HOME BANCSHARES INC
Form 10-Q
November 05, 2018
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**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, DC 20549**

# FORM 10-Q

**(Mark One)**

**Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
**For the Quarterly Period Ended September 30, 2018**

**or**

**Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
**For the Transition period from ________ to ________**

**Commission File Number: 000-51904**

**HOME BANCSHARES, INC.**

**(Exact Name of Registrant as Specified in Its Charter)**

| | |
|---|---|
| **Arkansas** | **71-0682831** |
| **(State or other jurisdiction of incorporation or organization)** | **(I.R.S. Employer Identification No.)** |
| **719 Harkrider, Suite 100, Conway, Arkansas** | **72032** |
| **(Address of principal executive offices)** | **(Zip Code)** |

**(501) 339-2929**

**(Registrant s telephone number, including area code)**

**Not Applicable**

**Former name, former address and former fiscal year, if changed since last report**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of large accelerated filer, accelerated filer, smaller reporting company and emerging growth company in Rule 12b-2 of the Exchange Act. (Check one):

| | |
|---|---|
| Large accelerated filer | Accelerated filer |
| Non-accelerated filer | Smaller reporting company |
| | Emerging growth company |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the registrant s classes of common stock, as of the latest practical date.

Common Stock Issued and Outstanding: 172,932,360 shares as of November 2, 2018.

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**HOME BANCSHARES, INC.**

**FORM 10-Q**

**September 30, 2018**

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## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some of our statements contained in this document, including matters discussed under the caption Management s Discussion and Analysis of Financial Condition and Results of Operation, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements relate to future events or our future financial performance and include statements about the competitiveness of the banking industry, potential regulatory obligations, our entrance and expansion into other markets, including through potential acquisitions, our other business strategies and other statements that are not historical facts. Forward-looking statements are not guarantees of performance or results. When we use words like may, plan, contemplate, anticipate, believe, intend, continue, expect, project, estimate, could, should, would, and similar expressions, you should consider them as identifying forward-looking statements, although we may use other phrasing. These forward-looking statements involve risks and uncertainties and are based on our beliefs and assumptions, and on the information available to us at the time that these disclosures were prepared. These forward-looking statements involve risks and uncertainties and may not be realized due to a variety of factors, including, but not limited to, the following:

- the effects of future local, regional, national and international economic conditions, including inflation or a decrease in commercial real estate and residential housing values;
- changes in the level of nonperforming assets and charge-offs, and credit risk generally;
- the risks of changes in interest rates or the level and composition of deposits, loan demand and the values of loan collateral, securities and interest-sensitive assets and liabilities;
- the effect of any mergers, acquisitions or other transactions to which we or our bank subsidiary may from time to time be a party, including our ability to successfully integrate any businesses that we acquire;
- the risk that expected cost savings and other benefits from acquisitions may not be fully realized or may take longer to realize than expected;
- the possibility that an acquisition does not close when expected or at all because required regulatory, shareholder or other approvals and other conditions to closing are not received or satisfied on a timely basis or at all;
- the reaction to a proposed acquisition transaction of the respective companies customers, employees and counterparties;
- diversion of management time on acquisition-related issues;

the ability to enter into and/or close additional acquisitions;

the availability of and access to capital on terms acceptable to us;

increased regulatory requirements and supervision that apply as a result of our exceeding $10 billion in total assets;

legislation and regulation affecting the financial services industry as a whole, and the Company and its subsidiaries in particular, including the effects resulting from the reforms enacted by the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act ) and the adoption of regulations by regulatory bodies under the Dodd-Frank Act;

governmental monetary and fiscal policies, as well as legislative and regulatory changes, including as a result of initiatives of the administration of President Donald J. Trump;

the effects of terrorism and efforts to combat it;

political instability;

risks associated with our customer relationship with the Cuban government and our correspondent banking relationship with Banco Internacional de Comercio, S.A. (BICSA), a Cuban commercial bank, through our recently completed acquisition of Stonegate Bank;

the ability to keep pace with technological changes, including changes regarding cybersecurity;

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- an increase in the incidence or severity of fraud, illegal payments, security breaches or other illegal acts impacting our bank subsidiary or our customers;

- the effects of competition from other commercial banks, thrifts, mortgage banking firms, consumer finance companies, credit unions, securities brokerage firms, insurance companies, money market and other mutual funds and other financial institutions operating in our market area and elsewhere, including institutions operating regionally, nationally and internationally, together with competitors offering banking products and services by mail, telephone and the Internet;

- the effect of changes in accounting policies and practices and auditing requirements, as may be adopted by the regulatory agencies, as well as the Public Company Accounting Oversight Board, the Financial Accounting Standards Board, and other accounting standard setters;

- higher defaults on our loan portfolio than we expect; and

- the failure of assumptions underlying the establishment of our allowance for loan losses or changes in our estimate of the adequacy of the allowance for loan losses.

All written or oral forward-looking statements attributable to us are expressly qualified in their entirety by this Cautionary Note. Our actual results may differ significantly from those we discuss in these forward-looking statements. For other factors, risks and uncertainties that could cause our actual results to differ materially from estimates and projections contained in these forward-looking statements, see the Risk Factors sections of our Form 10-K filed with the Securities and Exchange Commission (the SEC ) on February 27, 2018.

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**PART I: FINANCIAL INFORMATION**

**Item 1: Financial Statements**

**Home BancShares, Inc.**

**Consolidated Balance Sheets**

| (In thousands, except share data) | September 30, 2018 (Unaudited) | December 31, 2017 |
|---|---|---|
| **Assets** | | |
| Cash and due from banks | $ 208,681 | $ 166,915 |
| Interest-bearing deposits with other banks | 323,376 | 469,018 |
| Cash and cash equivalents | 532,057 | 635,933 |
| Federal funds sold | 500 | 24,109 |
| Investment securities available-for-sale | 1,744,430 | 1,663,517 |
| Investment securities held-to-maturity | 199,266 | 224,756 |
| Loans receivable | 10,832,815 | 10,331,188 |
| Allowance for loan losses | (110,191) | (110,266) |
| Loans receivable, net | 10,722,624 | 10,220,922 |
| Bank premises and equipment, net | 233,652 | 237,439 |
| Foreclosed assets held for sale | 13,507 | 18,867 |
| Cash value of life insurance | 148,014 | 146,866 |
| Accrued interest receivable | 48,909 | 45,708 |
| Deferred tax asset, net | 79,548 | 76,564 |
| Goodwill | 958,408 | 927,949 |
| Core deposit and other intangibles | 44,484 | 49,351 |
| Other assets | 187,339 | 177,779 |
| **Total assets** | $ 14,912,738 | $ 14,449,760 |
| **Liabilities and Stockholders Equity** | | |
| Deposits: | | |
| Demand and non-interest-bearing | $ 2,482,857 | $ 2,385,252 |
| Savings and interest-bearing transaction accounts | 6,420,951 | 6,476,819 |
| Time deposits | 1,720,930 | 1,526,431 |
| Total deposits | 10,624,738 | 10,388,502 |
| Securities sold under agreements to repurchase | 142,146 | 147,789 |
| FHLB and other borrowed funds | 1,363,851 | 1,299,188 |
| Accrued interest payable and other liabilities | 72,381 | 41,959 |
| Subordinated debentures | 368,596 | 368,031 |

| | | |
|---|---|---|
| **Total liabilities** | 12,571,712 | 12,245,469 |
| **Stockholders equity:** | | |
| Common stock, par value $0.01; shares authorized 200,000,000 in 2018 and 2017; shares issued and outstanding 174,134,811 in 2018 and 173,632,983 in 2017 | 1,741 | 1,736 |
| Capital surplus | 1,668,106 | 1,675,318 |
| Retained earnings | 701,900 | 530,658 |
| Accumulated other comprehensive loss | (30,721) | (3,421) |
| **Total stockholders equity** | 2,341,026 | 2,204,291 |
| **Total liabilities and stockholders equity** | $ 14,912,738 | $ 14,449,760 |

See Condensed Notes to Consolidated Financial Statements.

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**Home BancShares, Inc.**

**Consolidated Statements of Income**

| (In thousands, except per share data) | Three Months Ended September 30, 2018 | Three Months Ended September 30, 2017 | Nine Months Ended September 30, 2018 | Nine Months Ended September 30, 2017 |
|---|---|---|---|---|
| | (Unaudited) | | | |
| **Interest income:** | | | | |
| Loans | $ 166,334 | $ 113,269 | $ 467,395 | $ 331,763 |
| Investment securities | | | | |
| Taxable | 9,011 | 7,071 | 26,960 | 18,983 |
| Tax-exempt | 3,427 | 3,032 | 9,801 | 8,942 |
| Deposits other banks | 1,273 | 538 | 3,408 | 1,573 |
| Federal funds sold | 6 | 3 | 24 | 9 |
| Total interest income | 180,051 | 123,913 | 507,588 | 361,270 |
| **Interest expense:** | | | | |
| Interest on deposits | 21,412 | 8,535 | 54,382 | 20,831 |
| Federal funds purchased | | | 1 | |
| FHLB and other borrowed funds | 7,055 | 3,408 | 15,880 | 10,707 |
| Securities sold under agreements to repurchase | 472 | 232 | 1,220 | 593 |
| Subordinated debentures | 5,202 | 4,969 | 15,374 | 10,203 |
| Total interest expense | 34,141 | 17,144 | 86,857 | 42,334 |
| **Net interest income** | 145,910 | 106,769 | 420,731 | 318,936 |
| Provision for loan losses | | 35,023 | 4,322 | 39,324 |
| **Net interest income after provision for loan losses** | 145,910 | 71,746 | 416,409 | 279,612 |
| **Non-interest income:** | | | | |
| Service charges on deposit accounts | 6,992 | 6,408 | 19,847 | 18,356 |
| Other service charges and fees | 9,041 | 8,490 | 28,993 | 25,983 |
| Trust fees | 437 | 365 | 1,262 | 1,130 |
| Mortgage lending income | 3,691 | 3,172 | 9,825 | 9,713 |
| Insurance commissions | 463 | 472 | 1,668 | 1,482 |
| Increase in cash value of life insurance | 735 | 478 | 2,119 | 1,251 |
| Dividends from FHLB, FRB, FNBB & other | 1,288 | 834 | 3,765 | 2,455 |
| Gain on acquisitions | | | | 3,807 |
| Gain on sale of SBA loans | 47 | 163 | 491 | 738 |
| Gain (loss) on sale of branches, equipment and other assets, net | (102) | (1,337) | (95) | (962) |
| Gain (loss) on OREO, net | 836 | 335 | 2,287 | 849 |
| Gain (loss) on securities, net | | 136 | | 939 |
| Other income | 2,419 | 1,941 | 9,163 | 6,603 |

| | | | | |
|---|---|---|---|---|
| Total non-interest income | 25,847 | 21,457 | 79,325 | 72,344 |
| **Non-interest expense:** | | | | |
| Salaries and employee benefits | 37,825 | 28,510 | 107,315 | 83,965 |
| Occupancy and equipment | 8,148 | 7,887 | 25,650 | 21,602 |
| Data processing expense | 3,461 | 2,853 | 10,786 | 8,439 |
| Other operating expenses | 16,689 | 31,596 | 48,980 | 62,984 |
| Total non-interest expense | 66,123 | 70,846 | 192,731 | 176,990 |
| **Income before income taxes** | 105,634 | 22,357 | 303,003 | 174,966 |
| Income tax expense | 25,350 | 7,536 | 73,630 | 63,192 |
| **Net income** | $ 80,284 | $ 14,821 | $ 229,373 | $ 111,774 |
| **Basic earnings per share** | $ 0.46 | $ 0.10 | $ 1.32 | $ 0.78 |
| **Diluted earnings per share** | $ 0.46 | $ 0.10 | $ 1.32 | $ 0.78 |

See Condensed Notes to Consolidated Financial Statements.

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## Home BancShares, Inc.

## Consolidated Statements of Comprehensive Income

| (In thousands) | Three Months Ended September 30, 2018 | Three Months Ended September 30, 2017 | Nine Months Ended September 30, 2018 | Nine Months Ended September 30, 2017 |
|---|---|---|---|---|
| | (Unaudited) | | | |
| Net income | $ 80,284 | $ 14,821 | $ 229,373 | $ 111,774 |
| Net unrealized gain (loss) on available-for-sale securities | (6,979) | (4,065) | (35,957) | 6,681 |
| Less: reclassification adjustment for realized (gains) losses included in income | | (136) | | (939) |
| Other comprehensive (loss) income, before tax effect | (6,979) | (4,201) | (35,957) | 5,742 |
| Tax effect on other comprehensive income | 2,867 | 1,648 | 9,647 | (2,253) |
| Other comprehensive income (loss) | (4,112) | (2,553) | (26,310) | 3,489 |
| Comprehensive income | $ 76,172 | $ 12,268 | $ 203,063 | $ 115,263 |

## Home BancShares, Inc.

## Consolidated Statements of Stockholders Equity

## Nine Months Ended September 30, 2018 and 2017

| (In thousands, except share data) | Common Stock | Capital Surplus | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Total |
|---|---|---|---|---|---|
| **Balances at January 1, 2017** | 1,405 | 869,737 | 455,948 | 400 | 1,327,490 |
| Comprehensive income: | | | | | |
| Net income | | | 111,774 | | 111,774 |
| Other comprehensive income (loss) | | | | 3,489 | 3,489 |
| Net issuance of 160,237 shares of common stock from exercise of stock options | 2 | 847 | | | 849 |
| Issuance of 2,738,038 shares of common stock from acquisition of GHI, net of issuance costs of approximately $195 | 27 | 77,290 | | | 77,317 |
| Issuance of 30,863,658 shares of common stock from acquisition of Stonegate, net of issuance | 309 | 741,324 | | | 741,633 |

| | | | | | |
|---|---|---|---|---|---|
| costs of approximately $630 | | | | | |
| Repurchase of 800,000 shares of common stock | (8) | (19,530) | | | (19,538) |
| Share-based compensation net issuance of 231,766 shares of restricted common stock | 2 | 4,974 | | | 4,976 |
| Cash dividends Common Stock, $0.29 per share | | | (41,274) | | (41,274) |
| **Balances at September 30, 2017 (unaudited)** | $ 1,737 | $ 1,674,642 | $ 526,448 | $ 3,889 | $ 2,206,716 |
| Comprehensive income: | | | | | |
| Net income | | | 23,309 | | 23,309 |
| Other comprehensive income (loss) | | | | (7,310) | (7,310) |
| Net issuance of 24,879 shares of common stock from exercise of stock options | | 233 | | | 233 |
| Repurchase of 57,800 shares of common stock | (1) | (1,286) | | | (1,287) |
| Share-based compensation | | 1,729 | | | 1,729 |
| Cash dividends Common Stock, $0.11 per share | | | (19,099) | | (19,099) |
| **Balances at December 31, 2017** | $ 1,736 | $ 1,675,318 | $ 530,658 | $ (3,421) | $ 2,204,291 |
| Comprehensive income: | | | | | |
| Net Income | | | 229,373 | | 229,373 |
| Other comprehensive income (loss) | | | | (26,310) | (26,310) |
| Net issuance of 176,821 shares of common stock from exercise of stock options | 2 | 1,255 | | | 1,257 |
| Issuance of 1,250,000 shares of common stock from acquisition of Shore Premier Finance | 13 | 28,188 | | | 28,201 |
| Impact of adoption of new accounting standards(1) | | | 990 | (990) | |
| Repurchase of 1,863,400 shares of common stock | (19) | (43,151) | | | (43,170) |
| Share-based compensation net issuance of 956,125 shares of restricted common stock | 9 | 6,496 | | | 6,505 |
| Cash dividends Common Stock, $0.34 per share | | | (59,121) | | (59,121) |
| **Balances at September 30, 2018 (unaudited)** | $ 1,741 | $ 1,668,106 | $ 701,900 | $ (30,721) | $ 2,341,026 |

(1) Represents the impact of adopting Accounting Standard Update ( ASU ) 2016-01. See Note 1 to the consolidated financial statements for more information.

