BCI Financial Group, Inc. and Subsidiaries

(fka CM Florida Holdings, Inc. and Subsidiaries)

Consolidated Financial Statements as of December 31, 2015 (Successor) and 2014 (Predecessor), and for the Period from October 17, 2015, through December 31, 2015 (Successor), and for the Period from January 1, 2015, through October 16, 2015 (Predecessor), and for the Year Ended December 31, 2014 (Predecessor), and Independent Auditors' Report

Deloitte.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholder of
BCI Financial Group. Inc.
Miami, Florida

We have audited the accompanying consolidated financial statements of BCI Financial Group, Inc. and its subsidiaries (fka CM Florida Holdings, Inc.) (BCI), which comprise the consolidated balance sheets as of December 31, 2015 (Successor) and 2014 (Predecessor), and the related consolidated statements of income and comprehensive (loss) income, stockholder's equity, and cash flows for the period from October 17, 2015, through December 31, 2015 (Successor), for the period from January 1, 2015, through October 16 2015 (Predecessor), and for the year ended December 31, 2014 (Predecessor), and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to BCI's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of BCI's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of BCI as of December 31, 2015 (Successor) and 2014 (Predecessor), and the results of its operations and its cash flows for the period from October 17, 2015, through December 31, 2015 (Successor), for the period from January 1, 2015, through October 16, 2015 (Predecessor), and for the year ended December 31, 2014 (Predecessor), in accordance with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

February 26, 2016

BCI FINANCIAL GROUP, INC. AND SUBSIDIARIES
(fka CM Florida Holdings, Inc. and Subsidiaries)

CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2015 (SUCCESSOR) AND 2014 (PREDECESSOR)
(In thousands, except par value and share information)

	2015 (Successor)	2014 (Predecessor)
ASSETS		
INTEREST-EARNING ASSETS:		
Loans—less:	$4,082,250	$3,368,345
Net loan discount	(39,138)	
Deferred loan fees (2014) and valuation allowance (2015)	(1,257)	(9,480)
Allowance for loan losses	(1,121)	(47,572)
Loans—net	4,040,734	3,311,293
Securities available-for-sale	1,716,731	1,063,687
Securities held-to-maturity (fair values: $1,000 in 2015 and $251,294 in 2014)	1,000	246,519
Securities purchased under agreements to resell	50,000	72,250
Interest-bearing balances with financial institutions	70,626	83,743
Total interest-earning assets	5,879,091	4,777,492
CASH AND DUE FROM BANKS	56,847	69,126
ACCRUED INTEREST RECEIVABLE	13,757	10,749
BANK PREMISES AND EQUIPMENT—Net	80,735	75,419
OTHER REAL ESTATE OWNED	867	3,910
INTANGIBLE ASSETS—Net	82,839	29,458
GOODWILL—Net	3,105	188,833
FHLB AND FEDERAL RESERVE BANK STOCK	75,029	37,898
DEFERRED TAX ASSETS—Net	190,503	163,451
BANK OWNED LIFE INSURANCE	100,261	
OTHER ASSETS—Net	7,165	8,708
TOTAL	$6,490,199	$5,365,044
LIABILITIES AND EQUITY		
DEPOSITS AND BORROWINGS:		
Deposits	$4,481,542	$4,157,349
Other borrowings	950,585	125,585
Federal funds purchased and securities sold under agreements to repurchase	87,838	91,572
Total deposits and borrowings	5,519,965	4,374,506
OTHER LIABILITIES	24,470	16,541
Total liabilities	5,544,435	4,391,047
COMMITMENTS AND CONTINGENCIES (Note 14)		
STOCKHOLDER’S EQUITY:		
Capital (common stock, $1 par value—927,345,444 shares authorized, issued, and outstanding)	946,918	1,234,269
Retained earnings (accumulated deficit)	10,394	(264,277)
Accumulated other comprehensive (loss) income—net of tax	(11,943)	3,660
Total stockholder’s equity	945,369	973,652
NONCONTROLLING INTEREST	395	345
Total equity	945,764	973,997
TOTAL	$6,490,199	$5,365,044

See notes to consolidated financial statements.

BCI FINANCIAL GROUP, INC. AND SUBSIDIARIES
(fka CM Florida Holdings, Inc. and Subsidiaries)

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD FROM OCTOBER 17, 2015, THROUGH DECEMBER 31, 2015 (SUCCESSOR), FOR THE PERIOD FROM JANUARY 1, 2015, THROUGH OCTOBER 16, 2015 (PREDECESSOR), AND FOR THE YEAR ENDED DECEMBER 31, 2014 (PREDECESSOR)
(In thousands)

	October 17, 2015, through December 31, 2015 (Successor)	January 1, 2015, through October 16, 2015 (Predecessor)	Year Ended December 31, 2014 (Predecessor)
INTEREST INCOME:			
Interest and fees on loans	$ 32,953	$116,459	$128,566
Interest and dividends on securities	7,413	25,979	28,277
Interest on interest-bearing balances with financial institutions and securities purchased under agreements to resell	190	677	1,232
Total interest income	40,556	143,115	158,075
INTEREST EXPENSE:			
Interest on deposits	1,528	6,828	7,761
Interest on borrowings	370	736	1,123
Total interest expense	1,898	7,564	8,884
NET INTEREST INCOME	38,658	135,551	149,191
PROVISION FOR (REVERSAL OF) LOAN LOSSES	1,057	3,800	(10,000)
NET INTEREST INCOME AFTER PROVISION FOR (REVERSAL OF) LOAN LOSSES	37,601	131,751	159,191
OTHER OPERATING INCOME:			
Service charges, commissions, and fees	3,307	10,789	12,307
Gain on sale of investment securities—net		1,854	277
Other	1,724	2,323	3,111
Total other operating income	5,031	14,966	15,695
OTHER OPERATING EXPENSES:			
Salaries and employee benefits	17,287	47,321	52,548
Occupancy expense	2,190	9,088	11,228
Equipment expense	260	2,715	3,903
Amortization of intangible assets	1,671	9,325	13,357
Amortization of goodwill	53		
Federal Depository Insurance Corporation insurance	659	2,145	4,111
Other	6,522	16,600	20,421
Total other operating expenses	28,642	87,194	105,568
INCOME BEFORE INCOME TAX PROVISION	13,990	59,523	69,318
INCOME TAX PROVISION	(3,592)	(22,982)	(26,984)
NET INCOME BEFORE NONCONTROLLING INTEREST	10,398	36,541	42,334
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST	4	15	15
NET INCOME ATTRIBUTABLE TO BCI FINANCIAL GROUP, INC.	10,394	36,526	42,319
OTHER COMPREHENSIVE (LOSS) INCOME—Net of tax:			
Net unrealized (losses) gains on securities available-for-sale	(11,943)	(120)	9,299
Reclassification adjustment for gain—net included in net income		(1,138)	(170)
Total other comprehensive (loss) income	(11,943)	(1,258)	9,129
OTHER COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST			1
COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO BCI FINANCIAL GROUP, INC.	$ (1,549)	$ 35,268	$ 51,447
COMPREHENSIVE INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST	$ 4	$ 15	$ 16

See notes to consolidated financial statements.

BCI FINANCIAL GROUP, INC. AND SUBSIDIARIES
(fka CM Florida Holdings, Inc. and Subsidiaries)

CONSOLIDATED STATEMENTS OF STOCKHOLDER'S EQUITY
FOR THE PERIOD FROM OCTOBER 17, 2015, THROUGH DECEMBER 31, 2015 (SUCCESSOR), FOR THE PERIOD FROM JANUARY 1, 2015, THROUGH OCTOBER 16, 2015 (PREDECESSOR), AND FOR THE YEAR ENDED DECEMBER 31, 2014 (PREDECESSOR)
(In thousands)

	Capital	Accumulated Deficit	Accumulated Other Comprehensive Income—Net	Total Stockholder's Equity	Noncontrolling Interest	Total
BALANCE—December 31, 2013	$1,234,269	$(306,718)	$ (5,468)	$ 922,083	$ 451	$ 922,534
Net income		42,319		42,319	15	42,334
Change in minority interest		122		122	(122)	-
Change in valuation—securities available-for-sale—net of tax			9,128	9,128	1	9,129
BALANCE—December 31, 2014 (Predecessor)	1,234,269	(264,277)	3,660	973,652	345	973,997
Net income		36,526		36,526	15	36,541
Contibution	20,000			20,000		20,000
Change in minority interest		(69)		(69)	69	-
Change in valuation—securities available-for-sale—net of tax			(1,258)	(1,258)		(1,258)
BALANCE—October 16, 2015 (Predecessor)	1,254,269	(227,820)	2,402	1,028,851	429	1,029,280
Purchase accounting adjustments (Note 2)	(307,351)	227,820	(2,402)	(81,933)	(38)	(81,971)
BALANCE—October 17, 2015 (Predecessor)	946,918	-	-	946,918	391	947,309
Net income		10,394		10,394	4	10,398
Change in valuation—securities available-for-sale—net of tax			(11,943)	(11,943)		(11,943)
BALANCE—December 31, 2015 (Successor)	$ 946,918	$ 10,394	$(11,943)	$ 945,369	$ 395	$ 945,764

See notes to consolidated financial statements.

BCI FINANCIAL GROUP, INC. AND SUBSIDIARIES
(fka CM Florida Holdings, Inc. and Subsidiaries)

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD FROM OCTOBER 17, 2015, THROUGH DECEMBER 31, 2015 (SUCCESSOR), FOR THE PERIOD FROM JANUARY 1, 2015, THROUGH OCTOBER 16, 2015 (PREDECESSOR), AND FOR THE YEAR ENDED DECEMBER 31, 2014 (PREDECESSOR)
(In thousands)

	October 17, 2015, through December 31, 2015 (Successor)	January 1, 2015, through October 16, 2015 (Predecessor)	Year Ended December 31, 2014 (Predecessor)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income before noncontrolling interest	$ 10,398	$ 36,541	$ 42,334
Adjustments to reconcile net income before noncontrolling interest to net cash provided by operating activities:			
Depreciation and amortization	2,053	12,601	17,604
Provision for (reversal of) loan losses	1,057	3,800	(10,000)
Provision for off-balance sheet losses		300	
Deferred tax provision	3,233	17,548	26,670
Net loss (gain) on the sale of bank premises and equipment		(1)	
Net gain on other real estate owned	58	128	(667)
Net gain on sale of securities		(1,854)	(277)
Net premium amortization on securities held-to-maturity		1,330	1,831
Net premium amortization on securities available-for-sale	2,334	5,898	3,195
Net accretion on loan discount	(1,602)		
Accretion of deferred loan fees	(40)	(1,676)	1,031
Gain on bank owned life insurance	(261)		
Changes in other assets and liabilities:			
Increase in accrued interest receivable	(1,854)	(1,154)	(45)
Decrease (increase) in other assets	12,914	(11,361)	(3,256)
Increase in other liabilities	1,585	9,937	787
Net cash provided by operating activities	29,875	72,037	79,207
CASH FLOWS FROM INVESTING ACTIVITIES:			
Principal repayment of securities available-for-sale	31,058	135,393	96,115
Principal repayments and maturities of securities held-to-maturity		41,285	50,098
Proceeds from sales of securities available-for-sale	283,386	82,034	164,844
Proceeds from calls and maturities of securities available-for-sale	11,000	49,906	22,906
Proceeds from calls of securities held-to-maturity	300	20,000	20,175
Purchases of securities available-for-sale	(554,009)	(525,322)	(447,775)
Purchases of securities held-to-maturity	(300)		(200)
Purchase of Federal Home Loan Bank stock	(28,687)	(30,387)	(570)
Purchase of Federal Reserve Bank stock		(1,095)	(4,725)
Proceeds from redemption of Federal Reserve Bank stock			2,543
Proceeds from redemption of Federal Home Loan Bank stock	8,500	14,538	1,338
Purchases of securities purchased under agreements to resell			(122,250)
Maturities of securities purchased under agreements to resell		50,000	94,500
Net increase in loans	(54,527)	(657,290)	(559,680)
Purchases of bank premises and equipment	(750)	(1,656)	(2,572)
Proceeds from sale of other real estate owned	142	1,867	11,693
Purchase of bank own life insurance	(100,000)		
Net cash used in investing activities	(403,887)	(820,727)	(673,560)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net (decrease) increase in deposits	(271,085)	594,477	479,823
Net (increase) decrease in federal funds purchased and securities sold under agreements to repurchase	(88,548)	84,814	(106,374)
Proceeds from Federal Home Loan Bank borrowings	475,000	370,000	105,000
Net cash provided by financing activities	115,367	1,049,291	478,449
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(258,645)	300,601	(115,904)
CASH AND CASH EQUIVALENTS—Beginning of period	436,118	175,119	291,023
CASH AND CASH EQUIVALENTS—End of period	$ 177,473	$ 475,720	$ 175,119
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Cash paid during the period for interest	$ 1,848	$ 7,930	$ 8,816
Cash paid during the period for income taxes	$ -	$ -	$ 3,388
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITY:			
Real estate property collateralizing loans acquired through foreclosure	$ 1,571	$ 723	$ 7,344
Other borrowings contributed to capital		$ 20,000	
Change in basis of assets due to acquisition (Note 2)		$ (81,971)	

See notes to consolidated financial statements.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BCI Financial Group, Inc. (fka CM Florida Holdings, Inc.) (BCI), a wholly owned subsidiary of Banco de Credito e Inversiones, S.A. (the "Parent"), and its subsidiary, City National Bank of Florida, Inc., and its subsidiaries (the "Bank"), is engaged in the general commercial banking business and provides a variety of related financial products and services through its branches in Miami-Dade, Broward, Palm Beach, and Orange Counties, Florida. BCI and the Bank are subject to the regulations of certain federal agencies and undergo periodic examinations by those regulatory authorities.

