BANCORPSOUTH INC
Form 10-Q
May 02, 2016
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2016

OR

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

For the transition period from ________________ to ________________

Commission File Number: 001-12991

BANCORPSOUTH, INC.

(Exact name of registrant as specified in its charter)

Mississippi	64-0659571
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

One Mississippi Plaza, 201 South Spring Street

Tupelo, Mississippi	38804
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (662) 680-2000

NOT APPLICABLE

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

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

Yes [X] No [ ]

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check One): Large accelerated filer [X] Accelerated filer [ ] Non-accelerated filer (Do not check if a smaller reporting company) [ ] Smaller reporting company [ ]

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

As of April 29, 2016, the registrant had outstanding 94,435,971 shares of common stock, par value $2.50 per share.

BANCORPSOUTH, INC.

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PART I.

FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

BANCORPSOUTH, INC. AND SUBSIDIARIES
Consolidated Balance Sheets

	March 31, 2016 (Unaudited)	December 31, 2015 (1)	March 31, 2015 (Unaudited)
	(Dollars in thousands, except per share amounts)		
ASSETS			
Cash and due from banks	$ 197,538	$ 154,192	$ 199,337
Interest bearing deposits with other banks	148,915	43,777	360,469
Available-for-sale securities, at fair value	2,016,373	2,082,329	2,194,373
Loans and leases	10,475,528	10,404,326	9,761,555
Less: Unearned income	30,831	31,548	34,585
Allowance for credit losses	126,506	126,458	136,660
Net loans and leases	10,318,191	10,246,320	9,590,310
Loans held for sale, at fair value	150,046	157,907	186,510
Premises and equipment, net	306,765	308,125	305,335
Accrued interest receivable	41,401	40,901	42,933
Goodwill	291,498	291,498	291,498
Other identifiable intangibles	19,664	20,545	23,476
Bank-owned life insurance	253,427	251,534	246,148
Other real estate owned	12,685	14,759	27,889
Other assets	169,895	186,775	162,044
TOTAL ASSETS	$ 13,926,398	$ 13,798,662	$ 13,630,322
LIABILITIES			
Deposits:			
Demand: Noninterest bearing	$ 3,103,321	$ 3,031,528	$ 2,914,949
Interest bearing	5,033,565	5,003,806	4,979,710
Savings	1,506,942	1,442,336	1,395,857
Other time	1,842,869	1,853,491	1,962,138
Total deposits	11,486,697	11,331,161	11,252,654
Federal funds purchased and securities sold under agreement to repurchase	431,089	405,937	384,829
Short-term Federal Home Loan Bank borrowings and other short-term borrowing	-	62,000	1,500
Accrued interest payable	3,305	3,071	3,371
Junior subordinated debt securities	23,198	23,198	23,198
Long-term debt	67,681	69,775	76,055

Other liabilities	234,635	248,076	243,507
TOTAL LIABILITIES	12,246,605	12,143,218	11,985,114
SHAREHOLDERS' EQUITY			
Common stock, $2.50 par value per share			
Authorized - 500,000,000 shares; Issued - 94,438,626			
94,162,728 and 96,544,502 shares, respectively	236,097	235,407	241,361
Capital surplus	283,800	282,934	331,016
Accumulated other comprehensive loss	(32,144)	(41,825)	(37,033)
Retained earnings	1,192,040	1,178,928	1,109,864
TOTAL SHAREHOLDERS' EQUITY	1,679,793	1,655,444	1,645,208
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 13,926,398	$ 13,798,662	$ 13,630,322

(1) Derived from audited financial statements.

See accompanying notes to consolidated financial statements.

BANCORPSOUTH, INC. AND SUBSIDIARIES
Consolidated Statements of Income
(Unaudited)

	Three months ended March 31,	
	2016	2015
	(In thousands, except for per share amounts)	
INTEREST REVENUE:		
Loans and leases	$ 107,805	$ 102,135
Deposits with other banks	263	236
Available-for-sale securities:		
Taxable	5,888	6,844
Tax-exempt	3,032	3,377
Loans held for sale	984	905
Total interest revenue	117,972	113,497
INTEREST EXPENSE:		
Deposits:		
Interest bearing demand	2,163	2,183
Savings	443	412
Other time	3,354	4,007
Federal funds purchased and securities sold under agreement to repurchase	140	82
Long-term debt	530	577
Junior subordinated debt	183	163
Total interest expense	6,813	7,424
Net interest revenue	111,159	106,073
Provision for credit losses	1,000	(5,000)
Net interest revenue, after provision for credit losses	110,159	111,073
NONINTEREST REVENUE:		
Mortgage lending	2,618	8,567
Credit card, debit card and merchant fees	8,961	8,539
Deposit service charges	11,014	11,252
Security gains, net	2	14
Insurance commissions	33,249	33,493
Wealth management	5,109	6,210
Other	4,562	5,240
Total noninterest revenue	65,515	73,315
NONINTEREST EXPENSE:		
Salaries and employee benefits	82,467	81,179
Occupancy, net of rental income	10,273	10,194

Equipment	3,765	3,974
Deposit insurance assessments	2,288	2,311
Regulatory settlement	10,277	-
Other	33,230	39,275
Total noninterest expense	142,300	136,933
Income before income taxes	33,374	47,455
Income tax expense	10,825	15,189
Net income	$ 22,549	$ 32,266
Earnings per share: Basic	$ 0.24	$ 0.33
Diluted	$ 0.24	$ 0.33
Dividends declared per common share	$ 0.10	$ 0.075

See accompanying notes to consolidated financial statements.

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BANCORPSOUTH, INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
(Unaudited)

	Three months ended March 31,	
	2016	2015
	(In thousands)	
Net income	$ 22,549	$ 32,266
Other comprehensive income, net of tax		
Unrealized gains on securities	8,748	5,543
Pension and other postretirement benefits	933	1,110
Other comprehensive income, net of tax	9,681	6,653
Comprehensive income	$ 32,230	$ 38,919

See accompanying notes to consolidated financial statements.

BANCORPSOUTH, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(Unaudited)

	Three months ended March 31,	
	2016	2015
	(In thousands)	
Operating Activities:		
Net income	$ 22,549	$ 32,266
Adjustment to reconcile net income to net cash provided by (used in) operating activities:		
Provision for credit losses	1,000	(5,000)
Depreciation and amortization	6,307	6,721
Amortization of intangibles	880	1,032
Amortization of debt securities premium and discount, net	2,651	3,332
Share-based compensation expense	2,100	1,645
Security gains, net	(2)	(14)
Net deferred loan origination expense	(1,583)	(1,523)
Excess tax benefit from exercise of stock options	(314)	(521)
Increase in interest receivable	(500)	(948)
Increase (decrease) in interest payable	234	(29)
Realized gain on mortgages sold	(10,615)	(9,124)
Proceeds from mortgages sold	329,730	269,213
Origination of mortgages held for sale	(315,374)	(311,115)
Loss on other real estate owned, net	843	1,394
Increase in bank-owned life insurance	(1,893)	(1,813)
Other, net	2,700	7,153
Net cash provided by (used in) operating activities	38,713	(7,331)
Investing activities:		
Proceeds from calls and maturities of available-for-sale securities	121,593	75,917
Proceeds from sales of available-for-sale securities	-	1,110
Purchases of available-for-sale securities	(43,316)	(118,760)
Net increase in loans and leases	(72,647)	(16,098)
Purchases of premises and equipment	(5,653)	(7,384)
Proceeds from sale of premises and equipment	640	271
Purchase of bank-owned life insurance, net of proceeds from death benefits	-	2,742
Proceeds from sale of other real estate owned	2,562	7,391
Other, net	(29)	(6)
Net cash provided by (used in) investing activities	3,150	(54,817)
Financing activities:		
Net increase in deposits	155,536	280,315
Net decrease in short-term debt and other liabilities	(36,852)	(5,341)
Repayment of long-term debt	(2,094)	(2,093)
Issuance of common stock	8	825
Repurchase of common stock	(867)	(2,288)

Excess tax benefit from exercise of stock options	314	521
Payment of cash dividends	(9,424)	(7,235)
Net cash provided by financing activities	106,621	264,704
Increase in cash and cash equivalents	148,484	202,556
Cash and cash equivalents at beginning of period	197,969	357,250
Cash and cash equivalents at end of period	$ 346,453	$ 559,806

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

(Unaudited)

NOTE 1 – BASIS OF FINANCIAL STATEMENT PRESENTATION AND PRINCIPLES OF CONSOLIDATION

The accompanying unaudited interim consolidated financial statements of BancorpSouth, Inc. (the "Company") have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") and follow general practices within the industries in which the Company operates. For further information, refer to the audited consolidated financial statements and notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2015. In the opinion of management, all adjustments necessary for a fair presentation of the consolidated financial statements have been included and all such adjustments were of a normal, recurring nature. The results of operations for the three-month period ended March 31, 2016 are not necessarily indicative of the results to be expected for the full year. Certain 2015 amounts have been reclassified to conform with the 2016 presentation.

The consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries, BancorpSouth Bank (the "Bank") and Gumtree Wholesale Insurance Brokers, Inc., and the Bank's wholly-owned subsidiaries, BancorpSouth Insurance Services, Inc., BancorpSouth Municipal Development Corporation and BancorpSouth Bank Securities Corporation.

NOTE 2 – LOANS AND LEASES

The Company's loan and lease portfolio is disaggregated into the following segments: commercial and industrial; real estate; credit card; and all other loans and leases. The real estate segment is further disaggregated into the following classes: consumer mortgages; home equity; agricultural; commercial and industrial-owner occupied; construction, acquisition and development; and commercial real estate. A summary of gross loans and leases by segment and class as of the dates indicated follows:

	March 31, 2016	2015	December 31, 2015
	(In thousands)		
Commercial and industrial	$ 1,720,574	$ 1,682,215	$ 1,752,273

Real estate			
Consumer mortgages	2,480,828	2,301,112	2,472,202
Home equity	605,228	538,042	589,752
Agricultural	239,422	236,898	259,360
Commercial and industrial-owner occupied	1,654,577	1,518,153	1,617,429
Construction, acquisition and development	966,362	892,730	945,045
Commercial real estate	2,233,742	1,993,473	2,188,048
Credit cards	106,714	106,287	112,165
All other	468,081	492,645	468,052
Gross Loans Total	10,475,528	9,761,555	10,404,326
Less: Unearned Income	30,831	34,585	31,548
Net Loans	$ 10,444,697	$ 9,726,970	$ 10,372,778

The following table shows the Company’s loans and leases, net of unearned income, as of March 31, 2016 by segment, class and geographical location:

	Alabama and Florida Panhandle (In thousands)	Arkansas	Louisiana	Mississippi	Missouri	Tennessee	Tex
Commercial and industrial	$ 150,326	$ 188,911	$ 197,183	$ 702,459	$ 87,479	$ 120,117	$
Real estate							
Consumer mortgages	298,267	327,457	221,327	805,657	76,343	277,477	454
Home equity	91,297	41,653	65,239	223,097	23,336	144,591	14,
Agricultural	7,714	82,747	26,854	67,290	3,196	12,274	39,
Commercial and industrial-owner occupied	200,951	179,923	197,650	677,771	56,581	134,104	207
Construction, acquisition and development	114,795	104,591	66,009	308,487	23,923	140,730	207
Commercial real estate	339,339	362,449	244,741	599,878	198,505	179,555	309
Credit cards	-	-	-	-	-	-	-
All other	66,946	49,535	30,177	177,429	3,066	37,723	54,
Total	$ 1,269,635	$ 1,337,266	$ 1,049,180	$ 3,562,068	$ 472,429	$ 1,046,571	$

The Company’s loan concentrations which exceed 10% of total loans are reflected in the preceding tables. A substantial portion of construction, acquisition and development loans are secured by real estate in markets in which the Company is located. The Company’s loan policy generally prohibits the use of interest reserves on loans originated after March 2010. Certain of the construction, acquisition and development loans were structured with interest-only terms. A portion of the consumer mortgage and commercial real estate portfolios originated through the permanent financing of construction, acquisition and development loans. Future economic distress could negatively impact borrowers’ and guarantors’ ability to repay their debt which would make more of the Company’s loans collateral dependent.

The following tables provide details regarding the aging of the Company’s loan and lease portfolio, net of unearned income, by segment and class at March 31, 2016 and December 31, 2015:

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	March 31, 2016						
	30-59 Days Past Due	60-89 Days Past Due	90+ Days Past Due	Total Past Due	Current	Total Outstanding	90+ Days Past Due still Accruing
	(In thousands)						
Commercial and industrial	$ 3,276	$ 1,282	$ 6,355	$ 10,913	$ 1,705,564	$ 1,716,477	$ 150
Real estate							
Consumer mortgages	10,481	4,992	15,688	31,161	2,449,667	2,480,828	2,823
Home equity	2,735	257	1,531	4,523	600,705	605,228	-
Agricultural	201	38	-	239	239,183	239,422	-
Commercial and industrial-owner occupied	1,148	1,770	7,138	10,056	1,644,521	1,654,577	1,297
Construction, acquisition and development	1,519	442	1,252	3,213	963,149	966,362	-
Commercial real estate	10,683	1,872	4,809	17,364	2,216,378	2,233,742	-
Credit cards	350	281	342	973	105,741	106,714	297
All other	433	203	100	736	440,611	441,347	-
Total	$ 30,826	$ 11,137	$ 37,215	$ 79,178	$ 10,365,519	$ 10,444,697	$ 4,567

	December 31, 2015						
	30-59 Days Past Due	60-89 Days Past Due	90+ Days Past Due	Total Past Due	Current	Total Outstanding	90+ Days Past Due still Accruing
	(In thousands)						
Commercial and industrial	$ 2,038	$ 817	$ 4,731	$ 7,586	$ 1,740,188	$ 1,747,774	$ 60
Real estate							
Consumer mortgages	13,827	4,692	13,604	32,123	2,440,079	2,472,202	1,655
Home equity	2,589	268	1,896	4,753	584,999	589,752	-
Agricultural	176	139	-	315	259,045	259,360	-
Commercial and industrial-owner	1,189	3,105	4,034	8,328	1,609,101	1,617,429	-

occupied							
Construction, acquisition and development	1,017	207	2,409	3,633	941,412	945,045	-
Commercial real estate	2,840	187	6,286	9,313	2,178,735	2,188,048	-
Credit cards	420	343	323	1,086	111,079	112,165	298
All other	628	262	105	995	440,008	441,003	-
Total	$ 24,724	$ 10,020	$ 33,388	$ 68,132	$ 10,304,646	$ 10,372,778	$ 2,013

The Company utilizes an internal loan classification system to grade loans according to certain credit quality indicators. These credit quality indicators include, but are not limited to, recent credit performance, delinquency, liquidity, cash flows, debt coverage ratios, collateral type and loan-to-value ratio. The Company's internal loan classification system is compatible with classifications used by the Federal Deposit Insurance Corporation, as well as other regulatory agencies. Loans may be classified as follows:

Pass: Loans which are performing as agreed with few or no signs of weakness. These loans show sufficient cash flow, capital and collateral to repay the loan as agreed.

Special Mention: Loans where potential weaknesses have developed which could cause a more serious problem if not corrected.

Substandard: Loans where well-defined weaknesses exist that require corrective action to prevent further deterioration.

Doubtful: Loans having all the characteristics of Substandard and which have deteriorated to a point where collection and liquidation in full is highly questionable.

Loss: Loans that are considered uncollectible or with limited possible recovery.

Impaired: Loans for which it is probable that the Company will be unable to collect all amounts due according to the contractual terms of the loan agreement and for which a specific impairment reserve has been considered.

The following tables provide details of the Company's loan and lease portfolio, net of unearned income, by segment, class and internally assigned grade at March 31, 2016 and December 31, 2015:

	March 31, 2016						
	Pass	Special Mention	Substandard	Doubtful	Loss	Impaired (1)	Total
	(In thousands)						
Commercial and industrial	$ 1,672,249	$ -	$ 35,633	$ 394	$ -	$ 8,201	$ 1,716,477
Real estate							
Consumer mortgages	2,407,869	-	69,215	11	-	3,733	2,480,828
Home equity	593,500	-	9,938	-	-	1,790	605,228
Agricultural	229,935	-	8,632	-	-	855	239,422
Commercial and industrial-owner occupied	1,595,424	-	47,293	-	-	11,860	1,654,577
Construction, acquisition and development	944,533	-	15,908	-	-	5,921	966,362
Commercial real estate	2,166,616	-	49,440	400	-	17,286	2,233,742
Credit cards	106,714	-	-	-	-	-	106,714
All other	436,409	-	4,838	100	-	-	441,347
Total	$ 10,153,249	$ -	$ 240,897	$ 905	$ -	$ 49,646	$ 10,444,697

(1) Impaired loans are shown exclusive of accruing troubled debt restructurings ("TDRs")

	December 31, 2015						
	Pass	Special Mention	Substandard	Doubtful	Loss	Impaired (1)	Total
	(In thousands)						
Commercial and industrial	$ 1,721,118	$ -	$ 19,529	$ -	$ -	$ 7,127	$ 1,747,774
Real estate							
Consumer mortgages	2,399,081	-	68,768	363	-	3,990	2,472,202
Home equity	577,539	-	10,418	-	-	1,795	589,752
Agricultural	250,579	-	7,909	-	-	872	259,360
Commercial and industrial-owner occupied	1,554,984	-	50,304	-	-	12,141	1,617,429
Construction, acquisition and development	920,372	-	17,090	-	-	7,583	945,045
Commercial real estate	2,124,448	-	45,658	161	-	17,781	2,188,048
Credit cards	112,165	-	-	-	-	-	112,165
All other	433,333	-	7,465	102	-	103	441,003
Total	$ 10,093,619	$ -	$ 227,141	$ 626	$ -	$ 51,392	$ 10,372,778

(1) Impaired loans are shown exclusive of accruing troubled debt restructurings (“TDRs”)

The following tables provide details regarding impaired loans and leases, net of unearned income, which exclude accruing TDRs by segment and class as of and for the three months ended March 31, 2016 and as of and for the year ended December 31, 2015:

	March 31, 2016				
	Recorded Investment in Impaired Loans	Unpaid Principal Balance of Impaired Loans	Related Allowance for Credit Losses	Average Recorded Investment Three months ended March 31, 2016	Interest Income Recognized Three months ended March 31, 2016
	(In thousands)				
With no related allowance:					
Commercial and industrial	$ 6,841	$ 13,772	$ -	$ 6,884	$ 23
Real estate:					
Consumer mortgages	3,733	4,468	-	3,591	14
Home equity	1,790	1,790	-	1,792	4
Agricultural	305	363	-	311	3
Commercial and industrial-owner occupied	10,150	11,467	-	10,220	108
Construction, acquisition and development	5,692	5,761	-	5,825	3
Commercial real estate	5,014	5,884	-	4,329	23
All other	-	-	-	-	-
Total	$ 33,525	$ 43,505	$ -	$ 32,952	$ 178
With an allowance:					
Commercial and industrial	$ 1,360	$ 1,672	$ 570	$ 509	$ 4
Real estate:					
Consumer mortgages	-	-	-	696	-
Home equity	-	-	-	-	-
Agricultural	550	550	191	550	-
Commercial and industrial-owner occupied	1,710	1,709	809	1,833	-

Construction, acquisition and development	229	229	4	1,142	-
Commercial real estate	12,272	12,693	696	12,453	64
All other	-	-	-	-	-
Total	$ 16,121	$ 16,853	$ 2,270	$ 17,183	$ 68
Total:					
Commercial and industrial	$ 8,201	$ 15,444	$ 570	$ 7,393	$ 27
Real estate:					
Consumer mortgages	3,733	4,468	-	4,287	14
Home equity	1,790	1,790	-	1,792	4
Agricultural	855	913	191	861	3
Commercial and industrial-owner occupied	11,860	13,176	809	12,053	108
Construction, acquisition and development	5,921	5,990	4	6,967	3
Commercial real estate	17,286	18,577	696	16,782	87
All other	-	-	-	-	-
Total	$ 49,646	$ 60,358	$ 2,270	$ 50,135	$ 246

	December 31, 2015				
	Recorded Investment in Impaired Loans	Unpaid Principal Balance of Impaired Loans	Related Allowance for Credit Losses	Average Recorded Investment	Interest Income Recognized
	(In thousands)				
With no related allowance:					
Commercial and industrial	$ 7,055	$ 13,986	$ -	$ 3,749	$ 95
Real estate:					
Consumer mortgages	3,990	4,545	-	3,579	76
Home equity	1,795	1,795	-	744	7
Agricultural	322	380	-	142	6
Commercial and industrial-owner occupied	12,141	13,332	-	6,904	226
Construction, acquisition and development	5,969	6,052	-	3,553	25
Commercial real estate	5,017	6,879	-	7,944	202
All other	103	103	-	172	3
Total	$ 36,392	$ 47,072	$ -	$ 26,787	$ 640
With an allowance:					
Commercial and industrial	$ 72	$ 383	$ 78	$ 3,635	$ 84
Real estate:					
Consumer mortgages	-	-	-	368	9
Home equity	-	-	-	668	15
Agricultural	550	550	159	47	-
Commercial and industrial-owner occupied	-	-	326	1,866	51
Construction, acquisition and development	1,614	1,614	677	300	-
Commercial real estate	12,764	13,185	1,110	3,582	44
All other	-	-	-	-	-
Total	$ 15,000	$ 15,732	$ 2,350	$ 10,466	$ 203
Total:					
Commercial and industrial	$ 7,127	$ 14,369	$ 78	$ 7,384	$ 179
Real estate:					
Consumer mortgages	3,990	4,545	-	3,947	85
Home equity	1,795	1,795	-	1,412	22
Agricultural	872	930	159	189	6
Commercial and industrial-owner occupied	12,141	13,332	326	8,770	277
Construction, acquisition and development	7,583	7,666	677	3,853	25
Commercial real estate	17,781	20,064	1,110	11,526	246
All other	103	103	-	172	3
Total	$ 51,392	$ 62,804	$ 2,350	$ 37,253	$ 843

(1) Impaired loans are shown exclusive of accruing troubled debt restructurings (“TDRs”)

The following tables provide details regarding impaired loans and leases, net of unearned income, which include accruing TDRs, by segment and class as of and for the three months ended March 31, 2016 and as of and for the year ended December 31, 2015:

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	March 31, 2016				
	Recorded Investment in Impaired Loans and Accruing TDRs (In thousands)	Unpaid Principal Balance of Impaired Loans and Accruing TDRs	Related Allowance for Credit Losses	Average Recorded Investment Three months ended March 31, 2016	Interest Income Recognized Three months ended March 31, 2016
With no related allowance:					
Commercial and industrial	$ 6,841	$ 13,772	$ -	$ 6,884	$ 23
Real estate:					
Consumer mortgages	3,733	4,468	-	3,591	14
Home equity	1,790	1,790	-	1,792	4
Agricultural	305	363	-	311	3
Commercial and industrial-owner occupied	10,150	11,467	-	10,220	108
Construction, acquisition and development	5,692	5,761	-	5,825	3
Commercial real estate	5,014	5,884	-	4,329	23
All other	-	-	-	-	-
Total	$ 33,525	$ 43,505	$ -	$ 32,952	$ 178
With an allowance:					
Commercial and industrial	$ 2,283	$ 2,610	$ 671	$ 1,411	$ 14
Real estate:					
Consumer mortgages	1,170	1,342	208	2,254	12
Home equity	20	30	1	20	-
Agricultural	577	577	196	582	-
Commercial and industrial-owner occupied	6,608	6,821	998	7,346	45
Construction, acquisition and development	1,614	1,614	43	2,538	10
Commercial real estate	12,959	13,593	1,109	13,214	72
Credit card	868	868	26	904	90
All other	902	952	13	796	7
Total	$ 27,001	$ 28,407	$ 3,265	$ 29,065	$ 250
Total:					
Commercial and industrial	$ 9,124	$ 16,382	$ 671	$ 8,295	$ 37
Real estate:					
Consumer mortgages	4,903	5,810	208	5,845	26
Home equity	1,810	1,820	1	1,812	4
Agricultural	882	940	196	893	3
Commercial and industrial-owner occupied	16,758	18,288	998	17,566	153
Construction, acquisition and development	7,306	7,375	43	8,363	13

Commercial real estate	17,973	19,477	1,109	17,543	95
Credit card	868	868	26	904	90
All other	902	952	13	796	7
Total	$ 60,526	$ 71,912	$ 3,265	$ 62,017	$ 428

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	December 31, 2015				
	Recorded Investment in Impaired Loans and Accruing TDRs	Unpaid Principal Balance of Impaired Loans and Accruing TDRs	Related Allowance for Credit Losses	Average Recorded Investment	Interest Income Recognized
	(In thousands)				
With no related allowance:					
Commercial and industrial	$ 7,055	$ 13,986	$ -	$ 3,749	$ 95
Real estate:					
Consumer mortgages	3,990	4,545	-	3,579	76
Home equity	1,795	1,795	-	744	7
Agricultural	322	380	-	142	6
Commercial and industrial-owner occupied	12,141	13,332	-	6,904	226
Construction, acquisition and development	5,969	6,052	-	3,553	25
Commercial real estate	5,017	6,879	-	7,944	202
All other	103	103	-	172	3
Total	$ 36,392	$ 47,072	$ -	$ 26,787	$ 640
With an allowance:					
Commercial and industrial	$ 968	$ 1,294	$ 181	$ 4,251	$ 114
Real estate:					
Consumer mortgages	1,787	1,896	226	2,056	75
Home equity	20	30	3	674	15
Agricultural	586	586	162	56	-
Commercial and industrial-owner occupied	5,900	6,245	518	6,816	235
Construction, acquisition and development	3,328	3,328	721	1,759	42
Commercial real estate	13,616	14,250	1,217	7,802	187
Credit cards	939	939	34	1,024	102
All other	405	604	30	213	7
Total	$ 27,549	$ 29,172	$ 3,092	$ 24,651	$ 777
Total:					
Commercial and industrial	$ 8,023	$ 15,280	$ 181	$ 8,000	$ 209
Real estate:					
Consumer mortgages	5,777	6,441	226	5,635	151
Home equity	1,815	1,825	3	1,418	22
Agricultural	908	966	162	198	6
Commercial and industrial-owner occupied	18,041	19,577	518	13,720	461
Construction, acquisition and development	9,297	9,380	721	5,312	67

Commercial real estate	18,633	21,129	1,217	15,746	389
Credit cards	939	939	34	1,024	102
All other	508	707	30	385	10
Total	$ 63,941	$ 76,244	$ 3,092	$ 51,438	$ 1,417

Loans considered impaired under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 310, Receivables ("FASB ASC 310"), are loans for which, based on current information and events, it is probable that the Company will be unable to collect all amounts due according to the contractual terms of the loan agreement. The Company's recorded investment in loans considered impaired

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exclusive of accruing TDRs at March 31, 2016 and December 31, 2015 was $49.6 million and $51.4 million, respectively. At March 31, 2016 and December 31, 2015, $16.1 million and $15.0 million, respectively, of those impaired loans had a valuation allowance of $2.3 million and $2.4 million, respectively. The remaining balance of impaired loans of $33.5 million and $36.4 million at March 31, 2016 and December 31, 2015, respectively, were charged down to fair value, less estimated selling costs which approximated net realizable value. Therefore, such loans did not have an associated valuation allowance. Impaired loans that were characterized as TDRs totaled $11.5 million and $12.5 million at March 31, 2016 and December 31, 2015, respectively. The average recorded investment in impaired loans was $50.1 million for the three months ended March 31, 2016 and $37.3 million for the year ended December 31, 2015.

Non-performing loans and leases ("NPLs") consist of non-accrual loans and leases, loans and leases 90 days or more past due and still accruing, and loans and leases that have been restructured (primarily in the form of reduced interest rates and modified payment terms) because of the borrower's weakened financial condition or bankruptcy proceedings. The following table presents information concerning NPLs as of the dates indicated:

	March 31, 2016	2015	December 31, 2015
	(In thousands)		
Non-accrual loans and leases	$ 81,926	$ 54,418	$ 83,028
Loans and leases 90 days or more past due, still accruing	4,567	1,615	2,013
Restructured loans and leases still accruing	7,753	5,433	9,876
Total non-performing loans and leases	$ 94,246	$ 61,466	$ 94,917

The Bank's policy for all loan classifications provides that loans and leases are generally placed in non-accrual status if, in management's opinion, payment in full of principal or interest is not expected or payment of principal or interest is more than 90 days past due, unless such loan or lease is both well-secured and in the process of collection. At March 31, 2016, the Company's geographic NPL distribution was concentrated primarily in its Arkansas and Mississippi markets. The following table presents the Company's nonaccrual loans and leases by segment and class as of the dates indicated:

	March 31, 2016	2015	December 31, 2015
	(In thousands)		
Commercial and industrial	$ 10,248	$ 3,923	$ 8,493
Real estate			

Consumer mortgages	22,968	21,435	21,637
Home equity	3,564	2,269	4,021
Agricultural	932	259	921
Commercial and industrial-owner occupied	16,633	9,687	16,512
Construction, acquisition and development	7,720	5,111	9,130
Commercial real estate	19,417	11,107	21,741
Credit cards	188	118	188
All other	256	509	385
Total	$ 81,926	$ 54,418	$ 83,028

In the normal course of business, management will sometimes grant concessions, which would not otherwise be considered, to borrowers that are experiencing financial difficulty. Loans identified as meeting the criteria set out in FASB ASC 310 are identified as TDRs. The concessions granted most frequently for TDRs involve reductions or delays in required payments of principal and interest for a specified period, the rescheduling of payments in accordance with a bankruptcy plan or the charge-off of a portion of the loan. In most cases, the conditions of the credit also warrant nonaccrual status, even after the restructure occurs. Other conditions that warrant a loan being considered a TDR include reductions in interest rates to below market rates due to bankruptcy plans or by the bank in an attempt to assist the borrower in working through liquidity problems. As part of the credit approval process, the restructured loans are evaluated for adequate collateral protection in determining the appropriate accrual status at the time of restructure. TDRs recorded as nonaccrual loans may generally be returned to accrual status in years after the restructure if there has been at least a six-month period of sustained repayment performance by the borrower in accordance with the terms of the restructured loan and the interest rate at the time of restructure was at or above market for a comparable loan. During the first quarter of 2016, the most common concessions that were granted involved rescheduling payments of principal and interest over a longer amortization period, granting a period of reduced principal payment or interest only payment for a limited time period, or the rescheduling of payments in accordance with a bankruptcy plan.

The following tables summarize the financial effect of TDRs recorded during the periods indicated:

	Three months ended March 31, 2016				
	Number of Contracts	Pre-Modification Outstanding Recorded Investment		Post-Modification Outstanding Recorded Investment	
	(Dollars in thousands)				
Commercial and industrial	3	$	606	$	605
Real estate					
Consumer mortgages	4	119		118	
Commercial real estate	1	2,726		362	
All other	3	716		713	
Total	11	$	4,167	$	1,798

	Year ended December 31, 2015				
	Number of Contracts	Pre-Modification Outstanding Recorded Investment		Post-Modification Outstanding Recorded Investment	
	(Dollars in thousands)				
Commercial and industrial	11	$	1,472	$	1,452
Real estate					
Consumer mortgages	21	1,230		1,144	
Home equity	1	20		20	

Agricultural	3	37	36
Commercial and industrial-owner occupied	13	6,357	6,329
Construction, acquisition and development	3	217	215
Commercial real estate	9	12,565	12,144
All other	7	94	88
Total	68	$ 21,992	$ 21,428

The tables below summarize TDRs within the previous 12 months for which there was a payment default during the period indicated (i.e., 30 days or more past due at any given time during the period indicated).

	Three months ended March 31, 2016	
	Number of Contracts	Recorded Investment
	(Dollars in thousands)	
Real estate		
Consumer mortgages	2	$ 47
Commercial and industrial-owner occupied	1	406
Construction, acquisition and development	1	14
Commercial real estate	1	9,335
All other	1	5
Total	6	$ 9,807

	Year ended December 31, 2015	
	Number of Contracts	Recorded Investment
	(Dollars in thousands)	
Commercial and industrial	1	$ 84
Real estate		
Consumer mortgages	4	226
Commercial and industrial-owner occupied	1	20
Construction, acquisition and development	1	517
All other	2	197
Total	9	$ 1,044

NOTE 3 – ALLOWANCE FOR CREDIT LOSSES

The following tables summarize the changes in the allowance for credit losses by segment and class for the periods indicated:

	Three months ended March 31, 2016				
	Balance, Beginning of Period	Charge-offs	Recoveries	Provision	Balance, End of Period

	(In thousands)				
Commercial and industrial	$ 17,583	$ (140)	$ 212	$ 1,625	$ 19,280
Real estate					
Consumer mortgages	33,198	(710)	455	403	33,346
Home equity	6,949	(550)	80	554	7,033
Agricultural	2,524	(11)	36	(148)	2,401
Commercial and industrial-owner occupied	14,607	(154)	125	171	14,749
Construction, acquisition and development	15,925	(226)	272	(1,307)	14,664
Commercial real estate	25,508	(245)	683	(533)	25,413
Credit cards	4,047	(720)	181	(268)	3,240
All other	6,117	(487)	247	503	6,380
Total	$ 126,458	$ (3,243)	$ 2,291	$ 1,000	$ 126,506

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	Year ended December 31, 2015 Balance, Beginning of Period	Charge-offs	Recoveries	Provision	Balance, End of Period
	(In thousands)				
Commercial and industrial	$ 21,419	$ (10,022)	$ 2,035	$ 4,151	$ 17,583
Real estate					
Consumer mortgages	40,015	(3,995)	2,693	(5,515)	33,198
Home equity	9,542	(1,204)	639	(2,028)	6,949
Agricultural	3,420	(33)	384	(1,247)	2,524
Commercial and industrial-owner occupied	16,325	(1,800)	2,834	(2,752)	14,607
Construction, acquisition and development	9,885	(1,039)	11,727	(4,648)	15,925
Commercial real estate	23,562	(3,723)	1,656	4,013	25,508
Credit cards	6,514	(2,632)	658	(493)	4,047
All other	11,761	(2,271)	1,108	(4,481)	6,117
Total	$ 142,443	$ (26,719)	$ 23,734	$ (13,000)	$ 126,458

	Three months ended March 31, 2015 Balance, Beginning of Period	Charge-offs	Recoveries	Provision	Balance, End of Period
	(In thousands)				
Commercial and industrial	$ 21,419	$ (383)	$ 502	$ (517)	$ 21,021
Real estate					
Consumer mortgages	40,015	(892)	612	(664)	39,071
Home equity	9,542	(498)	241	261	9,546
Agricultural	3,420	(8)	269	(535)	3,146
Commercial and industrial-owner occupied	16,325	(394)	550	(817)	15,664
Construction, acquisition and development	9,885	(343)	604	(233)	9,913
Commercial real estate	23,562	(1,007)	720	(1,773)	21,502
Credit cards	6,514	(676)	153	(672)	5,319
All other	11,761	(579)	346	(50)	11,478
Total	$ 142,443	$ (4,780)	$ 3,997	$ (5,000)	$ 136,660

The following tables provide the allowance for credit losses by segment, class and impairment status as of the dates indicated:

	March 31, 2016			
	Recorded Balance of Impaired Loans (1)	Allowance for Impaired Loans and Leases	Allowance for All Other Loans and Leases	Total Allowance
	(In thousands)			
Commercial and industrial	$ 8,201	$ 570	$ 18,710	$ 19,280
Real estate				
Consumer mortgages	3,733	-	33,346	33,346
Home equity	1,790	-	7,033	7,033
Agricultural	855	191	2,210	2,401
Commercial and industrial-owner occupied	11,860	809	13,940	14,749
Construction, acquisition and development	5,921	4	14,660	14,664
Commercial real estate	17,286	696	24,717	25,413
Credit cards	-	-	3,240	3,240
All other	-	-	6,380	6,380
Total	$ 49,646	$ 2,270	$ 124,236	$ 126,506

(1) Impaired loans are shown exclusive of accruing TDRs

	December 31, 2015			
	Recorded Balance of Impaired Loans (1)	Allowance for Impaired Loans and Leases	Allowance for All Other Loans and Leases	Total Allowance
	(In thousands)			
Commercial and industrial	$ 7,127	$ 78	$ 17,505	$ 17,583
Real estate				
Consumer mortgages	3,990	-	33,198	33,198
Home equity	1,795	-	6,949	6,949
Agricultural	872	159	2,365	2,524
Commercial and industrial-owner occupied	12,141	326	14,281	14,607
Construction, acquisition and development	7,583	677	15,248	15,925
Commercial real estate	17,781	1,110	24,398	25,508
Credit cards	-	-	4,047	4,047
All other	103	-	6,117	6,117

Total	$ 51,392	$ 2,350	$ 124,108	$ 126,458

(1) Impaired loans are shown exclusive of accruing TDRs

Management evaluates impaired loans individually in determining the adequacy of the allowance for impaired loans. As a result of the Company individually evaluating loans of $500,000 or more that are 60 or more days past due for impairment, further review of remaining loans collectively, as well as the corresponding potential allowance, would be immaterial in the opinion of management.

NOTE 4 – OTHER REAL ESTATE OWNED

The following table presents the activity in other real estate owned ("OREO") for the periods indicated:

	Three months ended March 31, 2016	2015	Year ended December 31, 2015
	(In thousands)		
Balance at beginning of period	$ 14,759	$ 33,984	$ 33,984
Additions to foreclosed properties			
New foreclosed properties	1,359	2,804	7,422
Reductions in foreclosed properties			
Sales	(2,837)	(6,726)	(20,649)
Writedowns	(596)	(2,173)	(5,998)
Balance at end of period	$ 12,685	$ 27,889	$ 14,759

The following tables present the OREO by segment and class as of the dates indicated:

	March 31, 2016	2015	December 31, 2015
	(In thousands)		
Commercial and industrial	$ 74	$ 84	$ 84
Real estate			
Consumer mortgages	1,697	1,699	2,477
Home equity	594	101	101
Agricultural	25	25	25
Commercial and industrial-owner occupied	1,051	1,990	1,074
Construction, acquisition and development	8,546	22,805	10,212
Commercial real estate	466	1,000	678
All other	232	185	108
Total	$ 12,685	$ 27,889	$ 14,759

The Company incurred total foreclosed property expenses of $1.2 million and $2.0 million for the three months ended March 31, 2016 and 2015, respectively. Realized net gains/losses on dispositions and holding losses on valuations of these properties, a component of total foreclosed property expenses, were approximately $843,000 and $1.4 million for the three months ended March 31, 2016 and 2015, respectively.

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NOTE 5 – SECURITIES

A comparison of amortized cost and estimated fair values of available-for-sale securities as of March 31, 2016 and 2015, respectively, and December 31, 2015 follows:

	March 31, 2016			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(In thousands)			
U.S. Government agencies	$ 1,190,199	$ 5,974	$ 6	$ 1,196,167
Government agency issued residential mortgage-backed securities	187,410	2,582	251	189,741
Government agency issued commercial mortgage-backed securities	204,246	3,719	57	207,908
Obligations of states and political subdivisions	384,326	24,219	8	408,537
Other	13,142	878	-	14,020
Total	$ 1,979,323	$ 37,372	$ 322	$ 2,016,373

	December 31, 2015			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(In thousands)			
U.S. Government agencies	$ 1,246,261	$ 826	$ 2,447	$ 1,244,640
Government agency issued residential mortgage-backed securities	138,759	1,957	176	140,540
Government agency issued commercial mortgage-backed securities	261,544	2,414	3,265	260,693
Obligations of states and political subdivisions	394,769	22,813	83	417,499
Other	18,112	845	-	18,957
Total	$ 2,059,445	$ 28,855	$ 5,971	$ 2,082,329

	March 31, 2015			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(In thousands)			

U.S. Government agencies	$ 1,280,055	$ 6,947	$ 21	$ 1,286,981
Government agency issued residential mortgage-backed securities	196,712	3,897	228	200,381
Government agency issued commercial mortgage-backed securities	225,378	2,887	856	227,409
Obligations of states and political subdivisions	444,059	27,547	67	471,539
Other	6,790	1,273	-	8,063
Total	$ 2,152,994	$ 42,551	$ 1,172	$ 2,194,373

Gross gains of approximately $2,000 and no gross losses were recognized on available-for-sale securities during the first three months of 2016, while gross gains of approximately $14,000 and no gross losses were recognized during the first three months of 2015.

The amortized cost and estimated fair value of available-for-sale securities at March 31, 2016 by contractual maturity are shown below. Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Equity securities are considered as maturing after ten years.

	March 31, 2016		
	Amortized Cost	Estimated Fair Value	Weighted Average Yield
	(Dollars in thousands)		
Maturing in one year or less	$ 315,231	$ 315,568	0.95 %
Maturing after one year through five years	974,003	981,205	1.34
Maturing after five years through ten years	64,033	68,163	5.63
Maturing after ten years	234,400	253,788	5.83
Mortgage-backed securities	391,656	397,649	2.07
Total	$ 1,979,323	$ 2,016,373	

The following tables summarize information pertaining to temporarily impaired available-for-sale securities with continuous unrealized loss positions at March 31, 2016 and December 31, 2015:

	March 31, 2016					
	Continuous Unrealized Loss Position					
	Less Than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(In thousands)					
U.S. Government agencies	$ 67,127	$ 6	$ -	$ -	$ 67,127	$ 6
Government agency issued residential mortgage-backed securities	27,398	163	24,932	88	52,330	251
Government agency issued commercial mortgage-backed securities	14,094	55	673	2	14,767	57
Obligations of states and political subdivisions	2,756	3	546	5	3,302	8
Total	$ 111,375	$ 227	$ 26,151	$ 95	$ 137,526	$ 322

	December 31, 2015					
	Continuous Unrealized Loss Position					
	Less Than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(In thousands)					
U.S. Government agencies	$ 762,568	$ 2,447	$ -	$ -	$ 762,568	$ 2,447
Government agency issued residential mortgage-backed securities	34,238	176	-	-	34,238	176
Government agency issued commercial mortgage-backed securities	193,621	2,710	31,166	555	224,787	3,265
Obligations of states and political subdivisions	13,576	70	2,856	13	16,432	83
Total	$ 1,004,003	$ 5,403	$ 34,022	$ 568	$ 1,038,025	$ 5,971

Based upon a review of the credit quality of these securities, and considering that the issuers were in compliance with the terms of the securities, management had no intent to sell these securities, and it was more likely than not that the Company would not be required to sell the securities prior to recovery of costs. Therefore, the impairments related to these securities were determined to be temporary. No other-than-temporary impairment was recorded during the first three months of 2016.

NOTE 6 – PER SHARE DATA

Basic earnings per share ("EPS") are calculated using the two-class method. The two-class method provides that unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and shall be included in the computation of basic EPS. Diluted EPS is computed using the weighted-average number of shares determined for the basic EPS computation plus the shares resulting from the assumed exercise of all outstanding share-based awards using the treasury stock method. Weighted-average antidilutive stock options to purchase approximately 169,100 shares of Company common stock with a weighted average exercise price of $23.35 per share for the three months ended March 31, 2016 were excluded from diluted shares. Antidilutive other equity awards of approximately 32,200 shares of Company common stock for the three months ended March 31, 2016 were excluded from dilutive shares. Weighted-average antidilutive stock options to purchase approximately 670,000 shares of Company common stock with a weighted average exercise price of $24.89 per share for the three months ended March 31, 2015 were excluded from diluted shares. Antidilutive other equity awards of approximately 79,000 shares of Company common stock for the three months ended March 31, 2015 were excluded from diluted shares. The following table provides a reconciliation of the numerators and denominators of the basic and diluted earnings per share computations for the periods shown:

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	Three months ended March 31,					
	2016			2015		
	Income (Numerator)	Shares (Denominator)	Per Share Amount	Income (Numerator)	Shares (Denominator)	Per Share Amount
Basic EPS	(In thousands, except per share amounts)					
Income available to common shareholders	$ 22,549	94,369	$ 0.24	$ 32,266	96,360	$ 0.33
Effect of dilutive share-based awards	-	225		-	293	
Diluted EPS						
Income available to common shareholders plus assumed exercise of all outstanding share-based awards	$ 22,549	94,594	$ 0.24	$ 32,266	96,653	$ 0.33

NOTE 7 – COMPREHENSIVE INCOME

The following tables present the components of other comprehensive income and the related tax effects allocated to each component for the periods indicated:

	Three months ended March 31,					
	2016			2015		
	Before tax	Tax	Net of tax	Before tax	Tax	Net of tax

	amount	effect	amount	amount	effect	amount
Net unrealized gains on available-for-sale securities:	(In thousands)					
Unrealized gains arising during holding period	$ 14,169	$ (5,420)	$ 8,749	$ 9,033	$ (3,481)	$ 5,552
Reclassification adjustment for net gains realized in net income (1)	(2)	1	(1)	(14)	5	(9)
Recognized employee benefit plan net periodic benefit cost (2)	1,511	(578)	933	1,797	(687)	1,110
Other comprehensive income	$ 15,678	$ (5,997)	$ 9,681	$ 10,816	$ (4,163)	$ 6,653
Net income			22,549			32,266
Comprehensive income			$ 32,230			$ 38,919

(1) Reclassification adjustments for net gains (losses) on available-for-sale securities are reported as net security gains on the consolidated statements of income.

(2) Recognized employee benefit plan net periodic benefit cost include amortization of recognized prior service cost and recognized net loss. For more information, see Note 9 - Pension Benefits.

NOTE 8 – GOODWILL AND OTHER INTANGIBLE ASSETS

The carrying amounts of goodwill by operating segment for the three months ended March 31, 2016 were as follows:

	Community Banking	Insurance Agencies	Total
	(In thousands)		
Balance as of December 31, 2015	$ 217,618	$ 73,880	$ 291,498
Goodwill recorded during the period	-	-	-
Balance as of March 31, 2016	$ 217,618	$ 73,880	$ 291,498

The Company's policy is to assess goodwill for impairment at the reporting segment level on an annual basis or sooner if an event occurs or circumstances change which indicate that the fair value of a reporting segment is below its carrying amount. Impairment is the condition that exists when the carrying amount of goodwill exceeds its implied fair value. Accounting standards require management to estimate the fair value of each reporting segment in assessing impairment at least annually. The Company's annual assessment date is during the Company's fourth quarter. No events occurred during the first three months of 2016 that indicated the necessity of an earlier goodwill impairment assessment.

