

FCB FINANCIAL HOLDINGS, INC.

Form 10-Q

May 06, 2016

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**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, D.C. 20549**

**FORM 10-Q**

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended March 31, 2016**

**OR**

.. **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission file number 001-36586**

**FCB FINANCIAL HOLDINGS, INC.**

**(Exact name of registrant as specified in its charter)**

**Delaware**  
**(State or other jurisdiction**  
  
**of incorporation)**

**001-36586**  
**(Commission**

**27-0775699**  
**(IRS Employer**

**file number)**  
**2500 Weston Road, Suite 300**

**Identification Number)**

**Weston, Florida 33331**

**(Address of principal executive offices)**

**(954) 984-3313**

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).  Yes  No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

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

As of April 29, 2016, the registrant had 37,185,551 shares of Class A Common Stock and 3,427,045 shares of Class B Non-voting Common Stock outstanding.

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**FCB FINANCIAL HOLDINGS, INC.**

**FORM 10-Q**

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**Table of Contents****FCB FINANCIAL HOLDINGS, INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS****(Unaudited)****(Dollars in thousands, except share and per share data)**

	<b>March 31, 2016</b>	<b>December 31, 2015</b>
<b>Assets:</b>		
Cash and due from banks	\$ 48,449	\$ 44,696
Interest-earning deposits in other banks	77,624	57,764
<b>Investment securities:</b>		
Available for sale securities, at fair value	1,525,145	1,524,622
Federal Home Loan Bank and other bank stock, at cost	59,321	59,477
<b>Total investment securities</b>	<b>1,584,466</b>	<b>1,584,099</b>
Loans held for sale	900	2,514
<b>Loans:</b>		
New loans	5,108,538	4,610,763
Acquired loans	535,129	582,424
Allowance for loan losses	(31,995)	(29,126)
<b>Loans, net</b>	<b>5,611,672</b>	<b>5,164,061</b>
Premises and equipment, net	36,686	36,954
Other real estate owned	43,522	39,340
Goodwill	81,204	81,204
Core deposit intangible	5,501	5,880
Deferred tax assets, net	74,420	75,176
Bank-owned life insurance	169,531	168,246
Other assets	102,149	71,552
<b>Total assets</b>	<b>\$ 7,836,124</b>	<b>\$ 7,331,486</b>
<b>Liabilities and Stockholders Equity</b>		
<b>Liabilities:</b>		
<b>Deposits:</b>		
<b>Transaction accounts:</b>		
Noninterest-bearing	\$ 737,875	\$ 637,047
Interest-bearing	3,276,896	2,935,418
<b>Total transaction accounts</b>	<b>4,014,771</b>	<b>3,572,465</b>
Time deposits	1,887,608	1,858,173

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Total deposits	5,902,379	5,430,638
Borrowings (including FHLB advances of \$774,850 and \$806,500, respectively)	950,462	983,183
Other liabilities	93,984	41,556
<b>Total liabilities</b>	<b>6,946,825</b>	<b>6,455,377</b>
Commitments and contingencies (Note 11)		
Stockholders' Equity:		
Class A common stock, par value \$0.001 per share; 100 million shares authorized; 39,471,472; 39,103,945 issued and 37,072,534; 37,126,571 outstanding	39	39
Class B common stock, par value \$0.001 per share; 50 million shares authorized; 3,715,385; 3,926,014 issued and 3,523,253; 3,733,882 outstanding	4	4
Additional paid-in capital	853,726	850,609
Retained earnings	110,987	88,535
Accumulated other comprehensive income (loss)	(8,240)	(9,443)
Treasury stock, at cost; 2,398,938; 1,977,374 Class A and 192,132; 192,132 Class B common shares	(67,217)	(53,635)
<b>Total stockholders' equity</b>	<b>889,299</b>	<b>876,109</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 7,836,124</b>	<b>\$ 7,331,486</b>

The accompanying notes are an integral part of these consolidated financial statements

**Table of Contents****FCB FINANCIAL HOLDINGS, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF INCOME (LOSS)****(Unaudited)****(Dollars in thousands, except share and per share data)**

	<b>Three Months Ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>Interest income:</b>		
Interest and fees on loans	\$ 61,288	\$ 43,306
Interest and dividends on investment securities	14,374	12,110
Other interest income	66	33
<b>Total interest income</b>	<b>75,728</b>	<b>55,449</b>
<b>Interest expense:</b>		
Interest on deposits	9,293	5,585
Interest on borrowings	1,993	980
<b>Total interest expense</b>	<b>11,286</b>	<b>6,565</b>
Net interest income	64,442	48,884
Provision for loan losses	1,440	1,349
Net interest income after provision for loan losses	63,002	47,535
<b>Noninterest income:</b>		
Service charges and fees	806	757
Loan and other fees	2,014	2,497
Bank-owned life insurance income	1,285	1,097
FDIC loss share indemnification loss		(65,529)
Income from resolution of acquired assets	680	3,372
Gain (loss) on sales of other real estate owned	(110)	1,565
Gain (loss) on investment securities	(54)	1,007
Other noninterest income (loss)	813	1,145
<b>Total noninterest income</b>	<b>5,434</b>	<b>(54,089)</b>
<b>Noninterest expense:</b>		
Salaries and employee benefits	18,645	16,575
Occupancy and equipment expenses	3,572	3,277
Loan and other real estate related expenses	1,820	2,076
Professional services	1,337	1,406
Data processing and network	2,863	2,718

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Regulatory assessments and insurance	2,117	2,119
Amortization of intangibles	379	424
Other operating expenses	2,567	2,055
Total noninterest expense	33,300	30,650
Income (loss) before income tax expense (benefit)	35,136	(37,204)
Income tax expense (benefit)	12,684	(20,330)
Net income (loss)	\$ 22,452	\$ (16,874)
Earnings (loss) per share:		
Basic	\$ 0.55	\$ (0.41)
Diluted	\$ 0.52	\$ (0.41)
Weighted average shares outstanding:		
Basic	40,698,866	41,421,854
Diluted	42,840,157	41,421,854

The accompanying notes are an integral part of these consolidated financial statements

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**FCB FINANCIAL HOLDINGS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**

**(Unaudited)**

**(Dollars in thousands)**

	<b>Three Months Ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
Net income (loss)	\$ 22,452	\$ (16,874)
Other comprehensive income (loss):		
Unrealized net holding gains (losses) on investment securities available for sale, net of taxes of \$(1,029) and \$(6,622), respectively	1,641	10,546
Reclassification adjustment for realized (gains) losses on investment securities available for sale included in net income, net of taxes of \$275 and \$423, respectively	(438)	(673)
Total other comprehensive income (loss)	1,203	9,873
Total comprehensive income (loss)	\$ 23,655	\$ (7,001)

The accompanying notes are an integral part of these consolidated financial statements



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**FCB FINANCIAL HOLDINGS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**

(Unaudited)

(Dollars in thousands, except for share data)

	Common Stock Shares Outstanding		Common Stock Issued		Additional Paid in Capital	Retained Earnings (Deficit)	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Class A	Class B	Class A	Class B					
Balance as of January 1, 2015	34,469,650	6,940,048	\$ 36	\$ 7	\$ 834,538	\$ 35,144	\$(18,751)	\$ 679	\$ 851,653
Net income (loss)						(16,874)			(16,874)
Exchange of B shares to A shares	775,379	(775,379)	1	(1)					
Stock-based compensation, RSU and warrant expense					1,079				1,079
Excess tax benefit of stock-based compensation					432				432
Exercise of stock options	33,333				670				670
Other					1				1
Other comprehensive income (loss)								9,873	9,873
Balance as of March 31, 2015	35,278,362	6,164,669	\$ 37	\$ 6	\$ 836,720	\$ 18,270	\$(18,751)	\$ 10,552	\$ 846,834
Balance as of January 1, 2016	37,126,571	3,733,882	\$ 39	\$ 4	\$ 850,609	\$ 88,535	\$(53,635)	\$ (9,443)	\$ 876,109
Net income (loss)						22,452			22,452
Exchange of B shares to A shares	210,629	(210,629)							
					1,038				1,038

Stock-based compensation, RSU and warrant expense										
Treasury stock purchases	(421,564)					(13,582)				(13,582)
Exercise of stock options and warrants	156,898				2,093					2,093
Other					(14)					(14)
Other comprehensive income (loss)									1,203	1,203

Balance as of  
 March 31, 2016 37,072,534 3,523,253 \$ 39 \$ 4 \$ 853,726 \$ 110,987 \$(67,217) \$ (8,240) \$ 889,299

The accompanying notes are an integral part of these consolidated financial statements

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## FCB FINANCIAL HOLDINGS, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(Dollars in thousands)

	<b>Three Months Ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>Cash Flows From Operating Activities:</b>		
Net income (loss)	\$ 22,452	\$ (16,874)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Provision for loan losses	1,440	1,349
Amortization of intangible assets	379	424
Depreciation and amortization of premises and equipment	906	976
Amortization of discount on loans	(207)	(853)
Net amortization (accretion) of premium (discount) on investment securities	387	552
Net amortization (accretion) of premium (discount) on time deposits	(23)	(177)
Net amortization (accretion) on FHLB advances and other borrowings	(653)	(642)
Impairment of other real estate owned	90	104
FDIC Loss share indemnification loss		65,529
(Gain) loss on investment securities	54	(1,007)
(Gain) loss on sale of loans	(386)	
(Gain) loss on sale of other real estate owned	110	(1,565)
(Gain) loss on sale of premises and equipment	35	94
Deferred tax expense		(36,929)
Stock-based compensation, RSU and warrant expense	1,038	1,079
Increase in cash surrender value of BOLI	(1,285)	(1,097)
Net change in operating assets and liabilities:		
Net change in loans held for sale	2,000	(601)
Settlement of FDIC loss share agreement		(14,815)
Net change in other assets	(13,804)	(9,553)
Net change in other liabilities	12,180	3,763
<b>Net cash provided by (used in) operating activities</b>	<b>24,713</b>	<b>(10,243)</b>
<b>Cash Flows From Investing Activities:</b>		
Purchase of investment securities available for sale	(110,410)	(215,215)
Sales of investment securities available for sale	117,243	116,755
Paydown and maturities of investment securities available for sale	17,617	26,557
Purchase of FHLB and other bank stock	(32,612)	(19,226)
Sales of FHLB and other bank stock	32,768	20,828
Net change in loans	(294,372)	(107,407)

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Purchase of loans	(192,195)	(93,582)
Proceeds from sale of loans	30,378	
Proceeds from sale of other real estate owned	2,963	13,638
Purchase of premises and equipment	(673)	(399)
Proceeds from life insurance		1,193
Net cash provided by (used in) investing activities	(429,293)	(256,858)
<b>Cash Flows From Financing Activities:</b>		
Net change in deposits	471,764	247,643
Net change in FHLB advances	(31,650)	(13,316)
Net change in repurchase agreements	(418)	37,095
Repurchase of stock	(13,582)	
Exercise of stock options	2,093	670
Other	(14)	1
Net cash provided by (used in) financing activities	428,193	272,093
Net Change in Cash and Cash Equivalents	23,613	4,992
Cash and Cash Equivalents at Beginning of Period	102,460	107,085
Cash and Cash Equivalents at End of Period	\$ 126,073	\$ 112,077
<b>Supplemental Disclosures of Cash Flow Information:</b>		
Interest paid	\$ 10,770	\$ 6,466
Income taxes paid	4,053	13,800
<b>Supplemental disclosure of noncash investing and financing activities:</b>		
Transfer of loans to other real estate owned	\$ 7,345	\$ 12,667

The accompanying notes are an integral part of these consolidated financial statements

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**FCB FINANCIAL HOLDINGS, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***General***

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X of the Securities and Exchange Commission ( SEC ). Accordingly, they do not include all information and notes to the consolidated financial statements necessary for a complete presentation of financial position, results of operations, comprehensive income and cash flows in conformity with U.S. generally accepted accounting principles ( U.S. GAAP ) and should be read in conjunction with the audited consolidated financial statements and the notes thereto for FCB Financial Holdings, Inc. (the Company ) previously filed with the SEC in the Company s Annual Report on Form 10-K for the year ended December 31, 2015. In the opinion of management, all adjustments, consisting of normal recurring adjustments, considered necessary for a fair presentation have been included. The results of operations for the interim periods are not necessarily indicative of the results that may be expected for the full year or any other interim period.

***Nature of Operations***

FCB Financial Holdings, Inc. (the Company ) is a national bank holding company with one wholly-owned national bank subsidiary, Florida Community Bank, N.A. ( Florida Community Bank or the Bank ), headquartered in Weston, Florida, offering a comprehensive range of traditional banking products and services to individual and corporate customers through 47 banking centers located in Florida at March 31, 2016.

***Principles of Consolidation***

The consolidated financial statements include the accounts of the Company, its wholly-owned subsidiary, the Bank, and the Bank s subsidiaries, which consist of a group of real estate holding companies. Intercompany transactions and balances have been eliminated in consolidation.

***Use of Estimates***

The Company s financial reporting and accounting policies conform to U.S. GAAP. The preparation of financial statements in conformity with U.S. 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.

Material estimates subject to significant change include the allowance for loan losses, valuation of and accounting for loans covered by loss sharing arrangements with the FDIC and the related loss share receivable, valuation of and accounting for acquired loans, the carrying value of OREO, the fair value of financial instruments, the valuation of goodwill and other intangible assets, contingent consideration liabilities, acquisition-related fair value computations, stock-based compensation and deferred taxes.

***Recently Adopted Accounting Pronouncements***

In June 2014, the FASB issued ASU No. 2014-12, Compensation- Stock Compensation (Topic 718) Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could be Achieved after the Requisite Service Period . 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 non-vesting condition that affects the grant-date fair value of an award. The amendments in this update became effective for the first quarter ended March 31, 2016. The adoption of this ASU did not have a material impact on the Company's consolidated financial statements.

In November 2014, the FASB issued ASU No. 2014-16, Determining Whether the Host Contract in a Hybrid Financial Instrument Issued in the Form of a Share is More Akin to Debt or Equity a consensus of the FASB Emerging Issues Task Force (ASC 815, Derivatives and Hedging) . This update requires an entity to determine the nature of an instrument by evaluating all economic characteristics and risks of the entire hybrid instrument when determining whether the host is more akin to debt or equity. The amendments in this update became effective for the first quarter ended March 31, 2016. The adoption of this ASU did not have a material impact on the Company's consolidated financial statements.

In February 2015, the FASB issued ASU No. 2015-02, Amendments to the Consolidated Analysis (ASC 810, Consolidation) which amends the consolidation requirements of ASC 810 by reducing the number of consolidation models. The guidance places more emphasis on risk of loss when determining a controlling financial interest; reduces the frequency of the application of related-party guidance when determining a controlling financial interest and changes the consolidation requirements of limited partnerships. The amendments in this update became effective for the first quarter ended March 31, 2016. The adoption of this ASU did not have a material impact on the Company's consolidated financial statements.

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In January 2015, the FASB issued ASU No. 2015-01, *Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items (ASC 225-20, Extraordinary and Unusual Items)* which eliminates the concept of extraordinary items. Under the ASU, extraordinary items will no longer be segregated from the results of ordinary operations and presented separately on the consolidated financial statements. The amendments in this update became effective for the first quarter ended March 31, 2016. The adoption of this ASU did not have a material impact on the Company's consolidated financial statements.

In September 2015, the FASB issued ASU No. 2015-16, *Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments* which requires an acquirer to recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. The amendments in this ASU require that the acquirer record, in the same period's financial statements, the effect on earnings of changes in depreciation, amortization, or other income effects, if any, as a result of the change to the provisional amounts, calculated as if the accounting had been completed at the acquisition date. The amendments in this update became effective for the first quarter ended March 31, 2016. The adoption of this ASU did not have a material impact on the Company's consolidated financial statements.

## ***Recently Issued Accounting Pronouncements***

In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities* which:

Requires equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income. However, an entity may choose to measure equity investments that do not have readily determinable fair values at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or similar investment of the same issuer.

Simplifies the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment. When a qualitative assessment indicates that impairment exists, an entity is required to measure the investment at fair value.

Eliminates the requirement for public business entities to disclose the method(s) and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost on the balance sheet.

Requires public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes.

Requires an entity to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk when the entity has elected to measure the liability at fair value in accordance with the fair value option for financial instruments.

Requires separate presentation of financial assets and financial liabilities by measurement category and form of financial asset (that is, securities or loans and receivables) on the balance sheet or the accompanying notes to the financial statements.

Clarifies that an entity should evaluate the need for a valuation allowance on a deferred tax asset related to available-for-sale securities in combination with the entity's other deferred tax assets.

