

FCB FINANCIAL HOLDINGS, INC.

Form S-1/A

November 07, 2014

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As filed with the Securities and Exchange Commission on November 7, 2014

Registration No. 333-199502

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Amendment No. 1 to
FORM S-1/A
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

FCB FINANCIAL HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction	6021 (Primary Standard Industrial	27-0775699 (I.R.S. Employer
of incorporation or organization)	Classification Code Number) 2500 Weston Road, Suite 300	Identification No.)

Weston, Florida 33331

Telephone: (954) 984-3313

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Kent Ellert, Chief Executive Officer

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Telephone: (954) 984-3313

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input checked="" type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company <input type="checkbox"/>

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Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price (1)(2)	Amount of Registration Fee
Class A Common Stock, par value \$0.001 per share	29,457,888	\$22.86	\$673,407,320	\$78,250

- (1) This registration statement covers the resale by the selling stockholders of (i) up to 20,667,727 issued and outstanding shares of the registrant's Class A Common Stock, par value \$0.001 per share (the "Class A Common Stock"), (ii) up to 5,236,234 issued and outstanding shares of the registrant's Class A Common Stock issuable upon conversion or exchange of currently issued and outstanding shares of the issuer's Class B Common Stock, par value \$0.001 per share (the "Class B Common Stock"), (iii) up to 3,310,428 shares of Class A Common Stock issuable upon the exercise of certain currently outstanding warrants, and (iv) up to an aggregate of 243,499 shares of the registrant's Class A Common Stock issued pursuant to certain restricted stock unit awards. Pursuant to Rule 416 under the Securities Act of 1933, as amended, this registration statement shall also cover any additional shares of the registrant's common stock that shall become issuable by reason of any stock dividend, stock split, recapitalization or other similar transaction effected without the receipt of consideration that results in an increase in the number of the outstanding shares of the registrant's common stock.
- (2) Estimated solely for the purpose of calculating the registration fee and based on the average of the high and low sales prices of the Class A Common Stock of \$22.86 on October 17, 2014 as reported on the New York Stock Exchange, pursuant to Rule 457(c) under the Securities Act of 1933, as amended.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. The selling stockholders may not sell any of the securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION DATED [], 2014

Preliminary Prospectus

29,457,888 Shares

FCB Financial Holdings, Inc.

Class A Common Stock

This prospectus relates to the offering by the selling stockholders of FCB Financial Holdings, Inc. of (i) up to 25,903,961 shares of Class A Common Stock, par value \$0.001 per share, or Class A Common Stock, that were privately issued to the selling stockholders in connection with the Company's private placement financings, or that were issued upon conversion or exchange of Class B Common Stock, par value \$0.001 per share, similarly issued in connection with such private placement financings, and that we are registering for resale as required by the terms of the registration rights agreements entered into between the selling stockholders and us, (ii) up to 3,310,428 shares of Class A Common Stock issuable upon the exercise of certain currently outstanding warrants, and (iii) up to an aggregate of 243,499 shares of Class A Common Stock issued pursuant to certain restricted stock unit awards. Such registration does not mean that the selling stockholders will actually offer or sell any of these shares. We are not selling any shares of common stock under this prospectus and will not receive any proceeds from the sale of the shares by the selling stockholders.

Our Class A Common Stock is listed on the New York Stock Exchange under the trading symbol FCB. On September 30, 2014, the last reported sale price of our Class A Common Stock on the New York Stock Exchange was \$22.71 per share.

The selling stockholders may offer some or all of the shares of Class A Common Stock from time to time directly or through underwriters, broker-dealers or agents, in one or more public or private transactions or a combination of these methods, at fixed prices, at market prices prevailing at the time of sale, at prices related to the prevailing market prices or at negotiated prices. We will pay the expenses incurred to register the shares for resale, but the selling stockholders will pay any underwriting discounts, commissions or agent's commissions related to the sale of their shares of Class A Common Stock. See Plan of Distribution beginning on page 180.

We are an emerging growth company as defined in the Jumpstart Our Business Startups Act of 2012 and, as a result, have elected to take advantage of certain reduced public company reporting and disclosure

requirements in this prospectus. We may take advantage of these reduced reporting and disclosure requirements in future filings to the extent they remain applicable.

Investing in our Class A Common Stock involves risk. See Risk Factors beginning on page 9.

Neither the Securities and Exchange Commission nor any state securities commission or state or federal bank regulatory body has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

Shares of our Class A Common Stock are not savings accounts, deposits or obligations of any bank and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

The date of this prospectus is [], 2014

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In this prospectus, unless the context suggests otherwise, references to "FCB Financial Holdings," "the Company," "we," "us," and "our" mean the business of FCB Financial Holdings, Inc. (formerly known as Bond Street Holdings, Inc.) and its wholly-owned subsidiary, Florida Community Bank, National Association and its consolidated subsidiaries; and references to "the Bank" refer to Florida Community Bank, National Association, and its consolidated subsidiaries. References to the "Old Failed Banks" include Premier American Bank, or Old Premier, Florida Community Bank, or Old FCB, Peninsula Bank, or Old Peninsula, Sunshine State Community Bank, or Old Sunshine, First National Bank

of Central Florida, or Old FNBCF, Cortez Community Bank, or Old Cortez, Coastal Bank, or Old Coastal, First Peoples Bank, or Old FPB, in each case, before the acquisition of certain assets and assumption of certain liabilities of each of the Old Failed Banks by the Bank. References to Great Florida Bank refer to such bank before its merger with the Bank; Great Florida Bank and the Old Failed Banks are collectively referred to as the Old Banks. References to our Class A Common Stock refer to our Class A voting common stock, par value \$0.001 per share; references to our Class B Common Stock refer to our Class B non-voting common stock, par value \$0.001 per share; and references to our common stock include, collectively, our Class A Common Stock and our Class B Common Stock. See Description of Capital Stock Common Stock for a further discussion of our common stock.

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ABOUT THIS PROSPECTUS

You should rely only on the information contained in this prospectus. We and the selling stockholders have not authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. The selling stockholders are offering to sell shares of our Class A Common Stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of our Class A Common Stock. Our business, financial condition, results of operations and prospects may have changed since that date.

No action is being taken in any jurisdiction outside the United States to permit a public offering of our common stock or possession or distribution of this prospectus in that jurisdiction. Persons who come into possession of this prospectus in jurisdictions outside the United States are required to inform themselves about, and to observe, any restrictions as to the offering and the distribution of this prospectus applicable to those jurisdictions.

INDUSTRY AND MARKET DATA

The market data and other statistical information used throughout this prospectus are based on independent industry publications. Some data is also based on our good faith estimates, which are derived from our review of internal surveys, as well as independent industry publications, government publications, reports by market research firms or other published independent sources. Unless otherwise specified, the SNL Financial and FDIC market data provided in this prospectus is as of June 30, 2014. None of the independent industry publications referred to in this prospectus were prepared on our or our affiliates' behalf or at our expense.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements under Prospectus Summary, Risk Factors, Management's Discussion and Analysis of Financial Condition and Results of Operations, Business and elsewhere in this prospectus may contain forward-looking statements that reflect our current views with respect to, among other things, future events and financial performance. We generally identify forward-looking statements by terminology such as outlook, believes, expects, potential, continues, may, will, could, should, seeks, approximately, predicts, intends, plans, estimates, negative version of those words or other comparable words. Any forward-looking statements contained in this prospectus are based on our historical performance, the historical performance of the Old Banks or on our current plans, estimates and expectations. The inclusion of this forward-looking information should not be regarded as a representation by us or any other person that the future plans, estimates or expectations contemplated by us will be achieved. Such forward-looking statements are subject to various risks and uncertainties and assumptions relating to our operations, financial results, financial condition, business prospects, growth strategy and liquidity. If one or more of these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, our actual results may vary materially from those indicated in these statements. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included elsewhere in this prospectus. We do not undertake any obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise. A number of important factors could cause actual results to differ materially from those indicated by the forward-looking statements, including, but not limited to, those factors described in Risk Factors and Management's Discussion and Analysis of Financial Condition and Results of Operations.

You should read this prospectus and the documents that we reference in this prospectus and have filed as exhibits to the registration statement on Form S-1, of which this prospectus is a part, that we have filed with the Securities and Exchange Commission, completely and with the understanding that our actual future results, levels of activity, performance and achievements may be different from what we expect and that these differences may be material.

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GLOSSARY

ALL	Allowance for Loan Losses
AOCI	Accumulated other comprehensive income or loss
ASC	FASB Accounting Standards Codification
CAGR	Cumulative annual growth rate
CDI	Core deposit intangible
CET1	Common Equity Tier 1
CLO	Collateralized loan obligation
DIF	Deposit insurance fund
EPS	Earnings (loss) per common share
EVE	Economic Value of Equity
FDIC	Federal Deposit Insurance Corporation
FHLB	Federal Home Loan Bank of Atlanta
GAAP	Generally Accepted Accounting Principles
LCR	Liquidity coverage ratio

LTV	Loan-to-value
MBS	Mortgage-backed securities
MSA	Metropolitan Statistical Area
NSFR	Net stable funding ratio
OCC	Office of the Comptroller of the Currency
OREO	Other real estate owned
OTTI	Other than temporary impairment
SFR	Single family residential
TDR	Troubled debt restructuring
UPB	Unpaid principal balance

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PROSPECTUS SUMMARY

This summary provides a brief overview of the key aspects of the offering and information contained elsewhere in this prospectus. This is only a summary that identifies those aspects of the offering that are most significant. You should read this entire prospectus, including the Risk Factors section beginning on page 9 and our financial statements and related notes appearing elsewhere in this prospectus, before deciding to invest in our Class A Common Stock.

Company Overview

We are a bank holding company with one wholly-owned national bank subsidiary, Florida Community Bank, National Association, headquartered in Weston, Florida, which operates 54 branches in Florida. As of June 30, 2014, we had \$5.64 billion in assets, \$3.96 billion in deposits and \$739.4 million in stockholders' equity. During the year ended December 31, 2013, we had net new commercial loan growth of \$734.5 million and net new residential and consumer loan growth of \$306.5 million. As of December 31, 2013, our new loan portfolio aggregated \$1.77 billion, representing approximately 78.4% of our aggregate loan portfolio, of which over \$1.4 billion represented new commercial loans and approximately \$371 million represented new residential and consumer loans.

We were formed in April 2009 with the goal of becoming a leading independent commercially-oriented community bank in Florida. Since that time, we raised an aggregate of approximately \$740 million of equity capital, acquired certain assets and assumed certain liabilities of eight failed banks, which are collectively referred to as the Old Failed Banks, in Florida from the Federal Deposit Insurance Corporation, or FDIC, as receiver, which acquisitions are collectively referred to in this prospectus as the Failed Bank Acquisitions. In addition, in January 2014, the Bank acquired by merger the business of Great Florida Bank which, as of December 31, 2013, had 25 branches located within Southeast Florida and the Miami metropolitan area, total assets of \$993.0 million and stockholders' equity of \$15.3 million. The acquisition of Great Florida Bank, or the Great Florida Acquisition, together with the Failed Bank Acquisitions, are collectively referred to as the Acquisitions. For the year ended December 31, 2013, on a pro forma basis after giving effect to the Great Florida Acquisition, we had net income of \$17.6 million. For the six months ended June 30, 2014, we had net income of \$12.7 million.

The Bank offers a comprehensive range of traditional banking products and services to individuals, small and medium-sized businesses, some large businesses, and other local organizations and entities in our market areas. The Bank also selectively participate in syndicated loans to select national credits. The Bank targets commercial customers engaged in a wide variety of industries including healthcare and professional services, retail and wholesale trade, tourism, agricultural services, manufacturing, distribution and distribution-related industries, technology, automotive, aviation, food products, building materials, residential housing and commercial real estate.

Our Market Areas

We are primarily located in south and central Florida. The majority of our deposits (\$1.9 billion as of June 30, 2014) are located in the Miami-Ft. Lauderdale-West Palm Beach metropolitan statistical area, or MSA. Our other key MSAs in which the Bank operates include Orlando-Kissimmee-Sanford, Naples-Immokalee-Marco Island and Cape Coral-Fort Myers.

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FDIC Loss Share Indemnification Assets

Six of the Failed Bank Acquisitions included assets that are covered by loss share arrangements, pursuant to which the FDIC bears a substantial portion of the risk of loss. Such acquired assets from the Failed Bank Acquisitions, including loan portfolios and other real estate owned, or OREO, that are covered under loss share arrangements with the FDIC are referred to as Covered Assets. As of June 30, 2014, the Covered Loans (loans covered under loss sharing arrangements with the FDIC) included in our loan portfolio derived from Failed Bank Acquisitions aggregated to \$326.5 million, or 10.0% of our aggregate loan portfolio, with non-performing Covered Loans totaling \$23.6 million, or 67.6%, of total non-performing loans, and Covered Assets included in our OREO were \$29.8 million, or 36.8% of our total OREO holdings.

Emerging Growth Company Status

We are an emerging growth company, as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. As such, we are eligible to take advantage of certain exemptions from various reporting and other requirements that are generally unavailable to other public companies. As an emerging growth company,

we may present only two years of audited financial statements and only two years of related Management's Discussion and Analysis of Financial Condition and Results of Operations and provide less than five years of selected financial data in the registration statement of which this prospectus forms a part;

we are exempt from the requirements to obtain an attestation and report from our auditors on management's assessment of our internal control over financial reporting under the Sarbanes-Oxley Act of 2002;

we are permitted to have less extensive disclosure regarding executive compensation in our periodic reports and proxy statements; and

we are not required to seek from our stockholders a nonbinding advisory vote on executive compensation or golden parachute payments.

We have elected in this prospectus to take advantage of the scaled disclosure related to financial statement presentation, including less than five years of selected financial data. We have also elected in this prospectus to take advantage of scaled disclosure relating to executive compensation. We may continue to take advantage of some or all of the reduced regulatory and reporting requirements that will be available to us as long as we continue to qualify as an emerging growth company. It is possible that some investors could find our common stock less attractive because we may take advantage of these reduced requirements.

In addition, Section 107 of the JOBS Act also provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended, or Securities Act, for complying with new or revised accounting standards affecting public companies. In other words, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to use the extended transition period provided in Section 7(a)(2)(B) of the

Securities Act until the earlier of the date we (i) are no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in Section 7(a)(2)(B).

We could remain an emerging growth company until the earliest to occur of (a) the last day of the fiscal year in which the fifth anniversary of our initial public offering occurred, (b) the last day of the first fiscal year in which our annual gross revenues exceed \$1 billion, (c) the date on which we are deemed to be a large accelerated filer, which will occur at such time as (i) the market value of our common stock that is held by non-affiliates exceeds \$700 million as of the last business day of our most recently completed second fiscal quarter,

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(ii) we have been required to file annual and quarterly reports under the Securities and Exchange Act of 1934, as amended, or Exchange Act, for a period of at least 12 months and (iii) we have filed at least one annual report pursuant to the Exchange Act or (d) the date on which we have issued more than \$1 billion in non-convertible debt during the preceding three-year period.

Risk Factors

For a discussion of certain risk factors you should consider before making an investment, see **Risk Factors** beginning on page 9.

Company Information

Our principal executive offices are located at 2500 Weston Road, Suite 300, Weston, Florida 33331, and our telephone number is (954) 984-3313. Our website address is www.floridacommunitybank.com. The information and other content contained on our website are not part of this prospectus.

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The Offering

Common Stock Offered by Selling Stockholders	29,457,888 shares of Class A Common Stock.
Common Stock Outstanding As Of September 30, 2014	34,467,913 shares of Class A Common Stock and 6,941,785 shares of Class B Common Stock. (1)
Common Stock Outstanding After the Offering	44,720,126 shares of Class A Common Stock. (2)
Use of Proceeds	We will not receive any proceeds from the sale of shares of our common stock by the selling stockholders. See Use of Proceeds.
Regulatory Ownership Restrictions	We are a bank holding company. A holder of shares of common stock (or group of holders acting in concert) that (i) directly or indirectly owns, controls or has the power to vote more than 5% of the total voting power of the Company (ii) directly or indirectly owns, controls or has the power to vote 10% or more of any class of voting securities of the Company if applicable presumptions are not rebutted, (iii) directly or indirectly owns, controls or has the power to vote 25% or more of any class of voting securities of the Company or (iv) is otherwise deemed to control the Company under applicable regulatory standards may be subject to important restrictions, such as prior regulatory notice or approval requirements and applicable provisions of the FDIC Statement of Policy on Qualifications for Failed Bank Acquisitions, or FDIC Policy. See Supervision and Regulation FDIC Statement of Policy on Qualifications for Failed Bank Acquisitions and Risk Factors We and certain of our stockholders are required to comply with the applicable provisions of the FDIC Statement of Policy on Qualifications for Failed Bank Acquisitions. For a further discussion of regulatory ownership restrictions see Supervision and Regulation.
Classes of Common Stock	The shares of common stock of the Company are divided into two classes: Class A Common Stock and Class B Common Stock. The Class A Common Stock possesses all of the voting power for all matters requiring action by holders of the Company's common stock, with certain limited exceptions. Each share of Class B Common Stock is convertible into one share of Class A Common Stock at any time, subject to certain

restrictions. Other than with respect to voting rights and the restrictions on transfer and conversion relating to the Class B Common Stock described in this prospectus, the Class A Common Stock and the Class B Common Stock are treated equally and identically, including with respect to distributions. See [Description of Capital Stock](#) [Common Stock](#) for a further discussion of our common stock.

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Dividend Policy

We have never paid a cash dividend on our common stock; however, we may pay dividends on shares of our common stock in the future. We are a bank holding company and accordingly, any dividends paid by us are subject to various regulatory limitations and also may be subject to the ability of our subsidiary depository institution to make distributions or pay dividends to us. Our ability to pay dividends is limited by minimum capital and other requirements prescribed by law and regulation. In addition, the Bank has an agreement with the Office of the Comptroller of the Currency, or the OCC, and such agreement, the OCC Agreement which was entered into in connection with the acquisition of Old Premier, which imposes restrictions on the Bank's ability to pay dividends to us, including requiring prior approval from the OCC, before any dividends are paid. Banking regulators have authority to impose additional limits on dividends and distributions by us or our subsidiaries. Certain restrictive covenants in future debt instruments, if any, may also limit our ability to pay dividends or the Bank's ability to make distributions or pay dividends to us. See Dividend Policy and Supervision and Regulation Regulatory Limits on Dividends and Distributions.

Principal Trading Market

Our Class A Common Stock is listed on the New York Stock Exchange under the trading symbol FCB.

Risk Factors

You should read the Risk Factors beginning on page 9, as well as other cautionary statements throughout this prospectus, before investing in shares of our Class A Common Stock.

- (1) Unless otherwise indicated, information contained in this prospectus regarding the number of shares of our common stock outstanding does not include:

3,310,428 shares of Class A Common Stock issuable upon the exercise of outstanding warrants with an expiration date of November 12, 2019 at exercise prices of \$24.24, \$26.18 and \$28.28 per share, each for one-third of such shares (the Warrants);

4,072,334 shares of Class A Common Stock issuable upon the exercise of outstanding stock options under the Bond Street Holdings 2009 Option Plan, as amended, or the 2009 Option Plan, with a weighted average exercise price of \$20.63 per share and 2,170,500 shares of Class A Common Stock issuable upon the exercise of outstanding stock options under the Bond Street Holdings 2013 Stock Incentive Plan, or the 2013 Stock Incentive Plan, with a weighted average exercise price of \$19.75 per share; and

an aggregate of 68,635 shares of Class A Common Stock reserved for future issuance under the 2009 Option Plan, and an aggregate of 329,500 shares of Class A Common Stock reserved for future issuance under the 2013 Stock Incentive Plan.

- (2) After giving effect to conversion or exchange of such shares of Class B Common Stock into shares of Class A Common Stock, and exercise of the Warrants.

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The following table sets forth our summary historical consolidated financial data for the periods and as of the dates indicated. You should read this information in conjunction with Selected Historical Consolidated Financial Data, Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and the related notes thereto included elsewhere in this prospectus. The summary historical consolidated financial information as of and for the three and six months ended June 30, 2014 and 2013 is derived from our unaudited interim consolidated financial statements included elsewhere in this prospectus. The summary historical consolidated financial information set forth below as of and for the years ended December 31, 2013 and 2012 is derived from our audited consolidated financial statements included elsewhere in this prospectus. Our historical results shown below and elsewhere in this prospectus are not necessarily indicative of our future performance.

(Dollars in thousands, except share and per share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Selected Results of Operations Data				
Interest income	\$ 48,452	\$ 36,154	\$ 93,370	\$ 70,611
Interest expense	7,299	5,682	13,872	11,052
Net interest income	41,153	30,472	79,498	59,559
Provision for loan losses	3,236	473	4,326	1,569
Net interest income after provision	37,917	29,999	75,172	57,990
Non-interest income	6,690	3,660	9,238	6,344
Non-interest expense	30,744	27,455	65,210	53,982
Income before income tax expense	13,863	6,204	19,200	10,352
Income tax provision expense	4,697	1,927	6,506	3,577
Net income	9,166	4,277	12,694	6,775
Per Share Data				
Earnings per share				
Basic	\$ 0.26	\$ 0.12	\$ 0.35	\$ 0.18
Diluted	\$ 0.26	\$ 0.12	\$ 0.35	\$ 0.18
Tangible book value per share (1)	\$ 18.11	\$ 17.12	\$ 18.11	\$ 17.12
Weighted average shares outstanding				
Basic	35,892,154	37,011,598	35,892,154	37,011,598
Diluted	35,896,207	37,015,889	35,896,257	37,014,579

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(Dollars in thousands, except share and per share data)	Year	
	2013	2012
Selected Results of Operations Data		
Interest income	\$ 145,263	\$ 148,834
Interest expense	22,940	27,506
Net interest income	122,323	121,328
Provision for loan losses	2,914	26,101
Net interest income after provision	119,409	95,227
Non-interest income	10,942	19,295
Non-interest expense	104,308	121,749
Income (loss) before income tax expense (benefit)	26,043	(7,227)
Income tax provision expense (benefit)	8,872	(2,399)
Net income (loss)	17,171	(4,828)
Per Share Data		
Earnings (loss) per share		
Basic	\$ 0.46	\$ (0.13)
Diluted	\$ 0.46	\$ (0.13)
Tangible book value per share (1)	\$ 18.85	\$ 18.57
Weighted average shares outstanding		
Basic	36,947,192	37,011,598
Diluted	36,949,129	37,011,598

(Dollars in thousands)	June 30, 2014	December 31,	
		2013	2012
Selected Balance Sheet Data			
Cash and cash equivalents	\$ 130,610	\$ 239,217	\$ 96,220
Investment securities	1,781,030	1,182,323	1,505,112
Loans held for sale	1,492		
Loans receivable, net	3,245,768	2,244,051	1,342,365
Loans not covered under FDIC loss sharing agreements, gross	2,937,129	1,899,529	883,138
Loans covered under FDIC loss sharing agreements, gross	326,523	359,255	478,176
FDIC loss share indemnification asset	74,853	87,229	125,949
Other real estate owned	80,988	34,682	57,767
Goodwill and other intangible assets	89,466	39,369	40,895
Other assets	237,501	146,499	76,753
Total assets	5,641,708	3,973,370	3,245,061
Total deposits	3,958,266	2,793,533	2,190,340
Borrowings	855,300	435,866	271,642
Other liabilities	88,694	27,857	54,905
Total liabilities	4,902,260	3,257,256	2,516,887
Stockholders' equity	739,448	716,114	728,174
Total liabilities and stockholders' equity	5,641,708	3,973,370	3,245,061
Tangible stockholders' equity (1)	649,982	676,745	687,279

- (1) See Selected Historical Consolidated Financial Data GAAP Reconciliation and Management Explanation of Non-GAAP Financial Measures.

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	Three Months Ended June 30,		Year Ended December 31,	
	2014	2013	2013	2012
Performance Ratios				
Interest rate spread	3.26%	3.60%	3.58%	3.77%
Net interest margin	3.39%	3.88%	3.80%	4.01%
Return on average assets	0.69%	0.50%	0.49%	-0.14%
Return on average equity	5.02%	2.33%	2.35%	-0.67%
Efficiency ratio (bank level) (1)	64.26%	80.44%	75.03%	83.21%
Average interest-earning assets to average interest bearing liabilities	117.15%	132.32%	130.50%	125.61%
Loans receivable to deposits	82.45%	67.14%	80.86%	62.15%
Yield on interest-earning assets	3.96%	4.56%	4.51%	4.91%
Cost of interest-bearing liabilities	0.70%	0.96%	0.93%	1.14%
Asset and Credit Quality Ratios Total loans				
Nonperforming loans to loans receivable (2)	1.07%	1.78%	1.51%	0.73%
Nonperforming assets to total assets (3)	2.06%	2.09%	1.73%	2.09%
Covered loans to total gross loans	10.00%	25.87%	15.90%	35.13%
ALL to nonperforming assets	15.42%	21.21%	21.40%	27.98%
ALL to total gross loans	0.55%	0.95%	0.65%	1.39%
Asset and Credit Quality Ratios New loans				
Nonperforming new loans to total new loans receivable (2)	0.01%	0.00%	0.06%	0.07%
New loan ALL to total gross new loans	0.54%	0.50%	0.47%	0.71%
Asset and Credit Quality Ratios Acquired loans				
Nonperforming acquired loans to total acquired loans receivable (2)	3.63%	5.18%	6.78%	1.50%
Covered acquired loans to total gross acquired loans	34.11%	75.32%	73.60%	75.70%
Acquired loan ALL to total gross acquired loans	0.57%	1.82%	1.32%	2.18%
Capital Ratios (Company)				
Average equity to average total assets	13.7%	21.5%	20.9%	21.2%
Tangible average equity to tangible average assets (4)	12.2%	20.6%	20.0%	20.2%
Tangible common equity ratio (4)	11.7%	19.6%	17.2%	21.5%
Tier 1 leverage ratio	12.0%	20.2%	18.0%	20.6%
Tier 1 risk-based capital ratio	16.0%	30.9%	24.8%	36.1%
Total risk-based capital ratio	16.5%	31.6%	25.3%	37.1%
Capital Ratios (Bank)				
Average equity to average total assets	11.9%	13.8%	13.4%	12.9%
Tangible common equity ratio	10.4%	12.1%	11.5%	12.7%
Tier 1 leverage ratio	10.8%	12.4%	12.0%	12.1%
Tier 1 risk-based capital ratio	14.4%	19.2%	16.7%	21.2%
Total risk-based capital ratio	14.9%	20.0%	17.3%	22.2%

(1) Non-interest expense over (net interest income plus non-interest income). Includes amortization expense of FDIC loss share indemnification asset and FDIC clawback liability.

(2) Nonperforming loans include loans in non-accrual status.

- (3) Nonperforming assets include loans in non-accrual status and OREO.
- (4) See Selected Historical Consolidated Financial Data GAAP Reconciliation and Management Explanation of Non-GAAP Financial Measures.

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RISK FACTORS

Investing in our Class A Common Stock involves a high degree of risk. You should carefully consider the following risk factors, as well as the other information in this prospectus, before deciding whether to invest in our Class A Common Stock. If any of the events highlighted in the following risks actually occurs, our business, results of operations or financial condition would likely suffer. In such an event, the trading price of our Class A Common Stock could decline and you could lose all or part of your investment.

Risks Related to Our Business and Industry

We completed nine acquisitions between 2010 and 2014 and thus have a limited operating history as a single entity from which investors can evaluate our profitability and prospects.

The Company was organized in April 2009, acquired certain of the assets and assumed certain liabilities of eight failed banks in 2010 and 2011, and made a significant acquisition of an open bank Great Florida Bank which closed in January 2014. We have completed the process of integrating all of the acquired banking platforms into a single unified operating platform; however our limited time as the assignee of certain of the assets and liabilities of the Old Failed Banks and the successor to the operations of Great Florida Bank may make it difficult to predict our future prospects and financial performance based on the prior performance of the Old Failed Banks and Great Florida Bank.

We may not be able to effectively manage our growth.

We became a relatively large organization in a short period of time. Our operating results depend, to a large extent, on our ability to successfully manage our rapid growth and our ability to continue to recruit and retain qualified employees, especially seasoned relationship bankers. Our business plan includes, and is dependent upon, hiring and retaining highly qualified and motivated executives and employees at every level and, in particular, bankers that have long-standing relationships within their communities in order to grow our organic banking business. We expect these professionals will bring with them valuable customer relationships, and they will be an integral part of our ability to attract and grow deposits, generate new loan origination and grow in our market areas. We expect to experience substantial competition in our endeavor to identify, hire and retain the top-quality employees that we believe are key to our success. If we are unable to continue to hire and retain qualified employees, we may not be able to successfully execute our business strategy. If we are unable to effectively manage and grow the Bank, our business and our consolidated results of operations and financial condition could be materially and adversely impacted.

Our current asset mix and our current investments may not be indicative of our future asset mix and investments, which may make it difficult to predict our future financial and operating performance.

Certain factors make it difficult to predict our future financial and operating performance including, among others: (i) our current asset mix may not be representative of our anticipated future asset mix and may change as we continue to execute on our plans for organic loan origination and banking activities and potentially grow through future acquisitions; (ii) our significant liquid securities portfolio may not necessarily be representative of our future liquid securities position; and (iii) our cost structure and capital expenditure requirements during the periods for which financial information is available may not be reflective of our anticipated cost structure and capital spending as we continue to realize efficiencies in our business, integrate future acquisitions and continue to grow our organic banking platform.

Since a significant portion of our revenue since inception was generated from accretion income on acquired loans, which over time has largely been replaced with performing interest-earning assets, the failure to generate sufficient new loan origination and other asset growth could have an adverse impact on our future financial condition and earnings.

As a result of our FDIC-assisted acquisitions, a significant portion of our current interest income has been derived from the realization of accretable discounts on acquired loans. For the six months ended June 30, 2014,

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we recognized \$37.8 million of interest income, or 40.5% of total interest income. For the year ended December 31, 2013, we recognized \$64.9 million of interest income, or 44.6% of total interest income, and for the year ended December 31, 2012, we recognized \$90.6 million of interest income, or 60.9% of total interest income, in each case, from the accretible discounts on our acquired loans. While our new loan portfolio has grown significantly over the last two years and represents 71% of our outstanding loans at June 30, 2014, if we are unable to continue to replace the remaining acquired loans and related interest income with new performing loans, our financial condition and earnings may be adversely affected.

Failure to comply with the terms of our loss sharing agreements with the FDIC may result in significant losses and the expiration of certain loss share agreements will result in the conversion of Covered Loans to Uncovered Loans.

We purchased certain of the assets and assumed certain of the liabilities of the Old Failed Banks from the FDIC, and presently a substantial portion of our revenue is derived from those assets. A significant portion of the losses related to the Covered Assets acquired in six of those transactions will be borne by the FDIC. We are subject to audit by the FDIC at its discretion to ensure we are in compliance with the terms of the corresponding loss sharing agreements. We may experience difficulties in complying with the terms of such loss sharing agreements, which could result in the loss of some or all of the loss sharing coverage and our being required to recognize the full amount of any such uncovered losses. Any significant loss of coverage would have a material adverse effect on our business. Further, each loss share agreement with the FDIC expires after 10 years for residential loans and 5 years for commercial loans. Thus, certain of our loss share agreements with the FDIC begin to expire in January 2015, thus essentially converting the Covered Loans to which such agreements relate into Uncovered Loans.

If we fail to effectively manage credit risk, our business and financial condition will suffer.

There are risks inherent in making or purchasing any loan, including risks with respect to the period of time over which the loan may be repaid, risks relating to proper loan underwriting and guidelines, risks resulting from changes in economic and industry conditions, risks inherent in dealing with individual borrowers and risks resulting from uncertainties as to the future value of collateral. As of June 30, 2014, approximately 29% of loans held by the Bank were acquired through the Acquisitions. In addition, we continue to grow our commercial loan origination business. There is no assurance that our credit risk monitoring and loan approval procedures are or will be adequate or will reduce the inherent risks associated with lending. Our credit administration personnel, policies and procedures may not adequately adapt to changes in economic or any other conditions affecting customers and the quality of our loan portfolio. Any failure to manage such credit risks may materially adversely affect our business and our consolidated results of operations and financial condition.

Economic and market developments, including the potential for inflation, may have an adverse effect on our business, possibly in ways that are not predictable or that we may fail to anticipate.

Economic and market disruptions that have existed in recent years and the potential for future economic disruptions and increase in inflation present considerable risks and challenges to us. Dramatic declines in the housing market and increasing business failures in the recent past have negatively impacted the performance of mortgage, commercial and construction loans and resulted in significant write downs of assets by many financial institutions. General downward economic trends, reduced availability of commercial credit and high unemployment have also negatively impacted the credit performance of commercial and consumer loans, resulting in additional write downs. These risks and challenges have significantly diminished overall confidence in the national economy, the financial markets and many financial

institutions. This reduced confidence could further compound the overall market disruptions and risks to banks and bank holding companies, including us. These conditions, among others, are some of the factors that ultimately led to the failure of the failed banks whose assets we purchased from the FDIC, as receiver. Although, as a new market entrant in 2010, we benefited from these market dislocations as reflected in our purchase price for the acquired assets, continuation or further deterioration of weak real estate markets and related impacts, including increasing foreclosures, business failures

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and unemployment, may adversely affect our results of operations, especially as we attempt to increase our loan origination activities which will not be protected by loss sharing arrangements with the FDIC. A decline in real estate values could also lead to higher charge-offs in the event of defaults in our real estate loan portfolio. To the extent that our business may be similar in certain respects to the failed banks whose assets and liabilities we acquired, and that we may be serving the same general customer base with portions of a product mix which may be similar to that of the failed banks, there is no guarantee that similar economic conditions to those which adversely affected the failed banks results of operations will not similarly adversely affect our results of operations.

Our business and operations are located in Florida, which experienced economic difficulties worse than many other parts of the United States during the last economic cycle, and as a result we are highly susceptible to downturns in the Florida economy.

In addition to general, regional, national and international economic conditions, our operating performance will be impacted by the economic conditions in Florida. During the most recent economic downturn, Florida was affected disproportionately relative to the rest of the country. As of December 2007, Florida's unemployment rate was in line with the national average at 4.7% compared to 4.5% for the nation. By December 2009, Florida's state unemployment rate was 11.6% relative to the national average of 8.8%, as reported by SNL Financial. Additionally, Florida's GDP was significantly impacted. In 2009, Florida's GDP decreased 5.9% nearly double the national average of a 3.3% decline, as reported by the U.S. Bureau of Economic Analysis. Furthermore, Florida experienced significant volatility in real estate prices with home prices decreasing by approximately 50% from peak to trough in Miami, Orlando, and Tampa. These factors along with disruption in the credit markets and decreased availability of financing for commercial borrowers in Florida resulted in low consumer confidence, depressed real estate markets and a regional economic performance that trailed the United States as a whole. These conditions may continue or worsen in Florida, even if the general economic conditions in the United States show continued signs of improvement. In addition, the Florida economy is largely dependent on the tourism industry. If there is a significant decline in tourism, the resulting economic effect could have a material negative impact on our operating results by reducing our growth prospects, affecting the ability of our customers to repay their loans to us and generally adversely affecting our financial condition.

As of June 30, 2014, approximately 49.2% of our loan portfolio was secured by commercial properties and approximately 24.7% of our loan portfolio was secured by residential properties, in each case including properties under construction, located primarily in Florida. A substantial portion of our future loan activities may involve commercial and residential properties in Florida. A concentration of our loans in Florida subjects us to the risk that a failure of the Florida economy to recover or a further downturn could result in a lower than expected loan origination volume and higher than expected delinquency and foreclosure rates or losses on loans. Further, if Florida real estate markets do not recover, it will become more difficult and costly for us to liquidate foreclosed properties. The occurrence of a natural disaster in Florida, such as a hurricane, tropical storm or other severe weather event, or a manmade disaster could negatively impact regional economic conditions, cause a decline in the value or destruction of mortgaged properties and an increase in the risk of delinquencies, foreclosures or loss on loans originated by us, damage our banking facilities and offices and negatively impact our growth strategy. In addition, many residents and businesses in Florida have incurred significantly higher property and casualty insurance premiums on their properties, which has and may continue to adversely affect real estate sales and values in our markets. We may suffer further losses due to the decline in the value of the properties underlying our mortgage loans, which could have a material adverse impact on our operations. Any individual factor or a combination of factors could materially negatively impact our business, financial condition, results of operations and prospects. A high rate of foreclosures or loan delinquencies, particularly if those loans were not covered by loss sharing agreements, could have a material adverse

effect on our operations and our business.

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Changes in national and local economic conditions could lead to higher loan charge-offs which could have a material adverse impact on our business.

Although the loan portfolios acquired in the Failed Bank Acquisitions have been initially accounted for at fair value, impairment may result in additional charge-offs to the portfolio. The fluctuations in national, regional and local economic conditions, including those related to local residential, commercial real estate and construction markets, may increase the level of charge-offs that we make to our loan portfolio, including any loans we originate or acquire in the future, and, consequently, reduce our net income. These fluctuations are not predictable, cannot be controlled and may have a material adverse impact on our operations and financial condition even if other favorable events occur.

Although we have entered into loss sharing agreements with the FDIC in six of the eight Failed Bank Acquisitions, which provide that a significant portion of losses related to those Covered Assets will be borne by the FDIC, we are not protected against all losses resulting from charge-offs with respect to those loan portfolios. In addition, none of the Bank's new loans nor any of the assets acquired in the acquisitions of Old Sunshine and Old FPB are covered by loss sharing agreements. Additionally, the loss sharing agreements have fixed terms. Any charge-off that we experience after the loss sharing agreements expire will not be reimbursed by the FDIC and would negatively impact our net income. If any of those events occur, our losses could increase. For a more detailed discussion of the loss sharing agreements, see Business Acquisitions.

Many of our loans are to commercial borrowers, which have a higher degree of risk than other types of loans.

As of June 30, 2014, commercial and industrial loans constituted \$851.9 million, or 26.1%, and commercial real estate loans constituted \$1.40 billion, or 42.8%, of our total loan portfolio. We expect that over time, new loan originations will be more focused on commercial and industrial loans. To the extent that the Bank extends credit to commercial borrowers (both commercial and industrial borrowers and commercial real estate borrowers), such loans may involve greater risks than other types of lending. Because payments on such loans are often dependent on the successful operation or development of the property or business involved, repayment of such loans is more sensitive than other types of loans to adverse conditions in the real estate market or the general economy. Unlike residential mortgage loans, which generally are made on the basis of the borrowers' ability to make repayment from their employment and other income and which are secured by real property whose value tends to be more easily ascertainable, commercial loans typically are made on the basis of the borrowers' ability to make repayment from the cash flow of the related commercial venture. If the cash flow from business operations is reduced, the borrower's ability to repay the loan may be impaired. Due to the larger average size of a commercial loan in comparison to other loans such as residential loans, as well as the collateral which is generally less readily-marketable, losses incurred on a small number of commercial loans, to the extent not covered by FDIC loss share arrangements, could have a material adverse impact on our financial condition and results of operations. In addition, commercial loan customers often have the ability to fund current interest payments through additional borrowings, and as a result the actual credit risk associated with these customers may be worse than anticipated.

The performance of our residential loan portfolio depends in part upon a third-party service provider and a failure by this third party to perform its obligations could adversely affect our results of operations or financial condition.

Substantially all of our residential loans are serviced by Dovenmuehle Mortgage, Inc., or DMI, which provides both primary servicing and special servicing. Primary servicing includes the collection of regular payments, processing of

taxes and insurance, processing of payoffs, handling borrower inquiries and reporting to the borrower. Special servicing is focused on borrowers who are delinquent or on loans which are more complex or in need of more hands-on attention. If the housing market worsens, the number of delinquent mortgage loans serviced by DMI could increase. In the event that DMI, or any third-party servicer we may use in the future, fails to perform its servicing duties or performs those duties inadequately, we could experience a temporary interruption in collecting principal and interest, sustain credit losses on our loans or incur additional costs

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associated with obtaining a replacement servicer. Any of these events could have a material adverse impact on our results of operations or financial condition. Similarly, if DMI or any future third-party mortgage loan servicer becomes ineligible, unwilling or unable to continue to perform servicing activities, we could incur additional costs to obtain a replacement servicer and there can be no assurance that a replacement servicer could be retained in a timely manner or at similar rates.

We are exposed to risk of environmental liabilities with respect to properties to which we take title.

In the course of our business, we may own or foreclose and take title to real estate, and we could become subject to environmental liabilities with respect to these properties. We may be held liable to a governmental entity or to third parties for property damage, personal injury, investigation and clean-up costs incurred by these parties in connection with environmental contamination, or we may be required to investigate or clean up hazardous or toxic substances or chemical releases at a property. The costs associated with investigation or remediation activities could be substantial. In addition, if we were to become the owner or former owner of a contaminated site, we may be subject to common law claims by third parties based on damages and costs resulting from environmental contamination emanating from the property. If we ever become subject to significant environmental liabilities, our business, financial condition, liquidity and results of operations could be materially and adversely affected.