On October 16, 2015, the Parent, a commercial bank incorporated in Santiago, Chile, acquired 100% of BCI through a stock purchase agreement from Cibeles, S.A., an indirect wholly owned subsidiary of Bankia S.A. In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 805, *Business Combinations*, the acquisition has been accounted for under the acquisition method of accounting and push-down accounting was applied, see Note 2. Activities as of October 16, 2015, and for the prior period presented are those of the Predecessor. Activities as of October 17, 2015, through December 31, 2015, are those of the Successor.

The more significant accounting and reporting policies of CM Florida Holdings, Inc. is summarized as follows:

Basis of Presentation— The accompanying consolidated financial statements of BCI have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP). The accompanying consolidated financial statements include the accounts of BCI and its subsidiaries in which BCI has a controlling interest. All intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates—The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents—Cash and cash equivalents include cash and due from banks with maturities of 90 days or less at purchase date and interest-bearing balances with financial institutions with maturities of 90 days or less at purchase date. Cash and cash equivalents at December 31, 2015 (Successor) and 2014 (Predecessor), were composed of the following amounts (in thousands):

	2015 (Successor)	2014 (Predecessor)
Interest-bearing balances with financial institutions	$ 70,626	$ 83,743
Securities purchased under agreements to resell	50,000	22,250
Cash and due from banks	56,847	69,126
Total	$ 177,473	$ 175,119

Acquired Credit-Impaired Loans—When it is probable that BCI will not collect all contractual cash flows associated with acquired loans, unless specifically exempt, these acquired loans are accounted for under accounting guidance for purchased credit-impaired ("PCI") loans. Any allowance for loan losses previously associated with these loans does not carry over to BCI and is eliminated in the purchase accounting adjustments. The fair value of the PCI loans is then assigned based on the present value of estimated future cash flows, including prepayments but exclusive of any loss-sharing arrangements. The excess of the gross cash flows expected to be collected over the present value of cash flows at the acquisition date (i.e., the accretable yield) is accreted into income over the estimated remaining term of the PCI loans using the effective yield method, provided that the timing and amount of future cash flows is reasonably estimable. Accordingly, such loans are not classified as nonaccrual as the accretable yield is reported as interest income. The impact of changes in variable interest rates is recognized prospectively as adjustments to the accretable yield. Decreases in expected cash flows after the acquisition date are recognized by recording an allowance for loan losses. If the timing and amount of future cash flows are not reasonably estimable, the acquired credit-impaired loans are classified as nonaccrual.

Trading Account Securities—Trading account securities are stated at fair value. Trading account securities are held in anticipation of short-term market movements. Gains or losses on the sale of trading account securities as well as unrealized fair value adjustments are included in other operating income. BCI did not hold any trading account securities as of December 31, 2015 (Successor) and 2014 (Predecessor).

Securities Available-for-Sale—Securities to be held for unspecified periods of time, including securities that management intends to use as part of its asset/liability strategy, or that may be sold in response to changes in interest rates, changes in prepayment risk, or other similar factors, are classified as available-for-sale and are carried at fair value. The appreciation or decline in value of these securities is reflected as a separate component of stockholders' equity and comprises the difference between net income and comprehensive income.

Securities Held-to-Maturity—Investments in debt securities to be held-to-maturity are carried at amortized cost as BCI has both the intent and ability to hold these securities to maturity. At acquisition, management transferred substantially all securities held-to-maturity to securities available-for-sale (see Note 2).

Premiums and discounts on investment securities are amortized and accreted to interest income over the life of the securities using a method, which approximates the level-yield method.

Derivative Financial Instruments—The derivative financial instruments are interest rate swaps. While these instruments are subject to fluctuations in value, such fluctuations are generally offset by the change in value of the underlying exposures being hedged.

The changes in fair value of the financial derivative are recorded in other operating income in the accompanying consolidated statements of income and comprehensive (loss) income. The net interest received or paid on the interest rate swaps are reflected as loan interest income. Gains and losses resulting from the termination of swaps are recognized over the shorter of the remaining contract lives of the swaps or the lives of the related hedged positions or, if the hedged positions are sold, are recognized in the current period as other income (expense).

Federal Home Loan Bank (FHLB) and Federal Reserve Bank Stock—FHLB and Federal Reserve Bank stock are carried at cost, as BCI's ownership is restricted and these stocks lack a market. Shares in these stocks can only be sold back at stated par and to the agency that issued them. BCI is required to maintain a specific level of holdings based on a formula provided by the respective agency.

Commissions and Fees—Commissions and fees on loans are deferred and recognized into income using the level-yield method over the term of the corresponding loan. Commissions and fees on loans are recorded in other operating income in the accompanying consolidated statements of income and comprehensive (loss) income.

Bank Premises and Equipment—Bank premises and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation is computed using the straight-line method, which is five years for computer equipment, seven years for furniture and office equipment, and 39 years for buildings. Leasehold improvements are amortized over the lesser of their useful life or the term of the lease. Management reviews Bank premises and equipment for possible impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. If there is an indication of impairment, management prepares an estimate of future cash flows (undiscounted and without interest charges) expected to result from the use of the asset and its eventual disposition. If these cash flows are less than the carrying amount of the asset, an impairment loss is recognized to write down the asset to its estimated fair value. Assets, if any, for which management has committed to a plan to dispose of the assets, whether by sale or abandonment, are reported at the lower of carrying amount or fair value, less cost to sell. Preparation of estimated expected future cash flows is inherently subjective and is based on management's best estimate of assumptions concerning future conditions. No impairment loss was recognized during the period from October 17, 2015, through December 31, 2015 (Successor), the period from January 1, 2015, through October 16, 2015 (Predecessor), and the year ended December 31, 2014 (Predecessor), related to bank premises and equipment.

Goodwill—Goodwill represents the excess of the purchase price over the estimated fair value of the net tangible and identifiable assets of businesses acquired.

Prior to October 17, 2015, BCI tested goodwill for impairment annually (or more frequently when circumstances indicate that impairment has occurred). BCI had elected October 31 as the date of its annual impairment test. BCI did not record an impairment of goodwill during the period from January 1, 2015, through October 16, 2015 (Predecessor), and during 2014 (Predecessor).

Goodwill at October 16, 2015 (Predecessor), and December 31, 2014 (Predecessor), is summarized as follows (in thousands):

	October 16, 2015 (Predecessor)	December 31, 2014 (Predecessor)
Goodwill—beginning of period	$ 188,833	$ 188,833
Impairment losses		
Goodwill—end of period	$ 188,833	$ 188,833
Accumulated impairment losses	$ 514,877	$ 514,877

Effective with the acquisition of the Parent by BCI, BCI elected the accounting alternative for the subsequent measurement of goodwill. Under the election, goodwill is amortized on a straight-line basis over 10 years. BCI has elected to test goodwill for impairment at the Parent level. BCI evaluates the remaining useful lives of goodwill each reporting period to determine whether events and circumstances warrant a revision to the remaining period of amortization. Goodwill is also tested for potential impairment if an event occurs or circumstances change that indicate the fair value of the Parent may be below its carrying amount (a triggering event). BCI did not record an impairment of goodwill during the period from October 17, 2015, through December 31, 2015 (Successor).

Goodwill at December 31, 2015 (Successor), is summarized as follows (in thousands):

	2015 (Successor)
Goodwill	$ 3,158
Less accumulated amortization	(53)
Accumulated impairment losses	
Goodwill—net	$ 3,105

Amortization expense for goodwill was approximately $53,000 for the period from October 17, 2015, through December 31, 2015 (Successor), and is included within other operating expenses in the accompanying consolidated statements of income and comprehensive (loss) income. Amortization expense for each of the fiscal years ending December 2016 through 2020 and thereafter is estimated as follows (in thousands):

Years Ending December 31	
2016	$ 316
2017	316
2018	316
2019	316
2020	316
Thereafter	1,525
Total	$ 3,105

Intangible Assets—Intangible assets include the following: (1) core deposit premiums, (2) leasehold interest, and (3) trade name. The core deposit premiums and leasehold interest are amortized over their estimated useful lives. BCI evaluates the remaining useful lives of definite-life intangible assets each reporting period to determine whether events and circumstances warrant a revision to the remaining period of amortization. Intangible assets are also tested for potential impairment whenever events or changes in circumstances suggest that an asset's or asset group's carrying value may not be recoverable. The trade name is not amortized, but tested annually for impairment. BCI has elected October 31 as the date of its annual impairment test. BCI did not record an impairment of intangible assets for the period from October 17, 2015, through December 31, 2015 (Successor), for the period from January 1, 2015, through October 16, 2015 (Predecessor), and the year ended December 31, 2014 (Predecessor).

Trust Department Assets—Securities and other property held by the trust department, in agency or other fiduciary capacities for customers, are not included in the accompanying consolidated financial statements.

Other Real Estate Owned—Foreclosed assets are carried at the lower of fair value, less estimated costs to sell, or cost. If the fair value of the asset, less the estimated costs to sell, is less than the cost of the asset, the deficiency is charged to income. BCI had approximately $867,000 and $3,910,000 of other real estate owned as of December 31, 2015 (Successor) and 2014 (Predecessor), respectively, all of which are classified as held for sale. BCI did not record impairment losses during the period from October 17, 2015, through December 31, 2015 (Successor), and for the period from January 1, 2015, through October 16, 2015 (Predecessor). For the year ended December 31, 2014 (Predecessor), BCI recorded approximately $925,000 in impairment losses due to the reduction of the fair value of its other real estate owned, and is included as other, within other operating expenses within the accompanying consolidated statements of income and comprehensive (loss) income.

Income Taxes—Deferred taxes are determined based on the estimated future tax effects of differences between the consolidated financial statements and tax basis of assets and liabilities given the provisions of enacted tax laws. Deferred income tax provisions and benefits are based on the changes in the deferred asset or liability from period to period. A valuation allowance is provided when it is more likely than not that some portion or all of the deferred tax assets will not be realized.

For positions taken or expected to be taken in a tax return, BCI recognizes in its consolidated financial statements when it is more likely than not (i.e., a likelihood of more than 50%) that the position would be sustained upon examination by tax authorities. A recognized tax position is then measured at the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement.

Bank Owned Life Insurance—BCI purchases life insurance policies on the lives of certain officers and employees and is the owner and beneficiary of the policies. BCI invests in these policies, known as BOLI, to provide an efficient form of funding for long-term retirement and other employee benefits costs. BCI records these BOLI policies at each policy's respective cash surrender value, with changes recorded in other operating income in the consolidated statements of income and comprehensive (loss) income. Certain BOLI policies have a stable value agreement through either a large, well-rated bank insurance carrier that provides minimum annual guaranteed increases in value, but passes on the full income and increase in value of the underlying pool of investments, less certain mortality and administrative expenses.

Provision for Loan Losses—Provisions for loan losses, which increase the allowance for loan losses, are established by charges to income. Such allowance represents the amounts, which, in management's judgment, are adequate to absorb losses on loans, which may become uncollectible. The adequacy of the allowance is determined by management's continuing evaluation of the loan portfolio in light of past loss experience, present economic conditions, and other factors considered relevant by management at the consolidated financial statement date. Anticipated changes in economic factors that may influence the level of the allowance are considered in the evaluation by management when the likelihood of the changes can be reasonably determined. In estimating the allowance for loan losses, consideration is given to asset performance, the financial condition of borrowers or guarantors, additional collateral provided, current and anticipated economic conditions, appraisals of collateral, and cost of disposal. While management uses the best information available to make such evaluations, future adjustments to the allowance may be necessary, which may be material, if economic conditions differ substantially from the assumptions used in the evaluation. If additions to the original estimate of the allowance for loan losses are deemed necessary, they will be reported in income in the period in which they become reasonably estimable.

