

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): October 25, 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, October 25, 2016, First Merchants Corporation will conduct a third 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 October 25, 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: October 25, 2016

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Slide presentation, utilized October 25, 2016, during conference call and web cast by First Merchants Corporation



FIRST MERCHANTS CORPORATION

Third Quarter 2016
Earnings Highlights
October 25, 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.



3rd Quarter 2016 Highlights

- Record Net Income of \$21.1 Million, a 23.4% Increase over 3Q2015
- Earnings Per Share of \$0.51, a 13.3% Increase over 3Q2015; Highest in Company's History
- Total Assets Crossed the \$7 Billion Level and Grew by 13.5% over 3Q2015
- \$280 Million of Organic Loan Growth for the Year Reflects an 8% Annualized Growth Rate
- Net Interest Margin Stays Strong; Expanding to 3.94%
- 1.22% Return on Average Assets
- Efficiency Ratio of 55.12%

“Record Level Performance Metrics”

3



Mark K. Hardwick

Executive Vice President
Chief Financial Officer
and Chief Operating Officer



Total Assets

(\$ in Millions)	<u>2014</u>	<u>2015</u>	<u>Q1-'16</u>	<u>Q2-'16</u>	<u>Q3-'16</u>
1. Investments	\$1,181	\$1,277	\$1,271	\$1,298	\$1,300
2. Loans Held for Sale	7	10	4	19	1
3. Loans	3,925	4,694	4,710	4,791	4,974
4. Allowance	(64)	(62)	(62)	(62)	(63)
5. CD&I & Goodwill	219	260	262	261	260
6. BOLI	169	201	201	201	202
7. Other	<u>387</u>	<u>381</u>	<u>413</u>	<u>398</u>	<u>348</u>
8. Total Assets	<u>\$5,824</u>	<u>\$6,761</u>	<u>\$6,799</u>	<u>\$6,906</u>	<u>\$7,022</u>
Annualized Asset Growth		16.1%			5.1%

Loan and Yield Detail

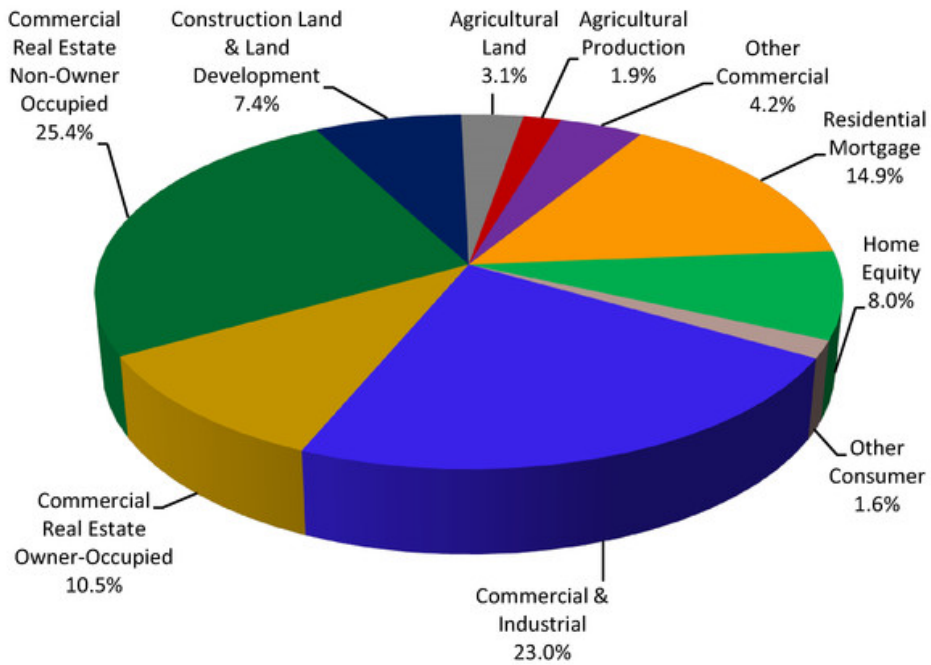
(as of 9/30/2016)



