

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

**FORM 8-K**

CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

**DATE OF REPORT (Date of earliest event reported): July 26, 2016**

Commission File Number 0-17071

**FIRST MERCHANTS CORPORATION**

(Exact name of registrant as specified in its charter)

INDIANA	35-1544218
(State or other jurisdiction of incorporation)	(IRS Employer Identification No.)

**200 East Jackson Street  
P.O. Box 792  
Muncie, IN 47305-2814**

(Address of principal executive offices, including zip code)

**(765) 747-1500**

(Registrant's telephone number, including area code)

**Not Applicable**

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION**

On Tuesday, July 26, 2016, First Merchants Corporation will conduct a second quarter earnings conference call and web cast at 2:30 p.m. (ET). A copy of the slide presentation utilized on the conference call is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

**ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.**

(a) Not applicable.

(b) Not applicable.

(c) Not applicable.

(d) Exhibits.

Exhibit 99.1 Slide presentation, utilized July 26, 2016, during conference call and web cast by First Merchants Corporation

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

First Merchants Corporation  
(Registrant)

By: /s/ Mark K. Hardwick  
Mark K. Hardwick  
Executive Vice President,  
Chief Financial Officer and Chief Operating Officer

Dated: July 26, 2016

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Slide presentation, utilized July 26, 2016, during conference call and web cast by First Merchants Corporation



# FIRST MERCHANTS CORPORATION

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Second Quarter 2016  
Earnings Highlights  
July 26, 2016

**NASDAQ: FRME**

Michael C. Rechin  
President  
Chief Executive Officer

Mark K. Hardwick  
Executive Vice President  
Chief Financial Officer  
Chief Operating Officer

John J. Martin  
Executive Vice President  
Chief Credit Officer





# Forward-Looking Statement

The Corporation may make forward-looking statements about its relative business outlook. These forward-looking statements and all other statements made during this meeting that do not concern historical facts are subject to risks and uncertainties that may materially affect actual results. Specific forward-looking statements include, but are not limited to, any indications regarding the financial services industry, the economy and future growth of the balance sheet or income statement. Please refer to our press releases, Form 10-Qs and 10-Ks concerning factors that could cause actual results to differ materially from any forward-looking statements.

## **Non-GAAP Financial Measures**

These slides contain non-GAAP financial measures. For purposes of Regulation G, a non-GAAP financial measure is a numerical measure of the registrant's historical or future financial performance, financial position or cash flows that excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the most directly comparable measure calculated and presented in accordance with GAAP in the statement of income, balance sheet or statement of cash flows (or equivalent statements) of the issuer; or includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable measure so calculated and presented. In this regard, GAAP refers to generally accepted accounting principles in the United States. Pursuant to the requirements of Regulation G, First Merchants Corporation has provided reconciliations within the slides, as necessary, of the non-GAAP financial measure to the most directly comparable GAAP financial measure.

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## 2<sup>nd</sup> Quarter 2016 Highlights

- \$20.0 Million of Net Income, an 11.3% increase over 2Q2015
- Earnings Per Share of \$ .49, a 4.3% increase over 2Q2015
- Delivered a strong 3.86% Net Interest Margin
- Total Assets of \$6.9 Billion grew by 12.5% over 2Q2015
- 1.17% Return on Average Assets
- Efficiency Ratio of 57.33%
- Completed conversion to an Indiana State Chartered Bank on April 15, 2016

### **“Record Level Performance Metrics”**

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# **Mark K. Hardwick**

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Executive Vice President  
Chief Financial Officer  
and Chief Operating Officer

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## Total Assets

(\$ in Millions)	<u>2014</u>	<u>2015</u>	<u>Q1-'16</u>	<u>Q2-'16</u>
1. Investments	\$1,181	\$1,277	\$1,271	\$1,298
2. Loans Held for Sale	7	10	4	19
3. Loans	3,925	4,694	4,710	4,791
4. Allowance	(64)	(62)	(62)	(62)
5. CD&I & Goodwill	219	260	262	261
6. BOLI	169	201	201	201
7. Other	<u>387</u>	<u>381</u>	<u>413</u>	<u>398</u>
8. Total Assets	<u>\$5,824</u>	<u>\$6,761</u>	<u>\$6,799</u>	<u>\$6,906</u>
Percent Growth Annualized		16.1%		4.3%

# Loan and Yield Detail

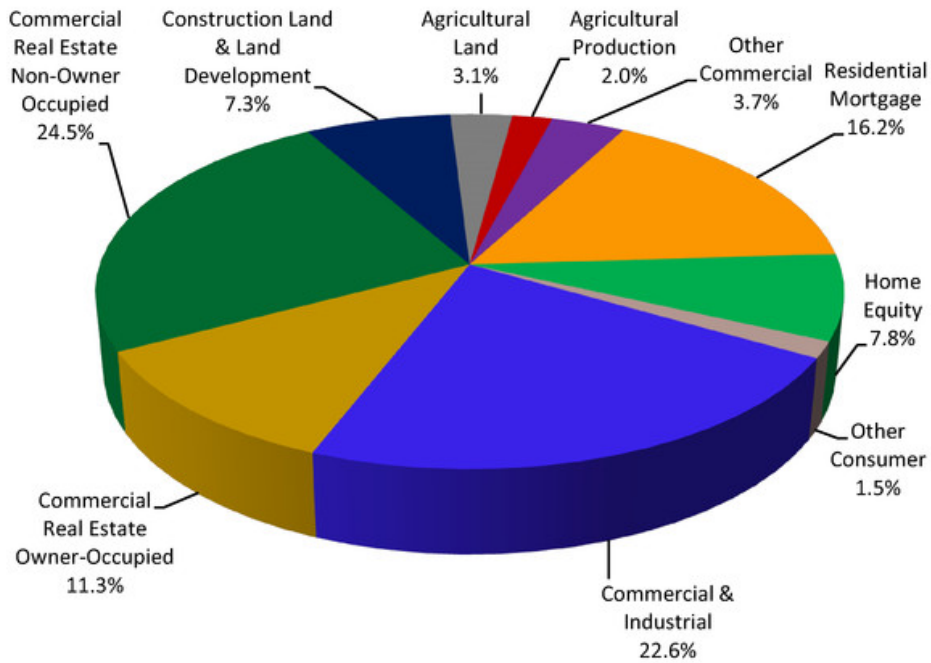
(as of 6/30/2016)



