IBERIABANK CORP
Form 10-K
February 22, 2019

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

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

For the fiscal year ended December 31, 2018

¨ 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 001-37532

IBERIABANK Corporation
(Exact name of Registrant as specified in its charter)

Louisiana	72-1280718
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
200 West Congress Street, Lafayette, Louisiana	70501
(Address of principal executive offices)	(Zip Code)

Registrant’s telephone number, including area code: (337) 521-4003
Securities registered pursuant to Section 12(g) of the Act: Not Applicable
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of Exchange on which registered
Common Stock (par value $1.00 per share)	The NASDAQ Stock Market, LLC
Depositary Shares each representing 1/400th interest in a share of Series B Non-Cumulative Perpetual Preferred Stock	The NASDAQ Stock Market, LLC
Depositary Shares each representing 1/400th interest in a share of Series C Non-Cumulative Perpetual Preferred Stock	The NASDAQ Stock Market, LLC

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Exchange Act of 1934. Yes x No ¨

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ¨ No x

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 x   No ¨

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files).   Yes x   No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

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

Large accelerated filer x   Accelerated filer ¨ Non-accelerated filer ¨ Smaller reporting company ¨
Emerging growth company ¨

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

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

As of June 30, 2018, the last business day of the Registrant's most recently completed second fiscal quarter, the aggregate market value of the voting shares of common stock held by non-affiliates of the Registrant was approximately $4.2 billion. This figure is based on the closing sale price of $75.80 per share of the Registrant's common stock on June 30, 2018. For purposes of this calculation, the term "affiliate" refers to all executive officers and directors of the Registrant and all shareholders beneficially owning more than 10% of the Registrant's common stock.

Number of shares of common stock outstanding as of January 31, 2019: 54,923,492

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Annual Report to Shareholders for the fiscal year ended December 31, 2018, included as Exhibit 13 to this Form 10-K, are incorporated into Part II, Items 5 through 9B of this Form 10-K.

IBERIABANK CORPORATION AND SUBSIDIARIES
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PART I.

Item 1. Business.

Unless we indicate otherwise, the words “we”, “our”, “us”, “IBKC”, and “Company” refer to IBERIABANK Corporation and wholly owned subsidiaries.

General

IBERIABANK Corporation, a Louisiana corporation, is a financial holding company with 329 combined locations, including 191 bank branch offices and 3 loan production offices in Louisiana, Arkansas, Tennessee, Alabama, Texas, Florida, Georgia, South Carolina, North Carolina, Mississippi, Missouri, and New York, 29 title insurance offices in Arkansas, Tennessee, and Louisiana, and mortgage representatives in 87 locations in 12 states. The Company also has 18 wealth management locations in 5 states and one IBERIA Capital Partners L.L.C. office in Louisiana. As of December 31, 2018, we had total consolidated assets of $30.8 billion, total deposits of $23.8 billion and shareholders’ equity of $4.1 billion.

Our principal executive office is located at 200 West Congress Street, Lafayette, Louisiana, and our telephone number at that office is (337) 521-4003. Our website is located at www.iberiabank.com.

We are the holding company for IBERIABANK, a Louisiana state chartered banking corporation headquartered in Lafayette, Louisiana; Lenders Title Company, an Arkansas-chartered title insurance and closing services agency headquartered in Little Rock, Arkansas (“Lenders Title”); IBERIA Capital Partners LLC, a corporate finance services firm (“ICP”); 1887 Leasing, LLC, a holding company for our aircraft, IBERIA Asset Management, Inc. (“IAM”), which provides wealth management and trust advisory services to high net worth individuals, pension funds, corporations and trusts; and IBERIA CDE, LLC (“CDE”), which invests in purchased tax credits.

IBERIABANK offers commercial and retail banking products and services to customers throughout locations in ten states. IBERIABANK provides these products and services in Louisiana, Alabama, Florida, Arkansas, Tennessee, Georgia, Texas, North Carolina, South Carolina and New York, as well as on-line at www.iberiabank.com and www.virtualbank.com. These products and services include a broad array of commercial, consumer, mortgage, and private banking products and services, trust advisory services, cash management, deposit and annuity products. Certain of our non-bank subsidiaries engage in financial services-related activities, including brokerage services, sales of variable annuities, and wealth management services. Lenders Title offers a full line of title insurance and loan closing services throughout Arkansas, Tennessee, and Louisiana. ICP provides equity research, institutional sales and trading, and corporate finance services throughout the energy industry. 1887 Leasing, LLC, owns an aircraft used by management of the Company and its subsidiaries. IAM provides wealth management advisory services for commercial and private banking clients. CDE is engaged in the purchase of tax credits.

Subsidiaries

IBERIABANK has eight active, wholly-owned non-bank subsidiaries. Information related to the non-bank subsidiaries as of December 31, 2018 is presented in the following table (dollars in millions):

Subsidiary	Description	Total Assets	IBERIABANK’s Equity Investment
IBERIA Financial Services, LLC	Manages the brokerage services offered by IBERIABANK	$4.0	$1.4
IB SPE Management, Inc.	Operates, then sells, certain foreclosed assets acquired in recent Florida and Alabama acquisitions	0.9	0.9
Acadiana Holdings, LLC	Owns and operates a commercial office building that also serves as IBERIABANK’s headquarters	12.2	11.1
Iberia Investment Fund I, LLC	Investment fund held for the purpose of funding new market tax credits	154.7	111.5
Iberia Corporate Asset Finance, Inc.	Offers lease financing to commercial clients	197.1	171.8
Mercantile Capital Corporation	Offers owner-occupied commercial real estate loans	78.3	10.1
Iberia Civic Impact Partners, LLC	Conducts tax credit transactions	85.6	29.9
Lydian REIT Holdings, Inc.	Holding Company of Lydian Preferred Capital Corporation, a real estate investment trust in Florida	261.0	40.4

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Lenders Title has three wholly-owned subsidiaries: Asset Exchange, Inc., United Title of Louisiana, Inc. (“United Title”), and American Abstract and Title Company, Inc. (“AAT”). Asset Exchange, Inc. provides qualified intermediary services to facilitate Internal Revenue Code Section 1031 tax deferred exchanges. At December 31, 2018, Lenders Title’s equity investment in Asset Exchange, Inc. was $0.3 million, and Asset Exchange, Inc. had total assets of $0.3 million. LTC, United Title and AAT provide a full line of title insurance and loan closing services for both residential and commercial customers in locations throughout Arkansas, Tennessee, and Louisiana. At December 31, 2018, Lenders Title’s equity investment in United Title was $5.9 million, and United Title had total assets of $7.3 million. Lenders Title’s equity investment in AAT was $2.9 million, and AAT had total assets of $3.9 million.

ICP, 1887 Leasing, LLC, IAM, LLC and CDE had total assets of $12.7 million, $10.6 million, $0.9 million, and less than $0.1 million, respectively, at December 31, 2018.

Competition

We face strong competition in attracting and retaining deposits, originating loans, and providing title services. Our most direct competition for deposits has historically come from other commercial banks, savings institutions, and credit unions located in our market areas, including many large financial institutions that have greater financial and marketing resources available to them. In addition, during times of high interest rates, we have faced significant competition for investors’ funds from short-term money market securities, mutual funds and other corporate and government securities. Our ability to attract and retain customer deposits depends on our ability to generally provide a mix of return on deposited funds, liquidity and risk comparable to that offered by competing investment opportunities.

We experience strong competition for loan originations principally from other commercial banks, savings institutions, and mortgage banking companies. We compete for loans principally through the interest rates and loan fees we charge, the efficiency and quality of services we provide borrowers, and the convenient locations of our branch office network and access to services such as mobile banking.

Employees

We had 3,368 full-time associates and 73 part-time associates as of December 31, 2018. None of these associates are represented by a collective bargaining agreement. We believe we enjoy an excellent relationship with our associates.

Business Combinations

We continually evaluate business combination opportunities and sometimes conduct due diligence activities in connection with them. As a result, business combination discussions and, in some cases, negotiations, take place, and transactions involving cash, debt or equity securities could be expected. Any future business combinations or series of business combinations that we might undertake may be material to our consolidated financial performance and position.

Available Information

Additional information regarding the development of our business since the beginning of our fiscal year ended December 31, 2018, is incorporated by reference to "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Exhibit 13 hereto.

Our filings with the Securities and Exchange Commission (“SEC”), including annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments thereto, are available on our website as soon as reasonably practicable after the reports are filed with or furnished to the SEC. Copies can be obtained free of charge in the “Investor Relations” section of our website at www.iberiabank.com. Our SEC filings are also available through the SEC’s website at www.sec.gov. Copies of these filings are also available by writing the Company at the following address:

IBERIABANK Corporation
P.O. Box 52747
Lafayette, Louisiana 70505-2747

Supervision and Regulation

The banking industry is extensively regulated under both federal and applicable state laws. The following discussion summarizes certain statutes and regulations applicable to bank and financial holding companies and their subsidiaries and provides specific information relevant to us. Regulation of financial institutions is intended primarily for the protection of depositors, deposit insurance funds and the banking system, and generally is not intended for the protection of shareholders. Proposals are frequently introduced to change federal and state laws and regulations applicable to us, and new laws or regulations or changes to existing laws and regulations (including changes in interpretations or enforcement) could materially affect our financial condition or results of operations or prospects. The likelihood and timing of any such changes and the impact such changes might have on us are impossible to determine with any certainty. Descriptions of applicable statutes and regulations are brief summaries, do not purport to be complete, and are qualified in their entirety by reference to such statutes and regulations.

General

We are a bank holding company and have elected to be a financial holding company under the regulations of the Board of Governors of the Federal Reserve System (the “FRB”). We are subject to examination and supervision by the FRB pursuant to the Bank Holding Company Act of 1956, as amended (the “BHCA”), and are required to file reports and other information with the FRB regarding our business operations and the business operations of our subsidiaries.

Generally, the BHCA provides for “umbrella” regulation of bank holding companies by the FRB and functional regulation of holding company subsidiaries by applicable regulatory agencies. The BHCA, however, requires the FRB to examine any bank holding company subsidiary, other than a depository institution, engaged in activities permissible for a depository institution. The FRB is also granted the authority, in certain circumstances, to require reports of, and to examine and adopt rules applicable to, any bank holding company subsidiary.

In general, the BHCA and the FRB’s regulations limit the nonbanking activities permissible for bank holding companies to those activities that the FRB has determined to be so closely related to banking or managing or controlling banks to be a proper incident thereto. In addition, a bank holding company that has elected to be a financial holding company, such as the Company, may engage in, or acquire and retain shares of companies engaged in, a broader range of activities that are considered (i) “financial in nature” (as defined by the Gramm-Leach-Bliley Act of 1999 and FRB regulations) or incidental to such financial activities (as determined by the FRB in consultation with the Secretary of the Treasury), or (ii) complementary to a financial activity and do not pose a substantial risk to the safety and soundness of depository institutions or the financial system generally. These activities include, among other things, securities underwriting, dealing and market-making, sponsoring mutual funds and investment companies, insurance underwriting and agency activities, and merchant banking. Refer to “Holding Company Regulation - Financial Holding Company Status” below.

Because we are a public company, we are also subject to regulation by the Securities and Exchange Commission (the “SEC”). The SEC has established three categories of registrants for the purpose of filing periodic and annual reports. Under these regulations, we are considered to be a “large accelerated filer” and, as such, must comply with SEC large accelerated reporting requirements.

As a Louisiana-chartered commercial bank and a member of the Federal Reserve System, IBERIABANK is subject to regulation, supervision and examination by the Office of Financial Institutions of the State of Louisiana (the “OFI”), IBERIABANK’s chartering authority, and the FRB, IBERIABANK’s primary federal regulator. IBERIABANK is also subject to regulation and supervision in certain respects by the Consumer Financial Protection Bureau (the "CFPB") as well as to regulation by the Federal Deposit Insurance Corporation (the “FDIC”), which insures the deposits of IBERIABANK to the maximum extent permitted by law.

State and federal laws govern the activities in which IBERIABANK may engage, the investments it may make and the aggregate amount of loans that may be granted to one borrower. Various consumer and compliance laws and regulations also apply to IBERIABANK's operations.

The banking industry is affected by the monetary and fiscal policies of the FRB. An important function of the FRB is to regulate the national supply of bank credit to moderate recessions and curb inflation. Among the instruments of monetary policy used by the FRB to implement its objectives are: open-market operations in U.S. government securities, changes in the discount rate and the federal funds rate (which is the rate banks charge each other for overnight borrowings) and changes in reserve requirements on bank deposits.

In addition to federal and state banking laws and regulations, the Company, IBERIABANK, and certain of their subsidiaries and affiliates, including those that engage in securities brokerage and insurance activities, are subject to other federal and state laws and regulations, and supervision and examination by other state and federal regulatory agencies, including the Financial Industry Regulatory Authority ("FINRA"), the U.S. Department of Housing and Urban Development, the SEC, and various state insurance and securities regulators.

Financial Reform Legislation

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), enacted in 2010, significantly restructured financial regulation in the United States, including through the creation of a new resolution authority, mandating higher capital and liquidity requirements and directing changes in the way banks are assessed for federal deposit insurance, as well as through numerous other provisions intended to strengthen the financial services sector. The changes made by the Dodd-Frank Act have substantially affected the lending, deposit, investment and trading activities of banks and bank holding companies. The changes that have been most significant to the operations of the Company and IBERIABANK include the following:

- The establishment of the CFPB, which has extensive regulatory and enforcement powers over consumer financial products and services. IBERIABANK is subject to numerous consumer financial protection regulations administered by the CFPB, and is also subject to CFPB supervision and examination with respect to its compliance with such regulations.

- Requiring the FRB to establish a cap on the rate merchants pay banks for electronic clearing of debit transactions (i.e., the interchange rate). The FRB's regulation implementing this provision severely limited the interchange fees that banks charge merchants for debit card transactions, starting in late 2011. As a result of the interchange fee structure imposed by such regulation, our electronic banking income was and continues to be negatively impacted.