See Condensed Notes to Consolidated Financial Statements.

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**Home BancShares, Inc.**

**Consolidated Statements of Cash Flows**

| (In thousands) | Nine Months Ended September 30, 2018 | 2017 |
|---|---|---|
| | (Unaudited) | |
| **Operating Activities** | | |
| Net income | $ 229,373 | $ 111,774 |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: | | |
| Depreciation | 9,156 | 8,634 |
| Investment amortization | 16,033 | 12,087 |
| Accretion of purchased loans | (32,021) | (23,319) |
| Share-based compensation | 6,505 | 4,976 |
| Gain on assets | (3,436) | (1,720) |
| Gain on acquisitions | | (3,807) |
| Provision for loan losses | 4,322 | 39,324 |
| Deferred income tax effect | 14,593 | (15,867) |
| Increase in cash value of life insurance | (2,119) | (1,251) |
| Originations of mortgage loans held for sale | (258,520) | (243,948) |
| Proceeds from sales of mortgage loans held for sale | 262,900 | 250,784 |
| Changes in assets and liabilities: | | |
| Accrued interest receivable | (2,377) | (1,814) |
| Other assets | (17,485) | (22,642) |
| Accrued interest payable and other liabilities | 28,547 | (35,436) |
| Net cash provided by operating activities | 255,471 | 77,775 |
| **Investing Activities** | | |
| Net decrease (increase) in federal funds sold | 23,609 | (1,480) |
| Net increase in loans, excluding purchased loans | (119,723) | (92,015) |
| Purchases of investment securities available-for-sale | (380,847) | (522,329) |
| Proceeds from maturities of investment securities available-for-sale | 252,795 | 120,785 |
| Proceeds from sale of investment securities available-for-sale | 1,064 | 28,368 |
| Purchases of investment securities held-to-maturity | | (219) |
| Proceeds from maturities of investment securities held-to-maturity | 25,007 | 48,144 |
| Proceeds from sale of investment securities held-to-maturity | | 491 |
| Proceeds from foreclosed assets held for sale | 17,744 | 13,315 |
| Proceeds from sale of SBA Loans | 7,938 | 13,630 |
| Purchases of premises and equipment, net | (5,070) | (4,383) |
| Return of investment on cash value of life insurance | 1,325 | 592 |
| Net cash (paid) proceeds received market acquisitions | (377,411) | 227,845 |
| Net cash used in investing activities | (553,569) | (167,256) |

| | | |
|---|---|---|
| **Financing Activities** | | |
| Net increase in deposits, excluding deposits acquired | 236,236 | 536,891 |
| Net (decrease) increase in securities sold under agreements to repurchase | (5,643) | 2,078 |
| Net increase (decrease) in FHLB and other borrowed funds | 64,663 | (350,230) |
| Proceeds from exercise of stock options | 1,257 | 849 |
| Proceeds from issuance of subordinated notes | | 297,201 |
| Repurchase of common stock | (43,170) | (19,538) |
| Common stock issuance costs market acquisitions | | (825) |
| Dividends paid on common stock | (59,121) | (41,274) |
| Net cash provided by used in financing activities | 194,222 | 425,152 |
| **Net change in cash and cash equivalents** | (103,876) | 335,671 |
| **Cash and cash equivalents beginning of year** | 635,933 | 216,649 |
| **Cash and cash equivalents end of period** | $ 532,057 | $ 552,320 |

See Condensed Notes to Consolidated Financial Statements.

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**Home BancShares, Inc.**

**Condensed Notes to Consolidated Financial Statements**

(Unaudited)

## 1. Nature of Operations and Summary of Significant Accounting Policies

***Nature of Operations***

Home BancShares, Inc. (the Company or HBI ) is a bank holding company headquartered in Conway, Arkansas. The Company is primarily engaged in providing a full range of banking services to individual and corporate customers through its wholly-owned community bank subsidiary Centennial Bank (sometimes referred to as Centennial or the Bank ). The Bank has branch locations in Arkansas, Florida, South Alabama and New York City. The Company is subject to competition from other financial institutions. The Company also is subject to the regulation of certain federal and state agencies and undergoes periodic examinations by those regulatory authorities.

A summary of the significant accounting policies of the Company follows:

***Operating Segments***

Operating segments are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Bank is the only significant subsidiary upon which management makes decisions regarding how to allocate resources and assess performance. Each of the branches of the Bank provide a group of similar banking services, including such products and services as commercial, real estate and consumer loans, time deposits, checking and savings accounts. The individual bank branches have similar operating and economic characteristics. While the chief decision maker monitors the revenue streams of the various products, services and branch locations, operations are managed, and financial performance is evaluated on a Company-wide basis. Accordingly, all of the banking services and branch locations are considered by management to be aggregated into one reportable operating segment.

***Use of 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 particularly susceptible to significant change relate to the determination of the allowance for loan losses, the valuation of investment securities, the valuation of foreclosed assets and the valuations of assets acquired, and liabilities assumed in business combinations. In connection with the determination of the allowance for loan losses and the valuation of foreclosed assets, management obtains independent appraisals for significant properties.

***Principles of Consolidation***

The consolidated financial statements include the accounts of HBI and its subsidiaries. Significant intercompany accounts and transactions have been eliminated in consolidation.

***Reclassifications***

Various items within the accompanying consolidated financial statements for previous years have been reclassified to provide more comparative information. These reclassifications had no effect on net earnings or stockholders equity.

***Interim financial information***

The accompanying unaudited consolidated financial statements as of September 30, 2018 and 2017 have been prepared in condensed format, and therefore do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements.

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The information furnished in these interim statements reflects all adjustments which are, in the opinion of management, necessary for a fair statement of the results for each respective period presented. Such adjustments are of a normal recurring nature. The results of operations in the interim statements are not necessarily indicative of the results that may be expected for any other quarter or for the full year. The interim financial information should be read in conjunction with the consolidated financial statements and notes thereto included in the Company s 2017 Form 10-K, filed with the Securities and Exchange Commission.

***Revenue Recognition.***

Accounting Standards Codification ( ASC ) Topic 606, *Revenue from Contracts with Customers* ( ASC Topic 606 ), establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity s contracts to provide goods or services to customers. The core principle requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration that it expects to be entitled to receive in exchange for those goods or services recognized as performance obligations are satisfied. The majority of our revenue-generating transactions are not subject to ASC Topic 606, including revenue generated from financial instruments, such as our loans, letters of credit and investment securities, as these activities are subject to other GAAP discussed elsewhere within our disclosures. Descriptions of our revenue-generating activities that are within the scope of ASC Topic 606, which are presented in our income statements as components of non-interest income are as follows:

Service charges on deposit accounts These represent general service fees for monthly account maintenance and activity or transaction-based fees and consist of transaction-based revenue, time-based revenue (service period), item-based revenue or some other individual attribute-based revenue. Revenue is recognized when our performance obligation is completed which is generally monthly for account maintenance services or when a transaction has been completed (such as a wire transfer). Payment for such performance obligations are generally received at the time the performance obligations are satisfied.

Other service charges and fees These represent credit card interchange fees and Centennial CFG loan fees. The interchange fees are recorded in the period the performance obligation is satisfied which is generally the cash basis based on agreed upon contracts. The Centennial CFG loan fees are based on loan or other negotiated agreements with customers and are accounted for under ASC Topic 310.

Mortgage lending income This represents fee income on secondary market lending which is accounted for under ASC Topic 310 and transfer of loans based on a bid agreement with the investor which is accounted for under ASC Topic 860, *Transfers and Servicing*.

***Earnings per Share***

Basic earnings per share is computed based on the weighted-average number of shares outstanding during each year. Diluted earnings per share is computed using the weighted-average shares and all potential dilutive shares outstanding during the period. The following table sets forth the computation of basic and diluted earnings per share ( EPS ) for the following periods:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | (In thousands) | | | |
| Net income | $ 80,284 | $ 14,821 | $ 229,373 | $ 111,774 |
| Average shares outstanding | 174,440 | 144,238 | 173,870 | 143,111 |
| Effect of common stock options | 427 | 749 | 524 | 728 |
| Average diluted shares outstanding | 174,867 | 144,987 | 174,394 | 143,839 |
| Basic earnings per share | $ 0.46 | $ 0.10 | $ 1.32 | $ 0.78 |
| Diluted earnings per share | $ 0.46 | $ 0.10 | $ 1.32 | $ 0.78 |

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## 2. Business Combinations

***Acquisition of Shore Premier Finance***

On June 30, 2018, the Company, completed the acquisition of Shore Premier Finance ( SPF ), a division of Union Bank & Trust of Richmond, Virginia, the bank subsidiary of Union Bankshares Corporation. The Company paid a purchase price of approximately $377.4 million in cash, subject to certain post-closing adjustments, and 1,250,000 shares of HBI common stock valued at approximately $28.2 million. SPF provides direct consumer financing for United States Coast Guard ( USCG ) registered high-end sail and power boats. Additionally, SPF provides inventory floor plan lines of credit to marine dealers, primarily those selling USCG documented vessels.

Including the effects of known purchase accounting adjustments, as of acquisition date, SPF had approximately $377.0 million in total assets, including $376.2 million in total loans and $1.9 million in assumed liabilities, which resulted in tentative goodwill of $30.5 million being recorded. The purchase price allocation and certain fair value measurements remain preliminary due to the timing of the acquisition. The Company will continue to review the estimated fair values of loans and intangible assets and to evaluate the assumed tax positions and contingencies.

This portfolio of loans is now housed in a division of Centennial known as Shore Premier Finance. The SPF division of Centennial is responsible for servicing the acquired loan portfolio and originating new loan production. In connection with this acquisition and the creation of the SPF division of Centennial, Centennial has opened a new loan production office in Chesapeake, Virginia. Through this loan production office, the SPF division of Centennial will continue its vision to build out a lending platform focusing on commercial and consumer marine loans.

The Company has determined that the acquisition of the net assets of SPF constitutes a business combination as defined by the ASC Topic 805. Accordingly, the assets acquired are presented at their fair values as required. Fair values were determined based on the requirements of ASC Topic 820. In many cases, the determination of these fair values required management to make estimates about discount rates, future expected cash flows, market conditions and other future events that are highly subjective in nature and subject to change.

***Acquisition of Stonegate Bank***

On September 26, 2017, the Company, completed the acquisition of all of the issued and outstanding shares of common stock of Stonegate Bank ( Stonegate ), and merged Stonegate into Centennial. The Company paid a purchase price to the Stonegate shareholders of approximately $792.4 million for the Stonegate acquisition. Under the terms of the merger agreement, shareholders of Stonegate received 30,863,658 shares of HBI common stock valued at approximately $742.3 million plus approximately $50.1 million in cash in exchange for all outstanding shares of Stonegate common stock. In addition, the holders of outstanding stock options of Stonegate received approximately $27.6 million in cash in connection with the cancellation of their options immediately before the acquisition closed, for a total transaction value of approximately $820.0 million.

Including the effects of the purchase accounting adjustments, as of acquisition date, Stonegate had approximately $2.89 billion in total assets, $2.37 billion in loans and $2.53 billion in customer deposits. Stonegate formerly operated its banking business from 24 locations in key Florida markets with significant presence in Broward and Sarasota counties.

The Company has determined that the acquisition of the net assets of Stonegate constitutes a business combination as defined by the ASC Topic 805. Accordingly, the assets acquired and liabilities assumed are presented at their fair values as required. Fair values were determined based on the requirements of ASC Topic 820. In many cases, the determination of these fair values required

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management to make estimates about discount rates, future expected cash flows, market conditions and other future events that are highly subjective in nature and subject to change. The following schedule is a breakdown of the assets acquired and liabilities assumed as of the acquisition date:

| | Stonegate Bank | | |
|---|---|---|---|
| | Acquired from Stonegate | Fair Value Adjustments | As Recorded by HBI |
| | (Dollars in thousands) | | |
| **Assets** | | | |
| Cash and due from banks | $ 100,958 | $ | $ 100,958 |
| Interest-bearing deposits with other banks | 135,631 | | 135,631 |
| Federal funds sold | 1,515 | | 1,515 |
| Investment securities | 103,041 | 474 | 103,515 |
| Loans receivable | 2,446,149 | (74,067) | 2,372,082 |
| Allowance for loan losses | (21,507) | 21,507 | |
| Loans receivable, net | 2,424,642 | (52,560) | 2,372,082 |
| Bank premises and equipment, net | 38,868 | (3,572) | 35,296 |
| Foreclosed assets held for sale | 4,187 | (801) | 3,386 |
| Cash value of life insurance | 48,000 | | 48,000 |
| Accrued interest receivable | 7,088 | | 7,088 |
| Deferred tax asset, net | 27,340 | 11,990 | 39,330 |
| Goodwill | 81,452 | (81,452) | |
| Core deposit and other intangibles | 10,505 | 20,364 | 30,869 |
| Other assets | 9,598 | 255 | 9,853 |
| Total assets acquired | $ 2,992,825 | $ (105,302) | $ 2,887,523 |
| **Liabilities** | | | |
| Deposits | | | |
| Demand and non-interest-bearing | $ 585,959 | $ | $ 585,959 |
| Savings and interest-bearing transaction accounts | 1,776,256 | | 1,776,256 |
| Time deposits | 163,567 | (85) | 163,482 |
| Total deposits | 2,525,782 | (85) | 2,525,697 |
| FHLB borrowed funds | 32,667 | 184 | 32,851 |
| Securities sold under agreements to repurchase | 26,163 | | 26,163 |
| Accrued interest payable and other liabilities | 8,100 | (484) | 7,616 |
| Subordinated debentures | 8,345 | 1,489 | 9,834 |
| Total liabilities assumed | 2,601,057 | 1,104 | 2,602,161 |
| **Equity** | | | |
| Total equity assumed | 391,768 | (391,768) | |

| | | | |
|---|---|---|---|
| Total liabilities and equity assumed | $ 2,992,825 | $ (390,664) | 2,602,161 |
| Net assets acquired | | | 285,362 |
| Purchase price | | | 792,370 |
| Goodwill | | | $ 507,008 |

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The following is a description of the methods used to determine the fair values of significant assets and liabilities presented above:

Cash and due from banks, interest-bearing deposits with other banks and federal funds sold The carrying amount of these assets is a reasonable estimate of fair value based on the short-term nature of these assets.

