

# FOURTH QUARTER 2016 EARNINGS PRESENTATION

JANUARY 19, 2017



# FORWARD-LOOKING STATEMENTS

## Important note regarding forward-looking statements:

Statements made in this presentation which are not purely historical are forward-looking statements, as defined in the Private Securities Litigation Reform Act of 1995. This includes any statements regarding management's plans, objectives, or goals for future operations, products or services, and forecasts of its revenues, earnings, or other measures of performance. Such forward-looking statements may be identified by the use of words such as "believe," "expect," "anticipate," "plan," "estimate," "should," "will," "intend," "outlook" or similar expressions. Forward-looking statements are based on current management expectations and, by their nature, are subject to risks and uncertainties. Actual results may differ materially from those contained in the forward-looking statements. Factors which may cause actual results to differ materially from those contained in such forward-looking statements include those identified in the Company's most recent Form 10-K and subsequent SEC filings. Such factors are incorporated herein by reference.



# 2016 HIGHLIGHTS

**2016: Net income available to common equity of \$191 million, or \$1.26 per common share**

**Growing Revenues**

**Stabilizing Margin**

**Improving Efficiency**

**Expanding Bottom Line**

## Balance Sheet Management

- Loans reached \$20 billion at year end; full year margin of 2.80%
- Average loans were up \$1.4 billion, or 8% from 2015
- Average deposits were up \$1.1 billion, or 6% from 2015

## Expense Management

- Efficiency ratio improved for the fifth consecutive year
- Expenses in-line with guidance, excluding severance

## Fee Businesses

- Capital markets increased significantly year over year
- Mortgage banking increased 18% year over year
- Insurance commissions increased 7% year over year

## Capital Management

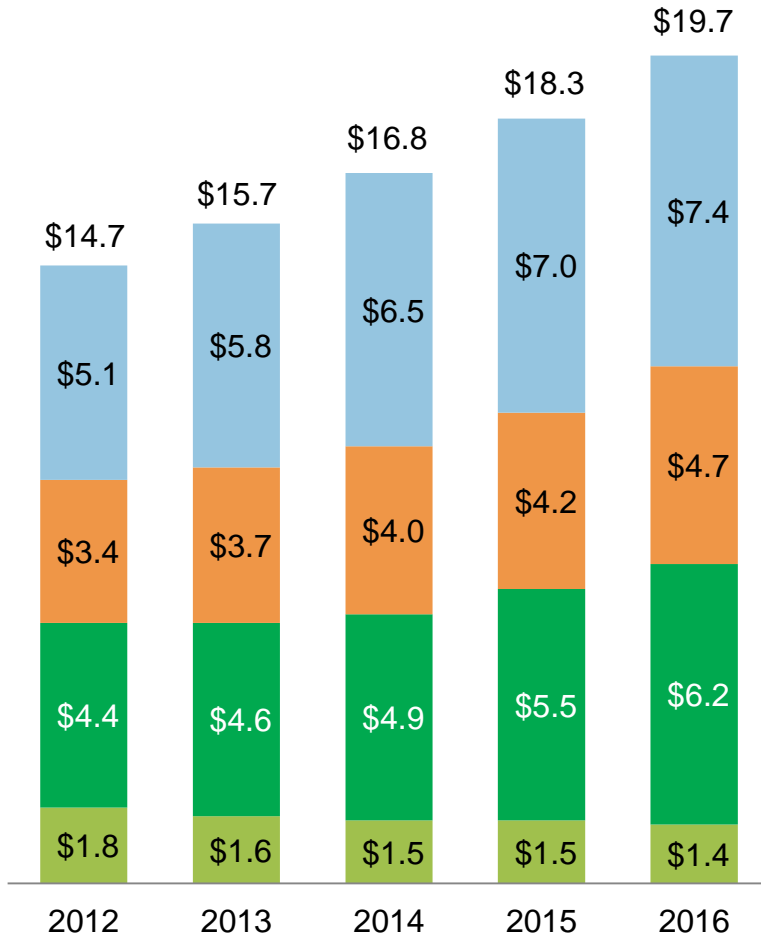
- Return on average common equity Tier 1 (CET1) of 9.9%
- Dividend payout ratio of 35%
- CET1 ratio of 9.5% at year end

**4Q 2016: Net income available to common equity of \$52 million, or \$0.34 per common share**

# LOAN PORTFOLIO – ANNUAL TRENDS

## Average Annual Loans

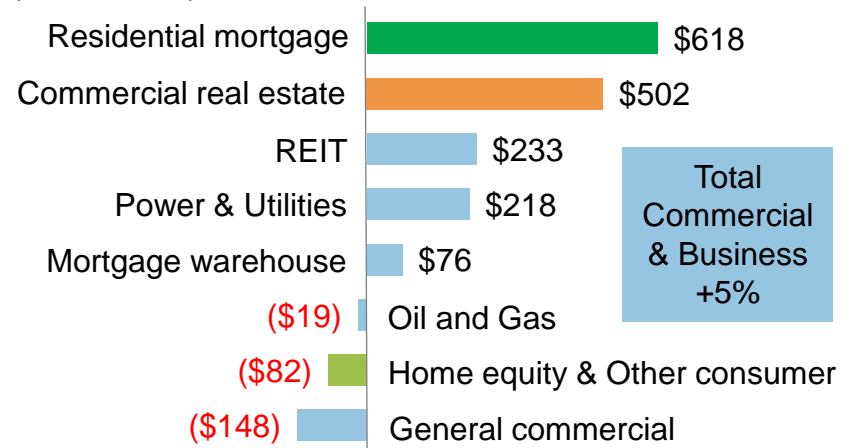
(\$ in billions)



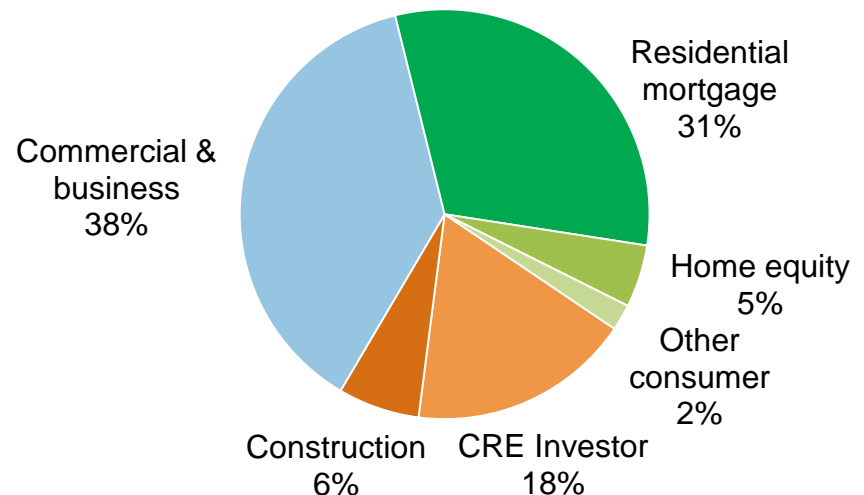
■ Home equity & Other consumer    ■ Residential mortgage  
■ Commercial real estate    ■ Commercial & business

## Average Net Loan Change (from 2015)

(\$ in millions)



