

CONSOLIDATED FINANCIAL HIGHLIGHTS

	Three months ended			Year ended December 31	
	December 31, 2016	September 30, 2016	December 31, 2015	2016	2015
(Dollars in thousands, except share data; unaudited)					
SUMMARY OF OPERATIONS					
Interest income	\$ 254,782	\$ 246,494	\$ 241,861	\$ 987,757	\$ 969,209
Interest expense	10,865	10,645	11,142	43,082	44,304
Net interest income	243,917	235,849	230,719	944,675	924,905
Provision for loan and lease losses	16,029	7,507	7,046	32,941	20,664
Net interest income after provision for loan and lease losses	227,888	228,342	223,673	911,734	904,241
Gain on acquisitions	—	837	—	5,831	42,930
Noninterest income	124,698	117,004	99,135	482,240	424,158
Noninterest expense	271,531	267,233	255,886	1,048,738	1,038,915
Income before income taxes	81,055	78,950	66,922	351,067	332,414
Income taxes	28,365	27,546	24,174	125,585	122,028
Net income	\$ 52,690	\$ 51,404	\$ 42,748	\$ 225,482	\$ 210,386
Taxable-equivalent net interest income	\$ 245,330	\$ 237,146	\$ 232,147	\$ 949,768	\$ 931,231
PER SHARE DATA					
Net income	\$ 4.39	\$ 4.28	\$ 3.56	\$ 18.77	\$ 17.52
Cash dividends	0.30	0.30	0.30	1.20	1.20
Book value at period-end	250.82	256.76	239.14	250.82	239.14
CONDENSED BALANCE SHEET					
Cash and due from banks	\$ 539,741	\$ 495,705	\$ 534,086	\$ 539,741	\$ 534,086
Overnight investments	1,872,594	2,997,086	2,063,132	1,872,594	2,063,132
Investment securities	7,006,678	6,384,940	6,861,548	7,006,678	6,861,548
Loans and leases	21,737,878	21,296,980	20,239,990	21,737,878	20,239,990
Less allowance for loan and lease losses	(218,795)	(211,950)	(206,216)	(218,795)	(206,216)
FDIC loss share receivable	4,172	3,108	4,054	4,172	4,054
Other assets	2,048,568	2,006,041	1,979,340	2,048,568	1,979,340
Total assets	\$ 32,990,836	\$ 32,971,910	\$ 31,475,934	\$ 32,990,836	\$ 31,475,934
Deposits	28,161,343	27,925,253	26,930,755	28,161,343	26,930,755
Other liabilities	1,817,066	1,962,909	1,673,070	1,817,066	1,673,070
Shareholders' equity	3,012,427	3,083,748	2,872,109	3,012,427	2,872,109
Total liabilities and shareholders' equity	\$ 32,990,836	\$ 32,971,910	\$ 31,475,934	\$ 32,990,836	\$ 31,475,934
SELECTED PERIOD AVERAGE BALANCES					
Total assets	\$ 33,223,995	\$ 32,655,417	\$ 31,753,223	\$ 32,439,492	\$ 31,072,235
Investment securities	6,716,873	6,452,532	6,731,183	6,616,355	7,011,767
Loans and leases	21,548,313	21,026,510	20,059,556	20,897,395	19,528,153
Interest-earning assets	31,078,428	30,446,592	29,565,715	30,267,788	28,893,157
Deposits	28,231,477	27,609,418	27,029,650	27,515,161	26,485,245
Interest-bearing liabilities	19,357,282	19,114,740	18,933,443	19,158,317	18,986,755
Shareholders' equity	\$ 3,056,426	\$ 3,058,155	\$ 2,867,177	\$ 3,001,269	\$ 2,797,300
Shares outstanding	12,010,405	12,010,405	12,010,405	12,010,405	12,010,405
SELECTED RATIOS					
Annualized return on average assets	0.63%	0.63%	0.53%	0.70%	0.68%
Annualized return on average equity	6.86	6.69	5.92	7.51	7.52
Taxable-equivalent net interest margin	3.14	3.10	3.12	3.14	3.22
Efficiency ratio ⁽¹⁾	75.54	75.81	77.57	75.79	77.63
Tier 1 risk-based capital ratio	12.42	12.50	12.65	12.42	12.65
Common equity Tier 1 ratio	12.42	12.50	12.51	12.42	12.51
Total risk-based capital ratio	13.85	13.96	14.03	13.85	14.03
Leverage capital ratio	9.05	9.07	8.96	9.05	8.96

