WINTRUST FINANCIAL CORP
Form 10-Q
May 09, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

þ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2016
OR
¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to
Commission File Number 001-35077

WINTRUST FINANCIAL CORPORATION
(Exact name of registrant as specified in its charter)

Illinois	36-3873352
(State of incorporation or organization)	(I.R.S. Employer Identification No.)

9700 W. Higgins Road, Suite 800
Rosemont, Illinois 60018
(Address of principal executive offices)

(847) 939-9000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No ¨
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No ¨
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer þ	Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No þ
Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.
Common Stock — no par value, 48,560,301 shares, as of April 30, 2016

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PART I
ITEM 1. FINANCIAL STATEMENTS
WINTRUST FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CONDITION

(In thousands, except share data)	(Unaudited) March 31, 2016	December 31, 2015	(Unaudited) March 31, 2015
Assets			
Cash and due from banks	$208,480	$271,454	$286,743
Federal funds sold and securities purchased under resale agreements	3,820	4,341	4,129
Interest bearing deposits with banks	817,013	607,782	697,799
Available-for-sale securities, at fair value	770,983	1,716,388	1,721,030
Held-to-maturity securities, at amortized cost ($924.3 million and $878.1 million fair value at March 31, 2016 and December 31, 2015, respectively)	911,715	884,826	—
Trading account securities	2,116	448	7,811
Federal Home Loan Bank and Federal Reserve Bank stock	113,222	101,581	92,948
Brokerage customer receivables	28,266	27,631	25,287
Mortgage loans held-for-sale	314,554	388,038	446,355
Loans, net of unearned income, excluding covered loans	17,446,413	17,118,117	14,953,059
Covered loans	138,848	148,673	209,694
Total loans	17,585,261	17,266,790	15,162,753
Less: Allowance for loan losses	110,171	105,400	94,446
Less: Allowance for covered loan losses	2,507	3,026	1,878
Net loans	17,472,583	17,158,364	15,066,429
Premises and equipment, net	591,608	592,256	559,281
Lease investments, net	89,337	63,170	383
FDIC indemnification asset	—	—	10,224
Accrued interest receivable and other assets	647,853	597,099	526,029
Trade date securities receivable	1,008,613	—	488,063
Goodwill	484,280	471,761	420,197
Other intangible assets	23,725	24,209	18,858
Total assets	$23,488,168	$22,909,348	$20,371,566
Liabilities and Shareholders’ Equity			
Deposits:			
Non-interest bearing	$5,205,410	$4,836,420	$3,779,609
Interest bearing	14,011,661	13,803,214	13,159,160
Total deposits	19,217,071	18,639,634	16,938,769
Federal Home Loan Bank advances	799,482	853,431	406,839
Other borrowings	253,126	265,785	186,716
Subordinated notes	138,888	138,861	138,782
Junior subordinated debentures	253,566	268,566	249,493
Trade date securities payable	—	538	2,929
Accrued interest payable and other liabilities	407,593	390,259	316,964
Total liabilities	21,069,726	20,557,074	18,240,492
Shareholders’ Equity:			
Preferred stock, no par value; 20,000,000 shares authorized:			
Series C - $1,000 liquidation value; 126,257 shares issued and outstanding at March 31, 2016, 126,287 shares issued and outstanding at December	126,257	126,287	126,427

31, 2015, and 126,427 shares issued and outstanding at March 31, 2015			
Series D - $25 liquidation value; 5,000,000 shares issued and outstanding at March 31, 2016 and December 31, 2015 and no shares issued and outstanding at March 31, 2015	125,000	125,000	—
Common stock, no par value; $1.00 stated value; 100,000,000 shares authorized at March 31, 2016, December 31, 2015 and March 31, 2015; 48,608,559 shares issued at March 31, 2016, 48,468,894 shares issued at December 31, 2015 and 47,474,721 shares issued at March 31, 2015	48,608	48,469	47,475
Surplus	1,194,750	1,190,988	1,156,542
Treasury stock, at cost, 89,561 shares at March 31, 2016, 85,615 shares at December 31, 2015, and 85,113 shares at March 31, 2015	(4,145)	(3,973)	(3,948)
Retained earnings	967,882	928,211	835,669
Accumulated other comprehensive loss	(39,910)	(62,708)	(31,091)
Total shareholders’ equity	2,418,442	2,352,274	2,131,074
Total liabilities and shareholders’ equity	$23,488,168	$22,909,348	$20,371,566

See accompanying notes to unaudited consolidated financial statements.

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WINTRUST FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(In thousands, except per share data)	Three Months Ended March 31, 2016	March 31, 2015
Interest income		
Interest and fees on loans	$173,127	$154,676
Interest bearing deposits with banks	746	316
Federal funds sold and securities purchased under resale agreements	1	2
Investment securities	17,190	14,400
Trading account securities	11	13
Federal Home Loan Bank and Federal Reserve Bank stock	937	769
Brokerage customer receivables	219	181
Total interest income	192,231	170,357
Interest expense		
Interest on deposits	12,781	11,814
Interest on Federal Home Loan Bank advances	2,886	2,156
Interest on other borrowings	1,058	788
Interest on subordinated notes	1,777	1,775
Interest on junior subordinated debentures	2,220	1,933
Total interest expense	20,722	18,466
Net interest income	171,509	151,891
Provision for credit losses	8,034	6,079
Net interest income after provision for credit losses	163,475	145,812
Non-interest income		
Wealth management	18,320	18,100
Mortgage banking	21,735	27,800
Service charges on deposit accounts	7,406	6,297
Gains on available-for-sale securities, net	1,325	524
Fees from covered call options	1,712	4,360
Trading losses, net	(168)	(477)
Operating lease income, net	2,806	65
Other	15,616	7,872
Total non-interest income	68,752	64,541
Non-interest expense		
Salaries and employee benefits	95,811	90,130
Equipment	8,767	7,779
Operating lease equipment depreciation	2,050	57
Occupancy, net	11,948	12,351
Data processing	6,519	5,448
Advertising and marketing	3,779	3,907
Professional fees	4,059	4,664
Amortization of other intangible assets	1,298	1,013
FDIC insurance	3,613	2,987
OREO expense, net	560	1,411
Other	15,326	17,571
Total non-interest expense	153,730	147,318
Income before taxes	78,497	63,035
Income tax expense	29,386	23,983

Net income	$49,111	$39,052
Preferred stock dividends and discount accretion	3,628	1,581
Net income applicable to common shares	$45,483	$37,471
Net income per common share—Basic	$0.94	$0.79
Net income per common share—Diluted	$0.90	$0.76
Cash dividends declared per common share	$0.12	$0.11
Weighted average common shares outstanding	48,448	47,239
Dilutive potential common shares	3,820	4,233
Average common shares and dilutive common shares	52,268	51,472

See accompanying notes to unaudited consolidated financial statements.

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WINTRUST FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

(In thousands)	Three Months Ended March 31, 2016	March 31, 2015
Net income	$49,111	$39,052
Unrealized gains on securities		
Before tax	25,176	26,276
Tax effect	(9,988)	(10,331)
Net of tax	15,188	15,945
Reclassification of net gains included in net income		
Before tax	1,325	524
Tax effect	(521)	(206)
Net of tax	804	318
Reclassification of amortization of unrealized losses on investment securities transferred to held-to-maturity from available-for-sale		
Before tax	(3,425)	—
Tax effect	1,339	—
Net of tax	(2,086)	—
Net unrealized gains on securities	16,470	15,627
Unrealized gains (losses) on derivative instruments		
Before tax	478	(561)
Tax effect	(188)	220
Net unrealized gains (losses) on derivative instruments	290	(341)
Foreign currency adjustment		
Before tax	8,347	(12,290)
Tax effect	(2,309)	3,245
Net foreign currency adjustment	6,038	(9,045)
Total other comprehensive income	22,798	6,241
Comprehensive income	$71,909	$45,293

See accompanying notes to unaudited consolidated financial statements.

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WINTRUST FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

(In thousands)	Preferred stock	Common stock	Surplus	Treasury stock	Retained earnings	Accumulated other comprehensive loss	Total shareholders' equity
Balance at January 1, 2015	$126,467	$46,881	$1,133,955	$(3,549)	$803,400	$ (37,332)	$2,069,822
Net income	—	—	—	—	39,052	—	39,052
Other comprehensive income, net of tax	—	—	—	—	—	6,241	6,241
Cash dividends declared on common stock	—	—	—	—	(5,202)	—	(5,202)
Dividends on preferred stock	—	—	—	—	(1,581)	—	(1,581)
Stock-based compensation	—	—	2,271	—	—	—	2,271
Conversion of Series C preferred stock to common stock	(40)	1	39	—	—	—	—
Common stock issued for:							
Acquisitions	—	422	18,582	—	—	—	19,004
Exercise of stock options and warrants	—	52	535	(130)	—	—	457
Restricted stock awards	—	84	329	(269)	—	—	144
Employee stock purchase plan	—	15	666	—	—	—	681
Director compensation plan	—	20	165	—	—	—	185
Balance at March 31, 2015	$126,427	$47,475	$1,156,542	$(3,948)	$835,669	$ (31,091)	$2,131,074
Balance at January 1, 2016	$251,287	$48,469	$1,190,988	$(3,973)	$928,211	$ (62,708)	$2,352,274
Net income	—	—	—	—	49,111	—	49,111
Other comprehensive income, net of tax	—	—	—	—	—	22,798	22,798
Cash dividends declared on common stock	—	—	—	—	(5,812)	—	(5,812)
Dividends on preferred stock	—	—	—	—	(3,628)	—	(3,628)
Stock-based compensation	—	—	2,484	—	—	—	2,484
Conversion of Series C preferred stock to common stock	(30)	1	29	—	—	—	—
Common stock issued for:							
Exercise of stock options and warrants	—	17	124	—	—	—	141
Restricted stock awards	—	82	106	(172)	—	—	16
Employee stock purchase plan	—	14	634	—	—	—	648
Director compensation plan	—	25	385	—	—	—	410
Balance at March 31, 2016	$251,257	$48,608	$1,194,750	$(4,145)	$967,882	$ (39,910)	$2,418,442

See accompanying notes to unaudited consolidated financial statements.

