Board of Governors of the Federal Reserve System

Annual Report of Holding Companies—FR Y-6

MAR 30 2016

Report at the close of business as of the end of fiscal year

This Report is required by law: Section 5(c)(1)(A) of the Bank Holding Company Act (12 U.S.C. § 1844 (c)(1)(A)); Section 8(a) of the International Banking Act (12 U.S.C. § 3106(a)); Sections 11(a)(1), 25 and 25A of the Federal Reserve Act (12 U.S.C. §§ 248(a)(1), 602, and 611a); Section 211.13(c) of Regulation K (12 C.F.R. § 211.13(c)); and Section 225.5(b) of Regulation Y (12 C.F.R. § 225.5(b)) and section 10(c)(2)(H) of the Home Owners' Loan Act. Return to the appropriate Federal Reserve Bank the original and the number of copies specified.

This report form is to be filed by all top-tier bank holding companies and top-tier savings and loan holding companies organized under U.S. law, and by any foreign banking organization that does not meet the requirements of and is not treated as a qualifying foreign banking organization under Section 211.23 of Regulation K (12 C.F.R. § 211.23). (See page one of the general instructions for more detail of who must file.) The Federal Reserve may not conduct or sponsor, and an organization (or a person) is not required to respond to, an information collection unless it displays a currently valid OMB control number.

NOTE: The *Annual Report of Holding Companies* must be signed by one director of the top-tier holding company. This individual should also be a senior official of the top-tier holding company. In the event that the top-tier holding company does not have an individual who is a senior official and is also a director, the chairman of the board must sign the report.

I, Paul B. Murphy, Jr.
Name of the Holding Company Director and Official

Chief Executive Officer, President & Director
Title of the Holding Company Director and Official

attest that the *Annual Report of Holding Companies* (including the supporting attachments) for this report date has been prepared in conformance with the instructions issued by the Federal Reserve System and are true and correct to the best of my knowledge and belief.

With respect to information regarding individuals contained in this report, the Reporter certifies that it has the authority to provide this information to the Federal Reserve. The Reporter also certifies that it has the authority, on behalf of each individual, to consent or object to public release of information regarding that individual. The Federal Reserve may assume, in the absence of a request for confidential treatment submitted in accordance with the Board's "Rules Regarding Availability of Information," 12 C.F.R. Part 261, that the Reporter and individual consent to public release of all details in the report concerning that individual.

Paul R Murphy
Signature of Holding Company Director and Official

3-25-16
Date of Signature

For holding companies not registered with the SEC–
Indicate status of Annual Report to Shareholders:

- [x] is included with the FR Y-6 report
- [ ] will be sent under separate cover
- [ ] is not prepared

For Federal Reserve Bank Use Only

RSSD ID 4037349
C.I.

Date of Report (top-tier holding company's fiscal year-end):

December 31, 2015
Month / Day / Year

5493005W0IKYDE6MWK10
Reporter's Legal Entity Identifier (LEI) (20-Character LEI Code)

Reporter's Name, Street, and Mailing Address

Cadence Bancorp LLC
Legal Title of Holding Company

2800 Post Oak Boulevard, Suite 3800
(Mailing Address of the Holding Company) Street / P.O. Box

City	State	Zip Code
Houston	TX	77056

Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:

Name	Title
Jeffrey Bolt	Director of Financial Reporti

205-327-3639
Area Code / Phone Number / Extension

205-327-3522
Area Code / FAX Number

Jeffrey.Bolt@cadencebank.com
E-mail Address

Cadencebank.com
Address (URL) for the Holding Company's web page

Does the reporter request confidential treatment for any portion of this submission?

- [ ] Yes Please identify the report items to which this request applies:
  - [ ] In accordance with the instructions on pages GEN-2 and 3, a letter justifying the request is being provided.
  - [ ] The information for which confidential treatment is sought is being submitted separately labeled "Confidential."
- [x] No

Public reporting burden for this information collection is estimated to vary from 1.3 to 101 hours per response, with an average of 5.25 hours per response, including time to gather and maintain data in the required form and to review instructions and complete the information collection. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to: Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, NW, Washington, DC 20551, and to the Office of Management and Budget, Paperwork Reduction Project (7100-0297), Washington, DC 20503.

For Use By Tiered Holding Companies

Top-tiered holding companies must list the names, mailing address, and physical locations of each of their subsidiary holding companies below.

Cadence Bancorporation
Legal Title of Subsidiary Holding Company

2800 Post Oak Boulevard, Suite 3800
(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City	State	Zip Code
Houston	TX	77056

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City State Zip Code

Physical Location (if different from mailing address)

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Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City State Zip Code

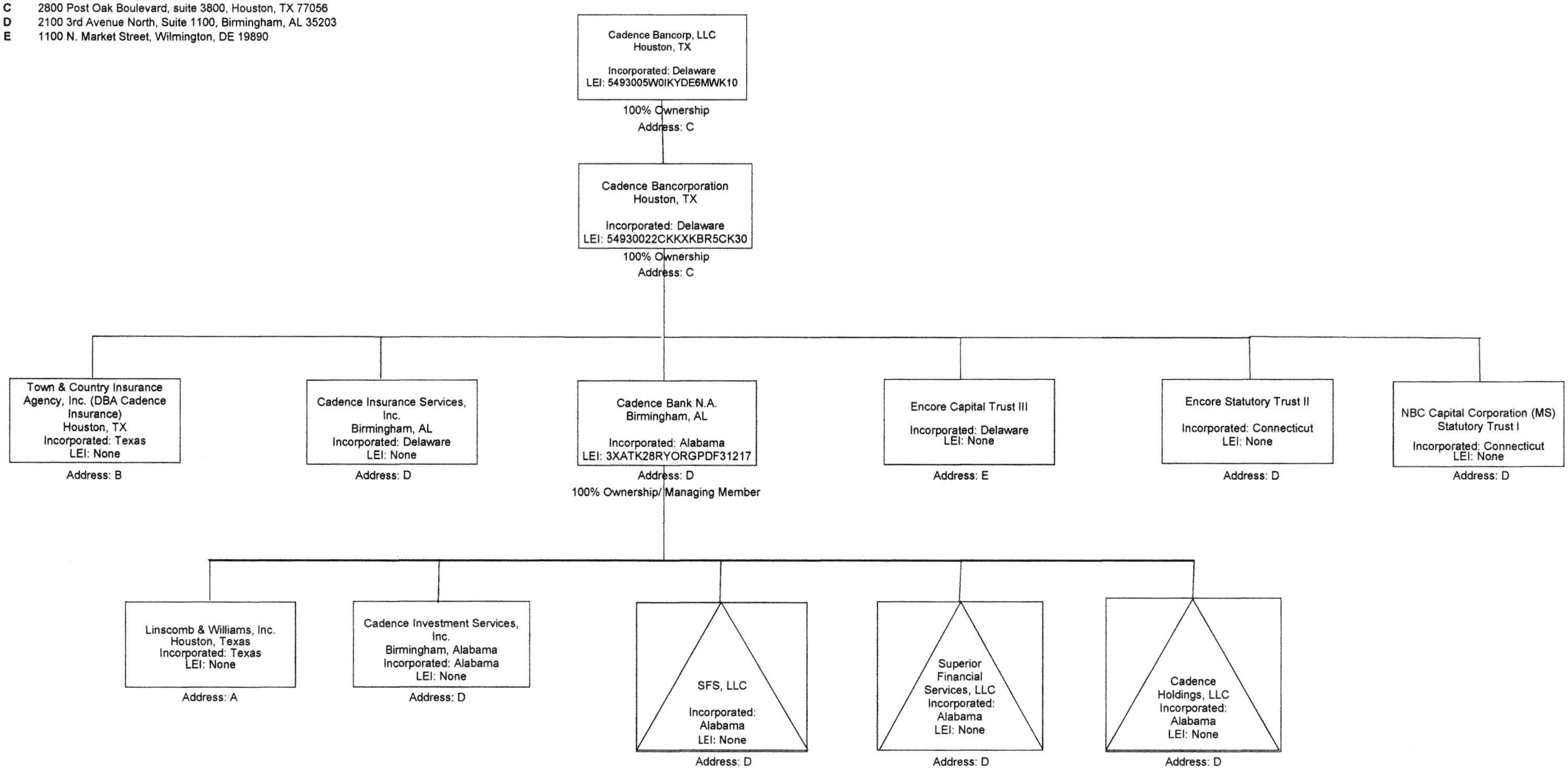
Physical Location (if different from mailing address)

CADENCE BANCORP LLC
Form FR Y-6
December 31, 2015

Report Item 2(a): Organization Chart

Address Key:

- **A** 1400 Post Oak Road Boulevard, Suite 1000, Houston, TX 77056-3005
- **B** 10575 Katy Freeway, Suite 150, Houston, TX 77024
- **C** 2800 Post Oak Boulevard, suite 3800, Houston, TX 77056
- **D** 2100 3rd Avenue North, Suite 1100, Birmingham, AL 35203
- **E** 1100 N. Market Street, Wilmington, DE 19890



AMENDED
SEP 19 2016

Results: A list of branches for your depository institution: CADENCE BANK, N.A. (ID_RSSD: 4262534).
This depository institution is held by CADENCE BANCORP LLC (4037349) of HOUSTON, TX.
The data are as of 12/31/2015. Data reflects information that was received and processed through 01/07/2016.

Reconciliation and Verification Steps

1. In the **Data Action** column of each branch row, enter one or more of the actions specified below.
2. If required, enter the date in the **Effective Date** column.

Actions

OK: If the branch information is correct, enter 'OK' in the **Data Action** column.
Change: If the branch information is incorrect or incomplete, revise the data, enter 'Change' in the **Data Action** column and the date when this information first became valid in the **Effective Date** column.
Close: If a branch listed was sold or closed, enter 'Close' in the **Data Action** column and the sale or closure date in the **Effective Date** column.
Delete: If a branch listed was never owned by this depository institution, enter 'Delete' in the **Data Action** column.
Add: If a reportable branch is missing, insert a row, add the branch data, and enter 'Add' in the **Data Action** column and the opening or acquisition date in the **Effective Date** column.

If printing this list, you may need to adjust your page setup in MS Excel. Try using landscape orientation, page scaling, and/or legal sized paper.

Submission Procedure

When you are finished, send a saved copy to your FRB contact. See the detailed instructions on this site for more information.
If you are e-mailing this to your FRB contact, put your institution name, city and state in the subject line of the e-mail.

Note:
To satisfy the **FR Y-10 reporting requirements**, you must also submit FR Y-10 Domestic Branch Schedules for each branch with a **Data Action** of Change, Close, Delete, or Add.
The FR Y-10 report may be submitted in a hardcopy format or via the FR Y-10 Online application - https://y10online.federalreserve.gov.

* FDIC UNINUM, Office Number, and ID_RSSD columns are for reference only. Verification of these values is not required.

Data Action	Effective Date	Branch Service Type	Branch ID_RSSD*	Popular Name	Street Address	City	State	Zip Code	County	Country	FDIC UNINUM*	Office Number*	Head Office	Head Office ID_RSSD*	Comments
OK		Full Service (Head Office)	4262534	CADENCE BANK, N.A.	2100 THIRD AVENUE NORTH	BIRMINGHAM	AL	35203	JEFFERSON	UNITED STATES	3336	0	CADENCE BANK, N.A.	4262534	
OK		Full Service	2291099	ALBERTVILLE BRANCH	8031 US HIGHWAY 431	ALBERTVILLE	AL	35950	MARSHALL	UNITED STATES	Not Required	Not Required	CADENCE BANK, N.A.	4262534	
OK		Full Service	2866161	ANDALUSIA BRANCH	1135 DR M L K JR EXPY	ANDALUSIA	AL	36420	COVINGTON	UNITED STATES	Not Required	Not Required	CADENCE BANK, N.A.	4262534	
OK		Limited Service	4767879	23RD STREET REMOTE DRIVE THRU	2301 3RD AVENUE NORTH	BIRMINGHAM	AL	35203	JEFFERSON	UNITED STATES	Not Required	Not Required	CADENCE BANK, N.A.	4262534	
OK		Full Service	3716236	HIGHWAY 119 HOOVER BRANCH	6801 CAHABA VALLEY ROAD, SUITE 119	BIRMINGHAM	AL	35242	SHELBY	UNITED STATES	473410	63	CADENCE BANK, N.A.	4262534	
OK		Full Service	4160313	TRUSSVILLE BRANCH	1950 EDWARDS LAKE ROAD	BIRMINGHAM	AL	35235	JEFFERSON	UNITED STATES	491842	124	CADENCE BANK, N.A.	4262534	
OK		Full Service	594134	BLOUNTSVILLE BRANCH	69156 MAIN STREET	BLOUNTSVILLE	AL	35031	BLOUNT	UNITED STATES	38	96	CADENCE BANK, N.A.	4262534	
OK		Full Service	2520614	CHILDERSBURG BRANCH	33327 US HWY 280 WEST	CHILDERSBURG	AL	35044	TALLADEGA	UNITED STATES	194473	70	CADENCE BANK, N.A.	4262534	
OK		Full Service	214236	FALKVILLE BRANCH	4662 HIGHWAY 31 SOUTHWEST	FALKVILLE	AL	35622	MORGAN	UNITED STATES	36298	102	CADENCE BANK, N.A.	4262534	
OK		Full Service	1830987	GARDENDALE BRANCH	2250 MT. OLIVE RD.	GARDENDALE	AL	35071	JEFFERSON	UNITED STATES	242681	67	CADENCE BANK, N.A.	4262534	
OK		Full Service	4158468	HAMPTON COVE BRANCH	3001 MOUNTAIN COVE BOULEVARD SOUTHEAST	HAMPTON COVE	AL	35763	MADISON	UNITED STATES	495189	132	CADENCE BANK, N.A.	4262534	
OK		Full Service	1840904	HARTSELLE BRANCH	600 WEST MAIN ST	HARTSELLE	AL	35640	MORGAN	UNITED STATES	180934	103	CADENCE BANK, N.A.	4262534	
OK		Full Service	3648627	HIGHWAY 150 - HOOVER BRANCH	2755 JOHN HAWKINS PARKWAY	HOOVER	AL	35244	JEFFERSON	UNITED STATES	Not Required	Not Required	CADENCE BANK, N.A.	4262534	
OK		Full Service	1982680	HUNTSVILLE BRANCH	312 CLINTON AVENUE W	HUNTSVILLE	AL	35801	MADISON	UNITED STATES	262177	77	CADENCE BANK, N.A.	4262534	
OK		Full Service	4396925	MADISON - HIGHWAY 72 BRANCH	4004 LAWSONS RIDGE ROAD NW	MADISON	AL	35757	MADISON	UNITED STATES	Not Required	Not Required	CADENCE BANK, N.A.	4262534	
OK		Full Service	550934	MONROEVILLE BRANCH	780 SOUTH ALABAMA AVENUE	MONROEVILLE	AL	36460	MONROE	UNITED STATES	36408	68	CADENCE BANK, N.A.	4262534	
OK		Full Service	4396934	MONTGOMERY BRANCH	6836 ATLANTA HIGHWAY	MONTGOMERY	AL	36117	MONTGOMERY	UNITED STATES	495217	133	CADENCE BANK, N.A.	4262534	
OK		Full Service	4158507	MOUNTAIN BROOK - WESTERN SUPERMARKET BRANCH	2717 CULVER ROAD, SUITE A	MOUNTAIN BROOK	AL	35223	JEFFERSON	UNITED STATES	495185	130	CADENCE BANK, N.A.	4262534	
OK		Full Service	425939	NEW HOPE, AL BRANCH	10175 HIGHWAY 431	NEW HOPE	AL	35760	MADISON	UNITED STATES	36299	99	CADENCE BANK, N.A.	4262534	
OK		Full Service	349334	ONEONTA BRANCH	608 2ND AVENUE EAST	ONEONTA	AL	35121	BLOUNT	UNITED STATES	180931	97	CADENCE BANK, N.A.	4262534	
OK		Full Service	2504557	RAINBOW CITY OFFICE	3201 RAINBOW DRIVE	RAINBOW CITY	AL	35906	ETOWAH	UNITED STATES	290285	74	CADENCE BANK, N.A.	4262534	
OK		Full Service	252537	SYLACAUGA BRANCH	126 NORTH BROADWAY	SYLACAUGA	AL	35150	TALLADEGA	UNITED STATES	1851	69	CADENCE BANK, N.A.	4262534	
OK		Full Service	2423902	INDIAN HILLS BRANCH	1615 MCFARLAND BOULEVARD NORTHEAST	TUSCALOOSA	AL	35406	TUSCALOOSA	UNITED STATES	Not Required	Not Required	CADENCE BANK, N.A.	4262534	
OK		Full Service	2198938	TUSCALOOSA MAIN BRANCH	2020 UNIVERSITY BLVD., SUITE 100	TUSCALOOSA	AL	35401	TUSCALOOSA	UNITED STATES	Not Required	Not Required	CADENCE BANK, N.A.	4262534	
OK		Full Service	383039	UNIONTOWN BRANCH	293 WATER STREET	UNIONTOWN	AL	36786	PERRY	UNITED STATES	9014	108	CADENCE BANK, N.A.	4262534	
OK		Full Service	2740449	WARRIOR BRANCH	218 LOUISA STREET	WARRIOR	AL	35180	JEFFERSON	UNITED STATES	446268	86	CADENCE BANK, N.A.	4262534	
OK		Full Service	4164197	BEVERLY HILLS BRANCH	3860 NORTH LECANTO HIGHWAY	BEVERLY HILLS	FL	34465	CITRUS	UNITED STATES	491839	121	CADENCE BANK, N.A.	4262534	
OK		Full Service	4163163	BRADENTON/MANATEE BRANCH	2207 MANATEE AVENUE WEST	BRADENTON	FL	34205	MANATEE	UNITED STATES	Not Required	Not Required	CADENCE BANK, N.A.	4262534	
OK		Full Service	3451023	CLEARWATER OFFICE	2440 SUNSET POINT ROAD	CLEARWATER	FL	33765	PINELLAS	UNITED STATES	444365	94	CADENCE BANK, N.A.	4262534	
OK		Full Service	4163462	DUNNELLON BRANCH	11392 NORTH WILLIAMS STREET	DUNNELLON	FL	34432	MARION	UNITED STATES	491840	122	CADENCE BANK, N.A.	4262534	
OK		Full Service	4163622	INVERNESS BRANCH	301 US HIGHWAY 41 SOUTH	INVERNESS	FL	34450	CITRUS	UNITED STATES	491841	123	CADENCE BANK, N.A.	4262534	
OK		Full Service	3451005	TRINITY BRANCH	4010 LITTLE ROAD	NEW PORT RICHEY	FL	34655	PASCO	UNITED STATES	443975	93	CADENCE BANK, N.A.	4262534	
OK		Full Service	4164124	PALM HARBOR BRANCH	36301 US HIGHWAY 19 NORTH	PALM HARBOR	FL	34684	PINELLAS	UNITED STATES	452348	95	CADENCE BANK, N.A.	4262534	
OK		Full Service	2851028	SARASOTA BRANCH	25 SOUTH LINKS AVENUE	SARASOTA	FL	34236	SARASOTA	UNITED STATES	75136	112	CADENCE BANK, N.A.	4262534	
OK		Full Service	2783736	SARASOTA POTTER PARK BRANCH	8592 POTTER PARK DRIVE, SUITE 200	SARASOTA	FL	34238	SARASOTA	UNITED STATES	Not Required	Not Required	CADENCE BANK, N.A.	4262534	
OK		Full Service	4396952	BARCLAY/BROOKSVILLE BRANCH	14211 POWELL ROAD	SPRING HILL	FL	34609	HERNANDO	UNITED STATES	Not Required	Not Required	CADENCE BANK, N.A.	4262534	
OK		Full Service	3450969	SPRING HILL OFFICE	1300 PINEHURST DRIVE	SPRING HILL	FL	34606	HERNANDO	UNITED STATES	437804	92	CADENCE BANK, N.A.	4262534	
OK		Full Service	3450978	SUN CITY CENTER BRANCH	4842 STATE ROAD 674	SUN CITY CENTER	FL	33573	HILLSBOROUGH	UNITED STATES	358865	87	CADENCE BANK, N.A.	4262534	
OK		Full Service	2888604	CARROLLWOOD BRANCH	11790 NORTH DALE MABRY HIGHWAY	TAMPA	FL	33618	HILLSBOROUGH	UNITED STATES	495163	127	CADENCE BANK, N.A.	4262534	
OK		Full Service	4657103	TWO URBAN CENTER	4890 WEST KENNEDY BOULEVARD, SUITE 160	TAMPA	FL	33609	HILLSBOROUGH	UNITED STATES	Not Required	Not Required	CADENCE BANK, N.A.	4262534	
OK		Full Service	651242	ABERDEEN BRANCH	128 EAST COMMERCE STREET	ABERDEEN	MS	39730	MONROE	UNITED STATES	Not Required	Not Required	CADENCE BANK, N.A.	4262534	
OK		Full Service	602945	ABERDEEN HIGHWAY 45 NORTH BRANCH	302 US HIGHWAY 45 NORTH	ABERDEEN	MS	39730	MONROE	UNITED STATES	Not Required	Not Required	CADENCE BANK, N.A.	4262534	
OK		Full Service	80347	AMORY BRANCH	110 NORTH THIRD STREET	AMORY	MS	38821	MONROE	UNITED STATES	206361	3	CADENCE BANK, N.A.	4262534	
OK		Full Service	1386653	BLUECUTT BRANCH	3601 BLUECUTT ROAD	COLUMBUS	MS	39705	LOWNDES	UNITED STATES	206369	20	CADENCE BANK, N.A.	4262534	
OK		Full Service	143046	COLUMBUS OFFICE	803 MAIN STREET	COLUMBUS	MS	39701	LOWNDES	UNITED STATES	3338	8	CADENCE BANK, N.A.	4262534	
OK		Full Service	557139	PHILADELPHIA MAIN BRANCH	535 EAST MAIN STREET	PHILADELPHIA	MS	39350	NESHOBA	UNITED STATES	7559	21	CADENCE BANK, N.A.	4262534	
OK		Full Service	1984451	STARKVILLE CROSSING BRANCH	818 HIGHWAY 12 WEST	STARKVILLE	MS	39759	OKTIBBEHA	UNITED STATES	206371	26	CADENCE BANK, N.A.	4262534	
OK		Full Service	115641	STARKVILLE MAIN BRANCH	301 EAST MAIN STREET	STARKVILLE	MS	39759	OKTIBBEHA	UNITED STATES	538093	149	CADENCE BANK, N.A.	4262534	
OK		Full Service	865245	STARKVILLE UNIVERSITY BRANCH	606 HIGHWAY 12 EAST	STARKVILLE	MS	39759	OKTIBBEHA	UNITED STATES	Not Required	Not Required	CADENCE BANK, N.A.	4262534	
OK		Full Service	798642	WEST POINT 45 SOUTH BRANCH	215 HIGHWAY 45 SOUTH	WEST POINT	MS	39773	CLAY	UNITED STATES	Not Required	Not Required	CADENCE BANK, N.A.	4262534	
OK		Full Service	877547	WEST POINT MAIN BRANCH	107 COMMERCE STREET	WEST POINT	MS	39773	CLAY	UNITED STATES	Not Required	Not Required	CADENCE BANK, N.A.	4262534	