QTD Yield = 4.59%

YTD Yield = 4.54%

Total Loans = \$4.8 Billion

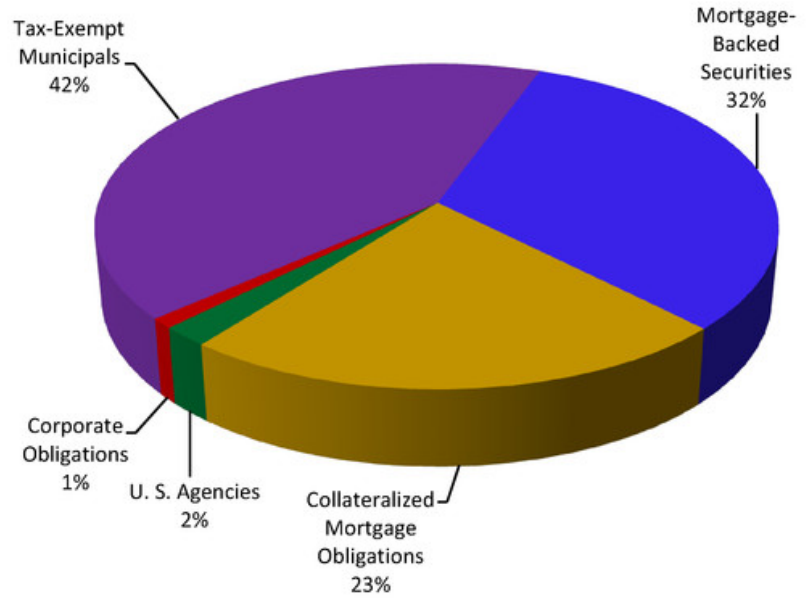


# Investment Portfolio

(as of 6/30/2016)



- \$1.3 Billion
- Modified duration of 4.0 years
- Tax equivalent yield of 3.77%
- Net unrealized gain of \$62.9 Million





## Total Liabilities and Capital

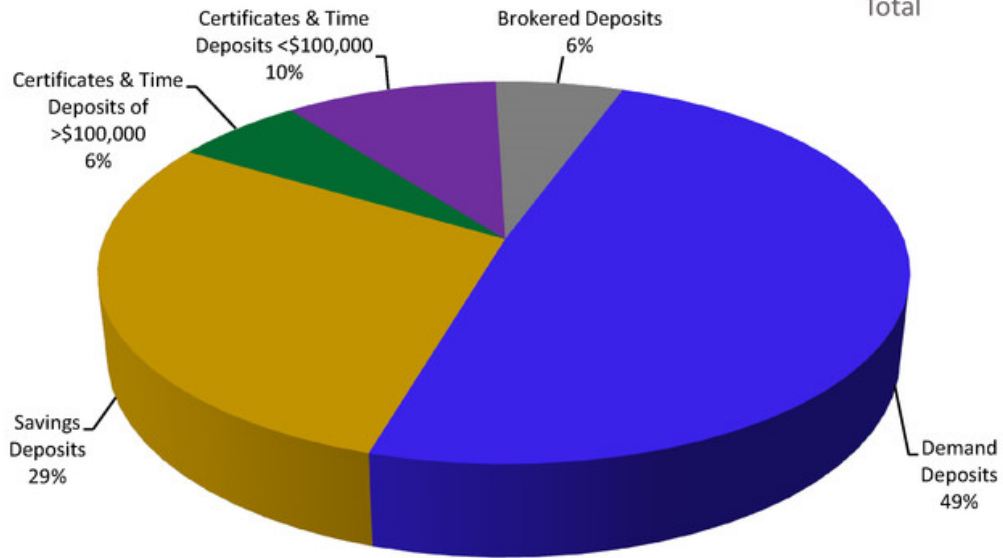
(\$ in Millions)	<u>2014</u>	<u>2015</u>	<u>Q1-'16</u>	<u>Q2-'16</u>
1. Customer Non-Maturity Deposits	\$3,523	\$4,096	\$4,140	\$4,269
2. Customer Time Deposits	784	880	841	820
3. Brokered Deposits	334	314	330	319
4. Borrowings	290	446	420	435
5. Other Liabilities	44	51	79	53
6. Hybrid Capital	122	123	122	122
7. Common Equity	<u>727</u>	<u>851</u>	<u>867</u>	<u>888</u>
8. Total Liabilities and Capital	<u>\$5,824</u>	<u>\$6,761</u>	<u>\$6,799</u>	<u>\$6,906</u>

# Deposit Detail

(as of 06/30/2016)

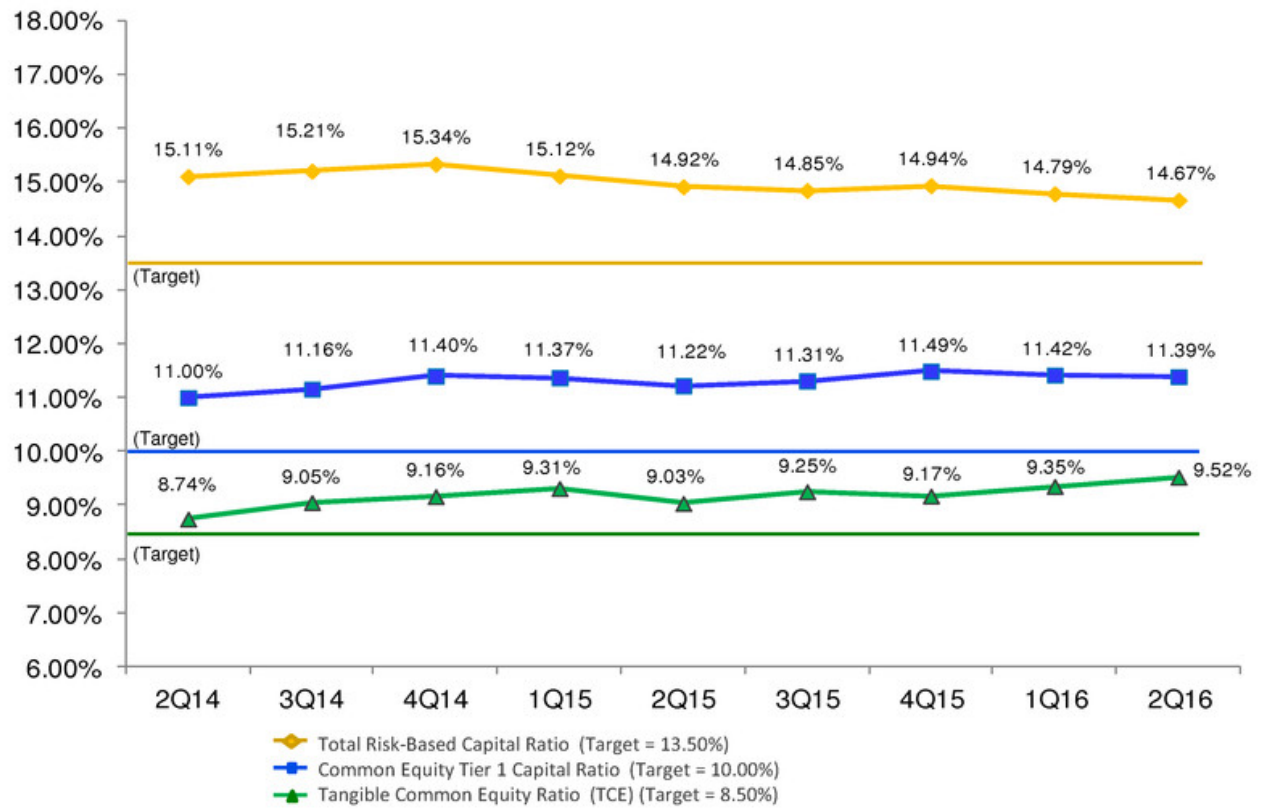


QTD Cost = .39%  
YTD Cost = .40%  
Total = \$5.4 Billion





# Capital Ratios

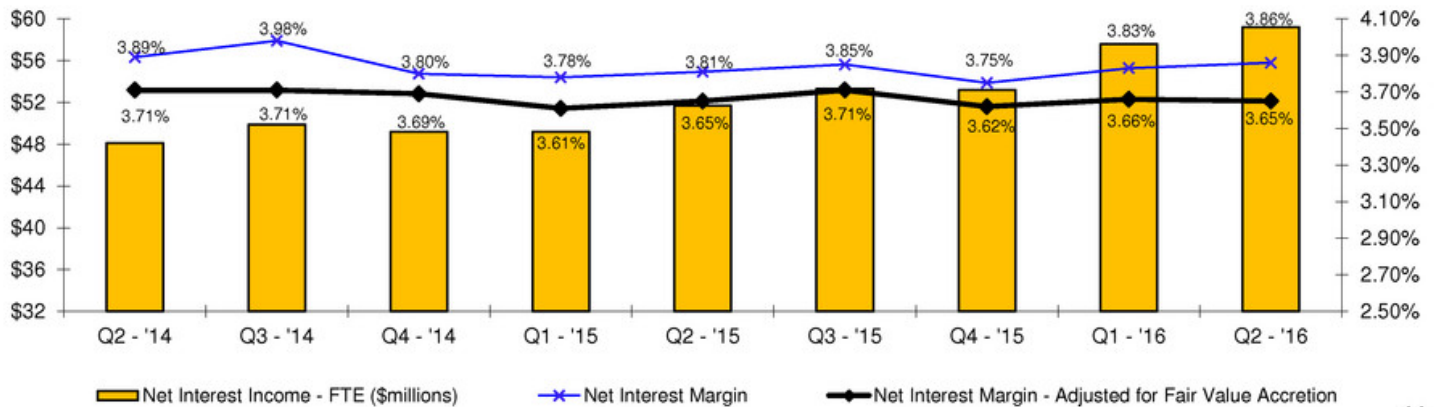


# Net Interest Margin



(\$ in Millions)

	<u>Q2 - '14</u>	<u>Q3 - '14</u>	<u>Q4 - '14</u>	<u>Q1 - '15</u>	<u>Q2 - '15</u>	<u>Q3 - '15</u>	<u>Q4 - '15</u>	<u>Q1 - '16</u>	<u>Q2 - '16</u>
Net Interest Income - FTE	\$ 48.1	\$ 49.9	\$ 49.2	\$ 49.2	\$ 51.7	\$ 53.3	\$ 53.2	\$ 57.6	\$ 59.2
Fair Value Accretion	\$ 2.2	\$ 3.5	\$ 1.4	\$ 2.2	\$ 2.2	\$ 2.0	\$ 1.9	\$ 2.5	\$ 3.2
Tax Equivalent Yield on Earning Assets	4.33%	4.41%	4.26%	4.24%	4.26%	4.30%	4.20%	4.28%	4.30%
Cost of Supporting Liabilities	0.44%	0.43%	0.46%	0.46%	0.45%	0.45%	0.45%	0.45%	0.44%
Net Interest Margin	3.89%	3.98%	3.80%	3.78%	3.81%	3.85%	3.75%	3.83%	3.86%





## Non-Interest Income

(\$ in Millions)	<u>2014</u>	<u>2015</u>	<u>Q1-'16</u>	<u>Q2-'16</u>
1. Service Charges on Deposit Accounts	\$15.7	\$16.2	\$ 4.1	\$ 4.4
2. Wealth Management Fees	11.7	11.3	3.1	3.0
3. Insurance Commission Income	7.4	4.1	—	—
4. Card Payment Fees	11.8	13.4	3.8	3.8
5. Cash Surrender Value of Life Ins	3.7	2.9	1.5	1.3
6. Gains on Sales Mortgage Loans	4.9	6.5	1.5	1.7
7. Securities Gains/Losses	3.6	2.7	1.0	0.7
8. Gain on Sale of Insurance Subsidiary	—	8.3	—	—
9. Gain on Cancellation of Trust Preferred Debt	—	1.3	—	—
10. Other	<u>3.0</u>	<u>3.1</u>	<u>0.8</u>	<u>1.5</u>
11. Total	<u>\$61.8</u>	<u>\$69.8</u>	<u>\$15.8</u>	<u>\$16.4</u>



# Non-Interest Expense



(\$ in Millions)	<u>2014</u>	<u>2015</u>	<u>Q1-'16</u>	<u>Q2-'16</u>
1. Salary & Benefits	\$ 96.5	\$101.9	\$ 27.3	\$ 25.6
2. Premises & Equipment	23.2	25.5	7.3	7.3
3. Core Deposit Intangible Amortization	2.4	2.8	1.0	1.0
4. Professional & Other Outside Services	8.1	9.9	2.2	1.5
5. OREO/Credit-Related Expense	3.4	3.9	0.7	0.9
6. FDIC Expense	3.7	3.7	1.0	1.0
7. Outside Data Processing	7.3	7.1	2.1	2.0
8. Marketing	3.5	3.5	0.7	0.9
9. Other	<u>15.8</u>	<u>16.5</u>	<u>4.1</u>	<u>4.7</u>
10. Non-Interest Expense	<u>\$163.9</u>	<u>\$174.8</u>	<u>\$ 46.4</u>	<u>\$44.9</u>



# Earnings

(\$ in Millions)	<u>2014</u>	<u>2015</u>	<u>Q1-'16</u>	<u>Q2-'16</u>
1. Net Interest Income	\$ 187.0	\$ 196.4	\$ 54.5	\$ 56.0
2. Provision for Loan Losses	<u>(2.6)</u>	<u>(0.4)</u>	<u>(0.6)</u>	<u>(0.8)</u>
3. <b>Net Interest Income after Provision</b>	<b>184.4</b>	<b>196.0</b>	<b>53.9</b>	<b>55.2</b>
4. Non-Interest Income	61.8	69.8	15.8	16.4
5. Non-Interest Expense	<u>(163.9)</u>	<u>(174.8)</u>	<u>(46.4)</u>	<u>(44.9)</u>
6. <b>Income before Income Taxes</b>	<b>82.3</b>	<b>91.0</b>	<b>23.3</b>	<b>26.7</b>
7. Income Tax Expense	<u>(22.1)</u>	<u>(25.6)</u>	<u>(5.6)</u>	<u>(6.7)</u>
8. <b>Net Income Avail. for Distribution</b>	<b>\$ 60.2</b>	<b>\$ 65.4</b>	<b>\$ 17.7</b>	<b>\$ 20.0</b>
9. <b>EPS</b>	<b>\$ 1.65</b>	<b>\$ 1.72</b>	<b>\$ 0.43</b>	<b>\$ 0.49</b>
10. <b>Efficiency Ratio</b>	<b>62.44%</b>	<b>61.19%</b>	<b>61.78%</b>	<b>57.33%</b>



## Per Share Results

<b><u>2015</u></b>	<b><u>Q1</u></b>	<b><u>Q2</u></b>	<b><u>Q3</u></b>	<b><u>Q4</u></b>	<b><u>Total</u></b>
1. Earnings Per Share	\$ .43	\$ .47	\$ .45	\$ .37	\$ 1.72
2. Dividends	\$ .08	\$ .11	\$ .11	\$ .11	\$ .41
3. Tangible Book Value	\$13.96	\$14.15	\$14.59	\$ 14.68	

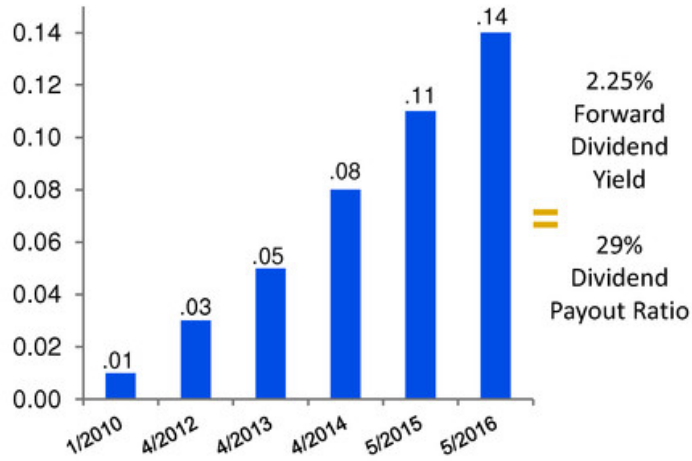
  

<b><u>2016</u></b>	<b><u>Q1</u></b>	<b><u>Q2</u></b>	<b><u>Q3</u></b>	<b><u>Q4</u></b>	<b><u>Total</u></b>
1. Earnings Per Share	\$ .43	\$ .49	–	–	\$ .92
2. Dividends	\$ .11	\$ .14	–	–	\$ .25
2. Tangible Book Value	\$15.02	\$15.53	–	–	



# Dividends and Tangible Book Value

### Quarterly Dividends



### Tangible Book Value





# **John J. Martin**

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Executive Vice President  
and Chief Credit Officer

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## Loan Portfolio Trends

(\$ in Millions)	<u>2014</u>	<u>2015</u>	<u>Q1-'16</u>	<u>Q2-'16</u>	Change Linked Quarter	
					\$	%
1. Commercial & Industrial	\$ 897	\$ 1,057	\$ 1,061	\$ 1,085	\$ 24	2.3%
2. Construction, Land and Land Development	207	367	392	353	(39)	(9.9%)
3. CRE Non-Owner Occupied	976	1,090	1,106	1,179	73	6.6%
4. CRE Owner Occupied	535	554	544	543	(1)	(0.2%)
5. Agricultural Production	105	98	92	95	3	3.3%
6. Agricultural Land	162	158	155	148	(7)	(4.5%)
7. Residential Mortgage	647	786	770	759	(11)	(1.4%)
8. Home Equity	287	349	354	374	20	5.6%
9. Other Commercial	36	160	162	180	18	11.1%
10. Other Consumer	<u>73</u>	<u>75</u>	<u>74</u>	<u>75</u>	<u>1</u>	1.4%
11. Total Loans	\$ 3,925	\$ 4,694	\$ 4,710	\$ 4,791	\$ 81	1.7%



# Asset Quality Summary

(\$ in Millions)

	<u>2014</u>	<u>2015</u>	<u>Q1-'16</u>	<u>Q2-'16</u>	Change Linked Quarter	
					\$	%
1. Non-Accrual Loans	\$ 48.8	\$ 31.4	\$ 36.7	\$ 33.6	\$ (3.1)	(8.4%)
2. Other Real Estate	19.3	17.3	15.6	13.2	(2.4)	(15.4%)
3. Renegotiated Loans	2.0	1.9	1.0	4.3	3.3	330.0%
4. 90+ Days Delinquent Loans	4.6	0.9	1.0	0.4	(0.6)	(60.0%)
<b>5. Total NPAs &amp; 90+ Days Delinquent</b>	<b>\$ 74.7</b>	<b>\$ 51.5</b>	<b>\$ 54.3</b>	<b>\$ 51.5</b>	<b>\$ (2.8)</b>	<b>(5.2%)</b>
6. NPAs & 90+ Days/Loans & ORE	1.9%	1.1%	1.2%	1.1%		
<b>7. Classified Assets</b>	<b>\$ 191.8</b>	<b>\$ 171.8</b>	<b>\$ 170.9</b>	<b>\$ 173.2</b>	<b>\$ 2.3</b>	<b>1.3%</b>
<b>8. Criticized Assets (includes Classified)</b>	<b>\$ 253.6</b>	<b>\$ 275.0</b>	<b>\$ 305.8</b>	<b>\$ 297.6</b>	<b>\$ (8.2)</b>	<b>(2.7%)</b>



## Non-Performing Asset Reconciliation

(\$ in Millions)	<u>Q3-'15</u>	<u>Q4-'15</u>	<u>Q1-'16</u>	<u>Q2-'16</u>
<b>1. Beginning Balance NPAs &amp; 90+ Days Delinquent</b>	<b>\$ 58.5</b>	<b>\$ 53.2</b>	<b>\$ 51.5</b>	<b>\$ 54.3</b>
Non-Accrual				
2. Add: New Non-Accruals	3.9	3.9	10.7	3.6
3. Less: To Accrual/Payoff/Renegotiated	(6.8)	(2.4)	(2.7)	(4.5)
4. Less: To OREO	(0.1)	(0.8)	(0.1)	(0.2)
5. Less: Charge-offs	<u>(2.1)</u>	<u>(1.9)</u>	<u>(2.6)</u>	<u>(2.0)</u>
<b>6. Increase / (Decrease): Non-Accrual Loans</b>	<b>(5.1)</b>	<b>(1.2)</b>	<b>5.3</b>	<b>(3.1)</b>
Other Real Estate Owned (ORE)				
7. Add: New ORE Properties	0.1	6.5	0.1	0.2
8. Less: ORE Sold	(3.4)	(3.6)	(1.5)	(2.1)
9. Less: ORE Losses (write-downs)	<u>(1.1)</u>	<u>(0.5)</u>	<u>(0.3)</u>	<u>(0.5)</u>
<b>10. Increase / (Decrease): ORE</b>	<b>(4.4)</b>	<b>2.4</b>	<b>(1.7)</b>	<b>(2.4)</b>
<b>11. Increase / (Decrease): 90+ Days Delinquent</b>	<b>1.3</b>	<b>(1.0)</b>	<b>0.1</b>	<b>(0.6)</b>
<b>12. Increase / (Decrease): Renegotiated Loans</b>	<b><u>2.9</u></b>	<b><u>(1.9)</u></b>	<b><u>(0.9)</u></b>	<b><u>3.3</u></b>
<b>13. Total NPAs &amp; 90+ Days Delinquent Change</b>	<b><u>(5.3)</u></b>	<b><u>(1.7)</u></b>	<b><u>2.8</u></b>	<b><u>(2.8)</u></b>
<b>14. Ending Balance NPAs &amp; 90+ Days Delinquent</b>	<b>\$ 53.2</b>	<b>\$ 51.5</b>	<b>\$ 54.3</b>	<b>\$ 51.5</b>

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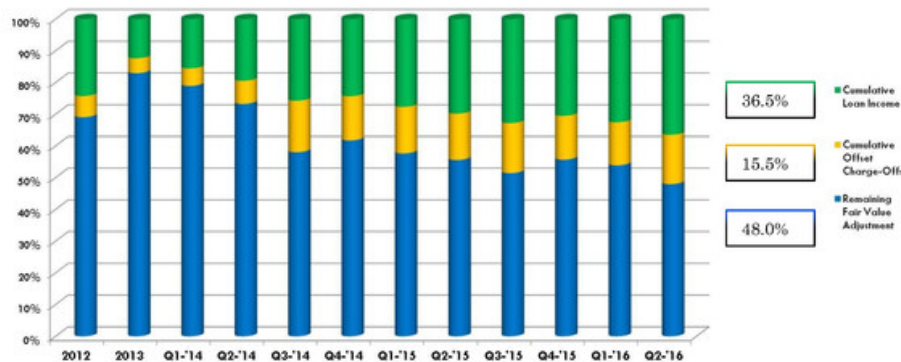




# ALLL and Fair Value Summary

(\$ in Millions)	<u>Q2-'15</u>	<u>Q3-'15</u>	<u>Q4-'15</u>	<u>Q1-'16</u>	<u>Q2-'16</u>
1. Allowance for Loan Losses (ALLL)	\$ 62.6	\$ 62.9	\$ 62.5	\$ 62.1	\$ 62.2
2. Fair Value Adjustment (FVA)	<u>40.7</u>	<u>37.9</u>	<u>47.0</u>	<u>47.1</u>	<u>42.3</u>
3. Total ALLL plus FVA	\$ 103.3	\$ 100.8	\$ 109.5	\$ 109.2	\$ 104.5
4. Specific Reserves	\$ 3.1	\$ 2.0	\$ 1.8	\$ 1.4	\$ 2.1
5. Purchased Loans plus FVA	727.8	674.5	965.4	917.6	863.4
6. ALLL/Non-Accrual Loans	165.9%	192.8%	199.0%	169.1%	185.3%
7. <b>ALLL/Non-purchased Loans</b>	<b>1.76%</b>	<b>1.70%</b>	<b>1.65%</b>	<b>1.62%</b>	<b>1.56%</b>
8. ALLL/Loans	1.47%	1.45%	1.33%	1.32%	1.29%
9. <b>ALLL &amp; FVA/Total Loan Balances plus FVA<sup>1</sup></b>	<b>2.41%</b>	<b>2.31%</b>	<b>2.31%</b>	<b>2.29%</b>	<b>2.15%</b>

<sup>1</sup> Management uses this Non-GAAP measure to demonstrate coverage and credit risk





## Asset Quality & Portfolio Summary

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- Loan growth of \$81 million led by Commercial Real Estate and C & I. Continued growth in construction commitments.
- Criticized and Classified Assets improving but elevated as a result of purchased portfolios and prior year agricultural results.
- Provision in line with charge-offs resulting in a 1.56% ALLL to non-purchased loans and 2.15% with fair value adjustments.
- Minimal amount (<\$20 million) of direct exposure to energy (coal). Other related energy exposure is associated with commodity price fluctuations and the effect on agricultural portfolio.



# **Michael C. Rechin**

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President and Chief Executive Officer

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## FMC Strategy and Tactics Overview

# Looking Forward . . .

- Continue to Win in our Markets – Geographic Community-Based Banking Model
- Increase Focus on Treasury Management Services for Deposit and Fee Generation
- Build or Acquire Specialty Finance Businesses and Lending Verticals
- Mergers and Acquisitions as a Core Competency
- Exploit Back-Office Infrastructure for Efficiency and Operating Leverage
- Persistent Focus on Banking Center Optimization in Alignment with Digital Channels Migration
- Capital Optimization

# Contact Information



**First Merchants Corporation common stock is  
traded on the NASDAQ Global Select Market  
under the symbol FRME.**

**Additional information can be found at**

**[www.FIRSTMERCHANTS.COM](http://www.FIRSTMERCHANTS.COM)**

**Investor inquiries:**

**David L. Ortega**

**Investor Relations**

**Telephone: 765.378.8937**

**[dortega@firstmerchants.com](mailto:dortega@firstmerchants.com)**





# Appendix

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# Appendix – Non-GAAP Reconciliation

## CAPITAL RATIOS (dollars in thousands):

	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16
<b>Total Risk-Based Capital Ratio</b>										
Total Stockholders' Equity (GAAP)	652,111	670,596	684,553	726,827	739,658	749,955	766,984	850,509	867,263	887,550
Adjust for Accumulated Other Comprehensive (Income) Loss*	1,016	(4,210)	(4,150)	1,630	1,915	6,490	3,614	1,362	(2,066)	(7,035)
Less: Preferred Stock					(125)	(125)	(125)	(125)	(125)	(125)
Add: Qualifying Capital Securities	55,000	55,000	55,000	55,000	56,827	56,827	51,827	55,776	55,236	55,296
Less: Tier 1 Capital Deductions					(4,381)	(2,371)	(3,418)	(2,516)	(1,999)	(1,828)
Less: Disallowed Goodwill and Intangible Assets	(202,175)	(201,583)	(200,992)	(218,755)	(205,818)	(208,980)	(208,749)	(247,006)	(250,367)	(249,932)
Less: Disallowed Servicing Assets	(177)	(171)	(166)	(167)						
Less: Disallowed Deferred Tax Assets	(4,677)	(1,357)			(1,786)	(1,581)	(1,144)	(1,677)	(2,998)	(2,743)
Total Tier 1 Capital (Regulatory)	\$ 501,098	\$ 518,275	\$ 534,245	\$ 564,535	\$ 586,290	\$ 600,215	\$ 608,989	\$ 656,323	\$ 664,944	\$ 681,183
Qualifying Subordinated Debentures	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
Allowance for Loan Losses includible in Tier 2 Capital	51,556	52,809	53,803	55,972	58,688	60,865	62,012	62,453	62,086	62,186
Total Risk-Based Capital (Regulatory)	\$ 617,654	\$ 636,084	\$ 653,048	\$ 685,507	\$ 709,978	\$ 726,080	\$ 736,001	\$ 783,776	\$ 792,030	\$ 808,369
Net Risk-Weighted Assets (Regulatory)	\$ 4,106,423	\$ 4,209,145	\$ 4,292,495	\$ 4,469,765	\$ 4,695,073	\$ 4,865,157	\$ 4,956,737	\$ 5,247,617	\$ 5,355,827	\$ 5,511,557
<b>Total Risk-Based Capital Ratio (Regulatory)</b>	<b>15.04%</b>	<b>15.11%</b>	<b>15.21%</b>	<b>15.34%</b>	<b>15.12%</b>	<b>14.92%</b>	<b>14.85%</b>	<b>14.94%</b>	<b>14.79%</b>	<b>14.67%</b>
<b>Common Equity Tier 1 Capital Ratio</b>										
Total Tier 1 Capital (Regulatory)	\$ 501,098	\$ 518,275	\$ 534,245	\$ 564,535	\$ 586,290	\$ 600,215	\$ 608,989	\$ 656,323	\$ 664,944	\$ 681,183
Less: Qualified Capital Securities	(55,000)	(55,000)	(55,000)	(55,000)	(56,827)	(56,827)	(51,827)	(55,776)	(55,236)	(55,296)
Add: Additional Tier 1 Capital Deductions					4,381	2,371	3,418	2,516	1,999	1,828
Less: Preferred Stock	(125)	(125)	(125)	(125)						
Common Equity Tier 1 Capital (Regulatory)	\$ 445,973	\$ 463,150	\$ 479,120	\$ 509,410	\$ 533,844	\$ 545,759	\$ 560,580	\$ 603,063	\$ 611,707	\$ 627,715
Net Risk-Weighted Assets (Regulatory)	\$ 4,106,423	\$ 4,209,145	\$ 4,292,495	\$ 4,469,765	\$ 4,695,073	\$ 4,865,157	\$ 4,956,737	\$ 5,247,617	\$ 5,355,827	\$ 5,511,557
<b>Common Equity Tier 1 Capital Ratio (Regulatory)</b>	<b>10.86%</b>	<b>11.00%</b>	<b>11.16%</b>	<b>11.40%</b>	<b>11.37%</b>	<b>11.22%</b>	<b>11.31%</b>	<b>11.49%</b>	<b>11.42%</b>	<b>11.39%</b>

\*Includes net unrealized gains or losses on securities available for sale, net gains or losses on cash flow hedges, and amounts resulting from the application of the applicable accounting guidance for defined benefit and other postretirement plans.