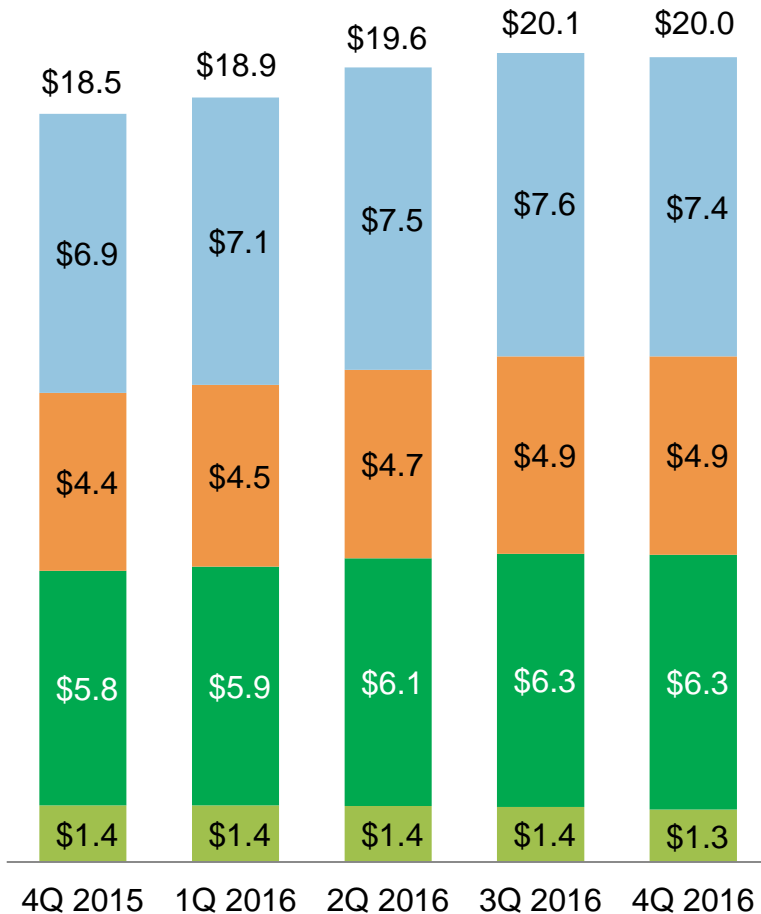
## Loan Mix – 2016 (Average)



# LOAN PORTFOLIO – QUARTERLY TRENDS

## Average Quarterly Loans

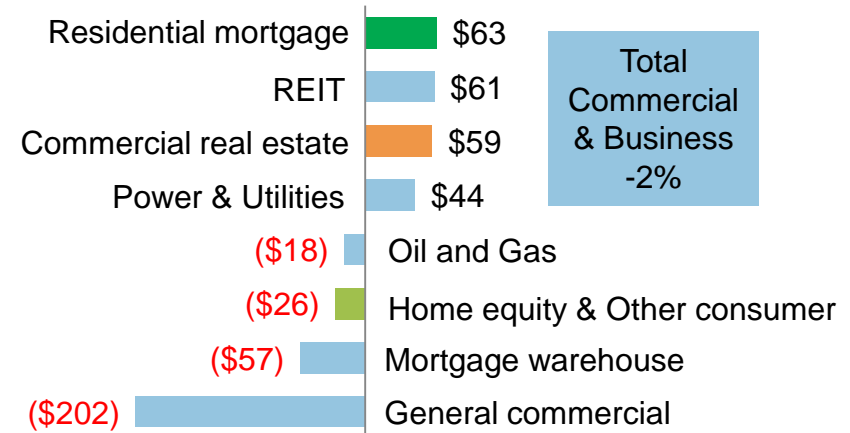
(\$ in billions)



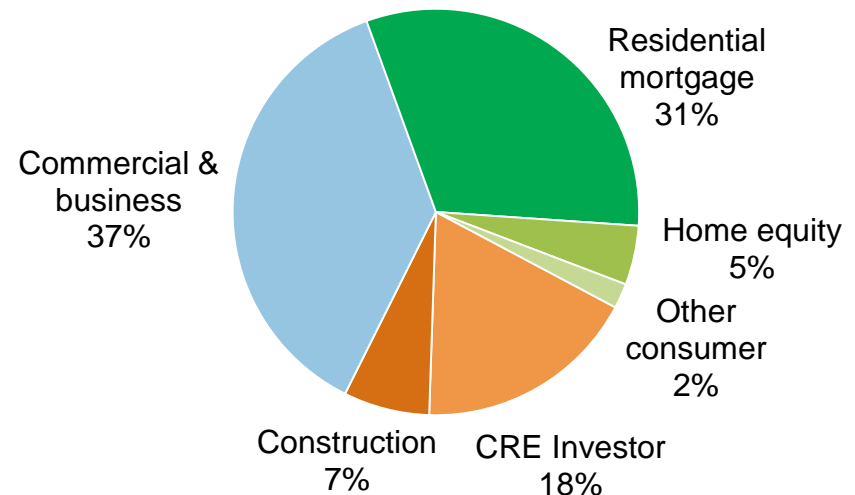
■ Home equity & Other consumer    ■ Residential mortgage  
■ Commercial real estate    ■ Commercial & business

## Average Net Loan Change (from 3Q 2016)

(\$ in millions)



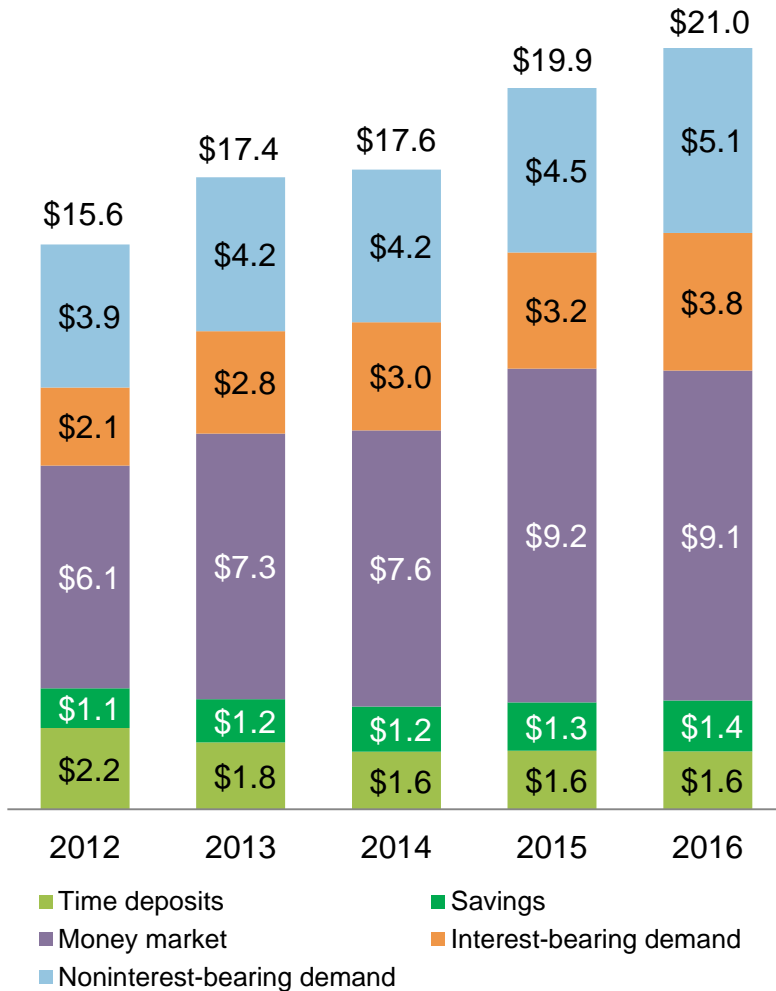
## Loan Mix – 4Q 2016 (Average)



# DEPOSIT PORTFOLIO – ANNUAL TRENDS

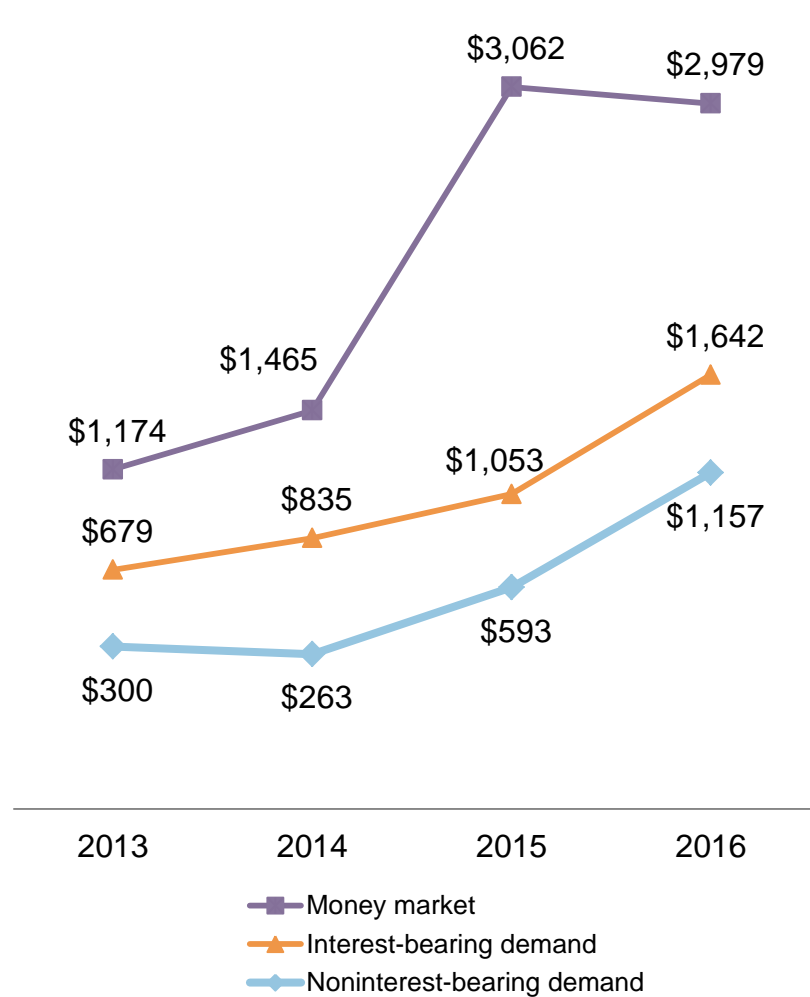
## Average Annual Deposits

(\$ in billions)