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WINTRUST FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(In thousands)	Three Months Ended March 31, 2016	March 31, 2015
Operating Activities:		
Net income	$49,111	$39,052
Adjustments to reconcile net income to net cash provided by (used for) operating activities		
Provision for credit losses	8,034	6,079
Depreciation, amortization and accretion, net	13,610	9,077
Stock-based compensation expense	2,484	2,271
Excess tax benefits from stock-based compensation arrangements	(193)	(471)
Net amortization of premium on securities	632	845
Accretion of discount on loans	(8,276)	(7,583)
Mortgage servicing rights fair value change, net	(1,036)	514
Originations and purchases of mortgage loans held-for-sale	(736,648)	(941,651)
Proceeds from sales of mortgage loans held-for-sale	826,419	867,194
Bank owned life insurance, net of claims	(472)	(766)
Increase in trading securities, net	(1,668)	(6,605)
Net increase in brokerage customer receivables	(635)	(1,066)
Gains on mortgage loans sold	(16,287)	(20,608)
Gains on available-for-sale securities, net	(1,325)	(524)
Gains on early extinguishment of debt	(4,305)	—
Losses on sales of premises and equipment, net	21	81
Net gains on sales and fair value adjustments of other real estate owned	(119)	(549)
Increase in accrued interest receivable and other assets, net	(75,172)	(20,964)
Increase (decrease) in accrued interest payable and other liabilities, net	12,187	(48,874)
Net Cash Provided by (Used for) Operating Activities	66,362	(124,548)
Investing Activities:		
Proceeds from maturities of available-for-sale securities	26,128	122,163
Proceeds from maturities of held-to-maturity securities	181	—
Proceeds from sales of available-for-sale securities	3,201	635,532
Proceeds from calls of held-to-maturity securities	98,243	—
Purchases of available-for-sale securities	(39,267)	(629,008)
Purchases of held-to-maturity securities	(125,208)	—
Purchase of Federal Home Loan Bank and Federal Reserve Bank stock, net	(11,641)	(1,366)
Net cash (paid) received for acquisitions	(17,452)	12,004
Proceeds from sales of other real estate owned	10,341	11,733
Proceeds received from (payments provided to) the FDIC related to reimbursements on covered assets	363	(2,056)
Net (increase) decrease in interest bearing deposits with banks	(204,994)	300,706
Net increase in loans	(248,893)	(399,939)
Purchases of premises and equipment, net	(8,677)	(5,902)
Net Cash (Used for) Provided by Investing Activities	(517,675)	43,867
Financing Activities:		
Increase in deposit accounts	477,466	486,960
Decrease in other borrowings, net	(12,700)	(20,327)
Decrease in Federal Home Loan Bank advances, net	(58,466)	(321,565)

Redemption of junior subordinated debentures, net	(10,695)	—
Excess tax benefits from stock-based compensation arrangements	193	471
Issuance of common shares resulting from the exercise of stock options and the employee stock purchase plan	1,632	2,489
Common stock repurchases	(172)	(399)
Dividends paid	(9,440)	(6,783)
Net Cash Provided by Financing Activities	387,818	140,846
Net (Decrease) Increase in Cash and Cash Equivalents	(63,495)	60,165
Cash and Cash Equivalents at Beginning of Period	275,795	230,707
Cash and Cash Equivalents at End of Period	$212,300	$290,872

See accompanying notes to unaudited consolidated financial statements.

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WINTRUST FINANCIAL CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(1) Basis of Presentation

The consolidated financial statements of Wintrust Financial Corporation and Subsidiaries (“Wintrust” or “the Company”) presented herein are unaudited, but in the opinion of management reflect all necessary adjustments of a normal or recurring nature for a fair presentation of results as of the dates and for the periods covered by the consolidated financial statements.

The accompanying consolidated financial statements are unaudited and do not include information or footnotes necessary for a complete presentation of financial condition, results of operations or cash flows in accordance with U.S. generally accepted accounting principles ("GAAP"). The consolidated financial statements should be read in conjunction with the consolidated financial statements and notes included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2015 (“2015 Form 10-K”). Operating results reported for the three-month periods are not necessarily indicative of the results which may be expected for the entire year. Reclassifications of certain prior period amounts have been made to conform to the current period presentation.

The preparation of the financial statements requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities. Management believes that the estimates made are reasonable, however, changes in estimates may be required if economic or other conditions develop differently from management’s expectations. Certain policies and accounting principles inherently have a greater reliance on the use of estimates, assumptions and judgments and as such have a greater possibility of producing results that could be materially different than originally reported. Management views critical accounting policies to be those which are highly dependent on subjective or complex judgments, estimates and assumptions, and where changes in those estimates and assumptions could have a significant impact on the financial statements. Management currently views the determination of the allowance for loan losses, allowance for covered loan losses and the allowance for losses on lending-related commitments, loans acquired with evidence of credit quality deterioration since origination, estimations of fair value, the valuations required for impairment testing of goodwill, the valuation and accounting for derivative instruments and income taxes as the accounting areas that require the most subjective and complex judgments, and as such could be the most subject to revision as new information becomes available. Descriptions of the Company's significant accounting policies are included in Note 1 - “Summary of Significant Accounting Policies” of the 2015 Form 10-K.

(2) Recent Accounting Developments

Revenue Recognition

In May 2014, the FASB issued ASU No. 2014-09, which created "Revenue from Contracts with Customers (Topic 606), to clarify the principles for recognizing revenue and develop a common revenue standard for customer contracts. This ASU provides guidance regarding how an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also added a new subtopic to the codification, ASC 340-40, "Other Assets and Deferred Costs: Contracts with Customers" to provide guidance on costs related to obtaining and fulfilling a customer contract. Furthermore, the new standard requires disclosure of sufficient information to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. At the time ASU No. 2014-09 was issued, the guidance was effective for fiscal years beginning after December 15, 2016. In July 2015, the FASB approved a deferral of the effective date by one year, which would result in the guidance becoming effective for fiscal years beginning after December 15, 2017.

In March 2016, the FASB issued ASU No. 2016-08, "Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)", to clarify the implementation guidance within ASU No. 2014-09 surrounding principal versus agent considerations and its impact on revenue recognition. Additionally, in April 2016, the FASB issued ASU No. 2016-10, "Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing", to also clarify the implementation guidance within ASU No. 2014-09 related to these two topics. Like ASU No. 2014-09, this guidance is effective for fiscal years beginning after December 15, 2017.

The Company is currently evaluating the impact of adopting this new guidance on the consolidated financial statements.

Extraordinary and Unusual Items

In January 2015, the FASB issued ASU No. 2015-01, “Income Statement - Extraordinary and Unusual Items (Subtopic 225-20): Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items,” to eliminate the concept of

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extraordinary items related to separately classifying, presenting and disclosing certain events and transactions that meet the criteria for that concept. This guidance was effective for fiscal years beginning after December 15, 2015 and did not have a material impact on the Company’s consolidated financial statements.

Consolidation

In February 2015, the FASB issued ASU No. 2015-02, “Consolidation (Topic 810): Amendments to the Consolidation Analysis,” which changes the analysis that a reporting entity must perform to determine whether it should consolidate certain types of legal entities. This guidance was effective for fiscal years beginning after December 15, 2015 and did not have a material impact on the Company's consolidated financial statements.

Debt Issuance Costs

In April 2015, the FASB issued ASU No. 2015-03, "Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs," to clarify the presentation of debt issuance costs within the balance sheet. This ASU requires that an entity present debt issuance costs related to a recognized debt liability on the balance sheet as a direct deduction from the carrying amount of that debt liability, not as a separate asset. The ASU does not affect the current guidance for the recognition and measurement for these debt issuance costs. Additionally, in August 2015, the FASB issued ASU No. 2015-15, "Interest - Imputation of Interest (Subtopic 835-30): Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements (Amendments to SEC Paragraphs Pursuant to Staff Announcement at June 18, 2015 EITF Meeting," to further clarify the presentation of debt issuance costs related to line-of-credit agreements. This ASU states the SEC would not object to an entity deferring and presenting debt issuance costs related to line-of-credit agreements as an asset on the balance sheet and subsequently amortizing these costs ratably over the term of the agreement, regardless of any outstanding borrowing under the line-of-credit agreement. This guidance was effective for fiscal years beginning after December 15, 2015 and was applied retrospectively within the Company’s consolidated financial statements. For December 31, 2015 and March 31, 2015, the Company reclassified as a direct reduction to the related debt balance $7.8 million and $10.7 million, respectively, of debt issuance costs that were previously presented as accrued interest receivable and other assets on the Consolidated Statements of Condition.

Business Combinations

In September 2015, the FASB issued ASU No. 2015-16, "Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments," to simplify the accounting for subsequent adjustments made to provisional amounts recognized at the acquisition date of a business combination. This ASU eliminates the requirement to retrospectively account for these adjustment for all prior periods impacted. The acquirer is required to recognize these adjustments identified during the measurement period in the reporting period in which the adjustment amount is determined. Additionally, the ASU requires an entity to present separately on the face of the income statement or disclose in the notes the portion of the amount recorded in current-period earnings that would have been recorded in previous reporting periods if the adjustment had been recognized at the acquisition date. This guidance was effective for fiscal years beginning after December 15, 2015 and did not have a material impact on the Company’s consolidated financial statements.

Financial Instruments

In January 2016, the FASB issued ASU No. 2016-01, "Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities," to improve the accounting for financial instruments. This ASU requires equity investments with readily determinable fair values to be measured at fair value with changes recognized in net income regardless of classification. For equity investments without a readily determinable fair value, the value of the investment would be measured at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer instead of fair value, unless a qualitative assessment indicates impairment. Additionally, this ASU requires the separate presentation of financial assets and financial liabilities by measurement category and form of financial asset on the balance sheet or the accompanying notes to the financial statements. This guidance is effective for fiscal years beginning after December 15, 2017 and is to be applied prospectively with a cumulative-effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption. The Company is currently evaluating the impact of adopting this new guidance on the consolidated financial statements.

Leases

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)," to improve transparency and comparability across entities regarding leasing arrangements. This ASU requires the recognition of a separate lease liability representing the required lease payments over the lease term and a separate lease asset representing the right to use the underlying asset during the same

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lease term. Additionally, this ASU provides clarification regarding the identification of certain components of contracts that would represent a lease as well as requires additional disclosures to the notes of the financial statements. This guidance is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years, and is to be applied under a modified retrospective approach, including the option to apply certain practical expedients. The Company is currently evaluating the impact of adopting this new guidance on the consolidated financial statements.

Derivatives

In March 2016, the FASB issued ASU No. 2016-05, "Derivatives and Hedging (Topic 815): Effect of Derivative Contract Novations on Existing Hedge Accounting Relationships," to clarify guidance surrounding the effect on an existing hedging relationship of a change in the counterparty to a derivative instrument that has been designated as a hedging instrument. This ASU states that a change in counterparty to such derivative instrument does not, in and of itself, require dedesignation of that hedging relationship provided that all other hedge accounting criteria continue to be met. This guidance is effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years, and is to be applied either under a prospective or a modified retrospective approach. The Company does not expect this guidance to have a material impact on the Company's consolidated financial statements.

Equity Method Investments

In March 2016, the FASB issued ASU No. 2016-07, "Investments - Equity Method and Joint Ventures (Topic 323): Simplifying the Transition to the Equity Method of Accounting," to simplify the accounting for investments qualifying for the use of the equity method of accounting. This ASU eliminates the requirement to retroactively adopt the equity method of accounting when an investment qualifies for such method as a result of an increase in the level of ownership interest or degree of influence. The ASU requires the equity method investor add the cost of acquiring the additional interest to the current basis and adopt the equity method of accounting as of that date going forward. Additionally, for available-for-sale equity securities that become qualified for equity method accounting, the ASU requires the related unrealized holding gains or losses included in accumulated other comprehensive income be recognized in earnings at the date the investment qualifies for such accounting. This guidance is effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years, and is to be applied under a prospective approach. The Company does not expect this guidance to have a material impact on the Company's consolidated financial statements.

