

WSFS FINANCIAL CORP
Form FWP
June 08, 2016

June 2016
WSFS Financial Corporation
Senior Notes Offering
Issuer Free Writing Prospectus
Filed pursuant to Rule 433(d)

Registration No. 333-211911

Dated June 8, 2016

The issuer has filed a registration statement (and a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. You may get these documents for free by visiting

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EDGAR on the SEC website at www.sec.gov. Alternatively, the issuer, any underwriter, or any dealer participating in the offering will arrange to send you the prospectus if you request it by calling Sandler O'Neill + Partners, L.P., at 1 (866) 805-4128 or Keefe, Bruyette & Woods, A Stifel Company at 1 (800) 966-1559.

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Forward-Looking Statements

This presentation contains estimates, predictions, opinions, projections and other forward-looking statements as that phrase is defined under the Private Securities Litigation Reform Act of 1995. Such statements include, without limitation, references to the Company's predictions or expectations of future financial performance as well as its goals and objectives for future operations, financial and business trends, business prospects, and market conditions. Forward-looking statements are typically identified by words such as "believe," "expect," "anticipate," "intend," "target," "estimate," "continue," "project," "forecast," "estimate," "predict," "plan," "potential," "may," "could," "should," "would," "might," "will," "could," "may," "intend," "anticipate," "estimate," "forecast," "project," "plan," "potential," "may," "could," "should," "would," "might," "will," or by variations of such words or by similar expressions.

based on various assumptions (some of which may be beyond the Company's control) and are subject to risks and uncertainties which could cause actual results to differ materially from those currently anticipated. Such risks and uncertainties include difficult market conditions and unfavorable economic trends in the United States generally, and particularly in the market areas which its loans are concentrated, including the effects of declines in housing markets, an increase in unemployment levels and the Company's level of nonperforming assets and the costs associated with resolving any problem loans including litigation and other costs; the Company may increase funding costs and reduce earning asset yields thus reducing margin; the impact of changes in interest rates and the value of collateral and the effect of such changes on the market value of the Company's investment securities portfolio; the credit risk associated with commercial real estate, construction and land development, and commercial and industrial loans in our loan portfolio; the extent of supervision and examination governing almost every aspect of the Company's operations including the changes in regulations under the Dodd-Frank Wall Street Reform and Consumer Protection Act and the rules and regulations being issued in accordance with the Act associated with complying with such regulations; possible additional loan losses and impairment of the collectability of loans; applicable capital and liquidity requirements (including the finalized Basel III capital standards), including our ability to generate loans on favorable terms; possible changes in trade, monetary and fiscal policies, laws and regulations and other activities of government that may result in any impairment of the Company's goodwill or other intangible assets; failure of the financial and operational controls of the Company; volatility in the financial markets that may limit the Company's access to additional funding to meet its liquidity needs; the success of the Company's successful integration of past and future acquisitions; the Company's ability to complete the pending merger with Penn Liberty Bancorp, which are subject to a number of conditions, risks and uncertainties, delay in closing the merger, difficulties and delays in integrating the merger, realizing cost savings and other benefits of the merger, Penn Liberty's customers accessing services and related customer disintermediation; negative perceptions or publicity with respect to the Company's trust and wealth management or cybersecurity breaches of the Company's network security; the Company's ability to recruit and retain key employees; the effects of financial institutions that adversely affect the Company or the banking industry generally; the effects of weather and natural disasters including tornadoes and hurricanes as well as effects from geopolitical instability and man-made disasters including terrorist attacks; possible acceleration of prepayments by the Company's customers and loan origination or sales volumes; possible acceleration of prepayments of mortgage-backed securities due to low interest rates, and the related acceleration of premium amortization on prepayments on mortgage-backed securities due to low interest rates; the Company's ability to receive dividends from its subsidiaries and pay dividends to its shareholders; the effects of any reputational, credit, liquidity, regulatory and compliance risk resulting from developments related to any of the risks discussed above; and the costs of the Company's loans, litigation and other risks and uncertainties, discussed in the Company's Form 10-K for the year ended December 31, 2014. The Company has filed with the Securities and Exchange Commission from time to time. Forward looking statements are as of the date they are made and the Company undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by or on behalf of the Company.