For public business entities, the amendments in this Update are effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Early application by public business entities to financial statements of fiscal years or interim periods that have not yet been issued or, by all other entities, that have not yet been made available for issuance of the following amendments in this Update are permitted as of the beginning of the fiscal year of adoption:

1. An entity should present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk if the entity has elected to measure the liability at fair value in accordance with the fair value option for financial instruments.
2. Entities that are not public business entities are not required to apply the fair value of financial instruments disclosure guidance in the General Subsection of Section 825-10-50.

Except for the early application guidance discussed above, early adoption of the amendments in this Update is not permitted.

An entity should apply the amendments by means of a cumulative-effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption. The amendments related to equity securities without readily determinable fair values (including disclosure requirements) should be applied prospectively to equity investments that exist as of the date of adoption of the Update. The Company is currently evaluating this guidance to determine the impact on its consolidated financial position, results of operations or cash flows.



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In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* which created Topic 842, *Leases*, and supersedes the leases requirements in Topic 840, *Leases*. Topic 842 specifies the accounting for leases. The core principal of Topic 842 is that a lessee should recognize the assets and liabilities that arise from leases. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and liabilities. For public entities, the amendments in this Update are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early application of the amendments in this Update is permitted. The Company is currently evaluating this guidance to determine the impact on its consolidated financial position, results of operations or cash flows.

In March 2016, the FASB issued ASU No. 2016-06, *Derivatives and Hedging (Topic 815): Contingent Put and Call Options in Debt Instruments* which clarifies the requirements for assessing whether contingent call (put) options that can accelerate the payment of principal on debt instruments are clearly and closely related to their debt hosts. An entity performing the assessment under the amendments in this update is required to assess the embedded call (put) options solely in accordance with the four-stop decision sequence. The amendments are an improvement to GAAP because they eliminate diversity in practice in assessing embedded contingent call (put) options in debt instruments. For public business entities, the amendments in this Update are effective for financial statements issued for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. An entity should apply the amendments in this Update on a modified retrospective basis to existing debt instruments as of the beginning of the fiscal year for which the amendments are effective. Early adoption is permitted, including adoption in an interim period. If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. The adoption of this ASU is not expected to have a material impact on the Company's consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-07, *Investments-Equity Method and Joint Ventures (Topic 323): Simplifying the Transition to the Equity Method of Accounting* which eliminate the requirement that when an investment qualifies for use of the equity method as a result of an increase in the level of ownership interest or degree of influence, an investor must adjust the investment, results of operations, and retained earnings retroactively on a step-by-step basis as if the equity method had been in effect during all previous periods that the investment had been held. The amendments require that the equity method investor add the cost of acquiring the additional interest in the investee to the current basis of the investor's previously held interest and adopt the equity method of accounting as of the date the investment becomes qualified for equity method accounting. Therefore, upon qualifying for the equity method of accounting, no retroactive adjustment of the investment is required. The amendments in this Update require that an entity that has an available-for-sale equity security that becomes qualified for the equity method of accounting recognize through earnings the unrealized holding gain or loss in accumulated other comprehensive income at the date the investment becomes qualified for use of the equity method. The amendments in this Update are effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2016. The amendments should be applied prospectively upon their effective date to increases in the level of ownership interest or degree of influence that result in the adoption of the equity method. Earlier application is permitted. The adoption of this ASU is not expected to have a material impact on the Company's consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-09, *Compensation-Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting* which simplifies several aspects of the accounting for employee share-based payment transactions including the accounting for income taxes, forfeitures, and statutory tax withholding requirements, as well as classification in the statement of cash flows. The Update eliminates equity treatment for tax benefits or deficiencies that result from differences between the compensation cost recognized for GAAP purposes and the related tax deduction at settlement or expiration with such changes recognized in income tax expense and

excludes excess tax benefits and tax deficiencies from the calculation of assumed proceeds for earnings per share purposes since such amounts are recognized in the income statement, which will result in greater volatility in earnings per share. In addition, this Update simplifies the statements of cash flows by eliminating the bifurcation of excess tax benefits from operating activities to financing activities. Upon adoption, the amendments in this Update provide for a tiered transition approach whereby amendments related to the timing of when excess tax benefits are recognized, minimum statutory withholding requirements and forfeitures should be applied using a modified retrospective transition method by means of a cumulative-effect adjustment to equity as of the beginning of the period in which the guidance is adopted. Amendments related to the presentation of employee taxes paid on the statement of cash flows when an employer withholds shares to meet the minimum statutory withholding requirement should be applied retrospectively. Amendments requiring recognition of excess tax benefits and tax deficiencies in the income statement should be applied prospectively. An entity may elect to apply the amendments related to the presentation of excess tax benefits on the statement of cash flows using either a prospective transition method or a retrospective transition method. This Update is effective for annual reporting periods beginning after December 15, 2016, and interim periods within those annual periods with early adoption permitted. The Company is currently evaluating this guidance to determine the impact on its consolidated financial position, results of operations or cash flows.

**Table of Contents****NOTE 2. INVESTMENT SECURITIES**

The amortized cost, gross unrealized gains and losses and approximate fair values of securities available for sale are as follows:

<b>March 31, 2016</b>	<b>Amortized Cost</b>	<b>Unrealized Gains      Losses</b>		<b>Fair Value</b>
		<b>(Dollars in thousands)</b>		
<b>Available for sale:</b>				
U.S. Government agencies and sponsored enterprises obligations	\$ 19,074	\$ 147	\$ 53	\$ 19,168
U.S. Government agencies and sponsored enterprises mortgage-backed securities	385,583	7,624	336	392,871
State and municipal obligations	2,239	206		2,445
Asset-backed securities	499,276	51	15,225	484,102
Corporate bonds and other debt securities	481,535	5,862	6,581	480,816
Preferred stock and other equity securities	150,852	64	5,173	145,743
<b>Total available for sale</b>	<b>\$ 1,538,559</b>	<b>\$ 13,954</b>	<b>\$ 27,368</b>	<b>\$ 1,525,145</b>

<b>December 31, 2015</b>	<b>Amortized Cost</b>	<b>Unrealized Gains      Losses</b>		<b>Fair Value</b>
		<b>(Dollars in thousands)</b>		
<b>Available for sale:</b>				
U.S. Government agencies and sponsored enterprises obligations	\$ 20,930	\$ 100	\$ 142	\$ 20,888
U.S. Government agencies and sponsored enterprises mortgage-backed securities	392,123	2,587	1,595	393,115
State and municipal obligations	2,041	174		2,215
Asset-backed securities	503,240	383	9,689	493,934
Corporate bonds and other debt securities	450,489	1,596	7,190	444,895
Preferred stock and other equity securities	171,170	1,153	2,748	169,575
<b>Total available for sale</b>	<b>\$ 1,539,993</b>	<b>\$ 5,993</b>	<b>\$ 21,364</b>	<b>\$ 1,524,622</b>

As part of the Company's liquidity management strategy, the Company pledges loans and securities to secure borrowings from the FHLB. The Company also pledges securities to collateralize public deposits, repurchase agreements and interest rate swaps. The carrying value of all pledged securities totaled \$820.6 million and \$939.6 million at March 31, 2016 and December 31, 2015, respectively.

The amortized cost and estimated fair value of securities available for sale, by contractual maturity, are as follows:

**March 31, 2016**

	<b>Amortized Cost (Dollars in thousands)</b>	<b>Fair Value</b>
<b>Available for sale:</b>		
Due in one year or less	\$ 5,000	\$ 5,043
Due after one year through five years	130,536	130,563
Due after five years through ten years	72,727	70,833
Due after ten years	275,511	276,822
U.S. Government agencies and sponsored enterprises obligations, mortgage-backed securities and asset-backed securities	903,933	896,141
Preferred stock and other equity securities	150,852	145,743
 Total available for sale	 \$ 1,538,559	 \$ 1,525,145

For purposes of the maturity table, U.S Government agencies and sponsored enterprises obligations, agency mortgage-backed securities and asset-backed securities, the principal of which are repaid periodically, are presented as a single amount. The expected lives of these securities will differ from contractual maturities because borrowers may have the right to prepay the underlying loans with or without prepayment penalties.

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The following tables present the estimated fair values and gross unrealized losses on investment securities available for sale, aggregated by investment category and length of time individual securities have been in a continuous unrealized loss position as of the periods presented:

<b>March 31, 2016</b>	<b>Less than 12 Months</b>		<b>12 Months or More</b>		<b>Total</b>	
	<b>Fair Value</b>	<b>Unrealized Loss</b>	<b>Fair Value</b>	<b>Unrealized Loss</b>	<b>Fair Value</b>	<b>Unrealized Loss</b>
<b>(Dollars in thousands)</b>						
<b>Available for sale:</b>						
U.S. Government agencies and sponsored enterprises obligations	\$ 14,134	\$ 53	\$	\$	\$ 14,134	\$ 53
U.S. Government agencies and sponsored enterprises mortgage-backed securities	49,047	173	15,558	163	64,605	336
State and municipal obligations						
Asset-backed securities	367,799	10,531	81,892	4,694	449,691	15,225
Corporate bonds and other debt securities	236,053	6,410	20,298	171	256,351	6,581
Preferred stock and other equity securities	100,663	2,984	32,963	2,189	133,626	5,173
<b>Total available for sale</b>	<b>\$ 767,696</b>	<b>\$ 20,151</b>	<b>\$ 150,711</b>	<b>\$ 7,217</b>	<b>\$ 918,407</b>	<b>\$ 27,368</b>

<b>December 31, 2015</b>	<b>Less than 12 Months</b>		<b>12 Months or More</b>		<b>Total</b>	
	<b>Fair Value</b>	<b>Unrealized Loss</b>	<b>Fair Value</b>	<b>Unrealized Loss</b>	<b>Fair Value</b>	<b>Unrealized Loss</b>
<b>(Dollars in thousands)</b>						
<b>Available for sale:</b>						
U.S. Government agencies and sponsored enterprises obligations	\$ 15,687	\$ 142	\$	\$	\$ 15,687	\$ 142
U.S. Government agencies and sponsored enterprises mortgage-backed securities	225,109	1,391	12,584	204	237,693	1,595
State and municipal obligations						
Asset-backed securities	354,912	6,290	78,112	3,399	433,024	9,689
Corporate bonds and other debt securities	347,302	7,190			347,302	7,190
Preferred stock and other equity securities	96,543	1,740	19,000	1,008	115,543	2,748
<b>Total available for sale</b>	<b>\$ 1,039,553</b>	<b>\$ 16,753</b>	<b>\$ 109,696</b>	<b>\$ 4,611</b>	<b>\$ 1,149,249</b>	<b>\$ 21,364</b>

At March 31, 2016, the Company's security portfolio consisted of 308 securities, of which 162 securities were in an unrealized loss position. A total of 131 were in an unrealized loss position for less than 12 months. The unrealized losses for these securities resulted primarily from changes in interest rates.

The Company monitors its investment securities for OTTI. Impairment is evaluated on an individual security basis considering numerous factors, and its relative significance varying by situation. The Company has evaluated the nature of unrealized losses in the investment securities portfolio to determine if OTTI exists. The unrealized losses relate to changes in market interest rates and specific market conditions that do not represent credit-related impairments. Furthermore, the Company does not intend to sell nor is it more likely than not that it will be required to sell these investments before the recovery of their amortized cost basis. Management has completed an assessment of each security in an unrealized loss position for credit impairment, including securities with existing characteristics that are covered under the Volcker Rule, and has determined that no individual security was other-than-temporarily impaired at March 31, 2016. The following describes the basis under which the Company has evaluated OTTI:

*U.S. Government Agencies and Sponsored Enterprises Obligations and Agency Mortgage-Backed Securities ( MBS ):*

The unrealized losses associated with U.S. Government agencies and sponsored enterprises obligations and agency MBS are primarily driven by changes in interest rates. These securities have either an explicit or implicit U.S. government guarantee.

*Asset-Backed Securities and Corporate Bonds & Other Debt Securities:*

Securities were generally underwritten in accordance with the Company's investment standards prior to the decision to purchase, without relying on a bond issuer's guarantee in making the investment decision. These investments are investment grade and will continue to be monitored as part of the Company's ongoing impairment analysis, but are expected to perform in accordance with their terms.

**Table of Contents***Preferred Stock and Other Equity Securities:*

The unrealized losses associated with preferred stock and other equity securities in large U.S. financial institutions are primarily driven by changes in interest rates. These securities were generally underwritten in accordance with the Company's investment standards prior to the decision to purchase.

Gross realized gains and losses on the sale of securities available for sale are shown below. The cost of securities sold is based on the specific identification method.

	<b>Three Months Ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
	<b>(Dollars in thousands)</b>	
Gross realized gains	\$ 888	\$ 1,112
Gross realized losses	(942)	(69)
Net realized gains (losses)	\$ (54)	\$ 1,043

**NOTE 3. LOANS, NET**

The Company's loan portfolio consists of New and Acquired loans. The Company classifies originated loans and purchased loans not acquired through business combinations as New loans. The Company classifies loans acquired through business combinations as Acquired loans. A portion of the acquired loan portfolio exhibited evidence of deterioration in credit quality since origination, and are accounted for under ASC 310-30. The remaining portfolio of acquired loans consists of loans that were not considered ASC 310-30 loans at acquisition and are classified as Non-ASC 310-30 loans.

The following tables summarize the Company's loans by portfolio and segment as of the periods presented, net of deferred fees, costs, premiums and discounts:

<b>March 31, 2016</b>	<b>ASC 310-30 Loans</b>	<b>Non-ASC 310-30 Loans</b>	<b>New Loans (1)</b>	<b>Total</b>
<b>Real estate loans:</b>				
Commercial real estate	\$ 212,041	\$ 55,731	\$ 1,067,594	\$ 1,335,366
Owner-occupied commercial real estate		20,814	558,659	579,473
1-4 single family residential	40,061	80,199	1,833,190	1,953,450
Construction, land and development	27,973	6,338	543,540	577,851
Home equity loans and lines of credit		47,362	34,973	82,335
<b>Total real estate loans</b>	<b>\$ 280,075</b>	<b>\$ 210,444</b>	<b>\$ 4,037,956</b>	<b>\$ 4,528,475</b>
<b>Other loans:</b>				
Commercial and industrial	\$ 33,413	\$ 8,478	\$ 1,064,873	\$ 1,106,764

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Consumer	2,287	432	5,709	8,428
Total other loans	35,700	8,910	1,070,582	1,115,192
Total loans held in portfolio	\$ 315,775	\$ 219,354	\$ 5,108,538	\$ 5,643,667
Allowance for loan losses				(31,995)
Loans held in portfolio, net				\$ 5,611,672



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<b>December 31, 2015</b>	<b>ASC 310-30 Loans</b>	<b>Non-ASC 310-30 Loans</b>	<b>New Loans (1)</b>	<b>Total</b>
<b>Real estate loans:</b>				
Commercial real estate	\$ 247,628	\$ 55,985	\$ 998,141	\$ 1,301,754
Owner-occupied commercial real estate		21,101	524,728	545,829
1-4 single family residential	40,922	84,111	1,541,255	1,666,288
Construction, land and development	28,017	6,338	537,494	571,849
Home equity loans and lines of credit		49,407	30,945	80,352
<b>Total real estate loans</b>	<b>\$ 316,567</b>	<b>\$ 216,942</b>	<b>\$ 3,632,563</b>	<b>\$ 4,166,072</b>
<b>Other loans:</b>				
Commercial and industrial	\$ 36,783	\$ 9,312	\$ 972,803	\$ 1,018,898
Consumer	2,390	430	5,397	8,217
<b>Total other loans</b>	<b>39,173</b>	<b>9,742</b>	<b>978,200</b>	<b>1,027,115</b>
<b>Total loans held in portfolio</b>	<b>\$ 355,740</b>	<b>\$ 226,684</b>	<b>\$ 4,610,763</b>	<b>\$ 5,193,187</b>
<b>Allowance for loan losses</b>				<b>(29,126)</b>
<b>Loans held in portfolio, net</b>				<b>\$ 5,164,061</b>

(1) Balance includes \$8.7 million and \$7.1 million of deferred fees, costs, and premium and discount as of March 31, 2016 and December 31, 2015, respectively.

At March 31, 2016 and December 31, 2015, the unpaid principle balance of ASC 310-30 loans were \$387.1 million and \$457.9 million, respectively. At March 31, 2016 and December 31, 2015, the Company had pledged loans as collateral for FHLB advances of \$2.14 billion and \$2.13 billion, respectively. The recorded investments of consumer mortgage loans secured by residential real estate properties for which formal foreclosure proceedings are in process as of March 31, 2016 totaled \$4.9 million. The Company held \$466.7 million and \$464.2 million of syndicated national loans as of March 31, 2016 and December 31, 2015, respectively.