Employee Share-Based Compensation

In March 2016, the FASB issued ASU No. 2016-09, "Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting," to simplify the accounting for several areas of share-based payment transactions. This includes the recognition of all excess tax benefits and tax deficiencies as income tax expense instead of surplus, the classification on the statement of cash flows of excess tax benefits and taxes paid when the employer withholds shares for tax-withholding purposes. Additionally, related to forfeitures, the ASU provides the option to estimate the number of awards that are expected to vest or account for forfeitures as they occur. This guidance is effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years, and is to be applied under a modified retrospective and retrospective approach based upon the specific amendment of the ASU. The Company is currently evaluating the impact of adopting this new guidance on the consolidated financial statements.

(3) Business Combinations

Non-FDIC Assisted Bank Acquisitions

On March 31, 2016, the Company acquired Generations Bancorp, Inc ("Generations"). Generations was the parent company of Foundations Bank, which had one banking location in Pewaukee, Wisconsin. Foundations Bank was merged into the Company's wholly-owned subsidiary Town Bank. The Company acquired assets with a fair value of approximately $134.2 million, including approximately $67.5 million of loans, and assumed deposits with a fair value of approximately $100.1 million. Additionally, the Company recorded goodwill of $11.3 million on the acquisition. Certain purchase price allocations for Generations are preliminary. The final determination of the amounts is not expected to result in material changes to recorded amounts.

On July 24, 2015, the Company acquired Community Financial Shares, Inc ("CFIS"). CFIS was the parent company of Community Bank - Wheaton/Glen Ellyn ("CBWGE"), which had four banking locations. CBWGE was merged into the Company's wholly-owned subsidiary Wheaton Bank & Trust Company ("Wheaton Bank"). The Company acquired assets with a fair value of approximately $350.5 million, including approximately $159.5 million of loans, and assumed deposits with a fair value of approximately $290.0 million. Additionally, the Company recorded goodwill of $27.6 million on the acquisition.

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On July 17, 2015, the Company acquired Suburban Illinois Bancorp, Inc. ("Suburban"). Suburban was the parent company of Suburban Bank & Trust Company ("SBT"), which operated ten banking locations. SBT was merged into the Company's wholly-owned subsidiary Hinsdale Bank & Trust Company ("Hinsdale Bank"). The Company acquired assets with a fair value of approximately $494.7 million, including approximately $257.8 million of loans, and assumed deposits with a fair value of approximately $416.7 million. Additionally, the Company recorded goodwill of $18.6 million on the acquisition.

On July 1, 2015, the Company, through its wholly-owned subsidiary Wintrust Bank, acquired North Bank, which had two banking locations. The Company acquired assets with a fair value of $117.9 million, including approximately $51.6 million of loans, and assumed deposits with a fair value of approximately $101.0 million. Additionally, the Company recorded goodwill of $6.7 million on the acquisition.

On January 16, 2015, the Company acquired Delavan Bancshares, Inc. ("Delavan"). Delavan was the parent company of Community Bank CBD, which had four banking locations. Community Bank CBD was merged into the Company's wholly-owned subsidiary Town Bank. The Company acquired assets with a fair value of approximately $224.1 million, including approximately $128.0 million of loans, and assumed liabilities with a fair value of approximately $186.4 million, including approximately $170.2 million of deposits. Additionally the Company recorded goodwill of $16.8 million on the acquisition.

FDIC-Assisted Transactions

Since 2010, the Company acquired the banking operations, including the acquisition of certain assets and the assumption of liabilities, of nine financial institutions in FDIC-assisted transactions. Loans comprise the majority of the assets acquired in nearly all of these FDIC-assisted transactions, most of which are subject to loss sharing agreements with the FDIC whereby the FDIC has agreed to reimburse the Company for 80% of losses incurred on the purchased loans, other real estate owned (“OREO”), and certain other assets. Additionally, clawback provisions within these loss share agreements with the FDIC require the Company to reimburse the FDIC in the event that actual losses on covered assets are lower than the original loss estimates agreed upon with the FDIC with respect of such assets in the loss share agreements. The Company refers to the loans subject to these loss sharing agreements as “covered loans” and uses the term “covered assets” to refer to covered loans, covered OREO and certain other covered assets. The agreements with the FDIC require that the Company follow certain servicing procedures or risk losing the FDIC reimbursement of covered asset losses.

The loans covered by the loss sharing agreements are classified and presented as covered loans and the estimated reimbursable losses are recorded as an FDIC indemnification asset in the Consolidated Statements of Condition. The Company recorded the acquired assets and liabilities at their estimated fair values at the acquisition date. The fair value for loans reflected expected credit losses at the acquisition date. Therefore, the Company will only recognize a provision for credit losses and charge-offs on the acquired loans for any further credit deterioration subsequent to the acquisition date. See Note 7 — Allowance for Loan Losses, Allowance for Losses on Lending-Related Commitments and Impaired Loans for further discussion of the allowance on covered loans.

The loss share agreements with the FDIC cover realized losses on loans, foreclosed real estate and certain other assets and require the Company to record loss share assets and liabilities that are measured separately from the loan portfolios because they are not contractually embedded in the loans and are not transferable with the loans should the Company choose to dispose of them. Fair values at the acquisition dates were estimated based on projected cash flows available for loss share based on the credit adjustments estimated for each loan pool and the loss share percentages. The loss share assets and liabilities are recorded as FDIC indemnification assets and other liabilities, respectively, on the Consolidated Statements of Condition. Subsequent to the acquisition date, reimbursements received from the FDIC for actual incurred losses will reduce the FDIC indemnification assets. Reductions to expected losses, to the extent such reductions to expected losses are the result of an improvement to the actual or expected cash flows from the covered assets, will also reduce the FDIC indemnification assets and, if necessary, increase any loss share liability when necessary reductions exceed the current value of the FDIC indemnification assets. In accordance with the clawback provision noted above, the Company may be required to reimburse the FDIC when actual losses are less than certain thresholds established for each lose share agreement. The balance of these estimated reimbursements in accordance with clawback provisions and any related amortization are adjusted periodically for changes in the expected losses on covered assets. On the Consolidated Statements of Condition, estimated reimbursements from clawback provisions are recorded as a reduction to the FDIC indemnification asset or, if necessary, an increase to the loss share liability, which is included within accrued interest payable and other liabilities. Although these assets are contractual receivables from the FDIC and these liabilities are contractual payables to the FDIC, there are no contractual interest rates. Additional expected losses, to the extent such expected losses result in recognition of an allowance for covered loan losses, will increase the FDIC indemnification asset. The corresponding amortization is recorded as a component of non-interest income on the Consolidated Statements of Income.

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The following table summarizes the activity in the Company’s FDIC indemnification (liability) asset during the periods indicated:

(Dollars in thousands)	Three Months Ended March 31, 2016			March 31, 2015		
Balance at beginning of period	$	(6,100	)	$	11,846	
Additions from acquisitions	—			—		
Additions from reimbursable expenses	82			1,575		
Amortization	(101		)	(1,260		)
Changes in expected reimbursements from the FDIC for changes in expected credit losses	(3,547		)	(3,993		)
(Payments received from) provided to the FDIC	(363		)	2,056		
Balance at end of period	$	(10,029	)	$	10,224	

Purchased Credit Impaired ("PCI") Loans

Purchased loans acquired in a business combination are recorded at estimated fair value on their purchase date. Expected future cash flows at the purchase date in excess of the fair value of loans are recorded as interest income over the life of the loans if the timing and amount of the future cash flows is reasonably estimable (“accretable yield”). The difference between contractually required payments and the cash flows expected to be collected at acquisition is referred to as the non-accretable difference and represents probable losses in the portfolio.

In determining the acquisition date fair value of PCI loans, and in subsequent accounting, the Company aggregates these purchased loans into pools of loans by common risk characteristics, such as credit risk rating and loan type. Subsequent to the purchase date, increases in cash flows over those expected at the purchase date are recognized as interest income prospectively. Subsequent decreases to the expected cash flows will generally result in a provision for loan losses.

The Company purchased a portfolio of life insurance premium finance receivables in 2009. These purchased life insurance premium finance receivables are valued on an individual basis with the accretable component being recognized into interest income using the effective yield method over the estimated remaining life of the loans. The non-accretable portion is evaluated each quarter and if the loans’ credit related conditions improve, a portion is transferred to the accretable component and accreted over future periods. In the event a specific loan prepays in whole, any remaining accretable and non-accretable discount is recognized in income immediately. If credit related conditions deteriorate, an allowance related to these loans will be established as part of the provision for credit losses.

See Note 6—Loans, for additional information on PCI loans.

(4) Cash and Cash Equivalents

For purposes of the Consolidated Statements of Cash Flows, the Company considers cash and cash equivalents to include cash on hand, cash items in the process of collection, non-interest bearing amounts due from correspondent banks, federal funds sold and securities purchased under resale agreements with original maturities of three months or less.

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(5) Investment Securities

The following tables are a summary of the available-for-sale and held-to-maturity securities portfolios as of the dates shown:

(Dollars in thousands)	March 31, 2016 Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale securities				
U.S. Treasury	$117,105	$ 22	$ (38)	$117,089
U.S. Government agencies	93,990	194	(12)	94,172
Municipal	118,187	3,232	(224)	121,195
Corporate notes:				
Financial issuers	78,048	1,492	(1,830)	77,710
Other	2,500	3	—	2,503
Mortgage-backed: [(1)]				
Mortgage-backed securities	262,109	3,795	(1,900)	264,004
Collateralized mortgage obligations	38,565	324	(198)	38,691
Equity securities	51,402	4,585	(368)	55,619
Total available-for-sale securities	$761,906	$ 13,647	$ (4,570)	$770,983
Held-to-maturity securities				
U.S. Government agencies	$712,732	$ 11,569	$ (1,455)	$722,846
Municipal	198,983	2,672	(157)	201,498
Total held-to-maturity securities	$911,715	$ 14,241	$ (1,612)	$924,344

(Dollars in thousands)	December 31, 2015 Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale securities				
U.S. Treasury	$312,282	$ —	$ (5,553)	$306,729
U.S. Government agencies	70,313	198	(275)	70,236
Municipal	105,702	3,249	(356)	108,595
Corporate notes:				
Financial issuers	80,014	1,510	(1,481)	80,043
Other	1,500	4	(2)	1,502
Mortgage-backed: [(1)]				
Mortgage-backed securities	1,069,680	3,834	(21,004)	1,052,510
Collateralized mortgage obligations	40,421	172	(506)	40,087
Equity securities	51,380	5,799	(493)	56,686
Total available-for-sale securities	$1,731,292	$ 14,766	$ (29,670)	$1,716,388
Held-to-maturity securities				
U.S. Government agencies	$687,302	$ 4	$ (7,144)	$680,162
Municipal	197,524	867	(442)	197,949
Total held-to-maturity securities	$884,826	$ 871	$ (7,586)	$878,111

(Dollars in thousands)	March 31, 2015 Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale securities				

U.S. Treasury	$273,173	$ 148	$(1,847)	$271,474
U.S. Government agencies	665,177	5,348	(8,732)	661,793
Municipal	264,949	6,485	(1,522)	269,912
Corporate notes:				
Financial issuers	129,360	1,965	(1,321)	130,004
Other	3,759	52	(1)	3,810
Mortgage-backed: (1)				
Mortgage-backed securities	280,679	5,983	(2,529)	284,133
Collateralized mortgage obligations	45,299	435	(276)	45,458
Equity securities	48,717	5,979	(250)	54,446
Total available-for-sale securities	$1,711,113	$ 26,395	$(16,478)	$1,721,030
Held-to-maturity securities				
U.S. Government agencies	$—	$ —	$—	$—
Municipal	—	—	—	—
Total held-to-maturity securities	$—	$ —	$—	$—

(1) Consisting entirely of residential mortgage-backed securities, none of which are subprime.