Management believes that the allowance for loan losses is adequate; however, regulatory agencies, as an integral part of their examination process, periodically review BCI's allowance for loan losses. Such agencies may require BCI to recognize additions to the allowance based on their judgment and evaluation of information available to them at the time of their examination.

Management's continuing evaluation of its loan portfolio includes the identification of commercial and business, real estate, and other loans, which are considered impaired because it is probable that BCI will be unable to collect all amounts due according to the contractual terms of the loan agreement. Individually identified impaired loans are measured based on the present value of payments expected to be received, using the historical effective loan rate as the discount rate. Alternatively, measurement may also be based on observable market prices or, for loans that are solely dependent on the collateral for repayment, measurement may be based on the fair value of the collateral. Loans that are to be foreclosed are measured based on the fair value of the collateral. If the recorded investment in the impaired loan exceeds the measure of fair value, a valuation adjustment is required as a component of the allowance for loan losses. Changes to the valuation allowance are recorded as a component of the provision for loan losses.

During 2015 and 2014, BCI did not change its methodology pertaining to the allowance for loan loss estimate.

Loan Modifications—A restructuring of a loan constitutes a troubled debt restructuring (TDR) if BCI, for economic or legal reasons related to the borrower's financial difficulties, grants a more than insignificant concession to the borrower that it would not otherwise consider. The loan modifications that are considered a TDR by BCI pertain to restructuring the terms of the loan to alleviate the burden of the borrower's near-term cash requirements, which include modifying the terms to reduce or defer cash payments required of the borrower in the near future, to help the borrower attempt to improve its financial condition and eventually be able to pay the loan. The concession is granted by BCI as an attempt to protect BCI's investment on the loan as much as possible. The primary concessions provided by BCI are a reduction of the stated interest rate for the remaining original life of the loan, extension of the maturity date or dates at a stated interest rate lower than the current market rate for a new loan with similar risk, reduction of the face amount or maturity amount of the loan as stated in the loan agreement, and reduction of accrued interest.

Off-Balance-Sheet Reserve for Credit Losses—Off-balance-sheet reserve for credit losses represent the amount which, in management's judgment, is adequate to absorb losses on commercial letters of credit, standby letters of credit, and commitments to extend credit, which may become uncollectible. The adequacy of the reserve is determined by management's continuing evaluation of BCI's commitments in light of past loss experience, present economic conditions, and other factors considered relevant by management at the consolidated financial statement date. Anticipated changes in economic factors that may influence the level of the reserve are considered in the evaluation by management when the likelihood of the changes can be reasonably determined. In estimating the reserve, consideration is given to asset performance, the financial condition of borrowers or guarantors, and current and anticipated economic conditions. While management uses the best information available to make such evaluations, future adjustments to the reserve may be necessary, which may be material, if economic conditions differ substantially from the assumptions used in the evaluation. If additions to the original estimate of the reserve are deemed necessary, they will be reported in earnings in the period in which they become reasonably estimable. As of December 31, 2015 (Successor) and 2014 (Predecessor), BCI's off-balance-sheet reserve for credit losses is $1,365,000, and $1,065,000, respectively, and is recorded within other liabilities within the accompanying consolidated balance sheets. During the period from January 1, 2015, through October 16, 2015 (Predecessor), BCI recorded $300,000 of provision for off-balance-sheet credit losses. During the period from October 17, 2015, through December 31, 2015 (Successor), and for the year ended December 31, 2014 (Predecessor), BCI did not record any change to the provision for off-balance-sheet credit losses. Those are included within other operating expenses within the accompanying consolidated statements of income and comprehensive (loss) income.

Income Recognition—Interest income is recognized over the term of the related loans, investment securities, and other interest-bearing assets. Accrual of interest is discontinued on nonperforming and impaired loans and previously accrued interest is reversed when a loan becomes 90 days past due, or, in the opinion of management, such revenue will not be collected. The accrual of interest is not discontinued on loans that are considered impaired due to modification and are performing under the modified terms. Interest payments received on loans for which the accrual of interest has been discontinued are recorded as a reduction of the respective loan's principal balance. Premiums and discounts on loans and investment securities are amortized using a method, which approximates the level-yield method. Incremental direct loan origination and acquisition fees are deferred and amortized as an adjustment to the yield of the related loan.

New Accounting Pronouncements—In January 2014, FASB issued guidance clarifying that an in substance repossession or foreclosure, a creditor is considered to have received physical possession of residential real estate property collateralizing a consumer mortgage loan, upon either (1) the creditor obtaining legal title to the residential real estate property upon completion of a foreclosure or (2) the borrower conveying all interest in the residential real estate property to the creditor to satisfy that loan through completion of a deed in lieu of foreclosure or through a similar legal agreement. Additionally, the amendments require annual disclosure of both (1) the amount of foreclosed residential real estate property held by the creditor and (2) the recorded investment in consumer mortgage loans collateralized by residential real estate property that are in the process of foreclosure according to local requirements of the applicable jurisdiction. An entity can elect to adopt the amendments in this update using either a modified retrospective transition method or a prospective transition method. Early adoption is permitted. The adoption of this guidance is effective for BCI for the year ended December 31, 2015. This new guidance did not affect BCI's operations and financial results. The adoption of this guidance did not affect BCI's financial position or results of operations.

In January 2014, the FASB issued guidance, which provides alternative private company guidance, goodwill. Under the issued guidance, private companies can elect simplified accounting for the following: (a) private companies are allowed to amortize goodwill on a straight-line basis over the useful life of 10 years or less than 10 years if an entity can demonstrate that a shorter useful life is more appropriate; (b) private companies only need to test goodwill for impairment when a triggering event occurs rather than having to perform the test annually; (c) private companies can elect, as an accounting policy, to test goodwill for impairment at either the entity level or the reporting-unit level. In addition, the guidance eliminates Step 2 of the goodwill impairment test; as a result, private companies that elect the simplified goodwill accounting alternative would measure goodwill impairment as the excess of the entity's (or reporting unit's) carrying amount over its fair value (i.e., by using the measurement in Step 1 of the goodwill impairment test under FASB ASC No. 350, *Intangibles—Goodwill and Other*. The accounting alternative, if elected, should be applied prospectively to goodwill existing as of the beginning of the period of adoption and new goodwill recognized in annual periods beginning after December 15, 2014. Early application is permitted, including application to any period for which the entity's annual financial statements have not yet been made available for issuance. BCI has adopted the alternative private company guidance as of October 17, 2015.

Subsequent Events—Events occurring subsequent to the date of the consolidated balance sheets have been evaluated for potential recognition or disclosure in the consolidated financial statements through February 26, 2016, the date the consolidated financial statements are available to be issued.

2. BUSINESS COMBINATION

On October 16, 2015, the Parent acquired the outstanding shares of BCI for approximately \$947,000,000. The acquisition has been accounted for under the acquisition method of accounting by BCI, the Parent elected to push-down such transactions to BCI. The acquisition method of accounting also required that all assets and liabilities purchased be recorded at fair market value at the date of acquisition.

The purchase price has been allocated as follows (in thousands):

	Predecessor Basis	Change in Basis	Successor Basis
Cash and cash equivalents	$ 475,720	$ (39,602)	$ 436,118
Loans	3,965,736	18,315	3,984,051
Securities available-for-sale	1,315,583	186,736	1,502,319
Securities held-to-maturity	183,904	(182,904)	1,000
Bank premises and equipment	73,800	6,514	80,314
Other real estate owned	2,638		2,638
FHLB and Federal Reserve Bank Stock	54,842		54,842
Deferred tax assets	146,693	47,516	194,209
Other assets acquired	31,972		31,972
Deposit	(4,751,826)	(801)	(4,752,627)
Other borrowings	(651,971)		(651,971)
Other liabilities acquired	(26,777)	3,553	(23,224)
Intangibles	20,133	64,377	84,510
Goodwill	188,833	(185,675)	3,158
	1,029,280	(81,971)	947,309
Noncontrolling interest	(429)	38	(391)
Total after noncontrolling interest	$ 1,028,851	$ (81,933)	$ 946,918

Goodwill in the amount of $3,158,000 was assigned for the excess purchase price over the fair value of the net assets acquired and other intangibles recorded at acquisition.

Change of Control Payments—In connection with the closing of the acquisition transaction discussed above, the Bank made certain payments totaling approximately $40,000,000 to employees of the Bank, under prior agreements. As these payments were not obligations of the Parent and were only made as a result of the closing of the transaction, for financial reporting purposes the expense were not deemed to be expense of the Predecessor or Successor and as such have been reflected as an adjustment to the change in basis in the table above.

3. SECURITIES AVAILABLE-FOR-SALE AND SECURITIES HELD-TO-MATURITY

Debt and equity securities have been classified in the consolidated balance sheets according to management's intent. The carrying amount of securities and their fair values at December 31, 2015 (Successor) and 2014 (Predecessor), were as follows:

Securities available-for-sale at December 31, 2015 (Successor), were as follows (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Values
U.S. government agencies	$ 787,770	$ 223	$ (6,203)	$ 781,790
Collateralized mortgage/debt obligations	808,196	238	(4,455)	803,979
Adjustable rate mortgage	13,252		(67)	13,185
U.S. corporate obligations	104,937		(1,367)	103,570
Other securities	14,385	16	(194)	14,207
Total	$ 1,728,540	$ 477	$ (12,286)	$ 1,716,731

Securities available-for-sale at December 31, 2014 (Predecessor), were as follows (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Values
U.S. government agencies	$ 479,276	$ 4,230	$ (666)	$ 482,840
Collateralized mortgage/debt obligations	444,735	2,366	(1,203)	445,898
Adjustable rate mortgage	8,731	10	(92)	8,649
U.S. corporate obligations	114,380	1,436	(25)	115,790
Other securities	10,603		(94)	10,509
Total	$ 1,057,725	$ 8,042	$ (2,080)	$ 1,063,687

Securities held-to-maturity at December 31, 2015 (Successor), were as follows (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Values
Other securities	$ 1,000	$ -	$ -	$ 1,000
Total	$ 1,000	$ -	$ -	$ 1,000

Securities held-to-maturity at December 31, 2014 (Predecessor), were as follows (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Values
U.S. government agencies	$ 165,587	$ 2,927	$ (169)	$ 168,345
Collateralized mortgage/debt obligations	64,866	1,447		66,313
U.S. corporate obligations	15,066	570		15,636
Other securities	1,000			1,000
Total	$ 246,519	$ 4,944	$ (169)	$ 251,294

Collateralized mortgage/debt obligations primarily consist of U.S. government agencies collateralized mortgage/debt obligations.

Securities available-for-sale with unrealized losses at December 31, 2015 (Successor) and 2014 (Predecessor), and securities held-to-maturity with unrealized losses at December 31, 2014 (Predecessor), were as follows (in thousands):

December 31, 2015 (Successor)	Less than 12 Months Fair Values	Less than 12 Months Unrealized Losses	12 Months or Longer Fair Values	12 Months or Longer Unrealized Losses	Total Fair Values	Total Unrealized Losses
Available-for-sale:						
Adjustable rate mortgage	$ 13,185	$ (67)	$ -	$ -	$ 13,185	$ (67)
Collateralized mortgage/debt obligation	683,180	(4,455)			683,180	(4,455)
US corporate obligations	103,570	(1,367)			103,570	(1,367)
US government agencies	764,763	(6,203)			764,763	(6,203)
Other securities	13,829	(194)			13,829	(194)
Total	$1,578,527	$(12,286)	$ -	$ -	$1,578,527	$(12,286)

As of December 31, 2015 (Successor), there were no securities held-to-maturity with unrealized losses.

December 31, 2014 (Predecessor)	Less than 12 Months Fair Values	Less than 12 Months Unrealized Losses	12 Months or Longer Fair Values	12 Months or Longer Unrealized Losses	Total Fair Values	Total Unrealized Losses
Available-for-sale:						
Adjustable rate mortgage	$ -	$ -	$ 5,678	$ (92)	$ 5,678	$ (92)
Collateralized mortgage/debt obligation	196,347	(631)	43,369	(572)	239,716	(1,203)
US corporate obligations	9,990	(25)			9,990	(25)
US government agencies	30,665	(19)	115,353	(647)	146,018	(666)
Mutual fund			9,947	(93)	9,947	(93)
Other securities	561	(1)			561	(1)
Total	$237,563	$(676)	$174,347	$(1,404)	$411,910	$(2,080)
Held-to-maturity—U.S. government agencies	$ -	$ -	$ 32,331	$ (169)	$ 32,331	$ (169)

At December 31, 2014 (Predecessor), BCI had unrealized losses on investments that were in a continuous unrealized loss position for more than 12 months. BCI did not realize losses on available-for-sale and held-to-maturity securities during the period from October 17, 2015, through December 31, 2015 (Successor), during the period from January 1, 2015, through October 16, 2015 (Predecessor), and during the year ended December 31, 2014 (Predecessor), that were deemed to be other-than-temporarily impaired. The investments with indicated unrealized losses above primarily include debt securities whose fair values have declined due to interest rate fluctuations, current market conditions, and are not related to any company or industry-specific events or credit quality. In determining that the investment is not other-than-temporarily impaired, BCI considered reports of financial specialists and the volatility of the investment's fair value.

