

CONSOLIDATED FINANCIAL HIGHLIGHTS

(Dollars in thousands, except share data; unaudited)	For the three months ended			Nine months ended September 30	
	September 30, 2019	June 30, 2019	September 30, 2018	2019	2018
SUMMARY OF OPERATIONS					
Interest income	\$ 362,318	\$ 350,721	\$ 315,706	\$ 1,049,963	\$ 912,184
Interest expense	25,893	23,373	8,344	65,718	24,166
Net interest income	336,425	327,348	307,362	984,245	888,018
Provision for loan and lease losses	6,766	5,198	840	23,714	16,883
Net interest income after provision for loan and lease losses	329,659	322,150	306,522	960,531	871,135
Noninterest income	100,930	106,875	94,531	311,468	318,142
Noninterest expense	270,425	273,397	267,537	811,479	801,593
Income before income taxes	160,164	155,628	133,516	460,520	387,684
Income taxes	35,385	36,269	16,198	105,023	76,844
Net income	\$ 124,779	\$ 119,359	\$ 117,318	\$ 355,497	\$ 310,840
Taxable-equivalent net interest income	\$ 337,322	\$ 328,201	\$ 308,207	\$ 986,896	\$ 890,476
PER SHARE DATA					
Net income per share	\$ 11.27	\$ 10.56	\$ 9.80	\$ 31.50	\$ 25.91
Cash dividends per share	0.40	0.40	0.35	1.20	1.05
Book value at period-end	327.86	319.74	294.40	327.86	294.40
CONDENSED BALANCE SHEET					
Cash and due from banks	\$ 288,933	\$ 284,147	\$ 262,525	\$ 288,933	\$ 262,525
Overnight investments	949,899	1,640,264	943,025	949,899	943,025
Investment securities	7,167,680	6,695,578	7,040,674	7,167,680	7,040,674
Loans and leases	27,196,511	26,728,237	24,886,347	27,196,511	24,886,347
Less allowance for loan and lease losses	(226,825)	(226,583)	(219,197)	(226,825)	(219,197)
Other assets	2,372,126	2,533,451	2,041,285	2,372,126	2,041,285
Total assets	\$ 37,748,324	\$ 37,655,094	\$ 34,954,659	\$ 37,748,324	\$ 34,954,659
Deposits	\$ 32,743,277	\$ 32,719,671	\$ 30,163,537	\$ 32,743,277	\$ 30,163,537
Other liabilities	1,436,565	1,360,810	1,292,109	1,436,565	1,292,109
Shareholders' equity	3,568,482	3,574,613	3,499,013	3,568,482	3,499,013
Total liabilities and shareholders' equity	\$ 37,748,324	\$ 37,655,094	\$ 34,954,659	\$ 37,748,324	\$ 34,954,659
SELECTED PERIOD AVERAGE BALANCES					
Total assets	\$ 37,618,836	\$ 37,049,030	\$ 34,937,175	\$ 36,770,191	\$ 34,628,652
Investment securities	6,956,981	6,803,570	7,129,089	6,851,348	7,091,456
Loans and leases	26,977,476	26,597,242	24,698,799	26,368,922	24,193,870
Interest-earning assets	35,293,979	34,674,842	32,886,276	34,473,814	32,627,578
Deposits	32,647,264	32,100,210	30,237,329	31,856,771	29,939,492
Interest-bearing liabilities	20,551,393	20,397,445	18,783,160	20,204,705	18,899,001
Shareholders' equity	3,580,235	3,546,041	3,470,368	3,545,418	3,401,450
Shares outstanding	11,060,462	11,286,520	11,971,460	11,286,984	11,997,281
SELECTED RATIOS					
Annualized return on average assets	1.32%	1.29%	1.33%	1.29%	1.20%
Annualized return on average equity	13.83	13.50	13.41	13.41	12.22
Taxable-equivalent net interest margin	3.80	3.79	3.73	3.83	3.65
Efficiency ratio ⁽¹⁾	61.9	64.3	67.3	63.6	68.5
Tier 1 risk-based capital ratio	11.8	12.0	13.2	11.8	13.2
Common equity Tier 1 ratio	11.8	12.0	13.2	11.8	13.2
Total risk-based capital ratio	13.1	13.3	14.6	13.1	14.6
Leverage capital ratio	9.2	9.4	10.1	9.2	10.1

