BCI Financial Group, Inc. and Subsidiaries

(fka CM Florida Holdings, Inc. and Subsidiaries)

Consolidated Financial Statements as of December 31, 2016 and 2015 (Successor), and for the Year Ended December 31 2016 (Successor), and Period from October 17, 2015 through December 31, 2015 (Successor), and for the Period from January 1, 2015 through October 16, 2015 (Predecessor), and Independent Auditors' Report

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders 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, 2016 and 2015 (Successor), and the related consolidated statements of income and comprehensive income (loss), stockholder's equity, and cash flows for the year ended December 31, 2016 (Successor), and period from October 17, 2015 through December 31, 2015 (Successor), and for the period from January 1, 2015 through October 16 2015 (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, 2016 and 2015 (Successor), and the results of its operations and its cash flows for the year ended December 31, 2016 (Successor), and period from October 17, 2015, through December 31, 2015 (Successor), and for the period from January 1, 2015, through October 16, 2015 (Predecessor), in accordance with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

February 24, 2017

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

CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2016 AND 2015 (SUCCESSOR)
(In thousands, except par value and share information)

	2016 (Successor)	2015 (Successor)
ASSETS		
INTEREST-EARNING ASSETS:		
Loans and leases—less:	$ 5,370,213	$ 4,082,250
Net loan discount	(29,964)	(39,138)
Deferred loan fees	(4,550)	(1,257)
Allowance for loan and lease losses	(11,230)	(1,121)
Loans and leases—net	5,324,469	4,040,734
Securities available for sale	1,902,000	1,716,731
Securities held to maturity (fair values: $1,300 in 2016 and $1,000 in 2015)	1,300	1,000
Securities purchased under agreements to resell		50,000
Interest-bearing balances with financial institutions	258,717	70,626
Total interest-earning assets	7,486,486	5,879,091
CASH AND DUE FROM BANKS	79,343	56,847
ACCRUED INTEREST RECEIVABLE	17,519	13,757
BANK PREMISES AND EQUIPMENT—Net	80,984	80,735
OPERATING LEASE EQUIPMENT—Net	60,924	
OTHER REAL ESTATE OWNED	467	867
INTANGIBLE ASSETS—Net	74,819	82,839
GOODWILL—Net	2,790	3,105
FEDERAL HOME LOAN BANK AND FEDERAL RESERVE BANK STOCK	89,509	75,029
DEFERRED TAX ASSETS—Net	178,327	190,503
BANK-OWNED LIFE INSURANCE	154,285	100,261
OTHER ASSETS—Net	11,554	7,165
TOTAL	$ 8,237,007	$ 6,490,199
LIABILITIES AND STOCKHOLDER'S EQUITY		
DEPOSITS AND BORROWINGS:		
Deposits	$ 5,574,179	$ 4,481,542
Other borrowings	1,310,585	950,585
Federal funds purchased and securities sold under agreements to repurchase	287,455	87,838
Total deposits and borrowings	7,172,219	5,519,965
OTHER LIABILITIES	50,423	24,470
Total liabilities	7,222,642	5,544,435
COMMITMENTS AND CONTINGENCIES (Notes 6 and 15)		
STOCKHOLDER'S EQUITY:		
Capital (common stock, $1 par value—927,345,444 shares authorized, issued, and outstanding)	946,918	946,918
Retained Earnings	79,545	10,394
Accumulated other comprehensive loss—net of tax	(12,872)	(11,943)
Total stockholder's equity	1,013,591	945,369
NONCONTROLLING INTEREST	774	395
Total equity	1,014,365	945,764
TOTAL	$ 8,237,007	$ 6,490,199

See notes to consolidated financial statements.

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

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME (LOSS)
FOR THE YEAR ENDED DECEMBER 31, 2016 (SUCCESSOR),
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)
(In thousands)

	Year Ended December 31, 2016 (Successor)	October 17, 2015 through December 31, 2015 (Successor)	January 1, 2015 through October 16, 2015 (Predecessor)
INTEREST INCOME:			
Interest and fees on loans and leases	$184,560	$ 32,953	$116,459
Interest and dividends on securities	44,233	7,413	25,979
Interest on interest-bearing balances with financial institutions and securities purchased under agreements to resell	1,589	190	677
Total interest income	230,382	40,556	143,115
INTEREST EXPENSE:			
Interest on deposits	11,340	1,528	6,828
Interest on borrowings	5,924	370	736
Total interest expense	17,264	1,898	7,564
NET INTEREST INCOME	213,118	38,658	135,551
PROVISION FOR LOAN LOSSES	10,079	1,057	3,800
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	203,039	37,601	131,751
OTHER OPERATING INCOME:			
Service charges, commissions, and fees	24,044	3,307	10,789
Gain on sale of investment securities—net	8,920		1,854
Other	4,554	1,724	2,323
Total other operating income	37,518	5,031	14,966
OTHER OPERATING EXPENSES:			
Salaries and employee benefits	77,273	17,287	47,321
Occupancy expense	11,377	2,190	9,088
Equipment expense	2,440	260	2,715
Amortization of intangible assets	8,020	1,671	9,325
Amortization of goodwill	315	53	
Federal Depository Insurance Corporation insurance	3,230	659	2,145
Other	24,331	6,522	16,600
Total other operating expenses	126,986	28,642	87,194
INCOME BEFORE INCOME TAX PROVISION	113,571	13,990	59,523
INCOME TAX PROVISION	(44,041)	(3,592)	(22,982)
NET INCOME BEFORE NONCONTROLLING INTEREST	69,530	10,398	36,541
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST	379	4	15
NET INCOME ATTRIBUTABLE TO BCI FINANCIAL GROUP, INC.	69,151	10,394	36,526
OTHER COMPREHENSIVE (LOSS) INCOME—Net of tax:			
Net unrealized losses on securities available for sale	(6,410)	(11,943)	(120)
Reclassification adjustment for gain—net included in net income	5,481		(1,138)
Total other comprehensive loss	(929)	(11,943)	(1,258)
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO BCI FINANCIAL GROUP, INC.	$ 68,222	$ (1,549)	$ 35,268
COMPREHENSIVE INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST	$ 379	$ 4	$ 15

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 YEAR ENDED DECEMBER 31, 2016 (SUCCESSOR),
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)
(In thousands)

	Capital	(Accumulated Deficit) Retained Earnings	Accumulated Other Comprehensive Income—Net	Total Stockholder's Equity	Noncontrolling Interest	Total
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
Contribution	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
Net income		69,151		69,151	379	69,530
Change in valuation—securities available for sale—net of tax			(929)	(929)		(929)
BALANCE—December 31, 2016 (Successor)	$ 946,918	$ 79,545	$(12,872)	$1,013,591	$ 774	$ 1,014,365

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 YEAR ENDED DECEMBER 31, 2016 AND PERIOD FROM OCTOBER 17, 2015 THROUGH DECEMBER 31, 2015 (SUCCESSOR), AND FOR THE PERIOD FROM JANUARY 1, 2015 THROUGH OCTOBER 16, 2015 (PREDECESSOR)
(In thousands)