Data Action	Effective Date	Branch Service Type	Branch ID_RSSD*	Popular Name	Street Address	City	State	Zip Code	County	Country	FDIC UNINUM*	Office Number*	Head Office	Head Office ID_RSSD*	Comments
OK		Full Service	2805759	MEMPHIS GERMANTOWN BRANCH	7878 FARMINGTON	GERMANTOWN	TN	38138	SHELBY	UNITED STATES	Not Required	Not Required	CADENCE BANK, N.A.	4262534	
OK		Full Service	1438217	MEMPHIS CRESCENT CENTER BRANCH	6075 POPLAR AVENUE	MEMPHIS	TN	38119	SHELBY	UNITED STATES	Not Required	Not Required	CADENCE BANK, N.A.	4262534	
OK		Full Service	2514958	MEMPHIS FOLKS FOLLY BRANCH	591 SOUTH MENDENHALL	MEMPHIS	TN	38117	SHELBY	UNITED STATES	Not Required	Not Required	CADENCE BANK, N.A.	4262534	
OK		Full Service	3667020	MEMPHIS UNION AVENUE BRANCH	1516 UNION AVENUE	MEMPHIS	TN	38104	SHELBY	UNITED STATES	Not Required	Not Required	CADENCE BANK, N.A.	4262534	
OK		Trust	4415086	AUSTIN BRANCH	901 SOUTH MOPAC EXPRESSWAY, BUILDING 5 SUITE 250	AUSTIN	TX	78701	TRAVIS	UNITED STATES	Not Required	Not Required	CADENCE BANK, N.A.	4262534	
OK		Trust	4415077	DALLAS BRANCH	5950 SHERRY LANE, SUITE 540	DALLAS	TX	75225	DALLAS	UNITED STATES	Not Required	Not Required	CADENCE BANK, N.A.	4262534	
OK		Full Service	3593772	CHAMPIONS FOREST BRANCH	5548 FM 1960 WEST	HOUSTON	TX	77069	HARRIS	UNITED STATES	436688	138	CADENCE BANK, N.A.	4262534	
OK		Full Service	3593763	HIGHLAND VILLAGE BRANCH	3754 WESTHEIMER	HOUSTON	TX	77027	HARRIS	UNITED STATES	463621	142	CADENCE BANK, N.A.	4262534	
OK		Full Service	3593718	MEDICAL CENTER BRANCH	6400 FANNIN, SUITE 222	HOUSTON	TX	77030	HARRIS	UNITED STATES	463626	147	CADENCE BANK, N.A.	4262534	
Change		Full Service	3593781	MEMORIAL BRANCH	10260 Westheimer, 1st Floor	HOUSTON	TX	77042	HARRIS	UNITED STATES	279793	137	CADENCE BANK, N.A.	4262534	
OK		Full Service	3594023	PRIVATE BANKING DOWNTOWN BRANCH	1001 FANNIN STREET SUITE L100	HOUSTON	TX	77002	HARRIS	UNITED STATES	463622	143	CADENCE BANK, N.A.	4262534	
OK		Full Service	3593736	RIVER OAKS BRANCH	2229 SAN FELIPE PLACE, SUITE 100	HOUSTON	TX	77019	HARRIS	UNITED STATES	463623	144	CADENCE BANK, N.A.	4262534	
OK		Full Service	3593745	TANGLEWOOD BRANCH	6330 SAN FELIPE	HOUSTON	TX	77057	HARRIS	UNITED STATES	463624	145	CADENCE BANK, N.A.	4262534	
OK		Trust	4415068	WEST HOUSTON/RICHMOND BRANCH	11000 RICHMOND, SUITE 215	HOUSTON	TX	77042	HARRIS	UNITED STATES	Not Required	Not Required	CADENCE BANK, N.A.	4262534	
OK		Full Service	3593754	WEST UNIVERSITY BRANCH	5815 KIRBY DRIVE	HOUSTON	TX	77005	HARRIS	UNITED STATES	463619	141	CADENCE BANK, N.A.	4262534	
OK		Full Service	4396989	WILLAIMS TOWER BRANCH	2800 POST OAK BLVD., SUITE 100	HOUSTON	TX	77056	HARRIS	UNITED STATES	Not Required	Not Required	CADENCE BANK, N.A.	4262534	
OK		Full Service	4657112	SAN ANTONIO BRANCH	10003 MILITARY HIGHWAY, SUITE 3207	SAN ANTONIO	TX	78231	BEXAR	UNITED STATES	Not Required	Not Required	CADENCE BANK, N.A.	4262534	
OK		Full Service	3593802	SUGAR LAND BRANCH	4647 SWEETWATER BOULEVARD, SUITE A	SUGAR LAND	TX	77479	FORT BEND	UNITED STATES	463617	139	CADENCE BANK, N.A.	4262534	
OK		Full Service	3593790	WOODLANDS BRANCH, THE	1925 HUGHES LANDING BOULEVARD	THE WOODLANDS	TX	77380	MONTGOMERY	UNITED STATES	463618	140	CADENCE BANK, N.A.	4262534	

CADENCE BANCORP LLC
FORM FR Y-6
12/31/2015
Report Item 3: Shareholders

Current Shareholders with ownership, control or holdings of 5% or more with power to vote as of 12/31/2015

(1) (a) Name & Address (City, State, Country)	(1)(b) Country of Citizenship or Incorporation	(1)(c) Number of Percentages of Each Class of Voting Shares
Arbejdsmarkedets Tillaegs Pension Kongens Vaenge 81, Killerroed, Denmark	Denmark	46,161 - 9.87% Class A
State Teachers Retirement System of Ohio Columbus, Ohio, USA	United States of America	46,161 - 9.87% Class A
The State of Oregon, by and through the Oregon Investment Council on behalf of the Oregon Public Employees Retirement Fund Tigard, Oregon, USA	United States of America	46,161 - 9.87% Class A
Board of Regents of the University of Texas System Austin, Texas, USA	United States of America	46,161 - 9.87% Class A
California Public Employees' Retirement Sytstm Sacramento, California, USA	United States of America	46,161 - 9.87% Class A
The Prudential Insurance Company of America Newark, New Jersey, USA	United States of America	42,283 - 9.04% Class A
Everest Reinsurance Company Liberty Corner, New Jersey, USA	United States of America	25,000 - 5.34% Class A

Shareholders not listed in (3)(1)(a)-(3)(1)(c) that had ownership, control or holdings of 5% or more with power to vote during the fiscal year ending 12/31/2015.

(1) (a) Name & Address (City, State, Country)	(1)(b) Country of Citizenship or Incorporation	(1)(c) Number of Percentages of Each Class of Voting Shares
None		

CADENCE BANCORPORATION
FORM FR Y-6
12/31/2015
Report Item 3: Shareholders

Current Shareholders with ownership, control or holdings of 5% or more with power to vote as of 12/31/2015

(1) (a) Name & Address (City, State, Country)	(1)(b) Country of Citizenship or Incorporation	(1)(c) Number of Percentages of Each Class of Voting Shares
Cadence Bancorp, LLC Houston, Texas, USA	United State of America	1,000,000 - 100% Common

Shareholders not listed in (3)(1)(a)-(3)(1)(c) that had ownership, control or holdings of 5% or more with power to vote during the fiscal year ending 12/31/2015.

(1) (a) Name & Address (City, State, Country)	(1)(b) Country of Citizenship or Incorporation	(1)(c) Number of Percentages of Each Class of Voting Shares
None		

AMENDED
SEP 19 2016

CADENCE BANCORP LLC
FORM FR Y-6
12/31/2015
Report Item 4: Directors and Officers

(1) Name & Address (City, State, Country)	(2) Principal Occupation if other than with Bank Holding Company	(3)(a) Title and Position with Bank Holding Company	(3)(b) Title & Position with Subsidiaries (Include Names of Subsidiaries)	(3)(c) Title & Position with Other Businesses (Includes Names of Other Businesses)	(4)(a) Percentages of Voting Shares in Bank Holding Company	(4)(b) Voting Shares in Subsidiaries (Include Names of Subsidiaries)	(4)(c) List Names of other Companies (including partnerships) if 25% or more of voting securities are held (List names of companies and percentage of voting securities held)
Paul B. Murphy, Jr. Houston, TX	N/A	Chief Executive Officer, President & Director	Director-Cadence Bancorporation Director, Chairman -Cadence Bank, N.A.	Director- Hines Real Estate Investment Trust	N/A	N/A	N/A
Samuel Michael Tortorici Birmingham, AL, USA	N/A	Executive Vice President	Director, CEO & President-Cadence Bancorporation Director & CEO-Cadence Bank, N.A.	None	N/A	N/A	N/A
Jerry W. Powell Birmingham, AL, USA	N/A	Executive Vice President, General Counsel & Secretary	EVP, General Counsel, Secretary- Cadence Bancorporation & Cadence Bank, N.A.	None	N/A	N/A	N/A
Valerie Toalson Houston, TX, USA	N/A	Executive Vice President, Chief Financial Officer	Director-Cadence Bancorporation EVP, Chief Financial Officer-Cadence Bank, N.A.	None	N/A	N/A	N/A
J. Richard Fredericks San Francisco, CA, USA	Investing	Director	Director-Cadence Bank, N.A.	None	N/A	N/A	N/A
William B. Harrison, Jr. Greenwich, Connecticut, USA	N/A	Director	Director-Cadence Bank, N.A.	None	N/A	N/A	N/A
Robert K. Steel Greenwich, Connecticut, USA	Deputy Mayor, City of New York	Director	Director-Cadence Bank, N.A.	Owner- RKS-GVS, ILC Owner-Grigg Street, IIC Manager-RK Steel Family Investment LLC Manager- The Robert K Steel Family Foundation	N/A	N/A	RKS-GVS, LLC • 100"/o Grigg Street, LLC - 100%
Scott M. Stuart Greenwich, Connecticut, USA	Investing	Director	Director-Cadence Bank, N.A.	Co-PresidentSageview Management, LLC Co-President- Sageview Capital MGP, LLC Director- EverBank Financial Corp. Director- Memorial Sloan Kettering Cancer Center Director- Stanford Graduate School of Business	N/A	N/A	Sageview Management, LLC - 40% Sageview Capital MGP, LLC - 40%

CADENCE BANCORPORATION
FORM FR Y-6
12/31/2015
Report Item 4: Directors and Officers

(1) Name & Address (City, State, Country)	(2) Principal Occupation if other than with Bank Holding Company	(3)(a) Title and Position with Bank Holding Company	(3)(b) Title & Position with Subsidiaries (Include Names of Subsidiaries)	(3)(c) Title & Position with Other Businesses (Includes Names of Other Businesses)	(4)(a) Percentages of Voting Shares in Bank Holding Company	(4)(b) Percentage of Voting Shares in Subsidiaries (Include Names of	(4)(c) List Names of other Companies (including partnerships) if 25% or more of voting securities are held (List names of companies and percentage of voting securities held)
Paul B. Murphy, Jr. Houston, TX	N/A	Chief Executive Officer & Director	Director, Chairman ·Cadence Bank, N.A.	Director- Hines Real Estate Investment Trust	N/A	N/A	N/A
Samuel Michael Tortorici Birmingham, AL, USA	N/A	President	Director & CEO-Cadence Bank, N.A.	None	N/A	N/A	N/A
Jerry W. Powell Birmingham, AL, USA	N/A	Executive Vice President, General Counsel & Secretary	EVP, General Counsel & Secretary-Cadence Bank, N.A.	None	N/A	N/A	N/A
Valerie Toalson Houston, TX, USA	N/A	Executive Vice President, Chief Financial Officer	EVP, Chief Financial Officer-Cadence Bank, N.A.	None	N/A	N/A	N/A

AMENDED
SEP 19 2016

Cadence Bancorp, LLC

Consolidated Financial Statements
Years Ended December 31, 2015 and 2014,
With Independent Auditors' Report

CADENCE BANCORP, LLC
TABLE OF CONTENTS
CONSOLIDATED FINANCIAL STATEMENTS

KPMG LLP
811 Main Street
Houston, TX 77002

Independent Auditors' Report

The Board of Directors and Members
Cadence Bancorp, LLC:

We have audited the accompanying consolidated financial statements of Cadence Bancorp, LLC and its subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Cadence Bancorp, LLC and its subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. Schedules I and II are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KPMG LLP

Houston, Texas
March 25, 2016

CADENCE BANCORP, LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2015 AND 2014

(Amounts in thousands)	2015	2014
ASSETS		
Cash and due from banks	$ 139,239	$ 49,955
Interest-bearing deposits with banks	316,473	417,941
Federal funds sold	11,495	2,520
Total cash and cash equivalents	467,207	470,416
Securities available-for-sale	720,810	552,397
Securities held-to-maturity (estimated fair value of $594 and $717 at December 31, 2015 and 2014, respectively)	550	670
Other securities—FRB and FHLB stock	56,354	37,314
Total securities	777,714	590,381
Loans held for sale	25,413	8,954
Loans	6,916,520	6,192,793
Less: allowance for credit losses	(79,783)	(53,520)
Net loans	6,836,737	6,139,273
Interest receivable	35,329	42,153
Premises and equipment, net	70,395	72,105
Other real estate owned	35,984	55,986
Cash surrender value of life insurance	102,825	99,856
Net deferred tax asset	66,712	63,121
Goodwill	317,817	317,817
Other intangible assets, net	21,406	29,834
Other assets	54,338	55,175
Total Assets	$ 8,811,877	$ 7,945,071
LIABILITIES AND EQUITY		
Liabilities:		
Noninterest-bearing deposits	$ 1,534,433	$ 1,467,137
Interest-bearing deposits	5,450,600	5,109,802
Total deposits	6,985,033	6,576,939
Securities sold under agreements to repurchase	5,840	12,044
Federal Home Loan Bank advances	370,000	—
Senior debt	193,085	182,459
Subordinated debt	98,171	58,761
Junior subordinated debentures	35,449	34,803
Other liabilities	67,611	62,679
Total liabilities	7,755,189	6,927,685
Equity:		
Class A, B and C units	917,216	916,207
Retained earnings	131,801	93,114
Accumulated other comprehensive income ("OCI")	7,040	8,065
Total members' equity	1,056,057	1,017,386
Noncontrolling interest	631	—
Total equity	1,056,688	1,017,386
Total Liabilities and Equity	$ 8,811,877	$ 7,945,071

See accompanying notes to the consolidated financial statements.

CADENCE BANCORP, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(Amounts in thousands)	2015	2014
INTEREST INCOME		
Interest and fees on loans	$ 272,434	$ 271,378
Interest and dividends on securities:		
Taxable	14,329	12,919
Tax-exempt	2,433	326
Other interest income	1,568	657
Total interest income	290,764	285,280
INTEREST EXPENSE		
Interest on time deposits of $100,000 or greater	7,794	5,883
Interest on other deposits	18,026	14,189
Interest on borrowed funds	19,468	12,085
Total interest expense	45,288	32,157
Net interest income	245,476	253,123
Provision for credit losses	35,984	14,118
Net interest income after provision for credit losses	209,492	239,005
NONINTEREST INCOME		
Service charges on deposit accounts	12,464	11,674
Other service fees	2,293	2,021
Credit related fees	12,495	6,161
Trust services revenue	15,800	14,496
Mortgage banking revenue	4,384	4,435
Investment advisory revenue	17,681	18,052
Securities gains, net	1,171	659
Accretion of FDIC indemnification asset	(1,402)	(2,918)
Other income	17,324	22,460
Total noninterest income	82,210	77,040
NONINTEREST EXPENSE		
Salaries and employee benefits	128,267	131,535
Premises and equipment	29,781	32,868
Intangible asset amortization	8,428	10,326
Other expense	66,430	72,026
Total noninterest expense	232,906	246,755
Income before income taxes and noncontrolling interest	58,796	69,290
Income tax expense	20,109	26,052
Net income	38,687	43,238
Less noncontrolling interest:		
Preferred stock dividend	—	1,370
Preferred stock discount accretion	—	2,273
Net income attributable to members of Cadence Bancorp, LLC	$ 38,687	$ 39,595

See accompanying notes to the consolidated financial statements.

CADENCE BANCORP, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015			2014		
(Amounts in thousands)	Before tax amount	Tax Benefit (Expense)	Net of Tax Amount	Before tax amount	Tax Benefit (Expense)	Net of Tax Amount
Net income	$ 58,796	$ (20,109)	$ 38,687	$ 69,290	$ (26,052)	$ 43,238
Net unrealized gains (losses) on securities available-for-sale:						
Net unrealized (losses) gains arising during the period	(3,274)	1,249	(2,025)	6,523	(2,442)	4,081
Reclassification adjustments for (gains) realized in net income	(1,171)	432	(739)	(659)	250	(409)
Net unrealized (losses) gains on securities available-for-sale	(4,445)	1,681	(2,764)	5,864	(2,192)	3,672
Net unrealized gains (losses) on derivative instruments designated as cash flow hedges:						
Net unrealized gains arising during the period	7,454	(2,748)	4,706	—	—	—
Reclassification adjustments for (gains) realized in net income	(4,877)	1,798	(3,079)	—	—	—
Net change in unrealized gains on derivative instruments	2,577	(950)	1,627	—	—	—
Change in pension liability:						
Actuarial gains (losses) arising during the period	26	(11)	15	(810)	308	(502)
Reclassification adjustments for losses realized in net income	155	(58)	97	142	(63)	79
Net unrealized gains (losses) on pension liability	181	(69)	112	(668)	245	(423)
Other comprehensive (loss) income	(1,687)	662	(1,025)	5,196	(1,947)	3,249
Less:						
Preferred stock dividend	—	—	—	1,370	—	1,370
Preferred stock discount accretion	—	—	—	2,273	—	2,273
Comprehensive income attributable to members of Cadence Bancorp, LLC	$ 57,109	$ (19,447)	$ 37,662	$ 70,843	$ (27,999)	$42,844

See accompanying notes to the consolidated financial statements.

CADENCE BANCORP, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	Members' Equity					
	Class A, B and C Units	Retained Earnings	Accumulated OCI	Total Members' Equity	Noncontrolling Interest	Total Equity
(Amounts in thousands)						
Balance, December 31, 2013	$ 914,727	$ 53,519	$ 4,816	$ 973,062	$ 30,641	$ 1,003,703
Class C units compensation cost	1,951	—	—	1,951	—	1,951
Preferred stock dividends	—	—	—	—	(1,370)	(1,370)
Redemption of preferred stock	—	—	—	—	(32,914)	(32,914)
Repurchase of Class C units	(471)	—	—	(471)	—	(471)
Net income	—	39,595	—	39,595	3,643	43,238
Other comprehensive income	—	—	3,249	3,249	—	3,249
Balance, December 31, 2014	916,207	93,114	8,065	1,017,386	—	1,017,386
Equity-based compensation cost	1,009	—	—	1,009	631	1,640
Net income	—	38,687	—	38,687	—	38,687
Other comprehensive loss	—	—	(1,025)	(1,025)	—	(1,025)
Balance, December 31, 2015	$ 917,216	$ 131,801	$7,040	$1,056,057	$ 631	$ 1,056,688

See accompanying notes to the consolidated financial statements.

CADENCE BANCORP, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(Amounts in thousands)	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 38,687	$ 43,238
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation and amortization	18,262	20,447
Deferred income taxes	(2,928)	11,127
Provision for loan losses	35,984	14,118
Net accretion/amortization of fair values of assets acquired and liabilities assumed	(2,000)	(3,077)
Increase in cash value of life insurance, net	(2,994)	(2,146)
Securities amortization and accretion, net	3,908	2,474
Equity-based compensation costs	1,640	1,951
Gain on sale of securities, net	(1,171)	(659)
Gain on sale of loans, net	(2,444)	(3,137)
Loss (gain) on foreclosed property, net	2,489	(1,663)
Loss on sale of branches, net	1,501	—
Decrease (increase) in interest receivable	6,712	(4,079)
Proceeds from sale of mortgage loans held for sale	148,147	144,908
Origination of mortgage loans held for sale	(142,762)	(143,524)
Decrease in other assets	1,686	9,092
Increase in interest payable	1,086	425
Increase in other liabilities	3,772	(353)
Net cash flows provided by operating activities	109,575	89,142
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of securities available-for-sale	(478,323)	(180,680)
Purchase of other securities, net	(19,040)	(1,936)
Proceeds from sales of securities available-for-sale	188,755	94,740
Proceeds from maturities and calls of securities available-for-sale	114,064	69,292
Proceeds from maturities and calls of securities held-to-maturity	120	110
Net cash used in branch sales	(208,439)	—
Increase in loans, net	(805,141)	(1,376,463)
Purchase of premises and equipment	(11,125)	(6,409)
Proceeds from disposition of foreclosed property	30,904	50,809
Net cash used in investing activities	(1,188,225)	(1,350,537)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in deposits	662,579	1,236,722
Net change in securities sold under agreements to repurchase	(6,204)	410
Net change in short-term FHLB borrowings	370,000	—
Advances of other borrowings, net of debt issuance costs	—	73,860
Repayments of other borrowings	—	(75,000)
Issuance of subordinated debt, net of debt issuance costs	39,253	58,836
Issuance of senior debt, net of debt issuance costs	9,813	182,007
Redemption of preferred stock	—	(32,914)
Dividends paid on preferred stock	—	(1,370)
Repurchase of stock	—	(471)
Net cash provided by financing activities	1,075,441	1,442,080
Net (decrease) increase in cash and cash equivalents	(3,209)	180,685
Cash and cash equivalents at beginning of year	470,416	289,731
Cash and cash equivalents at end of year	$ 467,207	$ 470,416

See accompanying notes to the consolidated financial statements.

Note 1—Summary of Accounting Policies

Basis of Presentation and Consolidation

Cadence Bancorp, LLC (the "Company", "LLC"), and its subsidiaries follow accounting principles generally accepted in the United States of America, including, where applicable, general practices within the banking industry. The consolidated financial statements include the accounts of the Company and its subsidiaries. Significant intercompany accounts and transactions have been eliminated in consolidation. Certain amounts reported in prior years have been reclassified to conform to the 2015 presentation. These reclassifications did not materially impact the Company's consolidated balance sheets or consolidated statements of income.

In accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 855, "Subsequent Events," the Company's Management has evaluated subsequent events for potential recognition or disclosure in the consolidated financial statements through the date of the issuance of these consolidated financial statements. No subsequent events were identified that would have required a change to the consolidated financial statements or disclosure in the notes to the consolidated financial statements, other than as disclosed in Note 21, Subsequent Events.

Nature of Operations

The Company is a Delaware limited liability company which was formed on November 18, 2009 and commenced operations on March 12, 2010. The Company offers limited liability company interests in the form of Class A Common Units and Class B Non-Voting Common Units (collectively, the "Common Units"). Each member in Common Units enters into binding commitments requiring the investor to unconditionally contribute capital to the Company in the amount up to $1,000 per Common Unit. The commitment period expired in 2013, with approximately 92% of the total capital committed collected by the Company. In addition, the Company grants long-term compensation to its officers, directors and certain other employees and advisors in the form of Non-Voting Class C Incentive Units (See Notes 9 and 12).

The Company's initial closing of capital commitments was on July 2, 2010. On October 22, 2010, the Company had a subsequent closing admitting additional capital commitments of $259.2 million, which resulted in a total aggregate capital commitment of $1.0 billion as of December 31, 2010. In 2011, the Partnership Agreement was amended to allow certain employees to purchase Class A Common Units totaling $1.5 million. No additional Class A Common Units or Class B Non-Voting Common Units are authorized, as of December 31, 2015 and 2014. Total Class A Common Units of 467,775 and Class B Non-Voting Common Units of 533,725 were outstanding as of December 31, 2015.

On March 4, 2011, the Company completed the acquisition of Cadence Financial Corporation, a bank holding company, whose primary asset is its investment in its wholly owned subsidiary bank, Cadence Bank, N.A. ("the Bank"). In July 2015, Cadence Financial Corporation was merged with and into Cadence Bancorporation ("CBC"), a Delaware corporation previously formed by Cadence Financial Corporation, with Cadence Bancorporation surviving the merger as a wholly owned subsidiary of the Company. For all periods prior to the completion of the reorganization transactions, references to "CBC" refer to Cadence Financial Corporation, a Mississippi corporation, and its consolidated subsidiaries.

On April 15, 2011, the Company, through its newly-chartered bank subsidiary, Superior Bank, N.A., ("Superior Bank) entered into a purchase and assumption agreement with the FDIC, to acquire the assets and assume all deposits and certain other liabilities of the former Superior Bank. Superior Bank was closed on April 15, 2011, by the Office of Thrift Supervision and had appointed the FDIC as receiver. Following the close of business on November 10, 2011, Superior Bank was merged into the Bank.

On July 2, 2012, the Company completed the acquisition of Encore Bancshares, Inc. ("Encore"), a financial holding company headquartered in Houston, Texas. Under the terms of the agreement, the Company paid $20.62 per share, or $250.7 million, for the outstanding shares of Encore. Following the close of business on September 14, 2012, Encore Bank, N.A., Encore's subsidiary bank, was merged into the Bank.

The Bank operates under a national bank charter and is subject to regulation by the Office of the Comptroller of the Currency (OCC). The Bank provides lending services in Georgia and full banking services in five southern states: Alabama, Florida, Mississippi, Tennessee, and Texas.

The Company's subsidiaries are as follows:

- Town & Country Insurance Agency, Inc., dba Cadence Insurance—full service insurance agency
- The Bank's subsidiaries are as follows:
  - Linscomb & Williams—financial advisory firm
  - Cadence Investment Services, Inc.—provides investment and insurance products in Alabama and Florida
  - SFS, LLC—invests in tax liens

Branch Sales

In March and October, 2015, the Company sold the assets and transferred the liabilities of eight branches in Florida (6) and Georgia (2) and recognized a loss of $1.5 million. In March, 2014, the Company sold the assets and transferred the liabilities of two branches in Tennessee and recognized a loss of $0.8 million.

