SOUTH STATE Corp
Form 10-Q
November 06, 2015
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2015

OR

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

For the transition period from to

Commission file number 001-12669

SOUTH STATE CORPORATION

(Exact name of registrant as specified in its charter)

South Carolina	57-0799315
(State or other jurisdiction of incorporation)	(IRS Employer Identification No.)

520 Gervais Street	
Columbia, South Carolina	29201
(Address of principal executive offices)	(Zip Code)

(800) 277-2175

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes No

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

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

Large Accelerated Filer	Accelerated Filer
Non-Accelerated Filer	Smaller Reporting Company

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

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

Class	Outstanding as of October 31, 2015
Common Stock, $2.50 par value	24,218,062

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South State Corporation and Subsidiary

September 30, 2015 Form 10-Q

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PART I — FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

South State Corporation and Subsidiary

Condensed Consolidated Balance Sheets

(Dollars in thousands, except par value)

	September 30, 2015 (Unaudited)	December 31, 2014 (Note 1)	September 30, 2014 (Unaudited)
ASSETS			
Cash and cash equivalents:			
Cash and due from banks	$ 641,502	$ 229,901	$ 269,480
Interest-bearing deposits with banks	7,333	7,456	7,382
Federal funds sold and securities purchased under agreements to resell	240,545	180,512	226,166
Total cash and cash equivalents	889,380	417,869	503,028
Investment securities:			
Securities held to maturity (fair value of $9,758, $10,233 and $11,019, respectively)	9,314	9,659	10,389
Securities available for sale, at fair value	885,798	806,766	805,114
Other investments	9,031	10,518	10,518
Total investment securities	904,143	826,943	826,021
Loans held for sale	48,985	61,934	57,683
Loans:			
Acquired credit impaired (covered of $103,329, $182,464, and $197,944, respectively; non-covered of $665,277,$736,938, and $782,548, respectively), net of allowance for loan losses	768,606	919,402	980,492
Acquired non-credit impaired (covered of $7,990, $9,376, and $9,459, respectively; non-covered of $1,099,450, $1,318,623, and $1,367,884, respectively)	1,107,440	1,327,999	1,377,343
Non-acquired	3,994,716	3,467,826	3,304,708
Less allowance for non-acquired loan losses	(35,116)	(34,539)	(34,804)
Loans, net	5,835,646	5,680,688	5,627,739
FDIC indemnification asset	7,942	22,161	30,983
Other real estate owned (covered of $5,465, $16,227, and $18,961, respectively; non-covered of $25,913, $26,499, and $32,289, respectively)	31,378	42,726	51,250
Premises and equipment, net	174,662	171,772	173,425
Bank owned life insurance	100,967	99,140	98,505

Deferred tax assets	40,090	42,692	60,322
Mortgage servicing rights	24,665	21,601	22,052
Core deposit and other intangibles	49,982	49,239	51,291
Goodwill	338,342	317,688	317,688
Other assets	53,694	71,774	60,101
Total assets	$ 8,499,876	$ 7,826,227	$ 7,880,088
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits:			
Noninterest-bearing	$ 1,927,309	$ 1,639,953	$ 1,654,308
Interest-bearing	5,150,700	4,821,092	4,863,920
Total deposits	7,078,009	6,461,045	6,518,228
Federal funds purchased and securities sold under agreements to repurchase	260,521	221,541	231,229
Other borrowings	55,107	101,210	101,127
Other liabilities	57,927	57,511	62,509
Total liabilities	7,451,564	6,841,307	6,913,093
Shareholders' equity:			
Preferred stock - $.01 par value; authorized 10,000,000 shares; no shares issued and outstanding	—	—	—
Common stock - $2.50 par value; authorized 40,000,000 shares; 24,211,793, 24,150,702 and 24,135,220 shares issued and outstanding, respectively	60,529	60,377	60,338
Surplus	706,227	701,764	700,579
Retained earnings	279,681	223,156	207,219
Accumulated other comprehensive income (loss)	1,875	(377)	(1,141)
Total shareholders' equity	1,048,312	984,920	966,995
Total liabilities and shareholders' equity	$ 8,499,876	$ 7,826,227	$ 7,880,088

The Accompanying Notes are an Integral Part of the Financial Statements.

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South State Corporation and Subsidiary

Condensed Consolidated Statements of Income (unaudited)

(Dollars in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Interest income:				
Loans, including fees	$ 79,857	$ 78,700	$ 238,111	$ 239,988
Investment securities:				
Taxable	4,106	3,982	11,590	11,860
Tax-exempt	1,112	1,236	3,262	3,463
Federal funds sold and securities purchased under agreements to resell	487	430	1,362	1,331
Total interest income	85,562	84,348	254,325	256,642
Interest expense:				
Deposits	1,811	2,395	5,550	7,056
Federal funds purchased and securities sold under agreements to repurchase	95	87	296	277
Other borrowings	641	1,497	2,138	4,500
Total interest expense	2,547	3,979	7,984	11,833
Net interest income	83,015	80,369	246,341	244,809
Provision for loan losses	1,075	2,091	5,038	5,109
Net interest income after provision for loan losses	81,940	78,278	241,303	239,700
Noninterest income:				
Fees on deposit accounts	19,212	17,637	53,403	52,079
Trust and investment services income	5,489	4,490	15,474	13,845
Mortgage banking income	4,817	4,124	18,532	12,098
Securities losses, net	—	(90)	—	(2)
Amortization of FDIC indemnification asset, net	(1,871)	(4,825)	(7,120)	(17,718)
Other	2,124	3,117	6,069	9,096
Total noninterest income	29,771	24,453	86,358	69,398
Noninterest expense:				
Salaries and employee benefits	40,013	40,029	120,754	119,398
Net occupancy expense	5,395	5,387	15,678	16,758
Information services expense	4,736	3,417	13,076	12,154
Branch acquisition and consolidation expense	3,091	—	5,328	—
OREO expense and loan related	2,717	3,374	7,750	9,313
Furniture and equipment expense	2,554	3,166	8,461	10,171
Bankcard expense	2,448	2,141	6,713	6,520
Amortization of intangibles	2,078	2,080	6,058	6,268
Professional fees	1,383	1,068	4,377	3,501
Supplies, printing and postage expense	1,377	1,681	4,391	4,863
FDIC assessment and other regulatory charges	1,248	1,268	3,685	4,111

Advertising and marketing	1,054	837	2,918	2,679
Merger expense	—	6,846	—	19,341
Other	5,100	3,764	16,019	13,286
Total noninterest expense	73,194	75,058	215,208	228,363
Earnings:				
Income before provision for income taxes	38,517	27,673	112,453	80,735
Provision for income taxes	13,377	8,346	38,515	26,546
Net income	25,140	19,327	73,938	54,189
Preferred stock dividends	—	—	—	1,073
Net income available to common shareholders	$ 25,140	$ 19,327	$ 73,938	$ 53,116
Earnings per common share:				
Basic	$ 1.05	$ 0.81	$ 3.09	$ 2.22
Diluted	$ 1.04	$ 0.80	$ 3.05	$ 2.20
Dividends per common share	$ 0.25	$ 0.21	$ 0.72	$ 0.60
Weighted average common shares outstanding:				
Basic	23,984	23,899	23,956	23,890
Diluted	24,285	24,160	24,235	24,139

The Accompanying Notes are an Integral Part of the Financial Statements.