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In the fourth quarter of 2015, the Company transferred $862.7 million of investment securities with an unrealized loss of $14.4 million from the available-for-sale classification to the held-to-maturity classification. No investment securities were transferred from the available-for-sale classification to the held-to-maturity classification in the first quarter of 2016.

The following table presents the portion of the Company’s available-for-sale and held-to-maturity securities portfolios which has gross unrealized losses, reflecting the length of time that individual securities have been in a continuous unrealized loss position at March 31, 2016:

	Continuous unrealized losses existing for less than 12 months		Continuous unrealized losses existing for greater than 12 months		Total	
(Dollars in thousands)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Available-for-sale securities						
U.S. Treasury	$75,049	$ (38)	$—	$ —	$75,049	$ (38)
U.S. Government agencies	13,982	(10)	1,833	(2)	15,815	(12)
Municipal	18,399	(40)	6,977	(184)	25,376	(224)
Corporate notes:						
Financial issuers	22,952	(237)	34,367	(1,593)	57,319	(1,830)
Other	—	—	—	—	—	—
Mortgage-backed:						
Mortgage-backed securities	2,038	(3)	122,371	(1,897)	124,409	(1,900)
Collateralized mortgage obligations	4,880	(42)	7,803	(156)	12,683	(198)
Equity securities	3,964	(55)	8,599	(313)	12,563	(368)
Total available-for-sale securities	$141,264	$ (425)	$181,950	$ (4,145)	$323,214	$ (4,570)
Held-to-maturity securities						
U.S. Government agencies	$208,405	$ (1,455)	$—	$ —	$208,405	$ (1,455)
Municipal	15,919	(125)	4,917	(32)	20,836	(157)
Total held-to-maturity securities	$224,324	$ (1,580)	$4,917	$ (32)	$229,241	$ (1,612)

The Company conducts a regular assessment of its investment securities to determine whether securities are other-than-temporarily impaired considering, among other factors, the nature of the securities, credit ratings or financial condition of the issuer, the extent and duration of the unrealized loss, expected cash flows, market conditions and the Company’s ability to hold the securities through the anticipated recovery period.

The Company does not consider securities with unrealized losses at March 31, 2016 to be other-than-temporarily impaired. The Company does not intend to sell these investments and it is more likely than not that the Company will not be required to sell these investments before recovery of the amortized cost bases, which may be the maturity dates of the securities. The unrealized losses within each category have occurred as a result of changes in interest rates, market spreads and market conditions subsequent to purchase. Securities with continuous unrealized losses existing for more than twelve months were primarily corporate notes and mortgage-backed securities. Unrealized losses recognized on corporate notes and mortgage-backed securities are the result of increases in yields for similar types of securities.

The following table provides information as to the amount of gross gains and gross losses realized and proceeds received through the sales of available-for-sale investment securities:

(Dollars in thousands)	Three months ended March 31, 2016	2015
Realized gains	$2,550	$553
Realized losses	(1,225)	(29)
Net realized gains	$1,325	$524
Other than temporary impairment charges	—	—
Gains on available-for-sale securities, net	$1,325	$524
Proceeds from sales of available-for-sale securities	$3,201	$635,532

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The amortized cost and fair value of securities as of March 31, 2016, December 31, 2015 and March 31, 2015, by contractual maturity, are shown in the following table. Contractual maturities may differ from actual maturities as borrowers may have the right to call or repay obligations with or without call or prepayment penalties. Mortgage-backed securities are not included in the maturity categories in the following maturity summary as actual maturities may differ from contractual maturities because the underlying mortgages may be called or prepaid without penalties:

	March 31, 2016		December 31, 2015		March 31, 2015	
(Dollars in thousands)	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Available-for-sale securities						
Due in one year or less	$208,518	$208,641	$160,856	$160,756	$151,585	$151,854
Due in one to five years	158,668	158,804	166,550	166,468	249,861	250,483
Due in five to ten years	28,970	31,363	228,652	225,699	837,926	836,598
Due after ten years	13,674	13,861	13,753	14,182	97,046	98,058
Mortgage-backed	300,674	302,695	1,110,101	1,092,597	325,978	329,591
Equity securities	51,402	55,619	51,380	56,686	48,717	54,446
Total available-for-sale securities	$761,906	$770,983	$1,731,292	$1,716,388	$1,711,113	$1,721,030
Held-to-maturity securities						
Due in one year or less	$—	$—	$—	$—	$—	$—
Due in one to five years	24,319	24,448	19,208	19,156	—	—
Due in five to ten years	65,879	66,432	96,454	96,091	—	—
Due after ten years	821,517	833,464	769,164	762,864	—	—
Total held-to-maturity securities	$911,715	$924,344	$884,826	$878,111	$—	$—

Securities having a fair value of $1.2 billion at March 31, 2016 as well as securities having a carrying value of $1.2 billion and $1.1 billion at December 31, 2015 and March 31, 2015, respectively, were pledged as collateral for public deposits, trust deposits, FHLB advances, securities sold under repurchase agreements and derivatives. At March 31, 2016, there were no securities of a single issuer, other than U.S. Government-sponsored agency securities, which exceeded 10% of shareholders’ equity.

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(6) Loans

The following table shows the Company's loan portfolio by category as of the dates shown:

(Dollars in thousands)	March 31, 2016		December 31, 2015		March 31, 2015	
Balance:						
Commercial	$4,890,246		$4,713,909		$4,211,932	
Commercial real estate	5,737,959		5,529,289		4,710,486	
Home equity	774,342		784,675		709,283	
Residential real estate	626,043		607,451		495,925	
Premium finance receivables—commercial	2,320,987		2,374,921		2,319,623	
Premium finance receivables—life insurance	2,976,934		2,961,496		2,375,654	
Consumer and other	119,902		146,376		130,156	
Total loans, net of unearned income, excluding covered loans	$17,446,413		$17,118,117		$14,953,059	
Covered loans	138,848		148,673		209,694	
Total loans	$17,585,261		$17,266,790		$15,162,753	
Mix:						
Commercial	28	%	27	%	28	%
Commercial real estate	32		32		31	
Home equity	4		5		5	
Residential real estate	4		3		3	
Premium finance receivables—commercial	13		14		15	
Premium finance receivables—life insurance	17		17		16	
Consumer and other	1		1		1	
Total loans, net of unearned income, excluding covered loans	99	%	99	%	99	%
Covered loans	1		1		1	
Total loans	100	%	100	%	100	%

The Company's loan portfolio is generally comprised of loans to consumers and small to medium-sized businesses located within the geographic market areas that the banks serve. The premium finance receivables portfolios are made to customers throughout the United States and Canada. The Company strives to maintain a loan portfolio that is diverse in terms of loan type, industry, borrower and geographic concentrations. Such diversification reduces the exposure to economic downturns that may occur in different segments of the economy or in different industries.

Certain premium finance receivables are recorded net of unearned income. The unearned income portions of such premium finance receivables were $56.9 million at March 31, 2016, $56.7 million at December 31, 2015 and $48.1 million at March 31, 2015, respectively. Certain life insurance premium finance receivables attributable to the life insurance premium finance loan acquisition in 2009 as well as PCI loans are recorded net of credit discounts. See "Acquired Loan Information at Acquisition" below.

Total loans, excluding PCI loans, include net deferred loan fees and costs and fair value purchase accounting adjustments totaling $(8.9) million at March 31, 2016, $(9.2) million at December 31, 2015 and $(3.7) million at March 31, 2015. The net credit balance at these dates, is primarily the result of purchase accounting adjustments related to acquisitions in 2016 and 2015.

It is the policy of the Company to review each prospective credit in order to determine the appropriateness and, when required, the adequacy of security or collateral necessary to obtain when making a loan. The type of collateral, when required, will vary from liquid assets to real estate. The Company seeks to ensure access to collateral, in the event of default, through adherence to state lending laws and the Company's credit monitoring procedures.

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Acquired Loan Information at Acquisition—PCI Loans

As part of our previous acquisitions, we acquired loans for which there was evidence of credit quality deterioration since origination (PCI loans) and we determined that it was probable that the Company would be unable to collect all contractually required principal and interest payments. The following table presents the unpaid principal balance and carrying value for these acquired loans:

	March 31, 2016		December 31, 2015	
(Dollars in thousands)	Unpaid Principal Balance	Carrying Value	Unpaid Principal Balance	Carrying Value
Bank acquisitions	$331,354	$276,012	$326,470	$271,260
Life insurance premium finance loans acquisition	299,915	296,138	372,738	368,292

The following table provides estimated details as of the date of acquisition on loans acquired in 2016 with evidence of credit quality deterioration since origination:

(Dollars in thousands)	Foundations
Contractually required payments including interest	$ 19,350
Less: Nonaccretable difference	3,640
Cash flows expected to be collected (1)	$ 15,710
Less: Accretable yield	1,141
Fair value of PCI loans acquired	$ 14,569

(1) Represents undiscounted expected principal and interest cash at acquisition.

See Note 7—Allowance for Loan Losses, Allowance for Losses on Lending-Related Commitments and Impaired Loans for further discussion regarding the allowance for loan losses associated with PCI loans at March 31, 2016.

Accretable Yield Activity - PCI Loans

Changes in expected cash flows may vary from period to period as the Company periodically updates its cash flow model assumptions for PCI loans. The factors that most significantly affect the estimates of gross cash flows expected to be collected, and accordingly the accretable yield, include changes in the benchmark interest rate indices for variable-rate products and changes in prepayment assumptions and loss estimates. The following table provides activity for the accretable yield of PCI loans:

	Three Months Ended	
(Dollars in thousands)	March 31, 2016	March 31, 2015
Accretable yield, beginning balance	$63,902	$79,102
Acquisitions	1,141	898
Accretable yield amortized to interest income	(5,457)	(6,105)
Accretable yield amortized to indemnification asset (1)	(2,171)	(3,576)
Reclassification from non-accretable difference (2)	4,193	1,103
Decreases in interest cash flows due to payments and changes in interest rates	(2,390)	(1,224)
Accretable yield, ending balance (3)	$59,218	$70,198

(1) Represents the portion of the current period accreted yield, resulting from lower expected losses, applied to reduce the loss share indemnification asset.

(2) Reclassification is the result of subsequent increases in expected principal cash flows.

(3) As of March 31, 2016, the Company estimates that the remaining accretable yield balance to be amortized to the indemnification asset for the bank acquisitions is $4.8 million. The remainder of the accretable yield related to bank acquisitions is expected to be amortized to interest income.