## Cumulative Growth from 2012

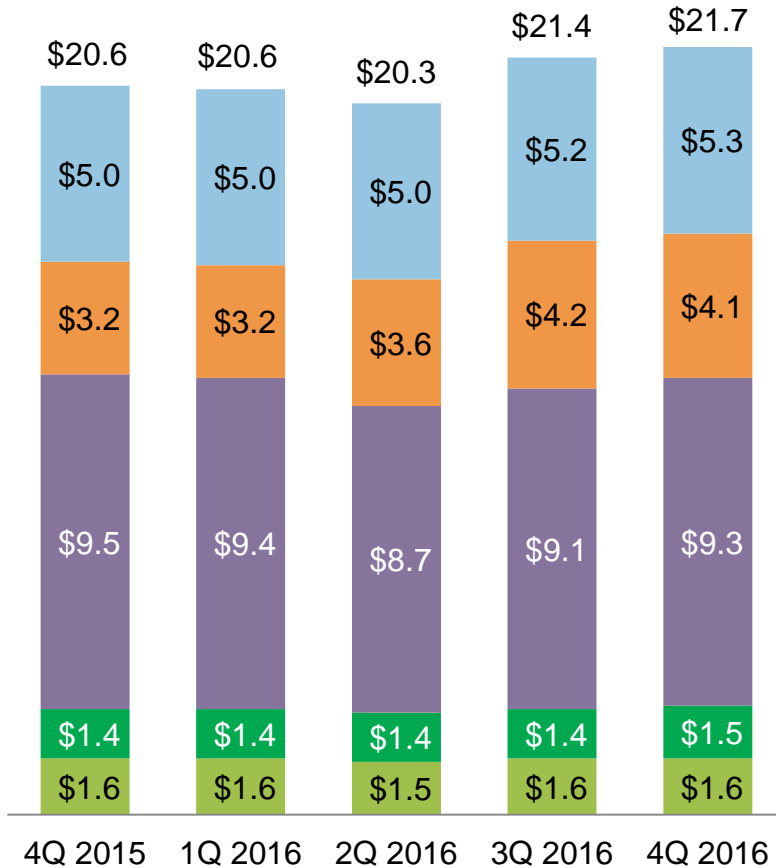
(\$ in millions)



# DEPOSIT PORTFOLIO – QUARTERLY TRENDS

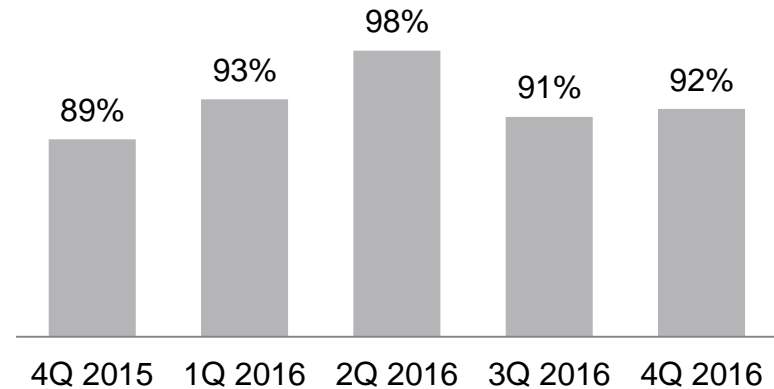
## Average Quarterly Deposits

(\$ in billions)

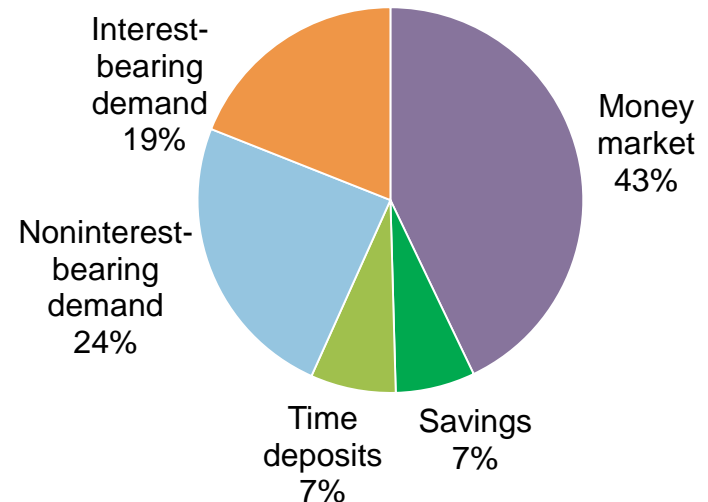


- Time deposits
- Savings
- Money market
- Interest-bearing demand
- Noninterest-bearing demand

## Loan to Deposit Ratio



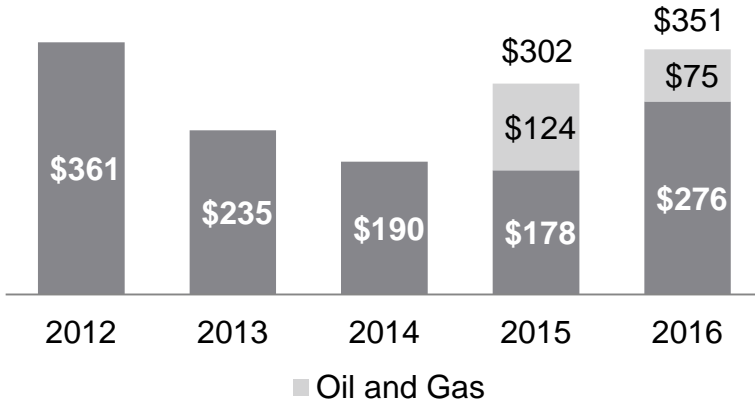
## Deposit Mix – 4Q 2016 (Average)



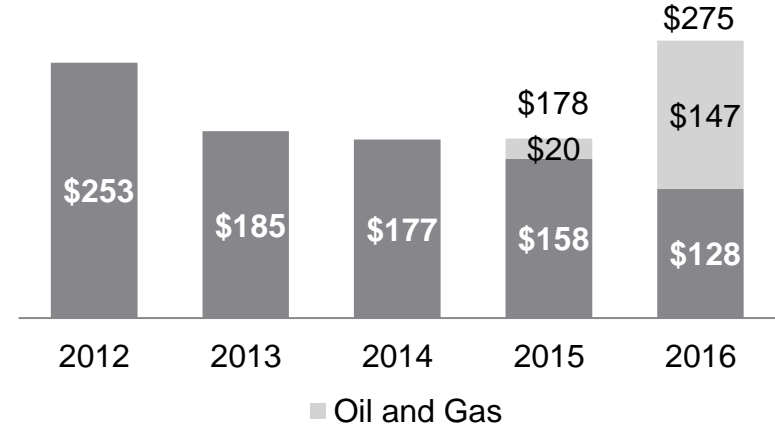
# CREDIT QUALITY – ANNUAL TRENDS

(\$ IN MILLIONS)