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South State Corporation and Subsidiary

Condensed Consolidated Statements of Comprehensive Income (unaudited)

(Dollars in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net income	$ 25,140	$ 19,327	$ 73,938	$ 54,189
Other comprehensive income (loss):				
Unrealized gains (losses) on securities:				
Unrealized holding gains (losses) arising during period	5,991	(2,877)	2,981	13,287
Tax effect	(2,284)	1,097	(1,137)	(5,066)
Reclassification adjustment for losses included in net income	—	90	—	2
Tax effect	—	(34)	—	(1)
Net of tax amount	3,707	(1,724)	1,844	8,222
Unrealized gains (losses) on derivative financial instruments qualifying as cash flow hedges:				
Unrealized holding gains (losses) arising during period	(154)	41	(245)	(144)
Tax effect	59	(16)	93	55
Reclassification adjustment for losses included in interest expense	89	78	230	232
Tax effect	(34)	(30)	(88)	(88)
Net of tax amount	(40)	73	(10)	55
Change in pension plan obligation:				
Reclassification adjustment for changes included in net income	225	165	674	495
Tax effect	(86)	(63)	(256)	(190)
Net of tax amount	139	102	418	305
Other comprehensive income (loss), net of tax	3,806	(1,549)	2,252	8,582
Comprehensive income	$ 28,946	$ 17,778	$ 76,190	$ 62,771

The Accompanying Notes are an Integral Part of the Financial Statements.

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South State Corporation and Subsidiary

Condensed Consolidated Statements of Changes in Shareholders' Equity (unaudited)

Nine months ended September 30, 2015 and 2014

(Dollars in thousands, except per share data)

	Preferred Stock		Common Stock			Retained	Accumulated Other Comprehensive Income	
	Shares	Amount	Shares	Amount	Surplus	Earnings	(Loss)	Total
Balance, December 31, 2013	65,000	$ 1	24,104,124	$ 60,260	$ 762,354	$ 168,577	$ (9,723)	$ 981,469
Comprehensive income	—	—	—	—	—	54,189	8,582	62,771
Cash dividends on Series A preferred stock at annual dividend rate of 9%	—	—	—	—	—	(1,073)	—	(1,073)
Cash dividends declared on common stock at $0.60 per share	—	—	—	—	—	(14,474)	—	(14,474)
Employee stock purchases	—	—	7,058	18	395	—	—	413
Stock options exercised	—	—	9,122	23	248	—	—	271
Restricted stock awards	—	—	21,560	54	(54)	—	—	—
Repurchase of Series A preferred stock	(65,000)	(1)	—	—	(64,999)	—	—	(65,000)
Common stock repurchased	—	—	(6,644)	(17)	(387)	—	—	(404)
Share-based compensation expense	—	—	—	—	3,022	—	—	3,022
Balance, September 30,	—	$ —	24,135,220	$ 60,338	$ 700,579	$ 207,219	$ (1,141)	$ 966,995

2014

Balance, December 31, 2014	—	$ —	24,150,702	$ 60,377	$ 701,764	$ 223,156	$ (377)	$ 984,920
Comprehensive income	—	—	—	—	—	73,938	2,252	76,190
Cash dividends declared on common stock at $0.72 per share	—	—	—	—	—	(17,413)	—	(17,413)
Employee stock purchases	—	—	6,971	17	427	—	—	444
Stock options exercised	—	—	30,560	77	881	—	—	958
Restricted stock awards	—	—	41,105	102	(102)	—	—	—
Common stock repurchased	—	—	(17,545)	(44)	(1,057)	—	—	(1,101)
Share-based compensation expense	—	—	—	—	4,314	—	—	4,314
Balance, September 30, 2015	—	$ —	24,211,793	$ 60,529	$ 706,227	$ 279,681	$ 1,875	$ 1,048,312

The Accompanying Notes are an Integral Part of the Financial Statements.

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South State Corporation and Subsidiary

Condensed Consolidated Statements of Cash Flows (unaudited)

(Dollars in thousands)

	Nine Months Ended September 30,	
	2015	2014
Cash flows from operating activities:		
Net income	$ 73,938	$ 54,189
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	15,704	15,846
Provision for loan losses	5,038	5,109
Deferred income taxes	1,213	7,301
Loss on sale of securities	—	2
Share-based compensation expense	4,314	3,022
Amortization on FDIC indemnification asset	7,120	17,718
Accretion of discount related to performing acquired loans	(4,777)	(7,580)
Loss on disposals of premises and equipment	432	1,402
Gain on sale of OREO	(1,492)	(6,826)
Net amortization of premiums on investment securities	3,293	3,057
OREO write downs	7,673	8,673
Fair value adjustment for loans held for sale	(104)	—
Originations and purchases of mortgage loans for sale	(725,597)	(560,000)
Proceeds from mortgage loans sales	738,558	533,982
Net change in:		
Accrued interest receivable	(248)	(4,129)
Prepaid assets	187	4,845
FDIC indemnification asset	7,098	37,567
Accrued interest payable	(2,009)	(1,154)
Accrued income taxes	15,435	(5,813)
Miscellaneous assets and liabilities	4,109	(12,542)
Net cash provided by operating activities	149,885	94,669
Cash flows from investing activities:		
Proceeds from sales of investment securities available for sale	—	9,315
Proceeds from maturities and calls of investment securities held to maturity	345	1,535
Proceeds from maturities and calls of investment securities available for sale	175,875	114,441
Proceeds from sales of investment securities held to maturity	—	411
Proceeds from calls of other investment securities	1,392	—
Proceeds from sales of other investment securities	95	2,868
Purchases of investment securities available for sale	(255,218)	(131,823)
Purchases of other investment securities	—	(6,186)
Net increase in loans	(175,094)	(21,877)
Net cash received from branch acquisitions	403,548	—
Purchases of premises and equipment	(11,677)	(13,258)

Proceeds from sale of credit card loans	—	20,350
Proceeds from sale of OREO	28,189	48,102
Proceeds from sale of premises and equipment	25	3,914
Net cash provided by investing activities	167,480	27,792
Cash flows from financing activities:		
Net increase (decrease) in deposits	178,675	(37,269)
Net increase in federal funds purchased and securities sold under agreements to repurchase and other short-term borrowings	38,980	19,828
Repayment of other borrowings	(46,397)	(1,186)
Common stock issuance	444	413
Preferred stock repurchase	—	(65,000)
Common stock repurchase	(1,101)	(404)
Dividends paid on preferred stock	—	(1,073)
Dividends paid on common stock	(17,413)	(14,474)
Stock options exercised	958	271
Net cash provided by (used in) financing activities	154,146	(98,894)
Net increase in cash and cash equivalents	471,511	23,567
Cash and cash equivalents at beginning of period	417,869	479,461
Cash and cash equivalents at end of period	$ 889,380	$ 503,028
Supplemental Disclosures:		
Cash Flow Information:		
Cash paid for:		
Interest	$ 9,993	$ 12,988
Income taxes	$ 21,946	$ 22,239
Schedule of Noncash Investing Transactions:		
Real estate acquired in full or in partial settlement of loans (covered of $6,832 and $13,393, respectively; and non-covered of $16,190 and $22,888, respectively)	$ 23,022	$ 36,281

The Accompanying Notes are an Integral Part of the Financial Statements.