The following table summarizes the allocation of the sale price to assets sold and liabilities transferred:

(In thousands)	2015	2014
Cash on hand	$ 1,254	$ 412
Loans	42,477	3,636
Premises and equipment	3,095	244
Other assets	113	406
Total assets sold	46,939	4,698
Deposits	253,823	29,886
Other liabilities	301	20
Total liabilities transferred	254,124	29,906
Net cash paid	$ 207,185	$ 25,208

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are susceptible to significant change in the near term are the allowance for credit losses, valuation of and accounting for acquired credit impaired loans, valuation of goodwill, intangible assets and deferred income taxes.

Acquisition Accounting

The Company has determined that the acquisitions completed by the Company of CBC and Superior Bank, N.A. in 2011, and Encore Bancshares, Inc. ("Encore") in 2012, constitute business combinations as defined in ASC Topic 805, "Business Combinations." Accordingly, as of the date of acquisition, the Company recorded the assets acquired and liabilities assumed at fair value. If the fair value of net assets purchased exceeds the fair value of consideration paid, a bargain purchase gain is recognized at the date of acquisition. Conversely, if the consideration paid exceeds the fair value of the net assets acquired, goodwill is recognized at the acquisition date.

The Company determined initial fair values in accordance with the guidance provided in ASC Topic 820, "Fair Value Measurements and Disclosures." Fair value was established by discounting the expected future cash flows with a market discount rate for like maturity and risk instruments. The estimation of expected future cash flows requires significant assumptions about appropriate discount rates, expected future cash flows, market conditions and other future events and actual results could differ materially. Fair values are subject to refinement after the closing date of an acquisition as information relative to closing date fair values becomes available. The Company has made the determinations of fair value using the best information available at the time.

Securities

Securities are accounted for as follows:

Securities Available-for-Sale

Securities classified as available-for-sale are those securities that are intended to be held for an indefinite period of time, but not necessarily to maturity. Any decision to sell a security classified as available-for-sale would be based on various factors, including movements in interest rates, liquidity needs, security risk assessments, changes in the mix of assets and liabilities and other similar factors. These securities are carried at their estimated fair value, and the net unrealized gain or loss is reported as accumulated other comprehensive income, net of tax, until realized. Premiums and discounts are recognized in interest income using the effective interest method.

Realized gains and losses on the sale of securities available-for-sale are determined by specific identification using the adjusted cost on a trade date basis.

Securities Held-to-Maturity

Securities classified as held-to-maturity are those securities for which there is a positive intent and ability to hold to maturity. These securities are carried at cost adjusted for amortization of premium and accretion of discount, computed by the interest method.

Trading Account Securities

Trading account securities are securities that are held for the purpose of selling them at a profit. The Company had no trading account securities as of December 31, 2015 or 2014.

FHLB and FRB Stock

The Company has ownership in Federal Home Loan Bank "FHLB" and Federal Reserve Bank "FRB" stock totaling $56.4 million and $37.3 million (its par value) as of December 31, 2015 and 2014, respectively, which is presented separately on the consolidated balance sheets. These investments do not have a readily determinable fair value and no quoted market values, as ownership is restricted to member institutions, and all transactions take place at par value with the FHLB or FRB as the only purchaser. Therefore, the Company accounts for these investments as long-term assets and carries them at cost. Management's determination as to whether these investments are impaired is based on management's assessment of the ultimate recoverability of the par value (cost) rather than recognizing temporary declines in fair value. In order to become a member of the Federal Reserve System, regulations require that the Company hold a certain amount of FRB capital stock. Additionally, investment in FHLB stock is required for membership in the FHLB system and in relation to the level of FHLB outstanding borrowings.

Derivative Financial Instruments and Hedging Activities

Derivative instruments are accounted for under the requirements of ASC Topic 815, "Derivatives and Hedging." ASC Topic 815 requires companies to recognize all of their derivative instruments as either assets or liabilities in the consolidated balance sheets at fair value.

The fair value of derivative positions outstanding is included in other assets and other liabilities in the accompanying consolidated balance sheets and in the net change in each of these financial statement line items in the accompanying consolidated statements of cash flows. The Company does not speculate using derivative instruments.

Interest Rate Lock Commitments

In the ordinary course of business, the Company enters into certain commitments with customers in connection with residential mortgage loan applications. Such commitments are considered derivatives under current accounting guidance and are required to be recorded at fair value. The change in fair value of these instruments is reflected currently in the mortgage banking revenue of the consolidated statements of income.

Forward Sales Commitments

To mitigate the effect of the interest rate risk inherent in providing interest rate lock commitments to customers, the Company enters into forward sales commitments of mortgage-backed securities ("MBS") with investors. During the period from commitment date to closing date, the Company is subject to the risk that market rates of interest may change. In an effort to mitigate such risk, forward delivery sales commitments, under which the Company agrees to deliver certain MBS, are established. These commitments are non-hedging derivatives in accordance with current accounting guidance and recorded at fair value, with changes in fair value reflected currently in the mortgage banking revenue of the consolidated statements of income.

Forward Purchase Commitments

If the Company determines that the amount of its forward sales commitments exceeds the amount necessary to mitigate the interest rate risk in the interest rate lock commitments, it will enter into forward purchase commitments to purchase MBS on an agreed-upon date and price similar to the terms of forward sales commitments. These commitments are non-hedging derivatives in accordance with current accounting guidance and recorded at fair value, with changes in fair value reflected currently in mortgage banking revenue.

Interest Rate Swap and Cap Agreements not designated as hedging derivatives

To meet the financing needs and interest rate risk management needs of its customers, the Company enters into interest rate swap and cap agreements on commercial loans with customers. At the same time, the Company enters into an offsetting interest rate swap or cap agreement with a financial institution in order to minimize the Company's interest rate risk. These interest rate swap and cap agreements are non-hedging derivatives and are recorded at fair value with changes in fair value reflected in noninterest income. The fair value of these derivatives is recorded on the consolidated balance sheets in other assets and other liabilities.

Interest Rate Swap Agreements designated as cash flow hedges

Cash flow hedge relationships mitigate exposure to the variability of future cash flows or other forecasted transactions. The Company uses interest rate swaps to manage overall cash flow changes related to interest rate risk exposure on benchmark interest rate loans. The effective portion of the gain or loss related to the derivative instrument is recognized as a component of other comprehensive income and subsequently reclassified into other interest income when the forecasted transaction affects income or when the hedge is terminated. The ineffective portion of the gain or loss is recognized immediately as noninterest income. The Company assesses the effectiveness of the hedging derivative by comparing the change in fair value of the respective derivative instrument and the change in fair value of an effective hypothetical derivative instrument.

Foreign Currency Contracts

The Company enters into certain foreign currency exchange contracts on behalf of its clients to facilitate their risk management strategies, while at the same time entering into offsetting foreign currency exchange contracts in order to minimize the Company's foreign currency exchange risk. The contracts are short term in nature, and any gain or loss incurred at settlement is recorded as other noninterest income or other noninterest expense. The fair value of these contracts is reported in other assets and other liabilities. The Company does not apply hedge accounting to these contracts.

Counterparty Credit Risk

Derivative contracts involve the risk of dealing with both bank customers and institutional derivative counterparties and their ability to meet contractual terms. Under Company policy, institutional counterparties must be approved by the Company's Asset/Liability Management Committee. The Company's credit exposure on derivatives is limited to the net fair value for each counterparty.

Refer to Note 6 for further discussion and details of derivative financial instruments and hedging activities.

Loans Held for Sale

Mortgage Loans Held for Sale

Mortgage loans originated and intended for sale in the secondary market are carried at the lower of cost or estimated fair value in the aggregate. Generally, loans in this category are sold within thirty days. These loans are primarily sold with the mortgage servicing rights released. Fees on mortgage loans sold individually in the secondary market, including origination fees, service release premiums, processing and administrative fees, and application fees, are recognized as mortgage banking revenue in the period in which the loans are sold. These loans are underwritten to the standards of upstream correspondents and are held on the Company's consolidated balance sheets until the loans are sold. Buyers generally have recourse to return a purchased loan to the Company under limited circumstances. Recourse conditions may include early payment default, breach of representations or warranties, and documentation deficiencies. During 2015 and 2014, an insignificant number of loans were returned to the Company.

Commercial Loans Held for Sale

The Company transfers certain commercial loans to held for sale when management has the intent to sell the loan or a portion of the loan in the near term. These held for sale loans are recorded at the lower of cost or estimated fair value. At the time of transfer, write-downs on the loans are recorded as charge-offs and a new cost basis is established. Any subsequent lower of cost or market adjustment is determined on an individual loan basis and is recognized as a valuation allowance with any charges included in other noninterest expense. Gains and losses on the sale of these loans are included in other noninterest income when realized.

A summary of the loans held for sale at December 31, 2015 and 2014 is as follows:

	For the Year Ended December 31,	
(In thousands)	**2015**	**2014**
Mortgage loans held for sale	$ 6,099	$ 8,954
Commercial loans held for sale	19,314	—
Loans held for sale	$ 25,413	$ 8,954

Loans (Excluding Acquired Credit Impaired Loans)

Loans include loans that are originated by the Company and acquired loans that are not considered impaired at acquisition. Loans originated by the Company are carried at the principal amount outstanding adjusted for the allowance for credit losses, net deferred origination fees, and unamortized discounts and premiums. Interest income is recognized based on the principal balance outstanding and the stated rate of the loan. Loans acquired through acquisition are initially recorded at fair value. Discounts created when the loans were recorded at their estimated fair values at acquisition are accreted over the remaining term of the loan as an adjustment to the related loan's yield.

A loan is considered to be impaired when it appears probable that the entire amount contractually due will not be collected. Factors considered in determining impairment include payment status, collateral values, and the probability of collecting scheduled payments of principal and interest when due. The measurement of impaired loans is based on the present value of expected future cash flows discounted at the loan's effective interest rate or the loan's observable market price, or based on the fair value of the collateral if the loan is collateral dependent.

Commercial loans, including small business loans, are generally placed on nonaccrual status when principal or interest is past due ninety days or more unless the loan is well secured and in the process of collection, or when the loan is specifically determined to be impaired. When a commercial loan is placed on nonaccrual status, interest accrued but not received is generally reversed against interest income.

Consumer loans, including residential first and second lien loans secured by real estate, are generally placed on nonaccrual status when they are 120 or more days past due. When a consumer loan is placed on nonaccrual status, interest accrued but not received is generally reversed against interest income.

Cash receipts on nonaccrual loans are used to reduce principal rather than recorded as interest income. Past due status is determined based upon contractual terms.

A nonaccrual loan may be returned to accrual status when repayment is reasonably assured and there has been demonstrated performance under the terms of the loan or, if applicable, under the terms of the restructured loan.

Loan origination fees and certain direct origination costs are capitalized and recognized as an adjustment of the yield on the related loan.

Allowance for Credit Losses

The allowance for credit losses ("ACL") is established through charges to income in the form of a provision for credit losses. The ACL is maintained at a level that management believes is adequate to absorb all probable losses on loans inherent in the loan portfolio as of the reporting date. Events that are not within the Company's control, such as changes in economic factors, could change subsequent to the reporting date and could cause the ACL to be overstated or understated. The amount of the ACL is affected by loan charge-offs, which decrease the ACL; recoveries on loans previously charged off, which increase the ACL; and the provision for credit losses charged to income, which increases the ACL. In determining the provision for credit losses, management monitors fluctuations in the ACL resulting from actual charge-offs and recoveries and reviews the size and composition of the loan portfolio in light of current and anticipated economic conditions.

The ACL is comprised of the following four components:

- Specific reserves are recorded on loans reviewed individually for impairment. Generally, all loans that are individually identified as impaired are reviewed on a quarterly basis in order to determine whether a specific reserve is required. A loan is considered impaired when, based on current information, it is probable that we will not receive all amounts due in accordance with the contractual terms of the loan agreement. Once a loan has been identified as impaired, management measures impairment in accordance with ASC Topic 310, "Receivables." The measurement of impaired loans is based on the present value of expected future cash flows discounted at the loan's effective interest rate or the loan's observable market price, or based on the fair value of the collateral if the loan is collateral dependent. When management's measured value of the impaired loan is less than the recorded investment in the loan, the amount of the impairment is recorded as a specific reserve. These specific reserves are determined on an individual loan basis based on management's current evaluation of the loss exposure for each credit, given the payment status, the financial condition of the borrower and any guarantors and the value of any underlying collateral. Loans that are individually identified as impaired are excluded from the general reserve calculation described below. Changes in specific reserves from period to period are the result of changes in the circumstances of individual loans such as charge-offs, payments received, changes in collateral values or other factors.

- A general reserve is also maintained for each loan segment, not specifically reviewed, in the loan portfolio. The credit segment types are stratified by class of receivable and credit risk rating. Loss rates are calculated on a rolling loss rate based on a 3-tiered weighted loss look back period within each segment considered to be sufficient to capture all inherent losses present in each credit segment within the total portfolio. Loss look back periods are reviewed periodically and adjusted only if the maturity profile of the credits within a general segment has materially shortened or lengthened from the prior year or there has been a material change in the credit segment's risk profile that has been fully documented to support the change in the weightings of the look back period. Loss rate floors and ceilings are also applied to each credit segment type to minimize the effect of unusual or isolated loss events. Due to the growth of the credit portfolio into new geographic areas and into new commercial segmentations the Company recognizes there is inadequate historical loss information to adequately estimate loss rate bands based primarily on historical loss data. Therefore, external loss data was acquired from the research arm of a nationally recognized risk rating agency to act as a proxy for loss rates within the ACL model until sufficient loss history can be accumulated from the Company's loss experience in these segments. These loss rate bands were developed specifically for individual loans such as charge-offs, payments received, changes in collateral values or other factors.

- In assessing the overall risk of the credit portfolio, the ACL Committee also considers the following qualitative factors that may indicate additional credit losses within the current credit portfolio. Management discretion dictates how these factors should affect certain segments (or the entire portfolio) according to a number of basis points to be added to (or subtracted from) loan loss rates. By their nature, qualitative adjustments attempt to quantify and standardize factors that serve as "leading indicators" of credit deterioration or improvement. These primary adjustment factors include, but are not limited to the following:

  - Lending policies, procedures, practices or philosophy, including underwriting standards and collection, charge-off and recovery practices

  - Changes in national and service market economic and business conditions that could affect the level of default rates or the level of losses once a default has occurred within the Bank's existing loan portfolio

  - Changes in the nature or size of the portfolio, including collateral values

  - Other managerial discretionary factors affecting loss rates in specific segments

  - Volume and/or severity of past due and classified credits or trends in the volume of losses, non-accrual credits, impaired credits and other credit modifications

  - Quality of the institution's Credit review system and processes and the degree of oversight by bank management and the board of directors

  - Concentrations of credit such as industry and lines of business

  - Competition and legal and regulatory requirements or other external factors.

- In connection with acquisitions (see *Accounting for Acquired Loans and FDIC Loss Share Receivable* below), the Company acquired certain loans considered impaired and accounts for these loans under the provisions of ASC Topic 310-30, Loans and Debt Securities Acquired with Deteriorated Credit Quality, which require the initial recognition of these loans at the present value of amounts expected to be received. The ACL previously associated with these loans does not carry over to the books of the acquiring entity. Any deterioration in the credit quality of these loans subsequent to acquisition would be considered in the ACL. For any increases in cash flows expected to be collected, the Company adjusts the amount of accretable yield recognized on a prospective basis over the loan's or pool's remaining life. The Company also accounts for certain acquired loans considered performing at the time of acquisition by analogy to ASC 310-30. These loans are acquired at a discount, attributable in part to credit quality, for which the Company believes based on the characteristics of the loans that accounting under ASC 310-30 is appropriate.

Management presents the quarterly review of the ACL to the Bank's Board of Directors, indicating any recommendations as to adjustments in the ACL. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available or as events change.

Accounting for Acquired Loans and FDIC Loss Share Receivable

Acquired Loans

The Company accounts for its acquisitions under ASC Topic 805, which requires the use of the acquisition method of accounting. All identifiable assets acquired, including loans, are recorded at fair value. No ACL related to the acquired loans is recorded on the acquisition date as the fair value of the loans acquired incorporates assumptions regarding credit risk. Loans acquired are recorded at fair value in accordance with the fair value methodology prescribed in ASC Topic 820, exclusive of the shared-loss agreements with the Federal Deposit Insurance Corporation ("FDIC") (see "FDIC Indemnification Asset" below). The fair value estimates associated with the loans include estimates related to the amount and timing of undiscounted expected principal, interest and other cash flows, as well as the appropriate discount rate. At the time of acquisition, the Company estimated the fair value of the total acquired loan portfolio by segregating the portfolio into loan pools with similar characteristics and certain specifically-reviewed non-homogeneous loans. The similar characteristics used to establish the pools included:

- Risk rating,
- The loan type based on regulatory reporting guidelines; namely whether the loan was a residential, construction, consumer, or commercial loan, and
- The nature of collateral.

From these pools, the Company used certain loan information, including outstanding principal balance, estimated probability of default and loss given default, weighted average maturity, weighted average term to re-price (if a variable rate loan), estimated prepayment rates, and weighted average interest rate to estimate the expected cash flow for each loan pool. For the specifically-reviewed loans expected cash flows were determined for each loan based on current performance and collateral values, if the loan is collateral dependent.

The Company accounts for and evaluates acquired credit impaired ("ACI") loans in accordance with the provisions of ASC Topic 310-30. When ACI loans exhibit evidence of credit deterioration since origination and it is probable at the date of acquisition that the Company will not collect all principal and interest payments in accordance with the terms of the loan agreement, the expected shortfall in future cash flows, as compared to the contractual amount due, is recognized as a non-accretable discount. Any excess of expected cash flows over the acquisition date fair value is known as the accretable discount, and is recognized as accretion income over the life of each pool or individual loan. ACI loans that meet the criteria for non-accrual of interest at the time of acquisition may be considered performing upon acquisition, regardless of whether the customer is contractually delinquent, if the timing and expected cash flows on such loans can be reasonably estimated and if collection of the new carrying value of such loans is expected. However, if the timing or amount of the expected cash flows cannot be reasonably estimated an ACI loan may be placed in nonaccruing status. Expected cash flows over the acquisition date fair value are periodically re-estimated utilizing the same cash flow methodology used at the time of acquisition and subsequent decreases to the expected cash flows will generally result in a provision for loan losses charge to the Company's consolidated statements of income. Conversely, subsequent increases in expected cash flows result in a transfer from the non-accretable discount to the accretable discount, which would have a positive impact on accretion income prospectively. These cash flow evaluations are inherently subjective as they require material estimates, all of which may be susceptible to significant change.

FDIC Indemnification Asset

An FDIC indemnification asset results from the loss sharing agreement in an FDIC-assisted transaction and is measured separately from the related covered assets as they are not contractually embedded in those assets and are not transferable should the Company choose to dispose of the covered assets. The FDIC indemnification asset represents the estimated fair value of expected reimbursements from the FDIC for losses on covered loans and other real estate owned ("OREO"). Pursuant to the terms of the loss sharing agreement, covered loans and OREO are subject to stated loss thresholds whereby the FDIC will reimburse the Company for a percentage of losses and expenses up to the stated loss thresholds. The FDIC indemnification asset is initially recorded at its estimated fair value. Fair value is estimated using projected cash flows related to the loss sharing agreement based on the expected reimbursements for losses and the applicable loss sharing percentages. These cash flows are discounted to reflect the uncertainty of the timing of the loss sharing reimbursement from the FDIC and the discount is accreted to income in connection with the expected speed of reimbursements. This accretion is included in other income in the consolidated statements of income.

The accounting for the FDIC indemnification asset is closely related to the accounting for the underlying, indemnified assets. The Company re-estimates the expected indemnification asset cash flows in conjunction with the periodic re-estimation of cash flows on covered loans. Improvements in cash flow expectations on covered loans generally result in a related decline in the expected indemnification cash flows and are reflected prospectively as a yield adjustment on the indemnification asset. Declines in cash flow expectations on covered loans generally result in an increase in expected indemnification asset cash flows, subject to contractual limitations, and are reflected as both noninterest income and an increase to the indemnification asset. As indemnified assets are resolved and the Company is reimbursed by the FDIC for the value of the resolved portion of the FDIC indemnification asset, the Company reduces the carrying value of the FDIC indemnification asset. The Company submitted claims in excess of the first threshold of $347 million established at acquisition and was reimbursed the 80% of the covered losses by the FDIC up to this initial threshold. Subsequent claims between $347 million and $504 million are not reimbursable under the loss share agreement. The Company's claims did not exceed the second threshold of $504 million, over which losses are reimbursed at 80%. On January 5, 2016, a settlement agreement was finalized with the FDIC to terminate the loss share agreement at a nominal cost and the Company had no FDIC indemnification asset recorded as of December 31, 2015. The FDIC indemnification asset was $1.4 million as of December 31, 2014.

Premises and Equipment

Premises and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization are determined using the straight-line method at rates calculated to depreciate or amortize the cost of assets over their estimated useful lives.

Maintenance and repairs of property and equipment are charged to income, and major improvements are capitalized. Upon retirement, sale, or other disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts, and any gains or losses are included in income.

Other Real Estate

OREO consists of properties acquired through foreclosure and unutilized bank-owned properties. These properties, as held for sale properties, are recorded at fair value, less estimated costs to sell, on the date of foreclosure establishing a new cost basis for the property. Subsequent to the foreclosure date the OREO is maintained at the lower of cost or fair value. Any write-down to fair value required at the time of foreclosure is charged to the ACL. Subsequent gains or losses on other real estate resulting from the sale of the property or additional valuation allowances required due to further declines in fair value are reported in other noninterest expense. The amount of loans in the process of foreclosure for single-family residential properties was $0.8 million and $4.7 million as of the years ended December 31, 2015 and 2014, respectively. The amount of foreclosed residential real estate properties held as a result of obtaining physical possession was $13.8 million and $21.3 million as of December 31, 2015 and 2014, respectively.

Goodwill and Other Intangible Assets

Goodwill is accounted for in accordance with ASC Topic 350, and accordingly is not amortized but is evaluated for impairment at least annually, in the fourth quarter or between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount.

Under ASC 350-20, the requirement to assign and then test goodwill for impairment at the reporting unit level also applies to nonpublic companies that do not currently report segment information under ASC 280. A reporting unit is defined as an operating segment or a component of that operating segment, as defined in ASC 280. Reporting units may vary, depending on the level at which performance of the segment is reviewed. No impairment was identified in any reporting unit in 2015 or 2014.

Other identifiable intangible assets consist primarily of the core deposit premiums and customer relationships arising from acquisitions. These intangibles were established using the discounted cash flow approach and are being amortized using an accelerated method over the estimated remaining life of each intangible recorded at acquisition. These finite-lived intangible assets are reviewed for impairment when events or changes in circumstances indicate that the asset's carrying amount may not be recoverable from undiscounted future cash flows or that it may exceed its fair value.

Income Taxes

The Company is organized as a limited liability company and is being taxed as a partnership under provisions of the Internal Revenue Code. Under these provisions, the liability for payment of federal income taxes on the Company's income will be the responsibility of its members rather than that of the Company. Accordingly, no provision or liability for federal income taxes has been recorded in the consolidated financial statements with respect to the limited liability company. Miscellaneous state and local taxes may be the responsibility of the Company. For the years ended December 31, 2015 and 2014, such taxes for which the Company was liable were de minimus.

However, consolidated subsidiaries that are taxed as C corporations are subject to income taxes in federal, state and local jurisdictions, and such corporations account for income taxes under the asset and liability method in accordance with ASC Topic 740. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and net operating loss and tax credit carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The recognition of a net deferred tax asset is dependent upon a "more likely than not" expectation of realization of the net deferred tax asset, based upon the analysis of available evidence. The net deferred tax asset recoverability is calculated using a consistent approach, which considers the relative impact of negative and positive evidence, including review of historical financial performance, and all sources of future taxable income, such as projections of future taxable income exclusive of future reversals of temporary differences and carryforwards, tax planning strategies, and any carryback availability. A valuation allowance is required to sufficiently reduce the net deferred tax asset to the amount that is expected to be realized on a "more likely than not" basis. Changes in the valuation allowance are generally recorded through income.

Cash Surrender Value of Life Insurance

The Company invests in bank-owned life insurance ("BOLI"), which involves the purchasing of life insurance on selected employees. The Company is the owner of the policies and, accordingly, the cash surrender value of the policies is included in total assets, and increases in cash surrender values are reported as income in the consolidated statements of income. The cash value accumulation on BOLI is permanently tax deferred if the policy is held to the insured person's death and certain other conditions are met.