QTD Yield = 4.64%

YTD Yield = 4.59%

Total Loans = \$5.0 Billion

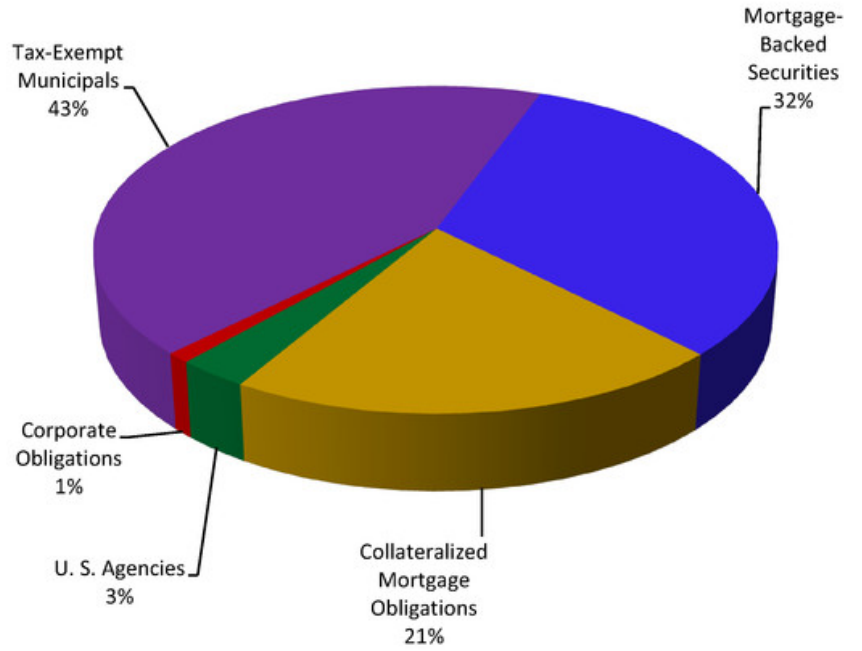


Investment Portfolio

(as of 9/30/2016)



- \$1.3 Billion
- Modified duration of 4.1 years
- Tax equivalent yield of 3.69%
- Net unrealized gain of \$53.3 Million





Total Liabilities and Capital

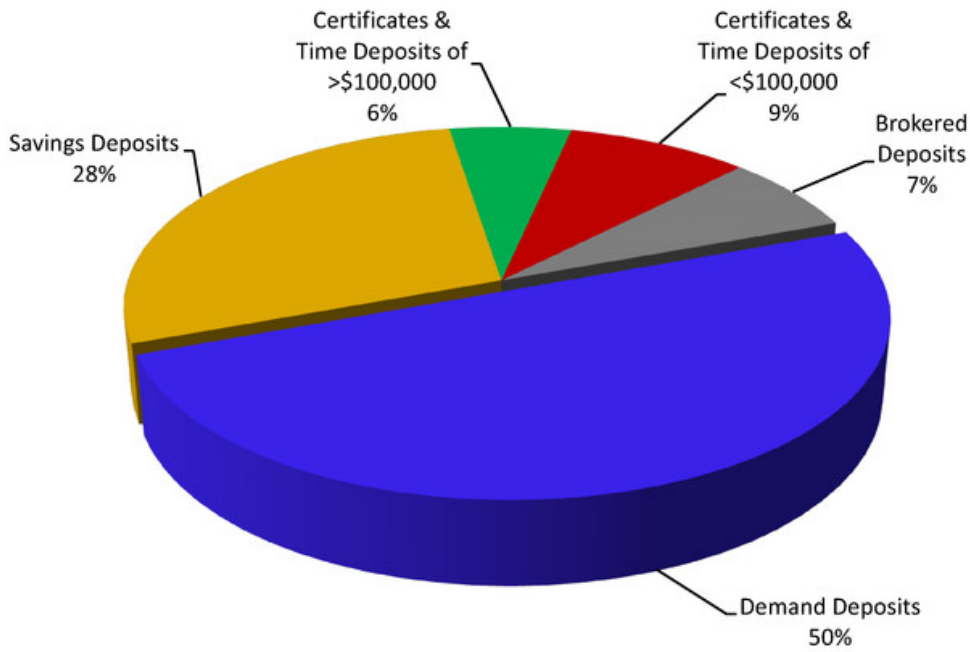
(\$ in Millions)	<u>2014</u>	<u>2015</u>	<u>Q1-'16</u>	<u>Q2-'16</u>	<u>Q3-'16</u>
1. Customer Non-Maturity Deposits	\$3,523	\$4,096	\$4,140	\$4,269	\$4,290
2. Customer Time Deposits	784	880	841	820	795
3. Brokered Deposits	334	314	330	319	359
4. Borrowings	290	446	420	435	500
5. Other Liabilities	44	51	79	53	55
6. Hybrid Capital	122	123	122	122	122
7. Common Equity	<u>727</u>	<u>851</u>	<u>867</u>	<u>888</u>	<u>901</u>
8. Total Liabilities and Capital	<u>\$5,824</u>	<u>\$6,761</u>	<u>\$6,799</u>	<u>\$6,906</u>	<u>\$7,022</u>

Deposit Detail

(as of 09/30/2016)

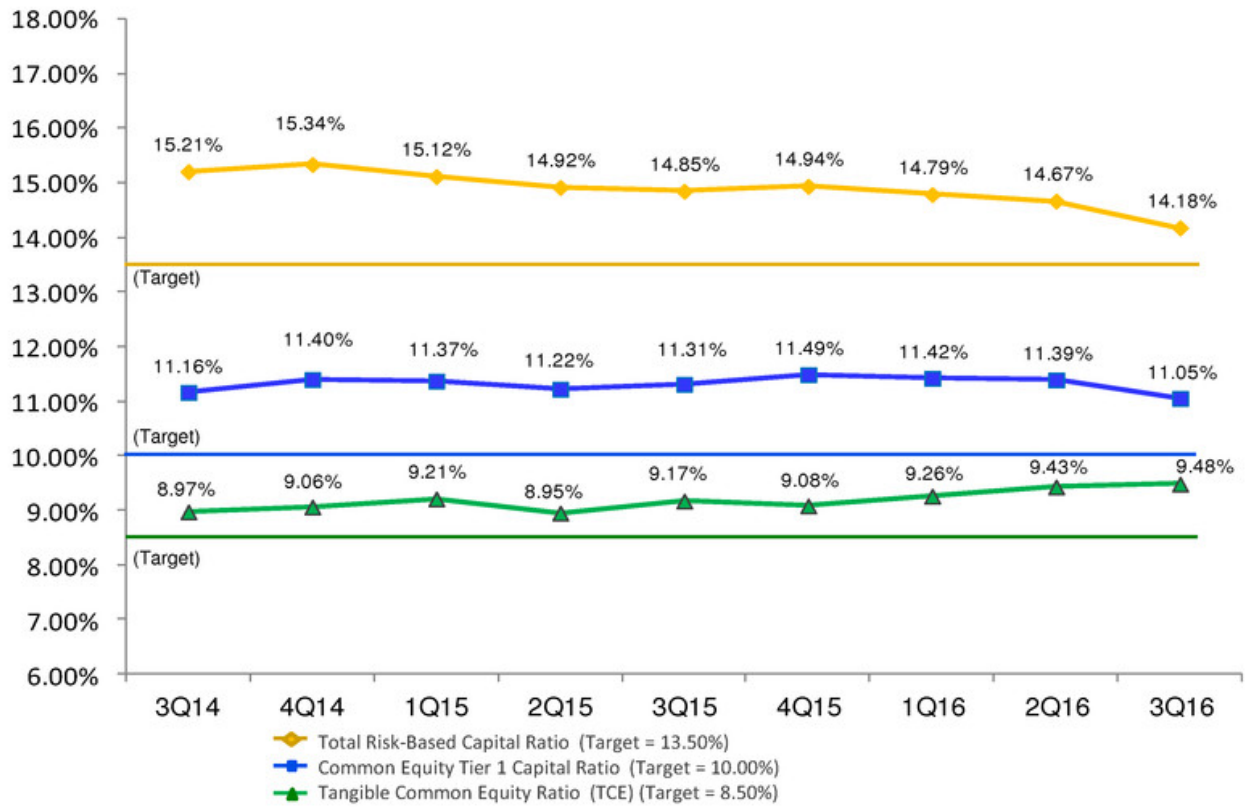


QTD Cost	=	.38%
YTD Cost	=	.39%
Total	=	\$5.4 Billion





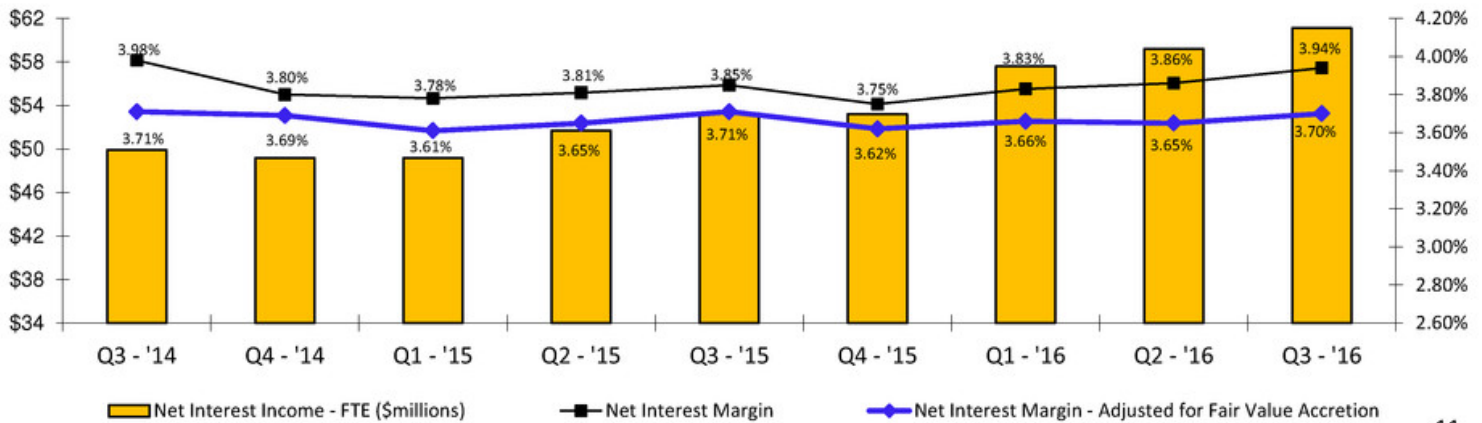
Capital Ratios





Net Interest Margin

(\$ in Millions)	Q3 - '14	Q4 - '14	Q1 - '15	Q2 - '15	Q3 - '15	Q4 - '15	Q1 - '16	Q2 - '16	Q3 - '16
Net Interest Income - FTE	\$ 49.9	\$ 49.2	\$ 49.2	\$ 51.7	\$ 53.3	\$ 53.2	\$ 57.6	\$ 59.2	\$ 61.1
Fair Value Accretion	\$ 3.5	\$ 1.4	\$ 2.2	\$ 2.2	\$ 2.0	\$ 1.9	\$ 2.5	\$ 3.2	\$ 3.8
Tax Equivalent Yield on Earning Assets	4.41%	4.26%	4.24%	4.26%	4.30%	4.20%	4.28%	4.30%	4.37%
Cost of Supporting Liabilities	0.43%	0.46%	0.46%	0.45%	0.45%	0.45%	0.45%	0.44%	0.43%
Net Interest Margin	3.98%	3.80%	3.78%	3.81%	3.85%	3.75%	3.83%	3.86%	3.94%





Non-Interest Income

(\$ in Millions)	<u>2014</u>	<u>2015</u>	<u>Q1-'16</u>	<u>Q2-'16</u>	<u>Q3-'16</u>
1. Service Charges on Deposit Accounts	\$15.7	\$16.2	\$ 4.1	\$ 4.4	\$ 4.7
2. Wealth Management Fees	11.7	11.3	3.1	3.0	3.3
3. Insurance Commission Income	7.4	4.1	—	—	—
4. Card Payment Fees	11.8	13.4	3.8	3.8	3.8
5. Cash Surrender Value of Life Ins	3.7	2.9	1.5	1.3	0.6
6. Gains on Sales Mortgage Loans	4.9	6.5	1.5	1.7	2.0
7. Securities Gains/Losses	3.6	2.7	1.0	0.7	0.8
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>	<u>1.7</u>
11. Total	<u>\$61.8</u>	<u>\$69.8</u>	<u>\$15.8</u>	<u>\$16.4</u>	<u>\$16.9</u>

Non-Interest Expense



(\$ in Millions)	<u>2014</u>	<u>2015</u>	<u>Q1-'16</u>	<u>Q2-'16</u>	<u>Q3-'16</u>
1. Salary & Benefits	\$ 96.5	\$101.9	\$27.3	\$25.6	\$26.7
2. Premises & Equipment	23.2	25.5	7.3	7.3	7.3
3. Core Deposit Intangible Amortization	2.4	2.8	1.0	1.0	1.0
4. Professional & Other Outside Services	8.1	9.9	2.2	1.5	1.2
5. OREO/Credit-Related Expense	3.4	3.9	0.7	0.9	0.6
6. FDIC Expense	3.7	3.7	1.0	1.0	0.5
7. Outside Data Processing	7.3	7.1	2.1	2.0	2.4
8. Marketing	3.5	3.5	0.7	0.9	0.6
9. Other	<u>15.8</u>	<u>16.5</u>	<u>4.1</u>	<u>4.7</u>	<u>3.8</u>
10. Non-Interest Expense	<u>\$163.9</u>	<u>\$174.8</u>	<u>\$46.4</u>	<u>\$44.9</u>	<u>\$44.1</u>



Earnings

(\$ in Millions)	<u>2014</u>	<u>2015</u>	<u>Q1-'16</u>	<u>Q2-'16</u>	<u>Q3-'16</u>
1. Net Interest Income	\$ 187.0	\$ 196.4	\$ 54.5	\$ 56.0	\$ 57.7
2. Provision for Loan Losses	<u>(2.6)</u>	<u>(0.4)</u>	<u>(0.6)</u>	<u>(0.8)</u>	<u>(1.9)</u>
3. Net Interest Income after Provision	184.4	196.0	53.9	55.2	55.8
4. Non-Interest Income	61.8	69.8	15.8	16.4	16.9
5. Non-Interest Expense	<u>(163.9)</u>	<u>(174.8)</u>	<u>(46.4)</u>	<u>(44.9)</u>	<u>(44.1)</u>
6. Income before Income Taxes	82.3	91.0	23.3	26.7	28.6
7. Income Tax Expense	<u>(22.1)</u>	<u>(25.6)</u>	<u>(5.6)</u>	<u>(6.7)</u>	<u>(7.5)</u>
8. Net Income Avail. for Distribution	\$ 60.2	\$ 65.4	\$ 17.7	\$ 20.0	\$ 21.1
9. EPS	\$ 1.65	\$ 1.72	\$ 0.43	\$ 0.49	\$ 0.51
10. Efficiency Ratio	62.44%	61.19%	61.78%	57.33%	55.12%



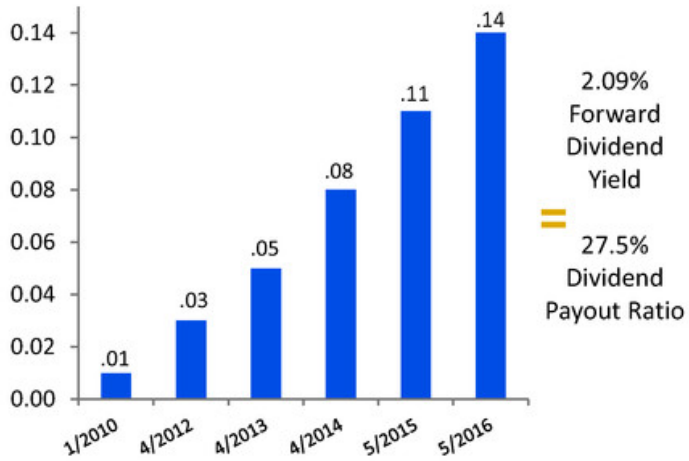
Per Share Results

<u>2015</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Total</u>
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	
<u>2016</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Total</u>
1. Earnings Per Share	\$.43	\$.49	\$.51	–	\$ 1.43
2. Dividends	\$.11	\$.14	\$.14	–	\$.39
2. Tangible Book Value	\$15.02	\$15.53	\$15.86	–	

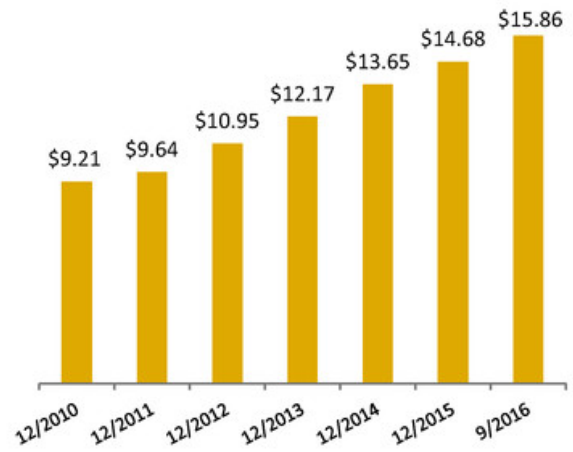


Dividends and Tangible Book Value

Quarterly Dividends



Tangible Book Value





John J. Martin

Executive Vice President
and Chief Credit Officer



Loan Portfolio Trends

(\$ in Millions)	2014	2015	Q1-'16	Q2-'16	Q3-'16	Change Linked Quarter	
						\$	%
1. Commercial & Industrial	\$ 897	\$ 1,057	\$ 1,061	\$ 1,085	\$ 1,147	\$ 62	5.7%
2. Construction, Land and Land Development	207	367	392	353	368	15	4.2%
3. CRE Non-Owner Occupied	976	1,090	1,106	1,179	1,264	85	7.2%
4. CRE Owner Occupied	535	554	544	543	524	(19)	(3.5%)
5. Agricultural Production	105	98	92	95	93	(2)	(2.1%)
6. Agricultural Land	162	158	155	148	153	5	3.4%
7. Residential Mortgage	647	786	770	759	740	(19)	(2.5%)
8. Home Equity	287	349	354	374	399	25	6.7%
9. Other Commercial	36	160	162	180	209	29	16.1%
10. Other Consumer	73	75	74	75	77	2	2.7%
11. Total Loans	\$ 3,925	\$ 4,694	\$ 4,710	\$ 4,791	\$ 4,974	\$ 183	3.8%
12. Construction Concentration ¹			52.3%	46.1%	47.3%		
13. Investment RE Concentration ¹			200.4%	199.8%	209.9%		

¹As a % of Risk Based Capital



Asset Quality Summary

(\$ in Millions)	<u>2014</u>	<u>2015</u>	<u>Q1-'16</u>	<u>Q2-'16</u>	<u>Q3-'16</u>	Change Linked Quarter	
						\$	%
1. Non-Accrual Loans	\$ 48.8	\$ 31.4	\$ 36.7	\$ 33.6	\$ 34.1	\$ 0.5	1.5%
2. Other Real Estate	19.3	17.3	15.6	13.2	10.2	(3.0)	(22.7%)
3. Renegotiated Loans	2.0	1.9	1.0	4.3	4.0	(0.3)	(7.0%)
4. 90+ Days Delinquent Loans	4.6	0.9	1.0	0.4	1.6	1.2	300.0%
5. Total NPAs & 90+ Days Delinquent	\$ 74.7	\$ 51.5	\$ 54.3	\$ 51.5	\$ 49.9	\$ (1.6)	(3.1%)
6. NPAs & 90+ Days/Loans & ORE	1.9%	1.1%	1.2%	1.1%	1.0%		
7. Classified Assets	\$ 191.8	\$ 171.8	\$ 170.9	\$ 173.2	\$ 173.4	\$ 0.2	0.1%
8. Criticized Assets (includes Classified)	\$ 253.6	\$ 275.0	\$ 305.8	\$ 297.6	\$ 305.8	\$ 8.2	2.8%