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South State Corporation and Subsidiary

Notes to Condensed Consolidated Financial Statements (unaudited)

Note 1 — Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and disclosures required by accounting principles generally accepted in the United States ("GAAP") for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Certain prior period information has been reclassified to conform to the current period presentation, and these reclassifications had no impact on net income or equity as previously reported. Operating results for the three and nine months ended September 30, 2015 are not necessarily indicative of the results that may be expected for the year ending December 31, 2015.

The condensed consolidated balance sheet at December 31, 2014 has been derived from the audited financial statements at that date but does not include all of the information and disclosures required by GAAP for complete financial statements.

Note 2 — Summary of Significant Accounting Policies

The information contained in the consolidated financial statements and accompanying notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2014, as filed with the Securities and Exchange Commission (the "SEC") on February 27, 2015, should be referenced when reading these unaudited condensed consolidated financial statements. Unless otherwise mentioned or unless the context requires otherwise, references herein to "South State," the "Company" "we," "us," "our" or similar references mean South State Corporation and its consolidated subsidiaries. References to the "Bank" means South State Corporation's wholly owned subsidiary, South State Bank, a South Carolina banking corporation.

Subsequent Events

The Company has evaluated subsequent events for accounting and disclosure purposes through the date the financial statements are issued.

Note 3 — Recent Accounting and Regulatory Pronouncements

In September 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2015-16, Business Combinations (Topic 805): Simplifying the Accounting for Measurement Period Adjustments (ASU 2015-16). The update simplifies the accounting for adjustments made to provisional amounts recognized in a business combination by eliminating the requirement to retrospectively account for those adjustments. For public companies, this update will be effective for interim and annual periods beginning after December 15, 2015, and is to be applied prospectively. Early adoption is permitted. The Company has determined that this guidance will not have a material impact on the Company's consolidated financial statements.

In April 2015, the FASB issued ASU No. 2015-03, Interest—Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs (ASU 2015-03). The update simplifies the presentation of debt issuance costs by requiring that debt issuance costs be presented in the balance sheet as a direct deduction from the carrying amount of debt liability, consistent with debt discounts or premiums. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this update. In August 2015, the FASB issued ASU 2015-15, Interest—Imputation of Interest (Subtopic 835-30): Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements, expanding the guidance provided in ASU 2015-03 by permitting the presentation of costs associated with securing a revolving line of credit as an asset, regardless of whether or not the line of credit is funded. For public companies, both updates will be effective for interim and annual periods beginning after December 15, 2015, and are to be applied retrospectively. Early adoption is permitted. The Company has determined that this guidance will not have a material impact on the Company's consolidated financial statements.

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In February 2015, the FASB issued Accounting Standards Update ASU 2015-02, Amendments to the Consolidation Analysis ("ASU 2015-02"). This ASU affects reporting entities that are required to evaluate whether they should consolidate certain legal entities. Specifically, the amendments: (1) modify the evaluation of whether limited partnerships and similar legal entities are variable interest entities ("VIEs") or voting interest entities; (2) eliminate the presumption that a general partner should consolidate a limited partnership; (3) affect the consolidation analysis of reporting entities that are involved with VIEs, particularly those that have fee arrangements and related party relationships; and (4) provide a scope exception from consolidation guidance for reporting entities with interests in legal entities that are required to comply with or operate in accordance with requirements that are similar to those in Rule 2a-7 of the Investment Company Act of 1940 for registered money market funds. ASU No. 2015-02 is effective for interim and annual reporting periods beginning after December 15, 2015. The Company is currently evaluating the impact of adopting the new guidance on the consolidated financial statements, but does not expect it to have a material impact.

In November 2014, the FASB issued ASU 2014-16, Derivatives and Hedging (Topic 815): Determining Whether the Host Contract in a Hybrid Financial Instrument Issued in the Form of a Share Is More Akin to Debt or to Equity, a consensus of the FASB Emerging Issues Task Force ("ASU 2014-16"). This ASU clarifies how current U.S. GAAP should be interpreted in subjectively evaluating the economic characteristics and risks of a host contract in a hybrid financial instrument that is issued in the form of a share. ASU 2014-16 is effective for public business entities for annual periods and interim periods within those annual periods, beginning after December 15, 2015. The adoption of ASU 2014-16 is not expected to have a material impact on the Company's financial statements.

In August 2014, the FASB issued ASU 2014-14, Receivables—Troubled Debt Restructurings by Creditors (Subtopic 310-40)—Classification of Certain Government Guaranteed Mortgage Loans upon Foreclosure ("ASU 2014-14"). ASU 2014-14 provides clarifying guidance related to how creditors classify government-guaranteed loans upon foreclosure. ASU 2014-14 requires that a mortgage loan be derecognized and a separate receivable be recognized upon foreclosure if certain conditions are met. Upon foreclosure, the separate receivable should be measured based on the amount of the loan balance (principal and interest) expected to be recovered from the guarantor. ASU 2014-14 became effective for the Company on January 1, 2015 and did not have an impact on the Company's financial statements.

In June 2014, the FASB issued ASU 2014-12, Compensation—Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period, a consensus of the FASB Emerging Issues Task Force ("ASU 2014-12"). ASU 2014-12 requires that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. ASU 2014-12 is effective for annual periods and interim periods within those annual periods, beginning after December 15, 2015. An entity may apply the standards (1) prospectively to all share-based payment awards that are granted or modified on or after the effective date, or (2) retrospectively to all awards with performance targets that are outstanding as of the beginning of the earliest annual period presented in the financial statements and to all new or modified awards thereafter. Earlier application is permitted. The adoption of ASU 2014-12 is not expected to have a material impact on the Company's financial statements.

In June 2014, the FASB issued ASU 2014-11, Transfers and Servicing (Topic 860): Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures ("ASU 2014-11"). ASU 2014-11 aligns the accounting for repurchase to maturity transactions and repurchase agreements executed as a repurchase financing with the accounting for other typical repurchase agreements. Going forward, these transactions would all be accounted for as secured borrowings. ASU 2014-11 became effective for the Company on January 1, 2015 and did not have a significant impact on the Company's financial statements. See Note 21 – Repurchase Agreements for the disclosure required under the provisions of ASU 2014-11.