Investment securities Investment securities were acquired from Stonegate with an approximately $474,000 adjustment to market value based upon quoted market prices.

Loans Fair values for loans were based on a discounted cash flow methodology that considered factors including the type of loan and related collateral, classification status, fixed or variable interest rate, term of loan and whether or not the loan was amortizing, and current discount rates. The discount rates used for loans are based on current market rates for new originations of comparable loans and include adjustments for liquidity concerns.

The Company evaluated $2.37 billion of the loans purchased in conjunction with the acquisition in accordance with the provisions of FASB ASC Topic 310-20, *Nonrefundable Fees and Other Costs,* which were recorded with a $73.3 million discount. As a result, the fair value discount on these loans is being accreted into interest income over the weighted average life of the loans using a constant yield method. The remaining $74.3 million of loans evaluated were considered purchased credit impaired loans within the provisions of FASB ASC Topic 310-30, *Loans and Debt Securities Acquired with Deteriorated Credit Quality,* and were recorded with a $23.3 million discount. These purchase credit impaired loans will recognize interest income through accretion of the difference between the carrying amount of the loans and the expected cash flows. The acquired Stonegate loan balance and the fair value adjustment on loans receivable includes $22.6 million of discount on purchased loans, respectively.

Bank premises and equipment Bank premises and equipment were acquired from Stonegate with a $3.6 million adjustment to market value. This represents the difference between current appraisals completed in connection with the acquisition and book value acquired.

Foreclosed assets held for sale These assets are presented at the estimated fair values that management expects to receive when the properties are sold, net of related costs of disposal.

Cash value of life insurance Cash value of life insurance was acquired from Stonegate at market value.

Accrued interest receivable Accrued interest receivable was acquired from Stonegate at market value.

Deferred tax asset The current and deferred income tax assets and liabilities are recorded to reflect the differences in the carrying values of the acquired assets and assumed liabilities for financial reporting purposes and the cost basis for federal income tax purposes, at the Company s statutory federal and state income tax rate which was 39.225% at the time of acquisition.

Core deposit intangible This intangible asset represents the value of the relationships that Stonegate had with its deposit customers. The fair value of this intangible asset was estimated based on a discounted cash flow methodology that gave appropriate consideration to expected customer attrition rates, cost of the deposit base, and the net maintenance cost attributable to customer deposits. The Company recorded $30.9 million of core deposit intangible.

Deposits The fair values used for the demand and savings deposits that comprise the transaction accounts acquired, by definition equal the amount payable on demand at the acquisition date. The $85,000 fair value adjustment applied for time deposits was because the weighted average interest rate of Stonegate s certificates of deposits were estimated to be below the current market rates.

FHLB borrowed funds The fair value of FHLB borrowed funds is estimated based on borrowing rates currently available to the Company for borrowings with similar terms and maturities.

Securities sold under agreements to repurchase Securities sold under agreements to repurchase were acquired from Stonegate at market value.

Accrued interest payable and other liabilities Accrued interest payable and other liabilities were acquired from Stonegate at market value.

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Subordinated debentures The fair value of subordinated debentures is estimated based on borrowing rates currently available to the Company for borrowings with similar terms and maturities.

The unaudited pro-forma combined consolidated financial information presents how the combined financial information of HBI and Stonegate might have appeared had the businesses actually been combined. The following schedule represents the unaudited pro forma combined financial information as of the years ended December 31, 2017 and 2016, assuming the acquisition was completed as of January 1, 2017 and 2016, respectively:

| | Years Ended December 31, | |
|---|---|---|
| | 2017 | 2016 |
| | (In thousands, except per share data) | |
| Total interest income | $ 610,697 | $ 538,258 |
| Total non-interest income | 107,179 | 95,555 |
| Net income available to all shareholders | 143,979 | 206,081 |
| Basic earnings per common share | $ 0.79 | $ 1.20 |
| Diluted earnings per common share | 0.79 | 1.20 |

The unaudited pro-forma consolidated financial information is presented for illustrative purposes only and does not indicate the financial results of the combined company had the companies actually been combined at the beginning of the period presented and had the impact of possible significant revenue enhancements and expense efficiencies from in-market cost savings, among other factors, been considered and, accordingly, does not attempt to predict or suggest future results. It also does not necessarily reflect what the historical results of the combined company would have been had the companies been combined during this period.

***Acquisition of The Bank of Commerce***

On February 28, 2017, the Company completed its acquisition of all of the issued and outstanding shares of common stock of The Bank of Commerce ( BOC ), a Florida state-chartered bank that operated in the Sarasota, Florida area, pursuant to an acquisition agreement, dated December 1, 2016, by and between HBI and Bank of Commerce Holdings, Inc. ( BCHI ), parent company of BOC. The Company merged BOC with and into Centennial effective as of the close of business on February 28, 2017.

The acquisition of BOC was conducted in accordance with the provisions of Section 363 of the United States Bankruptcy Code (the Bankruptcy Code ) pursuant to a voluntary petition for relief under Chapter 11 of the Bankruptcy Code filed by BCHI with the United States Bankruptcy Court for the Middle District of Florida (the Bankruptcy Court ). The sale of BOC by BCHI was subject to certain bidding procedures approved by the Bankruptcy Court, under which the Company submitted an initial bid to purchase the outstanding shares of BOC and was deemed to be the successful bidder after a subsequent auction was held. The Bankruptcy Court entered a final order on December 9, 2016 approving the sale of BOC to the Company pursuant to and in accordance with the acquisition agreement.

Under the terms of the acquisition agreement, the Company paid an aggregate of approximately $4.2 million in cash for the acquisition, which included the purchase of all outstanding shares of BOC common stock, the discounted purchase of certain subordinated debentures issued by BOC from the existing holders of the subordinated debentures, and an expense reimbursement to BCHI for approved administrative claims in connection with the bankruptcy proceeding.

BOC formerly operated three branch locations in the Sarasota, Florida area. Including the effects of the purchase accounting adjustments, as of acquisition date, BOC had approximately $178.1 million in total assets, $118.5 million in loans after $5.8 million of loan discounts, and $139.8 million in deposits.

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The Company has determined that the acquisition of the net assets of BOC constitutes a business combination as defined by the ASC Topic 805. Accordingly, the assets acquired and liabilities assumed are presented at their fair values as required. Fair values were determined based on the requirements of ASC Topic 820. In many cases, the determination of these fair values required management to make estimates about discount rates, future expected cash flows, market conditions and other future events that are highly subjective in nature and subject to change. The following schedule is a breakdown of the assets acquired and liabilities assumed as of the acquisition date:

| | The Bank of Commerce | | |
|---|---|---|---|
| | Acquired from BOC | Fair Value Adjustments | As Recorded by HBI |
| | (Dollars in thousands) | | |
| **Assets** | | | |
| Cash and due from banks | $ 4,610 | $ | $ 4,610 |
| Interest-bearing deposits with other banks | 14,360 | | 14,360 |
| Investment securities | 25,926 | (113) | 25,813 |
| Loans receivable | 124,289 | (5,751) | 118,538 |
| Allowance for loan losses | (2,037) | 2,037 | |
| Loans receivable, net | 122,252 | (3,714) | 118,538 |
| Bank premises and equipment, net | 1,887 | | 1,887 |
| Foreclosed assets held for sale | 8,523 | (3,165) | 5,358 |
| Accrued interest receivable | 481 | | 481 |
| Deferred tax asset, net | | 4,198 | 4,198 |
| Core deposit intangible | | 968 | 968 |
| Other assets | 1,880 | | 1,880 |
| Total assets acquired | $ 179,919 | $ (1,826) | $ 178,093 |
| **Liabilities** | | | |
| Deposits | | | |
| Demand and non-interest-bearing | $ 27,245 | $ | $ 27,245 |
| Savings and interest-bearing transaction accounts | 32,300 | | 32,300 |
| Time deposits | 79,945 | 270 | 80,215 |
| Total deposits | 139,490 | 270 | 139,760 |
| FHLB borrowed funds | 30,000 | 42 | 30,042 |
| Accrued interest payable and other liabilities | 564 | (255) | 309 |
| Total liabilities assumed | $ 170,054 | $ 57 | 170,111 |
| Net assets acquired | | | 7,982 |
| Purchase price | | | 4,175 |
| Pre-tax gain on acquisition | | | $ 3,807 |

The following is a description of the methods used to determine the fair values of significant assets and liabilities presented above:

Cash and due from banks and interest-bearing deposits with other banks The carrying amount of these assets is a reasonable estimate of fair value based on the short-term nature of these assets.

Investment securities Investment securities were acquired from BOC with an $113,000 adjustment to market value based upon quoted market prices.

Loans Fair values for loans were based on a discounted cash flow methodology that considered factors including the type of loan and related collateral, classification status, fixed or variable interest rate, term of loan and whether or not the loan was amortizing, and current discount rates. The discount rates used for loans are based on current market rates for new originations of comparable loans and include adjustments for liquidity concerns.

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The Company evaluated $106.8 million of the loans purchased in conjunction with the acquisition in accordance with the provisions of FASB ASC Topic 310-20, *Nonrefundable Fees and Other Costs,* which were recorded with a $3.0 million discount. As a result, the fair value discount on these loans is being accreted into interest income over the weighted-average life of the loans using a constant yield method. The remaining $17.5 million of loans evaluated were considered purchased credit impaired loans within the provisions of FASB ASC Topic 310-30, *Loans and Debt Securities Acquired with Deteriorated Credit Quality,* and were recorded with a $2.8 million discount. These purchase credit impaired loans will recognize interest income through accretion of the difference between the carrying amount of the loans and the expected cash flows.

Bank premises and equipment  Bank premises and equipment were acquired from BOC at market value.

Foreclosed assets held for sale  These assets are presented at the estimated fair values that management expects to receive when the properties are sold, net of related costs to sell.

Accrued interest receivable  Accrued interest receivable was acquired from BOC at market value.

Deferred tax asset  The current and deferred income tax assets and liabilities are recorded to reflect the differences in the carrying values of the acquired assets and assumed liabilities for financial reporting purposes and the cost basis for federal income tax purposes, at the Company s statutory federal and state income tax rate which was 39.225% at the time of acquisition.

Core deposit intangible  This intangible asset represents the value of the relationships that BOC had with its deposit customers. The fair value of this intangible asset was estimated based on a discounted cash flow methodology that gave appropriate consideration to expected customer attrition rates, cost of the deposit base, and the net maintenance cost attributable to customer deposits. The Company recorded $968,000 of core deposit intangible.

Deposits  The fair values used for the demand and savings deposits that comprise the transaction accounts acquired, by definition equal the amount payable on demand at the acquisition date. The $270,000 fair value adjustment applied for time deposits was because the weighted-average interest rate of BOC s certificates of deposits was estimated to be above the current market rates.

FHLB borrowed funds  The fair value of FHLB borrowed funds is estimated based on borrowing rates currently available to the Company for borrowings with similar terms and maturities.

Accrued interest payable and other liabilities  The fair value used represents the adjustment of certain estimated liabilities from BOC.

The Company s operating results for the period ended December 31, 2017, include the operating results of the acquired assets and assumed liabilities subsequent to the acquisition date. Due to the fair value adjustments recorded and the fact BOC total assets acquired are less than 5% of total assets as of December 31, 2017 excluding BOC as recorded by HBI as of acquisition date, historical results are not believed to be material to the Company s results, and thus no pro-forma information is presented.

***Acquisition of Giant Holdings, Inc.***

On February 23, 2017, the Company completed its acquisition of Giant Holdings, Inc. ( GHI ), parent company of Landmark Bank, N.A. ( Landmark ), pursuant to a definitive agreement and plan of merger whereby GHI merged with and into HBI and, immediately thereafter, Landmark merged with and into Centennial. The Company paid a purchase price to the GHI shareholders of approximately $96.0 million for the GHI acquisition. Under the terms of the agreement, shareholders of GHI received 2,738,038 shares of the Company s common stock valued at approximately $77.5 million as of February 23, 2017, plus approximately $18.5 million in cash in exchange for all outstanding shares of GHI common stock.

GHI formerly operated six branch locations in the Ft. Lauderdale, Florida area. Including the effects of the purchase accounting adjustments, as of acquisition date, GHI had approximately $398.1 million in total assets, $327.8 million in loans after $8.1 million of loan discounts, and $304.0 million in deposits.

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The Company has determined that the acquisition of the net assets of GHI constitutes a business combination as defined by the ASC Topic 805. Accordingly, the assets acquired and liabilities assumed are presented at their fair values as required. Fair values were determined based on the requirements of ASC Topic 820. In many cases, the determination of these fair values required management to make estimates about discount rates, future expected cash flows, market conditions and other future events that are highly subjective in nature and subject to change. The following schedule is a breakdown of the assets acquired and liabilities assumed as of the acquisition date:

| | Giant Holdings, Inc. | | |
|---|---|---|---|
| | Acquired from GHI | Fair Value Adjustments | As Recorded by HBI |
| | (Dollars in thousands) | | |
| **Assets** | | | |
| Cash and due from banks | $ 41,019 | $ | $ 41,019 |
| Interest-bearing deposits with other banks | 4,057 | 1 | 4,058 |
| Investment securities | 1,961 | (5) | 1,956 |
| Loans receivable | 335,886 | (6,517) | 329,369 |
| Allowance for loan losses | (4,568) | 4,568 | |
| Loans receivable, net | 331,318 | (1,949) | 329,369 |
| Bank premises and equipment, net | 2,111 | 608 | 2,719 |
| Cash value of life insurance | 10,861 | | 10,861 |
| Accrued interest receivable | 850 | | 850 |
| Deferred tax asset, net | 2,286 | 1,807 | 4,093 |
| Core deposit and other intangibles | 172 | 3,238 | 3,410 |
| Other assets | 254 | (489) | (235) |
| Total assets acquired | $ 394,889 | $ 3,211 | $ 398,100 |
| **Liabilities** | | | |
| Deposits | | | |
| Demand and non-interest-bearing | $ 75,993 | $ | $ 75,993 |
| Savings and interest-bearing transaction accounts | 139,459 | | 139,459 |
| Time deposits | 88,219 | 324 | 88,543 |
| Total deposits | 303,671 | 324 | 303,995 |
| FHLB borrowed funds | 26,047 | 431 | 26,478 |
| Accrued interest payable and other liabilities | 14,552 | 18 | 14,570 |
| Total liabilities assumed | 344,270 | 773 | 345,043 |
| **Equity** | | | |
| Total equity assumed | 50,619 | (50,619) | |
| Total liabilities and equity assumed | $ 394,889 | $ (49,846) | 345,043 |

| | | |
|---|---|---|
| Net assets acquired | | 53,057 |
| Purchase price | | 96,015 |
| Goodwill | $ | 42,958 |

The following is a description of the methods used to determine the fair values of significant assets and liabilities presented above:

Cash and due from banks and interest-bearing deposits with other banks     The carrying amount of these assets is a reasonable estimate of fair value based on the short-term nature of these assets.

Investment securities     Investment securities were acquired from GHI with an approximately $5,000 adjustment to market value based upon quoted market prices.