During the three months ended March 31, 2016 and 2015, the Company purchased approximately \$189.2 million and \$89.6 million in loans from third parties.

During the three months ended March 31, 2016 and 2015, the Company sold approximately \$36.2 million and \$7.9 million, respectively in loans to third parties.

The accretable discount on ASC 310-30 loans represents the amount by which the undiscounted expected cash flows on such loans exceed their carrying value. The change in expected cash flow for certain ASC 310-30 loan pools resulted in the reclassification of \$(9.9) million and \$6.7 million between non-accretable and accretable discount during the three months ended March 31, 2016 and 2015, respectively.

Changes in accretable discount for ASC 310-30 loans for the three months ended March 31, 2016 and 2015, were as follows:

	<b>Three Months Ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
	<b>(Dollars in thousands)</b>	
Balance at January 1,	\$ 144,152	\$ 156,197
Accretion	(15,680)	(12,542)
Reclassifications from (to) non-accretable difference	(9,888)	6,650
Balance at March 31,	\$ 118,584	\$ 150,305

#### **NOTE 4. ALLOWANCE FOR LOAN LOSSES**

The Company's accounting method for loans and the corresponding allowance for loan losses ( ALL ) differs depending on whether the loans are New or Acquired. The Company assesses and monitors credit risk and portfolio performance using distinct methodologies for Acquired loans, both ASC 310-30 Loans and Non-ASC 310-30 Loans, and New loans. Within each of these portfolios, the Company further disaggregates the portfolios into the following segments: Commercial real estate, Owner-occupied commercial real estate, 1-4 single family residential, Construction, land and development, Home equity loans and lines of credit, Commercial and industrial and Consumer. The ALL reflects management's estimate of probable credit losses inherent in each of the segments.

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Changes in the ALL by loan portfolio and segment for the three months ended March 31, 2016 and 2015 are as follows:

	Commercial Real Estate	Owner-Occupied Real Estate	1-4 Family Residential	Construction, Land and Development	Home Equity Loans and Lines of Credit	Commercial and Industrial	Consumer	Total
(Dollars in thousands)								
Balance at January 1, 2016	\$ 8,450	\$ 2,243	\$ 6,425	\$ 3,404	\$ 483	\$ 7,665	\$ 456	\$ 29,126
Provision (credit) for ASC 310-30 loans	(198)		1	(10)		(2)	(4)	(213)
Provision (credit) for non-ASC 310-30 loans	(855)	(58)	(24)		23	(3)	6	(911)
Provision (credit) for New loans	492	97	907	51	28	984	5	2,564
Total provision	(561)	39	884	41	51	979	7	1,440
Charge-offs for ASC 310-30 loans				(30)		(75)		(105)
Charge-offs for non-ASC 310-30 loans		(1)			(35)		(6)	(42)
Charge-offs for New loans								
Total charge-offs		(1)		(30)	(35)	(75)	(6)	(147)
Recoveries for ASC 310-30 loans	761					11		772
Recoveries for non-ASC 310-30 loans	804							804
Recoveries for New loans								
Total recoveries	1,565					11		1,576
Ending ALL balance								
ASC 310-30 loans	2,461		27	288		387	402	3,565
Non-ASC 310-30 loans	1,033	404	308	36	279	57	4	2,121
New loans	5,960	1,877	6,974	3,091	220	8,136	51	26,309
Balance at March 31, 2016	\$ 9,454	\$ 2,281	\$ 7,309	\$ 3,415	\$ 499	\$ 8,580	\$ 457	\$ 31,995

**Consumer Total**

<b>Commercial Real Estate</b>	<b>Owner- Occupied Commercial Real Estate</b>	<b>1-4 Single Family Residential</b>	<b>Construction, Land and Development</b>	<b>Home Equity Loans and Lines of Credit</b>	<b>Commercial and Industrial</b>
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(Dollars in thousands)

Balance at January 1, 2015	\$ 8,206	\$ 1,020	\$ 4,740	\$ 2,456	\$ 355	\$ 5,745	\$ 358	\$ 22,880
Provision (credit) for ASC 310-30 loans	(81)		64	(20)		(24)	42	(19)
Provision (credit) for non-ASC 310-30 loans	32	3	56	(7)	4	3	1	92
Provision (credit) for New loans	853	229	383	(181)	39	(43)	(4)	1,276
<b>Total provision</b>	<b>804</b>	<b>232</b>	<b>503</b>	<b>(208)</b>	<b>43</b>	<b>(64)</b>	<b>39</b>	<b>1,349</b>
Charge-offs for ASC 310-30 loans	(96)		(86)	(56)		(30)	(60)	(328)
Charge-offs for non-ASC 310-30 loans			(65)					(65)
Charge-offs for New loans								
<b>Total charge-offs</b>	<b>(96)</b>		<b>(151)</b>	<b>(56)</b>		<b>(30)</b>	<b>(60)</b>	<b>(393)</b>
Recoveries for ASC 310-30 loans	382		121	120		49		672
Recoveries for non-ASC 310-30 loans								
Recoveries for New loans						5		5
<b>Total recoveries</b>	<b>382</b>		<b>121</b>	<b>120</b>		<b>54</b>		<b>677</b>
Ending ALL balance								
ASC 310-30 loans	3,460		424	702		953	272	5,811
Non-ASC 310-30 loans	527	61	405	68	289	52	7	1,409
New loans	5,309	1,191	4,384	1,542	109	4,700	58	17,293
Balance at March 31, 2015	\$ 9,296	\$ 1,252	\$ 5,213	\$ 2,312	\$ 398	\$ 5,705	\$ 337	\$ 24,513

*Credit Quality Indicators*

In evaluating credit risk, the Company looks at multiple factors; however, management considers delinquency status to be the most meaningful indicator of the credit quality of 1-4 single family residential, home equity loans and lines of credit and 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, land and development and commercial real estate loans. Internal risk ratings are updated on a continuous basis.



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The following tables present an aging analysis of the recorded investment for delinquent loans by portfolio and segment (excluding loans accounted for under ASC 310-30):

<b>March 31, 2016</b>	<b>30 to 59 Days Past Due</b>	<b>Accruing 60 to 89 Days Past Due</b>	<b>90 Days or More Past Due</b>	<b>Non- Accrual</b>	<b>Total</b>
	<b>(Dollars in thousands)</b>				
<b>New loans:</b>					
<b>Real estate loans:</b>					
Commercial real estate	\$	\$	\$	\$	\$
Owner-occupied commercial real estate					
1-4 single family residential	14,623			815	15,438
Construction, land and development					
Home equity loans and lines of credit	63				63
<b>Total real estate loans</b>	<b>14,686</b>			<b>815</b>	<b>15,501</b>
<b>Other loans:</b>					
Commercial and industrial					
Consumer					
<b>Total other loans</b>					
<b>Total new loans</b>	<b>\$ 14,686</b>	<b>\$</b>	<b>\$</b>	<b>\$ 815</b>	<b>\$ 15,501</b>
<b>Acquired loans:</b>					
<b>Real estate loans:</b>					
Commercial real estate	\$	\$	\$	\$ 5,220	\$ 5,220
Owner-occupied commercial real estate				2,280	2,280
1-4 single family residential	1,279			3,397	4,676
Construction, land and development					
Home equity loans and lines of credit	689	93		2,501	3,283
<b>Total real estate loans</b>	<b>1,968</b>	<b>93</b>		<b>13,398</b>	<b>15,459</b>
<b>Other loans:</b>					
Commercial and industrial	192			877	1,069
Consumer					
<b>Total other loans</b>	<b>192</b>			<b>877</b>	<b>1,069</b>
<b>Total acquired loans</b>	<b>\$ 2,160</b>	<b>\$ 93</b>	<b>\$</b>	<b>\$ 14,275</b>	<b>\$ 16,528</b>



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<b>December 31, 2015</b>	<b>30 to 59 Days Past Due</b>	<b>Accruing 60 to 89 Days Past Due</b>	<b>90 Days or More Past Due</b>	<b>Non- Accrual</b>	<b>Total</b>
	<b>(Dollars in thousands)</b>				
<b>New loans:</b>					
<b>Real estate loans:</b>					
Commercial real estate	\$	\$	\$	\$	\$
Owner-occupied commercial real estate		113			113
1-4 single family residential	9,439	869		1,454	11,762
Construction, land and development	467				467
Home equity loans and lines of credit	64				64
<b>Total real estate loans</b>	<b>9,970</b>	<b>982</b>		<b>1,454</b>	<b>12,406</b>
<b>Other loans:</b>					
<b>Commercial and industrial</b>					
<b>Consumer</b>					
<b>Total other loans</b>					
<b>Total new loans</b>	<b>\$ 9,970</b>	<b>\$ 982</b>	<b>\$</b>	<b>\$ 1,454</b>	<b>\$ 12,406</b>
<b>Acquired Loans:</b>					
<b>Real estate loans:</b>					
Commercial real estate	\$ 63	\$	\$	\$ 5,282	\$ 5,345
Owner-occupied commercial real estate		95		2,247	2,342
1-4 single family residential	1,393	697		3,016	5,106
Construction, land and development					
Home equity loans and lines of credit	490	97		2,295	2,882
<b>Total real estate loans</b>	<b>1,946</b>	<b>889</b>		<b>12,840</b>	<b>15,675</b>
<b>Other loans:</b>					
Commercial and industrial	90			877	967
Consumer				23	23
<b>Total other loans</b>	<b>90</b>			<b>900</b>	<b>990</b>
<b>Total acquired loans</b>	<b>\$ 2,036</b>	<b>\$ 889</b>	<b>\$</b>	<b>\$ 13,740</b>	<b>\$ 16,665</b>

Loans exhibiting potential credit weaknesses that deserve management's close attention and that if left uncorrected may result in deterioration of the repayment capacity of the borrower are categorized as special mention. Loans with well-defined credit weaknesses including payment defaults, declining collateral values, frequent overdrafts, operating losses, increasing balance sheet leverage, inadequate cash flow, project cost overruns, unreasonable construction delays, past due real estate taxes or exhausted interest reserves are assigned an internal risk rating of substandard. A



loan with a weakness so severe that collection in full is highly questionable or improbable will be assigned an internal risk rating of doubtful.

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The following table summarizes the Company's commercial Non-ASC 310-30 and New loans by key indicators of credit quality. Loans accounted for under ASC 310-30 are excluded from the following analysis because their related allowance is determined by loan pool performance:

<b>March 31, 2016</b>	<b>Pass</b>	<b>Special Mention (Dollars in thousands)</b>	<b>Substandard</b>	<b>Doubtful</b>
<b>New loans:</b>				
Commercial real estate	\$ 1,067,594	\$	\$	\$
Owner-occupied commercial real estate	558,659			
Construction, land and development	543,540			
Commercial and industrial	1,064,873			
<b>Total new loans</b>	<b>\$ 3,234,666</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Acquired loans:</b>				
Commercial real estate	\$ 50,139	\$	\$ 5,592	\$
Owner-occupied commercial real estate	18,534		2,280	
Construction, land and development	6,338			
Commercial and industrial	7,236		1,242	
<b>Total acquired loans</b>	<b>\$ 82,247</b>	<b>\$</b>	<b>\$ 9,114</b>	<b>\$</b>
<b>December 31, 2015</b>	<b>Pass</b>	<b>Special Mention (Dollars in thousands)</b>	<b>Substandard</b>	<b>Doubtful</b>
<b>New loans:</b>				
Commercial real estate	\$ 998,141	\$	\$	\$
Owner-occupied commercial real estate	524,728			
Construction, land and development	537,494			
Commercial and industrial	972,803			
<b>Total new loans</b>	<b>\$ 3,033,166</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Acquired loans:</b>				
Commercial real estate	\$ 50,328	\$	\$ 5,657	\$
Owner-occupied commercial real estate	18,854		2,247	
Construction, land and development	6,338			
Commercial and industrial	6,715	1,352	1,245	
<b>Total acquired loans</b>	<b>\$ 82,235</b>	<b>\$ 1,352</b>	<b>\$ 9,149</b>	<b>\$</b>

Internal risk ratings are a key factor in identifying loans to be individually evaluated for impairment and impact management's estimates of loss factors used in determining the amount of the ALL.



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The following table shows the Company's investment in loans disaggregated based on the method of evaluating impairment:

March 31, 2016	Loans - Recorded Investment			Allowance for Credit Loss		
	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	ASC 310-30 Loans	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	ASC 310-30 Loans
<b>New loans:</b>						
<b>Real estate loans:</b>						
Commercial real estate	\$	\$ 1,067,594	\$	\$	\$ 5,960	\$
Owner-occupied commercial real estate		558,659			1,877	
1-4 single family residential		1,833,190			6,974	
Construction, land and development		543,540			3,091	
Home equity loans and lines of credit		34,973			220	
<b>Total real estate loans</b>	<b>\$</b>	<b>\$ 4,037,956</b>	<b>\$</b>	<b>\$</b>	<b>\$ 18,122</b>	<b>\$</b>
<b>Other loans</b>						
Commercial and industrial	\$	\$ 1,064,873	\$	\$	\$ 8,136	\$
Consumer		5,709			51	
<b>Total other loans</b>	<b>\$</b>	<b>\$ 1,070,582</b>	<b>\$</b>	<b>\$</b>	<b>\$ 8,187</b>	<b>\$</b>
<b>Acquired loans:</b>						
<b>Real estate loans:</b>						
Commercial real estate	\$ 5,220	\$ 50,511	\$ 212,041	\$ 774	\$ 259	\$ 2,461
Owner-occupied commercial real estate	2,185	18,629		340	64	
1-4 single family residential	267	79,932	40,061		308	27
Construction, land and development		6,338	27,973		36	288
Home equity loans and lines of credit	907	46,455			279	
<b>Total real estate loans</b>	<b>\$ 8,579</b>	<b>\$ 201,865</b>	<b>\$ 280,075</b>	<b>\$ 1,114</b>	<b>\$ 946</b>	<b>\$ 2,776</b>
<b>Other loans</b>						
Commercial and industrial	\$ 877	\$ 7,601	\$ 33,413	\$	\$ 57	\$ 387
Consumer		432	2,287		4	402
<b>Total other loans</b>	<b>\$ 877</b>	<b>\$ 8,033</b>	<b>\$ 35,700</b>	<b>\$</b>	<b>\$ 61</b>	<b>\$ 789</b>

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December 31, 2015	Loans - Recorded Investment			Allowance for Credit Loss		
	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	ASC 310-30 Loans	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	ASC 310-30 Loans
(Dollars in thousands)						
New loans:						
Real estate loans:						
Commercial real estate	\$	\$ 998,141	\$	\$	\$ 5,468	\$
Owner-occupied commercial real estate		524,728			1,780	
1-4 single family residential		1,541,255			6,067	
Construction, land and development		537,494			3,040	
Home equity loans and lines of credit		30,945			192	
Total real estate loans	\$	\$ 3,632,563	\$	\$	\$ 16,547	\$
Other loans						
Commercial and industrial	\$	\$ 972,803	\$	\$	\$ 7,152	\$
Consumer		5,397			46	
Total other loans	\$	\$ 978,200	\$	\$	\$ 7,198	\$
Acquired Loans:						
Real estate loans:						
Commercial real estate	\$ 5,282	\$ 50,703	\$ 247,628	\$ 829	\$ 255	\$ 1,898
Owner-occupied commercial real estate	2,244	18,857		399	64	
1-4 single family residential	263	83,848	40,922		332	26
Construction, land and development		6,338	28,017		36	328
Home equity loans and lines of credit	916	48,491			291	
Total real estate loans	\$ 8,705	\$ 208,237	\$ 316,567	\$ 1,228	\$ 978	\$ 2,252
Other loans						
Commercial and industrial	\$ 877	\$ 8,435	\$ 36,783	\$	\$ 60	\$ 453
Consumer		430	2,390		4	406
Total other loans	\$ 877	\$ 8,865	\$ 39,173	\$	\$ 64	\$ 859

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The following tables set forth certain information regarding the Company's impaired loans (excluding loans accounted for under ASC 310-30) that were evaluated for specific reserves:

March 31, 2016	Impaired Loans - With Allowance Unpaid			Impaired Loans - With no Allowance Unpaid	
	Recorded Investment	Principal Balance	Related Allowance	Recorded Investment	Principal Balance
(Dollars in thousands)					
New loans:					
Real estate loans:					
Commercial real estate	\$	\$	\$	\$	\$
Owner-occupied commercial real estate					
1-4 single family residential					
Construction, land and development					
Home equity loans and lines of credit					
Total real estate loans	\$	\$	\$	\$	\$
Other loans					
Commercial and industrial	\$	\$	\$	\$	\$
Consumer					
Total other loans	\$	\$	\$	\$	\$
Acquired loans:					
Real estate loans:					
Commercial real estate	\$ 4,500	\$ 4,923	\$ 774	\$ 720	\$ 747
Owner-occupied commercial real estate	2,185	2,289	340		
1-4 single family residential				267	267
Construction, land and development					
Home equity loans and lines of credit				907	1,048
Total real estate loans	\$ 6,685	\$ 7,212	\$ 1,114	\$ 1,894	\$ 2,062
Other loans					
Commercial and industrial	\$	\$	\$	\$ 877	\$ 1,825
Consumer					
Total other loans	\$	\$	\$	\$ 877	\$ 1,825

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December 31, 2015	Impaired Loans - With Allowance Unpaid			Impaired Loans - With no Allowance Unpaid	
	Recorded Investment	Principal Balance	Related Allowance	Recorded Investment	Principal Balance
(Dollars in thousands)					
New loans:					
Real estate loans:					
Commercial real estate	\$	\$	\$	\$	\$
Owner-occupied commercial real estate					
1-4 single family residential					
Construction, land and development					
Home equity loans and lines of credit					
Total real estate loans	\$	\$	\$	\$	\$
Other loans					
Commercial and industrial	\$	\$	\$	\$	\$
Consumer					
Total other loans	\$	\$	\$	\$	\$
Acquired loans:					
Real estate loans:					
Commercial real estate	\$ 4,555	\$ 4,924	\$ 829	\$ 727	\$ 750
Owner-occupied commercial real estate	2,244	2,310	399		
1-4 single family residential				263	264
Construction, land and development					
Home equity loans and lines of credit				916	1,048
Total real estate loans	\$ 6,799	\$ 7,234	\$ 1,228	\$ 1,906	\$ 2,062
Other loans					
Commercial and industrial	\$	\$	\$	\$ 877	\$ 1,825
Consumer					
Total other loans	\$	\$	\$	\$ 877	\$ 1,825

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	Three Months Ended March 31,			
	2016		2015	
	Average Recorded Investment	Interest Income Recognized (Dollars in thousands)	Average Recorded Investment	Interest Income Recognized
<b>Impaired loans with no related allowance:</b>				
Real estate loans:				
Commercial real estate	\$ 723	\$	\$ 4,321	\$
Owner-occupied commercial real estate				
1-4 single family residential	266			
Construction, land and development				
Home equity loans and lines of credit	912		975	
Total real estate loans	\$ 1,901	\$	\$ 5,296	\$
<b>Other loans:</b>				
Commercial and industrial	\$ 877	\$	\$	\$
Consumer				
Total other loans	\$ 877	\$	\$	\$
<b>Impaired loans with an allowance:</b>				
Real estate loans:				
Commercial real estate	\$ 4,524	\$	\$ 340	\$
Owner-occupied commercial real estate	2,215			
1-4 single family residential				
Construction, land and development				
Home equity loans and lines of credit				
Total real estate loans	\$ 6,739	\$	\$ 340	\$
<b>Other loans:</b>				
Commercial and industrial	\$	\$	\$	\$
Consumer				
Total other loans	\$	\$	\$	\$

**NOTE 5. DERIVATIVES**

The Company is a party to interest rate derivatives that are not designated as hedging instruments. These derivatives are interest rate swaps that the Company enters into with customers to allow customers to convert variable rate loans to fixed rates. 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 changes in the fair value of the swaps offset each other, except for any differences in the credit risk of the counterparties, which is determined by considering the risk rating, probability of default and loss of given default of each counterparty. The Company recorded \$1.2 million and \$1.7



million of customer swap fees in noninterest income in the accompanying consolidated statement of income for the three months ended March 31, 2016 and 2015, respectively.

As of March 31, 2016, the Company has not recorded any credit adjustments related to the credit risk of the counterparties. There was no change in the fair value of derivative assets and derivative liabilities attributable to credit risk included in noninterest expense on the statements of income for the three months ended March 31, 2016 or 2015.

No derivative positions held by the Company as of March 31, 2016 were designated as hedging instruments under ASC 815-10.

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The following tables summarize the Company's derivatives outstanding included in other assets and other liabilities in the accompanying consolidated balance sheets:

March 31, 2016	Derivative Assets		Derivative Liabilities	
	Notional	Fair Value	Notional	Fair Value
(Dollars in thousands)				
Derivatives not designated as hedging instruments under ASC 815-10				
Interest rate contracts - pay floating, receive fixed	\$ 740,085	\$ 38,344	\$ 8,298	\$
Interest rate contracts - pay fixed, receive floating			731,787	38,344
Total derivatives	\$ 740,085	\$ 38,344	\$ 740,085	\$ 38,344

December 31, 2015	Derivative Assets		Derivative Liabilities	
	Notional	Fair Value	Notional	Fair Value
(Dollars in thousands)				
Derivatives not designated as hedging instruments under ASC 815-10				
Interest rate contracts - pay floating, receive fixed	\$ 690,175	\$ 21,553	\$ 8,298	\$ 2
Interest rate contracts - pay fixed, receive floating			698,474	21,551
Total derivatives	\$ 690,175	\$ 21,553	\$ 706,772	\$ 21,553

The derivative transactions entered into with a financial institution are subject to an enforceable master netting arrangement. The following table summarizes the gross and net fair values of the Company's derivatives outstanding with this counterparty included in other liabilities in the accompanying consolidated balance sheets:

March 31, 2016	Gross amounts of recognized liabilities	Gross amounts offset in the consolidated balance sheets	Net amounts in the consolidated balance sheets
	(Dollars in thousands)		
Offsetting derivative liabilities			
Counterparty A - Interest rate contracts	\$ 38,344	\$	\$ 38,344

Total	\$ 38,344	\$	\$ 38,344
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	Gross amounts of recognized liabilities	Gross amounts offset in the consolidated balance sheets	Net amounts in the consolidated balance sheets
<b>December 31, 2015</b>			
<b>(Dollars in thousands)</b>			
Offsetting derivative liabilities			
Counterparty A - Interest rate contracts	\$ 21,553	\$ (2)	\$ 21,551
<b>Total</b>	<b>\$ 21,553</b>	<b>\$ (2)</b>	<b>\$ 21,551</b>

At March 31, 2016, the Company has pledged investment securities available for sale with a carrying amount of \$37.2 million as collateral for the interest rate swaps in a liability position. The amount of collateral required to be posted by the Company varies based on the settlement value of outstanding swaps.

As of March 31, 2016 and December 31, 2015, substantially all of the floating rate terms within the interest rate contracts held by the Company were indexed to 1-month LIBOR.

The fair value of the derivative assets and liabilities are included in a table in Note 12 Fair Value Measurements, in the line items Derivative assets and Derivative liabilities.

**Table of Contents****NOTE 6. DEPOSITS**

The following table sets forth the Company's deposits by category:

	<b>March 31, 2016</b>	<b>December 31, 2015</b>
	<b>(Dollars in thousands)</b>	
Noninterest-bearing demand deposits	\$ 737,875	\$ 637,047
Interest-bearing demand deposits	647,824	608,454
Interest-bearing NOW accounts	441,476	347,832
Savings and money market accounts	2,187,596	1,979,132
Time deposits	1,887,608	1,858,173
 Total deposits	 \$ 5,902,379	 \$ 5,430,638
 Time deposits \$100,000 and greater	 \$ 1,353,034	 \$ 1,323,520
Time deposits greater than \$250,000	605,922	587,590

The aggregate amount of overdraft demand deposits reclassified to loans was \$381 thousand at March 31, 2016. The aggregate amount of maturities for time deposits for each of the five years as of March 31, 2016 totaled \$914.4 million, \$701.1 million, \$252.7 million, \$7.1 million and \$12.4 million, respectively. The Company holds brokered deposits through an insured deposit sweep program of \$489.4 million and \$425.1 million at March 31, 2016 and December 31, 2015, respectively. The Company holds brokered certificates of deposit of \$3.3 million at March 31, 2016 and December 31, 2015.

**NOTE 7. ACCUMULATED OTHER COMPREHENSIVE INCOME**

Changes in AOCI for the periods indicated are summarized as follows:

	<b>Three Months Ended March 31,</b>					
	<b>2016</b>			<b>2015</b>		
	<b>Before Tax</b>	<b>Tax Effect</b>	<b>Net of Tax</b>	<b>Before Tax</b>	<b>Tax Effect</b>	<b>Net of Tax</b>
	<b>(Dollars in thousands)</b>					
Balance at beginning of period	\$(15,371)	\$ 5,928	\$(9,443)	\$ 1,106	\$ (427)	\$ 679
Unrealized gain (loss) on investment securities available for sale:						
Net unrealized holdings gain (loss) arising during the period	2,670	(1,029)	1,641	17,168	(6,622)	10,546
Amounts reclassified to (gain) loss on investment securities	(713)	275	(438)	(1,096)	423	(673)
Balance at end of period	\$(13,414)	\$ 5,174	\$(8,240)	\$ 17,178	\$ (6,626)	\$ 10,552

**NOTE 8. BASIC AND DILUTED EARNINGS PER SHARE**

Basic earnings per share ( EPS ) is calculated by dividing net income available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted EPS reflect the effect of common stock equivalents, including stock options and unvested shares, calculated using the treasury stock method. Common stock equivalents are excluded from the computation of diluted EPS in periods in which the effect is anti-dilutive.

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The following table presents the computation of basic and diluted EPS:

	<b>Three Months Ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
	<b>(Dollars in thousands, except share and per share data)</b>	
Net income (loss) available to common stockholders	\$ 22,452	\$ (16,874)
Weighted average number of common shares - basic	40,698,866	41,421,854
Effect of dilutive securities:		
Employee stock-based compensation awards and warrants	2,141,291	
Weighted average number of common shares - diluted	42,840,157	41,421,854
Basic earnings (loss) per share	\$ 0.55	\$ (0.41)
Diluted earnings (loss) per share	\$ 0.52	\$ (0.41)
Anti-dilutive warrants, stock options and RSUs	148,540	9,682,030

**NOTE 9. INCOME TAXES**

The Company uses an estimated annual effective tax rate method in computing its interim tax provision. This effective tax rate is based on forecasted annual pre-tax income, permanent tax differences and statutory tax rates.

The effective tax rates for the three months ended March 31, 2016 and 2015 were 36.1% and 54.6%, respectively. The decrease in the effective tax rate for the first quarter of 2016 was primarily due to the prior year loss associated with the early termination of the FDIC loss share agreements and a deferred tax asset benefit associated with the revaluation of net unrealized built-in losses related to the Company's acquisition of Great Florida Bank resulting in a prior year tax benefit of \$20.3 million as compared to a tax expense of \$12.7 million for the three months ended March 31, 2016.

**NOTE 10. STOCK-BASED COMPENSATION AND OTHER BENEFIT PLANS***2009 Stock Option Plan*

Option grant activities for the periods indicated are summarized as follows:

	<b>2009 Option Plan</b>	<b>Weighted Average Exercise Price</b>
	<b>Options (Shares in thousands)</b>	
Outstanding at January 1, 2016	3,707,898	\$ 20.67
Granted		
Exercised	(34,632)	19.97
Forfeited	(14,995)	21.82
Expired	(417)	22.97
Outstanding at March 31, 2016	3,657,854	20.67
Exercisable at March 31, 2016	3,204,459	20.54
Vested at March 31, 2016	3,204,459	20.54
Vested and expected to vest at March 31, 2016	3,657,854	20.67

The total unrecognized compensation cost of \$2.0 million related to the 2009 Stock Option Plan for share awards outstanding at March 31, 2016 will be recognized over a weighted average remaining period of 1.52 years.

**Table of Contents***2013 Stock Incentive Plan*

Option grant activities for the periods indicated are summarized as follows:

	<b>2013 Plan Options</b>	<b>Weighted</b>
	<b>Options</b>	<b>Average</b>
	<b>(Shares in thousands)</b>	<b>Exercise</b>
		<b>Price</b>
Outstanding at January 1, 2016	2,367,187	\$ 20.37
Granted	80,000	29.98
Exercised	(44,514)	21.82
Forfeited	(22,501)	22.52
Expired		
Outstanding at March 31, 2016	2,380,172	20.64
Exercisable at March 31, 2016	1,522,149	20.22
Vested at March 31, 2016	2,022,149	20.10
Vested and expected to vest at March 31, 2016	2,380,172	20.64

The total unrecognized compensation cost of \$1.6 million related to the 2013 Stock Incentive Plan for share awards outstanding at March 31, 2016 will be recognized over a weighted average remaining period of 1.19 years.

**NOTE 11. COMMITMENTS AND CONTINGENCIES**

The Company issues off-balance sheet financial instruments in connection with its lending activities and to meet the financing needs of its customers. These financial instruments include commitments to fund loans and lines of credit as well as commercial and standby letters of credit. These commitments expose the Company to varying degrees of credit and market risk which are essentially the same as those involved in extending loans to customers. The Company follows the same credit policies in making commitments as it does for instruments recorded on the Company's consolidated balance sheet. Collateral is obtained based on management's assessment of the customer's credit risk.

The Company's exposure to credit loss is represented by the contractual amount of these commitments. As of March 31, 2016 and December 31, 2015, the Company's reserve for unfunded commitments totaled \$1.4 million and \$1.5 million, respectively.

Fees collected on off-balance sheet financial instruments represent the fair value of those commitments and are deferred and amortized over their term.

**Financial Instruments Commitments**

Unfunded commitments are as follows:



	<b>March 31, 2016</b>	<b>December 31, 2015</b>
	<b>(Dollars in thousands)</b>	
Commitments to fund loans	\$ 660,325	\$ 578,730
Unused lines of credit	354,532	358,601
Commercial and standby letters of credit	15,085	14,410
Total	\$ 1,029,942	\$ 951,741

*Commitments to fund loans:*

Commitments to fund loans are agreements to lend funds to customers as long as there is no violation of any condition established in the contract. To accommodate the financial needs of customers, the Company makes commitments under various terms to lend funds to consumers and businesses. Commitments to fund loans generally have fixed expiration dates or other termination clauses and may require payment of a fee. Many of these commitments are expected to expire without being funded and, therefore, the total commitment amounts do not necessarily represent future liquidity requirements.

The Company evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral required in connection with a commitment to fund is based on management's credit evaluation of the counterparty.

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### *Unused lines of credit:*

Unfunded commitments under lines of credit include commercial, commercial real estate, home equity and consumer lines of credit to existing customers. Some of these commitments may mature without being fully funded.

### *Commercial and standby letters of credit:*

Letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Letters of credit are primarily issued to support trade transactions or guarantee arrangements. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Company generally holds collateral supporting those commitments if deemed necessary.

## **Other Commitments and Contingencies**

### *Legal Proceedings*

The Company, from time to time, is involved as plaintiff or defendant in various legal actions arising in the normal course of business. While the ultimate outcome of any such proceedings cannot be predicted with certainty, it is the opinion of management, based upon advice of legal counsel, that no proceedings exist, either individually or in the aggregate, which, if determined adversely to the Company, would have a material effect on the Company's consolidated balance sheet, results of operations or cash flows.

## **NOTE 12. FAIR VALUE MEASUREMENTS**

When determining the fair value measurements for assets and liabilities and the related fair value hierarchy, the Company considers the principal or most advantageous market in which it would transact and the assumptions that market participants would use when pricing the asset or liability. When possible, the Company looks to active and observable markets to price identical assets or liabilities. When identical assets and liabilities are not traded in active markets, the Company looks to market observable data for similar assets and liabilities. It is the Company's policy to maximize the use of observable inputs, minimize the use of unobservable inputs and use unobservable inputs to measure fair value to the extent that observable inputs are not available. The need to use unobservable inputs generally results from the lack of market liquidity, resulting in diminished observability of both actual trades and assumptions that would otherwise be available to value these instruments, or the value of the underlying collateral is not market observable. Although third party price indications may be available for an asset or liability, limited trading activity would make it difficult to support the observability of these quotations.

### *Financial Instruments Carried at Fair Value on a Recurring Basis*

The following is a description of the valuation methodologies used for financial instruments measured at fair value on a recurring basis, as well as the general classification of each instrument under the valuation hierarchy.

**Investment Securities** Investment securities available for sale are carried at fair value on a recurring basis. When available, fair value is based on quoted prices for the identical security in an active market and as such, would be classified as Level 1. If quoted market prices are not available, fair values are estimated using quoted prices of securities with similar characteristics, discounted cash flows or matrix pricing models. Investment securities available for sale for which Level 1 valuations are not available are classified as Level 2 if the valuation incorporates primarily observable inputs. Level 2 securities include U.S. Government agencies and sponsored enterprises obligations and agency mortgage-backed securities; state and municipal obligations; asset-backed securities; and corporate debt and

other securities. Pricing of these securities is generally spread driven.