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In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers, Topic 606 ("ASU 2014-09"). The new standard's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. In doing so, companies will need to use more judgment and make more estimates than under existing guidance. These may include identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. In August of 2015, the FASB issued ASU 2015-14, Revenue from Contracts with Customers, Topic 606: Deferral of the Effective Date, deferring the effective date of ASU 2014-09 until annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. The amendments can be applied retrospectively to each prior reporting period or retrospectively with the cumulative effect of initially applying this new guidance recognized at the date of initial application. The Company is currently evaluating the provisions of ASU 2014-09 to determine the potential impact the new standard will have to the Company's financial statements.

In January 2014, the FASB issued ASU 2014-04, Receivables—Troubled Debt Restructurings by Creditors (Subtopic 310-40): Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans upon Foreclosure, a consensus of the FASB Emerging Issues Task Force ("ASU 2014-04"). ASU 2014-04 clarifies that an in-substance foreclosure occurs, and a creditor is considered to have received physical possession of residential real estate property collateralizing a consumer mortgage loan, upon either (i) the creditor obtaining legal title to the residential real estate property upon completion of a foreclosure or (ii) the borrower conveying all interest in the residential real estate property to the creditor to satisfy the loan through completion of a deed in lieu of foreclosure or similar legal agreement. ASU 2014-04 also requires disclosure of both the amount of foreclosed residential real estate property held by the creditor and the recorded investment in loans collateralized by residential real estate property that are in the process of foreclosure. ASU 2014-04 became effective for the Company on January 1, 2015 and although additional disclosures regarding residential real estate foreclosures and properties in process of foreclosure were required, did not have a significant impact on the Company's financial statements.

In January 2014, the FASB issued ASU No. 2014-01, Accounting for Investments in Qualified Affordable Housing Projects ("ASU 2014-01"). ASU 2014-01 amends FASB ASC 323, Investments – Equity Method and Joint Ventures, to permit reporting entities to make an accounting policy election to account for their investments in qualified affordable housing projects using the proportional amortization method if certain conditions are met. Under the proportional amortization method, an entity amortizes the initial cost of the investment in proportion to the tax credits and other tax benefits received and recognizes the net investment performance in the income statement as a component of income tax expense (benefit). ASU 2014-02 became effective for the Company on January 1, 2015 and did not have a significant impact on the Company's financial statements (see Note 20).

Note 4 — Mergers and Acquisitions

The following mergers and acquisitions are referenced throughout this Form 10-Q:

- Community Bank & Trust (“CBT”) – January 29, 2010 – Federal Deposit Insurance Corporation (“FDIC”) purchase and assumption agreement
- Habersham Bank (“Habersham”) – February 18, 2011 – FDIC purchase and assumption agreement
- BankMeridian, N.A. (“BankMeridian”) – July 29, 2011 – FDIC purchase and assumption agreement
- Peoples Bancorporation, Inc. (“Peoples”) – April 24, 2012 – Whole bank acquisition
- The Savannah Bancorp, Inc. (“Savannah”) – December 13, 2012 – Whole bank acquisition
- First Financial Holdings, Inc. (“FFHI”) – July 26, 2013 – Whole bank acquisition which resulted in the assumption of FDIC purchase and assumption agreements with respect to Cape Fear Bank (“Cape Fear”) – April 10, 2009 and Plantation Federal Bank (“Plantation”) – April 27, 2012
- Bank of America, N.A. (“BOA”) – August 21, 2015 – Branch acquisition which resulted in the purchase of 12 South Carolina branch locations and one Georgia branch location from BOA

“FDIC purchase and assumption agreement” means that only certain assets and liabilities were acquired by the bank from the FDIC. A “whole bank acquisition” means that the two parties in the transaction agreed to the transaction, and there was no involvement of the FDIC. A “whole bank acquisition with FDIC purchase and assumption agreements” means that the two parties in the transaction agreed to the merger, and there were existing FDIC purchase and assumption agreements. A “branch acquisition” means that the Company purchased specific branches, including certain deposits and loans associated with such branches, from the seller at an agreed upon price.

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Branch Acquisition

On August 21, 2015, the Bank completed its acquisition of from BOA of 12 South Carolina branches located in Florence, Greenwood, Orangeburg, Sumter, Newberry, Batesburg-Leesville, Abbeville and Hartsville, South Carolina, and one Georgia branch located in Hartwell, Georgia. Under the terms of the Purchase and Assumption Agreement dated April 22, 2015, the Bank paid a deposit premium of $25.0 million, equal to 5.5% of the average daily deposits for the 30- day period immediately prior to the acquisition date. In addition, the Bank acquired approximately $3.1 million in loans and $4.1 million in premises and equipment.   This transaction was fully taxable and there were no deferred tax assets or liabilities recorded as a result of this transaction.

The branch acquisition was accounted for using the acquisition method of accounting and, accordingly, assets acquired, liabilities assumed and consideration exchanged were recorded at estimated fair value on the acquisition date. Fair values are preliminary and subject to refinement for up to a year after the closing date of the acquisition.

The following table presents the assets acquired and liabilities assumed as of August 21, 2015 and their initial fair value estimates:

(Dollars in thousands)	As Recorded by BOA	Fair Value Adjustments		As Recorded by the Company
Assets				
Cash and cash equivalents	$ 428,567	$ —		$ 428,567
Loans	3,445	(297)	(a)	3,148
Premises and equipment	6,267	(2,138)	(b)	4,129
Intangible assets	—	6,800	(c)	6,800
Other assets	66	—		66
Total assets	$ 438,345	$ 4,365		$ 442,710
Liabilities				
Deposits:				
Noninterest-bearing	$ 97,440	$ —		$ 97,440
Interest-bearing	340,849	—		340,849
Total deposits	438,289	—		438,289
Other liabilities	56	—		56
Total liabilities	438,345	—		438,345
Net identifiable assets acquired over (under) liabilities assumed	—	4,365		4,365

Goodwill	—	20,654	20,654
Net assets acquired over (under) liabilities assumed	$ —	$ 25,019	$ 25,019

Consideration:	
Cash paid as deposit premium	$ 25,019
Fair value of total consideration transferred	$ 25,019

Explanation of fair value adjustments

(a)—Adjustment reflects the fair value adjustments based on the Company's evaluation of the acquired loan portfolio.

(b)—Adjustment reflects the fair value adjustments based on the Company's evaluation of the acquired premises and equipment.

(c)— Adjustment reflects the recording of the core deposit intangible on the acquired core deposit accounts.

