

CONSOLIDATED FINANCIAL HIGHLIGHTS

(Dollars in thousands, except share data; unaudited)	For the three months ended			Twelve months ended December 31	
	December 31, 2019	September 30, 2019	December 31, 2018	2019	2018
SUMMARY OF OPERATIONS					
Interest income	\$ 354,048	\$ 362,318	\$ 333,573	\$ 1,404,011	\$ 1,245,757
Interest expense	26,924	25,893	12,691	92,642	36,857
Net interest income	327,124	336,425	320,882	1,311,369	1,208,900
Provision for loan and lease losses	7,727	6,766	11,585	31,441	28,468
Net interest income after provision for loan and lease losses	319,397	329,659	309,297	1,279,928	1,180,432
Noninterest income	104,393	100,930	82,007	415,861	400,149
Noninterest expense	292,262	270,425	275,378	1,103,741	1,076,971
Income before income taxes	131,528	160,164	115,926	592,048	503,610
Income taxes	29,654	35,385	26,453	134,677	103,297
Net income	\$ 101,874	\$ 124,779	\$ 89,473	\$ 457,371	\$ 400,313
Taxable-equivalent net interest income	\$ 328,045	\$ 337,322	\$ 321,804	\$ 1,314,940	\$ 1,212,280
PER SHARE DATA					
Net income per share	\$ 9.55	\$ 11.27	\$ 7.62	\$ 41.05	\$ 33.53
Cash dividends per share	0.40	0.40	0.40	1.60	1.45
Book value at period-end	337.38	327.86	300.04	337.38	300.04
CONDENSED BALANCE SHEET					
Cash and due from banks	\$ 376,719	\$ 288,933	\$ 327,440	\$ 376,719	\$ 327,440
Overnight investments	1,107,844	949,899	797,406	1,107,844	797,406
Investment securities	7,173,003	7,167,680	6,834,362	7,173,003	6,834,362
Loans and leases	28,881,496	27,196,511	25,523,276	28,881,496	25,523,276
Less allowance for loan and lease losses	(225,141)	(226,825)	(223,712)	(225,141)	(223,712)
Other assets	2,510,575	2,372,126	2,149,857	2,510,575	2,149,857
Total assets	\$ 39,824,496	\$ 37,748,324	\$ 35,408,629	\$ 39,824,496	\$ 35,408,629
Deposits	\$ 34,431,236	\$ 32,743,277	\$ 30,672,460	\$ 34,431,236	\$ 30,672,460
Other liabilities	1,807,076	1,436,565	1,247,215	1,807,076	1,247,215
Shareholders' equity	3,586,184	3,568,482	3,488,954	3,586,184	3,488,954
Total liabilities and shareholders' equity	\$ 39,824,496	\$ 37,748,324	\$ 35,408,629	\$ 39,824,496	\$ 35,408,629
SELECTED PERIOD AVERAGE BALANCES					
Total assets	\$ 38,326,641	\$ 37,618,836	\$ 35,625,500	\$ 37,161,719	\$ 34,879,912
Investment securities	7,120,023	6,956,981	7,025,889	6,919,069	7,074,929
Loans and leases	27,508,062	26,977,476	25,343,813	26,656,048	24,483,719
Interest-earning assets	36,032,680	35,293,979	33,500,732	34,866,734	32,847,661
Deposits	33,295,141	32,647,264	30,835,157	32,218,536	30,165,249
Interest-bearing liabilities	20,958,943	20,551,393	19,282,749	20,394,815	18,995,727
Shareholders' equity	\$ 3,570,872	\$ 3,580,235	\$ 3,491,914	\$ 3,551,781	\$ 3,422,941
Shares outstanding	10,708,084	11,060,462	11,763,832	11,141,069	11,938,439
SELECTED RATIOS					
Annualized return on average assets	1.05%	1.32%	1.00%	1.23%	1.15%
Annualized return on average equity	11.32	13.83	10.17	12.88	11.69
Taxable-equivalent net interest margin	3.62	3.80	3.82	3.77	3.69
Efficiency ratio ⁽¹⁾	68.9	61.9	65.7	64.9	67.7
Tier 1 risk-based capital ratio	10.9	11.8	12.7	10.9	12.7
Common equity Tier 1 ratio	10.9	11.8	12.7	10.9	12.7
Total risk-based capital ratio	12.1	13.1	14.0	12.1	14.0
Leverage capital ratio	8.8	9.2	9.8	8.8	9.8

