



EARNINGS CALL

4th QUARTER 2019

January 24, 2020

Financial Highlights

Q4 2019

- Net income of \$128.1 million (\$1.25 per share), compared to \$127.4 million (\$1.24 per share) for Q3 2019, and \$119.1 million (\$1.13 per share) for Q4 2018
- Net interest margin¹ of 4.39%, a decrease from 4.41% in Q3 2019, and a decrease from 4.68% in Q4 2018
- Operating efficiency ratio² of 43.8%, compared to 42.4% for Q3 2019, and 41.5% for Q4 2018
- Total loans of \$21.1 billion, up \$970 million from prior quarter, and total deposits of \$22.8 billion, up \$356 million from prior quarter
- Nonperforming assets³ to total assets of 0.26%, compared to 0.25% for Q3 2019
- Net loan charge-offs to average loans of 0.02%, compared to net loan (recoveries)¹ of (0.01)% in Q3 2019, and net loan charge-offs of 0.08% in Q4 2018
- Tangible common equity ratio² of 10.3% and tangible book value per share², net of tax, of \$26.54, compared to 10.1% and \$25.60, respectively, at Q3 2019, and 10.2% and \$22.07, respectively, at December 31, 2018

FULL YEAR 2019

- Net income of \$499.2 million (\$4.84 per share), compared to \$435.8 million (\$4.14 per share) for 2018
- Effective tax rate of 17.39%, compared to 14.61%, due to the NOL carryback election in 2018
- Return on average assets and return on average tangible common equity ratio of 2.00% and 19.60%, compared to 2.05% and 20.64% in 2018
- Net interest margin of 4.52%, compared to 4.68% in 2018
- Total loans of \$21.1 billion, up \$3.4 billion, and total deposits of \$22.8 billion, up \$3.6 billion from 2018
- Net charge-offs to average loans outstanding of 0.02%, compared to 0.06% in 2018 and nonperforming assets³ to total assets of 0.26%, compared to 0.20% at December 31, 2018

¹ Beginning in Q1 2019, annualized performance metrics are calculated on an actual/actual basis, from a previous 30/360 basis. Prior period amounts have been restated to conform to the current presentation.

² Refer to slide 18 for further discussion of Non-GAAP financial measures.

³ Nonperforming assets includes nonaccrual loans and repossessed assets.

Annual Consolidated Financial Results

\$ in millions, except EPS

	2019	2018
Interest Income	\$ 1,225.0	\$ 1,033.5
Interest Expense	(184.6)	(117.6)
Net Interest Income	\$ 1,040.4	\$ 915.9
Provision for Credit Losses	(18.5)	(23.0)
Net Interest Income after Provision for Credit Losses	\$ 1,021.9	\$ 892.9
Non-Interest Income	65.1	43.1
Salaries and Employee Benefits	(279.3)	(253.2)
Deposit Costs	(31.7)	(18.9)
Other Non-Interest Expense	(171.8)	(153.5)
Non-Interest Expense	(482.8)	(425.7)
Income before Income Taxes	\$ 604.2	\$ 510.3
Income Tax	(105.1)	(74.5)
Net Income	\$ 499.2	\$ 435.8
Diluted Shares	103.1	105.4
Earnings Per Share	\$ 4.84	\$ 4.14

2019 Highlights

- Net Interest Income increased \$124.5 million as a result of loan growth, partially offset by higher rates on deposits and interest expense on borrowings
- Salaries and Employee Benefits increased \$26.0 million primarily as a result of an increase in the number of employees and increased corporate and incentive plan bonuses
- Deposit costs increased \$12.8 million due to an increase in average deposit balances and rates
- Income Tax Expense increased \$30.5 million due to federal NOL carryback benefit in 2018

A reconciliation of Non-GAAP financial measures is presented in the Press Release, beginning on page 19.

Quarterly Consolidated Financial Results

\$ in millions, except EPS

	Q4-19	Q3-19	Q4-18
Interest Income	\$ 315.4	\$ 315.6	\$ 282.0
Interest Expense	(43.4)	(49.2)	(38.5)
Net Interest Income	\$ 272.0	\$ 266.4	\$ 243.5
Provision for Credit Losses	(4.0)	(4.0)	(6.0)
Net Interest Income after Provision for Credit Losses	\$ 268.0	\$ 262.4	\$ 237.5
Non-Interest Income	16.0	19.4	13.6
Salaries and Employee Benefits	(73.9)	(71.0)	(64.6)
Deposit Costs	(6.8)	(11.5)	(7.0)
Other Non-Interest Expense	(49.0)	(43.3)	(39.6)
Non-Interest Expense	(129.7)	(125.9)	(111.1)
Income before Income Taxes	\$ 154.3	\$ 155.9	\$ 140.0
Income Tax	(26.2)	(28.5)	(20.9)
Net Income	\$ 128.1	\$ 127.4	\$ 119.1
Diluted Shares	102.1	102.5	105.3
Earnings Per Share	\$ 1.25	\$ 1.24	\$ 1.13
Return on Tangible Common Equity¹	18.89%	19.41%	21.10%

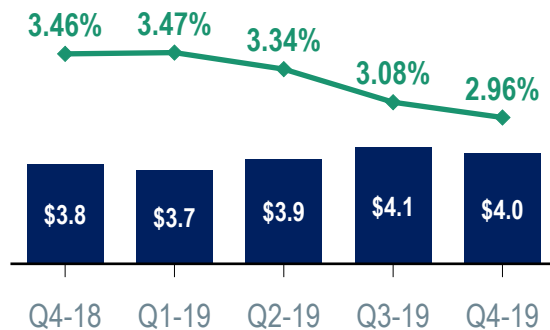
Q4 2019 Highlights

- Net Interest Income increased \$5.6 million primarily as a result of loan growth outweighing reduced loan yields and the benefit of lower interest expense on deposits
- Salaries and Employee Benefits increased \$3.0 million due to an increase in incentive and severance compensation
- Deposit costs fell \$4.7 million due to a reduction in average deposit balances and rates
- Diluted Shares decreased as a result of opportunistic share repurchases

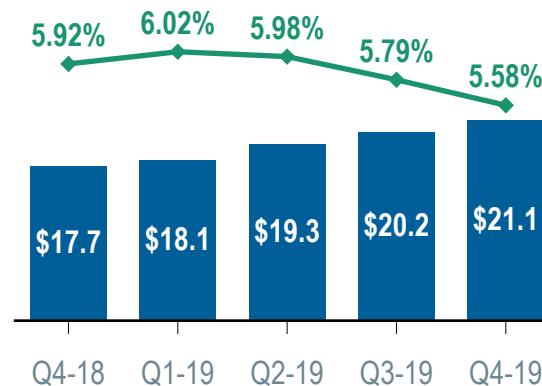
Net Interest Drivers¹

\$ in billions, unless otherwise indicated

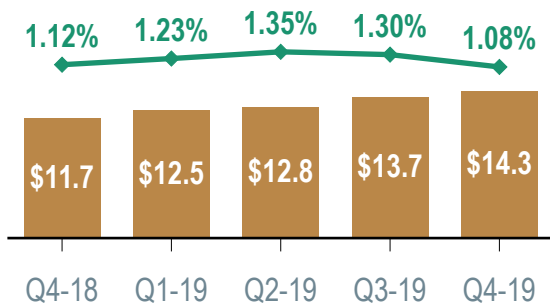
Total Investments and Yield



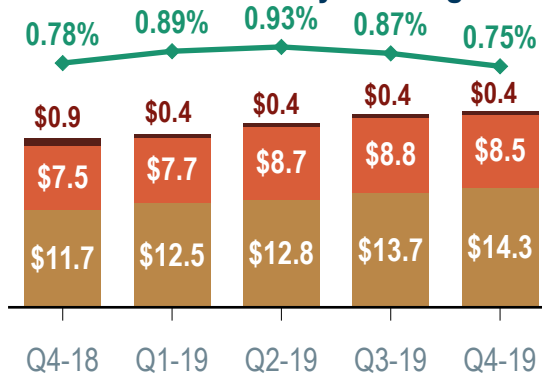
Loans and Yield



Interest Bearing Deposits and Cost



Deposits, Borrowings, and Cost of Liability Funding



Q4 2019 Highlights

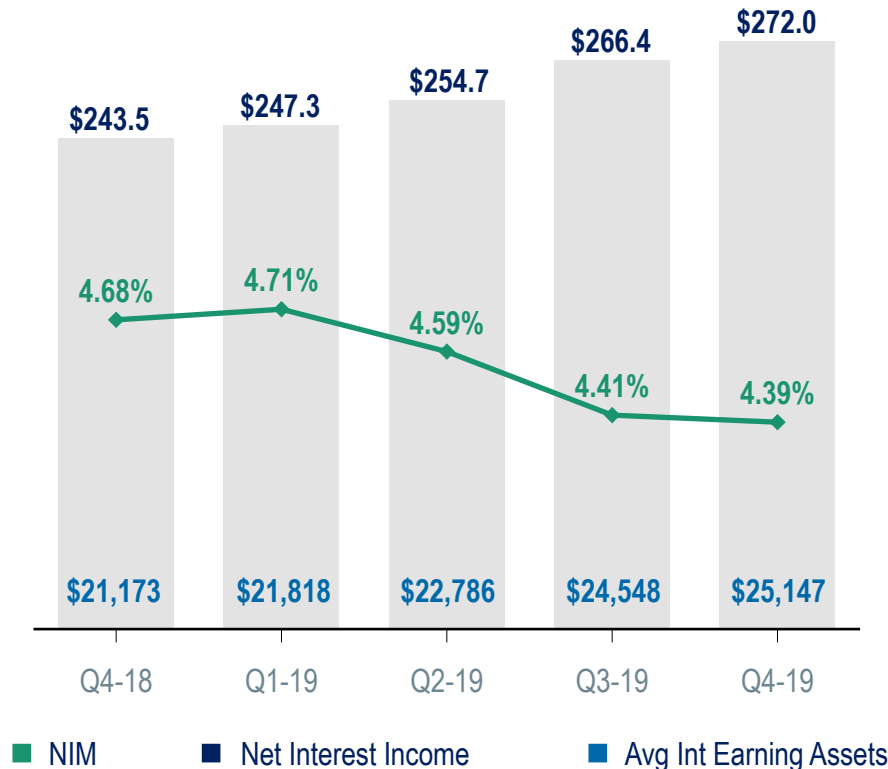
- Flattening yield curve reduced investment portfolio yields and incremental yield on new loans
- Loan yields decreased 21 basis points following declines across most loan types, mainly driven by a decline in LIBOR
- Cost of interest-bearing deposits decreased 22 basis points due to repricing efforts in a lower rate environment, driving total cost of funds down 12 basis points to 0.75%

- Non-Interest Bearing Deposits
- Total Borrowings

Net Interest Income

\$ in millions

Net Interest Income¹, NIM², and Average Interest Earning Assets



Highlights

- NIM declined 2 basis points from the prior quarter, driven by the loan mix shift
- Net Interest Income for the quarter grew through the NIM compression by 2.1%
- A 29 basis point decline in the NIM from Q4-18 was the result of 3 Fed rate cuts totaling 75 basis points in 2019
- Despite NIM compression, Net Interest Income grew by 11.7% from Q4-18

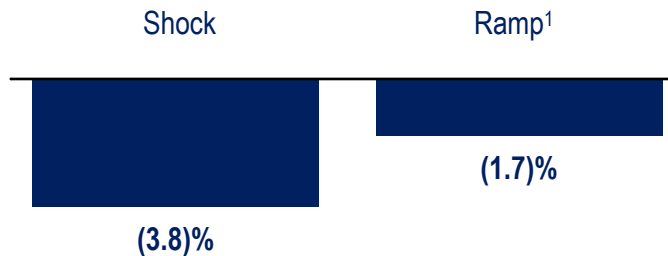
¹ Includes quarterly accretion from acquired loans, which was \$2.5 million for Q4-19.

² Beginning in Q1 2019, NIM is calculated on an actual/actual basis, from a previous 30/360 basis. Prior period amounts have been restated to conform to the current presentation.

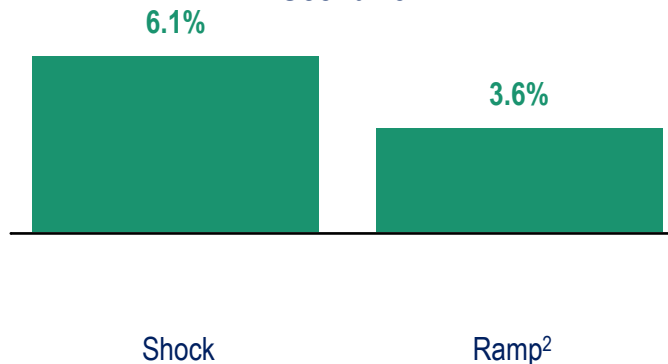
Interest Rate Environment

Percentage Increase/(Decrease) to Net Interest Income

Down 100bps Scenario



Up 100bps Scenario



Q4 2019 Highlights

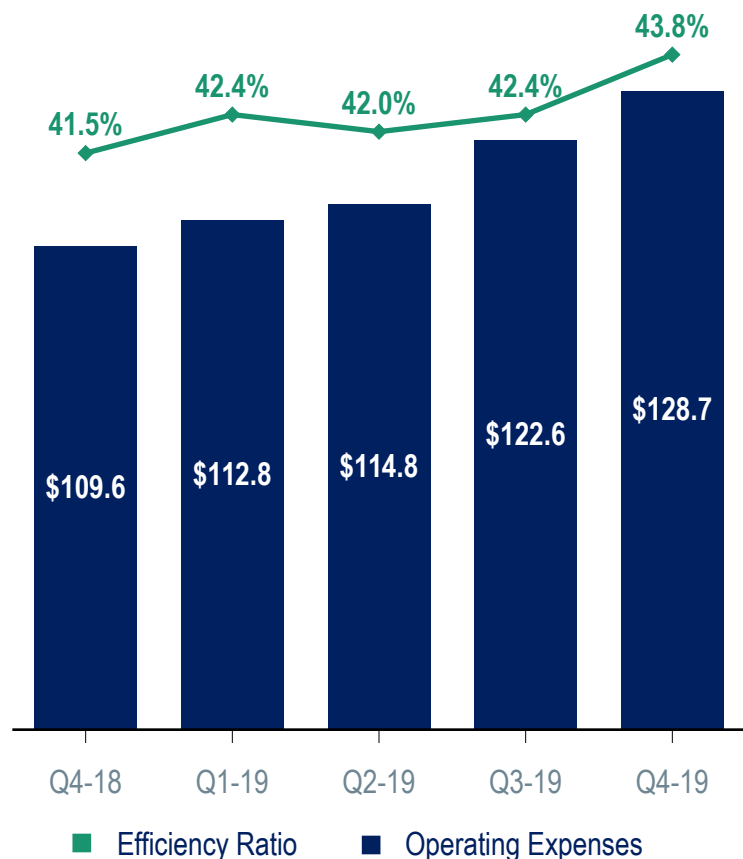
- Nearly 68% of loans are variable rate
 - \$9.7 billion, or 68%, of variable rate loans have interest rate floors
 - 35% of variable rate loans (with floors) are at their floors
- Deposit repricing lags loan repricing
- Interest rate sensitivity in down shock scenario reduced by 1.0% from Q3-19

¹ Assumes a gradual monthly parallel shift of -8.3bps over a 12-month period
² Assumes a gradual monthly parallel shift of +8.3bps over a 12-month period