	Year Ended December 31, 2016	October 17, 2015 through December 31, 2015 (Successor)	January 1, 2015 through October 16, 2015 (Predecessor)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income before noncontrolling interest	$ 69,530	$ 10,398	$ 36,541
Adjustments to reconcile net income before noncontrolling interest to net cash provided by operating activities:			
Depreciation and amortization	12,423	2,053	12,601
Provision for loan and lease losses	10,079	1,057	3,800
Provision for off-balance-sheet losses			300
Deferred tax provision	20,393	3,233	17,548
Net gain on sale of loans	(275)		
Net gain on the sale of bank premises and equipment			(1)
Net (loss) gain on other real estate owned	(336)	58	128
Net gain on sale of securities	(8,920)		(1,854)
Net premium amortization on securities held to maturity			1,330
Net premium amortization on securities available for sale	16,569	2,334	5,898
Net accretion on loan discount	(9,174)	(1,602)	
Accretion of deferred loan fees	(1,216)	(40)	(1,676)
Increase in cash surrender value of bank-owned life insurance	(4,024)	(261)	
Proceeds from sales of loans held for sale	27,358		
Loans originated for sale, net of repayments	(28,071)		
Changes in other assets and liabilities:			
Increase in accrued interest receivable	(3,762)	(1,854)	(1,154)
(Increase) decrease in other assets	(4,389)	12,914	(11,361)
Increase in other liabilities	25,957	1,585	9,937
Net cash provided by operating activities	122,142	29,875	72,037
CASH FLOWS FROM INVESTING ACTIVITIES:			
Principal repayment of securities available for sale	303,348	31,058	135,393
Principal repayments and maturities of securities held to maturity			41,285
Proceeds from sales of securities available for sale	198,131	283,386	82,034
Proceeds from calls and maturities of securities available for sale	12,500	11,000	49,906
Proceeds from calls of securities held to maturity	700	300	20,000
Purchases of securities available for sale	(716,047)	(554,009)	(525,322)
Purchases of securities held to maturity	(1,000)	(300)	
Purchase of Federal Home Loan Bank stock	(125,963)	(28,687)	(30,387)
Purchase of Federal Reserve Bank stock			(1,095)
Proceeds from redemption of Federal Reserve Bank stock	1,833		
Proceeds from redemption of Federal Home Loan Bank stock	109,650	8,500	14,538
Maturities of securities purchased under agreements to resell			50,000
Net increase in loans	(1,282,689)	(54,527)	(657,290)
Purchases of bank premises and equipment	(3,075)	(750)	(1,656)
Proceeds from sale of other real estate owned	989	142	1,867
Purchase of bank own life insurance	(50,000)	(100,000)	
Purchase of operating lease equipment	(62,186)		
Net cash used in investing activities	(1,613,809)	(403,887)	(820,727)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net increase (decrease) in deposits	1,092,637	(271,085)	594,477
Net increase (decrease) in federal funds purchased and securities sold under agreements to repurchase	199,617	(88,548)	84,814
Proceeds from Federal Home Loan Bank borrowings	360,000	475,000	370,000
Net cash provided by financing activities	1,652,254	115,367	1,049,291
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	160,587	(258,645)	300,601
CASH AND CASH EQUIVALENTS—Beginning of period	177,473	436,118	175,119
CASH AND CASH EQUIVALENTS—End of period	$ 338,060	$ 177,473	$ 475,720
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Cash paid during the period for interest	$ 16,361	$ 1,848	$ 7,930
Cash paid during the period for income taxes	$ 23,969	$ -	$ -
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITY:			
Real estate property collateralizing loans acquired through foreclosure	$ 253	$ 1,571	$ 723
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) No. 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 (Successor), are those of the Successor.

During 2016, BCI commenced offering operating, direct financing, and leveraged leases through the Bank's wholly owned subsidiary, City National Capital Finance, Inc.

The following summarizes more significant accounting and reporting policies of BCI Financial Group, Inc.:

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, 2016 and 2015 (Successor), were composed of the following amounts (in thousands):

	2016	**2015**
Interest-bearing balances with financial institutions	$258,717	$ 70,626
Securities purchased under agreements to resell		50,000
Cash and due from banks	79,343	56,847
Total	$338,060	$177,473

Loans and Leases—Loans and leases are generally reported at the principal amount outstanding, net of unearned income, deferred loan fees and costs, and any direct principal charge-offs. Direct loan origination fees and costs are deferred and the net amount is amortized over the estimated life of the related loans as a yield adjustment. Interest income is recognized based on the principal balance outstanding computed using the effective interest method. Premiums and discounts on loans are amortized using a method, which approximates the level-yield method.

Loans acquired by BCI are recorded at fair value as of the acquisition date. Any allowance for loan and lease losses (ALLL) previously associated with these loans does not carry over to BCI and is eliminated.

Purchased loans are evaluated for credit deterioration at acquisition and recorded at their initial fair value. For loans acquired with no evidence of credit deterioration, the fair value discount or premium is amortized over the contractual life of the loan as an adjustment to yield. For loans acquired with evidence of credit deterioration (PCI), BCI determines at the acquisition date the excess of the loan’s contractually required payments over all cash flows expected to be collected as an amount that should not be accreted into interest income (nonaccretable difference). The remaining amount representing the difference in the expected cash flows of acquired loans and the initial investment in the acquired loans is accreted into interest income over the remaining life of the loan or pool of loans (accretable yield). Subsequent to the acquisition date, increases in expected cash flows over those expected at the acquisition date are recognized prospectively as interest income over the remaining life of the loan. The present value of any decreases in expected cash flows resulting directly from a change in the contractual interest rate are recognized prospectively as a reduction of the accretable yield. The present value of any decreases in expected cash flows after the acquisition date as a result of credit deterioration is recognized by the recording an ALLL or a direct charge-off. Subsequent to the purchase date, the methods utilized to estimate the required ALLL are similar to originated loans.

BCI’s lease portfolio consists of both direct financing and leveraged leases. Direct financing leases are carried at the aggregate of lease payments plus estimated residual value of the leased property, less unearned income. Interest income on direct financing leases is recognized over the term of the lease to achieve a constant periodic rate of return on the outstanding investment.

Leveraged leases are carried at the aggregate of lease payments (less nonrecourse debt payments) plus estimated residual value of the leased property, less unearned income.

Interest income on leveraged leases is recognized over the term of the lease to achieve a constant rate of return on the outstanding investment in the lease, net of the related deferred income tax liability, in the years in which the net investment is positive.

Nonaccrual Loans and Leases—Loans and leases are considered past due if the required principal and interest payments have not been received as of the date such payments were due. Loans and leases 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 or lease becomes 90 days or more past due. Loans and leases may be placed on nonaccrual status regardless of whether or not such loans and leases are considered past due. When interest accrual is discontinued, all unpaid accrued interest is reversed. 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 and leases for which the accrual of interest has been discontinued are recorded as a reduction of the respective loan's principal balance. Interest income is subsequently recognized only to the extent cash payments are received in excess of principal due. Loans and leases are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Loan or Lease Modifications—A restructuring of a loan or lease 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 or lease modifications that are considered a TDR by BCI pertain to restructuring the terms of the loan or lease 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 or lease. The concession is granted by BCI as an attempt to protect BCI's investment on the loan or lease 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 or lease with similar risk, reduction of the face amount or maturity amount of the loan or lease as stated in the loan or lease agreement, and reduction of accrued interest.

Impaired Loans and Leases—Loans and leases 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 and lease agreement, including scheduled principal and interest payments. If a loan or lease is impaired, a specific valuation allowance is allocated, if necessary, so that the loan and lease is reported net, at the present value of estimated future cash flows using the loan's and lease's existing rate or at the fair value of collateral if repayment is expected solely from the collateral. Impaired loans and leases, or portions thereof, are charged off when deemed uncollectible.

Allowance for Loan and Lease Losses—Provisions for loan and lease losses, which increase the ALLL, are established by charges to income. Such allowance represents the amounts, which, in management's judgment, are adequate to absorb losses on loans and leases, which may become uncollectible. The adequacy of the allowance is determined by management's continuing evaluation of the loan and leases 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 ALLL, 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 ALLL are deemed necessary, they will be reported in income in the period in which they become reasonably estimable.