Loans     Fair values for loans were based on a discounted cash flow methodology that considered factors including the type of loan and related collateral, classification status, fixed or variable interest rate, term of loan and whether or not the loan was amortizing, and current discount rates. The discount rates used for loans are based on current market rates for new originations of comparable loans and include adjustments for liquidity concerns.

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The Company evaluated $315.6 million of the loans purchased in conjunction with the acquisition in accordance with the provisions of FASB ASC Topic 310-20, *Nonrefundable Fees and Other Costs,* which were recorded with a $3.6 million discount. As a result, the fair value discount on these loans is being accreted into interest income over the weighted-average life of the loans using a constant yield method. The remaining $20.3 million of loans evaluated were considered purchased credit impaired loans within the provisions of FASB ASC Topic 310-30, *Loans and Debt Securities Acquired with Deteriorated Credit Quality,* and were recorded with a $4.5 million discount. These purchase credit impaired loans will recognize interest income through accretion of the difference between the carrying amount of the loans and the expected cash flows. The acquired GHI loan balance includes $1.6 million of discount on purchased loans.

Bank premises and equipment    Bank premises and equipment were acquired from GHI with a $608,000 adjustment to market value. This represents the difference between current appraisals completed in connection with the acquisition and book value acquired.

Cash value of life insurance    Cash value of life insurance was acquired from GHI at market value.

Accrued interest receivable    Accrued interest receivable was acquired from GHI at market value.

Deferred tax asset    The current and deferred income tax assets and liabilities are recorded to reflect the differences in the carrying values of the acquired assets and assumed liabilities for financial reporting purposes and the cost basis for federal income tax purposes, at the Company s statutory federal and state income tax rate which was 39.225% at the time of acquisition.

Core deposit intangible    This intangible asset represents the value of the relationships that GHI had with its deposit customers. The fair value of this intangible asset was estimated based on a discounted cash flow methodology that gave appropriate consideration to expected customer attrition rates, cost of the deposit base, and the net maintenance cost attributable to customer deposits. The Company recorded $3.4 million of core deposit intangible.

Deposits    The fair values used for the demand and savings deposits that comprise the transaction accounts acquired, by definition equal the amount payable on demand at the acquisition date. The $324,000 fair value adjustment applied for time deposits was because the weighted-average interest rate of GHI s certificates of deposits was estimated to be above the current market rates.

FHLB borrowed funds    The fair value of FHLB borrowed funds is estimated based on borrowing rates currently available to the Company for borrowings with similar terms and maturities.

Accrued interest payable and other liabilities    The fair value used represents the adjustments of certain estimated liabilities from GHI.

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### 3. Investment Securities

The amortized cost and estimated fair value of investment securities that are classified as available-for-sale and held-to-maturity are as follows:

| | September 30, 2018 | | | |
|---|---|---|---|---|
| | Available-for-Sale | | | |
| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized (Losses) | Estimated Fair Value |
| | (In thousands) | | | |
| U.S. government-sponsored enterprises | $ 427,722 | $ 138 | $ (7,985) | $ 419,875 |
| Residential mortgage-backed securities | 533,106 | 294 | (15,386) | 518,014 |
| Commercial mortgage-backed securities | 478,409 | 87 | (14,636) | 463,860 |
| State and political subdivisions | 311,117 | 1,235 | (6,202) | 306,150 |
| Other securities | 35,554 | 1,160 | (183) | 36,531 |
| Total | $ 1,785,908 | $ 2,914 | $ (44,392) | $ 1,744,430 |

| | Held-to-Maturity | | | |
|---|---|---|---|---|
| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized (Losses) | Estimated Fair Value |
| | (In thousands) | | | |
| U.S. government-sponsored enterprises | $ 3,587 | $ | $ (87) | $ 3,500 |
| Residential mortgage-backed securities | 47,670 | 23 | (1,395) | 46,298 |
| Commercial mortgage-backed securities | 12,705 | | (370) | 12,335 |
| State and political subdivisions | 135,304 | 1,368 | (253) | 136,419 |
| Total | $ 199,266 | $ 1,391 | $ (2,105) | $ 198,552 |

| | December 31, 2017 | | | |
|---|---|---|---|---|
| | Available-for-Sale | | | |
| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized (Losses) | Estimated Fair Value |
| | (In thousands) | | | |
| U.S. government-sponsored enterprises | $ 407,387 | $ 899 | $ (1,982) | $ 406,304 |
| Residential mortgage-backed securities | 481,981 | 538 | (4,919) | 477,600 |
| Commercial mortgage-backed securities | 497,870 | 332 | (4,430) | 493,772 |
| State and political subdivisions | 247,292 | 3,783 | (774) | 250,301 |
| Other securities | 34,617 | 1,225 | (302) | 35,540 |

| | | | | |
|---|---|---|---|---|
| Total | $ 1,669,147 | $ 6,777 | $ (12,407) | $ 1,663,517 |

| | Held-to-Maturity | | | |
|---|---|---|---|---|
| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized (Losses) | Estimated Fair Value |
| | (In thousands) | | | |
| U.S. government-sponsored enterprises | $ 5,791 | $ 15 | $ (15) | $ 5,791 |
| Residential mortgage-backed securities | 56,982 | 107 | (402) | 56,687 |
| Commercial mortgage-backed securities | 16,625 | 114 | (40) | 16,699 |
| State and political subdivisions | 145,358 | 3,031 | (27) | 148,362 |
| Total | $ 224,756 | $ 3,267 | $ (484) | $ 227,539 |

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Assets, principally investment securities, having a carrying value of approximately $1.17 billion and $1.18 billion at September 30, 2018 and December 31, 2017, respectively, were pledged to secure public deposits and for other purposes required or permitted by law. Also, investment securities pledged as collateral for repurchase agreements totaled approximately $142.1 million and $147.8 million at September 30, 2018 and December 31, 2017, respectively.

The amortized cost and estimated fair value of securities classified as available-for-sale and held-to-maturity at September 30, 2018, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

| | Available-for-Sale | | Held-to-Maturity | |
|---|---|---|---|---|
| | Amortized Cost | Estimated Fair Value | Amortized Cost | Estimated Fair Value |
| | (In thousands) | | | |
| Due in one year or less | $ 188,664 | $ 185,303 | $ 64,821 | $ 65,527 |
| Due after one year through five years | 997,039 | 975,767 | 89,950 | 89,016 |
| Due after five years through ten years | 468,969 | 455,579 | 11,773 | 11,472 |
| Due after ten years | 131,236 | 127,781 | 32,722 | 32,537 |
| Total | $ 1,785,908 | $ 1,744,430 | $ 199,266 | $ 198,552 |

For purposes of the maturity tables, mortgage-backed securities, which are not due at a single maturity date, have been allocated over maturity groupings based on anticipated maturities. The mortgage-backed securities may mature earlier than their weighted-average contractual maturities because of principal prepayments.

During the three-month period ended September 30, 2018, approximately $1.4 million in available-for-sale securities were sold. During nine-month period ended September 30, 2018, approximately $2.1 million in available-for-sale securities were sold. There were no realized gains or losses recorded on the sales for the three and nine-month periods ended September 30, 2018. The income tax expense/benefit to net security gains and losses was 26.135% of the gross amounts.

During the three and nine-month periods ended September 30, 2017, approximately $234,000 and $27.4 million, respectively, in available-for-sale securities were sold. The gross realized gains on the sale for the three-month period ended September 30, 2017 totaled approximately $136,000. The gross realized gains and losses on the sales for the nine-month period ended September 30, 2017 totaled approximately $1.1 million and $127,000, respectively. The income tax expense/benefit to net security gains and losses was 39.225% of the gross amounts.

During the three-month and nine-month periods ended September 30, 2018, no held-to-maturity securities were sold. During the nine-month period ended September 30, 2017, one held-to-maturity security experienced its second downgrade in its credit rating. The Company made a strategic decision to sell this held-to-maturity security for approximately $483,000, which resulted in a gross realized loss on the sale for the nine-month period ended September 30, 2017 of approximately $7,000.

The Company evaluates all securities quarterly to determine if any unrealized losses are deemed to be other than temporary. In completing these evaluations, the Company follows the requirements of FASB ASC 320, *Investments  Debt and Equity Securities.* Certain investment securities are valued less than their historical cost. These declines are primarily the result of the rate for these investments yielding less than current market rates. Based on evaluation of available evidence, management believes the declines in fair value for these securities are temporary. The Company does not intend to sell or believe it will be required to sell these investments before recovery of their amortized cost basis, which may be maturity. Should the impairment of any of these securities become other than temporary, the cost basis of the investment will be reduced, and the resulting loss recognized in net income in the period the other-than-temporary impairment is identified.

During the three and nine-month periods ended September 30, 2018, no securities were deemed to have other-than-temporary impairment.

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At September 30, 2018, the Company had investment securities with approximately $26.9 million in unrealized losses, which have been in continuous loss positions for more than twelve months. Excluding impairment write downs taken in prior periods, the Company s assessments indicated that the cause of the market depreciation was primarily the change in interest rates and not the issuer s financial condition, or downgrades by rating agencies. In addition, approximately 67.7% of the Company s investment portfolio matures in five years or less. As a result, the Company has the ability and intent to hold such securities until maturity.

The following shows gross unrealized losses and estimated fair value of investment securities classified as available-for-sale and held-to-maturity with unrealized losses that are not deemed to be other-than-temporarily impaired, aggregated by investment category and length of time that individual investment securities have been in a continuous loss position as of September 30, 2018 and December 31, 2017:

| | September 30, 2018 | | | | | |
|---|---|---|---|---|---|---|
| | Less Than 12 Months | | 12 Months or More | | Total | |
| | Fair Value | Unrealized Losses | Fair Value | Unrealized Losses | Fair Value | Unrealized Losses |
| | (In thousands) | | | | | |
| U.S. government-sponsored enterprises | $ 253,980 | $ (3,686) | $ 135,156 | $ (4,386) | $ 389,136 | $ (8,072) |
| Residential mortgage-backed securities | 212,531 | (4,745) | 315,803 | (12,036) | 528,334 | (16,781) |
| Commercial mortgage-backed securities | 233,726 | (6,738) | 226,854 | (8,268) | 460,580 | (15,006) |
| State and political subdivisions | 174,397 | (4,385) | 42,238 | (2,070) | 216,635 | (6,455) |
| Other securities | | | 9,792 | (183) | 9,792 | (183) |
| Total | $ 874,634 | $ (19,554) | $ 729,843 | $ (26,943) | $ 1,604,477 | $ (46,497) |

| | December 31, 2017 | | | | | |
|---|---|---|---|---|---|---|
| | Less Than 12 Months | | 12 Months or More | | Total | |
| | Fair Value | Unrealized Losses | Fair Value | Unrealized Losses | Fair Value | Unrealized Losses |
| | (In thousands) | | | | | |
| U.S. government-sponsored enterprises | $ 234,213 | $ (1,288) | $ 40,122 | $ (709) | $ 274,335 | $ (1,997) |
| Residential mortgage-backed securities | 389,541 | (3,656) | 99,989 | (1,665) | 489,530 | (5,321) |
| Commercial mortgage-backed securities | 314,301 | (2,343) | 120,365 | (2,127) | 434,666 | (4,470) |
| State and political subdivisions | 41,299 | (331) | 20,980 | (470) | 62,279 | (801) |
| Other securities | | | 9,852 | (302) | 9,852 | (302) |
| Total | $ 979,354 | $ (7,618) | $ 291,308 | $ (5,273) | $ 1,270,662 | $ (12,891) |

Income earned on securities for the three and nine months ended September 30, 2018 and 2017, is as follows:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| Taxable: | (In thousands) | | | |
| Available-for-sale | $ 8,578 | $ 6,527 | $ 25,571 | $ 17,001 |
| Held-to-maturity | 433 | 544 | 1,389 | 1,982 |
| Non-taxable: | | | | |
| Available-for-sale | 2,205 | 1,627 | 6,006 | 4,757 |
| Held-to-maturity | 1,222 | 1,405 | 3,795 | 4,185 |
| Total | $ 12,438 | $ 10,103 | $ 36,761 | $ 27,925 |

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**4. Loans Receivable**

The various categories of loans receivable are summarized as follows:

| | September 30, 2018 | December 31, 2017 |
|---|---|---|
| | (In thousands) | |
| Real estate: | | |
| Commercial real estate loans | | |
| Non-farm/non-residential | $ 4,685,827 | $ 4,600,117 |
| Construction/land development | 1,550,910 | 1,700,491 |
| Agricultural | 72,930 | 82,229 |
| Residential real estate loans | | |
| Residential 1-4 family | 1,982,666 | 1,970,311 |
| Multifamily residential | 608,608 | 441,303 |
| Total real estate | 8,900,941 | 8,794,451 |
| Consumer | 428,192 | 46,148 |
| Commercial and industrial | 1,303,841 | 1,297,397 |
| Agricultural | 58,644 | 49,815 |
| Other | 141,197 | 143,377 |
| Total loans receivable | $ 10,832,815 | $ 10,331,188 |

During the three and nine-month periods ended September 30, 2018, the Company sold $836,000 and $7.4 million, respectively, of the guaranteed portion of certain SBA loans, which resulted in a gain of approximately $47,000 and $491,000, respectively. During the three and nine-month periods ended September 30, 2017, the Company sold $3.1 million and $12.9 million, respectively, of the guaranteed portion of certain SBA loans, which resulted in a gain of approximately $163,000 and $738,000, respectively.

Mortgage loans held for sale of approximately $39.9 million and $44.3 million at September 30, 2018 and December 31, 2017, respectively, are included in residential 1-4 family loans. Mortgage loans held for sale are carried at the lower of cost or fair value, determined using an aggregate basis. Gains and losses resulting from sales of mortgage loans are recognized when the respective loans are sold to investors. Gains and losses are determined by the difference between the selling price and the carrying amount of the loans sold, net of discounts collected or paid. The Company obtains forward commitments to sell mortgage loans to reduce market risk on mortgage loans in the process of origination and mortgage loans held for sale. The forward commitments acquired by the Company for mortgage loans in process of origination are considered mandatory forward commitments. Because these commitments are structured on a mandatory basis, the Company is required to substitute another loan or to buy back the commitment if the original loan does not fund. These commitments are derivative instruments and their fair values at September 30, 2018 and December 31, 2017 were not material.

The Company had $3.08 billion of purchased loans, which includes $120.8 million of discount for credit losses on purchased loans, at September 30, 2018. The Company had $40.5 million and $80.3 million remaining of non-accretable discount for credit losses on purchased loans and accretable discount for credit losses on purchased loans, respectively, as of September 30, 2018. The Company had $3.46 billion of purchased loans, which includes

$146.6 million of discount for credit losses on purchased loans, at December 31, 2017. The Company had $51.9 million and $94.7 million remaining of non-accretable discount for credit losses on purchased loans and accretable discount for credit losses on purchased loans, respectively, as of December 31, 2017.

A description of our accounting policies for loans, impaired loans, non-accrual loans and allowance for loan losses are set forth in our 2017 Form 10-K filed with the SEC on February 27, 2018. There have been no significant changes to these policies since December 31, 2017.