Accretion to interest income accounted for under ASC 310-30 totaled $5.5 million and $6.1 million in the first quarter of 2016 and 2015, respectively. These amounts include accretion from both covered and non-covered loans, and are both included within interest and fees on loans in the Consolidated Statements of Income.

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(7) Allowance for Loan Losses, Allowance for Losses on Lending-Related Commitments and Impaired Loans

The tables below show the aging of the Company's loan portfolio at March 31, 2016, December 31, 2015 and March 31, 2015:

As of March 31, 2016 (Dollars in thousands)	Nonaccrual	90+ days and still accruing	60-89 days past due	30-59 days past due	Current	Total Loans
Loan Balances:						
Commercial						
Commercial, industrial and other	$ 12,370	$ 338	$ 3,228	$ 25,608	$ 3,363,011	$ 3,404,555
Franchise	—	—	—	1,400	273,158	274,558
Mortgage warehouse lines of credit	—	—	—	1,491	192,244	193,735
Asset-based lending	3	—	117	10,597	737,184	747,901
Leases	—	—	—	5,177	244,241	249,418
PCI - commercial (1)	—	1,893	—	128	18,058	20,079
Total commercial	12,373	2,231	3,345	44,401	4,827,896	4,890,246
Commercial real estate:						
Construction	273	—	—	2,023	389,026	391,322
Land	1,746	—	—	—	93,834	95,580
Office	7,729	1,260	980	12,571	865,954	888,494
Industrial	10,960	—	—	3,935	728,061	742,956
Retail	1,633	—	2,397	2,657	890,780	897,467
Multi-family	287	—	655	2,047	760,084	763,073
Mixed use and other	4,368	—	187	12,312	1,778,850	1,795,717
PCI - commercial real estate (1)	—	24,738	1,573	10,344	126,695	163,350
Total commercial real estate	26,996	25,998	5,792	45,889	5,633,284	5,737,959
Home equity	9,365	—	791	4,474	759,712	774,342
Residential real estate, including PCI	11,964	406	193	10,108	603,372	626,043
Premium finance receivables						
Commercial insurance loans	15,350	9,548	5,583	15,086	2,275,420	2,320,987
Life insurance loans	—	1,641	3,432	198	2,675,525	2,680,796
PCI - life insurance loans (1)	—	—	—	—	296,138	296,138
Consumer and other, including PCI	484	245	118	364	118,691	119,902
Total loans, net of unearned income, excluding covered loans	$ 76,532	$ 40,069	$ 19,254	$ 120,520	$ 17,190,038	$ 17,446,413
Covered loans	5,324	7,995	349	6,491	118,689	138,848
Total loans, net of unearned income	$ 81,856	$ 48,064	$ 19,603	$ 127,011	$ 17,308,727	$ 17,585,261

As of December 31, 2015 (Dollars in thousands)	Nonaccrual	90+ days and still accruing	60-89 days past due	30-59 days past due	Current	Total Loans
Loan Balances:						
Commercial						
Commercial, industrial and other	$ 12,704	$ 6	$ 6,749	$ 12,930	$ 3,226,139	$ 3,258,528
Franchise	—	—	—	—	245,228	245,228
Mortgage warehouse lines of credit	—	—	—	—	222,806	222,806
Asset-based lending	8	—	3,864	1,844	736,968	742,684
Leases	—	535	748	4,192	220,599	226,074
PCI - commercial (1)	—	892	—	2,510	15,187	18,589
Total commercial	12,712	1,433	11,361	21,476	4,666,927	4,713,909

Commercial real estate						
Construction	306	—	1,371	1,645	355,338	358,660
Land	1,751	—	—	120	76,546	78,417
Office	4,619	—	764	3,817	853,801	863,001
Industrial	9,564	—	1,868	1,009	715,207	727,648
Retail	1,760	—	442	2,310	863,887	868,399
Multi-family	1,954	—	597	6,568	733,230	742,349
Mixed use and other	6,691	—	6,723	7,215	1,712,187	1,732,816
PCI - commercial real estate (1)	—	22,111	4,662	16,559	114,667	157,999
Total commercial real estate	26,645	22,111	16,427	39,243	5,424,863	5,529,289
Home equity	6,848	—	1,889	5,517	770,421	784,675
Residential real estate, including PCI	12,043	488	2,166	3,903	588,851	607,451
Premium finance receivables						
Commercial insurance loans	14,561	10,294	6,624	21,656	2,321,786	2,374,921
Life insurance loans	—	—	3,432	11,140	2,578,632	2,593,204
PCI - life insurance loans (1)	—	—	—	—	368,292	368,292
Consumer and other, including PCI	263	211	204	1,187	144,511	146,376
Total loans, net of unearned income, excluding covered loans	$ 73,072	$ 34,537	$ 42,103	$ 104,122	$ 16,864,283	$ 17,118,117
Covered loans	5,878	7,335	703	5,774	128,983	148,673
Total loans, net of unearned income	$ 78,950	$ 41,872	$ 42,806	$ 109,896	$ 16,993,266	$ 17,266,790

(1) PCI loans represent loans acquired with evidence of credit quality deterioration since origination, in accordance with ASC 310-30. Loan agings are based upon contractually required payments.

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As of March 31, 2015 (Dollars in thousands)	Nonaccrual	90+ days and still accruing	60-89 days past due	30-59 days past due	Current	Total Loans
Loan Balances:						
Commercial						
Commercial, industrial and other	$ 5,586	$—	$5,047	$17,338	$2,779,781	$2,807,752
Franchise	—	—	—	457	225,305	225,762
Mortgage warehouse lines of credit	—	—	—	—	186,372	186,372
Asset-based lending	—	—	—	4,819	805,866	810,685
Leases	—	—	65	517	171,432	172,014
PCI - commercial [1]	—	612	—	—	8,735	9,347
Total commercial	5,586	612	5,112	23,131	4,177,491	4,211,932
Commercial real estate:						
Construction	—	—	—	992	255,835	256,827
Land	2,646	—	—	1,942	84,454	89,042
Office	8,243	—	171	3,144	731,568	743,126
Industrial	3,496	—	61	1,719	599,050	604,326
Retail	4,975	—	—	2,562	734,990	742,527
Multi-family	1,750	—	393	3,671	649,589	655,403
Mixed use and other	8,872	—	808	10,847	1,532,036	1,552,563
PCI - commercial real estate [1]	—	18,120	4,639	3,242	40,671	66,672
Total commercial real estate	29,982	18,120	6,072	28,119	4,628,193	4,710,486
Home equity	7,665	—	693	2,825	698,100	709,283
Residential real estate, including PCI	14,248	266	753	8,819	471,839	495,925
Premium finance receivables						
Commercial insurance loans	15,902	8,062	4,476	19,392	2,271,791	2,319,623
Life insurance loans	—	—	8,994	5,415	1,972,197	1,986,606
PCI - life insurance loans [1]	—	—	—	—	389,048	389,048
Consumer and other, including PCI	236	91	111	634	129,084	130,156
Total loans, net of unearned income, excluding covered loans	$ 73,619	$27,151	$26,211	$88,335	$14,737,743	$14,953,059
Covered loans	7,079	16,434	558	6,128	179,495	209,694
Total loans, net of unearned income	$ 80,698	$43,585	$26,769	$94,463	$14,917,238	$15,162,753

(1) PCI loans represent loans acquired with evidence of credit quality deterioration since origination, in accordance with ASC 310-30. Loan agings are based upon contractually required payments.

The Company's ability to manage credit risk depends in large part on our ability to properly identify and manage problem loans. To do so, the Company operates a credit risk rating system under which our credit management personnel assign a credit risk rating (1 to 10 rating) to each loan at the time of origination and review loans on a regular basis.

Each loan officer is responsible for monitoring his or her loan portfolio, recommending a credit risk rating for each loan in his or her portfolio and ensuring the credit risk ratings are appropriate. These credit risk ratings are then ratified by the bank’s chief credit officer and/or concurrence credit officer. Credit risk ratings are determined by evaluating a number of factors including: a borrower’s financial strength, cash flow coverage, collateral protection and guarantees.

The Company’s Problem Loan Reporting system automatically includes all loans with credit risk ratings of 6 through 9. This system is designed to provide an on-going detailed tracking mechanism for each problem loan. Once management determines that a loan has deteriorated to a point where it has a credit risk rating of 6 or worse, the Company's Managed Asset Division performs an overall credit and collateral review. As part of this review, all underlying collateral is identified and the valuation methodology is analyzed and tracked. As a result of this initial review by the Company's Managed Asset Division, the credit risk rating is reviewed and a portion of the outstanding loan balance may be deemed uncollectible or an impairment reserve may be established. The Company's impairment analysis utilizes an independent re-appraisal of the collateral (unless such a third-party evaluation is not possible due to the unique nature of the collateral, such as a closely-held business or thinly traded securities). In the case of commercial real estate collateral, an independent third party appraisal is ordered by the Company's Real Estate Services Group to determine if there has been any change in the underlying collateral value. These independent appraisals are reviewed by the Real Estate Services Group and sometimes by independent third party valuation experts and may be adjusted depending upon market conditions.

Through the credit risk rating process, loans are reviewed to determine if they are performing in accordance with the original contractual terms. If the borrower has failed to comply with the original contractual terms, further action may be required by the Company, including a downgrade in the credit risk rating, movement to non-accrual status, a charge-off or the establishment of a specific impairment reserve. If we determine that a loan amount, or portion thereof, is uncollectible, the loan's credit risk rating is immediately downgraded to an 8 or 9 and the uncollectible amount is charged-off. Any loan that has a partial charge-off continues to be assigned a credit risk rating of an 8 or 9 for the duration of time that a balance remains outstanding. The Company undertakes a thorough and ongoing analysis to determine if additional impairment and/or charge-offs are appropriate and to begin a workout plan for the credit to minimize actual losses.

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If, based on current information and events, it is probable that the Company will be unable to collect all amounts due to it according to the contractual terms of the loan agreement, a specific impairment reserve is established. In determining the appropriate charge-off for collateral-dependent loans, the Company considers the results of appraisals for the associated collateral.