We are subject to losses due to the errors or fraudulent behavior of employees or third parties.

We are exposed to many types of operational risk, including the risk of fraud by employees and outsiders, clerical recordkeeping errors and transactional errors. Our business is dependent on our employees as well as third-party service providers to process a large number of increasingly complex transactions. We could be materially adversely affected if one of our employees causes a significant operational breakdown or failure, either as a result of human error or where an individual purposefully sabotages or fraudulently manipulates our operations or systems. When we originate loans, we rely upon information supplied by loan applicants and third parties, including the information contained in the loan application, property appraisal and title information, if applicable, and employment and income documentation provided by third parties. If any of this information is misrepresented and such misrepresentation is not detected prior to loan funding, we generally bear the risk of loss associated with the misrepresentation. Any of these occurrences could result in a diminished ability of us to operate our business, potential liability to customers, reputational damage and regulatory intervention, which could negatively impact our business, financial condition and results of operations.

Our deposit insurance premiums could be substantially higher in the future, which could have a material adverse effect on our future earnings.

The FDIC insures deposits at FDIC-insured depository institutions, such as the Bank, up to applicable limits. The amount of a particular institution's deposit insurance assessment is based on that institution's risk classification under an FDIC risk-based assessment system. An institution's risk classification is assigned based on its capital levels and the level of supervisory concern the institution poses to its regulators. Recent market developments and bank failures significantly depleted the FDIC's deposit insurance fund, or DIF, and reduced the ratio of reserves to insured deposits. As a result of recent economic conditions and the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, or Dodd-Frank Act, banks are now assessed deposit insurance premiums based on the bank's average consolidated total assets, and the FDIC has modified certain risk-based adjustments which increase or decrease a bank's overall assessment rate. This has resulted in increases to the deposit insurance assessment rates and thus raised deposit premiums for insured depository institutions. If these increases are insufficient for the DIF to meet

its funding requirements, further special assessments or increases in deposit insurance premiums may be required. We are generally unable to control the amount of premiums that we are required to pay for FDIC insurance. If there are additional bank or financial institution failures, we may be required to pay even higher FDIC premiums than the recently increased

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levels. Any future additional assessments, increases or required prepayments in FDIC insurance premiums could reduce our profitability, may limit our ability to pursue certain business opportunities, or otherwise negatively impact our operations.

Changes in interest rates could negatively impact our net interest income, weaken demand for our products and services or harm our results of operations and cash flows.

Our earnings and cash flows are largely dependent upon net interest income, which is the difference between interest income earned on interest-earning assets such as loans and securities and interest expense paid on interest-bearing liabilities such as deposits and borrowed funds. Interest rates are highly sensitive to many factors that are beyond our control, including general economic conditions and policies of various governmental and regulatory agencies, particularly the Board of Governors of the Federal Reserve System, or the Federal Reserve. Changes in monetary policy, including changes in interest rates, could influence the interest we receive on loans and securities and the amount of interest we pay on deposits and borrowings, but such changes could also adversely affect (1) our ability to originate loans and obtain deposits, (2) the fair value of our financial assets and liabilities, (3) our ability to realize gains on the sale of assets and (4) the average duration of our mortgage-backed investment securities portfolio. An increase in interest rates may reduce customers' desire to borrow money from us as it increases their borrowing costs and may potentially adversely affect their ability to pay the principal or interest on loans. A portion of our loan portfolios are floating rate loans. Consequently, an increase in interest rates may lead to an increase in nonperforming assets and a reduction of income recognized, which could harm our results of operations and cash flows. In contrast, decreasing interest rates may have the effect of causing customers to refinance loans faster than originally anticipated. Any substantial, unexpected or prolonged change in market interest rates could have a material adverse effect on net interest income, asset quality, loan origination volume, financial condition, results of operations and loan prospects.

The fair value of our investment securities can fluctuate due to market conditions out of our control.

As of June 30, 2014, the fair value of the Company's investment securities portfolio was approximately \$1.78 billion. Factors beyond our control can significantly influence the fair value of securities in our portfolio and can cause potential adverse changes to the fair value of these securities. These factors include but are not limited to rating agency downgrades of the securities, defaults by the issuer or with respect to the underlying securities, changes in market interest rates and continued instability in the credit markets. In addition, we have historically taken a conservative investment approach, with concentrations of government issuances of short duration. In the future, we may seek to increase yields through more aggressive investment strategies, which may include a greater percentage of corporate issuances and structured credit products. Any of these mentioned factors, among others, could cause other-than-temporary impairments in future periods and result in realized losses, which could have a material adverse effect on our business.

Any requested or required changes in how we determine the impact of loss share accounting on our financial information could have a material adverse effect on our reported results.

Our financial results are significantly affected by the application of loss share accounting, which is subject to assumptions and judgments made by us and the regulatory agencies to whom we report such information. Loss share accounting is a complex accounting methodology. If these assumptions are incorrect, any change or modification could have a material adverse effect on our financial condition, operations or our previously reported results. As such, any financial information generated through the use of loss share accounting is subject to modification or change. Any significant modification or change in such information could have a material adverse effect on our results of

operations and our previously reported results.

Our financial information reflects the application of acquisition accounting. Any change in the assumptions used in such methodology could have an adverse effect on our results of operations.

As we acquired substantially all of our operating assets and assumed substantially all of our liabilities from third parties, our financial results are heavily influenced by the application of acquisition accounting. Acquisition

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accounting requires management to make assumptions regarding the assets purchased and liabilities assumed to determine their fair market value. If these assumptions are incorrect, any change or modification required could have a material adverse effect on our financial condition, operations or our previously reported results.

We depend on our senior management team, and the unexpected loss of one or more of our senior executives could adversely affect our business and financial results.

Our future success significantly depends on the continued services and performance of our key management personnel and our future performance will depend on our ability to motivate and retain these and other key personnel. The loss of the services of members of our senior management, or other key employees, or the inability to attract additional qualified personnel as needed, could materially and adversely affect our businesses and our consolidated results of operations and financial condition.

We may not be able to maintain a strong core deposit base or other low-cost funding sources.

We depend on checking, savings and money market deposit account balances and other forms of customer deposits as our primary source of funding for our lending activities. Our future growth will largely depend on our ability to maintain and grow a strong deposit base. We are also working to transition certain of our customers to lower cost traditional banking services as higher cost funding sources, such as high interest certificates of deposit, mature. There is no assurance customers will transition to lower yielding savings and investment products or continue their business with the Bank, which could adversely affect our operations. Further, even if we are able to grow and maintain our deposit base, the account and deposit balances can decrease when customers perceive alternative investments, such as the stock market, as providing a better risk/return tradeoff. If customers move money out of bank deposits and into investments (or similar deposit products at other institutions that may provide a higher rate of return), we could lose a relatively low cost source of funds, increasing our funding costs and reducing our net interest income and net income. Additionally, any such loss of funds could result in lower loan originations, which could materially negatively impact our growth strategy.

We may not be able to meet the cash flow requirements of our depositors and borrowers if we do not maintain sufficient liquidity.

Liquidity is the ability to meet current and future cash flow needs on a timely basis at a reasonable cost. The Bank's liquidity is used to make loans and to repay deposit liabilities as they become due or are demanded by customers. Potential alternative sources of liquidity include federal funds purchased and securities sold under repurchase agreements. The Bank maintains a portfolio of investment securities that may be used as a secondary source of liquidity to the extent the securities are not pledged for collateral. However, we do not expect to maintain our current level of investment securities (relative to the size of our business) as we pursue our acquisition growth strategy. Other potential sources of liquidity include the sale or securitization of loans, the utilization of available government and regulatory assistance programs, the ability to acquire national market non-core deposits, the issuance of additional collateralized borrowings such as Federal Home Loan Bank of Atlanta, or FHLB, advances, the issuance of debt securities, issuance of equity securities and borrowings through the Federal Reserve's discount window. However, there can be no assurance that these sources will continue to be available to us on terms acceptable to us or at all. Although we currently have sufficient liquidity to meet the anticipated cash flow requirements of our depositors and borrowers, there is no guarantee that we will continue to maintain such liquidity. Without sufficient liquidity, we may not be able to meet the cash flow requirements of our depositors and borrowers, which in turn could have a material adverse impact on our operations.

The borrowing needs of our clients may be unpredictable, especially during a challenging economic environment. We may not be able to meet our unfunded credit commitments, or adequately reserve for losses associated with our unfunded credit commitments, which could have a material adverse effect on our business, financial condition, results of operations and reputation.

A commitment to extend credit is a formal agreement to lend funds to a client as long as there is no violation of any condition established under the agreement. The actual borrowing needs of our clients under these

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credit commitments have historically been lower than the contractual amount of the commitments. A significant portion of these commitments expire without being drawn upon. Because of the credit profile of our clients, we typically have a substantial amount of total unfunded credit commitments, which is reflected off our balance sheet. Actual borrowing needs of our clients may exceed our expected funding requirements, especially during a challenging economic environment when our client companies may be more dependent on our credit commitments due to the lack of available credit elsewhere, the increasing costs of credit, or the limited availability of financings from venture firms. In addition, limited partner investors of our venture capital clients may fail to meet their underlying investment commitments due to liquidity or other financing issues, which may increase our clients' borrowing needs. Any failure to meet our unfunded credit commitments in accordance with the actual borrowing needs of our clients may have a material adverse effect on our business, financial condition, results of operations and reputation.

An inadequate allowance for loan losses (ALL) would reduce our earnings.

Neither the loans acquired from Old Sunshine, Old FPB, or Great Florida Bank, nor any loan we originate (including loans in which we participate), are covered by any loss sharing arrangement with the FDIC. As we increase our loan origination and other product offerings, the percentage of assets not covered by the FDIC loss sharing agreements that make up our loan portfolio will increase. As such, the long-term success of our business will be largely attributable to the quality of our assets, particularly newly-originated loans. The risk of loss on originated loans not covered by FDIC loss sharing agreements that we hold on our balance sheet will vary with, among other things, general economic conditions, the relative product mix of loans being made, the creditworthiness of the borrower over the term of the loan and, in the case of a collateralized loan, the quality of the collateral for the loan. For our new loans, we will maintain an allowance for loan losses, or ALL, based on, among other things, historical rates, an evaluation of economic conditions, regular reviews of delinquencies and loan portfolio quality, and regulatory requirements. We account for loans acquired through business combination with deteriorated credit quality since origination under Financial Accounting Standards Board, or FASB, Accounting Standards Codification, or ASC, Topic 310-30, Loans and Debt Securities Acquired with Deteriorated Credit Quality, or ASC 310-30. For ASC 310-30 pools, a specific valuation allowance is established when it is probable that the Company will be unable to collect all of the cash flows expected at the acquisition date, plus the additional cash flows expected to be collected arising from changes in estimates after acquisition. Based upon the foregoing factors, we make assumptions and judgments about the ultimate collectability of loans and provide an allowance for probable loan losses based upon a percentage of the outstanding balances and for specific loans when their ultimate collectability is considered questionable. If any of these assumptions are incorrect, it could have a material adverse effect on our earnings.

If borrowers and guarantors fail to perform as required by the terms of their loans, we will sustain losses.

Over time, as a more significant portion of our loan portfolio consists of loans originated by us or are otherwise not covered by any loss sharing arrangement, a significant source of risk arises from the possibility that losses will be sustained if the Bank's borrowers and guarantors fail to perform in accordance with the terms of their loans and guaranties. This risk increases when the economy is weak. We have implemented underwriting and credit monitoring procedures and credit policies, including the establishment and review of the ALL, that we believe are appropriate to reduce this risk by assessing the likelihood of nonperformance and we are in the process of diversifying our credit portfolio. These policies and procedures, however, may not prevent unexpected losses that could materially adversely affect our results of operations.

Lack of seasoning of our loan portfolio may increase the risk of credit defaults in the future.

Due to the growth of the Bank over the past several years, a portion of the loans in our loan portfolio and our lending relationships are of relatively recent origin. As of June 30, 2014, new loans originated within the previous 24-month period totaled \$2.03 billion, or 88.0%, of total new loans held by the Company. In general, loans do not begin to show signs of credit deterioration or default until they have been outstanding for some

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period of time, a process we refer to as seasoning. As a result, a portfolio of older loans will usually behave more predictably than a portfolio of newer loans. Because our loan portfolio is relatively new, the current level of delinquencies and defaults may not be representative of the level that will prevail when the portfolio becomes more seasoned, which may be higher than current levels. If delinquencies and defaults increase, we may be required to increase our provision for loan losses, which would adversely affect our results of operations and financial condition.

Our acquisition of assets and assumption of deposits and other liabilities of failed banks involve a number of special risks.

Our acquisition of certain assets and assumption of certain liabilities of each of the Old Failed Banks followed the determination by these banks' primary regulators that such banks had failed and the appointment of the FDIC as receiver. Although FDIC-assisted transactions mitigate certain risks, such as sharing exposure to loan losses and providing indemnification against certain liabilities of the failed institution (other than the acquisitions related to Old Sunshine and Old FPB), we are (and could be with respect to the Great Florida Acquisition and future similar transactions) subject to many of the same risks we would face in acquiring a non-failed bank in a negotiated transaction, including risks associated with stability of the deposit base, maintaining customer relationships and failure to realize the anticipated acquisition benefits in the amounts and within the timeframes we expect. In addition, because these acquisitions were conducted by the FDIC in a manner that did not allow us the time and access to information normally associated with preparing for and evaluating a negotiated acquisition, we may face additional risks, including additional strain on management resources, management of problem loans, integration of personnel and operating systems and impact to our capital resources requiring us to raise additional capital.

There may be key employees that have more knowledge or expertise about the history, region or past practices of the Old Failed Banks. Such key employees may also have important relationship ties with the community and one or more significant existing or potential customers. If we lose such key employees or if we fail to attract qualified personnel to meet our needs, our ability to continue to maintain and grow our businesses may suffer and our consolidated results of operations and financial condition may be materially and adversely impacted.

There is no assurance that we will be successful in overcoming these risks or any other problems encountered in connection with our FDIC-assisted transactions. Although we have entered into loss sharing agreements with the FDIC in connection with our acquisitions of loans from each of the Old Failed Banks (except for Old Sunshine and Old FPB), we cannot guarantee that we will be able to adequately manage the acquired loan portfolios within the limits of the loss protections already provided by the FDIC or in any future FDIC-assisted acquisition. Further, we may determine even in the context of future acquisitions of failed banks from the FDIC to acquire such banks without the benefit of loss share protection, in whole or in part. Our inability to overcome these risks could have a material adverse effect on our business, financial condition and operations.

We are dependent on our information technology and telecommunications systems and third-party servicers, and systems failures, interruptions or breaches of security could have a material adverse effect on our financial condition and results of operations.

Our business is highly dependent on the successful and uninterrupted functioning of our information technology and telecommunications systems and third-party servicers. We outsource many of our major systems, such as data processing, loan servicing and deposit processing systems. The failure of these systems, or the termination of a third-party software license or service agreement on which any of these systems is based, could interrupt our operations. Because our information technology and telecommunications systems interface with and depend on

third-party systems, we could experience service denials if demand for such services exceeds capacity or such third-party systems fail or experience interruptions. If sustained or repeated, a system failure or service

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denial could result in a deterioration of our ability to process new and renewal loans, gather deposits and provide customer service, compromise our ability to operate effectively, damage our reputation, result in a loss of customer business and/or subject us to additional regulatory scrutiny and possible financial liability, any of which could have a material adverse effect on our financial condition and results of operations.

In addition, we provide our customers the ability to bank remotely, including online over the Internet. The secure transmission of confidential information is a critical element of remote banking. Our network could be vulnerable to unauthorized access, computer viruses, phishing schemes, spam attacks, human error, natural disasters, power loss and other security breaches. We may be required to spend significant capital and other resources to protect against the threat of security breaches and computer viruses, or to alleviate problems caused by security breaches or viruses. Further, we outsource some of the data processing functions used for remote banking, and accordingly we are dependent on the expertise and performance of our third-party providers. To the extent that our activities, the activities of our customers, or the activities of our third-party service providers involve the storage and transmission of confidential information, security breaches and viruses could expose us to claims, litigation and other possible liabilities. Any inability to prevent security breaches or computer viruses could also cause existing customers to lose confidence in our systems and could adversely affect our reputation, results of operations and ability to attract and maintain customers and businesses. In addition, a security breach could also subject us to additional regulatory scrutiny, expose us to civil litigation and possible financial liability and cause reputational damage.

We rely on third parties to provide us with a variety of financial service products to offer our customers.

We rely on third parties, including Elan Services, Raymond James Financial Services and PNC Financial Services Group, or PNC Financial, who provide us with a variety of financial service products such as derivative and trade finance products, including interest rate swaps, as well as the offering of various investment related products for our retail customers. Any failure by such third parties to continue to provide, and any interruption in our ability to continue to offer, such products to our customers could have a material adverse effect on our results of operations.

We face strong competition from financial services companies and other companies that offer banking services which could negatively affect our business.

We currently conduct our banking operations primarily in Miami-Dade, Broward, Collier, Lee, Hendry, Charlotte, Palm Beach, Volusia, Sarasota, Orange, Seminole, Brevard, Hernando, St. Lucie, Martin and Indian River counties, all of which are located in Florida. We may not be able to compete successfully against current and future competitors, which may result in fewer customers and reduced loans and deposits. Many competitors offer banking services identical to those offered by us in our service areas. These competitors include national banks, regional banks and community banks. We also face competition from many other types of financial institutions, including without limitation, savings and loan institutions, finance companies, brokerage firms, insurance companies, credit unions, mortgage banks and other financial intermediaries. Some of these competitors may have a long history of successful operations in our markets and have greater ties to local businesses and banking relationships, as well as a more well-established depositor base. Competitors with greater resources may possess an advantage by being capable of maintaining numerous banking locations in more convenient locations, owning more ATMs and conducting extensive promotional and advertising campaigns or operating at a lower fixed-cost basis through the Internet.

Additionally, banks and other financial institutions with larger capitalizations and financial intermediaries (some of which are not subject to bank regulatory restrictions) have larger lending limits than we have and thereby are able to serve the credit needs of larger customers. Specific areas of competition include interest rates for loans and deposits,

efforts to obtain deposits and range and quality of products and services provided, including new technology-driven products and services. Technological innovation continues to contribute to greater competition in domestic and international financial services markets as technological advances enable

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more companies to provide financial services. Non-local banks with web-based banking are able to compete for business, further increasing competition without having a physical presence in the Florida market.

Our ability to compete successfully depends on a number of factors, including, among other things:

the ability to develop, maintain and build upon long-term customer relationships based on quality service, high ethical standards and safe, sound assets;

the ability to expand our market position;

the scope, relevance and pricing of products and services offered to meet customer needs and demands;

the rate at which we introduce new products and services relative to our competitors; and

customer satisfaction with our level of service.

Failure to perform in any of these areas could significantly weaken our competitive position, which could adversely affect our growth and profitability, which, in turn, could materially harm our business, financial condition, results of operations and prospects.

The Bank's ability to pay dividends or lend funds to us is subject to regulatory limitations, which, to the extent we are not able to access those funds, may impair our ability to accomplish our growth strategy and pay our operating expenses.

We have never paid a cash dividend; however, we may pay a cash dividend in the future. The payment of dividends in the future, if any, will be contingent upon our revenues and earnings, if any, capital requirements and our general financial conditions. We are a bank holding company and accordingly, any dividends paid by us are subject to various federal and state regulatory limitations. Since we are a bank holding company with no significant assets other than the capital stock of our banking subsidiary, if we exhaust the capital raised in our initial public offering and our prior offerings, we will need to depend upon dividends from the Bank for substantially all of our income or raise capital through future offerings. Accordingly, at such time, our ability to pay dividends to our stockholders will depend primarily upon the receipt of dividends or other capital distributions from the Bank. The Bank's ability to pay dividends to us is subject to, among other things, its earnings, financial condition and need for funds, as well as applicable governmental policies and regulations, which limit the amount that may be paid as dividends without prior approval. In addition, the OCC Agreement imposes restrictions on the Bank's ability to pay dividends, including requiring prior approval from the OCC before any dividends are paid. As such, we will have no ability to rely on dividends from the Bank. As a result, you may only receive a return on your investment in shares of our Class A Common Stock if its market price increases. See Dividend Policy.

Risks Related to Future Acquisitions

Future growth and expansion opportunities through acquisition involves risks and may not be successful, and our market value and profitability may suffer.

Growth through acquisitions of banks in open or FDIC-assisted transactions, as well as the selective acquisition of assets, deposits and branches, represent an important component of our business strategy. Any future acquisitions will be accompanied by the risks commonly encountered in any acquisitions. These risks include, among other things: credit risk associated with the acquired bank's loans and investments; difficulty of integrating operations; retaining and integrating key personnel; and potential disruption of our existing business. We expect that competition for suitable acquisition targets may be significant. We cannot assure you that we will be able to successfully identify and acquire suitable acquisition targets on terms and conditions we consider to be acceptable.

Failed bank acquisitions involve risks similar to acquiring open banks even though the FDIC might provide assistance to mitigate certain risks, such as sharing in exposure to loan losses and providing indemnification

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against certain liabilities of the failed institution. However, because these acquisitions are typically conducted by the FDIC in a manner that does not allow the time typically taken for a due diligence review or for preparing the integration of an acquired institution, we may face additional risks in transactions with the FDIC. These risks include, among other things, accuracy or completeness of due diligence materials, the loss of customers and core deposits, strain on management resources related to collection and management of problem loans and problems related to integration and retention of personnel and operating systems. There can be no assurance that we will be successful in overcoming these risks or any other problems encountered in connection with acquisitions (including FDIC-assisted transactions), nor that any FDIC-assisted opportunities will be available to the Bank in the Bank's market. Our inability to overcome these risks could have a material adverse effect on our ability to achieve our business strategy and maintain our market value and profitability.

Competitive and regulatory dynamics may make FDIC-assisted acquisition opportunities unacceptable to us.

Our business strategy includes the consideration of potential acquisitions of failing banks that the FDIC plans to place in receivership. The FDIC may not place banks that meet our strategic objectives into receivership. Failed bank transactions are attractive opportunities in part because of loss sharing arrangements with the FDIC that limit the acquirer's downside risk on the purchased loan portfolio and, apart from our assumption of deposit liabilities, we have significant discretion as to the non-deposit liabilities that we assume. In addition, assets purchased from the FDIC are marked to their fair value and in many cases there is little or no addition to goodwill arising from an FDIC-assisted transaction.

The bidding process for failing banks in our desired markets has become very competitive, and the increased competition may make it more difficult for us to bid on terms we consider to be acceptable. Our prior acquisitions should be viewed in the context of the recent opportunities available to us as a result of the confluence of our access to capital at a time when market dislocations of historical proportions resulted in what we perceived as attractive asset acquisition opportunities.

Additionally, pursuant to the FDIC Policy, we are subject to significant regulatory burdens as a result of having previously acquired failed banks, including heightened capital requirements. For specific details of these requirements and restrictions see Supervision and Regulation FDIC Statement of Policy on Qualifications for Failed Bank Acquisitions. The FDIC has informed us that these requirements and restrictions of the FDIC Policy could be extended or reinstated if we complete additional failed bank acquisitions. As a result, we would consult closely with the FDIC prior to making any bid for a failed bank. It is possible that these regulatory burdens would make any failed bank acquisition undesirable and we would not place a bid. As economic and regulatory conditions change, we may be unable to execute this aspect of our growth strategy, which could impact our future earnings, reputation and results of operations.

As a result of acquisitions, we may be required to take write-downs or write-offs, as well as restructuring and impairment or other charges that could have a significant negative effect on our financial condition and results of operations.

We have conducted diligence in connection with our past acquisitions and must conduct due diligence investigations of any potential acquisition targets. Intensive due diligence is time consuming and expensive due to the operations, accounting, finance and legal professionals who must be involved in the due diligence process and the fact that such efforts do not always lead to a consummated transaction. Even if we conduct extensive due diligence on an entity we decide to acquire, this diligence may not reveal all material issues that may affect a particular entity. In addition,

factors outside the control of the entity and outside of our control may later arise. If, during the diligence process, we fail to identify issues specific to an entity or the environment in which the entity operates, we may be forced to later write down or write off assets, restructure our operations, or incur impairment or other charges that could result in other reporting losses. In addition, charges of this nature may cause us to violate net worth or other covenants to which we may become subject if we obtain debt financing. The diligence

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process in failed bank transactions is also expedited due to the short acquisition timeline that is typical for failing depository institutions. There can be no assurance that we will not have to take write-downs or write-offs in connection with the acquisitions of certain of the assets and assumption of certain liabilities of each of the Old Banks, or any depository institution which we later acquire, a portion of which may not be covered by loss sharing agreements.

We may acquire entities with significant leverage, increasing the entity's exposure to adverse economic factors.

Our future acquisitions could include entities whose capital structures may have significant leverage. Although we will seek to use leverage in a manner we believe is prudent, any leveraged capital structure of such investments will increase the exposure of the acquired entity to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of the relevant entity or their industries. If an entity cannot generate adequate cash flow to meet its debt obligations, we may suffer a partial or total loss of capital invested in such entity. To the extent there is not ample availability of financing for leveraged transactions (e.g., due to adverse changes in economic or financial market conditions or a decreased appetite for risk by lenders), our ability to consummate certain transactions could be impaired.

Risks Related to the Regulation of Our Industry

We operate in a highly regulated environment and, as a result, are subject to extensive regulation and supervision that could adversely affect our financial performance and our ability to implement our business strategy.

We are subject to extensive regulation, supervision and legislation that govern almost all aspects of our operations. Regulatory bodies are generally charged with protecting the interests of customers, depositors and the deposit insurance fund, or DIF (but not holders of our securities, such as our Class A Common Stock) and the integrity and stability of the U.S. financial system as a whole. The laws and regulations to which we are subject, among other things, prescribe minimum capital requirements, impose limitations on our business activities and restrict the Bank's ability to guarantee our debt and engage in certain transactions with us. As discussed herein, if we continue to grow, we may become subject to additional regulatory requirements and supervision, which could increase our costs or limit our ability to pursue our business strategy. Further, our failure to comply with any laws or regulations applicable to us could subject us to restrictions on our business activities, fines and other penalties, any of which could adversely affect our results of operations, cash flows and financial condition.

The Bank and, with respect to certain provisions, the Company are subject to an Order of the FDIC, dated January 22, 2010, or the Order, issued in connection with the FDIC's approval of the Bank's application for deposit insurance. The Bank is also subject to the OCC Agreement entered into in connection with the acquisition of Old Premier. A failure to comply with the requirements of the Order or the OCC Agreement, or our inability to obtain the non-objection of the OCC to certain transactions or changes in our strategy, could prevent us from executing our business strategy and materially and adversely affect our business, results of operations and financial condition. See Supervision and Regulation The Bank as a National Bank for additional information on the Order and the OCC Agreement.

Federal bank regulatory agencies periodically conduct examinations of us and the Bank, including for compliance with laws and regulations, and our failure to comply with any supervisory actions to which we are or become subject as a result of such examinations may adversely affect us.

The Federal Reserve may conduct examinations of our business and any nonbank subsidiary, including for compliance with applicable laws and regulations. In addition, the OCC periodically conducts examinations of the Bank, including for compliance with applicable laws and regulations. If, as a result of an examination, the Federal Reserve or the OCC determines that the financial condition, capital resources, asset quality, asset concentrations, earnings prospects, management, liquidity, sensitivity to market risk, or other aspects of any of

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our or the Bank's operations are unsatisfactory, or that we or our management are in violation of any law, regulation or guideline in effect from time to time, the Federal Reserve or the OCC may take a number of different remedial actions, including the power to enjoin unsafe or unsound practices, to require affirmative actions to correct any conditions resulting from any violation or practice, to issue an administrative order that can be judicially enforced, to direct an increase in our or the Bank's capital, to restrict our growth, to change the composition of our concentrations in portfolio or balance sheet assets, to assess civil monetary penalties against officers or directors, to remove officers and directors and, if such conditions cannot be corrected or there is an imminent risk of loss to depositors, the FDIC may terminate the Bank's deposit insurance. Further, either the OCC or the FDIC may determine at any time to preclude us from participation in the bidding for failed banks or from acquiring banks in open bank transactions.

The Federal Reserve may require us to commit capital resources to support the Bank.

As a matter of policy, the Federal Reserve has historically expected a bank holding company to act as a source of financial and managerial strength to a subsidiary bank and to commit resources to support its subsidiary bank. Under the source of strength doctrine, which the Dodd-Frank Act codified as a statutory requirement, the Federal Reserve may require a bank holding company to make capital injections into a troubled subsidiary bank and may charge the bank holding company with engaging in unsafe and unsound practices for failure to commit resources to such a subsidiary bank. Under this requirement, in the future, we could be required to provide financial assistance to the Bank, including at times when we would otherwise determine not to provide such assistance.

A capital injection may be required at times when we do not have the resources to provide it and therefore we may be required to raise capital or borrow funds. Any loans by a holding company to its subsidiary bank are subordinate in right of payment to deposits and to certain other indebtedness of the subsidiary bank. In the event of a bank holding company's bankruptcy, the bankruptcy trustee will assume any commitment by the holding company to a federal bank regulatory agency to maintain the capital of a subsidiary bank. Moreover, bankruptcy law provides that claims based on any such commitment will be entitled to a priority of payment over the claims of the holding company's general unsecured creditors, including the holders of its note obligations. Thus, any borrowing or capital raising that must be done by the holding company in order to make the required capital injection may be difficult and expensive and may adversely impact the holding company's cash flows, financial condition, results of operations and prospects.

Regulatory developments, in particular the Dodd-Frank Act, have altered the regulatory framework within which we operate.

The key effects of recent regulatory developments, including the Dodd-Frank Act, on our business are changes to regulatory capital requirements, the creation of prescriptive regulatory liquidity requirements, the creation of new regulatory agencies, limitations on federal preemption, changes to deposit insurance assessments, changes to regulation of insured depository institutions, new requirements regarding mortgage loan origination and risk retention, and restrictions on investments in covered funds under the Volcker Rule. These and other changes resulting from regulatory developments may impact the profitability of our business activities, require changes to certain of our business practices, impose more stringent capital, liquidity and leverage requirements, require us to dispose of securities or otherwise adversely affect our business. These changes may also require us to invest significant management attention and resources to evaluate and make any changes necessary to comply with new requirements. Failure to comply with the new requirements may negatively impact our results of operations and financial condition. For additional information on regulatory developments, including the Dodd-Frank Act, see [Supervision and Regulation Changes in Laws, Regulations, or Policies and the Dodd-Frank Act](#).

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The Volcker Rule collateralized loan obligation provisions could adversely affect our results of operations or financial condition.

The Volcker Rule restricts our ability to sponsor or invest in covered funds (as defined in the rule) and engage in certain types of proprietary trading. We have investments in special purpose entities that securitize a portfolio of primarily broadly syndicated loans. These entities are called collateralized loan obligations, or CLOs. CLOs are vehicles that, based on the existing characteristics of the securities and the CLO vehicles, are covered by the Volcker Rule and the final rules implementing the Volcker Rule. When the final rules were issued, the Federal Reserve provided that the time period for conformance of activities covered by the Volcker Rule expires as of July 21, 2015. In April 2014, the Federal Reserve announced that it intends to extend the conformance period by two additional one-year extensions for ownership of certain non-conforming CLO securities until July 21, 2017. We are continuing to evaluate the impact of the Volcker Rule and the final rules on our business and operations, and we take into account the prohibitions and applicable conformance periods under the Volcker Rule in managing our portfolio of investment securities. As of June 30, 2014, we owned \$305.9 million of CLO securities with a weighted average yield of 2.65% that do not conform with the Volcker Rule. If we decide, or are required, to sell these securities, our future net interest income could be adversely impacted if alternative investment opportunities yield a lower rate. Further, if we are not able to continue to hold non-conforming CLO securities, we may be required to recognize losses on CLO securities that we hold or to sell CLO securities at times or prices at which we would otherwise determine not to sell them.

The federal banking agencies have adopted new capital rules that will require insured depository institutions and their holding companies to hold more capital and have also adopted and proposed new liquidity standards. The impact of the new and proposed rules is uncertain but could be adverse to our business, results of operations or financial condition or the market price of our Class A Common Stock.

In July 2013, the federal banking agencies adopted final rules establishing a new comprehensive capital framework for U.S. banking organizations that substantially revise the risk-based capital requirements applicable to bank holding companies and their depository institution subsidiaries, including us and the Bank, as compared to the current U.S. general risk-based capital rules. For institutions such as us and the Bank, the rules phase in over time beginning January 1, 2015, and the increased minimum capital ratios will be fully phased in as of January 1, 2019. In October 2013, the federal banking agencies issued a proposal on minimum liquidity standards for globally large, internationally active banking organizations and bank holding companies with \$50 billion or more in total consolidated assets, and, in February 2014, the Federal Reserve adopted complementary enhanced liquidity standards for bank holding companies with \$50 billion or more in total consolidated assets. Although the October 2013 proposal and February 2014 rules would not apply directly to us, they may inform regulators' assessments of our or the Bank's liquidity. See *Supervision and Regulation Regulatory Capital and Liquidity Requirements* for additional information on the new and proposed rules relating to capital and liquidity.

The application of more stringent capital or liquidity requirements could, among other things, result in lower returns on equity, require us to raise additional capital, alter our funding, increase our holdings of liquid assets or decrease our holdings in certain illiquid assets or limit our ability to make acquisitions, grow our business, pay dividends or repurchase our common stock. Any such impact could have an adverse effect on our business, results of operations or financial condition or the market price of our Class A Common Stock.

We will face additional regulatory requirements if we or the Bank have more than \$10 billion in total consolidated assets, which could strain our resources and divert management's attention.

Certain recent regulatory changes apply only to bank holding companies or depository institutions with more than \$10 billion in total consolidated assets. Such changes include requirements to undergo company-run stress tests, establish an enterprise-wide board-level risk committee and develop and implement a compliance program under the Volcker Rule; limitations on debit card interchange fees; increased assessments for FDIC deposit insurance; and direct supervision and examination by the Consumer Financial Protection Bureau.

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Although we and the Bank each had less than \$10 billion in total consolidated assets as of June 30, 2014, our business strategy contemplates additional acquisitions and organic growth, and if we or the Bank have more than \$10 billion in total assets, our business and results of operations could be impacted as a result of these additional requirements.

We face a risk of noncompliance and enforcement action with the Bank Secrecy Act and other anti-money laundering statutes and regulations.

The federal Bank Secrecy Act, the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, or Patriot Act, and other laws and regulations require financial institutions, among other duties, to institute and maintain an effective anti-money laundering program and file suspicious activity and currency transaction reports as appropriate. The federal Financial Crimes Enforcement Network, established by the U.S. Department of the Treasury to administer the Bank Secrecy Act, is authorized to impose significant civil money penalties for violations of those requirements, and has recently engaged in coordinated enforcement efforts with the individual federal banking regulators, as well as the U.S. Department of Justice, Drug Enforcement Administration, and Internal Revenue Service. There is also increased scrutiny of compliance with the rules enforced by the Office of Foreign Assets Control, or OFAC. If our policies, procedures and systems are deemed deficient or the policies, procedures and systems of the financial institutions that we have already acquired or may acquire in the future are deficient, we could be subject to liability, including significant fines and other regulatory actions, such as restrictions on our ability to pay dividends and the necessity to obtain regulatory approvals to proceed with certain aspects of our business plan, including our acquisition plans and cost of compliance.

We and certain of our stockholders are required to comply with the applicable provisions of the FDIC Statement of Policy on Qualifications for Failed Bank Acquisitions.

The Order requires that we, the Bank, our founders and certain of our existing and future stockholders comply with the applicable provisions of the FDIC Policy, including, among others, a higher capital requirement for the Bank, a three-year restriction on the sale or transfer of our securities by certain stockholders subject to the FDIC Policy following our first acquisition of a failed bank from the FDIC following such stockholders' acquisitions of their securities, limitations on transactions with affiliates and cross-support undertakings by stockholders with an 80% or greater interest in us and one or more other depository institutions. The FDIC Policy applies to certain of our existing stockholders and, subject to certain exceptions, it will apply to any other person (or group of persons acting in concert) that directly or indirectly owns, controls or has the power to vote more than 5% of our Class A Common Stock or is otherwise determined to be engaged in concerted action with other stockholders. The FDIC has informed us that the requirements and restrictions under the FDIC Policy could be extended or reinstated if we complete additional failed bank acquisitions. It is possible that the potential extension or reinstatement of the requirements under the FDIC Policy could make a prospective failed bank acquisition undesirable and that we would, therefore, not place a bid. For example, the FDIC could condition the Bank's ability to bid on a failed institution on additional stockholders of the Company, including purchasers of our Class A Common Stock, agreeing to be bound by provisions of the FDIC Policy which could be impracticable and could render us unable to bid on a failed institution. We may thus be less able or unable to execute our growth strategy, which could impact our business, results of operations and financial condition. Additionally, the FDIC Policy could discourage third parties from seeking to acquire significant interests in us or attempting to acquire control of us, which could adversely affect the market price of our Class A Common Stock. See Supervision and Regulation FDIC Statement of Policy on Qualifications for Failed Bank Acquisitions for additional information on the requirements imposed by the FDIC Policy.

If we and certain of our stockholders are not in compliance with the applicable provisions of the FDIC Policy, we may be unable to bid on failed institutions in the future.

As the agency responsible for resolving the failure of banks, the FDIC has discretion to determine whether a party is qualified to bid on a failed institution. The FDIC Policy imposes restrictions and requirements on certain

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institutions including the Company and the Bank and our stockholders. If we and certain of our stockholders are not in compliance with the FDIC Policy, then the FDIC may not permit us to bid on a failed institution. As a condition to the Bank's bidding on a failed institution, the FDIC could require that one or more of our existing or future stockholders, including purchasers of our Class A Common Stock, agree to be bound by provisions of the FDIC Policy. The FDIC Policy includes a three-year prohibition on transfers of our common stock without FDIC consent, which could impact existing or future stockholders. If the FDIC were to take this position, affected stockholders would need to agree to be bound by the FDIC Policy or the Bank would not be permitted to bid on the failed institution. Our inability to bid on failed institutions may limit our ability to grow. See **Risks Related to the Regulation of Our Industry** We and certain of our stockholders are required to comply with the applicable provisions of the FDIC Statement of Policy on Qualifications for Failed Bank Acquisitions.

We are subject to the Community Reinvestment Act and fair lending laws, and failure to comply with these laws could lead to material penalties.

The Community Reinvestment Act, or CRA, the Equal Credit Opportunity Act, the Fair Housing Act and other fair lending laws and regulations impose nondiscriminatory lending requirements on financial institutions. The Department of Justice and other federal agencies are responsible for enforcing these laws and regulations. A successful challenge to an institution's performance under the CRA or fair lending laws and regulations could result in a wide variety of sanctions, including the required payment of damages and civil money penalties, injunctive relief, imposition of restrictions on mergers and acquisitions activity, and restrictions on expansion activity. Private parties may also have the ability to challenge an institution's performance under fair lending laws in private class action litigation.

Many of our new activities and expansion plans require regulatory approvals, and failure to obtain them may restrict our growth.

We may seek to complement and expand our business by pursuing strategic acquisitions of the assets and assuming the liabilities of failed banks, banks and other financial institutions. We must generally receive federal regulatory approval before we can acquire an institution or business. In determining whether to approve a proposed acquisition, federal bank regulators will consider, among other factors, the effect of the acquisition on competition, our financial condition, and our future prospects. The regulators also review current and projected capital ratios and levels, the competence, experience, and integrity of management and its record of compliance with laws and regulations, the convenience and needs of the communities to be served (including the acquiring institution's record of compliance under the CRA) and the effectiveness of the acquiring institution in combating money laundering activities. Such regulatory approvals may not be granted on terms that are acceptable to us, or at all. We may also be required to sell branches as a condition to receiving regulatory approval, which condition may not be acceptable to us or, if acceptable to us, may reduce the benefit of any acquisition.

In addition to the acquisition of financial institutions, as opportunities arise, we plan to continue de novo branching as a part of our organic growth strategy. De novo branching carries with it numerous risks, including the inability to obtain all required regulatory approvals or the branch's failing to perform as expected. The failure to obtain regulatory approvals for potential de novo branches or the failure of those branches to perform may impact our business plans, restrict our growth and adversely affect our results of operations.

Stockholders may be deemed to be acting in concert or otherwise in control of the Bank, which could impose prior approval requirements and result in adverse regulatory consequences for such holders.