The contractual terms of the investments that were not other-than-temporarily impaired do not permit the issuer to settle the securities at a price less than the face value of the investment. Because BCI has the ability and intent to hold those investments until a recovery of fair value, which may be maturity and the creditworthiness of the issuers, the quality and amount of the underlying collateral, the lack of concentration in any geographical area, contractual obligations of the issuers, and rating histories, as well as the continued performance and amortization of certain of the securities, BCI does not consider the carrying value of those investments to be other-than-temporarily impaired at December 31, 2015 (Successor) and 2014 (Predecessor).

Expected maturities of some securities will differ from contractual maturities because borrowers have the right to call or prepay obligations with or without call or prepayment penalties. The scheduled maturities of securities available for sale and held to maturity at December 31, 2015 (Successor), were as follows (in thousands):

	Securities Available-for-Sale		Securities Held-to-Maturity	
	Amortized Cost	Fair Values	Amortized Cost	Fair Values
Due in 1 year or less	$ -	$ -	$ 700	$ 700
Due after 1 year through 5 years	107,570	106,246	300	300
Due after 5 years through 10 years	8,463	8,463		
Due after 10 years	790,287	784,214		
	906,320	898,923	1,000	1,000
Collateralized mortgage/debt obligations	808,196	803,979		
Mutual funds	14,024	13,829		
Total	$ 1,728,540	$ 1,716,731	$ 1,000	$ 1,000

BCI did not recognize gross realized gains and losses on the sale of available-for-sale securities during the period from October 17, 2015, through December 31, 2015 (Successor). BCI recognized gross realized gains on the sale of available-for-sale securities during the period from January 1, 2015, through October 16, 2015 (Predecessor), of approximately $1,854,000. BCI recognized gross realized gains and losses on the sale of available-for-sale securities during the year ended December 31, 2014 (Predecessor), of approximately $2,091,000 and $1,814,000, respectively. Securities valued at approximately $683,329,900, and $209,852,000 at December 31, 2015 (Successor) and 2014 (Predecessor), respectively, were pledged as collateral to secure certain public deposits, repurchase agreements, or for other purposes.

4. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

Risk Management Objective of Using Derivatives—BCI executes interest rate swaps with commercial banking customers to facilitate their respective risk management strategies. Those interest rate swaps are simultaneously hedged by offsetting interest rate swaps that BCI executes with a third party, such that BCI minimizes its interest rate risk exposure resulting from such transactions. Under the interest rate swaps, BCI, agrees to exchange, at specified intervals, the difference between fixed-rate and floating-rate interest amounts calculated by reference to an agreed notional amount. None of BCI's 44 derivatives are designated as hedge instruments. BCI does not enter into derivatives for speculative or trading purposes.

Derivative instruments at December 31, 2015 (Successor), were as follows (in thousands):

	At December 31, 2015		
	Asset Derivatives		
	Consolidated Balance Sheet Location	Current Notional	Fair Value
Derivatives not designated as hedging instruments—interest rate products	Other assets	$ 103,604	$ 2,371
	Liability Derivatives		
	Consolidated Balance Sheet Location	Current Notional	Fair Value
Derivatives not designated as hedging instruments—interest rate products	Other liabilities	$ 103,604	$ 2,442

The effect of BCI's derivative instruments not designated as a hedging instrument recorded within BCI's consolidated statements of income and comprehensive (loss) income for the period from October 17, 2015, through December 31, 2015 (Successor), is summarized as follows (in thousands):

	Location of Gain Recognized in Income on Derivative	Amount of Gain Recognized in Income on Derivative
Interest rate products	Other operating income	$ 68

The effect of BCI's derivative instruments not designated as a hedging instrument recorded within BCI's consolidated statements of income and comprehensive (loss) income for the period from January 1, 2015, through October 16, 2015 (Predecessor), is summarized as follows (in thousands):

	Location of Gain Recognized in Income on Derivative	Amount of Gain Recognized in Income on Derivative
Interest rate products	Other operating income	$ 183

Derivative instruments at December 31, 2014 (Predecessor), were as follows (in thousands):

	As of December 31, 2014		
	Asset Derivatives		
	Consolidated Balance Sheet Location	Current Notional	Fair Value
Derivatives not designated as hedging instruments—interest rate products	Other assets	$ 101,923	$ 1,630
	Liability Derivatives		
	Consolidated Balance Sheet Location	Current Notional	Fair Value
Derivatives not designated as hedging instruments—interest rate products	Other liabilities	$ 101,923	$ 1,586

The effect of BCI's derivative instruments not designated as a hedging instrument recorded within BCI's consolidated statements of income and comprehensive (loss) income for the year ended December 31, 2014 (Predecessor), is summarized as follows (in thousands):

	Location of Loss Recognized in Income on Derivative	Amount of Loss Recognized in Income on Derivative
Interest rate products	Other operating income	$ (301)

Credit Risk-Related Contingent Features—BCI has agreements with its derivative counterparties that contain a provision where if BCI defaults on any of its indebtedness, including default where repayment of the indebtedness has not been accelerated by the lender, then BCI could also be declared in default on its derivative obligations. As of December 31, 2015 (Successor) and 2014 (Predecessor), BCI did not have any derivatives that were in a liability positions related to those agreements.

5. LOANS

Loans classified by type at December 31, 2015 (Successor) and 2014 (Predecessor), are as follows (in thousands):

	2015 (Successor)	2014 (Predecessor)
Real estate:		
Adjustable	$ 1,868,318	$ 1,580,787
Fixed	1,263,956	1,014,067
Commercial and other business:		
Adjustable	704,503	570,746
Fixed	190,931	168,720
Consumer:		
Adjustable	46,615	25,516
Fixed	7,927	8,509
Total	$ 4,082,250	$ 3,368,345

The loan subgroups at December 31, 2015 (Successor) and 2014 (Predecessor), consisted of the following (in thousands):

	2015 (Successor)	2014 (Predecessor)
Real estate:		
Commercial	$ 1,890,505	$ 1,450,432
Residential	907,106	849,950
Construction and land	334,663	294,472
Total real estate	3,132,274	2,594,854
Commercial and other business	895,434	739,466
Consumer	54,542	34,025
Total	$ 4,082,250	$ 3,368,345

At December 31, 2015 (Successor) and 2014 (Predecessor) BCI had approximately $72,272,000, and $67,386,000, respectively, of interest-only adjustable-rate residential mortgages where the borrower may be subject to payment increases.

Loans carried at approximately $1,242,766,000 and $751,950,000 at December 31, 2015 (Successor) and 2014 (Predecessor), respectively, were pledged as collateral to secure available borrowings based on lendable collateral of approximately $786,006,000 and $584,640,000, respectively, from the FHLB of Atlanta.

Loans carried at approximately $506,760,000 and $512,519,000 at December 31, 2015 (Successor) and 2014 (Predecessor), respectively, were pledged as collateral to secure available borrowings based on lendable collateral of approximately $263,842,000 and $304,436,000, respectively, from the Federal Reserve Bank of Atlanta.

PCI Loans—BCI designates loans as PCI by evaluating both qualitative and quantitative factors. At the time of acquisition, BCI accounts for the PCI loans by individual analysis or by segregating each portfolio into loan pools with similar risk characteristics. Over the lives of the acquired PCI loans, BCI continues to estimate cash flows expected to be collected on each loan pool. BCI evaluates, at each consolidated balance sheet date, whether its estimates of the present value of the cash flows from the loan pools, determined using the effective interest rates, has decreased, such that the present value of such cash flows is less than the recorded investment of the pool, and if so, recognizes a provision for loan loss in its consolidated statements of income and comprehensive income, unless interest rate driven.

Additionally, if BCI has favorable changes in its estimates of cash flows expected to be collected for a loan pool such that the then present value exceeds the recorded investment of that pool, BCI will first reverse any previously established allowance for loan losses for the pool. If such estimate exceeds the amount of any previously established allowance, BCI will accrete future interest income over the remaining life of the pool at a rate which, when used to discount the expected cash flows, results in the then present value of such cash flows equaling the recorded investment of the pool at the time of the revised estimate.

The PCI loans that were acquired on October 16, 2015, and are considered nonaccrual due to the fact that BCI cannot reasonably determine the timing and amount of cash flows expected to be collected were $26,421,000. As of December 31, 2015, the balance of nonaccrual PCI loans is $19,561,000. There were no PCI loans acquired on October 16, 2015, where BCI could reasonably estimate the timing and amount of future cash flows.

Risk Management—BCI has certain lending policies and procedures in place that are designed to maximize loan income within an acceptable level of risk. Management reviews and approves these policies and procedures on a regular basis. A reporting system supplements the review process by providing management with frequent reports related to loan production, loan quality, concentrations of credit, loan delinquencies, and nonperforming and potential problem loans. Diversification in the loan portfolio is a means of managing risk associated with fluctuations in economic conditions.

Real estate loans are subject to underwriting standards that are designed to promote relationship banking rather than transactional banking. Once it is determined that the borrower's management possesses sound ethics and solid business acumen, BCI's management examines the relevant information for a specific loan and presents it to the loan committee for approval. These loans are viewed primarily as loans secured by real estate. Real estate lending typically involves higher loan principal amounts and the repayment of these loans is generally largely dependent on the successful operation of the property securing the loan, the business conducted on the property securing the loan, or the borrower's personal ability to pay the loan. Real estate loans may be more adversely affected by conditions in the real estate markets or in the general economy. The properties securing BCI's real estate portfolio are of similar type and are concentrated in Florida; however, there are loans outside Florida. Management monitors and evaluates real estate loans based on collateral, geography, and the borrower's financial stability. Within real estate loans, BCI monitors the loan portfolio in the following subgroups: commercial, residential, and construction and land.

Commercial and other business loans are subject to underwriting standards and processes similar to real estate loans. Commercial and other business loans are primarily based on the identified cash flows of the borrower and secondarily on the underlying collateral provided by the borrower. The cash flows of borrowers, however, may not be as expected and the collateral securing these loans may fluctuate in value. Most commercial and other business loans are secured by the assets being financed or other business assets, such as accounts receivable, inventory, or real estate, and may incorporate a personal guarantee. In the case of loans secured by an operating asset, the availability of funds for the repayment of these loans may be substantially dependent on the ability of the borrower to collect amounts due from its customers.

BCI originates consumer loans utilizing credit-scoring analysis to supplement the underwriting process. To monitor and manage consumer loan risk, policies and procedures are developed and modified, as needed, jointly by line and staff personnel. This activity, coupled with relatively small loan amounts that are spread across many individual borrowers, minimizes risk.

BCI engages independent loan reviewers that review and validate the credit risk profile on a periodic basis. Results of these reviews are presented to senior management and the audit committee. The loan review process complements and reinforces the risk identification and assessment decisions made by lending and credit personnel, as well as BCI's policies and procedures.

Concentrations of Credit—Most of BCI's lending activity occurs within the State of Florida. At December 31, 2015 (Successor) and 2014 (Predecessor), approximately 77% of BCI's loans relate to real estate.

Nonaccrual and Past Due Loans—Loans are considered past due if the required principal and interest payments have not been received as of the date such payments were due. Loans are placed on nonaccrual status when management believes the borrower may be unable to meet payment obligations as they become due, or if the loan becomes 90 days or more past due. Loans may be placed on nonaccrual status regardless of whether or not such loans are considered past due. When interest accrual is discontinued, all unpaid accrued interest is reversed. Interest income is subsequently recognized only to the extent cash payments are received in excess of principal due. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Nonaccrual loans segregated by class of loans at December 31, 2015 (Successor) and 2014 (Predecessor), are as follows (in thousands):

	2015 (Successor)	**2014 (Predecessor)**
Real estate:		
Commercial	$ 1,129	$ 448
Residential	14,996	11,673
Construction and land		
Total real estate	16,125	12,121
Commercial and other business	3,463	298
Consumer		
Total	$ 19,588	$ 12,419

Interest income that would have been recorded on nonaccrual loans, if such loans were performing in accordance with their original terms, for the period from October 17, 2015, through December 31, 2015 (Successor), the period from January 1, 2015, through October 16, 2015 (Predecessor), and the year ended December 31, 2014 (Predecessor), amounted to approximately $429,000, $561,000, and $528,000, respectively.

An age analysis of past due loans, segregated by class of loans at December 31, 2015 (Successor) and 2014 (Predecessor), is as follows (in thousands):

December 31, 2015 (Successor)	Loans 30–89 Days Past Due	Loans 90 or More Days Past Due	Total Past Due Loans	Current Loans	Total Loans	Accruing Loans 90 or More Days Past Due
Real estate:						
Commercial	$ 173	$1,129	$ 1,302	$1,889,203	$1,890,505	$ -
Residential	10,025	5,308	15,333	891,773	907,106	982
Construction and land				334,663	334,663	
Total real estate	10,198	6,437	16,635	3,115,639	3,132,274	982
Commercial and other business	3,674	3,223	6,897	888,537	895,434	231
Consumer				54,542	54,542	
Total	$13,872	$9,660	$23,532	$4,058,718	$4,082,250	$1,213
December 31, 2014 (Predecessor)						
Real estate:						
Commercial	$ 396	$ 448	$ 844	$1,449,588	$1,450,432	$ -
Residential	9,232	6,775	16,007	833,943	849,950	
Construction and land				294,472	294,472	
Total real estate	9,628	7,223	16,851	2,578,003	2,594,854	-
Commercial and other business	1,209	298	1,507	737,959	739,466	
Consumer	1		1	34,024	34,025	
Total	$10,838	$7,521	$18,359	$3,349,986	$3,368,345	$ -

Impaired Loans—Loans are considered impaired when, based on current information and events, it is probable BCI will be unable to collect all amounts due in accordance with the original contractual terms of the loan agreement, including scheduled principal and interest payments. If a loan is impaired, a specific valuation allowance is allocated, if necessary, so that the loan is reported net, at the present value of estimated future cash flows using the loan's existing rate or at the fair value of collateral if repayment is expected solely from the collateral. Impaired loans, or portions thereof, are charged off when deemed uncollectible.

Impaired loans at December 31, 2015 (Successor) and 2014 (Predecessor), are set forth as follows (in thousands):

December 31, 2015 (Successor)	Unpaid Contractual Principal Balance	Recorded Investment with No Allowance	Recorded Investment with Allowance	Total Recorded Investment	Related Allowance	Average Recorded Investment
Real estate:						
Commercial	$ -	$ -	$ -	$ -	$ -	$ -
Residential	246	246		246		249
Construction and land						
Total real estate	246	246	-	246	-	249
Commercial and other business						
Consumer						
Total	$ 246	$ 246	$ -	$ 246	$ -	$ 249
December 31, 2014 (Predecessor)						
Real estate:						
Commercial	$ 3,910	$ 3,716	$ -	$ 3,716	$ -	$ 3,872
Residential	24,923	13,057	8,414	21,471	1,326	23,312
Construction and land						
Total real estate	28,833	16,773	8,414	25,187	1,326	27,184
Commercial and other business	9,343	98	200	298	200	8,722
Consumer	2					3
Total	$ 38,178	$ 16,871	$ 8,614	$ 25,485	$ 1,526	$ 35,909

The recorded interest income on impaired loans by class of loans for the period from October 17, 2015, through December 31, 2015 (Successor), the period from January 1, 2015, through October 16, 2015 (Predecessor), and the year ended December 31, 2014 (Predecessor), are as follows (in thousands):

	October 17, 2015 Through December 31, 2015 (Successor)	January 1, 2015 Through October 16, 2015 (Predecessor)	Year Ended December 31, 2014 (Predecessor)
Real estate:			
Commercial	$ -	$ 34	$ 243
Residential	3	699	877
Construction and land			
Total real estate	3	733	1,120
Commercial and other business		49	18
Consumer			
Total	$ 3	$ 782	$ 1,138

Loan Modifications—BCI considers all of the loans that were modified as a TDR as impaired loans.

BCI did not have any commitment to lend on TDR loans at December 31, 2015 (Successor) and 2014 (Predecessor).

Loans whose terms were modified and considered TDR during the period from October 17, 2015, through December 31, 2015 (Successor), are summarized in the following table (in thousands, except for number of contracts):

	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment	Increase in Allowance for Loan Losses Upon Modification	Charge-Off Upon Modification
Troubled debt restructurings:					
Real estate:					
Commercial					
Residential	4	$308	$303	$ -	$ -
Construction and land					
Total real estate	4	$308	$303		
Commercial and other business					
Consumer					
Total	4	$308	$303	$ -	$ -

There were no loans considered TDR that defaulted during the period from October 17, 2015, through December 31, 2015 (Successor).

Loans whose terms were modified and considered TDR during the period from January 1, 2015, through October 16, 2015 (Predecessor), are summarized in the following table (in thousands, except for number of contracts):

	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment	Increase in Allowance for Loan Losses Upon Modification	Charge-Off Upon Modification
Troubled debt restructurings:					
Real estate:					
Commercial	1	$ 7,181	$ 7,152	$ (572)	$ -
Residential	24	2,282	2,203	(11)	
Construction and land					
Total real estate	25	9,463	9,355	(583)	
Commercial and other business	3	4,419	1,248	(432)	3,169
Consumer					
Total	28	$ 13,882	$ 10,603	$ (1,015)	$ 3,169

Loans that are considered TDR and defaulted during the period from January 1, 2015, through October 16, 2015 (Predecessor), are summarized in the following table (in thousands, except for number of contracts):

	Number of Contracts	Recorded Investment
Troubled debt restructurings that subsequently defaulted:		
Real estate:		
Commercial		$ -
Residential	37	3,023
Construction and land		
Total real estate	37	3,023
Commercial and other business		
Consumer		
Total	37	$ 3,023

Loans whose terms were modified and considered TDR during 2014 (Predecessor) are summarized in the following table (in thousands, except for number of contracts):

	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment	Increase in Allowance for Loan Losses Upon Modification	Charge-Off Upon Modification
Troubled debt restructurings:					
Real estate:					
Commercial	-	$ -	$ -	$ -	$ -
Residential	21	2,140	2,163	59	
Construction and land					
Total real estate	21	2,140	2,163	59	-
Commercial and other business					
Consumer					
Total	21	$ 2,140	$ 2,163	$ 59	$ -

Loans that are considered TDR and defaulted during 2014 (Predecessor) are summarized as follows (in thousands, except for number of contracts):

	Number of Contracts	Recorded Investment
Troubled debt restructurings that subsequently defaulted:		
Real estate:		
Commercial	-	$ -
Residential	9	710
Construction and land		
Total real estate	9	710
Commercial and other business		
Consumer		
Total	9	$ 710

At December 31, 2015 (Successor) and 2014 (Predecessor), there were 4 and 134 loans totaling approximately $303,000 and $17,042,000, respectively, that are considered TDR.

Credit Quality Indicators—As part of the ongoing monitoring of credit quality, BCI separates its loan portfolio into the following classifications:

Unclassified Loans—Unclassified loans are loans that are performing and do not fall under any of the below categories.

Special Mention—These are loans that are not individually analyzed; however, BCI has identified them for monitoring as they are considered marginally acceptable loans.

Substandard—Loans aggregated into the subgroup include performing and nonperforming loans. For performing loans, that are individually analyzed, BCI has determined several characteristics requiring increased scrutiny to establish that the loans are not impaired, or require an additional reserve. The characteristics identified by BCI to be relevant to this subgroup are (1) indication that the borrower(s) financial condition is deteriorating due to other debt maturing, the borrower's liquidity, weakness in the borrower's business, and other financial or borrower-specific indicators; (2) weakness in underlying collateral, such as land, condominiums, and commercial real estate, (3) if the borrower has other outstanding loans with BCI that are not performing, or if BCI has a significant concentration of the borrower's debt, (4) if the loan is beginning to show signs of nonperformance (loans past due 30–60 days), (5) the loan to value has increased to a level that requires additional scrutiny, (6) the appraised value of the collateral is less than the loan balance, or (7) the loan is considered nonperforming.

Doubtful—These are loans that are not performing, and BCI believes that the underlying collateral value or the source of repayment is not sufficient to recover the outstanding balance of the loan. These loans are considered impaired.

BCI's loans grouped by their internal classification segmented by the class of loans at December 31, 2015 (Successor) and 2014 (Predecessor), are represented as follows (in thousands):

December 31, 2015 (Successor)	Unclassified	Special Mentioned	Substandard	Doubtful	Total
Real estate:					
Commercial	$1,889,376	$ -	$ 1,129	$-	$1,890,505
Residential	890,881	1,010	15,215		907,106
Construction and land	334,663				334,663
Total real estate	3,114,920	1,010	16,344	-	3,132,274
Commercial and other business	891,971		3,463		895,434
Consumer	54,542				54,542
Total	$4,061,433	$ 1,010	$19,807	$-	$4,082,250
December 31, 2014 (Predecessor)					
Real estate:					
Commercial	$1,424,935	$14,239	$11,258	$-	$1,450,432
Residential	822,473	5,841	21,636		849,950
Construction and land	291,486		2,986		294,472
Total real estate	2,538,894	20,080	35,880	-	2,594,854
Commercial and other business	738,841	219	406		739,466
Consumer	34,025				34,025
Total	$3,311,760	$20,299	$36,286	$-	$3,368,345

BCI's loans grouped by performing and nonperforming by the class of loans at December 31, 2015 (Successor) and 2014 (Predecessor), are summarized as follows (in thousands):

December 31, 2015 (Successor)	Real Estate			Commercial and Other Business	Consumer	Total
	Commercial	Residential	Construction and Land			
Performing	$ 1,889,376	$892,110	$334,663	$891,971	$ 54,542	$ 4,062,662
Nonperforming	1,129	14,996		3,463		19,588
Total	$ 1,890,505	$907,106	$334,663	$895,434	$ 54,542	$ 4,082,250

December 31, 2014 (Predecessor)	Real Estate			Commercial and Other Business	Consumer	Total
	Commercial	Residential	Construction and Land			
Performing	$ 1,449,984	$838,277	$294,472	$739,168	$ 34,025	$ 3,355,926
Nonperforming	448	11,673		298		12,419
Total	$ 1,450,432	$849,950	$294,472	$739,466	$ 34,025	$ 3,368,345

Nonperforming loans are loans that are considered nonaccrual.

Allowance for Loan Loss—Transactions affecting the allowance for loan losses for the period from October 17, 2015, through December 31, 2015 (Successor), by class of loans; BCI's allowance for loan losses for individually allocated, unallocated and loans acquired with deteriorated credit quality (PCI), by class of loans; and BCI's loans, by class of loans, related to individually allocated, unallocated and loans acquired with deteriorated credit quality (PCI) allowance for loan losses at December, 31, 2015 (Successor), are summarized as follows (in thousands):

	Real Estate			Commercial			
	Commercial	Residential	Construction and Land	and Other Business	Consumer	Unallocated	Total
Allowance for loan losses:							
Beginning balance— October 17, 2015 (Successor)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Loan charged off		(3)		(19)			(22)
Recoveries	4	57		13	12		86
(Reversal of) provision for loan losses	110	(3)	7	333	(11)	621	1,057
Ending balance— December 31, 2015 (Successor)	$ 114	$ 51	$ 7	$ 327	$ 1	$ 621	$ 1,121
December 31, 2015 (Successor) — Individually evaluated for impairment (individually allocated)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
December 31, 2015 (Successor) — collectively evaluated for impairment (unallocated)	$ 114	$ 51	$ 7	$ 327	$ 1	$ 621	$ 1,121
December 31, 2015 (Successor) — loans acquired with deteriorated credit quality (PCI)	$ -	$ -	$ -	$ -	$ -	$ -	$ -

	Real Estate			Commercial		
December 31, 2015 (Successor)	Commercial	Residential	Construction and Land	and Other Business	Consumer	Total
Loans:						
Individually evaluated for impairment	$ -	$ 246	$ -	$ -	$ -	$ 246
Collectively evaluated for impairment	1,889,376	891,891	334,663	891,971	54,542	4,062,443
Acquired with deteriorated credit quality (PCI)	1,129	14,969		3,463		19,561
Total	$ 1,890,505	$ 907,106	$ 334,663	$ 895,434	$ 54,542	$ 4,082,250

Transactions affecting the allowance for loan losses for the period from January 1, 2015, through October 16, 2015 (Predecessor), by class of loans; BCI's allowance for loan losses for individually allocated, unallocated and loans acquired with deteriorated credit quality (PCI), by class of loans; and BCI's loans, by class of loans, related to individually allocated, unallocated and loans acquired with deteriorated credit quality (PCI) allowance for loan losses at October 16, 2015 (Predecessor), are summarized as follows (in thousands):

	Real Estate			Commercial			
	Commercial	Residential	Construction and Land	and Other Business	Consumer	Unallocated	Total
Allowance for loan losses:							
Beginning balance— January 1, 2015 (Predecessor)	$ 22,840	$ 13,406	$ 1,684	$ 8,884	$ 235	$ 523	$47,572
Loan charged off		(237)		(3,552)	(20)		(3,809)
Recoveries	515	217	341	232	54		1,359
(Reversal of) provision for loan losses	1,531	(2,805)	(968)	6,024	(41)	59	3,800
Ending balance— October 16, 2015 (Predecessor)	$ 24,886	$ 10,581	$ 1,057	$ 11,588	$ 228	$ 582	$48,922
October 16, 2015 (Predecessor) — Individually evaluated for impairment (individually allocated)	$ -	$ 923	$ -	$ 880	$ -	$ -	$ 1,803
October 16, 2015 (Predecessor) — collectively evaluated for impairment (unallocated)	$ 24,886	$ 9,658	$ 1,057	$ 10,708	$ 228	$ 582	$47,119
October 16, 2015 (Predecessor) — loans acquired with deteriorated credit quality (PCI)	$ -	$ -	$ -	$ -	$ -	$ -	$ -

	Real Estate			Commercial		
October 16, 2015 (Predecessor)	Commercial	Residential	Construction and Land	and Other Business	Consumer	Total
Loans:						
Individually evaluated for impairment	$ 7,565	$ 19,342	$ -	$ 9,103	$ -	$ 36,010
Collectively evaluated for impairment	1,888,579	878,439	319,012	851,986	50,765	3,988,781
Acquired with deteriorated credit quality (PCI)						
Total	$1,896,144	$897,781	$319,012	$861,089	$50,765	$4,024,791

Transactions affecting the allowance for loan losses for the year ended December 31, 2014 (Predecessor), by class of loans; BCI’s allowance for loan losses for individually allocated, unallocated and loans acquired with deteriorated credit quality (PCI), by class of loans; and BCI’s loans, by class of loans, related to individually allocated, unallocated and loans acquired with deteriorated credit quality (PCI) allowance for loan losses at December, 31, 2014 (Predecessor), are summarized as follows (in thousands):

December 31, 2014 (Predecessor)	Real Estate Commercial	Real Estate Residential	Real Estate Construction and Land	Commercial and Other Business	Consumer	Unallocated	Total
Allowance for loan losses:							
Beginning balance	$ 25,516	$ 18,290	$ 1,974	$ 9,237	$ 464	$ 367	$ 55,848
Loan charged off	(2)	(1,182)		(160)			(1,344)
Recoveries	151	382	2,232	228	75		3,068
(Reversal of) provision for loan losses	(2,825)	(4,084)	(2,522)	(421)	(304)	156	(10,000)
Ending balance	$ 22,840	$ 13,406	$ 1,684	$ 8,884	$ 235	$ 523	$ 47,572
Ending balance—individually evaluated for impairment (individually allocated)	$ -	$ 1,326	$ -	$ 200	$ -	$ -	$ 1,526
Ending balance—collectively evaluated for impairment (unallocated)	$ 22,840	$ 12,080	$ 1,684	$ 8,684	$ 235	$ 523	$ 46,046
Ending balance—loans acquired with deteriorated credit quality (PCI)	$ -	$ -	$ -	$ -	$ -	$ -	$ -

	Real Estate Commercial	Real Estate Residential	Real Estate Construction and Land	Commercial and Other Business	Consumer	Total
Loans:						
Individually evaluated for impairment	$ 3,716	$ 21,471	$ -	$ 298	$ -	$ 25,485
Collectively evaluated for impairment	1,446,716	828,479	294,472	739,168	34,025	3,342,860
Loans acquired with deteriorated credit quality (PCI)						-
Total	$1,450,432	$849,950	$294,472	$739,466	$34,025	$3,368,345

Purchase and Sale of Loans—During the period from October 17, 2015, through December 31, 2015 (Successor), the period from January 1, 2015, through October 16, 2015 (Predecessor), and the year ended December 31, 2014 (Predecessor), BCI sold approximately $2,190,000, $14,306,000, and $11,579,000, respectively, of loans that were originated with the intention to sell to an unrelated party.

6. BANK PREMISES AND EQUIPMENT

Bank premises and equipment as of December 31, 2015 (Successor) and 2014 (Predecessor), are summarized as follows (in thousands):

	2015 (Successor)	2014 (Predecessor)
Land	$ 43,640	$ 31,906
Buildings and leasehold improvements	29,392	42,263
Furniture and equipment	7,992	23,087
	81,024	97,256
Less accumulated depreciation	(486)	(22,693)
	80,538	74,563
Construction in progress	197	856
Bank premises and equipment—net	$ 80,735	$ 75,419

Depreciation and amortization expense for premises and equipment was approximately $329,000, $3,276,000, and $4,247,000 for the period from October 17, 2015, through December 31, 2015 (Successor), the period from January 1, 2015, through October 16, 2015 (Predecessor), and the year ended December 31, 2014 (Predecessor), respectively, and is included as occupancy expense and equipment expense within other operating expenses in the accompanying consolidated statements of income and comprehensive (loss) income.

Construction in progress primarily consists of building improvements and relocations in 2015 (Successor) and 2014 (Predecessor).

7. INTANGIBLE ASSETS

Intangible assets at December 31, 2015 (Successor) and 2014 (Predecessor), are summarized as follows (in thousands):

	2015 (Successor)	2014 (Predecessor)	Estimated Useful Life Years
Core deposit premiums	$ 62,500	$ 112,308	6–12
Leasehold interest	4,010	1,797	6–55
	66,510	114,105	
Less accumulated amortization	(1,671)	(91,586)	
	64,839	22,519	
Trade name	18,000	6,939	Indefinite
Intangibles—net	$ 82,839	$ 29,458	

During the period from October 17, 2015, through December 31, 2015 (Successor), the period from January 1, 2015, through October 16, 2015 (Predecessor), and the year ended December 31, 2014 (Predecessor), the Bank did not record impairments on its intangible assets.

Total amortization expense of intangible assets was approximately $1,671,000, $9,325,000, and $13,357,000 for the period from October 17, 2015, through December 31, 2015 (Successor), the period from January 1, 2015, through October 16, 2015 (Predecessor), and the year ended December 31, 2014 (Predecessor), respectively. Amortization expense for each of the fiscal years ending December 2016 through 2020 and thereafter is estimated as follows (in thousands):

Years Ending December 31	
2016	$ 8,020
2017	8,020
2018	8,020
2019	8,020
2020	8,020
Thereafter	24,739
Total	$ 64,839

8. DEPOSITS

Deposit accounts at December 31, 2015 (Successor) and 2014 (Predecessor), consist of the following (in thousands):

	2015 (Successor)	2014 (Predecessor)
Demand	$ 1,941,678	$ 1,831,267
Interest checking	485,034	402,580
Savings	117,395	109,913
Money market savings	1,524,725	1,386,464
Time deposits	412,710	427,125
Total	$ 4,481,542	$ 4,157,349

Time deposits at December 31, 2015 (Successor), mature as follows (in thousands):

Maturing in six months or less	$ 215,598
Maturing between six months and one year	42,769
Maturing between one and three years	146,643
Maturing beyond three years	7,700
Total	$ 412,710

Time certificates of deposit, issued in denominations of $100,000 or more, amounted to approximately $379,994,000, and $391,895,000 at December 31, 2015 (Successor) and 2014 (Predecessor), respectively.

Interest on deposits for the period from October 17, 2015, through December 31, 2015 (Successor), the period from January 1, 2015, through October 16, 2015 (Predecessor), and the year ended December 31, 2014 (Predecessor), includes the following (in thousands):

	October 17, 2015, through December 31, 2015 (Successor)	January 1, 2015, through October 16, 2015 (Predecessor)	Year Ended December 31, 2014 (Predecessor)
Interest checking	$ 161	$ 611	$ 795
Savings	36	132	170
Money market savings	1,009	3,617	3,835
Time deposits in denominations of $100,000 or more	295	2,342	2,777
Time deposits	27	126	184
Total	$ 1,528	$ 6,828	$ 7,761

9. OTHER BORROWINGS

BCI had outstanding FHLB advances at December 31, 2015 (Successor) and 2014 (Predecessor), as follows (in thousands):

Interest Rate	Maturity Date	Callable	2015 (Successor)	2014 (Predecessor)
- %	June 15, 2017	N/A	$ 234	$ 234
-	June 28, 2017	N/A	351	351
0.19%	January 30, 2015	N/A		50,000
0.17%	February 2, 2015	N/A		55,000
0.26%	January 7, 2016	N/A	150,000	
0.31%	January 11, 2016	N/A	200,000	
0.38%	January 21, 2016	N/A	75,000	
0.38%	January 22, 2016	N/A	50,000	
0.34%	January 28, 2016	N/A	175,000	
0.38%	January 29, 2016	N/A	100,000	
0.35%	January 29, 2016	N/A	100,000	
0.46%	March 2, 2016	N/A	100,000	
Total			$ 950,585	$ 105,585

As of December 31, 2014 (Predecessor), BCI had outstanding borrowings from Cibeles, S.A. of $20,000,000 that had an interest rate of 4.26%. These borrowings, were contributed to capital during the period from January 1, 2015 through October 16, 2015 (Predecessor).

10. FEDERAL FUNDS PURCHASED AND SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

Certain information pertaining to short-term borrowings at December 31, 2015 (Successor) and 2014 (Predecessor), is set forth as follows (in thousands):

	2015 (Successor)	2014 (Predecessor)
Federal funds purchased:		
Balances outstanding	$ -	$ -
Largest amount outstanding at any month-end	$ -	$ -
Average balance outstanding during the year	$ -	$ 36
Weighted-average interest rate for the year	- %	0.34 %
Securities sold under agreements to repurchase:		
Balances outstanding	$ 87,838	$ 91,572
Largest amount outstanding at any month-end	$ 148,640	$ 211,545
Average balance outstanding during the year	$ 131,671	$ 155,154
Weighted-average interest rate for the year	0.21 %	0.17 %

11. ACCUMULATED OTHER COMPREHENSIVE INCOME

The table below presents the activity of the component of other comprehensive (loss) income and accumulated other comprehensive income for the period from October 17, 2015, through December 31, 2015 (Successor) (in thousands):

	Total Other Comprehensive Income			Total Accumulated Other Comprehensive Income		
	Pretax Activity	Tax Effect	Net Activity Effect	Beginning Balance	Net Activity	Ending Balance
Unrealized gains on securities available for sale	$(11,809)	$(134)	$(11,943)			
Reclassification adjustment for gain—net included in net income						
Net unrealized gains on securities available for sale	$(11,809)	$(134)	$(11,943)	$ -	$ (11,943)	$(11,943)

The table below presents the activity of the component of other comprehensive (loss) income and accumulated other comprehensive income for the period from January 1, 2015, through October 16, 2015 (Predecessor) (in thousands):

	Total Other Comprehensive Income			Total Accumulated Other Comprehensive Income		
	Pretax Activity	Tax Effect	Net Activity Effect	Beginning Balance	Net Activity	Ending Balance
Unrealized gains on securities available for sale	$ (195)	$ 75	$ (120)			
Reclassification adjustment for gain—net included in net income	(1,854)	716	(1,138)			
Net unrealized gains on securities available for sale	$(2,049)	$ 791	$(1,258)	$3,660	$(1,258)	$ 2,402

The table below presents a reclassification out of accumulated other comprehensive (loss) income for the period from January 1, 2015, through October 16, 2015 (Predecessor) (in thousands):

Affected Line Item in the Consolidated Statements of Income and Comprehensive (Loss) Income	
Gain on sale of investment securities—net	$ 1,854
Income before income tax provision	$ 1,854
Applicable income tax provision	(716)
Net income	$ 1,138

The table below presents the activity of the component of other comprehensive (loss) income and accumulated other comprehensive income for the year ended December 31, 2014 (Predecessor) (in thousands):

	Total Other Comprehensive Income			Total Accumulated Other Comprehensive Income		
	Pretax Activity	Tax Effect	Net Activity Effect	Beginning Balance	Net Activity	Ending Balance
Unrealized gains on securities available for sale	$15,136	$ (5,838)	$9,298			
Reclassification adjustment for gain—net included in net income	(277)	107	(170)			
Net unrealized gains on securities available for sale	$14,859	$ (5,731)	$9,128	$ (5,468)	$ 9,128	$3,660

The table below presents a reclassification out of accumulated other comprehensive (loss) income for the year ended December 31, 2014 (Predecessor) (in thousands):

Affected Line Item in the Consolidated Statements of Income and Comprehensive (Loss) Income	
Gain on sale of investment securities—net	$ 277
Income before income tax provision	$ 277
Applicable income tax provision	(107)
Net income	$ 170

12. FAIR VALUE MEASUREMENTS

BCI values its financial assets and liabilities that are measured at fair value in accordance with a three-tier value hierarchy that prioritizes the observable and unobservable inputs used to measure fair value as follows:

Level 1—Quoted prices (unadjusted) for identical assets or liabilities in active markets, as well as U.S. Treasury securities that are highly liquid and are actively traded.

Level 2—Valuations for assets and liabilities traded in less active dealer or broker markets. For example, quoted prices for similar mortgage-backed securities in active markets and other observable inputs.

Level 3—Valuations for assets and liabilities not based on market exchange, dealer, or broker-traded transactions. Level 3 valuations are derived from other valuation methodologies, including discounted cash flow models and similar techniques, and incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

As required by FASB guidance, when the inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest-level input that is significant to the fair value measurement in its entirety; for example, a Level 3 fair value measurement may include inputs that are observable (Levels 1 and 2) and unobservable (Level 3). Therefore, gains and losses for such assets and liabilities categorized within the Level 3 table below may include changes in fair value that are attributable to both observable inputs (Levels 1 and 2) and unobservable inputs (Level 3).

A review of fair value hierarchy classifications is conducted at least on an annual basis. Changes in the observability of valuation inputs may result in a reclassification for certain financial assets or liabilities. Reclassifications affecting Level 3 of the fair value hierarchy are reported as transfers in/out of the Level 3 category as of the beginning of the year in which the reclassifications occur.

BCI's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis at December 31, 2015 (Successor) and 2014 (Predecessor), is as follows (in thousands):

December 31, 2015 (Successor)	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:				
Securities available-for-sale	$ -	$ 1,716,731	$ -	$ 1,716,731
Derivatives	$ -	$ 2,371	$ -	$ 2,371
Liabilities—derivatives	$ -	$ 2,442	$ -	$ 2,442
December 31, 2014 (Predecessor)	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:				
Securities available-for-sale	$ -	$ 1,063,687	$ -	$ 1,063,687
Derivatives	$ -	$ 1,630	$ -	$ 1,630
Liabilities—derivatives	$ -	$ 1,586	$ -	$ 1,586

During 2015 and 2014, BCI did not have any assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3).

Nonrecurring Fair Value—Certain assets are measured at fair value on a nonrecurring basis; that is, the instruments are not measured at fair value on an ongoing basis, but are subject to fair value adjustments in certain circumstances. Assets measured at fair value on a nonrecurring basis during 2015 and 2014 include the following:

Impaired Loans—Certain impaired loans were reported at the fair value of the underlying collateral if repayment is expected solely from the collateral. Collateral values are estimated using Level 3 inputs-based appraisals of the collateral value, resulting in a discount, where applicable, and would result in a decrease in the fair value estimate.

Other Real Estate Owned—Other real estate, owned upon initial acquisition through loan foreclosure, was measured and reported at fair value through a charge-off to the allowance for loan losses. Certain other real estate owned was remeasured at fair value through an allowance included in other operating expense. Subsequent to their initial acquisition, collateral values are estimated using Level 3 inputs-based appraisals of the property value, resulting in a discount, where applicable, and would result in a decrease in the fair value estimate.

There were no assets that were remeasured and reported at fair value on a nonrecurring basis as of December 31, 2015 (Successor), and the assets that were remeasured and reported at fair value on a nonrecurring basis as of December 31, 2014 (Predecessor), are as follows (in thousands):

December 31, 2014 (Predecessor)	**Level 1**	**Level 2**	**Level 3**	**Total**	**Impairments**
Financial assets:					
Loans	$ -	$ -	$ 9,904	$ 9,904	$ (1,281)
Nonfinancial assets—other real estate owned	$ -	$ -	$ 1,992	$ 1,992	$ 788

The types of loans that were remeasured at and reported at fair value on a nonrecurring basis at December 31, 2015 (Successor) and 2014 (Predecessor), are listed within Note 5 within impaired loans.

The information at December 31, 2014 (Predecessor), about significant unobservable inputs related to BCI's Level 3 financial assets measured on a nonrecurring basis is as follows:

December 31, 2014 (Predecessor) Financial Instrument	Fair Value	Valuation Technique	Significant Unobservable Inputs	Ranges of Inputs	Weighted Average
Loans	$ 9,904	Appraised value	Appraised value, less cost to sell	Not meaningful	Not meaningful
Other real estate owned	1,992	Appraised value	Appraised value, less cost to sell	Not meaningful	Not meaningful

13. INCOME TAXES

BCI's income tax provision for the period from October 17, 2015, through December 31, 2015 (Successor), the period from January 1, 2015 through October 16, 2015 (Predecessor), and the year ended December 31, 2014 (Predecessor), is as follows (in thousands):

	October 17, 2015, through December 31, 2015 (Successor)	January 1, 2015, through October 16, 2015 (Predecessor)	Year Ended December 31, 2014 (Predecessor)
Current provision:			
Federal	$ 360	$ 4,352	$ 314
State		529	
Total current provision	360	4,881	314
Deferred provision (benefit):			
Federal	2,295	15,030	22,774
State	937	2,499	3,896
Total deferred provision (benefit)	3,232	17,529	26,670
Income tax provision	$ 3,592	$ 22,410	$ 26,984

The effective tax rate for 2015 and 2014 differs from the statutory rate of 35% primarily as a result of state income taxes and nondeductible expenses.

Deferred income taxes reflect the net effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. The components of deferred tax assets (liabilities) as of December 31, 2015 (Successor) and 2014 (Predecessor), are as follows (in thousands):

	2015 (Successor)	2014 (Predecessor)
Deferred tax assets:		
Net operating losses	$ 46,536	$ 49,029
Intangible assets	(1,044)	17,234
Provision for loan losses	4,159	6,997
Interest recorded on nonaccrual loans	507	457
Impairment of goodwill and intangible assets	135,058	86,203
Other	7,811	6,098
Deferred tax asset—net	193,027	166,018
Deferred tax liability—other	(2,390)	(267)
Net deferred tax asset before unrealized (appreciation) depreciation of investments in securities available-for-sale	190,637	165,751
Unrealized (appreciation) depreciation of securities available-for-sale	(134)	(2,300)
Net deferred tax asset	$ 190,503	$ 163,451

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not, based on an evaluation of both positive and negative evidence as defined in FASB ASC No. 740, *Income Taxes*, that some portion or all of the deferred tax assets will not be realized. Although management believes that these deferred tax assets will ultimately be realized, it must recognize that such realization is dependent on the generation of future taxable income during the periods in which temporary differences are deductible. Under FASB ASC No. 740, management must consider the scheduled reversal of deferred tax assets, projected future taxable income, tax-planning strategies, and whether BCI is in a three-year cumulative loss position in making this assessment. Management evaluated all available evidence, both positive and negative, and based on consideration of this evidence, which included earnings/loss history and anticipated future pretax income, as well as the reversal period for the items giving rise to the deferred tax assets and liabilities, management concluded that it was more likely than not that its net deferred tax asset would be realized as of December 31, 2015 (Successor) and 2014 (Predecessor).

BCI's gross net operating losses of approximately $125,863,000 of federal net operating losses and approximately $117,539,000 of State of Florida net operating losses as of December 31, 2015 (Successor) and 2014 (Predecessor), respectively, will begin to expire during 2028.

BCI accounts for uncertainty in income taxes by recognizing in its consolidated financial statements the tax effects of a position only if it is "more-likely than not" to be sustained based solely on its technical merits; otherwise, no benefits of the position are to be recognized. Moreover, the more-likely-than-not threshold must continue to be met in each reporting period to support continued recognition of a benefit. As of December 31, 2015 (Successor) and 2014 (Predecessor), BCI has not recorded any unrecognized tax benefits in the accompanying consolidated balance sheets. Management does not expect that unrecognized tax benefits will increase within the next 12 months. In the event BCI were to recognize interest and penalties related to uncertain tax positions, they would be recognized in the consolidated financial statements as income tax expense.

During 2011, there was a consolidation among several Spanish banks, including Caja de Ahorros y Monte de Piedad, the parent of BCI. The Internal Revenue Code Section 382 limitation applies to BCI's tax attributes. During 2014, BCI was limited to utilize approximately $31,619,000 per year of its net operating losses and other tax attributes, including unrealized built-in losses from pre-2012. Due to the 2015 acquisition by Banco de Credito e Inversiones S.A., BCI has been limited to utilize approximately $26,703,000 per year of its net operating losses and other tax attributes.

As of December 31, 2015 (Successor) and 2014 (Predecessor), BCI had a tax prepayment of approximately $646,000 and $3,000,000, respectively, which is included in other assets in the accompanying consolidated balance sheets.

14. COMMITMENTS AND CONTINGENCIES

Off Balance Sheet—In the normal course of business, various commitments and contingent liabilities are outstanding that are not reflected in the consolidated financial statements. A summary of these commitments and contingent liabilities at December 31, 2015 (Successor) and 2014 (Predecessor), is as follows (in thousands):

	2015 (Successor)	2014 (Predecessor)
Commercial letters of credit	$ 718	$ 568
Standby letters of credit	61,542	59,131
Commitments to extend credit	728,117	693,798

Commercial letters of credit are instruments, whereby BCI substitutes its credit for that of its customers in connection with financing contracts for the shipment of goods from seller to buyer. BCI's acceptance of these instruments is contingent upon the presentation of the necessary documents to execute such contracts.

Standby letters of credit are conditional commitments issued by BCI to guarantee the performance of a customer to a third party. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. At December 31, 2015 (Successor) and 2014 (Predecessor), standby letters of credit amounting to approximately $44,841,000 and $51,256,000, respectively, were secured by cash collateral or marketable securities. The liability recorded by BCI related to unearned fees from letters of credit outstanding at December 31, 2015 (Successor) and 2014 (Predecessor), was $97,000, and $322,000, respectively, and is included in other liabilities in the accompanying consolidated balance sheets.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. BCI evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary, is based on management's credit evaluation.

Leases—BCI has entered into a number of noncancelable operating lease agreements for premises and equipment. The minimum annual rental commitments under these leases at December 31, 2015 (Successor), are summarized as follows (in thousands):

Years Ending December 31	
2016	$ 5,047
2017	4,573
2018	4,299
2019	4,040
2020	3,428
Thereafter	14,788
Total	$ 36,175

Rent expense under all leases having initial noncancelable terms of more than one year was approximately $1,289,000, $4,488,000, and $5,826,000 for the period from October 17, 2015, through December 31, 2015 (Successor), the period from January 1, 2015, through October 16, 2015 (Predecessor), and the year ended December 31, 2014 (Predecessor), respectively.

Litigation—BCI, from time to time, is a defendant in lawsuits that are incidental to its operations, the outcome of these lawsuits have not had, and are not expected to have, a material effect on the results of operations or financial position of BCI.

15. EMPLOYEE BENEFIT PLAN

BCI has a Retirement Savings Trust and Retirement Savings Plan (the "Plan"), a defined contribution 401(k) plan. The Plan covers all employees who are 21 years of age with more than 90 days of service as of the Plan entry dates of January 1 and July 1. Employees qualify for benefits upon reaching the age of 65 years or upon permanent disability. Participants receive a 100% employer matching contribution up to 5% of their pretax compensation. In addition, BCI may make a discretionary contribution from current or accumulated profits. During the period from October 17, 2015, through December 31, 2015 (Successor), the period from January 1, 2015, through October 16, 2015 (Predecessor), and the year ended December 31, 2014 (Predecessor), BCI contributed approximately $224,000, $1,299,000, and $1,343,000, respectively, to the Plan.

16. REGULATORY MATTERS

BCI and the Bank are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on BCI's and the Bank's consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, BCI and the Bank must meet specific capital guidelines that involve quantitative measures of BCI's and the Bank's assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. BCI's and the Bank's capital amounts and BCI's classification under the regulatory framework for prompt corrective action are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require BCI and the Bank to maintain minimum amounts and ratios (set forth in the table below) of total and Tier I capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier I capital (as defined) to average assets (as defined). Management believes, as of December 31, 2015 (Successor) and 2014 (Predecessor), that BCI and the Bank meet all capital adequacy requirements to which they are subject.

As of December 31, 2015 (Successor) and 2014 (Predecessor), BCI is categorized as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, BCI must maintain minimum total risk-based, Tier I risk-based, and Tier I leverage ratios as set forth in the table. There are no conditions or events that management believes has changed BCI's category.