Non-performing loans include all non-accrual loans (8 and 9 risk ratings) as well as loans 90 days past due and still accruing interest, excluding PCI and covered loans. The remainder of the portfolio is considered performing under the contractual terms of the loan agreement. The following table presents the recorded investment based on performance of loans by class, excluding covered loans, per the most recent analysis at March 31, 2016, December 31, 2015 and March 31, 2015:

	Performing			Non-performing			Total		
(Dollars in thousands)	March 31, 2016	December 31, 2015	March 31, 2015	March 31, 2016	December 31, 2015	March 31, 2015	March 31, 2016	December 31, 2015	March 2015
Loan Balances:									
Commercial									
Commercial, industrial and other	$3,391,847	$3,245,818	$2,802,166	$12,708	$12,710	$5,586	$3,404,555	$3,258,528	$2,807
Franchise	274,558	245,228	225,762	—	—	—	274,558	245,228	225,762
Mortgage warehouse lines of credit	193,735	222,806	186,372	—	—	—	193,735	222,806	186,372
Asset-based lending	747,898	742,676	810,685	3	8	—	747,901	742,684	810,685
Leases	249,418	225,539	172,014	—	535	—	249,418	226,074	172,014
PCI - commercial (1)	20,079	18,589	9,347	—	—	—	20,079	18,589	9,347
Total commercial	4,877,535	4,700,656	4,206,346	12,711	13,253	5,586	4,890,246	4,713,909	4,211,9
Commercial real estate									
Construction	391,049	358,354	256,827	273	306	—	391,322	358,660	256,827
Land	93,834	76,666	86,396	1,746	1,751	2,646	95,580	78,417	89,042
Office	879,505	858,382	734,883	8,989	4,619	8,243	888,494	863,001	743,126
Industrial	731,996	718,084	600,830	10,960	9,564	3,496	742,956	727,648	604,326
Retail	895,834	866,639	737,552	1,633	1,760	4,975	897,467	868,399	742,527
Multi-family	762,786	740,395	653,653	287	1,954	1,750	763,073	742,349	655,403
Mixed use and other	1,791,349	1,726,125	1,543,691	4,368	6,691	8,872	1,795,717	1,732,816	1,552,5
PCI - commercial real estate(1)	163,350	157,999	66,672	—	—	—	163,350	157,999	66,672
Total commercial real estate	5,709,703	5,502,644	4,680,504	28,256	26,645	29,982	5,737,959	5,529,289	4,710,4
Home equity	764,977	777,827	701,618	9,365	6,848	7,665	774,342	784,675	709,283
Residential real estate, including PCI	614,079	595,408	481,677	11,964	12,043	14,248	626,043	607,451	495,925
Premium finance receivables									
Commercial insurance loans	2,296,089	2,350,066	2,295,659	24,898	24,855	23,964	2,320,987	2,374,921	2,319,6
Life insurance loans	2,679,155	2,593,204	1,986,606	1,641	—	—	2,680,796	2,593,204	1,986,6
PCI - life insurance loans (1)	296,138	368,292	389,048	—	—	—	296,138	368,292	389,048
	119,238	145,963	129,829	664	413	327	119,902	146,376	130,156

Consumer and other, including PCI									
Total loans, net of unearned income, excluding covered loans	$17,356,914	$17,034,060	$14,871,287	$89,499	$84,057	$81,772	$17,446,413	$17,118,117	$14,95

(1) PCI loans represent loans acquired with evidence of credit quality deterioration since origination, in accordance with ASC 310-30. See Note 6 - Loans for further discussion of these purchased loans.

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A summary of activity in the allowance for credit losses by loan portfolio (excluding covered loans) for the three months ended March 31, 2016 and 2015 is as follows:

Three months ended March 31, 2016 (Dollars in thousands)	Commercial	Commercial Real Estate	Home Equity	Residential Real Estate	Premium Finance Receivable	Consumer and Other	Total, Excluding Covered Loans
Allowance for credit losses							
Allowance for loan losses at beginning of period	$ 36,135	$ 43,758	$ 12,012	$ 4,734	$ 7,233	$ 1,528	$ 105,400
Other adjustments	(9)	(76)	—	(30)	37	—	(78)
Reclassification from allowance for unfunded lending-related commitments	—	(81)	—	—	—	—	(81)
Charge-offs	(671)	(671)	(1,052)	(493)	(2,480)	(107)	(5,474)
Recoveries	629	369	48	112	787	36	1,981
Provision for credit losses	2,351	1,964	1,907	841	1,628	(268)	8,423
Allowance for loan losses at period end	$ 38,435	$ 45,263	$ 12,915	$ 5,164	$ 7,205	$ 1,189	$ 110,171
Allowance for unfunded lending-related commitments at period end	$ —	$ 1,030	$—	$ —	$ —	$ —	$ 1,030
Allowance for credit losses at period end	$ 38,435	$ 46,293	$ 12,915	$ 5,164	$ 7,205	$ 1,189	$ 111,201
Individually evaluated for impairment	$ 2,319	$ 3,028	$ 1,695	$ 700	$ —	$ 70	$ 7,812
Collectively evaluated for impairment	35,448	43,261	11,220	4,384	7,205	1,119	102,637
Loans acquired with deteriorated credit quality	668	4	—	80	—	—	752
Loans at period end							
Individually evaluated for impairment	$ 17,969	$ 52,977	$ 9,365	$ 16,159	$ —	$ 527	$ 96,997
Collectively evaluated for impairment	4,852,198	5,521,632	764,977	606,503	5,001,783	119,375	16,866,468
Loans acquired with deteriorated credit quality	20,079	163,350	—	3,381	296,138	—	482,948

Three months ended March 31, 2015 (Dollars in thousands)	Commercial	Commercial Real Estate	Home Equity	Residential Real Estate	Premium Finance Receivable	Consumer and Other	Total, Excluding Covered Loans
Allowance for credit losses							
Allowance for loan losses at beginning of period	$ 31,699	$ 35,533	$ 12,500	$ 4,218	$ 6,513	$ 1,242	$ 91,705
Other adjustments	(17)	(180)	—	(3)	(48)	—	(248)
Reclassification from allowance for unfunded lending-related commitments	—	(113)	—	—	—	—	(113)
Charge-offs	(677)	(1,005)	(584)	(631)	(1,263)	(111)	(4,271)
Recoveries	370	312	48	76	329	53	1,188
Provision for credit losses	2,351	2,455	700	436	461	(218)	6,185
Allowance for loan losses at period end	$ 33,726	$ 37,002	$ 12,664	$ 4,096	$ 5,992	$ 966	$ 94,446

Allowance for unfunded lending-related commitments at period end	$ —	$ 888	$—	$ —	$ —	$ —	$ 888
Allowance for credit losses at period end	$ 33,726	$ 37,890	$ 12,664	$ 4,096	$ 5,992	$ 966	$ 95,334
Individually evaluated for impairment	$ 1,814	$ 3,256	$ 948	$ 208	$ —	$ 26	$ 6,252
Collectively evaluated for impairment	31,912	34,521	11,716	3,794	5,992	940	88,875
Loans acquired with deteriorated credit quality	—	113	—	94	—	—	207
Loans at period end							
Individually evaluated for impairment	$ 12,361	$ 75,886	$ 7,879	$ 17,144	$ —	$ 381	$ 113,651
Collectively evaluated for impairment	4,190,224	4,567,928	701,404	476,418	4,306,229	129,775	14,371,978
Loans acquired with deteriorated credit quality	9,347	66,672	—	2,363	389,048	—	467,430

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A summary of activity in the allowance for covered loan losses for the three months ended March 31, 2016 and 2015 is as follows:

(Dollars in thousands)	Three Months Ended March 31, 2016	March 31, 2015
Balance at beginning of period	$ 3,026	$ 2,131
Provision for covered loan losses before benefit attributable to FDIC loss share agreements	(1,946)	(529)
Benefit attributable to FDIC loss share agreements	1,557	423
Net provision for covered loan losses	(389)	(106)
Decrease in FDIC indemnification asset	(1,557)	(423)
Loans charged-off	(230)	(237)
Recoveries of loans charged-off	1,657	513
Net recoveries (charge-offs)	1,427	276
Balance at end of period	$ 2,507	$ 1,878

In conjunction with FDIC-assisted transactions, the Company entered into loss share agreements with the FDIC. Additional expected losses, to the extent such expected losses result in the recognition of an allowance for loan losses, will increase the FDIC loss share asset or reduce any FDIC loss share liability. The allowance for loan losses for loans acquired in FDIC-assisted transactions is determined without giving consideration to the amounts recoverable through loss share agreements (since the loss share agreements are separately accounted for and thus presented “gross” on the balance sheet). On the Consolidated Statements of Income, the provision for credit losses is reported net of changes in the amount recoverable under the loss share agreements. Reductions to expected losses, to the extent such reductions to expected losses are the result of an improvement to the actual or expected cash flows from the covered assets, will reduce the FDIC loss share asset or increase any FDIC loss share liability. Additions to expected losses will require an increase to the allowance for loan losses, and a corresponding increase to the FDIC loss share asset or reduction to any FDIC loss share liability. See “FDIC-Assisted Transactions” within Note 3 – Business Combinations for more detail.

Impaired Loans

A summary of impaired loans, including troubled debt restructurings ("TDRs"), is as follows:

(Dollars in thousands)	March 31, 2016	December 31, 2015	March 31, 2015
Impaired loans (included in non-performing and TDRs):			
Impaired loans with an allowance for loan loss required [(1)]	$50,710	$49,961	$48,610
Impaired loans with no allowance for loan loss required	45,400	51,294	63,794
Total impaired loans [(2)]	$96,110	$101,255	$112,404
Allowance for loan losses related to impaired loans	$7,775	$6,380	$6,199
TDRs	$52,555	$51,853	$67,218

(1) These impaired loans require an allowance for loan losses because the estimated fair value of the loans or related collateral is less than the recorded investment in the loans.

(2) Impaired loans are considered by the Company to be non-accrual loans, TDRs or loans with principal and/or interest at risk, even if the loan is current with all payments of principal and interest.

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The following tables present impaired loans by loan class, excluding covered loans, for the periods ended as follows:

	As of March 31, 2016			For the Three Months Ended March 31, 2016	
(Dollars in thousands)	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
Impaired loans with a related ASC 310 allowance recorded					
Commercial					
Commercial, industrial and other	$9,711	$ 12,905	$ 2,309	$9,527	$ 207
Asset-based lending	—	—	—	—	—
Commercial real estate					
Construction	—	—	—	—	—
Land	5,577	9,358	49	5,583	142
Office	3,688	4,688	363	3,701	57
Industrial	8,325	9,065	1,872	8,382	115
Retail	7,757	7,775	296	7,785	83
Multi-family	1,477	1,477	128	1,050	11
Mixed use and other	4,753	4,900	293	4,761	58
Home equity	3,508	3,559	1,695	3,508	25
Residential real estate	5,726	5,957	700	5,743	61
Consumer and other	188	215	70	190	3
Impaired loans with no related ASC 310 allowance recorded					
Commercial					
Commercial, industrial and other	$7,802	$ 8,591	$ —	$8,090	$ 116
Asset-based lending	3	1,567	—	5	22
Commercial real estate					
Construction	2,296	2,296	—	2,296	28
Land	2,112	2,852	—	2,116	28
Office	7,172	8,548	—	7,323	110
Industrial	3,692	3,910	—	3,686	67
Retail	1,800	2,499	—	1,806	25
Multi-family	92	175	—	148	2
Mixed use and other	3,802	4,377	—	3,886	58
Home equity	5,857	6,974	—	5,962	92
Residential real estate	10,433	12,692	—	10,481	148
Consumer and other	339	413	—	340	5
Total impaired loans, net of unearned income	$96,110	$ 114,793	$ 7,775	$96,369	$ 1,463

	As of December 31, 2015			For the Twelve Months Ended December 31, 2015	
(Dollars in thousands)	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
Impaired loans with a related ASC 310 allowance recorded					
Commercial					