We are a bank holding company regulated by the Federal Reserve. Any entity owning 25% or more of the outstanding shares of any class of our voting securities (such as our Class A Common Stock), or a lesser percentage if such holder otherwise exercises a controlling influence over us, may be subject to regulation as a bank holding company in accordance with the Bank Holding Company Act of 1956, as amended, or BHCA. In addition, (1) any bank holding company or foreign bank with a U.S. branch or agency is required to obtain the

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approval of the Federal Reserve under the BHCA to acquire or retain 5% or more of the outstanding shares of any class of our voting securities (such as our Class A Common Stock) and (2) any person (or group of persons acting in concert) other than a bank holding company may be required to obtain prior regulatory approval under the Change in Bank Control Act to acquire or retain 10% or more of the outstanding shares of any class of our voting securities (such as our Class A Common Stock). Any stockholder that is deemed to control the Company for bank regulatory purposes would become subject to prior approval requirements and ongoing regulation and supervision. Such a holder may be required to divest 5% or more of the voting shares of investments that may be deemed incompatible with bank holding company status, such as an investment in a company engaged in non-financial activities. Regulatory determination of control of a depository institution or holding company is based on all of the relevant facts and circumstances. Potential investors are advised to consult with their legal counsel regarding the applicable regulations and requirements.

Our common stock owned by holders determined by a bank regulatory agency to be acting in concert would be aggregated for purposes of determining whether those holders have control of a bank or bank holding company. Each stockholder obtaining control would be required to register as a bank holding company. Acting in concert generally means knowing participation in a joint activity or parallel action towards the common goal of acquiring control of a bank or a parent company, whether or not pursuant to an express agreement. How this definition is applied in individual circumstances can vary among the various federal bank regulatory agencies and cannot always be predicted with certainty. Many factors can lead to a finding of acting in concert, including where stockholders are: commonly controlled or managed; the holders are parties to an oral or written agreement or understanding regarding the acquisition, voting or transfer of control of voting securities of a bank or bank holding company; the holders each own stock in a bank and are also management officials, controlling stockholders, partners or trustees of another company; or both a holder and a controlling stockholder, partner, trustee or management official of the holder own equity in the bank or bank holding company.

Risks Related to the Common Stock

There has been a limited public market for our common stock and an active trading market in our common stock may not develop or be sustained.

Because our initial public offering occurred recently, our Class A Common Stock has limited trading history. Although our shares of Class A Common Stock are listed on the New York Stock Exchange, we do not know whether third parties will find our common stock to be attractive or whether firms will be interested in making a market for our common stock and an active trading market in our common stock may not develop or be sustained. As a result, stockholders may be unable to liquidate their investments, or may encounter considerable delay in selling shares of our common stock.

Our Class A Common Stock price could be highly volatile and the market price of our Class A Common Stock could drop unexpectedly.

The market price of our Class A Common Stock could be subject to wide fluctuations in response to, among other things, the following factors:

our limited time running the operations of the banks from which we have acquired assets and assumed deposits and other liabilities may make it difficult to predict our future prospects and financial performance;

any adverse change in the terms of, or loss of coverage under, our loss sharing arrangements with the FDIC;

the rapid growth and evolution of our business;

quarterly variations in our results of operations or the quarterly financial results of companies perceived to be similar to us;

changes in estimates of our financial results or recommendations by market analysts;

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any announcements by us or our competitors of significant acquisitions, strategic alliances or joint ventures, particularly as a result of the highly acquisitive nature of our business;

changes in our capital structure, such as future issuances of securities or the incurrence of debt;

the use of our common stock as consideration in connection with an acquisition;

future issuances or sales, or anticipated issuances or sales, of our Class A Common Stock or other securities convertible into or exchangeable or exercisable for our Class A Common Stock;

additions or departures of key personnel;

investors' general perception of us; and

changes in general economic, industry and market conditions in the United States, Florida or international markets.

Many of these factors are beyond our control. Any of the foregoing factors could cause the stock price of our Class A Common Stock to fall and may expose us to securities class action litigation. Any securities class action litigation could result in substantial costs and the diversion of management's attention and resources.

A significant portion of our total outstanding shares may be sold into the public market in the near future, which could cause the market price of our Class A Common Stock to drop.

We are authorized to issue 150,000,000 shares of common stock and 10,000,000 shares of preferred stock. As of September 30, 2014, there were 41,409,698 shares of common stock issued and outstanding and no shares of preferred stock issued and outstanding, which does not include shares held in treasury, shares of common stock reserved for issuance upon the exercise of outstanding options or warrants or additional shares reserved for issuance under our 2009 Option Plan or the 2013 Stock Incentive Plan.

As of September 30, 2014, we had outstanding warrants to purchase 3,310,428 shares of Class A Common Stock, 6,242,834 shares subject to outstanding options, and an aggregate of 398,135 additional shares of common stock reserved for issuance under our 2009 Option Plan and 2013 Stock Incentive Plan, all of which are eligible for sale in the public market to the extent permitted by any applicable vesting requirements, applicable lock-up agreements and Rule 144 and Rule 701 under the Securities Act. We have also registered all shares of common stock that we may issue under our 2009 Option Plan and 2013 Stock Incentive Plan. Moreover, once the resale of the shares to which this prospectus relates are registered, they can be freely sold in the public market. In addition, approximately 29,726,106 shares of our common stock held by existing stockholders have become available for sale in the public market as a result of the expiration of the 90-day lock-up period in the registration rights agreements and certain lock-up arrangements to the extent permitted by Rule 144 and Rule 701 under the Securities Act. See "Shares Eligible for Future Sale" Sale of Registered Shares.

We cannot predict what effect, if any, future sales of shares of our common stock, or the availability of shares for future sale, may have on the trading price of our Class A Common Stock. Future sales of shares of our common stock by our existing stockholders and other stockholders or by us, or the perception that such sales may occur, could adversely affect the market price of shares of our Class A Common Stock and may make it more difficult for you to sell your shares of our Class A Common Stock at a time and price that you determine appropriate. See [Shares Eligible for Future Sale](#).

In addition, under most circumstances, our Board of Directors has the right, without stockholder approval, to issue authorized but unissued and nonreserved shares of our common stock. If a substantial number of these shares were issued, it would dilute the existing stockholders ownership and may depress the price of our Class A Common Stock. In addition, subject to the rules of the New York Stock Exchange, our Board of Directors has the authority, without stockholder approval, to create and issue additional stock options, warrants and one or more series of preferred stock and to determine the voting, dividend and other rights of the holders of such preferred stock. Depending on the rights, preferences and privileges granted when the preferred stock is issued, it may have

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the effect of delaying, deferring or preventing a change in control without further action by the stockholders, may discourage bids for our Class A Common Stock at a premium over the market price of the Class A Common Stock and may adversely affect the market price of and voting and other rights of the holders of our Class A Common Stock.

To the extent shares of our common stock or preferred stock are issued, or options or warrants are exercised, investors in our securities may experience further dilution and the presence of such derivative securities may make it more difficult to obtain any future financing. In addition, in the event any future financing should be in the form of, or be convertible into or exchangeable for, equity securities, upon the issuance of such equity securities, investors may experience additional dilution.

Certain of our existing stockholders could exert significant control over the Company and may not make decisions that further the best interests of all stockholders.

As of September 30, 2014, our executive officers, directors and three principal stockholders (holders of greater than 5% of our Class A Common Stock) together control outstanding shares representing, in the aggregate, approximately 34.6% of the presently outstanding shares of our Class A Common Stock (and after giving effect to the exercise of presently outstanding options could control up to approximately 36% of the outstanding shares of Class A Common Stock), including approximately 5.1% of the presently outstanding shares of Class A Common Stock held by Bond Street Investors LLC, in which six of our directors have an ownership interest, and for which three of such directors act as managers of the managing member. As a result, these stockholders, if they act individually or together, may exert a significant degree of influence over our management and affairs and over matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions. Furthermore, the interests of this concentration of ownership may not always coincide with the interests of other stockholders and, accordingly, they could cause us to enter into transactions or agreements which we might not otherwise consider. In addition, this concentration of ownership of the Company's Class A Common Stock may delay or prevent a merger or acquisition or other transaction resulting in a change in control of the Company even when other stockholders may consider the transaction beneficial, and might adversely affect the market price of our Class A Common Stock.

Provisions in our charter documents, applicable laws and certain provisions of the loss share agreements with the FDIC may prevent or delay a change of control of us and could also limit the market price of our Class A Common Stock.

Certain provisions of Delaware law and applicable regulatory law, and of our certificate of incorporation and bylaws could have the effect of making it more difficult for a third party to acquire, or of discouraging a third party from attempting to acquire, control of us, even if such a change in control would be beneficial to our stockholders or result in a premium for your shares of our Class A Common Stock.

These provisions may also prevent or frustrate attempts by our stockholders to replace or remove our management. These provisions include:

limitations on the removal of directors;

the ability of our Board of Directors, without stockholder approval, to issue preferred stock with terms determined by our Board of Directors and to issue additional shares of our common stock;

vacancies on our Board of Directors, and any newly created director positions created by the expansion of the Board of Directors, may be filled only by a majority of remaining directors then in office;

actions to be taken by our stockholders may only be effected at an annual or special meeting of our stockholders and not by written consent;

advance notice requirements for stockholder proposals and nominations;

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the ability of our Board of Directors to make, alter or repeal our bylaws without stockholder approval; and

certain regulatory ownership restrictions imposed on holders of our common stock because we are a bank holding company, as more fully described in Supervision and Regulation Regulatory Notice and Approval Requirements and Supervision and Regulation FDIC Statement of Policy on Qualifications for Failed Bank Acquisitions.

Moreover, because our Board of Directors has the power to make, alter or repeal our bylaws without stockholder approval, our Board of Directors could amend our bylaws in the future in a manner which could further impact the interests of stockholders or the potential market price of our Class A Common Stock in the future in a manner which could further impact the interests of stockholders in a way they deem unfavorable, or negatively affect the market price of our Class A Common Stock.

Our certificate of incorporation also currently divides our Board of Directors into three classes, with each class serving for a staggered three-year term, which would prevent stockholders from electing an entirely new board of directors at any one annual meeting.

In addition, we are subject to the provisions of Section 203 of the General Corporation Law of the State of Delaware, or DGCL, which limits business combination transactions with stockholders of 15% or more of our outstanding voting stock that our Board of Directors has not approved. These provisions and other similar provisions make it more difficult for stockholders or potential acquirers to acquire us without negotiation. These provisions may apply even if some stockholders may consider the transaction beneficial to them.

Furthermore, banking laws impose notice, approval and ongoing regulatory requirements on any stockholder or other party that seeks to acquire direct or indirect control of an FDIC-insured depository institution. These laws include the BHCA and the Change in Bank Control Act. These laws could delay or prevent an acquisition.

In addition, our loss sharing agreements with the FDIC require that in order to maintain loss share coverage we must receive FDIC consent prior to us or certain of our stockholders engaging in certain transactions. When the consent of the FDIC is required under the loss sharing agreements, the FDIC may withhold its consent or may condition its consent on terms that we do not find acceptable. If the FDIC does not grant its consent to a transaction we would like to pursue, or conditions its consent on terms that we do not find acceptable, we may be unable to engage in certain corporate or strategic transactions that might otherwise benefit our stockholders or we may elect to pursue a transaction without obtaining FDIC consent. If we failed to obtain prior FDIC consent and the FDIC withdrew its loss share protection, there could be a material adverse effect on our financial condition, results of operations and cash flows.

These provisions and laws could limit the price that investors are willing to pay in the future for shares of our Class A Common Stock. These provisions might also discourage a potential acquisition proposal or tender offer, even if the acquisition proposal or tender offer is at a premium over the then current market price for our Class A Common Stock.

Shares of our Class A Common Stock will not be an insured deposit.

An investment in our Class A Common Stock will not be a bank deposit and will not be insured or guaranteed by the FDIC or any other government agency. An investment in our Class A Common Stock will be subject to investment risk, and each investor must be capable of affording the loss of its entire investment.

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We are an emerging growth company and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our common stock less attractive to investors.

We are an emerging growth company, as defined in the JOBS Act. As such, we are eligible to take advantage of certain exemptions from various reporting requirements that are generally unavailable to other public companies. As an emerging growth company:

we may present in the registration statement, of which this prospectus forms a part, only two years of audited financial statements and only two years of related Management's Discussion and Analysis of Financial Condition and Results of Operations and provide less than five years of selected financial data;

we are exempt from the requirements to obtain an attestation and report from our auditors on management's assessment of our internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act of 2002;

we are permitted to have less extensive disclosure regarding executive compensation in our periodic reports and proxy statements; and

we are not required to seek from our stockholders a nonbinding advisory vote on executive compensation or golden parachute payments.

We have elected in this prospectus to take advantage of the scaled disclosure related to financial statement presentation, including less than five years of selected financial data. We have also elected in this prospectus to take advantage of scaled disclosure related to executive compensation. We may continue to take advantage of some or all of the reduced regulatory and reporting requirements that will be available to us as long as we continue to qualify as an emerging growth company. It is possible that some investors could find our common stock less attractive because we may take advantage of these reduced requirements. If some investors find our common stock less attractive, there may be a less active trading market for our common stock and our stock price may be more volatile.

In addition, Section 107 of the JOBS Act also provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards affecting public companies. In other words, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to use the extended transition period provided in Section 7(a)(2)(B) of the Securities Act until the earlier of the date we (i) are no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in Section 7(a)(2)(B). As a result of this election, our financial statements may not be comparable to the financial statements of other public companies.

We could remain an emerging growth company until the earliest to occur of (a) the last day of the fiscal year in which the fifth anniversary of our initial public offering occurred, (b) the last day of the first fiscal year in which our annual gross revenues exceed \$1 billion, (c) the date on which we are deemed to be a large accelerated filer, which will occur at such time as (i) the market value of our common stock that is held by non-affiliates exceeds \$700 million as of the

last business day of our most recently completed second fiscal quarter, (ii) we have been required to file annual and quarterly reports under the Securities and Exchange Act of 1934, as amended, or Exchange Act, for a period of at least 12 months and (iii) we have filed at least one annual report pursuant to the Exchange Act or (d) the date on which we have issued more than \$1 billion in non-convertible debt during the preceding three-year period.

The requirements of being a public company may strain our resources, divert management's attention and affect our ability to attract and retain executive management and qualified board members.

As a public company, we are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act of 2002, the Dodd-Frank Act, the listing requirements of the New York Stock Exchange and other applicable securities rules and regulations. Compliance with these rules and regulations will increase our legal and financial

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compliance costs, make some activities more difficult, time-consuming or costly and increase demand on our systems and resources, particularly after we are no longer an emerging growth company. The Exchange Act requires, among other things, that we file annual, quarterly and current reports with respect to our business and operating results. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and, if required, improve our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, including the integration of our acquired banks, which could adversely affect our business and operating results. Although we have already hired additional employees to comply with these requirements, we may need to hire more employees in the future or engage outside consultants, which will increase our costs and expenses.

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USE OF PROCEEDS

We will not receive any proceeds from the sale of shares of our common stock offered by the selling stockholders.

DETERMINATION OF OFFERING PRICE

The prices at which the shares of common stock covered by this prospectus may actually be sold will be determined by the prevailing public market price for shares of our common stock, by negotiation between the selling stockholders and buyers of our common stock in private transactions or as otherwise described in Plan of Distribution.

DILUTION

The common stock to be sold by the selling stockholders is common stock that is then issued and outstanding and, accordingly, there will be no dilution to our existing stockholders with respect to the shares offered for sale by those selling stockholders; provided that 5,236,234 shares of Class B Common Stock are anticipated to be converted to shares of Class A Common Stock if and when sold in the offering, or otherwise exchanged for shares of Class A Common Stock, and provided further that 3,310,428 shares of Class A Common Stock are expected to be issued upon exercise of certain outstanding warrants prior to sale in the offering.

MARKET PRICE OF COMMON STOCK

Our Class A Common Stock has been listed on the New York Stock Exchange under the symbol FCB since August 1, 2014. Prior to that date, there was no public trading market for our Class A Common Stock. There is no public trading market for our Class B Common Stock. The following table sets forth for the periods indicated the high and low sales prices per share of our Class A Common Stock as reported on the New York Stock Exchange:

Year Ended December 31, 2014	High	Low
Third Quarter (from August 1, 2014)	\$ 23.32	\$ 19.73
Fourth Quarter (through October 15, 2014)	\$ 23.45	\$ 21.84

On September 30, 2014, the closing price of our Class A Common Stock on the New York Stock Exchange was \$22.71 per share. As of September 30, 2014, we had 72 holders of record of our Class A Common Stock and 21 holders of record of our Class B Common Stock.

DIVIDEND POLICY

We have never paid a cash dividend on our common stock; however, we may pay cash dividends in the future. The payment of any dividends is within the discretion of our board of directors. The payment of dividends in the future, if any, will be contingent upon our revenues and earnings, if any, capital requirements and our general financial condition. We are a bank holding company and accordingly, any dividends paid by us are subject to various federal and state regulatory limitations and also may be subject to the ability of our subsidiary depository institution(s) to make distributions or pay dividends to us. The ability of the Company to pay dividends is limited by minimum capital and other requirements prescribed by law and regulation. In addition, the OCC Agreement imposes other restrictions on the Bank's ability to pay dividends to us, including requiring prior approval from the OCC before any such dividends are paid. Banking regulators have authority to impose additional limits on dividends and distributions by the

Company and its subsidiaries. Certain restrictive covenants in future debt instruments, if any, may also limit our ability to pay dividends or the Bank's ability to make distributions or pay dividends to us. See Supervision and Regulation Regulatory Limits on Dividends and Distributions.

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The following tables contain certain selected historical consolidated financial data for the periods and as of the dates indicated. You should read this information in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and the related notes thereto included elsewhere in this prospectus. The selected historical consolidated financial information as of and for the three and six months ended June 30, 2014 and 2013 is derived from our unaudited interim consolidated financial statements included elsewhere in this prospectus. The selected historical consolidated financial information set forth below at December 31, 2013 and December 31, 2012 is derived from our audited financial statements included elsewhere in this prospectus. On January 31, 2014, we acquired through merger the business of Great Florida Bank. We have prepared our unaudited consolidated financial statements on the same basis as our audited financial statements and have included all adjustments, consisting of normal and recurring adjustments, that we consider necessary for a presentation of our financial position and operating results for the unaudited periods. The selected historical results shown below and elsewhere in this prospectus are not necessarily indicative of our future performance.

(Dollars in thousands, except share and per share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Selected Results of Operations Data				
Interest income	\$ 48,452	\$ 36,154	\$ 93,370	\$ 70,611
Interest expense	7,299	5,682	13,872	11,052
Net interest income	41,153	30,472	79,498	59,559
Provision for loan losses	3,236	473	4,326	1,569
Net interest income after provision	37,917	29,999	75,172	57,990
Non-interest income	6,690	3,660	9,238	6,344
Non-interest expense	30,744	27,455	65,210	53,982
Income before income tax expense	13,863	6,204	19,200	10,352
Income tax provision expense	4,697	1,927	6,506	3,577
Net income	9,166	4,277	12,694	6,775
Per Share Data				
Earnings per share				
Basic	\$ 0.26	\$ 0.12	\$ 0.35	\$ 0.18
Diluted	\$ 0.26	\$ 0.12	\$ 0.35	\$ 0.18
Tangible book value per share (1)	\$ 18.11	\$ 17.12	\$ 18.11	\$ 17.12
Weighted average shares outstanding				
Basic	35,892,154	37,011,598	35,892,154	37,011,598
Diluted	35,896,207	37,015,889	35,896,257	37,014,579

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(Dollars in thousands, except share and per share data)	Year Ended December 31,	
	2013	2012
Selected Results of Operations Data		
Interest income	\$ 145,263	\$ 148,834
Interest expense	22,940	27,506
Net interest income	122,323	121,328
Provision for loan losses	2,914	26,101
Net interest income after provision	119,409	95,227
Non-interest income	10,942	19,295
Non-interest expense	104,308	121,749
Income (loss) before income tax expense (benefit)	26,043	(7,227)
Income tax provision expense (benefit)	8,872	(2,399)
Net income (loss)	17,171	(4,828)
Per Share Data		
Earnings (loss) per share		
Basic	\$ 0.46	\$ (0.13)
Diluted	\$ 0.46	\$ (0.13)
Tangible book value per share (1)	\$ 18.85	\$ 18.57
Weighted average shares outstanding		
Basic	36,947,192	37,011,598
Diluted	36,949,129	37,011,598

(Dollars in thousands)	June 30, 2014	December 31,	
		2013	2012
Selected Balance Sheet Data			
Cash and cash equivalents	\$ 130,610	\$ 239,217	\$ 96,220
Investment securities	1,781,030	1,182,323	1,505,112
Loans held for sale	1,492		
Loans receivable, net	3,245,768	2,244,051	1,342,365
Loans not covered under FDIC loss sharing agreements, gross	2,937,129	1,899,529	883,138
Loans covered under FDIC loss sharing agreements, gross	326,523	359,255	478,176
FDIC loss share indemnification asset	74,853	87,229	125,949
Other real estate owned	80,988	34,682	57,767
Goodwill and other intangible assets	89,466	39,369	40,895
Other assets	237,501	146,499	76,753
Total assets	5,641,708	3,973,370	3,245,061
Total deposits	3,958,266	2,793,533	2,190,340
Borrowings	855,300	435,866	271,642
Other liabilities	88,694	27,857	54,905
Total liabilities	4,902,260	3,257,256	2,516,887
Stockholders' equity	739,448	716,114	728,174
Total liabilities and stockholders' equity	5,641,708	3,973,370	3,245,061
Tangible stockholders' equity (1)	649,982	676,745	687,279

(1) See GAAP Reconciliation and Management Explanation of Non-GAAP Financial Measures.

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	Three Months Ended June 30,		Year Ended December 31,	
	2014	2013	2013	2012
Performance Ratios				
Interest rate spread	3.26%	3.60%	3.58%	3.77%
Net interest margin	3.39%	3.88%	3.80%	4.01%
Return on average assets	0.69%	0.50%	0.49%	-0.14%
Return on average equity	5.02%	2.33%	2.35%	-0.67%
Efficiency ratio (bank level) (1)	64.26%	80.44%	75.03%	83.21%
Average interest-earning assets to average interest bearing liabilities	117.15%	132.32%	130.50%	125.61%
Loans receivable to deposits	82.45%	67.14%	80.86%	62.15%
Yield on interest-earning assets	3.96%	4.56%	4.51%	4.91%
Cost of interest-bearing liabilities	0.70%	0.96%	0.93%	1.14%
Asset and Credit Quality Ratios Total loans				
Nonperforming loans to loans receivable (2)	1.07%	1.78%	1.51%	0.73%
Nonperforming assets to total assets (3)	2.06%	2.09%	1.73%	2.09%
Covered loans to total gross loans	10.00%	25.87%	15.9%	35.1%
ALL to nonperforming assets	15.42%	21.21%	21.4%	28.0%
ALL to total gross loans	0.70%	0.95%	0.65%	1.39%
Asset and Credit Quality Ratios New loans				
Nonperforming new loans to total new loans receivable (2)	0.01%	0.00%	0.06%	0.07%
New loan ALL to total gross new loans	0.54%	0.50%	0.47%	0.71%
Asset and Credit Quality Ratios Acquired loans				
Nonperforming acquired loans to total acquired loans receivable (2)	3.63%	5.18%	6.78%	1.50%
Covered acquired loans to total gross acquired loans	34.11%	75.32%	73.60%	75.70%
Acquired loan ALL to total gross acquired loans	0.57%	1.82%	1.32%	2.18%
Capital Ratios (Company)				
Average equity to average total assets	13.7%	21.5%	20.9%	21.2%
Tangible average equity to tangible average assets (4)	12.2%	20.6%	20.0%	20.2%
Tangible common equity ratio (4)	11.7%	19.6%	17.2%	21.5%
Tier 1 leverage ratio	12.0%	20.2%	18.0%	20.6%
Tier 1 risk-based capital ratio	16.0%	30.9%	24.8%	36.1%
Total risk-based capital ratio	16.5%	31.6%	25.3%	37.1%
Capital Ratios (Bank)				
Average equity to average total assets	11.9%	13.8%	13.4%	12.9%
Tangible common equity ratio	10.4%	12.1%	11.5%	12.7%
Tier 1 leverage ratio	10.8%	12.4%	12.0%	12.1%
Tier 1 risk-based capital ratio	14.4%	19.2%	16.7%	21.2%
Total risk-based capital ratio	14.9%	20.0%	17.3%	22.2%

(1) Noninterest expense over (net interest income plus non-interest income). Includes amortization expense of FDIC loss share indemnification asset and FDIC clawback liability.

(2) Nonperforming loans include loans in non-accrual status.

- (3) Nonperforming assets include loans in non-accrual status and OREO.
- (4) See GAAP Reconciliation and Management Explanation of Non-GAAP Financial Measures.

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GAAP Reconciliation and Management Explanation of Non-GAAP Financial Measures

Some of the financial data included in our selected historical consolidated financial data are not measures of financial performance recognized by generally accepted accounting principles in the United States, or GAAP. These non-GAAP financial measures are tangible assets, tangible stockholders equity, tangible book value per share, tangible average equity to tangible average assets, and tangible common equity ratio. Our management uses these non-GAAP financial measures in its analysis of our performance.

Tangible assets is defined as total assets reduced by goodwill and other intangible assets. As with other financial assets, we consider the FDIC loss share indemnification asset to be a tangible asset.

Tangible stockholders equity is defined as total stockholders equity reduced by goodwill and other intangible assets. As with other financial assets, we consider the FDIC loss share indemnification asset to be a tangible asset.

Tangible book value per share is defined as total stockholders equity reduced by goodwill and other intangible assets divided by total common shares outstanding. This measure is important to investors interested in changes from period-to-period in book value per share exclusive of changes in intangible assets. As with other financial assets, we consider the FDIC loss share indemnification asset to be a tangible asset.

Tangible average equity to tangible average assets is defined as the ratio of average stockholders equity reduced by average goodwill and average other intangible assets, divided by average total assets reduced by average goodwill and average other intangible assets. This measure is important to investors interested in relative changes from period to period in equity and total assets, each exclusive of changes in intangible assets. As with other financial assets, we consider the FDIC loss share indemnification asset to be a tangible asset.

Tangible common equity ratio is defined as the ratio of total stockholders equity reduced by goodwill and other intangible assets, divided by total assets reduced by goodwill and average other intangible assets. This measure is important to investors interested in relative changes in the ratio of total stockholder equity to total assets, each exclusive of changes in intangible assets. As with other financial assets, we consider the FDIC loss share indemnification asset to be a tangible asset.

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We believe these non-GAAP financial measures provide useful information to management and investors that is supplementary to our financial condition, results of operations and cash flows computed in accordance with GAAP; however, we acknowledge that our non-GAAP financial measures have a number of limitations. As such, you should not view these disclosures as a substitute for results determined in accordance with GAAP, and they are not necessarily comparable to non-GAAP financial measures that other companies use. The following reconciliation table provides a more detailed analysis of these non-GAAP financial measures:

(Dollars in thousands, except per share data)	Six Months Ended June 30,		Year Ended December 31,	
	2014	2013	2013	2012
Total assets	\$ 5,641,708	\$ 3,554,590	\$ 3,973,370	\$ 3,245,061
Less:				
Goodwill and other intangible assets	89,466	40,104	39,369	40,895
Tangible assets	\$ 5,552,242	\$ 3,514,486	\$ 3,934,001	\$ 3,204,166
Total stockholders' equity	739,448	729,909	716,114	728,174
Less:				
Goodwill and other intangible assets	89,466	40,104	39,369	40,895
Tangible stockholders' equity	\$ 649,982	\$ 689,805	\$ 676,745	\$ 687,279
Shares outstanding	35,892,154	37,011,598	35,892,154	37,011,598
Tangible book value per share	\$ 18.11	\$ 18.64	\$ 18.85	\$ 18.57
Average assets	\$ 5,354,260	\$ 3,428,348	\$ 3,502,311	\$ 3,384,105
Average equity	\$ 732,377	\$ 738,521	\$ 732,114	\$ 717,590
Average goodwill and other intangible assets	\$ 90,431	\$ 40,248	\$ 40,090	\$ 41,742
Tangible average equity to tangible average assets	12.2%	20.6%	20.0%	20.2%
Tangible common equity ratio	11.7%	19.6%	17.2%	21.4%

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UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following unaudited pro forma condensed combined statements of income for the year ended December 31, 2013 are presented to give effect to and show the pro forma impact on our historical financial statements of the acquisition of Great Florida Bank on January 31, 2014 as if the transaction had occurred as of January 1, 2013.

The unaudited pro forma condensed combined financial information has been derived from and should be read in conjunction with:

our historical audited consolidated financial statements as of and for the year ended December 31, 2013; and

Great Florida Bank's historical audited consolidated financial statements as of and for the year ended December 31, 2013.

The assumptions underlying the pro forma adjustments are described in the accompanying notes, which should be read in conjunction with this unaudited pro forma condensed combined financial information. The pro forma adjustments described in the accompanying notes have been made based on available information and upon assumptions that our management believes are reasonable in order to reflect, on a pro forma basis, the impact of these transactions on our historical financial information. The unaudited pro forma condensed combined financial information is presented for illustrative purposes only and does not necessarily indicate the financial results of the combined companies had the companies actually been combined at the beginning of the period presented. The adjustments included in these unaudited pro forma condensed combined financial statements are preliminary and may be revised. The unaudited pro forma condensed combined financial information also does not consider any potential impact of current market conditions on revenues, potential revenue enhancements, anticipated cost savings and expense efficiencies, or asset dispositions, among other factors.

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Certain reclassifications have been made to the historical consolidated financial statements of Great Florida Bank to conform to the presentation of our consolidated financial statements.

	FCB Financial Holdings, Inc. Year ended December 31, 2013 (As Reported)	Great Florida Bank Year ended December 31, 2013 (As Reported)	Pro Forma Adjustments (1)	FCB Financial Holdings, Inc. Year ended December 31, 2013 (Pro forma)
(Dollars in thousands, except per share data)				
Interest Income:				
Interest and fees on loans	\$ 108,521	\$ 28,469	\$ 4,133(2)	\$ 141,123
Interest on investment securities	36,740	5,723		42,463
Interest on federal funds sold and other	2	152		154
Total interest income	145,263	34,344	4,133	183,740
Interest expense:				
Interest on deposits	18,537	7,225	(1,861)(3)	23,901
Interest on borrowings	4,403	3,626	(2,613)(4)	5,416
Total interest expense	22,940	10,851	(4,474)	29,317
Net interest income	122,323	23,493	8,607	154,423
Provision for loan losses	2,914	2,949		5,863
Net interest income after provision	119,409	20,544	8,607	148,560
Non-interest income:				
Service charges and fees	2,374	1,633		4,007
Loss share indemnification income (loss)	(18,533)			(18,533)
Income from resolution of acquired assets	8,475			8,475
Gain on sales of other real estate owned	1,237			1,237
Gain on sales of investment securities	8,682	865		9,547
Other non-interest income	8,707	2,534		11,241
Total non-interest income	10,942	5,032		15,974
Non-interest expenses:				
Salaries and employee benefits	46,914	13,844		60,758
Occupancy and equipment expenses	9,872	8,710		18,582
Other real estate and acquired assets resolution related expenses	19,158	13,605	(14,146)(5)	18,617
Professional services	6,403	3,284		9,687

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Other operating expenses	21,961	7,820	368(6)	30,149
Total non-interest expenses	104,308	47,263	(13,778)	137,793
Income (loss) before income tax benefit	26,043	(21,687)	22,385	26,741
Income tax provision expense (benefit)	8,872		238(7)	9,110
Net income (loss)	\$ 17,171	\$ (21,687)	\$ 22,147	\$ 17,631
Earnings (loss) per common share:				
Basic	\$ 0.46			\$ 0.48
Diluted	\$ 0.46			\$ 0.48
Weighted average shares outstanding Basic	36,947,192			36,947,192
Weighted average shares outstanding Diluted	36,949,129			36,949,129

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Pro forma adjustments:

- 1) Adjustment excludes estimated transaction costs (e.g., legal, accounting, consulting, core system conversion, etc.) of approximately \$1.6 million related to the acquisition of Great Florida Bank and approximately \$3.2 million of salary and benefits expense due to transaction related incentive compensation, stay payments and severance expense which would be recorded as non-interest expense as incurred. The adjustments also exclude the impact of any changes in the valuation allowance associated with the deferred taxes.
- 2) Adjustment reflects the change in loan interest income due to estimated discount (premium) accretion associated with fair value adjustments to acquired loans. The discount (premium) accretion was calculated on the level yield method over the estimated lives of the acquired loan portfolios.
- 3) Adjustment reflects the change in deposit interest expense due to estimated premium amortization associated with fair value adjustments of \$2.2 million to acquired time deposits. The premium amortization was calculated on the level yield method over the estimated lives of the acquired time deposits.
- 4) Adjustment reflects the change in interest expense due to estimated premium amortization/discount accretion associated with fair value adjustments of \$8.7 million to acquired borrowings and other debt, which include FHLB advances and other borrowings. The premium amortization/discount accretion was calculated on the level yield method over the estimated lives of the acquired borrowings and other debt instruments.
- 5) Acquired OREO is recorded at estimated fair value at acquisition, which includes adjustments for identified and estimated losses expected at acquisition. The recording of acquired OREO at their fair value at January 1, 2013 would be expected to significantly impact the determination of the gain or losses on disposition of OREO for 2013. We have assumed approximately a \$14.1 million reduction to the historic amount of Great Florida Bank's gain or loss on disposition of OREO in this presentation.
- 6) Adjustment reflects the change in other expense that would have resulted from the amortization of the core deposit intangible of \$3.6 million. The amortization of the core deposit intangible was calculated on a straight-line basis over the estimated life of ten years.
- 7) Adjustment reflects recognition of tax expense associated with the adjusted net taxable income before taxes assuming an effective rate of approximately 34.1%.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS**

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the Selected Historical Consolidated Financial Data and our consolidated financial statements and related notes included elsewhere in this prospectus. This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Certain risks, uncertainties and other factors, including but not limited to those set forth under Cautionary Note Regarding Forward-Looking Statements, Risk Factors and elsewhere in this prospectus, may cause actual results to differ materially from those projected in the forward-looking statements.

Overview and History

We are a bank holding company headquartered in Weston, Florida with one wholly-owned national bank subsidiary, Florida Community Bank, National Association (which prior to July 25, 2011 operated under the name Premier American Bank, National Association), which we refer to as the Bank. The Bank currently operates 54 retail bank branches in Florida, servicing 50,000 households in a market footprint which covers over \$339 billion in deposits. The Bank offers a comprehensive range of traditional banking products and services to individuals, small and medium-sized businesses, some large businesses, and other local organizations and entities in our market areas. We also selectively participate in syndicated loans to select national credits. The Bank targets commercial customers engaged in a wide variety of industries including healthcare and professional services, retail and wholesale trade, tourism, agricultural services, manufacturing, distribution and distribution-related industries, technology, automotive, aviation, food products, building materials, residential housing and commercial real estate.

We formed Bond Street Holdings LLC in April 2009 as a Delaware limited liability company for the purpose of becoming a bank holding company and acquiring primarily multiple failed bank asset and liability pools in Florida from the FDIC, as receiver. In late 2009, we raised approximately \$440 million from investors in a private placement of our common equity. Between August and November 2010, we raised approximately an additional \$300 million in a private placement of our common equity. In October 2010, we converted from a Delaware limited liability company to a Delaware corporation, Bond Street Holdings, Inc. On June 13, 2014, the Company changed its name to FCB Financial Holdings, Inc.

Following receipt of final approval to become a new national bank from the OCC on January 22, 2010, the Bank acquired certain assets and assumed certain liabilities, including substantially all deposits, of Old Premier and during 2010, also acquired certain assets and assumed certain liabilities of two additional failed depository institutions: Old FCB and Old Peninsula (all three such acquisitions are referred to as the 2010 Acquisitions). During the year ended December 31, 2011, the Bank acquired certain assets and assumed certain liabilities, including substantially all deposits, of five additional failed depository institutions: Old Sunshine, Old FNBCF, Old Cortez, Old Coastal and Old FPB (all five such acquisitions are referred to as the 2011 Acquisitions). With respect to each of the Failed Bank Acquisitions, except for Old Sunshine and Old FPB, the Bank entered into loss sharing agreements with the FDIC providing for the FDIC to assume responsibility for certain losses on the acquired loan portfolios of, and other real estate owned, or OREO, by, the acquired depository institutions. Substantially all of the loan portfolios and OREO acquired from six of the eight Failed Bank Acquisitions are covered under loss sharing arrangements with the FDIC. We refer to our loans covered under loss sharing agreements with the FDIC as Covered Loans. We refer to all other loans as non-Covered Loans. As of June 30, 2014, our loan portfolio derived from the Acquisitions aggregated to

\$957.3 million, or 29% of our aggregate loan portfolio. As of June 30, 2014, our new loan portfolio, which consists of predominantly commercial loan originations, totaled \$2.31 billion or 71% of our aggregate portfolio. As of June 30, 2014, consolidated assets totaled approximately \$5.64 billion, customer deposits totaled approximately \$3.96 billion and stockholders' equity totaled approximately \$739.4 million.

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We believe that our loan growth was propelled by our differentiated business model with three main pillars: experienced human capital, short-cycle management and execution resources. Our differentiated business model has enabled us to grow at a faster pace than the majority of our competition. During the year ended December 31, 2013, we increased new loans by \$1.04 billion, or 143%, to \$1.77 billion from \$729.7 million as of December 31, 2012. Commercial loans increased by \$734.5 million and single family residential and consumer loans increased by \$305.5 million over this period.

In our lending business we have over 100 experienced professionals with deep local knowledge of our markets and our target clients, and business line managers with an average of 27 years of in-market experience with large regional and national commercial banks.

Our short cycle management process consists of continual identification of the top 200 prospects in each of our key markets, active calling, weekly pipeline management and accountability, monthly production goals, high touch delivery to customers alongside executive management and joint calling efforts with underwriters.

Execution resources consists of capital strength permitting a relatively large average deal size, a full product suite supported by a robust Customer Relationship Management system, or CRM, geographic alignment, strong depth of credit support and timely decisioning.

Of the \$1.04 billion in net new commercial loan growth during the year ended December 31, 2013, \$220.5 million of the increase was acquired through fully underwritten syndicated national loans. During the year ended December 31, 2013, we funded \$1.07 billion in total new loan originations. We maintain high quality credit underwriting standards and have not compromised on credit quality for commercial, residential or consumer loans.

During the year ended December 31, 2013, we grew total deposits by \$603 million, or 28%, to \$2.79 billion from \$2.19 billion at December 31, 2012. This growth was generated organically and we have not relied upon brokered deposits or wholesale funding sources to grow our deposit base. We have grown deposits primarily from retail marketing efforts and through commercial customer relationship growth.

Our Company has experienced substantial organic growth through June 30, 2014 and specifically during the year ended December 31, 2013. We have grown loans and deposits at above-average rates during this period as compared to the banking industry generally, due in part to the fact that, during this period, we were in the beginning of organic loan origination that effectively began in 2011. For that reason, although it is our goal to continue to maintain above-average growth for the foreseeable future while we are in our early stages of organic loan origination, our recent historical growth rates will not likely be sustainable in future periods. For the same reason, our recent growth rates are not directly comparable to our peers that have had existing loan portfolios over the comparable periods.

Substantially all of our residential loans are serviced by Dovenmuehle Mortgage, Inc., or DMI, which provides both primary servicing and special servicing. DMI is one of the largest and oldest subservicing firms in the United States with more than 250 financial institution clients nationwide. We believe that utilizing an established third-party servicer is more cost-effective than building and maintaining an in-house servicing operation. Based on the volume of our residential loan portfolio, we have determined that the costs for the required servicing technology, trained staff, different support systems and compliance monitoring all make it prohibitive to rely on an in-house servicing platform. In addition to the economic benefits of utilizing a third-party servicer, we believe that it allows us to focus our efforts in the residential real estate loan program on the origination of loans and cultivating the customer relationship to cross-sell our other products.

As compensation for its servicing activities, DMI receives from us an annual fee of approximately \$100 per performing loan and \$400 per loan that is greater than 60 days past due. We believe this arrangement aligns the interests of both companies. In the event that DMI, or any third-party servicer we may use in the future, fails to

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perform its servicing duties or performs those duties inadequately, we could experience a temporary interruption in collecting principal and interest, sustain credit losses on our loans or incur additional costs associated with obtaining a replacement servicer. Any of these events could have a material adverse impact on our results of operations or financial condition. Similarly, if DMI or any future third-party servicer becomes ineligible, unwilling or unable to continue to perform servicing activities, we could incur additional costs to obtain a replacement servicer and there can be no assurance that a replacement servicer could be retained in a timely manner or at similar rates.

The Bank has engaged Reynolds Williams, an independent third-party, to review approximately 65% of the newly originated loans on an annual basis. As part of the engagement with the Bank, Reynolds Williams performs individual loan credit reviews with a focus on credit quality, accuracy and timeliness of risk rating assessments, policy exceptions, and the overall structure of the loan. As compensation for these services, Reynolds Williams receives approximately \$150,000 annually.