Non-GAAP
Information

This presentation contains financial information and performance measures determined by methods other than in accordance with accounting

principles generally accepted in the United States (GAAP). The Company's management uses these non-GAAP measures to evaluate the Company's performance and believes that these non-GAAP measures provide a greater understanding of ongoing operations, comparability of results of operations with prior periods and show the effects of significant gains and charges in the periods presented.

Company's management believes that investors may use these non-GAAP measures to analyze the Company's financial performance and the impact of unusual items or events that may obscure trends in the Company's underlying performance. These disclosures should not be viewed as a

substitute for financial measures determined in accordance with GAAP. The following are the non-GAAP measures used in the Company's financial statements:

Core ROAA is a non-GAAP

measure that divides (i) net income determined in accordance with GAAP and excluding the impact of securities gains (losses), corporate development expenses, debt extinguishment costs, and other extraordinary items by (ii) average assets

Tangible common equity is a non-GAAP measure and is defined as total average stockholders' equity less goodwill, other intangible assets and preferred stock.

Return on average tangible common equity is a non-GAAP measure and is defined as net income allocable to common stockholders divided by tangible common equity.

Core net interest income is a non-GAAP

measure that adjusts net interest income as determined in accordance with GAAP to exclude

the impact of extraordinary items such as special dividends

Core noninterest income is a non-GAAP

measure that adjusts noninterest income as determined in accordance with GAAP to exclude

the impact of securities gains (losses)

Core noninterest expense is a non-GAAP

measure that adjusts noninterest expense as determined in accordance with GAAP to exclude

corporate development expenses and debt extinguishment costs

Efficiency ratio is a non-GAAP

measure that is determined by dividing noninterest expense (as determined in accordance with GAAP)

by the sum of net interest income and noninterest income (each as determined in accordance with GAAP)

Core efficiency ratio is a non-GAAP

measure that is determined by dividing core noninterest expense by the sum of core interest income and core noninterest income

Pre-tax pre-provision net revenue is a non-GAAP measure that adjusts net income to exclude loan loss provision and income tax expense.

Core pre-tax pre-provision net revenue is pre-tax, pre-provision net revenue adjusted to exclude the impact of corporate development expenses, securities gains (losses), debt extinguishment costs, and other extraordinary items.

Terms of Proposed Offering

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Issuer: WSFS Financial Corporation

Security Type: Fixed-to-Floating Rate Senior Notes due 2026

Aggregate Principal Amount: \$75 million

Rating: A-
by Kroll Bond Rating Agency

Maturity: 10 years

Call Provision: Callable after five years at 100%

Use of Proceeds: General corporate purposes including financing organic growth, acquisitions, repurchases of common stock, and redemption of outstanding indebtedness

Underwriters:

Sandler O'Neill + Partners, L.P. (Sole Book-Running Manager)

Keefe, Bruyette

& Woods, A Stifel

Company

(Co-Lead Manager)

Boenning

& Scattergood, Inc. (Co-Manager)

1Q 2016 Highlights

1Q 2016 Highlights
Reported Strong Results
Reported
Core

EPS:
\$0.52

\$0.53

ROAA:

1.13%

1.14%

ROATCE:

13.13%

13.33%

Strong Revenue Growth

Core net revenue increased \$9.5 million, or 16% over 1Q 2015

Core net interest income improved \$7.3 million, or 19% over 1Q 2015; Net interest margin (NIM) was 3.87% in 1Q 2016, a 13 basis point improvement from 1Q 2015, after adjusting for the impact of a one-time special FHLB dividend in 1Q15

Core fee (noninterest) income increased \$2.1 million, or 10% over 1Q 2015

Significant Positive Operating Leverage

Expenses well managed at 11% core growth from 1Q 2015; Vs. 16% core net revenue growth = 5% points in positive operating leverage in 1Q 2016 vs 1Q 2015

Pre-tax, pre-provision net revenue (core) grew \$5.2 million, or 25% from 1Q 2015

Core efficiency ratio improved to 61.89% in 1Q 2016 from 64.75% in 1Q 2015

Also, 1Q tends to be our weakest quarter on revenue and expenses

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(1) Core values are non-GAAP financial information and should be considered in addition to results prepared in accordance with GAAP results. See appendix for reconciliation to GAAP financial information.