Management believes that the ALLL is adequate; however, regulatory agencies, as an integral part of their examination process, periodically review BCI's ALLL. 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 and leases portfolio includes the identification of commercial and business, real estate, and other loans and leases, 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 or lease agreement. Individually identified impaired loans and leases are measured based on the present value of payments expected to be received, using the historical effective loan and lease 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 ALLL. Changes to the valuation allowance are recorded as a component of the provision for loan and leases losses.

During 2016 and 2015, the BCI did not change its methodology pertaining to the ALLL estimate.

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, 2016 and 2015 (Successor).

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).

Securities and Other Interest-Bearing Assets Income Recognition—Interest income is recognized over the term of the investment securities and other interest-bearing assets. Premiums and discounts on investment securities are amortized 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 derivatives are recorded in other operating income in the accompanying consolidated statements of income and comprehensive income (loss). The net interest received or paid on the interest rate swaps is 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.

Operating Leasing Equipment—Operating lease equipment is carried at cost less accumulated depreciation. Operating lease equipment is depreciated to its estimated residual value using the straight-line method over the lease term. Where management's intention is to sell the equipment received at the end of a lease, these are marked to the lower cost or fair value and classified as assets held for sale. Depreciation is stopped on these assets and any further marks to lower of cost or fair value are recorded in other income. Equipment received at the end of the lease is marked to the lower of cost or fair value with the adjustment recorded in other operating income. Maintenance costs incurred are expensed if they do not provide a future economic benefit and do not extend the life of the asset.

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 year ended December 31, 2016 (Successor), the period from October 17, 2015, through December 31, 2015 (Successor), and the period from January 1, 2015, through October 16, 2015 (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).

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

Goodwill—beginning of period	$188,833
Impairment losses	
Goodwill—end of period	$188,833

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 year ended December 31, 2016 (Successor) and the period from October 17, 2015, through December 31, 2015 (Successor).

Goodwill at December 31, 2016 and 2015 (Successor), is summarized as follows (in thousands):

	2016	**2015**
Goodwill	$3,158	$3,158
Less accumulated amortization	(368)	(53)
Accumulated impairment losses		
Goodwill—net	$2,790	$3,105

Amortization expense for goodwill was approximately $315,000 and $53,000 for the year ended December 31, 2016 (Successor), and the period from October 17, 2015, through December 31, 2015 (Successor), respectively, and is included within other operating expenses in the accompanying consolidated statements of income and comprehensive income (loss). Amortization expense for each of the fiscal years ending December 2017 through 2021 and thereafter is estimated as follows (in thousands):

Years Ending December 31	
2017	$ 316
2018	316
2019	316
2020	316
2021	316
Thereafter	1,210
Total	$2,790

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 in 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 June 30 as the date of its annual impairment test. BCI did not record an impairment of intangible assets for the year ended December 31, 2016 (Successor), the period from October 17, 2015, through December 31, 2015 (Successor), and the period from January 1, 2015, through October 16, 2015 (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 $467,000 and $867,000 of other real estate owned as of December 31, 2016 and 2015 (Successor), respectively, all of which are classified as held for sale. BCI did not record impairment losses during the year ended December 31, 2016 (Successor), the period from October 17, 2015, through December 31, 2015 (Successor), and the period from January 1, 2015, through October 16, 2015 (Predecessor).

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 the tax benefit 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 income (loss). Certain BOLI policies have a stable value agreement through 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.

Off-Balance-Sheet Reserve for Credit Losses—Off-balance-sheet reserve for credit losses represents 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 income in the period in which they become reasonably estimable. As of December 31, 2016 and 2015 (Successor), BCI's off-balance-sheet reserve for credit losses is $1,365,000 and $1,365,000, respectively, and is recorded within other liabilities within the accompanying consolidated balance sheets. During the year ended December 31, 2016 (Successor), and the period from October 17, 2015, through December 31, 2015 (Successor), BCI did not record any change to the provision for off-balance-sheet credit losses. During the period from January 1, 2015, through October 16, 2015 (Predecessor), BCI recorded $300,000 of provision for off-balance-sheet credit losses. Those are included within other operating expenses within the accompanying consolidated statements of income and comprehensive income (loss).

New Accounting Pronouncements—During January 2014, the FASB issued guidance, which provides alternative private company guidance on 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 adopted the alternative private company guidance as of October 17, 2015.

During January 2016, the FASB issued guidance that amends the guidance on the classification and measurement of financial instruments. Although the guidance retains many current requirements, it significantly revises an entity's accounting related to (1) the classification and measurement of investments in equity securities and (2) the presentation of certain fair value changes for financial liabilities measured at fair value. The guidance also amends certain disclosure requirements associated with the fair value of financial instruments. The adoption of this guidance is effective for BCI for the year ending December 31, 2019. BCI is evaluating the effects that this guidance will have on its financial position, results of operations and consolidated financial statement disclosure.

During February 2016, the FASB issued guidance that amends the guidance on lease accounting. The guidance introduces a lessee model that brings most leases on the balance sheet. The new guidance also aligns many of the underlying principles of the new lessor model with those of the FASB's new revenue recognition standard (e.g., those related to evaluating when profit can be recognized). Furthermore, the guidance addresses other concerns related to the current leases model. For example, the guidance eliminates the requirement for an entity to use bright-line tests in determining lease classification. The standard also requires lessors to increase the transparency of their exposure to changes in value of their residual assets and how they manage that exposure. The adoption of this guidance is effective for BCI for the year ending December 31, 2019. Early adoption is permitted. BCI is evaluating the effects that this guidance will have on its financial position, results of operations and consolidated financial statement disclosure.

During June 2016, the FASB issued guidance that amends the guidance on the impairment of financial instruments. The guidance adds an impairment model (known as the current expected credit loss (CECL) model) that is based on expected losses rather than incurred losses. Under the new guidance, an entity recognizes as an allowance its estimate of expected credit losses. The Accounting Standards Update is also intended to reduce the complexity of the guidance of impairment of financial instruments by decreasing the number of credit impairment models that entities use to account for debt instruments. The CECL model applies to most debt instruments (other than those measured at fair value), trade receivables, lease receivables, reinsurance receivables that result from insurance transactions, financial guarantee contracts, and loan commitments. However, securities available for sales are outside the model's scope. The adoption of this guidance is effective for BCI for the year ending December 31, 2021. Early adoption is permitted during the year ending December 31, 2019. BCI is evaluating the effects that this guidance will have on its financial position, results of operations and consolidated financial statement disclosure.

During August 2016, the FASB issued guidance that amends the guidance on the classification of certain cash receipts and payments in the statement of cash flows. The primary purpose of the amendment is to reduce the diversity in practice that has resulted from the lack of consistent principles on this topic. The guidance added or clarified the following cash flow items: debt prepayment or debt extinguishment costs; settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing; contingent consideration payments made after a business combination; proceeds from the settlement of insurance claims; proceeds from the settlement of corporate-owned life insurance policies, including BOLI policies; distributions received from equity method investees; beneficial interests in securitization transactions; and separately identifiable cash flows and application of the predominance principle. The adoption of this guidance is effective for BCI for the year ending December 31, 2019. Early adoption is permitted. The guidance must be applied retrospectively to all periods presented but may be applied prospectively from the earliest date practicable if retrospective application would be impracticable. BCI is evaluating the effects that this guidance will have on its consolidated cash flow statement presentation.