- Prohibitions and restrictions on the ability of a banking entity to engage in proprietary trading and have certain interests in, or relationships with, a hedge fund or private equity fund (known as the "Volcker Rule").

- Imposition of additional corporate governance and executive compensation disclosure requirements on companies subject to the Securities Exchange Act of 1934.

The Economic Growth, Regulatory Relief, and Consumer Protection Act (the "Economic Growth Act"), which was enacted in May 2018, modestly scales back certain requirements of the Dodd-Frank Act and provides other regulatory relief. While the Economic Growth Act's provisions primarily benefit banks and bank holding companies with $10 billion or less in assets, certain key provisions are beneficial to mid-sized bank holding companies and financial institutions like the Company and IBERIABANK. These include:

- Elimination of supervisory stress testing and company-run stress testing for bank holding companies with less than $100 billion in assets;

- Prohibiting federal banking regulators from imposing higher capital standards on High Volatility Commercial Real Estate exposures unless they are for acquisition, development or construction;

- Exempting from appraisal requirements certain transactions involving real property in rural areas and valued at less than $400,000; and

- Requiring the CFPB to provide guidance on how the Truth in Lending Act-Real Estate Settlement Procedures Act Integrated Disclosure applies to mortgage assumption transactions and construction-to-permanent home loans, as well the extent to which lenders can rely on model disclosures that do not reflect recent regulatory changes.

While the Economic Growth Act provides some regulatory relief for mid-sized bank holding companies like us, most provisions of the Dodd-Frank Act and its implementing regulations remain in place and will continue to result in additional operating and compliance costs that could have a material adverse effect on our business, financial condition and results of operation.

Regulatory Capital Requirements

Bank holding companies and federally insured banks are required to maintain minimum levels of regulatory capital in accordance with standards established by the federal banking authorities. The FRB and the other banking agencies implemented new capital rules, effective January 1, 2015, that substantially amended the prior capital standards for bank holding companies and banks. These new capital rules (commonly referred to as “Basel III”) reflect, in part, certain standards initially adopted by the Basel Committee on Banking Supervision, as well as implementing requirements contemplated by the Dodd-Frank Act.

The Basel III capital rules require the maintenance of the following minimum capital ratios: 4.5% common equity Tier 1 capital to risk-weighted assets; 6.0% Tier 1 capital to risk-weighted assets; 8.0% Total capital to risk-weighted assets; and 4.0% Tier 1 capital to average consolidated assets (known as the "leverage ratio") as reported on the consolidated financial statements.

Common equity Tier 1 capital (“CET1”) is defined as the sum of common stock and related surplus net of treasury stock, retained earnings, accumulated other comprehensive income (“AOCI”) (which includes all unrealized gains and losses on available for sale debt and equity securities amongst other items) and qualifying minority interest, less applicable regulatory adjustments and deductions that include AOCI. The Basel III capital rules provide for a number of deductions from and adjustments to CET1. These include, for example, the requirement that mortgage servicing rights, certain deferred tax assets and certain investments in non-consolidated financial entities be deducted from CET1 to the extent that any one such category exceeds 10% of CET1 or all such categories in the aggregate exceed 15% of CET1. The deductions from and adjustments to CET1 were subject to a three-year phase-in period from January 1, 2015 through January 1, 2018. However, by final rule adopted in November 2017 (generally applicable to banking institutions with under $250 billion in assets), the deduction from CET1 of excess mortgage servicing rights, certain deferred tax assets and certain investments in non-consolidated financial entities was fixed at 80% (the deduction amount for 2017).

In addition to establishing minimum regulatory capital requirements, the Basel III capital rules limit dividend payments, stock repurchases and certain discretionary bonus payments to executive officers if a banking organization does not hold a "capital conservation buffer" consisting of 2.5% of CET1 to risk-weighted assets above the amount necessary to meet its minimum risk-based capital requirements. Accordingly, the Company and IBERIABANK are required to maintain (i) a minimum ratio of CET1 to risk-weighted assets of at least 4.5%, plus the 2.5% capital conservation buffer, effectively resulting in a minimum ratio of CET1 to risk-weighted assets of at least 7%, (ii) a minimum ratio of Tier 1 capital to risk-weighted assets of at least 6.0%, plus the capital conservation buffer, effectively resulting in a minimum Tier 1 capital ratio of 8.5%, (iii) a minimum ratio of Total capital (Tier 1 capital plus supplementary capital) to risk-weighted assets of at least 8.0%, plus the capital conservation buffer, effectively resulting in a minimum total capital ratio of 10.5% and (iv) a minimum leverage ratio of 4%, calculated as the ratio of Tier 1 capital to average assets (as compared to a current minimum leverage ratio of 3% for certain highly rated banking organizations).

In determining the amount of risk-weighted assets for purposes of calculating risk-based capital ratios, an institution’s assets, including certain off-balance sheet assets (e.g., recourse obligations, direct credit substitutes, residual interests), are multiplied by a risk weight factor assigned by the capital regulations based on the risk deemed inherent in the type of asset. Higher levels of capital are required for asset categories believed to present greater risk. For example, a risk weight of 0% is assigned to cash and U.S. government securities, a risk weight of 50% is generally assigned to prudently underwritten first lien one- to four-family residential mortgages, a risk weight of 100% is assigned to commercial and consumer loans, a risk weight of 150% is assigned to non-residential mortgage loans that are 90 days past due or otherwise on non-accrual status, and a risk weight of between 0% to 600% is assigned to permissible equity interests, depending on certain specified factors.

Failure to meet applicable capital standards could subject the Company or IBERIABANK to a variety of enforcement remedies available to the federal regulatory authorities. These include limitations on the ability to pay dividends, the issuance by the regulatory authorities of a capital directive to increase capital, and the termination of deposit insurance by the FDIC. In addition, a financial institution that fails to meet its capital requirements could be subject to the measures described below under "Federal Banking Regulation - Prompt Corrective Action" as applicable to "under-capitalized" institutions.

The FRB's capital standards specify that evaluations by the FRB of a bank's capital adequacy will include an assessment of the exposure to declines in the economic value of the bank's capital due to changes in interest rates. A joint policy statement of the federal banking agencies highlights key elements of prudent interest rate risk management that rely principally on internal measures of risk exposure and active oversight of risk management activities by senior management.

Additional information, including compliance with applicable capital adequacy standards at December 31, 2018, is provided in Note 15 to the Consolidated Financial Statements and in "Management's Discussion and Analysis of Financial Condition and Results of Operations - Capital Resources" in Exhibit 13 to this Form 10-K, which are incorporated herein by reference.

Federal Banking Regulation

FDIC Insurance. The FDIC, through the Deposit Insurance Fund, insures deposit accounts in IBERIABANK up to $250,000 per separately insured deposit ownership right or category. IBERIABANK pays deposit insurance premiums to the FDIC based on assessment rates established by the FDIC. The FDIC may increase or decrease the range of assessments uniformly, except that no adjustment can deviate more than two basis points from the base assessment rate without notice and comment rulemaking.

The Federal Deposit Insurance Act, as amended by the Dodd-Frank Act, provides for a minimum required ratio of the Deposit Insurance Fund's deposit insurance reserves to estimated insured deposits, or designated reserve ratio (the "DRR"), of 1.15% through September 2020, with a DRR of 1.35% required thereafter. Under the Dodd-Frank Act, insured institutions with assets of $10 billion or more were required to fund the increase in the DRR to 1.35%.

In 2011, the FDIC adopted a rule that provides for the lowering of the insurance assessment rate schedule for all banks as of the quarter after the Deposit Insurance Fund's reserve ratio reaches 1.15%. In addition, FDIC regulations required insured institutions with an assessment base (total assets less tangible capital) of over $10 billion, such as IBERIABANK, to pay surcharge insurance assessments at an annual rate of 4.5 basis points of their assessment base, starting the quarter after the Deposit Insurance Fund's reserve ratio surpasses 1.15% and ending when the reserve ratio reaches 1.35%. The 4.5 basis point surcharge was assessed against each covered institution's assessment base, less $10 billion.

The Deposit Insurance Fund's reserve ratio exceeded 1.15% as of June 30, 2016. As a result, the base deposit insurance rates currently range from (i) 1.5 to 30 basis points of an institution's assessment base for small banks and (ii) 1.5 to 40 basis points for institutions with an assessment base of over $10 billion, such as IBERIABANK, which was also subject to the 4.5 basis point surcharge. On September 30, 2018, the Deposit Insurance Fund's reserve ratio reached 1.36%, exceeding the statutorily required minimum reserve ratio of 1.35% ahead of the September 30, 2020 deadline required under the Dodd-Frank Act. FDIC regulations provide for two changes to deposit insurance assessments upon reaching the minimum: (1) surcharges on insured depository institutions with total consolidated assets of $10 billion or more (large banks) will cease; and (2) small banks will receive assessment credits for the portion of their assessments that contributed to the growth in the reserve ratio from between 1.15% and 1.35%, to be applied when the reserve ratio is at or above 1.38%.

In addition, the Deposit Insurance Funds Act of 1996 authorized the Financing Corporation ("FICO") to impose assessments on applicable deposits in order to service the interest on FICO's bond obligations from deposit insurance fund assessments. The amount assessed on individual institutions by FICO is in addition to the amount paid for deposit insurance under the FDIC's risk-related assessment rate schedules. The last of the remaining bonds issued by FICO will mature in September 2019. IBERIABANK recognized approximately $1.0 million of expense related to its FICO assessments in 2018.

Prompt Corrective Action. The federal banking regulatory authorities are required to take "prompt corrective action" with respect to depository institutions that do not meet minimum capital requirements. The prompt corrective action rules, which apply to IBERIABANK but not the Company, provide for five capital categories: well-capitalized, adequately capitalized, undercapitalized, significantly undercapitalized and critically undercapitalized.

The prompt corrective action rules were amended effective January 1, 2015 to reflect the previously described Basel III capital standards and to include a CET1 risk-based ratio and to increase certain other capital requirements for the various thresholds. For example, the requirements for IBERIABANK to be considered well-capitalized under the rules are a 5.0% Tier 1 leverage ratio, a 6.5% CET1 risk-based ratio, an 8.0% Tier 1 risk-based capital ratio and a 10.0% total risk-based capital ratio. To be adequately capitalized, the required ratios are 4.0%, 4.5%. 6.0% and 8.0%, respectively.

An institution that is not well-capitalized is generally prohibited from accepting brokered deposits and offering interest rates on deposits higher than the prevailing rate in its markets. Any institution that is neither well-capitalized nor adequately capitalized is considered undercapitalized. Under federal statute, the banking agencies must take certain supervisory actions against undercapitalized institutions, the severity of which depends on the degree of undercapitalization. The FRB is authorized to reclassify a well-capitalized institution as adequately capitalized and may require an adequately capitalized institution or an undercapitalized institution to comply with supervisory actions as if it were in the next lower category.

Throughout 2018 and as of December 31, 2018, IBERIABANK's regulatory capital ratios were in excess of the levels established for “well-capitalized” institutions.

Volcker Rule. The Dodd-Frank Act’s Volcker Rule, as implemented by interagency regulations, generally prohibits IBERIABANK and its affiliates from (i) engaging in proprietary trading for their own account or (ii) acquiring or retaining an ownership interest in or sponsoring a hedge fund or private equity fund, all subject to certain exceptions. These prohibitions affect the ability of U.S. banking entities to provide investment management products and services that are competitive with nonbanking firms generally and with non-U.S. banking organizations in overseas markets. The rule also effectively prohibits short-term trading strategies by any U.S. banking entity if those strategies involve instruments other than those specifically permitted for trading.

The Volcker Rule regulation provides certain exemptions allowing banking entities to continue underwriting, market-making and hedging activities and trading certain government obligations, as well as various exemptions and exclusions from the definition of “covered funds.” The rule imposes certain reporting and compliance requirements on banking entities that engage in exempted trading activities. The level of required compliance depends on the size of the banking entity and the extent of its trading, with most requirements applicable only to banking entities with $50 billion or more in total consolidated assets, or those with $50 billion or more in worldwide trading assets and liabilities. As a banking entity with more than $10 billion in total assets but less than $10 billion in total trading assets and liabilities, we were required by the Volcker Rule to implement a compliance program appropriate for the types, size, scope, and complexity of our permitted trading activities. To date, the Volcker Rule’s compliance requirements have not had a material effect on our operations.

On May 30, 2018, the federal banking regulators proposed amendments to the Volcker Rule regulations that are intended to streamline compliance burdens under the Volcker Rule. Among the proposed changes, the most important for the Company and IBERIABANK would be the proposal’s reduced compliance requirements for banking entities with trading assets and liabilities of less than $1 billion. In particular, under the proposal, given our limited trading assets and liabilities, we would be presumed to be in compliance with the Volcker Rule and would not be required to establish or maintain a separate compliance program.

Federal Reserve Bank Membership. IBERIABANK is a member of the Federal Reserve System and is required to buy stock in the Federal Reserve Bank of Atlanta in an amount equal to 6% of IBERIABANK’s paid-in capital and surplus. IBERIABANK receives statutory dividends on the stock it holds in the Federal Reserve Bank in an amount equal to the lesser of (i) the high yield on the 10-year United States Treasury note at the last auction prior to the dividend payment or (ii) 6%.

Transactions with Related Parties. IBERIABANK is subject to the FRB's Regulation W, which comprehensively implements statutory restrictions on transactions between a bank and its affiliates and incorporates the FRB’s interpretations and exemptions relating to Sections 23A and 23B of the Federal Reserve Act.

Section 23A and Regulation W generally place limits on the amount of a bank’s loans or extensions of credit to, investments in, or certain other transactions with affiliates, and on the amount of advances to third parties collateralized by the securities or obligations of affiliates. In general, IBERIABANK’s “affiliates” are IBERIABANK Corporation and our non-bank subsidiaries.