Commercial, industrial and other	$9,754	$ 12,498	$ 2,012	$10,123	$ 792
Asset-based lending	—	—	—	—	—
Commercial real estate					
Construction	—	—	—	—	—
Land	4,929	8,711	41	5,127	547
Office	5,050	6,051	632	5,394	314
Industrial	8,413	9,105	1,943	10,590	565
Retail	8,527	9,230	343	8,596	386
Multi-family	370	370	202	372	25
Mixed use and other	7,590	7,708	570	7,681	328
Home equity	423	435	333	351	16
Residential real estate	4,710	4,799	294	4,618	182
Consumer and other	195	220	10	216	12
Impaired loans with no related ASC 310 allowance recorded					
Commercial					
Commercial, industrial and other	$8,562	$ 9,915	$ —	$9,885	$ 521
Asset-based lending	8	1,570	—	5	88
Commercial real estate					
Construction	2,328	2,329	—	2,316	113
Land	888	2,373	—	929	90
Office	3,500	4,484	—	3,613	237
Industrial	2,217	2,426	—	2,286	188
Retail	2,757	2,925	—	2,897	129
Multi-family	2,344	2,807	—	2,390	117
Mixed use and other	10,510	14,060	—	11,939	624
Home equity	6,424	7,987	—	5,738	288
Residential real estate	11,559	13,979	—	11,903	624
Consumer and other	197	267	—	201	12
Total impaired loans, net of unearned income	$101,255	$ 124,249	$ 6,380	$107,170	$ 6,198

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(Dollars in thousands)	As of March 31, 2015 Recorded Investment	Unpaid Principal Balance	Related Allowance	For the Three Months Ended March 31, 2015 Average Recorded Investment	Interest Income Recognized
Impaired loans with a related ASC 310 allowance recorded					
Commercial					
Commercial, industrial and other	$7,230	$ 7,830	$ 1,795	$7,465	$ 92
Asset-based lending	—	—	—	—	—
Commercial real estate					
Construction	—	—	—	—	—
Land	4,475	8,090	29	4,734	127
Office	8,354	11,053	598	8,399	131
Industrial	1,402	1,487	559	1,406	20
Retail	10,259	12,286	371	10,294	128
Multi-family	2,266	2,363	241	2,273	26
Mixed use and other	7,891	10,041	1,449	7,907	116
Home equity	2,807	2,962	948	2,809	29
Residential real estate	3,728	3,934	183	3,724	45
Consumer and other	198	200	26	203	4
Impaired loans with no related ASC 310 allowance recorded					
Commercial					
Commercial, industrial and other	$4,630	$ 7,595	$ —	$4,647	$ 125
Asset-based lending	—	—	—	—	—
Commercial real estate					
Construction	2,645	2,645	—	2,645	30
Land	5,134	5,868	—	5,137	62
Office	6,890	6,965	—	6,971	77
Industrial	2,772	3,134	—	2,837	55
Retail	5,053	9,130	—	5,315	105
Multi-family	777	1,199	—	778	13
Mixed use and other	17,479	17,723	—	17,688	185
Home equity	5,072	6,771	—	5,126	70
Residential real estate	13,159	14,644	—	13,190	145
Consumer and other	183	249	—	145	3
Total impaired loans, net of unearned income	$112,404	$ 136,169	$ 6,199	$113,693	$ 1,588

TDRs

At March 31, 2016, the Company had $52.6 million in loans modified in TDRs. The $52.6 million in TDRs represents 102 credits in which economic concessions were granted to certain borrowers to better align the terms of their loans with their current ability to pay.

The Company's approach to restructuring loans, excluding PCI loans, is built on its credit risk rating system which requires credit management personnel to assign a credit risk rating to each loan. In each case, the loan officer is responsible for recommending a credit risk rating for each loan and ensuring the credit risk ratings are appropriate.

These credit risk ratings are then reviewed and approved by the bank’s chief credit officer and/or concurrence credit officer. Credit risk ratings are determined by evaluating a number of factors including a borrower’s financial strength, cash flow coverage, collateral protection and guarantees. The Company’s credit risk rating scale is one through ten with higher scores indicating higher risk. In the case of loans rated six or worse following modification, the Company’s Managed Assets Division evaluates the loan and the credit risk rating and determines that the loan has been restructured to be reasonably assured of repayment and of performance according to the modified terms and is supported by a current, well-documented credit assessment of the borrower’s financial condition and prospects for repayment under the revised terms.

A modification of a loan, excluding PCI loans, with an existing credit risk rating of 6 or worse or a modification of any other credit, which will result in a restructured credit risk rating of six or worse, must be reviewed for possible TDR classification. In that event, our Managed Assets Division conducts an overall credit and collateral review. A modification of these loans is considered to be a TDR if both (1) the borrower is experiencing financial difficulty and (2) for economic or legal reasons, the bank grants a concession to a borrower that it would not otherwise consider. The modification of a loan, excluding PCI loans, where the credit risk rating is 5 or better both before and after such modification is not considered to be a TDR. Based on the Company’s credit risk rating system, it considers that borrowers whose credit risk rating is 5 or better are not experiencing financial difficulties and therefore, are not considered TDRs.

All credits determined to be a TDR will continue to be classified as a TDR in all subsequent periods, unless the borrower has been in compliance with the loan’s modified terms for a period of six months (including over a calendar year-end) and the current interest rate represents a market rate at the time of restructuring. The Managed Assets Division, in consultation with the respective loan officer,

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determines whether the modified interest rate represented a current market rate at the time of restructuring. Using knowledge of current market conditions and rates, competitive pricing on recent loan originations, and an assessment of various characteristics of the modified loan (including collateral position and payment history), an appropriate market rate for a new borrower with similar risk is determined. If the modified interest rate meets or exceeds this market rate for a new borrower with similar risk, the modified interest rate represents a market rate at the time of restructuring. Additionally, before removing a loan from TDR classification, a review of the current or previously measured impairment on the loan and any concerns related to future performance by the borrower is conducted. If concerns exist about the future ability of the borrower to meet its obligations under the loans based on a credit review by the Managed Assets Division, the TDR classification is not removed from the loan.

TDRs are reviewed at the time of the modification and on a quarterly basis to determine if a specific reserve is necessary. The carrying amount of the loan is compared to the expected payments to be received, discounted at the loan's original rate, or for collateral dependent loans, to the fair value of the collateral. Any shortfall is recorded as a specific reserve. The Company, in accordance with ASC 310-10, continues to individually measure impairment of these loans after the TDR classification is removed.

Each TDR was reviewed for impairment at March 31, 2016 and approximately $3.1 million of impairment was present and appropriately reserved for through the Company’s normal reserving methodology in the Company’s allowance for loan losses. For TDRs in which impairment is calculated by the present value of future cash flows, the Company records interest income representing the decrease in impairment resulting from the passage of time during the respective period, which differs from interest income from contractually required interest on these specific loans. During the three months ended March 31, 2016 and 2015, the Company recorded $90,000 and $193,000, respectively, in interest income representing this decrease in impairment.

TDRs may arise in which, due to financial difficulties experienced by the borrower, the Company obtains through physical possession one or more collateral assets in satisfaction of all or part of an existing credit. Once possession is obtained, the Company reclassifies the appropriate portion of the remaining balance of the credit from loans to OREO, which is included within other assets in the Consolidated Statements of Condition. For any residential real estate property collateralizing a consumer mortgage loan, the Company is considered to possess the related collateral only if legal title is obtained upon completion of foreclosure, or the borrower conveys all interest in the residential real estate property to the Company through completion of a deed in lieu of foreclosure or similar legal agreement. Excluding covered OREO, at March 31, 2016, the Company had $13.3 million of foreclosed residential real estate properties included within OREO.

The tables below present a summary of the post-modification balance of loans restructured during the three months ended March 31, 2016 and 2015, respectively, which represent TDRs:

Three months ended March 31, 2016 (Dollars in thousands)	Total (1)(2)		Extension at Below Market Terms (2)		Reduction of Interest Rate (2)		Modification to Interest-only Payments (2)		Forgiveness of Debt(2)	
	Count	Balance	Count	Balance	Count	Balance	Count	Balance	Count	Balance
Commercial										
Commercial, industrial and other	1	$ 42	1	$ 42	—	$ —	—	$ —	—	$ —
Commercial real estate										
Office	1	450	1	450	—	—	—	—	—	—
Industrial	6	7,921	6	7,921	3	7,196	—	—	—	—
Mixed use and other	2	150	2	150	—	—	—	—	—	—

Residential real estate and other	1	160	—	—	1	160	—	—	—	—
Total loans	11	$ 8,723	10	$ 8,563	4	$ 7,356	—	$ —	—	$ —

Three months ended March 31, 2015 (Dollars in thousands)	Total [1][2]		Extension at Below Market Terms [2]		Reduction of Interest Rate [2]		Modification to Interest-only Payments [2]		Forgiveness of Debt[2]	
	Count	Balance	Count	Balance	Count	Balance	Count	Balance	Count	Balance
Commercial										
Commercial, industrial and other	—	$ —	—	$ —	—	$ —	—	$ —	—	$ —
Commercial real estate										
Office	—	—	—	—	—	—	—	—	—	—
Industrial	—	—	—	—	—	—	—	—	—	—
Mixed use and other	—	—	—	—	—	—	—	—	—	—
Residential real estate and other	3	294	3	294	2	80	1	50	—	—
Total loans	3	$ 294	3	$ 294	2	$ 80	1	$ 50	—	$ —

(1) TDRs may have more than one modification representing a concession. As such, TDRs during the period may be represented in more than one of the categories noted above.

(2) Balances represent the recorded investment in the loan at the time of the restructuring.

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During the three months ended March 31, 2016, 11 loans totaling $8.7 million were determined to be TDRs, compared to three loans totaling $294,000 in the same period of 2015. Of these loans extended at below market terms, the weighted average extension had a term of approximately three months during the quarter ended March 31, 2016 compared to 17 months for the quarter ended March 31, 2015. Further, the weighted average decrease in the stated interest rate for loans with a reduction of interest rate during the period was approximately 17 basis points and 180 basis points during the three months ending March 31, 2016 and 2015, respectively. Interest-only payment terms were approximately 24 months during the three months ending March 31, 2016. Additionally, no principal balances were forgiven in the first quarters of 2016 and 2015.

The following table presents a summary of all loans restructured in TDRs during the twelve months ended March 31, 2016 and 2015, and such loans which were in payment default under the restructured terms during the respective periods below:

(Dollars in thousands)	As of March 31, 2016		Three Months Ended March 31, 2016		As of March 31, 2015		Three Months Ended March 31, 2015	
	Total (1)(3)		Payments in Default (2)(3)		Total (1)(3)		Payments in Default (2)(3)	
	Count	Balance	Count	Balance	Count	Balance	Count	Balance
Commercial								
Commercial, industrial and other	1	$42	—	$ —	1	1,461	—	$ —
Commercial real estate								
Office	1	450	1	450	2	1,510	1	790
Industrial	7	8,090	3	725	1	685	—	—
Multi-family	—	—	—	—	1	181	1	181
Mixed use and other	4	351	3	217	4	1,049	3	816
Residential real estate and other	7	1,530	—	—	9	2,131	2	261
Total loans	20	$10,463	7	$ 1,392	18	7,017	7	$ 2,048

(1) Total TDRs represent all loans restructured in TDRs during the previous twelve months from the date indicated.
(2) TDRs considered to be in payment default are over 30 days past-due subsequent to the restructuring.
(3) Balances represent the recorded investment in the loan at the time of the restructuring.