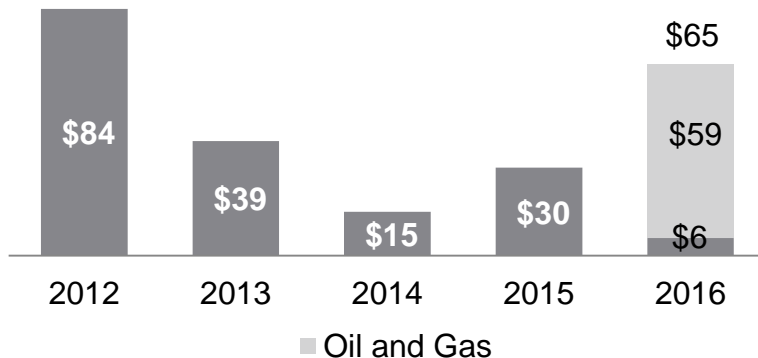
## Potential Problem Loans – Year End



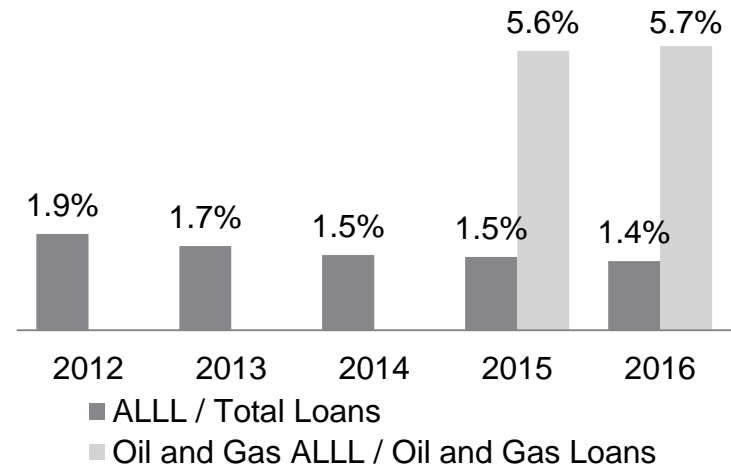
## Nonaccrual Loans – Year End



## Net Charge Offs



## Allowance to Total Loans / Oil and Gas Loans



Note: All amounts at or for the year ended

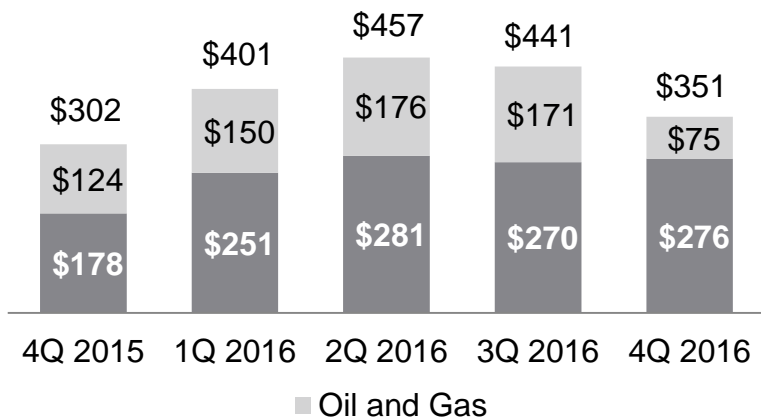




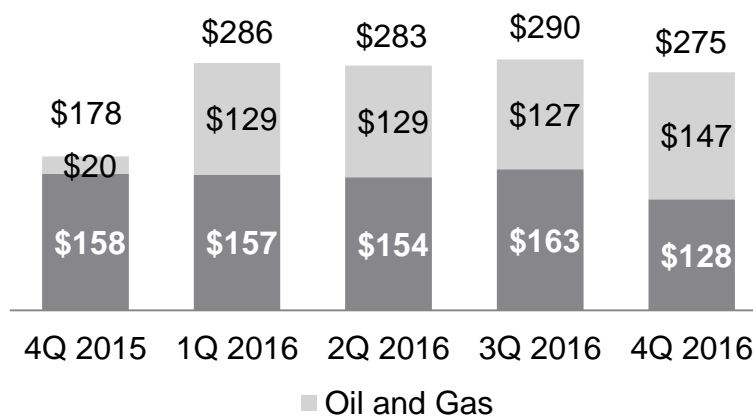
# CREDIT QUALITY – QUARTERLY TRENDS

(\$ IN MILLIONS)

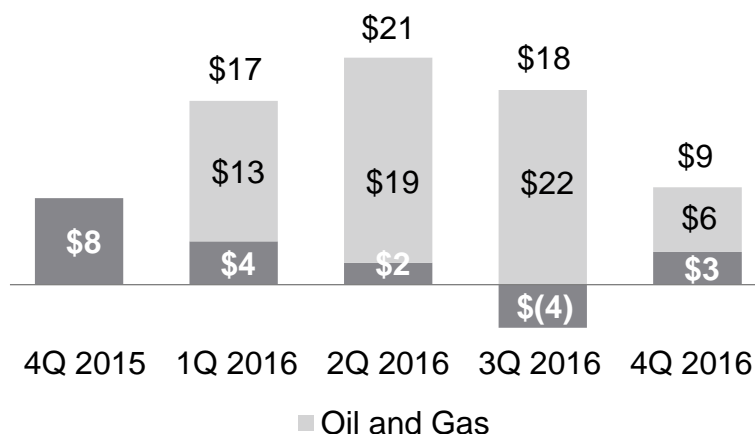
## Potential Problem Loans



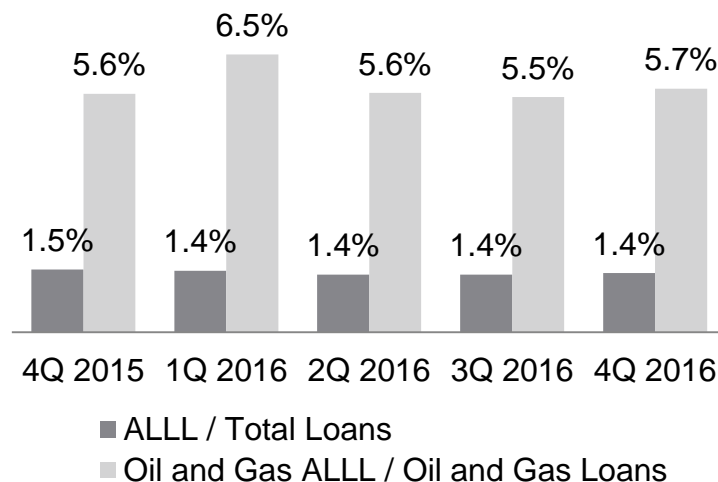
## Nonaccrual Loans



## Net Charge Offs (Recoveries)



## Allowance to Total Loans / Oil and Gas Loans

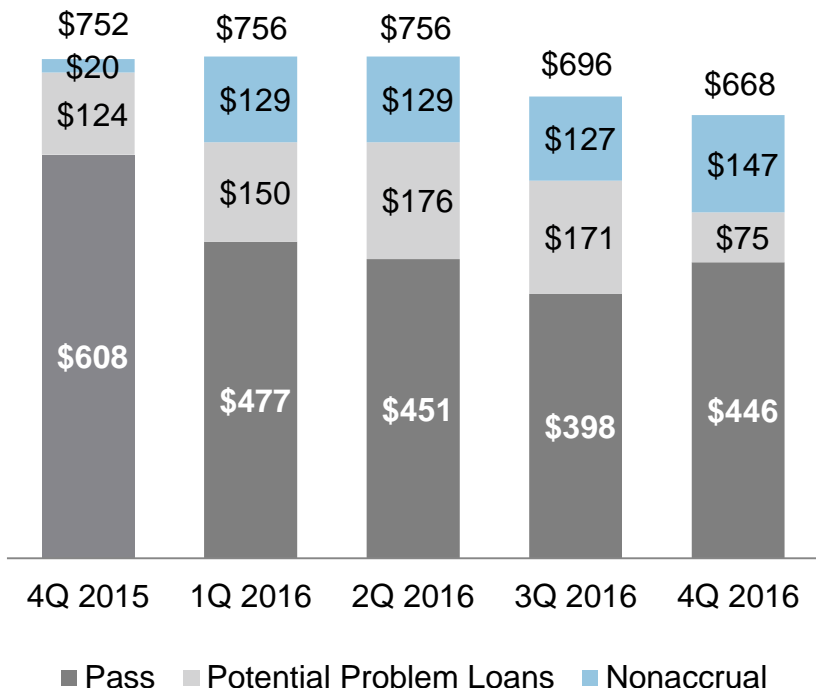


# OIL AND GAS UPDATE

<b>Total O&amp;G Portfolio</b> Year end December 31, 2016	61 credits	~\$1 billion commitments	\$668 million outstandings	3% of total loans
<b>New business in 2016</b>	14 credits	\$310 million commitments	\$187 million outstandings	1% of total loans