Section 23B and Regulation W generally require a bank’s transactions with its affiliates to be on terms substantially the same, or at least as favorable to the bank, as those prevailing at the time for comparable transactions with non-affiliated companies.

IBERIABANK is also subject to certain restrictions on extensions of credit to executive officers, directors, certain principal shareholders and their related interests. Such extensions of credit must be made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with third parties and must not involve more than the normal risk of repayment or present other unfavorable features.

Bank Secrecy Act. The Bank Secrecy Act, as amended by the USA PATRIOT Act of 2001 and its related regulations, requires insured depository institutions, broker-dealers, and certain other financial institutions to have policies, procedures, and controls to detect, prevent, and report money laundering and terrorist financing. The statute and its regulations also provide for information sharing, subject to conditions, between federal law enforcement agencies and financial institutions, as well as among financial institutions, for counter-terrorism purposes. Federal banking regulators are required, when reviewing bank holding company acquisition and bank merger applications, to take into account the effectiveness of the anti-money laundering activities of the applicants. The bank regulatory agencies have increased the regulatory scrutiny of Bank Secrecy Act and anti-money laundering programs maintained by financial institutions. Significant penalties and fines, as well as other supervisory enforcement action, may be imposed on a financial institution for non-compliance with these requirements.

Consumer Protection Laws. In connection with our deposit-taking, lending and other activities, IBERIABANK is subject to a number of federal and state laws designed to protect consumers and promote lending and other financial services to various sectors of the economy and population. The CFPB issues regulations and standards under these federal consumer protection laws, which include, among others, the Home Mortgage Disclosure Act, the Real Estate Settlement Procedures Act, the Equal Credit Opportunity Act, the Truth in Lending Act, the Electronic Fund Transfer Act, the Truth in Savings Act, and the Fair Credit Reporting Act. IBERIABANK'S consumer financial products and services are subject to the regulations of the CFPB and, as an institution with assets of more than $10 billion, IBERIABANK is examined by the CFPB for compliance with these rules.

In addition, customer privacy statutes and regulations limit the ability of the Bank to disclose nonpublic consumer information to non-affiliated third parties. These laws require us to provide notice to our customers regarding privacy policies and practices and to give our customers an option to prevent their non-public personal information from being shared with non-affiliated third parties or with our affiliates.

Community Reinvestment Act. All insured depository institutions have a responsibility under the Community Reinvestment Act of 1977 (the “CRA”) and related federal regulations to help meet the credit needs of their communities, including low- and moderate-income neighborhoods. In connection with its examination of a state-chartered Federal Reserve member bank like IBERIABANK, the FRB is required to assess our record of compliance with the CRA. Such assessment is reviewed by the FRB when the Company or IBERIABANK makes application for approval of an expansionary proposal, such as a merger or other acquisition of another bank or the opening of a new branch office. In addition, in order for a financial holding company to commence any new activity permitted by the BHCA or to acquire a company engaged in any new activity permitted by the BHCA, each insured depository institution subsidiary of the financial holding company must have received a rating of at least “satisfactory” in its most recent examination under the CRA. IBERIABANK received a “satisfactory” CRA rating in its most recent assessment by the FRB.

Incentive Compensation. Guidelines adopted by the federal banking agencies prohibit excessive compensation as an unsafe and unsound practice and describe compensation as excessive when the amounts paid are unreasonable or disproportionate to the services performed by an executive officer, employee, director or principal stockholder. In addition, the federal bank regulatory agencies have issued guidance on incentive compensation policies (the “Incentive Compensation Guidance”) intended to ensure that the incentive compensation policies of banking organizations do not undermine the safety and soundness of such organizations by encouraging excessive risk-taking. The Incentive Compensation Guidance, which covers all employees that have the ability to materially affect the risk profile of an organization, either individually or as part of a group, is based upon the key principles that a banking organization's incentive compensation arrangements should (i) provide incentives that do not encourage risk-taking beyond the organization's ability to effectively identify and manage risks, (ii) be compatible with effective internal controls and risk management, and (iii) be supported by strong corporate governance, including active and effective oversight by the organization's board of directors. Any deficiencies in compensation practices that are identified may be incorporated into the organization's supervisory ratings, which can affect its ability to make acquisitions or perform other actions. The Incentive Compensation Guidance provides that enforcement actions may be taken against a banking organization if its incentive compensation arrangements or related risk-management control or governance processes pose a risk to the organization's safety and soundness and the organization is not taking prompt and effective measures to correct the deficiencies.

The Dodd-Frank Act requires the federal bank regulatory agencies and the SEC to establish joint regulations or guidelines prohibiting incentive-based payment arrangements at specified regulated entities having at least $1 billion in total assets that encourage inappropriate risks by providing an executive officer, employee, director or principal shareholder with excessive compensation, fees, or benefits or that could lead to material financial loss to the entity. In 2016, the federal banking agencies and the SEC issued for comment a proposed interagency rule that would require the reporting of incentive-based compensation arrangements at a covered financial institution when such compensation is excessive, could expose the institution to inappropriate risks, or could potentially lead to material financial loss. The proposed rule, if adopted in final form, would impose no material requirements on institutions with total assets of less than $50 billion, like the Company and IBERIABANK, other than those already applied to such institutions by the Incentive Compensation Guidance. The final rule has not been published, and it is uncertain at this time whether the proposed rule will be issued in final form or whether the agencies will issue a substantially revised proposed rule.

Holding Company Regulation

General. As a bank holding company, we are subject to FRB examination, regulation and periodic reporting under the BHCA. The FRB has broad enforcement powers over bank holding companies and their non-banking subsidiaries. The FRB has authority to prohibit activities that represent unsafe or unsound practices or constitute violations of law, rule, regulation, administrative order or written agreement with a federal regulator. These powers may be exercised through the issuance of cease and desist orders, civil money penalties or other formal or informal actions.

Source of Strength. As a statutory requirement, a bank holding company must act as a source of financial and managerial strength to each of its subsidiary banks and to commit resources to support each such subsidiary bank. Under this source of strength doctrine, the FRB may require a bank holding company to make capital injections into a troubled subsidiary bank. The FRB may charge the bank holding company with engaging in unsafe and unsound practices if it fails to commit resources to such a subsidiary bank or if it undertakes actions that the FRB believes might jeopardize its ability to commit resources to such subsidiary bank. A capital injection may be required at times when the holding company does not have the resources to provide it.

In addition, any loans by a holding company to a subsidiary bank are subordinate in right of payment to deposits and to certain other indebtedness of such subsidiary bank. In the event of a bank holding company’s bankruptcy, the bankruptcy trustee will assume any commitment by the holding company to a federal bank regulatory agency to maintain the capital of a subsidiary bank. Moreover, the bankruptcy law provides that claims based on any such commitment will be entitled to a priority of payment over the claims of the institution’s general unsecured creditors, including the holders of its note obligations.

Louisiana law permits the Commissioner of the OFI to require a special assessment of shareholders of a Louisiana-chartered bank whose capital has become impaired to remedy an impairment in such bank’s capital stock. This statute also provides that the Commissioner may suspend a bank’s certificate of authority until the capital is restored. As the sole shareholder of IBERIABANK, we are subject to such statute.

Stress Testing Requirements. As a result of the enactment of the Economic Growth Act in May 2018, the Dodd-Frank Act’s requirement to conduct an annual stress test that projects performance under various economic scenarios no longer applies to the Company, as a bank holding company with less than $100 billion in total consolidated assets. Under the Economic Growth Act, IBERIABANK will become exempt from Dodd-Frank Act stress testing effective November 25, 2019; however, the FRB has extended the deadline for all regulatory requirements related to company-run stress testing for state member banks with average total assets of less than $100 billion until such effective date, thereby effectively exempting IBERIABANK from stress-testing requirements as of the enactment of the Economic Growth Act.

Notwithstanding the Economic Growth Act's amendment of the Dodd-Frank Act stress testing requirements, the federal banking agencies have indicated through interagency guidance that the capital planning and risk management practices of financial institutions with total assets less than $100 billion would continue to be reviewed through the regular supervisory process. Although we will continue to monitor our capital consistent with the safety and soundness expectations of the FRB and will continue to use customized stress testing as part of our capital planning process, we no longer conduct company-run stress testing in accordance with the FRB's requirements under the Dodd-Frank Act.

Dividends. We are a legal entity separate and distinct from our subsidiaries. The majority of our revenue is from dividends paid to us by IBERIABANK. IBERIABANK is subject to federal and state laws and regulations that limit the amount of dividends it can pay. In addition, we and IBERIABANK are subject to various regulatory restrictions relating to the payment of dividends, including requirements to maintain capital at or above regulatory minimums, and to remain “well-capitalized” under the prompt corrective action rules. The FRB has indicated generally that it may be an unsafe or unsound practice for a bank holding company to pay dividends unless the bank holding company’s net income over the preceding year is sufficient to fund the dividends and the expected rate of earnings retention is consistent with the organization’s capital needs, asset quality and overall financial condition.

In addition to the limitations placed on the payment of dividends at the holding company level, there are various legal and regulatory limits on the extent to which IBERIABANK may pay dividends or otherwise supply funds to us. IBERIABANK is subject to laws and regulations of Louisiana, which place certain restrictions on the payment of dividends. Additionally, as a member of the Federal Reserve System, IBERIABANK is subject to FRB dividend regulations, which provide that a state member bank must receive prior FRB approval for a dividend if the total capital distributions of a state member bank, plus the proposed dividend, exceed the sum of the bank's net income during the current calendar year and the retained net income of the prior two calendar years.

We do not expect that these laws, regulations or policies will materially affect our ability to pay dividends. Additional information is provided in Note 13 and Note 15 to the Consolidated Financial Statements incorporated herein by reference.

Acquisitions. We comply with numerous laws relating to our acquisition activity. Under the BHCA, we are required to obtain the prior approval of the FRB to acquire ownership or control of more than 5% of the voting shares or substantially all of the assets of any bank holding company or bank or merge or consolidate with another bank holding company. Federal law authorizes bank holding companies to make interstate acquisitions of banks and bank holding companies without geographic limitation. Furthermore, a bank headquartered in one state is authorized to merge with a bank headquartered in another state, subject to any state requirement that the target bank shall have been in existence and operating for a minimum period of time, not to exceed five years; and subject to certain deposit market-share limitations. In addition, the Dodd-Frank Act provided authority for any bank to open de novo branches in any other state as if it were chartered in that state.

During 2018, the Company expanded its presence in Florida through the acquisition of Gibraltar Private Bank & Trust Company on March 23, 2018. In addition, the Company's subsidiary, Lenders Title Company, acquired SolomonParks Title & Escrow, LLC on January 12, 2018 which expanded our presence in Tennessee. Additional information is provided in Note 3 to the Consolidated Financial Statements incorporated herein by reference.

Financial Holding Company Status. A bank holding company meeting certain requirements may qualify and elect to become a financial holding company, permitting the bank holding company to engage in additional activities that are financial in nature or incidental or complementary to financial activity. A bank holding company that elects to be treated as a financial holding company is authorized by the BHCA to engage in a number of financial activities previously impermissible for bank holding companies, including equity securities underwriting, dealing and market making; sponsoring mutual funds and investment companies; insurance underwriting and agency; and merchant banking activities through securities or insurance affiliates; and insurance company portfolio investments. The BHCA also permits the FRB to authorize additional activities for financial holding companies if they are “financial in nature” or “incidental” to financial activities. The Company has elected financial holding company status.

For a bank holding company to be eligible for financial holding company status, the holding company must be both “well-capitalized” and “well-managed” under applicable regulatory standards, and all of its subsidiary banks also must be “well-capitalized” and “well-managed” and must have received at least a satisfactory rating on such institution’s most recent examination under the CRA. A financial holding company that continues to meet all of such requirements may engage directly or indirectly in activities considered financial in nature (discussed above), either de novo or by acquisition, as long as it gives the FRB after-the-fact notice of the new activities.

Sarbanes-Oxley Act of 2002. The Sarbanes-Oxley Act of 2002, or the SOX Act, implements a broad range of corporate governance, accounting and disclosure requirements for public companies, and also for their directors and officers. SEC rules adopted to implement the SOX Act requirements require our chief executive and chief financial officer to certify certain financial and other information included in our quarterly and annual reports. The rules also require these officers to certify that they are responsible for establishing, maintaining and regularly evaluating the effectiveness of our financial reporting and disclosure controls and procedures; that they have made certain disclosures to the auditors and to the Audit Committee of the board of directors about our controls and procedures; and that they have included information in their quarterly and annual filings about their evaluation and whether there have been significant changes to the controls and procedures or other factors which would significantly impact these controls subsequent to their evaluation. Section 404 of the SOX Act requires management to undertake an assessment of the adequacy and effectiveness of our internal controls over financial reporting and requires our auditors to attest to and report on the effectiveness of these controls. See Item 9A. - “Controls and Procedures” for our evaluation of disclosure controls and procedures. The certifications required by Sections 302 and 906 of the SOX Act also accompany this Report on Form 10-K.

Other Regulatory Matters. We and our subsidiaries and affiliates are subject to numerous examinations by federal and state banking regulators, as well as the SEC, FINRA, NASDAQ Stock Market, and various state insurance and securities regulators.

Corporate Governance

Information with respect to our corporate governance is available on our web site, www.iberiabank.com, and includes:

- Corporate Governance Guidelines
- Nominating and Corporate Governance Committee Charter
- Compensation Committee Charter
- Audit Committee Charter
- Board Risk Committee Charter
- Investment Committee Charter
- Code of Ethics and Conflicts of Interest Policy
- Code of Ethics for the Chief Executive Officer and Senior Financial Officers

We intend to disclose any waiver of or substantial amendment to the Codes of Ethics applicable to directors and executive officers on our web site at www.iberiabank.com.