Observable inputs that may impact the valuation of these securities include benchmark yield curves, credit spreads, reported trades, dealer quotes, bids, issuer spreads, current rating, historical constant prepayment rates, historical voluntary prepayment rates, structural and waterfall features of individual securities, published collateral data, and for certain securities, historical constant default rates and default severities.

**Interest Rate Derivatives** Interest rate derivatives are reported at estimated fair value utilizing Level 2 inputs and are included in other assets and other liabilities and consist of interest rate swaps where there is no significant deterioration in the counterparties (loan customers) credit risk since origination of the interest rate swap. The Company values its interest rate swap positions using market prices provided by a third party which uses primarily observable market inputs. Interest rate derivatives are further described in Note 5 Derivatives.

For purposes of potential valuation adjustments to our derivative positions, the Company evaluates the credit risk of its counterparties as well as our own credit risk. Accordingly, the Company has considered factors such as the likelihood of default, expected loss given default, net exposures and remaining contractual life, among other things, in determining if any estimated fair value adjustments related to credit risk are required. The Company reviews counterparty exposure quarterly, and when necessary, appropriate adjustments are made to reflect the exposure.

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For the three months ended March 31, 2016 or 2015, the Company has not realized any losses due to a counterparty's inability to pay any net uncollateralized position. As of March 31, 2016, there were no interest rate derivatives classified as Level 3.

The following table presents the assets and liabilities measured at fair value on a recurring basis:

	<b>March 31, 2016</b>			<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>(Dollars in thousands)</b>				
<b>Assets:</b>				
U.S. Government agencies and sponsored enterprises obligations	\$	\$ 19,168	\$	\$ 19,168
U.S. Government agencies and sponsored enterprises mortgage-backed securities		392,871		392,871
State and municipal obligations		2,445		2,445
Asset-backed securities		484,102		484,102
Corporate bonds and other debt securities		480,816		480,816
Preferred stocks and other equity securities	2,092	143,651		145,743
Derivative assets - Interest rate contracts		38,344		38,344
<b>Total</b>	<b>\$ 2,092</b>	<b>\$ 1,561,397</b>	<b>\$</b>	<b>\$ 1,563,489</b>
<b>Liabilities:</b>				
Derivative liabilities - Interest rate contracts	\$	\$ 38,344	\$	\$ 38,344
<b>Total</b>	<b>\$</b>	<b>\$ 38,344</b>	<b>\$</b>	<b>\$ 38,344</b>

	<b>December 31, 2015</b>			<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>(Dollars in thousands)</b>				
<b>Assets:</b>				
U.S. Government agencies and sponsored enterprises obligations	\$	\$ 20,888	\$	\$ 20,888
U.S. Government agencies and sponsored enterprises mortgage-backed securities		393,115		393,115
State and municipal obligations		2,215		2,215
Asset-backed securities		493,934		493,934
Corporate bonds and other debt securities		444,895		444,895
Preferred stocks and other equity securities	2,052	167,523		169,575
Derivative assets - Interest rate contracts		21,553		21,553

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Total	\$ 2,052	\$ 1,544,123	\$	\$ 1,546,175
Liabilities:				
Derivative liabilities - Interest rate contracts	\$	\$ 21,553	\$	\$ 21,553
Total	\$	\$ 21,553	\$	\$ 21,553

There were no transfers of financial assets between levels of the fair value hierarchy during the three months ended March 31, 2016 or 2015.

The inputs used to determine the estimated fair value of loans include market conditions, loan term, underlying collateral characteristics and discount rates. The inputs used to determine fair value of OREO include market conditions, estimated marketing period or holding period, underlying collateral characteristics and discount rates.

For the three months ended March 31, 2016 and 2015, there was not a change in the methods or significant assumptions used to estimate fair value.

**Table of Contents***Financial Instruments Measured at Fair Value on a Non-Recurring Basis*

The following table shows significant unobservable inputs used in the non-recurring fair value measurement of level 3 assets and liabilities:

<b>Level 3 Asset</b>	<b>Fair value</b>	<b>Valuation Technique</b>	<b>Unobservable Inputs</b>	<b>Range</b>
<b>(Dollars in thousands)</b>				
<b>Non-recurring:</b>				
Loans		Third party appraisals and discounted cash flows	Collateral discounts and discount rates	0% - 100%
	\$ 5,673,393			
Other real estate owned			Collateral discounts and estimated cost to sell	
	43,522	Third party appraisals		10%

The following is a description of the methodologies used to estimate the fair values of assets and liabilities measured at fair value on a non-recurring basis, and the level within the fair value hierarchy in which those measurements are typically classified.

**Impaired loans and OREO** The carrying amount of collateral dependent impaired loans is typically based on the fair value of the underlying collateral, which may be real estate or other business assets, less estimated costs to sell. The carrying value of OREO is initially measured based on the fair value, less estimated cost to sell, of the real estate acquired in foreclosure and subsequently adjusted to the lower of cost or estimated fair value, less estimated cost to sell. Fair values of real estate collateral are typically based on real estate appraisals which utilize market and income valuation techniques incorporating both observable and unobservable inputs. When current appraisals are not available, the Company may use brokers' price opinions, home price indices, or other available information about changes in real estate market conditions to adjust the latest appraised value available. These adjustments to appraised values may be subjective and involve significant management judgment. The fair value of collateral consisting of other business assets is generally based on appraisals that use market approaches to valuation, incorporating primarily unobservable inputs. Fair value measurements related to collateral dependent impaired loans and OREO are classified within level 3 of the fair value hierarchy.

The following tables provide information about certain assets measured at fair value on a non-recurring basis:

	<b>March 31, 2016</b>	<b>December 31, 2015</b>
<b>(Dollars in thousands)</b>		
<b>Assets that are still held (classified in Level 3):</b>		
Impaired loans	\$ 9,456	\$ 9,582
Foreclosed real estate	43,522	39,340

**Three Months Ended March 31,**  
**2016**                      **2015**  
**(Dollars in thousands)**

Negative valuation adjustments:		
Impaired loans	\$	\$
Foreclosed real estate	90	104

Impairment charges resulting from the non-recurring changes in fair value of the underlying collateral of impaired loans are included in the provision for loan losses in the consolidated statement of income. Impairment charges resulting from the non-recurring changes in fair value of OREO are included in other real estate and acquired assets resolution expenses in the consolidated statement of income.

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The carrying amounts and estimated fair values, as well as the level within the fair value hierarchy, of the Company's financial instruments are as follows:

<b>March 31, 2016</b>	<b>Carrying Value</b>	<b>Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	<b>(Dollars in thousands)</b>				
<b>Financial Assets:</b>					
Cash and cash equivalents	\$ 126,073	\$ 126,073	\$ 126,073	\$	\$
Available for sale securities	1,525,145	1,525,145	2,092	1,523,053	
FHLB and other bank stock	59,321	59,321		59,321	
Loans, net	5,611,672	5,673,393			5,673,393
Loans held for sale	900	900		900	
Bank-owned life insurance	169,531	169,531		169,531	
Derivative assets - Interest rate contracts	38,344	38,344		38,344	
<b>Financial Liabilities:</b>					
Deposits	\$ 5,902,379	\$ 5,907,850	\$	\$ 5,907,850	\$
Advances from the FHLB and other borrowings	950,462	950,775		950,775	
Derivative liabilities - Interest rate contracts	38,344	38,344		38,344	
<b>December 31, 2015</b>					
	<b>Carrying Value</b>	<b>Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	<b>(Dollars in thousands)</b>				
<b>Financial Assets:</b>					
Cash and cash equivalents	\$ 102,460	\$ 102,460	\$ 102,460	\$	\$
Available for sale securities	1,524,622	1,524,622	2,052	1,522,570	
FHLB and other bank stock	59,477	59,477		59,477	
Loans, net	5,164,061	5,207,971			5,207,971
Loans held for sale	2,514	2,514		2,514	
Bank-owned life insurance	168,246	168,246		168,246	
Derivative assets - Interest rate contracts	21,553	21,553		21,553	
<b>Financial Liabilities:</b>					
Deposits	\$ 5,430,638	\$ 5,430,501	\$	\$ 5,430,501	\$
Advances from the FHLB and other borrowings	983,183	981,997		981,997	
Derivative liabilities - Interest rate contracts	21,553	21,553		21,553	

Certain financial instruments are carried at amounts that approximate fair value due to their short-term nature and generally negligible credit risk. Financial instruments for which fair value approximates the carrying amount at March 31, 2016 and December 31, 2015, include cash and cash equivalents and due from FDIC.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments.



*FHLB and Other Bank Stock:*

FHLB and other bank stock can be liquidated only by redemption by the issuer, as there is no market for these securities. These securities are carried at par, which has historically represented the redemption price and is therefore considered to approximate fair value.

*Loans:*

Fair values for loans are based on a discounted cash flow methodology that considers various factors, including the type of loan and related collateral, classification status, fixed or variable interest rate, term of loan, whether or not the loan was amortizing and current discount rates. Loans are grouped together according to similar characteristics and are treated in the aggregate when applying various valuation techniques. The discount rates used for loans are based on current market rates for new originations of comparable credit risk and include adjustments for liquidity concerns. The ALL is considered a reasonable estimate of the required adjustment to fair value to reflect the impact of credit risk. This estimate may not represent an exit value as defined in ASC 820.

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*Loans Held for Sale:*

Fair values of mortgage loans held for sale are based on commitments on hand from investors or prevailing market prices.

*Bank-owned Life Insurance:*

The Company holds life insurance policies on certain officers. The carrying value of these policies approximates fair value as it is based on the cash surrender value adjusted for other charges or amounts due that are probable at settlement.

*Deposits:*

The fair value of demand deposits, savings accounts and money market deposits is the amount payable on demand at the reporting date. The fair value of fixed-maturity certificates of deposit is estimated using discounted cash flow analysis and using the rates currently offered for deposits of similar remaining maturities.

*Advances from the FHLB and Other Borrowings:*

The fair value of advances from the FHLB and other borrowings are estimated by discounting the future cash flows using the current rate at which similar borrowings with similar remaining maturities could be obtained.

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**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

The following discussion and analysis is intended to assist readers in understanding the financial condition and results of operations of the Company during the three month period ended March 31, 2016 and should be read in conjunction with the consolidated financial statements and notes thereto included in this report on Form 10-Q and the Company's Annual Report on Form 10-K filed for the year ended December 31, 2015 with the SEC.

In this report, unless the context suggests otherwise, references to FCB Financial Holdings, the Company, we, us, our mean the business of FCB Financial 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, or GFB, refer to such bank before its acquisition by 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.

**Cautionary Note Regarding Forward-Looking Information**

This report may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, regarding the financial condition, results of operations, business plans and future performance of the Company. We generally identify forward looking statements by terminology such as outlook, believes, expects, potential, continues, may, will, could, should, seeks, approximately, predicts, intends, plans, the negative version of those words or other comparable words. Any forward-looking statements contained in this report 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 any other cautionary statements that are included elsewhere in this report. We do not undertake any obligation to publicly update or review any forward-looking statements, 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 under Business, Risk Factors and Management's Discussion and Analysis of Financial Condition and Results of Operations included in the Company's Annual Report on Form 10-K for the year ended December 31, 2015 filed with the SEC.

You should read this report and the documents that we reference in this report and have filed as exhibits to various reports and registration statements that we have filed with the SEC 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.

## **Critical Accounting Policies**

We prepare our consolidated financial statements in accordance with accounting principles generally accepted in the United States of America ( U.S. GAAP ) and conform to the accounting and reporting guidelines prescribed by bank regulatory authorities. The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. The more critical accounting estimates and reporting policies include accounting for the ALL, determining fair value of financial instruments, valuation of goodwill and intangible assets, income taxes and the valuation of assets acquired and liabilities assumed in business combinations. Accordingly, the Company s critical accounting estimates are discussed in detail in Management s Discussion and Analysis of Financial Condition and Results of Operations in the Company s Annual Report on Form 10-K. The Company s significant accounting policies and changes in accounting principles and effects of new accounting pronouncements are discussed in detail in Note 1 Summary of Significant Accounting Policies in the Notes to Consolidated Financial Statements in the Company s Annual Report on Form 10-K. Additional disclosures regarding the effects of new accounting pronouncements are included in Note 1 Summary of Significant Accounting Policies included herein.

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### **Corporate Profile**

FCB Financial Holdings, Inc. is a bank holding company, headquartered in Weston, Florida, with one wholly-owned national bank subsidiary, Florida Community Bank, National Association. 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 through 47 branches in south and central Florida. The Bank targets retail and 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.

### **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 sheets and income statements, 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.

### **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 noninterest income, consisting of income from banking service fees, interest rate swap services, BOLI and recoveries on acquired assets. Other factors contributing to our results of operations include our provisions for loan losses, gains or losses on securities and income taxes, as well as the level of our noninterest 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 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 provision for loan 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 net interest income divided by average interest-earning assets. Because noninterest-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. Our acquisitions in 2010 and 2011 and our January 31, 2014 acquisition of GFB, produce 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.

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 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 the provision for loan 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;

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BOLI income;

Income from resolution of acquired assets; and

Net gains and losses from the sale of OREO assets and investment securities

***Noninterest Expense***

Our noninterest expense includes the following:

Salaries and employee benefits;

Occupancy and equipment expenses;

Other real estate and acquired loan resolution related expenses;

Professional services;

Data processing and network expense;

Regulatory assessments and insurance; and

Amortization of intangibles

**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, nonaccrual, 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.

### **Performance Highlights**

Operating and financial highlights for the three months ended March 31, 2016 include the following:

Net interest income of \$64.4 million, an increase of 31.8% year-over-year

Total loan portfolio grew sequentially at an annualized rate of 35%

Demand deposits grew by \$140 million, or 45% annualized during the quarter

ROA and Core ROA were 1.19% and 1.21%, respectively.

Tangible book value per share was \$19.77



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The reconciliation of certain non-GAAP financial measures, which management believes facilitates the assessment of its banking operations and peer comparability, are included in tabular form under Non-GAAP Financial Measures .

## **Analysis of Results of Operations**

The Company reported net income available to common stockholders of \$22.5 million, which generated diluted EPS of \$0.52 in the first quarter of 2016. The Company reported a net loss to common stockholders of \$16.9 million for the first quarter of 2015, which generated diluted EPS of \$(0.41). The increase in earnings was primarily driven by the one-time, pre-tax charge of \$65.5 million in conjunction with the early termination of the FDIC loss share agreements that occurred in the first quarter of 2015. The Company's results of operations for the first quarter of 2016 produced an annualized return on average assets of 1.19% and an annualized return on average common stockholders' equity of 10.28% compared to prior year ratios of (1.13%) and (7.97%), respectively.

## **Net Interest Income and Net Interest Margin**

Net interest income is the largest component of our income and is affected by the interest rate environment and the volume and composition of interest-earning assets and interest-bearing liabilities. Our interest-earning assets include loans, interest-bearing deposits in other banks and investment securities. Our interest-bearing liabilities include deposits, FHLB advances and other borrowings.