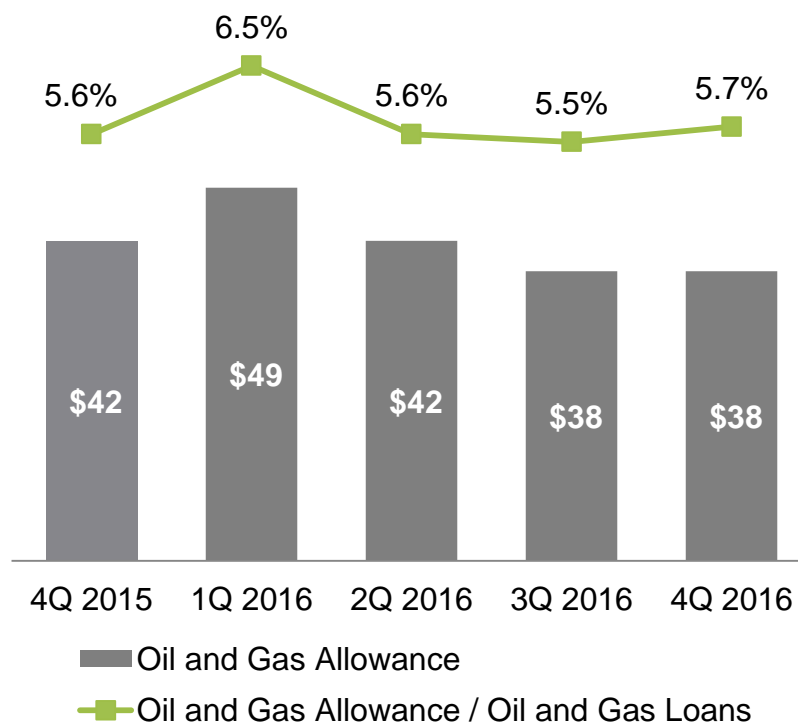
## Period End Loans by Credit Quality

(\$ in millions)



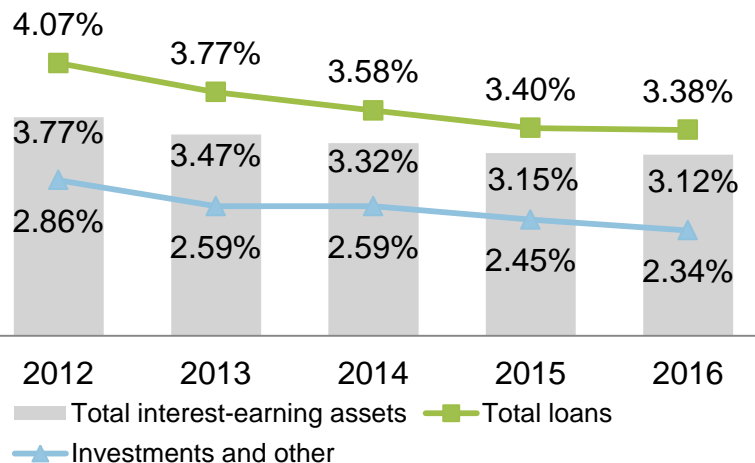
## Oil and Gas Allowance

(\$ in millions)

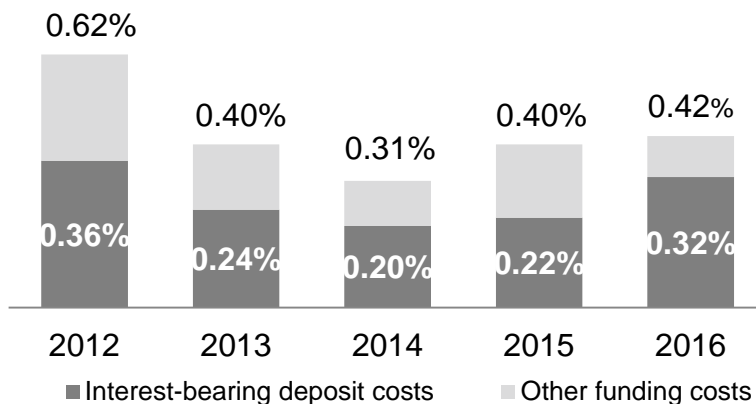


# NET INTEREST INCOME AND MARGIN ANNUAL TRENDS

## Yield on Interest-earning Assets

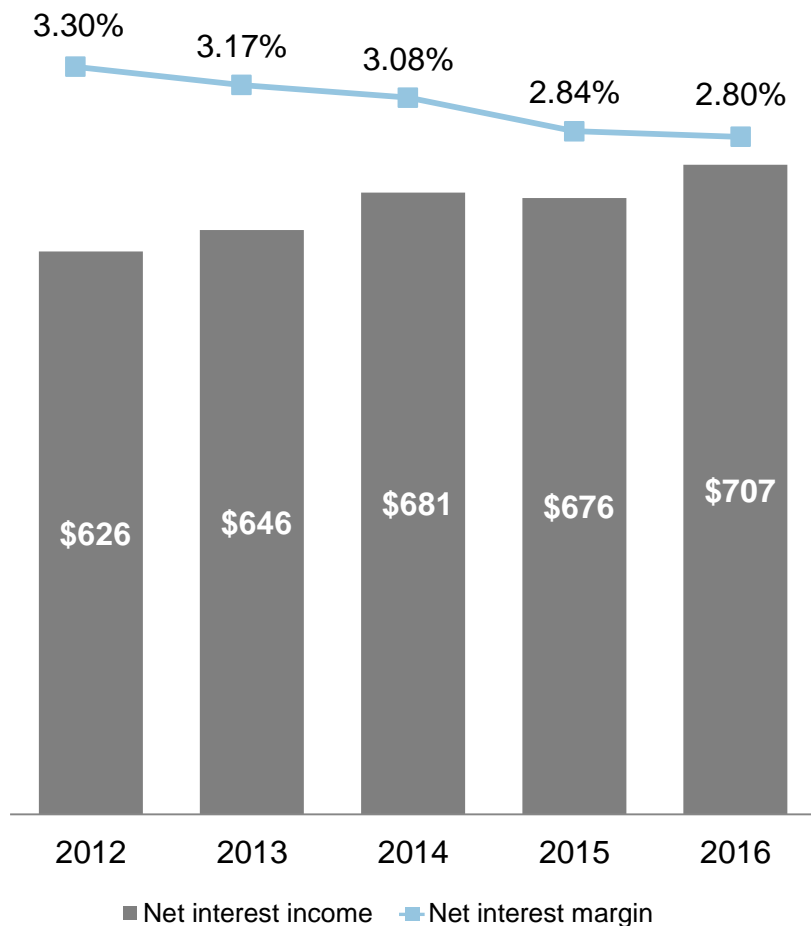


## Cost of Interest-bearing Liabilities



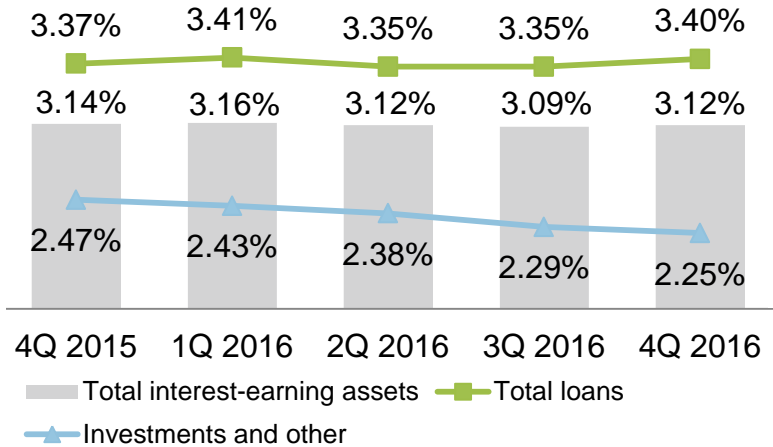
## Net Interest Income & Net Interest Margin