1Q 2016 Highlights

Loan and Core Deposit Growth Continues

Net loans increased \$23.1 million from 4Q 2015. Growth was driven by an 8% (annualized) increase in

C&I and CRE loans, partially offset by a decline in residential mortgages and expected paydown/payoff activity in the construction portfolio

Commercial loans comprise 84% of the total loans. Variable rate loans represent 68% of total loans

Customer funding increased \$9.8 million 4Q 2015. Organic growth was driven by an increase in core deposits of \$35 million, or 4% (annualized). This was offset by an intentional \$26.2 million decrease in time deposits to manage NIM

Core deposit accounts are 85% of total customer funding, including no-cost and low-cost checking which represent 45% of customer funding

Asset Quality Remains Strong

NPA s declined by 6% (not annualized) to \$37.7 million or 0.66% of total assets; delinquencies (including nonperforming delinquencies) decreased to 0.60% of total gross loans; net charge offs were a low 3bps of total net loans

Total credit costs (provision for loan losses, loan workout expenses, OREO expenses and other credit reserves) were \$1.3 million in 1Q 2016

Penn Liberty on Track to Close in 3Q 2016

Received all required regulatory and shareholder approvals. Scheduled to close on August 12

th

with a

simultaneous conversion/integration

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The WSFS Franchise

Largest independent bank and
trust co. HQ in the Del. Valley

\$5.7 billion in assets

\$13.1 billion in fiduciary

assets, includes \$1.2
billion in assets
under management

63 offices

Founded in 1832, WSFS is one
of the oldest banks in the U.S.

Major business lines

Retail

Commercial

Wealth Management

(1)

Cash Connect

®

(ATM cash
and related businesses)

(1)

The WSFS Franchise

Note: the varying shades of green represent the intensity of the
number of Customers we serve in our regional footprint

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(1) Wealth and Cash Connect businesses conducted on a national basis

The WSFS Franchise

PA Expansion

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Over the past 5 years, WSFS has successfully expanded its franchise into Pennsylvania through:

De novo branches; hiring local lenders

Acquisition of Alliance Bank

Recently announced Penn Liberty acquisition
Strong position as one of the few remaining
super-community banks in the attractive and
rapidly consolidating southeastern PA markets

Approximately \$5.4 billion of potential relationship
dislocation in three key southeastern PA counties
as a result of recent announced acquisitions
(SUSQ, NPBC and FNFG) by large, out-of-state
super-regionals

Penn Liberty will increase PA scale to 24 total
offices

(2)
across Chester, Delaware, and
Montgomery counties, within a very tight
geography

Source: SNL Financial.

1)
Chester, Delaware and Montgomery. Measured by deposits.

2)
Pro forma office count assumes the consolidation of one WSFS branch, one Penn Liberty branch, and the consolidation of WS
(1)

The WSFS Franchise -
WSFS Bank
Assets \$5.7 Billion; Net Loans \$3.8 Billion
Asset
Composition

March

31,
2016

Commercial loans
comprise 84% of the
loan portfolio

C&I (including owner-
occupied real estate),
the largest
component, makes up
52% of gross loans

13

Cash

Connect

9%

Investments

17%

BOLI 2%

Non-

Earning

Assets 6%

Net Loans

66%

7%

10%

6%

53%

26%

CRE

C&I

Residential

Mortgages

Consumer

Construction

Customer Funding -
\$3.9 Billion
Funding
Composition

March
31,

2016

Core customer funding
comprises 85% of total
customer funding

Non-interest and very
low interest DDA (WAC
13bps) stand at 45% of
total customer funding

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The WSFS Franchise -
WSFS Bank

Other

Liabilities

1%

Wholesale

Deposits

4%

Borrowings

17%

Equity 10%

Customer

Funding

68%

Sweeps

0.4%

Time

14%

Non-

interest

DDA 25%

Interest

DDA 20%

Money

Market

&

Savings

40%

*Most recently available FDIC data

(1)
WSFS 2015 growth excluding the acquisition of The First National Bank of Wyoming was \$119 million or 3.86%

(2)
Excludes estimated out-of-market deposits of TD Bank

(3)
Top 10 Delaware Banks house 96% of all traditional deposits in the state

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The WSFS Franchise -
WSFS Bank

Core Customer Deposit Funding Strength

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1Q 2016 Cost of Deposits

Wtd. Avg. Cost

Noninterest Bearing DDA:

0.00%

Interest Bearing Demand:

0.13%

Savings:

0.13%

Money Market:

0.27%

Customer Time Deposits:

0.52%

Total Cost of Customer Deposits:

0.21%

3.19%

2.12%

1.29%

0.88%

0.66%

0.42%

0.23%

0.22%

0.20%

0.0%

0.5%

1.0%

1.5%

2.0%

2.5%

3.0%

3.5%

2007

2008

2009

2010

2011

2012

2013

2014

2015

Cost of Deposits

The WSFS Franchise
Diversified & Robust Fee Income
17
CAGR: 12%
% s represent fee (non-interest) income / total revenue
\$31
\$30

\$33
\$37
\$33
\$36
\$13
\$16
\$19
\$24
\$26
\$28
\$5
\$13
\$14
\$16
\$18
\$23
23%
27%
30%
34%
33%
32%
\$0
\$10
\$20
\$30
\$40
\$50
\$60
\$70
\$80
\$90
\$100
2010
2011
2012
2013
2014
2015
Trust & Wealth Management
Cash Connect
Bank Segment

The WSFS Franchise
WSFS Wealth
Net Revenue
(1)
of \$34.9 million in 2015; Pre-tax profit of \$12.2 million
18

Registered investment advisor offering a
balanced investment style focused on
preservation of capital and current income

Focus on high net worth individuals

\$634 million assets under management

Offers credit and deposit products

Focus on high net worth individuals

Partners/refers to other wealth units

Fiduciary and investment services

Services to personal trust clients as well as trustee, agency, bankruptcy, custodial and commercial
domicile services to corporate and institutional clients

\$574 million in assets under management and \$12.5 billion assets under administration

Ranked

#1

in

Trust

Revenue

growth

in

the

state

of

Delaware

and

26

th

nationwide

(2)

Offers insurance and brokerage products

Focus on retail banking clients

(1) Net revenue includes intersegment revenue and is net of funding costs

(2) Per Bank Director Magazine

The WSFS Franchise
Cash Connect®

Leading provider of ATM vault cash, armored carrier management, cash forecasting services,
insurance and equipment services

More than \$700 million in vault cash

More than 17,000 non-bank ATMs nationwide

Adding ATM settlement services to existing managed service offering

Expanding ATM managed services from ISO market to FI market sector

Operates over 440 ATMs for WSFS Bank; largest in-market ATM franchise

\$27.7 million net revenue

(1)

(fee income less funding costs) and

\$7.9 million in pre-tax profitability in 2015

5 year CAGR for net revenue

(1)

is 16%

1Q 2016 net revenue increased 14% from 1Q 2015

Also serves as an innovation center for the company, both expanding core ATM offerings and additional payment-, processing- and software-related activities; E.g., launched WSFS Mobile Cash Allows Customers to securely withdraw cash from ATMs by using their WSFS Mobile Banking App.

Gaining traction with its new deposit safe cash logistics product rolled out in early 2015. Significant deposit safe partners have been added to the program which has built a strong pipeline for 2016.

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(1) Net revenue includes intersegment revenue and is net of funding costs

Strong Performance Through the Economic Cycle
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WSFS
has
maintained
profitability

despite
the
economic
conditions
sustained
across
the
industry

Worst
year

2009

was
essentially
breakeven

Consistently
grown
the
balance
sheet
through
organic
growth
and
supplemental
acquisitions

Assets
have
increased
from
\$3.2
billion
to
\$5.6
billion

Loans
increased
by
70%
from
\$2.3
billion
to
\$3.8
billion

Deposits
have
more
than
doubled
to
\$4.0
billion
from
\$1.8
billion

WSFS
issued
\$75
million
of
common
equity
in
2009
and
2010,
with
the
remaining
growth
in
tangible
common
equity
coming
from
retained
earnings
\$0.0
\$1.0
\$2.0
\$3.0
\$4.0
\$5.0
\$6.0
2007
2008
2009
2010
2011
2012
2013

2014

2015

Total Assets (\$ bn)

\$0.0

\$10.0

\$20.0

\$30.0

\$40.0

\$50.0

\$60.0

2007

2008

2009

2010

2011

2012

2013

2014

2015

Net Income (\$ mm)

0.0%

1.0%

2.0%

3.0%

4.0%

5.0%

6.0%

7.0%

8.0%

9.0%

10.0%

2007

2008

2009

2010

2011

2012

2013

2014

2015

Tangible Common Equity / Tangible Assets (%)

Additional Information

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Note: Texas Ratio is defined as the sum of Nonaccrual Loans, Restructured Loans, Loans 90 Days Past Due and Assets Acquired of Common Equity and Allowance for Loan Losses minus Intangible Assets.