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The following tables present, 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:

	<b>Three Months Ended March 31,</b>					
	<b>2016</b>			<b>2015</b>		
	<b>Average Balance (1)</b>	<b>Interest/ Expense (2)</b>	<b>Annualized Yield/Rate(3)</b>	<b>Average Balance (1)</b>	<b>Interest/ Expense (2)</b>	<b>Annualized Yield/Rate(3)</b>
	<b>(Dollars in thousands)</b>					
<b>Interest-earning assets:</b>						
<b>Interest-earning deposits in</b>						
other banks	\$ 86,711	\$ 66	0.31%	\$ 78,344	\$ 33	0.17%
New loans	4,856,809	42,712	3.48%	3,179,879	26,585	3.34%
Acquired loans (4)(5)	556,923	18,576	13.34%	796,571	16,721	8.40%
Investment securities	1,576,617	14,374	3.61%	1,483,886	12,110	3.26%
<b>Total interest-earning assets</b>	<b>7,077,060</b>	<b>75,728</b>	<b>4.24%</b>	<b>5,538,680</b>	<b>55,449</b>	<b>4.00%</b>
<b>Non-earning assets:</b>						
<b>FDIC loss share indemnification</b>						
asset (6)				44,045		
<b>Noninterest-earning assets</b>	<b>477,018</b>			<b>456,245</b>		
<b>Total assets</b>	<b>\$ 7,554,078</b>			<b>\$ 6,038,970</b>		
<b>Interest-bearing liabilities:</b>						
<b>Interest-bearing demand</b>						
deposits	\$ 635,500	\$ 784	0.49%	\$ 141,879	\$ 132	0.38%
Interest-bearing NOW accounts	391,158	372	0.38%	392,318	336	0.35%
Savings and money market						
accounts	2,041,197	2,843	0.56%	1,843,078	2,454	0.54%
Time deposits (7)	1,901,109	5,294	1.12%	1,146,475	2,663	0.94%
FHLB advances and other						
borrowings (7)	1,007,239	1,993	0.78%	1,032,908	980	0.38%
<b>Total interest-bearing liabilities</b>	<b>5,976,203</b>	<b>11,286</b>	<b>0.75%</b>	<b>4,556,658</b>	<b>6,565</b>	<b>0.58%</b>
<b>Noninterest-bearing liabilities</b>						
<b>and</b>						
<b>stockholders equity:</b>						
<b>Noninterest-bearing demand</b>						
deposits	646,442			569,304		
Other liabilities	55,374			53,997		

Stockholders equity	876,059	859,011
Total liabilities and stockholders equity	\$ 7,554,078	\$ 6,038,970
Net interest income	\$ 64,442	\$ 48,884
Net interest rate spread	3.49%	3.42%
Net interest margin	3.65%	3.58%

- (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 annualized basis.
- (4) Includes loans on nonaccrual status.
- (5) Net of allowance for loan losses.
- (6) Amortization expense of FDIC loss share indemnification asset is not included in net interest income presentation.
- (7) Interest expense includes the impact from premium amortization.

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**Table of Contents***First Quarter 2016 compared to First Quarter 2015*

Net interest income was \$64.4 million for the first quarter of 2016, an increase of \$15.6 million compared to \$48.9 million for the same period in 2015. The increase in net interest income reflects a \$20.3 million increase in interest income partially offset by a \$4.7 million increase in interest expense. For the three months ended March 31, 2016, average earning assets increased by \$1.54 billion, or 27.8%, compared to the same period of the prior year, while average interest-bearing liabilities increased \$1.42 billion, or 31.2%, compared to the three months ended March 31, 2015. The increase in interest income for the first quarter of 2016 was due to a \$16.1 million increase in interest income on New loans due to growth in the New loan portfolio and an increase in the average interest rate on New loans. The average balance of New loans increased \$1.68 billion and the average interest rate on New loans increased 14 basis points. Interest income on acquired loans increased \$1.9 million for the three months ended March 31, 2016 compared to the first quarter of 2015, primarily from the continued resolution of acquired assets.

Interest expense on deposits increased \$3.7 million for the three months ended March 31, 2016 compared to the three months ended March 31, 2015 primarily due to a \$1.45 billion, or 41.0%, increase in the average balance of interest-bearing deposits combined with an 11 basis point increase in the cost of deposits. Interest expense on time deposits increased \$2.6 million due to a \$754.6 million increase in the average balance combined with an increase in rate of 18 basis points. The average rate paid on time deposits was 1.12% and 0.94% for the three months ended March 31, 2016 and 2015, respectively. Interest expense on FHLB advances and other borrowings totaled \$2.0 million for the three months ended March 31, 2016 as compared to \$1.0 million for the three months ended March 31, 2015. The increase was primarily due to a 40 basis point increase in average rate paid on borrowings, partially offset by a decrease in the average balance of FHLB advances and other borrowings of \$25.7 million.

The net interest margin for the three months ended March 31, 2016 was 3.65%, an increase of 7 basis points compared to 3.58% for the three months ended March 31, 2015. The average yield on interest-earning assets increased by 24 basis points for the three months ended March 31, 2016 as compared to the three months ended March 31, 2015, offsetting the increase in the average rate paid on interest-bearing liabilities of 17 basis points. The increase in the average yield on interest-earning assets was primarily due to the increase in yield on New loans in addition to the increase in yield on acquired loans resulting from better than expected performance on the resolution of acquired loans.

**Table of Contents****Provision for Loan Losses***First Quarter 2016 compared to First Quarter 2015*

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. The provision for loan losses was \$1.4 million for the three months ended March 31, 2016, consistent with the \$1.3 million provision recorded for the three months ended March 31, 2015. Provision for loan loss expense for the three months ended March 31, 2016 included a \$2.5 million provision related to New loans and a \$1.1 million release of provision for the acquired loan portfolio.

Net recoveries were \$1.4 million for the first quarter of 2016 as compared to \$284 thousand for the same period of 2015. The increase in net recoveries was due to better than expected performance on the resolution of acquired loans. Net recoveries were 0.11% of average loans on an annualized basis for the first quarter of 2016 compared to 0.03% of average loans for the same period of 2015. There were no new loan portfolio charge-offs in the first quarter of 2016.

**Noninterest Income**

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

	<b>Three Months Ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
	<b>(Dollars in thousands)</b>	
<b>Noninterest income:</b>		
Service charges and fees	\$ 806	\$ 757
Loan and other fees	2,014	2,497
Bank-owned life insurance income	1,285	1,097
FDIC loss share indemnification loss		(65,529)
Income from resolution of acquired assets	680	3,372
Gain (loss) on sales of other real estate owned	(110)	1,565
Gain (loss) on investment securities	(54)	1,007
Other noninterest income	813	1,145
<b>Total noninterest income</b>	<b>\$ 5,434</b>	<b>\$ (54,089)</b>

*First Quarter 2016 compared to First Quarter 2015*

The Company reported noninterest income of \$5.4 million for the three months ended March 31, 2016, an increase of \$59.5 million compared to the three months ended March 31, 2015. The increase was primarily due to the early termination of the FDIC loss share agreements in the prior year, partially offset by a decrease in resolution of acquired assets, a decrease in gain on sale of OREO and a decrease in gain on investment securities.

During the three months ended March 31, 2015, the Company recognized \$65.5 million in FDIC loss share indemnification loss resulting from the termination of the FDIC loss share agreement.

Recoveries recognized for the three months ended March 31, 2016 totaled \$680 thousand and were recognized through earnings as received, compared to \$3.4 million for the three months ended March 31, 2015.

The Company recognized a net loss on sales of OREO of \$110 thousand for the three months ended March 31, 2016 as compared to a net gain of \$1.6 million for the same period of 2015. The decrease is primarily attributable to a decrease in sales of OREO from \$12.1 million during the three months ended March 31, 2015 compared to \$3.1 million for the three months ended March 31, 2016.

Net loss on investment securities totaled \$54 thousand for the three months ended March 31, 2016, a decrease of \$1.1 million from the same period of 2015.

**Table of Contents****Noninterest Expense**

The following table presents the components of noninterest expense for the periods indicated:

	<b>Three Months Ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
	<b>(Dollars in thousands)</b>	
Noninterest expense:		
Salaries and employee benefits	\$ 18,645	\$ 16,575
Occupancy and equipment expenses	3,572	3,277
Loan and other real estate related expenses	1,820	2,076
Professional services	1,337	1,406
Data processing and network	2,863	2,718
Regulatory assessments and insurance	2,117	2,119
Amortization of intangibles	379	424
Other operating expenses	2,567	2,055
Total noninterest expense	\$ 33,300	\$ 30,650

*First Quarter 2016 compared to First Quarter 2015*

The Company reported noninterest expense of \$33.3 million for the three months ended March 31, 2016, an increase of \$2.7 million, or 8.6%, compared to the three months ended March 31, 2015. The increase for the period was primarily due to increased salaries and employee benefits of \$2.1 million and other operating expenses of \$512 thousand.

Salaries and employee benefits expenses increased by \$2.1 million, or 12.5%, for the first quarter of 2016 compared to the prior year due to increased accruals for incentive compensation and an increase in full-time equivalent employees.

Other operating expenses increased \$512 thousand for the three months ended March 31, 2016, primarily due to increased marketing and promotion expense.

**Provision for Income Taxes***First Quarter 2016 compared to First Quarter 2015*

The income tax expense for the three months ended March 31, 2016 totaled \$12.7 million, an increase of \$33.0 million compared to an income tax benefit of \$20.3 million for the three months ended March 31, 2015. The increase in income tax expense was primarily due to an increase in income before income taxes of \$72.3 compared to the prior year. The effective income tax rate for the three months ended March 31, 2016 was 36.1%, compared to the effective tax benefit rate of 54.6% for the three months ended March 31, 2015. This change primarily reflects the impact of the one-time, pre-tax charge of \$65.5 million in conjunction with the early termination of all loss share agreements in the prior year.

**Analysis of Financial Condition**

Total assets were \$7.84 billion at March 31, 2016, an increase of \$504.6 million, or 6.9%, from December 31, 2015. The increase in total assets includes an increase of \$447.6 million in net loans, of which New loans increased \$497.8 million over the period. Acquired loans decreased by \$47.3 million as a result of the run-off of the acquired loan portfolio through receipt of payments, loan payoffs, note sales or resolution through foreclosure and transfers to other real estate owned. The total securities portfolio was \$1.58 billion at March 31, 2016, an increase of \$367 thousand from December 31, 2015. The remaining increase in total assets was mainly due to increases in OREO of \$4.2 million and other assets of \$30.6 million. The increase in other assets consisted primarily of increases in unrealized gains on interest rate swaps of \$16.8 million and an increase in amounts due from sub-servicers of \$9.6 million.

### ***Investment Securities***

The Company's 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 policy. The Bank's Investment Committee is responsible for making investment security 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.



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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 yields given market conditions.

The Company's investment securities portfolio primarily consists of U.S. government agencies and sponsored enterprises obligations and agency mortgage-backed securities, corporate debt, asset-backed securities and preferred stocks.

Total investment securities totaled \$1.58 billion as of March 31, 2016 and December 31, 2015.

No securities were determined to be other-than-temporary impaired ( OTTI ) as of March 31, 2016 or December 31, 2015. All securities at March 31, 2016 and December 31, 2015 were investment grade based on ratings from recognized rating agencies.

As a member institution of the FHLB and the Federal Reserve Bank ( FRB ), the Bank is required to own capital stock in the FHLB and the FRB. As of March 31, 2016 and December 31, 2015, the Bank held approximately \$59.3 million and \$59.5 million, respectively, in FHLB and FRB 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 March 31, 2016 and December 31, 2015, respectively, management did not identify any indicators of impairment of FHLB and FRB stock.

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 tax equivalent basis.

	Maturity as of March 31, 2016							
	One Year or Less		After One Year through Five Years		After Five Years through Ten Years		After Ten Years	
	Amortized Cost	Average Yield	Amortized Cost	Average Yield	Amortized Cost	Average Yield	Amortized Cost	Average Yield
(Dollars in thousands)								
Available for sale:								
U.S. Government agencies and sponsored enterprises obligations	\$		\$		\$ 19,074	2.51%	\$	
U.S. Government agencies and sponsored enterprises mortgage-backed securities			25,775	2.02%	242,781	2.26%	117,027	2.43%
State and municipal obligations					198	2.09%	2,041	5.35%
Asset-backed securities			40,680	3.72%	365,900	3.20%	92,696	2.77%

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Corporate bonds and other debt securities	5,000	2.79%	130,536	3.65%	72,529	4.07%	273,470	4.83%
Preferred stock and other equity securities (1)							150,852	5.41%
Total available for sale	\$ 5,000	2.79%	\$ 196,991	3.45%	\$ 700,482	2.95%	\$ 636,086	4.23%

(1) Preferred stock securities are all fixed-to-floating rate perpetual preferred stock that are callable through June 2025.

As of March 31, 2016, the effective duration of the Company's investment portfolio is estimated to be approximately 3.02 years. This estimate is derived using a variety of inputs that are subject to change based on a variety of factors, including but not limited to, changes in interest rates and prepayment speeds.

The average balance of the securities portfolio for the quarter ended March 31, 2016 totaled \$1.58 billion with an annualized pre-tax yield of 3.61%.

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 exceeded 10% of our stockholders' equity as of March 31, 2016 or December 31, 2015.

**Table of Contents****Loans*****Loan concentration***

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, Acquired ASC 310-30 loans and Acquired Non-ASC 310-30 loans as of the dates presented:

	March 31, 2016		December 31, 2015	
	Amount	% of Total	Amount	% of Total
(Dollars in thousands)				
<b>New loans:</b>				
Commercial real estate	\$ 1,067,594	18.9%	\$ 998,141	19.2%
Owner-occupied commercial real estate	558,659	9.9%	524,728	10.1%
1-4 single family residential	1,833,190	32.5%	1,541,255	29.7%
Construction, land and development	543,540	9.6%	537,494	10.4%
Home equity loans and lines of credit	34,973	0.6%	30,945	0.6%
<b>Total real estate loans</b>	<b>\$ 4,037,956</b>	<b>71.5%</b>	<b>\$ 3,632,563</b>	<b>70.0%</b>
Commercial and industrial	1,064,873	18.9%	972,803	18.7%
Consumer	5,709	0.1%	5,397	0.1%
<b>Total new loans</b>	<b>\$ 5,108,538</b>	<b>90.5%</b>	<b>\$ 4,610,763</b>	<b>88.8%</b>
<b>Acquired ASC 310-30 loans:</b>				
Commercial real estate	212,041	3.8%	\$ 247,628	4.8%
1-4 single family residential	40,061	0.7%	40,922	0.8%
Construction, land and development	27,973	0.5%	28,017	0.5%
<b>Total real estate loans</b>	<b>\$ 280,075</b>	<b>5.0%</b>	<b>\$ 316,567</b>	<b>6.1%</b>
Commercial and industrial	33,413	0.6%	36,783	0.7%
Consumer	2,287	0.0%	2,390	0.0%
<b>Total acquired ASC 310-30 loans</b>	<b>\$ 315,775</b>	<b>5.6%</b>	<b>\$ 355,740</b>	<b>6.8%</b>
<b>Acquired non-ASC 310-30 loans:</b>				
Commercial real estate	55,731	1.0%	\$ 55,985	1.1%
Owner-occupied commercial real estate	20,814	0.4%	21,101	0.4%
1-4 single family residential	80,199	1.4%	84,111	1.6%
Construction, land and development	6,338	0.1%	6,338	0.1%

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Home equity loans and lines of credit	47,362	0.8%	49,407	1.0%
<b>Total real estate loans</b>	<b>\$ 210,444</b>	<b>3.7%</b>	<b>\$ 216,942</b>	<b>4.2%</b>
Commercial and industrial	8,478	0.2%	9,312	0.2%
Consumer	432	0.0%	430	0.0%
Total acquired non-ASC 310-30 loans	219,354	3.9%	226,684	4.4%
<b>Total loans</b>	<b>\$ 5,643,667</b>	<b>100.0%</b>	<b>\$ 5,193,187</b>	<b>100.0%</b>

Total loans were \$5.64 billion at March 31, 2016, an increase of 8.7% compared to \$5.19 billion at December 31, 2015.

Our New loan portfolio increased by 10.8% to \$5.11 billion as of March 31, 2016, as compared to \$4.61 billion at December 31, 2015. The increase during the three months ended March 31, 2016 was primarily due to an increase in 1-4 single family residential loans and organic growth in commercial real estate and commercial and industrial loans.

Acquired loans were \$535.1 million at March 31, 2016, a decrease of \$47.3 million to \$582.4 million at December 31, 2015. The decrease during the three months ended March 31, 2016 was primarily due to the run-off of the acquired loan portfolio through note sales, receipt of payments, loan payoffs or resolution through foreclosure and transfers to other real estate owned. During the three months ended March 31, 2016, the Company sold approximately \$24.3 million of acquired loans accounted for under ASC 310-30. These sales resulted in proceeds that exceeded the carrying value of the accounting pool in which the loans resided of \$6.0 million which was recognized as interest income.

