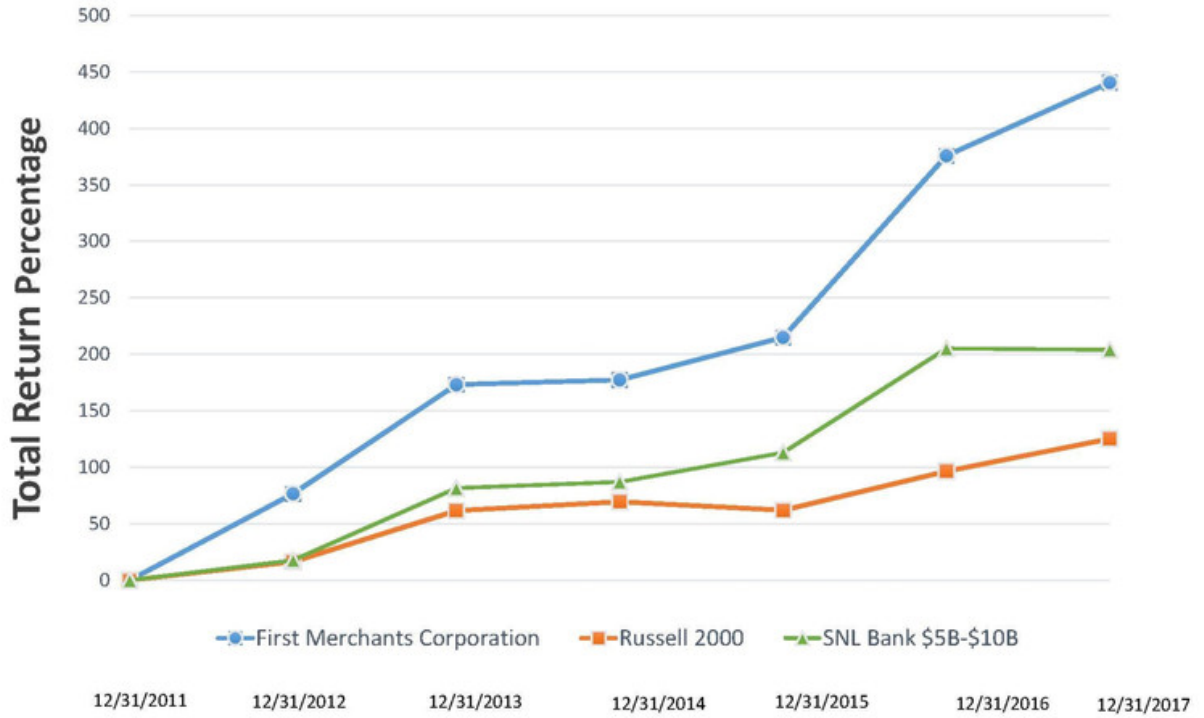
## ALLL and Fair Value Summary

(\$ in Millions)	<u>Q4-'16</u>	<u>Q1-'17</u>	<u>Q2-'17</u>	<u>Q3-'17</u>	<u>Q4-'17</u>
1. Beginning Allowance for Loan Losses (ALLL)	\$ 63.5	\$ 66.0	\$ 68.2	\$ 70.5	\$ 73.4
2. Net Charge-offs (Recoveries)	(0.1)	0.2	0.6	(0.8)	0.2
3. Provision Expense	<u>2.4</u>	<u>2.4</u>	<u>2.9</u>	<u>2.1</u>	<u>1.8</u>
4. Ending Allowance for Loan Losses (ALLL)	66.0	68.2	70.5	73.4	75.0
5. ALLL/Non-Accrual Loans	220.1%	244.4%	257.7%	227.4%	261.2%
6. ALLL/Non-Purchased Loans	1.47%	1.46%	1.45%	1.44%	1.36%
7. ALLL/Loans	1.28%	1.29%	1.25%	1.13%	1.11%
8. Fair Value Adjustment (FVA)	\$ 34.9	\$ 30.6	\$ 29.7	\$ 50.4	\$ 46.3
9. Total ALLL plus FVA	100.9	98.8	100.2	123.8	121.3
10. Purchased Loans plus FVA	700.4	639.3	792.6	1,445.8	1,304.7
11. FVA/Purchased Loans plus FVA	4.99%	4.79%	3.74%	3.49%	3.55%





### Total Return Performance



## Looking Forward . . .

- Tax reform benefits in 2018 will be realized in the effective tax rate change from ~ 26% to ~ 16%
- Tax benefit to be invested in announced compensation changes, technologies, and branding, all of which augment shareholder value
- Gained synergies and market expansion opportunities that The Arlington Bank and Independent Alliance Banks acquisitions offer; continue to evaluate M&A opportunities for strategic fit
- Expand specialty finance businesses in asset-based lending, sponsor finance, public finance and loan syndication
- Leverage asset-sensitive balance sheet as interest rates rise
- Complete checking account migration to new product set and streamline front and back-office processes; continue implementation of workflow technologies and automation agents for back-office efficiency and operating leverage
- Continue preparation to successfully cross \$10 Billion asset level

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

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## Why Invest in First Merchants?