Revenue Recognition

Service Charges on Deposit Accounts

Service charges on deposit accounts consist of non-sufficient funds fees, account analysis fees, and other service charges on deposits which consist primarily of monthly account fees. Non-sufficient funds fees are recognized at the time the account overdraft occurs in accordance with regulatory guidelines. Account analysis fees consist of fees charged to certain commercial demand deposit accounts based upon account activity (and reduced by a credit which is based upon cash levels in the account).

Insurance Commissions and Fees

Commission revenue is recognized as of the effective date of the insurance policy, the date the customer is billed, or the date the commission is received, whichever is later. The Company also receives contingent commissions from insurance companies as additional incentive for achieving specified premium volume goals and/or the loss experience of the insurance placed. The Company recognizes contingent commissions from insurance companies when determinable, which is generally when such commissions are received or when data is received from the insurance companies that allow the reasonable estimation of these amounts. Commission adjustments are recorded, including policy cancellations and override commissions, when the adjustments become reasonably estimable, which is generally in the period in which they occur.

Assets Under Administration and Asset Management Fees

The Company does not include assets held in fiduciary or agency capacities in the consolidated balance sheets, as such items are not assets of the Company. Fees from asset management activities are recorded on the accrual basis, over the period in which the service is provided. Fees are a function of the market value of assets administered and managed, the volume of transactions, and fees for other services rendered, as set forth in the underlying client agreement. This revenue recognition involves the use of estimates and assumptions, including components that are calculated based on estimated asset valuations and transaction volumes.

Credit Related Fees

Credit related fees primarily include fees assessed on the unused portion of commercial lines of credit ("unused commitment fees") and syndication agent fees. Unused commitment fees are recognized when earned. Syndication agent fees are generally recognized when the transaction is complete.

Bankcard Fees

Bankcard fees include primarily bankcard interchange revenue, which is recorded as revenue when earned.

Employee Benefits

The Company offers a 401(k) defined contribution benefit plan to its employees. The plan provides for a 100% match of employee contributions up to three percent of employee compensation and a 50% match of employee contributions on the next two percent of employee compensation. All contributions and related earnings are 100% vested.

Employees of the legacy Cadence Bank hired prior to January 1, 2001 participate in a noncontributory defined benefit pension plan. The plan calls for benefits to be paid to eligible employees at retirement based primarily upon years of service and compensation. Contributions to the plan reflect benefits attributed to employees' services to date, as well as services expected to be provided in the future. The annual pension cost charged to expense is actuarially determined in accordance with the provisions of ASC Topic 715, "Compensation-Retirement Benefits." The plan was amended effective January 1, 2001, to close participation in the plan, and employees hired subsequent to December 31, 2000, are not eligible to participate.

The Company has a supplemental retirement plan that originated from an acquired bank for certain directors and officers of that acquired bank. The annual cost charged to expense and the estimated present values of the projected payments are actuarially determined in accordance with the provisions of ASC Topic 715.

Prior to its acquisition by the Company, CBC entered into agreements with certain senior officers to establish an unqualified supplemental retirement plan. The plan allows for fixed payment amounts to begin on a monthly basis at age 65. The annual cost charged to expense and the estimated present value of the projected payments was determined in accordance with the provisions of ASC Topic 715. As of March 4, 2011, when CBC was acquired by the Company, the present value of projected payments was recorded as a liability, in accordance with ASC Subtopic 710-30.

The Company provides a voluntary deferred compensation plan for certain of its executive and senior officers. Under this plan, the participants may defer up to 25% of their base compensation and 100% of certain incentive compensation. The Company may, but is not obligated to, contribute to the plan. Amounts contributed to this plan are credited to a separate account for each participant and are subject to a risk of loss in the event of the Company's insolvency. The Company made no contributions to this plan in 2015 or 2014.

Equity-Based Compensation and Equity Incentive Plan

The Company maintains an equity incentive plan that provides for the granting of Non-Voting Class C Incentive Units. CBC maintains an equity incentive plan that provides for the granting of various forms of incentive equity-based compensation. The Company values these units at the grant date fair value and recognizes expense over the requisite service period. All the Company's and CBC's equity–based compensation costs are recorded as a component of salaries and employee benefits in the statements of income.

Long Term Incentive Plan

The Company offers a long-term incentive plan to certain employees that provides for cash compensation, half of which are based on the value of the shares of the Company as determined on at least a quarterly basis. The awards are generally subject to a 36 month vesting period and the attainment of certain three-year profitability levels. The Company adjusts the accrual related to this plan on at least a quarterly basis, based on the phantom shares awarded, and the fair value of the Company's stock. Expense under this plan was $1.6 million and $0.9 million as of December 31, 2015 and 2014, respectively.

Cash Flows

For purposes of reporting cash flows, cash and cash equivalents include cash on hand and amounts due from banks, interest-bearing deposits with banks, and federal funds sold. Generally, federal funds are sold for one to seven day periods.

Off-Balance Sheet Financial Instruments

In the ordinary course of business, the Company enters into off-balance sheet financial instruments consisting of commitments to extend credit, credit card lines, standby letters of credit and commitments to purchase securities. Such financial instruments are recorded in the consolidated financial statements when they are exercised.

Fair Value of Financial Instruments

Fair value estimates are made at a specific point in time, based on relevant market information and other information about the financial instrument. These estimates do not reflect any premium or discount that could result from offering for sale, at one time, the entire holdings of a particular financial instrument. Because no market exists for a portion of the financial instruments, fair value estimates are also based on judgments regarding estimated cash flows, current economic conditions, risk characteristics of various financial instruments, and other factors. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Management employs independent third-party pricing services to provide fair value estimates for the Company's investment securities available for sale and held to maturity. Fair values for investment securities and certain derivative financial instruments are typically the prices supplied by a third-party pricing service or an unrelated counterparty, which utilize quoted market prices, broker/dealer quotations for identical or similar securities, and/or inputs that are observable in the market, either directly or indirectly, for substantially similar securities. Level 1 securities are typically exchange quoted prices. Level 2 securities are typically matrix priced by a third-party pricing service to calculate the fair value. Such fair value measurements consider observable data, such as relevant broker/dealer quotes, market spreads, cash flows, yield curves, live trading levels, trade execution data, market consensus prepayments speeds, credit information, and the respective terms and conditions for debt instruments. Level 3 instruments' value is determined using pricing models, discounted cash flow models and similar techniques, and may also include the use of market prices of assets or liabilities that are not directly comparable to the subject asset or liability. These methods of valuation may result in a significant portion of the fair value being derived from unobservable assumptions that reflect the Company's own estimates for assumptions that market participants would use in pricing the asset or liability.

Management uses various validation procedures to validate the prices received from pricing services and quotations received from dealers are reasonable for each relevant financial instrument, including reference to relevant broker/dealer quotes or other market quotes and a review of valuations and trade activity of comparable securities. Consideration is given to the nature of the quotes (e.g., indicative or firm) and the relationship of recently evidenced market activity to the prices provided by the third-party pricing service.

Understanding the third-party pricing service's valuation methods, assumptions and inputs used by the firm is an important part of the process of determining that reasonable and reliable fair values are being obtained. Management evaluates quantitative and qualitative information provided by the third-party pricing services to assess whether they continue to exhibit the high level of expertise and internal controls that management relies upon.

Fair value estimates are based on existing financial instruments on the consolidated balance sheets, without attempting to estimate the value of anticipated future business and the value of assets and liabilities that are not considered financial instruments. Significant assets and liabilities that are not considered financial instruments include deferred income taxes, premises and equipment, goodwill and other intangible assets. In addition, the income tax ramifications related to the realization of the unrealized gains and losses on available for sale investment securities can have a significant effect on fair value estimates and have not been considered in any of the estimates.

For further information about fair value measurements refer to Note 19.

Recently Adopted Accounting Pronouncements

In July 2013, the FASB issued ASU No. 2013-11 Income Taxes (Topic 740), "Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists". This ASU provides guidance on financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. Income tax accounting guidance did not explicitly address how to present unrecognized tax benefits when a company also has net operating losses or tax credit carryforwards. Previously, most companies presented these unrecognized benefits as a liability (i.e., gross presentation), but some presented the liability as a reduction of their net operating losses or tax credit carryforwards (i.e., net presentation). To address this diversity in practice, the FASB issued ASU 2013-11, requiring unrecognized tax benefits to be offset against a deferred tax asset for a net operating loss carryforward, similar tax loss, or tax credit carryforward except when either (1) a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available as of the reporting date under the governing tax law to settle taxes that would result from the disallowance of the tax position, or (2) the entity does not intend to use the deferred tax asset for this purpose (provided that the tax law permits a choice). If either of these conditions exists, an entity should present an unrecognized tax benefit in the financial statements as a liability and should not net the unrecognized tax benefit with a deferred tax asset. The Company adopted the provisions of ASU 2013-11 effective January 1, 2015 and this adoption did not have an impact on its consolidated balance sheets.

In January 2014, the FASB issued ASU No. 2014-01, "Investments-Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Qualified Affordable Housing Projects," ASU 2014-01, which enables companies that invest in affordable housing projects that qualify for the low-income housing tax credit ("LIHTC") to elect to use the proportional amortization method if certain conditions are met. Under the proportional amortization method, the initial investment cost of the project is amortized in proportion to the amount of tax credits and benefits received, with the results of the investment presented on a net basis as a component of income tax expense (benefit). The Company adopted ASU 2014-01 on January 1, 2015 and the adoption did not have a material effect on the consolidated financial statements of the Company.

In January 2014, the FASB issued ASU No. 2014-04, “Receivables –Troubled Debt Restructurings by Creditors (Subtopic 310-40): Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans upon Foreclosure,” (ASU 2014-04), which clarifies when an in-substance foreclosure or repossession of residential real estate property occurs, requiring a creditor to reclassify the loan to other real estate. According to ASU 2014-04, a consumer mortgage loan should be reclassified to other real estate either upon the creditor obtaining legal title to the real estate collateral or when the borrower voluntarily conveys all interest in the real estate property to the creditor through a deed in lieu of foreclosure or similar legal agreement. ASU 2014-04 also clarifies that a creditor should not delay reclassification when a borrower has a legal right of redemption. The Company adopted the provisions of ASU 2014-04 on January 1, 2015 and the adoption did not have a material effect on the on the consolidated financial statements of the Company.

In August 2014, the FASB issued ASU 2014-14, “Classification of Certain Government-Guaranteed Mortgage Loans upon Foreclosure” (Subtopic 310-40) to give greater consistency in the classification of government-guaranteed loans upon foreclosure. ASU 2014-14 applies to all loans that contain a government guarantee that is not separable from the loan or for which the creditor has both the intent and ability to recover a fixed amount under the guarantee by conveying the property to the guarantor. Upon foreclosure, the creditor should reclassify the mortgage loan to another receivable that is separate from loans and should measure the receivable at the amount of the loan balance expected to be recovered from the guarantor. ASU 2014-14 was effective for the Company for interim and annual periods beginning after December 15, 2014. The adoption of ASC 2014-14 on January 1, 2015 did not have a material effect on the on the consolidated financial statements of the Company.

In April 2015, the FASB issued ASU 2015-03, *Interest—Imputation of Interest*, to simplify presentation of debt issuance costs by requiring that debt issuance costs related to a recognized debt liability be presented in the balance sheets as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The amendments in this update are effective for public business entities for fiscal years beginning after December 15, 2015, and interim periods within those fiscal periods. Early adoption of the amendments in this update is permitted for financial statements that have not been previously issued. We adopted ASU 2015-03 as of December 31, 2015. The adoption of this new accounting guidance resulted in a reclassification of deferred financing costs from “Other assets” to “Senior debt” and “Subordinated debt” on our consolidated balance sheets for the current and all prior periods. There was no impact on our consolidated statements of income or consolidated statements of cash flows.

Pending Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, “Revenue from Contracts with Customers (Topic 606),” (ASU 2014-09), which is intended to improve and converge the financial reporting requirements for revenue contracts with customers. Previous accounting guidance comprised broad revenue recognition concepts along with numerous industry-specific requirements. The new guidance establishes a five-step model which entities must follow to recognize revenue and removes inconsistencies and weaknesses in existing guidance. The banking industry does not expect significant changes because major sources of revenue are from financial instruments that have been excluded from the scope of the new standard, (including loans, derivatives, debt and equity securities, etc.). However, the new standard affects other fees charged by banks, such as asset management fees, credit card interchange fees, deposit account fees, etc. Adoption may be made on a full retrospective basis with practical expedients, or on a modified retrospective basis with a cumulative effect adjustment. Early adoption will be permitted as of the original effective date in ASU 2014-09, which is annual reporting periods beginning after December 15, 2017, including interim reporting periods within those annual reporting periods. ASU 2014-09 is effective for annual and interim periods beginning after December 15, 2017, and must be retrospectively applied. Entities will have the option of presenting prior periods as impacted by the new guidance or presenting the cumulative effect of initial application along with supplementary disclosures. The Company is currently evaluating the impact of adopting ASU 2014-09, including the transition method.

In June 2014, the FASB issued ASU No. 2014-12, “Compensation-Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period,” (ASU 2014-12). The new guidance requires that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. ASU 2014-12 is effective for annual and interim periods beginning after December 15, 2015, with early adoption permitted. The Company does not expect this guidance will have a material effect on the Company’s consolidated balance sheets and consolidated statements of income.

In February 2015, the FASB issued ASU 2015-02, “Amendments to the Consolidation Analysis” ASU 2015-02 to modify the analysis that companies must perform in order to determine whether a legal entity should be consolidated. ASU 2015-02 simplifies current consolidation rules by reducing the number of consolidation models; placing more emphasis on risk of loss when determining a controlling financial interest; reducing the frequency of the application of related-party guidance when determining a controlling financial interest in a variable interest entity (“VIE”); and changing consolidation conclusions for public and private companies in several industries that typically make use of limited partnerships or VIEs. ASU 2015-02 will be effective for annual reporting periods beginning after December 15, 2015. Early application is permitted. The Company is currently evaluating the impact of adopting ASU 2015-02.

In January 2016, the FASB issued ASU 2016-01, "Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities". ASU 2016-1, among other things, (i) requires equity investments, with certain exceptions, to be measured at fair value with changes in fair value recognized in net income, (ii) simplifies the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment, (iii) eliminates the requirement for public business entities to disclose the methods and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost on the balance sheets, (iv) requires public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes, (v) requires an entity to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk when the entity has elected to measure the liability at fair value in accordance with the fair value option for financial instruments, (vi) requires separate presentation of financial assets and financial liabilities by measurement category and form of financial asset on the balance sheets or the accompanying notes to the financial statements and (viii) clarifies that an entity should evaluate the need for a valuation allowance on a deferred tax asset related to available-for-sale. ASU 2016-01 will be effective for fiscal years and interim periods beginning after December 15, 2017. Early adoption is permitted for the own credit provision. The Company does not expect this guidance will have a material effect on the Company's consolidated balance sheets and consolidated statements of income.

In February 2016, the FASB issued ASU 2016-02, "Leases". This ASU requires lessees to recognize lease assets and lease liabilities generated by contracts longer than a year on their balance sheets. The ASU also requires companies to disclose in the footnotes to their financial statements information about the amount, timing, and uncertainty for the payments they make for the lease agreements. ASU 2016-02 will be effective for annual periods and interim periods within those annual periods beginning after December 31, 2018. The Company is evaluating the effect of adopting this new accounting guidance.

Note 2—Securities

A summary of amortized cost and estimated fair value of securities available-for-sale and securities held-to-maturity at December 31, 2015 and 2014 is as follows:

(In thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
December 31, 2015				
Securities available-for-sale:				
Obligations of U.S. government agencies	$ 89,983	$ 919	$ 109	$ 90,793
Mortgage-backed securities (MBS)				
U.S. Agency MBS—Residential pass-through:				
Guaranteed by GNMA	278,560	2,457	827	280,190
Issued by FNMA and FHLMC	120,597	2,045	935	121,707
U.S. Agency MBS—collateral mortgage obligations	100,838	738	1,190	100,386
Total MBS	499,995	5,240	2,952	502,283
Obligations of states and municipal subdivisions	119,295	3,212	187	122,320
Other securities	5,454	54	94	5,414
Total securities available-for-sale	$ 714,727	$ 9,425	$ 3,342	$ 720,810
Securities held-to-maturity:				
Obligations of states and municipal subdivisions	$ 550	$ 44	$ —	$ 594

(In thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
December 31, 2014				
Securities available-for-sale:				
Obligations of U.S. government agencies	$ 27,087	$ 1,140	$ —	$ 28,227
Mortgage-backed securities (MBS)				
U.S. Agency MBS—Residential pass-through:				
Guaranteed by GNMA	263,335	4,824	215	267,944
Issued by FNMA and FHLMC	116,788	3,421	379	119,830
U.S. Agency MBS—collateral mortgage obligations	111,900	1,737	1,222	112,415
Total MBS	492,023	9,982	1,816	500,189
Obligations of states and municipal subdivisions	17,412	1,196	—	18,608
Other securities	5,346	27	—	5,373
Total securities available-for-sale	$ 541,868	$ 12,345	$ 1,816	$ 552,397
Securities held-to-maturity:				
Obligations of states and municipal subdivisions	$ 670	$ 47	$ —	$ 717

The scheduled contractual maturities of securities available-for-sale and securities held-to-maturity at December 31, 2015 were as follows:

	Available-for-Sale		Held-to-Maturity	
(In thousands)	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Due in one year or less	$ —	$ —	$ —	$ —
Due after one year through five years	11,893	12,240	550	594
Due after five years through ten years	10,939	11,308	—	—
Due after ten years	186,446	189,565	—	—
Mortgage-backed securities and other securities	505,449	507,697	—	—
Total	$ 714,727	$ 720,810	$ 550	$ 594

Proceeds from sales, gross gains, and gross losses on sales of securities available for sale for the year ended December 31, 2015 and 2014 are presented below. There were no other-than-temporary impairment charges included in gross realized losses for the years ended December 31, 2015 and 2014. The specific identification method is used to reclassify gains and losses out of other comprehensive income at the time of sale.

	For the Year Ended December 31,	
(In thousands)	2015	2014
Proceeds from the sale of securities available for sale	$ 188,755	$ 94,740
Gross realized gains	1,444	677
Gross realized losses	(273)	(18)
Realized gains on sale of securities available for sale, net	1,171	659

Securities with a carrying value of $368.3 million and $304.5 million at December 31, 2015 and 2014, respectively, were pledged to secure public and trust deposits, FHLB borrowings, repurchase agreements and for other purposes as required or permitted by law.

The details concerning securities classified as available-for-sale with unrealized losses as of December 31, 2015 and 2014 was as follows:

	Losses < 12 Months		Losses > 12 Months	
(In thousands)	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
December 31, 2015				
Obligations of U.S. government agencies	$ 7,850	$ 109	$ —	$ —
Mortgage-backed securities	199,548	1,520	39,624	1,432
Obligations of state and municipal subdivision	12,656	187	—	—
Other securities	—	—	4,190	94
Total	$ 220,054	$ 1,816	$ 43,814	$ 1,526
December 31, 2014				
Mortgage-backed securities	$ 7,196	$ 22	$ 64,728	$ 1,794

There were no securities classified as held-to-maturity with unrealized losses as of December 31, 2015 and 2014.

As of December 31, 2015 and 2014, approximately 37% and 13%, respectively of the fair value of securities in the investment portfolio reflected an unrealized loss. As of December 31, 2015, there were 14 securities that had been in a loss position for more than twelve months, and 46 securities that had been in a loss position for less than 12 months. None of the unrealized losses relate to the marketability of the securities or the issuer's ability to honor redemption of the obligations. The Company has adequate liquidity and, therefore, does not plan to sell and, more likely than not, will not be required to sell these securities before recovery of the indicated impairment. Accordingly, the unrealized losses on these securities have been determined to be temporary.

FHLB and FRB Stock

The Company, through its banking subsidiary, has stock in the Federal Home Loan Bank ("FHLB") and Federal Reserve Bank ("FRB") stock totaling $56.4 million and $37.3 million (its par value) as of December 31, 2015 and December 31, 2014, respectively, which is presented separately on the consolidated balance sheets. These investments do not have readily determinable fair values and no quoted market prices, as ownership is restricted to member institutions and all transactions take place at par value with the FHLB or FRB as the only purchaser. Therefore, the Company accounts for these investments as long-term assets and carries them at cost. Management's determination as to whether this investment is impaired is based on management's assessment of the ultimate recoverability of its par value (cost) rather than recognizing temporary declines in its fair value. In order to become a member of the Federal Reserve System, regulations require that the Company hold a certain amount of FRB capital stock. Additionally, investment in FHLB stock is required for membership in the FHLB system and in relation to the level of FHLB outstanding borrowings.

Note 3—Loans and Allowance for Credit Losses

The following table presents total loans outstanding by portfolio segment and class of financing receivable as of December 31, 2015 and 2014. Outstanding balances also include Acquired Noncredit Impaired ("ANCI") loans, originated loans and Acquired Credit Impaired ("ACI") loans net of any remaining purchase accounting adjustments and all acquired loans covered under a loss sharing agreement with the FDIC. Information about ACI loans is presented separately in the "Acquired Credit-Impaired Loans" section of this Note.

	As of December 31, 2015			
(in thousands)	**ACI**	**ANCI**	**Originated**	**Total**
Commercial Real Estate				
Construction and land development	$ 4,581	$ 2,726	$ 72,224	$ 79,531
Other income producing	129,914	27,185	659,278	816,377
Total commercial real estate	134,495	29,911	731,502	895,908
Commercial and Industrial				
Energy sector	—	—	1,067,990	1,067,990
Restaurant industry	—	—	626,197	626,197
Healthcare	6,715	8,396	446,792	461,903
Services	—	14,398	1,191,856	1,206,254
Other(1)	55,278	40,922	1,080,894	1,177,094
Total commercial and industrial	61,993	63,716	4,413,729	4,539,438
Consumer				
Residential real estate	235,131	190,794	830,925	1,256,850
Other	2,525	5,947	84,821	93,293
Total consumer	237,656	196,741	915,746	1,350,143
Small Business Lending	—	11,295	140,047	151,342
Total (Gross of unearned discount and fees)	434,144	301,663	6,201,024	6,936,831
Unearned discount and fees	—	(5,752)	(14,559)	(20,311)
Total (Net of unearned discount and fees)	$ 434,144	$ 295,911	$ 6,186,465	$ 6,916,520
Covered by FDIC Loss Sharing Agreements(2)	$ 147,236	$ 41,916	$ —	$ 189,152

(in thousands)	As of December 31, 2014 ACI	ANCI	Originated	Total
Commercial Real Estate				
Construction and land development	$ 24,357	$ 4,723	$ 53,894	$ 82,974
Other income producing	210,724	52,661	554,213	817,598
Total commercial real estate	235,081	57,384	608,107	900,572
Commercial and Industrial				
Energy sector	—	9	1,088,682	1,088,691
Restaurant industry	—	—	513,368	513,368
Healthcare	6,873	9,561	376,297	392,731
Services	2,869	20,915	902,183	925,967
Other[(1)]	76,408	60,893	872,189	1,009,490
Total commercial and industrial	86,150	91,378	3,752,719	3,930,247
Consumer				
Residential real estate	306,232	273,222	587,354	1,166,808
Other	4,188	12,705	81,438	98,331
Total consumer	310,420	285,927	668,792	1,265,139
Small Business Lending	—	14,003	106,475	120,478
Total (Gross of unearned discount and fees)	631,651	448,692	5,136,093	6,216,436
Unearned discount and fees	—	(7,777)	(15,866)	(23,643)
Total (Net of unearned discount and fees)	$ 631,651	$ 440,915	$ 5,120,227	$ 6,192,793
Covered by FDIC Loss Sharing Agreements[(2)]	$ 278,245	$ 51,375	$ —	$ 329,620

(1) This category for ACI loans includes all pooled commercial and industrial loans which may contain certain energy, restaurant, healthcare or services loan types.

(2) As of December 31, 2012, the Company had submitted claims in excess of the first threshold of $347 million and had been reimbursed the 80% of the covered losses by the FDIC up to this initial threshold. Subsequent claims between $347 million and $504 million are not reimbursable under the loss share agreement. On January 5, 2016, a settlement agreement was finalized with the FDIC to end the loss share agreement at a nominal cost and the Company had no FDIC indemnification asset recorded as of December 31, 2015. The FDIC indemnification asset was $1.4 million as of December 31, 2014.