We believe that the percentage of our newly originated loans subject to such independent review is sufficient to assist in the evaluation of our procedures and evaluation of credit risk in the Bank's credit underwriting and ongoing servicing processes, without incurring the substantial additional expense of conducting a similar review of all of such loans. However, the risk remains that some portion of the loans which are not so reviewed may later raise concerns which might have been identified by such a review.

While our primary focus over the last two years has been building the organic operations of the Bank led by our robust commercial lending platform, we also intend to continue our acquisition strategy by selectively identifying, acquiring and integrating depository institutions (or their assets and deposits) through traditional open bank acquisitions. We may consider additional failed bank acquisitions with the FDIC to the extent, if any, that opportunities may arise; however, we note that, according to the FDIC, as of September 30, 2014, there have only been 14 failed banks in 2014 (as compared to 157 failed banks in 2010 and 92 failed banks in 2011 when we acquired the Old Failed Banks), and as a result, there are significantly fewer such opportunities. In addition, we may acquire assets, deposits and branches which we believe offer attractive risk-adjusted returns or provide a strategic benefit to our growth. Our current asset mix (which includes a significant amount of investment securities and legacy loans that were acquired from the FDIC), loan quality and allowances are not representative of our anticipated future asset mix, loan quality and allowances, which may change materially as we continue our organic origination and banking activities and grow through future acquisitions. Our cash reserves and liquid securities portfolio are not necessarily representative of our future cash or liquid assets position.

The U.S. economy grew at a modest pace through the quarter ended June 30, 2014. Real gross domestic product, or GDP, grew at an annualized rate of 4.2%, compared to a rate of 1.8% for the quarter ended June 30, 2013, as indicated by the Bureau of Economic Analysis report published by the U.S. Department of Commerce. According to the U.S. Bureau of Labor Statistics, the unemployment rate for the three months ended June 30, 2014 was 6.1%, compared to 7.6% for the three months ended June 30, 2013. This is slightly higher than the ten year historical average through the end of 2013 of 6.0%. As indicated by the National Association of Realtors, existing home sales remain above the 3-year historical average as of June 30, 2014, however they are below the peak of 5.4 million in July 2013. Total home sales in the United States showed minimal change with existing home sales at a seasonally adjusted 4.9 million for the twelve months ended December 31, 2013, the same as for the twelve months ended December 31, 2012, but up from 4.8 million for the rolling twelve months ended November 30, 2013. Existing home inventory is down to a 4.6 months supply as of December 31, 2013, below the 3-year historical average of 6.3 months but slightly up from a 4.5 months supply as of December 31, 2012. New home sales have decreased slightly to a seasonally adjusted annual rate of 433,000 as of April 30, 2014 from 452,000 as of April 30, 2013. Home values, as indicated by the Case-Shiller 20

city index (seasonally adjusted), showed an increase of 8.1% from June 30, 2013 to June 30, 2014. Bankruptcy filings, per the U.S. Court Statistics, also improved with total filings down 13.1% for the quarter ended June 30, 2014, compared to the same period in 2013, with business filings down 17.9% and personal filings down 12.9%, for the quarter ended June 30, 2014, compared to the same period in 2013.

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The state of Florida is the 18th fastest growing state in the country based on real GDP growth from 2012-2013. Florida accounted for approximately 5% of the United States real GDP for 2013. The real GDP for the state of Florida grew at a rate of 2.2% for the year ended December 31, 2013 (the same as the prior year period). The unemployment rate (seasonally adjusted), as indicated by the U.S. Bureau of Labor Statistics, decreased to 6.1% as of August 31, 2014, down from 7.2% as of August 31, 2013.

The improving U.S. and Florida economy is expected to assist us in both maintaining our level of new loan production and maintaining our credit quality. To the extent that the U.S. and/or Florida economy were to deteriorate, it may have a negative impact on both new loan origination and credit quality of the existing loan portfolio.

Despite the increase in the 10-year U.S. Treasury yield during the period that caused an increase in the market interest rates for residential mortgages, we had new residential mortgage originations of \$149.6 million during the six months ended June 30, 2014. This growth was driven by our increased focus and enhanced mortgage origination platform. For the residential mortgages originated during the three months ended June 30, 2014, approximately 80% of our originated residential mortgages were for home purchases, while the remaining 20% were for refinancing existing mortgages held by other parties. If interest rates rise in the future, it may have a negative impact on new residential mortgage origination volume.

The Volcker Rule restricts our ability to sponsor or invest in covered funds (as defined in the rule) and engage in certain types of proprietary trading. We have investments in securities issued by CLO vehicles that, based on the existing characteristics of the securities and the CLO vehicles, are covered by the Volcker Rule and the final rules implementing the Volcker Rule. When the final rules were issued, the Federal Reserve extended the time period for conformance of activities covered by the Volcker Rule until July 21, 2015. In April 2014, the Federal Reserve announced that it intends to extend the conformance period by two additional one-year extensions for ownership of certain non-conforming CLO securities until July 21, 2017. The following table sets forth the book value and weighted average yield of our CLO securities that do not conform with the Volcker Rule, or non-conforming CLO securities, as of June 30, 2014 and December 31, 2013.

(Dollars in thousands)	June 30, 2014	December 31, 2013
Book value of non-conforming CLO securities	\$ 305,941	\$ 376,302
Book value of all holdings of CLO securities	389,971	385,979
Unrealized gain/(loss) for all holdings of CLO securities	2,360	1,986
Weighted average yield of non-conforming CLO securities	2.65%	2.76%
Weighted average yield of CLO securities	2.69%	2.79%

During the second quarter of 2014, the book value of our non-conforming CLO securities decreased by \$34.4 million due to \$4.5 million of early redemptions and \$30.8 million of non-conforming CLO sales, with the balance of the difference being the result of prepayments and amortization of purchase premium/discounts. The decrease in the weighted average yield during the second quarter of 2014 reflected the activity described above; no credit impairments were experienced during this period.

We are continuing to evaluate the impact of the Volcker Rule and the final rules on our business and operations, and we take into account the prohibitions and applicable conformance periods under the Volcker Rule in managing our

portfolio of investment securities. As the book value of our non-conforming CLO securities declines, whether due to maturities, amortizations, prepayments, sales, indenture amendments, additional regulatory guidance, or other factors, our future net interest income could be adversely impacted if alternative investment opportunities yield a lower rate. Further, if we are not able to continue to hold non-conforming CLO securities, we may be required to recognize losses on CLO securities that we hold or to sell CLO securities at times or prices at which we would otherwise determine not to sell them.

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On January 31, 2014, the Bank acquired the business of Great Florida Bank, a state chartered commercial bank, headquartered in Miami Lakes, Florida, through the merger of Great Florida Bank with and into the Bank. Great Florida Bank had total assets of \$993.0 million and stockholders' equity of \$15.3 million as of December 31, 2013. Holders of Great Florida Bank common stock received \$3.24 per share in cash for each common share owned resulting in total cash purchase price of \$42.5 million. As the surviving entity, the Bank assumed all the liabilities of Great Florida Bank upon completion of the merger. As of December 31, 2013, Great Florida Bank had 25 banking locations within Southeast Florida and the Miami metropolitan area. The Company contributed additional capital of \$125 million to the Bank at the time of the Great Florida Acquisition.

The Company determined that the Great Florida Acquisition constitutes a business combination as defined by the Accounting Standards Codification, or ASC, Topic 805, Business Combinations. Accordingly, the assets acquired and liabilities assumed were recorded at their fair value amount on the date of acquisition. Fair value amounts were determined in accordance with the guidance provided in ASC Topic 820, Fair Value Measurements. In many cases the determination of the fair value amounts 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. Fair value amounts are preliminary estimates due to pending broker opinions for assumed leases and for deferred tax assets. The provisional amounts recorded for the Great Florida Bank acquisition may be updated if better information is obtained about the initial assumptions used to determine fair value amounts or if new information is obtained regarding the facts and circumstances that existed at the date of acquisition. The provisional amounts may be adjusted through the completion of the measurement period, which does not exceed one year from the date of acquisition.

We acquired \$957 million in assets at fair value, including \$548 million in loans, net of unearned income, \$278 million in investment securities, \$54.3 million of OREO, \$35.7 million in net deferred tax assets and \$3.6 million of core deposit intangible asset. We also acquired \$962 million of liabilities at fair value, including \$864 million of retail deposits and \$92.7 million of borrowings. The Great Florida Acquisition resulted in goodwill of \$47.8 million as the estimated fair value of liabilities assumed and consideration paid exceeded the estimated fair value of assets acquired. The goodwill is included within Goodwill and other intangible assets in the consolidated balance sheets.

Approximately 52% of the loans acquired were accounted for under ASC Topic 310-30, Loans and Debt Securities Acquired with Deteriorated Credit Quality, or ASC 310-30 loans. On the January 31, 2014 acquisition date, the contractual cash flows for the ASC 310-30 loans acquired in the Great Florida Acquisition were \$426.1 million and the estimated fair value of the loans was \$283.1 million. The total expected cash flows from these loans was \$323.5 million.

The difference between the total estimated cash flows and the fair market value created an accretable discount in the amount of \$40.4 million, which represents the undiscounted cash flows expected to be collected in excess of the estimated fair value of the acquired ASC 310-30 loans. Accretable discount is recognized as interest income on a level-yield basis over the expected term of the loans in each pool. Assumptions for prepayment and the probability of collection are applied to both contractually required payments and cash flows expected to be collected at acquisition.

The Company also acquired loans with a fair value of \$265.0 million that are accounted for under ASC Topic 310-20, Receivables Nonrefundable fees and other costs, or Non-ASC 310-30 acquired loans, as these specific loans did not exhibit deteriorated credit quality since origination or were loans to borrowers that had revolving privileges at the acquisition date. The acquired Non-ASC 310-30 loans with revolving privileges had a total unpaid principal balance

of \$71.5 million and a fair value of \$60.6 million at acquisition. The acquired Non-ASC 310-30 loans without revolving privileges had a total unpaid principal balance of \$204.3 million and a fair value of \$204.4 million at acquisition.

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For the six months ended June 30, 2014, the Company incurred \$5.0 million of bank acquisition, legal fees, accounting advisory, data conversion, branch closures, retention payments and severance expenses primarily related to costs associated with the Great Florida Acquisition. The Company does not anticipate any other material costs related to the Great Florida Acquisition for the current year and future fiscal years.

Critical Accounting Policies

The notes to consolidated financial statements contain a summary of our significant accounting policies, including discussions on recently issued accounting pronouncements, our adoption of them and the related impact of their adoption. We believe that certain of these policies, along with various estimates that we are required to make in recording our financial transactions, are important to have a complete picture of our financial position. In addition, these estimates require us to make complex and subjective judgments, many of which include matters with a high degree of uncertainty. The following is a discussion of these critical accounting policies and significant estimates. Additional information about these policies can be found in Note 2 of our consolidated financial statements.

Implications of Elections under the JOBS Act

Section 107 of the JOBS Act provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to use the extended transition period provided in Section 7(a)(2)(B) of the Securities Act until the earlier of the date we (i) are no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in Section 7(a)(2)(B).

Although we are still evaluating the JOBS Act, we may take advantage of some or all of the reduced regulatory and reporting requirements that will be available to us as long as we qualify as an emerging growth company, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a non-binding advisory shareholder vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

Business Combinations

The Company accounts for transactions that meet the definition of a purchase business combination by recording the assets acquired and liabilities assumed at their fair value upon acquisition. The operations of the Acquisitions are included in our consolidated financial statements from the date of acquisition. Intangible assets, indemnification contracts and contingent consideration are identified and recognized individually. If the fair value of the assets acquired exceeds the purchase price plus the fair value of the liabilities assumed, a bargain purchase gain is recognized. Conversely, if the purchase price plus the fair value of the liabilities assumed exceeds the fair value of the assets acquired, goodwill is recognized. The Company's assumptions utilized to determine the fair value of assets acquired and liabilities assumed conform to market conditions at the date of acquisition. The provisional amounts recorded are updated if better information is obtained about the initial assumptions used to determine fair value or if new information is obtained regarding the facts and circumstances that existed at the acquisition. The provisional amounts may be adjusted through the completion of the measurement period, which does not exceed one year from the date of acquisition.

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Fair Value Measurement

The Company uses estimates of fair value in applying various accounting standards for its consolidated financial statements on either a recurring or non-recurring basis. Fair value is defined as the price to sell an asset or transfer a liability in an orderly transaction between willing and able market participants. The Company groups its assets and liabilities measured at fair value in three hierarchy levels, based on the observability and transparency of the inputs. These levels are as follows:

Level 1 Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities;

Level 2 Observable inputs other than level 1 inputs, including quoted prices for similar assets and liabilities, quoted prices for identical assets and liabilities in less active markets and other inputs that can be corroborated by observable market data; and

Level 3 Unobservable inputs supported by limited or no market activity or data and inputs requiring significant management judgment or estimation; valuation techniques utilizing level 3 inputs include option pricing models, discounted cash flow models and similar techniques.

It is the Company's policy to maximize the use of observable inputs and minimize the use of unobservable inputs in estimating fair value. Unobservable inputs are utilized in determining fair value estimates only to the extent that observable inputs are not available. The need to use unobservable inputs generally results from a lack of market liquidity and trading volume. Transfers between levels of fair value hierarchy are recorded at the end of the reporting period.

ASC Topic 825, Financial Instruments, allows the Company an irrevocable option for measurement of eligible financial assets or financial liabilities at fair value on an instrument by instrument basis (the fair value option). Subsequent to the initial adoption of ASC Topic 825, the Company may elect to account for eligible financial assets and financial liabilities at fair value. Such an election may be made at the time an eligible financial asset, financial liability or firm commitment is recognized or when certain specified reconsideration events occur. The Company has not elected the fair value option for any eligible financial instrument as of June 30, 2014, December 31, 2013 or December 31, 2012.

Investment Securities

The Company determines the classification of investment securities at the time of purchase. If the Company has the intent and the ability at the time of purchase to hold debt securities until maturity, they are classified as held-to-maturity. Investment securities held-to-maturity are stated at amortized cost. Debt securities the Company does not intend to hold to maturity are classified as available for sale and carried at estimated fair value with unrealized gains or losses reported as a separate component of stockholders' equity in accumulated other comprehensive income (loss), net of applicable income taxes. Available for sale securities are a part of the Company's asset/liability management strategy and may be sold in response to changes in interest rates, prepayment risk or other market factors.

Interest income and dividends on securities are recognized in interest income on an accrual basis. Premiums and discounts on debt securities are amortized as an adjustment to interest income over the period to maturity of the

related security using the effective interest method. Realized gains or losses on the sale of securities are determined using the specific identification method.

The Company reviews investment securities for impairment on a quarterly basis or more frequently if events and circumstances warrant. In order to determine if a decline in fair value below amortized cost represents other than temporary impairment, or OTTI, management considers several factors, including but not limited to, the length of time and extent to which the fair value has been less than the amortized cost basis, the financial condition and near-term prospects of the issuer (considering factors such as adverse conditions specific to the issuer and the security and ratings agency actions) and the Company's intent and ability to retain the investment in order to allow for an anticipated recovery in fair value.

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The Company recognizes OTTI of a debt security for which there has been a decline in fair value below amortized cost if (i) management intends to sell the security, (ii) it is more likely than not that the Company will be required to sell the security before recovery of its amortized cost basis or (iii) the Company does not expect to recover the entire amortized cost basis of the security. The amount by which amortized cost exceeds the fair value of a debt security that is considered to have OTTI is separated into a component representing the credit loss, which is recognized in earnings, and a component related to all other factors, which is recognized in other comprehensive income (loss). The measurement of the credit loss component is equal to the difference between the debt security's amortized cost basis and the present value of its expected future cash flows discounted at the security's effective yield. If the Company intends to sell the security, or if it is more likely than not it will be required to sell the security before recovery, an OTTI write-down is recognized in earnings equal to the entire difference between the amortized cost basis and fair value of the security.

The Bank, as a member of the FHLB, is required to maintain an investment in the stock of the FHLB. No market exists for this stock, and the Bank's investment can be liquidated only through redemption by the FHLB, at the discretion of and subject to conditions imposed by the FHLB. Historically, FHLB stock redemptions have been at cost (par value), which equals the Company's carrying value. The Company monitors its investment in FHLB stock for impairment through review of recent financial results of the FHLB including capital adequacy and liquidity position, dividend payment history, redemption history and information from credit agencies. The Company has not identified any indicators of impairment of FHLB stock.

Loans

The Company's accounting methods for loans differ depending on whether the loans are new, or new loans, or acquired, or acquired loans, and for acquired loans, whether the loans were acquired at a discount as a result of credit deterioration since the date of origination.

New Loans

The Company accounts for originated loans and purchased loans not acquired through business combinations as new loans. New loans that management has the intent and ability to hold for the foreseeable future are reported at their outstanding principal balances net of any allowance for loan losses, unamortized deferred fees and costs and unamortized premiums or discounts. The net amount of nonrefundable loan origination fees and certain direct costs associated with the lending process are deferred and amortized to interest income over the contractual lives of the new loans using methods which approximate the level yield method. Discounts and premiums are amortized or accreted to interest income over the estimated term of the new loans using methods that approximate the level yield method. Interest income on new loans is accrued based on the unpaid principal balance outstanding.

Acquired Loans

Acquired loans are accounted for under ASC 310-30 unless the loan type is excluded from the scope of ASC 310-30 (i.e. loans where borrowers have revolving privileges at acquisition date, or Non-ASC 310-30 loans). The Company has elected to account for loans acquired with deteriorated credit quality since origination under ASC 310-30, or ASC 310-30 loans or pools, due to the following:

there is evidence of credit quality deterioration since origination resulting in a Day 1 discount attributable, at least in part, to credit quality;

the loans were acquired in a business combination or asset purchase; and

the loans are not to be subsequently accounted for at fair value.

The Company has elected this policy for loans acquired through business combinations exhibiting credit deterioration since origination, except those loan types which have been scoped out of ASC 310-30. Substantially all loans acquired through the Failed Bank Acquisitions and a portion of the loans acquired in the Great Florida

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Acquisition had a fair value discount at acquisition date due at least in part to deterioration in credit quality since origination. However, there was a separate grouping of loans individually identified with substantial credit impairment that would be explicitly scoped into ASC 310-30 from those that were classified by analogy. The Company determined that a loan would be explicitly scoped into ASC 310-30 if there was evidence of credit deterioration at Day 1 and that it was probable that the Company would be unable to collect all contractual cash flows receivable. The loans that were classified by analogy were determined to have evidence of credit deterioration at Day 1 and that it was possible, not probable, that the Company would be unable to collect all contractual cash flows receivable.

For each acquisition, ASC 310-30 loans are aggregated into pools based on common risk characteristics, which includes similar credit risk of the loans based on whether loans were analogized or were explicitly scoped into ASC 310-30, internal risk ratings for commercial real estate, land and development and commercial loans; and performing status for consumer and single family residential loans. Pools of loans are further aggregated by collateral type (e.g. commercial real estate, single family residential, etc.). The Company did not elect to aggregate loans into pools that were acquired from separate Acquisitions completed in the same fiscal quarter.

Acquired loans are recorded at their fair value at the acquisition date. Fair value for acquired loans is based on a discounted cash flow methodology that considers factors including the type of loan and related collateral type, delinquency and credit classification status, fixed or variable interest rate, term of loan, whether or not the loan was amortizing, and current discount rates. Additional assumptions used include default rates, loss severity, loss curves and prepayment speeds. Discounts due to credit quality are included in the determination of fair value; therefore an allowance for loan losses is not recorded at the acquisition date. The discount rates used for the cash flow methodology are based on market rates for new originations of comparable loans at the time of acquisition and include adjustments for liquidity concerns. The fair value is determined from the discounted cash flows for each individual loan, and for ASC 310-30 loans are then aggregated at the unit of account, or pool level.

For acquired loans with deteriorated credit quality, the Company makes an estimate of the total cash flows it expects to collect from the loans in each pool, which includes undiscounted expected principal and interest as well as cash received through other forms of satisfaction (e.g. foreclosure). The excess of contractual amounts over the total cash flows expected to be collected from the loans is referred to as non-accretable difference, which is not accreted into income. The excess of the expected undiscounted cash flows over the carrying value of the loans is referred to as accretable discount. Accretable discount is recognized as interest income on a level-yield basis over the expected term of the loans in each pool. Assumptions for prepayment and the probability of collection are applied to both contractually required payments and cash flows expected to be collected at acquisition.

The Company continues to estimate cash flows expected to be collected over the expected term of the ASC 310-30 loans on a quarterly basis. Subsequent increases in total cash flows expected to be collected are recognized as an adjustment to the accretable discount with the amount of periodic accretion adjusted over the remaining expected term of the loans. Subsequent decreases in cash flows expected to be collected over the expected term of the loans are recognized as impairment in the current period through a provision for loan losses.

Each pool is accounted for as a single asset with a single composite interest rate and an aggregate expectation of cash flows. Resolutions of loans may include sales to third parties, receipt of payments in settlement with the borrower, or foreclosure of the collateral. Upon these resolutions, the Company's policy is to remove an individual ASC 310-30 loan from a pool based on comparing the amount received from its resolution with its contractual amount. Any difference between these amounts is absorbed by the non-accretable difference. This removal method assumes that the amount received from these resolutions approximates the pool performance expectations of cash flows. The accretable

yield percentage is unaffected by the resolution. Any changes in the effective yield for the remaining loans in the pool are addressed by the quarterly cash flow

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evaluation process for each pool. For loans that are resolved by payment in full, there is no release of the non-accretable difference for the pool because there is no difference between the amount received at resolution and the contractual amount of the loan.

Payments received in excess of expected cash flows may result in an ASC 310-30 pool becoming fully amortized and its carrying value reduced to zero even though outstanding contractual balances remain related to loans in the pool. Once the carrying value of an ASC 310-30 pool is reduced to zero, any future proceeds from the remaining loans are recognized as interest income upon receipt. There were four ASC 310-30 pools whose carrying value has been reduced to zero as of June 30, 2014, December 31, 2013 and 2012. These pools had an aggregate Unpaid Principal Balance, or UPB, of \$0.3 million, \$0.4 million and \$1.6 million as of June 30, 2014, December 31, 2013 and 2012, respectively.

Non-ASC 310-30 loans are recorded at their estimated fair value as of the acquisition date and subsequently accounted for under ASC Topic 310-20, Receivables Nonrefundable Fees and Other Costs, or ASC 310-20. The fair value discount is accreted using methods which approximate the level-yield method over the remaining term of the loans and is recognized as a component of interest income.

Nonaccrual Loans

For new and Non-ASC 310-30 loans, the Company classifies loans as past due when the payment of principal or interest is greater than 30 days delinquent based on the contractual next payment due date. The Company's policies related to when loans are placed on nonaccrual status conform to guidelines prescribed by regulatory authorities. Loans are placed on non-accrual status when it is probable that principal or interest is not fully collectible, or generally when principal or interest becomes 90 days past due, whichever occurs first. Loans secured by one to four family residential properties may remain in accruing status until they are 180 days past due if management determines that it does not have concern over the collectability of principal and interest because the loan is adequately collateralized and in the process of collection. When loans are placed on nonaccrual status, interest receivable is reversed against interest income in the current period and amortization of any discount ceases. Interest payments received thereafter are applied as a reduction to the remaining principal balance unless management believes that the ultimate collection of the principal is likely, in which case payments are recognized in earnings on a cash basis. Loans are removed from nonaccrual status when they become current as to both principal and interest and the collectability of principal and interest is no longer doubtful.

Generally, a nonaccrual loan that is restructured remains on nonaccrual for a period of six months to demonstrate the borrower can meet the restructured terms. However, performance prior to the restructuring, or significant events that coincide with the restructuring, are considered in assessing whether the borrower can meet the new terms and may result in the loan being returned to accrual status after a shorter performance period. If the borrower's ability to meet the revised payment schedule is not reasonably assured, the loan remains classified as a nonaccrual loan.

Contractually delinquent ASC 310-30 loans are not classified as nonaccrual as long as discount continues to be accreted on the corresponding ASC 310-30 pool.

Impaired Loans

An ASC 310-30 pool is considered to be impaired when it is probable that the Company will be unable to collect all the cash flows expected at acquisition, plus additional cash flows expected to be collected arising from changes in

estimates after acquisition. All ASC 310-30 pools are evaluated individually for impairment based their expected total cash flows. The discount continues to be accreted on ASC 310-30 pools as long as there are expected future cash flows in excess of the current carrying amount of the pool.

Non-ASC 310-30 and new loans are considered impaired when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal or interest when due, according to the contractual terms of the loan agreements.

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All Non-ASC 310-30 and new loans of \$250,000 or greater with an internal risk rating of substandard or below and on nonaccrual, as well as loans classified as Troubled Debt Restructuring, or TDR, are reviewed individually for impairment on a quarterly basis.

Loans Held for Sale

Certain residential fixed rate and adjustable rate mortgage loans originated by the Company with the intent to sell in the secondary market are carried at the lower of cost or fair value, as determined by outstanding commitments from investors. These loans are generally sold on a non-recourse basis with servicing released. Gains and losses on the sale of loans recognized in earnings are measured based on the difference between proceeds received and the carrying amount of the loans, inclusive of deferred origination fees and costs, if any.

Allowance for Loan Losses

The Company's allowance for loan losses, or ALL, is established for both performing and nonperforming loans. The Company's ALL is the amount considered adequate to absorb probable losses within the portfolio based on management's evaluation of the size and current risk characteristics of the loan portfolio. Such evaluation considers numerous factors including, but not limited to, internal risk ratings, loss forecasts, collateral values, geographic location, borrower FICO scores, delinquency rates, nonperforming and restructured loans, origination channels, product mix, underwriting practices, industry conditions, economic trends and net charge-off trends. The ALL relates to new loans, estimated additional losses arising on Non-ASC 310-30 loans subsequent to the Acquisitions and additional impairment recognized as a result of decreases in expected cash flows on ASC 310-30 pools due to further credit deterioration or other factors since the Acquisitions. The ALL consists of both specific and general components.

For ASC 310-30 pools, a specific valuation allowance is established when it is probable that the Company will be unable to collect all of the cash flows expected at acquisition, plus the additional cash flows expected to be collected arising from changes in estimates after acquisition. Expected cash flows are estimated on an individual loan basis and then aggregated at the ASC 310-30 pool level. The analysis of expected pool cash flows incorporates updated pool level expected prepayment rate, default rate, delinquency level and loss severity given default assumptions. These analyses incorporate information about loan performance, collateral values, the financial condition of the borrower, internal risk ratings, the Company's own and industry historical delinquency and default severity data.

The carrying value for ASC 310-30 pools is reduced by the amount of the calculated impairment, which is also the basis in which future accretion income is calculated. A charge-off is taken for an individual ASC 310-30 loan when it is deemed probable that the loan will be resolved for an amount less than its carrying value. The charge-off is taken to the specific allowance or mark as applicable. Alternatively, an improvement in the expected cash flows related to ASC 310-30 pools results in a reduction or recoupment of any previously established specific allowance with a corresponding credit to the provision for loan losses. Any recoupment recorded is limited to the amount of the remaining specific allowance for that pool, with any excess of expected cash flow resulting in a reclassification from non-accretable to accretable yield and an increase in the prospective yield of the pool.

The New and Non-ASC 310-30 loan portfolios have limited delinquency and credit loss history and have not yet exhibited an observable loss trend. The credit quality of loans in these loan portfolios are impacted by delinquency status and debt service coverage generated by the borrowers' businesses and fluctuations in the value of real estate collateral. Management considers delinquency status to be the most meaningful indicator of the credit quality of one-to-four single family residential, home equity loans and lines of credit and other consumer loans. Delinquency

statistics are updated at least monthly. Internal risk ratings are considered the most meaningful indicator of credit quality for Non ASC 310-30 and New commercial, construction and commercial real estate loans. Internal risk ratings are a key factor in identifying loans that are individually evaluated for impairment and impact management's estimates of loss factors used in determining the amount of the ALL.

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Internal risk ratings are updated on a continuous basis. Relationships with balances in excess of \$250,000 are re-evaluated at least annually and more frequently if circumstances indicate that a change in risk rating may be warranted.

New and Non-ASC 310-30 loans of \$250,000 or greater with an internal risk rating of substandard or below and on nonaccrual, as well as loans classified as TDR, are reviewed individually for impairment on a quarterly basis. The specific allowance established for these loans is based on a thorough analysis of the most probable source of repayment, including the present value of the loan's expected future cash flows, the loan's estimated market value or the estimated fair value of the underlying collateral less costs of disposition. General allowances are established for New and Non-ASC 310-30 loans that are not classified as impaired, which are evaluated by loan category based on common risk characteristics. In this process, general loan loss factors are established based on the following: historical loss factors derived from the Federal Financial Institutions Examination Council's quarterly Unified Performance Branch Report for Group 1 banks (assets greater than \$3 billion) using an annualized weighted average eight quarter rolling basis; trends in delinquencies and nonaccruals by loan portfolio segment and asset categories within those segments; portfolio segment and asset category production trends, including average risk ratings and loan-to value, or LTV, ratios; current industry conditions, including real estate market trends; general economic conditions; credit concentrations by portfolio and asset categories; and portfolio quality, which encompasses an assessment of the quality and relevance of borrowers' financial information and collateral valuations and average risk rating and migration trends within portfolios and asset categories.

Other adjustments for qualitative factors may be made to the allowance after an assessment of internal and external influences on credit quality and loss severity that are not fully reflected in the historical loss or risk rating data. For these measurements, the Company uses assumptions and methodologies that are relevant to estimating the level of impairment and probable losses in the loan portfolio. To the extent that the data supporting such assumptions has limitations, management's judgment and experience play a key role in recording the allowance estimates. Qualitative adjustments are considered for: portfolio credit quality trends, including levels of delinquency, charge-offs, nonaccrual, restructuring and other factors; policy and credit standards, including quality and experience of lending and credit management; and general economic factors, including national, regional and local conditions and trends.

Additions to the ALL are made by provisions charged to earnings. The allowance is decreased by charge-offs of balances no longer deemed collectible. Charge-offs on New and Non-ASC 310-30 loans are recognized as follows: commercial loans are written-off when management determines them to be uncollectible; for unsecured consumer loans at 90 days past due; and for residential real estate loans and secured consumer loans when they become 120 to 180 days past due, depending on the collateral type. The Company reports recoveries on a cash basis at the time received. Recoveries on ASC 310-30 loans that were charged-off and Non-ASC 310-30 loans that were charged-off prior to the Acquisitions are recognized in earnings as income from resolution of acquired assets and do not affect the allowance for loan losses. All other recoveries are credited to the ALL.

Loss Share Indemnification Asset and Clawback Liability

Assets subject to loss sharing agreements with the FDIC are labeled "Covered Assets" in the consolidated financial statements and include acquired loans, or Covered Loans, and OREO.

The loss share indemnification asset is measured separately from the Covered Assets acquired as it is not contractually embedded in any of the Covered Assets. The initial fair value of the loss share indemnification asset represents the present value of the estimated cash payments expected to be received from the FDIC for future losses on Covered

Assets, based on the credit adjustment estimated for each Covered Asset and the loss sharing percentages. The estimated cash flows are discounted using a risk-free yield curve plus a premium reflecting the uncertainty related to the timing and receipt of such cash flows. The amount ultimately collected for this asset is dependent upon the performance of the underlying Covered Assets, the passage of time and claims submitted to the FDIC.

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The amounts covered by the loss sharing agreements are the pre-acquisition book value of the underlying assets, the contractual balance of unfunded commitments that were acquired, and certain future net direct costs applicable to the Covered Assets. As required by the respective loss sharing agreements, the Company submits a loss share certificate to the FDIC on a quarterly basis requesting reimbursement for losses on Covered Assets and covered expenses. Covered expenses are recorded in non-interest expense when incurred with an offsetting increase to the loss share indemnification asset and non-interest income for the amount expected to be reimbursed by the FDIC. Certain covered expenses are claimed upon resolution of the Covered Asset, resulting in the expense and the related reimbursements from the FDIC occurring in different periods.

The Company reviews and updates the cash flow expected to be collected on Covered Assets and the FDIC loss share indemnification asset on a quarterly basis as loss and recovery estimates related to Covered Assets change. Decreases in the amount of cash flow expected to be collected on Covered Loans after acquisition result in a provision for loan losses, an increase in the ALL, and a proportional increase to the FDIC loss share indemnification asset and income for the estimated amount to be reimbursed. Increases in the amount of cash flow expected to be collected on Covered Loans after acquisition result in the reversal of any previously-recorded provision for loan losses and related ALL and a decrease to the FDIC loss share indemnification asset, or prospective adjustment to the accretable discount if no provision for loan losses had been previously recorded. If no provision for loan losses had been previously recorded, improvements in the expected cash flows from the Covered Loans, which is reflected as an adjustment to yield and accreted into income over the remaining expected term of the loans, decreases the expected cash flows to be collected from the loss sharing agreement, with such decrease reducing the yield to be accreted on a prospective basis if the total expected cash flows from the loss sharing agreement exceeds its carrying amount; and, if the carrying amount of the FDIC loss share indemnification asset exceeds the total expected cash flows, the excess is amortized as a reduction of income over the shorter of (1) the remaining expected term of the respective loans or (2) the remaining term of the loss sharing agreement.

As a result, the value of the FDIC loss share indemnification asset will continue to fluctuate over time based upon the continued performance of the Covered Assets and as the Company receives payments from the FDIC under the loss sharing agreements.

The loss sharing agreements between the Company and the FDIC for certain of the Acquisitions include clawback provisions that obligate the Company to pay the FDIC a certain amount in the event that losses incurred by the Company do not reach a specified threshold upon termination of the loss sharing agreement. The fair value of the clawback liability is initially estimated using the same discounted cash flow model used to determine the loss share indemnification asset, using a discount rate that takes into account the Company's credit risk. The clawback liability is re-measured quarterly based on the terms of the applicable loss sharing agreement, changes in projected losses on Covered Assets and the cumulative servicing amount, if applicable.

The clawback liability is included in other liabilities in the accompanying consolidated balance sheets and the amortization and loss on re-measurement is included in loss share indemnification income in the accompanying consolidated statements of operations.

Goodwill and Other Intangible Assets

Goodwill represents the excess of consideration transferred in business combinations over the fair value of net tangible and identifiable intangible assets acquired. Goodwill is not amortized, but is tested for impairment annually or more frequently if events or circumstances indicate that impairment may have occurred. The Company performs its

annual goodwill impairment test in the fourth fiscal quarter. The Company has a single reporting unit. The impairment test compares the estimated fair value of the reporting unit to its carrying amount. If the fair value of the reporting unit exceeds its carrying amount, no impairment is indicated. If the fair value of the reporting unit is less than its carrying amount, impairment of goodwill is measured as the excess of the carrying amount of goodwill over its implied fair value. Management uses a third party financial institution

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valuation specialist to estimate the fair value of the reporting unit. This firm employs a market value approach based upon observable market values and price ratios of similar or comparable publicly owned bank holding companies and an investment value approach based upon the projected future value of the Company derived from its financial projections and discounted at an estimated market required cost of capital to estimate the fair value of the Company. Management evaluates and includes a change of control premium in the estimated fair value of the Company for purposes of evaluating goodwill for impairment. Unobservable inputs into the valuation models include the Company's financial projections and observable inputs include the market values and price ratios of publicly owned bank holding companies and a discount rate based on the capital assets pricing model. The estimated fair value of the reporting unit at the last impairment testing date exceeded its carrying amount; therefore, no impairment of goodwill was indicated.

Core deposit intangible, or CDI, is a measure of the value of checking and savings deposit relationships acquired in a business combination. The fair value of the CDI stemming from any given business combination is based on the present value of the expected cost savings attributable to the core deposit funding relative to an alternative source of funding. CDI is amortized over the estimated useful lives of the existing deposit relationships acquired, but does not exceed 10 years. The Company evaluates such identifiable intangibles for impairment when events and circumstances indicate that its carrying amount may not be recoverable. If an impairment loss is determined to exist, the loss is reflected as an impairment charge in the consolidated statements of operations for the period in which such impairment is identified. No impairment charges were required to be recorded for the six months ended June 30, 2014 and 2013, or for the years ended December 31, 2013 or 2012.

Income Taxes

Income tax expense (benefit) is determined using the asset and liability method and consists of income taxes that are currently payable and deferred income taxes. Deferred income tax expense is determined by recognizing deferred tax assets and liabilities for future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates that are expected to apply to taxable income in years in which those temporary differences are expected to be recovered or settled. Changes in tax rates on deferred tax assets and liabilities are recognized in income in the period that includes the enactment date. A valuation allowance is established for deferred tax assets when management determines that it is more likely than not that some portion or all of a deferred tax asset will not be realized. In making such determinations, the Company considers all available positive and negative evidence that may impact the realization of deferred tax assets. These considerations include the amount of taxable income generated in statutory carryback periods, future reversals of existing taxable temporary differences, projected future taxable income and available tax planning strategies.

The Company files a consolidated federal income tax return including the results of its wholly owned subsidiary, the Bank. The Company estimates income taxes payable based on the amount it expects to owe the various tax authorities (i.e., federal and state). Income taxes represent the net estimated amount due to, or to be received from, such tax authorities. In estimating income taxes, management assesses the relative merits and risks of the appropriate tax treatment of transactions, taking into account statutory, judicial, and regulatory guidance in the context of the Company's tax position. Although the Company uses the best available information to record income taxes, underlying estimates and assumptions can change over time as a result of unanticipated events or circumstances such as changes in tax laws and judicial guidance influencing its overall tax position.

An uncertain tax position is recognized only if it is more-likely-than-not to be sustained upon examination, including resolution of any related appeals or litigation process, based on the technical merits of the position. The amount of tax

benefit recognized in the financial statements is the largest amount of benefit that is more than fifty percent likely to be sustained upon ultimate settlement of the uncertain tax position. If the initial assessment

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fails to result in recognition of a tax benefit, the Company subsequently recognizes a tax benefit if there are changes in tax law or case law that raise the likelihood of prevailing on the technical merits of the position to more-likely-than-not, the statute of limitations expires, or there is a completion of an examination resulting in a settlement of that tax year or position with the appropriate agency. The Company recognizes interest related to unrecognized tax benefits in income tax expense (benefit) and penalties, if any, in other operating expenses.

Accounting Policies Recently Adopted and Pending Adoption

In January 2014, the FASB issued ASU 2014-04, *Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans Upon Foreclosure*. This update defines *in substance repossession or foreclosure* because the diversity in practice regarding when entities were reclassifying loans receivable to other real estate owned. A creditor is considered to have received physical possession (resulting from an *in substance repossession or foreclosure*) of residential real estate property collateralizing a consumer mortgage loan only upon the occurrence of either of the following:

The creditor obtains legal title to the residential real estate property upon completion of a foreclosure. A creditor may obtain legal title to the residential real estate property even if the borrower has redemption rights that provide the borrower with a legal right for a period of time after a foreclosure to reclaim the real estate property by paying certain amounts specified by law.

The borrower conveys all interest in the residential real estate property to the creditor to satisfy the loan through completion of a deed in lieu of foreclosure or through a similar legal agreement. The deed in lieu of foreclosure or similar legal agreement is completed when agreed-upon terms and conditions have been satisfied by both the borrower and the creditor.

The Company is required to adopt this update for annual periods beginning after December 15, 2014, and interim and annual periods thereafter. The update may result in revised disclosures in the Company's financial statements but will not have an impact on the Company's consolidated financial position, results of operations or cash flows.

In April 2014, the FASB issued ASU No. 2014-08, *Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360) Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*. The amendments in this update change the definition of a discontinued operation and, thus, limit the circumstances under which a disposal may be reported as a discontinued operation. Under the amendments, a disposal of a component of an entity or a group of components of an entity is required to be reported in discontinued operations if the disposal represents a strategic shift that has, or will have, a major effect on an entity's operations and financial results. The adoption of this ASU is not expected to have a material impact on the Company's consolidated financial position, results of operations or cash flows.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which will supersede the revenue recognition requirements in Topic 605, *Revenue Recognition*, and most industry-specific revenue recognition guidance throughout the Accounting Standards Codification. The amendments in this update affect any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of non-financial assets unless those contracts, including leases and insurance contracts, are within the scope of other standards. The amendments establish a core principle requiring the recognition of revenue to depict the

transfer of promised goods or services to customers in an amount reflecting the consideration to which the entity expects to be entitled in exchange for such goods or services. The amendments also require expanded disclosures concerning the nature, amount, timing and uncertainty of revenues and cash flows arising from contracts with customers. For public entities, the amendments in this update are effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period, and must be applied retrospectively. Early application is not permitted. The Company is currently evaluating the impact of adoption. In May 2014, the FASB issued ASU

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No. 2014-09, Revenue from Contracts with Customers (Topic 606) . This update clarifies the principles for recognizing revenue from contracts with customers. This ASU, which does not apply to financial instruments, is effective for interim and annual reporting periods beginning after December 15, 2016. The Company is currently evaluating this ASU to determine the impact on its consolidated financial position, results of operations and cash flows.