Item 1A. Risk Factors.

There are risks, many beyond our control, which could cause our results to differ significantly from management's expectations. Some of these risk factors are described below. Any factor described in this Report on Form 10-K could, by itself or together with one or more other factors, adversely affect our business, results of operations and/or financial condition. Additional risks and uncertainties not currently known to us or that we currently consider to not be material also may materially and adversely affect us. In assessing these risks, you should also refer to other information disclosed in our SEC filings, including the financial statements and notes thereto.

MARKET AND LIQUIDITY RISKS

Challenging economic conditions or volatility in the financial markets could have a material adverse impact on our business, leading to diminished financial results and position.

Our profitability depends to a large extent on IBERIABANK's net interest income, which is the difference between income on interest-earning assets, such as loans and investment securities, and expense on interest-bearing liabilities, such as deposits and borrowings. We are unable to predict changes in market interest rates, which are affected by many factors beyond our control, including inflation, recession, unemployment, money supply, competition for loans and deposits, domestic and international events and changes in the United States and other financial markets.

Although the general economic environment has shown improvement since the end of the economic recession in June 2009, there can be no assurance that improvement will continue. Economic growth has been slow and uneven, and continuing concerns over the federal deficit and government spending have contributed to uncertain conditions for the economy. The change in domestic government administration in early 2017 may continue to have positive ramifications toward mitigating adverse impacts on the business, including, but not limited to: higher levels of interest rates which could continue to rise in the future, potential for greater loan fee revenues from commercial/business capital investment, reduction in corporate tax rate levels by the tax reform legislation enacted in December 2017, and relaxation of certain financial regulatory reform measures.

However, a return of recessionary conditions, including declines in real estate values and sales volumes, an increase in unemployment, and/or negative developments in the domestic and international credit markets may significantly affect economic conditions in the market areas in which we do business, the value of our loans and investments, supply of and demand for deposits, and our ongoing operations, costs and profitability.

In addition, geopolitical matters, including international political unrest, foreign trade disputes, and slow growth in the global economy, as well as acts of terrorism, war and other violence could result in further disruptions in the financial markets. These negative events could have a material adverse effect on our results of operations and financial condition, including our liquidity position, and may affect our ability to access capital.

The geographic concentration of our markets makes our business highly susceptible to local economic conditions. Adverse economic factors affecting particular geographies or industries, especially the southeastern United States, could have a negative effect on our customers and their ability to make payments to us.

Unlike larger organizations that are more geographically diversified, our offices are primarily concentrated in selected markets in the southeastern United States. As a result of this geographic concentration, our financial results depend largely upon economic conditions in these market areas.

A downturn in segments of the commercial and residential real estate industries in our markets due to adverse economic factors affecting particular industries could have an adverse effect on our customers. Deterioration in economic conditions in the markets we serve could result in one or more of the following:

- an increase in loan delinquencies;
- an increase in problem assets and foreclosures;
- a decrease in the demand for our products and services;
- a decrease in the value of collateral for loans, especially real estate, in turn reducing customers' borrowing power, the value of assets associated with problem loans and collateral coverage; and/or
- a decrease in supply of customer deposits, which could impact our liquidity.

The Government's responses to economic conditions may adversely affect our financial performance.

The Federal Open Market Committee ("FOMC") of the Federal Reserve Board ("FRB"), in an attempt to stimulate the overall economy, has, among other things, kept interest rates low through its targeted federal funds rate. In December 2016, the FOMC voted to raise the target federal funds rate for only the second time since 2006. The FOMC voted to raise the target federal funds rate multiple times in both 2017 and 2018. The FOMC has now raised rates by two-and-a-quarter percentage points since the financial crisis in 2008, a sign of its increased confidence in the health of the economy. In addition to increasing the target federal funds rate, the FRB also began to remove accommodation in 2017 by reducing the amount of debt held on its balance sheet. The FRB is expected to continue to wind-down its asset purchase program in 2019. While the FOMC continues to observe sustained economic activity, strong labor market conditions, and stable inflation, it has signaled a pause in its recent efforts to increase the federal funds rate. As a result, the potential for additional gradual increases in the federal funds rate in 2019 is uncertain. Additional increases in the federal funds rate and unwind of its balance sheet could cause overall interest rates to rise, which may negatively impact the U.S. real estate markets and affect deposit growth and pricing. In addition, deflationary pressures, while possibly lowering our operating costs, could have a significant negative effect on our borrowers, especially our business borrowers, and the values of collateral securing loans, which could negatively affect our financial performance.

Changes in interest rates and other factors beyond our control may adversely affect our earnings and financial condition, and we may incur losses if we are unable to successfully manage interest rate risk.

Our net interest income may be reduced if more interest-earning assets than interest-bearing liabilities reprice or mature during a period when interest rates are declining, or more interest-bearing liabilities than interest-earning assets reprice or mature during a period when interest rates are rising.

Changes in the difference between short- and long-term interest rates may also harm our business. For example, short-term deposits may be used to fund longer-term loans. When differences between short-term and long-term interest rates shrink or disappear, as is possible when the FOMC is tightening monetary policy by raising the target fed funds rate, the spread between rates paid on deposits and received on loans could narrow significantly, thereby decreasing our net interest income.

If market interest rates rise rapidly, interest rate adjustment caps may limit increases in interest rates on adjustable rate loans, thereby reducing our net interest income. Similarly, interest rate adjustment floors may limit the upside benefit to increases in interest rates. In the event that market interest rates fall rapidly, loan and bond prepayments may occur as borrowers refinance and pay off debt prior to stated maturity. As a result, yields on earning assets could decline, thereby reducing net interest income. If an unprecedented negative rate environment were to occur, our operations and margin would be adversely impacted and could result in increased credit losses.

We attempt to manage our risk from changes in market interest rates by adjusting the rates, maturity, repricing characteristics, and balances of the different types of interest-earning assets and interest-bearing liabilities. Interest rate risk management techniques are not exact. We employ the use of models and modeling techniques to quantify the levels of risks to net interest income, which inherently involve the use of assumptions, judgments, and estimates. While we strive to ensure the accuracy of our modeled interest rate risk profile, there are inherent limitations and imprecisions in this determination and actual results may differ. As of December 31, 2018, a 100 basis point instantaneous and parallel upward shift in interest rates was estimated to increase net interest income over 12 months by approximately 1.2%. Similarly, a 100 basis point decrease in interest rates was expected to decrease net interest income by 3.7% over the same period.

At December 31, 2018, approximately 40% of our total loan portfolio had fixed interest rates. Eliminating fixed rate loans that mature within a one-year time frame decreased this percentage to approximately 28% at December 31,

2018. About 96% of the investment portfolio had fixed interest rates as of December 31, 2018. Approximately 69% of our time deposit base and 73% of our Federal Home Loan Bank ("FHLB") borrowings will mature and/or re-price within 12 months.

If we or our subsidiaries were unable to borrow funds through access to capital markets, we may not be able to meet the cash flow requirements of our depositors and borrowers, or the operating cash needs to fund corporate expansion and other corporate activities.

Liquidity is the ability to meet cash flow needs on a timely basis at a reasonable cost. IBERIABANK's liquidity is used primarily to fund loans and to repay deposit liabilities as they become due or are demanded by customers. Liquidity policies and limits are established by our Board of Directors. Management and the Investment Committee regularly monitor the overall liquidity position of IBERIABANK and the Company to ensure that various alternative strategies exist to cover unanticipated events that could affect liquidity. Management and the Investment Committee also establish policies and monitor guidelines to diversify IBERIABANK's funding sources to avoid concentrations in any one market source. Funding sources include federal funds purchased, securities sold under repurchase agreements, customer deposits, and short- and long-term debt. IBERIABANK is also a member of the FHLB System, which provides funding through advances to members that are collateralized with mortgage-related assets.

We maintain a portfolio of securities that can be used as a secondary source of liquidity. There are other sources of liquidity available to us should they be needed. These sources include sales or securitizations of loans, our ability to acquire additional national market, non-core or brokered deposits, additional collateralized borrowings such as the FRB discount window, the issuance and sale of debt securities, and the issuance and sale of preferred or common securities in public or private offerings. Amounts available under our existing credit facilities as of December 31, 2018 consist of $7.0 billion in FHLB availability. The Company also had various funding arrangements with the Federal discount window and commercial banks providing up to $331.2 million in the form of federal funds and other lines of credit.

If we were unable to access any of these funding sources when needed, we might be unable to meet customers' needs, which could adversely impact our financial condition, results of operations, cash flows, and level of regulatory-qualifying capital.

Additionally, the Company is often the recipient of dividends from its subsidiaries, including IBERIABANK, and may rely on these dividends as a source of cash flow. The amount of future dividends from IBERIABANK is dependent upon its performance and could be impacted by future unanticipated economic conditions and regulatory limitations. Such events could impact the Company's ability to declare future dividends and ultimately its solvency if other sources of cash flows were not available.

Deposit run-off or a change in deposit mix could increase our funding costs.

A major portion of our net income comes from our interest rate spread, which is the difference between the interest rates we pay on amounts used to fund assets and the interest rates and fees we receive on our interest-earning assets. We rely on deposits as a stable, low-cost source of funding for our interest-earning assets. We must compete with other banks and financial institutions for deposits. If our competitors raise rates on their deposits, we may face deposit attrition or experience higher funding costs by increasing our deposit rates in order to maintain our customer deposit base. Higher funding costs would increase interest expense, thereby reducing our net interest margin, net interest income, and net income. As of December 31, 2018, approximately 28% of our deposits were non-interest-bearing.

Market perceptions of our credit risk could impair our liquidity, cash flows, financial condition and operating results.

Our liquidity and borrowing costs are largely impacted by our credit risk. Market perception could have an adverse effect on our ability to access capital markets or borrow funds and increase the costs of capital and borrowings. In addition, deterioration in our credit risk, whether actual or perceived, could trigger unfavorable contractual obligations, resulting in the requirement to post additional collateral or realize credit-related contingent features.

CREDIT RISKS

Our business is highly susceptible to credit risk.

As a lender, we are exposed to the risk that our customers will be unable to repay their loans according to their terms and that the collateral securing the payment of their loans (if any) may not be sufficient to satisfy our customers’ loan obligations in the event of default. Credit losses could have a material adverse effect on our operating results.

As of December 31, 2018, our total loan portfolio was approximately $22.5 billion, or 73% of total assets. At that date, the major components of our loan portfolio comprised 67% commercial loans (of which 62% is commercial real estate and 38% is commercial and industrial), 19% mortgage loans (primarily residential 1-4 family mortgage loans), and 13% consumer loans (primarily home equity). Our credit risk with respect to our consumer installment and commercial loan portfolios relates principally to the general creditworthiness of individuals and businesses within our local market areas. Our credit risk with respect to our residential and commercial real estate mortgage and construction loan portfolios relates principally to the general creditworthiness of individuals and businesses, the value of real estate as collateral, and guarantors serving as security for the repayment of the loans.

Our loan portfolio has been and will continue to be affected by real estate markets. Real estate industry pricing dynamics in the geographical markets we operate can vary from year to year, and with respect to construction, can vary between project funding and project completion. Asset values to which we underwrite loans can fluctuate from year to year and impact collateral values and the ability of our borrowers to repay their loans. An additional risk in connection with loans secured by commercial real estate is the effect of unknown or unexpected environmental contamination, which could make the real estate effectively unmarketable or otherwise significantly reduce its value as security, or could expose us to remediation liabilities as the lender. We make credit and reserve decisions based on the current conditions of borrowers or projects combined with our expectations for the future. If a deterioration in economic conditions or prices beyond our expectations were to occur in any of the market areas we serve, we could experience higher charge-offs and delinquencies above amounts provided for in the allowance for credit losses. As such, our earnings could be adversely affected through higher than anticipated provisions for loan losses.

We frequently participate in group lending transactions, such as participations or syndications, which include shared national credits. These transactions often have a lead bank that is responsible for servicing the overall credit facility. In that capacity, the lead bank is responsible for the ongoing monitoring of the borrower's financial performance, covenant compliance and collateral verification, among other duties. In transactions where IBERIABANK serves as the lead, we are obligated to properly manage certain credits on behalf of other banks. In other group lending transactions, we must rely on another bank serving in the lead capacity to execute the respective duties and communicate relevant information on the borrower's status. In those instances where we are not the lead bank, we may not receive information that impacts our risk rating process in a timely manner, and/or have limited ability to influence situations that require resolution of a problem asset, which could result in unforeseen credit losses. In addition, shared national credits are a specific focus of regulatory examinations that can result in directed downgrades, including placement of a credit on non-accrual status, reversal of interest previously recorded as income and/or charge-offs.

Our allowance for credit losses may not be sufficient to cover actual credit losses, which could adversely affect our earnings. Events unforeseen by us could result in higher loan losses impacting our results of operations.

We maintain an allowance for credit losses (“allowance”) in an attempt to cover losses inherent in our loan portfolio (funded and unfunded). Additional loan losses will likely occur in the future and may occur at a rate greater than we have experienced to date based on unanticipated adverse changes and/or new facts and circumstances which are currently not available to management as of the respective reporting period. Increases in the allowance will result in decreases in our earnings.

The determination of the allowance, which represents management’s estimate of probable losses inherent in our credit portfolio, involves a high degree of judgment and complexity, and is subject to scrutiny by bank regulators. If our assumptions and judgments require modifications (e.g., creditworthiness), our current allowance may not be sufficient and adjustments may be necessary to allow for different economic conditions or adverse developments in our loan portfolio, which may have a significant impact on our financial statements. Further, changes in market factors, such as interest rates or commodity prices, could lead to increases in the allowance. While management monitors these market dynamics carefully, adverse changes to these factors could be unforeseen by management and would result in higher levels of allowance and credit losses. For example, unanticipated adjustments to management’s current expectations could have an adverse impact to the allowance as the borrower’s ability to repay within the terms of the contractual agreement may be reduced due to a lack of sufficient free cash flows, estimated collateral values may decline given the lack of market demand for collateralized assets, and the Company’s ability to monetize guarantor support may be impaired as guarantor net worth may diminish.