⁽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 and FDIC loss share termination 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

	Three months ended			Year ended December 31	
	December 31, 2016	September 30, 2016	December 31, 2015	2016	2015
(Dollars in thousands, unaudited)					
ALLOWANCE FOR LOAN AND LEASE LOSSES (ALLL)					
ALLL at beginning of period	\$ 211,950	\$ 208,008	\$ 205,463	\$ 206,216	\$ 204,466
(Credit) provision for loan and lease losses:					
Purchased credit-impaired (PCI) loans ⁽¹⁾	2,137	77	(903)	(1,929)	(2,273)
Non-PCI loans ⁽¹⁾	13,892	7,430	7,949	34,870	22,937
Net charge-offs of loans and leases:					
Charge-offs	(11,316)	(6,210)	(8,551)	(30,201)	(28,348)
Recoveries	2,132	2,645	2,258	9,839	9,434
Net charge-offs of loans and leases	(9,184)	(3,565)	(6,293)	(20,362)	(18,914)
ALLL at end of period	<u>\$ 218,795</u>	<u>\$ 211,950</u>	<u>\$ 206,216</u>	<u>\$ 218,795</u>	<u>\$ 206,216</u>
ALLL at end of period allocated to loans and leases:					
PCI	\$ 13,769	\$ 11,632	\$ 16,312	\$ 13,769	\$ 16,312
Non-PCI	205,026	200,318	189,904	205,026	189,904
ALLL at end of period	<u>\$ 218,795</u>	<u>\$ 211,950</u>	<u>\$ 206,216</u>	<u>\$ 218,795</u>	<u>\$ 206,216</u>
Net charge-offs of loans and leases:					
PCI	\$ —	\$ —	\$ 342	\$ 614	\$ 3,044
Non-PCI	9,184	3,565	5,951	19,748	15,870
Total net charge-offs	<u>\$ 9,184</u>	<u>\$ 3,565</u>	<u>\$ 6,293</u>	<u>\$ 20,362</u>	<u>\$ 18,914</u>
Reserve for unfunded commitments	<u>\$ 1,133</u>	<u>\$ 379</u>	<u>\$ 379</u>	<u>\$ 1,133</u>	<u>\$ 379</u>
SELECTED LOAN DATA					
Average loans and leases:					
PCI	\$ 831,858	\$ 931,820	\$ 996,637	\$ 898,706	\$ 1,112,286
Non-PCI	20,716,455	19,725,274	19,062,919	19,998,689	18,415,867
Loans and leases at period-end:					
PCI	809,169	868,200	950,516	809,169	950,516
Non-PCI	20,928,709	20,428,780	19,289,474	20,928,709	19,289,474
RISK ELEMENTS					
Nonaccrual loans and leases:					
PCI	\$ 3,451	\$ 4,142	\$ 7,579	\$ 3,451	\$ 7,579
Non-PCI	82,307	87,043	95,854	82,307	95,854
Other real estate	61,231	68,964	65,559	61,231	65,559
Total nonperforming assets	<u>\$ 146,989</u>	<u>\$ 160,149</u>	<u>\$ 168,992</u>	<u>\$ 146,989</u>	<u>\$ 168,992</u>
Accruing loans and leases 90 days or more past due	<u>\$ 68,241</u>	<u>\$ 69,312</u>	<u>\$ 77,066</u>	<u>\$ 68,241</u>	<u>\$ 77,066</u>
RATIOS					
Net charge-offs (annualized) to average loans and leases:					
PCI	—%	—%	0.14%	0.07%	0.27%
Non-PCI	0.18	0.07	0.12	0.10	0.09
Total	0.17	0.07	0.12	0.10	0.10
ALLL to total loans and leases:					
PCI	1.70	1.34	1.72	1.70	1.72
Non-PCI	0.98	0.98	0.98	0.98	0.98
Total	1.01	1.00	1.02	1.01	1.02
Ratio of nonperforming assets to total loans, leases and other real estate					
Covered	0.66	0.75	3.51	0.66	3.51
Noncovered	0.67	0.75	0.79	0.67	0.79
Total	0.67	0.75	0.83	0.67	0.83

⁽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. Conversely, Non-PCI loans include originated and purchased non-impaired loans.