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**5. Allowance for Loan Losses, Credit Quality and Other**

The Company s allowance for loan loss as of September 30, 2018 and December 31, 2017 was significantly impacted by Hurricane Irma which made initial landfall in the Florida Keys and a second landfall just south of Naples, Florida, as a Category 4 hurricane on September 10, 2017. Based on initial assessments of the potential credit impact and damage to the approximately $2.41 billion in legacy loans receivable we have in the disaster area, the Company established a $32.9 million storm-related provision for loan losses as of December 31, 2017. As of September 30, 2018, charge-offs of $2.5 million have been taken against the storm-related provision for loan losses.

The following table presents a summary of changes in the allowance for loan losses:

| Allowance for loan losses: | Nine Months Ended September 30, 2018 (In thousands) |
|---|---|
| Beginning balance | $ 110,266 |
| Loans charged off | (7,173) |
| Recoveries of loans previously charged off | 2,776 |
| Net loans recovered (charged off) | (4,397) |
| Provision for loan losses | 4,322 |
| Balance, September 30, 2018 | $ 110,191 |

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The following tables present the balance in the allowance for loan losses for the three and nine-month period ended September 30, 2018, and the allowance for loan losses and recorded investment in loans based on portfolio segment by impairment method as of September 30, 2018. Allocation of a portion of the allowance to one type of loans does not preclude its availability to absorb losses in other categories.

| | Three Months Ended September 30, 2018 | | | | | | |
|---|---|---|---|---|---|---|---|
| Allowance for loan losses: | Construction/ Land Development | Other Commercial Real Estate | Residential Real Estate | Commercial & Industrial (In thousands) | Consumer & Other | Unallocated | Total |
| Beginning balance | $ 20,243 | $ 45,985 | $ 24,205 | $ 16,193 | $ 3,518 | $ 1,372 | $ 111,516 |
| Loans charged off | (337) | (144) | (608) | (744) | (668) | | (2,501) |
| Recoveries of loans previously charged off | 90 | 195 | 309 | 251 | 331 | | 1,176 |
| Net loans recovered (charged off) | (247) | 51 | (299) | (493) | (337) | | (1,325) |
| Provision for loan losses | (982) | (683) | 193 | (1,923) | 479 | 2,916 | |
| Balance, September 30 | $ 19,014 | $ 45,353 | $ 24,099 | $ 13,777 | $ 3,660 | $ 4,288 | $ 110,191 |

| | Nine Months Ended September 30, 2018 | | | | | | |
|---|---|---|---|---|---|---|---|
| Allowance for loan losses: | Construction/ Land Development | Other Commercial Real Estate | Residential Real Estate | Commercial & Industrial (In thousands) | Consumer & Other | Unallocated | Total |
| Beginning balance | $ 20,343 | $ 43,939 | $ 24,506 | $ 15,292 | $ 3,334 | $ 2,852 | $ 110,266 |
| Loans charged off | (399) | (981) | (2,339) | (1,816) | (1,638) | | (7,173) |
| Recoveries of loans previously charged off | 209 | 383 | 844 | 568 | 772 | | 2,776 |
| Net loans recovered (charged off) | (190) | (598) | (1,495) | (1,248) | (866) | | (4,397) |
| Provision for loan losses | (1,139) | 2,012 | 1,088 | (267) | 1,192 | 1,436 | 4,322 |
| Balance, September 30 | $ 19,014 | $ 45,353 | $ 24,099 | $ 13,777 | $ 3,660 | $ 4,288 | $ 110,191 |

| | As of September 30, 2018 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Construction/ Land | Other Commercial | Residential Real | Commercial & | Consumer & Other | Unallocated | Total |

| | Development | Real Estate | Estate | Industrial | | | |
|---|---|---|---|---|---|---|---|
| **Allowance for loan losses:** | | | | **(In thousands)** | | | |
| Period end amount allocated to: | | | | | | | |
| Loans individually evaluated for impairment | $ 854 | $ 533 | $ 115 | $ 9 | $ | $ | $ 1,511 |
| Loans collectively evaluated for impairment | 18,150 | 44,590 | 23,355 | 13,672 | 3,660 | 4,288 | 107,715 |
| Loans evaluated for impairment balance, September 30 | 19,004 | 45,123 | 23,470 | 13,681 | 3,660 | 4,288 | 109,226 |
| Purchased credit impaired loans | 10 | 230 | 629 | 96 | | | 965 |
| Balance, September 30 | $ 19,014 | $ 45,353 | $ 24,099 | $ 13,777 | $ 3,660 | $ 4,288 | $ 110,191 |
| **Loans receivable:** | | | | | | | |
| Period end amount allocated to: | | | | | | | |
| Loans individually evaluated for impairment | $ 14,876 | $ 60,572 | $ 19,933 | $ 30,716 | $ 2,064 | $ | $ 128,161 |
| Loans collectively evaluated for impairment | 1,526,689 | 4,613,352 | 2,534,630 | 1,256,796 | 623,747 | | 10,555,214 |
| Loans evaluated for impairment balance, September 30 | 1,541,565 | 4,673,924 | 2,554,563 | 1,287,512 | 625,811 | | 10,683,375 |
| Purchased credit impaired loans | 9,345 | 84,833 | 36,711 | 16,329 | 2,222 | | 149,440 |
| Balance, September 30 | $ 1,550,910 | $ 4,758,757 | $ 2,591,274 | $ 1,303,841 | $ 628,033 | $ | $ 10,832,815 |

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The following tables present the balances in the allowance for loan losses for the nine-month period ended September 30, 2017 and the year ended December 31, 2017, and the allowance for loan losses and recorded investment in loans receivable based on portfolio segment by impairment method as of December 31, 2017. Allocation of a portion of the allowance to one type of loans does not preclude its availability to absorb losses in other categories.

| | Year Ended December 31, 2017 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Construction/ Land Development | Other Commercial Real Estate | Residential Real Estate | Commercial & Industrial | Consumer & Other | Unallocated | Total |
| **Allowance for loan losses:** | | | | (In thousands) | | | |
| Beginning balance | $ 11,522 | $ 28,188 | $ 16,517 | $ 12,756 | $ 4,188 | $ 6,831 | $ 80,002 |
| Loans charged off | (326) | (1,655) | (2,288) | (779) | (1,063) | | (6,111) |
| Recoveries of loans previously charged off | 227 | 710 | 254 | 252 | 503 | | 1,946 |
| Net loans recovered (charged off) | (99) | (945) | (2,034) | (527) | (560) | | (4,165) |
| Provision for loan losses | 1,419 | 600 | 3,232 | 599 | (565) | (984) | 4,301 |
| Balance, September 30 | 12,842 | 27,843 | 17,715 | 12,828 | 3,063 | 5,847 | 80,138 |
| Loans charged off | (1,306) | (2,094) | (1,692) | (4,799) | (1,469) | | (11,360) |
| Recoveries of loans previously charged off | 235 | 332 | 422 | 212 | 338 | | 1,539 |
| Net loans recovered (charged off) | (1,071) | (1,762) | (1,270) | (4,587) | (1,131) | | (9,821) |
| Provision for loan losses | 8,572 | 17,858 | 8,061 | 7,051 | 1,402 | (2,995) | 39,949 |
| Balance, December 31 | $ 20,343 | $ 43,939 | $ 24,506 | $ 15,292 | $ 3,334 | $ 2,852 | $ 110,266 |

| | As of December 31, 2017 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Construction/ Land Development | Other Commercial Real Estate | Residential Real Estate | Commercial & Industrial | Consumer & Other | Unallocated | Total |
| **Allowance for loan losses:** | | | | (In thousands) | | | |
| Period end amount allocated to: | | | | | | | |
| Loans individually evaluated for impairment | $ 1,378 | $ 768 | $ 188 | $ 843 | $ 7 | $ | $ 3,184 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Loans collectively evaluated for impairment | 18,954 | 42,824 | 23,341 | 14,290 | 3,310 | 2,852 | 105,571 |
| Loans evaluated for impairment balance, December 31 | 20,332 | 43,592 | 23,529 | 15,133 | 3,317 | 2,852 | 108,755 |
| Purchased credit impaired loans | 11 | 347 | 977 | 159 | 17 | | 1,511 |
| Balance, December 31 | $ 20,343 | $ 43,939 | $ 24,506 | $ 15,292 | $ 3,334 | $ 2,852 | $ 110,266 |
| **Loans receivable:** | | | | | | | |
| Period end amount allocated to: | | | | | | | |
| Loans individually evaluated for impairment | $ 26,860 | $ 124,124 | $ 20,431 | $ 21,867 | $ 500 | $ | $ 193,782 |
| Loans collectively evaluated for impairment | 1,658,519 | 4,442,201 | 2,341,081 | 1,261,161 | 236,392 | | 9,939,354 |
| Loans evaluated for impairment balance, December 31 | 1,685,379 | 4,566,325 | 2,361,512 | 1,283,028 | 236,892 | | 10,133,136 |
| Purchased credit impaired loans | 15,112 | 116,021 | 50,102 | 14,369 | 2,448 | | 198,052 |
| Balance, December 31 | $ 1,700,491 | $ 4,682,346 | $ 2,411,614 | $ 1,297,397 | $ 239,340 | $ | $ 10,331,188 |

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The following is an aging analysis for loans receivable as of September 30, 2018 and December 31, 2017:

| | September 30, 2018 | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Loans Past Due 30-59 Days** | **Loans Past Due 60-89 Days** | **Loans Past Due 90 Days or More** | **Total Past Due** | **Current Loans** | **Total Loans Receivable** | **Accruing Loans Past Due 90 Days or More** |
| Real estate: | | | | (In thousands) | | | |
| Commercial real estate loans | | | | | | | |
| Non-farm/non-residential | $ 6,496 | $ 4,411 | $ 22,628 | $ 33,535 | $ 4,652,292 | $ 4,685,827 | $ 11,405 |
| Construction/land development | 803 | 584 | 8,517 | 9,904 | 1,541,006 | 1,550,910 | 3,551 |
| Agricultural | | | 30 | 30 | 72,900 | 72,930 | |
| Residential real estate loans | | | | | | | |
| Residential 1-4 family | 9,141 | 2,441 | 15,821 | 27,403 | 1,955,263 | 1,982,666 | 1,509 |
| Multifamily residential | 482 | | 983 | 1,465 | 607,143 | 608,608 | |
| Total real estate | 16,922 | 7,436 | 47,979 | 72,337 | 8,828,604 | 8,900,941 | 16,465 |
| Consumer | 784 | 73 | 2,004 | 2,861 | 425,331 | 428,192 | 1,796 |
| Commercial and industrial | 4,868 | 384 | 6,449 | 11,701 | 1,292,140 | 1,303,841 | 2,006 |
| Agricultural and other | 1,260 | 23 | 33 | 1,316 | 198,525 | 199,841 | |
| Total | $ 23,834 | $ 7,916 | $ 56,465 | $ 88,215 | $ 10,744,600 | $ 10,832,815 | $ 20,267 |

| | December 31, 2017 | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Loans Past Due 30-59 Days** | **Loans Past Due 60-89 Days** | **Loans Past Due 90 Days or More** | **Total Past Due** | **Current Loans** | **Total Loans Receivable** | **Accruing Loans Past Due 90 Days or More** |
| Real estate: | | | | (In thousands) | | | |
| Commercial real estate loans | | | | | | | |
| Non-farm/non-residential | $ 6,331 | $ 1,480 | $ 12,719 | $ 20,530 | $ 4,579,587 | $ 4,600,117 | $ 3,119 |
| Construction/land development | 834 | 13 | 8,258 | 9,105 | 1,691,386 | 1,700,491 | 3,247 |
| Agricultural | | 221 | 19 | 240 | 81,989 | 82,229 | |
| Residential real estate loans | | | | | | | |
| Residential 1-4 family | 9,066 | 2,013 | 16,612 | 27,691 | 1,942,620 | 1,970,311 | 2,175 |
| Multifamily residential | | | 253 | 253 | 441,050 | 441,303 | 100 |
| Total real estate | 16,231 | 3,727 | 37,861 | 57,819 | 8,736,632 | 8,794,451 | 8,641 |
| Consumer | 252 | 51 | 171 | 474 | 45,674 | 46,148 | 26 |
| Commercial and industrial | 2,073 | 1,030 | 6,528 | 9,631 | 1,287,766 | 1,297,397 | 1,944 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Agricultural and other | 288 | 113 | 137 | 538 | 192,654 | 193,192 | 54 |
| Total | $ 18,844 | $ 4,921 | $ 44,697 | $ 68,462 | $ 10,262,726 | $ 10,331,188 | $ 10,665 |

Non-accruing loans at September 30, 2018 and December 31, 2017 were $36.2 million and $34.0 million, respectively.

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The following is a summary of the impaired loans as of September 30, 2018 and December 31, 2017:

| | September 30, 2018 | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | | Three Months Ended | | Nine Months Ended | |
| | Unpaid Contractual Principal Balance | Total Recorded Investment | Allocation of Allowance for Loan Losses | Average Recorded Investment | Interest Recognized | Average Recorded Investment | Interest Recognized |
| **Loans without a specific valuation allowance** | (In thousands) | | | | | | |
| Real estate: | | | | | | | |
| Commercial real estate loans | | | | | | | |
| Non-farm/non-residential | $ 44 | $ 44 | $ | $ 36 | $ 1 | $ 33 | $ 2 |
| Construction/land development | 18 | 18 | | 18 | | 30 | 1 |
| Agricultural | 13 | 13 | | 14 | | 16 | 1 |
| Residential real estate loans | | | | | | | |
| Residential 1-4 family | 286 | 286 | | 237 | 5 | 186 | 14 |
| Multifamily residential | | | | | | | |
| Total real estate | 361 | 361 | | 305 | 6 | 265 | 18 |
| Consumer | 27 | 28 | | 29 | 1 | 23 | 2 |
| Commercial and industrial | 202 | 202 | | 225 | 3 | 189 | 8 |
| Agricultural and other | | | | | | | |
| Total loans without a specific valuation allowance | 590 | 591 | | 559 | 10 | 477 | 28 |
| **Loans with a specific valuation allowance** | | | | | | | |
| Real estate: | | | | | | | |
| Commercial real estate loans | | | | | | | |
| Non-farm/non-residential | 41,299 | 37,365 | 524 | 37,770 | 375 | 33,965 | 1,107 |
| Construction/land development | 13,509 | 12,446 | 854 | 12,614 | 75 | 12,398 | 234 |
| Agricultural | 299 | 303 | 9 | 410 | 4 | 412 | 14 |
| Residential real estate loans | | | | | | | |
| Residential 1-4 family | 19,248 | 17,241 | 67 | 17,678 | 51 | 18,639 | 429 |
| Multifamily residential | 2,405 | 2,405 | 48 | 2,561 | 16 | 2,116 | 66 |
| Total real estate | 76,760 | 69,760 | 1,502 | 71,033 | 521 | 67,530 | 1,850 |
| Consumer | 2,245 | 2,003 | | 1,092 | 24 | 638 | 42 |
| Commercial and industrial | 10,269 | 6,619 | 9 | 8,276 | 35 | 11,361 | 223 |
| Agricultural and other | 33 | 33 | | 103 | | 174 | 3 |
| Total loans with a specific valuation allowance | 89,307 | 78,415 | 1,511 | 80,504 | 580 | 79,703 | 2,118 |
| **Total impaired loans** | | | | | | | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Real estate: | | | | | | | |
| Commercial real estate loans | | | | | | | |
| Non-farm/non-residential | 41,343 | 37,409 | 524 | 37,806 | 376 | 33,998 | 1,109 |
| Construction/land development | 13,527 | 12,464 | 854 | 12,632 | 75 | 12,428 | 235 |
| Agricultural | 312 | 316 | 9 | 424 | 4 | 428 | 15 |
| Residential real estate loans | | | | | | | |
| Residential 1-4 family | 19,534 | 17,527 | 67 | 17,915 | 56 | 18,825 | 443 |
| Multifamily residential | 2,405 | 2,405 | 48 | 2,561 | 16 | 2,116 | 66 |
| Total real estate | 77,121 | 70,121 | 1,502 | 71,338 | 527 | 67,795 | 1,868 |
| Consumer | 2,272 | 2,031 | | 1,121 | 25 | 661 | 44 |
| Commercial and industrial | 10,471 | 6,821 | 9 | 8,501 | 38 | 11,550 | 231 |
| Agricultural and other | 33 | 33 | | 103 | | 174 | 3 |
| Total impaired loans | $ 89,897 | $ 79,006 | $ 1,511 | $ 81,063 | $ 590 | $ 80,180 | $ 2,146 |

*Note*: Purchased credit impaired loans are accounted for on a pooled basis under ASC 310-30. All of these pools are currently considered to be performing, resulting in none of the purchased credit impaired loans being classified as impaired loans as of September 30, 2018.