Allowance for Credit Losses ("ACL")

The ACL is management's estimate of credit losses inherent in the loan portfolio at the balance sheet date. The Company has an established process to determine the adequacy of the ACL that assesses the losses inherent in our portfolio (See Note 1). While management attributes portions of the ACL to specific portfolio segments, the entire ACL is available to absorb credit losses inherent in the total loan portfolio.

The ACL process involves procedures that appropriately consider the unique risk characteristics of the loan portfolio segments based on management's assessment of the underlying risks and cash flows. For each portfolio segment, losses are estimated collectively for groups of loans with similar characteristics, individually for impaired loans or, for ACI loans, based on the changes in cash flows expected to be collected on a pool or individual basis.

The level of the ACL is influenced by loan volumes, risk rating migration, historic loss experience influencing loss factors, and other conditions influencing loss expectations, such as economic conditions. The primary indicator of credit quality for the portfolio segments is its internal risk ratings. The assignment of loan risk ratings is the primary responsibility of the lending officer and is subject to independent review by internal credit review, which also performs ongoing, independent review of the risk management process. The risk management process includes underwriting, documentation and collateral control. Credit review is centralized and independent of the lending function. The credit review results are reported to senior management and the Board of Directors.

The following is a summary description of the risk ratings and a table summarizing the amount of loans by risk rating in each loan portfolio segment:

- *Pass*. Loans within this risk rating are further categorized as follows:
  - *Virtually Risk Free*—Well-collateralized by cash equivalent instruments held by the Bank or supported by an abundance of repayment sources including liquidity currently sufficient to retire the loan.

    - *Exceptional*—Exceptional credits possess very low risk of loss. These loans are generally cash secured or are supported by larger corporate borrowers (with sufficient financial resources to qualify for an upper level investment rating from S&P or Moody's).
    - *Superior*—Superior credits possess a low risk of loss. Superior borrowers possess liquid financial statements supported by superior financial strength and stability, including superior cash flow generation ability and significant levels of liquid assets combined with low to moderate levels of leverage.
    - *Strong*—Strong credits possess excellent credit quality supported by excellent, diverse sources of repayment including strong (full cycle) cash flow, persistently excellent liquidity and other assets comprising a strong net worth position that can be converted into liquid assets within the next twelve months.
    - *Above Average*—Above average credits are desirable because of their above average credit quality, and are supported by comfortable (full cycle) cash flow coverage, meaningful (currently existing) financial liquidity and moderate financial leverage maintained by financially sound borrowers.
    - *Good*—Good credits possess a minor weakness that causes them to possess slightly lower than average credit quality even though they also possess attributes (one or more strengths that can be built on) that make them preferable to satisfactory loans.
    - *Satisfactory*—Satisfactory credits generally meet the minimum requirements for an acceptable loan in a broad sense but their overall risk profile causes their credit quality to fall within the bottom quartile of all newly approved loans.
    - *Pass Watch*—A "watch" credit is a pass loan for which an additional policy exception may have arisen subsequent to its booking or has been previously extended to a borrower and now shows signs of weakness in the overall base of financial resources available to repay the loan. However, demonstrated mitigating factors exist that contribute to the reduction of the risk of delinquency or loss.
- *Special Mention*—A "special mention" loan has identified potential weaknesses that are of sufficient materiality to require management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or in the Bank's credit position at some future date. Special mention assets contain greater than acceptable risk to warrant increases in credit exposure and are thus considered non-pass rated credits.
- *Substandard High*—A "substandard high" loan is inadequately protected by the current sound net worth and paying capacity of the obligor or the collateral pledged, if any. Loans classified as substandard high possess well-defined weaknesses that are expected to jeopardize their liquidation but the weaknesses have not progressed to a point where payments on the loan have become consistently late or where repayment is not expected to be protracted relative to contractual terms. Loans in this category are generally in accrual status.
- *Substandard Low*—A "substandard low" loan is inadequately protected by the current sound net worth and paying capacity of the obligor or the collateral pledged, if any. Loans classified as substandard low possess well-defined weaknesses that are expected to jeopardize their liquidation and have progressed to a point where payments on the loan have become consistently late or possess other significant delays for orderly repayment. Loans in this category generally are in nonaccrual status.
- *Doubtful*—Loans classified as "doubtful" possess all of the weaknesses inherent in loans classified as substandard with the added characteristic that the weaknesses make collection or liquidation in full highly questionable or improbable based on currently existing facts, conditions and values. Loans rated as doubtful are not rated as loss because certain events may occur that could salvage the debt. Loans in this category are required to be on nonaccrual.
- *Loss*—Loans classified "loss" are considered uncollectable and of such little value that their continuance as bankable assets is not warranted. This classification does not mean that the asset has absolutely no recovery or salvage value, but rather that it is not practical or desirable to defer writing off this worthless loan even though partial recovery may be affected in the future. Loans may reside in this classification for administrative purposes for a period not to exceed the earlier of thirty (30) days or calendar quarter-end.

A summary of the activity in the ACL for the years ended December 31, 2015 and 2014 is as follows:

(In thousands)	For the Year Ended December 31, 2015 Commercial Real Estate	Commercial and Industrial	Consumer	Small Business	Total
As of December 31, 2014	$ 7,050	$ 28,930	$ 15,552	$ 1,988	$ 53,520
Provision for loan losses:					
ACI loans	(966)	(1,536)	(3,398)	—	(5,900)
ANCI loans	193	31	17	144	385
Originated loans	1,791	36,860	1,969	879	41,499
Total provision	1,018	35,355	(1,412)	1,023	35,984
Charge-offs:					
ACI loans	123	9	26	—	158
ANCI loans	25	—	329	647	1,001
Originated loans	123	8,516	936	—	9,575
Total charge-offs	271	8,525	1,291	647	10,734
Recoveries:					
ACI loans	331	16	242	—	589
ANCI loans	8	48	141	9	206
Originated loans	—	—	218	—	218
Total recoveries	339	64	601	9	1,013
As of December 31, 2015	$ 8,136	$ 55,824	$ 13,450	$ 2,373	$ 79,783
ACL					
ACI loans collectively evaluated for impairment	$ 3,084	$ 2,062	$ 8,688	$ —	$ 13,834
ACI loans individually evaluated for impairment	—	168	332	—	500
ANCI loans collectively evaluated for impairment	227	425	65	285	1,002
ANCI loans individually evaluated for impairment	—	—	40	21	61
Originated loans collectively evaluated for impairment	4,825	48,666	4,325	2,067	59,883
Originated loans individually evaluated for impairment	—	4,503	—	—	4,503
ACL as of December 31, 2015	$ 8,136	$ 55,824	$ 13,450	$ 2,373	$ 79,783
Loans					
ACI loan pools collectively evaluated for impairment	$ 105,605	$ 41,175	$ 235,474	$ —	$ 382,254
ACI loans individually evaluated for impairment	28,890	20,818	2,182	—	51,890
ANCI loans collectively evaluated for impairment	29,911	63,716	195,307	10,836	299,770
ANCI loans individually evaluated for impairment	—	—	1,434	459	1,893
Originated loans collectively evaluated for impairment	731,502	4,339,618	915,442	140,047	6,126,609
Originated loans individually evaluated for impairment	—	74,111	304	—	74,415
Loans as of December 31, 2015	$ 895,908	$ 4,539,438	$ 1,350,143	$ 151,342	$ 6,936,831

(In thousands)	Commercial Real Estate	Commercial and Industrial	Consumer	Small Business	Total
	For the Year Ended December 31, 2014				
As of December 31, 2013	$ 12,307	$ 15,856	$ 15,459	$ 647	$ 44,269
Provision for loan losses:					
ACI loans	(2,901)	(1,931)	(1,191)	—	(6,023)
ANCI loans	(148)	(854)	1,838	830	1,666
Originated loans	679	15,557	1,450	789	18,475
Total provision	(2,370)	12,772	2,097	1,619	14,118
Charge-offs:					
ACI loans	4,668	—	385	—	5,053
ANCI loans	—	190	2,266	293	2,749
Originated loans	—	843	662	—	1,505
Total charge-offs	4,668	1,033	3,313	293	9,307
Recoveries:					
ACI loans	1,719	1,333	612	—	3,664
ANCI loans	62	2	388	15	467
Originated loans	—	—	309	—	309
Total recoveries	1,781	1,335	1,309	15	4,440
As of December 31, 2014	$ 7,050	$ 28,930	$ 15,552	$ 1,988	$ 53,520
ACL					
ACI loans collectively evaluated for impairment	$ 3,577	$ 2,528	$ 11,812	$ —	$ 17,917
ACI loans individually evaluated for impairment	266	1,229	391	—	1,886
ANCI loans collectively evaluated for impairment	51	348	259	205	863
ANCI loans individually evaluated for impairment	—	—	18	594	612
Originated loans collectively evaluated for impairment	3,156	21,685	3,065	1,189	29,095
Originated loans individually evaluated for impairment	—	3,140	7	—	3,147
ACL as of December 31, 2014	$ 7,050	$ 28,930	$ 15,552	$ 1,988	$ 53,520
Loans					
ACI loan pools collectively evaluated for impairment	$ 186,163	$ 57,982	$ 306,798	$ —	$ 550,943
ACI loans individually evaluated for impairment	48,918	28,168	3,622	—	80,708
ANCI loans collectively evaluated for impairment	57,384	91,378	284,772	12,761	446,295
ANCI loans individually evaluated for impairment	—	—	1,155	1,242	2,397
Originated loans collectively evaluated for impairment	608,105	3,746,549	668,691	106,475	5,129,820
Originated loans individually evaluated for impairment	2	6,170	101	—	6,273
Loans as of December 31, 2014	$ 900,572	$ 3,930,247	$ 1,265,139	$ 120,478	$ 6,216,436

Impaired Originated Loans and ANCI Loans Including Troubled-Debt-Restructurings ("TDRs")

The following includes certain key information about individually impaired ANCI and originated loans as of and for the years ended December 31, 2015 and 2014.

Originated Loans and ANCI Loans Identified as Impaired

	As of December 31, 2015				
(in thousands)	Recorded Investment in Impaired Loans [1]	Unpaid Principal Balance	Related Specific Allowance	Nonaccrual Loans Included in Impaired Loans	Undisbursed Commitments
With no related allowance for credit losses					
Commercial and Industrial					
Energy sector	$ 31,107	$ 37,175	$ —	$ 31,062	$ 10,253
Other	9,093	9,046	—	630	3,727
Total commercial and industrial	40,200	46,221	—	31,692	13,980
Consumer					
Residential real estate	758	761	—	84	—
Other	306	304	—	—	—
Total consumer	1,064	1,065	—	84	—
Total	$ 41,264	$ 47,286	$ —	$ 31,776	$ 13,980
With allowance for credit losses recorded					
Commercial and Industrial					
Energy sector	$ 26,952	$ 30,097	$ 4,379	$ 16,653	$ 9,215
Services	1,027	1,027	—	—	—
Other	6,202	6,202	124	6,202	10,071
Total commercial and industrial	34,181	37,326	4,503	22,855	19,286
Consumer					
Residential real estate	680	678	40	—	—
Total consumer	680	678	40	—	—
Small Business Lending	459	1,063	21	459	—
Total	$ 35,320	$ 39,067	$ 4,564	$ 23,314	$ 19,286

(1) The recorded investment of a loan also includes any interest receivable, net unearned discount or fees, and unamortized premium or discount.

Originated Loans and ANCI Loans Identified as Impaired

(in thousands)	Recorded Investment in Impaired Loans (1)	Unpaid Principal Balance	Related Specific Allowance	Nonaccrual Loans Included in Impaired Loans	Undisbursed Commitments
	As of December 31, 2014				
With no related allowance for credit losses					
Commercial and Industrial					
Energy sector	$ 1,131	$ 1,131	$ —	$ 1,131	$ —
Total commercial and industrial	1,131	1,131	—	1,131	—
Consumer					
Residential real estate	942	942	—	942	—
Total consumer	942	942	—	942	—
Total	$ 2,073	$ 2,073	$ —	$ 2,073	$ —
With allowance for credit losses recorded					
Commercial Real Estate					
Other income producing	$ 2	$ 2	$ 1	$ 2	$ —
Total commercial real estate	2	2	1	2	—
Commercial and Industrial					
Energy sector	5,038	5,038	3,140	5,038	—
Total commercial and industrial	5,038	5,038	3,140	5,038	—
Consumer					
Residential real estate	314	314	25	101	—
Total consumer	314	314	25	101	—
Small Business Lending	1,254	1,242	594	—	—
Total	$ 6,608	$ 6,596	$ 3,760	$ 5,141	$ —

(1) The recorded investment of a loan also includes any interest receivable, net unearned discount or fees, and unamortized premium or discount.

Average Recorded Investment in Impaired Originated Loans and ANCI Loans

(in thousands)	December 31, 2015 Originated	December 31, 2015 ANCI	December 31, 2014 Originated	December 31, 2014 ANCI
Commercial Real Estate				
Other income producing	$ —	$ —	$ 10	$ —
Total commercial real estate	—	—	10	—
Commercial and Industrial				
Energy sector	20,105	—	6,684	—
Services	708	—	—	—
Other	5,639	—	—	—
Total commercial and industrial	26,452	—	6,684	—
Consumer				
Residential real estate	39	1,528	101	1,162
Other	273	—	—	—
Total consumer	312	1,528	101	1,162
Small Business Lending	27	696	—	1,264
Total	$ 26,791	$ 2,224	$ 6,795	$ 2,426

Included in impaired loans are loans considered TDRs. The Company attempts to work with borrowers when necessary to extend or modify loan terms to better align with the borrower's ability to repay. Extensions and modifications to loans are made in accordance with internal policies and guidelines which conform to regulatory guidance. Each occurrence is unique to the borrower and is evaluated separately. The Bank considers regulatory guidelines when restructuring loans to ensure that prudent lending practices are followed. Qualifying criteria and payment terms are structured by the borrower's current and prospective ability to comply with the modified terms of the loan.

A modification is classified as a TDR if the borrower is experiencing financial difficulty and it is determined that the Company has granted a concession to the borrower. The Company may determine that a borrower is experiencing financial difficulty if the borrower is currently in default on any of its debt, or if it is probable that a borrower may default in the foreseeable future without the modification. Concessions could include reductions of interest rates, extension of the maturity date at a rate lower than current market rate for a new loan with similar risk, reduction of accrued interest, principal forgiveness, forbearance, or other concessions. The assessments of whether a borrower is experiencing or will likely experience financial difficulty and whether a concession has been granted is highly subjective in nature, and management's judgment is required when determining whether a modification is classified as a TDR. Current amendments to the accounting guidance preclude a creditor from using the effective interest rate test in the debtor's guidance on restructuring of payables (paragraph 470-60-55-10) when evaluating whether a restructuring constitutes a TDR.

All TDRs are reported as impaired. Impaired classification may be removed if the borrower demonstrates compliance with the modified terms and the restructuring agreement specifies an interest rate equal to that which would be provided to a borrower with similar credit at the time of restructuring. The majority of TDRs are classified as impaired loans for the remaining life of the loan. Nonperforming loans and impaired loans are defined differently. Some loans may be included in both categories, whereas other loans may only be included in one category.

ANCI Loans and Originated Loans that were modified into TDRs

	For the Year Ended December 31, 2015				For the Year Ended December 31, 2014			
	During the Period		Default[(1)] during the Period		During the Period		Default[(1)] during the Period	
(dollars in thousands)	Number of TDRs	Recorded Investment	Number of TDRs	Recorded Investment	Number of TDRs	Recorded Investment	Number of TDRs	Recorded Investment
Commercial and Industrial								
Energy sector	2	$ 16,619	—	$ —	1	$ 2,773	—	$ —
Services	1	1,027	—	—	—	—	—	—
Other	2	8,813	—	—	—	—	—	—
Total commercial and industrial	5	26,459	—	—	1	2,773	—	—
Consumer								
Residential real estate	5	273	—	—	7	1,256	1	101
Other	1	306	—	—	—	—	—	—
Total consumer	6	579	—	—	7	1,256	1	101
Small Business Lending	—	—	2	459	1	176	2	1,078
Total	11	$ 27,038	2	$ 459	9	$ 4,205	3	$ 1,179

(1) Default is defined as the earlier of the troubled debt restructuring being placed on non-accrual status or obtaining 90 day past due status with respect to principal and/or interest payments.

	For the Year Ended December 31, 2015		For the Year Ended December 31, 2014		
	Number of Loans Modified by:		Number of Loans Modified by:		
	Rate Concession	Modified Terms and/ or Other Concessions	Forbearance Agreement	Rate Concession	Modified Terms and/ or Other Concessions
Commercial and Industrial					
Energy sector	—	2	—	1	—
Services	—	1	—	—	—
Other	—	2	—	—	—
Total commercial and industrial	—	5	—	1	—
Consumer					
Residential real estate	5	—	5	1	1
Other	—	1	—	—	—
Total consumer	5	1	5	1	1
Small Business Lending	—	—	1	—	—
Total	5	6	6	2	1

Credit Exposure in the Originated Loan and ANCI Portfolios

The following provides information regarding the credit exposure by portfolio segment and class of receivable as of December 31, 2015 and 2014:

Commercial Real Estate credit exposure, based on internal risk rating:

	As of December 31, 2015		As of December 31, 2014	
(Recorded Investment in thousands)	Construction and Land Development	Other income producing	Construction and Land Development	Other income producing
Originated Loans				
Pass	$ 72,375	$ 660,489	$ 53,995	$ 555,101
Special mention	—	—	—	—
Substandard	—	84	—	22
Total originated loans	72,375	660,573	53,995	555,123
ANCI Loans				
Pass	2,391	27,242	4,119	52,770
Special mention	148	—	310	—
Substandard	191	—	298	—
Total ANCI loans	2,730	27,242	4,727	52,770
Total	$ 75,105	$ 687,815	$ 58,722	$ 607,893

Commercial and Industrial credit exposure, based on internal risk rating:

(Recorded Investment in thousands)	As of December 31, 2015 Energy	Restaurant	Healthcare	Services	Other
Originated Loans					
Pass	$ 724,011	$ 601,996	$ 442,117	$ 1,170,855	$ 1,050,363
Special mention	104,781	25,313	212	1,916	12,140
Substandard	241,032	—	5,097	21,600	21,105
Total originated loans	1,069,824	627,309	447,426	1,194,371	1,083,608
ANCI Loans					
Pass	—	—	8,389	13,291	39,942
Special Mention	—	—	—	—	500
Substandard	—	—	23	1,207	648
Total ANCI loans	—	—	8,412	14,498	41,090
Total	$ 1,069,824	$ 627,309	$ 455,838	$ 1,208,869	$ 1,124,698

(Recorded Investment in thousands)	As of December 31, 2014 Energy	Restaurant	Healthcare	Services	Other
Originated Loans					
Pass	$ 1,061,636	$ 500,713	$ 377,159	$ 904,316	$ 865,433
Special mention	9,467	13,372	—	—	991
Substandard	19,670	—	—	12	21
Total originated loans	1,090,773	514,085	377,159	904,328	866,445
ANCI Loans					
Pass	9	—	9,518	19,686	61,223
Special Mention	—	—	—	—	—
Substandard	—	—	62	1,285	71
Total ANCI loans	9	—	9,580	20,971	61,294
Total	$ 1,090,782	$ 514,085	$ 386,739	$ 925,299	$ 927,739

Consumer credit exposure, based on internal risk rating:

(Recorded Investment in thousands)	As of December 31, 2015 Residential Real Estate	Other	As of December 31, 2014 Residential Real Estate	Other
Originated Loans				
Pass	$ 830,883	$ 82,976	$ 586,678	$ 79,368
Special mention	1,921	1,146	1,232	731
Substandard	358	963	964	1,551
Total originated loans	833,162	85,085	588,874	81,650
ANCI Loans				
Pass	186,278	5,923	267,899	12,520
Special mention	2,197	39	2,131	57
Substandard	2,979	14	3,983	187
Total ANCI loans	191,454	5,976	274,013	12,764
Total	$ 1,024,616	$ 91,061	$ 862,887	$ 94,414

Small Business credit exposure, based on internal risk rating:

(Recorded Investment in thousands)	As of December 31, 2015	As of December 31, 2014
Originated Loans		
Pass	$ 138,306	$ 103,618
Special mention	1,310	2,259
Substandard	762	843
Total originated loans	140,378	106,720
ANCI Loans		
Pass	10,368	11,782
Special mention	8	397
Substandard	945	1,824
Total ANCI loans	11,321	14,003
Total	$ 151,699	$ 120,723

The following provides an aging of past due originated and ANCI loans by portfolio segment and class of receivable as of December 31, 2015 and 2014:

Aging of Past due Originated Loans and ANCI Loans

	As of December 31, 2015						
	Accruing Loans			Non-Accruing Loans			
(Recorded Investment in thousands)	30-59 DPD	60-89 DPD	90+DPD	0-29 DPD	30-59 DPD	60-89 DPD	90+DPD
Originated Loans							
Commercial Real Estate							
Construction and land development	$ 8	$ —	$ —	$ —	$ —	$ —	$ —
Other income producing	—	—	—	—	—	—	66
Total commercial real estate	8	—	—	—	—	—	66
Commercial and Industrial							
Energy sector	—	—	—	44,256	3,503	—	—
Healthcare	—	—	300	—	—	—	—
Services	12,947	—	—	—	—	—	—
Other	—	—	—	6,203	—	—	1,012
Total commercial and industrial	12,947	—	300	50,459	3,503	—	1,012
Consumer							
Residential real estate	598	423	67	—	—	—	108
Other	94	20	11	—	—	—	—
Total consumer	692	443	78	—	—	—	108
Small Business Lending	225	45	—	11	—	—	79
Total	$ 13,872	$ 488	$ 378	$ 50,470	$ 3,503	$ —	$ 1,265
ANCI Loans							
Commercial Real Estate							
Construction and land development	$ —	$ —	$ 148	$ —	$ —	$ —	$ —
Commercial and Industrial							
Healthcare	23	—	—	—	—	—	—
Services	47	—	—	—	—	—	—
Other	—	33	—	50	—	—	—
Total commercial and industrial	70	33	—	50	—	—	—
Consumer							
Residential real estate	1,079	307	919	539	411	90	1,688
Other	20	1	1	—	9	—	—
Total consumer	1,099	308	920	539	420	90	1,688
Small Business Lending	113	417	—	523	—	70	151
Total	$ 1,282	$ 758	$ 1,068	$ 1,112	$ 420	$ 160	$ 1,839

(Recorded Investment in thousands)	As of December 31, 2014						
	Accruing Loans			Non-Accruing Loans			
	30-59 DPD	60-89 DPD	90+DPD	0-29 DPD	30-59 DPD	60-89 DPD	90+DPD
Originated Loans							
Commercial Real Estate							
Construction and land development	$ —	$ 56	$ —	$ —	$ —	$ —	$ —
Other income producing	—	26	—	2	—	—	—
Total commercial real estate	—	82	—	2	—	—	—
Commercial and Industrial							
Energy sector	—	—	—	6,170	—	—	—
Restaurant industry	1	—	—	—	—	—	—
Services	1,843	—	—	—	—	—	12
Other	—	68	—	—	—	—	—
Total commercial and industrial	1,844	68	—	6,170	—	—	12
Consumer							
Residential real estate	747	170	324	—	—	—	140
Other	141	62	—	31	—	—	3
Total consumer	888	232	324	31	—	—	143
Small Business Lending	221	33	—	16	—	—	94
Total	$ 2,953	$ 415	$ 324	$ 6,219	$ —	$ —	$ 249
ANCI Loans							
Commercial Real Estate							
Construction and land development	$ —	$ —	$ 43	$ —	$ —	$ —	$ 25
Commercial and Industrial							
Services	—	44	—	—	—	—	—
Other	—	—	—	70	—	—	—
Total commercial and industrial	—	44	—	70	—	—	—
Consumer							
Residential real estate	1,851	289	162	1,550	460	98	1,636
Other	3	150	—	10	—	—	—
Total consumer	1,854	439	162	1,560	460	98	1,636
Small Business Lending	268	66	—	152	—	—	182
Total	$ 2,122	$ 549	$ 205	$ 1,782	$ 460	$ 98	$ 1,843

Acquired Credit Impaired ("ACI") Loans

The excess of cash flows expected to be collected over the carrying value of ACI loans is referred to as the accretable yield and is recognized in interest income using an effective yield method over the remaining life of the loan, or pools of loans. The accretable yield is affected by:

- Changes in interest rate indices for variable rate ACI loans—Expected future cash flows are based on the variable rates in effect at the time of the regular evaluations of cash flows expected to be collected;
- Changes in prepayment assumptions—Prepayments affect the estimated life of ACI loans which may change the amount of interest income, and possibly principal, expected to be collected; and
- Changes in the expected principal and interest payments over the estimated life—Updates to expected cash flows are driven by the credit outlook and actions taken with borrowers.

Changes in the amount of accretable discount for ACI loans for the years ended December 31, 2015 and 2014 were as follows:

Changes in Accretable Yield on ACI Loans

(In thousands)	For the Years Ended December 31, 2015	2014
Balance at beginning of year	$ 163,631	$ 242,966
Maturities/payoff	(24,196)	(25,882)
Charge-offs	(183)	(1,054)
Foreclosure	(1,290)	(3,923)
Accretion	(46,042)	(66,801)
Reclass from nonaccretable difference	30,871	18,325
Balance at end of period	$ 122,791	$ 163,631

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(In thousands)	As of December 31, 2015	2014
Contractually required principal and interest due at end of year for all ACI portfolios	$ 819,150	$ 1,116,667

Impaired ACI Loans and Pools Including TDRs

The following includes certain key information about individually impaired ACI loans and pooled ACI loans as of and for the years ended December 31, 2015 and 2014.

ACI Loans / Pools Identified as Impaired

	As of December 31, 2015				
	ACI Loans / Pools Identified as Impaired				
(in thousands)	Recorded Investment in Impaired Loans[(1)]	Unpaid Principal Balance	Related Specific Allowance	Nonaccrual Loans Included in Impaired Loans	Undisbursed Commitments
Commercial Real Estate					
Construction and land development	$ 6,779	$ 32,361	$ 1,201	$ 225	$ 609
Other income producing	49,858	66,632	1,883	2,631	2,075
Total commercial real estate	56,637	98,993	3,084	2,856	2,684
Commercial and Industrial					
Healthcare	6,054	6,222	589	—	—
Other	20,179	31,551	1,641	8,210	345
Total commercial and industrial	26,233	37,773	2,230	8,210	345
Consumer					
Residential real estate	207,641	227,511	8,492	—	11
Other	3,041	4,269	528	—	49
Total consumer	210,682	231,780	9,020	—	60
Total	$ 293,552	$ 368,546	$ 14,334	$ 11,066	$ 3,089

(1) The recorded investment of a loan also includes any interest receivable, net unearned discount or fees, and unamortized premium or discount.

(in thousands)	Recorded Investment in Impaired Loans[(1)]	Unpaid Principal Balance	Related Specific Allowance	Nonaccrual Loans Included in Impaired Loans	Undisbursed Commitments
	As of December 31, 2014				
	ACI Loans / Pools Identified as Impaired				
Commercial Real Estate					
Construction and land development	$ 5,533	$ 5,839	$ 1,454	$ 2,304	$ —
Other income producing	192,134	226,602	1,987	3,202	15
Total commercial real estate	197,667	232,441	3,441	5,506	15
Commercial and Industrial					
Healthcare	6,240	6,873	705	—	—
Other	22,473	27,474	3,433	8,210	301
Total commercial and industrial	28,713	34,347	4,138	8,210	301
Consumer					
Residential real estate	250,254	248,829	11,531	—	112
Other	4,724	5,216	695	—	6
Total consumer	254,978	254,045	12,226	—	118
Total	$ 481,358	$ 520,833	$ 19,805	$ 13,716	$ 434

(1) The recorded investment of a loan also includes any interest receivable, net unearned discount or fees, and unamortized premium or discount.

ACI Loans that Were Modified into TDRs

(dollars in thousands)	Loans Modified in TDRs During the Period: Number of TDRs	Loans Modified in TDRs During the Period: Recorded Investment	TDRs Experiencing Payment Default[(1)] during the Period: Number of TDRs	TDRs Experiencing Payment Default[(1)] during the Period: Recorded Investment
	For the Year Ended December 31, 2015			
Commercial Real Estate				
Other income producing	1	$ 625	—	$ —
Total commercial real estate	1	625	—	—
Total	1	$ 625	—	$ —

(1) Default is defined as the earlier of the troubled debt restructuring being placed on non-accrual status or obtaining 90 day past due status with respect to principal and/or interest payments.

(dollars in thousands)	Loans Modified in TDRs During the Period: Number of TDRs	Loans Modified in TDRs During the Period: Recorded Investment	TDRs Experiencing Payment Default[(1)] during the Period: Number of TDRs	TDRs Experiencing Payment Default[(1)] during the Period: Recorded Investment
	For the Year Ended December 31, 2014			
Commercial Real Estate				
Construction and land development	1	$ 1,854	—	$ —
Total commercial real estate	1	1,854	—	—
Total	1	$ 1,854	—	$ —

(1) Default is defined as the earlier of the troubled debt restructuring being placed on non-accrual status or obtaining 90 day past due status with respect to principal and/or interest payments.

Credit Exposure in the ACI Portfolio

The following provides information regarding the credit exposure by portfolio segment and class of receivable as of December 31, 2015 and 2014:

ACI Loans by Risk Rating / Delinquency Stratification

Commercial Real Estate credit exposure on ACI loans, based on internal risk rating:

(Recorded Investment in thousands)	As of December 31, 2015 Construction and land development	As of December 31, 2015 Other income producing	As of December 31, 2014 Construction and land development	As of December 31, 2014 Other income producing
Pass	$ 8,658	$ 101,297	$ 23,107	$ 149,457
Special mention	1,171	2,699	2,137	7,373
Substandard	4,163	29,129	13,345	57,795
Doubtful	—	—	—	287
Total	$ 13,992	$ 133,125	$ 38,589	$ 214,912

Commercial and Industrial credit exposure on ACI loans, based on internal risk rating:

(Recorded Investment in thousands)	As of December 31, 2015 Healthcare	Services	Other
Pass	$ 6,054	$ —	$ 40,087
Special mention	—	—	2,004
Substandard	—	—	15,726
Doubtful	—	—	29
Total	$ 6,054	$ —	$ 57,846

(Recorded Investment in thousands)	As of December 31, 2014 Healthcare	Services	Other
Pass	$ 6,420	$ 4,585	$ 54,985
Special mention	—	—	2,556
Substandard	—	—	22,916
Doubtful	—	—	268
Total	$ 6,420	$ 4,585	$ 80,725

Consumer credit exposure, based on internal risk rating:

(Recorded Investment in thousands)	As of December 31, 2015 Residential Real Estate	As of December 31, 2015 Other	As of December 31, 2014 Residential Real Estate	As of December 31, 2014 Other
Pass	$ 206,193	$ 2,519	$ 257,610	$ 3,703
Special mention	1,162	16	2,053	80
Substandard	33,209	478	50,895	923
Total	$ 240,564	$ 3,013	$ 310,558	$ 4,706

Consumer credit exposure on ACI loans, based on past due status:

(Recorded Investment in thousands)	As of December 31, 2015 Residential Real Estate	As of December 31, 2015 Other	As of December 31, 2014 Residential Real Estate	As of December 31, 2014 Other
0 – 29 Days Past Due	$ 218,317	$ 2,583	$ 273,765	$ 3,820
30 – 59 Days Past Due	3,957	127	5,100	369
60 – 89 Days Past Due	2,561	59	2,003	5
90 – 119 Days Past Due	650	1	2,632	70
120 + Days Past Due	15,079	243	27,058	442
Total	$ 240,564	$ 3,013	$ 310,558	$ 4,706

Note 4—Premises and Equipment

Premises and equipment are stated at cost, less accumulated depreciation and amortization, as follows:

(In thousands)	Estimated Useful Life in Years	December 31, 2015	December 31, 2014
Premises:			
Land	—	$ 16,875	$ 19,294
Buildings, construction and improvements [1]	2-40	51,084	49,210
		67,959	68,504
Equipment	3-10	30,798	27,300
		98,757	95,804
Less: Accumulated depreciation and amortization		(28,362)	(23,699)
Total premises		$ 70,395	$ 72,105

(1) Leasehold improvements are depreciated over the lesser of the estimated useful life or the lease term.

The amount charged to operating expenses for depreciation was approximately $7.2 million and $9.0 million for 2015 and 2014, respectively.

The Company leases various premises and equipment under operating leases. The leases have varying terms, with most containing renewal or first-right-of-refusal options for multi-year periods and annual increases in base rates. The following is a schedule by year of future minimum lease payments under operating leases, as of December 31, 2015:

Year	Property	Equipment	Total
(In thousands)			
2016	$ 9,560	$ 253	$ 9,813
2017	9,278	158	9,436
2018	8,977	90	9,067
2019	8,417	2	8,419
2020	7,300	-	7,300
Thereafter	19,811	-	19,811
Total minimum lease payments	$ 63,343	$ 503	$ 63,846

Rental expense for premises and equipment, net of rental income, for the years ended December 31, 2015 and 2014, was approximately $13.4 million and $14.0 million, respectively. The major portion of equipment rental expense is related to office equipment and is paid on a month-to-month basis.

Note 5—Goodwill and Other Intangible Assets

The following table summarizes the Company's goodwill and other intangible assets at December 31, 2015 and 2014:

(In thousands)	December 31, 2015	December 31, 2014
Goodwill	$ 317,817	$ 317,817
Core deposit intangible, net of accumulated amortization of $31,573 and $26,326 respectively	8,113	13,360
Customer lists, net of accumulated amortization of $13,431 and $10,267, respectively	13,269	16,433
Non-compete agreements	-	17
Trademarks	24	24
Total goodwill and intangible assets	$ 339,223	$ 347,651

The amortization expense relating to other intangible assets was $8.4 million and $10.3 million for 2015 and 2014, respectively.

Estimated other intangible assets amortization expense for the next five years and thereafter is:

Year	Amount (In thousands)
2016	$ 6,533
2017	4,652
2018	3,287
2019	995
2020	875
Thereafter	5,064
Total	$ 21,406

Note 6—Derivatives

The Company primarily uses derivatives to manage exposure to market risk, including interest rate risk, credit risk and foreign currency risk, and to assist customers with their risk management objectives. Management will designate certain derivatives as hedging instruments in a qualifying hedge accounting relationship. The Company's remaining derivatives consist of economic hedges that do not qualify for hedge accounting and derivatives held for customer accommodation, or other purposes.

The fair value of derivative positions outstanding is included in other assets and other liabilities in the accompanying consolidated balance sheets and in the net change in each of these financial statement line items in the accompanying consolidated statements of cash flows. For non-hedging derivative instruments, gains and losses due to changes in fair value are included in noninterest income and the operating section of the consolidated statement of cash flows. For hedging derivative instruments, the effective portion of the gain or loss related to the derivative instrument is recognized as a component of other comprehensive income and subsequently reclassified into interest income when the forecasted transaction affects income or when the hedge is terminated. The ineffective portion of the gain or loss is recognized immediately as noninterest income. The notional amounts and estimated fair values as of December 31, 2015 and 2014 were as follows:

	December 31, 2015		December 31, 2014	
(In thousands)	Notional Amount	Estimated Fair Value	Notional Amount	Estimated Fair Value
Derivatives designated as hedging instruments (cash flow hedges):				
Commercial loan interest rate swaps	$ 682,000	$ 2,916	$ —	$ —
Commercial loan interest rate swaps	300,000	(278)	—	—
Derivatives not designated as hedging instruments:				
Commercial loan interest rate swaps	$ 236,723	$ 4,340	$ 179,653	$ 3,465
Commercial loan interest rate swaps	236,723	(4,340)	179,653	(3,465)
Commercial loan interest rate caps	154,406	48	187,294	458
Commercial loan interest rate caps	154,406	(48)	187,294	(458)
Mortgage loan held for sale interest rate lock commitments	9,024	64	12,192	120
Mortgage loan forward sale commitments	5,021	4	17,460	(86)
Mortgage loan held for sale floating commitments	17,390	—	19,991	—
Foreign exchange contracts	18,338	366	10,081	372
Foreign exchange contracts	18,334	(312)	10,079	(370)

Gain (loss) included in mortgage loan income on the consolidated statements of income related to non-hedging derivative instruments for the year ended December 31, 2015 and 2014 were as follows:

	2015	2014
Non-hedging interest rate derivatives:		
Mortgage loan held for sale interest rate lock commitments	$ (66)	$ 52
Mortgage loan forward sale commitments	86	(105)
Non-hedging foreign exchange contracts	965	604

Interest Rate Swap and Cap Agreements not designated as hedging derivatives

The Company enters into certain interest rate swap and cap agreements on commercial loans that are not designated as hedging instruments. These derivative contracts relate to transactions in which the Company enters into an interest rate swap or cap with a loan customer while at the same time entering into an offsetting interest rate swap or cap with another financial institution. In connection with each swap transaction, the Company agrees to pay interest to the customer on a notional amount at a variable interest rate and receive interest from the customer on a similar notional amount at a fixed interest rate. At the same time, the Company agrees to pay another financial institution the same fixed interest rate on the same notional amount and receive the same variable interest rate on the same notional amount. The interest rate swap transaction allows the Company's customer to effectively convert a variable rate loan to a fixed rate. The interest rate cap transaction allows the Company's customer to minimize interest rate risk exposure to rising interest rates. Because the Company acts as an intermediary for its customer, changes in the fair value of the underlying derivative contracts for the most part offset each other and do not significantly impact the Company's consolidated statements of income. The Company is exposed to credit loss in the event of nonperformance by the parties to the interest rate swap and cap agreements. However, the Company does not anticipate nonperformance by the counterparties. The estimated fair value has been recorded as an asset and a corresponding liability in the accompanying consolidated balance sheets as of December 31, 2015 and 2014.

Cash Flow Hedges

In June 2015, the Company entered into three interest rate swap agreements to manage overall cash flow changes related to interest rate risk exposure on benchmark interest rate loans.

Effective Date	Maturity Date		Notional Amount (In thousands)	Variable Rate
June 15, 2015	December 17, 2018	$	382,000	1 Month LIBOR
June 30, 2015	December 31, 2019		300,000	1 Month LIBOR
June 30, 2015	December 29, 2017		300,000	1 Month LIBOR

Based on our current interest rate forecast, $915 thousand of deferred net gains on derivatives in OCI at December 31, 2015, is estimated to be reclassified into net interest income during the next twelve months due to the receipt of interest payments. Future changes to interest rates may significantly change actual amounts reclassified to income. There were no reclassifications into income as a result of any discontinuance of cash flow hedges. The maximum length of time over which the Company is hedging its exposure to the variability in future cash flows for forecasted transactions is approximately four years as of December 31, 2015. The following table shows the net gains (losses) recognized related to derivatives in cash flow hedging relationships.

	Year ended December 31,			
		2015		2014
(In thousands)				
Gains (pre-tax) recognized in OCI on derivatives	$	7,454	$	—
Gains (pre-tax) reclassified from cumulative OCI into net income		4,877		—
Losses (pre-tax) recognized in noninterest income for hedge ineffectiveness		(329)		—

Note 7—Deposits

The aggregate amount of time deposits in denominations of $100,000 or more as of December 31, 2015 and 2014 was $751.7 million and $747.9 million, respectively. At December 31, 2015, the scheduled maturities of time deposits over $100,000 included in interest-bearing deposits were as follows.

Year		Amount (in thousands)
2016	$	499,179
2017		123,199
2018		96,177
2019		14,191
2020		18,932
Thereafter		—
Total	$	751,678

At December 31, 2015, the contractual maturities of domestic time deposits with a denomination of $100,000 and over were as follows: $216.7 million in 3 months or less, $64.0 million over 3 months through 6 months, $218.5 million over 6 months through 12 months, and $252.5 million over 12 months. Domestic time deposits under $100,000 were $579.4 million and $537.6 million at December 31, 2015 and 2014, respectively. Domestic time deposits $100,000 and over were $751.7 million and $747.9 million at December 31, 2015 and 2014, respectively. There were no foreign time deposits at either December 31, 2015 or 2014.

Note 8—Borrowed Funds

Repurchase Agreements

Securities sold under agreements to repurchase generally mature within one to seven days from the transaction date. Securities underlying the repurchase agreements remain under the control of the Company.

Information concerning the Company's securities sold under agreements to repurchase as of December 31, 2015 and 2014 is summarized as follows:

	As of December 31,	
(In thousands)	**2015**	**2014**
Balance at period end	$ 5,840	$ 12,044
Average balance during the year	7,486	12,133
Average interest rate during the year	0.15%	0.12%
Maximum month-end balance during the period	$ 10,838	$ 16,598

Repurchase agreements are treated as collateralized financing obligations and are reflected as a liability in the consolidated balance sheets. No such repurchase agreements existed as of December 31, 2015 and 2014.

Senior and Subordinated Debt

On March 21, 2014, CBC entered into a loan agreement with an unaffiliated third party to borrow up to $75 million, less applicable debt issuance costs. Interest was payable at a variable rate of LIBOR plus five percent, due monthly. CBC received $75 million dollars and $60 million of the cash proceeds was contributed to Cadence Bank, N.A. as equity in March, 2014. This debt was repaid in the second quarter of 2014, and new debt was issued, as discussed below.

On June 16, 2014, CBC and the Bank completed an unregistered $245 million multi-tranche debt transaction and in March 2015 CBC completed an unregistered $50 million debt transaction ($10 million senior; $40 million subordinated). These transactions enhanced our liquidity and the Bank's capital levels to support balance sheet growth. Details of the debt transactions are as follows:

	As of December 31,	
(in thousands)	**2015**	**2014**
CBC:		
4.875% senior notes, due June 28, 2019	$ 145,000	$ 135,000
5.375% senior notes, due June 28, 2021	50,000	50,000
7.250% subordinated notes, due June 28, 2029, callable in 2024	35,000	35,000
6.500% subordinated notes, due March 2025	40,000	-
Total long-term debt—CBC	270,000	220,000
Cadence Bank:		
6.250% subordinated notes, due June 28, 2029, callable in 2024	25,000	25,000
Debt issuance cost and unamortized premium	(3,744)	(3,780)
Total long-term debt	$ 291,256	$ 241,220

The senior transactions were structured with 5 and 7 year maturities to provide holding company liquidity and to stagger the Company's debt maturity profile. The subordinated debt transactions were structured with a 15 year maturity, 10 year call options, and fixed-to-floating interest rates in order to maximize regulatory capital treatment. The subordinated debt structure was designed to achieve full Tier 2 capital treatment for 10 years.

The senior notes are CBC's unsecured unsubordinated obligations and are equal in right of payment to all of CBC's other unsecured debt. CBC's subordinated notes are unsecured obligations and will be subordinated in right of payment to all of CBC's senior indebtedness and general creditors and to depositors at the Bank. CBC's senior notes and subordinated notes are not guaranteed by any subsidiary of CBC, including the Bank.

The Bank's subordinated notes are unsecured obligations and are subordinated in right of payment to all of the Bank's senior indebtedness and general creditors and to depositors of the Bank. The Bank's subordinated notes are not guaranteed by CBC or any subsidiary of the Bank.

Payment of principal on CBC's and Bank's subordinated notes may be accelerated by holders of such subordinated notes only in the case of certain insolvency events. There is no right of acceleration under the subordinated notes in the case of default. CBC and/or the Bank may be required to obtain the prior written approval of the Federal Reserve, and, in the case of the Bank, the Office of Comptroller of the Currency, before it may repay the subordinated notes issued thereby upon acceleration or otherwise.

Junior Subordinated Debentures

In conjunction with the Company's acquisition of CBC and Encore, the junior subordinated debentures were marked to their fair value as of the acquisition date. The related mark is being amortized over the remaining term of the junior subordinated debentures. The following is a list of junior subordinated debt:

(In thousands)	As of December 31, 2015	As of December 31, 2014
Junior subordinated debentures, 3 month LIBOR plus 2.85%, due 2033	$ 30,000	$30,000
Junior subordinated debentures, 3 month LIBOR plus 2.95%, due 2033	5,155	5,155
Junior subordinated debentures, 3 month LIBOR plus 1.75%, due 2037	15,464	15,464
Total par value	$50,619	$50,619
Purchase accounting adjustment, net of amortization	(15,170)	(15,816)
Total junior subordinated debentures	$ 35,449	$ 34,803

Advances from FHLB

FHLB advances are collateralized by deposits with the FHLB, FHLB stock and loans. FHLB advances were $370 million as of December 31, 2015, all of which matured in January 2016. There were no outstanding FHLB advances as of December 31, 2014.

As of December 31, 2015, the FHLB has issued for the benefit of the Bank two irrevocable letters of credit. The Bank has a $35 million irrevocable letter of credit in favor of the State of Alabama SAFE Program to secure certain deposits of the State of Alabama. This letter of credit expires September 22, 2016 upon 60 days' prior notice of non-renewal; otherwise it automatically extends for a successive one-year term. The FHLB has also issued a standby letter of credit on behalf of the Bank to one customer with an amount of approximately $561 thousand that matured in January 2016.

Note 9—Equity

Members' Equity

Capital Commitments

As of December 31, 2015, there were no remaining capital commitments outstanding to the Company.

Distribution and Allocation of Net Income and Loss

Capitalized terms in this Note are as defined in the Amended and Restated Agreement of Limited Liability Company dated July 2, 2010 (the "LLC Agreement") unless otherwise defined herein.

In accordance with the LLC Agreement, net income and loss is generally allocated among the members in accordance with the following distribution methodology.

Distributable Amounts shall be distributed to the Members as follows:

(i) First, pro rata to Members holding Common Units, based on the ratio of Aggregate Capital Contributions in respect of the applicable Unit to the Aggregate Capital Contributions in respect of all Common Units, until each such Member holding Common Units has received an aggregate amount of distributions in respect of such Common Unit under this Section equal to its Aggregate Capital Contributions;

(ii) Second, in a total amount equal to the product of (I) the sum of the Aggregate Capital Contributions in respect of all Common Units, (II) a fraction, the numerator of which is the number of all Units and the denominator of which is the number of all Units other than Management Incentive Units and (III) the Priority Return, such total amount to be distributed as follows:

(a) An amount equal to the product of the Aggregate Capital Contributions in respect of all Common Units and the Priority Return shall be distributed pro rata to Members holding Common Units based on the ratio of Aggregate Capital Contributions in respect of the applicable Unit to the Aggregate Capital Contributions in respect of all Common Units; and
(b) An amount equal to the balance to Members holding Management Incentive Units pro rata based on the relative number of Management Incentive Units held by such Members; and

(iii) Third, until Members holding Class C Incentive Units other than Management Incentive Units have received cumulative amounts in respect of such Units equal to the product of (x) a fraction, the numerator of which is the number of Class C Incentive Units other than Management Incentive Units and the denominator of which is the number of all Units and (y) the aggregate amounts distributed to all Members pursuant to clauses (ii) and (iii) of this section, amounts shall be distributed as follows:

(a) A percentage equal to a fraction, the numerator of which is the number of Management Incentive Units and the denominator of which is the number of all Units, to Members holding Management Incentive Units pro rata based on the relative number of Management Incentive Units held by such Members; and
(b) A percentage equal to 100% minus the percentage determined pursuant to clause (a) to Members holding Class C Incentive Units other than Management Incentive Units pro rata based on the relative number of Class C Incentive Units held by such Members; and

(iv) Fourth,

(a) A percentage equal to a fraction, the numerator of which is the number of Class C Incentive Units and the denominator of which is the number of all Units, to Members holding Class C Incentive Units pro rata based on the relative number of such Units held by such Members; and
(b) A percentage equal to 100% minus the percentage determined pursuant to clause (a) to Members holding Common Units, based on the ratio of Aggregate Capital Contributions in respect of the applicable Unit to the Aggregate Capital Contributions in respect of all Common Units.

Distributions pursuant to Section (ii)-(iv) shall be adjusted with respect to any Class C Incentive Units granted after the Effective Date, to the extent necessary, as determined by the Board, to ensure that such Class C Incentive Units participate in distributions solely to the extent such distributions are attributable to appreciation in the fair market value of the Company or profits of the Company after the date of grant of such Class C Incentive Units, and any amounts not distributed to a Class C Incentive Unit by reason of the application of this sentence shall be distributed to the other Members holding Common Units and Class C Incentive Units in the order and priority set forth previously.

As of December 31, 2015, Members' Equity for Class A, B, and C members was \$487.1 million, \$561.7 million, and \$7.3 million, respectively. As of December 31, 2014, Members' Equity for Class A, B, and C members was \$470.2 million, \$542.1 million, and \$5.1 million, respectively.