In June 2014, the FASB issued ASU No. 2014-11, Transfers and Servicing (topic 860) Repurchase-to- Maturity Transactions, Repurchase Financing, and Disclosures . This update changes the accounting for repurchase-to-maturity transactions and linked repurchase financings to secured borrowing accounting, which is consistent with the accounting for other repurchase agreements. The amendments also require two new disclosures. The first disclosure requires an entity to disclose information on transfers accounted for as sales in transactions that are economically similar to repurchase agreements. The second disclosure provides increased transparency about the types of collateral pledged in repurchase agreements and similar transactions accounted for as secured borrowings. The disclosure for certain transactions accounted for as a sale is required to be presented for interim and annual periods beginning after December 15, 2014, and the disclosure for repurchase agreements, securities lending transactions, and repurchase-to-maturity transactions accounted for as secured borrowings is required to be presented for annual periods beginning after December 15, 2014, and interim periods beginning after December 15, 2015. The adoption of this ASU is not expected to have a material impact on the Company s consolidated financial position, results of operations or cash flows.

In June 2014, the Financial Accounting Standard Board (the FASB) issued Accounting Standards Update (ASU) 2014-12, Compensation- Stock Compensation (Topic 718) Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could be Achieved after the Requisite Service Period . This update provides specific guidance on whether to treat a performance target that could be achieved after the requisite service period as a performance condition that affects vesting or as a nonvesting condition that affects the grant-date fair value of an award. This ASU is effective for fiscal years and interim periods beginning after December 15, 2015. The adoption of this ASU is not expected to have a material impact on the Company s consolidated financial position, results of operations or cash flows.

Significant Accounting Estimates

The notes to consolidated financial statements contain a summary of our significant accounting policies, including discussions on recently issued accounting pronouncements, our adoption of them and the related impact of their adoption. We believe that certain of these policies, along with various estimates that we are required to make in recording our financial transactions, are important to have a complete picture of our financial position. In addition, these estimates require us to make complex and subjective judgments, many of which include matters with a high degree of uncertainty. The following is a discussion of these significant estimates. Additional information about these policies can be found in Note 2 of the consolidated financial statements. See Risk Factors beginning on page 9 for a discussion of information that should be considered in connection with an investment in our securities.

The Company s financial reporting and accounting policies conform to GAAP. The preparation of financial statements in conformity with GAAP 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Significant estimates include the carrying value of loans, the allowance for loan losses, the carrying value of the loss share indemnification asset, the carrying value of other real estate owned, the carrying value of goodwill and other intangible assets, contingent consideration liability, the determination of fair value for financial instruments, acquisition-related fair value computations, stock-based compensation and deferred taxes.

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Primary Factors Used to Evaluate Our Business

As a financial institution, we manage and evaluate various aspects of both our results of operations and our financial condition. We evaluate the levels and trends of the line items included in our consolidated balance sheet and income statement, as well as various financial ratios that are commonly used in our industry. We analyze these ratios and financial trends against our own historical performance, our budgeted performance and the financial condition and performance of comparable financial institutions in our region and nationally.

Comparison of our financial performance against other financial institutions is impacted by the accounting for loans acquired with deteriorated credit quality since origination as well as assets subject to loss sharing agreements with the FDIC.

Results of Operations

Our results of operations depend substantially on net interest income, which is the difference between interest income on interest-earning assets, consisting primarily of interest income on loans receivable, including accretion income on acquired loans, securities and other short-term investments, and interest expense on interest-bearing liabilities, consisting primarily of deposits and borrowings. Our results of operations are also dependent upon our generation of non-interest income, consisting of income from banking service fees, interest rate swap services, bank owned life insurance, recoveries on acquired assets and FDIC loss share related items including reimbursement of expenses on covered assets and negative amortization of the indemnification asset to fair value over the life of the contract. Other factors contributing to our results of operations include our provisions for loan losses, gains or losses on sales of securities and income taxes, as well as the level of our non-interest expenses, such as compensation and benefits, occupancy and equipment and other miscellaneous operating expenses.

Net Interest Income

Net interest income, a significant contributor to our revenues and net income, represents interest income less interest expense. We generate interest income from interest, dividends and fees received on interest-earning assets, including loans and investment securities we own. We incur interest expense from interest paid on interest-bearing liabilities, including interest-bearing deposits, and borrowings. To evaluate net interest income, we measure and monitor (1) yields on our loans and other interest-earning assets, (2) the costs of our deposits and other funding sources, (3) our net interest spread, (4) our net interest margin and (5) our provisions for loan and lease losses. Net interest spread is the difference between rates earned on interest-earning assets and rates paid on interest-bearing liabilities. Net interest margin is calculated as the annualized net interest income divided by average interest-earning assets. Because non-interest-bearing sources of funds, such as noninterest-bearing deposits and stockholders' equity, also fund interest-earning assets, net interest margin includes the benefit of these noninterest-bearing sources.

We also recognize income from the accretable discounts associated with the purchase of interest-earning assets. Because of our acquisitions in 2010 and 2011, and on a going forward basis our January 31, 2014 acquisition of Great Florida Bank, we derive a portion of our interest income from the accretable discounts on acquired loans. This accretion will continue to have an impact on our net interest income as long as loans acquired with evidence of credit deterioration at acquisition represent a meaningful portion of our interest-earning assets. As of June 30, 2014, acquired loans with evidence of credit deterioration accounted for under ASC 310-30 represented approximately 21% of our total loan portfolio and accounted for 32% of our interest income for the six months ended June 30, 2014.

Changes in the market interest rates and interest rates we earn on interest-earning assets or pay on interest-bearing liabilities, as well as the volume and types of interest-earning assets, interest-bearing and noninterest-bearing liabilities and stockholders' equity, are usually the largest drivers of periodic changes in net interest spread, net interest margin and net interest income. In addition, our interest income includes the accretion of the

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fair value discounts on our acquired loans, which will also affect our net interest spread, net interest margin and net interest income. We measure net interest income before and after provision for loan and lease losses required to maintain our ALL at acceptable levels.

Noninterest Income

Our noninterest income includes the following:

service charges and fees;

interest rate swap services;

bank-owned life insurance;

accretion income and amortization expense from FDIC loss share indemnification asset and clawback liability;

reimbursement of expenses on assets covered by loss sharing agreements;

income from recoveries of acquired loans; and

net gains and losses from the sale of OREO assets and investment securities.

For the six months ended June 30, 2014 and for the years ended December 31, 2013 and 2012, the majority of our noninterest income resulted from interest rate swap service fees, recoveries on acquired assets, gains on sales of OREO and gains on sales of investment securities. Included within noninterest income is the amortization expense of the FDIC loss share indemnification asset, which represents a substantial component of our noninterest income. In accordance with GAAP, we are negatively amortizing the indemnification asset to fair value over the life of the contract of the receivable. This, in addition to changes to the estimated FDIC clawback liability, resulted in approximately \$12.2 million and \$13.4 million in expenses for the six months ended June 30, 2014 and 2013, respectively, and \$24.9 million and \$34.4 million of expense for the years ended December 31, 2013 and 2012, respectively. Typically, the primary components of noninterest income of financial institutions are service charges and fees and gains and losses related to the sale or valuation of investment securities, loans and other assets.

FDIC loss share indemnification income (loss) captures amortization of the FDIC loss share indemnification asset, reimbursement of expenses and write-downs on covered assets and the portion of recoveries shared with the FDIC. The amortization of the FDIC loss share indemnification asset represents the amount of loss recognized for the current fiscal period related to the amortization of the FDIC loss share indemnification asset to fair value over its contractual life.

In connection with the loss sharing agreements with the FDIC, the Bank will be reimbursed for a portion of certain expenses associated with Covered Assets. The Company also recognizes income from reimbursement of expenses associated with qualifying expenses on loans that have not been charged-off but for which a charge-off is expected.

The Company reports recoveries on a cash basis at the time received. Recoveries on ASC 310-30 loans that were charged-off and Non-ASC 310-30 loans that were charged-off prior to the Acquisitions are recognized in earnings as income from resolution of acquired assets and do not affect the allowance for loan losses. All other recoveries are credited to the ALL

Noninterest Expense

Our noninterest expense includes the following:

salaries and employee benefits;

occupancy and equipment expenses;

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other real estate and acquired loan resolution related expenses;

professional services; and

other.

Financial Condition

The primary factors we use to evaluate and manage our financial condition include liquidity, asset quality and capital.

Liquidity

We manage liquidity based upon factors that include the amount of core deposits as a percentage of total deposits, the level of diversification of our funding sources, the allocation and amount of our deposits among deposit types, the short-term funding sources used to fund assets, the amount of non-deposit funding used to fund assets, the availability of unused funding sources, off-balance sheet obligations, the availability of assets to be readily converted into cash without undue loss, the amount of cash and liquid securities we hold, and the re-pricing characteristics and maturities of our assets when compared to the re-pricing characteristics of our liabilities, the ability to securitize and sell certain pools of assets and other factors.

Asset Quality

We manage the diversification and quality of our assets based upon factors that include the level, distribution, severity and trend of problem, classified, delinquent, non-accrual, nonperforming and restructured assets, the adequacy of our ALL, discounts and reserves for unfunded loan commitments, the diversification and quality of loan and investment portfolios, the extent of counterparty risks and credit risk concentrations.

Capital

We manage capital based upon factors that include the level and quality of capital and overall financial condition of the Company, the trend and volume of problem assets, the adequacy of discounts and reserves, the level and quality of earnings, the risk exposures in our balance sheet, the levels of Tier 1 (core), risk-based and tangible equity capital, the ratios of Tier 1 (core), risk-based and tangible equity capital to total assets and risk-weighted assets and other factors.

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The primary metrics used in our industry to evaluate financial results are summarized below. Because of our relatively early stage of operations and recent periods of organic growth, each of the metrics below may not provide an appropriate basis to compare our results or financial condition to the results or financial condition of other financial services companies.

	Three Months Ended June 30,		Year Ended December 31,	
	2014	2013	2013	2012
Performance Ratios				
Interest rate spread	3.26%	3.60%	3.58%	3.77%
Net interest margin	3.39%	3.88%	3.80%	4.01%
Return on average assets	0.69%	0.50%	0.49%	-0.14%
Return on average equity	5.02%	2.33%	2.35%	-0.67%
Efficiency ratio (bank level) (1)	64.26%	80.44%	75.03%	83.21%
Average interest-earning assets to average interest bearing liabilities	117.15%	132.32%	130.50%	125.61%
Loans receivable to deposits	82.45%	67.14%	80.86%	62.15%
Yield on interest-earning assets	3.96%	4.56%	4.51%	4.91%
Cost of interest-bearing liabilities	0.70%	0.96%	0.93%	1.14%
Asset and Credit Quality Ratios Total loans				
Nonperforming loans to loans receivable (2)	1.07%	1.78%	1.51%	0.73%
Nonperforming assets to total assets (3)	2.06%	2.09%	1.73%	2.09%
Covered loans to total gross loans	10.00%	25.87%	15.9%	35.1%
ALL to nonperforming assets	15.42%	21.21%	21.4%	28.0%
ALL to total gross loans	0.55%	0.95%	0.65%	1.39%
Asset and Credit Quality Ratios New loans				
Nonperforming new loans to total new loans receivable (2)	0.01%	0.00%	0.06%	0.07%
New loan ALL to total gross new loans	0.54%	0.50%	0.47%	0.71%
Asset and Credit Quality Ratios Acquired loans				
Nonperforming acquired loans to total acquired loans receivable (2)	3.63%	5.18%	6.78%	1.50%
Covered acquired loans to total gross acquired loans	34.11%	75.32%	73.60%	75.70%
Acquired loan ALL to total gross acquired loans	0.57%	1.82%	1.32%	2.18%
Capital Ratios (Company)				
Average equity to average total assets	13.7%	21.5%	20.9%	21.2%
Tangible average equity to tangible average assets (4)	12.2%	20.6%	20.0%	20.2%
Tangible common equity ratio (4)	11.7%	19.6%	17.2%	21.5%
Tier 1 leverage ratio	12.0%	20.2%	18.0%	20.6%
Tier 1 risk-based capital ratio	16.0%	30.9%	24.8%	36.1%
Total risk-based capital ratio	16.5%	31.6%	25.3%	37.1%
Capital Ratios (Bank)				
Average equity to average total assets	11.9%	13.8%	13.4%	12.9%

Tangible common equity ratio	10.4%	12.1%	11.5%	12.7%
Tier 1 leverage ratio	10.8%	12.4%	12.0%	12.1%
Tier 1 risk-based capital ratio	14.4%	19.2%	16.7%	21.2%
Total risk-based capital ratio	14.9%	20.0%	17.3%	22.2%

- (1) Non-interest expense over (net interest income plus non-interest income). Includes amortization expense of FDIC loss share indemnification asset and FDIC clawback liability.
- (2) Nonperforming loans include loans in non-accrual status.
- (3) Nonperforming assets include loans in non-accrual status and OREO.
- (4) See Selected Consolidated Financial Data GAAP Reconciliation and Management Explanation of Non-GAAP Financial Measures.

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Results of Operations

Net income available to common stockholders totaled \$9.2 million, which generated diluted EPS of \$0.26 in the second quarter of 2014. Net income available to common stockholders for the same period of 2013 totaled \$4.3 million, which generated diluted EPS of \$0.12. The increase in net income was primarily driven by an increase of \$12.3 million in interest income resulting from an increase in interest earning assets primarily due to the Great Florida Bank acquisition and a \$3.0 million increase in noninterest income partially offset by an increase in interest expense of \$1.6 million resulting from an increase in the average balance of interest-bearing liabilities and a \$3.3 million increase in noninterest expense. The Company's results of operations for the second quarter of 2014 produced an annualized return on average assets of 0.69% and an annualized return on average common stockholders' equity of 5.02% compared to prior year ratios of 0.50% and 2.33%, respectively.

Net income available to common stockholders totaled \$12.7 million for the six months ended June 30, 2014, or \$0.35 per average diluted common share, an increase of 87.4% compared to \$6.8 million, or \$0.18 per average diluted common share, for the corresponding period of the prior year. The increase in net income was primarily driven by an increase of \$22.8 million in interest income resulting from an increase in interest earning assets primarily related to the acquisition of Great Florida Bank and a \$2.9 million increase in noninterest income partially offset by an increase in interest expense of \$2.8 million resulting from an increase in the average balance of interest-bearing liabilities and a \$11.2 million increase in noninterest expense. The Company's results of operations for six months ended June 30, 2014 produced an annualized return on average assets of 0.51% and an annualized return on average common stockholders' equity of 3.52% compared to prior year ratios of 0.41% and 1.86%, respectively.

Net income available to common stockholders totaled \$17.2 million for the year ended December 31, 2013, or \$0.46 per average diluted common share, compared to a net loss of \$4.8 million, or \$(0.13) per average diluted common share, for the year ended December 31, 2012. The \$22.0 million increase in net income for the year ended December 31, 2013, compared to the year ended December 31, 2012, was primarily due to a \$24.2 million increase in net interest income after provision expense driven by a decrease of \$23.2 million in loan provision expense, an \$8.4 million decrease in non-interest income consisting of \$15.1 million FDIC loss share indemnification loss offset by \$6.4 million of gains on sales of investment securities and a \$17.4 million decrease in noninterest expense consisting of a \$4.1 million decrease in professional service fees and a decrease of \$12.8 million in loan expenses and OREO write downs and expenses.

The decrease in the provision for loan losses on acquired loans during the year ended December 31, 2013 totaled \$24.9 million and was primarily due to better than expected performance on the acquired loan portfolio. Improved payment performance and rising collateral values led to increased expected cash flows on certain loans following our quarterly re-estimation process on ASC 310-30 loans. As a result we were able to recoup a portion of the impairment previously attributed to the respective acquired ASC 310-30 loan pools.

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The following table presents, for the periods indicated, information about (i) average balances, the total dollar amount of interest income from interest-earning assets and the resultant average yields; (ii) average balances, the total dollar amount of interest expense on interest-bearing liabilities and the resultant average rates; (iii) net interest income; (iv) the interest rate spread; and (v) the net interest margin. Yields have been calculated on a pre-tax basis:

	Three Months Ended June 30,					
	2014			2013		
	Average Balance (1)	Interest/ Expense (2)	Annualized Yield/ Rate (3)	Average Balance (1)	Interest/ Expense (2)	Annualized Yield/ Rate (3)
(Dollars in thousands)						
Interest-earning assets:						
Cash and cash equivalents	\$ 97,493	\$ 53	0.22%	\$ 95,730	\$ 40	0.17%
New loans	2,087,601	18,475	3.50%	982,080	9,748	3.93%
Acquired loans (4)	967,986	19,358	8.00%	569,623	16,549	11.62%
Investment securities and other	1,710,662	10,566	2.44%	1,502,313	9,817	2.58%
Total interest-earning assets	4,863,742	48,452	3.96%	3,149,746	36,154	4.56%
Non-earning assets:						
FDIC loss share indemnification asset (5)	78,916			110,615		
Non-interest-earning assets	411,602			164,961		
Total assets	\$ 5,354,260			\$ 3,425,322		
Interest-bearing liabilities:						
Interest-bearing transaction accounts	\$ 112,752	\$ 43	0.15%	\$ 69,137	\$ 17	0.10%
Savings and money market accounts	1,787,574	2,564	0.58%	940,687	1,179	0.50%
Time deposits (6)	1,464,728	3,226	0.88%	1,098,457	3,448	1.26%
FHLB advances and other borrowings	786,513	1,466	0.74%	272,050	1,038	1.51%
Total interest-bearing liabilities	\$ 4,151,567	\$ 7,299	0.70%	\$ 2,380,331	\$ 5,682	0.96%
Non-interest-bearing liabilities and shareholders equity:						
Non-interest-bearing demand deposits	\$ 420,420			\$ 267,078		
Other liabilities	49,896			41,825		

Stockholders equity	732,377	736,088
Total liabilities and stockholders equity	\$ 5,354,260	\$ 3,425,322
Net interest income	\$ 41,153	\$ 30,472
Net interest spread	3.26%	3.60%
Net interest margin	3.39%	3.88%

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	Six Months Ended June 30,					
	2014			2013		
	Average Balance (1)	Interest/ Expense (2)	Annualized Yield/Rate (3)	Average Balance (1)	Interest/ Expense (2)	Annualized Yield/Rate (3)
	(Dollars in thousands)					
Interest-earning assets:						
Cash and cash equivalents	\$ 111,736	\$ 120	0.22%	\$ 75,791	\$ 70	0.19%
New loans	1,951,611	34,856	3.55%	886,459	17,847	4.00%
Acquired loans (4)	901,409	37,829	8.39%	585,063	33,968	11.61%
Investment securities and other	1,614,663	20,565	2.53%	1,495,056	18,726	2.49%
Total interest-earning assets	4,579,419	93,370	4.06%	3,042,369	70,611	4.63%
Non-earning assets:						
FDIC loss share indemnification asset (5)	82,437			116,389		
Non-interest-earning assets	379,571			157,013		
Total assets	\$ 5,041,427			\$ 3,315,771		
Interest-bearing liabilities:						
Interest-bearing transaction						
accounts	\$ 106,148	\$ 79	0.15%	\$ 68,149	\$ 32	0.10%
Savings and money market accounts	1,670,470	4,447	0.54%	872,543	2,059	0.48%
Time deposits (6)	1,438,067	6,616	0.93%	1,075,858	6,865	1.29%
FHLB advances and other borrowings	668,048	2,730	0.81%	277,781	2,096	1.50%
Total interest-bearing liabilities	\$ 3,882,733	\$ 13,872	0.72%	\$ 2,294,331	\$ 11,052	0.97%
Non-interest-bearing liabilities and shareholders equity:						
Non-interest-bearing demand						
deposits	\$ 386,908			\$ 247,029		
Other liabilities	44,459			40,920		
Stockholders equity	727,327			733,491		
Total liabilities and stockholders equity	\$ 5,041,427			\$ 3,315,771		
Net interest income		\$ 79,498			\$ 59,559	

Net interest spread	3.34%	3.66%
Net interest margin	3.50%	3.95%

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	Year Ended December 31, 2013			Year Ended December 31, 2012		
	Average Balance (1)	Interest (2)	Average Rate (3)	Average Balance (1)	Interest (2)	Average Rate (3)
(Dollars in thousands)						
Interest-earning assets:						
Cash & equivalents	\$ 100,293	\$ 224	0.22%	\$ 70,142	\$ 145	0.21%
New loans	1,129,323	43,668	3.87%	534,797	22,106	4.13%
Acquired loans (4)	548,111	64,853	11.83%	725,563	90,610	12.49%
Investment securities	1,443,957	36,518	2.53%	1,697,875	35,973	2.12%
Total interest-earning assets	3,221,684	145,263	4.51%	3,028,377	148,834	4.91%
Non-earning assets:						
FDIC loss share indemnification asset (5)	107,153			170,805		
Non-interest-earning assets	173,474			184,923		
Total assets	\$ 3,502,311			\$ 3,384,105		
Interest-bearing liabilities:						
Interest-bearing transaction accounts	\$ 70,454	\$ 76	0.11%	\$ 65,407	67	0.10%
Savings and money market accounts	961,986	4,425	0.46%	730,591	\$ 4,857	0.66%
Time deposits (6)	1,121,094	14,036	1.25%	1,277,567	17,776	1.39%
FHLB advances and other borrowings	315,103	4,403	1.40%	337,405	4,806	1.42%
Total interest-bearing liabilities	\$ 2,468,637	\$ 22,940	0.93%	\$ 2,410,970	\$ 27,506	1.14%
Non-interest-bearing liabilities and stockholders equity:						
Non-interest-bearing demand deposits	\$ 261,000			218,766		
Other liabilities	40,560			36,779		
Stockholders-equity	732,114			717,590		
Total liabilities and stockholders equity	\$ 3,502,311			\$ 3,384,105		
Net interest income		\$ 122,323			\$ 121,328	
Net interest spread			3.58%			3.77%
Net interest margin			3.80%			4.01%

- (1) Average balances presented are derived from daily average balances.
- (2) Interest income is presented on an actual basis and does not include taxable equivalent adjustments.
- (3) Average rates are presented on an annual basis.
- (4) Includes loans on non-accrual status.
- (5) Amortization expense of FDIC loss share indemnification asset is not included in net interest income presentation.
- (6) Interest expense on time deposits includes the impact from time deposit premium amortization.

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Increases and decreases in interest income and interest expense result from changes in average balances (volume) of interest-earning assets and liabilities, as well as changes in average interest rates. The following table shows the effect that these factors had on the interest earned on our interest-earning assets and the interest incurred on our interest-bearing liabilities for the periods indicated. The effect of changes in volume is determined by multiplying the change in volume by the current period's average rate. Similarly, the effect of rate changes is calculated by multiplying the change in average rate by the previous period's volume. Changes applicable to both volume and rate have been allocated to volume. Yields have been calculated on a pre-tax basis. A summary of increases and decreases in interest income and interest expense resulting from changes in average balances (volume) and average interest rates follows:

	Three Months Ended June 30, 2014 compared to 2013		
	Increase (Decrease) Due to		
	Volume	Rate	Total
	(Dollars in thousands)		
Interest-earning assets:			
Cash and cash equivalents	\$ 1	\$ 12	\$ 13
New Loans	10,973	(2,246)	8,727
Acquired Loans (1)	11,573	(8,764)	2,809
Investment securities and other	1,361	(612)	749
Total change in interest income	\$ 23,908	\$ (11,610)	\$ 12,298
Interest-bearing liabilities:			
Interest-bearing transaction accounts	\$ 11	\$ 15	\$ 26
Savings and money market	1,062	323	1,385
Time deposits (2)	1,150	(1,372)	(222)
FHLB advances and other borrowings	1,962	(1,534)	428
Total change in interest expenses	4,185	(2,568)	1,617
Total change in net interest income	\$ 19,723	\$ (9,042)	\$ 10,681

	Six Months Ended June 30, 2014 compared to 2013		
	Increase (Decrease) Due to		
	Volume	Rate	Total
	(Dollars in thousands)		
Interest-earning assets:			
Cash and cash equivalents	\$ 34	\$ 16	\$ 50
New Loans	21,444	(4,435)	17,009
Acquired Loans (1)	18,367	(14,506)	3,861
Investment securities and other	1,498	341	1,839

Total change in interest income	\$ 41,343	\$ (18,584)	\$ 22,759
Interest-bearing liabilities:			
Interest-bearing transaction accounts	\$ 18	\$ 29	\$ 47
Savings and money market	1,884	504	2,388
Time deposits (2)	2,311	(2,560)	(249)
FHLB advances and other borrowings	2,943	(2,309)	634
Total change in interest expenses	7,156	(4,336)	2,820
Total change in net interest income	\$ 34,187	\$ (14,248)	\$ 19,939

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	Year ended		
	December 31, 2013 compared to 2012		
	Increase (Decrease) Due to		
	Volume	Rate	Total
(Dollars in thousands)			
Interest-earning assets:			
Cash & equivalents	\$ 62	\$ 17	\$ 79
New loans	24,575	(3,013)	21,562
Acquired loans (1)	(22,161)	(3,596)	(25,757)
Investment securities	(5,380)	5,925	545
Total change in interest income	\$ (2,904)	\$ (667)	\$ (3,571)
Interest-bearing liabilities:			
Interest-bearing transaction accounts	\$ 5	\$ 4	\$ 9
Savings and money market	1,538	(1,970)	(432)
Time deposits (2)	(2,177)	(1,563)	(3,740)
FHLB advances and other borrowings	(318)	(85)	(403)
Total change in interest expenses	(952)	(3,614)	(4,566)
Total change in net interest income	\$ (1,952)	\$ 2,947	\$ 995

(1) Includes loans on non-accrual status.

(2) Interest expense on time deposits includes the impact from time deposit premium amortization.

Second Quarter 2014 compared to Second Quarter 2013

Net interest income was \$41.2 million for the second quarter of 2014, an increase of 35.1% compared to \$30.5 million for the same period in 2013. The increase in net interest income reflects a \$12.3 million increase in interest income partially offset by a \$1.6 million increase in interest expense. For the three months ended June 30, 2014, average earning assets increased by \$1.71 billion, or 54.4%, compared to the same period of the prior year, while average interest bearing liabilities increased \$1.77 billion, or 74.4%, compared to the three months ended June 30, 2013. The increase in interest income for the second quarter of 2014 was primarily due to an \$8.7 million increase in interest income on new loans. The average balance of new loans increased \$1.11 billion, which offset the negative impact of the reduction in the average interest rate on new loans of 43 basis points. Interest income on acquired loans increased \$2.8 million for the three months ended June 30, 2014 compared to the second quarter of 2013, primarily driven by an increase in the average balance of loans of \$398.4 million. The Great Florida Bank acquisition contributed approximately \$6.7 million to the increase in interest income on acquired loans, partially offset by a decrease of \$3.9 million in legacy acquired loan income due to runoff of the acquired loan portfolio from the Failed Bank Acquisitions.

Interest expense on deposits increased \$1.2 million for the three months ended June 30, 2014 compared to the three months ended June 30, 2013 primarily due to a \$1.26 billion, or 59.6%, increase in the average balance of total interest bearing deposits. The decline in the average rate paid on deposits was attributable to lower prevailing rates offered and the continued run-off of wholesale and longer-term time deposits assumed in the acquisitions. The average

rate paid on time deposits, including the impact of premium amortization, was 0.88% and 1.26% for the three months ended June 30, 2014 and 2013, respectively. Interest expense on FHLB advances and other borrowings totaled \$1.5 million for the three months ended June 30, 2014 as compared to \$1.0 million for the three months ended June 30, 2013. The increase was primarily due to an increase of \$514.4 million, or 189.1%, in the average balance of FHLB advances and other borrowings, partially offset by a decrease in average rate paid on deposits of 77 basis points.

The net interest margin for the three months ended June 30, 2014 was 3.39%, a decline of 49 basis points compared to 3.88% for the three months ended June 30, 2013. The average yield on interest-earning assets

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declined by 60 basis points for the three months ended June 30, 2014 as compared to the three months ended June 30, 2013, while the average rate paid on interest-bearing liabilities decreased by 26 basis points. The decline in the average yield on interest-earning assets was due primarily to the runoff of higher yielding acquired loan balances. Although the average acquired loan portfolio balance increased 69.9% due to the Great Florida Bank acquisition during the first quarter of 2014, the lower yielding loans acquired from the Great Florida Bank acquisition resulted in a decline in the average rate for the combined acquired loan portfolio. The average rate on the acquired loan portfolio was 8.00% for the three months ended June 30, 2014, down from 11.62% for the three months ended June 30, 2013. At the date of acquisition, the weighted average accretion rate for the loans accounted for under ASC 310-30 was 4.65% and the weighted average contractual rate on acquired Non-ASC 310-30 loans was 4.55%.

Six Months of 2014 compared to Six Months of 2013

Net interest income was \$79.5 million for the six months ended June 30, 2014, an increase of 33.5% compared to \$59.6 million for the same period in 2013. The increase in net interest income reflects a \$22.8 million increase in interest income partially offset by a \$2.8 million increase in interest expense. For the six months ended June 30, 2014, average interest earning assets increased by \$1.54 billion, or 50.5%, compared to the same period of the prior year, while average interest bearing liabilities increased \$1.59 billion, or 69.2%, compared to the six months ended June 30, 2013. The increase in interest income for the six months ended June 30, 2014 was primarily due to a \$17.0 million increase in interest income on new loans. The average balance of new loans increased \$1.07 billion, which offset the negative impact of the reduction in the average interest rate on new loans of 45 basis points. Interest income on acquired loans increased \$3.9 million for the six months ended June 30, 2014 compared to the six months ended June 30, 2013, primarily driven by an increase in the average balance of loans of \$316.4 million which was partially offset by a decrease of \$7.5 million in legacy acquired loan income due to runoff of the acquired loan portfolio from the Failed Bank Acquisitions.

Interest expense on deposits increased \$2.2 million for the six months ended June 30, 2014 compared to the six months ended June 30, 2013 primarily due to a \$1.20 billion, or 59.4%, increase in the average balance of total interest bearing deposit accounts. The average rate paid on time deposits, including the impact of premium amortization, was 0.93% and 1.29% for the six months ended June 30, 2014 and 2013, respectively. The decline in the average rate paid on deposits was attributable to lower prevailing rates offered and the continued run-off of wholesale and longer-term time deposits assumed in the Acquisitions. Interest expense on FHLB advances and other borrowings totaled \$2.7 million for the six months ended June 30, 2014 as compared to \$2.1 million for the six months ended June 30, 2013. The increase was primarily due to an increase of \$390.3 million, or 140.5%, in the average balance of FHLB advances and other borrowings, partially offset by a decrease in average rate paid on deposits of 69 basis points.

The net interest margin for the six months ended June 30, 2014 was 3.50%, a decline of 45 basis points compared to 3.95% for the six months ended June 30, 2013. The average yield on interest-earning assets declined by 57 basis points for the six months ended June 30, 2014 as compared to the six months ended June 30, 2013, while the average rate paid on interest-bearing liabilities decreased by 25 basis points. The decline in the average yield on interest-earning assets was due primarily to the runoff of higher yielding acquired loan balances. Although the acquired loan portfolio balance increased 54.1% due to the Great Florida Bank acquisition during the first quarter of 2014, the lower yielding loans acquired from the Great Florida Bank acquisition resulted in a decline in the average rate for the combined acquired loan portfolio. The average rate on the acquired loan portfolio was 8.39% for the six months ended June 30, 2014, down from 11.61% for the six months ended June 30, 2013. At the date of acquisition, the weighted average accretion rate for the loans accounted for under ASC 310-30 was 4.65% and the weighted

average contractual rate on acquired Non-ASC 310-30 loans was 4.55%.

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Net interest income was \$122.3 million for the year ended December 31, 2013 compared to \$121.3 million for the year ended December 31, 2012, representing an increase of \$995,000, or 0.8%. The increase in net interest income reflected a decrease in interest income of \$3.6 million offset by a decrease in interest expense of \$4.6 million. Although net interest income remained relatively consistent from 2012 to 2013, the increase of interest income resulting from new loans for the year ended December 31, 2013 was \$21.6 million and offset by a decrease in acquired loan interest income of \$25.8 million during the period. Gross new loan growth of \$1.04 billion for the year ended December 31, 2013 was the primary driver of the increase in interest income offset by the \$144 million reduction of gross acquired loans. Due to the attriting nature of the acquired loan portfolio and our focus on new loan generation through organic loan origination, we expect the acquired loan portfolio to represent a smaller relative portion of our interest income in future periods.

Interest expense on deposits decreased \$4.2 million for the year ended December 31, 2013 compared to the year ended December 31, 2012 due to decreased cost of deposit. The average rate paid on time deposits including the impact of premium amortization was 1.25% for the year ended December 31, 2013 and 1.39% for the year ended December 31, 2012. The decline in the average rate is attributable to lower prevailing rates offered and the continued run-off of wholesale and longer-term time deposits assumed in the 2010 and 2011 acquisitions. Interest expense on FHLB advances and other borrowings totaled \$4.4 million for the year ended December 31, 2013 as compared to \$4.8 million the year ended December 31, 2012, with a decrease in the average volume of \$22.3 million.

The net interest margin for the year ended December 31, 2013 was 3.80% as compared to 4.01% for the year ended December 31, 2012, representing a decline of 21 basis points. The average yield on interest-earning assets declined by 40 basis points for the year ended December 31, 2013 as compared to year ended December 31, 2012 while the average rate paid on interest-bearing liabilities decreased by 21 basis points, for a decline in the interest rate spread of 19 basis points. The decline in both net interest margin and interest rate spread primarily resulted from the run off of the acquired loan balances that had average rate of 11.83% and 12.49% for the years ended December 31, 2013 and 2012, respectively.

Provision for Loan Losses*Second Quarter 2014 compared to Second Quarter 2013*

The provision for loan losses is used to maintain the ALL at a level that in management's judgment is appropriate to absorb probable losses inherent in the portfolio at the balance sheet date. Provision for loan losses increased by \$2.8 million, or 584.1%, to \$3.2 million for the three months ended June 30, 2014 as compared to the three months ended June 30, 2013. Provision for loan loss expense for the three months ended June 30, 2014 included \$3.3 million related to new loans and recoupment of past provision expense of \$0.1 million on the acquired loan portfolio. For the fourth consecutive quarter, we experienced a recoupment of past provision expense related to the acquired loan portfolio due to better than expected performance and declining delinquencies.

Net charge-offs were \$0.8 million for the second quarter of 2014, a decrease of 36.4% for the same period of 2013. The decrease in net charge-offs was due to resolution of acquired loans in the 1-4 SFR, Construction, Land & Development, and CRE loan categories. Net charge-offs were 0.11% of average loans on an annualized basis for the second quarter of 2014 compared to 0.34% of average loans for the same period of 2013.

Six Months of 2014 compared to Six Months of 2013

Provision for loan losses totaled \$4.3 million for the six months ended June 30, 2014 as compared to \$1.6 million for the six months ended June 30, 2013. For the six months ended June 30, 2014, provision for loan loss expense increased by \$2.8 million, or 175.7%, from the comparative period in 2013 and includes \$4.5 million related to new loans and recoupment of past provision expense of \$0.2 million on the acquired loan portfolio.

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Net charge-offs were \$1.2 million for the six months ended June 30, 2014, a decrease of 75.3% for the same period of 2013. The decrease in net charge-offs was due to resolution of acquired loans in the Construction, Land & Development, and CRE loan categories. Net charge-offs were 0.08% of average loans on an annualized basis for the six months ended June 30, 2014 compared to 0.65% of average loans for the same period of 2013.

Twelve Months of 2013 compared to Twelve Months of 2012

Provisions for loan losses totaled \$2.9 million and \$26.1 million for the years ended December 31, 2013 and 2012, respectively, of which \$3.3 million and \$1.6 million, respectively, relate to provision expense attributable to new loans. Provision for loan losses attributable to acquired loans totaled \$(379,000) and \$24.5 million for years ended December 31, 2013 and 2012, respectively. The decrease in the provision for loan losses on acquired loans during the year ended December 31, 2013 was primarily due to better than expected performance on the acquired loan portfolio. Favorable payment performance and improving collateral values led to increased expected cash flows on certain ASC 310-30 loans. As a result, we were able to recognize recoupment of \$677,000 for the year ended December 31, 2013 from the portion of the impairment expense previously attributed to the respective acquired loan pools.

Noninterest Income

The Company reported noninterest income of \$6.7 million for the three months ended June 30, 2014, an increase of \$3.0 million compared to the second quarter of 2013. The increase in noninterest income included a \$2.7 million increase in gain on investment securities, a \$1.1 million increase in loan and other fees and an increase in bank-owned life insurance income of \$1.0 million which were partially offset by a decrease in income from the resolution of acquired assets of \$2.4 million.

The Company reported noninterest income of \$9.2 million for the six months ended June 30, 2014, an increase of \$2.9 million compared to the six months ended June 30, 2013. The increase in noninterest income included a \$3.8 million increase in gain on investment securities, a \$1.1 million increase in loan and other fees and an increase in bank-owned life insurance income of \$1.9 million which were partially offset by a decrease in income from the resolution of acquired assets of \$3.2 million.

The Company reported noninterest income of \$10.9 million for the year ended December 31, 2013 and \$19.3 million for the year ended December 31, 2012. The decrease in noninterest income for the year ended December 31, 2013 compared to the year ended December 31, 2012 was primarily driven by an increase of \$15.1 million in amortization expense, or loss, from the FDIC loss share indemnification asset, partially offset by increases of \$6.4 million and \$4.8 million of gains on sales of investment securities and other non-interest income, respectively.

The following tables present a summary of noninterest income. For expanded discussion of certain significant noninterest income items, refer to the discussion of each component following the tables presented:

(Dollars in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Noninterest income				
Service charges and fees	\$ 707	\$ 554	\$ 1,445	\$ 1,071

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Loan and other fees	2,569	1,436	3,285	2,142
Bank-owned life insurance income	1,038		1,856	
FDIC loss share indemnification loss	(5,247)	(4,729)	(10,239)	(8,518)
Income from resolution of acquired assets	1,692	4,116	2,729	5,915
Gain (loss) on sales of other real estate owned	(359)	(442)	72	1,000
Gain on investment securities	4,448	1,710	6,943	3,096
Other noninterest income	1,842	1,015	3,147	1,638
Total noninterest income	\$ 6,690	\$ 3,660	\$ 9,238	\$ 6,344

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(Dollars in thousands)	Year Ended December 31,	
	2013	2012
Noninterest income		
Service charges and fees	\$ 2,374	\$ 2,082
FDIC loss share indemnification loss	(18,533)	(3,470)
Income from resolution of acquired assets	8,475	9,593
Gain on sales of other real estate owned	1,237	4,890
Gain on investment securities	8,682	2,321
Other noninterest income	8,707	3,879
Total noninterest income	\$ 10,942	\$ 19,295

Second Quarter 2014 compared to Second Quarter 2013

Service charges and fees represent fees charged to customers for banking services, such as fees charged on customer deposit accounts, and includes, but it is not limited to, maintenance fees, insufficient fund fees, overdraft protection fees, wire transfer fees and other. Services charges for the three months ended June 30, 2014 totaled \$707,000, a slight increase from \$554,000 for the same period of the prior year.

Loan and other fees consists primarily of swap fee income, commitment fees and service fee income. Loan and other fees for the three months ended June 30, 2014 totaled \$2.6 million, compared to \$1.4 million for the three months ended June 30, 2013. The increase of approximately \$1.1 million, or 78.9%, for the second quarter of 2014 compared to the second quarter of 2013 was primarily due to increased interest rate swap service fees of \$1.0 million.

During the three months ended June 30, 2014, the Company recognized \$5.2 million in FDIC loss share indemnification loss as compared to \$4.7 million for the three months ended June 30, 2013. The slight increase was driven primarily by a decrease of \$1.0 million in expense reimbursements from the FDIC that was partially offset by decreased FDIC loss share indemnification asset amortization and clawback liability expense of \$0.6 million. FDIC loss share indemnification asset amortization and clawback liability expense was \$5.9 million and \$6.5 million for the three months ended June 30, 2014 and June 30, 2013, respectively.

The Company reports recoveries on a cash basis at the time received. Recoveries on ASC 310-30 loans that were charged-off and Non-ASC 310-30 loans that were charged-off prior to the Acquisitions are recognized in earnings as income from resolution of acquired assets and do not affect the allowance for loan losses. All other recoveries are credited to the ALL. Recoveries recognized for the three months ended June 30, 2014 totaled \$1.7 million and were recognized through earnings as received, compared to \$4.1 million for the three months ended June 30, 2013.

Net gain on sales of investment securities totaled \$4.4 million for the three months ended June 30, 2014, an increase of \$2.7 million, or 160.1%, compared to \$1.7 million for the three months ended June 30, 2013. The increase was due to rebalancing of the investment portfolio subsequent to the Great Florida Bank acquisition.

