

CONSOLIDATED FINANCIAL HIGHLIGHTS

	For the three months ended			Six months ended June 30	
	June 30, 2019	March 31, 2019	June 30, 2018	2019	2018
SUMMARY OF OPERATIONS					
Interest income	\$ 350,721	\$ 336,924	\$ 303,877	\$ 687,645	\$ 596,478
Interest expense	23,373	16,452	7,658	39,825	15,822
Net interest income	327,348	320,472	296,219	647,820	580,656
Provision for loan and lease losses	5,198	11,750	8,438	16,948	16,043
Net interest income after provision for loan and lease losses	322,150	308,722	287,781	630,872	564,613
Noninterest income	106,875	103,663	100,927	210,538	223,611
Noninterest expense	273,397	267,657	265,993	541,054	534,056
Income before income taxes	155,628	144,728	122,715	300,356	254,168
Income taxes	36,269	33,369	29,424	69,638	60,646
Net income	\$ 119,359	\$ 111,359	\$ 93,291	\$ 230,718	\$ 193,522
Taxable-equivalent net interest income	\$ 328,201	\$ 321,372	\$ 297,021	\$ 649,573	\$ 582,269
PER SHARE DATA					
Net income per share	\$ 10.56	\$ 9.67	\$ 7.77	\$ 20.23	\$ 16.11
Cash dividends per share	0.40	0.40	0.35	0.80	0.70
Book value at period-end	319.74	309.46	286.99	319.74	286.99
CONDENSED BALANCE SHEET					
Cash and due from banks	\$ 284,147	\$ 268,599	\$ 260,525	\$ 284,147	\$ 260,525
Overnight investments	1,640,264	1,386,525	1,223,311	1,640,264	1,223,311
Investment securities	6,695,578	6,914,513	7,190,545	6,695,578	7,190,545
Loans and leases	26,728,237	25,463,785	24,538,437	26,728,237	24,538,437
Less allowance for loan and lease losses	(226,583)	(228,775)	(224,865)	(226,583)	(224,865)
Other assets	2,533,451	2,157,023	2,100,613	2,533,451	2,100,613
Total assets	\$ 37,655,094	\$ 35,961,670	\$ 35,088,566	\$ 37,655,094	\$ 35,088,566
Deposits	\$ 32,719,671	\$ 31,198,093	\$ 30,408,884	\$ 32,719,671	\$ 30,408,884
Other liabilities	1,360,810	1,240,268	1,232,796	1,360,810	1,232,796
Shareholders' equity	3,574,613	3,523,309	3,446,886	3,574,613	3,446,886
Total liabilities and shareholders' equity	\$ 37,655,094	\$ 35,961,670	\$ 35,088,566	\$ 37,655,094	\$ 35,088,566
SELECTED PERIOD AVERAGE BALANCES					
Total assets	\$ 37,049,030	\$ 35,625,885	\$ 34,673,927	\$ 36,338,836	\$ 34,471,833
Investment securities	6,803,570	6,790,671	7,091,442	6,797,656	7,072,328
Loans and leases	26,597,242	25,515,988	24,205,363	26,059,602	23,937,221
Interest-earning assets	34,674,842	33,432,162	32,669,810	34,056,935	32,496,086
Deposits	32,100,210	30,802,567	30,100,615	31,454,973	29,788,106
Interest-bearing liabilities	20,397,445	19,655,434	18,885,168	20,028,489	18,957,881
Shareholders' equity	3,546,041	3,509,746	3,400,867	3,528,549	3,366,990
Shares outstanding	11,286,520	11,519,008	12,010,405	11,402,122	12,010,405
SELECTED RATIOS					
Annualized return on average assets	1.29%	1.27%	1.08%	1.28%	1.13%
Annualized return on average equity	13.50	12.86	11.00	13.19	11.59
Taxable-equivalent net interest margin	3.79	3.89	3.64	3.84	3.61
Efficiency ratio ⁽¹⁾	64.3	64.8	67.7	64.6	69.1
Tier 1 risk-based capital ratio	12.0	12.7	13.1	12.0	13.1
Common equity Tier 1 ratio	12.0	12.7	13.1	12.0	13.1
Total risk-based capital ratio	13.3	14.0	14.4	13.3	14.4
Leverage capital ratio	9.4	9.8	10.0	9.4	10.0

⁽¹⁾ The efficiency ratio is a non-GAAP financial measure which measures productivity and is generally calculated as noninterest expense divided by total revenue (net interest income and noninterest income). The efficiency ratio removes the impact of BancShares' securities gains, acquisition gains, one-time gains on extinguishment of debt, and fair market value adjustment on marketable equity securities from the calculation. Management uses this ratio to monitor performance and believes this measure provides meaningful information to investors.