**Table of Contents****Asset Quality**

The following table sets forth the composition of our nonperforming assets, including nonaccruals loans, accruing loans 90 days or more days past due and foreclosed assets as of the dates indicated:

	<b>March 31, 2016</b>	<b>December 31, 2015</b>
	<b>(Dollars in thousands)</b>	
<b>Nonperforming assets (excluding acquired assets)</b>		
Nonaccrual loans:		
Commercial real estate	\$	\$
Owner-occupied commercial real estate		
1-4 single family residential	815	1,454
Construction, land and development		
Home equity loans and lines of credit		
Commercial and industrial		
Consumer		
<b>Total nonaccrual loans</b>	<b>815</b>	<b>1,454</b>
Accruing loans 90 days or more past due		
<b>Total nonperforming loans</b>	<b>815</b>	<b>1,454</b>
<b>Other real estate owned (OREO)</b>		
Other foreclosed property		
<b>Total new nonperforming assets</b>	<b>\$ 815</b>	<b>\$ 1,454</b>
<b>Nonperforming acquired assets</b>		
Nonaccrual loans:		
Commercial real estate	\$ 5,593	\$ 5,282
Owner-occupied commercial real estate	2,280	2,247
1-4 single family residential	3,397	3,016
Construction, land and development		
Home equity loans and lines of credit	2,501	2,295
Commercial and industrial	3,681	3,721
Consumer	310	357
<b>Total nonaccrual loans</b>	<b>17,762</b>	<b>16,918</b>
Accruing loans 90 days or more past due		
<b>Total nonperforming loans</b>	<b>17,762</b>	<b>16,918</b>
<b>Other real estate owned (OREO)</b>	<b>43,522</b>	<b>39,340</b>
<b>Other foreclosed property</b>	<b>20</b>	

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Total acquired nonperforming assets	\$ 61,304	\$	56,258
Total nonperforming assets	\$ 62,119	\$	57,712

Nonaccrual loans totaled \$18.6 million at March 31, 2016, an increase of 1.1% from \$18.4 million at December 31, 2015.

Nonperforming assets totaled \$62.1 million at March 31, 2016, an increase of \$4.4 million, or 7.6%, from December 31, 2015.

The increase in nonperforming assets is primarily due to the increase in OREO of \$4.2 million.

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 is 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.

Loans accounted for under ASC 310-30 that are delinquent and/or on nonaccrual 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 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 nonaccrual status will be classified as nonaccrual for presentation purposes.

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

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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.

The following table sets forth our asset quality ratios for the periods presented:

	<b>March 31, 2016</b>	<b>December 31, 2015</b>
<b>Asset Quality Ratios</b>		
<b>Asset and Credit Quality Ratios - New Loans</b>		
Nonperforming new loans to new loans receivable	0.02%	0.03%
New loan ALL to total gross new loans	0.52%	0.52%
<b>Asset and Credit Quality Ratios - Acquired Loans</b>		
Nonperforming acquired loans to acquired loans receivable	3.32%	2.90%
Acquired loan ALL to total gross acquired loans	1.06%	0.92%
<b>Asset and Credit Quality Ratios - Total loans</b>		
Nonperforming loans to loans receivable	0.33%	0.35%
Nonperforming assets to total assets	0.79%	0.79%
ALL to nonperforming assets	51.51%	50.47%
ALL to total gross loans	0.57%	0.56%

**Analysis of the Allowance for Loan Losses**

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 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.

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The following table presents the allocation of the ALL for the periods presented. The entire amount of the allowance is available to absorb losses occurring in any category of loans.

	March 31, 2016		December 31, 2015	
	Amount	% Loans in each category (Dollars in thousands)	Amount	% Loans in each category
<b>New loans:</b>				
<b>Real estate loans:</b>				
Commercial real estate	\$ 5,960	18.9%	\$ 5,468	19.2%
Owner-occupied commercial real estate	1,877	9.9%	1,780	10.1%
1-4 single family residential	6,974	32.5%	6,067	29.7%
Construction, land and development	3,091	9.6%	3,040	10.4%
Home equity loans and lines of credit	220	0.6%	192	0.6%
<b>Total real estate loans</b>	<b>18,122</b>	<b>71.5%</b>	<b>16,547</b>	<b>70.0%</b>
<b>Other loans:</b>				
Commercial and industrial	8,136	18.9%	7,152	18.7%
Consumer	51	0.1%	46	0.1%
<b>Total other loans</b>	<b>8,187</b>	<b>19.0%</b>	<b>7,198</b>	<b>18.8%</b>
<b>Total new loans</b>	<b>\$ 26,309</b>	<b>90.5%</b>	<b>\$ 23,745</b>	<b>88.8%</b>
<b>Acquired ASC 310-30 loans:</b>				
<b>Real estate loans:</b>				
Commercial real estate	\$ 2,461	3.8%	\$ 1,898	4.8%
1-4 single family residential	27	0.7%	26	0.8%
Construction, land and development	288	0.5%	328	0.5%
<b>Total real estate loans</b>	<b>2,776</b>	<b>5.0%</b>	<b>2,252</b>	<b>6.1%</b>
<b>Other loans:</b>				
Commercial and industrial	387	0.6%	453	0.7%
Consumer	402	0.0%	406	0.0%
<b>Total other loans</b>	<b>789</b>	<b>0.6%</b>	<b>859</b>	<b>0.7%</b>
<b>Total Acquired ASC 310-30 loans</b>	<b>\$ 3,565</b>	<b>5.6%</b>	<b>\$ 3,111</b>	<b>6.8%</b>
<b>Acquired Non-ASC 310-30 loans:</b>				
<b>Real estate loans:</b>				



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Commercial real estate	\$ 1,033	1.0%	\$ 1,084	1.1%
Owner-occupied commercial real estate	404	0.4%	463	0.4%
1-4 single family residential	308	1.4%	332	1.6%
Construction, land and development	36	0.1%	36	0.1%
Home equity loans and lines of credit	279	0.8%	291	1.0%
Total real estate loans	2,060	3.7%	2,206	4.2%
Other loans:				
Commercial and industrial	57	0.2%	60	0.2%
Consumer	4	0.0%	4	0.0%
Total other loans	61	0.2%	64	0.2%
Total Acquired Non-ASC 310-30 loans	\$ 2,121	3.9%	\$ 2,270	4.4%
Total loans	\$ 31,995	100.0%	\$ 29,126	100.0%

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The following tables present information related to the ALL for the periods presented:

	Commercial Real Estate	Owner- Occupied Real Estate	1- 4 Single Family Residential	Construction and Land Development	Home Equity Loans and Lines of Credit	Commercial and Industrial	Consumer	Total
(Dollars in thousands)								
Balance at January 1, 2016	\$ 8,450	\$ 2,243	\$ 6,425	\$ 3,404	\$ 483	\$ 7,665	\$ 456	\$ 29,126
Provision (credit) for ASC 310-30 loans	(198)		1	(10)		(2)	(4)	(213)
Provision (credit) for non-ASC 310-30 loans	(855)	(58)	(24)		23	(3)	6	(911)
Provision (credit) for New loans	492	97	907	51	28	984	5	2,564
Total provision	(561)	39	884	41	51	979	7	1,440
Charge-offs for ASC 310-30 loans				(30)		(75)		(105)
Charge-offs for non-ASC 310-30 loans		(1)			(35)		(6)	(42)
Charge-offs for New loans								
Total charge-offs		(1)		(30)	(35)	(75)	(6)	(147)
Recoveries for ASC 310-30 loans	761					11		772
Recoveries for non-ASC 310-30 loans	804							804
Recoveries for New loans								
Total recoveries	1,565					11		1,576
Ending ALL balance								
ASC 310-30 loans	2,461		27	288		387	402	3,565
Non-ASC 310-30 loans	1,033	404	308	36	279	57	4	2,121
New loans	5,960	1,877	6,974	3,091	220	8,136	51	26,309
Balance at March 31, 2016	\$ 9,454	\$ 2,281	\$ 7,309	\$ 3,415	\$ 499	\$ 8,580	\$ 457	\$ 31,995

**Commercial Real Estate    Owner-Occupied Real Estate    1- 4 Single Family Residential    Construction and Land Development    Home Equity Loans and Lines of Credit    Commercial and Industrial    Consumer    Total**

**Estate Commercial Family and Loans and Industrial  
Real Residential Development Lines  
Estate of  
Credit**

(Dollars in thousands)

Balance at January 1, 2015	\$ 8,206	\$ 1,020	\$ 4,740	\$ 2,456	\$ 355	\$ 5,745	\$ 358	\$ 22,880
Provision (credit) for ASC 310-30 loans	(81)		64	(20)		(24)	42	(19)
Provision (credit) for non-ASC 310-30 loans	32	3	56	(7)	4	3	1	92
Provision (credit) for New loans	853	229	383	(181)	39	(43)	(4)	1,276
<b>Total provision</b>	<b>804</b>	<b>232</b>	<b>503</b>	<b>(208)</b>	<b>43</b>	<b>(64)</b>	<b>39</b>	<b>1,349</b>
Charge-offs for ASC 310-30 loans	(96)		(86)	(56)		(30)	(60)	(328)
Charge-offs for non-ASC 310-30 loans			(65)					(65)
Charge-offs for New loans								
<b>Total charge-offs</b>	<b>(96)</b>		<b>(151)</b>	<b>(56)</b>		<b>(30)</b>	<b>(60)</b>	<b>(393)</b>
Recoveries for ASC 310-30 loans	382		121	120		49		672
Recoveries for non-ASC 310-30 loans								
Recoveries for New loans						5		5
<b>Total recoveries</b>	<b>382</b>		<b>121</b>	<b>120</b>		<b>54</b>		<b>677</b>
Ending ALL balance								
ASC 310-30 loans	3,460		424	702		953	272	5,811
Non-ASC 310-30 loans	527	61	405	68	289	52	7	1,409
New loans	5,309	1,191	4,384	1,542	109	4,700	58	17,293
Balance at March 31, 2015	\$ 9,296	\$ 1,252	\$ 5,213	\$ 2,312	\$ 398	\$ 5,705	\$ 337	\$ 24,513

As of March 31, 2016, our New loans have exhibited limited delinquency and credit loss history prohibiting the Company from establishing an observable loss trend. Given this lack of sufficient loss history on the New loan portfolio, 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. Historical loss factors are adjusted for qualitative factors including trends in delinquencies and nonaccruals, production trends, average risk ratings and loan-to-value ratios, current industry conditions, general economic conditions, credit concentrations by portfolio and asset categories and portfolio quality. Other adjustments for qualitative factors may be made to the ALL 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. 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 role in recording the allowance

estimates.

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The ALL increased \$2.9 million to \$32.0 million at March 31, 2016 from \$29.1 million at December 31, 2015, primarily due to the increase in New loans of \$497.8 million. The ALL as a percentage of nonperforming assets and the ALL as a percentage of total gross loans was 51.51% and 0.57% as of March 31, 2016, compared to 50.47% and 0.56% at December 31, 2015. The increase in the ALL as a percentage of total loans was the result of the decrease in the acquired loan portfolio. The allowance coverage ratio on New loans remained flat over the same period.

**FDIC Loss Share Indemnification Asset**

On March 4, 2015, the Bank entered into an agreement with the FDIC to terminate all loss sharing agreements which were entered into in 2010 and 2011 in conjunction with the Bank's acquisition of substantially all of the assets ( Covered Assets ) and assumption of substantially all of the liabilities of six failed banks in FDIC-assisted acquisitions. Under the early termination, all rights and obligations of the Bank and the FDIC under the loss share agreements, including the clawback provisions, have been eliminated.

The Bank paid the FDIC \$14.8 million as consideration for the early termination to settle its obligation under the FDIC Clawback Liability. The early termination was recorded in the Bank's financial statements by removing the FDIC Indemnification Asset receivable, the FDIC Clawback liability and recording a one-time, pre-tax loss on termination of \$65.5 million.

The following tables summarize the activity related to the FDIC loss share indemnification asset for the periods presented:

	<b>Three Months Ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
	<b>(Dollars in thousands)</b>	
Balance at beginning of period	\$	\$ 63,168
Termination of FDIC loss sharing agreements		(63,168)
Reimbursable expenses		
Amortization		
Income resulting from impairment and charge-off of covered assets, net		
Expense resulting from recoupment and disposition of covered assets, net		
FDIC claims submissions		
Balance at end of period	\$	\$

The following table summarizes the changes in the clawback liability, included in Other Liabilities, for the periods presented:

	<b>Three Months Ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
	<b>(Dollars in thousands)</b>	
Balance at beginning of period	\$	\$ 13,846

Termination of FDIC loss sharing agreements		(13,846)
Amortization impact		
Remeasurement impact		
Balance at end of period	\$	\$

### Other Real Estate Owned

The following table shows the composition of other real estate owned as of the periods presented:

	March 31, 2016	December 31, 2015
	(Dollars in thousands)	
Commercial real estate	\$ 9,987	\$ 4,980
1-4 single family residential	2,990	4,875
Construction, land and development	30,545	29,485
Total	\$ 43,522	\$ 39,340

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The following table summarizes the activity related to other real estate owned for the periods presented:

	<b>Three Months Ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
	<b>(Dollars in thousands)</b>	
Balance at beginning of period	\$ 39,340	\$ 74,527
Additions from acquisition		
Transfers from loan portfolio	7,345	12,667
Impairments	(90)	(104)
Sales	(3,073)	(12,073)
Balance at end of period	\$ 43,522	\$ 75,017

Total OREO held by the Company was \$43.5 million as of March 31, 2016, an increase of \$4.2 million from December 31, 2015. The increase in other real estate owned was due to \$7.3 million of additions to OREO through loan foreclosures partially offset by OREO sales of \$3.1 million.

**Bank-owned Life Insurance**

BOLI policies are held in order to insure the key officers and employees of the Bank. Per ASC 325-10, Investments in Insurance Contracts, this policy is recorded at the cash surrender value adjusted for other charges or other amounts due that are probable at settlement, if applicable.

The following table summarizes the changes in the cash surrender value of BOLI for the periods presented:

	<b>Three Months Ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
	<b>(Dollars in thousands)</b>	
Balance at beginning of period	\$ 168,246	\$ 139,829
Additions from premium payments		
Net gain in cash surrender value	1,285	1,097
Mortality proceeds receivable		(1,193)
Balance at end of period	\$ 169,531	\$ 139,733

As of March 31, 2016 and December 31, 2015, the BOLI cash surrender value was \$169.5 million and \$168.2 million respectively. The company recognized \$1.3 million and \$1.1 million of BOLI income for the three months ended March 31, 2016 and 2015 resulting in a pre-tax yield of 3.05% and 3.18%, respectively. The total death benefit of the BOLI policies at March 31, 2016 and December 31, 2015 totaled \$521.2 million and \$521.8 million, respectively.

**Deposits**

We expect that deposits will be our primary funding source in the future. We expect commercial core deposits will drive core deposit growth.

The following table shows the deposit mix as of the periods presented

	March 31, 2016		December 31, 2015	
	Amount	Percent of Total (Dollars in thousands)	Amount	Percent of Total
Noninterest-bearing demand deposits	\$ 737,875	12.5%	\$ 637,047	11.7%
Interest-bearing demand deposits	647,824	10.9%	608,454	11.2%
Interest-bearing NOW accounts	441,476	7.5%	347,832	6.4%
Savings and money market accounts	2,187,596	37.1%	1,979,132	36.5%
Time deposits	1,887,608	32.0%	1,858,173	34.2%
Total deposits	\$ 5,902,379	100.0%	\$ 5,430,638	100.0%

Deposits at March 31, 2016 totaled \$5.90 billion, an increase of \$471.7 million, or 8.7%, from December 31, 2015. The increase in deposits consisted of a \$442.3 million increase in core deposits and a \$29.4 million increase in time deposits. Core deposits include demand deposit, NOW accounts, savings and money market accounts and represents 68.0% of total deposits at March 31, 2016, an increase from 65.8% at December 31, 2015.



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The increase in core deposits was primarily due to growth in demand deposits and savings and money market accounts due to retail marketing efforts and commercial relationship growth. The average rate paid on deposits for the three months ended March 31, 2016 was 0.66%. This represents an increase of 11 basis points as compared to the average rate paid on deposits of 0.55% for the three months ended March 31, 2015. The average rate paid on time deposits for the three months ended March 31, 2016 was 1.12%. This represents an increase of 18 basis points compared to the average rate paid on time deposits of 0.94% for the three months ended March 31, 2015.

The following table shows the remaining maturity of time deposits of \$100,000 and greater as of the period presented:

	<b>March 31, 2016</b>	
	<b>(Dollars in thousands)</b>	
Time deposits \$100,000 or greater with remaining maturity of:		
Three months or less		101,846
After three months through six months		206,785
After six months through twelve months		319,429
After twelve months		724,974
<b>Total</b>	<b>\$</b>	<b>1,353,034</b>

**Borrowings**

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 residential mortgages, commercial real estate loans, home equity loans and investment securities.

Total borrowings consisted of the following as of the periods presented:

	<b>March 31, 2016</b>	<b>December 31, 2015</b>
	<b>(Dollars in thousands)</b>	
FHLB advances	\$ 774,850	\$ 806,500
Securities sold under repurchase agreements	144,877	159,754
Retail repurchase agreements	27,907	13,448
<b>Total contractual outstanding</b>	<b>947,634</b>	<b>979,702</b>
<b>Fair value adjustment</b>	<b>2,828</b>	<b>3,481</b>
<b>Total borrowings</b>	<b>\$ 950,462</b>	<b>\$ 983,183</b>

At March 31, 2016, total borrowings were \$950.5 million, a decrease of \$32.7 million, or 3.3%, from \$983.2 million at December 31, 2015. The decrease in total borrowings was primarily driven by the \$31.7 million decrease in FHLB advances and a decrease in securities sold under repurchase agreements of \$14.9 million partially offset by an increase in retail repurchase agreement of \$14.5 million.