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Note 5 — Investment Securities

The following is the amortized cost and fair value of investment securities held to maturity:

(Dollars in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
September 30, 2015:				
State and municipal obligations	$ 9,314	$ 444	$ —	$ 9,758
December 31, 2014:				
State and municipal obligations	$ 9,659	$ 574	$ —	$ 10,233
September 30, 2014:				
State and municipal obligations	$ 10,389	$ 630	$ —	$ 11,019

The following is the amortized cost and fair value of investment securities available for sale:

(Dollars in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
September 30, 2015:				
Government-sponsored entities debt*	$ 123,926	$ 188	$ (320)	$ 123,794
State and municipal obligations	130,553	3,946	(161)	134,338
Mortgage-backed securities**	616,341	9,170	(438)	625,073
Corporate stocks	3,161	411	(979)	2,593
	$ 873,981	$ 13,715	$ (1,898)	$ 885,798
December 31, 2014:				
Government-sponsored entities debt*	$ 149,720	$ 191	$ (1,714)	$ 148,197
State and municipal obligations	133,635	4,141	(195)	137,581
Mortgage-backed securities**	511,414	7,572	(1,040)	517,946
Corporate stocks	3,161	573	(692)	3,042
	$ 797,930	$ 12,477	$ (3,641)	$ 806,766
September 30, 2014:				
Government-sponsored entities debt*	$ 140,438	$ 127	$ (3,106)	$ 137,459
State and municipal obligations	137,733	3,834	(309)	141,258
Mortgage-backed securities**	519,569	5,608	(2,168)	523,009
Corporate stocks	3,161	538	(311)	3,388
	$ 800,901	$ 10,107	$ (5,894)	$ 805,114

* - The Company's government-sponsored entities holdings are comprised of debt securities offered by Federal Home Loan Mortgage Corporation ("FHLMC") or Freddie Mac, Federal National Mortgage Association ("FNMA") or Fannie Mae, FHLB, and Federal Farm Credit Banks ("FFCB"). Also included in the Company's government-sponsored entities are debt securities offered by the Small Business Administration ("SBA"), which have the full faith and credit backing of the United States Government.

** - All of the mortgage-backed securities are issued by government-sponsored entities; there are no private-label holdings.

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The following is the amortized cost and fair value of other investment securities:

(Dollars in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
September 30, 2015:				
Federal Home Loan Bank stock	$ 7,389	$ —	$ —	$ 7,389
Investment in unconsolidated subsidiaries	1,642	—	—	1,642
	$ 9,031	$ —	$ —	$ 9,031
December 31, 2014:				
Federal Home Loan Bank stock	$ 7,484	$ —	$ —	$ 7,484
Investment in unconsolidated subsidiaries	3,034	—	—	3,034
	$ 10,518	$ —	$ —	$ 10,518
September 30, 2014:				
Federal Home Loan Bank stock	$ 7,484	$ —	$ —	$ 7,484
Investment in unconsolidated subsidiaries	3,034	—	—	3,034
	$ 10,518	$ —	$ —	$ 10,518

The amortized cost and fair value of debt securities at September 30, 2015 by contractual maturity are detailed below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without prepayment penalties.

	Securities Held to Maturity		Securities Available for Sale	
(Dollars in thousands)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	$ 640	$ 650	$ 5,910	$ 5,973
Due after one year through five years	1,074	1,154	70,967	71,520
Due after five years through ten years	7,600	7,954	205,310	209,356
Due after ten years	—	—	591,794	598,949
	$ 9,314	$ 9,758	$ 873,981	$ 885,798

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Information pertaining to the Company's securities with gross unrealized losses at September 30, 2015, December 31, 2014 and September 30, 2014, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position is as follows:

	Less Than Twelve Months		Twelve Months or More	
(Dollars in thousands)	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
September 30, 2015:				
Securities Available for Sale				
Government-sponsored entities debt	$ 77	$ 14,915	$ 243	$ 32,732
State and municipal obligations	12	5,074	149	4,221
Mortgage-backed securities	179	32,579	259	24,555
Corporate stocks	—	—	979	1,251
	$ 268	$ 52,568	$ 1,630	$ 62,759
December 31, 2014:				
Securities Available for Sale				
Government-sponsored entities debt	$ 98	$ 22,896	$ 1,616	$ 82,798
State and municipal obligations	3	1,444	192	8,269
Mortgage-backed securities	266	61,508	774	55,960
Corporate stocks	—	—	692	1,538
	$ 367	$ 85,848	$ 3,274	$ 148,565
September 30, 2014:				
Securities Available for Sale				
Government-sponsored entities debt	$ 71	$ 18,422	$ 3,035	$ 81,384
State and municipal obligations	1	831	308	11,558
Mortgage-backed securities	811	147,160	1,357	62,638
Corporate stocks	311	1,919	—	—
	$ 1,194	$ 168,332	$ 4,700	$ 155,580

Management evaluates securities for other-than-temporary impairment ("OTTI") on at least a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the financial condition and near-term prospects of the issuer, (2) the outlook for receiving the contractual cash flows of the investments, (3) the length of time and the extent to which the fair value has been less than cost, (4) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value or for a debt security whether it is more-likely-than-not that the Company will be required to sell the debt security prior to recovering its fair value, and (5) the anticipated outlook for changes in the general level of interest rates. All debt securities available for sale in an unrealized loss position as of September 30, 2015 continue to perform as scheduled. All equity securities available for sale in an unrealized loss position as of September 30, 2015 continue to pay dividends. As part of the Company's evaluation of its intent and ability to hold investments for a period of time sufficient to allow for any anticipated recovery in the market, the Company considers its investment strategy, cash flow needs, liquidity position, capital adequacy and interest rate risk position. The Company does not currently intend to sell the securities within the portfolio and it is not more-likely-than-not that the Company will be required to sell the debt securities; therefore, management does not consider these investments to be other-than-temporarily impaired at September 30, 2015. Management continues to monitor all of these securities with a high degree of scrutiny. There can be no assurance that the Company will not conclude in future periods that conditions existing at that time indicate some or all of these securities may be sold or are other than temporarily impaired, which would require a charge to earnings in such periods.

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Note 6 — Loans and Allowance for Loan Losses

The following is a summary of non-acquired loans:

(Dollars in thousands)	September 30, 2015	December 31, 2014	September 30, 2014
Non-acquired loans:			
Commercial non-owner occupied real estate:			
Construction and land development	$ 372,077	$ 364,221	$ 385,318
Commercial non-owner occupied	406,489	333,590	318,470
Total commercial non-owner occupied real estate	778,566	697,811	703,788
Consumer real estate:			
Consumer owner occupied	987,863	786,778	702,521
Home equity loans	308,563	283,934	276,341
Total consumer real estate	1,296,426	1,070,712	978,862
Commercial owner occupied real estate	1,012,428	907,913	881,403
Commercial and industrial	462,588	405,923	355,580
Other income producing property	169,997	150,928	154,822
Consumer	223,210	189,317	183,451
Other loans	51,501	45,222	46,802
Total non-acquired loans	3,994,716	3,467,826	3,304,708
Less allowance for loan losses	(35,116)	(34,539)	(34,804)
Non-acquired loans, net	$ 3,959,600	$ 3,433,287	$ 3,269,904

The following is a summary of acquired non-credit impaired loans accounted for under FASB ASC Topic 310-20, net of related discount:

(Dollars in thousands)	September 30, 2015	December 31, 2014	September 30, 2014
FASB ASC Topic 310-20 acquired loans:			
Commercial non-owner occupied real estate:			
Construction and land development	$ 16,482	$ 24,099	$ 27,705
Commercial non-owner occupied	42,172	49,476	50,307
Total commercial non-owner occupied real estate	58,654	73,575	78,012
Consumer real estate:			
Consumer owner occupied	542,278	646,375	673,099
Home equity loans	203,025	234,949	242,720
Total consumer real estate	745,303	881,324	915,819

Commercial owner occupied real estate	42,524	62,065	65,420
Commercial and industrial	27,459	41,130	35,072
Other income producing property	56,092	65,139	68,557
Consumer	177,408	204,766	214,463
Total FASB ASC Topic 310-20 acquired loans	$ 1,107,440	$ 1,327,999	$ 1,377,343

The unamortized discounted related to the acquired non-credit impaired loans totaled $18.7 million, $23.5 million, and $25.5 million at September 30, 2015, December 31, 2014, and September 30, 2014, respectively.