ALLOWANCE FOR LOAN AND LEASE LOSSES AND ASSET QUALITY DISCLOSURES

	Three months ended			Six months ended June 30		
	June 30, 2019	March 31, 2019	June 30, 2018	2019	2018	
(Dollars in thousands, unaudited)						
ALLOWANCE FOR LOAN AND LEASE LOSSES (ALLL)						
ALLL at beginning of period	\$ 228,775	\$ 223,712	\$ 223,116	\$ 223,712	\$ 221,893	
Provision (credit) expense for loan and lease losses:						
PCI loans ⁽¹⁾	(637)	(164)	161	(801)	2,515	
Non-PCI loans ⁽¹⁾	5,835	11,914	8,277	17,749	13,528	
Net charge-offs of loans and leases:						
Charge-offs	(10,602)	(10,154)	(9,712)	(20,756)	(19,409)	
Recoveries	3,212	3,467	3,023	6,679	6,338	
Net charge-offs of loans and leases	(7,390)	(6,687)	(6,689)	(14,077)	(13,071)	
ALLL at end of period	<u>\$ 226,583</u>	<u>\$ 228,775</u>	<u>\$ 224,865</u>	<u>\$ 226,583</u>	<u>\$ 224,865</u>	
ALLL at end of period allocated to loans and leases:						
PCI	\$ 8,343	\$ 8,980	\$ 12,423	\$ 8,343	\$ 12,423	
Non-PCI	218,240	219,795	212,442	218,240	212,442	
ALLL at end of period	<u>\$ 226,583</u>	<u>\$ 228,775</u>	<u>\$ 224,865</u>	<u>\$ 226,583</u>	<u>\$ 224,865</u>	
Reserve for unfunded commitments	<u>\$ 1,053</u>	<u>\$ 1,052</u>	<u>\$ 1,554</u>	<u>\$ 1,053</u>	<u>\$ 1,554</u>	
SELECTED LOAN DATA						
Average loans and leases:						
PCI	\$ 544,250	\$ 579,080	\$ 682,521	\$ 561,574	\$ 708,034	
Non-PCI	25,995,212	24,936,898	23,522,842	25,448,455	23,229,187	
Loans and leases at period-end:						
PCI	551,447	557,356	674,269	551,447	674,269	
Non-PCI	26,176,790	24,906,429	23,864,168	26,176,790	23,864,168	
RISK ELEMENTS						
Nonaccrual loans and leases	\$ 104,975	\$ 90,625	\$ 86,625	\$ 104,975	\$ 86,625	
Other real estate	46,236	43,306	46,633	46,236	46,633	
Total nonperforming assets	<u>\$ 151,211</u>	<u>\$ 133,931</u>	<u>\$ 133,258</u>	<u>\$ 151,211</u>	<u>\$ 133,258</u>	
Accruing loans and leases 90 days or more past due	<u>\$ 32,787</u>	<u>\$ 37,474</u>	<u>\$ 44,445</u>	<u>\$ 32,787</u>	<u>\$ 44,445</u>	
RATIOS						
Net charge-offs (annualized) to average loans and leases	0.11	0.11	0.11	0.11	0.11	
ALLL to total loans and leases:						
PCI	1.51	1.61	1.84	1.51	1.84	
Non-PCI	0.83	0.88	0.89	0.83	0.89	
Total	0.85	0.90	0.92	0.85	0.92	
Ratio of total nonperforming assets to total loans, leases and other real estate owned	0.57	0.53	0.54	0.57	0.54	

⁽¹⁾ Loans and leases are evaluated at acquisition and where a discount is noted at least in part due to credit quality, the loans are accounted for under the guidance in ASC Topic 310-30, *Loans and Debt Securities Acquired with Deteriorated Credit Quality*. Loans for which it is probable at acquisition that all required payments will not be collected in accordance with the contractual terms are considered purchased credit-impaired (PCI) loans. PCI loans and leases are recorded at fair value at the date of acquisition. No allowance for loan and lease losses is recorded on the acquisition date as the fair value of the acquired assets incorporates assumptions regarding credit risk. An allowance is recorded if there is additional credit deterioration after the acquisition date. Non-PCI loans include originated and purchased non-impaired loans.