⁽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

(Dollars in thousands, unaudited)	Three months ended			Nine months ended September 30	
	September 30, 2019	June 30, 2019	September 30, 2018	2019	2018
ALLOWANCE FOR LOAN AND LEASE LOSSES (ALLL)					
ALLL at beginning of period	\$ 226,583	\$ 228,775	\$ 224,865	\$ 223,712	\$ 221,893
Provision (credit) expense for loan and lease losses:					
PCI loans ⁽¹⁾	(1,476)	(637)	(1,514)	(2,277)	1,000
Non-PCI loans ⁽¹⁾	8,242	5,835	2,354	25,991	15,883
Net charge-offs of loans and leases:					
Charge-offs	(9,647)	(10,602)	(9,447)	(30,403)	(28,856)
Recoveries	3,123	3,212	2,939	9,802	9,277
Net charge-offs of loans and leases	<u>(6,524)</u>	<u>(7,390)</u>	<u>(6,508)</u>	<u>(20,601)</u>	<u>(19,579)</u>
ALLL at end of period	<u>\$ 226,825</u>	<u>\$ 226,583</u>	<u>\$ 219,197</u>	<u>\$ 226,825</u>	<u>\$ 219,197</u>
ALLL at end of period allocated to loans and leases:					
PCI	\$ 6,867	\$ 8,343	\$ 10,909	\$ 6,867	\$ 10,909
Non-PCI	219,958	218,240	208,288	219,958	208,288
ALLL at end of period	<u>\$ 226,825</u>	<u>\$ 226,583</u>	<u>\$ 219,197</u>	<u>\$ 226,825</u>	<u>\$ 219,197</u>
Reserve for unfunded commitments	<u>\$ 1,097</u>	<u>\$ 1,149</u>	<u>\$ 1,089</u>	<u>\$ 1,097</u>	<u>\$ 1,089</u>
SELECTED LOAN DATA					
Average loans and leases:					
PCI	\$ 530,390	\$ 544,250	\$ 652,983	\$ 551,065	\$ 689,482
Non-PCI	26,379,156	25,995,212	24,045,816	25,762,098	23,504,388
Loans and leases at period-end:					
PCI	513,589	551,447	638,018	513,589	638,018
Non-PCI	26,682,922	26,176,790	24,248,329	26,682,922	24,248,329
RISK ELEMENTS					
Nonaccrual loans and leases	\$ 109,645	\$ 104,975	\$ 86,949	\$ 109,645	\$ 86,949
Other real estate	46,253	46,236	43,601	46,253	43,601
Total nonperforming assets	<u>\$ 155,898</u>	<u>\$ 151,211</u>	<u>\$ 130,550</u>	<u>\$ 155,898</u>	<u>\$ 130,550</u>
Accruing loans and leases 90 days or more past due	\$ 27,534	\$ 32,787	\$ 40,713	\$ 27,534	\$ 40,713
RATIOS					
Net charge-offs (annualized) to average loans and leases	0.10	0.11	0.10	0.10	0.11
ALLL to total loans and leases:					
PCI	1.34	1.51	1.71	1.34	1.71
Non-PCI	0.82	0.83	0.86	0.82	0.86
Total	0.83	0.85	0.88	0.83	0.88
Ratio of total nonperforming assets to total loans, leases and other real estate owned	0.57	0.57	0.52	0.57	0.52

⁽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								
	September 30, 2019			June 30, 2019			September 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⁾	\$ 26,977,476	\$ 315,621	4.65 %	\$ 26,597,242	\$ 303,803	4.58 %	\$ 24,698,799	\$ 272,868	4.39 %
Investment securities:									
U. S. Treasury	834,577	5,262	2.50	1,150,001	6,770	2.36	1,504,594	7,104	1.87
Government agency	628,322	4,742	3.02	383,700	3,034	3.16	129,634	840	2.59
Mortgage-backed securities	5,195,711	27,891	2.15	4,979,160	28,130	2.26	5,266,282	29,160	2.21
Corporate bonds	149,888	1,912	5.10	147,669	1,931	5.23	121,855	1,609	5.28
State, county and municipal	—	—	—	334	1	1.81	—	—	—
Other investments	148,483	636	1.70	142,706	625	1.76	106,724	249	0.93
Total investment securities	6,956,981	40,443	2.32	6,803,570	40,491	2.38	7,129,089	38,962	2.18
Overnight investments	1,359,522	7,151	2.09	1,274,030	7,280	2.29	1,058,388	4,721	1.77
Total interest-earning assets	\$ 35,293,979	\$ 363,215	4.09 %	\$ 34,674,842	\$ 351,574	4.06 %	\$ 32,886,276	\$ 316,551	3.83 %
INTEREST-BEARING LIABILITIES									
Interest-bearing deposits:									
Checking with interest	\$ 5,328,855	\$ 500	0.04 %	\$ 5,366,731	\$ 445	0.03 %	\$ 5,177,349	\$ 319	0.02 %
Savings	2,636,583	528	0.08	2,658,974	527	0.08	2,506,421	210	0.03
Money market accounts	8,121,643	7,619	0.37	8,031,608	6,624	0.33	7,878,484	2,455	0.12
Time deposits	3,523,658	13,090	1.47	3,371,402	11,561	1.38	2,367,980	2,163	0.36
Total interest-bearing deposits	19,610,739	21,737	0.44	19,428,715	19,157	0.40	17,930,234	5,147	0.11
Securities sold under customer repurchase agreements	533,371	542	0.40	556,374	515	0.37	547,385	398	0.29
Other short-term borrowings	23,236	203	3.50	40,513	278	2.72	43,720	287	2.57
Long-term borrowings	384,047	3,411	3.51	371,843	3,423	3.64	261,821	2,512	3.77
Total interest-bearing liabilities	\$ 20,551,393	\$ 25,893	0.50	\$ 20,397,445	\$ 23,373	0.46	\$ 18,783,160	\$ 8,344	0.18
Interest rate spread			3.59 %			3.60 %			3.65 %
Net interest income and net yield on interest-earning assets		\$ 337,322	3.80 %		\$ 328,201	3.79 %		\$ 308,207	3.73 %

⁽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 \$897, \$853 and \$845 for the three months ended September 30, 2019, June 30, 2019 and September 30, 2018, respectively.