Commercial and commercial real estate loans generally are viewed as having more risk of default than residential real estate loans or other loans or investments. These types of loans are also typically larger than residential real estate loans and other consumer loans. Because the loan portfolio contains a significant number of commercial and commercial real estate loans with relatively large balances, the deterioration of a material amount of these loans may cause a significant increase in non-performing assets, troubled debt restructurings ("TDRs") and/or past due loans. An increase in non-performing assets, TDRs, and/or past due loans could result in a loss of earnings, an increase in the provision for credit losses, or an increase in loan charge-offs, which would have an adverse impact on our results of operations and financial condition. Our emphasis on loan growth and on increasing our portfolio of multi-family, commercial business and commercial real estate loans, as well as any future credit deterioration, could also require us to increase our allowance further in the future.

The Company may be required to increase its allowance for credit losses as a result of a recently issued accounting standard.

In June 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update 2016-13 (“ASU 2016-13”), Financial Instruments - Credit Losses. This accounting standard replaces the current incurred loss accounting model with a current expected credit loss approach (“CECL”) for financial instruments measured at amortized cost and other commitments to extend credit. The amendments made by ASU 2016-13 require entities to consider all available relevant information when estimating current expected credit losses, including details about past events, current conditions, and reasonable and supportable forecasts. The resulting allowance for credit losses is to reflect the portion of the amortized cost basis that the entity does not expect to collect. The amendments also eliminate the current accounting model for purchased credit impaired loans and debt securities. While the CECL model does not apply to available for sale debt securities, ASU 2016-13 does require entities to record an allowance when recognizing credit losses for available-for-sale securities, rather than reduce the amortized cost of the securities by direct write-offs.

The amendments in ASU 2016-13 will be effective for fiscal years beginning after December 15, 2019. For most debt securities, the transition approach requires a cumulative-effect adjustment to the statement of financial position as of the beginning of the first reporting period the guidance is effective. For other-than-temporarily impaired debt securities, the guidance will be applied prospectively. The Company will record a one-time adjustment to its credit loss allowance, as of the beginning of the first quarter of 2020, equal to the difference between the amounts of its credit loss allowance under the incurred loss methodology and CECL. Moreover, the new accounting standard is likely, as a result of its requirement to estimate and recognize expected credit losses on new assets, to introduce greater volatility in our allowance for loan losses. The Company is currently evaluating the magnitude of the one-time cumulative adjustment to its allowance and of the ongoing impact of the CECL model on its loan loss allowance and results of operations.

We earn a significant portion of our non-interest revenue through sales of residential mortgages in the secondary market. We are exposed to counterparty credit, market, repurchase and other risks associated with these activities.

The Company is exposed to counterparty credit risk in the normal course of mortgage banking activities as well as market risk when engaging in these activities that is greatly impacted by the amount of liquidity in the secondary markets and changes in interest rates. We attempt to hedge our market risk based on modeling assumptions. The performance of these hedges could result in a deviation from our expectation and our operating results could be materially adversely impacted. Additionally, the Company retains repurchase risk associated with sales of these loans that is related to the Company’s residential mortgage loan underwriting and closing practices. Increases in claims under these repurchase or make-whole demands, which typically arise when a borrower defaults, could have a material impact on our ability to continue participating in these types of activities as well as a material impact on our financial condition, results of operations, and cash flows.

Declines in the value of certain investment securities could require write-downs, which would reduce our earnings.

Our securities portfolio includes securities that are subject to declines in value due to negative perceptions about the health of the financial sector in general and the lack of liquidity for securities that are real estate related. A prolonged decline in the value of these or other securities could result in an other-than-temporary impairment write-down, which would reduce our earnings. In the case of issuer default, a permanent impairment could be required that would reduce our earnings.

REGULATORY/COMPLIANCE RISK

Changes in government regulations and legislation could limit our future performance and growth.

The banking industry is heavily regulated. We are subject to examination, supervision and comprehensive regulation by various federal and state agencies. The cost of compliance is significant and restricts certain of our activities. Banking regulations are primarily intended to protect the federal deposit insurance fund, depositors, customers and the banking system as a whole, not shareholders. The burdens imposed by federal and state regulations put banks at a competitive disadvantage compared to less regulated competitors, such as finance companies, mortgage banking companies and leasing companies. Changes in the laws, regulations and regulatory practices affecting the banking industry may increase our costs of doing business or otherwise adversely affect us and create competitive advantages for others.

Since the 2008 financial crisis, financial institutions generally have been subjected to increased regulation and scrutiny from federal regulatory authorities. Changes to the statutory and regulatory framework governing our operations, including the passage and continued implementation of the Dodd-Frank Act, have greatly revised the laws and regulations under which we operate and have had, and may continue to have, a material impact on our operations, particularly through increased regulatory burdens and compliance costs. Recent political developments, including the change in administration in the U.S., have added additional uncertainty to the implementation, scope and timing of regulatory reforms.

Future changes to the laws and regulations applicable to the financial industry, if enacted or adopted, may impact our profitability or financial condition, require more oversight or change certain of our business practices, and expose us to additional costs, including increased compliance costs. We cannot predict whether any such legislative or regulatory changes, including those that could benefit our business and results of operations, will be enacted or adopted or, if they are, whether they will have a material effect on us.

We have become subject to more stringent regulatory capital requirements, which may limit our operations and potential growth or adversely affect our ability to pay dividends or to repurchase shares.

The Company and IBERIABANK are subject to the comprehensive, consolidated supervision and regulation of the FRB and the OFI, including risk-based and leverage capital requirements. We must maintain certain risk-based and leverage capital ratios as required by our banking regulators, which can change depending on general economic conditions and the Company’s particular condition, risk profile, growth plans, and regulatory capital adequacy guidelines. If at any time we fail to meet minimum established capital guidelines and/or other regulatory requirements, our financial condition would be materially and adversely affected.

In addition, the capital adequacy standards applicable to the Company and IBERIABANK under the BASEL III Capital Rules require us to satisfy more stringent capital and liquidity standards than in the past. These requirements, and any other new regulations, could result in lower returns, regulatory actions if we were unable to comply with such requirements, and adversely affect our ability to pay dividends or repurchase shares, or to raise capital, including in ways that may adversely affect our financial condition or results of operations. Compliance with current or new capital requirements, including leverage ratios, may limit operations that require the intensive use of capital and could adversely affect our ability to expand or maintain present business levels. Additional information, including the Company’s and IBERIABANK’s compliance with applicable capital adequacy standards at December 31, 2018, is provided in Note 15 to the Consolidated Financial Statements and in “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Capital Resources” incorporated herein by reference.

We are required to act as a source of financial and managerial strength for our bank in times of stress.

Under federal law, we are required to act as a source of financial and managerial strength to our bank, and to commit resources to support our bank if necessary. We may be required to commit additional resources to our bank at times when we may not be in a financial position to provide such resources or when it may not be in our, or our shareholders' or our creditors' best interests to do so. Providing such support is more likely during times of financial stress for us and our bank, which may make any capital we are required to raise to provide such support more expensive than it might otherwise be. In addition, any capital loans we make to our bank are subordinate in right of payment to depositors and to certain other indebtedness of our bank. In the event of our bankruptcy, any commitment by us to a federal banking regulator to maintain the capital of our bank will be assumed by the bankruptcy trustee and entitled to priority of payment.

Non-compliance with the USA PATRIOT Act, the Bank Secrecy Act or other laws and regulations could result in fines or sanctions against us.

The Bank Secrecy Act, as amended by the USA PATRIOT Act of 2001, requires financial institutions to design and implement programs to prevent financial institutions from being used for money laundering and terrorist activities. If such activities are detected, financial institutions are obligated to file suspicious activity reports with the U.S. Treasury Department's Office of Financial Crimes Enforcement Network. These rules require financial institutions to establish procedures for identifying and verifying the identity of customers seeking to open new financial accounts. Failure to comply with these regulations could result in fines or sanctions, including restrictions on conducting acquisitions or establishing new branches. While we have developed policies and procedures designed to assist in compliance with these laws and regulations, these policies and procedures may not be effective in preventing violations of these laws and regulations. Failure to maintain and implement adequate programs to combat money laundering and terrorist financing could also have serious reputational consequences for us, which could have a material adverse effect on our business, financial condition or results of operations.

Our use of third party vendors and our other ongoing third party business relationships are subject to increasing regulatory requirements and attention.

We regularly use third party vendors as part of our business. We also have substantial ongoing business relationships with other third parties. These types of third party relationships are subject to increasingly demanding regulatory requirements and attention by our federal bank regulators. Regulation requires us to perform due diligence and ongoing monitoring and control over our third party vendors and other ongoing third party business relationships. In certain cases we may be required to renegotiate our agreements with these vendors to meet these requirements, which could increase our costs. We expect that our regulators will hold us responsible for deficiencies in our oversight and control of our third party relationships and in the performance of the parties with which we have these relationships. As a result, if our regulators conclude that we have not exercised adequate oversight and control over our third party vendors or other ongoing third party business relationships or that such third parties have not performed appropriately, we could be subject to enforcement actions, including civil money penalties or other administrative or judicial penalties or fines as well as requirements for customer remediation, any of which could have a material adverse effect on our business, financial condition or results of operations.

Possible future increases in FDIC deposit insurance premiums would adversely affect our earnings.

Our deposits are insured by the FDIC up to legal limits and, accordingly, we are subject to FDIC deposit insurance assessments. We generally cannot control the amount of assessments we will be required to pay for FDIC insurance. If there are financial institution failures in the future, we may be required to pay higher FDIC assessments than we currently do, or the FDIC may charge additional special assessments or require future prepayments. Increases in our assessment may also be required in the future to maintain the FDIC’s designated reserve ratio at the required level. These potential increases in deposit assessments or special assessments may adversely affect our business, financial condition or results of operations. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Non-interest Expense” in Exhibit 13 to this Form 10-K.

We may be adversely affected by recent changes in U.S. tax laws.

We are subject to federal and applicable state tax regulations. Such tax regulations are often complex and require interpretation and changes in these regulations could negatively impact our results of operations. In the normal course of business, we are routinely subject to examinations and challenges from federal and applicable state tax authorities regarding the amount of taxes due in connection with investments we have made and the business in which we have engaged. Recently, federal and state taxing authorities have become increasingly aggressive in challenging tax positions taken by financial institutions. These tax positions may relate to tax compliance, sales and use, franchise, gross receipts, payroll, property and income tax issues, including tax base, apportionment and tax credit planning. The challenges made by tax authorities may result in adjustments to the timing or amount of taxable income or deductions or the allocation of income among tax jurisdictions. If any such challenges are made and are not resolved in our favor, they could have a material adverse effect on our business, financial condition and results of operations.

The enactment of the Tax Cuts and Jobs Act (the “Tax Act”) on December 22, 2017 made significant changes to the Internal Revenue Code, many of which are highly complex and may require interpretations and implementing regulations. We may incur additional meaningful expenses (including professional fees) as the Tax Act is implemented and as positions are audited by the IRS. Furthermore, the full impact of the Tax Act on us and our customers remains uncertain, creating uncertainty and risk related to our customers' future demand for credit and our future results. The decrease in federal income tax rates on businesses generally could spur additional economic activity, which may encourage additional borrowing. At the same time, some customers may elect to use their additional cash flow from lower taxes to fund their existing levels of activity, decreasing borrowing needs. In addition, the elimination of the federal income tax deductibility of business interest expense for a significant number of our customers will effectively increase the cost of borrowing and may make equity or hybrid funding relatively more attractive. This may have a long-term negative impact on business consumer borrowing.

Our reported financial results depend on our management’s selection of accounting methods and certain assumptions and estimates, and there may be changes in accounting policies or accounting standards that could adversely affect our financial condition and results of operations.

Our accounting policies and assumptions are fundamental to our reported financial condition and results of operations. Our management must exercise judgment in selecting and applying many of these accounting policies and methods so they comply with generally accepted accounting principles and reflect management’s judgment of the most appropriate manner to report our financial condition and results. Our management must also exercise judgment in selecting assumptions and estimates inherent in deriving certain financial statement line items. In some cases, management must select the accounting policy, method, assumption and/or estimate to apply from two or more alternatives, any of which may be reasonable under the circumstances, yet may result in our reporting materially different results than would have been reported under another acceptable alternative.

From time to time, the FASB and the SEC change the financial accounting and reporting standards that govern the form and content of our external financial statements. Recently, the FASB has finalized new accounting standard updates related to the calculation of the allowance for credit losses and accounting for leases, amongst other ancillary finalized updates. A discussion of the recent significant accounting standard updates which have been issued are included in Note 2 to the Consolidated Financial Statements incorporated herein by reference. Accounting standard updates have the potential to alter previously issued or future financial statements depending on their deviation from current standards or industry practices and the implementation method prescribed by the FASB. In addition, accounting standard setters and those who interpret the accounting standards (such as the FASB, SEC, banking regulators and our independent registered auditors) may change or even reverse their previous interpretations or positions on how standards should be applied. Changes in financial accounting and reporting standards and changes in current interpretations may be beyond our control, can be hard to predict and could materially impact our financial condition and results of operations.

We are exposed to intangible asset risk, which could negatively impact our financial results.

In accordance with U.S. GAAP, we record assets acquired and liabilities assumed at their fair value, and, as such, business acquisitions typically result in recording goodwill. We perform a goodwill evaluation at least annually to test for goodwill impairment. As part of its testing, the Company first assesses qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the Company determines the fair value of a reporting unit is less than its carrying amount using these qualitative factors or as part of the annual quantitative evaluation, the Company will recognize a goodwill impairment loss for the amount by which the carrying amount of the reporting unit exceeds the reporting unit’s fair value, limited to the total amount of goodwill allocated to that reporting unit. Adverse conditions in our business climate, including a significant decline in future operating cash flows, a significant change in our stock price or market capitalization, or a deviation from our expected growth rate and performance may significantly affect the fair value of our goodwill and may trigger impairment losses, which could be material to our operating results and financial condition.