In accordance with FASB ASC Topic 310-30, the Company aggregated acquired loans that have common risk characteristics into pools of loan categories as described in the table below. The following is a summary of acquired

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credit impaired loans accounted for under FASB ASC Topic 310-30 (identified as credit impaired at the time of acquisition), net of related discount:

(Dollars in thousands)	September 30, 2015	December 31, 2014	September 30, 2014
FASB ASC Topic 310-30 acquired loans:			
Commercial loans greater than or equal to $1 million-CBT	$ 12,963	$ 15,813	$ 17,097
Commercial real estate	266,465	325,109	354,715
Commercial real estate—construction and development	55,168	65,262	73,322
Residential real estate	330,754	390,244	406,276
Consumer	73,632	85,449	90,038
Commercial and industrial	34,074	44,804	46,988
Single pay	24	86	88
Total FASB ASC Topic 310-30 acquired loans	773,080	926,767	988,524
Less allowance for loan losses	(4,474)	(7,365)	(8,032)
FASB ASC Topic 310-30 acquired loans, net	$ 768,606	$ 919,402	$ 980,492

Contractual loan payments receivable, estimates of amounts not expected to be collected, other fair value adjustments and the resulting carrying values of acquired credit impaired loans as of September 30, 2015, December 31, 2014 and September 30, 2014 are as follows:

(Dollars in thousands)	September 30, 2015	December 31, 2014	September 30, 2014
Contractual principal and interest	$ 1,025,557	$ 1,337,703	$ 1,416,207
Non-accretable difference	(52,463)	(104,110)	(161,465)
Cash flows expected to be collected	973,094	1,233,593	1,254,742
Accretable yield	(200,014)	(306,826)	(266,218)
Carrying value	$ 773,080	$ 926,767	$ 988,524
Allowance for acquired loan losses	$ (4,474)	$ (7,365)	$ (8,032)

Income on acquired credit impaired loans that are not impaired at the acquisition date is recognized in the same manner as loans impaired at the acquisition date. A portion of the fair value discount on acquired non-impaired loans has been ascribed as an accretable difference that is accreted into interest income over the estimated remaining life of the loans. The remaining nonaccretable difference represents cash flows not expected to be collected.

The following are changes in the carrying value of acquired credit impaired loans:

	Nine Months Ended September 30,	
(Dollars in thousands)	2015	2014
Balance at beginning of period	$ 919,402	$ 1,220,638
Net reductions for payments, foreclosures, and accretion	(153,687)	(243,732)
Change in the allowance for loan losses on acquired loans	2,891	3,586
Balance at end of period, net of allowance for loan losses on acquired loans	$ 768,606	$ 980,492

The table below reflects refined accretable yield balance for acquired credit impaired loans:

	Nine Months Ended September 30,	
(Dollars in thousands)	2015	2014
Balance at beginning of period	$ 306,826	$ 301,516
Accretion	(76,168)	(79,579)
Reclass of nonaccretable difference due to improvement in expected cash flows	39,030	46,960
Other changes, net	(69,674)	(2,679)
Balance at end of period	$ 200,014	$ 266,218

In the third quarter of 2015, the accretable yield balance declined by $24.9 million as loan accretion (income) was recognized. This was partially offset by improved expected cash flows of $23.6 million.

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During the recast in the first quarter of 2015, the accretable yield balance declined significantly by $64.1 million. This decline was primarily the result of an increase in the assumed prepayment speed of certain acquired loan pools from the FFHI acquisition. The actual cash flows were faster than what had been previously expected (assumed) and required an adjustment in the assumed prepayment speed used to forecast expected cash flows. The result was a decrease in the accretable yield balance, however, there was no impairment since this changed the timing and amount of the receipt of future cash on these pools of loans (the Company anticipates receiving the cash sooner than previously expected).

Our loan loss policy adheres to generally accepted accounting principles in the United States as well as interagency guidance. The allowance for loan losses is based upon estimates made by management. We maintain an allowance for loan losses at a level that we believe is appropriate to cover estimated credit losses on individually evaluated loans that are determined to be impaired as well as estimated credit losses inherent in the remainder of our loan portfolio. Arriving at the allowance involves a high degree of management's judgment and results in a range of estimated losses. We regularly evaluate the adequacy of the allowance through our internal risk rating system, outside credit review, and regulatory agency examinations to assess the quality of the loan portfolio and identify problem loans. The evaluation process also includes our analysis of current economic conditions, composition of the loan portfolio, past due and nonaccrual loans, concentrations of credit, lending policies and procedures, and historical loan loss experience. While management uses available information to recognize losses on loans, future additions to the allowance may be necessary based on, among other factors, changes in economic conditions in our markets. In addition, regulatory agencies, as an integral part of their examination process, periodically review our allowances for losses on loans. These agencies may require management to recognize additions to the allowances based on their judgments about information available to them at the time of their examination. Because of these and other factors, it is possible that the allowances for losses on loans may change. The provision for loan losses is charged to expense in an amount necessary to maintain the allowance at an appropriate level.

The allowance for loan losses on non-acquired loans consists of general and specific reserves. The general reserves are determined by applying loss percentages to the portfolio that are based on historical loss experience for each class of loans and management's evaluation and "risk grading" of the loan portfolio. Additionally, the general economic and business conditions affecting key lending areas, credit quality trends, collateral values, loan volumes and concentrations, seasoning of the loan portfolio, the findings of internal and external credit reviews and results from external bank regulatory examinations are included in this evaluation. Currently, these adjustments are applied to the non-acquired loan portfolio when estimating the level of reserve required. The specific reserves are determined on a loan-by-loan basis based on management's evaluation of our exposure for each credit, given the current payment status of the loan and the value of any underlying collateral. These are loans classified by management as doubtful or substandard. For such loans that are also classified as impaired, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying value of that loan. Generally, the need for specific reserve is evaluated on impaired loans, and once a specific reserve is established for a loan, a charge off of that amount occurs in the quarter subsequent to the establishment of the specific reserve. Loans that are determined to be impaired are provided a specific reserve, if necessary, and are excluded from the calculation of the general reserves.