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 24, 2017, 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 expenses were not deemed to be expenses 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, 2016 and 2015 (Successor), were as follows:

Securities available for sale at December 31, 2016 (Successor), were as follows (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Values
U.S. government agencies	$ 1,117,300	$ 21	$ (17,465)	$ 1,099,856
Collateralized mortgage/debt obligations	682,557	427	(5,633)	677,351
U.S. corporate obligations	103,897		(651)	103,246
Other securities	19,200	2,760	(413)	21,547
Total	$ 1,922,954	$ 3,208	$ (24,162)	$ 1,902,000

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 held to maturity at December 31, 2016 (Successor), were as follows (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Values
Other securities	$1,300	$ -	$ -	$1,300
Total	$1,300	$ -	$ -	$1,300

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

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, 2016 and 2015 (Successor), were as follows (in thousands):

	Less than 12 Months		12 Months or Longer		Total	
2016	**Fair Values**	**Unrealized Losses**	**Fair Values**	**Unrealized Losses**	**Fair Values**	**Unrealized Losses**
Available for sale:						
Adjustable-rate mortgage	$ -	$ -	$ -	$ -	$ -	$ -
Collateralized mortgage/debt obligation	507,933	(5,633)			507,933	(5,633)
US corporate obligations	103,247	(651)			103,247	(651)
US government agencies	1,072,532	(17,465)			1,072,532	(17,465)
Other securities	18,610	(413)			18,610	(413)
Total	$ 1,702,322	$(24,162)	$ -	$ -	$1,702,322	$(24,162)

2015	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, 2016 and 2015 (Successor), there were no securities held to maturity with unrealized losses.

BCI did not realize losses on available-for-sale and held-to-maturity securities during the year ended December 31, 2016 (Successor), the period from October 17, 2015, through December 31, 2015 (Successor), and the period from January 1, 2015, through October 16, 2015 (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, 2016 and 2015 (Successor).

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, 2016 (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	$ -	$ -	$ -	$ -
Due after 1 year through 5 years	105,622	104,992	1,300	1,300
Due after 5 years through 10 years	9,813	9,702		
Due after 10 years	1,105,939	1,088,595		
	1,221,374	1,203,289	1,300	1,300
Collateralized mortgage/debt obligations	682,557	680,101		
Mutual funds	19,023	18,610		
Total	$1,922,954	$1,902,000	$ 1,300	$1,300

BCI recognized gross realized gains and losses on the sale of available-for-sale securities during the year ended December 31, 2016 (Successor), of approximately $8,920,000. 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. Securities valued at approximately $883,271,000 and $683,329,900 at December 31, 2016 and 2015 (Successor), 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 110 derivatives is designated as a hedging instrument. BCI does not enter into derivatives for speculative or trading purposes.

Derivative instruments at December 31, 2016 (Successor), were as follows (in thousands):

	Asset Derivatives		
	Consolidated Balance Sheet Location	**Current Notional**	**Fair Value**
Derivatives not designated as hedging instruments—interest rate products	Other assets	$338,766	$7,444

	Liability Derivatives		
	Consolidated Balance Sheet Location	**Current Notional**	**Fair Value**
Derivatives not designated as hedging instruments—interest rate products	Other liabilities	$338,766	$7,116

The effect of BCI's derivative instruments not designated as hedging instruments recorded within BCI's consolidated statement of income and comprehensive income (loss) for the year ended December 31, 2016 (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	$400

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

	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 hedging instruments recorded within BCI's consolidated statement of income and comprehensive income (loss) 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 hedging instruments recorded within BCI's consolidated statement of income and comprehensive income (loss) 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

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, 2016 and 2015 (Successor), BCI did not have any derivatives that were in a liability positions related to those agreements.

5. LOANS AND LEASES

Loans and leases classified by type at December 31, 2016 and 2015 (Successor), are as follows (in thousands):

	2016	2015
Real estate:		
Adjustable	$2,418,966	$1,868,318
Fixed	1,564,511	1,263,956
Commercial and other business loans:		
Adjustable	908,833	704,503
Fixed	294,785	190,931
Commercial leases:		
Financing leases	74,505	
Leveraged leases	58,462	
Consumer:		
Adjustable	37,515	46,615
Fixed	12,636	7,927
Total	$5,370,213	$4,082,250

The loans and leases subgroup at December 31, 2016 and 2015 (Successor), consisted of the following (in thousands):

	2016	2015
Real estate:		
Commercial	$2,519,269	$1,890,505
Residential	1,004,098	907,106
Construction and land	460,110	334,663
Total real estate	3,983,477	3,132,274
Commercial and other business loans	1,203,618	895,434
Commercial leases	132,967	
Consumer	50,151	54,542
Total	$5,370,213	$4,082,250

At December 31, 2016 and 2015 (Successor), BCI had approximately $102,942,000 and $72,272,000, respectively, of interest-only, adjustable-rate residential mortgages where the borrower may be subject to payment increases.

Loans carried at approximately $3,473,510,000 and $1,242,766,000 at December 31, 2016 and 2015 (Successor), respectively, were pledged as collateral to secure available borrowings based on lendable collateral of approximately $1,434,022,000 and $786,006,000, respectively, from the FHLB of Atlanta.

Loans carried at approximately $790,498,000 and $506,760,000 at December 31, 2016 and 2015 (Successor), respectively, were pledged as collateral to secure available borrowings based on lendable collateral of approximately $519,299,000 and $263,842,000, respectively, from the Federal Reserve Bank of Atlanta.

Leases—Pretax income from leveraged leases was $524,000. The tax effect of this income was an expense of $202,000 for the year ended December 31, 2016 (Successor). As of December 31 2015 (Successor), and for the year then ended, BCI did not have leases.

The following table provides the components of commercial financing leases portfolio:

	2016
Rentals receivable—net of principal and interest on nonrecourse debt	$110,314
Estimated residual value of lease assets	40,203
Initial direct costs—net of amortization	(1,206)
Gross investment in financing lease	149,311
Unearned income	(16,344)
Net investment in commercial financing lease	$132,967

At December 31, 2016 (Successor), BCI had approximately $391,000 of accumulated allowance for uncollected minimum lease payments.

BCI periodically reviews residual values associated with its leasing portfolio. Declines in residual values that are deemed to be other than temporary are recognized as a loss. During 2016, BCI did not recognize any residual value write-downs related to commercial leases. At December 31, 2016 (Successor), the minimum future lease payments receivable for each of the years 2017 through 2021 were $24,409,000, $21,807,000, $16,657,000, $12,165,000, and $8,352,000, respectively, and $29,342,000 thereafter. During the year ended December 31, 2016 (Successor), BCI did not recognize any contingent rental income on direct financing commercial leases.

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 estimate 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 (loss), 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, 2016 and 2015 (Successor), the balance of nonaccrual PCI loans is $12,616,000 and $19,561,000, respectively. 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 and lease 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 and lease production, loan and lease quality, concentrations of credit, loan and lease delinquencies, and nonperforming and potential problem loans and leases. Diversification in the loan and lease 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.

Leasing transactions often involve onetime lending decisions of a more transactional nature than relationship nature and thus require strong credit quality. Lease repayments primarily rely on cash flow. Equipment or other collateral value is considered for secondary repayment and residual gain realization purposes. Leases are underwritten in accordance with BCI's goals of consistent high credit quality. Leases' credit risk is managed by assessing delinquency, special asset and substandard asset levels, and investment losses over time.

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, 2016 and 2015 (Successor), approximately 74% and 77% of BCI's loans relate to real estate.

Nonaccrual and Past Due Loans—Nonaccrual loans and leases, segregated by class of loans and leases, at December 31, 2016 and 2015 (Successor), are as follows (in thousands):

	2016	**2015**
Real estate:		
Commercial	$ 8,642	$ 1,129
Residential	15,067	14,996
Construction and land		
Total real estate	23,709	16,125
Commercial and other business loans	1,826	3,463
Commercial leases		
Consumer		
Total	$25,535	$19,588

Interest income that would have been recorded on nonaccrual loans and leases, if such loans and leases were performing in accordance with their original terms, for the year ended December 31, 2016 (Successor), the period from October 17, 2015, through

December 31, 2015 (Successor), and the period from January 1, 2015, through October 16, 2015 (Predecessor), amounted to approximately $1,035,000, $429,000, and $561,000, respectively.

An age analysis of past due loans, segregated by class of loans, at December 31, 2016 and 2015 (Successor), is as follows (in thousands):

2016	**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	$ 3,271	$ 7,858	$ 11,129	$ 2,508,140	$ 2,519,269	$ -
Residential	10,528	3,929	14,457	989,641	1,004,098	
Construction and land			-	460,110	460,110	
Total real estate	13,799	11,787	25,586	3,957,891	3,983,477	-
Commercial and other business loans	1,944	1,778	3,722	1,199,896	1,203,618	12
Commercial leases			-	132,967	132,967	
Consumer	626		626	49,525	50,151	
Total	$ 16,369	$ 13,565	$ 29,934	$ 5,340,279	$ 5,370,213	$ 12
2015						
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 loans	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

Impaired Loans—Impaired loans at December 31, 2016 and 2015 (Successor), are set forth as follows (in thousands):

2016	Unpaid Contractual Principal Balance	Recorded Investment with No Allowance	Recorded Investment with Allowance	Total Recorded Investment	Related Allowance	Average Recorded Investment
Real estate:						
Commercial	$ 8,284	$ 7,226	$1,041	$ 8,267	$ 44	$ 8,297
Residential	11,139	9,030	1,933	10,963	256	10,398
Construction and land				-		
Total real estate	19,423	16,256	2,974	19,230	300	18,695
Commercial and other business loans	8,831	8,235	591	8,826	432	9,101
Commercial leases						
Consumer				-		
Total	$ 28,254	$ 24,491	$3,565	$28,056	$ 732	$ 27,796
2015						
Real estate:						
Commercial	$ -	$ -	$ -	$ -	$ -	$ -
Residential	246	246		246		249
Construction and land				-		
Total real estate	246	246	-	246	-	249
Commercial and other business loans				-		
Consumer				-		
Total	$ 246	$ 246	$ -	$ 246	$ -	$ 249

The recorded interest income on impaired loans by class of loans for the year ended December 31, 2016 (Successor), the period from October 17, 2015, through December 31, 2015 (Successor), and the period from January 1, 2015, through October 16, 2015 (Predecessor), are as follows (in thousands):

	Year Ended December 31, 2016 (Successor)	Period from October 17, 2015, through December 31, 2015 (Successor)	Period from January 1, 2015, through October 16, 2015 (Predecessor)
Real estate:			
Commercial	$ 197	$ -	$ 34
Residential	421	3	699
Construction and land			
Total real estate	618	3	733
Commercial and other business loans	439		49
Commercial leases			
Consumer			
Total	$ 1,057	$ 3	$ 782

Loans and Leases Modification—BCI considers all of the loans and leases that were modified as a TDR as impaired loans and leases.

BCI did not have any commitment to lend on TDR loans at December 31, 2016 and 2015 (Successor).

Loans whose terms were modified and considered TDR during the year ended December 31, 2016 (Successor), are summarized in the following table (in thousands, except for number of contracts):

	Number of Contracts	Premodification Outstanding Recorded Investment	Postmodification Outstanding Recorded Investment	Increase in Allowance for Loan Losses upon Modification	Charge-Off upon Modification
Troubled debt restructurings:					
Real estate:					
Commercial		$ -	$ -	$ -	$ -
Residential	11	980	962	30	
Construction and land					
Total real estate	11	980	962	30	-
Commercial and other business loans	11	9,994	9,994		
Commercial leases					
Consumer					
Total	22	$10,974	$10,956	$30	$ -

There were no loans considered TDR that defaulted during the year ended December 31, 2016 (Successor).

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	Premodification Outstanding Recorded Investment	Postmodification 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 loans					
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	Premodification Outstanding Recorded Investment	Postmodification 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 loans	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 loans		
Consumer		
Total	37	$3,023

At December 31, 2016 and 2015 (Successor), there were 20 and 4 loans totaling approximately $9,241,000 and $303,000, 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 this 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 and leases grouped by their internal classification segmented by the class of loans and leases at December 31, 2016 and 2015 (Successor), are represented as follows (in thousands):

2016	**Unclassified**	**Special Mention**	**Substandard**	**Doubtful**	**Total**
Real estate:					
Commercial	$ 2,506,575	$ 1,304	$ 11,390	$ -	$ 2,519,269
Residential	986,802	1,133	16,163		1,004,098
Construction and land	460,110				460,110
Total real estate	3,953,487	2,437	27,553	-	3,983,477
Commercial and other business	1,182,341		21,277		1,203,618
Commercial leases	132,967				132,967
Consumer	50,151				50,151
Total	$ 5,318,946	$ 2,437	$ 48,830	$ -	$ 5,370,213
2015					
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

BCI's loans grouped by performing and nonperforming classes of loans at December 31, 2016 and 2015 (Successor), are summarized as follows (in thousands):

	Real Estate			**Commercial and Other Business Loans**			
2016	**Commercial**	**Residential**	**Construction and Land**		**Commercial Leases**	**Consumer**	**Total**
Performing	$ 2,510,627	$ 989,031	$ 460,110	$ 1,201,792	$ 132,967	$ 50,151	$ 5,344,678
Nonperforming	8,642	15,067		1,826			25,535
Total	$ 2,519,269	$ 1,004,098	$ 460,110	$ 1,203,618	$ 132,967	$ 50,151	$ 5,370,213

	Real Estate			**Commercial and Other Business**			
2015	**Commercial**	**Residential**	**Construction and Land**		**Commercial Leases**	**Consumer**	**Total**
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

Nonperforming loans are loans that are considered nonaccrual.

Allowance for Loan Loss—Transactions affecting the allowance for loan losses for the year ended December 31, 2016 (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, 2016 (Successor), are summarized as follows (in thousands):

	Real Estate			Commercial				
	Commercial	Residential	Construction and Land	and Other Business	Commercial Leases	Consumer	Unallocated	Total
Allowance for loan losses:								
Beginning balance—December 31, 2015	$ 114	$ 51	$ 7	$ 327	$ -	$ 1	$ 621	$ 1,121
Loan charged off	(40)	(434)		(68)		(247)		(789)
Recoveries	402	62		299		56		819
Provision for (reversal of) loan losses	5,320	2,008	540	1,684	824	262	(559)	10,079
Ending balance—December 31, 2016	$ 5,796	$ 1,687	$ 547	$ 2,242	$ 824	$ 72	$ 62	$11,230
December 31, 2016—individually evaluated for impairment (individually allocated)	$ 44	$ 256	$ -	$ 432	$ -	$ -	$ -	$ 732
December 31, 2016—collectively evaluated for impairment (unallocated)	$ 5,752	$ 1,428	$ 547	$ 1,810	$ 824	$ 72	$ 62	$10,495
December 31, 2016—loans acquired with deteriorated credit quality (PCI)	$ -	$ 3	$ -	$ -	$ -	$ -	$ -	$ 3

	Real Estate			Commercial			
2016	Commercial	Residential	Construction and Land	and Other Business	Commercial Leases	Consumer	Total
Loans:							
Individually evaluated for impairment	$ 8,267	$ 10,963	$ -	$ 8,826	$ -	$ -	$ 28,056
Collectively evaluated for impairment	2,510,628	981,979	460,110	1,193,706	132,967	50,151	5,329,541
Acquired with deteriorated credit quality (PCI)	374	11,156		1,086			12,616
Total	$2,519,269	$1,004,098	$460,110	$1,203,618	$132,967	$50,151	$5,370,213

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 and Other Business	Consumer	Unallocated	Total
	Commercial	Residential	Construction and Land				
Allowance for loan losses:							
Beginning balance—October 17, 2015 (Successor)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Loan charged off		(3)		(19)			(22)
Recoveries	4	57		13	12		86
Provision for (reversal of) 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 and Other Business	Consumer	Total
December 31, 2015 (Successor)	Commercial	Residential	Construction and Land			
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
Provision for (reversal of) 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

Purchase and Sale of Loans—During the year ended December 31, 2016 (Successor), the period from October 17, 2015, through December 31, 2015 (Successor), and the period from January 1, 2015, through October 16, 2015 (Predecessor), BCI sold approximately $27,576,000, $2,190,000, and $14,306,000, respectively, of loans that were originated with the intention to sell to an unrelated party.

6. BANK PREMISES AND EQUIPMENT

Bank premises and equipment at December 31, 2016 and 2015 (Successor), are summarized as follows (in thousands):

	2016	2015
Land	$43,636	$43,640
Buildings and leasehold improvements	29,812	29,392
Furniture and equipment	10,371	7,992
	83,819	81,024
Less accumulated depreciation	(3,312)	(486)
	80,507	80,538
Construction in progress	477	197
Bank premises and equipment—net	$80,984	$80,735

Depreciation and amortization expense for premises and equipment was approximately $2,826,000, $329,000, and $3,276,000 for the year ended December 31, 2016 (Successor), the period from October 17, 2015, through December 31, 2015 (Successor), and the period from January 1, 2015, through October 16, 2015 (Predecessor), respectively, and is included as occupancy expense and equipment expense within other operating expenses in the accompanying consolidated statements of income and comprehensive income (loss).

Construction in progress primarily consists of building improvements and relocations in 2016 and 2015 (Successor).

7. OPERATING LEASE EQUIPMENT

Operating lease equipment at December 31, 2016 (Successor), is summarized as follows (in thousands):

	2016
Railcars	$54,570
Other equipment	7,616
	62,186
Less accumulated depreciation	(1,262)
Operating lease equipment—net	$60,924

The following table presents future minimum lease rentals due on noncancelable operating leases at December 31, 2016 (Successor). Excluded from this table are variable rentals calculated on asset usage levels, re-leasing rentals, and expected sales proceeds from remarketing equipment at lease expiration, all of which are components of operating lease profitability. Minimum lease rentals due are as follows (in thousands):

Years Ending December 31	
2017	$ 5,224
2018	5,224
2019	4,970
2020	4,319
2021	3,983
Thereafter	12,673
Total	$36,393

During the year ended December 31, 2016 (Successor), BCI did not receive any contingent rental income.

8. INTANGIBLE ASSETS

Intangible assets at December 31, 2016 and 2015 (Successor), are summarized as follows (in thousands):

	2016	**2015**	**Estimated Useful Life Years**
Core deposit premiums	$62,500	$62,500	6–12
Leasehold interest	4,010	4,010	6–55
	66,510	66,510	
Less accumulated amortization	(9,691)	(1,671)	
	56,819	64,839	
Trade name	18,000	18,000	Indefinite
Intangibles—net	$74,819	$82,839	

During the year ended December 31, 2016 (Successor), the period from October 17, 2015, through December 31, 2015 (Successor), and the period from January 1, 2015, through October 16, 2015 (Predecessor), BCI did not record impairments on its intangible assets.

Total amortization expense of intangible assets was approximately $8,020,000, $1,671,000, and $9,325,000 for the year ended December 31, 2016 (Successor), the period from October 17, 2015, through December 31, 2015 (Successor), and the period from January 1, 2015, through October 16, 2015 (Predecessor), respectively. Amortization expense for each of the fiscal years ending December 2017 through 2021 and thereafter is estimated as follows (in thousands):

Years Ending December 31	
2017	$ 8,020
2018	8,020
2019	8,020
2020	8,020
2021	7,426
Thereafter	17,313
Total	$ 56,819

9. DEPOSITS

Deposit accounts at December 31, 2016 and 2015 (Successor), consist of the following (in thousands):

	2016	**2015**
Demand	$ 2,098,301	$ 1,941,678
Interest checking	629,974	485,034
Savings	122,292	117,395
Money market savings	1,657,386	1,524,725
Time deposits	1,066,226	412,710
Total	$ 5,574,179	$ 4,481,542

Time deposits at December 31, 2016 (Successor), mature as follows (in thousands):

Maturing in six months or less	$ 837,088
Maturing between six months and one year	164,807
Maturing between one year and three years	58,892
Maturing beyond three years	5,439
Total	$ 1,066,226

Time certificates of deposit, issued in denominations of $100,000 or more, amounted to approximately $450,273,000 and $379,994,000 at December 31, 2016 and 2015 (Successor), respectively.

Interest on deposits for the year ended December 31, 2016 (Successor), the period from October 17, 2015, through December 31, 2015 (Successor), and the period from January 1, 2015, through October 16, 2015 (Predecessor), includes the following (in thousands):

	Year Ended December 31, 2016 (Successor)	Period from October 17, 2015, through December 31, 2015 (Successor)	Period from January 1, 2015, through October 16, 2015 (Predecessor)
Interest checking	$ 1,009	$ 161	$ 611
Savings	179	36	132
Money market savings	5,783	1,009	3,617
Time deposits in denominations of $100,000 or more	2,771	295	2,342
Time deposits	1,598	27	126
Total	$11,340	$1,528	$6,828

10. OTHER BORROWINGS

BCI had outstanding FHLB advances at December 31, 2016 and 2015 (Successor), as follows (in thousands):

Description	Interest Rate	Maturity	Callable	2016	2015
Fixed-rate hybrid	0.99 %	April 2018	N/A	$ 50,000	$ -
Fixed-rate credit	0.49%–0.60%	January 2017	N/A	550,000	
Fixed-rate credit	0.66 %	February 2017	N/A	100,000	
Fixed-rate credit	0.65%–0.69%	March 2017	N/A	360,000	
Fixed-rate credit	0.75 %	April 2017	N/A	250,000	
Fixed-rate credit	0.00 %	June 2017	N/A	585	585
Fixed-rate credit	0.26%–0.38%	January 2016	N/A		850,000
Fixed-rate credit	0.46 %	March 2016	N/A		100,000
	Total			$ 1,310,585	$ 950,585

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

Certain information pertaining to short-term borrowings at December 31, 2016 and 2015 (Successor), is set forth as follows (in thousands):

	2016	2015
Federal funds purchased:		
Balance outstanding	$ -	$ -
Largest amount outstanding at any month-end	$ 50,000	$ -
Average balance outstanding during the year	$ 137	$ -
Weighted-average interest rate for the year	0.73 %	- %
Securities sold under agreements to repurchase:		
Balance outstanding	$287,455	$ 87,838
Largest amount outstanding at any month-end	$287,455	$148,640
Average balance outstanding during the year	$211,376	$131,671
Weighted-average interest rate for the year	0.24 %	0.21 %