We completed such an evaluation for the Company during the fourth quarter of 2018 and concluded that an impairment charge was not necessary for the year ended December 31, 2018. We cannot provide assurance, however, that we will not be required to take an impairment charge in the future. Any impairment charge would have an adverse effect on our shareholders' equity and financial results and could cause a decline in our stock price.

The required accounting treatment of troubled loans we acquired through acquisitions could result in higher net interest margins and interest income in current periods and lower net interest margins and interest income in future periods.

Under GAAP, we are required to record troubled loans acquired through acquisitions at fair value, which may underestimate or overestimate the actual performance of such loans. If these loans outperform our original fair value estimates, the difference between our original estimate and the actual performance of the loan (the “discount”) is accreted into net interest income. Thus, our net interest margins may initially appear higher. Conversely, if these loans under-perform our original fair value estimates, our net interest margins would be lower than initially estimated. We expect the yields on our loans to decline as our acquired loan portfolio pays down or matures, and we expect downward pressure on our interest income to the extent that the runoff on our acquired loan portfolio is not replaced with comparable high-yielding loans. This could result in higher net interest margins and interest income in current periods and lower net interest rate margins and interest income in future periods.

OPERATIONAL RISKS

A failure in or an attack on our operational systems or infrastructure, or those of third parties, could impair our liquidity, disrupt our business, result in the unauthorized disclosure of confidential information, damage our reputation and cause financial losses.

Our business is dependent on our ability to process and monitor, on a daily basis, a large number of transactions, many of which are highly complex, across numerous and diverse markets. These transactions, as well as the information technology services we provide to clients, often must adhere to client-specific guidelines, as well as legal and regulatory standards. Due to the breadth of our client base and our geographical reach, developing and maintaining our operational systems and infrastructure is challenging, particularly as a result of rapidly evolving legal and regulatory requirements, technological shifts, integration of new platforms and third party relationships. Our financial, accounting, data processing or other operating systems and facilities, or those of our third party vendors, may fail to operate properly or become disabled as a result of events that are wholly or partially beyond our control, such as a spike in transaction volume, cyber attack or other unforeseen catastrophic events, which may adversely affect our ability to process transactions or services.

In addition, our operations rely on the secure processing, storage and transmission of confidential and other information on our computer systems and networks, as well as those of our third party vendors. Although we take protective measures to maintain the confidentiality, integrity and availability of our information and our clients’ information across all geographic and product lines, and endeavor to modify these protective measures as circumstances warrant, the nature of these threats continues to evolve. As a result, our computer systems, software and networks may be vulnerable to unauthorized access, loss or destruction of data (including confidential client information), account takeovers, unavailability of service, computer viruses or other malicious code, cyber attacks and other events that could have an adverse security impact. Despite the defensive measures we take to manage our internal technological and operational infrastructure, these threats may originate externally from third parties such as foreign governments, organized crime and other hackers, and outsource or infrastructure-support providers and application developers, or may originate internally from within our organization. Given the increasingly high volume of our transactions, certain errors may be repeated or compounded before they can be discovered and rectified.

We also face the risk of operational disruption, failure, termination or capacity constraints of any of the third parties that facilitate our business activities, including exchanges, clearing agents, clearing houses or other financial intermediaries. Such parties could also be the source of an attack on, or breach of, our operational systems, data or infrastructure. In addition, as interconnectivity with our clients grows, we increasingly face the risk of operational failure with respect to our clients’ systems.

If one or more of these cyber incidents occurs, it could potentially jeopardize the confidential, proprietary and other information processed and stored in, and transmitted through, our computer systems and networks, or otherwise cause interruptions or malfunctions in our, as well as our clients' or other third parties' operations, which could result in damage to our reputation, substantial costs, regulatory penalties and/or client dissatisfaction or loss. Potential costs of a cyber attack may include, but would not be limited to, remediation costs, increased protection costs, lost revenue from the unauthorized use of proprietary information or the loss of current and/or future customers, and litigation.

We maintain an insurance policy which we believe provides sufficient coverage at a manageable expense for an institution of our size and scope with similar technological systems. However, no assurance can be given that this policy would be sufficient to cover all potential financial losses, damages, penalties, including lost revenues, should we experience any one or more of our or a third party's systems failing or experiencing attack.

The loss of certain key personnel could negatively affect our operations.

Although we have employed a significant number of additional executive officers and other key personnel, our success continues to depend in large part on the retention of a limited number of key executive management, lending and other personnel. We could undergo a difficult transition period if we were to lose the services of any of these individuals. Our success also depends on the experience of our banking facilities' managers and lending officers and on their relationships with the customers and communities they serve. The loss of these key persons could negatively impact the affected banking operations. The unexpected loss of key senior managers, or the inability to recruit and retain qualified personnel in the future, could have an adverse effect on our business, financial condition, or operating results.

Catastrophic events could negatively affect our local economies or disrupt our operations, which would have an adverse effect on our business or results of operations.

The occurrence of catastrophic events, including weather events and other natural disasters such as hurricanes, tropical storms, tornadoes, floods and fires, or other disasters, such as crime, terrorism and other acts of violence, could adversely affect our consolidated financial condition or results of operations. Such events can disrupt our operations, cause damage to our properties and negatively affect the local economies in which we operate. We cannot predict whether or to what extent damage that may be caused by these catastrophes will affect our operations or the economies in our market areas, but such events could result in a decline in loan originations, a decline in the value or destruction of properties securing our loans and an increase in payment delinquencies, foreclosures and loan losses.

We may be subject to increased litigation which could result in legal liability and damage to our reputation.

The Company and IBERIABANK have been named from time to time as defendants in class actions and other litigation relating to our businesses and activities. Litigation may include claims for substantial compensatory or punitive damages or claims for indeterminate amounts of damages. We and our subsidiaries are also involved from time to time in other reviews, investigations and proceedings (both formal and informal) by governmental and self-regulatory agencies regarding our business. These matters also could result in adverse judgments, settlements, fines, penalties, injunctions or other relief.

In addition, in recent years, a number of judicial decisions have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories, collectively termed "lender liability." Generally, lender liability is founded on the premise that a lender has either violated a duty, whether implied or contractual, of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in the creation of a fiduciary duty owed to the borrower or its other creditors or shareholders.

Substantial legal liability or significant regulatory action against us, including our subsidiaries, could materially adversely affect our business, financial condition or results of operations, or cause significant harm to our reputation.

STRATEGIC/REPUTATIONAL RISKS

We may not be able to complete future financial institution acquisitions.

From time to time, we evaluate and engage in the acquisition of other banking organizations. We must satisfy a number of meaningful conditions before we can complete an acquisition of another bank or bank holding company, including federal and state bank regulatory approvals. The process for obtaining required regulatory approvals, particularly for large financial institutions like the Company, can be time-consuming and unpredictable and is subject to numerous regulatory and policy factors, a number of which are beyond our control. We may fail to pursue or to complete strategic and competitively significant acquisition opportunities as a result of the perceived difficulty or impossibility of obtaining required regulatory approvals in a timely manner or at all.

The success of our financial institution acquisitions will depend on a number of uncertain factors.

The success of our financial institution acquisitions depends on a number of factors, including, without limitation:

- Our ability to integrate the businesses acquired into IBERIABANK's current operations, including the conversion of customer loan and deposit data from the acquired banks' data processing systems to our data processing systems;
- Our ability to limit the outflow of deposits held by our new customers in the acquired businesses and to successfully retain and manage interest-earning assets (i.e., loans) acquired;
- Our ability to attract new deposits and to generate new interest-earning assets in the geographic areas previously served by the acquired businesses;
- Our ability to effectively compete in new markets in which we did not previously have a presence;
- Our success in deploying the cash acquired in these transactions into assets bearing sufficiently high yields without incurring unacceptable risk;
- Our ability to control the incremental non-interest expense from the acquired businesses in a manner that enables us to maintain a favorable overall efficiency ratio;
- Our ability to retain and attract the appropriate personnel to staff and maintain the acquired businesses; and
- Our ability to earn acceptable levels of interest and non-interest income, including fee income, from the acquired businesses.

In any acquisition involving a financial institution, particularly one involving the transfer of a large number of branches and/or customers, there may be business and service changes and disruptions, including delays or errors in the data conversion process, that result in the loss of customers or cause customers to close their accounts and move their business to competing financial institutions. Integration of such acquired businesses is an operation of substantial size and expense, and may be impacted by general market and economic conditions or government actions affecting the financial services industry. Integration efforts also are likely to divert our management's attention and resources. No assurance can be given that we will be able to integrate these acquired businesses successfully. The integration process could also result in the loss of key employees, the disruption of ongoing business, or inconsistencies in standards, controls, procedures and policies that adversely affect our ability to maintain relationships with clients, customers, depositors and employees or to achieve the anticipated benefits of bank acquisitions. Further, we may encounter unexpected difficulties or costs during the integration that could adversely affect our earnings and financial condition, perhaps materially. Additionally, no assurance can be given that the operation of acquired businesses will not adversely affect our existing profitability, that we will be able to achieve results in the future similar to those achieved by our existing banking business, that we will be able to compete effectively in the market areas currently served by the acquired businesses, or that we will be able to manage any growth resulting from financial institution acquisitions effectively.

Our ability to grow acquired businesses following these transactions depends in part on our ability to retain certain key personnel we expect to hire and/or retain in connection with these transactions. We believe that the ties these employees have in the local banking markets previously served by their acquired businesses are vital to our ability to maintain our relationships with existing customers and to generate new business in these markets. Our failure to hire or retain these employees could adversely affect the success of these transactions and our future growth.

The modeled returns of financial institution acquisitions will depend on a number of uncertain factors, and actual results could differ materially from our expectations.

We undertake a process in performing due diligence on financial institution acquisition targets. While this process attempts to be comprehensive, factors can arise that were not discovered or anticipated by us in this exercise. Additionally, our modeled returns are based on a variety of assumptions to include synergies, cost savings, credit losses, growth, and the fair value of assets, liabilities and contracts acquired. To the extent such factors arise or actual results differ from our assumptions, our actual shareholder returns on any given acquisition could differ materially from our modeled expectations.

Our recent expansion in South Florida entails geographic and client base integration risks.

On July 31, 2017, we completed the acquisition of Sabadell United Bank, N.A. (“Sabadell”), a bank headquartered in Miami, Florida with assets of $5.7 billion and, on March 23, 2018, we completed the acquisition of Gibraltar Private Bank & Trust Co. ("Gibraltar"), a bank headquartered in Coral Gables, Florida with assets of $1.6 billion. The businesses and historic markets of the Company differ from those of Sabadell and Gibraltar and, accordingly, our results of operations after these acquisitions may be affected by certain factors unlike those previously affecting our independent results. For example, while we operate primarily in eight states (Louisiana, Arkansas, Tennessee, Alabama, Texas, Florida, Georgia and South Carolina), the operations of Sabadell and Gibraltar were concentrated in South Florida. As a result of the Sabadell and Gibraltar acquisitions, Florida is now the Company’s largest state by deposits. The changes in geographic concentration, loan mix and client base resulting from these South Florida acquisitions present risks different from those faced by us in operations in other states.

In addition, the success of the Sabadell and Gibraltar acquisitions will depend, in part, on our ability to realize the anticipated benefits and cost savings from combining our business with the business of the acquired companies. If we are not able to achieve these objectives, the anticipated benefits and cost savings of our South Florida acquisitions may not be realized fully, or at all, or may take longer to realize than expected.

Our ability to achieve and maintain expense reduction and earnings enhancement initiatives may be adversely affected by external factors not within our control.

We continuously assess opportunities for expense reduction and revenue enhancement to improve annual returns. While many of the elements necessary to achieve certain initiatives are within our control, others such as interest rates and prevailing economic conditions, which influence expenses and revenues, depend on external factors not within our control, and there can be no assurance that external factors will not materially adversely affect our ability to fully implement and accomplish past and future initiatives.

We face substantial competition and are subject to certain regulatory constraints not applicable to some of our competitors, which may decrease our growth or profits.

We face substantial competition for deposits, and for credit, title and trust relationships, and other financial services and products in the communities we serve. Competing providers include other banks, thrifts and trust companies, insurance companies, mortgage banking operations, credit unions, finance companies, title companies, money market funds and other financial and nonfinancial companies which may offer products functionally equivalent to those offered by us. Competing providers may have greater financial resources than we do and offer services within and outside the market areas we serve. In addition to this challenge of attracting and retaining customers for traditional banking services, our competitors include securities dealers, brokers, mortgage bankers, investment advisors and finance and insurance companies who seek to offer one-stop financial services to their customers that may include services that financial institutions have not been able or allowed to offer to their customers in the past. The increasingly competitive environment is primarily a result of changes in regulation, changes in technology and product delivery systems and the accelerating pace of consolidation among financial service providers. If we are unable to adjust both to increased competition for traditional banking services and changing customer needs and preferences, our financial performance could be adversely affected.

Some of our competitors, including credit unions, are not subject to certain regulatory constraints, such as the Community Reinvestment Act, which, among other things, requires us to implement procedures to make and monitor loans throughout the communities we serve. Credit unions also have federal tax exemptions that may allow them to offer lower rates on loans and higher rates on deposits than taxpaying financial institutions such as commercial banks. In addition, non-depository institution competitors are generally not subject to the extensive regulation applicable to institutions, like IBERIABANK, that offer federally insured deposits. Other institutions may have other competitive advantages in particular markets or may be willing to accept lower profit margins on certain products. These differences in resources, regulation, competitive advantages, and business strategy may decrease our net interest margin, may increase our operating costs, and may make it harder for us to compete profitably.