With the FFHI acquisition, the Company segregated the loan portfolio into performing loans ("non-credit impaired") and acquired credit impaired loans. The performing loans and revolving type loans are accounted for under FASB

ASC 310-20, with each loan being accounted for individually. The allowance for loan losses on these loans will be measured and recorded consistent with non-acquired loans. The acquired credit impaired loans will follow the description in the next paragraph.

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In determining the acquisition date fair value of acquired credit impaired loans, and in subsequent accounting, the Company generally aggregates purchased loans into pools of loans with common risk characteristics. Expected cash flows at the acquisition date in excess of the fair value of loans are recorded as interest income over the life of the loans using a level yield method if the timing and amount of the future cash flows of the pool is reasonably estimable. Subsequent to the acquisition date, increases in cash flows over those expected at the acquisition date are reclassified from the non-accretable difference to accretable yield and recognized as interest income prospectively. Decreases in expected cash flows after the acquisition date are recognized by recording an allowance for loan losses. Management analyzes the acquired loan pools using various assessments of risk to determine an expected loss. The expected loss is derived based upon a loss given default based upon the collateral type and/or detailed review by loan officers and the probability of default that is determined based upon historical data at the loan level. Trends are reviewed in terms of accrual status, past due status, and weighted-average grade of the loans within each of the accounting pools. In addition, the relationship between the change in the unpaid principal balance and change in the mark is assessed to correlate the directional consistency of the expected loss for each pool. Offsetting the impact of the provision established for acquired loans covered under FDIC loss share agreements, the receivable from the FDIC is adjusted to reflect the indemnified portion of the post-acquisition exposure with a corresponding credit to the provision for loan losses.

An aggregated analysis of the changes in allowance for loan losses is as follows:

(Dollars in thousands)	Non-acquired Loans	Acquired Non-Credit Impaired Loans	Acquired Credit Impaired Loans	Total
Three Months Ended September 30, 2015:				
Balance at beginning of period	$ 34,782	$ —	$ 4,688	$ 39,470
Loans charged-off	(1,530)	(141)	—	(1,671)
Recoveries of loans previously charged off	655	273	—	928
Net charge-offs	(875)	132	—	(743)
Provision (benefit)	1,209	(132)	(2)	1,075
Benefit attributable to FDIC loss share agreements	—	—	—	—
Total provision for loan losses charged to operations	1,209	(132)	(2)	1,075
Provision for loan losses recorded through the FDIC loss share receivable	—	—	—	—
Reduction due to loan removals	—	—	(212)	(212)
Balance at end of period	$ 35,116	$ —	$ 4,474	$ 39,590
Three Months Ended September 30, 2014:				
Balance at beginning of period	$ 35,422	$ —	$ 9,159	$ 44,581
Loans charged-off	(2,713)	(879)	—	(3,592)
Recoveries of loans previously charged off	575	441	—	1,016
Net charge-offs	(2,138)	(438)	—	(2,576)
Provision (benefit)	1,520	438	(658)	1,300
Benefit attributable to FDIC loss share agreements	—	—	791	791
	1,520	438	133	2,091

Total provision for loan losses charged to operations				
Provision for loan losses recorded through the FDIC loss share receivable	—	—	(791)	(791)
Reduction due to loan removals	—	—	(469)	(469)
Balance at end of period	$ 34,804	$ —	$ 8,032	$ 42,836

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(Dollars in thousands)	Non-acquired Loans	Acquired Non-Credit Impaired Loans	Acquired Credit Impaired Loans	Total
Nine Months Ended September 30, 2015:				
Balance at beginning of period	$ 34,539	$ —	$ 7,365	$ 41,904
Loans charged-off	(4,206)	(2,510)	—	(6,716)
Recoveries of loans previously charged off	2,253	323	—	2,576
Net charge-offs	(1,953)	(2,187)	—	(4,140)
Provision (benefit)	2,530	2,187	300	5,017
Benefit attributable to FDIC loss share agreements	—	—	21	21
Total provision for loan losses charged to operations	2,530	2,187	321	5,038
Provision for loan losses recorded through the FDIC loss share receivable	—	—	(21)	(21)
Reduction due to loan removals	—	—	(3,191)	(3,191)
Balance at end of period	$ 35,116	$ —	$ 4,474	$ 39,590
Nine Months Ended September 30, 2014:				
Balance at beginning of period	$ 34,331	$ —	$ 11,618	$ 45,949
Loans charged-off	(5,972)	(879)	—	(6,851)
Recoveries of loans previously charged off	2,170	441	—	2,611
Net charge-offs	(3,802)	(438)	—	(4,240)
Provision (benefit)	4,275	438	(1,792)	2,921
Benefit attributable to FDIC loss share agreements	—	—	2,188	2,188
Total provision for loan losses charged to operations	4,275	438	396	5,109
Provision for loan losses recorded through the FDIC loss share receivable	—	—	(2,188)	(2,188)
Reduction due to loan removals	—	—	(1,794)	(1,794)
Balance at end of period	$ 34,804	$ —	$ 8,032	$ 42,836

The following tables present a disaggregated analysis of activity in the allowance for loan losses and loan balances for non-acquired loans:

ands)	Construction & Land Development	Commercial Non-owner Occupied	Commercial Owner Occupied	Consumer Owner Occupied	Home Equity	Commercial & Industrial	Other Income Producing Property	Consumer	Other Loans
ded									
15									
an									
2015	$ 4,998	$ 3,038	$ 8,684	$ 7,125	$ 2,868	$ 3,983	$ 2,019	$ 1,608	$ 459
	(85)	(5)	(23)	(230)	(74)	(102)	—	(1,011)	—
	122	23	7	89	91	79	11	233	—

t)	(826)	268	376	471	26	16	(3)	886	(5)
per	$ 4,209	$ 3,324	$ 9,044	$ 7,455	$ 2,911	$ 3,976	$ 2,027	$ 1,716	$ 454
y	$ 585	$ 26	$ 248	$ 121	$ 3	$ 21	$ 430	$ 3	$ 19
y	$ 3,624	$ 3,298	$ 8,796	$ 7,334	$ 2,908	$ 3,955	$ 1,597	$ 1,713	$ 435
y	$ 5,727	$ 2,569	$ 11,445	$ 7,818	$ 293	$ 1,045	$ 4,788	$ 101	$ 693
y	366,350	403,920	1,000,983	980,045	308,270	461,543	165,209	223,109	50,808
ed	$ 372,077	$ 406,489	$ 1,012,428	$ 987,863	$ 308,563	$ 462,588	$ 169,997	$ 223,210	$ 51,501
ded 014 an),	$ 6,652	$ 3,398	$ 7,958	$ 6,537	$ 2,975	$ 3,640	$ 2,588	$ 1,270	$ 404
	(825)	—	(3)	—	(501)	(4)	(83)	(1,297)	—
	120	5	68	20	18	93	13	238	—
t)	464	(307)	123	(83)	346	(187)	70	1,120	(26)
per	$ 6,411	$ 3,096	$ 8,146	$ 6,474	$ 2,838	$ 3,542	$ 2,588	$ 1,331	$ 378
y	$ 402	$ 30	$ 100	$ 121	$ —	$ 12	$ 711	$ 1	$ —
y	$ 6,009	$ 3,066	$ 8,046	$ 6,353	$ 2,838	$ 3,530	$ 1,877	$ 1,330	$ 378
y	$ 4,876	$ 3,784	$ 9,436	$ 2,427	$ —	$ 1,110	$ 6,380	$ 50	$ —
y	380,442	314,686	871,967	700,094	276,341	354,470	148,442	183,401	46,802
ed	$ 385,318	$ 318,470	$ 881,403	$ 702,521	$ 276,341	$ 355,580	$ 154,822	$ 183,451	$ 46,802