Operating Expenses and Efficiency¹

\$ in millions

Operating Expenses and Efficiency Ratio

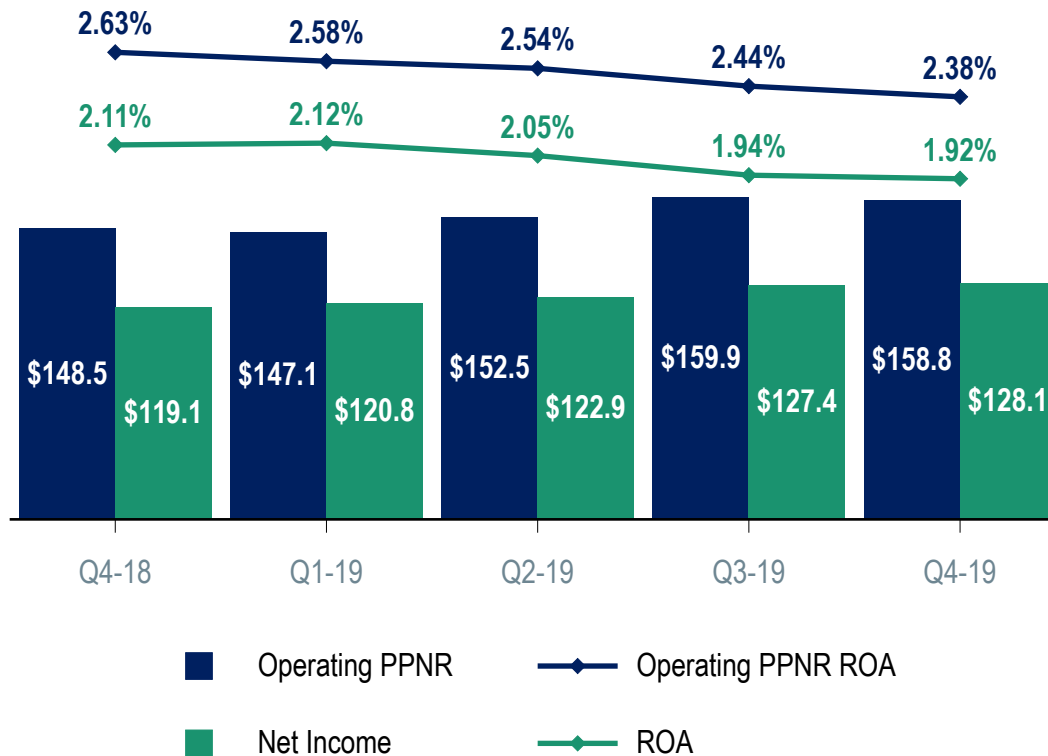


Q4 2019 Highlights

- The operating efficiency ratio¹ increased 140 basis points to 43.8% compared to the prior quarter and 230 basis points over the same period last year
- Decreased efficiency in the second half of 2019 was driven by declining margin
- Operating expenses increased from the prior quarter primarily due to \$4.1 million in non-recurring expenses related to technology and compensation costs
- If Q4-18 margin were adjusted to current margin levels, the Q4-18 efficiency ratio would be flat to the current level

Operating Pre-Provision Net Revenue¹, Net Income, and ROA²

\$ in millions



Q4 2019 Highlights

- Operating PPNR ROA¹ decreased 6 basis points from the prior quarter and 25 basis points from Q4-18
- Decline in Operating PPNR ROA¹ from Q4-18 was directly impacted by margin decline of 29 basis points
- ROA decreased 2 basis points from the prior quarter and 19 basis points from Q4-18
- Decline in ROA from Q4-18 was impacted by after-tax adjustment of margin decline

¹ Refer to slide 18 for further discussion of Non-GAAP financial measures.

² Beginning in Q1 2019, ROA is calculated on an actual/actual basis, from a previous 30/360 basis. Prior period amounts have been restated to conform to the current presentation.

Consolidated Balance Sheet

\$ in millions

	Q4-19	Q3-19	Q4-18
Investments & Cash	\$ 4,471	\$ 5,020	\$ 4,260
Loans	21,123	20,153	17,711
Allowance for Credit Losses	(168)	(165)	(153)
Other Assets	1,396	1,316	1,292
Total Assets	\$ 26,822	\$ 26,324	\$ 23,110
Deposits	\$ 22,797	\$ 22,441	\$ 19,177
Borrowings	410	404	874
Other Liabilities	598	556	445
Total Liabilities	\$ 23,805	\$ 23,401	\$ 20,496
Shareholders' Equity	3,017	2,923	2,614
Total Liabilities and Equity	\$ 26,822	\$ 26,324	\$ 23,110
Tangible Book Value Per Share¹	\$ 26.54	\$ 25.60	\$ 22.07