Our success depends on our ability to respond to the threats and opportunities of fintech innovation.

Fintech developments, such as bitcoin, have the potential to disrupt the financial industry and change the way banks do business. Investment in new technology to stay competitive would result in significant costs and increased risks of cyber security attacks. Our success depends on our ability to adapt to the pace of the rapidly changing technological environment, which is crucial to retention and acquisition of customers.

We experience increasing competition from nonbank companies, including technology companies, both inside and outside of our market area. Many technology companies have focused on the financial sector and now offer a broad variety of software and payment products primarily over the Internet, with a focus on mobile device delivery. These companies generally are not subject to regulatory burdens comparable to those applicable to banks and may accordingly offer products and services at more favorable rates and with greater convenience to the customer. This competition by technology companies could cause regulated depository institutions such as the Bank to lose fee income as well as customer deposits and related income.

On July 31, 2018, the Office of the Comptroller of the Currency announced that it would begin accepting applications for a special purpose national bank charter from nondepository "fintech" companies engaged in core banking activities, such as paying checks or lending money. The federal special purpose bank charter would largely allow fintech companies to operate nationwide under a single set of national standards, without needing to seek state-by-state licenses or joining with brick-and-mortar banks, and would therefore allow fintech companies to more easily compete with us for financial products and services in the communities we serve.

Reputational risk and social factors may impact our results.

Our ability to originate and maintain accounts is highly dependent upon consumer and other external perceptions of our business practices and/or our financial health. Adverse perceptions regarding our business practices and/or our financial health could damage our reputation in both the customer and funding markets, leading to difficulties in generating and maintaining accounts as well as in financing them. Adverse developments with respect to the consumer or other external perceptions regarding the practices of our competitors, or our industry as a whole, may also adversely impact our reputation. In addition, adverse reputational impacts on third parties with whom we have important relationships may also adversely impact our reputation. Adverse impacts to our reputation, or the reputation of our industry, may lead to greater regulatory and/or legislative scrutiny and litigation risk. We carefully monitor internal and external developments for areas of potential reputational risk and have established governance structures to assist in evaluating such risks in our business practices and decisions.

RISKS ABOUT OUR SECURITIES

We are a holding company and depend on our subsidiaries for dividends, distributions and other payments.

There can be no assurance of whether or when we may pay dividends in the future. Cash available to pay dividends to our shareholders is derived primarily, if not entirely, from dividends paid to us from our subsidiaries. The ability of our subsidiary bank to pay dividends to us as well as our ability to pay dividends to our shareholders is limited by regulatory and legal restrictions and the need to maintain sufficient consolidated capital. In addition, if we fail to satisfy the minimum capital conservation buffer requirement, we will be subject to certain limitations, which include restrictions on capital distributions. We may also decide to limit the payment of dividends even when we have the legal ability to pay them in order to retain earnings for use in our business. Further, any lenders making loans to us may impose financial covenants that may be more restrictive than regulatory requirements with respect to the payment of dividends.

We are prohibited from paying dividends on our common stock if the required payments on our subordinated debentures have not been made. Additionally, dividends on our common stock could be adversely impacted if dividend payments on our preferred stock have not been made.

Although we have paid cash dividends on shares of our common stock in the past, we may not pay cash dividends on shares of our common stock in the future.

Holders of shares of our common stock are only entitled to receive such dividends as our board of directors may declare out of funds legally available for such purpose. We have a history of paying dividends to our shareholders. However, future cash dividends will depend upon our results of operations, financial condition, cash requirements, the need to maintain adequate capital levels, the need to comply with safe and sound banking practices as well as meet regulatory expectations, and other factors, including the ability of our subsidiaries to make distributions to us, which ability may be restricted by statutory, contractual or other constraints. There can be no assurance that we will continue to pay dividends even if the necessary financial conditions are met and if sufficient cash is available for distribution. See Note 13 and Note 15 to the consolidated financial statements for further discussion on factors impacting or restricting our ability to pay dividends.

Our common stock and our preferred stock are subordinate to our existing and future indebtedness.

Shares of our common stock and our Series B and Series C preferred stock are equity interests and do not constitute indebtedness of the Company. This means that shares of the common stock and depositary shares, which represent fractional interests in shares of Series B and Series C preferred stock, rank junior to all our existing and future indebtedness and our other non-equity claims with respect to assets available to satisfy claims against us, including claims in the event of our liquidation. We are prohibited from paying dividends on any of our capital stock if the required payments on our subordinated debentures have not been made.

Our common stock is subordinate to our existing and future preferred stock.

The Company has outstanding Series B and Series C preferred stock that is senior to the common stock and could adversely affect the ability of the Company to declare or pay dividends or distributions of common stock. Under the terms of the Series B and Series C preferred stock, the Company is prohibited from paying dividends on its common stock unless all full dividends for the latest dividend period on all outstanding shares of Series B and Series C preferred stock have been declared and paid in full or declared and a sum sufficient for the payment of those dividends has been set aside. Furthermore, if the Company experiences a material deterioration in its financial condition, liquidity, capital, results of operations or risk profile, the Company’s regulators may not permit it to make future payments on its Series B and Series C preferred stock, thereby preventing the payment of dividends on the common stock.

We may issue debt and/or equity securities, or securities convertible into equity securities, any of which may be senior to our existing preferred and common stock as to distributions and in liquidation, and such an issuance could negatively affect the value of our common and preferred stock.

In the future, we may attempt to increase our capital resources by entering into debt or debt-like financing that is unsecured or secured by all or up to all of our assets, or by issuing additional debt or equity securities, which could include issuances of secured or unsecured commercial paper, medium-term notes, senior notes, subordinated notes, preferred stock, or securities convertible into or exchangeable for equity securities. In the event of our liquidation, our lenders and holders of our debt and preferred securities would receive a distribution of our available assets before distributions to the holders of our common stock. Subject to certain conditions, holders of another class of preferred stock may be entitled to preferences over the Series B and Series C preferred stock. Because our decision to incur debt and issue securities in our future offerings will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings and debt financings. Further, market conditions could require us to accept less favorable terms for the issuance of our securities in the future.

The trading history of our common stock is characterized by modest trading volume.

Our common stock trades on the NASDAQ Global Select Market. During 2018, the average daily trading volume of our common stock was approximately 372,000 shares. The average daily trading volume of our depositary shares, which represent fractional shares of our Series B preferred stock, was approximately 4,300 shares. In addition, our Series C preferred stock had average daily trading volume of approximately 2,800 shares.

We cannot predict the extent to which investor interest in us will lead to a more active trading market in our securities or how much more liquid these markets might become. A public trading market having the desired characteristics of depth, liquidity and orderliness depends upon the presence in the marketplace of willing buyers and sellers of our securities at any given time, which presence is dependent upon the individual decisions of investors, over which we have no control.

The market price of our securities can be volatile.

The market prices of our common and preferred stock may be highly volatile and subject to wide fluctuations in response to many factors, including, but not limited to, the factors discussed in other risk factors and the following:

- actual or unanticipated fluctuations in our operating results;
- changes in interest rates;
- changes in the legal or regulatory environment in which we operate;
- press releases, announcements or publicity relating to us or our competitors or relating to trends in our industry;
- changes in expectations as to our future financial performance, including financial estimates or recommendations by securities analysts and investors;
- future sales of our securities;
- changes in economic conditions in our marketplace, general conditions in the U.S. economy, financial markets or the banking industry; and
- other developments affecting our competitors or us.

These factors may adversely affect the trading prices of our securities, regardless of our actual operating performance, and could prevent our shareholders from selling their securities at or above the public offering price. In addition, the stock markets, from time to time, experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of companies. These broad fluctuations may adversely affect the market prices of our securities, regardless of our trading performance.

In the past, shareholders have brought securities class action litigation against a company following periods of volatility in the market price of its securities. We may be the target of similar litigation in the future, which could result in substantial costs and divert management's attention and resources.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

As of December 31, 2018, we operated 329 combined locations, including 191 bank branch offices and 3 loan production offices in Louisiana, Arkansas, Tennessee, Alabama, Texas, Florida, Georgia, South Carolina, North Carolina, Mississippi, Missouri, and New York, 29 title insurance offices in Arkansas, Tennessee, and Louisiana, mortgage representatives in 87 locations in 12 states, eighteen wealth management locations in five states, and one IBERIA Capital Partners L.L.C. office in Louisiana. Office locations are either owned or leased. For offices in premises leased by us or our subsidiaries, rent expense totaled $22.5 million in 2018. During 2018, we and our subsidiaries received $2.1 million in rental income for space leased to others. At December 31, 2018, there were no significant encumbrances on the offices, equipment and other operational facilities owned by us and our subsidiaries. Additional information on our premises is provided in Note 8 to the Consolidated Financial Statements incorporated herein by reference to Exhibit 13 of this Form 10-K.

Item 3. Legal Proceedings.

The nature of the business of the Company's banking and other subsidiaries ordinarily results in a certain amount of claims, litigation, investigations and legal and administrative cases and proceedings, all of which are considered incidental to the normal conduct of business. Some of these claims are against entities or assets of which the Company is a successor or acquired in business acquisitions. The Company believes it has meritorious defenses to the claims asserted against it in its currently outstanding legal proceedings and, with respect to such legal proceedings, intends to continue to defend itself vigorously, litigating or settling cases according to management's judgment as to what is in the best interest of the Company and its shareholders.

The Company assesses its liabilities and contingencies in connection with outstanding legal proceedings utilizing the latest information available. Where it is probable that the Company will incur a loss and the amount of the loss can be reasonably estimated, the Company records a liability in its consolidated financial statements. These legal reserves may be increased or decreased to reflect any relevant developments on a quarterly basis. Where a loss is not probable or the amount of loss is not estimable, the Company does not accrue legal reserves. While the outcome of legal proceedings is inherently uncertain, based on information currently available, advice of counsel and available insurance coverage, the Company's management believes that it has established appropriate legal reserves. Any liabilities arising from pending legal proceedings are not expected to have a material adverse effect on the Company's consolidated financial position, consolidated results of operations or consolidated cash flows. However, in the event of unexpected future developments, it is possible that the ultimate resolution of these matters, if unfavorable, may be material to the Company's consolidated financial position, consolidated results of operations or consolidated cash flows. For additional information, see Note 18 to the Consolidated Financial Statements which is incorporated by reference to Exhibit 13 of this Form 10-K.

Item 4. Mine Safety Disclosures

Not applicable.

PART II.

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Stock Performance Graph

IBERIABANK Corporation’s common stock trades on the NASDAQ Global Select Market under the symbol “IBKC.” The following graph and table, which were prepared by S&P Global Intelligence (“S&P”), compares the cumulative total return on our Common Stock over a measurement period beginning December 31, 2013 with (i) the cumulative total return on the stocks included in the National Association of Securities Dealers, Inc. Automated Quotation (“NASDAQ”) Composite Index and (ii) the cumulative total return on the stocks included in the S&P > $10 Billion Bank Index. All of these cumulative returns are computed assuming the quarterly reinvestment of dividends paid during the applicable period.

	Period Ending					
Index	12/31/13	12/31/14	12/31/15	12/31/16	12/31/17	12/31/18
IBERIABANK Corporation	100.00	105.29	91.42	142.16	134.00	113.49
NASDAQ Composite Index	100.00	114.75	122.74	133.62	173.22	168.30
S&P Bank > $10B	100.00	112.43	113.36	141.62	168.97	139.61

The stock performance graph assumes $100.00 was invested December 31, 2013. The stock price performance included in this graph is not necessarily indicative of future stock price performance.

Additional information required herein is incorporated by reference to “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Corporate Information Data” in Exhibit 13 hereto.

Share Repurchases

On May 9, 2018, the Company completed its then current stock repurchase program, which commenced in May 2016, under which the Company repurchased a total of 537,506 shares at an average price per share of $68.94. On May 10, 2018, the Board of Directors of the Company authorized the repurchase of up to 1,137,500 shares of the Company's outstanding common stock, which was subsequently completed on November 5, 2018. During that time, the Company repurchased 1,137,500 shares of its common stock at a weighted average price of $77.54 per share. On November 5, 2018, the Board of Directors authorized a new repurchase plan of up to 2,765,000 shares of the Company's common stock. This repurchase authorization equated to approximately 5% of total common shares outstanding. Stock repurchases under this program will be made from time to time on the open market or in privately negotiated transactions at the discretion of the management of the Company. The timing of these repurchases will depend on market conditions and other requirements. The Company currently anticipates the share repurchase program will extend over a two-year time frame, or earlier if the shares have been repurchased. At December 31, 2018, there were approximately 2,265,000 remaining shares that may be repurchased under the current Board-approved plan.

During the fourth quarter of 2018, the Company repurchased 1,209,290 common shares, at a weighted average price of $72.61 per common share, of which 709,290 were repurchased under the completed Board-authorized plan and 500,000 were repurchased under the current Board-authorized plan. Subsequent to year-end and through February 21, 2019, the Company repurchased 226,921 common shares for approximately $17.5 million.

Information concerning IBERIABANK Corporation's repurchases of its outstanding common stock during the three-month period ended December 31, 2018, is included in the following table:

Period	Total Number of Shares Purchased[1]	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
October 1-31, 2018	462,770	$ 73.47	462,027	247,263
November 1-30, 2018	247,710	$ 75.43	247,263	2,765,000
December 1-31, 2018	500,099	$ 70.43	500,000	2,265,000
Total	1,210,579	$ 72.62	1,209,290	2,265,000

[1] Includes shares of the Company's common stock acquired by the Company in connection with satisfaction of tax withholding obligations on vested restricted stock.

Restrictions on Dividends and Repurchase of Stock

Holders of the Company's common stock are only entitled to receive dividends if, as and when the Board of Directors may declare out of funds legally available for such payments.