AVERAGE BALANCE AND NET INTEREST MARGIN SUMMARY

	Three months ended								
	December 31, 2016			September 30, 2016			December 31, 2015		
	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate
(Dollars in thousands, unaudited)									
INTEREST-EARNING ASSETS									
Loans and leases	\$ 21,548,313	\$ 226,651	4.19	% \$ 21,026,510	\$ 220,480	4.17	% \$ 20,059,556	\$ 218,048	4.32 %
Investment securities:									
U. S. Treasury	1,593,610	3,328	0.83	1,528,010	3,018	0.79	1,686,269	3,092	0.73
Government agency	172,037	396	0.92	321,664	711	0.88	599,048	1,282	0.86
Mortgage-backed securities	4,802,198	20,937	1.74	4,470,507	18,833	1.69	4,437,936	18,632	1.68
Corporate bonds	54,255	772	5.69	43,535	648	5.95	—	—	—
Other	94,773	253	1.06	88,816	316	1.41	7,930	205	10.30
Total investment securities	6,716,873	25,686	1.53	6,452,532	23,526	1.46	6,731,183	23,211	1.38
Overnight investments	2,813,242	3,858	0.55	2,967,550	3,785	0.51	2,774,976	2,030	0.29
Total interest-earning assets	\$ 31,078,428	\$ 256,195	3.28	% \$ 30,446,592	\$ 247,791	3.24	% \$ 29,565,715	\$ 243,289	3.27 %
INTEREST-BEARING LIABILITIES									
Interest-bearing deposits:									
Checking with interest	\$ 4,696,279	\$ 261	0.02	% \$ 4,475,963	\$ 231	0.02	% \$ 4,234,147	\$ 204	0.02 %
Savings	2,080,598	161	0.03	2,055,877	157	0.03	1,887,520	142	0.03
Money market accounts	8,113,686	1,619	0.08	8,060,290	1,568	0.08	8,175,228	1,605	0.08
Time deposits	2,892,143	2,411	0.33	2,900,840	2,501	0.34	3,200,354	2,900	0.36
Total interest-bearing deposits	17,782,706	4,452	0.10	17,492,970	4,457	0.10	17,497,249	4,851	0.11
Repurchase agreements	726,318	485	0.27	766,893	489	0.25	728,526	471	0.26
Other short-term borrowings	12,749	52	1.63	12,162	51	1.68	3,203	7	1.39
Long-term obligations	835,509	5,876	2.81	842,715	5,648	2.68	704,465	5,813	3.30
Total interest-bearing liabilities	\$ 19,357,282	\$ 10,865	0.22	% \$ 19,114,740	\$ 10,645	0.22	% \$ 18,933,443	\$ 11,142	0.23 %
Interest rate spread			3.06	%		3.02	%		3.04 %
Net interest income and net yield on interest-earning assets		\$ 245,330	3.14	%	\$ 237,146	3.10	%	\$ 232,147	3.12 %

Loans and leases include PCI loans, non-PCI loans, nonaccrual loans and loans held for sale. 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 35.0 percent for each period and state income tax rates of 3.1 percent, 5.5 percent and 5.5 percent for the three months ended December 31, 2016, September 30, 2016 and December 31, 2015, respectively. The taxable-equivalent adjustment was \$1,413, \$1,297 and \$1,428 for the three months ended December 31, 2016, September 30, 2016 and December 31, 2015, respectively. The rate/volume variance is allocated equally between the changes in volume and rate.