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The following tables present a disaggregated analysis of activity in the allowance for loan losses and loan balances for non-acquired loans:

rs in thousands)	Construction & Land Development	Commercial Non-owner Occupied	Commercial Owner Occupied	Consumer Owner Occupied	Home Equity	Commercial & Industrial	Other Income Producing Property	Consumer	Other Loans	Total
Months Ended mber 30, 2015										
ance for loan :										
ce, December 014	$ 5,666	$ 3,154	$ 8,415	$ 6,866	$ 2,829	$ 3,561	$ 2,232	$ 1,367	$ 449	$ 34,
e-offs	(185)	(88)	(575)	(274)	(282)	(357)	(13)	(2,432)	—	(4,2
veries	256	52	23	134	201	745	77	765	—	2,2
sion (benefit)	(1,528)	206	1,181	729	163	27	(269)	2,016	5	2,5
ce, September 015	$ 4,209	$ 3,324	$ 9,044	$ 7,455	$ 2,911	$ 3,976	$ 2,027	$ 1,716	$ 454	$ 35,
Months Ended mber 30, 2014										
ance for loan :										
ce, December 014	$ 6,789	$ 3,677	$ 7,767	$ 6,069	$ 2,782	$ 3,592	$ 2,509	$ 937	$ 209	$ 34,
e-offs	5	(236)	(531)	(299)	(917)	(1,024)	(251)	(2,719)	—	(5,9
veries	362	352	85	262	58	221	172	658	—	2,1
sion (benefit)	(745)	(697)	825	442	915	753	158	2,455	169	4,2
ce, September 015	$ 6,411	$ 3,096	$ 8,146	$ 6,474	$ 2,838	$ 3,542	$ 2,588	$ 1,331	$ 378	$ 34,

The following tables present a disaggregated analysis of activity in the allowance for loan losses and loan balances for acquired non-credit impaired loans:

rs in thousands)	Construction & Land Development	Commercial Non-owner Occupied	Commercial Owner Occupied	Consumer Owner Occupied	Home Equity	Commercial & Industrial	Other Income Producing Property	Consumer	Total
Months Ended nber 30, 2015									
ance for loan									
e, June 30, 2015	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
e-offs	—	—	—	8	(79)	(7)	—	(63)	(141)
eries	1	—	—	95	161	2	3	11	273

on (benefit)	(1)	—	—	(103)	(82)	5	(3)	52	(132)
e, September 15	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
individually ted for ment	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
collectively ted for ment	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
individually ted for ment	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
collectively ted for ment	16,482	42,172	42,524	542,278	203,025	27,459	56,092	177,408	1,107
acquired edit impaired									
	$ 16,482	$ 42,172	$ 42,524	$ 542,278	$ 203,025	$ 27,459	$ 56,092	$ 177,408	$ 1,107
Months Ended nber 30, 2014 ance for loan									
e , June 30,	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
e-offs	(60)	—	—	(22)	(363)	(273)	(14)	(147)	(879)
eries	—	—	—	1	79	347	—	14	441
on (benefit)	60	—	—	21	284	(74)	14	133	438
e, September 14	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
individually ted for ment	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
collectively ted for ment	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
individually ted for ment	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
collectively ted for ment	27,705	50,307	65,420	673,099	242,720	35,072	68,557	214,463	1,377
acquired edit impaired									
	$ 27,705	$ 50,307	$ 65,420	$ 673,099	$ 242,720	$ 35,072	$ 68,557	$ 214,463	$ 1,377

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(Dollars in thousands)	Construction & Land Development	Commercial Non-owner Occupied	Commercial Owner Occupied	Consumer Owner Occupied	Home Equity	Commercial & Industrial	Other Income Producing Property	Consumer	Total
Nine Months Ended September 30, 2015									
Allowance for loan losses:									
Balance, December 31, 2014	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Charge-offs	—	—	—	(360)	(1,459)	(120)	(3)	(568)	(2,510)
Recoveries	3	—	—	100	178	17	4	21	323
Provision (benefit)	(3)	—	—	260	1,281	103	(1)	547	2,187
Balance, September 30, 2015	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Nine Months Ended September 30, 2014									
Allowance for loan losses:									
Balance, December 31, 2014	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Charge-offs	(60)	—	—	(22)	(363)	(273)	(14)	(147)	(879)
Recoveries	—	—	—	1	79	347	—	14	441
Provision (benefit)	60	—	—	21	284	(74)	14	133	438
Balance, September 30, 2015	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

The following tables present a disaggregated analysis of activity in the allowance for loan losses and loan balances for acquired credit impaired loans:

(Dollars in thousands)	Commercial Loans Greater Than or Equal to $1 Million-CBT	Commercial Real Estate	Commercial Real Estate-Construction and Development	Residential Real Estate	Consumer	Commercial and Industrial	Single Pay	Total
Three Months Ended September 30, 2015								
Allowance for loan losses:								
Balance, June 30, 2015	$ (66)	$ 532	$ 344	$ 3,183	$ 449	$ 197	$ 49	$ 4,688
Provision for loan losses before benefit attributable to FDIC loss share agreements	7	—	433	(160)	(249)	15	(48)	(2)

Benefit attributable to FDIC loss share agreements	—	—	—	—	—	—	—	—
Total provision for loan losses charged to operations	7	—	433	(160)	(249)	15	(48)	(2)
Provision for loan losses recorded through the FDIC loss share receivable	—	—	—	—	—	—	—	—
Reduction due to loan removals	59	(7)	(49)	(160)	(44)	(12)	1	(212)
Balance, September 30, 2015	$ —	$ 525	$ 728	$ 2,863	$ 156	$ 200	$ 2	$ 4,474
Loans individually evaluated for impairment	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Loans collectively evaluated for impairment	$ —	$ 525	$ 728	$ 2,863	$ 156	$ 200	$ 2	$ 4,474
Loans:*								
Loans individually evaluated for impairment	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Loans collectively evaluated for impairment	12,963	266,465	55,168	330,754	73,632	34,074	24	773,080
Total acquired credit impaired loans	$ 12,963	$ 266,465	$ 55,168	$ 330,754	$ 73,632	$ 34,074	$ 24	$ 773,080

Three Months Ended September 30, 2014
Allowance for loan losses: