REPUBLIC BANCORP INC /KY/
Form 10-Q
May 08, 2015
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 2015

or

o Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number: 0-24649

REPUBLIC BANCORP, INC.

(Exact name of registrant as specified in its charter)

Kentucky	**61-0862051**
(State of other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
601 West Market Street, Louisville, Kentucky	**40202**
(Address of principal executive offices)	(Zip Code)

(502) 584-3600

(Registrant s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve 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. x Yes o No

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

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

Large accelerated filero	Accelerated filer x	Non-accelerated filer o	Smaller reporting company o

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

Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of the latest practicable date:

The number of shares outstanding of the registrant s Class A Common Stock and Class B Common Stock, as of April 30, 2015, was 18,615,567 and 2,245,492.

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements.

CONSOLIDATED BALANCE SHEETS *(in thousands) (unaudited)*

	March 31, 2015	December 31, 2014
ASSETS		
Cash and cash equivalents	$ 136,349	$ 72,878
Securities available for sale	464,145	435,911
Securities held to maturity (fair value of $45,133 in 2015 and $45,807 in 2014)	44,574	45,437
Mortgage loans held for sale, at fair value	12,748	6,388
Loans	3,155,436	3,040,495
Allowance for loan and lease losses	(24,631)	(24,410)
Loans, net	3,130,805	3,016,085
Federal Home Loan Bank stock, at cost	28,208	28,208
Premises and equipment, net	31,817	32,987
Premises, held for sale	1,284	1,317
Goodwill	10,168	10,168
Other real estate owned	6,736	11,243
Bank owned life insurance	51,764	51,415
Other assets and accrued interest receivable	33,589	34,976
TOTAL ASSETS	$ 3,952,187	$ 3,747,013
LIABILITIES		
Deposits:		
Non interest-bearing	$ 666,166	$ 502,569
Interest-bearing	1,714,051	1,555,613
Total deposits	2,380,217	2,058,182
Securities sold under agreements to repurchase and other short-term borrowings	332,534	356,108
Federal Home Loan Bank advances	596,500	707,500
Subordinated note	41,240	41,240
Other liabilities and accrued interest payable	32,225	25,252
Total liabilities	3,382,716	3,188,282
Commitments and contingent liabilities (Footnote 9)		
STOCKHOLDERS EQUITY		
Preferred stock, no par value		
Class A Common Stock and Class B Common Stock, no par value	4,906	4,904
Additional paid in capital	135,168	134,889
Retained earnings	424,483	414,623
Accumulated other comprehensive income	4,914	4,315

Total stockholders equity		569,471		558,731
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	$	3,952,187	$	3,747,013

See accompanying footnotes to consolidated financial statements.

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CONSOLIDATED STATEMENTS OF INCOME (*UNAUDITED*)

(*in thousands, except per share data*)

	Three Months Ended March, 2015	Three Months Ended March, 2014
INTEREST INCOME:		
Loans, including fees	$ 31,591	$ 30,162
Taxable investment securities	1,773	1,859
Federal Home Loan Bank stock and other	397	476
Total interest income	33,761	32,497
INTEREST EXPENSE:		
Deposits	1,144	978
Securities sold under agreements to repurchase and other short-term borrowings	38	22
Federal Home Loan Bank advances	2,928	3,564
Subordinated note	629	629
Total interest expense	4,739	5,193
NET INTEREST INCOME	29,022	27,304
Provision for loan and lease losses	185	(703)
NET INTEREST INCOME AFTER PROVISION FOR LOAN AND LEASE LOSSES	28,837	28,007
NON INTEREST INCOME:		
Service charges on deposit accounts	3,039	3,295
Net refund transfer fees	15,335	14,388
Mortgage banking income	1,353	486
Interchange fee income	2,194	2,044
Net gain (loss) on other real estate owned	(119)	(482)
Increase in cash surrender value of bank owned life insurance	349	191
Other	835	793
Total non interest income	22,986	20,715
NON INTEREST EXPENSES:		
Salaries and employee benefits	15,277	14,483
Occupancy and equipment, net	5,201	5,822
Communication and transportation	1,046	1,026
Marketing and development	585	528
FDIC insurance expense	674	569
Bank franchise tax expense	2,401	2,339
Data processing	966	797
Interchange related expense	1,007	997
Supplies	361	440
Other real estate owned expense	219	390
Legal and professional fees	1,615	1,011
Other	1,722	1,797

Total non interest expenses		31,074		30,199
INCOME BEFORE INCOME TAX EXPENSE		20,749		18,523
INCOME TAX EXPENSE		6,961		6,539
NET INCOME	$	13,788	$	11,984
BASIC EARNINGS PER SHARE:				
Class A Common Stock	$	0.66	$	0.58
Class B Common Stock	$	0.65	$	0.56
DILUTED EARNINGS PER SHARE:				
Class A Common Stock	$	0.66	$	0.58
Class B Common Stock	$	0.64	$	0.56
DIVIDENDS DECLARED PER COMMON SHARE:				
Class A Common Stock	$	0.187	$	0.176
Class B Common Stock	$	0.170	$	0.160

See accompanying footnotes to consolidated financial statements.

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (*UNAUDITED*)

(*in thousands*)

	Three Months Ended March, 2015		2014	
Net income	$	13,788	$	11,984
OTHER COMPREHENSIVE INCOME				
Change in fair value of derivatives used for cash flow hedges		(396)		(339)
Reclassification amount for derivative losses realized in income		101		100
Change in unrealized gain (loss) on securities available for sale		1,238		2
Change in unrealized gain on security available for sale for which a portion of an other-than-temporary impairment has been recognized in earnings		(22)		54
Net unrealized gains (losses)		921		(183)
Tax effect		(322)		63
Total other comprehensive income (loss), net of tax		599		(120)
COMPREHENSIVE INCOME	$	14,387	$	11,864

See accompanying footnotes to consolidated financial statements.

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CONSOLIDATED STATEMENT OF STOCKHOLDERS EQUITY *(UNAUDITED)*

THREE MONTHS ENDED MARCH 31, 2015

(in thousands)	Common Stock Class A Shares Outstanding	Class B Shares Outstanding	Amount	Additional Paid In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholders Equity
Balance, January 1, 2015	18,603	2,245	$ 4,904	$ 134,889	$ 414,623	$ 4,315	$ 558,731
Net income					13,788		13,788
Net change in accumulated other comprehensive income						599	599
Dividend declared Common Stock:							
Class A Shares					(3,481)		(3,481)
Class B Shares					(382)		(382)
Stock options exercised, net of shares redeemed	8		2	182	(65)		119
Net change in notes receivable on Class A Common Stock				(48)			(48)
Deferred director compensation expense - Class A Common Stock	5			67			67
Stock based compensation - restricted stock				73			73
Stock based compensation expense - options				5			5
Balance, March 31, 2015	18,616	2,245	$ 4,906	$ 135,168	$ 424,483	$ 4,914	$ 569,471

See accompanying footnotes to consolidated financial statements.

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CONSOLIDATED STATEMENTS OF CASH FLOWS (*UNAUDITED*) (*in thousands*)

	Three Months Ended March, 2015	2014
OPERATING ACTIVITIES:		
Net income	$ 13,788	$ 11,984
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization on investment securities, net	154	283
Accretion on loans, net	(310)	(2,650)
Depreciation of premises and equipment	1,577	1,363
Amortization of mortgage servicing rights	338	314
Provision for loan and lease losses	185	(703)
Net gain on sale of mortgage loans held for sale	(1,222)	(498)
Origination of mortgage loans held for sale	(45,835)	(14,110)
Proceeds from sale of mortgage loans held for sale	40,697	15,700
Net gain realized on sale of other real estate owned	(365)	(402)
Writedowns of other real estate owned	484	884
Deferred director compensation expense - Company Stock	67	53
Stock based compensation expense	78	106
Increase in cash surrender value of bank owned life insurance	(349)	(191)
Net change in other assets and liabilities:		
Accrued interest receivable	(78)	270
Accrued interest payable	9	(112)
Other assets	1,127	8,256
Other liabilities	6,329	157
Net cash provided by operating activities	16,674	20,704
INVESTING ACTIVITIES:		
Purchases of securities available for sale	(767,299)	(30,000)
Proceeds from maturities and paydowns of securities available for sale	740,141	45,868
Proceeds from maturities and paydowns of securities held to maturity	850	1,472
Net change in outstanding warehouse lines of credit	(103,724)	13,314
Purchase of loans, including premiums paid	(19,531)	
Net change in other loans	10,370	1,910
Proceeds from redemption of Federal Home Loan Bank stock		32
Proceeds from sales of other real estate owned	2,630	2,627
Net purchases of premises and equipment	(374)	(1,403)
Purchase of bank owned life insurance		(5,000)
Net cash (used in)/provided by investing activities	(136,937)	28,820
FINANCING ACTIVITIES:		
Net change in deposits	322,035	93,355
Net change in securities sold under agreements to repurchase and other short-term borrowings	(23,574)	56,619
Payments of Federal Home Loan Bank advances	(198,000)	(48,000)
Proceeds from Federal Home Loan Bank advances	87,000	25,000
Repurchase of Common Stock		(347)
Net proceeds from Common Stock options exercised	119	20
Cash dividends paid	(3,846)	(3,648)
Net cash provided by used in financing activities	183,734	122,999
NET CHANGE IN CASH AND CASH EQUIVALENTS	63,471	172,523
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	72,878	170,863

CASH AND CASH EQUIVALENTS AT END OF PERIOD	$	136,349	$	343,386
SUPPLEMENTAL DISCLOSURES OF CASHFLOW INFORMATION:				
Cash paid during the period for:				
Interest	$	4,730	$	5,305
Income taxes		585		397
SUPPLEMENTAL NONCASH DISCLOSURES:				
Transfers from loans to real estate acquired in settlement of loans	$	332	$	3,070
Loans provided for sales of other real estate owned		2,090		149

See accompanying footnotes to consolidated financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2015 and 2014 (UNAUDITED) AND DECEMBER 31, 2014

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation The consolidated financial statements include the accounts of Republic Bancorp, Inc. (the Parent Company) and its wholly-owned subsidiaries, Republic Bank & Trust Company (RB&T or the Bank) and Republic Insurance Services, Inc. (the Captive). The Bank is a Kentucky-based, state chartered non-member financial institution. The Captive, which was formed during the third quarter of 2014, is a wholly-owned insurance subsidiary of the Company. The Captive provides property and casualty insurance coverage to the Company and the Bank as well as five other third-party insurance captives for which insurance may not be available or economically feasible. Republic Bancorp Capital Trust (RBCT) is a Delaware statutory business trust that is a wholly-owned unconsolidated finance subsidiary of Republic Bancorp, Inc. All companies are collectively referred to as Republic or the Company. All significant intercompany balances and transactions are eliminated in consolidation.

The accompanying unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, the financial statements do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for fair presentation have been included. Operating results for the three months ended March 31, 2015 are not necessarily indicative of the results that may be expected for the year ending December 31, 2015. For further information, refer to the consolidated financial statements and footnotes thereto included in Republic s Form 10-K for the year ended December 31, 2014.

As of March 31, 2015, the Company was divided into four distinct business operating segments: Traditional Banking, Warehouse Lending (Warehouse), Mortgage Banking and Republic Processing Group (RPG). Management considers the first three segments to collectively constitute Core Bank or Core Banking activities. The Warehouse segment was reported as a division of the Traditional Banking segment prior to the fourth quarter of 2014, but realized the quantitative and qualitative nature of a segment by the end of 2014. All prior periods have been reclassified to conform to the current presentation.

Traditional Banking, Warehouse Lending and Mortgage Banking (collectively Core Banking)

As of March 31, 2015 in addition to Internet Banking and Correspondent Lending delivery channels, Republic had 40 full-service banking centers with locations as follows:

- Kentucky 32
- Metropolitan Louisville 19
- Central Kentucky 8

- Elizabethtown 1
- Frankfort 1
- Georgetown 1
- Lexington 4
- Shelbyville 1
- Western Kentucky 2
- Owensboro 2
- Northern Kentucky 3
- Covington 1
- Florence 1
- Independence 1
- Southern Indiana 3
- Floyds Knobs 1
- Jeffersonville 1
- New Albany 1
- Metropolitan Tampa, Florida 2
- Metropolitan Cincinnati, Ohio 1
- Metropolitan Nashville, Tennessee 2

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Republic s headquarters are located in Louisville, which is the largest city in Kentucky based on population.

Core Banking results of operations are primarily dependent upon net interest income, which represents the difference between the interest income and fees on interest-earning assets and the interest expense on interest-bearing liabilities. Principal interest-earning Core Banking assets represent investment securities and commercial and consumer loans primarily secured by real estate and/or personal property. Interest-bearing liabilities primarily consist of interest-bearing deposit accounts, securities sold under agreements to repurchase, as well as short-term and long-term borrowing sources. Federal Home Loan Bank (FHLB) advances have traditionally been a significant borrowing source for the Bank.