Noncontrolling interest

Preferred Stock

As part of the Encore acquisition by LLC all of the outstanding preferred stock was assumed by the Company and recorded at its fair value. The related mark is being amortized over the expected remaining life of the instrument. On September 27, 2011 ("Issuance Date"), Encore issued 32,914 shares of Senior Non-Cumulative Perpetual Preferred Stock, Series B, par value \$1.00 per share, with a liquidation value of \$1,000 per share ("Series B Preferred Stock") to the Secretary of the Treasury ("Secretary") through the Small Business Lending Fund for \$32.9 million in cash. Non-cumulative dividends on the Series B Preferred Stock are paid quarterly and will accrue on the liquidation preference at a rate based on changes in the level of Qualified Small Business Lending ("QSBL") of the Bank. The Series B Preferred Stock has no maturity date and ranks senior to common stock with respect to the payment of dividends and distributions and amounts payable upon liquidation, dissolution and winding up of the Company. The Series B Preferred Stock generally is non-voting, except in on certain limited circumstances matters that could impact the rights and preferences of the Series B Preferred Stock. The dividend rate as of and for the year ended December 31, 2014 was 7.0%.

The Series B Preferred Stock was redeemed by the Company in full in August of 2014 at par, which was approximately $32.9 million as of the date of redemption.

Restricted Stock Units

The Company granted restricted stock units to select executives representing ownership in CBC. The performance based restricted stock unit holders own the right to received common stock in CBC upon meeting the performance and vesting criteria detailed in the 2015 Omnibus Incentive Plan. Common stock awarded to restricted stock unit holders will be awarded out of the remaining authorized but unissued shares of CBC, thus increases the outstanding total shares of CBC, and reducing the Company's ownership. See note 12 for further information regarding restricted stock units.

Note 10—Other Noninterest Income and Other Noninterest Expense

The detail of the other noninterest income and other noninterest expense captions presented in the consolidated statements of income is as follows:

	Year Ended December 31, 2015	Year Ended December 31, 2014
	(Dollars in thousands)	
Other Noninterest Income		
Insurance revenue	$ 7,107	$ 7,237
Bankcard fees	7,213	7,667
Income from bank owned life insurance policies	2,994	3,343
Loss on sale of branches, net	(1,501)	(763)
Other	1,511	4,976
Total other noninterest income	$ 17,324	$ 22,460

	Year Ended December 31, 2015	Year Ended December 31, 2014
	(Dollars in thousands)	
Other Noninterest Expense		
Net cost of operation of other real estate owned	$ 5,238	$ 1,806
Data processing	6,092	6,052
Special asset expenses	3,000	5,852
Consulting and professional fees	6,050	6,557
Loan related expenses	3,745	5,166
FDIC insurance	5,027	4,747
Communications	3,249	3,768
Advertising and public relations	2,295	3,353
Legal expenses	3,159	2,501
Branch closure expenses	2,074	5,222
Other	26,501	27,002
Total other noninterest expense	$ 66,430	$ 72,026

Note 11—Income Taxes

The components of the consolidated income tax expense are as follows:

(In thousands)	2015	2014
Current:		
Federal	$ 22,024	$ 13,732
State	1,013	1,193
Total current expense	23,037	14,925
Deferred:		
Federal	(3,266)	10,528
State	338	599
Total deferred (benefit) expense	(2,928)	11,127
Total income tax expense	$ 20,109	$ 26,052

A reconciliation of total income tax expense for 2015 and 2014 to amounts determined by applying the statutory Federal income tax rate of 35% to income before taxes is as follows:

(In thousands)	2015	2014
Computed income tax expense at statutory rate	$ 20,579	$ 24,252
Tax exempt interest, net	(842)	(137)
BOLI income	(1,037)	(1,160)
Cadence Bancorp, LLC net loss	199	562
State tax expense	878	1,165
Tax credits	(243)	(189)
Management compensation	353	362
Other, net	222	1,197
Income tax expense	$ 20,109	$ 26,052

The significant components of the Company's deferred tax assets and liabilities as of December 31, 2015 and 2014 are as follows:

(In thousands)	As of December 31 2015	2014
Deferred income tax assets:		
Allowance for credit losses	$ 29,558	$ 20,007
Nonaccrual interest	4,710	4,227
Deferred compensation	3,463	2,951
Accrued compensation	6,626	5,618
Net operating loss carryforwards	20,380	24,540
Alternative minimum tax credit carryover	978	978
Other	11,159	10,758
Excess of tax basis in assets acquired:		
Loans	12,145	17,040
Other real estate owned	1,335	935
Other	37	283
Total deferred income tax assets	90,391	87,337
Deferred income tax liabilities:		
Difference in book and tax basis of intangibles	6,013	8,308
Unrealized gain on securities, net	2,237	3,918
Unrealized gain on derivative instruments	950	-
Other	4,005	3,671
Excess of book basis in assets acquired and tax liabilities assumed over book carrying value:		
FDIC indemnification asset	-	502
Intangibles	4,433	1,186
Other	6,041	6,631
Total deferred income tax liabilities	23,679	24,216
Net deferred income tax asset	$ 66,712	$ 63,121

ASC Topic 740, "Income Taxes," requires that deferred tax assets be reduced if it is more likely than not that some portion or all of the deferred tax asset will not be realized. Management's determination of the realizability of deferred tax assets is based on its evaluation of all available evidence both positive and negative, and its expectation regarding various future events, including the reversal of deferred tax liabilities, projected future taxable income and tax planning strategies. Positive evidence supporting the realization of the Company's deferred tax assets at December 31, 2015, includes generation of taxable income since 2012, the Company's strong capital position, as well as sufficient amounts of projected future taxable income, of the appropriate character, to support the realization of the $66.7 million at December 31, 2015. In order to fully realize the deferred tax asset, the Company will need to generate future taxable income of $182.8 million before the end of the statutory net operating loss carryforward period. Based on the assessment of all positive and negative evidence at December 31, 2015 and 2014, management has concluded that it is more likely than not that the results of future operations will generate sufficient taxable income realize the deferred tax assets.

Management's estimate of future taxable income is based on internal projections, various internal assumptions, as well as certain external data all of which management believes to be reasonable although inherently subject to significant judgment. Projected future taxable income is primarily expected to be generated through loan growth at the bank, investment strategies and revenue from successful cross initiatives and the control of expenses through operating effectiveness, all in the context of a macro-economic environment that continues to trend favorably. If actual results differ significantly from the current estimates of future taxable income, a valuation allowance may need to be recorded for some portion or all of the net deferred tax asset. Such an increase to the deferred tax asset valuation allowance could have a material adverse effect on the Company's consolidated balance sheets and consolidated statements of income.

The acquisitions of CBC and Encore resulted in an "ownership change" as defined for U.S. federal income tax purposes under Section 382 of the Internal Revenue Code. As a result of the operation of Section 382, the Company is not able to fully utilize a portion of our U.S. federal and state tax net operating losses and certain built-in losses that have not been recognized for tax purposes. An ownership change under Section 382 generally occurs when a change in the aggregate percentage ownership of the stock of the corporation held by five percent stockholders increases by more than fifty percentage points over a rolling three-year period. A corporation experiencing an ownership change generally is subject to an annual limitation on its utilization of pre-change losses and certain post-change recognized built-in losses equal to the value of the stock of the corporation immediately before the ownership change, multiplied by the long-term tax-exempt rate (subject to certain adjustments). The annual limitation is increased each year to the extent that there is an unused limitation in a prior year. Since U.S. federal net operating losses generally may be carried forward for up to 20 years, the annual limitation also effectively provides a cap on the cumulative amount of pre-change losses and certain post-change recognized built-in losses that may be utilized. Pre-change losses and certain post-change recognized built-in losses in excess of the cap are effectively unable to be used to reduce future taxable income. The Company has estimated the amount of pre-change losses and certain post-change losses that are not expected to be utilized and has reduced the deferred tax asset at the acquisition date to reflect this limitation.

The acquisition of Superior Bank was an asset acquisition and is not subject to the limitations of Section 382.

As of December 31, 2015, the Company has federal net operating loss carryforwards of $55.5 million which will begin to expire in 2031. The Company has state net operating loss carryforwards of $25.2 million which will begin to expire in 2022. In addition, the Company has an AMT credit carryforward of $978,000 as of December 31, 2015, which has no expiration.

The Company and its subsidiaries are subject to U.S. federal income tax as well as various state and local income taxes. The Company has concluded all U.S. federal income tax matters for years before 2012. With certain limited exceptions, the Company has concluded all state income tax matters for years before 2011.

The Company applies the guidance in ASC 740-10, "Accounting for Uncertainty in Income Taxes." ASC 740-10 provides guidance for how uncertain tax positions should be recognized, measured, presented, and disclosed in the financial statements. ASC 740-10 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more likely than not" to be sustained by the applicable tax authority based on technical merits of the position. Tax benefits from tax positions not deemed to meet the "more likely than not" threshold should not be recognized in the year of determination. Management has reviewed the Company's tax positions for all open tax years and concluded that the Company has no material uncertain tax positions at December 31, 2015 or 2014. As of December 31, 2015, the Company has recorded no liability for net unrecognized tax benefits relating to uncertain tax positions taken or expected to be taken on future tax returns. The Company has not recorded any penalties and/or interest related to uncertain tax positions.

Note 12—Equity-based Compensation

A summary of the status of the Company's nonvested Class C units as of December 31, 2015 and 2014, and changes during the year ended December 31, 2015 and 2014, is presented below:

	2015		2014	
(In thousands, except per share data)	**Shares**	**Weighted average grant-date Fair Value**	**Shares**	**Weighted average grant-date Fair Value**
Balance at beginning of year	17,492	$ 131.50	51,487	$ 139.08
Granted	4,250	192.13	475	227.46
Vested	(7,916)	129.15	(32,737)	144.98
Forfeited	(946)	133.36	(1,733)	128.42
Balance at end of year	12,880	$ 152.82	17,492	$ 131.50

The grant-date fair value of each Class C unit is estimated on the date of grant using the Black-Scholes option pricing model. Significant assumptions used in the model include valuation date contributed capital and the following:

	2015	2014
Expected stock volatility	30%	30%
Expected dividend yield	0.00%	0.00%
Risk-free interest rate	1.10% - 0.92%	0.90% - 1.07%
Expected life	3.0 years	3.0 years

For the valuation date contributed capital assumption, the model incorporated a number of assumed capital call scenarios. The expected volatility is estimated based on the average historical volatility of comparable companies. The risk-free rate for the expected term of the grants is based on the Constant Maturity Treasury rate.

As of December 31, 2015 and December 31, 2014, there was $1.3 million and $1.6 million, respectively, of total unrecognized compensation cost related to unvested Class C units granted under the plan. That cost is expected to be recognized over a weighted-average period of 1.3 years. The total fair value of shares vested during the year ended December 31, 2015 and 2014 was $1.0 million and $4.7 million, respectively. Total compensation cost recognized for this plan in 2015 and 2014 was $1.0 million and $2.0 million, respectively. As of December 31, 2015, an additional 1,535 Class C units are available for future grant under the plan.

CBC administers a long-term incentive compensation plan that permits the granting of incentive awards in the form of stock options, restricted stock, restricted stock units, performance units, stock appreciation rights, or other stock-based awards. The terms of all awards issued under these plans are determined by the Compensation Committee of the Board of Directors

The 2015 Omnibus Incentive Plan (the "Plan"), permits CBC to grant to employees and directors various forms of incentive compensation. The principal purposes of this plan are to focus directors, officers and other employees and consultants on business performance that creates shareholder value, to encourage innovative approaches to the business of CBC, and to encourage ownership of CBC's stock. The Plan authorizes 100,000 common share equivalents available for grant, where grants of full value awards (e.g., shares of restricted stock, restricted stock units and performance stock units) count as one share equivalent. The number of remaining share equivalents available for future issuance under the Plan was 96,555 at December 31, 2015.

On July 21, 2015, the Company granted 3,445 restricted stock units to select executives. The grantees do not have rights as stockholders, including the right to dividends, until the restricted stock units are vested. These grants vest evenly over three years conditionally on financial performance targets. The fair value of these restricted stock units was estimated based upon the fair value of the underlying shares on the date of the grant. The Company had equity-based compensation expense of $631 thousand related to the restricted stock units for the year ended December 31, 2015. The remaining expense related to unvested restricted stock units is $2.8 million as of December 31, 2015 and will be recognized over the next 27 months.

The following table summarizes the activity related to restricted stock unit awards during the year months ended December 31, 2015:

	Number of Shares	Fair Value per Unit at Award Date
Non-vested at beginning of period	—	—
Restricted stock units granted	3,445	$ 1,007
Non-vested at end of period	3,445	$ 1,007

Note 13—Employee Benefits

Defined Benefit Plan

The Company accounts for its defined benefit plan in accordance with ASC Topic 715. This guidance requires companies to recognize the funded status of a defined benefit plan (measured as the difference between the fair value of plan assets and the projected benefit obligation) on the balance sheets and to recognize in other comprehensive income any gains or losses and prior service costs or benefits not included as components of periodic benefit cost. In accordance with purchase accounting rules, the plan's prior unrecognized service cost and prior unrecognized loss were eliminated as of the acquisition date; thus, there are no prior service cost or loss amortization amounts reflected in the 2015 and 2014 consolidated statements of income.

The following table sets forth the defined benefit plan's funded status and amounts recognized in the Company's consolidated financial statements at December 31, 2015 and 2014:

(In thousands)	2015	2014
Change in benefit obligation:		
Benefit obligation at beginning of period	$ 7,025	$ 6,720
Service cost	100	100
Interest cost	232	268
Actuarial (gain) loss	(200)	841
Administrative expenses paid	(45)	(62)
Benefits paid	(70)	(67)
Settlements	(866)	(775)
Benefit obligation at end of year	6,176	7,025
Change in plan assets:		
Fair value of plan assets at beginning of period	5,402	5,859
Return on plan assets	43	337
Employer contributions	—	110
Administrative expenses paid	(45)	(62)
Benefits paid	(70)	(67)
Settlements	(866)	(775)
Fair value of plan assets at end of year	4,464	5,402
Funded status	$ (1,712)	$ (1,623)

(In thousands)	2015	2014
Weighted average assumptions used to determine benefit obligations at December 31:		
Discount rate	3.76%	3.50%
Compensation increase rate	N/A	N/A
Census date	1/1/2015	1/1/2014
Components of net periodic benefit cost:		
Service cost	$ 100	$ 100
Interest cost	232	268
Expected return on plan assets	(278)	(305)
Net loss amortization	61	—
Cost of settlements	155	142
Net periodic benefit cost	$ 270	$ 205
Amount recognized in accumulated other comprehensive income:		
Amortization of net actuarial loss	$ 61	$ —
Net actuarial loss	(35)	(810)
Adjustment for settlement	(155)	(142)
	181	(668)
Tax effect	(69)	245
Net	$ 112	$ (423)

Of the above amount recognized in accumulated other comprehensive income, $100 thousand is expected to be recognized as a component of net periodic benefit cost in 2016.

Retiree benefit payments, which reflect expected future service, are anticipated to be paid as follows:

Year	Amount (In thousands)
2016	$ 636
2017	470
2018	485
2019	426
2020	557
2021-2025	2,384
Total	$ 4,958

In determining the expected return on plan assets, the Company considers the relative weighting of plan assets, the historical performance of total plan assets, individual asset classes, and economic and other indicators of future performance. In addition, the Company may consult with and consider the opinions of financial and other professionals in developing appropriate return benchmarks.

The Company's pension plan fair values and weighted-average asset allocations at December 31, 2015 and 2014, by asset category, were as follows:

	2015		2014	
(In thousands)	Fair Value of Plan Assets	Asset Allocations	Fair Value of Plan Assets	Asset Allocations
Asset Category:				
Equity securities	$ 1,849	41%	$ 2,116	39%
Fixed income securities	2,165	49%	2,380	44%
Other securities	440	10%	533	10%
Cash and cash equivalents	10	—	373	7%
Total	$ 4,464	100%	$ 5,402	100%

The primary investment objective of the Company's defined benefit pension plan is to maximize total return while accepting and managing a moderate to average degree of risk. The assets are invested based upon a moderate growth asset allocation model, which seeks to provide long-term growth of capital with a moderate level of current income and a somewhat higher level of principal volatility. For 2015, the assets were allocated in a target mix of 49% fixed income, 41% equity, 10% other, and less than 1% cash. The fixed income class is divided between a short-term government bond fund, a core fixed income bond fund and a high-yield bond fund. The equity class is diversified among large, mid and small cap growth and value stock funds with an emphasis being placed on large cap. There is also an exposure in the international equity market. This diversification among all of the equity sectors is an effort to reduce risk and attempt to generate higher returns. As a result of market conditions, the target percentages may not be achieved at any one point in time.

The investments are managed by the Trust Division of the Company within the established guidelines. It is the intent of management to give the investment managers flexibility within the overall parameters designated in the investment model selected by the Bank's Trust Company Investment Committee for the plan.

The fair values of all plan assets as of December 31, 2015 and 2014, were measured using quoted prices in active markets for identical assets and liabilities (Level 1 inputs, as defined by ASC Topic 820, "Fair Value Measurements and Disclosures").

The Company has until September 15, 2016, to make a minimum cash contribution of approximately $300 thousand to the plan for 2015. There was a minimum required contribution of $110 thousand related to 2014, contributed by the Company in 2015.

Other Plans

Contributions to the 401(k) plan totaled $3.5 million and $3.4 million in 2015 and 2014, respectively.

The accrued liability for the supplemental retirement plan that originated from an acquired bank, accounted for under ASC Topic 715, approximates the projected benefit obligation. The accrued liability for this plan was $1.9 million at December 31, 2015 and 2014 and the amount recognized in compensation expense for the years ended December 31, 2015 and 2014 was $104 thousand and $284 thousand, respectively.

The accrued liabilities for the unqualified supplemental retirement and voluntary deferred compensation plans were $3.0 million and $2.9 million, respectively. The amounts recognized in compensation expense for the year ended December 31, 2015, were $102 thousand and $351 thousand, respectively. Compensation expense for the voluntary deferred compensation plan is impacted by the changes in market values of plan assets.

Projected benefit payments under these plans are anticipated to be paid as follows:

Year	Amount
	(In thousands)
2016	$ 226
2017	164
2018	180
2019	384
2020	384
2021-2025	2,252
Total	$ 3,590

Note 14—Related Party Transactions

In the normal course of business, loans are made to directors and executive officers and to companies in which they have a significant ownership interest. In the opinion of management, these loans are made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other parties, are consistent with sound banking practices, and are within applicable regulatory and lending limitations. The aggregate balances of related party loans and deposits as of December 31, 2015 and 2014 were insignificant.

Note 15—Regulatory Matters

The Bank is subject to the capital adequacy requirements of the OCC. The Company, as a bank holding company, is subject to the capital adequacy requirements of the Federal Reserve. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and the Bank must meet specific capital guidelines that involve quantitative measures of assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgment by regulators about components, risk weightings, and other related factors.

The risk-based capital requirements of the Federal Reserve and the OCC define capital and establish minimum capital requirements in relation to assets and off-balance sheet exposure, adjusted for credit risk. The risk-based capital standards currently in effect are designed to make regulatory capital requirements more sensitive to differences in risk profiles among bank holding companies and banks, to account for off-balance sheet exposure and to minimize disincentives for holding liquid assets. Assets and off-balance sheet items are assigned to broad risk categories, each with appropriate relative risk weights. The resulting capital ratios represent capital as a percentage of total risk-weighted assets and off-balance sheet items.

The Federal Reserve, the FDIC and the OCC have issued guidelines governing the levels of capital that banks must maintain. The guidelines for the period as of December 31, 2015 specify capital tiers, which include the following classifications:

Capital Tiers	Tier 1 Capital to Average Assets (Leverage)	Common Equity Tier 1 to Risk - Weighted Assets	Tier 1 Capital to Risk – Weighted Assets	Total Capital to Risk – Weighted Assets
Well capitalized	5% or above	6.5% or above	8% or above	10% or above
Adequately capitalized	4% or above	4.5% or above	6% or above	8% or above
Undercapitalized	Less than 4%	Less than 4.5%	Less than 6%	Less than 8%
Significantly undercapitalized	Less than 3%	Less than 3%	Less than 4%	Less than 6%
Critically undercapitalized		Tangible Equity / Total Assets less than 2%		

The actual capital amounts and ratios as of December 31, 2015 and 2014 are presented in the following table. No amount was deducted from capital for interest-rate risk exposure.

(Dollars in thousands)	Consolidated Company		Bank	
	Amount	Amount	Amount	Ratio
December 31, 2015				
Tier 1 leverage	$ 751,073	9.2%	$ 963,296	11.9%
Common equity tier 1 (CET1)	725,602	8.7%	922,610	11.1%
Tier 1 risk-based capital	751,073	9.0%	963,296	11.6%
Total risk-based capital	929,837	11.2%	1,068,487	12.9%
The minimum amounts of capital and ratios established by banking regulators are as follows:				
Tier 1 leverage	$ 325,670	4.0%	$ 324,857	4.0%
Common equity tier 1 (CET1)	375,234	4.5%	374,271	4.5%
Tier 1 risk-based capital	500,313	6.0%	499,028	6.0%
Total risk-based capital	667,083	8.0%	665,371	8.0%
Well capitalized requirement:				
Tier 1 leverage	$ 407,088	5.0%	$ 406,071	5.0%
Common equity tier 1 (CET1)	542,005	6.5%	540,614	6.5%
Tier 1 risk-based capital	667,083	8.0%	665,371	8.0%
Total risk-based capital	833,854	10.0%	831,714	10.0%

(Dollars in thousands)	Consolidated Company		Bank	
	Amount	Amount	Amount	Ratio
December 31, 2014				
Tier 1 leverage	$ 686,467	9.5%	$ 878,735	12.2%
Tier 1 risk-based capital	686,467	9.2%	878,735	11.8%
Total risk-based capital	800,444	10.8%	957,712	12.9%
The minimum amounts of capital and ratios established by banking regulators are as follows:				
Tier 1 leverage	$ 288,281	4.0%	$ 288,247	4.0%
Tier 1 risk-based capital	297,400	4.0%	297,067	4.0%
Total risk-based capital	594,801	8.0%	594,135	8.0%
Well capitalized requirement:				
Tier 1 leverage	$ 360,351	5.0%	$ 360,309	5.0%
Tier 1 risk-based capital	446,101	8.0%	445,601	8.0%
Total risk-based capital	743,501	10.0%	742,669	10.0%

In July 2013, the Federal Reserve, the FDIC and the OCC approved the implementation of the Basel III regulatory capital reforms and issued rules effecting certain changes required by the Dodd-Frank Act (the "Basel III Rules") that call for broad and comprehensive revision of regulatory capital standards for U.S. banking organizations. The Basel III Rules implemented a new common equity Tier 1 minimum capital requirement ("CET1"), a higher minimum Tier 1 capital requirement and other items affecting the calculation of the numerator of a banking organization's risk-based capital ratios. Generally, the new Basel III Rules became effective on January 1, 2015, although parts of the Basel III Rules will be phased-in through 2019.

The new CET1 capital ratio includes common equity as defined under GAAP and does not include any other type of non-common equity under GAAP. When the Basel III Rules are fully phased-in by 2019, banks will be required to have CET1 capital of 4.5% of average assets, Tier 1 capital of 6% of average assets, as compared to the current 4%, and total capital of 8% of risk-weighted assets to be categorized as adequately capitalized.

Further, the Basel III Rules changed the agencies' general risk-based capital requirements for determining risk-weighted assets, which affect the calculation of the denominator of a banking organization's risk-based capital ratios. The Basel III Rules have revised the agencies' rules for calculating risk-weighted assets to enhance risk sensitivity and to incorporate certain international capital standards of the Basel Committee on Banking Supervision set forth in the standardized approach of the "International Convergence of Capital Measurement and Capital Standards: A Revised Framework".

The calculation of risk-weighted assets in the denominator of the Basel III capital ratios has been adjusted to reflect the higher risk nature of certain types of loans. Specifically, as applicable to the Company and the Bank:

- Residential mortgages: Replaces the current 50% risk weight for performing residential first-lien mortgages and a 100% risk-weight for all other mortgages with a risk weight of between 35% and 200% determined by the mortgage's loan-to-value ratio and whether the mortgage falls into one of two categories based on eight criteria that include the term, use of negative amortization and balloon payments, certain rate increases and documented and verified borrower income.

- Commercial mortgages: Replaces the current 100% risk weight with a 150% risk weight for certain high volatility commercial real estate acquisition, development and construction loans.

- Nonperforming loans: Replaces the current 100% risk weight with a 150% risk weight for loans, other than residential mortgages, that are 90 days past due or on nonaccrual status.