Non-Performing Asset Reconciliation

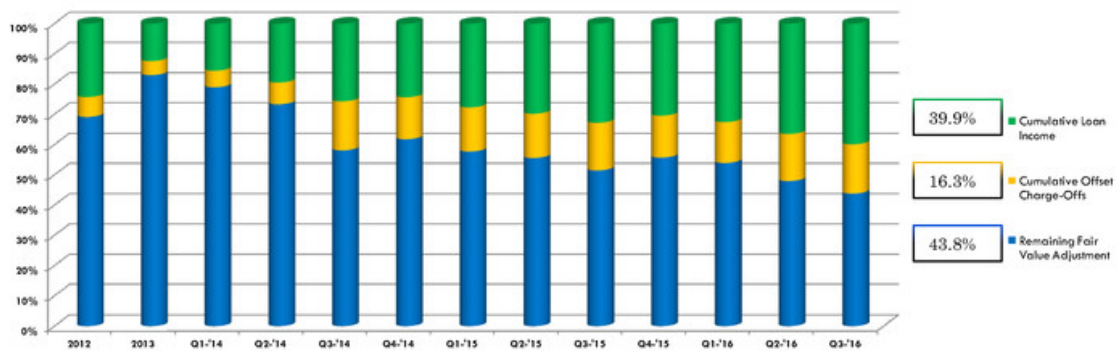
(\$ in Millions)	<u>Q4-'15</u>	<u>Q1-'16</u>	<u>Q2-'16</u>	<u>Q3-'16</u>
1. Beginning Balance NPAs & 90+ Days Delinquent	\$ 53.2	\$ 51.5	\$ 54.3	\$ 51.5
Non-Accrual				
2. Add: New Non-Accruals	3.9	10.7	3.6	6.0
3. Less: To Accrual/Payoff/Renegotiated	(2.4)	(2.7)	(4.5)	(3.2)
4. Less: To OREO	(0.8)	(0.1)	(0.2)	(0.4)
5. Less: Charge-offs	<u>(1.9)</u>	<u>(2.6)</u>	<u>(2.0)</u>	<u>(1.9)</u>
6. Increase / (Decrease): Non-Accrual Loans	(1.2)	5.3	(3.1)	0.5
Other Real Estate Owned (ORE)				
7. Add: New ORE Properties	6.5	0.1	0.2	0.4
8. Less: ORE Sold	(3.6)	(1.5)	(2.1)	(3.1)
9. Less: ORE Losses (write-downs)	<u>(0.5)</u>	<u>(0.3)</u>	<u>(0.5)</u>	<u>(0.3)</u>
10. Increase / (Decrease): ORE	2.4	(1.7)	(2.4)	(3.0)
11. Increase / (Decrease): 90+ Days Delinquent	(1.0)	0.1	(0.6)	1.2
12. Increase / (Decrease): Renegotiated Loans	<u>(1.9)</u>	<u>(0.9)</u>	<u>3.3</u>	<u>(0.3)</u>
13. Total NPAs & 90+ Days Delinquent Change	<u>(1.7)</u>	<u>2.8</u>	<u>(2.8)</u>	<u>(1.6)</u>
14. Ending Balance NPAs & 90+ Days Delinquent	\$ 51.5	\$ 54.3	\$ 51.5	\$ 49.9



ALLL and Fair Value Summary

(\$ in Millions)	<u>Q3-'15</u>	<u>Q4-'15</u>	<u>Q1-'16</u>	<u>Q2-'16</u>	<u>Q3-'16</u>
1. Allowance for Loan Losses (ALLL)	\$ 62.9	\$ 62.5	\$ 62.1	\$ 62.2	\$ 63.5
2. Fair Value Adjustment (FVA)	<u>37.9</u>	<u>47.0</u>	<u>47.1</u>	<u>42.3</u>	<u>37.9</u>
3. Total ALLL plus FVA	\$ 100.8	\$ 109.5	\$ 109.2	\$ 104.5	\$ 101.4
4. Specific Reserves	\$ 2.0	\$ 1.8	\$ 1.4	\$ 2.1	\$ 1.6
5. Purchased Loans plus FVA	674.5	965.4	917.6	863.4	771.6
6. ALLL/Non-Accrual Loans	192.8%	199.0%	169.1%	185.3%	186.1%
7. ALLL/Non-purchased Loans	1.70%	1.65%	1.62%	1.56%	1.50%
8. ALLL/Loans	1.45%	1.33%	1.32%	1.29%	1.28%
9. ALLL & FVA/Total Loan Balances plus FVA¹	2.31%	2.31%	2.29%	2.15%	2.02%

¹ Management uses this Non-GAAP measure to demonstrate coverage and credit risk





Asset Quality & Portfolio Summary

- Strong diverse loan growth of \$183 million this quarter led by CRE, C&I, Other Commercial and Home Equity.
- Construction and CRE portfolios are 47% and 210% of risk-based capital, respectively, and beneath regulatory guidelines with capacity to grow.
- Second quarter of continued reduction in total NPAs & 90 days.
- Provision of \$1.9 million exceeded charge-offs of \$630,000 to provide for loan growth.
- ALLL to non-purchased loans of 1.5% and 2.02% with fair value adjustments on total loans.



Michael C. Rechin

President and Chief Executive Officer



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
- Exploit Back-Office Infrastructure for Efficiency and Operating Leverage
- Mergers and Acquisitions as a Core Competency
- Build or Acquire Specialty Finance Businesses and Lending Verticals
- 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

Investor inquiries:

David L. Ortega

Investor Relations

Telephone: 765.378.8937

dortega@firstmerchants.com





Appendix



Appendix – Non-GAAP Reconciliation

CAPITAL RATIOS (dollars in thousands):

	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16
Total Risk-Based Capital Ratio									
Total Stockholders' Equity (GAAP)	684,553	726,827	739,658	749,955	766,984	850,509	867,263	887,550	900,865
Adjust for Accumulated Other Comprehensive (Income) Loss ^a	(4,150)	1,630	1,915	6,490	3,614	1,362	(2,066)	(7,035)	(3,924)
Less: Preferred Stock			(125)	(125)	(125)	(125)	(125)	(125)	(125)
Add: Qualifying Capital Securities	55,000	55,000	56,827	56,827	51,827	55,776	55,236	55,296	55,355
Less: Tier 1 Capital Deductions			(4,381)	(2,371)	(3,418)	(2,516)	(1,999)	(1,828)	(1,440)
Less: Disallowed Goodwill and Intangible Assets	(200,992)	(218,755)	(205,818)	(208,980)	(208,749)	(247,006)	(250,367)	(249,932)	(249,541)
Less: Disallowed Servicing Assets	(166)	(167)							
Less: Disallowed Deferred Tax Assets			(1,786)	(1,581)	(1,144)	(1,677)	(2,998)	(2,743)	(2,161)
Total Tier 1 Capital (Regulatory)	\$ 534,245	\$ 564,535	\$ 586,290	\$ 600,215	\$ 608,989	\$ 656,323	\$ 664,944	\$ 681,183	\$ 699,029
Qualifying Subordinated Debentures	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	53,803	55,972	58,688	60,865	62,012	62,453	62,086	62,186	63,456
Total Risk-Based Capital (Regulatory)	\$ 653,048	\$ 685,507	\$ 709,978	\$ 726,080	\$ 736,001	\$ 783,776	\$ 792,030	\$ 808,369	\$ 827,485
Net Risk-Weighted Assets (Regulatory)	\$ 4,292,495	\$ 4,469,765	\$ 4,695,073	\$ 4,865,157	\$ 4,956,737	\$ 5,247,617	\$ 5,355,827	\$ 5,511,557	\$ 5,836,806
Total Risk-Based Capital Ratio (Regulatory)	15.21%	15.34%	15.12%	14.92%	14.85%	14.94%	14.79%	14.67%	14.18%
Common Equity Tier 1 Capital Ratio									
Total Tier 1 Capital (Regulatory)	\$ 534,245	\$ 564,535	\$ 586,290	\$ 600,215	\$ 608,989	\$ 656,323	\$ 664,944	\$ 681,183	\$ 699,029
Less: Qualified Capital Securities	(55,000)	(55,000)	(56,827)	(56,827)	(51,827)	(55,776)	(55,236)	(55,296)	(55,355)
Add: Additional Tier 1 Capital Deductions			4,381	2,371	3,418	2,516	1,999	1,828	1,440
Less: Preferred Stock	(125)	(125)							
Common Equity Tier 1 Capital (Regulatory)	\$ 479,120	\$ 509,410	\$ 533,844	\$ 545,759	\$ 560,580	\$ 603,063	\$ 611,707	\$ 627,715	\$ 645,114
Net Risk-Weighted Assets (Regulatory)	\$ 4,292,495	\$ 4,469,765	\$ 4,695,073	\$ 4,865,157	\$ 4,956,737	\$ 5,247,617	\$ 5,355,827	\$ 5,511,557	\$ 5,836,806
Common Equity Tier 1 Capital Ratio (Regulatory)	11.16%	11.40%	11.37%	11.22%	11.31%	11.49%	11.42%	11.39%	11.05%

^a 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):

	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16
Total Stockholders' Equity (GAAP)	\$ 684,553	\$ 726,827	\$ 739,658	\$ 749,955	\$ 766,984	\$ 850,509	\$ 867,263	\$ 887,550	\$ 900,865
Less: Preferred Stock	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)
Less: Intangible Assets	(200,991)	(218,755)	(218,033)	(220,196)	(219,503)	(259,764)	(261,799)	(260,822)	(259,844)
Tangible Common Equity (non-GAAP)	\$ 483,437	\$ 507,947	\$ 521,500	\$ 529,634	\$ 547,356	\$ 590,620	\$ 605,339	\$ 626,603	\$ 640,896
Total Assets (GAAP)	\$ 5,591,383	\$ 5,824,127	\$ 5,877,521	\$ 6,140,308	\$ 6,189,797	\$ 6,761,003	\$ 6,798,539	\$ 6,906,418	\$ 7,022,352
Less: Intangibles Assets	(200,991)	(218,755)	(218,033)	(220,196)	(219,503)	(259,764)	(261,799)	(260,822)	(259,844)
Tangible Assets (non-GAAP)	\$ 5,390,392	\$ 5,605,372	\$ 5,659,488	\$ 5,920,112	\$ 5,970,294	\$ 6,501,239	\$ 6,536,740	\$ 6,645,596	\$ 6,762,508
Tangible Common Equity Ratio (non-GAAP)	8.97%	9.06%	9.21%	8.95%	9.17%	9.08%	9.26%	9.43%	9.48%

TANGIBLE COMMON EQUITY PER SHARE (dollars in thousands):

	4Q10	4Q11	4Q12	4Q13	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16
Total Stockholders' Equity (GAAP)	\$ 454,408	\$ 514,467	\$ 552,236	\$ 634,923	\$ 726,827	\$ 739,658	\$ 749,955	\$ 766,984	\$ 850,509	\$ 867,263	\$ 887,550	\$ 900,865
Less: Preferred Stock	(67,880)	(90,783)	(90,908)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)	(125)
Less: Intangible Assets	(154,019)	(150,471)	(149,529)	(202,767)	(218,755)	(218,033)	(220,196)	(219,503)	(259,764)	(261,799)	(260,822)	(259,844)
Tax Benefit	2,907	2,224	2,249	4,973	6,085	5,849	5,619	5,388	6,278	6,753	6,453	6,204
Tangible Common Equity, Net of Tax (non-GAAP)	\$ 235,416	\$ 275,437	\$ 314,048	\$ 437,004	\$ 514,032	\$ 527,349	\$ 535,253	\$ 552,744	\$ 596,898	\$ 612,092	\$ 633,056	\$ 647,100
Shares Outstanding	25,574,251	28,559,707	28,692,616	35,921,761	37,669,948	37,781,488	37,824,649	37,873,921	40,664,258	40,749,340	40,772,896	40,799,025
Tangible Common Equity per Share (non-GAAP)	\$ 9.21	\$ 9.64	\$ 10.95	\$ 12.17	\$ 13.65	\$ 13.96	\$ 14.15	\$ 14.59	\$ 14.68	\$ 15.02	\$ 15.53	\$ 15.86



Appendix – Non-GAAP Reconciliation

EFFICIENCY RATIO (dollars in thousands):

	2014	2015	1Q16	2Q16	3Q16
Non Interest Expense (GAAP)	\$ 164,008	\$ 174,806	\$ 46,475	\$ 44,835	\$ 44,115
Less: Core Deposit Intangible Amortization	(2,445)	(2,835)	(978)	(977)	(978)
Less: OREO and Foreclosure Expenses	(3,462)	(3,956)	(751)	(915)	(637)
Adjusted Non Interest Expense (non-GAAP)	158,101	168,015	44,746	42,943	42,500
Net Interest Income (GAAP)	187,037	196,404	54,455	55,962	57,682
Plus: Fully Taxable Equivalent Adjustment	7,921	10,975	3,136	3,256	3,402
Net Interest Income on a Fully Taxable Equivalent Basis (non-GAAP)	194,958	207,379	57,591	59,218	61,084
Non Interest Income (GAAP)	61,816	69,868	15,837	16,385	16,861
Less: Investment Securities Gains (Losses)	(3,581)	(2,670)	(997)	(706)	(839)
Adjusted Non Interest Income (non-GAAP)	58,235	67,198	14,840	15,679	16,022
Adjusted Revenue (non-GAAP)	253,193	274,577	72,431	74,897	77,106
Efficiency Ratio (non-GAAP)	62.44%	61.19%	61.78%	57.33%	55.12%

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

	3Q15	4Q15	1Q16	2Q16	3Q16
Loans Held for Sale (GAAP)	\$ 1,943	\$ 9,894	\$ 3,628	\$ 18,854	\$ 1,482
Loans (GAAP)	4,321,715	4,693,822	4,709,907	4,791,429	4,973,844
Total Loans	4,323,658	4,703,716	4,713,535	4,810,283	4,975,326
Less: Purchased Loans	(636,581)	(917,589)	(870,507)	(821,158)	(733,715)
Non-Purchased Loans (non-GAAP)	\$ 3,687,077	\$ 3,786,127	\$ 3,843,028	\$ 3,989,125	\$ 4,241,611
Allowance for Loan Losses (GAAP)	\$ 62,861	\$ 62,453	\$ 62,086	\$ 62,186	\$ 63,456
Fair Value Adjustment (FVA) (GAAP)	37,922	47,057	47,104	42,291	37,898
Allowance plus FVA (non-GAAP)	\$ 100,783	\$ 109,510	\$ 109,190	\$ 104,477	\$ 101,354
Total Loans	\$ 4,323,658	\$ 4,703,716	\$ 4,713,535	\$ 4,810,283	\$ 4,975,326
Fair Value Adjustment (FVA) (GAAP)	37,922	47,057	47,104	42,291	37,898
Total Loans plus FVA (non-GAAP)	\$ 4,361,580	\$ 4,750,773	\$ 4,760,639	\$ 4,852,574	\$ 5,013,224
Allowance as a Percentage of Non-Purchased Loans (non-GAAP)	1.70%	1.65%	1.62%	1.56%	1.50%
Allowance plus FVA as a Percentage of Total Loans plus FVA (non-GAAP)	2.31%	2.31%	2.29%	2.15%	2.02%

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Appendix – Non-GAAP Reconciliation

CONSTRUCTION AND INVESTMENT REAL ESTATE CONCENTRATIONS (dollars in thousands):

	1Q16	2Q16	3Q16
Total Risk-Based Capital (Subsidiary Bank Only)			
Total Stockholders' Equity (GAAP)	\$ 945,283	\$ 967,099	\$ 972,182
Adjust for Accumulated Other Comprehensive (Income) Loss ¹	(4,566)	(9,699)	(6,332)
Less: Preferred Stock	(125)	(125)	(125)
Less: Tier 1 Capital Deductions	(1,805)	(1,427)	(889)
Less: Disallowed Goodwill and Intangible Assets	(249,919)	(249,484)	(249,093)
Less: Disallowed Deferred Tax Assets	(2,708)	(2,141)	(1,334)
Total Tier 1 Capital (Regulatory)	686,160	704,223	714,409
Allowance for Loan Losses includible in Tier 2 Capital	62,086	62,186	63,456
Total Risk-Based Capital (Regulatory)	<u>\$ 748,246</u>	<u>\$ 766,409</u>	<u>\$ 777,865</u>
Construction, Land and Land Development Loans	\$ 391,621	\$ 352,980	\$ 368,241
Concentration as a % of the Bank's Risk-Based Capital	52.3%	46.1%	47.3%
Construction, Land and Land Development Loans	\$ 391,621	\$ 352,980	\$ 368,241
Investment Real Estate Loans	1,107,288	1,178,660	1,264,304
Total Construction and Investment RE Loans	<u>\$ 1,498,909</u>	<u>\$ 1,531,640</u>	<u>\$ 1,632,545</u>
Concentration as a % of the Bank's Risk-Based Capital	200.4%	199.8%	209.9%

¹ 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.