Other sources of Core Banking income include service charges on deposit accounts, debit and credit card interchange fee income, title insurance commissions, fees charged to clients for trust services, increase in the cash surrender value of Bank Owned Life Insurance (BOLI) and revenue generated from Mortgage Banking activities. Mortgage Banking activities represent both the origination and sale of loans in the secondary market and the servicing of loans for others, primarily the Federal Home Loan Mortgage Corporation (Freddie Mac or FHLMC).

Core Banking operating expenses consist primarily of salaries and employee benefits, occupancy and equipment expenses, communication and transportation costs, data processing, interchange related expenses, marketing and development expenses, Federal Deposit Insurance Corporation (FDIC) insurance expense, franchise tax expense and various general and administrative costs. Core Banking results of operations are significantly impacted by general economic and competitive conditions, particularly changes in market interest rates, government laws and policies and actions of regulatory agencies.

The Core Bank began acquiring single family, first lien mortgage loans for investment through its Correspondent Lending channel in May 2014. Correspondent Lending generally involves the Bank acquiring, primarily from its Warehouse clients, closed loans that meet the Bank s specifications. Substantially all loans purchased through the Correspondent Lending channel are purchased at a premium.

The Core Bank provides short-term, revolving credit facilities to mortgage bankers across the Nation through its Warehouse segment in the form of warehouse lines of credit. These credit facilities are secured by single family, first lien residential real estate loans. Outstanding balances on these credit facilities may be subject to significant fluctuations consistent with the overall market demand for mortgage loans.

Republic Processing Group

All divisions of the RPG segment operate through the Bank. Nationally, RPG facilitates the receipt and payment of federal and state tax refunds under the Tax Refund Solutions (TRS) division, primarily through refund transfers (RTs). RTs are products whereby a tax refund is issued to the taxpayer after the Bank has received the refund from the federal or state government. There is no credit risk or borrowing cost associated with these products because they are only delivered to the taxpayer upon receipt of the tax refund directly from the governmental paying authority. Fees earned on RTs, net of rebates, are the primary source of revenue for the TRS division and the RPG segment, and are reported as non interest income under the line item Net refund transfer fees.

The TRS division historically originated and obtained a significant source of revenue from Refund Anticipation Loans (RAL s), but terminated this product effective April 30, 2012. RALs were short-term consumer loans offered to taxpayers that were secured by the client s anticipated tax refund, which represented the sole source of repayment. While RALs were terminated in 2012, TRS may receive recoveries from previously charged-off RALs.

The Republic Payment Solutions (RPS) division is an issuing bank offering general purpose reloadable prepaid debit cards through third party program managers.

The Republic Credit Solutions (RCS) division offers short-term consumer credit products.

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2. INVESTMENT SECURITIES

Securities Available for Sale

The gross amortized cost and fair value of securities available for sale and the related gross unrealized gains and losses recognized in accumulated other comprehensive income (loss) were as follows:

March 31, 2015 (in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Treasury securities and U.S. Government agencies	$ 186,819	$ 1,119	$ (1)	$ 187,937
Private label mortgage backed security	4,037	1,198		5,235
Mortgage backed securities - residential	112,764	5,330	(121)	117,973
Collateralized mortgage obligations	136,172	1,144	(709)	136,607
Freddie Mac preferred stock		271		271
Mutual fund	1,000	27		1,027
Corporate bonds	15,011	84		15,095
Total securities available for sale	$ 455,803	$ 9,173	$ (831)	$ 464,145

December 31, 2014 (in thousands)	Gross Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Treasury securities and U.S. Government agencies	$ 146,625	$ 312	$ (15)	$ 146,922
Private label mortgage backed security	4,030	1,220		5,250
Mortgage backed securities - residential	118,836	5,511	(91)	124,256
Collateralized mortgage obligations	143,283	1,034	(1,146)	143,171
Freddie Mac preferred stock		231		231
Mutual fund	1,000	18		1,018
Corporate bonds	15,011	52		15,063
Total securities available for sale	$ 428,785	$ 8,378	$ (1,252)	$ 435,911

Securities Held to Maturity

The carrying value, gross unrecognized gains and losses, and fair value of securities held to maturity were as follows:

March 31, 2015 (in thousands)	Carrying Value	Gross Unrecognized Gains	Gross Unrecognized Losses	Fair Value

U.S. Treasury securities and U.S. Government agencies	$	1,549	$	12	$	(5)	$	1,556
Mortgage backed securities - residential		145		19				164
Collateralized mortgage obligations		37,880		600				38,480
Corporate bonds		5,000				(67)		4,933
Total securities held to maturity	$	44,574	$	631	$	(72)	$	45,133

December 31, 2014 (in thousands)		**Carrying Value**		**Gross Unrecognized Gains**		**Gross Unrecognized Losses**		**Fair Value**
U.S. Treasury securities and U.S. Government agencies	$	1,747	$	1	$	(7)	$	1,741
Mortgage backed securities - residential		147		20				167
Collateralized mortgage obligations		38,543		423		(4)		38,962
Corporate bonds		5,000				(63)		4,937
Total securities held to maturity	$	45,437	$	444	$	(74)	$	45,807

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At March 31, 2015 and December 31, 2014, there were no holdings of securities of any one issuer, other than the U.S. Government and its agencies, in an amount greater than 10% of stockholders equity.

Sales of Securities Available for Sale

During the three months ended March 31, 2015 and 2014, there were no sales or calls of securities available for sale.

Investment Securities by Contractual Maturity

The amortized cost and fair value of the investment securities portfolio by contractual maturity at March 31, 2015 follows. Expected maturities may differ from contractual maturities if borrowers have the right to call or prepay obligations with or without call or prepayment penalties. Securities not due at a single maturity date are detailed separately.