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| | December 31, 2017 | | | Year Ended | |
|---|---|---|---|---|---|
| **Loans without a specific valuation allowance** | **Unpaid Contractual Principal Balance** | **Total Recorded Investment** | **Allocation of Allowance for Loan Losses** (In thousands) | **Average Recorded Investment** | **Interest Recognized** |
| Real estate: | | | | | |
| Commercial real estate loans | | | | | |
| Non-farm/non-residential | $ 29 | $ 29 | $ | $ 23 | $ 2 |
| Construction/land development | 64 | 64 | | 31 | 3 |
| Agricultural | 19 | | | | 1 |
| Residential real estate loans | | | | | |
| Residential 1-4 family | 115 | 115 | | 135 | 7 |
| Multifamily residential | | | | | |
| Total real estate | 227 | 208 | | 189 | 13 |
| Consumer | 18 | | | | 1 |
| Commercial and industrial | 105 | 105 | | 85 | 7 |
| Agricultural and other | | | | | |
| Total loans without a specific valuation allowance | 350 | 313 | | 274 | 21 |
| **Loans with a specific valuation allowance** | | | | | |
| Real estate: | | | | | |
| Commercial real estate loans | | | | | |
| Non-farm/non-residential | 29,666 | 29,040 | 757 | 41,772 | 1,498 |
| Construction/land development | 12,976 | 12,157 | 1,378 | 10,556 | 262 |
| Agricultural | 281 | 303 | 11 | 268 | 11 |
| Residential real estate loans | | | | | |
| Residential 1-4 family | 19,770 | 18,689 | 124 | 22,347 | 363 |
| Multifamily residential | 1,627 | 1,627 | 64 | 1,412 | 81 |
| Total real estate | 64,320 | 61,816 | 2,334 | 76,355 | 2,215 |
| Consumer | 179 | 191 | | 163 | |
| Commercial and industrial | 16,777 | 13,007 | 843 | 9,726 | 121 |
| Agricultural and other | 297 | 309 | 7 | 644 | 8 |
| Total loans with a specific valuation allowance | 81,573 | 75,323 | 3,184 | 86,888 | 2,344 |
| **Total impaired loans** | | | | | |
| Real estate: | | | | | |
| Commercial real estate loans | | | | | |
| Non-farm/non-residential | 29,695 | 29,069 | 757 | 41,795 | 1,500 |
| Construction/land development | 13,040 | 12,221 | 1,378 | 10,587 | 265 |
| Agricultural | 300 | 303 | 11 | 268 | 12 |
| Residential real estate loans | | | | | |
| Residential 1-4 family | 19,885 | 18,804 | 124 | 22,482 | 370 |
| Multifamily residential | 1,627 | 1,627 | 64 | 1,412 | 81 |

| | | | | | |
|---|---|---|---|---|---|
| Total real estate | 64,547 | 62,024 | 2,334 | 76,544 | 2,228 |
| Consumer | 197 | 191 | | 163 | 1 |
| Commercial and industrial | 16,882 | 13,112 | 843 | 9,811 | 128 |
| Agricultural and other | 297 | 309 | 7 | 644 | 8 |
| Total impaired loans | $ 81,923 | $ 75,636 | $ 3,184 | $ 87,162 | $ 2,365 |

*Note*: Purchased credit impaired loans are accounted for on a pooled basis under ASC 310-30. All of these pools are currently considered to be performing resulting in none of the purchased credit impaired loans being classified as impaired loans as of December 31, 2017.

Interest recognized on impaired loans during the three months ended September 30, 2018 and 2017 was approximately $590,000 and $957,000, respectively. Interest recognized on impaired loans during the nine months ended September 30, 2018 and 2017 was approximately $2.1 million and $2.0 million, respectively. The amount of interest recognized on impaired loans on the cash basis is not materially different than the accrual basis.

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*Credit Quality Indicators.* As part of the on-going monitoring of the credit quality of the Company s loan portfolio, management tracks certain credit quality indicators including trends related to (i) the risk rating of loans, (ii) the level of classified loans, (iii) net charge-offs, (iv) non-performing loans and (v) the general economic conditions in Arkansas, Florida, Alabama and New York.

The Company utilizes a risk rating matrix to assign a risk rating to each of its loans. Loans are rated on a scale from 1 to 8. Descriptions of the general characteristics of the 8 risk ratings are as follows:

*Risk rating 1 Excellent.* Loans in this category are to persons or entities of unquestionable financial strength, a highly liquid financial position, with collateral that is liquid and well margined. These borrowers have performed without question on past obligations, and the Bank expects their performance to continue. Internally generated cash flow covers current maturities of long-term debt by a substantial margin. Loans secured by bank certificates of deposit and savings accounts, with appropriate holds placed on the accounts, are to be rated in this category.

*Risk rating 2 Good.* These are loans to persons or entities with strong financial condition and above-average liquidity that have previously satisfactorily handled their obligations with the Bank. Collateral securing the Bank s debt is margined in accordance with policy guidelines. Internally generated cash flow covers current maturities of long-term debt more than adequately. Unsecured loans to individuals supported by strong financial statements and on which repayment is satisfactory may be included in this classification.

*Risk rating 3 Satisfactory.* Loans to persons or entities with an average financial condition, adequate collateral margins, adequate cash flow to service long-term debt, and net worth comprised mainly of fixed assets are included in this category. These entities are minimally profitable now, with projections indicating continued profitability into the foreseeable future. Closely held corporations or businesses where a majority of the profits are withdrawn by the owners or paid in dividends are included in this rating category. Overall, these loans are basically sound.

*Risk rating 4 Watch.* Borrowers who have marginal cash flow, marginal profitability or have experienced an unprofitable year and a declining financial condition characterize these loans. The borrower has in the past satisfactorily handled debts with the Bank, but in recent months has either been late, delinquent in making payments, or made sporadic payments. While the Bank continues to be adequately secured, margins have decreased or are decreasing, despite the borrower s continued satisfactory condition. Other characteristics of borrowers in this class include inadequate credit information, weakness of financial statement and repayment capacity, but with collateral that appears to limit exposure. Included in this category are loans to borrowers in industries that are experiencing elevated risk.

*Risk rating 5 Other Loans Especially Mentioned ( OLEM ).* A loan criticized as OLEM has potential weaknesses that deserve management s close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the asset or in the institution s credit position at some future date. OLEM assets are not adversely classified and do not expose the institution to sufficient risk to warrant adverse classification.

*Risk rating 6 Substandard.* A loan classified as substandard is inadequately protected by the sound worth and paying capacity of the borrower or the collateral pledged. Loss potential, while existing in the aggregate amount of substandard loans, does not have to exist in individual assets.

*Risk rating 7 Doubtful.* A loan classified as doubtful has all the weaknesses inherent in a loan classified as substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable. These are poor quality loans in which neither the collateral, if any, nor the financial condition of the borrower presently ensure collectability in full in a reasonable period of time; in fact, there is permanent impairment in the collateral securing the loan.

*Risk rating 8 Loss.* Assets classified as loss are considered uncollectible and of such little value that the continuance as bankable assets is not warranted. This classification does not mean that the asset has absolutely no recovery or salvage value, but rather, it is not practical or desirable to defer writing off this basically worthless asset, even though partial recovery may occur in the future. This classification is based upon current facts, not probabilities. Assets classified as loss should be charged-off in the period in which they became uncollectible.

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The Company s classified loans include loans in risk ratings 6, 7 and 8. The following is a presentation of classified loans (excluding loans accounted for under ASC Topic 310-30) by class as of September 30, 2018 and December 31, 2017:

| | September 30, 2018 | | | |
|---|---|---|---|---|
| | Risk Rated 6 | Risk Rated 7 | Risk Rated 8 | Classified Total |
| Real estate: | (In thousands) | | | |
| Commercial real estate loans | | | | |
| Non-farm/non-residential | $ 41,424 | $ 484 | $ | $ 41,908 |
| Construction/land development | 14,502 | 860 | | 15,362 |
| Agricultural | 315 | 3 | | 318 |
| Residential real estate loans | | | | |
| Residential 1-4 family | 23,782 | 253 | | 24,035 |
| Multifamily residential | 983 | | | 983 |
| Total real estate | 81,006 | 1,600 | | 82,606 |
| Consumer | 1,117 | 1 | | 1,118 |
| Commercial and industrial | 11,237 | 881 | | 12,118 |
| Agricultural and other | 50 | | | 50 |
| Total risk rated loans | $ 93,410 | $ 2,482 | $ | $ 95,892 |

| | December 31, 2017 | | | |
|---|---|---|---|---|
| | Risk Rated 6 | Risk Rated 7 | Risk Rated 8 | Classified Total |
| Real estate: | (In thousands) | | | |
| Commercial real estate loans | | | | |
| Non-farm/non-residential | $ 20,933 | $ 518 | $ | $ 21,451 |
| Construction/land development | 24,013 | 204 | | 24,217 |
| Agricultural | 321 | | | 321 |
| Residential real estate loans | | | | |
| Residential 1-4 family | 23,420 | 564 | | 23,984 |
| Multifamily residential | 939 | | | 939 |
| Total real estate | 69,626 | 1,286 | | 70,912 |
| Consumer | 159 | 9 | | 168 |
| Commercial and industrial | 12,818 | 80 | | 12,898 |
| Agricultural and other | 136 | | | 136 |
| Total risk rated loans | $ 82,739 | $ 1,375 | $ | $ 84,114 |

Loans may be classified, but not considered impaired, due to one of the following reasons: (1) The Company has established minimum dollar amount thresholds for loan impairment testing. All loans over $2.0 million that are rated 5 8 are individually assessed for impairment on a quarterly basis. Loans rated 5 8 that fall under the threshold amount are not individually tested for impairment and therefore are not included in impaired loans; (2) of the loans that are above the threshold amount and tested for impairment, after testing, some are considered to not be impaired and are not included in impaired loans.

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The following is a presentation of loans receivable by class and risk rating as of September 30, 2018 and December 31, 2017:

| | September 30, 2018 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Risk Rated 1 | Risk Rated 2 | Risk Rated 3 | Risk Rated 4 | Risk Rated 5 | Classified Total | Total |
| Real estate: | | | | (In thousands) | | | |
| Commercial real estate loans | | | | | | | |
| Non-farm/non-residential | $ 993 | $ 299 | $ 2,660,482 | $ 1,863,651 | $ 33,857 | $ 41,908 | $ 4,601,190 |
| Construction/land development | 20 | 736 | 261,009 | 1,263,515 | 923 | 15,362 | 1,541,565 |
| Agricultural | | | 35,336 | 36,099 | 981 | 318 | 72,734 |
| Residential real estate loans | | | | | | | |
| Residential 1-4 family | 770 | 750 | 1,454,690 | 461,225 | 7,536 | 24,035 | 1,949,006 |
| Multifamily residential | | | 398,294 | 206,280 | | 983 | 605,557 |
| Total real estate | 1,783 | 1,785 | 4,809,811 | 3,830,770 | 43,297 | 82,606 | 8,770,052 |
| Consumer | 13,051 | 995 | 397,060 | 13,617 | 129 | 1,118 | 425,970 |
| Commercial and industrial | 21,669 | 8,805 | 589,856 | 624,100 | 30,964 | 12,118 | 1,287,512 |
| Agricultural and other | 1,045 | 3,388 | 134,301 | 60,520 | 537 | 50 | 199,841 |
| Total risk rated loans | $ 37,548 | $ 14,973 | $ 5,931,028 | $ 4,529,007 | $ 74,927 | $ 95,892 | 10,683,375 |
| Purchased credit impaired loans | | | | | | | 149,440 |
| Total loans receivable | | | | | | | $ 10,832,815 |

| | December 31, 2017 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Risk Rated 1 | Risk Rated 2 | Risk Rated 3 | Risk Rated 4 | Risk Rated 5 | Classified Total | Total |
| Real estate: | | | | (In thousands) | | | |
| Commercial real estate loans | | | | | | | |
| Non-farm/non-residential | $ 1,015 | $ 558 | $ 2,595,844 | $ 1,745,778 | $ 119,656 | $ 21,451 | $ 4,484,302 |
| Construction/land development | 28 | 583 | 280,980 | 1,373,133 | 6,438 | 24,217 | 1,685,379 |
| Agricultural | | 19 | 53,018 | 27,515 | 1,150 | 321 | 82,023 |
| Residential real estate loans | | | | | | | |
| Residential 1-4 family | 1,140 | 969 | 1,414,849 | 475,619 | 11,658 | 23,984 | 1,928,219 |
| Multifamily residential | | | 329,070 | 103,071 | 213 | 939 | 433,293 |
| Total real estate | 2,183 | 2,129 | 4,673,761 | 3,725,116 | 139,115 | 70,912 | 8,613,216 |
| Consumer | 13,106 | 808 | 22,479 | 8,532 | 70 | 168 | 45,163 |
| Commercial and industrial | 20,870 | 7,543 | 627,316 | 592,088 | 22,313 | 12,898 | 1,283,028 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Agricultural and other | 1,986 | 3,914 | 147,323 | 38,370 | | 136 | 191,729 |
| Total risk rated loans | $ 38,145 | $ 14,394 | $ 5,470,879 | $ 4,364,106 | $ 161,498 | $ 84,114 | 10,133,136 |
| Purchased credit impaired loans | | | | | | | 198,052 |
| Total loans receivable | | | | | | | $ 10,331,188 |