Other noninterest income increased to \$1.8 million for the three months ended June 30, 2014, an increase of approximately \$0.8 million, or 81.5%, compared to the \$1.0 million recognized for the three months ended June 30, 2013. The primary driver of this increase was rental income of \$0.5 million from properties acquired through the Great Florida Acquisition.

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Six Months of 2014 compared to Six Months of 2013

The Company reported noninterest income of \$9.2 million for the six months ended June 30, 2014, an increase of \$2.9 million, or 45.6%, compared to the six months ended June 30, 2013. The increase was due to higher loan and other fees, income from bank-owned life insurance, gains on investment securities and other noninterest income that was partially offset by decreases in resolution income from acquired assets, reduction in net OREO gains and an increase in FDIC loss share indemnification loss.

Loan and other fees for the six months ended June 30, 2014 totaled \$3.3 million, compared to \$2.1 million for the six months ended June 30, 2013. The increase of approximately \$1.1 million, or 53.4%, for the six months ended June 30, 2014 compared to the period in the prior year was primarily due to increased interest rate swap service fees of \$1.0 million.

During the six months ended June 30, 2014, the Company recognized \$10.2 million in FDIC loss share indemnification loss as compared to \$8.5 million for the six months ended June 30, 2013. The increase was driven primarily by a decrease of \$2.8 million in expense reimbursements from the FDIC that was partially offset by decreased FDIC loss share indemnification asset amortization and clawback liability expense of \$1.2 million. FDIC loss share indemnification asset amortization and clawback liability expense was \$12.2 million and \$13.4 million for the six months ended June 30, 2014 and June 30, 2013, respectively.

Recoveries recognized for the six months ended June 30, 2014 totaled \$2.7 million and were recognized through earnings as received, compared to \$5.9 million for the six months ended June 30, 2013.

Net gain on sales of OREO decreased by \$0.9 million, or 92.8%, to \$0.1 million for the six months ended June 30, 2014, down from \$1.0 million for the six months ended June 30, 2013. The reduction in net OREO gains for the period resulted from the stabilization of asset values, compared to the six months ended June 30, 2013, where real estate assets generally increased during the period.

Net gain on investment securities totaled \$6.9 million for the six months ended June 30, 2014, an increase of \$3.8 million, or 124.3%, compared to \$3.1 million for the six months ended June 30, 2013. The increase was due to rebalancing of the investment portfolio subsequent to the Great Florida Bank acquisition.

Other noninterest income increased to \$3.1 million for the six months ended June 30, 2014, an increase of \$1.5 million, or 92.1%, compared to the \$1.6 million recognized for the six months ended June 30, 2013. The primary driver of this increase was rental income of \$0.8 million from properties acquired through the Great Florida Bank acquisition and increased ATM and Debit card fee income of \$0.1 million.

Twelve Months of 2013 compared to Twelve Months of 2012

The Company reported non-interest income of \$10.9 million for the year ended December 31, 2013 and \$19.3 million for the year ended December 31, 2012. The decrease in non-interest income for the year ended December 31, 2013 compared to the year ended December 31, 2012 was primarily driven by an increase of \$15.1 million in amortization expense, or loss, from the FDIC loss share indemnification asset, partially offset by increases of \$6.4 million and \$4.8 million of gains on sales of investment securities and other non-interest income, respectively. Net gain on sales of other real estate owned decreased by \$3.7 million, or 75%, from \$4.9 million recorded for the year ended December 31, 2012 to \$1.2 million for the year ended December 31, 2013. The reduction in net OREO gains for the

period resulted from the stabilization of asset values, compared to the year ended December 31, 2012 where real estate assets generally increased during the period.

During the years ended December 31, 2013 and 2012, the Company recognized amortization expense of \$25.1 million and \$33.9 million of the FDIC loss share indemnification asset as increased performance of the indemnified loan portfolio reduced loss expectations. The improvements in expected cash flows from the Covered Loans in certain ASC 310-30 pools resulted in an upward adjustment to yield and is accreted into

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income over the remaining life of the loans. Conversely, the difference between the carrying amount of the FDIC loss share indemnification asset and the indemnified portion of total expected losses on Covered Loans is amortized as expense over the remaining life of the respective FDIC loss share agreements. As the weighted average lives of the covered loans exceeds the weighted average remaining term of the FDIC loss share indemnification agreements, increases in expected cash flows on Covered Loans will result in proportionally more expense in earlier periods as the accretion income on the covered loans will continue post expiration of the FDIC loss share agreements. Recoveries recognized for the year ended December 31, 2013 totaled \$8.5 million and were recognized through earnings as received, compared to \$9.6 million for the year ended December 31, 2012. During the year ended December 31, 2013, the Bank recognized \$11.4 million of expenses subject to reimbursement under the loss sharing agreements and \$9.4 million of reimbursement income associated with such expenses. During the year ended December 31, 2012, the Bank recognized similar expenses totaling \$18.5 million and \$14.7 million of reimbursement income associated with such expenses.

Net gain on sales of investment securities increased by \$6.4 million, or 274%, from \$2.3 million recorded for the year ended December 31, 2012 to \$8.7 million for the year ended December 31, 2013. The increase in net gains from investment securities was driven primarily by the \$323 million net reduction in the investment securities portfolio, of which \$231 million was attributable to asset-back securities, during the year ended December 31, 2013. As of December 31, 2012, the net unrealized gain position of our investment portfolio was \$18.8 million. The reduction of the portfolio during the year ended December 31, 2013 provided liquidity to the Bank to facilitate the funding of new loans.

Other noninterest income increased by \$4.8 million, or 124%, from \$3.9 million recognized for the year ended December 31, 2012 to \$8.7 million for the year ended December 31, 2013. The increase was driven primarily by interest rate swap fees of \$3.3 million earned during the year ended December 31, 2013. The Bank purchased bank owned life insurance policies with premiums of \$75 million in the fourth quarter of 2013, which generated income of \$257,000 from the net gain in cash surrender value of the policies.

Non-Interest Expense

The Company reported noninterest expense of \$30.7 million for the three months ended June 30, 2014, an increase of \$3.3 million compared to the second quarter of 2013. This increase included non-core expenses related to branch closures of \$1.0 million and \$0.5 million of Equity Appreciation Agreement (EAA) expense. The increase in noninterest expense also included a \$1.4 million increase in salaries and employee benefits, a \$1.2 million increase in occupancy and equipment expenses, and an increase in other operating expenses of \$2.4 million which were partially offset by a decrease in other real estate and acquired asset resolution related expenses of \$2.8 million.

The Company reported noninterest expense of \$65.2 million for the six months ended June 30, 2014, an increase of \$11.2 million compared to the six months ended June 30, 2013. The increase in noninterest expense included a \$6.5 million increase in salaries and employee benefits, a \$2.2 million increase in occupancy and equipment expenses, an increase in data processing and network expense of \$2.1 million and an increase in other operating expenses of \$4.2 million which were partially offset by a decrease in other real estate and acquired asset resolution related expenses of \$4.7 million.

The Company reported noninterest expense of \$104.3 million for the year ended December 31, 2013, a decrease of \$17.4 million compared to the year ended December 31, 2012. The decrease in noninterest expense was primarily driven by a decrease of \$12.8 million in other real estate and acquired assets resolution related expenses, a decrease of

\$4.1 million in professional services and a \$1.9 million decrease in regulatory assessments and insurance expense partially offset by increases of \$6.4 million and \$4.8 million of gains on sales of investment securities and other non-interest income, respectively.

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The following table presents the components of non-interest expense for the periods indicated:

(Dollars in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Noninterest expense				
Salaries and employee benefits	\$ 13,411	\$ 12,057	\$ 29,831	\$ 23,357
Occupancy and equipment expenses	3,777	2,571	7,210	5,012
Other real estate and acquired assets resolution related expenses	3,338	6,094	7,099	11,785
Professional services	1,352	1,498	3,184	3,504
Data processing and network	2,357	1,807	5,567	3,439
Regulatory assessments and insurance	1,920	1,278	3,694	2,566
Amortization of intangibles	443	380	859	792
Other operating expenses	4,146	1,770	7,766	3,527
Total noninterest expense	\$ 30,744	\$ 27,455	\$ 65,210	\$ 53,982

(Dollars in thousands)	Year Ended December 31,	
	2013	2012
Noninterest expense		
Salaries and employee benefits	\$ 46,914	\$ 48,243
Occupancy and equipment expenses	9,872	9,772
Other real estate and acquired assets resolution related expenses	19,158	31,993
Professional services	6,403	10,466
Data processing and network	7,280	6,927
Regulatory assessments and insurance	5,414	7,327
Other operating expenses	9,267	7,021
Total noninterest expense	\$ 104,308	\$ 121,749

Second Quarter 2014 compared to Second Quarter 2013

Salaries and employee benefits, the single largest component of our noninterest expense, totaled \$13.4 million for the three months ended June 30, 2014, an increase of \$1.4 million, or 11.2%, compared to the three months ended June 30, 2013. The increase for the three months ended June 30, 2014 was primarily due to increased salaries and wages of \$1.3 million from increased full-time equivalents related to the Great Florida Bank acquisition.

We lease premises and equipment under cancelable and non-cancelable leases, some of which contain renewal options under various terms. We use the leased properties primarily for banking purposes. Occupancy and equipment

expenses increased \$1.2 million, or 46.9%, to \$3.8 million for the three months ended June 30, 2014, compared to \$2.6 million for the three months ended June 30, 2013. This increase is due in part to the Company's assumption of the banking and operating locations of Great Florida Bank that were predominantly leased facilities classified as operating leases and \$0.2 million of expense related to the closure of leased branches.

OREO and troubled asset resolution related expenses are comprised mainly of the expenses of holding and maintaining OREO properties for sale, such as real estate taxes, insurance, legal and foreclosure fees, and other expenses associated with the resolution of OREO and acquired loans. A portion of these expenses are eligible for reimbursement under our FDIC loss share agreements to the extent a loss or charge-off has occurred. OREO and acquired asset resolution expenses decreased by \$2.8 million, or 45.2%, for the second quarter of 2014 compared to the prior year due to less workout activity and decreased volume of the acquired loan portfolios and legacy OREO.

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Data processing and network increased by \$0.6 million, or 30.4%, to \$2.4 million during the three months ended June 30, 2014 compared to the same period in 2013, primarily driven by increases of \$0.3 million in core data processing expenses and \$0.2 million in software expense. The increase of these expenses for the three months ended June 30, 2014 is related to increased loan and deposit account volumes and increased software licensing costs.

Regulatory assessments and insurance includes assessments paid to our regulators, such as deposit insurance, as well as corporate insurance costs for Directors and Officers, D&O, and property and casualty insurance policies. Regulatory assessments and insurance increased \$0.6 million, or 50.2%, for the three months ended June 30, 2014, compared to the three months ended June 30, 2013, primarily due to increased deposit insurance assessments of \$0.4 million and higher general insurance expenses of \$0.2 million.

The primary components of other operating expense are changes in the estimated Equity Appreciation Agreements, or EAAs, with the FDIC, advertising and promotion, directors fees and general operating expenses such as postage, courier, printing, travel and entertainment costs. Other operating expenses increased \$2.4 million for the three months ended June 30, 2014, primarily due to increased directors fees of \$0.4 million, higher provision expense of \$0.2 million related to unfunded loan commitments, fixed asset write-downs of \$0.8 million related to branch closures, and an increase of EAA expense totaling \$0.4 million.

Six Months of 2014 compared to Six Months of 2013

Salaries and employee benefits totaled \$29.8 million for the six months ended June 30, 2014, an increase of \$6.5 million, or 27.7%, compared to the six months ended June 30, 2013. The increase for the six months ended June 30, 2014 was primarily due to increased salaries and benefits expense of \$3.8 million from increased full-time equivalents and severance and retention payments of \$2.2 million related to the Great Florida Bank acquisition and integration.

Occupancy and equipment expenses increased \$2.2 million, or 43.9%, to \$7.2 million for the six months ended June 30, 2014, compared to \$5.0 million for the six months ended June 30, 2013. This increase is due primarily to the Company's assumption of the banking and operating locations of Great Florida Bank.

OREO and acquired asset resolution expenses decreased by \$4.7 million, or 39.8%, for the six months ended June 30, 2014 compared to the prior year due to less workout activity and decreased volume of the acquired loan portfolios and OREO excluding those acquired from the Great Florida Bank acquisition.

Data processing and network increased by \$2.1 million, or 61.9%, to \$5.6 million during the six months ended June 30, 2014 compared to the same period in 2013, primarily driven by \$0.9 million in conversion costs due to the Great Florida Acquisition, increases of \$0.5 million in core processing expenses and \$0.5 million in software expense.

Regulatory assessments and insurance increased \$1.1 million, or 44.0%, for the six months ended June 30, 2014, compared to the six months ended June 30, 2013, primarily due to increased deposit insurance assessments of \$0.9 million and higher general insurance expenses of \$0.2 million.

Other operating expenses increased \$4.2 million for the six months ended June 30, 2014, primarily due to increased directors fees of \$0.4 million, higher provision expense of \$0.5 million related to unfunded loan commitments, other costs associated with the Great Florida Bank acquisition totaling \$1.0 million, fixed asset write-downs of \$0.8 million related to branch closures, and an increase of EAA expense totaling \$0.4 million.

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Twelve Months of 2013 compared to Twelve Months of 2012

For the year ended December 31, 2013, salaries and employee benefits totaled \$46.9 million. Salaries and employee benefits included \$2.6 million and \$4.3 million of expense for the years ended December 31, 2013 and 2012, respectively, related to stock option compensation plans. By comparison, salaries and employee benefits totaled \$48.2 million for the year ended December 31, 2012 including \$4.3 million related to stock-based compensation expense. Excluding stock-based compensation expense, salaries and benefits expense increased slightly during the year ended December 31, 2013.

Occupancy and equipment expenses remained flat for the year ended December 31, 2013 compared to the prior year. The Company recognized approximately \$9.9 million related to rental expense on operating leases, depreciation and maintenance of equipment and other occupancy and equipment related expenses.

Other real estate and acquired asset resolution related expenses decreased \$12.8 million during the year ended December 31, 2013 compared to the prior year due to less workout activity and decreased volume of the acquired loan portfolios and OREO.

The \$4.1 million decrease in professional fees for the year ended December 31, 2013 compared to the year ended December 31, 2012 resulted primarily from decreases in consulting expenses related to the development of internal systems and infrastructure to support our growth during the earlier years of operations for the Company.

Data processing and network increased slightly by \$353,000 during the year ended December 31, 2013 compared to the year ended December 31, 2012, primarily driven by increased customer accounts. Data processing and network is included in Other operating expenses in the consolidated financial statements.

Regulatory assessments and insurance decreased \$1.9 million for the year ended December 31, 2013 compared to the year ended December 31, 2012 resulted primarily from decreases in regulatory assessments. Regulatory assessments and insurance is included in Other operating expenses in the consolidated financial statements.

Income Taxes

Second Quarter 2014 compared to Second Quarter 2013

The expense for income taxes for the three months ended June 30, 2014 totaled \$4.7 million, an increase of \$2.8 million, or 143.7%, compared to the three months ended June 30, 2013. The increase in the income tax expense was primarily due to the increase in taxable income for the three months ended June 30, 2014 compared to taxable income for the three months ended June 30, 2013. The Company's effective tax rate was 33.9% and 31.1% for the three months ended June 30, 2014 and 2013, respectively. This increase primarily reflects the impact of increased pre-tax income partially offset by increases in tax-exempt BOLI income held during the three months ended June 30, 2014.

Six Months of 2014 compared to Six Months of 2013

The expense for income taxes for the six months ended June 30, 2014 totaled \$6.5 million, an increase of \$2.9 million, or 81.9%, compared to the six months ended June 30, 2013. The increase in the income tax expense was primarily due to the increase in taxable income for the six months ended June 30, 2014 compared to taxable income for the six months ended June 30, 2013. The Company's effective tax rate was 33.9% and 34.6% for the six months ended

June 30, 2014 and 2013, respectively. This decrease primarily reflects the impact of increases in tax-exempt dividend income from preferred stocks and the net gain in cash surrender value of BOLI policies held during the six months ended June 30, 2014.

Twelve Months of 2014 compared to Twelve Months of 2012

The expense for income taxes for the year ended December 31, 2013 was \$8.9 million compared to a benefit of \$2.4 million for the year ended December 31, 2012. The Company's effective tax rate was 34.1% and 33.2% for the years ended December 31, 2013 and 2012, respectively. The significant change in the income tax expense

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between periods is principally due to the change to a net taxable income position for the year ended December 31, 2013 compared to a tax benefit position in the year ended December 31, 2012. The effective rate for the year ended December 31, 2013 is affected by the dividends received deduction from our investment securities holdings in preferred stocks.

Financial Condition**Balance Sheet Analysis**

Total assets were \$5.64 billion at June 30, 2014, an increase of \$1.67 billion, or 42.0%, from December 31, 2013. The increase in total assets includes an increase of \$1.00 billion in net loans, of which acquired loans increased \$469 million over the period. The increase in acquired loans reflects the \$548 million in net loans acquired through Great Florida Bank on January 31, 2014, partially offset by the run-off of the acquired loan portfolio through receipt of payments, loan payoffs or resolution through foreclosure and transfers to other real estate owned. Total securities portfolio was \$1.78 billion at June 30, 2014, an increase of \$599 million from December 31, 2013 primarily due to investment securities acquired from Great Florida Bank. The remaining increase in total assets was mainly due to increases in goodwill and other intangible assets of \$50.1 million, OREO of \$46.3 million, bank-owned life insurance of \$41.9 million, deferred tax assets of \$29.6 million and other assets of \$21.4 million which were partially offset by a decrease in the FDIC loss share indemnification asset of \$12.4 million and a decrease in FDIC receivables of \$2.7 million.

Total assets were \$3.97 billion at December 31, 2013, an increase of \$728 million, or 22.4%, from December 31, 2012. Of the \$728 million increase, \$902 million reflects the increase in net loans of which net new loans increased \$1.04 billion over the period offset by a decrease in net acquired loans of \$136.3 million. The net increase in loans in addition to an increase of bank owned life insurance of \$75.3 million was offset by a decrease in investment securities and cash of \$179.8 million, FDIC loss share indemnification asset of \$38.7 million, other real estate owned of \$23.1 million. The decrease in acquired loans reflects the run-off of the portfolio through receipt of payments, loan payoffs or resolution through foreclosure and transfers to other real estate owned. The change in our asset mix during the year ended December 31, 2013 reflects the current strategy to convert acquired loans, other real estate owned and investment securities into new loans.

Investment Securities

Total investment securities held to maturity and available for sale held by the Company increased \$599 million, or 50.6% compared to December 31, 2013. The increase in investment securities was primarily due to the \$278 million of securities acquired as part of the Great Florida Bank acquisition. The Company's investment securities portfolio as of June 30, 2014 primarily consisted of U.S. government agencies and sponsored enterprises obligations and mortgage back securities, corporate debt, asset-backed securities and preferred stocks. The average balance of the securities portfolio for the three months ended June 30, 2014 totaled \$1.71 billion with a pre-tax yield of 2.44%. The average balance of the securities portfolio for the six months ended June 30, 2014 totaled \$1.61 billion with a pre-tax yield of 2.53%.

Total investment securities held to maturity and available for sale held by the Company decreased from \$1.47 billion as of December 31, 2012, to \$1.15 billion as of December 31, 2013. The decrease in investment securities was a direct result of funding new loan growth during the year ended December 31, 2013 as net loans increased over the period by \$902 million. The Company's investment securities portfolio as of December 31, 2013 primarily consisted of corporate

debt, asset-backed securities and U.S. government agencies, mortgage-backed securities and preferred stocks. The average balance of the securities portfolio for the year ended December 31, 2013 totaled \$1.44 billion with a pre-tax yield of 2.53%. The Company held one security classified as held-to-maturity with an amortized cost of \$365,000 as of December 31, 2013.

No securities were determined to be OTTI as of June 30, 2014, December 31, 2013 and 2012. All securities available for sale at June 30, 2014, December 31, 2013 and December 31, 2012 are investment grade based on ratings from recognized rating agencies.

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The following table summarizes our available for sale securities portfolio as of the dates presented:

(Dollars in thousands)	June 30, 2014		December 31, 2013		December 31, 2012	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Available for sale securities:						
U.S. government agencies and sponsored enterprises obligations	\$ 79,896	\$ 80,098	\$ 51,553	\$ 51,155	\$ 145,795	\$ 146,692
U.S. government agencies and sponsored enterprises mortgage-backed securities	575,101	579,042	243,062	241,638	289,745	294,785
State and municipal obligations	2,039	2,237	2,039	2,124	2,539	2,790
Asset-backed securities	443,972	446,636	385,979	387,965	616,254	619,412
Corporate bonds and other debt securities	544,041	551,251	375,373	379,225	401,293	410,735
Preferred stock and other equity securities	66,340	65,438	90,330	83,664		
Total available for sale securities	\$ 1,711,389	\$ 1,724,702	\$ 1,148,336	\$ 1,145,771	\$ 1,455,626	\$ 1,474,414

The following table presents the estimated fair values and the gross unrealized loss on investment securities in an unrealized loss position less than 12 months and 12 months or more:

(Dollars in thousands)	Less than 12 months		June 30, 2014 12 months or more		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Available for sale securities:						
U.S. Government agencies and sponsored enterprises obligations	\$ 23,305	\$ 129	\$ 19,866	\$ 263	\$ 43,171	\$ 392
U.S. Government agencies and sponsored enterprises mortgage-backed securities	23,444	130	56,826	1,061	80,270	1,191
State and municipal obligations						
Asset-backed securities	118,831	1,113	2,500	13	121,331	1,126
Corporate bonds and other debt securities	32,130	20			32,130	20
Preferred stock and other equity securities	12,951	59	36,251	992	49,202	1,051
Total available for sale securities	\$ 210,661	\$ 1,451	\$ 115,443	\$ 2,329	\$ 326,104	\$ 3,780

December 31, 2013

(Dollars in thousands)	Less than 12 months		12 months or more		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Available for sale securities:						
U.S. Government agencies and sponsored enterprises obligations	\$ 41,276	\$ 456	\$	\$	\$ 41,276	\$ 456
U.S. Government agencies and sponsored enterprises mortgage-backed securities	141,304	2,494	636	1	141,940	2,495
State and municipal obligations						
Asset-backed securities	161,879	1,233	11,949	48	173,828	1,281
Corporate bonds and other debt securities	58,596	601			58,596	601
Preferred stock and other equity securities	65,061	6,871			65,061	6,871
Total available for sale securities	\$ 468,116	\$ 11,655	\$ 12,585	\$ 49	\$ 480,701	\$ 11,704

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(Dollars in thousands)	December 31, 2012					
	Less than 12 months		12 months or more		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Available for sale securities:						
U.S. Government agencies and sponsored enterprises obligations	\$ 969	\$ 16	\$	\$	\$ 969	\$ 16
U.S. Government agencies and sponsored enterprises mortgage-backed securities	21,860	84			21,860	84
State and municipal obligations						
Asset-backed securities	60,972	60	107,737	1,528	168,709	1,588
Corporate bonds and other debt securities	2,993	6			2,993	6
Preferred stock and other equity securities						
Total available for sale securities	\$ 86,794	\$ 166	\$ 107,737	\$ 1,528	\$ 194,531	\$ 1,694

The following table shows contractual maturities and yields on our investment securities available for sale. Expected maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties. Average yields are not presented on a taxable equivalent basis.

(Dollars in thousands)	Maturity as of June 30, 2014							
	One Year or Less		One to Five Years		Five to Ten Years		After Ten Years	
	Amortized Cost	Average Yield	Amortized Cost	Average Yield	Amortized Cost	Average Yield	Amortized Cost	Average Yield
Available for sale securities:								
Asset-backed securities	\$		\$ 1,903	1.39%	\$ 223,676	2.63%	\$ 218,393	2.57%
Corporate bonds and other securities	19,028	1.86%	403,194	1.45%	27,972	1.64%	93,847	5.42%
U.S. Government agencies and sponsored enterprises mortgage-backed securities			27,057	1.63%	372,474	2.13%	175,570	2.33%
U.S. Government agencies and sponsored enterprises obligations	309	-8.97%			57,290	1.66%	22,297	3.12%
State and municipal obligations							2,039	5.35%
Preferred stock and other equity securities (1)							66,340	5.24%
Total available for sale securities	\$ 19,337	1.68%	\$ 432,154	1.46%	\$ 681,412	2.24%	\$ 578,486	3.30%

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(Dollars in thousands)	Maturity as of December 31, 2013							
	One Year or Less		One to Five Years		Five to Ten Years		After Ten Years	
	Amortized Cost	Average Yield	Amortized Cost	Average Yield	Amortized Cost	Average Yield	Amortized Cost	Average Yield
Available for sale securities:								
Asset-backed securities	\$		\$ 7,372	2.05%	\$ 158,868	2.82%	\$ 219,739	2.79%
Corporate bonds and other securities	10,085	2.06%	304,679	1.88%	10,735	2.43%	49,874	5.68%
U.S. Government agencies and sponsored enterprises mortgage-backed securities			29,344	1.55%	119,567	1.76%	94,151	5.68%
U.S. Government agencies and sponsored enterprises obligations			638	-2.03%	50,915	1.58%		
State and municipal obligations							2,039	5.35%
Preferred stock and other equity securities (1)							90,330	5.53%
Total available for sale securities	\$ 10,085	2.06%	\$ 342,033	1.85%	\$ 340,085	2.25%	\$ 456,133	3.53%

(1) Preferred stock securities are all fixed-to-floating rate perpetual preferred stock that are callable between April 2017 and November 2023.

(Dollars in thousands)	Maturity as of December 31, 2012							
	One Year or Less		One to Five Years		Five to Ten Years		After Ten Years	
	Amortized Cost	Average Yield	Amortized Cost	Average Yield	Amortized Cost	Average Yield	Amortized Cost	Average Yield
Available for sale securities:								
Asset-backed securities	\$		\$ 34,511	2.55%	\$ 454,119	2.51%	\$ 127,624	2.95%
Corporate bonds and other securities	51,712	2.52%	313,480	2.26%	8,977	2.38%	27,124	5.70%
U.S. Government agencies and sponsored enterprises mortgage-backed securities	3.21	0.01	26,352	1.64%	155,464	1.41%	107,926	2.27%
U.S. Government agencies and sponsored enterprises obligations			985	0.34%	144,810	1.30%		

State and municipal obligations			501	0.03%			2,038	5.43%
Preferred stock and other equity securities (1)								
Total available for sale securities	\$ 51,715	2.52%	\$ 375,829	2.24%	\$ 763,370	2.06%	\$ 264,712	2.97%

As a member institution of the FHLB and the Federal Reserve Bank, or FRB, the Bank is required to own capital stock in the FHLB and the FRB. As of June 30, 2014, December 31, 2013 and 2012, the Bank held approximately \$56.3 million, \$36.2 million and \$30.1 million, respectively, in FHLB, FRB and other bank stock. No market exists for this stock, and the Bank's investment can be liquidated only through repurchase by the FHLB or FRB. Such repurchases have historically been at par value. We monitor our investment in FHLB and FRB stock for impairment through review of recent financial results, dividend payment history and information from credit agencies. As of June 30, 2014, December 31, 2013 and 2012, respectively, management did not identify any indicators of impairment of FHLB and FRB stock.

Except for securities issued by U.S. government agencies and sponsored enterprise obligations, we did not have any concentrations where the total outstanding balances issued by a single issuer exceed 10% of our stockholders' equity as of June 30, 2014, December 31, 2013 or 2012.

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The current concentrations in our loan portfolio may not be indicative of concentrations in our loan portfolio in the future. We plan to maintain a relatively diversified loan portfolio to help reduce the risk inherent in concentration in certain types of collateral. The following table summarizes the allocation of New loans, Covered Acquired and Non-covered acquired loans as of the dates presented:

(Dollars in thousands)	June 30, 2014		December 31, 2013		December 31, 2012	
	Ending Balance	Percent of Total	Ending Balance	Percent of Total	Ending Balance	Percent of Total
New loans:						
1-4 single family residential	\$ 523,987	16.1%	\$ 359,818	15.9%	\$ 70,882	5.2%
Home equity loans and lines of credit	9,631	0.3%	19,303	0.9%	393	0.0%
Commercial real estate	892,999	27.4%	669,711	29.6%	305,230	22.4%
Commercial and industrial	753,984	23.1%	645,037	28.6%	295,236	21.7%
Construction, land and development	123,169	3.8%	75,666	3.3%	55,451	4.1%
Consumer	2,567	0.1%	1,176	0.1%	2,481	0.2%
Total new loans	2,306,337	70.8%	1,770,711	78.4%	729,673	53.6%
Uncovered acquired loans (1)(2):						
1-4 single family residential	160,093	4.9%	12,429	0.6%	12,010	0.9%
Home equity loans and lines of credit	46,091	1.4%	1,225	0.1%	3,417	0.3%
Commercial real estate	309,511	9.5%	81,005	3.6%	97,407	7.2%
Commercial and industrial	50,293	1.5%	11,617	0.5%	16,390	1.2%
Construction, land and development	61,230	1.9%	19,209	0.9%	19,015	1.4%
Consumer	3,574	0.1%	3,333	0.1%	5,226	0.4%
Total uncovered acquired loans	630,792	19.3%	128,818	5.8%	153,465	11.4%
Covered acquired Loans (1)(2):						
1-4 single family residential	49,765	1.5%	54,490	2.4%	65,809	4.8%
Home equity loans and lines of credit	10,835	0.3%	10,773	0.5%	15,178	1.1%
Commercial real estate	194,304	5.9%	205,847	9.1%	249,197	18.2%
Commercial and industrial	47,670	1.5%	50,470	2.2%	63,718	4.7%
Construction, land and development	23,057	0.7%	36,727	1.6%	80,808	5.9%
Consumer	892	0.0%	948	0.0%	3,466	0.3%
Total covered acquired loans	326,523	9.9%	359,255	15.8%	478,176	35.0%
Total loans	\$ 3,263,652	100.0%	\$ 2,258,784	100.0%	\$ 1,361,314	100.0%

(1) Loans acquired with evidence of credit deterioration since origination are presented net of discounts.

(2) Includes loans classified as ASC 310-30 and Non-ASC 310-30.

Table of Contents**Index to Financial Statements*****Loan Portfolio Maturities and Interest Rate Sensitivity***

The following table summarizes the loan contractual maturity distribution by type as of June 30, 2014.

(Dollars in thousands)	June 30, 2014			Total
	One Year or Less	After One but Within Five Years	After Five Years	
New loans:				
1-4 single family residential	\$ 60	\$ 23,068	\$ 500,859	\$ 523,987
Home equity loans and lines of credit	198		9,433	9,631
Commercial real estate	15,408	428,575	449,016	892,999
Commercial and industrial	22,557	679,842	51,585	753,984
Construction, land and development	17,948	56,971	48,250	123,169
Consumer	101	2,377	89	2,567
Total new loans	56,272	1,190,833	1,059,232	2,306,337
Uncovered acquired loans:				
1-4 single family residential	3,047	12,879	144,167	160,093
Home equity loans and lines of credit	142	1,286	44,663	46,091
Commercial real estate	64,959	176,430	68,122	309,511
Commercial and industrial	20,083	26,829	3,381	50,293
Construction, land and development	17,746	33,612	9,872	61,230
Consumer	929	1,532	1,113	3,574
Total uncovered acquired loans	106,906	252,568	271,318	630,792
Covered acquired loans:				
1-4 single family residential	17,815	6,886	25,064	49,765
Home equity loans and lines of credit	1,748	3,612	5,475	10,835
Commercial real estate	63,986	114,493	15,825	194,304
Commercial and industrial	18,207	20,356	9,107	47,670
Construction, land and development	12,729	10,196	132	23,057
Consumer	312	146	434	892
Total covered acquired loans	114,797	155,689	56,037	326,523
Total loans	\$ 277,975	\$ 1,599,090	\$ 1,386,587	\$ 3,263,652

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The following table summarizes the loan contractual maturity distribution by related interest rate characteristics as of June 30, 2014.

(Dollars in thousands)	June 30, 2014	
	After One but Within Five Years	After Five Years
New loans:		
Predetermined (fixed) interest rates	\$ 306,300	\$ 368,803
Floating interest rates	884,533	690,429
Total	1,190,833	1,059,232
Uncovered acquired Loans:		
Predetermined (fixed) interest rates	170,914	104,606
Floating interest rates	81,654	166,712
Total	252,568	271,318
Covered acquired Loans:		
Predetermined (fixed) interest rates	79,316	9,553
Floating interest rates	76,373	46,484
Total	155,689	56,037
Total Loans:		
Predetermined (fixed) interest rates	556,530	482,962
Floating interest rates	1,042,560	903,625
Total	\$ 1,599,090	\$ 1,386,587

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The following table summarizes the loan contractual maturity distribution by type as of December 31, 2013.

(Dollars in thousands)	December 31, 2013			
	One Year or Less	After One but Within Five Years	After Five Years	Total
New loans:				
1-4 Single Family Residential	\$	\$ 16,200	\$ 343,618	\$ 359,818
Home equity loans and lines of credit	198	12,736	6,369	19,303
Commercial Real Estate	5,702	334,188	329,821	669,711
Commercial and industrial	30,953	408,174	205,910	645,037
Construction, land and development		50,381	25,285	75,666
Consumer	198	978		1,176
Total new loans	37,051	822,657	911,003	1,770,711
Uncovered acquired loans:				
1-4 Single Family Residential	2,462	3,362	6,605	12,429
Home equity loans and lines of credit	163	1,062		1,225
Commercial Real Estate	5,927	21,887	53,191	81,005
Commercial and industrial	3,311	6,816	1,490	11,617
Construction, land and development	3,060	11,040	5,109	19,209
Consumer	1,212	1,125	996	3,333
Total uncovered acquired loans	16,135	45,292	67,391	128,818
Covered acquired Loans:				
1-4 Single Family Residential	21,303	7,097	26,090	54,490
Home equity loans and lines of credit	1,818	3,624	5,331	10,773
Commercial Real Estate	76,467	107,688	21,692	205,847
Commercial and industrial	20,689	20,258	9,523	50,470
Construction, land and development	26,697	9,803	227	36,727
Consumer	329	171	448	948
Total covered acquired loans	147,303	148,641	63,311	359,255
Total loans	\$ 200,489	\$ 1,016,590	\$ 1,041,705	\$ 2,258,784

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The following table summarizes the loan contractual maturity distribution by related interest rate characteristics as of December 31, 2013.

(Dollars in thousands)	December 31, 2013	
	After One but Within Five Years	After Five Years
New loans:		
Predetermined (fixed) interest rates	\$ 237,227	\$ 263,846
Floating interest rates	585,430	647,157
Total	\$ 822,657	\$ 911,003
Uncovered acquired Loans:		
Predetermined (fixed) interest rates	\$ 33,733	\$ 4,420
Floating interest rates	11,559	62,971
Total	\$ 45,292	\$ 67,391
Covered acquired Loans:		
Predetermined (fixed) interest rates	\$ 78,273	\$ 8,184
Floating interest rates	70,368	55,127
Total	\$ 148,641	\$ 63,311
Total Loans:		
Predetermined (fixed) interest rates	\$ 349,233	\$ 276,450
Floating interest rates	667,357	765,255
Total	\$ 1,016,590	\$ 1,041,705

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The following table summarizes the loan contractual maturity distribution by type as of December 31, 2012.

(Dollars in thousands)	December 31, 2012			Total
	One Year or Less	After One but Within Five Years	After Five Years	
New loans:				
1-4 Single Family Residential	\$ 802	\$ 8,939	\$ 61,141	\$ 70,882
Home equity loans and lines of credit	160	8	225	393
Commercial Real Estate	2,785	188,189	114,256	305,230
Commercial and industrial	14,495	257,061	23,680	295,236
Construction, land and development		55,296	155	55,451
Consumer	1,842	639		2,481
Total new loans	20,084	510,132	199,457	729,673
Uncovered acquired loans:				
1-4 Single Family Residential	2,606	2,652	6,752	12,010
Home equity loans and lines of credit	1,858	639	920	3,417
Commercial Real Estate	12,384	24,155	60,868	97,407
Commercial and industrial	6,444	6,643	3,303	16,390
Construction, land and development	5,571	7,761	5,683	19,015
Consumer	1,818	2,152	1,256	5,226
Total uncovered acquired loans	30,681	44,002	78,782	153,465
Covered acquired Loans:				
1-4 Single Family Residential	19,165	16,671	29,973	65,809
Home equity loans and lines of credit	2,472	5,613	7,093	15,178
Commercial Real Estate	79,462	134,976	34,759	249,197
Commercial and industrial	21,215	26,752	15,751	63,718
Construction, land and development	58,550	20,609	1,649	80,808
Consumer	2,027	860	579	3,466
Total covered acquired loans	182,891	205,481	89,804	478,176
Total loans	\$ 233,656	\$ 759,615	\$ 368,043	\$ 1,361,314

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The following table summarizes the loan contractual maturity distribution by related interest rate characteristics as of December 31, 2012.

(Dollars in thousands)	December 31, 2012	
	After One but Within Five Years	After Five Years
New loans:		
Predetermined (fixed) interest rates	\$ 162,230	\$ 90,509
Floating interest rates	347,902	108,948
Total	\$ 510,132	\$ 199,457
Uncovered acquired loans:		
Predetermined (fixed) interest rates	\$ 32,304	\$ 5,055
Floating interest rates	11,698	73,727
Total	\$ 44,002	\$ 78,782
Covered acquired Loans:		
Predetermined (fixed) interest rates	\$ 115,264	\$ 9,760
Floating interest rates	90,217	80,044
Total	\$ 205,481	\$ 89,804
Total Loans:		
Predetermined (fixed) interest rates	\$ 309,798	\$ 105,324
Floating interest rates	449,817	262,719
Total	\$ 759,615	\$ 368,043

The expected life of our loan portfolio will differ from contractual maturities because borrowers may have the right to curtail or prepay their loans with or without prepayment penalties. Because a portion of the portfolio is accounted for under ASC 310-30, the carrying value is significantly affected by estimates and it is impracticable to allocate scheduled payments for those loans based on those estimates. Consequently, the tables above include information limited to contractual maturities of the underlying loans.

Analysis of the Allowance for Loan Losses (ALL)

The ALL reflects management's estimate of probable credit losses inherent in the loan portfolio. The computation of the ALL includes elements of judgment and high levels of subjectivity. As a portion of the Company's loans were

acquired in failed bank acquisitions and were purchased at a substantial discount to their original book value, we segregate loans into three buckets when assessing and analyzing the ALL: new loans, acquired ASC 310-30 loans, acquired Non-ASC 310-30 loans.

The Company's ALL is established for both performing and nonperforming loans. The Company's ALL is the amount considered adequate to absorb probable losses within the portfolio based on management's evaluation of the size and current risk characteristics of the loan portfolio. Such evaluation considers numerous factors including, but not limited to, internal risk ratings, loss forecasts, collateral values, geographic location, borrower FICO scores, delinquency rates, nonperforming and restructured loans, origination channels, product mix, underwriting practices, industry conditions, economic trends and net charge-off trends. The ALL relates to new loans, estimated additional losses arising on Non-ASC 310-30 loans subsequent to the 2010 and 2011 Acquisitions and additional impairment recognized as a result of decreases in expected cash flows on ASC 310-30 pools due to further credit deterioration or other factors since the Acquisitions. The ALL consists of both specific and general components.

A portion of the Company's loans receivable consists of loans acquired through business combinations. Substantially all loans acquired through the Failed Bank Acquisitions and a portion of the loans acquired in Great

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Florida Acquisition had a fair value discount at acquisition date due at least in part to deterioration in credit quality since origination and are accounted for under ASC 310-30. The remaining portfolio of acquired loans consists of loans acquired not accounted for under ASC 310-30, or non-ASC 310-30 loans, as they do not exhibit credit deterioration since origination or are specifically scoped out of ASC 310-30. The non-ASC 310-30 loans are subject to ASC 450-20 (previously referred to as SFAS 5) and ASC 310-10-35 (previously referred to as SFAS 114) analysis post acquisition. Additionally, new loans are considered non-ASC 310-30 loans and are subject to ASC 450-20 and ASC 310-10-35 analysis.

For ASC 310-30 pools, a specific valuation allowance is established when it is probable that the Company will be unable to collect all of the cash flows that were expected at the acquisition date, plus the additional cash flows expected to be collected arising from changes in estimates after acquisition. Expected cash flows are estimated on an individual loan basis and then aggregated at the ASC 310-30 pool level. The analysis of expected pool cash flows incorporates updated pool level expected prepayment rate, default rate, delinquency level and loss severity given default assumptions. These analyses incorporate information about loan performance, collateral values, the financial condition of the borrower, internal risk ratings, the Company's own and industry historical delinquency and default severity data.