In the current economic environment, forecasting cash flows, credit losses and growth in addition to valuing the Company's assets with any degree of assurance is very difficult and subject to significant changes over very short periods of time. Management will continue to update its analysis as circumstances change. As market conditions continue to be volatile and unpredictable, impairment of goodwill related to the Company's reporting segments may be necessary in future periods.

The following tables present information regarding the components of the Company's identifiable intangible assets for the dates and periods indicated:

	As of March 31, 2016		As of December 31, 2015	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization

Amortized intangible assets:	(In thousands)							
Core deposit intangibles	$	27,801	$	23,386	$	27,801	$	23,269
Customer relationship intangibles	42,232		$	28,154	49,639		34,922	
Non-solicitation intangibles	1,200		$	717	1,650		1,042	
Total	$	71,233	$	52,257	$	79,090	$	59,233
Unamortized intangible assets:								
Trade names	$	688	$	-	$	688	$	-

	Three months ended March 31,			
	2016		2015	
Aggregate amortization expense for:	(In thousands)			
Core deposit intangibles	$	117	$	93
Customer relationship intangibles	638		826	
Non-solicitation intangibles	125		113	
Total	$	880	$	1,032

The following table presents information regarding estimated amortization expense on the Company’s amortizable identifiable intangible assets for the year ending December 31, 2016 and the succeeding four years:

	Core Deposit Intangibles	Customer Relationship Intangibles	Non-Solicitation Intangibles	Total
Estimated Amortization Expense:	(In thousands)			
For the year ending December 31, 2016	$ 451	$ 2,673	$ 225	$ 3,349
For the year ending December 31, 2017	419	2,380	200	2,999
For the year ending December 31, 2018	390	2,009	183	2,582
For the year ending December 31, 2019	363	1,689	-	2,052
For the year ending December 31, 2020	340	1,314	-	1,654

NOTE 9 – PENSION BENEFITS

The following table presents the components of net periodic benefit costs for the periods indicated:

	Three months ended March 31,	
	2016	2015
	(In thousands)	
Service cost	$ 2,213	$ 2,615
Interest cost	2,341	2,588
Expected return on assets	(2,613)	(2,694)
Recognized prior service cost	(179)	(179)
Recognized net loss	1,690	1,976
Net periodic benefit costs	$ 3,452	$ 4,306

NOTE 10 – RECENT PRONOUNCEMENTS

In September 2014, the FASB issued an ASU regarding accounting for revenue from contracts with customers. This ASU implements a common revenue standard that clarifies the principles for recognizing revenue. The core principle of ASU 2014-09 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following steps: (i)identify the contract(s)with a customer, (ii)identify the performance obligations in the contract, (iii)determine the transaction price, (iv)allocate the transaction price to the performance obligations in the contract and (v) recognize revenue when (or as)the entity satisfies a performance obligation. ASU 2014-09 was originally going to be effective for us on January 1, 2017; however, the FASB recently issued ASU 2015-14, "Revenue from Contracts with Customers (Topic 606)–Deferral of the Effective Date" which deferred the effective date of ASU 2014-09 by one year to January 1, 2018. The Company is currently evaluating the potential impact of ASU 2014-09 on the financial statements.

In December 2014, the FASB issued an ASU regarding accounting for share-based payments. This ASU requires the entities to apply existing guidance in Topic 718 to any performance target that affects vesting and that could be achieved after the requisite service period to be treated as a performance condition. As such, the performance target should not be reflected in estimating the grant-date fair value of the award. The amendments in this update are effective for interim and annual periods beginning after December 15, 2015. This ASU is not expected to have a material impact on the financial position and results of operations of the Company.

In February 2016, the FASB issued an ASU regarding accounting for leases. ASU 2016-02 requires all leases, except short-term leases, to be recognized on the lessee's balance sheet at commencement date as a lease liability for the obligation of lease payments and a right-of-use asset for the right to use/control a specified asset for the lease term. This ASU is effective for interim and annual periods beginning after December 15, 2018. This ASU is not expected to have a material impact on the financial position and results of operations of the Company.

In March 2016, the FASB issued an ASU regarding stock compensation and improvements to employee share-based payment accounting. This ASU changes five aspects of the accounting for share-based payment award transactions including 1) accounting for income taxes; 2) classification of excess tax benefits on the statement of cash flows; 3) forfeitures; 4) minimum statutory tax withholding requirements; 5) classification of employee taxes paid on the statement of cash flows when an employer withholds shares for tax-withholding purposes. This ASU is effective for interim and annual periods beginning after December 15, 2016. The Company is still assessing the affect ASU 2016-09 will have on the financial statements.

NOTE 11 - SEGMENT REPORTING

The Company is a financial holding company with subsidiaries engaged in the business of banking and activities closely related to banking. The Company determines reportable segments based upon the services offered, the significance of those services to the Company’s financial condition and operating results and management’s regular review of the operating results of those services. The Company’s primary segment is Community Banking, which includes providing a full range of deposit products, commercial loans and consumer loans. The Company has also designated two additional reportable segments -- Insurance Agencies and General Corporate and Other. The Company’s insurance agencies serve as agents in the sale of commercial lines of insurance and full lines of property and casualty, life, health and employee benefits products and services. The General Corporate and Other operating segment includes mortgage lending, trust services, credit card activities, investment services and other activities not allocated to the Community Banking or Insurance Agencies operating segments.

Results of operations and selected financial information by operating segment for the three-month periods ended March 31, 2016 and 2015 were as follows:

	Community Banking (In thousands)	Insurance Agencies	General Corporate and Other	Total
Three months ended March 31, 2016:				
Results of Operations				
Net interest revenue	$ 101,461	$ 19	$ 9,679	$ 111,159
Provision for credit losses	1,119	-	(119)	1,000
Net interest revenue after provision for credit losses	100,342	19	9,798	110,159
Noninterest revenue	20,309	33,364	11,842	65,515
Noninterest expense	89,041	25,482	27,777	142,300
Income (loss) before income taxes	31,610	7,901	(6,137)	33,374
Income tax expense (benefit)	10,802	3,140	(3,117)	10,825
Net income (loss)	$ 20,808	$ 4,761	$ (3,020)	$ 22,549
Selected Financial Information				
Total assets at end of period	$ 10,136,464	$ 210,535	$ 3,579,399	$ 13,926,398
Depreciation and amortization	5,261	1,060	$ 866	7,187
Three months ended March 31, 2015:				
Results of Operations				
Net interest revenue	$ 96,838	$ 32	$ 9,203	$ 106,073
Provision for credit losses	(3,967)	-	(1,033)	(5,000)
Net interest revenue after provision for credit losses	100,805	32	10,236	111,073
Noninterest revenue	20,393	33,198	19,724	73,315
Noninterest expense	84,462	25,316	27,155	136,933
Income before income taxes	36,736	7,914	2,805	47,455
Income tax expense	11,607	3,146	436	15,189