AVERAGE BALANCE AND NET INTEREST MARGIN SUMMARY

	Three months ended								
	June 30, 2019			March 31, 2019			June 30, 2018		
	Average Balance	Interest	Yield/ Rate ⁽²⁾	Average Balance	Interest	Yield/ Rate ⁽²⁾	Average Balance	Interest	Yield/ Rate ⁽²⁾
(Dollars in thousands, unaudited)									
INTEREST-EARNING ASSETS									
Loans and leases ⁽¹⁾	\$ 26,597,242	\$ 303,803	4.58 %	\$ 25,515,988	\$ 291,569	4.62 %	\$ 24,205,363	\$ 261,703	4.34 %
Investment securities:									
U. S. Treasury	1,150,001	6,770	2.36	1,208,231	6,496	2.18	1,532,868	7,139	1.87
Government agency	383,700	3,034	3.16	286,514	2,309	3.22	84,640	468	2.21
Mortgage-backed securities	4,979,160	28,130	2.26	5,051,416	28,834	2.28	5,270,891	28,184	2.14
Corporate bonds	147,669	1,931	5.23	145,127	1,937	5.34	94,401	1,298	5.50
State, county and municipal	334	1	1.81	—	—	—	764	8	4.07
Other investments	142,706	625	1.76	99,383	282	1.15	107,878	267	0.99
Total investment securities	6,803,570	40,491	2.38	6,790,671	39,858	2.35	7,091,442	37,364	2.11
Overnight investments	1,274,030	7,280	2.29	1,125,503	6,397	2.31	1,373,005	5,612	1.64
Total interest-earning assets	\$ 34,674,842	\$ 351,574	4.06 %	\$ 33,432,162	\$ 337,824	4.09 %	\$ 32,669,810	\$ 304,679	3.75 %
INTEREST-BEARING LIABILITIES									
Interest-bearing deposits:									
Checking with interest	\$ 5,366,731	\$ 445	0.03 %	\$ 5,237,019	\$ 345	0.03 %	\$ 5,228,803	\$ 314	0.02 %
Savings	2,658,974	527	0.08	2,523,543	206	0.03	2,468,677	194	0.03
Money market accounts	8,031,608	6,624	0.33	8,168,712	5,172	0.26	7,989,268	2,125	0.11
Time deposits	3,371,402	11,561	1.38	2,843,773	7,203	1.03	2,401,434	1,888	0.32
Total interest-bearing deposits	19,428,715	19,157	0.40	18,773,047	12,926	0.28	18,088,182	4,521	0.10
Securities sold under customer repurchase agreements	556,374	515	0.37	538,162	459	0.35	516,999	373	0.29
Other short-term borrowings	40,513	278	2.72	—	—	—	46,614	448	3.82
Long-term borrowings	371,843	3,423	3.64	344,225	3,067	3.56	233,373	2,316	3.96
Total interest-bearing liabilities	\$ 20,397,445	\$ 23,373	0.46	\$ 19,655,434	\$ 16,452	0.34	\$ 18,885,168	\$ 7,658	0.16
Interest rate spread			3.60 %			3.75 %			3.59 %
Net interest income and net yield on interest-earning assets		\$ 328,201	3.79 %		\$ 321,372	3.89 %		\$ 297,021	3.64 %

⁽¹⁾ Loans and leases include PCI and non-PCI loans, nonaccrual loans and loans held for sale.

⁽²⁾ Yields related to loans, leases and securities exempt from both federal and state income taxes, federal income taxes only, or state income taxes only are stated on a taxable-equivalent basis assuming statutory federal income tax rates of 21.0%, as well as state income tax rates of 3.4% for all periods presented. The taxable-equivalent adjustment was \$853, \$900 and \$802 for the three months ended June 30, 2019, March 31, 2019 and June 30, 2018, respectively.