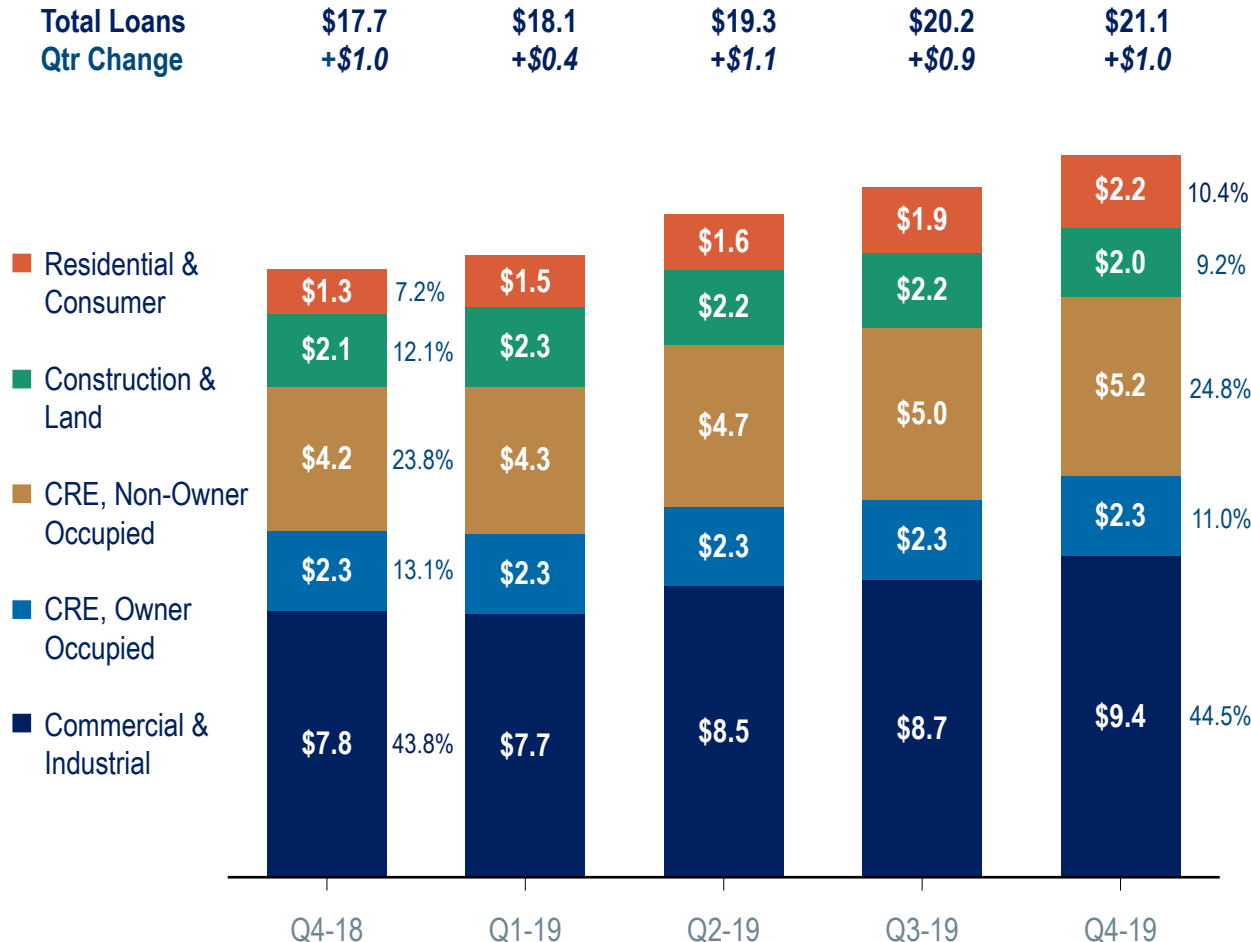
Q4 2019 Highlights

- Loans increased \$970 million (4.8%) over prior quarter and \$3.4 billion (19.3%) over prior year
- Deposits increased \$356 million (1.6%) over prior quarter and \$3.6 billion (18.9%) over prior year
- Shareholders' Equity increased \$94 million over prior quarter and \$403 million over prior year as a function of Net Income, partially offset by share repurchases
- Tangible Book Value/Share¹ increased \$0.94 (3.7%) over prior quarter and \$4.47 (20.3%) over prior year

Five Quarter Loan Growth and Portfolio Composition

\$ in billions, unless otherwise indicated

\$3.4 Billion Year Over Year Growth



Highlights

Quarter-over-quarter loan growth of \$1.0 billion driven by (in millions):

C&I	\$ 674
Residential & Consumer	268
CRE, Non-OO	214
CRE, OO	17
Offset by decrease in:	
Construction & Land	(203)
Total	\$ 970

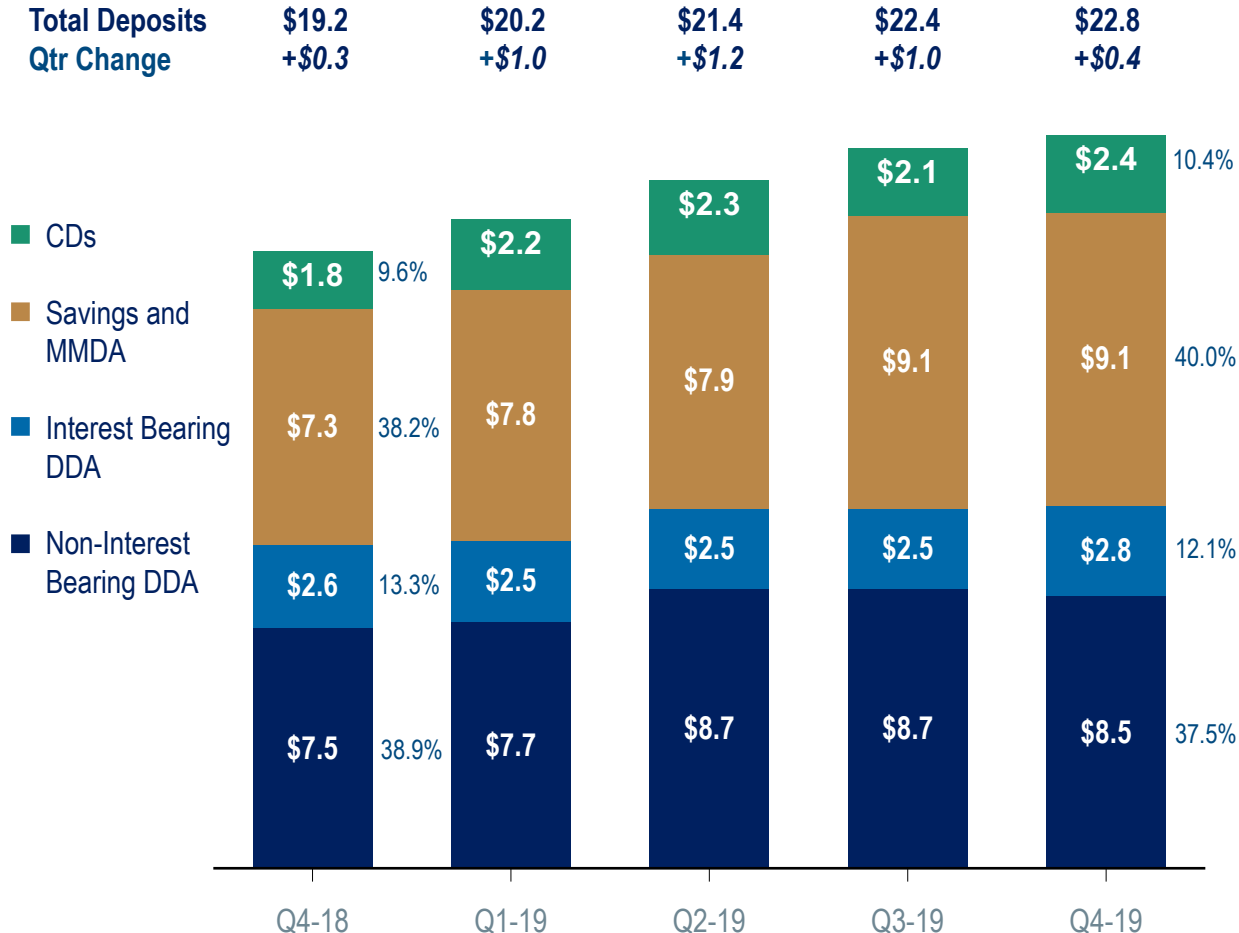
Year-over-year loan growth of \$3.4 billion driven by (in millions):