BCI's and the Bank's actual capital amounts and ratios as of December 31, 2015 (Successor), are also presented as follows:

	Actual Amount	Ratio	Required for Capital Adequacy Purposes Amount	Ratio	Required to be Categorized as Well Capitalized under Prompt Corrective Action Provisions Amount	Ratio
BCI:						
Total capital (to risk-weighted assets)	$ 864,643,000	18.8 %	$ 368,363,000	8.0 %		
Tier I capital (to risk-weighted assets)	$ 862,157,000	18.7 %	$ 276,272,000	6.0 %		
Common Equity Tier I capital (to risk-weighted assets)	$ 862,157,000	18.7 %	$ 207,204,000	4.5 %		
Tier I capital (to average assets)	$ 862,157,000	13.9 %	$ 248,842,000	4.0 %		
Bank:						
Total capital (to risk-weighted assets)	$ 850,959,000	18.5 %	$ 368,419,000	8.0 %	$ 460,524,000	10.0 %
Tier I capital (to risk-weighted assets)	$ 848,473,000	18.4 %	$ 276,314,000	6.0 %	$ 368,419,000	8.0 %
Common Equity Tier I capital (to risk-weighted assets)	$ 848,473,000	18.4 %	$ 207,236,000	4.5 %	$ 299,340,000	6.5 %
Tier I capital (to average assets)	$ 848,473,000	13.7 %	$ 247,642,000	4.0 %	$ 309,552,000	5.0 %

BCI's and the Bank's actual capital amounts and ratios as of December 31, 2014 (Predecessor), are also presented as follows:

	Actual Amount	Ratio	Required for Capital Adequacy Purposes Amount	Ratio	Required to be Categorized as Well Capitalized under Prompt Corrective Action Provisions Amount	Ratio
CM Florida:						
Total capital (to risk-weighted assets)	$ 659,489,000	17.9 %	$ 294,524,000	8.0 %		
Tier I capital (to risk-weighted assets)	$ 613,503,000	16.7 %	$ 147,262,000	4.0 %		
Tier I capital (to average assets)	$ 613,503,000	12.5 %	$ 197,076,000	4.0 %		
Bank:						
Total capital (to risk-weighted assets)	$ 675,939,000	18.4 %	$ 293,887,000	8.0 %	$ 367,358,000	10.0 %
Tier I capital (to risk-weighted assets)	$ 629,959,000	17.1 %	$ 147,359,000	4.0 %	$ 221,038,000	6.0 %
Tier I capital (to average assets)	$ 629,959,000	12.9 %	$ 195,336,000	4.0 %	$ 244,170,000	5.0 %

Banking regulations limit the amount of dividends that may be paid without prior approval of the federal banking regulators. There were no retained earnings from which dividends may be paid by BCI or the Bank without prior approval of the federal banking regulators at December 31, 2015 (Successor) and 2014 (Predecessor).

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

Information pertaining to the estimated fair value of BCI's financial instruments as of December 31, 2015 (Successor) and 2014 (Predecessor), is as follows (in thousands):

	2015 (Successor)		2014 (Predecessor)	
	Carrying Amount	Fair Values	Carrying Amount	Fair Values
Assets:				
Cash and cash equivalents	$ 177,473	$ 177,473	$ 175,119	$ 175,119
Securities purchased under agreements to resell			50,000	50,000
Securities available-for-sale	1,716,731	1,716,731	1,063,687	1,063,687
Securities held-to-maturity	1,000	1,000	246,519	251,294
FHLB and Federal Reserve Bank stock	75,029	75,029	37,898	37,898
Accrued interest receivable	13,757	13,757	10,749	10,749
Loans	4,082,250	4,024,166	3,368,345	3,367,037
Derivatives	2,371	2,371	1,630	1,630
Liabilities:				
Demand deposits, interest checking accounts, savings accounts, and money market deposits	4,068,832	4,068,832	3,730,224	3,730,224
Time deposits	412,710	411,936	427,125	428,273
Other borrowings	950,585	950,568	125,585	125,569
Federal funds purchased and securities sold under agreements to repurchase	87,838	87,838	91,572	91,572
Derivatives	2,442	2,442	1,586	1,586
Accrued interest payable	806	806	576	576

The estimated fair value amounts have been determined using available market information and appropriate valuation methodologies. However, considerable judgment is required to interpret market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts BCI could realize in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, such amounts have not been comprehensively revalued for purposes of these consolidated financial statements since December 31, 2015, and therefore, current estimates of fair value may differ significantly from the amounts presented herein.

Cash and Cash Equivalents and Other Interest-Earning Assets—The carrying amount of cash and due from banks, interest-bearing deposits with financial institutions, and securities purchased under agreements to resell is a reasonable estimate of fair value due to the relatively short period to maturity of these instruments.

Securities—For securities, fair values are based on quoted market prices or dealer quotes. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities, or discounted cash flow models and similar techniques, and incorporates certain assumptions and projections in determining the fair value assigned to such securities.

FHLB and Federal Reserve Bank Stock—The carrying amount of FHLB and Federal Reserve Bank stock is a reasonable estimate of fair value as BCI's ownership is restricted and these stocks lack a market. Shares in these stocks can only be sold back at stated par and to the agency that issued them.

Loans—BCI has determined that the carrying value of variable-rate loans with good credit risk and variable-rate loans repricing in the near future approximates fair values. The fair value of other types of loans is estimated by discounting the future cash flows using the current rates, at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities.

Accrued Interest Receivable—The carrying amount of accrued interest receivable is a reasonable estimate of fair value due to the relatively short period to maturity of these instruments.

Accrued Interest Payable—The carrying amount of accrued interest payable is a reasonable estimate of fair value due to the relatively short period to maturity of these instruments.

Demand Deposits and Time Deposits—The fair value of demand deposits, interest checking accounts, savings accounts, and certain money market deposits is the amount payable on demand at the reporting date. The fair value of fixed-maturity certificates of deposit is estimated using the rates currently offered for deposits of similar remaining maturities.

Other Borrowings—The fair value of other borrowings is estimated using the rates currently offered for borrowings of similar maturities.

Federal Funds Purchased and Securities Sold under Agreements to Repurchase—The carrying values for federal funds purchased and securities sold under agreements to repurchase approximate fair value due to the relatively short period to maturity of these instruments.

Off-Balance-Sheet Instruments—The fair values of commercial letters of credit, standby letters of credit, and commitments to extend approximate carrying value due to the insignificant differences between the stated rates and the current market rates. The fair value of the off-balance-sheet instruments for the period ended December 31, 2015 (Successor), the period ended October 16, 2015 (Predecessor), and the year ended December 31, 2014 (Predecessor), were not significant.

18. RELATED-PARTY TRANSACTIONS

Loans— BCI makes loans to its directors, officers, employees, and other affiliated parties on substantially the same terms, including interest rate and collateral requirements, as those prevailing at the time of the loan origination for comparable transactions with nonaffiliated persons. The aggregate amount of direct loans to directors, executive officers, and principal stockholders at December 31, 2015 (Successor) and 2014 (Predecessor), amounted to $130,000 and $133,000, respectively. BCI did not have indirect loans to directors, executive officers, and principal stockholders at December 31, 2015 (Successor) and 2014 (Predecessor).

As of December 31, 2015 (Successor), BCI did not service any loan participations or other real estate owned, sold to Bankia or other related parties and did not pay any cost to service loan participations on behalf of Bankia or other related parties. As of December 31, 2014 (Predecessor), BCI did not service any loan participations or other real estate owned, sold to Bankia or other related parties. During 2014 (Predecessor), BCI paid $22,000 in costs to service loan participations on behalf of Bankia, S.A. During 2015 (Predecessor) and 2014 (Predecessor), BCI provided professional services to Bankia in the amount of $37,000 and $112,000, respectively. At December 31, 2014 (Predecessor), BCI was owed $45,000, included in other assets. Collections on the serviced loans that were invoiced and collected one month in arrears to Bankia S.A. at December 31, 2014 (Predecessor), amounted to $117,000 and were included in other liabilities in the accompanying consolidated financial statements. Balances held by BCI at December 31, 2014 (Predecessor), to cover for expenses that are incurred by BCI on behalf of Bankia, S.A. amounted to $226,000, and are included in other liabilities in the accompanying consolidated financial statements. At December 31, 2015 (Successor), related parties did not owe BCI any amount and BCI did not hold any amount to cover for future expenses incurred on behalf of any related party.

As of December 31, 2015 (Successor), BCI did not have borrowings from any related party. As of December 31, 2014 (Predecessor), BCI had outstanding borrowings from Bankia S.A. of $20,000,000.

19. PARENT COMPANY ONLY FINANCIAL STATEMENTS

BCI FINANCIAL GROUP, INC. AND SUBSIDIARIES

(fka CM Florida Holdings, Inc. and Subsidiaries)
(Parent Company Only)

BALANCE SHEETS
AS OF DECEMBER 31, 2015 (SUCCESSOR) AND 2014 (PREDECESSOR)
(In thousands, except par value and share information)

	2015 (Successor)	2014 (Predecessor)
ASSETS		
CASH	$ 1,111	$ 1,812
INVESTMENT IN SUBSIDIARIES	931,067	978,890
OTHER ASSETS	13,832	13,554
TOTAL	$ 946,010	$ 994,256
LIABILITIES AND EQUITY		
OTHER BORROWINGS	$ -	$ 20,000
OTHER LIABILITIES	246	259
Total liabilities	246	20,259
STOCKHOLDER'S EQUITY:		
Capital (common stock—927,345,444 shares authorized, issued, and outstanding)	946,918	1,234,269
Accumulated deficit	10,394	(264,277)
Accumulated other comprehensive income (loss)—net of tax	(11,943)	3,660
Total stockholder's equity	945,369	973,652
NONCONTROLLING INTEREST	395	345
Total equity	945,764	973,997
TOTAL	$ 946,010	$ 994,256

BCI FINANCIAL GROUP, INC. AND SUBSIDIARIES
(fka CM Florida Holdings, Inc. and Subsidiaries)
(Parent Company Only)

STATEMENTS OF OPERATIONS AND COMPREHENSIVE (LOSS) INCOME
FOR THE PERIOD FROM OCTOBER 17, 2015, THROUGH DECEMBER 31, 2015 (SUCCESSOR),
FOR THE PERIOD FROM JANUARY 1, 2015, THROUGH OCTOBER 16, 2015 (PREDECESSOR),
AND FOR THE YEAR ENDED DECEMBER 31, 2014 (PREDECESSOR)
(In thousands)

	October 17, 2015, through December 31, 2015 (Successor)	January 1, 2015, through October 16, 2015 (Predecessor)	Year Ended December 31, 2014 (Predecessor)
INTEREST INCOME	$ 9	$ 4	$ 7
EXPENSE:			
Interest expense on other borrowings		686	859
Other		53	49
Total expense	-	739	908
OTHER LOSS INCOME			(40)
INCOME (LOSS) BEFORE EQUITY IN UNDISTRIBUTED INCOME OF SUBSIDIARIES	9	(735)	(941)
EQUITY IN UNDISTRIBUTED INCOME OF SUBSIDIARIES	10,389	36,990	42,948
NET INCOME BEFORE INCOME TAX PROVISION (BENEFIT)	10,398	36,255	42,007
INCOME TAX BENEFIT		(286)	(327)
NET INCOME BEFORE NONCONTROLLING INTEREST	10,398	36,541	42,334
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST	4	15	15
NET INCOME ATTRIBUTABLE TO BCI	10,394	36,526	42,319
OTHER COMPREHENSIVE INCOME (LOSS)—Net of tax:			
Net unrealized (losses) gains on securities available-for-sale	(11,943)	(120)	9,299
Reclassification adjustment for gain—net included in net income		(1,138)	(170)
Total other comprehensive (loss) income	(11,943)	(1,258)	9,129
OTHER COMPREHENSIVE INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST			1
COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO BCI	$ (1,549)	$ 35,268	$ 51,447

BCI FINANCIAL GROUP, INC. AND SUBSIDIARIES
(fka CM Florida Holdings, Inc. and Subsidiaries)
(Parent Company Only)

STATEMENTS OF CASH FLOWS
FOR THE PERIOD FROM OCTOBER 17, 2015, THROUGH DECEMBER 31, 2015 (SUCCESSOR)
FOR THE PERIOD FROM JANUARY 1, 2015, THROUGH OCTOBER 16, 2015 (PREDECESSOR),
AND FOR THE YEAR ENDED DECEMBER 31, 2014 (PREDECESSOR)
(In thousands)

	October 17, 2015, through December 31, 2015 (Successor)	January 1, 2015, through October 16, 2015 (Predecessor)	Year Ended December 31, 2014 (Predecessor)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income before noncontrolling interest	$ 10,398	$ 36,541	$ 42,334
Adjustments to reconcile net income before noncontrolling interest to net cash used in operating activities:			
Deferred tax benefit			(300)
Equity in undistributed income of subsidiaries	(10,389)	(36,990)	(42,948)
(Decrease) increase in other assets	(8)	(283)	4
Increase in other liabilities		30	118
Net cash provided by (used in) operating activities	1	(702)	(792)
NET INCREASE (DECREASE) IN CASH	1	(702)	(792)
CASH—Beginning of year	1,110	1,812	2,604
CASH—End of year	$ 1,111	$ 1,110	$ 1,812

* * * * * *