The carrying value for ASC 310-30 pools is reduced by the amount of the calculated impairment, which is also the basis in which future accretion income is calculated. A charge-off is taken for an individual ASC 310-30 loan when it is deemed probable that the loan will be resolved for an amount less than its carrying value. The charge-off is taken to the specific allowance or mark as applicable. Alternatively, an improvement in the expected cash flows related to ASC 310-30 pools results in a reduction or recoupment of any previously established specific allowance with a corresponding credit to the provision for loan losses. Any recoupment recorded is limited to the amount of the remaining specific allowance for that pool, with any excess of expected cash flow resulting in a reclassification from non-accretable to accretable yield and an increase in the prospective yield of the pool.

The New and Non-ASC 310-30 loan portfolios have limited delinquency and credit loss history and have not yet exhibited an observable loss trend. The credit quality of loans in these loan portfolios are impacted by delinquency status and debt service coverage generated by the borrowers' businesses and fluctuations in the value of real estate collateral. Management considers delinquency status to be the most meaningful indicator of the credit quality of one-to-four single family residential, home equity loans and lines of credit and other consumer loans. Delinquency statistics are updated at least monthly. Internal risk ratings are considered the most meaningful indicator of credit quality for Non-ASC 310-30 and New commercial, construction and commercial real estate loans. Internal risk ratings are a key factor in identifying loans that are individually evaluated for impairment and impact management's estimates of loss factors used in determining the amount of the ALL. Internal risk ratings are updated on a continuous basis. Relationships with balances in excess of \$250,000 are re-evaluated at least annually and more frequently if circumstances indicate that a change in risk rating may be warranted.

New and Non-ASC 310-30 loans of \$250,000 or greater with an internal risk rating of substandard or below and on nonaccrual, as well as loans classified as TDR, are reviewed individually for impairment on a quarterly basis. The specific allowance established for these loans is based on a thorough analysis of the most probable source of repayment, including the present value of the loan's expected future cash flows, the loan's estimated market value or the estimated fair value of the underlying collateral less costs of disposition. General allowances are established for New and Non-ASC 310-30 loans that are not classified as impaired, which are evaluated by loan category based on common risk characteristics. In this process, general loan loss factors are established based on the following: historical loss factors derived from the Federal Financial Institutions Examination Council's quarterly Unified Performance

Branch Report for Group 1 banks (assets greater than \$3 billion) using an annualized weighted average eight quarter rolling basis; trends in delinquencies and nonaccruals by loan portfolio segment and asset categories within those segments; portfolio segment and asset category production trends, including average risk ratings and LTV ratios; current industry conditions, including real estate market

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trends; general economic conditions; credit concentrations by portfolio and asset categories; and portfolio quality, which encompasses an assessment of the quality and relevance of borrowers' financial information and collateral valuations and average risk rating and migration trends within portfolios and asset categories.

Other adjustments for qualitative factors may be made to the allowance after an assessment of internal and external influences on credit quality and loss severity that are not fully reflected in the historical loss or risk rating data. For these measurements, the Company uses assumptions and methodologies that are relevant to estimating the level of impairment and probable losses in the loan portfolio. To the extent that the data supporting such assumptions has limitations, management's judgment and experience play a key role in recording the allowance estimates. Qualitative adjustments are considered for: portfolio credit quality trends, including levels of delinquency, charge-offs, nonaccrual, restructuring and other factors; policy and credit standards, including quality and experience of lending and credit management; and general economic factors, including national, regional and local conditions and trends.

Additions to the ALL are made by provisions charged to earnings. The allowance is decreased by charge-offs of balances no longer deemed collectible. Charge-offs on New and Non-ASC 310-30 loans are recognized as follows: commercial loans are written-off when management determines them to be uncollectible; for unsecured consumer loans at 90 days past due; and for residential real estate loans and secured consumer loans when they become 120 to 180 days past due, depending on the collateral type. The Company reports recoveries on a cash basis at the time received. Recoveries on ASC 310-30 loans that were charged-off and Non-ASC 310-30 loans that were charged-off prior to the Acquisitions are recognized in earnings as income from resolution of acquired assets and do not affect the allowance for loan losses. All other recoveries are credited to the ALL.

The allowance for loan losses increased \$3.2 million to \$17.9 million at June 30, 2014 from \$14.7 million at December 31, 2013, primarily due to the increase in new loans of \$535.6 million. The ALL as a percentage of non-performing assets and ALL as a percentage of total gross loans was 15.42% and 0.55% as of June 30, 2014, compared to 21.4% and 0.65% at December 31, 2013. The decrease in both ratios was the result of the Great Florida Acquisition. Acquired loans from the Great Florida Acquisition were recorded at their fair value at the date of acquisition. Discounts due to credit quality are included in the determination of fair value; therefore an ALL is not recorded at the acquisition date.

As of June 30, 2014, substantially all of our new loans are performing and have exhibited limited delinquency and credit loss history to establish an observable loss trend. Given this lack of sufficient loss history on the new loan portfolio, we utilize historical loss rates from peer banking institutions to establish quantitative historical loss data and trends. As described above, these historical loss rates are obtained for specific loan types from peers that include commercial banks having assets greater than \$3 billion.

Total new loans in delinquent status were \$198,000, \$8.1 million and \$515,000 as of June 30, 2014, December 31, 2013 and December 31, 2012, respectively. As of the same dates, total new loans past due 60 days and greater or in non-accrual status were \$198,000, \$3.2 million and \$515,000, or 0.00%, 0.18% and 0.07% of the total new loan portfolio, respectively.

On June 30, 2014, we had \$2.31 billion in new loans outstanding and an ALL balance for new loans of \$12.4 million for an ALL coverage ratio of 0.54%. On December 31, 2013, we had \$1.78 billion in new loans outstanding and an ALL balance for new loans of \$8.3 million for an ALL coverage ratio of 0.47%. On December 31, 2012, we had \$729.7 million in new loans outstanding and an ALL balance for new loans of \$5.2 million for an ALL coverage ratio of 0.71%.

During the three months ended June 30, 2014 and year ended December 31, 2013, there has been a decline in the historical loss rates utilized in our quantitative analysis. The weighted average peer banking institutions loss factors, based on our loan portfolio mix, at June 30, 2014, December 31, 2013 and December 31, 2012 was 0.31%, 0.42% and 0.64%, respectively. In addition to quantitative historical loss rates, we utilize qualitative adjustments to derive our ALL. Our ALL coverage ratio for the new loan portfolio exceeded the peer historical loss rates as of June 30, 2014, December 31, 2013 and December 31, 2012.

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The following table summarizes the allocation of the ALL and the activity related to our ALL related to our loans for the three and six months ended June 30, 2014 and 2013, respectively.

	Commercial Real Estate	1-4 Single Family Residential	Construction, Land and Development	Home Equity Loans and Lines of Credit	Commercial and Industrial	Consumer	Total
Balance at April 1, 2014	\$ 5,523	\$ 1,587	\$ 1,900	\$ 151	\$ 5,977	\$ 356	\$ 15,494
Provision (credit) for ASC 310-30 loans	191	212	(31)		(539)	(34)	(201)
Provision for non-ASC 310-30 loans	4	(45)		89	16	32	96
Provision for New loans	1,351	702	499	(65)	849	5	3,341
Total provision	1,546	869	468	24	326	3	3,236
Charge-offs for ASC 310-30 loans		(30)	(444)		(32)	(4)	(510)
Charge-offs for non-ASC 310-30 loans				(62)		(29)	(91)
Charge-offs for New loans					(348)		(348)
Total charge-offs		(30)	(444)	(62)	(380)	(33)	(949)
Recoveries for ASC 310-30 loans	91		11		1		103
Recoveries for non-ASC 310-30 loans							
Recoveries for New loans							
Total recoveries	91		11		1		103

**Ending ALL
balance**

ASC 310-30 loans	2,883	207	660		1,359	298	5,407
Non-ASC 310-30 loans	15	7		32	6	3	63
New loans	4,262	2,212	1,275	81	4,559	25	12,414

**Balance at
June 30, 2014**

\$	7,160	\$	2,426	\$	1,935	\$	113	\$	5,924	\$	326	\$	17,884
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**Loans ending
balance**

ASC 310-30 loans	413,154	98,802	76,210		81,444	3,345	672,955
Non-ASC 310-30 and New loans individually evaluated for impairment	4,666			184			4,850
Non-ASC 310-30 and New loans collectively evaluated for impairment	978,994	635,043	131,246	66,373	770,503	3,688	2,585,847

**Total loans,
gross**

\$	1,396,814	\$	733,845	\$	207,456	\$	66,557	\$	851,947	\$	7,033	\$	3,263,652
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**Loans ending
balance as a
percentage of
total loans, gross**

ASC 310-30 loans	12.7%	3.0%	2.3%	0.0%	2.5%	0.1%	20.6%
Non-ASC 310-30 and New loans individually evaluated for impairment	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
Non-ASC 310-30 and New loans collectively evaluated for impairment	30.0%	19.5%	4.1%	2.0%	23.6%	0.1%	79.3%
Total loans, gross	42.8%	22.5%	6.4%	2.0%	26.1%	0.2%	100.0%

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	Commercial Real Estate	1-4 Single Family Residential	Construction, Land and Development	Home Equity Loans and Lines of Credit	Commercial and Industrial	Consumer	Total
Balance at April 1, 2013	\$ 5,031	\$ 2,414	\$ 3,855	\$ 82	\$ 4,878	\$ 354	\$ 16,614
Provision (credit) for ASC 310-30 loans	572	(709)	(72)		257	399	447
Provision for non-ASC 310-30 loans	(3)	(21)	(2)	(7)	(190)		(223)
Provision for New loans	(35)	15	(338)	(25)	632		249
Total provision	534	(715)	(412)	(32)	699	399	473
Charge-offs for ASC 310-30 loans		(576)	(232)		(1)	(455)	(1,264)
Charge-offs for non-ASC 310-30 loans					(64)		(64)
Charge-offs for New loans			(34)				(34)
Total charge-offs		(576)	(266)		(65)	(455)	(1,362)
Recoveries for ASC 310-30 loans	26	2	2			1	31
Recoveries for non-ASC 310-30 loans							
Recoveries for New loans							
Total recoveries	26	2	2			1	31
Ending ALL balance							
ASC 310-30 loans	4,163	595	2,167		3,066	279	10,270
Non-ASC 310-30 loans	14	11	1	38	8	4	76
New loans	1,414	519	1,011	12	2,438	16	5,410

Balance at June 30, 2013	\$ 5,591	\$ 1,125	\$ 3,179	\$ 50	\$ 5,512	\$ 299	\$ 15,756
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**Loans ending
balance**

ASC 310-30 loans	306,181	60,861	88,389		64,235	4,636	524,302
Non-ASC 310-30 and New loans individually evaluated for impairment	5,134				253		5,387
Non-ASC 310-30 and New loans collectively evaluated for impairment	402,891	113,843	56,766	15,141	532,353	5,033	1,126,027
Total loans, gross	\$ 714,206	\$ 174,704	\$ 145,155	\$ 15,141	\$ 596,841	\$ 9,669	\$ 1,655,716

**Loans ending
balance as a
percentage of
total loans, gross**

ASC 310-30 loans	18.5%	3.7%	5.3%	0.0%	3.9%	0.3%	31.7%
Non-ASC 310-30 and New loans individually evaluated for impairment	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%
Non-ASC 310-30 and New loans collectively evaluated for impairment	24.3%	6.9%	3.4%	0.9%	32.2%	0.3%	68.0%
Total loans, gross	43.1%	10.6%	8.7%	0.9%	36.1%	0.6%	100.0%

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	Commercial Real Estate	1-4 Single Family Residential	Construction, Land and Development	Home Equity Loans and Lines of Credit	Commercial and Industrial	Consumer	Total
Balance at January 1, 2014	\$ 4,834	\$ 1,443	\$ 1,819	\$ 132	\$ 6,331	\$ 174	\$ 14,733
Provision (credit) for ASC 310-30 loans	191	152	133		(871)	232	(163)
Provision for non-ASC 310-30 loans	5	(45)		129	(109)	32	12
Provision for New loans	2,113	906	441	(45)	1,054	8	4,477
Total provision	2,309	1,013	574	84	74	272	4,326
Charge-offs for ASC 310-30 loans	(74)	(30)	(1,245)		(110)	(91)	(1,550)
Charge-offs for non-ASC 310-30 loans				(103)	(24)	(29)	(156)
Charge-offs for New loans					(348)		(348)
Total charge-offs	(74)	(30)	(1,245)	(103)	(482)	(120)	(2,054)
Recoveries for ASC 310-30 loans	91		787		1		879
Recoveries for non-ASC 310-30 loans							
Recoveries for New loans							
Total recoveries	91		787		1		879
Ending ALL balance							
ASC 310-30 loans	2,883	207	660		1,359	298	5,407
	15	7		32	6	3	63

Non-ASC 310-30
loans

New loans	4,262	2,212	1,275	81	4,559	25	12,414
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Balance at

June 30, 2014	\$ 7,160	\$ 2,426	\$ 1,935	\$ 113	\$ 5,924	\$ 326	\$ 17,884
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**Loans ending
balance**

ASC 310-30 loans	413,154	98,802	76,210		81,444	3,345	672,955
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Non-ASC 310-30 and New loans individually evaluated for impairment	4,666			184			4,850
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Non-ASC 310-30 and New loans collectively evaluated for impairment	978,994	635,043	131,246	66,373	770,503	3,688	2,585,847
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**Total loans,
gross**

	\$ 1,396,814	\$ 733,845	\$ 207,456	\$ 66,557	\$ 851,947	\$ 7,033	\$ 3,263,652
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**Loans ending
balance as a
percentage of
total loans, gross**

ASC 310-30 loans	12.7%	3.0%	2.3%	0.0%	2.5%	0.1%	20.6%
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Non-ASC 310-30 and New loans individually evaluated for impairment	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
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Non-ASC 310-30 and New loans collectively evaluated for impairment	30.0%	19.5%	4.1%	2.0%	23.6%	0.1%	79.3%
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**Total loans,
gross**

	42.8%	22.5%	6.4%	2.0%	26.1%	0.2%	100.0%
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	Commercial Real Estate	1-4 Single Family Residential	Construction, Land and Development	Home Equity Loans and Lines of Credit	Commercial and Industrial	Consumer	Total
Balance at January 1, 2013	\$ 4,107	\$ 3,049	\$ 5,239	\$ 67	\$ 6,054	\$ 433	\$ 18,949
Provision (credit) for ASC 310-30 loans	2,634	(1,153)	463		(970)	486	1,460
Provision for non-ASC 310-30 loans	(6)	(31)	(2)	(24)	(110)		(173)
Provision for New loans	(184)	(103)	(100)	8	703	(42)	282
Total provision	2,444	(1,287)	361	(16)	(377)	444	1,569
Charge-offs for ASC 310-30 loans	(986)	(689)	(2,380)		(6)	(579)	(4,640)
Charge-offs for non-ASC 310-30 loans				(1)	(159)		(160)
Charge-offs for New loans			(57)				(57)
Total charge-offs	(986)	(689)	(2,437)	(1)	(165)	(579)	(4,857)
Recoveries for ASC 310-30 loans	26	52	16			1	95
Recoveries for non-ASC 310-30 loans							
Recoveries for New loans							
Total recoveries	26	52	16			1	95
Ending ALL balance							
ASC 310-30 loans	4,163	595	2,167		3,066	279	10,270
Non-ASC 310-30 loans	14	11	1	38	8	4	76
New loans	1,414	519	1,011	12	2,438	16	5,410

**Balance at
June 30, 2013** \$ 5,591 \$ 1,125 \$ 3,179 \$ 50 \$ 5,512 \$ 299 \$ 15,756

**Loans ending
balance**

ASC 310-30 loans	306,181	60,861	88,389		64,235	4,636	524,302
Non-ASC 310-30 and New loans individually evaluated for impairment	5,134				253		5,387
Non-ASC 310-30 and New loans collectively evaluated for impairment	402,891	113,843	56,766	15,141	532,353	5,033	1,126,027
Total loans, gross	\$ 714,206	\$ 174,704	\$ 145,155	\$ 15,141	\$ 596,841	\$ 9,669	\$ 1,655,716

**Loans ending
balance as a
percentage of
total loans, gross**

ASC 310-30 loans	18.5%	3.7%	5.3%	0.0%	3.9%	0.3%	31.7%
Non-ASC 310-30 and New loans individually evaluated for impairment	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%
Non-ASC 310-30 and New loans collectively evaluated for impairment	24.3%	6.9%	3.4%	0.9%	32.2%	0.3%	68.0%
Total loans, gross	43.1%	10.6%	8.7%	0.9%	36.1%	0.6%	100.0%

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The following table summarizes the allocation of the ALL and the activity related to our ALL related to our loans for the years ended December 31, 2013 and 2012, respectively.

(Dollars in thousands)	Commercial Real Estate	1-4 Single Family Residential	Construction Land and Development	Home Equity Loans and Lines of Credit	Commercial and Industrial	Consumer	Total
Balance at December 31, 2012	\$ 4,107	\$ 3,049	\$ 5,239	\$ 67	\$ 6,054	\$ 433	\$ 18,949
Provision (credit) for ASC 310-30 loans	1,263	(1,538)	601		(1,513)	510	(677)
Provision for non-ASC 310-30 loans	(10)	10	(3)	282	23	(4)	298
Provision for New loans	551	684	(141)	122	2,120	(43)	3,293
Total provision	1,804	(844)	457	404	630	463	2,914
Charge-offs for ASC 310-30 loans	(1,077)	(762)	(3,684)		(190)	(722)	(6,435)
Charge-offs for non-ASC 310-30 loans				(339)	(163)		(502)
Charge-offs for New loans			(193)				(193)
Total Charge-offs	(1,077)	(762)	(3,877)	(339)	(353)	(722)	(7,130)
Recoveries of non-ASC 310-30 loans							
Total recoveries							
Net charge-offs	(1,077)	(762)	(3,877)	(339)	(353)	(722)	(7,130)
ASC 310-30 loans	2,675	85	985		2,339	157	6,241
Non-ASC 310-30 loans	10	52		6	139		207
New loans	2,149	1,306	834	126	3,853	17	8,285
Balance at December 31, 2013	\$ 4,834	\$ 1,443	\$ 1,819	\$ 132	\$ 6,331	\$ 174	\$ 14,733
Ending ALL balance							
ASC 310-30 loans	\$ 2,675	\$ 85	\$ 985	\$	\$ 2,339	\$ 157	\$ 6,241

Non-ASC 310-30 and New loans individually evaluated for impairment	\$	\$	44	\$	\$	105	\$	\$	\$	149				
Non-ASC 310-30 and New loans collectively evaluated for impairment	\$	2,159	\$	1,314	\$	834	\$	27	\$	3,992	\$	17	\$	8,343
Loans ending balance														
ASC 310-30 loans	\$	274,147	\$	56,745	\$	55,936	\$		\$	57,047	\$	3,992	\$	447,867
Non-ASC 310-30 and New loans individually evaluated for impairment		5,218		277				500		5,995				11,990
Non-ASC 310-30 and New loans collectively evaluated for impairment		677,198		369,715		75,666		30,801		644,082		1,465		1,798,927
Total loans, gross	\$	956,563	\$	426,737	\$	131,602	\$	31,301	\$	707,124	\$	5,457	\$	2,258,784
Loans ending balance as a percentage of total loans, gross														
ASC 310-30 loans		12.1%		2.5%		2.5%		0.0%		2.5%		0.2%		19.8%
Non-ASC 310-30 and New loans individually evaluated for impairment		0.2%		0.0%		0.0%		0.0%		0.3%		0.0%		0.5%
Non-ASC 310-30 and New loans collectively evaluated for impairment		30.0%		16.4%		3.3%		1.4%		28.5%		0.1%		79.7%
Total loans, gross		42.3%		18.9%		5.8%		1.4%		31.3%		0.3%		100.0%

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(Dollars in thousands)	Commercial Real Estate	1-4 Single Family Residential	Construction Land and Development	Home Equity Loans and Lines of Credit	Commercial and Industrial	Consumer	Total
Balance at December 31, 2011	\$ 1,717	\$ 5,464	\$ 1,844	\$ 84	\$ 8,628	\$ 105	\$ 17,842
Provision (credit) for ASC 310-30 loans	10,255	(1,667)	11,065		3,473	594	23,720
Provision for non-ASC 310-30 loans	57	(2)	(35)	9	738	49	816
Provision for New loans	639	466	609	4	(200)	47	1,565
Total provision	10,951	(1,203)	11,639	13	4,011	690	26,101
Charge-offs for ASC 310-30 loans	(8,457)	(1,232)	(8,130)		(4,574)	(310)	(22,703)
Charge-offs for non-ASC 310-30 loans	(104)		(23)	(30)	(1,991)	(52)	(2,200)
Charge-offs for New loans			(91)				(91)
Total Charge-offs	(8,561)	(1,232)	(8,244)	(30)	(6,565)	(362)	(24,994)
Recoveries of non-ASC 310-30 loans							
Total recoveries							
Net charge-offs	(8,561)	(1,232)	(8,244)	(30)	(6,565)	(362)	(24,994)
ASC 310-30 loans	2,489	2,405	4,068		4,022	369	13,353
Non-ASC 310-30 loans	20	22	3	63	299	4	411
New loans	1,598	622	1,168	4	1,733	60	5,185
Balance at December 31, 2012	\$ 4,107	\$ 3,049	\$ 5,239	\$ 67	\$ 6,054	\$ 433	\$ 18,949
Ending ALL balance							
ASC 310-30 loans	\$ 2,489	\$ 2,405	\$ 4,068	\$	\$ 4,022	\$ 369	\$ 13,353
Non-ASC 310-30 and New loans individually evaluated for	\$	\$	\$	\$	\$ 283	\$	\$ 283

impairment

Non-ASC 310-30 and New loans collectively evaluated for impairment	\$ 1,618	\$ 644	\$ 1,171	\$ 67	\$ 1,749	\$ 64	\$ 5,313
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Loans ending balance

ASC 310-30 loans	\$ 331,217	\$ 68,558	\$ 99,534	\$	\$ 72,895	\$ 8,406	\$ 580,610
Non-ASC 310-30 and New loans individually evaluated for impairment	5,354	427			283		6,064
Non-ASC 310-30 and New loans collectively evaluated for impairment	315,263	79,716	55,740	18,988	302,166	2,767	774,640

Total loans, gross	\$ 651,834	\$ 148,701	\$ 155,274	\$ 18,988	\$ 375,344	\$ 11,173	\$ 1,361,314
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**Loans ending balance
as a percentage of
total loans, gross**

ASC 310-30 loans	24.3%	5.0%	7.3%	0.0%	5.4%	0.6%	42.7%
Non-ASC 310-30 and New loans individually evaluated for impairment	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%
Non-ASC 310-30 and New loans collectively evaluated for impairment	23.2%	5.9%	4.1%	1.4%	22.2%	0.2%	56.9%
Total loans, gross	47.9%	10.9%	11.4%	1.4%	27.6%	0.8%	100.0%

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The increase of \$32.5 million in total loans in delinquent status from December 31, 2013 to June 30, 2014 was primarily due to the acquired loans from the Great Florida Acquisition. As of June 30, 2014, there were \$52.3 million of loans accounted for under ASC 310-30 in delinquent status that were acquired from Great Florida Bank. In addition, there were \$7.3 million of loans acquired from Great Florida Bank classified as Non-ASC 310-30 loans that are primarily loans with revolving privileges that were excluded from ASC 310-30. This increase was offset by a decrease in delinquent loans from the Failed Bank Acquisitions during the six months ended June 30, 2014.

The following tables provide a summary of our past due new loans, Acquired ASC 310-30 and Acquired Non-ASC 310-30 loans as of the dates presented.

(Dollars in thousands)	June 30, 2014				
	Loans Past Due 30 to 59 days	Loans Past Due 60 to 89 days	Loans Past Due 90 Days and Over and Still Accruing	Loans in Non- Accrual Status	Total Loans in Delinquent Status
New loans					
Commercial real estate	\$	\$	\$	\$	\$
1-4 single family residential					
Construction, land and development					
Home equity lines of credit				198	198
Total real estate loans				198	198
Commercial and industrial					
Consumer					
Total new loans	\$	\$	\$	\$ 198	\$ 198
Acquired ASC 310-30 loans					
Commercial real estate	\$ 2,142	\$ 1,485	\$ 21,616	\$ 8,835	\$ 34,078
1-4 single family residential	484	1,565	29,816		31,865
Construction, land and development	396		8,826	1,748	10,970
Home equity lines of credit					
Total real estate loans	3,022	3,050	60,258	10,583	76,913
Commercial and industrial	211	3,492	11,489	9,544	24,736
Consumer	3		139	564	706
Total acquired ASC 310-30 loans	\$ 3,236	\$ 6,542	\$ 71,886	\$ 20,691	\$ 102,355
Acquired non-ASC 310-30 loans					
Commercial real estate	\$	\$	\$	\$ 5,001	\$ 5,001

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1-4 single family residential	831		618	1,449
Construction, land and development			1,716	1,716
Home equity lines of credit	1,023	537	5,142	6,702
Total real estate loans	1,023	1,368	12,477	14,868
Commercial and industrial		38	1,599	1,637
Consumer				
Total acquired non-ASC 310-30 loans	\$ 1,023	\$ 1,406	\$ 14,076	\$ 16,505
Total	\$ 4,259	\$ 7,948	\$ 71,886	\$ 119,058

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	December 31, 2013				
	Loans Past Due 30 to 59 days	Loans Past Due 60 to 89 days	Loans Past Due 90 Days and Over and Still Accruing	Loans in Non- Accrual Status	Total Loans in Delinquent Status
(Dollars in thousands)					
New loans					
Commercial real estate	\$	\$	\$	\$	\$
1-4 single family residential	4,688	2,164		1,052	7,904
Construction, land and development					
Home equity lines of credit	198				198
Total real estate loans	4,886	2,164		1,052	8,102
Commercial and industrial				24	24
Consumer					
Total new loans	\$ 4,886	\$ 2,164	\$	\$ 1,076	\$ 8,126
Acquired ASC 310-30 loans					
Commercial real estate	\$ 5,866	\$ 2,157	\$ 20,521	\$	\$ 28,544
1-4 single family residential	3,014	303	5,065		8,382
Construction, land and development	939		1,786	16,753	19,478
Home equity lines of credit					
Total real estate loans	9,819	2,460	27,372	16,753	56,404
Commercial and industrial	706	179	3,085	7,306	11,276
Consumer	15	22	266	615	918
Total acquired ASC 310-30 loans	\$ 10,540	\$ 2,661	\$ 30,723	\$ 24,674	\$ 68,598
Acquired non-ASC 310-30 loans					
Commercial real estate	\$ 145	\$	\$	\$ 5,962	\$ 6,107
1-4 single family residential	923			144	1,067
Construction, land and development					
Home equity lines of credit	96	218		1,996	2,310
Total real estate loans	1,164	218		8,102	9,484
Commercial and industrial	39			275	314
Consumer				29	29
Total acquired non-ASC 310-30 loans	\$ 1,203	\$ 218	\$	\$ 8,406	\$ 9,827
Total	\$ 16,629	\$ 5,043	\$ 30,723	\$ 34,156	\$ 86,551

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(Dollars in thousands)	December 31, 2012				
	Loans Past Due 30 to 59 days	Loans Past Due 60 to 89 days	Loans Past Due 90 Days and Over and Still Accruing	Loans in Non-Accrual Status	Total Loans in Delinquent Status
New loans					
Commercial real estate	\$	\$	\$	\$	\$
1-4 single family residential				427	427
Construction, land and development					
Home equity lines of credit					
Total real estate loans				427	427
Commercial and industrial				88	88
Consumer					
Total new loans	\$	\$	\$	\$ 515	\$ 515
Acquired ASC 310-30 loans					
Commercial real estate	\$ 6,034	\$ 3,956	\$ 41,577	\$	\$ 51,567
1-4 single family residential	342	362	6,945		7,649
Construction, land and development	15,874	1,738	25,038		42,650
Home equity lines of credit					
Total real estate loans	22,250	6,056	73,560		101,866
Commercial and industrial	1,745	445	17,994		20,184
Consumer	411	245	838		1,494
Total acquired ASC 310-30 loans	\$ 24,406	\$ 6,746	\$ 92,392	\$	\$ 123,544
Acquired non-ASC 310-30 loans					
Commercial real estate	\$ 658	\$	\$	\$ 6,349	\$ 7,007
1-4 single family residential				187	187
Construction, land and development					
Home equity lines of credit	534			2,433	2,967
Total real estate loans	1,192			8,969	10,161
Commercial and industrial	26	35		476	537
Consumer	19				19
Total acquired non-ASC 310-30 loans	\$ 1,237	\$ 35	\$	\$ 9,445	\$ 10,717
Total	\$ 25,643	\$ 6,781	\$ 92,392	\$ 9,960	\$ 134,776

Our policies related to when loans are placed on nonaccrual status conform to guidelines prescribed by bank regulatory authorities. Loans are placed on nonaccrual status when it is probable that principal or interest is not fully collectible, or generally when principal or interest becomes 90 days past due, whichever occurs first. Certain loans past due 90 days or more may remain on accrual status if management determines that it does not have concern over the collectability of principal and interest because the loan is secured by assets with a value in excess of the amounts owed and in the process of collection. Loans are removed from nonaccrual status when they become current as to both principal and interest and concern no longer exists as to the collectability of principal and interest.

Loan accounted for under ASC 310-30 that are delinquent and/or on non-accrual status continue to accrue income provided the respective pool in which those assets reside maintains a discount and recognizes accretion income. The aforementioned loans are characterized as performing troubled debt restructurings and/or performing loans greater than 90 days past due. If the pool no longer has a discount and accretion income can no longer be recognized, any loan within that pool on non-accrual status will be classified as non-accrual for presentation purposes.

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Loans are identified for restructuring based on their delinquency status, risk rating downgrade, or at the request of the borrower. Borrowers that are 90 days delinquent and/or have a history of being delinquent, or experience a risk rating downgrade, are contacted to discuss options to bring the loan current, cure credit risk deficiencies, or other potential restructuring options that will reduce the inherent risk and improve collectability of the loan. In some instances, a borrower will initiate a request for loan restructure. The Bank requires borrowers to provide current financial information to establish the need for financial assistance and satisfy applicable prerequisite conditions required by the Bank. The Bank may also require the borrower to enter into a forbearance agreement.

Modification of loan terms may include the following: reduction of the stated interest rate; extension of maturity date or other payment dates; reduction of the face amount or maturity amount of the loan; reduction in accrued interest; forgiveness of past-due interest; or a combination of the above.

Certain loans have been classified as impaired based on a probable inability to collect all contractual amounts of the loan. The Company did not hold any impaired new loans as of June 30, 2014, December 31, 2013 and 2012. The following table shows the Company's investment in impaired and nonperforming loans as of the dates presented.

	June 30, 2014						
	UPB of Impaired Loans	Impaired ASC Pools With a Specific Allowance Recorded	Impaired Non-ASC 310-30 Loans With a Specific Allowance Recorded	Non-ASC 310-30 Loans With no Specific Allowance to Impaired	Specific Allowance Allocated to Impaired Loans	Average Recorded Investment in Impaired Loans	Interest Income Recognized On Impaired Loans
(Dollars in thousands)							
Real estate loans:							
Commercial real estate	\$ 89,303	\$ 70,434	\$	\$ 4,666	\$ 2,883	\$ 76,848	\$ 1,612
1-4 single family residential	789	392			207	358	134
Construction, land and development	16,057	12,509			660	12,586	155
Home equity loans and lines of credit	253			184		184	
Total real estate loans	106,402	83,335		4,850	3,750	89,976	1,901
Other loans:							
Commercial	22,788	16,051			1,359	16,303	177
Consumer	2,501	2,354			298	2,413	40
Total other loans	25,289	18,405			1,657	18,716	217
Impaired loans held in portfolio, net	\$ 131,691	\$ 101,740	\$	\$ 4,850	\$ 5,407	\$ 108,692	\$ 2,118

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	December 31, 2013						
	Impaired						
	Impaired ASC 310-30	Impaired Non-ASC 310-30	Loans With no Specific Allowance Recorded	Specific Allowance to Impaired Loans	Average Recorded Investment in Impaired Loans	Interest Income Recognized On Impaired Loans	
	UPB of Impaired Loans	Pools With a Specific Allowance Recorded	Loans With a Specific Allowance Recorded	Loans With no Specific Allowance Recorded	Specific Allowance to Impaired Loans	Average Recorded Investment in Impaired Loans	Interest Income Recognized On Impaired Loans
Real estate loans:							
Commercial real estate	\$ 62,527	\$ 47,413	\$	\$ 5,134	\$ 2,700	\$ 57,731	\$ 5,801
1-4 single family residential	17,446	10,734	189		104	12,060	1,192
Construction, land and development	43,182	28,603			985	41,605	1,772
Home equity loans and lines of credit			386		105	386	
Total real estate loans	123,155	86,750	575	5,134	3,894	111,782	8,765
Other loans:							
Commercial	40,086	30,222			2,341	35,091	2,012
Consumer	2,198	2,052			157	2,651	219
Total other loans	42,284	32,274			2,498	37,742	2,231
Impaired loans held in portfolio, net	\$ 165,439	\$ 119,024	\$ 575	\$ 5,134	\$ 6,392	\$ 149,524	\$ 10,996

	December 31, 2012						
	Impaired						
	Impaired ASC 310-30	Impaired Non-ASC 310-30	Loans With no Specific Allowance Recorded	Specific Allowance to Impaired Loans	Average Recorded Investment in Impaired Loans	Interest Income Recognized On Impaired Loans	
	UPB of Impaired Loans	Pools With a Specific Allowance Recorded	Loans With a Specific Allowance Recorded	Loans With no Specific Allowance Recorded	Specific Allowance to Impaired Loans	Average Recorded Investment in Impaired Loans	Interest Income Recognized On Impaired Loans
Real estate loans:							
Commercial real estate	\$ 142,290	\$ 100,666	\$	\$ 5,353	\$ 2,490	\$ 103,648	\$ 7,841
1-4 single family residential	78,711	50,751		427	2,385	56,874	4,374
Construction, land and development	100,212	63,540			4,068	73,348	3,961

Home equity loans and lines of credit							
Total real estate loans	321,213	214,957		5,780	8,943	233,870	16,176
Other loans:							
Commercial	48,897	33,291	283		4,041	38,427	4,268
Consumer	3,133	2,871			369	3,426	203
Total other loans	52,030	36,162	283		4,410	41,853	4,471
Impaired loans held in portfolio, net							
	\$ 373,243	\$ 251,119	\$ 283	\$ 5,780	\$ 13,353	\$ 275,723	\$ 20,647

Certain ASC 310-30 loan pools include impaired loans on accrual status that impairment is evaluated on the cumulative cash flows of the pools. ASC 310-30 loans are classified as accruing provided that the respective pool can generate discount accretion through available discount. In addition, the total carrying value of ASC 310-30 loans accounted for as pools that are past due in excess of 90 days and accruing for either principal, interest or both, amounts to \$71.9 million, \$30.7 million and \$92.4 million as of June 30, 2014, December 31, 2013 and December 31, 2012, respectively. The increase of \$41.2 million from December 31, 2013 to June 30, 2014 in

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carrying value of ASC 310-30 loans accounted for in pools that are past due in excess of 90 days and accruing was due to \$48.1 million of acquired loans from the Great Florida Acquisition.

FDIC Loss Share Indemnification Asset

The Company reviews and updates the cash flow expected to be collected on Covered Assets and the FDIC loss share indemnification asset on a quarterly basis as loss and recovery estimates related to Covered Assets change. Decreases in the amount of cash flow expected to be collected on Covered Loans after acquisition result in a provision for loan losses, an increase in the ALL, and a proportional increase to the FDIC loss share indemnification asset and income for the estimated amount to be reimbursed. Increases in the amount of cash flow expected to be collected on Covered Loans after acquisition result in the reversal of any previously-recorded provision for loan losses and related ALL and a decrease to the FDIC loss share indemnification asset, or prospective adjustment to the accretable discount if no provision for loan losses had been previously recorded. If no provision for loan losses had been previously recorded, improvements in the expected cash flows from the Covered Loans, which is reflected as an adjustment to yield and accreted into income over the remaining expected term of the loans, decreases the expected cash flows to be collected from the loss sharing agreement, with such decrease reducing the yield to be accreted on a prospective basis if the total expected cash flows from the loss sharing agreement exceeds its carrying amount; and, if the carrying amount of the FDIC loss share indemnification asset exceeds the total expected cash flows, the excess is amortized as a reduction of income over the shorter of (1) the remaining expected term of the respective loans or (2) the remaining term of the FDIC loss share agreement.

The loss sharing agreements between the Company and the FDIC for certain of the Acquisitions include clawback provisions that obligate the Company to pay the FDIC a certain amount in the event that losses incurred by the Company do not reach a specified threshold upon termination of the loss sharing agreement. The fair value of the clawback liability is initially estimated using the same discounted cash flow model used to determine the loss share indemnification asset, using a discount rate that takes into account the Company's credit risk. The clawback liability is re-measured quarterly based on the terms of the applicable loss sharing agreement, changes in projected losses on Covered Assets and the cumulative servicing amount, if applicable.

The clawback liability is included in other liabilities in the accompanying consolidated balance sheets and the amortization and loss on re-measurement is included in loss share indemnification income in the accompanying consolidated statements of operations.

The following tables summarize the activity related to the FDIC loss share indemnification asset for the periods indicated.

(Dollars in thousands)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2014	2013	2014	2013
Balance at beginning of period	\$ 80,605	\$ 113,491	\$ 87,229	\$ 125,949
Reimbursable expenses	1,427	2,465	3,153	5,921
Amortization	(5,406)	(5,629)	(11,405)	(12,459)
Income resulting from impairment and charge-off of covered assets, net	456	2,694	1,206	5,980

Expense resulting from recoupment and disposition of covered assets, net	(1,260)	(3,427)	(2,423)	(7,056)
FDIC claims submissions	(969)	(5,414)	(2,907)	(14,155)
Balance at end of period	\$ 74,853	\$ 104,180	\$ 74,853	\$ 104,180

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(Dollars in thousands)	Years Ended December 31,	
	2013	2012
Balance at beginning of period	\$ 125,949	\$ 210,813
Reimbursable expenses	9,372	14,653
Amortization	(25,126)	(33,897)
Income resulting from impairment and charge-off of covered assets, net	2,209	22,791
Expense resulting from recoupment and disposition of covered assets, net	(5,201)	(6,488)
FDIC claims submissions	(19,974)	(81,923)
Balance at end of period	\$ 87,229	\$ 125,949

The following tables summarize the activity related to the FDIC clawback liability for the periods indicated.

(Dollars in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Balance at beginning of period	\$ 12,060	\$ 12,038	\$ 11,753	\$ 11,966
Amortization impact	181	187	357	368
Remeasurement impact	284	645	415	536
Balance at end of period	\$ 12,525	\$ 12,870	\$ 12,525	\$ 12,870

(Dollars in thousands)	Years ended December 31,	
	2013	2012
Balance at beginning of period	\$ 11,966	\$ 11,438
Amortization impact	744	702
Remeasurement impact	(957)	(174)
Balance at end of period	\$ 11,753	\$ 11,966

Other Real Estate Owned

We expect that OREO will generally continue to decrease in the future as there will be less transfers from the loan portfolio and disposition activity. However, OREO may increase in future periods as a result of future business combinations or increased foreclosure activity.

Total OREO held by the Company was \$81.0 million as of June 30, 2014, an increase of \$46.3 million from December 31, 2013. The increase in other real estate owned was due to \$55.1 million of additions to OREO as a result of the Great Florida Acquisition and \$12.9 million of additions to OREO through loan foreclosures partially offset by

OREO sales of \$20.9 million.

Total OREO held by the Company decreased from \$57.8 million as of December 31, 2012 to \$34.7 million as of December 31, 2013. The \$23.1 million decrease in other real estate owned for the year ended December 31, 2013, resulted from additions to OREO through loan foreclosures totaling \$27.5 million, offset by OREO sales of \$47.1 million and impairments of \$3.6 million.

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The following table summarizes the activity related to other real estate owned for the periods indicated.

(Dollars in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Balance at beginning of period	\$ 86,244	\$ 47,703	\$ 34,682	\$ 57,767
Additions from acquisition	810		55,085	
Transfers from loan portfolio	2,529	8,951	12,869	15,773
Impairments	(287)	(1,962)	(732)	(2,907)
Sales	(8,308)	(9,978)	(20,916)	(25,919)
Balance at end of period	\$ 80,988	\$ 44,714	\$ 80,988	\$ 44,714

(Dollars in thousands)	Year Ended December 31,	
	2013	2012
Balance at beginning of period	\$ 57,767	\$ 65,640
Additions from acquisition		
Transfers from loan portfolio	27,535	47,977
Impairments	(3,580)	(10,320)
Sales	(47,040)	(45,530)
Balance at end of period	\$ 34,682	\$ 57,767

The following table summarizes the allocation of other real estate owned by property type for the periods indicated.