Source: SNL Financial and Company filings.

Asset Quality Metrics

0.0

0.5

1.0
1.5
2.0
2.5
3.0
2008
2009
2010
2011
2012
2013
2014
2015
ALLL / Gross Loans (%)
0.0
0.5
1.0
1.5
2.0
2.5
3.0
3.5
4.0
2008
2009
2010
2011
2012
2013
2014
2015
NPLs / Loans (%)
0.0
5.0
10.0
15.0
20.0
25.0
30.0
35.0
2008
2009
2010
2011
2012
2013
2014
2015
Texas Ratio
0.0

0.5
1.0
1.5
2.0
2.5
3.0
2008
2009
2010
2011
2012
2013
2014
2015
NCOs / Avg. Loans (%)

Asset Quality Metrics

23

0.20%

0.70%

1.20%

1.70%

2.20%

2.70%

1Q13

2Q13

3Q13

4Q13

1Q14

2Q14

3Q14

4Q14

1Q15

2Q15

3Q15

4Q15

1Q16

Delinquencies

(1)

/ Gross Loans

Delinquencies

Large Relationship (2)

(1)

Includes non-accruing loans

(2)

One large \$17.3 million, highly-seasonal relationship

Average

delinquency over

the past 13

quarters was 0.92%

18.61%

24.09%

10%

15%

20%

25%

30%

35%

40%

45%

50%

1Q13

2Q13

3Q13

4Q13

1Q14

2Q14

3Q14

4Q14

1Q15

2Q15

3Q15

4Q15

1Q16
Criticized & Classified Loans
/ Tier-1 + ALLL
Classified Loans
Criticized Loans

Adequate Capital to Grow and to Return to Shareholders

Total Risk Based Capital (TRBC) 000 s

24

12/12

12/13

12/14

12/15

3/16

TRBC

14.29%

14.36%

13.86%

12.62%

12.96%

Tier-1 Capital

13.04%

13.16%

12.83%

11.82%

12.16%

Excess RBC (above 10%)

\$140,117

\$153,542

\$147,186

\$146,788

\$140,907

TCE

7.72%

7.69%

9.00%

8.84%

9.00%

TCBV/Share

\$12.74

\$12.89

\$15.30

\$16.30

\$17.04

Note: Regulatory capital provided for December 31, 2012 and 2013 and March 31, 2016 are from Wilmington Savings Fund S

\$250,000

\$300,000

\$350,000

\$400,000

\$450,000

\$500,000

\$550,000

\$600,000

\$650,000

12/12

12/13

12/14

12/15

3/16

Total Risk-Based

Capital

Well Capitalized Requirement

Interest Coverage
25
Historical Interest Coverage
Interest Expense Incurred On:
2011
2012
2013

2014
2015
Interest Expense: CDs
14,364
10,665
5,311
4,827
3,743
Interest Expense: Other Deposits
4,767
2,436
1,869
2,324
3,423
Interest Expense: Total Deposits
19,131
13,101
7,180
7,151
7,165
Interest Expense: Debt
13,474
10,187
8,154
8,679
8,610
Int Exp: Total Int-bearing Liab
32,605
23,288
15,334
15,830
15,776
Net Income before Taxes
34,152
48,294
72,812
72,560
83,806
Interest Coverage (inc. deposit expense)
2.0
3.1
5.7
5.6
6.3
Interest Coverage (exc. deposit expense)
3.5
5.7
9.9
9.4
10.7

Well Positioned for Rising Rates

BPS Change

1

NII

% Impact

NII

\$ Impact

+100

0.5%

+\$0.9mm

+200

3.1%

+\$5.5mm

+300

5.4%

+\$9.7mm

+400

7.8%

+\$13.9mm

Balance Sheet Drivers

+100 Model results reflects impact of loan floors and WSFS prime

High % of variable/adjustable rate total loan portfolio: 68%

High % core deposits: 85%; High % non-interest bearing and low-interest DDA: 45%

Solid brand and position / WSFS is a market price leader

(1) WSFS IRR model estimates: Static Balance Sheet / Instantaneous Rate Shocks

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Business Model and Total Shareholder Returns

(1) Completed by the Gallup Organization, 2015 Survey

(2) Per Bloomberg; closing price as of March 31, 2016

Focused Business Model

Consistently ranked in
the top quartile of all

businesses surveyed

1

WSFS has been recognized by The Wilmington News Journal as a Top Workplace Award winner ten years in a row

Voted Top Bank in Delaware five years running (The News Journal)

Customer advocacy survey places WSFS at the 78th percentile

1

On a scale of 1-5, 67% of WSFS Customers rated us a 5 saying WSFS is the perfect bank for people like me.