# Appendix – Non-GAAP Reconciliation

## TANGIBLE COMMON EQUITY RATIO (dollars in thousands):

	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16
Total Stockholders' Equity (GAAP)	\$ 670,596	\$ 684,553	\$ 726,827	\$ 739,658	\$ 749,955	\$ 766,984	\$ 850,509	\$ 867,263	\$ 887,550
Less: Preferred Stock	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)
Less: Intangible Assets, net of tax	(196,781)	(196,315)	(212,669)	(212,184)	(214,577)	(214,115)	(253,486)	(255,046)	(254,368)
Tangible Common Equity (non-GAAP)	\$ 473,690	\$ 488,113	\$ 514,033	\$ 527,349	\$ 535,253	\$ 552,744	\$ 596,898	\$ 612,092	\$ 633,057
Total Assets (GAAP)	\$ 5,615,120	\$ 5,591,383	\$ 5,824,127	\$ 5,877,521	\$ 6,140,308	\$ 6,189,797	\$ 6,761,003	\$ 6,798,539	\$ 6,906,418
Less: Intangibles, net of tax	(196,781)	(196,315)	(212,669)	(212,184)	(214,577)	(214,115)	(253,486)	(255,046)	(254,368)
Tangible Assets (non-GAAP)	\$ 5,418,339	\$ 5,395,068	\$ 5,611,458	\$ 5,665,337	\$ 5,925,731	\$ 5,975,682	\$ 6,507,517	\$ 6,543,493	\$ 6,652,050
<b>Tangible Common Equity Ratio (non-GAAP)</b>	<b>8.74%</b>	<b>9.05%</b>	<b>9.16%</b>	<b>9.31%</b>	<b>9.03%</b>	<b>9.25%</b>	<b>9.17%</b>	<b>9.35%</b>	<b>9.52%</b>

## TANGIBLE COMMON EQUITY PER SHARE (dollars in thousands):

	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16
Total Stockholders' Equity (GAAP)	\$ 739,658	\$ 749,955	\$ 766,984	\$ 850,509	\$ 867,263	\$ 887,550
Less: Preferred Stock	(125)	(125)	(125)	(125)	(125)	(125)
Less: Intangible Assets, net of tax	(212,184)	(214,577)	(214,115)	(253,486)	(255,046)	(254,368)
Tangible Common Equity (non-GAAP)	\$ 527,349	\$ 535,253	\$ 552,744	\$ 596,898	\$ 612,092	\$ 633,057
Shares Outstanding	37,781,488	37,824,649	37,873,921	40,664,258	40,749,340	40,772,896
<b>Tangible Common Equity per Share (non-GAAP)</b>	<b>\$ 13.96</b>	<b>\$ 14.15</b>	<b>\$ 14.59</b>	<b>\$ 14.68</b>	<b>\$ 15.02</b>	<b>\$ 15.53</b>





# Appendix – Non-GAAP Reconciliation

## EFFICIENCY RATIO (dollars in thousands):

	2014	2015	1Q16	2Q16
Non Interest Expense (GAAP)	\$ 164,008	\$ 174,806	\$ 46,475	\$ 44,835
Less: Core Deposit Intangible Amortization	(2,445)	(2,835)	(978)	(977)
Less: OREO and Foreclosure Expenses	(3,462)	(3,956)	(751)	(915)
Adjusted Non Interest Expense (non-GAAP)	158,101	168,015	44,746	42,943
Net Interest Income (GAAP)	187,037	196,404	54,455	55,962
Plus: Fully Taxable Equivalent Adjustment	7,921	10,975	3,136	3,256
Net Interest Income on a Fully Taxable Equivalent Basis (non-GAAP)	194,958	207,379	57,591	59,218
Non Interest Income (GAAP)	61,816	69,868	15,837	16,385
Less: Investment Securities Gains (Losses)	(3,581)	(2,670)	(997)	(706)
Adjusted Non Interest Income (non-GAAP)	58,235	67,198	14,840	15,679
Adjusted Revenue (non-GAAP)	253,193	274,577	72,431	74,897
<b>Efficiency Ratio (non-GAAP)</b>	<b>62.44%</b>	<b>61.19%</b>	<b>61.78%</b>	<b>57.33%</b>

## ALLOWANCE AS A PERCENTAGE OF NON-PURCHASED LOANS (dollars in thousands):

	2Q15	3Q15	4Q15	1Q16	2Q16
Loans Held for Sale (GAAP)	\$ 8,295	\$ 1,943	\$ 9,894	\$ 3,628	\$ 18,854
Loans (GAAP)	4,238,205	4,321,715	4,693,822	4,709,907	4,791,429
Total Loans	4,246,500	4,323,658	4,703,716	4,713,535	4,810,283
Less: Purchased Loans	(687,096)	(636,581)	(917,589)	(870,507)	(821,158)
Non-Purchased Loans (non-GAAP)	\$ 3,559,404	\$ 3,687,077	\$ 3,786,127	\$ 3,843,028	\$ 3,989,125
Allowance for Loan Losses (GAAP)	\$ 62,550	\$ 62,861	\$ 62,453	\$ 62,086	\$ 62,186
Fair Value Adjustment (FVA) (GAAP)	40,710	37,922	47,057	47,104	42,291
Allowance plus FVA (non-GAAP)	\$ 103,260	\$ 100,783	\$ 109,510	\$ 109,190	\$ 104,477
Total Loans	\$ 4,246,500	\$ 4,323,658	\$ 4,703,716	\$ 4,713,535	\$ 4,810,283
Fair Value Adjustment (FVA) (GAAP)	40,710	37,922	47,057	47,104	42,291
Total Loans plus FVA (non-GAAP)	\$ 4,287,210	\$ 4,361,580	\$ 4,750,773	\$ 4,760,639	\$ 4,852,574
<b>Allowance as a Percentage of Non-Purchased Loans (non-GAAP)</b>	<b>1.76%</b>	<b>1.70%</b>	<b>1.65%</b>	<b>1.62%</b>	<b>1.56%</b>
<b>Allowance plus FVA as a Percentage of Total Loans plus FVA (non-GAAP)</b>	<b>2.41%</b>	<b>2.31%</b>	<b>2.31%</b>	<b>2.29%</b>	<b>2.15%</b>

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