- 2<sup>nd</sup> Largest Indiana Bank with an Energized and Experienced Management Team
- Attractive and Growing Earnings Stream
- 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*

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)**





# First Merchants Corporation

THE STRENGTH OF BIG THE SERVICE OF SMALL

## Appendix



**NASDAQ: FRME**

FIRST MERCHANTS CORPORATION | 200 E. Jackson St., P.O. Box 792, Muncie, IN 47305-2814 | 1.785.747.1500

## Appendix – Non-GAAP Reconciliation

CAPITAL RATIOS (dollars in thousands):

	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17
<b>Total Risk-Based Capital Ratio</b>									
Total Stockholders' Equity (GAAP)	850,509	867,263	887,550	900,865	901,657	929,470	1,035,116	1,283,120	1,303,463
Adjust for Accumulated Other Comprehensive (Income) Loss	1,362	(2,066)	(7,035)	(3,924)	13,581	3,722	(1,384)	6,358	3,534
Less: Preferred Stock	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)
Add: Qualifying Capital Securities	55,776	55,236	55,296	55,355	55,415	55,474	55,534	65,864	65,919
Less: Tier 1 Capital Deductions	(2,516)	(1,999)	(1,828)	(1,440)	(376)	(80)	(166)	-	-
Less: Disallowed Goodwill and Intangible Assets	(247,006)	(250,367)	(249,932)	(249,541)	(249,104)	(250,493)	(300,307)	(462,080)	(464,066)
Less: Disallowed Deferred Tax Assets	(1,677)	(2,998)	(2,743)	(2,161)	(564)	(320)	(665)	-	-
Total Tier 1 Capital (Regulatory)	\$ 656,323	\$ 664,944	\$ 681,183	\$ 699,029	\$ 720,484	\$ 737,648	\$ 788,003	\$ 893,137	\$ 908,725
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	62,453	62,086	62,186	63,456	66,037	68,225	70,471	73,354	75,032
Total Risk-Based Capital (Regulatory)	\$ 783,776	\$ 792,030	\$ 808,369	\$ 827,485	\$ 851,521	\$ 870,873	\$ 923,474	\$ 1,031,491	\$ 1,048,757
Net Risk-Weighted Assets (Regulatory)	\$ 5,247,617	\$ 5,355,827	\$ 5,511,557	\$ 5,836,806	\$ 5,993,381	\$ 6,114,112	\$ 6,592,710	\$ 7,497,321	\$ 7,660,604
<b>Total Risk-Based Capital Ratio (Regulatory)</b>	<b>14.94%</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>Common Equity Tier 1 Capital Ratio</b>									
Total Tier 1 Capital (Regulatory)	\$ 656,323	\$ 664,944	\$ 681,183	\$ 699,029	\$ 720,484	\$ 737,648	\$ 788,003	\$ 893,137	\$ 908,725
Less: Qualified Capital Securities	(55,776)	(55,236)	(55,296)	(55,355)	(55,415)	(55,474)	(55,534)	(65,864)	(65,919)
Add: Additional Tier 1 Capital Deductions	2,516	1,999	1,828	1,440	376	80	166	-	-
Common Equity Tier 1 Capital (Regulatory)	\$ 603,063	\$ 611,707	\$ 627,715	\$ 645,114	\$ 665,445	\$ 682,254	\$ 732,635	\$ 827,273	\$ 842,806
Net Risk-Weighted Assets (Regulatory)	\$ 5,247,617	\$ 5,355,827	\$ 5,511,557	\$ 5,836,806	\$ 5,993,381	\$ 6,114,112	\$ 6,592,710	\$ 7,497,321	\$ 7,660,604
<b>Common Equity Tier 1 Capital Ratio (Regulatory)</b>	<b>11.49%</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>

<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):**

	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17
Total Stockholders' Equity (GAAP)	\$ 850,509	\$ 867,263	\$ 887,550	\$ 900,865	\$ 901,657	\$ 929,470	\$ 1,035,116	\$ 1,283,120	\$ 1,303,463
Less: Preferred Stock	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)
Less: Intangible Assets	(259,764)	(261,799)	(260,822)	(259,844)	(258,866)	(257,963)	(309,686)	(478,558)	(476,503)
<b>Tangible Common Equity (non-GAAP)</b>	<b>\$ 590,620</b>	<b>\$ 605,339</b>	<b>\$ 626,603</b>	<b>\$ 640,896</b>	<b>\$ 642,666</b>	<b>\$ 671,382</b>	<b>\$ 725,305</b>	<b>\$ 804,437</b>	<b>\$ 826,835</b>
Total Assets (GAAP)	\$ 6,761,003	\$ 6,798,539	\$ 6,906,418	\$ 7,022,352	\$ 7,211,611	\$ 7,326,193	\$ 7,805,029	\$ 9,049,403	\$ 9,367,478
Less: Intangible Assets	(259,764)	(261,799)	(260,822)	(259,844)	(258,866)	(257,963)	(309,686)	(478,558)	(476,503)
<b>Tangible Assets (non-GAAP)</b>	<b>\$ 6,501,239</b>	<b>\$ 6,536,740</b>	<b>\$ 6,645,596</b>	<b>\$ 6,762,508</b>	<b>\$ 6,952,745</b>	<b>\$ 7,068,230</b>	<b>\$ 7,495,343</b>	<b>\$ 8,570,845</b>	<b>\$ 8,890,975</b>
<b>Tangible Common Equity Ratio (non-GAAP)</b>	<b>9.08%</b>	<b>9.26%</b>	<b>9.43%</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>

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

	4Q10	4Q11	4Q12	4Q13	4Q14	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17
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	\$ 1,035,116	\$ 1,283,120	\$ 1,303,463
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)	(261,799)	(260,822)	(259,844)	(258,866)	(257,963)	(309,686)	(478,558)	(476,503)
Tax Benefit	2,907	2,224	2,249	4,973	6,085	6,278	6,753	6,453	6,204	5,930	5,659	6,941	12,510	6,788
<b>Tangible Common Equity, Net of Tax (non-GAAP)</b>	<b>\$ 235,416</b>	<b>\$ 275,437</b>	<b>\$ 314,048</b>	<b>\$ 437,004</b>	<b>\$ 514,032</b>	<b>\$ 596,898</b>	<b>\$ 612,092</b>	<b>\$ 633,056</b>	<b>\$ 647,100</b>	<b>\$ 648,596</b>	<b>\$ 677,041</b>	<b>\$ 732,246</b>	<b>\$ 816,947</b>	<b>\$ 833,623</b>
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	43,153,509	49,140,594	49,158,238
<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>\$ 15.02</b>	<b>\$ 15.53</b>	<b>\$ 15.86</b>	<b>\$ 15.85</b>	<b>\$ 16.49</b>	<b>\$ 16.97</b>	<b>\$ 16.62</b>	<b>\$ 16.96</b>



## Appendix – Non-GAAP Reconciliation

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

	2015	2016	1Q17	2Q17	3Q17	4Q17	2017
Non Interest Expense (GAAP)	\$ 174,806	\$ 177,359	\$ 43,099	\$ 47,316	\$ 58,708	\$ 56,433	\$ 205,556
Less: Intangible Asset Amortization	(2,835)	(3,910)	(903)	(991)	(1,698)	(2,055)	(5,647)
Less: OREO and Foreclosure Expenses	(3,956)	(2,877)	(531)	(731)	(330)	(311)	(1,903)
Adjusted Non Interest Expense (non-GAAP)	168,015	170,572	41,665	45,594	56,680	54,067	198,006
Net Interest Income (GAAP)	196,404	226,473	60,999	63,100	74,420	78,765	277,284
Plus: Fully Taxable Equivalent Adjustment	10,975	13,541	3,950	4,083	4,472	4,764	17,270
Net Interest Income on a Fully Taxable Equivalent Basis (non-GAAP)	207,379	240,014	64,949	67,183	78,892	83,529	294,554
Non Interest Income (GAAP)	69,868	65,203	14,846	18,434	18,668	19,061	71,009
Less: Investment Securities Gains (Losses)	(2,670)	(3,389)	(598)	(567)	(332)	(1,134)	(2,631)
Adjusted Non Interest Income (non-GAAP)	67,198	61,814	14,248	17,867	18,336	17,927	68,378
Adjusted Revenue (non-GAAP)	274,577	301,828	79,197	85,050	97,228	101,456	362,932
<b>Efficiency Ratio (non-GAAP)</b>	<b>61.19%</b>	<b>56.51%</b>	<b>52.61%</b>	<b>53.61%</b>	<b>58.30%</b>	<b>53.29%</b>	<b>54.56%</b>