1

Builds sustainable real profit growth

Leads to increased shareholder value

Total Shareholder Returns

2

WSFS

Nasdaq

Bank Index

1 year

29.98%

1.64%

3 year

105.15%

36.19%

5 year

117.03%

62.44%

10 year

71.66%

4.27%

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Appendices

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Appendix 1
Management Team

Mark A. Turner, 52, has served as President and Chief Executive Officer since 2007. Mr. Turner was previously Chief Operating Officer and the Chief Financial Officer for WSFS. Prior to joining WSFS, his experience includes working at CoreStates Bank and Meridian Bancorp. Mr. Turner started his career at the international professional services firm of KPMG, LLP. He received his

MBA from the Wharton School of the University of Pennsylvania, his Masters Degree in Executive Leadership from the University of Nebraska and his Bachelor's Degree in Accounting and Management from LaSalle University.

Rodger Levenson, 54, Executive Vice President and Chief Financial Officer since 2015. Mr. Levenson was previously the Chief Commercial Banking Officer from 2006. From 2003 to 2006, Mr. Levenson was Senior Vice President and Manager of the Specialized Banking and Business Banking Divisions of Citizens Bank. Mr. Levenson received his MBA in Finance from Drexel University and his Bachelor's Degree in Finance from Temple University.

Peggy H. Eddens, 60, Executive Vice President, Chief Human Capital Officer since 2007. From 2003 to 2007 she was Senior Vice President for Human Resources and Development for NexTier Bank, Butler PA. Ms. Eddens received a Master of Science Degree in Human Resource Management from La Roche College and her Bachelor of Science Degree in Business Administration with minors in Management and Psychology from Robert Morris University.

Paul D. Geraghty, 62, Executive Vice President and Chief Wealth Officer since 2011. From 2007 to 2010, he was Chief Executive Officer at Harleysville National Corporation, Harleysville, PA. Mr. Geraghty received his Bachelor of Science in Accounting from Villanova University and pursued graduate study in business at Lehigh University.

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Appendix 1
Management Team

Thomas W. Kearney, 68, Executive Vice President and Chief Risk Officer has been with WSFS since 1998. Mr. Kearney holds a Bachelor's degree in Business Administration (Finance and Accounting) from Drexel University. He also holds the professional designations of Certified Bank Auditor (CBA) and Certified Financial Services Auditor (CFSA). As Chief Risk Officer, Mr.

Kearney's primary responsibility is to manage and direct the various oversight functions throughout the Company. These oversight functions include Enterprise Risk Management, Loan Review, In-house Counsel, Security/Fraud Investigations, Regulatory Compliance, Internal Control/Audit and Credit Administration.

S. James Mazarakis, 58, Executive Vice President and Chief Technology Officer since 2010. Mr. Mazarakis served in a senior leadership role as Chief Information Officer for T. Rowe Price, and Managing Director and Divisional CIO at JP Morgan Investment Asset Management. He received his Master of Science degree in Management of Technology from Polytechnic Institute of New York University.

Thomas Stevenson, 62, has served as President of Cash Connect Division since 2003. Mr. Stevenson joined WSFS in 1996 as Executive Vice President and Chief Information Officer. Prior to joining WSFS, Mr. Stevenson was the Manager of Quality Assurance at Electronic Payment Services. Mr. Stevenson attended Wayne State University and the Banking and Financial Services program at the University of Michigan's Graduate School of Business Administration.

Richard M. Wright, 62, Executive Vice President and Chief Retail Banking Officer since 2006. From 2003 to 2006, Mr. Wright was Executive Vice President, Retail Banking and Marketing for DNB First in Downingtown, PA. Mr. Wright received his MBA in Management Decision Systems from the University of Southern California and his Bachelor's Degree in Marketing and Economics from California State University.