12. 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 year ended December 31, 2016 (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	$ (18,067)	$ 11,657	$ (6,410)			
Reclassification adjustment for gain—net included in net income	8,920	(3,439)	5,481			
Net unrealized gains on securities available for sale	$ (9,147)	$ 8,218	$ (929)	$ (11,943)	$ (929)	$ (12,872)

The table below presents a reclassification out of accumulated other comprehensive (loss) income for the year ended December 31, 2016 (Successor) (in thousands):

Affected Line Item in the Consolidated Statements of Income and Comprehensive Income (Loss)	
Gain on sale of investment securities—net	$ 8,920
Income before income tax provision	$ 8,920
Applicable income tax provision	(3,439)
Net income	$ 5,481

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)	715	(1,139)			
Net unrealized gains on securities available for sale	$(2,049)	$790	$(1,259)	$3,661	$(1,259)	$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 Items in the Consolidated Statements of Income and Comprehensive Income (Loss)	
Gain on sale of investment securities—net	$1,854
Income before income tax provision	$1,854
Applicable income tax provision	(715)
Net income	$1,139

13. FAIR VALUE MEASUREMENTS

BCI values its financial assets and liabilities that are measured at fair value in accordance with a three-tier fair 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, 2016 and 2015 (Successor), is as follows (in thousands):

2016	Level 1	Level 2	Level 3	Total
Assets:				
Securities available for sale	$ -	$ 1,902,000	$ -	$ 1,902,000
Derivatives	$ -	$ 7,444	$ -	$ 7,444
Liabilities—derivatives	$ -	$ 7,116	$ -	$ 7,116

2015	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

During 2016 and 2015, 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 2016 and 2015 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.

The assets that were remeasured and reported at fair value on a nonrecurring basis as of December 31, 2016 (Successor), are as follows (in thousands):

	Level 1	Level 2	Level 3	Total	Impairment
Financial assets—Loans	$ -	$ -	$ 3,106	$ 3,106	$ 792

The types of loans that were remeasured at and reported at fair value on a nonrecurring basis at December 31, 2016 (Successor), are listed within Note 5 within impaired loans.

There were no assets that were remeasured and reported at fair value on a nonrecurring basis as of December 31, 2015 (Successor).

The information at December 31, 2016 (Successor), about significant unobservable inputs related to BCI's Level 3 financial assets measured on a nonrecurring basis is as follows (in thousands):

	Fair Value	Valuation Technique	Significant Unobservable Inputs	Ranges of Inputs	Weighted Average
Financial assets—Loans	$ 3,106	Appraised value	Appraised value	Not meaningful	Not meaningful

14. INCOME TAXES

For tax purposes, the Parent treated the October 16, 2015, acquisition of the Parent and its wholly owned subsidiaries as a stock purchase. This election results in taxable exchange where the buyer inherits the sellers' tax basis on the assets or liabilities transferred (carryover basis). Accordingly, deferred tax assets and liabilities were recorded as of the acquisition date.

BCI's income tax provision (benefit) for the year ended December 31, 2016 (Successor), the period from October 17, 2015, through December 31, 2015 (Successor), and the period from January 1, 2015, through October 16, 2015 (Predecessor), is as follows (in thousands):

	Year Ended December 31, 2016	October 17, 2015, through December 31, 2015 (Successor)	January 1, 2015, through October 16, 2015 (Predecessor)
Current provision:			
Federal	$20,168	$ 360	$ 4,352
State	3,480		529
Total current provision	23,648	360	4,881
Deferred provision:			
Federal	17,911	2,295	15,030
State	2,482	937	2,499
Total deferred provision	20,393	3,232	17,529
Income tax provision	$44,041	$3,592	$22,410

The effective tax rate for 2016 and 2015 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) at December 31, 2016 and 2015 (Successor), are as follows (in thousands):

	2016	**2015**
Deferred tax assets:		
Net operating losses	$ 49,889	$ 46,536
Provision for loan losses	4,536	4,159
Interest recorded on nonaccrual loans	467	507
Impairment of goodwill and intangible assets	125,303	135,058
Other	10,790	7,811
Deferred tax asset—net	190,985	194,071
Deferred tax liabilities:		
Intangible assets	(1,377)	(1,044)
Depreciation	(17,796)	(2,390)
Other	(1,568)	
Total deferred tax liabilities	(20,741)	(3,434)
Net deferred tax asset before unrealized (appreciation) depreciation of investments in securities available for sale	170,244	190,637
Unrealized depreciation (appreciation) of securities available for sale	8,083	(134)
Net deferred tax asset	$178,327	$ 190,503

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 evidences 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 assets would be realized at December 31, 2016 and 2015 (Successor).

BCI’s gross net operating losses of approximately $128,844,000 of federal net operating losses and approximately $124,048,000 of State of Florida net operating losses at December 31, 2016 (Successor), will begin to expire during 2028.

BCI has approximately $22,524,000 gross excess recognized built-in losses related to goodwill amortization, that are disallowed because of Internal Revenue Code section 382 limitation. These recognized built-in losses are carried forward and will begin to expire during 2036.

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, 2016 and 2015 (Successor), 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 was to recognize interest and penalties related to uncertain tax positions, they would be recognized in the consolidated financial statements as income tax expense.

Due to the 2015 acquisition of the BCI by Parent, BCI has been limited under the Internal Revenue Code Section 382 limitation to utilize approximately $26,703,000 per year of its net operating losses and other tax attributes.

As of December 31, 2016 and 2015 (Successor), BCI had a tax prepayment of approximately $398,000 and $646,000, respectively, which is included in other assets in the accompanying consolidated balance sheets.

15. 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, 2016 and 2015 (Successor), is as follows (in thousands):

	2016	**2015**
Commercial letters of credit	$ 290	$ 718
Standby letters of credit	37,580	61,542
Commitments to extend credit	875,596	728,117

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, 2016 and 2015 (Successor), standby letters of credit amounting to approximately $22,823,000 and $44,841,000, 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, 2016 and 2015 (Successor), was $103,000 and $97,000, 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, 2016 (Successor), are summarized as follows (in thousands):

Years Ending December 31	
2017	$ 4,573
2018	4,299
2019	4,040
2020	3,428
2021	1,846
Thereafter	12,942
Total	$31,128

Rent expense under all leases having initial noncancelable terms of more than one year was approximately $6,057,000, $1,289,000, and $4,488,000 for the year ended December 31, 2016 (Successor), the period from October 17, 2015, through December 31, 2015 (Successor), and the period from January 1, 2015, through October 16, 2015 (Predecessor), respectively.

Litigation—BCI, from time to time, is a defendant in lawsuits that are incidental to its operations; the outcomes 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.

16. 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 year ended December 31, 2016 (Successor), the period from October 17, 2015, through December 31, 2015 (Successor), and the period from January 1, 2015, through October 16, 2015 (Predecessor), BCI contributed approximately $1,604,000, $224,000, and $1,299,000, respectively, to the Plan.

17. REGULATORY MATTERS

BCI is 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 consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, BCI must meet specific capital guidelines that involve quantitative measures of BCI's assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. BCI's capital amounts and classifications 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 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, 2016, that BCI meets all capital adequacy requirements to which it is subject.

As of December 31, 2016, 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, Common Equity Tier I (CET I), and Tier I leverage ratios as set forth in the table. There are no conditions or events since that notification that management believes have changed the institution's category.