**FORWARD DIVIDEND YIELD**

	4Q17
Most recent quarter's dividend per share	\$ 0.18
Most recent quarter's dividend per share - Annualized	\$ 0.72
Stock Price at 12/31/17	\$ 42.06
<b>Forward Dividend Yield</b>	<b>1.71%</b>

**DIVIDEND PAYOUT RATIO**

	2017
Dividends per share	\$ 0.69
Earnings Per Share	\$ 2.12
<b>Dividend Payout Ratio</b>	<b>32.6%</b>

## Appendix – Non-GAAP Reconciliation

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

	2015	2016	3Q17	2017
<b>Total Risk-Based Capital (Subsidiary Bank Only)</b>				
Total Stockholders' Equity (GAAP)	\$ 927,774	\$ 973,641	\$ 1,384,867	\$ 1,404,303
Adjust for Accumulated Other Comprehensive (Income) Loss <sup>1</sup>	(579)	9,701	3,170	763
Less: Preferred Stock	(125)	(125)	(125)	(125)
Less: Tier 1 Capital Deductions	(1,903)	-	-	-
Less: Disallowed Goodwill and Intangible Assets	(246,558)	(248,656)	(461,632)	(463,618)
Less: Disallowed Deferred Tax Assets	(1,269)	-	-	-
Total Tier 1 Capital (Regulatory)	677,340	734,561	926,280	941,323
Allowance for Loan Losses includible in Tier 2 Capital	62,453	66,037	73,354	75,032
Total Risk-Based Capital (Regulatory)	\$ 739,793	\$ 800,598	\$ 999,634	\$ 1,016,355
Construction, Land and Land Development Loans	\$ 366,704	\$ 418,703	\$ 498,862	\$ 612,219
<b>Concentration as a % of the Bank's Risk-Based Capital</b>	<b>50%</b>	<b>52%</b>	<b>50%</b>	<b>60%</b>
Construction, Land and Land Development Loans	\$ 366,704	\$ 418,703	\$ 498,862	\$ 612,219
Investment Real Estate Loans	1,090,573	1,272,415	1,647,797	1,617,943
Total Construction and Investment RE Loans	\$ 1,457,277	\$ 1,691,118	\$ 2,146,659	\$ 2,230,162
<b>Concentration as a % of the Bank's Risk-Based Capital</b>	<b>197%</b>	<b>211%</b>	<b>215%</b>	<b>219%</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):**

	4Q16	1Q17	2Q17	3Q17	4Q17
Loans Held for Sale (GAAP)	\$ 2,929	\$ 1,262	\$ 4,036	\$ 4,514	\$ 7,216
Loans (GAAP)	5,139,645	5,274,909	5,613,144	6,483,448	6,751,199
Total Loans	5,142,574	5,276,171	5,617,180	6,487,962	6,758,415
Less: Purchased Loans	(665,417)	(608,724)	(762,893)	(1,395,368)	(1,258,386)
Non-Purchased Loans (non-GAAP)	\$4,477,157	\$4,667,447	\$4,854,287	\$5,092,594	\$5,500,029
Allowance for Loan Losses (GAAP)	\$ 66,037	\$ 68,225	\$ 70,471	\$ 73,354	\$ 75,032
Fair Value Adjustment (FVA) (GAAP)	34,936	30,623	29,664	50,434	46,304
Allowance plus FVA (non-GAAP)	\$ 100,973	\$ 98,848	\$ 100,135	\$ 123,788	\$ 121,336
Purchased Loans (GAAP)	\$ 665,417	\$ 608,724	\$ 762,893	\$ 1,395,368	\$ 1,258,386
Fair Value Adjustment (FVA) (GAAP)	34,936	30,623	29,664	50,434	46,304
Purchased Loans plus FVA (non-GAAP)	\$ 700,353	\$ 639,347	\$ 792,557	\$ 1,445,802	\$ 1,304,690
<b>Allowance as a Percentage of Non-Purchased Loans (non-GAAP)</b>	<b>1.47%</b>	<b>1.46%</b>	<b>1.45%</b>	<b>1.44%</b>	<b>1.36%</b>
<b>FVA as a Percentage of Purchased Loans plus FVA (non-GAAP)</b>	<b>4.99%</b>	<b>4.79%</b>	<b>3.74%</b>	<b>3.49%</b>	<b>3.55%</b>