Appendix 2
Business Model
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Appendix 3
Non-GAAP Financial Information
Tangible common equity to assets and Tangible common book value per share
33
As
of
March 31,

December 31,	
December 31,	
December 31,	
December 31,	
2016	
2015	
2014	
2013	
2012	
Total assets	
\$	
5,684,994	
\$	
5,584,637	
\$	
4,853,320	
\$	
4,515,763	
\$	
4,375,148	
Less: Goodwill and other	
intangible assets	
(94,572)	
(95,295)	
(57,593)	
(38,978)	
(33,320)	
Total tangible assets	
\$	
5,590,422	
\$	
5,489,342	
\$	
4,795,727	
\$	
4,476,785	
\$	
4,341,828	
Total Stockholders' equity	
\$	
597,580	
\$	
580,471	
\$	
489,051	
\$	
383,050	
\$	
421,054	
Less: Preferred Equity	

0
 0
 0
 0
 (52,474)
 Total Stockholders' common equity
 597,580
 580,471
 489,051
 383,050
 368,580
 Less: Goodwill and other
 intangible assets
 (94,572)
 (95,295)
 (57,593)
 (38,978)
 (33,320)
 Total tangible common equity
 \$
 503,008
 \$
 485,176
 \$
 431,458
 \$
 344,072
 \$
 335,260
 Shares of common stock
 outstanding
 29,522
 29,763
 28,208
 26,686
 26,320
 Calculation of tangible common book value per
 share:
 Book Value per share (GAAP)
 \$
 20.24
 \$
 19.50
 \$
 17.34
 \$
 14.35
 \$
 14.00
 Tangible common book value per

share (non-GAAP)

17.04

16.30

15.30

12.89

12.74

Calculation of tangible common equity to assets:

Equity to asset ratio (GAAP)

10.51

%

10.39

%

10.08

%

8.48

%

9.62

%

Tangible common equity to asset
ratio (non-GAAP)

9.00

8.84

9.00

7.69

7.72

Appendix 3
Non-GAAP Financial Information
Core: GAAP Reconciliation
34
3 Months Ended
March 31, 2016
Net Income

EPS
 ROAA
 Reported (GAAP)
 \$15,770
 \$0.52
 1.13%
 Less: Securities gains, corporate
 development costs, debt extinguishment &
 income tax benefit, net of taxes
 \$241
 \$0.01
 0.01
 Core (non-GAAP)
 \$16,011
 \$0.53
 1.14%
 (1)
 Noninterest expense divided by (tax-equivalent) net interest income plus noninterest income
 (2)
 Core Noninterest expense divided by (tax-equivalent) core net interest income plus core noninterest income
 (3)
 Net interest income (pre-provision) plus noninterest income minus noninterest expense
 (4)
 Core net interest income (pre-provision) plus core noninterest income minus core noninterest expense
 3 Months Ended
 3 Months Ended
 March 31, 2016
 March 31, 2015
 Net Interest Income (GAAP)
 \$45,356
 \$38,817
 Adj: Special FHLB Dividend
 (\$808)
 Core Net Interest Income
 \$45,356
 \$38,009
 Noninterest Inc (as reported)
 \$23,070
 \$21,095
 Adj: Securities Gains
 (\$305)
 (\$451)
 Core Non-interest Income
 \$22,765
 \$20,644
 Noninterest Expense (GAAP)
 \$43,199
 \$38,913
 Adj: Corporate Development
 (\$569)

(\$596)
 Core Noninterest Expense
 \$42,630
 \$38,317
 Efficiency Ratio (Reported)
 (1)
 62.44%
 64.39%
 Core Efficiency Ratio
 (2)
 61.89%
 64.75%
 Pre-tax
 Pre-Provision Net Revenue
 (3)
 \$25,227
 \$20,999
 Core
 Pre-tax
 Pre-Provision Net Revenue
 (4)
 \$25,491
 \$20,336
 3 Months Ended
 March 31, 2016
 Total Average Stockholders' equity
 \$592,047
 Less Goodwill and other intangible assets and preferred stock
 (\$95,074)
 Total Average Tangible Common Equity
 \$496,973
 Net Income (GAAP)
 \$15,770
 Less: Sec. gains, corp. dev. costs, net of taxes
 \$241
 Core Net Income (non-GAAP)
 \$16,011
 Plus Amortization of Goodwill and Other Intangibles
 \$549
 Core Total Tangible Net Income Allocable to Common
 Stockholders
 \$16,562
 Return on Average Tangible Common Equity (Reported)
 13.13%
 Core Return on Average Tangible Common Equity
 13.33%