⁽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, 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			Twelve months ended December 31	
	December 31, 2019	September 30, 2019	December 31, 2018	2019	2018
ALLOWANCE FOR LOAN AND LEASE LOSSES (ALLL)					
ALLL at beginning of period	\$ 226,825	\$ 226,583	\$ 219,197	\$ 223,712	\$ 221,893
Provision (credit) expense for loan and lease losses:					
PCI loans ⁽¹⁾	669	(1,476)	(1,765)	(1,608)	(765)
Non-PCI loans ⁽¹⁾	7,058	8,242	13,350	33,049	29,232
Net charge-offs of loans and leases:					
Charge-offs	(12,624)	(9,647)	(10,816)	(43,027)	(39,671)
Recoveries	3,213	3,123	3,746	13,015	13,023
Net charge-offs of loans and leases	(9,411)	(6,524)	(7,070)	(30,012)	(26,648)
ALLL at end of period	<u>\$ 225,141</u>	<u>\$ 226,825</u>	<u>\$ 223,712</u>	<u>\$ 225,141</u>	<u>\$ 223,712</u>
ALLL at end of period allocated to loans and leases:					
PCI	\$ 7,536	\$ 6,867	\$ 9,144	\$ 7,536	\$ 9,144
Non-PCI	217,605	219,958	214,568	30,012	214,568
ALLL at end of period	<u>\$ 225,141</u>	<u>\$ 226,825</u>	<u>\$ 223,712</u>	<u>\$ 225,141</u>	<u>\$ 223,712</u>
Reserve for unfunded commitments	<u>\$ 1,055</u>	<u>\$ 1,097</u>	<u>\$ 1,107</u>	<u>\$ 1,055</u>	<u>\$ 1,107</u>
SELECTED LOAN DATA					
Average loans and leases:					
PCI	\$ 495,783	\$ 530,390	\$ 616,664	\$ 537,131	\$ 671,128
Non-PCI	26,937,524	26,379,156	24,727,149	26,058,370	23,812,591
Loans and leases at period-end:					
PCI	558,716	513,589	606,576	558,716	606,576
Non-PCI	28,322,780	26,682,922	24,916,700	28,322,780	24,916,700
RISK ELEMENTS					
Nonaccrual loans and leases	\$ 121,689	\$ 109,645	\$ 85,822	\$ 121,689	\$ 85,822
Other real estate	46,591	46,253	48,030	46,591	48,030
Total nonperforming assets	<u>\$ 168,280</u>	<u>\$ 155,898</u>	<u>\$ 133,852</u>	<u>\$ 168,280</u>	<u>\$ 133,852</u>
Accruing loans and leases 90 days or more past due	\$ 27,548	\$ 27,534	\$ 39,908	\$ 27,548	\$ 39,908
RATIOS					
Net charge-offs (annualized) to average loans and leases	0.14	0.10	0.11	0.11	0.11
ALLL to total loans and leases:					
PCI	1.35	1.34	1.51	1.35	1.51
Non-PCI	0.77	0.82	0.86	0.77	0.86
Total	0.78	0.83	0.88	0.78	0.88
Ratio of total nonperforming assets to total loans, leases and other real estate owned	0.58	0.57	0.52	0.58	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								
	December 31, 2019			September 30, 2019			December 31, 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⁾	\$ 27,508,062	\$ 308,832	4.46 %	\$ 26,977,476	\$ 315,621	4.65 %	\$ 25,343,813	\$ 288,484	4.52 %
Investment securities:									
U. S. Treasury	595,515	3,706	2.47	834,577	5,262	2.50	1,454,889	7,261	1.98
Government agency	659,857	4,224	2.56	628,322	4,742	3.02	192,830	1,288	2.67
Mortgage-backed securities	5,563,653	29,964	2.15	5,195,711	27,891	2.15	5,136,489	29,261	2.28
Corporate bonds	172,424	2,165	5.02	149,888	1,912	5.10	135,962	1,810	5.32
Other investments	128,574	653	2.02	148,483	636	1.70	105,719	326	1.22
Total investment securities	7,120,023	40,712	2.29	6,956,981	40,443	2.32	7,025,889	39,946	2.27
Overnight investments	1,404,595	5,425	1.53	1,359,522	7,151	2.09	1,131,030	6,065	2.13
Total interest-earning assets	<u>\$ 36,032,680</u>	<u>\$ 354,969</u>	<u>3.92 %</u>	<u>\$ 35,293,979</u>	<u>\$ 363,215</u>	<u>4.09 %</u>	<u>\$ 33,500,732</u>	<u>\$ 334,495</u>	<u>3.97 %</u>
INTEREST-BEARING LIABILITIES									
Interest-bearing deposits:									
Checking with interest	\$ 5,479,226	\$ 563	0.04 %	\$ 5,328,855	\$ 500	0.04 %	\$ 5,254,677	\$ 332	0.03 %
Savings	2,596,608	439	0.07	2,636,583	528	0.08	2,511,444	213	0.03
Money market accounts	8,378,366	8,064	0.38	8,121,643	7,619	0.37	7,971,726	4,335	0.22
Time deposits	3,513,432	13,367	1.51	3,523,658	13,090	1.47	2,599,498	4,179	0.64
Total interest-bearing deposits	19,967,632	22,433	0.45	19,610,739	21,737	0.44	18,337,345	9,059	0.20
Securities sold under customer repurchase agreements	495,804	479	0.38	533,371	542	0.40	572,442	419	0.29
Other short-term borrowings	28,284	190	2.63	23,236	203	3.50	53,552	298	2.21
Long-term borrowings	467,223	3,822	3.20	384,047	3,411	3.51	319,410	2,915	3.58
Total interest-bearing liabilities	<u>\$ 20,958,943</u>	<u>\$ 26,924</u>	<u>0.51</u>	<u>\$ 20,551,393</u>	<u>\$ 25,893</u>	<u>0.50</u>	<u>\$ 19,282,749</u>	<u>\$ 12,691</u>	<u>0.26</u>
Interest rate spread			<u>3.41 %</u>			<u>3.59 %</u>			<u>3.71 %</u>
Net interest income and net yield on interest-earning assets		<u>\$ 328,045</u>	<u>3.62 %</u>		<u>\$ 337,322</u>	<u>3.80 %</u>		<u>\$ 321,804</u>	<u>3.82 %</u>

⁽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 \$921, \$897 and \$922 for the three months ended December 31, 2019, September 30, 2019 and December 31, 2018, respectively.