C&I	\$ 1,641
CRE, Non-OO	1,032
Residential & Consumer	930
Offset by decrease in:	
Construction & Land	(182)
CRE, OO	(8)
Total	\$ 3,413

Five Quarter Deposit Growth and Composition

\$ in billions, unless otherwise indicated

\$3.6 Billion Year Over Year Growth



Highlights

Quarter-over-quarter deposit growth of \$0.4 billion driven by (in millions):

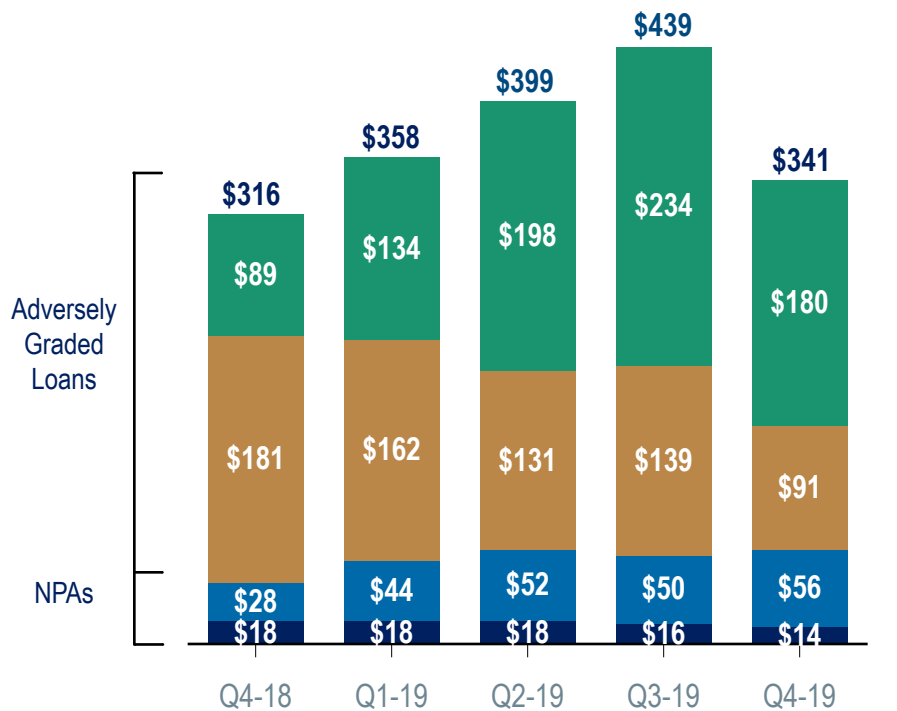
CDs	\$ 260
Interest Bearing DDA	252
Savings and MMDA	62
Offset by decreases in:	
Non-Interest Bearing DDA	(218)
Total	\$ 356

Year-over-year deposit growth of \$3.6 billion driven by all deposit types (in millions):

Savings and MMDA	\$ 1,790
Non-Interest Bearing DDA	1,082
CDs	542
Interest-Bearing DDA	205
Total	\$ 3,619

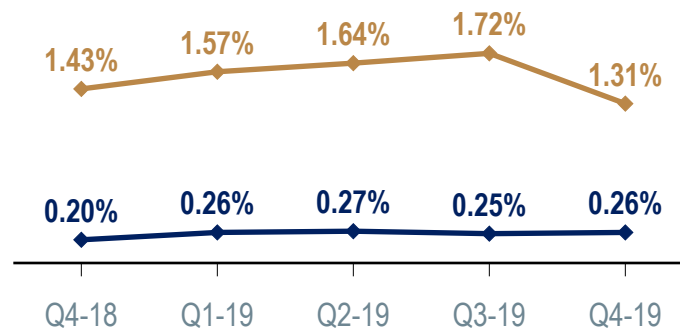
Adversely Graded Loans and Non-Performing Assets¹