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The following is a presentation of troubled debt restructurings ( TDRs ) by class as of September 30, 2018 and December 31, 2017:

| | September 30, 2018 | | | | | |
|---|---|---|---|---|---|---|
| Real estate: | Number of Loans | Pre-Modification Outstanding Balance | Rate Modification | Term Modification | Rate & Term Modification | Post-Modification Outstanding Balance |
| | (Dollars in thousands) | | | | | |
| Commercial real estate loans | | | | | | |
| Non-farm/non-residential | 16 | $ 16,018 | $ 8,177 | $ 742 | $ 4,494 | $ 13,413 |
| Construction/land development | 3 | 641 | 546 | 69 | | 615 |
| Agricultural | 2 | 345 | 283 | 16 | | 299 |
| Residential real estate loans | | | | | | |
| Residential 1-4 family | 24 | 4,494 | 1,105 | 353 | 1,035 | 2,493 |
| Multifamily residential | 3 | 1,701 | 1,281 | | 287 | 1,568 |
| Total real estate | 48 | 23,199 | 11,392 | 1,180 | 5,816 | 18,388 |
| Consumer | 4 | 36 | 17 | 11 | | 28 |
| Commercial and industrial | 13 | 1,062 | 396 | 105 | | 501 |
| Total | 65 | $ 24,297 | $ 11,805 | $ 1,296 | $ 5,816 | $ 18,917 |

| | December 31, 2017 | | | | | |
|---|---|---|---|---|---|---|
| Real estate: | Number of Loans | Pre-Modification Outstanding Balance | Rate Modification | Term Modification | Rate & Term Modification | Post-Modification Outstanding Balance |
| | (Dollars in thousands) | | | | | |
| Commercial real estate loans | | | | | | |
| Non-farm/non-residential | 16 | $ 16,853 | $ 8,815 | $ 250 | $ 5,513 | $ 14,578 |
| Construction/land development | 5 | 782 | 689 | 75 | | 764 |
| Agricultural | 2 | 345 | 282 | 22 | | 304 |
| Residential real estate loans | | | | | | |
| Residential 1-4 family | 21 | 5,607 | 1,926 | 81 | 1,238 | 3,245 |
| Multifamily residential | 3 | 1,701 | 1,340 | | 287 | 1,627 |
| Total real estate | 47 | 25,288 | 13,052 | 428 | 7,038 | 20,518 |
| Consumer | 3 | 19 | | 18 | | 18 |
| Commercial and industrial | 11 | 951 | 445 | 50 | 1 | 496 |
| Agricultural and other | 1 | 166 | 166 | | | 166 |
| Total | 62 | $ 26,424 | $ 13,663 | $ 496 | $ 7,039 | $ 21,198 |

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The following is a presentation of TDRs on non-accrual status as of September 30, 2018 and December 31, 2017 because they are not in compliance with the modified terms:

| | September 30, 2018 | | December 31, 2017 | |
|---|---|---|---|---|
| | Number of Loans | Recorded Balance | Number of Loans | Recorded Balance |
| Real estate: | (Dollars in thousands) | | | |
| Commercial real estate loans | | | | |
| Non-farm/non-residential | 3 | $ 758 | 2 | $ 1,161 |
| Agricultural | 1 | 16 | 1 | 22 |
| Residential real estate loans | | | | |
| Residential 1-4 family | 9 | 787 | 8 | 850 |
| Multifamily residential | 1 | 146 | 1 | 153 |
| Total real estate | 14 | 1,707 | 12 | 2,186 |
| Commercial and industrial | 6 | 128 | 1 | |
| Total | 20 | $ 1,835 | 13 | $ 2,186 |

The following is a presentation of total foreclosed assets as of September 30, 2018 and December 31, 2017:

| | September 30, 2018 | December 31, 2017 |
|---|---|---|
| | (In thousands) | |
| Commercial real estate loans | | |
| Non-farm/non-residential | $ 5,858 | $ 9,766 |
| Construction/land development | 3,539 | 5,920 |
| Agriculture | 155 | |
| Residential real estate loans | | |
| Residential 1-4 family | 3,885 | 2,654 |
| Multifamily residential | 70 | 527 |
| Total foreclosed assets held for sale | $ 13,507 | $ 18,867 |

The following is a summary of the purchased credit impaired loans acquired in the SPF, GHI, BOC and Stonegate acquisitions as of the dates of acquisition:

| | SPF | GHI | BOC | Stonegate |
|---|---|---|---|---|
| | (In thousands) | | | |
| Contractually required principal and interest at acquisition | $ 3,496 | $ 22,379 | $ 18,586 | $ 98,444 |

| | | | | |
|---|---|---|---|---|
| Non-accretable difference (expected losses and foregone interest) | 285 | 4,462 | 2,811 | 23,297 |
| Cash flows expected to be collected at acquisition | 3,211 | 17,917 | 15,775 | 75,147 |
| Accretable yield | 808 | 2,071 | 1,043 | 11,761 |
| Basis in purchased credit impaired loans at acquisition | $ 2,403 | $ 15,846 | $ 14,732 | $ 63,386 |

Changes in the carrying amount of the accretable yield for purchased credit impaired loans were as follows for the nine-month period ended September 30, 2018 for the Company s acquisitions:

| | **Accretable Yield** | **Carrying Amount of Loans** |
|---|---|---|
| | **(In thousands)** | |
| Balance at beginning of period | $ 41,803 | $ 198,052 |
| Reforecasted future interest payments for loan pools | (459) | |
| Contractual accretion recorded to interest income | (13,206) | 13,206 |
| Acquisitions | 808 | 2,403 |
| Adjustment to yield | 8,519 | |
| Transfers to foreclosed assets held for sale | | (2,156) |
| Payments received, net | | (62,065) |
| Balance at end of period | $ 37,465 | $ 149,440 |

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The loan pools were evaluated by the Company and are currently forecasted to have a slower run-off than originally expected. As a result, the Company has reforecast the total accretable yield expectations for those loan pools by $459,000. This updated forecast does not change the expected weighted average yields on the loan pools.

During the 2018 impairment tests on the estimated cash flows of loans, the Company established that several loan pools were determined to have a materially projected credit improvement. As a result of this improvement, the Company will recognize approximately $8.5 million as an additional adjustment to yield over the weighted average life of the loans.

### 6. Goodwill and Core Deposits and Other Intangibles

Changes in the carrying amount and accumulated amortization of the Company s goodwill and core deposits and other intangibles at September 30, 2018 and December 31, 2017, were as follows:

| Goodwill | September 30, 2018 | December 31, 2017 |
|---|---|---|
| | (In thousands) | |
| Balance, beginning of period | $ 927,949 | $ 377,983 |
| Acquisitions | 30,459 | 549,966 |
| Balance, end of period | $ 958,408 | $ 927,949 |

| Core Deposit and Other Intangibles | September 30, 2018 | December 31, 2017 |
|---|---|---|
| | (In thousands) | |
| Balance, beginning of period | $ 49,351 | $ 18,311 |
| Acquisition | | 35,247 |
| Amortization expense | (4,867) | (2,576) |
| Balance, September 30 | $ 44,484 | 50,982 |
| Acquisitions | | |
| Amortization expense | | (1,631) |
| Balance, end of year | | $ 49,351 |

The carrying basis and accumulated amortization of core deposits and other intangibles at September 30, 2018 and December 31, 2017 were:

| | September 30, 2018 | December 31, 2017 |
|---|---|---|
| | (In thousands) | |

| | | |
|---|---|---|
| Gross carrying basis | $ 86,625 | $ 86,625 |
| Accumulated amortization | (42,141) | (37,274) |
| Net carrying amount | $ 44,484 | $ 49,351 |

Core deposit and other intangible amortization expense was approximately $1.6 million and $906,000 for the three months ended September 30, 2018 and 2017, respectively. Core deposit and other intangible amortization expense was approximately $4.9 million and $2.6 million for the nine months ended September 30, 2018 and 2017, respectively. Including all of the mergers completed as of December 31, 2017, HBI s estimated amortization expense of core deposits and other intangibles for each of the years 2018 through 2023 is approximately: 2018 $6.6 million; 2019 $6.5 million; 2020 $5.9 million; 2021 $5.7 million; 2022 $5.7 million; 2023 $5.5 million.

The carrying amount of the Company s goodwill was $958.4 million and $927.9 million at September 30, 2018 and December 31, 2017, respectively. Goodwill is tested annually for impairment during the fourth quarter. If the implied fair value of goodwill is lower than its carrying amount, goodwill impairment is indicated, and goodwill is written down to its implied fair value. Subsequent increases in goodwill value are not recognized in the consolidated financial statements.

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**7. Other Assets**

Other assets consist primarily of equity securities without a readily determinable fair value and other miscellaneous assets. As of September 30, 2018 and December 31, 2017, other assets were $187.3 million and $177.8 million, respectively.

The Company has equity securities without readily determinable fair values such as stock holdings in the Federal Home Loan Bank ( FHLB ) and the Federal Reserve Bank ( Federal Reserve ) which are outside the scope of ASC Topic 321, *Investments Equity Securities* ( ASC Topic 321 ). These equity securities without a readily determinable fair value were $134.1 million and $132.1 million at September 30, 2018 and December 31, 2017, respectively, and are accounted for at cost.

The Company has equity securities such as stock holdings in First National Bankers Bank and other miscellaneous holdings which are accounted for under ASC Topic 321. These equity securities without a readily determinable fair value were $24.5 million and $23.9 million at September 30, 2018 and December 31, 2017, respectively. There were no transactions during the period that would indicate a material change in fair value. Therefore, these investments were accounted for at cost.

**8. Deposits**

The aggregate amount of time deposits with a minimum denomination of $250,000 was $784.8 million and $636.9 million at September 30, 2018 and December 31, 2017, respectively. The aggregate amount of time deposits with a minimum denomination of $100,000 was $1.25 billion and $998.3 million at September 30, 2018 and December 31, 2017, respectively. Interest expense applicable to certificates in excess of $100,000 totaled $4.9 million and $2.2 million for the three months ended September 30, 2018 and 2017, respectively. Interest expense applicable to certificates in excess of $100,000 totaled $11.5 million and $5.8 million for the nine months ended September 30, 2018 and 2017, respectively. As of September 30, 2018 and December 31, 2017, brokered deposits were $591.6 million and $1.03 billion, respectively.

Deposits totaling approximately $1.84 billion and $1.51 billion at September 30, 2018 and December 31, 2017, respectively, were public funds obtained primarily from state and political subdivisions in the United States.

**9. Securities Sold Under Agreements to Repurchase**

At September 30, 2018 and December 31, 2017, securities sold under agreements to repurchase totaled $142.1 million and $147.8 million, respectively. For the three-month periods ended September 30, 2018 and 2017, securities sold under agreements to repurchase daily weighted-average totaled $148.8 million and $135.9 million, respectively. For the nine-month periods ended September 30, 2018 and 2017, securities sold under agreements to repurchase daily weighted-average totaled $148.5 million and $129.6 million, respectively.

The remaining contractual maturity of securities sold under agreements to repurchase in the consolidated balance sheets as of September 30, 2018 and December 31, 2017 is presented in the following tables:

| | September 30, 2018 | | | | |
|---|---|---|---|---|---|
| | Overnight and Continuous | Up to 30 Days | 30-90 Days | Greater than 90 Days | Total |

| | (In thousands) | | | | |
|---|---|---|---|---|---|
| Securities sold under agreements to repurchase: | | | | | |
| U.S. government-sponsored enterprises | $ 26,134 | $ | $ | $ | $ 26,134 |
| Mortgage-backed securities | 9,694 | | | | 9,694 |
| State and political subdivisions | 90,715 | | | | 90,715 |
| Other securities | 15,603 | | | | 15,603 |
| Total borrowings | $ 142,146 | $ | $ | $ | $ 142,146 |

| | December 31, 2017 | | | | |
|---|---|---|---|---|---|
| | Overnight and Continuous | Up to 30 Days | 30-90 Days | Greater than 90 Days | Total |
| | (In thousands) | | | | |
| Securities sold under agreements to repurchase: | | | | | |
| U.S. government-sponsored enterprises | $ 11,525 | $ | $ | $ 10,000 | $ 21,525 |
| Mortgage-backed securities | 21,255 | | | | 21,255 |
| State and political subdivisions | 85,428 | | | | 85,428 |
| Other securities | 19,581 | | | | 19,581 |
| Total borrowings | $ 137,789 | $ | $ | $ 10,000 | $ 147,789 |

**10. FHLB Borrowed Funds**

The Company s FHLB borrowed funds, which are secured by our loan portfolio, were $ 1.36 billion and $1.30 billion at September 30, 2018 and December 31, 2017, respectively. At September 30, 2018, $750.0 million and $609.9 million of the outstanding balance were issued as short-term and long-term advances, respectively. At December 31, 2017, $525.0 million and $774.2 million of the outstanding balance were issued as short-term and long-term advances, respectively. The FHLB advances mature from the current year to 2033 with fixed interest rates ranging from 1.00% to 4.80% and are secured by loans and investments securities. Maturities of borrowings as of September 30, 2018 include: 2018 $770.0 million; 2019 $143.0 million; 2020 $146.4 million; 2021 zero; 2022 zero; 2023 zero; after 2023 $300.4 million. Expected maturities will differ from contractual maturities because FHLB may have the right to call or HBI the right to prepay certain obligations. $300 million of the borrowings maturing after 2023 are callable by the FHLB within one year.

Additionally, the Company had $941.3 million and $695.3 million at September 30, 2018 and December 31, 2017, respectively, in letters of credit under a FHLB blanket borrowing line of credit, which are used to collateralize public deposits at September 30, 2018 and December 31, 2017, respectively.

**11. Other Borrowings**

The Company had zero other borrowings at September 30, 2018. The Parent Company took out a $20.0 million unsecured line of credit for general corporate purposes during 2015. The balance on this line of credit at September 30, 2018 and December 31, 2017 was zero.