(\$ in millions)

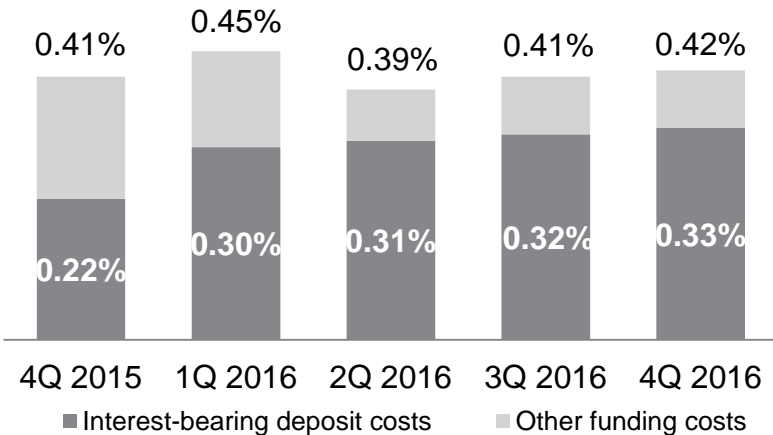


# NET INTEREST INCOME AND MARGIN QUARTERLY TRENDS

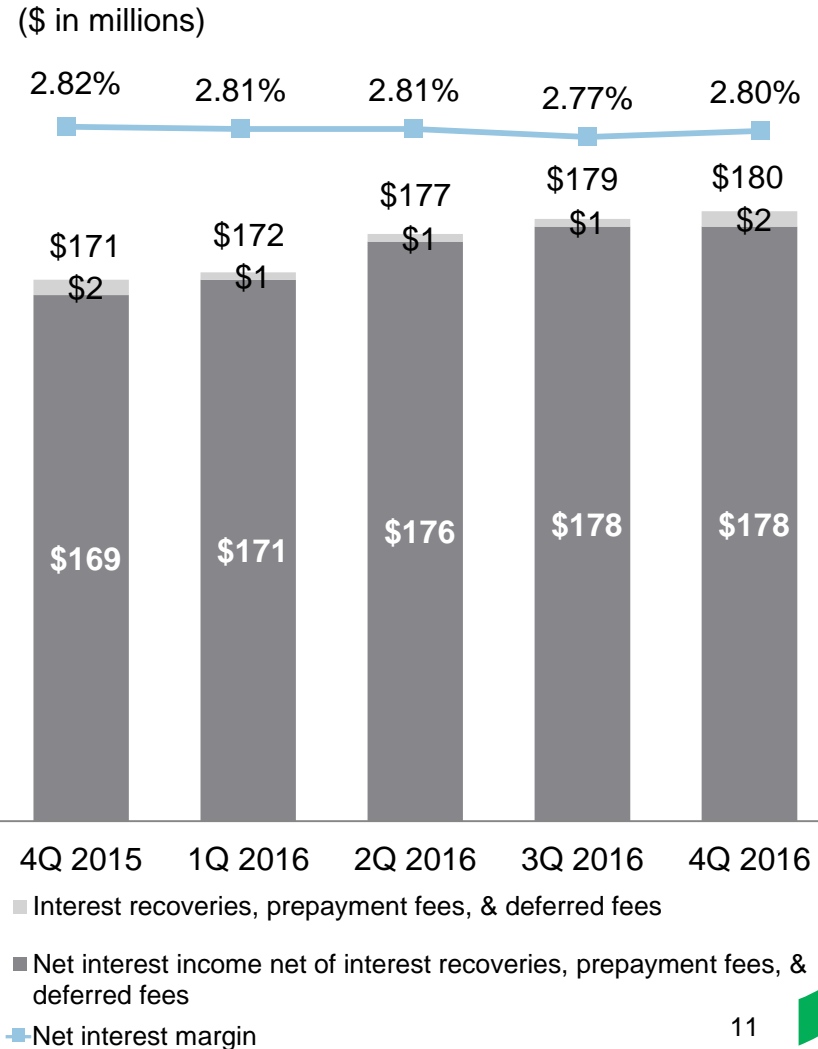
## Yield on Interest-earning Assets



## Cost of Interest-bearing Liabilities

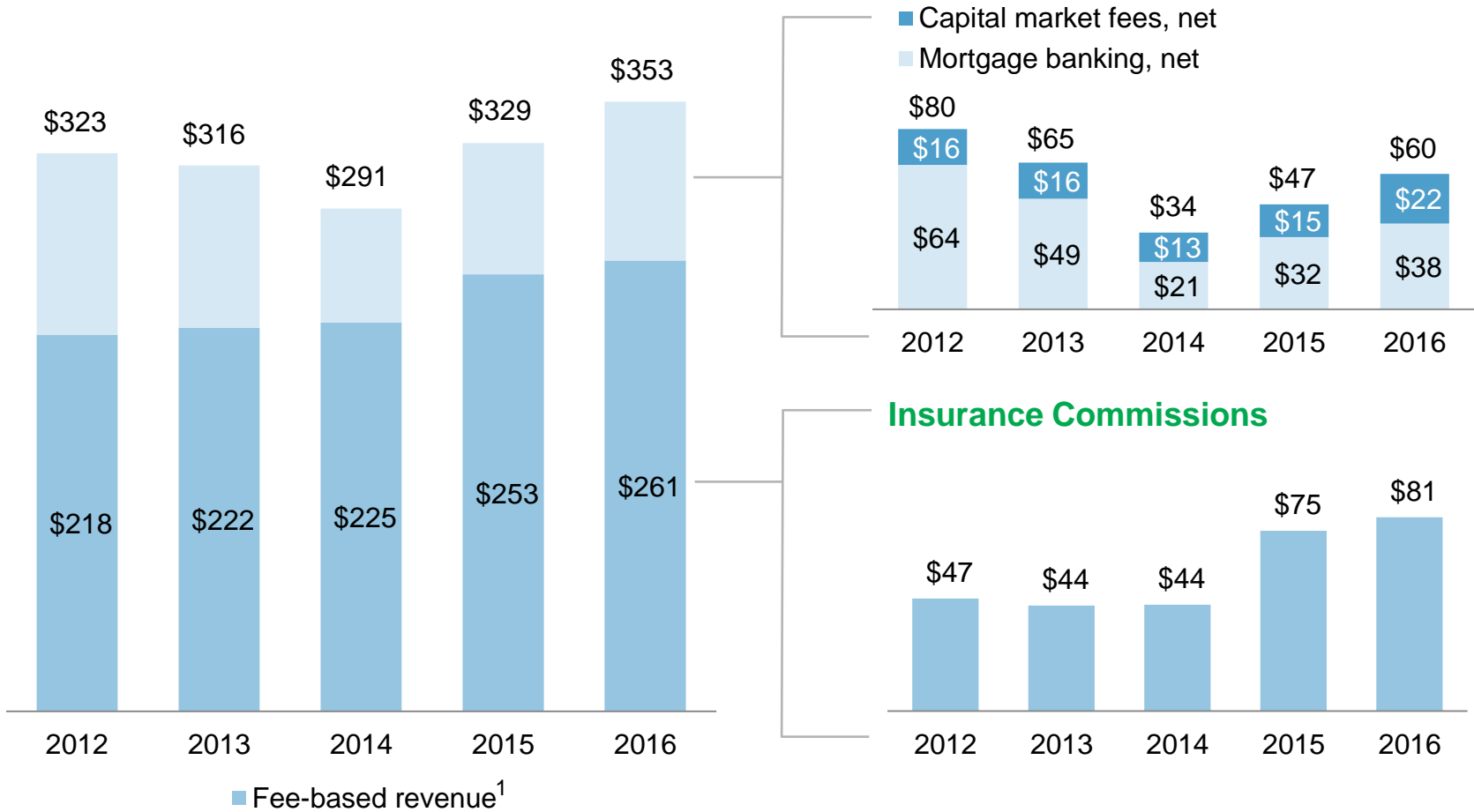


## Net Interest Income & Net Interest Margin



# NONINTEREST INCOME – ANNUAL TRENDS

(\$ IN MILLIONS)