(Dollars in thousands)	June 30,	December 31,	
	2014	2013	2012
Composition of ending balance			
Commercial real estate	\$ 26,514	\$ 16,410	\$ 29,582
Land and development	13,272	13,385	23,292
1-4 single family residential	41,202	4,887	4,893
Total	\$ 80,988	\$ 34,682	\$ 57,767

Deposits

Total deposits at June 30, 2014 totaled \$3.96 billion, an increase of \$1.16 billion, or 41.7%, from December 31, 2013. The increase in deposits consisted of an \$897.0 million increase in core deposits and a \$267.7 million increase in time deposits. Core deposits include demand deposit, savings and money market accounts and represents 63.8% of total

deposits at June 30, 2014, an increase from 58.3% at December 31, 2013.

We expect that deposits will be our primary funding source in the future as we work towards optimizing our deposit mix and lowering our cost of deposits by reducing rate sensitive time deposits. In the future, we expect commercial core deposits will drive core deposit growth.

The average rate paid on deposits for the three and six months ended June 30, 2014, was 0.70% and 0.72%, respectively. This represents a decrease of 18 and 20 basis points compared the average rate paid on deposits for the three and six months ended June 30, 2013 of 0.88% and 0.90%, respectively. Continued planned reductions of high cost acquired time deposits and a higher composition of noninterest bearing deposits drove the decrease in the cost of deposits. The average rate paid on time deposits for the three and six months ended June 30, 2014, was 0.88% and 0.93%, respectively. This represents a decrease of 38 and 36 basis points compared the average rate paid on time deposits for the three and six months ended June 30, 2013 of 1.26% and 1.29%, respectively.

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The average rate paid on all deposits for the years ended December 31, 2013 and 2012 was 0.77% and 0.99%, respectively. Total deposits at December 31, 2013 amounted to \$2.79 billion, an increase of \$603 million from December 31, 2012. The increase is a direct result of increased retail marketing efforts and commercial relationship growth.

The following table shows the average balance amounts and the average rates paid on deposits held by us and balances outstanding.

(Dollars in thousands)	Three Months Ended June 30,				Six Months Ended June 30,			
	2014		2013		2014		2013	
	Average Balance	Average Rate Paid	Average Balance	Average Rate Paid	Average Balance	Average Rate Paid	Average Balance	Average Rate Paid
Noninterest bearing demand deposits	\$ 420,420	0.00%	\$ 267,078	0.00%	\$ 386,908	0.00%	\$ 247,029	0.00%
Interest-bearing demand deposits	112,752	0.15%	69,137	0.10%	106,148	0.15%	68,149	0.10%
Savings and money market accounts	1,787,574	0.58%	940,687	0.50%	1,670,471	0.54%	872,543	0.48%
Time deposits	1,464,728	0.88%	1,098,457	1.26%	1,438,067	0.93%	1,075,858	1.29%
Total deposits	\$ 3,785,473		\$ 2,375,359		\$ 3,601,593		\$ 2,263,579	

(Dollars in thousands)	Year Ended December 31,			
	2013		2012	
	Average Balance	Average Rate Paid	Average Balance	Average Rate Paid
Noninterest bearing demand deposits	\$ 261,000	0.00%	\$ 218,766	0.00%
Interest-bearing demand deposits	70,454	0.11%	65,407	0.10%
Savings and money market accounts	961,986	0.46%	730,591	0.66%
Time deposits	1,121,094	1.25%	1,277,567	1.39%
Total deposits	\$ 2,414,534		\$ 2,292,331	

The maturity distribution of our time deposits of \$100,000 or more:

(Dollars in thousands)	June 30, 2014	December 31, 2013	December 31, 2012
Time deposits maturing in			

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Three months or less	\$ 157,463	\$ 57,622	\$ 116,026
After three months through six months	194,546	136,290	79,472
After six months through one year	233,289	241,160	165,651
After one year	320,231	239,100	199,368
Total	\$ 905,529	\$ 674,172	\$ 560,517

Borrowed Funds

In addition to deposits, we utilize advances from the FHLB and other borrowings, such as securities sold under repurchase agreements, as a supplementary funding source to finance our operations. FHLB advances are secured by stock qualifying first mortgage, commercial real estate, home equity loans and investment securities. At June 30, 2014, total borrowings held by the Company was \$855.3 million and primarily consists of FHLB

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advances and securities sold under repurchase agreements that amounted to \$850.1 million. As of December 31, 2013 and 2012, borrowings held by the Company were primarily FHLB advances totaling \$431.0 million and \$271.6 million, respectively.

The increase in total borrowings to \$855.3 million as of June 30, 2014 from December 31, 2013 was primarily driven by the \$338.5 million increase in FHLB advances to fund the increase in assets driven by new loan growth. The Company also acquired total borrowings with a fair value of \$92.7 million through the Great Florida Acquisition that primarily consisted of securities sold under repurchase agreements. These securities repurchase agreements have a contractual maturities in 2017 and have a weighted average rate of 4.24%. The Company also utilizes retail repurchase agreements that have overnight maturities and based on overnight rates. The following table sets forth the maturity and interest rates of the Company's borrowings as of June 30, 2014.

(Dollars in thousands)	June 30, 2014	
	Ending Balance	Period End Interest Rate
Maturing in		
Six months or less	\$ 570,500	0.19%-3.77%
After six months through one year		
After one year through two years	200,000	0.54%-0.67%
After two years through three years	47,500	4.05%-4.35%
After three years through four years	25,000	4.30%
Total contractual outstanding	843,000	
Deferred prepayment penalty	(387)	
Fair value adjustment	7,492	
Total FHLB advances and securities sold under repurchase agreements	850,105	
Retail repurchase agreements	5,195	
Balance as of June 30, 2014	\$ 855,300	

Capital Resources

Stockholders' equity totaled \$739.4 million as of June 30, 2014, an increase of \$23.3 million from \$716.1 million as of December 31, 2013, primarily driven by net income of \$12.7 million recognized over the period and other comprehensive income of \$9.8 million due to an increase in net unrealized gain of the securities portfolio.

Stockholders' equity decreased \$12.1 million, or 1.7% from \$728.2 million as of December 31, 2012, to \$716.1 million as of December 31, 2013 primarily as a result of other comprehensive loss from the decrease in unrealized gains on available-for-sale securities and treasury stock purchases, offset by retention of earnings.

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As of June 30, 2014, December 31, 2013 and December 31, 2012, we had capital levels that exceeded the regulatory guidelines for a well-capitalized institution under applicable guidelines. In addition, the OCC Agreement entered into by the Bank dated January 25, 2010 requires the Bank to maintain prescribed minimum capital ratios. The following table shows the required capital ratios of the Bank under the OCC Agreement and the Bank's actual regulatory capital ratios for the periods presented.

	Well Capitalized Regulatory Requirement	Actual June 30, 2014	Actual December 31, 2013	Actual December 31, 2012
Capital Ratios (Company)				
Tier 1 leverage ratio	5.0%	12.0%	18.0%	20.6%
Tier 1 risk-based capital ratio	6.0%	16.0%	24.8%	36.1%
Total risk-based capital ratio	10.0%	16.5%	25.3%	37.1%
Capital Ratios (Bank)				
Tier 1 leverage ratio	10.0%	10.8%	12.0%	12.1%
Tier 1 risk-based capital ratio	11.0%	14.4%	16.7%	21.2%
Total risk-based capital ratio	12.0%	14.9%	17.3%	22.2%

The following table summarizes the changes in our stockholders' equity for the periods indicated:

(Dollars in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Balance at beginning of period	\$ 723,869	\$ 733,506	\$ 716,114	\$ 728,174
Net income	9,166	4,277	12,694	6,775
Other comprehensive income (loss)	5,961	(8,463)	9,752	(6,580)
Stock based compensation expense	452	589	888	1,540
Balance at end of period	\$ 739,448	\$ 729,909	\$ 739,448	\$ 729,909

(Dollars in thousands)	Year Ended December 31,	
	2013	2012
Balance at beginning of period	\$ 728,174	\$ 706,402
Net income (loss)	17,171	(4,828)
Other comprehensive income (loss)	(13,115)	22,280
Stock based compensation expense	2,635	4,320
Treasury stock purchases	(18,751)	
Balance at end of period	\$ 716,114	\$ 728,174

Liquidity and Liability Management

The Bank's liquidity needs are primarily met by its cash and securities position, growth in deposits, cash flow from its amortizing investment and loan portfolios, and borrowings from the FHLB. For additional information regarding our operating, investing, and financing cash flows, see Consolidated Financial Statements Consolidated Statements of Cash Flows.

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The Bank has access to additional borrowing through secured FHLB advances, unsecured borrowing lines from correspondent banks, and a repurchase agreement (secured). In addition, the Bank has an established borrowing line at the Federal Reserve Bank. Our asset/liability policy has established several measures of liquidity, including liquid assets (defined as cash and cash equivalents, and securities available to pledge) to total assets. The following table summarizes our liquidity ratios as of June 30, 2014.

	June 30, 2014		
	Policy Limit		Actual
Primary liquidity ratio	10.0%	Min	16.2%
Net short-term non-core funding deposits	20.0%	Max	5.2%
Net loans to total deposits	90.0%	Max	81.8%
Pledged securities to total investments	50.0%	Max	34.0%
Net loans to total assets	80.0%	Max	58.3%
Brokered deposits to total deposits	10.0%	Max	0.0%
Fed funds purchased to total assets	10.0%	Max	0.0%
Time deposits greater than \$250,000 to total assets	20.0%	Max	5.0%
FHLB borrowings and repurchase agreements to assets	30.0%	Max	10.3%

At June 30, 2014, the Company had additional capacity to borrow from the FHLB of \$346.0 million. Also, at June 30, 2014, the Company has unused credit lines with financial institutions of \$30.0 million.

As a holding company, we are a corporation separate and apart from our subsidiary, the Bank, and therefore we provide for our own liquidity. Our main sources of funding include equity capital raised in our offerings of equity securities and dividends paid by the Bank, when applicable, and access to capital markets. We believe these sources will be sufficient to fund our capital needs for at least the next twelve months. There are regulatory limitations that affect the ability of the Bank to pay dividends to us. See [Dividend Policy](#) and [Supervision and Regulation Regulatory Limits on Dividends and Distributions](#). Management believes that such limitations will not impact our ability to meet our ongoing short-term cash obligations.

The Bank's cash and liquidity resources is generated by operations and deposit growth, which we expect to be sufficient to satisfy the Bank's capital requirements for at least the next twelve months.

Off Balance Sheet and Other Financing Arrangements

In the normal course of business, we enter into various transactions, which, in accordance with GAAP, are not included in our consolidated balance sheets. We enter into these transactions to meet the financing needs of our customers. These transactions include commitments to extend credit and standby letters of credit, which involve, to varying degrees, elements of credit risk and interest rate risk in excess of the amounts recognized on the Bank's consolidated balance sheets. We have limited off-balance sheet arrangements that have not had or are not reasonably likely to have a current or future material effect on our financial condition, revenues, expenses, results of operations, liquidity, capital expenditures or capital resources.

We enter into contractual loan commitments to extend credit, normally with fixed expiration dates or termination clauses, at specified rates and for specific purposes. Substantially all of our commitments to extend credit are contingent upon customers maintaining specific credit standards until the time of loan funding. We decrease our

exposure to loss under these commitments by subjecting them to credit approval and monitoring procedures. We assess the credit risk associated with certain commitments to extend credit and establish a liability for probable credit losses.

Standby letters of credit are written conditional commitments issued by us to guarantee the performance of a customer to a third party. In the event the customer does not perform in accordance with the terms of the agreement with the third party, we would be required to fund the commitment. The maximum potential amount of future payments we could be required to make is represented by the contractual amount of the commitment. If

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the commitment is funded, we would be entitled to seek recovery from the customer. Our policies generally require that standby letter of credit arrangements contain security and debt covenants similar to those contained in loan agreements.

The following table summarizes commitments as of the dates presented.

(Dollars in thousands)	June 30, 2014		
	Covered	Uncovered	Total
Commitments to fund loans:			
Residential	\$ 4,407	\$ 16,309	\$ 20,716
Commercial and commercial real estate		28,681	28,681
Land and development		182,606	182,606
Unfunded commitments under lines of credit	5,734	218,544	224,278
Total commitments to fund loans	10,141	446,140	456,281
Commercial and standby letters of credit		8,189	8,189
Total	\$ 10,141	\$ 454,329	\$ 464,470

(Dollars in thousands)	December 31, 2013		
	Covered	Uncovered	Total
Commitments to fund loans:			
Residential	\$ 5,230	\$ 5,659	\$ 10,889
Commercial and commercial real estate		14,746	14,746
Land and development	9	70,715	70,724
Unfunded commitments under lines of credit	11,026	157,382	168,408
Total commitments to fund loans	16,265	248,502	264,767
Commercial and standby letters of credit		4,838	4,838
Total	\$ 16,265	\$ 253,340	\$ 269,605

(Dollars in thousands)	December 31, 2012		
	Covered	Uncovered	Total
Commitments to fund loans:			
Residential	\$ 6,586	\$ 1,894	\$ 8,480
Commercial and commercial real estate		45,029	45,029
Land and development	9	3,616	3,625
Unfunded commitments under lines of credit	12,521	212,265	224,786

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Total commitments to fund loans	19,116	262,804	281,920
Commercial and standby letters of credit	29	19,327	19,356
Total	\$ 19,145	\$ 282,131	\$ 301,276

The Company is a party to interest rate derivatives that are not designated as hedging instruments. These derivatives relate to interest rate swaps that the Company enters into with customers to allow customers to convert variable rate loans to a fixed rate. The Company pays interest to the customer at a floating rate on the notional amount and receives interest from the customer at a fixed rate for the same notional amount. At the same time the interest rate swap is entered into with the customer, an offsetting interest rate swap is entered into with another financial institution. The Company pays the other financial institution interest at the same fixed rate on the same notional amount as the swap entered into with the customer, and receives interest from the financial institution for the same floating rate on the same notional amount. The changes in the fair value of the swaps offset each other, except for any credit risk of the counterparties, which is determined by taking into consideration the risk rating, probability of default and loss of given default for all counterparties.

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The Company accounts for derivative instruments in accordance with FASB ASC Topic 815, Derivatives and Hedging. All derivatives are evaluated at inception as to whether or not they are hedging or non-hedging activities, and appropriate documentation is maintained to support the final determination. The Company recognizes all derivatives as either assets or liabilities on the consolidated balance sheets and measures those instruments at fair value.

Certain derivative transactions with a counterparty that is another financial institution are subject to an enforceable master netting arrangement. The gross liabilities and gross assets to this counterparty are reported on net basis.

The following tables summarize the Company's derivatives outstanding at June 30, 2014.

(Dollars in thousands)	June 30, 2014			
	Derivative Assets		Derivative Liabilities	
	Notional	Fair Value	Notional	Fair Value
Interest rate contracts pay floating, receive fixed	\$ 292,497	\$ 8,607	\$ 33,236	\$ 270
Interest rate contracts pay fixed, receive floating			325,733	8,337
Total derivatives	\$ 292,497	\$ 8,607	\$ 358,969	\$ 8,607

Contractual Obligations

The following table summarizes aggregated information about our outstanding contractual obligations and other long-term liabilities as of June 30, 2014.

(Dollars in thousands)	Total	1 Year or Less	1-3 Years	3-5 Years	More than 5 Years
Advances from the FHLB and other borrowings (1)	\$ 848,195	\$ 575,695	\$ 247,500	\$ 25,000	\$
Operating Lease Obligations	25,482	4,804	6,728	4,348	9,602
Estimated Clawback Liability to the FDIC associated with loss sharing agreements (2)	17,554				17,554
Total	\$ 891,231	\$ 580,499	\$ 254,228	\$ 29,348	\$ 27,156

(1) FHLB advances and other borrowings exclude premium or discount.

(2) Estimate of FDIC clawback obligation is presented as undiscounted future cash flows.

The loss sharing agreements between the Company and the FDIC for the Old Premier, Old FCB, Old Peninsula, Old Cortez, Old FNBCF and Old Coastal acquisitions include clawback provisions that obligate the Company to pay the

FDIC a certain amount in the event that losses incurred by the Company with respect to the loss sharing agreements do not reach a threshold specified in the applicable loss sharing agreement upon termination of the loss sharing agreement.

The provisions of the loss sharing agreements for the Old Premier and Old FCB acquisitions may require the Company to pay the FDIC, within 45 days of the loss sharing agreement termination date, 50% of the excess of 20% of the stated threshold, less the sum of (a) 25% of the asset discount amount, (b) 25% of the cumulative shared loss payments and (c) the cumulative servicing amount. The provisions of the loss sharing agreements for the Old Peninsula, Old Cortez, Old FNBCF and Old Coastal acquisitions may require the Company to pay the FDIC, within 45 days of the loss sharing agreement termination date, 50% of the excess of 20% of the intrinsic loss estimate, less the sum of (a) 20% of the net loss amount, (b) 25% of the asset discount bid and (c) 3.5% of the Covered Assets on the acquisition date.

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At the date of acquisition, the Company recognizes a clawback liability equal to the present value of the discounted future cash flows expected to be paid to the FDIC in connection with the clawback provisions of the loss sharing agreement. The Company amortizes the discount on the clawback liability by recognizing an expense that is recorded in Loss share indemnification income (loss) in our consolidated financial statements. The Company evaluates, on a periodic basis, whether the result of its collection efforts on assets covered under loss sharing agreements have had an impact on the expected balance, if any, to be paid to the FDIC. Changes in management's estimate of the clawback liability is, as appropriate, charged or credited to earnings in the period in which they are identified.

The fair value of the clawback liability is estimated using the same discounted cash flow model which derives the value of the FDIC loss share indemnification asset. This fair value estimate is based on the present value of the calculated clawback liability using a discount rate that takes into account the Company's then current credit risk. The calculated liability is based on the terms of the loss share agreement, the projected losses on Covered Assets and the cumulative servicing amount, if applicable.

The discount rate used for the FDIC loss share indemnification asset, which is a liability of the FDIC, is based on the risk-free rate plus a risk factor that considers the credit risk of the FDIC. The discount rate utilized to estimate the FDIC clawback liability is based on an equivalent of an AA credit rated corporate debt securities that we believe appropriately reflects the Company's credit risk profile.

Quantitative and Qualitative Disclosure About Market Risk

Interest Rate Sensitivity

The principal component of our risk of loss arising from adverse changes in the fair value of financial instruments, or market risk, is interest rate risk. The primary objective of our asset/liability management activities is to maximize net interest income, while maintaining acceptable levels of interest rate risk. Our Asset Liability Committee, or ALCO, is responsible for establishing policies to limit exposure to interest rate risk, and to ensure procedures are established to monitor compliance with these policies. The guidelines established by ALCO are reviewed and approved by our Board of Directors.

Consistent with industry practices, we primarily measure interest rate risk by utilizing the concept of Economic Value of Equity, or EVE. EVE is the intrinsic value of assets, less the intrinsic value of liabilities. EVE analysis provides a fair value of the balance sheet in alternative interest rate scenarios. The EVE does not take into account management intervention and assumes the new rate environment is constant and the change is instantaneous. Further, as this framework evaluates risks to the current balance sheet only, changes to the volumes and pricing of new business opportunities that can be expected in the different interest rate outcomes are not incorporated in this analytical framework. In addition, we further evaluate and consider the impact of other business factors in a separate income simulation analysis, which is designed to capture not only the potential of all assets and liabilities to mature or reprice, but also the probability that they will do so. Assets and liabilities with similar repricing characteristics may not reprice at the same time or to the same degree. Income simulation also attends to the relative interest rate sensitivities of these items, and projects their behavior over an extended period of time. Income simulation permits us to assess the probable effects on the consolidated financial statements for changes in interest rates and corresponding management strategy.

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Management continually reviews and refines its interest rate risk management process in response to the economic and interest rate environment. Currently, our model projects a minus 100, plus 100, plus 200, plus 300, plus 400 and plus 500 basis point change as well as modified scenarios to evaluate our interest rate sensitivity and to determine whether specific action is needed to improve the current asset/liability position, either through economic hedges, matching strategies or by utilizing derivative instruments. Our ALCO policy has established specific limits for changes to net interest income and to the capital based on the aforementioned models as follows as of the dates presented:

	June 30, 2014		December 31, 2013		December 31, 2012	
	Following 12 Months	Following 36 Months	Following 12 Months	Following 36 Months	Following 12 Months	Following 36 Months
+500 basis points	22.0%	20.9%	39.1%	33.4%	33.7%	30.3%
+400 basis points	21.2%	21.5%	34.5%	30.7%	27.3%	24.8%
+300 basis points	18.7%	19.8%	28.3%	26.1%	20.8%	19.2%
+200 basis points	14.4%	15.8%	20.5%	19.5%	14.0%	13.7%
+100 basis points	8.2%	9.4%	11.1%	10.9%	7.5%	7.2%
-100 basis points	-2.1%	-3.8%	-2.2%	-3.0%	-2.8%	-3.0%

The table below presents the change in our economic value of equity assuming immediate parallel shifts in interest rates as of the dates presented.

	June 30, 2014	December 31, 2013	December 31, 2012
+500 basis points	-30.8%	-17.5%	-9.8%
+400 basis points	-24.2%	-13.2%	-7.6%
+300 basis points	-18.0%	-9.0%	-5.1%
+200 basis points	-11.9%	-5.0%	-1.5%
+100 basis points	-7.4%	-1.6%	-0.7%
-100 basis points	3.5%	3.8%	0.1%

In the event the model indicates an unacceptable level of risk, based on current circumstances and events, we could undertake a number of actions that would reduce this risk, including the sale of a portion of our available for sale investment portfolio or the use of risk management strategies such as interest rate swaps and caps. As of June 30, 2014, we were in compliance with all of our net interest income and EVE limits.

Many assumptions were used by the Company to calculate the impact of changes in interest rates, including the change in rates. Actual results may not be similar to those derived from our model due to several factors including the timing and frequency of rate changes, market conditions and the shape of the yield curve. Actual results may also differ due to our actions, if any, in response to the changing rates and other changes in our business.

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BUSINESS

Our Company

We are a bank holding company with one wholly-owned national bank subsidiary, Florida Community Bank, National Association, headquartered in Weston, Florida, which operates 54 branches in Florida. As of June 30, 2014, we had \$5.64 billion in assets, \$3.96 billion in deposits and \$739.4 million in stockholders' equity. During the year ended December 31, 2013, we had net new commercial loan growth of \$734.5 million and net new residential and consumer loan growth of \$306.5 million. As of December 31, 2013, our new loan portfolio aggregated \$1.77 billion, representing approximately 78.4% of our aggregate loan portfolio, of which over \$1.4 billion represented new commercial loans and approximately \$371 million represented new residential and consumer loans.

We were formed in April 2009 with the goal of becoming a leading independent commercially-oriented community bank in Florida. Since that time, we raised an aggregate of approximately \$740 million of equity capital, acquired certain assets and assumed certain liabilities of the Old Failed Banks in Florida from the FDIC, as receiver. In addition, in January 2014, the Bank acquired by merger the business of Great Florida Bank which, as of December 31, 2013, had 25 branches located within Southeast Florida and the Miami metropolitan area, total assets of \$993.0 million and stockholders' equity of \$15.3 million. For the year ended December 31, 2013, on a pro forma basis after giving effect to the Great Florida Acquisition, we had net income of \$17.6 million and for the three and six months ended June 30, 2014, we had net income of \$9.2 million and \$12.7 million, respectively. You should read this information in conjunction with Unaudited Pro Forma Condensed Combined Financial Information and the consolidated financial statements and the related notes thereto included elsewhere in this prospectus.

The Bank offers a comprehensive range of traditional banking products and services to individuals, small and medium-sized businesses, some large businesses, and other local organizations and entities in our market areas. The Bank also selectively participate in syndicated loans to select national credits. The Bank targets commercial customers engaged in a wide variety of industries including healthcare and professional services, retail and wholesale trade, tourism, agricultural services, manufacturing, distribution and distribution-related industries, technology, automotive, aviation, food products, building materials, residential housing and commercial real estate.

Our Market Areas

We are primarily located in south and central Florida. The majority of our deposits (\$1.9 billion as of June 30, 2014) are located in the Miami-Ft. Lauderdale-West Palm Beach MSA. Our other key MSAs in which the Bank operates include Orlando-Kissimmee-Sanford, Naples-Immokalee-Marco Island and Cape Coral-Fort Myers.

FDIC Loss Share Indemnification Assets

Six of the Failed Bank Acquisitions included assets that are covered by loss share arrangements, pursuant to which the FDIC bears a substantial portion of the risk of loss. Such acquired assets from the Failed Bank Acquisitions, including loan portfolios and other real estate owned, or OREO, that are covered under loss share arrangements with the FDIC are referred to as Covered Assets. As of June 30, 2014, the Covered Loans included in our loan portfolio derived from Failed Bank Acquisitions aggregated to \$326.5 million, or 10% of our aggregate loan portfolio, with non-performing Covered Loans totaling \$23.6 million, or 67.7%, of total non-performing loans, and Covered Assets included in our OREO were \$29.8 million, or 36.8% of our total OREO holdings.

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Products and Services-Commercial

Commercial Credit and Depository Products

As part of the Bank's commercial and industrial focus, the Bank focuses its commercial lending activities in the following industries: manufacturing, wholesale and retail distribution, medical services, food products, franchise services, transportation, agriculture, financial services, media and telecommunications. The Bank offers a broad array of commercial credit and depository products. Commercial credit products include loans for corporate, middle market, and business banking clients such as lines of credit to finance working capital and trade activities, loans for owner occupied real estate financing, equipment financing as well as acquisition financing. For clients with large credit needs, the Bank both leads and participates in club lending structures. The Bank also does a limited amount of specialty financing to owners and operators in the area of aviation and marine lending.

For commercial real estate clients, the Bank offers construction financing, mini-permanent and permanent financing, acquisition and development lending, land financing, and bridge lending. The Bank's commercial real estate lending products focus in the retail, multi-family, office, mixed use, industrial and hospitality sectors.

The Banks also provides additional credit products to commercial and real estate clients through the issuance of corporate credit cards, purchasing cards, and standby letters of credit. In addition, the Bank provides clients with both floating and fixed rate interest financing options. For clients seeking more complex or longer fixed rate solutions, the Bank offers (through third party providers) derivative products such as interest rate swaps and caps. Deposit products including checking accounts tailored to meet the unique needs of our commercial customers, savings accounts with customizable features, and money market accounts with competitive tiered rates credited monthly.

Treasury Product Offerings

The Bank also offers a full suite of treasury management services that are designed to help business customers streamline their financial transactions, manage their accounts more efficiently, and improve their business record keeping. These treasury management products and solutions focus on four financial areas: payables, receivables, liquidity and information reporting, insuring that our business clients are maximizing their banking relationship. Key treasury products include the following:

Business Electronic Banking Online banking provides the flexibility and security needed by our clients. The platform supports multiple users, allowing each user varying levels of access via security tokens for ACH and wire-initiated transactions. This allows the client the ability to customize their options while safeguarding their business.

Information Reporting Clients can gain real-time access to accounts through an information-reporting module, viewing current and historical account data.

E-statements Online statements are electronic versions of the statements clients receive in the mail that can be viewed at any time, from any location. Paperless online statements are delivered faster, reduce paper clutter, save time and money and help keep information secure.

Account Book Transfers Allows the movement of funds between bank accounts with real-time confirmations and updates to daily reporting.

Zero Balance Account Eliminates excess balances in separate accounts and maintains greater control over disbursements. Zero Balance Accounts automatically move funds each night to cover all disbursements, reducing the time spent initiating transfers between company accounts.

ACH Origination Initiates direct deposit of payroll, vendor payments and tax payments; collects client payments, membership dues and concentrates funds from accounts at other institutions.

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Wire Transfers Provides for the initiation of wire transfers quickly, easily and securely right from the client's office.; provides for the establishment of recurring transfers and receipt of notification of incoming wires.

Positive Pay Takes a proactive approach to combating check fraud. Positive Pay provides exception reports detailing potential fraudulent check activity.

ACH Fraud Control/Block Prevents unauthorized ACH debits from posting to client accounts. ACH Filtering lets clients determine who has access to debit their account and at what dollar limit.

Account Reconciliation Monthly reports of paid and outstanding items and exceptions assists with balancing accounts, reducing administrative costs, and managing risk.

Remote Deposit Capture Accelerates cash flow and eliminates unnecessary trips to the bank by electronically depositing checks from the client's office. Allows clients to make deposits 24/7 and receive same-day ledger credit for deposits made before 6:00 p.m. each business day.

Lockbox Processing A cost-effective way to process payments and speed up access to funds while reducing operating expenses. The Bank collects client payments, deposits the funds into their account and provides a detailed information to update the client's accounts receivable system.

I-Check® a bank web-based tool that archives images of business checks and deposits and gives assigned users 24/7 access to quickly retrieve images of all paid checks, paper deposits and prior statements.

Cash In Transit The Bank and Brink® are teamed up to offer a variety of vault solutions, from CompuSafe® to daily credit for cash deposited via client chosen armored car service. Based on client needs, the Bank can also work with the client's service to arrange for deposit pickups and change orders.

Sweeps (REPO/Loan) This account is ideal for investing excess funds while maintaining liquidity. It can be a stand-alone account, or may be linked to the operating account while excess funds are swept maximize interest. Swept funds are not FDIC-insured, but are collateralized by a portion of the Bank's portfolio of U.S. government-backed securities.

Swap Program

During 2013, the Bank entered into an interest rate swap program with PNC Financial enabling the Bank to provide its customers with back-to-back interest rate swaps, enabling customers to swap their variable rate interest obligations into fixed rate payment obligations. The Bank establishes these swap transactions with clients and simultaneously enters into a swap offsetting transaction with PNC Financial. Since the swap transactions are offsetting, the Bank is acting as a pass-through on behalf of our client. All interest rate risk on the swap transactions is being held by PNC Financial and our client. PNC Financial collateralizes any net exposure to the Bank on the outstanding swap. The Bank is compensated for these transactions by receiving a fee from PNC Financial at the inception of the transactions.

Syndicated Loans

We participate in syndicated loans when we believe our participation will provide an attractive return for the Bank and we are comfortable with the risk profile of the loan. In 2013, we expanded our syndicated loan program beyond our

focus on Florida-based companies to a more geographically diversified portfolio that includes companies located throughout the United States. As of June 30, 2014, December 31, 2013 and 2012, we held approximately \$505.7 million, \$481.0 million and \$260.5 million of syndicated national loans, respectively. The Bank currently plans to maintain approximately its current level of syndications for the next several years and does not expect to grow this line of business.

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Products and Services Retail Banking

The Bank's strategy is to deliver leading customer experience and service, products backed by the strength of a large institution, and offer competitive rates. The Bank offers innovative products and services with the kind of personalized service only a community bank can provide, with the strength of a larger institution. The Bank's entire range of personal and business banking products and solutions are designed to meet our markets unique financial needs and help clients achieve their financial goals.

Deposit Product Offerings

The Bank offers a wide variety of deposit products including demand deposit accounts, interest-bearing products, savings accounts and certificates of deposit. The Bank regularly conducts market and competitive analysis in an effort to determine which products are best suited for the needs of each market. The Bank also utilizes the findings of its research during product development to ensure that it remains competitive in the market and can continue to fulfill the needs of its clientele. The Bank's depository products include the following:

Pinnacle Checking: designed for our affluent clients with combined balances of \$25,000 or greater. This account offers competitive interest rates as well as superior benefits, including free safe deposit box, free standard order of checks, free cashier's checks, mortgage and consumer loan discounts and no charge for Non-FCB ATMs worldwide.

Essentials Checking: designed for our customers that want flexibility in how they do their banking, providing the option to either come into the bank or perform online or mobile banking transactions. Customers have the option to offset service charges based on their debit and credit card activity.

Budget Checking: designed for budget conscious customers who want the peace of mind of knowing their account will not incur overdraft charges and who want an account that has consistent monthly fees, if any. This account will protect customers from costly banking overdraft fees in the event of insufficient funds.

ECO Banking: designed for our tech savvy and environment conscientious customer. All banking is performed online, with customers incented to use the debit and credit card transactions to offset fees.

Employee Checking: designed for business customers that want to offer their employees exclusive banking benefits at no cost to the company. Benefits include unlimited check writing, free online banking, no ATM fees, free safe deposit box and first order of check free.

Personal Savings Accounts: designed for affluent, mass and minor customer. We provide competitive rates with minimum balance requirements. Interest is compounded and credited monthly.

Personal Money Market Accounts: designed for affluent, mass and minor customers. We provide highly competitive market driven interest rates with minimum balance requirements. Interest is compounded and credited monthly.

Certificates of Deposit and IRAs: offer competitively high interest rates on a fixed-dollar investment. Customers can choose from a wide range of terms, from 30 days to 5 years. Minimum balance to open the account. These rates are market driven and we continuously run campaigns to be competitive with our peer banks.

Credit Product Offerings

The Bank provides a wide variety of customized loan programs to accommodate the needs of its retail customer base and facilitates the loan approval process through Decision Pro, utilizing industry specific application software. Consumer loan approvals occur with same day turnaround and apply credit scoring metrics

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as determined by management. Consumer loans are primarily on a secured basis, while unsecured credit card products are offered and sold to the Bank's customers through Elan Services. Consumer loan products include personal loans, auto loans, recreational loans, and home improvement/second mortgage loans. Fixed rate and fixed term equity loans are available for home improvement and other purposes. Flexible terms are set with individual consumers in mind.

Additional Services

In addition to the traditional retail deposit and credit products, the Bank also provides value added services such as Online and Mobile Banking, Safe Deposit Boxes and Payment Services. The Bank's strategy is to continue to design products and services based on consumer demand/behavior while remaining competitive. The Bank continues to focus on expanding its product suite with new products that enhance relationships and provide additional benefits to the consumer and small business owner. In 2012, the Bank introduced additional products and services including Workplace Community Checking, Mobile Banking enhancements and Consumer Remote Deposit Capture. In 2013, the Bank further enhanced its retail product offerings, introducing non-deposit investment products, and entered into an agreement with Raymond James Financial Services to provide a number of non-deposit investment products and brokerage services, including securities brokerage services, investment advice and investment recommendations, to the Bank's customers.

Credit Administration Platform

The Bank's Credit Administration Department is comprised of independent credit teams having specialized expertise for the various lending disciplines within the Bank's new loan origination platform, as well as for the resolution and workout of the non-performing loans of its acquired loan portfolios. Each department is staffed with credit specialists having specific training and having significant years of experience within their area of responsibility at large regional and national banking platforms.

New Loan Origination

The credit department responsible for the approval of all new credit exposure is led by Senior Site Managers with more than 25 years of large bank experience within the Commercial and Industrial and Commercial Real Estate lending segments structured with a geographical focus in South Florida, Southwest Florida and Central Florida. These teams are comprised of 15 formally trained team members that have more than 10 years of experience on average. The Bank has aligned the credit department with wholesale banking as each credit officer supports 2 Relationship Managers and is responsible for the initial underwriting of a loan request as well as the ongoing portfolio administration including independent credit monitoring and servicing of the loan portfolio.

Individual credit authority has been delegated by the Bank's Loan and Credit Committee to credit officers based on their level of experience and tenure with the Bank with no credit authority being delegated to any line banker to ensure independent credit decisioning. The credit approval process is based on individual signature authority within the field with levels up to \$5 million for commercial relationships, \$4 million for residential mortgages and \$100,000 for consumer loans. Higher exposure levels within each area require Bank executive management approval and/or from the Bank's Loan and Credit Committee, which includes the Bank's executive management and independent directors.

The Bank has created a small business lending factory for all credit relationships with exposures below \$1 million. This team of 5 credit officers utilizes the Baker Hill Loan Administration Platform to assist in the credit decisioning

process by using a credit scoring model that was established by senior management. This automated credit platform will also perform ongoing monitoring of the loan portfolio and identify changes in individual borrower risk profiles that may warrant further credit action to preserve the Bank's safety and soundness.

The Bank has created other specialty credit departments to decision and monitor lending decisions for residential mortgages and other consumer loan products. These independent credit staff members have been

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delegated credit authority based on their experience and tenure with FCB and can approve loan requests that are within the Bank's Credit Policy for these credit products. Any exception from the Bank's Policy requires the next level of approval authority to approve a specific loan request.

Loan Workout and OREO

The resolution and workout of problem loan relationships including the management and disposition of the Bank's OREO is led by a separate credit team. The workout team is comprised of 10 officers each having more than 15 years of workout experience and aligned into three teams with assets assigned by the selected resolution strategy and the OREO department has 4 individuals that are responsible for the ongoing maintenance and establishing an effective marketing strategy for the sale of each asset in order to maximize the realizable value to the Bank.

Independent Credit Risk Review

The Bank has engaged an independent third party to review at least 65% of the newly originated portfolio on an annual basis. At the current time, Reynolds Williams has been selected to provide this important credit review function for the Bank. Its annual engagement is typically completed two times during each calendar year in order to achieve the Bank's required portfolio coverage and ensure a timely review of originated loans in order to identify and report any areas of weakness and or negative trends that may be deviating from or impacting Bank's risk profile. The results from each exam are delivered to the Bank's Loan and Credit Committee by the Bank's Chief Risk Officer.

Post-Acquisition Stabilization and New Customer Expansion

The Bank has developed and deployed a branded conversion strategy, titled "Stronger Than Ever," to support stabilization and enhancement of its customer and deposit base. We believe a primary initial measure of success after the acquisition of the assets and liabilities of a failed financial institution is the performance of the acquired deposit base during the period immediately subsequent to the acquisition. We have also used this program to attract and retain new customers.

Key elements of the "Stronger Than Ever" campaign include:

retention of retail employees who interact with customers on a daily basis;

development of scripts for employees communicating with customers;

tracking of customer contacts for each branch's Top 100 customers;

in-market advertising;

60-day closed account contact protocol and tracking;

daily meetings to review relationship management techniques as well as review daily results;

daily sales management meetings for all branch managers and above in the Retail Division;

daily outbound call and appointment tracking, including new and closed accounts; and

service escalation and closing account protocols.

The Bank has experienced deposit growth following each Acquisition, which we attribute in part to the Stronger Than Ever campaign. This may also be attributable to recapturing deposits that may have left during the period immediately before the related bank's closing, as well as deepening existing relationships and improving product mix to a higher percentage of transaction accounts.

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In addition to deposits, we utilize advances from the FHLB as a supplementary funding source to finance our operations. FHLB advances are secured by qualifying collateral which may include first mortgages, commercial real estate, home equity loans and investment securities. The contractual balance of FHLB advances as of June 30, 2014 totaled \$570.5 million, all of which matures within one year.

Investment Securities

Our investment policy has been established by the Board of Directors and dictates that investment decisions will be made based on, among other things, the safety of the investment, liquidity requirements, interest rate risk, potential returns, cash flow targets and consistency with our asset/liability management. The Bank's Investment Committee is responsible for making securities portfolio decisions in accordance with the established policies and in coordination with the Board's Asset/Liability Committee. The Bank's Investment Committee members, and Bank employees under the direction of such committee, have been delegated authority to purchase and sell securities within specified investment policy guidelines. Portfolio performance and activity are reviewed by the Bank's Investment Committee and full Board of Directors on a periodic basis.

The Bank's investment policy provides specific limits on investments depending on a variety of factors, including its asset class, issuer, credit rating, size, maturity, etc. The Bank's current investment strategy includes maintaining a high credit quality, liquid, diversified portfolio invested in fixed and floating rate securities with short- to intermediate-term maturities. The purpose of this approach is to create a safe and sound investment portfolio that minimizes exposure to interest rate and credit risk while providing attractive relative yield given market conditions.

As of June 30, 2014, the Bank had investment securities available for sale of approximately \$1.72 billion, with greater than 80% of the portfolio invested in securities rated A or higher and the balance rated BBB or higher.

As of June 30, 2014, the effective duration of the Bank's investment portfolio was approximately 2.4 years (assuming Bloomberg consensus prepayment speeds and early calls if security is priced at a premium).

The following table summarizes the Company's and the Bank's investment securities available for sale portfolio as of June 30, 2014, excluding bank stock.

(Dollars in thousands)	Fair Value	Percent of Total
Available for sale securities (Bank):		
U.S. government agencies and sponsored enterprises obligations	\$ 80,098	4.6%
U.S. government agencies and sponsored enterprises mortgage-backed securities	579,042	33.6%
State and municipal obligations	2,237	0.1%
Asset-backed securities	446,636	25.9%
Corporate bonds and other investments	551,251	32.0%
Total securities (Bank)	\$ 1,659,264	96.2%

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Available for sale securities (Company):

Preferred Stock	65,438	3.8%
Total available for sale securities	\$ 1,724,702	100.0%