BCI's and the Bank's actual capital amounts and ratios as of December 31, 2016, 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)	$926,238,000	15.3 %	$483,772,000	8.0 %		
Tier I capital (to risk-weighted assets)	$913,643,000	15.1 %	$362,829,000	6.0 %		
Common Equity Tier I capital (to risk-weighted assets)	$913,643,000	15.1 %	$272,122,000	4.5 %		
Tier I capital (to average assets)	$913,643,000	11.7 %	$312,688,000	4.0 %		
Bank:						
Total capital (to risk-weighted assets)	$918,870,000	15.2 %	$483,302,000	8.0 %	$604,127,000	10.0 %
Tier I capital (to risk-weighted assets)	$906,275,000	15.0 %	$362,476,000	6.0 %	$483,302,000	8.0 %
Common Equity Tier I capital (to risk-weighted assets)	$906,275,000	15.0 %	$271,857,000	4.5 %	$392,683,000	6.5 %
Tier I capital (to average assets)	$906,275,000	11.6 %	$312,267,000	4.0 %	$390,334,000	5.0 %

BCI's and the Bank's actual capital amounts and ratios as of December 31, 2015, 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	18.80 %	$368,363,000	8.00 %		
Tier I capital (to risk-weighted assets)	$862,157,000	18.70 %	$276,272,000	6.00 %		
Common Equity Tier I capital (to risk-weighted assets)	$862,157,000	18.70 %	$207,204,000	4.50 %		
Tier I capital (to average assets)	$862,157,000	13.90 %	$248,842,000	4.00 %		
Bank:						
Total capital (to risk-weighted assets)	$850,959,000	18.50 %	$368,419,000	8.00 %	$460,524,000	10.00 %
Tier I capital (to risk-weighted assets)	$848,473,000	18.40 %	$276,314,000	6.00 %	$368,419,000	8.00 %
Common Equity Tier I capital (to risk-weighted assets)	$848,473,000	18.40 %	$207,236,000	4.50 %	$299,340,000	6.50 %
Tier I capital (to average assets)	$848,473,000	13.70 %	$247,642,000	4.00 %	$309,552,000	5.00 %

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 without prior approval of the federal banking regulators at December 31, 2016 (Successor).

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

Information pertaining to the estimated fair value of BCI's financial instruments at December 31, 2016 and 2015 (Successor), is as follows (in thousands):

	2016		2015	
	Carrying Amount	**Fair Values**	**Carrying Amount**	**Fair Values**
Assets:				
Cash and cash equivalents	$ 338,060	$ 338,060	$ 177,473	$ 177,473
Securities purchased under agreements to resell				
Securities available for sale	1,902,000	1,902,000	1,716,731	1,716,731
Securities held to maturity	1,300	1,300	1,000	1,000
FHLB and Federal Reserve Bank stock	89,509	89,509	75,029	75,029
Accrued interest receivable	17,519	17,519	13,757	13,757
Loans and leases	5,370,213	5,317,872	4,082,250	4,024,166
Derivatives	7,444	7,444	2,371	2,371
Liabilities:				
Demand deposits, interest checking accounts, savings accounts, and money market deposits	4,507,953	4,507,953	4,069,943	4,069,943
Time deposits	1,066,226	1,068,155	412,710	411,936
Other borrowings	1,310,585	1,310,585	950,585	950,585
Federal funds purchased and securities sold under agreements to repurchase	287,455	287,455	87,838	87,838
Derivatives	7,116	7,116	2,442	2,442
Accrued interest payable	1,623	1,623	806	806

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, 2016, 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 Stocks—The carrying amount of FHLB and Federal Reserve Bank stocks 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 and Leases—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 and leases are estimated by discounting the future cash flows using the current rates, at which similar loans and leases 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 are based on fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the counterparties' credit standing. Their fair values are not considered significant at December 31, 2016 and 2015 (Successor).

19. 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, 2016 and 2015 (Successor), amounted to $1,687,000 and $130,000, respectively. BCI did not have indirect loans to directors, executive officers, and principal stockholders at December 31, 2016 and 2015 (Successor).

20. 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, 2016 AND 2015 (SUCCESSOR)
(In thousands, except par value and share information)

	2016	2015 (Successor)
ASSETS		
CASH	$ 1,140	$ 1,111
INVESTMENT IN SUBSIDIARIES	1,000,370	931,067
OTHER ASSETS	12,865	13,832
TOTAL	$ 1,014,375	$ 946,010
LIABILITIES AND EQUITY		
OTHER LIABILITIES	$ -	$ 246
Total liabilities	-	246
STOCKHOLDER'S EQUITY:		
Capital (common stock—927,345,444 shares authorized, issued, and outstanding)	946,918	946,918
Accumulated deficit	79,545	10,394
Accumulated other comprehensive income (loss)—net of tax	(12,862)	(11,943)
Total stockholder's equity	1,013,601	945,369
NONCONTROLLING INTEREST	774	395
Total equity	1,014,375	945,764
TOTAL	$ 1,014,375	$ 946,010

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

STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS) FOR THE YEAR ENDED DECEMBER 31, 2016 AND PERIOD FROM OCTOBER 17, 2015 THROUGH DECEMBER 31, 2015 (SUCCESSOR), FOR THE PERIOD FROM JANUARY 1, 2015 THROUGH OCTOBER 16, 2015 (PREDECESSOR)
(In thousands)

	Year Ended December 31, 2016	October 17, 2015, through December 31, 2015 (Successor)	January 1, 2015, through October 16, 2015 (Predecessor)
INTEREST INCOME	$ 4	$ 9	$ 4
EXPENSE:			
Interest expense on other borrowings			686
Other	68		53
Total expense	68	-	739
(LOSS) INCOME BEFORE EQUITY IN UNDISTRIBUTED INCOME OF SUBSIDIARIES	(64)	9	(735)
EQUITY IN UNDISTRIBUTED INCOME OF SUBSIDIARIES	70,227	10,389	36,990
NET INCOME BEFORE INCOME TAX PROVISION (BENEFIT)	70,163	10,398	36,255
INCOME TAX PROVISION (BENEFIT)	633		(286)
NET INCOME BEFORE NONCONTROLLING INTEREST	69,530	10,398	36,541
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST	379	4	15
NET INCOME ATTRIBUTABLE TO BCI	69,151	10,394	36,526
OTHER COMPREHENSIVE INCOME (LOSS)—Net of tax:			
Net unrealized losses on securities available-for-sale	(6,410)	(11,943)	(120)
Reclassification adjustment for gain (loss) —net included in net income	5,481		(1,138)
Total other comprehensive loss	(929)	(11,943)	(1,258)
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO BCI	$68,222	$ (1,549)	$35,268

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

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016 AND PERIOD FROM OCTOBER 17, 2015 THROUGH DECEMBER 31, 2015 (SUCCESSOR), FOR THE PERIOD FROM JANUARY 1, 2015 THROUGH OCTOBER 16, 2015 (PREDECESSOR)
(In thousands)

	Year Ended December 31, 2016	October 17, 2015 through December 31, 2015 (Successor)	January 1, 2015 through October 16, 2015 (Predecessor)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income before noncontrolling interest	$ 69,530	$ 10,398	$ 36,541
Adjustments to reconcile net income before noncontrolling interest to net cash provided by (used in) operating activities:			
Equity in undistributed income of subsidiaries	(70,227)	(10,389)	(36,990)
Decrease (increase) in other assets	972	(8)	(283)
(Decrease) increase in other liabilities	(246)		30
Net cash provided by (used in) operating activities	29	1	(702)
NET INCREASE (DECREASE) IN CASH	29	1	(702)
CASH—Beginning of year	1,111	1,110	
CASH—End of year	$ 1,140	$ 1,111	$ (702)

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