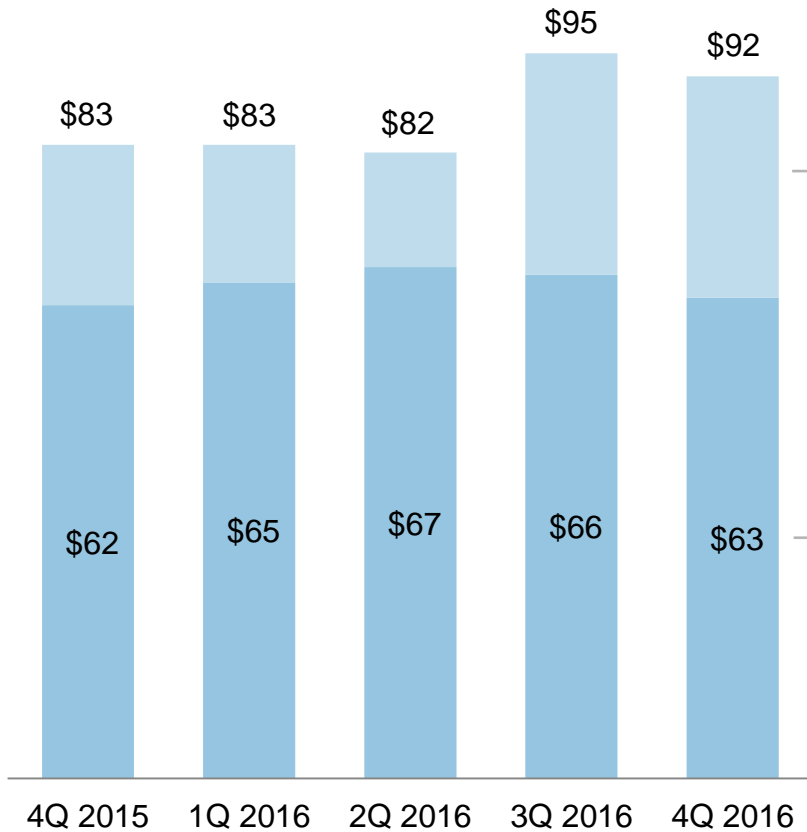


<sup>1</sup> – Fee-based revenue = A non-GAAP financial measure, is the sum of trust service fees, service charges on deposit accounts, card-based and other nondeposit fees, insurance commissions, and brokerage and annuity commissions. Please refer to the appendix for a reconciliation of fee-based revenue to total noninterest income.

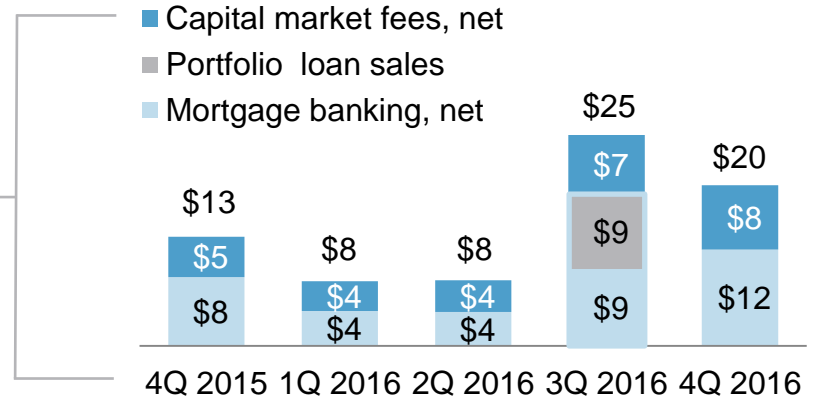


# NONINTEREST INCOME – QUARTERLY TRENDS

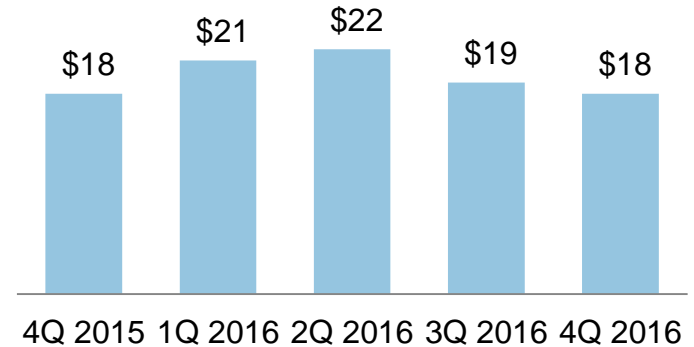
(\$ IN MILLIONS)



■ Fee-based revenue<sup>1</sup>



## Insurance Commissions

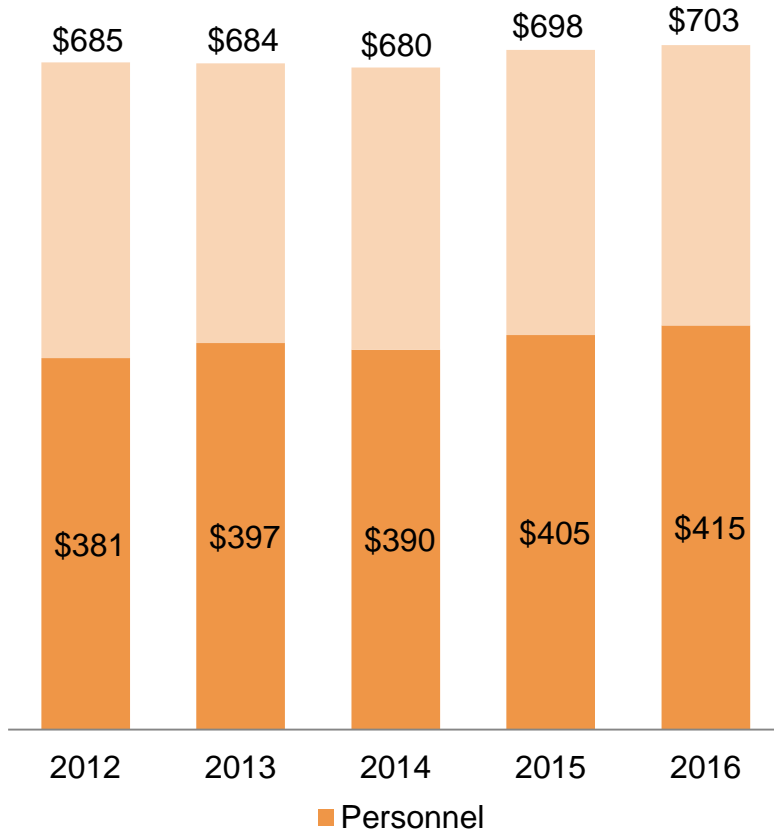


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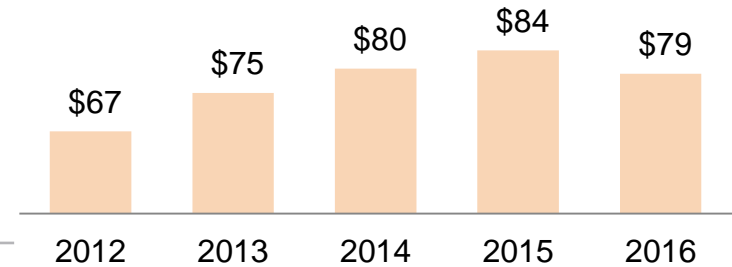


# NONINTEREST EXPENSE – ANNUAL TRENDS

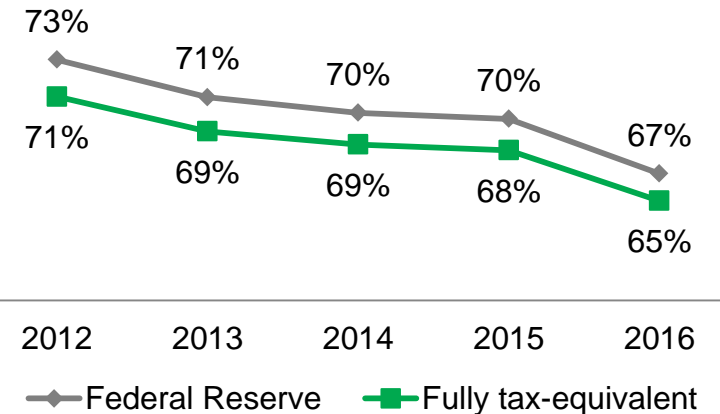
(\$ IN MILLIONS)