\$ in millions



- Special Mention Loans
- Classified Accruing Loans
- Non-Performing Loans
- OREO

Asset Quality Ratios



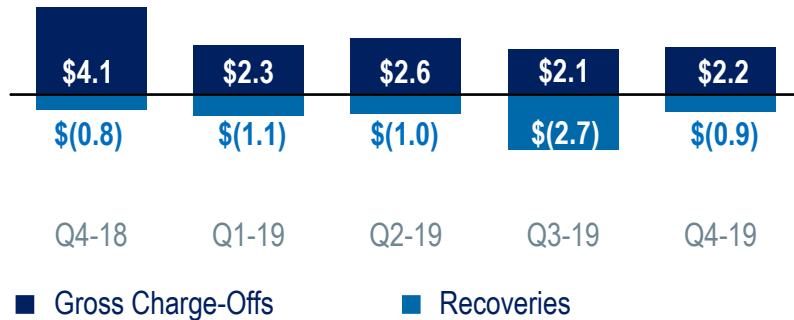
- ◆ Adversely Graded Assets to Total Assets
- ◆ NPAs to Total Assets

Accruing TDRs total \$28.4 million as of 12/31/2019

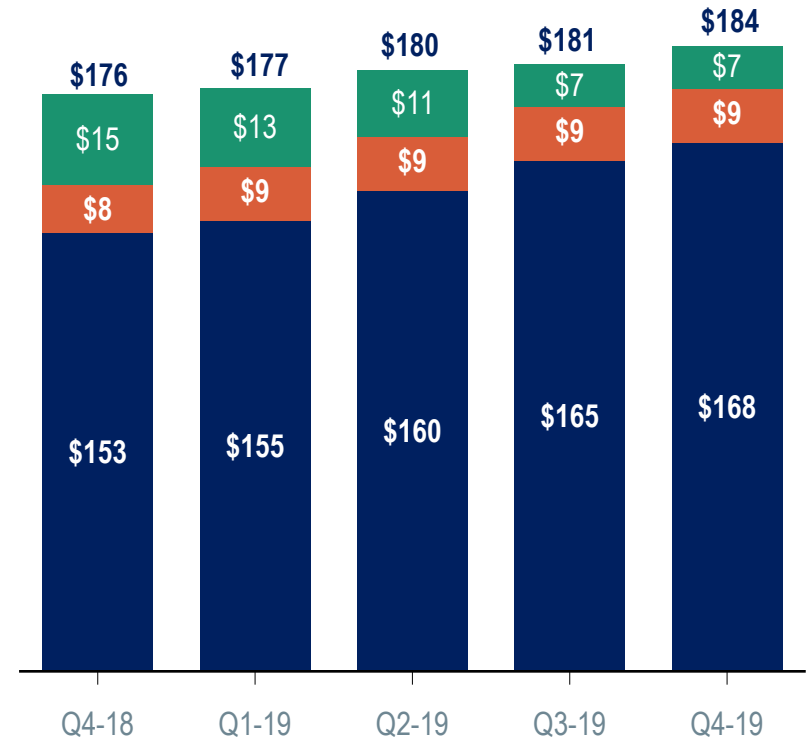
Credit Losses and Allowances

\$ in millions

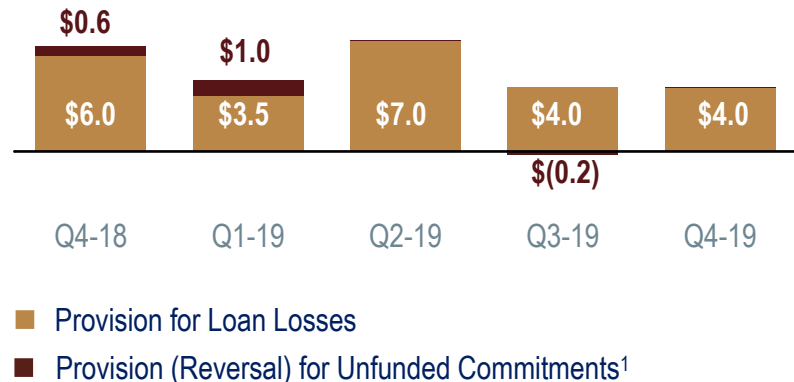
Gross Charge-Offs and Recoveries



ALLL, Reserve for Unfunded Commitments, and Credit Discounts



Provision for Credit Losses

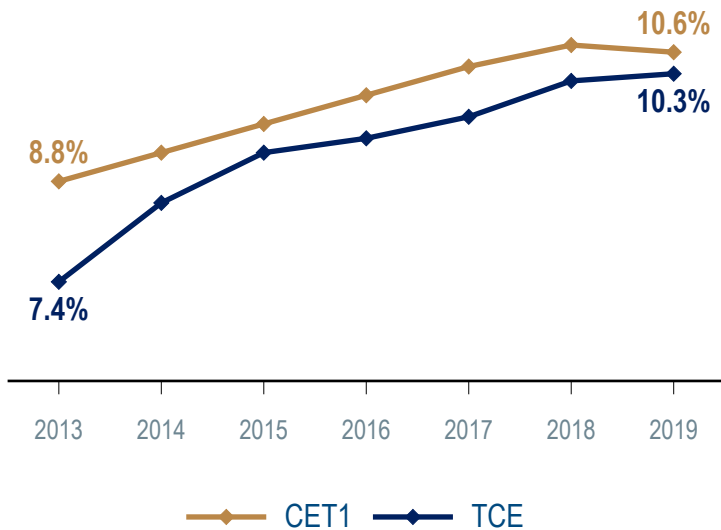


¹ Included as a component of other non-interest expense in the income statement

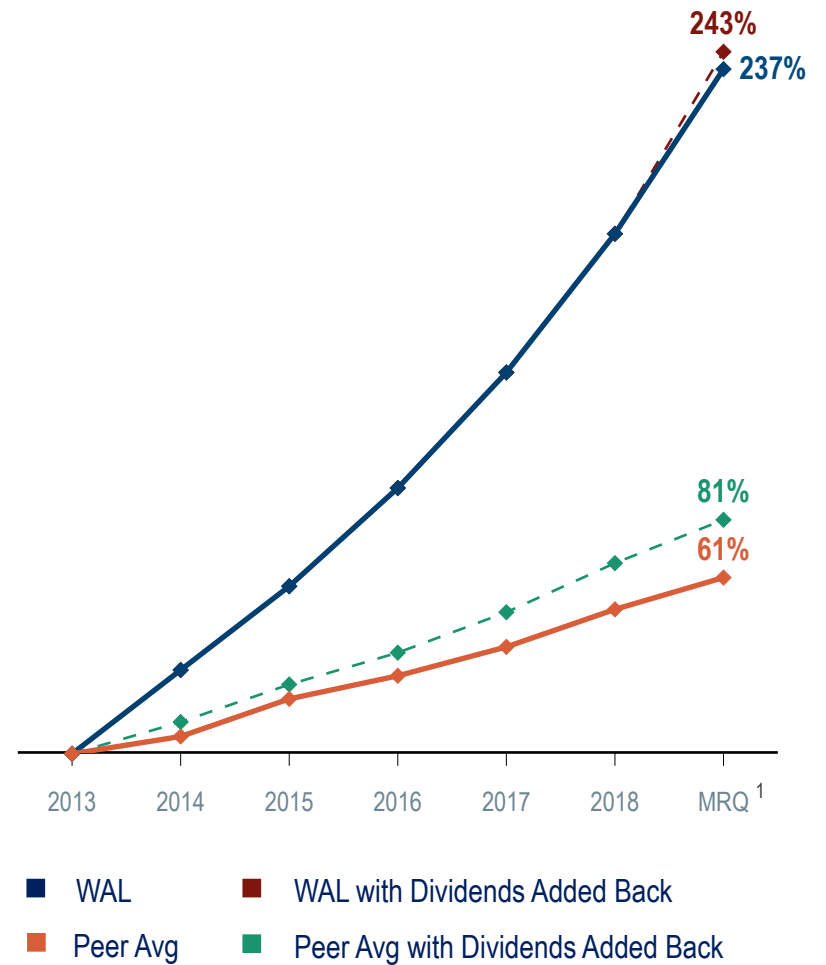
² Included as a component of other liabilities on the balance sheet

Superior Capital and Tangible Book Value Growth

Robust Capital Levels



Growth in TBV per Share



Management Outlook

- Loan and Deposit Growth
- Interest Margin
- Operating Leverage
- Asset Quality
- Earnings



Questions and Answers

Forward-Looking Statements

This presentation contains forward-looking statements that relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends, and similar expressions concerning matters that are not historical facts. Examples of forward-looking statements include, among others, statements we make regarding our expectations with regard to our business, financial and operating results, future economic performance and dividends, and the expected impact to the Company's allowance and provision for credit losses and capital levels upon the adoption of the new current expected credit loss (CECL) accounting standard. The forward-looking statements contained herein reflect our current views about future events and financial performance and are subject to risks, uncertainties, assumptions, and changes in circumstances that may cause our actual results to differ significantly from historical results and those expressed in any forward-looking statement. Some factors that could cause actual results to differ materially from historical or expected results include, among others: the risk factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2018 as filed with the Securities