The Final Rules also introduce a new capital conservation buffer designed to absorb losses during periods of economic stress. The capital conservation buffer is composed entirely of CET1, on top of these minimum risk-weighted asset ratios. In addition, the Final Rules provide for a countercyclical capital buffer applicable only to certain covered institutions. It is not expected that the countercyclical capital buffer will be applicable to the Company or the Bank. Banking institutions with a ratio of CET1 to risk-weighted assets above the minimum but below the capital conservation buffer (or below the combined capital conservation buffer and countercyclical capital buffer, when the latter is applied) will face constraints on dividends, equity repurchases and compensation based on the amount of the shortfall. The implementation of the capital conservation buffer will begin on January 1, 2016 at the 0.625% level and be phased in over a 4-year period (increasing by that amount on each subsequent January 1, until it reaches 2.5% on January 1, 2019).

The Bank is also subject to specific requirements pursuant to an OCC Operating Agreement it entered into with the OCC in connection with the acquisition of Cadence Bank in 2011. As part of the Operating Agreement, the Bank is required to maintain a Tier 1 leverage ratio of 10.0%, Tier 1 risk-based capital ratio of 11.0% and a total risk-based capital ratio of 12.0% and requires prior non-objection from the OCC before any declaration or distribution is made of dividends by the Bank to CBC.

Under regulations controlling national banks, the payment of any dividends by a bank without prior approval of the OCC is limited to the current year's net profits (as defined by the OCC) and retained net profits of the two preceding years. The Federal Reserve, as primary regulator for bank holding companies, has also stated that all common stock dividends should be paid out of current income. As the Company does not generate income on a stand-alone basis, it does not have the capability to pay common stock dividends without receiving dividends from the Bank.

The Bank is required to maintain average reserve balances in the form of cash or deposits with the Federal Reserve Bank. The reserve balance varies depending upon the types and amounts of deposits. At December 31, 2015 and 2014, the required reserve balance with the Federal Reserve Bank was approximately $29.0 million and $40.1 million, respectively.

Note 16—Commitments and Contingent Liabilities

The consolidated financial statements do not reflect various commitments and contingent liabilities which arise in the normal course of banking business and which involve elements of credit risk, interest rate risk, and liquidity risk. The commitments and contingent liabilities are commitments to extend credit, home equity lines, overdraft protection lines, and standby letters of credit. Such financial instruments are recorded when they are funded. A summary of commitments and contingent liabilities at December 31, 2015 and 2014 is as follows:

	December 31, 2015	December 31, 2014
	(In thousands)	
Commitments to extend credit	$ 2,650,356	$ 3,062,081
Standby letters of credit	96,932	29,444
Performance letters of credit	40,505	12,025

Commitments to extend credit and letters of credit include some exposure to credit loss in the event of nonperformance of the customer. Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Standby letters of credit are conditional commitments issued to guarantee the performance of a customer to a third party. The credit policies and procedures for such commitments are the same as those used for lending activities. Because these instruments have fixed maturity dates and because a number expire without being drawn upon, they generally do not present any significant liquidity risk. No significant losses on commitments were incurred during the years ended December 31, 2015 or 2014. The Company does not anticipate any significant future losses as a result of these transactions.

The Company makes investments in limited partnerships, including certain low income housing partnerships for which tax credits are received. As of December 31, 2015 and 2014, unfunded capital commitments totaled $14.0 million and $26.4 million, respectively.

The Company and the Bank are defendants in various pending and threatened legal actions arising in the normal course of business. In the opinion of management, based upon the advice of legal counsel, the ultimate disposition of all pending and threatened legal action will not have a material effect on the Company's consolidated financial statements.

Note 17—Concentrations of Credit

Most of the loans, commitments and letters of credit have been granted to customers in the Company's market areas. Investments in state and municipal securities also involve governmental entities within the Company's market areas. General concentrations of credit by type of loan are set forth in Note 3 of these consolidated financial statements. The distribution of commitments to extend credit approximates the distribution of loans outstanding. Letters of credit were granted primarily to commercial borrowers.

Note 18—Supplemental Cash Flow Information

(In thousands)	For the Years Ended December 31, 2015	2014
Cash paid during the year for:		
Interest	$ 44,333	$ 31,732
Income taxes, net of refunds	22,238	7,097
Non-cash investing activities:		
Transfers of loans to other real estate	$ 11,800	$ 39,732
Transfers of commercial loans to loans held for sale	19,400	—
Transfers of property to other real estate	1,591	7,563

Note 19—Disclosure About Fair Values of Financial Instruments

The Company groups its assets and liabilities measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. This hierarchy requires the Company to maximize the use of observable market data, when available, and to minimize the use of unobservable inputs when determining fair value. Each fair value measurement is placed into the proper level based on the lowest level of significant input. These levels are:

- ***Level 1***—Valuation is based upon quoted prices for identical instruments traded in active markets.
- ***Level 2***—Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or

similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

- ***Level 3***—Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models, and similar techniques.

Transfers between fair value levels are recognized at the end of the fiscal quarter in which the associated change in inputs occurs.

Assets and Liabilities Recorded at Fair Value on a Recurring Basis

The table below presents the Company's assets and liabilities measured at fair value on a recurring basis categorized by the level of inputs used in the valuation of each asset at December 31, 2015 and 2014:

(In thousands)	Carrying Value	(Level 1)	(Level 2)	(Level 3)
December 31, 2015				
Investment securities available-for-sale:				
Obligations of U.S. government agencies	$ 90,793	$ —	$ 90,793	$ —
Mortgage-backed securities ("MBS")				
U.S. Agency MBS—Residential pass-through:				
Guaranteed by GNMA	280,190	—	280,190	—
Issued by FNMA and FHLMC	121,707	—	121,707	—
U.S. Agency MBS—collateral mortgage obligations	100,386	—	100,386	—
Total MBS	502,283	—	502,283	—
Obligations of states and municipal subdivisions	122,320	—	122,320	
Other securities	5,414	5,414	—	—
Total investment securities available-for-sale	720,810	5,414	715,396	—
Derivative assets	7,738	—	7,738	—
Total recurring basis measured assets	$ 728,548	$ 5,414	$ 723,134	$ —
Derivative liabilities	$ 4,978	$ —	$ 4,978	$ —
Total recurring basis measured liabilities	$ 4,978	$ —	$ 4,978	$ —

(In thousands)	Carrying Value	(Level 1)	(Level 2)	(Level 3)
December 31, 2014				
Investment securities available-for-sale:				
Obligations of U.S. government agencies	$ 28,227	$ —	$ 28,227	$ —
Mortgage-backed securities (MBS)				
U.S. Agency MBS—Residential pass-through:				
Guaranteed by GNMA	267,944	—	267,944	—
Issued by FNMA and FHLMC	119,830	—	119,830	—
U.S. Agency MBS—collateral mortgage obligations	112,415	—	112,415	—
Total MBS	500,189	—	500,189	—
Obligations of states and municipal subdivisions	18,608	—	18,608	
Other securities	5,373	5,373	—	—
Total investment securities available-for-sale	552,397	5,373	547,024	—
Derivative assets	4,415	—	4,415	—
Total recurring basis measured assets	$ 556,812	$ 5,373	$ 551,439	$ —
Derivative liabilities	$ 4,379	$ —	$ 4,379	$ —
Total recurring basis measured liabilities	$ 4,379	$ —	$ 4,379	$ —

Assets Recorded at Fair Value on a Nonrecurring Basis

From time to time, the Company may be required to measure certain other financial assets at fair value on a nonrecurring basis in accordance with GAAP. These adjustments to fair value usually result from the application of lower of cost or fair value accounting or write-downs of individual assets. For assets measured at fair value on a nonrecurring basis which were still held on the balance sheets at December 31, 2015 and 2014, the following tables provide the level of valuation assumptions used to determine each adjustment and the related carrying value:

(In thousands)	Carrying Value	(Level 1)	(Level 2)	(Level 3)
December 31, 2015				
Loans held for sale	$ 25,413	$ —	$ 25,413	$ —
Impaired loans, net of specific allowance	72,020	—	—	72,020
Other real estate	35,984	—	—	35,984
Total assets measured on a non-recurring basis	$ 113,708	$ —	$ 25,413	$ 88,295

(In thousands)	Carrying Value	(Level 1)	(Level 2)	(Level 3)
December 31, 2014				
Loans held for sale	$ 8,954	$ —	$ 8,954	$ —
Impaired loans, net of specific allowance	4,921	—	—	4,921
Other real estate	55,986	—	—	55,986
Total assets measured on a non-recurring basis	$ 69,861	$ —	$ 8,954	$ 60,907

Significant unobservable inputs used in Level 3 fair value measurements for financial assets measured at fair value on a nonrecurring basis at December 31, 2015 and 2014 are summarized below:

	Quantitative Information about Level 3 Fair Value Measurements			
(In thousands)	Carrying Value	Valuation Methods	Unobservable Inputs	Range
December 31, 2015				
Impaired loans, net of specific allowance	$ 72,020	Internal appraisals of accounts receivable and inventory	Discount of book value	50%-75%
		Third-Party Appraisals	Discount of fair value	0%-20%
			Estimated closing costs	10%
Other real estate	$ 35,984	Third-Party Appraisals	Discount of fair value	0%-20%
			Estimated closing costs	10%

(In thousands)	Carrying Value	Valuation Methods	Unobservable Inputs	Range
December 31, 2014				
Impaired loans, net of specific allowance	$ 4,921	Internal appraisals of accounts receivable and inventory	Discount of book value	50%-75%
		Third-Party Appraisals	Discount of fair value	0%-20%
			Estimated closing costs	10%
Other real estate	$ 55,986	Third-Party Appraisals	Discount of fair value	0%-20%
			Estimated closing costs	10%

Determination of Fair Values

In accordance with ASC 820-10-35, fair values are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following describes the assumptions and methodologies used to estimate the fair value of financial instruments recorded at fair value in the consolidated balance sheets and for estimating the fair value of financial instruments for which fair value is disclosed under ASC 825-10-50.

Investment Securities. When quoted prices are available in an active market, securities are classified as Level 1. For securities reported at fair value utilizing Level 2 inputs, the Company obtains fair value measurements from an independent pricing service. These fair value measurements consider observable market data that may include benchmark yield curves, reported trades, broker/dealer quotes, issuer spreads and credit information, among other inputs.

Loans Held for Sale. Loans held for sale are recorded at the lower of aggregate cost or fair value. Fair value is generally based on quoted market prices of similar loans and is considered to be Level 2.

Net Loans. Fair values of loans are estimated using discounted cash flow analyses using various discount spreads to Treasury yields that approximate interest rates currently being offered for loans with similar terms to borrowers of similar credit quality.

Derivative Financial Instruments. Derivative financial instruments are measured at fair value based on modeling that utilizes observable market inputs for various interest rates published by leading third-party financial news and data providers. This is observable data that represents the rates used by market participants for instruments entered into at that date; however, they are not based on actual transactions so they are classified as Level 2.

Deposits. The fair values disclosed for demand deposits are, by definition, equal to the amount payable on demand at the reporting date (that is, their carrying amounts). Fair values for fixed-rate CDs are estimated using a discounted cash flow calculation that applies interest rate spreads to current Treasury yields.

FHLB Advances. The fair value of the FHLB advance approximates its book value considering their short-term maturities.

Security Sold Under Agreements to Repurchase. The carrying amount of security repurchase agreements approximates their fair values.

Senior Debt. The fair value of senior debt was estimated by obtaining broker indications that compared the Company's senior debt to other comparable financial institutions.

Subordinated Debt. The fair value of subordinated debentures was estimated by obtaining broker indications that compared the Company's subordinated debentures to other comparable financial institutions.

Junior Subordinated Debentures. The fair value of junior subordinated debentures was estimated by obtaining broker indications that compared the Company's junior subordinated debentures to other comparable financial institutions.

Limitations. The following fair value estimates are determined as of a specific point in time utilizing various assumptions and estimates. The use of assumptions and various valuation techniques, as well as the absence of secondary markets for certain financial instruments, will likely reduce the comparability of fair value disclosures between financial institutions. Due to market illiquidity, the fair values for loans, net of unearned income, loans held for sale, and term borrowings as of December 31, 2015 and 2014, involve the use of significant internally-developed pricing assumptions for certain components of these line items. These assumptions are considered to reflect inputs that market participants would use in transactions involving these instruments as of the measurement date. This table only includes financial instruments of the Company, and, accordingly, the total of the fair value amounts does not represent, and should not be construed to represent, the underlying value of the Company.

The estimated fair values of the Company's financial instruments are as follows:

	December 31, 2015				
(In thousands)	**Carrying Amount**	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Financial Assets:					
Cash and due from banks	$ 139,239	$ 139,239	$ 139,239	$ —	$ —
Interest-bearing deposits in other banks	316,473	316,473	316,473	—	—
Federal funds sold	11,495	11,495	11,495	—	—
Securities available-for-sale	720,810	720,810	5,414	715,396	—
Securities held-to-maturity	550	594	—	594	—
Loans held for sale	25,413	25,413	—	25,413	—
Net loans	6,836,737	6,920,225	—	—	6,920,225
Derivative assets	7,738	7,738	—	7,738	—
Financial Liabilities:					
Deposits	6,985,033	6,984,506	—	6,984,506	—
Advances from FHLB	370,000	370,000	—	370,000	—
Securities sold under agreements to repurchase	5,840	5,840	—	5,840	—
Senior debt	193,085	186,387	—	186,387	—
Subordinated debt	98,171	94,970	—	94,970	—
Junior subordinated debentures	35,449	45,872	—	45,872	—
Derivative liabilities	4,978	4,978	—	4,978	—

(In thousands)	December 31, 2014 Carrying Amount	Fair Value	Level 1	Level 2	Level 3
Financial Assets:					
Cash and due from banks	$ 49,955	$ 49,955	$ 49,955	$ —	$ —
Interest-bearing deposits in other banks	417,941	417,941	417,941	—	—
Federal funds sold	2,520	2,520	2,520	—	—
Securities available-for-sale	552,397	552,397	5,373	547,024	—
Securities held-to-maturity	670	717	—	717	—
Tax lien certificates	1,691	1,691	—	1,691	—
Loans held for sale	8,954	8,954	—	8,954	—
Net loans	6,139,273	6,270,479	—	—	6,270,479
Derivative assets	4,415	4,415	—	4,415	—
Financial Liabilities:					
Deposits	6,576,939	5,919,284	—	5,919,284	—
Securities sold under agreements to repurchase	12,044	12,044	—	12,044	—
Senior debt	182,459	185,800	—	185,800	—
Subordinated debt	58,761	60,000	—	60,000	—
Junior subordinated debentures	34,803	48,183	—	48,183	—
Derivative liabilities	4,379	4,379	—	4,379	—

Note 20—Variable Interest Entities and Other Investments

Under ASC 810-10-65, the Company is deemed to be the primary beneficiary and required to consolidate a variable interest entity ("VIE") if it has a variable interest in the VIE that provides it with a controlling financial interest. For such purposes, the determination of whether a controlling financial interest exists is based on whether a single party has both the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and the obligation to absorb the losses of the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. ASC 810-10-65, as amended, requires continual reconsideration of conclusions reached regarding which interest holder is a VIE's primary beneficiary.

The Bank has invested in several affordable housing projects as a limited partner. The partnerships have qualified to receive annual affordable housing federal tax credits that are recognized as a reduction of current tax expense. The Company has determined that these structures meet the definition of VIE's under Topic ASC 810 but that consolidation is not required, as the Bank is not the primary beneficiary. At December 31, 2015, the Bank's maximum exposure to loss associated with these limited partnerships was limited to the Bank's investment. Cadence accounts for these investments and the related tax credits using either the effective yield method or the proportional method, depending upon the date of the investment. Under this method, the Bank recognizes the tax credits as they are allocated and amortizes the initial costs of the investments to provide a constant effective yield over the period that the tax credits are allocated. At December 31, 2015 and 2014, the Company had recorded investments in other assets on its consolidated balance sheets of approximately $6.1 million and $2.8 million, respectively related to these investments. Additionally, CBC invests in other certain limited partnerships accounted for under the cost method totaling $5.7 million and $4.9 million as of December 31, 2015 and 2014, respectively.

The Company has established a rabbi trust related to the deferred compensation plan offered to certain of its employees. The Company contributes employee cash compensation deferrals to the trust. The assets of the trust are available to creditors of the Company only in the event the Company becomes insolvent. This trust is considered a VIE because either there is no equity at risk in the trust or because the Company provided the equity interest to its employees in exchange for services rendered. The Company is considered the primary beneficiary of the rabbi trust as it has the ability to select the underlying investments made by the trust, the activities that most significantly impact the economic performance of the rabbi trust. The Company includes the assets of the rabbi trust as a component of other assets and a corresponding liability for the associated benefit obligation in other liabilities in its consolidated balance sheets. At December 31, 2015 and December 31, 2014, the amount of rabbi trust assets and benefit obligation was $2.9 million and $2.6 million, respectively.

Note 21—Subsequent Events

On January 5, 2016, a settlement agreement was finalized with the FDIC to terminate the loss share agreement at a nominal cost and the Company had no FDIC indemnification asset recorded as of December 31, 2015.

On February 10, 2016, the Company closed on a sale of loans from the Tennessee commercial lending business, with the net proceeds of approximately $144 million. No gain or loss was recognized on the transaction.

CADENCE BANCORP, LLC AND SUBSIDIARIES
SUPPLEMENTAL CONSOLIDATING BALANCE SHEET
AS OF DECEMBER 31, 2015

(Amounts in thousands)	CADENCE BANK N.A. AND SUBSIDIARIES	TOWN & COUNTRY INSURANCE dba CADENCE INSURANCE	CADENCE BANCORPORATION	ELIMINATIONS	CADENCE BANCORPORATION AND SUBSIDIARIES	CADENCE BANCORP, LLC	ELIMINATIONS	CADENCE BANCORP, LLC AND SUBSIDIARIES
ASSETS								
Cash and due from banks	$ 139,239	$ 300	$ -	$ (300)	$ 139,239	$ -	$ -	$ 139,239
Interest-bearing deposits with banks	316,473	1,784	47,756	(49,540)	316,473	2,318	(2,318)	316,473
Federal funds sold	11,495	-	-	-	11,495	-	-	11,495
Total cash and cash equivalents	467,207	2,084	47,756	(49,840)	467,207	2,318	(2,318)	467,207
Securities available-for-sale	720,810	-	-	-	720,810	-	-	720,810
Securities held-to-maturity (estimated fair value of $594)	550	-	-	-	550	-	-	550
Other securities - FRB and FHLB stock	56,354	-	-	-	56,354	-	-	56,354
Total securities	777,714	-	-	-	777,714	-	-	777,714
Loans held for sale	25,413	-	-	-	25,413	-	-	25,413
Loans	6,916,520	-	-	-	6,916,520	-	-	6,916,520
Less: allowance for credit losses	(79,783)	-	-	-	(79,783)	-	-	(79,783)
Net loans	6,836,737	-	-	-	6,836,737	-	-	6,836,737
Interest receivable	35,329	-	-	-	35,329	-	-	35,329
Premises and equipment, net	69,545	850	-	-	70,395	-	-	70,395
Other real estate	35,984	-	-	-	35,984	-	-	35,984
Cash surrender value of life insurance	102,825	-	-	-	102,825	-	-	102,825
Net deferred tax asset	67,481	288	(1,057)	-	66,712	-	-	66,712
Goodwill	307,083	10,734	-	-	317,817	-	-	317,817
Other intangible assets, net	20,366	1,040	-	-	21,406	-	-	21,406
Other assets	44,787	375	1,314,088	(1,305,278)	53,972	1,053,943	(1,053,577)	54,338
Total Assets	$ 8,790,471	$ 15,371	$ 1,360,787	$ (1,355,118)	$ 8,811,511	$ 1,056,261	$ (1,055,895)	$ 8,811,877
LIABILITIES AND EQUITY								
Liabilities:								
Noninterest-bearing deposits	$ 1,534,733	$ -	$ -	$ (300)	$ 1,534,433	$ -	$ -	$ 1,534,433
Interest-bearing deposits	5,502,458	-	-	(49,540)	5,452,918	-	(2,318)	5,450,600
Total deposits	7,037,191	-	-	(49,840)	6,987,351	-	(2,318)	6,985,033
Securities sold under agreements to repurchase	5,840	-	-	-	5,840	-	-	5,840
Federal Home Loan Bank advances	370,000	-	-	-	370,000	-	-	370,000
Senior debt	-	-	193,085	-	193,085	-	-	193,085
Subordinated debt	24,598	-	73,573	-	98,171	-	-	98,171
Junior subordinated debentures	-	-	35,449	-	35,449	-	-	35,449
Other liabilities	61,789	1,146	4,472	-	67,407	204	-	67,611
Total liabilities	7,499,418	1,146	306,579	(49,840)	7,757,303	204	(2,318)	7,755,189
Equity:								
Noncontrolling interest	-	-	-	-	-	-	631	631
Preferred Stock	50,000	-	-	(50,000)	-	-	-	-
Total common / members' equity	1,241,053	14,225	1,054,208	(1,255,278)	1,054,208	1,056,057	(1,054,208)	1,056,057
Total Equity	1,291,053	14,225	1,054,208	(1,305,278)	1,054,208	1,056,057	(1,053,577)	1,056,688
Total Liabilities and Equity	$ 8,790,471	$ 15,371	$ 1,360,787	$ (1,355,118)	$ 8,811,511	$ 1,056,261	$ (1,055,895)	$ 8,811,877

See accompanying Independent Auditors' Report.

CADENCE BANCORP, LLC AND SUBSIDIARIES
SUPPLEMENTAL CONSOLIDATING STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2015

(Amounts in thousands)	CADENCE BANK N.A. AND SUBSIDIARIES	TOWN & COUNTRY INSURANCE dba CADENCE INSURANCE	CADENCE BANCORPORATION	ELIMINATIONS	CADENCE BANCORPORATION AND SUBSIDIARIES	CADENCE BANCORP, LLC	ELIMINATIONS	CADENCE BANCORP, LLC AND SUBSIDIARIES
INTEREST INCOME								
Interest and fees on loans	$ 272,434	$ -	$ -	$ -	$ 272,434	$ -	$ -	$ 272,434
Interest and dividends on securities:								
Taxable	14,329	-	9,000	(9,000)	14,329	-	-	14,329
Tax-exempt	2,433	-	-	-	2,433	-	-	2,433
Other interest income	1,564	8	21	(29)	1,564	5	(1)	1,568
Total interest income	290,760	8	9,021	(9,029)	290,760	5	(1)	290,764
INTEREST EXPENSE								
Interest on time deposits of $100,000 or greater	7,794	-	-	-	7,794	-	-	7,794
Interest on other deposits	18,056	-	-	(29)	18,027	-	(1)	18,026
Interest on borrowed funds	1,833	-	17,635	-	19,468	-	-	19,468
Total interest expense	27,683	-	17,635	(29)	45,289	-	(1)	45,288
Net interest income	263,077	8	(8,614)	(9,000)	245,471	5	-	245,476
Provision for credit losses	35,984	-	-	-	35,984	-	-	35,984
Net interest income after provision for credit losses	227,093	8	(8,614)	(9,000)	209,487	5	-	209,492
NONINTEREST INCOME								
Service charges on deposit accounts	12,464	-	-	-	12,464	-	-	12,464
Other service fees	2,293	-	-	-	2,293	-	-	2,293
Credit related fees	12,495	-	-	-	12,495	-	-	12,495
Trust services revenue	15,800	-	-	-	15,800	-	-	15,800
Mortgage banking revenue	4,384	-	-	-	4,384	-	-	4,384
Investment advisory revenue	17,681	-	-	-	17,681	-	-	17,681
Securities gains, net	1,171	-	-	-	1,171	-	-	1,171
Accretion of FDIC indemnification asset	(1,402)	-	-	-	(1,402)	-	-	(1,402)
Other income	10,300	7,180	41,082	(41,238)	17,324	39,166	(39,166)	17,324
Total noninterest income	75,186	7,180	41,082	(41,238)	82,210	39,166	(39,166)	82,210
NONINTEREST EXPENSE								
Salaries and employee benefits	123,715	4,530	22	-	128,267	-	-	128,267
Premises and equipment	29,327	454	-	-	29,781	-	-	29,781
Intangible asset amortization	7,678	750	-	-	8,428	-	-	8,428
Other expense	64,992	793	177	(106)	65,856	484	90	66,430
Total noninterest expense	225,712	6,527	199	(106)	232,332	484	90	232,906
Income before income taxes and noncontrolling interest	76,567	661	32,269	(50,132)	59,365	38,687	(39,256)	58,796
Income tax expense (benefit)	26,837	259	(6,987)	-	20,109	-	-	20,109
Net income	$ 49,730	$ 402	$ 39,256	$ (50,132)	$ 39,256	$ 38,687	$ (39,256)	$ 38,687

See accompanying Independent Auditors' Report.