## Technology and Equipment



## Efficiency Ratio<sup>1</sup>

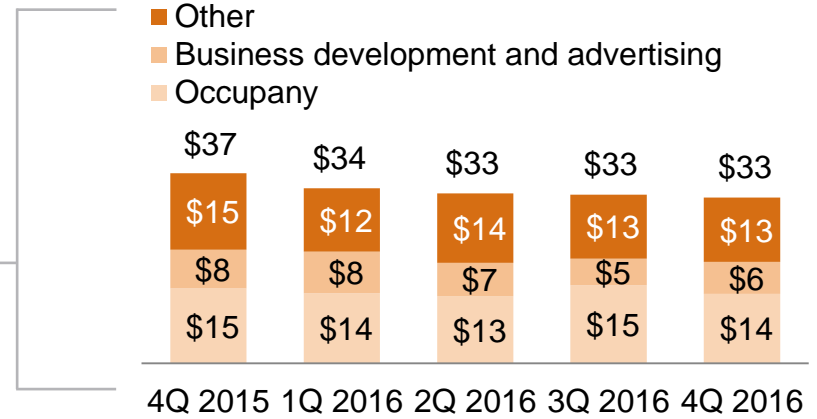
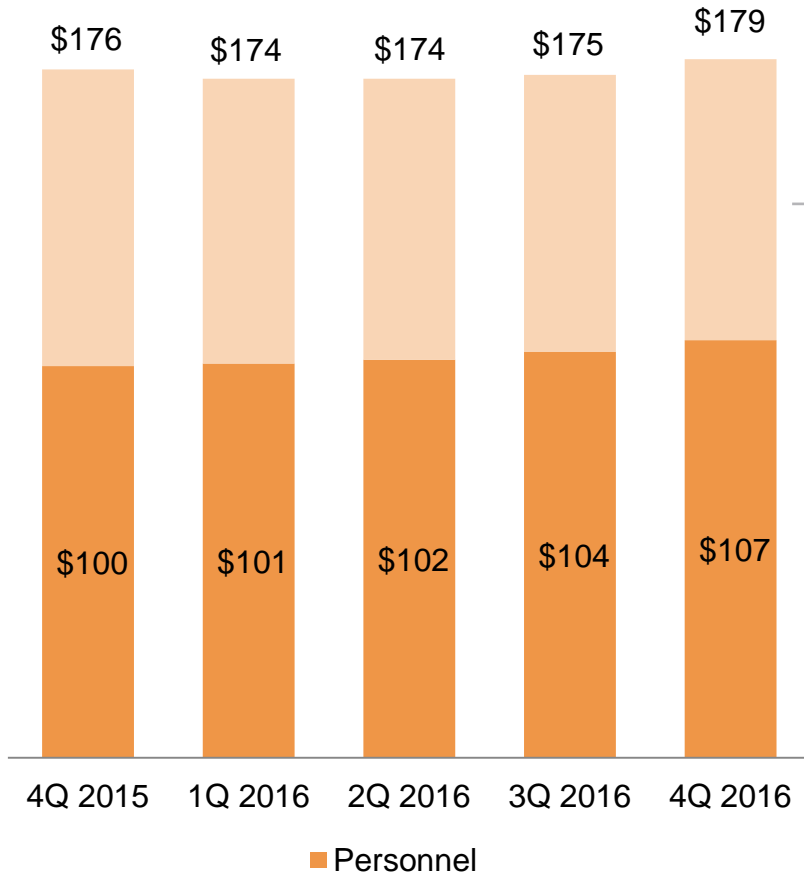


<sup>1</sup> – The efficiency ratio as defined by the Federal Reserve guidance is noninterest expense (which includes the provision for unfunded commitments) divided by the sum of net interest income plus noninterest income, excluding investment securities gains / losses, net. The fully tax-equivalent efficiency ratio, which is a non-GAAP financial measure, is noninterest expense (which includes the provision for unfunded commitments), excluding other intangible amortization, divided by the sum of fully tax-equivalent net interest income plus noninterest income, excluding investment securities gains / losses, net. Please refer to the appendix for a reconciliation of the Federal Reserve efficiency ratio to the fully tax-equivalent efficiency ratio.

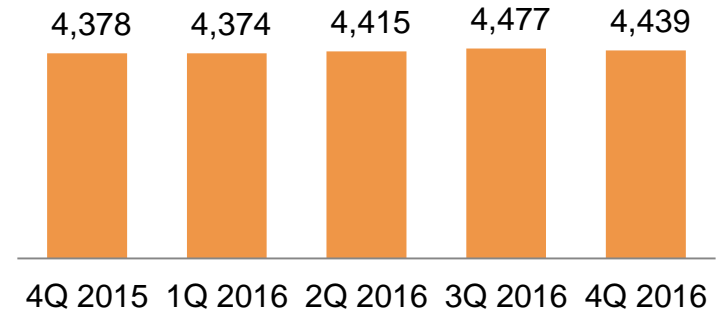


# NONINTEREST EXPENSE – QUARTERLY TRENDS

(\$ IN MILLIONS)



## FTE<sup>1</sup> Trend



<sup>1</sup> – FTE = Average full time equivalent employee





# 2017 OUTLOOK

This outlook reflects a similar economy to what we experienced in 2016 and includes our expectation of two interest rate increases in 2017. It does not reflect any changes to the regulatory environment or to corporate tax rates. We may adjust our outlook if, and when, we have more clarity on any one, or more, of these factors.

## Balance Sheet Management

- Mid-to-high single digit annual average loan growth
- Maintain Loan to Deposit ratio under 100%
- Stable to improving NIM trend, assuming additional Federal Reserve action to raise rates

## Fee Businesses

- Improving fee-based and capital markets revenues
- Declining mortgage banking
- Increasing tax credit investment activity

## Expense Management

- Approximately 1% higher than the prior year
- Continued improvement to our efficiency ratio

## Capital & Credit Management

- Continue to follow stated corporate priorities for capital deployment
- Expected to adjust with changes to risk grade, other indications of credit quality, and loan volume



# RECONCILIATION AND DEFINITIONS OF NON-GAAP ITEMS

Efficiency Ratio	2012	2013	2014	2015	2016
Federal Reserve efficiency ratio	73.21%	71.14%	70.29%	69.96%	66.95%
Fully tax-equivalent adjustment	(1.59)	(1.45)	(1.35)	(1.41)	(1.29)
Other intangible amortization	(0.44)	(0.42)	(0.39)	(0.31)	(0.20)
Fully tax-equivalent efficiency ratio	71.18%	69.27%	68.55%	68.24%	65.46%

The efficiency ratio as defined by the Federal Reserve guidance is noninterest expense (which includes the provision for unfunded commitments) divided by the sum of net interest income plus noninterest income, excluding investment securities gains / losses, net. The fully tax-equivalent efficiency ratio, which is a non-GAAP financial measure, is noninterest expense (which includes the provision for unfunded commitments), excluding other intangible amortization, divided by the sum of fully tax-equivalent net interest income plus noninterest income, excluding investment securities gains / losses, net. Management believes the fully tax-equivalent efficiency ratio, which adjusts net interest income for the tax-favored status of certain loans and investment securities, to be the preferred industry measurement as it enhances the comparability of net interest income arising from taxable and tax-exempt sources.

Fee-based Revenue (\$ millions)	2012	2013	2014	2015	2016	4Q 2015	1Q 2016	2Q 2016	3Q 2016	4Q 2016
Trust service fees	\$41	\$46	\$49	\$49	\$47	\$12	\$12	\$12	\$12	\$12
Service charges on deposit accounts	69	70	69	66	67	17	16	16	18	16
Card-based and other nondeposit fees	46	47	47	48	50	11	12	13	13	13
Insurance commissions	47	44	44	75	81	18	21	22	19	18
Brokerage and annuity commissions	15	15	16	15	16	4	4	4	4	4
Total Fee-based revenue	\$218	\$222	\$225	\$253	\$261	\$62	\$65	\$67	\$66	\$63
Other	105	94	66	76	92	21	18	15	29	29
Total noninterest income	\$323	\$316	\$291	\$329	\$353	\$83	\$83	\$82	\$95	\$92