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**12. Subordinated Debentures**

Subordinated debentures at September 30, 2018 and December 31, 2017 consisted of guaranteed payments on trust preferred securities with the following components:

| | As of September 30, 2018 | As of December 31, 2017 |
|---|---|---|
| | (In thousands) | |
| **Trust preferred securities** | | |
| Subordinated debentures, issued in 2006, due 2036, fixed rate of 6.75% during the first five years and at a floating rate of 1.85% above the three-month LIBOR rate, reset quarterly, thereafter, currently callable without penalty | $ 3,093 | $ 3,093 |
| Subordinated debentures, issued in 2004, due 2034, fixed rate of 6.00% during the first five years and at a floating rate of 2.00% above the three-month LIBOR rate, reset quarterly, thereafter, currently callable without penalty | 15,464 | 15,464 |
| Subordinated debentures, issued in 2005, due 2035, fixed rate of 5.84% during the first five years and at a floating rate of 1.45% above the three-month LIBOR rate, reset quarterly, thereafter, currently callable without penalty | 25,774 | 25,774 |
| Subordinated debentures, issued in 2004, due 2034, fixed rate of 4.29% during the first five years and at a floating rate of 2.50% above the three-month LIBOR rate, reset quarterly, thereafter, currently callable without penalty | 16,495 | 16,495 |
| Subordinated debentures, issued in 2005, due 2035, floating rate of 2.15% above the three-month LIBOR rate, reset quarterly, currently callable without penalty | 4,341 | 4,304 |
| Subordinated debentures, issued in 2006, due 2036, fixed rate of 7.38% during the first five years and at a floating rate of 1.62% above the three-month LIBOR rate, reset quarterly, thereafter, currently callable without penalty | 5,638 | 5,569 |
| **Subordinated debt securities** | | |
| Subordinated notes, net of issuance costs, issued in 2017, due 2027, fixed rate of 5.625% during the first five years and at a floating rate of 3.575% above the then three-month LIBOR rate, reset quarterly, thereafter, callable in 2022 without penalty | 297,791 | 297,332 |
| Total | $ 368,596 | $ 368,031 |

The Company holds trust preferred securities with a face amount of $73.3 million which are currently callable without penalty based on the terms of the specific agreements. The trust preferred securities are tax-advantaged issues that qualify for Tier 1 capital treatment subject to certain limitations. Distributions on these securities are included in interest expense. Each of the trusts is a statutory business trust organized for the sole purpose of issuing trust securities and investing the proceeds in the Company s subordinated debentures, the sole asset of each trust. The trust preferred securities of each trust represent preferred beneficial interests in the assets of the respective trusts and are subject to mandatory redemption upon payment of the subordinated debentures held by the trust. The Company wholly owns the common securities of each trust. Each trust s ability to pay amounts due on the trust preferred securities is solely dependent upon the Company making payment on the related subordinated debentures. The Company s obligations under the subordinated securities and other relevant trust agreements, in aggregate, constitute a full and unconditional guarantee by the Company of each respective trust s obligations under the trust securities issued by each respective trust.

The Bank acquired $12.5 million in trust preferred securities with a carrying value of $9.9 million and $9.8 million at September 30, 2018 and December 31, 2017, respectively, from the Stonegate acquisition. The difference between the fair value purchased of $9.9 million and the $12.5 million face amount, will be amortized into interest expense over the remaining life of the debentures. The associated subordinated debentures are redeemable, in whole or in part, prior to maturity at our option on a quarterly basis when interest is due and payable and in whole at any time within 90 days following the occurrence and continuation of certain changes in the tax treatment or capital treatment of the debentures.

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**13. Income Taxes**

On December 22, 2017, the Tax Cuts and Jobs Act ( TCJA ) was signed into law. The TCJA makes broad and complex changes to the U.S. tax code that affected our income tax rate in 2017. The TCJA reduced the U.S. federal corporate income tax rate from 35% to 21%. The TCJA also established new tax laws that will affect 2018.

On December 22, 2017, the SEC issued Staff Accounting Bulletin No. 118 ( SAB 118 ), which provides guidance on accounting for the tax effects of the 2017 Act. SAB 118 provides a measurement period that should not extend beyond one year from the 2017 Act enactment date for companies to complete the accounting under ASC 740, Income Taxes. As such, the company s 2017 financial results reflect the income tax effects for the 2017 Act for which the accounting under ASC 740 is complete and provisional amounts for those specific income tax effects of the 2017 Act for which the accounting under ASC 740 is incomplete, but a reasonable estimate could be determined. The company did not identify items for which the income tax effects of the 2017 Act have not been completed and a reasonable estimate could not be determined as of December 31, 2017. The tax expense recorded in 2017 is a reasonable estimate based on published guidance available at this time and is considered provisional. The ultimate impact of the 2017 Act may differ from these estimates due to changes in interpretations and assumptions made by the Company, as well as additional regulatory guidance. Any adjustments will be reflected in the Company s financial statements in future periods.

The following is a summary of the components of the provision (benefit) for income taxes for the three and nine-month periods ended September 30, 2018 and 2017:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | (In thousands) | | | |
| Current: | | | | |
| Federal | $ 17,999 | $ 17,289 | $ 44,354 | $ 65,958 |
| State | 5,958 | 3,434 | 14,683 | 13,101 |
| Total current | 23,957 | 20,723 | 59,037 | 79,059 |
| Deferred: | | | | |
| Federal | 1,047 | (11,002) | 10,964 | (13,238) |
| State | 346 | (2,185) | 3,629 | (2,629) |
| Total deferred | 1,393 | (13,187) | 14,593 | (15,867) |
| Income tax expense | $ 25,350 | $ 7,536 | $ 73,630 | $ 63,192 |

The reconciliation between the statutory federal income tax rate and effective income tax rate is as follows for the three and nine-month periods ended September 30, 2018 and 2017:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| Statutory federal income tax rate | 21.00% | 35.00% | 21.00% | 35.00% |
| Effect of non-taxable interest income | (0.84) | (4.48) | (0.80) | (1.82) |
| Effect of gain on acquisitions | | | | (0.76) |
| Stock compensation | (0.12) | (0.09) | (0.18) | (0.49) |
| State income taxes, net of federal benefit | 3.30 | 3.91 | 3.60 | 4.01 |
| Other | 0.66 | (0.63) | 0.68 | 0.18 |
| Effective income tax rate | 24.00% | 33.71% | 24.30% | 36.12% |

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The types of temporary differences between the tax basis of assets and liabilities and their financial reporting amounts that give rise to deferred income tax assets and liabilities, and their approximate tax effects, are as follows:

| | September 30, 2018 | December 31, 2017 |
|---|---|---|
| | (In thousands) | |
| Deferred tax assets: | | |
| Allowance for loan losses | $ 30,023 | $ 29,515 |
| Deferred compensation | 2,868 | 1,142 |
| Stock compensation | 3,674 | 2,731 |
| Real estate owned | 1,419 | 1,731 |
| Unrealized loss on securities available-for-sale | 11,118 | 1,471 |
| Loan discounts | 25,144 | 32,784 |
| Tax basis premium/discount on acquisitions | 8,387 | 8,802 |
| Investments | 1,008 | 1,155 |
| Other | 10,552 | 11,663 |
| Gross deferred tax assets | 94,193 | 90,994 |
| Deferred tax liabilities: | | |
| Accelerated depreciation on premises and equipment | 1,157 | 291 |
| Core deposit intangibles | 10,163 | 11,258 |
| FHLB dividends | 1,712 | 1,625 |
| Other | 1,613 | 1,256 |
| Gross deferred tax liabilities | 14,645 | 14,430 |
| Net deferred tax assets | $ 79,548 | $ 76,564 |

The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction and the states of Arkansas, Alabama, Florida and New York. The Company is no longer subject to U.S. federal and state tax examinations by tax authorities for years before 2013.

**14. Common Stock, Compensation Plans and Other**

***Common Stock***

The Company s Restated Articles of Incorporation, as amended, authorize the issuance of up to 200,000,000 shares of common stock, par value $0.01 per share.

The Company also has the authority to issue up to 5,500,000 shares of preferred stock, par value $0.01 per share under the Company s Restated Articles of Incorporation.

***Stock Repurchases***

On February 21, 2018, the Company s Board of Directors authorized the repurchase of up to an additional 5,000,000 shares of its common stock under the previously approved stock repurchase program, which brought the total amount of authorized shares to repurchase to 14,752,000 shares. During 2018, the Company utilized a portion of this stock repurchase program.

During the first nine months of 2018, the Company repurchased a total of 1,863,400 shares with a weighted-average stock price of $23.14 per share. The 2018 earnings were used to fund the repurchases during the year. Shares repurchased under the program as of September 30, 2018 total 6,388,264 shares. The remaining balance available for repurchase is 8,363,736 shares at September 30, 2018.

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***Stock Compensation Plans***

The Company has a stock option and performance incentive plan known as the Amended and Restated 2006 Stock Option and Performance Incentive Plan (the Plan ). The purpose of the Plan is to attract and retain highly qualified officers, directors, key employees, and other persons, and to motivate those persons to improve the Company s business results. On April 19, 2018 at the Annual Meeting of Shareholders of the Company, the shareholders approved, as proposed in the Proxy Statement, an amendment to the Plan to increase the number of shares of the Company s common stock available for issuance under the Plan by 2,000,000 shares to 13,288,000 shares. The Plan provides for the granting of incentive and non-qualified stock options and other equity awards, including the issuance of restricted shares. As of September 30, 2018, the maximum total number of shares of the Company s common stock available for issuance under the Plan was 13,288,000. At September 30, 2018, the Company had approximately 1,841,443 shares of common stock remaining available for future grants and approximately 5,477,700 shares of common stock reserved for issuance pursuant to outstanding awards under the Plan.

During the third quarter of 2018, the Company granted 1,452,000 stock options and 843,500 shares of restricted stock to certain employees under the HOMB $2.00 program ( HOMB $2.00 ). The purpose of the performance-based incentive plan is to motivate employees to help the Company achieve $2.00 of diluted earnings per share over a consecutive four-quarter period.

The intrinsic value of the stock options outstanding and stock options vested at September 30, 2018 was $11.0 million and $8.0 million, respectively. Total unrecognized compensation cost, net of income tax benefit, related to non-vested stock option awards, which are expected to be recognized over the vesting periods, was approximately $13.3 million as of September 30, 2018. For the first nine months of 2018, the Company has expensed approximately $1.4 million for the non-vested awards.

The table below summarizes the stock option transactions under the Plan at September 30, 2018 and December 31, 2017 and changes during the nine-month period and year then ended:

| | For the Nine Months Ended September 30, 2018 | | For the Year Ended December 31, 2017 | |
|---|---|---|---|---|
| | **Shares (000)** | **Weighted-Average Exercisable Price** | **Shares (000)** | **Weighted-Average Exercisable Price** |
| Outstanding, beginning of year | 2,274 | $ 16.23 | 2,397 | $ 15.19 |
| Granted | 1,576 | 23.24 | 80 | 25.96 |
| Forfeited/Expired | (37) | 22.30 | | |
| Exercised | (177) | 9.42 | (203) | 7.82 |
| Outstanding, end of period | 3,636 | 19.54 | 2,274 | 16.23 |
| Exercisable, end of period | 1,171 | 15.10 | 1,016 | $ 13.55 |

Stock-based compensation expense for stock-based compensation awards granted is based on the grant-date fair value. For stock option awards, the fair value is estimated at the date of grant using the Black-Scholes option-pricing model. This model requires the input of highly subjective assumptions, changes to which can materially affect the fair value estimate. Additionally, there may be other factors that would otherwise have a significant effect on the value of employee stock options granted but are not considered by the model. Accordingly, while management believes that the Black-Scholes option-pricing model provides a reasonable estimate of fair value, the model does not necessarily provide the best single measure of fair value for the Company s employee stock options. The weighted-average fair value of options granted during the nine months ended September 30, 2018 was $5.58 per share. The weighted-average fair value of options granted during the year ended December 31, 2017 was $7.10 per share. The fair value of each option granted is estimated on the date of grant using the Black-Scholes option-pricing model based on the weighted-average assumptions for expected dividend yield, expected stock price volatility, risk-free interest rate, and expected life of options granted.

| | **For the Nine Months Ended September 30, 2018** | **For the Year Ended December 31, 2017** |
|---|---|---|
| Expected dividend yield | 2.05% | 1.39% |
| Expected stock price volatility | 25.59% | 28.47% |
| Risk-free interest rate | 2.82% | 2.06% |
| Expected life of options | 6.5 years | 6.5 years |

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The following is a summary of currently outstanding and exercisable options at September 30, 2018:

| | Options Outstanding | | | Options Exercisable | |
|---|---|---|---|---|---|
| Exercise Prices | Options Outstanding Shares (000) | Weighted-Average Remaining Contractual Life (in years) | Weighted-Average Exercise Price | Options Exercisable Shares (000) | Weighted-Average Exercise Price |
| $2.10 to $2.66 | 12 | 0.73 | 2.60 | 12 | 2.60 |
| $5.68 to $6.56 | 89 | 3.22 | 6.54 | 89 | 6.54 |
| $8.62 to $9.54 | 259 | 4.41 | 9.04 | 259 | 9.04 |
| $14.71 to $16.86 | 252 | 6.02 | 15.97 | 168 | 16.05 |
| $17.12 to $17.40 | 195 | 6.15 | 17.20 | 118 | 17.22 |
| $18.46 | 1,010 | 6.90 | 18.46 | 433 | 18.46 |
| $20.16 to $20.58 | 68 | 7.02 | 20.41 | 28 | 20.34 |
| $21.25 to $22.22 | 230 | 8.51 | 21.71 | 48 | 21.25 |
| $22.70 to $23.51 | 1,441 | 9.81 | 23.32 | | |
| $25.96 | 80 | 8.56 | 25.96 | 16 | 25.96 |
| | 3,636 | | | 1,171 | |

The table below summarized the activity for the Company s restricted stock issued and outstanding at September 30, 2018 and December 31, 2017 and changes during the period and year then ended:

| | As of September 30, 2018 | As of December 31, 2017 |
|---|---|---|
| | (In thousands) | |
| Beginning of year | 1,145 | 958 |
| Issued | 1,005 | 232 |
| Vested | (229) | (45) |
| Forfeited | (49) | |
| End of period | 1,872 | 1,145 |
| Amount of expense for nine months and twelve months ended, respectively | $ 5,153 | $ 5,237 |

Total unrecognized compensation cost, net of income tax benefit, related to non-vested restricted stock awards, which are expected to be recognized over the 7.8 weighted average remaining contractual life, was approximately

$30.2 million as of September 30, 2018.

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**15. Non-Interest Expense**

The table below shows the components of non-interest expense for the three and nine months ended September 30, 2018 and 2017:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | (In thousands) | | | |
| Salaries and employee benefits | $ 37,825 | $ 28,510 | $ 107,315 | $ 83,965 |
| Occupancy and equipment | 8,148 | 7,887 | 25,650 | 21,602 |
| Data processing expense | 3,461 | 2,853 | 10,786 | 8,439 |
| Other operating expenses: | | | | |
| Advertising | 1,154 | 795 | 3,258 | 2,305 |
| Merger and acquisition expenses | | 18,227 | | 25,743 |
| Amortization of intangibles | 1,617 | 906 | 4,867 | 2,576 |
| Electronic banking expense | 1,947 | 1,712 | 5,653 | 4,885 |
| Directors fees | 314 | 309 | 962 | 946 |
| Due from bank service charges | 253 | 472 | 714 | 1,348 |
| FDIC and state assessment | 2,293 | 1,293 | 6,689 | 3,763 |
| Insurance | 762 | 577 | 2,363 | 1,698 |
| Legal and accounting | 761 | 698 | 2,397 | 1,799 |
| Other professional fees | 1,748 | 1,436 | 4,988 | 3,822 |
| Operating supplies | 510 | 432 | 1,712 | 1,376 |
| Postage | 311 | 280 | 978 | 861 |
| Telephone | 337 | 305 | 1,081 | 1,027 |
| Other expense | 4,682 | 4,154 | 13,318 | 10,835 |
| Total other operating expenses | 16,689 | 31,596 | 48,980 | 62,984 |
| Total non-interest expense | $ 66,123 | $ 70,846 | | |