	Securities Available for Sale		Securities Held to Maturity	
March 31, 2015 (in thousands)	**Amortized Cost**	**Fair Value**	**Carrying Value**	**Fair Value**
Due in one year or less	$ 10,043	$ 10,085	$ 1,027	$ 1,039
Due from one year to five years	181,787	182,901	522	517
Due from five years to ten years	10,000	10,046	5,000	4,933
Due beyond ten years				
Private label mortgage backed security	4,037	5,235		
Mortgage backed securities - residential	112,764	117,973	145	164
Collateralized mortgage obligations	136,172	136,607	37,880	38,480
Freddie Mac preferred stock		271		
Mutual fund	1,000	1,027		
Total securities	$ 455,803	$ 464,145	$ 44,574	$ 45,133

Freddie Mac Preferred Stock

During 2008, the U.S. Treasury, the Federal Reserve Board, and the Federal Housing Finance Agency (FHFA) announced that the FHFA was placing Freddie Mac under conservatorship and giving management control to the FHFA. The Bank contemporaneously determined that its 40,000 shares of Freddie Mac preferred stock were fully impaired and recorded an other-than-temporarily impaired (OTTI) charge of $2.1 million in 2008. The OTTI charge brought the carrying value of the stock to $0. During the second quarter of 2014, based on active trading volume of Freddie Mac preferred stock, the Company determined it appropriate to record an unrealized gain to Other Comprehensive Income (OCI) related to its Freddie Mac preferred stock holdings. Based on the stock s market closing price as of March 31, 2015, the Company s unrealized gain for its Freddie Mac preferred stock totaled $271,000.

Mortgage Backed Securities and Collateralized Mortgage Obligations

At March 31, 2015, with the exception of the $5.2 million private label mortgage backed security, all other mortgage backed securities and collateralized mortgage obligations (CMOs) held by the Bank were issued by U.S. government-sponsored entities and agencies, primarily Freddie Mac and the Federal National Mortgage Association (Fannie Mae or FNMA), institutions that the government has affirmed its commitment to support. At March 31, 2015 and December 31, 2014, there were gross unrealized losses of $830,000 and $1.2 million related to available for sale mortgage backed securities and CMOs. Because the decline in fair value of these securities is attributable to changes in interest rates and illiquidity, and not credit quality, and because the Bank does not have the intent to sell these mortgage backed securities, and it is likely that it will not be required to sell the securities before their anticipated recovery, management does not consider these securities to be OTTI.

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Market Loss Analysis

Securities with unrealized losses at March 31, 2015 and December 31, 2014, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, are as follows:

March 31, 2015 (in thousands)	Less than 12 months Fair Value	Less than 12 months Unrealized Losses	12 months or more Fair Value	12 months or more Unrealized Losses	Total Fair Value	Total Unrealized Losses
Securities available for sale:						
U.S. Treasury securities and U.S. Government agencies	$	$	$ 999	$ (1)	$ 999	$ (1)
Mortgage backed securities - residential	7,145	(121)			7,145	(121)
Collateralized mortgage obligations	2,507	(31)	52,491	(678)	54,998	(709)
Total securities available for sale	$ 9,652	$ (152)	$ 53,490	$ (679)	$ 63,142	$ (831)

	Less than 12 months Fair Value	Less than 12 months Unrealized Losses	12 months or more Fair Value	12 months or more Unrealized Losses	Total Fair Value	Total Unrealized Losses
Securities held to maturity:						
U.S. Treasury securities and U.S. Government agencies	$ 517	$ (5)	$	$	$ 517	$ (5)
Corporate bonds			4,933	(67)	4,933	(67)
Total securities held to maturity	$ 517	$ (5)	$ 4,933	$ (67)	$ 5,450	$ (72)

December 31, 2014 (in thousands)	Less than 12 months Fair Value	Less than 12 months Unrealized Losses	12 months or more Fair Value	12 months or more Unrealized Losses	Total Fair Value	Total Unrealized Losses
Securities available for sale:						
U.S. Treasury securities and U.S. Government agencies	$ 2,089	$ (15)	$	$	$ 2,089	$ (15)
Mortgage backed securities - residential	7,535	(91)			7,535	(91)
Collateralized mortgage obligations	46,058	(881)	12,534	(265)	58,592	(1,146)
Total securities available for sale	$ 55,682	$ (987)	$ 12,534	$ (265)	$ 68,216	$ (1,252)

	Less than 12 months Fair Value	Less than 12 months Unrealized Losses	12 months or more Fair Value	12 months or more Unrealized Losses	Total Fair Value	Total Unrealized Losses
Securities held to maturity:						
	$ 517	$ (7)	$	$	$ 517	$ (7)

U.S. Treasury securities and U.S. Government agencies						
Collateralized mortgage obligations	9,045	(4)			9,045	(4)
Corporate bonds	4,936	(63)			4,936	(63)
Total securities held to maturity	$ 14,498	$ (74)	$	$	$ 14,498	$ (74)

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At March 31, 2015, the Bank s security portfolio consisted of 159 securities, 14 of which were in an unrealized loss position. At December 31, 2014, the Bank s security portfolio consisted of 157 securities, 17 of which were in an unrealized loss position.

Other-than-temporary impairment (OTTI)

Unrealized losses for all investment securities are reviewed to determine whether the losses are other-than-temporary. Investment securities are evaluated for OTTI on at least a quarterly basis and more frequently when economic or market conditions warrant such an evaluation to determine whether a decline in value below amortized cost is other-than-temporary. In conducting this assessment, the Bank evaluates a number of factors including, but not limited to:

- The length of time and the extent to which fair value has been less than the amortized cost basis;
- The Bank s intent to hold until maturity or sell the debt security prior to maturity;
- An analysis of whether it is more likely than not that the Bank will be required to sell the debt security before its anticipated recovery;
- Adverse conditions specifically related to the security, an industry, or a geographic area;
- The historical and implied volatility of the fair value of the security;
- The payment structure of the security and the likelihood of the issuer being able to make payments;
- Failure of the issuer to make scheduled interest or principal payments;
- Any rating changes by a rating agency; and
- Recoveries or additional decline in fair value subsequent to the balance sheet date.

The term other-than-temporary is not intended to indicate that the decline is permanent, but indicates that the prospects for a near-term recovery of value are not necessarily favorable, or that there is a general lack of evidence to support a realizable value equal to or greater than the carrying value of the investment. Once a decline in value is determined to be other-than-temporary, the value of the security is reduced and a corresponding charge to earnings is recognized for the anticipated credit losses.

The Bank owns one private label mortgage backed security with a total carrying value of $5.2 million at March 31, 2015. This security, with an average remaining life currently estimated at three years, is mostly backed by Alternative A first lien mortgage loans, but also has an insurance wrap or guarantee as an added layer of protection to the security holder. This asset is illiquid, and as such, the Bank determined it to be a Level 3 security in accordance with Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures.* Based on this determination, the Bank utilized an income valuation model (present value model) approach, in determining the fair value of the security. This approach is beneficial for positions that are not traded in active markets or are subject to transfer restrictions, and/or where valuations are adjusted to reflect illiquidity and/or non-transferability. Such adjustments are generally based on available market evidence. In the absence of such evidence, management s best estimate is used. Management s best estimate consists of both internal and external support for this investment.

See additional discussion regarding the Bank s private label mortgage backed security under Footnote 6 Fair Value in this section of the filing.

Pledged Investment Securities

Investment securities pledged to secure public deposits, securities sold under agreements to repurchase and securities held for other purposes, as required or permitted by law are as follows:

(in thousands)	March 31, 2015	December 31, 2014
Carrying amount	$ 413,731	$ 409,868
Fair value	414,350	410,307

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3. LOANS AND ALLOWANCE FOR LOAN AND LEASE LOSSES

The composition of the loan portfolio at March 31, 2015 and December 31, 2014 follows:

(in thousands)	March 31, 2015	December 31, 2014
Residential real estate:		
Owner occupied	$ 1,096,008	$ 1,118,341
Owner occupied - correspondent*	231,451	226,628
Non owner occupied	98,476	96,492
Commercial real estate	778,179	772,309
Commercial real estate - purchased whole loans*	35,086	34,898
Construction & land development	40,104	38,480
Commercial & industrial	172,017	157,339
Lease financing receivables	4,004	2,530
Warehouse lines of credit	423,155	319,431
Home equity	248,830	245,679
Consumer:		
RPG loans	4,109	4,095
Credit cards	9,946	9,573
Overdrafts	777	1,180
Purchased whole loans*	4,321	4,626
Other consumer	8,973	8,894
Total loans**	3,155,436	3,040,495
Allowance for loan and lease losses	(24,631)	(24,410)
Total loans, net	$ 3,130,805	$ 3,016,085

** - Identifies loans to borrowers located primarily outside of the Bank s historical market footprint.*

*** - Total loans are presented inclusive of premiums, discounts and net loan origination fees and costs. See table directly below for expanded detail.*

The table below reconciles the contractually receivable and carrying amounts of loans at March 31, 2015 and December 31, 2014:

(in thousands)	March 31, 2015	December 31, 2014
Contractually receivable	$ 3,164,578	$ 3,050,599
Unearned income(1)	(425)	(174)
Unamortized premiums(2)	4,242	4,490
Unaccreted discounts(3)	(14,322)	(15,675)
Net unamortized deferred origination fees and costs	1,363	1,255
Carrying value of loans	$ 3,155,436	$ 3,040,495

(1) - Relates to lease financing receivables.

(2) - Premiums predominately relate to loans acquired through the Bank s Correspondent Lending channel.

(3) - Discounts predominately relate to loans acquired in the Bank s 2012 FDIC-assisted transactions.

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Loan Purchases

In May 2014, the Bank began acquiring single family, first lien mortgage loans for investment within its loan portfolio through its Correspondent Lending channel. Correspondent Lending generally involves the Bank acquiring, primarily from Warehouse clients, closed loans that meet the Bank s specifications. Substantially all loans purchased through the Correspondent Lending channel are purchased at a premium. Loans acquired through the Correspondent Lending channel generally reflect borrowers outside of the Bank s historical market footprint, with 76% of such loans as of March 31, 2015 secured by collateral in the state of California.

In addition to secured mortgage loans acquired through its Correspondent Lending channel, the Bank also began acquiring unsecured consumer installment loans for investment from a third-party originator in April 2014. Such consumer loans are purchased at par and are selected by the Bank based on certain underwriting characteristics.

The table below reflects the purchased activity of single family, first lien mortgage loans and unsecured consumer loans, by class, during the first quarter of 2015. No purchases of these types of loans were made during the first quarter of 2014.

	Loan Purchase Activity* Three Months Ended March 31,	
(in thousands)	**2015**	**2014**
Residential real estate:		
Owner occupied - correspondent	$ 19,170	$
Consumer:		
Purchased whole loans	361	
Total purchased loans	$ 19,531	$

** - Represents origination amount, inclusive of purchase premiums, where applicable.*

Purchased Credit Impaired (PCI) Loans

PCI loans acquired during the Bank s 2012 FDIC-assisted transactions are accounted for under ASC 310-30, *Loans and Debt Securities Acquired with Deteriorated Credit Quality.*

The table below reconciles the contractually required and carrying amounts of PCI loans at March 31, 2015 and December 31, 2014:

(in thousands)	**March 31, 2015**	**December 31, 2014**

Contractually-required principal	$ 25,699	$ 26,571
Non-accretable amount	(6,470)	(6,784)
Accretable amount	(2,170)	(2,297)
Carrying value of loans	$ 17,059	$ 17,490

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The following table presents a rollforward of the accretable amount on PCI loans for the three months ended March 31, 2015 and 2014:

	Three Months Ended March 31,	
(in thousands)	**2015**	**2014**
Balance, beginning of period	$ (2,297)	$ (3,457)
Transfers between non-accretable and accretable	24	(1,311)
Net accretion into interest income on loans, including loan fees	103	2,003
Balance, end of period	$ (2,170)	$ (2,765)

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Credit Quality Indicators

Based on the Bank s internal analyses performed as of March 31, 2015 and December 31, 2014, the following tables reflect loans by risk category. Risk categories are defined in the Company s Annual Report on Form 10-K for the year ended December 31, 2014:

March 31, 2015 (in thousands)	Pass	Special Mention *	Substandard *	Doubtful / Loss	Purchased Credit Impaired Loans - Group 1	Purchased Credit Impaired Loans - Substandard	Total Rated Loans**
Residential real estate:							
Owner occupied	$	$ 25,298	$ 15,534	$	$ 1,148	$	$ 41,980
Owner occupied - correspondent							
Non owner occupied		1,561	2,404		1,633		5,598
Commercial real estate	744,881	7,741	12,905		12,652		778,179
Commercial real estate - purchased whole loans	35,086						35,086
Construction & land development	36,879	118	2,701		406		40,104
Commercial & industrial	168,472	2,122	205		1,218		172,017
Lease financing receivables	4,004						4,004
Warehouse lines of credit	423,155						423,155
Home equity			2,690				2,690
Consumer:							
RPG loans							
Credit cards							
Overdrafts							
Purchased whole loans							
Other consumer		11	34		2		47
Total	$ 1,412,477	$ 36,851	$ 36,473	$	$ 17,059	$	$ 1,502,860

** - At March 31, 2015, Special Mention and Substandard loans included $184,000 and $4 million, respectively, which were removed from PCI accounting in accordance with ASC 310-30-35-13 due to a post-acquisition troubled debt restructuring.*

*** - The above table excludes all non-classified residential real estate and consumer loans at the respective period ends. The table also excludes most non-classified small Commercial and Industrial (C&I) and Commercial Real Estate (CRE) relationships totaling $100,000 or less. These loans are not rated by the Company since they are accruing interest and are not past due 80-days-or-more.*

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December 31, 2014 (in thousands)	**Pass**	**Special Mention ***	**Substandard ***	**Doubtful / Loss**	**Purchased Credit Impaired Loans - Group 1**	**Purchased Credit Impaired Loans - Substandard**	**Total Rated Loans****
Residential real estate:							
Owner occupied	$	$ 26,828	$ 14,586	$	$ 1,205	$	$ 42,619
Owner occupied - correspondent							
Non owner occupied		844	2,886		1,709		5,439
Commercial real estate	736,012	7,838	15,636		12,823		772,309
Commercial real estate - purchased whole loans	34,898						34,898
Construction & land development	35,339	120	2,525		496		38,480
Commercial & industrial	153,362	625	2,108		1,244		157,339
Lease financing receivables	2,530						2,530
Warehouse lines of credit	319,431						319,431
Home equity			2,220				2,220
Consumer:							
RPG loans							
Credit cards							
Overdrafts							
Purchased whole loans							
Other consumer		13	38		13		64
Total	$ 1,281,572	$ 36,268	$ 39,999	$	$ 17,490	$	$ 1,375,329

** - At December 31, 2014, Special Mention and Substandard loans included $443,000 and $6 million, respectively, which were removed from PCI accounting in accordance with ASC 310-30-35-13 due to a post-acquisition troubled debt restructuring.*

*** - The above table excludes all non-classified residential real estate and consumer loans at the respective period ends. The table also excludes most non-classified small C&I and CRE relationships totaling $100,000 or less. These loans are not rated by the Company since they are accruing interest and are not past due 80-days-or-more.*

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Allowance for Loan and Lease Losses

Activity in the allowance for loan and leases (Allowance) follows:

(in thousands)	Three Months Ended March 31, 2015	2014
Allowance, beginning of period	$ 24,410	$ 23,026
Charge offs - Core Banking	(492)	(912)
Charge offs - RPG	(5)	
Total charge offs	(497)	(912)
Recoveries - Core Banking	338	493
Recoveries - RPG	195	463
Total recoveries	533	956
Net (charge offs) recoveries - Core Banking	(154)	(419)
Net (charge offs) recoveries - RPG	190	463
Net (charge offs) recoveries	36	44
Provision for loan and lease losses (Provision) - Core Banking	375	(240)
Provision - RPG	(190)	(463)
Total Provision	185	(703)
Allowance, end of period	$ 24,631	$ 22,367

The Allowance calculation includes the following qualitative factors, which are considered in combination with the Bank s historical loss rates in determining the general loss reserve within the Allowance:

- Changes in nature, volume and seasoning of the portfolio;

- Changes in experience, ability and depth of lending management and other relevant staff;

- Changes in the quality of the Bank s credit review system;

- Changes in lending policies and procedures, including changes in underwriting standards and collection, charge-off, and recovery practices not considered elsewhere in estimating credit losses;

- Changes in the volume and severity of past due, non-performing and classified loans and leases;

- Changes in the value of underlying collateral for collateral-dependent loans and leases;

- Changes in international, national, regional, and local economic and business conditions and developments that affect the collectability of portfolios, including the condition of various market segments;

- The existence and effect of any concentrations of credit, and changes in the level of such concentrations; and

- The effect of other external factors such as competition and legal and regulatory requirements on the level of estimated credit losses in the institution s existing portfolio.

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The following tables present the activity in the Allowance by portfolio class for the three months ended March 31, 2015 and 2014:

Three Months Ended March 31, 2015 (in thousands)	Residential Real Estate Owner Occupied	Residential Real Estate Owner Occupied- Correspondent	Residential Real Estate Non Owner Occupied	Commercial Real Estate	Commercial Real Estate - Purchased Whole Loans	Construction & Land Development	Commercial & Industrial	Lease Financing Receivables
Beginning balance	$ 8,565	$ 567	$ 837	$ 7,740	$ 34	$ 926	$ 1,167	$ 25
Provision	140	12	80	(189)	1	32	(10)	15
Charge offs	(136)			(7)			(29)	
Recoveries	60		3	9			29	
Ending balance	$ 8,629	$ 579	$ 920	$ 7,553	$ 35	$ 958	$ 1,157	$ 40

(continued)	Warehouse Lines of Credit	Home Equity	RPG Loans	Consumer Credit Cards	Consumer Overdrafts	Consumer Purchased Whole Loans	Other Consumer	Total
Beginning balance	$ 799	$ 2,730	$ 44	$ 285	$ 382	$ 185	$ 124	$ 24,410
Provision	259	(8)	(190)	104	(79)	11	7	185
Charge offs		(51)	(5)	(40)	(146)	(12)	(71)	(497)
Recoveries		37	195	13	88		99	533
Ending balance	$ 1,058	$ 2,708	$ 44	$ 362	$ 245	$ 184	$ 159	$ 24,631

Three Months Ended March 31, 2014 (in thousands)	Residential Real Estate Owner Occupied	Residential Real Estate Owner Occupied- Correspondent	Residential Real Estate Non Owner Occupied	Commercial Real Estate	Commercial Real Estate - Purchased Whole Loans	Construction & Land Development	Commercial & Industrial	Lease Financing Receivables
Beginning balance	$ 7,816	$	$ 1,023	$ 8,309	$ 34	$ 1,296	$ 1,089	$
Provision	118		(30)	(178)		(88)	(57)	
Charge offs	(217)		(15)	(372)		(17)		
Recoveries	34		6	142		1	48	
Ending balance	$ 7,751	$	$ 984	$ 7,901	$ 34	$ 1,192	$ 1,080	$

(continued)	Warehouse Lines of Credit	Home Equity	RPG Loans	Consumer Credit Cards	Consumer Overdrafts	Consumer Purchased Whole Loans	Other Consumer	Total
Beginning balance	$ 449	$ 2,396	$	$ 289	$ 199	$	$ 126	$ 23,026
Provision	28		(463)	(18)	47		(62)	(703)
Charge offs		(66)		(5)	(151)		(69)	(912)
Recoveries		41	463	10	117		94	956
Ending balance	$ 477	$ 2,371	$	$ 276	$ 212	$	$ 89	$ 22,367

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Non-performing Loans and Non-performing Assets

Detail of non-performing loans and non-performing assets follows:

(dollars in thousands)	March 31, 2015	December 31, 2014
Loans on non-accrual status(1)	$ 24,423	$ 23,337
Loans past due 90-days-or-more and still on accrual(2)	572	322
Total non-performing loans	24,995	23,659
Other real estate owned	6,736	11,243
Total non-performing assets	$ 31,731	$ 34,902
Credit Quality Ratios:		
Non-performing loans to total loans	0.79%	0.78%
Non-performing assets to total loans (including OREO)	1.00%	1.14%
Non-performing assets to total assets	0.80%	0.93%

(1) Loans on non-accrual status include impaired loans.

(2) All loans past due 90-days-or-more and still accruing are PCI loans accounted for under ASC 310-30.

The following table presents the recorded investment in non-accrual loans and loans past due 90-days-or-more and still on accrual by class of loans:

	Non-Accrual		Past Due 90-Days-or-More and Still Accruing Interest*	
(dollars in thousands)	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014
Residential real estate:				
Owner occupied	$ 12,759	$ 10,903	$ 274	$ 322
Owner occupied - correspondent				
Non owner occupied	1,559	2,352	298	
Commercial real estate	5,952	6,151		
Commercial real estate - purchased whole loans				
Construction & land development	1,990	1,990		
Commercial & industrial		169		
Lease financing receivables				
Warehouse lines of credit				
Home equity	2,077	1,678		
Consumer:				
RPG loans				

Credit cards				
Overdrafts				
Purchased whole loans				
Other consumer	86	94		
Total	$ 24,423	$ 23,337	$ 572	$ 322

** - For all periods presented, loans past due 90-days-or-more and still on accrual consist entirely of PCI loans.*

Non-accrual loans and loans past due 90-days-or-more and still on accrual include both smaller balance, primarily retail, homogeneous loans that are collectively evaluated for impairment and individually classified impaired loans. Non-accrual loans are typically returned to accrual status when all the principal and interest amounts contractually due are brought current and held current for six consecutive months and future contractual payments are reasonably assured. Troubled Debt Restructurings (TDRs) on non-accrual status are reviewed for return to accrual status on an individual basis, with additional consideration given to performance under the modified terms.

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Delinquent Loans

The following tables present the aging of the recorded investment in loans by class of loans:

March 31, 2015 (dollars in thousands)	**30 - 59 Days Delinquent**	**60 - 89 Days Delinquent**	**90 or More Days Delinquent***	**Total Delinquent**	**Total Not Delinquent**	**Total**
Residential real estate:						
Owner occupied	$ 3,152	$ 1,504	$ 3,721	$ 8,377	$ 1,087,631	$ 1,096,008
Owner occupied - correspondent					231,451	231,451
Non owner occupied	483	68	308	859	97,617	98,476
Commercial real estate	66	56	2,261	2,383	775,796	778,179
Commercial real estate - purchased whole loans					35,086	35,086
Construction & land development			1,990	1,990	38,114	40,104
Commercial & industrial					172,017	172,017
Lease financing receivables					4,004	4,004
Warehouse lines of credit					423,155	423,155
Home equity	55	225	1,176	1,456	247,374	248,830
Consumer:						
RPG loans	133	35		168	3,941	4,109
Credit cards	52	26		78	9,868	9,946
Overdrafts	104			104	673	777
Purchased whole loans	30		9	39	4,282	4,321
Other consumer	46	11		57	8,916	8,973
Total	$ 4,121	$ 1,925	$ 9,465	$ 15,511	$ 3,139,925	$ 3,155,436
Delinquency ratio**	0.13%	0.06%	0.30%	0.49%		

December 31, 2014 (dollars in thousands)	**30 - 59 Days Delinquent**	**60 - 89 Days Delinquent**	**90 or More Days Delinquent***	**Total Delinquent**	**Total Not Delinquent**	**Total**
Residential real estate:						
Owner occupied	$ 3,039	$ 1,329	$ 3,640	$ 8,008	$ 1,110,333	$ 1,118,341
Owner occupied - correspondent					226,628	226,628
Non owner occupied	36	635	105	776	95,716	96,492
Commercial real estate	585		2,387	2,972	769,337	772,309
Commercial real estate - purchased whole loans					34,898	34,898
Construction & land development			1,990	1,990	36,490	38,480
Commercial & industrial	211			211	157,128	157,339
Lease financing receivables					2,530	2,530
Warehouse lines of credit					319,431	319,431
Home equity	706	158	498	1,362	244,317	245,679
Consumer:						
RPG loans	107	34		141	3,954	4,095
Credit cards	124	10		134	9,439	9,573

Overdrafts	178			178	1,002	1,180
Purchased whole loans	12			12	4,614	4,626
Other consumer	38	29		67	8,827	8,894
Total	$ 5,036	$ 2,195	$ 8,620	$ 15,851	$ 3,024,644	$ 3,040,495
Delinquency ratio**	0.17%	0.07%	0.28%	0.52%		

** - All loans, excluding PCI loans, 90-days-or-more past due as of March 31, 2015 and December 31, 2014 were on non-accrual status.*

*** - Represents total loans past due by aging category divided by total loans.*

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Impaired Loans

The Bank defines impaired loans as follows:

- All loans internally rated as Substandard, Doubtful or Loss;
- All loans internally rated in a PCI category with cash flows that have deteriorated from management s initial acquisition day estimate;
- All loans on non-accrual status and non-PCI loans past due 90 days-or-more still on accrual;
- All retail and commercial TDRs; and
- Any other situation where the full collection of the total amount due for a loan is improbable or otherwise meets the definition of impaired.

See the section titled Credit Quality Indicators in this section of the filing for additional discussion regarding the Bank s loan classification structure.

Information regarding the Bank s impaired loans follows:

(in thousands)	March 31, 2015	December 31, 2014
Loans with no allocated allowance for loan losses	$ 29,941	$ 32,560
Loans with allocated allowance for loan losses	53,069	53,620
Total impaired loans	$ 83,010	$ 86,180
Amount of the allowance for loan losses allocated	$ 5,136	$ 5,564

Approximately $9 million and $10 million of impaired loans at March 31, 2015 and December 31, 2014 were PCI loans. Approximately $4 million and $6 million of impaired loans at March 31, 2015 and December 31, 2014 were formerly PCI loans which became classified as Impaired through a post-acquisition troubled debt restructuring.

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The following tables present the balance in the Allowance and the recorded investment in loans by portfolio class based on impairment method as of March 31, 2015 and December 31, 2014:

	Residential Real Estate				Commercial Real Estate -			Lease
March 31, 2015 (in thousands)	**Owner Occupied**	**Owner Occupied - Correspondent**	**Non Owner Occupied**	**Commercial Real Estate**	**Purchased Whole Loans**	**Construction & Land Development**	**Commercial & Industrial**	**Financing Receivables**
Allowance:								
Ending Allowance balance:								
Individually evaluated for impairment, excluding PCI loans	$ 3,061	$	$ 162	$ 832	$	$ 187	$ 205	$
Collectively evaluated for impairment	5,529	579	682	6,350	35	771	905	40
PCI loans with post acquisition impairment	39		76	371			47	
PCI loans without post acquisition impairment								
Total ending Allowance:	$ 8,629	$ 579	$ 920	$ 7,553	$ 35	$ 958	$ 1,157	$ 40
Loans:								
Impaired loans individually evaluated, excluding PCI loans	$ 40,747	$	$ 3,988	$ 19,875	$	$ 2,802	$ 3,822	$
Loans collectively evaluated for impairment	1,054,112	231,451	92,856	745,652	35,086	36,896	166,977	4,004
PCI loans with post acquisition impairment	668		1,513	5,713			1,147	
PCI loans without post acquisition impairment	481		119	6,939		406	71	
Total ending loan balance	$ 1,096,008	$ 231,451	$ 98,476	$ 778,179	$ 35,086	$ 40,104	$ 172,017	$ 4,004

				Consumer				
(continued)	**Warehouse Lines of Credit**	**Home Equity**	**RPG Loans**	**Credit Cards**	**Overdrafts**	**Purchased Whole Loans**	**Other Consumer**	**Total**
Allowance:								
Ending Allowance balance:								
Individually evaluated for impairment, excluding PCI loans	$	$ 121	$	$	$	$	$ 35	$ 4,603
Collectively evaluated for impairment	1,058	2,587	44	362	245	184	124	19,495
PCI loans with post acquisition impairment								533
PCI loans without post acquisition impairment								
Total ending Allowance:	$ 1,058	$ 2,708	$ 44	$ 362	$ 245	$ 184	$ 159	$ 24,631
Loans:								

Impaired loans individually evaluated, excluding PCI loans	$	$ 2,690	$	$	$	$	$ 45	$ 73,969
Loans collectively evaluated for impairment	423,155	246,140	4,109	9,946	777	4,321	8,926	3,064,408
PCI loans with post acquisition impairment								9,041
PCI loans without post acquisition impairment							2	8,018
Total ending loan balance	$ 423,155	$ 248,830	$ 4,109	$ 9,946	$ 777	$ 4,321	$ 8,973	$ 3,155,436

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December 31, 2014 (in thousands)	Residential Real Estate Owner Occupied	Residential Real Estate Owner Occupied - Correspondent	Residential Real Estate Non Owner Occupied	Commercial Real Estate	Commercial Real Estate - Purchased Whole Loans	Construction & Land Development	Commercial & Industrial	Lease Financing Receivables
Allowance:								
Ending Allowance balance:								
Individually evaluated for impairment, excluding PCI loans	$ 3,251	$	$ 101	$ 913	$	$ 187	$ 302	$
Collectively evaluated for impairment	5,264	567	672	6,462	34	739	800	25
PCI loans with post acquisition impairment	50		64	365			65	
PCI loans without post acquisition impairment								
Total ending Allowance:	$ 8,565	$ 567	$ 837	$ 7,740	$ 34	$ 926	$ 1,167	$ 25
Loans:								
Impaired loans individually evaluated, excluding PCI loans	$ 41,265	$	$ 3,388	$ 22,521	$	$ 2,627	$ 4,319	$
Loans collectively evaluated for impairment	1,075,871	226,628	91,395	736,965	34,898	35,357	151,776	2,530
PCI loans with post acquisition impairment	725		1,554	6,341			1,158	
PCI loans without post acquisition impairment	480		155	6,482		496	86	
Total ending loan balance	$ 1,118,341	$ 226,628	$ 96,492	$ 772,309	$ 34,898	$ 38,480	$ 157,339	$ 2,530

(continued)	Warehouse Lines of Credit	Home Equity	RPG Loans	Consumer Credit Cards	Consumer Overdrafts	Consumer Purchased Whole Loans	Consumer Other Consumer	Total
Allowance:								
Ending Allowance balance:								
Individually evaluated for impairment, excluding PCI loans	$	$ 225	$	$	$	$	$ 40	$ 5,019
Collectively evaluated for impairment	799	2,505	44	285	382	185	83	18,846
PCI loans with post acquisition impairment							1	545
PCI loans without post acquisition impairment								
Total ending Allowance:	$ 799	$ 2,730	$ 44	$ 285	$ 382	$ 185	$ 124	$ 24,410
Loans:								
Impaired loans individually evaluated, excluding PCI loans	$	$ 2,220	$	$	$	$	$ 52	$ 76,392

Loans collectively evaluated for impairment	319,431	243,459	4,095	9,573	1,180	4,626	8,829	2,946,613
PCI loans with post acquisition impairment							10	9,788
PCI loans without post acquisition impairment							3	7,702
Total ending loan balance	$ 319,431	$ 245,679	$ 4,095	$ 9,573	$ 1,180	$ 4,626	$ 8,894	$ 3,040,495

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The following tables present loans individually evaluated for impairment by class of loans as of March 31, 2015 and December 31, 2014 and for the three months ended March 31, 2015 and 2014. The difference between the Unpaid Principal Balance and Recorded Investment columns represents life-to-date partial write downs/charge offs taken on individual impaired credits.

	As of March 31, 2015			Three Months Ended March 31, 2015		
(in thousands)	Unpaid Principal Balance	Recorded Investment	Allowance Allocated	Average Recorded Investment	Interest Income Recognized	Cash Basis Interest Income Recognized
Impaired loans with no related allowance recorded:						
Residential real estate:						
Owner occupied	$ 5,981	$ 5,566	$	$ 5,881	$ 50	$
Owner occupied - correspondent						
Non owner occupied	2,690	2,588		2,402	8	
Commercial real estate	15,002	13,990		15,119	120	
Commercial real estate - purchased whole loans						
Construction & land development	2,124	2,124		2,134	3	
Commercial & industrial	3,618	3,618		3,781	55	
Lease financing receivables						
Warehouse lines of credit						
Home equity	2,210	2,055		1,935	7	
Consumer:						
RPG loans						
Credit cards						
Overdrafts						
Purchased whole loans						
Other consumer						
Impaired loans with an allowance recorded:						
Residential real estate:						
Owner occupied	36,341	35,849	3,100	35,822	225	
Owner occupied - correspondent						
Non owner occupied	2,913	2,913	238	2,820	35	
Commercial real estate	11,659	11,598				