IBERIABANK Corporation understands the importance of returning capital to shareholders. Management will continue to execute the capital planning process, including evaluation of the amount of the common stock dividend, with the Board of Directors and in conjunction with the regulators, subject to the Company's results of operations. Also, IBERIABANK Corporation is a bank holding company, and its ability to declare and pay dividends is dependent on certain federal regulatory considerations, including the guidelines of the Federal Reserve regarding capital adequacy and dividends.

Holders of the common stock are subject to priority dividend rights of any holders of preferred stock then outstanding. At December 31, 2018, there were 13,750 shares of preferred stock outstanding. In addition, the terms of the Company’s outstanding junior subordinated debt securities prohibit it from declaring or paying any dividends or distributions on outstanding capital stock, or purchasing, acquiring, or making a liquidation payment on such stock, if the Company has elected to defer interest payments on such debt.

For additional information, see Note 15 to the Consolidated Financial Statements which is incorporated by reference to Exhibit 13 of this Form 10-K.

Item 6. Selected Financial Data.

The information required herein is incorporated by reference to "Selected Consolidated Financial and Other Data" in Exhibit 13 hereto.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The information required herein is incorporated by reference to "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Exhibit 13 hereto.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk.

The information required herein is incorporated by reference to "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Exhibit 13 hereto.

Item 8. Financial Statements and Supplementary Data.

The information required herein is incorporated by reference to "IBERIABANK Corporation and Subsidiaries Consolidated Financial Statements" in Exhibit 13 hereto.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15 under the Securities Exchange Act of 1934 (the "Exchange Act"), we performed an evaluation of the effectiveness of our disclosure controls and procedures as of December 31, 2018. The evaluation was carried out under the supervision, and with the participation of, the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"). Based on that evaluation, the CEO and CFO have concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Report. Management's Report on Internal Control over Financial Reporting, and the attestation report of the independent registered public accounting firm, are included in Exhibit 13 and are incorporated by reference herein.

Item 9B. Other Information.

None.

PART III.

Item 10. Directors, Executive Officers and Corporate Governance.

Information concerning the Registrant’s executive officers is contained in Part I of this Form 10-K. Other information required herein, including information on directors, the audit committee, and the audit committee financial expert is incorporated by reference to the Proxy Statement.

Item 11. Executive Compensation.

The information required herein is incorporated by reference to the Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required herein is incorporated by reference to the Proxy Statement.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required herein is incorporated by reference to the Proxy Statement.

Item 14. Principal Accounting Fees and Services.

The information required herein is incorporated by reference to the Proxy Statement.

PART IV.

Item 15. Exhibits and Financial Statement Schedules.

(a) Documents Filed as Part of this Report.

(1) The following financial statements are incorporated by reference from Item 8 hereof (see Exhibit No. 13):

Consolidated Balance Sheets as of December 31, 2018 and 2017
Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2018, 2017, and 2016
Consolidated Statements of Shareholders' Equity for the Years Ended December 31, 2018, 2017, and 2016
Consolidated Statements of Cash Flows for the Years Ended December 31, 2018, 2017, and 2016
Notes to Consolidated Financial Statements

(2) All schedules for which provision is made in the applicable accounting regulation of the SEC are omitted because of the absence of conditions under which they are required or because the required information is included in the consolidated financial statements and related notes thereto.

(3) The following exhibits are filed as part of this Form 10-K, and this list includes the Exhibit Index.

Exhibit Index

Exhibit No. 3.1	Articles of Incorporation, as amended – incorporated herein by reference to Exhibit 3.1 to the Registrant's Quarterly Report on Form 10-Q, filed on May 10, 2016.
Exhibit No. 3.2	Bylaws of the Company, as amended – incorporated herein by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K dated May 7, 2018, filed on May 9, 2018.
Exhibit No. 4.1	Stock Certificate – incorporated herein by reference to Registration Statement on Form S-8 (File No. 33-93210), filed on June 7, 1995.
Exhibit No. 4.2	Deposit Agreement, among IBERIABANK Corporation, Computershare Inc., and Computershare Trust Company, N.A. and the holders from time to time of Depositary Receipts described therein, dated as of August 5, 2015 - incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K, filed on August 5, 2015.
Exhibit No. 4.3	Deposit Agreement, among IBERIABANK Corporation, Computershare Inc., and Computershare Trust Company, N.A., and the holders from time to time of Depositary Receipts described therein, dated as of May 9, 2016 – incorporated herein by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K, filed on May 9, 2016.
Exhibit No. 10.1	Retirement Savings Plan – incorporated herein by reference to Exhibit 10.1 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2005, filed on March 15, 2006.
Exhibit No. 10.2	Employment Agreement with Daryl G. Byrd, as amended and restated – incorporated herein by reference to Exhibit 10.4 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2001, filed on April 1, 2002.
Exhibit No. 10.3	Form of Indemnification Agreements with Daryl G. Byrd and Michael J. Brown – incorporated herein by reference to Exhibit 10.5 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1999, filed on March 30, 2000.
Exhibit No. 10.4	Severance Agreement with Michael J. Brown – incorporated herein by reference to Exhibit 10.6 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2000, filed on March 30, 2001.

Exhibit No. 10.5 Severance Agreement with Anthony J. Restel – incorporated herein by reference to Exhibit 10.1 to the Registrant’s Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2005, filed on May 9, 2005.

Exhibit No. 10.6 2005 Stock Incentive Plan, as amended – incorporated herein by reference to Exhibit 10.1 to the Registrant’s Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2009, filed on May 11, 2009.

Exhibit No. 10.7 Form of Restricted Stock Agreement under the IBERIABANK Corporation 2005 Stock Incentive Plan – incorporated herein by reference to Exhibit 10.1 to the Registrant’s Current Report on Form 8-K dated May 17, 2006, filed on May 19, 2006.

Exhibit No. 10.8 Form of Stock Option Agreement under the IBERIABANK Corporation 2005 Stock Incentive Plan – incorporated herein by reference to Exhibit 10.2 to the Registrant’s Current Report on Form 8-K dated May 17, 2006, filed on May 19, 2006.

Exhibit No. 10.9	IBERIABANK Corporation Deferred Compensation Plan – incorporated herein by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K dated December 17, 2007, filed on December 21, 2007.
Exhibit No. 10.10	Form of Phantom Stock Award Agreement – incorporated herein by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K dated November 17, 2008, filed on November 21, 2008.
Exhibit No. 10.11	Form of Restricted Stock Agreement under the IBERIABANK Corporation 2008 Stock Incentive Plan – incorporated herein by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2008, filed on August 11, 2008.
Exhibit No 10.12	Form of Stock Option Agreement under the IBERIABANK Corporation 2008 Stock Incentive Plan – incorporated herein by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2008, filed on August 11, 2008.
Exhibit No. 10.13	IBERIABANK Corporation 2009 Phantom Stock Plan – incorporated herein by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K dated September 29, 2009, filed on October 5, 2009.
Exhibit No. 10.14	Form of IBERIABANK Corporation Phantom Stock Unit Agreement – incorporated herein by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K dated September 29, 2009, filed on October 5, 2009.
Exhibit No. 10.15	Change in Control Severance Agreement with Jefferson G. Parker dated September 17, 2009 – incorporated herein by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K dated September 17, 2009, filed on September 18, 2009.
Exhibit No. 10.16	2010 Stock Incentive Plan, as amended – incorporated herein by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K dated January 18, 2010, filed on January 19, 2010.
Exhibit No. 10.17	Form of Restricted Stock Agreement under the IBERIABANK Corporation 2010 Stock Incentive Plan – incorporated herein by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K dated May 4, 2010, filed on May 7, 2010.
Exhibit No. 10.18	Form of Stock Option Agreement under the IBERIABANK Corporation 2010 Stock Incentive Plan – incorporated herein by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K dated May 4, 2010, filed on May 7, 2010.
Exhibit No. 10.19	IBERIABANK Corporation Amended and Restated 2010 Stock Incentive Plan – incorporated herein by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K dated May 6, 2011, filed on May 12, 2019.
Exhibit No. 10.20	Form of IBERIABANK Corporation Restricted Stock Agreement under the IBERIABANK Corporation 2010 Stock Incentive Plan – incorporated herein by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K dated May 6, 2013, filed on May 9, 2013.
Exhibit No. 10.21	Change in Control Severance Agreement with Michael S. Price dated June 18, 2012 – incorporated herein by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K dated June 18, 2012, filed on June 20, 2012.

Exhibit No. 10.22	IBERIABANK Corporation 2014 Phantom Stock Plan – incorporated herein by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K dated February 17, 2014, filed on February 21, 2014.
Exhibit No. 10.23	Form of IBERIABANK Corporation Phantom Stock Unit Agreement – incorporated herein by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K dated February 17, 2014, filed on February 21, 2014.
Exhibit No. 10.24	Form of IBERIABANK Corporation Performance Unit Agreement – incorporated herein by reference to Exhibit 10.51 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2013, filed on February 28, 2014.
Exhibit No. 10.25	Form of IBERIABANK Corporation Restricted Share Unit Agreement (Performance Contingent Award) – incorporated herein by reference to Exhibit 10.52 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2013, filed on February 28, 2014.
Exhibit No. 10.26	Form of IBERIABANK Corporation Restricted Stock Agreement – incorporated herein by reference to Exhibit 10.53 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2013, filed on February 28, 2014.

Exhibit No. 10.27	Form of IBERIABANK Corporation Stock Option Agreement – incorporated herein by reference to Exhibit 10.54 to the Registrant’s Annual Report on Form 10-K for the fiscal year ended December 31, 2013, filed on February 28, 2014.
Exhibit No. 10.28	Form of Change in Control Severance Agreement – incorporated herein by reference to Exhibit 10.1 to the Registrant’s Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2010, filed on August 9, 2010.
Exhibit No. 10.29	IBERIABANK Corporation 2016 Stock Incentive Plan - incorporated herein by reference to Exhibit 10.0 to the Registrant’s Current Report on Form 8-K, dated May 4, 2016, filed on May 10, 2016.
Exhibit No. 10.30	Employment Agreement with Fernando Perez-Hickman - incorporated herein by reference to Exhibit 10.1 to the Registrant’s Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2017, filed on November 8, 2017.
Exhibit No. 10.31	Agreement and Plan of Merger by and among the Registrant, IBERIABANK and Gibraltar Private Bank & Trust Company, dated as of October 19, 2017 - incorporated herein by reference to Exhibit 2.1 to the Registrant’s Current Report on Form 8-K dated October 19, 2017, filed on October 20, 2017.
Exhibit No. 10.32	Form of Change in Control Severance Agreement - incorporated herein by reference to Exhibit No. 10.33 to the Registrant's Annual Report on Form 10-K/A (Amendment No. 1) for the fiscal year ended December 31, 2017, filed on March 30, 2018.
Exhibit No. 10.33	Form of Amendment No. 1 to Restricted Stock Agreement - incorporated herein by reference to Exhibit No. 10.1 to the Registrant's Current Report on Form 8-K dated April 30, 2018, filed on May 1, 2018.
Exhibit No. 12	Computations of Earnings to Fixed Charges.
Exhibit No. 13	Annual Report to Shareholders – Portions of Annual Report to Shareholders for the year ended December 31, 2018, which are expressly incorporated herein by reference.
Exhibit No. 21	Subsidiaries of the Registrant.
Exhibit No. 23.1	Consent of Ernst & Young LLP.
Exhibit No. 31.1	Certification of principal executive officer pursuant to Exchange Act Rule 13a-14(a) or 15d-14(a).
Exhibit No. 31.2	Certification of principal financial officer pursuant to Exchange Act Rule 13a-14(a) or 15d-14(a).
Exhibit No. 32.1	Certification of principal executive officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
Exhibit No. 32.2	Certification of principal financial officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Exhibit No. 101.INS	XBRL Instance Document.
Exhibit No. 101.SCH	XBRL Taxonomy Extension Schema.
Exhibit No. 101.CAL	XBRL Taxonomy Extension Calculation Linkbase.
Exhibit No. 101.DEF	XBRL Taxonomy Extension Definition Linkbase.
Exhibit No. 101.LAB	XBRL Taxonomy Extension Label Linkbase.
Exhibit No. 101.PRE	XBRL Taxonomy Extension Presentation Linkbase.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

IBERIABANK CORPORATION

Date: February 22, 2019 By: /s/ Daryl G. Byrd
Daryl G. Byrd
President, Chief Executive Officer and Director

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Name	Title	Date
/s/ Daryl G. Byrd Daryl G. Byrd	President, Chief Executive Officer and Director	February 22, 2019
/s/ Anthony J. Restel Anthony J. Restel	Vice Chairman and Chief Financial Officer	February 22, 2019
/s/ M. Scott Price M. Scott Price	Executive Vice President, Corporate Controller and Chief Accounting Officer	February 22, 2019
/s/ Elaine D. Abell Elaine D. Abell	Director	February 22, 2019
/s/ Harry V. Barton, Jr. Harry V. Barton, Jr.	Director and Audit Committee Chairman	February 22, 2019
/s/ Ernest P. Breaux, Jr. Ernest P. Breaux, Jr.	Director	February 22, 2019
/s/ John N. Casbon John N. Casbon	Director	February 22, 2019
/s/ Angus R. Cooper, II Angus R. Cooper, II	Director	February 22, 2019
/s/ William H. Fenstermaker William H. Fenstermaker	Chairman of the Board	February 22, 2019
/s/ John E. Koerner, III John E. Koerner, III	Director and Audit Committee Member	February 22, 2019
/s/ Rick E. Maples Rick E. Maples	Director and Audit Committee Member	February 22, 2019
/s/ E. Stewart Shea, III	Vice Chairman of the Board	

E. Stewart Shea, III		February 22, 2019
/s/ Rosa Sugrañes Rosa Sugrañes	Director and Audit Committee Member	February 22, 2019