Short-term borrowings consist of debt with maturities of one year or less and the current portion of long-term debt. The following table is a summary of short-term borrowings for the periods presented:

	<b>As of/For the Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2016</b>	<b>2015</b>
	<b>(Dollars in thousands)</b>	
<b>Short-Term FHLB advances:</b>		
Maximum outstanding at any month-end during the period	\$ 723,250	\$ 690,120
Balance outstanding at end of period	574,850	612,120
Average outstanding during the period	682,076	655,676
Average interest rate during the period	0.60%	0.24%
Average interest rate at the end of the period	0.65%	0.23%

**Table of Contents****Stockholders' Equity**

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

	<b>Three Months Ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
	<b>(Dollars in thousands)</b>	
Balance at beginning of period	\$ 876,109	\$ 851,653
Net income (loss)	22,452	(16,874)
Stock-based compensation, RSU and warrant expense	1,038	1,079
Excess tax benefit of stock-based compensation		432
Treasury stock purchases	(13,582)	
Exercise of stock options and warrants	2,093	670
Other	(14)	1
Other comprehensive income (loss)	1,203	9,873
Balance at end of period	\$ 889,299	\$ 846,834

For the three months ended March 31, 2016 the Company reported net income of \$22.5 million, an increase of \$39.3 million, compared to a net loss of \$16.9 million for the three months ended March 31, 2015. The Company's results of operations for the period ended March 31, 2016 produced an annualized return on average assets of 1.19% and an annualized return on average common stockholders' equity of 10.28% compared to prior year ratios of (1.13)% and (7.97)%, respectively.

Stockholders' equity totaled \$889.3 million as of March 31, 2016, an increase of \$13.2 million from \$876.1 million as of December 31, 2015, primarily driven by net income of \$22.5 million which were partially offset by treasury stock repurchases of \$13.6 million.

*Treasury Stock*

During the three months ended March 31, 2016, the Company repurchased 421,564 shares of Class A common stock at a weighted average price of \$32.20 per share for an aggregate amount of \$13.6 million. The Company accounted for the transactions under the cost method and holds 2,591,070 common shares with a cost of \$67.2 million in Treasury Stock as of March 31, 2016. These transactions are recorded as Treasury stock purchases in the accompanying consolidated statements of changes in stockholders' equity.

*Warrants*

The following table presents the activity during the three months ended March 31, 2016 related to the Amended 2009 Warrants:

**Amended 2009  
Warrants  
Options**

	(Shares in thousands)	<b>Weighted Average Exercise Price</b>
Outstanding at January 1, 2016	3,024,123	\$ 26.42
Granted		
Exercised	(295,418)	26.09
Forfeited		
Expired		
Outstanding at March 31, 2016	2,728,705	26.46
Exercisable at March 31, 2016	1,625,227	25.22
Vested at March 31, 2016	2,728,705	26.46
Vested and expected to vest at March 31, 2016	2,728,705	26.46

### Capital Resources

Our Company and Bank are subject to regulatory capital adequacy requirements promulgated by federal bank regulatory agencies. Failure by our Company or Bank to meet minimum capital requirements could result in certain mandatory and discretionary actions by regulators that could have a material adverse effect on our consolidated financial statements. The Federal Reserve establishes capital requirements for our Company and the OCC has similar requirements for our Bank. Information presented for March 31, 2016, reflects the Basel III capital requirements that became effective January 1, 2015 for both our Company and Bank. Under these capital

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requirements and the regulatory framework for prompt corrective action, our Company and Bank must meet specific capital guidelines that involve quantitative measures of our Company and Bank's assets, liabilities and certain off-balance-sheet items as calculated under regulatory accounting practices. Our Company's and Bank's capital amounts and classifications are also subject to qualitative judgments by regulators about components, risk weightings and other factors.

Quantitative measures established by regulation require our Company and Bank to maintain certain minimum capital amounts and ratios. Federal bank regulators require our Company and Bank to maintain minimum ratios of core capital to adjusted average assets of 4.0%, common equity tier 1 capital to risk-weighted assets of 4.5%, tier 1 capital to risk-weighted assets of 6.0% and total risk-based capital to risk-weighted assets of 8.0%. Beginning January 1, 2016, Basel III implemented a requirement for all banking organizations to maintain a capital conservation buffer above the minimum risk-based capital requirements in order to avoid certain limitations on capital distributions, stock repurchases and discretionary bonus payments to executive officers. The capital conservation buffer is exclusively composed of common equity tier 1 capital. Beginning January 1, 2016, the Company and Bank were required to comply with the capital conservation buffer requirement, which is 0.625% for 2016 and increases by 0.625% for each year through 2019. The capital planning process and position is monitored by the Enterprise Risk Committee.

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The Company and Bank's regulatory capital ratios, including the impact of the capital conservation buffer to the minimum capital requirements effective January 1, 2016, are as follows:

	<b>Minimum Capital Requirement</b>	<b>Minimum to be Well Capitalized</b>	<b>March 31, 2016</b>	<b>December 31, 2015</b>
<b>Capital Ratios (Company)</b>				
Tier 1 leverage ratio	4.0%	5.0%	9.6%	10.3%
Common equity tier 1 capital ratio	5.125%	6.5%	11.1%	12.1%
Tier 1 risk-based capital ratio	6.625%	8.0%	11.1%	12.1%
Total risk-based capital ratio	8.625%	10.0%	11.1%	12.1%
<b>Capital Ratios (Bank)</b>				
Tier 1 leverage ratio	4.0%	5.0%	9.5%	9.9%
Common equity tier 1 capital ratio	5.125%	6.5%	11.1%	11.6%
Tier 1 risk-based capital ratio	6.625%	8.0%	11.1%	11.6%
Total risk-based capital ratio	8.625%	10.0%	11.1%	11.6%

At March 31, 2016, our Company and Bank met all the capital adequacy requirements to which they were subject. At March 31, 2016, the Company and Bank were well capitalized under the regulatory framework for prompt corrective action. To be well capitalized, our Company and Bank must maintain minimum leverage, common equity tier 1 risk-based, tier 1 risk-based and total risk-based capital ratios of at least 5.0%, 6.5%, 8.0% and 10.0%, respectively. Management believes that no conditions or events have occurred since March 31, 2016 that would materially adversely change the Company's or Bank's capital classifications. From time to time, we may need to raise additional capital to support our Company's and Bank's further growth and to maintain their well capitalized status.

The Bank and, with respect to certain provisions, the Company, is also subject to an Order of the FDIC, dated January 22, 2010, issued in connection with the FDIC's approval of the Bank's application for federal deposit insurance. The Order requires, among other things, the Bank to maintain capital levels sufficient to be well capitalized under regulatory standards during the remaining period of ownership of the investors (as defined in the Order) subject to the SOP. As of March 31, 2016 and December 31, 2015, we believe the Company and Bank both had capital levels that exceeded the regulatory guidelines for a well capitalized institution.

As of March 31, 2016, the Company had a Tier 1 leverage ratio of 9.6%, which provided \$337.7 million of excess capital relative to the minimum requirements to be considered well capitalized. As of March 31, 2016, the Bank had a Tier 1 leverage ratio of 9.5%, which provided \$330.7 million of excess capital relative to the minimum requirements to be considered well capitalized.

**Liquidity**

Liquidity represents the Company's ability to meet financial commitments through the maturity and sale of existing assets or availability of additional funds. Liquidity risk results from the mismatching of asset and liability cash flows. The Bank's liquidity needs are primarily met by its cash and securities position, growth in deposits, cash flow from 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.

The Bank has access to additional borrowings through secured FHLB advances, unsecured borrowing lines from correspondent banks, and repurchase agreements (secured). In addition, the Bank has an established borrowing line at the Federal Reserve Bank. At March 31, 2016, the Company had additional capacity to borrow from the FHLB of \$866.9 million. Also, at March 31, 2016, the Company has unused credit lines with financial institutions of \$97.5 million.

We believe the Bank's cash and liquidity resources generated by operations and deposit growth will be sufficient to satisfy the Bank's future funding requirements. The Bank's ongoing liquidity position is monitored by the Asset Liability Committee (ALCO) and the Enterprise Risk Committee.

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 the foreseeable future. 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 in our Annual Report on Form 10-K for the year ended December 31, 2015 previously filed with the SEC. Management believes that such limitations will not impact our ability to meet our ongoing short-term cash obligations.

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The Company approved a stock repurchase program under which the Company is authorized to acquire up to \$70 million of its Class A Common Stock. Repurchases under the program may be made through open market or privately negotiated transactions at times and in such amounts as management deems appropriate, subject to market conditions, regulatory requirements and other factors. The program does not obligate the Company to repurchase any particular amount of common stock, and may be suspended or discontinued at any time without notice. Shares repurchased under the program will be made using the Company's own cash resources and are expected to be held as treasury shares.

**Off Balance Sheet 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, and 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. Since a portion of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. 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 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:

	<b>March 31, 2016</b>	<b>December 31, 2015</b>
	<b>(Dollars in thousands)</b>	
Commitments to fund loans	\$ 660,325	\$ 578,730
Unused lines of credit	354,532	358,601
Commercial and standby letters of credit	15,085	14,410
Total	\$ 1,029,942	\$ 951,741



Management believes that we have adequate liquidity to meet all known contractual obligations and unfunded commitments, including loan commitments over the next twelve months.

**Non-GAAP Financial Measures**

The Company views certain non-recurring items, including but not limited to merger related and restructuring charges, gain/(loss) on investment securities and their corresponding tax effect, as core adjustments to net income. Core adjustments for the first quarter of 2016 include \$0.2 million of severance and other operating expenses, \$0.1 million of cease use expense related to branch closures and \$54 thousand loss on sale of investment securities.

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The following reconciliation provides a more detailed analysis of this non-GAAP financial measure:

**FCB Financial Holdings, Inc.**  
**Reconciliation of Non-GAAP Financial Measures - Core Net Income**  
**(Unaudited)**

	<b>Three Months Ended</b>				
	<b>March 31, 2016</b>	<b>December 31, 2015</b>	<b>September 30, 2015</b>	<b>June 30, 2015</b>	<b>March 31, 2015</b>
(Dollars in thousands, except per share data)					
<b>Net Income</b>	<b>\$ 22,452</b>	<b>\$ 29,749</b>	<b>\$ 21,140</b>	<b>\$ 19,376</b>	<b>\$ (16,874)</b>
<b>Pre-tax Adjustments</b>					
<b>Noninterest income</b>					
Less: Gain (loss) on investment securities	(54)	(28)	166	761	1,007
FDIC loss share indemnification loss					(65,529)
<b>Noninterest expenses</b>					
Salaries and employee benefits	240	48	3	(17)	185
Occupancy and equipment	103	512			
Professional services				45	245
Data processing and network fees					2
Other operating expenses	7	88	20	203	64
<b>Taxes</b>					
Tax Effect of adjustments	(146)	(7,897)	50	185	(30,065)
<b>Core Net Income</b>	<b>\$ 22,710</b>	<b>\$ 22,528</b>	<b>\$ 21,047</b>	<b>\$ 19,031</b>	<b>\$ 18,079</b>
Average assets	\$ 7,554,078	\$ 7,123,099	\$ 6,650,260	\$ 6,325,073	\$ 6,038,970
ROA	1.19%	1.66%	1.26%	1.23%	-1.13%
Core ROA	1.21%	1.25%	1.26%	1.21%	1.21%

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 non-GAAP financial measure is important to investors interested in changes from period-to-period in book value per share exclusive of changes in intangible assets.

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The following table reconciles this non-GAAP financial measurement of tangible book value per common share to the comparable GAAP financial measurement of book value per common share for the periods presented:

**FCB FINANCIAL HOLDINGS, INC. AND SUBSIDIARIES****Reconciliation of Non-GAAP Measures - Tangible Book Value Per Share****(Unaudited)**

	<b>March 31, 2016</b>	<b>December 31, 2015</b>	<b>September 30, 2015</b>	<b>June 30, 2015</b>	<b>March 31, 2015</b>
<b>(Dollars in thousands, except share and per share data)</b>					
Total assets	\$ 7,836,124	\$ 7,331,486	\$ 6,888,689	\$ 6,607,198	\$ 6,217,083
Less:					
Goodwill and other intangible assets	86,705	87,084	87,484	87,884	88,291
Tangible assets	\$ 7,749,419	\$ 7,244,402	\$ 6,801,205	\$ 6,519,314	\$ 6,128,792
Total stockholders equity	\$ 889,299	\$ 876,109	\$ 855,878	\$ 857,479	\$ 846,834
Less:					
Goodwill and other intangible assets	86,705	87,084	87,484	87,884	88,291
Tangible stockholders equity	\$ 802,594	\$ 789,025	\$ 768,394	\$ 769,595	\$ 758,543
Shares outstanding	40,595,787	40,860,453	40,984,200	41,423,199	41,443,031
Tangible book value per share	\$ 19.77	\$ 19.31	\$ 18.75	\$ 18.58	\$ 18.30
Average assets	\$ 7,554,078	\$ 7,123,099	\$ 6,650,260	\$ 6,325,073	\$ 6,038,970
Average equity	876,059	864,654	861,971	855,128	859,011
Average goodwill and other intangible assets	86,917	87,291	87,701	88,091	88,536
Tangible average equity to tangible average assets	10.6%	11.0%	11.8%	12.3%	12.9%
Tangible common equity ratio	10.4%	10.9%	11.3%	11.8%	12.4%

Management believes 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. Disclosure of these non-GAAP financial measures is relevant to understanding the capital position and performance of the Company and provides a meaningful base for comparability to other financial institutions. 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.

**Item 3. Quantitative and Qualitative Disclosure about Market Risk**

As described in more detail in Part II, Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2015, risk management involves the monitoring and evaluation of interest rate risk, liquidity risk, operational risk, compliance risk and strategic and/or reputation risk. The Company has not experienced any material change in these risks from December 31, 2015 to March 31, 2016. For additional disclosure of our market risks, see the Company's Annual Report on Form 10-K for the year ended December 31, 2015 previously filed with the SEC.

**Item 4. Controls and Procedures**

*Evaluation of Disclosure Controls and Procedures*

Under the supervision and with the participation of the Company's management, including its Chief Executive Officer and Chief Financial Officer, the Company has evaluated the effectiveness of its disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)). Based upon this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective.

*Internal Control over Financial Reporting*

There was no change in the Company's internal control over financial reporting that occurred during the Company's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

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**PART II. OTHER INFORMATION**

**Item 1. Legal Proceedings**

The Company, from time to time, is involved as plaintiff or defendant in various legal actions arising in the normal course of business. While the ultimate outcome of any such proceedings cannot be predicted with certainty, it is the opinion of management, based upon advice of legal counsel, that no proceedings exist, either individually or in the aggregate, which, if determined adversely to the Company, would have a material effect on the Company's consolidated balance sheet, statements of income or cash flows. See Note 11 Commitments and Contingencies in the Notes to Consolidated Financial Statements.

**Item 1A. Risk Factors**

There have been no material changes in the risk factors disclosed by the Company in its Annual Report on Form 10-K for the year ended December 31, 2015 filed with the SEC.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

None

**Item 3. Defaults upon Senior Securities**

Not applicable

**Item 4. Mine Safety Disclosures**

Not applicable

**Item 5. Other Information**

None

**Item 6. Exhibits**

- 10.27 Employment Agreement, dated May 1, 2014, between the Bank and James E. Baiter (Filed herewith)
- 10.28 Second Amendment to Amended and Restated Employment Agreement, dated April 1, 2016, between the Bank and Kent Ellert (Filed herewith)
- 31.1

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Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

- 31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 32.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 32.2 Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 101.INS XBRL Instance Document
- 101.SCH XBRL Taxonomy Extension Schema
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase
- 101.LAB XBRL Taxonomy Extension Label Linkbase
- 101.PRE XBRL Taxonomy Extension Presentation Linkbase
- 101.DEF XBRL Taxonomy Extension Definition Linkbase

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**Signatures**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FCB Financial Holdings, Inc. (Registrant)

Date: May 6, 2016

/s/ Kent S. Ellert  
Kent S. Ellert  
President and Chief Executive Officer  
(Principal Executive Officer)

Date: May 6, 2016

/s/ Jennifer L. Simons  
Jennifer L. Simons  
Senior Vice President and Chief Financial Officer  
(Principal Financial Officer and Principal Accounting  
Officer)