(8) Goodwill and Other Intangible Assets

A summary of the Company's goodwill assets by business segment is presented in the following table:

(Dollars in thousands)	January 1, 2016	Goodwill Acquired	Impairment Loss	Goodwill Adjustments	March 31, 2016
Community banking	$401,612	$11,305	$ —	$ (195)	$412,722
Specialty finance	38,035	—	—	1,409	39,444
Wealth management	32,114	—	—	—	32,114
Total	$471,761	$11,305	$ —	$ 1,214	$484,280

The community banking segment's goodwill increased $11.1 million in the first three months of 2016 primarily as a result of the acquisition of Generations. The specialty finance segment's goodwill increased $1.4 million in the first three months of 2016 as a result of foreign currency translation adjustments related to the Canadian acquisitions.

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A summary of finite-lived intangible assets as of the dates shown and the expected amortization as of March 31, 2016 is as follows:

(Dollars in thousands)	March 31, 2016	December 31, 2015	March 31, 2015
Community banking segment:			
Core deposit intangibles:			
Gross carrying amount	$35,654	$34,841	$25,881
Accumulated amortization	(18,543)	(17,382)	(14,192)
Net carrying amount	$17,111	$17,459	$11,689
Specialty finance segment:			
Customer list intangibles:			
Gross carrying amount	$1,800	$1,800	$1,800
Accumulated amortization	(1,076)	(1,052)	(971)
Net carrying amount	$724	$748	$829
Wealth management segment:			
Customer list and other intangibles:			
Gross carrying amount	$7,940	$7,940	$7,940
Accumulated amortization	(2,050)	(1,938)	(1,600)
Net carrying amount	$5,890	$6,002	$6,340
Total other intangible assets, net	$23,725	$24,209	$18,858

Estimated amortization	
Actual in three months ended March 31, 2016	$1,298
Estimated remaining in 2016	3,477
Estimated—2017	4,013
Estimated—2018	3,493
Estimated—2019	2,961
Estimated—2020	2,410

The core deposit intangibles recognized in connection with prior bank acquisitions are amortized over a ten-year period on an accelerated basis. The customer list intangibles recognized in connection with the purchase of life insurance premium finance assets in 2009 are being amortized over an 18-year period on an accelerated basis while the customer list intangibles recognized in connection with prior acquisitions within the wealth management segment are being amortized over a ten-year period on a straight-line basis.

Total amortization expense associated with finite-lived intangibles totaled approximately $1.3 million and $1.0 million for the three months ended March 31, 2016 and 2015, respectively.

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(9) Deposits

The following table is a summary of deposits as of the dates shown:

(Dollars in thousands)	March 31, 2016		December 31, 2015		March 31, 2015	
Balance:						
Non-interest bearing	$5,205,410		$4,836,420		$3,779,609	
NOW and interest bearing demand deposits	2,369,474		2,390,217		2,262,928	
Wealth management deposits	1,761,710		1,643,653		1,528,963	
Money market	4,157,083		4,041,300		3,791,762	
Savings	1,766,552		1,723,367		1,563,752	
Time certificates of deposit	3,956,842		4,004,677		4,011,755	
Total deposits	$19,217,071		$18,639,634		$16,938,769	
Mix:						
Non-interest bearing	27	%	26	%	22	%
NOW and interest bearing demand deposits	12		13		13	
Wealth management deposits	9		9		9	
Money market	22		22		23	
Savings	9		9		9	
Time certificates of deposit	21		21		24	
Total deposits	100	%	100	%	100	%

Wealth management deposits represent deposit balances (primarily money market accounts) at the Company’s subsidiary banks from brokerage customers of Wayne Hummer Investments, trust and asset management customers of Company and brokerage customers from unaffiliated companies.

(10) Federal Home Loan Bank Advances, Other Borrowings and Subordinated Notes

The following table is a summary of notes payable, Federal Home Loan Bank advances, other borrowings and subordinated notes as of the dates shown:

(Dollars in thousands)	March 31, 2016	December 31, 2015	March 31, 2015
Federal Home Loan Bank advances	$799,482	$853,431	$406,839
Other borrowings:			
Notes payable	63,683	67,429	—
Short-term borrowings	47,680	63,887	50,076
Other	18,811	18,965	18,538
Secured borrowings	122,952	115,504	118,102
Total other borrowings	253,126	265,785	186,716
Subordinated notes	138,888	138,861	138,782
Total Federal Home Loan Bank advances, other borrowings and subordinated notes	$1,191,496	$1,258,077	$732,337

Federal Home Loan Bank Advances

Federal Home Loan Bank advances consist of obligations of the banks and are collateralized by qualifying residential real estate and home equity loans and certain securities. FHLB advances are stated at par value of the debt adjusted for unamortized prepayment fees paid at the time of prior restructurings of FHLB advances and unamortized fair value adjustments recorded in connection with advances acquired through acquisitions.

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Notes Payable

At March 31, 2016, notes payable represented a $63.7 million term facility ("Term Facility"), which is part of a $150.0 million loan agreement ("Credit Agreement") with unaffiliated banks dated December 15, 2014. The Credit Agreement consists of the Term Facility with an original outstanding balance of $75.0 million and a $75.0 million revolving credit facility ("Revolving Credit Facility"). At March 31, 2016, the Company had a balance of $63.7 million compared to a $67.4 million balance at December 31, 2015 and no balance at March 31, 2015 under the Term Facility. The Term Facility is stated at par of the current outstanding balance of the debt adjusted for unamortized costs paid by the Company in relation to the debt issuance. The Company was required to borrow the entire amount of the Term Facility on June 15, 2015 and all such borrowings must be repaid by June 15, 2020. Beginning September 30, 2015, the Company was required to make straight-line quarterly amortizing payments on the Term Facility. At March 31, 2016, December 31, 2015 and March 31, 2015, the Company had no outstanding balance under the Revolving Credit Facility. As no outstanding balance exists on the Revolving Credit Facility, unamortized costs paid by the Company in relation to the issuance of this debt are classified in other assets on the Consolidated Statements of Condition. In December 2015, the Company amended the Credit Agreement, effectively extending the maturity date on the Revolving Credit Facility from December 14, 2015 to December 12, 2016.

Borrowings under the Credit Agreement that are considered “Base Rate Loans” bear interest at a rate equal to the sum of (1) 50 basis points (in the case of a borrowing under the Revolving Credit Facility) or 75 basis points (in the case of a borrowing under the Term Facility) plus (2) the highest of (a) the federal funds rate plus 50 basis points, (b) the lender's prime rate, and (c) the Eurodollar Rate (as defined below) that would be applicable for an interest period of one month plus 100 basis points. Borrowings under the agreement that are considered “Eurodollar Rate Loans” bear interest at a rate equal to the sum of (1) 150 basis points (in the case of a borrowing under the Revolving Credit Facility) or 175 basis points (in the case of a borrowing under the Term Facility) plus (2) the LIBOR rate for the applicable period, as adjusted for statutory reserve requirements for eurocurrency liabilities (the “Eurodollar Rate”). A commitment fee is payable quarterly equal to 0.20% of the actual daily amount by which the lenders' commitment under the Revolving Credit Facility exceeded the amount outstanding under such facility.

Borrowings under the Credit Agreement are secured by pledges of and first priority perfected security interests in the Company's equity interest in its bank subsidiaries and contain several restrictive covenants, including the maintenance of various capital adequacy levels, asset quality and profitability ratios, and certain restrictions on dividends and other indebtedness. At March 31, 2016, after giving effect to the limited waiver discussed in Note 17 - Regulatory Matters, the Company was in compliance with all such covenants. The Revolving Credit Facility and the Term Facility are available to be utilized, as needed, to provide capital to fund continued growth at the Company’s banks and to serve as an interim source of funds for acquisitions, common stock repurchases or other general corporate purposes.

Short-term Borrowings

Short-term borrowings include securities sold under repurchase agreements and federal funds purchased. These borrowings totaled $47.7 million at March 31, 2016 compared to $63.9 million at December 31, 2015 and $50.1 million at March 31, 2015. At March 31, 2016, December 31, 2015 and March 31, 2015, securities sold under repurchase agreements represent $47.7 million, $58.9 million and $50.1 million, respectively, of customer sweep accounts in connection with master repurchase agreements at the banks. The Company records securities sold under repurchase agreements at their gross value and does not offset positions on the Consolidated Statements of Condition. As of March 31, 2016, the Company had pledged securities related to its customer balances in sweep accounts of $60.4 million. Securities pledged for customer balances in sweep accounts and short-term borrowings from brokers are maintained under the Company’s control and consist of U.S. Government agency, mortgage-backed and corporate securities. These securities are included in the available-for-sale and held-to-maturity securities portfolios as reflected on the Company’s Consolidated Statements of Condition.

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The following is a summary of these securities pledged as of March 31, 2016 disaggregated by investment category and maturity, and reconciled to the outstanding balance of securities sold under repurchase agreements:

(Dollars in thousands)	Overnight Sweep Collateral
Available-for-sale securities pledged	
U.S. Treasury	$ 9,992
Corporate notes:	
Financial issuers	4,937
Mortgage-backed securities	33,943
Held-to-maturity securities pledged	
U.S. Government agencies	11,547
Total collateral pledged	$ 60,419
Excess collateral	12,739
Securities sold under repurchase agreements	$ 47,680

Other Borrowings

Other borrowings at March 31, 2016 represent a fixed-rate promissory note issued by the Company in August 2012 ("Fixed-Rate Promissory Note") related to and secured by an office building owned by the Company, and non-recourse notes issued by the Company to other banks related to certain capital leases. At March 31, 2016, the Fixed-Rate Promissory Note had a balance of $18.1 million compared to a balance of $18.3 million and $18.5 million at December 31, 2015 and March 31, 2015, respectively. Under the Fixed-Rate Promissory Note, the Company will make monthly principal payments and pay interest at a fixed rate of 3.75% until maturity on September 1, 2017. At March 31, 2016 and December 31, 2015, the non-recourse notes related to certain capital leases totaled $662,000 and $732,000, respectively.

Secured Borrowings

In December 2014, the Company, through its subsidiary, FIFC Canada, sold an undivided co-ownership interest in all receivables owed to FIFC Canada to an unrelated third party in exchange for a cash payment of approximately C$150 million pursuant to a receivables purchase agreement (“Receivables Purchase Agreement”). The Receivables Purchase Agreement was amended in December 2015, effectively extending the maturity date from December 15, 2015 to December 15, 2017. Additionally, at that time, the unrelated third party paid an additional C$10 million, which increased the total payments to C$160 million. These transactions were not considered sales of receivables and, as such, related proceeds received are reflected on the Company’s Consolidated Statements of Condition as a secured borrowing owed to the unrelated third party, net of unamortized debt issuance costs, and translated to the Company’s reporting currency as of the respective date. At March 31, 2016, the translated balance of the secured borrowing totaled $123.0 million compared to $115.5 million at December 31, 2015 and $118.1 million at March 31, 2015. Additionally, the interest rate under the Receivables Purchase Agreement at March 31, 2016 was 1.5322%.