and Exchange Commission; changes in general economic conditions, either nationally or locally in the areas in which we conduct or will conduct our business; inflation, interest rate, market and monetary fluctuations; increases in competitive pressures among financial institutions and businesses offering similar products and services; higher defaults on our loan portfolio than we expect; changes in management's estimate of the adequacy of the allowance for credit losses; legislative or regulatory changes or changes in accounting principles, policies, or guidelines (including changes related to the impact of CECL); supervisory actions by regulatory agencies which may limit our ability to pursue certain growth opportunities, including expansion through acquisitions; additional regulatory requirements resulting from our continued growth; management's estimates and projections of interest rates and interest rate policy; the execution of our business plan; and other factors affecting the financial services industry generally or the banking industry in particular.

Any forward-looking statement made by us in this presentation is based only on information currently available to us and speaks only as of the date on which it is made. We do not intend to have and disclaim any duty or obligation to update or revise any industry information or forward-looking statements, whether written or oral, that may be made from time to time, set forth in this presentation to reflect new information, future events or otherwise.

Non-GAAP Financial Measures

This presentation contains both financial measures based on GAAP and non-GAAP based financial measures, which are used where management believes them to be helpful in understanding the Company's results of operations or financial position. Where non-GAAP financial measures are used, the comparable GAAP financial measure, as well as the reconciliation to the comparable GAAP financial measure, can be found in the Company's press release as of and for the quarter ended December 31, 2019. These disclosures should not be viewed as a substitute for operating results determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other companies.